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## **1. Asset Management Industry. General Overview**

### **Number of Market Participants**

#### **Asset Management Companies (AMCs)**

In Q3, according to UAIB, the number of asset management companies increased to 300. During this period, 5 companies were established and two withdrew from the market.

At the end of June, 281 AMCs managed from one to 54 funds, and 98.6% of all such AMCs managed at least one venture CII.

#### **Collective Investment Institutions (CII)**

In July-September, 66 new CII (mostly venture) were registered. Considering the closed funds, as of 30.09.2020 the total number of registered CII increased by 2023, by 2.6% for Q3.

The number of CII that reached the minimum assets ratio (formed, "established" funds) grew in the 12th consecutive quarter and reached 1443 (+ 3.3% in Q3 2020).

#### **Non-State Pension Funds (NPFs)**

As of September 30, 2020, there were 60 NPFs under management (excluding the NBU corporate fund), including 48 open-end, 6 corporate and 6 professional funds. A total of 34 AMCs managed NPF assets.

#### **Insurance Companies (IC)**

The number of insurance companies that transferred their assets to AMC management did not change in Q3, as well as the number of AMCs that provided the following services: as of September 30, 2020, one such company managed the assets of two insurance companies.

### **Assets under Management and NAV**

#### **All Institutional Investors**

In July-September 2020, total total assets under AMC management accelerated quarterly growth to 6.1%, annual growth to 14.3%, and at the end of September crossed UAH 400 billion (UAH 400.177 million) for the first time.

#### **Collective Investment Institutions (CII)**

The total assets of all CII under management, including those that have not yet reached the standard, also grew by 6.1% in Q3 2020, and by 12.7% in September - to UAH 398.116 million.

Assets of current CII, which reached the minimum asset ratio ("established" CII), accelerated to 6.3% in Q3, and year on year to 16.0% in September. As of September 30, 2020, they reached UAH 394.410 million. Growth was recorded in open-ended, interval and venture funds.

The value of net assets of CII ("established") as of 30.09.2020 reached UAH 309.633 million. In Q3, its growth accelerated to 6.9%, and in September - to 17.2%.

#### **Non-State Pension Funds (NPFs)**

In July-September 2020, NPF assets managed by AMC slowed down quarterly growth to 5.9%, although they accelerated to 23.4% year on year. As of the end of September, they amounted to UAH 1.913 million.

#### **Insurance Companies (IC)**

The assets of the IC under the management of AMC also significantly slowed down growth in Q3 2020 - to 3.0%, and for the last year - to 66%. As of 30.09.2020, the volume of insurers' assets under management amounted to UAH 162 million.

## 2. NPFs Asset Management Market Results

### 2.1. Number of NPFs and AMCs managing their assets

The market for asset management of private pension funds in Q3 2020 grew, albeit more slowly compared to Q2.

At the same time, the number of participants in this market has not changed: the companies that managed the assets of NPFs, according to UAIB on 30.09.2020, were still **34**, 32 of which continued to manage the assets of 48 open

NPFs, 5 - assets of 6 corporate NPFs and 6 - assets of 6 professional NPFs. Therefore, there were a total of **60 pension funds under management** (Table 1).

Thus, open NPFs retained the lion's share in the number of funds under management in September 2020: 80.0% (Chart 1).

Table 1. Number of NPFs under AMC management by fund types in Q3 2020

NPF Type	30.09.2019	31.12.2019**	30.06.2020	30.09.2020	Q3 2020 change	YTD	Annual change
Open	47	46	48	48	0.0%	4.3%	2.1%
Corporate	7	6	6	6	0.0%	0.0%	-14.3%
Professional	6	6	6	6	0.0%	0.0%	0.0%
<b>Total</b>	<b>60</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>0.0%</b>	<b>3.4%</b>	<b>0.0%</b>

\*Excluding the corporate pension fund of NBU \*\* Data include those AMCs that submitted the relevant annual report for 2019 at the time of preparation of these statistics.

