
Behind the Scenes: Callan's Annual Capital Market Projections

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The capital market projections are a set of expectations for the capital markets; so, return, risk, and correlation for each of the broad asset classes. We use them to help our clients think about planning for the long term . . . how their portfolio will behave under a set of expectations that are shaped by knowledge, by history, and by opinion looking forward.

The team that helps put the capital market projections together is, oddly enough, the Capital Markets Research Group. It includes me as well as five other highly trained, sophisticated, experienced individuals with degrees in mathematics and engineering as well as MBA and CFA designations. Together we spend a lot of time examining data, looking at history, evaluating what others are projecting and thinking about, and then bringing the information together for discussion purposes. We spend a lot of time taking it apart and putting it back together and making sure it makes a lot of sense both to us and for our clients.

Then, as part of the process we take it through an internal review, the Client Policy Review Committee, where we make sure that Callan owns these expectations. They're not just the province of the Research Group. After that, they become Callan's expectations for the next five to 10-year period for all of our clients.

Note: This is not a word for word transcript, it has been edited for readability.