

# **MANAGED FUNDS**

**AUSTRALIA**

EMBARGO: 11:30AM (CANBERRA TIME) WED 31 MAY 2000

## **MARCH QTR KEY FIGURES**

### **CONSOLIDATED ASSETS (a)**

	<b>Mar Qtr 1999</b>	<b>Dec Qtr 1999</b>	<b>Mar Qtr 2000</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Superannuation funds	211 523	249 263	260 210
Life insurance offices(b)	160 383	164 123	165 240
Other managed funds	123 649	139 965	144 480
<b>Total</b>	<b>495 555</b>	<b>553 351</b>	<b>569 930</b>

(a) See note on consolidation on page 2.

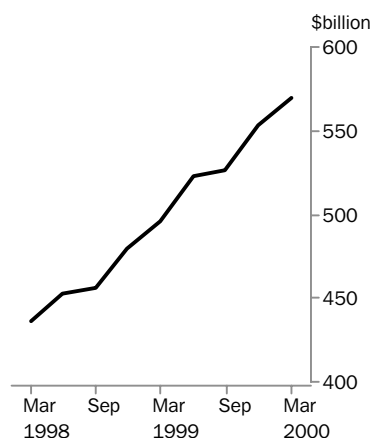
(b) Investments by superannuation funds which are held and administered by life insurance offices are included under life insurance offices.

## **MARCH QTR KEY POINTS**

### **CONSOLIDATED ASSETS**

- The value of the consolidated assets of managed funds as at 31 March 2000 was \$569.9 billion, an increase of \$16.6 billion (3%) on the revised 31 December 1999 figure of \$553.4 billion.
- By far the largest increase in the consolidated assets of managed funds during the March 2000 quarter was in superannuation funds, up \$10.9 billion (4%), followed by public unit trusts, up \$4.1 billion (4%).
- The largest increase in consolidated asset type was in assets overseas, up \$7.7 billion (7%). This in part is a result of a weakening of \$A against \$US (approximately 10%), and despite a decrease of around 7% in foreign share prices.
- The value of managed funds' assets invested through fund managers was \$419.4 billion at the end of March 2000, representing 74% of all consolidated assets of managed funds.

### **Total consolidated assets**



- For further information about these and related statistics, contact Judy Sykes on Canberra 02 6252 5222, or the National Information Service on 1300 135 070.

## NOTES

### FORTHCOMING ISSUES

#### *ISSUE (Quarter)*

#### *RELEASE DATE*

June 2000

31 August 2000

September 2000

30 November 2000

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### CHANGES IN THIS ISSUE

Following a user request, ABS has tabulated funds under management of investment managers by the state of location of the head office of the reporting manager. The resulting table has been included on the bottom of page 6.

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### METHOD OF CONSOLIDATION

Estimates of the consolidated assets of managed funds are derived by eliminating any cross-investments that takes place between the various types of funds. For example, investments by superannuation funds in public unit trusts are excluded from assets of superannuation funds in a consolidated presentation. It is not possible, however, to apportion cross-investment at the level of detail presented in unconsolidated tables.

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### REVISIONS

There have been revisions to data provided by some investment managers back to the December 1998 quarter. Some aspects of these revised data are still under investigation.

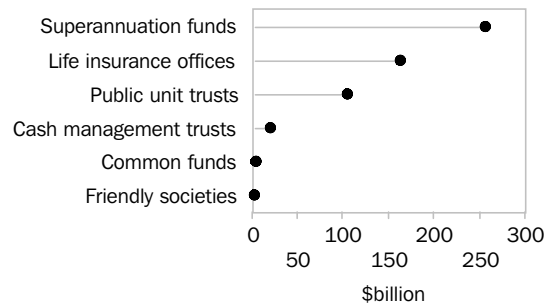
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W. McLennan  
Australian Statistician

## MANAGED FUNDS: Consolidated Assets

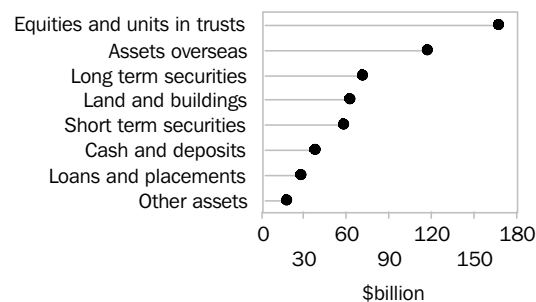
### BY TYPE OF INSTITUTION

Assets of superannuation funds held outside life offices increased by \$10.9 billion (4%) to \$260 billion during the March 2000 quarter. The only other area of substantial growth was in the assets of public unit trusts which increased by \$4.2 billion (4%) to \$107 billion. There were small changes in life insurance offices, friendly societies, common funds and cash management trusts during the quarter. Overall the consolidated assets of managed funds increased by 3%.



### BY TYPE OF ASSET

The value of equities and units in trusts held increased by \$4.6 billion (3%) despite a relatively static All Ordinaries Index which fell by less than 1%. There was a relatively large increase in overseas assets of \$7.7 billion (7%), which was in sympathy with a weakening of the \$A against the \$US during the quarter. The other major increase was in land and buildings, an increase of \$2.9 billion (5%), of which approximately \$2 billion was net purchases. There were small decreases reported in cash and deposits and short term securities.



### CROSS INVESTMENT

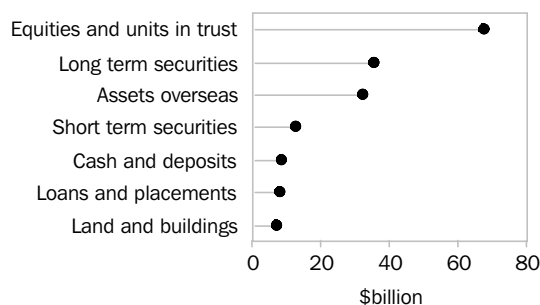
The table below presents the unconsolidated, cross-invested and consolidated assets of managed funds by type of fund as at 31 March 2000.

