US WEEKLY KICKSTART

Hedge funds and mutual funds continue their rotations from Software to Semiconductors

- This week we published our Hedge Fund Trend Monitor and Mutual Fundamentals reports, which analyze $9 trillion of equity positions at the start of Q2 2026.
- Only 30% of large-cap mutual funds have outperformed their benchmarks YTD compared with the average of 37% since 2007. Hedge funds have benefited from the Q2 market rebound and returned 7% YTD, according to data from Goldman Sachs Prime Services.
- Mutual funds have increased cash allocations amid the rise in geopolitical tensions. Hedge funds cut net leverage initially but have since lifted net exposure to a one-year high. Hedge fund gross leverage remains elevated relative to history and the median S&P 500 stocks carries short interest equal to 3% of market cap, the highest level since 2011.
- Funds agree on most sectors, with Industrials ranking as one of the most overweight sectors and Info Tech as the most underweight sector. The exception to the consensus are Financials, where mutual funds are overweight but hedge funds are underweight, and Consumer Discretionary, where hedge funds are overweight but mutual funds are underweight.
- Hedge funds and mutual funds have continued their recent portfolio rotations away from Software and toward Semis. The weight of Semis in the hedge fund long portfolio is the highest on record while the weight of Software is the lowest since 2019. Mutual funds carry the widest underweight in Software ex. MSFT since 2012. Both mutual funds and hedge funds reduced positions on net in MSFT during Q2. Among Semis stocks, hedge funds added to LRCX, AMAT, and ASML on net while mutual funds added to INTC and SITM.
- There are four “shared favorites” this quarter that register as popular holdings in both hedge fund and mutual fund portfolios: BA, MA, MRVL, V. These stocks have returned 10% YTD, outperforming the equal-weight S&P 500 by 3 pp.

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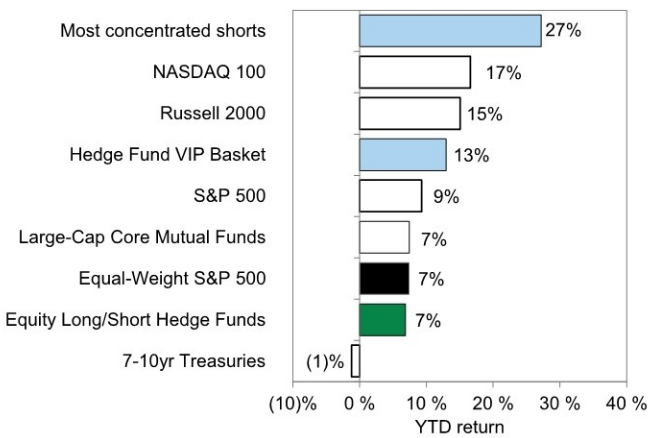
Comparing hedge fund and mutual fund positioning

This week we published our Hedge Fund Trend Monitor and Mutual Fundamentals reports, which analyze holdings at the start of Q2 2026. Our analyses cover 1,059 hedge funds with $4.6 trillion of gross equity positions ($3.1 trillion long, $1.5 trillion short) and 509 large-cap active mutual funds with $3.9 trillion in equity assets.

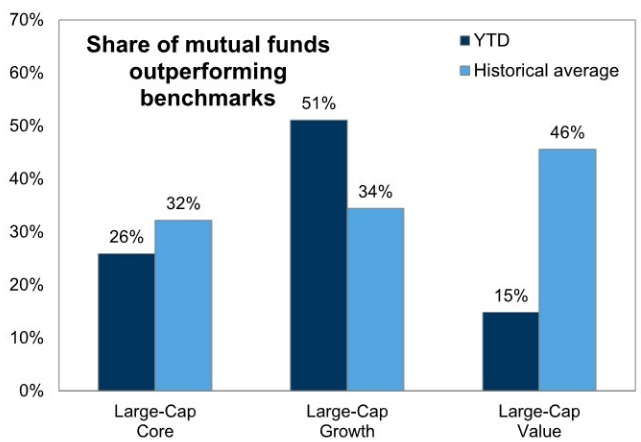
US equity hedge funds have ridden the recent wave of Momentum outperformance to deliver solid YTD absolute returns while most mutual funds have struggled to keep pace with rising benchmarks. According to estimates from GS Prime Services, US equity long/short funds have returned 7% YTD, supported by beta and long alpha. Our basket of Hedge Fund popular long positions (GSTHHVIP) has returned 13% compared with 7% for the equal-weight S&P 500 and 27% for a basket of stocks with concentrated short interest. The average large-cap mutual fund has returned 7% YTD, but only 30% of funds are outperforming their benchmarks, below the historical average of 37%.

Exhibit 1: Equity hedge funds have returned 7% YTD



Source: FactSet, Goldman Sachs Global Investment Research

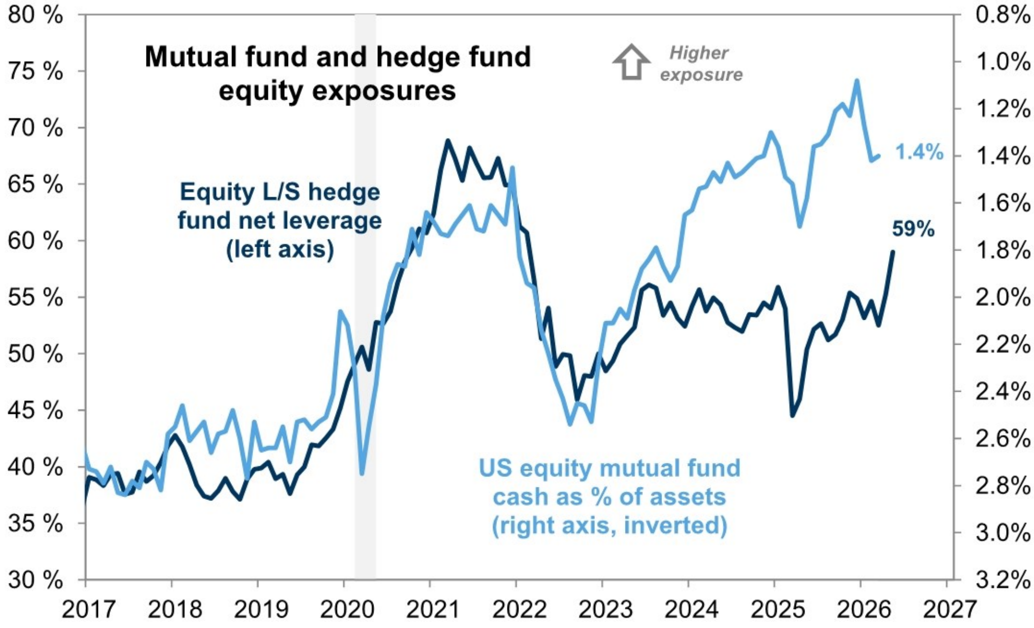
Exhibit 2: 30% of large-cap mutual funds have outperformed benchmarks



Source: FactSet, Goldman Sachs Global Investment Research

Hedge funds and mutual funds each carry above-average equity market exposures. Hedge funds and mutual funds initially reduced exposure to US equities at the onset of geopolitical tensions in March but hedge funds have since lifted net leverage to the 85th percentile relative to the last five years. Although mutual funds lifted cash allocations from a record low of 1.1% at the start of 2026 to 1.4% at the start of April, cash balances as a share of assets still remain extremely low relative to history.

