



June Quarter 1994
MANAGED FUNDS: AUSTRALIA

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**MANAGED FUNDS: AUSTRALIA
JUNE QUARTER 1994**

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CONTENTS

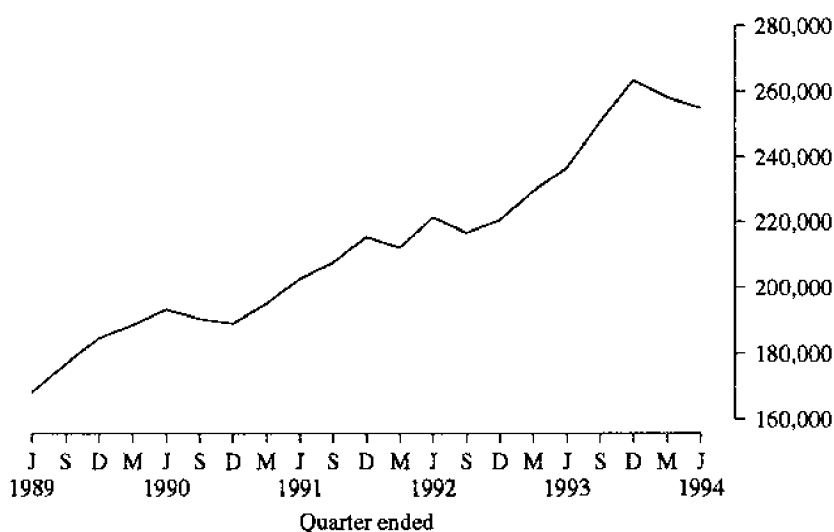
<i>Table</i>	<i>Page</i>
.. Contents	iii
.. Main Features	1
.. Notes on Consolidation	1
Part One: Assets of Managed Funds on a consolidated basis	
1 Consolidated Assets of Managed Funds, by type of fund	2
2 Consolidated Assets of Managed Funds, by type of asset	2
Part Two: Assets of Managed Funds on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

INQUIRIES

- *for further information about statistics in this publication and the availability of related unpublished statistics, contact Wendy Raedt on Canberra (06) 252 7118 or any ABS State office.*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

MANAGED FUNDS - TOTAL CONSOLIDATED ASSETS
June 1994

At the end of June 1994 the value of the consolidated assets of managed funds in Australia was \$255,029 million, a decrease of \$3,109 million (1.2%) on the revised figure for March 1994, but an increase of \$18,640 million (7.9%) on June 1993.

Increases in the consolidated assets of managed funds in the June 1994 quarter were recorded by Public Unit Trusts, up \$995 million (3.0%), Cash Management Trusts, up \$379 million (7.6%) and Common Funds, up \$48 million (1.0%). The largest decreases occurred in Statutory Funds of Life Insurance Offices, down \$3,241 million (3.0%) and Superannuation and Approved Deposit Funds, down \$1,240 million (1.3%).

The major increases by asset type during the June 1994 quarter occurred in cash and deposits, up \$4,686 million

(46.4%) and land and buildings, up \$1,570 million (5.9%). These increases were more than offset by decreases in long term securities, down \$3,539 million (6.4%), overseas assets, down \$3,916 million (9.1%) and equities and units in trusts, down \$2,455 million (3.4%).

At the end of June 1994, 84.7 per cent of the consolidated assets of managed funds were in Australia and 15.3 per cent were overseas. Of the Australian assets, equities and units in trusts accounted for 32.8 per cent, long term securities 23.8 per cent, short term securities 13.0 per cent, and land and buildings 13.1 per cent.

The value of managed funds' assets invested through Professional Fund Managers at the end of June 1994 stood at \$215,981 million, \$1,589 million (0.7%) less than at the end of March 1994.

NOTES ON CONSOLIDATION

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

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

Method of Consolidation

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

The following table presents the unconsolidated, cross-invested and consolidated assets of managed funds by type of fund as at 30 June 1994.

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

Type of Fund	Assets		
	Total	Cross-invested	Consolidated
Statutory Funds of Life Insurance Offices	111,664	6,199	105,465
Superannuation and Approved Deposit Funds	105,883	9,230	96,653
Public Unit Trusts	36,874	3,107	33,766
Friendly Societies	9,009	13	8,996
Common Funds	4,884	101	4,783
Cash Management Trusts	5,366	—	5,366
Total	273,680	18,651	255,029

PART ONE: ASSETS OF MANAGED FUNDS — CONSOLIDATED BASIS

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

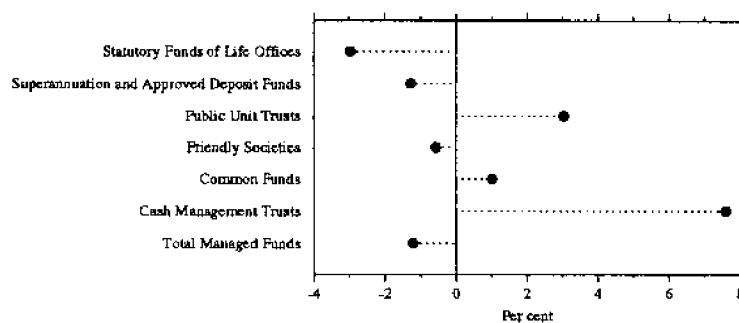


TABLE 1. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF FUND
(\$ million)