Type of fund	Unconsolidated assets \$m	Cross-invested assets \$m	Consolidated assets \$m
Life insurance offices	181 108	15 868	165 240
Superannuation funds	304 969	44 759	260 210
Public unit trusts	121 613	13 776	107 837
Friendly societies	6 222	312	5 910
Common funds	8 122	183	7 940
Cash management trusts	22 794	—	22 794
<b>Total</b>	<b>644 828</b>	<b>74 898</b>	<b>569 930</b>

## MANAGED FUNDS: Unconsolidated Assets

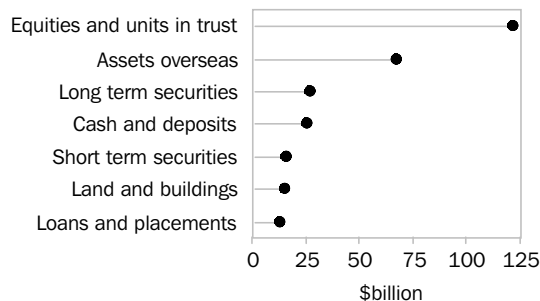
### LIFE INSURANCE OFFICES

Domestic assets of life insurance offices fell by \$1.3 billion (less than 1%), the major decrease being equities and units in trusts (down \$1 billion) and short term securities (down almost \$1 billion). The value of overseas assets increased by \$1.5 billion (5%) reflecting a weakening of \$A against \$US and despite a decrease in foreign share prices.



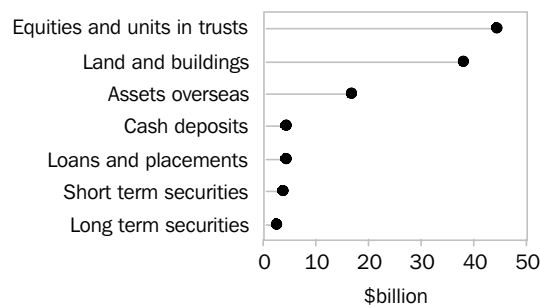
### SUPERANNUATION FUNDS

The total assets of superannuation funds were \$304.9 billion at 30 March 2000, an increase of \$13.4 billion (5%) compared with 31 December 1999. The major increases in assets during the quarter were equities and units trusts \$5.9 billion (5%), overseas assets up \$4.0 billion (6%), and land and building of \$1.1 billion (7%). The holdings of overseas assets increased, influenced by the depreciation of the \$A against the \$US over the same period. There has been virtually no change in the holdings of debt securities.



### PUBLIC UNIT TRUSTS

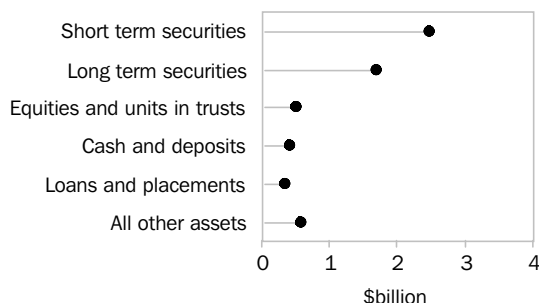
The total assets of public unit trusts were \$121.6 billion at 31 March 2000, an increase of \$5.1 billion (4%) compared with 31 December 1999. The major increases in assets during the quarter were equities and units in trusts, up \$2.2 billion (5%), land and buildings, up \$1.9 billion (5%), and assets overseas, up \$2.1 billion (14%).



## MANAGED FUNDS: Unconsolidated Assets *continued*

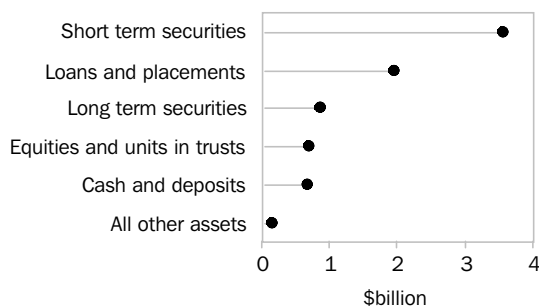
### FRIENDLY SOCIETIES

The assets of friendly societies were \$6.2 billion at 31 March 2000, a small decrease (less than 1%) on the December 1999 quarter. Short term securities accounted for 40% of total assets.



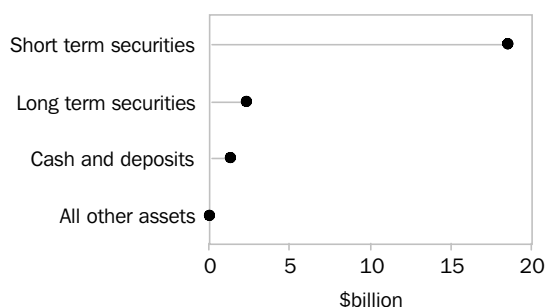
### COMMON FUNDS

Total assets of common funds were \$8.1 billion, at 31 March 2000, an increase of \$0.3 billion (1%) on the December 1999 quarter of \$7.8 billion. Short term securities accounted for 44% of total assets.



### CASH MANAGEMENT TRUSTS

The total assets of cash management trusts were \$22.8 billion at 31 March 2000, a \$0.1 billion (0.1%) increase on the December 1999 quarter of \$22.7 billion. The largest increase was in bills of exchange, up \$1.1 billion (28%). Bank certificate of deposits accounted for 35% of total assets.



