



Where to Invest Now

Breaking the range

July 21, 2009

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Where to invest now

Economy, earnings, valuation, and money flow

- **Economy.** Macro data has been better than expected. GS Global Leading Indicator (GLI) improved for 3rd consecutive month and momentum for 5th straight month.
- **Earnings.** Our S&P 500 operating EPS estimates are \$52 for 2009 and \$75 for 2010. Our estimates on a pre-provision and pre-write-down basis equal \$69 and \$81.
- **Valuation.** Our year-end 2009 fair value equals 1060 based on our DDM framework. Other approaches (Fed Model, P/E mean reversion) point to valuations above 1400. S&P 500 has surged 40% from March low and trades at 12.5x our 2010 operating EPS.
- **Money Flow.** Mutual funds (23% of market) bought stocks in March, May and June, while hedge funds (2%) covered shorts in April. Pension & retirement funds (19%) remain underweight equities. Money market assets total \$3.3 trillion, 44% of S&P 500.

Recommendations

1. Cyclical tilt is supported by sustained rally phase around prior bear market bottoms.
2. Buy stocks with high degree of operating leverage / sell low operating leverage firms.
3. Buy stocks with revenue exposure to the Brazil, Russia, India, and China (BRICs).

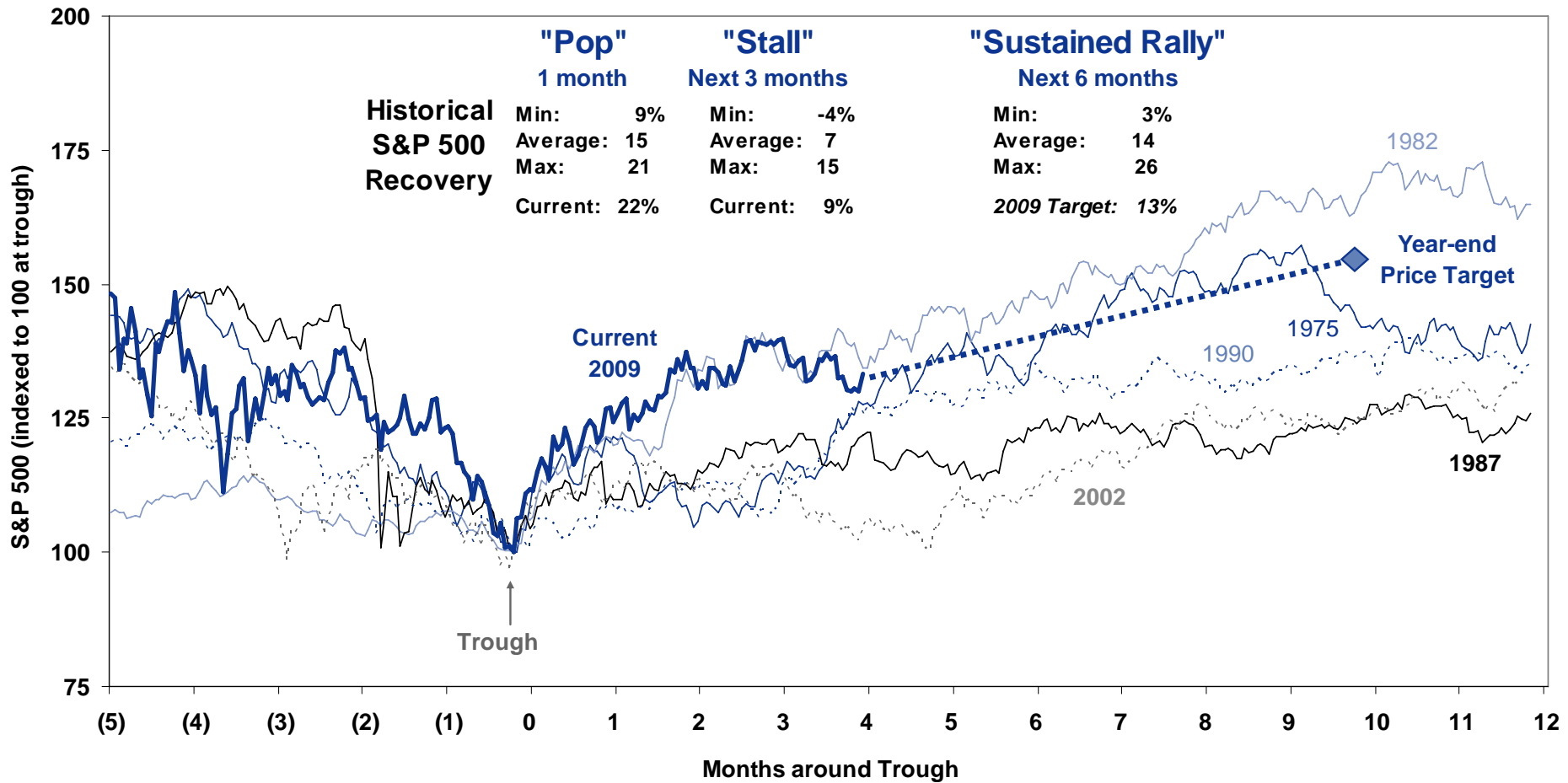
Where to invest now

Breaking the range

- **Breaking the range.** We have raised our year-end 2009 price target to 1060, 13% above the current level. After trading in a 10% band for the past three months, our “pop, stall, and sustained recovery” framework points to a rising market through 2009.
- **Falling correlations.** We have widened our recommended sector tilts to reflect our view that average correlation of sector and stock returns will continue to decline from record-high levels in 2008. Investors should move further away from benchmarks.
- **Strategies:** Three ways to achieve differentiated returns during 2H 2009:
 1. Buy Cyclicals (Energy, Materials, Financials, Technology); Sell Defensives
 2. Buy high operating leverage (GSTHOPHI); Sell low operating leverage (GSTHOPLO)
 3. Buy stocks with BRICS sales exposure (GSTHBRIC)
- **Risks: US economy.** Although the current economic outlook is for below-trend growth through 2010, the risk of a “double-dip” recession remains significant.

"Pop, Stall, & Sustained Rally" after bear markets

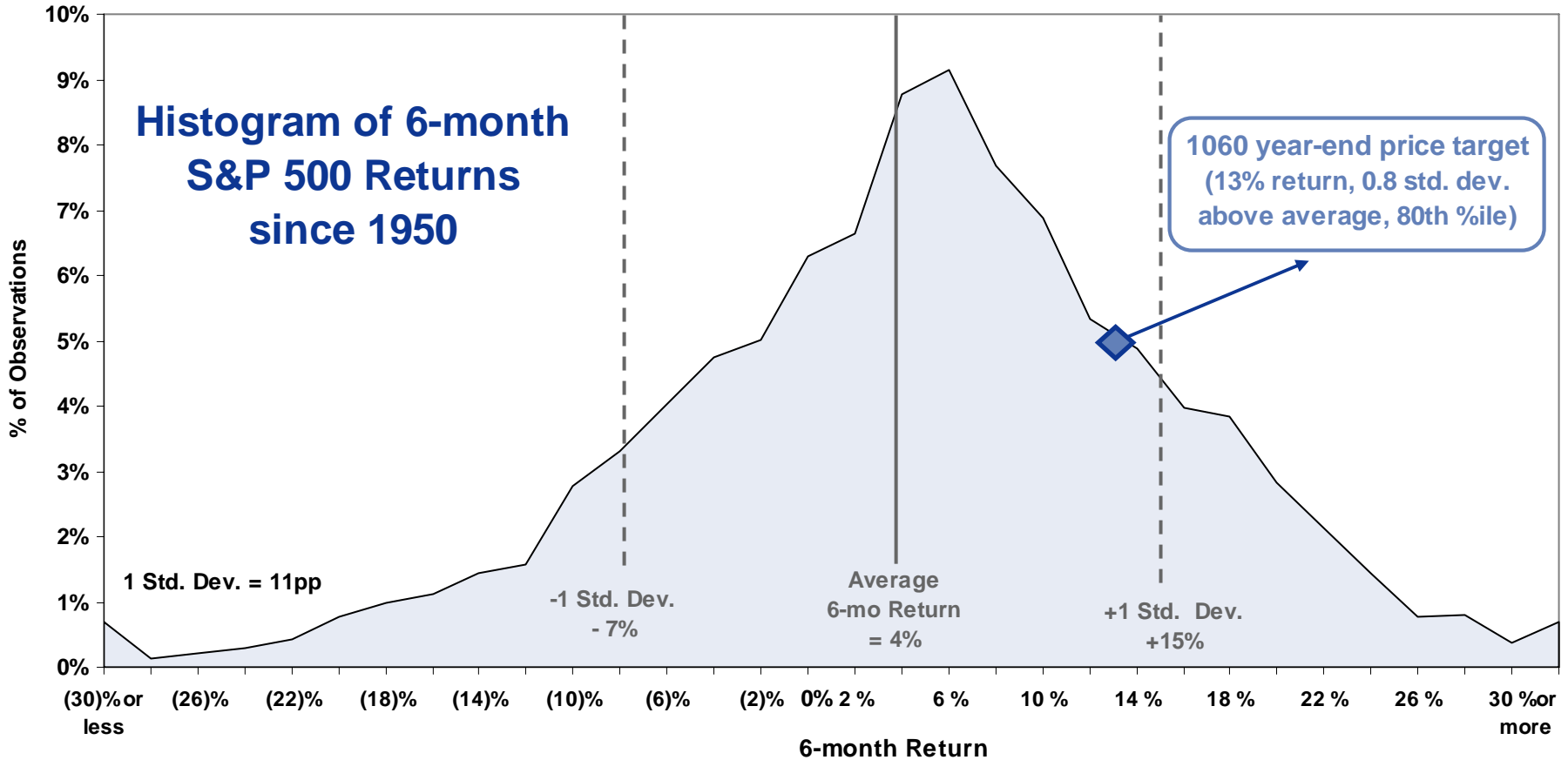
We are shifting from "Stall" to "Sustained Rally"



Source: Compustat, Goldman Sachs Global ECS Research. As of July 17, 2009.

