

MANAGED FUNDS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) THURS 4 SEP 1997

JUNE QTR KEY FIGURES

CONSOLIDATED ASSETS

	Jun Qtr 1996 \$m	Mar Qtr 1997 \$m	Jun Qtr 1997 \$m
Superannuation funds	138 879	152 789	165 584
Statutory funds of life insurance offices	117 218	125 102	132 328
Other managed funds	63 385	76 433	83 720
Total	319 482	354 323	381 633

JUNE QTR KEY POINTS

CONSOLIDATED ASSETS

- The value of consolidated assets of managed funds in Australia as at 30 June 1997 was \$381.6 billion, an increase of \$27.3 billion (8%) on the level at 31 March 1997 of \$354.3 billion. Higher equity and security market prices contributed to the increase, as did greater holdings of cash and deposits with banks, and assets held overseas.
- The largest increase in the consolidated assets of managed funds during the June 1997 quarter occurred in superannuation funds, up \$12.8 billion (8%) and statutory funds of life insurance offices, up \$7.2 billion (6%).

INVESTMENT MANAGERS

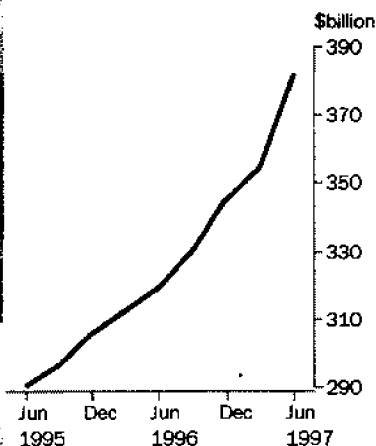
- The value of managed funds' assets invested through investment managers was \$302.9 billion at the end of June 1997, representing 79% of all the consolidated assets of managed funds.
- At 30 June 1997, 50% of the funds being invested through the wholesale investment management market were being managed by investment managers operating within Australian owned financial enterprise groups. Investment managers operating within foreign owned financial enterprise groups managed the remaining 50% of wholesale funds.

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

INQUIRIES

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

Total consolidated assets



NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)

RELEASE DATE

September 1997

5 December 1997

December 1997

6 March 1998

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CHANGES IN THIS ISSUE

A feature article providing commentary and statistics on the structure of the wholesale investment management market is included on page 22 of this publication.

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REVISIONS

There have been significant revisions to the data on managed funds sourced from life insurance offices in Table 8 due to the removal of three investment managers from the survey. A review of the operations of the investment activities of some life office groups concluded that, in some cases, funds previously assumed to have been invested through fund managers, and hence included in Table 8, were being directly invested by the life offices into the financial markets.

Thirteen new friendly societies were brought into the friendly societies survey in the June 1997 quarter. Data for earlier quarters were amended to reflect the inclusion of these friendly societies.

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INVESTMENT MANAGER RESTRUCTURE

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

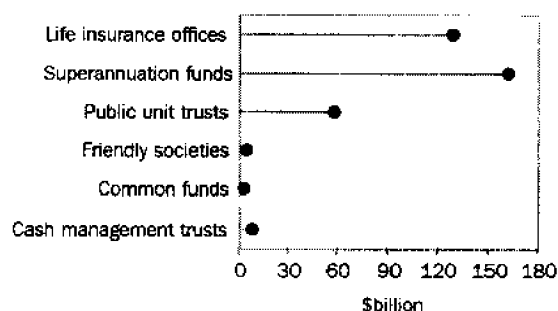
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W. McLennan
Australian Statistician

MANAGED FUNDS: Consolidated Assets

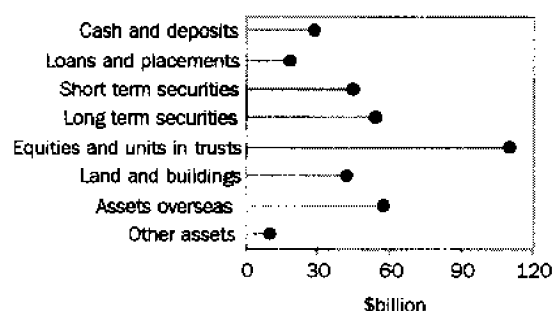
BY TYPE OF INSTITUTION

Superannuation funds recorded the largest increase in assets during the June quarter 1997, up \$12.8 billion (8%). Assets in statutory funds of life insurance offices increased by \$7.2 billion (6%) and public unit trusts increased \$5.8 billion (11%).



BY TYPE OF ASSET

There was a general increase across all asset types in the June quarter 1997, partly attributable to the higher market prices for securities and equities. The largest increases were recorded in equities and units in trusts, up \$9.7 billion (9%) and assets held overseas, up \$7.1 billion (14%).



CROSS INVESTMENT

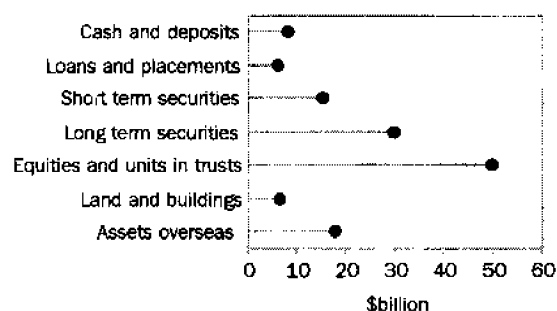
The table below presents the unconsolidated, cross-invested and consolidated assets of managed funds by type of fund as at 30 June 1997.

Type of fund	Unconsolidated assets \$m	Cross-invested assets \$m	Consolidated assets \$m
Statutory funds of life insurance offices	145 421	13 093	132 328
Superannuation funds	185 795	20 211	165 584
Public unit trusts	66 985	6 923	60 062
Friendly societies	7 237	24	7 213
Common funds	5 812	81	5 731
Cash management trusts	10 714	—	10 714
Total	421 964	40 331	381 633

MANAGED FUNDS: Unconsolidated Assets

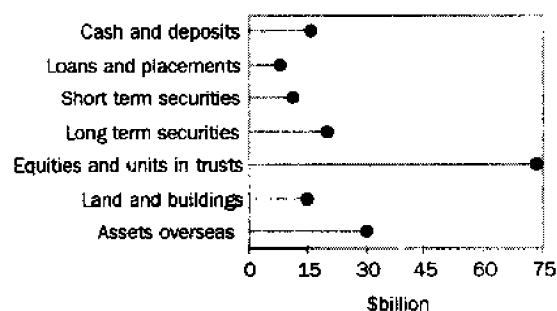
STATUTORY FUNDS OF LIFE INSURANCE OFFICES

The largest change in asset class during the June quarter 1997 was in the holding of private trading corporation shares, an increase of \$2.3 billion (9%). Other significant changes included overseas assets, up \$1.7 billion (10%), holdings of other long term securities, up \$1.0 billion (15%), and holdings of financial sector shares, up \$1.0 billion (12%).



