

Long-Term Strategic Outlook

Survey of capital market assumptions from 39 investment advisers

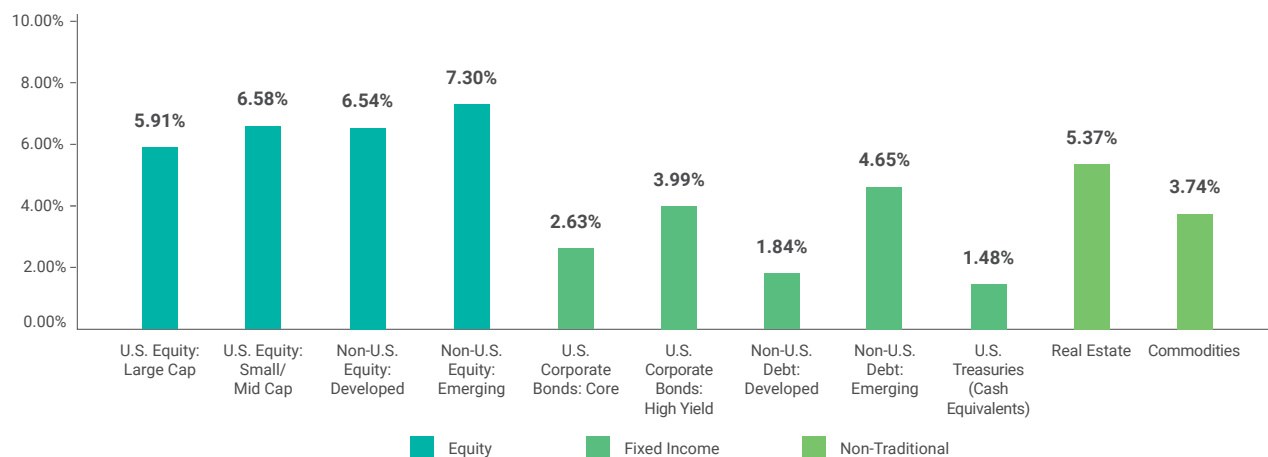
Key Takeaways

Importance of long-term strategic asset allocation. While expected returns for certain asset classes may be different in the short term versus over the long term, expectations over a long-term horizon are generally the basis for strategic asset allocation decisions.

In general, expected returns have declined in recent years. Many investment advisers believe that future investment returns won't be as high as they have been historically, citing various reasons such as increased equity prices, tightening credit spreads, and the persistence of historically low interest rates.

Variable annuities may help meet retirement and other income goals. Variable annuities provide investment options clients may choose from to potentially grow their retirement savings, depending on market performance.¹ They may also offer other features, like an optional rider at an additional cost, that can provide living benefits such as guaranteed income for life, regardless of market performance.

Capital market assumptions of 10-year total average returns from investment advisers²



¹ Variable annuities are long-term investments designed for retirement purposes. Variable annuities and optional living benefit riders have limitations, exclusions, charges, termination provisions, and terms for keeping them in force. Withdrawal charges may apply. There is no guarantee that any of the variable investment options will meet their stated goals or objectives. Living benefit riders are optional for an additional cost. Restrictions and conditions apply. Guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.

² This graph represents a survey of Capital Market Assumptions (August 2022) from Horizon Actuarial Services, LLC. The survey includes assumptions from 39 different investment firms. Included are average survey assumptions for expected returns over a 10-year horizon using geometric returns. The return expectations are based on indexed returns and do not reflect any fees or additional returns that may be earned due to active asset managers outperforming the market, net of investment expenses. This survey is not intended to be a substitute for the expectations of individual portfolio managers, financial professionals, or actuaries performing their own independent analyses. Horizon Actuarial Services, LLC is an independent consulting firm specializing in providing actuarial and consulting services to multi-employer benefit plans. Horizon Actuarial does not provide investment, legal, or tax advice. Past performance does not guarantee future results.

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³ Ranked by 2021 admitted assets. Best's Review®: Top 200 U.S. Life/Health Insurers. A.M. Best, 2022.

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