
Q3 2021 overview of fund managers sector

Withdrawals from the second pension pillar funds had the expected impact on the results of fund managers in the third quarter, as the total value of funds including non-public and foreign funds declined by 1.2 billion euros.

Key indicators	Q2 2021	Change	Q3 2021
Value of assets	7.98 bln €	?	6.71 bln €
managed,	6.96 bln €	?	5.63 bln €
of which assets of funds (including non-open funds			
Quarterly growth in the market value of funds	4.4%	?	-18.1%
Value of balance-sheet assets of fund managers	99.9 mln €	?	103.5 mln €
Profit	1.02 mln €	?	3.78 mln €
Annualised return on equity	8.5%	?	10.9%
Equity coverage ratio	324%	?	358%

The value of mandatory pension funds dropped by 1.26 billion euros, which was 23.5% of the value of second pillar funds. The volume of other funds increased. The biggest increases were of 8.1% at foreign alternative funds and of 5.9% at voluntary pension funds. The value of funds in the fund management business line fell in total by 18.1% in the third quarter.

The volume of fund assets invested increased by 5.7% in the third quarter. The assets of this service were 9.1% smaller than they were a year earlier. The fund asset investment business line stood at 946.4 million euros in value.

The volume of assets in securities portfolio management remained at the same level as in the previous quarter at 129.6 million euros. The assets of this business line were 4.2% more than a year earlier and they have remained stable in recent quarters. The total value of assets managed by all business lines was 6.71 billion euros at the end of the third quarter of 2021.

The balance sheet of fund managers had fallen consistently over the preceding year, but in the third quarter of 2021 it was 3.5% larger than in the previous quarter, and the aggregate balance sheet stood at 103.5 million euros.

The third quarter of 2021 of the most profitable of the year, with aggregate profit of 3.78 million euros. Despite the reduction in size of the pension funds and the consequent reduction in service fee income, the withdrawal of 1.26 billion euros from second pillar funds did not impact the profitability of fund managers enough to threaten the sustainability of the business model. As the fall in the volume of pension funds came in the final month of the third quarter, two thirds of income had been earned before the withdrawals. The annualised return on equity (ROE) of the sector has also improved over the year, as it was around 11% in the third quarter, which is 2.4 percentage points better than in the previous quarter.

The coverage of the own funds requirements of the fund management sector improved by 34 percentage points in the third quarter to 358%.

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