

SAS MARKET STRATEGY

Market Pulse

Macro Views

Growth: We expect real GDP growth to slow in the second half of the year as high energy prices weigh on consumption and investment. However, recession is still not our base case as a resilient private sector drives growth in the US (2.1% for 2026), Germany’s fiscal expansion supports Europe (0.7%), and Chinese exports remain strong (4.7%).

Inflation: Our research colleagues expect core PCE inflation to fall to 2.8% by December as tariff effects fade and wage and shelter inflation continue to cool, though higher oil prices and AI-related price pressures may provide some offset. In Europe, we expect core inflation to rise to a peak of 2.7% amid higher energy prices before gradually declining to 2.0% in 2028.

Monetary Policy: Given rising prices and inflation expectations, we expect the ECB to deliver two 25bp hikes this year in June and September before cutting back to 2% in 2027. We think the BoE and FOMC can remain on hold this summer, while the BoJ will likely continue its hiking cycle at its July meeting.

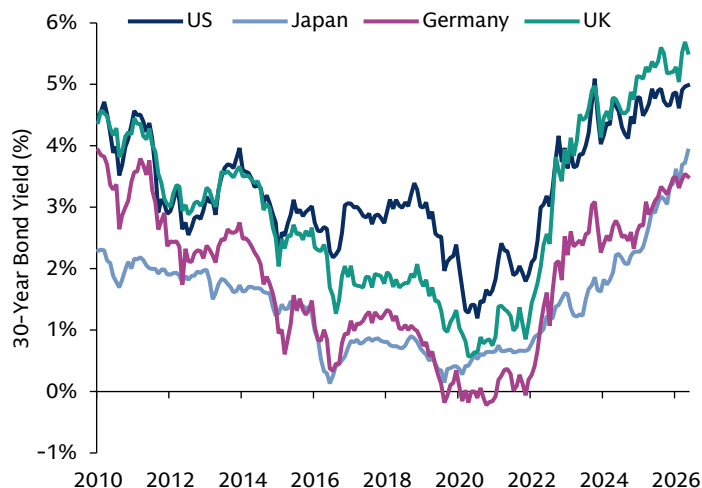
Market Views

Rates: Global bond yields have risen sharply as persistent inflation, resilient growth, and spillovers across markets lead investors to scale back expectations for central bank easing and price in higher-for-longer rates. Sustained fiscal deficits and elevated issuance may continue to lead investors to demand greater compensation for holding long-dated bonds. Meanwhile, shorter-term rates remain more closely tied to policy paths, which may be more balanced between hikes and cuts in the years ahead.

Equities: Despite shifts to our macro outlook, we have upgraded our core equity views for the year as earnings continue to drive markets higher. AI is the dominant theme in the US and EM, with the S&P 500 and MSCI EM printing an exceptional 25% and 38% YoY EPS growth in Q1, respectively. European earnings are buoyed by energy and financials, while Japan continues to make broad-based progress on revenues and margins.

Commodities: Although the Strait of Hormuz remains effectively closed, physical Brent prices remain well below their early-April highs, driven by substantial reserve releases and a lack of demand from China refineries. Import reduction is also spreading from Asia to Europe. If energy flows resume in the next month, we think Brent futures could hover near \$90/bbl by year-end.

