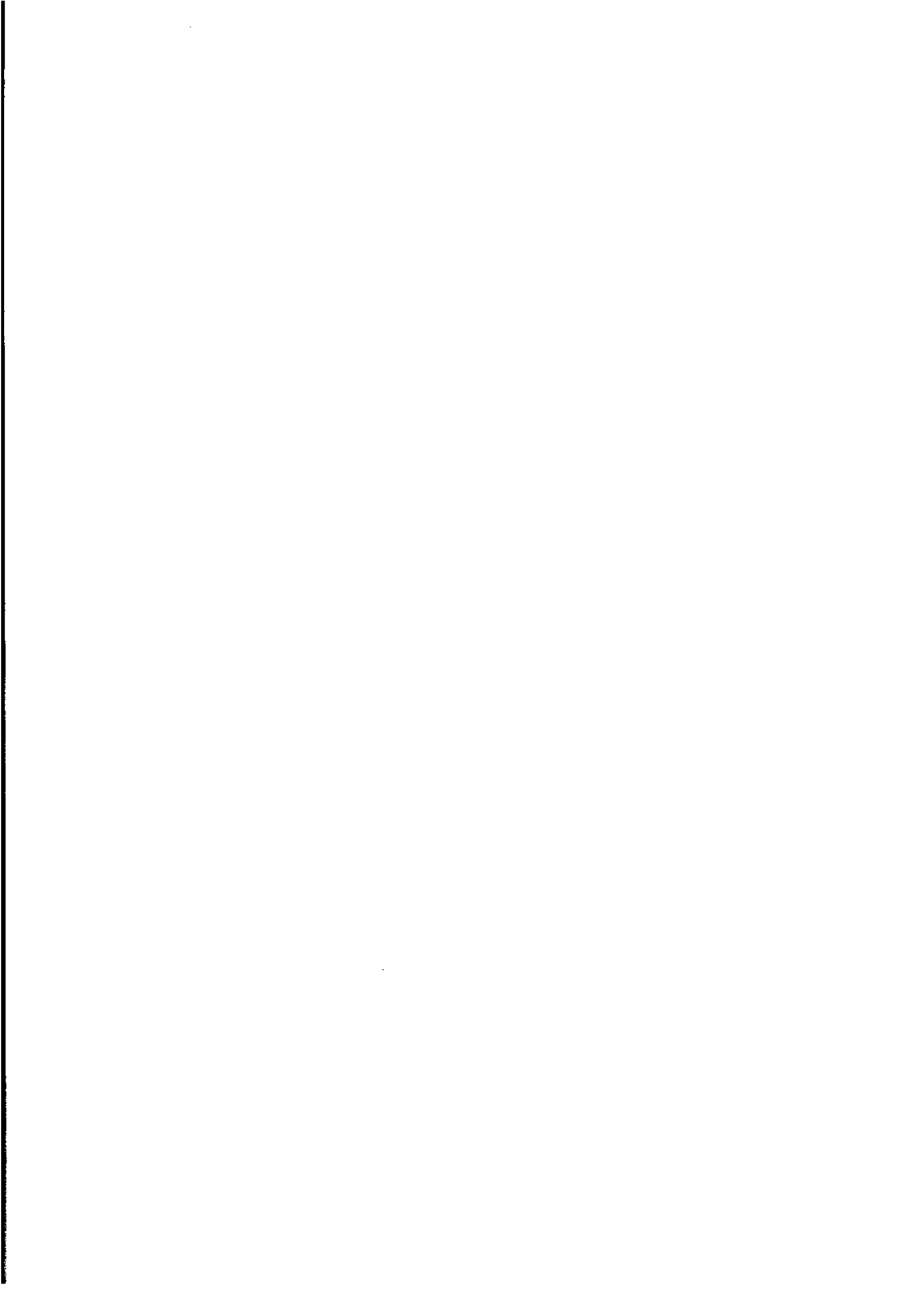




December Quarter 1994
MANAGED FUNDS: AUSTRALIA

Catalogue Number 5655.0



EMBARGOED UNTIL 11.30 A.M. 23 MARCH 1995

**MANAGED FUNDS: AUSTRALIA
DECEMBER QUARTER 1994**

**RICHARD MADDEN
Acting Australian Statistician**

AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 5655.0

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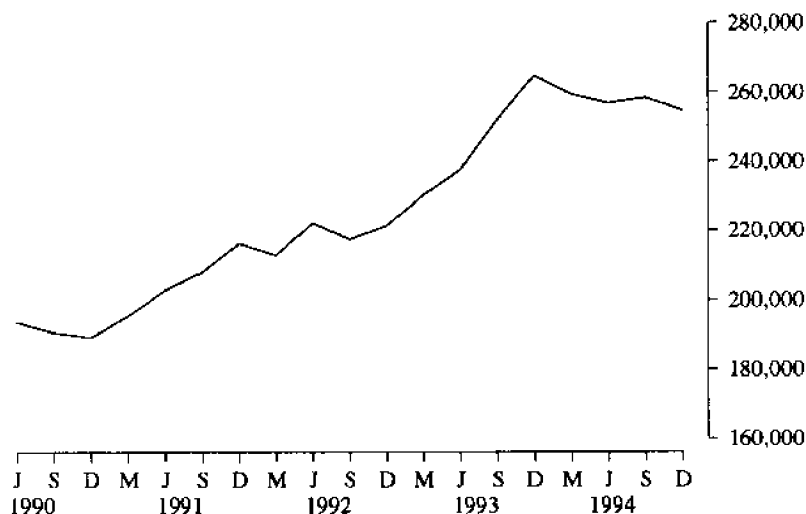
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INQUIRIES

- *for further information about statistics in this publication and the availability of related unpublished statistics, contact Ivo Van Hoom on Canberra (06) 252 5381 or any ABS State office.*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 AT END OF QUARTER \$ Million



The market value of consolidated assets of managed funds in Australia at 31 December 1994 was \$254,511 million, a decrease of \$3,899 million (1.5%) on the revised September 1994 figure of \$258,410 million, and a decrease of \$10,367 million (3.9%) on the revised December 1993 figure of \$264,878 million. The decreases in values reflect decreases in asset prices during the quarter rather than net sales of assets.

Decreases in the consolidated assets of managed funds in the December 1994 quarter compared with the previous quarter were spread across all fund types. The largest decreases were in: Superannuation and Approved Deposit Funds, down \$1,981 million (2.0%), Statutory Funds of Life Insurance Offices, down \$979 million (0.9%), and Friendly Societies, down \$331 million (3.8%).

