

tion could be a belief by management that one can go below Baa or B1+ without sacrificing an undue degree of safety.

#### PORTFOLIO DISTRIBUTIONS BY INDUSTRIAL COMPOSITION

The analysis of portfolios by industrial composition has been based on a classification of corporate securities under the five principal headings of "Industrial," "Utilities," "Transportation," "Financial," and "Foreign." These main categories were further subdivided into a total of 33 subclasses comprising an overall total of approximately 3,000 U.S. and foreign corporations.<sup>9</sup> A summary view of the resultant distributions for the investment funds of the present universe as a whole is shown in tables IV-8 and IV-9.

TABLE IV-8.—Percentage distribution of open-end investment fund holdings of corporate bonds, preferred stocks, and common stocks by major industry group, December 1952–September 1958

Industry group	Bonds				Preferred stocks				Common stocks			
	December 1952	December 1955	December 1957	September 1958	December 1952	December 1955	December 1957	September 1958	December 1952	December 1955	December 1957	September 1958
Industrial.....	14.42	21.80	25.43	28.23	38.07	37.28	35.44	31.48	64.35	66.39	65.89	66.35
Utilities.....	27.83	21.53	25.49	26.53	44.37	46.03	49.76	53.83	17.00	12.54	13.35	12.68
Transportation.....	49.28	34.73	18.58	19.43	12.61	11.02	8.58	8.56	7.23	7.05	4.75	5.51
Financial.....	5.22	17.90	24.86	20.23	4.44	5.20	4.99	5.23	9.01	8.97	9.81	9.21
Foreign.....	3.25	4.03	5.85	5.57	.51	.47	1.24	.89	2.41	5.04	6.19	6.25
Total.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

NOTE.—Columns may not add to total because of rounding.

Table IV-8 considers the overall distribution of bonds, preferred stocks, and common stocks, respectively, among the principal industrial classes. Within the bond section several marked changes occurred during the 1952-58 period. At the earlier date the bonds of the transportation companies, principally railroads, accounted for almost one-half, 49.3 percent, of the total bond portfolios. By 1957, however, this percentage had fallen sharply to 18.6 percent and stood at the comparable figure of 19.4 percent at September 1958. This decline in transportation bonds was offset by a doubling of the general industrial bond holdings from 14.4 percent of the total bond portfolio in 1952 to 28.2 percent in 1958, and by an even more spectacular expansion of financial bonds from 5.2 percent of the bond portfolio in 1952 to 20.2 percent in 1958. Most of this increase had occurred by the end of 1955. Little change occurred during the period in the proportions of bond portfolio placed in utility and foreign bonds. The utility bonds fell slightly to 26.5 percent and the foreign bonds rose slightly to 5.6 percent.

The reduction in the proportionate emphasis on transportation securities is noticeable also in the preferred stocks section, where the relevant percentage declined by about one-third from 12.6 percent of preferred stock portfolio to 8.6 percent. The corresponding percent-

<sup>9</sup> For a discussion of these classifications see the appendix to this chapter.

ages for the general industrial preferred stocks fell continuously throughout the period from 38.1 to 31.5 percent, and, as in the case of bonds, the financial section securities increased their share, this time by a very modest amount from 4.4 to 5.2 percent. Holdings of foreign preferred stocks were negligible throughout the period, but utility preferred attracted increasing attention, rising continuously from 44.4 to 53.8 percent of the total preferred stock holdings.

