

The percentage in utilities decreased in every other size group, but not enough to cause the industry to lose its No. 1 ranking.

Oil, the industry ranking second in importance in the funds' combined portfolio at each of the benchmark dates, retained a rather stable relative position for the entire 5½ years. There was also little change in the percentage of corporate portfolio invested in chemicals and glass. The proportion declined from 7.5 percent in 1952 to 6.6 percent in 1958, but the industry rose in rank from fourth to third. Steel began the period ranking 11th among the industries, and climbed steadily until it was 4th in September 1958. Its share of the combined corporate portfolio more than doubled from 2.6 percent to 5.7 percent. The larger funds were the principal contributors to this increased importance of steel, but the smaller funds also increased their relative holdings. Funds in the largest size group held 2.1 percent of their corporate portfolio in steel in 1952, and 6.7 percent in 1958, a jump in rank from 15 to 3.

The percentage of the corporate portfolio held in two other industries doubled between 1952 and 1958, but the total holdings were still relatively small at the end of the period. These industries were drugs with an increase from 1.5 percent to 3.2 percent and office equipment with an increase from 1.0 percent to 2.4 percent. The increase in drugs produced a rise in rank from 18 to 10 while office equipment rose from 23d of the 31 U.S. domestic industries to 14th.

Retail trade dropped from 6th among the industries in 1952 to 13th in 1958, and textiles dropped from 16th to 24th. These two industries thus declined further in rank than any other industry. The percentage declines were from 3.8 percent to 2.4 percent for retail trade and from 2.1 percent to 1.0 percent for textiles. In absolute terms there was no drop at all. The dollar valuation of holdings in retail trade almost doubled, increasing from \$139 million to \$275 million, and that for textiles rose from \$76 million to \$104 million.

This analysis of industrial distributions has been based upon the funds' total holdings of corporate securities, comprising common stocks, preferred stocks, and bonds. Since common stocks form such a large part of the funds' total portfolios, the distributions reflect to a large extent the distributions by industries of the common stock holdings. Tables IV-16 through IV-20 show distributions of the common stock sections of the portfolios of all funds combined, and of each of the four size classes of funds previously examined. Utilities and rails each represented smaller relative shares of the funds' combined common stock portfolio than they did of the total corporate holdings at each of the four benchmark dates. Against a utilities share of total corporate portfolio of 14.4 percent in 1958, for example, utility common stocks accounted for the lesser proportion of 11.4 percent of the total common stock portfolio. Similarly, rails accounted for 5.6 percent of total corporate securities at the same date, but for only 4.2 percent of total common stock holdings. Each of the other industries occupying the first 10 ranks in the total corporate portfolio in 1958, however, was responsible for a somewhat higher percentage of the common stock portfolio than of the total corporate holdings. Oil occupied the highest position and accounted for 14.1 percent of the combined common stock portfolio.