The main decreases by asset type during the December 1994 quarter occurred in Equities & Units in Trusts, down \$2,787

million (3.8%), Overseas Assets, down \$2,233 million (5.7%), and Long Term Securities, down \$2,098 million (4.0%). The main increases were in investment in Land & Buildings and Short Term Securities which rose during the quarter by \$1,343 million (4.6%) and \$1,335 million (4.5%), respectively.

The value of managed funds' assets invested through Professional Fund Managers was \$220,159 million at the end of December 1994. This represents 86.5% of all the consolidated assets of managed funds.

Revisions have been made to data reported in previous periods. The majority of the revisions reflect improved coverage due to the collection of data for earlier financial years from the six additional fund managers that were first included in the statistics for the September 1994 quarter.

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 1994.

ASSETS OF MANAGED FUNDS IN AUSTRALIA,
BY TYPE OF FUND — 31 December 1994
(\$ million)

Type of Fund	Assets		
	Total	Cross-invested	Consolidated
Statutory Funds of Life Insurance Offices	110,965	6,046	104,919
Superannuation and Approved Deposit Funds	106,525	9,837	96,688
Public Unit Trusts	37,563	3,128	34,434
Friendly Societies	8,457	11	8,446
Common Funds	4,757	132	4,625
Cash Management Trusts	5,398	—	5,398
Total	273,665	19,154	254,511

PART ONE: ASSETS OF MANAGED FUNDS – CONSOLIDATED BASIS

CONSOLIDATED ASSETS OF MANAGED FUNDS, BY TYPE OF FUND
Percentage change for the quarter ended December 1994