The funds' holdings of common stocks, as indicated already, accounted for by far the largest part of the combined total portfolio at each of the four benchmark dates. The percentage distributions of the total common stock holdings do not show as marked changes throughout the study period as were shown by the other sections, notably corporate bonds. In this case, by far the largest emphasis was placed as might be expected on the general industrial section which accounted for a fairly constant percentage of total common stock holdings throughout the period. The industrial percentage of 66.4 percent in 1958 was virtually the same as it had been at the end of the strong upward movement in common stock values 3 years previously. The same tendency as before to decrease the relative importance of transportation securities appeared also in the common stock section, these stocks having fallen from 7.2 percent of stock portfolio in 1952 to 5.5 percent in 1958. In this case also the decline in transportation securities was accompanied by a sharp reduction of utility stocks from 17 percent of stockholdings in 1952 to 12.7 percent in 1958. The whole of this reduction, moreover, had occurred by December 1955. The strongest relative increase in the common stock portfolio occurred in the foreign stock section, where the percentage of the total increased from 2.4 percent in 1952 to 6.3 percent in 1958. This was due partly to the formation of several new foreign security funds during the period (seven such funds were formed in 1954) and their attraction of a larger percentage of the total net inflow of new money to the investment fund industry.<sup>10</sup>

<sup>10</sup> See ch. III for a more detailed discussion.

TABLE IV-9.—Distribution of open-end investment fund holdings of corporate securities, by major industry group, by type of security, December 1952–September 1958

Industry group and security type	December 1952		December 1955		December 1957		September 1958	
	Million dollars	Per cent	Million dollars	Per cent	Million dollars	Per cent	Million dollars	Per cent
Industrial, total.....	2,087.9	57.8	4,631.2	61.6	5,106.8	60.4	7,024.6	61.6
(a) Bonds, total.....	43.2	1.2	102.4	1.4	195.8	2.3	242.2	2.1
i. Investment grade.....	32.6	.9	73.7	1.0	135.8	1.6	155.5	1.4
ii. Other.....	10.6	.3	28.7	.4	60.0	.7	86.7	.8
(b) Preferred stocks.....	125.5	3.5	190.9	2.5	179.5	2.1	196.7	1.7
(c) Common stocks.....	1,919.1	53.1	4,337.9	57.7	4,731.5	55.9	6,585.6	57.7
Utilities, total.....	738.0	20.4	1,156.3	15.4	1,407.1	16.6	1,822.8	16.0
(a) Bonds, total.....	83.5	2.3	101.1	1.3	196.3	2.3	227.7	2.0
i. Investment grade.....	63.5	1.8	83.9	1.1	163.6	1.9	199.6	1.7
ii. Other.....	20.0	.6	17.3	.2	32.7	.4	28.1	.2
(b) Preferred stocks.....	146.3	4.0	235.6	3.1	252.0	2.9	336.4	2.9
(c) Common stocks.....	508.2	14.0	819.6	10.9	958.8	11.3	1,258.7	11.0
Transportation, total.....	405.6	11.2	681.4	9.1	528.0	6.2	767.1	6.7
(a) Bonds, total.....	147.9	4.1	163.1	2.2	143.1	1.7	166.8	1.5
i. Investment grade.....	46.9	1.3	42.2	.6	52.9	.6	49.7	.4
ii. Other.....	100.9	2.8	120.9	1.6	90.2	1.1	117.0	1.0
(b) Preferred stocks.....	41.6	1.1	56.5	.8	43.4	.5	53.5	.5
(c) Common stocks.....	216.2	6.0	461.8	6.1	341.4	4.0	546.8	4.8
Financial, total.....	299.5	8.3	696.8	9.3	921.2	10.9	1,120.9	9.8
(a) Bonds, total.....	15.7	.4	84.1	1.1	191.5	2.3	173.7	1.5
i. Investment grade.....	11.2	.3	73.7	1.0	177.6	2.1	160.4	1.4
ii. Other.....	4.5	.1	10.4	.1	13.9	.2	13.3	.1
(b) Preferred stocks.....	14.7	.4	26.6	.4	25.3	.3	32.7	.3
(c) Common stocks.....	269.1	7.4	586.1	7.8	704.5	8.3	914.6	8.0
Foreign, total.....	83.3	2.3	350.9	4.7	494.6	5.8	673.8	5.9
(a) Canadian, total.....	81.0	2.2	310.8	4.1	413.3	4.9	517.2	4.5
i. Bonds.....	0.3	.3	18.3	.2	35.2	.4	37.2	.3
ii. Preferred stocks.....	1.5	.04	1.7	.02	5.9	.1	4.8	.04
iii. Common stocks.....	70.3	1.9	290.8	3.9	372.2	4.4	475.2	4.2
(b) Non-Canadian, total.....	2.3	.1	40.2	.5	81.3	1.0	156.6	1.4
i. Bonds.....	.5	.01	.6	.01	8.3	.1	10.6	.1
ii. Preferred stocks.....	.2	.01	.8	.01	.4	.004	.8	.01
iii. Common stocks.....	1.6	.04	38.8	.5	72.6	.9	145.2	1.3
Total corporate securities.....	3,614.3	100.0	7,516.6	100.0	8,457.7	100.0	11,409.2	100.0

