

2020 Long-Term Capital Market Assumptions

24th Annual Edition | Assumptions matrix: Euro

Time-tested projections
to build stronger portfolios



EURO ASSUMPTIONS

		Compound Return 2019 (%)				Annualized Volatility (%)				Arithmetic Return 2020 (%)				Compound Return 2020 (%)					
		1.30	1.32	1.81	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
FIXED INCOME	Euro Inflation	1.30	1.32	1.81	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Euro Inflation	
	Euro Cash	0.60	0.60	0.63	1.00	-0.15	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Euro Cash	
FIXED INCOME	U.S. Aggregate Bonds Hedged	1.80	1.86	3.45	3.00	-0.23	0.21	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	U.S. Aggregate Bonds Hedged	
	Euro Aggregate Bonds	0.90	0.97	3.63	2.25	-0.24	0.14	0.66	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Euro Aggregate Bonds	
FIXED INCOME	U.S. Inv Grade Corporate Bonds Hedged	2.10	2.28	6.02	3.50	-0.23	0.11	0.82	0.58	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	U.S. Inv Grade Corporate Bonds Hedged	
	Euro Inv Grade Corp Bonds	1.70	1.80	4.59	2.50	-0.21	0.03	0.53	0.71	0.78	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Euro Inv Grade Corp Bonds	
FIXED INCOME	U.S. High Yield Bonds Hedged	3.90	4.23	8.27	4.50	-0.01	-0.08	0.16	0.03	0.54	0.54	1.00	1.00	1.00	1.00	1.00	1.00	U.S. High Yield Bonds Hedged	
	Euro High Yield Bonds	3.60	3.98	8.88	4.00	-0.06	-0.13	0.06	0.12	0.46	0.65	0.86	1.00	1.00	1.00	1.00	1.00	Euro High Yield Bonds	
FIXED INCOME	U.S. Leveraged Loans Hedged	3.70	3.97	7.57	4.00	0.04	-0.17	-0.08	-0.13	0.29	0.41	0.81	0.87	1.00	1.00	1.00	1.00	U.S. Leveraged Loans Hedged	
	Euro Government Bonds	0.70	0.78	4.13	2.00	-0.21	0.14	0.60	0.97	0.46	0.55	-0.10	-0.04	-0.27	1.00	1.00	1.00	Euro Government Bonds	
FIXED INCOME	Euro Govt Inflation-Linked Bonds	0.80	0.91	4.80	2.00	-0.09	0.13	0.56	0.76	0.58	0.67	0.31	0.29	0.07	0.73	1.00	1.00	Euro Govt Inflation-Linked Bonds	
	World Government Bonds Hedged	0.80	0.84	3.01	1.75	-0.20	0.20	0.81	0.83	0.52	0.39	-0.20	-0.25	-0.42	0.86	0.58	1.00	World Government Bonds Hedged	
FIXED INCOME	World Government Bonds	0.60	0.86	7.32	1.75	-0.22	0.15	0.35	0.47	0.16	0.13	-0.35	-0.27	-0.30	0.48	0.15	1.00	World Government Bonds	
	World ex-Euro Government Bonds Hedged	0.80	0.84	2.94	1.75	-0.15	0.21	0.83	0.61	0.49	0.22	-0.25	-0.36	-0.46	0.64	0.40	0.94	World ex-Euro Government Bonds Hedged	
FIXED INCOME	World ex-Euro Government Bonds	0.50	0.98	9.85	1.75	-0.21	0.15	0.26	0.32	0.07	0.04	-0.36	-0.28	-0.28	0.33	0.03	0.45	World ex-Euro Government Bonds	
