

Between December 1952 and September 1958 the combined stock holdings of the funds included in this analysis increased by some 215 percent from \$3,247 million to \$10,242 million.²⁴ At the earlier date, 85.3 percent of the total was held in stocks listed on the New York Stock Exchange, 3.3 percent in stocks listed on other exchanges, and 11.4 percent in stocks traded only over-the-counter (table IV-38).²⁵ By September 1958 the proportion of the total held in stocks listed on the New York Stock Exchange had fallen by slightly more than 4 percentage points to 81.1 percent, while the proportion held in stocks listed on other exchanges had risen by 2 percentage points to 5.2 percent, and that held in over-the-counter stocks had also increased by 2 percentage points to 13.7 percent.

²⁴ Stock holdings for this purpose include both foreign (principally Canadian) and domestic common and preferred stocks. The number of funds included as of September 1958, 180, was 7 less than the number included in the portfolio analysis earlier in this chapter. The funds excluded were principally small funds and their net assets as of 1958 amounted to only about 1.5 percent of the net assets of the maximum universe of funds included in earlier chapters of this report.

²⁵ The "other exchanges" data in table IV-38 include stocks having unlisted trading privileges on other exchanges, but exclude those listed on the New York Stock Exchange.

TABLE IV-38.—Open-end investment fund holdings of common and preferred stocks by place of listing, by type of fund and by size of fund, December 1952 and September 1958

	December 1952								September 1958							
	New York Stock Exchange		Other exchanges		Over-the-counter		Total		New York Stock Exchange		Other exchanges		Over-the-counter		Total	
	Amount (million)	Per cent	Amount (million)	Per cent	Amount (million)	Per cent	Amount (million)	Per cent	Amount (million)	Per cent	Amount (million)	Per cent	Amount (million)	Per cent	Amount (million)	Per cent
A. Type of fund:																
Foreign security funds.....	\$5.3	100.0					\$5.3	100.0	\$23.0	10.2	\$188.1	82.9	\$15.7	6.9	\$226.8	100.0
Specialty funds.....	89.4	43.5	\$10.6	5.1	\$105.6	51.4	205.5	100.0	278.8	42.5	24.9	3.8	352.6	53.7	656.2	100.0
Bond and preferred stock funds.....	14.5	78.3	1.7	8.9	2.4	12.8	18.5	100.0	19.0	51.7	1.9	5.3	15.7	43.0	36.6	100.0
Balanced funds.....	887.3	82.0	49.3	4.6	145.7	13.4	108.2	100.0	2,209.2	77.6	130.1	4.6	507.4	17.8	234.7	100.0
Income.....	171.1	82.5	10.5	5.0	25.9	12.5	207.4	100.0	406.1	83.1	21.8	4.5	60.6	12.4	489.5	100.0
Growth.....	2.2	74.7	0.2	8.3	0.5	17.0	2.9	100.0	9.5	79.2	0.9	7.6	1.6	13.2	12.0	100.0
Mixed.....	714.0	81.9	38.6	4.4	119.3	13.7	872.0	100.0	1,793.7	76.4	107.4	4.6	445.2	19.0	2,340.3	100.0
Common stock funds.....	1,772.0	91.6	46.1	2.4	116.8	6.0	1,934.9	100.0	5,775.7	89.2	192.6	3.0	506.7	7.8	6,475.0	100.0
Income.....	265.8	96.1	5.2	1.9	5.4	2.0	276.4	100.0	856.9	91.4	23.1	2.5	56.7	6.1	936.7	100.0
Growth.....	826.3	89.1	28.2	3.0	72.9	7.9	927.5	100.0	2,638.7	84.8	125.8	4.0	349.6	11.2	3,114.1	100.0
Mixed.....	679.9	93.0	12.7	1.7	38.4	5.3	731.0	100.0	2,280.1	94.1	43.8	1.8	100.3	4.1	2,424.2	100.0
All funds.....	2,768.5	85.3	107.6	3.3	370.4	11.4	3,246.6	100.0	8,305.7	81.1	537.6	5.2	1,398.0	13.7	10,242.3	100.0
B. Size ¹ of fund: All funds:																
(a) Net assets less than \$10,000,000.....	68.0	85.2	2.9	3.6	8.9	11.2	79.8	100.0	199.8	78.6	20.9	8.2	33.5	13.2	255.3	100.0
(b) Net assets \$10,000,000 and less than \$50,000,000.....	255.0	86.7	14.5	4.9	24.8	8.4	294.3	100.0	882.5	77.6	82.4	7.2	178.1	15.2	1,143.0	100.0
(c) Net assets \$50,000,000 and less than \$300,000,000.....	1,035.6	81.0	48.6	3.8	194.5	15.2	1,278.7	100.0	3,429.0	76.9	315.1	7.1	714.9	16.0	4,458.9	100.0
(d) Net assets over \$300,000,000.....	1,410.0	88.5	41.7	2.6	142.2	8.9	1,593.9	100.0	3,794.4	86.5	119.1	2.7	471.6	10.8	4,385.1	100.0

