

FEATURES OF INVESTMENT IN MUTUAL FUND: IN CASE OF RUSSIA

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ISSN 2277-7733

Volume 7 Issue 4,

March 2019

Abstract

The article discusses the features of mutual funds, examining Russia's experience using an example. The emergence of investment funds in Russia was predetermined by the course of economic reforms taking place during the transition of the Russian economy to market relations. The need for the formation of various forms of ownership, the presence of which is characteristic of market conditions of management, was the prerequisite for the emergence of mechanisms to facilitate the implementation of this process. One of these mechanisms has become an investment fund. The peculiarity of this institute is the purposeful activity of servicing a small investor who invests his money in securities. Widespread in the world and high rates of development of investment funds largely explain the pattern of their emergence in Russia, where the issue of creating such an institution to attract savings to a wide range of small and medium-sized investors, able to ensure high standards of management of attracted assets, has become obvious and highly relevant.

Keywords: *investment funds, mutual fund, financial market*

The problem of attracting public funds to the investment sphere, which was particularly acute in the “post-scoping” period, necessitated a revision of the approach to the development of investment funds and the reorientation of their activities from the processes of privatization to the accumulation of citizens' savings to increase investment resources. In this vein, work began on the creation of fiduciary funds or mutual investment funds.

In 1996, the start was given to the development of mutual investment funds and within six years more than 57 mutual investment funds were registered in Russia. In this regard, the role of scientific works on the study of mutual investment funds as an institution for attracting domestic investment resources and ensuring effective management of these resources is growing.

From the standpoint of practice, the relevance of this study lies in the fact that the development of this financial institution enhances the inflow of domestic investment in the Russian economy and creates favorable conditions for economic growth. Tax revenues increase accordingly, which means that funding for social programs and budget organizations is improving, institutional investors and commercial banks are struggling for money from the population, investment conditions are improving, the demand for securities is increasing, and opportunities for the population are being reliably maintained and multiplied. saving. Thus, the economic and social importance of the creation and development of mutual investment funds is very high.

The degree of knowledge of the problem. Since the beginning of the reform of the Russian economy, a large number of scientific papers have been devoted to the problems of the investment process and the financial market. Many domestic and foreign scientists analyzed the activities of the financial market in relation to the Russian experience. Scientific papers made references to the conditions of the Russian economy in transition and the difficulties associated with this.

Modern Russian investment funds are a relatively new object of study, requiring the study of existing experience in the development and operation of investment funds in economically developed countries.

The definition of the role of investment funds in the financial market, the analysis of their activities and the investment strategies they use are presented in the works of such domestic and foreign economists as:

Pavlova E. V.(2015), Ya. Mirkin (1994), Mobius M. (1995), Pertsev A. P. (2000), Petrov V. (1996), Peter T. Waterman R. (1986), Rozov A. (1998), Savitsky K.L., Captain M.E. (2000), Sizov Yu. (1999), Tregub A. (2002), Chebotarev M. (1995), Sharpe W.F., Alexander G.J., Bailey J.V. (1997), Shoiko S. (1993), Rubtsov B.V. (1996) and YandiyevM.(1996) et al.

The scientific literature examines the activities of a number of forms of investment funds at various stages, however, the comprehensive concept of the development of these institutions in Russia, as well as their investment strategies used in the transition economy, are not sufficiently developed.

A unit investment fund (UIF) is a property complex, without a legal entity, based on the trust management of the fund's assets by a specialized management company with the aim of increasing the value of the fund's assets. Thus, a similar fund is formed from the money of investors (shareholders), each of which owns a certain number of shares.

The purpose of creating a mutual fund is to make a profit on the assets united in the fund and the distribution of the profits among investors (shareholders) in proportion to the number of shares. An investment unit (unit) is a registered security document certifying the right of its owner to a part of the fund's property, as well as redemption (repurchase) of the unit in accordance with the rules of the fund. Investment units, thus, certify the investor's share in the fund's assets and the investor's right to receive from the mutual fund the funds corresponding to this share, that is, to redeem the units at current value. Each investment share gives its owner the same amount of rights. Accounting for the rights of owners of investment shares (registry) is conducted by an independent organization that keeps a register of owners of shares.

