



**Asset
Management**

Market Know How

Triannual Insights and Implementation
Europe, Middle East, and Africa
2021: Edition 1

Strategic Advisory Solutions

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Macro and Market Digest

Sources of Market Volatility

Coronavirus

191

Countries/Regions

reported COVID-19 outbreaks and containment remains a challenge.

Vaccines

60–70%

Immunized Population

needed in order to achieve herd immunity.

Reopening

67%

US Activity

from pre-COVID levels as recovery has stalled.

Regulation

22%

Five Largest Companies

concentrated in the S&P 500. These large tech companies are on Washington DC's radar.

Liquidity

72%

US Equity Volume

is algorithmically traded, which could limit liquidity during periods of market shocks.

Sources of Market Stability

Monetary Policy

100%

Major Central Banks

engaged in unprecedented stimulus.

China

13%

Household Spending

personal consumption expected to surge by 13% in 2021 after a -4% decline in 2020.

Fiscal Policy

18%

US GDP

reflects the total US discretionary fiscal spending expected through 2021.

Inflation

1.6%

US Core PCE

in 2021 allows ample room for policy support.

Households

14%

US Savings Rate

sets the stage for potential consumer rebound.

Source: Bloomberg, Federal Reserve, Johns Hopkins University, Goldman Sachs Global Investment Research, and GSAM. As of November 30, 2020. 'Core PCE' refers to the core personal consumption expenditures price index, the Federal Reserve's measure of inflation. 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. Please see additional disclosures at the end of this document.

Climate of Change

We hope that you, your family, and your community are mending from the disruption of COVID-19. Our thoughts continue to be with you during this period.

As we look into 2021 and beyond, it is increasingly evident to us that global policymaking, while important, will be less governed by the latest political victory than by the realities of massive sovereign deficits, shifting demographics, and environmental conditions. COVID-19 has only accelerated this climate of change and the need for prescriptive solutions and investment.

Furthermore, as we enter a hopefully long and sturdy global recovery, we should keep in mind a few important lessons from 2020, including: 1) the value of addressing tactical uncertainty with strategic discipline, risk management, and quality, 2) most investment horizons are much longer than election cycles, and 3) the opportunity set is becoming more idiosyncratic and global.

The remainder of this edition of the Market Know-How will focus on summarizing our macro expectations and providing a framework for positioning in 2021.

We emphasize:

- Broadening global exposure that focuses on company-specific opportunities rather than geographic beta.
- Complementing high quality core bonds with Asian High Yield and private credit for potentially attractive yield premiums and diversification benefits.
- Investing sustainably through environmentally, socially, and economically aware strategies.

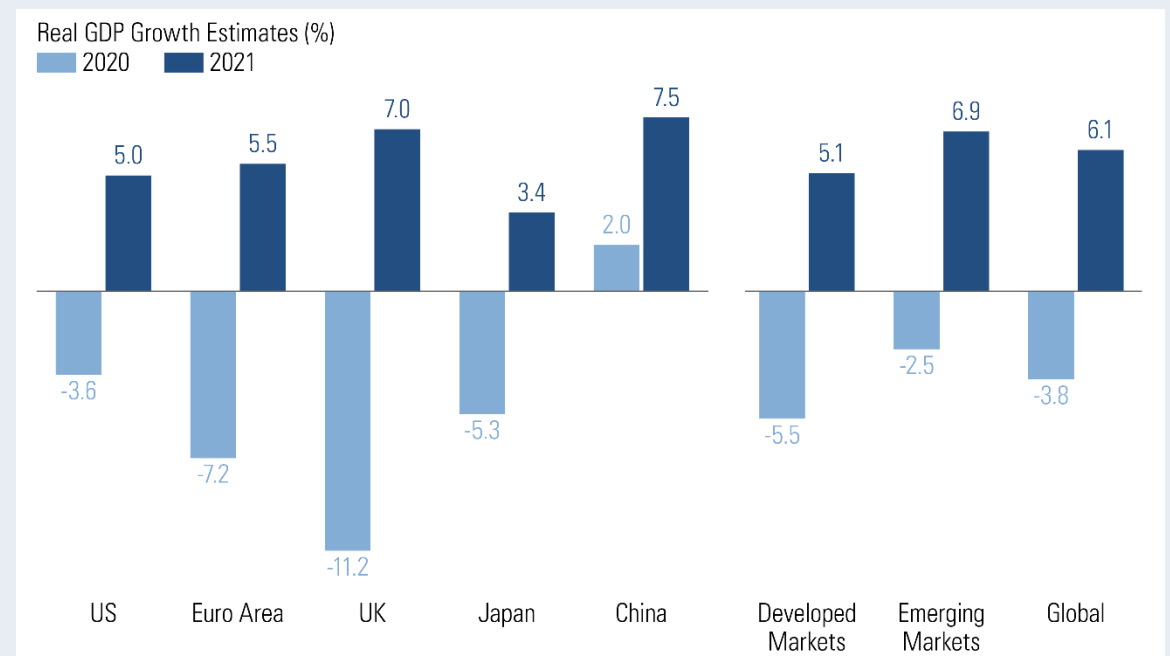
Views and opinions expressed are for informational purposes only and do not constitute a recommendation by GSAM to buy, sell, or hold any security. Views and opinions are current as of December 2020 and may be subject to change, they should not be construed as investment advice. Diversification does not protect an investor from market risk and does not ensure a profit. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

Macro

Following a sharp rebound in global activity from the recessionary lows of 2020, the pace of global recovery may flatten in 2021 as COVID-19 transmission proves difficult to contain and economic scarring emerges. While we expect a quick and sturdy economic recovery by historical standards, our enthusiasm is governed by the approval, distribution, and adoption rate of an effective vaccine.

GLOBAL GROWTH

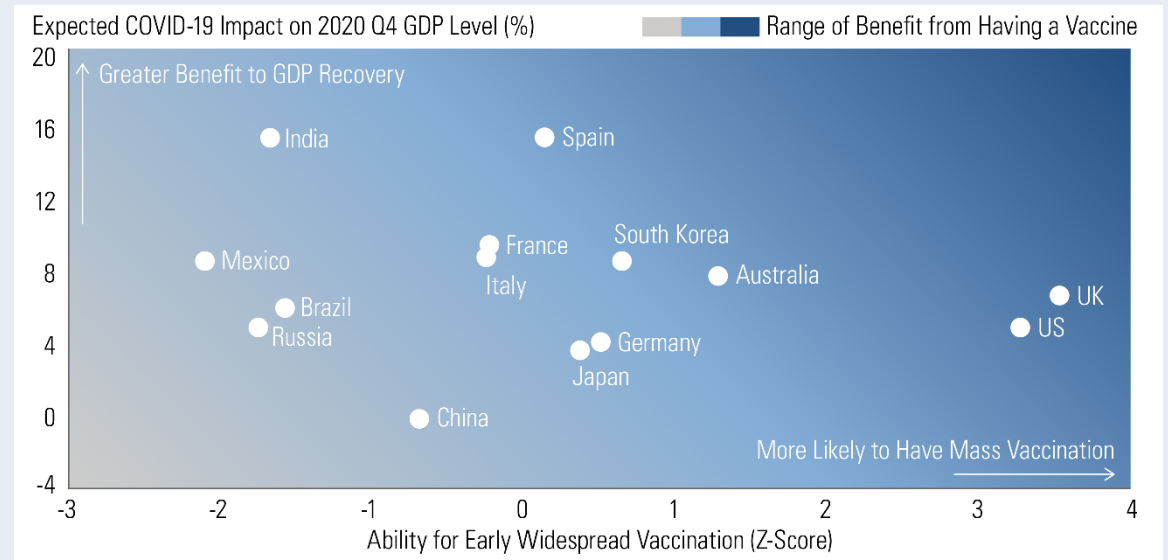
We estimate that global real GDP will rise 6.1% in 2021. Barring major policy errors or health-related setbacks, this should keep growth far stronger than in previous recoveries. However, 2021 will likely be characterized by flatter growth as economies transition from the sharp rebound in Q3 2020, to a period of deceleration until we see the vaccine-contingent strength we expect in 2021. Moreover, we expect the fiscal bridge to be sizeable across advanced economies as many sectors struggle to normalize under physical distancing and occupancy limitations.



