

# MANAGED FUNDS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) FRI 7 MAR 1997

## DECEMBER QTR KEY FIGURES

### CONSOLIDATED ASSETS

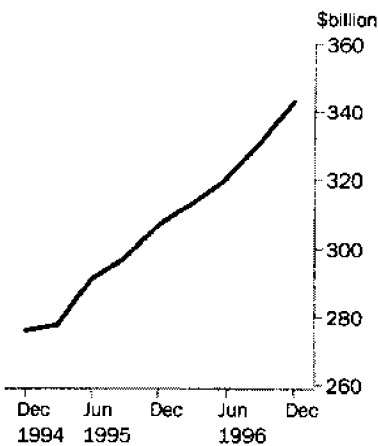
|   | <i>Dec Qtr<br/>1995</i> | <i>Sep Qtr<br/>1996</i> | <i>Dec Qtr<br/>1996</i> |
|---|-------------------------|-------------------------|-------------------------|
|   | <i>\$m</i>              | <i>\$m</i>              | <i>\$m</i>              |
| Superannuation funds                      | 132 279                 | 144 384                 | 150 129                 |
| Statutory funds of life insurance offices | 115 080                 | 120 938                 | 122 430                 |
| Other managed funds                       | 59 202                  | 65 328                  | 70 764                  |
| <b>Total</b>                              | <b>306 561</b>          | <b>330 650</b>          | <b>343 322</b>          |

## DECEMBER QTR KEY POINTS

### CONSOLIDATED ASSETS

- The value of consolidated assets of managed funds in Australia as at 31 December 1996 was \$343.3 billion, an increase of \$12.7 billion (3.8%) on the revised 30 September figure of \$330.7 billion, and an increase of \$36.8 billion (12.0%) on the revised 31 December 1995 figure of \$306.6 billion. Improved equity and security market asset prices contributed to the increases.
- The largest increases in the consolidated assets of managed funds during the December 1996 quarter occurred in superannuation funds, up \$5.7 billion (4.0%) and public unit trusts, up \$4.1 billion (9.1%).
- The value of managed funds' assets invested through investment managers was \$297.8 million at the end of December 1996, representing 86.7% of all the consolidated assets of managed funds.

### Total Consolidated Assets



## INQUIRIES

- For further information about these and related statistics, contact John Carson on 06 252 7109, or any ABS Office.

# NOTES

## FORTHCOMING ISSUES

*ISSUE (Quarter)*

*RELEASE DATE*

March 1997

6 June 1997

June 1997

5 September 1997

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## CHANGES IN THIS ISSUE

There are no changes in this issue.

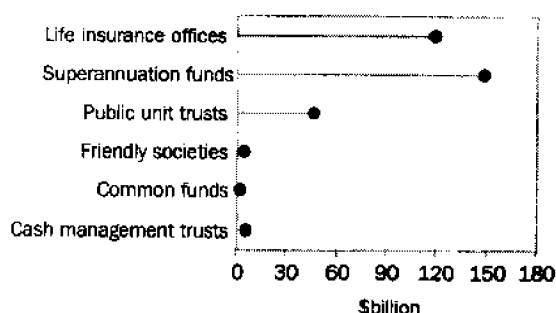
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W. McLennan  
Australian Statistician

# MANAGED FUNDS: Consolidated assets

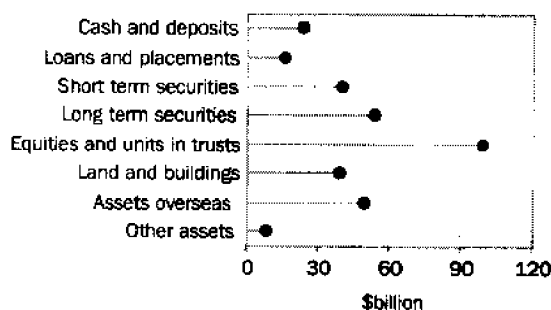
## BY TYPE OF INSTITUTION

Asset prices in both the equities and securities markets continued to increase over the December 1996 quarter (the all ordinaries index increased 5.9% during the quarter). Superannuation funds recorded the largest increase in assets during the December quarter, \$5.7 billion (4.0%), compared with the September quarter. Assets in public unit trusts increased by \$4.1 billion (9.1%). The largest proportional movement in assets was recorded by cash management trusts, up \$1.3 billion (16.5%). The only decrease was recorded by friendly societies, down \$0.2 billion (3.2%).



## BY TYPE OF ASSET

There was general growth in all asset types in the December 1996 quarter, partly attributable to strengthening of asset prices in the securities markets. The largest increases were recorded in equities and units in trusts \$7.6 billion (8.3%), and short term securities, \$3.1 billion (7.9%).



## CROSS INVESTMENT

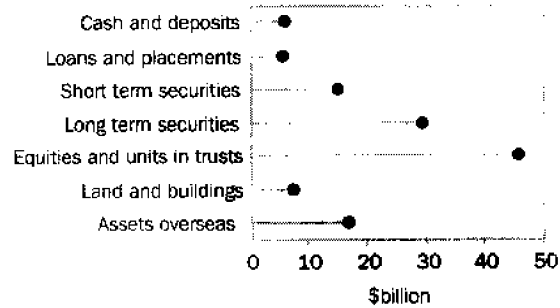
The table below presents the unconsolidated, cross-invested and consolidated assets of managed funds by type of fund as at 31 December 1996.

| Type of Fund                              | Unconsolidated assets<br>\$m | Cross-invested assets<br>\$m | Consolidated assets<br>\$m |
|---|------------------------------|------------------------------|----------------------------|
| Statutory funds of life insurance offices | 134 237                      | 11 807                       | 122 430                    |
| Superannuation funds                      | 166 562                      | 16 433                       | 150 129                    |
| Public unit trusts                        | 55 740                       | 5 935                        | 49 805                     |
| Friendly societies                        | 7 026                        | 25                           | 7 001                      |
| Common funds                              | 5 047                        | 75                           | 4 972                      |
| Cash management trusts                    | 8 986                        | —                            | 8 986                      |
| <b>Total</b>                              | <b>377 538</b>               | <b>34 276</b>                | <b>343 322</b>             |

# MANAGED FUNDS: Unconsolidated Assets

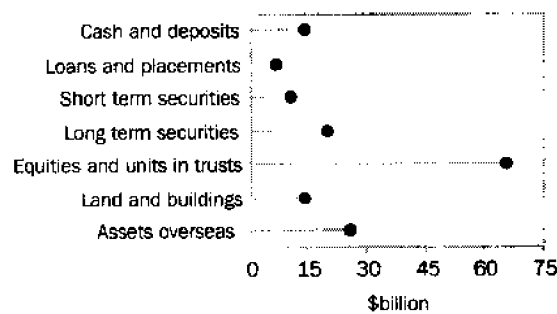
## STATUTORY FUNDS OF LIFE INSURANCE OFFICES

The largest change by asset class during the quarter was in the holdings of units in trusts, an increase of \$1.2 billion (11.1%). Holdings of private trading corporations shares increased by \$0.7 billion (2.7%).