Exhibit 3: Hedge fund and mutual fund exposure to equities
hedge fund data as of May 21, 2026; mutual fund data as of March 31, 2026

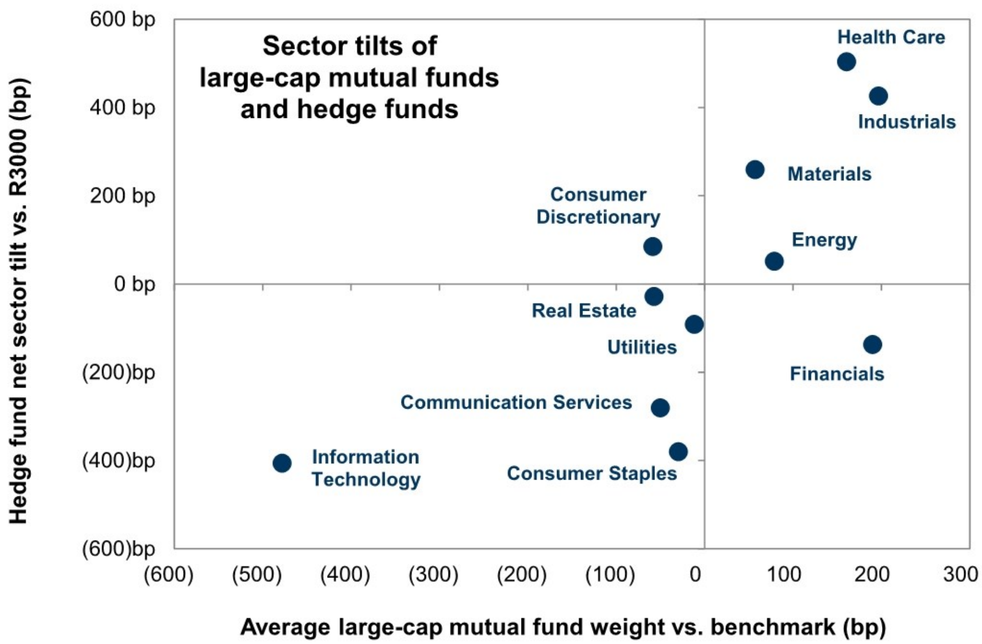


Source: ICI, Goldman Sachs Prime Services, Goldman Sachs Global Investment Research

The most recent positioning filings show that funds agree on most sectors, with the exceptions of Consumer Discretionary and Financials. Consumer Discretionary is a mutual fund underweight relative to benchmarks but a hedge fund overweight relative to the Russell 3000, while Financials is a mutual fund overweight but a hedge fund underweight.

Hedge funds and mutual funds are both overweight Industrials and underweight Info Tech but have moved in opposite directions. Hedge funds increased net tilts to Info Tech by +853 bp during Q1, the sector's largest change on record, and reduced net tilts to Industrials by -297 bp. In contrast, mutual funds increased exposure to Industrials (+24 bp) while cutting Info Tech (-20 bp).

Exhibit 4: Hedge fund vs. mutual fund sector positions

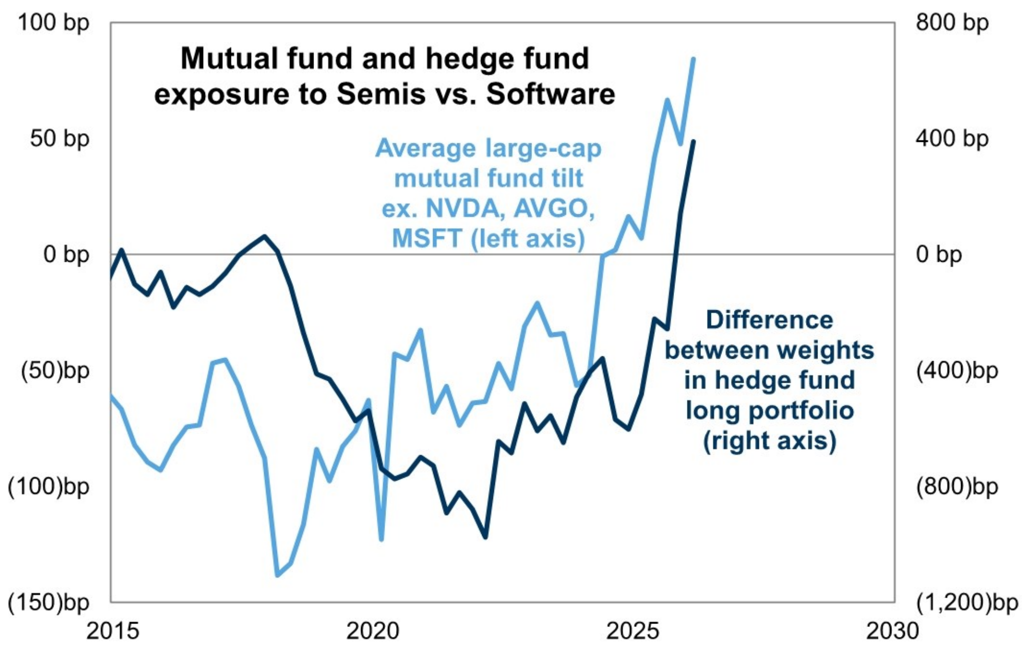


Source: FactSet, Goldman Sachs Global Investment Research

Within the Info Tech sector, hedge fund and mutual fund positioning has mirrored the broader market shift away from Software and toward Semiconductors. Mutual funds entered Q2 carrying their lowest exposure to Software since at least 2012. Excluding the mega-caps, the mutual fund tilt in Semis vs. Software is the largest since 2012. Similarly, hedge funds entered Q2 with Software registering its smallest weight in the hedge fund long portfolio since 2019 and the weight of Semis at a record high.

At the stock level, MSFT ranked as one of the largest reductions on a net shares basis among both hedge funds and mutual funds last quarter. Mutual funds also reduced ownership in each of the other Magnificent 7 stocks. Hedge funds reduced positions in most of the Magnificent 7 but increased ownership on net in META and AAPL. Within Semis, Hedge funds added to LRCX, AMAT, and ASML while mutual funds added to INTC and SITM.

