

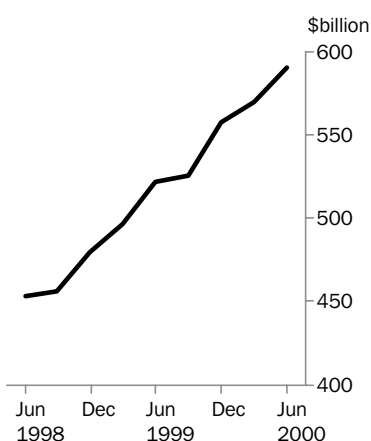


MANAGED FUNDS

AUSTRALIA

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Total consolidated assets



JUNE QTR KEY FIGURES

CONSOLIDATED ASSETS (a)	Jun Qtr 1999 \$m	Mar Qtr 2000 \$m	Jun Qtr 2000 \$m
Superannuation funds	229 955	257 569	271 699
Life insurance offices(b)	162 314	167 995	170 012
Other managed funds	130 146	144 321	148 711
Total	522 415	569 884	590 422

(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.

JUNE QTR KEY POINTS

CONSOLIDATED ASSETS

- The value of the consolidated assets of managed funds as at 30 June 2000 was \$590.4 billion, an increase of \$20.5 billion (4%) on the revised 30 March 2000 figure of \$569.9 billion.
- By far the largest increase in the consolidated assets of managed funds during the June 2000 quarter was in superannuation funds, up \$14.1 billion (5%), followed by public unit trusts, up \$3.3 billion (3%).
- At 30 June 2000 investment managers operating in banking groups managed 48% of funds invested through the wholesale investment management market; investment managers operating in insurance groups managed 27%; and investment managers operating in other groups managed 25%. The comparative figures at 30 June 1998 were 52% for investment managers in banking groups, 34% for investment managers in insurance groups and 14% for investment managers in other groups. The movement in the "other" category was mainly the result of restructuring within the investment management industry. For further details on the structure of the investment industry in Australia, see the feature article starting on page 22.

- 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

September 2000

30 November 2000

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28 February 2001



CHANGES IN THIS ISSUE

This issue includes a feature article on the structure of the wholesale investment management market, starting on page 22.



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.

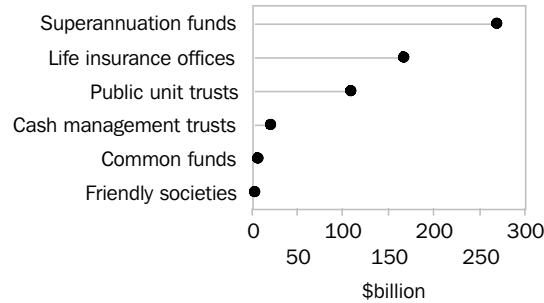


Dennis Trewin
Australian Statistician

MANAGED FUNDS : Consolidated Assets

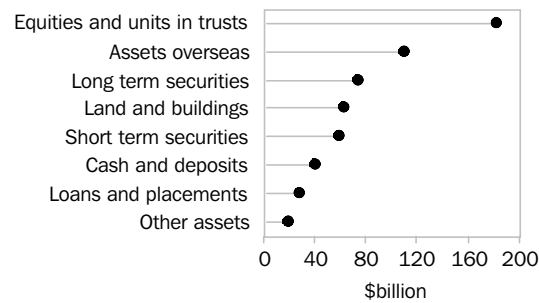
BY TYPE OF INSTITUTION

Assets of superannuation funds held outside life offices increased by \$14.1 billion (5%) to \$271.7 billion during the June 2000 quarter. The only other area of substantial growth was in the assets of public unit trusts which increased by \$3.3 billion (3%) to \$111.0 billion. There were increases in life insurance offices, common funds and cash management trusts during the quarter. There was a small decrease in the assets of friendly societies to \$5.9 billion. Overall the consolidated assets of managed funds increased by 4%.



BY TYPE OF ASSET

Cash and deposits showed a slight increase for the quarter of \$2.5 billion, however the holdings of equities and units in trusts showed an increase of \$13.6 billion (8%) largely due to a rise in the stock market. The All Ordinaries index rose by 4% during the June 2000 quarter. Despite a weakening of the A\$, assets held overseas declined by \$4.2 billion, to \$112.2 billion. There were increases reported in short term securities and long term securities both of \$2 billion.



CROSS INVESTMENT

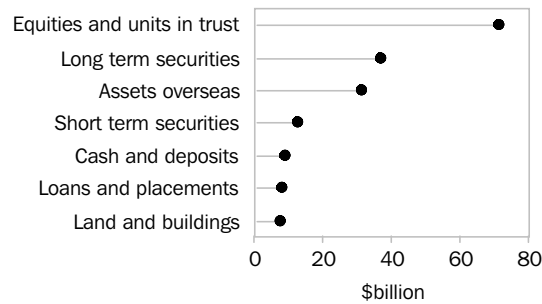
The table below presents the unconsolidated, cross-invested and consolidated assets of managed funds by type of fund as at 30 June 2000.