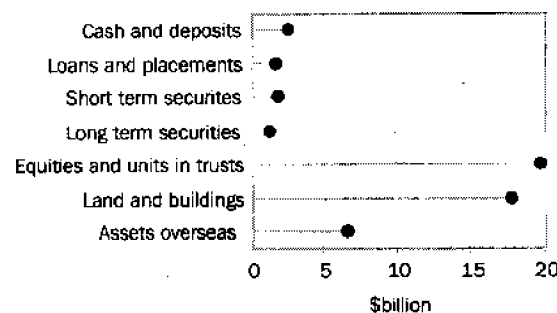
## SUPERANNUATION FUNDS

The largest movement was in the holdings of private trading corporations shares which increased by \$3.6 billion (9.2%), partly the result of a buoyant share market. Holdings of overseas assets also increased significantly, by \$2.1 billion (8.4%), in line with an improved exchange rate over the December 1996 quarter.



## PUBLIC UNIT TRUSTS

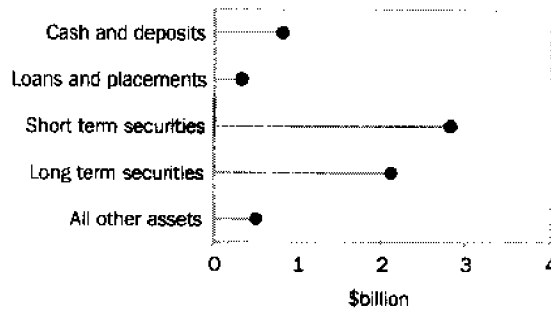
Strong growth in the equity holdings of public unit trusts continued during the December 1996 quarter, partly attributable to the improvement in share prices. Holdings of equities increased by \$1.9 billion (15.4%).



# MANAGED FUNDS: Unconsolidated assets *continued*

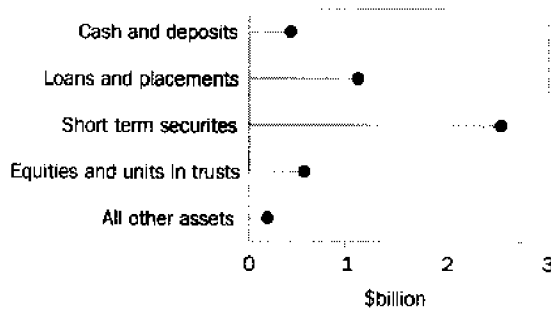
## FRIENDLY SOCIETIES

Total assets of friendly societies decreased by just over \$0.2 billion (3.5%) in the December 1996 quarter to \$7.0 billion. This continues a decline in their total asset portfolio which began in the June 1995 quarter. The major decreases were recorded in cash and deposits with banks, down \$348 million (41.6%), bank certificates of deposit, down \$147 million (8.7%) and bills of exchange, down \$140 million (12.5%).



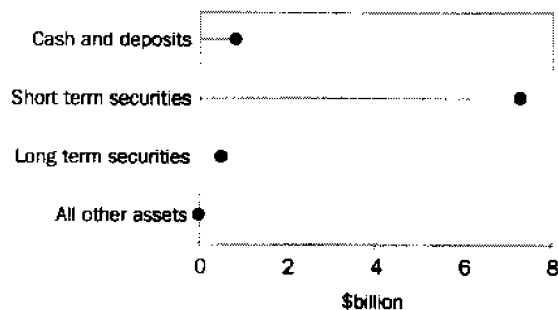
## COMMON FUNDS

The assets in common funds increased by \$260 million (5.4%) to \$5.0 billion during the December 1996 quarter. Most of this increase was attributed to a rise in the holdings of bills of exchange of \$335 million (20.3%).



## CASH MANAGEMENT TRUSTS

Total assets in cash management trusts increased by \$1.3 billion (16.5%) to almost \$0.9 billion. Most of this rise was due to increases in both bank certificates of deposit, up \$813 million (56.0%) and bills of exchange, up \$703 million (22.3%).

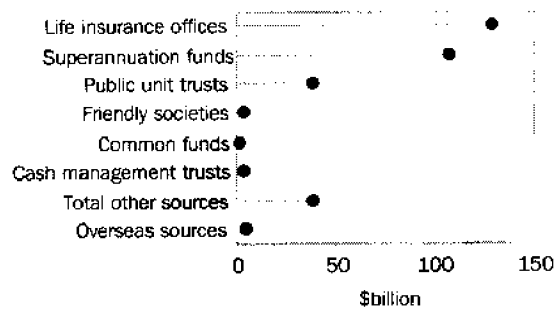


# MANAGED FUNDS — INVESTMENT MANAGERS

## SOURCE OF FUNDS UNDER MANAGEMENT

During the December 1996 quarter there was an increase in total funds under management by investment managers of \$14.1 billion (4.3%), bringing the total sources of funds under management to \$345.7 billion. The largest increase was from superannuation funds which increased by \$4.9 billion (4.6%) to \$110 billion. Funds sourced from public unit trusts increased by \$3.1 billion (8.3%) to \$40.8 billion. In the category "Other sources", funds under management increased by \$4.4 billion (11.8%) to \$41.2 billion.

The value of managed funds' assets invested through investment managers was \$297.7 billion at the end of December 1996, representing 86.7% of all the consolidated assets of managed funds.



