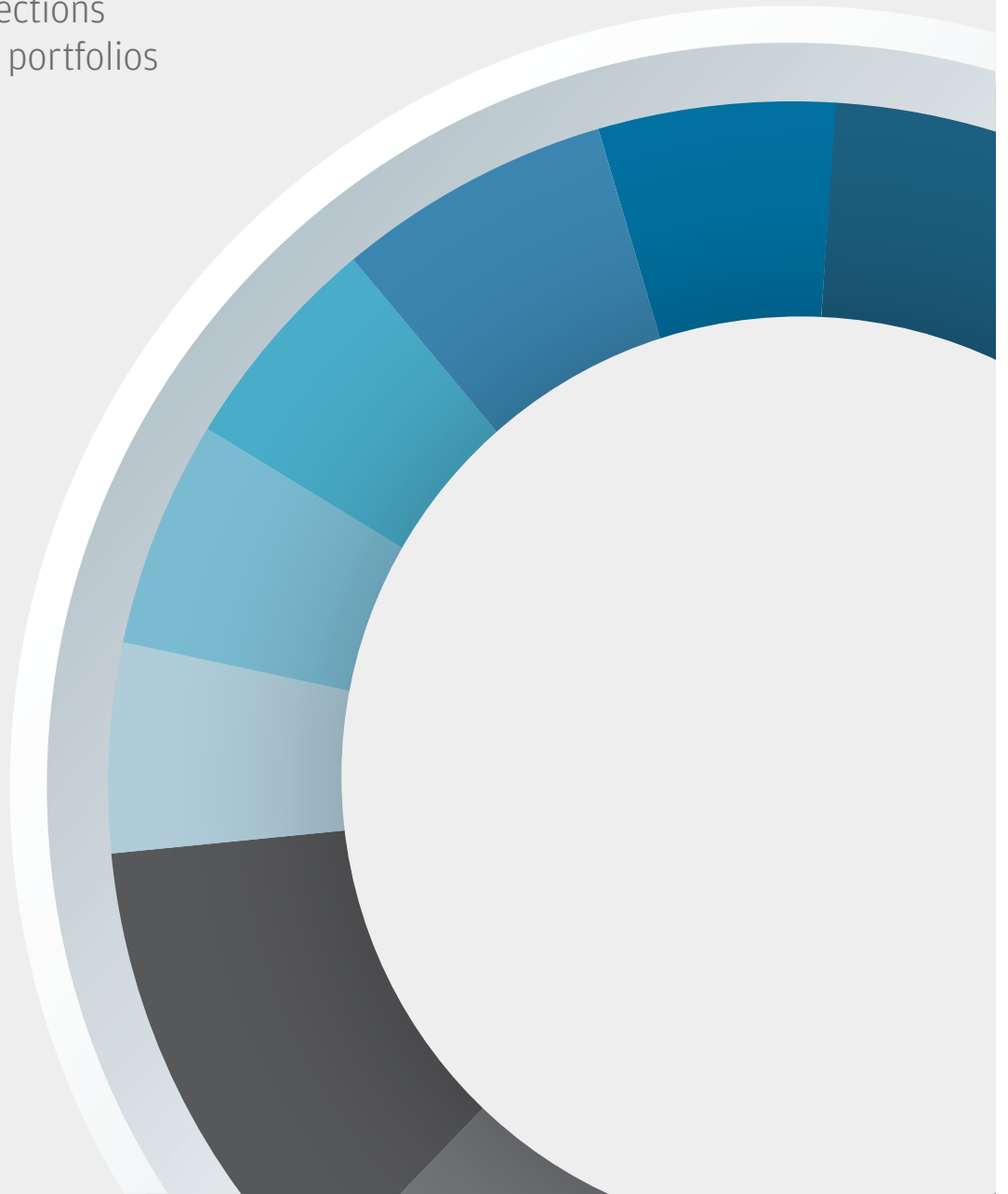


2018 Long-Term Capital Market Assumptions

22nd Annual Edition | Assumptions matrix: Swedish Krona

Time-tested projections
to build stronger portfolios



SWEDISH KRONA ASSUMPTIONS

		Compound Return 2017 (%)				Annualized Volatility (%)				Arithmetic Return 2018 (%)				Compound Return 2018 (%)																					
FIXED INCOME																																			
		Swedish Cash	Swedish Government Bonds	World Government Bonds	World Government Bonds hedged	Global/World Credit hedged	Global/World Credit	US High Yield Bonds hedged	US High Yield Bonds	Emerging Markets Sovereign Debt hedged	Emerging Markets Sovereign Debt	Swedish Equities	US Large Cap	US Large Cap hedged	US Mid Cap	US Mid Cap hedged	US Small Cap	US Small Cap hedged	Euro area Large Cap	Euro area Large Cap hedged	Japanese Equity	Japanese Equity hedged	Developed World Equity hedged	Developed World Equity	Emerging Markets Equity	Emerging Markets Equity hedged	Global Hedged Convertible Bond	Global Credit Sensitive Hedged Convertible Bond	US REITs	US REITs hedged	Commodities	Commodities hedged			
	Swedish Cash	1.25	1.25	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	Swedish Government Bonds	1.25	1.35	4.50	1.00	0.21	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	World Government Bonds	0.50	0.97	9.75	-	0.20	0.71	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	World Government Bonds hedged	1.75	1.80	3.25	0.75	0.24	0.74	0.53	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	Global/World Credit hedged	2.50	2.58	4.00	2.25	0.00	0.33	0.05	0.63	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	Global/World Credit	1.25	1.89	11.50	-	0.10	0.56	0.88	0.31	0.02	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	US High Yield Bonds hedged	4.50	4.84	8.50	4.75	-0.16	-0.33	-0.47	-0.13	0.54	-0.32	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	US High Yield Bonds	3.25	3.83	11.00	-	-0.10	0.19	0.45	-0.03	0.17	0.71	0.33	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	Emerging Markets Sovereign Debt hedged	4.50	4.95	9.75	4.50	-0.01	0.06	-0.23	0.31	0.78	-0.26	0.71	0.08	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	Emerging Markets Sovereign Debt	3.25	4.05	13.00	-	0.03	0.49	0.71	0.28	0.25	0.84	0.00	0.82	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
EQUITIES	Swedish Equities	6.25	7.39	15.75	6.00	-0.23	-0.26	-0.40	-0.14	0.35	-0.19	0.58	0.23	0.47	0.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	US Large Cap	3.50	4.18	12.00	-	-0.26	-0.06	0.04	-0.14	0.12	0.30	0.36	0.64	0.15	0.43	0.56	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	US Large Cap hedged	4.75	5.70	14.25	-	-0.27	-0.39	-0.63	-0.17	0.34	-0.52	0.69	-0.01	0.53	-0.26	0.70	0.61	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	US Mid Cap	3.75	4.64	13.75	-	-0.25	-0.13	-0.08	-0.18	0.17	0.20	0.49	0.64	0.22	0.37	0.61	0.94	0.65	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	US Mid Cap hedged	5.00	6.22	16.25	-	-0.25	-0.41	-0.64	-0.19	0.34	-0.50	0.74	0.04	0.53	-0.24	0.70	0.58	0.96	