

A STUDY OF MUTUAL FUNDS

BY

IRWIN FRIEND

F. E. BROWN

EDWARD S. HERMAN

DOUGLAS VICKERS

---

Prepared for the Securities and Exchange Commission by the  
SECURITIES RESEARCH UNIT  
WHARTON SCHOOL OF FINANCE AND COMMERCE  
UNIVERSITY OF PENNSYLVANIA



## TABLE OF CONTENTS

---

	<b>Page</b>
Chapter I. Summary and conclusions:	
Introduction.....	1
The growth of mutual funds.....	4
The organization and control of mutual funds.....	6
Investment policy.....	9
Investment company performance.....	16
Impact on the stock market.....	21
Portfolio company control.....	24
Investment advisers of mutual funds.....	27
Chapter II. The structure and control of open-end investment companies:	
Growth and structural change, 1924-61.....	37
Origins and development, 1924-52.....	37
Growth and structural change, 1952-58.....	39
A note on the expansion of mutual funds, 1958-61.....	43
Structure of open-end companies.....	44
Form of investment company.....	44
Shareholder rights.....	45
The board of directors.....	49
Control.....	52
Distribution of the shares of open-end investment companies.....	52
Types and mechanisms of control.....	58
Nature and classifications of control.....	58
Majority ownership control.....	60
Minority ownership control.....	61
Management control.....	64
a. Trust agreements.....	65
b. Strategic position and the proxy machinery.....	66
Control of multifirm groups.....	69
Chapter III. Mutual fund growth, 1952-58:	
Distributions of investment funds, 1952 and 1958.....	77
Average sizes of funds.....	86
Changes in open-end investment fund assets between 1952 and 1958.....	90
Money inflows to investment funds and market appreciation.....	95
Annual and quarterly distributions of the inflow of new money to investment funds.....	100
Investors' turnover of investment fund shares.....	106
Appendix.....	111
Chapter IV. Investment policy:	
Scope of the chapter.....	117
Portfolio distributions by types of securities.....	118
Portfolio distributions by sizes of funds.....	133
Portfolio distributions by types of funds.....	136
Portfolio distributions by industrial composition.....	139
Changes in security values and in fund portfolio structures.....	159
Investment funds' holdings of sample 30 stocks.....	167
Holdings of sample 30 stocks by types and sizes of investment funds.....	175
Distribution of stock portfolios by place of listing.....	182
Distribution of stock portfolios by place of listing, by sizes of investment funds.....	186
Market channels employed by investment funds in portfolio transactions, 1953 and 1958.....	191
Market distribution of common stock purchases.....	193
Market distribution of common stock purchases by sizes of investment funds.....	195
Frequency distributions of investment funds' purchases on the New York Stock Exchange and in the over-the-counter markets by sizes of funds.....	196
Market distribution of common stock sales.....	200
Market distribution of common stock sales by sizes of investment funds.....	203

	Page
Chapter IV. Investment policy—Continued	204
Common stock sales by secondary offerings	204
Frequency distributions of investment funds' sales on the New York Stock Exchange and in the over-the-counter markets by sizes of funds	205
Portfolio turnover rates	210
Portfolio turnover rates by sizes of funds	215
Frequency distributions of portfolio turnover rates	217
Turnover rates for investment funds with broker affiliations	224
Alternative measures of portfolio turnover rates	226
Portfolio turnover rates for equity securities and comparison with market average rates	230
Portfolio turnover of sample 30 stocks	234
Volume of investment funds' portfolio activity, January 1953 through September 1958	239
Portfolio transactions in common and preferred stocks in relation to stock exchange activity	244
Monthly changes in investment fund net purchases of common stock in relation to changes in stock market price levels	247
Portfolio transactions by larger investment funds	256
Investment funds' market transactions in sample 30 stocks	258
Transactions in 30 stocks by sizes of investment funds	260
Investment funds' transactions in sample 30 stocks in relation to New York Stock Exchange activity	262
Investment funds' share of total market activity in each of 30 stocks	266
Investment funds' net purchases of each of the sample 30 stocks in relation to market price changes	272
Appendix	283
Chapter V. Investment company performance:	
Annual performance of investment funds	294
Cumulative performance of investment funds	297
Annual performance by type and size of fund	298
Performance weighted by portfolio composition	305
Cumulative performance by type and size of fund	308
Investment fund performance during stock market price cycles, 1956 and 1957	312
Relation between performance and portfolio turnover rates	318
Performance measures compared with portfolio turnover rates in the same period	319
Performance measures in given time periods compared with portfolio turnover rates in preceding periods	330
Relation between performance and portfolio turnover rates after stratification by inflow	339
Relation between performance and inflow	343
Relation between management fee rates and cumulative performance measures	345
Relation between sales charges and cumulative performance meas- ures	347
Relation between broker affiliation and cumulative performance measures	349
Annual returns on open-end investment company shares, 1953 through 1958	350
Performance by new funds	353
Variability in performance by individual funds	355
Chapter VI. Impact of investment funds on the stock market:	
Some conceptual problems	360
Impact on market as a whole	363
Monthly analysis	370
Weekly analysis	373
Daily analysis	373
Intraday analysis and characteristics of orders and transactions	376
Individual securities	381
Major price movements	381
Monthly analysis	384
Daily analysis	389
Specific securities in which one or more funds have large per- centage holdings	391
Some economic aspects of predictive ability	392
Appendix	394

	Page
Chapter VII. Open-end investment companies and portfolio company control:	
Introduction.....	399
Concentration of ownership of voting shares in portfolio companies by open-end investment companies.....	403
Limits to open-end company holdings.....	403
Large holdings in portfolio companies by open-end investment companies.....	404
Interlocks of open-end investment companies and their investment advisers with portfolio companies.....	412
Open-end company behavior as stockholder.....	417
Voting behavior.....	417
Attendance at stockholders' meetings.....	420
Portfolio company visits and other modes of communication.....	423
Advice, consultations, and concerted action.....	424
Dividend policy.....	425
Financing.....	425
Mergers.....	426
Selection of officers and directors of portfolio companies.....	427
Concerted action with other large stockholders.....	427
Chapter VIII: Investment advisers of open-end investment companies:	
Introduction.....	429
A. Scope of the chapter.....	429
B. Background of the study of investment advisers.....	430
C. An introductory note on investment advisers and their regulation.....	431
I. General characteristics of investment advisers of open-end investment companies.....	433
A. Types of investment advisers of open-end investment companies and their principal activities.....	433
B. Size of investment advisers and investment adviser systems.....	440
C. Other characteristics of investment advisers.....	448
II. Control and affiliations of investment advisers.....	452
A. Control.....	452
Introduction.....	452
Corporate investment advisers.....	453
(1) Types of stock outstanding.....	453
(2) Concentration of shareholdings of investment advisers.....	453
Public sales and public ownership of investment adviser shares.....	461
B. Affiliations of advisers with open-end companies, distributors of open-end company shares, and brokers.....	463
Relationships with open-end investment companies advised.....	463
Affiliations with underwriters and dealers.....	469
Affiliations with brokers.....	473
III. Advisory services and fee rates to open-end companies and other clients.....	475
A. Administrative services provided open-end companies by investment advisers.....	476
B. External managers and external sources of advice.....	479
C. Advisory fees charged by advisers to open-end investment companies and other clients.....	480
Fee rate types.....	481
D. Administrative services and investment performance as explanations of advisory fee rate differentials.....	491
Variation between open-end company groups managed by investment advisers.....	491
Variations between open-end companies with advisers and other clients.....	492
Variations between open-end companies with and without advisers.....	494