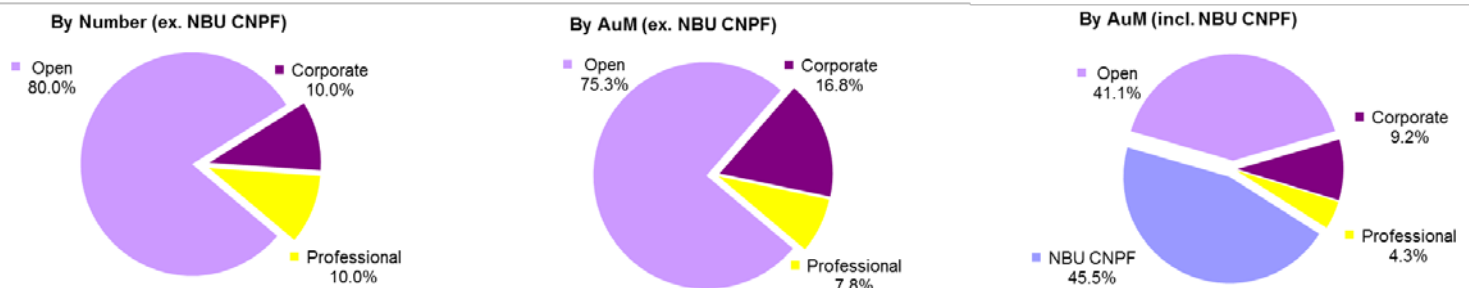


Chart 1. Breakdown of number of NPFs and their assets under AMC management by fund types as at 30.09.2020

### 2.2. NPF assets managed by AMC and total assets of pension funds

In Q3 2020, the **total assets of all NPFs**, including the NBU NPF, slowed down quarterly growth to 4.0% (from 8.6% in Q2) to UAH 3,508 million.

The growth of the National Bank's fund assets also decreased in July-September - to 1.8% (from + 7.8%) - so its weight in the total assets of all NPFs continued to decrease - from 46.4% in June to 45.5% in September (Chart 1).

Almost half of the total increase in pension fund assets was provided by an increase in the total value of securities in NPF portfolios, including government bonds (OVDPs) by 2.5% (after 20.1% in Q2) to UAH 1,643 million, as well as local bonds - by 49.4% (after + 133.0%), to UAH 102 million.

From the beginning of 2020 to the end of September, the assets of all NPFs together grew by 11.6%, with double-digit growth provided by funds managed by AMCs, while the NBU CPF grew by only 3.6% during this time.

The annual dynamics of total assets of Ukrainian NPFs in July-September continued to accelerate: + 18.0% at the end of September, after + 16.6% in June.

**The value of NPF assets under management of AMCs** in Q3 2020 increased by 5.9% (after + 9.2% in Q2) and as of September 30, 2020 reached **UAH 1,913 million**.

In the first 9 months of 2020, these assets grew by 19.3%, and in the last 12 months of September they accelerated to 23.4% (from 20.0% in June).

Assets of open NPFs under management grew the fastest in Q3 2020: + 6.4% (after + 9.6% in Q2). At the end of September, the share of this sector of the market in pension assets under management (excluding the NBU CNPF) increased to 75.3% from 75.0% in June. As of September 30, 2020, its assets under management reached UAH 1,441 million.

In July-September, corporate NPFs under management (excluding NBU CNPF) grew by 5.6% (after + 8.9% in April-June). At the end of September, their assets amounted to UAH 322 million.

Professional pension funds have traditionally grown the least: + 2.1% in July-September, after + 4.6% in April-June 2020. Their volume on 30.09.2020 amounted to UAH 150 million.

The largest in terms of average assets under management in September 2020 were again corporate NPFs, the conditional average fund of which had over UAH 80 million (after 76 in June).

Among the open NPFs, there were still three with zero assets, and on average funds in the sector had UAH 30 million each at the end of September (after UAH 28.2 million in June).

Professional NPFs remained the smallest: the average such fund had UAH 25 million at the end of September 2020, after UAH 24.5 million in June

*Table 2. Value of NPF assets under AMC management by fund types in Q3 2020 and its change over the past year*

NPF type	30.09.2019		31.12.2019		30.06.2020		30.09.2020		Change of NPF assets				Average volume of a fund as at 30.09.2020, UAH M
	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported	Q3 2020, %	YTD 2020, %	Annual change, %	Annual change, UAH M	
Open	1 139.8	47	1 180.4	45	1354.6	48	1441.4	48	6.4%	22.1%	26.5%	301.5	30.0
Corporate	270.7	6	281.4	4	304.9	4	321.9	4	5.6%	14.4%	18.9%	51.2	80.5
Professional	139.7	6	141.4	6	146.9	6	149.9	6	2.1%	6.1%	7.3%	10.2	25.0
<b>Total*</b>	<b>1 550.3</b>	<b>59</b>	<b>1 603.2</b>	<b>55</b>	<b>1806.3</b>	<b>58</b>	<b>1913.2</b>	<b>58</b>	<b>5.9%</b>	<b>19.3%</b>	<b>23.4%</b>	<b>362.9</b>	<b>33.0</b>
NBU CNPF	1 422.4	1	1 540.1	1	1 566.7	1	1 595.0	1	1.8%	3.6%	12.1%	172.6	-
<b>Total**</b>	<b>2 972.7</b>	<b>60</b>	<b>3 143.3</b>	<b>56</b>	<b>3 373.0</b>	<b>59</b>	<b>3 508.2</b>	<b>59</b>	<b>4.0%</b>	<b>11.6%</b>	<b>18.0%</b>	<b>535.5</b>	<b>59.5</b>

