

AII Asset Allocation Survey: Equity Allocations Fall to Three-Year Low

Equity allocations among individual investors declined to a three-year low last month, according to the February AII Asset Allocation Survey. At the same time, individual investors boosted their cash allocations to a three-year high. Fixed-income allocations were slightly lower.

Stock and stock fund allocations fell by 1.0 percentage points to 61.5%. This is the smallest allocation to equities and the biggest monthly drop recorded by our survey since March 2013 (59.5%). Even with the decline, stock and stock fund allocations remained above their historical average of 60% for a 35th consecutive month.

Bond and bond fund allocations edged down 0.1 percentage points to 17.2%. During the past three months, fixed-income allocations have stayed between 17.1% and 17.3%. February was the seventh consecutive month with bond and bond fund allocations above their historical average of 16.0%.

Cash allocations rose 1.1 percentage points to 21.3%. The increase keeps cash allocations at their highest level since March 2013 (22.8%). The increase was not large enough to prevent cash allocations from being below their historical average of 24% for a 51st consecutive month, however.

The rise in cash allocations and decline in equity allocations corresponds with the rough start the stock market experienced this year. The proportion of individual investors describing their short-term outlook for stock prices as “bullish” remained below 30% for 12 consecutive weeks in our weekly Sentiment Survey before rising to 31.2% near the end of February. Pessimism, meanwhile, has been above its historical average of 30% for eight consecutive weeks. It is worth noting, however, that some individual investors have viewed the market’s correction as a chance to buy stocks at discounted prices or are looking for buying opportunities.

February AII Asset Allocation Survey results:

- Stocks and stock funds: 61.5%, down 1.0 percentage points
- Bonds and bond funds: 17.2%, down 0.1 percentage points
- Cash: 21.3%, up 1.1 percentage points

February AII Asset Allocation Survey details:

- Stocks: 30.3%, down 0.2 percentage points
- Stock Funds: 31.24%, down 0.8 percentage points

- Bonds: 4.3%, up 0.1 percentage points
- Bond Funds: 12.9%, down 0.2 percentage points

Historical Averages:

- Stocks/Stock Funds: 60%
- Bonds/Bond Funds: 16%
- Cash: 24%

*The numbers are rounded and may not add up to 100%.

The AAI Asset Allocation Survey has been conducted monthly since November 1987 and asks AAI members what percentage of their portfolios are allocated to stocks, stock funds, bonds, bond funds and cash.

Want to weigh in? Take the survey yourself and see results online at

<http://www.aai.com/assetallocationsurvey>.

If you want to become an effective manager of your own assets and achieve your financial goals, consider a **risk-free 30-day Trial AAI Membership**.