MANAGED FUNDS, Consolidated Assets

| Institution/ asset                           | Jun Qtr<br>1993 | Jun Qtr<br>1994 | Mar Qtr<br>1995 | Jun Qtr<br>1995 | Sep Qtr<br>1995 | Dec Qtr<br>1995 | Mar Qtr<br>1996 | Jun Qtr<br>1996 | Sep Qtr<br>1996 | Dec Qtr<br>1996 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             |
| <b>Type of institution</b>                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Statutory funds of life insurance offices(a) | 103 794         | 108 233         | 107 286         | 110 839         | 113 036         | 115 080         | 116 360         | 117 114         | 120 938         | 122 430         |
| Superannuation funds                         | 100 552         | 114 038         | 116 209         | 123 959         | 126 353         | 132 279         | 135 685         | 139 652         | 144 384         | 150 129         |
| Public unit trusts                           | 26 291          | 34 688          | 36 181          | 37 931          | 39 162          | 40 289          | 42 031          | 43 922          | 45 666          | 49 805          |
| Friendly societies                           | 9 171           | 8 996           | 8 524           | 8 512           | 8 227           | 8 151           | 7 962           | 7 748           | 7 233           | 7 001           |
| Common funds                                 | 4 474           | 4 785           | 3 823           | 4 037           | 4 134           | 4 278           | 4 352           | 4 493           | 4 719           | 4 972           |
| Cash management trusts                       | 5 316           | 5 915           | 5 329           | 5 625           | 5 868           | 6 484           | 6 706           | 7 036           | 7 710           | 8 986           |
| <b>Total</b>                                 | <b>249 597</b>  | <b>276 655</b>  | <b>277 352</b>  | <b>290 903</b>  | <b>296 780</b>  | <b>306 561</b>  | <b>313 096</b>  | <b>319 965</b>  | <b>330 650</b>  | <b>343 322</b>  |
| <b>Type of asset</b>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Cash and deposits(b)                         | 17 369          | 22 100          | 20 458          | 21 367          | 22 214          | 23 382          | 22 683          | 23 569          | 24 564          | 25 439          |
| Loans and placements                         | 15 965          | 14 601          | 15 317          | 15 465          | 16 455          | 16 967          | 17 106          | 17 249          | 17 800          | 17 632          |
| Short term securities(b)                     | 28 772          | 29 122          | 28 219          | 29 732          | 31 676          | 32 705          | 35 970          | 38 131          | 39 198          | 42 285          |
| Long term securities                         | 52 093          | 53 469          | 53 410          | 54 723          | 53 615          | 54 558          | 53 400          | 54 205          | 57 009          | 55 620          |
| Equities and units in trusts                 | 63 419          | 76 326          | 75 652          | 79 518          | 83 878          | 88 803          | 88 898          | 89 052          | 92 251          | 99 867          |
| Land and buildings                           | 29 673          | 33 294          | 37 395          | 37 250          | 37 384          | 37 884          | 39 234          | 40 074          | 41 154          | 41 556          |
| Assets overseas                              | 35 576          | 41 168          | 40 435          | 44 067          | 42 869          | 43 937          | 45 654          | 46 794          | 48 016          | 51 032          |
| Other assets                                 | 6 728           | 6 571           | 6 466           | 8 780           | 8 688           | 8 327           | 10 153          | 10 893          | 10 660          | 9 890           |
| <b>Total</b>                                 | <b>249 597</b>  | <b>276 655</b>  | <b>277 352</b>  | <b>290 903</b>  | <b>296 780</b>  | <b>306 561</b>  | <b>313 096</b>  | <b>319 965</b>  | <b>330 650</b>  | <b>343 322</b>  |

(a) Figures include superannuation funds held in the statutory funds of life insurance offices.

(b) Bank certificates of deposit held by public unit trusts are included in 'Cash and deposits' at banks.

STATUTORY FUNDS OF LIFE INSURANCE OFFICES(a), Unconsolidated Assets

|                                       | Jun Qtr<br>1993 | Jun Qtr<br>1994 | Mar Qtr<br>1995 | Jun Qtr<br>1995 | Sep Qtr<br>1995 | Dec Qtr<br>1995 | Mar Qtr<br>1996 | Jun Qtr<br>1996 | Sep Qtr<br>1996 | Dec Qtr<br>1996 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assets                                | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             |
| <b>TOTAL ASSETS</b>                   | <b>107 918</b>  | <b>114 674</b>  | <b>114 521</b>  | <b>118 520</b>  | <b>121 482</b>  | <b>124 148</b>  | <b>125 491</b>  | <b>127 194</b>  | <b>131 590</b>  | <b>134 237</b>  |
| <b>Assets in Australia</b>            | <b>91 188</b>   | <b>97 688</b>   | <b>98 151</b>   | <b>101 407</b>  | <b>105 671</b>  | <b>107 891</b>  | <b>109 227</b>  | <b>111 697</b>  | <b>114 801</b>  | <b>116 825</b>  |
| <i>Cash and deposits</i>              | 4 381           | 5 063           | 5 123           | 4 836           | 5 295           | 5 373           | 5 133           | 5 912           | 6 262           | 6 720           |
| Banks                                 | 1 909           | 2 649           | 2 563           | 2 895           | 2 797           | 2 867           | 2 878           | 3 496           | 3 542           | 4 010           |
| Other deposit taking institutions     | 2 472           | 2 414           | 2 560           | 1 941           | 2 498           | 2 506           | 2 255           | 2 416           | 2 720           | 2 710           |
| <i>Loans and placements</i>           | 6 587           | 5 320           | 5 616           | 5 809           | 6 524           | 6 670           | 6 637           | 6 361           | 6 681           | 6 206           |
| <i>Short term securities</i>          | 10 422          | 9 833           | 9 738           | 9 794           | 11 354          | 12 084          | 12 789          | 14 307          | 14 333          | 15 886          |
| Bills of exchange                     | 4 987           | 5 615           | 5 182           | 4 507           | 5 352           | 5 873           | 6 050           | 5 845           | 5 704           | 6 121           |
| Bank certificates of deposit          | 2 340           | 1 473           | 2 059           | 2 767           | 3 273           | 3 269           | 3 499           | 4 324           | 4 269           | 4 368           |
| Other short term securities           | 3 095           | 2 745           | 2 497           | 2 520           | 2 729           | 2 942           | 3 240           | 4 138           | 4 360           | 5 397           |
| <i>Long term securities</i>           | 25 227          | 27 878          | 27 125          | 28 427          | 28 507          | 29 014          | 28 837          | 29 008          | 30 163          | 30 084          |
| Commonwealth government bonds         | 5 323           | 8 258           | 8 631           | 8 791           | 8 974           | 9 468           | 10 678          | 10 977          | 12 046          | 12 163          |
| State and local government securities | 12 335          | 13 281          | 12 966          | 13 066          | 13 131          | 13 233          | 12 363          | 12 296          | 11 886          | 11 487          |
| Other long term securities            | 7 569           | 6 339           | 5 528           | 6 570           | 6 402           | 6 313           | 5 796           | 5 735           | 6 231           | 6 434           |
| <i>Equities and units in trusts</i>   | 31 026          | 37 008          | 37 123          | 38 670          | 40 595          | 42 159          | 41 680          | 42 569          | 43 623          | 46 024          |
| Private trading corporations shares   | 22 725          | 25 308          | 24 340          | 25 194          | 25 894          | 26 542          | 26 006          | 26 037          | 25 906          | 26 612          |
| Financial sector shares               | 4 424           | 5 500           | 5 804           | 5 989           | 6 505           | 6 800           | 6 769           | 6 694           | 7 337           | 7 876           |
| Units in trusts                       | 3 877           | 6 200           | 6 979           | 7 487           | 8 196           | 8 817           | 8 905           | 9 838           | 10 380          | 11 536          |
| <i>Other financial assets</i>         | 2 033           | 2 132           | 2 143           | 2 216           | 2 102           | 1 924           | 2 505           | 2 835           | 2 446           | 2 335           |
| <i>Land and buildings</i>             | 9 761           | 9 126           | 9 673           | 9 486           | 8 895           | 8 746           | 8 984           | 8 856           | 8 884           | 8 096           |
| <i>Other non-financial assets</i>     | 1 751           | 1 328           | 1 610           | 2 169           | 2 399           | 1 921           | 2 662           | 1 849           | 2 409           | 1 474           |
| <b>Assets overseas</b>                | <b>16 730</b>   | <b>16 986</b>   | <b>16 370</b>   | <b>17 113</b>   | <b>15 811</b>   | <b>16 257</b>   | <b>16 264</b>   | <b>15 497</b>   | <b>16 789</b>   | <b>17 412</b>   |

(a) Includes superannuation funds that are invested and administered by life insurance offices.