Section Notes: Goldman Sachs Global Investment Research and GSAM. As of November 30, 2020. 'Real GDP' refers to gross domestic product adjusted for inflation. 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. Please see additional disclosures at the end of this document. **Past performance does not guarantee future results, which may vary.**

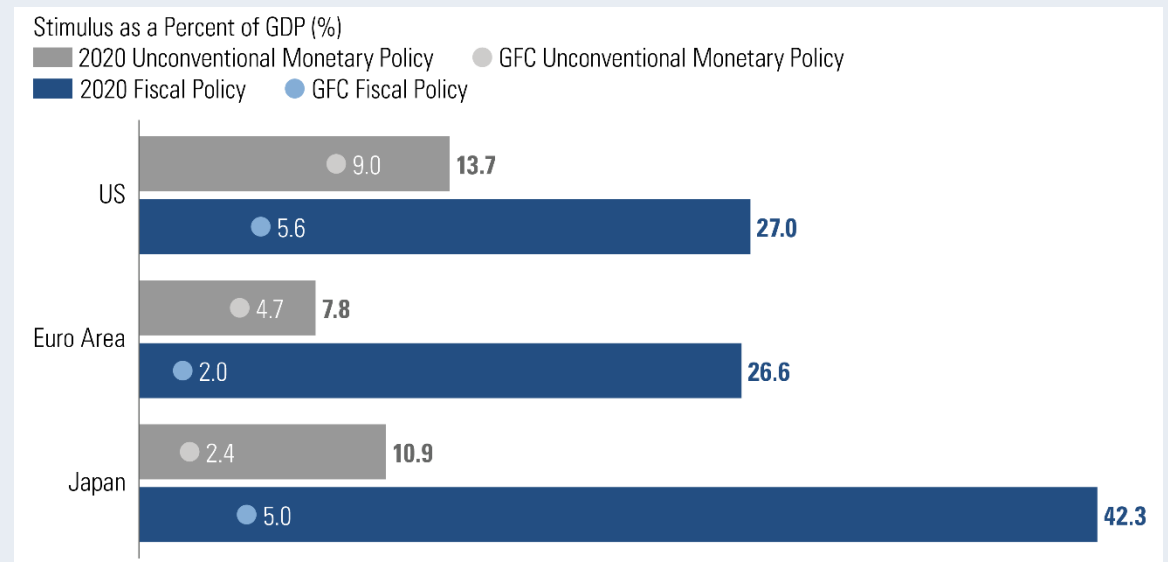
VACCINE MULTIPLIER

The return to normal is likely to be nonlinear. Certain countries and regions may respond differently to the benefits of a vaccine. Economies such as India may see a meaningful economic bounce given the prior sizeable contraction from COVID-19. Other countries, like the US and UK, in our view are best suited for a vaccine-induced recovery due to well-established medical infrastructure and adoption rates.



POLICY COMMITMENT

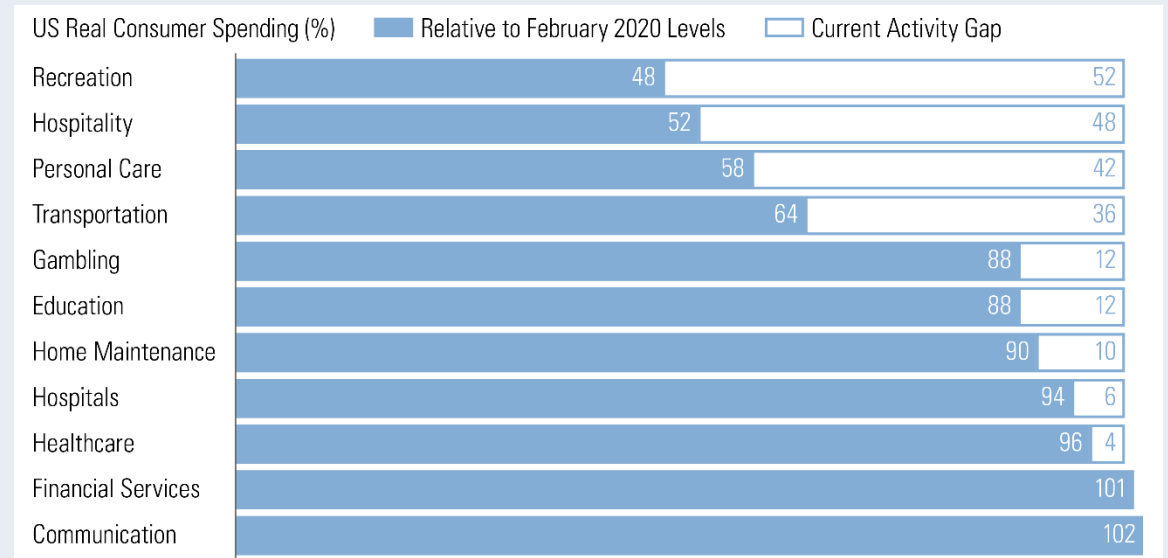
The magnitude and breadth of policy measures dwarf anything deployed in modern history, including the response to the Global Financial Crisis (GFC). Monetary policy re-liquefied critical funding markets while fiscal policy built a bridge to recovery for businesses and consumers. In the US, 2020 election results likely limit the ability to massively upsize an additional fiscal response, which in turn may diminish fiscal reflation, but sustain current monetary commitments.



Top Section Notes: World Health Organization, World Economic Forum, Goldman Sachs Global Investment Research, and GSAM. As of October 31, 2020, latest available data. Chart illustrates the vaccine boost to GDP across various countries. 'Ability for early widespread vaccination' refers to a composite index of data on supply contracts, a demand index using COVID-19 vaccine surveys and actual vaccination rates, and GDP per capita. 'Expected COVID-19 impact on 2020 Q4 GDP level' refers to the virus' hit to expected trend GDP levels. 'Z-score' refers to a standardized number of standard deviations by which the value of a raw score is above or below the average. For illustrative purposes only. Bottom Section Notes: World Bank and GSAM. As of June 30, 2020, latest available data. Chart compares the levels of monetary and fiscal stimulus as a percent of GDP for 2020 and during the Global Financial Crisis (GFC). 'Stimulus' refers to the estimate of total fiscal easing and loan guarantees for the calendar year, based on enacted and proposed policy stimulus. 'Unconventional monetary policy' refers to asset purchase programs. 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.

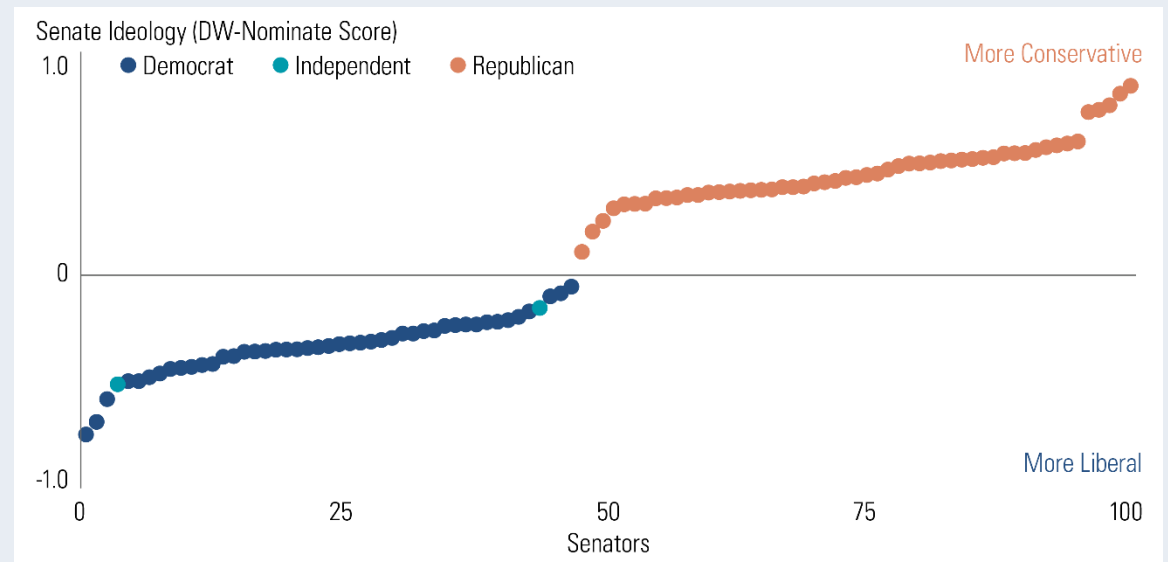
UNEVEN RECOVERY

Many service industries still have room to recover as COVID-19 has disproportionately challenged businesses that are less adaptable to remote labor and services. These would include recreation, hospitality, personal care, and transportation, etc. For many economies, full recovery is incumbent on the normalization of the service sector, which likely requires time and a vaccine to revert to pre-COVID-19 levels.



BALANCED RISK

The composition of “known” risks remains as diverse as ever, including COVID-19, vaccine development, economic re-opening, elections and referendums, de-globalization, and social unrest. On the positive side, while legislative uncertainty is a natural byproduct of election cycles, 2020 US Senate results have effectively removed filibuster adjustments from consideration. Consequently, moderates from both parties will be essential to enacting meaningful legislation.