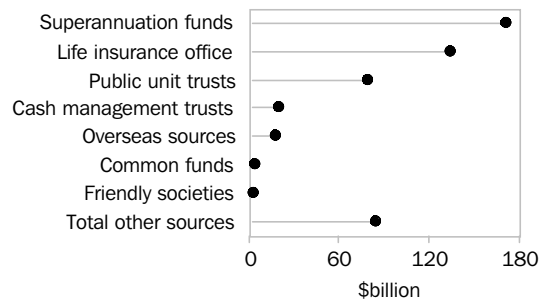
## MANAGED FUNDS — INVESTMENT MANAGERS

### SOURCE OF FUNDS UNDER MANAGEMENT

During the March 2000 quarter there was an increase in total funds under management by investment managers of \$8.2 billion (2%) bringing the total sources of funds under management to \$523.6 billion. Funds sourced from superannuation funds increased by \$2.5 billion (1%).

There have been revisions to data provided by some managers back to December 1998 quarter. This has resulted in significant revisions upwards of the categories public unit trusts, government and other trusts, and downward revisions for life offices and superannuation funds. However several aspects of these revised data are still under investigation.

The value of managed funds assets invested through investment managers was \$419.4 billion at the end of March 2000, representing 74 % of all the consolidated assets of managed funds.



### FUNDS UNDER MANAGEMENT BY LOCATION OF FUND MANAGER

Following a user request, ABS has tabulated funds under management by the state of location of the head office of fund managers. The table below shows that funds under management by fund managers located in NSW increased by 19% for the year ended June 1999 compared with 13% growth in total funds under management. The NSW growth was 17% for the year ended June 1998 compared with overall growth of 16%. Since June 1999 the distribution by state has remained stable.

Please note that the state dissection does not reflect the state of the source of funds. No details of funds under management by state of source of funds are available.

### TOTAL FUNDS UNDER MANAGEMENT BY LOCATION

	June 1997	June 1998	June 1999	Dec 1999	Mar 2000
State	\$m	\$m	\$m	\$m	\$m
NSW	262 550	306 695	364 553	399 566	405 264
Vic	93 750	107 656	103 186	108 640	110 960
Qld	5 422	5 550	5 592	6 031	6 192
Other	704	886	972	1 172	1 229
<b>TOTAL</b>	<b>362 426</b>	<b>420 787</b>	<b>474 303</b>	<b>515 409</b>	<b>523 645</b>

## MANAGED FUNDS, Consolidated Assets

<i>Institution/asset</i>	<i>Jun Qtr 1996</i>	<i>Jun Qtr 1997</i>	<i>Jun Qtr 1998</i>	<i>Sep Qtr 1998</i>	<i>Dec Qtr 1998</i>	<i>Mar Qtr 1999</i>	<i>Jun Qtr 1999</i>	<i>Sep Qtr 1999</i>	<i>Dec Qtr 1999</i>	<i>Mar Qtr 2000</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Type of institution</b>										
Life insurance offices(a)	120 229	134 740	147 642	148 118	155 607	160 383	162 314	160 373	164 123	165 240
Superannuation funds	142 800	173 273	199 452	198 626	206 265	211 523	229 955	234 947	249 263	260 210
Public unit trusts	44 558	59 474	73 682	75 269	82 355	88 084	94 458	94 369	103 653	107 837
Friendly societies	7 865	7 238	6 769	6 667	6 531	6 472	6 415	6 135	5 989	5 910
Common funds	5 065	6 172	6 845	7 299	7 476	7 664	7 568	7 603	7 669	7 940
Cash management trusts	7 978	12 032	18 676	20 184	20 718	21 429	21 531	22 321	22 654	22 794
<b>Total</b>	<b>328 495</b>	<b>392 928</b>	<b>453 067</b>	<b>456 162</b>	<b>478 951</b>	<b>495 555</b>	<b>522 240</b>	<b>525 748</b>	<b>553 351</b>	<b>569 930</b>
<b>Type of asset</b>										
Cash and deposits(b)	22 965	28 562	35 430	35 690	35 694	36 077	39 421	38 678	39 827	39 452
Loans and placements	16 425	19 229	22 814	23 373	24 180	24 000	26 355	28 286	28 098	29 517
Short term securities(b)	38 707	47 004	54 089	56 020	56 678	58 498	67 158	60 047	59 455	58 986
Long term securities	55 235	59 246	66 039	71 218	72 909	72 629	70 391	74 864	72 588	72 631
Equities and units in trusts	94 192	117 994	130 548	127 366	137 886	146 428	148 830	150 799	163 871	168 496
Land and buildings	38 323	41 262	48 466	51 348	52 545	54 468	57 547	57 788	60 531	63 454
Assets overseas	48 011	62 446	78 632	75 413	83 451	86 991	92 086	97 086	110 962	118 626
Other assets	14 636	17 184	17 048	15 735	15 608	16 465	20 451	18 201	18 020	18 769
<b>Total</b>	<b>328 495</b>	<b>392 928</b>	<b>453 067</b>	<b>456 162</b>	<b>478 951</b>	<b>495 555</b>	<b>522 240</b>	<b>525 748</b>	<b>553 351</b>	<b>569 930</b>

