

December AAI Asset Allocation Survey: Cash Nears a 6-Year High

Cash allocations among individual investors rose to nearly a six-year high last month. The December AAI Asset Allocation Survey also showed a further decline in equity exposure.

Stock and stock fund allocations fell 2.2 percentage points to 62.4%. Exposure to equities was last lower in February 2016 (61.5%). Even with the decline, equity allocations remained above their historical average of 61.0% for the 69th consecutive month.

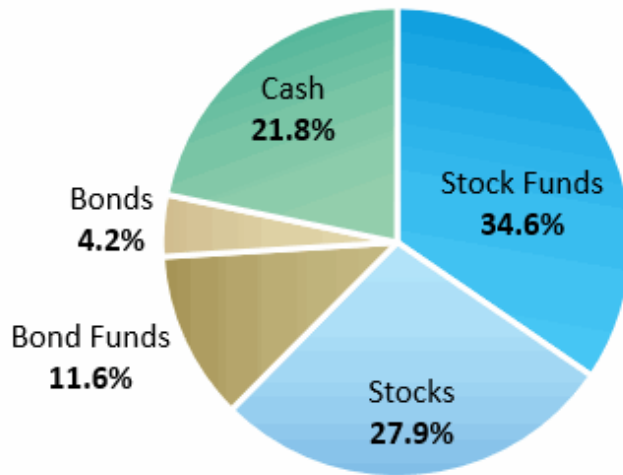
Bond and bond fund allocations were unchanged at 15.8%. Fixed-income exposure was below its historical average of 16.0% for the 13th consecutive month.

Cash allocations rose 2.1 percentage points to 21.8%. Cash allocations were last higher in March 2013 (22.8%). Even with the increase, cash allocations stayed below their historical average of 23.0% for the 85th consecutive month.

The fourth quarter's market volatility and December's drop in stock prices had an impact. Equity allocations fell by a cumulative 7.1 percentage points during the last two months of 2018. In our weekly Sentiment Survey, pessimism reached a 5½-year high in mid-December. Also possibly playing a role in the decision to allocate more to cash are the higher yields on money market accounts and CDs.

Differences in which AAI members participate in the survey and changes in the value of their investments affects this survey's results.

December 2018 AAII Asset Allocation Survey



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December AII Asset Allocation Survey results:

- Stocks and stock funds: 62.4%, down 2.2 percentage points
- Bonds and bond funds: 15.8%, unchanged
- Cash: 21.8%, up 2.1 percentage points

December AII Asset Allocation Survey details:

- Stocks: 27.9%, down 3.3 percentage points
- Stock funds: 34.6%, up 1.1 percentage points
- Bonds: 4.2%, up 0.8 percentage points
- Bond funds: 11.6, down 0.8 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: <https://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 AAII Membership**.