

May AAI Asset Allocation Survey: Fixed-Income Allocations Lowest Since 2008

Individual investors' allocations to bonds fell to their lowest level in nearly a decade last month. The May AAI Asset Allocation Survey also showed a rebound in equity allocations and a decrease in cash allocations.

Stock and stock fund allocations rose 2.5 percentage points to 70.0%. The rebound followed four consecutive monthly declines. Equity allocations are above their historical average of 61.0% for the 62nd consecutive month.

Bond and bond fund allocations fell by 1.8 percentage points to 14.1%. Fixed-income allocations were last lower in September 2008 (13.7%). May was the sixth consecutive month with bond and bond fund allocations below their historical average of 16.0%.

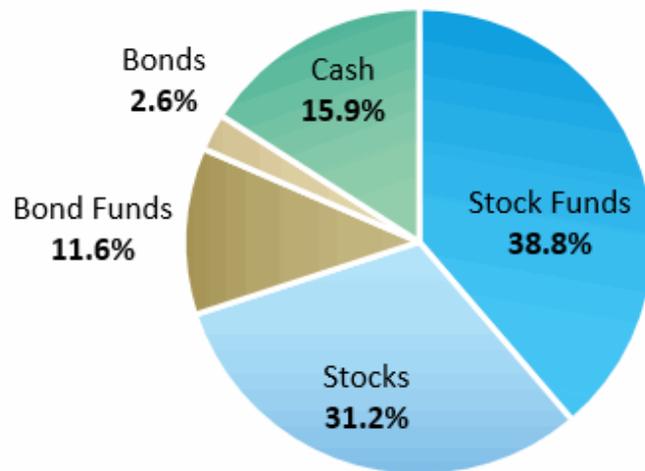
Cash allocations pulled back by 0.7% to 15.9%. Cash allocations are below their historical average of 23.0% for the 78th consecutive month.

Fixed-income allocations have not exceeded 16.0% since last November. They have been as low as 15.0% during both this past December and February. It is unclear what impact having the yield on the benchmark 10-year Treasury note rise above 3.0% for the first time in several years had on individual investor allocation decisions.

The rebound in equity allocations occurred as the stock market rebounded. Optimism about the six-month outlook for stock prices in our weekly Sentiment Survey mostly remained below average throughout May, however.

Month-to-month changes in which AAI members take the survey can impact the Asset Allocation Survey's results.

May 2018 AAII Asset Allocation Survey



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May AII Asset Allocation Survey results:

- Stocks and stock funds: 70.0%, up 2.5 percentage points
- Bonds and bond funds: 14.1%, down 1.8 percentage points
- Cash: 15.9%, down 0.7 percentage points

May AII Asset Allocation Survey details:

- Stocks: 31.2%, unchanged
- Stock funds: 38.8%, up 2.4 percentage points
- Bonds: 2.6%, down 0.5 percentage points
- Bond funds: 11.6%, down 1.2 percentage points

Historical Averages:

- Stocks/Stock Funds: 61.0%
- Bonds/Bond Funds: 16.0%
- Cash: 23.0%

*The numbers are rounded and may not add up to 100%.

The AII Asset Allocation Survey has been conducted monthly since November 1987 and asks AII 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: www.aaii.com/investor-surveys.

Want to weigh in? Take the survey yourself and see results online at
www.aaii.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**.