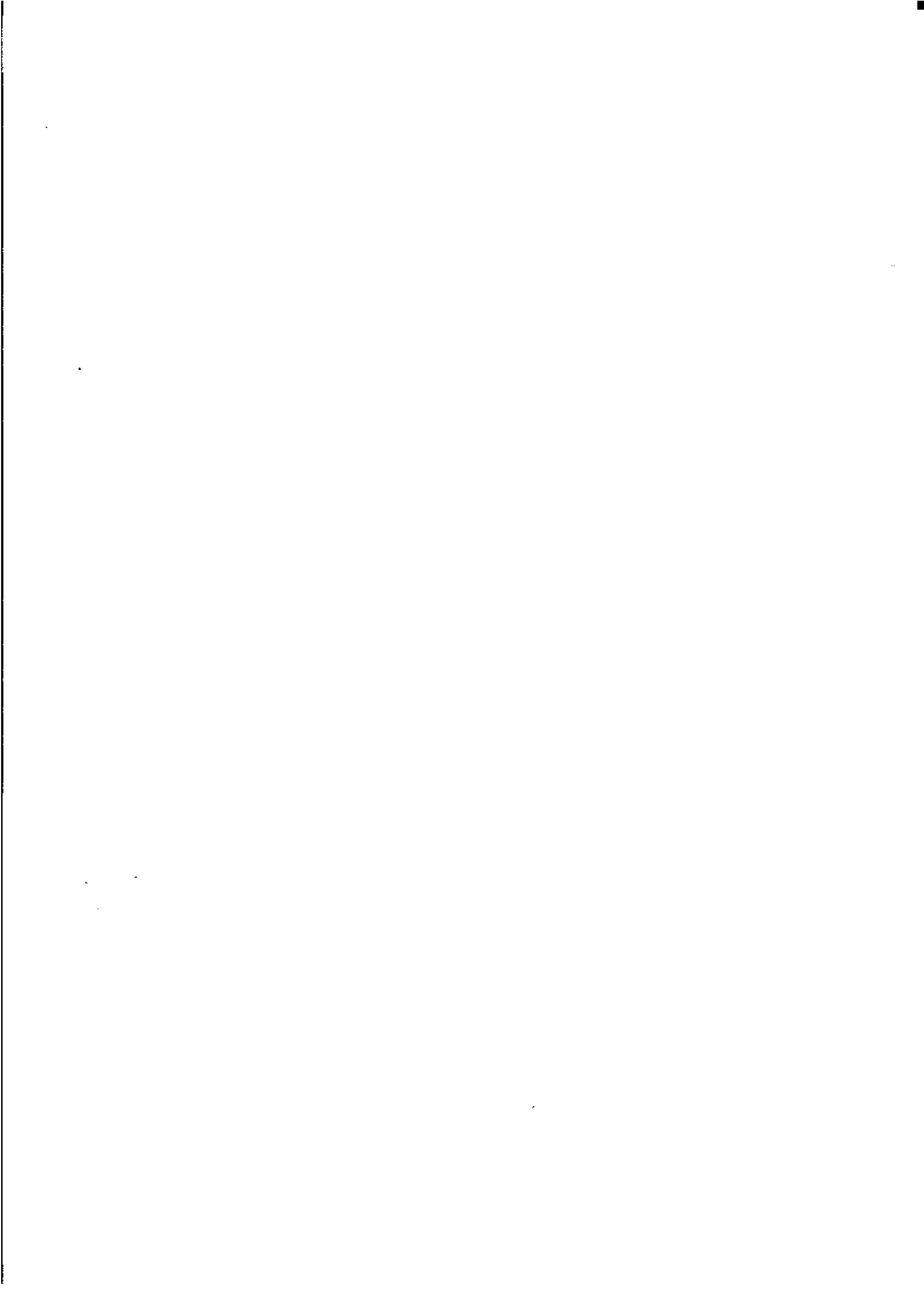




September Quarter 1995
MANAGED FUNDS, AUSTRALIA

Catalogue Number 5655.0

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EMBARGOED UNTIL 11.30 A.M. 8 DECEMBER 1995