\* Excluding the NBU corporate pension fund. Data at the beginning of the year did not include NPFs with assets under management of those AMCs that did not submit the relevant annual reports for 2019 at the time of preparation of this statistics.

\*\* Settlements as of 30.06.2019, 31.12.2019 and 31.03.2020 - according to the National Financial Services, as of 30.06.2020 - according to the AMC report on NPF in management and data of the NBU CNPF.

### 2.3. The structure of NPF assets in management

In the structure of NPF assets under AMC management, the share of securities in Q3 2020 continued to increase: from 58.6% in June to 59.2% in September (Chart 2). This was due to an increase in the total value of pension funds' investments in stock instruments in April-June by 7.1%, which was again faster than for all assets of the funds as a whole.

Relatively the largest increase in securities was again in corporate NPFs: + 9.4% (after + 31.9% in Q2) - due to investments in OVDPs.

In open NPFs, investments in financial instruments also grew significantly in July-September (+ 7.7%, after + 14.5% in April-June). This was due to an almost twofold

increase in the total value of investments in municipal bonds, as well as an increase in OVDPs and equities.

The total value of securities in the assets of professional NPFs under management decreased by 2.3% in Q3 (after + 9.4% in Q2) - mainly due to equities.

In July-September 2020, NPF holdings on bank accounts (including deposit accounts) increased in open and professional funds, while corporate funds decreased insignificantly.

In general, for all NPF assets managed by AMC, the amount of cash for Q3 increased by 4.1% (after -0.7% for Q2). Finally, the weight of money in assets under management continued to fall during this period, from 38.3% in June to 37.6% in September.

Table 3. Structure of NPF assets under AMC management by fund types as at 30.09.2020,

UAHM

NPF type	Securities	Cash	Bank metals	Real estate	Other assets
Open-ended	825	566	11	27	11
Corporate	206	116	0	0	0
Professional	102	37	0	7	4
<b>Total</b>	<b>1 133</b>	<b>720</b>	<b>11</b>	<b>34</b>	<b>15</b>

