Goldman Sachs Asset Management

SAS MARKET STRATEGY

Market Pulse

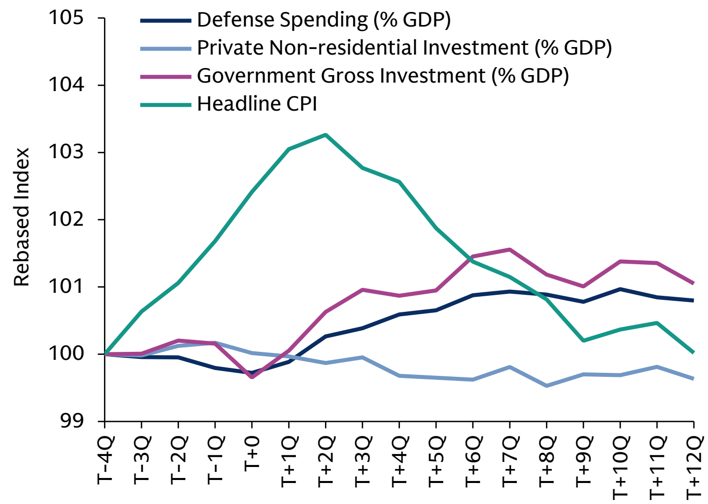
Macro Views

Outlook: We expect risk assets to move higher in H2 2026, led by resilient growth and continued AI momentum. Macro risks are more balanced, in our view. Hawkish monetary policy could weigh on valuations while faster-than-expected disinflation may broaden equity leadership and support core fixed income. We believe geopolitics and AI will remain key themes impacting portfolios.

Geopolitics: Past geopolitical shocks historically saw inflation rise and private investment retreat, with public spending increasing on a lag. Today, the dynamics differ. AI is driving non-discretionary private capital spending. With tech investment anchoring growth, investors should focus on persistent inflation, in our view.

Tech: AI investments may reach ~1.5% of US GDP this year, just below the 1990s tech peak. Although this spending boom is accelerating, robust profit growth has largely prevented dot-com-era imbalances. Specifically, earnings and profit margins have risen to new highs, corporate sector financial balance has stayed healthy, and current account position has improved.

Chart of the Month: Geopolitical Impulse



Market Views

Equities: We remain constructive on global equities, particularly in the US and EM as AI investment drives robust corporate earnings. We believe market broadening can continue, with consensus forecasting Q2 EPS growth of 22% YoY for the S&P 500 and 9% for the median stock. Meanwhile, a greater focus on energy, defense, and economic security has led to a surge in public investment and potential opportunities in infrastructure and industrials globally.

Income: Diverging central banks create potential opportunities for global income investors both within and beyond rate markets. Corporate credit fundamentals remain solid despite macro headwinds. High dividend equities and high-quality fixed income offer resilient cash flows, while private credit delivers compelling yield premiums, in our view. This environment favors active selection, capturing resilient carry while managing downside risks.

Diversifiers: Managing market volatility highlights the role of alternative assets beyond traditional equities and bonds. We think private infrastructure remains attractive, delivering resilient cash flows and robust inflation hedging. Meanwhile, liquid alternatives may offer uncorrelated returns to buffer portfolios. Incorporating buffer ETFs may provide both equity exposure and downside protection, enhancing portfolio resilience during market stress.

