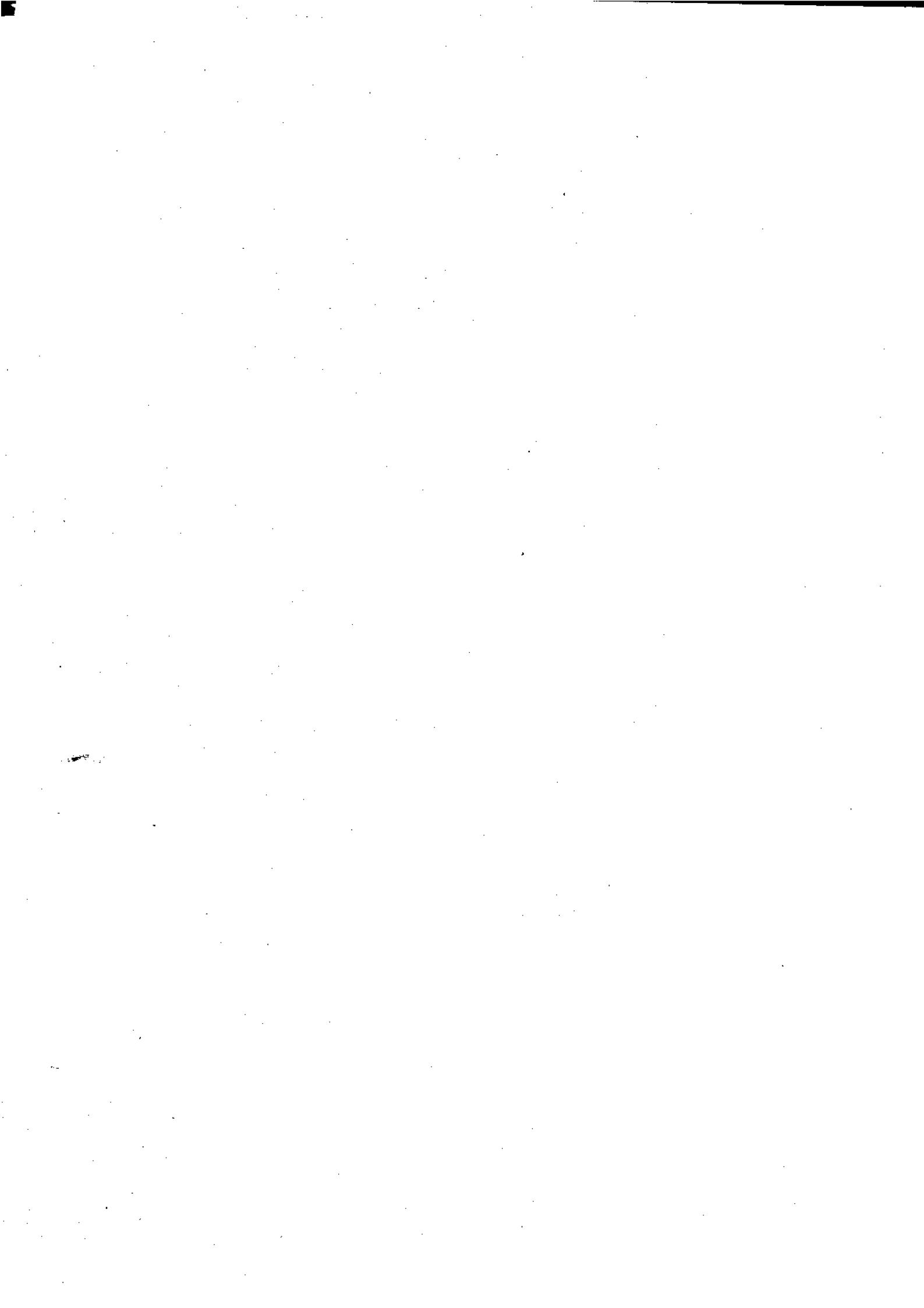




December Quarter 1993
MANAGED FUNDS: AUSTRALIA

Catalogue Number 5655.0

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EMBARGOED UNTIL 11.30 A.M. 31 MARCH 1994

