US WEEKLY KICKSTART

Hedge funds and mutual funds differ on AI but converge on Financials

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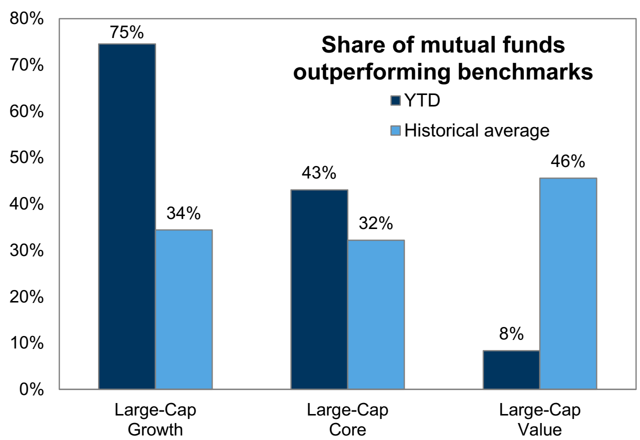
- This week we published our Hedge Fund Trend Monitor and Mutual Fundamentals reports, which analyze $10 trillion of equity positions at the start of Q3 2026. In today's note we compare the performance and positioning of the two groups.
- **Hedge funds and mutual funds have generated solid returns this year despite the lackluster performance of the most popular holdings.** 42% of large-cap mutual fund are outperforming their benchmarks YTD, above the historical average of 37%. US equity long/short hedge funds have returned +10% YTD, according to data from Goldman Sachs Prime Services. However, our Hedge Fund VIP basket (GSTHHVIP) and our Mutual Fund Overweight basket (GSTHMFOW) have each lagged the equal-weight S&P 500 as well as baskets of underweights and concentrated short positions.
- **Hedge funds and mutual funds carry equity exposures that are below recent peaks but above historical averages.** Mutual fund cash balances registered 1.2% of assets at the end of June compared with the record low of 1.1% reached in December 2025. Hedge fund net leverage ranks in the 27th percentile versus the past 12 months but in the 62nd percentile vs. the past 5 years.
- **Hedge funds remain more exposed to the AI trade than mutual funds.** However, both groups selectively adjusted exposures to AI-related equities last quarter. Mutual funds bought shares in AMD, MU, and SNDK while hedge funds sold those stocks. BE, FLEX, and STX rank among the AI stocks bought by both hedge funds and mutual funds.
- **Both hedge funds and mutual funds are now overweight the Financials sector for only the 3rd quarter in our historical data.** Large-caps bought by both groups include COF, CPAY, FISV, and IBKR. Outside of Financials, both groups of investors also carry large overweights in Health Care but differ with regard to the consumer sectors.
- **There are six "shared favorite" stocks that register as popular holdings in both hedge fund and mutual fund portfolios this quarter:** BA, COF, MA, SPCX, TMO, V. A rolling portfolio of shared favorites has returned 29% YTD, outperforming the equal-weight S&P 500 (16 %) and the most popular positions of each group of investors.

Conversations we are having with clients: Comparing mutual fund and hedge fund positioning

This week we published our quarterly Hedge Fund Trend Monitor and Mutual Fundamentals reports, which analyze holdings at the start of Q3 2026. Our analyses cover 991 hedge funds with $5.4 trillion of gross equity positions and 504 large-cap active mutual funds with $4.6 trillion in equity assets.

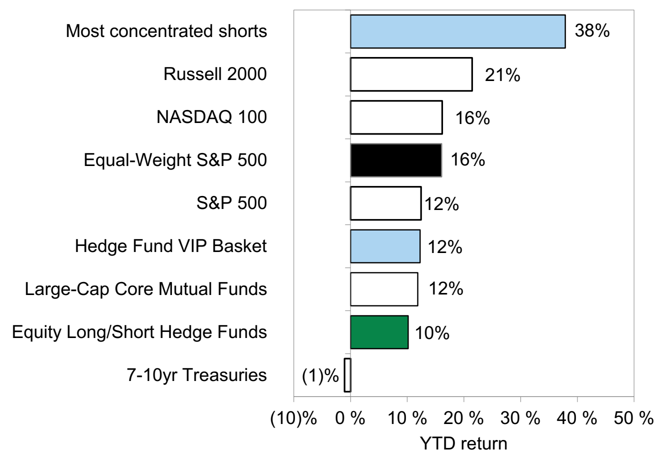
Hedge funds and mutual funds have generated solid returns this year despite the lackluster performance of the most popular holdings. 42% of large-cap mutual funds are outperforming their benchmarks YTD, above the historical average of 37%. However, our basket of the largest Mutual Fund Overweights (GSTHMFOW) has returned just 9% YTD, lagging both the equal-weight S&P 500 (16%) and our Mutual Fund Underweight basket (GSTHMFUW, 24%). Similiarly, GS Prime Services estimates show US equity long/short hedge funds returning +10% YTD through August 20, with our Hedge Fund VIP basket of the most popular long positions (GSTHHVIP) returning 12% YTD while a basket of concentrated shorts (GSCBMSAL) has returned 38%.

Exhibit 1: 42% of large-cap mutual funds are outperforming their benchmarks



Source: Goldman Sachs Global Investment Research

Exhibit 2: US equity hedge funds have returned 10% YTD
as of August 20, 2026

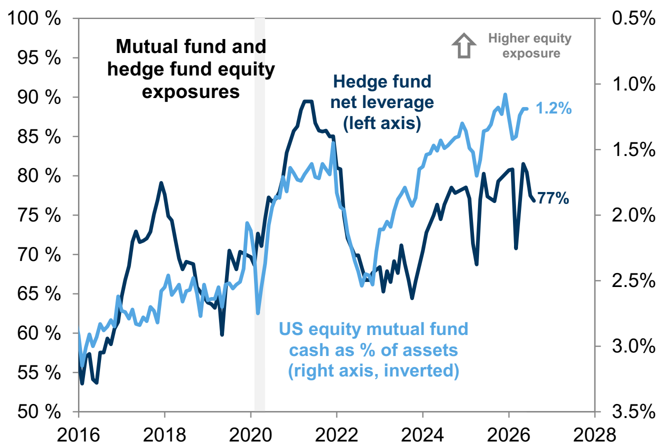


Hedge fund performance estimate represents a weighted average of fund performance derived from aggregated Goldman Sachs Prime Services client positions for an anonymized basket of Equity Long/Short funds.

Source: FactSet, Goldman Sachs Global Investment Research, Goldman Sachs FICC and Equities

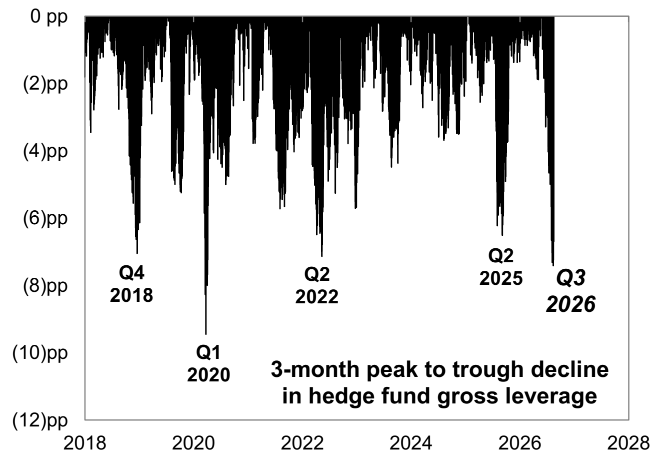
Mutual funds and hedge funds each carry equity market exposures that are elevated relative to the last few years but below recent peaks. Hedge fund returns, leverage, and crowding all surged in Q2, but July witnessed one of the sharpest deleveraging episodes of the past decade. GS Prime Services estimates now show hedge funds carrying net and gross leverage that rank below 12-month averages but remain elevated relative to the last few years. Similarly, mutual fund cash balances register 1.2% of assets, above the record low of 1.1% reached in December 2025 but otherwise one of the lowest levels on record.