**MANAGED FUNDS, AUSTRALIA
SEPTEMBER QUARTER 1995**

**W. McLennan
Australian Statistician**

AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 5655.0

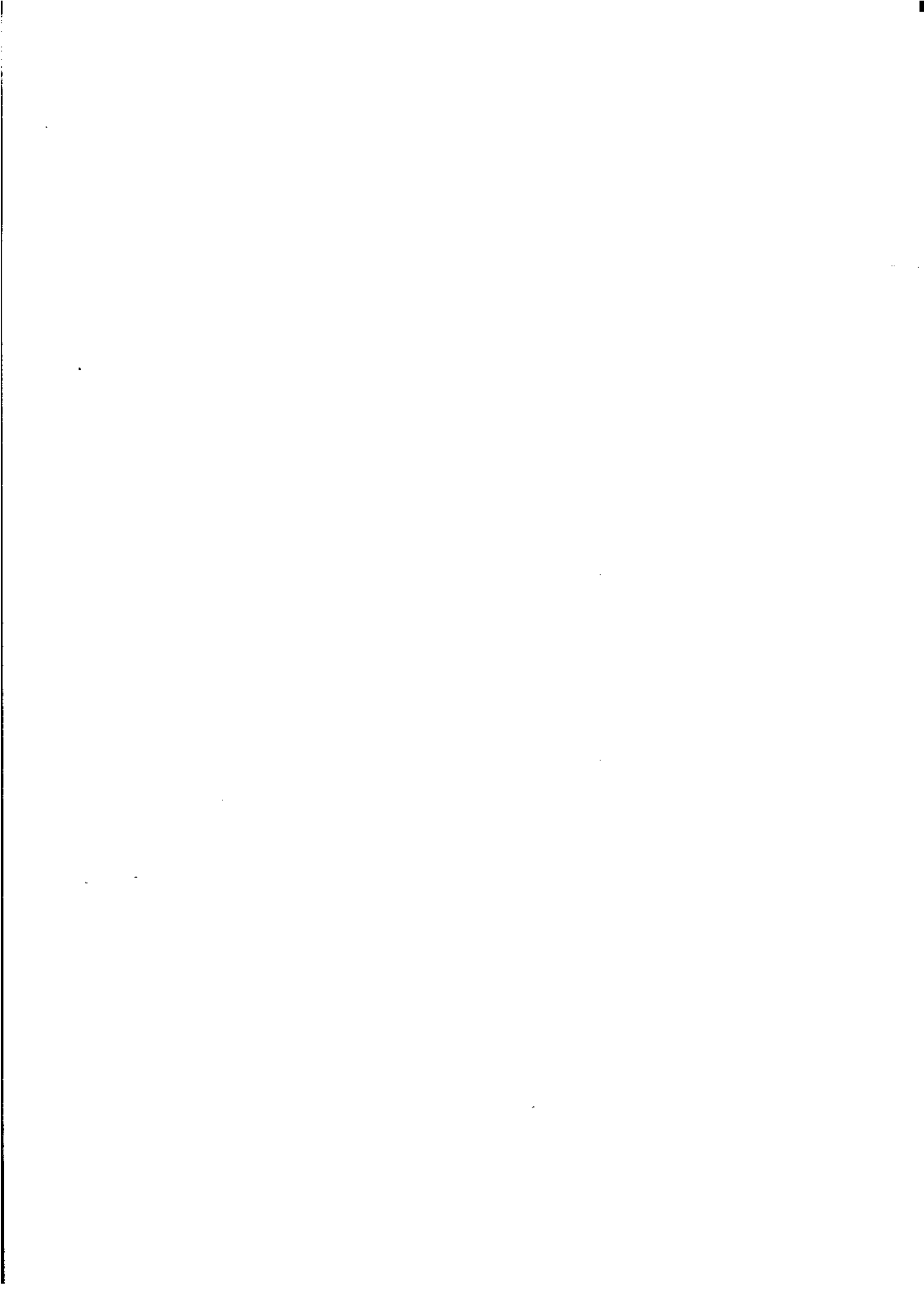
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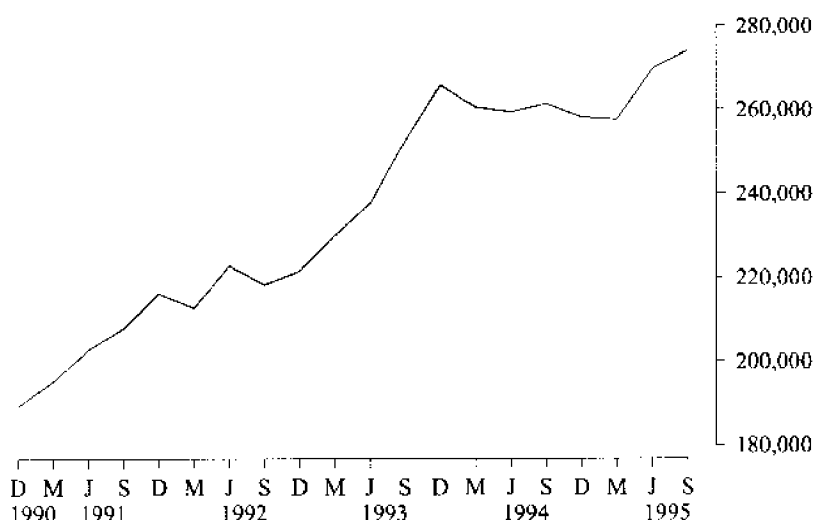
INQUIRIES

- *for further information about statistics in this publication and the availability of related unpublished statistics, contact Wendy Raedt on Canberra (06) 252 7118 or any ABS State office.*
 - *for information about other ABS statistics and services, please contact Information Services on Canberra (06) 252 6627 or any ABS State office.*
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MAIN FEATURES

MANAGED FUNDS - TOTAL CONSOLIDATED ASSETS AT END OF QUARTER (\$ million)



The market value of consolidated assets of managed funds in Australia at 30 September 1995 was \$274,137 million, an increase of \$4,321 million (1.6%) on the revised June 1995 figure of \$269,816 million, and an increase of \$12,759 million (4.9%) on the September 1994 figure of \$261,378 million.

The largest increases in consolidated assets in the September 1995 quarter occurred in Statutory Funds of Life Insurance Offices, up \$1,633 million (1.5%), Public Unit Trusts, up \$1,431 million (3.9%), and Superannuation and Approved Deposit Funds, up \$1,193 million (1.2%). The only decrease was recorded by Friendly Societies, down \$285 million (3.3%).

The major increases by asset type during the September 1995 quarter occurred in equities & units in trusts, up \$3,280 million (4.4%), short term securities, up \$1,495 million (5.1%), and loans and placements, up \$1,211 million (8.6%). The main decreases were in overseas assets, down \$1,065 million (2.5%), and long term securities, down \$1,002 million (1.9%). The large rise in the value of the Australian dollar and the strengthening of the local share market during the quarter contributed to these movements.

The value of managed funds' assets invested through Professional Fund Managers was \$240,582 million at the end of September 1995, representing 87.8% of all the consolidated assets of managed funds.