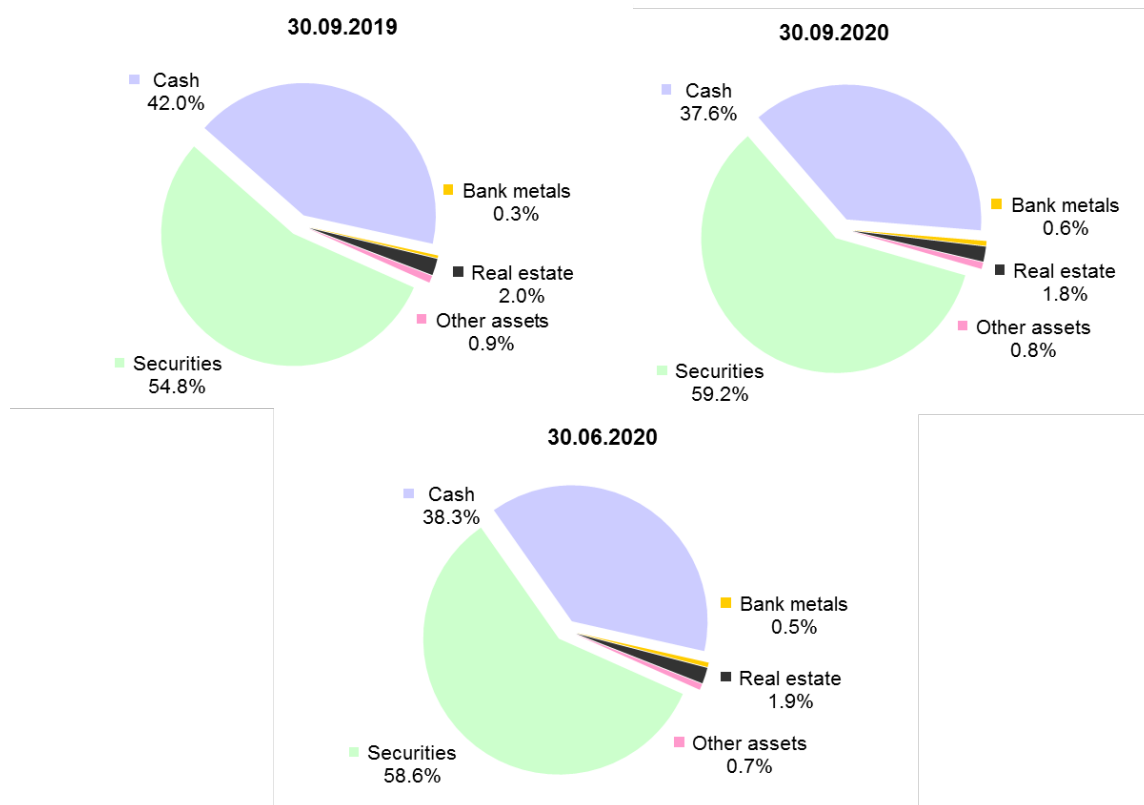


Chart 2. Dynamics of the structure of the aggregated portfolio of NPFs (excluding the NBU CNPF) in Q3 2020 and over the past year

For the entire NPF industry, taking into account the NBU corporate fund, the weight of **securities** in Q3 2020 decreased - from 57.1% in June to 56.7% in September, as the growth of these assets was inferior to the overall growth of pension assets (+ 3.3% vs. + 4.0 %). At the same time, the share of equity market instruments remained higher than a year ago (55.3%, Chart 3).

The total **cash** in the assets of all NPFs in July-September 2020 increased by 5.2% (after + 2.2% in Q2). This contributed to an increase in their weight in pension assets as a whole from 39.6% in June to 40.1% in September, which was also more than a year ago. Over the

last 12 months, the share of bank metals has also increased slightly, while real estate and, especially, "other" assets have decreased.

As for the dynamics of various components of assets in securities by type of NPF, investments in municipal bonds in open funds in Q3 2020 increased relatively again (+ 94.5%, after + 118.1% in Q2). Their total volume at the end of September amounted to over UAH 69 million, retaining the second position in the consolidated portfolio of this sector among equity instruments.

Government bonds (mostly OVDPs) again managed the largest absolute increase in the value of the

consolidated package in the assets of these NPFs: UAH +25.6 million (+ 4.3% in Q3), although their attractiveness decreased slightly with lower interest rates during this period. The volume of public debt in the portfolios of open NPFs at the end of September exceeded UAH 615 million.

However, against the background of faster growth of other components of their assets, the share of OVDPs in the sector decreased from 43.5% in June to 42.7% in September.

