

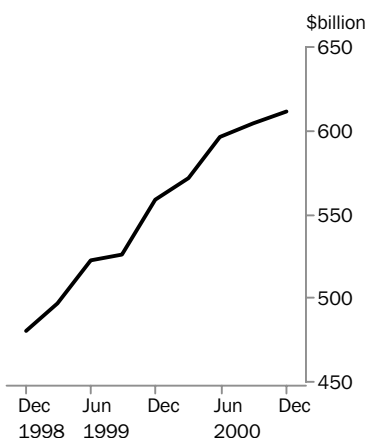


# MANAGED FUNDS

AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) WED 28 FEB 2001

## Total consolidated assets



## DECEMBER QTR KEY FIGURES

CONSOLIDATED ASSETS (a)	Dec Qtr 1999 \$m	Sep Qtr 2000 \$m	Dec Qtr 2000 \$m
Superannuation funds	253 540	285 000	288 036
Life insurance offices(b)	165 204	167 666	166 881
Other managed funds	140 220	152 291	157 027
<b>Total</b>	<b>558 965</b>	<b>604 957</b>	<b>611 945</b>

(a) See note on consolidation on page 2.

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

## DECEMBER QTR KEY POINTS

### CONSOLIDATED ASSETS

- The value of consolidated assets of managed funds as at 31 December 2000 was \$611.9 billion, an increase of \$7.0 billion (1%) on the revised 30 September 2000 figure of \$605.0 billion.
- The largest increase in the consolidated assets of managed funds during the December 2000 quarter was in public unit trusts, up \$3.9 billion (3%), followed by superannuation funds, up \$3.0 billion (1%).
- The value of managed funds' assets invested through fund managers was \$460.7 billion at the end of December 2000, representing 75% of all consolidated assets of managed funds.

### VENTURE CAPITAL

ABS has conducted a survey of venture capital activity. The main findings are:

- at 30 June 2000, investors in venture capital investment vehicles had invested \$2.3 billion in venture projects; and
- a further \$2.3 billion was committed for future investment in these projects.

- 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.

**NOTE:**  
Feature article on  
Venture Capital.  
See page 7.

# NOTES

## FORTHCOMING ISSUES

<i>ISSUE (Quarter)</i>	<i>RELEASE DATE</i>
March 2001	31 May 2001
June 2001	31 August 2001

## CHANGES IN THIS ISSUE

A special article on venture capital has been included in this publication. This is available as a result of a survey conducted by the ABS at the request of the Department of Industry, Science and Resources.

## REVISIONS IN THIS ISSUE

There have been a number of small revisions in many series as a result of quality assurance work undertaken with data providers.

There are a further 11 new investment managers included in the results this quarter. In Table 8 on Investment Managers, the December quarter 2000 total sources of funds included a \$5.4 billion revision for new fund managers, including \$2.6 billion for superannuation funds and \$2.7 billion for trusts. There were smaller revisions to quarters prior to December 2000.

In consultation with APRA and the Australian Taxation Office the asset profile of small superannuation funds has been adjusted and revised back to December 1999 to reflect more accurately the asset profile of this group of organisations.

## METHOD OF CONSOLIDATION

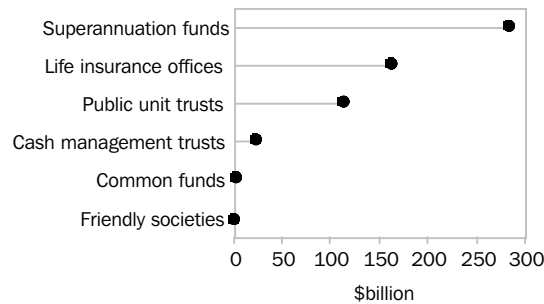
Estimates of the consolidated assets of managed funds are derived by eliminating any cross-investments that takes place between the various types of funds. For example, investments by superannuation funds in public unit trusts are excluded from assets of superannuation funds in a consolidated presentation. 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

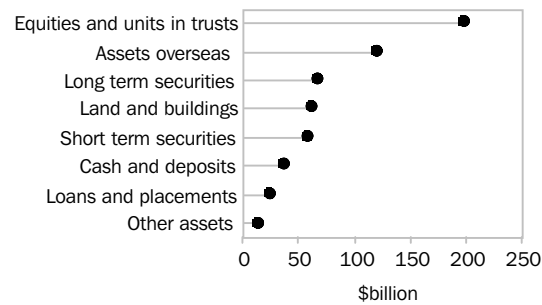
## BY TYPE OF INSTITUTION

Assets of superannuation funds held outside life offices increased by \$3.0 billion (1%) to \$288.0 billion during the December 2000 quarter. There was substantial growth in the assets of public unit trusts which increased by \$3.9 billion (3%) to \$117.3 billion and cash management trusts which increased by \$0.7 billion (3%) to \$26.8 billion. Despite an increase in unconsolidated assets, consolidated assets of life insurance offices decreased by \$0.8 billion to \$166.9 billion, due in part to increased investment in public unit trusts. There were small changes in the assets of friendly societies and common funds during the quarter. Overall the consolidated assets of managed funds increased by 1%.



## BY TYPE OF ASSET

Other assets increased by \$2.0 billion (11%) which was due in part to an increase in the value of lease holdings. The other increases were in land and buildings (3%) and short term securities (2%). The only decrease was in loans and placements, down \$1.1 billion (4%).



## CROSS INVESTMENT

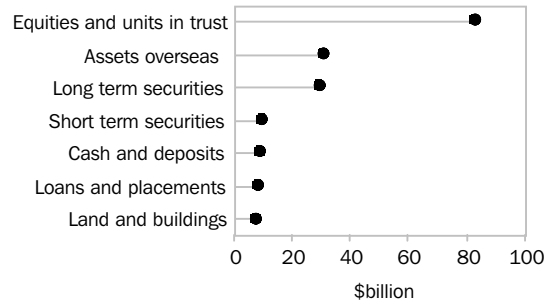
The table below presents the unconsolidated, cross-invested and consolidated assets of managed funds by type of fund as at 31 December 2000.

Type of fund	Unconsolidated assets \$m	Cross-invested assets \$m	Consolidated assets \$m
Life insurance offices	190 271	23 389	166 881
Superannuation funds	337 470	49 434	288 036
Public unit trusts	134 821	17 485	117 336
Friendly societies	5 965	401	5 564
Common funds	7 389	103	7 286
Cash management trusts	26 841	—	26 841
<b>Total</b>	<b>702 756</b>	<b>90 812</b>	<b>611 945</b>

# MANAGED FUNDS: Unconsolidated Assets

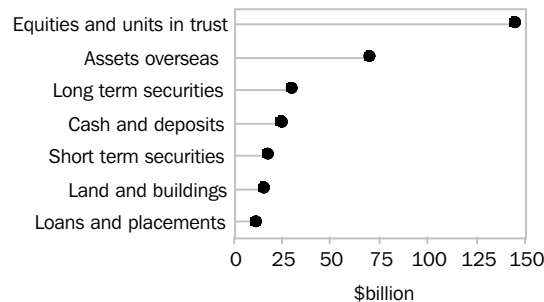
## LIFE INSURANCE OFFICES

The total assets of life offices were \$190.3 billion at 31 December 2000, an increase of \$0.6 billion (0.3%) compared with September 2000. Equities and units in trusts increased by \$1.0 billion (1.3%), while short term securities decreased by \$0.4 billion (3%).



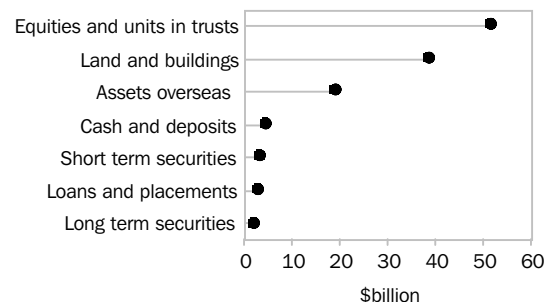
## SUPERANNUATION FUNDS

The total assets of superannuation funds were \$337.5 billion at 31 December 2000, an increase of \$3.8 billion (1.1%) compared with the September 2000 quarter. The holdings of equities and units in trusts, which account for 44% of total assets, showed little change during the quarter due to a marginal movement in the All Ordinaries. The major increases in assets during the quarter were financial sector shares up \$1.2 billion (4%) and bills of exchange up \$0.9 billion (13%).