Chapter VIII—Continued	Page
IV. Income and expense account analysis.....	495
A. Income and operating ratios for 86 corporations.....	498
B. Income and operating ratios for 15 partnerships and four proprietorships.....	509
C. Income and expense ratios relative to the underwriting of investment company shares performed by 37 investment advisers.....	514
D. Rates of return earned on net worth in investment advisory activities.....	517
E. Operating cost ratios of investment companies not employing a separate adviser.....	523
V. Brokerage allocations to dealers in open-end company shares and to others.....	525
A. Factors influencing the allocation of brokerage commissions.....	527
(1) Sale of investment company shares.....	527
(2) Provision of investment research and statistical information.....	528
(3) Daily quotation and wire services for portfolio valuation, transmission of orders, etc.....	529
(4) Efficient and low-cost executions.....	529
(5) Other factors.....	530
B. Dealer compensation by means of brokerage commissions.....	530
C. Indirect participations.....	537

## LIST OF TABLES

Table No.		Page
II- 1.	Number of open-end investment companies registered under the Investment Company Act of 1940, June 30, 1946-June 30, 1961.....	40
II- 2.	Number and assets of 118 open-end investment companies, by asset size, December 31, 1952.....	41
II- 3.	Number and assets of 156 open-end investment companies, by asset size, September 30, 1958.....	41
II- 4.	Number and assets of 83 open-end investment company control groups, by asset size, December 31, 1952.....	42
II- 5.	Number and assets of 99 open-end investment company control groups, by asset size, September 30, 1958.....	42
II- 6.	Concentration ratios for open-end investment companies, December 1952 and September 1958.....	43
II- 7.	Concentration ratios for open-end investment company groups, December 1952 and September 1958.....	43
II- 8.	Form of open-end investment company, for 147 companies, by asset size, September 30, 1958.....	45
II- 9.	Mean, median, and range of number of shareholders by size of open-end company assets, 1958.....	52
II-10.	Percentage of shares held by the largest shareholder for 147 open-end investment companies, by size of open-end company assets, September 30, 1958.....	54
II-11.	Percentage of shares held by the 5 largest shareholders for 147 open-end investment companies, by size of open-end company assets, September 30, 1958.....	54
II-12.	Percentage of shares held by the 20 largest shareholders for 147 open-end investment companies, by size of open-end company assets, September 30, 1958.....	55
II-13.	Affiliations of the largest 20 shareholders of 130 open-end investment companies, by size of open-end company assets, September 30, 1958.....	58
II-14.	Types of control of 156 open-end investment companies, by size of open-end company assets, September 30, 1958.....	59
II-15.	Mechanisms of control of 156 open-end investment companies, by size of open-end company assets, September 30, 1958.....	59
II-16.	Percentage holdings of management groups in the shares of 156 open-end investment companies, by size of open-end company assets, September 30, 1958.....	61

Table No.	Page
II-17. Percentage of open-end investment company principal officers affiliated with the investment adviser, September 30, 1958.....	68
II-18. Percentage of open-end investment company officers affiliated with the investment adviser, September 30, 1958.....	68
II-19. Percentage of eligible shares voted by the management proxy committee, for 107 companies, by size of open-end company assets, 1957.....	69
II-20. Percentage of voted shares voted by the management proxy committee, for 107 companies, by size of open-end company assets, 1957.....	69
III- 1. Number of funds by asset size and total assets of all funds within size class, December 1952 and September 1958.....	76
III- 2. Number of funds by type class and total assets of all funds within type class, December 1952 and September 1958.....	77
III- 3. Cumulative percentage distribution of open-end investment fund assets, by type of fund, December 1952 and September 1958.....	83
III- 4. Growth relatives of open-end investment funds, all funds, balanced funds, and common stock funds, by size of fund, December 1952-September 1958.....	84
III- 5. Percentage of assets of each type class held by largest fund, largest 5 funds, and largest 10 funds, December 1952 and September 1958.....	85
III- 6. Value of assets held by largest fund, largest 5 funds, and largest 10 funds of each type class, December 1952 and September 1958.....	85
III- 7. Net assets of largest fund, arithmetic mean, and median by type of fund, 1952 through 1958.....	87
III- 8. Total net assets of all funds within each type class as percentage of assets of December 31, 1952, assets (stated benchmark dates through September 30, 1958).....	91
III- 9. Total net assets of all funds within each type class as percentage of assets at preceding benchmark date (stated benchmark dates December 31, 1952, through September 30, 1958).....	91
III-10. Distribution of open-end investment funds, by percentage growth in net assets, December 1952 through September 30, 1958.....	94
III-11. New money inflows to investment funds, 1953 to September 1958.....	95
III-12. Growth relatives, by type of fund, December 1952 to September 1958.....	96
III-13. Sales and repurchases of own shares by open-end investment funds, by type of fund, 1953 to September 1958.....	98
III-14. Percentage distribution of annual gross and net sales of own shares, by type of fund, 1953 to September 1958.....	101
III-15. Percentage distribution of quarterly gross and net sales of own shares, by type of fund, January 1957 to September 1958.....	102
III-16. Percentage increase or decrease in net money inflow, by type of fund, 1953 to September 1958.....	103
III-17. Turnover of shareholders' investments in open-end investment funds, 1953 to September 1958.....	107
III-18. Growth relatives of open-end investment funds, by size of fund and sales charges, December 1952 to September 1958.....	110

