



Contents

<i>1. Asset Management Industry. General Overview</i>	<i>2</i>
<i>2. IC Asset Management Market Results</i>	<i>3</i>



1. Asset Management Industry. General Overview

Number of Market Participants

Asset Management Companies (AMCs)

In Q4 2019, the number of **asset management companies** decreased by one, to **293**, three less than at the beginning of the year. In October-December, one new AMC was created, while two were closed. Throughout 2019, 5 new AMCs were created, and 8 companies ceased their activities.

Collective Investment Institutions (CII)

In Q4, 47 new CII were registered, and for the whole of 2019 - 129. Considering the closed funds, as of December 31, 2019, the total number of **registered CII** increased by 2.3% for Q4 and by 6.0% for the year, up to 1890.

The number of **CII that reached the minimum asset standard (formed, or 'established' funds)** increased in the ninth quarter and for the third year in a row - to 1326 (+ 3.3% for Q4 and + 8.0% for the whole of 2019).

At the end of 2019, 278 AMCs managed from one to 57 funds, and more than 99% of all such AMCs managed at least one venture fund.

Non-State Pension Funds (NPFs)

The number of **NPFs under management** as of December 31, 2019 remained at 58 (excluding the NBU corporate fund), including 46 open, 6 corporate and 6 professional. In total, the assets of NPFs, according to UAIB data, were managed by 33 AMCs.

Insurance Companies (IC)

The number of **insurance companies that had transferred their assets under AMC management** did not change during 2019, as did the number of AMCs that provided the following services: one such company managed the assets of two insurance companies.

Assets under Management and NAV

All Institutional Investors

Total assets under AMC management in Q4 2019 continued to grow (+ 1.5%) and amounted to **UAH 355,087 million** at the end of December. For the whole of 2019, they increased by 12.8%.

Collective Investment Institutions (CII)

In Q4 2019, the **total assets of all CII under management**, including those that have not yet reached the minimum asset ratio, grew by 1.4%, and for the whole year - also by 12.8%, to **UAH 353,337 million**.

The **total assets of existing CII, which were managed by AMC and reached the standards ('established' CII)**, as of December 31, 2019 amounted to **UAH 339,130 million** (Chart 7) ¹. In Q4 2019, they formally decreased by 0.2%, and for the whole year - increased by at least 14.3%. Venture funds remained the engine of growth in the CII industry, against the background of a further, even more rapid increase in the number of funds in this category.

The **NAV of 'established' CII** in Q4 2019 formally decreased by 1.2%, and in 2019 - added at least 10.8%. As of December 31, 2019, it reached **UAH 261,206 million**.

Non-State Pension Funds (NPFs)

NPF assets under AMC management in Q4 2019 accelerated growth to 3.4%, and for the whole year - to 17.5%. As of December 31, 2019, they reached **UAH 1,603.2 million**.

Insurance Companies (IC)

The assets of the IC under the AMC management decreased by 0.1% in Q4 2019 but increased by 21.2% in the year. As of December 31, 2019, these assets amounted to **UAH 96.7 million**.

¹ Hereinafter, these indicators include data on the annual reports of the AMC on CII, as well as the assets of NPFs and ICs under management, for 2019, received at the time of preparation of this Review. They are fewer than expected due to the restrictive measures introduced in March 2020 to counter the spread of the covid-19 pandemic and the corresponding extension of the reporting deadlines. UAIB

estimates that the completeness of the received reports is at least 95% and 99%, respectively, in terms of the number of reports on institutional investors and the volume of their assets under management.

2. IC Asset Management Market Results

In Q4 2019, the assets of insurance companies (IC) under AMC management decreased slightly (-1.1%), and according to the results of the whole year - increased significantly (+ 21.1%), although at the end of December 2019 they were still lower than the peak value of 2017 (-28.9% in 2018). As of December 31, 2019, these assets amounted to **UAH 96.7 million**. (Table 1).