Year-end target of 1060 implies a 13% return

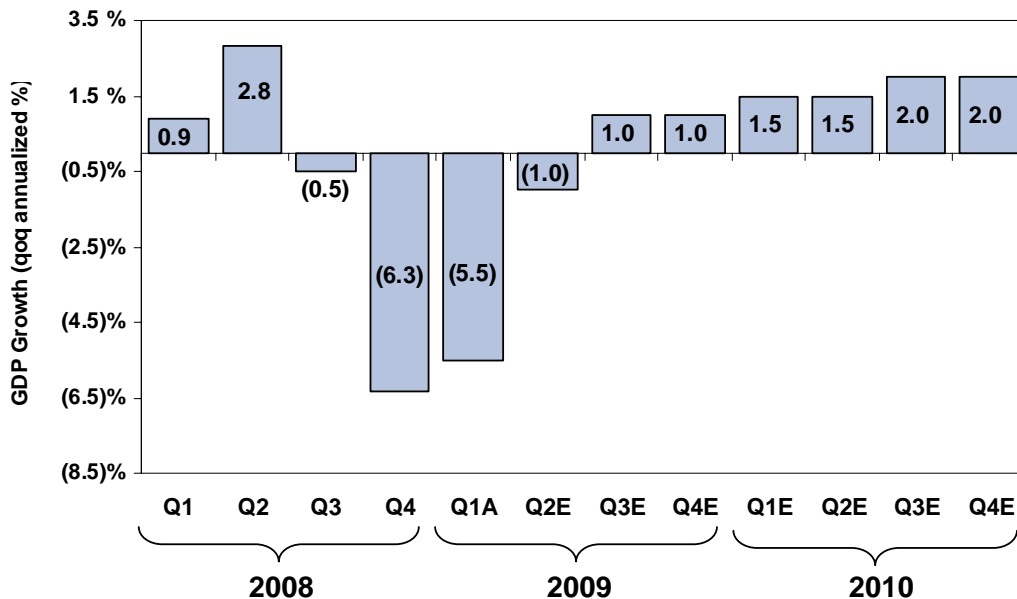
Performance would rank in 80th percentile since 1950



Source: Compustat, Goldman Sachs Global ECS Research. As of July 17, 2009.

US Economic Forecast for 2009 and 2010

GS US Economics quarterly GDP forecast



Goldman Sachs US Economics forecasts

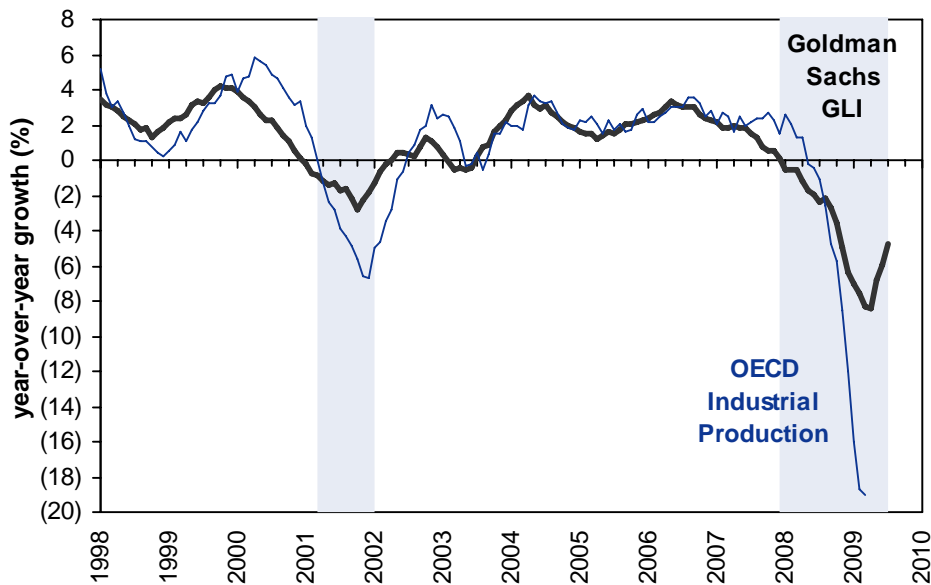
	% Annual Change		
	2008A	2009E	2010E
Real GDP	1.1%	(2.5)%	1.3%
Consumer Spending	0.2	(0.9)	0.8
Total Fixed Investment	(3.9)	(19.9)	(6.5)
Business Fixed Investment	1.6	(19.1)	(7.9)
Residential Investment	(20.8)	(23.1)	(1.0)
Federal Government Spending	6.0	5.4	5.2
Exports of Goods and Services	6.2	(15.3)	(0.7)
Imports of Goods and Services	(3.5)	(18.7)	(1.9)
Core CPI	2.3	1.6	0.5
Unemployment Rate	5.8	9.3	10.4
Fed Funds Rate	0.2	0.2	0.2
2-year Treasury Rate	1.0	1.3	1.6
10-year Treasury Rate	2.3	3.0	3.0

Source: Goldman Sachs Global ECS Research. As of July 17, 2009.

Some signs of improvement in recent macro data

GLI posted 3rd consecutive month of improvement

Goldman Sachs Global Leading Indicator (GLI) suggests Industrial Production will turn



ISM New Orders less Inventories



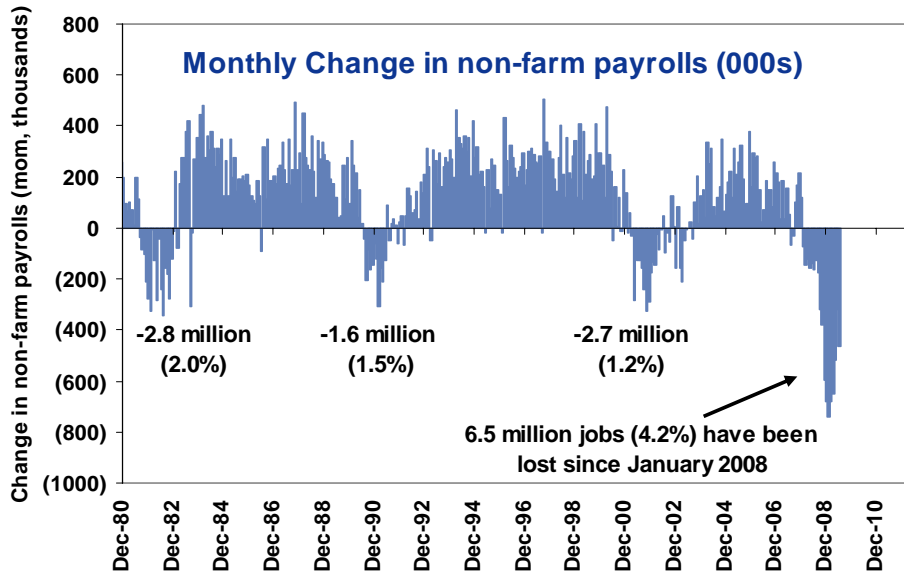
Note: Global Leading Indicator (GLI) includes 10 components: Belgian Manufacturing Survey, Business Confidence Aggregate, Consumer Confidence Aggregate, GS Australian Dollar Trade Weighted Index, ISM New Orders Less Inventories, Japan IP Inventory/Sales Ratio, Korean Exports, S&P GS Industrial Metals Index, US Initial Jobless Claims, US Durable Goods Inventory/Shipments Ratio.

Source: Goldman Sachs Global ECS Research. As of July 17, 2009.

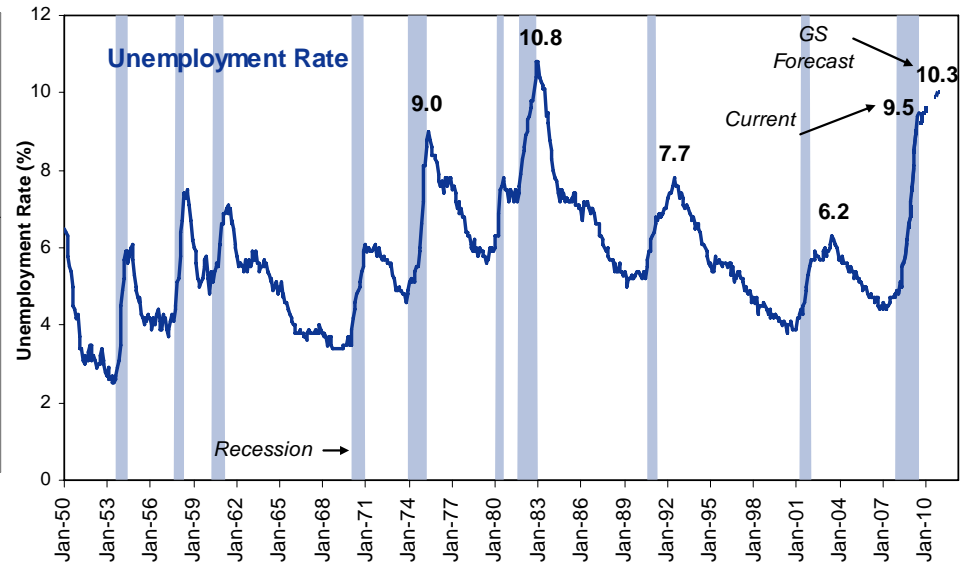
Labor market continues to deteriorate

We expect the unemployment rate will reach 10% in 2010

Employment Growth



Unemployment rate

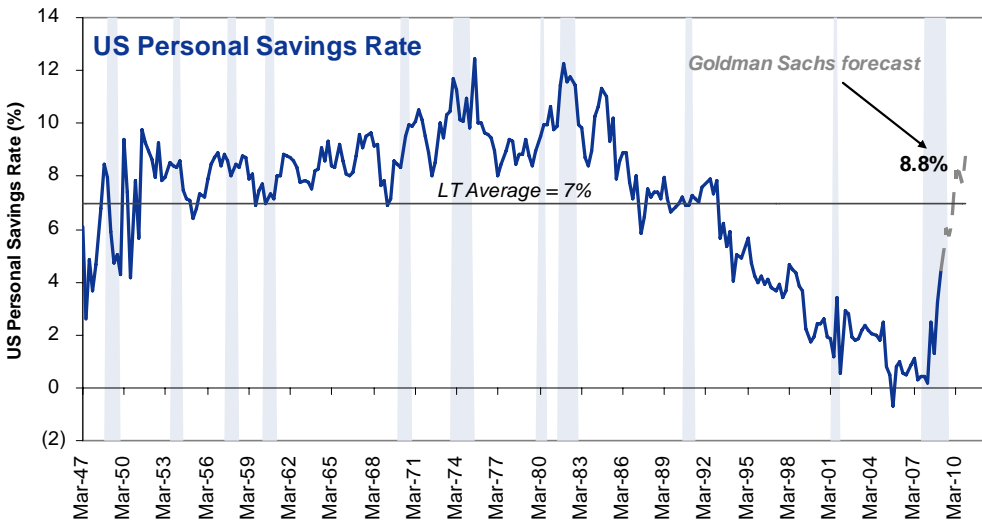


Source: Goldman Sachs Global ECS Research. As of July 17, 2009.