A more complete distribution of the funds' corporate security portfolio by major industrial classes is given in table IV-9. In 1952, 57.8 percent of the total corporate portfolio was held in securities, principally common stocks, in the industrials section, and by 1955 the corresponding figure had risen to 61.6 percent, the level at which it stood at September 1958. The pattern of distribution among the remaining sections of the portfolio changed in the manner referred to in the foregoing discussion of the bond, preferred stock, and common stock holdings, respectively. Utilities declined from 20.4 to 16 percent of total corporate portfolio between 1952 and 1958, transportation declined from 11.2 to 6.7 percent, financial increased modestly from 8.3 to 9.8 percent and the proportionate share of foreign securities more than doubled from 2.3 to 5.9 percent. Of this increase of 3.6 percentage points in the foreign corporate holdings, 2.3 percentage points were due to increased holdings of Canadian common stocks, and 1.3 percentage points to heavier holdings of non-Canadian foreign stocks.

Table IV-9 affords an indication also of the relative growth of dollar holdings in each class of securities during the period of study. Between December 1952 and September 1958 total corporate holdings increased by 216 percent from \$3.6 to \$11.4 billion. The industrial common stockholdings, the largest single section in the corporate portfolio, expanded by the larger rate of 243 percent from \$1.9 to \$6.6 billion. The remaining relative rates of growth of the dollar

values of holdings, as implicit in table IV-9, reflect again the fact that portfolio management in this period has been confronted with the continual task of adjusting portfolio structures not only to changing market and economic conditions, but also to the rapid growth of net new money inflows to the investment fund industry.

This perspective of portfolio structure is supplemented in the following tables by an analysis of the funds' security holdings in each of the 33 subclasses of the broader industrial classification. Table IV-10 examines the percentage distribution of the total corporate security portfolios at each of the same four benchmark dates as previously employed. Tables IV-11 through IV-14 extend this analysis to consider the corresponding distributions for each of the four size classes of funds which have been employed consistently throughout this report. In a similar fashion, table IV-16 examines the industrial distributions of the common stock holdings of all investment funds combined at each of the benchmark dates. And once again this analysis is expanded in tables IV-17 through IV-20 to consider the corresponding distributions for each of the four size classes of funds.

At each of the benchmark dates the investment funds had placed the largest share of their combined corporate portfolios in utilities and oils (table IV-10). Each of these industries accounted for more than 10 percent of the dollar valuation of the corporate portfolio at every benchmark date between 1952 and 1958. The only other industry with more than 8 percent at any benchmark date was the rail sector which was responsible for 10.1 percent in 1952. Almost 20 percent of the corporate portfolio was in utilities in 1952, but by September 1958 the proportion had declined to 14.4 percent. Oils remained relatively stable between 12.7 and 13.2 percent. Rails dropped from 10.1 to 5.6 percent. Steel and drugs experienced the greatest relative increases, but were still considerably less important than the utilities and oils.

