

2026 US Equity Outlook: Great Potential

We expect another year of solid gains for US equities in 2026. We forecast an S&P 500 total return of 12% to a year-end level of 7600. Healthy economic and revenue growth, continued profit strength among the largest US stocks, and an emerging productivity boost from AI adoption should lift S&P 500 EPS by 12% in 2026 and 10% in 2027, providing the fundamental base for a continued bull market.

High valuations create the potential for a wide distribution of outcomes this year. However, the potential energy in valuations requires a catalyst to become equity kinetic energy. Our base case forecast embeds a forward P/E multiple of 22x on consensus EPS at the end of 2026, similar to the multiple today and at the start of 2025. Past equity cycles make clear that the biggest macro downside risks to the market are a growth disappointment or a shock from interest rates. Instead, our 2026 macro outlook for healthy economic growth and continued Fed easing is one that typically supports rising valuation multiples.

The combination of extreme equity market concentration and an evolving AI trade will spur micro rotations with the potential for macro consequences in 2026. The 10 largest stocks in the S&P 500 account for 41% of market cap and drove 53% of the S&P 500 2025 return. We expect AI spending will exceed consensus estimates this year but begin to decelerate in growth terms while corporate adoption increases, causing rotations among the largest US tech stocks that create two-way risk for the aggregate index.

Investors enter 2026 with the potential to capture significant beta and alpha. For index investors, low implied volatility and tight credit spreads present tools to maintain exposure to equity upside while managing downside risk. Within the equity market, a dynamic macro environment, wide valuation spreads, and low correlations create a robust opportunity set for stock-pickers.

We highlight five investment themes at the start of the year:

- 1. Mid-cycle acceleration:** Accelerating US economic growth alongside easing monetary policy should drive upside in cyclical pockets of the equity market in early 2026, including stocks exposed to middle income consumers and firms tied to the nonresidential construction cycle.
- 2. The great re-leveraging:** Corporate leverage remains low but will continue to rise this year, with USD debt issuance likely exceeding \$2 trillion. In addition to creating tailwinds for companies in the lending ecosystem, one consequence is a premium for stocks maintaining strong free cash flows and a focus on returning cash to

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shareholders.

3. The AI future is now: Increasing corporate AI adoption and decelerating AI investment growth should expand the focus of the AI trade from the direct beneficiaries of the AI infrastructure build-out, which have dominated investor focus during the past three years, to the “Phase 4” companies boosting efficiency through use of AI and the “Phase 3” companies with revenues benefiting from that adoption. We also expect increased focus on “Phase 3-D,” the interaction of AI with the physical world via robotics and automation.

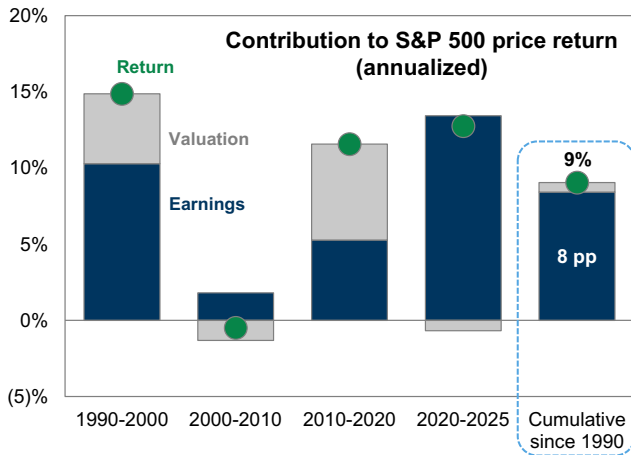
4. The art of the comeback: Rebounding IPO volumes, surging M&A activity, and continued equity market appreciation should facilitate a recovery in private equity exits, distributions, and fundraising in 2026. This should contribute to a rebound in alternative asset manager stock valuations after a volatile 2025.

5. The search for value: Wide valuation spreads and a favorable macroeconomic outlook bode well for Value as a factor in early 2026 following a surprisingly strong 2025. Among sectors, low valuations relative to both history and profitability add to arguments in favor of Health Care, where we recommend an overweight alongside Materials, Consumer Discretionary, and Software & Services.

2026 US Equity Outlook

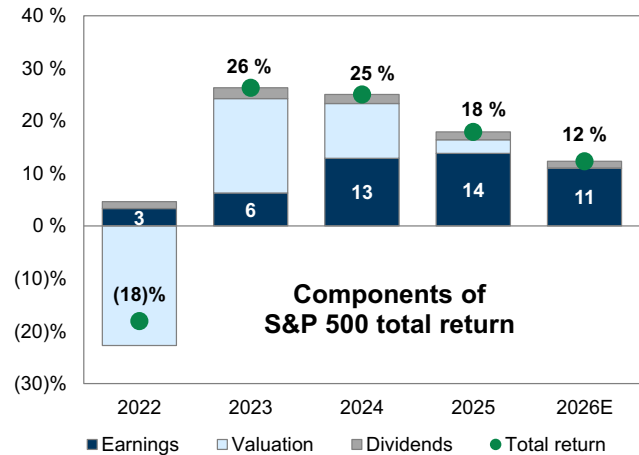
We expect another year of solid gains for US equities in 2026. We forecast an S&P 500 total return of 12% to a year-end level of 7600. Earnings growth accounted for 14 pp of the 16% S&P 500 price return in 2025 and has accounted for 8 pp of the 9% annualized gain for the index since 1990. Against a friendly macro backdrop of healthy US economic growth and continued Fed easing, we expect S&P 500 companies to grow EPS by 12% in 2026 and 10% in 2027, providing the fundamental driver for a continued rally.

Exhibit 1: Earnings are the primary driver of equity returns



Source: Goldman Sachs Global Investment Research

Exhibit 2: Earnings drove the majority of S&P 500 returns in 2025 and our 2026 target embeds a similar dynamic

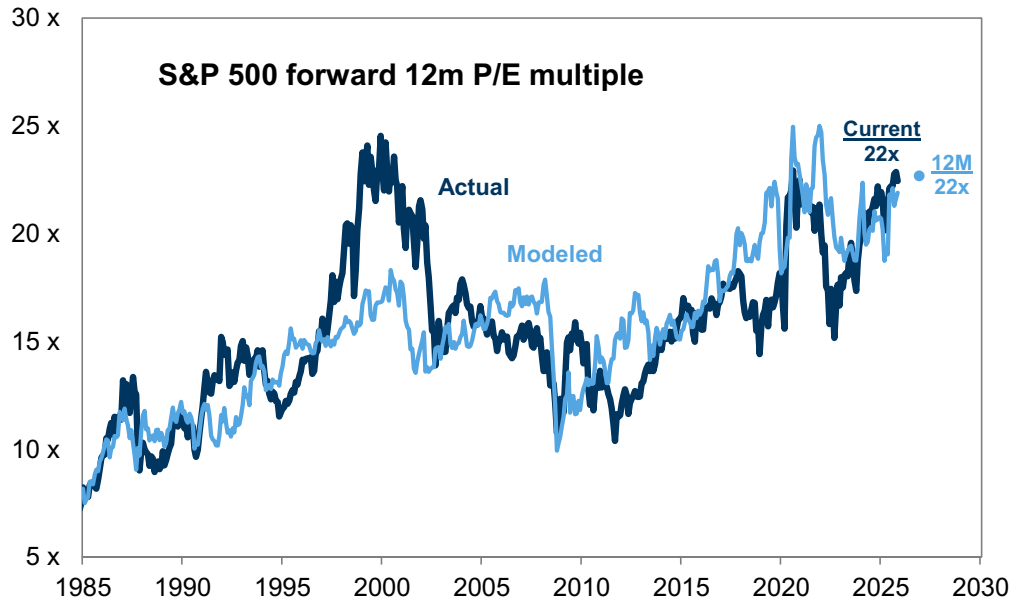


Source: Goldman Sachs Global Investment Research

The key tension in the US equity market is between a solid fundamental backdrop and valuation multiples that rank near the highest levels on record. The S&P 500 trades at a forward P/E of 22x on consensus forward 12-month EPS, matching the peak multiple in 2021 and registering just two turns shy of the record 24x multiple in 2000. In our base case outlook, steady long-term interest rates and earnings growth rates suggest there will be little change in equity valuations during 2026. But elevated multiples are hard to ignore, and they increase the magnitude of potential equity market downside if earnings disappoint expectations.

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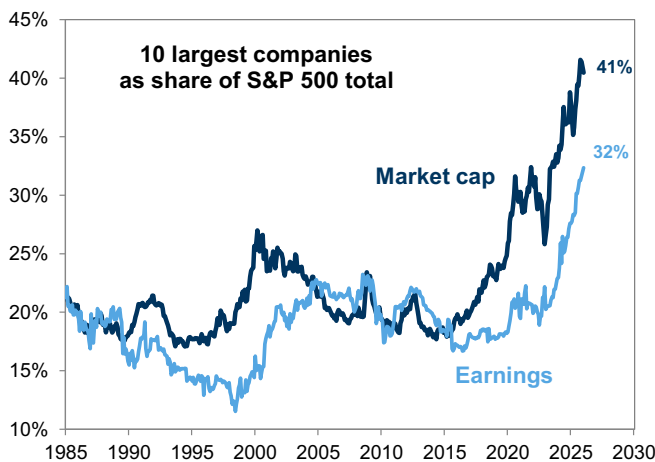
Exhibit 3: Our base case is for little change in the S&P 500 forward P/E multiple of 22x in 2026



Source: Goldman Sachs Global Investment Research

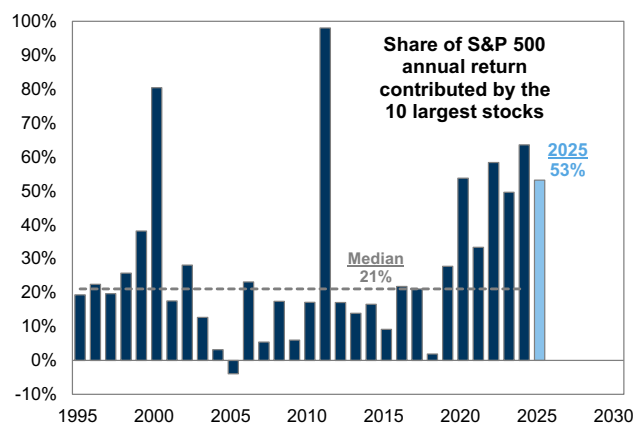
In addition to the challenge of elevated valuations, the record current degree of concentration within the US equity market means that the micro, not just the macro, will drive the path of the S&P 500 in 2026 – for better or worse. The 10 largest stocks in the S&P 500 account for 41% of market cap and 32% of earnings. This concentration has been a clear positive for the market during the last few years; fueled in part by the spending associated with the AI boom, the top stocks accounted for 53% of the S&P 500 2025 return. Nonetheless, as concentration has risen, so has the idiosyncratic risk embedded in the S&P 500 and investor dependence on the continued strength of the largest US companies.

Exhibit 4: US equity market concentration has increased dramatically



Source: Compustat, Goldman Sachs Global Investment Research

Exhibit 5: The 10 largest stocks accounted for 53% of the S&P 500 return in 2025



Source: Goldman Sachs Global Investment Research

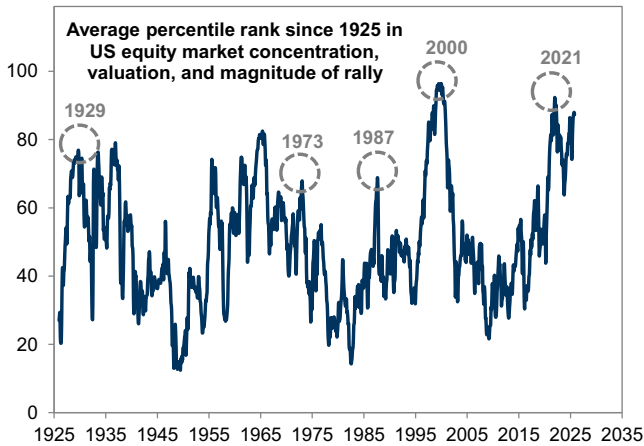
Ultimately, valuations and concentration are measures of potential energy and require a catalyst to translate into equity market kinetic energy. The S&P 500 rose by

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18% in 2025 despite entering the year at a 21.5x P/E multiple, only slightly lower than the 22.0x multiple at the start of 2026. Likewise, a similar P/E multiple in early 1999 did not prevent the S&P 500 from rising by 20% that year.

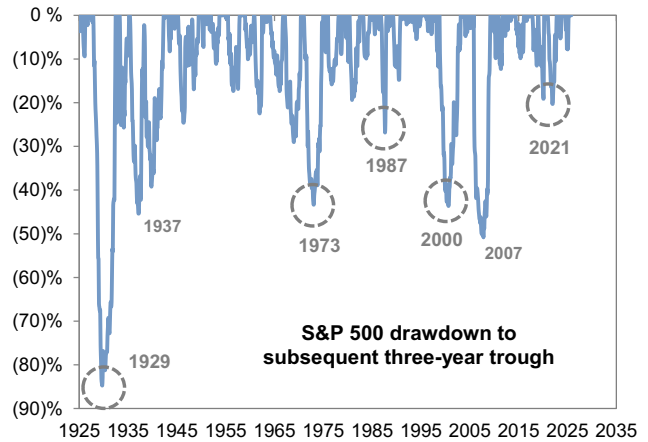
The US equity market’s current combination of elevated valuations, extreme concentration, and strong recent returns rhymes with a handful of overextended equity markets during the last century. These features to varying extents were also characteristics of the 1920s market boom, the “Nifty Fifty” dominance in the early 1970s, and the 1987 bull run before Black Monday, in addition to the markets in 2000 and 2021. Not lost on investors is the fact that these episodes also ended with large equity market drawdowns, and the risk of experiencing a similar downturn in the near future underpins many of the current debates about whether the market is in a bubble.

Exhibit 6: Current equity market valuations, concentration, and recent returns are reminiscent of past overextended markets



Source: Goldman Sachs Global Investment Research

Exhibit 7: Elevated valuations and concentration have preceded some of the largest equity drawdowns in the past

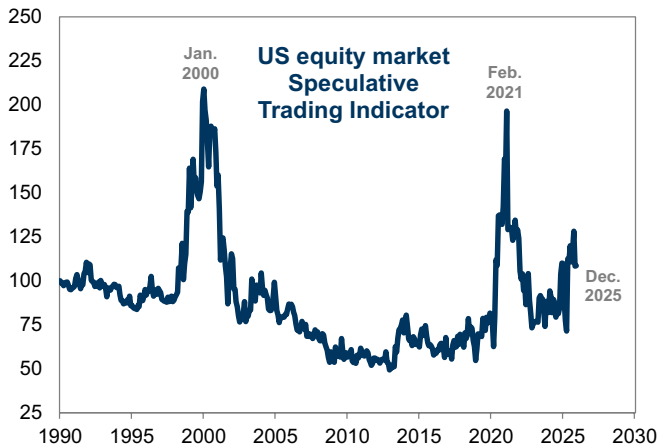


Source: Goldman Sachs Global Investment Research

Encouragingly, some common features of the overextended equity markets of the past are absent from today’s market. Speculative trading activity rose sharply in 2025 but remains well below the highs of 2000 or 2021. Short interest across the market is high, and broad-based equity flows have recently been subdued. In contrast with the booms of 2000 and 2021, IPO activity in 2025 was modest, although we expect volumes to increase in 2026 (Exhibit 49). Likewise, leverage on corporate balance sheets is rising but remains low relative to history (Exhibit 38).

