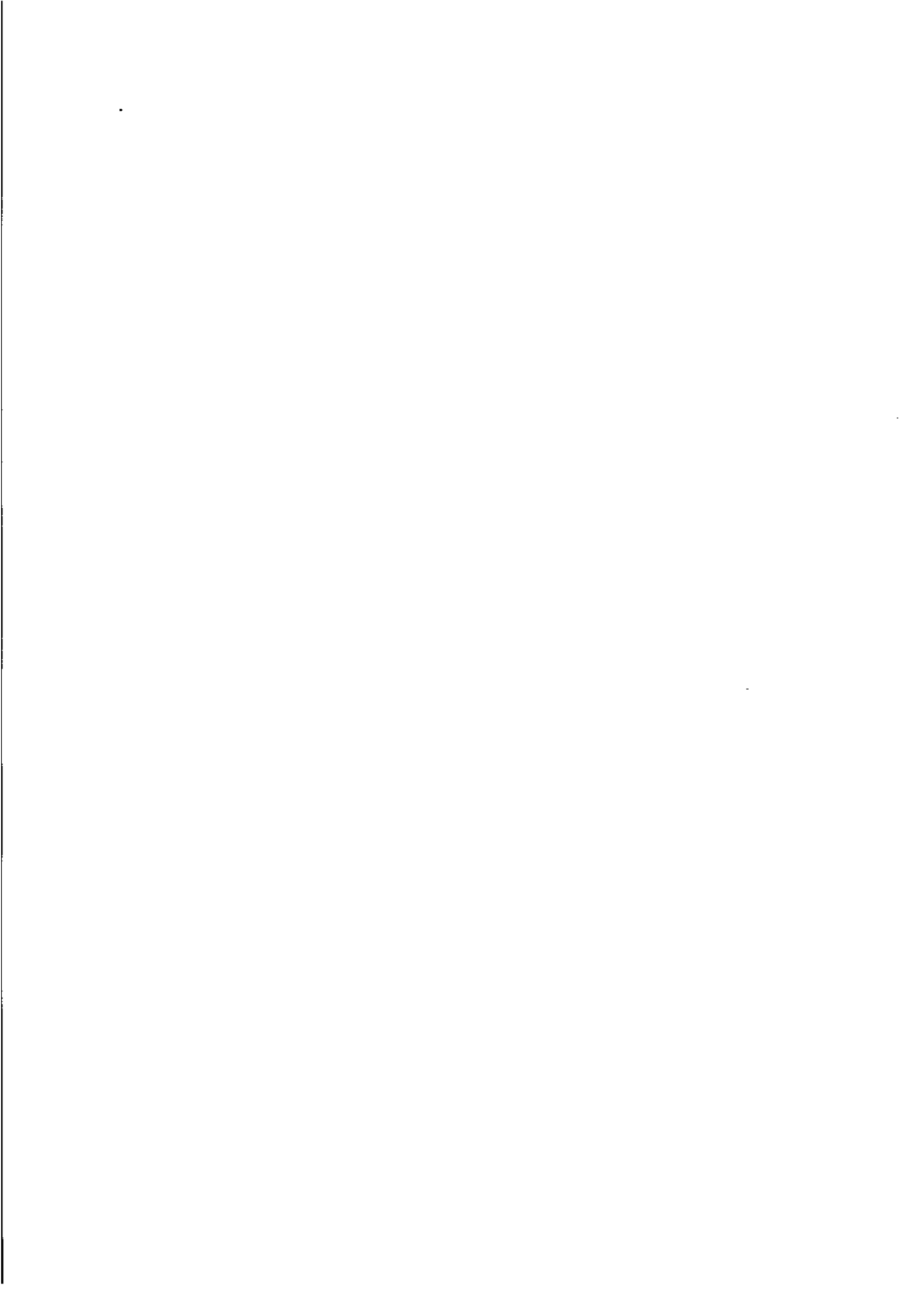




September Quarter 1994
MANAGED FUNDS: AUSTRALIA

Catalogue Number 5655.0

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EMBARGOED UNTIL 11.30 A.M. 22 DECEMBER 1994

