

The remaining stocks included in the largest five holdings in 1958 were International Business Machines, United States Steel and Bethlehem Steel, ranking first, second, and fifth respectively. The increase in holding of the International Business Machines stock, which expanded by more than 800 percent from \$17.6 million in 1952 to \$165.6 million in 1958, took the holding from the 23d to the 1st rank among the 30 stocks. This reflects the doubling of the proportionate share which office equipment stocks occupied in the funds' total stock portfolio, from 1.2 percent of the total in 1952 to 2.6 percent in 1958 (see table IV-16). But at the final date the overall representation of office equipment stocks was still a small part of the total.

Steel, on the other hand, which had two stocks represented in the largest five in 1958, had expanded its share of the funds' total common stock portfolio rather more sharply, from 2.7 percent in 1952 to 6 percent in 1958 (table IV-16), and by the final benchmark date it ranked fourth in the industrial classification of common stock holdings. At the earlier date, 1952, the steel industry had ranked only 13th among the 33 industries represented in the funds' portfolios.

Each of the remaining three stocks which dropped from the largest five holdings between 1952 and 1958, International Paper, Goodrich, and General Electric, increased the total dollar value of their holdings during the period. The International Paper holdings rose from \$34.5 million to \$83 million, thereby keeping pace with the general expansion of the total stock portfolio, but its ranking among the 30 stocks dropped from 2d to 12th. The total paper stocks in the portfolio, however (including paper products and publishing), increased their share of stock portfolio from 2.8 percent to 3.8 percent (see table IV-16). General Electric declined from 5th place in 1952 to 16th in 1958 and the total electrical equipment industry suffered a decrease from 3.4 percent to 2.5 percent in its relative share of the funds' total common stock portfolios. Westinghouse, also a member of this industry, dropped from a rank of 8th to 28th among the sample stocks.

The relative drop from favor of the Goodrich stock, the total holdings of which increased only fractionally from \$31.9 million in 1952 to \$35.9 million in 1958, took the stock from the 4th to the 27th rank among the 30 stocks. This virtual stability in the dollar holdings of Goodrich represented an actual decline in the proportion of the Goodrich equity held by the investment funds. As shown in table IV-32, the funds held 5.9 percent of the Goodrich stock in 1958, compared with 10 percent in 1952. This movement, however, does not reflect a generally lessened interest in rubber company stocks. The relative share of the funds' total common stock portfolio accounted for by rubber and tires remained fairly constant throughout the study period: approximately 2.4 percent in both 1952 and 1958 (see table IV-16). The decline in Goodrich stock holdings was offset by a marked increase in the holdings of Goodyear stock, which rose from \$14.5 million in 1952 to \$97.2 million in 1958, and from the 28th to the 7th rank among the sample 30 stocks.

More important, from the viewpoint of the capital market significance of the investment funds' stock portfolios, are the data in table

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IV-32 showing, for each of the four benchmark dates, the percentage of the total listed issue of each of the 30 stocks held by the funds.<sup>19</sup> In 1952 the total dollar holdings in the 30 stocks amounted to approximately 1.5 percent of the total market valuation of the combined outstanding issues of the 30 (see table IV-34 below). By 1958 this percentage had risen to 2.6 percent.<sup>20</sup> Wide variations of percentages of issues held occurred, however, in the respective individual stocks. In 1952 the relevant range was from 0.3 percent of the listed issue in the case of American Telephone & Telegraph stock to 10 percent of Goodrich stock. In 1958 the percentages ranged from 0.6 percent of American Telephone & Telegraph stock to 10 percent of Goodyear stock.

In the case of the largest 4 stocks listed on the New York Stock Exchange, and referred to earlier in this section, the investment funds held less than 1 percent of each of the issues in 1952 (table IV-32): American Telephone & Telegraph, 0.3 percent of the listed issue and ranking 20th among the 30 stocks in dollar value of the funds' holding; Du Pont, 0.5 percent of issue and ranking 14th; General Motors, 0.5 percent of issue and ranking 7th; Standard Oil (New Jersey), 0.9 percent and ranking 1st. By 1958 the percentage of the issues held had slightly more than doubled in the case of American Telephone & Telegraph stock, rising to 0.6 percent; almost doubled in the case of Du Pont and General Motors, rising to 0.9 percent and 0.7 percent respectively; and increased by approximately 50 percent in the case of Standard Oil (New Jersey), rising to 1.3 percent.