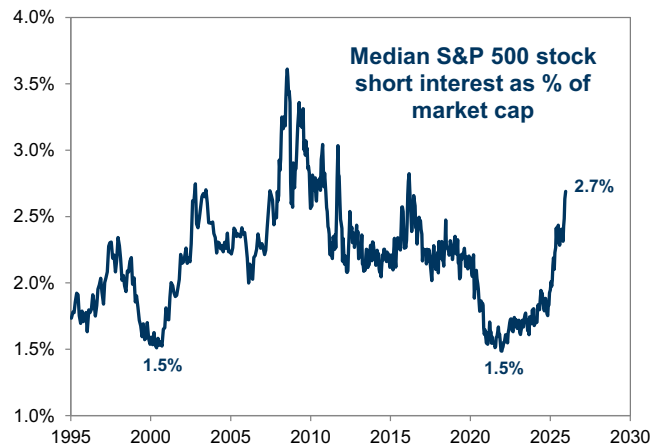
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Exhibit 8: Speculative trading activity rose in 2025 but remains well below previous extremes



Source: Goldman Sachs Global Investment Research

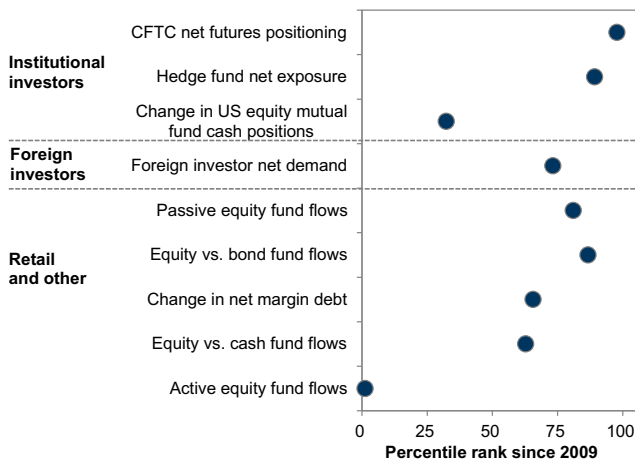
Exhibit 9: Short interest for the median S&P 500 stock ranks in the 88th percentile since 1995



Source: Goldman Sachs Global Investment Research

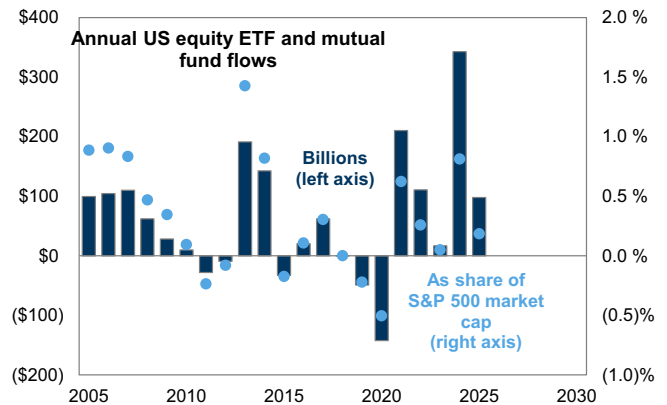
In addition, recent investor flows have not been extreme for a market near record highs that generates frequent discussions of bubble risk. The median component of our US Equity Sentiment Indicator ranks in the 73rd percentile since 2009, with particular recent restraint in measures of equity fund flows. Last year, US equity ETFs and mutual funds received inflows of approximately \$100 billion, equating to 0.2% of S&P 500 market cap and ranking in the 45th percentile relative to the past 20 years. In comparison, US bond funds received inflows of roughly \$700 billion and money market assets grew by over \$900 billion.

Exhibit 10: Components of the GS US Equity Sentiment Indicator relative to history since 2009



Source: Goldman Sachs Global Investment Research

Exhibit 11: US equity mutual funds and ETFs received inflows of approximately \$100 billion in 2025

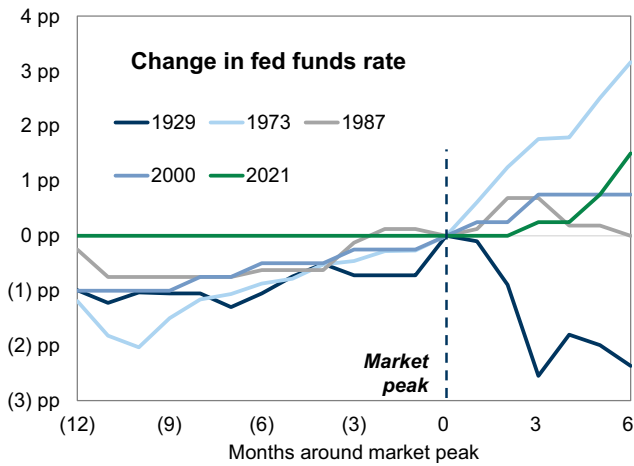


Source: ICI, EPFR, Goldman Sachs Global Investment Research

The key macro risks today are a deterioration in the growth outlook or a hawkish shift in the interest rate environment, but neither appears likely in the near future. Two recurring macro elements of past equity market peaks have been Fed tightening and downturns in the growth backdrop. In contrast, the macro outlook for 2026 is characterized by above-consensus GDP growth, continued Fed cuts, and stable long-term interest rates.

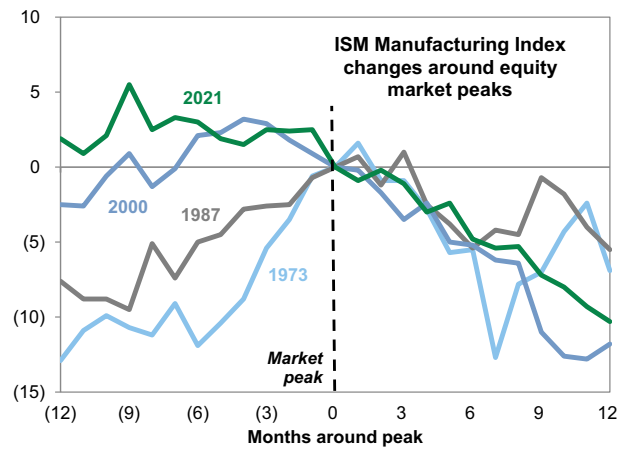
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Exhibit 12: Past overextended equity markets have peaked amid Fed tightening



Source: Federal Reserve, Goldman Sachs Global Investment Research

Exhibit 13: Equity market peaks typically coincide with economic growth deterioration



Source: ISM, Goldman Sachs Global Investment Research

Rather, GS macro forecasts indicate upside risk to equity multiples in the months ahead. Our economists expect US GDP growth of 2.5% this year on a Q4/Q4 basis alongside two 25 bp rate cuts. Historically, the S&P 500 P/E multiple has risen by an average of 5%-10% during 12-month periods of stable or accelerating US economic growth, has risen by a similar 5%-10% magnitude during periods of non-recessionary rate cuts, and has increased by roughly 10%-15% when both conditions occurred simultaneously. The potential for investor excitement regarding the potential of a new technology adds to the upside risk for equity multiples.

Exhibit 14: Economic growth and Fed easing are usually associated with P/E multiple expansion

Average 12-month change in S&P 500 P/E since 1980

		Fed funds rate			
		Cutting	Stable	Hiking	All
US real GDP growth	Accelerating	15 %	7 %	1 %	10 %
	Stable	14 %	4 %	(5)%	5 %
	Decelerating but growing	4 %	5 %	(4)%	(0)%
	Decelerating & contracting	(8)%	(4)%	(15)%	(9)%
	All	9 %	5 %	(4)%	4 %

Source: Goldman Sachs Global Investment Research

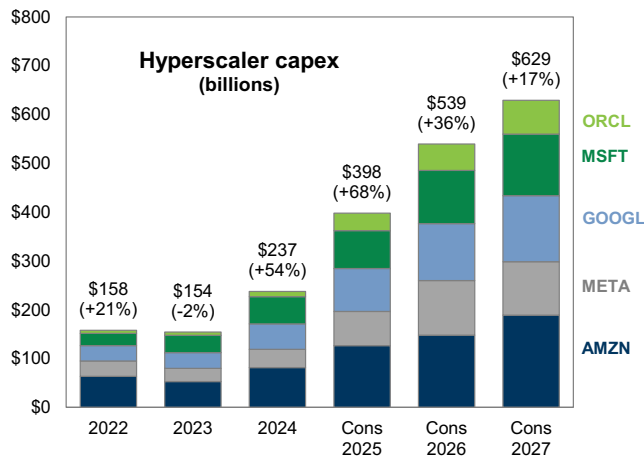
However, equities are forward-looking assets sensitive to growth rates, and some elements of the friendly macro backdrop stepping into 2026 will look different toward the end of the year. From a macro perspective, the fiscal and monetary tailwinds that are building today will likely be waning in late 2026, while disruption from AI will be increasing. From a corporate fundamental perspective, the S&P 500 EPS growth rate will likely decelerate slightly in 2027 relative to 2026. From a political perspective, history shows that midterm elections often bring with them a rise in both policy uncertainty and equity market volatility, although that uncertainty also

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encompasses the possibility of new policy tailwinds.

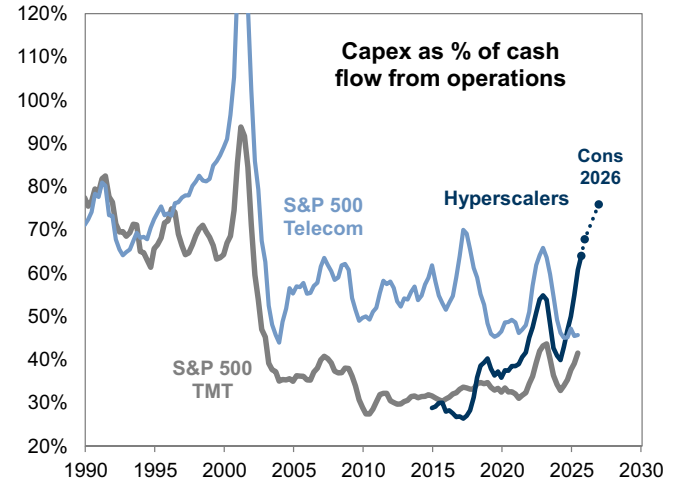
The key micro risks today relate to the trajectory of AI capex, returns on that investment spending, and the impact of AI adoption. Capex spending by the largest public hyperscalers totaled roughly \$400 billion in 2025, nearly 70% growth relative to 2024 and 150% above spending prior to the release of Chat-GPT in 2022. AI investment should continue to grow this year, but with capex on track to reach 75% of cash flows – similar to tech spending in the late 1990s – spending growth going forward will increasingly rely on debt funding. As spending and debt grow, so do the necessary eventual profits to justify ongoing investments.

Exhibit 15: Analysts expect hyperscaler capex to total \$540 billion in 2026



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 16: Hyperscaler capex is on pace to reach 3/4 of cash flows in 2026

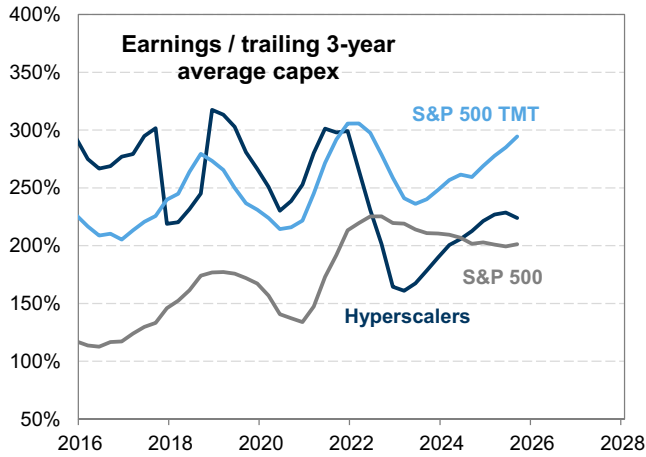


Source: Compustat, FactSet, Goldman Sachs Global Investment Research

The rise of a new technology inherently introduces uncertainty regarding the size and shape of future profit pools, and these uncertainties are unlikely to be resolved in the next 12 months. During the past decade, the large public hyperscalers have typically generated profits at a rate of 2-3x their trailing capex expenditures. Given consensus estimates for an annual average of \$500 billion in capex from 2025-2027, maintaining the returns on capital to which their investors have become accustomed would require these companies to realize an annual profit run-rate of over \$1 trillion, more than double the 2026 consensus estimate of \$450 billion in income. History shows a mixed track record regarding the eventual success of first movers in periods of major technological innovation. While odds are good that some of today’s largest companies achieve that success, the magnitudes of current spending and market caps alongside increasing competition within the group suggest a diminishing probability that all of today’s market leaders generate enough long-term profits to sufficiently reward today’s investors.

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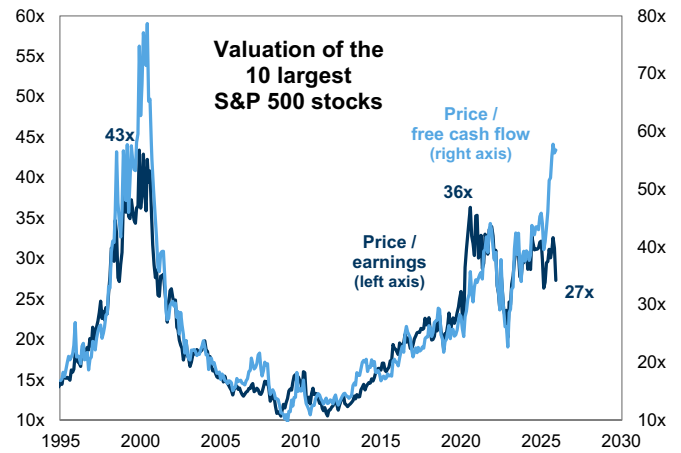
Exhibit 17: S&P 500 tech companies have generated earnings equivalent to 2-3x capex



Source: Compustat, Goldman Sachs Global Investment Research

Exhibit 18: Valuation multiples of the largest S&P 500 stocks

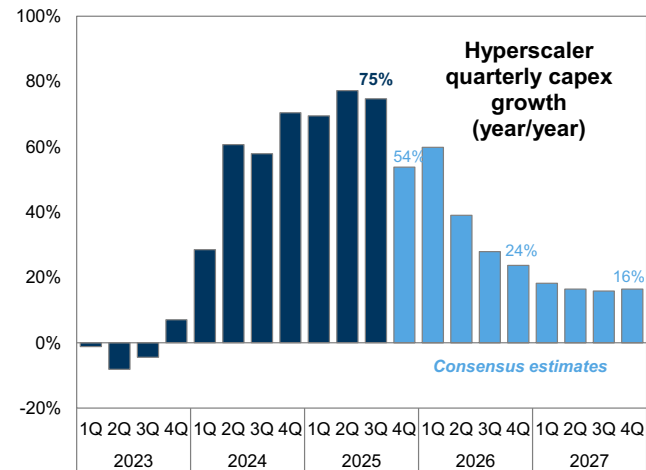
NTM P/E; LTM FCF excluding Financials



Source: FactSet, Goldman Sachs Global Investment Research

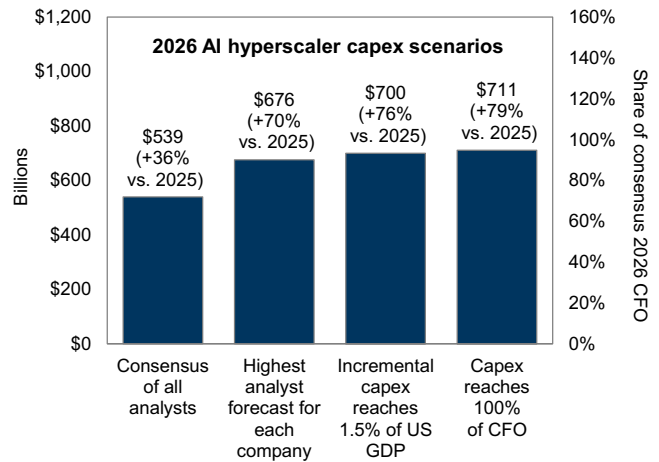
In our view, the AI trade in 2026 is likely to be defined by a deceleration in investment spending growth, a rise in AI adoption, and consequent rotations within the AI trade rather than widespread AI exuberance or gloom. AI investment spending will likely exceed consensus estimates again this year. However, the growth rate of AI capex will slow, indicating also a deceleration in the revenue growth of some of the first-order beneficiaries of the AI build-out that have driven the AI trade and the majority of the S&P 500 rally during the past few years. At the same time, a slowdown in the growth rate of AI investment will help boost the diminishing free cash flows of some of the largest AI spenders. Across the AI complex, like in 2025, we expect investors in 2026 will be focused on identifying the companies with the clearest near-term path to AI-driven earnings accretion.

Exhibit 19: Hyperscaler capex growth accelerated in 2025



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 20: Further capex growth acceleration appears unlikely in 2026



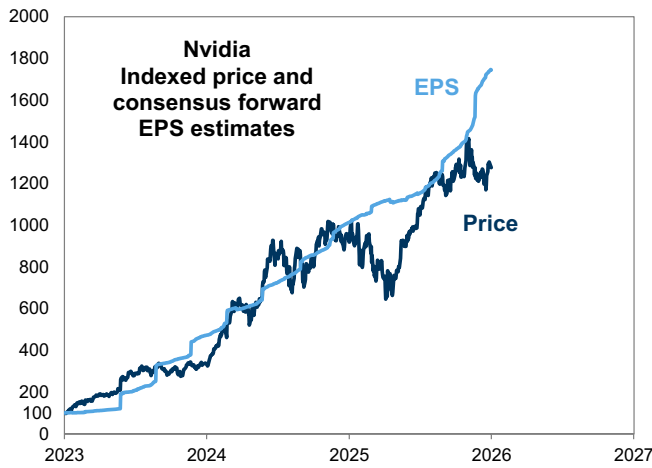
Source: FactSet, Goldman Sachs Global Investment Research

The largest AI stocks today trade very differently than the largest tech stocks did 25

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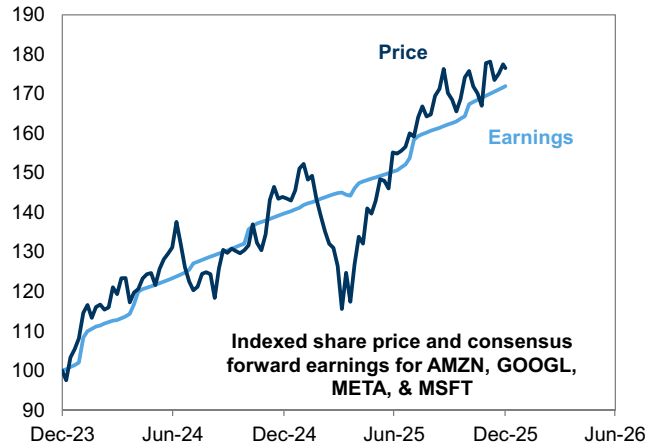
years ago, reinforcing our base case view that earnings will drive the market in 2026. In contrast with the surge in valuations during the late 1990s, the largest tech companies today have generally traded with near-term earnings estimates during the last few years. The 10 largest stocks in the S&P 500 trade at a P/E multiple of 27x, roughly in line with their 5-year average and well below the 43x multiple carried by the largest stocks in 2000 or the 36x multiple in 2021. Nonetheless, the largest stocks carry above-average valuations, growth expectations, profit margins, and portfolio weights, and the DeepSeek shock in early 2025 was a hint of their vulnerability to a crack in the long-term outlook for AI-related earnings.

