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1. Asset Management Industry. General Overview

Number of Market Participants

Asset Management Companies (AMCs)

In Q4 2020, the total number of asset management companies increased by three and amounted to 303, i.e., ten more than at the beginning of the year.

During January-December, 16 new AMCs were created, including 5 in the last quarter.

279 AMCs managed from one to the 61st fund, and almost 99% of such AMCs managed at least one venture CII.

Collective Investment Institutions (CII)

In Q4 2020, 65 new CII were registered, and for the whole year - 221, ie 71% more than in 2019.

The number of CII that reached the minimum assets (formed) ratio grew for the 13th consecutive quarter and at the end of 2020 amounted to 1,478 (+ 2.4% for Q4 and + 11.5% for the whole year).

Non-State Pension Funds (NPFs)

The number of NPFs in management as of December 31, 2020 remained at the level of 59 (excluding the NBU corporate fund), including 47 open, 6 corporate and 6 professional. A total of 34 AMCs managed NPF assets.

Insurance Companies (IC)

The number of insurance companies that transferred their assets to AMC management and the number of AMCs that provided such services did not change during 2020: as of December 31, 2020, one such company managed the assets of two insurance companies.

Assets under Management and NAV

All Institutional Investors

Total assets under AMC management grew by 6.1% in Q4 and as of December 31, 2020 reached UAH 424,723 million. Thus, for the whole of 2020, they increased by 19.6%.

Collective Investment Institutions (CII)

In Q4 2020, the total assets of all CII under management, including those that have not yet reached the standard, also grew by 6.1% and 19.6% for the whole year, to UAH 422,594 million.

As of December 31, 2020, the assets of current CII, which reached the standard of the minimum amount of assets (formed), amounted to UAH 414,193 million. In Q4 2020, they grew by 5.0%, and for the whole year - by 22.1%.

At the same time, the assets of the largest sector - venture funds - in 2020 increased by 23%. However, the largest relative increase this year was in open-ended CII: + 43%.

The total net capital movement in open-ended CII in Q4 2020 was positive for the fourth time in a row and amounted to UAH 3.9 million. The annual net inflow into the sector was the largest since 2010 in 2020: +UAH 18.0 million.

The value of net assets of all formed CII as of 31.12.2020 reached UAH 322,029 million. In Q4, it grew by 4.0%, and for the whole of 2020 - by 23.3%.

Non-State Pension Funds (NPFs)

NPF assets managed by AMC in Q4 2020 slowed down to 0.6% and accelerated to 20.0% for the whole year. As of December 31, 2020, they reached UAH 1,924 million.

Insurance Companies (IC)

The assets of the IC under the management of AMC increased by 5.4% in Q4, and for the whole of 2020 - by 76.6%. As of December 31, 2020, these assets amounted to UAH 171 million.

2. CII Asset Management Market Results

2.1. Number of AMCs and CIIs

The number of asset management companies in 2020 mostly grew and in Q4 increased by three. At the end of December, the AMC was 303 - ten more than at the beginning of the year (Chart 1). During January-December, 16 new AMCs were created (after 5 in 2019), including 5 in the last quarter.

At the end of 2020, there were 279 companies with managed funds (278 a year ago). They managed from one to 61 funds (a year ago - up to 57 funds), and almost 99% of all such AMCs managed at least one venture CII.

During October-December 2020, 65 new CII were registered (after 66 in July-September and 47 years ago). For the whole of 2020, 221 CII were created, which is 71% more than in 2019.

The number of CII that reached the minimum asset ratio (formed) increased for the 13th consecutive quarter and at the end of 2020 amounted to 1478, i.e., increased by 2.4% in Q4 (after + 3.3% in Q3) and +11.5 % for the whole year (after + 8.0% in 2019).

During October-December 2020, 75 CII were recognized (after 58 in July-September). For the whole year, the standards reached 216 CII, including 210 - venture (after 134 and 132, respectively, in 2019).

Of the 75 new funds managed during Q4 2020, which were managed by AMC, 72 were venture CII, and 68 - CIF (of which 65 - venture).

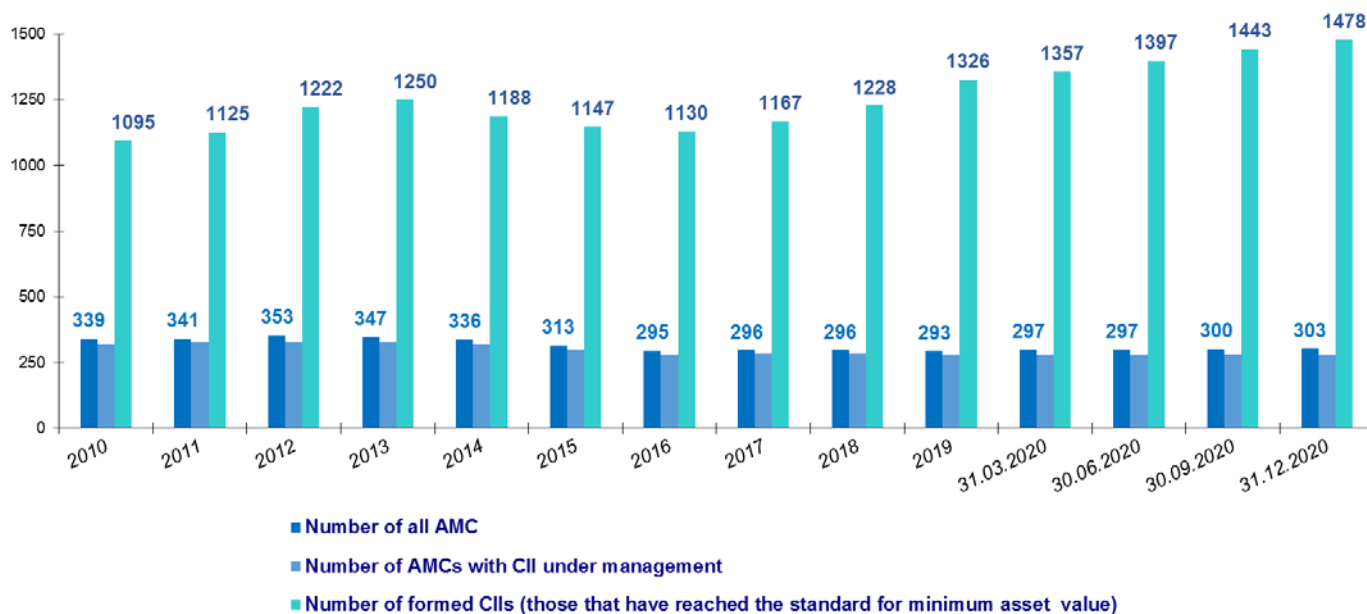


Chart 1. Dynamics of number of AMC and CII in 2010-2020 and in Q1-Q4 2020

Considering the funds that withdrew from the market during the quarter, the number of existing funds among venture CIFs increased by 49 (+ 8.3%), while venture UIFs decreased by 12 (-1.6%, Table 1). For the whole of 2020, the number of venture CIFs increased by 174 (+ 37.7%, after + 27.3%) in 2019), and UIFs decreased by 19 (-2.6%, after + 0.4%).

Finally, the weight of venture UIFs among all CII continued to decline for the sixth consecutive year and fell from 56.2% in early 2020 to 49.1% in December. However, the share of venture funds continued to grow from 91.0% in December 2019 to 92.2% in December 2020 (Chart 2).

As of December 31, 2020, there were a total of 1,362 venture CII (+ 2.8% for Q4 and + 12.8% for the year - after + 9.2% in 2019).

In the sector of closed-end non-diversified UIFs (excluding venture funds) in Q4 2020 funds decreased by one (-4.0%), and for the whole year - by three (-11.1%). Also, among open-ended UIFs, two funds were liquidated this quarter, which was the result for the sector in 2020 (-16.7%). At the same time, a new closed-end qualified CIF appeared in October-December, which increased the total number of operating funds of this type by 25% per quarter and 2.5 times in 2020 – up to five.

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

Date/Period	Total	UIF*									CIF*		
		O*	Os*	I*	Is*	CD*	CNN*	Cs*	Cq*	CV*	I*	CNN*	Cq*
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
31.12.2020	1478	10	7	17	3	3	24	1	2	726	44	5	636
Q4 2020 Change	35	-2	0	0	0	0	-1	0	0	-12	0	1	49
	2.4%	-16.7%	0.0%	0.0%	0.0%	0.0%	-4.0%	0.0%	0.0%	-1.6%	0.0%	25.0%	8.3%
YTD (Annual)	152	-2	0	0	0	0	-3	0	0	-19	-1	3	174
	11.5%	-16.7%	0.0%	0.0%	0.0%	0.0%	-11.1%	0.0%	0.0%	-2.6%	-2.2%	150.0%	37.7%

* 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.

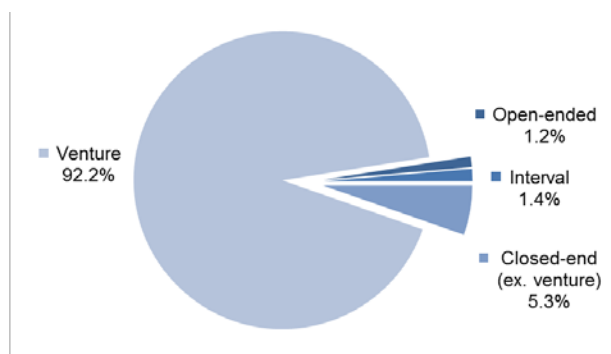


Chart 2. CII that have reached compliance with the standards, by fund type, as at 31.12.2020

The number of CII that has not yet reached the minimum asset size, i.e., UIFs among all CII managed by AMC, decreased from 60 in September to 55 in December, and their share of all CII under management - from 4.0% to 3.6% (from the beginning of the year - increased from 3.5%). Thus, the pool for further quantitative growth of the industry in terms of existing mutual funds in the last months of 2020 has narrowed slightly, but it has long grown almost only due to new CIFs entering the market and reaching the minimum asset at the same time, during the state registration.

In the process of liquidation, according to UAIB, at the end of 2020 a total of 75 funds remained or started

(5.1% of all recognized and operating CII, after 6.1% at the beginning of the year). Among them were: one open-ended, three interval and three closed-end diversified UIFs, 5 closed non-diversified UIFs and three similar CIFs, 59 venture UIFs and one CIF.

