MARKET PULSE

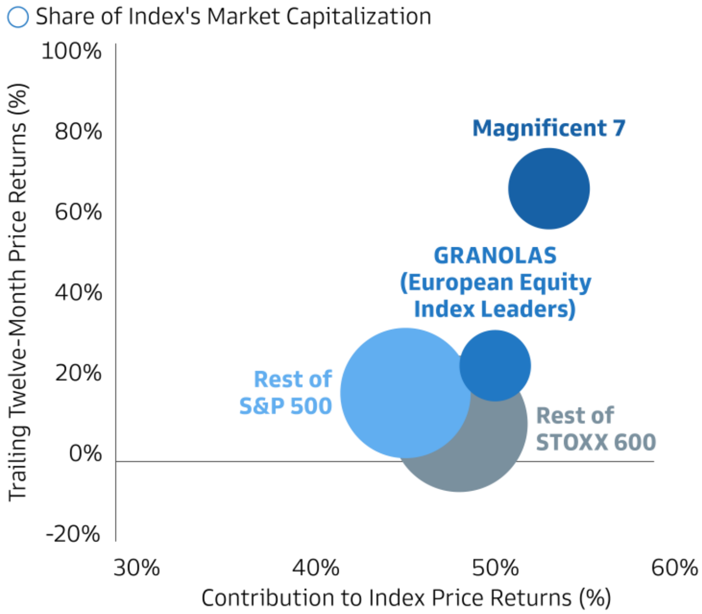
MACRO VIEWS

MANUFACTURING: Depressed manufacturing activity has been driven by inventory destocking that corrected for an overshoot in 2022, a shift in consumer spending from goods to services, and weak growth in China. In the US specifically, ISM manufacturing activity has contracted for 16 consecutive months, its third longest streak on record. With that said, we believe manufacturing activity has troughed and is poised for a rebound due to 1) resilient global growth, 2) impending monetary easing, and 3) increasing new orders.

GROWTH: International economic growth stalled in the second half of 2023, with both Japan and the UK entering technical recessions. Regarding the former, rising tourism and our expectation of higher wages coming out of Shunto Wage Negotiations may provide a boost to consumption and in turn, demand-led inflation. Rising demand alongside corporate reform aimed at improving the financial positions of Japanese corporations should have stronger influence over future equity market performance than recent growth weakness, in our view.

MONETARY POLICY: The US has experienced a slight delay in disinflation, though we believe this reflects the lagged effects of strong wage growth in 2023, which may fade in coming months. With that said, FOMC members have expressed more concern about the risk of reflation than potentially weak growth caused by overly restrictive rates. As such, GIR now expects the Fed to deliver its first rate cut in June (previously May). A similar bias remains among BoE officials, informing GIR's expectation of the first bank rate cut to also be delivered in June.

CHART OF THE MONTH[1]



MARKET VIEWS

EUROPEAN EQUITIES: The GRANOLAS, eleven companies that have exhibited strong earnings growth, high & relatively stable margins, and low volatility, contributed to over 50% of the STOXX 600 performance over the past twelve months, comparable to the Magnificent 7's contribution to S&P 500 returns. The GRANOLAS have historically offered better risk-adjusted returns than the Magnificent 7 and are currently priced at a 30% P/E discount. We expect both mega-cap baskets to deliver strong performance in the short and medium term.

US EQUITIES: The current earnings season highlights ongoing fundamental strength of the Magnificent 7 stocks; EPS has grown by 60% year-over-year for these seven names, versus a modest EPS contraction for the rest of the S&P 500. Accordingly, GIR has raised their year-end S&P 500 price target to 5200 on the back of a stronger 2024 EPS estimate of $241 (previously $237), reflecting 8% year-over-year growth.

RATES: Short-end rates may remain stickier than previously expected given the Fed's recent hawkish bias, though we believe that longer-dated fixed income is poised to outperform cash in the near-term. Investors waiting for a signal, such as the dis-inversion of the yield curve, may be disappointed, as intermediate yields have historically fallen prior to such dis-inversions. In turn, we favor neutral portfolio duration positioning.

