



T.RowePrice

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Capital Market Assumptions

# **FIVE-YEAR PERSPECTIVE**

## **2024**

U.S. Dollar

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# CURRENCY | U.S. DOLLAR



As of January 2024  
(Figures in U.S. Dollars)

## EXPECTED VOLATILITIES AND CORRELATIONS

Volatility and Correlation Matrix		EXPECTED RETURN (%)	VOLATILITY (%)	EQUITY														FIXED INCOME							
				Global Equity	Global ex-U.S. Equity	DM Equity	DM ex-U.S. Equity	U.S. Large-Cap Equity	U.S. Small-Cap Equity	Canada Equity	Europe Equity	Asia ex-Japan Equity	Japan Equity	EM Equity	China Equity	Real Asset Equity	Global Aggregate	Global Agg. (Hdg)	Global Agg.ex-U.S.	Global Agg. ex-U.S. (Hdg)	Global IG Corporate (Hdg)	Global High Yield	U.S. Cash	U.S. Treasury	
EQUITY	Global Equity	6.5	17.5	1.0																					
	Global ex-U.S. Equity	8.5	19.1	1.0	1.0																				
	DM Equity	6.2	17.2	1.0	1.0	1.0																			
	DM ex-U.S. Equity	8.3	18.7	1.0	1.0	1.0	1.0																		
	U.S. Large-Cap Equity	5.2	16.8	1.0	0.9	1.0	0.9	1.0																	
	U.S. Small-Cap Equity	5.8	21.5	0.9	0.8	0.9	0.9	0.9	1.0																
	Canada Equity	4.8	21.4	0.9	0.9	0.9	0.9	0.9	0.8	1.0															
	Europe Equity	9.3	20.2	1.0	1.0	1.0	1.0	0.9	0.8	0.9	1.0														
	Asia ex-Japan Equity	9.3	20.9	0.9	0.9	0.9	0.9	0.8	0.7	0.8	0.9	1.0													
	Japan Equity	6.9	16.3	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.7	1.0												
	EM Equity	9.3	22.3	0.9	1.0	0.9	0.9	0.8	0.7	0.9	0.9	1.0	0.7	1.0											
	China Equity	8.8	26.3	0.7	0.7	0.6	0.7	0.6	0.5	0.6	0.7	0.9	0.6	0.8	1.0										
	Real Asset Equity	6.3	22.0	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.8	0.7	0.9	0.6	1.0									
FIXED INCOME	Global Aggregate	4.4	6.4	0.3	0.4	0.3	0.4	0.2	0.1	0.3	0.4	0.4	0.2	0.4	0.3	0.4	1.0								
	Global Aggregate (Hdg)	4.2	3.6	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.8	1.0							
	Global Agg. ex-U.S.	3.7	8.7	0.4	0.5	0.4	0.4	0.3	0.2	0.4	0.5	0.5	0.3	0.4	0.3	0.5	1.0	0.6	1.0						
	Global Agg. ex-U.S. (Hdg)	3.4	3.3	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.7	1.0	0.6	1.0					
	Global IG Corporate (Hdg)	5.1	5.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.5	0.6	0.4	0.7	0.7	0.7	0.7	1.0					
	Global High Yield	6.9	11.9	0.9	0.9	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.6	0.9	0.6	0.9	0.4	0.2	0.4	0.1	0.7	1.0			
	U.S. Cash	4.2	0.9	0.0	0.1	0.0	0.1	-0.1	-0.1	0.0	0.1	0.1	0.0	0.1	0.2	0.0	0.2	0.1	0.2	0.1	0.0	-0.1	1.0		
	U.S. Treasury	5.0	5.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.2	-0.3	0.6	0.8	0.4	0.8	0.3	-0.3	0.2	1.0	