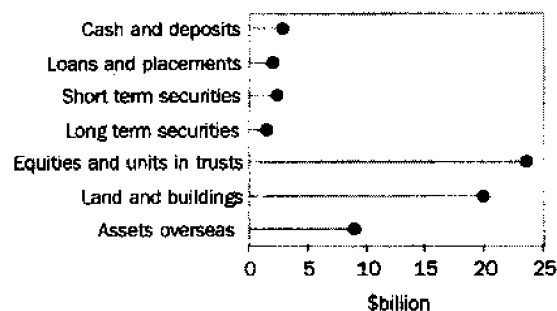
SUPERANNUATION FUNDS

The largest change in asset class during the June quarter 1997 was in the holding of assets overseas, an increase of \$4.1 billion (15%). Other significant changes included private trading corporation shares, up \$3.3 billion (8%), holdings of cash and deposits with banks, up \$1.2 billion (11%) and units in trusts, up \$1.0 billion (6%).



PUBLIC UNIT TRUSTS

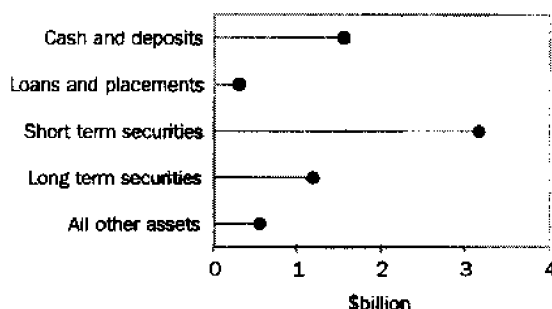
Strong growth in the equity holdings by public unit trusts continued during the June quarter 1997, increasing by \$2.1 billion (14%). Holdings of overseas assets increased by \$1.2 billion (15%), while holdings of land and buildings increased by \$1.1 billion (6%).



MANAGED FUNDS: Unconsolidated Assets *continued*

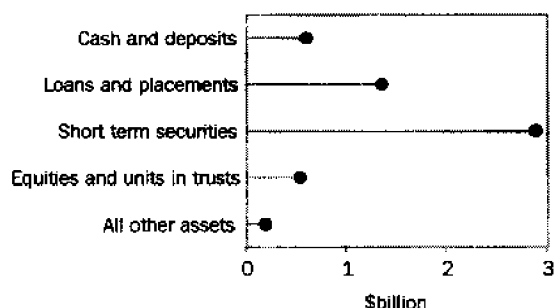
FRIENDLY SOCIETIES

Total assets of friendly societies were \$7.2 billion at 30 June 1997, virtually unchanged on the level a quarter earlier. There has been a decline in total assets of friendly societies of just over 20% since June 1994. The largest decrease in the June 1997 quarter was recorded in holdings of long term securities, down \$1.1 billion (48%). This was offset by increased holdings of cash and deposits, up \$0.7 billion (75%), and short term securities, up \$0.4 billion (15%).



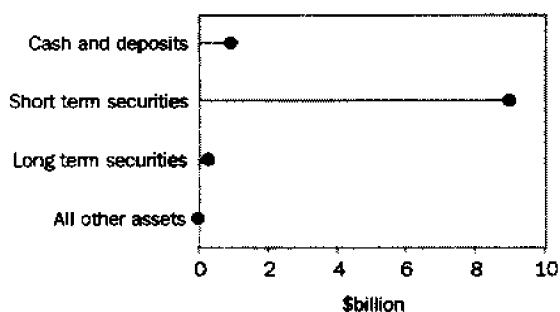
COMMON FUNDS

The assets in common funds increased by \$0.4 billion (8%) to \$5.8 billion during the June quarter 1997. Most of this increase was attributed to short term securities, up \$0.2 billion (8%) to \$2.9 billion, maintaining the short term securities 51% share of the total holdings of common funds. There was also an increase in cash and deposits, up \$0.1 billion (29%).



CASH MANAGEMENT TRUSTS

Total assets of cash management trusts increased by \$1.1 billion (11%) to \$10.7 billion during the June quarter 1997. The largest changes by asset class during the quarter were in holdings of short term securities, up \$1.1 billion (14%), and cash and deposits, up \$0.3 billion (45%).

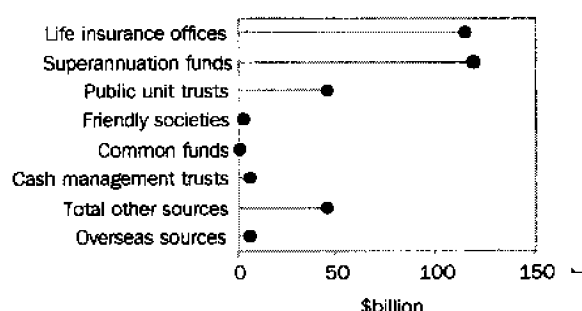


MANAGED FUNDS — INVESTMENT MANAGERS

SOURCE OF FUNDS UNDER MANAGEMENT

During the June quarter 1997 there was an increase in total funds under management by investment managers of \$24.4 billion (7%), bringing total funds under management to \$358.4 billion. The largest increase was in funds sourced from superannuation funds which increased \$9.7 billion (9%) to \$121.0 billion, representing 34% of total funds under management. Funds sourced from life insurance offices increased by \$6.6 billion (6%) to \$117.4 billion. In the category 'Other sources', funds under management increased by \$3.9 billion (9%) to \$47.7 billion.

The value of managed funds' assets invested through investment managers was \$302.9 billion at the end of June 1997, representing 79% of all the consolidated assets of managed funds.



MANAGED FUNDS, Consolidated Assets

	Jun Qtr 1994	Jun Qtr 1995	Sep Qtr 1995	Dec Qtr 1995	Mar Qtr 1996	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997
<i>Institution/asset</i>	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Type of Institution										
Statutory funds of life insurance offices(a)	108 233	110 839	113 036	115 080	116 361	117 218	121 143	122 736	125 102	132 328
Superannuation funds	114 038	123 424	125 512	131 511	134 483	138 879	143 562	149 941	152 789	165 584
Public unit trusts	34 720	38 038	39 300	40 428	42 153	43 991	46 027	51 058	54 272	60 062
Friendly societies	9 081	8 612	8 331	8 259	8 074	7 865	7 355	7 129	7 216	7 213
Common funds	4 785	4 037	4 134	4 278	4 352	4 493	4 719	4 941	5 296	5 731
Cash management trusts	5 915	5 625	5 868	6 484	6 706	7 036	7 710	8 986	9 649	10 714
Total	276 772	290 576	296 180	306 040	312 129	319 482	330 516	344 790	354 323	381 633
Type of asset										
Cash and deposits(b)	22 109	21 369	22 155	23 410	22 544	23 585	24 572	25 562	28 034	30 971
Loans and placements	14 619	15 483	16 457	16 986	17 101	17 372	18 224	18 216	19 694	20 496
Short term securities(b)	29 151	29 729	31 667	32 392	35 647	37 798	38 855	42 057	43 581	46 679
Long term securities	53 474	54 515	53 421	54 377	53 233	54 027	56 818	55 463	54 725	55 909
Equities and units in trusts	76 366	79 487	83 808	88 803	88 809	89 060	92 186	99 813	102 322	111 974
Land and buildings	33 310	37 267	37 327	37 894	39 114	40 070	41 190	41 984	43 065	44 068
Assets overseas	41 168	44 020	42 686	43 882	45 580	46 741	48 146	51 906	52 318	59 397
Other assets	6 571	8 709	8 661	8 297	10 101	10 830	10 526	9 790	10 585	12 138
Total	276 772	290 576	296 180	306 040	312 129	319 482	330 516	344 790	354 323	381 633

