Goldman Sachs Asset Management

STRATEGIC ADVISORY SOLUTIONS

Market Pulse

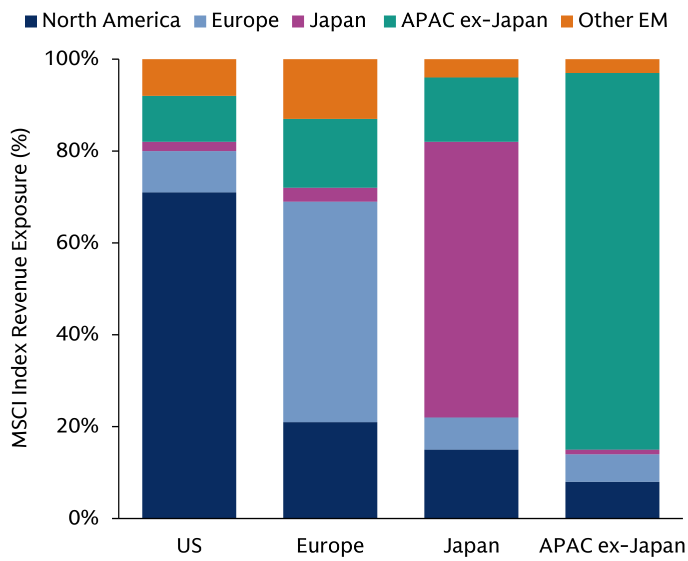
Macro Views

Growth: Our Global Investment Research (GIR) team expects US real GDP growth to slow to 1.5% in 2025 as higher US tariffs weigh on disposable income, consumer spending, business investment, and tighten financial conditions. In the Euro area, GIR expects real GDP growth of 0.8% YoY in 2025 to improve to 1.1% in 2026 as Europe scales up its defense spending and Germany increases infrastructure investment.

Inflation: GIR expects US core PCE inflation to rise to 3.5% by year-end 2025 as a boost from higher tariffs more than offsets the rebalancing in the auto and housing rental markets. Notably, nearly all survey-based measures of US inflation expectations have risen and the response to tariff news has become more partisan.

Policy: As US trade policy continues to evolve, many investors are contending with varying macro and market exposures across economies. Regions with more diversified exports and revenue streams (e.g. Europe, China, Japan) may prove relatively more resilient than those with greater interdependence on the US (e.g. Mexico, Canada).

Chart of the Month: Tracking Trade Risk



Market Views

Equities: Our colleagues in GIR have updated their 2025 global equity forecasts with Asia leading at +12% total return. We expect earnings growth to be relatively consistent across markets as companies defend margins. Higher dividend yields from non-US equities may prove attractive amidst peak policy uncertainty, as fiscal investment outside the US has provided a foundation for international equity multiple expansion.

Fixed Income: Relatively range-bound US yields reflect a tug of war between growth and inflation tradeoffs. We think that the market-implied probability of recession-type outcomes is relatively sensible but can rise sharply on genuine evidence of weakness in the hard data. While yields sit on the rich side of GIR's year-end forecasts, we do not think pricing is at levels that argues for selling duration. Instead, the risk/reward case still favors a long bias.

FX: While the surge in European currencies may have gotten ahead of growth differentials and trade-weighted valuation, GIR has revised their forward currency views to reflect expectations for less US dollar strength over the coming year.