Between 1952 and 1958 there was a decrease in the industrial concentration of portfolio holdings.<sup>11</sup> Those industries in which the funds had their largest holdings had a greater relative importance in the early part of the period than in the latter part. By 1958 there was a more even distribution of holdings among the various industries, though, as will be seen below, there emerged a tendency for the degree of concentration to be greatest for the largest funds. The top four industries in the corporate portfolio of all funds combined accounted for 49.6 percent of the total in 1952, but only 39.4 percent in 1958. The general trend which developed showed the very large industry holdings accounting for a smaller percentage of the total, but more industries accounting for between 3 and 7 percent.

<sup>11</sup> See tables IV-15 and IV-21 through IV-25 below and the relevant text.

TABLE IV-10.—Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, all funds, December 1952–September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	0.91	1.72	1.37	1.32
B Amusements (including radio-TV and motion pictures).....	1.57	1.91	1.48	1.62
C Auto and auto accessory (excluding tires).....	2.90	3.17	2.52	2.70
D Building trade and building equipment.....	1.75	1.81	1.97	2.11
E Chemicals and glass.....	7.50	7.53	6.90	6.56
F Drugs.....	1.51	1.43	2.71	3.16
G Electrical equipment.....	2.88	2.40	2.53	2.29
H Food and beverages.....	2.56	2.02	1.86	1.80
I Machinery.....	4.30	5.07	5.19	5.21
J Office equipment.....	1.02	1.31	2.25	2.35
K Paper products and publishing.....	2.64	3.27	2.80	3.50
L Oil and natural gas production.....	12.69	13.16	13.22	12.76
M Retail trade.....	3.83	2.44	2.01	2.41
N Rubber and tires.....	2.17	2.64	2.65	2.20
O Steel.....	2.64	5.18	4.87	5.71
P Textiles, clothing, and footwear.....	2.10	1.40	.92	.91
Q Tobacco.....	1.49	.96	1.07	.95
R Miscellaneous.....	.39	.62	.92	.87
S Mining.....	2.89	3.57	3.13	3.17
Total, A through S.....	57.77	61.64	60.37	61.57
T Utilities (including natural gas transmission and distribution).....	19.23	14.44	15.58	14.39
V Telephone and communications.....	1.19	.94	1.06	1.59
Total, T through V.....	20.42	15.38	16.64	15.98
W1 Railroads.....	10.09	7.80	5.10	5.56
W2 Railroad equipment.....	.53	.64	.56	.49
X1 Airlines.....	.46	.43	.36	.49
X2 Shipping.....	.05	.08	.12	.10
X3 Bus and truck lines and other.....	.08	.09	.10	.09
Total, W1 through X3.....	11.22	9.05	6.24	6.72
Z1 Banks.....	2.24	1.62	1.89	1.84
Z2 Insurance.....	3.63	4.69	4.97	4.73
Z3 Sales finance and personal loan.....	1.43	2.05	3.18	2.43
Z4 Investment companies.....	.78	.60	.52	.50
Z5 Other.....	.20	.31	.33	.33
Total, Z1 through Z5.....	8.29	9.27	10.89	9.82
AC Canadian stocks.....	2.24	4.13	4.89	4.53
AN Non-Canadian foreign stocks.....	.06	.53	.96	1.37
Total, AC through AN.....	2.31	4.67	5.85	5.91
Total, corporate securities.....	100.00	100.00	100.00	100.00

In addition to utilities and oils, the largest industries in 1958 were chemicals and glass, steel, railroads, and machinery. Each of these industries comprised over 5 percent of the corporate portfolio in 1958. Only four industries had accounted for more than 5 percent in 1952: utilities, oils, rails, and chemicals and glass.

Utility holdings were the largest for every size group in 1958 (tables IV-11 through IV-14), but there were pronounced differences in other aspects of the industrial composition of the various size groups. The smallest funds were much more heavily invested in rails than the larger funds. The former held 10.4 percent of their corporate portfolio in this industry (table IV-11), while the largest size group held only 4.6 percent of their portfolio in rails (table IV-14). Oil investments showed the opposite relationship. The largest size group held 16.5 percent of their corporate investments in this industry, but the smallest size group had placed only 8.5 percent in oil. Size differences also appear in steel and machinery. The smaller funds are more heavily committed to machinery than the larger funds, and less heavily committed to steel.

