

2020 Long-Term Capital Market Assumptions

24th Annual Edition | Assumptions matrix: U.S. Dollar

Time-tested projections
to build stronger portfolios



U.S. DOLLAR ASSUMPTIONS

		Compound Return 2019 (%)			Annualized Volatility (%)					Arithmetic Return 2020 (%)						Compound Return 2020 (%)			
FIXED INCOME	U.S. Inflation	2.00	2.01	1.40	2.00													U.S. Inflation	1.00
	U.S. Cash	1.90	1.90	0.46	2.00													U.S. Cash	1.00
	U.S. Intermediate Treasuries	2.70	2.76	3.45	3.25													U.S. Intermediate Treasuries	1.00
	U.S. Long Treasuries	1.60	2.19	11.02	3.25													U.S. Long Treasuries	1.00
	TIPS	2.70	2.84	5.39	3.25													TIPS	1.00
	U.S. Aggregate Bonds	3.10	3.16	3.42	4.00													U.S. Aggregate Bonds	1.00
	U.S. Securitized	3.30	3.33	2.46	-													U.S. Securitized	1.00
	U.S. Short Duration Government/Credit	2.80	2.82	1.93	3.25													U.S. Short Duration Government/Credit	1.00
	U.S. Long Duration Government/Credit	2.50	2.92	9.34	4.00													U.S. Long Duration Government/Credit	1.00
	U.S. Inv Grade Corporate Bonds	3.40	3.57	5.96	4.50													U.S. Inv Grade Corporate Bonds	1.00
	U.S. Long Corporate Bonds	3.00	3.47	9.89	4.50													U.S. Long Corporate Bonds	1.00
	U.S. High Yield Bonds	5.20	5.52	8.22	5.50													U.S. High Yield Bonds	1.00
	U.S. Leveraged Loans	5.00	5.27	7.55	5.00													U.S. Leveraged Loans	1.00
	World Government Bonds Hedged	2.10	2.14	2.99	2.75													World Government Bonds Hedged	1.00
	World Government Bonds	2.50	2.70	6.43	2.75													World Government Bonds	1.00
	World ex-U.S. Government Bonds Hedged	1.80	1.84	2.92	2.50													World ex-U.S. Government Bonds Hedged	1.00
	World ex-U.S. Government Bonds	2.40	2.71	8.00	2.75													World ex-U.S. Government Bonds	1.00
	Emerging Markets Sovereign Debt	5.10	5.43	8.36	6.25													Emerging Markets Sovereign Debt	1.00
	Emerging Markets Local Currency Debt	5.90	6.59	12.17	6.75													Emerging Markets Local Currency Debt	1.00
	Emerging Markets Corporate Bonds	4.90	5.22	8.20	6.00													Emerging Markets Corporate Bonds	1.00
	U.S. Muni 1-15 Yr Blend	2.50	2.55	3.15	3.25													U.S. Muni 1-15 Yr Blend	1.00
	U.S. Muni High Yield	4.00	4.26	7.33	4.50													U.S. Muni High Yield	1.00
	U.S. Large Cap	5.60	6.55	14.34	5.25													U.S. Large Cap	1.00
	U.S. Mid Cap	5.90	7.12	16.30	5.75													U.S. Mid Cap	1.00
	U.S. Small Cap	6.50	8.12	18.95	6.00													U.S. Small Cap	1.00
	Euro Area Large Cap	7.70	9.74	21.47	7.00													Euro Area Large Cap	1.00
	Japanese Equity	7.20	8.20	14.80	6.75													Japanese Equity	1.00
	Hong Kong Equity	6.30	8.11	20.06	6.75													Hong Kong Equity	1.00
	UK Large Cap	7.60	8.88	16.84	6.50													UK Large Cap	1.00
	EAFE Equity Hedged	6.70	7.55	13.59	6.50													EAFE Equity Hedged	1.00
EAFE Equity	7.20	8.48	16.81	6.75													EAFE Equity	1.00	
Emerging Markets Equity	9.20	11.15	21.12	8.50													Emerging Markets Equity	1.00	
AC Asia ex-Japan Equity	9.20	11.10	20.84	8.50													AC Asia ex-Japan Equity	1.00	
AC World Equity	6.50	7.59	15.46	6.00													AC World Equity	1.00	
U.S. Equity Value Factor	7.20	8.31	15.59	6.00													U.S. Equity Value Factor	1.00	
U.S. Equity Momentum Factor	5.40	6.38	14.52	5.50													U.S. Equity Momentum Factor	1.00	
U.S. Equity Quality Factor	5.60	6.39	13.00	5.25													U.S. Equity Quality Factor	1.00	
U.S. Equity Minimum Volatility Factor	5.80	6.40	11.37	5.50													U.S. Equity Minimum Volatility Factor	1.00	
U.S. Equity Dividend Yield Factor	6.90	7.80	14.05	6.00													U.S. Equity Dividend Yield Factor	1.00	
U.S. Equity Diversified Factor	6.30	7.09	13.08	5.50													U.S. Equity Diversified Factor	1.00	
U.S. Convertible Bond	4.60	5.13	10.62	-													U.S. Convertible Bond	1.00	
Global Convertible Bond	4.80	5.31	10.36	5.50													Global Convertible Bond	1.00	
Global Credit Sensitive Convertible	4.40	4.63	7.00	4.75													Global Credit Sensitive Convertible	1.00	
Private Equity	8.80	10.59	20.17	8.25													Private Equity	1.00	
U.S. Core Real Estate	5.80	6.37	11.07	5.75													U.S. Core Real Estate	1.00	
U.S. Value-Added Real Estate	7.70	9.03	17.18	7.75													U.S. Value-Added Real Estate	1.00	
European ex-UK Core Real Estate	6.90	8.07	16.04	6.50													European ex-UK Core Real Estate	1.00	
Asia Pacific Core Real Estate	6.50	7.21	12.36	6.00													Asia Pacific Core Real Estate	1.00	
U.S. REITs	6.00	7.09	15.42	6.25													U.S. REITs	1.00	
Global Infrastructure Equity	6.00	6.51	10.46	6.00													Global Infrastructure Equity	1.00	
Global Infrastructure Debt	3.30	3.50	6.46	4.75													Global Infrastructure Debt	1.00	
Diversified Hedge Funds	4.50	4.76	7.37	4.25													Diversified Hedge Funds	1.00	
Event Driven Hedge Funds	4.80	5.18	9.02	4.75													Event Driven Hedge Funds	1.00	
Long Bias Hedge Funds	4.80	5.37	11.05	4.75													Long Bias Hedge Funds	1.00	
Relative Value Hedge Funds	4.50	4.72	6.79	4.50													Relative Value Hedge Funds	1.00	
Macro Hedge Funds	3.30	3.59	7.78	3.75													Macro Hedge Funds	1.00	
Direct Lending	7.00	7.88	13.87	7.25													Direct Lending	1.00	
Commodities	2.50	3.73	16.13	2.25													Commodities	1.00	
Gold	3.00	4.46	17.63	2.50													Gold	1.00	

Note: All estimates on this page are in U.S. dollar 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.

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