An examination of the highest ranking stocks by dollar values in the funds' portfolios in 1958 reveals that the funds held less than 5 percent of the listed issue in each of the top five stocks: International Business Machines 3.4 percent, United States Steel, 3.8 percent, Texas Co. 3.5 percent, Standard Oil (New Jersey) 1.3 percent and Bethlehem Steel 4.8 percent.

The investment funds thus had large holdings in large corporations, but the percentage of these corporations' voting stock held was not as high as in some of the stocks which occupied lower places by dollar values in the funds' portfolios. And although large amounts had been invested in the stocks of the largest four companies in the stock exchange list, American Telephone & Telegraph, Du Pont, General Motors and Standard Oil (New Jersey), only the last mentioned appeared among the largest five investment fund holdings in 1958. The other 3 of these stocks ranked 10th, 13th, and 9th respectively among the sample 30 stocks.

Table IV-33 examines the ranking of stocks among the investment funds' favorite 30 according to the percentage of total listed issue held. The highest 10 ranks in 1958 ranged from 10 percent of the listed issue of Goodyear Tire & Rubber to 5.2 percent of Atchison, Topeka & Santa Fe. It is seen from the table that little change occurred in the composition of the top 10 ranks between 1952 and

<sup>19</sup> The following analysis will be supplemented in a later section of this chapter by an examination of the turnover rates for each of these stocks for the investment funds and for the total activity on the New York Stock Exchange.

<sup>20</sup> These percentages are approximations estimated by relating the dollar values of investment fund holdings as of the end of fiscal periods ending on or within 1 month either side of the respective benchmark dates, to the market valuation of the total outstanding issues as of the benchmark date. Possible errors thus arise either because of investment fund trading near the benchmark dates in those cases in which fiscal dates do not coincide with benchmark dates, or because of variations in market prices between benchmark dates and fiscal dates. Part of the source of error is obviated in the comparisons between total listed issues and total investment fund holdings in each of the 30 stocks, by relating the numbers of shares held and listed in each case rather than the market values.

1958. In the 1958 list three rubber companies, Goodyear, Firestone, and Goodrich, appear among the highest 10 ranks by percentages of listed issues held, and utilities, steels, and oils (each an industry whose prominence has already been referred to) are also represented in the list.

An analysis of the percentages of listed issues held for each of the stocks reveals that the proportion rose in 24 cases and declined in 6 between 1952 and 1958. Reductions occurred in the Central and South West, Goodrich and International Paper stocks, each of which, however, remained in the highest 10 ranks as recorded in Table IV-33. Reductions also occurred in the percentages held of National Lead and Westinghouse stocks, which had ranked 9th and 10th respectively in 1952, but which had fallen from the highest 10 by 1958. A reduction also occurred in the percentage holding of General Electric stock, though only a relatively small amount was held at each of the benchmark dates: 1.4 percent in 1952 and 1.2 percent in 1958. The only decline of more than one percentage point was Goodrich which fell from 10 to 5.9 percent.

Of the 24 stocks in which the percentage of issue held increased between 1952 and 1958, particularly rapid increases were recorded in the case of Goodyear (from 6.2 to 10 percent), Armco Steel (from 2.3 to 9.6 percent) and Amerada (from 1.8 to 7.5 percent). Goodyear was the highest ranking stock by percentage of issue held in 1958, and Armco and Amerada had risen to the second and sixth places respectively. Neither of these last 2 stocks had been included in the first 10 in terms of this ranking in 1952. (See table IV-33.)