The largest funds' portfolios showed greater industrial concentration at September 1958 than did those of the smaller funds. The largest size group of funds held approximately 16.5 percent of its corporate investments in each of the two industries: oils and utilities. No other size group placed as much as 15 percent in any one industry. Throughout the period, the largest funds similarly placed a larger portion of their corporate portfolios in a small number of industries. The degrees of concentration implicit in these relationships are indicated more clearly in table IV-15, which shows the percentages of corporate portfolios held by the respective size groups of funds, at each of four benchmark dates, in the largest and the largest four industries. The two principal conclusions are those contained implicitly in the foregoing discussion. Firstly, the largest funds showed consistently higher degrees of industrial concentration than the smaller funds, though the ranking of concentration ratios among the four size groups of funds varied from time to time. The smallest size group of funds also had relatively high concentration ratios at each of the benchmark dates 1955, 1957, and 1958.

TABLE IV-11.—Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, funds with net assets less than \$10,000,000, December 1952–September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	2.39	1.72	2.63	2.72
B Amusements (including radio-TV and motion pictures).....	1.81	2.16	2.19	2.79
C Auto and auto accessory (excluding tires).....	3.05	2.68	2.98	3.04
D Building trade and building equipment.....	1.71	2.39	1.68	1.84
E Chemicals and glass.....	4.34	5.16	5.23	5.61
F Drugs.....	1.07	.81	1.58	1.50
G Electrical equipment.....	2.42	3.71	3.65	3.71
H Food and beverages.....	2.29	1.65	2.54	2.60
I Machinery.....	6.18	6.82	7.38	7.40
J Office equipment.....	.23	1.19	1.77	1.73
K Paper products and publishing.....	1.38	1.83	1.97	2.08
L Oil and natural gas production.....	6.47	8.66	9.27	8.48
M Retail trade.....	1.82	2.74	2.62	2.74
N Rubber and tires.....	.74	1.43	1.53	1.40
O Steel.....	2.04	4.13	3.24	3.56
P Textiles, clothing, and footwear.....	1.27	1.44	1.07	1.51
Q Tobacco.....	1.19	1.17	1.30	1.29
R Miscellaneous.....	.60	.62	.63	1.09
S Mining.....	2.29	3.41	3.29	3.76
Total, A through S.....	43.33	53.71	56.57	58.84
T Utilities (including natural gas transmission and distribution).....	15.93	14.74	17.78	14.71
V Telephone and communications.....	6.37	2.41	2.65	3.02
Total, T through V.....	22.30	17.15	20.43	17.72
W1 Railroads.....	18.59	14.37	8.60	10.41
W2 Railroad equipment.....	3.05	1.62	1.51	1.32
X1 Airlines.....	1.32	1.31	.83	.91
X2 Shipping.....	.13	.13	.30	.25
X3 Bus and truck lines and other.....	.11	.16	.09	.04
Total, W1 through X3.....	23.20	17.58	11.34	12.94
Z1 Banks.....	1.50	1.60	2.65	1.76
Z2 Insurance.....	3.86	2.85	3.12	2.92
Z3 Sales finance and personal loan.....	1.45	1.94	1.98	1.65
Z4 Investment companies.....	1.88	1.22	.71	.59
Z5 Other.....	.66	.30	.32	.40
Total, Z1 through Z5.....	9.36	7.92	8.77	7.33
AC Canadian stocks.....	1.71	2.25	1.79	1.78
AN Non-Canadian foreign stocks.....	.16	1.39	1.10	1.38
Total, AC through AN.....	1.87	3.64	2.89	3.16
Total, corporate securities.....	100.00	100.00	100.00	100.00

Assets as of September 1958.

