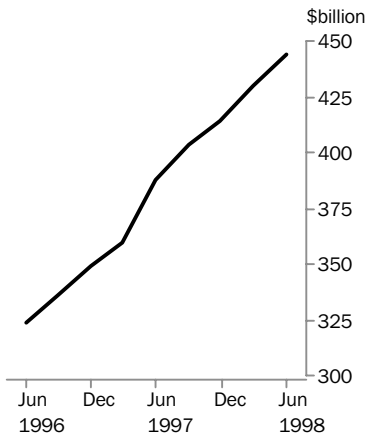


MANAGED FUNDS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) FRI 28 AUG 1998

Total consolidated assets



JUNE QTR KEY FIGURES

CONSOLIDATED ASSETS

	<i>Jun Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Superannuation funds	169 961	186 716	193 809
Life insurance offices	135 268	143 035	145 892
Other managed funds	82 863	100 503	104 237
Total	388 092	430 254	443 938

JUNE QTR KEY POINTS

CONSOLIDATED ASSETS

- The value of consolidated assets of managed funds in Australia as at 30 June 1998 was \$443.9 billion, an increase of \$13.7 billion (3%) on the revised 31 March 1998 figure of \$430.3 billion, and an increase of \$55.8 billion (14%) on the revised 30 June 1997 figure of \$388.1 billion.
- The largest increase in the consolidated assets of managed funds during the June quarter 1998 occurred in superannuation funds, up \$7.1 billion (4%).

INVESTMENT MANAGERS

- The value of managed funds' assets invested through investment managers was \$345.4 billion at the end of June 1998, representing 78% of all the consolidated assets of managed funds.
- At 30 June 1998, 51% of the funds invested through the wholesale investment management market were being managed by investment managers operating within foreign owned financial enterprise groups. This compares with 46% at 30 June 1996.
- At 30 June 1998 investment managers operating in banking groups managed 51% of funds invested through the wholesale investment management market; investment managers operating in insurance groups managed 33%. The comparative figures at 30 June 1996 were 41% for investment managers in banking groups and 39% for investment managers in insurance groups.

NOTE:
Feature article on
Investment Managers –
see page 22.

- For further information about these and related statistics, contact Suzanne Hartshorn on 02 6252 7118, or any ABS Office.

NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)

RELEASE DATE

September 1998

30 November 1998

December 1998

26 February 1999



CHANGES IN THIS ISSUE

As part of the continuing program of redesigning survey forms based on new international standards (United Nations System of National Accounts 1993), a new survey form was introduced to the Public Unit Trust quarterly survey in the June quarter 1998. The data collected in the redesigned form are comparable with the previous statistical series.

During the June quarter 1998 a number of new trusts were included in the Cash Management Trust survey and the Common Fund survey. Revisions to previously published data for these surveys are included in this publication and there are no discontinuities in these series.



INVESTMENT MANAGER RESTRUCTURE

During the September 1996 quarter, two superannuation funds ceased directly investing their funds into the financial markets and instead placed them with investment managers. While this change in investment strategy does not affect the statistics in Table 3, it has contributed \$18.5 billion to the increase in superannuation funds managed by investment managers detailed in Table 8.

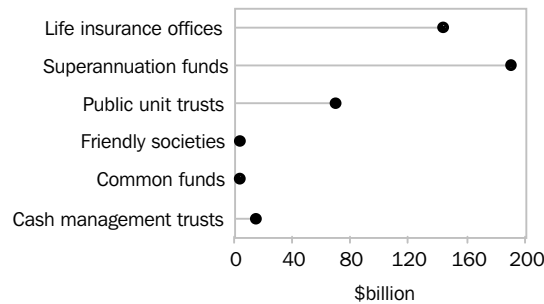


T. J. Skinner
Acting Australian Statistician

MANAGED FUNDS: Consolidated Assets

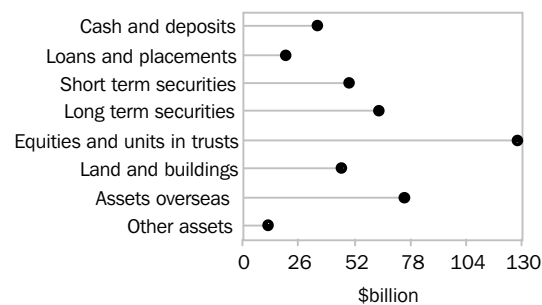
BY TYPE OF INSTITUTION

Superannuation funds recorded the largest increase in assets during the June 1998 quarter of \$7.1 billion (4%), compared with the March 1998 quarter. Assets in public unit trusts increased by \$1.7 billion (2%) and in life offices the increase was \$2.9 billion (2%).



BY TYPE OF ASSET

The largest increases in type of assets were attributable to assets overseas, \$4.5 billion (6%) and cash and deposits, \$4.1 billion (13%). For comparison purposes the Australian dollar depreciated against the US dollar by 7.5% during the quarter, and against the UK pound by 6.9%.



CROSS INVESTMENT

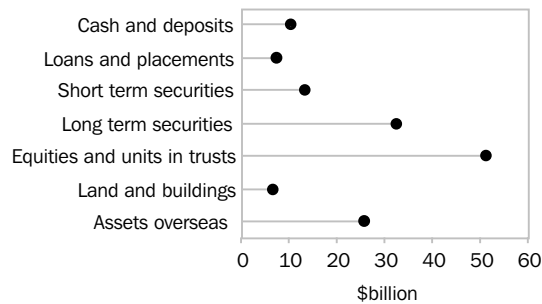
The table below presents the unconsolidated, cross-invested and consolidated assets of managed funds by type of fund as at 30 June 1998.

Type of fund	Unconsolidated assets \$m	Cross-invested assets \$m	Consolidated assets \$m
Life insurance offices	157 993	12 101	145 892
Superannuation funds	229 956	36 147	193 809
Public unit trusts	81 441	8 220	73 221
Friendly societies	6 807	38	6 769
Common funds	7 018	112	6 907
Cash management trusts	17 340	—	17 340
Total	500 556	56 618	443 938

MANAGED FUNDS: Unconsolidated Assets

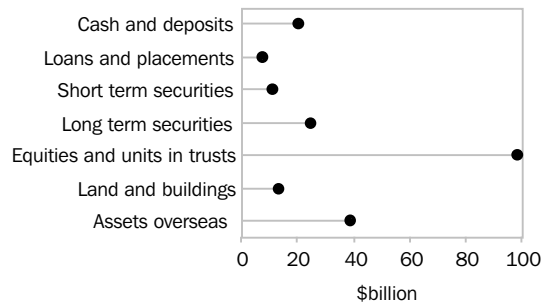
LIFE INSURANCE OFFICES

Total assets of life insurance offices increased by \$2.7 billion (2%) in the June 1998 quarter to \$158 billion. The largest increases were in assets overseas, up \$2.6 billion (11%), other financial assets, up \$0.8 billion (25%) and cash and deposits, up \$0.4 billion (4%). There were declines in short term securities, down \$1.0 billion (7%) and other non-financial assets, down \$0.2 billion (20%).