Savings rate and the impact on consumer spending

How higher savings rate translates into less spending

Personal savings rate



Consumer discretionary cash flow Sensitivity to 2010 savings rate

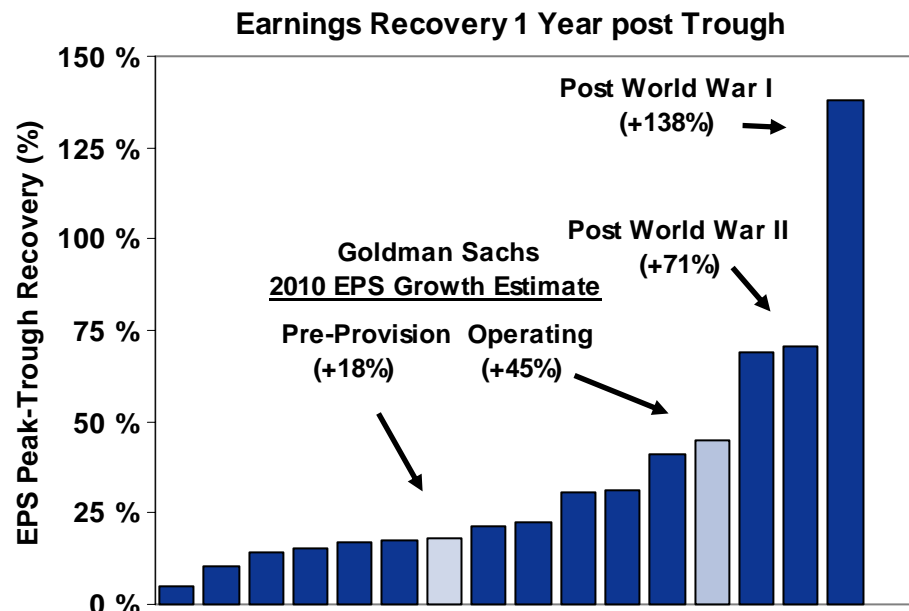
2010 Savings Rate	2009 - 2010 Growth in Consumer Discretionary Cash Flow	
	%	(\$ bn)
4%	2.7 %	\$180
5%	1.1	70
6%	(0.6)	(40)
7%	(2.2)	(150)
8%	(3.9)	(260)
9%	(5.5)	(370)
10%	(7.2)	(480)

If US savings rate rises to 10% in 2010, Consumer Discretionary Cash Flow would decline by 7%, or \$480 billion, from 2009 levels.



Earnings recovery: EPS tends to rebound 36% in the year after a profit contraction; we forecast 18% growth in 2010

EPS Peak	EPS Trough	EPS Recovery		Price Recovery	
		One Year After Trough	Two Years After Trough	One Year Return	Two Year Return
Dec-09	Dec-14	69 %	194 %	29 %	33 %
Dec-16	Dec-21	138	238	37	26
Dec-29	Sep-38	31	74	121	113
Sep-41	Jun-46	71	122	54	59
Jun-51	Dec-52	5	16	42	59
Jun-56	Dec-58	18	13	31	44
Dec-59	Sep-61	15	30	33	56
Dec-66	Sep-67	11	20	33	42
Sep-69	Dec-70	17	37	44	60
Sep-74	Sep-75	30	55	38	67
Dec-81	Dec-82	21	43	58	62
Jun-86	Jun-87	41	66	21	57
Jun-89	Mar-92	14	43	29	36
Sep-00	Mar-02	22	49	34	44
Jun-07	Mar-09			60	
Historical Average		36 %	71 %	43 %	54 %



On average, earnings grow 36% in the year after a profit recession. After a bear market bottom, equity prices tend to rally 43% the following year.

Earnings data: Reported (1909-1970) and Operating (1970-2009).
 Source: Compustat, Robert Shiller, and Goldman Sachs Research.

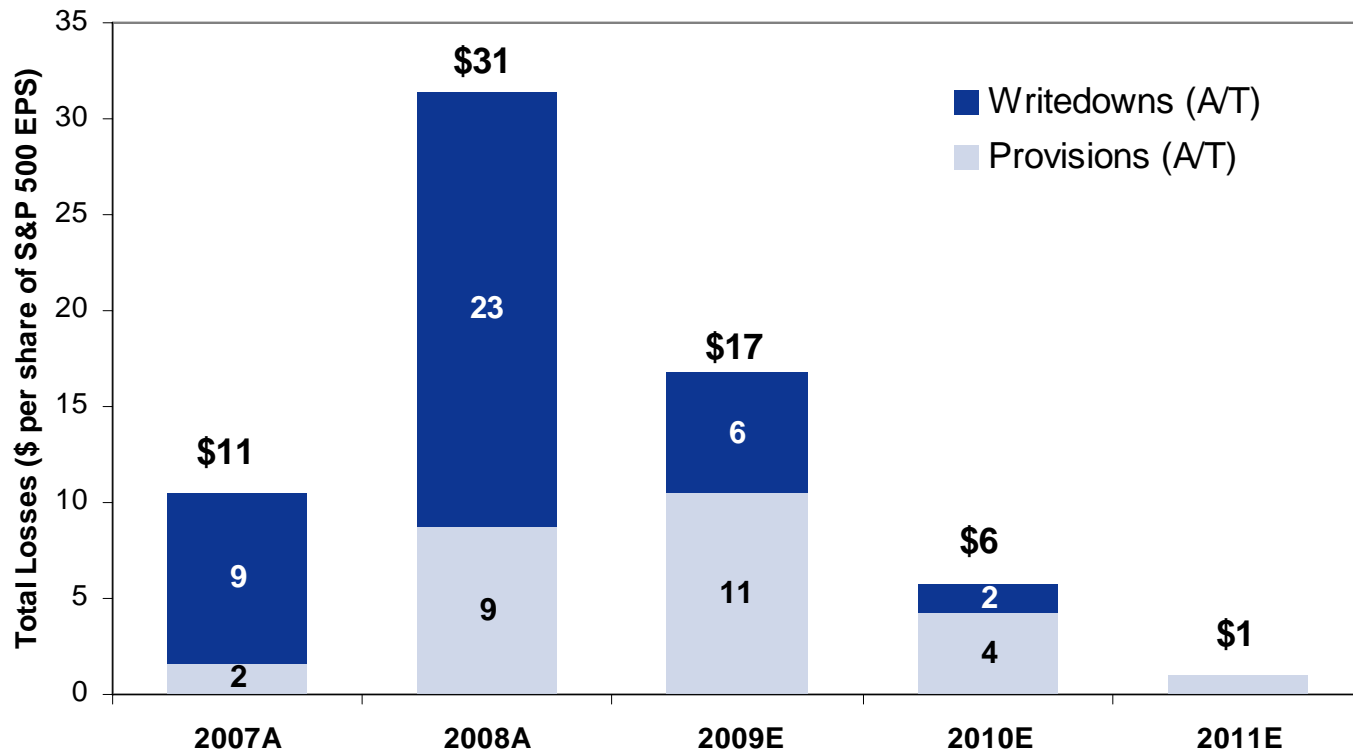
Decomposition of S&P 500 earnings estimates: Financials' provisions & write-downs drag down SPX EPS

	Contribution to EPS (\$/share)						Earnings growth rates (%)				
	2007A	2008A	GS Top-Down EPS		Bottom-up		2008A	GS Top-Down		Bottom-Up	
			2009E	2010E	2009E	2010E		2009E	2010E	2009E	2010E
Materials	\$3	\$2	\$1	\$2	\$1	\$2	(47)%	(47)%	110 %	(43)%	109 %
Energy	14	16	7	13	6	10	12	(55)	80	(65)	73
Consumer Discretionary	7	2	3	5	4	6	(62)	35	40	46	62
Information Technology	10	9	8	10	9	12	(9)	(15)	20	(0)	26
Utilities	3	3	3	3	3	3	(0)	1	10	3	11
Health Care	10	10	10	11	11	12	3	(2)	10	8	10
Consumer Staples	8	8	8	9	8	9	7	0	5	(3)	10
Telecom Services	3	3	2	3	2	3	(5)	(2)	3	(3)	8
Industrials	10	10	6	7	6	7	(3)	(35)	2	(35)	9
S&P 500 ex-Financials	\$68	\$64	\$50	\$61	\$51	\$63	(6)%	(22)%	23 %	(20)%	25 %
Financials Operating EPS	15	(14)	2	14	5	11	NM	NM	NM	NM	NM
S&P 500 Operating EPS	\$83	\$50	\$52	\$75	\$56	\$75	(40)%	5 %	45 %	13 %	33 %
+ Provisions & Writedowns	10	31	17	6	NA	NA	209	(46)	(66)	NA	NA
S&P 500 EPS pre-P&W	\$93	\$81	\$69	\$81	NA	NA	(13)%	(15)%	18 %	NA	NA

Source: FirstCall, Compustat and Goldman Sachs Research. Note: P&W = Provisions & Write-downs