**MANAGED FUNDS: AUSTRALIA
SEPTEMBER QUARTER 1994**

RICHARD MADDEN
Acting Australian Statistician

AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 5655.0

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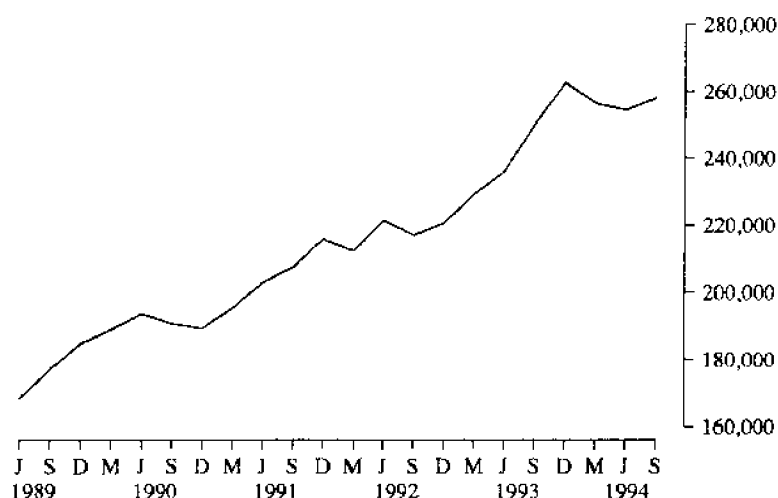
INQUIRIES

- *for further information about statistics in this publication and the availability of related unpublished statistics, contact Wendy Raedt on Canberra (06) 252 7118 or any ABS State office.*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

MANAGED FUNDS - TOTAL CONSOLIDATED ASSETS September 1994



The value of the consolidated assets of managed funds was \$258,188 million at the end of September 1994, an increase of \$3,565 million (1.4%) on the revised June 1994 figure of \$254,623 million and an increase of \$7,904 million (3.2%) on the revised September 1993 figure of \$250,284 million.

However, improvements in the coverage of the surveys have resulted in the inclusion of six additional fund managers in the surveys' results for the September quarter 1994; these additional managed funds accounted for an increase of \$1,791 million in the consolidated assets of Superannuation and Approved Deposit Funds.

Increases in the consolidated assets of Superannuation and Approved Deposit Funds \$3,337 million (3.5%), and the Statutory Funds of Life Insurance Offices \$963 million

(0.9%), more than offset the decreases recorded by the other types of managed funds.

At the end of September 1994, 15.3% of the assets of managed funds were held overseas and 84.7% were in Australia. Of the Australian assets, equities and units in trust made up 33.9%, long term securities accounted for 23.7%, short term securities accounted for 12.8% and land and buildings accounted for 13.5%.

The value of managed funds' assets invested through Professional Fund Managers at the end of September 1994 was \$217,109 million, an increase of \$2,448 million (1.1%) on June 1994. However, the additional six fund managers introduced into the September survey accounted for approximately \$1,900 million of the September total.

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 1994.

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

Type of Fund	Assets		
	Total	Cross-invested	Consolidated
Statutory Funds of Life Insurance Offices	111,855	5,983	105,872
Superannuation and Approved Deposit Funds	107,816	9,066	98,750
Public Unit Trusts	38,465	3,512	34,953
Friendly Societies	8,811	11	8,800
Common Funds	4,849	107	4,742
Cash Management Trusts	5,071	0	5,071
Total	276,867	18,679	258,188

PART ONE: ASSETS OF MANAGED FUNDS — CONSOLIDATED BASIS

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

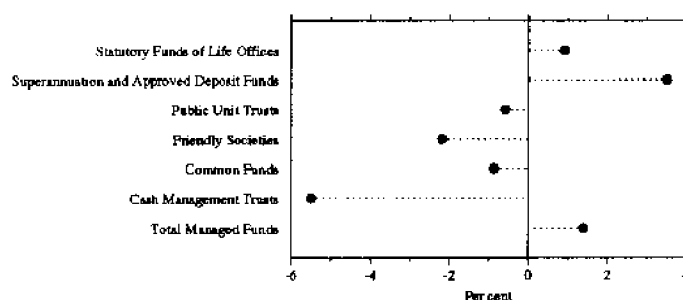


TABLE 1. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF FUND
(\$ million)

