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DOI: <https://doi.org/10.36059/978-966-397-431-6-23>

THE STATE OF THE MARKET OF COLLECTIVE INVESTMENT INSTITUTIONS IN UKRAINE

Collective investment institutions (CII) are legal entities or their structural subdivisions, in which the exclusive type of activity is the investment of funds accumulated through the placement and sale of their own shares or investment certificates to individuals and/or other legal entities in securities, financial market instruments and other property rights determined by law for the purpose of making a profit [1].

Collective investment activities are carried out to meet the interests and at the expense of participants of a collective investment institution, issuing CII securities and aims to make a profit from the investment of funds attracted from their placement in securities of other issuers, corporate rights, real estate and other assets [1].

The activity of investment funds contributes to the accumulation and effective use of savings of the population and corporations by involving them in the investment process and economic development. Collective investment institutions bring together individual investors and thus enable them to benefit from investment as a result of the concentration of financial resources. Such activity has a significant impact on the development of the stock market, ensuring its dynamic development and a high level of liquidity. CIIs all over the world successfully operate, providing financial services and diversifying the placement of capital of private investors, are an effective tool for the accumulation of investment resources [2].

Dynamics of changes in the number of collective investment institutions in Ukraine for the period from 2019 to 2022 is presented in Table 1.

It is possible to see an uneven change in the number of investment funds of different types during the period under consideration. The number of some types of investment funds has increased, and some have decreased. In particular, a decrease in the number is observed for funds of six types: open diversified mutual funds, interval diversified mutual funds, closed

diversified mutual funds, closed non-diversified non-venture mutual funds, closed non-diversified venture mutual funds, closed non-diversified non-venture mutual funds.

Table 1

**Dynamics of changes
in the number of collective investment institutions in Ukraine**

Type of collective investment institution	Number of collective investment institutions, pcs.				
	2019	2020	2021	2022	2023
1 Open diversified mutual funds	12	10	7	7	7
2 Open specialized mutual funds	7	7	10	10	12
3 Interval diversified mutual funds	16	16	14	15	14
4 Interval specialized mutual funds	4	4	4	4	6
5 Closed-end diversified mutual funds	3	3	3	2	2
6. Closed-end non-diversified non-venture mutual funds	27	24	20	19	14
7. Closed specialized mutual funds	1	1	1	1	1
8. Closed-end qualifying mutual funds	2	2	4	6	8
9. Closed-end non-diversified venture mutual funds	745	726	692	683	659
10. Closed-end non-diversified non-venture CIFs	45	44	48	45	48
11. Closed qualifying CIF	2	5	5	6	6
12. Closed-end non-diversified venture capital funds	462	636	903	944	995
Total	1326	1478	1711	1742	1772

Note. Mutual fund is a mutual investment fund, CIF is a corporate investment fund.

On the other hand, the increase affected investment funds of the following types: open specialized mutual funds, interval specialized mutual funds, closed specialized mutual funds, closed qualifying mutual funds, closed qualifying CIFs, closed non-diversified venture CIFs.

It should be noted that in this case, the number of investment funds of five of the above-mentioned six types of funds has experienced a slight increase, and the number of closed-end non-diversified venture capital funds has increased significantly. During the analyzed period, the number of closed non-diversified venture capital funds changed from 72 at the end of 2019 to 954 at the end of 2023. The growth in the number of investment funds of this

type amounted to 1311%, that is, on average, the number of funds more than doubled per year. Thus, 93.4% of all collective investment institutions in Ukraine are venture funds (closed-end non-diversified venture corporate investment funds and closed-end non-diversified venture mutual funds).

It should be noted that in 2019, the number of formed recognized CIIs that reached the minimum amount of assets increased to 1326 (an increase of +8.0% for the whole year, compared to +5.2% in 2018), as well as the total number of such CII at the end of 2020. was 1478 (an increase of +11.5% over the year).

For 2021 there is an increase of 15.8%, and, accordingly, the number of CII for this period reached 1711. It should be noted that in 2022, the growth in the number of CII continued, and at the end of the year their number increased by 31 funds and reached 1742 (+1.8%), of which 1627 funds (more than 93%) were venture CIIs. According to UAIB, as of the end of 2023, the number of CII increased by 30 and amounted to 1772 (+1.7%). The vast majority of funds in previous years were venture capital. Thus, among all funds in 2023, 1654 were venture CII (more than 93%).

If we analyze the number of diversified and specialized CII with public issue as of 30.06.2024, we can see that the vast majority of such funds are mixed investment funds. It should be noted that investment funds whose activities are aimed at reducing the risks of depositors are considered diversified, and the structure of the fund's assets must strictly comply with the requirements of the Law "On CII" and by-laws.

– The advantage of mixed investment funds, i.e. funds that include stocks and bonds, can be explained by the fact that the formation of such funds makes it possible to flexibly respond to changes in the economic environment, since during periods of economic growth, it becomes possible for funds to invest in stocks, and when the stage of the economic cycle changes, and the appearance of unfavorable circumstances, money is transferred into debt securities.

– Thus, the analysis of the functioning of collective investment institutions in Ukraine has shown that at the moment the following trends are characteristic: Predominance of the number of venture CII in comparison with other types of AMC funds; Tendency to increase the number of CII in the management of AMC; Tendency to decrease the share of costs in the structure of the value of net assets of CII. Tendency to increase assets under management of AMC; Trend towards increased competition in the collective investment market.

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