	1989	1990	1991	1992	1992-93		1993-94			
	June	June	June	June	March	June	Sept	Dec	March	June
Statutory Funds of Life Insurance Offices(a)	68,116	81,242	87,050	98,696	101,422	103,435	108,935	112,772	108,706	105,465
Superannuation and Approved Deposit Funds	59,973	67,538	71,567	80,483	84,282	87,924	94,289	100,102	97,893	96,653
Public Unit Trusts	23,742	25,393	23,572	23,589	24,995	26,250	28,389	31,752	32,771	33,766
Friendly Societies	7,292	7,811	8,122	8,963	9,094	9,171	9,129	9,107	9,047	8,996
Common Funds	5,508	6,746	6,670	4,319	4,444	4,474	4,683	4,763	4,735	4,783
Cash Management Trusts	3,749	4,679	5,755	5,344	5,177	5,136	5,111	5,058	4,987	5,366
Total	168,380	193,409	202,735	221,394	229,414	236,389	250,536	263,555	258,138	255,029

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

CONSOLIDATED ASSETS OF MANAGED FUNDS, BY TYPE OF ASSET
Percentage change for the quarter ended June 1994

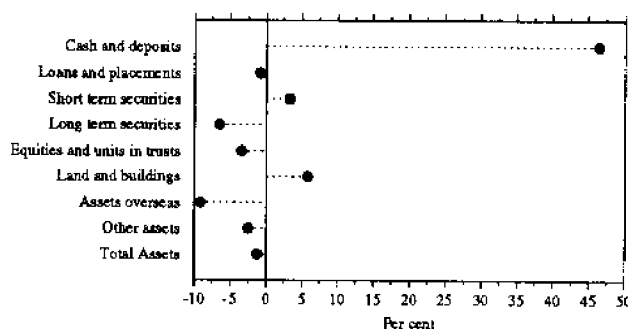


TABLE 2. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF ASSET
(\$ million)

	1989	1990	1991	1992	1992-93		1993-94			
	June	June	June	June	March	June	Sept	Dec	Mar	June
Cash and deposits(a)	13,205	15,479	15,980	14,177	11,320	12,054	12,207	11,113	10,093	14,779
Loans and placements	14,943	17,354	15,710	14,614	14,815	14,947	15,000	14,329	13,249	13,137
Short term securities(a)(b)	21,388	23,360	24,018	26,965	25,319	27,983	26,217	27,724	27,110	28,001
Long term securities	26,728	30,867	39,254	45,985	52,569	51,262	54,980	54,786	54,990	51,451
Equities and units in trusts(c)	33,242	36,858	38,680	56,087	58,113	59,923	68,014	76,251	73,231	70,776
Land and buildings	35,557	38,235	35,382	30,029	27,837	26,742	26,323	26,281	26,820	28,390
Overseas assets	15,344	19,892	21,733	25,658	31,062	34,792	39,410	43,196	42,888	38,972
Other assets	7,977	11,365	11,981	7,880	8,377	8,683	8,383	9,876	9,758	9,519
Total	168,380	193,409	202,735	221,394	229,414	236,389	250,536	263,555	258,138	255,029

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

PART TWO: ASSETS OF MANAGED FUNDS — UNCONSOLIDATED BASIS

Statutory Funds of Life Insurance Offices.

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

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

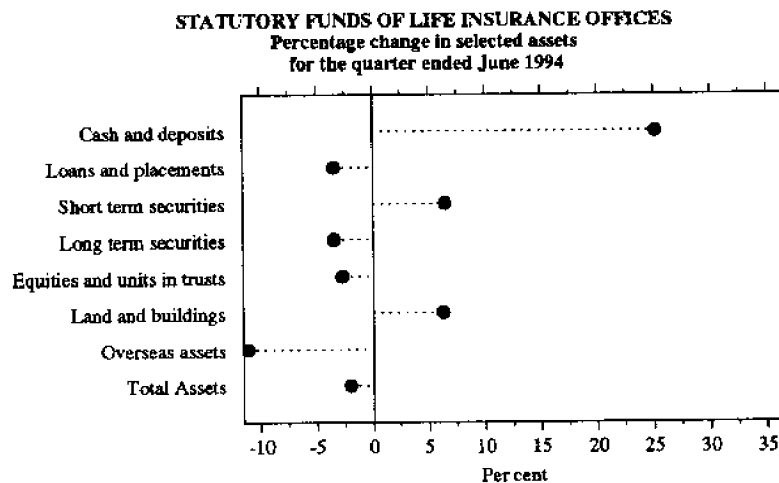


TABLE 3. ASSETS OF THE STATUTORY FUNDS OF LIFE INSURANCE OFFICES(a)
(\$ million)

