

ANALYSIS OF UNIT VALUE OF KAZAKHSTAN'S MUTUAL INVESTMENT FUNDS

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Abstract: *the transformation of savings into securities plays an important role in the development of the country's economy, since it allows working free money for the needs of the economy. Recently, individual investments in mutual funds have been stepped up in Kazakhstan. In this connection, the question arises: what attracts investors in Kazakhstan investment funds. The article analyzes the value of units of some Kazakhstan mutual funds in the dynamics over the past three years, and also analyzes the attractiveness of shares in the Kazakhstan stock market.*

Keywords: *unit investment funds, unit value, transformation of savings.*

АНАЛИЗ СТОИМОСТИ ПАЕВ КАЗАХСТАНСКИХ ПИФОВ

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Аннотация: *трансформация сбережений в ценные бумаги играет важную роль в развитии экономики страны, поскольку позволяет работать свободным денежным средствам для нужд экономики. В последнее время в Казахстане активизировались инвестиции индивидуальных инвесторов в паевые инвестиционные фонды. В связи с этим возникает вопрос: что же привлекает инвесторов в казахстанских инвестиционных фондах. В статье проводится анализ стоимости паев некоторых казахстанских паевых инвестиционных фондов в динамике за последние три года, а также проводится анализ привлекательности паев на фондовом рынке Казахстана.*

Ключевые слова: *паевые инвестиционные фонды, стоимость паев, трансформация сбережений.*

The process of transforming assets into securities is possible in several ways: by means of personal investment of free funds into shares, bonds, government obligations, etc. or through various types of financial intermediaries. In the first case, having a certain savings an individual investor turns to the broker for the purpose of acquiring certain financial instruments. In the second - investment is carried out through the formation of savings on the accounts of financial institutions and investment of accumulated funds also in various financial instruments.

In the case of investing through trust management of assets: investment in mutual funds, AIFs, - so-called collective investment is carried out. In this case, we can talk about the transformation of assets first into investment capital, and then into various securities. One way or another, there is a qualitative transformation of assets, as they not only retain their value, but also provide additional income.

As the data of the Kazakhstan Stock Exchange show, investments in mutual funds are gaining popularity recently. Moreover, the activation and interest have increased precisely from the side of individual investors (Figure 1).

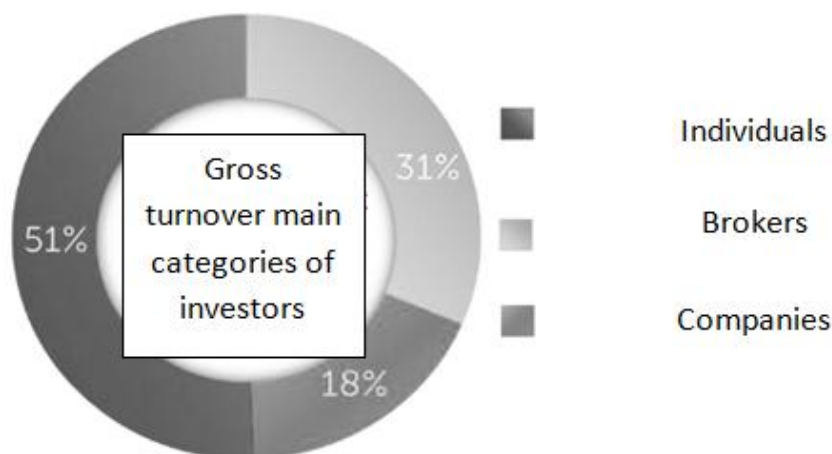


Fig. 1. Major categories of investors [1]

This state of affairs is quite understandable, since investments in mutual funds have a number of advantages:

1. Professional management and high investment efficiency. Portfolio managers and analysts take care of customer money management. They analyze the situation in the securities market and real estate and decide what securities at the moment they need to buy and which ones to sell.

2. The effectiveness of investment in mutual funds is higher than the deposit. Banks attract deposits, with a margin of 3-5% to give out loans to businesses. The enterprise needs a loan to earn additional income from replenishing current assets. As a result, managing companies, acquiring securities of promising enterprises, along with the main owners of enterprises receive their share of business profits.

3. Interest in the earnings of shareholders. The management company is interested in the fact that the shareholders receive the maximum income, as the amount of its compensation depends on this, too. The more profit the management company earns for shareholders, the more profit it will get to itself.

4. High reliability. The activity of unit investment funds is structured in such a way that, to date, this is perhaps the most effective way to reduce the risk of private investors. Reducing the risk when investing in mutual funds is due to the fact that the investor is given the opportunity to regularly access reports on the activity of the mutual investment fund and the management company, as well as on the unit value and the structure of the assets of the investment fund, the professional asset management is carried out, a wide diversification of the investment portfolio is carried out. Protection of investors' rights is ensured by the organizational structure of the mutual fund, as well as by the control of the custodian bank and the state.