NOTES ON CONSOLIDATION

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

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

Method of Consolidation

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

The following table presents the unconsolidated, cross-invested and consolidated assets of managed funds by type of fund as at 30 September 1995.

ASSETS OF MANAGED FUNDS IN AUSTRALIA,
BY TYPE OF FUND — 30 September 1995
(\$ million)

Type of Fund	Assets		
	Total	Cross-invested	Consolidated
Statutory Funds of Life Insurance Offices	121,101	8,258	112,843
Superannuation and Approved Deposit Funds	117,638	13,601	104,037
Public Unit Trusts	41,837	3,688	38,148
Friendly Societies	8,250	23	8,227
Common Funds	5,102	88	5,014
Cash Management Trusts	5,868	---	5,868
Total	299,796	25,659	274,137

PART ONE: ASSETS OF MANAGED FUNDS — CONSOLIDATED BASIS

CONSOLIDATED ASSETS OF MANAGED FUNDS, BY TYPE OF FUND
Percentage change for the quarter ended September 1995

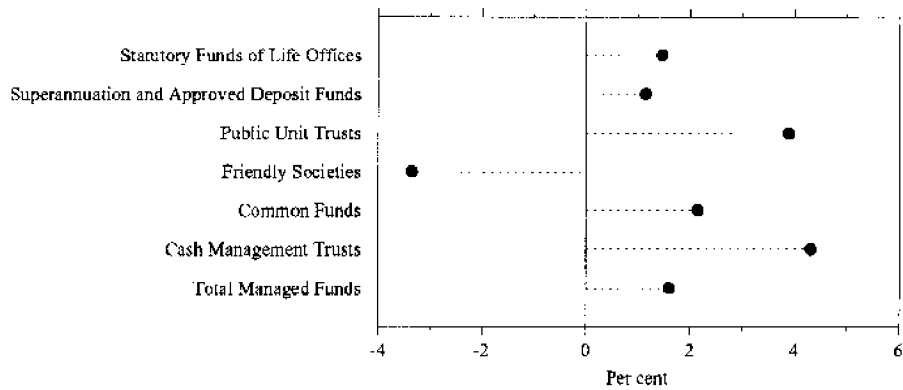


TABLE 1. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF FUND
(\$ million)

	1992	1993	1993-94			1994-95		1995-96		
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
Statutory Funds of Life Insurance Offices(a)	99,627	103,794	114,036	109,988	108,233	109,578	108,538	107,894	111,210	112,843
Superannuation and Approved Deposit Funds	81,100	88,610	100,556	98,263	96,840	97,992	96,694	96,544	102,844	104,037
Public Unit Trusts	23,589	26,291	31,806	32,901	34,689	34,666	34,394	34,757	36,717	38,148
Friendly Societies	8,963	9,171	9,107	9,047	8,996	8,777	8,446	8,524	8,512	8,227
Common Funds	4,319	4,474	4,763	4,737	4,785	4,742	4,630	4,645	4,908	5,014
Cash Management Trusts	5,344	5,316	5,484	5,590	5,915	5,623	5,398	5,329	5,625	5,868
Total	222,942	237,656	265,752	260,526	259,458	261,378	258,100	257,693	269,816	274,137

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

CONSOLIDATED ASSETS OF MANAGED FUNDS, BY TYPE OF ASSET
Percentage change for the quarter ended September 1995

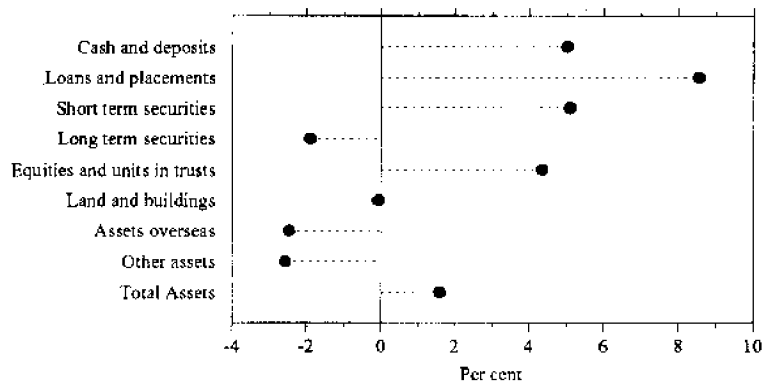


TABLE 2. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF ASSET
(\$ million)

	1992	1993	1993-94			1994-95		1995-96		
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
Cash and deposits(a)	14,278	12,155	11,369	10,326	15,010	12,958	12,414	12,463	13,180	13,841
Loans and placements	14,821	15,135	14,600	13,539	13,578	13,989	14,712	14,166	14,159	15,370
Short term securities(a)	27,218	28,257	28,193	27,716	28,660	29,615	30,952	27,807	29,288	30,783
Long term securities	46,259	51,395	55,118	55,439	52,226	52,537	50,405	51,970	53,096	52,094
Equities and units in trusts	56,510	60,279	76,955	74,145	72,095	74,971	72,143	71,191	75,272	78,552
Land and buildings	30,140	26,776	26,381	26,959	29,352	29,467	30,773	32,109	32,261	32,241
Overseas assets	25,790	35,358	44,113	44,216	40,634	39,908	38,337	39,733	43,265	42,200
Other assets	7,927	8,299	9,024	8,186	7,899	7,932	8,364	8,255	9,295	9,057
Total	222,942	237,656	265,752	260,526	259,458	261,378	258,100	257,693	269,816	274,137

(a) Includes bank certificates of deposit held by Public Unit Trusts.

PART TWO: ASSETS OF MANAGED FUNDS — UNCONSOLIDATED BASIS

Statutory Funds of Life Insurance Offices.