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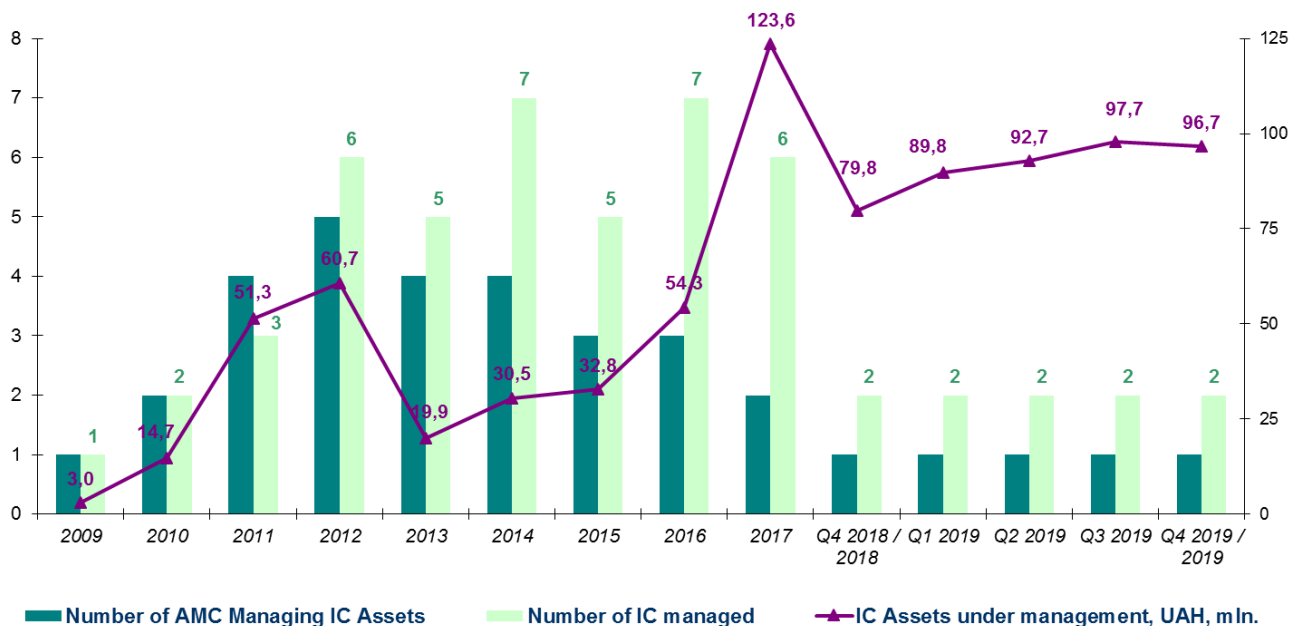


Chart 1. Dynamics of IC asset management in 2009-2019 and in Q1-Q4 2019

Table 1. Assets of insurance companies under AMC management in 2019

Period	Number of AMC Managing IC Assets	Number of IC managed	IC Assets under management, UAH, mln.	Change of IC Assets Managed		
				for the quarter	YTD	for the year
Q4 2018 / 2018	1	2	79,8	-	-	-35,4%
Q1 2019	1	2	89,8	12,5%	12,5%	-15,7%
Q2 2019	1	2	92,7	3,3%	16,2%	-13,8%
Q3 2019	1	2	97,7	5,4%	22,4%	-13,2%
Q4 2019 / 2019	1	2	96,7	-1,1%	21,1%	21,1%

In the **structure of IC assets under management²** in December 2019, 99.6% were securities (after 99.8% in September), namely government bonds (OVDPs). Thus, the situation has not changed in a year - the portfolio of assets of the IC, which

was managed by AMC, consisted almost entirely of OVDPs; shares disappeared from it by mid-year (covering 3% of the portfolio in early January), which occurred against the background of the downward dynamics of the stock market.

² According to the data which were additionally provided by AMC.