Provisions & write-downs for S&P 500 Financials

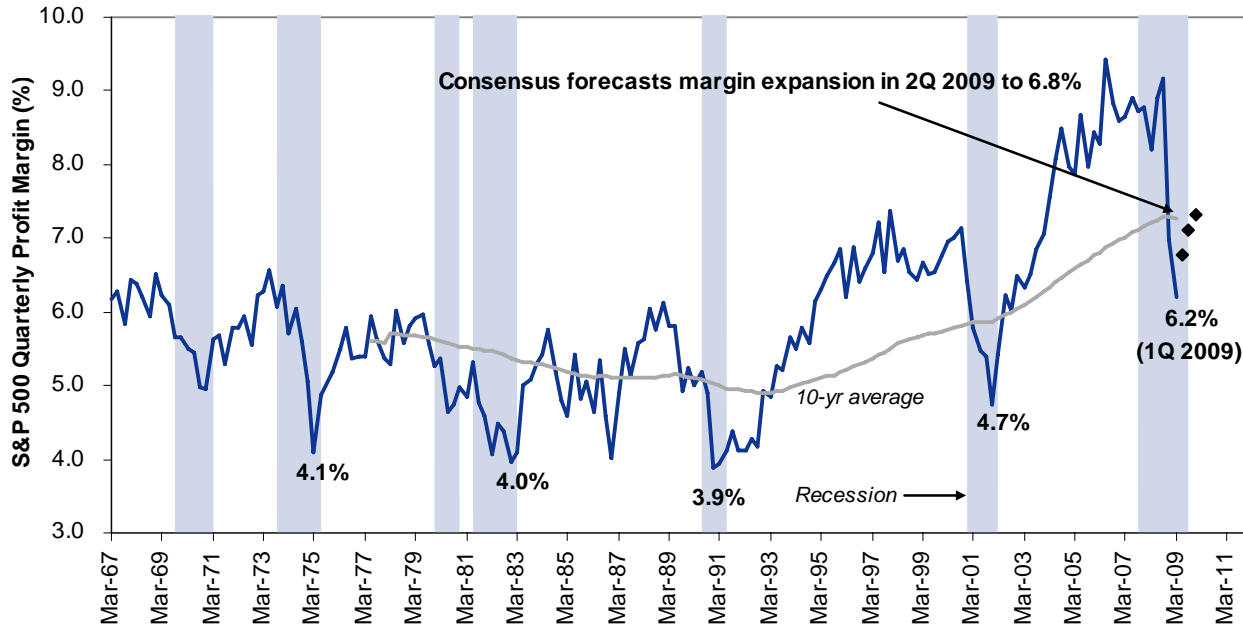
We are 2/3 of the way through \$2.1 trillion of global losses



Source: Compustat and Goldman Sachs Research.

S&P 500 Quarterly Profit Margin

We expect margins to fall by 188 bp 6.4% in 2009



S&P 500 Margin Level		LTM Profit Margins Cycle Peak to Trough			Length of Decline
PEAK	TROUGH	Peak Margin	Trough Margin	Decline (bp)	Months
31-Dec-73	30-Sep-75	6.3 %	4.8 %	(155)bp	21 mo
31-Mar-79	31-Dec-82	5.8	4.2	(161)	45
30-Jun-84	30-Jun-87	5.4	4.8	(63)	36
30-Jun-89	30-Sep-91	5.9	4.1	(181)	27
30-Sep-00	31-Dec-01	7.0	5.4	(160)	15
31-Dec-07	30-Jun-09	8.3	7.5	(80)	18
Average (1 through 5)				(144)bp	29 mo
GS Top-Down Forecast					
31-Dec-07	31-Dec-09	8.3 %	6.4 %	(188)bp	24 mo

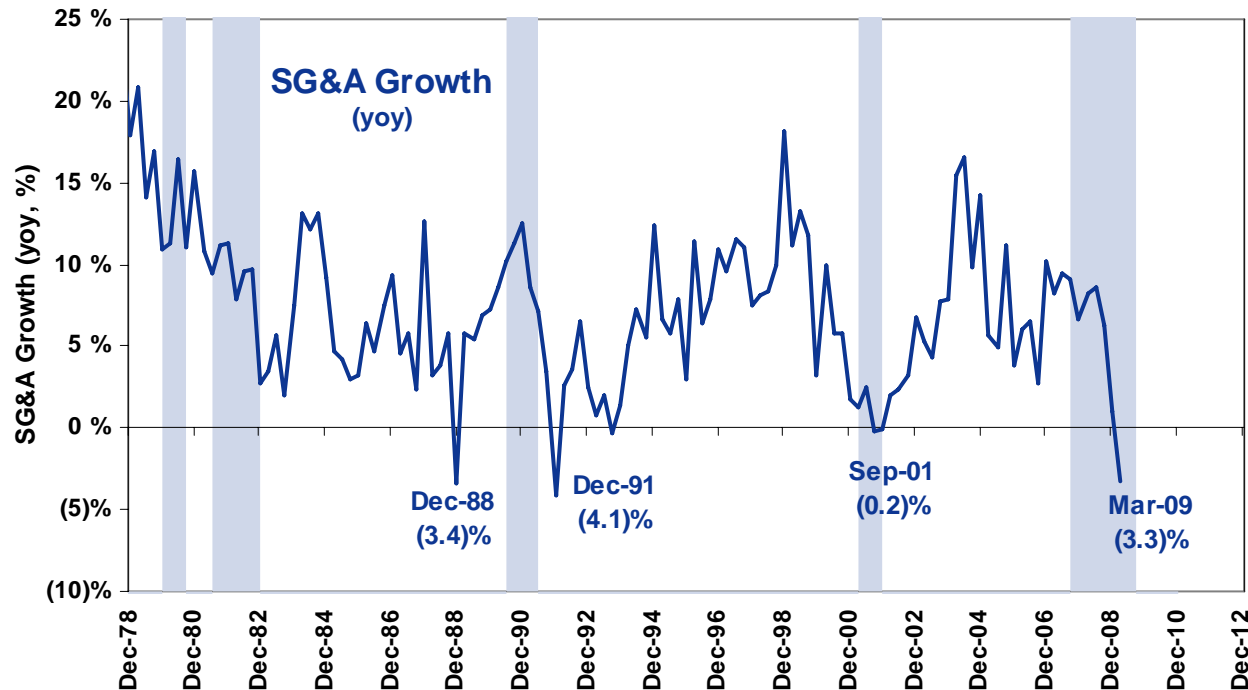
S&P 500 margin excludes Financials and Utilities over the entire time horizon as well as General Motors (GM) and Ford (F) from 2004-present. Source: Compustat and Goldman Sachs Global ECS Research. As of July 17, 2009.

Selling, General, & Administrative (SG&A) cost cuts

Firms reducing expenses consistent with past recessions

S&P 500 SG&A Growth

Sector SG&A Growth



Sector	SG&A Growth (year-over-year)
Telecom Services	1.7 %
Consumer Staples	(1.0)
Industrials	(2.4)
Health Care	(2.4)
S&P 500	(3.3)%
Energy	(4.0)
Consumer Discretionary	(4.4)
Information Technology	(6.7)
Materials	(9.6)

Source: Compustat, First Call, Bloomberg, Goldman Sachs Research and Goldman Sachs Global ECS Research. * Indicates Goldman Sachs Americas Conviction List.

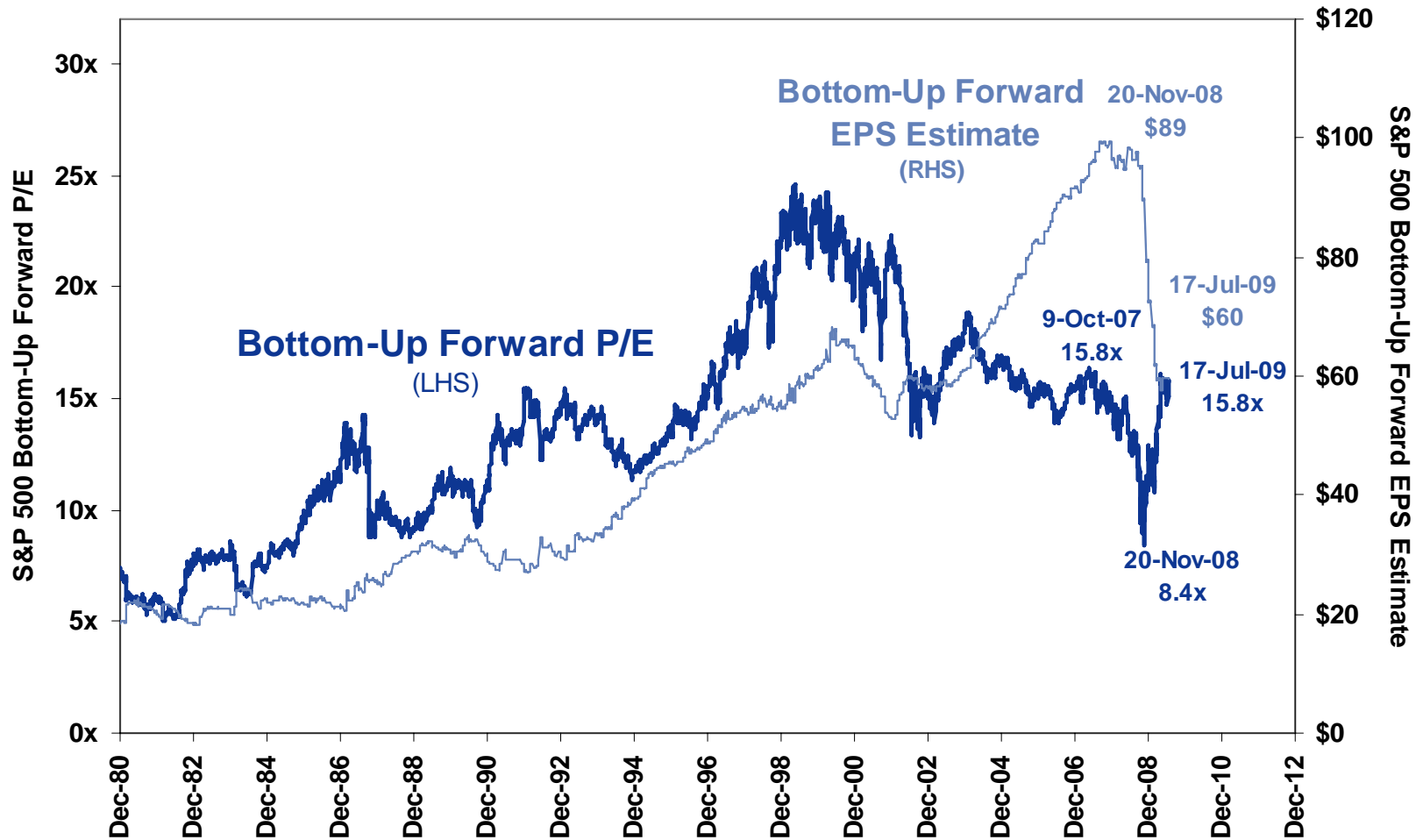
S&P 500 triangulation of three valuation approaches