Statutory Funds of Life Insurance Offices have been set up under Commonwealth Government legislation and are analogous to trust funds. The legislation requires that the assets of any statutory fund must be kept separate and distinct from the assets of other statutory funds and any other assets of the company. All income received must be

paid into and become an asset of the appropriate statutory fund and these assets are only available to meet the liabilities and expenses of that fund.

The information presented in the table below was compiled using data from the ABS Survey of Balance Sheet Information and represents total coverage of Life Insurance Office Statutory Funds.

STATUTORY FUNDS OF LIFE INSURANCE OFFICES
Percentage change in selected assets for the quarter ended September 1995

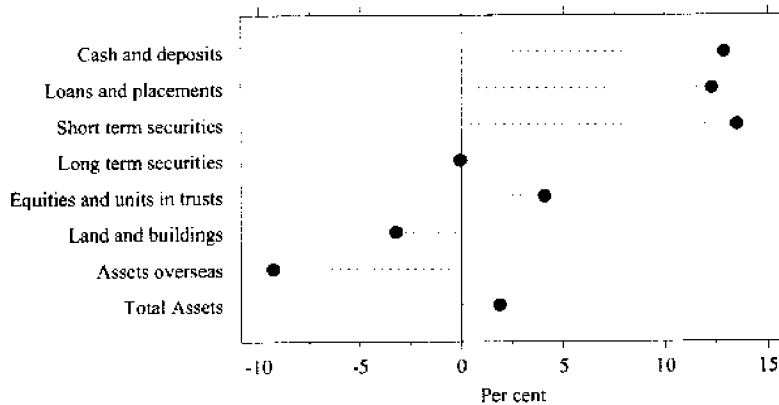


TABLE 3. ASSETS OF THE STATUTORY FUNDS OF LIFE INSURANCE OFFICES(a)
(\$ million)

	1992	1993	1993-94			1994-95		1995-96		
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,953	1,909	1,993	1,995	2,649	2,590	2,276	2,563	2,891	2,955
Other deposit taking institutions	2,237	2,472	2,026	1,988	2,414	2,659	2,543	2,560	1,938	2,495
Loans and placements	6,625	6,587	5,810	5,422	5,320	5,525	6,177	5,616	5,801	6,513
Short term securities										
Bills of exchange	4,633	4,987	5,749	4,987	5,615	5,493	5,732	5,182	4,501	5,261
Bank certificates of deposit	2,275	2,340	1,740	1,589	1,473	1,711	2,068	2,059	2,763	3,270
Other short term securities	3,430	3,095	2,485	2,521	2,745	2,980	3,241	2,497	2,500	2,549
Long term securities										
Commonwealth government bonds	2,565	5,323	7,543	8,194	8,258	8,722	8,241	8,631	8,778	8,758
State and local government securities	11,558	12,335	14,353	14,098	13,281	12,212	12,162	12,966	13,106	13,250
Other long term securities	8,149	7,569	6,535	6,128	6,339	6,857	6,351	5,528	6,519	6,381
Equities and units in trusts										
Private trading corporations shares	23,832	22,725	27,791	26,406	25,308	26,645	25,434	24,340	25,157	25,768
Financial sector shares	4,046	4,424	5,949	5,840	5,500	5,030	5,297	5,804	5,980	6,407
Units in trusts	3,273	3,877	4,427	5,174	6,200	5,928	6,000	6,979	7,476	8,008
Other assets	2,021	2,033	2,238	2,234	2,132	1,821	1,711	2,143	2,213	2,119
<i>Non-financial assets —</i>										
Land and buildings	11,835	9,761	8,977	8,464	9,126	9,203	9,384	9,673	9,473	9,169
Other	1,905	1,751	1,245	1,497	1,328	1,837	2,721	2,218	2,695	2,693
Total assets in Australia	90,337	91,188	98,861	96,537	97,688	99,213	99,338	98,759	101,791	105,596
ASSETS OVERSEAS	12,787	16,730	19,805	18,824	16,986	16,559	15,454	16,370	17,089	15,505
Total assets	103,124	107,918	118,666	115,361	114,674	115,772	114,792	115,129	118,880	121,101

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

Superannuation Funds and Approved Deposit Funds

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

The information presented in the table below is compiled using data from the ABS Survey of Balance Sheet Information (to June 1995) and preliminary results from a new joint ABS/Insurance and Superannuation Commission Survey of Superannuation Funds (from September 1995). The surveys 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.

SUPERANNUATION AND APPROVED DEPOSIT FUNDS
Percentage change in selected assets for the quarter ended September 1995

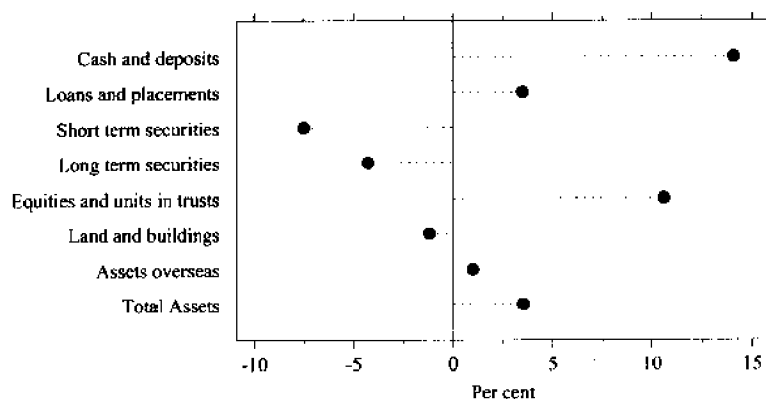


TABLE 4. ASSETS OF SUPERANNUATION FUNDS AND APPROVED DEPOSIT FUNDS(a)
(\$ million)