¹ Size as of September 1958.

This relative movement from New York Stock Exchange stocks was clearly noticeable in each of the two principal classes of funds examined throughout this report, balanced funds and common stock funds. Balanced fund holdings of New York Stock Exchange stocks declined from 82 percent of their total stock portfolios to 77.6 percent, and the corresponding decline in the case of the common stock funds was from 91.6 percent of the total in 1952 to 89.2 percent in 1958. The common stock funds as a class, therefore, placed relatively more weight, or a larger proportion of their stock portfolios, on New York Stock Exchange stocks than did the balanced funds. This relatively lower interest in New York Stock Exchange stocks on the part of the balanced funds is accounted for in part, however, by their larger emphasis on preferred stock holdings. As of September 1958 (see table IV-4, above) the balanced funds as a whole had placed 13.9 percent of their assets in U.S. preferred stocks, while the common stock funds as a total class had placed only 0.9 percent of their assets in these securities. The distributions of the balanced fund common and preferred stock holdings by place of listing are compared in table IV-39.

The preferred stock holdings of the balanced funds are thus more heavily concentrated in over-the-counter securities, while their common stock holdings (which are more directly comparable with the common stock fund data in table IV-38) emphasize more heavily the New York Stock Exchange stocks. It is noteworthy, moreover, that in each of the two types of stocks, common and preferred, the same relative movement from New York Stock Exchange stocks occurred between 1952 and 1958. At the latter date approximately one-half of the balanced funds' preferred stock holdings were traded only over-the-counter.

TABLE IV-39.—Percentage distribution of common stock and preferred stock holdings of balanced funds, by place of listing, December 1952 and September 1958

	December 1952				September 1958			
	New York Stock Exchange	Other exchanges	Over the counter	Total	New York Stock Exchange	Other exchanges	Over the counter	Total
Preferred stock.....	62.2	10.9	26.9	100	40.7	3.8	50.5	100
Common stock.....	88.9	2.4	8.8	100	85.7	3.6	10.6	100
Total.....	82.0	4.6	13.4	100	77.6	4.6	17.8	100

In the case of the common stock funds, declines in the relative importance of New York Stock Exchange stocks occurred in those funds which announced investment objectives of "income" and "growth." Between 1952 and 1958 the relevant percentages moved from 96.1 to 91.4 percent for the "income" stock funds, and from 89.1 to 84.8 percent for the "growth" stock funds. The common stock funds announcing a "mixed" investment objective (as previously classified for purposes of this report) actually increased somewhat the percentage of their combined stock portfolios held in New York Stock Exchange stocks from 93 percent in 1952 to 94.1 percent in 1958. The pattern of change in distribution in the case of the balanced funds was the opposite of that which has just been noted for the

common stock funds. In the balanced fund section of the industry, the "income" funds and the "growth" funds²⁶ each increased the percentage of stock portfolios held in New York Stock Exchange stocks, while the corresponding percentage fell from 81.9 to 76.4 percent in the case of the "mixed" objective class of balanced funds.