Exhibit 21: NVDA price vs. EPS



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 22: The mega-cap hyperscalers have risen with near-term earnings estimates

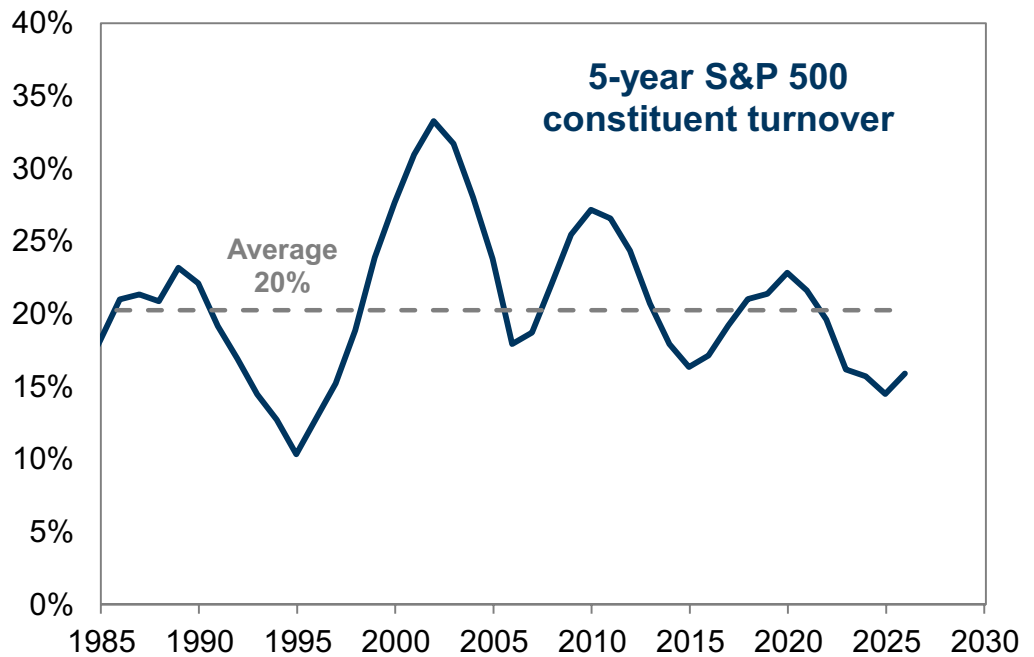


Source: FactSet, Goldman Sachs Global Investment Research

As AI investment spending slows in 2026, AI adoption will continue to rise, and a new cohort of AI winners will gradually emerge. While investors have hypothesized about the long-term productivity impact of AI for three years, the most recent 3Q 2025 earnings season included the first few companies to quantify the impact of AI efficiency gains on their profits. We expect this trend will continue in 2026. As the group of AI winners expands, they will rise in value and market importance, reflecting the evolving composition of the S&P 500 just as NVDA rose from an S&P 500 weight of 1% five years ago to 8% today.

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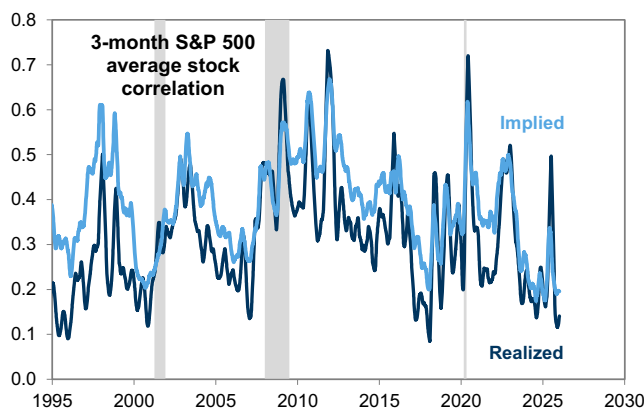
Exhibit 23: On average, 20% of S&P 500 constituents turn over every five years



Source: Goldman Sachs Global Investment Research

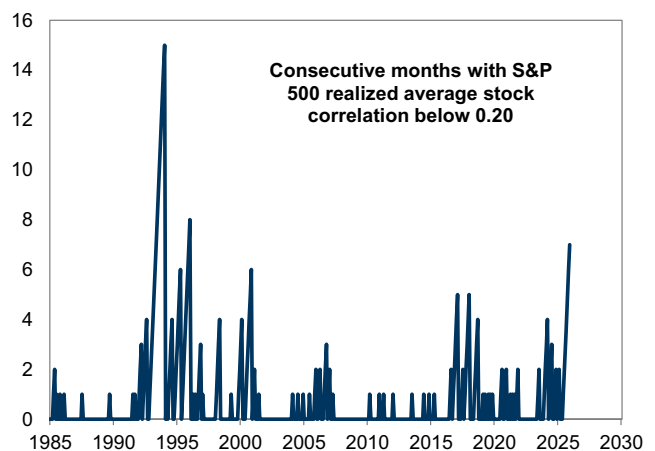
While AI will remain a dominant theme in the equity market this year, investors enter 2026 with a host of opportunities to generate alpha. A dynamic macroeconomic environment, wide valuation spreads, and low correlations create a solid backdrop for stock-pickers this year. In the following sections we outline five investment themes for 2026.

Exhibit 24: Realized and implied correlations across US stocks are extremely low



Source: Goldman Sachs Global Investment Research

Exhibit 25: Equity investors are enjoying an unusually extended period of low correlations

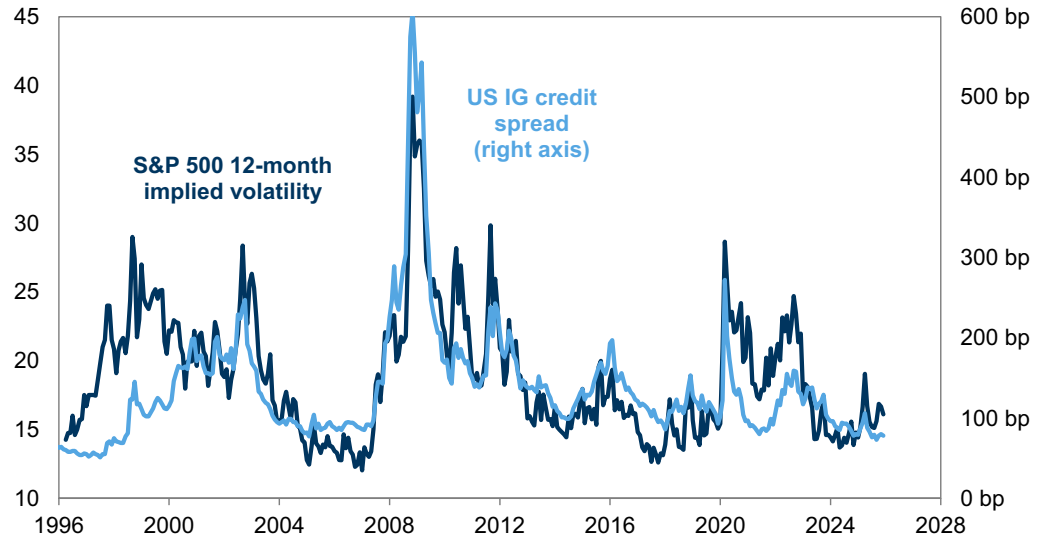


Source: Goldman Sachs Global Investment Research

The 2026 US equity market outlook includes wide tails – in both directions – but also presents investors with the means to manage those risks. In part as a result of low correlations, S&P 500 12-month implied volatility ranks in the 34th percentile of the past 30 years, below realized volatility during the past 12 months and well below implied

volatility throughout the late 1990s. Similarly, despite an ongoing surge in AI-related debt issuance, IG credit spreads rank in the 8th percentile vs. history. The result is that investors have tools to limit the risk from elevated valuations while maintaining exposure to a constructive equity market backdrop with the possibility of an upside surprise.

Exhibit 26: Credit spreads and equity implied volatility remain low vs. history



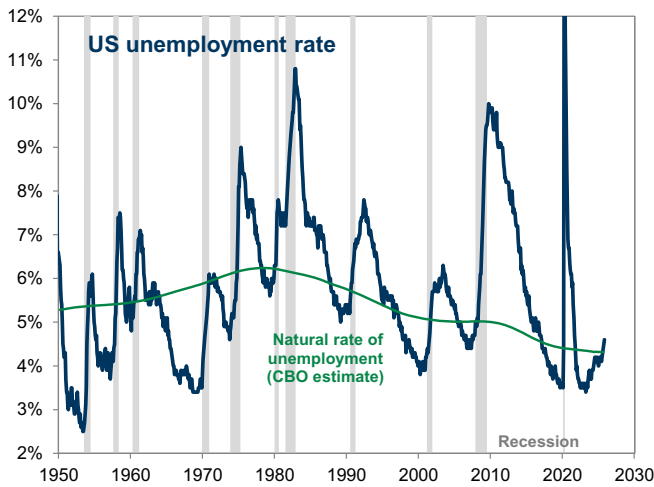
Source: Bloomberg, Goldman Sachs Global Investment Research

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Theme 1: Mid-cycle acceleration

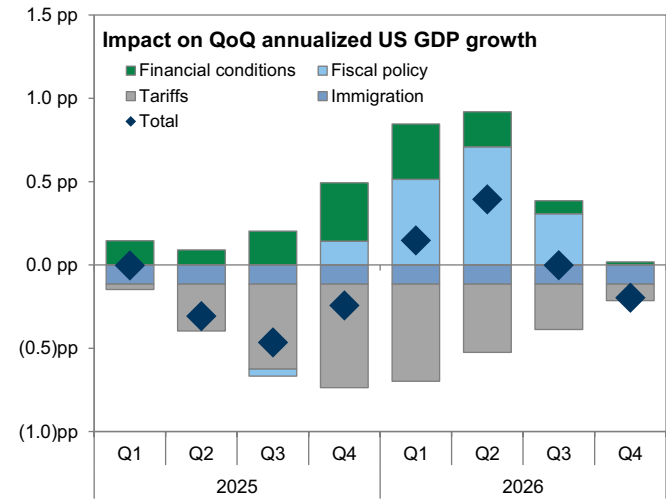
Accelerating economic growth creates a favorable backdrop for cyclicals in early 2026. Our economists expect US economic growth will accelerate in early 2026, boosted by the catch-up effect of the government reopening, a reduced drag from tariffs, the tax cuts and investment incentives embedded in the 2025 OBBBA fiscal package, and a favorable impulse from financial conditions. At the same time, they forecast continued disinflation and Fed easing. As a result, corporates should be able to enjoy the revenue tailwinds from economic acceleration without facing the trade-offs from increased wage pressures or Fed tightening that often characterize late-cycle environments.

Exhibit 27: US unemployment has recently risen



Source: US Bureau of Labor Statistics, CBO, Goldman Sachs Global Investment Research

Exhibit 28: Goldman Sachs economists forecast positive impulses to 2026 GDP growth

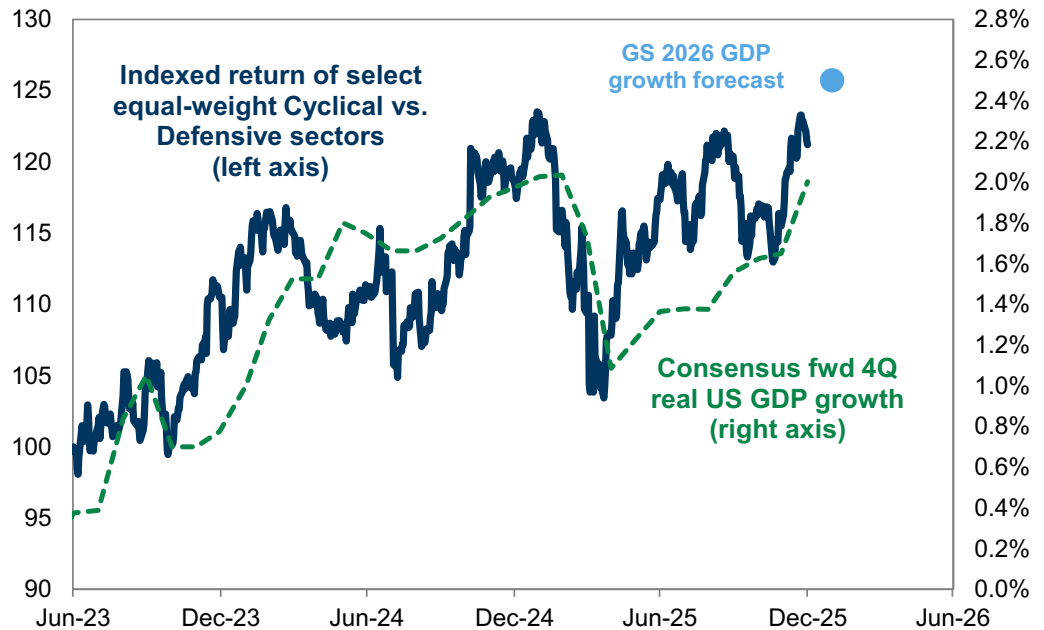


Source: Goldman Sachs Global Investment Research

While cyclicals outperformed in late 2025, the equity market has not fully priced the growth acceleration embedded in our economic forecasts. On average, sector rotations within the equity market appear to be pricing an outlook for only slightly above 2% real GDP growth, similar to the consensus of economists. The signal from our cross-asset tools implies slightly weaker pricing of the growth outlook.

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Exhibit 29: Equity market pricing of economic growth remains below GS real GDP growth forecast

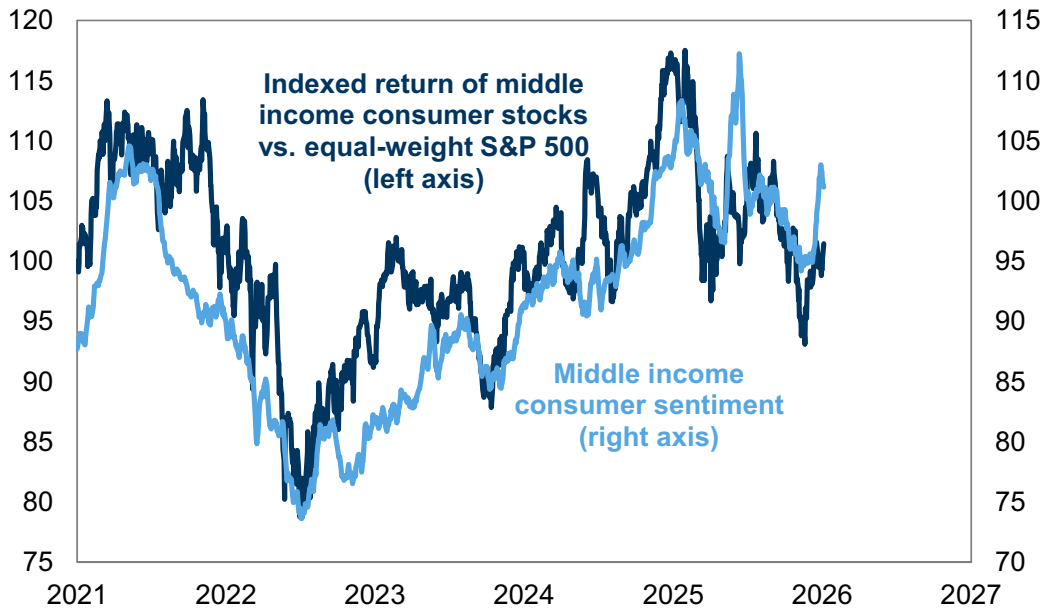


Source: Bloomberg, Goldman Sachs Global Investment Research

Within cyclicals, one area of near-term opportunity is stocks exposed to the middle income consumer. The US consumer should benefit from the fading headwind from tariffs, a stabilizing labor market, and tax refunds passed under the 2025 OBBBA fiscal package. Our economists expect that middle income consumers will experience an acceleration in real income growth in 2026, which should translate into improved sales growth for exposed companies. The median stock in our screen of middle income consumer stocks ([Exhibit 65](#)) trades at just 15x forward EPS, which ranks in the 46th percentile vs. the past 10 years alongside depressed consumer sentiment.