SMALL CAPS: We expect small cap performance to be robust in the next twelve months, barring a US recession. The Russell 2000 has historically outperformed the S&P 500 in US presidential election years by a median of 7 pp. Additionally, monetary easing has historically benefitted smaller, more financially-levered companies, with small caps outperforming large caps by 11 pp in the 12 months following the Fed's first policy rate cut.

ASSET CLASS FORECASTS[2]

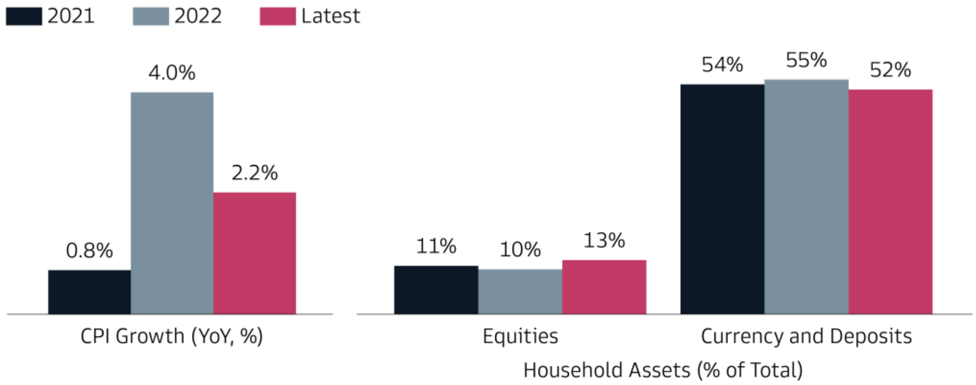
	Current	3m	12m	% Δ to 12m
EQUITIES				
S&P 500 ($)	5137	5000	5200	1.2
STOXX Europe (€)	498	490	510	2.5
MSCI Asia-Pacific Ex-Japan ($)	527	520	560	6.2
TOPIX (¥)	2709	2800	2900	7.0
RATES				
10-Year Treasury	4.2	3.8	4.0	-19 bp
10-Year Bund	2.4	2.1	2.0	-41 bp
10-Year JGB	0.7	0.8	0.9	19 bp
CURRENCIES				
Euro (€/$)	1.08	1.08	1.12	3.4
Pound (£/$)	1.27	1.28	1.35	6.7
Yen ($/¥)	150	145	140	-6.8
REAL ASSETS				
Brent Crude Oil ($/bbl)	83.6	85	80	-4.3
London Gold ($/troy oz)	2074	2065	2175	4.9

Source: GS Global Investment Research (GIR) and Goldman Sachs Asset Management. As of February 2024. "We" refers to Goldman Sachs Asset Management. The Macro and Market Views expressed may differ from those of GIR and other divisions of Goldman Sachs and its affiliates. See page 4 for additional disclosures. The economic and market forecasts presented herein are for informational purposes as of the date of this document. There can be no assurance that the forecasts will be achieved. **Past performance does not guarantee future results, which may vary.**

Around the World

Equity markets today offer a balanced opportunity set regionally relative to the last market cycle, in our view, as key US indices have pulled forward optimistic investor expectations of lower inflation and resilient growth. With that said, we believe investing abroad should not be done with a broad brush, as we find that each region is home to unique prospects and challenges. Taking a trip around the world, we highlight trends that may drive future performance in three key regions: Japan, Europe, and India.