TABLE IV-16.—Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, all funds, December 1952-September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	1.04	1.91	1.51	1.37
B Amusements (including radio-TV and motion pictures).....	1.75	1.98	1.61	1.74
C Auto and auto accessory (excluding tires).....	3.33	3.52	2.75	2.92
D Building trade and building equipment.....	2.01	2.01	2.09	2.20
E Chemicals and glass.....	8.65	8.35	7.88	7.33
F Drugs.....	1.77	1.63	3.19	3.63
G Electrical equipment.....	3.36	2.64	2.78	2.46
H Food and beverages.....	2.62	1.91	1.83	1.78
I Machinery.....	4.57	5.41	5.66	5.64
J Office equipment.....	1.23	1.50	2.51	2.60
K Paper products and publishing.....	2.81	3.47	3.07	3.33
L Oil and natural gas production.....	14.82	14.52	14.90	14.13
M Retail trade.....	4.09	2.46	2.07	2.43
N Rubber and tires.....	2.44	2.88	2.92	2.38
O Steel.....	2.37	5.45	5.10	6.02
P Textiles, clothing, and footwear.....	2.07	1.36	.83	.82
Q Tobacco.....	1.68	1.05	1.23	1.08
R Miscellaneous.....	.39	.59	.82	.78
S Mining.....	3.01	3.72	3.14	3.22
Total, A through S.....	64.30	66.38	65.59	66.35
T Utilities (including natural gas transmission and distribution).....	16.22	11.69	12.68	11.36
V Telephone and communications.....	.81	.86	.68	1.33
Total, T through V.....	17.03	12.54	13.35	12.68
W1 Railroads.....	6.25	5.78	3.52	4.24
W2 Railroad equipment.....	.46	.68	.62	.54
X1 Airlines.....	.45	.46	.40	.54
X2 Shipping.....	.04	.08	.12	.11
X3 Bus and truck lines and other.....	.04	.06	.09	.08
Total, W1 through X3.....	7.24	7.07	4.75	5.51
Z1 Banks.....	2.71	1.85	2.22	2.10
Z2 Insurance.....	4.39	5.40	5.85	5.42
Z3 Sales finance and personal loan.....	1.02	1.06	1.10	1.02
Z4 Investment companies.....	.76	.58	.53	.49
Z5 Other.....	.15	.08	.12	.13
Total, Z1 through Z5.....	9.02	8.97	9.81	9.21
AC Canadian stocks.....	2.36	4.45	5.18	4.79
AN Non-Canadian foreign stocks.....	.05	.59	1.01	1.46
Total, AC through AN.....	2.41	5.04	6.19	6.25
Total, corporate common stocks.....	100.00	100.00	100.00	100.00

TABLE IV-17.—Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, funds with net assets less than \$10,000,000,¹ December 1952–September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	3.67	1.92	2.89	2.56
B Amusements (including radio-TV and motion pictures).....	2.26	2.65	2.81	3.41
C Auto and auto accessory (excluding tires).....	4.43	3.46	3.45	3.44
D Building trade and building equipment.....	2.35	3.06	2.09	2.04
E Chemicals and glass.....	5.66	5.66	6.14	6.13
F Drugs.....	1.58	1.08	2.07	1.85
G Electrical equipment.....	3.31	4.28	4.24	4.21
H Food and beverages.....	2.89	1.40	2.40	2.66
I Machinery.....	9.02	8.70	8.70	8.15
J Office equipment.....	.38	1.66	1.96	1.85
K Paper products and publishing.....	1.29	1.99	2.09	2.19
L Oil and natural gas production.....	8.97	10.04	10.99	9.78
M Retail trade.....	2.64	3.08	3.03	3.00
N Rubber and tires.....	.92	1.84	1.66	1.48
O Steel.....	1.98	4.70	3.35	3.65
P Textiles, clothing, and footwear.....	1.37	1.27	.76	1.46
Q Tobacco.....	1.65	1.17	1.48	1.45
R Miscellaneous.....	.83	.56	.51	.98
S Mining.....	2.73	4.37	3.59	4.30
Total, A through S.....	57.94	62.89	64.20	64.60
T Utilities (including natural gas transmission and distribution).....	13.52	11.64	13.80	11.38
V Telephone and communications.....	2.31	2.49	2.25	2.77
Total, T through V.....	15.84	14.13	16.06	14.16
W1 Railroads.....	6.10	5.71	3.63	6.53
W2 Railroad equipment.....	4.72	2.12	1.90	1.59
X1 Airlines.....	1.96	1.53	.83	.99
X2 Shipping.....	.22	.17	.41	.31
X3 Bus and truck lines and other.....	.11	.18	.09	.04
Total, W1 through X3.....	13.09	9.72	6.84	9.46
Z1 Banks.....	2.43	2.25	3.43	2.22
Z2 Insurance.....	6.27	3.80	4.11	3.64
Z3 Sales finance and personal loan.....	.94	1.12	1.03	1.12
Z4 Investment companies.....	1.97	1.36	.73	.58
Z5 Other.....	.10	.16	.34	.43
Total, Z1 through Z5.....	11.72	8.70	9.64	8.00
AC Canadian stocks.....	1.41	2.67	1.82	2.07
AN Non-Canadian foreign stocks.....	.01	1.89	1.45	1.71
Total, AC through AN.....	1.42	4.56	3.27	3.78
Total, corporate common stocks.....	100.00	100.00	100.00	100.00

¹ Assets as of September 1958.