Type of fund	Unconsolidated assets \$m	Cross-invested assets \$m	Consolidated assets \$m
Life insurance offices	187 528	17 516	170 012
Superannuation funds	318 438	46 739	271 699
Public unit trusts	124 036	13 055	110 981
Friendly societies	6 163	268	5 895
Common funds	8 219	188	8 031
Cash management trusts	23 804	—	23 804
Total	668 188	77 766	590 422

MANAGED FUNDS : Unconsolidated Assets

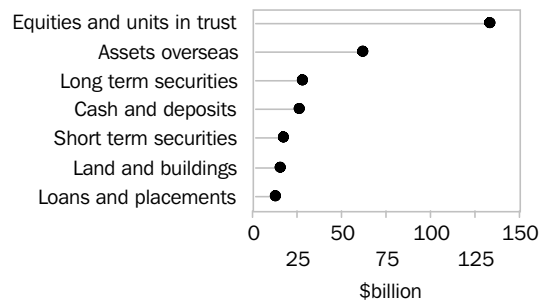
LIFE INSURANCE OFFICES

The total assets of life insurance offices were \$187.5 billion at 30 June 2000, an increase of \$3.2 billion (2%) compared to 30 March 2000. Equities and units in trusts increased by \$2.9 billion (4%), while assets overseas decreased by \$1.8 billion (5%). Since June 1999 the assets of life insurance offices have risen by \$12.2 billion (7%); during this same period, life office holdings of equities and units in trusts have risen by \$11.7 billion (19%).



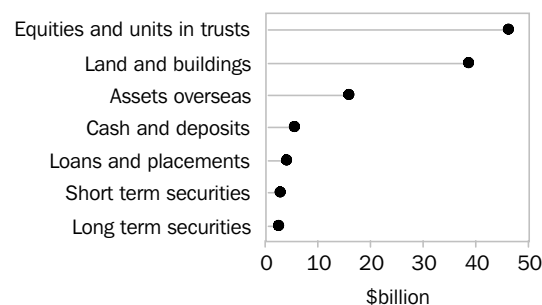
SUPERANNUATION FUNDS

The total assets of superannuation funds were \$318.4 billion at 30 June 2000, an increase of \$16.1 billion (5%) compared with the March 2000 quarter. The major increases in assets during the quarter were equities and units trusts \$11.6 billion (9%) and short-term securities up \$2.0 billion (12%). The holdings of overseas assets was still very strong, reinforced by the depreciation of the \$A against the US\$ over the period, and accounted for 20% of total assets. The largest asset class holdings by superannuation funds is in equities and units in trusts making up 42% of total assets at 30 June 2000.



PUBLIC UNIT TRUSTS

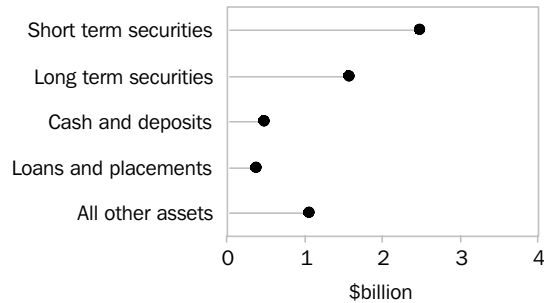
The total assets of public unit trusts were \$124.0 billion at 30 June 2000, an increase of \$3.2 billion (3%) compared with 31 March 2000. The major increases in assets during the quarter were equities and units in trusts, up \$2.2 billion (5%), cash and deposits, up \$1.1 billion (23%) and land and buildings, up \$1.0 billion (3%).



MANAGED FUNDS: Unconsolidated Assets *continued*

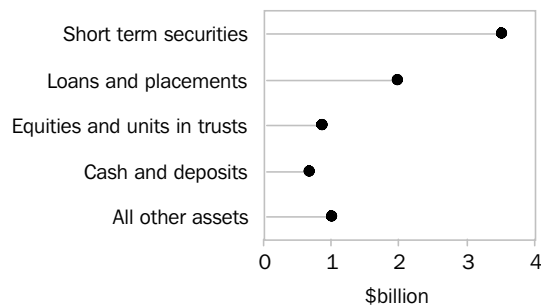
FRIENDLY SOCIETIES

The assets of friendly societies were \$6.2 billion a decrease of \$0.1 (less than 1%) on the December 1999. Short term securities accounted for 40% of total assets, with bank certificates of deposit accounting for 57% of the short term securities.



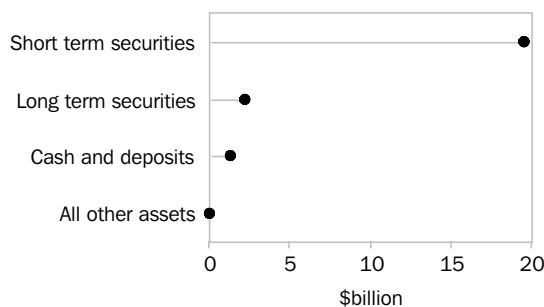
COMMON FUNDS

Total assets of common funds were \$8.2 billion, at 30 June 2000, an increase of \$0.1 billion (1%) on the March 2000 quarter of \$8.1 billion. Short term securities accounted for 43% of total assets.



CASH MANAGEMENT TRUSTS

The total assets of cash management trusts were \$23.8 billion, at 30 June 2000, an increase of \$1.0 billion (4%) on the March 2000 quarter of \$22.8 billion. The largest increase was in bank certificate of deposits, up \$1.0 billion (13%). Bank certificate of deposits accounted for 38% of total assets.

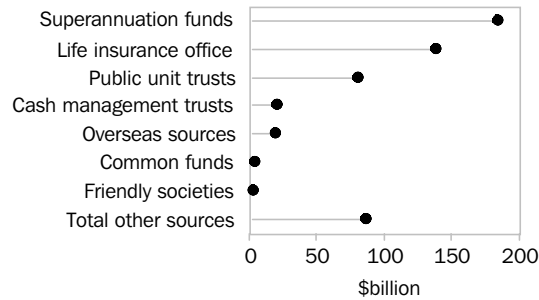


MANAGED FUNDS — INVESTMENT MANAGERS

SOURCE OF FUNDS UNDER MANAGEMENT

During the June 2000 quarter there was an increase in total funds under management by investment managers of \$25.1 billion (5%) bringing the total sources of funds under management to \$548.9 billion. Funds sourced from superannuation funds increased by \$12.8 billion (7%).

