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Closed-end Investment Fund launching Strategy on investment companies'
cases

Master's Thesis by the 2nd year student Kirill S. Sokolnikov

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**ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ
ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ**

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(29.05.2023)

ABSTRACT

Master Student's Name	Kirill S. Sokolnikov
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Master Thesis Title	Closed-end Investment Fund launching Strategy on investment companies' cases
Description of the goal, tasks and main results the research	<p>The purpose of this study is to analyze the market and identify success factors in the formation and launch of closed-end mutual funds.</p> <p>The focus of this paper is on investments obtained within the national market of a particular country. Specifically, the author intends to examine the ZPIF market in Russia, analyzing current trends, the target audience of ZPIF products, and the strategies employed by funds in working with clients. This research aims to achieve three main objectives. Firstly, it seeks to restore investor trust and interest in the Russian market by adopting appropriate strategies for engaging with shareholders. Secondly, it aims to broaden the range of fund products and improve communication with investors, using interviews to identify the most promising areas for development over the next five years. Thirdly, to make a scientific contribution by investigating the financial market of Russia, identifying the key interests of market players for further success factor identification.</p> <p>The purpose of this study is to analyze the market and identify success factors in the formation and launch of closed-end mutual funds.</p> <p>Thanks to the results of this study, the market of closed-end mutual funds in Russia was studied, the key interests of stakeholders were identified, which helped to further identify the success factors of the formation of mutual funds and their further launch on the market. A model was built that groups the areas of influence factors into 3 main areas and contains reputation capital, company resources, and clients' interests.</p>
Keywords	Factors of successful strategy, launch of mutual funds, long-term investments, market during volatility, portfolio investments, Asset management portfolio diversification, investment companies

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Название ВКР	Стратегия формирования и запуска закрытых паевых инвестиционных фондов на примере инвестиционных компаний
Описание цели, задач и основных результатов исследования	<p>Целью данного исследования является анализ рынка и выявление факторов успеха при формировании запущенных закрытых паевых инвестиционных фондов. Основное внимание в данной статье уделяется инвестициям, полученным на национальном рынке конкретной страны. В частности, автор намерен изучить рынок ЗПИФы в России, проанализировав текущие тенденции, целевую аудиторию данного финансового инструмента и стратегии, используемые фондами в работе с клиентами. Это исследование направлено на достижение трех основных целей. Во-первых, она стремится восстановить доверие инвесторов и интерес к российскому рынку путем принятия соответствующих стратегий взаимодействия с акционерами. Во-вторых, он направлен на расширение ассортимента продуктов фонда и улучшение коммуникации с инвесторами, используя мини-интервью для определения наиболее перспективных направлений развития на ближайшие пять лет. В-третьих, внести научный вклад, исследовав финансовый рынок России, выявив ключевые интересы участников рынка для дальнейшего выявления факторов успеха.</p> <p>Благодаря результатам данного исследования, был изучен рынок закрытых паевых инвестиционных фондов в России, были определены ключевые интересы стейкхолдеров, что помогло в дальнейшем идентифицировать факторы успеха формирования ЗПИФов и дальнейшего запуска их на рынок. Была построена модель, которая группирует области факторы влияния в 3 основных направления и содержит в себе, репутационный капитал, ресурсы компании, и интересы клиентов.</p>
Ключевые слова	Факторы успешной стратегии, запуск паевых инвестиционных фондов, долгосрочные инвестиции, рынок в период волатильности, портфельные инвестиции, управление фондами, диверсификация портфеля, инвестиционные компании

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Introduction

In the realm of real estate investment, the appeal of long-term investing has become increasingly prevalent. Long-term investors are focused on generating value and returns over time, often with significant discretion over when to trade (Warren, 2014). The idea of holding onto investments indefinitely has been famously endorsed by renowned investor Warren Buffett, who remarked that his "favorite holding period is forever" (Buffett, 2008).

This master thesis is dedicated to one important vehicle for long-term real estate investments called the real estate investment trust (ZPIFs). ZPIFs are typically structured as a flow-through entity, allowing long-term investors to take a patient approach to investing in commercial real estate. The ZPIFs structure offers several benefits, including favorable tax treatment and the ability to develop a diversified property portfolio at the entity level. This framework incentivizes the allocation of long-term capital to real estate and allows individual investors the opportunity to benefit from the investment potential. ZPIFs offer opportunities for optimization of tenant base, a better understanding of the market dynamics in which the properties are situated, development of effective property management strategies, and creation of a portfolio of high-grade property holdings. Additionally, ZPIFs can attract a large pool of investors to own aggregated portfolios over extended periods with few frictions, which is particularly appealing to long-term investors.

The author decided to dedicate this master thesis to the Closed-end Investment Fund launching Strategy: the case of investment companies. Since, in the current realities of the market, this topic is the highly relevant and necessary among other financial topics in periods of uncertainty. Well-built strategy of launching is important for the successful functioning of the fund as well as the growth and development of the domestic economy. In this research, the author plans to analyze the global REITs market, understand the types of assets and study the size and capabilities of the Russian market at the moment. To understand who is interested in this financial instrument and whether it will be a driver for the Russian economy.

Having started studying the material on this topic, we immediately encountered with a lack of literature and scientific articles on this topic. After conducting a more in-depth analysis and expanding the search area to the topic of Closed-end Investment Fund, during the literature search, scientific papers and articles on the topic of REITs began to come across, but most of the work was devoted to the American and Canadian markets, more than 15 thousand mentions and academic papers were found by the query "REITs strategy", through the google scholar, Scopus systems and similar ecosystems and tools. All of them described the functioning, profitability, current trends and exit strategy in foreign markets. Having studied financial materials and fund websites, we can conclude that the REITs market

is growing annually, both the number of funds and the total capitalization in this sector are increasing. As A. E. Abramov notes, "the problems of mutual funds are very popular in foreign academic journals, but in Russia there are practically no scientific papers on the economy of mutual funds, the peculiarities of the behavior of investors in it and the strategy of further development". After analyzing scientific papers and articles in economic journals, continuing to search for information about the Russian ZPIF market and the current situation since 2019, only 4 articles were found that were devoted to closed-end mutual investment funds. These papers described the main types of funds, and also partially mentioned the functions and usefulness of these financial instruments. Thus, in the work of Shtukarev I.S. «Rights as an Instrument of Collective Investment in Russia and the USA», the types of funds are described in detail, but there is no detailed analysis of the market. In some articles, a comparison was made with the American REITs, so, in the Bakhtiyarova Asel Bakhtirovna article, «Collective investment in real estate: real estate investment trusts (reits) and closed-end real estate mutual funds (ZPIFs)» the differences between the Russian ZPIF and its alternative REIT were described, however, today the articles have lost their relevance due to the aggravated economic situation and the change in the vector of the economy and foreign investment in general. At the same time, over the past couple of years, ZPIFs have become an increasingly attractive financial instrument for investors, since the volatility of the markets does not greatly affect the ZPIFn. Having studied the Russian legislation in more detail, the problem of a correctly constructed strategy for launching this financial instrument on the market becomes obvious.

This is due to the fact that the promotion of mutual funds and direct advertising of funds on various platforms, mass media and on the Internet is prohibited. Having studied the data of Russian funds and publications on the central bank's website, it becomes clear that the Russian mutual fund market is also rapidly growing and developing, opening up new and new opportunities for brokers and financial companies to launch new funds. Closed-end mutual funds perform the most important functions for the economy and are essentially a tool that helps to accumulate funds of shareholders for investing in the construction of retail, office, warehouse and other commercial and residential facilities. According to the information obtained during the interview, as well as backed up and open sources, investments in the construction of these facilities provide an opportunity for the development of more than 80 additional sectors of the economy. This result can be achieved by increasing the number of investments received in the domestic market of the country.

In this paper, the author plans to explore the ZPIF market in Russia, study current trends, analyze the target audience of such a product as ZPIF and the strategy of funds working with clients. Our research should contribute in at least three directions. The primary task is to regain the trust and

interest of investors in investing in the Russian market by choosing the right strategy of interaction with shareholders. The second point is to expand the product line of funds and increase the effectiveness of communication with investors, thanks to a series of mini-interviews to understand the most promising areas of development for the next 5 years. The third is to make a scientific contribution by investigating the financial market of Russia, identifying the key interests of market players, thereby laying the foundation for future research in this field

What types of ZPIFn will be the most correct investment on volatile market. Is it worth focusing on development ZPIF or should we pay attention to investments in the construction sector? The third task may be the development of the Russian economy, as mutual funds allow increasing interest and stimulating supply-side areas.

This study should clarify next questions:

What type of mutual funds are needed for the market in period of uncertainty?

What is the portrait of a potential investor today?

Mutual funds are becoming an increasingly popular investment tool for investors seeking access to the real estate market. However, in the scientific environment, the number of studies is still extremely small, there are no articles on effectiveness and success factors at all.

Thus, there is still a gap when it comes to identifying the key success factors of the PIF. It is important to eliminate this gap, because understanding the factors contributing to the success of a PIF can provide valuable information to both investors and managers to manage their funds and resources more wisely.

By determining the success factors of a PIF, investors can make more informed investment decisions, and managers can better understand how to optimize their activities to achieve success. Therefore, the author considers it extremely important to achieve the goal of the study - to identify the key success factors of the ZPIF and fill the existing gap in research.

1. Theoretical background

1.1 Definition (History / glossary)

As mentioned in the introduction, this Master thesis will examine the process of launching a closed-end mutual investment fund (ZPIF). Detailed information on fund launch strategies will be discussed, including goals and a business plan, which resources and financial instruments can be used in the formation of the fund, risks and their minimization, as well as the benefits of investing in PIFs. The role of Real Estate Investment Trust (REIT) in the PIF formation process will be analyzed as well. In general, this work will provide an advanced understanding of how to effectively achieve the goals of launching a closed-end mutual investment fund.

Thanks to a survey conducted by VICOM together with DOM.RF, more than half of Russians, when a large amount of money appears, will give priority to buying an apartment, since they consider this investment as low-risk. In this study, attention will be paid to the analogue of such a financial instrument as a REIT, which stands for Real Estate Investment Trust. REIT is the father of Russian mutual funds, most often REITs are foreign funds in which collective investments are accumulated. This tool allows you to invest in real estate, most often of a commercial type, without buying a house, apartment or commercial premises entirely. Next, we will take a detailed look at each of these financial instruments.

To begin with, let's look at the principles of operation of most Funds in general. Usually, the fund acts as a kind of proxy to depositors (investors) and collects money from shareholders, the so-called participants of the mutual fund, after which it invests the collected funds in real estate, which is managed by this fund in the most efficient way. The list of possible real estate options is quite extensive and varies from objects under construction from apartments, houses, hotels to ready-made areas whose rental premises are occupied by permanent tenants. After the purchase, depending on the type of real estate, the fund manages the objects, the property can be resold at a better price, leased or used for commercial purposes. The profit from management and transactions with this type of assets is proportionally distributed among the participants of the mutual fund according to the invested funds. If we are talking about renting out an object or receiving monthly rental payments from the tenant, the investor also receives dividends. Usually dividends are distributed among shareholders once a quarter.

The first REIT was established in 1960 in the United States. The REIT was created as a way for investors to access real estate investments without having to buy and manage the property themselves. Since then, the REIT structure has become popular around the world, with REITs being established in countries such as Australia, Canada, Japan, and the United Kingdom. Today, REITs are

traded on most major stock exchanges and have become an important part of the global investment landscape. To date, the United States is the leader in terms of market volume and statistics from NAREIT corporate web site. According to data set from the National Association of Real Estate Investment Trusts (NAREIT), the total market capitalization of REITs in the U.S. was \$1.25 trillion at the end of 2020 and \$ 1.4 trillion at the end of 2022. The total market volume of REITs in the U.S. is \$4.6 trillion in 2020 (according to NAREIT data set in Q3 2022). The number of publicly traded REITs in the U.S. also increased to 223 at the end of 2020, from 153 in 2010. These figures show that the REIT market in the U.S. is growing steadily.

END OF YEAR	ALL REITS	EQUITY		MORTGAGE		HYBRID		
	# OF REITS	MARKET CAPITALIZATION	# OF REITS	MARKET CAPITALIZATION	# OF REITS	MARKET CAPITALIZATION	# OF REITS	MARKET CAPITALIZATION
2019	219	1,328,806.2	179	1,245,878.3	40	82,927.8	--	--
2020	223	1,249,186.3	182	1,184,150.2	41	65,036.1	--	--

Table 1. Number of publicly traded REITs in the U.S.