	1992		1993-94			1994-95			1995-96	
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	2,311	2,249	2,298	1,972	3,438	3,088	2,939	3,169	3,111	3,304
Other deposit taking institutions	3,460	1,580	1,388	1,296	1,228	1,589	1,311	1,416	1,249	1,669
Loans and placements	7,677	7,388	7,451	6,493	6,457	6,244	6,221	6,430	6,432	6,656
Short term securities										
Bills of exchange	2,561	3,555	3,275	3,499	3,827	3,893	4,545	3,783	4,119	3,389
Bank certificates of deposit	1,670	1,845	2,673	2,964	3,122	2,812	2,901	2,169	2,488	2,707
Other short term securities	1,675	1,353	1,603	1,544	1,132	1,258	1,702	1,212	1,117	1,049
Long term securities										
Commonwealth government bonds	6,920	8,683	9,087	8,223	9,286	9,578	9,043	11,264	12,200	11,681
State and local government securities	7,581	9,032	8,829	9,503	7,950	8,214	8,330	7,365	7,100	6,726
Other long term securities	5,432	3,891	3,074	3,133	2,966	2,409	2,277	2,188	2,266	2,236
Equities and units in trusts										
Private trading corporations shares	20,633	23,079	29,341	28,336	27,993	29,565	28,100	26,880	29,750	31,165
Financial sector shares	3,660	4,157	5,495	5,153	5,013	4,952	4,747	5,320	5,274	5,304
Units in trusts	4,760	6,135	6,848	6,803	6,777	6,839	7,347	8,203	8,382	11,523
Other assets	1,931	2,289	3,120	1,915	1,662	1,896	1,637	1,584	1,819	1,729
<i>Non-financial assets —</i>										
Land and buildings	8,104	7,065	6,947	7,134	7,385	7,343	7,719	8,070	8,173	8,075
Other	320	359	361	344	400	328	284	355	359	452
Total assets in Australia	78,695	82,660	91,790	88,312	88,636	90,008	89,103	89,408	93,839	97,664
ASSETS OVERSEAS	10,206	14,672	18,243	19,192	17,538	17,237	17,164	17,641	19,777	19,974
Total assets	88,901	97,332	110,033	107,504	106,174	107,245	106,267	107,049	113,616	117,638
Of which —										
Superannuation funds	78,848	86,863	99,262	97,061	96,227	97,529	97,139	98,066	104,433	(b)
Approved deposit funds	10,053	10,469	10,771	10,443	9,947	9,716	9,128	8,983	9,183	(b)

(a) Excludes superannuation funds that are wholly invested and administered by life insurance offices. However superannuation funds that invest partly through the statutory funds of life insurance offices are included. (b) Separate details for each fund type ceased to be collected after June quarter 1995 as the new Superannuation Industry (Supervision) Act has made the distinction between the two types of funds obsolete.

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.

The information in the table below is compiled from data collected by the ABS in the quarterly Public Unit Trusts Survey.

Excluded from the table below are:

- Trusts which are exempted from providing redemption facilities under Section 1069(3) of the

Corporations Act (e.g. most film and agriculture trusts),

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

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

PUBLIC UNIT TRUSTS
Percentage change in selected assets for the quarter ended September 1995

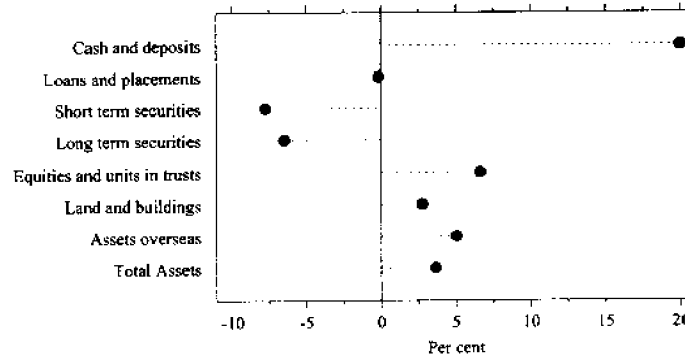


TABLE 5. ASSETS OF PUBLIC UNIT TRUSTS
(\$ million)

	1992	1993	1993-94		1994-95			1995-96		
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks(a)	1,260	1,200	1,325	1,088	1,345	1,053	992	739	1,030	1,115
Other deposit taking institutions	1,317	1,270	982	943	750	744	878	565	528	754
Loans and placements	1,113	1,446	1,536	1,605	1,784	1,945	1,911	1,899	1,825	1,822
Short term securities										
Bills of exchange	828	844	1,253	1,564	1,628	1,429	1,204	1,193	1,572	1,391
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	513	260	292	289	318	414	416	381	338	371
Long term securities										
Commonwealth government bonds										
State and local government securities	1,209	1,666	1,866	1,739	1,672	1,462	1,296	1,319	1,307	1,222
Other long term securities										
Equities and units in trusts										
Private trading corporations shares	3,589	4,819	6,932	6,915	6,902	7,305	7,182	7,465	7,696	8,442
Financial sector shares										
Units in trusts	1,747	1,861	2,372	3,073	3,143	3,278	2,985	2,708	3,539	3,538
Other assets	454	446	530	571	694	605	616	555	731	644
<i>Non-financial assets —</i>										
Land and buildings	9,725	9,530	10,034	10,951	12,389	12,493	13,234	13,926	14,164	14,549
Other	1,086	1,113	1,193	1,225	1,246	1,253	1,123	1,107	1,232	1,269
Total assets in Australia	22,840	24,457	28,314	29,963	31,872	31,981	31,836	31,856	33,963	35,116
ASSETS OVERSEAS	2,758	3,949	6,060	6,200	6,110	6,112	5,719	5,722	6,399	6,721
Total assets	25,599	28,406	34,374	36,163	37,982	38,093	37,555	37,578	40,362	41,837

(a) Bank certificat

included with 'Cash and deposits' at banks.