## SUPERANNUATION FUNDS(a), Unconsolidated Assets

|                                       | Jun Qtr<br>1993 | Jun Qtr<br>1994 | Mar Qtr<br>1995 | Jun Qtr<br>1995 | Sep Qtr<br>1995 | Dec Qtr<br>1995 | Mar Qtr<br>1996 | Jun Qtr<br>1996 | Sep Qtr<br>1996 | Dec Qtr<br>1996 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assets                                | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             |
| <b>TOTAL ASSETS</b>                   | <b>107 768</b>  | <b>122 198</b>  | <b>125 693</b>  | <b>134 419</b>  | <b>139 447</b>  | <b>145 678</b>  | <b>148 773</b>  | <b>154 307</b>  | <b>159 632</b>  | <b>166 562</b>  |
| <b>Assets in Australia</b>            | <b>92 878</b>   | <b>104 126</b>  | <b>107 350</b>  | <b>113 600</b>  | <b>118 695</b>  | <b>124 217</b>  | <b>125 691</b>  | <b>129 529</b>  | <b>135 022</b>  | <b>139 893</b>  |
| <i>Cash and deposits</i>              | 9 043           | 11 756          | 12 579          | 12 670          | 13 644          | 14 756          | 14 527          | 13 593          | 14 580          | 15 185          |
| Banks                                 | 5 662           | 8 070           | 8 392           | 8 506           | 9 000           | 9 970           | 9 598           | 8 635           | 9 320           | 9 944           |
| Other deposit taking institutions     | 3 381           | 3 686           | 4 187           | 4 164           | 4 644           | 4 786           | 4 929           | 4 958           | 5 260           | 5 241           |
| <i>Loans and placements</i>           | 6 322           | 5 764           | 5 943           | 6 019           | 6 309           | 6 684           | 6 967           | 7 333           | 7 558           | 7 937           |
| <i>Short term securities</i>          | 7 268           | 8 808           | 7 950           | 8 641           | 8 221           | 7 919           | 9 464           | 11 097          | 11 533          | 11 451          |
| Bills of exchange                     | 3 814           | 4 196           | 4 200           | 4 559           | 3 853           | 3 520           | 4 046           | 4 171           | 4 569           | 4 159           |
| Bank certificates of deposit          | 2 085           | 3 468           | 2 512           | 3 027           | 3 269           | 3 210           | 3 927           | 5 244           | 5 137           | 5 337           |
| Other short term securities           | 1 369           | 1 144           | 1 238           | 1 055           | 1 099           | 1 189           | 1 491           | 1 682           | 1 827           | 1 955           |
| <i>Long term securities</i>           | 22 304          | 21 180          | 21 885          | 22 674          | 21 557          | 21 795          | 21 179          | 21 427          | 22 927          | 21 067          |
| Commonwealth government bonds         | 8 989           | 9 719           | 11 777          | 12 532          | 11 938          | 12 355          | 12 357          | 12 119          | 13 106          | 11 939          |
| State and local government securities | 9 357           | 8 413           | 7 865           | 7 578           | 7 195           | 7 087           | 6 443           | 6 821           | 6 720           | 6 677           |
| Other long term securities            | 3 958           | 3 048           | 2 243           | 2 564           | 2 424           | 2 353           | 2 379           | 2 487           | 3 101           | 2 451           |
| <i>Equities and units in trusts</i>   | 36 902          | 44 557          | 45 484          | 48 895          | 53 916          | 57 747          | 57 501          | 58 426          | 60 445          | 65 893          |
| Private trading corporations shares   | 25 488          | 31 207          | 30 225          | 33 471          | 35 329          | 38 436          | 38 770          | 38 223          | 38 566          | 42 126          |
| Financial sector shares               | 4 889           | 6 031           | 6 439           | 5 759           | 6 245           | 6 723           | 6 423           | 6 373           | 7 501           | 8 418           |
| Units in trusts                       | 6 525           | 7 319           | 8 820           | 9 665           | 12 342          | 12 588          | 12 308          | 13 830          | 14 378          | 15 349          |
| <i>Other financial assets</i>         | 808             | 392             | 445             | 1 732           | 1 657           | 1 673           | 1 655           | 2 496           | 2 303           | 2 575           |
| <i>Land and buildings</i>             | 9 962           | 11 327          | 12 752          | 12 514          | 12 936          | 13 053          | 13 514          | 14 002          | 14 827          | 15 135          |
| <i>Other non-financial assets</i>     | 269             | 342             | 312             | 454             | 454             | 591             | 885             | 1 156           | 851             | 650             |
| <b>Assets overseas</b>                | <b>14 890</b>   | <b>18 072</b>   | <b>18 343</b>   | <b>20 819</b>   | <b>20 753</b>   | <b>21 461</b>   | <b>23 082</b>   | <b>24 778</b>   | <b>24 610</b>   | <b>26 669</b>   |

(a) Excludes superannuation funds that are invested and administered by life insurance offices. For other caveats see paragraph 9 of the Explanatory Notes.