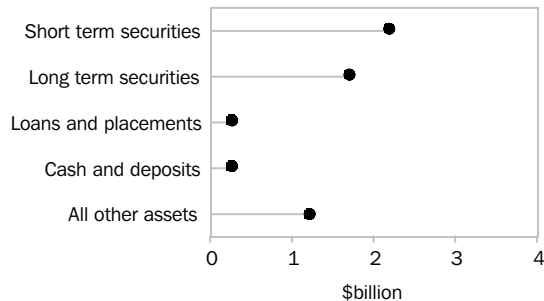
## PUBLIC UNIT TRUSTS

The total assets of public unit trusts were \$134.8 billion at 31 December 2001, an increase of \$5.3 billion (4%) compared with 30 September 2000. The major increases in assets during the quarter were equities and units in trusts, up \$2.1 billion (4%), land and buildings, up \$1.6 billion (5%), and other non-financial assets, up \$1.9 billion (68%) mainly through non-property leases. Equities and units in trusts now account for 46% of their total Australian assets.



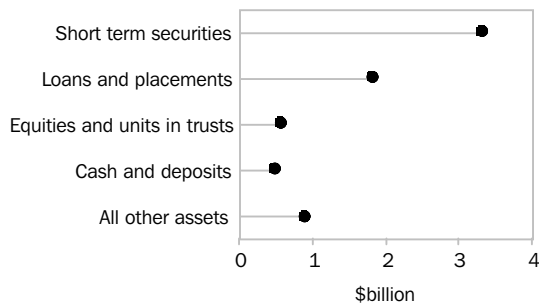
**FRIENDLY SOCIETIES**

The assets of friendly societies were \$6.0 billion at 31 December 2000, no change from the September 2000 quarter. Short term securities accounted for 38% of total assets, with bank certificates of deposit accounting for 58% of short term securities.



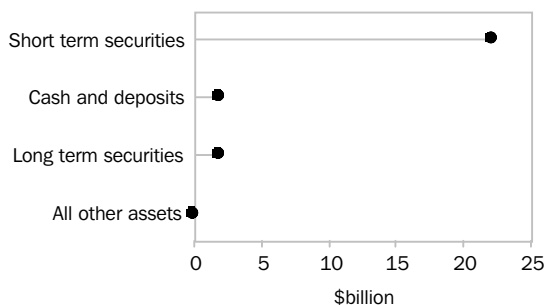
**COMMON FUNDS**

Total assets of common funds were \$7.4 billion, at 31 December 2000, an increase of \$0.2 billion (2%) on the September 2000 quarter of \$7.2 billion. Short term securities accounted for 46% of total assets, with bills of exchange accounting for 52% of the short term securities.



**CASH MANAGEMENT TRUSTS**

The total assets of cash management trusts were \$26.8 billion at 31 December 2000, an increase of \$0.7 billion (3%) on the September 2000 quarter of \$26.1 billion. Holdings of short term securities increased during the quarter by \$1.1 billion to \$22.4 billion. There was a significant change in the composition of the short term securities portfolio: bills of exchange increased by \$2.6 billion, bank certificates of deposit decreased by \$2.5 billion and other short term securities increased by \$1.0 billion. Bills of exchange accounted for 34% of total assets.

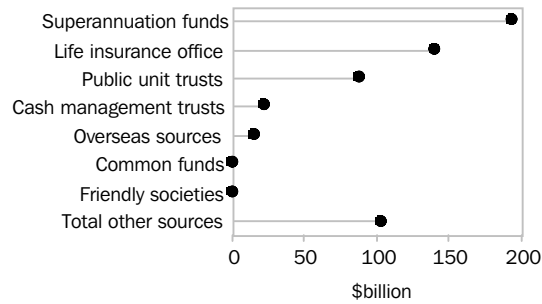


# MANAGED FUNDS — INVESTMENT MANAGERS

## SOURCE OF FUNDS UNDER MANAGEMENT

During the December 2000 quarter there was an increase in total funds under management by investment managers of \$7.8 billion (1%) bringing the total sources of funds under management to \$583.3 billion. Funds sourced from superannuation funds increased by \$4.3 billion (2%) and funds sourced from cash management trusts rose by \$1.1 billion (5%).

The value of managed funds assets invested through investment managers was \$460.7 billion at the end of December 2000, representing 75% of all the consolidated assets of managed funds.



## VENTURE CAPITAL SURVEY

### RESULT HIGHLIGHTS

Australian Bureau of Statistics (ABS) has undertaken its first-ever survey of venture capital activity, with the encouragement and assistance of Department of Industry, Science and Resources and other Commonwealth agencies.

Preliminary results have been produced. Highlights are:

- investors have committed \$4.9 billion to venture capital investment vehicles including \$2.3 billion in commitments for future investment;
- the value of investments in venture capital investment vehicles was \$2.6 billion at 30 June 2000;
- the survey identified 97 active venture capital managers, who managed 123 investment vehicles;
- the 123 investment vehicles had 569 investments in investee companies;
- there was \$666 million invested in new projects during the 1999–2000 financial year with additional investments in existing projects of \$163 million, giving a total of \$829 million invested in venture capital projects in the year.
- the value of exits from existing investments during the year was \$536 million;
- there was venture capital investment in a wide range of industries and activities; the value of investment in manufacturing projects being \$568 million, and property and business services projects of \$440 million of the total project value of \$2.3 billion;
- Australian superannuation funds were the largest investors in venture capital vehicles. 35% of the \$4.9 billion committed at the end of the financial year came from Australian superannuation funds.

These, and the findings presented in the remainder of the article, are subject to revision following detailed analysis of the dataset.

The survey has presented a significant challenge to ABS and data providers. Concepts employed have been synthesised from terms used in the industry. Frequently the same form of words has different nuances and accounting treatments; valuation practices can differ; methods of operation may follow different patterns; there are some differences between industry practices and the criteria used to evaluate projects applying for government assistance. The result is that the term ‘venture capital’ and associated data concepts have a range of meanings. In this survey, ABS has given self-description weight over administratively based definitions, and there may be inconsistencies in the dataset as a result. However, detailed analysis of the dataset can provide a view appropriate for policy purposes.

One broad definition of venture capital is ‘...an equity investment in a private company.’<sup>1</sup> It goes on further to say ‘A venture capital investment can have a higher level of risk for the investor than other forms of investment because it is in a private company, and may have little or no security and limited liquidity.’

Usually this very broad concept of venture capital investment is narrowed by the venture capital industry:

- investment not only of money but also of skills and time;
- usually investment in an innovative business in its early stages;
- short to medium-term investment with the potential of high capital gains on divestment (rather than long-term investment involving regular income streams).

<sup>1</sup> Bizel, Victor (ed.), *Australian Venture Capital Guide 2000*, 7th edn, Politecon Publications, Five Dock, Sydney, 2000, p. 11.

RESULT HIGHLIGHTS *continued*

One of the important aspects of venture capital investment is the commitment of the investor in the investee company. The investors assist the investee to be as successful as it can be. The investor usually has a place on the board and may be involved in choosing other board members as well as investing money. This separates venture capital investment from the investment made by companies or individuals (for example relations and friends of business principals, and so-called 'business angels') in a private company without this support structure. Although most venture capital vehicles included in the survey invest with the intention of realising gains on the sale of its investments, the survey did include some long term investors who operate using essentially a venture capital model to manage the investment.

INTRODUCTION AND BACKGROUND

ABS has undertaken a survey of venture capital at the request of Department of Industry, Science and Resources, prompted by changes in tax regimes for venture capital investment announced as part of the 1999 budget. There has been some concern that existing venture capital data sometimes suffers from concepts employed and from incomplete response.

ABS conducted the survey with respect of the year ended June 2000, following a feasibility study, during which a number of venture capital practitioners, industry researchers, academics, and policy analysts were consulted.

The survey concepts and collection form were developed by ABS in consultation with users, industry bodies and data providers. Considerable assistance to the ABS was provided by the Department of Communications, Information Technology and the Arts.