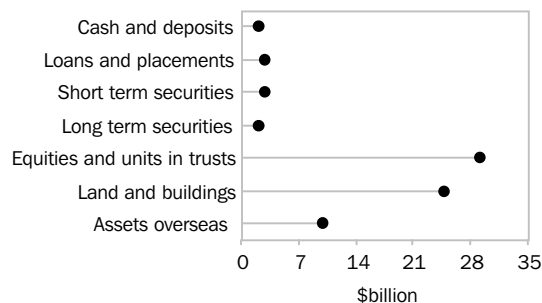
SUPERANNUATION FUNDS

Total assets of superannuation funds increased by \$8.1 billion (4%) in the June 1998 quarter to \$230 billion. The largest increases were in cash and deposits, up \$2.5 billion (13%), equities and units in trusts, up \$1.3 billion (1%) and short term securities up \$1.0 billion (8%).



PUBLIC UNIT TRUSTS

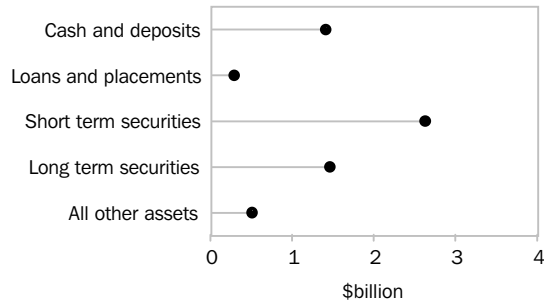
Total assets of public unit trusts increased by \$2.7 billion (3%) in the June 1998 quarter to \$81.4 billion. The largest increase was in the holdings of land and buildings, up \$1.5 billion (6%).



MANAGED FUNDS: Unconsolidated Assets *continued*

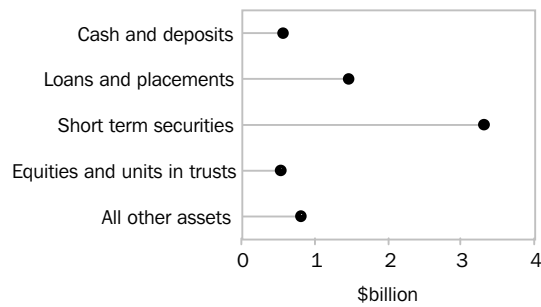
FRIENDLY SOCIETIES

There was a small decrease in the total assets of friendly societies to \$6.8 billion in the June 1998 quarter. Although cash and deposits increased by \$0.7 billion, this was offset by decreases in short term securities, \$0.6 billion (18%), and long term securities, \$0.2 billion (12%).



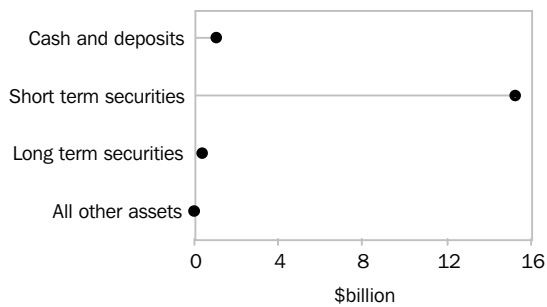
COMMON FUNDS

Total assets of common funds increased slightly to \$7.0 billion during the June 1998 quarter. There were small increases in cash and deposits, loans and placements and long term securities.



CASH MANAGEMENT TRUSTS

Total assets of cash management trusts increased by \$1.1 billion (7%) to \$17.3 billion during the June 1998 quarter. There were increases in short term securities, up \$0.8 billion (5%) and cash and deposits, up \$0.3 billion (37%).

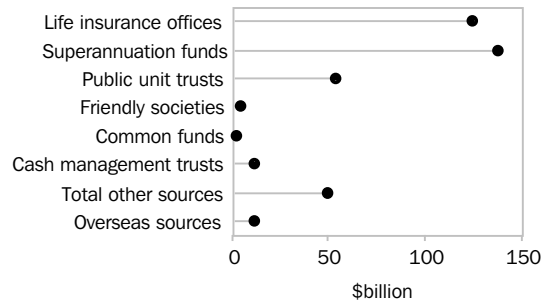


MANAGED FUNDS — INVESTMENT MANAGERS

SOURCE OF FUNDS UNDER MANAGEMENT

During the June 1998 quarter there was an increase in total funds under management by investment managers of \$8.7 billion (2%), bringing the total sources of funds under management to \$410.7 billion. The largest increase was from superannuation funds, which increased \$3.5 billion (3%) to \$139.9 billion. Funds sourced from life insurance offices increased by \$0.8 billion (1%) to \$126.5 billion.

The value of managed funds' assets invested through investment managers was \$345.4 billion at the end of June 1998, representing 78% of all the consolidated assets of managed funds.