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

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

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

	Jun Qtr 1994	Jun Qtr 1995	Sep Qtr 1995	Dec Qtr 1995	Mar Qtr 1996	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	114 674	118 520	121 482	124 148	125 492	127 298	131 795	134 543	137 305	145 421
Assets in Australia	97 688	101 407	105 671	107 891	109 229	111 801	115 006	117 131	120 260	126 661
Cash and deposits	5 063	4 836	5 295	5 373	5 133	5 912	6 262	6 720	8 217	9 075
Banks	2 649	2 895	2 797	2 867	2 878	3 496	3 542	4 010	5 228	5 515
Other deposit taking institutions	2 414	1 941	2 498	2 506	2 255	2 416	2 720	2 710	2 989	3 560
Loans and placements	5 320	5 809	6 524	6 670	6 636	6 464	6 886	6 512	7 115	7 063
Short term securities	9 833	9 794	11 354	12 084	12 791	14 308	14 333	15 886	16 198	16 299
Bills of exchange	5 615	4 507	5 352	5 873	6 050	6 117	5 960	6 482	6 426	5 512
Bank certificates of deposit	1 473	2 767	3 273	3 269	3 500	4 053	4 013	4 007	4 607	5 124
Other short term securities	2 745	2 520	2 729	2 942	3 241	4 138	4 360	5 397	5 165	5 663
Long term securities	27 878	28 427	28 507	29 014	28 840	29 008	30 163	30 084	29 535	30 706
Commonwealth government bonds	8 258	8 791	8 974	9 468	10 678	10 977	12 046	12 163	11 628	12 132
State and local government securities	13 281	13 066	13 131	13 233	12 363	12 296	11 886	11 487	11 506	11 211
Other long term securities	6 339	6 570	6 402	6 313	5 799	5 735	6 231	6 434	6 401	7 363
Equities and units in trusts	37 008	38 670	40 595	42 159	41 678	42 569	43 623	46 024	46 845	50 962
Private trading corporations shares	25 308	25 194	25 894	26 542	26 006	26 037	25 906	26 612	26 446	28 753
Financial sector shares	5 500	5 989	6 505	6 800	6 767	6 694	7 337	7 876	8 495	9 472
Units in trusts	6 200	7 487	8 196	8 817	8 905	9 838	10 380	11 536	11 904	12 737
Other financial assets	2 132	2 216	2 102	1 924	2 505	2 835	2 446	2 335	2 824	3 187
Land and buildings	9 126	9 486	8 895	8 746	8 984	8 856	8 884	8 096	7 919	7 436
Other non-financial assets	1 328	2 169	2 399	1 921	2 862	1 849	2 409	1 474	1 607	1 933
Assets overseas	16 986	17 113	15 811	16 257	16 263	15 497	16 789	17 412	17 045	18 760

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

SUPERANNUATION FUNDS(a), Unconsolidated Assets

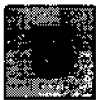
	Jun Qtr 1994	Jun Qtr 1995	Sep Qtr 1995	Dec Qtr 1995	Mar Qtr 1996	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	122 198	134 449	140 023	146 819	149 559	154 933	160 422	168 224	171 680	185 795
Assets in Australia	104 126	113 673	119 449	125 409	126 528	130 175	135 829	141 482	144 618	154 586
Cash and deposits	11 756	12 662	13 585	14 785	14 393	13 629	14 625	15 337	16 004	17 189
Banks	8 070	8 475	8 963	9 979	9 502	8 502	9 326	9 867	10 262	11 415
Other deposit taking institutions	3 686	4 187	4 622	4 806	4 891	5 127	5 299	5 470	5 742	5 774
Loans and placements	5 764	6 019	6 293	6 685	6 945	7 335	7 564	8 036	8 556	9 302
Short term securities	8 808	8 602	8 175	7 567	9 099	10 703	11 045	11 103	11 551	12 249
Bills of exchange	4 196	4 535	3 828	3 280	3 819	3 965	4 338	3 953	4 534	4 707
Bank certificates of deposit	3 468	3 028	3 285	3 242	3 962	5 280	5 168	5 546	5 726	6 000
Other short term securities	1 144	1 039	1 062	1 045	1 318	1 458	1 539	1 604	1 291	1 542
Long term securities	21 180	22 455	21 349	21 597	20 989	21 225	22 693	20 892	20 227	21 471
Commonwealth government bonds	9 719	12 452	11 837	12 237	12 247	12 008	12 991	11 841	11 448	12 020
State and local government securities	8 413	7 508	7 127	7 039	6 392	6 784	6 664	6 625	6 475	6 787
Other long term securities	3 048	2 495	2 385	2 321	2 350	2 433	3 038	2 426	2 304	2 664
Equities and units in trusts	44 557	49 289	55 078	59 463	59 205	59 657	61 908	67 660	69 446	74 737
Private trading corporations shares	31 207	33 328	35 133	38 289	38 554	38 115	38 473	42 116	42 623	45 933
Financial sector shares	6 031	5 731	6 195	6 687	6 368	6 341	7 467	8 387	8 961	9 920
Units in trusts	7 319	10 230	13 750	14 487	14 283	15 201	15 968	17 157	17 862	18 884
Other financial assets	392	1 679	1 959	2 008	2 076	3 129	2 480	2 734	2 334	2 605
Land and buildings	11 327	12 514	12 862	13 046	13 376	13 980	14 845	15 227	15 521	15 928
Other non-financial assets	342	454	151	257	444	517	668	493	980	1 102
Assets overseas	18 072	20 776	20 574	21 410	23 032	24 758	24 593	26 742	27 062	31 209