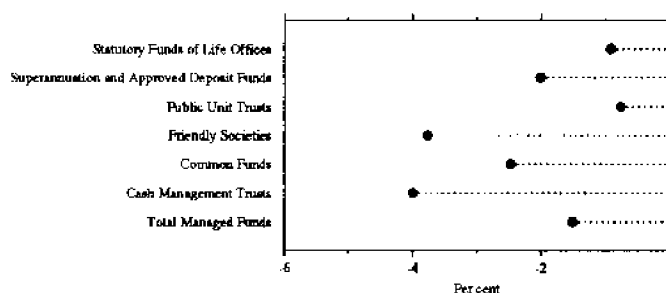


TABLE 1. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF FUND
(\$ million)

	1990	1991	1992	1993	1993-94				1994-95	
	June	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.
Statutory Funds of Life Insurance Offices(a)	81,242	87,050	98,696	103,435	108,935	112,772	108,236	104,909	105,898	104,919
Superannuation and Approved Deposit Funds	67,619	71,724	81,149	88,829	95,377	100,946	98,725	97,560	98,669	96,688
Public Unit Trusts	25,393	23,572	23,589	26,291	28,435	31,806	32,901	34,690	34,701	34,434
Friendly Societies	7,811	8,122	8,963	9,171	9,129	9,107	9,047	8,996	8,777	8,446
Common Funds	6,842	6,686	4,319	4,474	4,683	4,763	4,735	4,783	4,742	4,625
Cash Management Trusts	4,679	5,755	5,344	5,316	5,477	5,484	5,590	5,919	5,623	5,398
Total	193,586	202,908	222,060	237,516	252,036	264,878	259,234	256,853	258,410	254,511

(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 1994

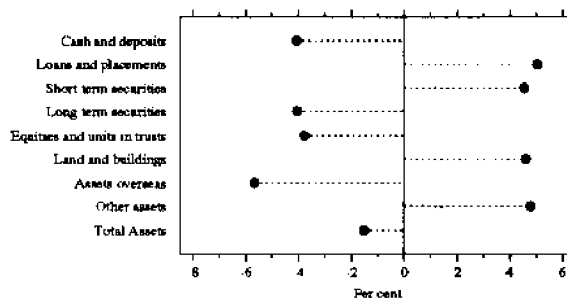


TABLE 2. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF ASSET
(\$ million)

	1990	1991	1992	1993	1993-94				1994-95	
	June	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.
Cash and deposits(a)	15,479	15,968	14,240	12,163	12,356	11,353	10,296	14,958	12,867	12,346
Loans and placements	17,531	15,888	14,760	15,116	15,219	14,545	13,456	13,415	13,795	14,489
Short term securities(a)(b)	23,360	24,018	27,123	28,269	26,620	28,164	27,663	28,506	29,413	30,748
Long term securities	30,867	39,259	46,082	51,413	55,166	54,990	55,222	51,661	51,902	49,804
Equities and units in trusts(c)	36,858	38,682	56,265	60,225	68,435	76,669	73,730	71,300	74,085	71,298
Land and buildings	38,235	35,382	30,029	26,742	26,323	26,281	26,825	29,114	29,258	30,601
Overseas assets	19,892	21,735	25,671	35,300	39,938	43,893	43,916	40,105	39,360	37,127
Other assets	11,365	11,979	7,891	8,286	7,978	8,985	8,126	7,791	7,727	8,096
Total	193,586	202,908	222,060	237,516	252,036	264,878	259,234	256,853	258,410	254,511

(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 December 1994

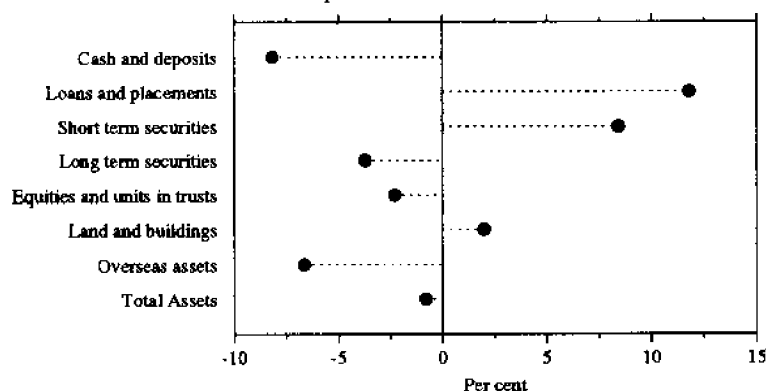


TABLE 3. ASSETS OF THE STATUTORY FUNDS OF LIFE INSURANCE OFFICES(a)
(\$ million)