Exhibit 5: Mutual funds and hedge funds have rotated from Software to Semis



Source: FactSet, Goldman Sachs Global Investment Research

There are four "shared favorites" this quarter: BA, MA, MRVL, V. Shared favorites are constituents of both Hedge Fund VIP (GSTHHVIP) and Mutual Fund Overweights (GSTHMFOW). MRVL entered the list this quarter while C and VRT dropped out. Each of the Magnificent 7 constituents screen as a Hedge Fund VIP but also as a Mutual Fund Underweight.

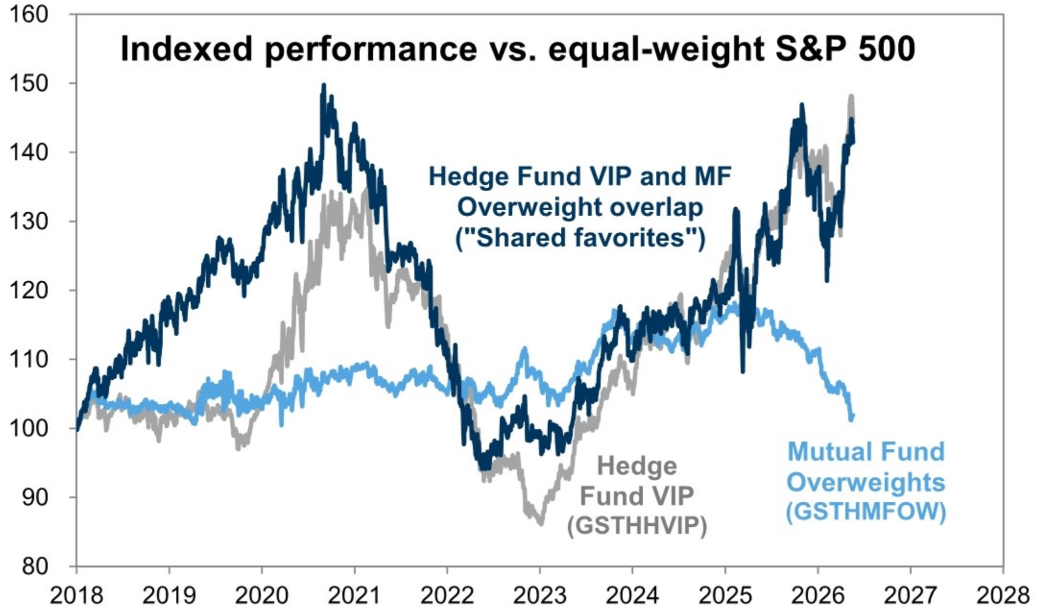
Exhibit 6: Overlap between our mutual fund and hedge fund baskets

Overlap with our HEDGE FUND baskets		Overlap with our MUTUAL FUND baskets: *Overweight* — Mutual Fund Overweight Positions <GSTHMFOW>	Overlap with our MUTUAL FUND baskets: *Underweight* — Mutual Fund Underweight Positions <GSTHMFUW>
Long	Hedge Fund VIP List <GSTHHVIP>	BA, MA, MRVL, V	AAPL, AMAT, AMD, AMZN, AVGO, BRK.B, GOOGL, INTC, JPM, LLY, META, MSFT, MU, NVDA, SNDK, TSLA, UBER
Short	Hedge Fund concentrated short positions	SLB, TPL	

Source: Goldman Sachs Global Investment Research

Shared favorites have returned 10% YTD, outperforming the equal-weight S&P 500 by 3 pp. The stocks that are both hedge fund and mutual fund favorites have a track record of outperformance but at the expense of higher volatility. Since 2013, shared favorites have delivered an annual return of 16% with a standard deviation of 22%. The median shared favorite stock trades at a substantial P/E premium to the median S&P 500 stock (34x vs. 18x).

Exhibit 7: Mutual fund and hedge fund "shared favorites" have returned 10% YTD



Source: FactSet, Goldman Sachs Global Investment Research

Earnings season summary

Exhibit 8: S&P 500 Q1 2026 earnings results
as of May 22, 2026

S&P 500 EQUAL-WEIGHTED

	Number of Companies			EARNINGS: Std Dev Surprises			EARNINGS: Absolute Surprises		EARNINGS: Avg 1Q	REVENUE: Std Dev Surprises		REVENUE: Avg 1Q
	Reported	Total	% of Co's	Positive	Negative	In-Line	Positive	Negative	Surprise	Positive	Negative	Surprise
Information Technology	62	73	85%	77 %	0 %	21 %	100 %	0 %	10 %	79 %	2 %	3 %
Consumer Staples	28	36	78	75	4	21	89	7	14	68	4	2
Health Care	55	59	93	71	5	24	84	15	8	65	11	3
Materials	26	26	100	69	4	27	73	23	18	62	0	4
Real Estate	31	31	100	68	6	26	77	23	57	23	3	4
Industrials	79	79	100	67	4	29	82	9	7	61	5	3
Consumer Discretionary	45	48	94	60	7	33	80	16	16	40	16	1
Financials	76	76	100	57	5	36	82	14	5	37	21	1
Communication Services	20	20	100	55	20	25	70	30	0	60	0	2
Utilities	31	31	100	39	6	55	71	23	9	32	3	5
Energy	21	21	100	38	10	52	71	24	21	24	5	4
S&P 500	**474**	**500**	**95%**	**64 %**	**5 %**	**31 %**	**82 %**	**14 %**	**13 %**	**52 %**	**8 %**	**3 %**
Comparative Data (full earnings season)												
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
1Q 2025				54	11	35	73	22	7	36	15	1

S&P 500 CAP-WEIGHTED

	Weight of Companies			EARNINGS: Std Dev Surprises			EARNINGS: Absolute Surprises		EARNINGS: Avg 1Q	REVENUE: Std Dev Surprises		REVENUE: Avg 1Q
	Reported	Total	% of Co's	Positive	Negative	In-Line	Positive	Negative	Surprise	Positive	Negative	Surprise
Communication Services	11	11	100%	96 %	2 %	2 %	97 %	3 %	68 %	94 %	0 %	2 %
Information Technology	33	37	88	95	0	5	100	0	8	94	0	4
Materials	2	2	100	78	1	21	84	11	15	78	0	4
Health Care	8	8	97	72	3	24	91	6	9	65	8	4
Industrials	8	8	100	71	3	26	87	6	10	56	6	3
Consumer Discretionary	10	10	99	67	1	32	97	2	36	55	3	1
Financials	12	12	100	64	2	33	81	17	6	65	13	2
Consumer Staples	5	5	96	61	1	38	98	1	6	78	1	2
Real Estate	2	2	100	49	7	44	74	26	28	33	9	4
Utilities	2	2	100	41	5	54	76	18	10	33	4	5
Energy	3	3	100	18	5	76	53	44	11	11	3	2
S&P 500	**95**	**100**	**95%**	**78 %**	**2 %**	**21 %**	**92 %**	**6 %**	**18 %**	**74 %**	**3 %**	**3 %**

Source: FactSet, Goldman Sachs Global Investment Research

S&P 500 earnings and return forecasts

Pricing as of May 21, 2026, unless otherwise noted.