TABLE IV-12.—Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, funds with net assets \$10,000,000 and less than \$50,000,000,<sup>1</sup> December 1952–September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	1.67	1.71	1.63	1.70
B Amusements (including radio-TV and motion pictures).....	1.60	1.69	1.51	1.61
C Auto and auto accessory (excluding tires).....	2.62	2.63	2.56	2.34
D Building trade and building equipment.....	1.63	1.59	1.68	2.15
E Chemicals and glass.....	4.92	6.28	7.13	7.16
F Drugs.....	.91	1.14	2.90	3.02
G Electrical equipment.....	2.57	2.48	3.69	3.76
H Food and beverages.....	2.38	2.05	2.37	2.62
I Machinery.....	4.46	6.26	6.08	6.23
J Office equipment.....	.52	1.07	2.19	2.26
K Paper products and publishing.....	2.13	3.00	2.52	2.67
L Oil and natural gas production.....	8.27	8.54	9.41	9.19
M Retail trade.....	3.17	2.50	2.20	2.59
N Rubber and tires.....	1.63	1.57	1.83	1.48
O Steel.....	5.23	6.55	5.33	5.47
P Textiles, clothing, and footwear.....	1.50	1.13	.98	.97
Q Tobacco.....	1.94	3.61	3.08	2.50
R Miscellaneous.....	.69	.67	.92	1.01
S Mining.....	3.44	4.16	3.64	3.54
Total, A through S.....	51.28	58.52	61.61	62.28
T Utilities (including natural gas transmission and distribution).....	19.14	12.89	13.35	12.89
V Telephone and communications.....	2.13	1.51	1.45	1.61
Total, T through V.....	21.26	14.40	14.80	14.50
W1 Railroads.....	16.73	9.63	5.90	6.12
W2 Railroad equipment.....	.66	.68	.80	.84
X1 Airlines.....	.76	.62	.31	.51
X2 Shipping.....	.04	.07	.17	.15
X3 Bus and truck lines and other.....	.28	.14	.17	.07
Total, W1 through X3.....	18.47	11.04	7.34	7.66
Z1 Banks.....	.83	1.19	1.56	1.68
Z2 Insurance.....	.83	2.85	2.96	2.83
Z3 Sales finance and personal loan.....	.86	1.81	2.19	1.78
Z4 Investment companies.....	.52	.85	.55	.54
Z5 Other.....	.62	.27	.27	.34
Total, Z1 through Z5.....	3.68	6.08	7.53	7.18
AC Canadian stocks.....	5.17	8.09	6.96	6.36
AN Non-Canadian foreign stocks.....	.15	.97	1.75	2.00
Total, AC through AN.....	5.32	9.06	8.71	8.36
Total, corporate securities.....	100.00	100.00	100.00	100.00

<sup>1</sup>Assets as of September 1958.