	1989	1990	1991	1992	1993	1993-94			1994-95	
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.
Statutory Funds of Life Insurance Offices(a)	68,116	81,242	87,050	98,696	103,435	108,935	112,772	108,236	104,909	105,872
Superannuation and Approved Deposit Funds	60,171	67,619	71,724	80,629	87,635	94,037	99,349	96,790	95,413	98,750
Public Unit Trusts	23,742	25,393	23,572	23,589	26,250	28,389	31,752	32,771	35,156	34,953
Friendly Societies	7,292	7,811	8,122	8,963	9,171	9,129	9,107	9,047	8,996	8,800
Common Funds	5,527	6,842	6,686	4,319	4,474	4,683	4,763	4,735	4,783	4,742
Cash Management Trusts	3,749	4,679	5,755	5,344	5,136	5,111	5,058	4,987	5,366	5,071
Total	168,597	193,586	202,908	221,540	236,100	250,284	262,802	256,565	254,623	258,188

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

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

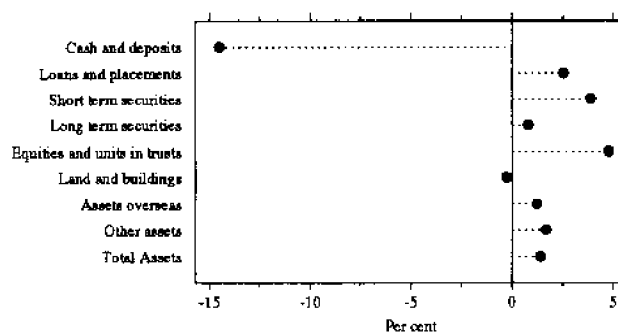


TABLE 2. CONSOLIDATED ASSETS OF MANAGED FUNDS BY TYPE OF ASSET
(\$ million)

	1989	1990	1991	1992	1993	1993-94			1994-95	
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.
Cash and deposits(a)	13,205	15,479	15,968	14,177	12,054	12,207	11,113	10,093	14,747	12,608
Loans and placements	15,160	17,531	15,888	14,760	15,063	15,161	14,477	13,377	13,317	13,655
Short term securities(a)(b)	21,388	23,360	24,018	26,965	27,983	26,217	27,724	27,110	27,954	29,035
Long term securities	26,728	30,867	39,254	45,985	51,262	54,980	54,786	54,990	51,457	51,863
Equities and units in trusts(c)	33,242	36,858	38,682	56,087	59,923	68,014	76,251	73,231	70,796	74,171
Land and buildings	35,557	38,235	35,382	30,029	26,742	26,323	26,281	26,820	29,719	29,627
Overseas assets	15,344	19,892	21,735	25,658	34,792	39,410	43,196	42,888	38,915	39,385
Other assets	7,977	11,365	11,979	7,880	8,278	7,970	8,975	8,057	7,715	7,844
Total	168,597	193,586	202,908	221,540	236,100	250,284	262,802	256,565	254,623	258,188

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

PART TWO: ASSETS OF MANAGED FUNDS — UNCONSOLIDATED BASIS

Statutory Funds of Life Insurance Offices.

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

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

STATUTORY FUNDS OF LIFE INSURANCE OFFICES
Percentage change in selected assets
for the quarter ended September 1994

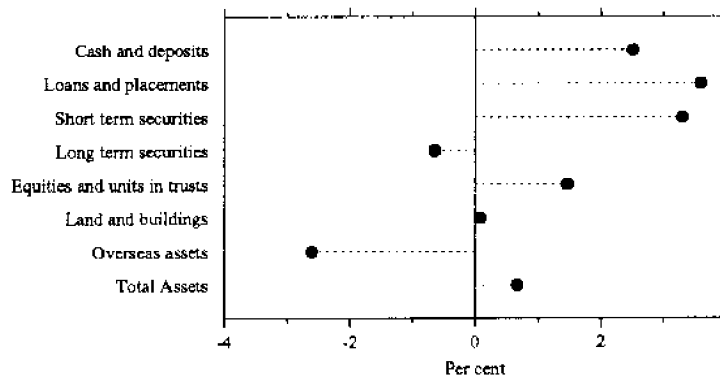


TABLE 3. ASSETS OF THE STATUTORY FUNDS OF LIFE INSURANCE OFFICES(a)
(\$ million)

