Goldman Sachs Asset Management

SAS MARKET STRATEGY

Market Pulse

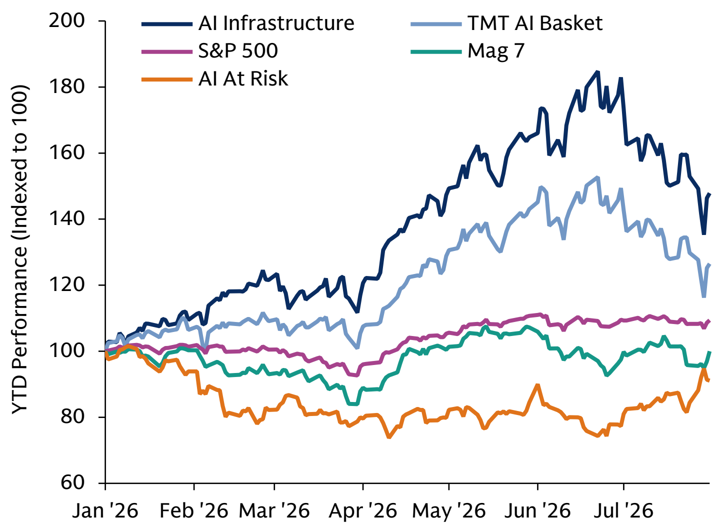
Macro Views

Growth: Globally we expect GDP growth to slow in 2026 amid lingering headwinds from the rise in energy prices. In the US, we see growth near 2% with the AI boom supporting business investment and contributing nearly 0.5pp to consumer spending through equity wealth effects. We see AI-driven above trend growth in EMs as well, but below-trend growth in DMs ex-US.

Inflation: Core inflation has undershot in recent months and now stands at 2.1% in the G10 ex-US, despite energy prices surging in March. In the US, we expect core inflation closer to 3% in Dec 2026 given the effects of tariffs, energy prices, and AI measurement issues, with it falling closer to 2% in 2027 as those subside.

Monetary Policy: The usual rationale for raising rates is to prevent economic overheating by bringing aggregate demand into balance with supply. The challenge for central banks today is that most inflation is supply driven and rate policy becomes a less effective tool. As such, we expect the Fed to hold for evidence of price passthrough and the BoE to watch the labor market, while the ECB may still hike in September to guard inflation expectations.

Chart of the Month: AI Rotations



Market Views

Equities: From a top-down perspective, index performance has been strong this year and global markets are within striking distance of all-time highs. Under the surface, rapid rotations have challenged portfolio stability. AI has been at the epicenter, with trade-offs emerging between software vs hardware and hyperscalers vs infrastructure providers. Low correlation and high dispersion markets are ideal conditions for alpha generation, in our view, with a preference for quality earnings and balance sheets.

Credit: Significant AI capex requires a mix of financing, with hyperscaler issuance accounting for 16-23% of gross issuance in USD IG, HY, and leveraged loan markets YTD, and a growing share of non-USD and private markets as well. Technology spreads have widened, in part reflecting heavy supply, but credit fundamentals appear reasonable – particularly for the top of the capital stack.

Currencies: The sharp increase in US rates and strong US equity performance has given legs to the dollar rally, even as geopolitical and energy risks have normalized. We expect divided dollar performance to continue, with strength to be more pronounced against DM than EM currencies given strong EM equity performance and relatively higher yields.

Asset Class Forecasts

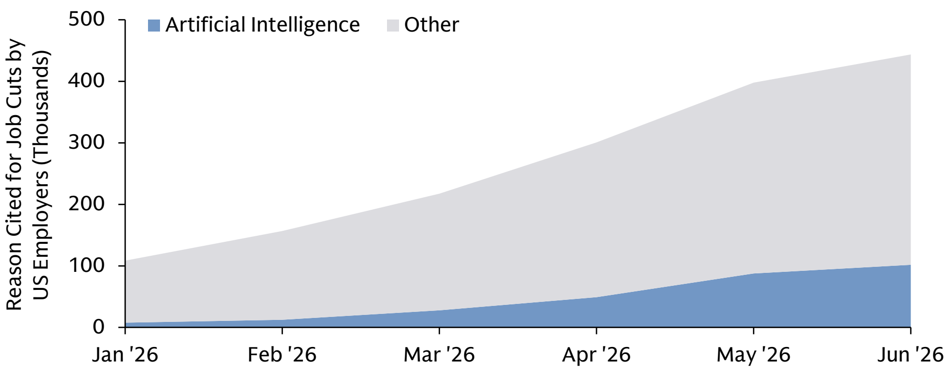
	Current	3m	12m	% Δ to 12m
Equities				
S&P 500 ($)	7,490	7,600	8,300	10.8
STOXX Europe (€)	649	640	660	1.7
MSCI Emerging Markets ($)	1,756	1,850	2,000	13.9
TOPIX (¥)	4,003	4,200	4,500	12.4
Rates				
10-Year Treasury	4.7	4.4	4.3	-43 bp
10-Year Bund	3.2	3.0	3.0	-18 bp
10-Year JGB	2.8	2.5	2.4	-39 bp
Currencies				
Euro (€/$)	1.15	1.14	1.12	-2.8
Pound (£/$)	1.35	1.33	1.28	-5.0
Yen ($/¥)	159	162	165	3.7
Real Assets				
Brent Crude Oil ($/bbl)	90.1	81	74	-17.9
London Gold ($/troy oz)	4,047	4,690	5,115	26.4

Source: Goldman Sachs Asset Management, GIR, and MSCI. As of August 3, 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 correlations are not indicative of future correlations, which may vary. **Past performance does not predict future returns and does not guarantee future results, which may vary.**

AI Job Apocalypse or Labor Transformation?