## APPENDIX TABLES TO CHAPTER III

III- 1. Distribution of total net assets within size class, by type of fund, December 1952 and September 1958.....	111
III- 2. Percentage distribution of total net assets within type class, by size of fund, December 1952 and September 1958.....	112
III- 3. Distribution of funds within size class, by type of fund, December 1952 and September 1958.....	113
III- 4. Percentage distribution of funds within type class, by size of fund, December 1952 and September 1958.....	114
III- 5. Distribution of funds, by type of fund, December 1952 to September 1958.....	115

Table No.		Page
III- 6.	Distribution of total net assets, by type of fund, December 1952 to September 1958.....	116
IV- 1.	Percentage distribution of net assets of open-end investment funds, by type and size of fund and by type of asset, December 31, 1952.....	120
IV- 2.	Percentage distribution of net assets of open-end investment funds, by type and size of fund and by type of asset, December 31, 1955.....	122
IV- 3.	Percentage distribution of net assets of open-end investment funds, by type and size of fund and by type of asset, December 31, 1957.....	124
IV- 4.	Percentage distribution of net assets of open-end investment funds, by type and size of fund and by type of asset, September 30, 1958.....	126
IV- 5. a.	Distribution of net assets of open-end investment funds, by type of asset, all funds, December 1952 to September 1958.....	129
b.	Distribution of net assets of open-end investment funds, by type of asset, funds with net assets less than \$10 million, December 1952 to September 1958.....	130
c.	Distribution of net assets of open-end investment funds, by type of asset, funds with net assets \$10 million and less than \$50 million, December 1952 to September 1958.....	130
d.	Distribution of net assets of open-end investment funds, by type of asset, funds with net assets \$50 million and less than \$300 million, December 1952 to September 1958.....	131
e.	Distribution of net assets of open-end investment funds, by type of asset, funds with net assets over \$300 million, December 1952 to September 1958.....	131
IV- 6. a.	Distribution of net assets of open-end investment funds, by type of asset, all balanced funds, December 1952 to September 1958.....	132
b.	Distribution of net assets of open-end investment funds, by type of asset, all common stock funds, December 1952 to September 1958.....	132
IV- 7.	Percentage liquidity position of small funds, 1955 and 1957.....	134
IV- 8.	Percentage distribution of open-end investment fund holdings of corporate bonds, preferred stocks, and common stocks by major industry group, December 1952 to September 1958.....	139
IV- 9.	Distribution of open-end investment fund holdings of corporate securities by major industry group, by type of security, December 1952 to September 1958.....	141
IV-10.	Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, all funds, December 1952 to September 1958.....	143
IV-11.	Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, funds with net assets less than \$10 million, December 1952 to September 1958.....	145
IV-12.	Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, funds with net assets \$10 million and less than \$50 million, December 1952 to September 1958.....	146
IV-13.	Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, funds with net assets \$50 million and less than \$300 million, December 1952 to September 1958.....	147
IV-14.	Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, funds with net assets over \$300 million, December 1952 to September 1958.....	148
IV-15.	Percentage of investment fund corporate holdings in the largest and the largest four industrial classifications, by size groups of funds, December 1952 to September 1958.....	149
IV-16.	Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, all funds, December 1952 to September 1958.....	151

## Table No.

	Page
IV-17. Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, funds with net assets less than \$10 million, December 1952 to September 1958.....	152
IV-18. Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, funds with net assets \$10 million and less than \$50 million, December 1952 to September 1958.....	153
IV-19. Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, funds with net assets \$50 million and less than \$300 million, December 1952 to September 1958.....	154
IV-20. Percentage distribution of open-end investment fund holdings of corporate common stocks, by industrial classification, funds with net assets over \$300 million, December 1952 to September 1958.....	155
IV-21. Percentage distribution of corporate holdings among the favorite 10 industries of investment funds, by size of fund, September 1958.....	157
IV-22. Percentage distribution of corporate holdings among the favorite 10 industries of investment funds, December 1952 to September 1958.....	157
IV-23. Percentage distribution of common stock holdings among the favorite 10 industries of investment funds, December 1952 to September 1958.....	158
IV-24. Percentage distribution of corporate bond holdings among the favorite five industries of investment funds, December 1952 to September 1958.....	158
IV-25. Percentage distribution of preferred stock holdings among the favorite five industries of investment funds, December 1952 to September 1958.....	158
IV-26. Common stock holdings of all open-end investment funds, by industrial classification, and changes therein resulting from market price variations and portfolio management decisions, December 1952 to September 1958.....	162
IV-27. Changes in common stock holdings of all open-end investment funds, by industrial classification, resulting from market price variations and portfolio management decisions, December 1952 to September 1958.....	166
IV-28. Selected data on market value of sample 30 stocks and all stocks—Investment fund holdings and New York Stock Exchange, December 1952 to September 1958.....	168
IV-29. Investment fund holdings and total market values of the largest four New York Stock Exchange listed stocks, December 1952 to September 1958.....	168
IV-30. Selected data on purchases and sales in sample 30 stocks—Investment funds and New York Stock Exchange, January 1953 through September 1958.....	169
IV-31. Percentage of total investment fund common stock portfolios represented by the largest common stock holdings, the largest five common stock holdings, and the holdings of the sample 30 stocks.....	170
IV-32. Open-end investment fund holdings of each of 30 stocks, by number of shares and market values, December 1952 to September 1958.....	171
IV-33. Common stocks in which investment funds held large percentages of listed issues, December 1952 to September 1958.....	174
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.....	176
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 of fund, September 30, 1958.....	180
IV-36. Frequency distribution of investment funds by percentages of common stock portfolios held in sample 30 stocks, for selected types of funds by size of fund, December 31, 1952.....	181

