

SAS MARKET STRATEGY

Market Pulse

Macro Views

Growth: We expect US growth to accelerate in the first half of 2026, driven by fiscal support and an improving consumer—households are projected to receive an additional \$100bn in tax refunds this filing season. Meanwhile we see continued resilience in Chinese exports boosting China GDP but challenging Europe’s manufacturing sector. As a result, upcoming fiscal data on Germany’s investments in defense and infrastructure may be key.

Monetary Policy: The perception of Federal Reserve independence has become top of mind ahead of the end of Chair Powell’s term in May. While a new Chair may have a more dovish influence, policy is still set by twelve voting committee members. Given the soft labor market and normalizing inflation environment, a terminal rate of 3.0%–3.25% seems reasonable in our view.

Risk: Investors have faced no shortage of headlines to start the year, but portfolios have remained broadly resilient. We believe this is a reflection that the economy is the most important driver for markets. Historically, when the US economy has expanded, equities have enjoyed high odds of a positive return and a greater probability of large gains than losses. Unless news impacts trade, energy, or the economy, we believe markets can continue to rally.

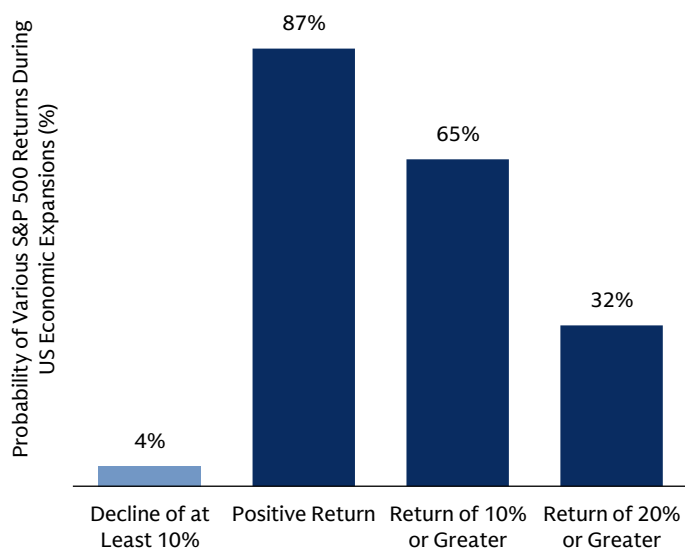
Market Views

Equities: Global small caps surged in January, up 5.4% vs the MSCI World’s 2.3%. Given our expectations for cyclical strength, earnings recovery, and US rate cuts, we think they can continue to deliver in 2026. However, with more than 40% of small cap companies still unprofitable, we believe a bottom-up approach will be critical.

Rates: Global long-end rates face upward pressure from fiscal and geopolitical risks while spillover effects will likely continue to be an important driver for global yields. JGBs are in focus ahead of Japan’s February 8 general election that may lead to more inflationary fiscal policy, though a policy reduction in long-end supply should help to address the recent supply/demand mismatch.

Commodities: Policy uncertainty has accelerated demand for gold and after rising 65% in 2025 we think it may continue to climb. The gold market remains a small fraction of global assets, which means modest flows could have major impact. Goldman Sachs Global Investment Research estimates that every 1bp increase in gold’s share of US portfolios (currently <0.2%) lifts gold prices by 1.4%.

Chart of the Month: Good Growth vs Emergent Risk



Asset Class Forecasts

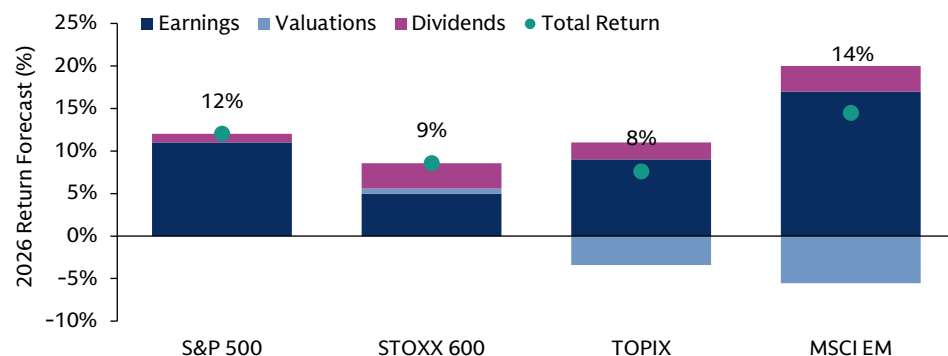
| | Current | 3m | 12m | % Δ to 12m |
|----------------------------|---------|-------|-------|------------|
| Equities | | | | |
| S&P 500 (\$) | 6,939 | 7,200 | 7,600 | 9.5 |
| STOXX Europe (€) | 611 | 605 | 625 | 2.3 |
| MSCI Emerging Markets (\$) | 1,528 | 1,500 | 1,600 | 4.7 |
| TOPIX (¥) | 3,566 | 3,600 | 3,900 | 9.4 |
| Rates | | | | |
| 10-Year Treasury | 4.3 | 4.2 | 4.2 | -4 bp |
| 10-Year Bund | 2.8 | 3.0 | 3.2 | 43 bp |
| 10-Year JGB | 2.2 | 2.0 | 2.0 | -20 bp |
| Currencies | | | | |
| Euro (€/€) | 1.19 | 1.18 | 1.25 | 5.2 |
| Pound (£/£) | 1.37 | 1.33 | 1.36 | -1.0 |
| Yen (\$/¥) | 154 | 157 | 152 | -1.5 |
| Real Assets | | | | |
| Brent Crude Oil (\$/bbl) | 70.7 | 57 | 55 | -22.2 |
| London Gold (\$/troy oz) | 5,030 | 4,805 | 5,445 | 8.2 |

Source: Goldman Sachs Asset Management, GIR, and MSCI. As of January 31, 2026. “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 Opportunities

Diversification delivered in 2025 and we remain constructive on global equity opportunities in 2026. As earnings continue to grow, we expect the bull market to broaden across regions, sectors, and capitalizations. Given elevated valuations across most markets we are mindful of potential risks and focused on the fundamentals. We expect an earnings-driven market with opportunities for alpha generation in the year ahead.

