

# March AAI Asset Allocation Survey: Equity Allocations Reach a 2-Year High

Equity allocations among individual investors rose to their highest level in nearly two years, while cash allocations fell to a two-year low. The March AAI Asset Allocation Survey also shows slightly lower fixed-income allocations.

Stock and stock fund allocations rose 2.1 percentage points, to 67.6%, after having declined during the three previous months. Equity allocations were last higher in May 2015 (67.7%). March marked the 48th consecutive month with equity allocations above their historical average of 60.5%.

Bond and bond fund allocations fell 0.3 percentage points, to 17.0%. Even with the small decline, March was the 19th out of the past 20 months that fixed-income allocations were above their historical average of 16.0%.

Cash allocations fell 1.7 percentage points, to 15.5%. Cash allocations were last lower in March 2015 (14.9%). The decline keeps cash allocations below their historical average of 23.5% for the 64th consecutive month.

To put last month's equity allocation into perspective, stock and stock fund allocations have mostly exceeded 64% on a combined basis over the past 12 months. The high water mark for the current bull market is 68.6% (March 2015). Prior bull markets have seen equity allocations exceed 70%, however.

Last month's rise in equity allocations occurred despite a generally cautious outlook for the stock market. Optimism, according to our weekly Sentiment Survey, was below average throughout most of March. 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.

March AAI Asset Allocation Survey results:

- Stocks and stock funds: 67.6%, up 2.1 percentage points
- Bonds and bond funds: 17.0%, down 0.3 percentage points
- Cash: 15.5%, down 1.7 percentage points

March AAI Asset Allocation details:

- Stocks: 28.2%, up 1.2 percentage points
- Stock Funds: 39.4%, up 0.8 percentage points
- Bonds: 4.9%, up 1.6 percentage points
- Bond Funds: 12.1%, down 1.9 percentage points

Historical Averages:

- Stocks/Stock Funds: 60.5%
- Bonds/Bond Funds: 16.0%
- Cash: 23.5%

\*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>.

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**.