

investments about a decade ago, when this problem had emerged as a major aspect of total asset management.

These studies indicate that, in these formative years of the investment management of rapidly growing common stock portfolios, the practice was to invest in a relatively stable group of well-established companies. Because the portfolios were newly selected, there were few occasions for sales. However, there was, even then, a wide range of opinions as to the most suitable industries and companies.

The Fulbright committee staff selected 25 leading stocks in 17 industries for its study of activity during the 34 months from January 1953 through October 1955. The concentration of buying in these "institutional favorites" was highest for corporate pension funds (table V-6).

TABLE V-6.—PURCHASES OF 25 SELECTED COMMON STOCKS AND PERCENT OF TOTAL COMMON STOCK PURCHASES, BY INSTITUTIONAL GROUPS, JANUARY 1953-OCTOBER 1955

Group	Purchases (millions)	Percent
30 corporate pension funds.....	\$201.8	24.0
5 closed-end investment companies.....	24.0	20.6
25 life insurance companies.....	66.0	20.3
30 bank-administered common trust funds.....	20.0	17.5
60 casualty and surety insurance companies.....	30.0	15.4
20 open-end investment companies.....	265.2	15.1
40 fire insurance companies.....	12.2	10.0
Total.....	619.2	17.9

Source: Fulbright Committee Report.

The indicated concentration of purchases declined markedly during the next several years. The National Bureau sample of 10 portfolios for the 18-month period from January 1958 through June 1959 showed only 16.5 percent of purchases in the same 25 leading companies.¹⁰ Furthermore, 327 companies were represented in these portfolios during the period. Only 42 were owned by five or more of the funds, while 228 were owned by only two or one of the funds. Similar data are not available for later years, but the writer's direct observation supports the conclusion that fund managers have continued to increase the flexibility of their operations by broadening the range of alternatives.

The other major aspects of flexibility are, of course, in the timing of equity purchases relative to fixed-income investments and changes in the proportions of funds allocated to different types of bonds and stocks. Aggregate data for all trustee pension funds conceal a wide range of policies pursued in individual funds. Over the 18-month period, the banks in the National Bureau sample showed a range from less than 23 percent to more than 45 percent in the allocation of new funds to common stocks. In 6-month periods, the range of allocation was between 7 and 69 percent despite an apparently stable level for the group as a whole of between 34 and 42 percent. A similar pattern

¹⁰ The National Bureau sample was provided on a confidential basis by 9 banks which are leaders in the administration of corporate pension trusts. These banks probably managed more than 50 percent of all corporate pension funds. Each bank selected an unidentified fund which was well established, unrestricted as to investments, and under the bank's sole control. In effect, the quarterly statements furnished to us from December 31, 1957, through June 30, 1959, recorded each bank's unfettered judgment of what investment policy should be. For the analysis of common stock activity, the College Retirement Equities Fund was added to provide a 10th portfolio.