**MANAGED FUNDS: AUSTRALIA
DECEMBER QUARTER 1993**

RICHARD MADDEN
Acting Australian Statistician

AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 5655.0

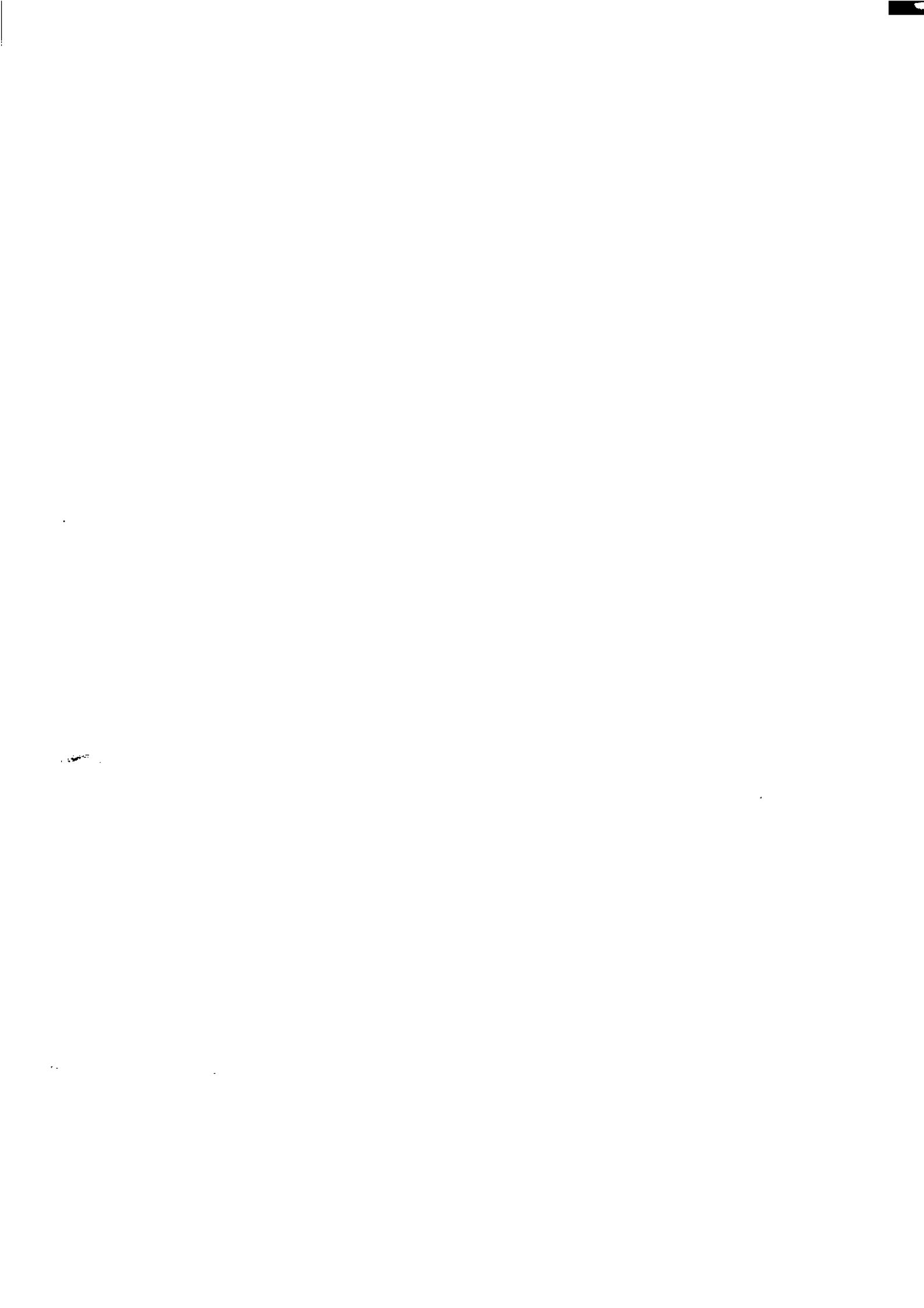
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CONTENTS

<i>Table</i>		<i>Page</i>
..	Contents	iii
..	Main Features	1
..	Notes on Consolidation	2
Part One: Assets of Managed Funds on a consolidated basis		
1	Consolidated Assets of Managed Funds, by type of fund	4
2	Consolidated Assets of Managed Funds, by type of asset	4
Part Two: Assets of Managed Funds on an unconsolidated basis		
3	Statutory Funds of Life Offices	6
4	Superannuation Funds and Approved Deposit Funds	7
5	Public Unit Trusts	8
6	Friendly Societies	9
7	Common Funds	10
8	Cash Management Trusts	11
Part 3: Professional Fund Managers		
9	Professional Fund Managers - Sources of Funds	14
..	Explanatory Notes	15

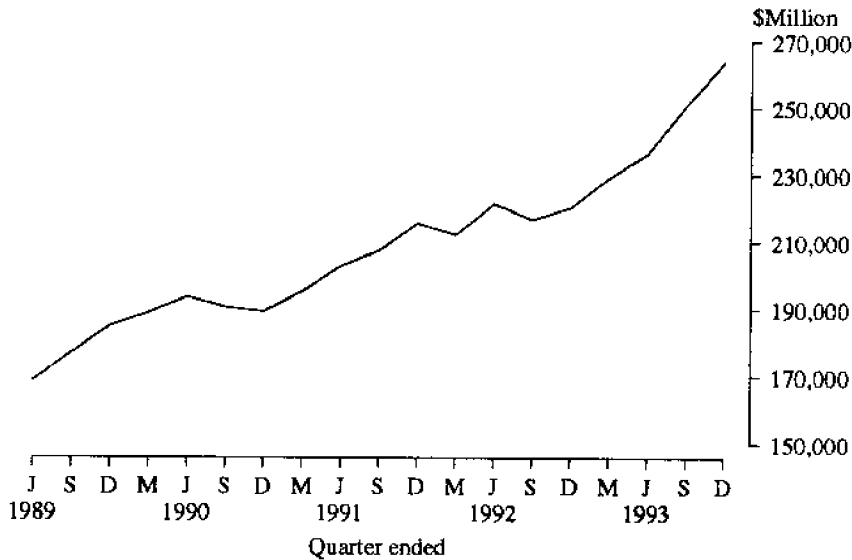
INQUIRIES

- *for further information about statistics in this publication and the availability of related unpublished statistics, contact Wendy Raedt on Canberra (06) 252 7118 or any ABS State office.*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 refer to the back page of this publication.*
-



MAIN FEATURES

MANAGED FUNDS - TOTAL CONSOLIDATED ASSETS
December 1993



The value of the consolidated assets of managed funds in Australia at the end of December 1993 was \$263,974 million, an increase of \$13,237 million (5.3%) on September 1993 and \$43,503 million (19.7%) on December 1992.