Also, for a more detailed understanding of the product, it is important to observe tools in more detail and having considered its main functions and types existing on the market at the moment. This financial instrument is divided into 4 subspecies, below, Further, author will consider each of them in more detail.

The most popular type of REIT is the Equity REIT, which invests in properties and collects rental income from tenants. This type allows shareholders to invest in real estate units that generate income. As described earlier, the foundation owns real estate. Such a fund owns a large number of different profile real estate, which is rented to tenants. According to American law, such funds must distribute at least 90% of their income to investors as dividends.

Equity REITs are the most common type of REIT and account for around 85-90% of the REIT market in U.S and 70% of the global REIT market.

The advantages of Equity REITs include:

- 1) Dividend Income
- 2) Portfolio Diversification

- 3) Inflation Hedging
- 4) Total Return Performance
- 5) Liquidity and Transparency

Mortgage REITs

Some of types of REITs include Mortgage REITs, which invest in mortgages and mortgage-backed securities

This type is also known as mREITs, which help to provide financing for the real estate market. MBS is aimed at investing in housing and commercial mortgages, through the purchase or creation of mortgage-backed securities (MBS). Mortgage REITs, provide liquidity of the real estate market. It is typically focused on either the RMBS or CMBS. mREIT shares are often listed on major stock exchanges and are available for purchase by an individual, as well as ordinary securities. Shares can also be purchased in a mutual fund or exchange-traded fund (ETF). The key factor that motivates investors to buy mREIT is relatively high dividends. Next, I think it's important to understand how mREITs works in practice. Mortgage REITs keep mortgages and MBS on their balance sheets at the expense of debt capital and their own investments. The main task is to get income from the interest margin, the so-called spread between what the fund receives as income and financing costs.

When creating mREIT, various sources of financing are used, common, preferred equity, repurchase agreements, structured financing, convertible and long-term debt and other credit facilities mREITs raise in the same time debt and equity in the public capital markets.

The advantages of this product include that financing is provided for both individuals and companies. This tool helps to provide liquidity in the mortgage market. With the help of this tool, more than 1 million mortgages were issued for the purchase of housing in America alone. Also, mREIT is a driver of commercial mortgage loans, while developing investments in commercial real estate.

If we talk about the risks of this vehicles, we can distinguish the following. Despite the fact that most mREITs are registered with the SEC and are required to publish financial statements for further analysis. There are mREITs that are not listed on stock exchanges and are not public PNLRS, this type of securities is sold by a broker or financial advisor

The main risks associated with mREITs include interest rate risk, credit risk, and liquidity risk, prepayment risk.

Interest rate risk arises when the value of the mREIT's portfolio declines due to changes in interest rates. Credit risk arises when the mREIT invests in mortgages or mortgage-backed securities that default. Liquidity risk arises when the mREIT has difficulty selling its assets due to a lack of buyers. prepayment risk arise when borrower repaying or refinancing mortgages, in this case MREITs income rate is lower than was planned. Also interest rate effect can be mentioned. When interest rates rise, the value of mREITs decreases because the interest rate on their investments is lower than the current market rate. This means that the mREITs must sell their investments at a loss in order to reinvest the proceeds at the higher rate. This leads to a decrease in the mREITs' value, which is known as the rollover effect.

Hybrid REITs

Invests in a combination of properties and mortgages.

Public non-listed REITs

This type of REITs is also registered by the SEC and are required to publish financial statements

PNLRS

Work the same way as listed REITs in almost every other way, but they usually face repayment restrictions that limit their liquidity. This type of PNLR is usually managed and controlled externally, of the costs of this tool, brokerage costs and maintenance fees can be mentioned. However, the obvious advantage of this subspecies is its availability, since usually the minimum amount of investment in this type of asset is only \$ 1000-1500.

Private REITs

This type is in accordance with its name, is private, the owners of this REITs are real estate funds or companies, which exempts this vehicle from registration with the SEC and its shares are not traded on exchanges, this type of assets can only be sold to accredited or institutional investors. The process of Private REITs is arranged as follows, private companies issue shares according to the

number of investors of this unit, however, these shares serve more as some documents confirming the shareholder's share, since according to the American legislation Regulation D of the Securities Act of 1933 they cannot be traded on the stock exchange. This REITs can usually be bought by institutional investors such as large pension funds or HWNI (High Net Worth Individuals), they are usually accredited investors, usually the size of the assets determined by such a person should exceed \$ 1 million (excluding primary residence). As for the liquidity of these assets, since the shares are not traded on public exchanges, therefore, for the most part they are not liquid. In this case, the repurchase program for these assets varies greatly depending on the company and may be significantly limited or absent altogether. As for the transaction costs of Private REITs, these include brokerage costs, the fee for the formation of REITs, the annual fee for fund management, as well as a percentage of the profit as a "promoted interest." Usually this type of funds is managed and consulted from the outside. The minimum investment amount is \$1,000, but in practice the minimum amount varies from \$10,000 to \$20,000. As for supervision, as a rule, independent directors of REITs are exempt from regulatory requirements and supervision, the only exception is if an investment consultant is assigned to this fund and manages it in accordance with the rules of the Investment Advisors Act of 1940. As a rule, investors choose a director who will exercise the necessary control. Also, Private REITs are exempt from the requirements for disclosure of private information.

Based on the above, in the American market, the most popular among private investors are property trusts, also according to the website of the same name REITs.com the share of this type is up to 90% of the REITs market.

Advantages of REITs that are traded on exchanges, one can distinguish:

Low entry threshold: so, with a small amount of \$ 50-100, we can purchase REITs shares or ETFs on REITs without spending hundreds of thousands of dollars

High liquidity: you can sell shares of the same fund in just a couple of clicks, while physical real estate can be sold for years

Diversification: it is important to note here that many foreign investors prefer to diversify their portfolios and earn income in various currencies, while keeping part of the capital abroad

Profitability: many investors note REITs as a fairly profitable instrument, so the indicators of total profitability over the past twenty years have surpassed the indicators of the S&P 500 index and other major indices, protecting assets from inflation.

REITs Provide Competitive U.S. Returns over Extended Historical Periods

	1-year	3-year	5-year	10-year	15-year	20-year	25-year	30-year	35-year	40-year
FTSE Nareit All Equity REITs	32.80	11.97	8.10	10.29	7.67	10.48	10.59	11.13	10.20	11.51
FTSE EPRA/Nareit Developed	34.83	7.39	5.97	7.29	5.32	8.83	7.97	8.80	N/A	N/A
Russell 1000 (Large-Cap Stocks)	43.07	19.16	17.99	14.90	10.89	8.90	9.96	10.95	10.95	11.81
Russell 2000 (Small-Cap Stocks)	62.03	13.52	16.47	12.34	9.51	9.26	9.33	10.65	9.64	10.46
Bloomberg Barclays US Aggregate Bond	-0.33	5.34	3.03	3.39	4.43	4.56	5.14	5.65	6.10	7.58

Table 2. Comparison of profitability of various products over a 40-year period

Disadvantages of REITs

Among the disadvantages of REITs for a Russian investor, the following can be noted:

This product is more suitable for active investors. When investing in this type of assets, it is necessary to carefully familiarize yourself with the history of the fund, find its financial indicators and market share, this type of investment is more like buying shares than OFZ and various bonds.

Blocking assets. In 2022, investors have already faced the problem of freezing assets, due to a series of mutual regulatory restrictions, trading in foreign assets was suspended, investors not only cannot sell the purchased assets, but also the dividends that arrive at NSD's Euroclear account cannot be processed and transferred to the owners of investors.

At this stage, we will move on to the Russian alternative to REITs, which are closed-end real estate mutual funds.

Having examined the product in detail in the developed and established American market, let's return to the situation on the Russian market and assess the prospects for development and the possibility of launching new funds in the realities of the current market and today's economy.

1.2 CLOSED-END INVESTMENT FUND products in Russia (size, volume)

Having considered foreign financial instruments and understood the specifics of their work, we will consider the Russian market and an alternative to REIT - ZPIFn. ZPIFn is closed-end mutual real estate investment funds. Having analyzed Russian legislation and the securities market, the first mentions of a mutual fund or a mutual investment fund begin in mid-1995, namely, on July 26, 1995, Decree of the President of the Russian Federation No. 765 "On additional measures to improve the effectiveness of the Investment Policy of the Russian Federation" was issued this decree defines mutual funds as a new financial instrument, the order of its functioning is described. Initially, the funds had the opportunity to work only with government securities, but after some time funds were created under the management of major financial institutions, such as Troika Dialog, the now existing SBER CIB, Credit Suisse, OFG Invest, a Russian management company that was founded a year after the decree was introduced in 1996, the founders of this company were Charles Ryan and Boris Fedorov. In 1997, the company created the first mutual fund "Pyotr Stolypin In 2013, OFG INVEST CJSC was bought out by Aton, but after that, in 2015, it was sold to a group of private investors. And also "Montes Auri" or "Montes Auri Mountain", whose license was canceled in 2015, due to the fact that the Bank of Russia revealed the facts of repeated manipulation of the ZPIF market in the periods from 2011 to 2014. The market of ZPIFn issued by Montes Auri was supported almost artificially, and a greater number of transactions were carried out by prior agreement, providing up to 100% of the daily volume on CJSC MICEX FB.

The above-mentioned companies were among the first to invest shareholders' funds in shares of companies that were privatized not long before, in other words, unlike most funds that invested only in government securities, these financial institutions invested in the private sector of the economy. Further, a few years after the presidential decree on mutual funds was issued, they easily survived the worst financial crisis of 1998. "If we compare mutual fund shareholders and commercial bank clients, the former were much more fortunate: many funds went through the crisis without problems accompanying banks." At the same time, when ordinary investors suffered losses of up to 75% percent due to the devaluation of the ruble, 70% percent falls in the stock market and 70% collapse of the government securities market. None of the funds were closed or went bankrupt, which also raised the trust rating among shareholders and increased interest among other investors, once again confirming

its reliability as a financial instrument in an era of market instability. Next, by analogy with REITs, we will analyze the types of mutual funds.

In order to better understand the specifics of the work of private foundations and Mutual funds author considers their types, which are divided into 3 types:

Open: This type allows the investors to buy and sell his share at any time for them

Closed: This type of unit can be purchased by the investor only at the time of formation of the fund, and the sale, in this case repayment, is carried out only on the closing date, which is determined at the time of its formation

Interval: This type of mutual funds can be attributed to a mixed type of closed and open funds. With the interval type of mutual funds, there is the possibility of buying and selling in a certain period of time, usually several times a year.

Having analyzed the main types of mutual funds, we will consider ZPIFn or closed-end real estate mutual funds in more detail. According to Russian legislation, all mutual funds belong to the closed type. The number of fund units is constantly growing throughout the entire period of its existence.

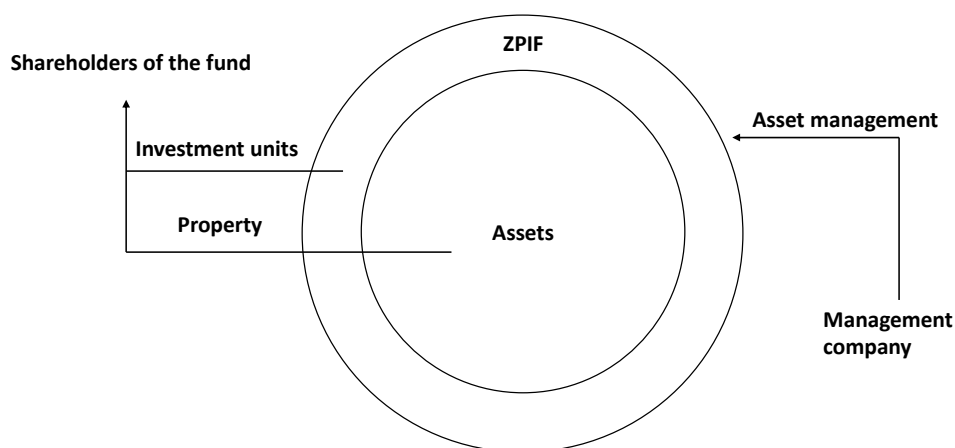


Figure 3. The scheme of operation of the ZPIF

According to the Federal Law of 29.11.2001 N 156-FZ (ed. of 27.01.2023) "On investment funds", a unit investment fund is a separate property complex consisting of property transferred to the trust management of the management company by the founder (founders) of the trust management with the condition of combining this property with the property of other founders of the trust management, and from the property received in the process of such management, the share in the ownership of which is certified by a security issued by the management company. According to the legislation, mutual funds are not a legal entity. If we talk about the rules of mutual fund organization, then each fund should have an individual designation that will help identify it in relation to other funds. It is also worth mentioning one of the main features of a closed fund, management and control must be carried out by a management company or a management company, which sets the vector of development and affects the further profitability of the fund. Only the management company of a mutual investment fund can attract funds and other types of property. The name or individual designation of the investment fund is formed in accordance with the acts of the Bank of Russia, initially having an indication of the composition and structure of assets and then the category of mutual funds is indicated.