Friendly Societies

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

The information in the table below is compiled from data supplied to the ABS by 26 of the largest friendly societies

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

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

FRIENDLY SOCIETIES
Percentage change in selected assets for the quarter ended September 1995

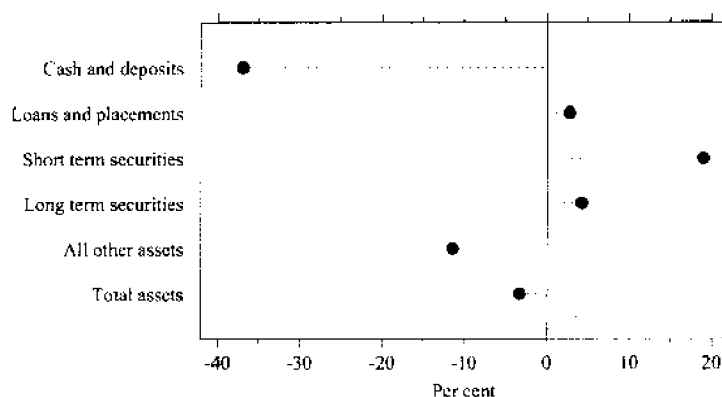


TABLE 6. ASSETS OF FRIENDLY SOCIETIES
(\$ million)

	1992	1993	1993-94			1994-95			1995-96	
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,224	1,029	723	678	2,218	906	828	898	1,775	995
Other deposit taking institutions	713	607	591	641	587	472	595	607	653	537
Loans and placements	858	647	641	614	614	609	605	588	535	550
Short term securities										
Bills of exchange	1,772	2,188	1,812	1,268	919	1,158	1,325	1,296	1,452	1,487
Bank certificates of deposit	570	614	482	284	1,067	1,334	1,156	1,312	1,419	1,676
Other short term securities	572	686	599	608	548	878	785	718	378	703
Long term securities										
Commonwealth government bonds	502	635	1,230	1,414	485	646	360	330	274	296
State and local government securities	1,089	1,118	1,419	1,824	1,046	1,373	1,411	1,437	608	760
Other long term securities	1,042	933	844	833	617	761	674	589	692	586
Equities and units in trusts										
Private trading corporations shares	67	70	98	161	100	95	75	82	103	122
Financial sector shares	28	30	33	30	30	32	38	38	37	35
Units in trusts	23	10	8	10	11	9	10	9	7	7
Other assets	123	107	219	346	230	113	187	207	163	70
<i>Non-financial assets —</i>										
Land and buildings	333	315	315	305	349	334	342	349	365	361
Other	72	193	104	43	188	68	66	73	70	65
Total assets in Australia	8,988	9,182	9,118	9,059	9,009	8,788	8,457	8,533	8,531	8,250
ASSETS OVERSEAS										
Total assets	8,988	9,182	9,118	9,059	9,009	8,788	8,457	8,533	8,531	8,250

Common Funds

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

The table below is compiled using data supplied from all 14 trustee companies operating in Australia as part of the ABS Survey of Balance Sheet Information. At the end of June 1995, trustee companies were managing 85 common funds throughout Australia.

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

COMMON FUNDS
Percentage change in selected assets for the quarter ended September 1995

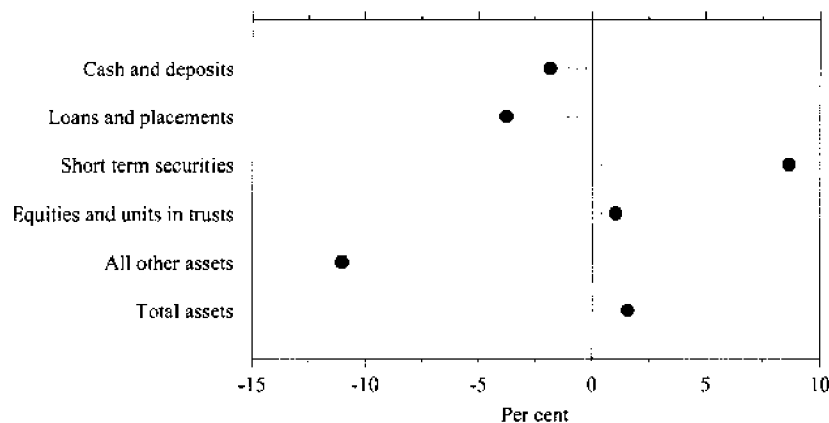


TABLE 7. ASSETS OF COMMON FUNDS
(\$ million)

