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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. CII Asset Management Market Results

2.1. Number of AMCs and CIIs

In Q3 2020, the Ukrainian asset management sector of institutional investors continued to grow. At the same time, against the background of the pandemic and the economic downturn, the number of operating funds increased, which was decided to be liquidated, but the number of newly created CII prevailed.

In July-September, according to UAIB data, 66 new CII were registered (after 50 in April-June). Considering the funds that closed during this quarter, as of the end of September the **total number of registered CII** increased to 2023 (+ 2.6% for Q3, after + 2.3% for Q2).

The **number of formed CII**, i.e. those which reached the minimum asset ratio¹, grew in the 12th consecutive quarter, and reached 1443 (+46 funds, or + 3.3% in Q3 2020, after + 2.9% in Q2). During July-

September, 58 new CII were recognized as having taken place (after 44 in the previous quarter), all of which were venture CII, including 55 - CIF, which reached the minimum assets at the same time as state registration.

The **number of AMCs** in Ukraine, according to UAIB, in Q3 2020 also increased and as of 30.09.2020 amounted to 300 AMC (Chart 1). In July-September, 5 companies were created, and two withdrew from the market.

At the end of September, there were 281 companies that managed at least one fund (278 in June), of which 98.6% managed at least one venture CII. In total, these AMCs had between one and 54 funds under management (after the 52nd at the end of Q2).

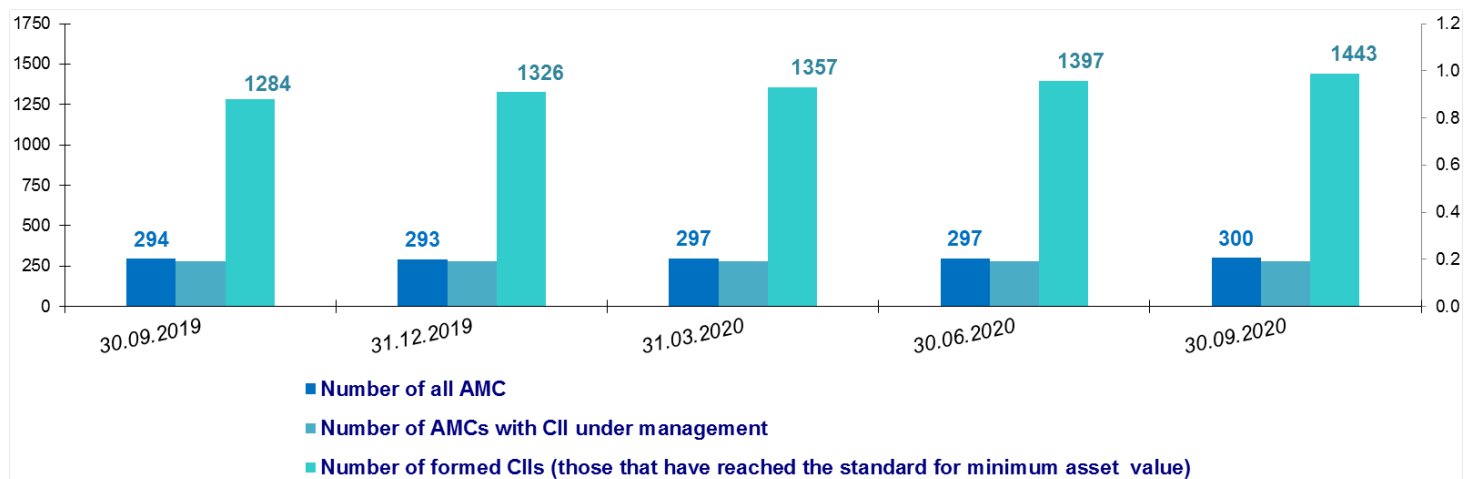


Chart 1. Dynamics of number of AMC and CII in Q3 2019-2020

At the end of September 2020, there were 587 active venture CIFs formed - 9.9% more than in June, 27.1% more than at the beginning of the year and 40.1% more than a year ago (Table 1). The number of venture UIFs continued to decline (-5, -0.7% in Q3), but at the end of the quarter they still retained an absolute majority among all categories of CII by types, types and forms of funds (738, 51.1%, after 53.2% in June).

The quantitative weight of venture CIFs and UIFs together among all CII continued to grow - from 91.4% in June to 91.8% in September (Chart 2). As of 30.09.2020, there were a total of 1325 venture CII - their increase accelerated from + 3.2% in Q2 to + 3.8% in Q3.

In other sectors, as in the previous quarter, it decreased by one fund among closed-end non-diversified CIFs (except venture funds) and among the same UIFs.

There were 60 funds that have not yet reached the minimum asset size (UIF) ratio as of September 30, 2020 (4.0% of all CII under management, after 3.3% in June).

In the process of liquidation, according to UAIB, at the end of September 2020, 81 funds remained or started, or 5.6% of all established and operating CII (in June - 5.3%). Among them were: three open-ended, interval and closed-end diversified UIFs, 5 closed-end non-diversified UIFs and three of the same CIFs, 62 venture UIFs and two CIFs.

¹ Including those in liquidation.

Table 1. Dynamics of number of CII that have reached compliance with standards, by types and legal forms in Q2 2019-2020

Date/Period	Total	UIF*									CIF*		
		O*	Os*	I*	Is*	CD*	CNN*	Cs*	Cq*	CV*	I*	CNN*	Cq*
30.09.2019	1284	12	7	17	3	3	27	1	2	744	47	2	419
31.12.2019	1326	12	7	17	3	3	27	1	2	745	45	2	462
31.03.2020	1357	12	7	17	3	3	27	1	2	747	46	2	490
30.06.2020	1397	12	7	17	3	3	26	1	2	743	45	4	534
30.09.2020	1443	12	7	17	3	3	25	1	2	738	44	4	587
Q3 2020 Change	46	0	0	0	0	0	-1	0	0	-5	-1	0	53
	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.8%	0.0%	0.0%	-0.7%	-2.2%	0.0%	9.9%
YTD 2020	117	0	0	0	0	0	-2	0	0	-7	-1	2	125
	8.8%	0.0%	0.0%	0.0%	0.0%	0.0%	-7.4%	0.0%	0.0%	-0.9%	-2.2%	100.0%	27.1%
Annual change	159	0	0	0	0	0	-2	0	0	-6	-3	2	168
	12.4%	0.0%	0.0%	0.0%	0.0%	0.0%	-7.4%	0.0%	0.0%	-0.8%	-6.4%	100.0%	40.1%

* O – open-ended diversified, Os – open-ended specialized, I – interval diversified, Is – interval specialized, CD – closed-end diversified, CNN – closed-end non-diversified non-venture, Cs – closed-end specialized, Cq – closed-end qualified, CV – closed-end non-diversified venture CII.

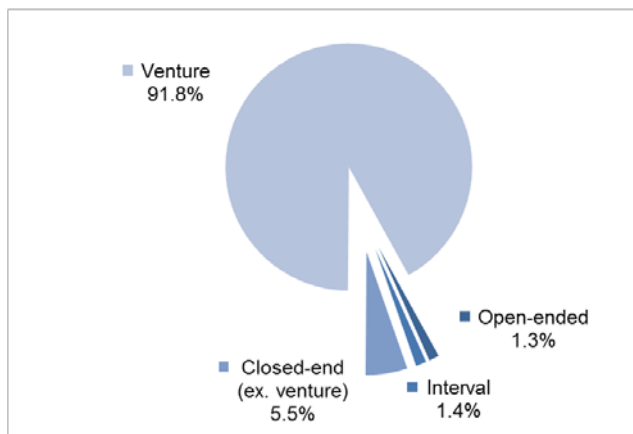


Chart 2. CII that have reached compliance with standards, by fund types as at 30.09.2020

As of the end of September 2020, according to UAIB, there were 78 **formed and operating CII with public placement** - four less than in June (-4.9%, after -1.2% in the previous quarter, Table 2).

The number of AMC's managing CII with public placement in Q3 2020 decreased from 34 to 33. There were 11 of them left in the open-ended CII sector (excluding AMC's of liquidated funds - 9).

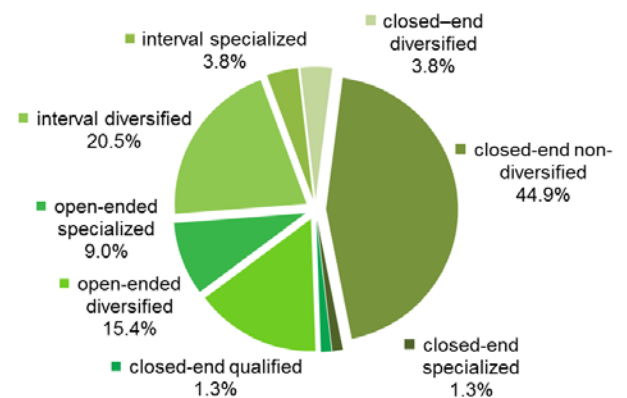


Chart 3. CII with public issue as at 30.09.2020

Table 2. Dynamics of number of CII with public issue in Q3 2019-2020

CII Type	Total	Open-ended			Interval			Closed-end				
		D*	S*	Total	D*	S*	Total	D*	N*	Q*	S*	Total
30.09.2019	84	12	7	19	16	3	19	3	41	1	1	46
31.12.2019	81	12	7	19	16	3	19	3	38	1	1	43
31.03.2020	83	12	7	19	16	3	19	3	40	1	1	45
30.06.2020	82	12	7	19	16	3	19	3	39	1	1	44
30.09.2020	78	12	7	19	16	3	19	3	35	1	1	40
Q3 2020 Change	-4	0	0	0	0	0	0	0	-4	0	0	-4
	-4.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-10.3%	0.0%	0.0%	-9.1%
YTD 2020	-5	0	0	0	0	0	0	0	-5	0	0	-5
	-6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-12.5%	0.0%	0.0%	-11.1%
Annual change	-6	0	0	0	0	0	0	0	-6	0	0	-6
	-7.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-14.6%	-	0.0%	-13.0%

* D - diversified, S - specialized, N - non-diversified, Q - qualified.