	1990	1991	1992	1993	1993-94				1994-95	
	June	June	June	June	Sept	Dec.	March	June	Sept.	Dec.
ASSETS IN AUSTRALIA(b)										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,338	1,685	1,934	1,902	1,597	1,971	1,964	2,567	2,503	2,200
Other deposit taking institutions	1,347	2,019	2,216	2,464	2,365	2,003	1,956	2,339	2,570	2,458
Loans and placements	10,693	8,699	6,564	6,565	6,239	5,745	5,336	5,154	5,340	5,971
Short term securities										
Bills of exchange	5,358	5,920	4,590	4,970	5,353	5,686	4,907	5,441	5,309	5,541
Bank certificates of deposit			2,254	2,332	1,743	1,721	1,564	1,427	1,653	1,999
Other short term securities			3,398	3,085	2,779	2,458	2,480	2,660	2,880	3,132
Long term securities										
Commonwealth government bonds	16,336	20,801	2,541	5,304	7,908	7,460	8,063	8,001	8,429	7,966
State and local government securities			11,450	12,292	13,279	14,193	13,873	12,868	11,801	11,757
Other long term securities			8,073	7,543	6,574	6,462	6,032	6,135	6,628	6,139
Equities and units in trusts										
Private trading corporations shares	21,623	22,180	23,609	22,646	25,221	27,484	25,985	24,529	25,750	24,587
Financial sector shares			4,007	4,408	5,038	5,883	5,747	5,327	4,860	5,120
Units in trusts	3,012	4,551	3,243	3,864	4,117	4,378	5,092	5,965	5,729	5,800
Other assets			2,002	2,026	1,904	2,213	2,198	2,066	1,760	1,654
<i>Non-financial assets —</i>										
Land and buildings	13,423	13,748	11,724	9,727	9,369	8,877	8,330	8,886	8,895	9,072
Other	3,738	2,911	1,888	1,745	1,482	1,231	1,473	1,286	1,775	2,630
Total assets in Australia	76,868	82,513	89,493	90,873	94,968	97,765	95,000	94,651	95,882	96,026
ASSETS OVERSEAS	8,417	10,187	12,668	16,672	18,321	19,585	18,524	16,457	16,002	14,939
Total assets	85,285	92,700	102,161	107,545	113,289	117,350	113,524	111,108	111,884	110,965

(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 December 1994

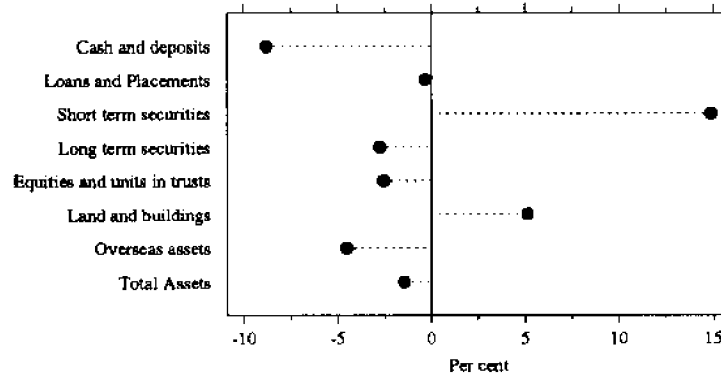


TABLE 4. ASSETS OF SUPERANNUATION FUNDS AND APPROVED DEPOSIT FUNDS^(a)
(\$ million)

