EUROPE WEEKLY KICKSTART

Sector positioning, returns and earnings

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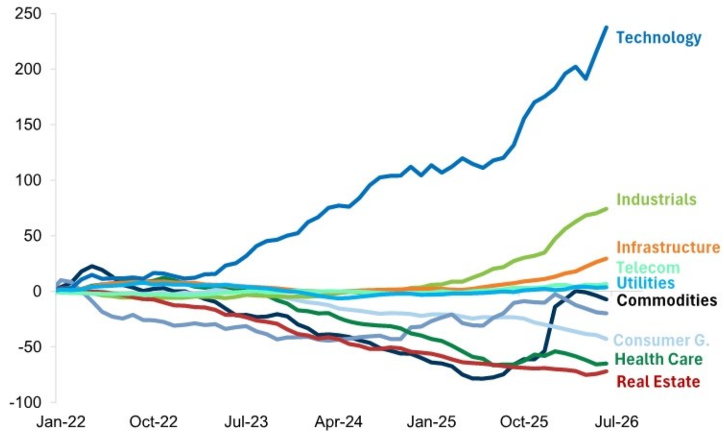
- **Tech, Industrials & Infra strong inflows:** We look at cumulative net flows into Global sector funds since 2022 (Exhibit 1). These include ETFs and mutual funds, both active and passive. They are sector-focused funds, which would include US AI funds in Tech or European fintech funds in Financials, for example. Unsurprisingly, Technology funds have garnered the lion's share of sector inflows, with Industrials – which benefit from infrastructure spend, defense and AI-related capex – the next strongest, followed by Infrastructure funds.
- **Who are the funding sectors?** We have seen persistent outflows from Real Estate, Healthcare and to a lesser extent Consumer-related funds. Energy/Commodities also saw outflows in 2023-2025 but have seen inflows YTD (Exhibit 2).
- **This strong bias to flows fits our Post Modern Cycle thesis**, where we argue that this cycle marks a transition away from decades of disinflation, deregulation, falling rates and globalisation toward higher macro volatility, rising real rates, greater state intervention and regionalisation. The AI revolution is creating a new engine of growth and private sector investment spending. At the same time, a greater focus on energy security and geopolitics is triggering a synchronised surge in public investment. We argue the composition of returns is likely to shift further away from valuation as a driver of returns toward EPS growth.
- **Flows into Tech, Infrastructure and Energy reflect both a changing reality** and the relative earnings backdrop. In Exhibit 3, we show the contribution of European sector performance in the last 12m from EPS, valuation and dividend changes. Earnings growth and revisions have driven performance for most sectors; we expect this to continue. The only sectors that have de-rated, despite reasonably robust earnings, have been Media, Real Estate, and Food Retail. Our Media analyst highlights stocks reflecting mispriced AI exposure concerns with solid earnings momentum, see AI exposure in focus, but we see value in most sub-sectors.
- **Could we see a reversal given Energy price relief?** Flows into energy/commodities-related areas are likely to weaken given their strength YTD and the reopening of the Strait. But we expect the other general trends to persist. The sectors seeing the most outflows – Healthcare, Real Estate and Consumer Goods – are also

the ones with some of the weakest earnings pictures. We think the most interesting pocket amongst these is UK Real Estate, where valuations are exceptionally low (they trade on a DY 200bp above the market, unusual outside recessions – Exhibit 4), and our sector analysts see some strong trends in London offices/UK retail demand. In this case, much depends on the fiscal risk premium for the UK and the success of Keir Starmer's successor in balancing fiscal demands and engineering growth; see Unlocking Britain's Potential.

Exhibit 1: Global Tech, Industrials and Infrastructure-related equity funds have had strong inflows since 2022

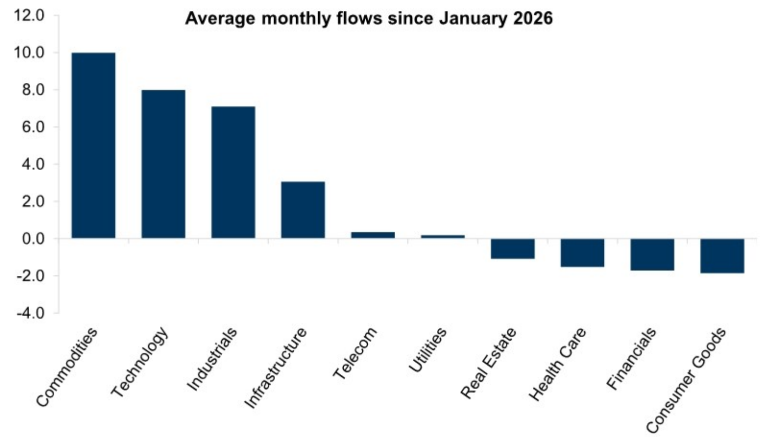
Cumulative monthly flows, USD bn. EPFR Global Sector Flows (weekly data for current month)



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

Exhibit 2: Global Energy/Commodities saw meaningful inflows YTD

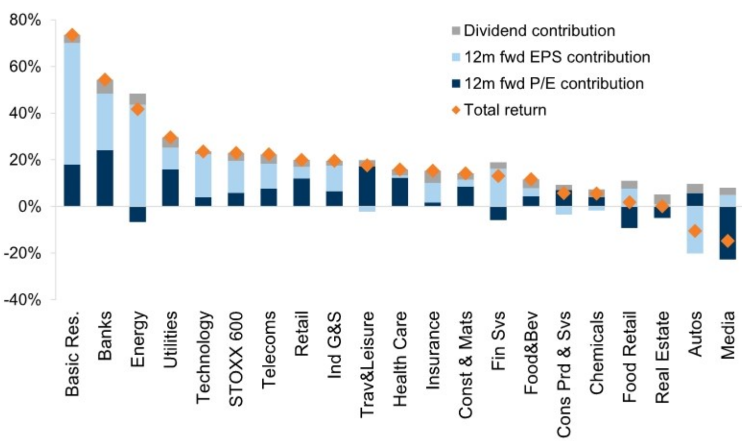
Average monthly flows since January 2026, USD bn. EPFR Global Sector Flows



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

Exhibit 3: Earnings growth and revisions have driven performance for most European sectors

Decomposition of 12-month total return of STOXX 600 sectors



Source: Datastream, Goldman Sachs Global Investment Research

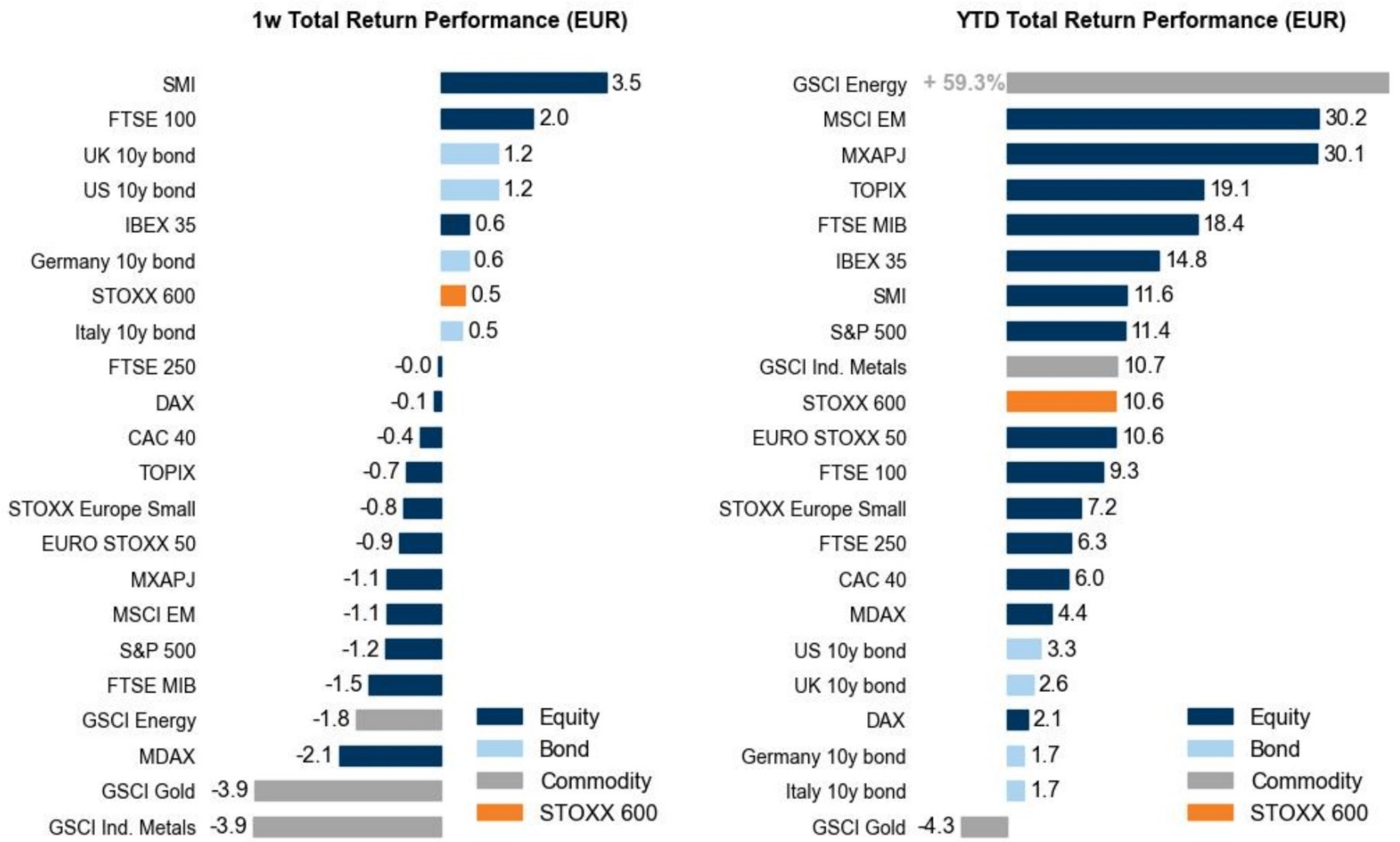
Exhibit 4: UK Real Estate offers a higher dividend yield than the market

Dividend Yield differential of UK Real Estate vs. UK Market

Source: Datastream, Worldscope, Goldman Sachs Global Investment Research

Snapshot of Global Performance Across Assets - Total Returns (€)

Exhibit 5: Cross-asset performance



Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

Global Strategy Views: Indices and Asset Classes

Exhibit 6: GS forecasts across assets

25 June 2026	Current	Forecast			Up/Downside
		3m	6m	12m	to 12m TP (%)
Equities					
STOXX Europe 600 (€)	640	640	645	660	3.1
Eurostoxx 50 (€)	6268	6200	6300	6400	2.1
FTSE 100 (£)	10530	10600	10800	11000	4.5
S&P 500 ($)	7357	7600	8000	8300	12.8
MSCI Asia-Pacific Ex-Japan ($)	903	980	1030	1080	19.6
Topix (¥)	4016	4100	4200	4400	9.5
10Y Rate (%)					
US	4.4	4.5	4.4	4.3	-9 bp
Euro Area (Germany)	2.9	2.9	3.0	3.0	14 bp
UK	4.7	4.6	4.5	4.4	-30 bp
Japan	2.6	2.5	2.5	2.4	-20 bp
Currencies					
€/$	1.14	1.14	1.18	1.20	5.4
£/$	1.32	1.33	1.34	1.33	0.9
$/¥	162	160	158	155	-4.1
Commodities					
Brent Crude Oil ($/bbl)	75.3	83.0	80.0	75.0	-0.3
NYMEX Nat. Gas ($/mmBtu)	3.2	3.5	3.5	3.5	8.7
Gold ($/troy oz)	4008	4690	4900	5115	27.6
LME Copper ($/mt)	13228	13620	13735	13800	4.3

Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

Exhibit 7: Valuation metrics across regions

25 June 2026	P/E 12m fwd (X)	EV / EBITDA Last 12m (X)	FCF Yield Last 12m (%)	Div Yield 12m fwd (%)	P/B Last 12m (X)	ROE Last 12m (%)
STOXX Europe 600	14.7	9.5	4.5	3.3	2.4	14.0
EuroStoxx 50	15.4	11.0	4.0	3.0	2.5	14.5
FTSE 100	12.4	8.0	5.8	3.5	2.2	16.1
S&P 500	20.6	16.7	3.0	1.4	5.2	21.9
MSCI Asia Pacific ex-Japan	12.9	11.7	3.8	2.2	2.4	14.5
Topix	16.4	12.2	4.8	2.2	1.8	9.7

Source: FactSet, I/B/E/S, STOXX, Datastream, Goldman Sachs Global Investment Research

Earnings Expectations and Revisions

Exhibit 8: Expected earnings growth and revisions by sector (%)

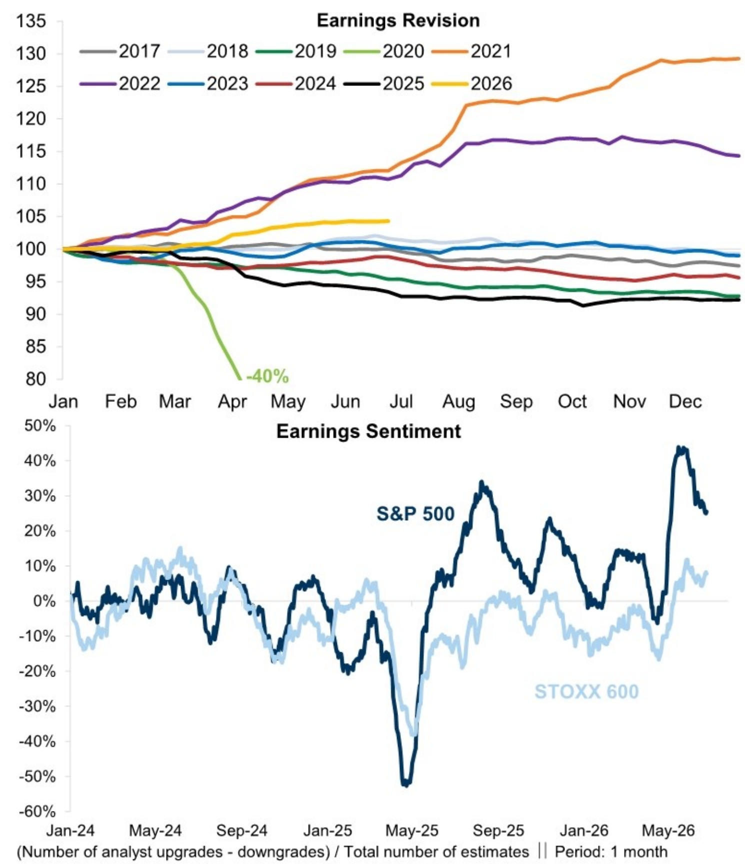
Local currency

Sector	EPS Growth 2026E	EPS Growth 2027E	EPS Growth CAGR 26/27	EPS Revisions (1-month) 2026E	EPS Revisions (1-month) 2027E	EPS Revisions (YTD) 2026E	EPS Revisions (YTD) 2027E
Autos and Parts	41.3	28.9	35.0	NM	(3.6)	NM	(15.8)
Basic Resources	54.0	12.1	31.4	3.7	5.4	20.9	21.1
Energy	70.0	(8.7)	24.6	1.2	0.9	55.8	24.0
Technology	20.9	23.4	22.1	0.3	1.1	8.3	12.2
Industrials	15.8	16.0	15.9	0.3	0.2	(1.2)	0.2
STOXX 600 ex Fin. & RE	**18.8**	**9.7**	**14.2**	**0.3**	**0.3**	**5.0**	**2.4**
Consumer Prods and Srvs	12.2	15.0	13.6	(0.1)	(0.5)	(5.9)	(6.1)
Construction and Mat.	13.3	12.9	13.1	(0.6)	(0.5)	(3.8)	(1.8)
STOXX 600	**15.3**	**10.0**	**12.6**	**0.3**	**0.4**	**4.6**	**2.8**
Banks	10.3	13.5	11.9	0.3	0.6	4.2	6.1
Chemicals	19.6	4.4	11.7	0.2	(0.3)	2.9	(4.3)
STOXX 600 ex Commod.	**10.1**	**12.2**	**11.1**	**0.0**	**0.2**	**0.2**	**0.7**
Telecoms	9.8	11.2	10.5	(0.4)	0.2	(1.1)	(1.2)
Retailers	9.2	10.2	9.7	(0.0)	0.3	0.6	0.9
Utilities	9.0	7.6	8.3	0.4	0.2	2.0	2.2
Health Care	5.0	9.8	7.4	0.3	0.2	(1.5)	(1.7)
Insurance	7.4	7.3	7.3	0.4	(0.1)	1.3	0.9
Travel and Leisure	(3.9)	18.6	6.8	0.9	0.6	(15.2)	(10.2)
Financial Services	9.0	4.5	6.8	0.1	0.8	7.1	(2.9)
Food, Bev. and Tobacco	3.7	8.2	5.9	(0.2)	(0.1)	(1.1)	(1.4)
Pers Care, D&G Stores	4.1	7.4	5.7	(0.2)	(0.5)	(4.0)	(4.5)
Media	1.6	10.0	5.7	0.7	1.3	(2.6)	(1.2)
Real Estate	1.8	4.3	3.0	(0.0)	0.7	(1.4)	(1.2)
GS Top-down							
STOXX 600	**10**	**5**	**7**	**-**	**-**	**-**	**-**

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

Exhibit 9: STOXX Europe 600 EPS revisions & earnings sentiment

In EUR



Source: FactSet, STOXX, Goldman Sachs Global Investment Research

STOXX Europe 600 Supersectors

Exhibit 10: Our recommendations

STOXX Europe 600; sub-sectors in light blue

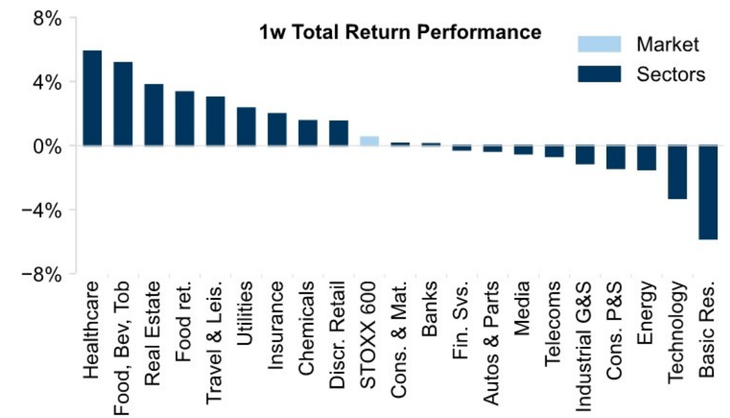
Sector and Supersector Recommendations		
Overweight	**Neutral**	**Underweight**
Banks (SX7P)	Healthcare (SXDP)	Autos and Parts (SXAP)
Construction & Materials (SXOP)	Basic Resources (SXPP)	Chemicals (SX4P)
Food, Bev. & Tob (S600FOP)	Energy (S600ENP)	Consum. P&S (S600CPP)
Pers. Care & Grocery (S600PDP)	Financial Svs (SXFP)	Media (SXMP)
Retailers (SXRP)	Industrial G&S (SXNP)	*Insurance P&C (GSSBPCIN)*
Technology (SX8P)	Insurance (SXIP)	*Steel (GSSBSTEL)*
Telecoms (SXKP)	Real Estate (SX86P)	
Aerospace (GSSBCIVA)	Travel and Leisure (SXTP)	
Defense (GSSBDEFE)	Utilities (SX6P)	
Renewables (GSSBRNEW)		

Trade Recommendations
Capital Intensive (GSSTCAPI) vs. Capital Light (GSSTCAPL)
Fiscal Infrastructure (GSSTFISC)
High Labour Cost (GSSTHLAB) vs. SXXE ex Financials

Source: Goldman Sachs Global Investment Research

Exhibit 11: 1-week sector performance

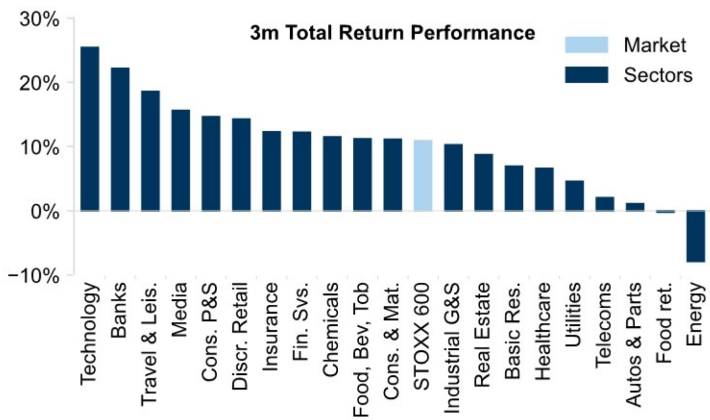
Total Return (€)



Source: Datastream, STOXX, Goldman Sachs Global Investment Research

Exhibit 12: 3-month sector performance

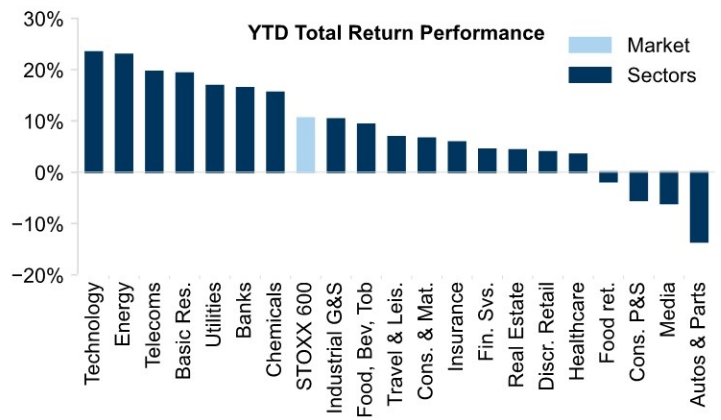
Total Return (€)



Source: Datastream, STOXX, Goldman Sachs Global Investment Research

Exhibit 13: YTD sector performance

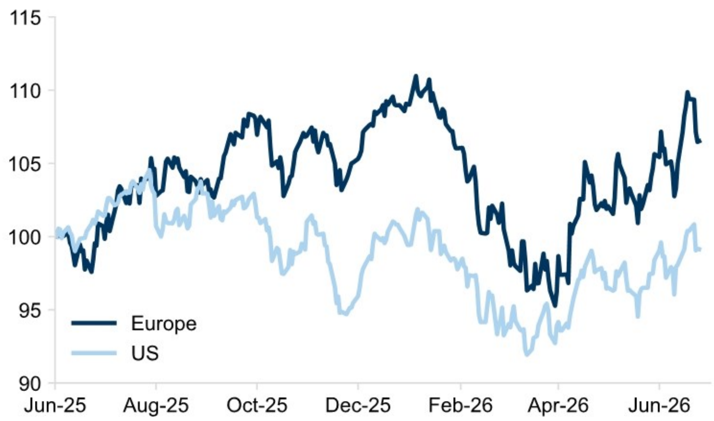
Total Return (€)