There were 32 **diversified and specialized CII with public issue** that reported for Q3 2020 (Table 3).

Equity funds in Q3 included two open-ended and one interval funds (one interval fund less than in Q3); bond funds - also two open-ended and one interval of 5 funds that belonged to this class at the beginning of Q3. Each of these classes accounted for 9.4% of all diversified and specialized CII with public issue.

In September, only one open-ended fund was included in mixed investment funds, the share of equities and bonds in the assets of which was within the established criteria for this class.

And more than ¾ of all diversified and specialized CII with public issue as of 30.09.2020 were "other" funds² that did not fall into any of the above classes, including interval CII, which in June belonged to equity funds. These include a number of funds that have invested in a mixed portfolio of assets but have not reached the threshold aggregate share in equities and bonds to get into the class of mixed investment funds (Chart 4).

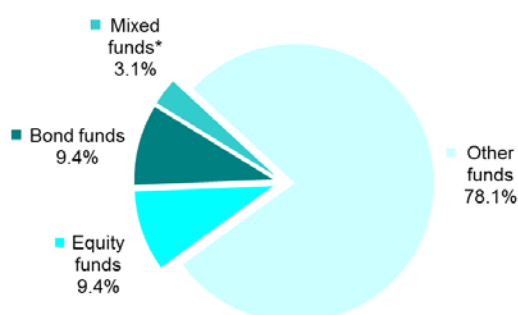


Chart 4. Diversified CII with public issue by fund types as at 30.09.2020

Table 3. Dynamics of diversified CII with public issue by fund types (according to asset structure) in Q3 2019-2020

Date/Period	Total	Equity funds	Bond funds	Mixed funds*	Other funds
30.09.2019	33	5	5	21	2
31.12.2019	33	6	3	23	1
31.03.2020	33	4	5	20	4
30.06.2020	33	4	5	20	4
30.09.2020	32	3	3	1	25
Q3 2020 Change	-1	-1	-2	-19	21
	-3.0%	-25.0%	-40.0%	-95.0%	525.0%
YTD 2020	-1	-1	-2	-19	21
	-3.0%	-25.0%	-40.0%	-95.0%	525.0%
Annual change	-1	-2	-2	-20	23
	-3.0%	-40.0%	-40.0%	-95.2%	1150.0%

² See [Rankings "CII \(diversified public\) - by fund classes"](#) and [Methods of ranking AMC and CII based on the results of their activities](#) at the UAIB website: <http://www.uaib.com.ua>.

2.2. Regional Breakdown of AMCs & CII

In the total number of **asset management companies** - 300 at the end of September 2020 - there were 213 operating AMCs in Kyiv and the capital region (Chart 5). During the Q3, 5 companies were established in this region and two were liquidated. As a result, the market share of Kyiv and the region in terms of AMC increased from 70.7% to 71.0%, and the five largest regions together - from 89.6% to 89.7%.

Among the other regions in the TOP-5 by the number of AMCs in July-September 2020, changes took place only in Lviv and the region: one company entered the market, another left it (10). There were 19 companies left in Dnipro, Kharkiv and their oblasts, and 8 in Odessa.

In other regions of Ukraine, the number of AMCs remained equal to 31, and their share decreased from 10.4% to 10.3%.

The number of **CII under management** in Kyiv and the region in Q3 2020 increased from 1,054 to 1,101 funds (+ 4.5%), and in Ukraine as a whole - by 3.7%. Accordingly, the weight of the capital region according to this indicator maintained a growing trend: from 72.7% in June to 73.3% in September (Chart 6). The weight of Ivano-Frankivsk and the region also grew insignificantly - within 3.0%, thanks to two additional funds (+ 4.7%).

The weight of other largest CII regions decreased in Q3. Lviv and the region - from 5.9% to 5.7%, with a decrease in the number of funds here by one (-1.2%). The share of Dnipro and oblast remained within 6.3%, Kharkiv - 6.0%, while in both regions CII increased by three in July-September (+ 3.3-3.4%).

In regions outside the TOP-5 funds also decreased by three to 87 (-3.3%). Their weight decreased from 6.2% in June to 5.8%.

In the distribution of **CII assets under management** by regions in Q3 2020, the total share of TOP-5 regions increased from 97.6% to 97.8%. However, the share of Kyiv decreased, in contrast to Q2, from 81.2% to 81.0%. This was due to a relatively weaker growth in assets under management in the capital region compared to total assets in Ukraine (+ 6.0% vs. + 6.2%). The weight of Kharkiv and the region also decreased - from 5.0% to 4.9% - with a decrease in assets here by 5.7% in July-September (after + 10.0% in April-June).

In Dnipro and the oblast, assets under management grew by 12.3% in Q3 2020 (after -7.5% in Q2), which

increased the weight of the region from 5.3% to 5.6%. In Lviv and the oblast, the total value of CII assets under management grew even faster (+ 22.4%), which increased their share from 4.2% to 4.4%.

The share of other regions outside the leaders fell in Q3 from 2.4% to 2.2%, and among individual regions the most - in Odessa and the region (from 0.7% to 0.5%). At the same time, the share of Ivano-Frankivsk and the region

in the total assets of CII increased from almost 0.5% to over 0.6%, due to an increase in their volume by 37.0% for the quarter - the largest among all regions of Ukraine.

Thus, in Q3 2020, the regional concentration of CII asset management increased in favor of several major cities and their oblasts - both in terms of the number of companies and funds and the value of assets under management.



Chart 5. Regional breakdown of the number of AMCs as at 30.09.2020

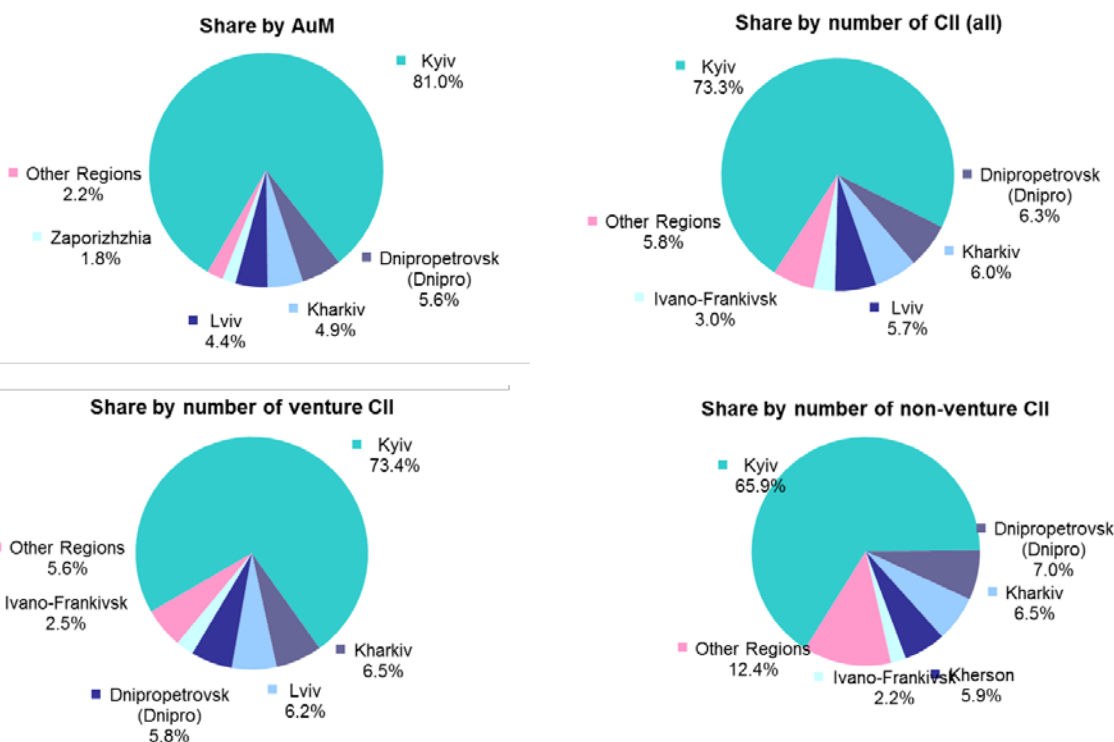


Chart 6. Regional distribution of CII by number and value of their assets under management as at 30.09.2020

2.3. Assets and Net Assets of CIIs

The **total assets of all institutional investors under AMC management** in Q3 2020 accelerated growth from 2.8% to 6.1%, against the background of some economic recovery in the context of easing of restrictive measures to combat the coronary crisis. Annual growth accelerated from 11.3% in June to 14.3% in September. From the beginning of 2020, they added 12.7% and amounted to UAH 400,177 million at the end of September.

