

Perspectives from GSAM Strategic Advisory Solutions

MACRO & MARKET VIEWS

1 ECONOMIC GROWTH: Policy expansion, vaccine availability, and geopolitical clarity should set the foundation for a 6.5% global recovery and 6.4% US recovery in 2021. While virus seasonality may pose a risk, we believe an absence of financial imbalances may unlock a quick cyclical rebound upon mass immunization by 2021 YE.

2 LABOR: We believe a multi-year growth acceleration is required to normalize unemployment rates. By 2021 YE, we estimate unemployment rates to decline to 4.8% and 9.9% for the US and the Euro area. Business re-opening may gradually reduce labor market slack, though lingering structural unemployment may cap wage and price inflation.

3 INFLATION: Cyclical recovery has replaced a large US fiscal package as the primary driver of US reflation. Prices may firm up significantly in COVID-sensitive sectors, but are unlikely to sustain central bank inflation targets across DM markets. Our Q4 2021 forecasts for US and Euro area core inflation are 1.8% and 0.8%, respectively.

4 MONETARY POLICY: Fed guidance has made >2% inflation a prerequisite for policy liftoff. Given this greater appetite for an inflation overshoot under the average inflation targeting framework, we expect the funds rate to remain at the zero-bound through 2023. Other DM policymakers will likely stay accommodative to help aid the recovery.

5 GEOPOLITICS: While a blue wave appears likely, slim margins should moderate policy outcomes. We expect reconciliation to remain a legislative path for the President-elect's fiscal agenda. In Europe, a "thin" Brexit deal has been agreed upon, but the EU-UK relationship may be subject to the evolving preferences of future administrations.

6 EQUITIES: The early stages of the next bull market expansion are likely to see equity returns pulled forward given policy support, vaccine prospects, and economic re-opening. We believe secular trends will continue to reinforce growth themes, but the recovery may promote tactical outperformance from value and non-US equities.

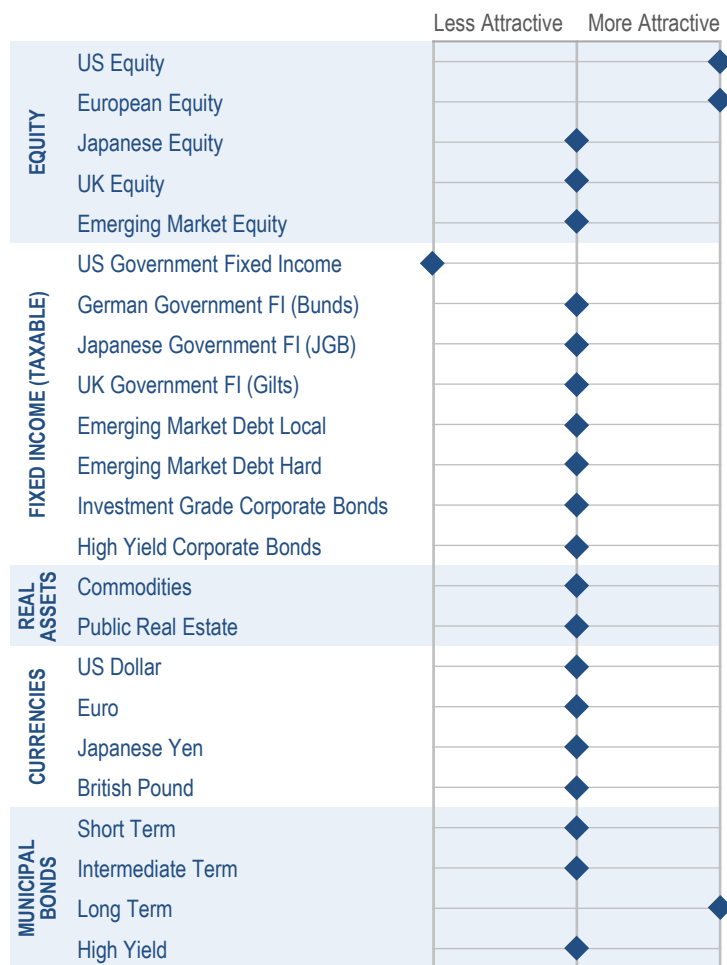
7 RATES: We expect steeper yield curves as policymakers commit to keeping front-end rates low, but improving growth and inflation outlooks drive long-end rates higher. Weak inflation may limit upside internationally, but more negative policy rates are less likely.

8 CREDIT: Strong growth and continued policy support will allow defaults and spreads to further normalize in 2021 (US IG: 100 bps, US HY: 340 bps). The combination of anchored yields and easing volatility premium should also reinforce "down-in-quality" themes, particularly if more bullish cyclical and commodity trends extend.

9 CURRENCY: The US dollar may continue to weaken given high valuations, deeply negative US real rates, and a recovery of global growth. We expect US dollar downside to broaden, with potential underperformance versus G10 and EM FX.

10 VOLATILITY: We expect episodic market volatility to continue as we navigate the recovery. We believe that moments of tactical uncertainty are best addressed with strategic design and discipline.