Exhibit 9: Goldman Sachs top-down S&P 500 forecasts

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 10: 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	**$309**	$339	$320
Y/Y growth	***12 %***	*23 %*	*16 %*
2027	**$342**	$392	$363
Y/Y growth	***10 %***	*16 %*	*13 %*
S&P 500 P/E			
Current on NTM EPS	**23x**	21x	22x
S&P 500 price target			
YE 2026	**7600**	NA	7600
Return to target	***2 %***		*2 %*

Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Biggest stock movers this week

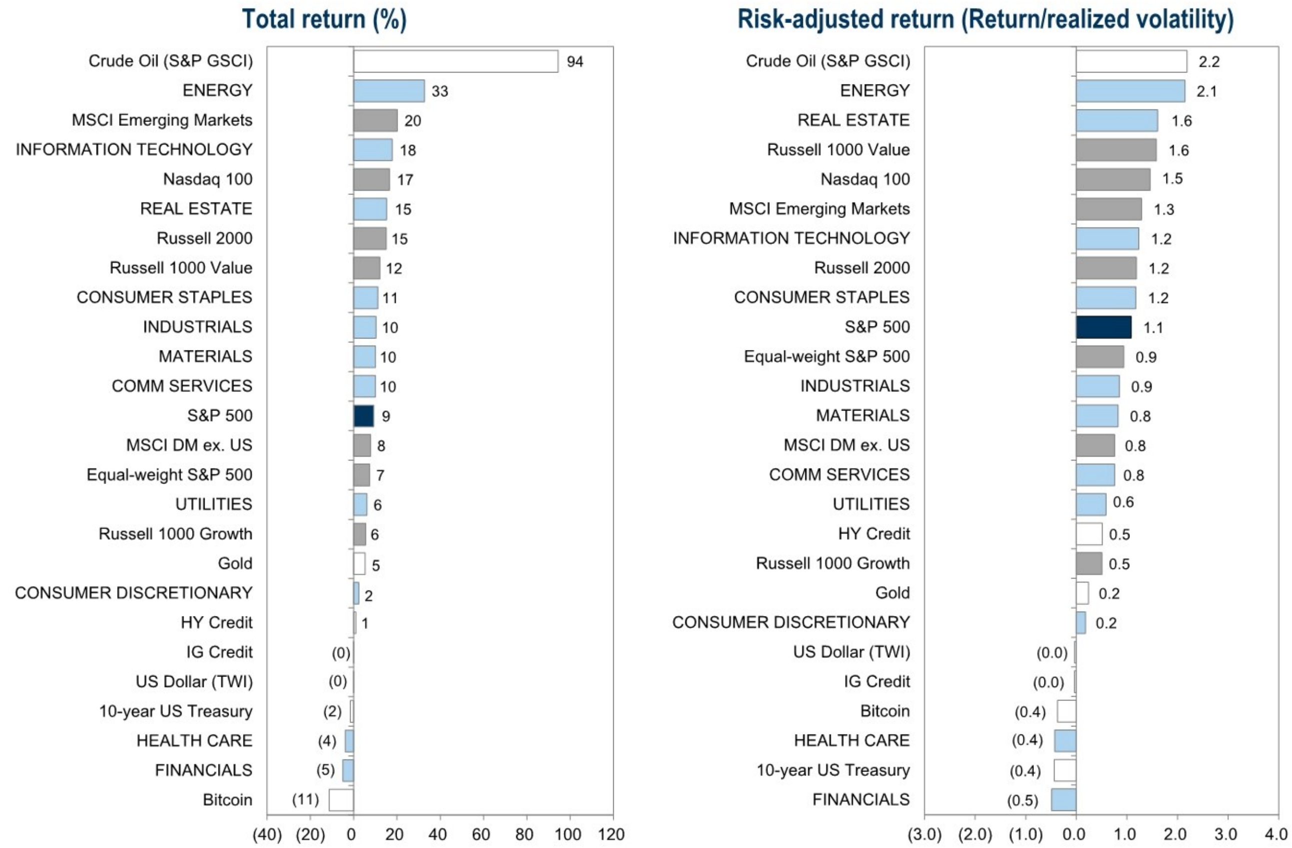
Exhibit 11: S&P 500 stocks with the largest moves this week
as of May 22, 2026

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									
Dell Technologies	DELL	Tech Hardware & Equipment	**22 %**	112 %	87 %	127 %	$165	23 %	23x
HP Inc.	HPQ	Tech Hardware & Equipment	**22**	10	(13)	(24)	20	(17)	9
Skyworks Solutions	SWKS	Semiconductors & Semi Equip	**19**	9	3	(3)	11	(17)	17
QUALCOMM Inc.	QCOM	Semiconductors & Semi Equip	**18**	43	16	34	225	(19)	24
DexCom Inc.	DXCM	Health Care Equipment & Svcs	**17**	(17)	(0)	(33)	28	36	27
NetApp Inc.	NTAP	Tech Hardware & Equipment	**17**	18	11	23	24	9	17
International Bus. Machines	IBM	Software & Services	**16**	(16)	(28)	(13)	238	7	20
Ralph Lauren Corp.	RL	Consumer Durables & Apparel	**16**	(9)	1	25	23	9	21
Williams-Sonoma	WSM	Consumer Discretionary Retail	**14**	(19)	(4)	3	23	3	20
Super Micro Computer	SMCI	Tech Hardware & Equipment	**14**	8	(9)	(27)	20	66	12
Bottom 10 returns this week									
Intuit Inc.	INTU	Software & Services	**(19)%**	(5)%	(43)%	(42)%	$84	12 %	12x
Vertiv Holdings	VRT	Capital Goods	**(12)**	60	120	244	124	54	48
EchoStar Corp.	SATS	Media & Entertainment	**(9)**	19	100	493	37	NM	368
Regeneron Pharmaceuticals	REGN	Pharma Biotech & Life Sciences	**(9)**	(11)	3	25	67	4	13
Walmart Inc.	WMT	Consumer Staples Retail	**(9)**	(1)	30	38	967	10	40
Comfort Systems USA	FIX	Capital Goods	**(8)**	53	125	338	65	49	42
Cummins Inc.	CMI	Capital Goods	**(8)**	20	56	119	88	31	21
Hasbro Inc.	HAS	Consumer Durables & Apparel	**(8)**	(6)	25	52	13	6	15
Dow Inc.	DOW	Materials	**(7)**	21	74	37	26	NM	10
LyondellBasell Industries	LYB	Materials	**(7)**	29	68	35	23	475	6
Median S&P 500 stock			**3 %**	(3)%	5 %	12 %	$42	10 %	18x
S&P 500 Index			**1**	10	12	29	67,139	22	21

Source: FactSet, Goldman Sachs Global Investment Research

YTD absolute and risk-adjusted returns

Exhibit 12: YTD asset returns and return/volatility ratios

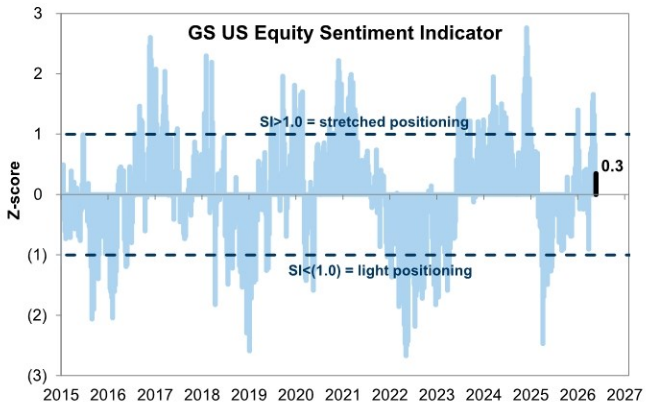


Crude oil represents S&P GSCI Crude Oil Index.

