



Ukrainian fund industry highlights

Q2 2023:

fewer funds, but more AuM despite the war, slowing outflows from the open-ended funds

The **full-scale russian aggression and invasion of Ukraine** that started last year reached its 16-month mark in June 2023, with the martial law prolonged again, but otherwise close to 'normal' regulatory rules kept by the national financial authorities, including the securities markets regulator NSSMC, that allowed for relatively normal activities of the markets participants.

Ukrainian fund & asset management industry contracted a little in these wartime conditions, in terms of the number of asset managers and funds, but most of the local AMCs continued their business, with many growing their AuM.

AuM of the 'established'¹ domestic Collective Investment Institutions (CIIs) rose by 3.6% (in UAH terms) in Q2 2023 and by 6.9% YTD, to reach UAH 572 billion by end June (EUR 14.3 billion, up from 13.9 billion in March). The number of the funds' reports was 0.4% lower than in Q1 2023.

More specifically:

- **'Venture'² funds** in the corporate form haven't changed in total number while the funds in the unit (common, contractual) form in this category contracted; the share of the former in the total CIIs number thus grew further to exactly 55% (for all venture CIIs, it remained above 93%)
 - total **AuM of the formed venture CIIs grew by 3.7% in Q2 2023**, after +3.2% in Q1 (with the number of reports 0.1% lower than in the previous quarter);
 - total **NAV added 5.9% over the quarter**, after +4.7% in Q1, to reach **UAH 439.4 billion**, with its share in the total Ukrainian funds' NAV still hovering above 96%;
- In other CII categories, among the sectors of **publicly offered funds³**, open-ended and interval CIIs experienced NAV increase in Q2 2023 while the closed-end funds contracted (with fewer fund reports though).

Number of the formed CIIs changed the quarterly dynamics to negative again, decreasing to 1764 funds at end June 2023 (-0.6%, after +1.9% in Q1).

¹ Formed funds which have reached compliance with the minimal asset value regulatory requirement.

² Venture CIIs are closed-end 'non-diversified' funds with private issue only, mainly investing in private equity and debt, with the lowest restrictions on their activity as compared to other fund categories.

³ See fund classification on the UAIB website: <https://www.uaib.com.ua/en/invest-in-ukraine/cii-manual>



➤ **In open-ended CIIs (all publicly offered):**

• **Total NAV**

- **grew by 1.4% in Q2 2023**, but still contracted by 0.9% YTD and by 15.2% over the past two years since June 2021 (including the period from 24 February to 22 August 2022 when the market was closed due to the war);
- amounted to **UAH 142 million** as at end March 2023;
- the NAV growth was in spite of the outflow of capital from these funds;

• **Net sales**

- **were still negative in Q2 2023, but smaller than in Q1**: -UAH 2.5 million, after -UAH 8.7 million;
- **the annual figure** (except for the period from end June till 22 August 2022 when sales were prohibited due to the war) dived even deeper into the negative territory with **-UAH 39 million in June**, from -UAH 36.5 million in March;

• **Investors**

- **Domestic retail investors** retained the bulk of the open-ended funds' NAV in June 2023, namely 85.3%, albeit slightly down from 85.5% at end March; they still comprised more than 98% of all of the sector investors;
- There were also still 5 **foreign investors** (non-resident institutional/corporate and individual ones) in open-ended funds in June 2023 having the same 6.4% in the sector's total NAV as in March.

Number of non-resident investors in all CIIs in total has dropped from 416 in March to 400 in June 2023.

Number of AMCs in Ukraine contracted from 299 to 294 in Q2 2023.

- Out of those, 262 (89%, up from 87% in March) remained active and reported on their investment and/or pension funds under management for the quarter, in particular:
 - Almost 99% of them had at least one venture CII under management;
 - Nine AMCs managed acting 16 open-ended funds, and 29 had 75 publicly offered CIIs in total;
 - Furthermore, 31 AMCs had 55 pension funds under management, and one managed assets of one insurance company.



Number of non-state pension fund administrators (ANPFs) remained 18 by end June 2023.

- Among them there were still **6 companies which had only NPF administrator's licence**, while others conducted both institutional investor asset management activity and the one of pension fund administration.

NPFs

- **with assets under administration of the ANPFs** (57 III-pillar funds, excluding the NBU's corporate pension fund⁴) **had UAH 2,552 of assets at end June (+4.6% in Q2 2023, +7.8% YTD).**
- while **NPF' assets under management of AMCs** (55 NPFs) rose by 0.7% over the quarter and by 3.7% YTD, to reach UAH 2,456 million at end June 2023.

Insurance Companies' assets under management of AMCs added 14.0% in Q2 2023 and 19.8% YTD. As at end June, they amounted to **UAH 169 million.**

First part of the full **UAIB Q2 2023** report is available on the UAIB website (in Ukrainian): <https://www.uaib.com.ua/analituaib/publ-ici-quart/za-2-y-kvartal-2023-roku-zagalni-rezultati>

See more market statistics on the UAIB website: [The Ukrainian Fund Market in Figures](#)

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⁴ The National Bank's of Ukraine corporate NPF, which is managed by the NBU itself, had roughly 42% of the total NPFs' AuM.