Asset Class Forecasts

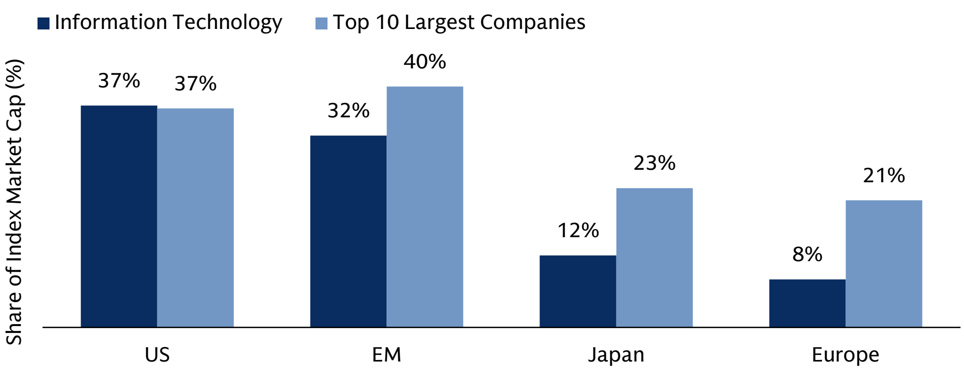
	Current	3m	12m	% Δ to 12m
Equities				
S&P 500 ($)	7,483	7,600	8,300	10.9
STOXX Europe (€)	653	640	660	1.1
MSCI Emerging Markets ($)	1,684	1,850	2,000	18.8
TOPIX (¥)	4,065	4,100	4,400	8.3
Rates				
10-Year Treasury	4.5	4.4	4.3	-19 bp
10-Year Bund	2.9	3.0	3.0	7 bp
10-Year JGB	2.7	2.5	2.4	-33 bp
Currencies				
Euro (€/$)	1.14	1.14	1.12	-2.1
Pound (£/$)	1.34	1.33	1.33	-0.2
Yen ($/¥)	161	162	165	2.3
Real Assets				
Brent Crude Oil ($/bbl)	72.1	83	75	4.0
London Gold ($/troy oz)	4,172	4,690	5,115	22.6

Source: Goldman Sachs Asset Management, GIR, and MSCI. As of July 6, 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.**

Justifiably Concentrated, Justifiably Concerned

Concentration has increased across global markets in recent decades, in part because technology has enabled a small number of firms to leverage economies of scale and capture larger market shares. As these companies have also captured growing profit pools, concentration may be a more durable feature of today's market. While not necessarily a cause for concern in itself, we think investors should recognize how concentration is changing the composition of equity portfolios, making them potentially more cyclical, volatile, and growth-oriented than in periods past, requiring a more dynamic approach to portfolio construction.

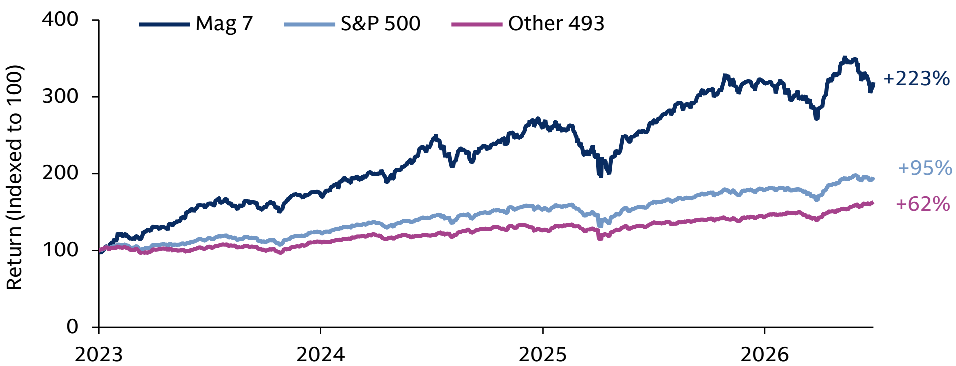
Global Market Concentration



Source: Bloomberg and Goldman Sachs Asset Management. As of June 30, 2026.

Tech-driven market concentration has accelerated in the US and Emerging Markets, with the 10 largest companies now representing roughly 40% of each market. Diversification looks better in developed markets outside of the US, where both sector exposures and market leaders are more differentiated. We would continue to look to the US and EM for potential growth/tech opportunities but view the value tilt of Europe and Japan as an important complement in a portfolio.