Asset Class Forecasts

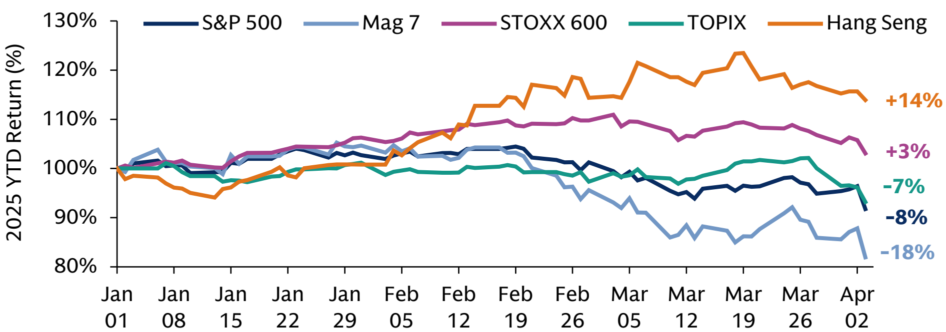
	Current	3m	12m	% ∆ to 12m
Equities				
S&P 500 ($)	5,397	5,300	5,900	9.3
STOXX Europe (€)	523	510	570	9.0
MSCI Asia-Pacific Ex Japan ($)	576	600	640	11.1
TOPIX (¥)	2,569	3,000	3,100	20.7
Rates				
10-Year Treasury	4.1	3.9	4.2	10 bp
10-Year Bund	2.6	2.8	2.9	26 bp
10-Year JGB	1.3	1.4	1.6	25bp
Currencies				
Euro (€/$)	1.11	1.07	1.02	-7.7
Pound (£/$)	1.31	1.29	1.24	-5.4
Yen ($/¥)	146	150	152	4.1
Real Assets				
Brent Crude Oil ($/bbl)	70.1	68	64	-8.8
London Gold ($/troy oz)	3,111	3,090	3,450	10.9

Source: Goldman Sachs Asset Management, GIR, and MSCI. As of April 4, 2025. "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. See page 3 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.**

Global Equity Passport

Amid elevated trade and geopolitical volatility, equity markets outside of the US have outperformed on the back of more supportive policy, strong yields, and attractive relative valuations. While we think global markets can still move higher by year-end, disruption – either of the policy or technology variety – creates distinct leaders and laggards. In an environment where uncertainty is high, we believe conviction in security selection is key.

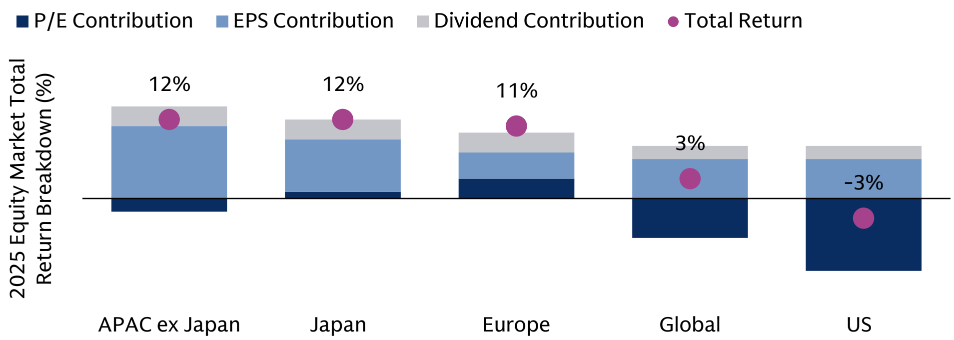
Navigating the Crosswinds



Source: Bloomberg and Goldman Sachs Asset Management. As of April 3, 2025.

Driven by better growth dynamics and underpinned by solid fundamentals, global equities have outperformed the US and the Magnificent 7 in 2025. But even the macro is micro outside the US. In Europe, accommodative monetary policy and fiscal stimulus could continue to support risk assets despite higher tariff risks. In Japan, real wage growth and corporate governance reforms may provide tailwinds. Meanwhile China may benefit from AI advancement and fiscal support.

