

June AAI Asset Allocation Survey: Cash Levels Continue to Rise

The June AAI Asset Allocation Survey reveals that individual investors increased their cash allocations for the third consecutive month. The rise in cash levels occurred as equity allocations fell to their lowest level since January.

Stock and stock fund allocations declined 0.5 percentage points to 67.2%. June tied January for having the smallest allocation to equities in 2015. Nonetheless, stock and stock fund allocations remained above their historical average of 60% for the 27th consecutive month.

Bond and bond fund allocations were unchanged at 15.5%. Technically bond fund allocations declined and bond allocations rose, but the changes were very minor. June was the second consecutive month with fixed-income allocations below their historical average of 16.0%.

Cash allocations edged up 0.5%, to 17.3%. This third consecutive monthly increase kept cash allocations at their highest level since October 2014 (18.7%). The increase was not large enough to keep cash allocations from being below their historical average of 24% for the 43rd consecutive month, however.

The rising level of cash corresponds with trends we've been seeing in our weekly Sentiment Survey. Neutral sentiment has been at an unusually high level for 12 consecutive weeks. Neutral sentiment's record streak of consecutive weekly readings at or above 45% for 10 consecutive weeks lasted through much of last month. At the same time, many individual investors continue to be frustrated by the ongoing low-interest-rate environment.

June AAI Asset Allocation Survey results:

- Stocks and Stock Funds: 67.2%, down 0.5 percentage points
- Bonds and Bond Funds: 15.5%, unchanged
- Cash: 17.3%, up 0.5 percentage points

June AAI Asset Allocation Survey details:

- Stock Funds: 33.5%, down 1.1 percentage points
- Stocks: 33.6%, up 0.6 percentage points
- Bond Funds: 11.8%, down 0.1 percentage points
- Bonds: 3.8%, up 0.1 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>.