TABLE B-1.—*Holdings of State and local government bonds and of obligations of nonprofit organizations, annually, 1946–65*

	15 companies [1] (millions of dollars)		8 companies [1] (percent of assets)	
	Municipals	Obligations of nonprofit organizations [2]	Municipals	Obligations of nonprofit organizations
End of year—				
1946	329	32	0.9	0.1
1947	343	54	.9	.2
1948	462	71	1.2	.2
1949	550	86	1.4	.2
1950	599	111	1.7	.3
1951	630	143	1.6	.4
1952	580	173	1.5	.4
1953	621	199	1.6	.5
1954	801	221	2.5	.5
1955	885	251	2.6	.5
1956	996	271	3.1	.5
1957	999	298	2.9	.6
1958	1,070	320	3.0	.6
1959	1,261	338	3.2	.6
1960	1,384	344	3.4	.6
1961	1,423	362	3.4	.6
1962	1,502	374	3.3	.6
1963	1,420	430	2.8	.7
1964	1,292	436	2.4	.7
1965	1,163	550	2.0	.8

[1] 15 of the 18 sample companies reported dollar amounts of annual holdings. 8 of these companies also reported dollar amounts of assets for each year. (Most companies provided total invested assets, but a few, noting that there would be little difference, provided total assets.) A compilation by staff of total assets of the 15 companies for the 1 year, 1965, produced ratios of 1.7 percent of assets held in municipal securities and 0.8 percent in obligations of nonprofit organizations.

[2] 1 company could not provide that part of its holdings in the form of mortgage notes prior to 1963.

Among companies showing a decrease in municipal bond holdings relative to assets, a number accounted for the variation in terms of yield relative to other types of investments:

"* * * The proportion of State and municipal bonds to assets has declined in each of the last 5 years because the yield in municipal bonds has been too low compared to other types of investments to attract our investment funds, thus resulting in very few purchases and sales of several million dollars of these bonds during this period.

Since 1962 municipal securities, as well as other securities, have been liquidated to provide funds for investment at greater yields available in other categories of investment.

The proportion of total investment holdings represented by municipal bonds has declined over the period under review because of the relatively low municipal yields vis a vis private placements and mortgages, even on an after-tax basis. Also, because of the widening of yield spread between tax-exempt and taxable bonds, a large proportion of the municipal portfolio has been liquidated and the proceeds reinvested in taxable securities.

The last company quoted above also noted—

The proportion of total loans and investments represented by private nonprofit organization securities, though small, has increased over the period because of increasing investment opportunities at relatively attractive yields.

2. MUNICIPAL SECURITY HOLDINGS

a. Investment guidelines

Most of the companies answered that there were no established guidelines, or, as one of these indicated, no internal guidelines; this