	U.S. TIPS	4.2	5.2	0.2	0.2	0.2	0.2	0.2	0.1	0.3	0.2	0.3	0.0	0.3	0.1	0.4	0.6	0.6	0.5	0.5	0.6	0.4	0.1	0.5	
	U.S. Short TIPS	3.7	3.3	0.4	0.4	0.4	0.4	0.4	0.3	0.5	0.4	0.4	0.1	0.5	0.3	0.6	0.4	0.2	0.4	0.1	0.4	0.6	0.2	0.0	
	U.S. IG Corporate	5.7	6.6	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.4	0.5	0.4	0.6	0.8	0.8	0.7	0.7	1.0	0.6	0.0	0.4	
	U.S. Long Credit	4.8	10.6	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.5	0.8	0.8	0.7	0.8	0.9	0.5	0.0	0.5	
	U.S. Long Treasury	3.4	14.0	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.4	-0.4	-0.3	-0.3	-0.4	-0.2	-0.3	0.5	0.8	0.4	0.7	0.3	-0.3	0.1	0.9	
	U.S. Aggregate	5.4	4.2	0.1	0.1	0.0	0.1	0.0	-0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.8	1.0	0.7	0.9	0.7	0.2	0.1	0.9	
	U.S. High Yield	6.9	10.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.6	0.8	0.6	0.9	0.3	0.1	0.3	0.1	0.7	1.0	-0.1	-0.3	
	U.S. Bank Loans	8.0	10.0	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.5	0.7	0.5	0.8	0.1	-0.1	0.1	-0.1	0.5	0.9	-0.1	-0.5	
	U.S. Securitized	5.7	3.4	0.1	0.1	0.0	0.1	0.0	-0.1	0.0	0.1	0.2	0.0	0.1	0.2	0.2	0.7	0.9	0.6	0.8	0.6	0.2	0.2	0.8	
	Canada Bonds	4.5	4.7	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.6	0.9	0.5	0.8	0.6	0.1	0.1	0.8	
	EM Sovereign Local	6.0	11.7	0.7	0.8	0.7	0.7	0.6	0.6	0.7	0.7	0.8	0.6	0.8	0.6	0.8	0.7	0.4	0.7	0.3	0.7	0.7	0.2	0.0	
	EM Sovereign	6.9	9.3	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.5	0.7	0.5	0.8	0.6	0.5	0.6	0.5	0.9	0.8	0.0	0.1	
	EM Corporate	6.8	8.7	0.7	0.8	0.7	0.7	0.7	0.6	0.7	0.7	0.8	0.5	0.8	0.6	0.8	0.5	0.4	0.5	0.3	0.8	0.9	-0.1	0.0	
ALTERNATIVES	Commodities	4.7	19.1	0.6	0.6	0.6	0.6	0.5	0.5	0.8	0.5	0.5	0.4	0.6	0.3	0.7	0.1	-0.3	0.2	-0.3	0.2	0.6	0.0	-0.5	
	Gold	-0.4	14.1	0.1	0.2	0.1	0.2	0.0	0.0	0.3	0.2	0.3	0.1	0.3	0.2	0.3	0.6	0.4	0.6	0.3	0.4	0.2	0.3	0.4	
	REITs	7.4	22.1	0.7	0.7	0.8	0.7	0.8	0.8	0.7	0.7	0.6	0.5	0.6	0.4	0.8	0.3	0.2	0.3	0.2	0.5	0.7	-0.1	-0.2	
	Distressed Debt	9.9	17.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.6	0.8	0.5	0.8	0.2	0.0	0.3	0.0	0.6	0.9	-0.1	-0.4	
	CLOs Senior	4.9	2.2	0.5	0.5	0.5	0.5	0.6	0.5	0.4	0.5	0.4	0.5	0.4	0.2	0.5	0.2	0.2	0.3	0.2	0.5	0.5	-0.1	-0.2	
	CLOs	6.5	10.5	0.5	0.5	0.6	0.5	0.6	0.6	0.5	0.5	0.4	0.5	0.4	0.3	0.5	0.2	0.1	0.2	0.1	0.5	0.5	-0.2	-0.2	
	Hedge Funds	6.7	8.5	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.7	0.8	0.1	0.0	0.2	-0.1	0.5	0.8	0.0	-0.4	
	Private Credit	9.0	12.2	0.7	0.6	0.7	0.6	0.7	0.7	0.7	0.6	0.6	0.4	0.6	0.4	0.7	0.0	-0.2	0.0	-0.2	0.3	0.7	-0.1	-0.5	
	Global Private Real Estate	7.8	15.5	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.1	0.4	-0.1	-0.1	-0.1	-0.1	0.1	0.3	-0.1	-0.2
Private Equity	7.8	22.0	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.7	0.6	0.8	0.6	0.7	0.1	-0.1	0.2	-0.2	0.4	0.7	0.0	-0.5		