TABLE IV-18.—Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, funds with net assets \$10,000,000 and less than \$50,000,000,¹ December 1952–September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	2.12	1.98	1.85	1.81
B Amusements (including radio-TV and motion pictures).....	2.11	1.98	1.68	1.77
C Auto and auto accessory (excluding tires).....	3.54	3.12	2.85	2.54
D Building trade and building equipment.....	2.18	1.82	1.95	2.43
E Chemicals and glass.....	6.59	7.56	8.52	8.34
F Drugs.....	1.32	1.42	3.59	3.62
G Electrical equipment.....	3.39	2.90	4.12	4.04
H Food and beverages.....	2.74	1.98	2.40	2.62
I Machinery.....	5.60	7.40	6.88	6.88
J Office equipment.....	.66	1.28	2.43	2.51
K Paper products and publishing.....	2.18	3.04	2.72	2.89
L Oil and natural gas production.....	11.69	10.13	10.52	10.12
M Retail trade.....	3.95	2.60	2.31	2.64
N Rubber and tires.....	2.05	1.71	1.90	1.49
O Steel.....	6.60	7.32	5.88	5.86
P Textiles, clothing, and footwear.....	1.58	.91	.60	.60
Q Tobacco.....	2.63	4.39	3.69	2.94
R Miscellaneous.....	.53	.58	.98	1.11
S Mining.....	3.87	4.54	3.33	3.47
Total, A through S.....	65.34	66.67	68.20	67.68
T Utilities (including natural gas transmission and distribution).....	16.06	9.39	10.47	10.17
V Telephone and communications.....	1.26	1.42	.89	1.22
Total, T through V.....	17.32	10.80	11.36	11.39
W1 Railroads.....	4.89	3.84	1.93	2.91
W2 Railroad equipment.....	.46	.58	.90	1.00
X1 Airlines.....	.81	.68	.30	.56
X2 Shipping.....	.05	.04	.11	.13
X3 Bus and truck lines and other.....	.06		.14	.02
Total, W1 through X3.....	6.28	5.15	3.39	4.61
Z1 Banks.....	1.22	1.50	1.86	1.96
Z2 Insurance.....	1.22	3.61	3.66	3.40
Z3 Sales finance and personal loan.....	.66	.75	.67	.85
Z4 Investment companies.....	.44	.50	.41	.50
Z5 Other.....	.27	.16	.27	.37
Total, Z1 through Z5.....	3.82	6.52	6.88	7.09
AC Canadian stocks.....	7.21	9.70	8.15	7.13
AN Non-Canadian foreign stocks.....	.02	1.16	2.02	2.10
Total, AC through AN.....	7.23	10.85	10.17	9.23
Total, corporate common stocks.....	100.00	100.00	100.00	100.00

¹ Assets as of September 1958.

