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**INFLUENCE OF THE SECURITY MARKET  
 CONDITION ON THE COLLECTIVE  
 INVESTMENT DEVELOPMENT**

**ВПЛИВ КОН'ЮНКТУРИ РИНКУ ЦІННИХ  
 ПАПЕРІВ НА РОЗВИТОК КОЛЕКТИВНОГО  
 ІНВЕСТУВАННЯ**

**Urgency of the research.** Studying the influence of Ukrainian security market condition on the development of the collective investment institutes is actual, because these institutes are the alternative to banks in the field of savings during the social and economic crisis.

**Target setting.** It is advisable to assess the impact of the dynamics of the main indicators of the security market condition on the strategic development of collective investment as an alternative under the conditions of population and business confidence decline to financial and credit system.

**Actual scientific researches and issues analysis.** In the scientific works of such scholars as Sv. V. Onyshko, S. V. Onyshko, L. L. Grytsenko, V. V. Roienko, O. I. Omelchenko, A. A. Kozlov and others, the theoretical and practical aspects of the financial market development in general and the security market in particular are being investigated.

**Uninvestigated parts of the general matter defining.** Researchers have not worked out yet the problem of formalization and comprehensive assessment of the security market condition indicators for modeling the collective investment institutions and nongovernmental pension funds.

**The research objective.** It is necessary to examine the current state of the security market and build complex multifactorial models of capitalization the collective investment institutions in order to make strategic directions of their development.

**The statement of basic materials.** Models of dependence of the total value of assets of domestic collective investment institutions and nongovernmental pension funds on the volume of stock issue, investment certificates of investment funds, bond trading in Ukraine and local loan bonds have been built. The strategic directions of collective investment development in Ukraine have been developed.

**Conclusions.** Under the conditions of the security market stagnation and decline of consumers' confidence to the financial system, the system of collective investments can, due to capitalization, provide the escalation of economic growth and overcoming the crisis in the financial and credit sector.

**Keywords:** security market; emission; share; bond; investment certificate; collective investment institutions; nongovernmental pension funds.

**Актуальність теми дослідження.** Дослідження впливу кон'юнктури ринку цінних паперів України на розвиток інститутів колективного інвестування є актуальним, оскільки вони є альтернативою банкам у сфері заощаджень під час соціально-економічної кризи.

**Постановка проблеми.** Доцільно провести оцінку впливу динаміки основних показників кон'юнктури ринку цінних паперів на стратегічний розвиток колективного інвестування, як альтернативи в умовах падіння довіри населення та бізнесу до фінансово-кредитної системи.

**Аналіз останніх досліджень і публікацій.** У наукових працях таких вчених, як Св. В. Онишко, С. В. Онишко, Л. Л. Гриценко, В. В. Росенко, О. І. Омельченко, О. А. Козлова та ін. досліджуються теоретичні та прикладні аспекти розвитку фінансового ринку в цілому та ринку цінних паперів зокрема.

**Виділення недосліджених частин загальної проблеми.** Дослідниками ще недостатньо опрацьовані проблеми формалізації та комплексної оцінки показників стану ринку цінних паперів з метою моделювання капіталізації інститутів спільного інвестування та недержавних пенсійних фондів.

**Постановка завдання.** Необхідно дослідити сучасний стан ринку цінних паперів і побудувати комплексні багатofакторні моделі капіталізації інститутів колективного інвестування з метою розробки стратегічних орієнтирів їх розвитку.

**Виклад основного матеріалу.** Побудовано моделі залежності сукупної вартості активів вітчизняних інститутів спільного інвестування та недержавних пенсійних фондів від обсягів емісії акцій, інвестиційних сертифікатів інвестиційних фондів, торгів облигаціями України та облигаціями місцевих позик. Розроблено стратегічні орієнтири розвитку колективного інвестування в Україні.

**Висновки.** Коли відбувається стагнація ринку цінних паперів та поглиблюється недовіра споживачів фінансових послуг до фінансової системи, система колективного інвестування може за рахунок капіталізації забезпечити прискорення економічного зростання та подолання наслідків кризи у фінансово-кредитному секторі.

**Ключові слова:** ринок цінних паперів; емісія; акція; облигація; інвестиційний сертифікат; інститути спільного інвестування; недержавні пенсійні фонди.

