

STRATEGIC ADVISORY SOLUTIONS

Market Pulse

Macro Views

Growth: Gauging the true momentum of the global economy remains challenging due to the large front-loading effects ahead of tariffs, as well as the elevated headline risk of further trade tensions and conflict in the Middle East. We think labor market data in the US and Europe will be the best signal this summer. Our colleagues in Global Investment Research expect slowing but solid GDP growth of 1.8% in the US and 1.0% in Europe for full-year 2025.

Inflation: In the US, tariff hikes and oil supply shocks pose upside risk to otherwise easing inflation this year. Early evidence suggests that the tariff pass-through to consumers will be less than we expected, with companies anticipating customers to absorb roughly half of the cost. Central banks may look through one-time price hikes and continue the path of policy normalization.

Geopolitics: Conflict in the Middle East raises headline risk, but historically the market reaction to geopolitical events depends on the subsequent economic impact. If the conflict remains contained, we think the macro and market impact could be manageable. A larger escalation or longer oil supply shock that drags on the real economy – and raises global recession risk like in 1973 – would be more challenging.

Market Views

Equities: As equity markets move from headline risk to baseline fundamentals, we believe economic growth will continue to drive earnings and prices higher. One key question is if the AI hyper-scalers will be able to show proof of adoption and use cases that validate ROI expectations. But with just 9% of US companies currently using AI, we think there is still untapped upside potential.

Rates: We expect fiscal pressure will keep long-end yields higher across major markets, even as rate cuts may bring short duration relief. In the US, GIR estimates the tax and spending package will take the deficit to 7% of GDP in the next 10 years, while the German budget path would increase the deficit to almost 4% of GDP by YE 2027.

Commodities: Oil prices peaked last month with an estimated geopolitical risk premium of \$12/bbl. While we still assume no significant disruptions to oil and gas supply, the near-term downside risks to supply and upside risk to price targets have risen. Longer-term, oversupply should keep oil prices anchored.

Chart of the Month: S&P 500 During Select Geopolitical Events

Event	1-Week Return	1-Month Return	Size of Sell-Off	Duration of Sell-Off
Israel-Iran Conflict Escalates (4/1/2024)	-0.8%	-4.3%	-5.5%	45 Days
Russia Invades Ukraine (2/24/2022)	1.7%	5.4%	N/A	N/A
Crimea Conflict (2/20/2014)	0.8%	1.8%	N/A	N/A
Iraq War Begins (3/20/2003)	-0.8%	1.9%	N/A	N/A
September 11 Attacks (9/11/2001)	-3.4%	3.7%	-11.6%	31 Days
Gulf War Begins (8/2/1990)	-3.3%	-8.1%	-16.9%	189 (~6 Months)
Arab Oil Embargo (10/17/1973)	0.3%	-5.5%	-18.6%	2,276 (~6 Years)
Yom Kippur War (10/6/1973)	0.4%	-2.9%	-1.1%	6 Days

Asset Class Forecasts

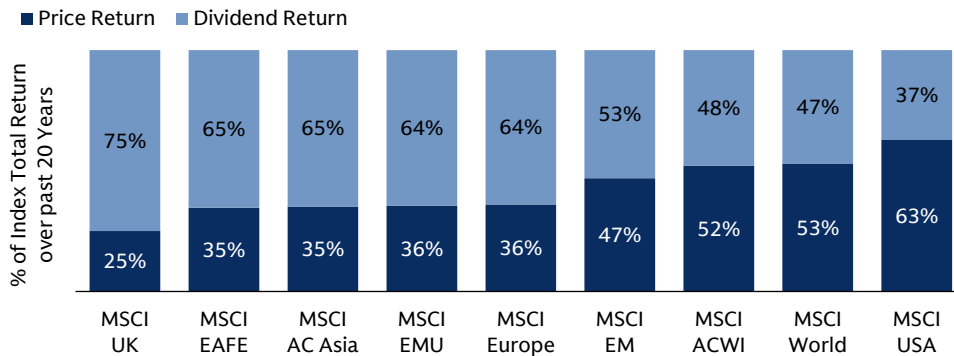
	Current	3m	12m	% Δ to 12m
Equities				
S&P 500 (\$)	6,173	5,900	6,500	5.3
STOXX Europe (€)	544	550	570	4.9
MSCI Asia-Pacific Ex Japan (\$)	645	630	675	4.6
TOPIX (¥)	2,841	2,775	2,900	2.1
Rates				
10-Year Treasury	4.3	4.5	4.5	22 bp
10-Year Bund	2.6	2.8	3.0	40 bp
10-Year JGB	1.4	1.7	1.8	41 bp
Currencies				
Euro (€/€)	1.17	1.17	1.25	6.6
Pound (£/\$)	1.37	1.38	1.44	5.0
Yen (\$/¥)	145	142	135	-6.7
Real Assets				
Brent Crude Oil (\$/bbl)	67.8	60	56	-17.4
London Gold (\$/troy oz)	3,273	3,370	3,920	19.8