	1989	1990	1991	1992	1992-93		1993-94										
	June	June	June	June	March	June	Sept	Dec	March	June							
ASSETS IN AUSTRALIA(b)																	
<i>Financial assets —</i>																	
Cash and deposits																	
Banks	1,113	1,338	1,685	1,934	1,553	1,902	1,597	1,971	1,964	2,567							
Other deposit taking institutions	1,364	1,347	2,019	2,216	2,210	2,464	2,365	2,003	1,956	2,339							
Loans and placements	8,327	10,693	8,699	6,564	6,256	6,565	6,239	5,745	5,336	5,154							
Short term securities																	
Bills of exchange	4,725	5,358	5,920	4,590	5,385	4,970	5,353	5,686	4,907	5,441							
Bank certificates of deposit											2,254	1,720	2,332	1,743	1,721	1,564	1,427
Other short term securities											3,398	2,069	3,085	2,779	2,458	2,480	2,660
Long term securities																	
Commonwealth government bonds	13,221	16,336	20,801	2,541	5,332	5,304	7,908	7,460	8,063	8,001							
State and local government securities				11,450	12,537	12,292	13,279	14,193	13,873	12,868							
Other long term securities				8,073	7,869	7,543	6,574	6,462	6,032	6,135							
Equities and units in trusts																	
Private trading corporations shares	19,719	21,623	22,180	23,609	23,268	22,646	25,221	27,484	25,985	24,529							
Financial sector shares				4,007	3,923	4,408	5,038	5,883	5,747	5,327							
Units in trusts	2,689	3,012	4,551	3,243	3,449	3,864	4,117	4,378	5,092	5,965							
Other assets											2,002	2,086	2,026	1,904	2,213	2,668	2,622
<i>Non-financial assets —</i>																	
Land and buildings	12,868	13,423	13,748	11,724	10,380	9,727	9,369	8,877	8,330	8,886							
Other	2,239	3,738	2,911	1,888	1,996	1,745	1,482	1,231	1,473	1,286							
Total assets in Australia	66,263	76,868	82,513	89,493	90,033	90,873	94,968	97,765	95,470	95,207							
ASSETS OVERSEAS	5,357	8,417	10,187	12,668	15,059	16,672	18,321	19,585	18,524	16,457							
Total assets	71,620	85,285	92,700	102,161	105,092	107,545	113,289	117,350	113,994	111,664							

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

PART TWO *continued***Superannuation Funds and Approved Deposit Funds.**

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

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

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

SUPERANNUATION AND APPROVED DEPOSIT FUNDS
Percentage change in selected assets
for the quarter ended June 1994

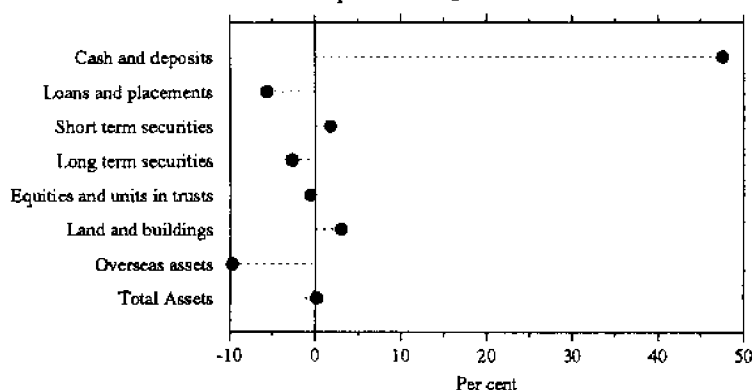


TABLE 4. ASSETS OF SUPERANNUATION FUNDS AND APPROVED DEPOSIT FUNDS(a)
(\$ million)