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**Urgency of the research.** Nowadays, due to the crisis, present in the national economy, the security market is, like other financial markets, in the state of stagnation that prevents its further development. Thus, the two key domestic stock indexes PFTS and UX (Ukrainian Stock Exchange) during 2015 had a negative dynamics, and sank by 38.3 and 33.6% respectively, but in 2016 there was an increase – by 9.1 and 16.0% respectively [1]. The above-mentioned dynamics of stock indices fully reflects the state of the economic development, correlating with the trends of macroeconomic indicators, as the financial investments are realized by direct or indirect participation of the security market. Therefore, a comprehensive assessment of the influence of the security market conditions on collective investment is actual, taking into consideration the search of key determinants of economic growth.

**Target setting.** Due to the fact that in terms of anti-crisis management the assurance of national economy growth is a key direction of state financial policy, it is necessary to assess the impact of the main parameters of security market condition on collective investment.

**Actual scientific researches and issues analysis.** The problems of the financial market development in general and the security market in particular were analyzed in the works of such domestic researchers as Sv. V. Onyshko and S. V. Onyshko, who examined the theoretical aspects of the financial marketplace as a source of financial support for innovative development of Ukraine [2]; L. L. Grytsenko and V. V. Roienko analyzed the problems of the security market development in Ukraine in terms of financial globalization [3]; O. I. Omelchenko and A. A. Kozlov made a retrospective study of the formation and development of the security market [4].

**Uninvestigated parts of the general matter defining.** Scientists have not worked out yet the methodical and practical principles of comprehensive assessment of influence of the security market condition on the collective investment.

**The research objective.** The main objective of the study is the identification, comprehensive assessment and economic and mathematical modeling of the influence of security market condition on the investment activity of collective investment institutions in terms of search of the alternative sources of investment in order to develop strategic guidelines on the increase of collective investment potential in Ukraine.

**The statement of basic materials.** The financial sector of economics, both in the field of public and corporate finance, in the last three years experienced a number of shocks and crises, the most significant of which are the devaluation of the national currency in more than 3 times, increase of state debt by 75% as well as bankruptcy and liquidation of a number of banks and rescue of the biggest of them through nationalization. Because of these events, the trust of the population and business to financial system shook significantly that led to capital runoff and withdrawal of investment from business. We consider that the implementation of macroeconomic anti-crisis events is impossible without the investment potential of the security market, which is only developing and begins to get off the ground.

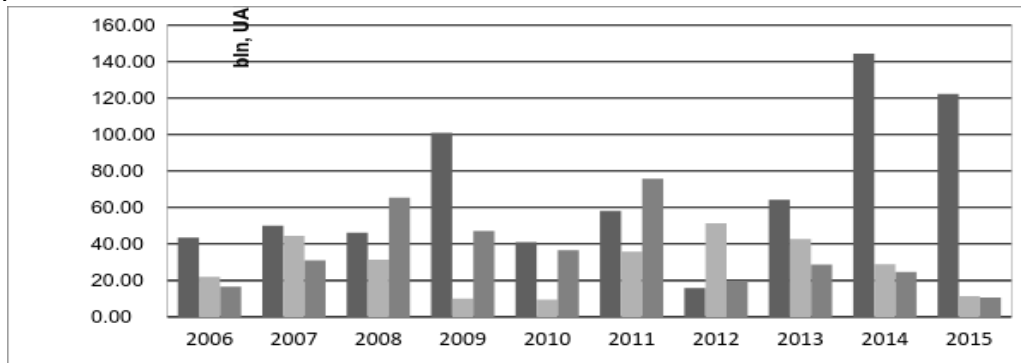
To determine the trends and prospects of the long-term development of the security market in Ukraine, it is necessary to make a comprehensive assessment of its condition and to develop the strategic objectives. The condition of the investigated market is formed by the interaction of security issuers, listed companies and traders, therefore it is appropriate to make an assessment of performance of issuers and traders on the security market.

According to official statistics in the years 2006-2015, we shall make assessment of performance of the main issuers on the security market (Fig. 1).