Trust Management Agreement

The functioning of the ZPIF is regulated by the document – the Rules of Trust Management of the Fund (the Rules of the Fund), these rules serve as the charter and are subject to registration with the financial regulator - the Bank of Russia.

Regarding the trust management of mutual funds, the actions take place as follows. The terms and conditions of the contract are determined by the management company. The Rules fix the conditions of trust management of the Fund, such as the Investment Declaration of the Fund, the rights and obligations of the Management Company and Shareholders, a list of procedures (issuance of shares, shareholders' meeting, disclosure of information, etc.). Accession to the trust management agreement occurs at the time of acquisition of investment shares, which are issued by the management company. The founder of the trust management or TMA transfers assets to the MC for inclusion in the mutual fund with the obligatory condition of combining this property with the assets of other founders of the TMA. The property that makes up the mutual investment fund is the common property of the owners of investment units and belongs to them on the right of common equity ownership. It is not allowed to allocate part of the property from the common share before the end of the fund term.

Term of agreement

According to the rules of the validity period of the TM agreement, the validity period of the agreement should not exceed 15 years from the date of formation of the fund. However, the term of the contract for the management of ZPIFS cannot be less than 3 years from the date of formation of the fund. The property transferred to the fund also has additional requirements, usually they are established by the rules of trust management. The Company has the right to specify the conditions under which the transfer of property must meet the interests of all investors. The property that is pledged is not allowed in trust management. If we talk about the procedures for the inclusion of property in the unit investment fund after the completion of the formation, then When issuing ZPIFs, after (the end) of their formation, if it is possible to pay for investment units with non-monetary funds, the transfer of property to pay for investment units is carried out in accordance with the rules provided for by N 156-FZ of the Federal Law.

Formation of mutual funds

The formation of a mutual fund begins 6 months from the date of registration of the rules of trust management, while the period for the formation of mutual funds cannot exceed six months. The funds received to pay for the shares during the formation are transferred to a transit account opened for these needs. The end date of the formation of the mutual fund is the date of registration of changes and additions to the rules of trust management of the Mutual fund. The date of completion (termination) of the formation of a closed unit investment fund, the investment units of which are limited in turnover, is the date of submission to the Bank of Russia of the amendments and additions agreed by the specialized depository of this fund to the rules of trust management of a closed unit investment fund in terms of the number of issued investment units of this fund. Simultaneously with the report on the completion of the formation, amendments and additions to the trust management agreement regarding the number of shares issued are sent to the Central Bank. The number of shares owned by the management company cannot exceed 10% of the total amount, if this amount is exceeded, this factor may be the basis for termination of the mutual fund, if within 12 months the number of shares owned by the Management Company exceeds 20%. Payment of compensation in connection with the repayment of the ZPIF, within the terms specified in the trust management agreement, but no later than one month from the date of repayment of the shares.

Management companies

Only joint-stock companies or limited (additional) liability companies can become management companies. Management companies may conduct activities, including trust management, only on the basis of an appropriate license, the amount of funds and authorized capital of the company must meet the requirements established by the Central Bank. The Management Company must provide continuous management of activities, while the powers cannot be transferred to a legal entity, the persons exercising control must have qualified certification and meet the requirements of business reputation. The Management Company is obliged to manage in good faith and fulfill all its duties, while carrying out its activities, the company must identify a conflict of interests and, if identified, prevent it.

Remuneration of the parties and expenses related to the management of funds

Remuneration of the management company and its management is due to the property of the investment fund and the property of the investment fund, the amount of remuneration should not exceed 10% of the average annual net asset value. The amount of remuneration of the Management Company, the procedure for its distribution, as well as expenses related to management, are specified in the trust management agreement and the set of rules for mutual funds. Remuneration can be either a fixed amount or a share of income from management. However, the share of income from the trust management of mutual funds cannot be higher than 20%.

Having dealt with mutual funds and their structure, we will consider the ZPIFn in more detail. There are 4 main types of closed-end real estate mutual funds:

Development

This type specializes in attracting financing to projects through collective investments. The share of investments through this instrument by the end of 2021 amounted to about 15% of the total investment volume From the advantages of this ZPIF can be distinguished:

- 1) The possibility of reinvesting profits without paying tax
- 2) The possibility of consolidating the project's profits

- 3) Attracting investments in construction projects by obtaining a bank loan, as the ZPIF is a more reliable and understandable borrower for the bank
- 4) Alternative to project financing
- 5) The opportunity to reduce the debt burden of the developer

Construction

Partially, this type of zPIFs can be attributed to the developer, but the author singled it out in a separate category, since in this case, it is not the building that is being bought, but apartments from developers at the early stages of construction, which are subsequently sold to the market.

There is a so-called build-to-suit model, or BTS for short. When working on this model, the developer builds a building according to a previously agreed technical specification for a future customer who is ready to fully buy or rent this building under previously agreed conditions. In a practical example, this model can be found in the PNK-Group. The company has been actively working on this model.

Rental

The main purpose of this type is to obtain rental income from real estate. The object of this ZPIFs can be a shopping center, an office center, a hotel, a hotel, a logistics complex, warehouses, etc.

Among the advantages of this type can be noted:

-Monthly payment – most often for this type there is a monthly payment of rental income to the holders of shares

-Profitability: quite high profitability according to market research, the average yield of rental mutual funds is from 7 to 11% per year

Land

This type of zpifn mainly refers to agricultural land

Mixed

This type combines the above-mentioned types of ZPIFn

The markets of mutual investment products in general, the current changes in the conditions of the economy within the country and additional packages of sanctions had a direct impact on the mutual fund market in 2022, so, according to the Review of key indicators of mutual and equity investment funds from the central bank.

For the IV quarter of 2022, the Russian mutual fund market has updated the record for net inflow of funds, while a similar situation was observed in the second quarter of the same year, these indicators were achieved mostly due to the largest segment by net asset value, ZPIFS. According to the analysis, the main factor was funds with legal entities investors. But it is also impossible not to note the rapid growth in popularity of this product among individuals. The report of the central bank says that the main drivers were the reduction of the entry threshold and the possibility of asset diversification due to non-financial instruments, earlier in this paper the author already mentioned that during periods of increased volatility of stock markets, investors prefer safer ways of investing, since according to the history of the market, mutual funds have proven themselves as a product with minimal movement in value assets. The cumulative net inflow of funds to mutual funds in the fourth quarter amounted to a record 764.1 billion rubles. The second record month in history would be the second quarter of 2022. The main inflow of funds was provided by ZPIFs, while about half of the volume was disbursed by one fund, whose shareholders are legal entities. However, among the top 10 ZPIFs by net inflow of funds, 7 funds are individuals or individuals and legal entities. Over the second half of 2022, there has been an increase in interest among retail investors. So, in the period from October to December 2022, the number of individuals increased by 12.7 thousand people. Such results could be caused by lower deposit rates in the banking sector, as well as in connection with the search for alternative low-risk investments, due to increased market volatility, since many strategies, in particular ZPIFs, offer strategies for investing in non-financial assets. The funds' strategy also played an important role, in which the range of potential clients was expanded by lowering the entry threshold. As an additional factor, it can be highlighted that during a period of uncertainty, people tend to spend less, saving money, which could also contribute to the inflow of funds into the ZPIF. To date, the Bank of Russia is developing a strategy to restore the liquidity of funds that contain blocked assets. In February 2023, the Central Bank published a decision of the Board of Directors on the deadline for making a decision on changing the type of mutual investment fund, whose assets include blocked assets, which indicates the procedure for creating special mutual funds, which will include blocked foreign securities. According to the information in the report, the blocked foreign securities will be

withdrawn from the existing mutual funds, which will allow the management of liquid assets to be launched. It will also be possible to transfer a retail fund to a closed one, but for funds with a share of blocked assets of less than 10%, these requirements will not be mandatory. Also, according to the report, the number of mutual funds in the IV quarter of 2022 increased by 55 units and totaled 2,163. As well as in the last quarter, the main growth was accounted for by ZPIF products. By the end of 2022, the number of funds increased and amounted to 198, of which 171 units were ZPIFs, 15 units of OPIFS and BPIF and IPIF made up 6 units, respectively. Also, according to the review of key indicators of mutual and equity investment funds No. 4 in 2023, the following factors may support interest in products:

The flow of funds from investors who previously invested their funds in the securities of unfriendly countries

The growth of products, the expansion of the range of available funds, the launch of retail funds with a focus on investments in assets of friendly countries

Risks of independent investments, due to the rights granted not to disclose financial statements for Russian companies

Tax on deposits. Starting from 2023, a tax will be introduced on income on deposits that exceed the maximum key rate of the Central Bank.

1.3 Difference between ZPIFs and REITs

Having examined each of the tools in detail, we will proceed to the direct comparison of the two products in more detail. So in her article Sedipkova writes that: "The real Estate fund in Russia is a property complex consisting of property transferred to the trust management of the management company by the founder(s), without the formation of a legal entity," while REITs –A Real Estate Investment Trust is an investment vehicle that enables investors to benefit from the income generated by owning and managing real estate. REITs are typically publicly traded companies that own and manage a portfolio of real estate investments such as office parks, apartment buildings, shopping malls, warehouses, and hotels. REITs is a legal entity that buys property for the purpose of further management. Having investigated in more detail the question of whether ZPIF can be called an analogue of REITs, author did not find a single answer to this question. L. G. Selyutina and K. O. Bulgakov writes in his work that: "The real estate mutual investment Fund is the Russian analogue of international mutual funds (REITs – real estate investment trust), common among private and

corporate investors in the United States" Shtukarev I.S. believes that "At the moment, closed-end real estate mutual funds are not a full-fledged adaptation of the widely used in the West an investment instrument REIT, but more like bonds, and have certain problems. " A REIT is created as a joint-stock company or a trust company and is not obliged to issue or redeem shares (units) solely on the basis of the net asset value of the management company whose assets are produced by the appraiser. The REIT has the ability to raise funds using tools such as IPO and SPO.

1.4 Organizational capabilities required for realization

As S.V.Sedipkova notes in her article, "there was a period in our country when real estate investments were stimulated mainly from the demand side (mortgage loans), but there are ways that can stimulate real estate investments from the supply side - these are real estate investment trusts"

Stage	Terms
1.State registration of the rules of trust management of the ZPIF	25 working days from the date of submission of documents to the Central Bank of the Russian Federation
2.Approval of regulatory documents (Regulations for the recognition of persons as qualified investors, rules for internal accounting of property transferred to pay for investment units, accounting policy of mutual funds, rules for determining the value of net assets of mutual funds, policy for exercising voting rights on shares that are part of mutual funds)	This stage takes place after the registration of the rules of trust management and must be started before the issuance of investment units
3.Recognition of persons as qualified investors (if a mutual fund is created for qualified investors)	After registration of the rules of trust management until the issue of investment units
4.Opening a transit account (depot account) CC for the formation of mutual funds	After the registration of the rules of trust management of the Fund and before the

	start of the notification of the start of accepting applications for the purchase of investment units
5. Opening a personal account of a mutual fund management company	After the registration of the rules of trust management of the Fund and before the submission of applications for the purchase of investment units
6. Acceptance of applications from purchasers of mutual fund units	During the period of formation of the Fund, which is provided for by the rules of trust management of the Fund
7. Opening of a current account of the Management Company for settlements on operations of a mutual fund	Before accepting all applications
8. Opening a UK depot account for storing mutual fund securities	Before accepting all applications
9. Opening of personal accounts to purchasers of mutual fund investment units	Before the date of issue of investment units
10. Inclusion of property in a mutual fund	After the receipt of the property to pay for the investment units necessary to complete the formation of the Fund.
11. Issuance of mutual fund investment units	On the day the property is included in the Fund or on the next working day after it.
12. Approval of the report on the completion of the mutual fund formation	No later than 5 working days from the date of issue of investment units
13. Transfer to the Central Bank of the Russian Federation of the report and changes and additions to the Rulers of asset management of the mutual fund	No later than 5 working days from the date of issue of investment units

14. Transfer to the Central Bank of the Russian Federation of the report and changes and additions to the Rules of asset management of the mutual fund	5 working days from the date of submission of documents to the Central Bank of the Russian Federation
15. Disclosure or provision of a notice of registration of changes in the remote control by the Fund to the owners of investment units (for qualified investors)	10 working days from the date of receipt of the notification of the Central Bank of the Russian Federation on registration of changes to the rules of trust management

In addition to the technical possibilities of implementation, the author conducted a study of the economic feasibility and regulatory feasibility of launching closed unit assets in the financial market. One of the first to be found was the paper of Professor David T Llewellyn (2006), which describes in detail the Regulatory environment and the associated factors of the success of the functioning of financial systems as a whole.