Table No.	Page
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.....	182
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.....	184
IV-39. Percentage distribution of common stock and preferred stock holdings of balanced funds, by place of listing, December 1952 and September 1958.....	185
IV-40. a. Frequency distribution of open-end investment funds by percentage of stock portfolios listed on New York Stock Exchange, by size of fund, December 1952 and September 1958.....	187
b. Frequency distribution of balanced and common stock funds by percentage of stock portfolios listed on New York Stock Exchange, by size of fund, December 1952 and September 1958.....	188
IV-41. a. Frequency distribution of open-end investment funds by percentage of stock portfolios held in stocks traded only in over-the-counter markets, by size of fund, December 1952 and September 1958.....	189
b. Frequency distribution of balanced and common stock funds, by percentage of stock portfolios held in stocks traded only in over-the-counter markets, by size of fund, December 1952 and September 1958.....	190
IV-42. Median percentage of stock portfolio held in New York Stock Exchange stocks and over-the-counter stocks, by size of fund, December 1952 and September 1958.....	190
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.....	192
IV-44. Frequency distribution of open-end investment funds by percentage of common stock purchases effected on the New York Stock Exchange, all funds, balanced funds, and common stock funds, by size of fund, April-June 1953 and April-June 1958.....	197
IV-45. Frequency distribution of open-end investment funds by percentage of common stock purchases effected in the over-the-counter markets, all funds, balanced funds, and common stock funds, by size of fund, April-June 1953 and April-June 1958.....	198
IV-46. Percentage of funds placing given percentages of their total common stock purchases on the New York Stock Exchange and in over-the-counter markets, all funds, balanced funds, and common stock funds, by size of fund, April-June 1958.....	199
IV-47. Market channels employed in common stock sales by open-end investment funds, by type of fund and by size of fund, April-June 1953 and April-June 1958.....	201
IV-48. Percentages of common stock portfolios held in New York Stock Exchange listed stocks and percentages of common stock transactions effected in that market, balanced funds and common stock funds, 1958.....	204
IV-49. Open-end investment fund sales of common stock by secondary offering as a percentage of total common stock sales, by type and size of fund, 1953 and 1958.....	205
IV-50. Frequency distribution of open-end investment funds by percentage of common stock sales effected on the New York Stock Exchange, all funds, balanced funds, and common stock funds, by size of fund, April-June 1953 and April-June 1958.....	206
IV-51. Frequency distribution of open-end investment funds by percentage of common stock sales effected in the over-the-counter markets, all funds, balanced funds, and common stock funds, by size of fund, April-June 1953 and April-June 1958.....	207
IV-52. Percentages of funds placing given percentages of total common stock sales on the New York Stock Exchange and in over-the-counter markets, all funds, balanced funds, and common stock funds, by size of fund, April-June 1958.....	209

Table No.		Page
IV-53.	Median percentage of common stock sales placed on the New York Stock Exchange and in over-the-counter markets, all funds, balanced funds, and common stock funds, April-June 1953 and April-June 1958. ....	210
IV-54.	Combined annual portfolio turnover rates of open-end investment funds, by type and by size of fund, 1953-58. ....	212
IV-55.	Unweighted arithmetic mean and median annual portfolio turnover rates of open-end investment funds, by type and size of fund, 1953-58. ....	214
IV-56.	Portfolio turnover rates of small funds by date of formation, 1953-57. ....	215
IV-57.	Combined portfolio turnover rates, all funds, balanced funds, and common stock funds, by size of fund, 1956 to third quarter, 1958. ....	216
IV-58.	Frequency distribution of open-end investment funds, by annual turnover rate, by size of fund, 1953. ....	218
IV-59.	Frequency distribution of open-end investment funds, by annual turnover rate, by size of fund, 1957. ....	218
IV-60.	Frequency distribution of open-end investment funds, by annual turnover rate, by size of fund, 1958. ....	219
IV-61.	Frequency distribution of balanced funds, by annual portfolio turnover rate, by size of fund, 1953. ....	219
IV-62.	Frequency distribution of balanced funds, by annual portfolio turnover rate, by size of fund, 1957. ....	220
IV-63.	Frequency distribution of balanced funds, by annual portfolio turnover rate, by size of fund, 1958. ....	220
IV-64.	Frequency distribution of common stock funds, by annual portfolio turnover rate, by size of fund, 1953. ....	221
IV-65.	Frequency distribution of common stock funds, by annual portfolio turnover rate, by size of fund, 1957. ....	221
IV-66.	Frequency distribution of common stock funds, by annual portfolio turnover rate, by size of fund, 1958. ....	222
IV-67.	Percentage of open-end investment funds with annual portfolio turnover rates greater than 50 percent and less than 10 percent, 1953-58. ....	223
IV-68.	Percentage of open-end investment funds with annual portfolio turnover rates greater than 50 percent and less than 10 percent, by size of fund, 1953-58. ....	223
IV-69.	Interquartile range of annual portfolio turnover rates of open-end investment funds, 1953-58. ....	223
IV-70.	Combined annual portfolio turnover rates of 25 open-end investment funds with broker affiliations, 1953-58. ....	224
IV-71.	Combined annual portfolio turnover rates of small open-end investment funds with broker affiliations, 1953-58. ....	225
IV-72.	Annual portfolio turnover rates under varying assumptions as to the portfolio impact of transactions in own shares, all funds, balanced funds, common stock funds, and all funds, by size of fund, 1953, 1957, and 1958. ....	229
IV-73.	Open-end investment fund annual portfolio turnover rates for equity securities, by size of fund, 1953-58. ....	232
IV-74.	Open-end investment fund equity turnover rates under varying inflow-adjustment assumptions, 1953-58. ....	233
IV-75.	Portfolio turnover rate of sample 30 stocks for all funds, largest funds, and New York Stock Exchange, average annual rates, 1956-57. ....	236
IV-76.	Portfolio turnover rate of sample 30 stocks for all funds, largest funds, and New York Stock Exchange, January through September 1958 at annual rate. ....	237
IV-77.	Open-end investment fund portfolio transactions, January 1953 to September 1958. ....	239
IV-78.	Total and net purchases of preferred and common stocks as a percentage of total and net purchases of all securities by open-end investment funds, January 1953 to September 1958. ....	242
IV-79.	Open-end investment fund net annual purchases of common stocks as a percentage of net annual inflow of new money. ....	243

