MARKET PULSE

MACRO VIEWS

China: Chinese markets have come under pressure this year, first from regulatory tightening in the tech sector and more recently from signs of stress in the real estate market. The property sector contributes ~20% to China's GDP and represents 62% of household wealth. We expect a slowdown in the property sector to have a 1.4-4.1% drag on China's 2022 GDP level. That said, the real activity spillover to other economies should remain fairly modest.

Elections: The path to a new government in Germany could be lengthy after elections failed to produce a clear winning coalition. Regardless, the next government will likely pursue a more expansionary fiscal stance. In Japan, monetary policy is unlikely to change following Prime Minister Suga's resignation, but incoming leadership seems in favor of more fiscal accommodation, a possible tailwind for Japanese growth.

US Debt: Dwindling US Treasury balances mean that Congress needs to resolve the US debt limit by mid-October. Though the exact path forward is unclear, we expect a resolution before the debt ceiling is breached. A failure to raise the debt limit would force the Treasury to halt more than 40% of expected payments, including some to households.

Monetary Policy: The FOMC left the Fed funds rate target unchanged in September but noted an accelerated timeline of asset purchase tapering. We expect the first taper by year-end, a pause in mid-2022, and an initial policy hike in 2023. Meanwhile, the BoE acknowledged a worrisome inflation picture, raising the chances of a hike by YE. Similarly, we expect more central banks to join the Norges Bank in tightening.

MARKET VIEWS

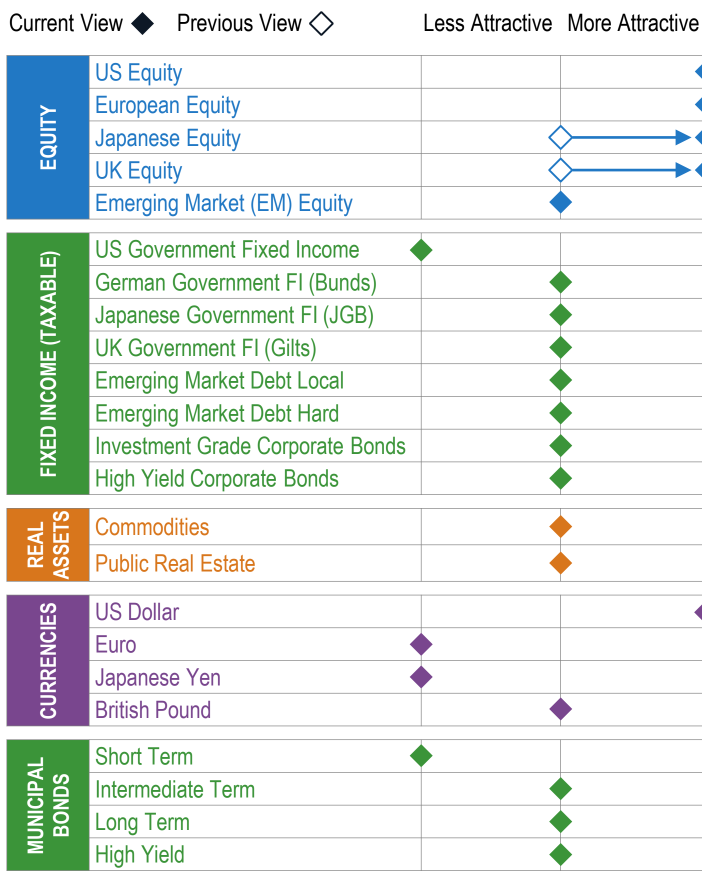
Global Equities: A post-pandemic cycle starting with full valuations, low rates, and modest expected returns may mean opportunities ahead will be more alpha- than beta-driven. We believe disruptive megatrends will transcend across geographies and factors, and widen returns within and across industries, and between winners and losers.

European Equities: Strong growth and low rates have propelled our European EPS forecast to 54% this year, followed by normalization to 7% in 2022. As the cyclical impulse from reopening is mostly behind us, investor focus will shift to alpha. Narrowing global macro differentials should benefit European equities given 1) shorter equity duration, 2) solid profit growth, and 3) competitive valuations. We find that growth sectors such as technology and companies that incorporate the digital economy into the analog may be particularly well-positioned.

Japanese Equities: Renewed investor demand has driven Japanese equities to all-time highs, with further upside in the near-term, in our view. We expect EPS to grow 40% and 8% for 2021 and 2022, respectively, supported by firm profit growth, ~$4tn in pent-up consumption, and policy measures targeting economic reopening.

Chinese Equities: A combination of regulation, policy risks, and a softer macro backdrop has contributed to recent volatility. Still, spillover effects from the property sector should remain limited even if bankruptcies occur, as a majority of property developers are in compliance with leverage requirements. Additionally, the government's strong incentive to ensure social and financial stability should encourage opportunities for selectivity.