Fed Model, mean reversion of P/E multiple, and DDM

Year-end 2009 S&P 500 Fair Value

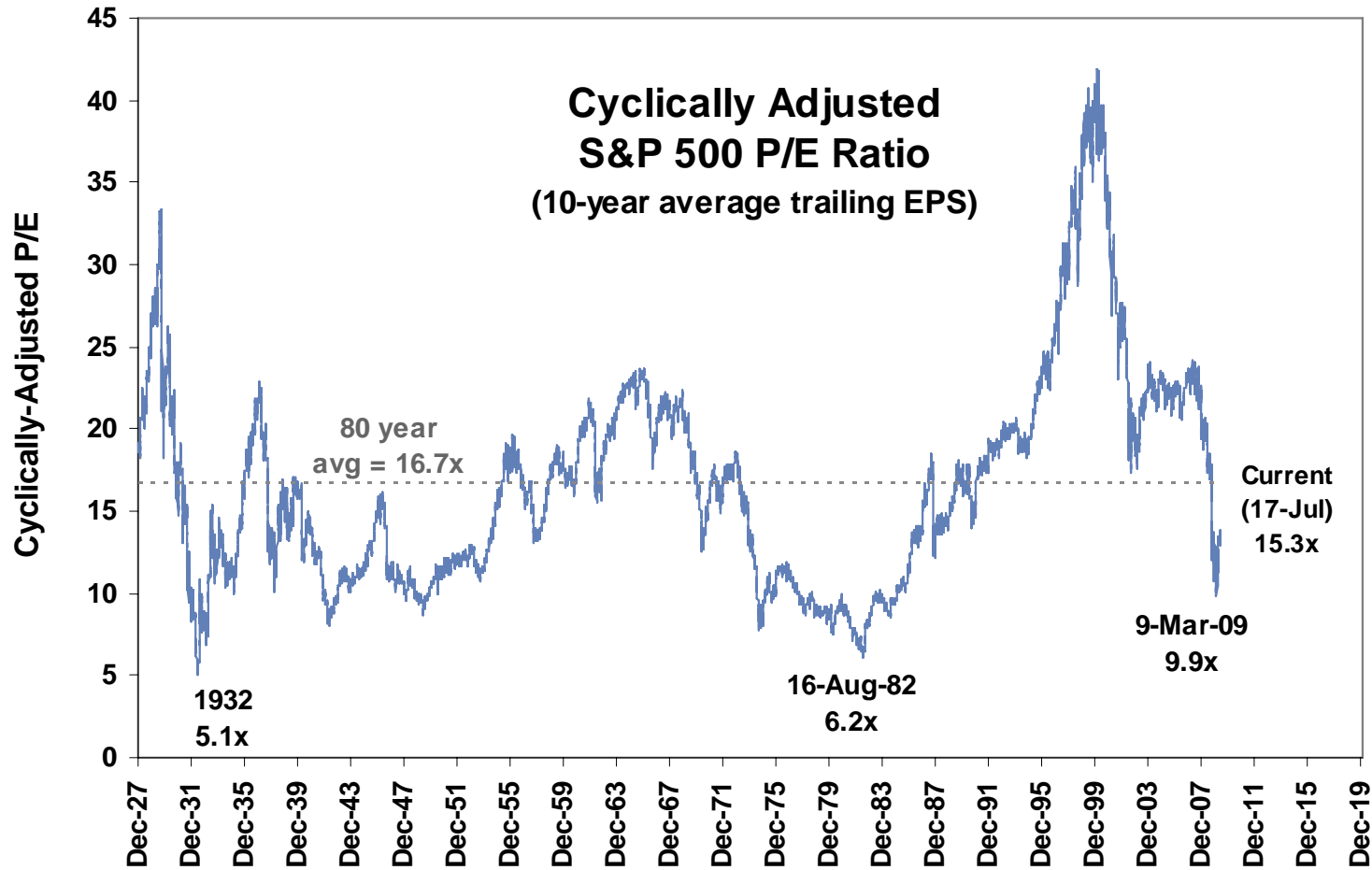
Methodology	Goldman Sachs Top-down	Upside / (Downside) From Current S&P 500 Level (940)
Fed model	1420	51 %
US Treasury 10 Year Yield	1580	68
BBB Corporate 10 Year Yield	1260	34
Reversion of P/E to 10-yr avg	1410	50 %
US Portfolio Strategy DDM	1060	13 %
<i>Assumptions: 4% ERP, 6.7% long term EPS growth, 4.5% risk free rate</i>		
Avg Fair Value (using 3 approaches)	1300	38 %

Bottom-up Forward P/E has almost doubled since Nov-08 as analysts have cut EPS estimates 30%



Source: Compustat, Robert Shiller, and Goldman Sachs Research. As of July 17, 2009.

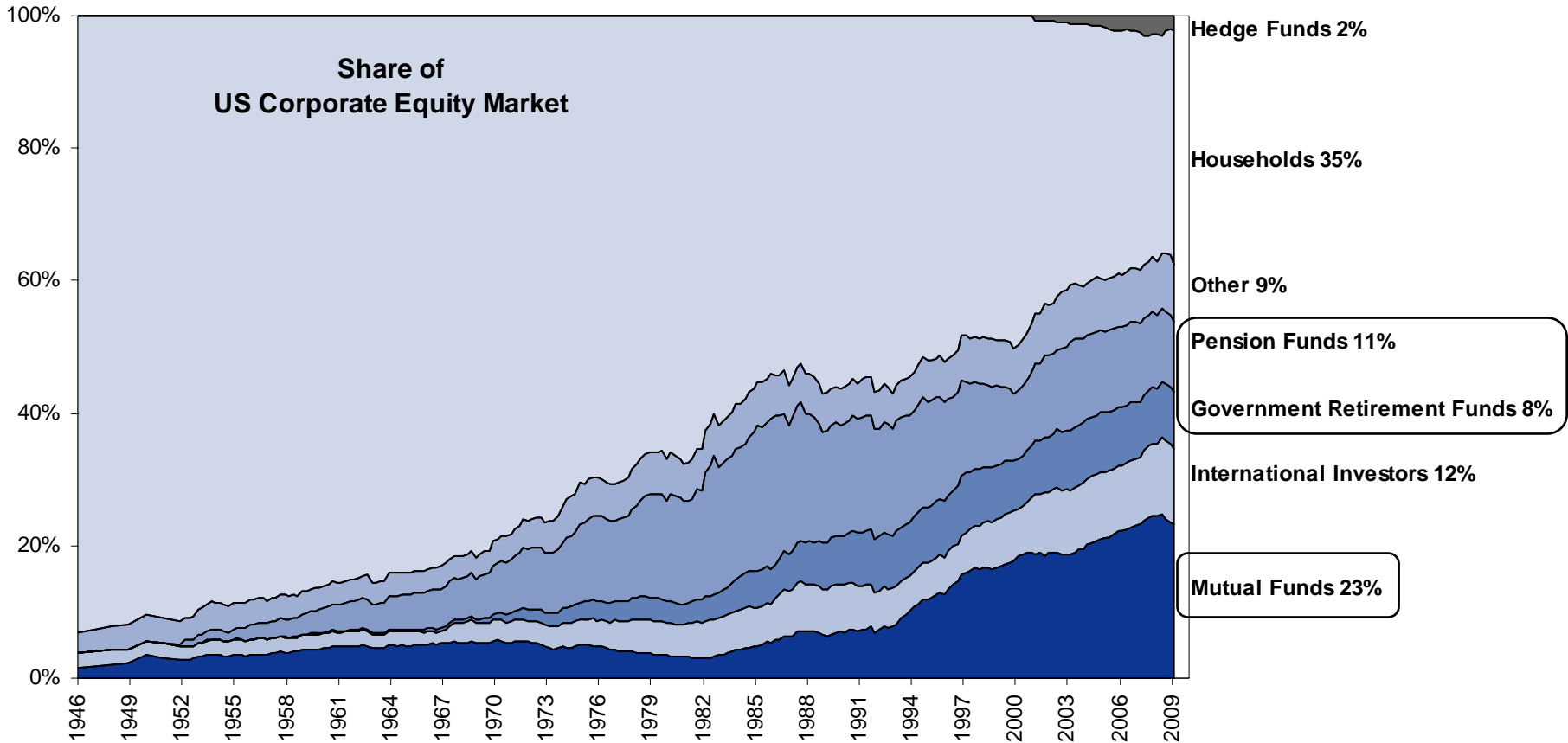
Cyclically-adjusted S&P 500 P/E ratio based on 10-year average trailing EPS, 1927-2009



Source: Compustat, Robert Shiller, and Goldman Sachs Research. As of July 17, 2009.