UNITS, POPULATION, DATA CONCEPTS

HOW THE INDUSTRY WORKS

Finance for small to medium sized enterprises, which grow from start-up to mature operations, tends to follow stages:

- at the beginning of an enterprise there is a product or an idea that has potential to become commercially viable. To take the enterprise to a step towards commercialisation, finance is generally provided by the principals, and relatives and friends of the principals;
- as an enterprise develops further, finance, management and other skills may be provided by ‘business angels’, independent business people who can see potential in the business, and who essentially prepare the business for professional financing;
- as the enterprise develops further, and demonstrates a product and market, full commercialisation is the next step. At this stage a number of venture capitalists not only provide financial resources, usually via a fund or company, but also provide more specialised management and business skills to ensure the future growth and prosperity of the enterprise. The venture capitalists usually provide the funds through venture capital vehicles which may be Pooled Development Funds, Innovation Investment Funds, or other specially created vehicles operated by specialised venture capital managers;
- finally, venture capitalists exit their investment by initial public offering (IPO), management buy-out / buy-in, or trade sale. At this point the enterprise is mature enough to be reliant on its own resources and skills.

Not all enterprises go through each step. The development path is suitable for businesses reliant on a high degree of technical content, where the principals are technically competent but not necessarily skilled business people. Measuring aggregate activity for the first two steps is a difficult and expensive proposition due to the low profile of the small businesses and the desire for privacy by most business angels. Some useful work on these aspects has been done by the GEM project (see references). Measurement of the later stages is more amenable to standard business statistics methods.

TRANSACTORS

The survey measures three types of transactor: *Venture Capital Investment Vehicles* are specialist intermediaries between *investors* and *investee companies*.

These intermediaries undertake assessment of potential investee companies, provide investors, usually institutional investors, with exposure to potential high-growth companies whilst spreading the risk (investors can invest in a range of funds) and provide ongoing performance monitoring and skills management services. The investee companies receive not only funds but also access to development and commercialisation skills as may be needed. The survey asks venture capital investment vehicles to report characteristics of both investors and investees.

ABS has imputed a domestic balance sheet for cases where a local agent of a global venture capital fund manages, but does not legally own, the investment.

POPULATION

The population of investment managers included in the survey was constructed from lists of participants in government programs (Pooled Development Fund, Innovation Investment Fund), membership of the Australian Venture Capital Association Ltd (AVCAL), the *Australian Venture Capital Guide*, business directories and venture capital journals. The investment managers reported on behalf of the venture capital investment vehicles they controlled.

- DATA COLLECTED The survey collects data in the following areas from venture capital investment vehicles:
- Standard accounting data (balance sheet, income and expenditure) of the vehicle;
  - Funding (commitments, drawdowns, returns of capital);
  - Investee company characteristics (called deals).

SURVEY ADMINISTRATION AND RESPONSE

F1 SURVEY RESPONSE

Response type	INDUSTRY ASSOCIATION.....		OTHER.....		TOTAL.....	
	<i>Investment managers</i>	<i>Investment vehicles</i>	<i>Investment managers</i>	<i>Investment vehicles</i>	<i>Investment managers</i>	<i>Investment vehicles</i>
	no.	no.	no.	no.	no.	no.
Out of scope	56	—	29	—	85	—
Nil	7	—	12	—	19	—
Operating in year	43	62	54	61	97	123
Non-response	—	—	5	—	5	—
<b>Total</b>	<b>106</b>	<b>62</b>	<b>100</b>	<b>61</b>	<b>206</b>	<b>123</b>

OUT OF SCOPE RESPONDENTS Of the 85 out of scope respondents:

- 16 had ceased involvement in venture capital or had been merged with another respondent;
- 50 were providers of services such as education, insurance, legal, accounting or executive recruitment. These respondents did not invest in venture capital projects directly; and
- 12 were introductory agencies who undertake selection and due diligence for venture capitalists and business angels.

NON-RESPONSE ESTIMATION All non-respondents to the survey to date have had an imputed response for asset investment included in these results, based on sizing information provided by the non-responding organisation. No information is imputed for the number of investment vehicles.

STRUCTURE AND ORGANISATION

Whilst unlisted companies were the most common organisational structure of investment vehicles (46%), trusts were the favoured type of organisation when ranked by value of assets (48%).

F2 INVESTMENT VEHICLES, by Type of Legal Organisation—1999–2000

<i>Legal organisation</i>	<i>Investment vehicles</i>	<i>Assets</i>
	no.	\$m
Listed company	18	565
Unlisted company	57	777
Trust	43	1 336
Other	5	80
<b>Total</b>	<b>123</b>	<b>2 758</b>

F3 PROGRAM PARTICIPATION, by Investment Vehicles—1999–2000

<i>Program</i>	<i>Investment vehicles</i>	<i>Assets</i>
	no.	\$m
Pooled Development Fund	47	568
Other Government programs	7	91
None	69	2 100
<b>Total</b>	<b>123</b>	<b>2 758</b>

Over half the investment vehicles did not, or could not, take advantage of government programs. The Government programs included Building Information Technology Strengths, Innovation Investment Fund and Renewable Energy Equity Fund.

FUNDS AND SOURCES OF FUNDS

F4 SOURCE OF FUNDS OF INVESTMENT VEHICLES—AT 30 JUNE 2000

Source	COMMITMENTS BY INVESTORS		DRAWDOWNS FROM INVESTORS.....		UNUSED COMMITMENT S
	<i>Investment vehicles</i>	<i>Value</i>	<i>Investment vehicles</i>	<i>Value</i>	<i>Value</i>
	no.	\$m	no.	\$m	\$m
<b>Residents</b>					
Banks	19	340	18	229	111
General government	6	120	5	60	61
Public trading enterprises	10	125	10	63	62
Private trading enterprises	29	358	28	221	136
Superannuation funds	49	1 733	48	883	850
Life insurance offices	9	183	9	92	91
Trusts	12	88	12	50	38
Funds of funds	18	314	18	173	141
Other	56	418	56	343	75
Not stated	18	199	18	199	—
<i>Total resident</i>	..	3 877	..	2 314	1 564
<b>Non-residents</b>					
Superannuation funds	5	21	5	19	2
Other	26	1 002	23	292	711
<i>Total non-resident</i>	..	1 023	..	310	713
<b>Total</b>	..	<b>4 900</b>	..	<b>2 624</b>	<b>2 276</b>

For some investment vehicles which are organised as public companies it does not make sense to allocate share raisings by source. The paid-up capital of such companies has been tabulated against the 'not stated' source as both commitments and drawdowns.

The largest source of funds in terms of commitments was Resident Superannuation funds with 37% of commitment value followed by Other Non-residents with 21%.

The largest source of funds in terms of drawdowns was Resident Superannuation Funds with 36% of drawdown value followed by Other Residents with 14%.

ASSETS AND LIABILITIES

F5 BALANCE SHEET OF INVESTMENT VEHICLES—AT 30 JUNE 2000

	<i>Investment vehicles</i>	<i>Value</i>
	no.	\$m
ASSETS		
Resident assets		
Cash and deposits	86	305
Debt securities	25	212
Listed equity	39	388
Unlisted equity	102	1 336
Other VC funds	6	68
Other equity	8	56
Other financial	53	82
Non-financial	19	12
<i>Total resident assets</i>	..	2 458
Non-resident assets		
Unlisted equity	23	218
Listed equity	8	71
Other	4	11
<i>Total non-resident assets</i>	..	300
<i>Total Assets</i>	..	2 758
LIABILITIES		
Borrowings	9	30
Other	66	81
<i>Total liabilities</i>	..	112
NET ASSETS		
Draw downs	232	2 425
Paid up capital	18	221
<b>Total net assets</b>	..	<b>2 646</b>

Unlisted equity, mainly investment in investee companies, at \$1.3 billion was the major asset of investment vehicles at 30 June 2000.

Cross investment between investment vehicles was \$68 million at 30 June 2000.

Of the \$2,758 million of assets, \$2,279 million was held in venture capital projects.