CII with public issue (placement) in Q4 2020 decreased by two open-ended diversified funds (-16.7%), to 76 (-6.2% in 2020, after -9.0% in 2019, Table 2).

The number of AMCs managing publicly available CII decreased from 34 to 32 in 2020, and in the open-ended CII sector from 11 to 10 (excluding the AMC of the fund being liquidated - 9).

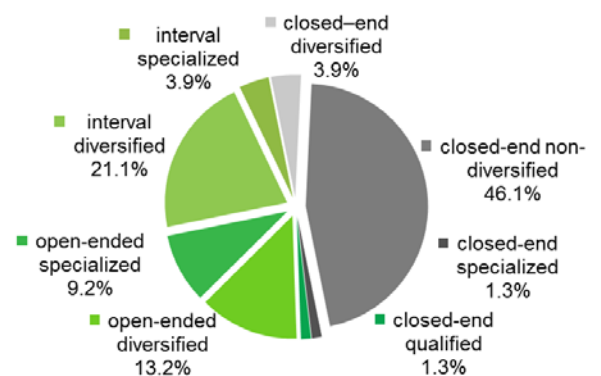


Chart 3. CII with public issue as 31.12.2020

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

CII Type	Total	Open-ended			Interval			Closed-end				
		D*	S*	Total	D*	S*	Total	D*	N*	Q*	S*	Total
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
31.12.2020	76	10	7	17	16	3	19	3	35	1	1	40
Q4 2020 Change	-2	-2	0	-2	0	0	0	0	0	0	0	0
	-2.6%	-16.7%	0.0%	-10.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
YTD (Annual)	-5	-2	0	-2	0	0	0	0	-3	0	0	-3
	-6.2%	-16.7%	0.0%	-10.5%	0.0%	0.0%	0.0%	0.0%	-7.9%	-	0.0%	-7.0%

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

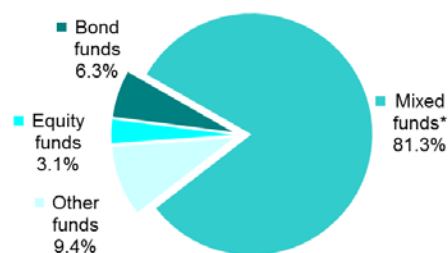
There were 32 diversified and specialized CIIs with public issue, which reported for Q4 2020, as in September, and one less than at the beginning of the year (Table 3).

At the end of December, one open-ended CII belonging to this class in September was included in equity funds according to the classification based on the structure of assets¹. It had a share of 3.1% of all diversified and specialized CII with public placement (Chart 4) - after 18.2% in this class in early 2020.

Bond funds in December were two of the three CII that were classified in September, both open-ended. Together, they accounted for 6.3% of all diversified and specialized CII with public issue (at the beginning of the year - 9.1%).

There were 26 mixed investment funds in December 2020, and their membership was replenished with two funds belonging to the class of equity funds and one - bonds - in September. As of December 31, 2020, 11 open-ended, 9 interval and 6 closed-end CII were included in the mixed funds. The share of this class in all diversified and specialized CII with public placement was 81.3% (after 69.7% at the beginning of the year).

At the end of December 2020, the "other" funds included two open-ended and one interval CII, which were here in September, and one of them was assigned to this class a year ago.


Chart 4. Diversified CII with public issue as at 31.12.2020
Table 3. Dynamics of diversified CII with public issue by fund types (according to asset structure) in 2020

Date/Period	Total	Equity funds	Bond funds	Mixed funds*	Other funds
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
31.12.2020	32	1	2	26	3
Q4 2020 Change	0	-2	-1	25	-22
	0.0%	-66.7%	-33.3%	2500.0%	-88.0%
YTD (Annual)	-1	-5	-1	3	2
	-3.0%	-83.3%	-33.3%	13.0%	200.0%

* Funds that have equities, and bonds, and cash in their portfolios.

¹ See [Rankings "CII \(diversified public\) - by fund classes"](#) and [Methods of ranking AMCs and CII based on the results of their activities](#) at the UAIB website: <http://www.uaib.com.ua>.

2.2. Regional Breakdown

In Kyiv and the capital region in Q4 2020, the total number of current AMC's increased by one and at the end of December there were 214 (Chart 5). At the same time, four new AMC's were created here during this period. In general, in the TOP-5 regions in terms of the number of AMC's, except for Kyiv, at the end of 2020 the number of companies increased by two compared to September: one in Odesa and one in Lviv regions. In other leading regions and in other regions of Ukraine, the number of AMC's has not changed. The share of regions outside the TOP-5 decreased from 10.3% to 10.2% in Q4 and from 10.6% from the beginning of 2020.

For the whole year, the number of Kyiv companies increased by 8, after a reduction of four in the previous year. The market share of Kyiv and the capital region in this indicator in 2020 increased from 70.3% to 70.6%.

The number of CII under management in Kyiv and the region in Q4 2020 increased by 35, or 3.2% (to 1,136 funds), and in Ukraine as a whole - by 2.7%. Accordingly, the weight of Kyiv and the region according to this indicator increased from 73.3% to 73.6% for the quarter (Chart 6), which contributed to the growth and for the whole year - from 72.0%. The share of Dnipro and the region decreased from 6.3% to 5.8% (at the beginning of 2020 - 6.7%), while the number of CII operating in the region decreased by four in Q4. The weight of Kharkiv decreased from 6.2% at the beginning of the year to 6.0% in December (as in September), as the growth in the number of CII in this region was relatively weaker than in Ukraine as a whole - by two in the last quarter (+ 2.2%). In

Lviv region, in October-December 2020, funds increased by 6 (+ 7.0%), which raised the weight of this region in the number of CII under management for Q4 to the level of Kharkiv: from 5.7% to 6.0% (at the beginning of the year - 5.6 %). In the regions of Ukraine outside the TOP-5, the number of funds increased by one in the 4th quarter (+ 1.1%), their weight decreased from 5.8% to 5.7% (and from 6.6% at the beginning of the year).

In Q4 2020, the share of the largest regions in the distribution of CII assets by region decreased - mainly due to Kyiv, where it decreased from 81.0% to 80.2%, although the volume of assets under management increased here (+ 4.2%). Instead, the weight of Dnipro and the region in assets under management increased from 5.6% to 5.7%, due to an increase in assets by 8.2% for the quarter, and the share of Lviv - from 4.9% to 5.0% (+ 7.4% of assets under management). Kharkiv, which relatively increased the largest assets in management among the leading regions in October-December 2020 (+ 10.5%), increased its weight on this indicator from 4.4% to 4.7%. The share of regions outside the TOP-5 in terms of CII assets under management in Q4 2020 increased from 2.2% to 2.5% (and from 2.4% at the beginning of the year) - due to an increase in assets by 16.3% for the quarter and 27.2% for the year.

Thus, in Q4 and in 2020, in contrast to 2019, there was some concentration of industry in the TOP-5 regions in terms of the number of AMC's and funds under management, but in terms of their assets - continued "decentralization" in favor of other smaller regions.



Chart 5. Regional distribution of AMC number as at 31.12.2020

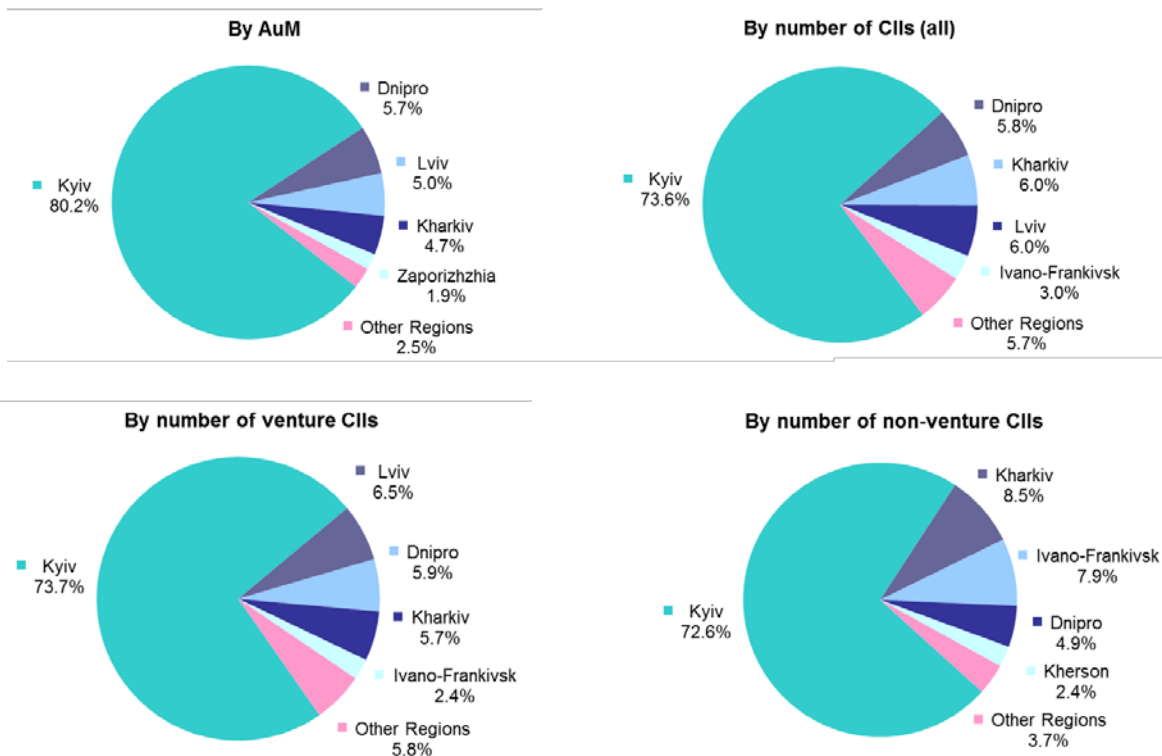


Chart 6. Regional distribution of CII by number and value of their assets under management as at 31.12.2019

2.3. Assets and Net Asset Value of CII

The total assets of institutional investors in AMC management increased by 6.1% in Q4 as in Q3, reaching UAH 424,723 million as of December 31, 2020. Thus, for the whole of 2020, they increased by 19.6% (+ 12.8% in 2019) ².