	1990	1991	1992	1993	1993-94			1994-95		
	June	June	June	June	Sept	Dec	March	June	Sept.	Dec.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,564	1,711	2,311	2,271	2,525	2,324	1,991	3,523	3,120	2,984
Other deposit taking institutions	4,407	3,667	3,460	1,580	1,561	1,388	1,296	1,228	1,589	1,311
Loans and placements	5,475	6,346	7,677	7,391	7,608	7,461	6,496	6,460	6,244	6,221
Short term securities										
Bills of exchange	4,591	3,527	2,561	3,561	3,906	3,290	3,512	3,852	3,922	4,590
Bank certificates of deposit	1,602	2,305	1,670	1,871	1,552	2,722	3,035	3,220	2,894	2,979
Other short term securities	1,206	1,277	1,675	1,367	1,819	1,617	1,566	1,175	1,301	1,753
Long term securities										
Commonwealth government bonds	2,382	3,732	6,920	8,721	9,004	9,181	8,353	9,464	9,740	9,192
State and local government securities	5,505	7,160	7,597	9,063	8,845	8,866	9,548	8,011	8,315	8,449
Other long term securities	4,263	4,793	5,448	3,929	3,623	3,132	3,193	3,036	2,459	2,310
Equities and units in trusts										
Private trading corporations shares	13,396	15,110	20,650	23,113	26,466	29,413	28,418	28,124	29,710	28,241
Financial sector shares	2,372	3,075	3,660	4,164	4,734	5,510	5,170	5,039	4,976	4,773
Units in trusts	5,069	4,308	4,760	6,139	6,700	6,866	6,829	6,830	6,998	7,611
Other assets	1,928	2,069	1,931	2,289	2,515	3,120	1,915	1,662	1,896	1,639
<i>Non-financial assets —</i>										
Land and buildings	11,094	9,413	8,104	7,065	6,908	6,947	7,134	7,385	7,343	7,719
Other	509	506	320	359	283	361	344	400	328	284
Total assets in Australia	65,363	68,999	78,744	82,883	88,049	92,198	88,800	89,409	90,835	90,056
ASSETS OVERSEAS	9,142	9,184	10,206	14,672	16,692	18,243	19,192	17,538	17,246	16,469
Total assets	74,505	78,183	88,950	97,555	104,741	110,441	107,992	106,947	108,081	106,525
Of which —										
Superannuation funds	67,238	69,958	78,897	87,086	94,127	99,670	97,549	97,000	98,365	97,386
Approved deposit funds	7,267	8,225	10,053	10,469	10,614	10,771	10,443	9,947	9,716	9,139

(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.

- 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.

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),

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

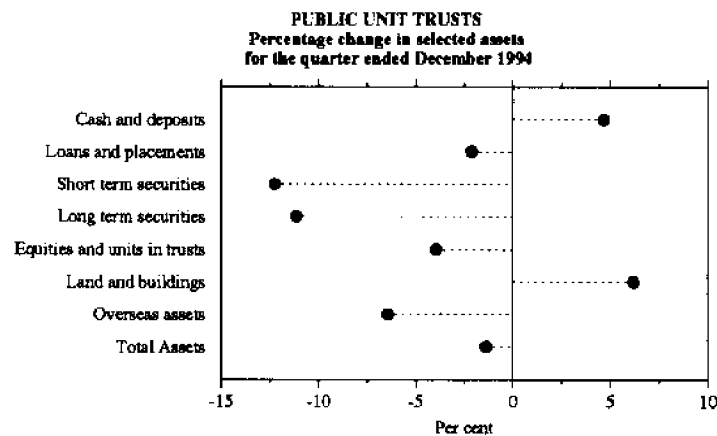


TABLE 5. ASSETS OF PUBLIC UNIT TRUSTS
(\$ million)

	1990	1991	1992	1993	1993-94			1994-95		
	June	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks(a)	1,233	1,424	1,260	1,200	1,198	1,325	1,088	1,345	1,080	1,024
Other deposit taking institutions	1,279	968	1,317	1,270	1,119	982	943	750	729	869
Loans and placements	1,489	1,470	1,113	1,446	1,507	1,536	1,605	1,784	1,935	1,894
Short term securities										
Bills of exchange	1,659	880	828	844	959	1,253	1,564	1,628	1,430	1,205
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	93	274	514	261	279	294	289	318	429	426
Long term securities										
Commonwealth government bonds	335	588	1,208	1,665	1,792	1,865	1,739	1,672	1,447	1,286
State and local government securities										
Other long term securities										
Equities and units in trusts										
Private trading corporations shares	2,106	2,394	3,589	4,819	5,669	6,932	6,915	6,902	7,315	7,194
Financial sector shares										
Units in trusts	2,082	2,013	1,747	1,861	1,974	2,372	3,073	3,143	3,247	2,954
Other assets	561	462	454	446	458	530	571	694	593	600
<i>Non-financial assets —</i>										
Land and buildings	13,294	11,736	9,725	9,530	9,616	10,034	10,951	12,391	12,592	13,374
Other	1,287	1,231	1,086	1,113	1,152	1,193	1,225	1,246	1,183	1,017
Total assets in Australia	25,419	23,439	22,840	24,457	25,722	28,314	29,963	31,873	31,981	31,843
ASSETS OVERSEAS	2,312	2,339	2,758	3,949	4,910	6,060	6,200	6,110	6,112	5,719
Total assets	27,730	25,778	25,599	28,406	30,633	34,374	36,163	37,983	38,094	37,563

(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.