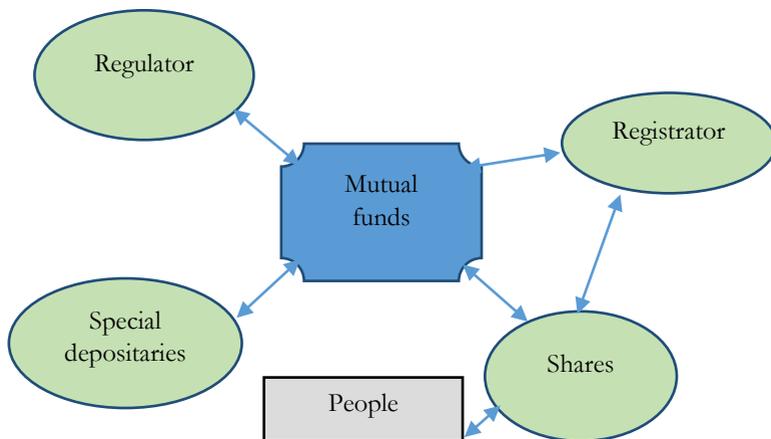


Fig.1. Mechanism of mutual funds

Features of investment in mutual funds in Russia

Russian citizens are increasingly looking for ways to save their money from inflation and increase their savings. This explains the relevance of the study of the attractiveness of investing in mutual funds. Traditional types of investment, such as bank deposits, continue to disappoint private investors. Investing in alternative, more risky instruments can result in both real high returns and large losses of money due to changes in the market value of assets. Often investors are attracted not so much by the reliability of such funds, as their profitability, which is higher than the deposit rates in the largest banks. Over the past year, the most significant bond funds showed a return of 20-32%.

Table 1 Rating of mutual funds by yield in Russia (for 2015-2016yy)

Name of authorized company	Name of authorized company	Type offund	Share as of 07/31/15	Share as of 07/29/16	Growth%
Aricapital - CleanMoney	Arikapital	Open, bonds	1211,9	1589,31	31,14
VTB - EurobondsFund	VTB Capital Asset Management	Open, bonds	9,6	12,49	30,1
Sberbank - Eurobonds	Sberbank Asset Management	Open, bonds	1818,6	2364,21	30
RSHB - CurrencyBonds	RSHB Asset Management	Open, bonds	1487,1	1885,92	26,82
EurobondFund	AtonManagement	Open, bonds	936,29	1186,29	26,7
Gazprombank - CurrencyBonds	Gazprom bank - Asset Management	Open, bonds	2554,3	3209,83	25,66
TKB Investment Partners - Currency Bond Fund	TKB Investment Partners	Open, bonds	22637	28240,31	24,76
AlphaCapitalEurobonds	Alpha Capital	Open, bonds	3312,8	4090,63	23,48
Spare. Currencyinvestments	Capital system	Open, bonds	106,44	129,28	21,46
Opening - Eurobonds	OPENING	Open, bonds	1452,3	1759,66	21,17

Under the conditions of economic instability in Russia, as well as fearing the steady growth of stock indices, investors prefer only conservative instruments, carefully choosing strategies.

Open-ended mutual funds (mutual funds) show the flow of funds from private investors. Positive dynamics in the collective investment market was formed at the end of the summer of 2015. In August-October last year, the average monthly inflow of funds to the funds was about 600 million rubles. In July 2016 alone, mutual funds raised about 1 billion rubles. Over the past year, the funds received more than 12 billion rubles.

Exploring the dynamics of the volume of the mutual fund market in the Russian Federation, it can be noted that the market of investment funds is rapidly developing and attracting more and more investors. The massive reduction in interest rates due to the increase in reserve requirements for ruble and foreign currency deposits from August 1 and an increase in the rates of contributions to the Deposit Insurance Fund will further attract the attention of potential investors to alternative investment instruments.