TABLE IV-19.—Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, funds with net assets \$50,000,000 and less than \$300,000,000,¹ December 1952–September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	0.83	2.17	1.70	1.62
B Amusements (including radio-TV and motion pictures).....	2.13	2.21	1.58	1.70
C Auto and auto accessory (excluding tires).....	3.28	3.58	2.68	2.77
D Building trade and building equipment.....	1.94	1.82	1.91	1.99
E Chemicals and glass.....	9.49	8.44	7.66	7.06
F Drugs.....	1.66	1.28	2.85	3.59
G Electrical equipment.....	3.38	2.89	2.79	2.49
H Food and beverages.....	1.65	1.11	1.49	1.64
I Machinery.....	5.25	6.26	6.12	6.00
J Office equipment.....	.90	1.26	2.09	2.24
K Paper products and publishing.....	3.08	3.15	2.64	2.85
L Oil and natural gas production.....	15.22	12.37	12.48	11.40
M Retail trade.....	3.33	1.83	2.08	2.80
N Rubber and tires.....	2.17	2.33	1.98	1.53
O Steel.....	2.47	4.45	4.27	5.31
P Textiles, clothing, and footwear.....	2.25	1.43	.95	.85
Q Tobacco.....	.61	.46	.97	1.02
R Miscellaneous.....	.48	.60	.92	.81
S Mining.....	3.18	4.21	3.47	3.17
Total, A through S.....	63.32	61.86	60.64	60.84
T Utilities (including natural gas transmission and distribution).....	12.70	9.75	10.75	10.17
V Telephone and communications.....	.50	.64	.72	1.41
Total, T through V.....	13.21	10.39	11.47	11.58
W1 Railroads.....	7.05	6.38	3.83	4.56
W2 Railroad equipment.....	.44	.58	.65	.54
X1 Airlines.....	.40	.36	.20	.32
X2 Shipping.....	.03	.15	.22	.19
X3 Bus and truck lines and other.....	.07	.13	.17	.18
Total, W1 through X3.....	7.99	7.61	5.06	5.80
Z1 Banks.....	1.42	.80	1.32	1.46
Z2 Insurance.....	9.39	10.59	10.43	9.37
Z3 Sales finance and personal loan.....	1.16	1.07	1.19	1.05
Z4 Investment companies.....	.77	.21	.25	.31
Z5 Other.....	.12	.06	.07	.17
Total, Z1 through Z5.....	12.85	12.74	13.26	12.36
AC Canadian stocks.....	2.51	6.64	8.53	8.02
AN Non-Canadian foreign stocks.....	.12	.76	1.05	1.41
Total, AC through AN.....	2.63	7.40	9.58	9.42
Total, corporate common stocks.....	100.00	100.00	100.00	100.00

¹ Assets as of September 1958.

TABLE IV-20.—Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, funds with net assets over \$300,000,000,¹ December 1952–September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	0.86	1.64	1.14	0.91
B Amusements (including radio-TV and motion pictures).....	1.33	1.71	1.54	1.68
C Auto and auto accessory (excluding tires).....	3.28	3.55	2.77	3.16
D Building trade and building equipment.....	2.02	2.20	2.32	2.36
E Chemicals and glass.....	8.50	9.66	8.02	7.42
F Drugs.....	1.95	2.05	3.51	3.77
G Electrical equipment.....	3.34	2.23	2.32	1.89
H Food and beverages.....	3.39	2.72	2.91	1.65
I Machinery.....	3.59	3.91	4.68	4.76
J Office equipment.....	1.66	1.78	3.00	3.07
K Paper products and publishing.....	2.79	3.95	3.68	5.25
L Oil and natural gas production.....	15.39	17.96	18.90	18.44
M Retail Trade.....	4.81	3.03	1.96	1.93
N Rubber and tires.....	2.82	3.77	4.27	3.60
O Steel.....	2.11	6.03	5.88	6.97
P Textiles, clothing, and footwear.....	2.04	1.40	.77	.81
Q Tobacco.....	2.38	.84	.82	.62
R Miscellaneous.....	.27	.59	.70	.66
S Mining.....	2.72	3.01	2.72	3.15
Total, A through S.....	65.24	71.05	70.99	72.09
T Utilities (including natural gas transmission and distribution).....	19.32	14.20	.52	12.96
V Telephone and communications.....	.89	.86	.49	1.17
Total, T through V.....	20.21	15.05	15.77	14.13
W1 Railroads.....	5.85	5.65	3.61	4.10
W2 Railroad equipment.....	.26	.70	.46	.34
X1 Airlines.....	.35	.46	.62	.76
X2 Shipping.....	.05	.01	.....	.....
X3 Bus and truck lines and other.....	.....	.01	.....	.....
Total, W1 through X3.....	6.51	6.82	4.68	5.20
Z1 Banks.....	4.08	2.93	3.21	2.83
Z2 Insurance.....	.74	.69	1.62	1.76
Z3 Sales finance and personal loan.....	.97	1.13	1.12	1.03
Z4 Investment companies.....	.75	.92	.94	.68
Z5 Other.....	.15	.08	.12	.13
Total, Z1 through Z5.....	6.69	5.80	6.91	6.43
AC Canadian stocks.....	1.35	1.06	.96	.80
AN Non-Canadian foreign stocks.....	.....	.23	.68	1.34
Total, AC through AN.....	1.35	1.29	1.64	2.14
Total, corporate common stocks.....	100.00	100.00	100.00	100.00