Generative artificial intelligence may be a new technology, but disruption is not a new phenomenon. Similar to past periods of innovation, we believe that AI will increase productivity, change the way we work, and transform the labor market. There will likely be disruption, but we are already seeing potential across companies and economies. GS Research estimates that widespread adoption of AI may increase labor productivity by ~15% over 10 years, contributing to a $7tn increase in annual global GDP.

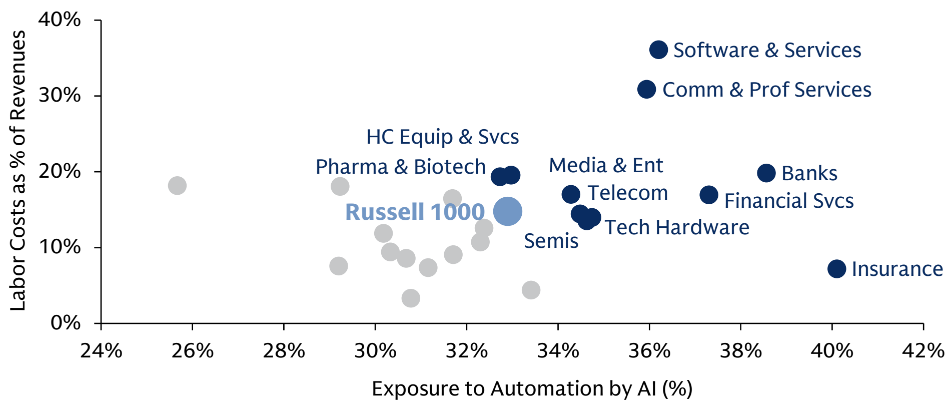
Limited Evidence of AI Related Job Losses So Far



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

As AI capabilities improve, we are beginning to see examples of AI-related job losses in the US. This year, employers have cut 444k jobs and cited AI as the reason in 23% of cases. However, that number likely includes both the roles and the budgets that have been replaced by AI. We estimate that over time 7% of jobs are likely to be displaced, but leading AI labs have suggested that the technology can do just 2-3% of all jobs today.

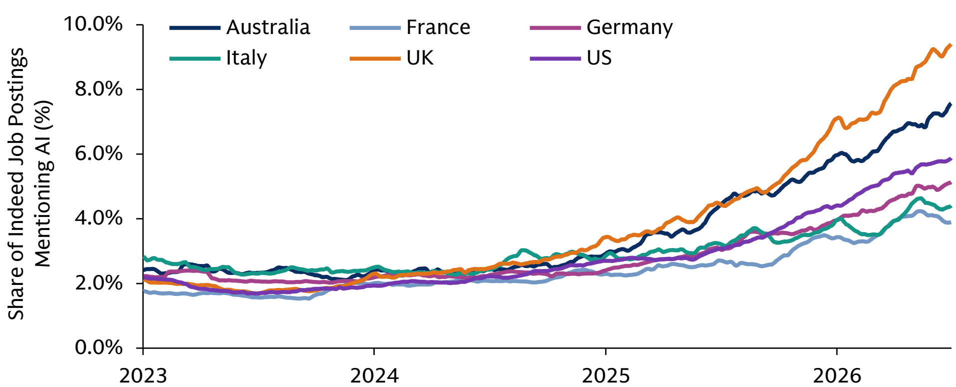
Some Sectors May Be More Exposed Than Others



Source: Goldman Sachs Global Investment Research. As of December 31, 2025.

We believe the majority of jobs are likely to be complemented by AI, though some sectors may be more exposed than others. Roles with defined tasks in predictable environments are more likely to be substituted, while industries involving data, problem solving, and human elements are more likely to be augmented. Here, technology, financials, healthcare, and service sectors stand out to us as potential long-term AI beneficiaries. We assume a 10-year timeline, with faster adoption causing more disruption.

New AI-Related Job Openings



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

As in past periods of innovation, we believe that AI will ultimately reshape the labor force. For example, roughly 60% of workers today are employed in occupations that did not exist in 1940. Already we are seeing AI create new roles and requirements, with the share of job postings mentioning AI increase meaningfully in the last year. This has been particularly true in service economies such as the UK, Australia, and the US, though we also expect a pickup in trade jobs related to data center construction.

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IMPORTANT INFORMATION

1. Chart of the Month: Source: Bloomberg and Goldman Sachs Asset Management. As of July 31, 2026. **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 August 3, 2026.

Page 1 Definitions

AI refers to artificial intelligence

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

BoE refers to Bank of England

DM refers to developed markets

ECB refers to European Central Bank

EM refers to emerging markets

GIR refers to Goldman Sachs Global Investment Research

G10 ex-US refers to a group of industrialized nations that consult on international economic and financial matters, including Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and the United Kingdom

TMT refers to technology, media, and telecom companies

Page 2 Notes

Top Section Notes: Chart shows the cumulative 2026 job cuts, grouped by reason according to data from Challenger, Gray & Christmas.

Middle Section Notes: Chart shows the estimated exposure to automation by AI and labor costs as a percentage of revenues for sectors in the Russell 1000 Index, and for the median company in the index.

Bottom Section Notes: Chart shows the share of Indeed job postings that mention AI across different countries.

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.

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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.

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The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk. Diversification does not protect an investor from market risk and does not ensure a profit.

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