The insignificant decrease in the weight of OVDPs was due to a relatively sharp increase in the amount of cash in the consolidated portfolio in Q1 and Q4, but their

share remained insignificant: 0.42% at the end of December 2019, after 0.02% at the beginning of the year and 0.17% in September (Chart 2).

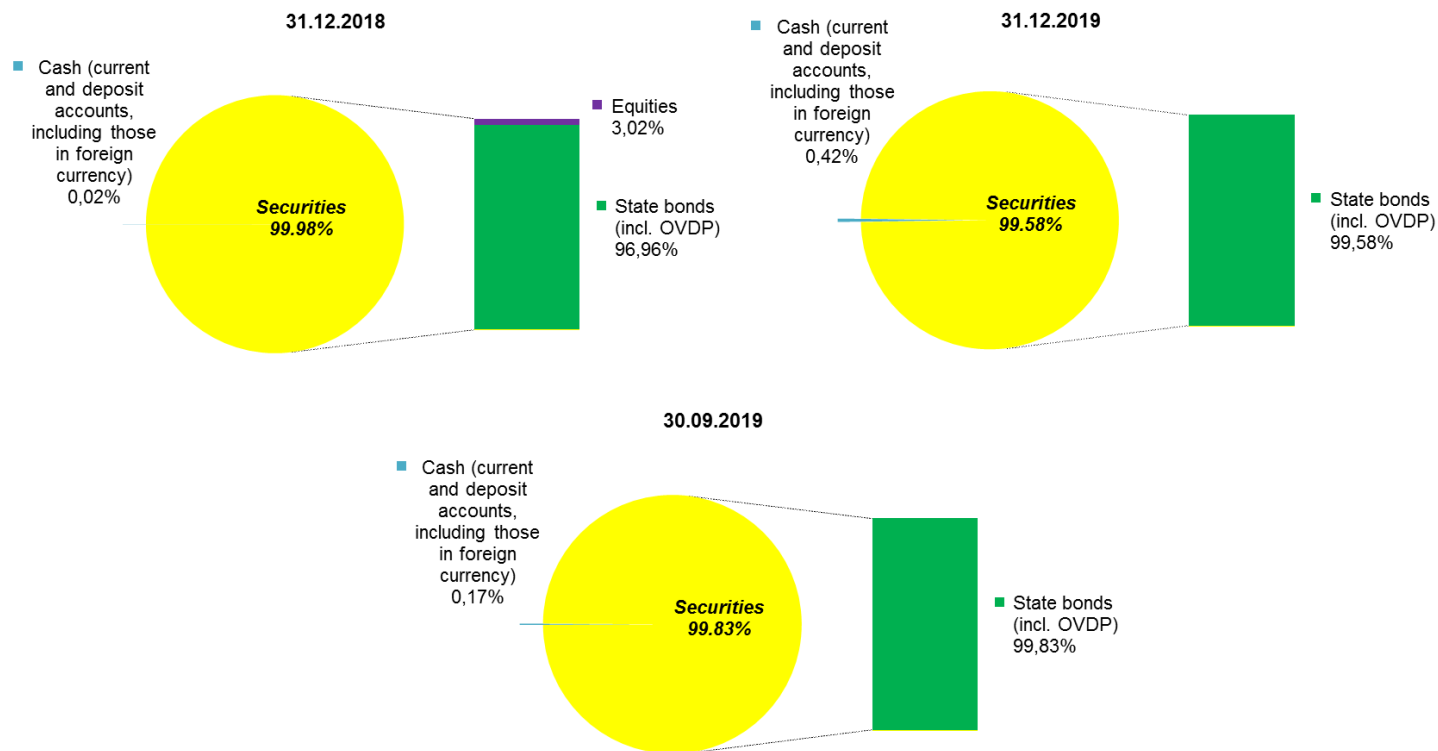


Chart 2. Dynamics of the structure of assets of insurance companies under AMC management in Q4 2019 and 2019

See additional and statistical information on the UAIB website:

- [The Ukrainian Market in Figures](#)