¹ Assets as of September 1958.

The foregoing analysis of portfolio distributions is supplemented by the data summarized in tables IV-21 through IV-23. The first of these tables indicates the percentages of total corporate portfolios, for all funds combined and for each of the 4 size classes of funds, held in each of the industries occupying the highest 10 ranks at September 1958. The percentages for the combined funds' portfolio declined from 14.4 percent for utilities to 3.2 percent for drugs, and these industries together accounted for 64.8 percent of the total. The first 6 of these 10 industries were also among the highest 10 industries for each of the size groups of funds, though differences of ranking appeared. The industries occupying the remainder of the first 10 places are also shown in table IV-21.

Table IV-22 focuses attention on the largest 10 industries in the combined corporate portfolios at each of the 4 benchmark dates of

the study and confirms the other of the 2 principal conclusions of the earlier concentration analysis. The degree of concentration existing within the portfolios declined during the period covered by the study. Based on the largest 10 industries, the ratios declined continuously between 1952 and 1958 from 70 to 64.8 percent.

The analysis in table IV-23 considers the distribution by industries of the total common stock holdings of all funds combined, as distinct from the distribution of total corporate portfolios just referred to. These figures again confirm the last mentioned conclusion as to concentration by industries in the funds' portfolios. The concentration ratios for common stock holdings also declined continuously throughout the study period, from 68.7 percent for 1952 to 64.8 percent for 1958, based here on the highest 10 common stock holdings. At the last mentioned date, the concentration ratios for all common stocks listed on the New York Stock Exchange (based upon the New York Stock Exchange classification of listed stocks into 20 industrial classes) were as follows: largest industry (utilities) 17.6 percent; largest 5 industries (utilities, petroleum and natural gas, chemical, automotive, and steel and iron) 61.6 percent; and largest 10 industries 79.7 percent.

The analysis of the portfolio distributions of corporate bond and preferred stock holdings does not require the detailed examination accorded the total corporate portfolio and the common stock section. At September 1958 U.S. corporate bonds accounted for only 6.7 percent of the total net assets of the universe of the present study (table IV-4) and preferred stocks accounted for only 5.1 percent. Very high degrees of industrial concentration appeared in both the bond and preferred stock sections, however, as indicated in tables IV-24 and IV-25. In the case of bonds, the most significant concentration ratio is the percentage of total bond holdings represented by the highest five industries. This ratio (table IV-24) declined continuously from 83.2 percent in 1952 to 66.6 percent in 1958, confirming the trends established in the earlier cases. In the preferred stock section, on the other hand, a reversal of concentration trend occurred, and the relevant measure based on the highest five industries (table IV-25) increased from 67.5 percent in 1955 to 73.6 percent in 1958. This higher degree of concentration was associated, however, with a rather lower overall importance of preferred stocks in investment fund portfolios (table IV-5a). The proportion of total net assets of all funds combined placed in this medium fell continuously throughout the study period from 8.4 percent in 1952 to 5.1 percent in 1958.