The value of managed funds assets invested through investment managers was \$439.8 billion at the end of June 2000, representing 75% of all the consolidated assets of managed funds



FUNDS UNDER MANAGEMENT BY LOCATION OF FUND MANAGER

The table below shows that funds under management by fund managers located in NSW and Victoria increased by 16% and 13% respectively for the year ended June 2000 compared with 16% growth in total funds under management. The growth for the June 2000 quarter for both NSW and Victoria and total funds under management was 5%.

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

State	June 1997 \$m	June 1998 \$m	June 1999 \$m	Mar 2000 \$m	June 2000 \$m
NSW	262 550	306 694	364 553	405 445	424 627
Vic	93 750	107 656	103 186	110 960	116 236
Qld	5 422	5 550	5 592	6 192	6 617
Other	704	885	972	1 229	1 407
TOTAL	362 426	420 785	474 303	523 826	548 887

MANAGED FUNDS, Consolidated Assets

<i>Institution/asset</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>	<i>Jun Qtr 2000</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Type of institution										
Life insurance offices(a)	134 740	147 642	148 118	155 607	160 383	162 314	160 373	164 165	167 995	170 012
Superannuation funds	173 273	199 452	198 626	206 265	211 523	229 955	234 949	252 595	257 569	271 699
Public unit trusts	59 474	73 682	75 269	83 156	89 114	94 633	94 541	104 640	107 677	110 981
Friendly societies	7 238	6 769	6 667	6 531	6 472	6 415	6 135	5 989	5 910	5 895
Common funds	6 172	6 845	7 299	7 476	7 664	7 568	7 603	7 669	7 940	8 031
Cash management trusts	12 032	18 676	20 184	20 718	21 429	21 531	22 321	22 654	22 794	23 804
Total	392 928	453 067	456 162	479 752	496 585	522 415	525 922	557 712	569 884	590 422
Type of asset										
Cash and deposits(b)	28 562	35 430	35 690	35 694	36 077	39 394	38 675	40 398	39 582	42 056
Loans and placements	19 229	22 814	23 373	24 180	24 000	26 358	28 302	27 716	29 394	29 984
Short term securities(b)	47 004	54 089	56 020	56 678	58 498	67 179	60 047	59 576	59 223	61 253
Long term securities	59 246	66 039	71 218	72 909	72 629	70 391	74 863	73 304	73 187	75 329
Equities and units in trusts	117 994	130 548	127 366	138 031	146 588	149 072	151 069	165 997	169 649	183 287
Land and buildings	41 262	48 466	51 348	53 221	55 327	57 539	57 787	61 457	63 454	65 109
Assets overseas	62 446	78 632	75 413	83 397	86 921	91 958	96 922	111 003	116 397	112 187
Other assets	17 184	17 048	15 735	15 641	16 546	20 523	18 256	18 261	18 999	21 218
Total	392 928	453 067	456 162	479 752	496 585	522 415	525 922	557 712	569 884	590 422

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

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

LIFE INSURANCE OFFICES(a), Unconsolidated Assets

	Jun Qtr 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	Jun Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	145 496	159 022	160 475	168 531	173 427	175 310	174 381	181 019	184 289	187 528
Assets in Australia	125 035	132 006	135 046	141 261	144 267	146 825	145 704	149 266	150 493	155 515
<i>Cash and deposits</i>	6 921	9 850	9 464	9 594	9 271	10 315	9 515	9 447	9 515	9 894
Banks	3 616	3 127	3 295	3 657	3 421	4 216	3 311	4 163	4 565	4 921
Other deposit taking institutions	3 304	6 722	6 169	5 937	5 849	6 099	6 203	5 284	4 951	4 972
<i>Loans and placements</i>	6 924	8 173	8 642	8 516	7 880	7 675	8 547	8 461	8 987	8 860
<i>Short term securities</i>	16 268	14 935	15 710	15 756	17 126	18 724	15 132	14 405	13 676	13 364
Bills of exchange	4 749	4 819	4 680	4 910	4 875	4 473	3 268	3 110	2 679	2 070
Bank certificates of deposit	4 987	4 425	4 742	5 207	6 146	7 537	6 082	5 195	5 537	5 440
Other short term securities	6 532	5 691	6 289	5 639	6 106	6 714	5 782	6 100	5 460	5 855
<i>Long term securities</i>	31 975	33 039	35 628	37 205	36 497	35 990	38 422	36 580	36 767	37 478
Commonwealth government bonds	12 594	12 131	13 342	13 519	13 602	11 781	11 621	10 310	9 495	9 642
State and local government securities	11 479	10 898	12 292	13 172	12 093	11 705	11 893	11 361	12 354	12 530
Other long term securities	7 901	10 011	9 993	10 515	10 801	12 504	14 909	14 909	14 919	15 306
<i>Equities and units in trusts</i>	50 691	53 475	53 519	57 911	60 981	60 614	61 648	69 289	69 463	72 318
Private trading corporations shares	28 476	24 639	22 376	23 928	24 819	25 336	26 276	28 781	28 534	28 346
Financial sector shares	8 314	10 402	10 643	11 923	12 489	11 469	10 912	11 829	11 571	13 263
Units in trusts	13 900	18 434	20 500	22 060	23 673	23 809	24 460	28 679	29 358	30 709
<i>Other financial assets</i>	3 104	4 298	3 304	3 428	3 679	4 466	3 107	2 577	3 397	4 416
<i>Land and buildings</i>	7 185	7 520	7 678	7 926	7 971	8 159	8 446	7 837	7 964	8 445
<i>Other non-financial assets</i>	1 968	716	1 101	924	862	882	887	670	723	741
Assets overseas	20 460	27 016	25 429	27 270	29 161	28 485	28 677	31 752	33 796	32 013

