

SAS MARKET STRATEGY

Market Pulse

Macro Views

Labor: Recent data confirm that the US labor market has softened and the US government shutdown will not help alleviate concerns. Given AI developments and our expectations for below-trend GDP growth, underlying job growth is likely to remain below the breakeven rate needed to keep the unemployment rate stable, at least in the near-term. Our colleagues in Global Investment Research estimate U3 unemployment will rise to 4.5% this year before recovering in 2026.

Inflation: We expect US inflation to peak at the end of 2025 as full tariff rates take effect, companies exhaust pre-tariff inventories, and prices are passed on to consumers. GS GIR estimates US core PCE will reach 3.2% before falling toward 2% by 2027 as declining wage pressures prevail.

Monetary Policy: When balancing the near-term risk of rising unemployment with the likely one-off price impact of tariffs, we think the Federal Reserve will prioritize growth and continue its series of “risk management” cuts. We expect consecutive 25bp cuts in October and December this year, and quarterly 25bp cuts in March and June 2026 to a terminal rate of 3.0% – 3.25%.

Market Views

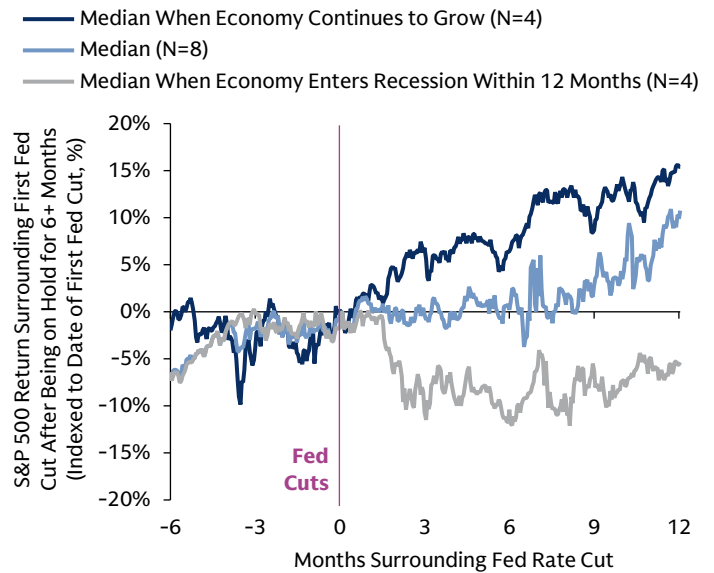
Equities: As the economy moves past peak tariff uncertainty, we expect to see steady US growth and further gains for US equities supported by policy easing and strong earnings. Over the past 40 years, the S&P 500 has typically delivered positive returns after the Federal Reserve resumed cuts following a 6+ month pause, provided the economy continues to grow.

Alternatives: Lower rates and reduced macro uncertainty will be a catalyst for private market activity, in our view. Private equity deal activity has already increased 24% YoY in 1H 2025 and exits have seen an uptick as IPO markets reopen. We expect private credit to continue to be a major source of funding for deals, as well as a secondary line of liquidity for investors.

Gold: We see further upside for gold, driven by structurally strong central bank demand and ETF buying. Global central banks hold on average ~20% of reserves in gold, with DMs at the high end at 30% and EMs near 10% with the potential to double over the next 3 years. Meanwhile, Fed easing, inflation risk, and policy uncertainty may amplify speculative inflows.

Source: Goldman Sachs Asset Management, GIR, and MSCI. As of September 30, 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.**