	1989	1990	1991	1992	1992-93		1993-94			
	June	June	June	June	March	June	Sept	Dec	March	June
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
<i>Cash and deposits</i>										
Banks	1,133	1,564	1,723	2,249	1,866	2,199	2,450	2,171	1,909	3,515
Other deposit taking institutions	3,724	4,407	3,667	3,459	2,502	1,579	1,560	1,387	1,295	1,211
Loans and placements	4,939	5,475	6,260	7,758	8,247	7,552	7,728	7,575	6,587	6,212
<i>Short term securities</i>										
Bills of exchange	4,894	4,591	3,527	2,548	3,251	3,545	3,890	3,273	3,495	3,801
Bank certificates of deposit	1,609	1,602	2,305	1,564	1,319	1,756	1,437	2,607	2,921	3,117
Other short term securities	1,209	1,206	1,277	1,636	1,529	1,327	1,780	1,579	1,528	1,165
<i>Long term securities</i>										
Commonwealth government bonds	3,703	2,382	3,744	6,914	7,657	8,714	8,997	9,174	8,346	9,456
State and local government securities	3,772	5,505	7,129	7,545	9,302	9,001	8,782	8,801	9,483	8,115
Other long term securities	3,722	4,263	4,807	5,409	3,978	3,876	3,567	3,070	3,132	2,818
<i>Equities and units in trusts</i>										
Private trading corporations shares	11,715	13,396	15,109	20,509	21,765	22,877	26,131	29,095	28,020	27,593
Financial sector shares	2,129	2,372	3,074	3,623	3,732	4,099	4,649	5,410	5,070	5,082
Units in trusts	4,881	5,069	4,308	4,631	5,442	5,998	6,551	6,708	6,579	6,760
Other assets	502	1,928	2,071	1,924	2,212	2,681	2,914	4,004	3,129	2,889
<i>Non-financial assets —</i>										
Land and buildings	9,952	11,094	9,413	8,104	7,398	7,065	6,908	6,947	7,134	7,356
Other	567	509	506	316	360	354	278	355	338	392
Total assets in Australia	58,451	65,363	68,920	78,189	80,560	82,623	87,622	92,156	88,966	89,482
ASSETS OVERSEAS	8,104	9,142	9,182	10,193	12,623	14,164	16,164	17,546	18,164	16,401
Total assets	66,555	74,505	78,102	88,382	93,183	96,787	103,786	109,702	107,130	105,883
<i>Of which —</i>										
Superannuation funds	60,816	67,238	69,876	78,736	83,258	86,769	93,636	99,411	97,172	96,440
Approved deposit funds	5,739	7,267	8,226	9,646	9,925	10,018	10,150	10,291	9,958	9,443

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

PART TWO *continued*

Public Unit Trusts

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

Excluded from the table below are:

- Trusts which are exempted from providing redemption facilities under Section 1069(3) of the Corporation Act (e.g. most film and agriculture trusts).

- Cash Management Trusts (see Table 8),
- Trusts which have not sought or do not intend to seek funds from the general public in Australia and therefore have not registered a prospectus with the Australian Securities Commission, and
- Some small trusts which are insignificant in statistical terms.

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

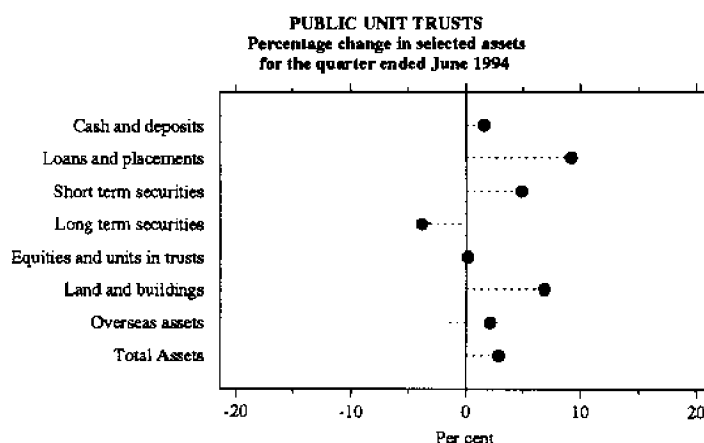


TABLE 5. ASSETS OF PUBLIC UNIT TRUSTS
(\$ million)

	1989	1990	1991	1992	1992-93		1993-94			
	June	June	June	June	March	June	Sept	Dec	March	June
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks(a)	923	1,233	1,424	1,260	1,072	1,200	1,198	1,325	1,088	1,310
Other deposit taking institutions	1,319	1,279	968	1,317	1,089	1,270	1,119	982	943	754
Loans and placements	1,984	1,489	1,470	1,113	1,331	1,394	1,450	1,469	1,527	1,667
Short term securities										
Bills of exchange	1,417	1,659	880	828	866	844	959	1,253	1,564	1,626
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	161	93	274	514	298	261	279	294	289	317
Long term securities										
Commonwealth government bonds	202	335	588	1,208	1,618	1,665	1,792	1,865	1,739	1,673
State and local government securities										
Other long term securities										
Equities and units in trusts										
Private trading corporations shares	2,068	2,106	2,394	3,589	4,393	4,819	5,669	6,932	6,915	6,865
Financial sector shares										
Units in trusts	1,727	2,082	2,013	1,747	1,957	1,903	2,020	2,425	2,888	2,957
Other assets	448	561	462	454	447	451	463	536	548	670
<i>Non-financial assets —</i>										
Land and buildings	12,337	13,294	11,736	9,725	9,642	9,530	9,616	10,034	10,946	11,696
Other	1,279	1,287	1,231	1,086	1,116	1,118	1,158	1,200	1,202	1,223
Total assets in Australia	23,864	25,419	23,439	22,840	23,831	24,457	25,722	28,314	29,647	30,760
ASSETS OVERSEAS	1,869	2,312	2,339	2,758	3,339	3,949	4,910	6,060	6,200	6,114
Total assets	25,733	27,730	25,778	25,599	27,170	28,406	30,633	34,374	35,847	36,874