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

SUPERANNUATION FUNDS(a), Unconsolidated Assets

	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	Jun Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	203 763	235 978	235 918	240 851	248 066	267 653	275 226	295 350	302 382	318 438
Assets in Australia	170 866	194 945	195 854	196 966	203 102	217 549	219 647	231 044	236 807	254 822
<i>Cash and deposits</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>26 206</i>	<i>27 128</i>	<i>27 075</i>	<i>27 799</i>
Banks	10 836	14 363	13 623	16 225	15 912	17 678	17 746	18 507	18 818	19 682
Other deposit taking institutions	6 047	7 828	9 168	7 642	8 025	8 151	8 461	8 621	8 258	8 117
<i>Loans and placements</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>12 062</i>	<i>13 746</i>	<i>14 510</i>
<i>Short term securities</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>16 560</i>	<i>16 585</i>	<i>18 615</i>
Bills of exchange	4 990	5 225	5 740	5 511	5 488	7 179	6 221	6 165	6 195	6 965
Bank certificates of deposit	5 543	6 156	5 392	4 857	5 317	8 274	6 568	6 641	6 659	7 212
Other short term securities	1 515	1 711	1 750	2 043	1 832	4 301	3 165	3 754	3 730	4 438
<i>Long term securities</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>28 793</i>	<i>28 327</i>	<i>29 834</i>
Commonwealth government bonds	13 423	15 076	16 505	15 076	14 670	13 424	13 322	13 082	13 463	14 177
State and local government securities	6 772	8 112	8 592	7 406	7 368	5 693	5 574	5 681	5 690	6 214
Other long term securities	2 784	4 051	4 592	6 637	7 213	7 974	9 613	10 030	9 174	9 444
<i>Equities and units in trusts</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>110 153</i>	<i>119 388</i>	<i>123 161</i>	<i>134 768</i>
Private trading corporations shares	47 752	49 924	46 196	48 619	50 014	52 571	53 277	58 089	59 708	65 689
Financial sector shares	12 000	15 166	15 924	18 110	19 496	19 133	18 561	20 607	20 538	24 176
Units in trusts	28 947	34 496	35 406	32 729	34 444	35 806	38 315	40 692	42 914	44 902
<i>Other financial assets</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>10 921</i>	<i>10 872</i>	<i>11 923</i>
<i>Land and buildings</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>14 994</i>	<i>16 043</i>	<i>16 904</i>	<i>17 133</i>
<i>Other non-financial assets</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>137</i>	<i>240</i>
Assets overseas	32 897	41 033	40 063	43 885	44 964	50 104	55 579	64 306	65 575	63 616

(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 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	Jun Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	66 449	83 311	85 841	94 707	101 135	107 551	107 125	117 342	120 864	124 036
Assets in Australia	57 405	72 827	76 024	82 564	88 449	94 284	94 561	102 510	103 958	107 581
<i>Cash and deposits</i>	3 997	4 472	4 023	4 291	4 779	5 113	5 235	5 475	4 933	6 063
Banks(a)	2 194	2 389	1 983	2 077	2 437	2 758	2 850	3 151	2 642	3 673
Other deposit taking institutions	1 803	2 083	2 040	2 214	2 342	2 355	2 385	2 324	2 291	2 390
<i>Loans and placements</i>	2 685	3 696	4 155	4 274	4 396	4 743	4 789	5 148	4 633	4 517
<i>Short term securities</i>	2 739	3 590	3 741	3 783	3 819	4 120	4 023	4 462	4 097	3 469
Bills of exchange	2 303	2 956	3 049	3 134	3 114	3 264	3 153	3 553	3 159	2 551
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	437	635	692	650	706	857	870	910	939	918
<i>Long term securities</i>	1 824	2 639	2 733	2 797	2 969	3 137	3 206	3 013	3 062	3 141
<i>Equities and units in trusts</i>	22 512	28 879	30 412	33 344	36 508	37 905	39 132	42 578	44 371	46 585
Equities	15 336	17 710	18 310	19 913	22 332	22 809	23 698	26 069	26 540	28 283
Units in trusts	7 176	11 169	12 102	13 431	14 176	15 096	15 434	16 509	17 831	18 302
<i>Other financial assets</i>	2 300	2 048	1 433	1 451	1 979	2 901	1 747	2 082	2 185	2 348
<i>Land and buildings</i>	20 196	25 980	27 825	30 826	31 931	34 079	34 016	37 249	38 261	39 239
<i>Other non-financial assets</i>	1 152	1 523	1 702	1 798	2 068	2 286	2 413	2 503	2 416	2 220
Assets overseas	9 044	10 484	9 817	12 143	12 686	13 267	12 564	14 832	16 906	16 455