	1989	1990	1991	1992	1993	1993-94			1994-95	
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA(b)										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,113	1,338	1,685	1,934	1,902	1,597	1,971	1,964	2,567	2,503
Other deposit taking institutions	1,364	1,347	2,019	2,216	2,464	2,365	2,003	1,956	2,339	2,526
Loans and placements	8,327	10,693	8,699	6,564	6,565	6,239	5,745	5,336	5,154	5,339
Short term securities										
Bills of exchange	4,725	5,358	5,920	4,590	4,970	5,353	5,686	4,907	5,441	5,309
Bank certificates of deposit				2,254	2,332	1,743	1,721	1,564	1,427	1,653
Other short term securities				3,398	3,085	2,779	2,458	2,480	2,660	2,880
Long term securities										
Commonwealth government bonds	13,221	16,336	20,801	2,541	5,304	7,908	7,460	8,063	8,001	8,411
State and local government securities				11,450	12,292	13,279	14,193	13,873	12,868	11,793
Other long term securities				8,073	7,543	6,574	6,462	6,032	6,135	6,627
Equities and units in trusts										
Private trading corporations shares	19,719	21,623	22,180	23,609	22,646	25,221	27,484	25,985	24,529	25,753
Financial sector shares				4,007	4,408	5,038	5,883	5,747	5,327	4,865
Units in trusts				3,243	3,864	4,117	4,378	5,092	5,965	5,730
Other assets	2,689	3,012	4,551	2,002	2,026	1,904	2,213	2,198	2,066	1,770
<i>Non-financial assets —</i>										
Land and buildings	12,868	13,423	13,748	11,724	9,727	9,369	8,877	8,330	8,886	8,894
Other	2,239	3,738	2,911	1,888	1,745	1,482	1,231	1,473	1,286	1,775
Total assets in Australia	66,263	76,868	82,513	89,493	90,873	94,968	97,765	95,000	94,651	95,828
ASSETS OVERSEAS	5,357	8,417	10,187	12,668	16,672	18,321	19,585	18,524	16,457	16,027
Total assets	71,620	85,285	92,700	102,161	107,545	113,289	117,350	113,524	111,108	111,855

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

PART TWO *continued*

Superannuation Funds and Approved Deposit Funds

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

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

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

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

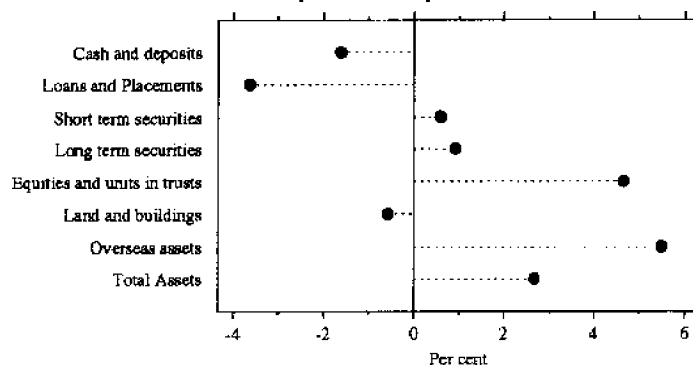


TABLE 4. ASSETS OF SUPERANNUATION FUNDS AND APPROVED DEPOSIT FUNDS(a)
(\$ million)

	1989	1990	1991	1992	1993	1993-94			1994-95	
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,133	1,564	1,711	2,249	2,199	2,450	2,171	1,909	3,435	2,999
Other deposit taking institutions	3,724	4,407	3,667	3,459	1,579	1,560	1,387	1,295	1,227	1,588
Loans and placements	4,939	5,475	6,346	7,857	7,661	7,846	7,702	6,710	6,670	6,428
Short term securities										
Bills of exchange	4,894	4,591	3,527	2,548	3,545	3,890	3,273	3,495	3,837	3,905
Bank certificates of deposit	1,609	1,602	2,305	1,564	1,756	1,437	2,607	2,921	3,025	2,896
Other short term securities	1,209	1,206	1,277	1,636	1,327	1,780	1,579	1,528	1,171	1,280
Long term securities										
Commonwealth government bonds	3,703	2,382	3,732	6,914	8,714	8,997	9,174	8,346	9,458	9,740
State and local government securities	3,772	5,505	7,160	7,545	9,001	8,782	8,801	9,483	7,968	8,334
Other long term securities	3,722	4,263	4,793	5,409	3,876	3,567	3,070	3,132	2,970	2,510
Equities and units in trusts										
Private trading corporations shares	11,715	13,396	15,110	20,509	22,877	26,131	29,095	28,020	27,724	29,831
Financial sector shares	2,129	2,372	3,075	3,623	4,099	4,649	5,410	5,070	4,934	5,018
Units in trusts	4,881	5,069	4,308	4,631	5,998	6,551	6,708	6,667	6,825	6,470
Other assets	502	1,928	2,069	1,924	2,276	2,501	3,103	1,898	1,645	1,896
<i>Non-financial assets —</i>										
Land and buildings	9,952	11,094	9,413	8,104	7,065	6,908	6,947	7,134	7,385	7,343
Other	567	509	506	316	354	278	355	338	384	332
Total assets in Australia	58,451	65,363	68,999	78,288	82,327	87,327	91,382	87,946	88,658	90,570
ASSETS OVERSEAS	8,104	9,142	9,184	10,193	14,164	16,164	17,546	18,164	16,348	17,246
Total assets	66,555	74,505	78,183	88,481	96,491	103,491	108,928	106,110	105,006	107,816
Of which —										
Superannuation funds	60,816	67,238	69,958	78,835	86,473	93,341	98,637	96,152	95,568	98,080
Approved deposit funds	5,739	7,267	8,225	9,646	10,018	10,150	10,291	9,958	9,438	9,736