FINANCIAL OPERATIONS

F6 VENTURE CAPITAL PROJECT INVESTMENT BY INVESTMENT VEHICLE—1999–2000

	<i>Investment vehicles</i>	<i>Value</i>
	no.	\$m
Investments at beginning of year	..	1 904
Activity during year		
Additions to value		
New projects	79	666
Follow-on investments	47	163
Unrealised gains	48	245
Exits and other decreases in value		
Trade sales	24	137
Initial public offers	12	346
Buyback	4	8
Write-offs	19	45
Investments at end of year	123	2 279

New projects at \$666 million added more value to the investment portfolio during the year than did unrealised gains (\$245 million) or follow-on investment (\$163 million).

Initial public offers accounted for over 60% of exits during the year.

F7 SELECTED INCOME AND EXPENDITURE OF INVESTMENT VEHICLES—1999–2000

	<i>Investment vehicles</i>	<i>Value</i>
	no.	\$m
Expenditure		
Management fees	75	56
Performance fees	10	52
Interest payments	12	3
Other outlays	65	42
Income		
Interest receipts	68	34
Other inflows	43	148

Management and performance fees were the major items of expenditure during the year. Management fees are charged regardless of results; performance fees reflect the profitability of investments. Other outlays relate mainly to new investments: legal, accounting, registration, etc. Other income is mainly dividend and trust distributions.

INVESTEE COMPANIES

INDUSTRY AND ACTIVITY F8 INVESTEE COMPANIES BY INDUSTRY—AT 30 JUNE 2000

ANZSIC Industry	Investee companies		Value of investment...	
	no.	% share	\$m	% share
Manufacturing	129	22.7	568	24.9
Property and business services	83	14.6	440	19.3
Communication services	80	14.1	255	11.2
Construction	22	3.9	221	9.7
Health and community services	46	8.1	200	8.7
Wholesale and retail trade	55	9.7	193	8.5
Mining	58	10.2	141	6.2
Personal and other services	12	2.1	66	2.9
Finance and insurance	27	4.7	64	2.8
Agriculture, forestry and fishing	24	4.2	55	2.4
Cultural and recreation services	5	0.9	21	0.9
Transport and storage	8	1.4	20	0.9
Accommodation, cafes and restaurants	7	1.2	19	0.8
Education	6	1.1	8	0.4
Government administration and defence	3	0.5	6	0.3
Electricity, gas and water supply	4	0.7	3	0.1
<b>Total</b>	<b>569</b>	<b>100.0</b>	<b>2 279</b>	<b>100.0</b>

The industry which had the largest amount of venture capital invested was Manufacturing with \$568 million followed by Property and business services with \$440 million.

F9 INVESTMENT BY ACTIVITY—AT JUNE 2000

Activity	Investee companies		Value of investment...	
	no.	% share	\$m	% share
Materials	88	15.5	271	11.9
Software	59	10.4	228	10.0
Capital goods	27	4.7	217	9.5
Internet software and services	59	10.4	208	9.1
IT consulting and services	29	5.1	158	6.9
Commercial services and supplies	16	2.8	150	6.6
Electronic equipment and instruments	46	8.1	140	6.2
Biotechnology	20	3.5	104	4.6
Utilities	8	1.4	100	4.4
Food, beverages and tobacco	32	5.6	99	4.4
Healthcare equipment and service	16	2.8	76	3.3
Automobiles and components	7	1.2	68	3.0
Household and personal products	7	1.2	59	2.6
Consumer durables and apparel	15	2.6	52	2.3
Retailing and eTailing	25	4.4	46	2.0
Media	19	3.3	45	2.0
Pharmaceuticals	16	2.8	44	1.9
Real estate	7	1.2	39	1.7
Hotels, restaurant and leisure	10	1.8	33	1.4
Transportation	8	1.4	33	1.4
Energy	15	2.6	33	1.4
Diversified financials	17	3.5	28	1.1
Other	18	3.2	49	2.2
<b>Total</b>	<b>569</b>	<b>100.0</b>	<b>2 279</b>	<b>100.0</b>

INDUSTRY AND ACTIVITY *continued* The activity which has attracted most venture capital investment was Materials with \$271 million followed by Software with \$228 million. In tables F8 and F9 the categories 'manufacturing' and 'materials' include investments in innovative products and processes employed, for example new building materials.

INITIAL AND CURRENT STAGE OF INVESTMENT The following describes various stages at which a venture capital vehicle may make investments

- Seed; product is in development. Usually in business less than 18 months.
- Early; product in pilot production. Usually in business less than 30 months.
- Expansion; product in market. Significant revenue growth.
- Late; new product or product improvement. Continue revenue growth.
- Turnaround; current products stagnant. Financing provided to a company at a time of operational or financial difficulty.
- Buyout (LBO/MBO/MBI); a fund investment strategy involving the acquisition of a product or business, from either a public or private company, utilizing a significant amount of debt and little or no equity.

This table shows the stage of investment of the investee company at the time of the initial investment by the investor.

F10 STAGE AT INITIAL INVESTMENT

Stage	Investee companies		Value currently.....	
	no.	% share	\$m	% share
Seed	122	21.4	269	11.8
Early	183	32.2	612	26.6
Expansion	169	29.7	761	33.4
Turnaround	9	1.6	54	2.4
Late	28	4.9	157	6.9
LBO/MBO/MBI	58	10.2	426	18.7
<b>Total</b>	<b>569</b>	<b>100.0</b>	<b>2 279</b>	<b>100.0</b>

This table shows the stage of investment of the investee company at the time of the survey.

F11 CURRENT STAGE OF DEVELOPMENT

Stage	Investee companies		Value .....	
	no.	% share	\$m	% share
Seed	45	7.9	61	2.7
Early	155	27.2	407	17.9
Expansion	237	41.7	1 092	47.9
Turnaround	20	3.5	64	2.8
Late	84	14.8	416	18.3
LBO/MBO/MBI	28	4.9	239	10.5
<b>Total</b>	<b>569</b>	<b>100.0</b>	<b>2 279</b>	<b>100.0</b>

For both current stage of investment and initial stage of investment, the expansion stage has the most number and value of investments; however, the pattern of investment by stage changes considerably from initial to current.



LOCATION OF INVESTMENT F12 LOCATION OF INVESTMENT



State/Territory	Investee companies		Value .....	
	no.	% share	\$m	% share
NSW	244	42.9	1 290	56.6
Vic.	171	30.1	571	25.1
WA	76	13.4	158	6.9
Qld	43	7.5	142	6.2
SA	13	2.3	66	2.9
Other	22	3.8	53	2.3
<b>Total</b>	<b>569</b>	<b>100.0</b>	<b>2 279</b>	<b>100.0</b>



New South Wales and Victoria had the largest number of investee companies and the greatest value of investment in investee companies.

ASSISTANCE PROVIDED F13 DAYS PER MONTH SPENT BY INVESTMENT MANAGER WITH INVESTEE COMPANY,

by Current Stage of Investment



Stage	1 day	2-5 days	Greater than 5days	Not yet available
	no.	no.	no.	no.
Seed	11	17	8	9
Early	36	62	16	41
Expansion	70	105	23	39
Turnaround	6	5	3	6
Late	22	26	1	35
LBO/MBO/MBI	13	7	6	2
<b>Total</b>	<b>158</b>	<b>222</b>	<b>57</b>	<b>132</b>

Venture Capital Managers usually spend more than one day per month with investee companies.



REFERENCES AND RELATED STATISTICS There have been a number of articles and surveys reported in recent times regarding venture capital. One item is the Pooled Development Fund Board Annual Report 1999–2000. This report details the capital raised by the registered pooled development funds in Australia. It states that for the 1999–2000 year \$158 million was raised during the year by PDFs, with total capital at the end of the year totalling \$476 million. The report goes further to say that there was \$310 million invested during the year into 280 investee companies.

The Global Entrepreneurship Monitor Australia 2000 (GEM) report was completed by Swinburne University of Technology's Kevin Hindle and Susan Rushworth. The report showed Australia's participation rate of business angels at 2.6%, giving us a ranking of 10 within the GEM countries.

The *Australian Venture Capital Guide* has a good references and company profiles for individual venture capital organisations for Australia and New Zealand.

PricewaterhouseCoopers produced an interesting article on global venture capital activity, and quoted globally \$135 billion was raised. For the region of Asia Pacific, \$6.0 billion was invested in private equity and venture capital during 1999.

