

METHODOLOGICAL NOTES FOR TIME SERIES CONTAINING PRUDENTIAL DATA OF INVESTMENT FUNDS

1. DEFINITIONS

Net asset value: the actual market price of the investment fund, at which the assets of the investment fund could be sold.

UCITS: publicly available open-ended investment funds defined in Point 8 of Subsection (1) of Section 4 of the Act XVI of 2014 on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations.

AIFs (alternative investment funds): non-UCITS collective investment schemes as defined in Point 1 of Subsection (1) of Section 4 of the Act XVI of 2014 on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations.

Regulatory capital: the own funds as defined in Point 91 of Subsection (1) of Section 4 of the Act XVI of 2014.

Capital requirement: the amount calculated pursuant to Section 16 of the Act XVI of 2014 which must be covered by regulatory (solvency) capital.

2. GENERAL NOTES

The time series contain data on **investment fund managers and investment funds supervised by the Central Bank of Hungary (MNB)**, and also comprise investment funds that are licensed abroad, but managed by a supervised Hungarian fund manager.

As of January 1, 2020, these time series no longer include data on many alternative investment fund managers (mostly venture capital fund managers) and the funds, which were removed from the list of supervised entities, pursuant to Paragraph a) of Section 1 of Act XVI of 2014.

Information on the total stock of investment units of investment funds licenced in Hungary is available in the publication "Supplementary data on government securities and investment funds" under Statistical Time Series/Securities/Time securities data , whereas data on all investment funds licenced in Hungary can be found in the publication "Statistical balance sheet of investment funds" under Statistical Time Series/ Balance Sheets of Financial institutions/Non-monetary financial institutions – Investment funds.

The data on supervised investment fund managers and funds are published every three months, as specified in the publication calendar on the website of the MNB's Statistics (<https://statisztika.mnb.hu>).

The data in the time series are considered confidential at the individual level, which is the reason why the time series only include aggregated data originating from at least 3 data providers.

In some cases certain data may differ from those already published, owing to the fact that significant modifications were submitted by the data providers after the publication was closed.

The data are rounded up or down individually, therefore the sum of the individual data is not necessarily equal to the total data.

Some data are not available for the entire time series due to changes in the scope of entities subject to reporting obligations or changes in reporting table structures.

3. DATA SOURCE AND CONTENT

The source of the time series data is the reporting submitted by capital market institutions to the central bank's information system, based on the regulation governing the data reporting obligations required for the supervisory duties of the MNB. From 31 March 2026, the number of funds will no longer be taken from the separate table previously reported by data providers. Instead, it will be determined from the granular data reporting. This does not change the content of the publication, but the production methodology has been significantly revised, resulting in a publication with more controllable and higher quality data.

Pursuant to the Act XVI of 2014, since 2015 data have also included data on venture capital fund managers, venture capital funds and private capital funds. However, under Paragraph a) of Section 1 of Act XVI of 2014, as of January 1, 2020, 40 venture capital fund managers, 5 other fund managers as well as their respective funds were removed from the list of supervised institutions. Consequently, at the time of this change the degree of overseeing in this sector decreased by 7.2 per cent, calculated on the basis of net asset value. The number of non-supervised fund managers is constantly changing, but the time series do not follow this change.

Since 2018 data on foreign funds managed by domestic fund managers have also been included in the time series.

In addition to the number of supervised investment funds and fund managers, the time series also contain the break-down of net asset value of the funds based on various aspects, as well as data on the capital adequacy of the fund managers. Venture capital fund managers did not have to report capital adequacy data even before their removal from among supervised institutions, and as a result, their capital adequacy data are not included in the time series.

Based on the authorization of the Act XVI of 2014 and effective from July 1, 2024, Government Decree 78/2014 (III. 14.), amended the primary asset categories and introduced new types and investment rules for classification according to the investment policy of funds. As a result, from September 30, 2024, the time series data will be presented with modified content and in a renewed format (while the previous time series data will remain accessible as archived records).

The new publication content is based on Government Decree 78/2014 (III. 14.).

The classification by primary asset category or by investment policy as outlined in the Government Decree does not apply to funds specified in Sections 1/A, 1/K, and 1/L of the Government Decree. This includes money market funds regulated by EU Regulation (EU) 2017/1131, funds that invest at least 80% of their assets in instruments issued and traded outside of Hungary, closed-end investment funds, and public real estate funds with entry restrictions. In terms of investment

policy, these funds will continue to follow the previous classification in data reporting. However, for all investment funds – from a statistical point of view – the primary asset categories defined in Government Decree 78/2014 (III. 14.) must be used in reporting, and these categories will also appear in publications. Funds not covered by the Government Decree are published in alignment with and consolidated with the funds subject to the Government Decree.

For data up to the reference date of June 30, 2024, the original publication status of the “3_net asset value_categ types” data is included in the "6_Archiv Data" worksheet. The primary asset category in the publication has been retrospectively aligned with the current types, as outlined below.