Source: Goldman Sachs Asset Management, GIR, and MSCI. As of June 30, 2025. "We/Our" 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 3 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 predict future returns and does not guarantee future results, which may vary.**

Year of Income Continues

In today's economic landscape of elevated interest rates, geopolitical uncertainty, and market volatility, controlling what you can has become increasingly important. Investing for income, across any asset class, can provide a buffer against market fluctuations and capital losses, making it a key component of a resilient portfolio strategy in our view. In equity markets, dividends and options can help manage risk and returns. In fixed income, higher interest rates have created potential opportunities for carry and cushion.

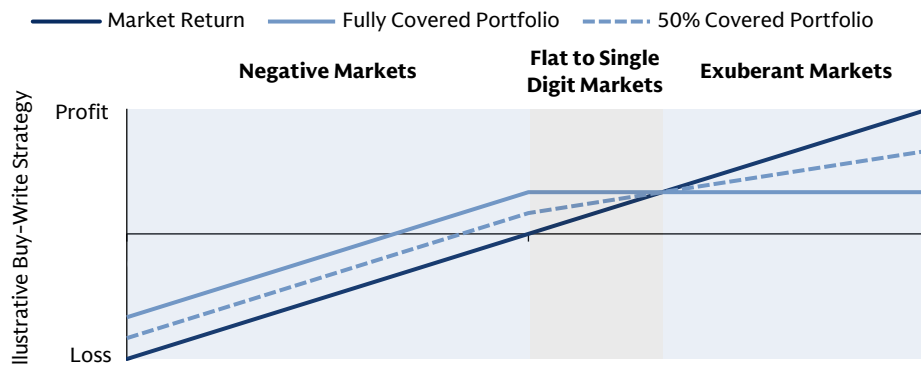
Dividends Can Boost Total Equity Returns



Source: Bloomberg, MSCI, and Goldman Sachs Asset Management. As of June 30, 2025.

Dividends have been a significant driver of total returns in recent years, especially outside the US. While US returns have relied more heavily on price appreciation, European and Asian equities have offered more consistent dividend payouts. This equity yield can be valuable in today's volatile environment. Given persistent uncertainty and the impact on valuations and earnings, focusing on higher dividend-paying markets may enhance portfolio stability and long-term performance.

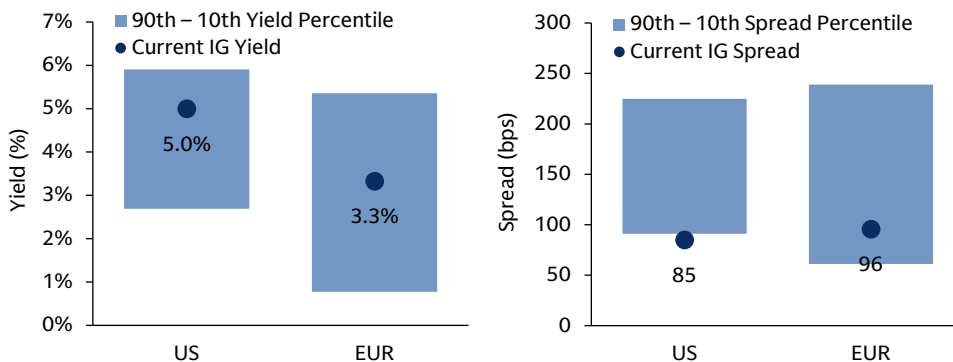
Call Writing May Help Manage Equity Risk and Add Income



Source: Goldman Sachs Asset Management. As of June 30, 2025.

Buy-write strategies seek to generate premium equity income by investing in a portfolio of stocks while also selling call options. Depending on the degree that the portfolio is "covered" by these options, investors can participate in broad equity market growth, but with lower highs and higher lows. These strategies tend to outperform when markets are down to flat or up single digits. Regardless of the overall market performance, option writing can be a diversified source of portfolio income.

Fixed Income Spreads Are Tight but Yields Remain Elevated



Source: Bloomberg and Goldman Sachs Asset Management. As of June 30, 2025.