In Q4, CII assets under management, including those that have not yet reached the minimum assets ratio, also grew by 6.1% and 19.6% for the whole of 2020 (after + 12.8% for the previous year), to UAH 422,594 million.

The total assets of the current CII in the management, which reached the standards (formed), as of 31.12.2020 amounted to UAH 414,193 million. In Q4, they grew by 5.0%, and for the whole of 2020 - by 22.1% (after + 14.3% in 2019). Such high rates were previously observed in 2011-12, and over the past 10 years the assets of the formed CII increased by 291%, i.e., almost four times (Chart 7).

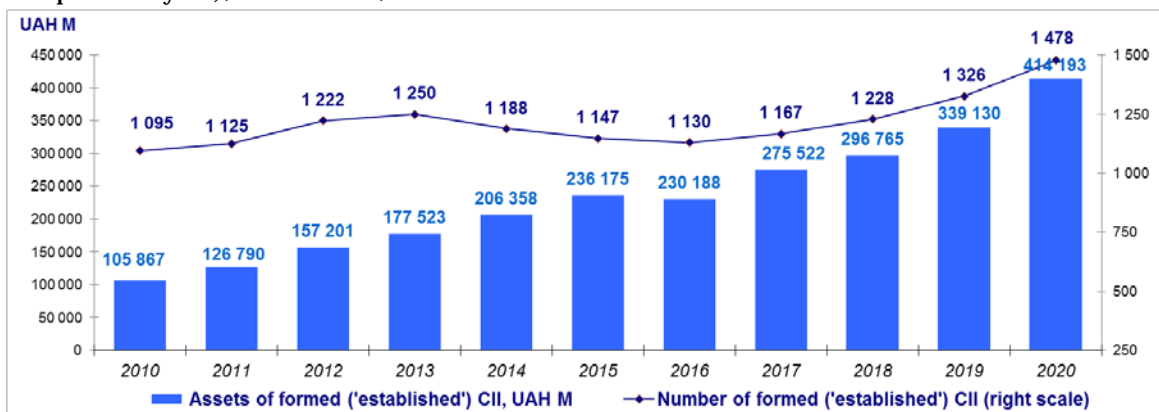


Chart 7. Dynamics of CII asset value and number of recognized CII in 2010-2020

²Hereinafter, when it comes to the annual change in assets and NAV of CII in general and different sectors of closed-end CII, it is necessary to take into account the slight impact of somewhat more complete reporting received by UAIB for 2020, compared to 2019 at the time of preparation of relevant annual Reviews.

This is due to the temporary postponement of the deadlines for submission of relevant reports in 2020 for 2019 in the conditions of the introduced quarantine restrictions..

The ratio of CII assets to Ukraine's GDP in 2020 grew for the second year in a row - from 8.5% to 9.9% (Chart 8) - due to relatively faster growth of funds' assets compared to nominal gross domestic product (+ 5.4%).

The ratio to the assets of Ukrainian banks grew for the fourth year in a row and at the end of 2020 amounted

to 22.7%. During this year, however, the increase was less than 0.1 percent, i.e., the growth rate of bank assets was almost equal to the growth of CII³. In general, during 2017-2020, bank assets grew by an average of 9.8% over the year, while CII assets under management grew by 15.8%.

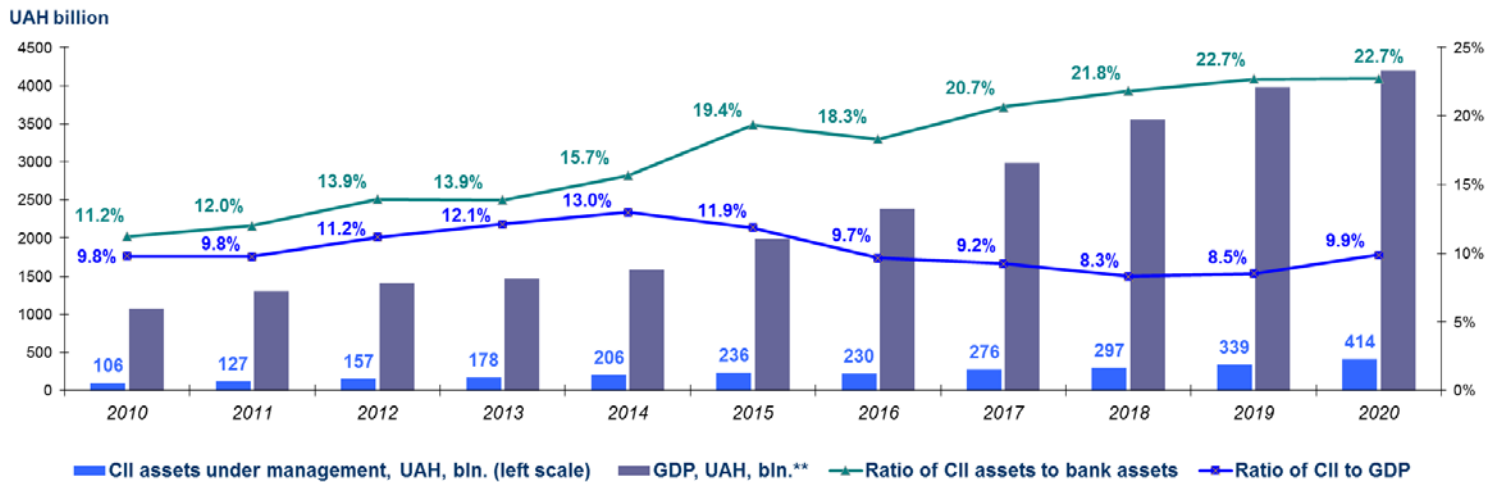


Chart 8. Dynamics of CII against the background of GDP and the banking sector of Ukraine in 2010-20

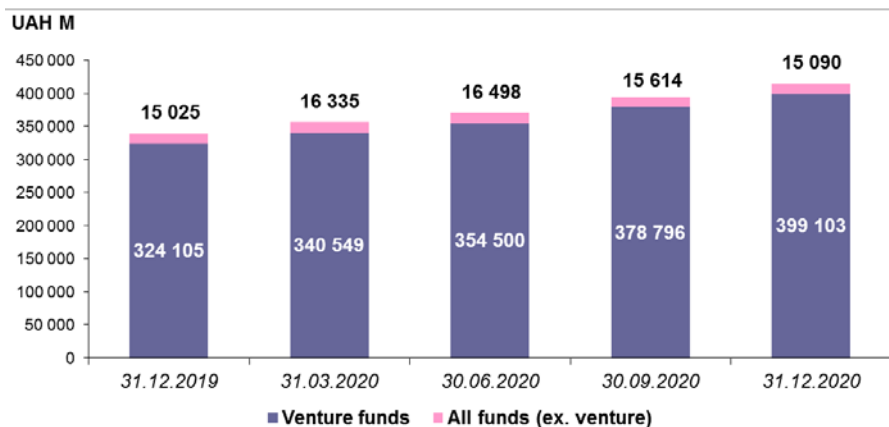


Chart 9. Dynamics of CII Assets in 2020

During 2020, as in the previous year, the assets of recognized CII in general grew quarterly, except for Q4 for non-venture CII (Chart 9). The lion's share of absolute growth has traditionally been provided by venture funds, which was facilitated by the accelerated increase in the number of such CII. However, in terms of the relative growth rate in Q4 and in 2020, they were inferior to open-ended CII (for the quarter - also closed with public placement, and for the whole of 2020 was facilitated by the rise in the

stock market at this time. Thanks to it, the positive revaluation of open-ended fund portfolios provided more than ¾ growth in the sector's assets for the quarter and almost half for the year.

The value of net assets of CII, which reached the standards, as of 31.12.2020 reached UAH 322,029 million (Table 4). In Q4, it grew by 4.0%, and for the whole of 2020 - by 23.3% (after + 10.8% in 2019).

Thus, growth accelerated compared to the previous year by about twice, given the slightly more complete data for 2020 compared to 2019, obtained at the time of

³ Sources: State Statistics Service of Ukraine: <http://ukrstat.gov.ua>, National Bank of Ukraine: <https://bank.gov.ua/ua/statistic/supervision-statist>; Data on CII and calculations - UAIB.

preparation of these two Surveys. The acceleration of the NAV was also influenced by the more active creation of funds in 2020, mentioned in more detail above.

NAV of venture CII in Q4 of 2020 increased by 4.4% (after + 7.2% in Q3), and for the whole year - by 24.2% (after 12.3% in 2019). As of December 31, 2020, it amounted to UAH 307,360 million.

Open-ended CII, which decreased by one to 16, in 2020, this did not prevent the growth rate: + 16.2% NAV for Q4 (after + 12.2% in Q3) and + 42.4% for the whole year (after -5.4% in 2019). In addition to the above-mentioned stock market upswing at this time, a significant contribution to the growth of the sector's net assets was made by net capital inflows, which was accompanied by some increase in the number of investors. As of December 31, 2020, the NAV of open-ended funds amounted to UAH 118 million.

Interval CII (the same 15 funds during the year) also increased in terms of net assets: + 4.2% for Q4 (after +

27.8% in Q3) and + 33.1% for the whole of 2020 (after - 7.1% in 2019).

Closed-end CII with public placement, with some reduction in the number of reporting funds, in Q4 had + 10.1% NAV (after -3.7% in Q3), and in 2020 - + 20.7% (after +3.5 % in 2019).

Closed-end CII with private placement (excluding venture capital) in Q4 2020, as well as in total assets, was the only sector that decreased: its net assets decreased by 7.2% (after + 2.5% in Q3), despite an increase number of reports compared to Q3. For the whole of 2020, this sector had an increase in NAV: 3.8% (after -14.2% in 2019).

Finally, the NAV of all closed-end CII (except venture) lost 4.0% for the quarter, and its weight in net assets of CII, except venture capital, decreased from 98.7% in September to 98.5% at the end of December and from 98.8% at the beginning of 2020.

