

## PORTFOLIO INVESTMENTS IN UKRAINE: CHANCE OR CHALLENGES?

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The article is devoted to the study of the scope, dynamics and structure of portfolio investments in Ukraine, as well as to assess their potential impact on economic dynamics. Based on a retrospective analysis of literary sources, a historical transformation of the concept of portfolio investment has been found. In the 30-50's of the twentieth century the concept of "portfolio investment" is fixed on those investments that were associated with the formation of a certain set of securities that formed the investment portfolio. In this case, portfolio investments were counterbalanced by haphazard, unrelated, unit investments. In a new sense, portfolio investment is opposed by direct investment. The portfolio investor does not aim to control the investment object. For the direct investor such control is the leading motive for investing. The differences between the goals of direct and portfolio investors change the criteria for selecting investment objects and lead to different effects of investing. This is especially important in international investing. That is why today the concept of direct and portfolio investment is most often applied precisely to the classification of international investments. In this sense, the term "portfolio investment" is used in this article.

Portfolio investments can be as investment for the investor, but are not transformed into real investments by the recipient. Possible uses of portfolio investments and their channels of impact on economic growth are analyzed in the article.

The analysis based on the investment position of Ukraine allows us to formulate the following conclusions:

– Ukraine is a net recipient of portfolio investments, as investments in the country are 250 times higher than portfolio investments from the country.

– Identification of correlation between the rate of change of portfolio investments and the rate of GDP growth of Ukraine showed the existence of such correlation, but its tightness is not significant enough, which is explained by the forms of attraction and the directions of using the attracted funds.

– The main form of attracting foreign portfolio investors is the sale of debt securities of general government. The proceeds are used both to cover the state budget deficit and to repay previously received borrowings. As a consequence, foreign portfolio investment is practically not transformed into a real investment and therefore does not have a serious impact on the economic dynamics.

– In order to increase the efficiency of portfolio investment, it is necessary to change the structure of attracted funds by increasing the share of instruments of participation in equity and distribution of debt securities of economic entities. However, this will only be possible as a result of the development of the domestic securities market and increased confidence of foreign investors in Ukrainian issuers.

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