Chart of the Month: Yields Rising



Asset Class Forecasts

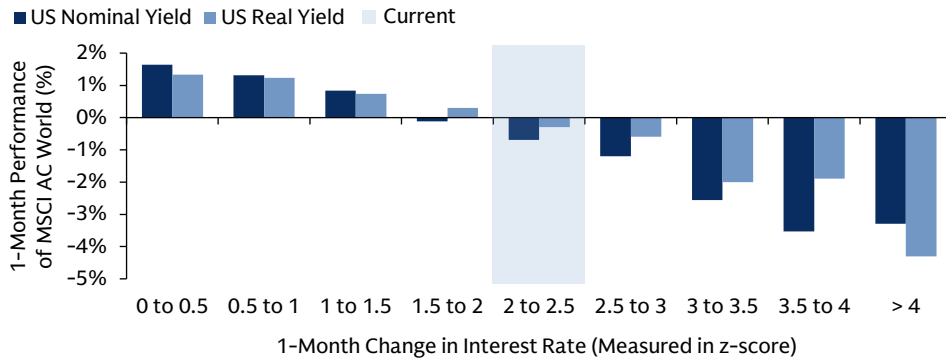
	Current	3m	12m	% Δ to 12m
Equities				
S&P 500 (\$)	7,580	7,600	8,300	9.5
STOXX Europe (€)	626	640	660	5.4
MSCI Emerging Markets (\$)	1,775	1,750	1,850	4.2
TOPIX (¥)	3,957	4,100	4,400	11.2
Rates				
10-Year Treasury	4.4	4.2	4.1	-33 bp
10-Year Bund	2.9	2.9	3.0	10 bp
10-Year JGB	2.6	2.5	2.4	-22 bp
Currencies				
Euro (€/\$)	1.17	1.14	1.20	2.8
Pound (£/\$)	1.35	1.33	1.33	-1.0
Yen (\$/¥)	159	160	155	-2.7
Real Assets				
Brent Crude Oil (\$/bbl)	92.1	94	86	-6.6
London Gold (\$/troy oz)	4,591	4,805	5,445	18.6

Source: Goldman Sachs Asset Management, GIR, and MSCI. As of June 1, 2026. “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. Goldman Sachs does not provide accounting, tax or legal advice. 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 predict future returns and does not guarantee future results, which may vary.**

Building Better Portfolios

Diversified portfolios have faced a series of exogenous shocks in recent years that have challenged traditional 60/40 performance. We believe that the energy shock will largely be restored over the next few months, but lingering inflation concerns and less accommodative monetary policy means that diversified portfolio returns may be more modest than initial forecasts. As it stands, we remain constructive on equities and fixed income, but are also thinking creatively about adding alternative income streams.

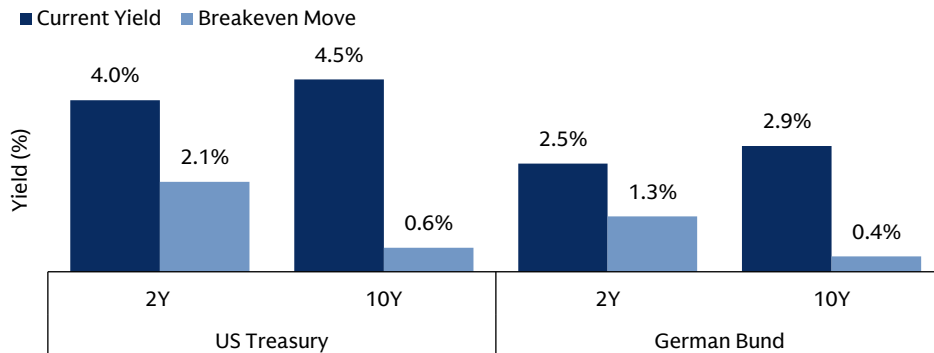
Rising Yields Pose Headwind to Equities



Source: Datastream and Goldman Sachs Global Investment Research. As of May 29, 2026.

Historically, the speed and source of rate changes matter more for equities than the level of rates themselves. Today, a jump of 40bp or more in a month would likely cause some indigestion. As global equities have rallied sharply from March lows, we are mindful of the risk that higher yields, oil prices, or geopolitical risk may introduce. We continue to like equity income strategies to aim to help buffer some of this potential volatility, while participating in potential upside.