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

PUBLIC UNIT TRUSTS, Unconsolidated Assets

	Jun Qtr 1994	Jun Qtr 1995	Sep Qtr 1995	Dec Qtr 1995	Mar Qtr 1996	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	37 982	41 590	42 912	44 198	46 437	48 371	50 944	56 795	60 393	66 985
Assets in Australia	31 872	35 459	36 611	37 983	40 153	41 915	44 214	49 080	52 223	57 602
Cash and deposits	2 095	1 600	1 908	1 809	1 915	2 213	2 201	2 869	3 257	3 329
Banks(a)	1 345	1 030	1 097	1 062	1 056	1 309	1 426	1 813	2 054	2 138
Other deposit taking institutions	750	570	811	747	859	904	775	1 056	1 203	1 191
Loans and placements	1 784	1 825	1 822	1 824	1 889	1 987	2 141	2 063	2 210	2 360
Short term securities	1 946	1 923	1 795	1 951	1 988	1 805	1 875	2 249	2 319	2 861
Bills of exchange	1 628	1 640	1 457	1 680	1 721	1 511	1 499	1 921	2 001	2 488
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	318	283	338	271	267	294	376	328	318	373
Long term securities	1 672	1 307	1 228	1 295	1 305	1 493	1 586	1 531	1 621	1 882
Equities and units in trusts	10 052	12 068	12 862	13 428	14 544	15 375	17 063	19 631	21 023	23 886
Equities	6 940	8 631	9 412	9 807	10 432	11 176	12 301	14 105	15 143	17 201
Units in trusts	3 112	3 437	3 450	3 621	4 112	4 199	4 762	5 526	5 880	6 685
Other financial assets	690	718	633	741	803	873	863	997	1 032	1 351
Land and buildings	12 389	14 799	15 105	15 638	16 294	16 772	17 015	18 204	19 166	20 248
Other non-financial assets	1 242	1 219	1 258	1 297	1 414	1 395	1 469	1 536	1 597	1 686
Assets overseas	6 110	6 131	6 301	6 215	6 285	6 457	6 731	7 715	8 169	9 383

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



FRIENDLY SOCIETIES, Unconsolidated Assets

	Jun Qtr 1994	Jun Qtr 1995	Sep Qtr 1995	Dec Qtr 1995	Mar Qtr 1996	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	9 094	8 631	8 354	8 295	8 101	7 889	7 381	7 154	7 241	7 237
Assets in Australia	9 094	8 631	8 354	8 295	8 101	7 860	7 348	7 117	7 199	7 192
<i>Cash and deposits</i>	<i>2 814</i>	<i>2 438</i>	<i>1 510</i>	<i>1 455</i>	<i>1 138</i>	<i>1 664</i>	<i>1 267</i>	<i>880</i>	<i>914</i>	<i>1 603</i>
Banks	2 227	1 784	972	945	616	1 214	843	494	556	1 244
Other deposit taking institutions	587	654	538	510	522	450	424	386	358	359
<i>Loans and placements</i>	<i>632</i>	<i>553</i>	<i>568</i>	<i>529</i>	<i>432</i>	<i>412</i>	<i>405</i>	<i>397</i>	<i>391</i>	<i>363</i>
<i>Short term securities</i>	<i>2 298</i>	<i>2 790</i>	<i>3 443</i>	<i>3 353</i>	<i>4 003</i>	<i>3 475</i>	<i>3 337</i>	<i>2 920</i>	<i>2 790</i>	<i>3 212</i>
Bills of exchange	930	1 465	1 522	1 739	1 468	1 833	1 141	1 004	1 207	1 513
Bank certificates of deposit	865	1 019	1 273	1 270	2 027	1 218	1 713	1 566	1 314	1 495
Other short term securities	503	306	648	344	508	424	483	350	269	204
<i>Long term securities</i>	<i>2 418</i>	<i>2 080</i>	<i>2 148</i>	<i>2 263</i>	<i>1 800</i>	<i>1 558</i>	<i>1 639</i>	<i>2 198</i>	<i>2 381</i>	<i>1 235</i>
Commonwealth government bonds	585	465	489	704	476	289	349	411	621	230
State and local government securities	1 077	666	818	778	647	565	671	923	921	412
Other long term securities	756	949	841	781	677	704	619	864	839	593
<i>Equities and units in trusts</i>	<i>141</i>	<i>147</i>	<i>164</i>	<i>186</i>	<i>175</i>	<i>170</i>	<i>168</i>	<i>164</i>	<i>163</i>	<i>171</i>
Private trading corporations shares	100	103	122	120	116	112	111	109	108	119
Financial sector shares	30	37	35	38	38	36	33	32	32	30
Units in trusts	11	7	7	28	21	22	24	23	23	22
<i>Other financial assets</i>	<i>230</i>	<i>163</i>	<i>70</i>	<i>61</i>	<i>102</i>	<i>138</i>	<i>93</i>	<i>98</i>	<i>101</i>	<i>83</i>
<i>Land and buildings</i>	<i>365</i>	<i>382</i>	<i>378</i>	<i>377</i>	<i>378</i>	<i>373</i>	<i>366</i>	<i>382</i>	<i>387</i>	<i>384</i>
<i>Other non-financial assets</i>	<i>196</i>	<i>78</i>	<i>73</i>	<i>71</i>	<i>73</i>	<i>70</i>	<i>73</i>	<i>78</i>	<i>72</i>	<i>141</i>
Assets overseas	—	—	—	—	—	29	33	37	42	45

COMMON FUNDS, Unconsolidated Assets

	Jun Qtr 1994	Jun Qtr 1995	Sep Qtr 1995	Dec Qtr 1995	Mar Qtr 1996	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	4 884	4 138	4 209	4 367	4 435	4 566	4 787	5 016	5 371	5 812
Assets in Australia	4 884	4 138	4 209	4 367	4 435	4 566	4 787	5 016	5 371	5 812
Cash and deposits	502	424	420	518	453	476	539	463	501	645
Banks	308	292	314	374	310	353	391	291	334	478
Other deposit taking institutions	194	132	106	144	143	123	148	172	167	167
Loans and placements	1 089	1 170	1 126	1 162	1 163	1 154	1 169	1 169	1 380	1 398
Short term securities	1 731	1 713	1 854	1 866	2 013	2 094	2 275	2 549	2 714	2 935
Bills of exchange	1 367	1 283	1 340	1 382	1 402	1 490	1 650	1 959	2 055	2 268
Bank certificates of deposit	162	228	275	292	384	381	361	406	437	480
Other short term securities	202	204	239	192	227	223	264	184	222	187
Long term securities	159	204	162	161	149	163	137	152	157	178
Commonwealth government bonds	13	23	29	34	36	25	26	36	16	16
State and local government securities	75	74	61	58	51	51	53	49	45	36
Other long term securities	71	107	72	69	62	87	58	67	96	126
Equities and units in trusts	1 300	541	560	573	575	590	587	608	547	584
Private trading corporations shares	905	254	266	261	269	269	262	280	320	318
Financial sector shares	345	219	246	259	259	279	294	296	194	227
Units in trusts	50	68	48	53	47	42	31	32	33	39
Other financial assets	—	—	—	—	—	—	—	—	—	—
Land and buildings	103	86	87	87	82	89	80	75	72	72
Other non-financial assets	—	—	—	—	—	—	—	—	—	—
Assets overseas	—	—	—	—	—	—	—	—	—	—