Exhibit 3: Hedge fund and mutual fund equity market exposures
hedge fund data as of August 20, 2026; mutual fund data as of June 30, 2026



Source: ICI, Goldman Sachs Prime Services, Goldman Sachs Global Investment Research

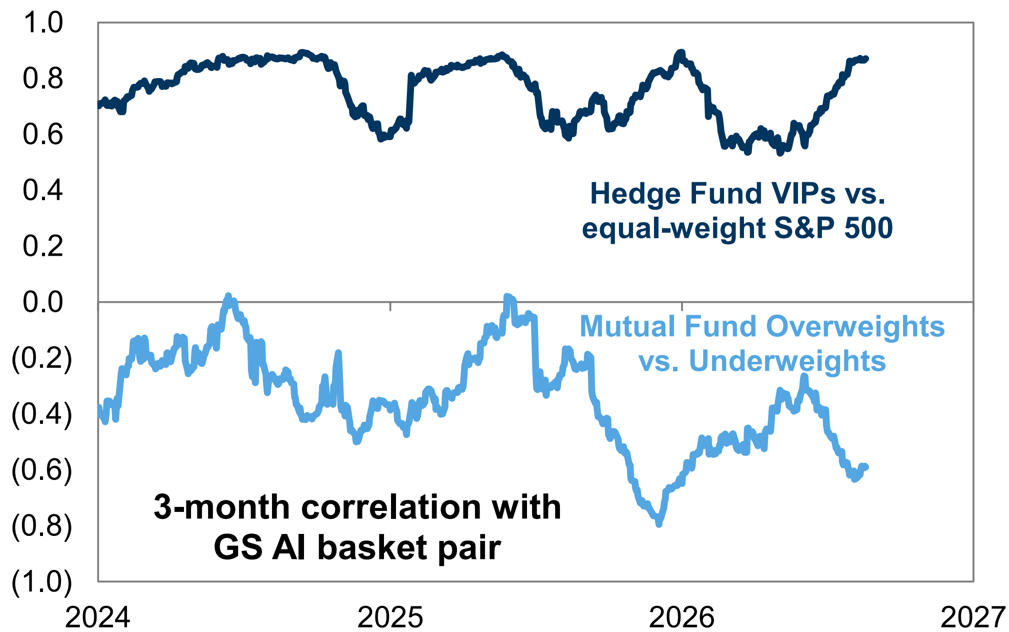
Exhibit 4: The recent hedge fund de-grossing episode was particularly sharp
Aggregated data from Goldman Sachs Prime Services; should not be relied upon as a comprehensive view of the market



Source: Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

Hedge fund portfolios remain closely tied to the AI trade while mutual funds are underweight the complex. The returns of hedge funds and their most popular holdings have been closely correlated with swings in the AI trade during the last few months. The weight of AI infrastructure stocks in mutual fund portfolios has risen sharply this year but failed to keep pace with benchmark weights, leading to a large mutual fund underweight in the complex.

Exhibit 5: The most popular hedge fund and mutual fund stocks have reflected contrasting exposures to the AI trade
GS AI basket pair (GSTMTAIP vs. GSTMTAIR)

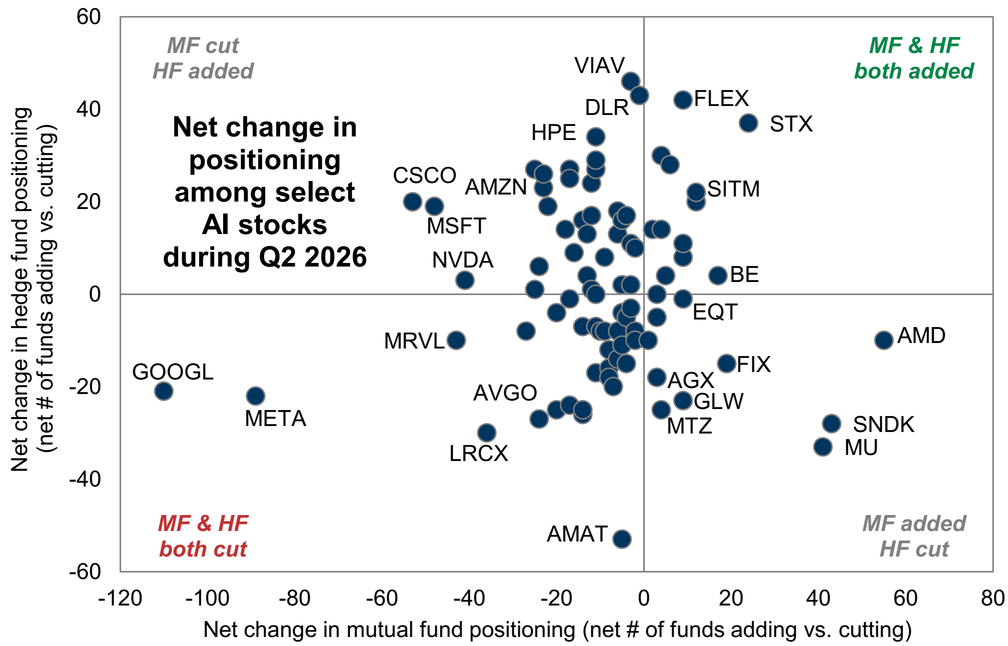


GSTMTAIP and GSTMTAIR developed by GBM

Source: Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

Hedge funds and mutual funds also differed in the way they adjusted their AI exposures during the Q2 rally. While hedge funds have generally embraced the AI trade, they sold a number of large AI stocks during Q2, including most of the mega-caps. The exceptions were MSFT and AMZN, which hedge funds bought. However, mutual funds sold those two stocks during the quarter. Hedge funds also trimmed exposure to AMD, MU, and SNDK, whereas a majority of mutual funds bought shares in those stocks during the quarter. There were 12 AI infrastructure stocks where both hedge funds and mutual funds added during Q2: AEP, AXTI, BE, CRWV, FLEX, LGN, NI, SANM, SITM, STX, TLN, XEL.

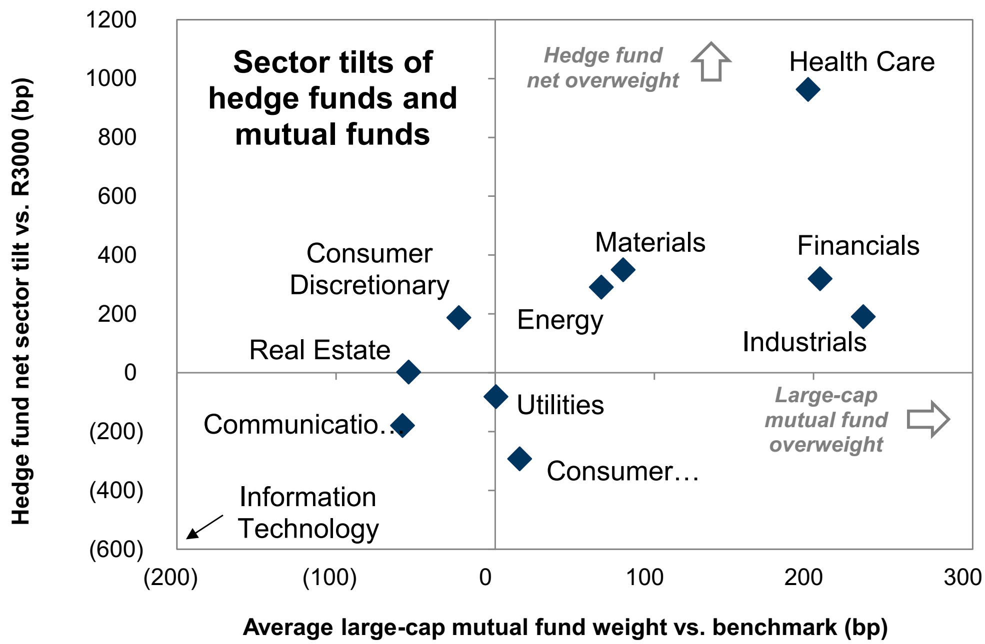
Exhibit 6: Changes in mutual fund and hedge fund ownership of AI infrastructure stocks during Q2



Source: Goldman Sachs Global Investment Research

Outside of AI, hedge funds and mutual funds generally agree on sector tilts. While hedge funds are not benchmarked, comparing their net sector positions to the Russell 3000 reveals similar tilts as mutual fund portfolios. Both groups carry large overweights in Health Care and large underweights in TMT. The most notable area of disagreement is in the consumer sectors, where hedge funds are overweight Consumer Discretionary and underweight Consumer Staples, while mutual funds hold the opposite tilts.