Jesse Reyes, Managing Director and Vice President of Global Product Management has reported for the calendar year 1999 that the venture capital committed for the year was \$1.78 billion by a total of 23 funds. The total invested for the year was \$510 million in 120 deals (projects).

FURTHER INFORMATION

For further information about this release, please contact either Janice Campbell on 02 6252 7803 or Tom Coogan on 02 6252 6976, or fax 02 6252 5380, or email <janice.campbell@abs.gov.au> or <tom.coogan@abs.gov.au>.

## MANAGED FUNDS, Consolidated Assets

<i>Institution/asset</i>	<i>Jun Qtr 1997</i>	<i>Jun 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>	<i>Sep Qtr 2000</i>	<i>Dec Qtr 2000</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Type of institution</b>										
Life insurance offices(a)	134 740	148 172	161 460	163 386	161 261	165 204	169 140	171 492	167 666	166 881
Superannuation funds	173 273	199 452	211 377	229 483	234 658	253 540	259 157	276 862	285 000	288 036
Public unit trusts	59 474	73 435	88 735	93 968	93 824	103 908	106 449	109 588	113 435	117 336
Friendly societies	7 238	6 769	6 472	6 415	6 135	5 989	5 910	5 895	5 697	5 564
Common funds	6 172	6 845	7 664	7 568	7 603	7 669	7 940	7 434	7 058	7 286
Cash management trusts	12 032	18 676	21 429	21 531	22 321	22 654	22 794	24 776	26 102	26 841
<b>Total</b>	<b>392 928</b>	<b>453 350</b>	<b>497 136</b>	<b>522 350</b>	<b>525 801</b>	<b>558 965</b>	<b>571 390</b>	<b>596 047</b>	<b>604 957</b>	<b>611 945</b>
<b>Type of asset</b>										
Cash and deposits(b)	28 562	35 421	36 001	38 387	37 373	38 457	37 599	40 387	39 655	39 988
Loans and placements	19 229	22 814	24 000	25 969	27 916	28 814	29 057	29 639	29 576	28 512
Short term securities(b)	47 004	54 089	58 498	67 017	59 817	58 545	57 971	62 004	60 713	62 145
Long term securities	59 246	66 039	72 629	70 609	75 097	73 538	73 622	73 991	70 247	70 798
Equities and units in trusts	117 994	130 837	148 020	151 233	154 070	170 811	175 883	190 898	199 671	201 392
Land and buildings	41 262	48 466	54 951	57 160	57 119	59 806	61 752	63 531	64 132	66 156
Assets overseas	62 446	78 632	86 921	91 867	97 131	111 719	118 325	116 356	124 149	124 363
Other assets	17 184	17 051	16 117	20 108	17 278	17 275	17 181	19 240	16 814	18 591
<b>Total</b>	<b>392 928</b>	<b>453 350</b>	<b>497 136</b>	<b>522 350</b>	<b>525 801</b>	<b>558 965</b>	<b>571 390</b>	<b>596 047</b>	<b>604 957</b>	<b>611 945</b>

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

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

## LIFE INSURANCE OFFICES(a), Unconsolidated Assets

	<i>Jun Qtr</i> 1997	<i>Jun Qtr</i> 1998	<i>Mar Qtr</i> 1999	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999	<i>Dec Qtr</i> 1999	<i>Mar Qtr</i> 2000	<i>Jun Qtr</i> 2000	<i>Sep Qtr</i> 2000	<i>Dec Qtr</i> 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>145 496</b>	<b>159 552</b>	<b>174 504</b>	<b>176 382</b>	<b>175 268</b>	<b>182 346</b>	<b>185 887</b>	<b>189 571</b>	<b>189 624</b>	<b>190 271</b>
<b>Assets in Australia</b>	<b>125 035</b>	<b>132 537</b>	<b>145 343</b>	<b>147 897</b>	<b>146 591</b>	<b>150 554</b>	<b>151 963</b>	<b>156 746</b>	<b>157 005</b>	<b>157 823</b>
<i>Cash and deposits</i>	6 921	9 850	9 271	10 315	9 515	9 460	9 504	9 854	9 853	9 956
Banks	3 616	3 127	3 421	4 216	3 311	4 175	4 553	4 881	4 909	5 011
Other deposit taking institutions	3 304	6 722	5 849	6 099	6 203	5 284	4 951	4 973	4 944	4 946
<i>Loans and placements</i>	6 924	8 173	7 880	7 675	8 547	8 466	8 998	8 850	9 591	9 524
<i>Short term securities</i>	16 268	14 935	17 126	18 724	15 132	13 796	12 983	14 086	11 151	10 766
Bills of exchange	4 749	4 819	4 875	4 473	3 268	3 111	2 661	2 307	2 030	2 280
Bank certificates of deposit	4 987	4 425	6 146	7 537	6 082	4 612	4 889	5 409	4 128	3 395
Other short term securities	6 532	5 691	6 106	6 714	5 782	6 072	5 433	6 369	4 993	5 091
<i>Long term securities</i>	31 975	33 039	36 497	35 990	38 422	36 562	36 814	35 600	31 099	31 073
Commonwealth government bonds	12 594	12 131	13 602	11 781	11 621	10 299	9 522	8 953	7 863	8 437
State and local government securities	11 479	10 898	12 093	11 705	11 893	11 361	12 354	12 583	10 837	10 239
Other long term securities	7 901	10 011	10 801	12 504	14 909	14 901	14 938	14 064	12 398	12 397
<i>Equities and units in trusts</i>	50 691	54 005	62 057	61 686	62 535	71 195	71 558	74 813	82 884	83 922
Trading corporations shares	28 476	25 169	25 896	26 408	27 163	30 332	30 130	29 289	28 591	27 546
Financial sector shares	8 314	10 402	12 489	11 469	10 912	11 819	11 540	13 596	12 384	12 672
Units in trusts	13 900	18 434	23 673	23 809	24 460	29 044	29 888	31 929	41 910	43 704
<i>Other financial assets</i>	3 104	4 298	3 679	4 466	3 107	2 579	3 433	4 203	2 958	3 057
<i>Land and buildings</i>	7 185	7 520	7 971	8 159	8 446	7 839	7 966	8 637	8 803	8 834
<i>Other non-financial assets</i>	1 968	716	862	882	887	659	707	703	665	691
<b>Assets overseas</b>	<b>20 460</b>	<b>27 016</b>	<b>29 161</b>	<b>28 485</b>	<b>28 677</b>	<b>31 792</b>	<b>33 924</b>	<b>32 825</b>	<b>32 618</b>	<b>32 447</b>

(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	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000	Jun Qtr 2000	Sep Qtr 2000	Dec Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>203 763</b>	<b>235 978</b>	<b>247 574</b>	<b>266 122</b>	<b>273 798</b>	<b>295 446</b>	<b>303 618</b>	<b>323 079</b>	<b>333 702</b>	<b>337 470</b>
<b>Assets in Australia</b>	<b>170 866</b>	<b>194 945</b>	<b>202 610</b>	<b>216 110</b>	<b>218 010</b>	<b>230 464</b>	<b>236 243</b>	<b>256 776</b>	<b>261 878</b>	<b>265 454</b>
<i>Cash and deposits</i>	16 884	22 191	23 879	24 841	24 914	25 193	25 108	26 149	26 310	26 752
Banks	10 836	14 363	16 346	18 239	19 074	20 128	20 842	22 497	23 330	23 804
Other deposit taking institutions	6 047	7 828	7 533	6 602	5 840	5 065	4 267	3 652	2 980	2 948
<i>Loans and placements</i>	7 828	9 186	9 616	11 377	12 638	13 112	13 355	14 166	14 047	13 572
<i>Short term securities</i>	12 048	13 092	12 637	19 592	15 723	16 139	16 041	18 348	18 568	19 231
Bills of exchange	4 990	5 225	5 488	7 025	5 991	5 738	5 753	6 559	6 449	7 314
Bank certificates of deposit	5 543	6 156	5 317	8 266	6 568	6 647	6 719	7 507	7 857	8 228
Other short term securities	1 515	1 711	1 832	4 301	3 165	3 754	3 568	4 282	4 262	3 690
<i>Long term securities</i>	22 978	27 239	29 251	27 308	28 743	29 045	28 636	30 270	31 098	31 874
Commonwealth government bonds	13 423	15 076	14 670	13 991	13 898	13 667	14 227	14 967	14 756	15 305
State and local government securities	6 772	8 112	7 368	5 422	5 311	5 423	5 465	6 022	6 787	6 702
Other long term securities	2 784	4 051	7 213	7 895	9 534	9 955	8 943	9 281	9 555	9 867
<i>Equities and units in trusts</i>	88 699	99 586	104 330	108 169	111 817	122 468	128 042	140 577	145 267	146 951
Private trading corporations shares	47 752	49 924	50 678	53 912	55 557	60 724	62 839	69 464	70 174	70 165
Financial sector shares	12 000	15 166	19 553	19 510	19 081	21 903	22 642	26 727	28 507	29 725
Units in trusts	28 947	34 496	34 099	34 747	37 178	39 841	42 561	44 386	46 585	47 061
<i>Other financial assets</i>	7 790	8 484	8 181	10 121	9 829	9 966	9 486	10 603	9 630	9 679
<i>Land and buildings</i>	13 418	14 641	14 708	14 570	14 326	14 390	15 438	16 429	16 907	17 330
<i>Other non-financial assets</i>	1 220	526	8	131	21	151	137	235	53	64
<b>Assets overseas</b>	<b>32 897</b>	<b>41 033</b>	<b>44 964</b>	<b>50 013</b>	<b>55 788</b>	<b>64 982</b>	<b>67 375</b>	<b>66 303</b>	<b>71 824</b>	<b>72 016</b>