CASH MANAGEMENT TRUSTS, Unconsolidated Assets

	Jun Qtr 1994	Jun Qtr 1995	Sep Qtr 1995	Dec Qtr 1995	Mar Qtr 1996	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	5 915	5 625	5 868	6 484	6 706	7 036	7 710	8 986	9 649	10 714
Assets in Australia	5 915	5 625	5 868	6 484	6 706	7 036	7 710	8 986	9 649	10 714
Cash and deposits	1 160	545	638	727	739	998	1 034	945	753	1 092
Banks	1 026	452	565	595	529	859	924	810	610	906
Other deposit taking institutions	134	93	73	132	210	139	110	135	143	186
Loans and placements	32	119	140	124	42	22	61	41	44	12
Short term securities	4 535	4 907	5 046	5 571	5 753	5 413	5 990	7 350	8 009	9 123
Bills of exchange	1 809	2 891	2 628	2 919	3 076	3 111	3 153	3 856	3 959	4 982
Bank certificates of deposit	1 484	884	1 187	1 617	1 544	1 444	1 453	2 266	2 691	2 981
Other short term securities	1 242	1 132	1 231	1 035	1 133	858	1 384	1 228	1 359	1 160
Long term securities	167	42	27	47	150	580	600	606	804	437
Commonwealth government bonds	2	40	20	—	26	27	26	26	—	—
State and local government securities	163	2	6	47	124	553	524	500	694	318
Other long term securities	2	—	1	—	—	—	50	80	110	119
Equities and units in trusts	—	—	—	—	—	—	—	—	—	—
Private trading corporations shares	—	—	—	—	—	—	—	—	—	—
Financial sector shares	—	—	—	—	—	—	—	—	—	—
Units in trusts	—	—	—	—	—	—	—	—	—	—
Other financial assets	19	13	16	17	22	24	25	45	38	50
Land and buildings	—	—	—	—	—	—	—	—	—	—
Other non-financial assets	—	—	—	—	—	—	—	—	—	—
Assets overseas	—	—	—	—	—	—	—	—	—	—

INVESTMENT MANAGERS, Source of Funds

	Jun Qtr 1994	Jun Qtr 1995	Sep Qtr 1995	Dec Qtr 1995	Mar Qtr 1996	Jun Qtr 1996	Sep Qtr 1996	Dec Qtr 1996	Mar Qtr 1997	Jun Qtr 1997
Source of funds	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL SOURCE OF FUNDS	236 617	252 361	263 280	270 976	276 096	280 983	311 766	325 602	334 005	358 372
Funds from Australian sources	231 774	245 503	255 382	263 267	268 539	273 483	304 011	318 259	326 550	350 575
Managed funds	200 676	214 564	222 390	229 849	233 295	238 349	267 168	276 817	282 814	302 915
Life insurance offices	94 137	97 088	100 747	101 915	102 979	104 204	108 752	109 923	110 868	117 420
Superannuation funds (a)	68 665	74 706	77 312	81 073	81 791	83 372	105 090	109 974	111 342	121 044
Public unit trusts	26 602	30 082	31 380	32 937	34 224	36 192	37 671	40 833	43 681	47 218
Friendly societies	6 280	6 425	6 438	6 387	6 323	6 181	5 950	5 736	5 960	5 559
Common funds	354	1 937	1 958	2 546	2 843	3 077	3 656	3 978	3 594	3 565
Cash management trusts	4 638	4 326	4 555	4 991	5 135	5 323	6 049	6 373	7 369	8 109
Other sources	31 098	30 939	32 992	33 418	35 244	35 134	36 843	41 442	43 736	47 660
Government	4 230	4 302	4 432	4 740	4 958	5 276	5 338	5 488	5 781	5 587
Charities	347	562	598	636	662	747	649	1 005	1 034	1 119
Other trusts	1 684	2 064	2 285	3 282	4 005	4 143	5 277	5 685	6 009	7 156
General insurance	12 439	12 231	12 547	12 450	12 472	10 850	11 089	12 830	13 373	14 070
Other sources	12 398	11 780	13 130	12 310	13 147	14 118	14 490	16 434	17 539	19 728
Funds from overseas sources	4 843	6 858	7 898	7 709	7 557	7 500	7 755	7 343	7 455	7 797

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

EXPLANATORY NOTES

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INTRODUCTION

- 1** The statistics presented in this publication on managed funds in Australia have been compiled from the Survey of Financial Information conducted by the Australian Bureau of Statistics (ABS) and from a quarterly Survey of Superannuation Funds conducted jointly by the ABS and the Insurance and Superannuation Commission.
- 2** Movements in the levels of assets of managed funds between periods reflect two components—transactions activity in particular assets and valuation changes arising from price changes in particular assets.
- 3** Managed funds institutions, in general, are those financial intermediaries which operate in the managed funds market by acquiring and incurring financial assets and liabilities respectively on their own account. Typically these institutions arrange for the 'pooling' of funds from a number of investors for the purpose of investing in a particular type or mix of assets, with a view to receiving an on-going return or capital gain. However, funds of a speculative nature that do not offer redemption facilities (e.g. agriculture and film trusts) and funds not established for investment purposes (e.g. health funds and general insurance funds) are excluded.
- 4** A further development within the managed funds market is the emergence of specialist investment managers who engage primarily in activities closely related to financial intermediation but are employed on a fee for service basis to manage and invest in approved assets on their clients' behalf. They usually act as investment managers for the smaller institutions, including unit trusts and superannuation funds. While they accept individual portfolios to manage, for example from charities, they are generally not accessible to the small investor. They act in the main as the managers of pooled funds, but also manage clients' investments on an individual portfolio basis.

SCOPE AND COVERAGE

- 5** The scope of the statistics presented in this publication relates to the assets of all registered managed funds institutions operating in Australia. The types of managed funds covered by the statistics in this publication are:
 - Statutory Funds of Life Insurance Offices,
 - Superannuation Funds (which includes Approved Deposit Funds),
 - Public Unit Trusts,
 - Friendly Societies,
 - Common Funds, and
 - Cash Management Trusts.
- 6** Statistics in this publication relating to the Statutory Funds of Life Insurance Offices are derived from returns from 29 of the 51 registered life insurance offices operating in Australia, representing approximately 98% of the total assets of statutory funds. Data have been extrapolated to provide 100% coverage.
- 7** For Superannuation Funds, the information in this publication is derived from:
 - Superannuation funds and approved deposit funds (ADFs) that directly invest their assets on their own behalf, and
 - Fund managers who invest in assets on behalf of superannuation funds and ADFs.