As of September 30, 2020, **CII assets under management**, including those that have not yet reached the minimum volume, reached UAH 398,116 million. In July-September they also grew by 6.1%, by 12.7% since the

beginning of 2020 and by 14.3% for the year in September (after 11.2% in June).

Assets of formed and acting CII, which were managed by AMC and reached the standards ("established" CII), also accelerated growth - from 4.0% in Q2 2020 to + 6.3% - in Q3, and on an annualized basis - from 12.7 % in June to 16.0% in September. The growth since the beginning of the year was even faster: + 16.3%, which is partly due to less complete data as of December 31, 2019. At the end of September, the assets of the formed CII reached UAH 394,410 million.

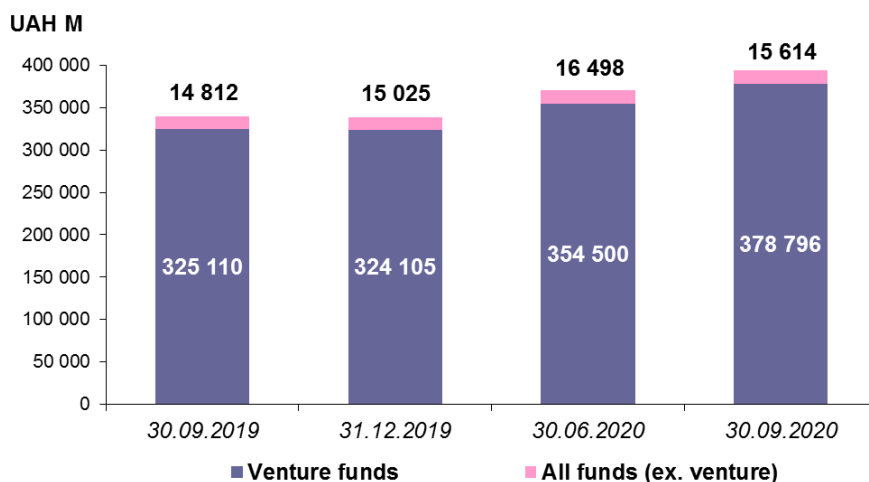


Chart 7. Dynamics of asset value of "established" CII under management in Q3 2019-2020

By CII sectors by types of funds and methods of placement, the growth of assets in Q3 2020 was recorded in open-ended, interval and venture funds. As in Q2, the first two sectors had a relatively faster growth, but in absolute terms the lion's share of growth in industrial assets was provided by venture CII, and their assets added relatively more than all CII in Q3 (+ 6.9%), up to UAH 378,796 million (Chart 7). This was facilitated by a further increase in the number of reports of these CII by 3.1% (as in Q2).

NAV of venture CII in Q3 2020 accelerated to 7.2% (from 5.9% in Q2). From the beginning of the year, it exceeded + 18.9%, and for the last year in September - 17.3% (after 14.6% in June). At the end of September, net assets of this sector amounted to UAH 294,390 million.

This corresponded to 95.1% of the total NAV of all operating CII (after 94.8% in June).

Net assets of open-ended CII in Q3 2020 grew almost three times faster than in Q2: + 12.2%, after 4.3%. At the same time, the number of operating funds in this sector (excluding those being liquidated) decreased by one to 16. More than 80% of the quarterly increase in NAV was provided by the net inflow of capital (in Q2 - more than 50%). In the first 9 months, the NAV of this sector added 22.6%, and in the last year in September - 10.8% (after 5.1% in June), over ¾ of which net sales were secured.

As of September 30, 2020, the NAV of open-ended funds amounted to UAH 101.3 million. This is the highest figure since December 2013 (UAH 103.1 million), when there were almost twice as many active open-ended funds (31).

Table 4. Dynamics of CII NAV, by fund type, in Q3 2020 and over the past year, UAH M

Funds	30.09.2019	31.12.2019	30.06.2020	30.09.2020	Q3 2020 change	YTD 2020	Annual change
Open-ended	85.8	82.6	90.3	101.3	12.2%	22.6%	18.1%
Interval	77.1	75.7	87.9	96.7	10.1%	27.8%	25.4%
Closed-end (ex.venture)	13 150.9	13 505.3	14 857.9	15 045.4	1.3%	11.4%	14.4%
with public issue	2 579.4	2 557.9	2 910.2	2 804.0	-3.7%	9.6%	8.7%
with private issue	10 571.5	10 947.3	11 947.7	12 241.4	2.5%	11.8%	15.8%
All funds (ex. venture)	13 313.8	13 663.6	15 036.1	15 243.4	1.4%	11.6%	14.5%
Venture funds	250 988.3	247 542.2	274 649.1	294 390.0	7.2%	18.9%	17.3%
All funds	264 302.1	261 205.8	289 685.2	309 633.5	6.9%	18.5%	17.2%

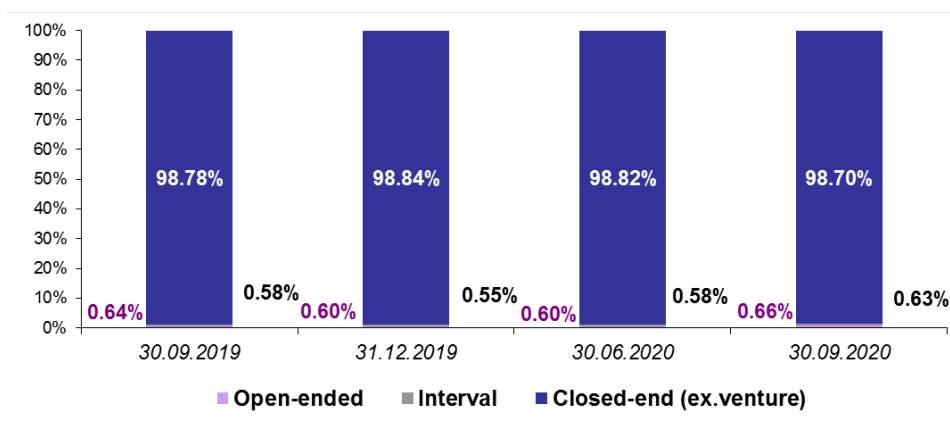
* Acting CIIs that have reached the norms for minimal asset value (were recognized as valid), are managed by AMC and provided reports for the relevant period (as at the reporting date).

The value of net assets of all CII (except venture) in Q3 2020 accelerated growth from 0.9% to 1.4%. This was facilitated by an increase in the NAV of private CII with private placement (except for venture) by 2.5% (after -0.4% in Q2). The growth of total net assets occurred even despite the decrease in the number of current and active funds in each sector of CII, except for venture, by one (except for interval CII).

From the beginning of the year to the end of September, net assets of non-venture funds grew by 11.6%, and for the year - by 14.5% in September (after -0.5% in

June), with growth in both sectors in all sectors by type of CII and placement.

The weight of all closed-end funds in CII NAV (except venture funds) continued to decrease in Q3 - from 98.8% to 98.7% - against the background of an order of magnitude more dynamic growth of open-ended and interval funds. At the end of September, closed-end funds with a public issue lost weight to 18.4% (from 19.4% in June), while those with a private issue increased it from 79.5% to 80.3%. The share of open-ended funds approached 0.7%, interval funds - exceeded 0.6% (Chart 8).


Chart 8. Dynamics of non-venture CIIs' NAV breakdown, by fund types in Q3 2020 and for the year

Venture CII, which had a larger relative increase in net assets in Q3 2020 compared to the total NAV of all

formed funds, respectively, increased their share in it from 94.8% to 95.1% (Chart 9).

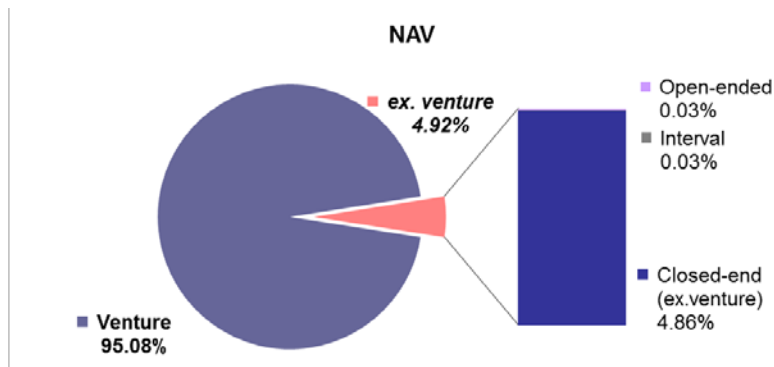


Chart 9. Distribution of CII NAV by fund types as at 30.09.2020

2.4. Net Capital Flow in Open-Ended CII

In Q3 2020, the net inflow of capital to Ukrainian open-ended CII not only increased 5 times compared to the previous one but was also the largest in the last 37 quarters (since Q2 2011). At the same time, if in July-September 2020 the number of operating funds in this sector decreased by one, then in more than 9 years from the previous peak of inflows - more than twice.

After a slight outflow in June, July brought the largest net sales - by UAH 4.1 million, 42% of which provided an inflow to one fund. By September, the total net sales of the sector fell to UAH 1.6 million (Chart 10), and the inflow to one of the funds exceeded the total for the sector this month, against the background of outflows from several other funds.