A mutual investment fund is a form of collective investment in which citizens's combined funds are combined for further placement by professional managers in securities or other assets that have a high yield for profit. Employees of the management company make deals with the property of shareholders, play with

investors' money on the stock exchange, decide when and what to buy and sell on them. There is always a risk to remain at a loss, but the shareholder independently chooses the appropriate risk-return ratio, guided by the basic rule: the higher the potential income, the higher the risks.

An investment unit is a registered security, which certifies the owner's right to a share of the property constituting a mutual fund. An investment share does not have a nominal value, and the number of investment shares owned by one owner may be expressed as a fractional number, depending on the amount invested by the shareholder in the mutual fund.

The name of the mutual investment fund necessarily contains information on the composition and structure of its assets. The list of investment objects and requirements for the structure of assets are contained in the investment declaration of the fund. The actual composition is disclosed quarterly in the report on the investment of the fund.

When buying and selling shares, a commission is charged in the form of allowances and discounts, respectively. The purchase price of the share will be increased by the amount of the premium (up to 1.5% of the value of the share). The sale price of a share will be reduced by the amount of the discount (up to 3% of the value of the share). These tools are used to cover the costs of organizing the sales process and repurchases. Shareholders indirectly bear other expenses - remuneration of the management company, specialized depository, registrar, auditor. These costs are deducted daily from the value of the fund's assets. In the final specified value of the unit and the yield of the fund, these costs are already taken into account. To encourage large and long-term investors, many management companies do not take extra charges with a large amount of investments and discounts if the tenure of a share is more than a year.

There are three types of mutual funds: open - the ability to buy or sell a share on any working day; interval - only in certain terms. Dates of real estate, without worrying about their liquidity and without fear of a sudden outflow of funds of shareholders. opening and closing of the interval are fixed, prescribed in the rules of trust management of the fund; closed mutual funds are created for any project for a period of 1–15 years; shares can be sold only after its completion. Shareholders receive money after the termination of the fund. This allows you to buy significant blocks of shares or

Depending on the objects of investment, the following types of mutual funds are distinguished: money market fund, bonds, shares, mixed investments, fund of funds, real estate fund, index fund. Each mutual fund combines both criteria: the type and type. There are open, closed and interval mutual funds of bonds, and at the same time open mutual funds can be mutual funds, bonds of mixed investments, money market.

Open and interval mutual funds of stocks, bonds and mixed investments have long been working on the Russian stock market and are most popular and in demand among private investors. The main advantage of open mutual funds is the high liquidity of their shares, therefore, the investor has more opportunities to react to the slightest market fluctuations. Interval funds are more profitable than open ones. It is easier for them to plan investments, since shareholders cannot at any time withdraw their funds from the fund, and the managers can invest them for a longer period.

Investing in low liquid instruments can bring profits far above average.

Restrictions on the shareholder's freedom, in favor of increasing the managerial maneuver, can provide better results. Managing companies of closed mutual funds have even more opportunities to make money work efficiently. Investing in real estate, in nano technology, research can bring investors the maximum income, but at the same time, are the most risky.

The shareholder's income consists of the increase in the value of its shares, which over time can both increase and decrease, as the market value of the securities in the assets of the fund changes. Investment results in the past do not determine future returns. Neither the state nor the management company guarantees the profitability of investments in mutual investment funds. MC can not make promises and assumptions about the future efficiency and profitability of its investment activities. On the invested capital, income in the form of interest or dividends is not paid to the owners of the units. Investors make a profit only when they sell their shares back to the management company, unless of course the value of the shares has increased and exceeded all shareholder expenses.

A mutual fund is not a legal entity, and its property is managed by a management company, whose activities are strictly regulated and controlled. In order to avoid abuse of investors' funds, storage and management of them is divided. The shareholders' money is kept in a specialized depository, which saves and controls the legality of operations with them. The specialized depository keeps track of where the management company sends the funds to the shareholders in order to comply with the requirements for the composition and structure of the assets of the mutual investment fund. The management company is audited annually.