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

FRIENDLY SOCIETIES, Unconsolidated Assets

	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	Jun Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	7 262	6 807	6 730	6 601	6 543	6 500	6 220	6 236	6 222	6 163
Assets in Australia	7 217	6 752	6 669	6 551	6 475	6 433	6 153	6 163	6 143	6 083
<i>Cash and deposits</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>	<i>523</i>
Banks	1 250	1 234	602	398	416	657	352	240	311	387
Other deposit taking institutions	361	229	195	233	210	201	154	151	138	136
<i>Loans and placements</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>409</i>
<i>Short term securities</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>	<i>2 525</i>
Bills of exchange	1 517	1 211	1 216	1 143	1 086	908	891	815	804	1 020
Bank certificates of deposit	1 495	1 082	1 670	1 589	1 516	1 442	1 593	1 564	1 423	1 218
Other short term securities	204	387	341	400	390	348	409	285	290	287
<i>Long term securities</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>	<i>1 618</i>
Commonwealth government bonds	228	308	301	344	307	280	220	248	259	254
State and local government securities	412	443	442	442	397	377	239	240	313	276
Other long term securities	593	771	767	857	965	974	1 150	1 197	1 149	1 088
<i>Equities and units in trusts</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>	<i>511</i>
Private trading corporations shares	119	138	145	166	192	200	205	213	175	177
Financial sector shares	30	36	50	51	53	51	39	68	58	66
Units in trusts	22	38	63	70	70	85	85	247	312	268
<i>Other financial assets</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>175</i>
<i>Land and buildings</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>251</i>
<i>Other non-financial assets</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>	<i>71</i>
Assets overseas	45	55	61	50	68	67	67	73	79	80

COMMON FUNDS, Unconsolidated Assets

	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	Jun Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	6 252	7 018	7 476	7 663	7 827	7 726	7 797	7 853	8 122	8 219
Assets in Australia	6 252	6 974	7 434	7 614	7 784	7 690	7 762	7 813	8 081	8 196
<i>Cash and deposits</i>	751	885	866	849	811	849	800	825	719	899
Banks	586	594	589	563	520	543	483	541	421	611
Other deposit taking institutions	165	291	277	286	291	306	317	284	298	288
<i>Loans and placements</i>	1 413	1 406	1 634	1 741	1 762	1 803	1 873	1 898	1 992	2 018
<i>Short term securities</i>	2 798	3 238	3 380	3 448	3 538	3 328	3 392	3 313	3 600	3 553
Bills of exchange	2 051	2 321	2 303	2 286	2 351	2 105	2 325	2 006	2 073	1 999
Bank certificates of deposit	450	567	736	789	885	1 022	901	1 122	1 330	1 353
Other short term securities	297	350	341	373	302	201	166	185	197	201
<i>Long term securities</i>	634	789	860	863	871	924	916	918	903	865
Commonwealth government bonds	60	66	62	69	65	58	59	58	49	42
State and local government securities	297	344	353	368	380	363	353	363	371	377
Other long term securities	277	379	445	426	426	503	504	497	483	446
<i>Equities and units in trusts</i>	584	623	642	667	655	631	646	715	722	716
Private trading corporations shares	318	204	195	206	221	214	204	232	239	213
Financial sector shares	227	319	339	345	344	335	327	370	375	387
Units in trusts	39	100	108	116	90	82	115	113	108	116
<i>Other financial assets</i>	—	—	—	—	60	60	60	60	60	71
<i>Land and buildings</i>	72	33	52	46	49	66	46	46	46	41
<i>Other non-financial assets</i>	—	—	—	—	38	29	29	38	39	33
Assets overseas	—	44	42	49	43	36	35	40	41	23

CASH MANAGEMENT TRUSTS, Unconsolidated Assets

	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	Jun Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL ASSETS	12 032	18 676	20 184	20 718	21 429	21 531	22 321	22 654	22 794	23 804
Assets in Australia	12 032	18 676	20 184	20 718	21 429	21 531	22 321	22 654	22 794	23 804
<i>Cash and deposits</i>	1 430	1 230	2 191	1 100	1 583	1 190	1 304	1 973	1 506	1 503
Banks	1 127	1 166	2 148	1 084	1 550	1 115	1 246	1 856	1 450	1 391
Other deposit taking institutions	304	64	43	16	33	75	58	116	56	112
<i>Loans and placements</i>	12	24	45	123	28	16	20	15	8	1
<i>Short term securities</i>	9 935	16 554	17 080	18 148	18 385	18 555	18 653	18 172	18 748	19 726
Bills of exchange	5 329	6 133	6 864	6 270	7 117	5 491	4 279	4 031	5 164	6 092
Bank certificates of deposit	3 356	7 872	7 098	8 726	8 671	9 404	10 171	9 888	7 950	8 988
Other short term securities	1 250	2 549	3 117	3 152	2 596	3 660	4 204	4 252	5 634	4 647
<i>Long term securities</i>	602	811	798	1 282	1 371	1 618	2 202	2 315	2 406	2 393
Commonwealth government bonds	—	—	—	—	—	—	—	—	—	—
State and local government securities	318	49	50	16	—	—	—	—	—	—
Other long term securities	285	762	748	1 266	1 371	1 618	2 202	2 315	2 406	2 393
<i>Equities and units in trusts</i>	—	—	—	—	—	—	—	—	—	—
<i>Other financial assets</i>	53	57	70	65	61	151	142	181	126	181
<i>Land and buildings</i>	—	—	—	—	—	—	—	—	—	—
<i>Other non-financial assets</i>	—	—	—	—	—	—	—	—	—	—
Assets overseas	—	—	—	—	—	—	—	—	—	—