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

PART TWO *continued*

Friendly Societies

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

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

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

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

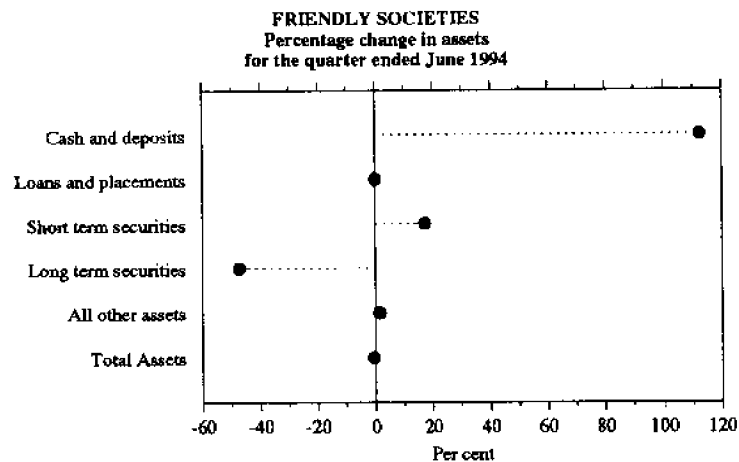


TABLE 6. ASSETS OF FRIENDLY SOCIETIES
(\$ million)

	1989	1990	1991	1992	1992-93		1993-94			
	June	June	June	June	March	June	Sept	Dec	March	June
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,127	1,368	1,893	1,224	678	1,029	972	723	678	2,218
Other deposit taking institutions	627	403	601	713	513	607	727	591	641	587
Loans and placements	1,044	1,312	942	858	674	647	654	641	614	614
Short term securities										
Bills of exchange	1,502	1,954	1,039	1,772	1,104	2,188	1,240	1,812	1,268	919
Bank certificates of deposit	549	274	455	570	659	614	413	482	284	1,067
Other short term securities	128	94	498	572	768	686	571	599	608	548
Long term securities										
Commonwealth government bonds	328	187	111	502	1,252	635	1,147	1,230	1,414	485
State and local government securities	973	799	1,187	1,089	1,567	1,118	1,571	1,419	1,824	1,046
Other long term securities	648	994	846	1,042	1,302	933	1,203	844	833	617
Equities and units in trusts										
Private trading corporations shares	6	4	23	67	67	70	116	98	161	100
Financial sector shares	21	26	19	28	57	30	30	33	30	30
Units in trusts	81	169	160	23	9	10	9	8	10	11
Other assets	165	225	170	123	124	107	129	219	346	230
<i>Non-financial assets —</i>										
Land and buildings	208	208	311	333	304	315	312	315	305	349
Other	61	67	27	72	29	193	46	104	43	188
Total assets in Australia	7,468	8,084	8,282	8,988	9,107	9,182	9,140	9,118	9,059	9,009
ASSETS OVERSEAS										
Total assets	7,468	8,084	8,282	8,988	9,107	9,182	9,140	9,118	9,059	9,009

PART TWO *continued*

Common Funds

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

The table below is compiled using data supplied from all 14 trustee companies operating in Australia as part of the ABS Survey of Balance Sheet Information. At the end of June 1994, trustee companies were managing 91 common funds throughout Australia.

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

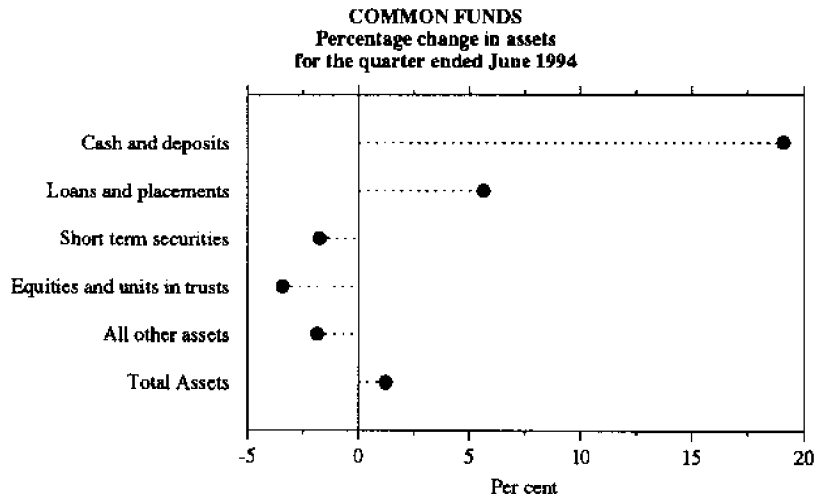


TABLE 7. ASSETS OF COMMON FUNDS
(\$ million)

