

OPEN-END MUTUAL FUNDS IN THE YEAR 2002

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The Association of Asset Management Companies (AAM) collects, evaluates and publishes data, on a regular weekly basis, on the development of assets in open-end mutual funds (OMFs) and on the sales achieved. All the aggregate data and totals given below draw upon the background information provided to the AAM by asset management companies, or by representations of foreign asset management companies in the SR, and are calculated in accordance with the applicable internal regulations of the AAM. Exchange rate conversions have been derived from the rates announced by the NBS for the respective foreign currencies and effective dates.

Performance of OMFs

In order for us to be able to compare the performance of mutual funds with each other, it is necessary to take into account the category of the fund and to compare only performance indicators expressed in the same reference currency. Otherwise the results achieved would lead to the wrong conclusions and by that token also to the wrong investment decisions being made.

Cash funds. – Within a time scale of one year, the performance of cash funds should definitely reach a positive level. The value achieved is then derived from the level of interest rates for the currency that is the fund's reference currency. The greatest appreciation for last year was therefore achieved by koruna cash funds, with the performance achieved by them fluctuating from 6.27 to 7.77%. If we consider the fact that the availability of the money invested in this way is almost immediate, but compared to a current account held in the bank such a fund will yield more than twice as much on the average, we shall see exactly why it was the cash funds that sold best in 2002 and reached the total net sales of SKK 3.47 billion. In addition to the koruna funds, there are also funds oriented towards the EUR currency offered in our market, and the performance at the level of more than 3.5% achieved by them is also high above the interest earned on current accounts denominated in this currency in the banks.

Bond funds. – Open-end bond mutual funds are for the most part offered as an alternative to time bank deposits. It however needs to be mentioned that an optimum and significantly greater yield compared to time bank deposits is only achieved by an investment made in the bond fund after a lapse of 2-3 years. This is because unlike for cash funds, asset management companies charge admission and exit fees of several percent for bond funds, and this could reduce the appreciation achieved in short-term investments. Thanks to their flexibility advantages in access to the money invested and a higher appreciation, the bond funds are preferred by majority of investors and, with regard to their 2002 net sales of SKK 2.5 billion they represented the second best selling category of funds in our market. Also in this category, koruna funds performed best (9.72 to 14.24%),

however, the majority of EUR and USD funds also did well, with their appreciation being high above the level of interest rates on time deposits in foreign currencies in the banks.

Equity funds. – There is a risk associated with an investment into equity funds in that in the short term (a period of 5 years is usually mentioned in this context), its value may fluctuate sharply. Such a risk can be even increased proportionally to a possible sector or regional orientation of the equity fund. Since the equity markets experienced constant political and economic tensions throughout the year 2002, which was reflected in their prices falling on all major world's stock exchanges, in a year-on-year comparison the funds in this category, except for a few, recorded a decline in their values. Only the funds targeting the East European emerging markets ended up with positive figures.

Mixed and master funds. – The performance of funds in these categories depended to a great extent on the proportion of shares or equity mutual funds in the particular fund. The higher this proportion, the more negatively was this shares component reflected in the performance achieved by these funds. The only funds which performed well within the category of mixed funds were the TAM – Korunový akciový-dlhopisový fond /the Koruna Equity and Bond Fund/ (13.12% in SKK), the VÚBAM – Vyvážený rastový fond /the Balanced Growth Fund/ (5.06% in USD) and the funds of PRVÁ PENZIJNÁ (1.89 – 7.09% in SKK). With the only exception of the KBC fund – Master Fund ČSOB – Konzervatívny /Conservative/ (6.17% in CZK), all the master funds ended up with negative figures.

Value of Assets in OMFs and Net Sales

The total value of the Slovak investors' assets in open-end mutual funds stood at SKK 16 billion at the end of 2002, which means an increase of as much as 130% on a year-on-year basis. A 90% share of the market is held by the funds of local asset management companies, with the investments of SKK 14.33 billion in their assets, and the assets worth SKK 1.65 billion were entrusted by domestic investors to foreign funds. The largest asset manager in our market is the Tatra Asset Management (managing the



