

20.09.2011

PRESS-RELEASE

RA “Expert-Rating” confirms rating of JSC ‘KINTO’ at the level of uaAA.amc following the results of the 1 half of 2011

September 20th, 2011 RA ‘Expert-Rating’ confirms infrastructural rating of the assets management company Private Joint-Stock Company ‘KINTO’ at the level **uaAA.amc** (very high reliability level).

Table 1

Key performance indicators of JSC “KINTO”

Indicators	The 1 half of 2011 (01.07.2011)	The 1 half of 2010 (01.07.2010)	Change, th. UAH, p.p.	Growth rate, %
Total net assets under AMC management, th. UAH	465421,91	483629,61	-18207,7	-3,76%
Change of net assets under AMC management for a quarter, th. UAH	-67719,09	-72084,75	4365,66	6,06%
Net assets of public funds, th. UAH	407103,85	415803,16	-8699,31	-2,09%
Share of public funds in net assets under AMC management	87,47%	85,98%	1,49 p.p.	-
Net value of NPF assets under AMC management, th. UAH	24518,28	20555,3	3962,98	19,28%
Share of pension funds in the net assets under AMC management	5,27%	4,25%	1,02 p.p.	-
Number of funds under management including NPF	21	17	4	-
Shareholders equity, th. UAH	79070	89553,0	-10483	-11,71%
Shareholders equity/net assets under AMC management ratio	16,99%	18,51%	-1,52 p.p.	-
Authorized capital, th. UAH	66660,0	66660,0	0	-
Proceeds, th. UAH	5863,0	9444,0	-3581	-37,92%
Net profit (loss), th. UAH	-4371	-5714	1343	23,50%
ROE, %	-5,53%	-6,38%	0,85 p.p.	-

Source: Company data, calculations by RA ‘Expert-Rating’

When confirming the Company rating of the high level, the Agency was guided by the following conclusions:

1. As of 01.07.2011 the volume of total net assets under management “KINTO” constituted UAH 465,42 m that is by 3,76% less, than as of 01.07.2010. Net assets of public funds of “KINTO” have decreased by 2,09% and its share has increased by 1,49 p.p. and has reached 87,5% of total net assets under Company management for the same period. Despite the reduction of key fund indices in the 1 half of 2011, “KINTO” has managed to retain its market share and to avoid a serious decline in assets under management; it was achieved by increasing the number of funds under the Company management. The strategy introduced by the Company management in 2009-2011 turned out to be true, although expensive (see table 1).

2. Net assets of NPF under KINTO management have increased up to UAH 24,5 m, they have increased by 19,28% for the period 01.07.2010-01.07.2011, share of NPF assets has also risen from 4,25 to 5,27%. The Agency positively estimates the KINTO efforts in development of “pension business”. The share increase of pension funds in assets under management will lead to the stabilization in resource base of funds and will ease the dependence of net assets under management of “market funds” on the current situation of stock market. The NPF share in assets under management “KINTO” is constantly growing in spite of it remains low.

3. In the period 01.07.2010-01.07.2011 shareholder’s equity of “KINTO” has declined by 11,71% and as of 01.07.2011 it has constituted UAH 79,07 m. Equity has reduced by UAH 10,48 m. This decline has resulted from unprofitable activity of the Company. In the 1 half of 2011 “KINTO” has got loss in the size of UAH 4,371 m, and for the same period of 2010 – UAH 5,714 m. There is an obvious tendency of reducing its unprofitableness. In plus, proceeds of the Company have decreased by 38% in the 1 half of 2011 in comparison to the same period of 2010 and even despite that, “KINTO” has managed to reduce

unprofitableness level in comparison to the previous year. The loss, received by “KINTO” according to the results of 2011, is insignificant and doesn’t carry any danger for the business processes of the Company.

4. The average loss level of “KINTO” funds has constituted 22,75% in the 1 half of 2011. Most of all, the securities price of funds “Synergy Bond” has reduced by 44,67%, “Synergy-7” – by 43,11% and “Synergy-3” – by 40,68%. In the 1 half of 2010 funds of “KINTO” have shown an average yield at the level of 18,96%. All of the funds have fixed a positive level of yield. Unprofitableness of “KINTO” funds has been caused by unfavourable situation of the Ukrainian stock market in the 1 half of 2011. After the fall in prices of some securities, “KINTO” has been forced to overestimate assets of its funds in accordance with market prices (see table 2).

Table 2

Data on the profitability of JSC “KINTO” public funds following the results of the 1 half (annual yield)

Fund	01.01.2011 – 01.07.2011	01.01.2010 – 01.07.2010	Net asset value as of 01.07.2011, UAH
'Classical' open-end diversified mutual fund	-20,26%	+27,81%	36 669 137,96
'KINTO-Equity' open-end diversified mutual fund	-35,00%	+3,73%	9 121 418,13
'Narodny' interval diversified mutual fund	-15,61%	+29,38%	19 603 362,57
'Dostatok' interval diversified mutual fund	-13,26%	+9,29%	15 597 276,21
'Synergy-7' closed end non-diversified corporative investment fund	-43,11%	+27,76%	9 222 214,31
'Synergy-5' closed end non-diversified corporative investment fund	-14,48%	+28,65%	52 046 748,56
'Synergy-4' closed end non-diversified corporative investment fund	-29,79%	+14,39%	119 374 703,04
'Synergy-3' closed end non-diversified corporative investment fund	-40,68%	+28,17%	80 920 701,42
'KINTO-Spring' closed-end non-diversified mutual fund	-19,71%	-	1 128 694,30
'KINTO-Summer' closed-end non-diversified mutual fund	-20,65%	-	1 165 549,66
'KINTO-Autumn' closed-end non-diversified mutual fund	-18,93%	-	1 128 647,70
'KINTO-Winter' closed-end non-diversified mutual fund	-15,05%	-	1 141 017,08
'UX index' closed-end non-diversified mutual fund	-	-	4 460 837,96
'Synergy Real Estate' closed end non-diversified corporative investment fund	-6,56%	+0,16%	24 219 304,25
'Synergy Bond' closed end non-diversified corporative investment fund	-44,67%	+14,32%	304 859,77
'Social standard' open end pension fund	-3,55%	+24,86%	24 518 277,70
Total:	-22,75%	18,96%	400 622 750,62

Source: Company data, calculations by RA ‘Expert-Rating’

Analytical department of RA “Expert-Rating”