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

## PUBLIC UNIT TRUSTS, Unconsolidated Assets

	Jun Qtr 1997	Jun Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000	Jun Qtr 2000	Sep Qtr 2000	Dec Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>66 449</b>	<b>83 064</b>	<b>100 756</b>	<b>107 114</b>	<b>106 660</b>	<b>116 873</b>	<b>119 909</b>	<b>123 178</b>	<b>129 473</b>	<b>134 821</b>
<b>Assets in Australia</b>	<b>57 405</b>	<b>72 580</b>	<b>88 070</b>	<b>93 847</b>	<b>94 096</b>	<b>102 041</b>	<b>103 003</b>	<b>106 053</b>	<b>109 847</b>	<b>115 014</b>
<i>Cash and deposits</i>	3 997	4 463	4 761	5 094	5 225	5 456	4 928	6 062	5 315	5 506
Banks(a)	2 194	2 380	2 419	2 739	2 840	3 132	2 637	3 676	2 935	2 924
Other deposit taking institutions	1 803	2 083	2 342	2 355	2 385	2 324	2 291	2 386	2 380	2 582
<i>Loans and placements</i>	2 685	3 696	4 396	4 743	4 789	5 148	4 633	4 507	4 254	3 605
<i>Short term securities</i>	2 739	3 590	3 819	4 120	4 023	4 462	4 082	3 411	4 034	4 157
Bills of exchange	2 303	2 956	3 114	3 264	3 153	3 553	3 144	2 493	3 088	3 289
Bank certificates of deposit(a)	—	—	—	—	—	—	—	—	—	—
Other short term securities	437	635	706	857	870	910	939	918	946	868
<i>Long term securities</i>	1 824	2 639	2 969	3 137	3 206	3 013	3 062	3 141	2 944	3 085
<i>Equities and units in trusts</i>	22 512	28 638	36 142	37 481	38 672	42 122	44 017	46 442	50 607	52 680
Equities	15 336	17 420	21 917	22 337	23 189	25 565	26 084	27 823	29 169	28 908
Units in trusts	7 176	11 218	14 225	15 144	15 483	16 557	17 933	18 619	21 438	23 772
<i>Other financial assets</i>	2 300	2 046	1 979	2 901	1 747	2 082	1 830	1 856	1 746	1 550
<i>Land and buildings</i>	20 196	25 980	31 931	34 079	34 016	37 249	38 023	38 173	38 135	39 706
<i>Other non-financial assets</i>	1 152	1 528	2 074	2 292	2 418	2 509	2 428	2 461	2 812	4 725
<b>Assets overseas</b>	<b>9 044</b>	<b>10 484</b>	<b>12 686</b>	<b>13 267</b>	<b>12 564</b>	<b>14 832</b>	<b>16 906</b>	<b>17 125</b>	<b>19 626</b>	<b>19 807</b>

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

## FRIENDLY SOCIETIES, Unconsolidated Assets

	Jun Qtr 1997	Jun Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000	Jun Qtr 2000	Sep Qtr 2000	Dec Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>7 262</b>	<b>6 807</b>	<b>6 543</b>	<b>6 500</b>	<b>6 220</b>	<b>6 236</b>	<b>6 222</b>	<b>6 163</b>	<b>6 028</b>	<b>5 965</b>
<b>Assets in Australia</b>	<b>7 217</b>	<b>6 752</b>	<b>6 475</b>	<b>6 433</b>	<b>6 153</b>	<b>6 163</b>	<b>6 143</b>	<b>6 083</b>	<b>5 947</b>	<b>5 874</b>
<i>Cash and deposits</i>	<i>1 611</i>	<i>1 463</i>	<i>626</i>	<i>858</i>	<i>506</i>	<i>391</i>	<i>449</i>	<i>523</i>	<i>393</i>	<i>342</i>
Banks	1 250	1 234	416	657	352	240	311	387	295	240
Other deposit taking institutions	361	229	210	201	154	151	138	136	98	102
<i>Loans and placements</i>	<i>369</i>	<i>343</i>	<i>333</i>	<i>366</i>	<i>328</i>	<i>373</i>	<i>370</i>	<i>409</i>	<i>345</i>	<i>349</i>
<i>Short term securities</i>	<i>3 216</i>	<i>2 680</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>	<i>2 479</i>	<i>2 250</i>
Bills of exchange	1 517	1 211	1 086	908	891	815	804	1 020	760	596
Bank certificates of deposit	1 495	1 082	1 516	1 442	1 593	1 564	1 423	1 218	1 396	1 314
Other short term securities	204	387	390	348	409	285	290	287	323	340
<i>Long term securities</i>	<i>1 233</i>	<i>1 522</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>	<i>1 607</i>	<i>1 744</i>
Commonwealth government bonds	228	308	307	280	220	248	259	254	233	217
State and local government securities	412	443	397	377	239	240	313	276	321	364
Other long term securities	593	771	965	974	1 150	1 197	1 149	1 088	1 053	1 163
<i>Equities and units in trusts</i>	<i>171</i>	<i>212</i>	<i>315</i>	<i>336</i>	<i>329</i>	<i>528</i>	<i>545</i>	<i>511</i>	<i>607</i>	<i>654</i>
Private trading corporations shares	119	138	192	200	205	213	175	177	213	207
Financial sector shares	30	36	53	51	39	68	58	66	63	46
Units in trusts	22	38	70	85	85	247	312	268	331	401
<i>Other financial assets</i>	<i>83</i>	<i>129</i>	<i>144</i>	<i>152</i>	<i>122</i>	<i>140</i>	<i>155</i>	<i>175</i>	<i>181</i>	<i>199</i>
<i>Land and buildings</i>	<i>391</i>	<i>292</i>	<i>292</i>	<i>286</i>	<i>285</i>	<i>281</i>	<i>279</i>	<i>251</i>	<i>245</i>	<i>244</i>
<i>Other non-financial assets</i>	<i>143</i>	<i>111</i>	<i>104</i>	<i>106</i>	<i>81</i>	<i>101</i>	<i>107</i>	<i>71</i>	<i>90</i>	<i>92</i>
<b>Assets overseas</b>	<b>45</b>	<b>55</b>	<b>68</b>	<b>67</b>	<b>67</b>	<b>73</b>	<b>79</b>	<b>80</b>	<b>81</b>	<b>91</b>