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

PART TWO *continued*

Public Unit Trusts

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

Excluded from the table below are:

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

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

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

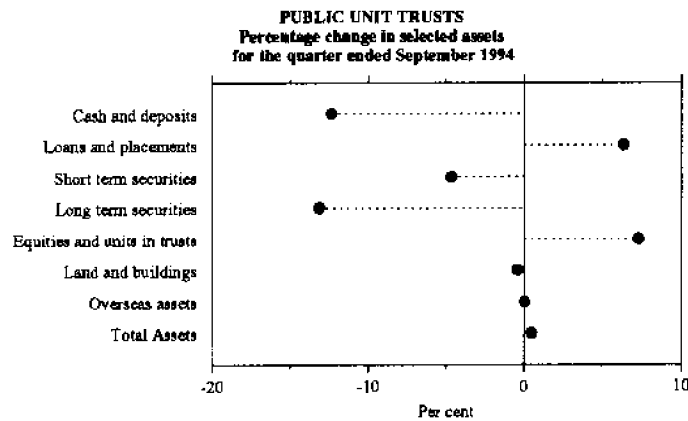


TABLE 5. ASSETS OF PUBLIC UNIT TRUSTS
(\$ million)

	1989	1990	1991	1992	1993	1993-94			1994-95	
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks(a)	923	1,233	1,424	1,260	1,200	1,198	1,325	1,088	1,345	1,109
Other deposit taking institutions	1,319	1,279	968	1,317	1,270	1,119	982	943	750	728
Loans and placements	1,984	1,489	1,470	1,113	1,394	1,450	1,469	1,527	1,687	1,794
Short term securities										
Bills of exchange	1,417	1,659	880	828	844	959	1,253	1,564	1,628	1,431
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	161	93	274	514	261	279	294	289	318	425
Long term securities										
Commonwealth government bonds	202	335	588	1,208	1,665	1,792	1,865	1,739	1,672	1,452
State and local government securities										
Other long term securities										
Equities and units in trusts										
Private trading corporations shares	2,068	2,106	2,394	3,589	4,819	5,669	6,932	6,915	6,902	7,230
Financial sector shares										
Units in trusts	1,727	2,082	2,013	1,747	1,903	2,020	2,425	2,888	2,972	3,366
Other assets	448	561	462	454	451	463	536	548	673	616
<i>Non-financial assets —</i>										
Land and buildings	12,337	13,294	11,736	9,725	9,530	9,616	10,034	10,946	12,996	12,940
Other	1,279	1,287	1,231	1,086	1,118	1,158	1,200	1,202	1,224	1,263
Total assets in Australia	23,864	25,419	23,439	22,840	24,457	25,722	28,314	29,647	32,167	32,352
ASSETS OVERSEAS	1,869	2,312	2,339	2,758	3,949	4,910	6,060	6,200	6,110	6,112
Total assets	25,733	27,730	25,778	25,599	28,406	30,633	34,374	35,847	38,278	38,465

