

September AAI Asset Allocation Survey: Cash Levels Rise to a Two-Year High

Individual investors raised their cash levels to the highest level and reduced their stock allocations to the lowest level in two years, according to the September AAI Asset Allocation Survey. Fixed-income allocations rose slightly.

Stock and stock fund allocations declined 1.4 percentage points to 63.6%. This is the smallest exposure to equities since August 2013 (62.3%). Even with the decrease, stock and stock fund allocations remained above their historical average of 60% for the 30th consecutive month.

Bond and bond fund allocations rose 0.2 percentage points to 16.5%. The modest increase puts fixed-income allocations at a six-month high. The historical average is 16.0%.

Cash allocations rose 1.3 percentage points to 20.0%. Cash levels were last higher in August 2013 (20.5%). Even with the continued increase, last month was the 46th consecutive month with a cash allocation reading below its historical average of 24%.

Cash allocations had been trending higher prior to the increased volatility incurred by stocks. September was the fifth increase to cash allocations in the past six months.

October AAI Asset Allocation Survey results:

Stocks/Stock Funds: 63.6%, down 1.4 percentage points

Bonds/Bond Funds: 16.5%, up 0.2 percentage points

Cash: 20.0%, up 1.3 percentage points

Asset Allocation Survey details:

Stocks: 30.8%, down 1.3 percentage points

Stock Funds: 32.8%, down 0.2 percentage points

Bonds: 3.9%, up 0.7 percentage points

Bond Funds: 12.6%, down 0.6 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>.