Goldman Sachs Asset Management

Market Pulse

Special Edition: 10 for 2020

Perspectives from GSAM Strategic Advisory Solutions

MACRO & MARKET VIEWS

1 ECONOMIC GROWTH: We expect global growth to recover from 3.1% in 2019 to 3.4% in 2020 in response to easier financial conditions and an end to trade escalation. Though cyclical risks have risen, we still think a recession in 2020 is unlikely. Instead, corrections driven by idiosyncratic events are more probable.

2 LABOR: Across many advanced economies, we expect continued labor market improvement and upward pressure on wage growth. However, the pass-through to core price inflation should remain limited according to regional Phillips curves' flatness.

3 INFLATION: Gradual wage growth and tariff-related price pressures will continue to nudge US inflation higher but we think the Fed's policies will unlikely change, absent sustained pressures. Below-target inflation remains a theme in Europe and Japan, where supportive fiscal and monetary actions may be required.

4 MONETARY POLICY: We see the mid-cycle adjustment at its end with major central banks moving to the sidelines. We believe 2020 will be characterized by a smaller central bank profile reflecting stable macro conditions, systemically contained inflation, and a desire to avoid politicization in the US.

5 GEOPOLITICAL: Chronic uncertainty surrounding trade and Brexit is likely to subside in 2020, only to be replaced by US election risk. Historical advantages of incumbency and economic health should favor Trump, though record net negative approval opens the door for a meaningful challenge and potential Senate leadership flip.

6 EQUITIES: We expect moderating equity returns amid full valuation and sidelined central banks. While broadly neutral across sectors and styles, sequentially improving growth in 2020 may support tactical tilts to value, small caps, and non-US equities. In Europe, we prefer 'bottom up' alpha positioning to isolate companies with higher earnings growth, profit margins, and global revenues.

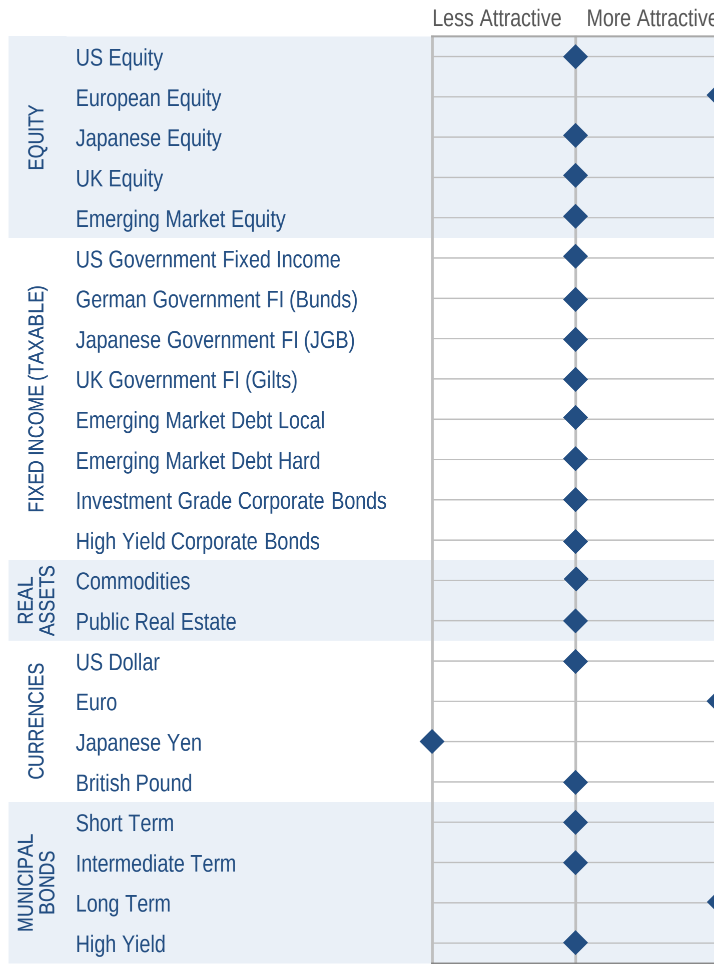
7 RATES: The yield curve inversions so prominent in 2019 were the result of sharply lower term premia and lack the signaling power of previous cycles. We think sovereign yields are near fair value and that higher yields would likely require a cyclical growth uptick.