ASSET CLASS VIEWS¹



ASSET CLASS FORECASTS²

	Current	3m	12m	% Δ to 12m
S&P 500 (\$)	3756	3900	4300	14.5
STOXX Europe (€)	399	405	430	7.8
MSCI Asia-Pacific Ex-Japan (\$)	662	650	700	5.7
TOPIX (¥)	1805	1750	1875	3.9
10-Year Treasury	0.9	0.8	1.3	42.7 bp
10-Year Bund	(0.6)	(0.6)	(0.4)	17.5
10-Year JGB	0.0	0.0	0.1	8.0
Euro (€/\$)	1.22	1.25	1.28	4.6
Pound (£/\$)	1.37	1.42	1.45	6.1
Yen (\$/¥)	103	103	100	(3.1)
Brent Crude Oil (\$/bbl)	51.9	47.0	63.0	21.6
London Gold (\$/troy oz)	1888	2300	2300	21.8

Source: Goldman Sachs Global Investment Research and GSAM as of January 2021. 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.**

HINDSIGHT IS 2020

A lookback at 2020 reminds us that a recession may be catalyzed by non-traditional drivers, swift and sizeable policy response can be effective, and markets have remained resilient in the face of a worldwide pandemic. Though the effects of COVID-19 are not yet behind us, we expect a smoother economic and market path moving forward.



COVID-19

LOCKDOWN: ~95% of global economies were placed under lockdown at the pandemic's peak. Though there has been progress on reopening, the US economy remains at 67% of pre-pandemic levels.

FATALITY: Although it reached 191 countries in 11 short months, the fatality rate from COVID-19 reflects the 8th highest across major viruses over the last 50 years.

SPEED: The first COVID-19 FDA-approved vaccine had a start-to-end development life cycle of only nine months, a record feat compared to the usual decade-long investment in vaccine research and production.

VACCINE: Developers' projection suggests that vaccine supply may exceed the world population by 2021.



ECONOMICS

GROWTH: 92% of advanced and developing economies fell into a recession in 2020, the greatest synchronized downturn since 1870.

UNEMPLOYMENT: The pandemic's first wave led to 25 million US layoffs and headline unemployment spiked to 14.7%. Globally, labor income fell by 17.3%, which is equivalent to losing 495 million full-time jobs.

HOUSING: Low rates and suburbanization have led US mortgage origination volume near its all-time peak, estimated at \$3.6 trillion. Mortgage refinancing may exist for 50% of outstanding 30-year borrowers in 2021.

RETAIL: E-commerce as a share of total US retail sales climbed to 16%, increasing as much in the last year as it did over the past ten years. Major Asian economies have seen penetration rates surge above 30%.



MARKETS

EQUITIES: 2020 had a unique bear market: 1) the VIX index rose to an all-time high of 87, 2) the S&P 500 fell -34% in just 22 days, and 3) a swift 5-month recovery paved the way for a new bull market cycle.

CONCENTRATION: The top five companies in the S&P 500 have grown to 22% of US equity market capitalization. They have returned 49% in 2020, while the remaining companies gained only 9%.

LIQUIDITY: Median US corporate credit spreads spiked to ~450 bps in March. Monetary intervention helped normalize spreads, but the stockpile of negative yielding debt has grown \$7 trillion since 2019.

COMMODITIES: WTI oil futures closed negative for the first time in history in April given storage capacity constraints, while pandemic uncertainty led gold prices to its all-time high of \$2,064 per troy oz.



POLITICS & POLICIES

GLOBAL SUPPORT: Coordinated fiscal policy response has amounted to \$8.6 trillion deployed across G10 countries, or 6% of global GDP. Still, US interest expense as a percent of GDP sits at a six-decade low.

TURNOUT: 67% of eligible Americans voted in 2020, the highest turnout in 120 years, delivering a mandate of compromise in Washington.

GEOPOLITICS: Clarity on Brexit and US elections may lower policy uncertainty from near-record highs, but a Biden administration will prioritize foreign policy, this time with a multilateral focus on China.

TRADE: China is on pace to purchase 53% of the \$200 billion in US goods as part of the Phase 1 trade deal.

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 gained 1.4%; Emerging markets outperformed" – 01/04/2021.

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.

Bear market refers to a period of time in financial markets when the price of an asset or security falls 20% or more from recent highs amid widespread pessimism and negative investor sentiment.

Bull market refers to a period of time in financial markets when the price of an asset or security rises continuously.

Core inflation refers to the change in the prices of goods and services, excluding food and energy items given their higher degree of price volatility.

DM refers to Developed Markets.

"Down-in-quality" refers to credit assets with credit ratings lower than BBB- and Baa3 on S&P's and Moody's rating scale, respectively.

Funds rate, also known as the Fed funds rate, refers to the Federal Reserve's policy rate.

G10 currencies refer to the ten most liquid and heavily traded currencies in the world. They are comprised of the following: AUD, CAD, EUR, JPY, NZD, NOK, GBP, SEK, CHF, and USD.

GDP refers to Gross Domestic Product.

US HY refers to US High Yield.

US IG refers to US Investment Grade.

JGB refers to Japanese Government Bond.

A recession is defined by the NBER as a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.

Reflation is a fiscal or monetary policy designed to expand output, stimulate spending, and curb the effects of deflation, which usually occurs after a period of economic uncertainty or a recession.

Vaccine refers to the COVID-19 vaccine.

Volatility premium refers to the additional compensation required by investors for taking on unexpected market volatility risk.

Zero-bound is an expansionary monetary policy tool where a central bank lowers short-term interest rates to zero to stimulate the economy.

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.

The CBOE Volatility Index (VIX) is a real-time market index that represents the market's expectation of 30-day forward-looking volatility.

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.

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