MANAGED FUNDS, Consolidated Assets

<i>Institution/asset</i>	<i>Jun Qtr 1995</i>	<i>Jun Qtr 1996</i>	<i>Sep Qtr 1996</i>	<i>Dec Qtr 1996</i>	<i>Mar Qtr 1997</i>	<i>Jun Qtr 1997</i>	<i>Sep Qtr 1997</i>	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Type of institution										
Life insurance offices(a)	113 229	120 346	124 444	126 379	129 862	135 268	139 055	141 514	143 035	145 892
Superannuation funds	122 351	139 332	144 833	151 421	154 396	169 961	177 358	181 206	186 716	193 809
Public unit trusts	38 038	43 918	45 961	48 963	52 308	58 245	61 073	65 060	70 562	73 221
Friendly societies	8 612	7 865	7 355	7 129	7 216	7 238	7 022	6 859	6 826	6 769
Common funds	4 466	5 065	5 327	5 571	5 961	6 172	6 395	6 641	6 839	6 907
Cash management trusts	6 138	7 462	8 153	9 446	10 126	11 208	12 574	13 101	16 276	17 340
Total	292 835	323 990	336 072	348 909	359 868	388 092	403 478	414 381	430 254	443 938
Type of asset										
Cash and deposits(b)	20 178	22 723	23 691	24 696	27 140	28 334	27 575	27 635	32 491	36 609
Loans and placements	14 652	16 394	17 152	16 978	18 383	19 101	19 579	20 284	21 603	22 370
Short term securities(b)	30 403	37 967	39 050	41 995	43 487	46 315	47 734	50 961	51 463	51 614
Long term securities	55 477	55 586	58 388	57 303	56 763	59 343	63 195	64 215	64 191	65 061
Equities and units in trusts	82 641	93 595	97 542	104 039	106 272	117 123	122 492	122 354	128 377	129 585
Land and buildings	35 351	37 474	38 761	39 053	40 194	41 009	41 843	45 422	46 296	47 745
Assets overseas	44 590	48 067	49 537	53 421	55 072	62 536	66 187	69 785	72 953	77 464
Other assets	9 543	12 183	11 951	11 424	12 555	14 330	14 872	13 723	12 880	13 489
Total	292 835	323 990	336 072	348 909	359 868	388 092	403 478	414 381	430 254	443 938

(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.

LIFE INSURANCE OFFICES(a), Unconsolidated Assets

	Jun Qtr 1995	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	118 523	127 299	131 795	134 543	138 289	146 066	150 243	152 478	155 261	157 993
Assets in Australia	101 306	111 700	114 903	117 020	119 907	125 526	127 895	128 430	131 302	131 406
<i>Cash and deposits</i>	4 913	5 987	6 241	6 717	8 214	6 948	6 340	6 459	10 697	11 072
Banks	2 951	3 550	3 500	3 977	5 195	3 631	3 177	3 012	4 014	4 250
Other deposit taking institutions	1 962	2 437	2 741	2 740	3 019	3 317	3 163	3 447	6 683	6 822
<i>Loans and placements</i>	5 809	6 464	6 885	6 410	7 012	6 949	7 064	7 572	8 241	8 247
<i>Short term securities</i>	9 929	14 427	14 581	16 243	16 556	16 333	15 960	18 115	15 171	14 162
Bills of exchange	4 507	6 105	5 859	6 379	6 222	4 767	5 691	5 351	5 441	4 975
Bank certificates of deposit	2 902	4 184	4 156	4 162	4 760	5 007	4 130	4 202	3 559	3 535
Other short term securities	2 520	4 137	4 566	5 702	5 573	6 558	6 139	8 561	6 172	5 652
<i>Long term securities</i>	28 708	29 287	30 439	30 382	29 922	32 101	34 259	33 760	33 323	33 432
Commonwealth government bonds	8 936	11 120	12 190	12 317	11 781	12 644	13 058	11 896	11 769	12 089
State and local government securities	13 170	12 400	11 988	11 599	11 618	11 524	12 022	11 967	11 279	11 073
Other long term securities	6 602	5 767	6 261	6 467	6 523	7 933	9 179	9 896	10 275	10 270
<i>Equities and units in trusts</i>	38 073	41 965	42 958	45 343	45 827	50 890	51 455	50 325	52 169	52 283
Private trading corporations shares	25 414	26 497	26 374	27 170	27 059	28 589	28 254	27 499	25 687	25 093
Financial sector shares	5 862	6 523	7 149	7 653	7 935	8 347	8 706	8 666	9 885	9 958
Units in trusts	6 797	8 946	9 436	10 520	10 834	13 955	14 496	14 159	16 596	17 232
<i>Other financial assets</i>	2 216	2 865	2 507	2 354	2 849	3 116	3 564	2 977	3 064	3 838
<i>Land and buildings</i>	9 487	8 855	8 884	8 096	7 919	7 213	7 254	7 660	7 583	7 527
<i>Other non-financial assets</i>	2 169	1 851	2 408	1 475	1 607	1 975	1 998	1 563	1 053	846
Assets overseas	17 217	15 599	16 892	17 523	18 381	20 541	22 348	24 048	23 959	26 587

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

SUPERANNUATION FUNDS(a), Unconsolidated Assets

	Jun Qtr 1995	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	138 448	161 666	169 384	178 032	181 875	199 342	209 197	213 597	221 836	229 956
Assets in Australia	117 206	135 684	143 485	149 592	153 104	166 445	174 790	177 396	183 078	189 509
<i>Cash and deposits</i>	<i>11 426</i>	<i>12 316</i>	<i>13 488</i>	<i>14 202</i>	<i>14 892</i>	<i>16 740</i>	<i>17 909</i>	<i>18 226</i>	<i>19 695</i>	<i>22 193</i>
Banks	7 474	7 360	8 345	8 842	9 274	10 737	11 517	11 433	12 402	14 374
Other deposit taking institutions	3 953	4 957	5 143	5 360	5 618	6 003	6 392	6 792	7 293	7 819
<i>Loans and placements</i>	<i>5 119</i>	<i>6 189</i>	<i>6 321</i>	<i>6 693</i>	<i>7 157</i>	<i>7 827</i>	<i>7 924</i>	<i>7 996</i>	<i>8 505</i>	<i>8 887</i>
<i>Short term securities</i>	<i>8 644</i>	<i>10 693</i>	<i>10 986</i>	<i>10 841</i>	<i>11 212</i>	<i>12 030</i>	<i>11 590</i>	<i>11 649</i>	<i>11 536</i>	<i>12 487</i>
Bills of exchange	4 773	4 332	4 572	4 140	4 665	4 985	4 551	5 043	4 500	5 162
Bank certificates of deposit	2 899	5 034	4 955	5 172	5 287	5 538	5 488	4 753	5 212	5 588
Other short term securities	972	1 326	1 459	1 529	1 261	1 506	1 550	1 852	1 823	1 737
<i>Long term securities</i>	<i>22 816</i>	<i>22 034</i>	<i>23 631</i>	<i>21 978</i>	<i>21 345</i>	<i>22 888</i>	<i>24 051</i>	<i>25 257</i>	<i>25 359</i>	<i>26 067</i>
Commonwealth government bonds	12 969	12 959	13 983	12 946	12 545	13 338	13 672	14 480	14 241	14 794
State and local government securities	7 380	6 641	6 552	6 542	6 421	6 767	7 052	7 434	7 488	7 560
Other long term securities	2 467	2 433	3 096	2 490	2 378	2 784	3 327	3 343	3 630	3 713
<i>Equities and units in trusts</i>	<i>55 645</i>	<i>67 881</i>	<i>72 123</i>	<i>78 482</i>	<i>80 688</i>	<i>88 069</i>	<i>93 818</i>	<i>94 679</i>	<i>98 610</i>	<i>99 916</i>
Private trading corporations shares	33 829	38 955	39 777	43 182	43 700	48 304	50 578	49 879	51 071	51 123
Financial sector shares	6 593	7 520	8 791	9 944	10 643	11 929	13 078	14 162	14 285	14 668
Units in trusts	15 224	21 406	23 555	25 357	26 346	27 837	30 162	30 638	33 254	34 125
<i>Other financial assets</i>	<i>2 832</i>	<i>4 381</i>	<i>3 644</i>	<i>4 041</i>	<i>3 810</i>	<i>4 267</i>	<i>4 803</i>	<i>4 258</i>	<i>3 337</i>	<i>3 764</i>
<i>Land and buildings</i>	<i>10 597</i>	<i>11 623</i>	<i>12 416</i>	<i>12 706</i>	<i>12 909</i>	<i>13 403</i>	<i>13 324</i>	<i>13 914</i>	<i>14 566</i>	<i>14 642</i>
<i>Other non-financial assets</i>	<i>126</i>	<i>567</i>	<i>877</i>	<i>650</i>	<i>1 090</i>	<i>1 220</i>	<i>1 371</i>	<i>1 417</i>	<i>1 470</i>	<i>1 553</i>
Assets overseas	21 242	25 982	25 899	28 440	28 771	32 897	34 407	36 202	38 758	40 448