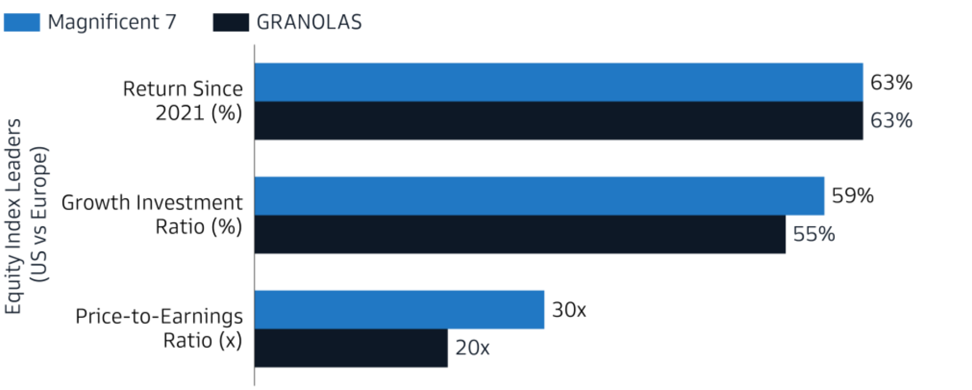
JAPAN: AMPLE BUYING POWER



Inflation has been a burden for many economies over the last couple of years. For Japan however, it is a welcome development after deflationary pressures of prior decades have entrenched a conservative approach among domestic investors, with Japanese household equity participation still near just 10%. Declining real yields on cash investments alongside renewed equity market tax incentives for retail investors may serve as catalysts for a new source of flows into Japanese equities.

Source: Bloomberg, BoJ, and Goldman Sachs Asset Management.

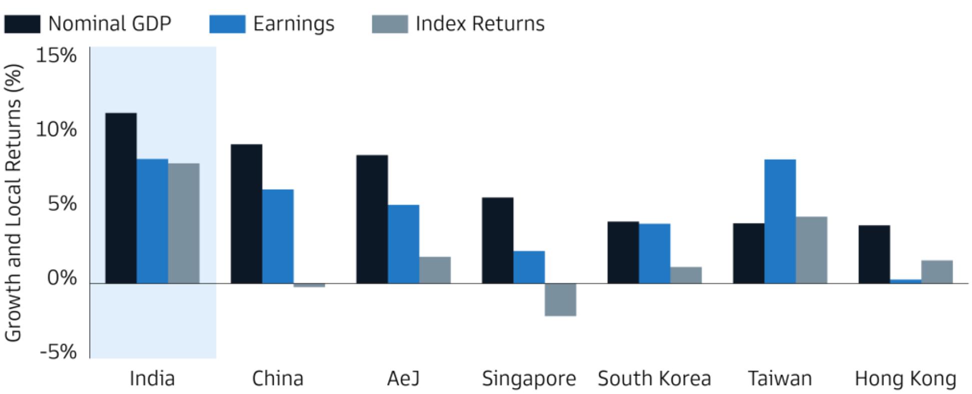
EUROPE: QUALITY GROWTH COMPOUNDERS



Similar to the US, Europe's equity market has been dominated by a handful of companies: the GRANOLAS. This group of 11 stocks drove over 50% of STOXX 600 returns last year and has delivered the same performance as the Magnificent 7 since 2021, with roughly half of the volatility. These quality growth compounders have promising characteristics, investing 3x more in their future growth than the rest of market while trading at a reasonable 20x price-to-earnings ratio.

Source: Goldman Sachs GIR and Goldman Sachs Asset Management.

INDIA: GETTING WHAT YOU PAY FOR



The BSE Sensex justifiably trades at a slight premium to its 10-year average, in our opinion. Rising income levels, favorable demographics, and government capex spending are a few measures which may support strong economic growth in the coming years. Importantly, over the last decade, India has been one of the few emerging markets that has demonstrated a tight relationship between economic growth and market returns, suggesting strong expected future growth may translate to further index gains.

Source: MSCI, FactSet, and Goldman Sachs Asset Management.

"We" refers to Goldman Sachs Asset Management. Top Section Notes: Source: Bloomberg, Bank of Japan, and Goldman Sachs Asset Management. As of February 27, 2024. Middle Section Notes: Source: Goldman Sachs Global Investment Research and Goldman Sachs Asset Management. As of February 12, 2024. "GRANOLAS" refers to the 11 largest European companies by market capitalization. Bottom Section notes: Source: MSCI, FactSet, and Goldman Sachs Asset Management. As of January 23, 2024. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that forecasts will be achieved. Please see additional disclosures at the end of this presentation. **Past performance does not guarantee future results, which may vary.**