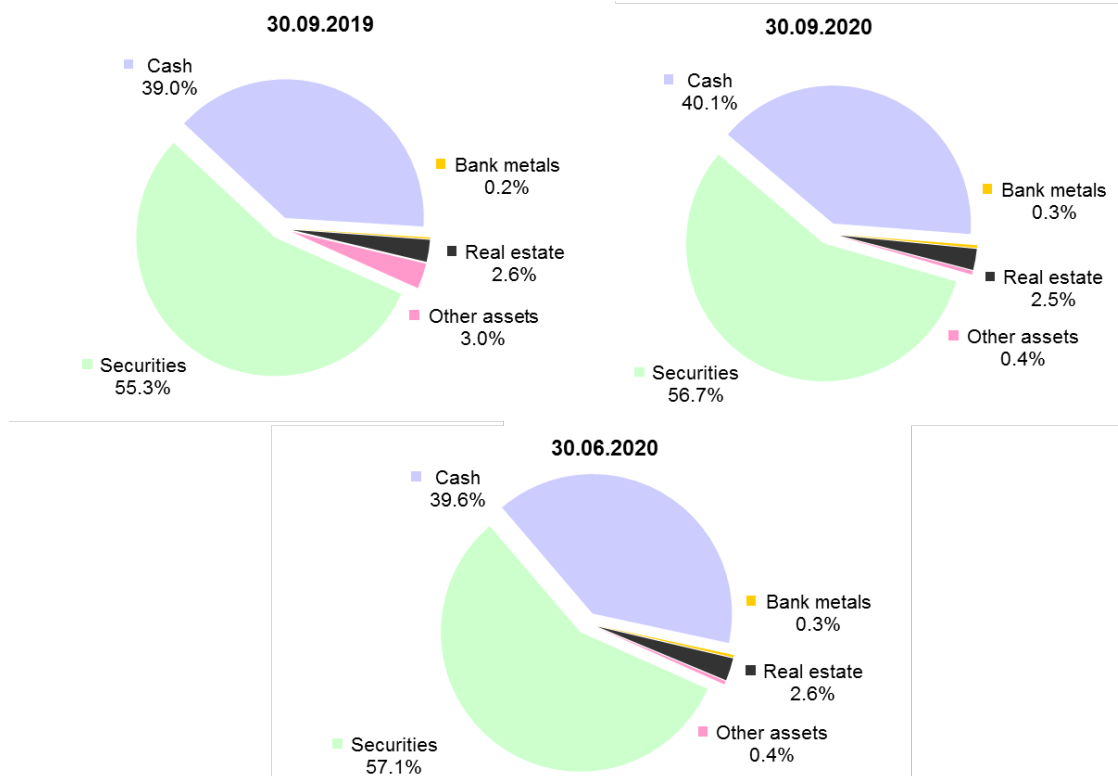


Chart 3. Dynamics of the structure of the aggregated portfolio of NPFs (including the NBU CNPF) in Q3 2020 and for the year

The total value of securities in the assets of open NPFs under management increased in July-September 2020 by 5.8% (after -2.7% in April-June), which kept their weight at 2.2% in Q3.

Also, in contrast to the previous quarter, the package of corporate bonds in the assets of these funds decreased: -1.6%, after + 11.6%. Finally, their share in the assets of open NPFs in management decreased from 8.2% to 7.6%.

In general, the weight of securities in the sector's assets continued to grow: from 56.5% in June to 57.3% in September 2020 (Chart 4).

In July-September 2020, investments in securities in corporate NPFs grew relatively the most: + 9.4% (after + 31.9% in April-June). The driver of growth was again the OVDPs package, which increased by 12.4% (after + 24.5%), while the total value of other instruments remained almost unchanged. At the end of September, government bonds accounted for half of the NPF's assets (after 47% in June).

Investments in municipal bonds here decreased by 0.1% in Q3 (after + 134.1% in Q2). Their weight in the sector fell from 9.9% in June to 9.4% at the end of September.

In general, the share of securities in the assets of corporate NPFs in Q3 2020 increased from 61.7% to 63.9%.

In professional pension funds, while total investments in stock market instruments decreased by 2.3% in July-September (after + 9.4% in Q2), the block of shares decreased by 31.0% (after + 0.7%).

In contrast, the OVDPs package increased again, by a total of 1.1% in Q3 (after + 10.0% in the previous quarter), retaining the role of a driver of the sector's growth. However, the weight of government bonds in its assets decreased slightly against the background of stronger cash growth: from 46.6% to 46.2%.

Investments of these NPFs in corporate and municipal bonds remained almost unchanged, while the share decreased to 15.6% and 1.6%, respectively.



Finally, the total weight of securities in pension assets of professional funds decreased from 70.9% to 67.9%.

Cash in banks in September 2020 remained the second largest component of assets of all NPF sectors

under AMC management, although their weight continued to decline amid weaker growth compared to securities and total assets of pension funds under management.