Further, the author decided to consider closed-end mutual funds as a product, in this regard, it may also be subject to strategic planning, Allie Decker (2022) in his work describes in detail the factors of Strategic planning on pricing, which, according to the author, also significantly increases the success factors when launching a new financial instrument by funds.

Also, during the collection and analysis of information, many sources mentioned such a factor as Investor trust and confidence, these statements can be found both on the corporate websites of very small funds, and Blackrock considers the success factor and the strength of a financial organization, investor confidence and confidence in the fund team. However, with all the factors mentioned, we should also be aware that even with good planning and a friendly Regulatory environment, there are market conditions. In his work, Manahel Thabet (2013) connects the success of investors and organizations with Appropriate market conditions, without which it is quite difficult to achieve proper successio

1.5 The current state of the economy, internal and external factors

According to the statistics for the fourth quarter from the Central Bank, the number of shareholders among individuals grew throughout 2022, while showing the greatest growth in the last quarter. According to statistics, the largest influx of clients came to funds with a strategy that is focused on the rental business. Despite the above, ZPIFs are still a tool for corporate clients and clients from high-income groups. Also, according to statistics, growth occurs not only in the number of clients and

funds, but also in the average amount of investments. For the fourth quarter of 2022, the net inflow of funds to the ZPIF amounted to 765 billion rubles.

Increasingly, mutual funds are not just a tool for collective investment, but are also used as an effective way of owning assets, such as business real estate and other property. However, as mentioned earlier, half of the inflow of funds was provided by the ZPIF formed in October 2022. If we talk about the proportions, the share of the largest ZPIF was about 6%. At the same time, according to the analysis of the Bank of Russia, 90% of all funds amounted to 14 ZPIFs. If we talk about individuals, then 3% was a real estate investment fund focused on retail investors, the threshold for entry into this investment fund was 100 thousand rubles. According to the analysis of the Central Bank, this fund invests in commercial premises for further rental. The aforementioned ZPIF covered the entire influx of new retail investors in the fourth quarter. If we talk about the number of shareholders, the number of individuals of the ZPIF products increased by 9.5% percent to 146 thousand people, while the average amount of investments increased to 17.1 million rubles, which was an increase of +1.4 million rubles for the quarter.

Despite the growth in demand among the products of the ZPIF, the profitability of real estate funds decreased significantly in 2022 and remained negative. At the same time, the worst profitability was recorded in the venture investment fund. Funds of market financial instruments showed maximum efficiency. The weighted average return of the ZPIF in the fourth quarter was recorded by an increase of 7.7%, due to the growth of combined funds, with positive results in the second half of the year, closed-end mutual funds failed to show a positive return, showing an 8.5% drop in 2022.

The increased interest was promoted by the increased volatility of the markets during this period. If we talk about legal entities, then in the fourth quarter of 2022, ZPIFs were also an interesting product for this category. The growth of legal entities amounted to 0.9% to 1.3 thousand, the average value of investments also increased by 18.4 million to 3.4 billion.

Also, MC still create individual ZPIFs for wealthy clients. By the end of December 2022, the net asset value of funds with one owner in total amounted to 20% of all ZPIFs.

The Russian collective investment market has demonstrated remarkable growth through the proliferation of various types of mutual investment funds (mutual funds). As of the first half of 2021, the market has reached a volume of 6.1 trillion rubles, with closed-end mutual funds (ZPIF) accounting for 84% or 5.1 trillion rubles. Approximately 100,000 investors with an average investment of 16 million rubles have shown a preference for ZPIFs, which experts from TRINFICO Investment Group have identified as a reliable tool for asset protection and management.

In 2022, there has been a surge in the inflow of funds to retail mutual funds specializing in commercial real estate. Based on the reports of such funds, their assets have more than doubled over the year, from 39.6 billion rubles to 91.9 billion rubles, as reported by Kommersant.

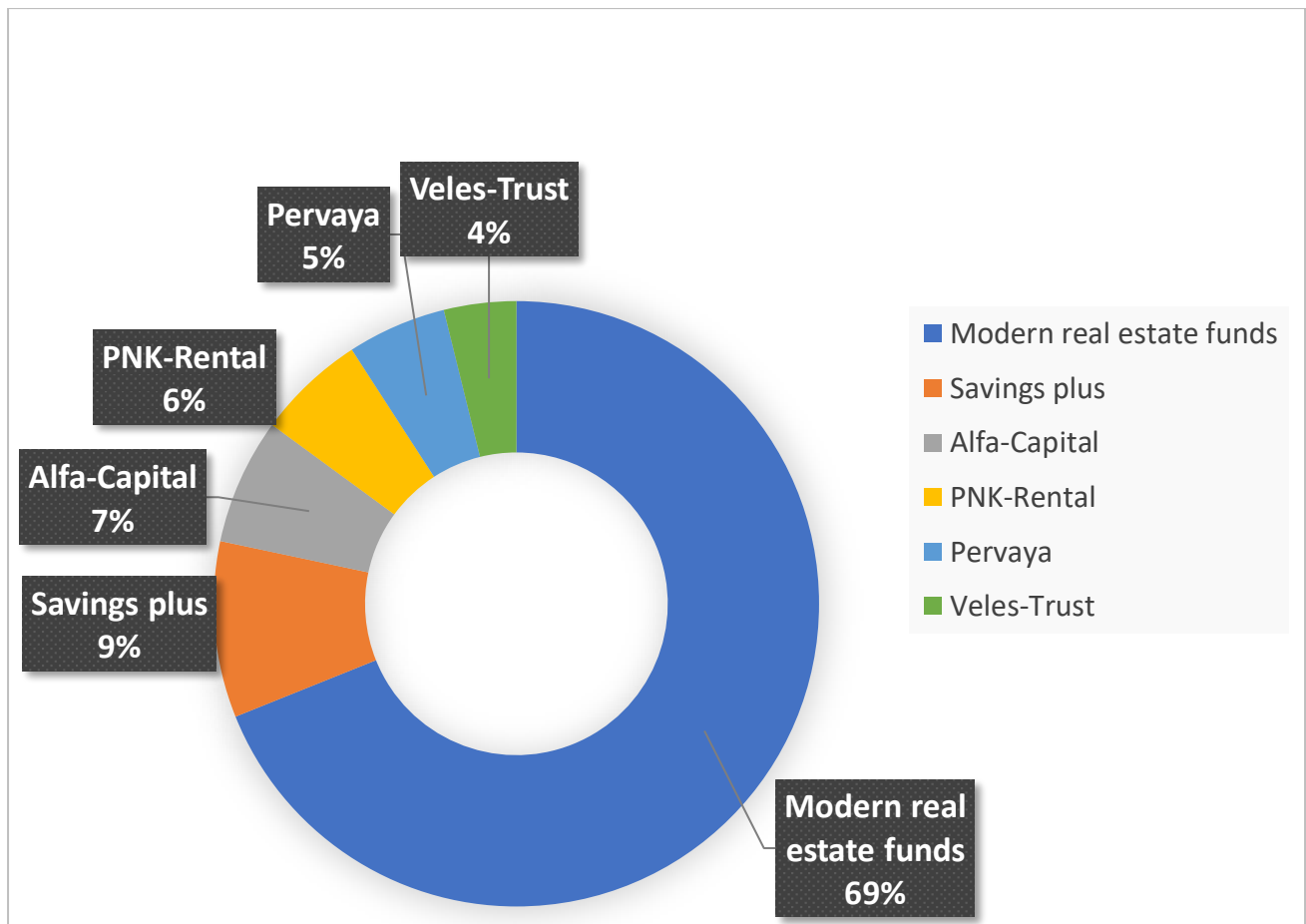


Figure 4. Distribution of retail rental real estate funds by the end of 2022 (billion rubles)

During the analyzed period, the real estate market experienced a low influx of new players. The primary source of funds was attributed to "Modern Real Estate Funds" (SFN CC, 50.3 billion rubles) and "Sberezheniya Plus" (JV CC, 1.4 billion rubles) management companies. This trend occurred amidst a general decline in the demand for open and exchange-traded mutual funds, as investors withdrew over 30 billion rubles within a year. On the other hand, the turbulent market circumstances and Russian portfolios' blockages undermined investor interest in real estate-oriented products. According to Vladimir Zelenov, the Head of the Corporate Clients Directorate at Alfa-Capital Management Company, this is a significant factor behind the observed trend in the market.

At the end of 2021, the real estate sector dominated the industry, accounting for over 70% of total assets in the funds, equivalent to 24.5 billion rubles. However, by the end of 2022, this figure had decreased to 40%, despite an increased investment of 38.7 billion rubles. The proportion of funds allocated to bank deposits and securities also rose from 26% (9.3 billion rubles) to 56% (55 billion rubles) within the year.

It is noteworthy that quarterly income obtained from the tenants is initially placed in deposits by the managers. Dmitry Reshetin, the Managing Director of the Modern Real Estate Funds Management Company, explains that such an approach can slightly enhance the final profitability of shareholders.

As per the findings by consulting firm NF Group, by the end of 2022, more than 3.3 million square meters of class A and B warehouse real estate in Russia had been included in various ZPIFs, accounting for over 8% of the country's total volume of high-quality warehouse real estate. The top 5 largest funds constituted 97% of the warehouse space that formed part of the ZPIFS for retail investors. Closed-end mutual funds accessible to retail investors comprised 1.5 million square meters of high-quality warehouse space or roughly 4% of Russia's total high-quality warehouse supply.

At the same time, funds for unqualified investors featured one percent of the total volume of class A and B high-quality warehouse real estate.

There are two leaders stand out on the market: SBER with assets totaling more than 130 billion rubles and PARUS Asset Management — with assets totaling 53 billion rubles," mentioned in his report Alexey Sivyakov, a member of the Board of Directors of PARUS Asset Management.

If we consider the distribution by region on the scale of our country, geographically, 56% is concentrated in the Moscow region, 16% in St. Petersburg and Leningrad region, 28% are distributed across the regions of the country, among which the leading cities are million-plus: Rostov-on-Don (10% of the total area) and Novosibirsk (7% of the total area).

1.6 Research goal

Research gap

Today's instability in the financial sector of Russia has brought general uncertainty for further development in general. A large number of assets that large investors are afraid to invest in stocks and bonds, developers and large funds that are at risk of a lack of financial liquidity, all these problems require immediate solutions. It is difficult to imagine civilized finance without derivatives and complex

financial products, since they are reliable instruments that hedge the risk of market players during periods of uncertainty.

If we talk about research gap, then according to the existing literature, much attention is paid to the American market and the European investment market. If we consider the mentions of Russian ZPIFs as a separate product, in most articles mentioned comparisons of products or markets, observed profitability or written about low risks and high diversification, however, based on the above articles, we do not get an accurate answer regarding the portrait of key clients of funds, as well as the strategy of launching the fund on the market. The results of this study will help identify the key needs of the market for such a product as closed-end mutual real estate investment funds? During this research, the author found a rather important statement made by Vitaly Balanovich, CEO, Balance Asset Management (2023) that deposits still hold a large amount of money that the management company has not invested in real estate. Also drew attention to the fact that the selection of an object, real estate valuation, due diligence, drafting contracts and other processing of documents takes at least 3 to 6 months. The timing may vary significantly, depending on the complexity or volume of the transaction, an important factor is the speed and compliance of the seller. Thus, the launch of closed-end mutual funds, with its correct formation as correctly selected assets in a period of uncertainty, is a really big problem that requires careful study, both from a practical and scientific point of view.