A similar decrease in the relative importance of New York Stock Exchange stocks occurred during the study period in the specialty funds, although the changes in portfolio distribution (see table IV-38) were very slight in this case. The change in the distribution of the bond and preferred stock funds is much more pronounced, the corresponding percentages having declined from 78.3 in 1952 to 51.7 percent in 1958. The figures for the foreign security funds in table IV-38 should be interpreted with caution. Only one such fund is included in the analysis as of 1952, and the heavy investment by these funds in foreign securities, principally Canadian, occurred between the benchmark dates at present being examined.

In most of the instances examined in the foregoing paragraphs the relative movement from New York Stock Exchange stocks was accompanied by an increased interest in stocks traded only over the counter. The proportion of stock portfolios held in "other exchange" stocks remained nearly stable in most instances, though in general the change in this class was in the same direction as for "over-the-counter" stocks. Detailed variations are again observable in table IV-38. The most prominent exception to this pattern of change occurred once again in the bond and preferred stock funds, where the heavy decline in New York Stock Exchange stocks was accompanied by a much smaller, but still noticeable, relative decline in "other exchange" stocks. The over-the-counter stocks of these funds, on the other hand, increased sharply from 12.8 percent of stock portfolios in 1952 to 43 percent in 1958. This change of portfolio tactics on the part of the bond and preferred stock funds provides an interesting comparison with a previous tactical change of the same funds: namely, their movement within the corporate bond section of their portfolios from "investment grade" to "other" bonds. It was found in the earlier portfolio analysis that at September 1958 some 89 percent of their total corporate bond investment was held in "other" grade bonds. (See table IV-4.)

DISTRIBUTION OF STOCK PORTFOLIOS BY PLACE OF LISTING, BY SIZES OF INVESTMENT FUNDS

The reclassification of the investment fund universe by sizes of funds (see table IV-38, part B) indicates the same conclusions as were derived from the foregoing analysis. For each of the four size classes the percentage of stock portfolios held in New York Stock Exchange stocks declined between 1952 and 1958, while the percentage held in other exchanges and over-the-counter stocks both increased during the same period. In 1958 the largest class of funds, those with assets in excess of \$300 million, held a larger percentage of stock portfolios, 86.5 percent, in New York Stock Exchange stocks than did the other three size classes of funds. These largest funds also held a rather lesser percentage than other funds in other exchange stocks and over-the-counter stocks, 2.7 and 10.8 percent, respectively.

²⁶ Only four funds were included in the balanced "growth" class in 1952 and only seven in 1958.

There is a slight suggestion of a positive relationship between fund size and percentage of stock held in over-the-counter securities for the three smallest size classes of funds in 1958. In the case of both the New York Stock Exchange and the other exchanges, on the other hand, a similarly slight negative relation appeared between the size of the fund and the percentage of portfolios listed in these markets. These relationships, however, are probably not strong enough to warrant much comment, since they were produced principally by a small number of the funds in the \$50 to \$300 million and \$10 to \$50 million classes.

A fuller analysis of the distributions of investment funds' stock portfolios by place of listing, analyzed by principal type classes and sizes of funds, is presented in tables IV-40 and IV-41. The distributions in general confirm the conclusions previously based on the aggregate data of table IV-38, though it is now noted that wide differences of dispersion exist between the various types and size classes of funds.