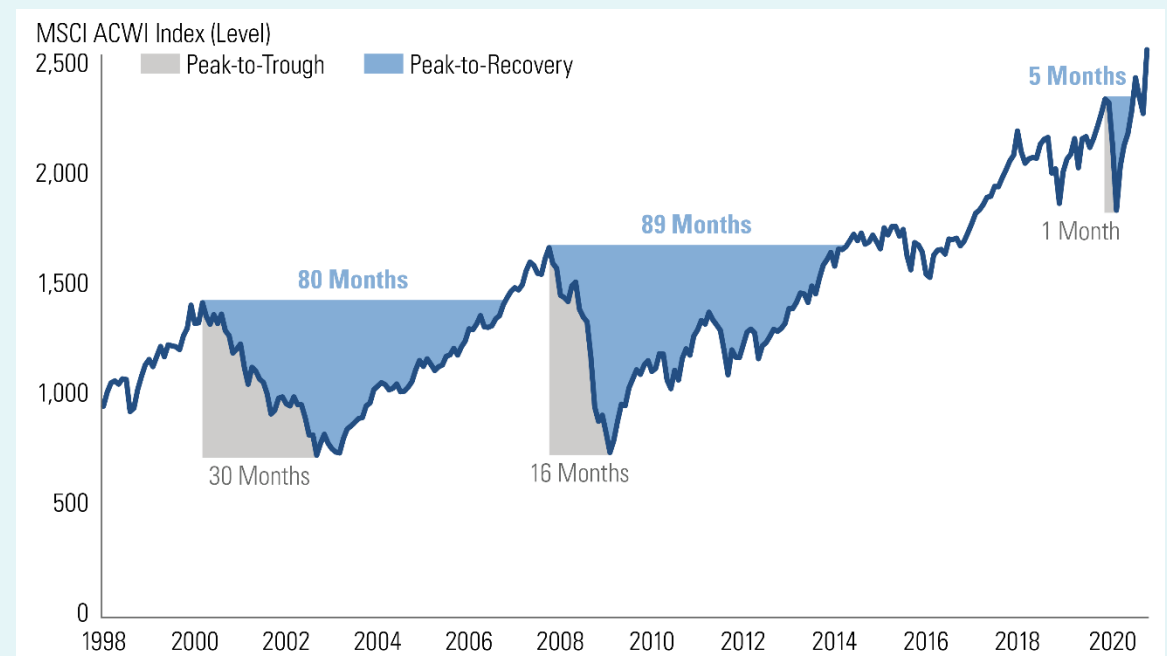
Top Section Notes: Bureau of Labor Statistics and GSAM. As of November 30, 2020. Chart shows the current levels of US consumer spending as a proportion of the pre-COVID-19 spending in February 2020. Bottom Section Notes: Lewis, Jeffrey B., Keith Poole, Howard Rosenthal, Adam Boche, Aaron Rudkin, and Luke Sonnet (2020), and GSAM. As of November 30, 2020. The DW-Nominate score scales senators' economic ideologies based on their voting behavior. Chart reflects ideologies of senators of the 116th Congress (2019-2021). For illustrative purposes only.

Markets

We believe we are in the early stage of the next bull market expansion. Unlike the last cycle characterized by high returns and multiple expansion, we expect this cycle to experience more moderate earnings-driven equity returns, steeper yield curves, firmer commodity prices, and a broadly weaker dollar. Global equities remain our preferred risk asset.

GLOBAL EQUITY

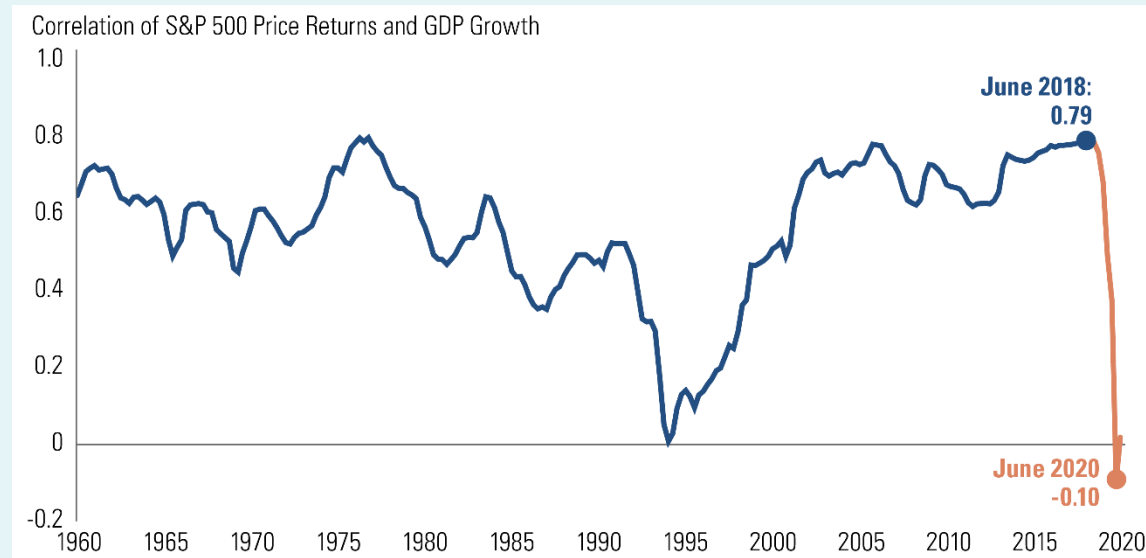
The speed of the 2020 equity plunge and near instantaneous reversal was unparalleled. Lacking the early warning signs of some emergent cyclical or financial disequilibrium, markets were whipsawed between the medically-induced shuttering of global economies and the deluge of monetary and fiscal support. Notwithstanding full valuations, we believe global equities remain attractive, supported in 2021 by low real yields, contained inflation, easy financial conditions, peak earnings, and a substantial equity risk premium.



Section Notes: Bloomberg and GSAM. As of November 30, 2020. Chart shows the MSCI ACWI Index levels from 1998 to 2020. For illustrative purposes only. 'Peak-to-trough' refers to the period from the market high to the subsequent market bottom. 'Peak-to-recovery' refers to the period from the market high to when prices fully recover to reach a new market high. 'Easy financial conditions' refers to an environment supportive of economic growth. The performance results are based on historical performance of the indices used. The results will vary based on market conditions. If any assumptions used do not prove to be true, results may vary substantially. **Past performance does not guarantee future results, which may vary.**

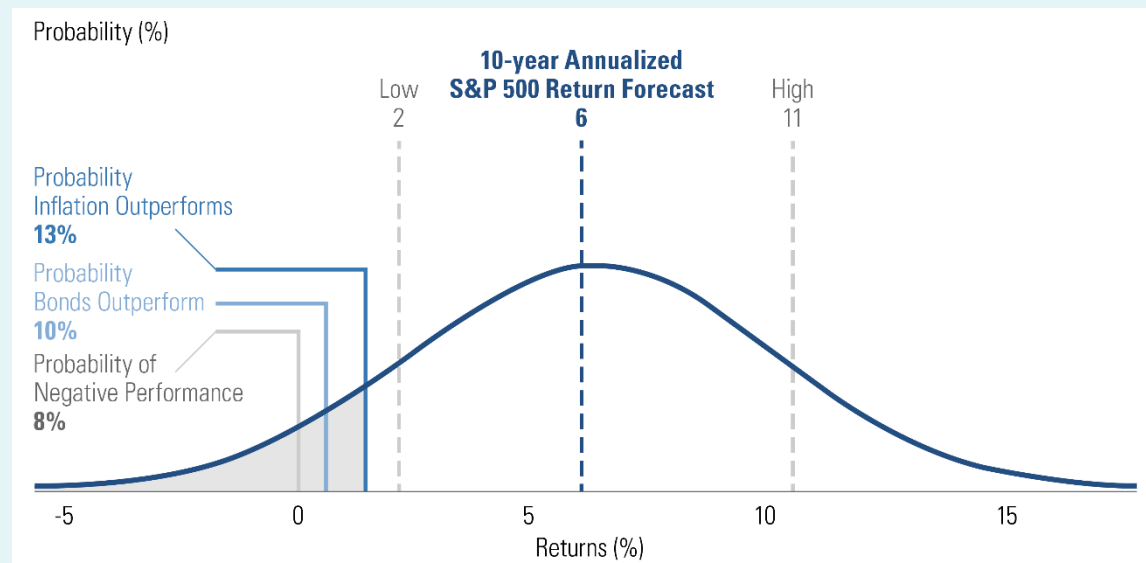
RECONCILING THE REBOUND

The recovery in risk assets has puzzled many investors, suggesting that capital markets may have disconnected from fundamentals. This premise is confirmed by the negative correlation between S&P 500 returns and US economic growth for the first time in post-war history. In our view, this is not a new paradigm of investing, but rather a reflection of the extraordinary stimulus deployed into the economy from monetary and fiscal authorities.



MODERATING RETURNS

Fiscal stimulus and a vaccine have been essential in preserving the S&P 500's recovery in 2020. Similar to our view of economic recovery, we expect equity returns to moderate longer-term as fundamental drivers resume market leadership. Our annualized return expectations for the next decade (6%) are about half the rate of the prior decade. Still, we believe the relative distribution of equities vis-a-vis bonds and inflation remains attractive, requiring only modest strategic adjustments.



Top Section Notes: Bloomberg and GSAM. As of November 30, 2020. Chart shows the correlation between rolling quarterly S&P 500 12-month price returns and real US GDP year-on-year growth advanced two quarters. Past correlations are not indicative of future correlations, which may vary. **Past performance does not guarantee future results, which may vary.** Bottom Section Notes: Goldman Sachs Global Investment Research and GSAM. As of November 30, 2020. Chart shows the probability distribution of the 10-year annualized return forecast. 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. For illustrative purposes only. The performance results are based on historical performance of the indices used. The results will vary based on market conditions. If any assumptions used do not prove to be true, results may vary substantially.