ASSET CLASS VIEWS[1]



ASSET CLASS FORECASTS[2]

	Current	3m	12m	% Δ to 12m
S&P 500 ($)	4357	4550	4800	10.2
STOXX Europe (€)	453	480	520	14.8
MSCI Asia-Pacific Ex-Japan ($)	631	670	730	15.7
TOPIX (¥)	1986	2225	2300	15.8
10-Year Treasury	1.5	1.6	1.6	14 bp
10-Year Bund	(0.2)	(0.1)	0.0	22
10-Year JGB	0.1	0.1	0.2	15
Euro (€/$)	1.16	1.20	1.25	7.8
Pound (£/$)	1.36	1.41	1.49	9.7
Yen ($/¥)	111	110	106	(4.5)
Brent Crude Oil ($/bbl)	79.3	90.0	80.0	0.9
London Gold ($/troy oz)	1756	2000	2000	13.9

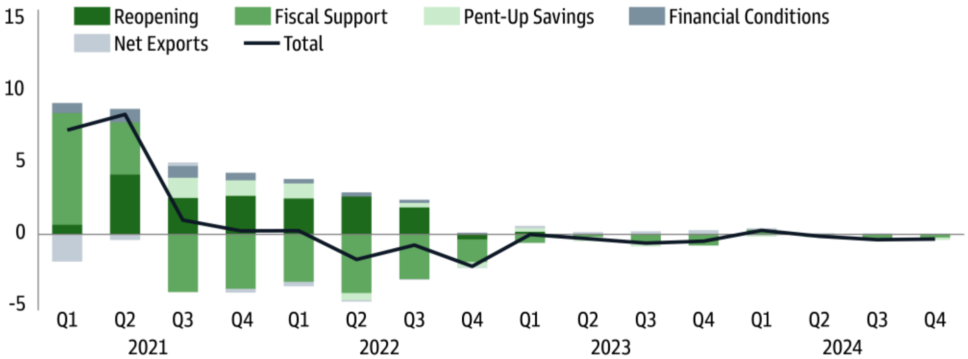
Source: Goldman Sachs Global Investment Research and Goldman Sachs Asset Management as of September 2021. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. Goldman Sachs does not provide accounting, tax or legal advice. Please see additional disclosures at the end of this presentation. Past performance does not guarantee future results, which may vary.

Fiscal FAQs

A host of fiscal deadlines may drive near-term turbulence for US risk assets: 1) fading policy support may knock down US growth, 2) higher taxes may eat into investment returns, and 3) elevated debt introduces fiscal sustainability concerns. While uncertainty exists, we think the US investing opportunity set is still intact. A pending growth slowdown from high levels still leaves the economy stronger than pre-pandemic, solid corporate fundamentals should drive higher profitability, and debt remains serviceable at today's low rates. We believe the US macro and market landscape remains healthy to weather potential near-term volatility.

1. NEGATIVE FISCAL IMPULSE MAY MODERATE GROWTH, ALBEIT FROM HIGH LEVELS

Real US GDP Growth (Annualized, pp)

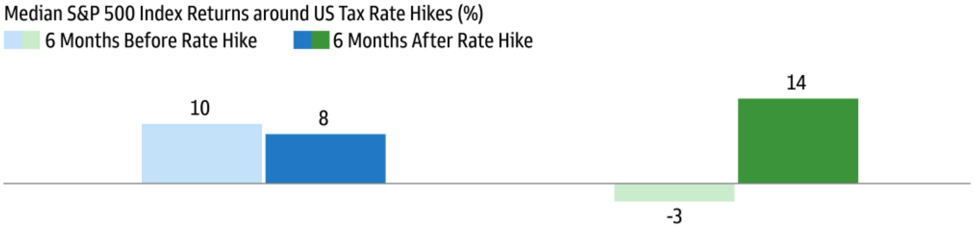


Global fiscal policy tailwinds are turning into headwinds, with greatest impact on US growth. We expect maximum US fiscal drag by next summer, which may drive economic moderation through 2022. In our view, a deceleration from levels today will still keep US growth far above trend at 4.5%. Importantly, endogenous growth drivers such as rebounding activity, labor strength, and pent-up savings, should continue to organically support this recovery.

Source: Goldman Sachs Global Investment Research.