Moreover, in order to successfully re-launch the difficult-rotating wheel of the economy, we will need to identify the success factors that affect the successful launch of ZPIFs on the market, it is also necessary to assess the possibility of their application in the current conditions, since this information is not available in the scientific literature written earlier. After analyzing the list of articles and identifying research gap, to fill in this gap, the author comes to the conclusion that in this work it is necessary to investigate the following Research questions:

- What are key successful factors for the successful launch of the ZPIFs on the Russian market in period of uncertainty?
- How clients and companies making decisions when they are choosing trust management company?
- What are the key factors in investors' decision-making in process of purchasing in ZPIFs?

Based on the literature review described above, the author formulates the following propositions regarding the successful launch of ZPIFs on the market:

1. Proposition: "A thorough market research and analysis of the current economic climate in Russia is crucial to identify opportunities and mitigate risks for successful launch of ZPIFs."
2. Proposition: "Factors such as financial stability, track record of performance, transparency, and communication channels contribute to the decision-making process of clients and companies when selecting a trust management company."
3. Proposition: "Investors are greatly influenced by past performance, diversification of assets, level of risk, transparency of the fund, and overall reputation of the fund manager when making decisions for buying ZPIFs."
4. Proposition: Investors are attracted by the low volatility of such assets, as well as the preserved rental flow against the background of the withdrawal of some international companies from the Russian Federation and the downturn in the economy.

Research goal

This work is aimed at determining the key success factors of launching ZPIFn for funds in the Russian financial market in an era of unstable economy.

To achieve the Research goal, the author formulated the following research goals:

1. Research concept of successful launching strategy of ZPIFns
2. To investigate the performance of closed-end investment funds launched by investment companies and compare them with other investment vehicles, such as open-end funds, exchange-traded funds (ETFs), and individual securities.
3. To analyze investors behavior in periods of uncertainty
3. To conduct series of interviews and survey to evaluate tendency of key investors

4. Validate data and check information with reliability of current situation and existence practical background

5. To suggest recommendations for investment companies on how to design and implement effective closed-end investment fund launching strategies that maximize investor value and minimize risk.

In the following chapters of this study, the author will verify the above assumptions, will consider the possibility and key success factors of a successful launch of a ZPIF product to the market, in his work the author will consider all interested parties. Due to the fact that to date, there are no works on the success factors of financial products, the author will consider these processes in more detail in his scientific work.

Summing up, research gap can be identified as the absence of any information about successful launches of ZPIF products on the market, namely the lack of transparency in the most significant factors of success at launch. At the same time, after analyzing the situation and market trends over the past 30 years, the author comes to the conclusion that factors and opinions should be obtained in the worst case from 3 participants of the process. Since various financial market participants are involved in the formation, launch and further existence of the fund.

CHAPTER 2. RESEARCH METHODOLOGY

The research method implemented in this study for further analysis of successful factors that will increase the effectiveness of the ZPIFs launch strategy is qualitative, this choice was facilitated by the corresponding limitations in this area.

This chapter provides an overview of the methods and tools used in the research process aimed at determining successful strategies for launching ZPIF in the Russian financial market. The discussion focused on three main areas, namely: research design, research strategy, data collection process, validity and reliability, and validity and validity.

2.1 Research design

In this chapter, we will consider the research methodology that has been applied to confirm our assumptions, the research methods that are used in this work will help to establish the key success factors when launching financial products on the Russian market during periods of uncertainty, the study will help to identify the different thinking of market players, to understand what strategies are used when launching mutual funds and what helps to remain successful and in demand among clients even in difficult times for the economy. The research method used in this work is qualitative, as the author mentioned earlier, there is a lack of research and scientific papers on this topic, and the data available for research is limited. Therefore, it was decided by the author to use a mixed methodology within the framework of the study in order to obtain a wider range of initial data, and therefore to conduct the study more accurately and unambiguously and determine the necessary factors. Important for the research is the responses from managers during surveys and the correct identification of customer behavior in the market in conditions of volatility. Primary and secondary sources of information are of great importance in this study.

The overall purpose of the study is to identify the key factors that influence the launch of the ZPIF product for funds, as well as to identify key decision-making factors for clients. The amount of information about work within financial organizations, as well as methods of making their decisions, is limited and often falls under the NDA, which does not give the right to fund owners, managers, and even more so analysts, to openly talk about figures, strategies and key evaluation methods, certain decisions. In this regard, the author expects that many respondents will not be able to give a clear answer, which will be supplemented with figures or specific examples of clients, since employees who work in financial organizations will not want to speak on behalf of the company (Duhaime & Grant,

1984), agree to record a conversation, or act as an expert in works that will be published in the future. In order to initially understand the infrastructure of funds and management companies, including funds of funds and financial institutions, to understand the basic patterns of behavior of both buy-side and sell-side, key market players were identified, represented by employees of firms. According to the author's hypothesis, if we interview not only the decision makers in the funds, but also the analysts who count and analyze the market every day, we will more accurately identify the factors and be able to answer the questions posed in this paper. Also, as respondents for the client's survey, investors were taken, both those who have financial assets that they are ready to invest in order to obtain further profit, and those who have real estate, it is important to note that the product of the ZPIF is quite diverse, and more structured for investors than a regular stock or a bond, so the number of interested parties who can potentially use this product is much higher than that of plain vanilla. If we talk about the company's employees, the author decided to conduct a series of in-depth interviews with Fund owners, managers of management companies, as well as with analysts who evaluate assets and make valuation models, forecasts thanks to which decisions are made. The purpose of this study was the need to identify success factors for a deeper understanding of the ZPIFn market both among those engaged in the release and among potential customers. Also, as the main goal, we can single out the collection of fundamental information about decision-making by managers and clients, and therefore the identification of the main factors that influence decision-making.

Interview questions were formed in order to identify the most important factors under which funds decide to launch a product, in other words, what funds look at when launching a ZPIF or what is the key factor for funds when they add ZPIFn to their product line.

The structure of research and information collection consists of the following steps:

1. Literature review
2. Interviews with fund managers and analysts, as well as interviews with investors and clients of these funds
3. Encoding of information
4. An additional series of interviews (for more accurate analysis and confirmation of hypotheses)
5. Development of the value chain concept as a strategic analysis tool
6. Application of the developed structure to the current situation in the financial market with a description of recommendations on the implementation strategy of this model

In the course of this research, we not only conducted in-depth interviews, but also reviewed current transactions and the use of the product as a ZPIFs for customers. In the course of the study, the author, thanks to the analysis of the information received, evaluates various success factors and the key needs of customers of this financial product in conditions of uncertainty. In the course of the research, the author will be able to confirm or reject the hypotheses compiled earlier and, therefore, identify the key factors for the success of the launch.

Regarding the structure, the study is divided into three main parts:

In the first part of the study, we create a theoretical basis;

In the second part, the author conducts a qualitative analysis through in-depth interviews and identifies the weaknesses and strengths of the product and companies when launching to the market;

The third part consists of recommendations and suggestions based on the collected information from experts and successful cases in the market recently.

2.2. Selection of methods and tools for strengths and weaknesses identification

In order to determine the advantages and disadvantages of the ZPIF product at launch, the author uses a qualitative analysis. This part of the work consists of three stages: an in-depth interview, its further coding and the use of value chain M. Porter for strategic analysis of financial institutions in order to provide recommendations for improvement.

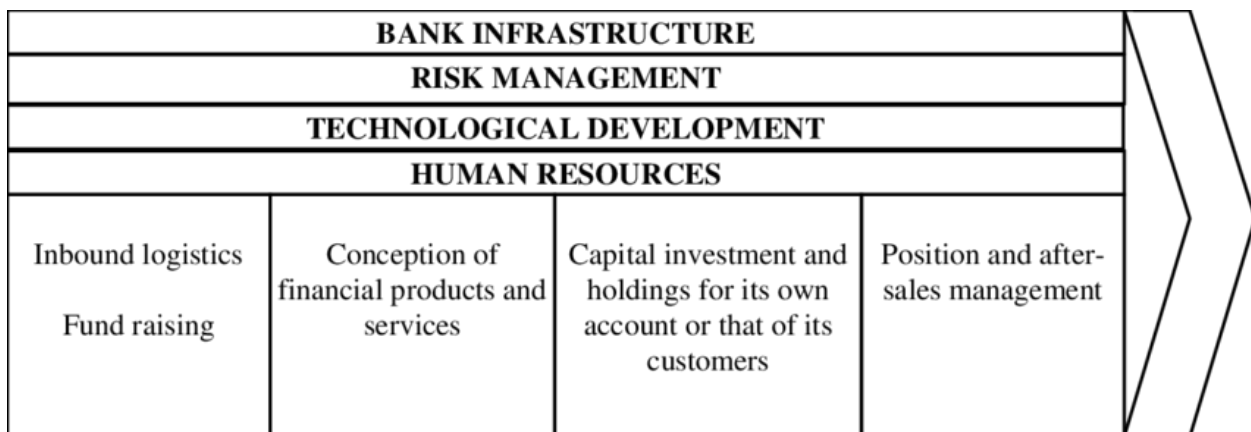


Figure 5. Financial institution value chain

2.3 Data collection

As mentioned above, the main tool for collecting information was a qualitative research method, which consisted of in-depth interviews. In-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation (Carolyn Boyce & Palena Neale, 2006)

If we talk about the specifics of in-depth interviews, then the following can be distinguished among them:

- This type of interview is conducted in person, by phone or using a service offering a conference call, in our case, most of the interviews were conducted in person
- As a rule, during in-depth interviews, a survey of one respondent is conducted, in rare cases several, in the course of this study, interviews were conducted with personalized
- This type of interview is conducted on the basis of pre-prepared questions that correspond to the topic of the study, the questions prepared before the interview should give an answer to the questions posed by the study and help confirm or refute the author's hypotheses that arose in the process of compiling the literature review

- For the completeness and accuracy of the interview, the author should study the scope of his future work, it is necessary to understand the market and key trends
- The questions should be composed in such a way as to avoid ambiguity and the possibility of interpreting the interviewee's order in different ways
- In most cases, in-depth interviews last from 30 minutes to an hour and a half, during our study the average interview time was about an hour.

If we consider the advantages of in-depth interviews, especially in the framework of the analysis of the financial world, then this:

- Getting unique information from key market players
- Subject to the conditions of anonymity, respondents reveal themselves to a greater extent
- An in-depth interview gives freedom of thought and the opportunity to reflect on the question asked from different angles
- Also, depending on the respondent, the interview is created and conducted in a personalized manner, which gives more accurate information and makes it possible to work on a large amount of data, in our case, respondents were divided into Top managers, analysts and clients (investors)

This type of interview allowed the author to provide clear details and a more transparent vision of the opinions of the interviewees. Moreover, thanks to in-depth interviews, it was possible to compare theoretical knowledge and assumptions made on the basis of academic with the opinion of market experts

According to Oun and Bach (2014), interviews provide an opportunity to discuss in detail, but within the framework of the topic, and allow the researcher to freely direct the interview based on the quality of the interviewee's answers.

All interviews were conducted according to a previously prepared standardized structure. First of all, in order to form the framework of the interview and determine the tone, the author described the purpose of the study and the main questions that are planned to be answered.

In the process of collecting information for research, many managers were not ready to act as analysts and agreed only to a friendly conversation, provided that the interview would not be recorded on camera or voice recorder, in accordance with NDA policies within many financial companies, many employees and managers were willing to conduct interviews only on the condition of complete anonymity, without mentioning their direct positions, departments and naming of companies. However, the absence of this information does not affect the quality of the study. Since the anonymity of the respondents allowed them to express their opinion and vision of the market as a whole without fear of being involved in a conflict of interest. As a result, the information received turned out to be freer and more diverse. With the majority of respondents who responded to the request, the interview

was conducted in person, face-to-face interviews helped to get more information by recreating the natural atmosphere of the dialogue and as a result gave more information about the success factors and the current situation in the market as a whole. Only a few TOP managers were not able to communicate live, as they were on business trips at the time of collecting information and conducting interviews.

As mentioned earlier, respondents with 3 roles participated in the survey, each of them was asked different questions. Next, we will look at each category of respondents in order.