Table 4. Dynamics of CII NAV by fund types in 2020, UAH M

Funds	31.12.2019	31.03.2020	30.06.2020	30.09.2020	31.12.2020	Q4 2020 change	Annual change
Open-ended	82.6	86.6	90.3	101.3	117.7	16.2%	42.4%
Interval	75.7	84.6	87.9	96.7	100.8	4.2%	33.1%
Closed-end (ex.venture)	13 505.3	14 724.1	14 857.9	15 045.4	14 449.9	-4.0%	7.0%
with public issue	2 557.9	2 733.2	2 910.2	2 804.0	3 087.8	10.1%	20.7%
with private issue	10 947.3	11 990.9	11 947.7	12 241.4	11 362.1	-7.2%	3.8%
All funds (ex. venture)	13 663.6	14 895.2	15 036.1	15 243.4	14 668.3	-3.8%	7.4%
Venture funds	247 542.2	259 427.0	274 649.1	294 390.0	307 360.4	4.4%	24.2%
All funds	261 205.8	274 322.2	289 685.2	309 633.5	322 028.7	4.0%	23.3%

* 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 share of open-ended and interval CII sectors during Q4 and in 2020 as a whole increased from 0.6% each to 0.7% -0.8% (Chart 10). The weight of closed-end funds with public placement during the year was unstable, but in October-December and throughout the year it

followed the upward trend of the previous year: from 18.7% NAV of all non-venture CII in early January and 18.4% in September it increased to 21.1% end of December.

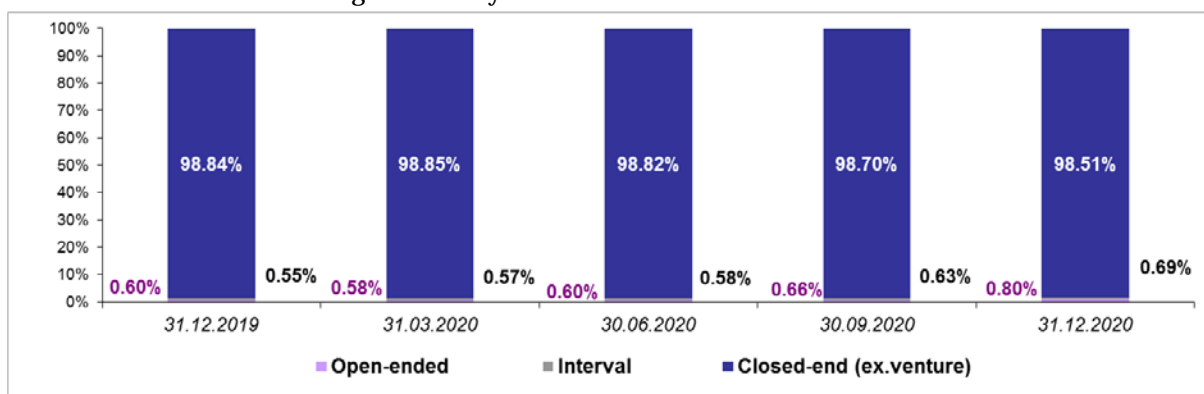


Chart 10. Dynamics of non-venture CIIs' NAV breakdown, by fund types in 2020

Venture CII, whose net assets in Q4 and in 2020 had a slightly larger increase compared to the rest of the sectors, continued to increase their weight in the NAV of

all CII: from 94.8% at the beginning of the year to 95.4% at the end (Chart 11).

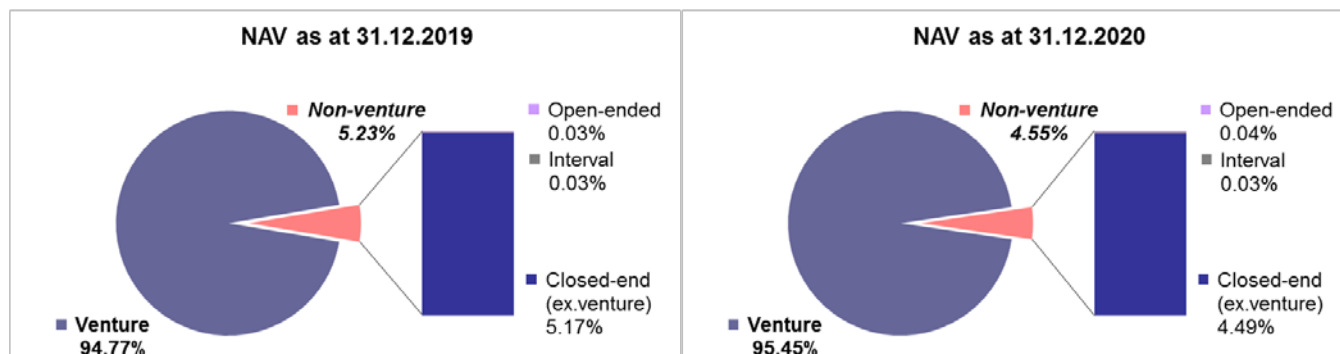


Chart 11. CII NAV Breakdown by fund types in 2020

2.4. Net Capital Flow in Open-Ended CIIs

In 2020, capital movements in Ukrainian open-ended CII intensified and were a significant factor in the growth of the sector.

Sales of securities of funds to investors were dominated by redemption in 10 months out of 12 (last year - vice versa). This was typical for October-December, although the net inflow then declined monthly (Chart 12). At the same time, the main sales (74.4% of the quarterly indicator) fell in October, when the Ukrainian stock index UX was still on a sideways trend, after which its rapid growth in November-December was accompanied by a 3-4-fold decline in net inflows to open-ended CII.

Of the 16 open-ended CII reporting during Q4, 11 had some capital movements. There were four funds with a net inflow (5 in Q3), and their total additional revenues for Q4 amounted to UAH 5.9 million (after UAH 10.6 million). 3/4 of them were provided by one fund (in Q3 it was 80%).

There were 7 funds with a net outflow (as in Q3), and their total net losses from investors' exit in Q4 amounted to almost UAH 2 million (after UAH 1.8 million). Of these, 2/3 caused a negative movement of capital in one fund (in Q3 - another fund gave more than half of the outflow).

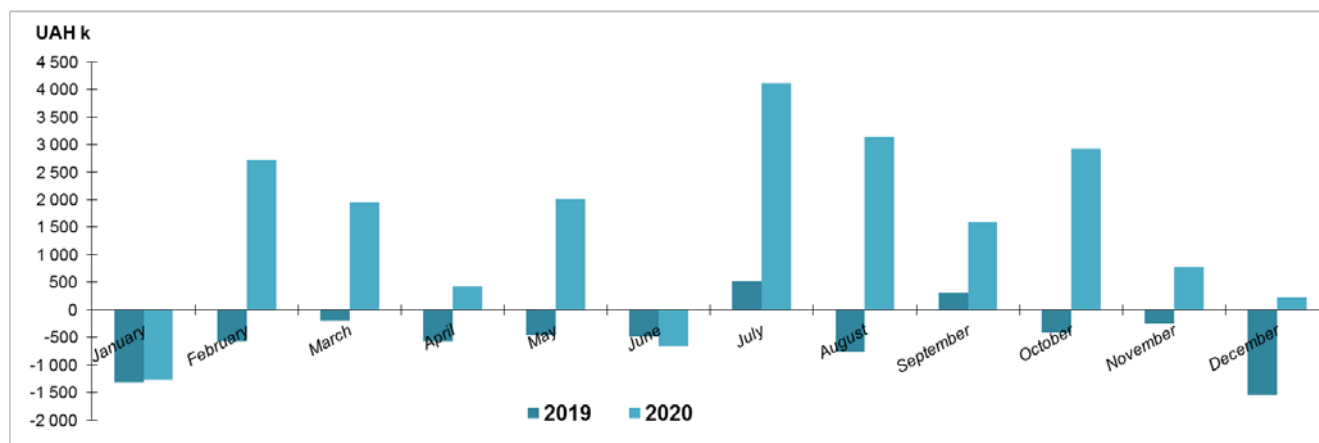


Chart 12. Monthly net flow of capital of open-ended CII in 2019-2020 (based on daily data)

During Q4 2020, the number of funds with net outflows ranged from 5 in October to 3-4 - in November-

December, and funds with net inflow - from 4 in October to two in November-December.

Additional investments in open-ended funds in Q4 2020 were made mainly by resident retail investors, the number of which in the sector increased significantly during this period.

The total net movement of capital in open-ended CII in Q4 2019 was positive for the fourth time in a row and

amounted to UAH 3.9 million (after UAH +8.8 million in Q3, Chart 13).

This contributed to the largest annual net inflow to the sector since 2010 in 2020: UAH +18.0 million, after UAH -5.8 million in 2019 (Chart 14).

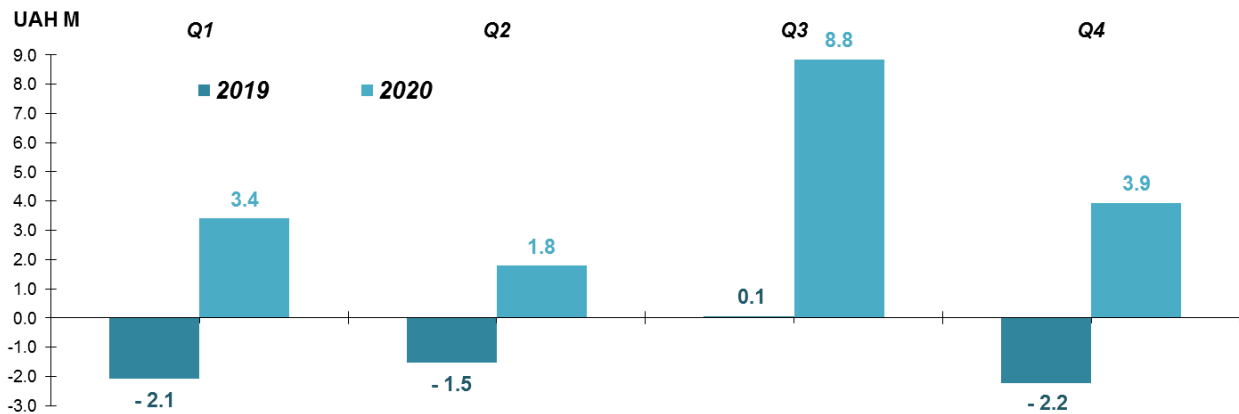


Chart 13. Net flow of capital of open-ended CII in 2019-2020, quarterly

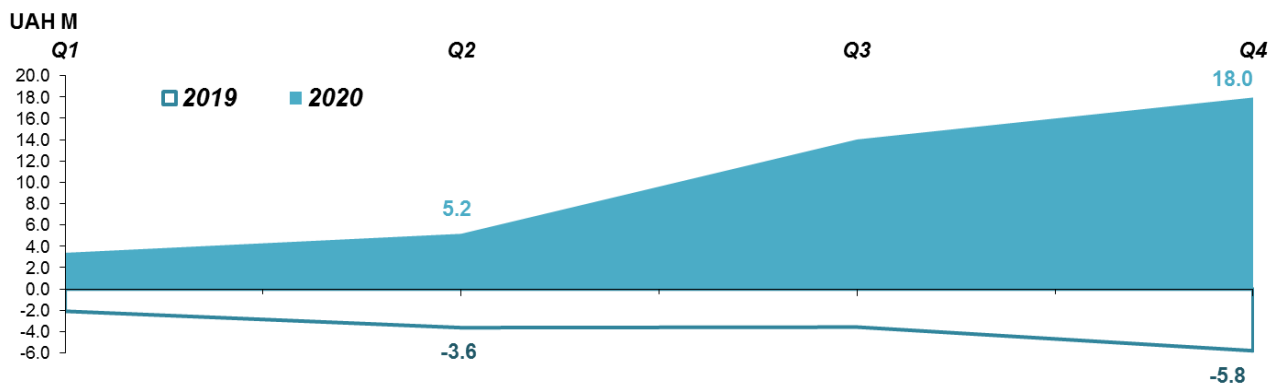


Chart 14. Net flow of capital of open-ended CII in 2019-2020, accumulated since the beginning of the year