This separation mechanism is called the principle of separation of property that constitutes a mutual investment fund from the property of the management company itself. By virtue of this organization of work, shareholders' money cannot be spent to the detriment of depositors. The value of the fund's assets may decrease due to the fall in the market price of the securities that make up the fund's assets, but even in the event of a bankruptcy of the management company, investors will not suffer, as the mutual fund will be transferred to the management of another company.

One of the most important indicators characterizing the activities of investment funds is the value of its net assets (NAV) - the difference between the assets and liabilities of the fund. The value of a share is determined on the basis of the current NAV, by dividing it by the number of issued shares. The net asset value of the fund also varies due to the purchase or sale of the shares by the shareholders, but this does not change the price of the shares, as their number changes. The estimated value of a share in an open-end fund is determined and published daily by the management company.

Choosing a management company, it is not enough for an investor to evaluate its activity, relying solely on the NAV indicator, which speaks only about the amount of funds raised. It is important to consider also indicators of profitability. The defining investment characteristics of the portfolio is the expected return and risk, each investor chooses their acceptable ratio for themselves. With a lack of experience, you can use the calculated indicators and the reliability rating of the fund management company from the National Rating Agency. This rating allows potential investors to protect their funds from investments in funds with low quality management. When

making a rating, the following is evaluated: the size and dynamics of assets in trust, the size and adequacy of capital, liquidity and diversification of investments, the completeness and accuracy of the information provided.

The following advantages of investing in mutual investment funds can be highlighted: Funds are strictly regulated by law; The situation on the securities market is assessed by experienced, professional employees of the MC; To purchase a share it is enough to have a small amount of 5 thousand rubles; The ability to sell a share of an open-end fund at any time when prices seem most attractive to the investor himself; Minimization of risks in the formation of the investment portfolio. The management company is able to buy a variety of different securities, optimizing the portfolio so that the decline in the value of some is compensated by the rising cost of the other.

The disadvantages include the absence of a guarantee of income and costs for the services of the management company. When choosing a unit investment funds is to analyze the value of the company's net assets, the volume of funds raised, as well as the history of the company and the duration of its existence in the market.

Investing in securities is a difficult, time-consuming job requiring skills and in-depth market knowledge. This experience has been gained over the years. Independent management of funds takes enough time, and if an investor is not experienced, the effectiveness of his investments can be extremely low, while the risks of losing his money on the contrary will greatly increase.

In Russia, there are more than 350 funds that show completely different results of their activities. The management company Sberbank Asset Management in the Rating of Management Companies from the National Rating Agency has an AAA rating, which corresponds to maximum reliability. In the Rating Management Companies from RAEX ("Expert RA"), A ++ was assigned to it, which characterizes an exceptionally high one — the highest level of reliability and quality.

To invest in mutual funds of Sberbank managed by Sberbank Asset Management CJSC, it is necessary to have an initial capital of 15 thousand rubles. - This is the minimum unit size. Sberbank Asset Management offers customers a wide range of investment products.

Under the management of this company 20 open-ended mutual funds. Among them, the SberbankIlyaMuromets Bond Fund is the most highly profitable Russian OPA INVESTMENT FUNDS of ruble bonds in 2015. In the Rating of management companies in terms of the net asset value of Sberbank Management Company, Assets Management ranks first at 24.37% of the market share of open-ended mutual investment funds. The table shows the rating of unify investment funds by value of net assets.

It can be concluded that the TOP-10 mutual investment funds presented in the table are the most popular, since the sum of their net assets makes up almost 40% of the assets of all Russian mutual funds. 7 out of 10 funds - bond funds. This also characterizes these mutual investment funds as the least risky and suggests that it is first of all important for the investor to save money, and only then get the maximum profitability. Among the leaders there are 3 funds at once: Sberbank Asset Management Sberbank - IlyaMuromets Bond Fund, Sberbank - Biotechnologies, Sberbank - Eurobonds. The funds managed by Sberbank Asset Management took the leading positions in the ratings of the Investfunds portal also in terms of profitability and in terms of the funds raised during the year starting from the 3rd quarter of 2015.