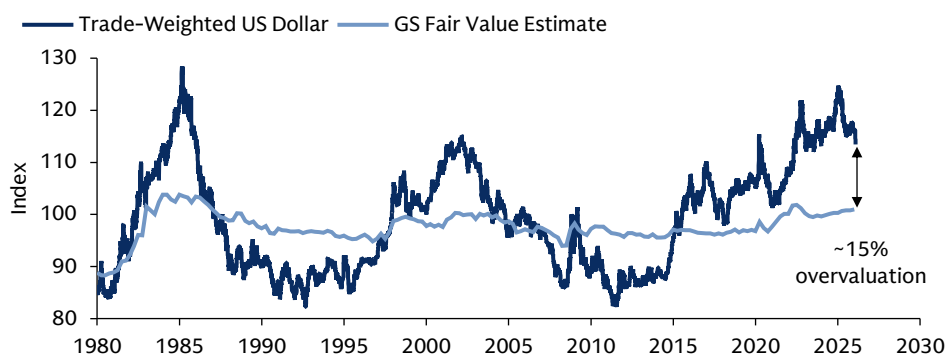
Earnings Driven Equity Returns



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

We see global markets offering competitive opportunities in 2026. US equities continue to be driven by tech, though we expect the AI trade to broaden. Europe is more value-oriented and income-driven, while Japan continues to see earnings improvement on governance reforms. Meanwhile emerging markets represent a diverse mix of technology, commodity, and domestic stories across different economies.

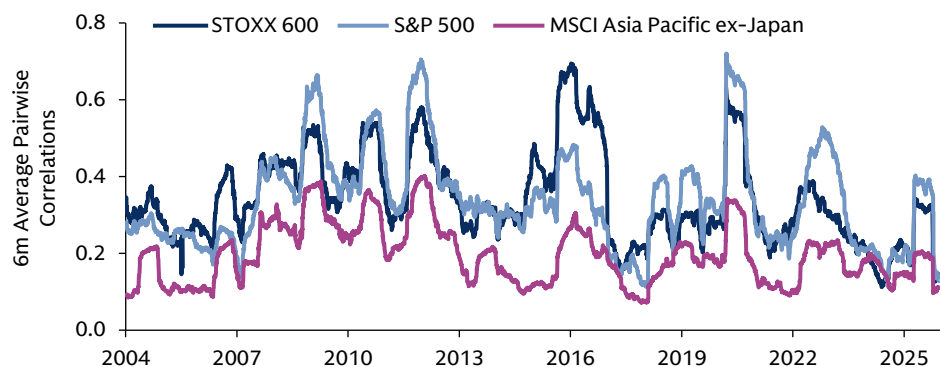
Potential Currency Kicker



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

For US-based investors, potential dollar depreciation may be an additional source of return. Even after last year's decline, the GS GIR fair value model estimates that the dollar is roughly 15% overvalued following the last decade of exceptional US capital market performance. As economies normalize and rate convergence continues in 2026, we see opportunities for further dollar downside in the near-term. For investors outside of the US, that may also make domestic markets more compelling.

Stock Pickers Market



Source: Bloomberg, FactSet, and GS Global Investment Research. As of December 31, 2025.

Diversification has become more valuable as correlations have fallen both within and across global equity markets. It also creates potential opportunities for stock pickers as idiosyncratic factors matter more. Going forward, we see attractive opportunities globally—particularly for quality companies that may successfully harness the secular tailwinds of new technology and/or benefit from the cyclical upswing that we expect in the year ahead.

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IMPORTANT INFORMATION

1. Chart of the Month: Source: Bloomberg, Goldman Sachs Investment Strategy Group and Goldman Sachs Asset Management. As of December 31, 2025. Chart shows the historical frequency of different 1-year S&P 500 total return scenarios when the US economy is growing. Chart is based on data since 1945. **Past performance does not predict future returns and does not guarantee future results, which may vary.** For illustrative purposes only.
2. Asset Class Forecasts: Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. Source: "Global equities flat again as Brent outperforms." As of February 2, 2026.

Page 1 Definitions

Bp refers to basis point, or 1/100th of a percent

GIR refers to Goldman Sachs Global Investment Research

JGBs refer to Japanese Government Bonds

Page 2 Notes

Top Section Notes: Chart shows the 2026 return forecast broke down into earnings, valuation, and dividend components. AI refers to artificial intelligence.

Middle Section Notes: Chart shows the GSDEER fair value model based on inflation, terms of trade and productivity differentials, versus the trade-weighted US dollar.

Bottom Section Notes: Chart shows the 6-month average pairwise correlation between stocks in the S&P 500, Stoxx 600, and MSCI Asia ex-Japan. Past correlations are not indicative of future correlations, which may vary.

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 Emerging Markets Index** captures large and mid cap representation across 24 Emerging Markets (EM) countries.

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.

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.

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