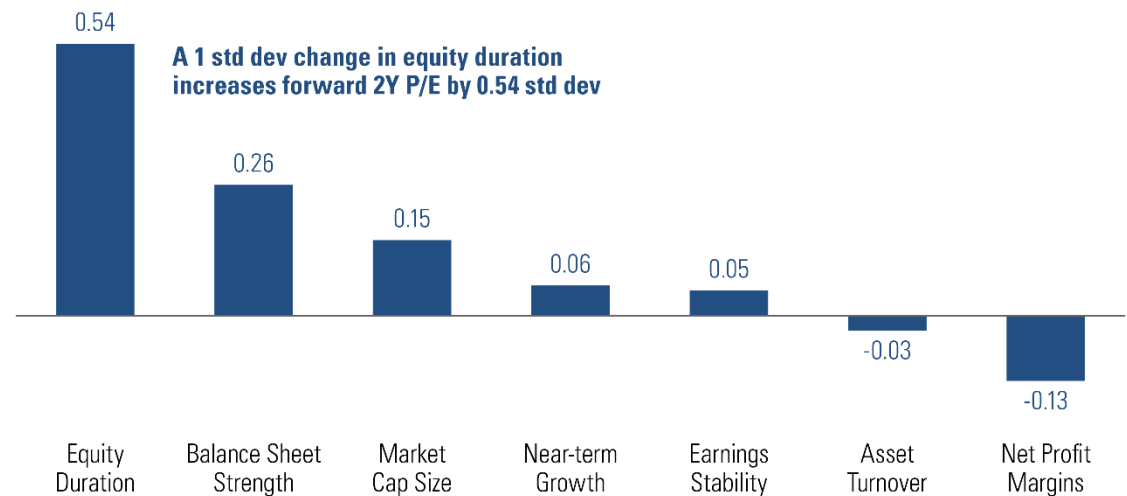
GOING FORWARD

While equity returns may be set to moderate, a vaccine-induced recovery in 2021 is likely to pull forward returns, particularly for value and cyclical assets. Longer-term, beating 6% is likely to require more idiosyncratic and global exposure. One interesting dynamic from COVID-19 is that the strong, adaptable, digital franchises appear to be gaining momentum. This is confirmed by what the market has paid for: long-term earnings growth, balance sheet strength, capitalization, and earnings stability.

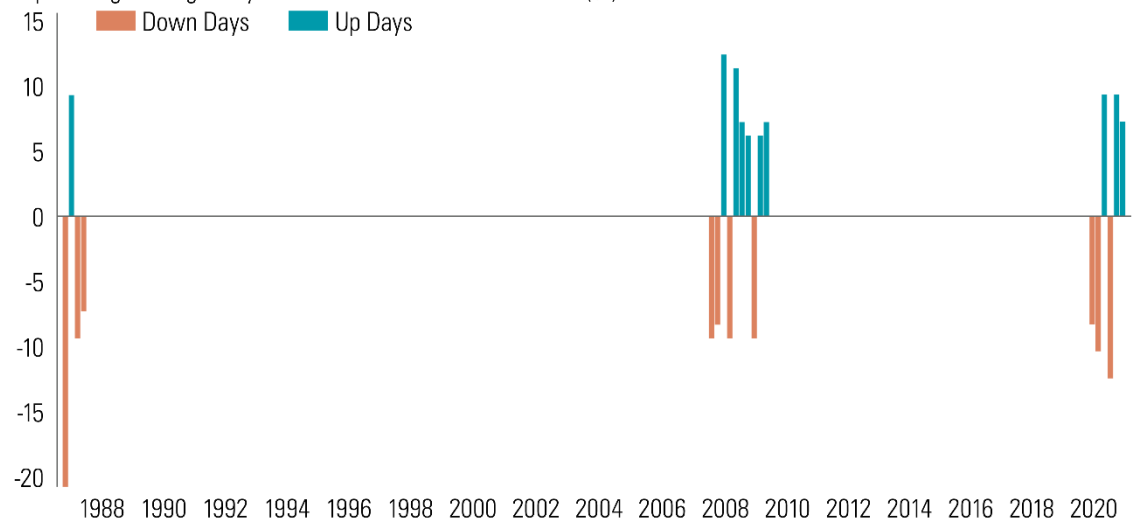
UPS AND DOWNS

Market volatility in 2020 yet again validated the proximity of sizeable downdrafts and subsequent recoveries. Navigating bear markets is complicated by the fact that meaningful equity rebounds historically happen only two days after market capitulation. We expect episodic volatility to continue, catalyzed by an exhaustive set of risks. However, we believe moments of tactical uncertainty are best addressed with strategic design and discipline.

Forward 2Y P/E Impact of Change (Std Dev)



Top 10 Largest Single Day Price Moves in the S&P 500 Index (%)



Top Section Notes: Goldman Sachs Global Investment Research and GSAM. As of November 30, 2020. 'Forward 2Y P/E' refers to the forward 2-year price-to-earnings valuation measure, which measures current prices divided by estimated earnings for the next two years. 'Std dev' refers to standard deviation. Chart shows the relative importance of fundamental variables in explaining forward 2Y P/E changes. Data is normalized using standard deviation, a measure of the dispersion of a set of data from its mean. 'Equity duration' refers to the sensitivity of stock prices to changes in interest rates, and is dependent on a stock's future cash flows and prevailing interest rates. For example, long duration equities are expected to deliver a higher proportion of future cash flows further in the future.

Bottom Section Notes: Bloomberg and GSAM. As of November 30, 2020. Chart shows the magnitude of the 10 worst and best days in the S&P 500 Index since 1945, as measured by the percentage daily price move. For illustrative purposes only. **Past performance does not guarantee future results, which may vary.**

Macro and Markets Recap

Macro:

Vaccine development is crucial to sustainable global economic recovery

Markets:

As returns moderate, the opportunity set becomes more global and idiosyncratic

Know-How

Global Equities:

Strength in numbers

Japanese Equities:

Enjoying a Suga rush

Emerging Markets Equities:

Punching above weight

Asian High Yield:

The best house in the neighborhood?

Private Credit:

Niche to mainstream

ESG & Impact Investing:

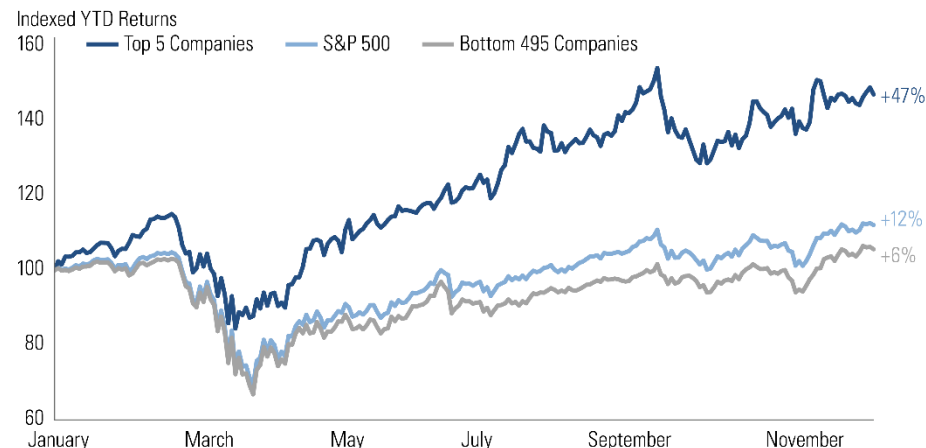
Investing with purpose

Views and opinions are current as of December 2020, and may be subject to change, they should not be construed as investment advice.

Economic and market forecasts presented herein reflect our judgment as of the date of this document and are subject to change without notice. These forecasts do not take into account the specific investment objectives, restrictions, tax and financial situation or other needs of any specific client. Actual data will vary and may not be reflected here. These forecasts are subject to high levels of uncertainty that may affect actual performance. Accordingly, these forecasts should be viewed as merely representative of a broad range of possible outcomes. These forecasts are estimated, based on assumptions, and are subject to significant revision and may change materially as economic and market conditions change. Goldman Sachs Asset Management has no obligation to provide updates or changes to these forecasts. Examples are for illustrative purposes only. Goldman Sachs does not provide accounting, tax or legal advice. Please see additional disclosures at the end of this presentation

Precarious position. Five companies have driven a majority of US equity returns.

Top O' the Market



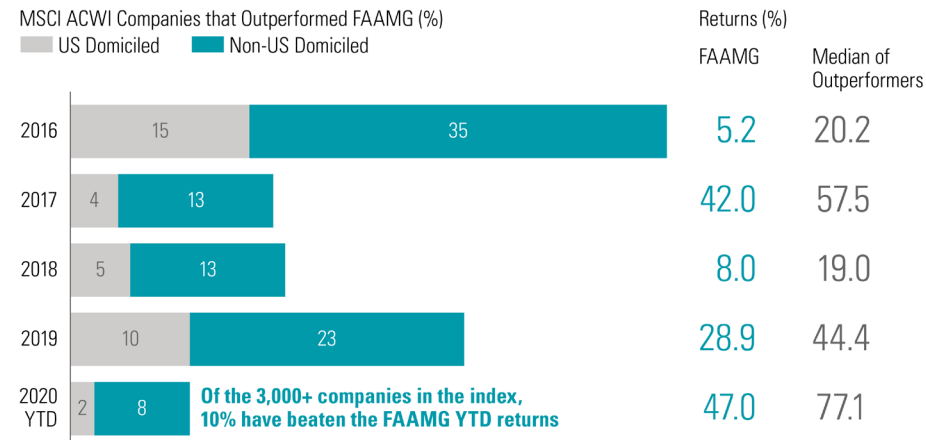
Source: Bloomberg and GSAM

The record degree of concentration in the US equity market has continued to rise as mega-cap tech companies have led the 2020 rally. The five largest US companies (Facebook, Apple, Amazon, Microsoft, and Google—or FAAMG) now comprise nearly a quarter of the S&P 500 Index market capitalization. The fundamental landscape today gives us reasons to be both constructive in the long-term growth trends supporting these names, but also cautious on their continued momentum. We think a good response to the potential risks of narrow market breadth may be geographically expanding the opportunity set.