	Global Multiverse Bonds Hedged	1.30	1.34	2.95	-	-0.24	0.20	0.94	0.83	0.82	0.68	0.19	0.14	-0.06	0.78	0.70	0.88	Global Multiverse Bonds Hedged	
FIXED INCOME	Emerging Markets Sovereign Debt Hedged	3.80	4.14	8.47	5.25	0.03	-0.01	0.53	0.34	0.73	0.60	0.69	0.52	0.38	0.25	0.51	0.24	Emerging Markets Sovereign Debt Hedged	
	Emerging Markets Local Currency Debt	4.00	4.41	9.23	5.75	-0.09	0.09	0.32	0.36	0.45	0.50	0.39	0.37	0.28	0.29	0.40	0.23	Emerging Markets Local Currency Debt	
FIXED INCOME	Emerging Markets Corporate Bonds Hedged	3.60	3.91	8.10	5.00	0.02	-0.08	0.42	0.26	0.72	0.64	0.72	0.63	0.53	0.12	0.42	0.08	Emerging Markets Corporate Bonds Hedged	
	European Large Cap	5.40	6.34	14.24	5.75	0.05	-0.22	-0.03	0.05	0.31	0.48	0.68	0.74	0.63	-0.05	0.27	-0.25	European Large Cap	
FIXED INCOME	European Small Cap	6.30	7.52	16.37	6.00	0.03	-0.22	-0.06	0.00	0.29	0.46	0.70	0.77	0.67	-0.12	0.22	-0.30	European Small Cap	
	U.S. Large Cap	3.70	4.58	13.67	4.25	0.04	-0.24	-0.12	0.02	0.12	0.34	0.48	0.53	0.52	-0.05	0.13	-0.23	U.S. Large Cap	
FIXED INCOME	U.S. Large Cap Hedged	4.30	5.27	14.39	4.25	0.13	-0.24	-0.03	-0.04	0.25	0.37	0.67	0.60	0.54	-0.12	0.21	-0.26	U.S. Large Cap Hedged	
	Euro Area Large Cap	5.80	7.04	16.43	6.00	0.06	-0.20	-0.02	0.04	0.30	0.44	0.66	0.70	0.57	-0.04	0.30	-0.23	Euro Area Large Cap	
FIXED INCOME	Euro Area Small Cap	6.00	7.36	17.26	6.25	0.02	-0.20	-0.02	0.03	0.32	0.45	0.68	0.73	0.61	-0.06	0.28	-0.25	Euro Area Small Cap	
	UK Large Cap	5.70	6.64	14.23	5.50	0.04	-0.25	-0.07	0.01	0.29	0.46	0.64	0.72	0.67	-0.10	0.18	-0.29	UK Large Cap	
FIXED INCOME	UK Large Cap Hedged	4.90	5.71	13.19	5.00	0.04	-0.12	0.12	0.09	0.40	0.46	0.64	0.59	0.49	0.01	0.31	-0.10	UK Large Cap Hedged	
	Japanese Equity	5.30	6.23	14.12	5.75	-0.07	-0.17	-0.05	0.07	0.23	0.36	0.40	0.46	0.44	-0.01	0.17	-0.18	Japanese Equity	
FIXED INCOME	Japanese Equity Hedged	6.00	7.45	17.83	5.75	0.10	-0.04	-0.17	-0.09	0.13	0.26	0.49	0.49	0.46	-0.15	0.17	-0.35	Japanese Equity Hedged	
	Emerging Markets Equity	7.30	8.62	17.07	7.50	0.06	-0.12	0.05	0.05	0.37	0.46	0.68	0.67	0.60	-0.06	0.28	-0.20	Emerging Markets Equity	
FIXED INCOME	AC Asia ex-Japan Equity	7.30	8.66	17.38	7.50	0.00	-0.12	0.08	0.09	0.39	0.48	0.64	0.64	0.56	-0.01	0.28	-0.15	AC Asia ex-Japan Equity	
	AC World Equity	4.60	5.40	13.06	5.00	0.02	-0.22	-0.06	0.05	0.26	0.45	0.63	0.68	0.63	-0.05	0.22	-0.25	AC World Equity	
FIXED INCOME	AC World ex-EMU Equity	4.50	5.30	13.07	5.00	0.02	-0.22	-0.07	0.05	0.25	0.44	0.61	0.66	0.62	-0.05	0.20	-0.25	AC World ex-EMU Equity	
	Developed World Equity	4.40	5.20	13.05	4.75	0.02	-0.23	-0.07	0.04	0.24	0.43	0.61	0.66	0.61	-0.05	0.21	-0.25	Developed World Equity	