The largest inflow to the fund-leader of borrowings occurred in the last days of July, when the equity market of Ukraine according to the UX index was at a local peak, but still 3% lower than at the beginning of the quarter. In

August, half of the inflow - both to this fund and the sector as a whole - fell to the local bottom, and in September almost the entire inflow - to local peaks.

Of the 16 open-ended CII reporting during July-September 2020, 12 funds had some capital movements.

There were 7 funds that had a net outflow in Q3, and their total net losses from investor output for the quarter amounted to UAH 1.7 million (after UAH 0.3 million for 6 funds in Q2). More than half of this amount fell on one fund, which belonged to the class of bond funds by its asset structure. More than a quarter of this outflow fell on the equity fund.

There were also five funds with a net inflow in Q3 2020. Their total additional revenues amounted to UAH 10.6 million (after UAH 2.1 million for the three funds in Q2). 80% of them were provided by one fund, which invested mainly in bonds (in Q2 it brought 52% of the total inflow)

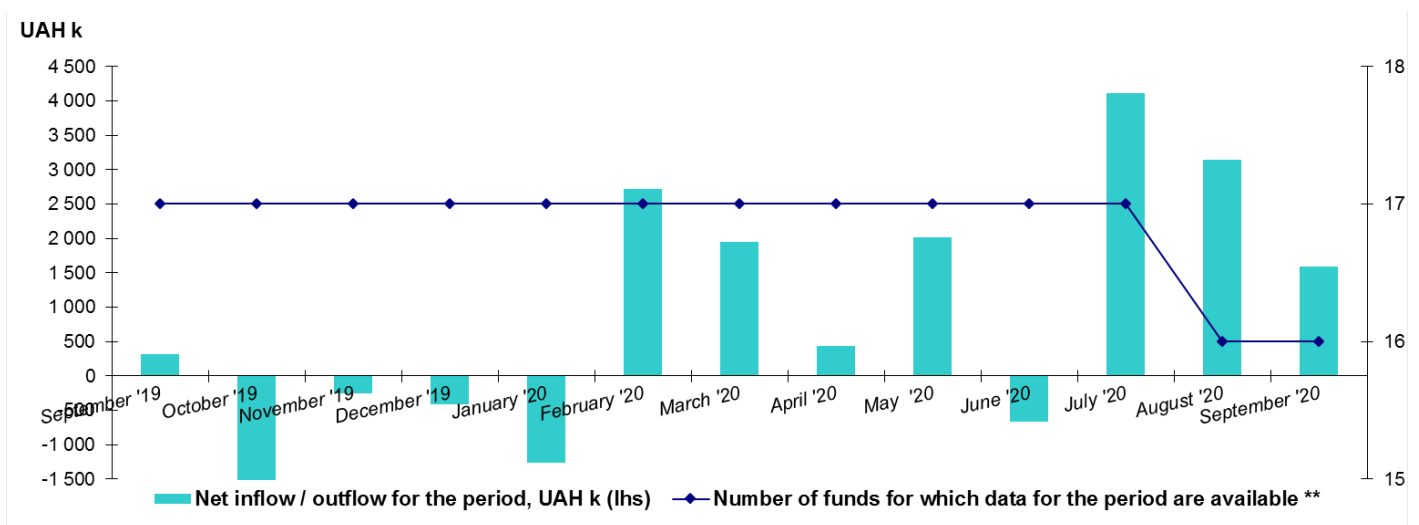


Chart 10. Monthly net flow of capital of open-ended CII in September Of 2019-20 (based on daily data)

In general, the number of funds with net outflows during Q3 2020 ranged between five in July and September and two in August, and the number of funds with net inflows ranged from two in July to four or five in September.

Additional investments in open-ended funds in Q3 continued to be made mainly by resident retail investors, although their number decreased, and non-residents increased their investments much more in relative terms.

The **total net capital inflow in open-ended CII** in Q3 2020 increased fivefold compared to Q2 - to +8.8 million UAH, from +1.8 million UAH in Q2 (Chart 11).

This contributed to the still record net sales of these funds since the beginning of the year of over UAH 14 million and significantly increased the **annual net inflow to open-ended CII**: from UAH 3.0 million at the end of June 2020 to UAH 11.8 million at the end of September.

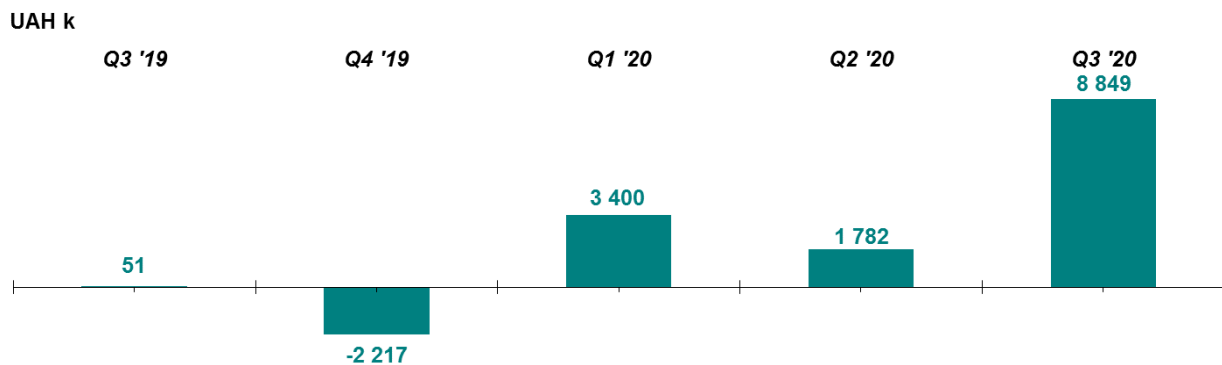


Chart 11. Net flow of capital of open-ended CII in Q3 2019-20, quarterly

In the context of continued growth of international equity markets along with the recovery of economies from the spring coronavirus shock and subsequent lockdowns and restrictions, in Q3 2020 EU investment funds attracted additional capital from investors, although slightly less than in Q2 (except for equity funds, which received an increased inflow on the optimistic expectations of investors regarding the prospects of financial markets).

In Q3 2020, the **net inflow to the EU investment fund industry**, according to EFAMA, amounted to EUR 195 billion (after +EUR 273 billion in Q2 and +EUR 190 billion in the same period last year)³.

Almost 3/4 of this indicator was provided by UCITS⁴, which received a net income in July-September of EUR 145 billion (after + 272 in April-June and + 157 a year ago). As in Q2, in Q3 all major categories of long-term UCITS (ie except money market funds) had a net inflow.

The largest net sales among **UCITS** in Q3 2020 were bond funds: +EUR 48 billion (after +84 in Q2 and +86 a year ago).

Equity funds in July-September 2020 attracted additional investments of EUR 42 billion (after +39 in April-June and -13 years ago). Money market funds, which were the leaders in net inflows in April-June, had a similar result to equity funds in Q3: +EUR 40 billion (after + 136 in Q2 and + 72 years ago).

Mixed assets in Q3 2020 received the lowest additional inflow among the main classes of the UCITS group: +EUR 15 billion (after + 13 for Q3 and + 17 years ago).

AIF funds⁵ in Q3 2020 received a significantly increased net inflow: +EUR 51 billion (after + 12 in Q2, according to updated EFAMA, and + 33 years ago). It was equal to the figure for Q1 2020 and was the largest for at least the last two years. 98% of this inflow came from long-

³ According to the available data on the 28 countries whose associations are members of EFAMA (24 EU member states, including Poland (former EFAMA member), as well as Liechtenstein, Norway, Switzerland and Turkey), see EFAMA Quarterly Statistical Release (Q3 2020) at: <https://www.efama.org/Publications/Statistics/Quarterly/Quarterly%20Statistica%20Reports/20%2012%20Quarterly%20Statistical%20Release%20Q3%202020.pdf>.

⁴ In this context, long-term UCITS funds are all classes of UCITS except money market funds. UCITS (Undertakings for Collective Investment in Transferable Securities) - enterprises for collective investment in negotiable securities (those

that are in circulation in regulated markets); are open-ended funds with public placement of strict requirements for the composition, quality, liquidity and structure of assets. Regulated by the relevant Directive (Directive 2009/65 / EC of 13 July 2009, as amended by Directive 2014/91 / EU of 23 July 2014) and other related acts of EU legislation.

⁵ AIF (Alternative Investment Funds) – alternative investment funds; in fact include all other regulated funds that are not UCITS. Companies that manage such funds are regulated by the AIFMD Directive (Directive 2011/61 / EU of 8 June 2011).

term funds, and the largest net sales among AIFs in July-September 2020 were bond funds (+EUR 20 billion, after -14 in April-June and -4 years ago) and “other” funds⁶ (+EUR 23 billion, after + 25 and 16 respectively).

Quite a stable net inflow continued in Q3 in real estate funds: +EUR 8 billion, after + 9 in Q2 and + 7 years ago.

Equity funds and money market funds each attracted EUR 1 billion in additional investor contributions in July-September 2020 (after -6 for the former in Q2 and virtually no inflow for the latter during that period). Thus, both categories of AIF repeated their result of a year ago.

