



GOLDMAN SACHS EXPECTS S&P 500 INDEX TO RISE BY 14% IN 2021

FURTHER 7% GROWTH PROJECTED IN 2022



THE WORLD WILL SLOWLY RETURN TO NORMAL

- ✓ Goldman Sachs expects the S&P 500 to rise by 22% over the next two years, including 14% in 2021. This is expected to outperform all other investable asset classes. Overweight in Technology.
- ✓ S&P 500 earnings are expected to keep rebounding. The Federal Reserve has assured markets that it will not raise interest rates. Economy will start to return to normal. \$1.9TR economic package has been announced.
- ✓ Stocks follow earnings.
- ✓ *There is nowhere else for investors to put money. It must be allocated to equities. Only asset class that will make a positive return. Equity Inflows continue in the US.*
- ✓ Significant allocations into equities post an election year. This will be more pronounced in 2021 as the COVID-19 vaccine starts to work, the economy continues to improve, and people have more confidence that the world will return to a more normal state.

Stimulus Package Announced

BIDEN OUTLINES
\$1.9 TRILLION
ECONOMIC
PACKAGE
\$1,400 DIRECT
PAYMENT AND
MORE
GENEROUS
UNEMPLOYMENT
BENEFITS



- ✓ A second stimulus package has been agreed, meaning millions of Americans will be given a boost to their bank balances.
- ✓ This will help boost economic numbers with people more likely to spend.

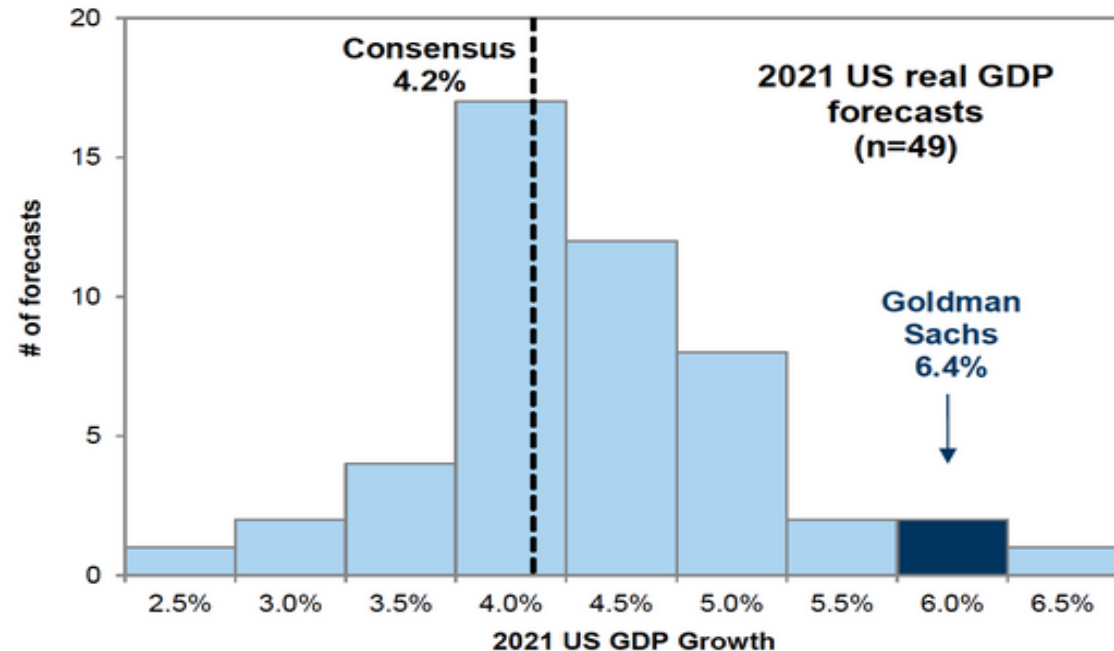
GOLDMAN SACHS
FORECAST 6.4%
US REAL GDP
GROWTH 2021

US GDP Forecast to Rise in 2021

Goldman Sachs

GS forecasts above-consensus 2021 GDP growth

GS Economics forecasts 6.4% US real GDP growth vs. consensus of 4.2%



- ✓ Goldman Sachs believes GDP for the USA will exceed expectations in 2021.
- ✓ This positive outlook will help stock prices and economies, as people see an end to the pandemic on the horizon.

