



**Australian
Bureau of
Statistics**

March Quarter 1995

MANAGED FUNDS: AUSTRALIA

Catalogue Number 5655.0



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**MANAGED FUNDS: AUSTRALIA
MARCH QUARTER 1995**

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AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 5655.0

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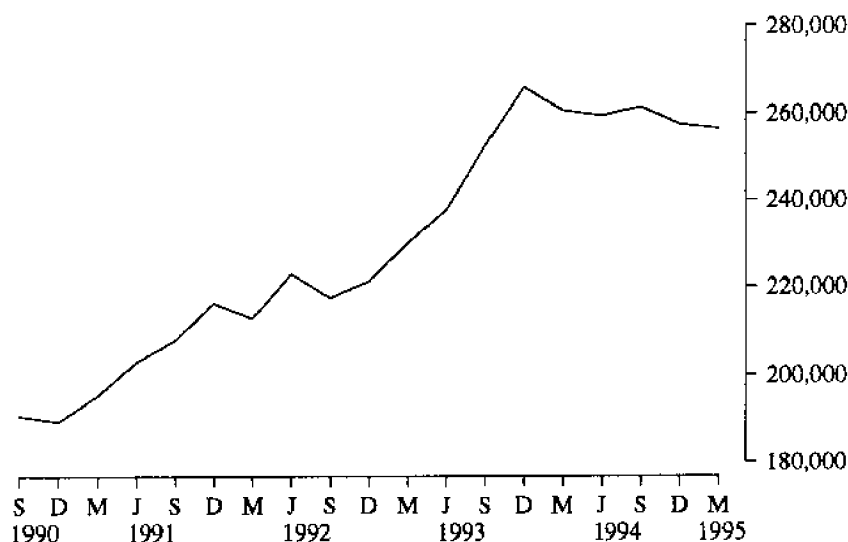
INQUIRIES

- *for further information about statistics in this publication and the availability of related unpublished statistics, contact Wendy Raedt on Canberra (06) 252 7118 or any ABS State office.*
 - *for information about other ABS statistics and services please contact Information Services on Canberra (06) 252 5402, 252 6007, 252 6627 or any ABS State office.*
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MAIN FEATURES

MANAGED FUNDS - TOTAL CONSOLIDATED ASSETS AT END OF QUARTER \$ Million



The market value of consolidated assets of managed funds in Australia at 31 March 1995 was \$256,554 million, a decrease of \$896 million (0.3%) on the revised December 1994 figure of \$257,450 million, and a decrease of \$3,972 million (1.5%) on the revised March 1994 figure of \$260,526 million.

The largest decreases in the consolidated assets of managed funds in the March 1995 quarter compared with the previous quarter occurred in Statutory Funds of Life Insurance Offices, down \$935 million (0.9%), and Superannuation and Approved Deposit Funds, down \$122 million (0.1%). The largest increase was recorded by Public Unit Trusts, up \$137 million (0.4%).

The major decreases by asset type during the March 1995 quarter occurred in short term securities, down \$3,231 million (10.4%), and equities & units in trusts, down \$1,214

million (1.7%). The main increases were in long term securities, up \$1,460 million (2.9%), overseas assets, up \$1,352 million (3.6%), and land & buildings, up \$1,312 million (4.3%). Variations in interest rates and falls in the value of the Australian dollar contributed to these movements.

The value of managed funds' assets invested through Professional Fund Managers was \$220,886 million at the end of March 1995, representing 86.1% of all the consolidated assets of managed funds.

(Note: Revisions made to data reported in previous quarters in the main reflect improvements in the coverage of the ABS Survey of Balance Sheet Information, which has resulted in the inclusion of several additional Life Insurance Offices and Professional Fund Managers in the collections.)

NOTES ON CONSOLIDATION

The statistics in this publication relating to the assets of managed funds are presented in two ways; *Part One* contains statistics on the consolidated assets of managed funds, *Part Two* contains individual tables for each type of managed fund on an unconsolidated basis.

The two presentations are included to allow users of the statistics to distinguish between a measure of the total amounts invested with managed funds (*Part One*) and the amounts invested with the individual types of managed funds (*Part Two*). *Part Two* also contains a more detailed asset category dissection.

Method of Consolidation

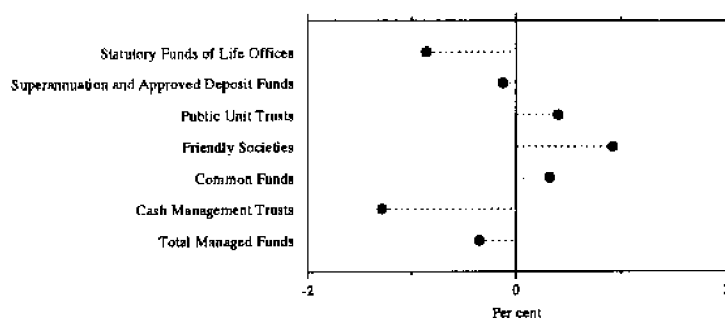
To arrive at a figure for the total consolidated assets of managed funds in Australia it is necessary to eliminate the cross-investment between the various types of funds. For example, investments by superannuation funds in public unit trusts are excluded from the assets of superannuation funds in a consolidated presentation. It is not possible however to apportion cross-investment at the level of detail presented in *Part Two*.

The following table presents the unconsolidated, cross-invested and consolidated assets of managed funds by type of fund as at 31 March 1995.

ASSETS OF MANAGED FUNDS IN AUSTRALIA,
BY TYPE OF FUND — 31 March 1995
(\$ million)

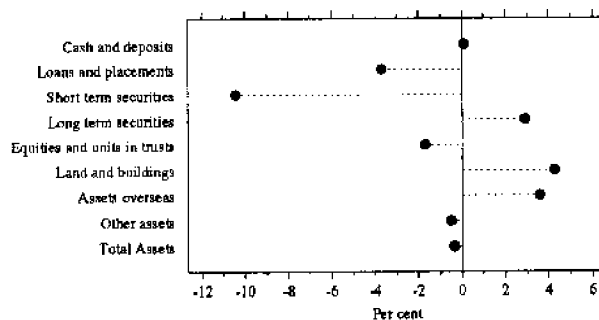
Type of Fund	Assets		
	Total	Cross-invested	Consolidated
Statutory Funds of Life Insurance Offices	114,863	7,218	107,645
Superannuation and Approved Deposit Funds	106,377	10,505	95,872
Public Unit Trusts	37,575	3,036	34,539
Friendly Societies	8,533	9	8,524
Common Funds	4,756	111	4,645
Cash Management Trusts	5,329	—	5,329
Total	277,433	20,879	256,554