The major increases in consolidated assets in the December 1993 quarter by type of fund were: Superannuation and Approved Deposit Funds \$5,901 million, statutory funds of life offices \$3,837 million and Public Unit Trusts \$3,531 million.

During the December 1993 quarter the major movements in assets were: domestic equities and units in trusts, up \$8,627 million (12.7%), and overseas assets, up \$4,040 million (10.2%).

The buoyancy in the Australian and overseas equity markets during the December 1993 quarter contributed to the overall growth in assets of managed funds.

At the end of December 1993, 83.5 per cent of the assets of managed funds were in Australia and 16.5 per cent were overseas. Of the Australian assets, equities and units in trusts accounted for 34.7 per cent, long term securities 24.9 per cent, short term securities 12.5 per cent, and land and buildings 11.9 per cent.

The value of managed funds' assets invested through Professional Fund Managers was \$221,057 million at the end of December 1993.

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 December 1993.

ASSETS OF MANAGED FUNDS IN AUSTRALIA,
BY TYPE OF FUND — December 1993
(\$ million)

Type of Fund	Assets		
	Total	Cross-invested	Consolidated
Statutory Funds of Life			
Insurance Offices	117,350	4,578	112,772
Superannuation and			
Approved Deposit Funds	110,144	9,619	100,525
Public Unit Trusts	34,543	2,758	31,785
Friendly Societies	9,118	11	9,107
Common Funds	4,823	95	4,728
Cash Management Trusts	5,058	—	5,058
Total	281,036	17,062	263,974

PART ONE

**ASSETS OF MANAGED FUNDS
ON A CONSOLIDATED BASIS**

CONSOLIDATED ASSETS OF MANAGED FUNDS, BY TYPE OF FUND
Percentage change for the quarter ended December 1993

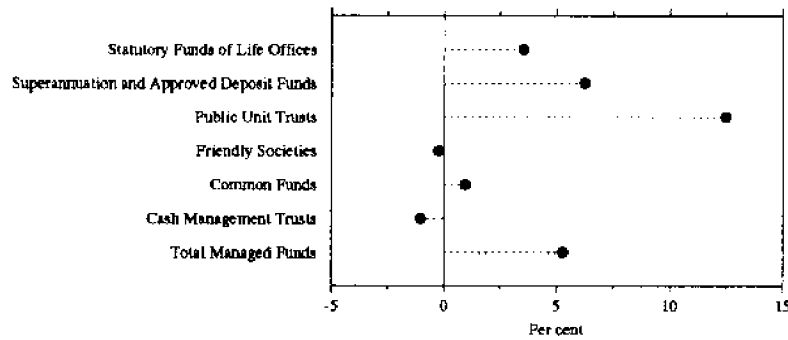


TABLE 1. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF FUND
(\$ million)

	1989	1990	1991	1992	1992-93				1993-94	
	June	June	June	June	Sept	Dec	March	June	Sept	Dec
Statutory Funds of Life Insurance Offices(a)	68,116	81,242	87,050	98,696	96,043	96,821	101,422	103,435	108,935	112,772
Superannuation and Approved Deposit Funds	59,973	67,538	71,567	80,483	78,805	80,870	84,282	88,124	94,624	100,525
Public Unit Trusts	23,742	25,393	23,572	23,589	23,403	24,123	24,880	26,130	28,254	31,785
Friendly Societies	7,292	7,811	8,122	8,963	8,872	9,001	9,094	9,171	9,129	9,107
Common Funds	5,508	6,746	6,670	4,319	4,265	4,262	4,444	4,474	4,683	4,728
Cash Management Trusts	3,749	4,679	5,755	5,344	5,351	5,394	5,177	5,136	5,111	5,058
Total	168,380	193,409	202,735	221,394	216,740	220,471	229,299	236,470	250,737	263,974

(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 December 1993

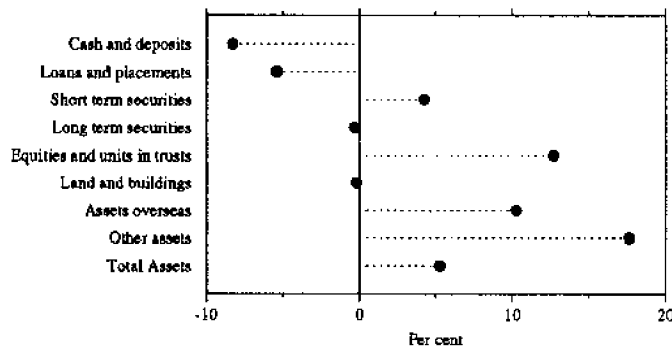


TABLE 2. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF ASSET
(\$ million)