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

Sentiment and flows

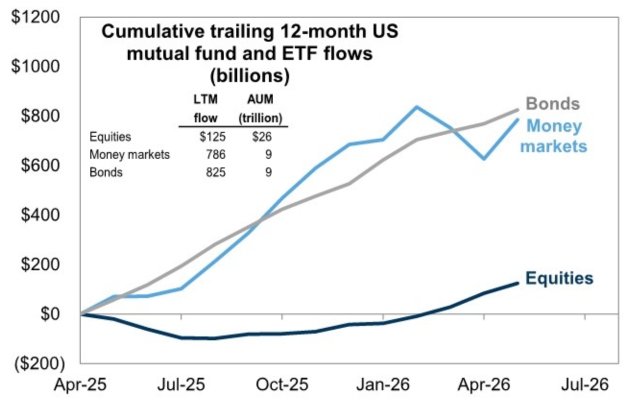
Exhibit 13: GS US Equity Sentiment Indicator of investor positioning
as of May 22, 2026



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

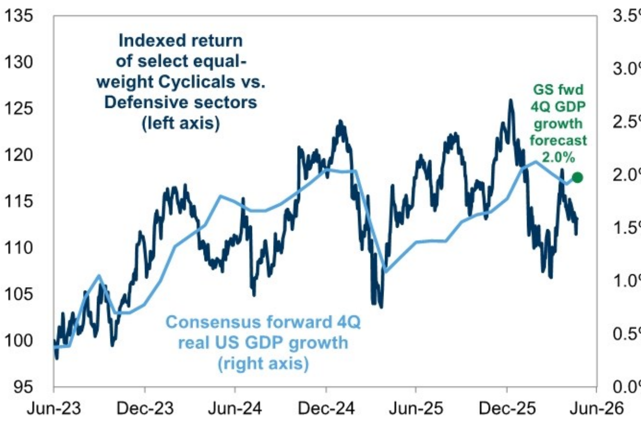
Exhibit 14: Recent mutual fund and ETF flows



Source: EPFR, Goldman Sachs Global Investment Research

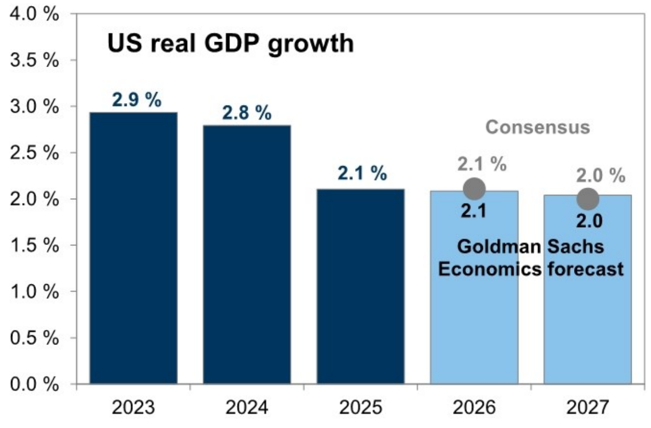
Economic growth

Exhibit 15: US equity market internal pricing of economic growth



Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 16: Goldman Sachs and consensus forecasts for US real GDP growth



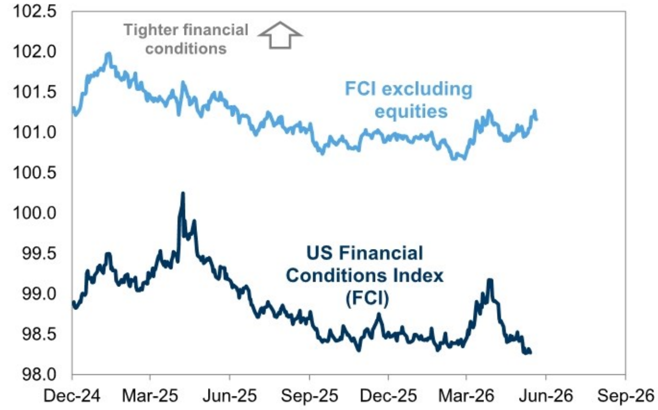
Source: Bloomberg, Goldman Sachs Global Investment Research

Interest rates and financial conditions

Exhibit 17: Market pricing of near-term and long-term interest rate outlook

Source: Goldman Sachs Global Investment Research

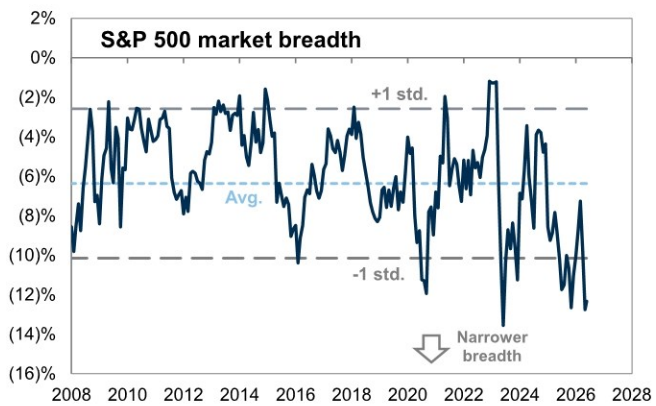
Exhibit 18: Goldman Sachs Financial Conditions Index



Source: Goldman Sachs Global Investment Research

Market breadth and concentration

Exhibit 19: S&P 500 52-week market breadth



Market breadth 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

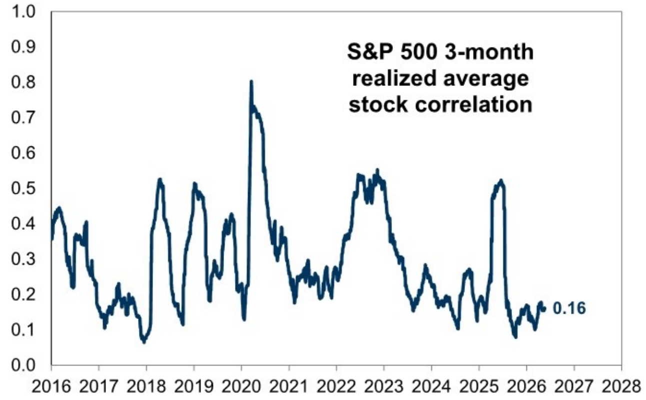
Exhibit 20: Concentration of S&P 500 market cap and earnings in the 10 largest index constituents

Earnings reflect consensus forward 12-month estimates.