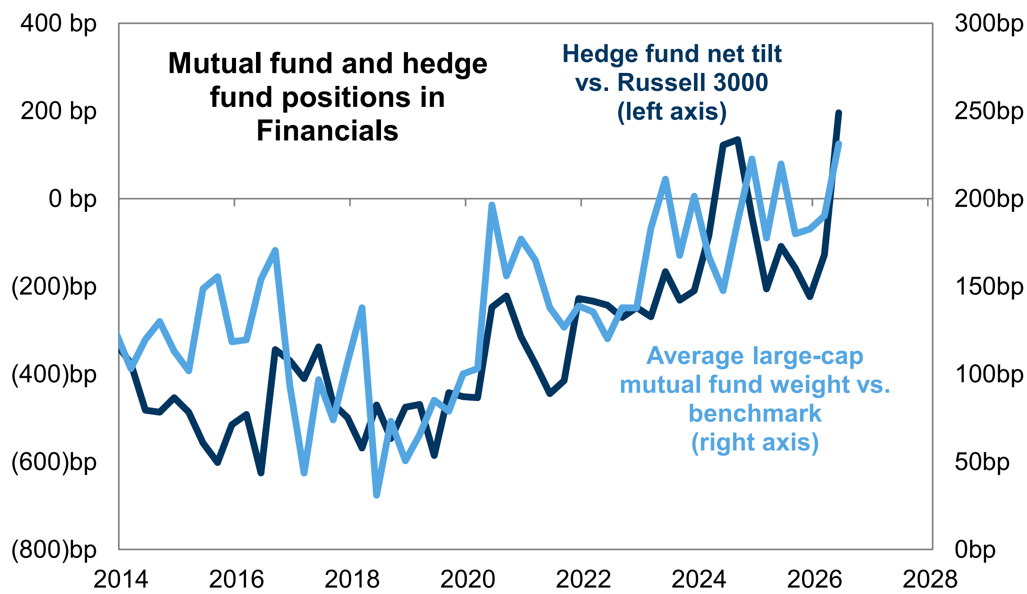
Exhibit 7: Hedge fund and mutual fund sector positions



Source: Goldman Sachs Global Investment Research

Hedge fund and mutual fund tilts to Financials each rank at their highest levels in our historical data. Hedge funds increased their net tilt toward Financials by over 300 bp during Q2 to the largest position in the sector since prior to the GFC. Mutual funds also increased their tilt to Financials last quarter and now carry their largest overweight since at least 2012. Within Financials, both mutual funds and hedge funds added to stocks including COF, CPAY, FISV, and IBKR.

Exhibit 8: Mutual fund and hedge fund tilts to Financials each reached a new high in Q2 2026



Source: Goldman Sachs Global Investment Research

There are six "shared favorites" this quarter: BA, COF, MA, SPCX, TMO, V. Shared favorites are constituents of both our Hedge Fund VIP and Mutual Fund Overweight baskets. COF, SPCX, and TMO became new "shared favorites" this quarter while MRVL dropped out.

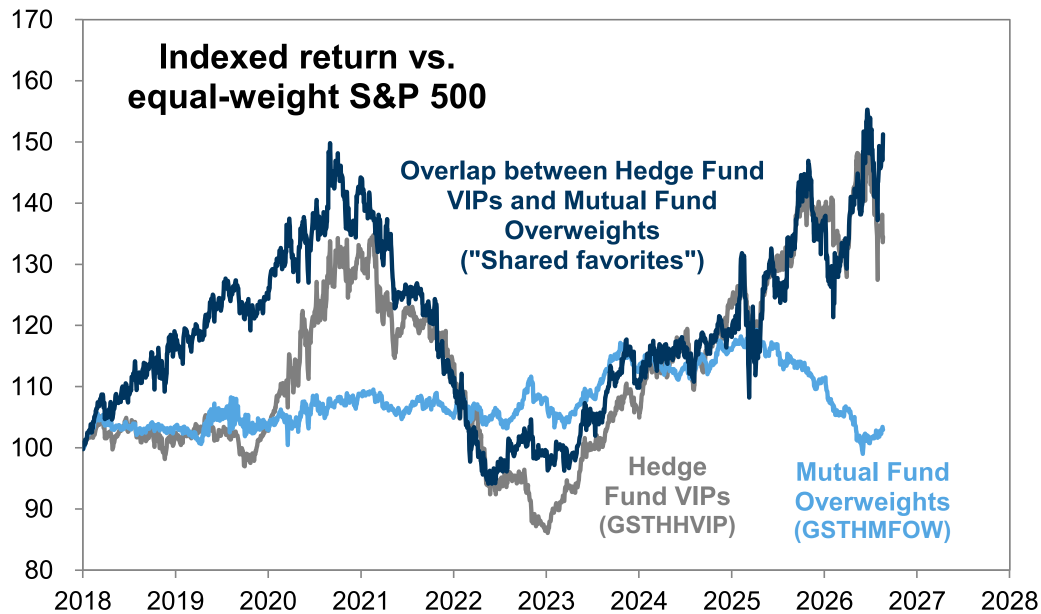
Exhibit 9: Overlap between our mutual fund and hedge fund baskets

		Overlap with our MUTUAL FUND baskets	
		Overweight **Mutual Fund Overweight Positions <GSTHMFOW>**	*Underweight* **Mutual Fund Underweight Positions <GSTHMFUW>**
Overlap with our HEDGE FUND baskets — *Long*	**Hedge Fund VIP List <GSTHHVIP>**	BA, COF, MA, SPCX, TMO, V	AAPL, AMAT, AMD, AMZN, AVGO, BRK.B, GOOGL, INTC, JPM, LLY, LRCX, META, MSFT, MU, NVDA, SNDK

Source: Goldman Sachs Global Investment Research

A rolling portfolio of "shared favorites" has returned 29% YTD, outperforming the equal-weight S&P 500 by 13 pp. The stocks that are both hedge fund and mutual fund favorites have a track record of outperformance at the expense of higher volatility. Since 2013, shared favorites have delivered an annual return of 17% with a standard deviation of 22%. The median shared favorite stock trades at a large P/E premium to the median S&P 500 stock (25x vs. 19x).

Exhibit 10: A portfolio of hedge fund and mutual fund "shared favorites" has returned 29% YTD



Source: FactSet, Goldman Sachs Global Investment Research

Earnings season summary

Exhibit 11: S&P 500 2Q 2026 earnings results
as of August 21, 2026

S&P 500 EQUAL-WEIGHTED

	Number of Companies			EARNINGS: Std Dev Surprises			EARNINGS: Absolute Surprises		EARNINGS: Avg 2Q	REVENUE: Std Dev Surprises		REVENUE: Avg 2Q
	Reported	Total	% of Co's	Positive	Negative	In-Line	Positive	Negative	Surprise	Positive	Negative	Surprise
Information Technology	58	73	79%	**84 %**	2 %	12 %	93 %	5 %	12 %	**74 %**	3 %	3 %
Health Care	55	59	93	**80**	0	20	98	0	15	**71**	5	4
Industrials	82	83	99	**72**	10	16	84	11	10	**67**	7	3
Consumer Staples	27	34	79	**67**	0	33	78	22	10	**48**	7	2
Financials	76	76	100	**66**	7	26	86	12	10	**51**	17	4
Consumer Discretionary	43	47	91	**65**	9	26	81	16	22	**33**	9	1
Energy	21	21	100	**57**	0	43	86	10	13	**57**	0	10
Communication Services	21	21	100	**52**	10	38	86	14	23	**29**	24	1
Materials	25	25	100	**48**	8	44	72	24	4	**40**	28	0
Real Estate	30	30	100	**43**	13	43	60	40	18	**27**	0	5
Utilities	31	31	100	**35**	23	42	55	42	(3)	**13**	26	(2)
S&P 500	**469**	**500**	**94%**	**65 %**	**7 %**	**27 %**	**83 %**	**15 %**	**12 %**	**52 %**	**11 %**	**3 %**
Comparative Data (full earnings season)												
1Q 2026				65 %	7 %	28 %	84 %	13 %	13 %	55 %	9 %	2 %
4Q 2025				55	12	33	73	23	11	51	13	2
3Q 2025				66	8	26	82	15	10	52	9	2
2Q 2025				60	9	31	78	17	9	53	7	2