PUBLIC UNIT TRUSTS, Unconsolidated Assets

|                                     | Jun Qtr<br>1993 | Jun Qtr<br>1994 | Mar Qtr<br>1995 | Jun Qtr<br>1995 | Sep Qtr<br>1995 | Dec Qtr<br>1995 | Mar Qtr<br>1996 | Jun Qtr<br>1996 | Sep Qtr<br>1996 | Dec Qtr<br>1996 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assets                              | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             |
| <b>TOTAL ASSETS</b>                 | <b>28 406</b>   | <b>37 982</b>   | <b>39 012</b>   | <b>41 590</b>   | <b>42 912</b>   | <b>44 198</b>   | <b>46 437</b>   | <b>48 456</b>   | <b>50 988</b>   | <b>55 740</b>   |
| <b>Assets in Australia</b>          | <b>24 457</b>   | <b>31 872</b>   | <b>33 290</b>   | <b>35 455</b>   | <b>36 607</b>   | <b>37 980</b>   | <b>40 129</b>   | <b>41 966</b>   | <b>44 404</b>   | <b>48 826</b>   |
| <i>Cash and deposits</i>            | 2 470           | 2 095           | 1 334           | 1 600           | 1 908           | 1 809           | 1 915           | 2 213           | 2 225           | 2 860           |
| Banks(a)                            | 1 200           | 1 345           | 739             | 1 030           | 1 097           | 1 062           | 1 056           | 1 309           | 1 444           | 1 813           |
| Other deposit taking institutions   | 1 270           | 750             | 595             | 570             | 811             | 747             | 859             | 904             | 781             | 1 047           |
| <i>Loans and placements</i>         | 1 446           | 1 784           | 1 899           | 1 825           | 1 822           | 1 824           | 1 889           | 1 987           | 1 946           | 1 927           |
| <i>Short term securities</i>        | 1 104           | 1 946           | 1 572           | 1 923           | 1 795           | 1 951           | 1 988           | 1 786           | 1 772           | 2 146           |
| Bills of exchange                   | 844             | 1 628           | 1 193           | 1 640           | 1 457           | 1 680           | 1 721           | 1 493           | 1 372           | 1 799           |
| Bank certificates of deposit(a)     | —               | —               | —               | —               | —               | —               | —               | —               | —               | —               |
| Other short term securities         | 260             | 318             | 379             | 283             | 338             | 271             | 267             | 293             | 400             | 347             |
| <i>Long term securities</i>         | 1 666           | 1 672           | 1 319           | 1 307           | 1 228           | 1 295           | 1 305           | 1 493           | 1 571           | 1 518           |
| <i>Equities and units in trusts</i> | 6 680           | 10 045          | 10 973          | 12 037          | 12 824          | 13 385          | 14 482          | 15 381          | 17 406          | 19 846          |
| Equities                            | 4 818           | 6 901           | 8 261           | 8 492           | 9 236           | 9 625           | 10 248          | 11 028          | 12 240          | 14 120          |
| Units in trusts                     | 1 862           | 3 144           | 2 712           | 3 545           | 3 588           | 3 760           | 4 234           | 4 353           | 5 166           | 5 726           |
| <i>Other financial assets</i>       | 446             | 694             | 555             | 731             | 650             | 763             | 827             | 919             | 948             | 1 058           |
| <i>Land and buildings</i>           | 9 530           | 12 389          | 14 530          | 14 799          | 15 105          | 15 638          | 16 294          | 16 772          | 17 015          | 17 886          |
| <i>Other non-financial assets</i>   | 1 113           | 1 246           | 1 108           | 1 232           | 1 275           | 1 314           | 1 430           | 1 414           | 1 520           | 1 585           |
| <b>Assets overseas</b>              | <b>3 949</b>    | <b>6 110</b>    | <b>5 722</b>    | <b>6 135</b>    | <b>6 305</b>    | <b>6 219</b>    | <b>6 308</b>    | <b>6 490</b>    | <b>6 584</b>    | <b>6 914</b>    |

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

## FRIENDLY SOCIETIES, Unconsolidated Assets

|                                       | Jun Qtr<br>1993 | Jun Qtr<br>1994 | Mar Qtr<br>1995 | Jun Qtr<br>1995 | Sep Qtr<br>1995 | Dec Qtr<br>1995 | Mar Qtr<br>1996 | Jun Qtr<br>1996 | Sep Qtr<br>1996 | Dec Qtr<br>1996 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assets                                | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             |
| <b>TOTAL ASSETS</b>                   | <b>9 182</b>    | <b>9 009</b>    | <b>8 533</b>    | <b>8 531</b>    | <b>8 250</b>    | <b>8 187</b>    | <b>7 989</b>    | <b>7 772</b>    | <b>7 259</b>    | <b>7 026</b>    |
| <b>Assets in Australia</b>            | <b>9 182</b>    | <b>9 009</b>    | <b>8 533</b>    | <b>8 531</b>    | <b>8 250</b>    | <b>8 187</b>    | <b>7 989</b>    | <b>7 743</b>    | <b>7 226</b>    | <b>6 989</b>    |
| <i>Cash and deposits</i>              | <b>1 636</b>    | <b>2 805</b>    | <b>1 505</b>    | <b>2 428</b>    | <b>1 500</b>    | <b>1 446</b>    | <b>1 130</b>    | <b>1 656</b>    | <b>1 259</b>    | <b>873</b>      |
| Banks                                 | 1 029           | 2 218           | 898             | 1 775           | 963             | 937             | 609             | 1 207           | 836             | 488             |
| Other deposit taking institutions     | 607             | 587             | 607             | 653             | 537             | 509             | 521             | 449             | 423             | 385             |
| <i>Loans and placements</i>           | 647             | 614             | 588             | 535             | 550             | 511             | 414             | 394             | 387             | 379             |
| <i>Short term securities</i>          | <b>3 488</b>    | <b>2 269</b>    | <b>2 954</b>    | <b>2 754</b>    | <b>3 406</b>    | <b>3 314</b>    | <b>3 963</b>    | <b>3 434</b>    | <b>3 295</b>    | <b>2 875</b>    |
| Bills of exchange                     | 2 188           | 919             | 1 296           | 1 452           | 1 508           | 1 724           | 1 453           | 1 817           | 1 124           | 984             |
| Bank certificates of deposit          | 614             | 847             | 1 039           | 996             | 1 250           | 1 246           | 2 002           | 1 193           | 1 688           | 1 541           |
| Other short term securities           | 686             | 503             | 619             | 306             | 648             | 344             | 508             | 424             | 483             | 350             |
| <i>Long term securities</i>           | <b>2 686</b>    | <b>2 413</b>    | <b>2 728</b>    | <b>2 069</b>    | <b>2 134</b>    | <b>2 246</b>    | <b>1 780</b>    | <b>1 534</b>    | <b>1 611</b>    | <b>2 166</b>    |
| Commonwealth government bonds         | 635             | 585             | 471             | 461             | 482             | 695             | 465             | 275             | 332             | 392             |
| State and local government securities | 1 118           | 1 077           | 1 479           | 664             | 816             | 751             | 613             | 510             | 628             | 882             |
| Other long term securities            | 933             | 751             | 778             | 944             | 836             | 800             | 702             | 749             | 651             | 892             |
| <i>Equities and units in trusts</i>   | <b>110</b>      | <b>141</b>      | <b>129</b>      | <b>147</b>      | <b>164</b>      | <b>186</b>      | <b>175</b>      | <b>170</b>      | <b>168</b>      | <b>164</b>      |
| Private trading corporations shares   | 70              | 100             | 82              | 103             | 122             | 120             | 116             | 112             | 111             | 109             |
| Financial sector shares               | 30              | 30              | 38              | 37              | 35              | 38              | 38              | 36              | 33              | 32              |
| Units in trusts                       | 10              | 11              | 9               | 7               | 7               | 28              | 21              | 22              | 24              | 23              |
| <i>Other financial assets</i>         | 107             | 230             | 207             | 163             | 70              | 61              | 102             | 138             | 93              | 98              |
| <i>Land and buildings</i>             | 315             | 349             | 349             | 365             | 361             | 360             | 360             | 355             | 348             | 364             |
| <i>Other non-financial assets</i>     | 193             | 188             | 73              | 70              | 65              | 63              | 65              | 62              | 65              | 70              |
| <b>Assets overseas</b>                | —               | —               | —               | —               | —               | —               | —               | <b>29</b>       | <b>33</b>       | <b>37</b>       |