The information in the table below is compiled from data furnished to the ABS by 28 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.

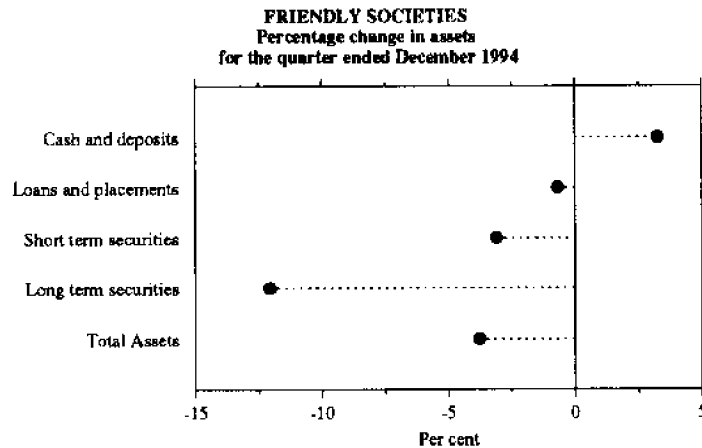


TABLE 6. ASSETS OF FRIENDLY SOCIETIES
(\$ million)

	1990	1991	1992	1993	1993-94			1994-95		
	June	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,368	1,893	1,224	1,029	972	723	678	2,218	906	828
Other deposit taking institutions	403	601	713	607	727	591	641	587	472	595
Loans and placements	1,312	942	858	647	654	641	614	614	609	605
Short term securities										
Bills of exchange	1,954	1,039	1,772	2,188	1,240	1,812	1,268	919	1,158	1,325
Bank certificates of deposit	274	455	570	614	413	482	284	1,067	1,334	1,156
Other short term securities	94	498	572	686	571	599	608	548	878	785
Long term securities										
Commonwealth government bonds	187	111	502	635	1,147	1,230	1,414	485	646	360
State and local government securities	799	1,187	1,089	1,118	1,571	1,419	1,824	1,046	1,373	1,411
Other long term securities	994	846	-1,042	933	1,203	844	833	617	761	674
Equities and units in trusts										
Private trading corporations shares	4	23	67	70	116	98	161	100	95	75
Financial sector shares	26	19	28	30	30	33	30	30	32	38
Units in trusts	169	160	23	10	9	8	10	11	9	10
Other assets	225	170	123	107	129	219	346	230	113	187
<i>Non-financial assets —</i>										
Land and buildings	208	311	333	315	312	315	305	349	334	342
Other	67	27	72	193	46	104	43	188	68	66
Total assets in Australia	8,084	8,282	8,988	9,182	9,140	9,118	9,059	9,009	8,788	8,457
ASSETS OVERSEAS										
Total assets	8,084	8,282	8,988	9,182	9,140	9,118	9,059	9,009	8,788	8,457

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 December 1994, trustee companies were managing 95 common funds throughout Australia.

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

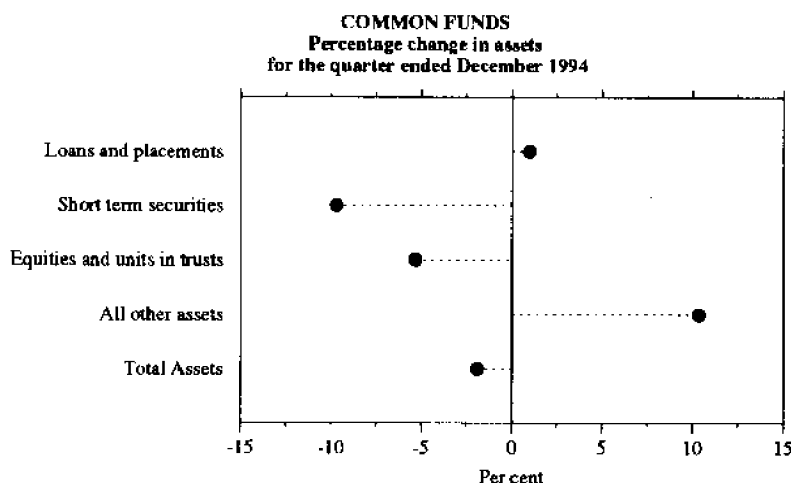


TABLE 7. ASSETS OF COMMON FUNDS
(\$ million)