The EU fund industry in 2020, despite the significant impact of the pandemic in March-April, also received increased capital inflows in amounts that eventually even exceeded last year's. Apparently, after the initial shock and sudden uncertainty about the further dynamics of the markets, investors quickly changed their perception of the situation and treated it as temporary and not related to fundamental, systemic problems in the financial sector. Thus, they used the crisis as a good opportunity to invest in instruments at a slightly better price, and in addition - to get at least a minimum

additional income or capital growth from their investments in an even greater fall in market rates (in some countries - even more to the crisis of the negative) due to the additional additional weakening of the monetary policies of central banks.

In total, in Q4 2020, the net inflow of capital to the EU investment fund industry, according to EFAMA, amounted to EUR 290 billion, which was a new all-time high (after +EUR 195 billion in Q3 and +EUR 190 billion - a year ago) ⁴. Compared to 2019, net sales of funds in 2020 increased to EUR 647 billion (out of 546).

⁴ According to the available data on the 29 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: [EFAMA Quarterly Statistical Release - Q4 2020 & Full Year 2020](#).



In UCITS⁵ funds, the net inflow for Q4 2020 and for the year as a whole amounted to about 3/4 of the total additional revenues to the industry: 226 billion euros in October-December (after +EUR 145 billion in Q3 and 148 billion euros - a year ago) and 466 billion euros for the whole of 2020 (after EUR 394 billion in 2019).

The most popular of UCITS among investors in Q4 were equity funds, and in 2020 in general - money market funds.

Equity funds raised an additional 122 billion euros in October-December 2020 (after +EUR 42 billion in Q3 and +EUR 61 billion a year ago). They recorded a net outflow only in Q1, and for the whole of 2020 had net sales of EUR 155 billion (in 2019 - a net outflow of EUR 15 billion).

Money market funds, due to the persistence of investor uncertainty for most of the year, received a record net capital inflow - 214 billion euros in 2020 (after +EUR 85 billion - for the previous one). Including for Q4 they received an additional EUR 38 billion (after +EUR 40 billion for Q3 and -EUR 3 billion - a year ago).

And the least successful year of 2020 was for "other" UCITS-funds, which, as in 2019, had a net outflow: -12 and -EUR 30 billion, respectively.

In AIF funds⁶ in Q4 2020, net inflows accelerated to EUR 64 billion (from +EUR 51 billion in Q3 and +EUR 42 billion a year ago). For the whole of 2020, they received

EUR 180 billion in net revenues (in 2019 – EUR 152 billion).

The most popular of AIF among investors in Q4 2020 were, traditionally, mixed assets funds - +EUR 22 billion (after -EUR 2 billion in Q3 and +27 years ago) and "other" funds⁷ - +EUR 20 billion (after +EUR 23 billion and +EUR 38 billion, respectively). For the whole of 2020, the former attracted an additional EUR 25 billion (after +EUR 56 billion - in 2019), the latter - 128 (after +155).

The least successful year among AIF 2020 was for equity funds, which lost EUR 1 billion, although in 2019 the outflow from them was much higher (-EUR 18 billion).

The total NAV of the fund industry in the EU for Q4 2020 increased by 6.6% (after + 2.8% for Q3), and for the whole of 2020 - by 5.7% (after + 16.8% in 2019), because it was somewhat constrained by the impact of the corona crisis on the markets. As of December 31, 2020, the size of the industry in the EU in terms of net assets amounted to EUR 18.8 trillion, 62% held UCITS - as at the beginning of the year.

The global volume of assets of regulated open-ended funds in 2020 increased by 5.8% to EUR 55.2 trillion⁸. In general, in the world this year such investment funds received more than EUR 2.3 trillion in revenues (of which EUR 657 billion - in Q4), i.e., 14.7% more than in 2019.

2.5. CII Investors

In 2020, the largest CII investors - resident legal entities - increased their total assets in all funds by UAH 25.6 billion or 16.5% (after + 5.5% in 2019), of which UAH 22.1 billion - by only Q4. However, their share in the net assets of all CII continued to decline for the fourth year in a row - from 59.3% in early January to 56.0% at the end of December 2020 - due to a more dynamic increase in investments by other categories of investors (Chart 15).

By CII sectors in venture funds, the total value of investments of local enterprises in Q4 increased by 14.1%, and for the whole of 2020 - by 16.8% (after + 5.2% in 2019). Their share increased from 52.7% in September to 57.7% in December (from the beginning of the year it

decreased from 61.4%). In all other sectors in 2020 the funds of resident companies also increased, and Q4 - in all but interval CII. In open-ended funds, the total value of investments of these investors in Q4 increased by 15.2%, and for the whole of 2020 - by 41.0%, but their weight in the sector decreased from 10.8% in early January and in September to 10.7% in December.

In 2020, resident individuals were not only the second largest investors in CII, but also increased them slightly less than local legal entities - by almost UAH 22.7 billion (+ 45.1%). And this even though in Q4 their total CII funds decreased by UAH 8.9 billion (-10.9%), which occurred mainly due to investments in venture funds, as

⁵ 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.

⁶ 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).

⁷ 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.

⁸ See: [EFAMA International Statistical Release \(Q4 2020\)](#).

well as in other closed-end CII. In general, the weight of these investors in all CII in total NAV decreased from

26.3% in September to 22.6% in December 2020 (from the beginning of January it rose from 19.3%).

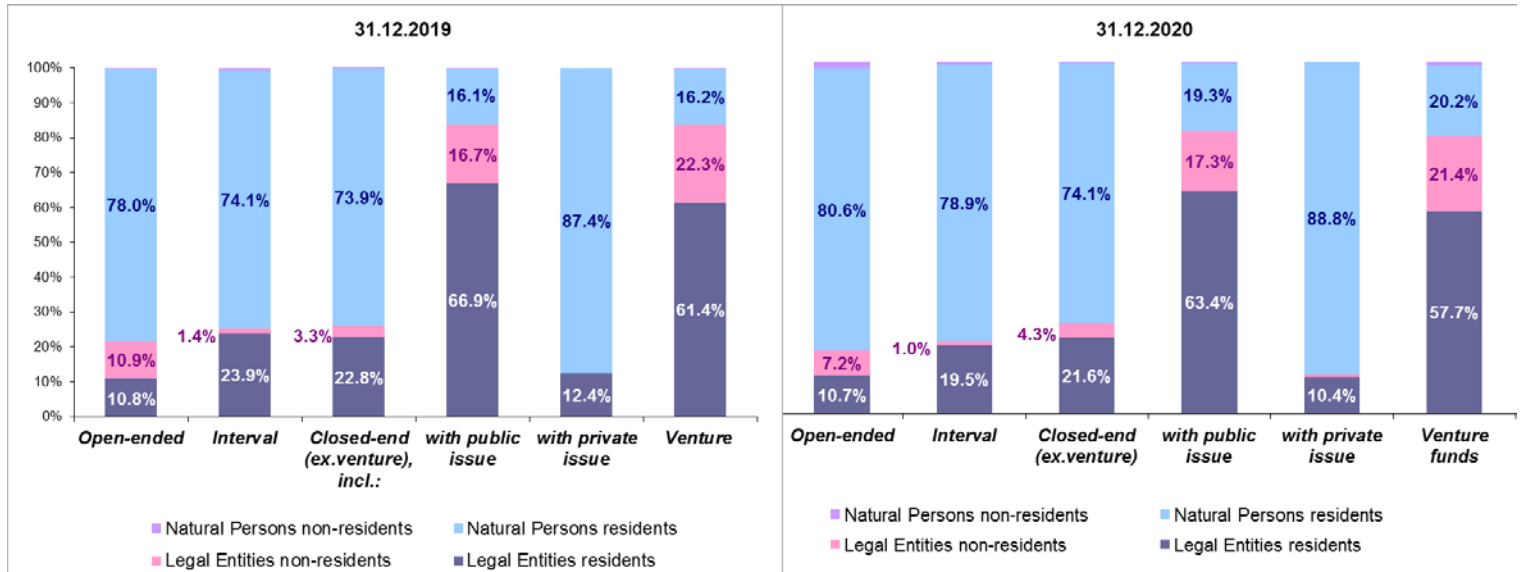


Chart 15. Investments in CII by category of investors at the beginning and at the end of 2020, share in NAV⁹

In open-ended funds, these investors had the largest absolute increase in total investments compared to other participants both in Q4 and for the whole of 2020, and in relative terms they were second only to foreigners (due to a low base for them): + 19.4% in October -December and + 47.1% for the whole year. Finally, the share of local retail investors in the NAV of the sector increased in Q4 from 78.4% to 80.6% (and from 78.0% at the beginning of the year). In venture CII, the total funds of this category of investors decreased by 11.3% in Q4, and their share - from 23.7% to 20.2%. For the whole of 2020, they increased investments in this sector by 55.1% (+ 40% in 2019), which raised their NAV weight here from 16.2%. It has almost doubled in the last two years.