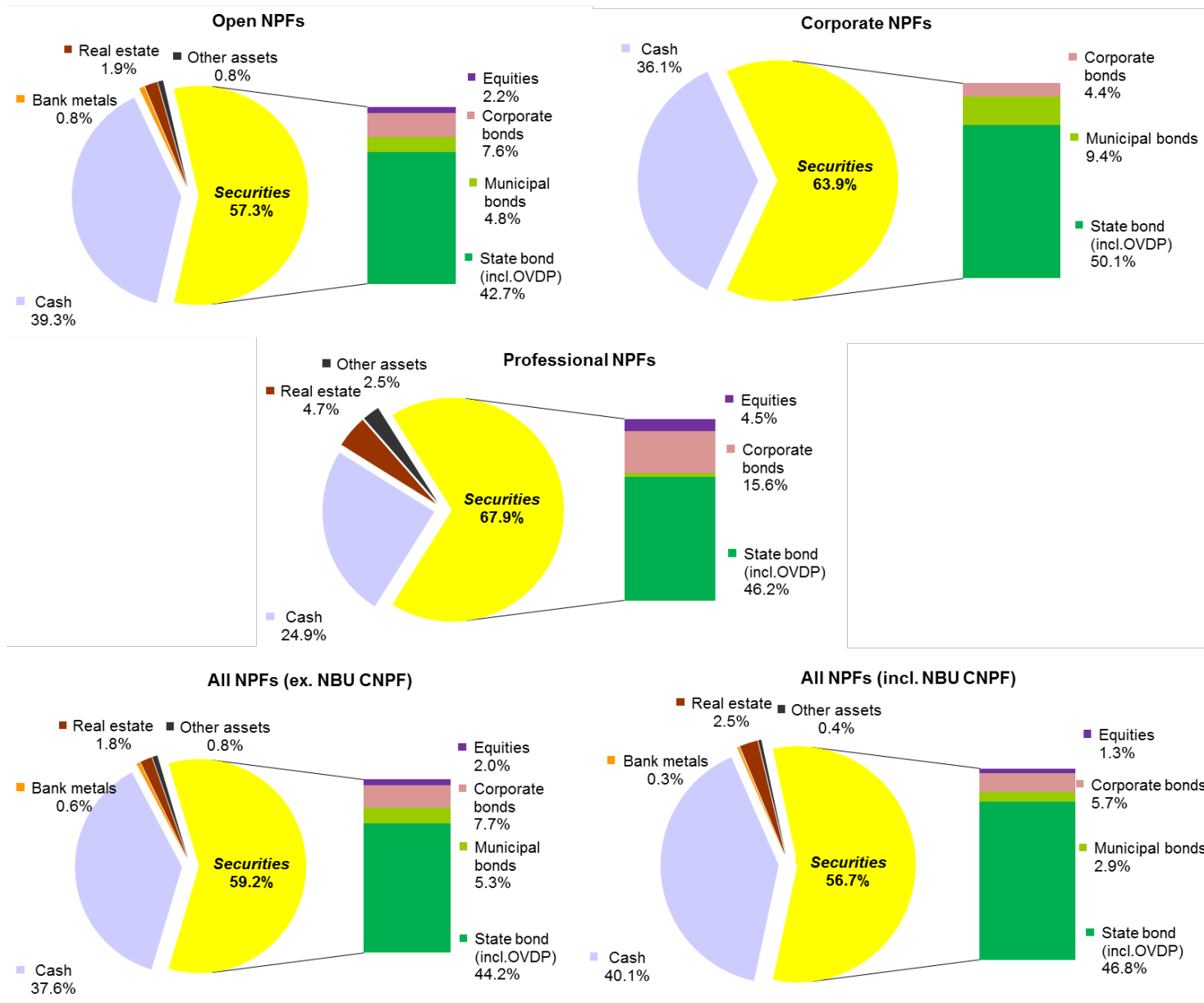


Chart 4. Structure of NPF assets by fund types as at 30.09.2020

By NPF sectors, the volume of cash, current accounts and deposits in Q3 increased by 4.4% in open funds (after + 3.4% in Q2) and by 16.9% in professional funds (after -7.2%). Finally, the share of money in the assets of the former decreased, giving way to other components, from 40.0% in June to 39.3% in September. In the latter, a relatively significant increase in money was

accompanied by an increase in its weight in assets - from 21.8% to 24.9%, against the background of a decrease in the volume of securities in this sector.

In corporate NPFs, total funds in banks decreased by 0.6% in Q3 2020 (after -15.0% in Q2). In the context of a significant increase in the assets of these funds in

securities, this led to a decrease in the weight of cash and deposits in the sector from 38.3% in June to 36.1%.

At the end of September 2020, only open and professional NPFs still had real estate in their assets. Its total value in the assets of the first in Q3 increased insignificantly (+ 0.6%, after a similar decrease in Q2), amid rising housing prices in the capital by 6.8% during this time. Finally, the share of real estate in the assets of open pension funds, against the background of much faster growth of other components of the sector's assets, decreased from 2.0% in June to 1.9%.

In professional NPFs, the total value of real estate, which remained unchanged during Q3, reduced its weight from 4.8% to 4.7%.

Bank metals in Q3 2020 were still in the assets of only open NPFs under management. Accelerated growth in the price of gold at this time contributed to the continuation of the increase in the total value of investments in the assets of these funds: + 13.4% (after + 82.3% in Q2). Finally, the weight of bank metals in the assets of open pension funds under management increased from 0.7% in June to 0.8% in September.