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

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

## LIFE INSURANCE OFFICES(a), Unconsolidated Assets

	<i>Jun Qtr 1996</i>	<i>Jun Qtr 1997</i>	<i>Jun Qtr 1998</i>	<i>Sep Qtr 1998</i>	<i>Dec Qtr 1998</i>	<i>Mar Qtr 1999</i>	<i>Jun Qtr 1999</i>	<i>Sep Qtr 1999</i>	<i>Dec Qtr 1999</i>	<i>Mar Qtr 2000</i>
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>127 175</b>	<b>145 496</b>	<b>159 022</b>	<b>160 475</b>	<b>168 531</b>	<b>173 427</b>	<b>175 310</b>	<b>174 381</b>	<b>180 889</b>	<b>181 108</b>
<b>Assets in Australia</b>	<b>111 591</b>	<b>125 035</b>	<b>132 006</b>	<b>135 046</b>	<b>141 261</b>	<b>144 267</b>	<b>146 825</b>	<b>145 704</b>	<b>149 136</b>	<b>147 864</b>
<i>Cash and deposits</i>	<i>5 981</i>	<i>6 921</i>	<i>9 850</i>	<i>9 464</i>	<i>9 594</i>	<i>9 271</i>	<i>10 315</i>	<i>9 515</i>	<i>9 497</i>	<i>9 394</i>
Banks	3 547	3 616	3 127	3 295	3 657	3 421	4 216	3 311	4 213	4 524
Other deposit taking institutions	2 434	3 304	6 722	6 169	5 937	5 849	6 099	6 203	5 284	4 870
<i>Loans and placements</i>	<i>6 457</i>	<i>6 924</i>	<i>8 173</i>	<i>8 642</i>	<i>8 516</i>	<i>7 880</i>	<i>7 675</i>	<i>8 547</i>	<i>8 461</i>	<i>8 837</i>
<i>Short term securities</i>	<i>14 413</i>	<i>16 268</i>	<i>14 935</i>	<i>15 710</i>	<i>15 756</i>	<i>17 126</i>	<i>18 724</i>	<i>15 132</i>	<i>14 391</i>	<i>13 438</i>
Bills of exchange	6 099	4 749	4 819	4 680	4 910	4 875	4 473	3 268	3 110	2 635
Bank certificates of deposit	4 180	4 987	4 425	4 742	5 207	6 146	7 537	6 082	5 181	5 433
Other short term securities	4 133	6 532	5 691	6 289	5 639	6 106	6 714	5 782	6 100	5 370
<i>Long term securities</i>	<i>29 259</i>	<i>31 975</i>	<i>33 039</i>	<i>35 628</i>	<i>37 205</i>	<i>36 497</i>	<i>35 990</i>	<i>38 422</i>	<i>36 573</i>	<i>36 172</i>
Commonwealth government bonds	11 109	12 594	12 131	13 342	13 519	13 602	11 781	11 621	10 297	9 328
State and local government securities	12 387	11 479	10 898	12 292	13 172	12 093	11 705	11 893	11 401	12 191
Other long term securities	5 763	7 901	10 011	9 993	10 515	10 801	12 504	14 909	14 875	14 653
<i>Equities and units in trusts</i>	<i>41 924</i>	<i>50 691</i>	<i>53 475</i>	<i>53 519</i>	<i>57 911</i>	<i>60 981</i>	<i>60 614</i>	<i>61 648</i>	<i>69 163</i>	<i>68 162</i>
Private trading corporations shares	26 471	28 476	24 639	22 376	23 928	24 819	25 336	26 276	28 739	28 056
Financial sector shares	6 517	8 314	10 402	10 643	11 923	12 489	11 469	10 912	11 834	11 385
Units in trusts	8 937	13 900	18 434	20 500	22 060	23 673	23 809	24 460	28 590	28 721
<i>Other financial assets</i>	<i>2 862</i>	<i>3 104</i>	<i>4 298</i>	<i>3 304</i>	<i>3 428</i>	<i>3 679</i>	<i>4 466</i>	<i>3 107</i>	<i>2 544</i>	<i>3 316</i>
<i>Land and buildings</i>	<i>8 846</i>	<i>7 185</i>	<i>7 520</i>	<i>7 678</i>	<i>7 926</i>	<i>7 971</i>	<i>8 159</i>	<i>8 446</i>	<i>7 837</i>	<i>7 834</i>
<i>Other non-financial assets</i>	<i>1 849</i>	<i>1 968</i>	<i>716</i>	<i>1 101</i>	<i>924</i>	<i>862</i>	<i>882</i>	<i>887</i>	<i>670</i>	<i>711</i>
<b>Assets overseas</b>	<b>15 584</b>	<b>20 460</b>	<b>27 016</b>	<b>25 429</b>	<b>27 270</b>	<b>29 161</b>	<b>28 485</b>	<b>28 677</b>	<b>31 752</b>	<b>33 244</b>