S&P 500 CAP-WEIGHTED

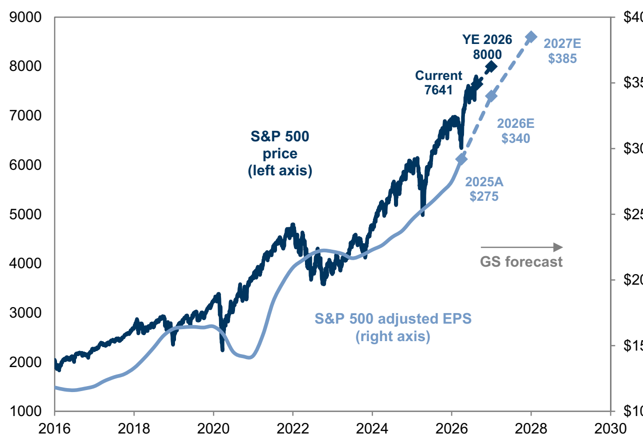
	Weight of Companies			EARNINGS: Std Dev Surprises			EARNINGS: Absolute Surprises		EARNINGS: Avg 2Q	REVENUE: Std Dev Surprises		REVENUE: Avg 2Q
	Reported	Total	% of Co's	Positive	Negative	In-Line	Positive	Negative	Surprise	Positive	Negative	Surprise
Information Technology	25	37	66%	**96 %**	1 %	2 %	98 %	2 %	12 %	**91 %**	1 %	4 %
Financials	12	12	100	**85**	3	12	94	5	16	**76**	9	7
Health Care	9	9	97	**83**	0	17	100	0	18	**74**	2	4
Industrials	9	9	99	**78**	12	8	84	12	4	**78**	4	4
Consumer Discretionary	9	9	99	**76**	17	7	80	19	94	**75**	3	4
Communication Services	9	9	100	**69**	19	12	80	20	126	**79**	9	2
Consumer Staples	4	5	95	**59**	0	41	72	28	7	**72**	2	2
Energy	4	4	100	**54**	0	46	68	31	11	**35**	0	9
Utilities	2	2	100	**50**	18	32	69	29	0	**10**	23	(3)
Materials	2	2	100	**45**	3	52	76	21	4	**43**	28	1
Real Estate	2	2	100	**39**	12	49	56	44	15	**45**	0	4
S&P 500	**86**	**100**	**86%**	**79 %**	**7 %**	**14 %**	**88 %**	**11 %**	**33 %**	**76 %**	**5 %**	**4 %**

Source: FactSet, Goldman Sachs Global Investment Research

S&P 500 earnings and return forecasts

Pricing as of August 20, 2026, unless otherwise noted.

Exhibit 12: Goldman Sachs top-down S&P 500 forecasts



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 13: Goldman Sachs and consensus forecasts for S&P 500 earnings and returns

	Goldman Sachs forecast	Bottom-up analyst consensus	Top-down strategist consensus
S&P 500 EPS			
2025	**$275**	$275	$275
Y/Y growth	***12 %***	*12 %*	*12 %*
2026	**$340**	$363	$340
Y/Y growth	***24 %***	*32 %*	*24 %*
2027	**$385**	$408	$390
Y/Y growth	***13 %***	*12 %*	*15 %*
S&P 500 P/E			
Current on NTM EPS	**21x**	20x	21x
S&P 500 price target			
YE 2026	**8000**	NA	8000
Return to target	***5 %***		*5 %*
12-month	**8300**	8950	NA
Return to target	***9 %***	*17 %*	

Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Biggest stock movers this week

Exhibit 14: S&P 500 stocks with the largest moves this week

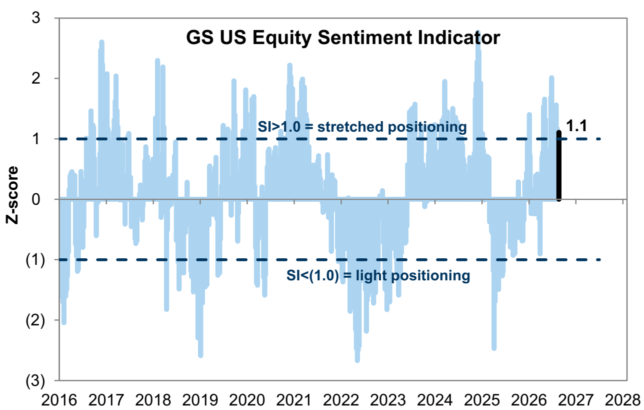
as of August 21, 2026

Company	Ticker	Industry group	Total return: This week	3m	6m	12m	Market cap (bn)	Consensus 2026 EPS growth	Fwd 12m P/E
Top 10 returns this week									
Moderna Inc.	MRNA	Pharma Biotech & Life Sciences	**129 %**	177 %	167 %	396 %	$53	NM	NM
Coinbase Global	COIN	Financial Services	**26**	(10)	1	(43)	45	(146)	224
Estee Lauder Companies	EL	Household & Personal Products	**18**	23	(15)	13	35	55	31
Freeport-McMoRan	FCX	Materials	**15**	17	11	74	102	70	22
Robinhood Markets	HOOD	Financial Services	**13**	26	25	(10)	86	3	46
Mosaic Co.	MOS	Materials	**13**	8	(19)	(26)	7	(81)	27
Merck & Co. Inc.	MRK	Pharma Biotech & Life Sciences	**12**	33	24	82	368	(70)	18
Newmont Corp.	NEM	Materials	**12**	19	5	87	134	32	13
Alexandria Real Estate Equities	ARE	Equity REITs	**11**	12	2	(27)	9	NM	NM
Chipotle Mexican Grill	CMG	Consumer Services	**10**	7	(6)	(18)	45	(4)	29
Bottom 10 returns this week									
Reddit Inc.	RDDT	Media & Entertainment	**(14)%**	2 %	0 %	(31)%	$29	114 %	25x
Jabil Inc.	JBL	Tech Hardware & Equipment	**(14)**	(8)	17	55	33	26	20
Seagate Tech Holdings	STX	Tech Hardware & Equipment	**(13)**	13	107	441	193	158	23
Flex Ltd.	FLEX	Tech Hardware & Equipment	**(12)**	(16)	68	125	41	33	21
Intel Corp.	INTC	Semiconductors & Semi Equip	**(12)**	(23)	109	291	484	308	54
Akamai Technologies	AKAM	Software & Services	**(12)**	(23)	17	45	16	(5)	16
Keysight Technologies	KEYS	Tech Hardware & Equipment	**(12)**	(7)	30	100	54	66	24
CrowdStrike Holdings	CRWD	Software & Services	**(12)**	17	96	82	194	33	147
Coherent Corp.	COHR	Tech Hardware & Equipment	**(11)**	(19)	17	235	57	108	31
Vertiv Holdings	VRT	Capital Goods	**(11)**	(16)	9	108	102	61	33
Median S&P 500 stock			**(1)%**	6 %	4 %	11 %	$45	12 %	19x
S&P 500 Index			**(1)**	3	11	21	68,434	32	20

Source: FactSet, Goldman Sachs Global Investment Research

Sentiment and flows

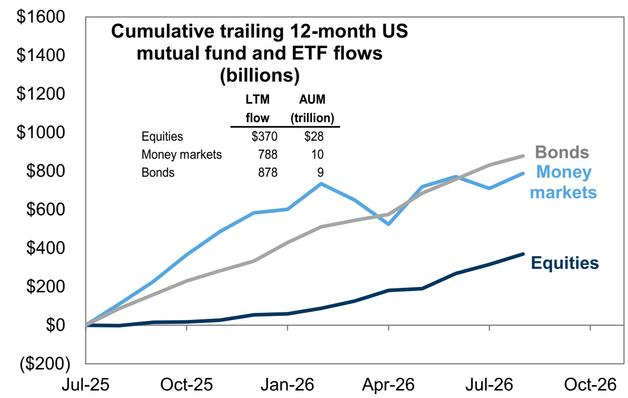
Exhibit 15: GS US Equity Sentiment Indicator of investor positioning
as of August 21, 2026



The Sentiment Indicator combines 9 measures of positioning across institutional, retail, and foreign investors and has historically been a statistically significant signal for near-term S&P 500 returns.

