

February AAI Asset Allocation Survey: Equity Allocations at 2nd Highest Level Since 2007

Last month, equity allocations within individual investors' portfolios rebounded back to their second-highest level since the financial crisis. The February AAI Asset Allocation Survey showed a rise in stock and stock fund holdings, a decline in fixed-income holdings and no change in cash allocations.

Stock and stock fund allocations rebounded by 1.1 percentage points to 68.3%. This ties December 2013 for the second-highest allocation to equities since June 2007. Last month was also the 23rd consecutive month and the 25th out of the past 26 months with stock and stock fund allocations at or above their historical average of 60%.

Bond and bond fund allocations declined by 1.1 percentage points to 16.4%, a three-month low. Even with the decrease, bond and bond fund allocations remained at or above their historical average of 16% for the ninth consecutive month.

Cash allocations were unchanged at 15.3%. February was the 39th consecutive month with cash allocations below their historical average of 24%.

The increase in stock and stock fund allocations is not surprising given the background factors at play. The S&P 500 gained 5.5% last month and experienced its best February performance since 1998. Optimism in our weekly Sentiment Survey was above its historical average for most of the month as well. Bond yields, though rising in February, were at low levels at the end of January.

February AAI Asset Allocation Survey results:

- Stocks and Stock Funds: 68.3%, up 1.1 percentage points
- Bonds and Bond Funds: 16.4%, down 1.1 percentage points
- Cash: 15.3%, unchanged

February AAI Asset Allocation details:

- Stocks: 33.9%, up 2.9 percentage points
- Stock Funds: 34.4%, down 1.8 percentage points
- Bonds: 3.3%, up 0.2 percentage points
- Bond Funds: 13.1%, down 1.3 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. The survey and its results are available online at: <http://www.aai.com/investor-surveys>.