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

PART TWO *continued*

Friendly Societies

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

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

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

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

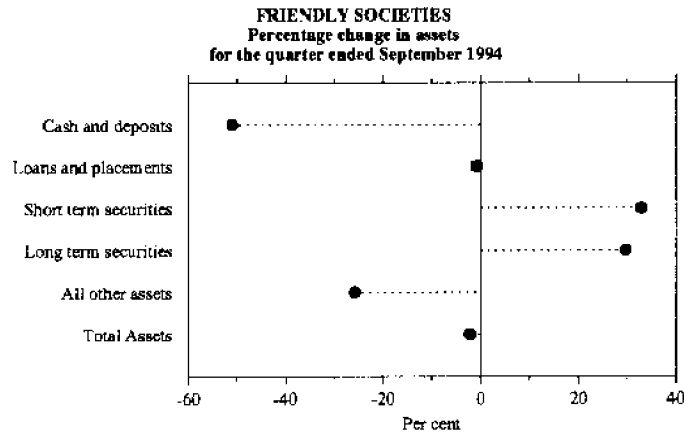


TABLE 6. ASSETS OF FRIENDLY SOCIETIES
(\$ million)

	1989	1990	1991	1992	1993	1993-94			1994-95	
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	1,127	1,368	1,893	1,224	1,029	972	723	678	2,218	903
Other deposit taking institutions	627	403	601	713	607	727	591	641	587	472
Loans and placements	1,044	1,312	942	858	647	654	641	614	614	609
Short term securities										
Bills of exchange	1,502	1,954	1,039	1,772	2,188	1,240	1,812	1,268	919	1,158
Bank certificates of deposit	549	274	455	570	614	413	482	284	1,067	1,330
Other short term securities	128	94	498	572	686	571	599	608	548	879
Long term securities										
Commonwealth government bonds	328	187	111	502	635	1,147	1,230	1,414	485	646
State and local government securities	973	799	1,187	1,089	1,118	1,571	1,419	1,824	1,046	1,373
Other long term securities	648	994	846	1,042	933	1,203	844	833	617	768
Equities and units in trusts										
Private trading corporations shares	6	4	23	67	70	116	98	161	100	95
Financial sector shares	21	26	19	28	30	30	33	30	30	32
Units in trusts	81	169	160	23	10	9	8	10	11	9
Other assets	165	225	170	123	107	129	219	346	230	113
<i>Non-financial assets —</i>										
Land and buildings	208	208	311	333	315	312	315	305	349	356
Other	61	67	27	72	193	46	104	43	188	68
Total assets in Australia	7,468	8,084	8,282	8,988	9,182	9,140	9,118	9,059	9,009	8,811
ASSETS OVERSEAS										
Total assets	7,468	8,084	8,282	8,988	9,182	9,140	9,118	9,059	9,009	8,811

PART TWO *continued*

Common Funds

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

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

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

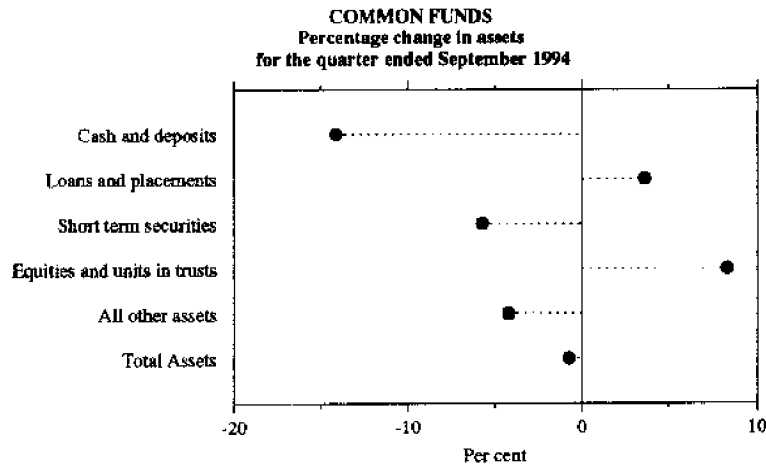


TABLE 7. ASSETS OF COMMON FUNDS
(\$ million)