TABLE IV-13.—Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, funds with net assets \$50,000,000 and less than \$300,000,000,<sup>1</sup> December 1952–September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	0.73	2.01	1.56	1.58
B Amusements (including radio-TV and motion pictures).....	1.95	2.15	1.55	1.66
C Auto and auto accessory (excluding tires).....	2.95	3.30	2.44	2.55
D Building trade and building equipment.....	1.72	1.66	1.77	1.91
E Chemicals and glass.....	8.25	7.71	6.87	6.43
F Drugs.....	1.47	1.15	2.51	3.20
G Electrical equipment.....	2.91	2.68	2.59	2.37
H Food and beverages.....	1.96	1.34	1.63	1.71
I Machinery.....	4.91	5.87	5.63	5.55
J Office equipment.....	.75	1.12	1.96	2.09
K Paper products and publishing.....	2.81	2.97	2.50	2.69
L Oil and natural gas production.....	13.12	11.36	11.39	10.49
M Retail trade.....	3.31	3.88	2.02	2.67
N Rubber and tires.....	2.05	2.28	1.95	1.52
O Steel.....	2.57	4.50	4.10	4.97
P Textiles, clothing, and footwear.....	2.44	1.54	1.05	.97
Q Tobacco.....	.64	.44	.87	.91
R Miscellaneous.....	.40	.66	.93	.89
S Mining.....	3.18	4.10	3.58	3.25
Total, A through S.....	58.11	58.71	56.92	57.41
T Utilities (including natural gas transmission and distribution).....	15.14	11.40	13.07	12.64
V Telephone and communications.....	.84	.83	1.14	1.82
Total, T through V.....	15.99	12.23	14.21	14.46
W1 Railroads.....	10.58	8.49	5.52	6.06
W2 Railroad equipment.....	.55	.58	.60	.52
X1 Airlines.....	.47	.35	.19	.31
X2 Shipping.....	.02	.15	.20	.17
X3 Bus and truck lines and other.....	.12	.17	.18	.18
Total, W1 through X3.....	11.78	9.73	6.70	7.23
Z1 Banks.....	1.19	.71	1.16	1.30
Z2 Insurance.....	7.85	9.42	9.14	8.35
Z3 Sales finance and personal loan.....	1.60	1.90	2.39	1.79
Z4 Investment companies.....	.80	.24	.30	.36
Z5 Other.....	.13	.11	.10	.20
Total, Z1 through Z5.....	11.57	12.38	13.09	12.00
AC Canadian stocks.....	2.45	6.25	7.99	7.51
AN non-Canadian foreign stocks.....	.10	.70	1.10	1.39
Total, AC through AN.....	2.55	6.95	9.09	8.90
Total, corporate securities.....	100.00	100.00	100.00	100.00

<sup>1</sup> Assets as of September 1958.

TABLE IV-14.—Percentage distribution of open-end investment fund holdings of corporate securities, by industrial classification, funds with net assets over \$300,000,000,<sup>1</sup> December 1952 to September 1958

Industrial classification	December 1952	December 1955	December 1957	September 1958
A Aircraft manufacturing and equipment.....	0.78	1.44	1.02	0.84
B Amusements (including radio-TV and motion pictures).....	1.21	1.73	1.36	1.50
C Auto and auto accessory (excluding tires).....	2.92	3.22	2.56	2.92
D Building trade and building equipment.....	1.82	1.98	2.27	2.32
E Chemicals and glass.....	7.70	7.83	6.96	6.59
F Drugs.....	1.73	1.82	2.94	3.27
G Electrical equipment.....	2.95	2.02	2.07	1.70
H Food and beverages.....	3.16	2.70	1.91	1.60
I Machinery.....	3.60	3.85	4.36	4.41
J Office equipment.....	1.44	1.57	2.60	2.69
K Paper products and publishing.....	2.71	3.74	3.24	4.67
L Oil and natural gas production.....	13.84	16.49	16.40	16.46
M Retail trade.....	4.60	2.96	1.92	2.05
N Rubber and tires.....	2.51	3.36	3.67	3.17
O Steel.....	2.12	5.54	5.63	6.70
P Textiles, clothing, and footwear.....	2.01	1.33	.77	.80
Q Tobacco.....	2.14	.75	.69	.54
R Miscellaneous.....	.31	.61	.93	.80
S Mining.....	2.54	2.89	2.51	2.94
Total, A through S.....	60.07	65.83	63.82	65.97
T Utilities (including natural gas transmission and distribution).....	23.02	17.87	18.65	16.63
V Telephone and communications.....	.89	.81	.77	1.25
Total, T through V.....	23.91	18.68	19.42	17.88
W1 Railroads.....	7.42	6.24	4.24	4.55
W2 Railroad equipment.....	.31	.66	.40	.30
X1 Airlines.....	.32	.39	.52	.66
X2 Shipping.....	.07	.02	.01	.01
X3 Bus and truck lines and other.....		.01		
Total, W1 through X3.....	8.13	7.33	5.17	5.52
Z1 Banks.....	3.55	2.63	2.69	2.46
Z2 Insurance.....	.64	.61	1.36	1.53
Z3 Sales finance and personal loan.....	1.43	2.27	4.35	3.34
Z4 Investment companies.....	.75	.85	.72	.63
Z5 Other.....	.13	.53	.58	.46
Total, Z1 through Z5.....	6.50	6.89	9.70	8.42
AC Canadian stocks.....	1.39	1.08	1.30	1.04
AN Non-Canadian foreign stocks.....		.20	.59	1.18
Total, AC through AN.....	1.39	1.28	1.89	2.22
Total, corporate securities.....	100.00	100.00	100.00	100.00

<sup>1</sup> Assets as of September 1958.

