

## Directions of Development of Investment Funds in the System of the Modern Stock Market

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**Abstract:** The article discusses the main directions of development of investment funds. Its role and accessibility are noted, that is, that feature that contributes to the “collection” of other investment capitals. The characteristic features of an investment fund as the main supplier of investment capital are revealed. Specific proposals are given for the distribution of income received from the placement of capital in the securities market.

**Key words:** securities, integration, real estate valuation, inflation, stock market, financial institutions, business, investment funds, financial institutions, concentration, savings, market participants, interest.

### Introduction

Formation of the investment climate, which is one of the main elements of the investment process, and increasing the role of the stock market in it, is formed as a result of the interaction of investment relations. Tax policy and customs-tariff regulatory reforms aimed at reducing the tax burden and simplifying the taxation system for investors, supporting a healthy competitive environment, are being implemented at a rapid pace. At the same time, in working with investors, especially in the localities, the initiatives of investors are not properly supported by all levels of governments, and the bureaucratic obstacles and pitfalls related to the lack of clear coordination of the activities of ministries and agencies in this regard are obstacles to the strengthening of confidence in the formation of the investment climate and increasing the role of the stock market in it. is doing

The most important direction in the development of investment funds in the system of the modern stock market, in particular the securities market, is the direction associated with the transformation of this market into an integration center or, architecturally speaking, into the center of "attraction" of all modern investment funds.

### Main part

We can name the following main reasons why investment funds should become the center of integration of the securities market:

- the securities market is the market of the most important form of modern society - capital in the form of shares and bonds. Actually material wealth (in the form of real estate, jewelry, etc., which usually increase in their market value) is only a small part compared to fund wealth, and the amount of money itself is much less important, since, as is known, the storage of wealth in the form money due to inflation means the inevitable loss of wealth, and not at all its increase;
- -investment funds as part of the stock market system is the most mobile form for the existence of financial wealth. Thanks to this market, capital from its funded form easily and quickly turns into a monetary form, and through it further into any material forms. In this sense, a

comparison, for example, with the credit market or the market for bank loans, is clearly advantageous, since, on the one hand, keeping money in the form of deposits is extremely unprofitable (low-income), and the loan market is completely illiquid, i.e. issued loans are not subject to free sale;

- the stock market, in particular, the securities market in the broad sense of the word, is part of the most accessible and massive financial market, or, to put it differently, it is a kind of "foreign market", i.e. a market that is accessible to almost any person or group of the population and as a means of personal enrichment.

It should be noted that it is precisely this role of accessibility that is the "feature" that contributes to the "collection" of other investment capital. At the same time, it should be noted that investment funds are also among the main suppliers of investment capital. These are companies that invest their capital in the securities of other companies. Investment funds are open and closed. The former (i.e. mutual funds) are constantly selling their new shares to investors, buying old ones from them and investing the proceeds in securities of other companies. They are called so because capitalization is not financed at the same time (shares are issued as demand grows). Closed-end funds have funded capitalization. The shares issued by them are freely tradable and not redeemable. New share issues are extremely rare. Usually, shares are issued only at the moment of their formation or at long intervals, investing the proceeds in a portfolio of securities in order to receive income and capital gains.

Investment funds are the main providers of investment capital.

The process of economic development will sooner or later lead to the fact that enterprises, regardless of the form of ownership, will attract resources to the securities market on uniform terms, and the investor will place funds in financial instruments circulating throughout the country. This "single stock market of the future" is being created now and there is a real need to explore the financial integration of investment funds into the securities market from the point of view of the issuer, i.e. opportunities to raise funds for the development of domestic enterprises.

The role and importance of investment funds in the economy is usually associated with the significant scale of participants in their financial and economic activities. In this regard, investment funds as participants in the securities market are the object of close attention from such scientists and practitioners.

Initially, the securities market appeared when the economic situation of individual states reached a sufficiently high level, and in order to ensure high-quality growth, a need arose for new forms of business organization capable of solving large-scale problems of economic development. The issuers successfully coped with this task. Economic practice has shown that only large business in the form of investment funds can provide the necessary conditions for economic prosperity and the development of the securities market. On the other hand, investment funds show all their advantages only in a developed economy. Thus, an economic structure is formed that best ensures the functioning of capital as a self-increasing value. From an economic point of view, investment funds are a mechanism for realizing the needs of capital in their quest for constant growth. This is the most effective mechanism that best performs the function of capital concentration and its use, but on the other hand, it is also the most complex form of business organization in terms of management and control.

The strengthening and development of the role of investment funds, and their transformation into the main form of capital organization affects not only the pace of economic development, but also significantly changes the nature of production relations. As a result of the growth of investment capital, social relations have changed to a large extent. The contradiction between labor and capital, which seemed insoluble for the countries with transitional economies, has lost its sharpness today thanks to investment funds and other financial institutions. This contradiction has not completely disappeared, but has been depersonalized and broken up into a number of other conflicts.

Investment funds do not eliminate the contradictions between its private property nature and the public form of organization, but act as a kind of mechanism that allows for a balance of collective and private interests. The content of these conflicts is the struggle between participants in the securities market for the redistribution of the share of the additional product in their favor. Due to the fact that the socialization of the role of investment funds today dominates over its private component, thereby, to a large extent, the suppression of conflict is ensured. The role of investment funds that differs from other financial institutions lies in the fact that the owners of capital, i.e. participants in the securities market in this struggle have almost equal opportunities. The adopted laws and requirements for the conditions for organizing and doing business introduce entrepreneurial relations into the mainstream of the legal system.

Therefore, it can be argued that investment funds in the modern economy play an important role in resolving contradictions between participants in the securities market. Involving in the sphere of economic activity, directly or indirectly, a huge number of people and their savings, introducing them to analysis and commercial calculation, as well as to various forms of economic education, participants in the securities market make them involved in the process of entrepreneurial activity, and in the broad sense of the economic life of the country in general. Participants in the securities market are transforming business from a private matter of a few individuals into a global economic system.

### Conclusion

As the role of investment funds develops as a whole, the contradictions between participants in the securities market, as socio-economic contradictions, are increasingly turning into a system of legal relations between financial institutions, as such, its owners, staff and the state. The most important issue of these relations is the issue of a fair distribution of income received from the placement of capital in the securities market, which today is mainly resolved through negotiations on the basis of commercial calculation, ignoring political and ideological aspects. Collective interests are given priority over private ones. This practice of problem solving is called social partnership. Strikes, as the most radical way of defending the interests of some participants in the securities market, in relation to others, are currently the exception rather than the rule. Mass forms of unrest caused by crisis factors, if they occur, their demands are more often directed not to participants in the securities market, but to legislative acts regulating relations between participants in the securities market.

The process of managing investment funds has taken the form of coordinating the positions and interests of various interested groups on the basis of compromises and agreements. All this creates conditions for strengthening the role and importance of investment funds in the securities market and their economic stability in society and contributes to the economic growth of the country and the well-being of its citizens.

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