TABLE IV-40a. — *Frequency distribution of open-end investment funds by percentage of stock portfolios listed on New York Stock Exchange, by size¹ of fund, December 1952 and September 1958*

Percent of stock portfolio listed on New York Stock Exchange	Total funds		(a)		(b)		(c)		(d)	
	Number of funds	Per- cent	Num- ber of funds	Per- cent						
100.....	25	18.5	18	37.5	5	11.1	2	5.7		
90 and less than 100.....	44	32.6	10	20.8	18	40.0	14	40.0	2	28.6
80 and less than 90.....	33	24.4	10	20.8	10	22.2	9	25.7	4	57.1
60 and less than 80.....	23	17.0	6	12.5	9	20.0	7	20.0	1	14.3
20 and less than 60.....	5	3.7	2	4.2	2	4.4	1	2.9		
Less than 20.....	5	3.7	2	4.2	1	2.2	2	5.7		
Total.....	135	100.0	48	100.0	45	100.0	35	100.0	7	100.0
SEPTEMBER 1958										
100.....	16	9.5	12	17.6	2	3.8	2	4.9		
90 and less than 100.....	56	33.3	21	30.9	17	32.7	15	36.6	3	42.9
80 and less than 90.....	38	23.2	12	17.6	13	25.0	11	26.8	2	28.6
60 and less than 80.....	36	20.8	11	16.2	13	25.0	10	24.4	2	28.6
20 and less than 60.....	11	6.5	7	10.3	4	7.7				
Less than 20.....	11	6.5	5	7.4	3	5.8	3	7.3		
Total.....	168	100.0	68	100.0	52	100.0	41	100.0	7	100.0

¹ Size as of September 1958.

NOTE.—See the following:

- (a) = Funds with net assets less than \$10,000,000.
- (b) = Funds with net assets \$10,000,000 and less than \$50,000,000.
- (c) = Funds with net assets \$50,000,000 and less than \$300,000,000.
- (d) = Funds with net assets over \$300,000,000.

TABLE IV-40b.—Frequency distribution of balanced and common stock funds by percentage of stock portfolios listed on New York Stock Exchange, by size¹ of fund, December 1952 and September 1958

Percent of stock portfolio listed on New York Stock Exchange	DECEMBER 1952											
	Balanced funds				Common stock funds							
	Total funds		Number of funds				Total funds		Number of funds			
	Number of funds	Per cent	(a)	(b)	(c)	(d)	Number of funds	Per cent	(a)	(b)	(c)	(d)
100.....	2	4.3	2	—	—	—	9	13.6	5	2	2	—
90 and less than 100.....	15	32.6	7	6	2	—	28	42.2	3	12	11	2
80 and less than 90.....	14	30.4	6	3	4	1	17	25.8	3	6	5	3
60 and less than 80.....	13	28.3	5	3	4	1	9	13.6	1	5	3	—
20 and less than 60.....	2	4.3	2	—	—	—	2	3.0	—	2	—	—
Less than 20.....	—	—	—	—	—	—	1	1.5	—	1	—	—
Total.....	46	100.0	22	12	10	2	66	100.0	12	28	21	5
SEPTEMBER 1958												
100.....	—	—	—	—	—	—	5	5.9	4	—	1	—
90 and less than 100.....	17	32.7	11	3	3	—	34	40.0	6	14	11	3
80 and less than 90.....	13	25.0	5	4	3	1	25	30.6	7	9	8	1
60 and less than 80.....	18	34.6	7	5	5	1	15	16.5	4	6	4	1
20 and less than 60.....	4	7.7	4	—	—	—	6	7.1	3	3	—	—
Less than 20.....	—	—	—	—	—	—	—	—	—	—	—	—
Total.....	52	100.0	27	12	11	2	85	100.0	24	32	24	5

¹ Size as of September 1958.

NOTE.—See the following:

- (a)=Funds with net assets less than \$10,000,000.
 (b)=Funds with net assets \$10,000,000 and less than \$50,000,000.
 (c)=Funds with net assets \$50,000,000 and less than \$300,000,000.
 (d)=Funds with net assets over \$300,000,000.