TABLE IV-21.—Percentage distribution of corporate holdings among the favorite 10 industries of investment funds, by size of fund, September 1958

Industry	All funds	Funds with net assets less than \$10,000,000	Funds with net assets of \$10,000,000 and less than \$50,000,000	Funds with net assets of \$50,000,000 and less than \$300,000,000	Funds with net assets over \$300,000,000
Utilities.....	14.39	14.71	12.89	12.64	16.63
Oil.....	12.76	8.48	9.19	10.49	16.46
Chemicals and glass.....	6.56	5.61	7.16	6.43	6.59
Steel.....	5.71	3.56	5.47	4.97	6.70
Railroads.....	5.56	10.41	6.12	6.06	4.55
Machinery.....	5.21	7.40	6.23	5.55	4.41
Insurance.....	4.73	-----	2.88	8.35	-----
Paper.....	3.50	-----	-----	2.69	4.67
Mining.....	3.17	3.76	3.54	3.25	-----
Drugs.....	3.16	-----	3.02	3.20	3.27
Sales finance and personal loan.....	-----	-----	-----	-----	3.34
Rubber.....	-----	-----	-----	-----	3.17
Electrical equipment.....	-----	3.71	3.76	-----	-----
Auto and auto accessory.....	-----	3.04	-----	-----	-----
Telephone.....	-----	3.02	-----	-----	-----
Total of 10 largest.....	64.75	63.70	60.21	63.63	69.79
All others.....	35.25	36.30	39.79	36.37	30.21
Total, corporate portfolio.....	100.00	100.00	100.00	100.00	100.00

NOTE.—Percentage figures are presented for only the 10 largest industries of each group of funds.

TABLE IV-22.—Percentage distribution of corporate holdings among the favorite 10 industries of investment funds, December 1952–September 1958

Industry	December 1952	December 1955	December 1957	September 1958
Utilities.....	19.23	14.44	15.58	14.39
Oil.....	12.69	13.16	13.22	12.76
Chemicals and glass.....	7.50	7.53	6.90	6.56
Steel.....	-----	5.18	4.87	5.71
Railroads.....	10.09	7.80	5.10	5.56
Machinery.....	4.30	5.07	5.19	5.21
Insurance.....	3.63	4.69	4.97	4.73
Paper.....	-----	3.27	2.80	3.50
Mining.....	2.89	3.57	3.13	3.17
Drugs.....	-----	-----	-----	3.16
Sales finance and personal loan.....	-----	-----	3.18	-----
Auto and auto accessory.....	2.90	3.17	-----	-----
Retail trade.....	3.83	-----	-----	-----
Electrical equipment.....	2.88	-----	-----	-----
Total of 10 largest.....	69.94	67.88	64.94	64.75
All others.....	30.06	32.12	35.06	35.25
Total, corporate portfolio.....	100.00	100.00	100.00	100.00

NOTE.—Percentage figures are presented for only the 10 largest industries at each date.

TABLE IV-23.—Percentage distribution of common stock holdings among the favorite 10 industries¹ of investment funds, December 1952–September 1958

Industry	December 1952	December 1955	December 1957	September 1958
Oil.....	14.82	14.52	14.90	14.13
Utilities.....	16.22	11.69	12.68	11.36
Chemicals and glass.....	8.65	8.38	7.88	7.35
Steel.....	.....	5.45	5.10	6.02
Machinery.....	4.57	5.41	5.66	5.64
Insurance.....	4.39	5.40	5.85	5.42
Railroads.....	6.25	5.78	3.52	4.24
Paper.....	.....	3.47	3.07	3.88
Drugs.....	.....	.....	3.19	3.65
Mining.....	3.01	3.72	3.14	3.22
Auto and auto accessory.....	3.33	3.52	.....	.....
Retail trade.....	4.09	.....	.....	.....
Electrical equipment.....	3.36	.....	.....	.....
Total of 10 largest.....	68.69	67.34	64.99	64.82
All others.....	31.31	32.66	35.01	35.18
Total, common stock portfolio.....	100.00	100.00	100.00	100.00

¹ Largest 10 industries were the largest 10 with respect to common stock holdings, not with respect to total corporate holdings.