Table No.		Page
IV-53.	Median percentage of common stock sales placed on the New York Stock Exchange and in over-the-counter markets, all funds, balanced funds, and common stock funds, April-June 1953 and April-June 1958. ....	210
IV-54.	Combined annual portfolio turnover rates of open-end investment funds, by type and by size of fund, 1953-58. ....	212
IV-55.	Unweighted arithmetic mean and median annual portfolio turnover rates of open-end investment funds, by type and size of fund, 1953-58. ....	214
IV-56.	Portfolio turnover rates of small funds by date of formation, 1953-57. ....	215
IV-57.	Combined portfolio turnover rates, all funds, balanced funds, and common stock funds, by size of fund, 1956 to third quarter, 1958. ....	216
IV-58.	Frequency distribution of open-end investment funds, by annual turnover rate, by size of fund, 1953. ....	218
IV-59.	Frequency distribution of open-end investment funds, by annual turnover rate, by size of fund, 1957. ....	218
IV-60.	Frequency distribution of open-end investment funds, by annual turnover rate, by size of fund, 1958. ....	219
IV-61.	Frequency distribution of balanced funds, by annual portfolio turnover rate, by size of fund, 1953. ....	219
IV-62.	Frequency distribution of balanced funds, by annual portfolio turnover rate, by size of fund, 1957. ....	220
IV-63.	Frequency distribution of balanced funds, by annual portfolio turnover rate, by size of fund, 1958. ....	220
IV-64.	Frequency distribution of common stock funds, by annual portfolio turnover rate, by size of fund, 1953. ....	221
IV-65.	Frequency distribution of common stock funds, by annual portfolio turnover rate, by size of fund, 1957. ....	221
IV-66.	Frequency distribution of common stock funds, by annual portfolio turnover rate, by size of fund, 1958. ....	222
IV-67.	Percentage of open-end investment funds with annual portfolio turnover rates greater than 50 percent and less than 10 percent, 1953-58. ....	223
IV-68.	Percentage of open-end investment funds with annual portfolio turnover rates greater than 50 percent and less than 10 percent, by size of fund, 1953-58. ....	223
IV-69.	Interquartile range of annual portfolio turnover rates of open-end investment funds, 1953-58. ....	223
IV-70.	Combined annual portfolio turnover rates of 25 open-end investment funds with broker affiliations, 1953-58. ....	224
IV-71.	Combined annual portfolio turnover rates of small open-end investment funds with broker affiliations, 1953-58. ....	225
IV-72.	Annual portfolio turnover rates under varying assumptions as to the portfolio impact of transactions in own shares, all funds, balanced funds, common stock funds, and all funds, by size of fund, 1953, 1957, and 1958. ....	229
IV-73.	Open-end investment fund annual portfolio turnover rates for equity securities, by size of fund, 1953-58. ....	232
IV-74.	Open-end investment fund equity turnover rates under varying inflow-adjustment assumptions, 1953-58. ....	233
IV-75.	Portfolio turnover rate of sample 30 stocks for all funds, largest funds, and New York Stock Exchange, average annual rates, 1956-57. ....	236
IV-76.	Portfolio turnover rate of sample 30 stocks for all funds, largest funds, and New York Stock Exchange, January through September 1958 at annual rate. ....	237
IV-77.	Open-end investment fund portfolio transactions, January 1953 to September 1958. ....	239
IV-78.	Total and net purchases of preferred and common stocks as a percentage of total and net purchases of all securities by open-end investment funds, January 1953 to September 1958. ....	242
IV-79.	Open-end investment fund net annual purchases of common stocks as a percentage of net annual inflow of new money. ....	243

## Table No.

	Page
IV-80. Purchases, sales, and net purchases of common and preferred stocks by open-end investment funds as a percentage of transactions on (a) the New York Stock Exchange and (b) all registered exchanges, January 1953 to September 1958.....	244
IV-81. Direction of change in common stock purchases, by open-end investment funds and in market price levels (measured by the Dow-Jones Industrial Average), August 1955 to September 1958.....	248
IV-82. Direction of change of common stock net purchases, by open-end investment funds compared with direction of change in market price levels (measured by the Dow-Jones Industrial Average), August 1955 to September 1958.....	249
IV-83. Direction of change of common stock net purchases, by open-end investment funds as a percentage of New York Stock Exchange total transactions compared with direction of change in market price levels (measured by Dow-Jones Industrial Average), August 1955 to September 1958.....	250
IV-84. Selected data on open-end investment fund common stock transactions and market price changes, by quarterly periods, January 1957 to September 1958.....	254
IV-85. Net purchases of common stock by larger open-end investment funds as a percentage of net purchases of common stock, by all funds, January 1953 to September 1958.....	257
IV-86. Open-end investment fund portfolio transactions in sample 30 stocks, January 1953 to September 1958.....	259
IV-87. Investment fund portfolio transactions in sample 30 stocks and in all common stocks, by size of fund, January 1953 to September 1958.....	261
IV-88. Open-end investment fund transactions in the sample 30 stocks combined as a percentage of total purchases of the same stocks on the New York Stock Exchange, by size of fund, January 1953 to September 1958.....	263
IV-89. Open-end investment fund transactions in each of the sample 30 stocks as a percentage of New York Stock Exchange total transactions in those stocks and direction of change in total number of shares traded on the New York Stock Exchange, by quarters, August 1955 to September 1958.....	267
IV-90. Number of quarters in which investment fund trading exceeded 10 percent of market volume for each of sample 30 stocks, August 1955 to September 1958.....	270
IV-91. Summary of comparisons between changes in monthly average market prices and investment fund monthly net purchases of sample 30 stocks, August 1955 to September 1958.....	272
IV-92. Changes in average monthly market prices and changes in open-end investment fund monthly net purchases of each of sample 30 stocks, August 1955 to September 1958.....	274
IV-93. Summary of comparisons between changes in monthly average market prices and changes in investment fund monthly net purchases of sample 30 stocks, September 1955 to September 1958.....	281

## APPENDIX TABLES TO CHAPTER IV

IV- 1. Number of open-end investment funds included in the present study and their total net assets, December 1952 to September 1958.....	288
IV- 2. Number of investment companies registered under the Investment Company Act of 1940 and their total assets, 1950-61.....	288
V- 1. Annual and cumulative fund performance relatives compared to market indices.....	296
V- 2. Average annual performance relatives, by type of fund, 1953 to September 1958.....	298
V- 3. Average annual performance relatives, by size of fund, 1953 to September 1958.....	299

## Table No.

	Page
V- 4. a. Distribution of funds by performance relatives, all funds, all balanced funds, all common stock funds, and all specialty funds, 1953.....	301
b. Distribution of funds by performance relatives, all funds, all balanced funds, all common stock funds, and all specialty funds, 1954.....	301
c. Distribution of funds by performance relatives, all funds, all balanced funds, all common stock funds, and all specialty funds, 1955.....	302
d. Distribution of funds by performance relatives, all funds, all balanced funds, all common stock funds, and all specialty funds, 1956.....	302
e. Distribution of funds by performance relatives, all funds, all balanced funds, all common stock funds, and all specialty funds, 1957.....	302
f. Distribution of funds by performance relatives, all funds, all balanced funds, all common stock funds, and all specialty funds, 1958.....	302
V- 5. a. Absolute and relative quartile deviation of performance relatives, by type of fund and by size of fund, 1953.....	303
b. Absolute and relative quartile deviation of performance relatives, by type of fund and by size of fund, 1954.....	303
c. Absolute and relative quartile deviation of performance relatives, by type of fund and by size of fund, 1955.....	303
d. Absolute and relative quartile deviation of performance relatives, by type of fund and by size of fund, 1956.....	304
e. Absolute and relative quartile deviation of performance relatives, by type of fund and by size of fund, 1957.....	304
f. Absolute and relative quartile deviation of performance relatives, by type of fund and by size of fund, 1958.....	304
V- 6. Ratio of fund performance relative to standardized performance relative, by type of fund and by size of fund, 1953 to September 1958.....	306
V- 7. Average cumulative performance relatives, by type of fund and by size of fund, 1953 to September 1958.....	309
V- 8. Distribution of funds by cumulative performance relatives, all funds, all balanced funds, all common stock funds, and all specialty funds, 1953 to September 1958 (equivalent annual relatives).....	311
V- 9. Ratio of cumulative fund performance relative to standardized cumulative performance relative, by type of fund and by size of fund, 1953 to September 1958.....	311
V-10. Performance relatives for open-end investment funds and Standard and Poor's composite common stock index for selected periods, 1956 and 1957.....	313
V-11. Performance relatives for specified open-end investment funds and corresponding volatility indices, selected periods, 1956 and 1957.....	314
V-12. Performance relatives for specified types of funds, selected periods, 1956 and 1957.....	315
V-13. Performance relatives of open-end investment funds, by size of fund, selected periods, 1956 and 1957.....	317
V-14. a. Contingency table of portfolio turnover rates and performance relatives, by size of fund, 1953.....	320
b. Contingency table of portfolio turnover rates and performance relatives, by size of fund, 1954.....	321
c. Contingency table of portfolio turnover rates and performance relatives, by size of fund, 1955.....	322
d. Contingency table of portfolio turnover rates and performance relatives, by size of fund, 1956.....	323
e. Contingency table of portfolio turnover rates and performance relatives, by size of fund, 1957.....	324
f. Contingency table of portfolio turnover rates and performance relatives, by size of fund, 1958.....	325