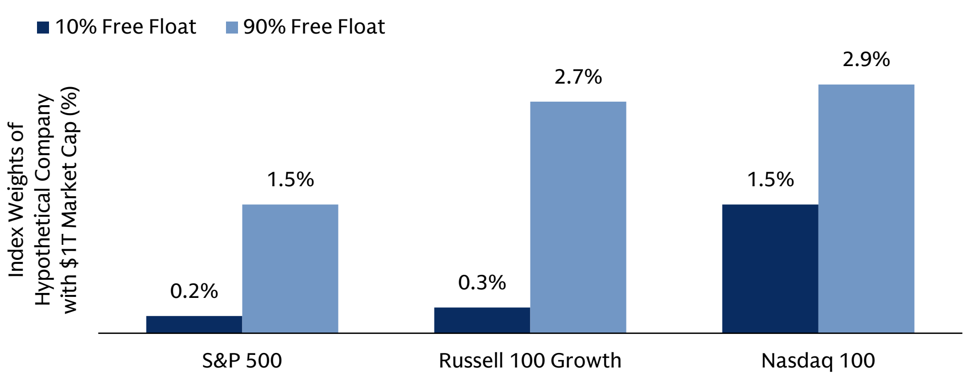
Top Driven US Market



Source: Bloomberg and Goldman Sachs Asset Management. As of June 30, 2026.

Despite their underperformance YTD, the largest stocks in the S&P 500 have driven outsized returns in recent years, driven by outsized earnings. The Mag 7 accounts for 29% of the index by market cap and 28% of index earnings. Such strong fundamentals can justify elevated levels of market concentration, in our view. Even so, we know that it's hard to outgrow the market in the long run. Since 1990, on average only six top 10 companies have still been in the top 10 five years later.

Mega-Cap IPO Addition



Source: Goldman Sachs Global Investment Research. As of June 30, 2026.

The addition of mega-cap IPOs to the market may further push concentration limits. While initial float may be low and index weights manageable, that will rise as more shares come to market over time. Historical data tells us that IPO activity has very little explanatory power on the returns of the market in the subsequent one-year period. However, it does remind us of the importance of risk management and diversification as new issuance and single stock exposure can both generate increased volatility.

IMPORTANT INFORMATION

1. Chart of the Month: Source: Dario Caldara and Matteo Iacoviello, Macrobond and Goldman Sachs Asset Management. As of July 1, 2026. Series are shown as an average across eight major geopolitical shock episodes identified using the Geopolitical Risk (GPR) index: the Korean War onset (1950 Q3), Cuban Missile Crisis (1962 Q4), Vietnam escalation (1965 Q3), Yom Kippur War/Oil Shock (1973 Q4), Iran Hostage Crisis (1979 Q4), Gulf War/Desert Storm (1990 Q3), 9/11 attacks (2001 Q3), and the Russia-Ukraine war (2022 Q1). For each episode, T+0 is the shock quarter, and each series is rebased to 100 at T-4 (four quarters before the event) to show the cumulative path from one year before to three years after the shock. **Past performance does not predict future returns and does not guarantee future results, which may vary.**
2. Asset Class Forecasts: Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. As of July 6, 2026.

Page 1 Definitions

AI refers to artificial intelligence

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

EM refers to emerging markets

GIR refers to Goldman Sachs Global Investment Research

H2 refers to the second half of 2026

Page 2 Notes

Top Section Notes: Chart shows the share of index market cap for the S&P 500, MSCI Europe, Topix, and MSCI Emerging Markets.

Middle Section Notes: Chart shows performance of the S&P 500, UBS Magnificent 7, and the S&P 500 minus the Magnificent 7, indexed to January 2023. Magnificent 7 refers to Microsoft, Meta, Alphabet, Amazon, Apple, Nvidia, and Tesla.

Bottom Section Notes: Chart shows approximate pro-forma index weights of a hypothetical company with a $1 trillion market cap.

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 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.

Strategies with exposure to the commodities markets may be subject to 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.

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An investment in private credit, private equities and private real estate or any other alternative asset class is not suitable for all investors, is generally offered in reliance upon an exemption from registration under the Securities Act of 1933, as amended, and is subject to less regulation than registered funds. Investors should carefully review and consider the potential investments, risks, charges, and expenses of private equity before investing. They are speculative, highly illiquid, may involve complex tax or legal structures, involve a high degree of risk, have high fees and expenses that could reduce returns, and subject to the possibility of partial or total loss of fund capital; they are, therefore, intended for experienced and sophisticated long-term investors who can accept such risks. In addition, the funds may or underlying investments be highly leveraged, which leverage could have significant adverse consequences to these companies and the strategies. These investments are not required to provide periodic pricing or valuation information and can be and extremely difficult to value. Restrictions on redemptions or transferring interests in alternative funds may exist so prospective investors should be prepared to retain their investments until the fund liquidates.

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