Important Information

1. Chart Source: Bloomberg, Goldman Sachs Global Investment Research, and Goldman Sachs Asset Management. As of February 27, 2024. Charts shows trailing 12-month price returns of the Magnificent 7 and GRANOLAS. Additionally, the chart shows the Magnificent 7's and GRANOLAS' contribution to trailing 12-month price returns of the S&P 500 and STOXX 600, respectively. Finally, the chart shows the market capitalization of the Magnificent 7 and GRANOLAS as a percentage of the market capitalization of the S&P 500 and STOXX 600, respectively, as represented by the size of bubbles. Magnificent 7 refers to Apple, Microsoft, Meta, Amazon, Tesla, Nvidia, and Google. GRANOLAS refers to GSK, Roche, ASML, Nestle, Novartis, Novo Nordisk, L'Oreal, LVMH, Astrazeneca, SAP, and Sanofi.
2. Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. Source: "Global equities gained 0.8%; Japan outperformed" – March 4, 2024.

Page 1 Definitions

ISM refers to the Institute for Supply Management

FOMC refers to the Federal Open Market Committee

GIR refers to Goldman Sachs Global Investment Research

BoE refers to the Bank of England

GRANOLAS refers to GSK, Roche, ASML, Nestle, Novartis, Novo Nordisk, L'Oreal, LVMH, Astrazeneca, SAP, and Sanofi

Magnificent 7 refers to Apple, Microsoft, Meta, Amazon, Tesla, Nvidia, and Google

EPS refers to earnings per share

Hawkish refers to a state of less accommodative monetary policy

Yield curve dis-inversion refers to short-dated interest rates falling below longer-dated interest rates

Duration refers to the sensitivity of the price of a bond to a change in interest rates

Pp refers to percentage points

Fed refers to the Federal Reserve

Page 2 Definitions

Top Section Notes: Chart shows year-over-year Japanese CPI growth in December 2021, December 2022, and January 2024. The chart also shows the percentage of household assets held in equities and currency and deposit accounts as of the end of calendar years 2021 and 2022 as well as at the end of 3Q 2023, the latest release of the Bank of Japan's Flow of Funds Accounts. CPI refers to a consumer price index.

Middle Section Notes: Chart shows total returns of the Magnificent 7 and GRANOLAS since January 2021. Chart also shows the growth investment ratio for these two groups of stocks over the last five years. Growth investment ratio refers to corporate spending on growth CAPEX and research & development as a percentage of cash flow from operations. Chart also shows the forward 12-month price-to-earnings ratio of these two groups of stocks, which divides current prices by consensus 12-month earnings expectations.

Bottom Section Notes: Chart shows annualized nominal gross domestic product growth, MSCI index performance, and earnings growth for a variety of emerging markets between 2011 and 2022. AeJ refers to Asia Ex-Japan. Capex refers to capital expenditures.

Index Benchmarks

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 **Russell 2000 Index** measures the performance of the small-cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

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. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 18 countries of the European region.

The **Japan TOPIX Index** is a capitalization-weighted index of the largest companies and corporations that are found in the First Section of the Tokyo Stock Exchange.

The **BSE SENSEX index** is a free-float market-weighted stock market index of 30 well-established and financially sound companies listed on the Bombay Stock Exchange.

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Emerging markets investments may be less liquid and are subject to greater risk than developed market investments as a result of, but not limited to, the following: inadequate regulations, volatile securities markets, adverse exchange rates, and social, political, military, regulatory, economic or environmental developments, or natural disasters.

Commodities greater volatility than investments in traditional securities. Investments in commodities may be affected by changes in overall market movements, changes in interest rates, or factors affecting a particular industry or commodity. Commodities are also subject to social, political, military, regulatory, economic, environmental or natural disaster risks.

The risk of foreign currency exchange rate fluctuations may cause the value of securities denominated in such foreign currency to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. These risks may be more pronounced for investments in securities of issuers located in, or otherwise economically tied to, emerging countries. If applicable, investment techniques used to attempt to reduce the risk of currency movements (hedging), may not be effective. Hedging also involves additional risks associated with derivatives.

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