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



## SUPERANNUATION FUNDS(a), Unconsolidated Assets

	Jun Qtr 1996	Jun Qtr 1997	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>165 449</b>	<b>203 763</b>	<b>235 978</b>	<b>235 918</b>	<b>240 851</b>	<b>248 066</b>	<b>267 653</b>	<b>275 140</b>	<b>291 572</b>	<b>304 969</b>
<b>Assets in Australia</b>	<b>139 466</b>	<b>170 866</b>	<b>194 945</b>	<b>195 854</b>	<b>196 966</b>	<b>203 102</b>	<b>217 549</b>	<b>219 568</b>	<b>227 506</b>	<b>236 876</b>
<i>Cash and deposits</i>	<i>12 495</i>	<i>16 884</i>	<i>22 191</i>	<i>22 791</i>	<i>23 867</i>	<i>23 937</i>	<i>25 829</i>	<i>26 209</i>	<i>26 469</i>	<i>27 095</i>
Banks	7 484	10 836	14 363	13 623	16 225	15 912	17 678	17 748	18 133	18 924
Other deposit taking institutions	5 011	6 047	7 828	9 168	7 642	8 025	8 151	8 461	8 335	8 170
<i>Loans and placements</i>	<i>6 198</i>	<i>7 828</i>	<i>9 186</i>	<i>8 653</i>	<i>9 234</i>	<i>9 616</i>	<i>11 766</i>	<i>13 024</i>	<i>12 459</i>	<i>13 905</i>
<i>Short term securities</i>	<i>10 709</i>	<i>12 048</i>	<i>13 092</i>	<i>12 882</i>	<i>12 411</i>	<i>12 637</i>	<i>19 754</i>	<i>15 953</i>	<i>16 492</i>	<i>16 585</i>
Bills of exchange	4 339	4 990	5 225	5 740	5 511	5 488	7 179	6 221	6 114	6 195
Bank certificates of deposit	5 040	5 543	6 156	5 392	4 857	5 317	8 274	6 568	6 625	6 659
Other short term securities	1 330	1 515	1 711	1 750	2 043	1 832	4 301	3 165	3 754	3 730
<i>Long term securities</i>	<i>22 046</i>	<i>22 978</i>	<i>27 239</i>	<i>29 689</i>	<i>29 119</i>	<i>29 251</i>	<i>27 091</i>	<i>28 509</i>	<i>28 084</i>	<i>28 291</i>
Commonwealth government bonds	12 965	13 423	15 076	16 505	15 076	14 670	13 424	13 323	12 967	13 448
State and local government securities	6 648	6 772	8 112	8 592	7 406	7 368	5 693	5 574	5 557	5 656
Other long term securities	2 433	2 784	4 051	4 592	6 637	7 213	7 974	9 612	9 560	9 187
<i>Equities and units in trusts</i>	<i>68 259</i>	<i>88 699</i>	<i>99 586</i>	<i>97 526</i>	<i>99 459</i>	<i>103 954</i>	<i>107 510</i>	<i>110 071</i>	<i>117 168</i>	<i>123 089</i>
Private trading corporations shares	39 004	47 752	49 924	46 196	48 619	50 014	52 571	53 276	56 736	59 690
Financial sector shares	7 534	12 000	15 166	15 924	18 110	19 496	19 133	18 563	20 149	20 540
Units in trusts	21 722	28 947	34 496	35 406	32 729	34 444	35 806	38 231	40 283	42 859
<i>Other financial assets</i>	<i>7 551</i>	<i>7 790</i>	<i>8 484</i>	<i>8 690</i>	<i>8 622</i>	<i>8 615</i>	<i>10 616</i>	<i>10 788</i>	<i>10 820</i>	<i>10 832</i>
<i>Land and buildings</i>	<i>11 641</i>	<i>13 418</i>	<i>14 641</i>	<i>15 491</i>	<i>14 127</i>	<i>15 085</i>	<i>14 950</i>	<i>14 995</i>	<i>15 864</i>	<i>16 921</i>
<i>Other non-financial assets</i>	<i>567</i>	<i>1 220</i>	<i>526</i>	<i>134</i>	<i>127</i>	<i>8</i>	<i>33</i>	<i>21</i>	<i>151</i>	<i>157</i>
<b>Assets overseas</b>	<b>25 982</b>	<b>32 897</b>	<b>41 033</b>	<b>40 063</b>	<b>43 885</b>	<b>44 964</b>	<b>50 104</b>	<b>55 571</b>	<b>64 065</b>	<b>68 094</b>

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

## PUBLIC UNIT TRUSTS, Unconsolidated Assets

	<i>Jun Qtr 1996</i>	<i>Jun Qtr 1997</i>	<i>Jun Qtr 1998</i>	<i>Sep Qtr 1998</i>	<i>Dec Qtr 1998</i>	<i>Mar Qtr 1999</i>	<i>Jun Qtr 1999</i>	<i>Sep Qtr 1999</i>	<i>Dec Qtr 1999</i>	<i>Mar Qtr 2000</i>
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>48 382</b>	<b>66 449</b>	<b>83 311</b>	<b>85 841</b>	<b>94 031</b>	<b>100 235</b>	<b>107 538</b>	<b>107 125</b>	<b>116 538</b>	<b>121 613</b>
<b>Assets in Australia</b>	<b>41 966</b>	<b>57 405</b>	<b>72 827</b>	<b>76 024</b>	<b>81 834</b>	<b>87 479</b>	<b>94 143</b>	<b>94 389</b>	<b>101 507</b>	<b>104 445</b>
<i>Cash and deposits</i>	<i>2 525</i>	<i>3 997</i>	<i>4 472</i>	<i>4 023</i>	<i>4 291</i>	<i>4 779</i>	<i>5 140</i>	<i>5 235</i>	<i>5 475</i>	<i>4 835</i>
Banks(a)	1 301	2 194	2 389	1 983	2 077	2 437	2 785	2 850	3 155	2 605
Other deposit taking institutions	1 224	1 803	2 083	2 040	2 214	2 342	2 355	2 385	2 320	2 230
<i>Loans and placements</i>	<i>2 094</i>	<i>2 685</i>	<i>3 696</i>	<i>4 155</i>	<i>4 274</i>	<i>4 396</i>	<i>4 740</i>	<i>4 773</i>	<i>5 132</i>	<i>4 747</i>
<i>Short term securities</i>	<i>2 153</i>	<i>2 739</i>	<i>3 590</i>	<i>3 741</i>	<i>3 783</i>	<i>3 819</i>	<i>4 099</i>	<i>4 023</i>	<i>4 423</i>	<i>4 091</i>
Bills of exchange	1 870	2 303	2 956	3 049	3 134	3 114	3 243	3 153	3 514	3 150
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	284	437	635	692	650	706	857	870	910	942
<i>Long term securities</i>	<i>1 208</i>	<i>1 824</i>	<i>2 639</i>	<i>2 733</i>	<i>2 797</i>	<i>2 969</i>	<i>3 137</i>	<i>3 206</i>	<i>3 013</i>	<i>3 057</i>
<i>Equities and units in trusts</i>	<i>14 686</i>	<i>22 512</i>	<i>28 879</i>	<i>30 412</i>	<i>33 311</i>	<i>36 465</i>	<i>37 808</i>	<i>39 015</i>	<i>42 465</i>	<i>44 711</i>
Equities	10 555	15 336	17 710	18 310	20 071	22 532	23 014	23 933	26 398	26 836
Units in trusts	4 131	7 176	11 169	12 102	13 240	13 933	14 794	15 082	16 067	17 875
<i>Other financial assets</i>	<i>1 207</i>	<i>2 300</i>	<i>2 048</i>	<i>1 433</i>	<i>1 451</i>	<i>1 979</i>	<i>2 879</i>	<i>1 747</i>	<i>2 033</i>	<i>2 225</i>
<i>Land and buildings</i>	<i>17 374</i>	<i>20 196</i>	<i>25 980</i>	<i>27 825</i>	<i>30 150</i>	<i>31 072</i>	<i>34 087</i>	<i>34 016</i>	<i>36 502</i>	<i>38 374</i>
<i>Other non-financial assets</i>	<i>719</i>	<i>1 152</i>	<i>1 523</i>	<i>1 702</i>	<i>1 777</i>	<i>2 000</i>	<i>2 253</i>	<i>2 374</i>	<i>2 464</i>	<i>2 405</i>
<b>Assets overseas</b>	<b>6 416</b>	<b>9 044</b>	<b>10 484</b>	<b>9 817</b>	<b>12 197</b>	<b>12 756</b>	<b>13 395</b>	<b>12 736</b>	<b>15 031</b>	<b>17 168</b>