8 CREDIT: We believe 2020 default risk is relatively limited as debt-to-earnings and -assets remain stable. Yet late-cycle conditions such as near-record leverage and slowing earnings growth will make bottom-up selectivity and idiosyncratic positioning more critical than ever.

9 CURRENCY: We still favor the euro to the US dollar in 2020, particularly as central banks have likely reached the bottom of easing and global risk tolerance improves. The likelihood of a 'deal' Brexit could also allow for further sterling appreciation.

10 VOLATILITY: We believe average volatility should remain relatively stable in 2020, though uncertainty from trade, tweets, and US elections may lead to episodic flare-ups.

ASSET CLASS VIEWS[1]



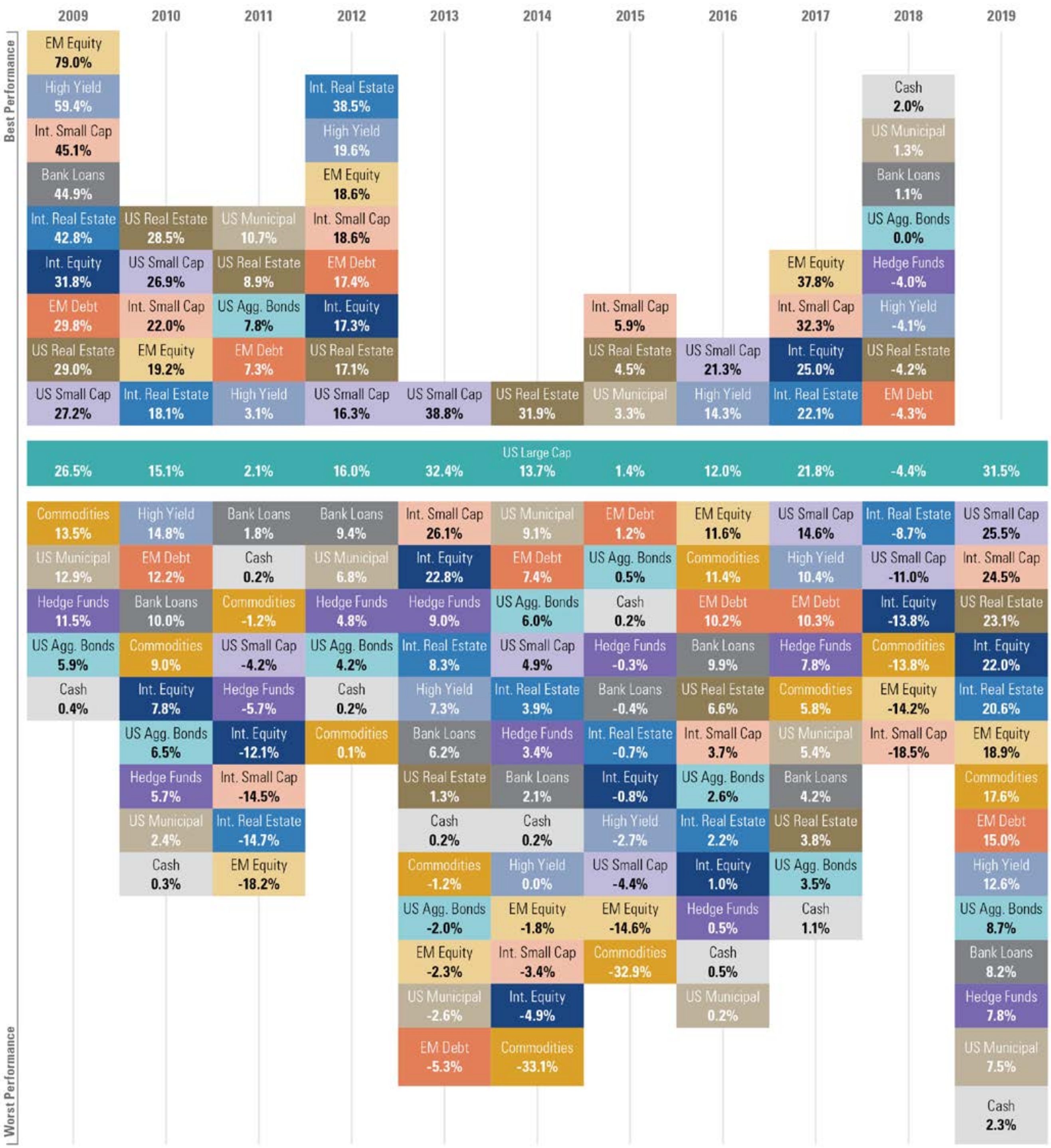
ASSET CLASS FORECASTS[2]