	1989	1990	1991	1992	1992-93				1993-94	
	June	June	June	June	Sept	Dec	March	June	Sept	Dec
Cash and deposits(a)	13,205	15,479	15,980	14,177	13,216	12,559	11,339	12,073	12,217	11,208
Loans and placements	14,943	17,354	15,710	14,614	14,771	14,335	14,815	14,947	15,000	14,189
Short term securities(a)(b)	21,388	23,360	24,018	26,965	25,305	26,687	25,319	27,983	26,486	27,610
Long term securities	26,728	30,867	39,254	45,985	44,835	46,401	52,569	51,362	54,980	54,805
Equities and units in trusts(c)	33,242	36,858	38,680	56,087	52,597	54,846	57,940	59,846	67,878	76,505
Land and buildings	35,557	38,235	35,382	30,029	29,003	27,906	27,837	26,742	26,323	26,277
Overseas assets	15,344	19,892	21,733	25,658	28,870	29,830	31,068	34,798	39,418	43,458
Other assets	7,977	11,365	11,981	7,880	8,144	7,906	8,411	8,718	8,434	9,924
Total	168,380	193,409	202,735	221,394	216,740	220,471	229,299	236,470	250,737	263,974

(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
ON AN 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 assets
for the quarter ended December 1993

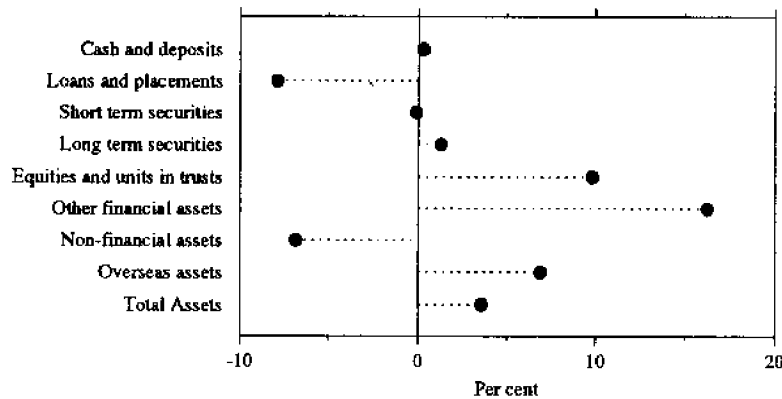


TABLE 3. ASSETS OF THE STATUTORY FUNDS OF LIFE INSURANCE OFFICES(a)
(\$ million)

	1989	1990	1991	1992	1992-93			1993-94									
	June	June	June	June	Sept	Dec	March	June	Sept	Dec							
ASSETS IN AUSTRALIA(b)																	
<i>Financial assets —</i>																	
Cash and deposits																	
Banks	1,113	1,338	1,685	1,934	1,872	1,738	1,553	1,902	1,597	1,971							
Other deposit taking institutions	1,364	1,347	2,019	2,216	1,958	2,297	2,210	2,464	2,365	2,003							
Loans and placements	8,327	10,693	8,699	6,564	6,669	6,016	6,256	6,565	6,239	5,745							
Short term securities																	
Bills of exchange	4,725	5,358	5,920	4,590	4,071	5,357	5,385	4,970	5,353	5,686							
Bank certificates of deposit											2,254	1,751	1,846	1,720	2,332	1,743	1,721
Other short term securities											3,398	3,432	2,344	2,069	3,085	2,779	2,458
Long term securities																	
Commonwealth government bonds	13,221	16,336	20,801	2,541	4,520	4,623	5,332	5,304	7,908	7,460							
State and local government securities											11,450	9,766	10,747	12,537	12,292	13,279	14,193
Other long term securities											8,073	7,589	7,130	7,869	7,543	6,574	6,462
Equities and units in trusts																	
Private trading corporations shares	19,719	21,623	22,180	23,609	21,739	22,728	23,268	22,646	25,221	27,484							
Financial sector shares											4,007	4,069	3,619	3,923	4,408	5,038	5,883
Units in trusts											3,243	3,725	3,425	3,449	3,864	4,117	4,378
Other assets	2,689	3,012	4,551	2,002	2,012	1,919	2,086	2,026	1,904	2,213							
<i>Non-financial assets —</i>																	
Land and buildings	12,868	13,423	13,748	11,724	10,895	10,418	10,380	9,727	9,369	8,877							
Other	2,239	3,738	2,911	1,888	2,055	1,919	1,996	1,745	1,482	1,231							
Total assets in Australia	66,263	76,868	82,513	89,493	86,123	86,126	90,033	90,873	94,968	97,765							
ASSETS OVERSEAS	5,357	8,417	10,187	12,668	13,841	14,350	15,059	16,672	18,321	19,585							
Total assets	71,620	85,285	92,700	102,161	99,964	100,476	105,092	107,545	113,289	117,350							

(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.