2.5. CII Investors

In Q3 2020, the gradual redistribution of participation in CII by the value of investments by different categories of investors continued. The share of the largest CII participants, **resident legal entities**, continued to decrease: in September they owned 51.0% of the net assets of all CII (Chart 12), after 51.3% in June. As before, this was against the background of relatively weaker growth in the total value of investments of domestic enterprises compared to other categories of fund participants (+ 6.6% in Q3), despite a significant excess of the absolute increase in the value of first investments (about UAH 10 billion in Q3 - almost twice as much as the increase in funds of each of the other two main categories of CII investors - non-residents and citizens of Ukraine).

In venture CII, the total value of investments of local enterprises in Q3 2020 increased by 6.9% (after + 1.8% in Q2). However, their share in this sector decreased again - from 53.0% in June to 52.7% in September. In open-ended funds, it grew by 8.7% (after + 8.1% in Q2), which was lower than in other categories of investors. Finally, the weight of Ukrainian enterprises in NAV of open-ended CII decreased from 11.1% in June to 10.8% in September.

In Q3 2020, **resident individuals** had the second largest increase in total funds in CII in absolute terms (+ UAH 5.9 billion, or + 7.7%). More than 92% of them fell on venture funds (+ 8.4%), where the share of this category of investors increased from 23.5% to 23.7% in Q3.

In open-ended CII, funds of retail investors increased by 11.9% in July-September (after + 4.5% in Q2), but due to an order of magnitude faster growth of non-residents' funds, the weight of the first among all

AIF mixed assets were the only class of funds in this category that continued to record net losses in Q3 2020: - EUR 2 billion (after -3 in Q2, according to updated EFAMA data, and + 13 years).

The total NAV of investment funds in the EU increased by 2.8% in Q3 2020 (after + 8.9% in Q2) but was still 0.9% lower than at the beginning of the year due to the failure of markets in March. At the end of September, it reached EUR 17.6 trillion, 61.4% of which belonged to UCITS, whose net assets added 3.1% in Q3 (after + 11.2% in Q2). NAV AIF grew by 2.4% for the quarter (after + 5.7% over the previous one).

categories of investors in this sector fell from 78.6% in June to 78.4% in September.

The share of individual investors - residents of Ukraine in the total NAV in Q3 2020 continued to grow in all sectors of CII with public issue. In general, in all CII it continued to increase gradually: from 26.2% in June to 26.3% in September.

The total value of investments of **foreign investors** also increased in Q3 2020 in each sector of funds by types of CII and methods of placement, and in all CII as a whole - by 8.0% (after + 13.4% in Q2). However, more than 99% of the increase was accounted for by venture CII.

At the end of September, as in June, the same more than 99% of foreign investments in CII were held by non-resident enterprises, and 99% of the total funds of non-residents were in venture funds. The weight of non-residents in the NAV of this sector in Q3 increased again - from 23.5% in June to 23.6% in September, while in all CII it rose only from 22.4% to 22.6%, as it remained an order of magnitude lower in intervals and closed-end venture funds.

Funds of non-resident enterprises in open-ended CII in July-September 2020 increased by 4.2% (after -1.4% in April-June), while foreign retail investors - by 6.5 times, from a very low base (after + 7.2%) . Finally, the total weight of non-residents in NAVs in this sector rose to 10.8% at the end of September (from 10.3% in June), including retail investors, from less than 0.3% to 1.5%.

The number of CII investors as of September 30, 2020 was 259,220 (Table 5). At present, 98.7% of them

⁶ This category of AIF includes equity funds, bonds and mixed assets in Ireland due to the lack of data on their distribution by these sectors.

were individuals - residents of Ukraine (after 98.6% in March and June), and 96.4% - participants of interval

funds⁷, 0.6% - open-ended funds, 1.6% - venture CII (as before).

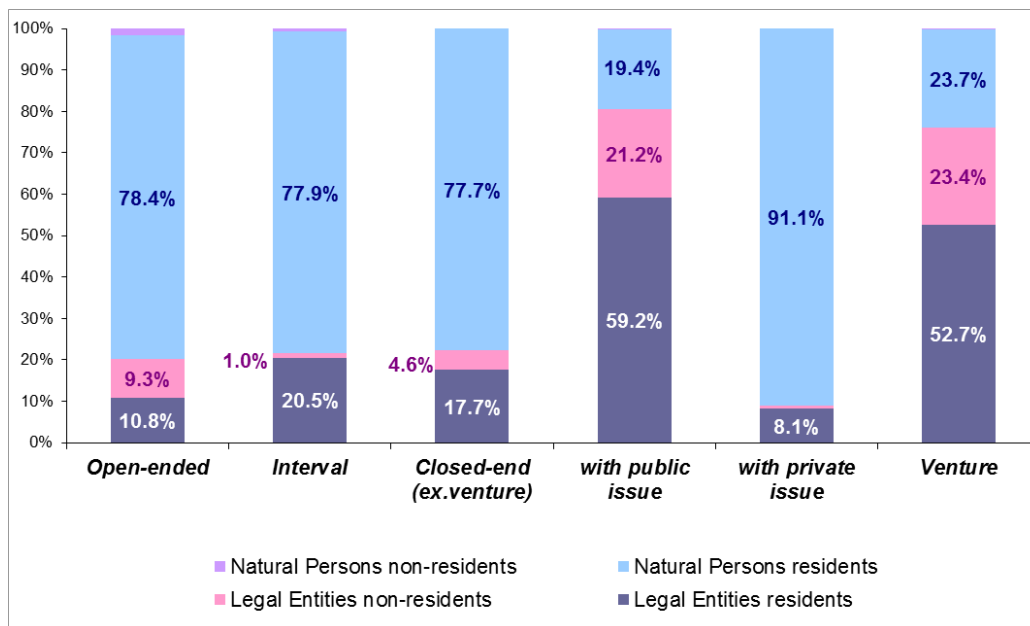


Chart 12. Investments in CII by category of investors as at 30.09.2020, share in NAV⁸

During Q3 2020, the **number of CII investors** increased insignificantly again: +29 (+ 0.01%). Positive dynamics was observed in interval CII and in closed-end funds with public placement, while in other sectors investors decreased slightly.

In general, for all CII, the increase was provided exclusively by resident individuals (+138 persons, or + 0.01%). On the other hand, the number of resident legal entities decreased by 92 (-2.9%) and non-residents by 17 (-4.4%).

At the end of September, there were 1,546 participants in open-ended funds (-21, or -1.3% in Q3, after + 0.4% in Q2). All but one of the investors who withdrew from these funds were resident retail investors, which remained the most active and largest category in the sector. This time their number mixed to 1,523 (-1.4%). Instead, another investor in open-ended CII was a resident enterprise, which increased the total number of such participants by 5.6% in Q3 2020 to 19.

Table 5. Investors of CII by categories, number and share of the total number as at 30.09.2020

Funds	Legal Entities				Natural Persons				TOTAL
	residents	non-residents	residents	non-residents	residents	non-residents	residents	non-residents	
Open-ended	19	1.23%	3	0.19%	1 523	98.51%	1	0.06%	1 546
Interval	17	0.01%	1	0.00%	249 834	99.99%	19	0.01%	249 871
Closed-end (ex.venture)	331	8.88%	15	0.40%	3 373	90.50%	8	0.21%	3 727
with public issue	153	4.40%	10	0.29%	3 308	95.08%	8	0.23%	3 479
with private issue	178	71.77%	5	2.02%	65	26.21%	0	0.00%	248
All (ex. venture)	367	0.14%	19	0.01%	254 730	99.84%	28	0.01%	255 144
Venture	2 680	65.75%	353	8.66%	1 031	25.29%	12	0.29%	4 076
All	3 047	1.18%	372	0.14%	255 761	98.67%	40	0.02%	259 220

The number of participants in closed-end CII with private placement also decreased (-2, -0.8%) - also at the

expense of retail investors. However, in general, the number of investors in closed-end funds (excluding

⁷ This is due to the activities of several funds, which were reorganized from the former mutual funds into interval CII and which have a relatively large number of small participants.

⁸ Excluding funds' bearer securities which are in circulation.

venture funds) increased by 12 (+ 0.3%) - due to an increase in the number of individual residents in public funds by 19 (+ 0.6%). As of September 30, 2020, the total number of investors in closed-end non-venture CII was 3,727, of which 90% were local retail investors and more than 93% were participants in publicly offered funds.

In venture CII, the number of participants in Q3 2020 decreased by 11 (-0.3%, after + 0.8% in Q2). This was due to the withdrawal of more than a hundred enterprises from these funds, including 89 residents (-3.2%, after - 1.3%). On the other hand, the number of resident individuals among investors in the sector again increased over the quarter (+94 persons, or + 10.0% in Q3, after + 8.2% in Q2). In total, there were 4,076 investors in this sector at the end of September.

The number of resident retail investors also increased in interval funds (+49, or + 0.02%), where they

fully ensured the overall growth of participants in all categories in Q3.

Finally, in Q3 2020, resident individuals increased their presence in three of the five CII sectors by type of fund and placement method and in all funds.

In Q3 2020, non-residents as a whole continued to reduce their presence in CII (-17, -4.0%, after -0.5% in Q2), to 412. However, this applied almost exclusively to corporate investors in venture funds (-4.6%). Also, one individual investor - a non-resident decreased in closed-end public issuance (-11.1%), and in venture funds it increased by one (+ 9.1%).

