

November AAI Asset Allocation Survey: Bond Allocations Rise for a Fourth Month

Cumulative allocations by individual investors to bonds and bond funds rose last month, according to the November AAI Asset Allocation Survey. Though the magnitude of the increase was small, November was the fourth consecutive month in which fixed-income allocations rose. Equity allocations also rose, though only for the second consecutive month, while cash allocations fell.

Stock and stock fund allocations increased by 0.8 percentage points, to 65.5%. The rise puts equity allocations at a four-month high. It also keeps stock and stock fund allocations above their historical average of 60% for the 32nd consecutive month.

Bond and bond fund allocations rose 0.1 percentage points to 16.7%. As noted above, this is the fourth consecutive monthly increase. November was also the fourth consecutive month with fixed-income allocations above their historical average of 16.0%.

Cash allocations fell 0.9 percentage points to 17.8%, a four-month low. Nonetheless, November was the 48th consecutive month with a cash allocation reading below its historical average of 24%.

Equity allocations have yet to return to their pre-correction levels. Stock and stock fund allocations were above 67% during the nine-month stretch between November 2014 and July 2015, before dropping slightly in August and further in September. The October and November rebound in stock prices has helped to boost the value of equity holdings and reduce pessimism about the short-term direction of stock prices. Bond allocations have been trending up as long-term yields have remained low.

November AAI Asset Allocation Survey results:

- Stocks and stock funds: 65.5%, up 0.8 percentage points
- Bonds and bond funds: 16.7%, up 0.8 percentage points
- Cash: 17.8%, down 0.9 percentage points

November AAI Asset Allocation Survey details:

- Stocks: 32.6%, up 1.4 percentage points
- Stock Funds: 32.9%, down 0.6 percentage points
- Bonds: 3.5%, up 0.4 percentage points
- Bond Funds: 13.3%, down 0.3 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>.