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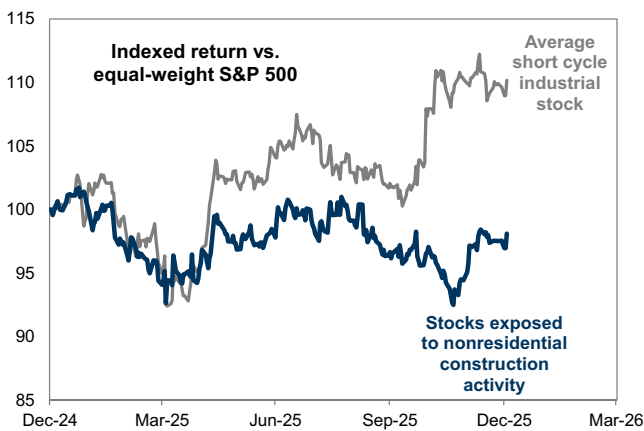
Exhibit 30: Performance of middle income consumer stocks



Source: Morning Consult, FactSet, Goldman Sachs Global Investment Research

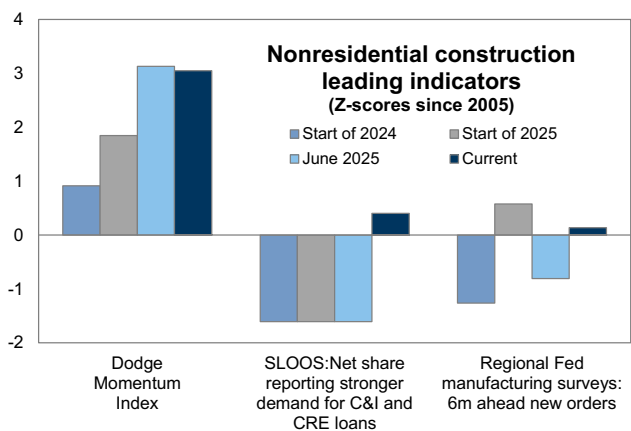
Stocks exposed to nonresidential construction activity represent another cyclical opportunity for investors. These include ground transportation, building products, analog semiconductors, and other parts of the industrial complex (Exhibit 66). Poor revenue and earnings growth alongside contracting nonresidential construction spending caused the group to underperform for most of the past two years. We expect the environment for nonresidential construction activity will improve in 2026, and our economists likewise forecast a pickup in economy-wide capex this year. Forward-looking indicators such as the Dodge Momentum Index and Fed surveys also signal an improving backdrop.

Exhibit 31: Nonresidential construction stocks have outperformed, but by less than short cycle industrials



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 32: Leading indicators point to rebound in nonresidential construction activity



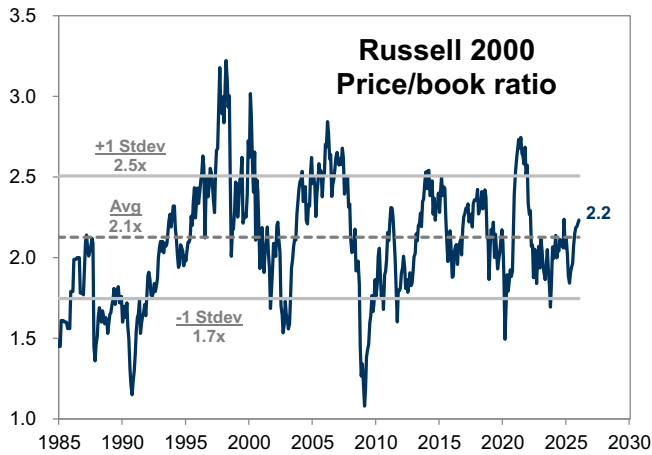
Source: Dodge Construction Network, Federal Reserve, Goldman Sachs Global Investment Research

This baseline macro outlook is also supportive for small-cap upside in early 2026,

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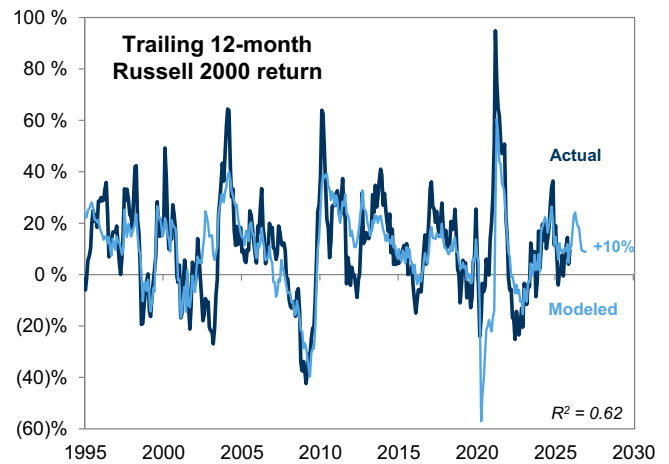
although we do not expect the Russell 2000 will meaningfully outperform the S&P 500 over the full course of 2026. Accelerating and above-consensus US economic growth, continued Fed easing, and positioning data all support the case for tactical small-cap upside in the first part of this year. However, given current above-average valuations, our economists' 2026 US GDP growth forecast would be consistent with a 12-month return of roughly 10% for the small-cap index, similar to our 11% price return forecast for the S&P 500. Consensus 2026 EPS growth estimates also appear far too optimistic. However, changes in fiscal policy, rising corporate AI adoption, and increased M&A activity all create the potential for large idiosyncratic returns and will generate opportunities for small-cap stock pickers in 2026.

Exhibit 33: Russell 2000 valuations are now above average



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 34: Macro model suggests 10% return to Russell 2000 in next 12 months



Source: Goldman Sachs Global Investment Research

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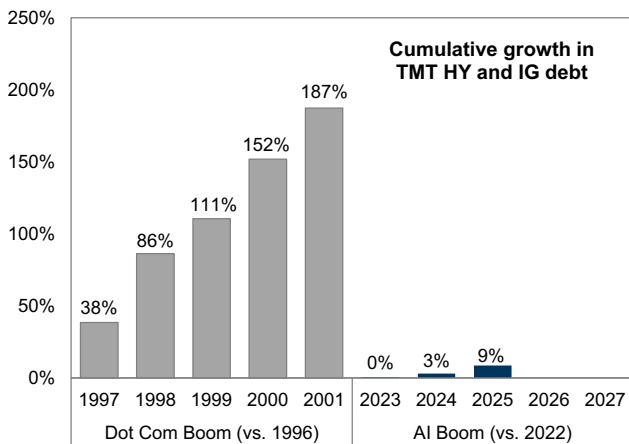
Theme 2: The great re-leveraging

We expect 2026 will bring another year of strong AI-related capex growth. The consensus of equity analysts forecasts that the large public AI hyperscalers will spend \$539 billion on capex in 2026 in addition to growing AI-related spending from smaller “neocloud” hyperscalers (e.g., CRWV, NBIS) and other companies involved in data center build-outs (WULF, APLD). This would represent 75% of cash flows from operations for the large public companies, roughly consistent with the magnitude of spending among TMT companies during the Dot-Com Boom, and we believe risks to consensus capex estimates are skewed to the upside.

Capex growth in 2026 will increasingly be funded by debt issuance. Our credit strategists note that nearly 1/3 of USD net debt issuance in 2025 came from AI-related issuers, but the roughly 10% increase in TMT-related debt since 2022 pales in comparison to the rate of growth during the Dot-Com Boom. For the S&P 500, debt issuance during the last 4 reported quarters totaled \$1.7 trillion. US debt issuance will continue to grow this year, with our strategists forecasting a total of \$2.3 trillion across investment grade and high yield in 2026, roughly a 10% increase in gross supply.

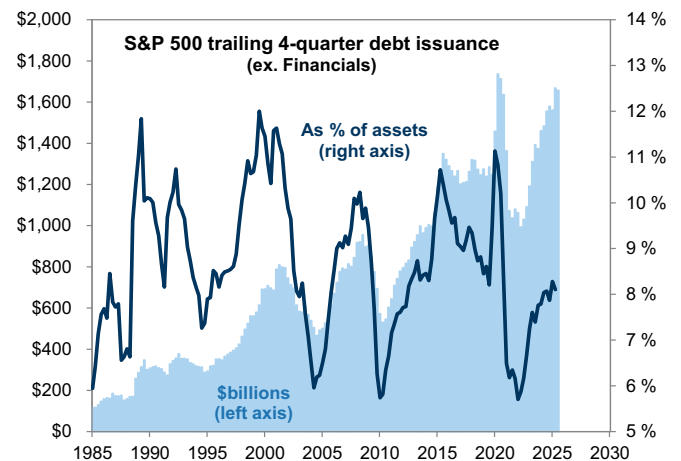
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Exhibit 35: Growth in TMT-related debt today compared to the late 1990s



Source: Bloomberg, Goldman Sachs Global Investment Research

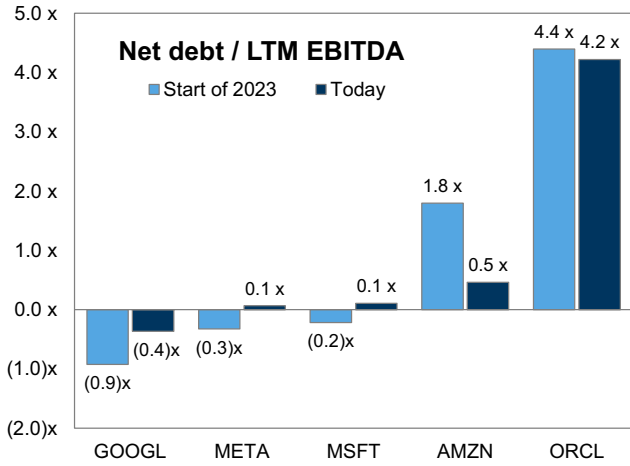
Exhibit 36: S&P 500 debt issuance has increased but remains modest relative to history



Source: Compustat, Goldman Sachs Global Investment Research

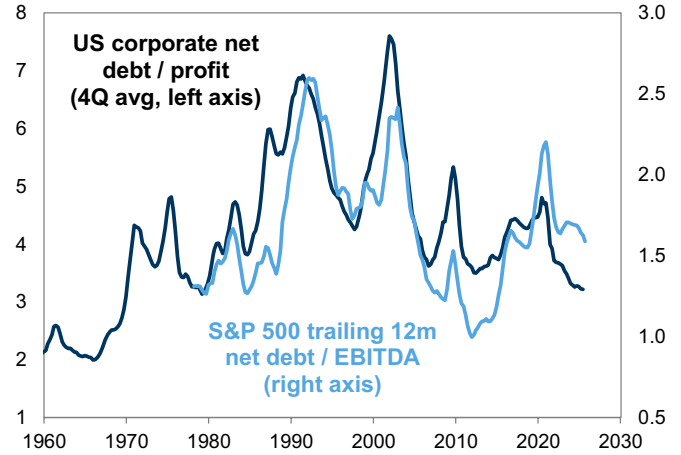
Large-cap US companies have substantial balance sheet capacity for additional debt. The group of AI hyperscalers has increased its collective net debt by \$84 billion since the start of 2023, but the group could add \$700 billion of debt and still carry a net debt/EBITDA leverage ratio below 1x. Across the broader corporate landscape, the S&P 500 net debt/LTM EBITDA ratio stands at 1.6x, ranking in the 45th percentile since 1980, and the economy-wide ratio of corporate debt/profits ranks in the 16th percentile since 1960.

Exhibit 37: Large AI hyperscalers generally carry no net leverage



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 38: Corporate balance sheets have capacity to take on more debt

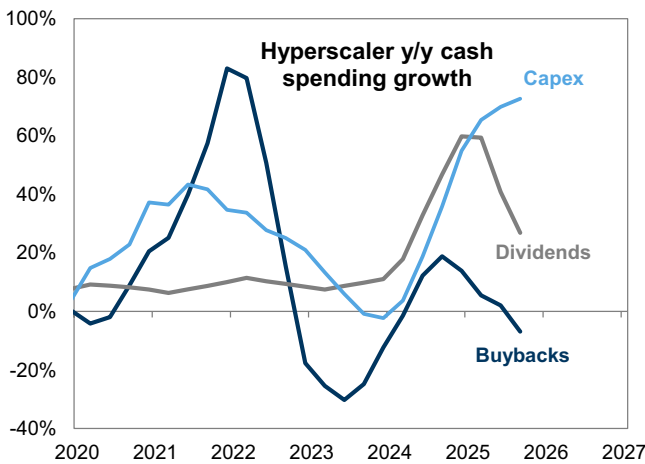


Source: Haver, Compustat, Goldman Sachs Global Investment Research

One consequence of increased debt issuance is revenue tailwinds for companies in the lending ecosystem. For example, our equity analysts expect strong revenue tailwinds for the public rating agencies this year.

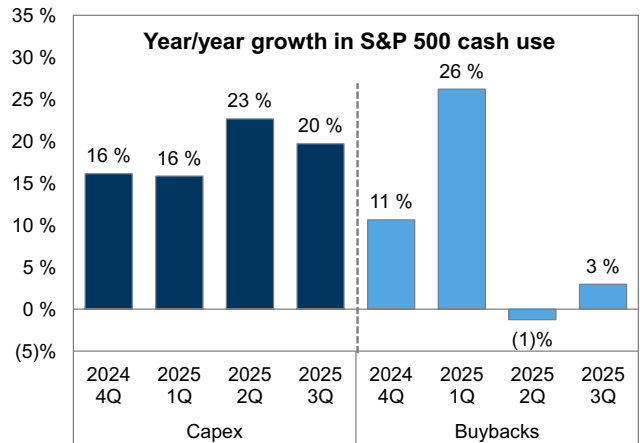
Another consequence of the trend toward higher capex and rising debt is less growth in corporate return of cash to shareholders. While the large public hyperscalers continue to return large amounts of cash in dollar terms, buyback and dividend growth for the group slowed sharply last year. The pullback in buybacks has also been apparent across the broad S&P 500, with virtually no S&P 500 buyback growth during 2Q and 3Q 2025.

Exhibit 39: Growth in investment spending has started to erode buyback and dividend growth trailing 4-quarter spending



Source: Compustat, Goldman Sachs Global Investment Research

Exhibit 40: S&P 500 buyback growth has stalled during the past two quarters



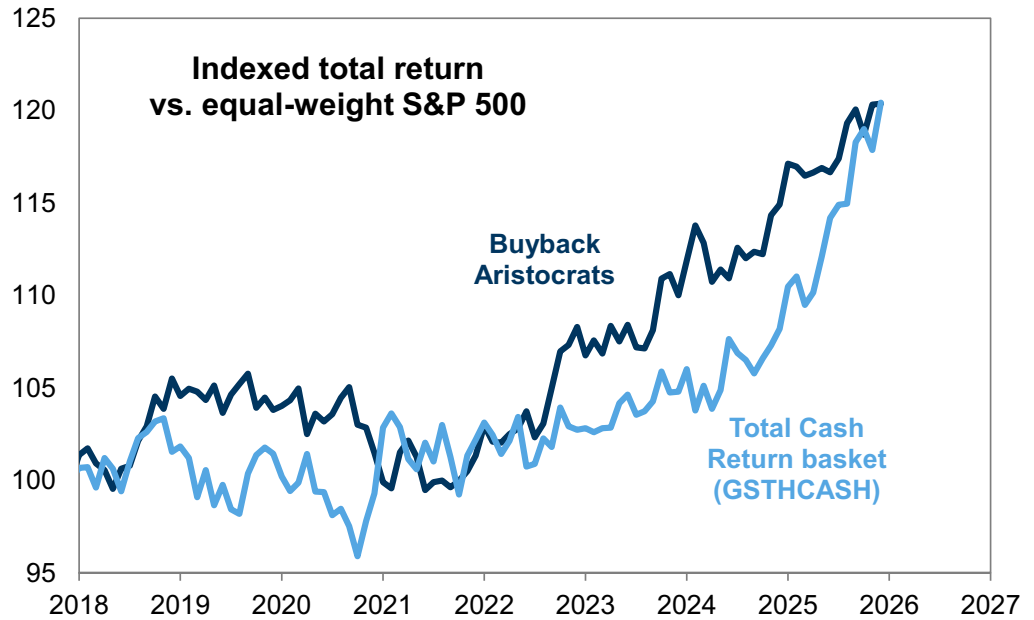
Source: FactSet, Goldman Sachs Global Investment Research

As S&P 500 cash flows and balance sheets become increasingly leveraged to capex, we expect investors will continue to reward companies generating strong free cash flows and returning that cash to shareholders. One representation of this theme is our

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sector-neutral Total Cash Return yield basket (GSTHCASH), which outperformed the equal-weight S&P 500 by 12 pp in 2025 but still trades at a 26% P/E discount to the median S&P 500 stock. Another representation is our screen of “Buyback Aristocrats” (Exhibit 41) with histories of consistent share count reduction. Despite rallying by 17% in 2025, the median Buyback Aristocrat trades at a forward P/E multiple of 18x, slightly below the 19x multiple of the median S&P 500 stock.