PART ONE: ASSETS OF MANAGED FUNDS — CONSOLIDATED BASIS

CONSOLIDATED ASSETS OF MANAGED FUNDS, BY TYPE OF FUND
Percentage change for the quarter ended March 1995TABLE 1. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF FUND
(\$ million)

	1991	1992	1992-93	1993-94			1994-95			
	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.	March
Statutory Funds of Life Insurance Offices(a)	87,050	99,627	103,794	109,804	114,036	109,988	108,233	109,578	108,580	107,645
Superannuation and Approved Deposit Funds	71,724	81,100	88,610	95,073	100,556	98,263	96,840	97,992	95,994	95,872
Public Unit Trusts	23,572	23,589	26,291	28,435	31,806	32,901	34,689	34,671	34,402	34,539
Friendly Societies	8,122	8,963	9,171	9,129	9,107	9,047	8,996	8,777	8,446	8,524
Common Funds	6,686	4,319	4,474	4,683	4,763	4,737	4,785	4,742	4,630	4,645
Cash Management Trusts	5,755	5,344	5,316	5,477	5,484	5,590	5,915	5,623	5,398	5,329
Total	202,908	222,942	237,656	252,601	265,752	260,526	259,458	261,383	257,450	256,554

(a) Prior to June 1992 these data were prepared from data furnished by the Insurance and Superannuation Commission. See Explanatory Notes. Figures include superannuation funds held in the statutory funds of life insurance offices.

CONSOLIDATED ASSETS OF MANAGED FUNDS, BY TYPE OF ASSET
Percentage change for the quarter ended March 1995TABLE 2. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF ASSET
(\$ million)

	1991	1992	1992-93	1993-94			1994-95			
	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.	March
Cash and deposits(a)	15,968	14,278	12,155	12,361	11,369	10,326	15,010	12,972	12,440	12,453
Loans and placements	15,888	14,821	15,135	15,265	14,600	13,539	13,578	13,979	14,697	14,153
Short term securities(a)(b)	24,018	27,218	28,257	26,645	28,193	27,716	28,660	29,615	30,955	27,724
Long term securities	39,259	46,259	51,395	55,227	55,118	55,439	52,226	52,537	50,415	51,875
Equities and units in trusts(c)	38,682	56,510	60,279	68,615	76,955	74,145	72,095	74,971	72,155	70,941
Land and buildings	35,382	30,140	26,776	26,398	26,381	26,959	29,352	29,467	30,776	32,088
Overseas assets	21,735	25,790	35,358	40,084	44,113	44,216	40,634	39,908	37,644	38,996
Other assets	11,979	7,927	8,299	8,005	9,024	8,186	7,899	7,932	8,366	8,325
Total	202,908	222,942	237,656	252,601	265,752	260,526	259,458	261,383	257,450	256,554

(a) Includes bank certificates of deposit held by Public Unit Trusts and, prior to June 1992 bank certificates of deposit held by Cash Management Trusts. (b) Prior to June 1992 excludes short term securities other than bank certificates of deposit and bills of exchange held by the Statutory Funds of Life Insurance Offices. These amounts are included with long term securities. (c) Prior to June 1992 this category excludes units in trusts held by the Statutory Funds of Life Insurance Offices. These amounts are included with other assets.

PART TWO: ASSETS OF MANAGED FUNDS — UNCONSOLIDATED BASIS

Statutory Funds of Life Insurance Offices.

Statutory Funds of Life Insurance Offices have been set up under Commonwealth Government legislation and are analogous to trust funds. The legislation requires that the assets of any statutory fund must be kept separate and distinct from the assets of other statutory funds and any other assets of the company. All income received must be paid into and become an asset of the appropriate statutory fund and these assets are only available to meet the liabilities and expenses of that fund.

The information from June 1992 presented in the table below was compiled using data from the ABS Survey of Balance Sheet Information and represents total coverage of Life Insurance Office Statutory Funds. The information for earlier periods was derived from information supplied by the Insurance and Superannuation Commission from its Quarterly Statistical Bulletin.

STATUTORY FUNDS OF LIFE INSURANCE OFFICES
Percentage change in selected assets
for the quarter ended March 1995

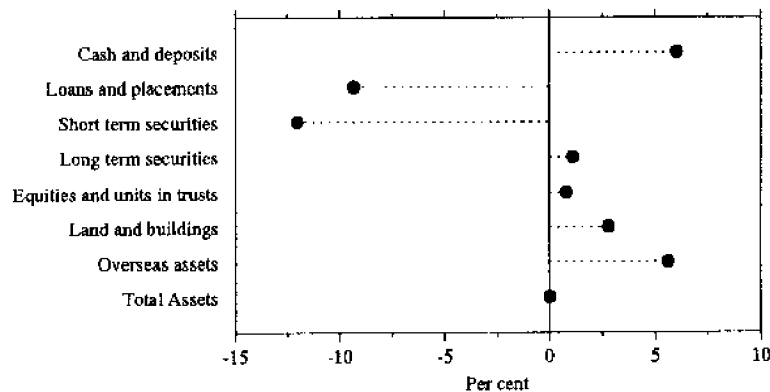


TABLE 3. ASSETS OF THE STATUTORY FUNDS OF LIFE INSURANCE OFFICES(a)
(\$ million)

