

# Supplemental Information

## Capital Market Assumptions

Historically high stock market returns over the past 30 years can distort and overestimate your account balance at retirement. For this reason we focus on forecasted future market returns; typically lower than even the recent historical market averages.

Our ongoing engagement, specifically the Retirement Readiness Assessment, relies on these forecast and is updated annually.

Asset Class	Expected Return %	Expected Risk %
<b>Inflation:</b> U.S.	2.50	1.52
<b>Cash, Bonds &amp; Fixed Income</b>		
<b>Benchmark:</b> World ex-U.S. Govt Bonds (hedged)	4.00	3.71
U.S. Cash	2.90	0.59
U.S. Short Duration Govt/Credit	3.90	1.58
U.S. Intermediate Treasuries	3.90	3.27
World ex-U.S. Govt. Bonds (USD Hedged)	4.00	3.71
U.S. Aggregate Bond	5.10	4.28
<b>Equities / Stocks</b>		
<b>Benchmark:</b> World Equity	7.80	16.80
Global Convertible Bonds (USD Hedged)	7.90	11.78
U.S. Large Cap	7.00	16.19
EAFE Equity	9.20	17.64
U.S. Mid Cap	7.60	18.13
U.S. Small Cap	7.20	20.44
Emerging Markets Equity	8.80	21.20
Euro Area Large Cap	9.70	22.15

**Note:** All estimates on this page are in U.S. dollar terms. Given the complex risk-reward trade-offs, 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. Exclusive reliance on this information is not advised. This information is not intended as a recommendation to invest in a particular asset class or strategy or as a promise of future performance. These asset class and strategy assumptions are passive only for liquid assets and industry averages (median managers). The assumptions do not consider the impact of active management. Reference to future returns are not promises or even estimates of actual returns portfolio's may achieve. Assumptions, opinion and estimates are provided for illustrative purposes only. Forecasts of financial market trends that are based on current market conditions constitute our judgement and are subject to change without notice. We believe the information provided herein is reliable, but to not warrant its accuracy or completeness. This material is not intended to provide and should not be relied upon for accounting, legal or tax advice.

The Coefficient of Variation (COV) is the ratio of the standard deviation of a data set to the expected mean. Investors use it to determine whether the expected return of the investment is worth the degree of volatility, or the downside risk, that it may experience over time. Higher expected COV indicates the expected return is commensurate with the expected risk.