Exhibit 41: Companies returning cash to shareholders should continue to outperform in 2026



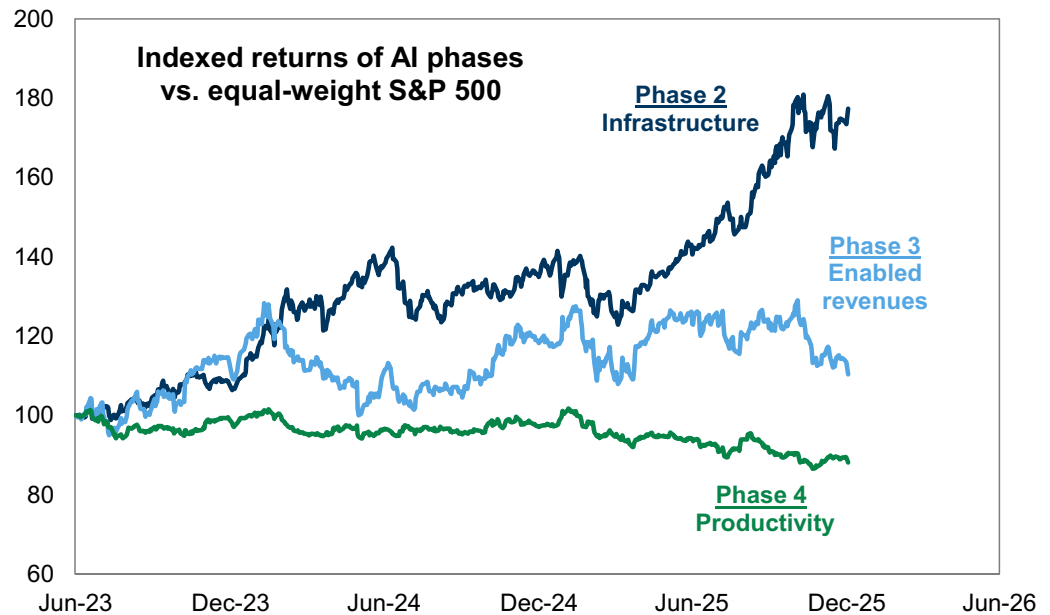
Source: Goldman Sachs Global Investment Research

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Theme 3: The AI future is now

2026 will represent a major step forward in the AI trade. For three years, investors have debated the potential long-term impact of AI on corporate revenues and profits, but portfolios have remained focused on companies with tangible near-term earnings benefits from the AI build-out. AI-related semiconductor stocks and companies involved in the construction, outfitting, and powering of data centers have handily outperformed, while stocks with potential AI-enabled revenues and long-term potential productivity gains have traded roughly in line with the market. We believe that will change in 2026.

Exhibit 42: Phases of the AI trade

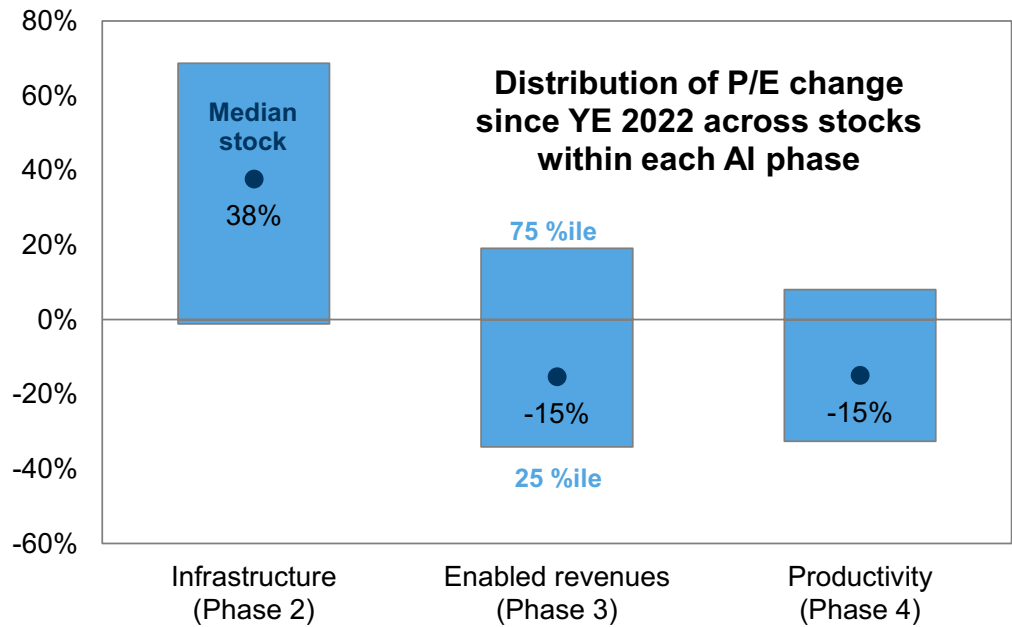


Source: Goldman Sachs Global Investment Research

The combination of slowing AI capex spending growth and increasing AI adoption will cause the AI trade to expand. We expect the AI hyperscalers will continue to grow capex in 2026, exceeding consensus expectations. However, even the most aggressive upside scenarios we outlined imply a deceleration in capex growth relative to the 75% year/year growth rates realized during 2Q and 3Q 2025. As AI investment spending growth slows, so will the revenue growth of the AI infrastructure complex, posing downside risk to valuations as well.

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Exhibit 43: Change in valuation by AI phase



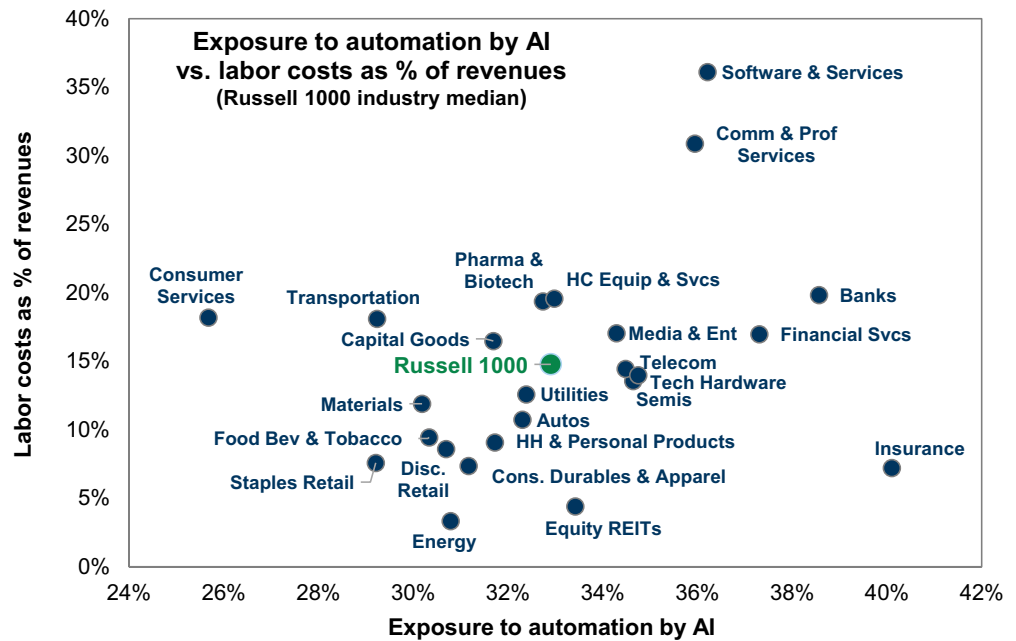
Source: FactSet, Goldman Sachs Global Investment Research

While AI infrastructure spending growth is likely to slow, the process of AI adoption and productivity enhancement remains in early stages. Estimates of corporate AI adoption vary, but surveys from the Census Bureau and GS investment bankers suggest that roughly 30%-40% of large firms currently employ AI to some extent in their businesses. However, even among this group we believe the realized share of total potential productivity gains remains small. The 3Q 2025 earnings season included the emergence of a few companies quantifying the earnings benefits of AI adoption, and we expect this trend will continue in 2026.

The AI trade should increasingly encompass “Phase 4” productivity beneficiaries going forward, but we expect this transition will be gradual and idiosyncratic. To screen for potential AI Productivity Beneficiaries, we combine company labor cost shares with estimated exposure of wages to AI automation. However, management willingness and skill at adopting AI, the ultimate size of potential productivity gains, and the ability of companies to retain incremental profits are all highly uncertain and idiosyncratic. As a result, we believe companies will need to demonstrate earnings uplifts from AI-related productivity before investors will embrace them as likely long-term beneficiaries.

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Exhibit 44: Identifying potential AI Productivity Beneficiaries

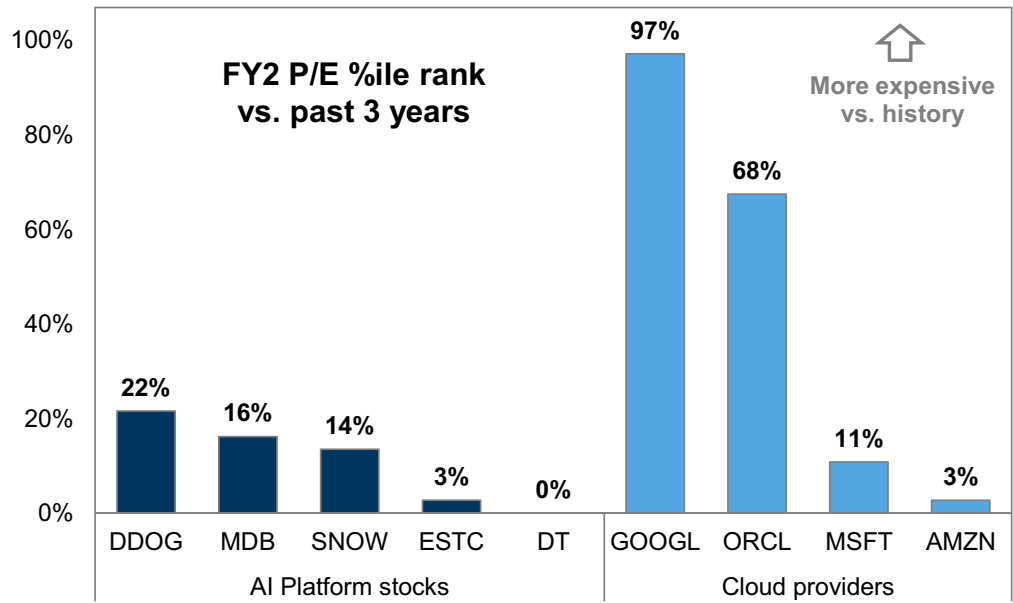


Source: Revelio, Company filings, Goldman Sachs Global Investment Research

As AI adoption increases, so will the clarity surrounding which stocks belong as part of the “Phase 3” group of revenue beneficiaries. We recently highlighted AI Platform stocks, which include the providers of database and development tools, as a subset of Phase 3 with the potential for improving revenues as companies integrate AI into their businesses. Each of the AI Platform stocks trades well below its 3-year average P/E. Cloud providers should also benefit as increased adoption boosts demand at the same time as the likely slowdown in AI capex growth supports free cash flows. Dispersion among the large public cloud providers is wide, with MSFT and AMZN trading at P/E multiples near the low ends of their 3-year ranges and GOOGL at the high end.

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Exhibit 45: Valuation of AI Platform stocks and cloud providers



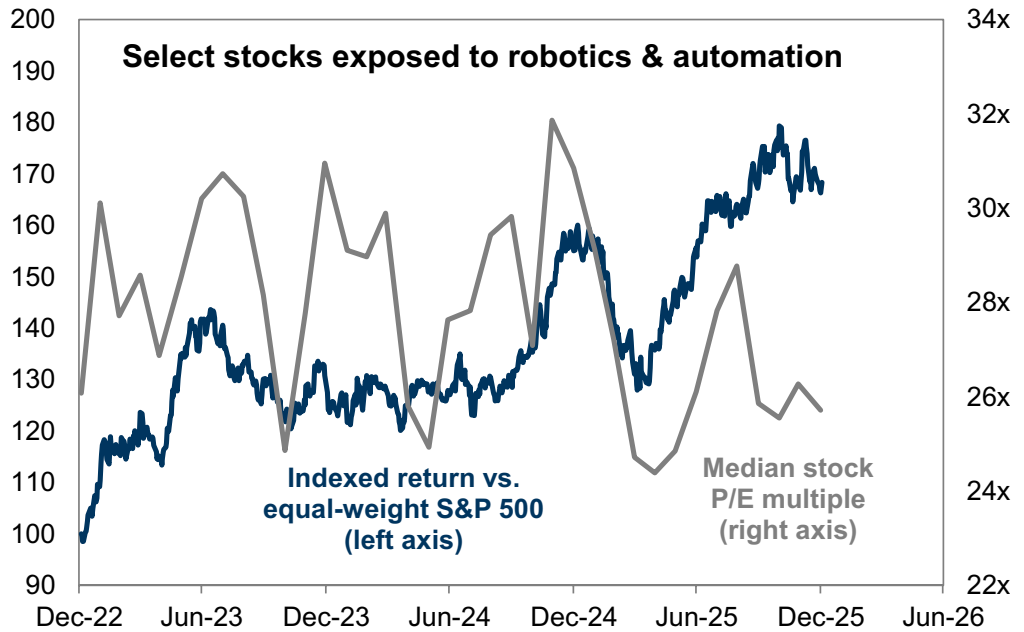
Excludes RBRK, which does not have sufficient P/E history, and CFLT, which recently announced it was being acquired by IBM.

Source: FactSet, Goldman Sachs Global Investment Research

We also expect the AI trade in 2026 will increasingly expand into “Phase 3-D,” i.e., the interaction of AI with the physical world via robotics and automation. [Exhibit 46](#) shows the indexed excess return of 26 Russell 3000 stocks that are common constituents of the largest US robotics and automation ETFs. The group excludes constituents of the GS AI basket and stocks with market caps less than \$1 billion. These stocks outperformed sharply in early 2023 as their valuation multiples expanded following the launch of Chat-GPT. The stocks also outperformed in 2025, returning 15% vs. 9% for the equal-weight S&P 500. However, despite this outperformance, the median stock in the list currently trades at a forward P/E of 26x, roughly in line with its multiple at the start of 2023.

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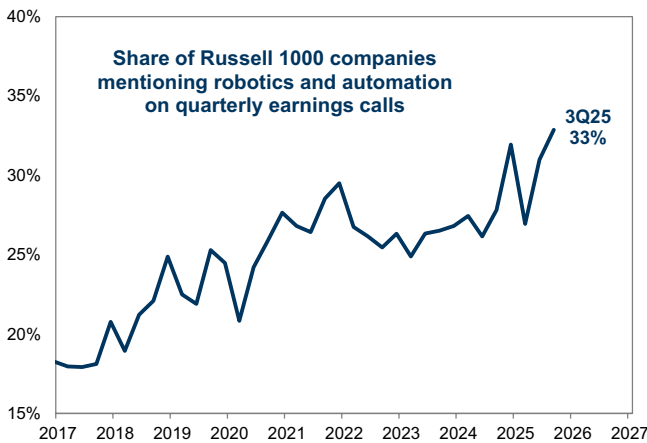
Exhibit 46: Stocks exposed to robotics and automation outperformed in 2H 2025



Source: FactSet, Goldman Sachs Global Investment Research

Both investors and corporates have recently increased their attention on AI Phase 3-D. For most of the past decade, roughly 25% of Russell 1000 companies have mentioned robotics or automation on their earnings calls each quarter. That share jumped to 33% in 3Q 2025. This compares with nearly 50% of firms that discussed the potential for increased efficiency via AI last quarter. Similarly, after outflows in 2024, the largest robotics ETFs began to receive inflows in 2H 2025, but those flows totaled just \$750 million and mostly offset outflows in 2024.