In 1952, 25 funds, including 2 balanced funds and 9 common stock funds, held the whole of their stock portfolios in securities listed on the New York Stock Exchange (table IV-40 (a) and (b)). In 1958 the number of funds whose stock portfolios were concentrated in this manner had fallen to 16, including only 5 common stock funds and no balanced funds.²⁷ The remaining funds were clustered heavily in high percentage modal classes so far as their percentage distributions of stocks in New York Stock Exchange securities were concerned, with less dispersion appearing in the common stock funds, particularly in 1958. The smaller dispersion among common stock funds was produced by the uniformly high percentage holdings of New York Stock Exchange stocks. Other types of funds typically have large exchange holdings also, but the appearance of an occasional fund with small percentage holdings lowers the group percentage and introduces greater variability within the various types. This difference is reflected in the distributions presented in table IV-40(b), where the median percentage for balanced funds is 86 percent for 1952 and 83 percent for 1958, compared with the rather higher median percentages of 91 and 89 percent for the same dates respectively for the common stock funds.

²⁷ Thus 18.5 percent of the funds included in this analysis concentrated their stock portfolios in New York Stock Exchange securities in 1952, compared with only 9.5 percent in 1958. The analysis in this section includes 135 funds as of 1952 and 168 as of 1958.

In the analysis of the percentages of stock portfolios placed in over-the-counter stocks (tables IV-41(a) and IV-41(b)) similar variations in the distributions are noted, with a clustering of funds in this case in lower percentage modal classes. In 1952, 35 funds, including 5 balanced funds and 15 common stock funds (principally of the smaller size classes of funds) had not placed any of their portfolios in over-the-counter stocks. By 1958, reflecting the previously noted movement toward over-the-counter stocks, the number of such funds had fallen to 27 (only 16 percent of the total number of funds included in this analysis, against 26 percent of the total in 1952), including 1 balanced fund and 11 common stock funds, once again predominately of the smaller size classes of funds. The movement of the investment funds toward the over-the-counter securities is reflected in tables IV-41(a) and IV-41(b). Nineteen percent of the total number of funds held more than 20 percent of their stock portfolios in these securities in 1952, and the number of such funds had increased to 24 percent of the total in 1958. At the latter date one of the funds, a small specialty fund, actually held the whole of its stock portfolio in over-the-counter securities.

A calculation of the median percentages of the frequency distributions of tables IV-40 and IV-41 confirms the principal conclusion of the earlier analysis; namely, that between 1952 and 1958 the investment fund portfolios in general increased their proportionate emphasis on over-the-counter stocks at the expense of stocks listed on the New York Stock Exchange. The average shares of portfolios held in each of these classes of stock (based on the median percentages of the grouped data) are indicated in table IV-42.

TABLE IV-41a.—Frequency distribution of open-end investment funds by percentage of stock portfolios held in stocks traded only in over-the-counter markets, by size¹ of fund, December 1952 and September 1958

DECEMBER 1952										
Percent of stock portfolio in over-the-counter securities	Total funds		(a)		(b)		(c)		(d)	
	Number of funds	Percent								
80 and over.....	5	3.7	3	6.2	1	2.2	1	2.9	-----	-----
40 and less than 80.....	6	4.4	-----	-----	3	6.7	3	8.6	-----	-----
20 and less than 40.....	15	11.1	6	12.5	5	11.1	4	11.4	-----	-----
10 and less than 20.....	22	16.3	4	8.3	7	15.6	8	22.9	3	42.9
Some but less than 10.....	52	38.5	12	25.0	20	44.4	17	48.6	3	42.9
0.....	35	25.9	23	47.9	9	20.0	2	5.7	1	14.3
Total.....	135	100.0	48	100.0	45	100.0	35	100.0	7	100.0
SEPTEMBER 1958										
80 and over.....	6	3.6	3	4.4	1	1.9	2	4.9	-----	-----
40 and less than 80.....	10	6.0	5	7.4	5	9.6	-----	-----	-----	-----
20 and less than 40.....	25	14.9	11	16.2	9	17.3	4	9.8	1	14.3
10 and less than 20.....	35	20.8	11	16.2	14	26.9	7	17.1	3	42.9
Some but less than 10.....	65	33.7	18	26.5	18	34.6	26	63.4	3	42.9
0.....	27	16.1	20	29.4	5	9.6	2	4.9	-----	-----
Total.....	168	100.0	68	100.0	52	100.0	41	100.0	7	100.0

¹ Size as of September 1958.