The total value of foreign investors' investments in CII in Q4 2020 decreased in open-ended and closed-end funds, including venture funds, and in CII. However, throughout the year it increased in all sectors: in open-ended and interval CII - at the expense of individuals - non-residents, in closed-end - legal entities.

At the end of 2020, 96.7% of foreign investments in all CII were held by non-resident companies (after 98.5% at the beginning of the year). Their funds in open-ended funds in Q4 decreased by 10.6%, for the whole of 2020 - by 6.5%, and their weight - from 10.9% at the beginning of January and 9.3% in September to 7.2% in December.

Instead, retail foreign investors of these CII increased their funds here by 19.5% in Q4 and more than 8.5 times for the whole of 2020, from a very low base, which brought their share at the end of the year to 1.5% of NAV open-ended funds. At the same time, the total share of all non-residents in this sector decreased both for the quarter and for the year: from 11.2% at the beginning of the year and 10.8% in September to 8.7% in December. In venture funds it decreased from 22.4% at the beginning of the year and 23.6% in September to 22.1% in December, and in all CII - from 21.4% and 22.6% to 21.3%, respectively.

The number of CII investors as of December 31, 2020, was 259,409 (Table 5). Of these, 98.8% were individuals - residents of Ukraine, 96.3% - participants of interval funds¹⁰, 0.6% - open-ended, 1.5% - venture CII.

The dynamics of the number of CII participants in general in Q4 and for the whole of 2020, in contrast to 2019, was positive: + 0.1% (+189) and + 0.2% (+561), respectively - after -0.3% in 2019.

By fund sectors, however, for the quarter the number of investors increased only in open-ended CII and closed with public offering, and for the whole year - also in interval and venture CII.

At the end of 2020, there were 1,675 participants in open-ended funds (+129, or + 8.3% for Q4 and +42, or +2.6 for the entire 2020, after -1.0% in 2019). Quarterly

⁹ Excluding funds' securities on bearer which are in circulation

¹⁰ 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.

and annual growth was almost entirely due to retail investors (+124, + 8.1% in October-December), which increased by 38 since the beginning of the year (+ 2.4% in 2020, after -0.8% in 2019), up to 1 647.

The number of participants in venture CII in Q4 2020 decreased by 194 (-4.8%), but for the whole year - increased by 236 (+ 6.5%, after -5.5% in 2019). As of December 31, 2020, there were 3,882 of them in this CII sector.

Table 5. Investors of CII by categories, number and share of the total number as at 31.12.2020

Funds	Legal Entities				Natural Persons				TOTAL	2020	Q4 2020
	residents		non-residents		residents		non-residents				
Open-ended	23	1.37%	2	0.12%	1 647	98.33%	3	0.18%	1 675	2.6%	8.3%
Interval	20	0.01%	1	0.00%	249 824	99.98%	19	0.01%	249 864	0.0%	0.0%
<i>Closed-end (ex.venture)</i>	313	7.85%	14	0.35%	3 653	91.60%	8	0.20%	3 988	7.3%	7.0%
with public issue	146	3.89%	9	0.24%	3 595	95.66%	8	0.21%	3 758	8.1%	8.0%
with private issue	167	72.61%	5	2.17%	58	25.22%	0	0.00%	230	-4.2%	-7.3%
All funds (ex. venture)	356	0.14%	17	0.01%	255 124	99.84%	30	0.01%	255 527	0.13%	0.15%
Venture funds	2 388	61.51%	337	8.68%	1 137	29.29%	20	0.52%	3 882	6.5%	-4.8%
All funds	2 744	1.06%	354	0.14%	256 261	98.79%	50	0.02%	259 409	0.2%	0.1%

In terms of the contribution of various categories of investors, the increase in the total number of CII investors in Q4 and in general in 2020 was due to resident individuals who increased their presence in CII for Q4 by 0.2% (+500 people) and by 0.3% for the year (+703 persons), after -0.1% in 2019. In Q4, their number decreased only in interval funds (-10 persons, -0.004%) and in closed-ended with private placement (-7 persons, -10.8%), and during the year it increased in all 5 sectors.

In Q4 2020, the number of resident legal entities in CII decreased by 303 (-9.9%), including in venture funds - by 292 (-10.9%). For the whole of 2020, they decreased by a total of 147 (-5.1%, after -11.9% in 2019), and in venture CII in particular - by 136 (-5.4%, after -12.7%), where their share decreased from 69% from all investors in this sector in early 2020 to almost 61% in December. This year the number of Ukrainian companies - investors increased only in open-ended (+3, + 15.0%) and in interval funds (+3, +17.6%).

During 2020, foreign companies and individuals still maintained a small share in CII (within 0.2%).

Corporate investors - non-residents in Q4 and for the whole of 2020 reduced their presence in CII - both in general in all funds (-4.8% for the quarter and -0.8% for the year), and in venture funds (-4.5%) and -0.3% respectively).

The number of individual non-resident investors in Q4 and for the whole year increased by 10 people (+ 25.0%) and 8 people (+ 19.0%), respectively. They were included in venture (+8 people per quarter and per year) and open-ended CII (+2 people).

Finally, in venture CII, the number of non-resident companies among CII investors decreased from 9.3% at the beginning of 2020 to 8.7% in December (for Q4, it increased insignificantly due to a faster decline in the number of resident investors). The share of individual investors here increased from about 0.3% in early January and September to over 0.5% in December.

In open-ended CII, the share of all foreign participants in the total number of investors during 2020 increased from 0.2% to 0.3%.

2.6. CII Asset Structure

In the structure of CII assets in Q4 and for the whole of 2020, in contrast to the previous one, securities and derivatives increased in weight in all CII sectors by types of funds, except venture funds (Table 6, Chart 16).

In October-December, the share of securities in open-ended CII increased due to corporate and government bonds (OVDPs), although their total investments in equities also increased (at a slower pace). The expansion of the stock component of assets also

occurred primarily due to the growth of the total value of investments in OVDPs in the sectors of interval CII and closed-end CII with public offering, and in the former - also in equities. In closed-end CII placement, this was due to investments in corporate bonds.

The total value of all securities in CII assets increased both in Q4 and for the whole of 2020 in all sectors of funds, including venture funds.

Table 6. Changes in the structure of aggregate CII portfolios by fund types in Q4 2020

Asset Type / CII Type / Quaterly Change	Open-ended		Interval		Closed-end with public issue		Closed-end with private issue (ex. venture)		Venture	
	p.p.	%	p.p.	%	p.p.	%	p.p.	%	p.p.	%
Other assets (Incl. R and CR)	4.13	44.9%	-6.57	-66.6%	3.55	5.8%	-2.98	-3.4%	0.60	0.7%
Real estate	-	-	-	-	0.00	2.3%	0.50	52.4%	-0.52	-15.2%
Cash and bank deposits	-6.43	-23.4%	-0.54	-5.6%	-10.49	-57.0%	0.14	5.0%	0.06	3.1%
Bank metals	-0.16	-13.3%	-	-	0.01	17.8%	-	-	0.00	-4.7%
State bonds (OVDP)	1.18	3.8%	11.57	23.4%	7.06	72.9%	-0.02	-98.6%	0.64	494.6%
Municipal bonds	-0.21	-0.14	-	-	0.09	0.23	0.00	-0.01	0.00	-0.06
Equities	-0.40	-1.5%	0.61	2.4%	-0.24	-2.8%	0.43	7.5%	-0.14	-5.3%
Corporate bonds	1.89	84.8%	-0.20	-28.2%	0.01	0.4%	2.07	97.1%	-0.09	-2.8%
Promissory notes	-	-	-	-	-	-	0.01	7.4%	-0.72	-32.7%
Other securities	-	-	-4.87	-100.0%	0.01	-	-0.15	-0.57	0.17	22.3%
Securities	2.46	4.0%	7.11	8.8%	6.92	33.8%	2.35	27.5%	-0.15	-1.6%

* R and CR - receivables (including loans in the case of Venture funds) and corporate rights (shares in capital other than equities).

As of December 31, 2020, capital market instruments have strengthened their role as a key component of open-ended and interval CII assets (almost 65% and 88%, respectively). the second government bonds held the largest share since last year and brought it to more than 60% (Chart 16).

In closed-end CII, the weight of securities and derivatives increased from 16% in early 2020 to over 27% in December, and the main role of OVDPs in this was the opposite trend until 2019. In general, the share of stock instruments in 2020 in the assets of all closed-end CII (except venture capital) with both methods of placement broke the two-year trend and increased by 11.2% to 14.5%. This was facilitated by an increase in aggregate investments in government and corporate and, to a lesser extent, in municipal bonds and stocks.

Venture CII assets in securities and derivatives in 2020 continued to grow for the second year in a row and increased, including in Q4. However, they lagged cash and "other" assets, so their weight continued to decline from 10.2% in early January to 9.1% in December.

Government bonds (OVDP), amid turbulence in the stock market and in the economy, which has led to higher government borrowing rates since the spring of 2020, have been one of the most popular instruments among CII asset managers, especially with public offerings. Over the year, the weight of OVDPs in open-ended funds assets increased from 24.0% to 32.3%, with investments in them almost doubling. In interval CII, the OVDPs package increased by 67.4%, which, together with a decrease in equity investments, increased its share from 48.4% at the beginning of the year to 61.1% in December. In closed-end funds with public offering, it jumped from 7.4% to 16.7%

with an increase in the total value of the package of these instruments here by 2.3 times in 2020 (after a third reduction in 2019).

At the end of 2020, equities accounted for more than a quarter of open-ended and interval funds' assets and, accordingly, were the second most invested class of their assets - as for closed-end public funds, where their share increased from 7.9% to 8.3% over the year. In open-ended funds, where in 2020 the block of equities increased by only 7.2%, against the background of growth of all assets together by 43%, their weight fell for the second year in a row - from 35.8% to 26.8%.

Cash on current and deposit accounts of CII in banks in 2020 in general and in Q4, increased in the assets of CII in general, their share also increased. By sectors by type of funds, however, the total value and weight of cash and deposits increased over the year only in closed-end CII, including venture capital. In open-ended funds, where they decreased by 6.9% over the year, their weight

decreased from 32.3% to 21.0%. In interval funds, where they lost 7.0% against + 32.7% for all assets of the sector, their share decreased from 11.3% to 9.1%.

"Other"¹¹ assets in 2020 remained the largest component of the assets of venture and other closed-end funds. In venture CII, these assets increased by UAH 68 billion, or almost a quarter, which pushed their weight further up from 84.8% to 85.9% for the year. At the end of December, they amounted to UAH 343 billion.

