

April AAI Asset Allocation Survey: Highest Fixed-Income Allocations Since Last Summer

Fixed-income investments account for the largest percentage of individual investors' portfolios since last summer, according to the April AAI Asset Allocation Survey. Also, last month equity allocations pulled back from their recent high, while cash balances rebounded.

Stock and stock fund allocations fell 2.3 percentage points to 65.3%. The decline follows what had been a two-year high in March (67.6%). Even with the decline, April marked the 49th consecutive month with equity allocations above their historical average of 60.5%.

Bond and bond fund allocations rebounded by 1.0 percentage points to 18.0%. Fixed-income allocations were last at this level in July 2016. The rise keeps bond and bond fund allocations above their historical average of 16.0% for the 20th out of the past 21 months.

Cash allocations rose 1.3 percentage points to 16.8%. April was the 65th consecutive month that cash allocations were below their historical average of 23.5%.

Yields on the benchmark 10-year Treasury fell last month, boosting the value of fixed-income investments. At the same time, optimism about the short-term direction of the stock market in our weekly Sentiment Survey was below 30% for most of April. (Bullish sentiment did rebound strongly last week, however.)

Many individual investors find themselves choosing between high valuations for stocks and low interest rates for bonds and cash savings. At the same time, much focus remains on Washington and how the Trump administration's policies will affect economic growth.

April AAI Asset Allocation Survey:

- Stocks and stock funds: 65.3%, down 2.3 percentage points
- Bonds and bond funds: 18.0%, up 1.0 percentage points
- Cash: 16.8%, up 1.3 percentage points

April AAI Asset Allocation Survey details:

- Stocks: 34.3%, up 6.2 percentage points
- Stock Funds: 31.0%, down 8.5 percentage points
- Bonds: 5.6%, up 0.8 percentage points

- Bond Funds: 12.4%, up 0.2 percentage points

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. The survey and its results are available online at: <http://www.aai.com/investor-surveys>.

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**.