Source: Datastream, STOXX, Goldman Sachs Global Investment Research

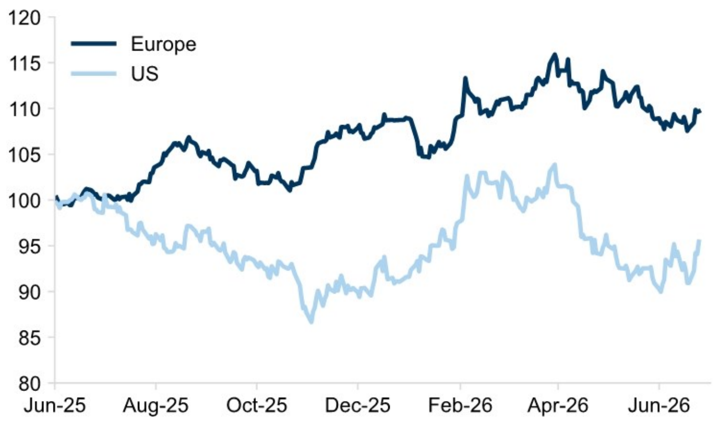
Style Performance

Exhibit 14: Cyclicals vs. Defensives
Cyclicals = Equal Weighted: Industrials, Financials and Cons Discretionary. Defensives = Equal Weighted: Utilities, Health Care, Com Services, Cons Staples



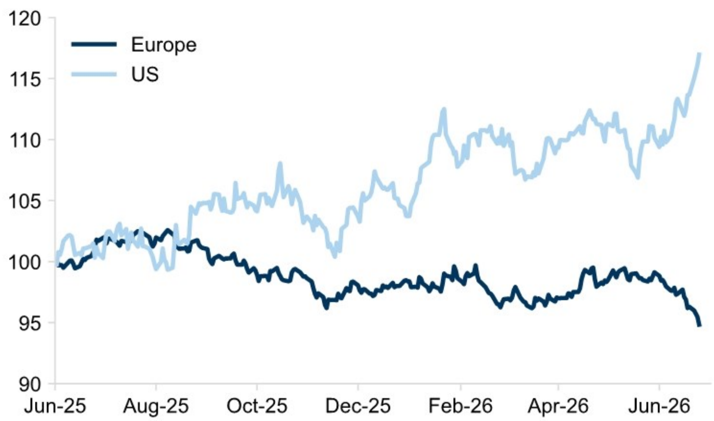
Source: Datastream, Goldman Sachs Global Investment Research

Exhibit 15: Value vs. Growth price performance
MSCI indices



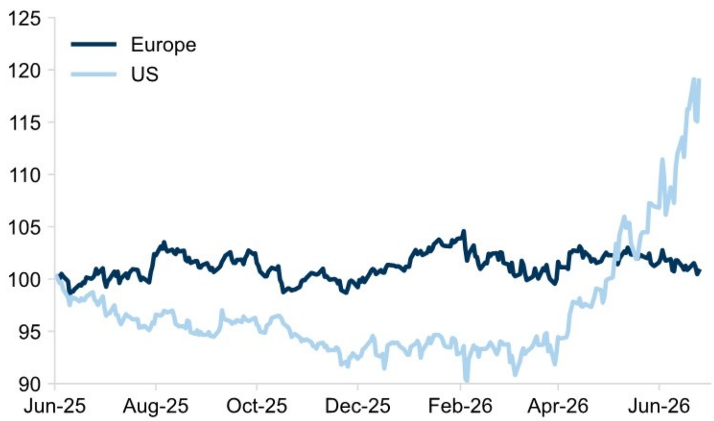
Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Exhibit 16: Small-cap vs. Large-cap price performance
US: Russell 2000 vs. SPX; Europe: STOXX Small vs. STOXX Europe Large



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

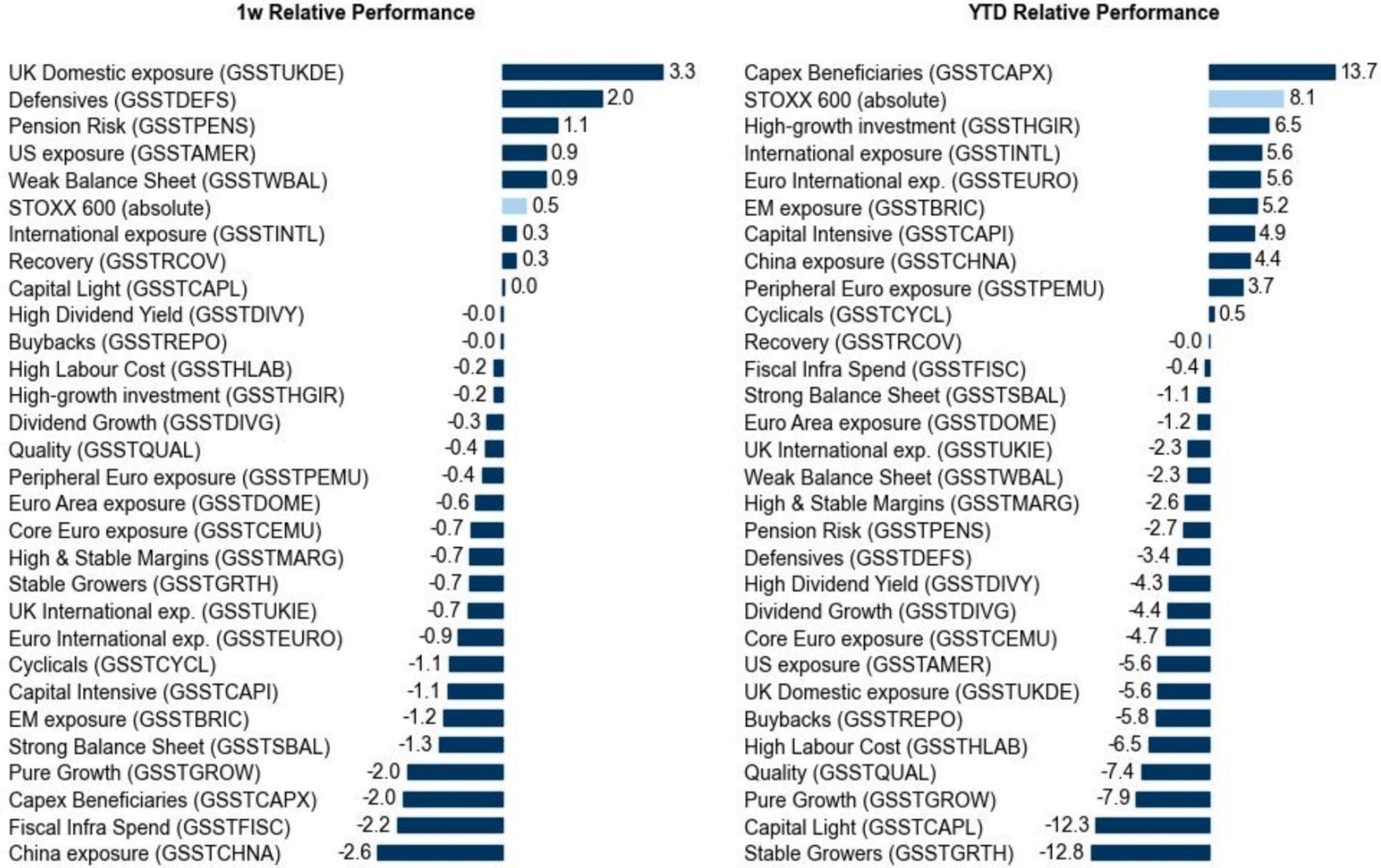
Exhibit 17: Momentum vs. Market
MSCI indices



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Thematic Baskets – Price performance

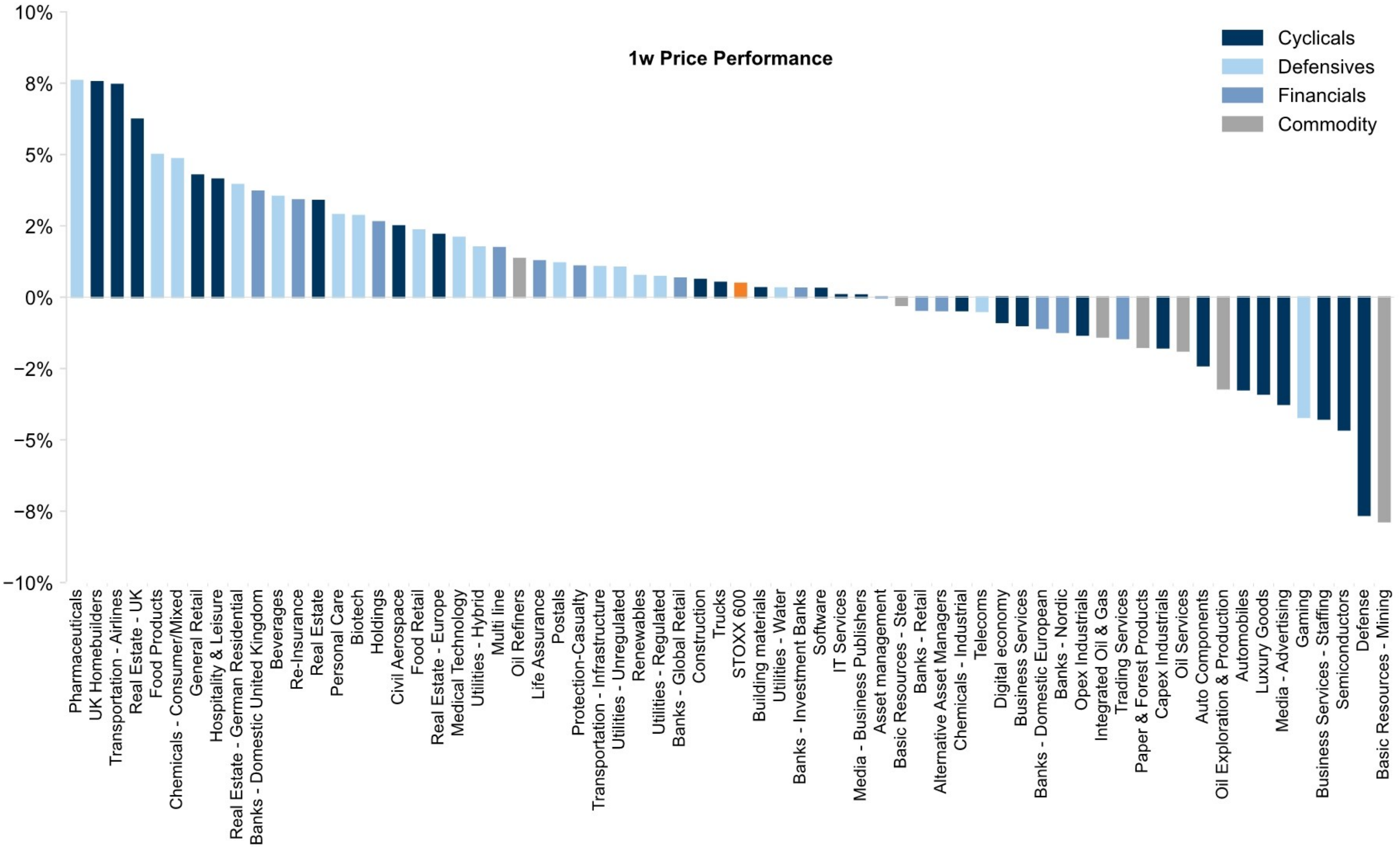
Exhibit 18: Thematic basket relative performance