In closed-end CII with private placement (except venture), "other" assets decreased in 2020, as in 2019, by 3.5%, and their weight fell from 87.2% at the beginning of the year to 84.7% in December.

The total value of real estate in venture funds in 2020 decreased by 1.6% (after + 28.4% in 2019), which intensified the decline in its weight, against the background of the overall growth of the sector's assets, from 3.6% to 2.9%.

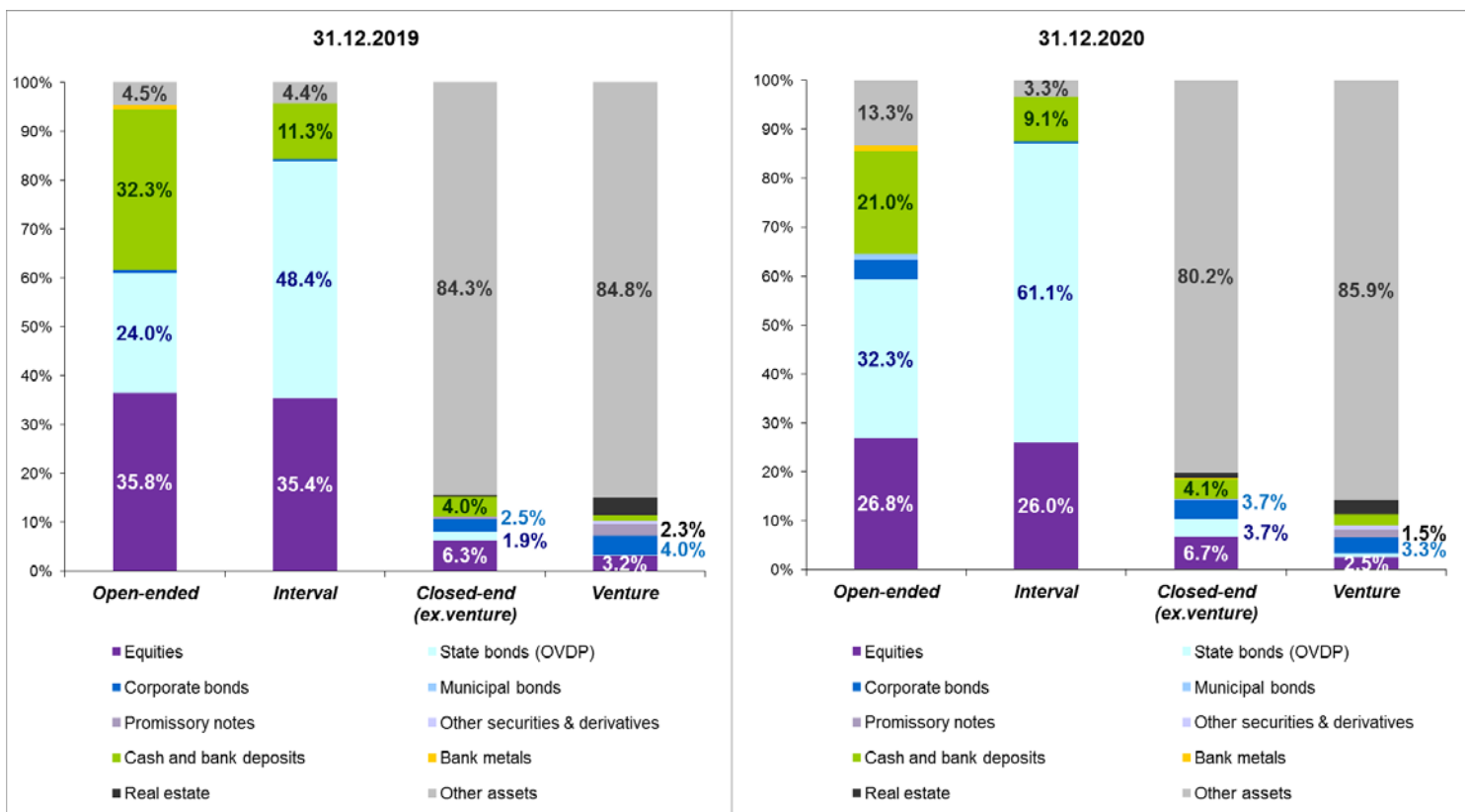


Chart 16. CII asset structure by fund types at the beginning and at the end of 2020

¹¹ "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).

The portfolio of securities and derivatives of all CII together in 2020 increased by UAH 3.7 billion (+ 10.5%, after + 8.3% in 2019), including in Q4 - by UAH 1.7 billion (+ 4.7%). As of December 31, 2020, it cost UAH 38,551 million (Table 7).

Corporate bonds increased in total value for the second year in a row: + 2.7% in 2020, after + 65.8% in 2019. However, this did not prevent the weight of this most popular instrument in the CII financial portfolio from decreasing from 38.1% at the beginning of 2020 to 35.4% in December. The total OVDPs package for this year increased 5 times (after -1.7% in 2019) to UAH 3.7 billion, and its share in the consolidated CII portfolio - from 2.1% to 9.6%.

The block of equities in CII generally decreased for the third year in a row (-1.4% in 2020, after -9.9% in 2019),

but retained the second position in the financial portfolio of funds (29.1%). In total and in relative terms, the total value of promissory notes decreased the most in 2020 (-22.2%, after -17.3% in 2019), but they remained in the third position with a share of 15.4%.

Municipal bonds, which were present at the end of 2020 in the assets of all CII sectors, except for intervals, increased in total value more than 20 times over the year, from a low base, which expanded their share in the consolidated portfolio to 0.6%.

The package of derivatives in the CII 2020 portfolio more than doubled, at the end of December already slightly ahead of CII-owned government bonds: its share in the consolidated financial portfolio of funds increased over the year from 5.3% to 9.9%.

Table 7. Portfolio of CIIs' securities and derivatives, as at 31.12.2020

Security Type	Aggregate value of securities & derivatives in CII portfolio, UAH		Annual change		Share in the consolidated portfolio of securities of CII	
	31.12.2019	31.12.2020	UAH M	%	31.12.2019	31.12.2020
Corporate bonds	13 289.6	13 650.5	360.8	2.7%	38.1%	35.4%
Equities	11 395.5	11 233.7	-161.8	-1.4%	32.7%	29.1%
Promissory notes	7 609.4	5 922.5	-1 686.9	-22.2%	21.8%	15.4%
State bonds (OVDP)	744.0	3 706.0	2 962.0	398.1%	2.1%	9.6%
Municipal bond	11.6	238.5	226.9	1959.2%	0.0%	0.6%
Derivatives	1 839.5	3 799.5	1 960.0	106.5%	5.3%	9.9%
Total	34 889.6	38 550.6	3 661.0	10.5%	100.0%	100.0%

The portfolio of CII, except for venture, increased by 30.2% in 2020 (after -18.4% in 2019), and only for Q4 - by 27.9%. This was facilitated by the positive dynamics of the stock market at this time, increased rates for OVDPs and capital inflows to funds (including open-ended funds). At the end of December, this portfolio was worth UAH 2,325 million (Table 8).

Equities retained the first position, but already weighed less than half of the consolidated portfolio of non-venture CII at the end of 2020: their share decreased from 55.7% at the beginning of the year and 56.8% in September to 45.3% in December.

Once again, sharply changing the trend, the total investment of these CII in OVDPs in 2020 increased significantly (+ 73.9% for Q4 and + 92.0% for the whole year, after -30.8% in 2019) and at the end of December came in second place: their weight rose from 19.0% at the beginning of the year and from 20.6% in September to 28.0% in December.

Corporate bonds, whose package in these funds grew by 70.5% for the quarter and by 47.5% for the whole of 2020 (after + 30% for 2019), increased their weight in the stock portfolio from 21.1% at the beginning of the year and 17.9% in September to 23.9% in December.

Table 8. Portfolio of securities and derivatives of CII, excluding venture funds, as at 31.12.2020

Security Type	Aggregate value of securities & derivatives in CII portfolio, UAH		Annual change		Share in the consolidated portfolio of securities of CII	
	31.12.2019	31.12.2020	UAH M	%	31.12.2019	31.12.2020
Equities	994.2	1 054.0	59.8	6.0%	55.7%	45.3%
Corporate bonds	376.3	651.2	274.9	73.1%	21.1%	28.0%
State bonds (OVDP)	339.1	555.0	215.8	63.6%	19.0%	23.9%
State bonds (OVDP)	11.6	32.4	20.8	179.4%	0.6%	1.4%
Promissory notes	63.9	18.2	-45.7	-71.5%	3.6%	0.8%
Derivatives	0.0	13.8	13.8	137844.1%	0.0%	0.6%
Total	1 785.1	2 324.6	539.4	30.2%	100.0%	100.0%

Diversified CII in Q4 2020 decreased its consolidated securities portfolio by 4.6% but increased by 1.0% over the whole year (after -10.6% in 2019). As of December 31, 2020, this portfolio was worth UAH 67.5 million (Table 9).

The annual growth was due to investments in equities (+ 4.4%) and corporate bonds (+ 341.6%), while total investments in government and municipal securities of such funds in 2020 decreased. These instruments played a major role in the quarterly decline in the

portfolio: the OVDPs package decreased by 12.9% and the local government bonds by 89.1%. At the same time, the share of the former decreased from 37.1% at the beginning of the year and 37.8% in September to 34.5% in December 2020; the latter lost weight for the quarter and for the whole year from 2.2% to 0.2%.

The share of equities in the stock portfolio of diversified CII in Q4 and for the whole of 2020 increased: from 59.9% in early January and 56.4% in September to 61.9% in December.

Table 9. Portfolio of securities and derivatives of diversified CII, as at 31.12.2020

Security Type	Aggregate value of securities & derivatives in CII portfolio, UAH		Annual change		Share in the consolidated portfolio of securities of CII	
	31.12.2019	31.12.2020	UAH M	%	31.12.2019	31.12.2020
Equities	40.1	41.8	1.8	4.4%	59.9%	61.9%
State bonds (OVDP)	24.8	23.3	-1.5	-5.9%	37.1%	34.5%
Municipal bond	1.5	2.2	0.7	-	2.2%	3.3%
Corporate bonds	0.5	0.2	-0.3	-67.3%	0.8%	0.2%
Total	66.8	67.5	0.7	1.0%	100.0%	100.0%

2.7. Rates of Return: CIIs and Other Investment Assets

In 2020, CII performance improved and was positive in most sectors by type of fund and asset class, in almost all publicly available sectors that invested a significant share of assets in securities. One of the factors was the growth of the stock market of Ukraine during this period - mainly due to the rapid dynamics in November-December. The key indicator of the local market (UX index) despite the failure in March-April due to the deployment of the corona-crisis, for the whole of 2020 added 6.5%, partially restoring the lost in 2019 10.9%.