Primary asset category until June 30, 2024	Primary asset category from September 30, 2024
Securities funds	Securities funds
Real estate funds	Real estate funds
-	Mixed funds
Venture capital funds	Venture capital and private equity funds
Private equity funds	Venture capital and private equity funds

The categorization of investment funds based on investment policy is discussed in detail in Section 4.

4. CATEGORIES OF INVESTMENT FUNDS

The types related to the investment policy of funds listed in Government Decree 78/2014 (III. 14.) and the previously used classifications are not directly compatible. However, to maintain representability, funds reported based on the former classification after July 1, 2024, are presented in the time series published from September 30, 2024, according to the categorization in the table below.

Reported categories	Categories published from September 30, 2024
Liquidity funds	Money market funds
Money market funds	Money market funds
Short bond funds	Bond funds
Bond weighted balanced funds	Mixed securities funds
Long bond funds	Bond funds
Balanced funds	Mixed securities funds
Equity funds	Equity funds
Bond funds without fixed duration limits	Bond funds
Capital protected funds	Capital protected funds
Absolute return funds	Absolute return funds

Dynamic balanced funds	Mixed securities funds
Commodities funds	Commodities funds
Derivative funds	Derivative funds
Funds investing in real estate directly	Real estate funds
Funds investing in real estate indirectly	Funds of funds
Venture capital funds	Venture capital funds
Private equity funds	Private equity funds

The categories applied in publications prior to July 1, 2024, in terms of investment policy:

Categories of investment funds:	Criteria
Liquidity funds	The weighted average length of time to maturity of all assets in the fund (= Weighted Average Maturity: WAM) is maximum 60 days and the weighted average of the remaining life of the assets held in the fund (= Weighted Average Life: WAL) is maximum 6 months.
Money market funds	The WAM is maximum 6 months, and the WAL is maximum 1 year.
Short bond funds	The WAM should be between 6 months and 3 years.
Long bond funds	The WAM should be over 3 years.
Bond funds without fixed duration limits	The duration limits of the portfolio are not determined in advance.
Bond weighted balanced funds	The share of the bond type assets in the portfolio should be minimum 65%. The share of the non-equity type assets (for example: real estate type, commodity type) in the portfolio should be maximum 20% by asset types.
Balanced funds	The share of the non-bond type assets in the portfolio is 35-65%. The share of the non-equity type assets (real estate type, commodity type etc.) in the portfolio should be maximum 40% by asset types.
Dynamic balanced funds	The share of the non-bond type assets in the portfolio may be over 65%. The share of the non-equity type assets (for example: real estate type, commodity type) in the portfolio should be maximum 40% by asset types.
Equity funds	The share of the equity type assets in the portfolio is over 80%.
Commodities funds	Funds whose commodities exposure (through funds or commodity derivatives) is minimum 50%.
Absolute return funds	Funds whose objective is generating a positive return over a benchmark (e.g., risk free yield), irrespective of market movements.
Capital protected funds	Funds that offer some form of capital protection without any legal guarantee and funds that offer formal, legally binding guarantee of income or capital.
Derivative funds	Derivative funds that do not belong under categories above.
Funds investing in real estate directly	Funds whose real estate exposure comes from investments in real estates directly.
Funds investing in real estate indirectly	Funds whose real estate exposure is over 40% and it comes from indirect investments (through funds, participations in real estates etc.).

Venture capital funds	Closed-ended AIFs defined in Point 59 of Subsection (1) of Section 4 of the Act XVI of 2014 on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations.
Private equity funds	Closed-ended AIFs defined in Point 70 of Subsection (1) of Section 4 of the Act XVI of 2014 on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations.

Categories of investment funds from 2009 to 2012:

Liquidity funds	bond funds where the weighted average time to maturity of the fixed income securities in the portfolio is maximum 3 months
Money market funds	bond funds where the weighted average time to maturity of the fixed income securities in the portfolio is more than 3 months but maximum 1 year.
Short bond funds	bond funds where the weighted average time to maturity of the fixed income securities in the portfolio is 1 to 3 years
Long bond funds	bond funds where the weighted average time to maturity of the fixed income securities in the portfolio is more than 3 years.
Bond weighted balanced funds	invest maximum 30% of their assets in equities
Balanced funds	invest 30 to 70% of their assets in equities
Equity weighted funds	invest 70 to 90% of their assets in equities
Equity funds	invest at least 90% of their assets in equities
Derivative funds	derivative funds which have neither guarantee nor promise for yield and/or protection of capital
Guaranteed funds	funds which have guarantee or promise for yield and/or protection of capital (funds that offer a legally binding guarantee of income or capital)
Other securities funds	securities funds which cannot be classified into any of the above categories
Property vendor funds	real estate funds where the share of the buildings under construction is maximum 25%
Property development funds	real estate funds where the share of the buildings under construction is more than 25%

The archived version of the "2_net asset value_inv pol" time series can be found on the "5_Data 2013 – 30.06.2024" worksheet.

National Bank of Hungary, Statistics Directorate, Supervisory Statistics Department