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

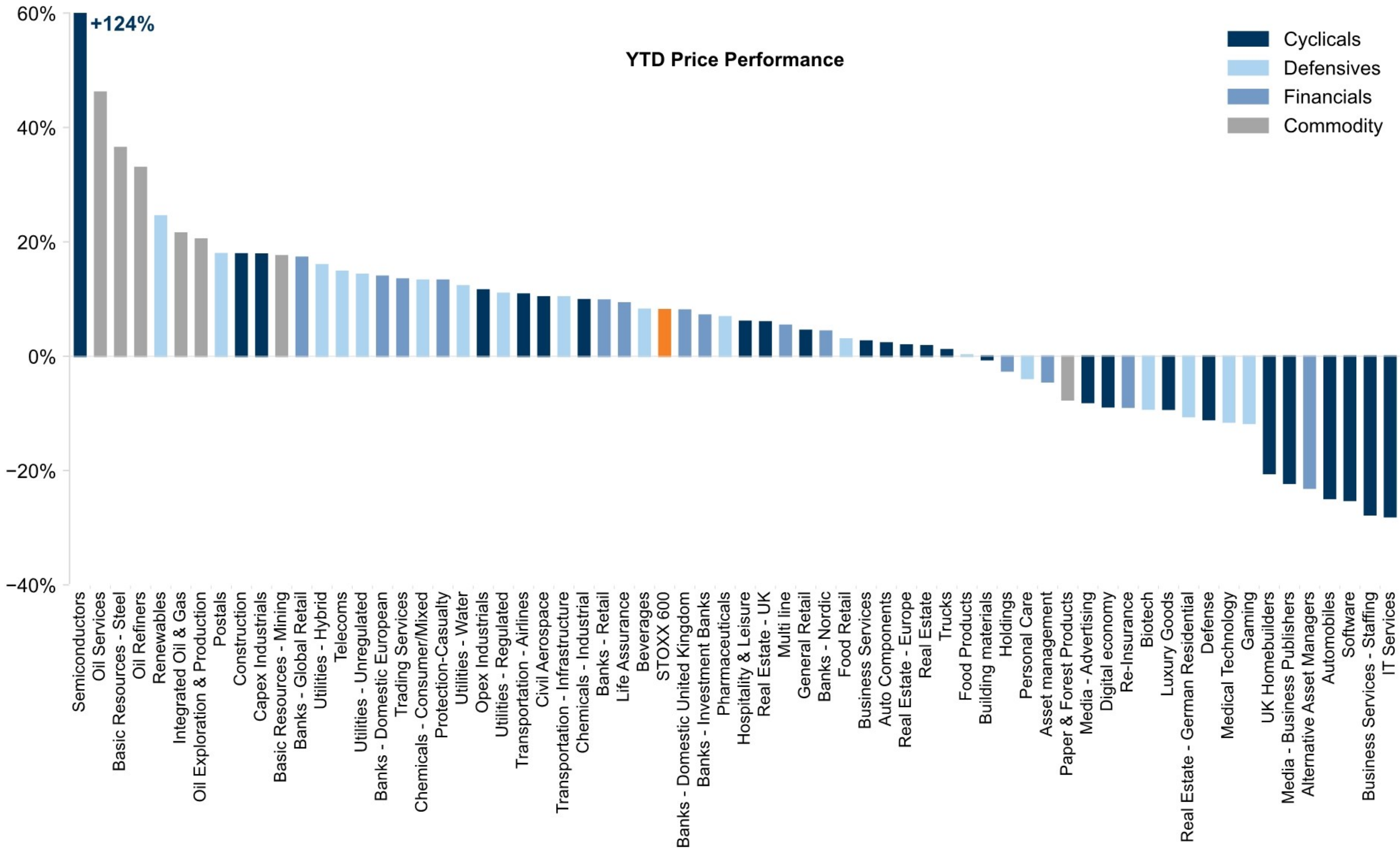
Sub-Sector Performance

Exhibit 19: 1-week sub-sector price performance



Source: Bloomberg, Goldman Sachs Global Investment Research

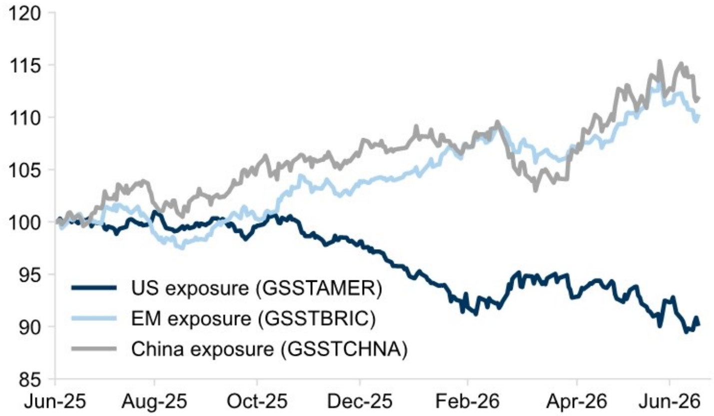
Exhibit 20: YTD Sub-sector price performance



Source: Bloomberg, Goldman Sachs Global Investment Research

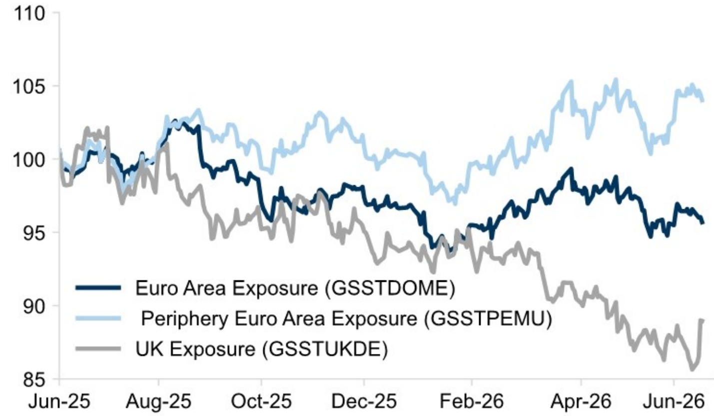
Thematic Baskets

Exhibit 21: International Exposure Baskets
Relative performance vs. SXXP (EUR)



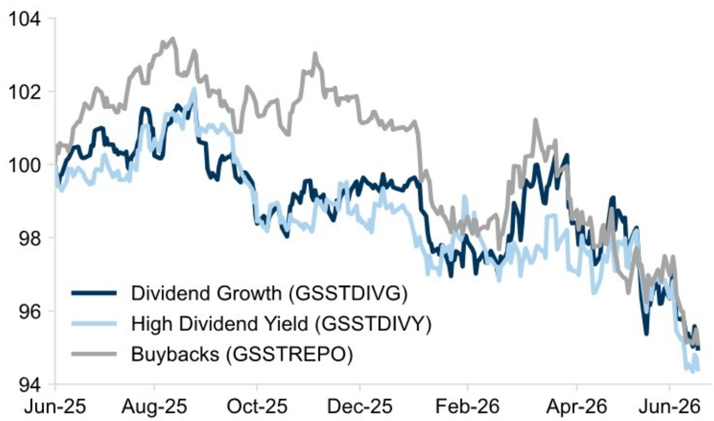
Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Exhibit 22: Domestic Exposure Baskets
Relative performance vs. SXXP (EUR)



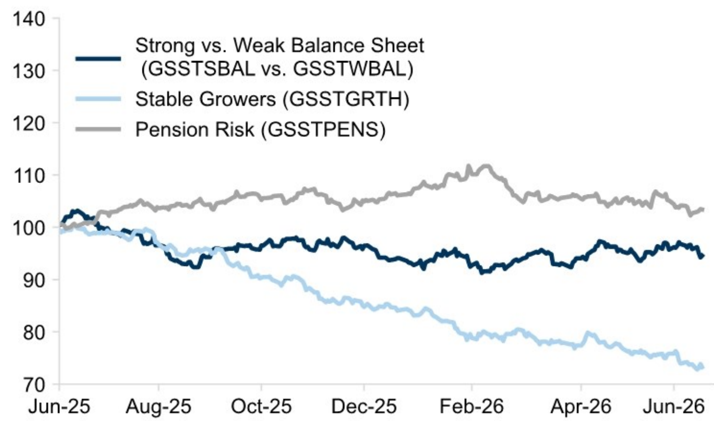
Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Exhibit 23: Shareholder Return Baskets
Relative performance vs. SXXP (EUR)



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Exhibit 24: Fundamental Thematic Baskets
Relative performance vs. SXXP (EUR)



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Thematic Basket Valuation

Strategy in Style
> For more on our basket methodology, please click here
> Our baskets and constituents can be accessed via Bloomberg using the ticker followed by <Index> (e.g. <GSSTGRTH Index><Go> or MEMB <Go>)