COMMON FUNDS, Unconsolidated Assets

|                                       | Jun Qtr<br>1993 | Jun Qtr<br>1994 | Mar Qtr<br>1995 | Jun Qtr<br>1995 | Sep Qtr<br>1995 | Dec Qtr<br>1995 | Mar Qtr<br>1996 | Jun Qtr<br>1996 | Sep Qtr<br>1996 | Dec Qtr<br>1996 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assets                                | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             | \$m             |
| <b>TOTAL ASSETS</b>                   | <b>4 573</b>    | <b>4 884</b>    | <b>3 927</b>    | <b>4 138</b>    | <b>4 209</b>    | <b>4 367</b>    | <b>4 435</b>    | <b>4 566</b>    | <b>4 787</b>    | <b>5 047</b>    |
| <b>Assets in Australia</b>            | <b>4 566</b>    | <b>4 884</b>    | <b>3 927</b>    | <b>4 138</b>    | <b>4 209</b>    | <b>4 367</b>    | <b>4 435</b>    | <b>4 566</b>    | <b>4 787</b>    | <b>5 047</b>    |
| <i>Cash and deposits</i>              | 552             | 502             | 386             | 424             | 420             | 518             | 453             | 476             | 539             | 464             |
| Banks                                 | 345             | 308             | 244             | 292             | 314             | 374             | 310             | 353             | 391             | 292             |
| Other deposit taking institutions     | 207             | 194             | 142             | 132             | 106             | 144             | 143             | 123             | 148             | 172             |
| <i>Loans and placements</i>           | 950             | 1 089           | 1 177           | 1 170           | 1 126           | 1 162           | 1 163           | 1 154           | 1 169           | 1 144           |
| <i>Short term securities</i>          | 1 817           | 1 731           | 1 550           | 1 713           | 1 854           | 1 866           | 2 013           | 2 094           | 2 275           | 2 577           |
| Bills of exchange                     | 1 389           | 1 367           | 1 201           | 1 283           | 1 340           | 1 382           | 1 402           | 1 490           | 1 650           | 1 985           |
| Bank certificates of deposit          | 184             | 162             | 193             | 226             | 275             | 292             | 384             | 381             | 361             | 408             |
| Other short term securities           | 244             | 202             | 156             | 204             | 239             | 192             | 227             | 223             | 264             | 184             |
| <i>Long term securities</i>           | 119             | 159             | 192             | 204             | 162             | 161             | 149             | 163             | 137             | 179             |
| Commonwealth government bonds         | 17              | 13              | 19              | 23              | 29              | 34              | 36              | 25              | 26              | 36              |
| State and local government securities | 28              | 75              | 68              | 74              | 61              | 58              | 51              | 51              | 53              | 49              |
| Other long term securities            | 74              | 71              | 105             | 107             | 72              | 69              | 62              | 87              | 58              | 94              |
| <i>Equities and units in trusts</i>   | 1 022           | 1 300           | 531             | 541             | 560             | 573             | 575             | 590             | 587             | 608             |
| Private trading corporations shares   | 708             | 905             | 251             | 254             | 266             | 261             | 269             | 269             | 262             | 332             |
| Financial sector shares               | 267             | 345             | 212             | 219             | 246             | 259             | 259             | 279             | 294             | 244             |
| Units in trusts                       | 47              | 50              | 68              | 68              | 48              | 53              | 47              | 42              | 31              | 32              |
| <i>Other financial assets</i>         | 1               | —               | —               | —               | —               | —               | —               | —               | —               | —               |
| <i>Land and buildings</i>             | 105             | 103             | 91              | 86              | 87              | 87              | 82              | 89              | 80              | 75              |
| <i>Other non-financial assets</i>     | —               | —               | —               | —               | —               | —               | —               | —               | —               | —               |
| <b>Assets overseas</b>                | <b>7</b>        | <b>—</b>        | <b>—</b>        | <b>—</b>        | <b>—</b>        | <b>—</b>        | <b>—</b>        | <b>—</b>        | <b>—</b>        | <b>—</b>        |



## CASH MANAGEMENT TRUSTS, Unconsolidated Assets

|                                       | <i>Jun Qtr</i><br>1993 | <i>Jun Qtr</i><br>1994 | <i>Mar Qtr</i><br>1995 | <i>Jun Qtr</i><br>1995 | <i>Sep Qtr</i><br>1995 | <i>Dec Qtr</i><br>1995 | <i>Mar Qtr</i><br>1996 | <i>Jun Qtr</i><br>1996 | <i>Sep Qtr</i><br>1996 | <i>Dec Qtr</i><br>1996 |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Assets                                | \$m                    | \$m                    | \$m                    | \$m                    | \$m                    | \$m                    | \$m                    | \$m                    | \$m                    | \$m                    |
| <b>TOTAL ASSETS</b>                   | <b>5 316</b>           | <b>5 915</b>           | <b>5 329</b>           | <b>5 625</b>           | <b>5 868</b>           | <b>6 484</b>           | <b>6 706</b>           | <b>7 036</b>           | <b>7 710</b>           | <b>8 986</b>           |
| <b>Assets in Australia</b>            | <b>5 316</b>           | <b>5 915</b>           | <b>5 329</b>           | <b>5 625</b>           | <b>5 868</b>           | <b>6 484</b>           | <b>6 706</b>           | <b>7 036</b>           | <b>7 710</b>           | <b>8 986</b>           |
| <i>Cash and deposits</i>              | 531                    | 1 160                  | 606                    | 545                    | 638                    | 727                    | 739                    | 998                    | 1 034                  | 945                    |
| Banks                                 | 268                    | 1 026                  | 507                    | 452                    | 565                    | 595                    | 529                    | 859                    | 924                    | 810                    |
| Other deposit taking institutions     | 263                    | 134                    | 99                     | 93                     | 73                     | 132                    | 210                    | 139                    | 110                    | 135                    |
| <i>Loans and placements</i>           | 14                     | 32                     | 94                     | 119                    | 140                    | 124                    | 42                     | 22                     | 61                     | 41                     |
| <i>Short term securities</i>          | 4 673                  | 4 535                  | 4 455                  | 4 907                  | 5 046                  | 5 571                  | 5 753                  | 5 413                  | 5 990                  | 7 350                  |
| Bills of exchange                     | 2 318                  | 1 809                  | 2 156                  | 2 891                  | 2 628                  | 2 919                  | 3 076                  | 3 111                  | 3 153                  | 3 856                  |
| Bank certificates of deposit          | 1 170                  | 1 484                  | 1 107                  | 884                    | 1 187                  | 1 617                  | 1 544                  | 1 444                  | 1 453                  | 2 266                  |
| Other short term securities           | 1 185                  | 1 242                  | 1 192                  | 1 132                  | 1 231                  | 1 035                  | 1 133                  | 858                    | 1 384                  | 1 228                  |
| <i>Long term securities</i>           | n.p.                   | 167                    | 161                    | 42                     | 27                     | 47                     | 150                    | 580                    | 600                    | 606                    |
| Commonwealth government bonds         | —                      | 2                      | 30                     | 40                     | 20                     | —                      | 26                     | 27                     | 26                     | 26                     |
| State and local government securities | n.p.                   | 163                    | 16                     | 2                      | 6                      | 47                     | 124                    | 553                    | 524                    | 500                    |
| Other long term securities            | n.p.                   | 2                      | 115                    | —                      | 1                      | —                      | —                      | —                      | 50                     | 80                     |
| <i>Equities and units in trusts</i>   | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      |
| Private trading corporations shares   | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      |
| Financial sector shares               | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      |
| Units in trusts                       | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      |
| <i>Other financial assets</i>         | 7                      | 19                     | 13                     | 13                     | 16                     | 17                     | 22                     | 24                     | 25                     | 45                     |
| <i>Land and buildings</i>             | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      |
| <i>Other non-financial assets</i>     | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      |
| <b>Assets overseas</b>                | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      | —                      |