The share of all non-residents among CII participants decreased insignificantly within 0.2%. In venture funds it decreased from over 9.3% in June to almost 9.0% in September, while in open-ended funds it grew insignificantly within 0.3%.

2.6. CII Asset Structure

In Q3 2020, in the structure of CII assets, the weight of securities (and derivatives - for venture CII) decreased in almost all sectors by types of funds and methods of placement (Table 6). At the same time, the total value of investments in these instruments decreased only in closed-end CII (except venture), so the decrease in their share in assets was due to a relatively faster increase in other components of assets, against the background of mostly negative equity market dynamics in July-September.

In closed-end CII, the decrease in the volume and share of investments in equity market instruments occurred mainly due to government bonds, and in funds of this type with private placement - corporate bonds and promissory notes. The decrease in the weight of securities in the assets of interval CII was due to a relatively larger increase in "other" assets, and in open-ended CII - also cash and a reduction in the total package of municipal bonds by half. The total value of shares in all CII sectors also decreased, except for closed-end non-venture funds, where it increased insignificantly.

Table 6. Changes in the structure of aggregated CII portfolios by fund types in Q3 2020

Asset Type / CII Type / Quaterly Change	Open-ended		Interval		Closed-end- with public issue		Closed-end- with private issue		Venture	
	p.p.	%	p.p.	%	p.p.	%	p.p.	%	p.p.	%
Other assets (Incl. R and CR)	1.72	23.0%	2.48	33.7%	-7.98	-11.6%	-0.44	-0.5%	-0.44	-0.5%
Real estate	-	-	-	-	0.02	22.3%	0.16	21.1%	-0.14	-4.0%
Cash and bank deposits	0.30	1.1%	-1.29	-11.8%	13.53	278.0%	0.88	44.0%	0.57	37.3%
Bank metals	0.01	1.0%	-	-	0.02	38.7%	-	-	0.00	5.9%
State bonds (OVDP)	2.47	8.6%	0.52	1.1%	-6.70	-40.9%	-0.08	-82.1%	-0.06	-31.0%
Municipal bonds	-1.84	-55.2%	-	-	-0.73	-65.7%	-0.01	-4.0%	0.05	10010.6%
Equities	-3.89	-12.5%	-3.24	-11.3%	1.45	20.5%	0.09	1.6%	-0.47	-14.9%
Corporate bonds	1.23	124.0%	0.13	21.4%	0.95	100.6%	-0.41	-16.0%	0.45	15.5%
Promissory notes	-	-	-	-	-0.47	-100.0%	-0.22	-60.1%	-0.03	-1.4%
Other securities	-	-	1.40	0.40	-0.08	-1.00	0.03	10.6%	0.06	8.7%
Securities	-2.03	-3.2%	-1.19	-1.5%	-5.59	-21.4%	-0.60	-6.6%	0.01	0.1%

As of the end of September 2020, securities retained a key role in the assets of open-ended CII (over 62%, after 64% in June) and interval (over 80%, after almost 82%). In the first, in Q3 2020, OVDPs took the lead, moving shares to the second position in assets among securities; in interval funds, government bonds held almost twice the share of equities (Chart 13).

In closed-end CII, the weight of securities in July-September 2020 fell from 26% to almost 20% in the context of a decrease in the total value of investments in all available government, municipal and corporate securities (except for corporate bonds, which continued to grow).

In closed-end CII with private placement (except for venture), the share of stock instruments during this period decreased insignificantly within 9% due to the decrease in the value of packages of most instruments in the assets of this sector. More than 2/3 of all securities here were equities. They, together with Eurobonds of enterprises and Ukraine (referred to as "other" securities), increased in value in the assets of these CII in Q3, despite a decrease in the number of active funds in this sector that reported.

Government bonds (OVDPs), even though interest rates fell slightly in Q3 2020, at the end of September were the largest share in the assets of all publicly traded CII sectors. They became the most popular instrument for open-ended CII investments, where in the quarter they increased both in total value and in weight in their assets - to 31.2% in September (from 28.7% in June). In interval CII, OVDPs and OZDPs also increased and the weight of the former rose from 49.0% in June to 49.5% in September (including OZDPs, government bonds increased in weight from 52.5% to 54.4% of interval funds' assets).

In closed-end funds with public issue, the share of OVDPs, in contrast to the changes in Q2, sharply decreased in July-September 2020 - from 16.4% to 9.7% - against the background of a decrease in the package of these equities more than twice (after a 1.6 times increase in Q2), as well as the growth of the total value of some other items of assets of these CII cash. At the same time, the volume of **municipal bonds** in these funds decreased even more rapidly (-72%), which contributed to a decrease in their weight in the sector's assets in Q3 from

1.1% to 0.4%. In the assets of open-ended CII, the bond package of local councils also halved in Q3, returning to the March level at total value. Given the growth of almost all other components of the assets of these funds sector in this period, the share of municipal bonds in them decreased from 3.3% in June to 1.5% in September.

In September 2020, **equities** were the largest component of assets among securities in closed-end CII with private placement (except venture): their weight in the assets of the sector increased from 5.7% to 5.8%. In open-ended CII, the share of equities decreased quite significantly - from 31.1% in June to 27.2% in September, although the total value of the package of these instruments decreased by only 1.8% (but the NAV increased significantly). In interval funds, the block of equities was the only one that decreased, and against the background of growth of other components of the sector's assets, this continued the steady downward trend of their weight - from 28.6% in June to 25.4% in September.

In closed-end funds with public issue, the volume of equities decreased significantly less than almost all other components of the financial portfolio of these CII, so the share of the former increased from 7.1% to 8.5% in Q3 2020.

Corporate bonds grew in total value in the assets of all CII sectors, except for private funds with private placement, where their weight decreased from 2.5% in June to 2.1% in September. In open-ended CII, their share more than doubled, to 2.2%, with a 2.5 times increase in the package of these securities in the sector.

Cash on current and deposit accounts of CII, in contrast to April-June 2020, in July-September increased in the assets of almost all sectors of CII (except for interval funds), which also increased their weight in them. In open-ended CII, they moved from the third position in terms of share in assets to the second: from 27.2% in June to 27.5% in September. In closed-end CII with public placement, their volume more than tripled, and the share - from 4.9% to 18.4% (after a reduction of more than twice in Q2). In interval funds, the volume and share of money decreased insignificantly (from 11.0% to 9.7%).

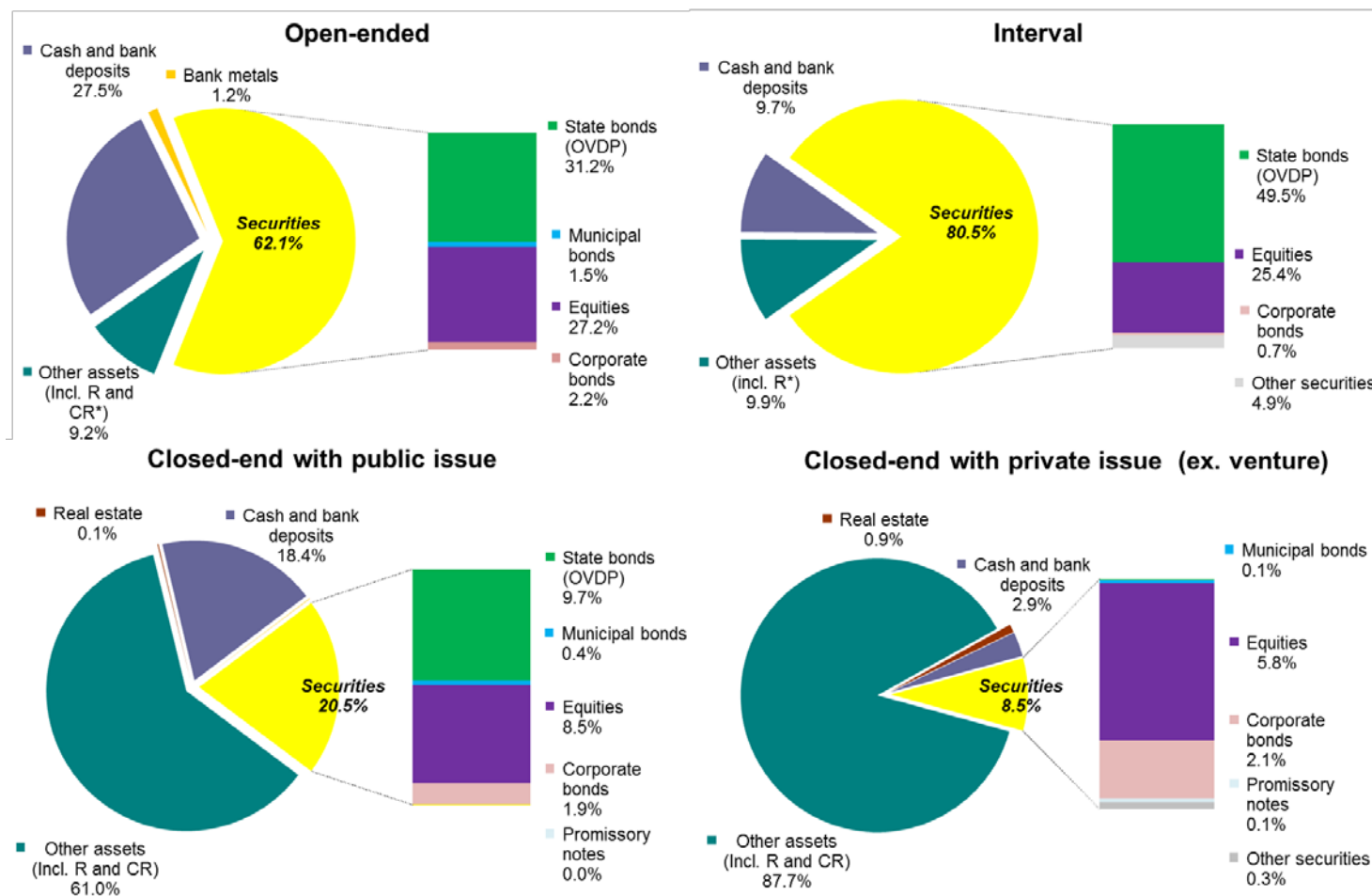


Chart 13. CII asset structure by fund types as at 30.09.2020

* R - receivables.