The forecasts contained herein are for illustrative purposes only and are not indicative of future results.

Past performance is not a reliable indicator of future results.

Hdg = Hedged currency treatment. EM = Emerging Markets. DM = Developed Markets.

Sources: Bloomberg Index Services Limited, Cambridge Associates, Cliffwater, FTSE/Russell, HFR, ICE BofA, J.P. Morgan Chase & Co., MSCI, NCREIF, and S&P.

Please see Additional Disclosures for further source information. Please see Reference Indexes for a representative list of indexes.

For more information on the methodology of the capital market assumptions, please visit [www.troweprice.com/cma-methodology](http://www.troweprice.com/cma-methodology).

# CURRENCY | U.S. DOLLAR



As of January 2024  
(Figures in U.S. Dollars)

## EXPECTED VOLATILITIES AND CORRELATIONS (CONTINUED)

Volatility and Correlation Matrix		FIXED INCOME													ALTERNATIVES										
		U.S. TIPS	U.S. Short TIPS	U.S. IG Corporate	U.S. Long Credit	U.S. Long Treasury	U.S. Aggregate	U.S. High Yield	U.S. Bank Loans	U.S. Securitized	Canada Bonds	EM Sovereign Local	EM Sovereign	EM Corporate	Commodities	Gold	REITs	Distressed Debt	CLOs Senior	CLOs	Hedge Funds	Private Credit	Global Private Real Estate	Private Equity	
EQUITY	Global Equity																								
	Global ex-U.S. Equity																								
	DM Equity																								
	DM ex-U.S. Equity																								
	U.S. Large-Cap Equity																								
	U.S. Small-Cap Equity																								
	Canada Equity																								
	Europe Equity																								
	Asia ex-Japan Equity																								
	Japan Equity																								
	EM Equity																								
	China Equity																								
Real Asset Equity																									
FIXED INCOME	Global Aggregate																								
	Global Aggregate (Hdg)																								
	Global Agg. ex-U.S.																								
	Global Agg. ex-U.S. (Hdg)																								
	Global IG Corporate (Hdg)																								
	Global High Yield																								
	U.S. Cash																								
	U.S. Treasury																								
	U.S. TIPS	1.0																							
	U.S. Short TIPS	0.8	1.0																						
	U.S. IG Corporate	0.6	0.4	1.0																					
	U.S. Long Credit	0.6	0.2	1.0	1.0																				
	U.S. Long Treasury	0.5	-0.1	0.4	0.6	1.0																			
	U.S. Aggregate	0.7	0.3	0.8	0.8	0.8	1.0																		
	U.S. High Yield	0.4	0.5	0.6	0.5	-0.3	0.2	1.0																	
	U.S. Bank Loans	0.3	0.5	0.4	0.2	-0.5	-0.1	0.9	1.0																
	U.S. Securitized	0.7	0.4	0.7	0.7	0.7	0.9	0.2	0.0	1.0															
Canada Bonds	0.6	0.2	0.7	0.7	0.8	0.9	0.1	-0.1	0.7	1.0															
EM Sovereign Local	0.4	0.4	0.6	0.6	-0.1	0.4	0.7	0.5	0.3	0.2	1.0														
EM Sovereign	0.6	0.6	0.8	0.7	0.1	0.5	0.8	0.7	0.5	0.5	0.8	1.0													
EM Corporate	0.5	0.6	0.8	0.6	-0.1	0.4	0.9	0.8	0.4	0.4	0.8	0.9	1.0												
ALTERNATIVES	Commodities	0.2	0.5	0.1	0.0	-0.5	-0.2	0.6	0.6	-0.2	-0.3	0.4	0.4	0.4	1.0										
	Gold	0.6	0.5	0.4	0.4	0.3	0.5	0.2	0.1	0.5	0.4	0.5	0.4	0.3	0.3	1.0									
	REITs	0.2	0.3	0.5	0.4	-0.2	0.1	0.7	0.6	0.2	0.1	0.5	0.6	0.6	0.4	0.1	1.0								
	Distressed Debt	0.2	0.4	0.5	0.4	-0.4	0.0	1.0	0.9	0.1	0.0	0.6	0.7	0.8	0.6	0.1	0.7	1.0							
	CLOs Senior	0.2	0.2	0.4	0.4	-0.2	0.1	0.5	0.4	0.0	0.2	0.4	0.6	0.5	0.3	0.1	0.3	0.4	1.0						
	CLO	0.2	0.3	0.4	0.4	-0.2	0.1	0.5	0.4	0.0	0.2	0.4	0.6	0.5	0.3	0.1	0.3	0.4	0.9	1.0					
	Hedge Funds	0.2	0.4	0.4	0.3	-0.4	0.0	0.8	0.7	0.0	0.0	0.6	0.7	0.7	0.6	0.1	0.5	0.7	0.5	0.6	1.0				
	Private Credit	0.2	0.5	0.3	0.1	-0.5	-0.2	0.8	0.8	-0.1	-0.1	0.4	0.6	0.6	0.6	0.1	0.5	0.7	0.5	0.5	0.8	1.0			
	Global Private Real Estate	0.2	0.3	0.0	0.0	-0.1	-0.1	0.4	0.4	0.0	-0.1	0.1	0.2	0.2	0.3	0.0	0.5	0.4	0.0	0.0	0.3	0.5	1.0		
	Private Equity	0.1	0.4	0.3	0.2	-0.5	-0.1	0.7	0.7	-0.1	-0.1	0.5	0.6	0.6	0.6	0.1	0.5	0.7	0.5	0.5	0.8	0.7	0.4	1.0	

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Past performance is not a reliable indicator of future results.

Hdg = Hedged currency treatment. EM =Emerging Markets. DM = Developed Markets.