Thus, the issuing volume of shares at the end of 2015, compared to 2006, increased by 2.8 (+78.76 billion UAH), while the volume of the bond issue sank by 48.3% (-10.7 billion UAH) and the volume of investment certificates of share investment funds issue by 36.3% (-6 billion UAH). However, in 2015 issuing volume of shares decreased by 15.3% (-22.1 billion UAH), bonds – by 60.6% (-17.6 billion UAH), certificates of share investment funds – by 57.3% (-14.2 billion UAH). Reduction of emission activity of issuers reflects deepening of the crisis processes in the security market and the deterioration of its condition during 2015. It can be proved by the results of the analysis of the activities of

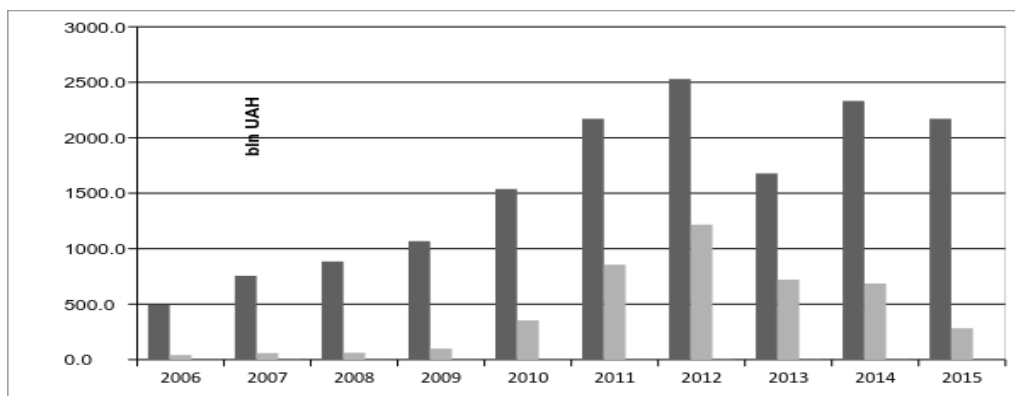
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traders in the security market conducted according to the official statistical data for the last 10 years (Fig. 2).



**Fig. 1. Results of issuing activity in the security market, bln UAH\***

\* formed according to the data, given in [5]



**Fig. 2. Results of trade activity in the security market, bln UAH**

\* formed according to the data, given in [5]

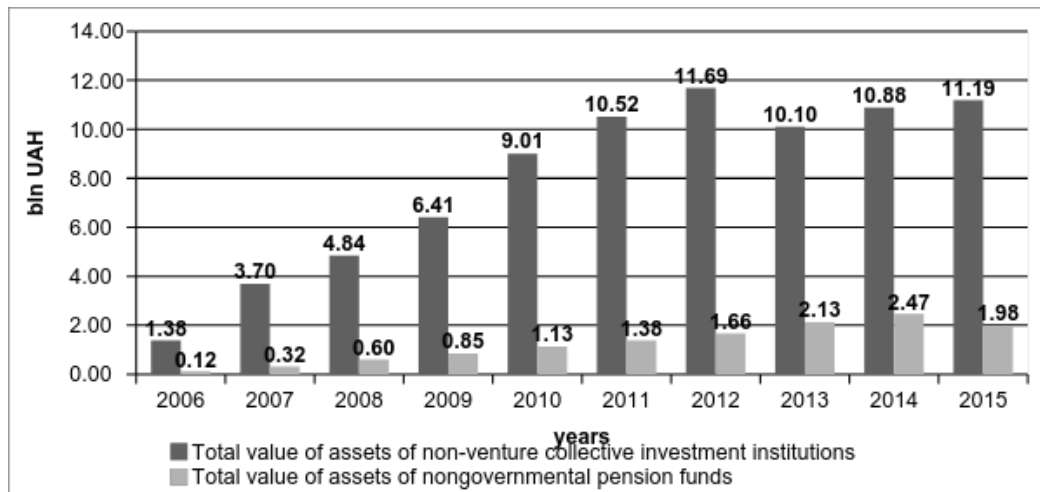
Total trading volume in the security market during 2006-2015 increased by 4,4 times (+1679.9 billion UAH), including government bonds of Ukraine – by 6.9 times (+242.5 billion UAH), local loan stocks – by 29 times (+2.35 billion UAH). In 2015 total trading volume decreased by 6.8% (-159.3 billion UAH), including government bonds Ukraine – by 58.8% (-404.7 billion UAH) and local loan bonds – 40.9% (-1.7 billion UAH). Typical for the period 2009-2010 is the growth of trading volumes in government bonds of Ukraine in 3.6 times (+255.1 billion UAH), as an anti-crisis measure to overcome the global financial crisis of 2008-2009. However, during the years 2014-2015 state anti-crisis policy was implemented primarily through lending from the IMF, that's why the trading volumes of government bonds sank by 2.4 times (-404.7 billion UAH).