Source: Goldman Sachs Global Investment Research

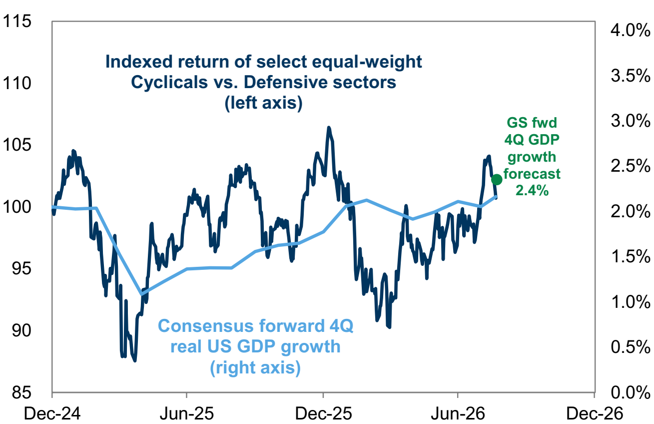
Exhibit 16: Recent mutual fund and ETF flows



Source: EPFR, Goldman Sachs Global Investment Research

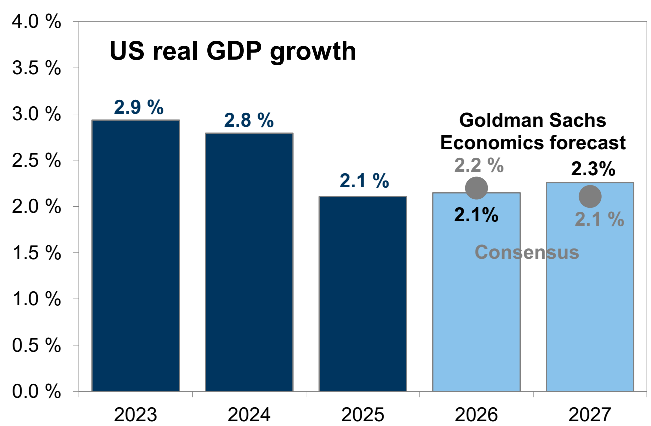
Economic growth

Exhibit 17: US equity market internal pricing of economic growth



Source: Bloomberg, Goldman Sachs Global Investment Research

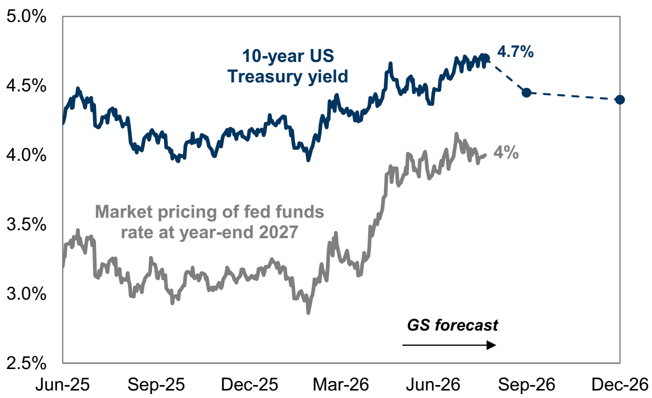
Exhibit 18: Goldman Sachs and consensus forecasts for US real GDP growth



Source: Bloomberg, Goldman Sachs Global Investment Research

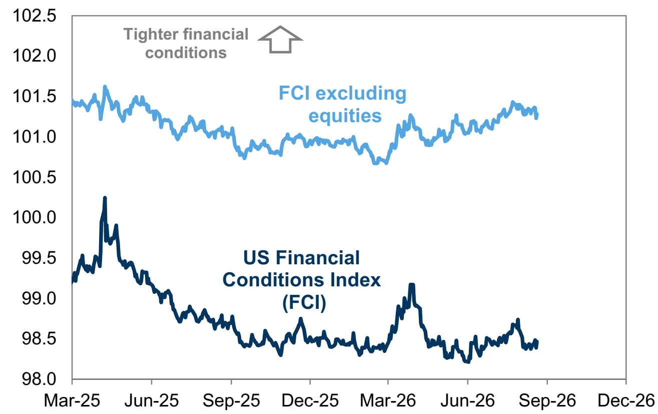
Interest rates and financial conditions

Exhibit 19: Market pricing of near-term and long-term interest rate outlook



Source: Goldman Sachs Global Investment Research

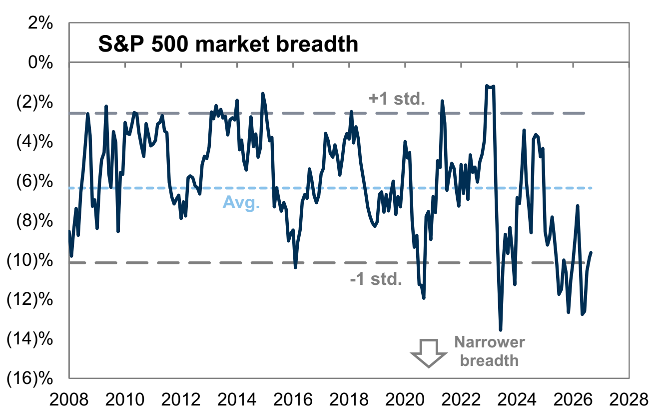
Exhibit 20: Goldman Sachs Financial Conditions Index



Source: Goldman Sachs Global Investment Research

Market breadth and concentration

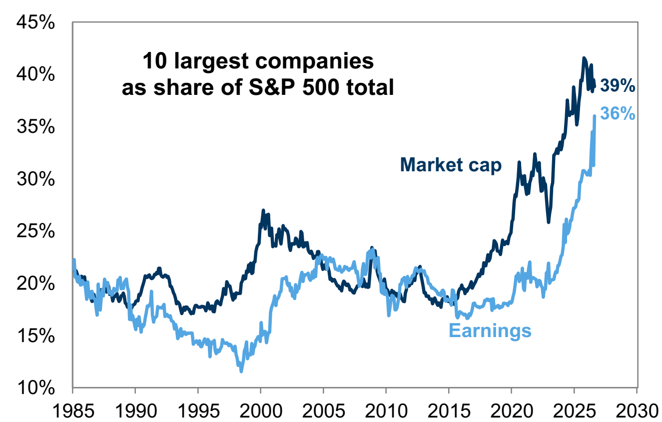
Exhibit 21: S&P 500 52-week market breadth



Market breadth is calculated as the difference between the distance of the aggregate S&P 500 Index from its 52-week high and the distance of the median S&P 500 constituent from its 52-week high. When the aggregate index is much closer to its 52-week high than is the median stock, market breadth is narrow.

Source: Goldman Sachs Global Investment Research

Exhibit 22: Concentration of S&P 500 market cap and earnings in the 10 largest index constituents

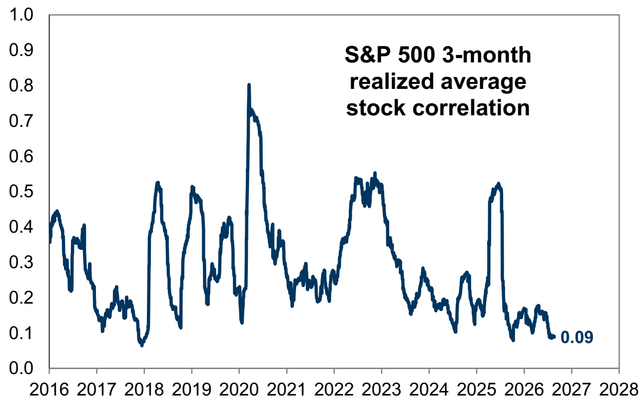


Earnings reflect consensus forward 12-month estimates.