### 3. Results of NPF administration activity

According to the data on 48 pension funds submitted to UAIB for Q3 2020 (86% of all NPFs administered by UAIB members and 80% of all NPFs managed by UAIB members), the number of participants in these NPFs at the end of September was 671.9 thousand people. Of these, 58.7% were men and 41.3%

were women. The largest subcategories were persons aged 25 to 50 years in each group, which together accounted for 60% of all participants in the NPF (Chart 5)<sup>1</sup>.

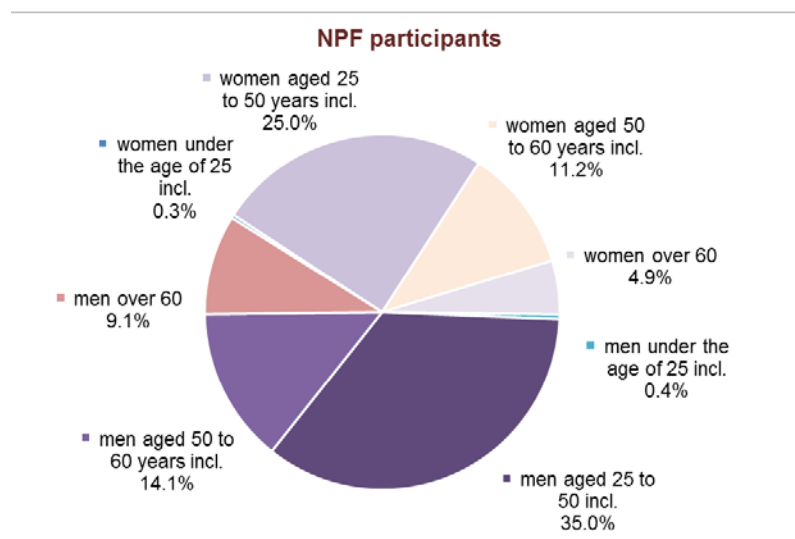


Chart 5. Number of NPF participants as at 30.09.2020

The number of NPF depositors reporting for the quarter at the end of September 2020 was 61.7 thousand people, and in July-September it increased by almost 3 thousand people. As of September 30, 2020, more than 98.8% of depositors of these funds are individuals

(Chart 6). At present, 62.1 thousand pension contracts were concluded with them (92.1% of all), and the total number of pension contracts of these funds in September reached 67.4 thousand.

<sup>1</sup> According to NPF reports.



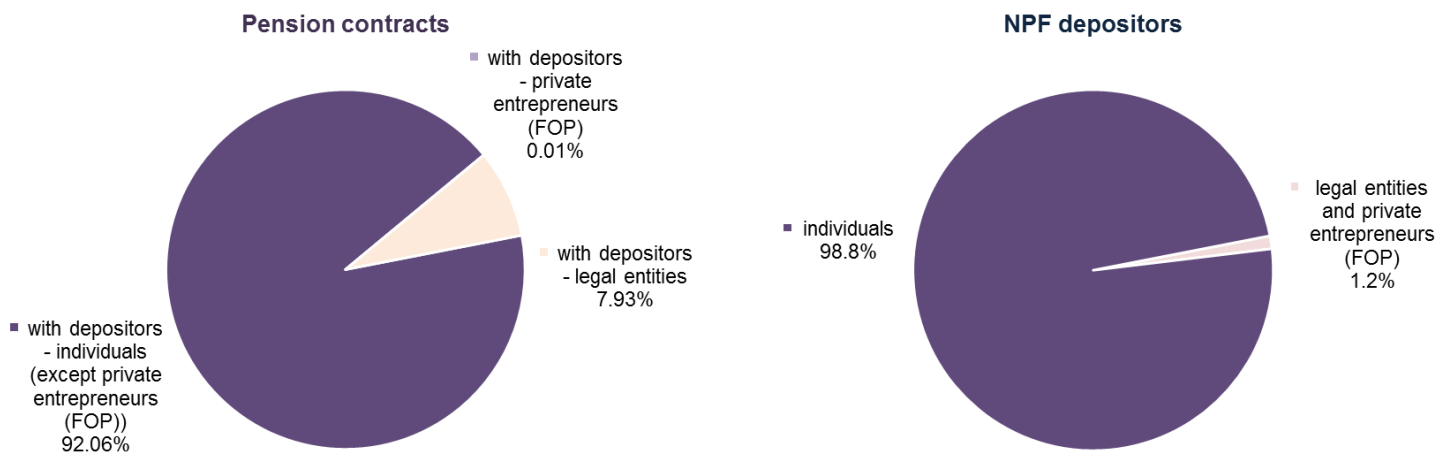


Chart 6. Number of NPF depositors and number of concluded pension contracts as at 30.09.2020

Pension contributions for Q3 2020 received the above 48 NPFs received a total of UAH 91.4 million. Of these, 53.7% came from men, 46.3% - from women, and

the largest two subcategories of both groups (25-50 years) provided more than 76% of contributions (Chart 7).