TABLE IV-33.—Common stocks<sup>1</sup> in which investment funds held large percentages of listed issues, December 1952–September 1958

Stock	December 1952		December 1955		December 1957		September 1958	
	Per-cent	Rank	Per-cent	Rank	Per-cent	Rank	Per-cent	Rank
Goodyear.....	6.17	5	8.77	2	9.63	1	10.04	1
Armco.....			6.28	8	8.01	4	9.59	2
General Public Utilities.....	7.40	3	8.80	1	9.46	2	9.58	3
Central and South West.....	8.90	2	7.85	4	8.98	3	8.25	4
Firestone.....	6.13	6	7.01	6	7.59	6	8.20	5
Amerada.....					7.27	7	7.51	6
Continental Oil.....	5.42	7	5.98	10	6.40	8	6.37	7
International Paper.....	7.06	4	6.62	7	5.52	9	6.07	8
Goodrich.....	9.95	1	8.26	3	7.72	5	5.94	9
Atchison Topeka & Santa Fe.....	5.16	8	7.24	5			5.22	10
National Lead.....	3.89	9						
Westinghouse Electric.....	3.75	10						
Bethlehem Steel.....			6.02	9				
Aluminium Ltd.....					5.47	10		

<sup>1</sup> List contains the 10 issues of the sample 30 in which investment funds held the highest percentage of listed shares at each date.

In order to test the relationship between the ranking of these sample 30 stocks by dollar values of holdings in the funds' portfolios and their ranking in terms of the percentage of listed values held by the funds, a rank correlation coefficient was determined. A coefficient of 1, indicating identical rankings, would have implied that the corporations in which the funds held their largest dollar investment were also those in which the funds had the largest aggregate share of voting control and at the same time the largest relative potential trading impact in

the market for the corporations' stocks. A coefficient of  $-1$ , on the other hand, indicating perfectly inverse rankings, would have implied that the largest shares of voting control and potential market significance were held in those stocks in which rather smaller total dollar investments were held. Within the sample of 30 stocks, all issues of fairly large corporations, there was little evidence of either tendency. The rank correlation coefficient of  $-0.07$  is so close to zero that neither relationship seems to have emerged.<sup>21</sup>

HOLDINGS OF SAMPLE 30 STOCKS BY TYPES AND SIZES OF INVESTMENT FUNDS

The distribution of the investment funds' holdings of the sample 30 stocks by types and sizes of funds is shown initially in table IV-34. Attention is centered there on the proportion of the total net assets and the total common stock portfolio of each type and size class of fund which is accounted for by holdings in the 30 stocks. In addition, data are given indicating the percentage of the total market valuations of the 30 stocks held by each class of fund at each of four benchmark dates.

In December 1952, these stocks accounted for 17.3 percent of the net assets of all funds combined and for 22.5 percent of their total common stock portfolios. These percentages increased to 21.0 percent and 25.7 percent respectively by December 1955 and by September 1958 they stood, in the same order, at the slightly lower levels of 19.1 percent and 23.5 percent.

The summary data for all funds combined in table IV-34 indicate that at each of the four benchmark dates the percentages of assets and of stock portfolios held in these securities increased consistently with the sizes of funds. And similarly, for each size class of fund the same two percentages increased during the period under study. It should be noted, however, that the seemingly more significant of these conclusions, that the funds' holdings of these sample stocks are positively related to the size of the fund, is due in large part to the method of selection of the sample.<sup>22</sup> While it is true that the smaller funds had placed a lesser percentage of assets in these stocks than had the larger funds at each benchmark date, these data do not imply that the funds necessarily show a marked tendency to increase the degree of concentration of portfolio as they increase in size.<sup>23</sup> It is possible and meaningful, nevertheless, to notice the extent to which, at the various portfolio dates, funds of differing sizes and types had placed their assets in this sample of what are the larger, more popular, "blue chip," and, in several cases, more active stocks.

<sup>21</sup> If a similar analysis of rank correlation were conducted on a much larger sample of investment fund holdings than the 30 stocks at present being considered, the degree of negative correlation might increase. An examination of the instances in which investment funds held 1 percent or more of a portfolio company's voting securities revealed that in the majority of cases the portfolio companies were not among the largest of those included in the portfolio.