Table 1 Performance of individual OMFs expressed in the reference currency (3rd Jan. 2002 – 2nd Jan. 2003)

| Fund name | Performance in the reference currency | Fund name | Performance in the reference currency |
|-----------------------------------------|---------------------------------------|-------------------------------------------|---------------------------------------|
| Cash OMFs | | WIOF – US Capital Growth Fund | -29,78% v USD |
| VÚBAM – Peňažný korunový fond | 6,27% in SKK | JTAM – Renta globálny akciový | -14,6% in SKK |
| TAM – Korunový peňažný | 7,2% in SKK | CI – Eastern Europe Stock (full-growth) | – |
| Sporo Korunový peňažný fond. o.p.f. | 7,77% in SKK | CI – Eastern Europe Stock (full-growth) | – |
| TAM KONTO – peňažný | – | CI – Eastern Europe Stock (growth) | 5,54% in EUR |
| TAM – Korunový peňažný dividendový | – | CI – Eastern Europe Stock (income) | 3,02% in EUR |
| CI – Euro Cash (growth) | 3,52% in EUR | CI – Eastern Europe Stock (income) | 3,02% in EUR |
| CI – Euro Cash (income) | 3,53% in EUR | CI – Europe Stock (full-growth) | – |
| CI – Euro Cash (full-growth) | – | CI – Europe Stock (growth) | -36,09% in EUR |
| Živnobanka – Sporokonto | – | CI – Europe Stock (income) | -37,45% in EUR |
| Bond OMFs | | CI – Global Stock (full-growth) | – |
| AAF – Príjmový dlhopisový | 9,72% in SKK | CI – Global Stock (growth) | -35,24% in EUR |
| JaD – 1. PF Slnko (bond) | 14,24% in SKK | CI – Global Stock (income) | -36,7% in EUR |
| TAM – Dlhopisový korunový | 10,54% in SKK | CI – Teleworld Stock (full-growth) | – |
| JTAM – Koruna peňažný | 10,51% in SKK | CI – Teleworld Stock (growth) | -43,72% in EUR |
| Sporo Korunový dlhopisový fond. o.p.f. | 12,73% in SKK | KBC – Equity Fund Cyclical | – |
| TAM – Inštitucionálny 01 fond | – | KBC – Equity Fund Eastern Europe | – |
| TAM – Korunový dlhopisový | 13,13% in SKK | KBC – Equity Fund Europe | -30,43% in EUR |
| VÚBAM – Dlhopisový korunový fond | 11,61% in SKK | KBC – Equity Fund Finance | -28,36% in EUR |
| CI – Dollar Bond (full-growth) | – | KBC – Equity Fund Oil | -18,92% in EUR |
| CI – Dollar Bond (growth) | 8,53% in USD | KBC – Equity Fund Pharma | -30,92% in EUR |
| CI – Dollar Bond (income) | 9,84% in USD | KBC – Equity Fund Telecom | -47,3% in EUR |
| JTAM – U.S. Bond dlhopisový | 12,83% in USD | KBC – Equity Fund Utilities | – |
| KBC – Renta Dollarenta | 8,65% in USD | KBC – Equity Fund World | -33,67% in EUR |
| TAM – Dolárový dlhopisový | 9,4% in USD | Pioneer America Fund Plc | -30,56% in EUR |
| VB – Dollar–Rent | 9,45% in USD | Pioneer European Equity Fund Plc | -29,31% in EUR |
| VÚBAM – Dlhopisový dolárový fond | 5,91% in USD | Pioneer Global Equity Fund Plc | -34,6% in EUR |
| WIOF – USD International Bond | 7,08% in USD | TAM – Európsky akciový | -29,31% in EUR |