NOTE.—See the following:

- (a) = Funds with net assets less than \$10,000,000.
- (b) = Funds with net assets \$10,000,000 and less than \$50,000,000.
- (c) = Funds with net assets \$50,000,000 and less than \$300,000,000.
- (d) = Funds with net assets over \$300,000,000.

TABLE IV-41b.—Frequency distribution of balanced and common stock funds by percentage of stock portfolios held in stocks traded only in over-the-counter markets, by size¹ of fund, December 1952 and September 1958

Percent of stock portfolio in over-the-counter securities	DECEMBER 1952												
	Balanced funds				Common stock funds								
	Total funds		Number of funds		Total funds		Number of funds						
	Number of funds	Per-cent	(a)	(b)	(c)	(d)	Number of funds	Per-cent	(a)	(b)	(c)	(d)	
80 and over.....	2	4.3	1	1									
40 and less than 80.....	1	2.2			1		2	3.0		2			
20 and less than 40.....	8	17.4	5	1	2		5	7.6	1	3	1		
10 and less than 20.....	12	26.1	4	2	4	2	10	15.2		5	4		1
Some but less than 10.....	18	39.1	7	8	3		34	51.5	5	12	14		3
0.....	5	10.9	5				15	22.7	6	6	2		1
Total.....	46	100.0	22	12	10	2	66	100.0	12	28	21		5

Percent of stock portfolio in over-the-counter securities	SEPTEMBER 1958												
	Balanced funds				Common stock funds				Common stock funds				
	Total funds		Number of funds		Total funds		Number of funds		Total funds		Number of funds		
	Number of funds	Per-cent	(a)	(b)	(c)	(d)	Number of funds	Per-cent	(a)	(b)	(c)	(d)	
80 and over.....	2	3.8	2										
40 and less than 80.....	15	28.8	8	3	3	1	7	8.2	3	4			
20 and less than 40.....	12	23.1	5	5	1	1	22	25.9	6	8	6		2
10 and less than 20.....	22	42.3	11	4	7		37	43.5	5	12	17		3
Some but less than 10.....	1	1.9	1				11	12.9	7	3	1		
0.....													
Total.....	52	100.0	27	12	11	2	85	100.0	24	32	24		5

¹ Size as of September 1958.

NOTE.—See the following:

- (a) = Funds with net assets less than \$10,000,000.
 (b) = Funds with net assets \$10,000,000 and less than \$50,000,000.
 (c) = Funds with net assets \$50,000,000 and less than \$300,000,000.
 (d) = Funds with net assets over \$300,000,000.

TABLE IV-42.—Median percentage of stock portfolio held in New York Stock Exchange stock and over-the-counter stocks, by size¹ of fund, December 1952 and September 1958

[In percent]

Size of fund	Median percentage of stock held in—			
	New York Stock Exchange		Over-the-counter	
	1952	1958	1952	1958
All funds.....	90	87	6	9
Funds with net assets less than \$10,000,000.....	94	89	1	8
Funds with net assets of \$10,000,000 and less than \$50,000,000.....	90	85	7	12
Funds with net assets of \$50,000,000 and less than \$300,000,000.....	88	87	9	7
Funds with net assets over \$300,000,000.....	86	88	8	12

¹ Assets as of September 1958.

Thus the average share of stock portfolios held in New York Stock Exchange stocks declined between 1952 and 1958 for all funds combined and for each of the smallest three size classes of funds, reflecting the same pattern of change as shown by the aggregate size class data examined in the earlier analysis (see table IV-38). For the largest funds, however, those whose net assets as of September 1958 exceeded \$300 million, the similar relative movement from New York Stock Exchange stocks previously indicated by the aggregate data is not reflected here in the average (median) figures. Only seven funds are included in this class, however, an insufficient number of funds to make generalization significant at this point.