	1991		1992		1992-93		1993-94			1994-95		
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.	March
ASSETS IN AUSTRALIA(b)												
<i>Financial assets —</i>												
Cash and deposits												
Banks	1,685	1,953	1,909	1,610	1,993	1,995	2,649	2,590	2,277	2,558		
Other deposit taking institutions	2,019	2,237	2,472	2,383	2,026	1,988	2,414	2,659	2,544	2,554		
Loans and placements	8,699	6,625	6,587	6,288	5,810	5,422	5,320	5,525	6,179	5,603		
Short term securities												
Bills of exchange												
Bank certificates of deposit	5,920	4,633	4,987	5,396	5,749	4,987	5,615	5,493	5,734	5,170		
Other short term securities		2,275	2,340	1,757	1,740	1,589	1,473	1,711	2,068	2,055		
Long term securities		3,430	3,095	2,801	2,485	2,521	2,745	2,980	3,242	2,491		
Commonwealth government bonds	20,801	2,565	5,323	7,971	7,543	8,194	8,258	8,722	8,244	8,611		
State and local government securities		11,558	12,335	13,384	14,353	14,098	13,281	12,212	12,166	12,936		
Other long term securities		8,149	7,569	6,628	6,535	6,128	6,339	6,857	6,354	5,516		
Equities and units in trusts												
Private trading corporations shares	22,180	23,832	22,725	25,422	27,791	26,406	25,308	26,645	25,445	24,283		
Financial sector shares		4,046	4,424	5,078	5,949	5,840	5,500	5,030	5,299	5,789		
Units in trusts	4,551	3,273	3,877	4,150	4,427	5,174	6,200	5,928	6,002	6,963		
Other assets		2,021	2,033	1,919	2,238	2,234	2,132	1,821	1,712	2,137		
<i>Non-financial assets —</i>												
Land and buildings	13,748	11,835	9,761	9,444	8,977	8,464	9,126	9,203	9,387	9,651		
Other	2,911	1,905	1,751	1,494	1,245	1,497	1,328	1,837	2,722	2,213		
Total assets in Australia	82,513	90,337	91,188	95,725	98,861	96,537	97,688	99,213	99,375	98,530		
ASSETS OVERSEAS	10,187	12,787	16,730	18,467	19,805	18,824	16,986	16,559	15,461	16,333		
Total assets	92,700	103,124	107,918	114,192	118,666	115,361	114,674	115,772	114,836	114,863		

(a) Includes superannuation funds that are wholly invested and administered by life insurance offices. (b) Groupings necessitated by differences between classifications used by ABS and the Insurance and Superannuation Commission.

PART TWO *continued*

Superannuation Funds and Approved Deposit Funds

Superannuation Funds are indefinitely continuing funds maintained for the provision of benefits for either members of the fund, or the dependants of members in the event of retirement or death of the member. Approved Deposit Funds are established under the *Occupational Superannuation Act 1987* and are maintained solely for receiving, on deposit, amounts that are deemed by section 27D of the Tax Act as eligible termination payments.

The information presented in the table below is compiled using data from the ABS Survey of Balance Sheet Information and includes both public and private sector superannuation funds that either directly invest on their own behalf, or use fund managers on a fee for service basis.

For further information see the ABS publication, *Assets of Superannuation Funds and Approved Deposit Funds (5656.0)* — issued quarterly.

SUPERANNUATION AND APPROVED DEPOSIT FUNDS
Percentage change in selected assets
for the quarter ended March 1995

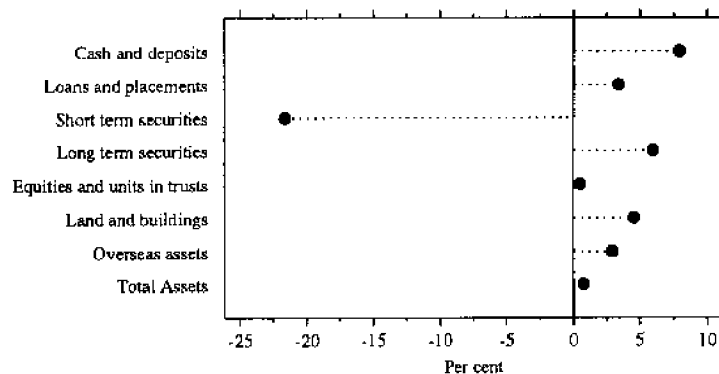


TABLE 4. ASSETS OF SUPERANNUATION FUNDS AND APPROVED DEPOSIT FUNDS(a)
(\$ million)

	1992-93			1993-94				1994-95		
	1991 June	1992 June	1992-93 June	1993-94 Sept.	1993-94 Dec.	1993-94 March	1993-94 June	1994-95 Sept.	1994-95 Dec.	1994-95 March
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,711	2,311	2,249	2,500	2,298	1,972	3,438	3,088	2,939	3,169
Other deposit taking institutions	3,667	3,460	1,580	1,561	1,388	1,296	1,228	1,589	1,311	1,416
Loans and placements	6,346	7,677	7,388	7,605	7,451	6,493	6,457	6,244	6,221	6,430
Short term securities										
Bills of exchange	3,527	2,561	3,555	3,900	3,275	3,499	3,827	3,893	4,545	3,783
Bank certificates of deposit	2,305	1,670	1,845	1,521	2,673	2,964	3,122	2,812	2,901	2,169
Other short term securities	1,277	1,675	1,353	1,803	1,603	1,544	1,132	1,258	1,702	1,212
Long term securities										
Commonwealth government bonds	3,732	6,920	8,683	8,925	9,087	8,223	9,286	9,578	9,043	11,264
State and local government securities	7,160	7,581	9,032	8,813	8,829	9,503	7,950	8,214	8,330	7,365
Other long term securities	4,793	5,432	3,891	3,572	3,074	3,133	2,966	2,409	2,277	2,188
Equities and units in trusts										
Private trading corporations shares	15,110	20,633	23,079	26,415	29,341	28,336	27,993	29,565	28,100	26,880
Financial sector shares	3,075	3,660	4,157	4,724	5,495	5,153	5,013	4,952	4,747	5,320
Units in trusts	4,308	4,760	6,135	6,691	6,848	6,803	6,777	6,839	7,347	8,203
Other assets	2,069	1,931	2,289	2,515	3,120	1,915	1,662	1,896	1,637	1,584
<i>Non-financial assets —</i>										
Land and buildings	9,413	8,104	7,065	6,908	6,947	7,134	7,385	7,343	7,719	8,070
Other	506	320	359	283	361	344	400	328	284	383
Total assets in Australia	68,999	78,695	82,660	87,736	91,790	88,312	88,636	90,008	89,103	89,436
ASSETS OVERSEAS	9,184	10,206	14,672	16,692	18,243	19,192	17,538	17,237	16,464	16,941
Total assets	78,183	88,901	97,332	104,428	110,033	107,504	106,174	107,245	105,567	106,377
Of which —										
Superannuation funds	69,958	78,848	86,863	93,814	99,262	97,061	96,227	97,529	96,439	97,394
Approved deposit funds	8,225	10,053	10,469	10,614	10,771	10,443	9,947	9,716	9,128	8,983

(a) Excludes superannuation funds that are wholly invested and administered by life insurance offices. However superannuation funds that invest partly through the statutory funds of life insurance offices are included.

PART TWO *continued***Public Unit Trusts**

A public unit trust is defined as an arrangement, governed by a trust deed between a management company and a trustee, which is open to the public for the purchase of units in the trust. Unit Trusts invest the pooled funds of unit holders to yield returns in the form of income and/or capital gain. Unit holders can dispose of their units within a relatively short period of time.