0.71	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	US Small Cap	3.75	5.02	16.50	-	-0.20	-0.14	-0.12	-0.22	0.08	0.12	0.43	0.54	0.15	0.27	0.54	0.87	0.62	0.93	0.68	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	US Small Cap hedged	5.00	6.65	19.00	-	-0.21	-0.38	-0.61	-0.23	0.24	-0.47	0.66	0.05	0.43	-0.24	0.64	0.58	0.91	0.70	0.95	0.79	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	Euro area Large Cap	4.75	5.94	16.00	-	-0.22	-0.28	-0.32	-0.12	0.36	-0.17	0.61	0.27	0.51	0.09	0.76	0.64	0.75	0.65	0.72	0.58	0.66	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	Euro area Large Cap hedged	5.75	7.07	17.00	-	-0.28	-0.38	-0.51	-0.15	0.38	-0.33	0.68	0.15	0.52	-0.08	0.78	0.59	0.84	0.63	0.82	0.57	0.75	0.93	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	Japanese Equity	4.25	5.20	14.25	-	-0.19	0.01	0.20	-0.07	0.19	0.40	0.25	0.59	0.11	0.47	0.37	0.60	0.23	0.57	0.23	0.49	0.21	0.47	0.38	1.00	1.00	1.00	1.00	1.00	1.00	1.00				
	Japanese Equity hedged	5.75	7.35	18.75	-	-0.24	-0.40	-0.51	-0.30	0.19	-0.25	0.50	0.16	0.29	-0.07	0.63	0.52	0.67	0.55	0.66	0.51	0.61	0.67	0.70	0.67	1.00	1.00	1.00	1.00	1.00	1.00				
	Developed World Equity hedged	5.00	5.82	13.25	5.50	-0.29	-0.43	-0.64	-0.22	0.34	-0.46	0.73	0.06	0.54	-0.20	0.77	0.63	0.97	0.68	0.95	0.63	0.88	0.83	0.92	0.34	0.75	1.00	1.00	1.00	1.00	1.00				
	Developed World Equity	4.00	4.60	11.25	-	-0.28	-0.15	-0.08	-0.14	0.27	0.18	0.53	0.60	0.33	0.39	0.70	0.94	0.70	0.92	0.68	0.83	0.64	0.81	0.76	0.69	0.67	0.76	1.00	1.00	1.00	1.00				
	Emerging Markets Equity	6.00	7.21	16.25	-	-0.18	-0.19	-0.22	-0.10	0.39	-0.06	0.63	0.38	0.57	0.24	0.65	0.53	0.59	0.59	0.61	0.50	0.53	0.66	0.64	0.44	0.54	0.66	0.70	1.00	1.00	1.00				
	Emerging Markets Equity hedged	7.25	9.31	21.50	8.25	-0.17	-0.38	-0.61	-0.12	0.45	-0.56	0.73	-0.08	0.69	-0.24	0.64	0.25	0.77	0.36	0.77	0.31	0.68	0.65	0.71	0.14	0.56	0.80	0.46	0.84	1.00	1.00				
	Global Hedged Convertible Bond	4.25	4.70	9.75	-	-0.20	-0.40	-0.58	-0.14	0.49	-0.41	0.82	0.12	0.65	-0.12	0.77	0.49	0.86	0.60	0.88	0.52	0.78	0.80	0.86	0.33	0.71	0.91	0.68	0.74	0.85	1.00				
	Global Credit Sensitive Hedged Convertible Bond	3.50	3.70	6.50	-	-0.24	-0.11	-0.22	0.05	0.31	-0.15	0.29	-0.08	0.23	-0.17	0.34	0.19	0.39	0.18	0.36	0.14	0.30	0.36	0.42	0.14	0.30	0.40	0.28	0.25	0.34	0.42	1.00			
ALTERNATIVES	US REITs	4.25	5.27	14.75	-	-0.18	0.17	0.07	0.17	0.37	0.16	0.42	0.50	0.34	0.35	0.36	0.67	0.48	0.70	0.52	0.68	0.53	0.47	0.46	0.40	0.29	0.47	0.64	0.37	0.24	0.37	0.05	1.00		
	US REITs hedged	5.50	6.72	16.25	5.00	-0.18	-0.06	-0.37	0.12	0.49	-0.34	0.64	0.10	0.57	-0.08	0.48	0.45	0.74	0.53	0.77	0.54	0.74	0.57	0.64	0.17	0.41	0.71	0.51	0.43	0.57	0.63	0.20	0.85	1.00	
	Commodities	1.75	2.53	12.75	-	-0.06	-0.16	-0.05	-0.18	0.05	0.02	0.21	0.22	0.10	0.14	0.07	0.12	0.07	0.17	0.11	0.10	0.07	0.02	0.03	0.06	0.06	0.08	0.18	0.31	0.21	0.16	0.15	-0.03	-0.04	1.00
	Commodities hedged	3.00	4.36	17.00	-	-0.09	-0.40	-0.59	-0.18	0.24	-0.63	0.48	-0.30	0.41	-0.43	0.24	-0.11	0.46	0.01	0.48	-0.02	0.40	0.20	0.31	-0.18	0.24	0.43	0.05	0.35	0.62	0.49	0.31	-0.08	0.28	0.72