In the top-10 OPAI investment funds by yield among all open-ended investment funds with a net asset value (NAV) of more than 10 million rubles. over the past year, none of the open-end funds of the management company Sberbank Asset Management have been reported. On the 13th position in the rating is the fund of shares of Sberbank - Electric Power Industry (the increase in share value was 43.74%). In general, over the period, open-ended funds of Sberbank Management Company Asset Management showed an increase in share value. The Sberbank-Gold fund ranks quite high in the rankings - 36th place - an increase of 32.58% of the value of a share; Sberbank's bond fund - Eurobonds - 45th position - an increase of 30%.

Among the outsiders are the funds that showed a negative increase. The Sberbank - Telecommunications and Technologies, Sberbank - Europe, Sberbank - Biotechnologies Equity Fund increased by -1.59, -5.55, -16.99, respectively.

In mutual investment funds Sberbank-Biotechnology ranked fourth in the rating in terms of the funds raised from shareholders among all open-end investment funds with a net asset value (NAV) of more than 10 million rubles. The net inflow of funds into this OPAI investment funds amounted to 1.89 billion rubles.

In fifth place is the Sberbank - Consumer Sector share fund; the inflow is 1.14 billion rubles. Another eight bond fund managed by Sberbank Asset Management OPA investment funds Sberbank Eurobonds closes the top eight leaders. Net inflows for the period under review amounted to 659.27 million rubles.

To potential investors, the management company offers up-to-date market investment ideas. The IlyaMuromets bond fund has a yield higher than the inflation rate and the rates on ruble deposits of the largest banks. The diversified portfolio includes government, corporate and subfederal bonds. A further decline in ruble rates is expected, which will lead to an increase in the market value of the bonds. Regarding the Sberbank - Eurobonds bond fund, the yield of this portfolio exceeds the level of dollar inflation and rates on foreign currency bank deposits. It includes government and corporate Eurobonds. The strategy of the mixed investment fund Sberbank - Balanced Fund is most preferable for investors seeking to get a higher return than on deposits, but not prepared for the risks inherent in investing in stocks. Depending on the situation on the market, the fund's funds are dynamically distributed between stocks and bonds.

After analyzing the mutual investment funds market in Russia, we can conclude that it is developing rapidly and attracting more and more investor attention. mutual investment funds are not just an attractive way to preserve and increase savings, they perform an important financial intermediary function. By accumulating small deposits, using the mechanism of the financial market, they help efficiently distribute capital and direct it to the development of advanced sectors of the country's economy, providing it with the necessary financial resources.

Bank customers often ask themselves: "Is it better to give preference to more familiar ways of saving and increasing money, such as deposits, or to invest in more profitable, but at the same time, more risky tools?"

The owners of investment units bear the risk of losses associated with changes in the market value of the property constituting the mutual fund. If the market value of securities in the fund's assets grows, then the value of a share increases, and vice versa. Where there is a risk, there is a profit - this is one of the main investment axioms.

Equity funds are potentially highly profitable, but they are characterized by a high risk of loss of savings, bond funds are more reliable. If you want to save savings and earn more than banks offer for deposits, it is better to choose a bond fund.

Conclusion

In summary, we can conclude that industry funds are more risky than ordinary equity funds, as there is no diversification by industry. Most of them are cyclical and investing in industry funds, it is important to know which industry is on the rise and can bring the greatest profit in the coming years.

The answer to the question about the preference of deposits or investments in mutual investment funds for each of their own. It is necessary to constantly compare, analyze the market, look for the most appropriate ratio of risk and return. Take only the risks to which you are ready to make decisions, carefully weighing all the pros and cons, not to give in to panic and emotions. As a result, it will be possible not only to save savings from inflation, but also to significantly increase capital.

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