| CI – Euro Corporate Bond (full-growth) | – | TAM – Európsky technologický | -42,93% in EUR |
| CI – Euro Corporate Bond (growth) | 7,9% in EUR | VB – Amerika–Invest | -31,66% in EUR |
| CI – Euro Corporate Bond (income) | 3,49% in EUR | VB – Europa–Invest | -42,3% in EUR |
| CI – Euro Government Bond (full-growth) | – | VB – Global Blue Chip Fund | -30,34% in EUR |
| CI – Euro Government Bond (growth) | 7,99% in EUR | VB – Pacific–Invest | -18,4% in EUR |
| CI – Euro Government Bond (income) | 3,71% in EUR | Veri – Eurovaleur | -40,44% in EUR |
| CI – Global Bond (full-growth) | – | Veri – Valeur | -47,74% in EUR |
| CI – Global Bond (growth) | 1,73% in EUR | WIOF – European Equity | -38,28% in EUR |
| CI – Global Bond (income) | -2,7% in EUR | Živnobanka – Akciový fond | – |
| JTAM – Euro bond dlhopisový | 4,19% in EUR | Mixed OMFs | |
| KBC – Bonds Capital Fund | 2,03% in EUR | AAF – Zahraničný rastový | -23,85% in SKK |
| KBC – Renta Eurorenta | 8,09% in EUR | IAM – Medzinárodný vyvážený | -11,32% in SKK |
| TAM – Euro dlhopisový | 5,71% in EUR | JTAM – Reštitučný o.p.f. | – |
| VB – Corporate–Bond–Fund | -0,93% in EUR | PP – Bonus | 2,57% in SKK |
| VB – Europa–Rentenfonds | 8,2% in EUR | PP – Eurofond | 1,89% in SKK |
| VB – Interbond | 4,94% in EUR | PP – Kredit | 7,09% in SKK |
| VÚBAM – Dlhopisový eurofond | 4,33% in EUR | Sporo Progresívny zmiešaný fond. o.p.f. | – |
| Živnobanka – Obligačný fond | – | Sporo Konzervatívny zmiešaný fond. o.p.f. | – |
| Equity OMFs | | TAM – Korunový akciový–dlhopisový | 13,12% in SKK |
| IAM – Globálny technologický | -40,45% in USD | TAM – Medzinárodný akciový–dlhopisový | -3,46% in SKK |
| JTAM – Euro akciový | -13,47% in USD | VÚBAM – Vyvážený rastový fond | 5,06% in USD |
| JTAM – Hi–tech akciový | -24,06% in USD | Veri – Tresor | -32,75% in EUR |
| JTAM – Japan akciový | -17,47% in USD | WIOF – Balanced Euro | -8,27% in EUR |
| KBC – Equity Fund America | -23,74% in USD | VB – Inter–Invest | -8,65% in EUR |
| KBC – Equity Fund Biotechnology | -37,74% in USD | Master OMFs | |
| KBC – Equity Fund Internet | -48,03% in USD | CI – Einstein Absolut (growth) | -15% in EUR |
| KBC – Equity Fund Medical Technologies | -18,91% in USD | CI – Einstein Absolut (income) | -15,86% in EUR |
| KBC – Equity Fund Technology | -39,65% in USD | CI – Einstein Relativ (growth) | -34,48% in EUR |
| KBC – Equity Fund Technology Top 20 | – | CI – Einstein Relativ (income) | -34,48% in EUR |
| KBC – Equity Fund US Small Caps | -15,73% in USD | CI – Master Fonds dynamisch (full-growth) | – |
| TAM – Americký akciový | -16% in USD | CI – Master Fonds dynamisch (growth) | -17,47% in EUR |
| VÚBAM – Svetové akcie | -22,17% in USD | CI – Master Fonds dynamisch (income) | -19,45% in EUR |
| WIOF – Global Equity | -24,92% in USD | KBC – Master Fund Defensive | -4,22% in EUR |