Left Section Notes: As of November 30, 2020. 'YTD' refers to year-to-date. Chart shows the year-to-date performance of the S&P 500 Index, the 5 largest companies in the S&P 500 on a market capitalization weighted basis (Facebook, Apple, Amazon, Microsoft, and Google), and the rest of the index. Any reference to a specific security does not constitute a recommendation to buy, sell, hold or directly invest in these securities. Right Section Notes: As of November 30, 2020. Chart shows the proportion of companies in the MSCI ACWI Index that outperformed the FAAMG basket on a calendar-year basis, grouped by company domicile. 'Median' refers to the 50th percentile. International securities entail special risks such as currency, political, economic, and market risks. The performance results are based on historical performance of the indices used. The results will vary based on market conditions. If any assumptions used do not prove to be true, results may vary substantially. **Past performance does not guarantee future results, which may vary.**

Going global. Investors may find outperformers by expanding their horizons.

Strength in Numbers



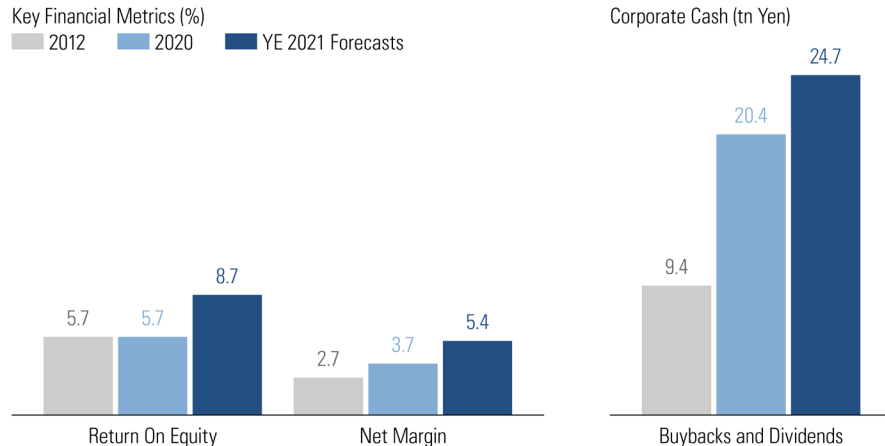
Source: Bloomberg and GSAM

There are hundreds of companies around the world that outperform the basket of the FAAMG stocks from year to year, including 323 names in 2020 YTD. Many of these outperformers have been in the technology sector, but increasingly we believe the market's willingness to pay a premium for innovation and earnings may extend to areas such as Med-tech, Fin-tech, Ed-tech, Green-tech, and Environmental, Social, and Governance (ESG) investments. These features are evident in some US companies, but are also prominently represented globally. Investors who can identify high-quality companies with strong earnings potential may benefit from expanding their horizons.

Japanese equities enjoying a Suga rush.

Corporate governance, earnings, and profitability all improving.

Japanese Equities Becoming Sweeter For Investors



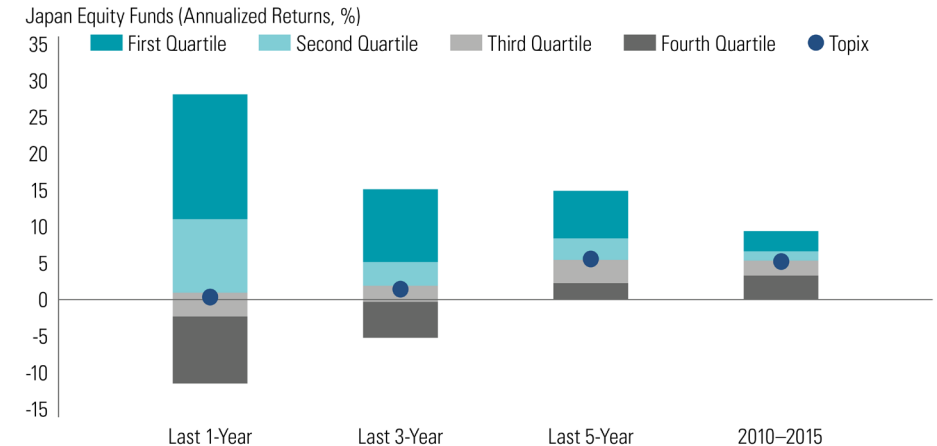
Source: GSAM, Factset, and Goldman Sachs Global Investment Research.

The Suga administration, newly elected in September 2020, is likely to accelerate market-friendly corporate reform measures laid out by the Abe government since 2012. Those reforms have significantly improved the interests of minority shareholders and made Japanese equities a potential sweet spot for investors. Boosted by this Suga rush, corporate governance, earnings growth drivers, and profitability are set to improve even further. However, this improvement has not been uniform across industries, creating a lot of dispersion. Furthermore, the rationale for being active has been further strengthened this year due to the COVID-19 pandemic which has had a varied impact on businesses and their profits.

Left Section Notes: As of October 31, 2020. 'Japanese Equities' refers to the TOPIX Index. Year-end 2021 forecasts are GS Global Investment Research forecasts. 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.** Right Section Notes: As of October 31, 2020. Charts shows fund performances ranked by quartile for the Japan Equity Morningstar category. **Past performance does not guarantee future results, which may vary.**

From Beta to Alpha. Alpha has become more important than before.

Japan Becoming More and More an Alpha Market

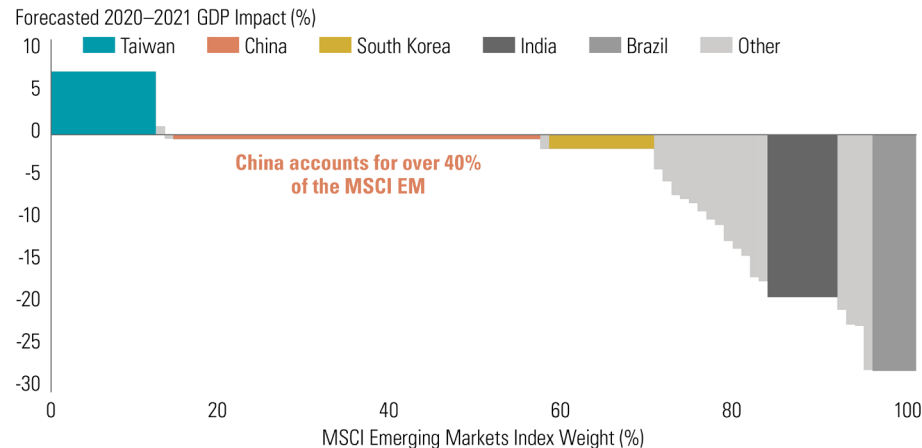


Source: Morningstar and GSAM..

In Japan, markets have undergone a radical change over the last few years and the best active managers have increasingly been able to generate alpha. Between 2012 and 2015, Japan was a "beta market," with Abenomics and the BoJ's policies acting as the key determinants of equity prices. Since 2015, the impact of macroeconomic policies on the market has subsided. In our view, the key driver of equity prices is now business fundamentals, resulting in renewed dispersion in returns across companies. Consequently, the ability of managers to generate alpha has increased and we expect this trend to amplify under the new Suga administration.

Punching above weight. Higher-weighted emerging market equity countries have sustained the least economic damage.

Hit to Most of the MSCI EM Index has Been Limited

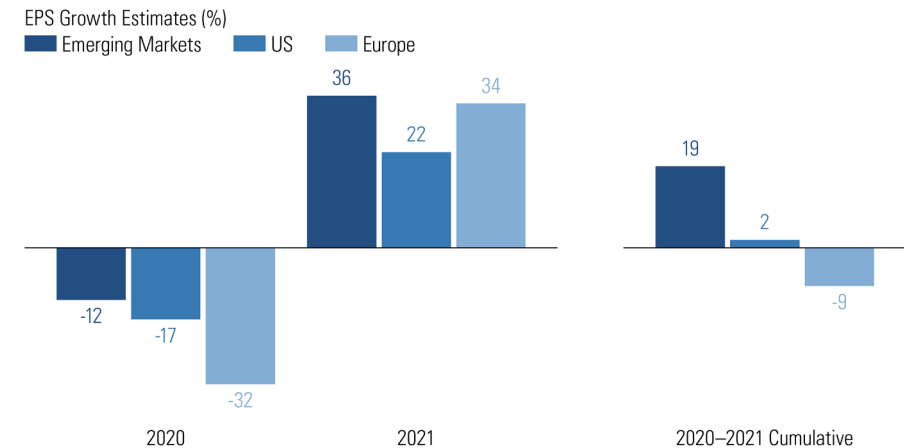


When investors approach emerging markets, it is important to remember that EM GDP is not the same as EM Equity. The country composition and weightings between the two can vary significantly. As such, views on the EM aggregate macro are less critical than the outlooks for highly-weighted, investment-relevant countries such as Taiwan, China, South Korea, India, and Brazil, which make up 80% of the index. In East Asia, where virus containment has been early and effective, there has been limited impact to aggregate GDP estimates and the recovery may continue to see equity returns pulled forward. In India and Brazil, where there has been more sustained economic damage, markets may have even more room to run.