Table No.		Page
V-15.	a. Contingency table of portfolio turnover rates and performance relatives, balanced funds and common stock funds, 1953.....	325
	b. Contingency table of portfolio turnover rates and performance relatives, balanced funds and common stock funds, 1954.....	326
	c. Contingency table of portfolio turnover rates and performance relatives, balanced funds and common stock funds, 1955.....	326
	d. Contingency table of portfolio turnover rates and performance relatives, balanced funds and common stock funds, 1956.....	327
	e. Contingency table of portfolio turnover rates and performance relatives, balanced funds and common stock funds, 1957.....	327
	f. Contingency table of portfolio turnover rates and performance relatives, balanced funds and common stock funds, 1958.....	328
V-16.	a. Contingency table of portfolio turnover rates in 1953 and performance relatives in 1954, by size of fund.....	331
	b. Contingency table of portfolio turnover rates in 1954 and performance relatives in 1955, by size of fund.....	332
	c. Contingency table of portfolio turnover rates in 1955 and performance relatives in 1956, by size of fund.....	333
	d. Contingency table of portfolio turnover rates in 1956 and performance relatives in 1957, by size of fund.....	334
	e. Contingency table of portfolio turnover rates in 1957 and performance relatives in 1958, by size of fund.....	335
V-17.	a. Contingency table of portfolio turnover rates in 1953 and performance relatives in 1954, balanced funds and common stock funds.....	336
	b. Contingency table of portfolio turnover rates in 1954 and performance relatives in 1955, balanced funds and common stock funds.....	337
	c. Contingency table of portfolio turnover rates in 1955 and performance relatives in 1956, balanced funds and common stock funds.....	337
	d. Contingency table of portfolio turnover rates in 1956 and performance relatives in 1957, balanced funds and common stock funds.....	338
	e. Contingency table of portfolio turnover rates in 1957 and performance relatives in 1958, balanced funds and common stock funds.....	338
V-18.	a. Sample table of performance—Portfolio turnover analysis with stratification by inflow (balanced funds with net assets over \$10 million, upper half in net inflow relative, 1958)—Number of funds.....	340
	b. Percentage of funds in the same half with respect to portfolio turnover rate and performance stratified by net inflow, 1953 to September 1958.....	340
	c. Percentage of funds in same half with respect to portfolio turnover rate in "t" and performance in "t+1", stratified by net inflow in "t," 1953 to September 1958.....	342
V-19.	a. Sample table of performance—inflow analysis (balanced funds with net assets less than \$10 million—1957 performance versus 1958 inflow).....	343
	b. Percentage of funds in the same half with respect to performance in "t" and net inflow in "t+1," 1953 to September 1958.....	344
V-20.	Percentage of funds in same half in both cumulative performance and cumulative inflow, by size groups within common stock funds and within balanced funds, 1953 to September 1958.....	344
V-21.	Contingency table of management fee rates and cumulative performance relatives, January 1953 to September 1958.....	346
V-22.	Contingency table of sales charges and cumulative performance relatives, January 1953 to September 1958.....	348
V-23.	Cumulative performance relatives of open-end investment funds with broker affiliations, 1953 to September 1958.....	350
V-24.	Annual dividend yield, by type of fund, 1953 to September 1958.....	351
V-25.	Annual dividend yield, by size of fund, 1953 to September 1958.....	353

Table No.		Page
V-26.	Performance by newly formed funds in the first and second years of operation, 1954 to September 1958.....	354
V-27.	Distribution of funds among annual performance quartiles (funds classified by quartile in cumulative performance), 1953-58....	356
V-28.	Distribution of investment funds by number of years in which each fund was in upper half with respect to performance, 1953 to September 1958.....	357
V-29.	Distribution of common stock funds and balanced funds by number of years in which each fund was in upper half with respect to performance.....	358
VI- 1.	Mutual fund stock market behavior during major market movements, January 1953 to September 1958.....	365
VI- 2.	Stock market behavior of seven largest mutual funds during major market movements, January 1953 to September 1958....	368
VI- 3.	Mutual fund stock market behavior during specified weeks around turning points, 1956-57.....	369
VI- 4.	Stock market behavior of seven largest mutual funds during specified weeks around turning points, 1956-57.....	371
VI- 5.	Mutual fund stock market behavior during specified days, July 1 to September 30, 1958.....	374
VI- 6.	Distribution of mutual fund transactions in purchasing and selling portfolio common stocks, by type of order, place of execution, and size of transaction, July 1 to September 30, 1958.....	378
VI- 7.	Distribution of mutual funds by types of orders used in purchasing and selling portfolio common stocks, by size of fund, July 1 to September 30, 1958.....	380
VI- 8.	Relation between direction of major price movement in individual securities and fund net purchases during movement, monthly data, 1953-58.....	382
VI- 9.	Relation between direction of major price movement in individual securities and fund net purchases in 2 months preceding movement, monthly data, 1953-58.....	382
VI-10.	Relation between market price and fund net purchases of 30 individual common stocks, distribution of signs of regression coefficients, monthly data, January 1953 to September 1958....	386
VI-11.	Number of individual securities in which adjusted regression coefficients exceed given values, monthly data, market price dependent.....	387
VI-12.	Percentage increases in market price and fund net purchases of each of 30 individual common stocks, January 1953 to September 1958.....	388
VI-13.	Relation between fund net purchases and market prices of 30 individual common stocks, distribution of signs of regression coefficients, monthly data, January 1953 to September 1958....	389
VI-14.	Relation between market price and fund net purchases of 30 individual common stocks, distribution of signs of regression coefficients, daily data, third quarter, 1958.....	390
VI-15.	Relation between fund net purchases and market prices of 30 individual common stocks, distribution of signs of regression coefficients, daily data, third quarter, 1958.....	391
APPENDIX TABLES TO CHAPTER VI		
VI- 1.	Monthly relationships between market price and net purchases for individual common stocks, constants of regression equations and adjusted coefficients of determination.....	394
VI- 2.	Monthly relationships between net purchases and market prices for individual common stocks, constants of regression equations and adjusted coefficients of determination.....	395
VI- 3.	Daily relationships between market price and net purchases for individual common stocks, constants of regression equations and adjusted coefficients of determination.....	396
VI- 4.	Daily relationships between net purchases and market prices for individual common stocks, constants of regression equations and adjusted coefficients of determination.....	397