(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 1995	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	41 590	48 371	50 843	55 287	59 034	66 073	69 785	74 917	78 758	81 441
Assets in Australia	35 459	41 915	44 129	47 865	51 157	57 019	60 400	65 433	68 644	71 111
<i>Cash and deposits</i>	<i>1 600</i>	<i>2 210</i>	<i>2 152</i>	<i>2 872</i>	<i>3 196</i>	<i>3 120</i>	<i>3 126</i>	<i>3 017</i>	<i>2 559</i>	<i>2 780</i>
Banks(a)	1 030	1 319	1 392	1 815	2 063	2 000	1 901	2 030	2 103	2 358
Other deposit taking institutions	570	891	760	1 056	1 133	1 120	1 225	987	456	422
<i>Loans and placements</i>	<i>1 825</i>	<i>2 066</i>	<i>2 217</i>	<i>2 214</i>	<i>2 373</i>	<i>2 533</i>	<i>2 756</i>	<i>2 857</i>	<i>3 073</i>	<i>3 373</i>
<i>Short term securities</i>	<i>1 923</i>	<i>1 776</i>	<i>1 765</i>	<i>1 911</i>	<i>1 957</i>	<i>2 614</i>	<i>2 608</i>	<i>2 930</i>	<i>3 355</i>	<i>3 467</i>
Bills of exchange	1 640	1 427	1 321	1 501	1 550	2 130	2 142	2 383	2 715	2 830
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	283	349	444	409	407	484	465	546	640	637
<i>Long term securities</i>	<i>1 307</i>	<i>1 600</i>	<i>1 535</i>	<i>1 537</i>	<i>1 665</i>	<i>1 973</i>	<i>2 093</i>	<i>2 293</i>	<i>2 446</i>	<i>2 637</i>
<i>Equities and units in trusts</i>	<i>12 068</i>	<i>15 442</i>	<i>17 123</i>	<i>18 856</i>	<i>20 073</i>	<i>23 376</i>	<i>26 029</i>	<i>27 582</i>	<i>29 786</i>	<i>29 553</i>
Equities	8 631	11 168	12 392	12 744	13 573	15 772	17 562	17 922	18 584	18 111
Units in trusts	3 437	4 275	4 731	6 112	6 500	7 604	8 467	9 660	11 202	11 442
<i>Other financial assets</i>	<i>718</i>	<i>881</i>	<i>857</i>	<i>1 072</i>	<i>1 311</i>	<i>1 672</i>	<i>1 598</i>	<i>1 826</i>	<i>2 010</i>	<i>2 474</i>
<i>Land and buildings</i>	<i>14 799</i>	<i>16 535</i>	<i>17 015</i>	<i>17 794</i>	<i>18 907</i>	<i>19 930</i>	<i>20 859</i>	<i>23 451</i>	<i>23 751</i>	<i>25 251</i>
<i>Other non-financial assets</i>	<i>1 219</i>	<i>1 404</i>	<i>1 465</i>	<i>1 609</i>	<i>1 675</i>	<i>1 800</i>	<i>1 331</i>	<i>1 477</i>	<i>1 665</i>	<i>1 576</i>
Assets overseas	6 131	6 457	6 714	7 422	7 878	9 054	9 385	9 484	10 114	10 330

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

FRIENDLY SOCIETIES, Unconsolidated Assets

	Jun Qtr 1995	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	8 631	7 889	7 381	7 154	7 241	7 262	7 056	6 897	6 865	6 807
Assets in Australia	8 631	7 860	7 348	7 117	7 199	7 217	7 008	6 845	6 814	6 752
<i>Cash and deposits</i>	2 438	1 664	1 267	880	914	1 611	960	824	717	1 463
Banks	1 784	1 214	843	494	556	1 250	597	572	514	1 234
Other deposit taking institutions	654	450	424	386	358	361	363	252	203	229
<i>Loans and placements</i>	553	412	405	397	391	369	366	370	362	344
<i>Short term securities</i>	2 790	3 475	3 337	2 920	2 790	3 216	3 305	3 173	3 262	2 679
Bills of exchange	1 465	1 833	1 141	1 004	1 207	1 517	1 700	1 475	1 234	1 210
Bank certificates of deposit	1 019	1 218	1 713	1 566	1 314	1 495	1 131	1 349	1 658	1 082
Other short term securities	306	424	483	350	269	204	474	349	370	387
<i>Long term securities</i>	2 080	1 558	1 639	2 198	2 381	1 233	1 690	1 792	1 726	1 522
Commonwealth government bonds	465	289	349	411	621	228	302	336	295	308
State and local government securities	666	565	671	923	921	412	645	549	564	443
Other long term securities	949	704	619	864	839	593	743	907	867	771
<i>Equities and units in trusts</i>	147	170	168	164	163	171	186	199	204	212
Private trading corporations shares	103	112	111	109	108	119	119	128	133	138
Financial sector shares	37	36	33	32	32	30	34	33	32	36
Units in trusts	7	22	24	23	23	22	33	38	39	38
<i>Other financial assets</i>	163	138	93	98	101	83	63	56	121	129
<i>Land and buildings</i>	382	373	366	382	387	391	341	328	324	292
<i>Other non-financial assets</i>	78	70	73	78	72	143	97	103	98	111
Assets overseas	—	29	33	37	42	45	48	52	51	55