Exhibit 25: GS Thematic basket valuation metrics

Baskets 25 June, 2026	Bloomberg Ticker	Relative Total Return 1w (%)	Relative Total Return 1m (%)	Relative Total Return YTD (%)	EPS Growth 2025E - 2026E (%)	EPS Growth 2026E - 2027E (%)	Sales Growth 2025E - 2026E (%)	Sales Growth 2026E - 2027E (%)	EPS Momentum 1m change 2026 (%)	EPS Momentum 1m change 2027 (%)	EPS Momentum YTD change 2026 (%)	EPS Momentum YTD change 2027 (%)	P/E NTM	EV/ EBITDA NTM	Cash Flow Yield LTM	Dividend Yield NTM	Price / Book LTM
Macro Baskets																	
Defensives	GSSTDEFS	2.0	-1.5	-3.2	7.0	7.0	2.6	4.0	0.0	0.0	0.4	-1.2	15.0	10.6	6.1	3.8	1.9
Cyclicals	GSSTCYCL	-1.0	0.7	0.4	20.2	16.5	4.2	3.1	0.2	0.2	-3.9	-4.8	12.8	21.9	4.4	3.2	1.3
Capex Beneficiaries	GSSTCAPX	-2.1	-4.3	13.5	33.2	7.8	6.6	1.0	1.3	1.4	19.1	9.3	15.6	12.4	4.3	2.9	1.9
Fiscal Infrastructure Spending	GSSTFISC	-2.2	-5.2	-0.7	25.1	18.4	2.6	5.4	0.2	0.3	0.1	0.1	18.5	10.6	3.7	2.6	2.5
Fundamental Baskets																	
Recovery	GSSTRCOV	0.3	-0.9	0.5	16.9	14.6	2.7	2.9	-0.1	-1.2	-4.2	-5.7	10.9	6.8	9.0	3.8	1.1
Pension Risk	GSSTPENS	1.2	-1.1	-2.7	25.1	28.1	2.1	2.8	-0.2	-0.3	-12.0	-7.1	10.9	6.2	7.5	3.6	1.1
Pure Growth	GSSTGROW	-2.0	-3.1	-9.1	22.3	20.0	11.0	10.7	0.1	0.3	-3.2	-3.3	21.2	16.0	4.7	1.8	4.9
Stable Growers	GSSTGRTH	-0.6	-3.4	-13.4	8.8	11.1	6.3	7.1	-0.2	0.1	-2.0	-2.4	17.6	12.8	5.2	2.4	3.9
High & Stable Margins	GSSTMARG	-0.5	-0.8	-2.8	10.7	8.0	4.3	4.6	0.3	0.3	3.9	1.8	18.1	14.3	4.5	2.9	3.4
Quality	GSSTQUAL	-0.3	-2.5	-7.4	7.8	7.7	4.9	3.8	-0.2	-0.1	3.7	1.8	16.1	12.8	4.7	3.4	3.3
Strong Balance Sheet	GSSTSBAL	-1.4	-1.9	-2.0	9.9	9.9	6.2	4.1	0.0	0.5	5.2	3.5	20.2	15.1	4.3	2.1	3.1
Weak Balance Sheet	GSSTWBAL	0.9	-0.5	-1.9	27.2	12.7	0.8	3.7	0.4	-0.4	-3.7	-3.7	11.6	8.3	8.9	3.5	1.6
EU High Labour Cost	GSSTHLAB	-0.1	-1.5	-6.1	11.8	17.7	1.3	3.7	-0.4	-0.6	-6.7	-4.4	12.7	7.0	9.2	3.3	1.4
Capital Intensive	GSSTCAPI	-1.0	-2.3	4.5	24.8	7.8	5.5	2.1	-0.2	0.1	9.8	4.5	14.3	14.2	4.9	3.3	1.6
Capital Light	GSSTCAPL	0.0	-2.4	-12.8	7.9	11.4	2.5	4.0	-0.3	-0.2	-2.9	-2.7	15.9	11.6	7.2	2.9	2.8
Shareholder Return Baskets																	
High Dividend Yield	GSSTDIVY	-0.1	-1.9	-3.6	12.9	7.1	3.9	2.1	0.2	0.0	4.2	0.8	11.2	8.6	7.3	4.8	1.8
Dividend growth	GSSTDIVG	-0.4	-1.4	-3.9	24.9	5.6	6.3	1.8	0.0	-0.4	4.7	-0.1	10.5	8.8	8.7	4.3	1.8
Buybacks	GSSTREPO	-0.1	-2.2	-5.3	21.8	8.3	5.5	0.1	0.0	-2.0	1.4	-2.8	12.0	11.2	7.6	3.6	1.4
High Growth Investment Ratio	GSSTHGIR	-0.2	-0.6	5.3	13.8	17.0	7.4	7.3	0.3	-0.1	1.5	0.4	19.4	14.2	3.0	1.9	3.1
International Baskets																	
International Exposure	GSSTINTL	0.2	1.0	5.2	11.9	8.2	6.6	3.6	0.5	0.1	7.1	3.2	14.9	16.0	5.6	2.8	2.4
Euro International Exposure	GSSTEURO	-0.9	0.3	5.2	13.5	12.9	4.5	5.2	0.3	0.2	-0.2	0.4	15.2	15.1	4.8	2.8	2.2
UK International Exposure	GSSTUKIE	-0.8	-1.2	-3.0	18.5	9.6	10.1	2.0	1.3	0.7	7.7	2.4	14.4	9.3	7.3	3.0	2.5
US Exposure	GSSTAMER	0.9	-1.9	-5.9	10.1	10.3	4.7	4.2	0.0	-0.8	-0.7	-4.6	14.9	11.1	5.7	2.9	2.3
China Exposure	GSSTCHNA	-2.5	-0.2	3.9	16.5	20.3	1.3	3.9	-1.5	-0.5	-2.8	-0.8	17.8	17.7	4.8	2.5	1.6
EM Exposure	GSSTBRIC	-1.2	-0.9	4.9	25.5	11.5	4.6	3.2	0.4	1.0	7.4	4.1	15.8	14.2	5.9	2.8	1.8
Domestic Baskets																	
Domestic Eurozone	GSSTDOME	0.1	0.9	0.1	9.0	8.5	3.6	1.9	0.0	-0.2	-0.1	-0.1	12.9	10.1	5.8	4.7	1.5
Core Eurozone	GSSTCEMU	-1.1	-2.7	-7.3	8.2	11.0	2.2	3.6	0.0	-0.5	-2.5	-1.1	12.6	10.3	7.1	4.6	1.3
Periphery Eurozone	GSSTPEMU	-0.1	2.7	4.5	10.1	5.1	7.5	-2.6	0.0	0.2	3.5	1.5	13.3	9.9	4.0	4.8	1.9
UK Domestic Exposure	GSSTUKDE	3.3	2.1	-5.6	4.3	7.6	3.2	2.5	0.1	-0.2	-1.9	-3.6	12.7	8.6	4.3	4.4	1.7
STOXX Europe 600	**SXXP**	**0.5**	**1.6**	**10.6**	**15.3**	**10.0**	**5.9**	**3.1**	**0.3**	**0.4**	**4.6**	**2.8**	**14.7**	**8.8**	**4.5**	**3.3**	**2.4**

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

Europe Sector Valuation

Exhibit 26: Sector valuation

Sectors June 25, 2026	STOXX 600 Wgt	Total Return 1 wk (%)	Total Return 1 mo (%)	Total Return YTD (%)	EPS Growth 2025E-2026E (%)	EPS Growth 2026E-2027E (%)	Goldman Sachs EPS Growth 2025E-2026E (%)	Goldman Sachs EPS Growth 2026E-2027E (%)	EPS Momentum One month change 2026	EPS Momentum One month change 2027	Sales Growth 2025E-2026E (%)	Sales Growth 2026E-2027E (%)	Expd. ROE 2026	P/E Mult. NTM	EV / EBITDA NTM	Cash Flow Yield LTM	Div Yld NTM	Price / Book Value LTM	Net Debt / Equity (%)
Automobiles and Parts	1.7	(0.3)	(6.2)	(13.5)	41.3	28.9	46.8	31.3	(4.2)	(3.6)	0.5	3.0	4.5	7.7	5.9	6.9	4.7	0.4	87
Banks	14.0	0.1	6.7	16.4	10.3	13.5	12.4	15.2	0.3	0.6	NM	NM	14.0	10.3	NM	NM	5.0	1.5	NM
Basic Resources	2.8	(5.8)	(7.0)	19.3	54.0	12.1	56.8	10.8	3.7	5.4	14.3	0.4	12.7	13.0	5.7	3.4	3.5	1.7	30
Chemicals	2.1	1.5	1.7	15.5	19.6	4.4	22.1	0.5	0.2	(0.3)	4.1	2.0	11.0	19.0	9.3	4.1	3.1	2.1	40
Construction and Materials	3.2	0.1	4.1	6.6	13.3	12.9	6.1	10.1	(0.6)	(0.5)	3.8	5.6	14.7	17.4	9.3	5.7	2.7	2.8	55
Consumer Products and Services	5.1	(1.4)	6.0	(5.5)	12.2	15.0	12.0	15.0	(0.1)	(0.5)	3.8	6.3	14.0	23.1	13.2	3.1	2.3	3.5	43
Energy	5.8	(1.5)	(9.1)	22.9	70.0	(8.7)	67.4	(11.2)	1.2	0.9	16.1	(5.6)	20.4	9.5	4.1	8.5	4.2	1.9	35
Financial Services	4.3	(0.3)	(0.7)	4.5	9.0	4.5	8.0	5.0	0.1	0.8	NM	NM	12.0	12.7	NM	NM	3.0	1.5	NM
Food Beverage and Tobacco	5.2	5.2	2.6	9.3	3.7	8.2	3.1	7.9	(0.2)	(0.1)	1.4	3.5	18.1	15.4	10.3	5.6	3.7	2.9	82
Health Care	13.4	5.9	3.0	3.5	5.0	9.8	4.2	8.1	0.3	0.2	3.6	5.8	21.4	15.9	10.7	5.0	2.5	3.6	45
Industrial Goods and Services	14.8	(1.1)	0.7	10.4	15.8	16.0	12.7	18.6	0.3	0.2	6.0	6.9	17.7	21.7	11.9	4.1	2.1	4.4	39
Insurance	5.4	2.0	2.6	5.9	7.4	7.3	5.3	7.8	0.4	(0.1)	NM	NM	18.8	11.7	NM	NM	5.2	2.3	NM
Media	0.5	(0.5)	(2.0)	(6.1)	1.6	10.0	2.0	9.6	0.7	1.3	1.8	5.3	16.4	12.6	8.5	7.6	3.6	2.2	14
Personal Care Drug and Grocery Stores	2.2	3.3	2.4	(1.8)	4.1	7.4	3.2	6.8	(0.2)	(0.5)	2.7	3.2	21.5	14.4	8.1	7.6	3.8	3.2	91
Real Estate	1.1	3.8	2.4	4.3	1.8	4.3	0.7	4.1	(0.0)	0.7	NM	NM	5.8	14.8	NM	NM	4.6	0.9	NM
Retail	0.9	1.5	9.3	3.9	9.2	10.2	7.0	10.3	(0.0)	0.3	4.8	5.3	22.5	18.3	10.4	4.6	3.1	4.3	55
Technology	9.4	(3.3)	1.9	23.4	20.9	23.4	24.7	25.2	0.3	1.1	11.9	11.9	23.7	26.2	19.3	2.5	1.1	7.3	5
Telecommunications	2.8	(0.7)	(7.8)	19.6	9.8	11.2	16.4	16.8	(0.4)	0.2	3.2	3.8	11.7	16.4	6.3	8.0	3.9	2.0	140
Travel and Leisure	0.8	3.0	10.2	6.9	(3.9)	18.6	(3.3)	13.1	0.9	0.6	3.5	4.5	23.2	NM	6.1	4.6	2.6	3.4	68
Utilities	4.6	2.3	1.2	16.8	9.0	7.6	6.7	9.0	0.4	0.2	2.1	3.1	14.5	15.6	8.7	(2.1)	4.0	2.3	125
Stoxx 600		0.5	1.6	10.6	15.3	10.0	15.4	10.3	0.3	0.4	5.9	3.1	15.2	14.7	8.8	4.5	3.3	2.4	61
Stoxx 600 ex Financials & RE		0.5	1.6	10.2	18.8	9.7	18.6	9.3	0.3	0.3	5.9	3.1	16.0	16.6	8.8	4.5	2.7	2.8	61
Stoxx 600 (median)		0.3	0.1	7.3	8.2	10.9	8.7	11.4	0.0	0.0	4.2	5.0	16.0	14.4	8.7	5.5	3.2	2.2	44
EuroStoxx 50	34.5	(0.9)	2.3	10.6	15.3	12.2	15.4	13.0	0.0	0.3	4.4	4.6	15.1	15.4	10.1	4.0	3.0	2.5	65
Stoxx Large	83.6	0.6	1.9	10.9	15.1	10.2	15.6	10.3	0.3	0.5	6.8	2.9	16.0	14.8	9.2	4.4	3.2	2.5	61
Stoxx Mid	11.8	0.6	0.6	9.9	19.2	8.2	17.1	8.8	0.5	0.5	3.9	3.4	12.5	14.5	7.7	4.7	3.5	1.9	58
Stoxx Small	4.3	(0.8)	(1.4)	7.2	9.4	11.1	7.4	12.3	(0.3)	(0.7)	3.7	3.8	11.4	13.2	7.2	5.6	3.7	1.6	65