The information in the table below is compiled from data collected by the ABS in the quarterly Public Unit Trusts Survey.

Excluded from the table below are:

- Trusts which are exempted from providing redemption facilities under Section 1069(3) of the Corporation Act (e.g. most film and agriculture trusts).
- Cash Management Trusts (see Table 8).
- Trusts which have not sought or do not intend to seek funds from the general public in Australia and therefore have not registered a prospectus with the Australian Securities Commission, and
- Some small trusts which are insignificant in statistical terms.

Further information is available through subscription to a special data service.

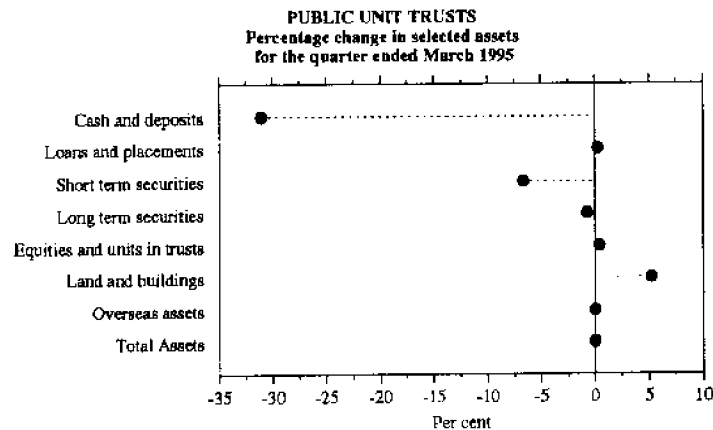


TABLE 5. ASSETS OF PUBLIC UNIT TRUSTS
(\$ million)

	1991	1992	1992-93	1993-94			1994-95			
	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.	March
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks(a)	1,424	1,260	1,200	1,198	1,325	1,088	1,345	1,079	1,023	739
Other deposit taking institutions	968	1,317	1,270	1,119	982	943	750	729	869	565
Loans and placements	1,470	1,113	1,446	1,507	1,536	1,605	1,784	1,935	1,894	1,899
Short term securities										
Bills of exchange	880	828	844	959	1,253	1,564	1,628	1,429	1,204	1,132
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	274	513	260	278	292	289	318	414	416	381
Long term securities										
Commonwealth government bonds	588	1,209	1,666	1,793	1,866	1,739	1,672	1,462	1,296	1,286
State and local government securities										
Other long term securities										
Equities and units in trusts										
Private trading corporations shares	2,394	3,589	4,819	5,669	6,932	6,915	6,902	7,305	7,182	7,287
Financial sector shares										
Units in trusts	2,013	1,747	1,861	1,974	2,372	3,073	3,143	3,278	2,987	2,923
Other assets	462	454	446	458	530	571	694	605	616	581
<i>Non-financial assets —</i>										
Land and buildings	11,736	9,725	9,530	9,616	10,034	10,951	12,389	12,493	13,234	13,927
Other	1,231	1,086	1,113	1,152	1,193	1,225	1,246	1,253	1,123	1,134
Total assets in Australia	23,439	22,840	24,457	25,722	28,314	29,963	31,872	31,982	31,843	31,853
ASSETS OVERSEAS	2,339	2,758	3,949	4,910	6,060	6,200	6,110	6,112	5,719	5,722
Total assets	25,778	25,599	28,406	30,633	34,374	36,163	37,982	38,095	37,563	37,575

(a) Bank certificates of deposit are included with Cash and deposits at banks.

PART TWO *continued*

Friendly Societies

Friendly societies are organisations registered as such under the appropriate State legislation. All assets of friendly societies, with the exception of the assets of separately operated and controlled Health Insurance Funds, are included in the table below.

as part of the Survey of Balance Sheet Information and approximates 95 per cent of the total assets of friendly societies as at June 1992.

Further information is available through subscription to a special data service.

The information in the table below is compiled from data supplied to the ABS by 28 of the largest friendly societies

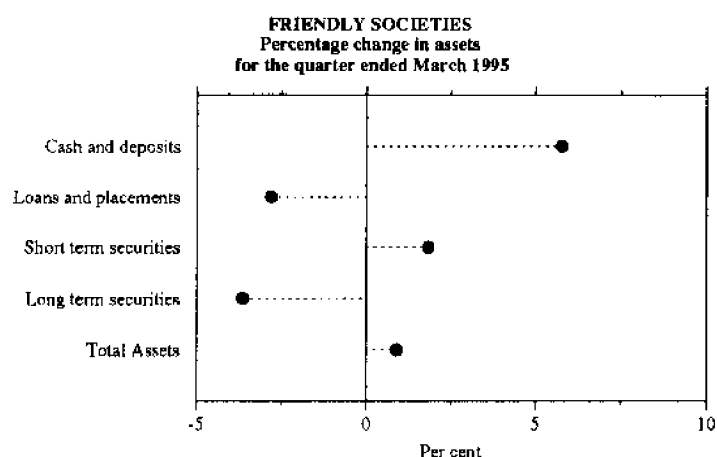


TABLE 6. ASSETS OF FRIENDLY SOCIETIES
(\$ million)

	1991		1992		1992-93		1993-94			1994-95		
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.	March
ASSETS IN AUSTRALIA												
<i>Financial assets —</i>												
Cash and deposits												
Banks	1,893	1,224	1,029	972	723	678	2,218	906	828	898		
Other deposit taking institutions	601	713	607	727	591	641	587	472	595	607		
Loans and placements	942	858	647	654	641	614	614	609	605	588		
Short term securities												
Bills of exchange	1,039	1,772	2,188	1,240	1,812	1,268	919	1,158	1,325	1,296		
Bank certificates of deposit	455	570	614	413	482	284	1,067	1,334	1,156	1,312		
Other short term securities	498	572	686	571	599	608	548	878	785	718		
Long term securities												
Commonwealth government bonds	111	502	635	1,147	1,230	1,414	485	646	360	330		
State and local government securities	1,187	1,089	1,118	1,571	1,419	1,824	1,046	1,373	1,411	1,437		
Other long term securities	846	1,042	933	1,203	844	833	617	761	674	589		
Equities and units in trusts												
Private trading corporations shares	23	67	70	116	98	161	100	95	75	82		
Financial sector shares	19	28	30	30	33	30	30	32	38	38		
Units in trusts	160	23	10	9	8	10	11	9	10	9		
Other assets	170	123	107	129	219	346	230	113	187	207		
<i>Non-financial assets —</i>												
Land and buildings	311	333	315	312	315	305	349	334	342	349		
Other	27	72	193	46	104	43	188	68	66	73		
Total assets in Australia	8,282	8,988	9,182	9,140	9,118	9,059	9,009	8,788	8,457	8,533		
ASSETS OVERSEAS												
Total assets	8,282	8,988	9,182	9,140	9,118	9,059	9,009	8,788	8,457	8,533		

PART TWO *continued*

Common Funds

Common funds are operated by Trustee Companies under the relevant State Trustee Companies Act. They permit trustee companies to combine depositors' funds and other funds held in trust in an investment pool, and invest the funds in specific types of securities and/or assets. Common funds have the same investment strategy and economic functions as cash management trusts and public unit trusts. However they do not operate in the same manner, in that they do not issue units, nor do they necessarily issue prospectuses.