The first category includes the so-called decision-makers, by which the author means fund owners and leading managers who make key decisions in the strategies and further development of the company. The first question for this category was quite general and helped to understand how the data from the central bank reports converge with reality and how much the market is potential and it is possible to do business on it Is there much competition on the market right now? Further, after the respondent talked about the market, key players and trends at the moment, we moved on to more precise questions that were aimed at cases and difficulties that the fund or management company faced when launching the product, the question was as follows: Can you describe any challenges or obstacles that you have faced in launching a ZPIFs? The next question for managers and managers directly touched upon the topic of our research and partially answered the research question we posed earlier: In your opinion, what are the key components of a successful ZPIFs launch strategy?, when answering this question, many respondents did not give an exact answer, since many of them initially tried to give rather monosyllabic answers and were not always willing to answer clarifying questions. Also, during the interview, the manager was asked questions about the deals and the largest launches in which he participated in recent years. Can you describe a successful ZPIF launch that you have been a part of? after that, the final question for this category of forgeries was the question: How do you measure the success of a ZPIFs launch?

Also, if there was still time for a conversation, the author asked to share advice or recommendation for clients by asking the following question What advice would you give to someone looking to launch a ZPIFs in today's market?

The second group of respondents are analysts in funds and financial companies. The first question for this category was also generalizing and helped the respondent to talk, moreover, asking the question Can you describe your experience with ZPIFs instruments? It helped to get more information about the market and trends that were described from the analyst's point of view. At the same time, it is important to note that the author was not limited only to positive experiences and offered to consider negative scenarios in which he had to work with ZPIF. Since when writing this paper, it is important to weigh all the factors that affect the launch, both positive and negative. The second question for the analyst was a fairly direct clarifying question regarding valuation methods and

sounded like this: What factors do you take into account when evaluating a ZPIFs investment opportunity? By asking this question, the author expected to get a clearer idea of the factors that are taken into account when forming mutual funds, on the part of the company. The final question for the analyst, as well as for the manager, was the question of successful projects in which the employee participated: Can you describe a successful ZPIFs launch that you have been a part of? This question is also quite general and gives an opportunity to discuss on the topic of successful projects and reflecting on the fact that in the analyst's vision is a successful launch factor.

The author attributed potential clients and investors to the third group of respondents, this category included persons who had ever invested in closed-end mutual funds, and interviews were also conducted with clients of funds who, for various reasons, decided to use this product as a tool in managing their assets. For the third group of respondents, the interview began with immersion in the topic and a description of the goals and objectives that the author plans to achieve in the course of communication. Therefore, as for the first two groups, the first question was a fairly general topic that helped establish contact with the interviewees: Can you describe your experience with Funds or ZPIFs? After that, we moved on to solving the key task of our research work. Since in our work we have to consider not only the selling side, but also the interests of buyers, the question of success factors was included in the list of questions for potential investors. The purpose of this question was to form an investor's vision of success factors, with further identification of key decision-making factors, in other words, what the investor pays attention to when making final investment decisions. If we talk about the clients of the fund, then here the author considers the factors that are most important when choosing a management company or fund. As a potential client, he chooses the company with which he plans to cooperate.

Respondent	Interviewee position in the company	Size of a company / size of portfolio	Sector of economy	Experience	Duration
1	Co-founder	Medium	Finance - fund	25 years	45 min
2	Managing director	Large	Finance - Bank	20 years	40 min
3	Manager	Large	Finance - Bank	15 years	40 min
4	Manager	Small	Finance - fund	15 years	65 min
5	Senior Analyst	Global	Finance – real estate fund	5 years	60 min
6	Analyst	Global	Finance - Bulge bracket	3 years	45 min
7	Client	Medium - HNWI	-	12 years	35 min
8	Client	Medium - Mid-tier HNWI	-	15 years	30 min
9	Investor	Medium	-	7 years	40 min
10	Investor	Small	-	6-7 years	40 min

Table 6. Table of respondents in interviews

If we summarize the results of the interviews, then by asking general questions to 3 groups, we were able to form a fairly clear idea of the current trends and moods in the financial market. Qualitative analysis allowed us to obtain in-depth information during the interview with the opportunity to ask clarifying questions during communication. You can find the full interview question in the appendix.

2.4 Validity and reliability

The choice of this research method often casts doubt on the validity and reliability of the data obtained due to the following risks.

Qualitative research is subjective in nature as it relies on the researcher's interpretation of the data. The relatively small sample sizes and the personal involvement of the researcher increase the likelihood that the results are biased.

Qualitative research is time-intensive as the data collection process is laborious and requires the researcher to invest a substantial amount of time analyzing the data. This can make it difficult to conduct large-scale studies and reach significant findings.

Vasileiou (2018) asserts that "the time-consuming nature of qualitative research often results in small samples and reduced generalizability, limiting the ability to make claims about large populations."

One of the main criticisms of qualitative research is that the findings are not generalizable to larger populations. Qualitative data is often obtained from a small sample size, which makes it impossible to apply the results to a broader population.

According to Shidur Rahman (2016), "the generalizability of qualitative research findings is often questioned because of the small sample size and the subjective nature of the research."

Qualitative research does not typically include a control group, which can make it difficult to compare results to a group that has not been exposed to the same conditions.

However, the very concept of «validity» does not apply to qualitative research since the goal of qualitative research is not to establish a generalizable truth, but rather to construct meanings and understandings of social phenomena. (Lawrence Leung,2015)

While qualitative research has several threats and drawbacks, these do not negate the the data obtained through this method. To enhance the validity and reliability of qualitative research, triangulation techniques was employed.

Despite all possible threats from the chosen method, the results of the study meet the author's expectations and confirm the hypotheses formed earlier. Thus, an interview with the vice-president of one of the funds confirms the author's earlier hypotheses that rental commercial real estate funds are quite stable instruments for investments, since the volatility of this asset class is significantly lower than that of stock market assets. The reliability of the collected information is confirmed by a detailed description of the processes that occur both in the organization and in interaction with clients, during the interview topics such as efficiency, cohesion and team experience were touched upon, low

volatility of this asset class was noted. Detailed answers and clarifications from the respondent made it possible to fully cover the existing questions. But in order to come to the objectivity and reliability of the data, the series of interviews was continued. The second interview was conducted with a junior partner of the regional fund, who has more than 20 years of experience in finance and capital management, this interview partially confirmed what was said earlier and from the point of view of the study increased the reliability of the results, confirming the information described by the vice president of the Moscow company. During the interview, the junior partner also devoted most of his attention to the team and trusting relationships with the client, describing it with the following phrase: "In real estate, you need to choose a manager, not an object"

Among other things, the respondent noted information that many investors find a safe haven in real estate funds in a turbulent financial market during periods of uncertainty

If we turn to the literature, then according to scientific sources, Kelly (1927, p. 14) described it as follows: test is valid if it measures what it claims to measure. According to the study, the validity of the findings is related to the careful recording and continuous verification of the data (Brigitte S., 2017), which corresponds to the strategy and actions applied during the writing of this work

If we talk about Reliability, then according to the statement (Robson, 2002) reliability is a matter of "being thorough, careful and honest in carrying out the research". It is for this purpose that most interviews were conducted in person, avoiding telephone and video conferences, since one of the main goals of the interviewer was to help the respondent relax and talk about the financial market in a calm and comfortable environment for him. In order to increase reliability, the information obtained was also checked with reports of central banks, open speeches of analysts and direct statements of companies participating in transactions.

2.5 Data analysis

Having started analyzing the data, the author faced a not trivial task to analyze the previously collected material from the interview. After studying the materials on working with qualitative data, you can find an article from Coffey and Atkinson (1996), which states that: there is no single correct solution in the analysis of qualitative data.

In this paper, the author applied the following structure of working with data:

1. Gathering and collecting qualitative data through interviews
2. Organizing and connecting information in a structured qualitative data
3. Coding
4. Analysis of the coded qualitative data
5. Reporting of the results received during analysis

If we look at this study as a task, then the main goal for its solution is to organize and search for patterns of success, the most significant factors. Since the main task of data analysis is the processing of the obtained material into knowledge, on the basis of which conclusions can be drawn.

As mentioned by the researcher earlier, Qualitative analysis allows the author to get more information from professional market players, this method is especially valuable for improving the user experience.

In the course of this work, the author applied several methods for working with data at once. One of the methods was Narrative Analysis. Narrative analysis strives to find a meeting ground between the nomothetic and the idiographic. In other words, narrative researchers are looking for broader interview topics applicable to all respondents in addition to examples from the personal experience of the interviewees.

“In these individual stories, the unique way each participant interpreted his experiences came into view” (Goodman, 2004, p. 6) Narrative analysis is especially useful for a deeper understanding of the respondents' points of view.

The second method that was used in this work is Discourse analysis. This type of analysis is used for in-depth study of qualitative data. This method was used in the analysis of secondary data, such as audio and video recordings of analysts, managers who gave interviews over the past year. Using this method makes it possible to focus on the contextual meaning of the language: the author can understand in more detail what the interviewees think about this topic and why they acted accordingly. Despite the fact that in the business environment this method is mainly used by marketing teams, its application in the financial sphere will significantly facilitate the task and identify the needs of users more accurately, since during the analysis, it is easier for the authors to understand the norms and ideas that exist in the current market, as well as to understand how important these or other factors are they play for their customers

In the course of the study, the discursive analysis significantly helped to analyze the motivation of clients who plan to invest in mutual funds and quite clearly determined the motivation of funds, the strategy of many competitors in the market, supplementing the missing information with the opinion of employee analysts.

However, one should not omit the fact that, like most methods of qualitative analysis, discursive analysis is subjective, and the opinions of various experts may differ significantly, also this process takes a lot of time and is quite laborious in its application.

Coding and further analysis occupy the main place in research works, leading the researcher from the development of research and data collection to the development of theory, analysis, and description of the results obtained.

Since the main task of data analysis is to separate useful information and experience into a separate data. Qualitative data should be evaluated through the assignment of codes, valuable information, this process is called information coding. When collecting high-quality information during the interview, the author transformed the list of questions into codes

Coding allowed us to get a general understanding among the respondents, helped to identify weaknesses or factors of non-success, as well as to identify factors that positively affect the launch of the product and which are worth paying attention to, but the most important is the fact that coding allowed us to identify success factors when launching ZPIFs to markets during periods of uncertainty.

When encoding the information collected during Narrative analysis, the author applied the following structure:

1. Utilize code narrative blocks as the initial step in the qualitative research process.
2. Cluster and analyze gathered data information based on specific live-events related to successful ZPIFs launching strategies.
3. Construct a hierarchical structure of codes that follow a nested story format to aid in the organization and analysis of the data.
4. Engage in an in-depth examination of the story structure of the data and its associated codes.
5. Conclusively compare information gathered from various story structures to extract relevant insights and trends.
6. Summarize the core narrative of the analyzed data, identify the effective launching strategies

For Thematic Analysis the author applied the following structure of working with data:

The thematic analysis is a qualitative data analysis method used for identifying patterns and themes in the data. In this study the following approach for this method was adopted:

1. Familiarization with the data

2. Initial coding: Every part of data was systematically analyzed and categorized using codes that were descriptive and reflective of the data content.

3. Coding framework

4. Identifying and refining themes: A thorough analysis of coded data led to the identification of major themes that emerged from the data. The themes were then refined by grouping together codes that were closely related and eliminating codes that were repetitive or redundant.

5. Reviewing themes against the data: The developed themes were reviewed in the context of the entire data set to ensure that they accurately represented the content of the data and that they provided meaningful insights on successful launching strategies for REITs.

6. Developing a final report: The final step was focused on constructing a comprehensive report depicting the findings of the thematic analysis. The report highlighted the key themes and factors associated with factors of success during the ZPIFs launching

Coding and data analysis allowed us to continue this study and start developing recommendations. So according to the coding, the author identified 3 main features, these are: Resources, reputation, and opportunities and interests of clients

In the process of coding, the author created 3 general categories of code related to research issues:

What are key successful factors for the successful launch of the ZPIFs on the Russian market in period of uncertainty? – Resources

How clients and companies making decisions when they are choosing trust management company? – Company capabilities and customer interests

What are the key factors in investors' decision-making in process of purchasing in ZPIFs? – Reputation

Detailed diagrams can be found in the next part of the thesis. Preliminary identification of success factors allowed us to continue developing recommendations on focusing on key success factors when launching ZPIFs.

CHAPTER 3. ANALYSIS OF THE OBTAINED RESULTS.

3.1 DISCUSSION OF THE RESULTS OF THE EMPIRICAL STUDY

Observing results that were collected during this study author started build the model which will combine all categories and factors into one process. All dialogues with respondents were coded and processed in such a way that it was possible to build a model of competitive advantage or so-called potential success launching model.