INVESTMENT MANAGERS, Source of Funds

<i>Source of funds</i>	<i>Jun Qtr 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>	<i>Jun Qtr 2000</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TOTAL SOURCE OF FUNDS	362 426	420 787	426 414	437 916	454 511	474 303	486 693	515 409	523 826	548 887
<i>Funds from Australian sources</i>	353 052	402 871	408 101	419 241	435 768	455 112	468 693	497 276	504 921	528 118
<i>Managed funds</i>	306 449	350 461	353 838	362 366	373 059	386 977	393 062	415 171	419 490	439 823
Life insurance offices	117 015	128 312	131 116	128 287	129 929	131 243	130 527	135 950	135 490	140 381
Superannuation funds (a)	124 378	140 612	138 286	139 631	143 241	155 375	159 618	170 042	172 655	185 452
Public unit trusts	46 852	57 066	58 359	66 416	70 449	70 542	72 672	78 826	80 002	82 033
Friendly societies	5 640	5 649	5 441	5 399	5 340	5 141	4 749	4 410	4 641	4 326
Common funds	3 137	3 632	3 884	4 633	4 932	5 011	5 360	5 353	5 493	5 519
Cash management trusts	9 427	15 190	16 752	18 000	19 168	19 665	20 136	20 590	21 209	22 112
<i>Total other sources</i>	46 603	52 410	54 263	56 875	62 709	68 135	75 631	82 105	85 431	88 295
Government	5 710	6 879	7 996	8 056	9 253	9 951	9 220	9 465	9 921	9 592
Charities	1 159	1 293	1 321	925	944	950	845	870	805	849
Other trusts	7 126	9 738	10 852	15 536	17 519	19 902	24 357	27 350	27 936	29 431
General insurance	14 323	16 425	16 744	16 203	16 969	15 449	15 246	16 239	18 172	18 833
Other sources	18 285	18 075	17 350	16 155	18 024	21 883	25 963	28 181	28 597	29 590
<i>Funds from overseas sources</i>	9 374	17 916	18 313	18 675	18 743	19 191	18 000	18 133	18 905	20 769

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>16 <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>17 The classification of financial instruments in this publication follows that contained in the ABS publication <i>Australian National Accounts, Financial Accounts (5232.0)</i>. Definitions of the various types of instrument are given in the glossary.</p>						
REVISIONS AND CHANGES TO CONTENT	<p>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.</p>						
RELATED PUBLICATIONS	<p>19 Users may also wish to refer to the following ABS publication of related data which is available on request: <i>Australian National Accounts, Financial Accounts (5232.0)</i>—issued quarterly</p>						
SYMBOLS AND OTHER USAGES	<p>20 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

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

GLOSSARY

- Investment managers** A considerable proportion of the assets of managed funds institutions in Australia (particularly the funds of life insurance offices and superannuation funds) is invested through *investment managers*.
- Investment managers invest and manage their clients' assets and often act as administrators for smaller funds, and as agents for other financial entities, on a fee for service basis. Whilst they accept individual portfolios for management they typically manage pooled funds, providing a sophisticated level of service, including matching return and risk, on behalf of their clients. Investment managers are generally life insurance offices, subsidiaries of banks, merchant banks, or organisations related to these types of institutions. They can be either separately constituted legal entities or form a segment of a particular financial institution.
- The funds which investment managers invest remain the asset of their clients and are not brought to account on the balance sheet of the investment manager. The ultimate responsibility for the investment remains with the client. For example, if a superannuation fund had all or part of its assets invested through investment managers, the trustees of the superannuation fund remain responsible for the investments, not the investment manager.
- Land and buildings** Land and buildings refers to land and buildings held and the value of units in unitised buildings. New acquisitions are reported at acquisition cost and existing assets are reported at the latest available market valuation.
- Life Insurance Offices** Most of the investment funds of life insurance offices are held in Statutory Funds. Statutory Funds of Life Insurance Offices have been set up under Commonwealth Government legislation and are analogous to trust funds. The legislation requires that the assets of any statutory fund must be kept separate and distinct from the assets of other statutory funds and any other assets of the company. All income received must be paid into and become an asset of the appropriate statutory fund and these assets are only available to meet the liabilities and expenses of that fund.
- Loans** Loans are intermediated borrowings which are not evidenced by the issue of debt securities. An example of this would be money borrowed from a life insurance office with a mortgage over property as collateral.
- Long term securities** A long term security is a document which represents the issuers pledge to pay the holder, on a date which, at the time of issue, is more than one year in the future, the sum of money shown on the face of the document. Until that future date the issuer usually promises to pay coupon interest to the holder quarterly or half-yearly at a rate which is fixed at the time the security is issued. These securities are therefore known as *fixed interest securities* in the professional market.

GLOSSARY

- 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*.

FEATURE ARTICLE

INVESTMENT MANAGERS

INTRODUCTION

This article updates statistics on the structure of the wholesale investment management market. These were previously published in the June quarters 1996, 1997, 1998 and 1999 releases of this publication. The Reserve Bank and ABS collaborated on cross-classificatory attributes of investment managers, namely group ownership and main financial activity of group. These cross-classifications have been applied to the data collected from investment managers in the ABS quarterly Survey of Financial Information (SFI), the results of which are presented in Table 8, Investment Managers, Source of Funds in this publication.

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

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

In principle, the analysis could be extended to cover retail investment managers. In practice, retail investment managers utilise the services of wholesale investment managers for approximately 75% of their investments. Moreover, the task of collecting the ownership and control characteristics of the relatively large number of retail institutions is constrained by both the reporting load that would be imposed on survey respondents, and the ABS costs in collecting and processing the information.

