



Contraction of the number of asset managers amid the full-scale war coupled with the renewed growth in fund number and continued expansion of the AuM

The **full-scale russian aggression and invasion of Ukraine** passed its 22-month mark in December 2023, with the martial law expectedly continued into the year 2024.

In terms of main wartime **legal and regulatory developments** for local asset managers and funds, here are some of those having taken place during 2023:

- The Law of Ukraine implementing the CRS (Common Reporting Standard) facilitating automatic exchange of information on financial accounts was adopted and gradually implemented affecting, inter alia, domestic investment funds (CIIs), non-state pension funds, and asset management companies.
- Since 1 January, a new special prudential (capital) requirement has been introduced by a Regulation of the national authority in the capital markets, NSSMC, with various amendments to its calculation, threshold, and reporting throughout the year; meanwhile, the previously imposed capital requirements were suspended until the end of the martial law.
- Other key NSSMC Regulations adopted and implemented in 2023:
 - On amendments to its Regulation on the composition and maximum amount of expenses that are reimbursed from the assets of a CII;
 - On the approval of the criteria for determining enterprises, institutions and organisations that are important for the national economy, namely for capital markets and organised commodity markets, or for meeting the needs of the territorial community;
 - On the procedure for convening and remote holding of general meetings of shareholders of corporate Collective Investment Institutions (CIIs) during the period of martial law in Ukraine.

Against this background, **Ukrainian fund & asset management industry** has seen further minor decline in the number of asset management companies in Q4 2023 and a more substantial one over the full year, while the number of registered and formed funds resumed its growth in the quarter which contributed to the overall annual gain.

The vast majority of the local AMCs continued their business for almost two years since the beginning of the full-scale war in and against Ukraine, and their assets under management increased substantially.

AuM of the ‘established’¹ domestic Collective Investment Institutions (CIIs) rose by 0.5% (in UAH terms) in Q4 2023 and by 12.4% annually, to reach UAH 601 billion by end December 2023 (EUR 14.2 billion, up from 13.7 billion a year ago). Since 2021 their grew by 15.5%.

¹ Formed fuuunds which have reached compliance with the minimal asset value regulatory requirement.



More specifically:

- **‘Venture’² CIIs**
 - in the **corporate form** continued to play a key part in the industry’s growth in terms of the number of funds: **+33** out of 35 CIIs in total over the quarter and **+73 (7.7%) for the full year 2023**; meanwhile, the contraction of the number of such funds in the unit (common, contractual) form also continued (-25 in Q4 2023, and -46, or -6.7% in 2023 overall). The share of the corporate VCIIIs in the total CII number thus grew further to 57.4% (for all venture CIIs, it remained above 93% for at least two years);
 - **total AuM of the formed venture CIIs grew by 0.3% in Q4 2023 and 12.3% in 2023**; its growth since 2021 of 17.4% determined the positive dynamics of the whole CII industry AuM over these past two years;
 - **total NAV added 0.5% over the quarter and 19.0% in 2023 overall**, to reach **UAH 471.3 billion**, with its share in the total Ukrainian CIIs’ NAV remaining above 96% throughout the year;
- Among the sectors of **publicly offered funds**³, open-ended CIIs experienced NAV increase in Q4 2023 while interval and closed-end funds both contracted; annually only the latter’s NAV contracted in 2023 while others showed mild growth.

Number of the formed CIIs has increased slightly to 1772 funds at end 2023 (+10 funds, or 0.6% in Q4, +30 funds, or 1.7% over the full year)

➤ **In open-ended CIIs (all publicly offered):**

- **Total NAV**
 - amounted to **UAH 152 million** as at end 2023;
 - **grew by 0.1% in Q4 and 4.1% annually in 2023**, while over the two years, since before the full-scale russian invasion of Ukraine⁴, the sector’s NAV fell by 15.8% – due to the outflow of capital which was only partially offset by the portfolios appreciation since 2021;
 - both quarterly and annual NAV growth was solely due to the market dynamics while the net sales in these funds were negative in each timeframe.

² Venture CIIs are closed-end ‘non-diversified’ funds with private issue only, mainly investing in private equity and debt, with the lowest restrictions on their activity as compared to other fund categories.

³ See fund classification on the UAIB website: <https://www.uaib.com.ua/en/invest-in-ukraine/cii-manual>

⁴ Including the period from 24 February to 22 August 2022 when the market was closed due to the wartime safeguards.



- **Net sales**

- returned to **negative territory in Q4 2023: -UAH 4.3 million**;
- **the annual negative capital flow** for 2023 amounted to **-UAH 14.9 million**, up from -UAH 25.5 million in 2022.

- **Investors**

- **Domestic retail investors** retained the bulk of the open-ended funds' NAV, namely 84.6% in December, down from 85.2% in September 2023 and from 86.3% a year ago; they comprised more than 98% of all of investors in the sector throughout the past two years;
- There were also still **5 foreign investors** (non-resident institutional/corporate and individual ones) in open-ended funds having 6.3% in the sector's total NAV, up from 6.2% in September 2023 and 5.9% at the beginning of the year and 5.2% two years ago.

Number of non-resident investors in all CIIs in total was 392 by end 2023, down from 394 at end 2022 and from 419 two years ago.

Number of AMCs in Ukraine contracted from 300 at the beginning of 2023 and 285 in September to 284 December 2023

- Out of those, 247 (87%, down from 90% in Q3 2023 but up from 86% a year ago) remained active and reported on their investment and/or pension funds under management for the quarter and the year 2023, in particular:
 - Almost 99% of them, as before, had at least one venture CII under management;
 - Nine AMCs managed acting 16 open-ended funds, and 29 had 74 publicly offered CIIs in total;
 - Furthermore, 30 AMCs had 52 pension funds under management (down from 31 and 55 respectively over 2023), and one managed assets of one insurance company, as before.

Number of non-state pension fund administrators (ANPFs) declined by one to 17⁵ by end 2023

- Among them there were still **6 companies which had only NPF administrator's licence** as a year ago, while others conducted both institutional investor asset management activity and the one of pension fund administration.

⁵ The number is corrected from 18 to 17.



NPFs

- **with assets under management of AMC**s (52 NPFs) had **UAH 2,774 million** by end 2023, **having grown by 4.8% in Q4 and by 17.2% annually in 2023** (also +27.2% since 2021);
- while **NPFs under administration of the ANPFs⁶** rose to **UAH 2,801 million of assets at end 2023** (+4.8% in Q4, +18.3% annually, +27.7% since 2021).

Insurance Companies' assets under management of AMC

- added **10.4% in Q4 2023, 42.5% annually but only 4.8%** over the past two years. As at end Decemebr 2023, they amounted to **UAH 201 million**.

First part of the full **UAIB Q4 2023 & FY 2023** report is available on the UAIB website (in Ukrainian) at the link:

<https://www.uaib.com.ua/analituaib/publ-ici-quart/uaib-oglyad-diyalnosti-industriy-upravlinnya-4-y-kvartal-ta-ves-2023-rik-zagalni-rezultati>

See more market statistics on the UAIB website: [The Ukrainian Fund Market in Figures](#)

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⁶ These were 56 III-pillar funds, excluding the NBU's corporate pension fund. The National Bank's of Ukraine corporate NPF, which is managed by the NBU itself, had 43% of the total NPFs' AuM.