Source: Compustat, IBES, FactSet, Goldman Sachs Global Investment Research

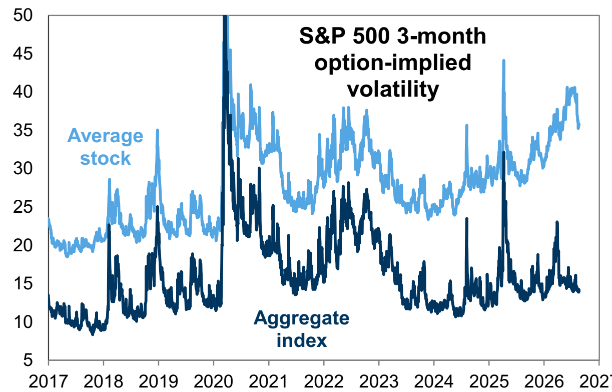
Correlation and volatility

Exhibit 23: S&P 500 realized average stock correlation



Source: Goldman Sachs Global Investment Research

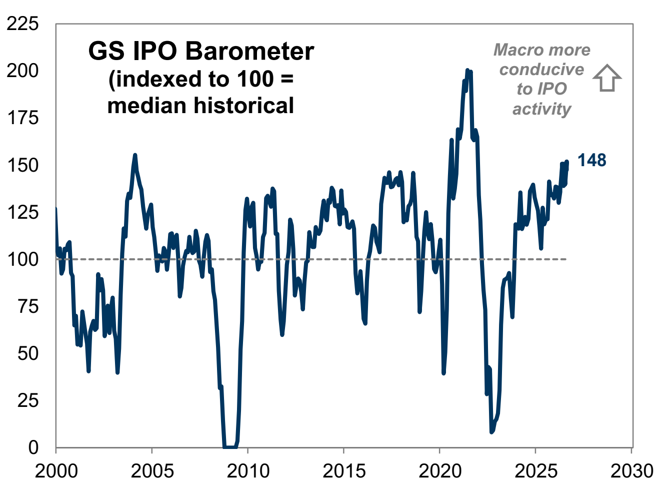
Exhibit 24: S&P 500 implied volatility



Source: Goldman Sachs Global Investment Research

IPO Barometer and mutual fund performance

Exhibit 25: Goldman Sachs IPO Barometer



The Goldman Sachs IPO Barometer combines five indicators that gauge the conduciveness of the macro environment to IPO activity.

Source: Goldman Sachs Global Investment Research

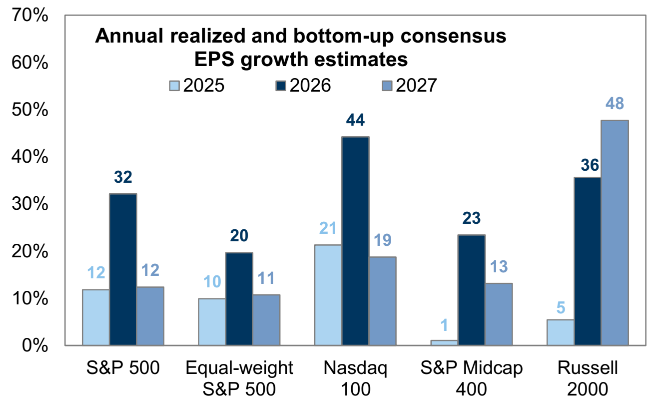
Exhibit 26: US equity mutual fund returns relative to benchmarks

Mutual fund style	Average YTD return	% outperforming benchmarks YTD
Large-cap core	12%	43%
Large-cap growth	7	75
Large-cap value	16	8
Large-cap total	**12%**	**42%**
Small-cap core	20%	34%

Source: FactSet, Goldman Sachs Global Investment Research

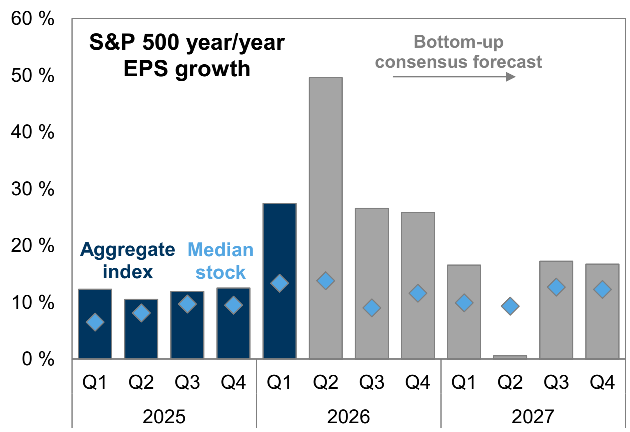
Earnings growth

Exhibit 27: Realized and consensus EPS growth for select US equity indices



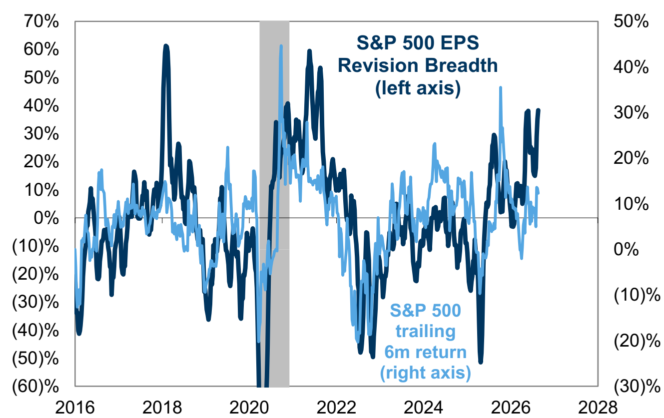
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 28: Realized and consensus year/year S&P 500 EPS growth



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 29: S&P 500 FY2 earnings revision breadth

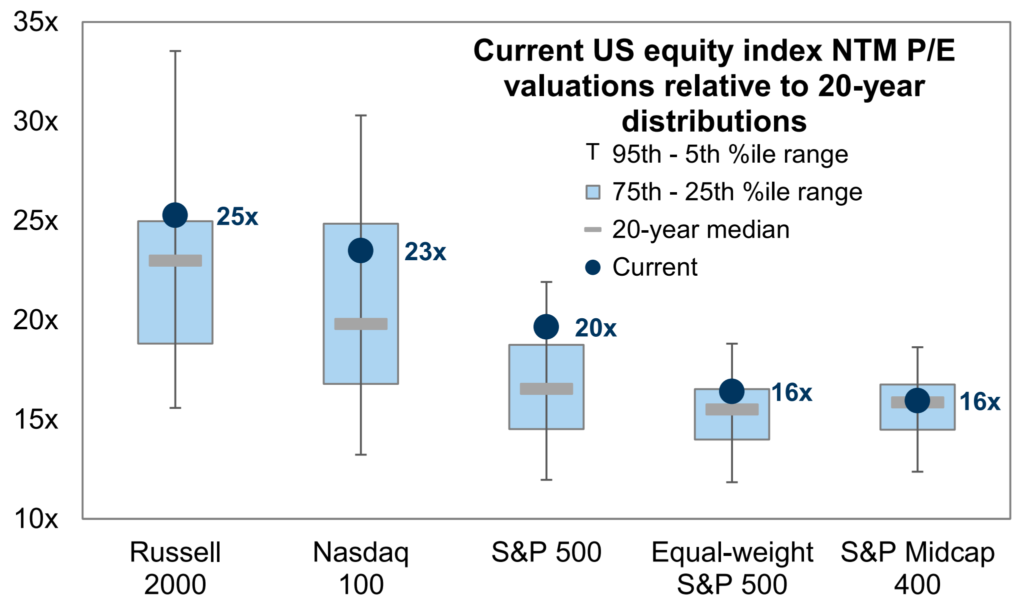


Revision breadth calculated as [(# of companies with positive EPS revisions)-(# of companies with negative revisions)]/(total # of companies). Revisions reflect FY2 EPS estimate changes during a rolling 1-month window.