Table No.	Page
VII- 1. Distribution of open-end investment companies, by number of large portfolio company holdings, December 1952 and September 1958.....	404
VII- 2. Open-end investment companies with 25 or more large holdings in portfolio companies, by number of large holdings, December 1952 and September 1958.....	405
VII- 3. Number of large portfolio company holdings by open-end investment companies, by size of investment company, December 1952 and September 1958.....	408
VII- 4. Number of large portfolio company holdings by open-end investment company groups, by size of group, December 1952 and September 1958.....	408
VII- 5. Distribution of portfolio companies, by number of open-end investment companies that held 1 percent or more of voting shares, December 1952 and September 1958.....	411
VII- 6. Distribution of portfolio companies, by aggregate percentage of voting shares held in large holdings by open-end investment companies, December 1952 and September 1958.....	412
VII- 7. Policy of open-end investment companies as to officer-director interlocks with portfolio companies, by size of investment company.....	413
VII- 8. Policy of investment advisers of open-end investment companies as to officer-director interlocks with portfolio companies, by size of investment company.....	413
VII- 9. Distribution of open-end investment companies by number of portfolio company interlocks, by size of investment company, 1958.....	415
VII-10. Summary statistics concerning portfolio company interlocks, by size of investment company, 1958.....	415
VII-11. Open-end investment company representation at stockholder meetings in 1957, by size of investment company.....	421
VIII-1. Classification of 163 investment advisers, by function performed for open-end companies, 1960.....	434
VIII-2. Classification of types of investment advisers of open-end investment companies.....	436
VIII-3. Affiliations of promoters of investment advisers, organized 1956-60.....	437
VIII-4. Major sources of income to 163 investment advisers of open-end investment companies, 1960.....	438
VIII-5. An estimate of the major source of income to the control groups of 163 investment advisers of open-end investment companies, 1960.....	439
VIII-6. Distribution of advisers, open-end investment companies, and open-end company assets, by size of open-end company assets managed by 163 advisers, December 31, 1960.....	440
VIII-7. Number of groups, companies, and open-end company assets managed, for 151 investment adviser groups, December 31, 1960.....	441
VIII-8. Number, companies, and assets of 14 open-end company groups without investment advisers, December 31, 1960.....	442
VIII-9. Number of groups, companies, and open-end assets managed, for 164 open-end company systems (with and without advisers), December 31, 1960.....	442
VIII-10. Distribution of open-end company assets and total assets managed by 163 investment advisers, by size of open-end company assets managed, December 31, 1960.....	443
VIII-11. Total number of employees of 162 investment advisers of open-end investment companies, by value of open-end company assets managed, 1960.....	443
VIII-12. Nonsales employees of 162 investment advisers of open-end investment companies, by value of open-end company assets managed, 1960.....	443
VIII-13. Total number of employees of 82 investment advisers of open-end companies engaged largely in advisory activity, by value of open-end company assets managed, 1960.....	444

Table No.		Page
VIII-14.	Net worth of 162 investment advisers of open-end investment companies, by value of open-end company assets managed, December 31, 1960.....	446
VIII-15.	Net worth of 81 investment advisers of open-end investment companies engaged largely in advising, by value of open-end company assets managed, December 31, 1960.....	447
VIII-16.	Age structure of investment advisers of open-end investment companies.....	448
VIII-17.	State of incorporation of 134 investment advisers.....	449
VIII-18.	Form of organization of investment advisers of open-end investment companies, by value of open-end company assets managed, 1960.....	449
VIII-19.	Numbers, open-end assets managed and total assets supervised, for 134 corporate investment advisers, December 31, 1960.....	450
VIII-20.	Number of officers, directors, and partners of 155 investment advisers, 1960.....	451
VIII-21.	Number of shareholders of voting and nonvoting stock for 134 investment advisers, by size of open-end company assets managed, 1960.....	455
VIII-22.	Mean, median, and range of number of shareholders of 134 investment advisers, by size of open-end company assets managed, 1960.....	457
VIII-23.	Percentage of voting stock owned by the largest shareholder (and immediate family), 134 investment advisers of open-end companies, 1960.....	457
VIII-24.	Percentage of voting stock owned by the officers and directors of the adviser, 134 investment advisers of open-end companies, 1960.....	458
VIII-25.	Percentage of voting stock owned by all holders of 5 percent or more of the shares of the adviser, 134 investment advisers of open-end companies, 1960.....	458
VIII-26.	Form of control of investment advisers of open-end investment companies, 1960.....	460
VIII-27.	Individual stockholder sales of shares of investment advisers or principal underwriters to the public, 1955-60.....	462
VIII-28.	Affiliations of open-end investment company directors, officers, principal officers, and trustees, with their investment advisers (1960).....	464
VIII-29.	Frequency of meetings of boards of directors of groups of open-end investment companies managed by 154 investment advisers, 1960.....	467
VIII-30.	Locus of decision making authority for interim purchases of new securities, by open-end investment companies, 1960.....	468
VIII-31.	Maximum sales load charged for 214 open-end investment companies, by size of open-end company assets managed by advisers, 1960.....	470
VIII-32.	Number of advisers of open-end investment companies with affiliated brokers, by size of open-end company assets managed, 1960.....	474
VIII-33.	Percentage of brokerage business of 20 largest brokers of open-end companies done by affiliated brokers, 1960.....	475
VIII-34.	Administrative services performed or paid for by investment advisers, for 232 open-end investment companies, 1960.....	477
VIII-35.	Number of administrative services supplied or paid for by investment advisers of open-end investment companies, 1960.....	478
VIII-36.	Mean and median number of administrative services supplied or paid for by advisers of open-end investment companies, by size of open-end company assets managed, 1960.....	478
VIII-37.	Management fee-rate types for advisory services to open-end companies and other clients, 1960.....	480
VIII-38.	Effective management fee rates charged open-end companies by their investment advisers, by size of open-end company assets managed, 1960.....	482
VIII-39.	Effective management fee rates charged open-end companies by investment adviser groups, by size of open-end company assets managed, 1960.....	483