	1992	1993	1993-94			1994-95			1995-96	
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	332	345	305	237	308	235	271	244	298	316
Other deposit taking institutions	195	207	198	184	194	179	256	172	188	161
Loans and placements	872	950	1,013	1,031	1,089	1,127	1,139	1,177	1,170	1,126
Short term securities										
Bills of exchange	1,655	1,389	1,360	1,390	1,367	1,332	1,190	1,201	1,304	1,358
Bank certificates of deposit	186	184	182	149	162	188	172	193	226	275
Other short term securities	240	244	160	221	202	128	119	156	204	251
Long term securities										
Commonwealth government bonds	—	17	19	13	13	23	18	19	23	29
State and local government securities	4	28	74	72	75	64	62	68	74	61
Other long term securities	45	74	72	77	71	70	103	105	107	81
Equities and units in trusts										
Private trading corporations shares	465	708	968	941	905	968	942	925	930	938
Financial sector shares	190	267	348	363	345	379	328	337	345	371
Units in trusts	5	47	10	42	50	61	63	68	68	48
Other assets	2	1	1	—	—	—	—	—	—	—
<i>Non-financial assets —</i>										
Land and buildings	143	105	108	105	103	94	94	91	86	87
Other	—	—	—	—	—	—	—	—	—	—
Total assets in Australia	4,334	4,566	4,818	4,825	4,884	4,848	4,757	4,756	5,023	5,102
ASSETS OVERSEAS	39	7	5	—	—	—	—	—	—	—
Total assets	4,373	4,573	4,823	4,825	4,884	4,848	4,757	4,756	5,023	5,102

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.

The information in the table below is compiled from data supplied to the ABS in the monthly Cash Management Trusts Survey. Currently there are 20 trusts in this survey.

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

CASH MANAGEMENT TRUSTS
Percentage change in selected assets for the quarter ended September 1995

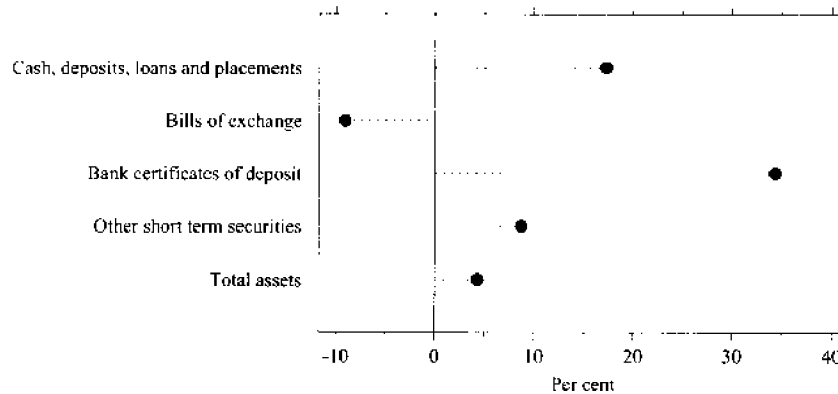


TABLE 8. ASSETS OF CASH MANAGEMENT TRUSTS
(\$ million)

	1992	1993	1993-94			1994-95		1995-96		
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	240	268	493	361	1,026	550	622	507	452	565
Other deposit taking institutions	256	263	185	116	134	136	67	99	93	73
Loans and placements	35	14	92	75	32	172	216	94	119	140
Short term securities										
Bills of exchange	2,198	2,318	2,400	2,173	1,809	2,147	2,053	2,156	2,891	2,628
Bank certificates of deposit	1,007	1,170	1,183	1,667	1,484	1,292	1,100	1,107	884	1,187
Other short term securities	1,433	1,185	945	999	1,242	1,168	1,243	1,192	1,132	1,231
Long term securities										
Commonwealth government bonds	—	—	—	—	2	2	—	30	40	20
State and local government securities	72	n.p.	95	187	163	144	47	16	2	6
Other long term securities	91	n.p.	78	1	2	—	30	115	—	1
Equities and units in trusts										
Private trading corporations shares	—	—	—	—	—	—	—	—	—	—
Financial sector shares	—	—	—	—	—	—	—	—	—	—
Units in trusts	—	—	—	—	—	—	—	—	—	—
Other assets	13	7	13	11	19	11	19	13	13	16
<i>Non-financial assets —</i>										
Land and buildings	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total assets in Australia	5,344	5,316	5,484	5,590	5,915	5,623	5,398	5,329	5,625	5,868
ASSETS OVERSEAS										
Total assets	5,344	5,316	5,484	5,590	5,915	5,623	5,398	5,329	5,625	5,868

PART THREE: PROFESSIONAL FUND MANAGERS

Professional Fund Managers

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

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

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

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

The information presented in the table below is compiled using data from the ABS Survey of Balance Sheet Information and includes all significant professional fund managers operating within Australia. The information has been shown separately for amounts managed by professional fund managers on behalf of managed funds and on behalf of other funds.

PROFESSIONAL FUND MANAGERS-SOURCE OF FUNDS UNDER MANAGEMENT
Percentage change for the quarter ended September 1995

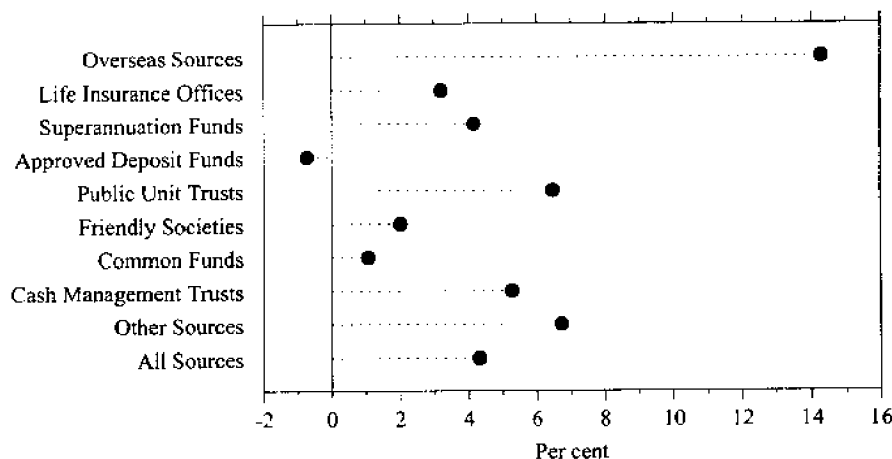


TABLE 9. PROFESSIONAL FUND MANAGERS — SOURCE OF FUNDS
(\$ million)