NOTE.—Percentage figures are presented for only the 10 largest industries at each date.

TABLE IV-24.—Percentage distribution of corporate bond holdings among the favorite 5 industries of investment funds, December 1952–September 1958

Industry	December 1952	December 1955	December 1957	September 1958
Utilities.....	22.40	19.76	21.29	21.98
Railroads.....	47.95	33.78	17.99	18.81
Sales finance and personal loan.....	3.95	13.39	21.91	17.63
Telephone.....	5.43	.....	4.19	4.55
Oil.....	3.49	4.23	3.47	3.60
Other financial ¹.....	.....	3.78	.....	.....
Total of 5 largest.....	83.22	74.96	68.85	66.57
All others.....	16.78	25.06	31.15	33.43
Total, corporate bond holdings.....	100.00	100.00	100.00	100.00

¹ The enumerated segments within the financial category were banks, insurance, sales finance, and personal loan, and investment companies. "Other financial" includes all others.

NOTE.—Percentage figures are presented for only the 5 largest industries at each date.

TABLE IV-25.—Percentage distribution of preferred stock holdings among the favorite 5 industries of investment funds, December 1952–September 1958

Industry	December 1952	December 1955	December 1957	September 1958
Utilities.....	43.59	44.77	48.04	52.09
Railroads.....	10.44	9.84	7.96	8.33
Steel.....	3.82	4.40	4.94	5.56
Sales finance and personal loan.....	.....	4.28	4.25	4.00
Oil.....	.....	.....	4.18	3.66
Machinery.....	5.23	4.24	.....	.....
Retail trade.....	5.05	.....	.....	.....
Total of 5 largest.....	68.13	67.53	69.37	73.64
All others.....	31.87	32.47	30.63	26.36
Total, preferred stock holdings.....	100.00	100.00	100.00	100.00

NOTE.—Percentage figures are presented for only the 5 largest industries at each date.

Utilities and rails occupied the first two ranks in both bond and preferred stock holdings at three of the four benchmark dates. Bond holdings in sales finance and personal loans increased markedly during the study period and exceeded both utilities and rails in 1957, although these financial holdings fell again to third place in 1958. The portion of bond holdings in rails declined from 47.8 percent in 1952 to 18.8 percent in 1958.

Preferred stock holdings were dominated by utilities throughout the 1952-58 period, accounting for 43.6 percent in 1952 and 52.1 percent in 1958. Rails were the second ranking industry for the entire period, but accounted for only 8.3 percent in 1958. Steel was the only other industry accounting for more than 5 percent of total preferred stock holdings at the terminal date of the study.

CHANGES IN SECURITY VALUES AND IN FUND PORTFOLIO STRUCTURES

Throughout the foregoing analysis of portfolio distributions two features of the funds' investment management problem were noted at several points. Firstly, the total assets managed by the investment company industry were growing rapidly throughout the period and no absolute declines occurred in the total security holdings in any industry. All declines were relative. Secondly, the market prices of securities did not change uniformly. Between December 1952 and September 1958 the principal market indexes of common stock prices increased by approximately 80 percent,¹² but different industries showed a great deal of variance from the general market movement. In the light of these differences a comparison has been made of the shifts in industrial composition of the funds' common stock portfolios and the relevant variations in stock market values.