"Other" assets⁹ are traditionally the largest component of the assets of venture and other closed-end funds. In closed-end CII, they decreased significantly in Q3 2020, which may be partly due to fewer reporting funds. Their share in the assets of this sector fell from 68.9% in June to almost 61% in September. In July-September, the number of "other" assets decreased from 88.1% to 87.7% in closed-end CII with private placement.

In venture funds, "other" assets continued to grow in Q3 2020, but weaker than other components of assets, including cash and corporate bonds. Finally, the weight of the former in the sector decreased slightly - from 85.7% in June to 85.3% in September (Chart 14). As of September 30, 2020, their total value here reached over UAH 323 billion.

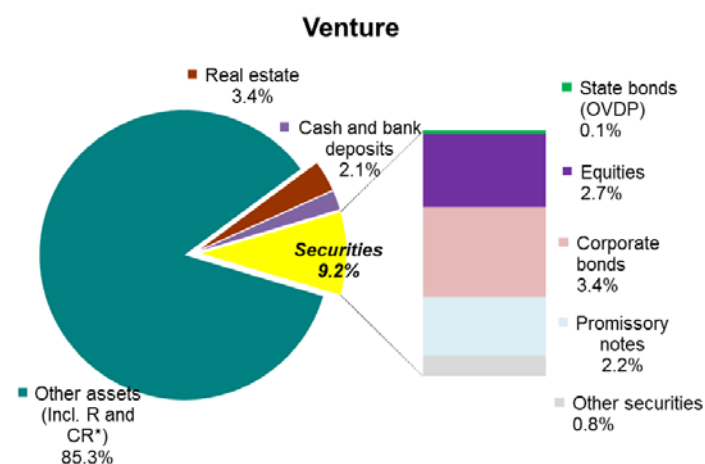


Chart 14. Structure of venture CII assets as at 30.09.2020

* R and CR - receivables (including loans) and corporate rights

⁹ "Other" assets include corporate rights, expressed in forms other than securities, as well as receivables, including loans to companies in which CII have a share in the capital (for venture funds).

Real estate in venture funds at this time also grew less than the assets of the sector, so its share decreased here from 3.6% to 3.4%.

On the contrary, in Q3 2020, the assets of venture CII in stock instruments grew slightly faster than other components of assets, which increased their weight by 9.2%. Packages of corporate and municipal bonds and promissory notes, as well as Eurobonds of Ukraine (OZDP) and derivatives have increased. The largest shares were corporate bonds (up from 2.9% in June to 3.4% in September), equities (down from 3.2% to 2.7%) and promissory notes (down within 2.2%)

The portfolio of securities and derivatives of all CII in total in Q3 2020 grew by UAH 1.9 billion (+ 5.5%, after + 2.7% in Q2). As of September 30, 2020, it cost UAH 36,808 million (Table 7).

Due to the increase of venture CII investments in corporate bonds, at the end of September these instruments became the largest component of the portfolio of all CII as a whole - instead of equities. Their volume

increased by 22.6% (after -2.3% in Q2), and their share in the consolidated CII portfolio increased from 30.7% to 35.7%.

In July-September, the total number of equities for all CII decreased by 8.2% (after + 3.4% in April-June), and its weight in the consolidated financial portfolio of CII fell from 35.1% to 30.6%.

Promissory notes remained the third most important instrument in the CII financial portfolio, their total value increased in Q3 2020 by 4.9% (after -0.8% in Q2), which was slower than the growth of the entire portfolio, so their share decreased from 22.8% to 22.7%.

The volume of OVDPs in the consolidated CII portfolio in July-September 2020 decreased by more than a third (after + 9.5% in Q2). The weight of government bonds in the aggregate portfolio of CII securities finally fell from 3.9% in June to 2.3% in September.

Derivatives in Q3 grew by another 16.2% (after + 27.1% in Q2) and together with "other" securities increased in weight in the CII financial portfolio from 7.4% in June to 8.1% in September.

Table 7. Portfolio of CII securities and derivatives, as at 30.09.2020

Security Type	Aggregate value of securities in CII's portfolios, UAH M	Share in the aggregate portfolio of CII's securities	Q3 2020 change, UAH M	Q3 2020 Change, %
Corporate bonds	13 128.8	35.7%	2 418.3	22.6%
Equities	11 245.3	30.6%	-1 002.7	-8.2%
Promissory notes	8 353.5	22.7%	392.0	4.9%
State bonds	862.7	2.3%	-484.2	-36.0%
Municipal bonds	238.1	0.6%	174.7	275.9%
Derivatives	2 979.8	8.1%	415.0	16.2%
TOTAL	36 808.3	100.0%	1 913.0	5.5%

In July-September 2020, **the CII securities portfolio (ex. venture funds)**, decreased by 18.9% (after + 26.5% in April-June), which is partly due to a decrease in the number of operating funds reporting for Q3. At the end of September, this portfolio was worth UAH 1,818 million (Table 8).

Equities confidently maintained the first position; their weight rose from 46.2% of the consolidated portfolio of non-venture CII in June to 56.8% in September.

OVDPs again had the second largest share, although it decreased one and a half times: from 30.6% in June to 20.6% in September, which occurred in the context of a

reduction in investment in these instruments almost twice in Q3 - after a similar increase in Q2.

Corporate bonds lost the least in the total value in the consolidated portfolio of non-venture CII (-9.8%, after + 1.2% in Q2). Their share here increased from 15.9% to 17.9%.

The package of local bonds in the portfolio of these funds more than halved in Q3, declining in weight from 2.7% to 1.6%. Other securities (Ukraine's Eurobonds) added 3.5% in the total value for the quarter and increased in weight from 1.7% to 2.1% of the consolidated portfolio of non-venture CII.

Table 8. Portfolio of securities and derivatives of CII, excluding venture ones, as at 30.09.2020

Security Type	Aggregate value of securities in CII's portfolios, UAH M	Share in the aggregate portfolio of CII's securities	Q3 2020 change, UAH M	Q3 2020 Change, %
Equities	1 031.9	56.8%	-5.0	-0.5%
State bonds	374.4	20.6%	-311.8	-45.4%
Corporate bonds	325.2	17.9%	-31.7	-8.9%
Municipal bonds	29.7	1.6%	-31.7	-51.7%
Promissory notes	18.2	1.0%	-45.7	-71.5%
Other	38.4	2.1%	1.3	3.5%
TOTAL	1 817.8	100.0%	-424.6	-18.9%

Diversified CII in Q3 2020 also increased their consolidated securities portfolio by 0.8% (after + 12.5% in Q2). As of September 30, 2020, it cost UAH 71 million (Table 9).

Packages of corporate bonds (almost 1.5 times) and OVDPs (+ 6.0%) increased - finally, the share of the former increased from 1.5% to 3.7% and brought them to the third place in the portfolio, the latter - from 36.0% to 37.8%.

The block of equities in the financial portfolio of these CII decreased by 2.4% (after + 1.1% in the previous quarter), and its weight decreased from 58.2% in June to 56.4% in September.

Municipal bonds halved in the third quarter in this portfolio, after similar growth in the second. Their weight here, respectively, fell from 4.3% to 2.1%.

Table 9. Portfolio of securities and derivatives of diversified CII as at 30.09.2020

Security Type	Aggregate value of securities in CII's portfolios, UAH M	Share in the aggregate portfolio of CII's securities	Q3 2020 change, UAH M	Q3 2020 Change, %
Equities	39.9	56.4%	-1.0	-2.4%
State bonds	26.8	37.8%	1.5	6.0%
Corporate bonds	2.6	3.7%	1.5	147.2%
Municipal bonds	1.5	2.1%	-1.5	-49.7%
TOTAL	70.8	100.0%	0.6	0.8%

2.7. Rates of Return: CII's and Other Areas of Investment

Against the background of divergent but mostly downward dynamics of the stock market of Ukraine in July-September 2020, the profitability of almost all CII sectors increased, most of them were positive. Equity funds suffered the most in the 8th quarter in a row, which is natural in these conditions. Instead, bond funds remained competitive with bank deposits, with higher liquidity.

Bank deposits in gold continued to be the most profitable tool for retail investors outside the CII industry, if we consider annual time deposits (Chart 15)¹⁰.