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 assets
for the quarter ended December 1993

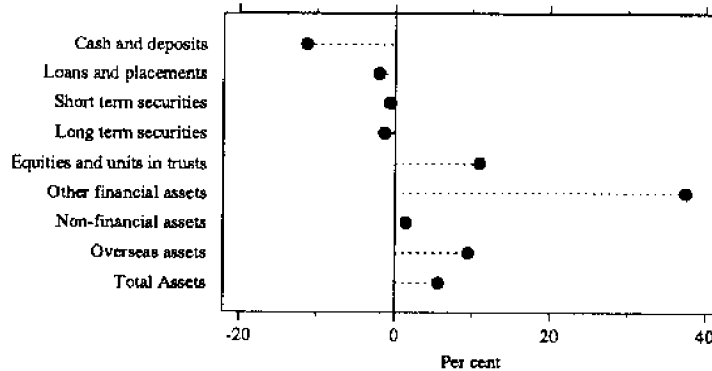


TABLE 4. ASSETS OF SUPERANNUATION FUNDS AND APPROVED DEPOSIT FUNDS(a)
(\$ million)

	1989	1990	1991	1992	1992-93			1993-94		
	June	June	June	June	Sept	Dec	March	June	Sept	Dec
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,133	1,564	1,723	2,249	2,256	2,228	1,866	2,199	2,450	2,159
Other deposit taking institutions	3,724	4,407	3,667	3,459	3,199	2,525	2,502	1,579	1,560	1,396
Loans and placements	4,939	5,475	6,260	7,758	7,566	8,075	8,247	7,552	7,728	7,575
Short term securities										
Bills of exchange	4,894	4,591	3,527	2,548	3,196	3,790	3,251	3,545	4,159	3,146
Bank certificates of deposit	1,609	1,602	2,305	1,564	1,616	1,716	1,319	1,756	1,437	2,607
Other short term securities	1,209	1,206	1,277	1,636	1,494	1,341	1,529	1,327	1,780	1,579
Long term securities										
Commonwealth government bonds	3,703	2,382	3,744	6,914	6,093	6,546	7,657	8,814	8,997	9,183
State and local government securities	3,772	5,505	7,129	7,545	7,383	7,886	9,302	9,001	8,782	8,806
Other long term securities	3,722	4,263	4,807	5,409	4,337	4,357	3,978	3,876	3,567	3,075
Equities and units in trusts										
Private trading corporations shares	11,715	13,396	15,109	20,509	19,037	20,395	21,765	22,977	26,131	29,340
Financial sector shares	2,129	2,372	3,074	3,623	3,397	3,404	3,732	4,099	4,700	5,538
Units in trusts	4,881	5,069	4,308	4,631	4,672	5,147	5,442	5,998	6,651	6,727
Other assets	502	1,928	2,071	1,924	2,018	2,037	2,212	2,681	2,914	4,004
<i>Non-financial assets —</i>										
Land and buildings	9,952	11,094	9,413	8,104	8,018	7,456	7,398	7,065	6,908	6,943
Other	567	509	506	316	368	281	360	354	293	367
Total assets in Australia	58,451	65,363	68,920	78,189	74,650	77,184	80,560	82,823	88,057	92,445
ASSETS OVERSEAS	8,104	9,142	9,182	10,193	12,077	12,268	12,623	14,164	16,164	17,699
Total assets	66,555	74,505	78,102	88,382	86,727	89,452	93,183	96,987	104,221	110,144
Of which —										
Superannuation funds	60,816	67,238	69,876	78,736	77,186	79,727	83,258	86,969	94,071	99,853
Approved deposit funds	5,739	7,267	8,226	9,646	9,541	9,725	9,925	10,018	10,150	10,291

(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.

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.

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.

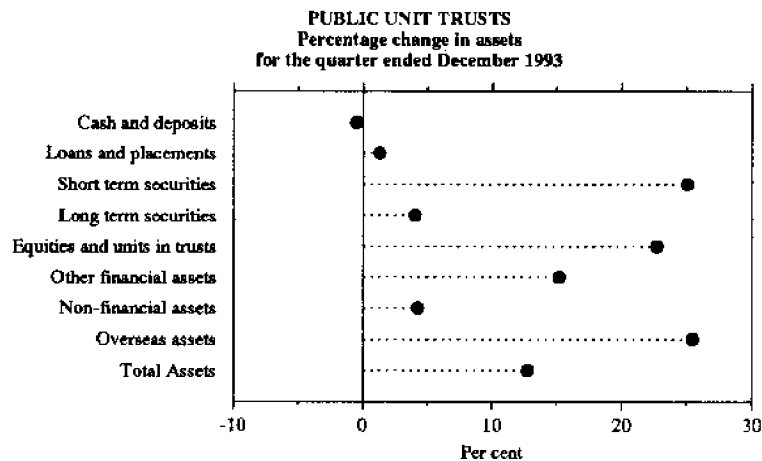


TABLE 5. ASSETS OF PUBLIC UNIT TRUSTS
(\$ million)