Ownership of the US equity market

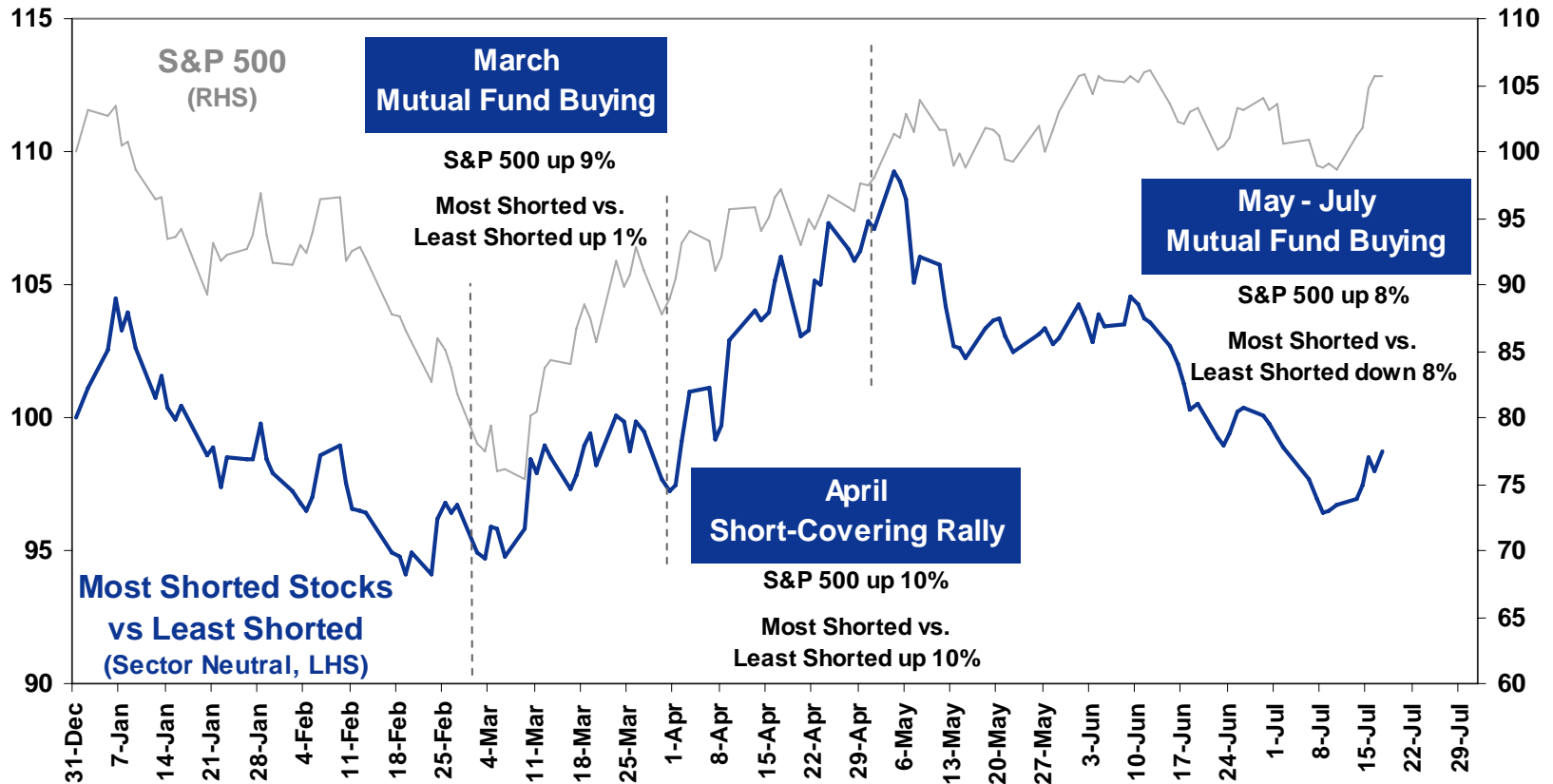
Mutual funds hold 10x the equity assets of hedge funds



Source: Compustat, Federal Reserve, Goldman Sachs Global ECS Research, as of July 17, 2009.

Long-only buying dominated in March, May and June

Hedge Fund short-covering took place in April

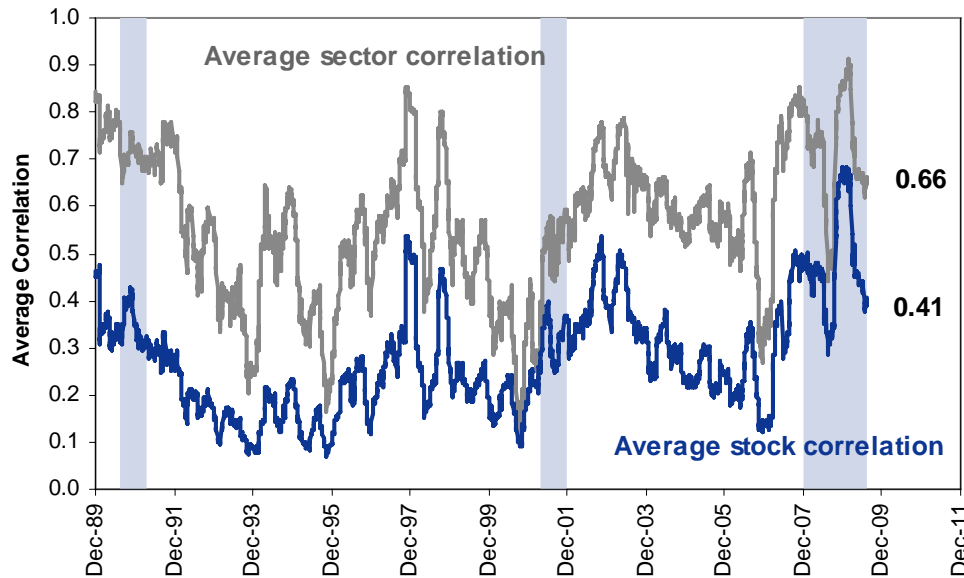


Source: Compustat, Goldman Sachs Global ECS Research As of July 17, 2009.

Shifting from Macro to Micro

Falling correlations imply stock picking is more important

S&P 500 stock and sector average correlation



	Return Correlation		
	Current	10-Year Average	10-Year Z-Score
Industrials	0.64	0.41	1.5
Financials	0.66	0.54	0.9
Consumer Discretionary	0.45	0.36	0.7
S&P 500 (500 stocks)	0.41	0.32	0.7
Energy	0.74	0.67	0.7
S&P 500 (10 sectors)	0.66	0.58	0.5
Consumer Staples	0.35	0.29	0.5
Utilities	0.60	0.54	0.3
Materials	0.51	0.47	0.3
Healthcare	0.37	0.34	0.3
Information Technology	0.48	0.47	0.0
Telecom Services	0.45	0.46	(0.0)

Goldman Sachs Sector Recommendations

We recommend overweighting cyclical sectors

Recommended Sector Positioning

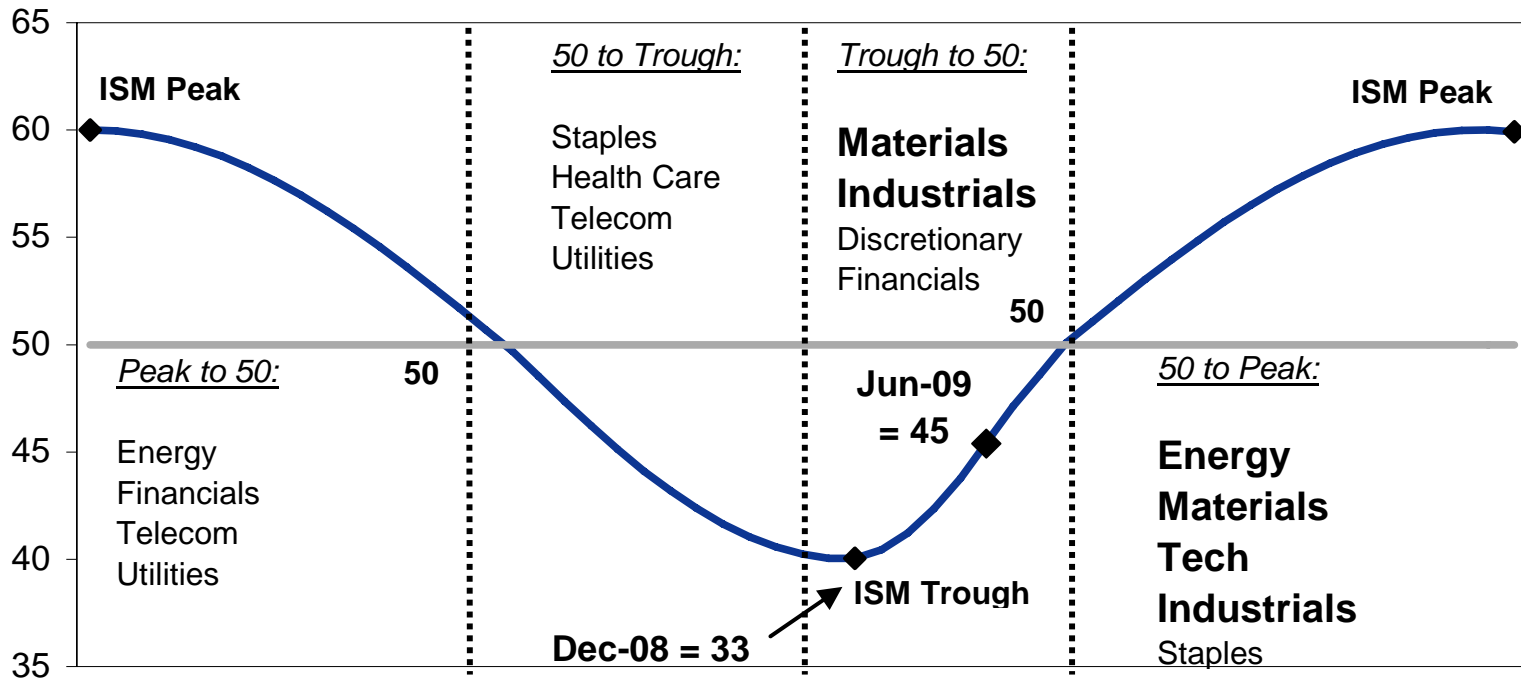
S&P 500 Sector	Recommended Positioning	GS Overweight / Underweight	S&P 500 Weight	Total Return YTD
Energy	Overweight	300 bp	12%	(2)%
Materials		200	3	18
Financials		200	14	(2)
Information Technology		100	19	32
Industrials		100	10	(4)
Utilities	Neutral	0	4	(1)
Consumer Discretionary		0	9	12
Telecom Services	Underweight	(200)	3%	(6)
Health Care		(300)	14	1
Consumer Staples		(400)	12	2
S&P 500		0 bp	100%	6%

Source: FactSet and Goldman Sachs Global ECS Research. Sector weightings last rebalanced 20-July-09. As of July 17, 2009

