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1. Institutional Investor Asset Management & Pension Fund Administration Industries. General Overview

Number of Market Participants

Asset Management Companies (AMCs)

In Q2 2021, the total number of asset management companies increased by one, to 307.

During April-June, 9 new AMCs were established and 8 ceased operations.

Of all AMCs, 287 managed between one and 66 funds, and more than 98% of such companies managed at least one venture CII.

Administrators of private pension funds (ANPFs)

The number of ANPFs in Q2 2021 did not change: 19. Among them, as before, there were 6 companies that carried out exclusively the activities of NPF administration, the rest - combined it with asset management.

Collective Investment Institutions (CIIs)

The total number of CII that reached the minimum assets (formed) ratio grew for the 15th consecutive quarter and at the end of June amounted to 1,560 (+ 2.4% for the quarter).

Non-State Pension Funds (NPFs)

The number of NPFs under management as of June 30, 2021 was 54 (excluding the corporate fund of the NBU), including 45 open, 3 corporate and 6 professional. A total of 32 AMCs managed NPF assets. There were 57 NPFs in the administration of 18 ANPF members of UAIB, including 47 open, 4 corporate and 6 professional.

Insurance Companies (ICs)

The number of insurance companies that transferred their assets to AMC management and the number of AMCs that provided such services did not change in Q2 2021: as of June 30, 2021, one such company continued to manage the assets of two insurance companies.

Assets under Management and NAV

All Institutional Investors

Total assets under AMC management accelerated growth in Q2 by 6.2% and as of June 30, 2021 reached UAH 477,350 million. Over the last 12 months of June, these assets grew by 26.6%.

Collective Investment Institutions (CIIs)

In Q2 2021, the total assets of all CII under management, including those that have not yet reached the standard, also grew by 6.2% in Q2 and by 26.6% in the last year. As of June 30, 2021, they amounted to UAH 475,122 million.

As of the end of June 2021, the assets of current CII, which reached the minimum assets (formed) ratio, reached UAH 467,861 million. In Q2 they grew by 6.0%, and in the last 12 months - by 26.1%.

The value of net assets of all formed CII as of the end of June 2021 reached UAH 355,173 million. In Q2 it added 4.5%, for the last year - 22.6%.

The total net movement of capital in open-ended CII in Q2 2021 for the first time since Q4 2019 was negative: - 9.6 million UAH. However, in the first half of the year it remained positive and significant - as well as the annual net inflow into the sector, which at the end of June amounted to UAH 63.8 million.

Non-State Pension Funds (NPFs)

In April-June 2021, NPF assets under AMC management grew by 2.8%, and by 13.7% over the year. As of June 30, 2021, they reached UAH 2,052 million. NPFs had UAH 2,060 million in assets administered by UAIB members.

Insurance Companies (ICs)

In Q2 2021, the assets of the IC under the management of AMC returned to growth: + 4.8%. Over the last 12 months, they grew by 12.1% and amounted to UAH 176 million at the end of June.

2. IC Asset Management Market Results

Assets of insurance companies (IC) managed by AMC in Q2 2021 increased by 4.8% (after -1.5% in Q1), to UAH 176.2 million (Chart 1, Table 1). Thus, in the first half of the year these assets added 3.3%, and the annual growth in June 2021 slowed down to + 12.1% (from + 28.2% in March).

The number and composition of participants in this sector of the asset management industry did not change during this period: as of June 30, 2021, one AMC managed the assets of two insurance companies.

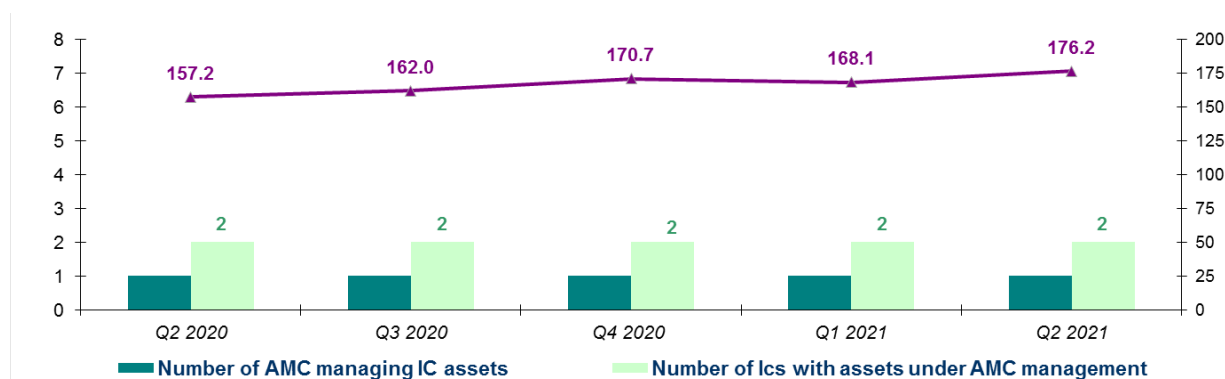


Chart 1. Dynamics of IC asset management in Q2 2020-2021

Table 1. Assets of insurance companies under AMC management in Q2 2020-2021

Period	Number of AMC managing IC assets	Number of ICs with assets under AMC management	IC assets under management, UAH M	Change of IC assets under management		
				quarterly	YTD	annual
Q2 2020	1	2	157.2	19.9%	62.7%	69.5%
Q3 2020	1	2	162.0	3.0%	67.6%	65.7%
Q4 2020	1	2	170.7	5.4%	76.6%	76.6%
Q1 2021	1	2	168.1	-1.5%	-1.5%	28.2%
Q2 2021	1	2	176.2	4.8%	3.3%	12.1%