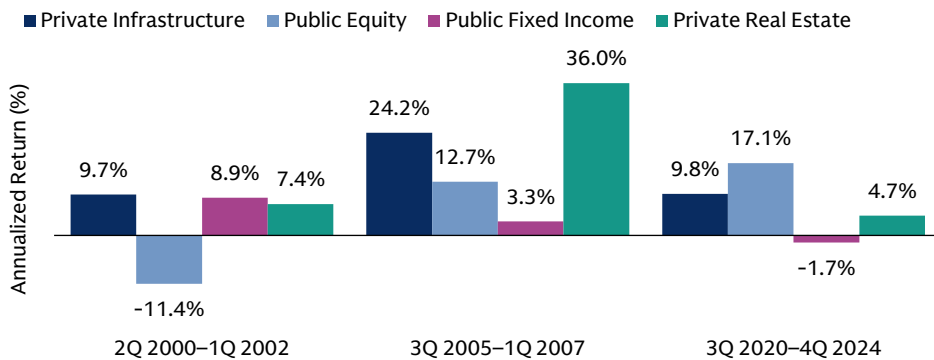
Attractive Yields and Return Asymmetry



Source: Bloomberg and Goldman Sachs Asset Management. As of May 29, 2026.

The backup in yields has challenged fixed income returns YTD, but for the long-term investor we still think today's opportunity set can be compelling. Sovereign benchmarks are offering attractive income, and rates would have to move up significantly in order to deliver negative returns over the next year. Central bank hikes appear fairly priced at this point, and if the macro backdrop were to deteriorate then policymakers have ample room to cut, creating an attractive asymmetry.

Infrastructure Outperforms in Inflationary Environments



Source: Goldman Sachs Asset Management. As of May 29, 2026.

For investors seeking differentiated sources of income, alternatives may provide unique exposure. We think structurally higher inflation risks and the growth of AI will continue to fuel investor interest in real assets. Private infrastructure has historically demonstrated resilience through economic cycles given steady cash flows, and delivers notably strong returns in inflationary periods. It is also likely to benefit from secular trends like supply chain reconfiguration, energy transition, and digitization.

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IMPORTANT INFORMATION

1. Chart of the Month: Source: Bloomberg and Goldman Sachs Asset Management. As of May 30, 2026. Chart shows the 30-year bond yield of various sovereign notes. **Past performance does not predict future returns and does not guarantee future results, which may vary.** For illustrative purposes only.
2. Asset Class Forecasts: Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. As of June 1, 2026.

Page 1 Definitions

AI refers to artificial intelligence

BoJ refers to the Bank of Japan

BoE refers to the Bank of England

Bp refers to basis point, or 1/100th of a percent

ECB refers to the European Central Bank

EM refers to emerging markets

FOMC refers to the Federal Open Market Committee

GDP refers to gross domestic product

GIR refers to Goldman Sachs Global Investment Research

Page 2 Notes

Top Section Notes: Chart shows the one-month change in equity market performance based on the absolute one-month change in interest rates as measured by standard deviation vs. past three years. Data since 2000.

Middle Section Notes: Chart shows the yield and breakeven yield move for US Treasuries and German Bunds. Breakeven moves are the change in yield required for total return to be negative based on price change and income level.

Bottom Section Notes: Chart shows the Annualized Return During Periods With Core Inflation Exceeding 2.5% YoY (Since 2000). Source is Burgiss for private infrastructure and real estate, S&P 500 for public equities, Bloomberg Barclays US Agg for public fixed income and BLS for inflation (year-over-year increase in CPI ex-food and energy. Indices are unmanaged and do not include fees. Private infrastructure is not traded on an exchange and will have less liquidity than public entities.

Index Benchmarks

The **MSCI World Index** captures large and mid-cap representation across 23 Developed Markets (DM) countries.

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 Emerging Markets Index** captures large and mid cap representation across 24 Emerging Markets (EM) countries.

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.

The indices referenced herein have been selected because they are well known, easily recognized by investors, and reflect those indices that the Investment Manager believes, in part based on industry practice, provide an appropriate benchmark against which to evaluate the investment or broader market described herein.

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.

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