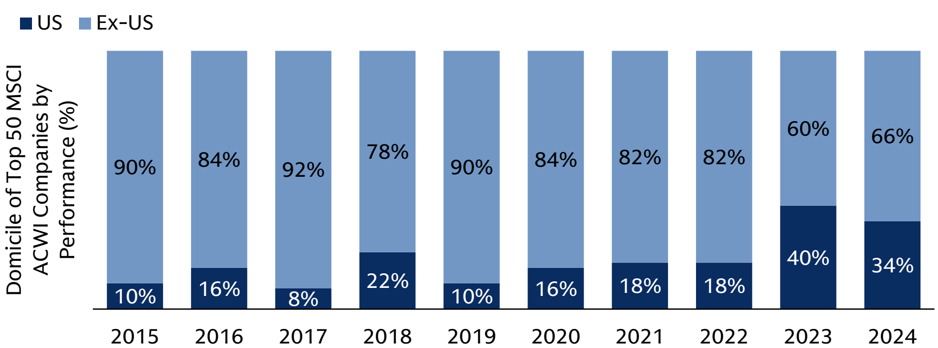
Attractive Destinations



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

This more supportive backdrop may give global equities a competitive edge in the year ahead. In addition to resilient earnings around the world, we see greater multiple expansion outside the US as investors reprice their expectations from US exceptionalism to global convergence. Japan, in particular, still has room to re-rate. Potential tariffs and growth slowdowns remain key risks, but companies with diversified revenue streams and strong balance sheets may still stand out.

The World's Best Companies are Global Citizens



Source: MSCI, Bloomberg, and Goldman Sachs Asset Management. As of December 31, 2024.

Even over the last decade of US strength, a majority of the best-performing stocks each year were domiciled outside of the US. Global markets are home to some of the world's best innovators and wealth creators. Certain emerging markets offer access to strong demographic stories, improved economic policies, and large infrastructure and modernization projects. In our view, investors should focus on the companies with high-quality earnings, secular growth exposure, and relative insulation from trade risk.

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IMPORTANT INFORMATION

1. Chart of the Month: Source: MSCI and Goldman Sachs Asset Management. As of March 31, 2025. Chart shows the geographic revenue exposure of the MSCI US, MSCI Europe, MSCI Japan, and MSCI APAC ex-Japan indices.
2. Asset Class Forecasts: Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. Source: "Turning increasingly defensive." As of April 4, 2025.

Page 1 Definitions

YoY refers to year-over-year

PCE refers to the Personal Consumption Expenditures price index

Bp refers to basis points

GIR refers to Goldman Sachs Global Investment Research

Hard data refers to quantitative measurements of economic activity

Page 2 Notes

Top Section Notes: Chart shows the 2025 year to date returns of the S&P 500 Index, the Magnificent 7 stocks (GOOG, AMZN, AAPL, META, MSFT, NVDA, TSLA), STOXX Europe 600 Index, Tokyo Stock Price Index, MSCI Emerging Market Index, and Hang Seng Index.

Middle Section Notes: Chart shows the Goldman Sachs Global Investment Research forecast for 2025 global equity returns based on price-to-equity (P/E) valuation, earnings per share (EPS), and dividend contribution.

Bottom Section Notes: Chart shows what percentage of the best 50 performing companies in the MSCI ACWI are domiciled in the US and outside of the US each year.

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 of the European region.

The **Japan TOPIX** Index is a capitalization-weighted index of the largest companies and corporations that are found in the First Section of the Tokyo Stock Exchange.

The **MSCI AC Asia ex Japan Index** captures large and mid cap representation across 2 of 3 DM countries (excluding Japan) and 8 EM countries in Asia.

The **Hang Seng Composite Index** covers about 95% of the total market capitalization of companies listed on the Main Board of the Hong Kong Stock Exchange.

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.

Emerging markets investments may be less liquid and are subject to greater risk than developed market investments 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.

Infrastructure investments are susceptible to various factors that may negatively impact their businesses or operations, including regulatory compliance, rising interest costs in connection with capital construction, governmental constraints that impact publicly funded projects, the effects of general economic conditions, increased competition, commodity costs, energy policies, unfavorable tax laws or accounting policies and high leverage.

Diversification does not protect an investor from market risk and does not ensure a profit.

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Index Benchmarks

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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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.

Date of first use: April 2, 2025. 421915-OTU-2237677.

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