	1989	1990	1991	1992	1992-93		1993-94			
	June	June	June	June(a)	March	June	Sept	Dec	March	June
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	984	696	944	332	311	345	294	305	241	315
Other deposit taking institutions	114	491	184	195	201	207	217	198	193	202
Loans and placements	854	1,006	840	872	924	950	968	1,013	1,031	1,089
Short term securities										
Bills of exchange	1,735	2,860	2,857	1,655	1,448	1,389	1,428	1,360	1,377	1,352
Bank certificates of deposit	1,113	907	770	186	235	184	169	182	149	162
Other short term securities	125	360	428	240	206	244	219	160	221	202
Long term securities										
Commonwealth government bonds	69	—	—	—	—	17	15	19	13	13
State and local government securities	11	5	2	4	24	28	61	74	72	75
Other long term securities	66	43	36	45	81	74	71	72	77	71
Equities and units in trusts										
Private trading corporations shares	212	282	310	465	672	708	838	968	941	905
Financial sector shares	61	61	122	190	237	267	323	348	363	345
Units in trusts	2	3	2	5	9	47	1	10	42	50
Other assets	4	12	39	2	1	1	1	1	—	—
<i>Non-financial assets —</i>										
Land and buildings	192	216	174	143	113	105	118	108	105	103
Other	2	5	1	—	—	—	—	—	—	—
Total assets in Australia	5,544	6,947	6,709	4,334	4,462	4,566	4,723	4,818	4,825	4,884
ASSETS OVERSEAS	14	21	25	39	41	7	15	5	—	—
Total assets	5,558	6,968	6,734	4,373	4,503	4,573	4,738	4,823	4,825	4,884

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

PART TWO *continued***Cash Management Trusts**

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

numbering 18, are covered by the information presented in the table below.

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

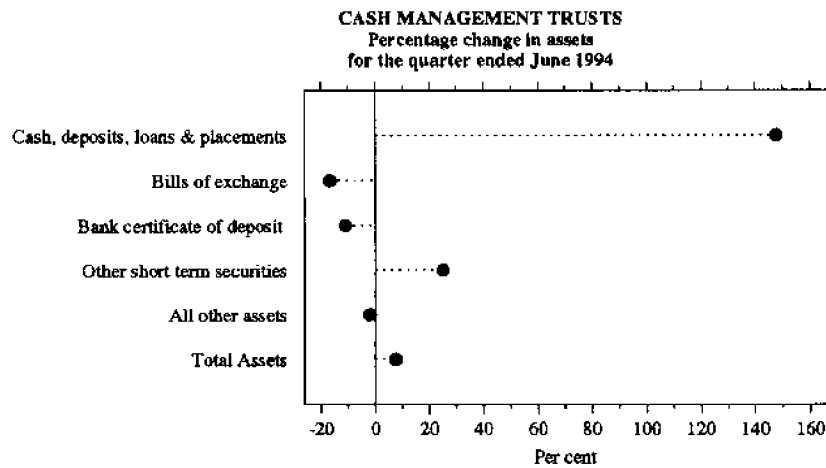


TABLE 8. ASSETS OF CASH MANAGEMENT TRUSTS
(\$ million)

	1989	1990	1991	1992	1992-93		1993-94			
	June	June	June	June	March	June	Sept	Dec	Mar	June
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks (a)	718	1,765	1,599	240	287	232	686	407	241	904
Other deposit taking institutions	557	301	303	256	238	263	298	185	116	134
Loans and placements	220	173	51	35	135	14	148	92	75	32
Short term securities										
Bills of exchange	1,866	2,187	2,728	2,198	1,877	2,270	2,128	2,291	2,018	1,682
Bank certificates of deposit(a)	—	—	—	1,007	956	1,112	879	1,043	1,468	1,305
Other short term securities	355	215	1,060	1,433	1,629	1,176	950	924	969	1,210
Long term securities										
Commonwealth government bonds	2	—	—	—	—	—	—	—	—	2
State and local government securities	11	18	3	72	—	n.p.	n.p.	25	88	74
Other long term securities	—	—	—	91	50	n.p.	n.p.	78	1	2
Equities and units in trusts										
Private trading corporations shares	—	—	—	—	—	—	—	—	—	—
Financial sector shares	—	—	—	—	—	—	—	—	—	—
Units in trusts	—	—	—	—	—	—	—	—	—	—
Other assets	21	21	12	13	6	7	n.p.	13	11	19
<i>Non-financial assets —</i>										
Land and buildings	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total assets in Australia	3,749	4,679	5,755	5,344	5,177	5,136	5,111	5,058	4,987	5,366
ASSETS OVERSEAS										
Total assets	3,749	4,679	5,755	5,344	5,177	5,136	5,111	5,058	4,987	5,366

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

PART THREE: PROFESSIONAL FUND MANAGERS

Professional Fund Managers

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

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

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

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

All significant professional fund managers operating within Australia are covered by the information presented in the table below. The information has been shown separately for amounts managed by professional fund managers on behalf of managed funds and on behalf of other funds.