This was facilitated by the accelerated growth of the price of gold as one of the harbor assets during the crisis, which increased the yield on gold deposits to + 14.1% in Q3 2020 (after + 4.5% in Q2). Deposits in foreign currency, with the devaluation of the hryvnia in July-September, moved from outsiders to leaders in quarterly yields: it rose from -4.4% in Q2 to + 6.6% in Q3 in US dollars and from -

¹⁰ In order to adequately compare rates of return of different types of investment (types of assets), it is necessary to consider liquidity of CII, in particular, open-ended ones, which allow to exit investments on any working day without loss of profitability, as opposed to fixed-term bank deposits, which mainly involve the conversion of interest. income at early repayment of deposits at current accounts

(close to zero). At the same time, the calculated profitability of the CII does not take into account the possible commissions and other expenses when entering / leaving the funds. It also does not include taxation of investment income when leaving the fund and taxation of interest on deposits.

3.1% to + 10.7% in euros. Deposits in hryvnia yielded on average the same 3.0% in Q3 as in Q2.

Residential real estate in Kyiv rose by 6.8% in hryvnia in Q3 2020 (after -5.0% in Q2) - also primarily due to the devaluation of the national currency.

Equity funds in July-September 2020 for the 8th consecutive quarter had a negative average result, but it improved significantly: -0.4% (from -5.0% in Q2). Again, one fund had a positive return and more than the PFTS index, and two funds suffered less losses than the fall of the UX index.

Among CII by types of funds by placement methods, in Q3 2020 the highest average return was shown by **open-ended CII**: + 3.0% (for 16 funds, after -1.4% for 17 in Q2). Indicators of individual funds of this type in July-September varied in an upward shift and in a much narrower range than in the previous quarter: from -4.7% to + 12.5%. Of the 16 operating CII in sector 13, the value of their certificates increased in Q3 (76%, after 47% in Q2). Two open-end funds were more profitable in July-September than term annual deposits in US dollars and euros, 8 (half) than hryvnia deposits, 12-14 - better than PFTS and UX indices, and all 16 benefited deflation this quarter.

Interval funds in July-September 2020 increased the average return and brought it to a positive zone: + 1.0% (after -1.5% in April-June). The range of indicators of individual funds in this sector narrowed and rose slightly: from -8.7% to + 10.5%. The increase in the value of certificates for Q3 was shown by 8 out of 15 such funds (53%, after 40% in Q2). One interval fund was more profitable in this period from term annual deposits in US dollars, 6 - from hryvnia, 8-14 - ahead of indices.

Closed-end funds with private placement (ex. venture funds) in Q3 again almost kept the value of investments of their participants on average: + 0.06% (after -0.01% in Q2). Excluding the extreme upper and lower values, the average for these 28 funds was + 1.1%. The range of quarterly results of these funds narrowed significantly, although it remained quite wide: from -52.8% to + 24.1%. At the same time, 18 out of 30 funds showed an increase in the value of their securities in Q3 (60%, after 50% in Q2).

Closed-end CII with public placement, which were the leaders of Q2, showed an average of -1.5% in Q3 (after + 5.2%). The range of indicators of different funds narrowed and decreased: from -33.4% to + 13.4%). Out of 29 CII sectors, the growth of investments was provided by 13 funds (45%, as in Q2).

From the beginning of 2020, in September, bond funds (+ 15.3%) and closed-end CII with public offering (+

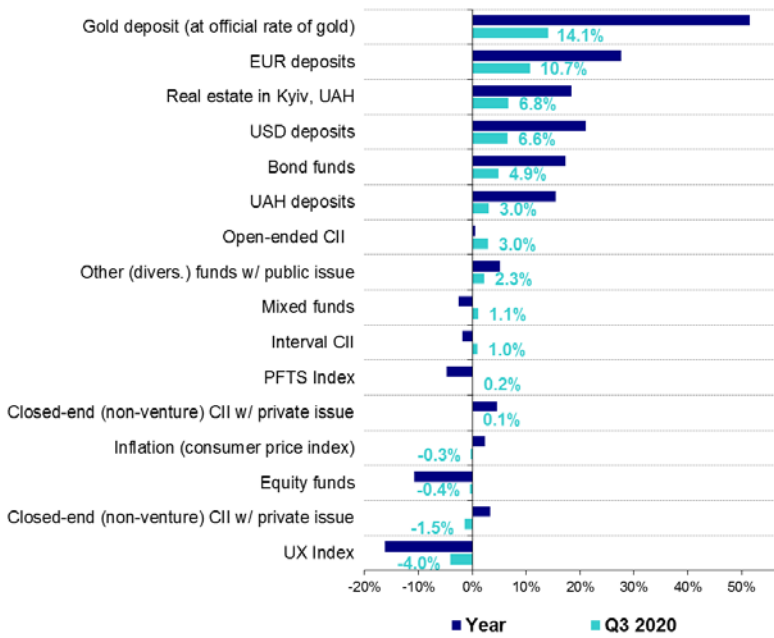


Chart 15. Rates of return – CII, deposits, equity indexes and inflation rates in Q3 2020 and over the past year¹¹

Among all categories of CII as a whole and among diversified and specialized funds with public issue by asset classes, the first in terms of yield in Q3 2020 were **bond funds**: + 4.9% (after + 4.5% in Q2). All three such funds had a positive return and provided an increase in the value of investments in them higher than term annual deposits in hryvnia.

Mixed funds also improved their quarterly performance overall: + 1.1% in July-September for a single fund in this category (after -2.3% in April-June for 20 funds; for this single fund in the last quarter the return was higher - + 2.2%).

“Other” diversified and specialised funds with public placement in Q3 2020 improved the result to + 2.3% (from -1.2% in Q2). Of the 25 open-ended, interval and closed-end funds in this class, 9 were more profitable than hryvnia deposits in July-September, 3 more than deposits in euros and 4 more than in US dollars.

¹¹ CIIs' rates of return are calculated based on the reporting data for Q1 2019 for 17 open-ended, 15 interval, 68 closed-end CII (including 35 funds with public issue and 33 funds with private issue), and according to the reporting data for previous periods. Inflation is calculated based on data of the State Statistics Service of Ukraine (before the previous month). Rates of return for real estate in USA dollars

is calculated as the average of data on value of residential real estate in Kyiv from portals: <http://www.domik.net>, <http://100realty.ua>, <http://realt.ua>; in hryvnia - according to the portal: <http://100realty.ua>.



4.8%) remained the most profitable, while equity funds (-6.3%) and interval CII (-0.5%) remained the least profitable.

Over the last year in September 2020, the highest average yield was also maintained by bond funds (+ 17.4%)

and closed-end CII with private issue (+ 4.6%), and the lowest - equity funds (-10.7%) and interval CII (-1.8%), against the background of falling Ukrainian stock indices by 4.7-16.2% during this time.

3. Summary

In July-September 2020, the growth of the Ukrainian asset management industry continued mainly due to the accelerated creation of private-type private investment institutions with private placement. At the same time, capital inflows and profitability of funds investing in stock market instruments also generally increased during this period, which took place against the background of the continued fight against the coronavirus pandemic in Ukraine and around the world.

The key trends of the asset management industry in Ukraine in the 3rd quarter of 2020 were:

- Increasing the number of AMCs mainly due to the capital region;
- Further and accelerated growth of the number of registered CII and the number of formed ("established") CII almost entirely due to venture CIFs;
- Increase in the total value of assets and NAV of all CII in general and in each individual sector by type of funds (except for closed-end CII with public issue), while:
 - Multiple increase of net capital inflow to open-ended CII and its role in the growth of NAV of the sector;
 - Further gradual increase in the number of investors in certain sectors of the funds and in CII at the expense of resident individuals;
 - Maintaining a downward trend in the weight of resident enterprises in the NAV of all CII due to a relatively smaller increase in their funds compared to other categories of investors;
 - Accelerated growth of total funds of individual resident and non-resident investors in CII - mainly in venture funds;
 - Decrease in the weight of securities in the assets of all CII sectors (except venture) - mainly due to a decrease

in the total value of investments in equities and government bonds;

- Growth of quarterly profitability in almost all CII sectors by types of funds and asset classes, with positive indicators in most sectors.

Volatile and mostly negative dynamics of the equity market, which persisted in Q3 2020, put pressure on the profitability of CII investing in equities. At the same time, bond funds and other categories of CII with more diversified portfolios provided further growth in the value of investments in them during this period, and even among equity funds there were those that had a positive quarterly yield or a higher index than the equity index. In each CII sector, there were also funds that continued to compete in terms of profitability on less liquid asset classes and areas of investment, popular among retail investors in Ukraine.

Significant support for the open-ended CII sector in Q3 2020 was provided by the largest capital inflow in more than 9 years, although it was still focused on several separate funds. At the same time, individual investors at this time reduced their presence in this sector, while in other sectors, in particular venture CII - increased. However, they had the largest increase in funds in all sectors of CII by type of fund compared to other categories of investors, except for venture, which was dominated by additional investments of enterprises.

During this period, CII continued to increase its role in financing the economy and public administration. Thus, at the end of September 2020, about UAH 9 billion of CII was held in banks and already owned about UAH 1 billion of state and municipal debt, more than two thirds of which belonged to venture funds. The latter also actively financed the economy through corporate rights and loans, which amounted to over UAH 320 billion.

See additional and statistical information on the UAIB website:

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