5. The ability to sell a share and receive money, taking into account their growth. The units can be sold in the terms stipulated by the fund rules. In accordance with the law, the management company is obliged to repurchase the unit at its current value, therefore, a situation is impossible where the client is denied payment of money.

6. Diversification of investments. A management company can buy many different securities in such a way that the cost reduction of some is compensated by the growth of the value of others. One investor would need at least several million tenge to create such a portfolio of securities. And in the share fund, even small funds of any investor will be distributed throughout the portfolio of securities of the unit fund. In addition, mutual funds, due to the volume of funds raised, carry relatively small transaction costs compared to individual investors. Low operating costs favorably affect the overall investment result.

Consider the situation in the mutual funds of the Republic of Kazakhstan and analyze the value of their shares for 2015 - 2017. We will analyze the mutual funds that provided information: Treasury (open), CenterCredit - Intelligent balance (interval), Asyl-Expert (interval), Eurobond (interval), Halyk-Interval (interval) (Figure 2).

As can be seen in figure 2, the value of the units is growing and during 2016-2017. Remains fairly stable. The value of a share depends on its original price. All of the above funds have roughly the same growth trend with an increase in early 2016 and an insignificant decrease in mid-2016.

Thereafter, there is a steady upward trend. It is this growth trend that becomes attractive for investors, which allows them to buy shares and subsequently sell them at a higher price.

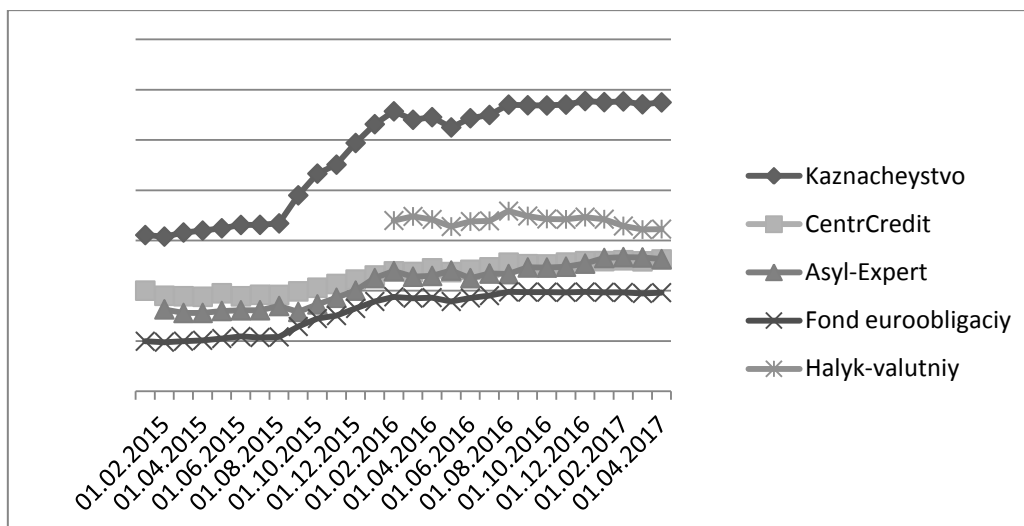


Fig. 2. Dynamics of the value of units [2]

A slightly different situation is observed in the mutual fund Halyk-Foreign Exchange. Since the main investments here are foreign currency, and not securities, the value of the units is quite volatile. In addition, since early 2017, there has been a decline in the value of the fund unit.

Thus, it can be noted that individual investors began to attract investments in securities under trust management through mutual funds. This is evidenced by the figures in Figure 3.

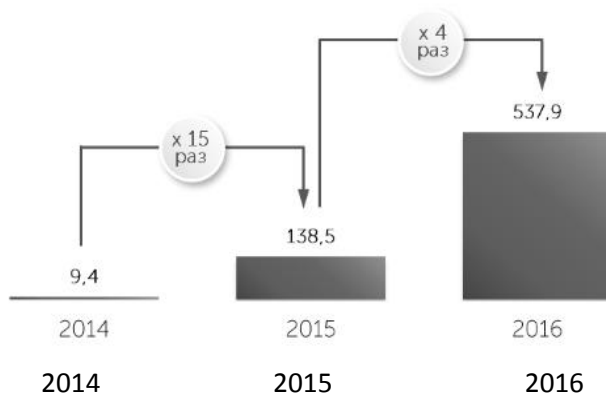


Fig. 3. Trading volumes of shares, mln KZT

As can be seen from Figure 3, trading volumes in 2015 increased 15-fold, and in 2016 another 4-fold. At the same time, the bulk of trading was in April-June 2016. Thus, in April, the volume of trades amounted to KZT65.2 million, in May - KZT241.5 million, and in June it decreased to KZT78.6 million.

Thus, it can be noted that individual investors began to prefer to invest in securities, rather than in currency, as it was in the recent past. Increase in the popularity of the units became a consequence of the growth of their value in mutual funds investing in securities. All this testifies to the growth of processes of transformation of savings into securities.

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