

# March AAI Asset Allocation Survey: Cash Allocations at a 16--Month High

Cash allocations reached a 16-month high in March, according to the latest AAI Asset Allocation Survey. Individual investors pulled money from both equities and bonds last month.

Allocations to stocks and stock funds fell 3.0 percentage points to 59.5% in March. During the past 15 months, equity allocations have not varied significantly, instead staying within a range of 58.8% (June 2012) to 62.5% (February 2013). The historical average is 60%.

Bond and bond fund allocations declined 1.5 percentage points to 17.7%. This is the smallest allocation to fixed-income securities since February 2011. It is also the 45th consecutive month that bond and bond fund allocations are above their historical average of 16%.

Cash allocations jumped 4.6 percentage points to 22.8%. This is the largest percentage of portfolio assets held in cash since November 2011. Even with the increase, cash allocations remained below their historical average of 24% for the 16th consecutive month.

The rise in cash levels comes as individual investors are grappling with two events. The first is the strong first-quarter performance for stock prices. While some AAI members are more optimistic about the short-term outlook for stocks, others fret that stocks are overbought and are due for a pullback. At the same time, this year's upward move in Treasury yields and continued signs of economic growth may have caused some investors to reduce their exposure to bonds.

March AAI Asset Allocation survey details:

- Stock Funds: 27.7%, down 1.6 percentage points
- Stocks: 31.8%, down 1.4 percentage points
- Bond Funds: 12.4%, down 3.0 percentage points
- Bonds: 5.3%, up 1.5 percentage points

March AAI Asset Allocation Survey results:

- Stocks Total: 59.5%, down 3.0 percentage points
- Bonds Total: 17.7%, down 1.5 percentage points
- Cash: 22.8%, up 4.6 percentage points

Historical Averages:

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

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>.

*Charles Rotblut, CFA is a Vice President with the [American Association of Individual Investors](#) and editor of the AAI Journal.*