Chart of the Month: Equity Markets Following Rate Cuts



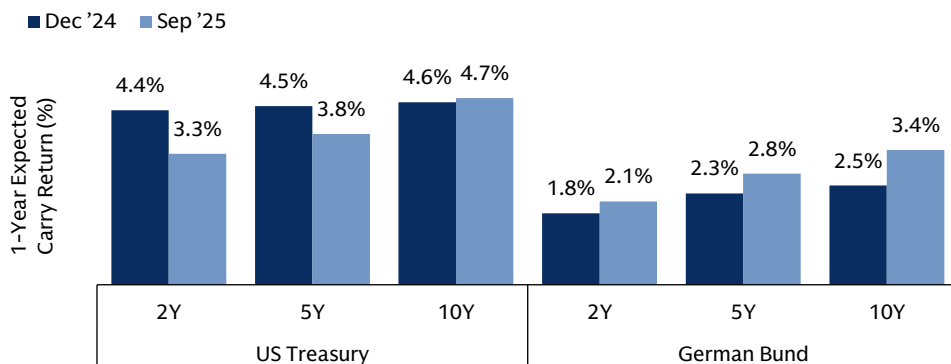
Asset Class Forecasts

	Current	3m	12m	% Δ to 12m
Equities				
S&P 500 (\$)	6,716	6,800	7,200	7.2
STOXX Europe (€)	570	560	580	1.7
MSCI Asia-Pacific Ex Japan (\$)	715	720	755	5.5
TOPIX (¥)	3,129	3,300	3,400	8.7
Rates				
10-Year Treasury	4.1	4.2	4.2	8 bp
10-Year Bund	2.7	2.9	3.1	40 bp
10-Year JGB	1.7	1.6	1.8	14 bp
Currencies				
Euro (€/€)	1.17	1.20	1.25	6.4
Pound (£/£)	1.35	1.38	1.39	3.0
Yen (\$/¥)	147	142	135	-8.4
Real Assets				
Brent Crude Oil (\$/bbl)	64.5	63	53	-17.9
London Gold (\$/troy oz)	3,880	3,740	4,210	8.5

Fixed Income Opportunity Set

The Federal Reserve has resumed its easing cycle and the direction of global bond yields looks lower as we move towards 2026. For the dynamic fixed income investor, we still see opportunities across the market to optimize for income while managing duration and spread risk. US rates, high-quality high yield credit, and muni markets appear particularly attractive, in our view.

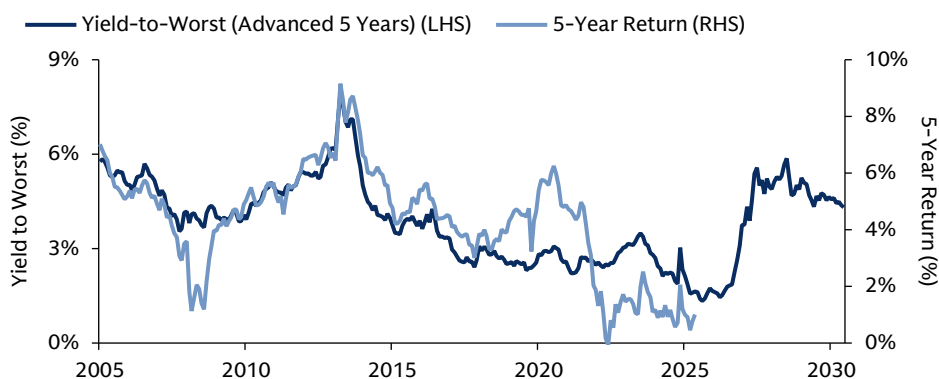
Steeper Yield Curves May Create Opportunities



Source: Bloomberg and Goldman Sachs Asset Management. As of September 25, 2025.

Global yield curves have steepened as rate cuts have driven the front-end lower while long-end rates are likely to stay sticky. Investors are again being paid to extend duration, where yields are attractive and additional capital gains are available by rolling down the curve. Although investors may be concerned about yields backing up, we estimate the 10Y would need to pick up roughly 60bps in the US and 40bps in Germany over the next year to offset elevated income levels today.