	1990	1991	1992	1993	1993-94			1994-95		
	June	June	June(a)	June	Sept.	Dec.	March	June	Sept.	Dec.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	696	944	332	345	294	305	241	315	259	273
Other deposit taking institutions	491	184	195	207	217	198	193	202	185	274
Loans and placements	1,006	840	872	950	968	1,013	1,031	1,089	1,128	1,139
Short term securities										
Bills of exchange	2,860	2,857	1,655	1,389	1,428	1,360	1,377	1,352	1,302	1,170
Bank certificates of deposit	907	770	186	184	169	182	149	162	188	172
Other short term securities	360	428	240	244	219	160	221	202	128	119
Long term securities										
Commonwealth government bonds	—	—	—	17	15	19	13	13	23	18
State and local government securities	5	2	4	28	61	74	72	75	64	62
Other long term securities	43	36	45	74	71	72	77	71	70	103
Equities and units in trusts										
Private trading corporations shares	282	310	465	708	838	968	941	905	968	942
Financial sector shares	61	122	190	267	323	348	363	345	379	328
Units in trusts	3	2	5	47	1	10	42	50	61	63
Other assets	12	39	2	1	1	1	—	—	—	—
<i>Non-financial assets —</i>										
Land and buildings	216	174	143	105	118	108	105	103	94	94
Other	5	1	—	—	—	—	—	—	—	—
Total assets in Australia	6,947	6,709	4,334	4,566	4,723	4,818	4,825	4,884	4,849	4,757
ASSETS OVERSEAS	21	25	39	7	15	5	—	—	—	—
Total assets	6,968	6,734	4,373	4,573	4,738	4,823	4,825	4,884	4,849	4,757

(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. All cash management trusts, currently numbering 20, are covered by the information presented in the table below.

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

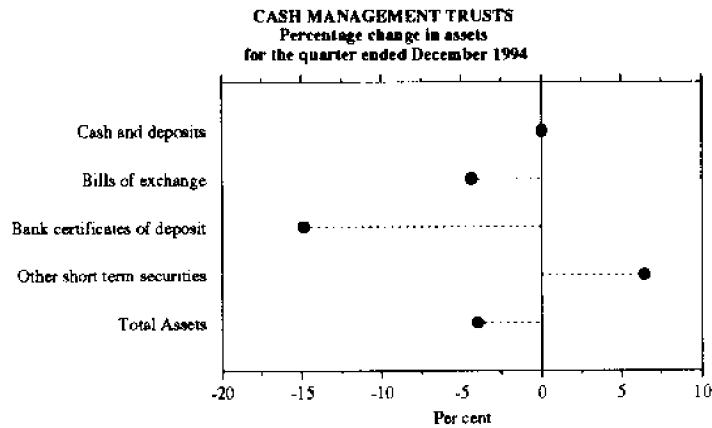


TABLE 8. ASSETS OF CASH MANAGEMENT TRUSTS
(\$ million)

