

Abstract

Investing in the Growth Market World

- While we have written extensively about Growth Markets over the past year, in this [Strategy Series](#) paper we focus on how investors can access these exciting growth stories and demonstrate the breadth of opportunity that exists.
- Institutional investors in the developed world continue to hold meaningful home biases in their portfolios and, as a result, remain significantly under-exposed to Growth Markets.
- Goldman Sachs Asset Management's Global Portfolio Solutions team introduces a **new return-seeking model portfolio that offers higher exposure to the Growth Market theme** by increasing the overall strategic allocation from 12% to 18% in both Growth Market and Emerging Market (EM) asset classes.
- Raising exposure to **Growth Market and EM local and external debt** to 7% is intended to improve diversification and to lower volatility across the portfolio.
- Broadening the portfolio by introducing **two new asset classes—private equity and hedge funds**—can help diversification and can reduce volatility and correlation with Developed Market equities.
- We believe today's investment case for Growth Markets remains strong, both from a longer-term perspective and in the short term.
- The recent market volatility has created favourable entry points across all Growth Market asset classes, particularly in equities and debt, according to our valuation metrics.

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