There are reasons to consider the main negative consequence of social and economic crisis that began in early 2014 in Ukraine and lasts until today, the loss of public confidence in the financial and credit system of the state, and it is therefore appropriate to investigate the prerequisites for the development of collective investment, represented by the collective investment institutions (unit and corporate investment funds) and nongovernmental pension funds (Fig. 3).

Over the last 10 years, the value of the non-venture collective investment institutions increased by 8.1 times (+9.8 billion UAH) and nongovernmental pension funds – by 16.6 times (+1.9 billion UAH).

Collective financing in the world is an important component in the structure of savings. In Poland for the last 5 years the volume of investment funds, invested by physical persons in nongovernmental pension funds, was about 80-100 billion USD [6].

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**Fig. 3. Dynamics of assets value of collective investment institutions and nongovernmental pension funds, bln UAH\***

\* formed according to the data, given in [5]

To determine the influence of the security market condition on the collective financing, the total value of assets was taken as a resultant sign of non-venture collective investment institutions ( $Y_1$ ) and nongovernmental pension funds ( $Y_2$ ) respectively, and the resulting characteristics were the volume of registered shares issues ( $X_1$ ), volume of bond issue ( $X_2$ ), the amount of registered investment certificates of share investment funds ( $X_3$ ), the volume of trading in the security market, respectively, by government bonds of Ukraine ( $X_4$ ) and local loan bonds ( $X_5$ ). All these values were taken in billion UAH. The results of modelling are given in Tab. 1.

Table 1

**Parameters of multifaceted models of assets value of non-venture institutions of collective investment and nongovernmental pension funds, taking into account the security market condition\***

Result	Y-crossing	Factor				R	R <sup>2</sup>	t	F
		X <sub>1</sub>	X <sub>3</sub>	X <sub>4</sub>	X <sub>5</sub>				
Y <sub>1</sub>	1,923	0,037	0,006	0,008	-	0,89	0,80	4,85	7,83
Y <sub>2</sub>	-0,256	0,012	-	0,001	0,012	0,93	0,86	6,03	12,14

\* calculated by the authors

Data, given in Table 1, show the strong correlation connection between factor and resulting characteristics, as the statistical criteria exceed a critical value. Thus, the increase of shares issue on 1 billion UAH can lead to the increase of value of assets of non-venture collective investment institutions by 37 million UAH, investment certificates of corporate investment funds by 6 million, and an increase in trading volume of government bonds of Ukraine – by 1 billion UAH can provide asset growth of investment funds by 8 million UAH. In percentage (by calculating the partial elasticity coefficients), the total growth of all factors by 1% could increase the cost of the non-venture collective investment institutions by 0.75%. So the increase of share issue, trading volume of government bonds of Ukraine and local loan bonds by 1 billion UAH, ensures the growth of total value of assets of nongovernmental pension funds by 12 million UAH (factor X<sub>1</sub>), 1 million UAH (factor X<sub>2</sub>) and 12 million UAH (factor X<sub>3</sub>) respectively. In addition, the total growth of all factors by 1% can provide the value increase of nongovernmental pension funds by 1.2%.

Parameters of multifaceted models, given in Table 1, lay the foundation for further development of collective investment in Ukraine. Thus, using the moving average method, it was determined that in 2016 total assets value of non-venture collective investment institutions could sank by 5.3% (-563 mil-

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lion UAH) and nongovernmental pension funds could increase by 25.8% (+164 million UAH). Development of long-term forecasts under the obtained models will be the basis for further research of the authors.

**Conclusions.** Therefore, the main strategic objectives (to be realized within 3-5 years) of collective investment development in Ukraine should be identified as the following: first, comprehensive stimulation of initial public offering and secondary public offering of domestic corporations to ensure the growth of registration volumes of shares issue; secondly, creation of conditions for the expansion of public placement of investment certificates of share investment funds; thirdly, by solving the problems of deficiency payment of the state budget or the Ministry of Finance of Ukraine, preference should be given to government bonds, which will ensure the growth of their trade; fourth, further deepening of decentralization processes in order to increase General Fund revenues of local budgets, that will ensure the expansion of public placement of local loan bonds.

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