The table below is compiled using data supplied from all 14 trustee companies operating in Australia as part of the ABS Survey of Balance Sheet Information. At the end of March 1995, trustee companies were managing 95 common funds throughout Australia.

Further information is available through subscription to a special data service.

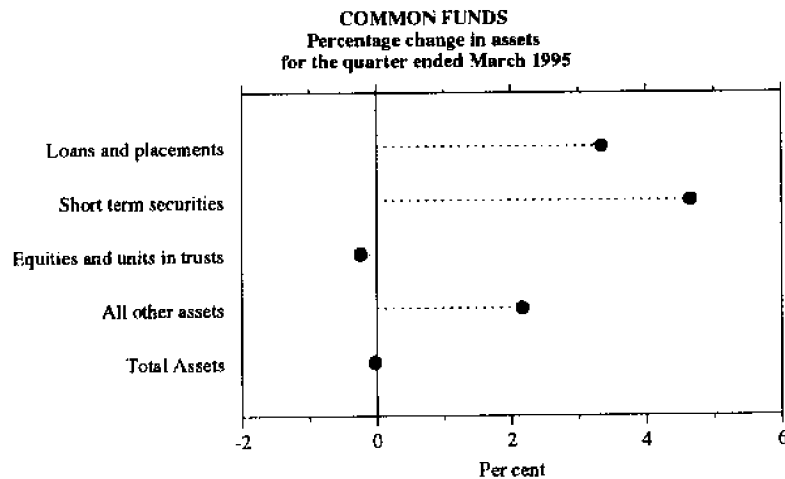


TABLE 7. ASSETS OF COMMON FUNDS
(\$ million)

	1991	1992	1992-93	1993-94			1994-95			
	June	June(a)	June	Sept.	Dec.	March	June	Sept.	Dec.	March
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	944	332	345	294	305	237	308	235	271	244
Other deposit taking institutions	184	195	207	217	198	184	194	179	256	172
Loans and placements	840	872	950	968	1,013	1,031	1,089	1,127	1,139	1,177
Short term securities										
Bills of exchange	2,857	1,655	1,389	1,428	1,360	1,390	1,367	1,332	1,190	1,201
Bank certificates of deposit	770	186	184	169	182	149	162	188	172	193
Other short term securities	428	240	244	219	160	221	202	128	119	156
Long term securities										
Commonwealth government bonds	—	—	17	15	19	13	13	23	18	19
State and local government securities	2	4	28	61	74	72	75	64	62	68
Other long term securities	36	45	74	71	72	77	71	70	103	105
Equities and units in trusts										
Private trading corporations shares	310	465	708	838	968	941	905	968	942	925
Financial sector shares	122	190	267	323	348	363	345	379	328	337
Units in trusts	2	5	47	1	10	42	50	61	63	68
Other assets	39	2	1	1	1	—	—	—	—	—
<i>Non-financial assets —</i>										
Land and buildings	174	143	105	118	108	105	103	94	94	91
Other	1	—	—	—	—	—	—	—	—	—
Total assets in Australia	6,709	4,334	4,566	4,723	4,818	4,825	4,884	4,848	4,757	4,756
ASSETS OVERSEAS	25	39	7	15	5	—	—	—	—	—
Total assets	6,734	4,373	4,573	4,738	4,823	4,825	4,884	4,848	4,757	4,756

(a) Caution should be used when comparing June 1992 with previous periods as a significant change in the population occurred as a result of the closure of a large common fund.

PART TWO *continued*

Cash Management Trusts

A cash management trust is a unit trust which is governed by a trust deed, is open to the general public and which generally confines its investments (as authorised by the trust deed) to financial securities available through the short term money market. Cash management trusts issue units in the trust that are redeemable by the unit holder on demand.

The information in the table below is compiled from data supplied to the ABS in the monthly Cash Management Trusts Survey. Currently there are 21 trusts in this survey.

Further information is available through subscription to a special data service.

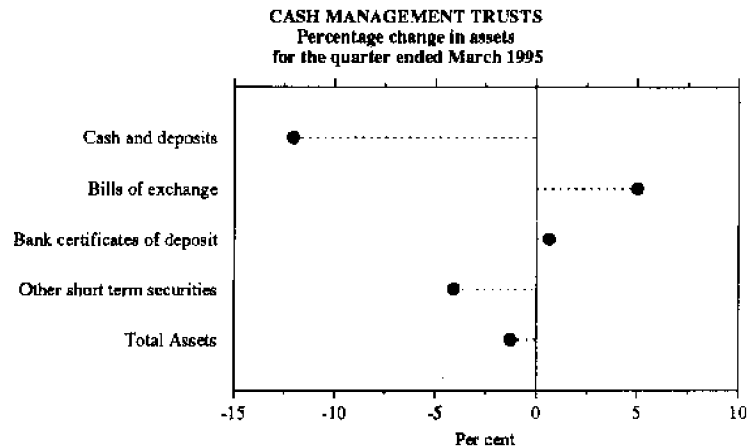


TABLE 8. ASSETS OF CASH MANAGEMENT TRUSTS
(\$ million)