The basis was taken from the teachings of M. Porter, who introduced the value chain model in 1985 in the book "Competitive Advantage" (Porter, 1985). Further in this paper, you may observe a graph with the most frequently mentioned codes which were gathered during the interviews. The analysis is aimed to identify and improve the current strategy of bringing the products of the ZPIF to the market further. Thanks to the obtained results, we were able to identify the most important factors during launches, according to the respondents. Also, in this chapter, the author describes the theoretical contribution and opportunities that this work presents for future research.

3.2 Main findings to the research questions

As mentioned earlier, the author identified 10 main respondents for the interviews. All of the persons who took part in the course of this investigation were closely connected with the financial sphere. Each of the participants had experience either in conducting transactions and forming portfolios, or in buying or investing funds in such type of assets. Interviews with experts on practical experience have shown how difficult it is to identify these factors, even for experts who have devoted more than 10 years to this field. Which tells us that management companies and funds are currently building a strategy for the development of their companies, while not always identifying success factors due to the fact that the scope of supply and demand of mutual funds is very little studied. For example, it is easier for investors to buy federal loan bonds or blue chips than to familiarize themselves with a trust management agreement by freezing their assets for a long time. For example, one of the respondents said the following: At the top we have money market funds that invest in highly liquid short-term instruments and local equity funds.

Clients transfer their funds from deposits to mutual funds of mentioned type, this tool is used by our clients as a "safe haven", in which they wait out periods of volatility in the market.

However, times are changing and if earlier investors looked towards stocks and bonds due to their high liquidity and the possibility of closing positions without resorting to the forces of funds, now due to increased turbulence in the stock market, the departure of foreign investors and asset freezes, investors' interests have changed dramatically, which led to an increase in demand for such products as a ZPIF – says one of the bank's managers.

At the same time, in order to personalized ZPIFs, Russian investors will still need an impressive amount of assets, for example, one of the managers during an interview mentioned the amount of investments starting from 400 million, so that the management company could effectively manage the fund and operating costs will not exceed the profit received from assets. Thus, at the moment, the organization and management of assets packaged in a ZPIF is quite an expensive tool even for a secured investor. And it requires simplifying the management process and further maintaining the ZPIF. So, in the legal field, the easing of the central bank's policy for family funds will significantly help, subject to a number of conditions.

Many fund managers and management companies noted that: real estate has always been an asset of increased attention. Investors have always perceived these objects as low-risk with the protection of their capital. With this type of thinking, ZPIF will be an excellent tool for more conservative investments, one of the managers believes.

If you look at the financial market and the key players in general, then at the moment, mutual funds and real estate investments are strategically important areas even for key players. Many companies are preparing investment decisions with an emphasis on this management, according to one of the analysts. So SBER in 2020 allocated a separate direction and created a new management company for retail rental real estate funds. Based on this example and open information published by the Savings Bank, by the end of 2021, shareholders received more than 6 billion rental payments. Sberbank analysts believe that the main factors that made it possible to achieve such high results are: high-quality facilities that are in demand regardless of seasonality, professional management of the team and responsiveness and efficiency in decision-making in the company as a whole.

During communication with management, the topic of asset liquidity was also repeatedly touched upon, an important factor is that when buying an asset, the object must remain liquid and continue to grow in price, so when selling the object, shareholders will receive additional income from the price difference.

One of the specialists of the contract department noted that an important factor is that the object is already being purchased with a tenant who is on a long-term lease agreement with the indexation

periods prescribed in it. This type of real estate begins to bring rental income to its owners immediately after the transfer of ownership rights from the previous owner to the current one.

As the practice of the last 20 years shows, commercial real estate mutual funds are the most stable instruments during periods of volatility, since in comparison with the securities market, in particular stocks, the price of this type of asset changes significantly less over a short period of time. According to the results of the analysis of one of the respondents, all the companies that reported profits and losses in public that invested in real estate continued to receive positive cash flow. So, if we look at the income to shareholders, depending on the liquidity and the correctly selected asset, the investor could receive from 9 to 36 per annum. Such indicators are more than attractive for all types of investors, among which there is a non-public rule of 10% interest per annum.

«In our fund, we have the opportunity to include any assets in the ZPIF, but the most popular among our investors are ZPIFs, which include stabilized real estate objects, mainly commercial. We specialize in working with large and qualified investors. If we consider the composition of all our ZPIF, then about 70% of them contain real estate objects or property rights to them. ZPIF is an excellent investment tool due to its many advantages. ZPIF has a lot of advantages, but one of the main ones is the ability to invest collectively, while sharing risks», answers one of the fund's managers our question.

Also, the collective type of investment gives opportunities to those investors who do not yet have a lot of capital to purchase a stand-alone business center, shopping center or warehouses.

When buying real estate, it is important to pay attention to the manager, while sometimes checking the manager is a more important part of the transaction than the real estate object itself, said one of the managers in the investment company. In conditions of instability in the stock market and in the economy as a whole, real estate is becoming an increasingly attractive investment vehicle. It has the advantages of both bonds and stocks: the investor receives both a quarterly coupon income and an increase in value when selling an asset. The key factor determining the profitability of real estate investments is the steady interest of large tenants in the object. Our warehouse complexes are an example of such stability: the vacancy rate (the number of vacant places not leased) is 0%, and tenants continue to show interest in our facilities without contacting us with requests to revise the amount of rent, despite the difficult situation in the economy and volatility, explain portfolio manager in interview.

Also, one of the managers claimed the following: We want to propose a value-added strategy, which consists in acquiring unfilled areas at a lower price than they cost after signing a contract with the tenant, and providing such facilities for rent. However, for non-professional investors who are often shareholders of large mutual funds, it is important that management companies disclose such

information. Since they may mistakenly believe that the profitability of the fund is guaranteed in the same way as the profitability of deposits, which is not true. From this statement, we conclude that transparency is also an important factor for a long and productive relationship between investors and funds.

One of the investment managers noted the growth of the last couple of years among all categories of investors, noting that many consider these instruments as an alternative to deposits, the rates for which are not as high as they were before, moreover, the risks of investments are much lower than in the stock market. As an additional advantage of mutual funds, a high-class security factor of this type of asset was highlighted, in other words, this tool is a so called «safe haven» for investors during periods of high market volatility.

One of the respondents in the course of the study noted the success of the company "PNK-Rental", which quickly gained fame as a successful product, showing good profitability for its investors. The key success factors in launching this ZPIF, the respondent noted the following.

In order to increase the interest of investors, PNK-Rental set fairly low commissions for the Criminal Code, registrar and appraiser, so according to open sources, the total amount of commissions was no more than 0.35% of the net asset value. Also, it is impossible not to note the low entry threshold, which was 5000 rubles for one share.

In the second part of the survey, the author had a question about attracting customers and techniques for expanding the audience of investors. So, one of the sales managers replied that the principle of word of mouth works particularly well in this industry, so satisfied customers often recommend the management company to their partners and social circle.

After discussing the process of attraction, the next question that arises during the interview is whether there is great competition in the market. The author received the following answer to this question: the market of services for the creation of mutual funds is a narrow segment that requires high qualifications and extensive experience to provide full-cycle services to clients - from the creation of a fund model to its implementation and subsequent support, with constant monitoring of the assets that are part of the fund.

After completing the survey and analyzing the information received from experts, the author compiled the following graph of codes, the most frequent mentions of success factors of funds and investors. Keywords: Brand awareness, Reliability, Financial resources, Human resources, Market demand, Consumer preferences, Company reliability, Capital protection, Understanding of REIT, Relationships with stakeholders, Corporate social responsibility, Track record, Technical capabilities, Legal expertise, Problem solving skills, Managerial competence, innovation, Cultural aspects,

experience regulatory compliance, risk appetite, trust in the fund management team, investor expectations and historical indicators.

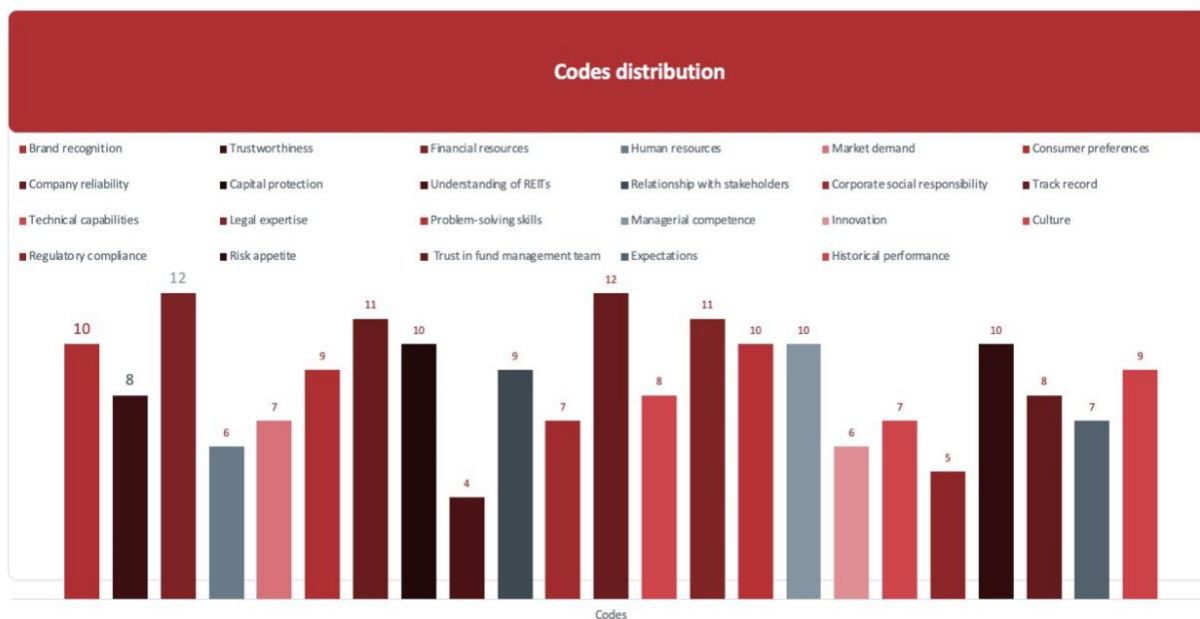


Figure 7. Distribution codes according to the interviews

Based on this research, author built a model that reflects the success factors of funds and the actual needs of investors during periods of market volatility. At the same time, this model is divided into 3 sections.

The first section is the reputation of the company or fund in which the investor plans to invest, in this section we can see the risk appetite, transparency of the fund and its openness to investors, low commissions, successful work of the fund for a long time, as well as the reputation of individual specialists working in the fund.

The second section of this model includes the financial resources of the company, the amount of funds in management, the competence of management, its expertise, the stability of payments from acquired assets, the technical equipment of the company and the smooth operation of the fund, this section can include an extensive product line and the ability to meet the needs of the investor.

In the third section, the foundation of this model, the author considers the direct interests of clients, as the practice of the last 5 years shows, the greatest success in the market was achieved by funds whose units were less than 300 thousand rubles per unit, which opens up the opportunity for more clients to invest, also, no less important for investors is the historical result of the company throughout time of existence, then how close to the declared results the company paid dividends and brought profitability to its customers. Also, during the survey, many large investors are ready to trust

only those managers with whom they have worked before, or those specialists who have proven themselves in the market as professionals in solving non-trivial issues, the liquidity of acquired assets is quite important for investors with experience, since during periods of uncertainty and market volatility, many investors are aimed at buying undervalued assets, or those assets that are being sold by international companies that are leaving the market, in this case in the acquisition of Class A assets that are expensive, and not available to absolute majority of investors, the principle of collective investment is excellent. Also, in this section, investors and clients of funds attributed a moderate risk appetite of companies, in which investors consider those players who find a compromise between profitability and risks in assets. As mentioned earlier, for many investors, mutual funds are a way to preserve their assets by protecting them from inflation and depreciation.