The basis of analysis at this point is shown in tables IV-26 and IV-27. An attempt has been made to separate the changes produced in portfolio structures by variations in market prices, and the changes produced by security purchases and sales as a result of management's discretionary decisions. The first factor was identified as the "market factor" and the second as the "management factor." The market factor was based upon variations between benchmark dates of the price levels of industry classes of stocks as indicated by the "Barron's group stock averages." The industrial classifications employed for these averages is very similar to that adopted in earlier parts of the present study. After necessary modifications a list of 26 industries

¹² During this period the Dow-Jones industrial average, the Standard & Poor's 500 stock index, and the Securities and Exchange Commission 265 stock index rose by 82.29 percent, 88.32 percent, and 79.76 percent, respectively.

was available for the analysis.¹³ By this means certain general conclusions are obtainable regarding the funds' portfolio actions in the context of changing investment conditions. But the conclusions are nevertheless dependent solely on a static analysis of portfolio structures. They will be supplemented in a subsequent section of this chapter, therefore, by an analysis of the actual volume of security purchases and sales, and of the resultant relation between the investment funds' activities in the market and the general market trends. By these means successive steps will be taken toward the clarification of the more fundamental question of the significance of investment fund participation for the formation of prices in the securities markets.

For the present, it should be borne in mind that the following analysis is directed solely to indicating the changes in the funds' portfolio structures which have occurred between the various benchmark dates employed. These changes in relative portfolio structure have been caused partly by the pressure of price changes of varying degrees in different portfolio sections, and partly by managements' discretionary movements between one portfolio section and another. As will be indicated at appropriate points of the analysis, the conclusions can in no sense be understood as indicating portfolio performance results. While attention is focused on the more static concept of portfolio structures it is appropriate to note, moreover, at least two qualifications to the significance of the results. Firstly, the analysis will compare the movements in the "market factor" and the "management factor" as already referred to, in order to discover whether discretionary management action has tended, at given times and in given market conditions, to change the relative portfolio importance of specified industry investments in the same direction as the change in market prices of the relevant securities. This, of course, immedi-

¹³ In order to obtain comparable industrial classifications some combinations of both the Barron's groupings and the initial categories employed in the foregoing portfolio classifications were necessary. Barron's had no groups corresponding to some of the very small industrial classifications initially employed. These classifications could not be combined in any meaningful way with other industries and were deleted from the present analysis. Total holdings in these industries accounted for only 0.72 percent of the funds' common stock portfolios in 1952 and 1.49 percent in 1958.

<i>Initial portfolio classification</i>	<i>Barron's</i>
Aircraft manufacturing and equipment.....	Aircraft (manufacturing).
Amusement.....	Motion pictures plus television.
Auto and auto accessory.....	Automobiles plus automobile equipment.
Building trade and building equipment.....	Building material.
Chemicals and glass.....	Chemicals.
Drugs.....	Drugs.
Electrical equipment.....	Electrical equipment.
Food and beverages.....	Food plus packing.
Machinery, metal products.....	Machinery (heavy) plus machine tool.
Office equipment.....	Office equipment.
Paper products and publishing.....	Paper stocks.
Oil and natural gas production.....	Oils.
Retail trade.....	Dry goods plus grocery chains plus retail merchandising.
Rubber and tires.....	Rubber.
Steel.....	Steel and iron.
Textiles, clothing, and footwear.....	Textiles.
Tobacco.....	Tobacco.
Mining.....	Copper, lead, and zinc plus gold mining.
Utilities (including natural gas transmission and distribution) plus telephone and communications.....	Dow-Jones utilities.
Railroads.....	Dow-Jones rails.
Railroad equipment.....	Railroad equipment.
Airlines.....	Air transport.
Banks.....	Bank stocks.
Insurance.....	Insurance stocks.
Sales finance and personal loan.....	Installment financing.
Investment companies.....	Investment trust (leverage).

Industries in the initial portfolio classification deleted from this analysis: Miscellaneous, shipping, bus and truck lines and other transportation, and other financial.
Groups of Barron's not employed in this analysis: Farm equipment and liquors.