	1991	1992	1992-93	1993-94				1994-95		
	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.	March
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks(a)	1,599	240	268	706	493	361	1,026	550	622	507
Other deposit taking institutions	303	256	263	351	185	116	134	136	67	99
Loans and placements	51	35	14	148	92	75	32	172	216	94
<i>Short term securities</i>										
Bills of exchange	2,728	2,198	2,318	2,222	2,400	2,173	1,814	2,147	2,053	2,156
Bank certificates of deposit(a)	—	1,007	1,170	1,000	1,183	1,667	1,484	1,292	1,100	1,107
Other short term securities	1,060	1,433	1,185	968	945	999	1,237	1,168	1,243	1,192
<i>Long term securities</i>										
Commonwealth government bonds	—	—	—	—	—	—	2	2	—	30
State and local government securities	3	72	n.p.	n.p.	95	187	163	144	47	16
Other long term securities	—	91	n.p.	n.p.	78	1	2	—	30	115
<i>Equities and units in trusts</i>										
Private trading corporations shares	—	—	—	—	—	—	—	—	—	—
Financial sector shares	—	—	—	—	—	—	—	—	—	—
Units in trusts	—	—	—	—	—	—	—	—	—	—
Other assets	12	13	7	n.p.	13	11	19	11	19	13
<i>Non-financial assets —</i>										
Land and buildings	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total assets in Australia	5,755	5,344	5,316	5,477	5,484	5,590	5,915	5,623	5,398	5,329
ASSETS OVERSEAS										
Total assets	5,755	5,344	5,316	5,477	5,484	5,590	5,915	5,623	5,398	5,329

(a) Prior to June 1992 Bank certificates of deposit were included in Cash and deposits at banks.

PART THREE: PROFESSIONAL FUND MANAGERS

Professional Fund Managers

A considerable proportion of the assets of managed funds in Australia (particularly the statutory funds of life insurance offices and superannuation funds) is invested through *Professional Fund Managers*. The amount the various types of managed and other funds have invested through professional fund managers is shown in the table below.

Professional fund managers act as investment managers and often as administrators for smaller funds, and as agents for other financial entities, on a fee for service basis. Whilst they accept individual portfolios for management they typically manage pooled funds, providing a sophisticated level of service, including matching return and risk, on behalf of their clients. Professional fund managers are generally life insurance offices, subsidiaries of banks, merchant banks, or organisations related to these types of institutions. They

can either be separately constituted legal entities or form a segment of a particular financial institution.

The funds professional fund managers invest remain the asset of their clients and are not brought to account on the balance sheet of the professional fund manager. The ultimate responsibility for the investment remains with the client. For example, if a superannuation fund had all or part of its assets invested through professional fund managers the trustees of the superannuation fund remain responsible for the investments, not the professional fund manager.

The information presented in the table below is compiled using data from the ABS Survey of Balance Sheet Information and includes all significant professional fund managers operating within Australia. The information has been shown separately for amounts managed by professional fund managers on behalf of managed funds and on behalf of other funds.

PROFESSIONAL FUND MANAGERS-SOURCE OF FUNDS UNDER MANAGEMENT
Percentage change for the quarter ended March 1995

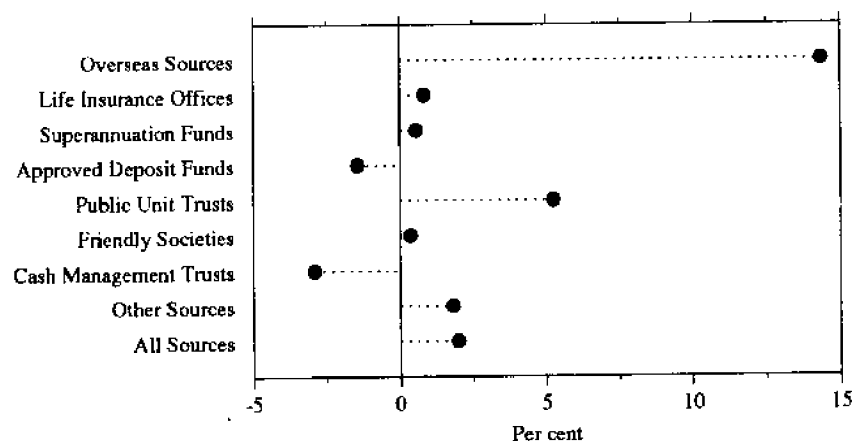


TABLE 9. PROFESSIONAL FUND MANAGERS — SOURCE OF FUNDS
(\$ million)

	1991	1992	1992-93	1993-94			1994-95			
	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.	March
Funds from Overseas Sources	4,208	1,858	2,439	3,003	4,123	4,240	4,443	5,272	4,552	5,206
Funds from Australian Sources										
Managed Funds										
Life Insurance Offices	88,632	98,129	106,476	112,358	116,405	113,976	113,067	111,629	110,002	110,934
Superannuation Funds	34,020	45,409	51,935	57,089	60,958	60,286	60,015	61,178	61,082	61,424
Approved Deposit Funds	7,455	9,183	9,607	9,754	9,927	9,640	9,180	9,012	8,462	8,340
Public Unit Trusts	12,387	17,786	20,368	22,980	26,151	26,482	26,602	26,722	26,529	27,928
Friendly Societies	3,148	6,822	6,959	6,741	6,726	6,354	6,280	6,565	6,154	6,177
Common Funds	209	288	305	325	333	355	354	374	509	1,916
Cash Management Trusts	4,397	4,069	4,048	4,144	4,190	4,332	4,638	4,387	4,292	4,167
Total Managed Funds	150,248	181,686	199,698	213,391	224,690	221,425	220,136	219,867	217,030	220,886
Other Sources										
Government	3,027	2,621	3,366	3,563	3,928	4,099	4,230	4,157	4,568	4,633
Charities	183	206	314	362	353	355	347	343	332	444
Other Trusts	1,100	1,099	783	932	1,105	1,199	1,684	1,859	1,637	1,788
General Insurance	5,505	8,586	10,504	10,976	12,003	12,712	12,439	12,137	12,086	11,927
Other sources	4,771	7,942	11,071	12,213	12,167	11,466	10,863	9,994	9,799	10,150
Total Other Sources	14,586	20,454	26,038	28,046	29,556	29,831	29,563	28,490	28,422	28,942
TOTAL	169,042	203,998	228,175	244,440	258,369	255,496	254,142	253,629	250,004	255,034

EXPLANATORY NOTES

Introduction

The statistics presented in this publication on managed funds in Australia have been compiled from the quarterly Survey of Balance Sheet Information conducted by the ABS and from information supplied by the Insurance and Superannuation Commission (ISC) in its Quarterly Statistical Bulletin.

Scope and coverage

2. The scope of the statistics presented in this publication relates to the assets of all managed funds operating in Australia. The term *Managed Funds* has been used to denote any fund whereby the monies of a number of investors are pooled together for the purpose of investing in a particular type or mix of assets, with a view to receiving an on-going return. However, funds of a speculative nature that do not offer redemption facilities (e.g. agriculture and film trusts) and funds not established for investment purposes (e.g. health funds and general insurance funds) are excluded. The types of managed funds covered by the statistics in this publication are:

- Statutory Funds of Life Insurance Offices,
- Superannuation Funds and Approved Deposit Funds,
- Public Unit Trusts,
- Friendly Societies,
- Common Funds, and
- Cash Management Trusts.