| Fund name | Performance in the reference currency |
|----------------------------|---------------------------------------|
| KBC – Master Fund Dynamic | -23.9% in EUR |
| KBC – Master Fund Equity | -32.22% in EUR |
| KBC – Master Fund Optimum | -16.54% in EUR |
| KBC – Master Fund Sectors | -34.65% in EUR |
| VB – Amerikan Selection | -38.07% in EUR |
| VB – Modern Times | -49.84% in EUR |
| VB – Quartett "Ertrag" | -16.12% in EUR |
| VB – Quartett "Sicherheit" | -5.35% in EUR |

| Fund name | Performance in the reference currency |
|--------------------------------------|---------------------------------------|
| VB – Quartett "Wachstum" | -27.66% in EUR |
| VB – World Selection | -28.53% in EUR |
| Veri – Select | -20.56% in EUR |
| KBC – Master Fund ČSOB–Rastový | -15.54% in CZK |
| KBC – Master Fund ČSOB–Dynamický | -22.95% in CZK |
| KBC – Master Fund ČSOB–Konzervatívny | 6.17% in CZK |
| KBC – Master Fund ČSOB–Vyvážený | -7.98% in CZK |

Table 2 Net sales by individual categories of OMFs

| Fund category | Net sales for 2002 in SKK | Share in % |
|----------------------------------|---------------------------|------------|
| Cash OMFs | 3 468 609 139 | 45.81 |
| Bond OMFs | 2 508 537 519 | 33.13 |
| Mixed OMFs | 1 012 366 710 | 13.37 |
| Equity OMFs | 427 725 043 | 5.65 |
| OMFs for institutional investors | 109 413 663 | 1.44 |
| Master OMFs | 45 566 522 | 0.60 |
| TOTAL | 7 572 218 596 | |

Table 3 Market share of individual categories of OMFs

| Fund category | Net asset value as of 2nd Jan. 2003 in SKK | Share in % |
|---------------|--------------------------------------------|------------|
| Bond OMFs | 5 618 347 234 | 35.16 |
| Mixed OMFs | 5 117 515 787 | 32.03 |
| Cash OMFs | 3 751 767 932 | 23.48 |
| Equity OMFs | 1 404 175 462 | 8.79 |
| Master OMFs | 86 786 068 | 0.54 |
| TOTAL | 15 978 592 483 | |

assets of SKK 5.1 billion), which has an almost 32% share in the OMF market. This company is followed, at some distance, by the companies PRVÁ PENZIJNÁ (1.98 billion in open-end funds and SKK 1.74 billion in closed-end funds) and Asset Management Slovenskej sporiteľne (managing the assets of SKK 2.72 billion). Other companies still above the billion threshold include the VÚB Asset Management (SKK 1.76 billion) and the J&T Asset Management (SKK 1.75 billion). The largest mutual fund in the AAM statistics is the Sporo-Korunový cash fund of the Asset Management Slovenskej sporiteľne (SKK 1.82 billion), and the one-billion asset threshold is also surpassed by four other funds (TAM – Korunový dlhopisový, JTAM – reštitučný o.p.f., PP – Eurofond, and TAM – Korunový peňažný).

The value of the OMF net sales (a difference between the value of units sold and returned) amounted to SKK 7.5 billion in 2002. By all means, cash funds proved to be the most popular category of funds, which accumulated as much as SKK 3.47 billion of new investments, and this category attracted as much as 45% of the value of total yearly net sales. Bond funds also enjoyed the interest of investors and gained SKK 2.51 billion. The least interest was shown in the so-called master funds (funds making investments into the units of other funds).

The distribution of investments across the individual categories of funds is influenced by the development of sales in previous periods. In the past, mixed funds have sold the best, and so this category has still retained a 32% share in the OMF market (SKK 5.12 billion of assets). In an overall evaluation they were however surpassed by the category of bond funds (35% and the assets of SKK 5.62 billion), and the market share of cash funds (23% share of

Table 4 Share of individual asset management companies in the OMF market

| Asset manager (AAM member) | Net asset value of as of 2nd Jan. 2003 in SKK | Market share in % |
|----------------------------------------|-----------------------------------------------|-------------------|
| Tatra Asset Management | 5 100 902 102 | 31.923 |
| Asset Management Slovenskej sporiteľne | 2 720 642 111 | 17.027 |
| PRVÁ PENZIJNÁ | 1 979 269 331 | 12.387 |
| VÚB Asset Management | 1 762 915 943 | 11.033 |
| J&T Asset Management | 1 750 130 248 | 10.953 |
| WIOF (SFM Group) | 700 204 463 | 4.382 |
| Istro Asset Management | 487 714 817 | 3.052 |
| AMSLICO AIG Funds | 464 229 650 | 2.905 |
| KBC (ČSOB) | 266 521 448 | 1.668 |
| Volksbanken (Ludová banka) | 207 948 111 | 1.301 |
| Capital Invest (HVB Slovakia) | 185 469 987 | 1.161 |
| Veritas (ATS Brokers) | 147 510 543 | 0.923 |
| Pioneer Investments | 83 421 848 | 0.522 |
| Investičná a Dôchodková správ. spol. | 61 844 925 | 0.387 |
| Invesco (HVB Slovakia) | 59 866 957 | 0.375 |
| ŽB – Trust | 180 000 | 0.001 |
| T O T A L | 15 978 772 483 | |

the market and the assets worth SKK 3.76 billion) has also markedly improved. These are, at some distance, followed by the category of equity funds (9% share and SKK 1.4 billion of assets) and master funds (less than 1% share and the assets of SKK 87 million).

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