COMMON FUNDS, Unconsolidated Assets

	Jun Qtr 1995	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	4 567	5 138	5 395	5 646	6 035	6 252	6 493	6 739	6 945	7 018
Assets in Australia	4 567	5 138	5 395	5 646	6 035	6 252	6 493	6 739	6 873	6 974
<i>Cash and deposits</i>	443	504	568	489	524	639	628	655	606	638
Banks	311	381	420	318	360	474	455	488	435	460
Other deposit taking institutions	132	123	148	171	164	165	173	167	171	178
<i>Loans and placements</i>	1 238	1 244	1 265	1 226	1 407	1 413	1 434	1 436	1 398	1 519
<i>Short term securities</i>	1 779	2 183	2 370	2 685	2 895	2 910	3 109	3 319	3 454	3 372
Bills of exchange	1 283	1 490	1 650	1 944	2 031	2 051	2 143	2 327	2 157	2 321
Bank certificates of deposit	292	470	456	506	542	562	576	596	791	701
Other short term securities	204	223	264	235	322	297	390	396	506	350
<i>Long term securities</i>	480	528	525	563	590	634	665	679	729	789
Commonwealth government bonds	50	60	64	76	58	60	61	64	68	66
State and local government securities	231	260	275	284	293	297	306	319	333	344
Other long term securities	199	208	186	203	239	277	298	296	328	379
<i>Equities and units in trusts</i>	541	590	587	608	547	584	592	580	614	590
Private trading corporations shares	254	269	262	280	320	318	300	291	239	204
Financial sector shares	219	279	294	296	194	227	237	233	312	319
Units in trusts	68	42	31	32	33	39	55	56	63	67
<i>Other financial assets</i>	—	—	—	—	—	—	—	—	—	33
<i>Land and buildings</i>	86	89	80	75	72	72	65	70	72	33
<i>Other non-financial assets</i>	—	—	—	—	—	—	—	—	—	—
Assets overseas	—	—	—	—	—	—	—	—	72	44

CASH MANAGEMENT TRUSTS, Unconsolidated Assets

	Jun Qtr 1995	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997	Sep Qtr 1997	Dec Qtr 1997	Mar Qtr 1998	Jun Qtr 1998
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	6 138	7 462	8 153	9 446	10 126	11 208	12 574	13 101	16 276	17 340
Assets in Australia	6 138	7 462	8 153	9 446	10 126	11 208	12 574	13 101	16 276	17 340
<i>Cash and deposits</i>	574	1 422	1 433	1 319	1 103	1 417	894	792	885	1 213
Banks	481	1 093	1 152	1 031	825	1 114	679	627	709	1 151
Other deposit taking institutions	93	329	282	288	278	303	214	165	176	62
<i>Loans and placements</i>	119	22	61	41	44	12	35	53	36	10
<i>Short term securities</i>	5 337	5 413	6 012	7 395	8 077	9 212	11 162	11 776	14 685	15 446
Bills of exchange	3 060	3 111	3 153	3 856	3 959	4 982	5 703	5 383	6 595	5 636
Bank certificates of deposit	989	1 444	1 453	2 266	2 691	2 981	3 680	3 995	5 099	7 286
Other short term securities	1 288	858	1 407	1 272	1 426	1 250	1 779	2 398	2 991	2 524
<i>Long term securities</i>	87	580	619	644	861	514	437	434	608	615
Commonwealth government bonds	40	27	26	26	—	—	—	—	6	—
State and local government securities	2	553	524	500	694	318	298	303	33	31
Other long term securities	45	—	69	118	167	196	139	131	569	584
<i>Equities and units in trusts</i>	—	—	—	—	—	—	—	—	—	—
<i>Other financial assets</i>	21	27	27	47	41	53	47	45	62	56
<i>Land and buildings</i>	—	—	—	—	—	—	—	—	—	—
<i>Other non-financial assets</i>	—	—	—	—	—	—	—	—	—	—
Assets overseas	—	—	—	—	—	—	—	—	—	—

INVESTMENT MANAGERS, Source of Funds

<i>Source of funds</i>	<i>Jun Qtr 1995</i>	<i>Jun Qtr 1996</i>	<i>Sep Qtr 1996</i>	<i>Dec Qtr 1996</i>	<i>Mar Qtr 1997</i>	<i>Jun Qtr 1997</i>	<i>Sep Qtr 1997</i>	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL SOURCE OF FUNDS	252 361	280 983	312 066	325 977	335 076	361 813	378 873	387 235	401 994	410 703
<i>Funds from Australian sources</i>	245 483	273 233	304 061	318 284	327 271	352 439	367 983	375 286	389 075	397 017
<i>Managed funds</i>	214 677	238 524	267 687	277 498	284 174	306 049	320 601	327 131	338 530	345 402
Life insurance offices	96 757	103 612	108 101	109 209	110 554	117 015	121 587	122 376	125 740	126 546
Superannuation funds (a)	75 134	84 379	106 541	111 695	113 359	123 978	129 392	131 967	136 399	139 860
Public unit trusts	29 569	35 766	37 228	40 373	43 204	47 676	51 154	53 580	54 113	55 423
Friendly societies	6 441	6 251	6 020	5 806	6 070	5 640	5 591	5 861	5 808	5 655
Common funds	1 937	2 767	3 305	3 582	3 141	3 137	3 364	3 360	3 437	4 064
Cash management trusts	4 839	5 749	6 492	6 833	7 846	8 603	9 513	9 987	13 033	13 854
<i>Total other sources</i>	30 806	34 709	36 374	40 786	43 097	46 390	47 382	48 155	50 545	51 615
Government	4 302	5 276	5 338	5 488	5 781	5 710	6 126	6 472	6 867	6 897
Charities	582	777	684	1 040	1 074	1 159	1 160	1 239	1 295	1 291
Other trusts	2 064	4 373	5 576	5 975	6 369	7 126	6 470	7 372	8 541	9 308
General insurance	12 231	10 870	11 134	12 860	13 427	14 110	14 499	14 131	14 396	14 498
Other sources	11 627	13 413	13 642	15 423	16 446	18 285	19 127	18 941	19 446	19 621
<i>Funds from overseas sources</i>	6 878	7 750	8 005	7 693	7 805	9 374	10 890	11 949	12 919	13 686