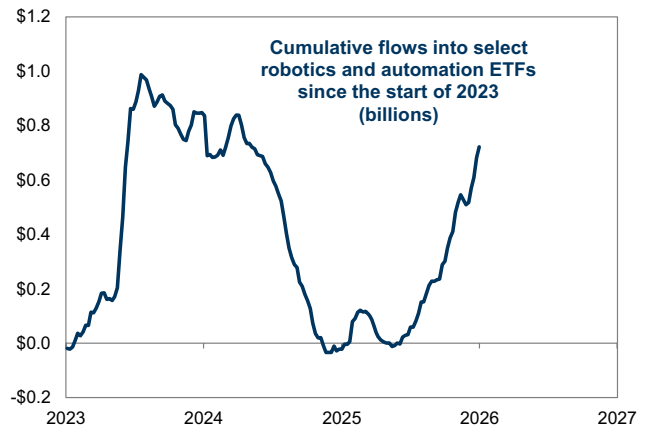
Exhibit 47: Share of Russell 1000 companies mentioning robotics and automation on their quarterly earnings calls



Source: Goldman Sachs Global Investment Research

Exhibit 48: Flows into robotics and automation ETFs increased in 2H 2025

ARKQ, BOTZ, ROBO, and ROBT



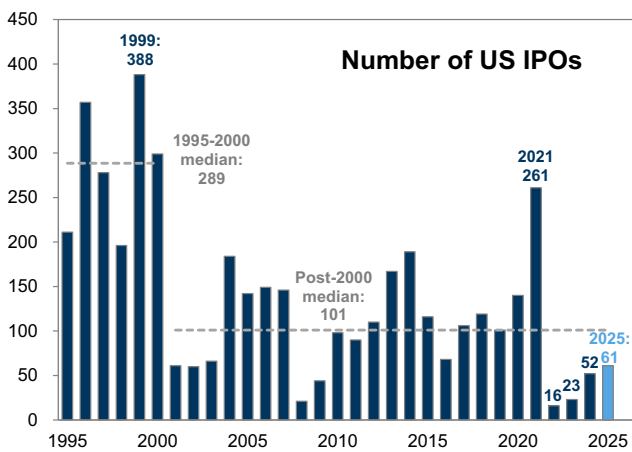
Source: EPFR, Goldman Sachs Global Investment Research

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Theme 4: The art of the comeback

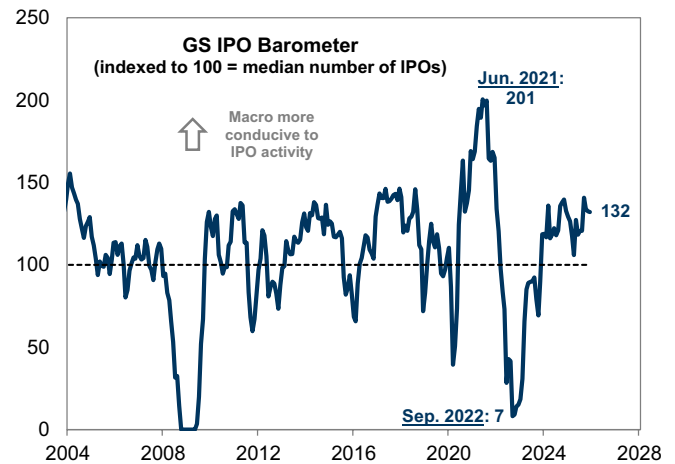
Capital markets activity rebounded modestly off its lows in 2025 and should improve further in 2026. There were 61 IPOs greater than \$25 million in 2025 raising gross proceeds totaling \$38 billion. This represented a 17% year/year increase in the number of deals, but a level of activity still well below the 25-year median of 101 IPOs per year. As a result of strong recent equity market returns, elevated valuations, Fed easing, and improving corporate confidence, our IPO Barometer now stands at 132, signaling a conducive macro environment for equity issuance that we think will translate to an increase in IPOs in 2026.

Exhibit 49: Number of US IPOs has been modest



Source: Dealogic, Goldman Sachs Global Investment Research

Exhibit 50: The macro environment is conducive to IPO activity

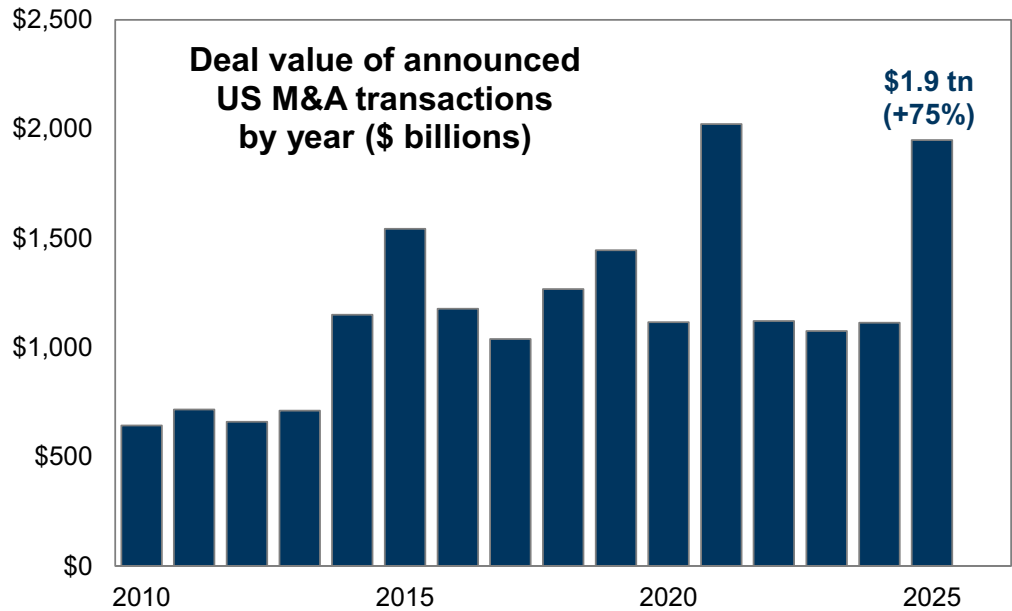


Source: Goldman Sachs Global Investment Research

Alongside a continued rebound in IPO activity, we expect 2026 will be another strong year for M&A. Announced large US M&A transactions among strategic and sponsor acquirors exceeded \$1.9 trillion in 2025, a 75% increase from 2024. Solid economic growth, easing financial conditions, and increased management confidence should drive continued deal activity in 2026, and we forecast a 15% increase in the number of completed US M&A transactions this year.

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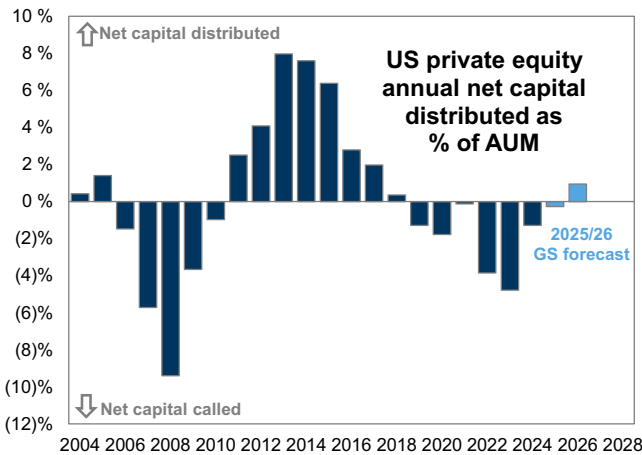
Exhibit 51: Announced US M&A transactions surged in 2025
strategic and sponsor acquirors with deal values greater than \$100 million



Source: Dealogic, Goldman Sachs Global Investment Research

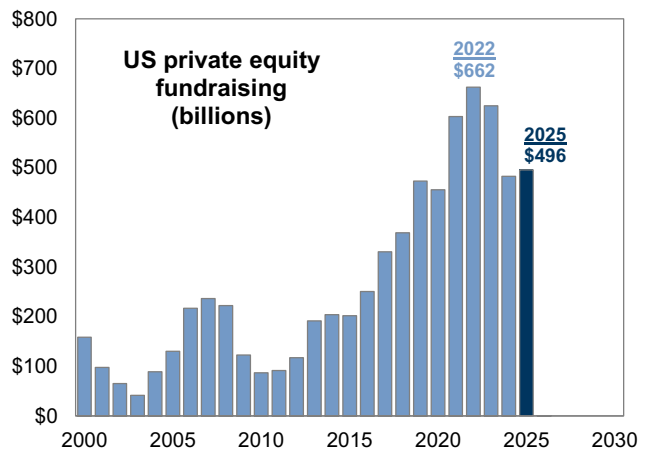
A continued rise in IPO and M&A activity should also create tailwinds for the private equity capital cycle. Private equity capital calls have outpaced distributions each year since 2019. Based on the historical relationship between net distributions, deal activity, and equity market returns, we expect distributions will exceed capital calls in 2026. This will mark the first year of positive net distributions since 2019. An increase in distributions should also facilitate private equity fundraising. US private equity funds raised \$496 billion in 2025, roughly in line with fundraising in 2024 and 25% below the record \$662 billion raised in 2022.

Exhibit 52: We forecast US private equity funds will distribute capital on net in 2026



Source: Prequin, Goldman Sachs Global Investment Research

Exhibit 53: Annual US private equity capital raising

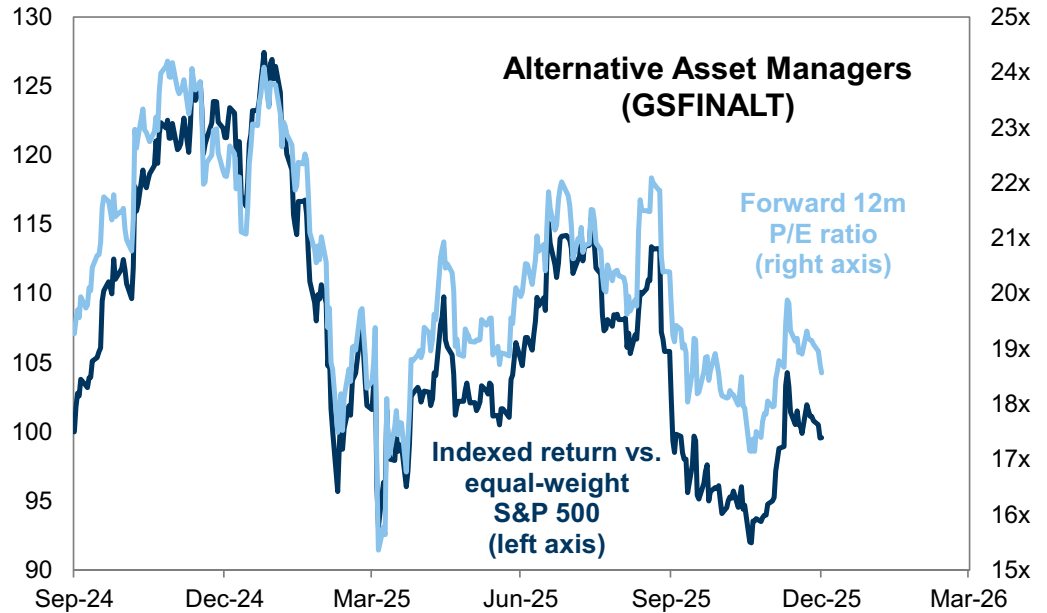


Source: Prequin, Goldman Sachs Global Investment Research

An environment of increased deal activity and higher asset prices creates a favorable backdrop for alternative asset managers, particularly those exposed to

private equity. Following outperformance in 2023 and 2024, alternative asset managers struggled for much of 2025, hampered in part by concerns about private credit quality. A basket of these companies (GSFINALT) trades at a forward P/E of 19x, in line with the median S&P 500 company.

Exhibit 54: Alternative asset managers struggled in 2025



GSFINALT developed by GBM.

Source: Goldman Sachs Global Banking & Markets, Goldman Sachs Global Investment Research

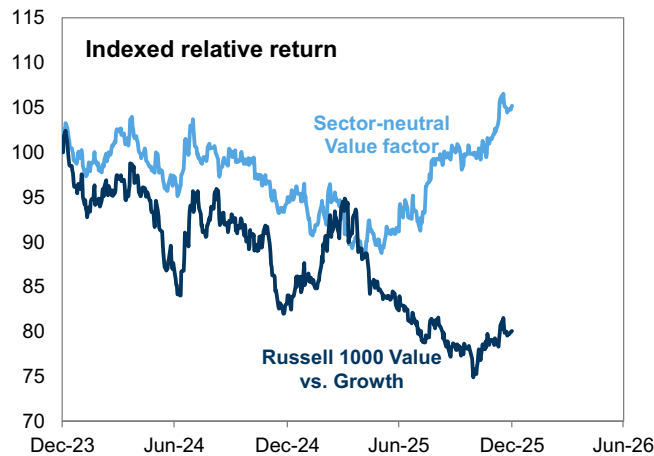
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Theme 5: The search for value

Amid an equity market focused on the growth of AI spending and the sustainability of elevated valuation multiples, Value as a factor quietly outperformed in 2025. On a sector-neutral basis, our long/short Value factor rallied by 15% during the second half of 2025, reflecting the outperformance on average of stocks in each sector with the lowest valuation multiples relative to their high-valuation peers.

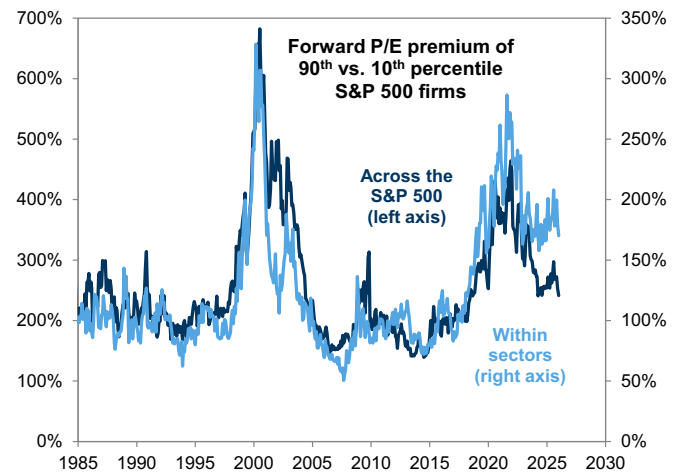
The combination of still-wide valuation spreads and a favorable macro backdrop suggest Value will continue to outperform in early 2026. The spread in P/E multiples between the stocks with the highest and lowest multiples has narrowed substantially during the past few years but remains elevated relative to history, particularly on a sector-neutral basis. Historically, environments of robust and accelerating economic growth, such as our economists expect in early 2026, have also been conducive to Value outperformance.

Exhibit 55: Controlling for sector composition, Value as a factor outperformed in 2H 2025



Source: Goldman Sachs Global Investment Research

Exhibit 56: Valuation dispersion is off the highs but remains elevated vs. history



Source: Compustat, Goldman Sachs Global Investment Research

While valuations across most of the large-cap equity market are elevated relative to history, a handful of industries trade at especially large valuation discounts. The Health Care and Consumer Staples sectors in particular trade with discounted valuations relative to the rest of the S&P 500 and to their own histories. Each of these sectors has faced a series of idiosyncratic headwinds in recent years, including policy uncertainty for the Health Care sector and headwinds to consumption and pricing for Consumer Staples.

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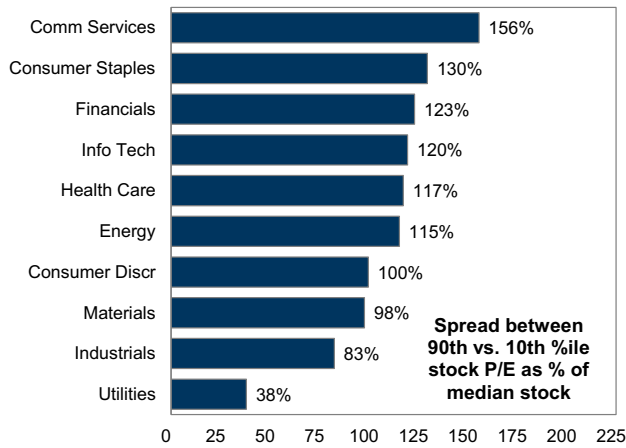
Exhibit 57: Industry group valuations vs. history**Median S&P 500 constituent valuations vs. history**

Sector	Consensus fwd P/E			% premium vs. SPX median		
	Current	%ile vs. history		Current	%ile vs. history	
		40y	10y		40y	10y
Household & Personal Products	20x	58	1	4	11	2
Food Beverage & Tobacco	14	29	3	(25)	1	3
Consumer Services	21	84	34	12	29	8
Health Care Equipment & Svcs	17	57	29	(12)	3	12
Automobiles & Components	9	35	46	(52)	7	25
Software & Services	25	72	29	31	43	19
Pharma Biotech & Life Sciences	18	62	45	(4)	14	23
Energy	13	46	29	(30)	13	28
Commercial & Professional Svcs	24	85	34	24	49	26
Insurance	12	66	37	(39)	9	24
Utilities	18	89	48	(5)	75	34
Materials	18	86	60	(4)	43	45
Consumer Staples Retail	19	73	66	2	21	54
Banks	12	57	49	(38)	25	45
Telecommunication Services	11	32	60	(42)	11	51
Transportation	19	90	64	0	69	66
Consumer Durables & Apparel	17	89	80	(12)	37	71
Media & Entertainment	22	82	75	16	34	68
Tech Hardware & Equipment	20	73	87	3	42	94
Financial Services	19	92	76	(3)	67	87
Consumer Discretionary Retail	22	96	85	15	93	90
Semiconductors	28	85	92	48	67	95
Capital Goods	21	95	76	12	98	94
Median S&P 500 stock	19x	93	68			

Source: FactSet, Goldman Sachs Global Investment Research

Health Care and Consumer Staples also rank among the sectors with the highest short interest relative to history. While short interest is elevated across the S&P 500, the 3.6% of float currently held short for the median Consumer Staples stock is the highest in 30 years of data history.