	1989	1990	1991	1992	1993	1993-94			1994-95	
	June	June	June	June(a)	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks	984	696	944	332	345	294	305	241	315	259
Other deposit taking institutions	114	491	184	195	207	217	198	193	202	185
Loans and placements	854	1,006	840	872	950	968	1,013	1,031	1,089	1,128
Short term securities										
Bills of exchange	1,735	2,860	2,857	1,655	1,389	1,428	1,360	1,377	1,352	1,302
Bank certificates of deposit	1,113	907	770	186	184	169	182	149	162	188
Other short term securities	125	360	428	240	244	219	160	221	202	128
Long term securities										
Commonwealth government bonds	69	—	—	—	17	15	19	13	13	23
State and local government securities	11	5	2	4	28	61	74	72	75	64
Other long term securities	66	43	36	45	74	71	72	77	71	70
Equities and units in trusts										
Private trading corporations shares	212	282	310	465	708	838	968	941	905	968
Financial sector shares	61	61	122	190	267	323	348	363	345	379
Units in trusts	2	3	2	5	47	1	10	42	50	61
Other assets	4	12	39	2	1	1	1	—	—	—
<i>Non-financial assets —</i>										
Land and buildings	192	216	174	143	105	118	108	105	103	94
Other	2	5	1	—	—	—	—	—	—	—
Total assets in Australia	5,544	6,947	6,709	4,334	4,566	4,723	4,818	4,825	4,884	4,849
ASSETS OVERSEAS	14	21	25	39	7	15	5	—	—	—
Total assets	5,558	6,968	6,734	4,373	4,573	4,738	4,823	4,825	4,884	4,849

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

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

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

demand. All cash management trusts, currently numbering 18, are covered by the information presented in the table below.

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

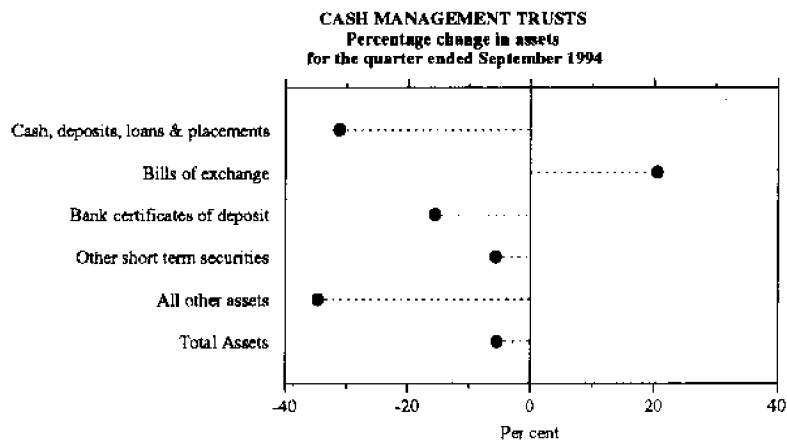


TABLE 8. ASSETS OF CASH MANAGEMENT TRUSTS
(\$ million)

	1989	1990	1991	1992	1993	1993-94			1994-95	
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.
ASSETS IN AUSTRALIA										
<i>Financial assets —</i>										
Cash and deposits										
Banks (a)	718	1,765	1,599	240	232	686	407	241	904	428
Other deposit taking institutions	557	301	303	256	263	298	185	116	134	136
Loans and placements	220	173	51	35	14	148	92	75	32	172
<i>Short term securities</i>										
Bills of exchange	1,866	2,187	2,728	2,198	2,270	2,128	2,291	2,018	1,682	2,028
Bank certificates of deposit(a)	—	—	—	1,007	1,112	879	1,043	1,468	1,305	1,102
Other short term securities	355	215	1,060	1,433	1,176	950	924	969	1,210	1,141
<i>Long term securities</i>										
Commonwealth government bonds	2	—	—	—	—	—	—	—	2	2
State and local government securities	11	18	3	72	n.p.	n.p.	25	88	74	50
Other long term securities	—	—	—	91	n.p.	n.p.	78	1	2	—
<i>Equities and units in trusts</i>										
Private trading corporations shares	—	—	—	—	—	—	—	—	—	—
Financial sector shares	—	—	—	—	—	—	—	—	—	—
Units in trusts	—	—	—	—	—	—	—	—	—	—
Other assets	21	21	12	13	7	n.p.	13	11	19	11
<i>Non-financial assets —</i>										
Land and buildings	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total assets in Australia	3,749	4,679	5,755	5,344	5,136	5,111	5,058	4,987	5,366	5,071
ASSETS OVERSEAS										
Total assets	3,749	4,679	5,755	5,344	5,136	5,111	5,058	4,987	5,366	5,071