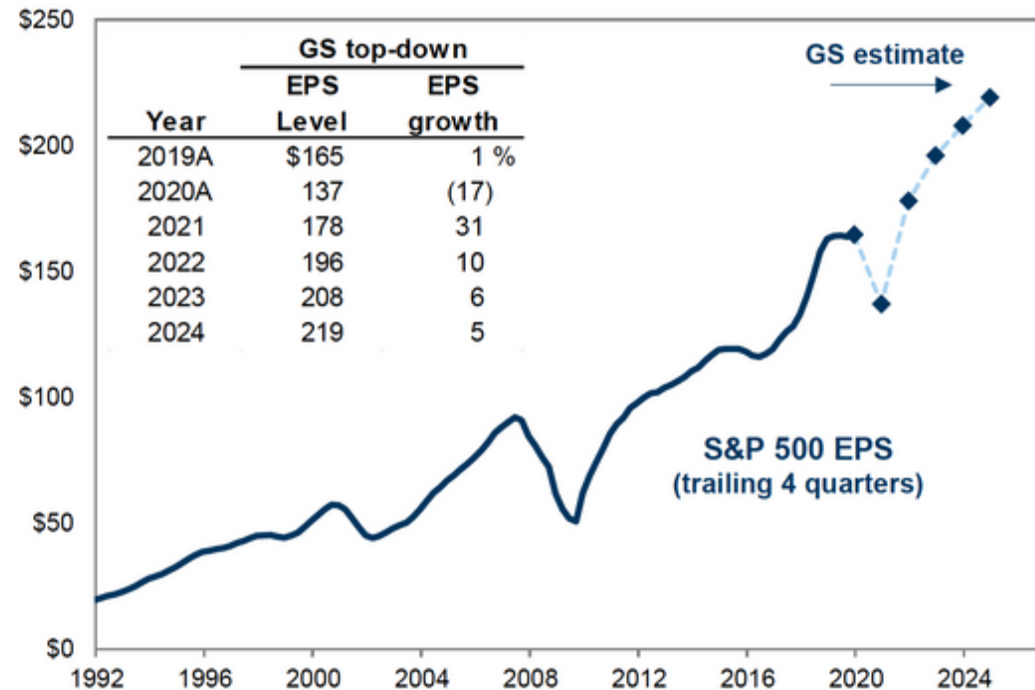
GOLDMAN
SACHS EXPECTS
EPS WILL RISE
BY 31% IN 2021
AND 10% IN
2022

S&P 500 EPS Set to Rise

Goldman
Sachs

Goldman Sachs top-down S&P 500 EPS forecast

After 17% fall in 2020, we expect EPS will rise by 31% in 2021 and 10% in 2022



- ✓ Goldman Sachs believes EPS for the S&P 500 will rise rapidly in 2021 as fears of a drawn out end to the epidemic fade.
- ✓ Stocks follow earnings, so it is likely that prices will react positively on these estimates.

