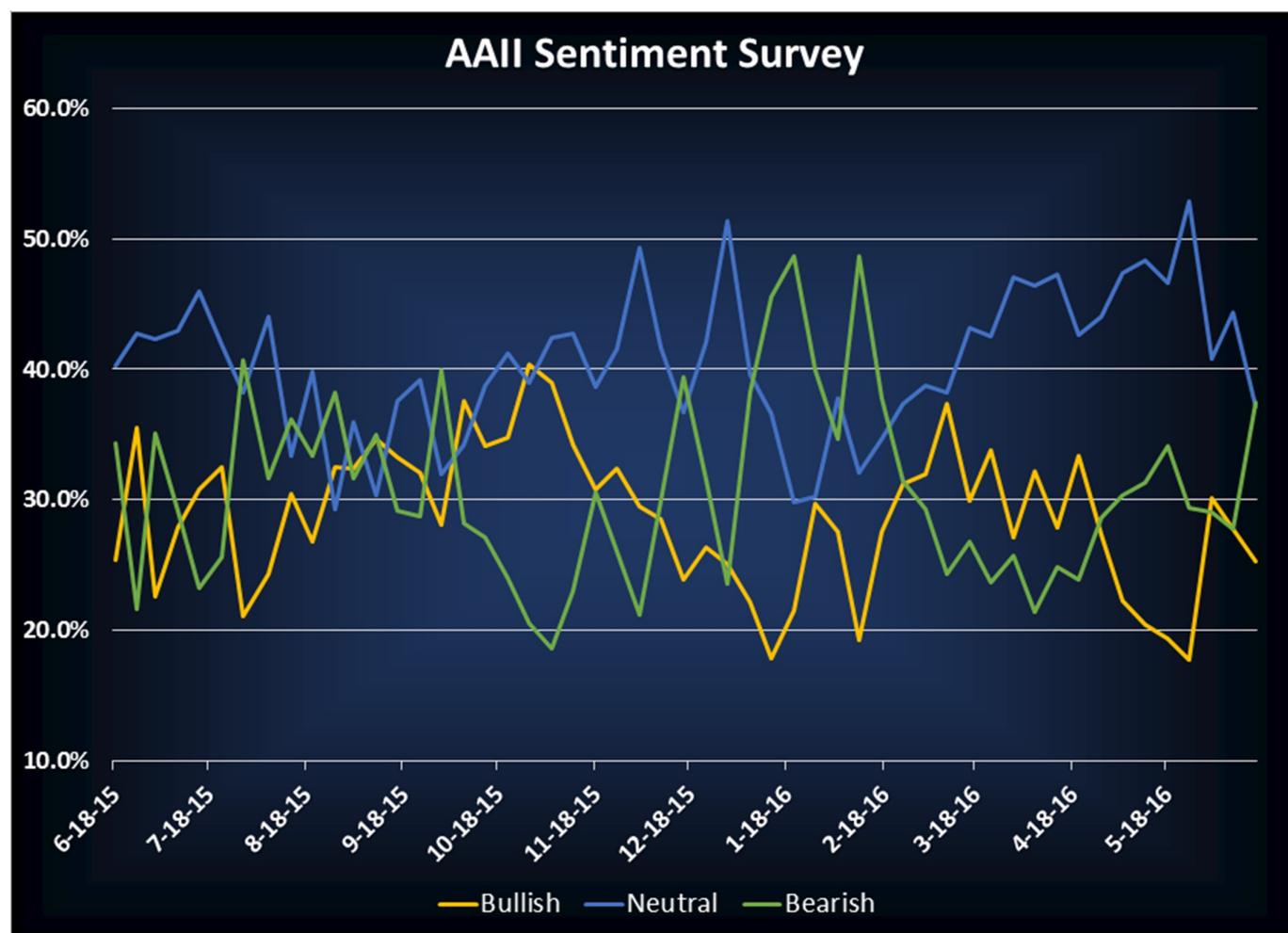


AAII Sentiment Survey: Pessimism Jumps to a Four-Month High



Pessimism among individual investors is at its highest level and neutral sentiment is at its lowest level since February, according to the latest AAI Sentiment Survey. Optimism remains at an unusually low level.

Bullish sentiment, expectations that stock prices will rise over the next six months, declined 2.5 percentage points to 25.3%. This is the seventh time in the past eight weeks that fewer than three out of 10 survey respondents are optimistic. It is also the 32nd consecutive week and the 65th out of the past 67 weeks with bullish sentiment below its historical average of 38.5%.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, plunged 7.2 percentage points to 37.2%. Neutral sentiment was last lower on February 17, 2016 (34.6%). Even with the big drop, neutral sentiment is above its historical average of 31.0% for the 20th consecutive week.

Bearish sentiment, expectations that stock prices will fall over the next six months, surged 9.7 percentage points to 37.5%. Pessimism was last higher on February 17, 2016 (37.8%). The big jump

put bearish sentiment above its historical average of 30.5% for just the third time in the 16 weeks.

The big jump in pessimism occurred as the major U.S. indexes pulled back from their recent highs. Many AAI members have previously expressed concerns about valuations and/or a potential drop in stock prices occurring. No members specifically mentioned last weekend's shooting at the Orlando night club in response to this week's special question, though global terrorism is having an impact on some member's market outlook. The majority of this week's votes were recorded prior to yesterday's Federal Open Market Committee announcement, as the survey period runs from Thursday through Wednesday. As far as next week's referendum on Great Britain's membership in the European Union ("Brexit"), our survey suggests that individual investors are not considering it as part of their outlook for U.S. stocks.

Giving individual investors cause for concern is the slow pace of U.S. economic growth and uncertain pace of global economic growth, terrorism and global unrest, lackluster corporate earnings, the prevailing level of valuations, the forthcoming November elections and monetary policy. Some AAI members, however, are encouraged by sustained domestic economic growth, corporate earnings and the proximity of stock prices to their record highs.

This week's AAI Sentiment Survey results:

- Bullish: 25.3%, down 2.5 percentage points
- Neutral: 37.2%, down 7.2 percentage points
- Bearish: 37.5%, up 9.7 percentage points

Historical averages:

- Bullish: 38.5%
- Neutral: 31.0%
- Bearish: 30.5%

The AAI Sentiment Survey has been conducted weekly since July 1987 and asks AAI members whether they think stock prices will rise, remain essentially flat or fall over the next six months. The survey period runs from Thursday (12:01 a.m.) to Wednesday (11:59 p.m.).

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

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

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**.