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

EXPLANATORY NOTES

INTRODUCTION

1 The statistics presented in this publication on managed funds institutions 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 institutions 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:

- 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 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

SCOPE AND COVERAGE

continued

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 \$4,817 million of such assets were reported at 30 June 1998. (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 41 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 December 1997 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 24 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

- 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 |
| billion | one thousand million |
| n.p. | not available for publication but included in totals where applicable, unless otherwise indicated. |

G L O S S A R Y

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	<i>Cash</i> covers notes and coin on hand. <i>Deposits</i> 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 <i>Financial Corporations Act 1974</i> except for intra-group financiers and retailers. Bonds, debentures, notes and transferable certificates of deposit issued by deposit-taking institutions are classified as <i>long term assets</i> and negotiable certificates of deposit issued by banks as <i>bank certificates of deposit</i> .
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.

G L O S S A R Y

- Investment managers** A considerable proportion of the assets of managed funds institutions in Australia (particularly the 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.
- Life Insurance Offices** Most of the investment funds of life insurance offices are held in Statutory Funds. 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.
- 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.

G L O S S A R Y

Long term securities *Long-term securities* in these statistics include the following types of securities.
continued

- 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.

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 *commercial 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.

G L O S S A R Y

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.

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.

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*.

FEATURE ARTICLE

INVESTMENT MANAGERS

INTRODUCTION

This article updates statistics on the structure of the wholesale investment management market. These were previously published in the June quarters 1996 and 1997 releases of this publication. The Reserve Bank and ABS collaborated on cross-classificatory attributes of investment managers, namely group ownership and main financial activity of group. These cross-classifications have been applied to the data collected from investment managers in the ABS quarterly Survey of Financial Information (SFI), the results of which are presented in Table 8, Investment Managers, Source of Funds in this publication.

To facilitate the analysis of the wholesale investment management market, the sources of funds have been grouped into *retail* and *other*. In addition, some market concentration analysis has also been undertaken. The time series for total funds under management by group ownership and main financial activity is also presented to show growth and changes in the structure of the market over the previous two years.

The data sources and methodology (including the classification standards) are presented at the end of the article.

In principle, the analysis could be extended to cover retail investment managers. In practice, retail investment managers utilise the services of wholesale investment managers for approximately 78% of their investments. Moreover, the task of collecting the ownership and control characteristics of the relatively large number of retail institutions is constrained by both the reporting load that would be imposed on survey respondents, and the ABS costs in collecting and processing the information.

ANALYSES OF RESULTS

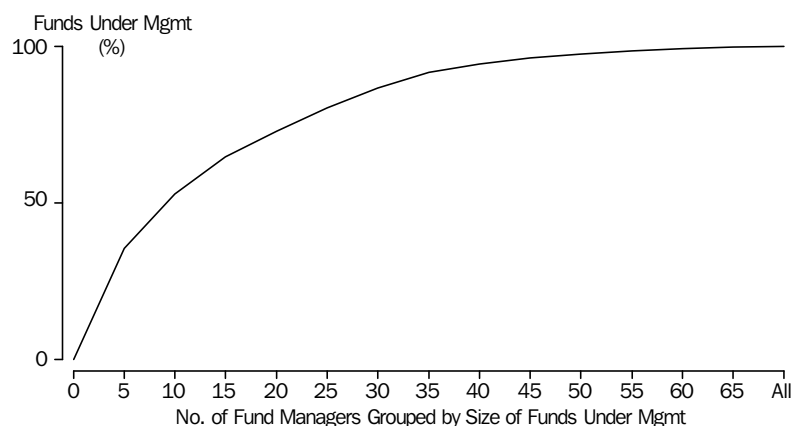
The following table shows the amount of funds under management with investment managers as at 30 June 1998, classified according to their group ownership and main financial activity characteristics.

FUNDS UNDER MANAGEMENT BY SOURCE, MANAGER OWNERSHIP AND TYPE OF FINANCIAL GROUP AS AT 30 JUNE 1998

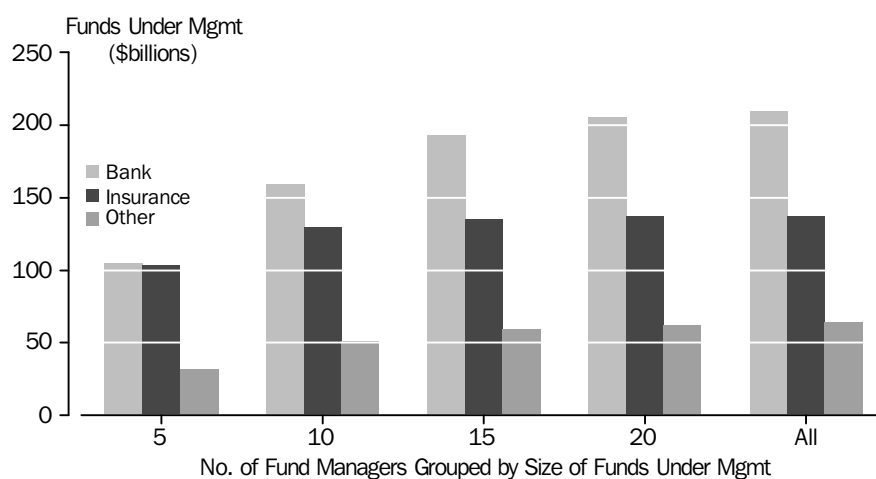
Funds under management by	SOURCED FROM RETAIL FUNDS.....		OTHER SOURCES.....		TOTAL.....	
	\$ billion	% share of retail funds	\$ billion	% share of funds from other sources	\$ billion	% share of funds under management
Ownership						
Public	—	—	—	—	—	—
Private domestic	174.4	51	27.7	42	202.0	49
Mutual societies & cooperatives	3.5	1	5.1	8	8.5	3
Other	170.9	50	22.6	34	193.5	47
Private foreign	171.0	49	37.6	58	208.7	51
Total	345.4	100	65.3	100	410.7	100
Main financial activity						
Bank	174.7	51	34.8	54	209.5	51
Insurance	119.2	34	17.9	27	137.0	33
Other	51.5	15	12.6	19	64.1	16