<sup>22</sup> See appendix to this chapter. Those stocks were selected which, in the aggregate over the period 1951-57, represented the largest dollar investments of the funds, and the selection would thereby be influenced by any concentration of assets among particular stocks by the several very large and moderately large funds.

<sup>23</sup> More appropriate measures of concentration would relate to the proportion of portfolios placed, in each case, in a given number of the largest holdings in the portfolio.

TABLE IV-34.—Selected data on open-end investment fund dollar holdings of 30 stocks combined, by type and size of fund, December 1952 to September 1958

Type and size of fund	December 1952			December 1955			December 1957			September 1958		
	Percent of net assets	Percent of common stock holdings	Percent of total listed value	Percent of net assets	Percent of common stock holdings	Percent of total listed value	Percent of net assets	Percent of common stock holdings	Percent of total listed value	Percent of net assets	Percent of common stock holdings	Percent of total listed value
Foreign security funds.....	20.8	25.3	0.01	2.3	2.8	0.01	1.7	1.9	0.01	1.4	1.6	0.01
Specialty funds, total.....	7.6	7.9	.04	8.4	8.1	.06	9.4	9.7	.07	9.3	9.7	.08
(a) Assets less than \$10,000,000.....	10.2	10.5	.05	10.5	10.9	.003	13.6	14.3	.004	11.2	11.4	.004
(b) Assets \$10,000,000 and less than \$50,000,000.....	25.7	26.5	.01	9.4	10.7	.01	11.0	11.8	.01	13.4	14.2	.01
(c) Assets \$50,000,000 and less than \$30,000,000.....	5.7	5.9	.62	8.1	8.3	.04	9.0	9.3	.06	8.8	9.2	.06
Bond and preferred stock funds.....	0	0	.00	0	0	.00	0	0	.00	0	0	.00
Balanced funds, total.....	11.4	19.3	.38	15.7	24.0	.49	13.0	24.7	.55	15.4	24.0	.63
Income, total.....	9.6	18.9	.06	13.6	22.7	.07	11.6	18.3	.07	10.7	15.9	.07
(a) Assets less than \$10,000,000.....	7.8	18.1	.02	8.4	14.6	.06	11.0	12.8	.02	5.0	8.6	.002
(b) Assets \$10,000,000 and less than \$50,000,000.....	6.7	13.1	.01	11.6	22.2	.01	7.0	13.7	.004	7.2	13.7	.005
(c) Assets \$50,000,000 and less than \$300,000,000.....	10.5	20.7	.05	14.1	23.1	.06	12.4	18.9	.06	11.3	16.4	.07
Growth, total.....	7.9	15.1	.01	9.0	15.8	.01	8.2	16.0	.01	13.7	22.7	.01
(a) Assets less than \$10,000,000.....	7.9	14.7	.001	7.6	12.8	.002	10.4	18.8	.003	7.0	11.6	.002
(c) Assets \$50,000,000 and less than \$300,000,000.....	7.9	15.2	.01	9.8	17.5	.01	7.4	14.9	.01	16.3	26.9	.01
Mixed, total.....	11.9	19.5	.31	16.3	24.5	.41	15.9	26.3	.47	16.4	25.7	.55
(a) Assets less than \$10,000,000.....	11.0	20.3	.01	13.0	20.3	.01	12.0	20.2	.01	12.0	17.9	.01
(b) Assets \$10,000,000 and less than \$50,000,000.....	11.9	20.8	.03	13.6	22.6	.03	14.9	24.0	.04	13.1	22.0	.04
(c) Assets \$50,000,000 and less than \$300,000,000.....	13.1	22.4	.08	18.7	27.8	.10	16.9	28.4	.11	17.5	27.4	.12
(d) Assets over \$300,000,000.....	11.5	18.1	.18	16.1	23.9	.26	15.9	26.2	.31	16.8	26.1	.37
Common stock funds, total.....	23.8	25.6	1.12	28.0	29.7	1.43	25.5	27.9	1.53	23.5	26.1	.85
Income, total.....	20.7	22.4	.14	20.2	21.8	.17	16.4	18.2	.16	14.4	16.4	.17
(a) Assets less than \$10,000,000.....	12.0	13.9	.001	26.2	28.1	.003	12.3	16.4	.002	12.0	15.3	.003
(b) Assets \$10,000,000 and less than \$50,000,000.....	16.4	20.3	.01	17.9	19.0	.02	13.7	15.4	.02	12.3	13.6	.03
(c) Assets \$50,000,000 and less than \$300,000,000.....	21.1	22.6	.13	20.4	22.2	.15	17.1	18.8	.13	14.9	17.0	.14
Growth, total.....	16.8	18.3	.88	21.8	23.3	.52	20.4	22.6	.59	19.0	21.1	.72
(a) Assets less than \$10,000,000.....	12.2	13.8	.003	15.3	17.6	.004	14.7	17.2	.01	13.2	15.1	.01
(b) Assets \$10,000,000 and less than \$50,000,000.....	14.6	16.9	.04	20.4	22.3	.07	20.8	23.0	.09	19.3	21.0	.11
(c) Assets \$50,000,000 and less than \$300,000,000.....	19.3	21.9	.19	22.1	23.6	.23	21.1	23.7	.27	18.4	21.3	.31
(d) Assets over \$300,000,000.....	15.2	15.6	.15	22.1	23.5	.15	19.7	21.5	.23	19.9	21.4	.29