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

European Indices Valuation

Exhibit 27: European indices valuation

Country Indices			Total Return			EPS Growth		Goldman Sachs EPS Growth		EPS Momentum One month change		Sales Growth		Expd.	P/E	EV /	Cash Flow	Div	Price / Book	Net Debt /
			1 wk	1 mo	YTD	2025E-2026E	2026E-2027E	2025E-2026E	2026E-2027E			2025E-2026E	2026E-2027E	ROE	Mult.	EBITDA	Yield	Yld	Value	Equity
June 25, 2026		Price	(%)	(%)	(%)	(%)	(%)	(%)	(%)	2026	2027	(%)	(%)	2026	NTM	NTM	LTM	NTM	LTM	(%)
STOXX Europe 600	Europe	640	0.5	1.6	10.6	15.3	10.0	15.4	10.3	0.3	0.4	5.9	3.1	15.2	14.7	8.8	4.5	3.3	2.4	61
EuroStoxx 50	Euro Area	6268	(0.9)	2.3	10.6	15.3	12.2	15.4	13.0	0.0	0.3	4.4	4.6	15.1	15.4	10.1	4.0	3.0	2.5	65
FTSE 100	UK	10530	1.3	0.8	7.9	19.2	7.3	19.8	8.0	(0.0)	0.1	11.1	(0.7)	14.5	12.4	7.4	5.8	3.5	2.2	69
FTSE 250	UK	23161	(0.7)	0.3	4.9	13.2	12.2	13.5	11.6	(0.9)	(1.1)	4.9	2.9	9.9	12.0	5.5	7.8	4.0	1.3	60
DAX 40	Germany	24995	(0.1)	(1.6)	2.1	12.4	16.0	10.9	18.2	(1.0)	(0.5)	2.7	5.4	10.0	14.3	7.7	5.3	3.0	1.5	78
MDAX 50	Germany	31973	(2.1)	(2.5)	4.4	38.6	30.7	26.8	29.7	1.0	(0.1)	4.9	5.5	7.4	15.3	6.7	3.1	2.4	1.5	45
CAC 40	France	8432	(0.4)	2.6	6.0	20.4	9.9	22.0	10.0	0.5	0.4	4.9	4.3	14.6	14.5	9.0	3.7	3.3	2.2	46
SMI 20	Switzerland	14232	3.4	5.4	10.4	9.2	10.6	5.7	10.3	1.5	1.4	2.5	5.2	23.2	17.9	13.0	4.4	3.0	4.4	58
MIB 40	Italy	51783	(1.5)	3.3	18.4	12.7	12.0	18.0	13.0	(0.2)	0.2	6.3	3.3	14.7	12.6	6.9	2.0	4.7	2.0	80
IBEX 35	Spain	19514	0.6	6.3	14.8	12.3	12.9	23.7	14.8	0.4	0.7	7.0	2.4	14.8	13.6	8.9	2.5	3.7	2.2	85
AEX 25	Netherlands	1068	(1.3)	1.4	14.0	17.5	17.5	16.1	19.6	0.1	0.4	11.9	0.2	11.4	20.4	9.6	5.1	1.9	2.7	32
OMX Stockholm 30	Sweden	3181	0.1	(0.4)	12.7	5.6	4.0	8.2	2.4	1.4	1.7	4.3	6.5	15.1	16.1	11.2	4.1	2.9	2.5	40
OMX Copenhagen 20	Denmark	1598	6.4	3.7	1.6	(4.3)	5.2	11.4	(3.4)	1.0	0.6	3.3	2.7	13.0	16.6	7.8	3.7	2.9	2.3	24
OBX Oslo 25	Norway	1854	(1.0)	(6.7)	16.0	58.0	(7.1)	58.0	(6.4)	4.6	3.6	13.6	(6.5)	15.9	10.7	3.2	4.8	5.6	2.0	47

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

Long-Term Valuation – Europe

Exhibit 28: STOXX Europe 600 12m fwd P/E

Source: Datastream, I/B/E/S, STOXX, Goldman Sachs Global Investment Research

Exhibit 29: European valuation levels and historical percentiles

Europe STOXX 600. Percentile since 2000

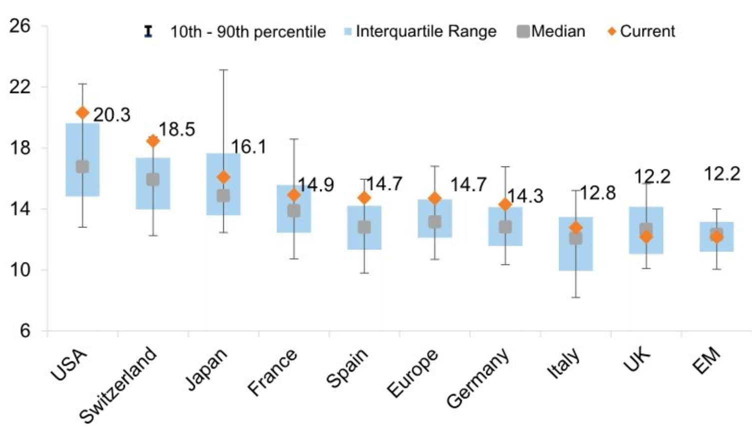
	Metrics	Current Level	Historical Percentile*	Median
Equity (SXXP)	NTM EV / Sales	2.0	92%	82%
	NTM EV / EBITDA	8.8	86%	
	NTM Price / Book	2.2	92%	
	NTM P/E	14.7	71%	
	NTM Free cash flow yield	5.1	82%	
	Cyclically Adjusted P/E	19.6	77%	
	ERP (%)	4.1	70%	
Rates	Germany 10-y Bond Yield	2.9%	43%	57%
	UK 10-y Bond Yield	4.7%	20%	
Credit	High Yield YTM	5.7%	64%	
	Investment Grade YTM	3.5%	51%	
	High Yield spread	264bp	66%	
	Investment Grade spread	89bp	81%	

*High percentile = High valuation

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

Exhibit 30: Global valuation range

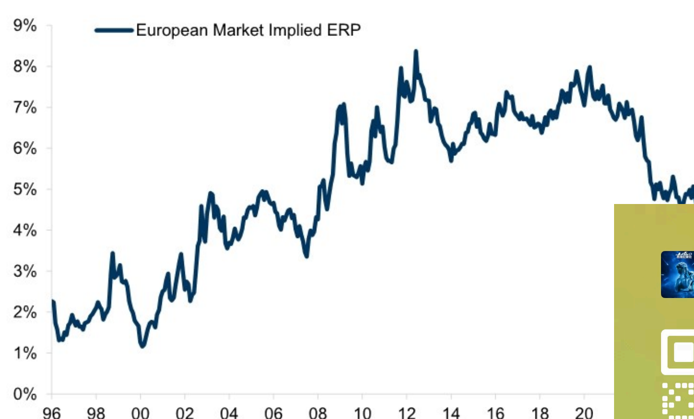
12m fwd P/E multiple. Data since 2000



Source: Datastream, Worldscope, Goldman Sachs Global Investment Research

Exhibit 31: Market implied ERP

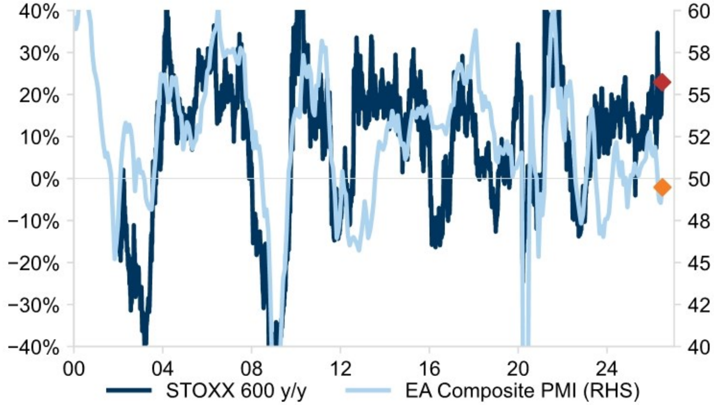
Pan-Europe



Source: Goldman Sachs Global Investment Research

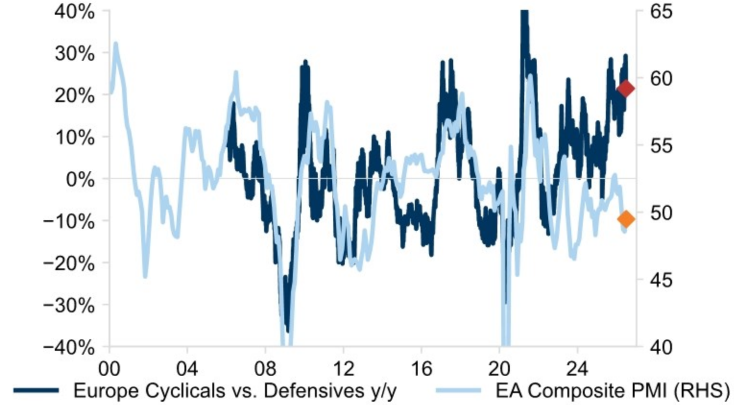
Style Performance

Exhibit 32: Europe STOXX 600 and Europe Composite PMI
Europe STOXX 600 (Y/Y % Chg) and Europe Composite PMI (RHS)



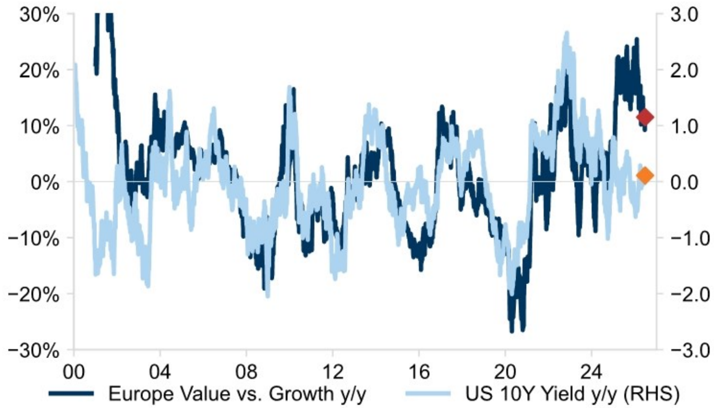
Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

Exhibit 33: Cyclicals vs. Defensives and Europe Composite PMI
Europe Cyclicals vs. Defensives (Y/Y % Chg) and Europe Composite PMI (RHS)



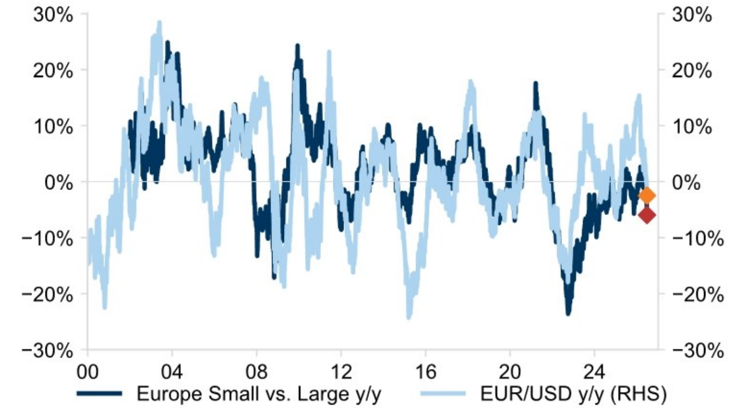
Source: Bloomberg, Datastream, Goldman Sachs Global Investment Research

Exhibit 34: MSCI Europe Value vs. Growth and US 10y Bond Yield
MSCI Europe Value vs. Growth (Y/Y % Chg) and US 10y Bond Yield (Y/Y Chg, RHS)



Source: Bloomberg, Datastream, Goldman Sachs Global Investment Research

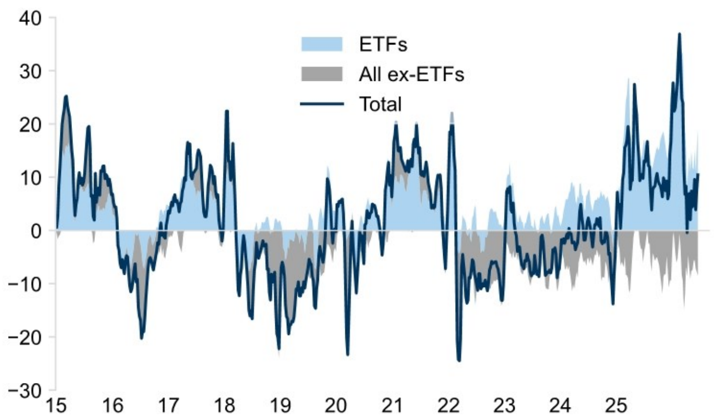
Exhibit 35: Europe STOXX Small vs. Large and EUR/USD
Europe STOXX Small vs. Europe STOXX Large (Y/Y % Chg) and EUR/USD (Y/Y % Chg, RHS)



Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

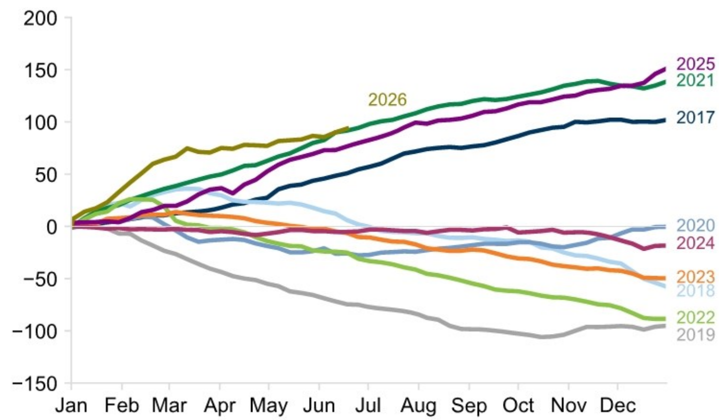
Flows from Global Investors into European Funds

Exhibit 36: 1-month rolling flows from Global investors into European equities
Weekly fund flows (EPFR Country Flows Database)



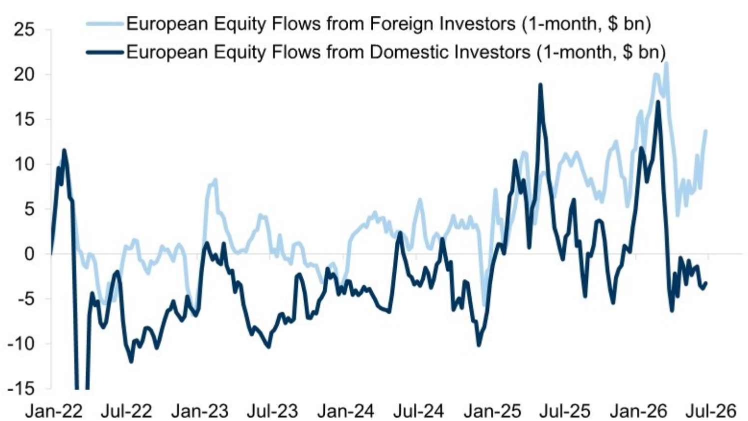
Source: EPFR, Haver Analytics, Goldman Sachs Global Investment Research

Exhibit 37: Calendarised flows from Global investors into European equities
Weekly fund flows (EPFR Country Flows Database)



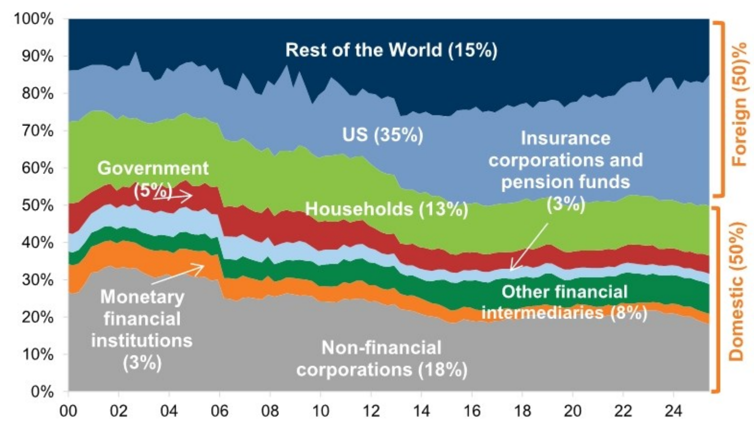
Source: EPFR, Haver Analytics, Goldman Sachs Global Investment Research

Exhibit 38: Flows into developed Europe equity from Foreign and Domestic Investors
1-month rolling sum of weekly fund flows (EPFR Country Flows Database)



Source: EPFR, Goldman Sachs Global Investment Research

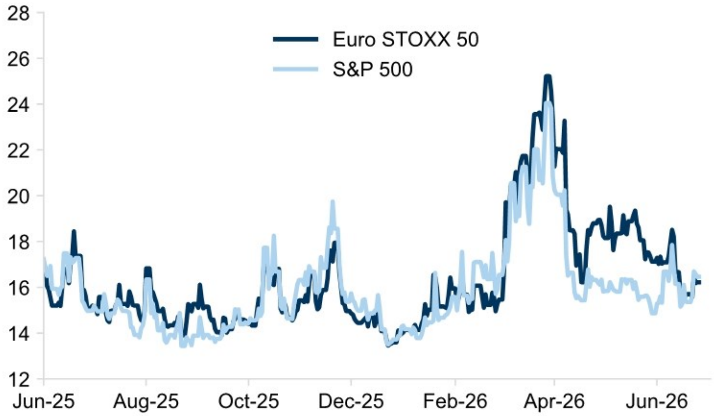
Exhibit 39: Ownership of Euro area equities



Source: ECB, US Treasury, IMF, Haver Analytics, Goldman Sachs Global Investment Research

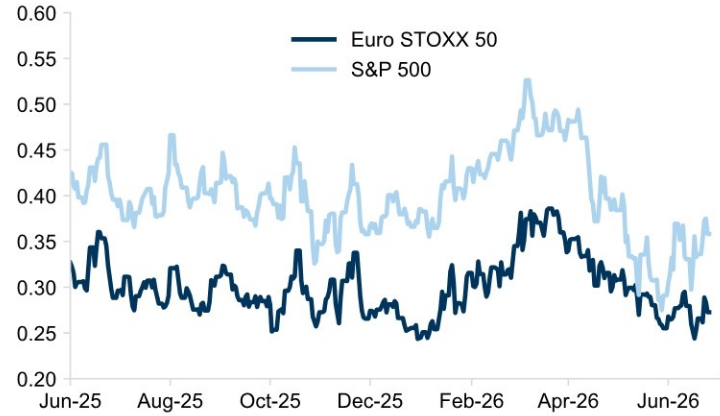
Volatility, Skew, Dispersion and Correlations

Exhibit 40: Implied volatility
(3-month ATM)



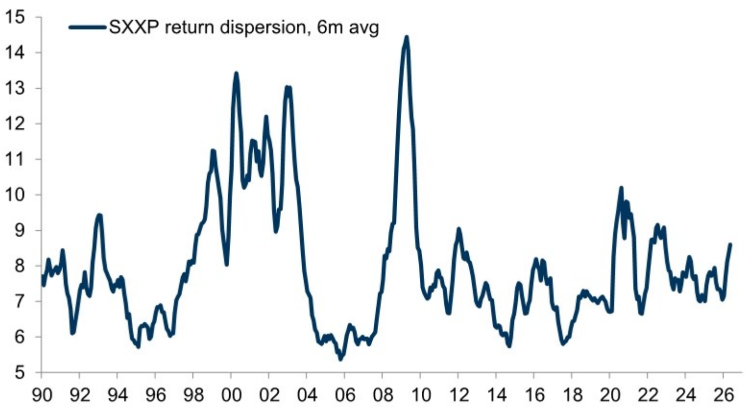
Source: STOXX, Goldman Sachs Global Investment Research

Exhibit 41: Normalised skew
(3-month, 25 delta)



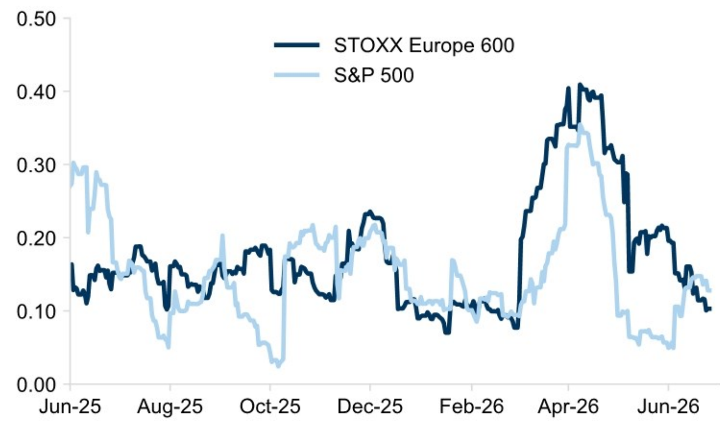
Source: STOXX, Goldman Sachs Global Investment Research

Exhibit 42: STOXX Europe 600 return dispersion
6-month average of monthly return dispersion



Source: Datastream, STOXX, Goldman Sachs Global Investment Research

Exhibit 43: 1-month average pairwise correlation



Source: STOXX, Goldman Sachs Global Investment Research

Europe Indices Sales Exposure

Exhibit 44: Sales exposure across indices

Index	Region	Domestic	Europe	North America	Asia - Pacific	Emerging Markets	Others
STOXX Europe 600	**Europe**	**-**	**42%**	**24%**	**19%**	**15%**	**0%**
EuroStoxx 50	Euro Area	-	39%	21%	22%	18%	0%
FTSE 100	UK	24%	14%	28%	23%	11%	0%
FTSE 250	UK	56%	13%	14%	8%	10%	0%
DAX	Germany	20%	25%	25%	16%	14%	0%
MDAX	Germany	32%	24%	17%	14%	14%	0%
CAC	France	16%	24%	25%	19%	16%	0%
SMI	Switzerland	6%	23%	36%	19%	15%	0%
MIB	Italy	51%	23%	8%	6%	12%	0%
IBEX	Spain	32%	24%	12%	5%	27%	0%
AEX	Netherlands	9%	17%	22%	38%	15%	0%
MSCI Nordic countries	Scandinavia	24%	22%	28%	14%	13%	0%

	Sector	Europe	North America	Asia - Pacific	Emerging Markets	Others
STOXX Europe 600		**42%**	**24%**	**19%**	**15%**	**0%**
	Auto & Parts	40%	25%	19%	14%	1%
	Banks	68%	6%	10%	17%	0%
	Basic Resources	24%	14%	47%	15%	0%
	Chemicals	31%	28%	21%	20%	0%
	Construction & Mat.	48%	27%	10%	16%	0%
	Financial Services	54%	26%	9%	8%	2%
	Food, Bev. & Tobacco	28%	30%	17%	26%	0%
	Health Care	24%	45%	18%	13%	0%
	Industrial Gds & Svs	36%	28%	19%	16%	0%
	Insurance	57%	19%	13%	11%	0%
	Media	31%	48%	12%	9%	0%
	Energy	44%	18%	17%	21%	0%
	Pers. Care, Drug & Groc.	40%	22%	19%	19%	0%
	Real Estate	95%	2%	0%	3%	0%
	Retail	69%	10%	8%	13%	0%
	Technology	20%	22%	48%	10%	0%
	Telecommunications	59%	25%	5%	11%	0%
	Travel & Leisure	62%	19%	8%	11%	0%
	Utilities	74%	13%	1%	12%	0%