The differences in the concentration ratios of the various size groups of funds were produced to a very large extent by the relative importance of three industries: Utilities, oils, and rails. The extent to which investments in these three industries are held by the various size groups of funds has already been indicated in the discussion based on tables IV-11 through IV-14.

Secondly, the concentration ratios for each size group of funds, as well as for all funds combined, declined progressively between 1952 and 1958, if attention is centered again on the percentage of portfolio held in the largest four industries. The largest decline in concentration ratio during the period occurred in the second size group of funds (those holding assets between \$10 and \$50 million at September 1958), where a fall of some 14 percentage points was recorded. The corresponding ratio for the largest funds declined by only 5 percentage

points and that for all funds combined declined by 10 points. The same direction of change in concentration ratios is observable if the percentage of portfolio held in the largest industry is taken as the benchmark, though here the progression and the pattern is not as uniform as in the case of the largest four industries.

The reductions in concentration ratios during the period of study are due, to a large extent, to the relative reductions in rail and utility holdings already referred to. But the continued growth of the total investment fund assets during the period actually produced sizable absolute increases in the dollar values of investments in each of these industries. Utility holdings increased, for example, by some 136 percent, from \$695 to \$1,641 million, and rails rose by the rather lesser amount of 74 percent from \$365 to \$634 million. Both these percentage rates of growth, however, fell a good distance below the overall increase of 215 percent in the funds' total corporate holdings during the period. The relative reduction was more pronounced in rails than in utilities.

TABLE IV-15.—Percentage of investment fund corporate holdings in the largest and the largest 4 industrial classifications, by size<sup>1</sup> groups of funds, December 1952 to September 1958

PERCENTAGE IN LARGEST INDUSTRY					
Date	Funds with net assets less than \$10,000,000	Funds with net assets \$10,000,000 and less than \$50,000,000	Funds with net assets \$50,000,000 and less than \$300,000,000	Funds with net assets over \$300,000,000	All funds
December 1952 .....	18.59	19.14	15.10	23.02	19.21
December 1955 .....	14.74	12.89	11.40	17.87	14.44
December 1957 .....	17.78	13.35	13.07	18.65	15.58
September 1958 .....	14.71	12.89	12.64	16.63	14.39

  

PERCENTAGE IN LARGEST 4 INDUSTRIES					
December 1952 .....	47.36	49.37	47.26	51.98	49.57
December 1955 .....	44.59	37.61	40.67	48.43	42.95
December 1957 .....	43.03	35.92	40.48	47.64	40.89
September 1958 .....	41.00	35.47	37.91	46.38	39.42

<sup>1</sup> Size as of September 1958.

The industry rank within the distributions for each size group of funds, and for all funds combined, was lower for the rails in 1958 than in 1952. For all funds combined the drop from 10.1 percent to 5.6 percent of total corporate portfolio resulted in a drop from the third rank to the fifth. Among the smallest funds rails held the highest industrial rank in 1952, but were second in 1958. Rails declined from second to fifth and from third to fifth in the two intermediate size groups of funds, and fourth to sixth in the largest size group.

Throughout the period studied the margin of superiority of utilities as the most important single industry in investment fund portfolios diminished. An interesting paradox developed among the smallest funds. In 1952 utility securities represented the second largest holding, accounting for 15.9 percent of the total portfolio. By 1958 utilities holdings accounted for 14.7 percent, but they then comprised the largest single industry, since rails had declined even more rapidly.