



Alternative Investing

How Did We Get Here? A Brief History of Expected Returns Formation

Understanding Return Expectations, Part 4

June 20, 2025

Part 4 of the series presents our history of expectation formation: How have investors formed long-run return expectations over time, and how have academics perceived that investors do it, or ought to do it?

A better awareness of this history – and the way market outcomes have reshaped thinking over the decades – helps investors to make sense of prevailing expectations at any point in time, including the present day, and to gauge the implications for their portfolios.

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