	1989	1990	1991	1992	1992-93			1993-94		
	June	June	June	June	Sept	Dec	March	June	Sept	Dec
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
<i>Cash and deposits</i>										
Banks(a)	923	1,233	1,424	1,260	1,405	1,357	1,167	1,289	1,248	1,358
Other deposit taking institutions	1,319	1,279	968	1,317	1,232	940	994	1,182	1,069	949
Loans and placements	1,984	1,489	1,470	1,113	1,187	1,292	1,331	1,394	1,450	1,469
<i>Short term securities</i>										
Bills of exchange	1,417	1,659	880	828	798	1,073	866	844	95	1,253
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	161	93	274	514	429	297	298	261	279	294
<i>Long term securities</i>										
Commonwealth government bonds	202	335	588	1,208	1,068	1,206	1,618	1,665	1,792	1,865
State and local government securities										
Other long term securities										
<i>Equities and units in trusts</i>										
Private trading corporations shares	2,068	2,106	2,394	3,589	3,544	3,834	4,219	4,641	5,480	6,813
Financial sector shares										
Units in trusts	1,727	2,082	2,013	1,747	1,553	1,993	2,091	2,040	2,164	2,569
Other assets	448	561	462	454	375	442	464	468	481	554
<i>Non-financial assets —</i>										
Land and buildings	12,337	13,294	11,736	9,725	9,641	9,589	9,642	9,530	9,616	10,034
Other	1,279	1,287	1,231	1,086	1,057	1,109	1,133	1,136	1,176	1,218
Total assets in Australia	23,864	25,419	23,439	22,840	22,290	23,133	23,825	24,451	25,715	28,374
ASSETS OVERSEAS	1,869	2,312	2,339	2,758	2,913	3,172	3,345	3,955	4,918	6,169
Total assets	25,733	27,730	25,778	25,599	25,203	26,304	27,170	28,406	30,633	34,543

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

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.

The information in the table below is compiled from data furnished to the ABS by 27 of the largest friendly

societies 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.

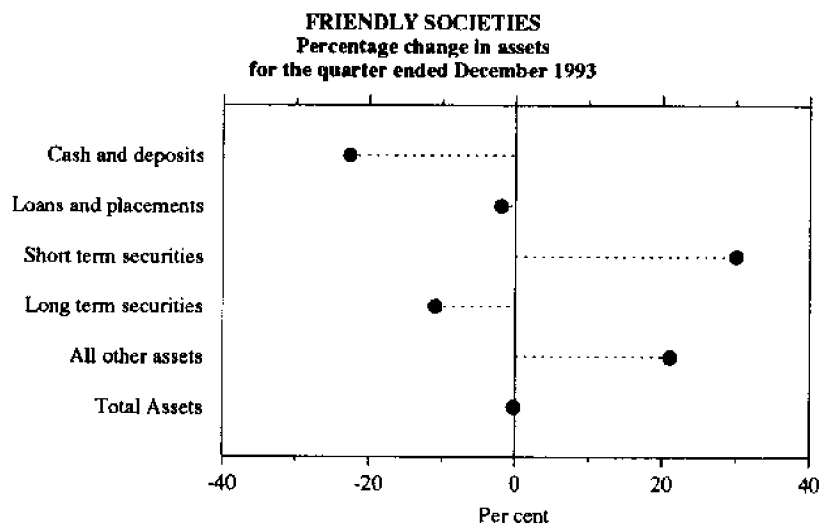


TABLE 6. ASSETS OF FRIENDLY SOCIETIES
(\$ million)

	1989	1990	1991	1992	1992-93			1993-94		
	June	June	June	June	Sept	Dec	March	June	Sept	Dec
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,127	1,368	1,893	1,224	837	950	678	1,029	972	723
Other deposit taking institutions	627	403	601	713	704	670	513	607	727	591
Loans and placements	1,044	1,312	942	858	788	743	674	647	654	641
<i>Short term securities</i>										
Bills of exchange	1,502	1,954	1,039	1,772	1,141	1,487	1,104	2,188	1,240	1,812
Bank certificates of deposit	549	274	455	570	404	335	659	614	413	482
Other short term securities	128	94	498	572	513	489	768	686	571	599
<i>Long term securities</i>										
Commonwealth government bonds	328	187	111	502	879	689	1,252	635	1,147	1,230
State and local government securities	973	799	1,187	1,089	1,881	1,826	1,567	1,118	1,571	1,419
Other long term securities	648	994	846	1,042	1,062	1,182	1,302	933	1,203	844
<i>Equities and units in trusts</i>										
Private trading corporations shares	6	4	23	67	73	70	67	70	116	98
Financial sector shares	21	26	19	28	51	57	57	30	30	33
Units in trusts	81	169	160	23	7	8	9	10	9	8
Other assets	165	225	170	123	161	134	124	107	129	219
<i>Non-financial assets —</i>										
Land and buildings	208	208	311	333	321	319	304	315	312	315
Other	61	67	27	72	60	52	29	193	46	104
Total assets in Australia	7,468	8,084	8,282	8,988	8,882	9,011	9,107	9,182	9,140	9,118
ASSETS OVERSEAS										
Total assets	7,468	8,084	8,282	8,988	8,882	9,011	9,107	9,182	9,140	9,118

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 December 1993, trustee companies were managing 95 common funds throughout Australia.