	Current	3m	12m	% Δ to 12m
S&P 500 ($)	3235	3250	3400	5.1
STOXX Europe (€)	418	430	440	5.2
MSCI Asia-Pacific Ex-Japan ($)	556	545	560	0.6
TOPIX (¥)	1721	1725	1800	4.6
10-Year Treasury	1.8	2.0	2.2	41.1 bp
10-Year Bund	(0.3)	(0.1)	0.0	27.7
10-Year JGB	0.0	0.0	0.1	12.1
Euro (€/$)	1.12	1.11	1.15	3.0
Pound (£/$)	1.31	1.35	1.37	4.8
Yen ($/¥)	108	110	105	(2.8)
Brent Crude Oil ($/bbl)	68.6	63.0	63.0	(8.2)
London Gold ($/troy oz)	1549	1600	1600	3.3

Source: Goldman Sachs Global Investment Research and GSAM as of January 2020. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. Please see additional disclosures at the end of this presentation. **Past performance does not guarantee future results, which may vary.**

EQUITIES: A NEW ERA

US equities outperformed by a wide margin in 2019, supported by strong earnings, low rates, and relatively contained volatility. We expect the 2020 market backdrop to remain supportive of risk assets, but over the longer term we expect this trend of superior US equity returns will likely moderate in the decade ahead. Consequently, we would recommend 1) sticking to the plan by maintaining a diversified, strategic asset allocation, with 2) alpha-oriented strategies over pure beta, and 3) income-oriented investing to capture a greater portion of returns through distribution relative to capital appreciation.



Source: Bloomberg and GSAM. As of December 31, 2019. For illustrative purposes only. Bank Loans refers to the Credit Suisse Leveraged Loan Index. Commodities refers to the S&P GSCI Commodity Index. Emerging Market Debt refers to the JPM EMBI Global Composite Index. Emerging Market Equity refers to the MSCI Emerging Markets Index. Hedge Funds refers to the HFRI Fund of Funds Index. High Yield refers to the Bloomberg Barclays Global High Yield Index. International Equity refers to MSCI EAFE Index. International Real Estate refers to the S&P Developed ex-US Property Index. International Small Cap refers to the S&P Developed ex-US Small Cap Index. US Aggregate Bonds refers to the Bloomberg Barclays Aggregate Bond Index. US Large Cap refers to the S&P 500 Index. US Real Estate refers to the Dow Jones US Select Real Estate Securities Index. US Small Cap refers to the Russell 2000 Index. Diversification does not protect an investor from market risk and does not ensure a profit. **Past performance does not guarantee future results, which may vary.**

Important Information

1. Asset Class Views are provided by GSAM Global Portfolio Solutions.
2. Growth forecasts for Emerging Markets and World are provided by Goldman Sachs Global Investment Research while other growth forecasts are provided by GSAM. Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. Source: "Global equities muted; EM outperformed" – 01/06/2020.

Page 1 Definitions:

Brent Crude refers to Brent Crude Oil, a popular global benchmark for oil prices.

Brexit refers to the process of the UK exiting the European Union.

GDP refers to Gross Domestic Product.

HY refers to High Yield.

JGB refers to Japanese Government Bond.

Phillips curve refers to the inverse relationship between unemployment rate and inflation.

The 2-10 US spread refers to the difference between the US 2-Year and 10-Year Treasury yields.

Glossary

The Bloomberg Barclays Aggregate Bond Index represents an unmanaged diversified portfolio of fixed income securities, including U.S. Treasuries, investment-grade corporate bonds, and mortgage backed and asset-backed securities.

The Bloomberg Barclays Global High Yield Index provides a broad-based measure of the global high-yield fixed income market.

The Credit Suisse Leveraged Loan Index mirrors the investable universe of the USD denominated leveraged loan market.

