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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. IC Asset Management Market Results

Assets of insurance companies (ICs) managed by AMC quite significantly accelerated growth in Q4 - to + 5.4% (from 3.0% in Q3), and in 2020 it more than tripled - + 76.6% (after + 21.1% in 2019). Starting from the 1st quarter, they exceeded the previous peak in 2017 and increased quarterly, reaching UAH 170.7 million as of the end of December 2020 (Chart 1, Table 1).

At the same time, such dynamics occurred exclusively due to the increase of investments from the funds of insurance companies in management and increase of their value. The number of participants in this segment of the asset management market did not change throughout 2020 and was stable for the second year in a row: one AMC had assets under the management of two insurance companies.

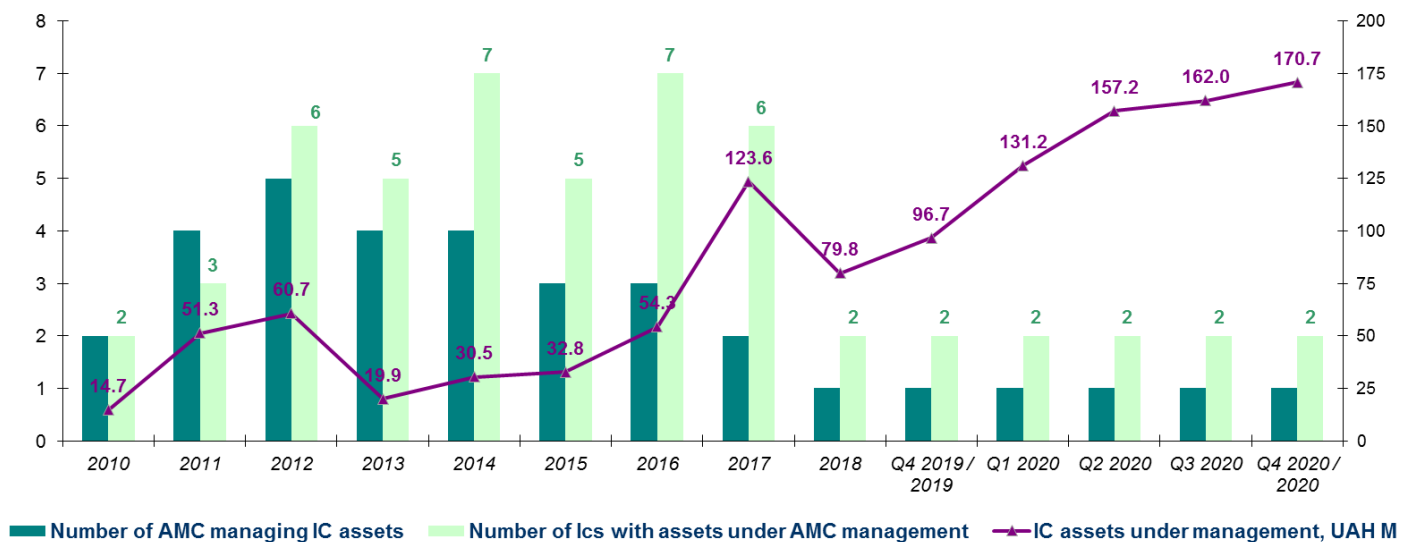


Chart 1. Dynamics of IC asset management in 2009-2019 and in Q1-Q4 2020

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

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
Q4 2019 / 2019	1	2	96.7	-1.1%	21.1%	21.1%
Q1 2020	1	2	131.2	35.7%	35.7%	46.0%
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 / 2020	1	2	170.7	5.4%	76.6%	76.6%

In the structure of the IC's assets under management¹ in December 2020, 99.88% were securities (after 99.97% in September and 99.58% a year ago). Throughout the year, including in Q4, this portfolio included only government bonds (OVDPs).

The exceptional popularity of government bonds as a tool to preserve and increase the funds of insurance companies in 2020 - as well as other institutional investors in the management of AMC - is an intensified trend of previous years. This year, it was due, in particular, to the turbulence in the stock market and in

¹ За даними, наданими КУА додатково.

the economy against the background of the corona crisis, which led to higher rates on government borrowing since the spring. Thus, the yield-risk ratio for OVDPs, especially given the lack of income tax on them, in contrast to corporate securities and deposits, was in favor of the former in this period.