Table No.		Page
VIII-40.	Effective management fee rates paid by open-end companies without investment advisers, by size of open-end company assets managed, 1960.....	486
VIII-41.	Effective management fee rates paid by open-end company groups without investment advisers, by size of open-end company assets managed, 1960.....	487
VIII-42.	Effective management fee rates paid by other clients of advisers to open-end investment companies, by size of open-end company assets managed, 1960.....	488
VIII-43.	Investment advisory fee rates as a percentage of rates charged to other clients, for open-end company advisers with other clients.....	488
VIII-44.	Fee rates charged and administrative services performed for 232 open-end investment companies by their investment advisers, 1960.....	491
VIII-45.	Combined income account of 86 investment advisers having corporate form, by size of open-end investment company assets managed, fiscal years ended 1960-61.....	497
VIII-46.	Income and expense ratios of 86 investment advisers having corporate form, by size of open-end investment company assets managed, fiscal years ended 1960-61.....	497
VIII-47.	Income from noninvestment company clients, salary expenses and total operating expenses as percentages of total income for advisers having corporate form, 1960-61.....	499
VIII-48.	Percentage of total income from noninvestment company clients, open-end investment company advisers, by size of open-end company assets managed, 1960-61.....	500
VIII-49.	Operating expenses of investment advisers having corporate form, as percent of total income, by size of total assets managed, fiscal years 1960-61.....	501
VIII-50.	Operating ratios of corporate investment advisers, by size of total assets managed, 1960-61.....	503
VIII-51.	Operating ratios for investment advisers serving investment companies and other clients, by percentage of total income received from other clients, by total assets managed, 1960-61.....	504
VIII-52.	"Other salaries" expense ratios of corporate investment advisers, by size of total assets managed, 1960-61.....	505
VIII-53.	"Other salaries" expense ratios of corporate investment advisers serving investment companies and other clients, by percentage of total income received from other clients, by total assets managed, 1960-61.....	505
VIII-54.	Directors' and officers' salary expense ratios of corporate investment advisers, by size of total assets managed, 1960-61.....	506
VIII-55.	Operating expenses of 86 investment advisers having corporate form, by size of total assets managed (cents per \$1,000 of assets managed), 1960-61.....	508
VIII-56.	Operating expense ratios of investment advisers having partnership and proprietorship form, as percent of total income, by size of total assets managed, fiscal years ended 1960-61.....	510
VIII-57.	Comparison of operating expense ratios of investment advisers having corporate form and those having partnership and proprietorship form, fiscal years ended 1960-61.....	513
VIII-58.	Operating expense ratios (as percent of total income) of underwriting activities of 37 corporate investment advisers, by size of open-end company assets managed, fiscal years ended 1960-61.....	515
VIII-59.	Number of investment adviser-underwriters experiencing operating losses on underwriting activities, by size of open-end companies managed, fiscal years ended 1960-61.....	515
VIII-60.	Comparison of expense ratios for underwriting and advising open-end investment companies, by size of open-end company assets managed, 1960-61.....	516
VIII-61.	Number of instances in which expense and income ratios in the underwriting function of 37 firms exceeded the corresponding ratios in their advisory functions, 1960-61.....	516
VIII-62.	Frequency distribution of 34 investment adviser-underwriters, by sales expense ratios, 1960-61.....	517

Table No.		Page
VIII-63.	Rates of return on net worth earned by 43 investment advisers having corporate form, by size of open-end company assets managed, fiscal years ended 1960-61.....	518
VIII-64.	Rates of return on net worth before income taxes earned by 43 investment advisers having corporate form, by size of open-end company assets managed, fiscal years ended 1960-61.....	519
VIII-65.	Rates of return on net worth after income taxes earned by 43 investment advisers having corporate form, by size of open-end company assets managed, fiscal years ended 1960-61.....	520
VIII-66.	Rates of return on net worth earned by partnerships and proprietorships and by corporations of comparable size, by total assets managed, 1960-61.....	520
VIII-67.	Rates of return on net worth earned by corporations performing joint advisory and underwriting functions and those performing an advisory function only, by size of open-end company assets managed, 1960-61.....	523
VIII-68.	Operating expenses, in cents per \$1,000 of assets managed, of investment companies which do not have a separate investment adviser, by size of open-end company assets managed, 1960-61.....	524
VIII-69.	Costs of operation, in cents per \$1,000 of assets managed, of corporate investment advisers and investment company groups which do not employ a separate adviser, 1960-61.....	525
VIII-70.	Factors influencing the allocation of brokerage commissions for 83 open-end investment company groups, 1960.....	527
VIII-71.	Percentage of the 20 largest dealers who were also among the 20 largest brokers, by size of open-end company assets managed, 69 investment adviser groups, 1960.....	532
VIII-72.	Percentage of New York Stock Exchange firms among the 20 largest dealers who were also among the 20 largest brokers, by size of open-end company assets managed, 59 investment adviser groups, 1960.....	533
VIII-73.	Number and percentage of New York Stock Exchange firms among the 20 largest dealers who received some brokerage commissions, by size of open-end company assets managed, 59 investment adviser groups, 1960.....	534
VIII-74.	Percentage of net brokerage commissions of the 20 largest brokers accounted for by the 20 largest dealers, for 69 investment adviser groups, 1960.....	534
VIII-75.	Ratio of the amount of give-ups received to total net brokerage commissions received by the 20 largest dealers, for each of 69 adviser groups, 1960.....	538

## LIST OF CHARTS

III-1.	Lorenz curves—Number of funds versus dollar assets, open-end investment funds, all types, 1952 and 1958.....	80
III-2.	Lorenz curves—Number of funds versus dollar assets, balanced funds, 1952 and 1958.....	81
III-3.	Lorenz curves—Number of funds versus dollar assets, common stock funds, 1952 and 1958.....	82

## APPENDICES

A.	Memorandum to open-end investment companies and questionnaire... ..	540
B.	Questionnaire concerning investment companies and their investment advisers and principal underwriters.....	579