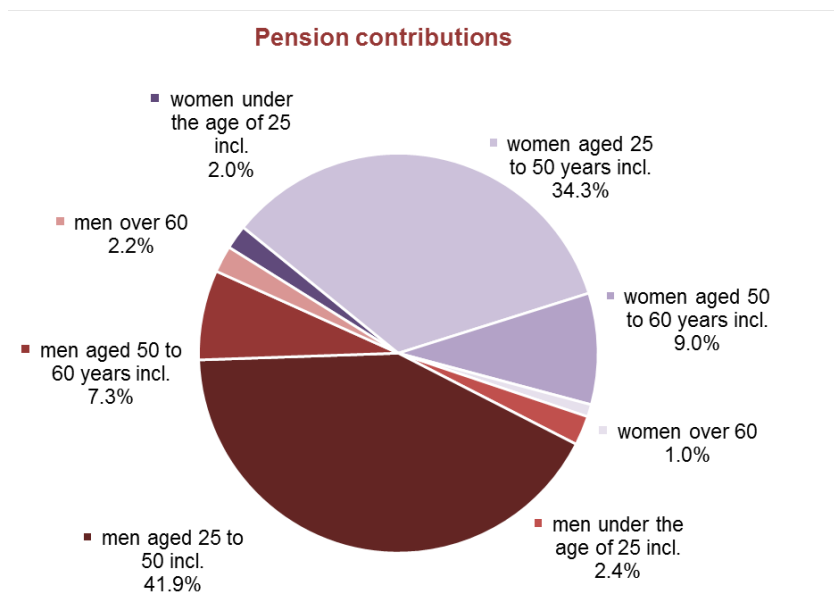
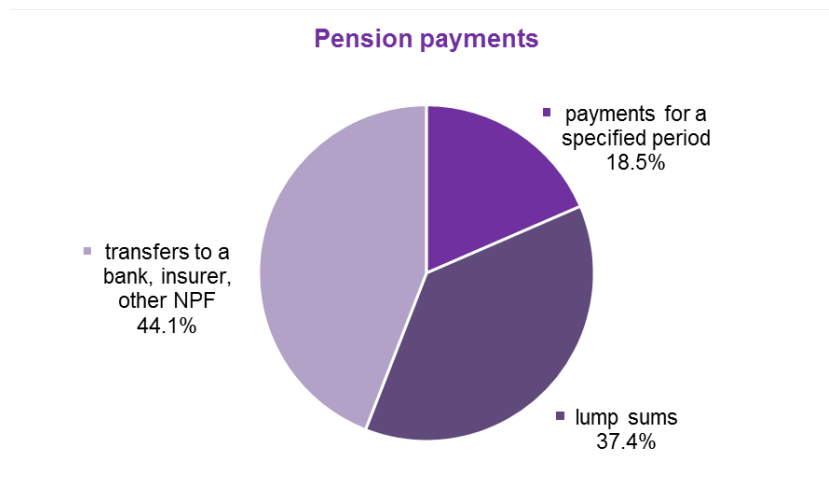


Chart 7. Pension contributions in Q3 2020

Pension payments from 48 NPFs for Q3 2020 amounted to UAH 34.1 million. Of these, 18.5% were payments for a definite period, 37.4% were one-time

payments, and more than 41% were transferred to banks, insurers or other NPFs (Chart 8).



*Chart 8. Pension payments out of NPFs in Q3 2020*

The total amount of pension funds in the individual pension accounts of the 48 NPF participants in the administration of UAIB members, which held almost 96% of the pension assets of all NPFs under management at the end of September 2020, amounted to UAH 1,767 million.

Information on the amount of investment income of pension funds, the total cost of their maintenance, the net value of their assets, the Association will include in

its analytical reviews for subsequent periods, and the weighted average change in net asset value of pension assets - after the publication of information about it by the regulator. NSSMC №756 dated 08.12.2020. Subsequent reviews will also be supplemented by the dynamics of indicators included in this Review, for the quarter, from the beginning of the year and for the last year - as the necessary data is accumulated.

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**See additional and statistical information on the UAIB website:**

- [The Ukrainian Fund Market in Figures](#)