Exhibit 58: Valuation dispersion is wide within most sectors



Source: Goldman Sachs Global Investment Research

Exhibit 59: Short interest is highest in the defensive sectors

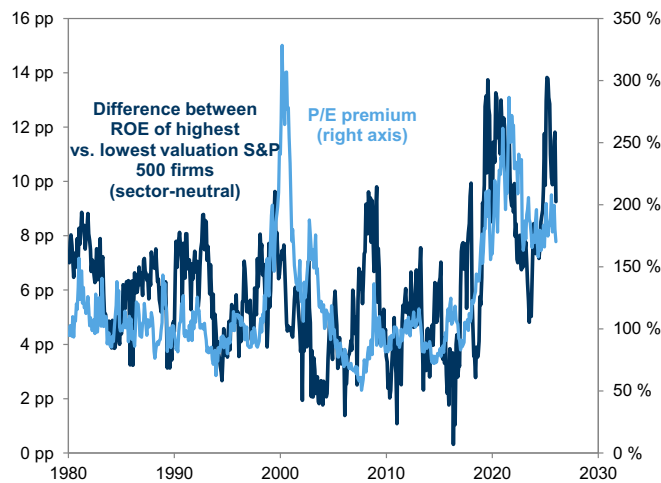
Median stock short interest as share of market cap

Sector	Current	Average since 1995	%ile rank vs. history	Last 3m change
Consumer Staples	3.6%	1.9%	100%	0.3 pp
Utilities	3.0	1.9	98	0.2
Health Care	2.5	1.9	94	0.2
Materials	2.9	2.4	83	0.6
Energy	3.1	2.6	80	0.5
Industrials	2.6	2.2	78	0.4
Comm Services	2.7	2.2	76	0.5
Real Estate	2.8	3.0	70	0.4
Financials	1.9	1.9	70	0.1
Info Tech	2.7	2.7	62	0.3
Cons Discretionary	3.0	3.5	37	(0.5)
S&P 500	2.7%	2.2%	88%	0.3 pp

Source: FactSet, Goldman Sachs Global Investment Research

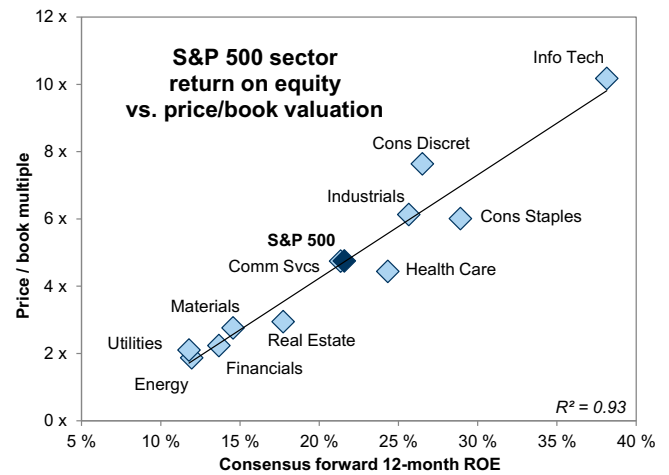
The range of valuations across the market largely reflects differences in expected profitability. The spread of P/E multiples between the sector-neutral legs of our Value factor has generally tracked with the gap in ROE between the two portfolios. Similarly, across S&P 500 sectors, differences in ROE explain more than 90% of the variation across P/B valuation multiples. Nonetheless, even adjusting for profitability, Health Care and Consumer Staples trade at valuation discounts.

Exhibit 60: ROE gap helps explain some of the valuation premium gap



Source: Compustat, Goldman Sachs Global Investment Research

Exhibit 61: Health Care, Staples trade at discount to ROE-implied P/B

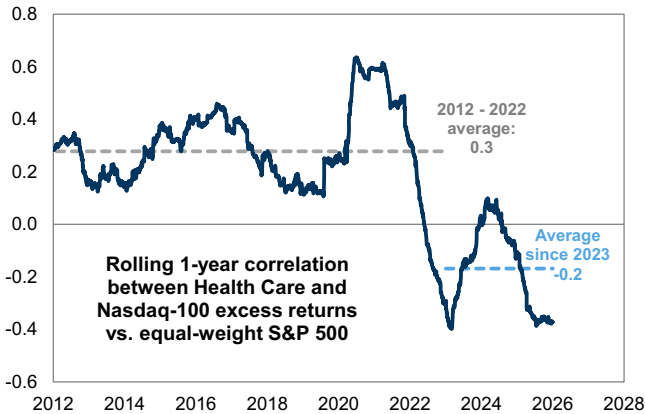


Source: FactSet, Goldman Sachs Global Investment Research

Like with the broad market, sector valuations reflect potential energy, but Health Care has benefited from the emergence of several positive catalysts during the past few months. Health Care typically acts a defensive sector, performing best when economic growth slows. However, improving policy uncertainty, upward earnings revisions, and increased M&A activity helped lift the equal-weight Health Care sector by 14% during the last 5 months of 2025. The sector’s behavior as an AI hedge has also been a recent tailwind as investors have sought to diversify their exposures within the US

equity market. While Health Care faces continued macro risk, including the potential for higher policy uncertainty ahead of the midterm elections, and ongoing micro risk, including increasing biopharma competition from China, we think the sector is an attractive complement to our other recommended overweights. Our equity analysts have a similar bottom-up view and discussed in their [2026 outlook](#) how to navigate a recovery in the sector.

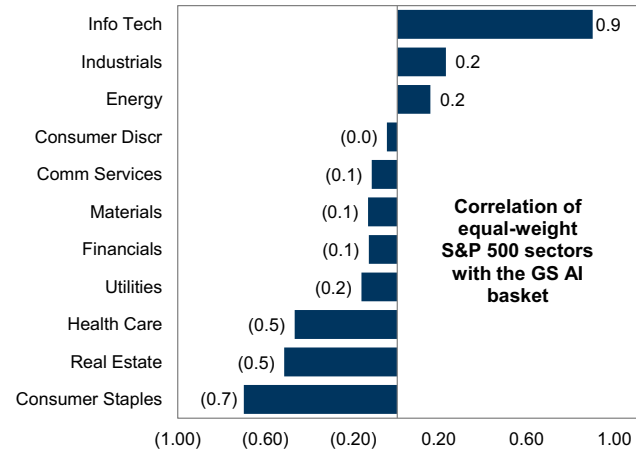
Exhibit 62: Health Care has become inversely correlated with tech since the start of the AI trade



Source: Goldman Sachs Global Investment Research

Exhibit 63: Correlation of equal-weight S&P 500 sectors with the GS AI basket (GSTMTAIP)

correlation of 2025 daily excess returns vs. the equal-weight S&P 500



GSTMTAIP developed by GBM.

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

Our sector recommendations at the start of 2026 reflect our expectations for a cyclical economic acceleration, an evolution in the AI trade, and the value opportunity within Health Care. Our [sector model](#) estimates the probability of each equal-weight sector outperforming the equal-weight S&P 500 by 5 percentage points or more during the next 6 months based on GS macroeconomic forecasts, company fundamentals, and stock valuations. Because the model does not capture themes such as artificial intelligence or changes in fiscal policy, we overlay our expectations for additional factors we expect will drive sector returns in coming months.

Materials should benefit from the [improvement in nonresidential construction spending](#) and [economy-wide capex](#) we expect this year, as should parts of other sectors including transports within Industrials and analog semiconductors within Technology.

Consumer Discretionary should outperform as tax refunds, labor market stabilization, and a fading drag from tariffs boost incomes and support increased consumer spending. Within the sector, stocks exposed to [middle income consumer spending](#) are particularly attractive.

Software & Services should outperform as increasing AI adoption clarifies the revenue tailwinds for “Phase 3” AI enablers.

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Exhibit 64: We recommend overweights in Materials, Consumer Discretionary, Software & Services, and Health Care

Equal-weight sector	Consensus			Model-implied probability of outperformance	Overweights
	2025 return	2026 EPS growth	Fwd 12m P/E ratio		
Materials	12 %	12 %	18 x	99 %	OW
Software & Services	4	13	25	96	OW
Real Estate	(2)	4	36	61	
Utilities	16	7	18	48	
Health Care	9	8	17	43	OW
Semis	53	24	28	23	
Media & Entertainment	21	20	22	19	
Financials	14	12	14	17	
Consumer Discretionary	13	10	21	3	OW
Consumer Staples	(1)	6	15	1	
Energy	6	6	13	1	
Telecom Services	5	8	11	0	
Industrials	15	10	22	0	
Tech Hardware	41	16	20	0	

Source: FactSet, Goldman Sachs Global Investment Research

Appendix: Constituents of our recommended investment strategies

Exhibit 65: Stocks identified by GS equity analysts as having exposure to middle income consumers

Company	Ticker	Industry	Mkt cap (bn)	2025 return	Distance from 52- week high	Fwd 12m P/E	Consensus sales growth		Consensus EPS growth		3m revision to consensus 2026	
							2025	2026	2025	2026	Sales	EPS
TJX Companies Inc	TJX	Discretionary Retail	\$171	29 %	(2)%	30 x	6 %	6 %	10 %	10 %	0 %	2 %
Starbucks Corporation	SBUX	Restaurants	97	(5)	(27)	33	3	4	(35)	26	(2)	(10)
NIKE, Inc.	NKE	Discretionary Retail	96	(14)	(23)	31	(5)	2	(51)	15	(1)	(8)
Royal Caribbean Group	RCL	Leisure & Hospitality	77	22	(23)	16	9	9	32	13	(0)	(4)
Hilton Worldwide Holdings Inc.	HLT	Leisure & Hospitality	67	16	(0)	32	7	7	13	13	0	0
Ross Stores, Inc.	ROST	Discretionary Retail	59	20	(1)	26	6	5	2	10	2	3
Carnival Corporation	CCL	Leisure & Hospitality	41	23	(5)	12	6	5	63	12	0	6
Ulta Beauty Inc.	ULTA	Discretionary Retail	28	39	0	22	9	6	1	11	3	4
Tractor Supply Company	TSCO	Discretionary Retail	27	(4)	(19)	22	5	6	4	10	0	(0)
Darden Restaurants, Inc.	DRI	Restaurants	22	2	(17)	17	9	8	9	12	1	(0)
Burlington Stores, Inc.	BURL	Discretionary Retail	19	1	(1)	27	8	9	19	14	(0)	(1)
Dick's Sporting Goods, Inc.	DKS	Discretionary Retail	19	(11)	(20)	14	27	29	(8)	14	52	(5)
Best Buy Co., Inc.	BBY	Discretionary Retail	15	(18)	(24)	10	1	1	(1)	7	0	1
Five Below, Inc.	FIVE	Discretionary Retail	11	79	0	31	20	10	16	11	3	12
Norwegian Cruise Line Holdings Ltd.	NCLH	Leisure & Hospitality	10	(13)	(22)	9	5	10	13	30	(1)	(0)
MGM Resorts International	MGM	Leisure & Hospitality	10	5	(10)	15	1	1	(10)	(3)	(0)	(13)
Gap, Inc.	GPS	Discretionary Retail	9	12	(13)	11	2	2	(3)	6	1	9
Levi Strauss & Co.	LEVI	Discretionary Retail	8	23	(16)	14	(2)	5	6	10	0	1
Dutch Bros, Inc.	BROS	Restaurants	8	17	(27)	69	26	26	34	31	2	0
CAVA Group, Inc.	CAVA	Restaurants	7	(48)	(58)	104	22	21	7	9	(1)	(16)
V.F. Corporation	VFC	Discretionary Retail	7	(14)	(33)	20	(4)	(1)	5	56	(4)	(5)
Brinker International, Inc.	EAT	Restaurants	7	8	(20)	14	17	3	46	13	0	(0)
Wyndham Hotels & Resorts, Inc.	WH	Leisure & Hospitality	6	(24)	(33)	15	2	6	5	10	(3)	(6)
Caesars Entertainment, Inc.	CZR	Leisure & Hospitality	5	(30)	(41)	NM	2	2	NM	NM	(0)	(81)
Travel + Leisure Co.	TNL	Leisure & Hospitality	5	46	(1)	10	3	4	10	15	(0)	3
Choice Hotels International, Inc.	CHH	Leisure & Hospitality	5	(32)	(38)	13	(2)	(4)	(0)	3	(7)	(3)
Cross, Inc.	CROX	Discretionary Retail	5	(22)	(28)	7	(3)	(1)	(8)	(3)	(1)	7
Victoria's Secret & Company	VSCO	Discretionary Retail	4	31	(6)	18	4	3	(1)	12	2	38
Bath & Body Works, Inc.	BBWI	Discretionary Retail	4	(46)	(50)	8	(3)	(2)	(12)	(12)	(9)	(32)
Academy Sports and Outdoors, Inc.	ASO	Discretionary Retail	4	(12)	(11)	8	3	6	(3)	10	(1)	0
Kontoor Brands, Inc.	KTB	Discretionary Retail	3	(26)	(36)	10	19	11	12	10	(0)	0
Shake Shack, Inc.	SHAK	Restaurants	3	(37)	(41)	52	16	13	46	21	0	(7)
PVH Corp.	PVH	Discretionary Retail	3	(37)	(37)	6	3	2	(7)	10	(1)	(2)
Cheesecake Factory Incorporated	CAKE	Restaurants	3	9	(23)	13	4	5	9	6	(2)	(4)
United Parks & Resorts Inc.	PRKS	Leisure & Hospitality	2	(35)	(38)	9	(3)	2	(15)	21	(3)	(18)
Six Flags Entertainment Corporation	FUN	Leisure & Hospitality	2	(68)	(68)	66	13	4	NM	NM	(4)	(73)
Sweetgreen, Inc.	SG	Restaurants	1	(79)	(80)	NM	1	10	NM	NM	(10)	NM
Petco Health & Wellness Company, Inc.	WOOF	Discretionary Retail	1	(26)	(35)	17	(3)	1	NM	20	(0)	(13)
Bloomin' Brands, Inc.	BLMN	Restaurants	1	(47)	(51)	7	(8)	0	(32)	(18)	(0)	(18)
Median stock			\$7	(11)%	(23)%	15 x	4 %	5 %	5 %	11 %	(0)%	(1)%
Median S&P 500 stock			39	9	(11)	19	5	5	8	9	0	0

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 66: Stocks identified by GS equity research analysts as having elevated exposure to nonresidential construction activity

Ticker	Name	Subindustry	Market cap (billions)	2025 total return	NTM P/E	Consensus 2026		2026 EPS 3-month revision
						EPS growth	Sales growth	
STLD	Steel Dynamics, Inc.	Steel	\$26	51 %	13x	60 %	13 %	4 %
NUE	Nucor Corporation	Steel	39	42	15	43	8	9
CMC	Commercial Metals Company	Steel	8	42	11	54	13	22
AWI	Armstrong World Industries, Inc.	Building Products	8	36	23	13	7	1
ADI	Analog Devices, Inc.	Semiconductors	134	30	27	20	13	4
ZWS	Zurn Elkay Water Solutions Corporation	Building Products	8	26	28	10	5	3
NSC	Norfolk Southern Corporation	Rail Transportation	70	26	22	6	3	(7)
ALLE	Allegion Public Limited Company	Building Products	14	24	18	9	7	3
MCHP	Microchip Technology Incorporated	Semiconductors	35	15	29	102	20	(4)
CSX	CSX Corporation	Rail Transportation	68	14	19	15	4	(2)
UNP	Union Pacific Corporation	Rail Transportation	138	4	18	8	4	(2)
XPO	XPO, Inc.	Cargo Ground Transportation	16	4	31	20	4	(3)
CP	Canadian Pacific Kansas City Limited	Rail Transportation	67	3	19	15	7	1
CNM	Core & Main, Inc.	Trading Companies & Distributors	10	2	21	14	4	2
J	Jacobs Solutions Inc.	Research & Consulting Services	16	1	19	17	8	1
AOS	A. O. Smith Corporation	Building Products	10	0	17	8	3	(3)
CNI	Canadian National Railway Company	Rail Transportation	62	(0)	17	8	4	1
GGG	Graco Inc.	Industrial Machinery & Supplies & Components	14	(1)	26	8	5	(0)
SWK	Stanley Black & Decker, Inc.	Industrial Machinery & Supplies & Components	12	(3)	14	21	3	(4)
AXTA	Axalta Coating Systems Ltd.	Specialty Chemicals	7	(6)	12	10	2	1
HON	Honeywell International Inc.	Industrial Conglomerates	124	(6)	19	2	(2)	(2)
ACM	AECOM	Construction & Engineering	13	(10)	17	7	1	(6)
ODFL	Old Dominion Freight Line, Inc.	Cargo Ground Transportation	33	(10)	31	5	3	(7)
PPG	PPG Industries, Inc.	Specialty Chemicals	23	(12)	13	6	2	(5)
CSL	Carlisle Companies Incorporated	Building Products	14	(12)	16	9	2	(7)
LII	Lennox International Inc.	Building Products	17	(20)	20	7	7	(6)
CARR	Carrier Global Corp.	Building Products	45	(22)	18	11	3	(10)
TFII	TFI International Inc.	Cargo Ground Transportation	9	(22)	20	18	1	(16)
SAIA	Saia, Inc.	Cargo Ground Transportation	9	(28)	31	15	5	(6)
List median			\$16	1 %	19x	11 %	4 %	(2)%
S&P 500 median			39	9	19	10	5	0

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 67: S&P 500 Buyback Aristocrats

S&P 500 stocks that have reduced their share counts by at least 1% in at least nine of the past 10 years and have reduced their share counts on net during that period