Mixed, total	34.1	35.9	30.4	40.8	.74	36.3	38.9	.78	32.4	36.3	.97
(a) Assets less than \$10,000,000	22.4	27.3	20.2	24.2	.004	20.0	22.6	.005	14.4	16.0	.004
(b) Assets \$10,000,000 and less than \$50,000,000	16.6	18.4	15.3	16.5	.01	13.1	14.7	.02	9.8	10.4	.02
(c) Assets \$50,000,000 and less than \$300,000,000	21.3	23.5	22.9	25.3	.06	19.6	22.7	.10	17.0	21.5	.16
(d) Assets over \$300,000,000	37.9	39.4	45.8	46.4	.63	44.6	46.3	.68	44.0	45.3	.78
Total, all funds	17.3	22.5	21.0	25.7	1.98	19.6	24.6	2.15	19.1	23.5	2.57
(a) Assets less than \$10,000,000	8.4	16.8	11.2	18.0	.03	11.4	17.7	.04	10.4	14.6	.04
(b) Assets \$10,000,000 and less than \$50,000,000	11.0	18.9	13.5	18.7	.15	13.8	18.6	.18	13.1	16.9	.21
(c) Assets \$50,000,000 and less than \$300,000,000	15.2	19.8	17.0	20.4	.60	15.5	19.0	.74	14.6	17.0	.88
(d) Assets over \$300,000,000	21.6	25.9	27.9	32.9	1.11	26.1	32.7	1.20	26.6	32.1	1.44

\* Size as of September 1958.

The prominence given to these stocks is, as might be expected, greater in the balanced and the common stock funds than in remaining types of funds included in this study. In the case of the foreign security funds, for example, the relative importance of the sample stocks had fallen to a low level by 1958, by which time a rapid growth in the international holdings of these funds had occurred. The specialty funds had placed slightly more than 9 percent of their assets (which were almost completely invested in common stocks) in the sample stocks in 1958, and in this case no clear pattern of distribution by size of fund is to be noted. Clearly, these features derive from the nature and purposes of the specialty funds as defined in this study, and a fuller analysis of their sample stock holdings would not be relevant to their announced objectives or their activities. The bond and preferred stock funds also, for similarly clear reasons, need not be included in the following analysis of holdings of the sample stocks.