EXPLANATORY NOTES

SCOPE AND COVERAGE

continued

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

9 The statistics for superannuation funds in Table 3 include estimates, provided by the Insurance and Superannuation Commission, for superannuation funds not currently surveyed. Excluded from the statistics on Superannuation funds are those accounts receivable from Commonwealth and State Governments reported by certain public sector superannuation funds. Approximately \$3,385 million of such assets were reported at 30 June 1997. (The December quarter 1995 edition of this publication provides details on the reasons for excluding these assets.)

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

11 The statistics on Friendly Societies are compiled from information obtained from the 38 largest friendly societies. This provides coverage of approximately 95% of the total assets of friendly societies. No estimate is included for the friendly societies not covered in the survey.

12 Common Funds are operated by Trustee Companies under relevant State Trustee Companies Acts. At the end of June 1997 there were 14 trustee companies managing 81 common funds throughout Australia.

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

METHOD OF CONSOLIDATION

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

BASIS OF VALUATION

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

ASSETS IN AUSTRALIA/OVERSEAS

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

EXPLANATORY NOTES

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FINANCIAL INSTRUMENTS

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

REVISIONS AND CHANGES TO CONTENT

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

RELATED PUBLICATIONS

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

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

SYMBOLS AND OTHER USAGES

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

— nil or rounded to zero

billion one thousand million

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

GLOSSARY

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Assets overseas	Assets overseas include physical assets located overseas and financial claims on non-residents. Respondents to the ABS Survey of Financial Information are requested to report assets at their market value.
Bank certificates of deposit	A certificate of deposit is similar to a promissory note except that the drawer is a bank. Most bank-issued certificates of deposit with an original term to maturity of one year or less are negotiable certificates of deposit (NCD). Transferable certificates of deposit with an original term to maturity greater than one year are included in long term assets.
Bills of exchange	A bill of exchange is an unconditional order drawn (issued) by one party, sent to another party for acceptance and made out to, or to the order of, a third party, or to bearer. It is a negotiable instrument with an original term to maturity of 180 days or less. Although merchant banks were the promoters of the bill market in Australia, today almost all bills are bank accepted. Acceptance of a bill obliges the acceptor to pay the face value of the bill to the holder upon maturity.
Cash and deposits	<i>Cash</i> covers notes and coin on hand. <i>Deposits</i> are credit account balances with deposit-taking institutions as defined by the Reserve Bank. These are banks and cash management trusts and all corporations registered under the <i>Financial Corporations Act 1974</i> except for intra-group financiers and retailers. Bonds, debentures, notes and transferable certificates of deposit issued by deposit-taking institutions are classified as <i>long term assets</i> and negotiable certificates of deposit issued by banks as <i>bank certificates of deposit</i> .
Cash management trusts	A cash management trust is a unit trust which is governed by a trust deed, is open to the general public and which generally confines its investments (as authorised by the trust deed) to financial securities available through the short term money market. Cash management trusts issue units in the trust that are redeemable by the unit holder on demand.
Common funds	Common funds are operated by Trustee Companies under relevant State Trustee Companies Acts. They permit trustee companies to combine depositors' funds and other funds held in trust in an investment pool, and invest the funds in specific types of securities and/or assets. Common funds have the same investment strategy and economic functions as cash management trusts and public unit trusts. However they do not operate in the same manner, in that they do not issue units, nor do they necessarily issue prospectuses.
Equities and units in trusts	This category comprises shares traded on an organised stock exchange, shares in unlisted companies, convertible notes after conversion, preference shares and units issued by both listed and unlisted unit trusts. Trust units are included in this classification because they have important characteristics of equities, such as entitlement to a share of the profits and of (on liquidation) the residual assets of the trust.
Friendly societies	Friendly societies are organisations registered as such under the appropriate State legislation.

GLOSSARY

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- Investment managers** A considerable proportion of the assets of managed funds in Australia (particularly the statutory funds of life insurance offices and superannuation funds) is invested through *investment managers*.
- Investment managers invest and manage their clients' assets and often act as administrators for smaller funds, and as agents for other financial entities, on a fee for service basis. Whilst they accept individual portfolios for management they typically manage pooled funds, providing a sophisticated level of service, including matching return and risk, on behalf of their clients. Investment managers are generally life insurance offices, subsidiaries of banks, merchant banks, or organisations related to these types of institutions. They can be either separately constituted legal entities or form a segment of a particular financial institution.
- The funds which investment managers invest remain the asset of their clients and are not brought to account on the balance sheet of the investment manager. The ultimate responsibility for the investment remains with the client. For example, if a superannuation fund had all or part of its assets invested through investment managers, the trustees of the superannuation fund remain responsible for the investments, not the investment manager.
- Land and buildings** Land and buildings refers to land and buildings held and the value of units in unitised buildings. New acquisitions are reported at acquisition cost and existing assets are reported at the latest available market valuation.
- Loans** Loans are intermediated borrowings which are not evidenced by the issue of debt securities. An example of this would be money borrowed from a life insurance office with a mortgage over property as collateral.
- Long term securities** A long term security is a document which represents the issuers pledge to pay the holder, on a date which, at the time of issue, is more than one year in the future, the sum of money shown on the face of the document. Until that future date the issuer usually promises to pay coupon interest to the holder quarterly or half-yearly at a rate which is fixed at the time the security is issued. These securities are therefore known as *fixed interest securities* in the professional market.
- Long-term securities* in these statistics include the following types of securities.
- Treasury Bonds and Australian Savings Bonds. These are issued to corporations and the general public by the Commonwealth Government.
 - Various series of inscribed stock which are issued by state government owned borrowing authorities and enterprises. These are known as *semi-government securities* by professional traders.
 - Debentures, transferable certificates of deposit and unsecured notes, which are collectively called *corporate securities* or *medium term notes* by brokers.
 - Asset-backed bonds, such as mortgage-backed securities.
 - Convertible notes, prior to conversion.
- The first two of these are published separately in this publication. The last three types are combined together as *other long term securities*.
- Managed funds** The term managed funds is used to describe the investments undertaken by those collective investment institutions and investment managers who engage in financial transactions in the managed funds market.