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

## FRIENDLY SOCIETIES, Unconsolidated Assets

	Jun Qtr 1996	Jun Qtr 1997	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>7 889</b>	<b>7 262</b>	<b>6 807</b>	<b>6 730</b>	<b>6 601</b>	<b>6 543</b>	<b>6 500</b>	<b>6 220</b>	<b>6 236</b>	<b>6 222</b>
<b>Assets in Australia</b>	<b>7 860</b>	<b>7 217</b>	<b>6 752</b>	<b>6 669</b>	<b>6 551</b>	<b>6 475</b>	<b>6 433</b>	<b>6 153</b>	<b>6 163</b>	<b>6 143</b>
<i>Cash and deposits</i>	<i>1 664</i>	<i>1 611</i>	<i>1 463</i>	<i>797</i>	<i>631</i>	<i>626</i>	<i>858</i>	<i>506</i>	<i>391</i>	<i>449</i>
Banks	1 214	1 250	1 234	602	398	416	657	352	240	311
Other deposit taking institutions	450	361	229	195	233	210	201	154	151	138
<i>Loans and placements</i>	<i>412</i>	<i>369</i>	<i>343</i>	<i>333</i>	<i>315</i>	<i>333</i>	<i>366</i>	<i>328</i>	<i>373</i>	<i>370</i>
<i>Short term securities</i>	<i>3 475</i>	<i>3 216</i>	<i>2 680</i>	<i>3 227</i>	<i>3 132</i>	<i>2 992</i>	<i>2 698</i>	<i>2 893</i>	<i>2 664</i>	<i>2 517</i>
Bills of exchange	1 833	1 517	1 211	1 216	1 143	1 086	908	891	815	804
Bank certificates of deposit	1 218	1 495	1 082	1 670	1 589	1 516	1 442	1 593	1 564	1 423
Other short term securities	424	204	387	341	400	390	348	409	285	290
<i>Long term securities</i>	<i>1 558</i>	<i>1 233</i>	<i>1 522</i>	<i>1 510</i>	<i>1 643</i>	<i>1 669</i>	<i>1 631</i>	<i>1 609</i>	<i>1 685</i>	<i>1 721</i>
Commonwealth government bonds	289	228	308	301	344	307	280	220	248	259
State and local government securities	565	412	443	442	442	397	377	239	240	313
Other long term securities	704	593	771	767	857	965	974	1 150	1 197	1 149
<i>Equities and units in trusts</i>	<i>170</i>	<i>171</i>	<i>212</i>	<i>258</i>	<i>287</i>	<i>315</i>	<i>336</i>	<i>329</i>	<i>528</i>	<i>545</i>
Private trading corporations shares	112	119	138	145	166	192	200	205	213	175
Financial sector shares	36	30	36	50	51	53	51	39	68	58
Units in trusts	22	22	38	63	70	70	85	85	247	312
<i>Other financial assets</i>	<i>138</i>	<i>83</i>	<i>129</i>	<i>135</i>	<i>143</i>	<i>144</i>	<i>152</i>	<i>122</i>	<i>140</i>	<i>155</i>
<i>Land and buildings</i>	<i>373</i>	<i>391</i>	<i>292</i>	<i>302</i>	<i>296</i>	<i>292</i>	<i>286</i>	<i>285</i>	<i>281</i>	<i>279</i>
<i>Other non-financial assets</i>	<i>70</i>	<i>143</i>	<i>111</i>	<i>107</i>	<i>104</i>	<i>104</i>	<i>106</i>	<i>81</i>	<i>101</i>	<i>107</i>
<b>Assets overseas</b>	<b>29</b>	<b>45</b>	<b>55</b>	<b>61</b>	<b>50</b>	<b>68</b>	<b>67</b>	<b>67</b>	<b>73</b>	<b>79</b>