The common stock funds as a total class had given more weight to this particular sample of stocks at each of the benchmark dates than had the balanced funds. Not only did these 30 stocks account for a larger share of the common stock fund assets, as is to be expected from the nature and portfolio structure of the balanced funds, but they represented also a larger proportion of the stock funds' total stock holdings. For the balanced funds as a total class, the sample stocks accounted for 11.4 percent of assets and 19.3 percent of stock portfolios in 1952, and these percentages showed the same general increase as noted previously to reach 15.4 percent and 24 percent by 1958. For the total common stock funds, on the other hand, the corresponding percentages (of assets and of stock portfolios respectively) were at the higher levels of 23.8 percent and 25.6 percent in 1952, and 23.5 percent and 26.1 percent in 1958.

Of the 2.6 percent of the listed value of the 30 stocks held by the funds in September 1958, 1.9 percent was in the portfolios of the common stock funds. In 1952 a similar ratio obtained, and the common stock funds held 1.1 percent of the total listed value compared to 1.5 percent held by all investment funds combined. Thus, at each of the dates the common stock funds held 72 percent of the investment funds' total holdings of these 30 stocks. Those common stock funds announcing a mixed investment objective accounted for slightly over half (52.1 percent in 1952 and 53.2 percent in 1958) of the holdings of all common stock funds, and the growth stock funds were responsible for a major portion of the remainder (38.9 percent in 1952 and 34.2 percent in 1958). Income stock funds accounted for only 9 percent of the stock funds' holdings in 1952 and 12.6 percent in 1958.

An examination of the size classes of the various types of balanced and common stock funds reveals a tendency for the percentages of assets and stock portfolios placed in these sample 30 stocks to increase with the size of fund, though a consistent and uniform pattern does not emerge as it does when the universe of the study as a whole is classified by size of fund.

A summary view of the more significant distributions implicit in the foregoing analysis is given in tables IV-35 and IV-36. In 1958 (table IV-35), 38 funds out of a total of 187 did not hold any of the 30 stocks. Seven of these were common stock funds, four of which were growth stock funds, and five were balanced funds. The remaining funds which did not hold the sample stocks were specialty, foreign

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security, and bond and preferred stock funds. At the earlier date of 1952 (table IV-36) a slightly higher percentage of funds, 34 out of a total of 152 did not hold the sample stocks. Six of these were common stock funds and three were balanced funds; again most of them were of the other three types.

The aggregate distribution of funds which held some or all of the 30 stocks in 1958 (table IV-35) shows greater dispersion than the comparable distribution for 1952 (table IV-36). The distribution in 1958 also reveals some tendency toward bimodality and positive skewness as contrasted with the more symmetric distribution in 1952. Between 1952 and 1958 the first quartile dropped from 13.1 to 10.1 while the third quartile rose from 27.5 to 29.3 (figures based on only the funds holding some or all of the 30 stocks). Thus, the funds became less uniform in their relative holdings in these 30 stocks during the period studied. Although the 15- to 20-percent class was the modal class in both 1952 and 1958, a modified peak appeared in the 0- to 5-percent class in 1958 due, it appears, to the fact that the funds broadened their portfolio lists as they increased in size over time. The 1958 distribution also exhibits a greater portion of funds in the upper percentage classes.

It was seen previously that the proportionate share of these stocks in the funds' aggregate portfolios increased slightly between 1952 and 1958. Averages calculated from tables IV-35 and IV-36, which give equal weight to each fund, reveal the opposite movement, despite the decrease in the percentage of funds with no holdings in the sample stocks. The great importance of the large funds in the aggregate, account for the contradictory findings. In the unweighted averages the very high percentage of holdings in the 30 stocks by a few large funds is offset by the low-percentage holdings of smaller funds. In addition, the emergence of new funds during the study period does not affect the aggregates very much, but these new funds have a significant influence on the unweighted averages. It should be concluded, therefore, that the relative importance of these 30 stocks to all funds combined has increased, but a few large funds have been responsible for this change. Almost all funds hold some of these stocks, but many decreased the portion of their portfolio invested in these securities between 1952 and 1958. As shown in table IV-37, both unweighted averages were lower in 1958 than in 1952.

