MARKET PULSE

MACRO VIEWS

COVID-19: The spread of the Delta virus variant has led to renewed case growth across much of the euro area and EM, and now represents more than 83% of all US cases. While this could lead to a slower global reopening and poses greater risk in countries with low vaccination rates, we expect a more limited impact on global growth than previous waves as the commensurate increase in hospitalizations has not materialized.

Growth: Our global GDP growth forecasts of 6.3% in 2021 and 4.8% in 2022 remain optimistic, though balanced. On the positive side, the US job market recovery is accelerating, European PMIs continue to surprise to the upside, and COVID-19 fatalities are near the lowest levels of 2021. On the negative side, US demand growth has slowed since March's surge in activity, post-pandemic labor and goods sector shortages are weighing on output, and the spread of variants are offsetting vaccination-related progress.

Inflation: Driven by a combination of low base effects, resurgent demand, and global supply chain disruptions, price spikes and production delays have hallmarked the unevenness of reopening. While temporary, we still expect 2021 headline CPI to average 4.3% in the US and 2.0% in the euro area.

Federal Reserve: Market anxiety over peak growth and the Delta variant, expressed by the decline in Treasury yields, has strengthened the case against pulling back accommodation preemptively. We expect the first hint on tapering in September, if the labor market accelerates from here. Fed officials have said that they intend to signal tapering "well in advance," with precedent suggesting two meetings worth of hints.

MARKET VIEWS

Equities: The S&P 500 Index ended July up 95% from its 2020 low. From here, we think equities can continue to grind higher, driven more by continued economic expansion, growing earnings and loose financial conditions, and less by multiple expansion and stimulus. Investors' demand for sustainable profitability will reinforce investing in megatrends with selectivity being key.

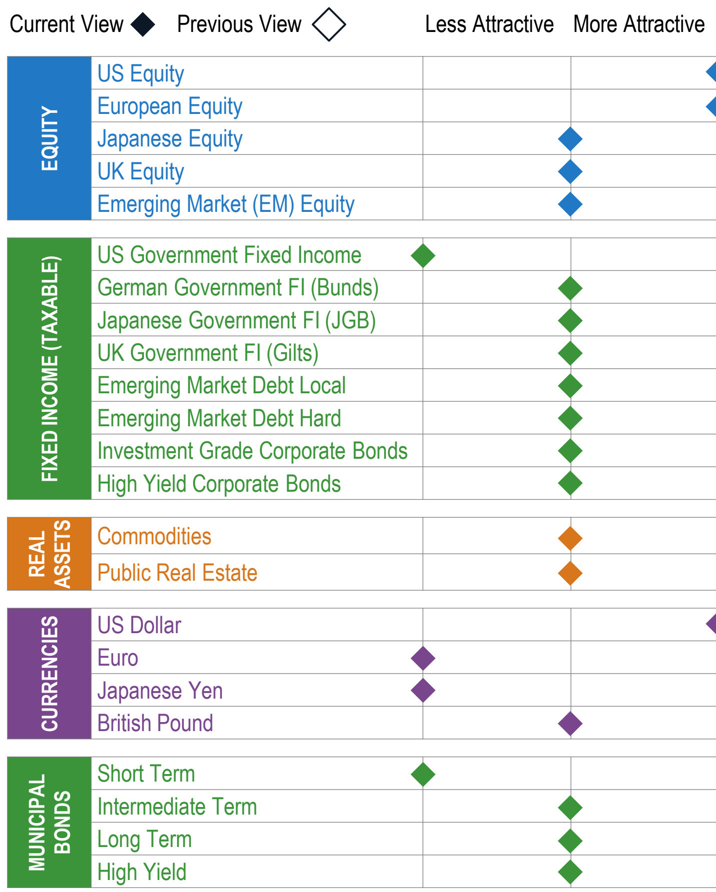
US Rates: We think Treasury yields will re-steepen in the coming months to levels more consistent with fundamentals (~1.6% on the 10-Year), especially if our expectations prove correct that severe COVID-19 cases remain low, the labor market approaches full employment (4.1% on the U-3 rate by year end), and a ~$3 trillion reconciliation bill passes in Q4.