## COMMON FUNDS, Unconsolidated Assets

	Jun Qtr 1996	Jun Qtr 1997	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>5 138</b>	<b>6 252</b>	<b>7 018</b>	<b>7 476</b>	<b>7 663</b>	<b>7 827</b>	<b>7 726</b>	<b>7 797</b>	<b>7 853</b>	<b>8 122</b>
<b>Assets in Australia</b>	<b>5 138</b>	<b>6 252</b>	<b>6 974</b>	<b>7 434</b>	<b>7 614</b>	<b>7 784</b>	<b>7 690</b>	<b>7 762</b>	<b>7 813</b>	<b>8 081</b>
<i>Cash and deposits</i>	593	751	885	866	849	811	849	800	825	719
Banks	470	586	594	589	563	520	543	483	541	421
Other deposit taking institutions	123	165	291	277	286	291	306	317	284	298
<i>Loans and placements</i>	1 244	1 413	1 406	1 634	1 741	1 762	1 803	1 873	1 898	1 992
<i>Short term securities</i>	2 094	2 798	3 238	3 380	3 448	3 538	3 328	3 392	3 313	3 600
Bills of exchange	1 490	2 051	2 321	2 303	2 286	2 351	2 105	2 325	2 006	2 073
Bank certificates of deposit	381	450	567	736	789	885	1 022	901	1 122	1 330
Other short term securities	223	297	350	341	373	302	201	166	185	197
<i>Long term securities</i>	528	634	789	860	863	871	924	916	918	903
Commonwealth government bonds	60	60	66	62	69	65	58	59	58	49
State and local government securities	260	297	344	353	368	380	363	353	363	371
Other long term securities	208	277	379	445	426	426	503	504	497	483
<i>Equities and units in trusts</i>	590	584	623	642	667	655	631	646	715	722
Private trading corporations shares	269	318	204	195	206	221	214	204	232	239
Financial sector shares	279	227	319	339	345	344	335	327	370	375
Units in trusts	42	39	100	108	116	90	82	115	113	108
<i>Other financial assets</i>	—	—	—	—	—	60	60	60	60	60
<i>Land and buildings</i>	89	72	33	52	46	49	66	46	46	46
<i>Other non-financial assets</i>	—	—	—	—	—	38	29	29	38	39
<b>Assets overseas</b>	<b>—</b>	<b>—</b>	<b>44</b>	<b>42</b>	<b>49</b>	<b>43</b>	<b>36</b>	<b>35</b>	<b>40</b>	<b>41</b>

## CASH MANAGEMENT TRUSTS, Unconsolidated Assets

	Jun Qtr 1996	Jun Qtr 1997	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>7 978</b>	<b>12 032</b>	<b>18 676</b>	<b>20 184</b>	<b>20 718</b>	<b>21 429</b>	<b>21 531</b>	<b>22 321</b>	<b>22 654</b>	<b>22 794</b>
<b>Assets in Australia</b>	<b>7 978</b>	<b>12 032</b>	<b>18 676</b>	<b>20 184</b>	<b>20 718</b>	<b>21 429</b>	<b>21 531</b>	<b>22 321</b>	<b>22 654</b>	<b>22 794</b>
<i>Cash and deposits</i>	<i>1 430</i>	<i>1 430</i>	<i>1 230</i>	<i>2 191</i>	<i>1 100</i>	<i>1 583</i>	<i>1 190</i>	<i>1 304</i>	<i>1 973</i>	<i>1 506</i>
Banks	1 101	1 127	1 166	2 148	1 084	1 550	1 115	1 246	1 856	1 450
Other deposit taking institutions	329	304	64	43	16	33	75	58	116	56
<i>Loans and placements</i>	<i>22</i>	<i>12</i>	<i>24</i>	<i>45</i>	<i>123</i>	<i>28</i>	<i>16</i>	<i>20</i>	<i>15</i>	<i>—</i>
<i>Short term securities</i>	<i>5 864</i>	<i>9 935</i>	<i>16 554</i>	<i>17 080</i>	<i>18 148</i>	<i>18 385</i>	<i>18 555</i>	<i>18 653</i>	<i>18 172</i>	<i>18 756</i>
Bills of exchange	3 325	5 329	6 133	6 864	6 270	7 117	5 491	4 279	4 031	5 164
Bank certificates of deposit	1 680	3 356	7 872	7 098	8 726	8 671	9 404	10 171	9 888	7 958
Other short term securities	858	1 250	2 549	3 117	3 152	2 596	3 660	4 204	4 252	5 634
<i>Long term securities</i>	<i>635</i>	<i>602</i>	<i>811</i>	<i>798</i>	<i>1 282</i>	<i>1 371</i>	<i>1 618</i>	<i>2 202</i>	<i>2 315</i>	<i>2 487</i>
Commonwealth government bonds	27	—	—	—	—	—	—	—	—	—
State and local government securities	553	318	49	50	16	—	—	—	—	—
Other long term securities	56	285	762	748	1 266	1 371	1 618	2 202	2 315	2 487
<i>Equities and units in trusts</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>
<i>Other financial assets</i>	<i>27</i>	<i>53</i>	<i>57</i>	<i>70</i>	<i>65</i>	<i>61</i>	<i>151</i>	<i>142</i>	<i>181</i>	<i>45</i>
<i>Land and buildings</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>
<i>Other non-financial assets</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>
<b>Assets overseas</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## INVESTMENT MANAGERS, Source of Funds