MARKET CHANNELS EMPLOYED BY INVESTMENT FUNDS IN PORTFOLIO
TRANSACTIONS 1953 AND 1958

The distribution over various market channels of the investment funds' trading in portfolio securities is determined partly by the availability on the established exchanges, or in the over-the-counter markets, of the types of securities necessary to meet the announced investment objectives of the funds. It depends also on the ease of trading in the transaction sizes most convenient to the funds, on the ability of a given market structure to absorb the funds' transactions without significant price disturbances, and on the availability of offers and bids at the times convenient for the investment of the funds' expanding inflow of money. Again, as at previous points, the funds' portfolio management, and their use of differing market channels, is to be seen against their twofold investment problem: the investment of a mounting inflow of money resulting from the sale of their own new shares, and the adaptation of portfolio structures to take advantage of varying market and economic conditions.

In this section attention is focused on the funds' purchase and sale transactions in common stocks on the New York Stock Exchange, other exchanges, and in the over-the-counter markets in the second quarters of 1953 and 1958, respectively.

TABLE IV-43.—Market channels employed in common stock purchases by open-end investment funds, by type of fund and by size of fund, April-June 1953 and April-June 1958

	April-June 1953						April-June 1958									
	New York Stock Exchange		Other exchanges		Over-the-counter		Total		New York Stock Exchange		Other exchanges		Over-the-counter		Total	
	Amount (millions)	Per-cent	Amount (millions)	Per-cent	Amount (millions)	Per-cent	Amount (millions)	Per-cent	Amount (millions)	Per-cent	Amount (millions)	Per-cent	Amount (millions)	Per-cent	Amount (millions)	Per-cent
A. Type of fund:																
Foreign security funds																
Purchases of U.S. common stocks only	\$0.8	100.0					\$0.8	100								
Specialty funds	3.4	39.9	\$0.3	3.0	\$4.9	57.1	8.6	100	\$12.2	51.8	\$0.1	34.9	\$0.1	65.1	\$0.1	100
Balanced funds	43.5	79.6	1.3	2.4	9.9	18.0	54.7	100	95.1	79.1	6.2	5.1	18.9	45.6	120.1	100
Income																
Growth	6.5	83.9	.3	3.3	1.0	12.8	7.7	100	22.1	87.2	1.5	5.8	1.8	6.9	23.3	100
Mixed	2.5	93.9	.6	2.2	1.1	3.9	2.6	100	4.9	87.0	5.5	8.5	.3	4.5	5.6	100
Common stock funds	84.6	78.0	1.0	2.3	8.8	19.8	44.4	100	68.1	76.3	4.2	4.7	16.9	18.9	89.2	100
Income																
Growth	74.7	76.2	2.9	3.0	20.4	20.8	98.0	100	282.9	75.9	15.3	4.1	74.5	20.0	372.7	100
Mixed	22.8	88.6	.8	3.1	2.1	8.3	25.8	100	57.0	91.2	1.7	2.8	3.8	6.0	62.5	100
All funds	33.5	71.7	1.5	2.4	11.7	25.1	46.7	100	117.5	75.6	8.0	5.2	30.0	19.3	155.4	100
Growth	18.4	71.9	.6	2.4	6.6	25.7	25.5	100	108.4	70.1	5.5	3.6	40.8	26.4	154.7	100
Mixed	122.5	75.5	4.5	2.8	35.2	21.7	162.2	100	390.1	75.5	2.2	4.3	104.2	20.2	516.5	100
B. Size of fund:																
(a) Net assets less than \$10,000,000	4.5	79.6	.4	6.9	.8	13.5	5.6	100	22.6	81.9	1.9	6.8	3.1	11.3	27.6	100
(b) Net assets \$10,000,000 and less than \$50,000,000	23.6	87.6	.6	2.4	2.7	10.1	27.0	100	63.0	77.1	5.2	6.4	13.5	16.5	81.7	100
(c) Net assets \$50,000,000 and less than \$300,000,000	53.7	73.3	2.7	3.6	17.0	23.1	73.4	100	195.0	70.6	10.2	3.7	71.2	26.7	277.0	100
(d) Net assets over \$300,000,000	40.6	72.3	.8	1.4	14.8	26.3	56.2	100	108.9	83.7	4.8	3.7	16.5	12.7	130.2	100

¹ Size as of September 1958.