Investment grade companies entered today's environment of higher tariffs and rising uncertainty with strong credit fundamentals. Key credit metrics such as leverage, debt servicing capacity, and liquidity positions were robust to start the year. We believe that high-quality balance sheets can provide a cushion against downside macro risks, while elevated yields enhance total return potential and provide a buffer against potential spread widening.

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IMPORTANT INFORMATION

1. Chart of the Month: Source: Bloomberg and Goldman Sachs Asset Management. As of June 30, 2025. Chart shows the performance of the S&P 500 after a selection of geopolitical events. Size of sell off refers to peak to trough after the event. For all events except the 1973 Arab Oil Embargo, that began the day of the event. For 1973, the sell off began a week later. Duration of sell off refers to the number of days during drawdown and recovery.
2. Asset Class Forecasts: Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. Source: "Rebound week for global markets." As of June 30, 2025.

Page 1 Definitions

GDP refers to Gross Domestic Product

Pp refers to percentage points

GIR refers to Goldman Sachs Global Investment Research

AI refers to artificial intelligence

ROI refers to return on investment

bbl refers to barrel

Page 2 Notes

Carry refers to bond yields in fixed income and cushion refers to the inverse relationship between bond prices and yields

Call options refer to a contract to buy an underlying asset at a specific price and time period

Call writing refers to originating and selling a call options contract

Top Section Notes: Chart shows the percentage of total return over the last 20 years attributed to dividends.

Middle Section Notes: Chart shows an illustrative buy-write strategy with 100% coverage, 50% coverage, and 0% coverage (the market return). Chart shows that buy-write can outperform in down markets and flat to single digit markets, but underperforms in exuberant markets.

Bottom Section Notes: Chart shows the current and historical yields and spreads since 2000 for the Bloomberg US Corporate and Bloomberg Euro Corporate Bond Index. Investment grade refers to securities rated BBB-, Baa3 or higher by a nationally recognized statistical rating organization.

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 **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 in Europe.

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

The **MSCI AC Asia ex Japan Index** captures large and mid cap representation across 2 of 3 DM countries (excluding Japan) and 8 EM countries in Asia.

The **Bloomberg US Corporate Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility, and financial issuers.

The **Bloomberg Euro Corporate Bond Index** is a broad-based benchmark that measures the investment grade, euro-denominated, fixed-rate corporate bond market. Inclusion is based on currency denomination of a bond and not country of risk of the issuer

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.

RISK CONSIDERATIONS

Equity securities are more volatile than bonds and subject to greater risks. Foreign and emerging markets investments may be more volatile and less liquid than investments in US securities and are subject to the risks of currency fluctuations and adverse economic or political developments. Investments in commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity. The currency market affords investors a substantial degree of leverage. This leverage presents the potential for substantial profits but also entails a high degree of risk including the risk that losses may be similarly substantial. Currency fluctuations will also affect the value of an investment.

Investments in fixed income securities are subject to the risks associated with debt securities generally, including credit, liquidity, interest rate, prepayment and extension risk. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. The value of securities with variable and floating interest rates are generally less sensitive to interest rate changes than securities with fixed interest rates. Variable and floating rate securities may decline in value if interest rates do not move as expected. Conversely, variable and floating rate securities will not generally rise in value if market interest rates decline. Credit risk is the risk that an issuer will default on payments of interest and principal. Credit risk is higher when investing in high yield bonds, also known as junk bonds. Prepayment risk is the risk that the issuer of a security may pay off principal more quickly than originally anticipated. Extension risk is the risk that the issuer of a security may pay off principal more slowly than originally anticipated. All fixed income investments may be worth less than their original cost upon redemption or maturity.

International securities may be more volatile and less liquid and are subject to the risks of adverse economic or political developments. International securities are subject to greater risk of loss 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.

A Buy-Write strategy refers to an investment strategy in which an investor buys a stock or a basket of stocks and writes covered call options that correspond to the stock or basket of stocks. A Buy Write Strategy's maximum loss is equal to the full value of shares minus the premium collected from the options. Buy-write strategies are subject to market risk, which means that the value of the securities in which it invests may go up or down in response to the prospects of individual companies, particular sectors and/or general economic conditions. They are also subject to the risks associated with writing (selling) call options, which limits the opportunity to profit from an increase in the market value of stocks in exchange for up-front cash at the time of selling the call option. In a rising market, the strategy could significantly underperform the market, and the options strategies may not fully protect it against declines in the value of the market. Note that Buy-Write strategies are not appropriate for all investors and are not riskless investments, so investors can lose money.

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