Source of funds	Jun Qtr 1996	Jun Qtr 1997	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL SOURCE OF FUNDS</b>	<b>280 983</b>	<b>362 426</b>	<b>420 787</b>	<b>426 414</b>	<b>437 916</b>	<b>454 511</b>	<b>474 303</b>	<b>486 693</b>	<b>515 409</b>	<b>523 645</b>
<b>Funds from Australian sources</b>	<b>273 233</b>	<b>353 052</b>	<b>402 871</b>	<b>408 101</b>	<b>419 241</b>	<b>435 768</b>	<b>455 112</b>	<b>468 693</b>	<b>497 276</b>	<b>504 740</b>
Managed funds	238 524	306 449	350 461	353 838	362 366	373 059	386 977	393 062	415 171	419 421
Life insurance offices	103 612	117 015	128 312	131 116	128 287	129 929	131 243	130 527	135 950	135 466
Superannuation funds (a)	84 379	124 378	140 612	138 286	139 631	143 241	155 375	159 618	170 042	172 581
Public unit trusts	35 250	46 852	57 066	58 359	66 416	70 449	70 542	72 672	78 826	80 029
Friendly societies	6 251	5 640	5 649	5 441	5 399	5 340	5 141	4 749	4 410	4 641
Common funds	2 767	3 137	3 632	3 884	4 633	4 932	5 011	5 360	5 353	5 493
Cash management trusts	6 265	9 427	15 190	16 752	18 000	19 168	19 665	20 136	20 590	21 211
Total other sources	34 709	46 603	52 410	54 263	56 875	62 709	68 135	75 631	82 105	85 319
Government	5 276	5 710	6 879	7 996	8 056	9 253	9 951	9 220	9 465	9 921
Charities	777	1 159	1 293	1 321	925	944	950	845	870	803
Other trusts	4 373	7 126	9 738	10 852	15 536	17 519	19 902	24 357	27 350	27 826
General insurance	10 870	14 323	16 425	16 744	16 203	16 969	15 449	15 246	16 239	18 172
Other sources	13 413	18 285	18 075	17 350	16 155	18 024	21 883	25 963	28 181	28 597
<b>Funds from overseas sources</b>	<b>7 750</b>	<b>9 374</b>	<b>17 916</b>	<b>18 313</b>	<b>18 675</b>	<b>18 743</b>	<b>19 191</b>	<b>18 000</b>	<b>18 133</b>	<b>18 905</b>

(a) In the September quarter 1996, \$18.5 billion previously  
invested directly by two superannuation funds was placed with  
investment managers.

## 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 processed by the ABS on behalf of the Australian Prudential Regulation Authority (APRA).

**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 25 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, processed by the ABS on behalf of APRA.

**9** The statistics for superannuation funds in Table 3 include estimates, provided by APRA, for superannuation funds not currently surveyed. Also, the treatment of accounts receivable from national government by a number of large public sector employee funds has been changed from the December 1998 quarter onwards to be consistent with the revised treatment of these claims in the ABS publication *Australian National Accounts: Financial Accounts* (Cat. no. 5232.0). This changed treatment is in accord with the recent adoption by national and state and local governments of accrual accounting principles and the implementation of System of National Accounts 1993 standards. These assets, valued at \$4,774 million for the December 1998 quarter, are included in the item 'Other financial assets' in Table 3. To ensure there is no break in statistical continuity, this data series, together with all data series to which it contributes, has been revised back to September 1990.

**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 34 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 1999 there were 17 trustee companies managing 85 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 29 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.



# EXPLANATORY NOTES

ASSETS IN AUSTRALIA/OVERSEAS	<p><b>16</b> <i>Assets in Australia</i> include land and buildings located in Australia and financial claims on residents; <i>assets overseas</i> 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.</p>						
FINANCIAL INSTRUMENTS	<p><b>17</b> The classification of financial instruments in this publication follows that contained in the ABS publication <i>Australian National Accounts, Financial Accounts</i> (5232.0). Definitions of the various types of instrument are given in the glossary.</p>						
REVISIONS AND CHANGES TO CONTENT	<p><b>18</b> 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.</p>						
RELATED PUBLICATIONS	<p><b>19</b> Users may also wish to refer to the following ABS publication of related data which is available on request:</p> <p><i>Australian National Accounts, Financial Accounts</i> (5232.0)—issued quarterly</p>						
SYMBOLS AND OTHER USAGES	<p><b>20</b> Discrepancies may occur between sums of the component items and totals due to rounding.</p> <table><tr><td>—</td><td>nil or rounded to zero</td></tr><tr><td>billion</td><td>one thousand million</td></tr><tr><td>n.p.</td><td>not available for publication but included in totals where applicable, unless otherwise indicated.</td></tr></table>	—	nil or rounded to zero	billion	one thousand million	n.p.	not available for publication but included in totals where applicable, unless otherwise indicated.
—	nil or rounded to zero						
billion	one thousand million						
n.p.	not available for publication but included in totals where applicable, unless otherwise indicated.						

## GLOSSARY

<b>Assets overseas</b>	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.
<b>Bank certificates of deposit</b>	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.
<b>Bills of exchange</b>	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.
<b>Cash and deposits</b>	<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> .
<b>Cash management trusts</b>	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.
<b>Common funds</b>	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.
<b>Equities and units in trusts</b>	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.
<b>Friendly societies</b>	Friendly societies are organisations registered as such under the appropriate State legislation.

## G L O S S A R Y

<b>Investment managers</b>	<p>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 <i>investment managers</i>.</p> <p>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.</p> <p>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.</p>
<b>Land and buildings</b>	<p>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.</p>
<b>Life Insurance Offices</b>	<p>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.</p>
<b>Loans</b>	<p>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.</p>
<b>Long term securities</b>	<p>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 <i>fixed interest securities</i> in the professional market.</p>

## G L O S S A R Y

### Long term securities *continued*

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

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

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

### Managed funds

The term managed funds is used to describe the investments undertaken by those collective investment institutions and investment managers who engage in financial transactions in the managed funds market.

### 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.

## GLOSSARY

**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*.





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