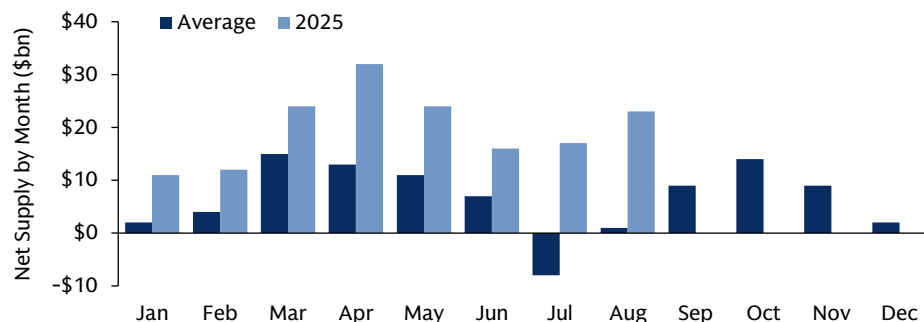
Current Yields Point to Higher Forward Returns



Source: Bloomberg and Goldman Sachs Asset Management. As of September 30, 2025.

Corporate bond investors have continued to strike the balance between earning income and managing risks. While spreads are tight, particularly in the US, credit fundamentals remain healthy and the income potential of both IG and HY credit looks attractive. Historically, the Global Aggregate Corporate Index yield has shown a strong correlation with future returns. Given current yields, we believe this relationship suggests mid-single digit annualized returns in the next five years.

Muni Market on the Rebound



Source: Bloomberg and Goldman Sachs Asset Management. As of September 30, 2025.

Technical factors have weighed on the municipal market this year, with supply up more than 15% YoY and demand not keeping pace amid macro uncertainty. Yet fundamentals remain strong with rainy day fund balances and tax revenues at historically high levels. We have started to see recovery in September and believe the current yield environment presents a compelling entry point for investors, with HY munis providing tax-equivalent yields near 9% and IG munis yielding 6%, while ratios may compress with Fed easing.

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Important Information

1. Chart of the Month: Source: Goldman Sachs Global Investment Research and Goldman Sachs Asset Management. As of September 30, 2025. Chart shows S&P 500 price returns following 8 instances over the past 40 years where the Federal Reserve cut interest rates after holding rates steady for at least 6 months prior to the cut. Dates of cuts in analysis include July 13, 1990, September 29, 1998, January 3, 2001, November 6, 2002, June 25, 2003, September 18, 2007, August 1, 2019, and September 18, 2024. "N" refers to number of periods.
2. Asset Class Forecasts: Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. Source: "Earnings season ahead." As of October 6, 2025.

Page 1 Definitions

AI refers to artificial intelligence.

DMs refers to developed markets.

EMs refers to emerging markets.

GIR refers to Goldman Sachs Global Investment Research.

IPO refers to initial public offering.

U3 unemployment refers to the headline unemployment rate representing the percentage of people who are jobless, actively seeking employment within the last four weeks, and currently available to work

YoY refers to year-over-year.

Page 2 Notes

Top Section Notes: Chart shows the one-year expected carry based on current yields. Carry is calculated as current yield plus rolldown return, which is a function of the change in yields multiplied by current duration.

Middle Section Notes: Chart shows the yield-to-worst of the Global Aggregate Corporate Index hedged, advanced by 5 years, and the 5-year return of the index. The correlation between yields and returns is 0.74. IG refers to investment grade. HY refers to high yield.

Bottom Section Notes: Chart shows the net monthly supply of municipal bond issuance for 2025 and the average of 1996-2024.

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 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 **Bloomberg Global Aggregate Corporate Index** is a flagship measure of global investment grade, fixed-rate corporate debt.

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.

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.

An investment in private credit and private equities is not suitable for all investors. Investors should carefully review and consider the potential investments, risks, charges, and expenses of private equity before investing. They are speculative, highly illiquid, involve a high degree of risk, have high fees and expenses that could reduce returns, and subject to the possibility of partial or total loss of capital. They are, therefore, intended for experienced and sophisticated long-term investors who can accept such risks.

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Investing in high-yield securities can be complex and involves a variety of risks and benefits. Non-investment grade fixed income securities and unrated securities of comparable credit quality (commonly known as “junk bonds”) are considered speculative and are subject to the increased risk of an issuer’s inability to meet principal and interest payment obligations. These securities may be subject to greater price volatility due to such factors as specific issuer developments, interest rate sensitivity, negative perceptions of the junk bond markets generally and less liquidity.

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