Sources: Bloomberg Index Services Limited, Cambridge Associates, Cliffwater, FTSE/Russell, HFR, ICE BofA, J.P. Morgan Chase & Co., MSCI, NCREIF, and S&P. Please see Additional Disclosures for further source information. Please see Reference Indexes for a representative list of indexes.

For more information on the methodology of the capital market assumptions, please visit [www.troweprice.com/cma-methodology](http://www.troweprice.com/cma-methodology).



## REFERENCE INDEXES

	ASSET CLASS	REPRESENTATIVE INDEX
EQUITY	Global Equity	MSCI ACWI Index
	Global ex-U.S. Equity	MSCI ACWI ex-USA Index
	Developed Market (DM) Equity	MSCI World Index
	Developed Market (DM) ex-U.S. Equity	MSCI World ex-USA Index
	U.S. Large-Cap Equity	Russell 1000 Index
	U.S. Small-Cap Equity	Russell 2000 Index
	Canada Equity	S&P/TSX Composite Index
	Europe Equity	MSCI Europe Index
	Asia ex-Japan Equity	MSCI Asia ex-Japan Index
	Japan Equity	MSCI Japan Index
	Emerging Markets (EM) Equity	MSCI Emerging Markets Index
	China Equity	MSCI China Index
	Real Asset Equity	S&P Real Assets Index
FIXED INCOME	Global Aggregate	Bloomberg Global Aggregate Index
	Global Aggregate (Hdg)	Bloomberg Global Aggregate (Hdg) Index
	Global Aggregate ex-U.S.	Bloomberg Global Aggregate ex-U.S. Index
	Global Aggregate ex-U.S. (Hdg)	Bloomberg Global Aggregate ex-U.S. (Hdg) Index
	Global Investment Grade (IG) Corporate (Hdg)	Bloomberg Global-Aggregate Corporate (Hdg) Index
	Global High Yield	Bloomberg Corporate High Yield Index
	U.S. Cash	Bloomberg 1-3M Treasury Bills Index
	U.S. Treasury	Bloomberg U.S. Treasury Index
	U.S. TIPS	Bloomberg Global Inflation-Linked U.S. TIPS Index
	U.S. Short TIPS	Bloomberg Global Inflation-Linked 1-5 Year U.S. TIPS Index
	U.S. Investment Grade (IG) Corporate	Bloomberg U.S. Aggregate Corporate Index
	U.S. Long Credit	Bloomberg U.S. Long Credit Index
	U.S. Long Treasury	Bloomberg U.S. Long Treasury Index
	U.S. Aggregate	Bloomberg U.S. Aggregate Bond Index
	U.S. High Yield	Bloomberg U.S. Corporate High Yield Index
	U.S. Bank Loans	S&P/LSTA Leveraged Performing Loan Index
	U.S. Securitized	Bloomberg U.S. Securitized Index
	Canada Bonds	Bloomberg Canada Aggregate Index
	Emerging Markets (EM) Sovereign Local	JP Morgan GBI – EM Global Diversified Index
	Emerging Markets (EM) Sovereign	JP Morgan EMBI Global Diversified Index
	Emerging Markets (EM) Corporate	JP Morgan CEMBI Index
ALTERNATIVES	Commodities	Bloomberg Commodity Index
	Gold	S&P GSCI Gold Total Return Index
	REITs	FTSE EPRA/NAREIT Developed Index
	Distressed Debt	ICE BofA CCC & Lower Index
	CLOs - Senior	Palmer Square Senior CLO Debt Index
	CLOs	Palmer Square CLO Debt Index
	Hedge Funds	HFRI Fund of Funds Composite Index
	Private Credit	Cliffwater Direct Lending Index
	Global Private Real Estate	NCREIF Property Index
	Private Equity	Cambridge Associates LLC Global Private Equity Index

Hdg = Hedged currency treatment.





## Key Risks

Forecasts are based on subjective estimates about market environments that may never occur. Some of the factors that could impact these forecasts include, but are not limited to:

- Political and economic conditions
- Performance of financial markets
- Interest rate levels
- Changes to laws or regulations

Investments in equities are subject to the volatility inherent in equity investing, and their value may fluctuate more than investing in income-oriented securities. Certain asset classes are subject to sector concentration risk and are more susceptible to developments affecting those sectors than broader classes. Investment in small companies involves greater risk than is customarily associated with larger companies, since small companies often have limited product lines, markets, or financial resources. Transactions in securities denominated in foreign currencies are subject to fluctuations in exchange rates, which may affect the value of an investment. Debt securities could suffer an adverse change in financial condition due to a ratings downgrade or default, which may affect the value of an investment. Investments in high yield involve a higher element of risk. Investments in less developed regions can be more volatile than other, more developed markets due to changes in market, political, and economic conditions. Investments are less liquid than those that trade on more established markets.

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