The Dow Jones US Select Real Estate Securities Index is a float-weighted index that measures US publicly traded real estate securities.

The HFRI Fund of Funds Index is an equal weighted, net of fee, index composed of approximately 800 fund-of-funds which report to HFR.

The J.P. Morgan EMBI Global Composite Index tracks dollar-denominated debt instruments in emerging markets.

The MSCI AC Asia Pacific ex Japan Index captures large and mid cap representation across 4 of 5 Developed Markets countries and 8 Emerging Markets countries in the Asia Pacific region.

The unmanaged MSCI EAFE Index (unhedged) is a market capitalization weighted composite of securities in 21 developed markets.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. 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 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 S&P Developed ex-US Property Index measures the performance of real estate companies domiciled in countries outside the United States.

The S&P Developed ex-US Small Cap Index covers the smallest 20% of companies from developed countries (excluding the US) ranked by total market capitalization.

The S&P GSCI Commodity Index is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

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.

The Tokyo Price Index (TOPIX) is a metric for stock prices on the Tokyo Stock Exchange (TSE). A capitalization-weighted index, TOPIX lists all firms that have been determined to be part of the "first section" of the TSE.

Important Information

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 U.S. 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 credit and interest rate risks. 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. Credit risk is the risk that an issuer will default on payments of interest and principal. This risk is higher when investing in high yield bonds, also known as junk bonds, which have lower ratings and are subject to greater volatility. All fixed income investments may be worth less than their original cost upon redemption or maturity.

A 10-Year Treasury is a debt obligation backed by the United States government and its interest payments are exempt from state and local taxes. However, interest payments are not exempt from federal taxes.

The above are not an exhaustive list of potential risks. There may be additional risks that should be considered before any investment decision.

General Disclosures

This information discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice. This material has been prepared by GSAM and is not financial research nor a product of Goldman Sachs Global Investment Research (GIR). It was not prepared in compliance with applicable provisions of law designed to promote the independence of financial analysis and is not subject to a prohibition on trading following the distribution of financial research. The views and opinions expressed may differ from those of Goldman Sachs Global Investment Research or other departments or divisions of Goldman Sachs and its affiliates. Investors are urged to consult with their financial advisors before buying or selling any securities. This information may not be current and GSAM has no obligation to provide any updates or changes.

Views and opinions expressed are for informational purposes only and do not constitute a recommendation by GSAM to buy, sell, or hold any security, including any Goldman Sachs product or service. Views and opinions are current as of the date of this presentation and may be subject to change, they should not be construed as investment advice. In the event any of the assumptions used in this presentation do not prove to be true, results are likely to vary substantially from the examples shown herein. This presentation makes no implied or express recommendations concerning the manner in which any client's account should or would be handled, as appropriate investment strategies depend upon the client's investment objectives. It does not take into account the particular investment objectives, restrictions, tax and financial situation or other needs of any specific client.

GSAM leverages the resources of Goldman Sachs & Co. LLC subject to legal, internal and regulatory restrictions.

Although certain information has been obtained from sources believed to be reliable, we do not guarantee its accuracy, completeness or fairness. We have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public sources.

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.

Economic and market forecasts presented herein reflect our judgment as of the date of this presentation and are subject to change without notice. These forecasts do not take into account the specific investment objectives, restrictions, tax and financial situation or other needs of any specific client. Actual data will vary and may not be reflected here. These forecasts are subject to high levels of uncertainty that may affect actual performance. Accordingly, these forecasts should be viewed as merely representative of a broad range of possible outcomes. These forecasts are estimated, based on assumptions, and are subject to significant revision and may change materially as economic and market conditions change. Goldman Sachs has no obligation to provide updates or changes to these forecasts.

Past performance does not guarantee future results, which may vary. The value of investments and the income derived from investments will fluctuate and can go down as well as up. A loss of principal may occur.

Compliance code: 189540-OTU-1111282

Date of First Use: January 10, 2020

For more information contact your Goldman Sachs sales representative:

ICG: 800-312-GSAM Bank: 888-444-1151 Retirement: 800-559-9778

IAC: 866-473-8637 Global Liquidity Management: 800-621-2550

VA: 212-902-8157

MPSEDJAN2020