GLOSSARY

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Managed funds institutions	Managed funds institutions are those financial intermediaries which operate in the managed funds market by acquiring and incurring financial assets and liabilities respectively on their own account. Typically these institutions arrange for the 'pooling' of funds from a number of investors for the purpose of investing in a particular type or mix of assets, with a view to receiving an on-going return or capital gain. However, funds of a speculative nature that do not offer redemption facilities (e.g. agriculture and film trusts) and funds not established for investment purposes (e.g. health funds and general insurance funds) are excluded. It includes statutory funds of life offices, superannuation funds, public unit trusts, friendly societies, common funds and cash management trusts.
Non-financial assets	Non-financial assets comprise all those assets which are not financial in nature: i.e. physical assets. For the purposes of these statistics they are broken down into only two categories—land and buildings, and other types of non-financial asset.
Other financial assets	This covers any other financial claims on residents that do not fit into the foregoing categories, such as trade credit, interest accruals and other derivative (but not synthetic) financial products. Synthetic financial products combine a primary financial instrument with a derivative financial instrument and are classified to the category appropriate to the primary instrument used.
Other non-financial assets	Other non-financial assets refers to all assets not classified elsewhere except for assets overseas.
Placements	Placements are account balances with entities not regarded as deposit-taking institutions (see <i>cash and deposits</i>). Examples of these are account balances of funds with State governments central borrowing authorities.
Promissory notes	A promissory note—also called <i>commercial paper</i> or <i>one-name paper</i> in the professional market—is a written promise to pay a specified sum of money to the bearer at an agreed date. It is usually issued for terms ranging from 30 to 180 days and is sold to an investor at a simple discount to the face value. A promissory note is different from a bill of exchange in that it is not 'accepted' by a bank and is not endorsed by the parties which sell it in the market place.
Public unit trusts	A public unit trust is defined as an arrangement, governed by a trust deed between a management company and a trustee, which is open to the public for the purchase of units in the trust. Unit trusts invest the pooled funds of unit holders to yield returns in the form of income and/or capital gain. Unit holders can dispose of their units within a relatively short period of time.

G L O S S A R Y

Short term securities	<p>Debt securities are divided into short term and long term using original term to maturity as the classificatory criterion. <i>Short term securities</i> 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.</p> <p>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 <i>money market securities</i>. 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.</p>
Statutory Funds of Life Insurance Offices	<p>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>
Superannuation funds	<p>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.</p> <p>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.</p>
Treasury notes	<p>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 <i>other short term assets</i>.</p>

FEATURE ARTICLE

INVESTMENT MANAGERS

INTRODUCTION

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

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

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

In principle, the analysis could be extended to cover retail investment managers. In practice, retail investment managers utilise the services of wholesale investment managers for over 79% of their investments. Moreover, the task of collecting the ownership and control characteristics of the relatively large number of retail institutions is constrained by both the reporting load that would be imposed on survey respondents, and the ABS costs in collecting and processing the information.

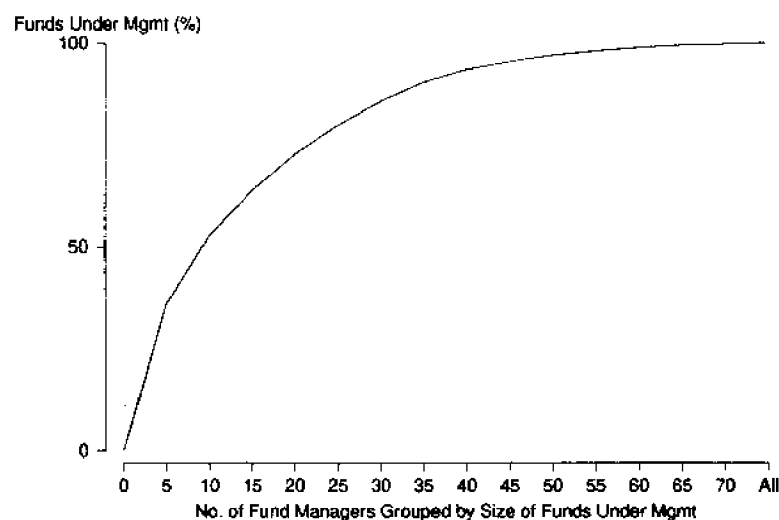
ANALYSES OF RESULTS

The following table shows the amount of funds under management as at 30 June 1997 with investment managers classified according to their group ownership and main financial activity characteristics.

FUNDS UNDER MANAGEMENT BY SOURCE, MANAGER OWNERSHIP AND TYPE OF FINANCIAL GROUP AS AT 30 JUNE 1997

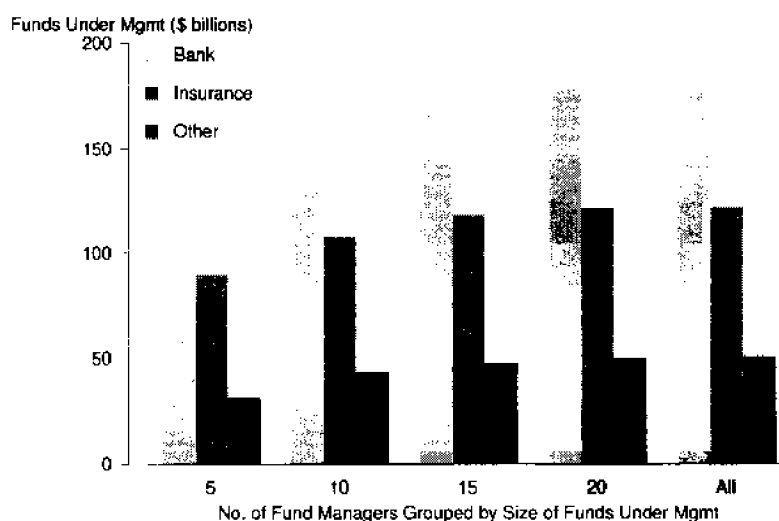
Funds under management by	SOURCED FROM RETAIL FUNDS.....		OTHER SOURCES.....		TOTAL	
	\$ billion	% share of retail funds	\$ billion	% share of funds from other sources	\$ billion	% share of funds under management
Ownership						
Public	—	—	—	—	—	—
Private domestic	154.9	51	25.4	46	180.3	50
Mutual societies & cooperatives	50.5	17	6.7	12	57.2	16
Other	104.4	35	18.7	34	123.1	34
Private foreign	148.0	49	30.1	54	178.1	50
Total	302.9	100	55.5	100	358.4	100
Main financial activity						
Bank	154.2	51	30.1	54	184.3	51
Insurance	106.0	35	16.4	30	122.4	34
Other	42.7	14	9.0	16	51.7	14
Total	302.9	100	55.5	100	358.4	100

- SOURCE OF FUNDS** Funds to the value of \$358.4 billion were invested through wholesale investment managers at 30 June 1997. These funds were sourced predominantly (85%) from retail managed funds, with 15% from other sources. A finer dissection of funds under management, by source, is provided in Table 8 of this publication.
- OWNERSHIP** At 30 June 1997, 50% of wholesale funds were under management by private domestic financial enterprise groups and 50% were under management by private foreign financial enterprise groups. As a result of the acquisition of Axiom Funds Management by Deutsche Bank AG Group in May 1997 there were no publicly owned investment managers.
- MAIN FINANCIAL ACTIVITY** Investment managers associated with banks and insurance companies dominate the wholesale funds management market, accounting for 51% and 34% respectively of the market at 30 June 1997, leaving 14% under management by other types of financial groups.
- MARKET CONCENTRATION** The following graphs are derived by firstly ranking investment managers according to size of funds under management and then assigning each investment manager to a cumulative size grouping. For example, on the horizontal axis, the number 10 represents the 10 investment managers with most funds under management; the number 20 refers to the funds under management accounted for by the largest 20 investment managers, and so on.
- The graph below shows that the 10 investment managers with most funds under management accounted for 53% (\$189.1 billion) of the total investment management market. The remaining investment managers accounted for 47% of the total investment management market. Ninety per cent of the funds under management are managed by the 35 largest investment managers.