Cyclicals typically lead the market post-ISM trough

ISM has risen to 45 in June, from December trough of 33

S&P 500 sector leadership during ISM cycle phases



Stock market recoveries have three stages: Pop, stall, and sustained rally

Average S&P 500 sector returns during the three stages of recovery (bear markets 1973-2003)

Historical Average (Bear Markets Recoveries 1973 - 2003)

POP	
Trough to 1 month post-trough	
Sector	Return
Information Technology	20 %
Industrials	16
Financials	15
Materials	15
Health Care	15
Telecommunication Services	14
Energy	14
Consumer Discretionary	14
Consumer Staples	13
Utilities	11
S&P 500	15

STALL	
Next 3 months	
Sector	Return
Financials	15 %
Consumer Discretionary	11
Information Technology	10
Consumer Staples	9
Industrials	8
Materials	7
Utilities	6
Health Care	5
Telecommunication Services	4
Energy	4
S&P 500	7

SUSTAINED RALLY	
Next 6 months	
Sector	Return
Consumer Discretionary	18 %
Materials	16
Financials	15
Energy	15
Utilities	14
Information Technology	14
Industrials	14
Consumer Staples	11
Health Care	9
Telecommunication Services	6
S&P 500	14

Current Rebound (March - June 2009)

POP	
March 9 - April 9, 2009	
Sector	Return
Financials	72 %
Consumer Discretionary	38
Industrials	36
Materials	33
Information Technology	31
Telecommunication Services	24
Utilities	17
Energy	16
Consumer Staples	13
Health Care	11
S&P 500	27

STALL	
April 9 - July 17, 2009	
Sector	Return
Information Technology	17 %
Financials	14
Materials	11
Consumer Staples	11
Health Care	10
Industrials	9
Utilities	9
Consumer Discretionary	8
Energy	5
Telecommunication Services	(5)
S&P 500	10

Source: Factset, Compustat and Goldman Sachs Global ECS Research, as of July 17, 2009

Cyclicals experienced the biggest fall in EBIT Margins but have the highest degree of operating leverage

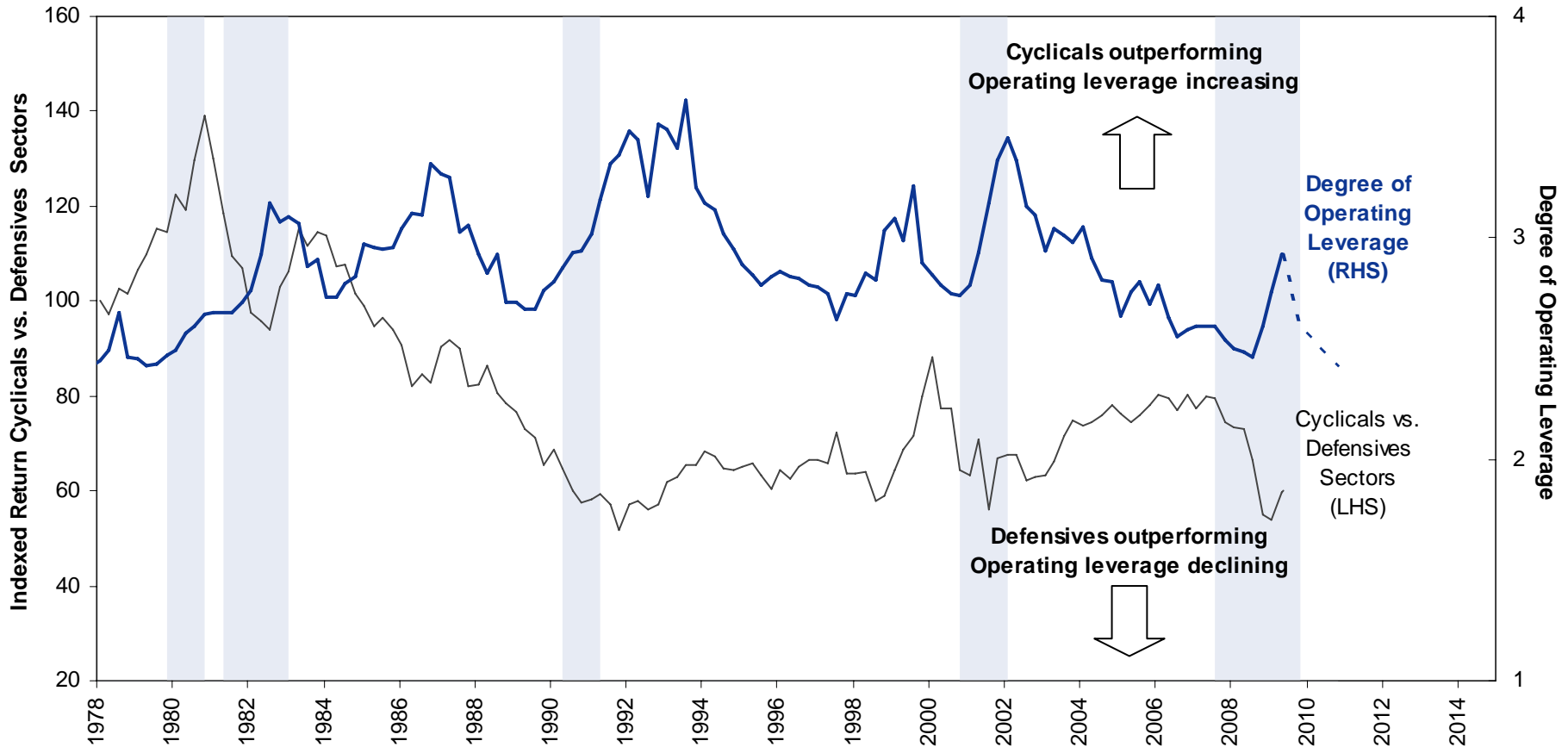
EBIT Margin Decline by Sector

Sector	Peak Margin	1Q 2009 Margin	Decline (bp)
Health Care	15.0%	14.4%	(56)bp
Telecom Services	20.0	17.5	(245)
Consumer Staples	12.1	9.4	(272)
S&P 500	14.7	9.7	(499)
Information Technology	19.3	13.6	(569)
Consumer Discretionary	11.4	5.5	(584)
Materials	16.0	7.9	(811)
Industrials	19.8	11.5	(830)
Energy	21.6	2.7	(1,893)

Note: S&P 500 EBIT margins exclude the Financials and Utilities sectors.

Source: Compustat and Goldman Sachs Global ECS Research.. As of March 31, 2009.

Cyclical sectors outperform defensive sectors as operating leverage declines and margins expand



Degree of Operating Leverage calculated as $(Sales - COGS) / (Sales - COGS - SGA - Depreciation)$. Degree of operating leverage excludes Financials and Utilities.

Cyclical = Energy, Materials, Industrials, Info Tech, and Consumer Discretionary; Defensive = Telecom Services, Health Care, Consumer Staples.

Source: Compustat, Goldman Sachs Research estimates, and Goldman Sachs Global ECS Research. As of July 17, 2009



Buy high operating leverage basket <GSTHOPHI> Sell low operating leverage basket <GSTHOPLO>

High Operating Leverage <Bloomberg: GSTHOPHI>

Name	Ticker	Degree of Operating Leverage	2009E-2010E Growth		EBIT Margin	
			Sales	EBIT	LTM	2010E
Consumer Discretionary						
Goodyear Tire & Rubber	GT	14.5	2 %	144 %	1 %	5 %
Macy's Inc	M	7.7	(0)	9	5	5
Amazon.com	AMZN	5.7	21	33	5	5
Consumer Staples						
Whole Foods Market Inc.	WFMI	11.7	5 %	16 %	3 %	4 %
Estee Lauder	EL	9.1	1	18	9	9
Safeway Inc.	SWY	7.8	3	8	4	4
Coca-Cola Enterprises	CCE	5.9	1	4	7	7
Energy						
Pioneer Natural	PXD	3.6	50 %	NM	18 %	18 %
Anadarko Petroleum	APC	2.5	25	NM	39	14
Smith International Inc.	SII	2.4	3	8	14	10
Hess Corp.	HES	2.2	40	234	10	9
Health Care						
Coventry Health Care	CVH	5.6	(17)%	17 %	5 %	5 %
Genzyme Corp.	GENZ	3.8	23	33	22	32
Celgene Corp.	CELG	3.4	21	41	32	45
Merck & Co.	MRK	3.2	(2)	5	38	29
Industrials						
Eaton Corp.	ETN	4.9	(1)%	15 %	6 %	8 %
Grainger (W.W.) Inc.	GWV	3.8	4	5	12	11
Cummins Inc.	CMI	3.4	(0)	35	8	7
Information Technology						
Applied Materials	AMAT	13.1	21 %	NM	3 %	2 %
KLA-Tencor Corp.	KLAC	11.2	10	591	(3)	11
Broadcom Corporation	BRCM	10.8	17	NM	6	6
Materials						
Ecolab Inc.	ECL	4.6	4 %	11 %	12 %	13 %
Alcoa Inc	AA	3.7	8	NM	5	8
Telecommunication Services						
Verizon Communications	VZ	3.3	1 %	5 %	20 %	19 %
High Operating Leverage Median						
		4.7	4 %	16 %	7 %	8 %
S&P 500 ex. Financials and Utilities Median						
		2.6	4	7	14	13

Low Operating Leverage <Bloomberg: GSTHOPLO>

Name	Ticker	Degree of Operating Leverage	2009E-2010E Growth		EBIT Margin	
			Sales	EBIT	LTM	2010E
Consumer Discretionary						
Marriott Int'l.	MAR	1.3	(1)%	(3)%	7 %	5 %
McDonald's Corp.	MCD	1.6	5	6	28	29
Coach, Inc.	COH	2.3	4	(1)	33	29
Consumer Staples						
Lorillard	LO	1.3	1 %	2 %	42 %	41 %
Reynolds American Inc.	RAI	1.7	(2)	0	28	29
Coca-Cola Co.	KO	2.5	5	8	25	28
Brown-Forman Corp.	BF.B	2.4	3	3	27	27
Energy						
Devon Energy Corp.	DVN	0.6	35 %	102 %	(76)%	40 %
Chesapeake Energy Corp.	CHK	0.7	8	(3)	(57)	40
Halliburton Co.	HAL	1.3	1	5	21	14
Rowan Cos.	RDC	1.3	(14)	(38)	36	25
Health Care						
CIGNA Corp.	CI	1.3	5 %	6 %	5 %	9 %
Gilead Sciences	GILD	1.6	14	10	51	46
Medco Health Solutions Inc.	MHS	1.9	6	13	4	4
AmerisourceBergen Corp.	ABC	2.4	3	2	1	1
Industrials						
ITT Industries, Inc.	ITT	1.2	(0)%	5 %	11 %	10 %
Precision Castparts	PCP	1.2	(5)	(8)	24	22
Fluor Corp.	FLR	1.3	(4)	(15)	5	4
Information Technology						
Mastercard	MA	1.1	10 %	14 %	42 %	44 %
Total System Services	TSS	1.4	1	3	20	21
Linear Technology Corp.	LLTC	1.8	3	(2)	47	38
Materials						
Allegheny Technologies Inc	ATI	1.6	9 %	261 %	14 %	7 %
Pactiv Corp.	PTV	1.9	0	1	15	17
Telecommunication Services						
Windstream	WIN	1.8	(2)%	(3)%	35 %	33 %
Low Operating Leverage Median						
		1.5	3 %	3 %	22 %	26 %
S&P 500 ex. Financials and Utilities Median						
		2.6	4	7	14	13

Degree of Operating Leverage calculated as (Sales – COGS) / (Sales – COGS – SGA – Depreciation). Based on LTM data.