Source: FactSet, Goldman Sachs Global Investment Research

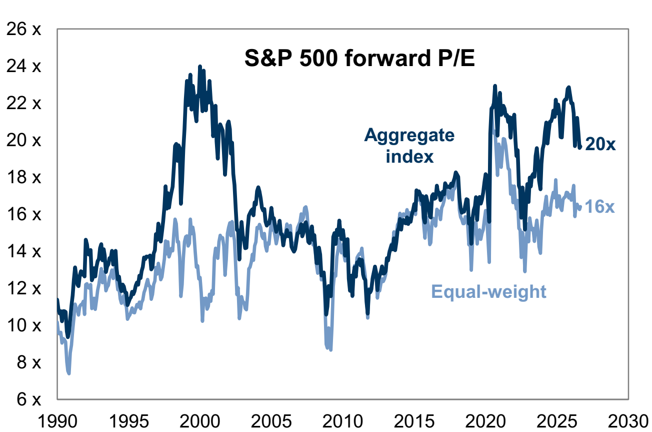
Valuations

Exhibit 30: US equity index P/E valuations vs. history



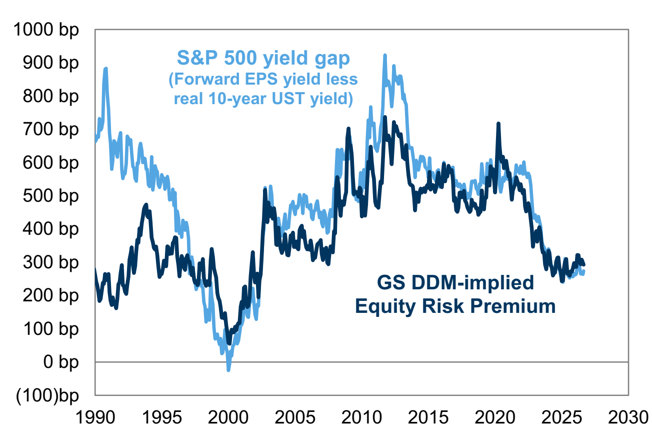
Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Exhibit 31: S&P 500 consensus forward 12-month P/E



Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Exhibit 32: S&P 500 valuation relative to US Treasury yields

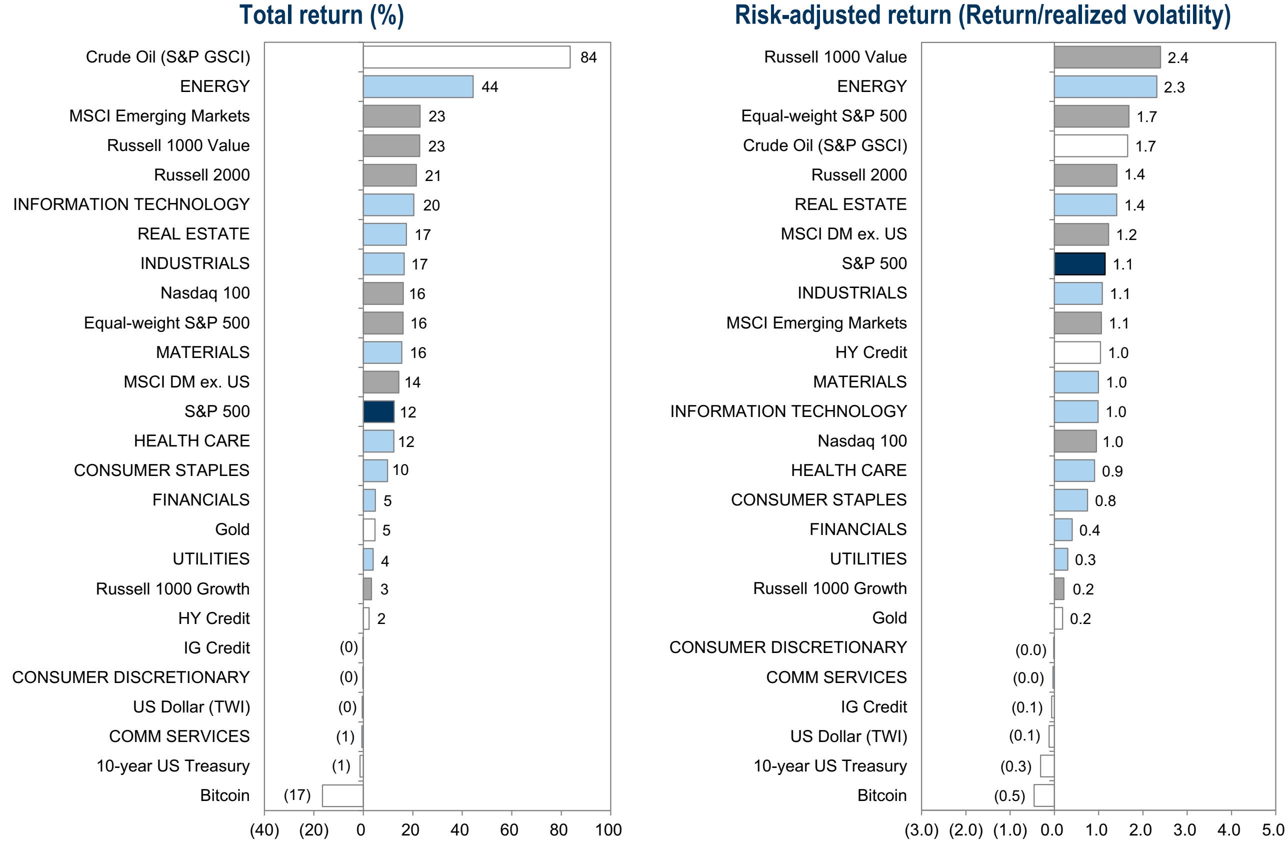


Equity risk premium calculated by solving for the discount rate that equates the fair value of our multi-stage S&P 500 dividend discount model to the current market price and subtracting the 10-year US Treasury yield.

Source: Goldman Sachs Global Investment Research

YTD absolute and risk-adjusted returns

Exhibit 33: YTD asset returns and return/volatility ratios



Crude oil represents S&P GSCI Crude Oil Index.

Source: FactSet, Haver Analytics, Goldman Sachs Global Investment Research

Sector returns, earnings, and valuations

Exhibit 34: Sector and industry group returns

Top quartile
Bottom quartile

	S&P 500	Index weight 100 %	1 Week (2.0)%	1 Month 3 %	3 Months 3 %	Last 12 Mo 21 %	YTD 12 %	GS allocation
SECTOR	Energy	4 %	4.6 %	10 %	8 %	54 %	44 %	
	Health Care	9	2.4	8	18	28	12	OW
	Materials	2	0.7	5	6	17	16	OW
	Real Estate	2	(0.0)	(1)	2	17	17	
	Utilities	2	(0.6)	(3)	(1)	4	4	
	Consumer Staples	5	(1.4)	(0)	(3)	5	10	
	Consumer Discretionary	9	(1.5)	2	(2)	6	(0)	
	Financials	12	(2.3)	2	11	9	5	
	Communication Services	9	(2.4)	(4)	(10)	15	(1)	
	Industrials	9	(3.3)	1	6	20	17	
	Information Technology	37	(3.6)	4	3	32	20	
INDUSTRY GROUP	Energy	4 %	4.6 %	10 %	8 %	54 %	44 %	
	Pharma Biotech & Life Sciences	6	4.4	11	24	46	21	
	Food Beverage & Tobacco	2	2.1	3	4	12	18	
	Commercial & Professional Svcs	1	1.9	5	14	(12)	(0)	
	Telecommunication Services	1	1.4	10	3	(7)	8	
	Automobiles & Components	2	1.3	(5)	(15)	9	(21)	
	Materials	2	0.7	5	6	17	16	
	Real Estate Investment Trusts (REITs)	2	(0.0)	(1)	2	17	17	
	Insurance	2	(0.3)	(0)	11	6	7	
	Utilities	2	(0.6)	(3)	(1)	4	4	
	Technology Hardware & Equipment	11	(0.8)	(1)	5	52	28	
	Household & Personal Products	1	(1.0)	(2)	3	(5)	5	
	Transportation	1	(1.1)	(0)	8	24	18	
	Consumer Services	2	(1.2)	6	10	2	3	
	Health Care Equipment & Services	3	(1.5)	3	7	2	(1)	
	Financial Services	7	(1.8)	2	9	4	2	
	Consumer Discretionary Retail	5	(2.3)	3	(1)	8	8	
	Media & Entertainment	9	(2.8)	(5)	(11)	17	(1)	
	Consumer Durables & Apparel	0	(2.8)	1	3	(14)	(8)	
	Software & Services	9	(3.7)	16	11	(6)	(4)	
	Banks	3	(4.2)	1	14	25	9	
	Capital Goods	6	(4.3)	1	4	26	19	
	Semiconductors & Semi Equipment	17	(5.1)	2	(3)	56	35	
	Consumer Staples Retail	2	(5.6)	(3)	(13)	2	4	

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 35: Earnings contributions and growth by S&P 500 sector