Credit: The macro environment of strong but decelerating growth remains supportive for credit, though low spread levels may mean more return prospects from carry and roll rather than further compression. We expect the rotation from high yield bonds to leveraged loans to continue as the latter offers lower duration, better dollar prices, and higher quality for a minimal loss in yield.

Commodities: Rising Delta variant cases may pose demand-side risks for commodities as economies evaluate reinstituting COVID-19 restrictions. Nonetheless, we believe structural drivers will keep the broader commodity complex in a deficit that may persist for multiple years.

Volatility: Elevated valuations amid peaking growth and fading policy support suggest that equity markets are due for a pullback. However, improving corporate earnings, rebounding manufacturing, and still above-trend growth may sustain higher prices for longer.

ASSET CLASS VIEWS[1]



ASSET CLASS FORECASTS[2]

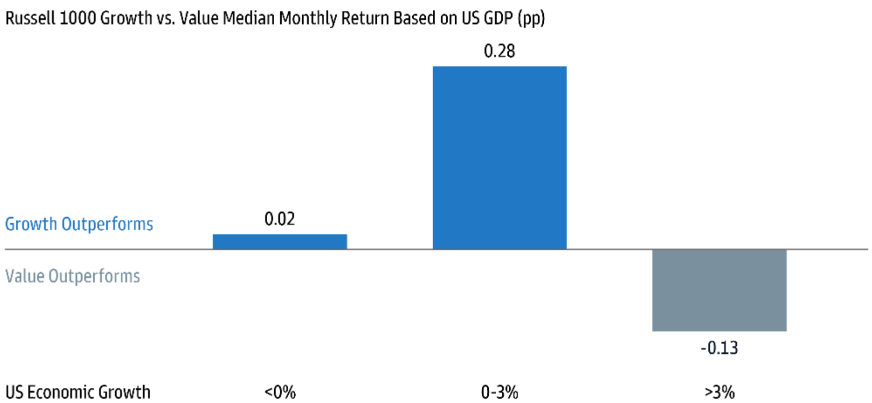
	Current	3m	12m	% Δ to 12m
S&P 500 ($)	4437	4550	4800	8.2
STOXX Europe (€)	470	460	480	2.1
MSCI Asia-Pacific Ex-Japan ($)	662	670	730	10.2
TOPIX (¥)	1929	2050	2175	12.7
10-Year Treasury	1.2	1.4	1.6	36.9 bp
10-Year Bund	(0.5)	0.0	0.0	45.6
10-Year JGB	0.0	0.3	0.3	28.7
Euro (€/$)	1.18	1.20	1.25	6.3
Pound (£/$)	1.39	1.36	1.42	2.4
Yen ($/¥)	110.3	110	106	(3.9)
Brent Crude Oil ($/bbl)	70.7	75.0	75.0	6.1
London Gold ($/troy oz)	1763	2000	2000	13.4

Source: Goldman Sachs Global Investment Research and Goldman Sachs Asset Management as of July 2021. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. Goldman Sachs does not provide accounting, tax or legal advice. Please see additional disclosures at the end of this presentation. **Past performance does not guarantee future results, which may vary.**

In-and-out of style

The value surge has been fueled by three global macro dynamics—economic growth, inflation, and rates. We expect this outperformance to resume before conditions start to favor growth as recovery impulses fade in 2022. Despite anticipating this leadership change, we think the forward trajectory will likely introduce frequent episodic style reversions. We believe that active ownership of both styles remains the best approach to broadening upside participation while also improving the balance of risk and reward for investors.