3. Statistics in this publication relating to the *Statutory Funds of Life Insurance Offices* for periods prior to June 1992 were prepared from data published by the Insurance and Superannuation Commission in its Quarterly Statistical Bulletin. These data, which were based on a quarterly ISC survey, did not include a measure of overseas assets and for completeness an estimate of overseas assets was derived from the ABS Survey of Foreign Investment. For the quarter ended 30 June 1992 (and subsequent quarters) the data have been derived from the ABS Survey of Balance Sheet Information. This survey receives returns from 25 of the 49 registered life insurance offices operating in Australia, representing approximately 97 per cent of the total assets of statutory funds. Data have been extrapolated to provide 100 per cent coverage.

4. For *Superannuation Funds and Approved Deposit Funds* (ADFs) the information in this publication is derived from the ABS Surveys of Balance Sheet Information which receives returns from:

- (a) Superannuation funds and ADFs that directly invest their assets on their own behalf, and
- (b) Fund managers who invest the monies on behalf of superannuation funds and ADFs.

5. The number of superannuation funds, ADFs and fund managers may vary from quarter to quarter due to an

ongoing process of rationalisation within the superannuation industry. These changes normally result in small movements which are not statistically significant.

6. For all other types of managed funds all registered organisations are covered by the ABS Survey of Balance Sheet Information, except the following;

- (a) Public Unit Trusts: Information is obtained from data supplied in the quarterly ABS Public Unit Trusts Survey. Trusts which are exempted under Section 1069(3) of the Corporation Act from providing redemption facilities (e.g. film and agriculture trusts), trusts which do not seek funds from the general public, and some small trusts, are all excluded from managed funds statistics.
- (b) Cash Management Trusts: Information is obtained from data supplied in the monthly ABS Cash Management Trusts Survey.

7. While friendly societies are covered by the Survey of Balance Sheet Information, data are only collected from the 28 largest friendly societies. This provides coverage of approximately 95 per cent of the total assets of friendly societies.

Basis of valuation

8. Respondents to the quarterly ABS Survey of Balance Sheet Information are requested to report assets at their market value. Respondents to the quarterly ISC survey are requested to report assets at book value. In most cases book value does not represent historical cost but a more current valuation. However, it may not represent a market value.

Assets in Australia/Overseas

9. Assets in Australia include land and buildings located in Australia and financial claims on residents; assets overseas include land and buildings located overseas and financial claims on non-residents. A resident is any person, corporation or other entity ordinarily domiciled in Australia, except foreign embassies, consulates and military establishments located in Australia, which are classified as non-resident. Non-residents also include any persons, corporations or other entities ordinarily domiciled overseas. Entities located in Australia which are owned by non-residents are classified as resident of Australia (e.g. a branch or subsidiary of an overseas company). Overseas branches or subsidiaries of Australian companies are non-resident.

Financial instruments

10. The classification of financial instruments in this publication follows that contained in the ABS publication *Australian National Accounts, Financial Accounts* (5232.0). Definitions of the various types of instrument are given below.

Cash and deposits

11. *Cash* covers notes and coin on hand. *Deposits* are credit account balances with *deposit-taking institutions* as defined by the Reserve Bank. These are Banks and Cash Management Trusts and all corporations registered under the *Financial Corporations Act* except for Intra-group Financiers and Retailers. Bonds, debentures, notes and transferable certificates of deposit issued by deposit-taking institutions are classified as *long term assets* and negotiable certificates of deposit issued by banks as *Bank certificates of deposit*.

Loans and placements

12. *Loans* are intermediated borrowings which are not evidenced by the issue of debt securities. An example of this would be money borrowed from a Life Office with a mortgage over property as collateral.

13. *Placements* are account balances with entities not regarded as deposit-taking institutions (see paragraph 10). Examples of these are account balances of funds with State governments' central borrowing authorities.

Short term securities

14. Debt securities are divided into short term and long term using *original term to maturity* as the classificatory criterion. Short term securities are those with an original term to maturity of one year or less. Issuers of promissory notes and bills of exchange do negotiate rollover facilities which allow them to use these instruments as sources of floating-rate long term funds. However, in these statistics the existence of rollover facilities does not convert what are legally short term instruments into long term ones.

15. There are four types of short term securities shown in this publication: bills of exchange, promissory notes, Treasury notes and bank certificates of deposit. All of these are issued at a discount to face value and are traded on well-established secondary markets with bills of exchange and certificates of deposit being the most actively traded. Professional traders call these short term instruments *money market securities*. Treasury notes are inscribed stock but the others are bearer securities, that is the owner of the assets is not registered with the issuer but physically holds the documents. Bearer securities are payable to the holder on maturity and transferable by delivery. Ownership of inscribed stock is recorded in a register and a non-transferable certificate of ownership is issued but the owner of the asset does not physically hold the documents.

16. *Bills of exchange*. A bill of exchange is an unconditional order drawn (issued) by one party, sent to another party for acceptance and made out to, or to the order of, a third party, or to bearer. It is a negotiable instrument with an original term to maturity of 180 days or less. Although merchant banks were the promoters of the bill market in Australia, today almost all bills are bank accepted. Acceptance of a bill obliges the acceptor to pay the face value of the bill to the holder upon maturity.

17. *Promissory notes*. A promissory note is a written promise to pay a specified sum of money to the bearer at

an agreed date. It is usually issued for terms ranging from 30 to 180 days and is sold to an investor at a simple discount to the face value. A promissory note is different to a bill of exchange in that it is not 'accepted' by a bank and is not endorsed by the parties which sell it in the market place.

18. *Treasury notes*. These are inscribed instruments issued by the Commonwealth Government with original maturity terms of five, thirteen or twenty-six weeks. Treasury notes are included in these statistics as *other short term assets*.

19. *Bank certificates of deposit*. A certificate of deposit is similar to a promissory note except that the drawer is a bank. Most bank-issued certificates of deposit with an original term to maturity of one year or less are *negotiable certificates of deposit* or NCD's. *Transferable certificates of deposit* with an original term to maturity greater than one year are included in *long term assets*.