- SOURCE OF FUNDS** Funds to the value of \$410.7 billion were invested through wholesale investment managers at 30 June 1998. These funds were sourced predominantly (84%) from retail managed funds, with 16% from other sources. A finer dissection of funds under management, by source, is provided in Table 8 of this publication.
- OWNERSHIP** At 30 June 1998, 49% of wholesale funds were under management by private domestic financial enterprise groups and 51% were under management by private foreign financial enterprise groups. As a result of the demutualisation of AMP Society in the March quarter 1998, there has been a significant change in the total amounts of funds under management and related percentage shares between mutual societies and co-operatives and 'other'.
- MAIN FINANCIAL ACTIVITY** Investment managers associated with banks and insurance companies dominate the wholesale funds management market, accounting for 51% and 33% respectively of the market at 30 June 1998, leaving 16% under management by other types of financial groups.
- MARKET CONCENTRATION** The following graphs are derived by firstly ranking investment managers according to size of funds under management and then assigning each investment manager to a cumulative size grouping. For example, on the horizontal axis, the number 10 represents the 10 investment managers with most funds under management; the number 20 refers to the funds under management accounted for by the largest 20 investment managers, and so on.

The graph below shows that the 10 investment managers with most funds under management accounted for 53% (\$217.6 billion) of the total investment management market. The remaining investment managers accounted for 47% of the total investment management market. Ninety per cent of the funds under management are managed by the 33 largest investment managers.



MARKET CONCENTRATION continued The graph below shows that the five largest investment managers in insurance groups accounted for \$103.0 billion (75% of funds under management by insurance groups) and that the five largest investment managers in banking groups accounted for \$104.9 billion (50% of funds under management by bank groups).



FUNDS UNDER MANAGEMENT
TIME SERIES

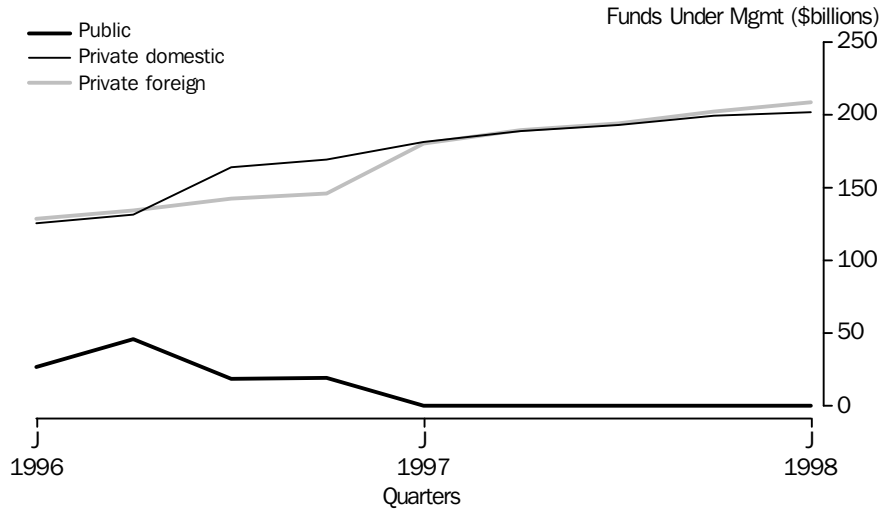
The following table shows that between 30 June 1996 and 30 June 1998, the wholesale investment management industry grew by 46% (\$129.7 billion). The relatively large increase of \$30.8 billion in the September quarter 1996 was partly attributable to two large superannuation funds ceasing to directly invest in the financial markets, and instead using the services of investment managers. Privatisation of public sector investment managers during the December quarter 1996 and June quarter 1997 accounted for the decrease in public ownership and the increase in private foreign ownership which occurred in the year ended June 1997. As noted earlier the demutualisation of AMP Society in the March quarter 1998 resulted in significant changes to the ownership categories mutual societies and cooperatives and 'other'.

TOTAL FUNDS UNDER MANAGEMENT BY OWNERSHIP AND TYPE OF FINANCIAL GROUP

	June 96	Sep 96	Dec 96	Mar 97	Jun 97	Sep 97	Dec 97	Mar 98	Jun 98
<i>Investment manager</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>
Ownership									
Public	27.0	46.4	19.1	19.5	—	—	—	—	—
Private domestic	125.6	131.3	164.4	169.4	181.4	189.3	193.1	199.4	202.0
Mutual societies and cooperatives	58.8	61.6	52.9	53.7	57.2	59.2	60.8	8.6	8.5
Other	66.8	69.7	111.5	115.7	124.2	130.1	132.3	190.8	193.5
Private foreign	128.4	134.4	142.5	146.2	180.4	189.6	194.1	202.6	208.7
Total	281.0	312.1	326.0	335.1	361.8	378.9	387.2	402.0	410.7
Main financial activity									
Bank	115.6	131.2	146.8	150.6	185.8	195.0	198.0	205.1	209.5
Insurance	110.4	114.9	112.9	115.0	123.4	128.4	131.4	134.5	137.0
Other	55.0	66.0	66.3	69.5	52.6	55.5	57.8	62.4	64.2
Total	281.0	312.1	326.0	335.1	361.8	378.9	387.2	402.0	410.7

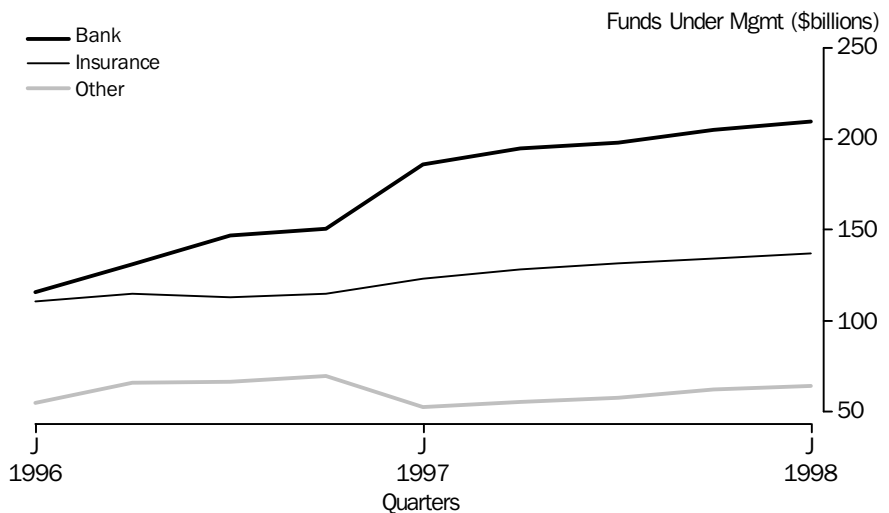
FUNDS UNDER MANAGEMENT
BY OWNERSHIP

The graph below shows the change between June 1996 and June 1998 to funds under management according to the ownership characteristics of groups with funds under management. Since the September quarter 1997, foreign owned investment managers have held marginally more funds under management than privately owned domestic investment managers.