MARKET CONCENTRATION
continued

The graph below shows that the five largest investment managers in insurance groups accounted for \$90.4 billion (74% of funds under management by insurance groups) and that the five largest investment managers in banking groups accounted for \$89 billion (48% of funds under management by bank groups).


FUNDS UNDER MANAGEMENT
TIME SERIES

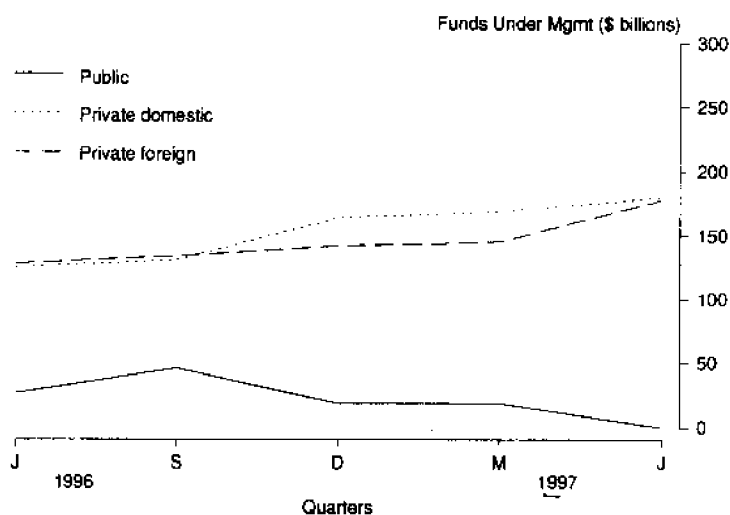
The following table presents the total funds under management by investment managers for the past five quarters. This period has seen significant growth and structural changes to the investment manager industry. Between 30 June 1996 and 30 June 1997, the wholesale investment management industry grew by 28% (\$77.4 billion). The relatively large increase of \$30.8 billion in the September quarter 1996 was partly attributable to two large superannuation funds ceasing to directly invest in the financial markets, and instead using the services of investment managers. Privatisation of public sector investment managers during the December quarter 1996 and June quarter 1997 accounted for the decrease in public ownership and the increase in private foreign ownership which occurred in the year ended June 1997.

TOTAL FUNDS UNDER MANAGEMENT BY OWNERSHIP AND TYPE OF FINANCIAL GROUP

	Jun 96	Sep 96	Dec 96	Mar 97	Jun 97
<i>Funds under management by</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>
Ownership					
Public	27.0	46.1	18.8	19.1	—
Private domestic	125.6	131.3	164.4	169.4	180.3
Mutual societies & cooperatives	58.8	61.6	52.9	53.7	57.2
Other	66.8	69.7	111.5	115.7	123.1
Private foreign	128.4	134.4	142.4	145.5	178.1
Total	281.0	311.8	325.6	334.0	358.4
Main financial activity					
Bank	115.6	131.2	146.8	150.6	184.3
Insurance	110.4	114.9	112.9	114.7	122.4
Other	55.0	65.7	65.9	68.7	51.7
Total	281.0	311.8	325.6	334.0	358.4

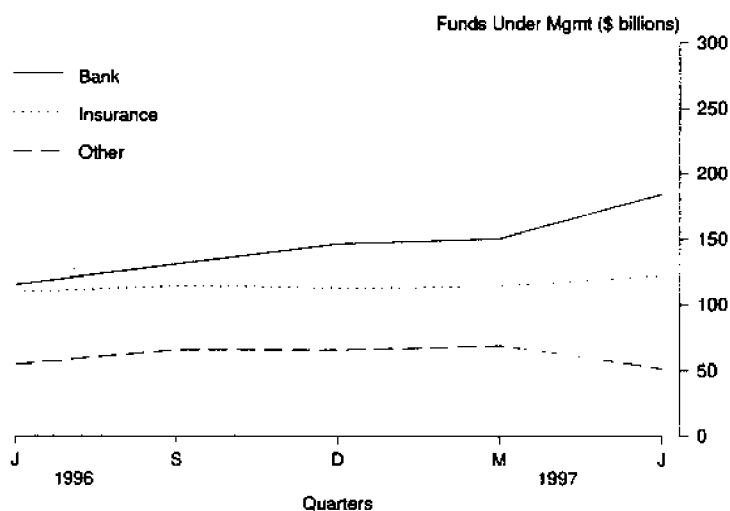
**FUNDS UNDER MANAGEMENT
BY OWNERSHIP**

The graph below shows the change between June 1996 and June 1997 to funds under management according to the ownership characteristics of groups with funds under management. The growth in funds under management by foreign owned investment managers and the corresponding decrease in publicly owned fund managers, is due to the acquisition of Axiom Funds Management by Deutsche Bank AG Group in May 1997.



**FUNDS UNDER MANAGEMENT
BY FINANCIAL ACTIVITY**

The graph below shows the change between June 1996 and June 1997 to funds under management according to main financial activity of groups with funds under management. Funds managed by insurance groups recorded a \$12.0 billion (11%) increase between June 1996 and June 1997. During this same period funds managed by banking groups increased by \$68.7 billion (59%); part of this increase reflected the acquisition of Axiom Funds Management by Deutsche Bank AG Group in May 1997.



DATA SOURCES

COLLECTION SCOPE The results presented in this report are derived from the investment manager collection which forms part of the ABS Survey of Financial Information. Conceptually, this collection includes all significant investment managers operating within Australia; in practice this covers wholesale investment managers with funds under management of \$50 million or more. As at 30 June 1997 there were 75 investment managers in the survey. (The Glossary definitions contain a more comprehensive description of the roles and functions of investment managers.)

DATA DEFINITION The investment manager survey collects data on the sources of funds managed by an 'investment management group' (a group being defined as entities related under the *Corporations Act 1989*). The results presented include both the total funds under management and total retail funds under management as at 30 June 1997. *Retail* funds offer individuals the opportunity to pool their investment with a large number of other individuals to produce a better return than would otherwise be available. Types of funds included in this group are noted below under *Sources of Funds*. *Other* funds primarily consist of wholesale funds from institutional investors.

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

METHODOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FURTHER INFORMATION

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



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