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

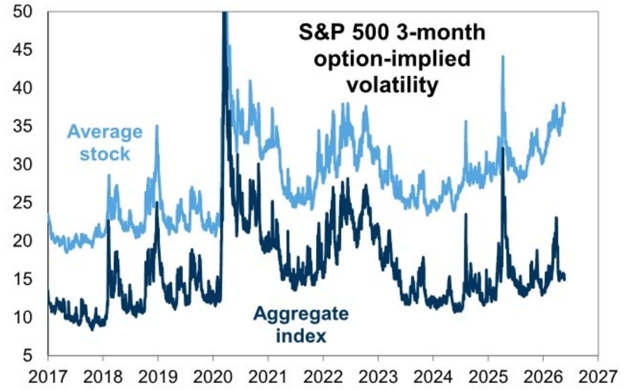
Correlation and volatility

Exhibit 21: S&P 500 realized average stock correlation



Source: Goldman Sachs Global Investment Research

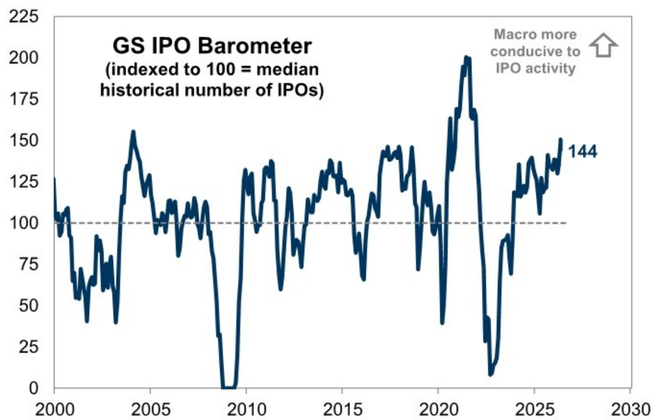
Exhibit 22: S&P 500 implied volatility



Source: Goldman Sachs Global Investment Research

IPO Barometer and mutual fund performance

Exhibit 23: 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

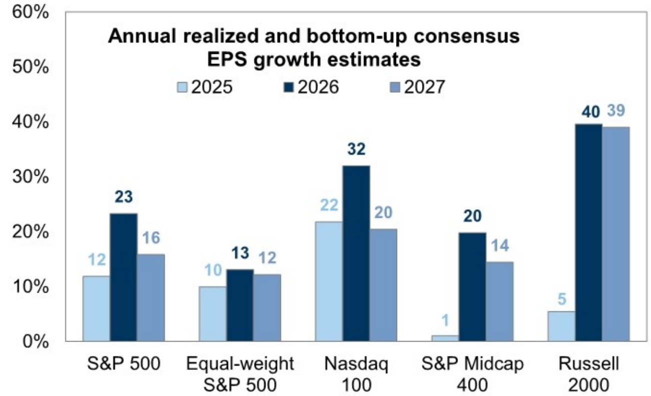
Exhibit 24: US equity mutual fund returns relative to benchmarks

Mutual fund style	Average YTD return	% outperforming benchmarks YTD
Large-cap core	7%	26%
Large-cap growth	6	50
Large-cap value	8	15
Large-cap total	**7%**	**30%**
Small-cap core	12%	24%

Source: FactSet, Goldman Sachs Global Investment Research

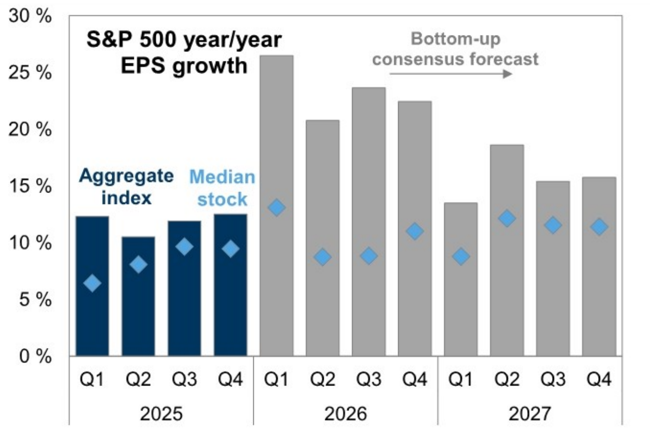
Earnings growth

Exhibit 25: Realized and consensus EPS growth for select US equity indices



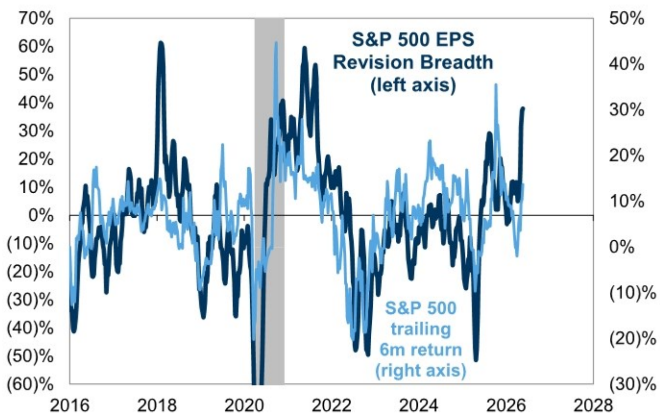
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 26: Realized and consensus year/year S&P 500 EPS growth



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 27: S&P 500 FY2 earnings revision breadth