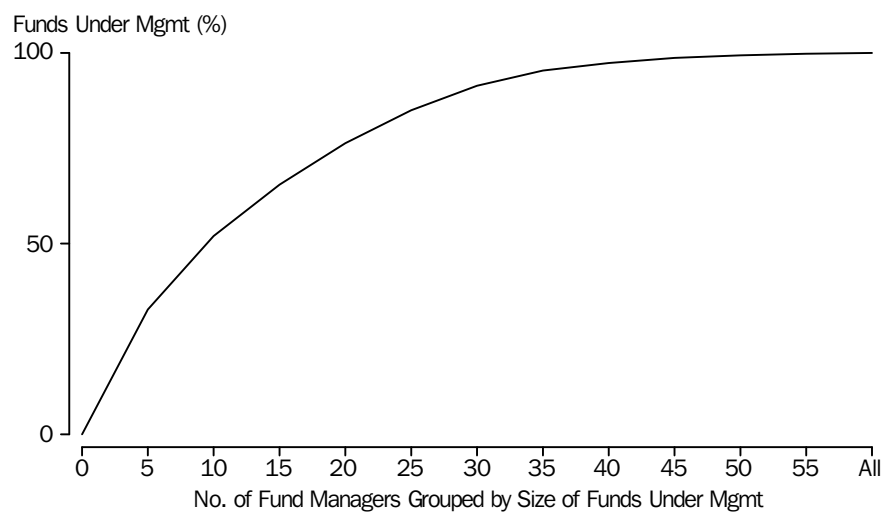
ANALYSES OF RESULTS

The following table shows the amount of funds under management with investment managers as at 30 June 2000, 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 2000

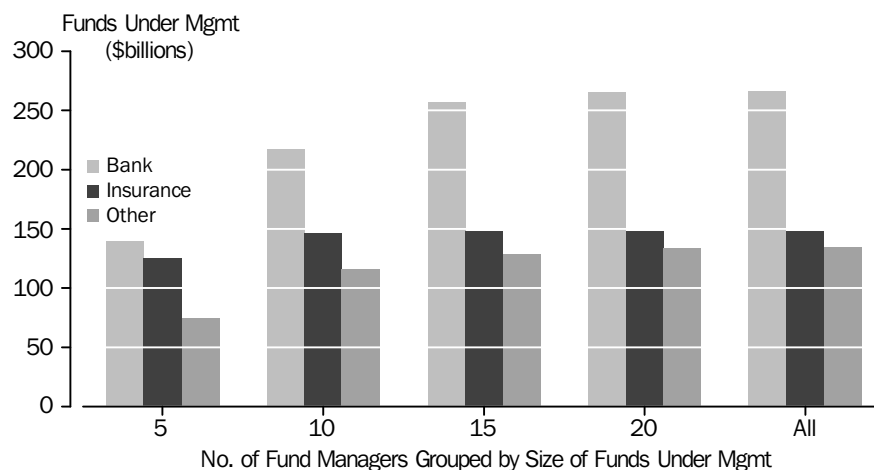
Funds under management by	SOURCED FROM RETAIL FUNDS.....		OTHER SOURCES.....		TOTAL.....	
	\$ billion	% share of retail funds	\$ billion	% share of funds from other sources	\$ billion	% share of funds under management
Ownership						
Private domestic	236.0	54	49.9	46	285.9	52
Mutual societies & cooperatives	4.3	1	7.5	7	11.8	2
Other	231.7	53	42.4	39	274.1	50
Private foreign	203.9	46	59.2	54	263.0	48
Total	439.8	100	109.1	100	548.9	100
Main financial activity						
Bank	209.4	48	56.6	52	266.0	48
Insurance	124.2	28	24.2	22	148.4	27
Other	106.3	24	28.2	26	134.4	25
Total	439.8	100	109.1	100	548.9	100

- SOURCE OF FUNDS** Funds to the value of \$548.9 billion were invested through wholesale investment managers at 30 June 2000. These funds were sourced predominantly (80%) from retail managed funds, with 20% from other sources. A finer dissection of funds under management, by source, is provided in Table 8 of this publication.
- OWNERSHIP** At 30 June 2000, 52% of wholesale funds were under management by private domestic financial enterprise groups and 48% were under management by private foreign financial enterprise groups.
- MAIN FINANCIAL ACTIVITY** Investment managers associated with banks and insurance companies dominate the wholesale funds management market, accounting for 48% and 28% respectively of the market at 30 June 2000, leaving 24% 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 52% (\$286.1 billion) of the total investment management market. The remaining investment managers accounted for 48% of the total investment management market. Ninety per cent of the funds under management are managed by the 29 largest investment managers.



MARKET CONCENTRATION The graph below shows that the five largest investment managers in insurance groups accounted for \$125.1 billion (84% of funds under management by insurance groups), that the five largest investment managers in banking groups accounted for \$139.3 billion (52% of funds under management by bank groups) and that the five largest investment managers in the other group accounted for \$74.5 billion (55% of funds under management by the other group).

continued



**FUNDS UNDER MANAGEMENT
TIME SERIES**

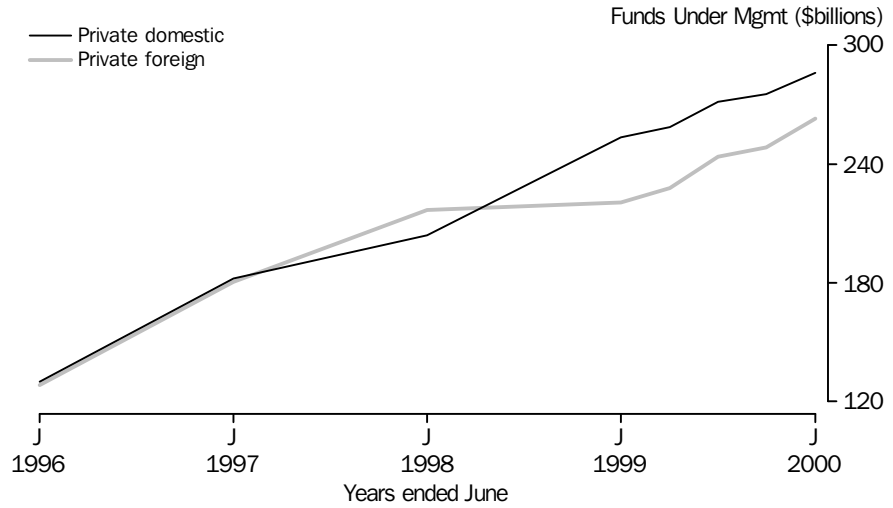
The following table shows that between 30 June 1996 and 30 June 2000, the wholesale investment management industry grew by 95% (\$268 billion). Note that comparisons over time of funds under management by the different investment manager groupings may be affected by structural changes (such as mergers, takeovers, privatisations and demutualisations) as well as changes in the level of business activity. The demutualisation of AMP Society in the March quarter 1998 resulted in significant changes to the ownership categories mutual societies and cooperatives and 'other'.