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

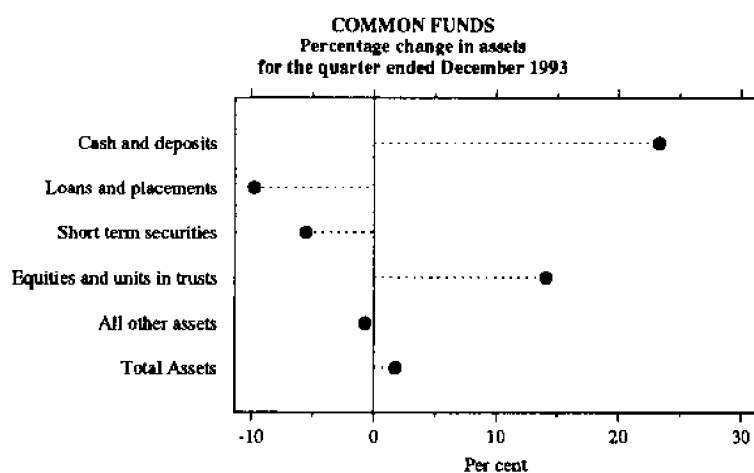


TABLE 7. ASSETS OF COMMON FUNDS
(\$ million)

	1989	1990	1991	1992	1992-93			1993-94		
	June	June	June	June(a)	Sept	Dec	March	June	Sept	Dec
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	984	696	944	332	331	318	311	345	294	292
Other deposit taking institutions	114	491	184	195	191	244	201	207	217	338
Loans and placements	854	1,006	840	872	882	890	924	950	968	873
Short term securities										
Bills of exchange	1,735	2,860	2,857	1,655	1,427	1,446	1,448	1,389	1,428	1,373
Bank certificates of deposit	1,113	907	770	186	155	147	235	184	169	182
Other short term securities	125	360	428	240	334	296	206	244	219	160
Long term securities										
Commonwealth government bonds	69	—	—	—	—	—	—	17	15	19
State and local government securities	11	5	2	4	6	12	24	28	61	74
Other long term securities	66	43	36	45	108	64	81	74	71	72
Equities and units in trusts										
Private trading corporations shares	212	282	310	465	503	523	672	708	838	968
Financial sector shares	61	61	122	190	183	216	237	267	323	348
Units in trusts	2	3	2	5	5	5	9	47	1	10
Other assets	4	12	39	2	25	3	1	1	1	1
<i>Non-financial assets —</i>										
Land and buildings	192	216	174	143	128	124	113	105	118	108
Other	2	5	1	—	1	—	—	—	—	—
Total assets in Australia	5,544	6,947	6,709	4,334	4,279	4,288	4,462	4,566	4,723	4,818
ASSETS OVERSEAS	14	21	25	39	39	40	41	7	15	5
Total assets	5,558	6,968	6,734	4,373	4,318	4,328	4,503	4,573	4,738	4,823

(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.

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. All cash management trusts, currently numbering

19, are covered by the information presented in the table below.

For further information see the ABS publication, *Cash Management Trusts, Australia* (5635.0) — issued monthly.

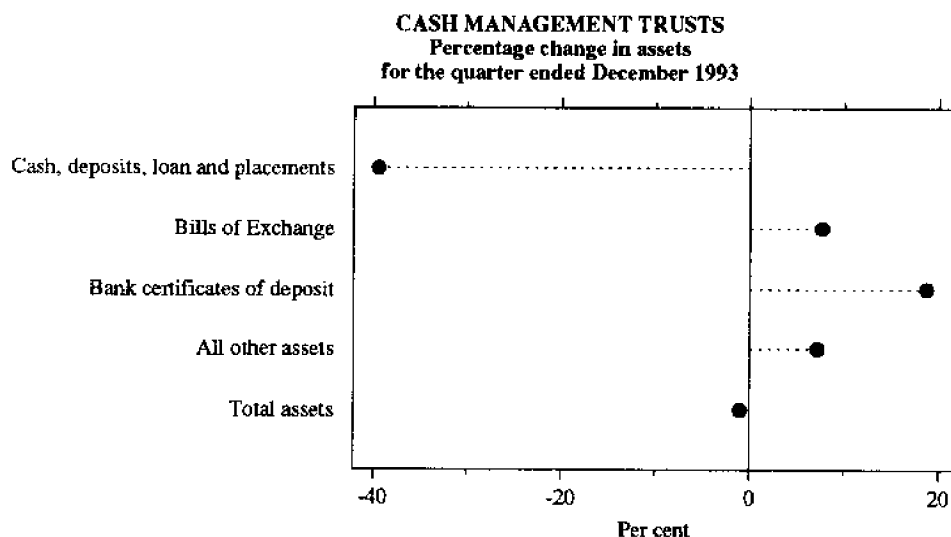


TABLE 8. ASSETS OF CASH MANAGEMENT TRUSTS
(\$ million)

	1989	1990	1991	1992	1992-93			1993-94		
	June	June	June	June	Sept	Dec	March	June	Sept	Dec
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks (a)	718	1,765	1,599	240	209	346	287	232	686	407
Other deposit taking institutions	557	301	303	256	282	174	238	263	298	185
Loans and placements	220	173	51	35	162	7	135	14	148	92
<i>Short term securities</i>										
Bills of exchange	1,866	2,187	2,728	2,198	2,263	2,646	1,877	2,270	2,128	2,291
Bank certificates of deposit(a)	—	—	—	1,007	802	656	956	1,112	879	1,043
Other short term securities	355	215	1,060	1,433	1,479	1,421	1,629	1,176	950	924
<i>Long term securities</i>										
Commonwealth government bonds	2	—	—	—	—	—	—	—	—	—
State and local government securities	11	18	3	72	—	—	—	n.p.	n.p.	n.p.
Other long term securities	—	—	—	91	143	133	50	n.p.	n.p.	n.p.
<i>Equities and units in trusts</i>										
Private trading corporations shares	—	—	—	—	—	—	—	—	—	—
Financial sector shares	—	—	—	—	—	—	—	—	—	—
Units in trusts	—	—	—	—	—	—	—	—	—	—
Other assets	21	21	12	13	12	12	6	7	n.p.	n.p.
<i>Non-financial assets —</i>										
Land and buildings	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total assets in Australia	3,749	4,679	5,755	5,344	5,351	5,394	5,177	5,136	5,111	5,058
ASSETS OVERSEAS										
Total assets	3,749	4,679	5,755	5,344	5,351	5,394	5,177	5,136	5,111	5,058

(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.