FIXED INCOME	Global Convertible Bond Hedged	3.40	3.91	10.32	4.50	-0.01	-0.11	0.07	0.06	0.44	0.52	0.81	0.76	0.66	-0.06	0.31	-0.24	Global Convertible Bond Hedged	
	Global Credit Sensitive Convertible Hedged	3.10	3.33	6.88	3.75	0.00	-0.22	-0.02	0.10	0.18	0.34	0.28	0.40	0.32	0.02	0.08	-0.10	Global Credit Sensitive Convertible Hedged	
ALTERNATIVES	Private Equity	6.90	8.50	18.85	7.25	0.22	-0.22	-0.29	-0.27	0.05	0.18	0.55	0.54	0.59	-0.37	-0.06	-0.47	Private Equity	
	U.S. Core Real Estate	3.90	4.74	13.32	4.75	0.18	-0.37	-0.14	-0.16	0.05	0.15	0.41	0.41	0.52	-0.23	-0.04	-0.27	U.S. Core Real Estate	
ALTERNATIVES	European ex-UK Core Real Estate	5.00	5.63	11.60	5.50	0.19	-0.35	-0.37	-0.33	-0.04	0.05	0.51	0.49	0.62	-0.39	-0.12	-0.54	European ex-UK Core Real Estate	
	European ex-UK Value-Added Real Estate	7.50	9.06	18.64	8.00	0.19	-0.35	-0.37	-0.33	-0.04	0.05	0.51	0.49	0.62	-0.39	-0.12	-0.54	European ex-UK Value-Added Real Estate	
ALTERNATIVES	U.S. REITS	4.10	5.12	14.78	5.25	0.02	-0.19	0.20	0.19	0.31	0.37	0.45	0.39	0.33	0.15	0.30	0.12	U.S. REITS	
	Global ex-U.S. REITS	5.10	6.06	14.38	5.50	-0.03	-0.26	0.20	0.23	0.45	0.54	0.60	0.65	0.55	0.13	0.31	0.04	Global ex-U.S. REITS	
ALTERNATIVES	Global Infrastructure Equity	4.10	4.60	10.27	5.00	0.14	-0.21	-0.06	-0.08	0.04	0.08	0.30	0.31	0.41	-0.11	0.01	-0.16	Global Infrastructure Equity	
	Mezzanine Debt	5.90	6.70	13.18	4.75	-0.10	-0.13	0.10	0.19	0.27	0.37	0.36	0.41	0.44	0.11	0.16	0.02	Mezzanine Debt	
ALTERNATIVES	Diversified Hedge Funds Hedged	3.20	3.45	7.24	3.25	0.07	-0.17	-0.10	-0.11	0.23	0.32	0.62	0.66	0.64	-0.21	0.13	-0.36	Diversified Hedge Funds Hedged	
	Event Driven Hedge Funds Hedged	3.50	3.89	8.98	3.75	0.11	-0.18	-0.12	-0.13	0.26	0.40	0.78	0.78	0.76	-0.25	0.15	-0.42	Event Driven Hedge Funds Hedged	
ALTERNATIVES	Long Bias Hedge Funds Hedged	3.50	4.08	10.99	3.75	0.07	-0.14	-0.07	-0.10	0.30	0.39	0.74	0.71	0.66	-0.21	0.19	-0.37	Long Bias Hedge Funds Hedged	
	Relative Value Hedge Funds Hedged	3.20	3.42	6.78	3.50	0.03	-0.08	0.01	-0.05	0.39	0.49	0.85	0.84	0.85	-0.19	0.21	-0.34	Relative Value Hedge Funds Hedged	
ALTERNATIVES	Macro Hedge Funds Hedged	2.00	2.30	7.79	2.75	-0.10	0.20	0.21	0.22	0.31	0.25	0.17	0.16	0.05	0.18	0.30	0.17	Macro Hedge Funds Hedged	
	Commodities	0.60	1.52	13.73	1.25	0.08	-0.10	-0.08	-0.18	0.11	0.12	0.34	0.29	0.39	-0.24	0.04	-0.28	Commodities	
ALTERNATIVES	Gold	1.10	2.50	17.10	1.50	-0.17	0.09	0.30	0.17	0.23	0.11	-0.08	-0.11	-0.13	0.15	0.07	0.26	Gold	

Note: All estimates on this page are in euro 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 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.

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