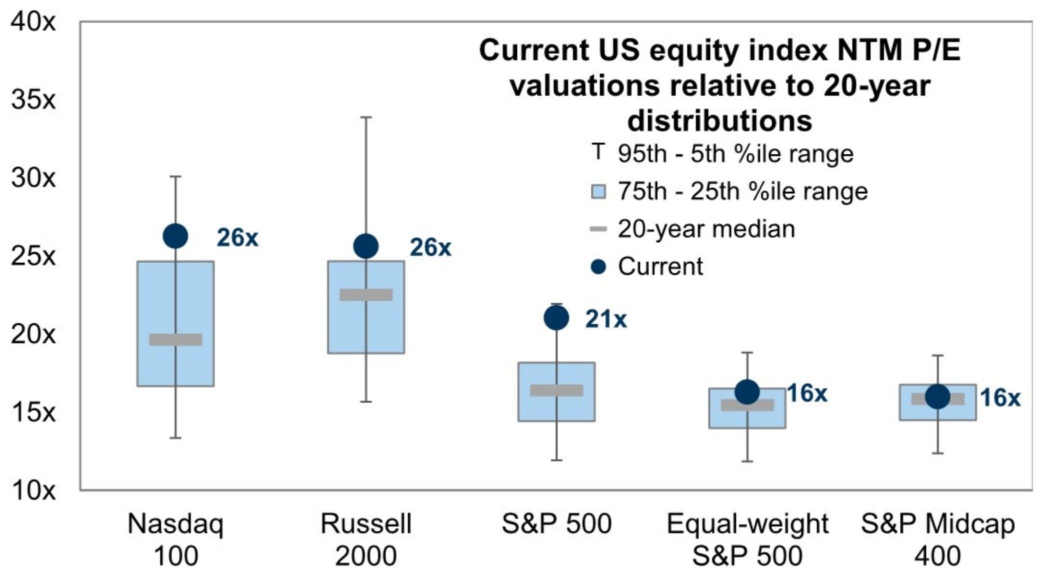


Revision breadth calculated as [(# of companies with positive EPS revisions)-(# of companies with negative revisions)]/(total # of companies). Revisions reflect FY2 EPS estimate changes during a rolling 1-month window.

Source: FactSet, Goldman Sachs Global Investment Research

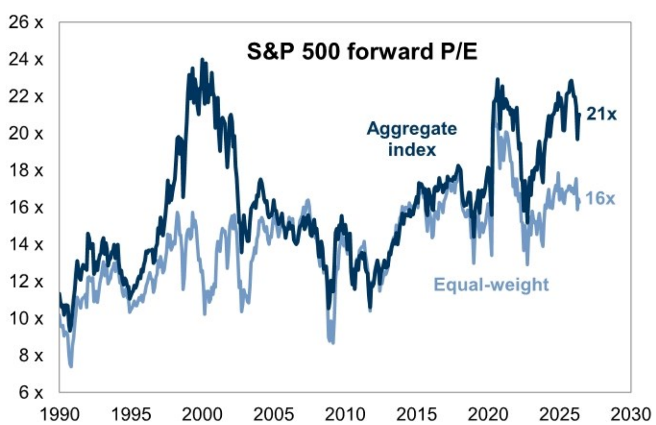
Valuations

Exhibit 28: US equity index P/E valuations vs. history



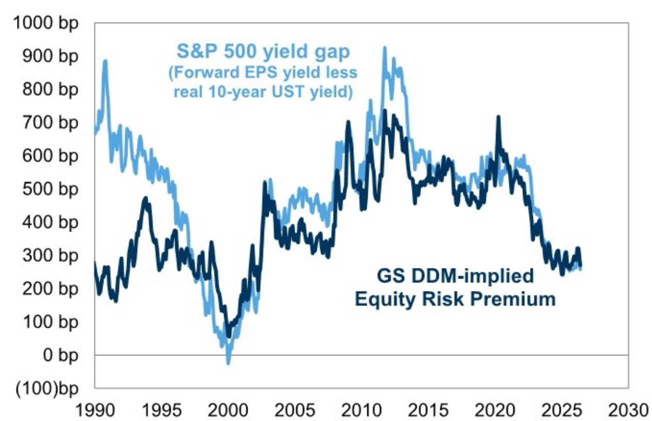
Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Exhibit 29: S&P 500 consensus forward 12-month P/E



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

Exhibit 30: 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

Sector returns, earnings, and valuations

Exhibit 31: Sector and industry group returns

Top quartile / Bottom quartile

	S&P 500	Index weight	1 Week	1 Month	3 Months	Last 12 Mo	YTD	GS allocation
	S&P 500	100 %	(0.7)%	6 %	8 %	29 %	9 %	
SECTOR	Energy	3 %	1.9 %	6 %	8 %	49 %	33 %	
	Real Estate	2	1.4	2	4	17	15	
	Health Care	8	1.0	2	(5)	15	(4)	OW
	Financials	12	0.9	(1)	(1)	5	(5)	
	Utilities	2	0.2	0	(2)	14	6	
	Consumer Discretionary	10	(0.1)	2	6	17	2	
	Information Technology	37	(1.1)	13	22	50	18	
	Consumer Staples	5	(1.2)	3	(2)	8	11	
	Communication Services	11	(2.2)	6	10	44	10	
	Industrials	8	(2.3)	(1)	(4)	22	10	
	Materials	2	(3.0)	(3)	(5)	18	10	OW
INDUSTRY GROUP	Consumer Durables & Apparel	0 %	4.4 %	(9)%	(18)%	(3)%	(9)%	
	Software & Services	9	3.1	2	8	(9)	(14)	
	Commercial & Professional Svcs	1	3.0	(2)	(7)	(26)	(13)	
	Insurance	2	2.6	(1)	(1)	(6)	(3)	
	Consumer Services	2	2.0	(7)	(6)	(1)	(6)	
	Telecommunication Services	1	2.0	(2)	(8)	(3)	6	
	Energy	3	1.9	6	8	49	33	
	Banks	3	1.8	(4)	(4)	24	(4)	
	Technology Hardware & Equipment	10	1.6	15	22	68	25	
	Pharma Biotech & Life Sciences	5	1.5	2	(5)	30	(1)	
	Real Estate Investment Trusts (REITs)	2	1.4	2	4	17	15	
	Consumer Discretionary Retail	6	1.0	3	14	22	10	
	Household & Personal Products	1	0.8	3	(10)	(11)	2	
	Transportation	1	0.8	1	(1)	23	9	
	Health Care Equipment & Services	3	0.3	1	(6)	(5)	(8)	
	Utilities	2	0.2	0	(2)	14	6	
	Financial Services	7	0.2	1	1	(0)	(6)	
	Food Beverage & Tobacco	2	0.1	9	(0)	12	13	
	Media & Entertainment	10	(2.5)	7	12	49	10	
	Materials	2	(3.0)	(3)	(5)	18	10	
	Consumer Staples Retail	2	(3.4)	(2)	1	15	14	
	Capital Goods	6	(3.4)	(1)	(4)	33	14	
	Semiconductors & Semi Equipment	18	(4.6)	17	30	104	38	
	Automobiles & Components	2	(5.5)	7	1	26	(7)	

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 32: 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	$92	$109	31 %	19 %	$106	$135	50 %	27 %
Financials	52	55	59	6	6	56	62	8	11
Health Care	33	35	37	5	6	34	40	1	18
Comm Services	29	31	35	7	13	37	39	26	6
Cons Discretionary	23	23	25	4	5	26	29	14	15
Industrials	21	23	25	7	9	23	28	9	19
Consumer Staples	15	15	16	3	4	15	17	4	8
Energy	12	13	13	10	2	18	17	57	(6)
Utilities	8	8	9	6	7	9	10	14	9
Materials	5	7	7	24	8	8	8	40	9
Real Estate	6	7	7	5	7	7	8	15	8
S&P 500	$275	**$309**	$342	**12 %**	10 %	$339	$392	23 %	16 %