All significant professional fund managers operating within Australia are covered by the information presented in the table below. 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 December 1993

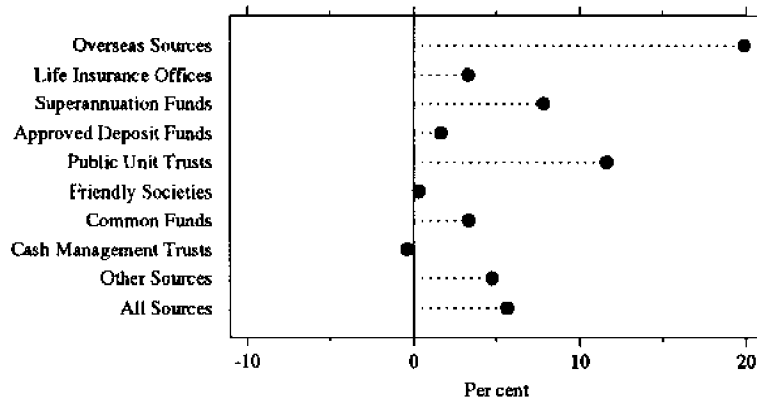


TABLE 9. PROFESSIONAL FUND MANAGERS — SOURCES OF FUNDS
(\$ million)

	1989	1990	1991	1992	1992-93			1993-94		
	June	June	June	June	Sept	Dec	March	June	Sept	Dec
Funds from Overseas Sources	5,378	3,954	6,135	6,450	5,386	5,896	6,659	6,123	6,693	8,021
Funds from Australian Sources										
Managed Funds										
Life Insurance Offices	66,310	79,186	88,632	98,026	98,449	99,451	103,418	106,453	112,245	115,996
Superannuation Funds	28,963	32,193	34,024	45,161	44,471	46,183	48,854	51,825	57,152	61,652
Approved Deposit Funds	4,938	6,560	7,456	8,776	8,693	8,871	9,060	9,156	9,290	9,447
Public Unit Trusts	11,082	12,677	12,405	18,387	18,622	18,979	20,088	21,147	23,943	26,729
Friendly Societies	2,359	2,837	3,148	3,285	3,292	3,293	3,344	3,401	3,211	3,223
Common Funds	178	217	209	213	221	226	213	214	238	246
Cash Management Trusts	3,048	3,754	4,397	4,069	4,043	4,128	3,935	3,868	3,778	3,764
Total Managed Funds	116,878	137,424	150,271	177,917	177,791	181,131	188,912	196,064	209,857	221,057
Other Sources										
Government	1,796	2,179	3,027	2,621	3,218	3,060	3,381	3,266	3,337	3,687
Charities	105	120	183	206	206	213	259	314	362	353
Other Trusts	424	916	1,100	1,095	1,092	1,138	1,158	768	911	1,081
General Insurance	3,360	4,670	5,517	8,586	9,484	9,262	9,977	10,456	10,924	11,936
Other sources	3,477	4,522	4,767	7,664	8,105	8,205	9,152	10,642	11,660	11,425
Total Other Sources	9,162	12,407	14,594	20,172	22,105	21,878	23,927	25,446	27,194	28,482
TOTAL	131,418	153,785	171,000	204,539	205,282	208,905	219,498	227,633	243,744	257,560

EXPLANATORY NOTES

Introduction

The statistics presented in this publication on managed funds in Australia have been compiled from statistical collections conducted by the ABS and from information supplied by the Insurance and Superannuation Commission (ISC) from 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 furnished by the Insurance and Superannuation Commission. These data did not include a measure of overseas assets and for completeness an estimate of overseas assets was derived from ABS surveys. 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 21 of the 60 registered Life Insurance Offices operating in Australia, representing approximately 96 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 ABS surveys of:

- (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, except the following:

- (a) Public Unit Trusts - those 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 which are insignificant in statistical terms.
- (b) Friendly Societies - smaller societies; information is collected from 27 of the largest friendly societies covering approximately 95 per cent of the total assets of friendly societies.

Basis of valuation

7. Respondents to the ABS quarterly survey are requested to report assets at their market value. Respondents to the ISC quarterly 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

8. 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 permanently 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 permanently 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

9. 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

10. *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

11. *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.

12. *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

13. 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.

14. 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.

15. *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.

16. *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.

17. *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*.

18. *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

19. 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.

20. 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.

21. 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

22. 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

23. 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

24. 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.

25. *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.

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

Assets overseas

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

Revisions

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

Related publications

29. 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

Cash Management Trusts, Australia (5635.0) — issued monthly

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

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



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ISSN 1037-7786