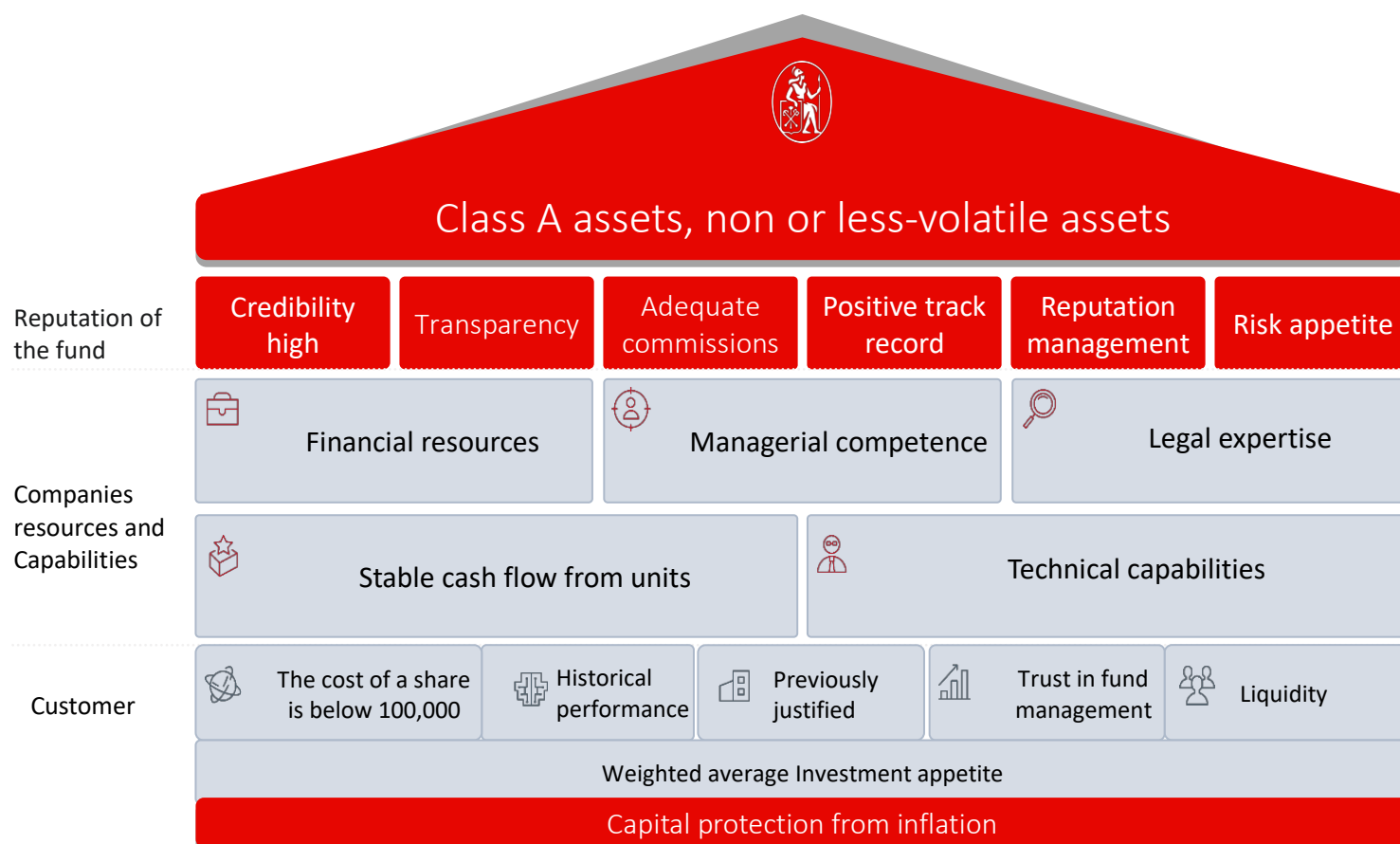


Figure 8. The model of factors for the successful launch of the ZPIF

The author's first proposition sounded like this: "Funds tends to perform and results only during the appropriate and stable market conditions in the country and economy." During a series of interviews, we managed to get confirmation that this assumption is not true. As we can see from the responses of the respondents, funds and management companies show quite good results and portfolio growth during periods of uncertainty, as they are a kind of consultants for clients. It is during periods of uncertainty that funds and investment companies can most easily develop a portfolio of clients, meeting the requirements of the market and the interests of depositors

Second proposition: "Factors such as financial stability, track record of performance, transparency, and communication channels contribute to the decision-making process of clients and companies when selecting a trust management company", would be confirmed, as investors really look at the previous results of funds, try to determine their transparency and financial stability. This assumption correlates with the first one, since in times of crisis, the fund should be stable and work smoothly. Despite this, during the discussion, track record was rather skeptical by investors during periods of uncertainty, other factors were included in the list of mandatory when choosing a company through which an investor plans to work.

As for the third proposition: "Investors are greatly influenced by past performance, diversification of assets, level of risk, transparency of the fund, and overall reputation of the fund manager when making decisions for buying ZPIFs.", it is partially confirmed, since not every investor is important to diversify assets when investing in ZPIFS, in the first place, a number of investors have a high dividend payout and a high class of assets, during periods of uncertainty, investors reduce their risk appetite and prefer more conservative investments. However, based on data analysis, even under conditions of uncertainty, investors do not lose hope of outrunning inflation and from part choose funds in which more successful and long-lasting past performance

Fourth proposition is that Investors are attracted by the low volatility of such assets, as well as the preserved rental flow against the background of the withdrawal of some international companies from the Russian Federation and the downturn in the economy. This proposition has fully confirmed itself, as it was said earlier that investors are looking for a safe haven for their assets, and are ready to consider investments with low volatility and lower profits, subject to constant rent payments or dividends from the fund, many investors consider this type of investment as an alternative to departed foreign companies, investments in ETFs, foreign stocks or foreign deposits and investments in real estate and assets abroad.

3.3 Theoretical contribution and managerial implications

As we can see, the needs of investors described earlier during literature review collection, confirm the answers of respondents, and are superimposed on the developed model of successful launch factors. Based on this model, balancing in all three floors: Reputation of the fund, companies' resources and capabilities, customers interests. The funds will be able to attract more investors, while the relationship with clients using the principles laid down in this model should be strengthened. In general, the author notes that by developing these factors in the company, it is possible to achieve greater success in the market by improving its position. It can also be noted that this model is applicable, since the absolute majority of financial institutions and funds have each of the resources mentioned above. Consequently, any of the companies can significantly increase their revenues or client portfolios, thanks to the implementation of this model.

Considering this academic paper from theoretical contribution, this study and the model attached to it can become the foundation for continuing research in the field of finance and fund economics, in the course of further research, a number of quantitative analyses can be carried out among medium and small investors to find a correlation of investor needs when investing in mutual funds. The concept of 3 floors built in this model can be applied not only in the field of mutual funds, but also, in the future, can be implemented in other products of financial institutions, in particular, investment banks, asset management. This work will find a response in the adaptation materials for private banking and the client managers working there.

3.4 Limitations and suggestions for further research

However, it should be noted a number of limitations that have arisen in the course of this study. Despite the fact that throughout the work the author touched upon the topic of limitations in the study, it was decided to put the most obvious of them in a separate chapter of this research work. After analyzing a large amount of research, scientific and business literature, as well as analyzing successful cases of companies that have launched financial instruments in the financial market over the past few years, it is worth noting that often in finance, past results do not always correlate or are an indicator and a guideline for future results. Trends, market specifics, investor unrest, frozen assets, lack of liquidity can also effect on results of financial companies in the future. Based on the above, all empirical research in the field of finance and in the markets of population welfare management should

be perceived as mediators, but not directly influencing factors. Moreover, in the course of this study, only a small part of analysts and portfolio managers from financial sector were interviewed, which limits the scope of this model to closed-end mutual funds in the real estate sector.

Despite the fact that the respondents are experts in the field of finance and have considerable experience, the influence of the factors mentioned in the work may change during economic or political changes. Also, due to the fact that the ZPIF product is focused only on the Russian market and has no applications on the stock markets of Europe and the USA, the possibility of using the model is also limited. However, in case of further research, the author does not exclude the possibility of creating a universal model of success factors for launching financial products on global markets of the international arena. It is quite possible that the results of the study may differ in different markets and when interviewing respondents with experience in foreign funds, the success factors may be changed, but relying on the literature review collected earlier by the author materials, we can conclude that the interests of investors are similar regardless of the country and location. We see a trend in the development of these instruments on the Russian financial market, therefore, further research may be the analysis of large financial institutions and the application of this model to alternative investment instruments, including structural products with capital protection.

Conclusion

Summing up, the author notes that according to the analysis of reports of the central bank, answers from fund managers interviews and investor preferences, the demand for closed-end mutual funds will continue to grow in the coming years. This means that companies will need knowledge and expertise not only from a technical point of view, but also important to attract and develop relationships with new investors. Since only with correctly identified needs and preferences, funds will be able to offer the most interesting products for investors.

Today's uncertainty in the financial market and the actions of investors accompanying this instability only confirm that, under any market conditions, investors need financial products to fulfill their needs. If you look at foreign markets, where the analogues of ZPIF have gone through more than one crisis and have proven themselves to be quite attractive instruments for investment, we can say with confidence about the further growth and development of ZPIF in Russia.

As mentioned earlier, the ZPIF has a positive impact not only on the financial component of the investor or fund, but also is a kind of booster for a local economy. Thanks to this tool, various sectors of the economy can be financed in mid-term period. Despite the fact that the law on securities and management of this type of instruments appeared back in 1995 and has been supplemented and improved since then significantly, from the point of view of legislation and simplification of work with mutual funds, the legislation requires improvements in processes and revision of approaches to qualified investors, since at the moment not having a large number of assets, it is quite problematic for investors to start investing in these instruments.

Also, based on statistics, more than half of the value of net assets and products of the ZPIF as a whole is located in Moscow and the Moscow region, St. Petersburg is in second place, high concentration around megacities makes it impossible to promote this product among regional investors, and therefore to develop the economy of the regions. Consequently, as an alternative to the capital's ZPIFSs, regional products can be developed that are close to local investors, similar to green bonds launched in Moscow some time ago. According to interviews and research results, investors are ready to switch to less volatile assets during periods of uncertainty, while losing part of the profitability. However, many market players, during periods of crisis in the markets, regard this cycle as an opportunity to invest in Class A assets, with the further purpose of resale in a more stable, normalized economy.

According to this academic paper, the author has developed 3 groups of factors that are important to the clients of funds and funds for the successful implementation of their products.

As it was mentioned above, resources, company capabilities and customer interests, reputation indicated in the model are the key groups for attracting investors, the roof and foundation of this model are Class A assets and capital protection, including from inflation.

If we talk about the purpose of this work "To identify the success factors of ZPIFs launching on the Russian market", then thanks to the collection and analysis of Russian and foreign literature, the author managed to identify the factors and even build a model of the necessary requirements for companies to be successful in the market.

If we talk about propositions, then three out of four were confirmed during the study, which makes it possible to understand the interests of thinking and the market, assess future trends and make forecasts more accurately.

This study will be useful both for funds and for ordinary investors, as it aims to reduce the risks of companies to produce products that are not in demand, and to reduce the risks for investors, which include working with unscrupulous companies, buying toxic assets, or the difficulty in terminating a contract with a management company. the company and the further withdrawal of assets and a closed mutual fund.

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Appendix

<p>Proposition 1: «Funds tends to perform and results only during the appropriate and stable market conditions in the country and economy. »</p>	<p>In your opinion, what are the key components of a successful ZPIFs launch strategy?</p> <p>Is there much competition?</p> <p>Can you describe any challenges or obstacles that you have faced in launching a ZPIFs?</p> <p>How do you measure the success of a ZPIFs launch?</p>
<p>Proposition 2: "Factors such as financial stability, track record of performance, transparency, and communication channels contribute to the decision-making process of clients and companies when selecting a trust management company."</p>	<p>Who is your client/investor?</p> <p>When it is economically feasible for a client to create a fund?</p> <p>What is the growth of the customer base, how do customers in need of mutual funds find you?</p>
<p>Proposition 3: "Investors are greatly influenced by past performance, diversification of assets, level of risk, transparency of the fund, and overall reputation of the fund manager when making decisions for buying ZPIFs."</p>	<p>Is risk mitigation the main decision-making factor for your clients?</p> <p>What is the key factor when deciding to invest in a particular product?</p> <p>What factors do you consider when evaluating a ZPIFs investment opportunity?</p>

<p>Proposition 4: Investors are attracted by the low volatility of such assets, as well as the preserved rental flow against the background of the withdrawal of some international companies from the Russian Federation and the downturn in the economy.</p>	<p>Over the past 2 years, what is your investment portfolio?</p> <p>Did you have any foreign assets?</p> <p>What played a key role in the selection of these products?</p> <p>Did you have a ZPIF PNK Rental, where the funds will be invested in the future and which of the products would you consider as an alternative to buy?</p>
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Table 9. Question to respondents