

Return and Risk Expectations

	Asset Class	Current (June 2007) Expected Return (Total Return Per Year)	Expected Risk (Standard Deviation of Annual Returns)
1	U.S. large cap stocks	10.90%	20.0%
2	U.S. small cap stocks	12.90%	28.0%
3	UK stocks	10.85%	24.0%
4	Euro area stocks	11.10%	27.0%
5	Japan stocks	13.00%	32.0%
6	Emerging market stocks	15.00%	34.0%
7	Venture capital	16.00%	36.0%
8	Real estate	7.50%	17.0%
9	Commodities futures	9.00%	23.0%
10	Intermediate-term Treasuries	5.15%	6.0%
11	Long-term Treasuries	5.25%	10.0%
12	TIPS (inflation-indexed)	5.10%	6.0%
13	Long-term corporate bonds	5.60%	9.0%
14	High-yield bonds	8.00%	12.0%
15	Mortgage-backed bonds	6.30%	5.0%
16	Foreign investment-grade bonds	4.90%	13.0%
17	Emerging market sovereign debt	7.40%	20%
	Treasury-bills	5.00%	
	Inflation	2.50%	