TOTAL FUNDS UNDER MANAGEMENT BY OWNERSHIP AND TYPE OF FINANCIAL GROUP

	June 96	June 97	June 98	Jun 99	Sep 99	Dec 99	Mar 00	Jun 00
<i>Investment manager</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>	<i>\$ billion</i>
Ownership								
Public	22.4	—	—	—	—	—	—	—
Private domestic	130.2	182.0	204.0	253.7	258.8	271.6	275.5	285.9
Mutual societies and cooperatives	58.8	57.8	9.4	10.1	9.8	10.7	11.5	11.8
Other	71.5	124.2	194.6	243.6	248.9	260.8	264.0	274.1
Private foreign	128.4	180.4	216.8	220.6	227.9	243.8	248.3	263.0
Total	281.0	362.4	420.8	474.3	486.7	515.4	523.8	548.9
Main financial activity								
Bank	120.3	191.3	221.1	232.8	239.5	251.6	252.7	266.0
Insurance	105.8	124.0	141.2	133.6	135.7	143.6	144.5	148.4
Other	55.0	47.1	58.5	108.0	111.5	120.2	126.6	134.4
Total	281.0	362.4	420.8	474.3	486.7	515.4	523.8	548.9

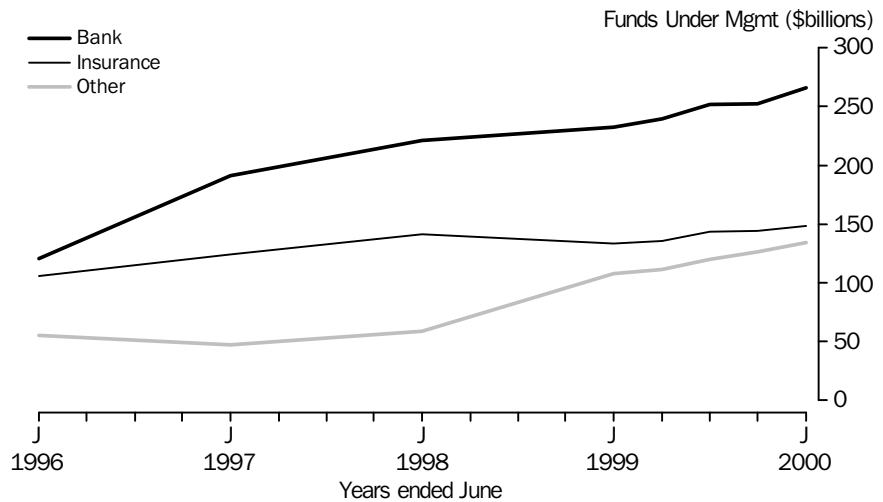
FUNDS UNDER MANAGEMENT
BY OWNERSHIP

The graph below shows the change between June 1996 and June 2000 to funds under management according to the ownership characteristics of groups with funds under management. Since the June quarter 1997 up until the December quarter 1998, foreign owned investment managers held marginally more funds under management than privately owned domestic investment managers. Since the March quarter 1999 the position has been reversed.



FUNDS UNDER MANAGEMENT
BY FINANCIAL ACTIVITY

The graph below shows the change between June 1996 and June 2000 to funds under management according to main financial activity of groups with funds under management. During this period funds managed by banking groups increased by \$145.7 billion (121%), funds managed by insurance groups increased by \$42.6 billion (40%) and funds managed by other groups increased by \$79.4 billion (144%).



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 2000 there were 59 investment managers in the survey. (The Glossary contains a more comprehensive description of the roles and functions of investment managers.)

DATA DEFINITION The investment manager survey collects data on the sources of funds managed by an 'investment management group' (a group being defined as entities related under the *Corporations Act 1989*). The results presented include both the total funds under management and total retail funds under management as at 30 June 2000. *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 <i>continued</i>	<p>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.</p> <p><i>Private Domestic enterprises</i> 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.</p> <p>This category is further sub-divided into two sub-categories - <i>mutual societies and cooperatives</i> and <i>other</i>. The former recognises that ownership may be attributable to policy holders or society members; ownership based on share equity or equivalent is included in <i>other</i>.</p> <p><i>Private foreign enterprises</i> consist of all resident enterprises that are controlled by non-resident institutional units. The subsector includes:</p> <ul style="list-style-type: none"> ▪ 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	<p>The <i>main financial activity</i> classification is based on the financial activity of the largest institution in the financial enterprise group. A major criterion in assigning main financial activity is the presence of a bank or life insurance company within the group. This criterion is based on investigations which showed that banks and life insurance offices are in general the largest entities within groups. Where both types of institutions are present within a group then whichever institution has more assets determines the activity category for the group. Financial enterprise groups with neither a bank nor life insurance office within the group are classified to the <i>other</i> category.</p> <p>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.</p>
CHANGES IN CLASSIFICATION	<p>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.</p>
SOURCES OF FUNDS	<p>The data presented are the sources of funds for wholesale investment managers as detailed in Table 8 of this publication.</p> <p><i>Retail</i> figures indicate the value of assets of retail managed funds invested through the wholesale investment managers. Retail managed funds include:</p> <ul style="list-style-type: none"> ▪ 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

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