2. HIGHER TAXES HIT YOUR POCKET, NOT THE MARKET

Median S&P 500 Index Returns around US Tax Rate Hikes (%)



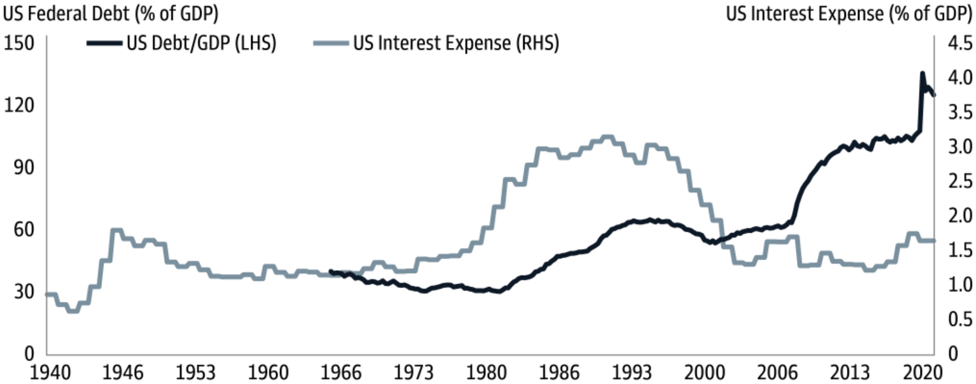
Tax Rates (%)	Corporate	Capital Gains
Current	21	23.8
Forecast	25	28

The backdrop of high fiscal spending and historically low tax rates means taxes will likely rise in the future. Details remain fluid, but we expect the policy to pass before year end and for tax rates to ultimately settle near the latest House proposal. While tax changes may appear significant, market reactions tend to be one-off and short-lived. Ultimately, we think fundamentals matter more for markets. For individual investors, deploying strategies that maximize tax alpha may become even more critical in a higher tax regime.

Source: Bloomberg, Tax Policy Center, and Goldman Sachs Asset Management.

3. DEBT SUSTAINABILITY IS ABOUT FLOW, NOT STOCK

US Federal Debt (% of GDP) | US Interest Expense (% of GDP)



The rising stockpile of US federal debt has amplified volatility around key legislative deadlines. While debt-to-GDP is important, we think debt coverage metrics provide a better barometer for fiscal risk. Near-bottom interest rates today mean that interest payments remain sustainable. Even if rates were to climb as expected, a stronger economy should keep nominal expense within 2.5% of GDP and real expense closer to 0%. In the end, debt concerns can best be addressed by outgrowing our obligations economically.

Source: Federal Reserve of St. Louis and Goldman Sachs Asset Management.

Top Section Notes: "GDP" refers to gross domestic product. Middle Section Notes: As of September 30, 2021. Chart shows median changes on S&P 500 returns in the six-month preceding and following the three most recent major US tax code changes for capital gains in 1987, 1988, and 2013, and for corporates in 1954, 1968, and 1993. Bottom Section Notes: "US Debt" refers to the US federal debt held by the public relative to the annual gross domestic product. "US Interest Expense" refers to the US federal interest payments made as a percent of annual gross domestic product. 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 guarantee future results, which may vary.

Important Information

1. Asset Class Views for equities, credits, sovereigns, real assets, and currencies are provided by Goldman Sachs Asset Management Multi-Asset Solutions. Views for municipal bonds are provided by Goldman Sachs Asset Management Fixed Income. The views expressed herein are as of September 2021 and subject to change in the future. Individual portfolio management teams for Goldman Sachs Asset Management may have views and opinions and/or make investment decisions that, in certain instances, may not always be consistent with the views and opinions expressed herein.
2. Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. Source: "Global equities fell by 2.5%; the 'Growth' sell-off" – 10/04/2021.

Page 1 Definitions:

BoE refers to Bank of England.

Brent crude oil is a common international benchmark for oil prices.

EM refers to emerging markets.

EPS refers to earnings per share.

Fed refers to the Federal Reserve.

GDP refers to gross domestic product.

Volatility is a measure of variation of a financial instrument's price, often measured by standard deviation.

YE refers to 2021 year-end.

Page 2 Definitions:

Middle Chart: Capital gains tax refers to a levy on the profit from an investment that is incurred when the investment is sold. Corporate tax refers to the federal statutory tax rate imposed by law on taxable corporate income.

Glossary

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

The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 434 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

The MSCI Japan Index represents 8% of the MSCI World Index. It is designed to measure the performance of the large and mid-cap segments and aims to represent ~85% of the Japanese market.

The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 627 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

The Russell 1000 Growth Index is an index that measures the performance of the large-cap growth segment of the U.S. equity universe.

The Russell 1000 Value Index is an unmanaged index of common stock prices that measures the performance of the large-cap value segment of the US equity universe.

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.

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 10-Year US Treasury Bond is a US Treasury debt obligation that has a maturity of 10 years.

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.

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Investments in fixed income securities are subject to the risks associated with debt securities generally, including credit, liquidity, interest rate, call and extension risk.

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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Compliance code: 254609-OTU-1486646
Date of First Use: October 4, 2021

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