Left Chart Notes: As of October 31, 2020. Chart shows the difference between IMF estimates for 2021 GDP levels from October 2019 to October 2020, measured in percentage terms. Right Chart Notes: As of October 31, 2020. 'EPS' refers to consensus estimates of Earnings Per Share. 'EM' refers to the MSCI Emerging Markets Index. 'US' refers to the S&P 500 Index. 'Europe' refers to the Euro Stoxx 600 Index. '2020–2021 Cumulative' refers to the aggregate EPS growth from 2020 and 2021 combined. 'Investment-relevant' refers to the emerging market companies in the MSCI Emerging Market Index. 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. Please see additional disclosures at the end of this document.

Knockout earnings. EPS growth in these investment-relevant EM countries is set to be strong.

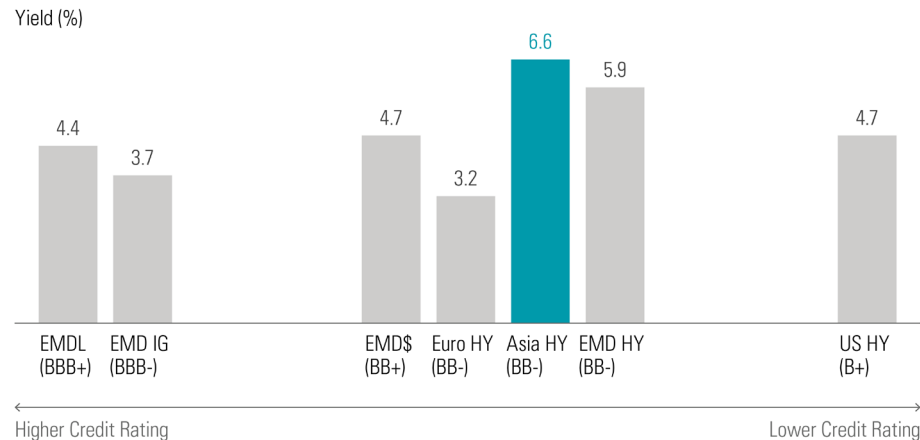
Agile Parry and Solid Counterpunch



EM earnings are expected to outperform their DM peers with shallower declines in 2020 and stronger recoveries in 2021. The result is cumulative earnings growth of 19% over this period, with the strength broad-based across countries. The combined tailwinds of cyclical, commodity exposure, China sensitivity, and pockets of deep value may lead EM outperformance beyond the occasional bursts and become more sustained. Even so, we believe that repeatable alpha generation in emerging markets comes from investing in companies rather than countries as the opportunity set remains highly diverse.

Location, location, location. Emerging Asia has weathered the COVID-19 storm better than many other regions.

Solid Foundations, Great View from the Top

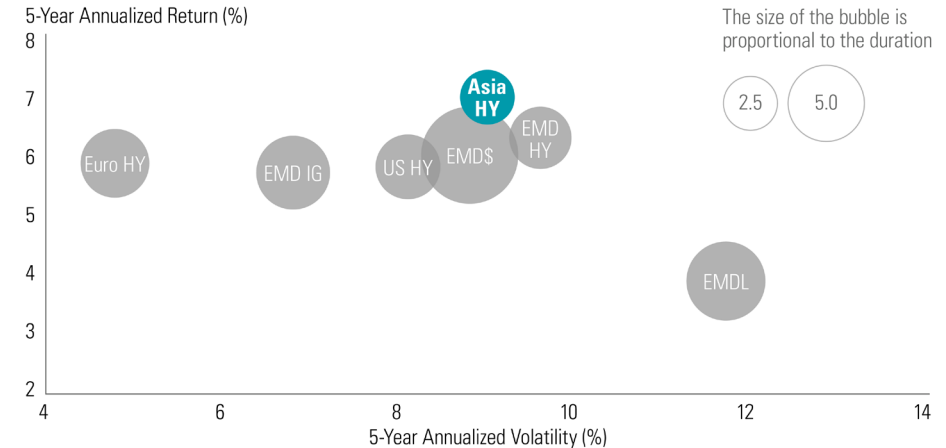


Source: Bloomberg, J.P. Morgan, and GSAM.

As prolonged COVID-related turmoil triggered aggressive rate cuts and large-scale asset purchases by most major DM central banks in 2020, yields across the industrialized world plummeted. By contrast, large parts of Emerging Asia have long since begun to return to some semblance of economic normality and—absent that distortionary influence—there has been much less policy-induced spread compression in Asian fixed income markets. With the US and much of Europe potentially facing years of ultra-low policy rates, Asian High Yield (HY) markets offer relatively attractive yields and an underlying average credit quality that is superior to US peers.

The best house in the neighborhood? Asian HY has delivered strong risk-adjusted returns relative to other fixed income assets.

Highest Return, Lowest Duration Risk



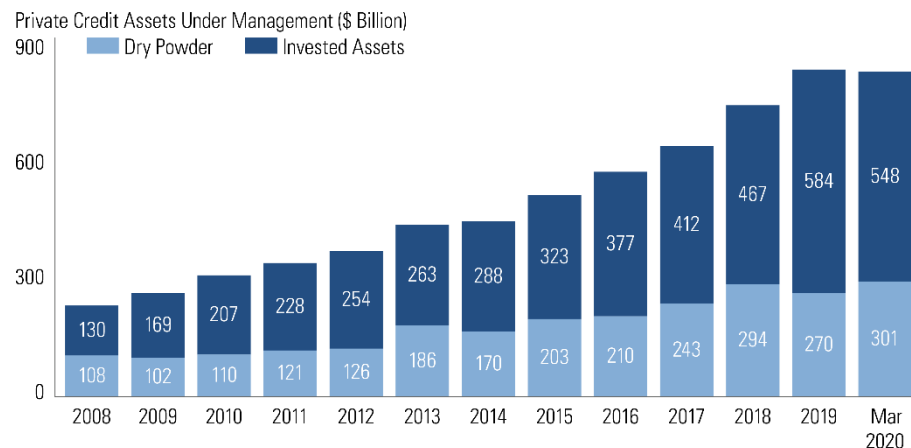
Source: Bloomberg, J.P. Morgan, and GSAM.

With Asia leading the global recovery, the regional macro backdrop is conducive to further declines in underlying credit risk. In our view, Asian HY default rates are likely to be lower than in the US and recovery rates are likely to be higher. With volatility broadly comparable to a number of other fixed income spread products, the returns per unit of risk in Asian HY have historically delivered strong Sharpe ratios and, we think, have the potential to continue to do so.

Left Section Notes: As of October 31, 2020. 'Yield' refers to Yield to Worst. Credit rating refers to the credit rating from the respective index providers. Right Section Notes: As of October 31, 2020. Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. Sharpe ratio is defined as the annualized return earned in excess of the risk-free rate (here 0%) per unit of annualized volatility. 'EMD Local' refers to the JPM GBI-EM Global Diversified Index, 'EM IG' refers to the JPM CEMBI Broad Diversified Index, 'Euro HY' refers to the ICE BofA European Currency High Yield Constrained Index, 'EMD\$' refers to the JPM EMBI Global Diversified Index, 'Asia HY' refers to the ICE BofAML Asian Dollar High Yield Corporate Constrained Index, 'EMD HY' refers to the JPM CEMBI Broad Diversified High Yield Index, and 'US HY' refers to the ICE BofAML US High Yield BB Constrained Index. **Past performance does not guarantee future results, which may vary.**

Yielding and expanding. Private credit has rapidly gone from niche to mainstream.

Rapid AUM Growth Post-Global Financial Crisis



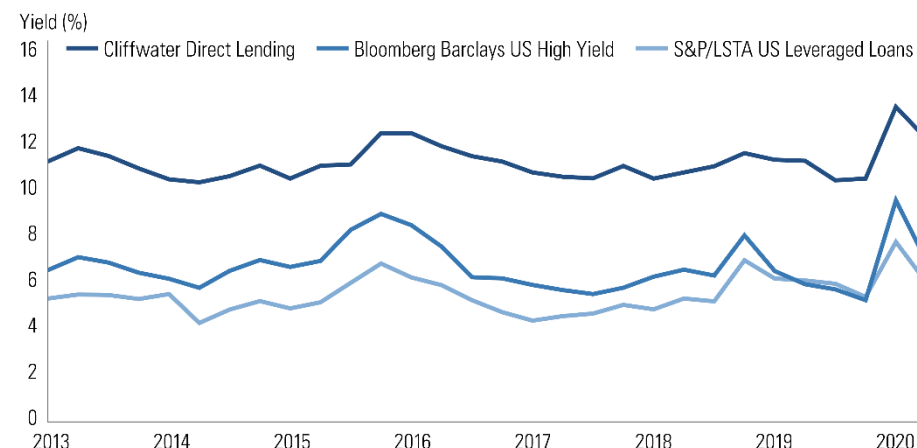
Source: Preqin, Goldman Sachs Global Investment Research, and GSAM.

Private credit has grown three-fold over the past decade, and is now the third-largest private asset class following private equity and real estate. Private credit has attracted investors globally, and continues to show healthy supply and demand dynamics in our view. Additionally, as companies increasingly decide to stay private for longer, private credit demand has expanded as the asset class benefits from positive spillovers from private equity. Supply has simultaneously been on the rise: as of April 2020, there were 457 private credit funds in the market, up from 261 in 2015. As investors familiarize themselves with the asset class, its role in client portfolios is set to grow accordingly in our view.