The amount of cash in bank, including deposit, accounts in the consolidated portfolio of assets of the IC

managed by AMC in Q4 2020 has quadrupled, but in a year - has halved and was insignificant. The weight of money in these assets, in the context of increasing investment in OVDPs in them, fell even more - from 0.42% in early 2020 to 0.12% in December, although it increased from 0.03% in September (Chart 2).

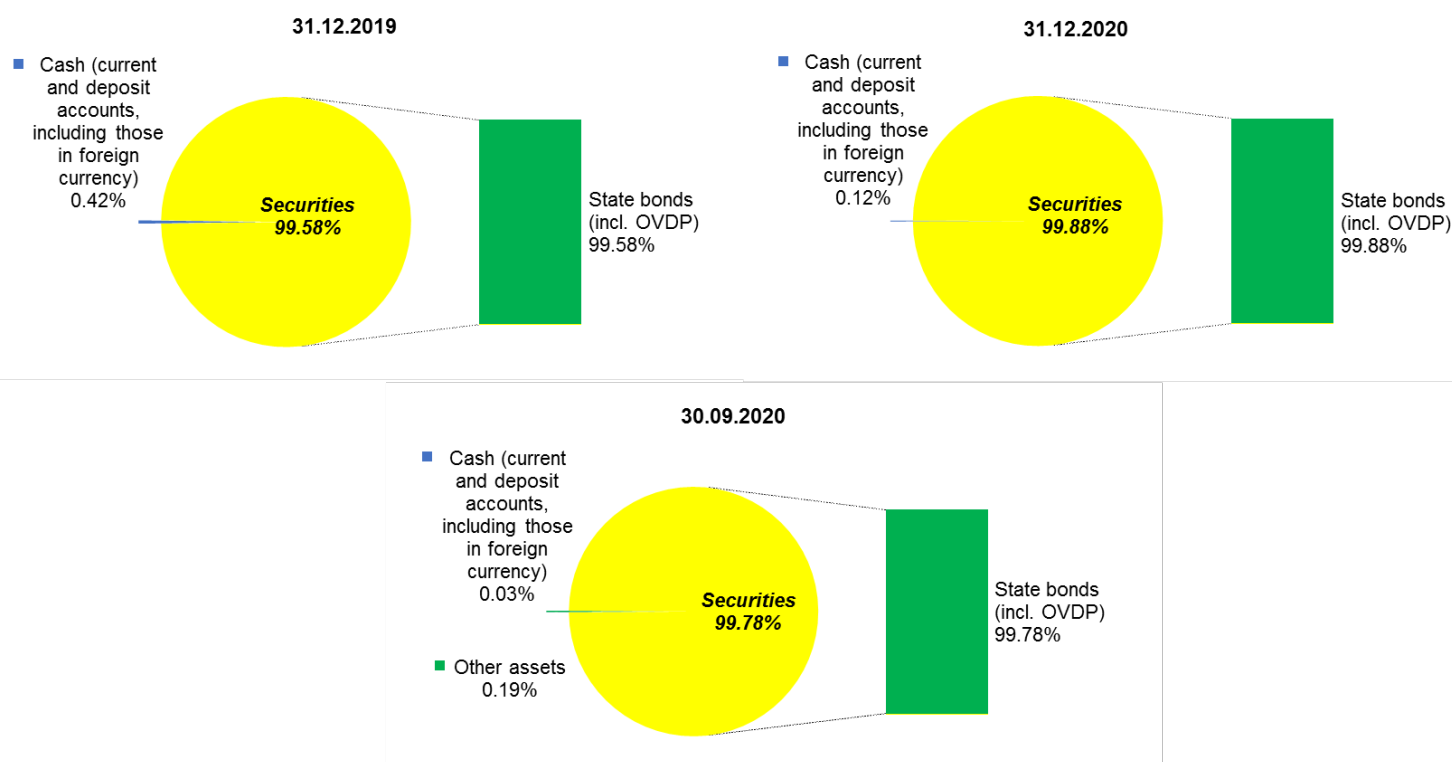


Chart 2. Dynamics of the structure of assets of insurance companies under AMC management in Q4 2020 and 2020

See additional and statistical information on the UAIB website:

- [The Ukrainian Market in Figures](#)