## COMMON FUNDS, Unconsolidated Assets

	Jun Qtr 1997	Jun Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000	Jun Qtr 2000	Sep Qtr 2000	Dec Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>6 252</b>	<b>7 018</b>	<b>7 827</b>	<b>7 726</b>	<b>7 797</b>	<b>7 853</b>	<b>8 122</b>	<b>7 622</b>	<b>7 221</b>	<b>7 389</b>
<b>Assets in Australia</b>	<b>6 252</b>	<b>6 974</b>	<b>7 784</b>	<b>7 690</b>	<b>7 762</b>	<b>7 813</b>	<b>8 081</b>	<b>7 599</b>	<b>7 221</b>	<b>7 387</b>
<i>Cash and deposits</i>	751	885	811	849	800	825	719	852	594	555
Banks	586	594	520	543	483	541	421	564	389	384
Other deposit taking institutions	165	291	291	306	317	284	298	288	205	171
<i>Loans and placements</i>	1 413	1 406	1 762	1 803	1 873	1 898	1 992	2 018	1 742	1 869
<i>Short term securities</i>	2 798	3 238	3 538	3 328	3 392	3 313	3 600	3 003	3 237	3 369
Bills of exchange	2 051	2 321	2 351	2 105	2 325	2 006	2 073	1 465	1 978	1 744
Bank certificates of deposit	450	567	885	1 022	901	1 122	1 330	1 353	1 062	1 405
Other short term securities	297	350	302	201	166	185	197	185	197	220
<i>Long term securities</i>	634	789	871	924	916	918	903	865	847	835
Commonwealth government bonds	60	66	65	58	59	58	49	42	16	15
State and local government securities	297	344	380	363	353	363	371	377	334	332
Other long term securities	277	379	426	503	504	497	483	446	497	488
<i>Equities and units in trusts</i>	584	623	655	631	646	715	722	716	667	634
Private trading corporations shares	318	204	221	214	204	232	239	213	214	228
Financial sector shares	227	319	344	335	327	370	375	387	341	346
Units in trusts	39	100	90	82	115	113	108	116	112	60
<i>Other financial assets</i>	—	—	60	60	60	60	60	71	92	83
<i>Land and buildings</i>	72	33	49	66	46	46	46	41	42	42
<i>Other non-financial assets</i>	—	—	38	29	29	38	39	33	—	—
<b>Assets overseas</b>	<b>—</b>	<b>44</b>	<b>43</b>	<b>36</b>	<b>35</b>	<b>40</b>	<b>41</b>	<b>23</b>	<b>—</b>	<b>2</b>



## CASH MANAGEMENT TRUSTS, Unconsolidated Assets

	Jun Qtr 1997	Jun Qtr 1998	Mar Qtr 1999	Jun Qtr 1999	Sep Qtr 1999	Dec Qtr 1999	Mar Qtr 2000	Jun Qtr 2000	Sep Qtr 2000	Dec Qtr 2000
Assets	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL ASSETS</b>	<b>12 032</b>	<b>18 676</b>	<b>21 429</b>	<b>21 531</b>	<b>22 321</b>	<b>22 654</b>	<b>22 794</b>	<b>24 776</b>	<b>26 102</b>	<b>26 841</b>
<b>Assets in Australia</b>	<b>12 032</b>	<b>18 676</b>	<b>21 429</b>	<b>21 531</b>	<b>22 321</b>	<b>22 654</b>	<b>22 794</b>	<b>24 776</b>	<b>26 102</b>	<b>26 841</b>
<i>Cash and deposits</i>	1 430	1 230	1 583	1 190	1 304	1 973	1 506	1 564	2 075	2 196
Banks	1 127	1 166	1 550	1 115	1 246	1 856	1 450	1 452	1 965	2 109
Other deposit taking institutions	304	64	33	75	58	116	56	112	110	87
<i>Loans and placements</i>	12	24	28	16	20	15	8	1	42	—
<i>Short term securities</i>	9 935	16 554	18 385	18 555	18 653	18 172	18 748	20 631	21 244	22 373
Bills of exchange	5 329	6 133	7 117	5 491	4 279	4 031	5 164	6 557	6 585	9 183
Bank certificates of deposit	3 356	7 872	8 671	9 404	10 171	9 888	7 950	9 087	9 686	7 216
Other short term securities	1 250	2 549	2 596	3 660	4 204	4 252	5 634	4 987	4 973	5 974
<i>Long term securities</i>	602	811	1 371	1 618	2 202	2 315	2 487	2 496	2 652	2 186
Commonwealth government bonds	—	—	—	—	—	—	—	—	—	—
State and local government securities	318	49	—	—	—	—	—	—	—	—
Other long term securities	285	762	1 371	1 618	2 202	2 315	2 487	2 496	2 652	2 186
<i>Equities and units in trusts</i>	—	—	—	—	—	—	—	—	—	—
<i>Other financial assets</i>	53	57	61	151	142	181	45	84	89	86
<i>Land and buildings</i>	—	—	—	—	—	—	—	—	—	—
<i>Other non-financial assets</i>	—	—	—	—	—	—	—	—	—	—
<b>Assets overseas</b>	—	—	—	—	—	—	—	—	—	—

## INVESTMENT MANAGERS, Source of Funds

	<i>Jun Qtr</i> 1997	<i>Jun Qtr</i> 1998	<i>Mar Qtr</i> 1999	<i>Jun Qtr</i> 1999	<i>Sep Qtr</i> 1999	<i>Dec Qtr</i> 1999	<i>Mar Qtr</i> 2000	<i>Jun Qtr</i> 2000	<i>Sep Qtr</i> 2000	<i>Dec Qtr</i> 2000
<i>Source of funds</i>	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>TOTAL SOURCE OF FUNDS</b>	<b>362 426</b>	<b>420 787</b>	<b>453 962</b>	<b>474 050</b>	<b>486 794</b>	<b>516 998</b>	<b>526 959</b>	<b>554 597</b>	<b>575 556</b>	<b>583 319</b>
<b><i>Funds from Australian sources</i></b>	<b>353 052</b>	<b>402 871</b>	<b>436 218</b>	<b>455 890</b>	<b>469 793</b>	<b>499 864</b>	<b>509 053</b>	<b>534 710</b>	<b>556 904</b>	<b>565 856</b>
<i>Managed funds</i>	306 449	350 461	374 359	388 361	394 859	417 806	421 711	443 710	458 642	460 726
Life insurance offices	117 015	128 312	129 929	130 706	131 627	137 377	136 615	142 226	143 628	142 042
Superannuation funds	124 378	140 612	143 241	155 248	159 319	170 227	172 599	186 566	191 303	195 642
Public unit trusts	46 852	57 066	71 749	72 266	74 307	80 650	82 224	84 142	91 393	90 350
Friendly societies	5 640	5 649	5 340	5 133	4 749	4 410	4 615	4 285	4 239	3 641
Common funds	3 137	3 632	4 932	5 167	4 721	4 353	4 274	4 257	4 245	4 110
Cash management trusts	9 427	15 190	19 168	19 841	20 136	20 789	21 384	22 234	23 834	24 941
<i>Total other sources</i>	46 603	52 410	61 859	67 529	74 934	82 058	87 342	91 000	98 262	105 130
Government	5 710	6 879	8 775	9 232	8 542	8 787	9 243	8 978	9 233	9 545
Charities	1 159	1 293	944	950	845	870	839	886	900	898
Other trusts	7 126	9 738	18 166	20 793	25 357	28 644	30 464	32 804	36 982	42 065
General insurance	14 323	16 425	16 969	15 449	15 246	16 295	18 526	19 189	18 633	21 187
Other sources	18 285	18 075	17 005	21 105	24 944	27 462	28 270	29 143	32 514	31 435
<b><i>Funds from overseas sources</i></b>	<b>9 374</b>	<b>17 916</b>	<b>17 744</b>	<b>18 160</b>	<b>17 001</b>	<b>17 134</b>	<b>17 906</b>	<b>19 887</b>	<b>18 652</b>	<b>17 463</b>

# EXPLANATORY NOTES

## INTRODUCTION

**1** The statistics presented in this publication on managed funds institutions in Australia have been compiled from the Survey of Financial Information conducted by the Australian Bureau of Statistics (ABS) and from a quarterly Survey of Superannuation Funds processed by the ABS on behalf of the Australian Prudential Regulation Authority (APRA).

**2** Movements in the levels of assets of managed funds institutions between periods reflect two components—transactions activity in particular assets and valuation changes arising from price changes in particular assets.