GOLDMAN SACHS
 EXPECTS 14%
 RISE IN THE S&P
 500 IN 2021.
 OVERWEIGHT IN
 TECHNOLOGY

S&P 500 EPS Set to Rise



Goldman Sachs recommended sector weightings

Overweight Info Tech, Health Care, Industrials, and Materials

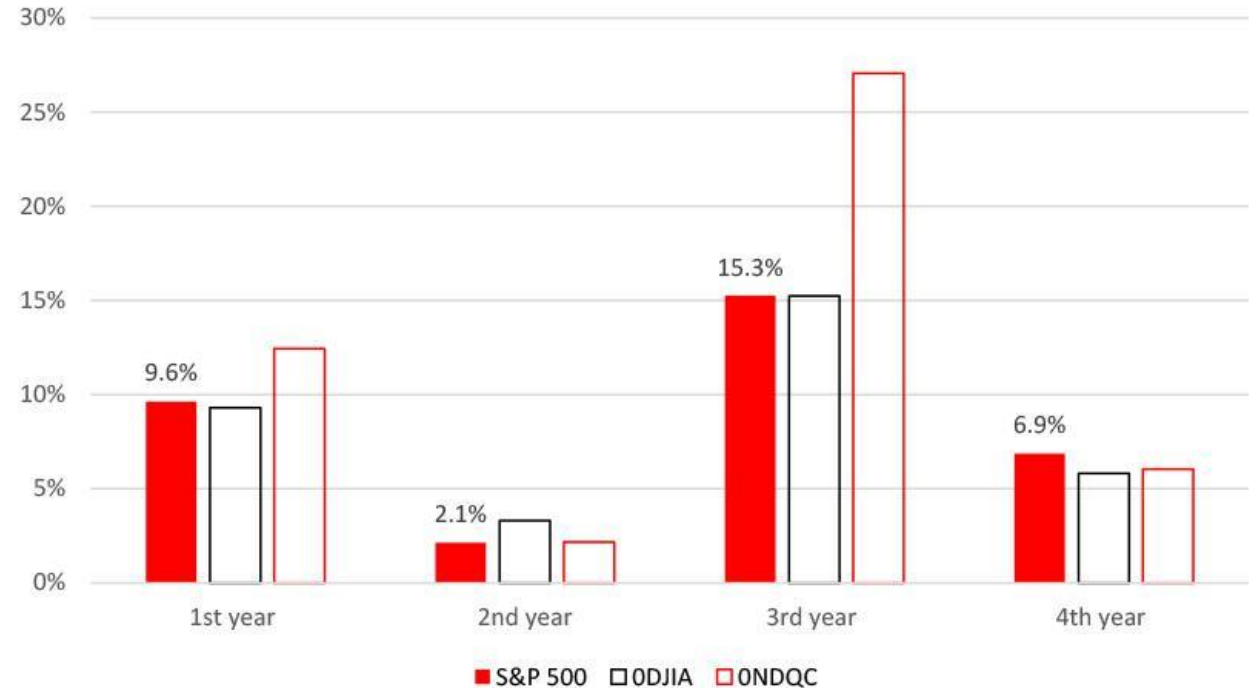
Sector	Sector weight			Consensus FY2 P/E	Relative valuation	
	Goldman Sachs recommended sector weightings	Current S&P 500 weight	Goldman 2019-2022 CAGR EPS		10-year Z-Score	Dividend yield
Information Technology	Overweight	27 %	11 %	28 x	2.1	1.0 %
Health Care		14	9	17	(1.5)	1.6
Industrials		8	2	24	1.1	1.5
Materials		3	10	22	(1.9)	1.8
Consumer Discretionary	Neutral	13 %	9 %	38 x	1.9	0.6 %
Financials		11	1	15	(2.6)	1.9
Energy		2	(11)	33	(0.5)	5.2
Communication Services	Underweight	11 %	6 %	23 x	(1.3)	1.0 %
Consumer Staples		6	5	21	(2.0)	2.7
Utilities		3	5	19	(1.1)	3.2
Real Estate		2	4	22	(1.4)	3.1
S&P 500		100 %	6 %	23 x	2.2	1.5 %

- ✓ The FAANG+ fund is concentrated toward Information Technology, whereas the Low Volatility fund is Information Technology and Healthcare.
- ✓ Both are strong performing sectors in the S&P 500.

S&P 500 HAS
HISTORICALLY
GONE UP 9.6% IN
THE FIRST YEAR
OF A NEW
PRESIDENT

Equities Rise After A Presidential Election Year

U.S. Presidential Cycle, Annual Averages 1970-2020



- ✓ Historical data shows the potential for gains the year after a presidential election.
- ✓ Significant inflows are expected, especially with vaccines now in circulation, giving real signs we can soon return to a more normal way of life.

INVESTORS
 ADDED \$20.1BN
 TO US-LISTED
 ETFS. YTD
 INFLOWS UP TO
 \$36.9BN VS
 \$35.2BN IN 2020
 (SECOND WEEK 2021)