PROFESSIONAL FUND MANAGERS-SOURCE OF FUNDS UNDER MANAGEMENT
Percentage change for the quarter ended June 1994

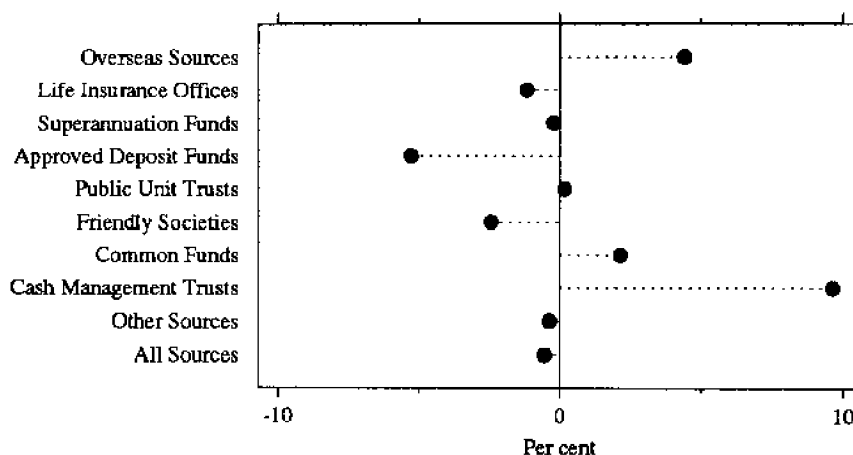


TABLE 9. PROFESSIONAL FUND MANAGERS — SOURCE OF FUNDS
(\$ million)

	1989	1990	1991	1992	1992-93		1993-94			
	June	June	June	June	March	June	Sept	Dec	Mar	June
Funds from Overseas Sources	5,378	3,954	6,135	6,450	6,659	6,123	6,693	7,877	7,854	8,200
Funds from Australian Sources										
Managed Funds										
Life Insurance Offices	66,310	79,186	88,632	98,026	103,418	106,453	112,245	116,148	113,658	112,336
Superannuation Funds	28,963	32,193	34,024	45,161	48,854	51,625	56,732	60,930	60,192	60,062
Approved Deposit Funds	4,938	6,560	7,456	8,776	9,060	9,156	9,290	9,447	9,155	8,672
Public Unit Trusts	11,082	12,677	12,405	18,387	20,088	21,147	23,943	27,173	27,680	27,730
Friendly Societies	2,359	2,837	3,148	3,285	3,344	3,401	3,211	3,223	2,877	2,807
Common Funds	178	217	209	213	213	214	238	246	279	285
Cash Management Trusts	3,048	3,754	4,397	4,069	3,935	3,868	3,778	3,764	3,729	4,089
Total Managed Funds	116,878	137,424	150,271	177,917	188,912	195,864	209,437	220,931	217,570	215,981
Other Sources										
Government	1,796	2,179	3,027	2,621	3,381	3,366	3,563	3,928	4,099	4,296
Charities	105	120	183	206	259	314	362	353	355	347
Other Trusts	424	916	1,100	1,095	1,158	768	911	1,081	1,171	1,653
General Insurance	3,360	4,670	5,517	8,586	9,977	10,456	10,924	11,936	12,646	12,106
Other sources	3,477	4,522	4,767	7,664	9,152	10,742	11,854	11,695	10,981	10,748
Total Other Sources	9,162	12,407	14,594	20,172	23,927	25,646	27,614	28,993	29,252	29,150
TOTAL	131,418	153,785	171,000	204,539	219,498	227,633	243,744	257,801	254,676	253,331

EXPLANATORY NOTES

Introduction

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

Scope and coverage

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

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

3. Statistics in this publication relating to the *Statutory Funds of Life Insurance Offices* for periods prior to June 1992 were prepared from data furnished by the Insurance and Superannuation Commission. These data did not include a measure of overseas assets and for completeness an estimate of overseas assets was derived from ABS surveys. For the quarter ended 30 June 1992 (and subsequent quarters) the data have been derived from the ABS Survey of Balance Sheet Information. This survey receives returns from 21 of the 60 registered Life Insurance Offices operating in Australia, representing approximately 96 per cent of the total assets of statutory funds. Data have been extrapolated to provide 100 per cent coverage.

4. For *Superannuation Funds and Approved Deposit Funds* (ADFs) the information in this publication is derived from ABS surveys of:

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

5. The number of superannuation funds, ADFs and fund managers may vary from quarter to quarter due to an ongoing process of rationalisation within the superannuation industry. These changes normally result in small movements which are not statistically significant.

6. For all other types of managed funds all registered organisations are covered, except the following:

- (a) Public Unit Trusts - those exempted under Section 1069(3) of the Corporation Act from providing redemption facilities (e.g. film and agriculture trusts), trusts which do not seek funds from the general public and some small trusts which are insignificant in statistical terms.
- (b) Friendly Societies - smaller societies; information is collected from 27 of the largest friendly societies covering approximately 95 per cent of the total assets of friendly societies.

Basis of valuation

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

Assets in Australia/Overseas

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

Financial instruments

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

Cash and deposits

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

Loans and placements

11. *Loans* are intermediated borrowings which are not evidenced by the issue of debt securities. An example of

this would be money borrowed from a Life Office with a mortgage over property as collateral.