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

PART THREE: PROFESSIONAL FUND MANAGERS

Professional Fund Managers

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

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

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

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

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

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

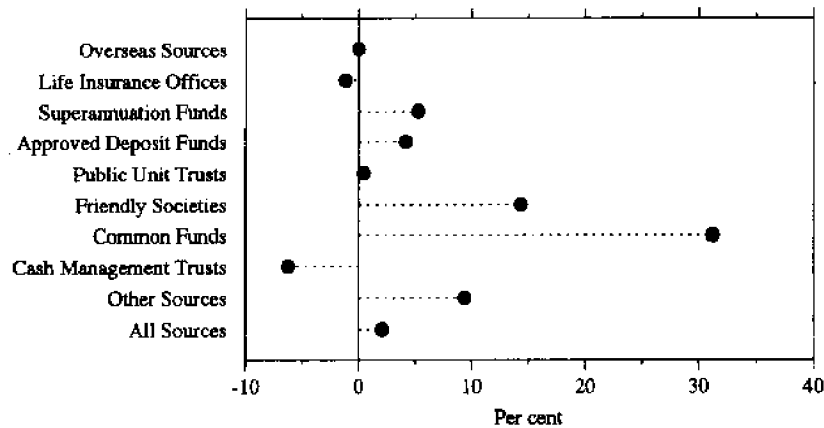


TABLE 9. PROFESSIONAL FUND MANAGERS — SOURCE OF FUNDS
(\$ million)

	1989	1990	1991	1992	1993	1993-94			1994-95	
	June	June	June	June	June	Sept.	Dec.	March	June	Sept.
Funds from Overseas Sources	5,378	3,954	4,208	4,520	4,188	4,743	5,912	5,889	6,235	6,235
Funds from Australian Sources										
Managed Funds										
Life Insurance Offices	66,310	79,186	88,632	98,026	106,253	112,045	115,948	113,488	112,132	110,791
Superannuation Funds	28,963	32,193	34,020	45,161	51,220	56,319	60,029	59,099	58,955	62,026
Approved Deposit Funds	4,938	6,560	7,455	8,776	9,156	9,290	9,447	9,155	8,671	9,032
Public Unit Trusts	11,082	12,677	12,387	18,387	21,147	23,943	27,173	27,680	27,722	27,842
Friendly Societies	2,359	2,837	3,148	3,285	3,401	3,211	3,223	2,877	2,807	3,209
Common Funds	178	217	209	213	214	238	246	279	285	374
Cash Management Trusts	3,048	3,754	4,397	4,069	3,868	3,778	3,764	3,729	4,089	3,835
Total Managed Funds	116,878	137,424	150,248	177,917	195,259	208,824	219,830	216,307	214,661	217,109
Other Sources										
Government	1,796	2,179	3,027	2,621	3,366	3,563	3,928	4,099	4,296	4,157
Charities	105	120	183	206	314	362	353	355	347	343
Other Trusts	424	916	1,100	1,095	768	911	1,081	1,171	1,653	1,848
General Insurance	3,360	4,670	5,505	8,586	10,456	10,924	11,936	12,646	12,106	12,137
Other sources	3,477	4,522	4,771	7,664	10,742	11,854	11,695	10,981	10,745	13,393
Total Other Sources	9,162	12,407	14,586	20,172	25,646	27,614	28,993	29,252	29,147	31,878
TOTAL	131,418	153,785	169,042	202,609	225,093	241,181	254,735	251,448	250,043	255,222

EXPLANATORY NOTES

Introduction

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

Scope and coverage

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

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

3. Statistics in this publication relating to the *Statutory Funds of Life Insurance Offices* for periods prior to June 1992 were prepared from data furnished by the Insurance and Superannuation Commission. These data did not include a measure of overseas assets and for completeness an estimate of overseas assets was derived from ABS surveys. For the quarter ended 30 June 1992 (and subsequent quarters) the data have been derived from the ABS Survey of Balance Sheet Information. This survey receives returns from 21 of the 49 registered Life Insurance Offices operating in Australia, representing approximately 96 per cent of the total assets of statutory funds. Data have been extrapolated to provide 100 per cent coverage.

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

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

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

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

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

Basis of valuation

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

Assets in Australia/Overseas

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

Financial instruments

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

Cash and deposits

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

Loans and placements

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

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

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

Short term securities

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

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

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

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

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

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

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

Long term securities

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

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

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

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

Equities and units in trusts

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

Other financial assets

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

Non-financial assets

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

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

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

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

Assets overseas

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

Revisions

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

Related publications

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

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

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

Symbols and other usages

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

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





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ABS Email Addresses

Keylink	STAT.INFO/ABS
X.400	(C:AU,A:TELMEMO,O:ABS,SN:INFO,FN:STAT)
Internet	STAT.INFO@ABS. TELEMEMO.AU



Information Services, ABS, PO Box 10, Belconnen ACT 2616



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