	1992	1993	1993-94			1994-95			1995-96	
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
Funds from Overseas Sources	1,858	2,439	4,123	4,240	4,443	5,272	4,552	5,206	6,433	7,380
Funds from Australian Sources										
Managed Funds										
Life Insurance Offices	98,129	106,476	116,405	113,976	113,067	111,629	110,002	110,934	115,193	118,885
Superannuation Funds	45,409	51,935	60,958	60,286	60,015	61,178	61,782	62,124	66,698	69,477
Approved Deposit Funds	9,183	9,607	9,927	9,640	9,180	9,012	8,462	8,340	8,568	8,506
Public Unit Trusts	17,786	20,368	26,151	26,482	26,602	26,722	26,529	27,928	29,048	30,931
Friendly Societies	6,822	6,959	6,726	6,354	6,280	6,565	6,154	6,124	6,146	6,270
Common Funds	288	305	333	355	354	374	509	1,916	1,937	1,958
Cash Management Trusts	4,069	4,048	4,190	4,332	4,638	4,387	4,292	4,167	4,326	4,555
Total Managed Funds	181,686	199,698	224,690	221,425	220,136	219,867	217,730	221,533	231,916	240,582
Other Sources										
Government	2,621	3,366	3,928	4,099	4,230	4,157	3,868	3,933	4,212	4,312
Charities	206	314	353	355	347	343	332	444	562	598
Other Trusts	1,099	783	1,105	1,199	1,684	1,859	1,637	1,788	1,966	2,454
General Insurance	8,586	10,504	12,003	12,712	12,439	12,137	12,086	11,927	12,407	12,715
Other sources	7,942	11,071	12,167	11,466	10,863	9,994	9,799	10,203	10,389	11,442
Total Other Sources	20,454	26,038	29,556	29,831	29,563	28,490	27,722	28,295	29,536	31,521
TOTAL	203,998	228,175	258,369	255,496	254,142	253,629	250,004	255,034	267,910	279,483

EXPLANATORY NOTES

Introduction

The statistics presented in this publication on managed funds in Australia have been compiled from the quarterly Survey of Balance Sheet Information conducted by the ABS and from selected data compiled from a new survey on superannuation funds conducted jointly by the ABS and the Insurance and Superannuation Commission.

Scope and coverage

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

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

3. Statistics in this publication relating to the *Statutory Funds of Life Insurance Offices* are derived from the ABS Survey of Balance Sheet Information. This survey receives returns from 29 of the 50 registered life insurance offices operating in Australia, representing approximately 98 per cent of the total assets of statutory funds. Data have been extrapolated to provide 100 per cent coverage.

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

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

5. Up to and including the June quarter 1995, data on superannuation funds and ADFs that directly invest their assets on their own behalf was collected by the ABS Surveys of Balance Sheet Information. From the September quarter 1995 the information on these superannuation funds is being obtained from a new survey run jointly between the ABS and the Insurance and Superannuation Commission; separate information on superannuation funds and approved deposit funds is not collected in this new survey.

6. For all other types of managed funds all registered organisations are covered by the ABS Survey of Balance Sheet Information, except the following:

- Public Unit Trusts: Information is obtained from data supplied in the quarterly ABS Public Unit Trusts Survey. Trusts which are exempted under Section 1069(3) of the Corporation Act from providing redemption facilities (e.g. film and agriculture trusts), trusts which do not seek funds from the general public, and some small trusts, are all excluded from managed funds statistics.
- Cash Management Trusts: Information is obtained from data supplied in the monthly ABS Cash Management Trusts Survey.

7. While friendly societies are covered by the Survey of Balance Sheet Information, data are only collected from the 26 largest friendly societies. This provides coverage of approximately 95 per cent of the total assets of friendly societies.

Basis of valuation

8. Respondents to the quarterly ABS Survey of Balance Sheet Information are requested to report assets at their market value.

Assets in Australia/Overseas

9. 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 military establishments located in Australia, which are classified as non-resident. Non-residents also include any persons, corporations or other entities ordinarily domiciled overseas. Entities located in Australia which are owned by non-residents are classified as resident of Australia (e.g. a branch or subsidiary of an overseas company). Overseas branches or subsidiaries of Australian companies are non-resident.

Financial instruments

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

Cash and deposits

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

negotiable certificates of deposit issued by banks as *Bank certificates of deposit*.

Loans and placements

12. *Loans* are intermediated borrowings which are not evidenced by the issue of debt securities. An example of this would be money borrowed from a Life Office with a mortgage over property as collateral.

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

Short term securities

14. 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.

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

16. *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.

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

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

19. *Bank certificates of deposit*. A certificate of deposit is similar to a promissory note except that the drawer is a bank. Most bank-issued certificates of deposit with an original term to maturity of one year or less are *negotiable* certificates of deposit or NCD's. *Transferable* certificates of deposit with an original term to maturity greater than one year are included in *long term assets*.

Long term securities

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

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

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

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

Equities and units in trusts

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

Other financial assets

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

Non-financial assets

25. 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.

26. *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.

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

Assets overseas

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

Revisions and Changes

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

30. The split of total assets into superannuation funds and approved deposit funds is no longer available due to the introduction of the joint ABS/Insurance and Superannuation Commission Survey of Superannuation. The introduction of the new Superannuation Industry (Supervision) legislation has made the distinction between the two fund types obsolete.

Related publications

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

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

Symbols and other usages

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

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

W. McLennan
Australian Statistician

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