	1990	1991	1992	1993	1993-94			1994-95		
	June	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks (a)	1,765	1,599	240	268	706	493	361	1,026	550	622
Other deposit taking institutions	301	303	256	263	351	185	116	134	136	67
Loans and placements	173	51	35	14	148	92	75	32	172	216
<i>Short term securities</i>										
Bills of exchange	2,187	2,728	2,198	2,318	2,222	2,400	2,173	1,814	2,147	2,053
Bank certificates of deposit(a)	—	—	1,007	1,170	1,000	1,183	1,667	1,484	1,292	1,100
Other short term securities	215	1,060	1,433	1,185	968	945	999	1,237	1,168	1,243
<i>Long term securities</i>										
Commonwealth government bonds	—	—	—	—	—	—	—	2	2	—
State and local government securities	18	3	72	n.p.	n.p.	95	187	163	144	47
Other long term securities	—	—	91	n.p.	n.p.	78	1	2	—	30
<i>Equities and units in trusts</i>										
Private trading corporations shares	—	—	—	—	—	—	—	—	—	—
Financial sector shares	—	—	—	—	—	—	—	—	—	—
Units in trusts	—	—	—	—	—	—	—	—	—	—
Other assets	21	12	13	7	n.p.	13	11	19	11	19
<i>Non-financial assets —</i>										
Land and buildings	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total assets in Australia	4,679	5,755	5,344	5,316	5,477	5,484	5,590	5,915	5,623	5,398
ASSETS OVERSEAS										
Total assets	4,679	5,755	5,344	5,316	5,477	5,484	5,590	5,915	5,623	5,398

(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 1994

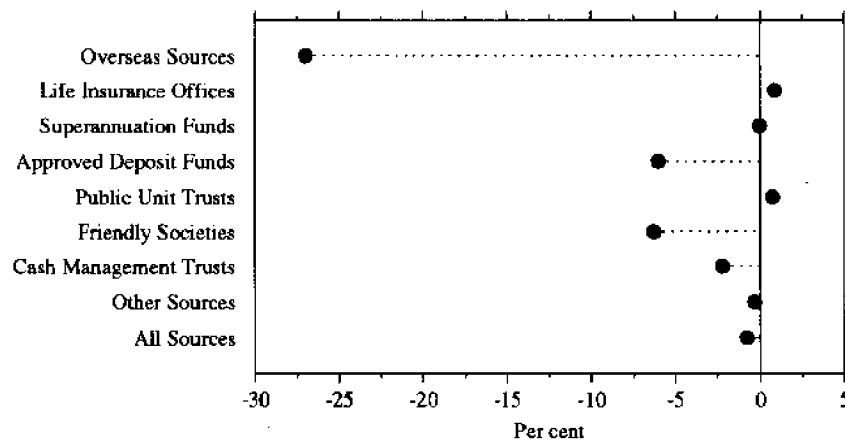


TABLE 9. PROFESSIONAL FUND MANAGERS — SOURCE OF FUNDS
(\$ million)

	1990	1991	1992	1993	1993-94			1994-95		
	June	June	June	June	Sept.	Dec.	March	June	Sept.	Dec.
Funds from Overseas Sources	3,954	4,208	4,520	4,190	4,747	5,916	5,894	6,242	6,235	4,552
Funds from Australian Sources										
Managed Funds										
Life Insurance Offices	79,186	88,632	98,080	106,253	112,045	115,948	113,488	112,294	110,793	111,777
Superannuation Funds	32,193	34,024	45,458	52,158	57,402	61,366	60,774	60,788	62,014	62,029
Approved Deposit Funds	6,560	7,455	9,183	9,607	9,754	9,927	9,640	9,180	9,012	8,473
Public Unit Trusts	12,677	12,387	18,406	20,988	23,600	26,771	27,102	27,222	27,133	26,925
Friendly Societies	2,837	3,148	6,822	6,959	6,741	6,726	6,354	6,280	6,565	6,154
Common Funds	217	209	288	305	325	333	355	354	374	509
Cash Management Trusts	3,754	4,397	4,069	4,048	4,144	4,190	4,332	4,638	4,387	4,292
Total Managed Funds	137,424	150,248	182,306	200,318	214,011	225,261	222,045	220,756	220,278	220,159
Other Sources										
Government	2,179	3,027	2,621	3,366	3,563	3,928	4,099	4,230	4,157	4,568
Charities	120	183	206	314	362	353	355	347	343	332
Other Trusts	916	1,100	1,099	783	932	1,105	1,199	1,684	1,836	1,603
General Insurance	4,670	5,505	8,586	10,504	10,976	12,003	12,712	12,439	12,137	12,086
Other sources	4,522	4,771	7,942	11,071	12,213	12,167	11,466	10,863	9,994	9,799
Total Other Sources	12,407	14,586	20,454	26,038	28,046	29,556	29,831	29,563	28,467	28,388
TOTAL	153,785	169,042	207,280	230,546	246,804	260,733	257,770	256,561	254,980	253,099

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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