**3** Managed funds institutions, in general, are those financial intermediaries which operate in the managed funds market by acquiring and incurring financial assets and liabilities respectively on their own account. Typically these institutions arrange for the ‘pooling’ of funds from a number of investors for the purpose of investing in a particular type or mix of assets, with a view to receiving an on-going return or capital gain. However, funds of a speculative nature that do not offer redemption facilities (e.g. agriculture and film trusts) and funds not established for investment purposes (e.g. health funds and general insurance funds) are excluded.

**4** A further development within the managed funds market is the emergence of specialist investment managers who engage primarily in activities closely related to financial intermediation but are employed on a fee for service basis to manage and invest in approved assets on their clients’ behalf. They usually act as investment managers for the smaller institutions, including unit trusts and superannuation funds. While they accept individual portfolios to manage, for example from charities, they are generally not accessible to the small investor. They act in the main as the managers of pooled funds, but also manage clients’ investments on an individual portfolio basis.

## SCOPE AND COVERAGE

**5** The scope of the statistics presented in this publication relates to the assets of all registered managed funds institutions operating in Australia. The types of managed funds covered by the statistics in this publication are:

- Life Insurance Offices,
- Superannuation Funds (which includes Approved Deposit Funds),
- Public Unit Trusts,
- Friendly Societies,
- Common Funds, and
- Cash Management Trusts.

**6** Statistics in this publication relating to the Life Insurance Offices are derived from returns from 25 of the 51 registered life insurance offices operating in Australia, representing approximately 98% of the total assets of statutory funds. Data have been extrapolated to provide 100% coverage.

**7** For Superannuation Funds, the information in this publication is derived from:

- Superannuation funds and approved deposit funds (ADFs) that directly invest their assets on their own behalf, and
- Fund managers who invest in assets on behalf of superannuation funds and ADFs.

## EXPLANATORY NOTES

### SCOPE AND COVERAGE *continued*

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

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

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

**11** The statistics on Friendly Societies are compiled from information obtained from the 34 largest friendly societies. This provides coverage of approximately 95% of the total assets of friendly societies. No estimate is included for the friendly societies not covered in the survey.

**12** Common Funds are operated by Trustee Companies under relevant State Trustee Companies Acts. At the end of December 1999 there were 17 trustee companies managing 85 common funds throughout Australia.

**13** All Cash Management Trusts operating in Australia are included in the statistics, however, the number of trusts may vary from month to month due to the establishment or closure of individual trusts. There are currently 29 cash management trusts included in the Survey of Financial Information.

### METHOD OF CONSOLIDATION

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

### BASIS OF VALUATION

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

## EXPLANATORY NOTES

ASSETS IN AUSTRALIA/OVERSEAS	<p><b>16</b> <i>Assets in Australia</i> include land and buildings located in Australia and financial claims on residents; <i>assets overseas</i> include land and buildings located overseas and financial claims on non-residents. A resident is any person, corporation or other entity ordinarily domiciled in Australia, except foreign embassies, consulates and foreign controlled military establishments located in Australia, which are classified as non-resident. Non-residents include any persons, corporations or other entities ordinarily domiciled overseas. Entities located in Australia which are owned by non-residents are classified as residents of Australia (e.g. a branch or subsidiary of an overseas company). Overseas branches or subsidiaries of Australian companies are classified as non-residents.</p>						
FINANCIAL INSTRUMENTS	<p><b>17</b> The classification of financial instruments in this publication follows that contained in the ABS publication <i>Australian National Accounts, Financial Accounts (5232.0)</i>. Definitions of the various types of instrument are given in the glossary.</p>						
REVISIONS AND CHANGES TO CONTENT	<p><b>18</b> Revisions to previously published statistics are included in this publication. A special note on Page 2 of each publication highlights any major revisions to the statistics in certain tables.</p>						
RELATED PUBLICATIONS	<p><b>19</b> Users may also wish to refer to the following ABS publication of related data which is available on request: <i>Australian National Accounts, Financial Accounts (5232.0)</i>—issued quarterly</p>						
SYMBOLS AND OTHER USAGES	<p><b>20</b> Discrepancies may occur between sums of the component items and totals due to rounding.</p> <table><tr><td>—</td><td>nil or rounded to zero</td></tr><tr><td>billion</td><td>one thousand million</td></tr><tr><td>n.p.</td><td>not available for publication but included in totals where applicable, unless otherwise indicated.</td></tr></table>	—	nil or rounded to zero	billion	one thousand million	n.p.	not available for publication but included in totals where applicable, unless otherwise indicated.
—	nil or rounded to zero						
billion	one thousand million						
n.p.	not available for publication but included in totals where applicable, unless otherwise indicated.						

## GLOSSARY

- 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

<b>Long term securities</b> <i>continued</i>	<p><i>Long-term securities</i> in these statistics include the following types of securities.</p> <ul style="list-style-type: none"><li>▪ Treasury Bonds and Australian Savings Bonds. These are issued to corporations and the general public by the Commonwealth Government.</li><li>▪ Various series of inscribed stock which are issued by state government owned borrowing authorities and enterprises. These are known as <i>semi-government securities</i> by professional traders.</li><li>▪ Debentures, transferable certificates of deposit and unsecured notes, which are collectively called <i>corporate securities</i> or <i>medium term notes</i> by brokers.</li><li>▪ Asset-backed bonds, such as mortgage-backed securities.</li><li>▪ Convertible notes, prior to conversion.</li></ul> <p>The first two of these are published separately in this publication. The last three types are combined together as <i>other long term securities</i>.</p>
<b>Managed funds</b>	<p>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.</p>
<b>Managed funds institutions</b>	<p>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.</p>
<b>Non-financial assets</b>	<p>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.</p>
<b>Other financial assets</b>	<p>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.</p>
<b>Other non-financial assets</b>	<p>Other non-financial assets refers to all assets not classified elsewhere except for assets overseas.</p>
<b>Placements</b>	<p>Placements are account balances with entities not regarded as deposit-taking institutions (see <i>cash and deposits</i>). Examples of these are account balances of funds with State governments central borrowing authorities.</p>
<b>Promissory notes</b>	<p>A promissory note—also called <i>commercial paper</i> or <i>one-name paper</i> in the professional market—is a written promise to pay a specified sum of money to the bearer at an agreed date. It is usually issued for terms ranging from 30 to 180 days and is sold to an investor at a simple discount to the face value. A promissory note is different from a bill of exchange in that it is not ‘accepted’ by a bank and is not endorsed by the parties which sell it in the market place.</p>



## 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*.





## FOR MORE INFORMATION...

- INTERNET* **www.abs.gov.au** the ABS web site is the best place to start for access to summary data from our latest publications, information about the ABS, advice about upcoming releases, our catalogue, and Australia Now—a statistical profile.
- LIBRARY* A range of ABS publications is available from public and tertiary libraries Australia-wide. Contact your nearest library to determine whether it has the ABS statistics you require, or visit our web site for a list of libraries.
- CPI INFOLINE* For current and historical Consumer Price Index data, call 1902 981 074 (call cost 77c per minute).
- DIAL-A-STATISTIC* For the latest figures for National Accounts, Balance of Payments, Labour Force, Average Weekly Earnings, Estimated Resident Population and the Consumer Price Index call 1900 986 400 (call cost 77c per minute).

### INFORMATION SERVICE

Data which have been published and can be provided within five minutes are free of charge. Our information consultants can also help you to access the full range of ABS information—ABS user-pays services can be tailored to your needs, time frame and budget. Publications may be purchased. Specialists are on hand to help you with analytical or methodological advice.

- PHONE* **1300 135 070**
- EMAIL* **client.services@abs.gov.au**
- FAX* 1300 135 211
- POST* Client Services, ABS, GPO Box 796, Sydney 1041

## WHY NOT SUBSCRIBE?

ABS subscription services provide regular, convenient and prompt deliveries of ABS publications and products as they are released. Email delivery of monthly and quarterly publications is available.

- PHONE* 1300 366 323
- EMAIL* subscriptions@abs.gov.au
- FAX* 03 9615 7848
- POST* Subscription Services, ABS, GPO Box 2796Y, Melbourne 3001



2565500012000  
ISSN 1037-7786

RRP \$18.50

© Commonwealth of Australia 2001

Produced by the Australian Bureau of Statistics