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 33: 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
Consumer Discretionary	**27x**	58%	85%	31%	74%
Industrials	**24**	84	95	97	99
Information Technology	**24**	61	66	54	43
Consumer Staples	**22**	87	87	53	31
Communication Services	**21**	69	71	44	17
S&P 500	**21**	**64**	**81**		
Real Estate	**19**	62	79	34	32
Utilities	**18**	62	87	70	72
Materials	**17**	39	60	18	11
Health Care	**17**	61	56	29	13
Financials	**15**	37	65	2	4
Energy	**14**	37	53	42	21

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

Thematic baskets

Exhibit 34: 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

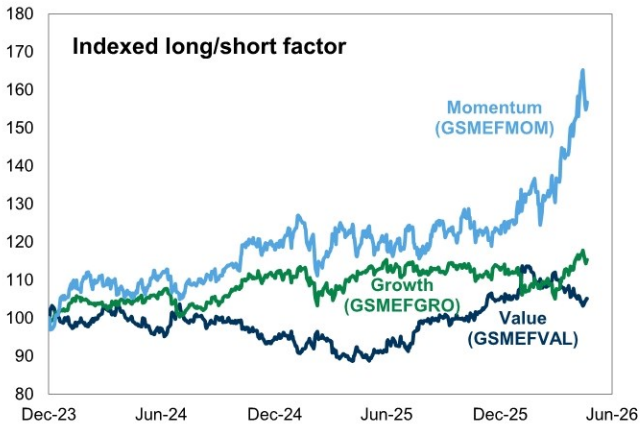
	Basket / Index	Ticker (GSTH____)	1 Wk	Total returns 3 Mo	12 Mo	YTD
	S&P 500	SPX	(0.7)%	8 %	29 %	9 %
	Equal-weight S&P 500	SPW	0.5	1	19	7
Macro-economic	High vs. Low Tax Rate	HTAX / LTAX	2.6 %	(0)%	(1)%	3 %
	Interest Rate Sensitive	USTY	(0.0)	19	27	17
	Dual Beta	BETA	(0.6)	23	82	36
	Low vs. High Labor Cost	LLAB / HLAB	(1.7)	3	19	12
Geographic sales	US Sales	AINT	2.2 %	4 %	(14)%	(5)%
	Western Europe Sales	WEUR	0.2	8	13	6
	International Sales	INTL	(0.9)	20	48	29
	EM Sales	BRIC	(1.1)	29	80	45
Fundamental	Long vs. Short Duration	LDUR / SDUR	1.4 %	8 %	(22)%	(11)%
	Stable Growers	STGR	1.3	(0)	(18)	(7)
	High vs. Low Operating Leverage	OPHI / OPLO	1.0	4	(10)	(6)
	High Quality	QUAL	(0.0)	(3)	(15)	(8)
	Strong vs. Weak Balance Sheet	SBAL / WBAL	(1.0)	3	(21)	(8)
	ROE Growth	GROE	(1.7)	16	42	28
Uses of cash	Dividend Growth	DIVG	1.9 %	6 %	15 %	5 %
	Total Cash Return	CASH	1.7	9	11	3
	Buybacks	REPO	1.1	8	3	0
	Debt Reducers vs. Issuers	DRED / DISS	1.0	11	31	15
	Capex and R&D	CAPX	0.1	22	56	29
	High Growth Investment	HGIR	(1.0)	22	43	25
Ownership, risk & liquidity	High Sharpe Ratio	SHRP	2.3 %	(4)%	(15)%	(8)%
	Low vs. High Liquidity	LLIQ / HLIQ	0.6	(15)	(18)	(14)
	Hedge Fund VIP	HVIP	(1.4)	9	18	7
	Mutual Fund Over- vs. Underweights	MFOW / MFUW	(1.7)	(22)	(34)	(25)
Equity research	M&A Candidates	GSRHACQN	1.2 %	10 %	23 %	(5)%
	Oil Input Cost	GSRHOILX	(0.4)	(11)	(13)	(3)
	SMB Exposure	GSRHSMBX	(1.3)	1	(20)	(11)
	Gov't Exposure	GSRHGOVT	(1.9)	(2)	22	(2)

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

Source: Goldman Sachs Global Investment Research

Factors

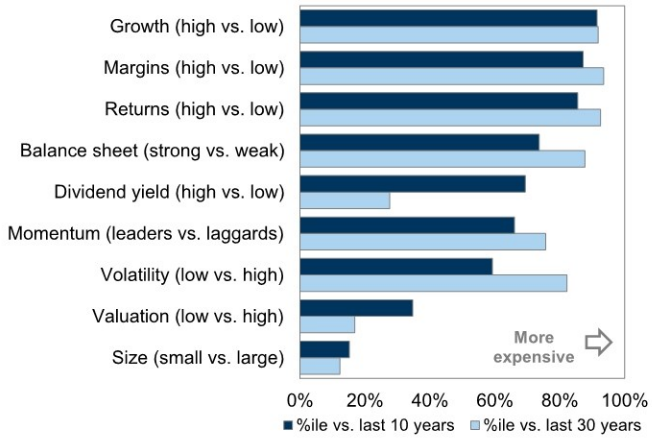
Exhibit 35: Indexed return of select equity factors



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 36: Equity factor valuations relative to history



Source: Goldman Sachs Global Investment Research

Goldman Sachs global macro research cross-asset forecasts

Exhibit 37: Goldman Sachs macro research asset forecasts

Goldman Sachs Global Macro Forecasts

	units	Current	3m	6m	12m	Change to 12m target
Equities						
MXAPJ	level	863	900	940	990	15 %
TOPIX	level	3854	3800	4000	4200	9
S&P 500	**level**	**7446**	**7200**	**7400**	**7600**	**2**
STOXX Europe 600	level	621	605	615	625	1
10-year rates						
Euro Area (Germany)	%	2.5	3.0	3.0	3.0	55 bp
Japan	%	2.8	2.5	2.5	2.5	(27)
US	%	4.6	4.2	4.1	4.1	(46)
Corporate bonds						
High yield	bp	264	335	325	NA	NA
Investment grade	bp	79	95	92	NA	NA
Currencies						
Euro / US dollar	EUR/$	1.16	1.14	1.18	1.20	4 %
Sterling / US dollar	£/$	1.34	1.33	1.34	1.33	(1)
US dollar / Yen	$/¥	159	160	158	155	(3)
Commodities						
COMEX gold	$/troy oz	4543	4805	4990	5445	20 %
NYMEX nat. gas	$/mmBtu	3	3.50	3.50	3.50	16
LME copper	$/mt	13427	12635	12535	12265	(9)
Brent crude oil	$/bbl	103	94	91	86	(16)

Source: FactSet, Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

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