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

Short term securities

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

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

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

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

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

18. *Bank certificates of deposit*. A certificate of deposit is similar to a promissory note except that the drawer is a

bank. Most bank-issued certificates of deposit with an original term to maturity of one year or less are *negotiable* certificates of deposit or NCD's. *Transferable* certificates of deposit with an original term to maturity greater than one year are included in *long term assets*.

Long term securities

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

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

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

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

Equities and units in trusts

22. This category comprises shares traded on an organised stock exchange, shares in unlisted companies, convertible notes after conversion, preference shares and units issued by both listed and unlisted unit trusts. Trust units are included in this classification because they have important characteristics of equities, such as entitlement to a share of the profits and of (on liquidation) the residual assets of the trust.

Other financial assets

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

Non-financial assets

24. Non-financial assets comprise all those assets which are not financial in nature: i.e. physical assets. For the purposes of these statistics they are broken down into only

two categories; land and buildings, and other types of non-financial asset.

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

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

Assets overseas

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

Revisions

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

Related publications

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

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

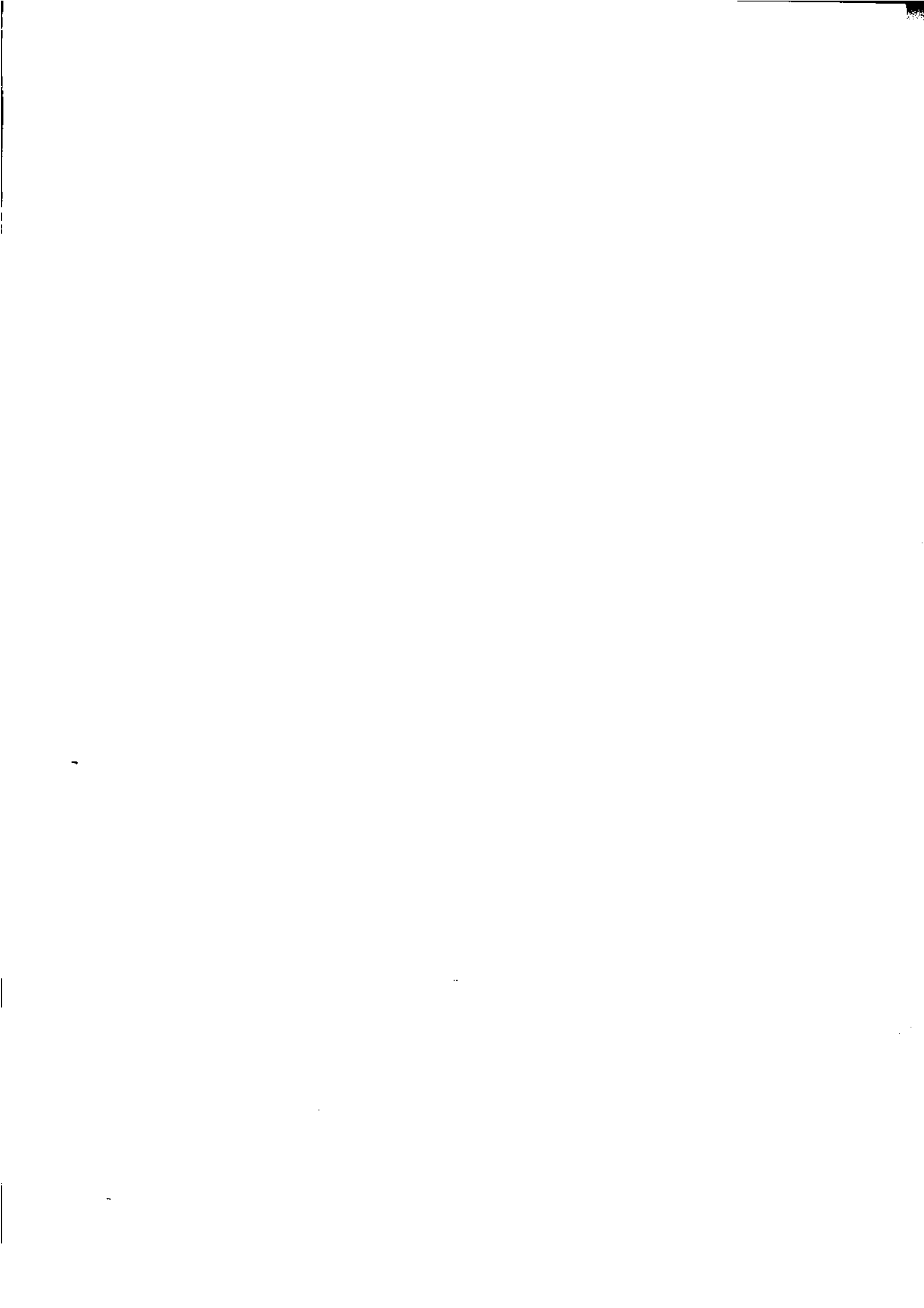
Cash Management Trusts, Australia (5635.0) — issued monthly

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

Symbols and other usages

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

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





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