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TABLE IV-35.—Frequency distribution of investment funds by percentage of common stock portfolios held in sample 30 stocks, for selected types of funds by size<sup>1</sup> of fund, Sept. 30, 1958

Percent of common stock in sample 30	All funds	All common stock funds					Growth common stock funds					Mixed common stock funds					Balanced funds				
		Total	(a)	(b)	(c)	(d)	Total	(a)	(b)	(c)	(d)	Total	(a)	(b)	(c)	(d)	Total	(a)	(b)	(c)	(d)
0.....	38	7	2	4	1		4	2	2			1		1			5	4		1	
0 to 5.....	24	8	5	2	1		3	3				2	1	1			9	4	2	3	
5 to 10.....	13	6	4	1	1		3	3				1		1			5	3	1	1	
10 to 15.....	23	12	4	6	1	1	7	1	4	1	1	3	3				7	5	2		
15 to 20.....	29	20	2	5	12	1	8		2	5	1	7	1	1	5		6	4		2	
20 to 25.....	21	14	4	7	3		10	2	6	2		3	1	1	1		6	2	3		1
25 to 30.....	14	7	3	1	2	1	3	2	1			4	1		1		7	3	2	2	
30 to 35.....	12	7	2	3	1	1	4	1	1	1	1	2	1	1			5	2	1	1	1
35 to 40.....	7	3		2	1		2		2	1							3	1	1	1	
40 to 45.....	5	2		1	1		2		1	1							2	1		1	
45 to 50.....	1	1				1						1									
Total.....	187	87	26	32	24	5	46	14	19	10	3	24	8	6	8	2	55	29	12	12	2

<sup>1</sup> 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-37.—Median and unweighted arithmetic mean percentage of common stock held in sample 30 stocks, all funds, common stock funds, and balanced funds, December 1952 and September 1958

Type of fund	Median		Arithmetic mean	
	1952	1958	1952	1958
All funds.....	16.1	14.0	15.8	14.5
Common stock funds.....	19.2	17.6	19.0	17.8
Balanced funds.....	17.7	15.2	18.5	17.1

The average percentage of common stock portfolios represented by the sample stocks is higher for the common stock funds than for the balanced funds. This conclusion is based upon both weighted and unweighted figures and held in both 1952 and 1958. The medians in 1952 were 19.2 percent for common stock funds and 17.7 percent for balanced funds. In 1958 the common stock median had fallen to 17.6 percent, but the median for balanced funds had fallen even more to 15.2 percent.

#### DISTRIBUTION OF STOCK PORTFOLIOS BY PLACE OF LISTING

The impact of investment funds' portfolio policies on activity in the capital markets is determined partly by the distribution of their security holdings by market place of listing. This distribution is influential in determining the extent to which differing market channels are employed to effect portfolio transactions. The nature of the facilities available in alternative market channels is also, of course, a contributing factor to the funds' distribution of transactions. There exists, moreover, a mutual relation between the structure of market facilities and the size and distribution of institutional portfolio transactions. The size of transaction and the technique of effecting it are determined by the volume of transactions which can be accommodated by existing market channels; and there exists a tendency for institutional activity to affect the structure of capital market usage. Investment funds, as they expand in size, may tend to change the percentage of their portfolios which they hold in securities other than those listed on the New York Stock Exchange; and as the size of individual transactions increases, a larger percentage of their portfolio sales may be effected in the over-the-counter markets, by means of secondary offerings for example, rather than on the established exchanges.

In this section, therefore, an analysis is made of the distribution of the investment funds' stock portfolios by place of listing as of the initial and final benchmark dates of the study. In the following section a similar analysis will be made of the distribution of purchase and sale transactions over the same respective market channels—New York Stock Exchange, other exchanges, and over-the-counter. In each case an investigation will be made of the relation between the place of listing or trading and the sizes of investment funds included in the study. Initial data on the distribution of the funds' combined common stock and preferred stock holdings are shown in table IV-38. The classification of funds according to type of investment objective is consistent with that adopted in other parts of this report, and the size classes of funds are again similar to those previously employed.