MARKET DISTRIBUTION OF COMMON STOCK PURCHASES

In the second quarter of 1953 the common stock purchases of the funds included in this analysis amounted to \$162.2 million (table IV-43).²⁸ Purchases on the New York Stock Exchange accounted for 75.5 percent of the total and the largest part of the remaining transactions, 21.7 percent of the total, were effected in the over-the-counter markets. In 1958 the New York Stock Exchange share of total purchases was again 75.5 percent, and only marginal changes of 1½ percentage points in each case had occurred in the other markets referred to in the table.

In each of the principal classes of funds, common stock funds and balanced funds, a similar distribution of transactions occurred. The New York Stock Exchange accounted for 75 to 80 percent of total purchases in each of the time period analyzed, and 15 to 20 percent of total purchases were made in the over-the-counter markets. In no case did the other exchanges attract a significant share of the total, accounting for only 2.8 percent of the investment funds' total purchases in 1953 and the slightly larger share of 4.3 percent in 1958.

The prominent and rapidly expanding common stock fund sector of the investment company industry accounted consistently for the largest part of the funds' total combined common stock purchases: 60 percent of the total in 1953 and 72 percent in 1958.²⁹ It is of interest, therefore, that on the purchase side of their portfolio transactions, these funds should have maintained a fairly stable distribution over the different market channels. The New York Stock Exchange and the over-the-counter markets, respectively, attracted approximately 76 and 20 percent of common stock fund purchases in each of the 1953 and 1958 periods.

In each of the same time periods the common stock funds which announced "income" objectives placed a much larger share of their purchases on the New York Stock Exchange, 88.6 percent in 1953 and 91.2 percent in 1958, than did the "growth" objective and "mixed" objective funds. This is a reflection partly of the tendency previously noted (see table IV-38) for the "income" stock funds to hold a larger proportion of their portfolios in New York Stock Exchange stocks than do the common stock funds as a whole. It is no doubt associated also with the more conservative investment objectives of the "income" funds, and is due to some degree to the heavier preponderance of smaller funds in the "income" objective classes. (See table III-7,

²⁸ The analysis in this section covers a total of 156 funds which made purchases or sales of common stocks in either or both of the 1953 and 1958 periods. This group of funds is, with two exceptions, the same as that employed in the subsequent analysis of the funds' total stock purchases and sales by months throughout the 1952-58 study period. The exceptions, for which data were not available for inclusion in the present analysis, were a common stock fund announcing a "mixed" investment objective, whose assets as of the final benchmark date amounted to \$110 million, and a foreign security fund whose assets at the same date amounted to \$56 million. The total purchases as shown in this section for the 1953 and 1958 periods differ slightly from the similar data for these periods as reflected in the subsequent aggregate data on portfolio transactions. Firstly, the present data include for the foreign security funds only their transactions in U.S. domestic stocks, and exclude their much larger transactions in Canadian and other foreign securities. Secondly, the present data include all purchases of stocks by the funds, including those acquired by purchase of rights issues. These latter purchases have been excluded from the subsequent data together with the acquisition of stock by the exercise of conversion options, in order to obtain at that point an indication of the funds' open market stock transactions. The stocks acquired by the exercise of conversion options were also excluded from the present analysis in all cases in which they could be identified in the data supplied by the funds. After adjustment for these differences only a very small statistical discrepancy remains between the common stock data analyzed by market channels in this section and the aggregate volumes of transactions examined below.

²⁹ A more complete analysis of the size and growth rates of the various sectors of the investment fund industry is given in chapter III, above. The common stock funds accounted for 58.4 percent of the total industry assets as of September 30, 1958, the final benchmark date of the study.