

November AAI Asset Allocation Survey: Equity Allocations Rebound

Individual investors' allocations to equities rebounded for the first time in three months, according to the November AAI Asset Allocation Survey. The rise occurred as both fixed-income and cash allocations declined.

Stock and stock fund allocations rose 3.1 percentage points to 67.2%. This is the largest allocation since August 2014 (67.3%). The increase puts stock and stock fund allocations at or above their historical average of 60% for the 20th consecutive month and the 22nd out of the past 23 months.

Bond and bond fund allocations declined 1.2 percentage points to 16.0%. Fixed-income allocations were last lower in May 2014 (15.5%). Last month was the fourth consecutive month with fixed-income allocations above their historical average of 16%.

Cash allocations declined 1.9 percentage points to 16.8%. November was the 36th consecutive month with cash allocations below their historical average of 24%.

The rise in equity allocations occurred as individual investors were optimistic about the short-term direction of stock prices. Bullish sentiment in our weekly sentiment survey was above 50% during three out of the four weeks measured last month. At the same time, large-cap stocks continued to reach new highs. Plus, many AAI members continue to be frustrated by low bond yields and low interest rates on money market accounts.

November AAI Asset Allocation Survey results:

- Stocks and Stock Funds: 67.2%, up 3.1 percentage points
- Bonds and Bond Funds: 16.0%, down 1.2 percentage points
- Cash: 16.8%, down 1.9 percentage points

November AAI Asset Allocation Survey details:

- Stocks: 31.7%, up 1.5 percentage points
- Stock Funds: 35.5%, up 1.6 percentage points
- Bonds: 3.5%, down 0.4 percentage points
- Bond Funds: 12.5%, down 0.8 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>.