Left Section Notes: As of June 30, 2020, latest available data. 'Dry powder' refers to committed, but unallocated capital. 'Global financial crisis' refers to the financial crisis from 2007-2008. An investment in private equities is not suitable for all investors. Investors should carefully review and consider their potential investments, risks, charges and expenses before investing. Right Section Notes: As of June 30, 2020, latest available data. Yields are measured by yield to maturity. 'AUM' refers to assets under management. 'Liquidity' refers to an asset's ability to be bought and sold easily and quickly. 'Liquidity premium' refers to the increase in the price of an illiquid asset required by investors in return for holding an investment that cannot easily be sold. The performance results are based on historical performance of the indices used. The results will vary based on market conditions. If any assumptions used do not prove to be true, results may vary substantially. **Past performance does not guarantee future results, which may vary. Investments in fixed income securities are subject to credit, liquidity, and interest rate risk. Please see additional disclosures on page 20 of the document.**

Historically higher yield. Liquidity premiums make private credit a desirable source of yield.

Wide Yield Differential in Different Types of Credit



Source: Bloomberg, Cliffwater, and GSAM.

Propelled by investors' search for yield, direct lending has grown to represent over a third of the private credit universe by AUM. Its yield has remained higher than that of both high yield credit and leveraged loans. While part of the gap can be attributed to differences in firm size and default rates, investors are increasingly attracted to the asset class for its liquidity premiums. Private credit offers potential compensation for illiquidity over time, while its public counterparts may not retain their liquidity all the time—for example, under stressed market conditions. We believe a long-term focus allows investors to better capitalize on liquidity premiums.

Investing sustainably. COVID-19 has amplified the importance of environmentally, socially, and economically aware portfolios.

Why Invest Sustainably?



COVID-19 accelerated the investment materiality of ESG factors

Global ESG funds saw **\$135 billion** inflows YTD 2020 (vs. non-ESG funds -\$422 billion)



Help clients achieve their investment objectives

~**70%** of millennials expect their managers to screen based on ESG criteria and **76%** of women believe ESG factors are important in making investment decisions



Generate sustainable returns and manage risk

Companies with sustainability at their core outperformed their peers during the S&P 500 Coronavirus drawdown and recovery (**+9.6%** outperformance)

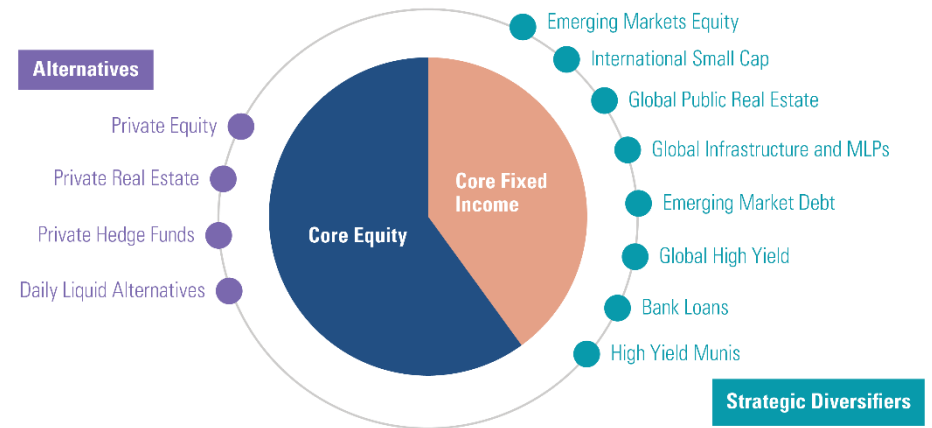
Source: JUST Capital, Factset, Cerulli Associates, Goldman Sachs Global Investment Research, and GSAM.

Investors in 2020 were reminded of the investment importance of environmental, social, and governance (ESG) factors. The Coronavirus pandemic has made social issues—such as the health and safety of employees, customer support, and production decisions—key operational factors, and has elevated their significance in investors' due diligence. During the stress of COVID-19, ESG industry leaders outperformed their peers during drawdown and recovery. We believe that ESG investing is a lasting trend supported by demographic shifts, the Great Wealth Transfer, and the potential to generate sustainable returns and manage risk.

Left section Notes: As of September 30, 2020, latest available data. 'Drawdown' refers to a market decline. 'The Great Wealth Transfer' refers to intergenerational wealth passed from the Baby Boomer generation to beneficiaries. **Past performance does not guarantee future results, which may vary.** Right Section Notes: As of November 30, 2020. For illustrative purposes only. 'MLP' refers to master limited partnership.

Portfolios with purpose. We believe ESG is here to stay as a fundamental process of portfolio construction.

Integrating ESG in Portfolios



Source: GSAM.

ESG is not a separate asset class or a carve out in a portfolio. Rather, it is a part of integrated asset allocation. Investors can invest sustainably across a variety of investment options and asset classes from traditional equity to fixed income to private equity. Sustainable investing is not a singular act, but one that may continue to enhance portfolio durability in any macro climate. In our view, ESG and Impact investing will be increasingly relevant for years to come.

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Source: GSAM.

Glossary

Equities

The **Dow Jones Brookfield Global Infrastructure Index** is designed to measure the performance of pure-play infrastructure companies domiciled globally.

The **FTSE 100 Index** is a market capitalization weighted index of UK-listed blue chip companies. The index is part of the FTSE UK Series and is designed to measure the performance of the 100 largest companies traded on the London Stock Exchange that pass screening for size and liquidity.

The **FTSE EPRA Nareit Developed Index** is designed to track the performance of listed real estate companies and REITS worldwide.

The **MSCI All Country World (ACWI) Index** is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. It comprises of stocks from 23 developed countries and 24 emerging 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 442 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

The **MSCI Japan Index** is designed to measure the performance of the large and mid cap segments of the Japanese market. With 321 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

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 **TOPIX Index** is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the Tokyo Stock Exchange First Section.

Fixed Income

The **Bloomberg Barclays Global Aggregate Bond Index** represents an unmanaged diversified portfolio of fixed income securities, including US 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 **Cliffwater Direct Lending Index (CDLI)** measures the unlevered, gross of fee performance of US middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements.

The **Credit Suisse Leveraged Loan Index** tracks the investable leveraged loan market by representing tradable, senior-secured, US-dollar denominated, non-investment grade loans.

The **ICE BofA Asian Dollar High Yield Corporate Index** tracks the performance of sub-investment grade US dollar denominated securities issued by Asian corporate issuers in the US domestic and eurobond markets.

The **ICE BofA Euro High Yield Index** tracks the performance of Euro denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets.

The **ICE BofA US High Yield Index** tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market.

The **J.P. Morgan 1-Month Cash Index** measures the total return of a rolling investment in a short-term fixed income instrument with a one-month maturity.

The **J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI)** is a global, liquid corporate emerging markets benchmark that tracks U.S.-denominated corporate bonds issued by emerging markets entities.

The **J.P. Morgan EMBI Global Composite Index** is an unmanaged index tracking dollar-denominated debt instruments issued in emerging markets.

The **S&P/LSTA US Leveraged Loan 100 Index** is designed to reflect the performance of the largest facilities in the leveraged loan market.

The **US Treasury Bond** 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.

Other

Beta refers to the tendency of a security's returns to respond to swings in the market.

Bear market refers to a market trend where prices are falling.

Bull market refers to a market trend where prices are rising.

Correlation is a statistic that measures the degree to which two securities move in relation to each other.

Gross Domestic Product (GDP) is the value of finished goods and services produced within a country's borders over one year.

The **HFRI Fund of Funds Composite Index** is an equal weighted, net of fee, index composed of approximately 800 fund-of-funds which report to HFR.

Mega-cap is a designation for the largest companies in the investment universe as measured by market capitalization. While the exact thresholds change with market conditions, mega-cap generally refers to companies with a market capitalization above \$200 billion.

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.

Risk asset refers to assets that carry a degree of price volatility.

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.

Spread is the difference between two prices or interest rates.

Standard deviation is defined as a measure of the dispersion of a set of data from its mean.

Yield refers to the earnings generated and realized on an investment over a particular period of time.

Volatility is a measure of variation of a financial instrument's price.

Risk Disclosures

All investments contain risk and may lose value.

Investors should also consider some of the potential risks of alternative investments: Alternative Strategies. Alternative strategies often engage in leverage and other investment practices that are speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the entire amount that is invested. Manager experience. Manager risk includes those that exist within a manager's organization, investment process or supporting systems and infrastructure. There is also a potential for fund-level risks that arise from the way in which a manager constructs and manages the fund. Leverage. Leverage increases a fund's sensitivity to market movements. Funds that use leverage can be expected to be more "volatile" than other funds that do not use leverage. This means if the investments a fund buys decrease in market value, the value of the fund's shares will decrease by even more. Counterparty risk. Alternative strategies often make significant use of over-the-counter (OTC) derivatives and therefore are subject to the risk that counterparties will not perform their obligations under such contracts. Liquidity risk. Alternative strategies may make investments that are illiquid or that may become less liquid in response to market developments. At times, a fund may be unable to sell certain of its illiquid investments without a substantial drop in price, if at all. Valuation risk. There is risk that the values used by alternative strategies to price investments may be different from those used by other investors to price the same investments. The above are not an exhaustive list of potential risks. There may be additional risks that should be considered before any investment decision.

Private equity investments 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.

Equity securities are more volatile than fixed income securities and subject to greater risks. Small and mid-sized company stocks involve greater risks than those customarily associated with larger companies.