	GS top-down					Consensus bottom-up			
	Contribution			EPS growth		Contribution		EPS growth	
Sector	2025	**2026**	2027	**2026**	2027	2026	2027	2026	2027
Info Tech	$70	**$110**	$140	**56 %**	27 %	$112	$148	58 %	32 %
Financials	52	**56**	61	**8**	9	59	63	13	7
Comm Services	29	**36**	38	**24**	5	45	40	55	(13)
Health Care	33	**34**	39	**2**	14	33	40	0	21
Cons Discretionary	23	**24**	26	**7**	7	30	29	34	(4)
Industrials	21	**23**	25	**9**	9	25	28	15	16
Energy	12	**19**	17	**60**	(10)	21	19	76	(10)
Consumer Staples	15	**15**	16	**4**	4	15	16	4	6
Utilities	8	**8**	9	**7**	6	9	9	13	7
Materials	5	**8**	8	**39**	5	7	8	36	11
Real Estate	6	**7**	7	**5**	6	7	8	16	7
S&P 500	$275	**$340**	$385	**24 %**	13 %	$363	$408	32 %	12 %

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 36: S&P 500 sector P/E valuations relative to history

	Consensus forward 12-month P/E valuation				
		Absolute P/E		P/E vs. S&P 500	
	Current	%ile rank vs. history		%ile rank vs. history	
	P/E	10-year	30-year	10-year	30-year
Industrials	24x	75%	92%	94%	98%
Consumer Discretionary	24	36	78	16	64
Consumer Staples	22	75	79	59	41
Information Technology	21	48	57	52	42
S&P 500	**20**	**52**	**73**		
Health Care	19	88	78	91	44
Real Estate	18	61	76	44	38
Materials	18	63	80	48	33
Communication Services	17	14	19	6	2
Utilities	17	54	85	75	77
Financials	15	44	69	30	27
Energy	14	39	52	49	26

Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Thematic baskets

Exhibit 37: Recent performance of select Goldman Sachs Research baskets
basket returns expressed relative to the equal-weight S&P 500 except for long/short basket pairs as noted

Top quartile
Bottom quartile

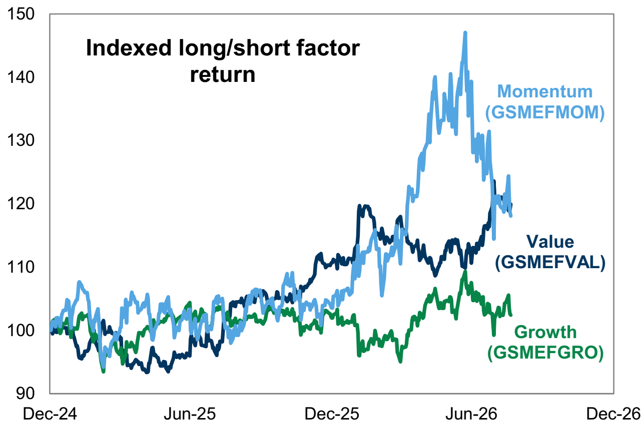
	Basket / Index	Ticker (GSTH____)	Total returns 1 Wk	3 Mo	12 Mo	YTD
	S&P 500	SPX	(2.0)%	3 %	21 %	12 %
	Equal-weight S&P 500	SPW	(1.1)	8	20	16
Macro-economic	High vs. Low Tax Rate	HTAX / LTAX	1.3 %	(0)%	6 %	3 %
	Low vs. High Labor Cost	LLAB / HLAB	(3.0)	(5)	8	5
	Dual Beta	BETA	(4.1)	3	64	36
	Interest Rate Sensitive	USTY	(5.6)	(2)	20	14
Geographic sales	Western Europe Sales	WEUR	0.2 %	(2)%	1 %	2 %
	International Sales	INTL	(0.9)	(2)	37	24
	EM Sales	BRIC	(1.1)	0	63	40
	US Sales	AINT	(1.3)	2	(7)	(2)
Fundamental	Strong vs. Weak Balance Sheet	SBAL / WBAL	1.6 %	(13)%	(22)%	(18)%
	High vs. Low Operating Leverage	OPHI / OPLO	0.1	12	1	5
	Stable Growers	STGR	(0.5)	(6)	(19)	(13)
	ROE Growth	GROE	(1.3)	2	36	28
	Long vs. Short Duration	LDUR / SDUR	(1.8)	(9)	(22)	(18)
	High Quality	QUAL	(1.9)	(5)	(15)	(12)
Uses of cash	Dividend Growth	DIVG	(0.4)%	2 %	12 %	6 %
	Capex and R&D	CAPX	(0.6)	1	41	27
	Total Cash Return	CASH	(1.7)	0	8	3
	High Growth Investment	HGIR	(2.1)	(4)	25	18
	Buybacks	REPO	(2.3)	(2)	(0)	(2)
	Debt Reducers vs. Issuers	DRED / DISS	(4.1)	(9)	10	4
Ownership, risk & liquidity	High Sharpe Ratio	SHRP	7.6 %	5 %	(8)%	(3)%
	Mutual Fund Over- vs. Underweights	MFOW / MFUW	1.8	3	(25)	(19)
	Hedge Fund VIP	HVIP	(1.2)	(8)	4	(3)
	Low vs. High Liquidity	LLIQ / HLIQ	(1.8)	2	(15)	(10)
Equity research	M&A Candidates	GSRHACQN	1.5 %	16 %	33 %	9 %
	Gov't Exposure	GSRHGOVT	(0.6)	2	11	0
	SMB Exposure	GSRHSMBX	(2.6)	(3)	(16)	(11)
	Oil Input Cost	GSRHOILX	(3.4)	(1)	(10)	(4)

Basket returns and constituents can be accessed via GS Marquee or Bloomberg using the indicated tickers.

Source: Goldman Sachs Global Investment Research

Factors

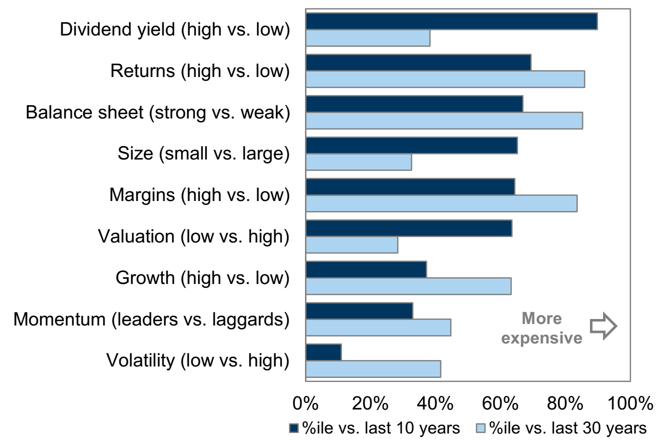
Exhibit 38: Indexed return of select equity factors



Factor performance and constituents can be viewed on GS Marquee or Bloomberg using the tickers indicated on the chart.

Source: Goldman Sachs Global Investment Research

Exhibit 39: Equity factor valuations relative to history



Source: Goldman Sachs Global Investment Research

Goldman Sachs global macro research cross-asset forecasts

Exhibit 40: Goldman Sachs macro research asset forecasts

Goldman Sachs Global Macro Forecasts

	units	Current	3m	6m	12m	Change to 12m target
Equities						
MXAPJ	level	881	980	1030	1080	**23 %**
TOPIX	level	4060	4200	4300	4500	**11**
S&P 500	**level**	**7641**	**7600**	**8000**	**8300**	**9**
STOXX Europe 600	level	650	670	680	695	**7**
10-year rates						
Euro Area (Germany)	%	2.5	3.0	3.0	3.0	**55 bp**
US	%	4.7	4.4	4.4	4.3	**(45)**
Japan	%	2.8	2.5	2.5	2.3	**(53)**
Corporate bonds						
High yield	bp	273	305	295	280	**7 bp**
Investment grade	bp	82	85	82	78	**(4)**
Currencies						
US dollar / Yen	$/¥	159	162	163	165	**4 %**
Euro / US dollar	EUR/$	1.17	1.14	1.12	1.12	**(4)**
Sterling / US dollar	£/$	1.36	1.33	1.29	1.28	**(6)**
Commodities						
NYMEX nat. gas	$/mmBtu	3	3.50	3.50	3.50	**28 %**
COMEX gold	$/troy oz	4571	4690	4900	5115	**12**
LME copper	$/mt	14170	13620	13735	13800	**(3)**
Brent crude oil	$/bbl	94	81	79	74	**(21)**

Source: FactSet, Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

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