

THE DAILY CHECK-IN WITH GOLDMAN SACHS

GUEST: FADI ABUALI, CEO, GSAM INTERNATIONAL, CO-CEO OF GOLDMAN SACHS FOR THE MIDDLE EAST AND NORTH AFRICA REGION, HEAD OF GSAM EMEA CLIENT BUSINESS

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Liz Bowyer: Hi Fadi.

Fadi Abuali: Hi Liz.

Liz Bowyer: You're in the firm's International Asset Management business where you work both with large institutional investor clients, and also third party distributors who are wholesalers to retail investors. Just given the enormous focus on retail investing this year, what are some of the key trends that you're focused on with retail investors?

Fadi Abuali: Yeah, well look, first of all, as you said, we normally cover large institutional clients, sovereign wealth funds, big pension plans, big insurers. But one business that a lot of people don't know we do is we act as a wholesaler to third party banks like wealth managers in Europe. And it's a fascinating business because the ultimate beneficial or beneficiaries and beneficial investors are retail investors.

In Europe, like the rest of the world, we are focused on, sort of, broadly four mega trends. The first is the green revolution. And we all know about that. The second is technology in various forms. The third is healthcare. And then fourth, the new age consumer and how we've all developed into millennial consumers over the pandemic over the last 12 months.

Liz Bowyer: Let's start with that last one, millennials. How are you helping clients think through the full emergence of this generation and what that means for investing?

Fadi Abuali: This generation is fascinating for us. Not only is it a substantial one, it's 2.4 billion people. It's actually the largest generation in mankind's history. And so, how they save, what they're spending habits are, what are their preferences is of a lot of interest for us as investors. With the migration of so many of us online in the last 12 months during the pandemic, we've accelerated what would have taken 12 - 18 months into, really, a matter of weeks. And we've all

adopted millennial behavior.

They're tech enabled. They prefer healthy lifestyles. Focus on sustainable living. They also prefer experiences over things. For millennials, the focus is really on, you know, travel, restaurants, concerts, all of these things, and activities that, for the last few months, they haven't been able to participate or engage in. And so, we expect those activities to experience a cyclical rebound and compliment an already attractive sort of medium growth trends in that area.

We also, as they come online, the prospects for e-commerce, of course, digital [UNINTEL] and platforms, all of which were interesting high growth areas before the pandemic, have become even more interesting and far more profitable than we had expected at this stage.

Liz Bowyer: So, beyond the tech-enabled aspects of the millennial generation, you also mentioned technology broadly as an important theme for retail investors. What are you seeing there?

Fadi Abuali: Obviously, technology was an attractive area of the market pre COVID. But as the demand for people to work online and transact remotely, it's become a big focus for us as investors. So, next generation identity, cyber security, thinking about moving more workloads onto the internet, so, software as a service. While you're on the internet, of course, the mass digitization and the move online has made, you know, well-positioned, dominant Cloud platforms very interesting. Storage towers. Storage data centers. All of them will be big beneficiaries.

And then, finally, of course there's going to be a 5G roll out in multiple countries around the world over the next several years. And there will be significant beneficiaries of capex of that roll out. And so, we're monitoring those areas and looking for interesting opportunities to invest there.

Liz Bowyer: Another massively disruptive industry is healthcare, which is another one of the big themes that you mentioned. What do you see as the key opportunities there?

Fadi Abuali: So, as it relates to the COVID-19 response, you know, forced coordination between the private sector and the public sector, so, across companies and between companies and with governments, there's been a lasting, or will likely be a

lasting impact that will be positive on the healthcare industry. And then, again, with greater regulatory comfort and better access to capital, we expect to see the emergence of many new solutions for challenging diseases. And so, genomics, gene sequencing, gene editing, gene therapy, and concerning supply side manufacturing opportunities will present some terrific investment opportunities for us.

Equally, as universal access to healthcare, you know, becomes and remains a focal area of discussion post pandemic, you know, improving efficiency of access and cost effectiveness to these services will be key to make this a reality. So, advancements in telemedicine, in edoc solutions will all be helping this process. And therefore, create some considerable potential upside for investors.

Liz Bowyer: So, the final theme that you mentioned is ESG and sustainability, which is obviously seeing broad investor interest across the board. How are you seeing that play out in the EMEA?

Fadi Abuali: Yeah, that's a very significant theme in EMEA. In fact, we think Europe leads in this area. So, as you think about, you know, COVID-related fiscal packages, whether it's in Europe, obviously here in the UK, in the United States, in China, they've been targeted towards, you know, the green economies. So, funding for renewable power. Uplifting grid infrastructure. Electrical vehicles. Transportation techniques. These are all big focus areas for fiscal spending.

But equally importantly, there's been a lot of innovation in the private sector where corporates have now recognized the demand tailwind on the back of the demand for ESG-related products. So, unique solutions for key environmental challenges, as well as changes in consumer behavior and habits. We talked about preferences of millennials [UNINTEL]. And so, that's also created opportunities for innovation in automation efficiencies, renewables, sustainable transportation, recycling, packaging, plant-based proteins. These are all areas that we think will generate meaningful alpha opportunities for us and for our clients.

Liz Bowyer: So, Fadi, there's been a lot said recently about the advantages for companies of having diverse boards, diverse management teams, diverse workforces. How do you think about that on your own investment team?

Fadi Abuali: Look, it's obviously a hot topic. Very important for us as well. If you think about, take as an example, our fundamental equity team, 60 percent of our research talent is either of Asian descent or Asian origin. Equally importantly, 45 percent of the assets under management are either managed or comanaged by women or women-led teams. And candidly, over the last few years as we've built up diversity in our investment teams, we've seen it translate to significant outperformance in our portfolios. So, today we've got multiple fundamental equity teams that now rank in the top quartile or top decile, and in some cases, top quintile of Morningstar rankings, largely because of the diversity of thought and perspective as investors.

Liz Bowyer: So, finally Fadi, we talked about some of the key trends that retail investors are focused on. As we emerge from the pandemic, do you expect this rise in retail investing to continue?

Fadi Abuali: Time will tell. But the democratization of investing is, I think, here to stay. Digitization is only going to be increasing. And therefore, as well as liquidity, frankly, that's been pumped into the markets from central banks. We'll see how that plays out. But we've been monitoring the retail investor closely. And we expect to continue to do so.

Liz Bowyer: Thanks, Fadi.

Fadi Abuali: Thank you, Liz.

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