

10-Year Annualized Capital Market Expectations (USD)

Equity Expectations

As of September 30, 2023

Asset Class Name	Expected Return (Geometric)	Expected Risk (Std. Dev)	Sharpe Ratio	Past 20-Yr Annualized Return
GLOBAL EQUITY	8.6%	16.7%	0.28	8.3%
Developed-Market Equity	8.5%	16.7%	0.28	8.5%
US	8.2%	16.7%	0.26	9.8%
Canada	8.0%	20.6%	0.20	8.0%
EAFE	9.4%	17.4%	0.31	6.4%
EMU	9.3%	21.7%	0.25	6.4%
UK	9.4%	17.9%	0.31	5.3%
Japan	10.2%	15.7%	0.40	4.9%
Pacific Ex-Japan	8.9%	20.7%	0.24	9.0%
Australia	9.4%	23.1%	0.24	8.6%
Emerging Market Equity	9.6%	20.8%	0.28	7.7%
China	8.9%	26.8%	0.19	8.4%
Specialty Equity				
Global Listed Infrastructure*	8.5%	17.1%	0.27	8.1%
US Listed Infrastructure	8.0%	13.9%	0.29	7.5%
Global REITS	8.6%	20.2%	0.23	6.7%
US REITS	8.9%	22.6%	0.22	5.5%

\*Denotes where shorter average is used (20-yr unavailable), periods range from 92 to 237 months.  
Source: Franklin Templeton Investment Solutions.

Fixed Income Expectations

As of September 30, 2023

Asset Class Name	Expected Return (Geometric)	Expected Risk (Std. Dev)	Sharpe Ratio	Past 20-Yr Annualized Return
GLOBAL FIXED INCOME	5.4%	6.4%	0.23	2.4%
Global Governments	4.8%	7.1%	0.13	1.8%
US Government	4.7%	4.9%	0.16	2.4%
Canadian Goverment*	6.2%	10.5%	0.22	2.0%
Euro Government	5.8%	11.8%	0.16	1.2%
UK Government	4.9%	10.0%	0.10	-0.3%
Japanese Government	4.7%	8.9%	0.09	2.8%
Australian Government*	5.5%	11.6%	0.13	0.4%
China Government*	4.0%	4.8%	0.01	4.6%
Global Inflation Linked Bonds	4.6%	8.9%	0.08	2.9%
US TIPS	5.0%	6.0%	0.18	3.5%
Global Investment Grade Credit	6.4%	7.6%	0.32	3.1%
US Investment Grade	6.0%	6.8%	0.31	3.7%
Euro Investment Grade	4.8%	10.9%	0.08	2.2%
UK Investment Grade	7.3%	13.6%	0.25	2.1%
Global High Yield	6.8%	10.1%	0.28	6.3%
US High Yield	6.6%	9.3%	0.29	6.5%
Euro High Yield	7.2%	15.2%	0.22	5.6%
UK High Yield	8.6%	15.7%	0.30	8.1%
US High Yield Loans	7.1%	9.0%	0.36	4.7%
US Fixed Income Sectors				
US MBS	5.3%	4.3%	0.33	2.7%
US Munis	4.5%	5.1%	0.11	3.3%
Emerging Markets Goverments				
Emerging Market Debt-Corp (Hard)*	6.8%	9.9%	0.29	5.5%
Emerging Market Debt-Gov (Hard)*	6.0%	10.4%	0.20	4.2%
Emerging Market Debt-Gov (Local Fx)*	6.9%	12.0%	0.25	4.5%

Source: Franklin Templeton Investment Solutions.