The largest income among all major investment areas for retail investors in 2020 was generated by bank term (annual) deposits in euros, which due to the devaluation of the hryvnia added 35.4% (after -15.3% in 2019), although the rates on them were the same from the lowest for foreign currency deposits at the beginning of the year¹² (Chart 17).

Annual time deposits in US dollars also provided double-digit income for 2020: + 24.2% (after -11.9% in 2019). Hryvnia deposits concluded at the beginning of 2020 yielded slightly higher income for the year: + 17.5%, after + 17.1% in 2019. However, their average rates of

return fell by almost half by the end of the year, amid a cautious and sustained policy of the NBU to reduce its discount rate and rates in the economy in general.

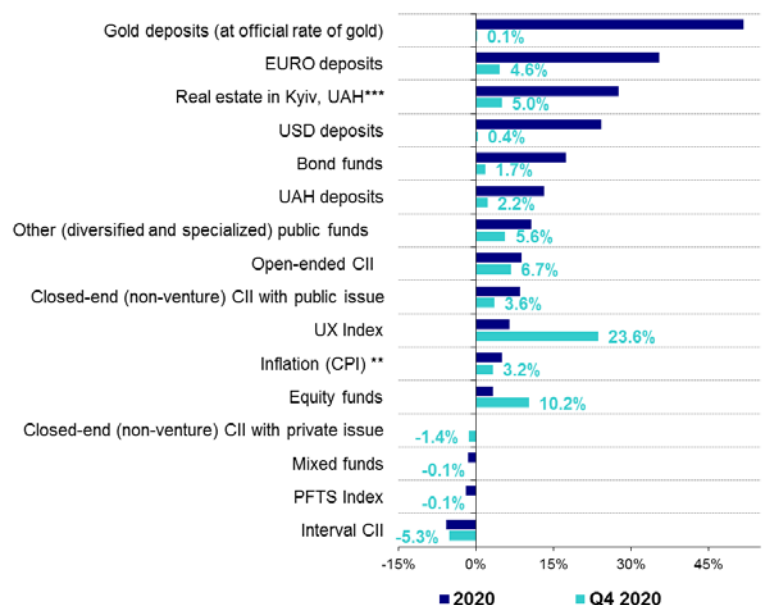


Chart 17. Rates of return – CII, deposits, equity indexes and inflation rates in Q4 2020 and in 2020¹³

¹² 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.

¹³ CIIs' rates of return are calculated based on the reporting data for Q4 2018 for 17 open-ended, 15 interval, 66 closed-end CII (including 35 with public issue and 31 with private issue), and according to the reporting data for the previous quarters. Inflation is calculated on the basis of data from the State Statistics Service of



Deposits in gold, in terms of "escape from risk" during most of 2020 and against the background of a significant dollar issue to support plans to support the US economy, brought an extraordinary + 51.7% this year, after + 5.0% in 2019.

Residential real estate in Kyiv in October-December and in general in 2020, in contrast to the previous year with the revaluation of the hryvnia, rose in hryvnia terms by 5.0% and 27.6%, respectively (after -4.1% in 2019).

The leaders in terms of rates of return among all categories of CII in 2020 were bond funds, which gave a positive quarterly income and had an average of + 17.3% for the whole year (after + 6.1% in 2019).

Equity funds provided a positive return for 2020 only due to the increase in the value of their securities in Q4, which offset the decline over the previous three. The average result of the sector for the year was + 3.2% (after - 11.9% in 2019).

Among CII by types of funds and methods of placement, the first by average income of investors in 2020 were open-ended CII, which provided + 8.8% (after -0.9% in 2019).

Leaders of the previous year, closed-end funds with private placement (except venture), in 2020 brought one of the lowest average results: -2.9% (after + 6.7%).

In Q4 2020, the main Ukrainian stock index rose by 23.6%, which significantly contributed to a sharp increase in CII yields - in 4 out of 8 sectors in the single stock fund and in open-ended funds. In another sector, bond funds, rate of returns fell but remained positive for the quarter.

The equity fund became the leader in terms of return for Q4 among all CII sectors in general and among diversified and specialized funds with public issue by asset classes. Income on its certificates increased to + 10.2% (from -0.4% on average for three such funds in Q3 and - 4.7% for 6 funds a year ago). This was significantly less than the increase in the UX index, but almost as high as the result of the PFTS index; more than offset inflation and was significantly higher than the profitability of all other asset classes and areas of investment during this period.

Bond funds had an average for Q4 2020 of + 1.7% (after + 4.9% in Q3 and + 1.8% a year ago). At the same time, both such funds increased the value of their certificates and were more profitable than deposits in US dollars and gold, as well as more liquid than deposits in euros and hryvnias, which they conceded in terms of rates of return.

Among CII by types of funds and methods of placement, the first in terms of rates of return in Q4, as in Q3 and for the whole of 2020 in general, were opened CII: + 6.7% (after + 3.0% in Q3 and - 1.4% a year ago). Indicators of individual funds of this type ranged from - 0.5% to + 30.0%, the range of their results expanded and rose even more compared to Q3. Of the 16 funds in sector 15, they increased the value of their certificates for the quarter (94%, after 81% in Q3). One open-ended fund in Q4 of 2020 was more profitable than the UX index, 7 - for investments in residential real estate in Kyiv, 8 - at least offset inflation and were more profitable than annual time deposits in euros, 10 - for relevant deposits in hryvnia, and all but one for gold or US dollar deposits performed better than the PFTS index.

Among CII by types of funds and methods of placement, the first in terms of profitability in Q4, as in Q3 and for the whole of 2020 in general, were opened CII: + 6.7% (after + 3.0% in Q3 and - 1.4% a year ago). Indicators of individual funds of this type ranged from -0.5% to + 30.0%, the range of their results expanded and rose even more compared to Q3. Of the 16 funds in sector 15, they increased the value of their certificates for the quarter (94%, after 81% in Q3). One open-ended fund in Q4 2020 was more profitable than the UX index, 7 - for investments in residential real estate in Kyiv, 8 - at least offset inflation and were more profitable than annual time deposits in euros, 10 - for relevant deposits in hryvnia, and all but one for gold or US dollar deposits performed better than the PFTS index.

Interval funds in Q4 had the lowest average yield of -5.3% (after + 1.0% in Q3), although excluding the two extreme values of funds, which together had about 2% of the sector's assets, for the remaining 98% in terms of assets it was much higher (-0.7%), and for 99.5% - close to zero. The range of indicators of individual funds in this sector significantly expanded and decreased compared to Q3: from -76.8% to + 6.7%. 11 out of 15 such funds showed an increase in the value of certificates (73%, after 53% in Q3).

Closed CII with public placement showed an average of + 3.6% in Q4 2020 (after -1.5% in Q3). The range of indicators of various funds in the sector rose significantly and expanded slightly: from -20.1% to + 32.6%. Of these 28 CII, investment growth was provided by 15 funds (54%, after 60% in Q3).

Ukraine. Rates of return for real estate in USD 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 UAH - according to the portal: <http://100realty.ua>.



3. Summary

The asset management sector of mutual investment institutions in Ukraine in 2020, despite the turbulence caused by the coronavirus pandemic in the markets for much of the year, grew, and Q4 saw an acceleration to double-digit growth - both in terms of fund assets in various sectors and their profitability in some of them. Quantitative expansion of the CII industry and asset management of institutional investors in general continued.

The key trends of the asset management industry in Ukraine in Q4 and in general for 2020 were:

- Increasing the number of AMCs for the quarter and for the year;
- Steady growth in recent years of the number of registered CII and the number of formed CII due to venture funds, in particular CIF;
- Further acceleration of the annual growth of the total value of assets and NAV of all CII, while:
 - Double-digit annual and quarterly growth of NAV of open-end CII, which more than offset the losses of the previous year - both due to the record for decades net inflow of capital into the sector, and mostly favorable stock market dynamics;
 - Increasing the number of investors in CII - due to open-ended CII and closed with public placement on a quarterly basis, and on an annual basis - also interval and venture CII;
 - Further and intensified this year increase in total investments of Ukrainian residents in CII - both individual investors and companies that increased their funds, respectively, by almost UAH 23 billion and over UAH 25 billion - mainly due to investments in venture funds, as well as in other closed-end CII;
 - There is a tendency to reduce the weight of resident companies in the NAV of all CII in general for the

fourth year in a row due to the lag of their investment rates from other categories of investors;

- Reduction of total funds of foreign investors in CII in Q4, but increase - in all sectors - in 2020;
- Increase in the weight of securities in the assets of all CII in general and in each sector by type of fund, except venture - largely due to the increase in the total value of investments in government bonds, and in some CII sectors - also in securities or corporate bonds;
- Increase in quarterly rates of return in half of CII sectors by types of funds and asset classes and positive values of average income in most of them both for Q4 and for the whole 2020; increase in the share of funds with positive returns for the quarter and for the year, in particular, among open-ended CII.

Against the background of the rise in the stock market of Ukraine in the last months of 2020 and its positive dynamics for the whole year, the portfolio of financial assets of CII became more expensive. At the same time, the inflow of funds to funds that invest mainly in instruments of the capital markets, as well as in private companies and projects, albeit in waves, increased at this time. All this contributed to the rapid growth of industry assets. Local individual and corporate investors, who held about 80% of CII's net assets, made the same contribution to this growth over the year, with the role of the former becoming increasingly important.

In general, as of the end of 2020, CII invested in the capital of Ukrainian companies in various sectors of the economy, provided loans to them or acted as their creditors as bondholders totaling over UAH 376 billion, and were creditors of the Government of Ukraine and local councils totaling almost UAH 4 billion and banks - by over UAH 9 billion.

See additional information and statistical data on the UAIB website:

- [The Ukrainian Market in Figures](#)