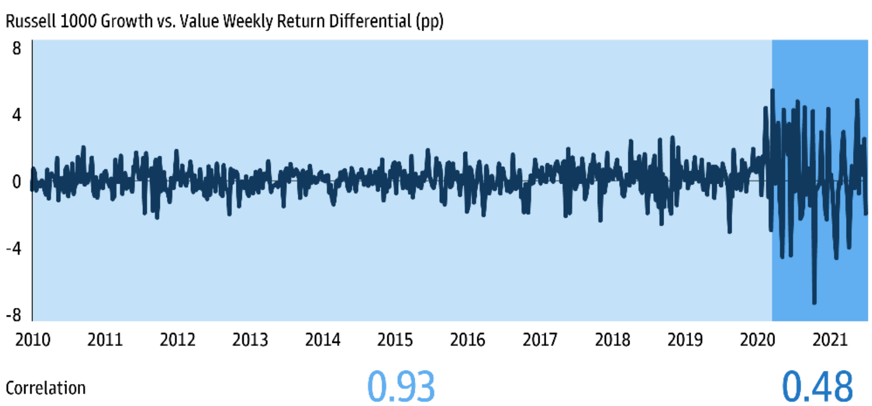
MACRO RECOVERY SHOULD DRIVE VALUE STRENGTH…



Value performance since the start of the year has been catalyzed by global reopening effects, with economic growth, inflation, and rates at levels typically favorable for value equities. We think these tailwinds may support value strength through 2022, especially if valuation remains cheap relative to growth. As we move past peak recovery, we expect style leadership to become much more episodic.

Source: Goldman Sachs Global Investment Research and Goldman Sachs Asset Management

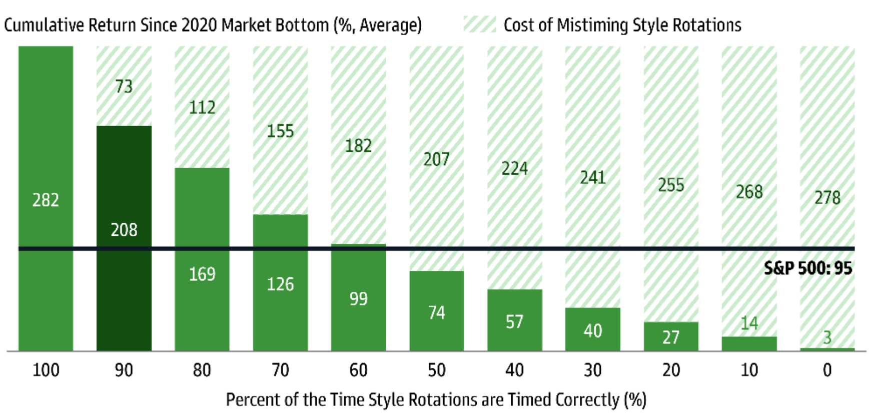
…THOUGH STYLES ARE PRONE TO SHARP REVERSALS…



Since the market bottom, style returns have become more extreme and less likely to co-trend. A lookback at return differentials between growth and value shows that the performance gap has widened and the return correlation has halved. Under these conditions, we see two major takeaways: 1) with time, volatile performance swings will likely revert to trend; and 2) while successful style rotation may be most accretive to alpha generation today, the cost of mistiming can present a sizeable portfolio drag.

Source: Bloomberg and Goldman Sachs Asset Management.

…AND THE HURDLE TO CORRECTLY TIMING STYLE ROTATIONS APPEARS HIGH



Our analysis shows that in order to outpace market performance through timing style rotations, an investor would have to be right ~60% of the time, on average. Even still, outcomes may vary widely. For example, an investor with a near-perfect ability to time style reversals may still give up 73pp of possible returns for mistiming just 10% of rotations. We believe active risk can better serve investors at the security rather than style level.

Source: Bloomberg and Goldman Sachs Asset Management.

Top Section Notes: As of June 30, 2021. US economic growth refers to Goldman Sachs US Current Activity Indicator (CAI), a monthly data proxy for US GDP growth. Data based on monthly values from January 1980 to June 2021. Middle Section Notes: As of July 31, 2021. Correlations are calculated based on return differentials between growth-style equities and value-style equities. Bottom Section Notes: As of July 31, 2021. Cumulative return reflects weekly return since week ending March 27, 2020 through week ending July 31, 2021, based on Russell 1000 Value and Russell 1000 Growth performances. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. Please see additional disclosures at the end of this document.