## INVESTMENT MANAGERS, Source of Funds

| Source of funds                      | Jun Qtr        | Jun Qtr        | Mar Qtr        | Jun Qtr        | Sep Qtr        | Dec Qtr        | Mar Qtr        | Jun Qtr        | Sep Qtr        | Dec Qtr        |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                      | 1993           | 1994           | 1995           | 1995           | 1995           | 1995           | 1996           | 1996           | 1996           | 1996           |
|                                      | \$m            | \$m            | \$m            | \$m            | \$m            | \$m            | \$m            | \$m            | \$m            | \$m            |
| <b>TOTAL SOURCE OF FUNDS</b>         | <b>229 499</b> | <b>255 677</b> | <b>256 373</b> | <b>270 587</b> | <b>282 074</b> | <b>290 267</b> | <b>295 124</b> | <b>300 363</b> | <b>331 558</b> | <b>345 687</b> |
| <b>Funds from Australian sources</b> | <b>227 060</b> | <b>251 234</b> | <b>251 167</b> | <b>264 129</b> | <b>274 576</b> | <b>282 958</b> | <b>287 967</b> | <b>293 263</b> | <b>324 203</b> | <b>338 895</b> |
| <i>Managed funds</i>                 | 199 698        | 220 136        | 221 385        | 233 190        | 241 584        | 249 540        | 252 723        | 258 129        | 287 360        | 297 696        |
| Life insurance offices               | 106 476        | 113 067        | 110 934        | 115 193        | 119 451        | 121 111        | 121 927        | 123 535        | 128 498        | 130 143        |
| Superannuation funds (a)             | 61 542         | 69 195         | 70 144         | 75 227         | 77 802         | 81 568         | 82 271         | 83 821         | 105 536        | 110 423        |
| Public unit trusts                   | 20 368         | 26 602         | 27 928         | 30 082         | 31 380         | 32 937         | 34 224         | 36 192         | 37 671         | 40 800         |
| Friendly societies                   | 6 959          | 6 280          | 6 296          | 6 425          | 6 438          | 6 387          | 6 323          | 6 181          | 5 950          | 5 979          |
| Common funds                         | 305            | 354            | 1 916          | 1 937          | 1 958          | 2 546          | 2 843          | 3 077          | 3 656          | 3 978          |
| Cash management trusts               | 4 048          | 4 638          | 4 167          | 4 326          | 4 555          | 4 991          | 5 135          | 5 323          | 6 049          | 6 373          |
| <i>Other sources</i>                 | 27 362         | 31 098         | 29 782         | 30 939         | 32 992         | 33 418         | 35 244         | 35 134         | 36 843         | 41 199         |
| Government                           | 3 366          | 4 230          | 3 993          | 4 302          | 4 432          | 4 740          | 4 958          | 5 276          | 5 338          | 5 245          |
| Charities                            | 314            | 347            | 444            | 562            | 598            | 636            | 662            | 747            | 649            | 1 005          |
| Other trusts                         | 783            | 1 684          | 1 848          | 2 064          | 2 285          | 3 282          | 4 005          | 4 143          | 5 277          | 5 685          |
| General insurance                    | 10 504         | 12 439         | 11 755         | 12 231         | 12 547         | 12 450         | 12 472         | 10 850         | 11 089         | 12 830         |
| Other sources                        | 12 395         | 12 398         | 11 742         | 11 780         | 13 130         | 12 310         | 13 147         | 14 118         | 14 490         | 16 434         |
| <b>Funds from overseas sources</b>   | <b>2 439</b>   | <b>4 443</b>   | <b>5 206</b>   | <b>6 458</b>   | <b>7 498</b>   | <b>7 309</b>   | <b>7 157</b>   | <b>7 100</b>   | <b>7 355</b>   | <b>6 792</b>   |

(a) There was a restructuring of arrangements between superannuation funds and investment managers during the September 1996 quarter. See note on 'Changes in this issue' on page 2 of the September 1996 issue.

# EXPLANATORY NOTES

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## INTRODUCTION

**1** The statistics presented in this publication on managed funds in Australia have been compiled from the Survey of Financial Information conducted by the Australian Bureau of Statistics (ABS) and from a quarterly Survey of Superannuation Funds conducted jointly by the ABS and the Insurance and Superannuation Commission.

**2** Movements in the levels of assets of managed funds between periods reflect two components—transactions activity in particular assets and valuation changes arising from price changes in particular assets.

**3** Managed funds institutions, in general, are those financial intermediaries which operate in the managed funds market by acquiring and incurring financial assets and liabilities respectively on their own account. Typically these institutions arrange for the 'pooling' of funds from a number of investors for the purpose of investing in a particular type or mix of assets, with a view to receiving an on-going return or capital gain. 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.