Inflows Into Equities Start Strong in 2021

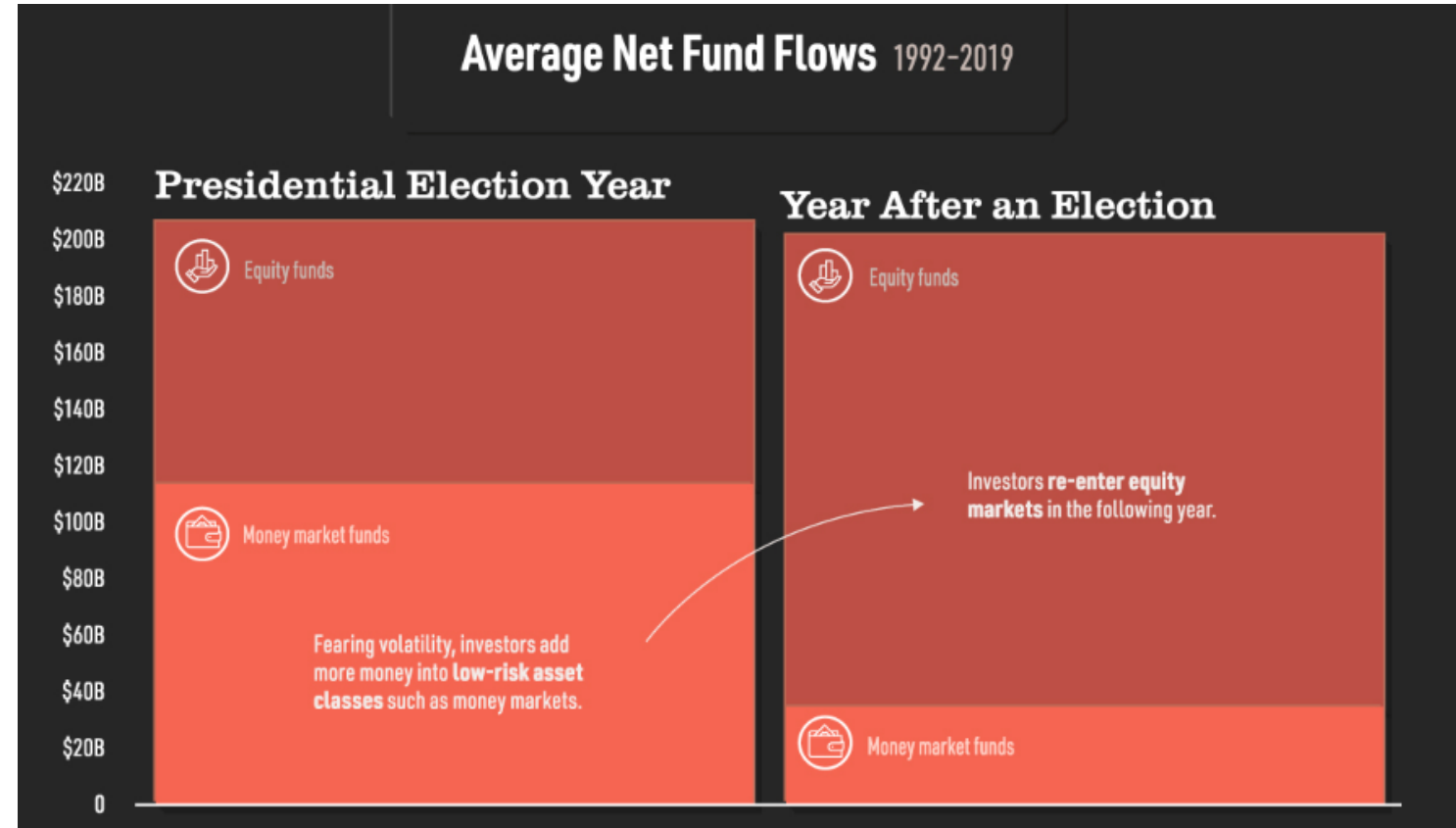
Asset Classes (Year-to-Date)

	Net Flows (\$, mm)	AUM (\$, mm)	% of AUM
U.S. Equity	11,598.60	3,190,098.73	0.36%
International Equity	17,703.67	1,116,615.25	1.59%
U.S. Fixed Income	6,378.73	971,452.60	0.66%
International Fixed Income	1,504.98	124,627.30	1.21%
Commodities	-208.22	142,302.95	-0.15%
Currency	81.44	1,996.56	4.08%
Leveraged	-1,399.61	46,715.68	-3.00%
Inverse	999.15	11,321.27	8.83%
Asset Allocation	21.75	13,450.70	0.16%
Alternatives	257.29	5,569.25	4.62%
Total:	36,937.79	5,624,150.30	0.66%

- ✓ The increase in inflows into equities will drive up market prices as the demand continues to rise.
- ✓ This is a real indicator that confidence has returned to the markets after a tumultuous 2020.

As Volatility Decreases People Move Back To Equity Funds

AVERAGE NET
FUND FLOWS
1992-2019
INVESTORS RE-
ENTER EQUITY
MARKETS IN
THE
FOLLOWING
YEAR



- ✓ This inflow into equities will only push prices higher. Investing now will be more beneficial.
- ✓ With effective Covid-19 vaccines now in circulation, confidence will quickly return to the economy and consequently, the markets.

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