Bonds are subject to interest rate, price and credit risks. Prices tend to be inversely affected by changes in interest rates.

International securities entail special risks such as currency, political, economic, and market risks.

Emerging markets securities may be less liquid and more volatile and are subject to a number of additional risks, including but not limited to currency fluctuations and political instability.

An investment in real estate securities is subject to greater price volatility and the special risks associated with direct ownership of real estate.

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.

Although Treasuries are considered free from credit risk, they are subject to interest rate risk, which may cause the underlying value of the security to fluctuate.

Concentration in infrastructure-related securities involves sector risk and concentration risk, particularly greater exposure to adverse economic, regulatory, political, legal, liquidity, and tax risks associated with MLPs and REITs.

Investments in master limited partnerships ("MLPs") are subject to certain risks, including risks related to limited control and limited rights to vote, potential conflicts of interest, cash flow risks, dilution risks, limited liquidity and risks related to the general partner's right to force sales at undesirable times or prices.

Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions and other factors.

Environmental, Social, and Governance ("ESG") strategies may take risks or eliminate exposures found in other strategies or broad market benchmarks that may cause performance to diverge from the performance of these other strategies or market benchmarks. ESG strategies will be subject to the risks associated with their underlying investments' asset classes. Further, the demand within certain markets or sectors that an ESG strategy targets may not develop as forecasted or may develop more slowly than anticipated.

There may be additional risks that are not currently foreseen or considered.

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Index Benchmarks

Indices are unmanaged. The figures for the index reflect the reinvestment of all income or dividends, as applicable, but do not reflect the deduction of any fees or expenses which would reduce returns. Investors cannot invest directly in indices.

The indices referenced herein have been selected because they are well known, easily recognized by investors, and reflect those indices that the Investment Manager believes, in part based on industry practice, provide a suitable benchmark against which to evaluate the investment or broader market described herein.

Page 15 Right Section Notes: High yield bonds are corporate or municipal bonds with a higher level of default risk relative to their investment grade counterparts. Given the riskier credit profile of high yield bonds, investors are generally compensated with higher yields. Leveraged loans are floating rate loans with below investment grade rating made by banks to companies. Leveraged loans typically fall higher in the capital structure relative to high yield bonds. Historically, leveraged loans have offered higher recovery rates in the case of a default. Direct lending is a form of corporate debt provision in which lenders other than banks make loans to companies. The borrowers are usually small and medium enterprises while the lenders may be wealthy individuals or asset management firms. Direct lending debt is typically structured as floating rate loans with below investment grade credit rating. Floating rate debt reacts to interest rate changes in a similar manner to fixed rate debt, although typically to a lesser degree. Typical features of this asset include strong loan collateral and reasonable leverage, but can also be less liquid than public fixed income instruments. There is limited ability to trade these loans on the public market due to the fact that issuers are generally small and consequently not well-known. Credit and default risk is higher for direct lending strategies compared to traditional broad market fixed income strategies given that the focus in direct lending strategies is on below-investment-grade issuers. Investors are typically compensated through credit risk and illiquidity premiums.

Page 23 Relative Asset Class Calendar-Year Performance Notes: 'US Large Cap' is represented by the S&P 500 Index. 'UK Equity' by the FTSE 100 Index. 'Europe Equity' by the MSCI Europe Index. 'Japan Equity' by the MSCI Japan Index. 'Global Small Cap' by the MSCI World Small Cap Index. 'EM Equity' by the MSCI Emerging Markets Index. 'Global Agg Bond' by the Bloomberg Barclays Global Aggregate USD Value Hedged Index. 'Global High Yield' by the Bloomberg Barclays Global High Yield Value Unhedged Index. 'Global Real Estate' by the FTSE EPRA/ NAREIT. 'EM Debt' by the JPM EMBI Global Composite Index. 'Commodities' by the S&P GSCI Commodity Index. 'Hedge Funds' by the HFRI Fund of Funds Index. 'Macro/ Tactical Hedge Funds' is represented by a 50/50 blend of the HFRX Macro/CTA Index and the HFRI Macro Index. This material is provided for informational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities.

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Date of first use: December 11, 2020. Compliance Code: 224032-OTU-1314891

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Relative Asset Class Calendar-Year Performance

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
Best Performance	Global Small Cap 26.1%	Emerging Market Debt 7.4%	Global Real Estate 28.7%	Global Small Cap 32.4%	Global Real Estate 15.9%	Japan Equity 9.6%	Global High Yield 14.3%	Emerging Market Equity 37.3%	Global Agg Bond 1.8%	US Large Cap 30.7%	US Large Cap 13.4%
	Global Real Estate 20.4%	Global Agg Bond 5.4%	Global High Yield 19.6%	US Large Cap 31.5%	US Large Cap 13.0%	Emerging Market Debt 1.2%	Global Small Cap 12.7%	Europe Equity 25.5%	Macro/Tactical Hedge Funds -3.7%	Global Small Cap 26.2%	Emerging Market Equity 10.2%
	Emerging Market Equity 18.9%	Global High Yield 3.1%	Europe Equity 19.1%	Japan Equity 27.2%	Global Agg Bond 7.6%	Global Agg Bond 1.0%	Commodities 11.4%	Japan Equity 24.0%	Hedge Funds -4.0%	Europe Equity 23.8%	Japan Equity 9.9%
	Japan Equity 15.4%	US Large Cap 1.5%	Emerging Market Equity 18.2%	Europe Equity 25.2%	Emerging Market Debt 7.4%	US Large Cap 0.7%	US Large Cap 11.2%	Global Small Cap 22.7%	Global High Yield -4.1%	Global Real Estate 23.1%	Global Small Cap 8.0%
	Global High Yield 14.8%	Commodities -1.2%	Global Small Cap 17.5%	UK Equity 21.3%	Macro/Tactical Hedge Funds 5.4%	Global Real Estate 0.0%	Emerging Market Equity 11.2%	UK Equity 22.6%	Emerging Market Debt -4.3%	UK Equity 22.1%	Hedge Funds 6.4%
	US Large Cap 14.4%	UK Equity -2.7%	Emerging Market Debt 17.4%	Hedge Funds 9.0%	Hedge Funds 3.4%	Global Small Cap -0.3%	Emerging Market Debt 10.2%	US Large Cap 21.1%	Global Real Estate -4.7%	Japan Equity 19.6%	Global Agg Bond 5.3%
	Emerging Market Debt 12.2%	Macro/Tactical Hedge Funds -4.5%	US Large Cap 15.2%	Global High Yield 7.3%	Global Small Cap 1.9%	Hedge Funds -0.3%	Global Real Estate 5.0%	Emerging Market Debt 15.2%	US Large Cap -4.9%	Emerging Market Equity 18.4%	Global High Yield 4.4%
	Commodities 9.0%	Hedge Funds -5.7%	UK Equity 15.2%	Global Real Estate 4.4%	Global High Yield 0.0%	Macro/Tactical Hedge Funds -1.6%	Global Agg Bond 3.9%	Global Real Estate 11.4%	Japan Equity -12.9%	Commodities 17.6%	Emerging Market Debt 3.3%
	UK Equity 8.7%	Global Real Estate -5.8%	Japan Equity 8.2%	Global Agg Bond -0.1%	Emerging Market Equity -2.2%	Global High Yield -2.7%	Japan Equity 2.4%	Global High Yield 10.4%	Commodities -13.8%	Emerging Market Debt 15.0%	Macro/Tactical Hedge Funds 1.3%
	Hedge Funds 5.7%	Global Small Cap -9.1%	Global Agg Bond 5.7%	Macro/Tactical Hedge Funds -1.1%	Japan Equity -4.0%	Europe Equity -2.8%	Hedge Funds 0.5%	Hedge Funds 7.8%	Global Small Cap -13.9%	Global High Yield 12.6%	Europe Equity 0.6%
Worst Performance	Global Agg Bond 4.6%	Europe Equity -11.1%	Hedge Funds 4.8%	Commodities -1.2%	UK Equity -5.3%	UK Equity -6.7%	UK Equity -0.2%	Commodities 5.8%	UK Equity -14.0%	Global Agg Bond 8.2%	Global Real Estate -11.4%
	Europe Equity 3.9%	Japan Equity -14.3%	Commodities 0.1%	Emerging Market Equity -2.60%	Europe Equity -6.2%	Emerging Market Equity -14.9%	Europe Equity -0.4%	Global Agg Bond 3.0%	Emerging Market Equity -14.6%	Hedge Funds 7.8%	UK Equity -13.8%
	Macro/Tactical Hedge Funds 3.2%	Emerging Market Equity -18.4%	Macro/Tactical Hedge Funds -0.5%	Emerging Market Debt -5.3%	Commodities -33.1%	Commodities -32.9%	Macro/Tactical Hedge Funds -0.8%	Macro/Tactical Hedge Funds 2.4%	Europe Equity -14.9%	Macro/Tactical Hedge Funds 5.5%	Commodities -28.0%

Source: GSAM. As of November 30, 2020. This example is for illustrative purposes only to show the performance dispersion between various asset classes over time and the potential importance of diversification. Diversification is the process of allocating capital in a way that reduces the exposure to any one particular asset or risk. **Past performance does not guarantee future results, which may vary.** Diversification does not protect an investor from market risks and does not ensure a profit. Please see additional disclosures on page 21 of this document.



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