**4** A further development within the managed funds market is the emergence of specialist investment managers who engage primarily in activities closely related to financial intermediation but are employed on a fee for service basis to manage and invest in approved assets on their clients' behalf. They usually act as investment managers for the smaller institutions, including unit trusts and superannuation funds. While they accept individual portfolios to manage, for example from charities, they are generally not accessible to the small investor. They act in the main as the managers of pooled funds, but also manage clients' investments on an individual portfolio basis.

## SCOPE AND COVERAGE

**5** The scope of the statistics presented in this publication relates to the assets of all registered managed funds institutions operating in Australia. The types of managed funds covered by the statistics in this publication are:

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

**6** Statistics in this publication relating to the Statutory Funds of Life Insurance Offices are derived from returns from 29 of the 51 registered life insurance offices operating in Australia, representing approximately 98% of the total assets of statutory funds. Data have been extrapolated to provide 100% coverage.

**7** For Superannuation Funds, the information in this publication is derived from:

- Superannuation funds and approved deposit funds (ADFs) that directly invest their assets on their own behalf, and
- Fund managers who invest in assets on behalf of superannuation funds and ADFs.

## EXPLANATORY NOTES

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**8** Up to and including the March quarter 1995, data on superannuation funds and ADFs that directly invest their assets on their own behalf were collected by the ABS Survey of Financial Information. From the June quarter 1995 the information on these superannuation funds is from a survey of the largest funds, run jointly by the ABS and the Insurance and Superannuation Commission.

**9** The statistics for superannuation funds in Table 3 include estimates, provided by the Insurance and Superannuation Commission, for superannuation funds not currently surveyed. Excluded from the statistics on Superannuation funds are those accounts receivable from Commonwealth and State Governments reported by certain public sector superannuation funds. Approximately \$3,281 million of such assets were reported at 31 December 1996. (The December quarter 1995 edition of this publication provides details on the reasons for excluding these assets.)

**10** The statistics on Public Unit Trusts do not include trusts which are exempted under Section 1069(3) of the *Corporations Act 1974* from providing redemption facilities (e.g. film and agriculture trusts); trusts which do not seek funds from the general public and small trusts are also excluded.

**11** The statistics on Friendly Societies are compiled from information obtained from the 25 largest friendly societies. This provides coverage of approximately 95% of the total assets of friendly societies. No estimate is included for the friendly societies not covered in the survey.

**12** Common Funds are operated by Trustee Companies under relevant State Trustee Companies Acts. At the end of June 1996 there were 14 trustee companies managing 87 common funds throughout Australia.

**13** All Cash Management Trusts operating in Australia are included in the statistics, however, the number of trusts may vary from month to month due to the establishment or closure of individual trusts. There are currently 20 cash management trusts included in the Survey of Financial Information.

### METHOD OF CONSOLIDATION

**14** Estimates of the consolidated assets of managed funds are derived by eliminating any cross-investment that takes place 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 the unconsolidated tables.

### BASIS OF VALUATION

**15** Respondents to the ABS Survey of Financial Information are requested to report assets at their market value.

### ASSETS IN AUSTRALIA/OVERSEAS

**16** *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 foreign controlled military establishments located in Australia, which are classified as non-resident. Non-residents include any persons, corporations or other entities ordinarily domiciled overseas. Entities located in Australia which are owned by non-residents are classified as residents of Australia (e.g. a branch or subsidiary of an overseas company). Overseas branches or subsidiaries of Australian companies are classified as non-residents.



## EXPLANATORY NOTES

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### FINANCIAL INSTRUMENTS

**17** 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 in the glossary.

### REVISIONS AND CHANGES TO CONTENT

**18** Revisions to previously published statistics are included in this publication. A special note on Page 2 of each publication highlights any major revisions to the statistics in certain tables.

### RELATED PUBLICATIONS

**19** Users may also wish to refer to the following ABS publication of related data which is available on request:

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

### SYMBOLS AND OTHER USAGES

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

— nil or rounded to zero

n.p. not available for publication but included in totals where applicable, unless otherwise indicated.

## GLOSSARY

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- Assets overseas** Assets overseas include physical assets located overseas and financial claims on non-residents. Respondents to the ABS Survey of Financial Information are requested to report assets at their market value.
- 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 (NCD). Transferable certificates of deposit with an original term to maturity greater than one year are included in long term assets.
- 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.
- Cash and deposits** *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 1974* 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*.
- 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.
- Common funds** Common funds are operated by Trustee Companies under relevant State Trustee Companies Acts. 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.
- Equities and units in trusts** 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.
- Friendly societies** Friendly societies are organisations registered as such under the appropriate State legislation.

## GLOSSARY

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- Investment 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 *investment managers*.
- Investment managers invest and manage their clients' assets and often act 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. Investment managers are generally life insurance offices, subsidiaries of banks, merchant banks, or organisations related to these types of institutions. They can be either separately constituted legal entities or form a segment of a particular financial institution.
- The funds which investment managers invest remain the asset of their clients and are not brought to account on the balance sheet of the investment 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 investment managers, the trustees of the superannuation fund remain responsible for the investments, not the investment manager.
- Land and buildings** 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.
- Loans** 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 insurance office with a mortgage over property as collateral.
- Long term securities** A long term security is a document which represents the issuers 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.
- Long-term securities* in these statistics include the following types of securities.
- 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 *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.
- The first two of these are published separately in this publication. The last three types are combined together as *other long term securities*.
- Managed funds** The term managed funds is used to describe the investments undertaken by those collective investment institutions and investment managers who engage in financial transactions in the managed funds market.

## GLOSSARY

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- Managed funds institutions** Managed funds institutions are those financial intermediaries which operate in the managed funds market by acquiring and incurring financial assets and liabilities respectively on their own account. Typically these institutions arrange for the 'pooling' of funds from a number of investors for the purpose of investing in a particular type or mix of assets, with a view to receiving an on-going return or capital gain. 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. It includes statutory funds of life offices, superannuation funds, public unit trusts, friendly societies, common funds and cash management trusts.
- Non-financial assets** 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.
- Other financial assets** 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.
- Other non-financial assets** Other non-financial assets refers to all assets not classified elsewhere except for assets overseas.
- Placements** Placements are account balances with entities not regarded as deposit-taking institutions (see *cash and deposits*). Examples of these are account balances of funds with State governments central borrowing authorities.
- Promissory notes** A promissory note—also called *commerical paper* or *one-name paper* in the professional market—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 from 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.
- 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.

## GLOSSARY

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- Short term securities** 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.
- 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 in that ownership is recorded in a register maintained by the issuer and a non-transferable certificate of ownership is issued, but the owner does not physically hold the documents. The other short term securities are bearer securities, that is the owner is not registered with the issuer but physically holds the documents. Bearer securities are payable to the holder on maturity and transferable by delivery.
- 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.
- Superannuation 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.
- The statistics include 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, and approved deposit funds.
- Treasury notes** Treasury notes 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*.





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