FUNDS UNDER MANAGEMENT
BY FINANCIAL ACTIVITY

The graph below shows the change between June 1996 and June 1998 to funds under management according to main financial activity of groups with funds under management. During this period funds managed by banking groups increased by \$93.9 billion (81%) and funds managed by insurance groups increased by \$26.6 billion (24%).



DATA SOURCES

COLLECTION SCOPE The results presented in this report are derived from the investment manager collection which forms part of the ABS Survey of Financial Information. Conceptually, this collection includes all significant investment managers operating within Australia; in practice this covers wholesale investment managers with funds under management of \$50 million or more. As at 30 June 1998 there were 75 investment managers in the survey. (The Glossary contains a more comprehensive description of the roles and functions of investment managers.)

DATA DEFINITION The investment manager survey collects data on the sources of funds managed by an 'investment management group' (a group being defined as entities related under the *Corporations Act 1989*). The results presented include both the total funds under management and total retail funds under management as at 30 June 1998. *Retail* funds offer individuals the opportunity to pool their investment with a large number of other individuals to produce a better return than would otherwise be available. Types of funds included in this group are noted below under *Sources of Funds*. *Other* funds primarily consist of wholesale funds from institutional investors.

The statistics present investment manager data cross-classified according to *public* or *private ownership* and *main financial activity*. The private ownership category is sub-divided into the categories *private domestic* and *private foreign*; private domestic is further sub-divided into the two categories *mutual societies and cooperatives* and *other*. ABS confidentiality restrictions prevent a more detailed presentation of the data than that presented in the table of results.

METHODOLOGY

The criteria used for classifying the financial groups are detailed below. However, in a few cases lack of comprehensive data on ownership and type of activity of financial enterprise groups means that subjective judgements have to be made in assigning categories.

In classifying enterprise groups, all non-financial enterprises are excluded from the group structure. Their inclusion would have increased the complexity of the process and would probably have reduced the usefulness of the statistics for analytical purposes.

OWNERSHIP CLASSIFICATION The procedure for classifying groups to the ownership categories *public*, *private domestic*, and *private foreign* is based on the ownership characteristics of the parent company within a group. This entails identifying the ultimate holding company for each group and examining the ownership linkages. In a small number of cases some subjective judgements are required. Generally, ownership categories are assigned on the basis of the owning entity having greater than 50% share ownership, or equivalent, in the investment manager entity.

The classification criteria adopted is based on the System of National Accounts 1993 and employs the concept of control. Control over an enterprise is defined as the ability to determine general corporate policy, by choosing appropriate directors if necessary.

Public enterprises are resident enterprises that are subject to control by government units. The government may secure control over an enterprise:

- by owning more than half the voting shares or otherwise controlling more than half the shareholders' voting power; or
- as a result of special legislation, decree or regulation which empowers the government to determine the corporate policy or to appoint directors.

OWNERSHIP CLASSIFICATION *continued* To control more than half the shareholders' voting power, a government unit need not own any of the voting shares itself. A public enterprise could be a subsidiary of another public enterprise in which the government owns a majority of the voting shares.

Private Domestic enterprises include all resident enterprises that are not controlled by government or by non-resident institutional units. Such enterprises may, or may not, be controlled by other resident institutional units. They are simply characterised by the fact that they are not subject to control by the government or from abroad.

This category is further sub-divided into two sub-categories - *mutual societies and cooperatives* and *other*. The former recognises that ownership may be attributable to policy holders or society members; ownership based on share equity or equivalent is included in *other*.

Private foreign enterprises consist of all resident enterprises that are controlled by non-resident institutional units. The subsector includes:

- all subsidiaries of non-resident enterprises (but not associates of non-resident enterprises);
- all enterprises controlled by a non-resident institutional unit, such as a foreign government that is not itself an enterprise. It also includes enterprises controlled by a group of non-resident units acting in concert; and
- all branches or other unincorporated agencies of non-resident corporate or unincorporated enterprises that are engaged in significant amounts of production on the economic territory on a long term basis and that are, therefore, treated as resident quasi-corporations. Quasi-corporations in this context include unincorporated branches of foreign banks.

MAIN FINANCIAL ACTIVITY CLASSIFICATION The *main financial activity* classification is based on the financial activity of the largest institution in the financial enterprise group. A major criterion in assigning main financial activity is the presence of a bank or life insurance company within the group. This criterion is based on investigations which showed that banks and life insurance offices are in general the largest entities within groups. Where both types of institutions are present within a group then whichever institution has more assets determines the activity category for the group. Financial enterprise groups with neither a bank nor life insurance office within the group are classified to the *other* category.

Multiple entities of the same type (i.e. two banks) within a group are merged for comparison with the other types of financial sector entities.

CHANGES IN CLASSIFICATION Changes in classification can cause significant movements in the data. These changes can occur as a result of demutualisations, privatisations, new company floats, takeovers and mergers.

SOURCES OF FUNDS The data presented are the sources of funds for wholesale investment managers as detailed in Table 8 of this publication.

Retail figures indicate the value of assets of retail managed funds invested through the wholesale investment managers. Retail managed funds include:

- life insurance offices;
- superannuation funds;
- public unit trusts;
- friendly societies;
- common funds; and
- cash management trusts.

SOURCES OF FUNDS *Other* sources of funds invested through wholesale investment managers are from:
continued

- overseas;
- government;
- general insurance;
- charities;
- other trusts; and
- other.

FURTHER INFORMATION

For further information about this release, please contact Suzanne Hartshorn, on (02) 6252 7118, or fax (02) 6252 5380, or email suzanne.hartshorn@abs.gov.au.

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POST Client Services, ABS, PO Box 10, Belconnen, ACT 2616



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