Name	Ticker	Industry group	Market cap (bn)	2025 return	Consensus 2026 EPS growth	Forward P/E	LTM dividend yield	LTM buyback yield	Average annual change in share count during past 10 years	10-year average annualized return
DaVita Inc.	DVA	Health Care Providers & Services	\$8	(24)%	19 %	9 x	0.0 %	10.0 %	(9)%	4 %
eBay Inc.	EBAY	Broadline Retail	39	43	7	15	1.4	8.9	(9)	13
Synchrony Financial	SYF	Consumer Finance	30	31	(1)	9	1.9	8.2	(7)	12
HP Inc.	HPQ	Technology Hardware Storage & Peripherals	21	(29)	(5)	7	4.8	3.5	(6)	12
Ameriprise Financial, Inc.	AMP	Capital Markets	46	(7)	8	12	1.4	4.8	(6)	17
AutoZone, Inc.	AZO	Specialty Retail	55	6	9	21	0.0	2.7	(6)	17
McKesson Corporation	MCK	Health Care Providers & Services	102	45	15	19	0.3	3.0	(6)	17
PulteGroup, Inc.	PHM	Household Durables	23	9	(3)	11	0.7	4.7	(6)	22
O'Reilly Automotive, Inc.	ORLY	Specialty Retail	76	15	11	27	0.0	2.8	(6)	18
Loews Corporation	L	Insurance	22	25	NM	NM	0.2	5.6	(5)	11
Jabil Inc.	JBL	Electronic Equipment Instruments & Components	26	59	12	20	0.2	6.3	(5)	26
Lowe's Companies, Inc.	LOW	Specialty Retail	138	(0)	5	19	2.0	1.0	(5)	15
HCA Healthcare Inc	HCA	Health Care Providers & Services	107	57	7	16	0.6	10.9	(5)	22
Best Buy Co., Inc.	BBY	Specialty Retail	15	(18)	8	10	5.0	2.7	(5)	13
MetLife, Inc.	MET	Insurance	53	(1)	15	8	3.5	6.5	(5)	10
Masco Corporation	MAS	Building Products	13	(11)	7	15	2.0	3.7	(5)	10
Domino's Pizza, Inc.	DPZ	Hotels Restaurants & Leisure	14	1	11	22	1.6	2.5	(5)	15
Aflac Incorporated	AFL	Insurance	58	9	(2)	15	2.0	5.6	(5)	16
Citigroup Inc.	C	Banks	212	70	32	12	3.0	5.4	(5)	10
Wells Fargo & Company	WFC	Banks	299	36	11	14	2.5	7.4	(4)	8
CSX Corporation	CSX	Ground Transportation	68	14	15	19	1.5	3.4	(4)	17
Bank of New York Mellon Corp	BK	Capital Markets	82	54	11	14	2.2	4.8	(4)	13
Apple Inc.	AAPL	Technology Hardware Storage & Peripherals	4,005	9	9	32	0.4	2.6	(4)	26
Globe Life Inc.	GL	Insurance	11	26	3	9	0.8	6.3	(4)	9
Universal Health Services, Inc.	UHS	Health Care Providers & Services	12	22	8	9	0.4	6.5	(4)	6
Applied Materials, Inc.	AMAT	Semiconductors & Semiconductor Equipment	214	60	11	27	0.8	3.2	(4)	32
American Express Company	AXP	Consumer Finance	257	26	13	21	0.9	2.8	(4)	19
Travelers Companies, Inc.	TRV	Insurance	64	22	6	11	1.5	2.6	(3)	11
Ralph Lauren Corporation	RL	Textiles Apparel & Luxury Goods	14	55	4	22	1.0	4.6	(3)	13
Ulta Beauty Inc.	ULTA	Specialty Retail	28	39	9	22	0.0	6.2	(3)	12
W.W. Grainger, Inc.	GWV	Trading Companies & Distributors	48	(3)	11	23	1.0	2.2	(3)	19
Expeditors International of Washington, Inc.	EXPD	Air Freight & Logistics	20	36	1	26	1.1	4.7	(3)	11
Bank of America Corp	BAC	Banks	409	28	14	13	2.5	4.8	(3)	15
Norfolk Southern Corporation	NSC	Ground Transportation	65	26	7	22	1.7	0.9	(3)	16
TE Connectivity plc	TEL	Electronic Equipment Instruments & Components	69	62	17	21	1.2	2.6	(3)	17
Henry Schein, Inc.	HSIC	Health Care Providers & Services	9	9	8	14	0.0	5.1	(3)	1
Mettler-Toledo International Inc.	MTD	Life Sciences Tools & Services	29	14	8	31	0.0	3.4	(3)	16
JPMorgan Chase & Co.	JPM	Banks	886	37	4	15	2.0	4.2	(3)	20
Assurant, Inc.	AIZ	Insurance	12	15	7	11	1.5	2.8	(3)	12
Illinois Tool Works Inc.	ITW	Machinery	72	(0)	8	22	2.4	1.8	(3)	13
Aon Plc	AON	Insurance	74	(1)	12	18	0.8	1.1	(2)	15
Prudential Financial, Inc.	PRU	Insurance	40	0	3	8	5.1	1.9	(2)	7
Tractor Supply Company	TSCO	Specialty Retail	27	(4)	11	22	1.7	1.3	(2)	13
Mondelez International, Inc.	MDLZ	Food Products	69	(7)	9	17	3.4	3.5	(2)	5
Ross Stores, Inc.	ROST	Specialty Retail	59	20	10	26	0.9	2.3	(2)	13
Mastercard Incorporated	MA	Financial Services	502	9	16	29	0.6	2.4	(2)	19
Visa Inc.	V	Financial Services	585	12	11	26	0.7	2.9	(2)	17
A. O. Smith Corporation	AOS	Building Products	8	0	9	17	2.1	3.9	(2)	7
TJX Companies Inc	TJX	Specialty Retail	172	29	10	30	1.1	1.7	(2)	16
Citizens Financial Group, Inc.	CFG	Banks	26	39	31	12	3.9	1.5	(2)	12
Old Dominion Freight Line, Inc.	ODFL	Ground Transportation	33	(10)	8	31	0.8	1.6	(2)	22
VersiSign, Inc.	VRSN	IT Services	22	18	7	25	0.6	4.9	(2)	12
Honeywell International Inc.	HON	Industrial Conglomerates	124	(6)	0	19	2.4	2.6	(2)	10
Morgan Stanley	MS	Capital Markets	289	45	7	17	2.6	1.9	(2)	21
Buyback Aristocrat median			\$54	15 %	9 %	18 x	1.3 %	3.4 %	(4)%	13 %
Median S&P 500 constituent			39	9	10	19	1.6	1.3	(0)	12

Source: FactSet, Compustat, Goldman Sachs Global Investment Research

Exhibit 68: Stocks identified by GS equity analysts as AI Platform stocks

Ticker	Name	Mkt cap \$ bn	2025 return	% below 52-week high	NTM EV/ sales	Consensus 2026 sales		Consensus 2026 EPS	
						Growth	3m chg	Growth	3m chg
MDB	MongoDB, Inc.	33	80 %	(5)%	11 x	19 %	5 %	18 %	29 %
SNOW	Snowflake, Inc.	74	42	(21)	13	24	1	34	0
RBRK	Rubrik, Inc.	15	17	(23)	9	23	3	NM	NM
CFLT	Confluent, Inc.	11	8	(20)	7	16	1	20	4
DDOG	Datadog, Inc.	47	(5)	(32)	11	21	3	14	7
DT	Dynatrace, Inc.	13	(20)	(31)	5	15	1	10	1
ESTC	Elastic NV	8	(24)	(36)	4	13	3	12	3
Median		15	8 %	(23)%	9 x	19 %	3 %	16 %	4 %

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 69: Common constituents of robotics and automation ETFs

Russell 3000 stocks with >\$1 billion market caps that are common constituents of the largest robotics ETFs; excludes companies in GSTMTAIP

Company	Ticker	Industry group	Mkt cap (bn)	2025 return	Cons. 2026 growth		Fwd 12m P/E	Fwd 12m EV/sales
					Sales	EPS		
Kratos Defense & Security Solutions, Inc.	KTOS	Capital Goods	13	188 %	20 %	47 %	109 x	9 x
Joby Aviation, Inc.	JOBY	Transportation	13	62	126	NM	NM	133
AeroVironment, Inc.	AVAV	Capital Goods	13	57	32	62	56	6
Teradyne, Inc.	TER	Semiconductors & Semiconductor Equipment	33	54	22	46	41	9
Rockwell Automation, Inc.	ROK	Capital Goods	45	38	5	12	33	5
UiPath, Inc.	PATH	Software & Services	8	29	9	12	22	4
Aptiv PLC	APTIV	Automobiles & Components	17	26	4	7	10	1
GXO Logistics Inc	GXO	Transportation	6	21	6	23	19	1
JBT Marel Corporation	JBTM	Capital Goods	8	19	5	31	19	2
QUALCOMM Incorporated	QCOM	Semiconductors & Semiconductor Equipment	185	14	1	(1)	14	4
Deere & Company	DE	Capital Goods	126	11	3	2	28	5
Trimble Inc.	TRMB	Software & Services	19	11	8	11	23	5
Emerson Electric Co.	EMR	Capital Goods	76	9	5	9	21	5
Intuitive Surgical, Inc.	ISRG	Health Care Equipment & Services	199	9	14	12	61	18
Appian Corporation	APPN	Software & Services	3	7	12	49	62	3
Omniceil, Inc.	OMCL	Health Care Equipment & Services	2	2	4	7	26	2
Cognex Corporation	CGNX	Technology Hardware & Equipment	6	1	6	18	35	6
Autodesk, Inc.	ADSK	Software & Services	61	0	11	13	26	8
Illumina, Inc.	ILMN	Pharmaceuticals Biotechnology & Life Sciences	21	(2)	2	7	27	5
Ambarella, Inc.	AMBA	Semiconductors & Semiconductor Equipment	3	(3)	10	4	134	7
PTC Inc.	PTC	Software & Services	20	(5)	1	(6)	22	8
Dynatrace, Inc.	DT	Software & Services	13	(20)	15	10	25	5
Upstart Holdings, Inc.	UPST	Financial Services	4	(29)	22	48	21	5
Zebra Technologies Corporation	ZBRA	Technology Hardware & Equipment	13	(37)	10	11	14	2
SoundHound AI, Inc	SOUN	Software & Services	4	(50)	38	NM	NM	19
C3.ai, Inc.	AI	Software & Services	2	(61)	(2)	NM	NM	4
Median stock			13	9 %	8 %	12 %	26 x	5 x

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 70: Potential AI productivity beneficiaries based on labor costs and wage exposure to AI automation

universe of Russell 1000 stocks; excludes companies that did not mention AI in the context of productivity or efficiency on 2Q or 3Q earnings calls; excludes companies in our Phase 2 and Phase 3 baskets

Ticker	Name	Industry	Mkt cap \$ bn	Share of wage bill exposed to AI automation	% rank	Labor costs as % of sales	% rank	Average % rank	Potential EPS boost	NTM P/E	Cons. 2026 EPS growth
KEY	KeyCorp	Banks	23	38 %	90 %	33 %	89 %	90 %	27 %	12 x	21 %
PNC	PNC Financial Services Group, Inc.	Banks	83	38	91	31	88	90	24	12	12
ZION	Zions Bancorporation NA	Banks	9	39	93	26	82	88	22	10	4
BAC	Bank of America Corp	Banks	409	39	93	25	80	86	22	13	14
USB	U.S. Bancorp	Banks	84	39	95	23	78	86	21	11	9
TFC	Truist Financial Corp.	Banks	64	38	90	26	82	86	22	11	15
BK	Bank of New York Mellon Corp	Capital Markets	82	39	96	22	76	86	19	14	12
SEIC	SEI Investments Company	Capital Markets	10	37	83	29	86	84	21	15	11
RJF	Raymond James Financial, Inc.	Capital Markets	32	38	91	22	76	83	28	13	12
MCO	Moody's Corp.	Capital Markets	89	37	85	24	79	82	17	30	12
SF	Stifel Financial Corp	Capital Markets	13	37	86	23	77	82	26	13	32
BEN	Franklin Resources, Inc.	Capital Markets	12	37	82	24	80	81	25	9	12
EVR	Evercore Inc.	Capital Markets	14	36	76	23	77	77	23	20	30
HRB	H&R Block, Inc.	Diversified Consumer Services	5	41	98	46	96	97	51	8	8
RKT	Rocket Companies, Inc.	Financial Services	56	39	96	28	84	90	29	24	261
WEX	WEX Inc.	Financial Services	5	38	88	30	87	88	26	8	11
AFRM	Affirm Holdings, Inc.	Financial Services	24	38	88	28	85	87	65	57	125
FIS	Fidelity National Information Services, Inc.	Financial Services	34	38	88	22	76	82	18	10	10
JKHY	Jack Henry & Associates, Inc.	Financial Services	13	36	78	28	85	82	27	26	6
LH	Labcorp Holdings Inc.	Health Care Providers & Services	21	36	76	31	88	82	50	14	7
VEEV	Veeva Systems Inc	Health Care Technology	36	37	80	37	93	87	19	26	9
CERT	Certara, Inc.	Health Care Technology	1	36	75	58	98	86	50	16	19
AON	Aon Plc	Insurance	74	39	94	33	89	92	30	18	12
AJG	Arthur J. Gallagher & Co.	Insurance	66	40	97	29	85	91	28	19	25
MMC	Marsh & McLennan Companies, Inc.	Insurance	89	39	93	27	82	88	28	18	7
WTW	Willis Towers Watson PLC	Insurance	31	39	95	24	80	87	27	17	14
CTSH	Cognizant Technology Solutions Corp.	IT Services	39	38	89	76	99	94	96	14	8
EPAM	EPAM Systems, Inc.	IT Services	11	38	89	53	97	93	70	16	9
ACN	Accenture Plc	IT Services	160	37	82	67	99	90	86	18	7
DXC	DXC Technology Co.	IT Services	2	38	87	27	83	85	84	4	-2
TWLO	Twilio, Inc.	IT Services	21	37	81	29	85	83	32	25	14
IBM	International Business Machines Corp.	IT Services	272	37	80	23	77	79	28	24	8
IQV	IQVIA Holdings Inc	Life Sciences Tools & Services	38	38	89	45	96	93	61	17	9
RHI	Robert Half Inc.	Professional Services	3	38	92	79	100	96	270	16	27
BAH	Booz Allen Hamilton Holding Corp.	Professional Services	10	38	87	47	96	92	111	14	3
EXLS	ExlService Holdings, Inc.	Professional Services	7	37	84	35	91	88	49	19	14
CNXC	Concentrix Corp.	Professional Services	3	38	87	30	87	87	65	3	8
PCTY	Paylocity Holding Corp.	Professional Services	8	36	78	46	96	87	34	19	7
FCN	FTI Consulting, Inc.	Professional Services	5	37	84	32	89	86	67	18	11
SAIC	Science Applications International Corp.	Professional Services	5	36	77	37	93	85	118	11	-4
SSNC	SS&C Technologies Holdings, Inc.	Professional Services	21	37	80	31	88	84	23	13	9
LDOS	Leidos Holdings, Inc.	Professional Services	23	36	78	31	88	83	60	15	5
VRSK	Verisk Analytics, Inc.	Professional Services	31	37	79	25	81	80	17	29	10
Z	Zillow Group, Inc. Class C	Real Estate Mgmt & Dev	16	36	78	52	97	88	178	30	32
BILL	BILL Holdings, Inc.	Software	5	38	87	38	94	90	51	21	8
GWRE	Guidewire Software, Inc.	Software	16	37	82	62	98	90	60	56	20
MANH	Manhattan Associates, Inc.	Software	10	37	80	60	98	89	38	31	8
CCCS	CCC Intelligent Solutions Holdings Inc	Software	5	37	81	36	91	86	27	19	17
TYL	Tyler Technologies, Inc.	Software	19	37	81	35	91	86	45	35	10
PEGA	Pegasystems Inc.	Software	10	36	76	37	94	85	31	25	8
TDC	Teradata Corp.	Software	3	37	82	22	75	79	30	12	5

Source: FactSet, Revelio, Company filings, Goldman Sachs Global Investment Research

Exhibit 71: Constituents of the GS Alternative Asset Managers (GSFINALT)

Ticker	Name	Market cap \$ bn	2025 return	NTM P/E	Consensus 2026 EPS	
					Growth	3m chg
CG	Carlyle Group Inc	\$23	20 %	13x	19 %	(1)%
STEP	StepStone Group, Inc.	5	14	29	10	4
TPG	TPG Inc	10	5	23	25	(1)
BAM	Brookfield Asset Management Ltd.	89	(0)	30	15	(1)
ARES	Ares Management Corporation	38	(6)	26	31	3
BX	Blackstone Inc.	198	(8)	25	21	(1)
HLNE	Hamilton Lane Incorporated	6	(8)	24	10	3
APO	Apollo Global Management Inc	87	(11)	16	16	(1)
KKR	KKR & Co Inc	120	(13)	20	32	(1)
OWL	Blue Owl Capital, Inc.	11	(33)	16	19	(4)
Median		\$30	(7)%	23x	19 %	(1)%

Source: FactSet, Goldman Sachs Global Investment Research

GS Macro Outlook 2026



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We, Ben Snider, Ryan Hammond, Jenny Ma, Daniel Chavez, Kartik Jayachandran and Christophe Sung, hereby certify that all of the views expressed in this report accurately reflect our personal views, which have not been influenced by considerations of the firm's business or client relationships.

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