Note: * indicates on the Conviction List. Source: IDC, Compustat, Goldman Sachs Research Estimates, and Goldman Sachs Global ECS Research.

Goldman Sachs global GDP forecasts

It's a BRICs-led world

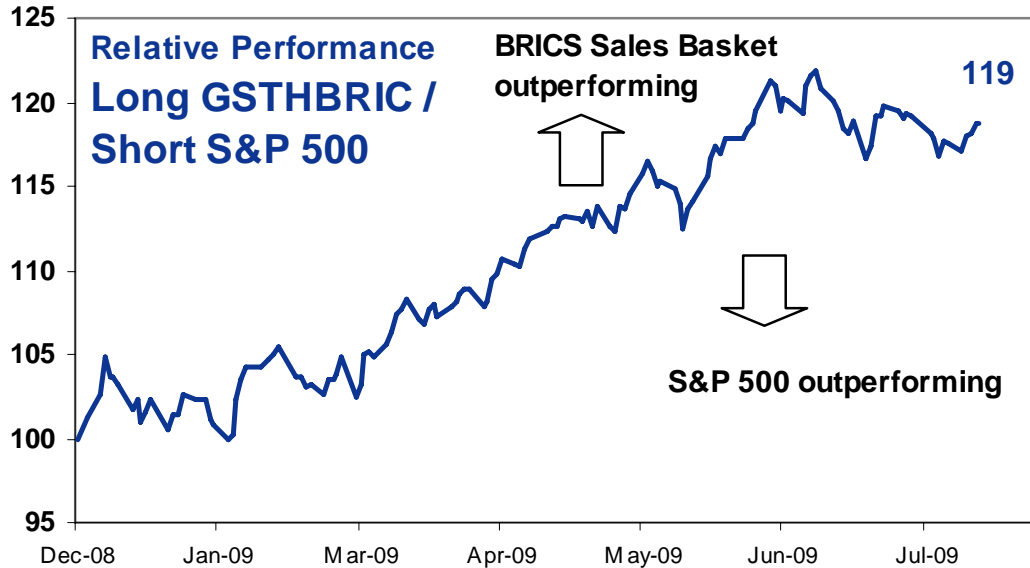
Real GDP Growth (%)

	2007	2008	2009E	2010E
China	13.0	9.0	8.3	10.9
BRICS	10.4	7.5	4.5	7.8
India	9.0	6.4	5.8	6.6
Brazil	5.7	5.1	(1.0)	3.7
World	5.0	2.9	(1.2)	3.5
Russia	8.1	5.6	(7.5)	3.0
Canada	2.7	0.5	(1.9)	1.8
UK	2.6	0.7	(4.0)	1.5
USA	2.0	1.1	(2.5)	1.3
Japan	2.3	(0.7)	(5.8)	1.1
Euroland	2.7	0.6	(4.4)	0.7

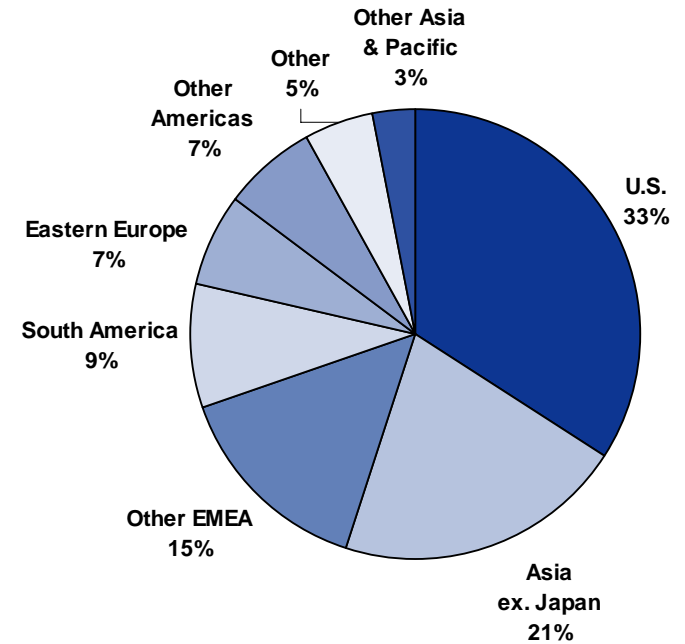
Buy US stocks with high sales exposure to BRICs

Stocks with high BRICs exposure have outperformed

US stocks with BRICs sales exposure vs. S&P 500



Regional sales of GSTHBRIC



Source: FactSet & Goldman Sachs Research estimates. As of July 17, 2009.



Constituents for Bloomberg basket tickers: <GSTHBRIC>

Company	Ticker	Rating	Sales	
			Non-US	BRICs
Information Technology (20% of the Basket)				
Sohu.com Inc.	SOHU	Neutral	100 %	100 %
Genpact Ltd	G	Neutral	100	81
Marvell Technology Group Ltd.	MRVL	Buy*	96	66
Fairchild Semiconductor Internation	FCS	NC	91	63
NVIDIA Corp.	NVDA	Neutral	92	62
Novellus Systems	NVLS	Sell*	74	59
Cree Inc.	CREE	NC	82	59
Silicon Laboratories Inc.	SLAB	NC	87	59
Basket median			91 %	63 %
Sector median			51	0
Health Care (14% of the Basket)				
Mylan Laboratories	MYL	Buy	38 %	24 %
Pfizer, Inc.	PFE	Buy*	52	19
Waters Corporation	WAT	NC	68	17
Varian Medical Systems	VAR	NC	51	16
Bristol-Myers Squibb	BMY	Neutral	44	11
Schering-Plough	SGP	Not Rated	64	11
Illumina Inc.	ILMN	Neutral	43	10
Basket median			51 %	16 %
Sector median			36	0
Consumer Staples (14% of the Basket)				
Central European Distribution Corp.	CEDC	NC	99 %	99 %
Avon Products	AVP	Sell	78	52
Bunge Ltd.	BG	NC	76	39
Corn Products International Inc.	CPO	NC	70	33
Philip Morris Intl	PM	Buy	100	30
PepsiAmericas Inc.	PAS	Not Rated	24	19
Coca-Cola Co.	KO	Buy	67	14
Basket median			76 %	33 %
Sector median			24	0
Energy (13% of the Basket)				
Atwood Oceanics Inc.	ATW	Neutral	93 %	32 %
Global Industries Ltd.	GLBL	NC	69	20
Pride International Inc.	PDE	Neutral	83	19
Helmerich & Payne Inc.	HP	Neutral	21	15
Schlumberger Ltd.	SLB	Neutral	77	14
Dresser-Rand Group Inc.	DRC	Neutral	100	13
Basket median			80 %	17 %
Sector median			34	0

Company	Ticker	Rating	Sales	
			Non-US	BRICs
Financials (10% of the Basket)				
Citigroup Inc.	C	Not Rated	55 %	25 %
Morgan Stanley	MS	Buy	57	21
ProLogis	PLD	Sell	43	12
Franklin Resources	BEN	Neutral	35	10
White Mountains Insurance Group I	WTM	NC	36	6
Bank of New York	BK	Buy	32	5
Bank of America Corp.	BAC	Buy*	11	4
Basket median			36 %	10 %
Sector median			4	0
Industrials (9% of the Basket)				
Copa Holdings S.A. (CI A)	CPA	NC	100 %	69 %
Expeditors Int'l	EXPD	NC	80	58
Avery Dennison Corp.	AVY	NC	63	23
Boeing Company	BA	Neutral	41	23
Emerson Electric	EMR	Neutral	52	21
Basket median			63 %	23 %
Sector median			34	0
Consumer Discretionary (7% of the Basket)				
Central European Media Enterprise	CETV	Neutral	100 %	100 %
CTC Media Inc.	CTCM	Neutral	100	100
Yum! Brands, Inc	YUM	Buy	50	21
Basket median			83 %	83 %
Sector median			20	0
Materials (5% of the Basket)				
Newmont Mining Corp. (Hldg. Co.)	NEM	NC	71 %	48 %
Mosaic Co.	MOS	Neutral	65	35
Basket median			68 %	42 %
Sector median			42	0
Utilities (5% of the Basket)				
AES Corp.	AES	NC	81 %	68 %
Duke Energy	DUK	Neutral	9	8
Basket median			45 %	38 %
Sector median			0	0
Telecommunication Services (3% of the Basket)				
NII Holdings Inc.	NIHD	Neutral	100 %	46 %
American Tower Corporation	AMT	Buy	13	4
Basket median			56 %	25 %
Sector median			0	0
GSTHBRIC median			68 %	23 %
S&P 500 median			25	0

Source: Company 10-K filings, FactSet & Goldman Sachs Research. As of June 18, 2009.

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Source: Bloomberg and Goldman Sachs Research.



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July 21, 2009



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