Important Information

1. Asset Class Views for equities, credits, sovereigns, real assets, and currencies are provided by Goldman Sachs Asset Management Multi-Asset Solutions. Views for municipal bonds are provided by Goldman Sachs Asset Management Fixed Income. The views expressed herein are as of July 2021 and subject to change in the future. Individual portfolio management teams for Goldman Sachs Asset Management may have views and opinions and/or make investment decisions that, in certain instances, may not always be consistent with the views and opinions expressed herein.
2. Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. Source: "Global equities gained 1.0%; Equity market sentiment improved" – 08/09/2021.

Page 1 Definitions:

Brent crude oil is a common international benchmark for oil prices.

COVID-19 refers to the illness induced by the 2019 novel coronavirus.

CPI refers to the consumer price index.

EM refers to emerging markets.

Fed refers to the Federal Reserve.

GDP refers to gross domestic product.

Inflation is a general rise in the price level in an economy over a period of time, resulting in a sustained drop in the purchasing power of money.

HY refers to high yield.

PMI refers to Purchasing Managers' Index.

Volatility is a measure of variation of a financial instrument's price, often measured by standard deviation.

U-3 rate refers to the most commonly cited US unemployment rate, which is based on the number of people who are jobless but actively seeking employment.

YE refers to 2021 year end.

Page 2 Definitions:

Middle Section Notes: Correlation of 0.93 is derived from the weekly returns of Russell 1000 Growth versus Russell 1000 Value using the time range January 1, 2010 – March 6, 2020. Correlation of 0.48 is derived using the same index weekly returns from time range March 13, 2020 through July 30, 2021.

Bottom Section Notes: Cumulative return is calculated based on the proportion of weeks since the 2020 market bottom that an investor can correctly identify the outperforming equity style. Analysis shows the degree in which cumulative returns may vary based on the proportion of weeks where style timing was correctly identified, as displayed in 10pp increments along the x-axis. Average scenario assumes that 50% of style mistiming (e.g., selecting the underperforming equity style) occurred when the style return differentials are the smallest and 50% of the time when the style return differentials are the greatest.

Glossary

The MSCI AC Asia Pacific ex Japan Index captures large and mid cap representation across 4 of 5 Developed Markets countries and 8 Emerging Markets countries in the Asia Pacific region.

The unmanaged MSCI EAFE Index (unhedged) is a market capitalization weighted composite of securities in 21 developed markets.

The MSCI Emerging Markets Equity Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 434 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

The MSCI Japan Index represents 8% of the MSCI World Index. It is designed to measure the performance of the large and mid-cap segments and aims to represent ~85% of the Japanese market.

The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 627 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

The Russell 1000 Growth Index is an index that measures the performance of the large-cap growth segment of the U.S. equity universe.

The Russell 1000 Value Index is an unmanaged index of common stock prices that measures the performance of the large-cap value segment of the US equity universe.

The S&P 500 Index is the Standard & Poor's 500 Composite Stock Prices Index of 500 stocks, an unmanaged index of common stock prices. The index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.

The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index.

The Tokyo Price Index (TOPIX) is a metric for stock prices on the Tokyo Stock Exchange (TSE). A capitalization-weighted index, TOPIX lists all firms that have been determined to be part of the "first section" of the TSE.

The 10-Year US Treasury Bond is a US Treasury debt obligation that has a maturity of 10 years.

Indices are unmanaged. The figures for the index reflect the reinvestment of all income or dividends, but do not reflect the deduction of any fees or expenses which would reduce returns. Investors cannot invest directly in indices.

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Investments in fixed income securities are subject to the risks associated with debt securities generally, including credit, liquidity, interest rate, call and extension risk.

A 10-Year Treasury is a debt obligation backed by the United States government and its interest payments are exempt from state and local taxes. However, interest payments are not exempt from federal taxes.

The above are not an exhaustive list of potential risks. There may be additional risks that should be considered before any investment decision.

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