Note: All estimates on this page are in Swedish Krona terms. Given the complex risk-reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations to all of these asset classes and strategies. Please note that all information shown is based on qualitative analysis. Exclusive reliance on this information is not advised. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise of future performance. Note that these asset class and strategy assumptions are passive only—they do not consider the impact of active management. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Assumptions, opinions and estimates are provided for illustrative purposes only. They should not be relied upon as recommendations to buy or sell securities. Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material has been prepared for information purposes only and is not intended to provide, and should not be relied on for, accounting, legal or tax advice.

Source: J.P. Morgan Asset Management; data as of September 30, 2017, except hedge funds, private equity, real estate and infrastructure, as of June 30, 2017. Alternative asset classes (including hedge funds, private equity, real estate, direct lending and infrastructure) are unlike other asset categories shown above in that there is no underlying investible index. The return estimates for these alternative asset classes and strategies are estimates of the industry average, net of manager fees. The dispersion of return among managers of these asset classes and strategies is typically significantly wider than that of traditional asset classes. Return estimates for direct real estate are unlevered. We have refined our REIT estimates for 2018 to reflect: net REIT leverage; REIT vs. core composite sector differentials and a more granular treatment of currency differentials. Diversified hedge funds and conservative hedge funds are multi-strategy hedge funds instead of funds-of-funds in prior years. Correlation figures shown are rounded to two significant figures, which may cause a loss of information. All returns are nominal. For reference index information, please visit our website.

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