In the structure of IC assets under management¹ in June 2021, 99.97% were securities (after 99.74% in March). In Q2, this portfolio included only government bonds (OVDPs), and corporate bonds, which accounted for 1.56% of these assets at the end of March, were sold.

The increase in the weight of securities in the consolidated assets of the IC under management in April-June was due to both an increase in the amount of investments in government bonds by 6.7% during this time and a decrease in other components of assets, including cash. Stably high rates on government debt securities placed on the primary market in Ukraine in Q2

2021 became less attractive against the background of inflation, which increased during this period to values close to these rates. Nevertheless, OVDPs remained the most popular tool for investing the assets of insurance companies in AMC management during this period.

The amount of cash on bank, including term deposit, accounts of the IC managed by AMC in Q2 2021 decreased three times, and their share in the consolidated portfolio of these assets - from 0.07% to 0.03%. There were no "other" assets at the end of June (after 0.18% in March, Chart 2).

¹ According to the data provided by the AMC in addition.

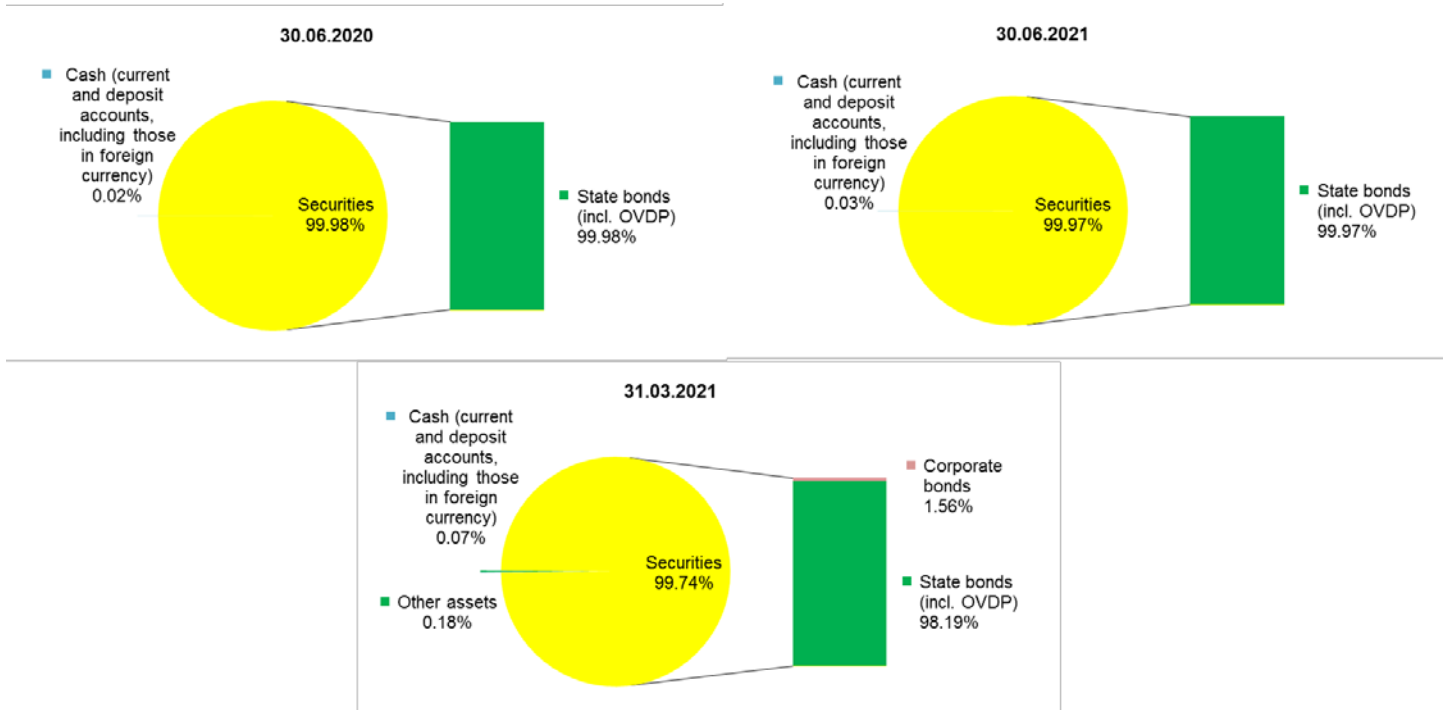


Chart 2. Dynamics of the structure of IC assets under AMC management in Q2 2021 and over the past year

See additional and statistical information on the UAIB website:

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