Long term securities

20. A long term security is a document which represents the issuer's pledge to pay the holder, on a date which, at the time of issue, is more than one year in the future, the sum of money shown on the face of the document. Until that future date the issuer usually promises to pay coupon interest to the holder quarterly or half-yearly at a rate which is fixed at the time the security is issued. These securities are therefore known as *fixed interest securities* in the professional market.

21. The following types of securities make up the category called 'long term securities' in this publication.

- Treasury Bonds and Australian Savings Bonds. These are issued to corporations and the general public by the Commonwealth Government.
- Various series of inscribed stock which are issued by State government owned borrowing authorities and enterprises. These are known as *state and local general government (or semi-government) securities by professional traders*.
- Debentures, transferable certificates of deposit and unsecured notes, which are collectively called *corporate securities* or *medium term notes* by brokers.
- Asset-backed bonds, such as mortgage backed securities.
- Convertible notes, prior to conversion.

22. The first two of these are published separately in this publication. The last three types are combined together as *other long term securities*.

Equities and units in trusts

23. This category comprises shares traded on an organised stock exchange, shares in unlisted companies, convertible notes after conversion, preference shares and units issued by both listed and unlisted unit trusts. Trust units are included in this classification because they have important characteristics of equities, such as entitlement to

a share of the profits and of (on liquidation) the residual assets of the trust.

Other financial assets

24. This covers any other financial claims on residents that do not fit into the foregoing categories, such as trade credit, interest accruals and other derivative (but not synthetic) financial products. Synthetic financial products combine a primary financial instrument with a derivative financial instrument and are classified to the category appropriate to the primary instrument used.

Non-financial assets

25. Non-financial assets comprise all those assets which are not financial in nature: i.e. physical assets. For the purposes of these statistics they are broken down into only two categories; land and buildings, and other types of non-financial asset.

26. *Land and buildings* refers to land and buildings held and the value of units in unitised buildings. New acquisitions are reported at acquisition cost and existing assets are reported at the latest available market valuation.

27. *Other non-financial assets* refers to all assets not classified elsewhere except for overseas assets (see below).

Assets overseas

28. Assets overseas include physical assets located overseas and financial claims on non-residents. See paragraph 8 for definition.

Revisions

29. Revisions to previously published statistics are included in this publication.

Related publications

30. Users may also wish to refer to the following ABS publications of related data which are available on request:

Assets of Superannuation Funds and Approved Deposit Funds (5656.0) — issued quarterly

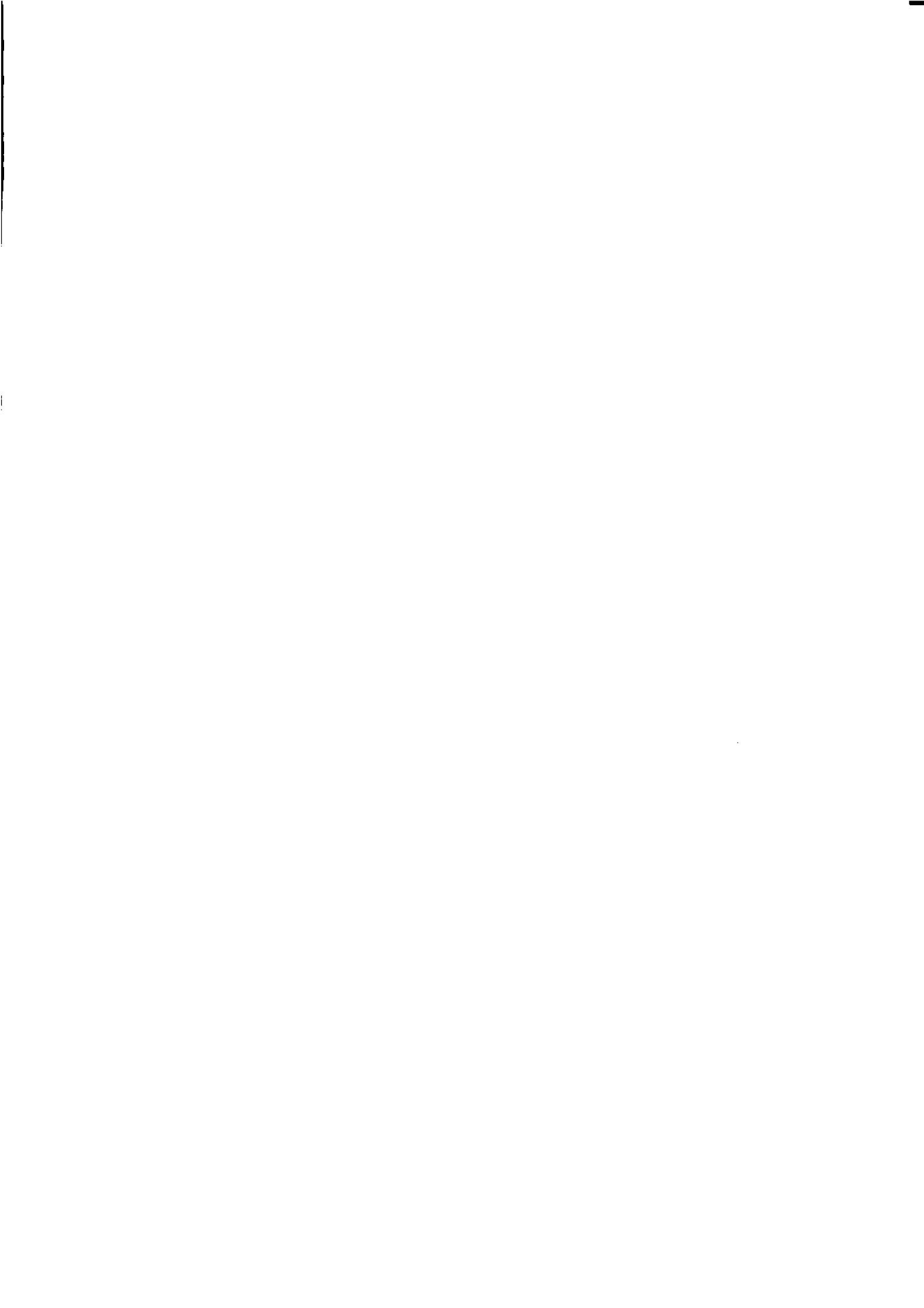
Australian National Accounts, Financial Accounts (5232.0) — issued quarterly

Symbols and other usages

- nil, or rounded to zero
- n.p. not available for publication but included in totals where applicable, unless otherwise indicated

31. Discrepancies may occur between sums of the component items and totals due to rounding.

W. McLennan
Australian Statistician



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