For more details, see our Portfolio Passport

Source: STOXX, Goldman Sachs Global Investment Research

European Indices Sector Weights

Exhibit 45: Sector weights

Sector Breakdown	STOXX 600	Euro Stoxx 50	STOXX Small	STOXX Mid	STOXX Large	FTSE 100	FTSE 250	DAX	MDAX	CAC	SMI	MIB	IBEX	AEX	OBX Oslo	OMX Stockholm	OMX Copenhagen
Automobiles and Parts	1.7	3.3	1.7	2.0	1.6	0.0	0.0	5.6	13.7	1.9	0.0	9.7	0.0	0.0	0.0	0.0	0.0
Banks	14.0	17.1	8.6	6.4	15.5	18.1	1.6	4.6	0.0	9.0	0.0	35.7	42.7	6.7	13.2	12.2	9.6
Basic Resources	2.8	0.0	3.1	3.1	2.7	9.3	2.2	0.0	3.7	1.3	0.0	0.0	5.3	1.6	6.5	2.6	0.0
Chemicals	2.1	3.4	2.9	4.9	1.6	0.2	1.7	5.1	7.8	6.0	1.5	0.0	0.0	0.9	3.8	0.0	0.0
Construction and Materials	3.2	2.2	6.0	4.8	2.8	0.0	4.4	1.8	1.8	6.5	6.7	0.0	5.5	0.0	1.0	4.4	1.5
Consumer Products and Services	5.1	6.9	5.6	3.5	5.3	2.5	3.9	1.7	7.4	16.1	11.9	1.4	0.0	0.0	0.0	0.0	1.7
Energy	5.8	6.8	3.8	4.8	6.1	10.0	1.7	6.8	3.2	7.9	0.0	7.5	3.3	13.2	29.1	0.0	4.8
Financial Services	4.3	1.0	10.3	5.7	3.7	5.2	41.5	2.5	3.2	0.6	9.5	3.9	0.0	1.1	0.0	13.9	0.0
Food, Beverage and Tobacco	5.2	3.1	4.3	7.0	5.0	6.8	3.4	0.0	0.0	3.0	12.9	0.7	0.0	3.3	12.1	0.0	3.7
Health Care	13.4	4.8	5.2	6.5	2.0	14.1	2.1	8.3	6.7	7.6	37.3	1.2	0.8	1.2	0.0	24.4	55.2
Industrial Goods and Services	14.8	15.7	15.9	20.2	13.9	10.6	12.1	25.7	18.0	24.8	8.7	11.2	0.2	2.9	14.7	33.5	19.8
Insurance	5.4	6.1	2.1	6.1	5.5	3.5	0.7	12.4	3.7	3.9	9.4	7.4	0.5	2.6	9.0	0.0	1.5
Media	0.5	0.0	1.8	0.4	0.4	0.7	2.4	0.0	2.4	0.9	0.0	0.0	0.0	1.3	0.0	0.0	0.0
Personal Care, Drug and Grocery Stores	2.2	0.7	2.0	2.8	2.1	7.1	1.1	0.5	0.0	0.5	0.0	0.0	0.0	9.8	0.0	1.4	0.0
Real Estate	1.1	0.0	7.2	4.7	0.1	1.1	8.5	0.9	5.2	0.6	0.0	0.0	1.3	0.3	0.0	0.0	0.0
Retail	0.9	1.4	1.6	1.8	0.7	1.1	3.6	0.3	1.6	0.0	0.0	0.0	7.3	0.0	0.0	0.7	0.0
Technology	9.4	21.0	7.7	1.7	10.6	2.2	2.4	14.4	11.0	3.6	0.9	6.0	3.1	54.1	4.1	1.5	0.0
Telecommunications	2.8	1.9	2.8	2.8	2.8	1.5	1.0	5.0	2.9	1.6	1.1	0.2	4.6	1.1	5.7	4.6	0.0
Travel and Leisure	0.8	0.0	2.0	3.4	0.4	1.5	3.6	0.0	7.7	0.6	0.0	0.0	3.0	0.0	0.8	0.7	0.0
Utilities	4.6	4.6	5.5	7.3	4.1	4.6	1.9	4.5	0.0	3.6	0.0	15.0	22.6	0.0	0.0	0.0	2.2

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

Sector Correlations

Exhibit 46: Europe sectors: cross-asset correlations

5y correlation of w/w relative returns

	Equity			Bonds						FX	Credit		Commodities		Risk	
	Global Cyclicals vs. Defensives	Global Value vs. Growth	EM vs. DM	US nominal yield	US real yield	Breakeven inflation	Yield Curve (US 10y-2y)	German 10y BY	BTP-Bund spread	USDEUR	EUR IG spread	EUR HY spread	Brent	Copper	VIX	Risk Appetite Indicator
Banks	0.51	0.43	0.03	0.38	0.24	0.22	0.09	0.36	-0.23	-0.13	-0.32	-0.28	0.13	0.14	-0.18	0.41
Automobiles and Parts	0.51	0.12	0.03	0.18	0.03	0.23	0.00	0.15	-0.22	-0.19	-0.35	-0.39	0.10	0.12	-0.23	0.36
Insurance	0.32	0.44	-0.03	0.15	-0.01	0.25	-0.04	0.10	-0.28	-0.11	-0.32	-0.38	0.12	0.06	-0.22	0.28
Industrial Goods and Services	0.46	-0.16	-0.20	-0.08	-0.23	0.23	-0.06	-0.13	-0.25	-0.31	-0.38	-0.42	0.09	0.22	-0.27	0.32
Basic Resources	0.39	0.18	0.27	0.10	-0.08	0.30	0.06	0.10	-0.08	-0.16	-0.14	-0.16	0.33	0.61	-0.10	0.23
Energy	0.34	0.43	0.10	0.23	-0.03	0.42	0.05	0.21	-0.16	0.07	-0.11	-0.19	0.48	0.16	-0.18	0.26
Construction and Materials	0.38	0.09	-0.19	-0.12	-0.28	0.24	-0.01	-0.14	-0.29	-0.26	-0.33	-0.40	0.10	0.18	-0.29	0.28
Travel and Leisure	0.44	0.04	-0.12	0.05	-0.13	0.27	-0.03	-0.03	-0.25	-0.23	-0.41	-0.47	0.13	0.21	-0.35	0.42
Financial Services	0.32	-0.19	-0.16	-0.18	-0.30	0.18	-0.17	-0.22	-0.24	-0.33	-0.38	-0.44	0.10	0.21	-0.35	0.34
Consumer Products and Services	0.21	-0.27	0.04	-0.14	-0.15	0.01	-0.02	-0.11	-0.15	-0.24	-0.11	-0.12	-0.10	0.18	-0.11	0.15
Technology	0.30	-0.65	-0.06	-0.18	-0.20	0.01	-0.08	-0.19	-0.15	-0.23	-0.11	-0.16	0.03	0.19	-0.20	0.21
Chemicals	-0.12	0.01	-0.06	-0.02	0.07	-0.14	0.12	0.02	0.11	0.05	0.10	0.16	-0.06	-0.01	0.16	-0.16
Retailers	0.09	-0.13	-0.06	-0.13	-0.07	-0.10	0.03	-0.09	-0.03	-0.18	-0.05	-0.01	-0.10	0.03	-0.03	0.06
Media	-0.08	-0.06	-0.18	0.03	0.03	-0.01	0.03	-0.10	0.11	0.06	-0.07	-0.09	-0.04	-0.14	0.00	-0.07
Real Estate	-0.01	-0.01	-0.10	-0.44	-0.44	-0.01	-0.15	-0.45	-0.17	-0.27	-0.18	-0.18	-0.01	0.09	-0.05	-0.10
Telecommunications	-0.38	0.20	0.01	0.02	0.15	-0.20	0.11	0.05	0.07	0.28	0.37	0.41	-0.11	-0.31	0.22	-0.28
Utilities	-0.48	0.11	-0.11	-0.25	-0.15	-0.16	0.00	-0.25	0.04	0.01	0.16	0.20	-0.19	-0.19	0.18	-0.38
Personal Care, Drug and Grocery Stores	-0.64	-0.07	0.10	-0.08	0.18	-0.41	0.06	-0.04	0.38	0.29	0.49	0.54	-0.37	-0.41	0.45	-0.56
Food, Beverage and Tobacco	-0.67	0.04	0.09	-0.06	0.17	-0.36	0.06	-0.04	0.38	0.34	0.45	0.49	-0.26	-0.37	0.42	-0.56
Health Care	-0.74	-0.15	0.03	-0.13	0.11	-0.37	-0.03	-0.08	0.39	0.33	0.47	0.50	-0.26	-0.35	0.33	-0.49

Source: Bloomberg, Goldman Sachs Global Investment Research

Economics

Exhibit 47: Real GDP forecasts

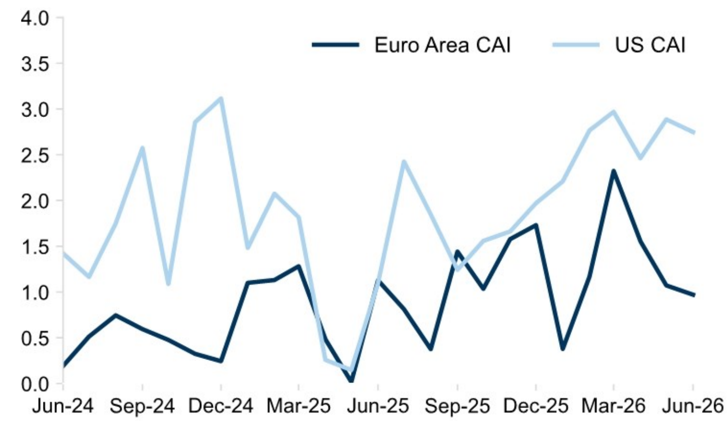
Real GDP Growth					
Percent Change yoy	2025	2026		2027	
	GS	GS	Cons*	GS	Cons*
USA	2.1	2.1	2.1	2.2	2.0
Japan	1.1	0.5	0.6	1.0	0.8
Euro area	1.5	0.5	0.6	1.2	1.2
Germany	0.3	0.7	0.6	1.1	1.1
France	0.9	0.5	0.6	0.7	0.9
Italy	0.7	0.8	0.6	0.7	0.7
Spain	2.8	2.2	2.2	1.6	1.8
UK	1.4	1.2	1.0	1.3	1.1
China	5.0	4.7	4.6	4.7	4.4
Developed Markets	1.8	1.4	1.9	1.7	1.5
Emerging Markets	4.2	3.7	4.0	4.1	3.9
World	2.8	2.4	2.8	2.8	2.5

** Bloomberg country and GS aggregate consensus*

Source: Consensus Economics, Bloomberg, Goldman Sachs Global Investment Research

Exhibit 48: Current Activity Index (CAI)

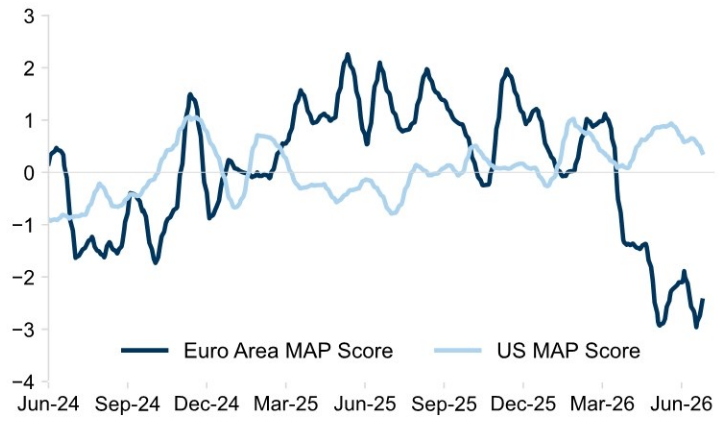
GS Proprietary Index



Source: Goldman Sachs Global Investment Research

Exhibit 49: Macro-data Assessment Platform (MAP)

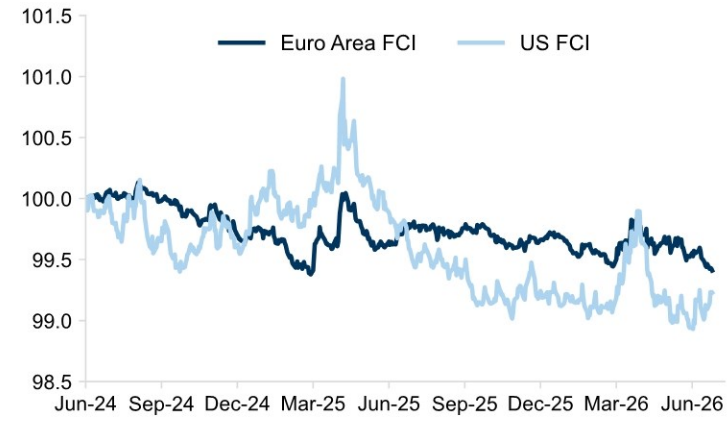
Economic surprise. GS Proprietary Index



Source: Goldman Sachs Global Investment Research

Exhibit 50: Goldman Sachs Financial Conditions Index (GSFCI)

GS Proprietary Index



Source: Goldman Sachs Global Investment Research

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