

United States: Portfolio Strategy

US Weekly Kickstart

Your five-minute guide to the US equity market: performance, earnings, valuation, & more

S&P 500 quarterly rebalance on December 18th will boost Information Technology and Financials weightings and lower Health Care and Energy. C and XOM rank among the largest weighting adjustments. Five constituent changes will take place after Friday's close, followed by a sixth replacement on December 22nd. Additions include Visa (V), SAIC (SAI), Ross Stores (ROST), and Cliffs Natural Resources (CLF).

Performance

S&P 500 fell 1% this week, with large-cap stocks underperforming small-cap stocks by more than 200 bps. Utilities was the best performing sector, rising 0.7%. Telecom fell 1.9% driven by a 6% drop in Sprint. Our 2010 year-end price target is 1250, implying 13% upside from current levels.

S&P 500 earnings

Our top-down EPS forecasts of \$76 and \$90 for 2010 and 2011 reflect +33% and +20% growth, respectively. Our pre-provision and write-down EPS forecasts are \$81 for 2010 and \$91 for 2011. Bottom-up consensus forecasts a 33% increase in 2010 to \$78, and a 20% increase in 2011 to \$94.

Valuation

Top-down, the S&P 500 trades at an NTM P/E of 14.5X (13.5X on pre-provision EPS). Bottom-up, it trades at NTM P/E of 14.8X and LTM P/B of 2.4X.

Size and style

Large-cap (S&P 500) underperformed small-cap (Russell 2000) by 208 bp over the past week but has outperformed by 146 bp ytd. Small-cap stocks outperformed large-cap stocks in all ten sectors of the market.

US Portfolio Strategy baskets

We highlight our Sharpe Ratio basket <GTHSHRP> which rose 2% this week. Market volatility over the past two years has elevated the importance of risk analysis for all investors. We recommend a basket of 50 stocks with the highest risk-adjusted returns relative to S&P 500.

S&P 500 stock performance this week

Leaders: COG, ATI, NYT, RRC, XTO.
Laggards: C, CIEN, EK, NEM, MI.

David J. Kostin

(212) 902-6781 | david.kostin@gs.com
Goldman Sachs & Co.

Nicole Fox

(212) 357-1744 | nicole.fox@gs.com
Goldman Sachs & Co.

Caesar Maasry

(212) 902-9693 | caesar.maasry@gs.com
Goldman Sachs & Co.

Amanda Sneider

(212) 357-9860 | amanda.sneider@gs.com
Goldman Sachs & Co.

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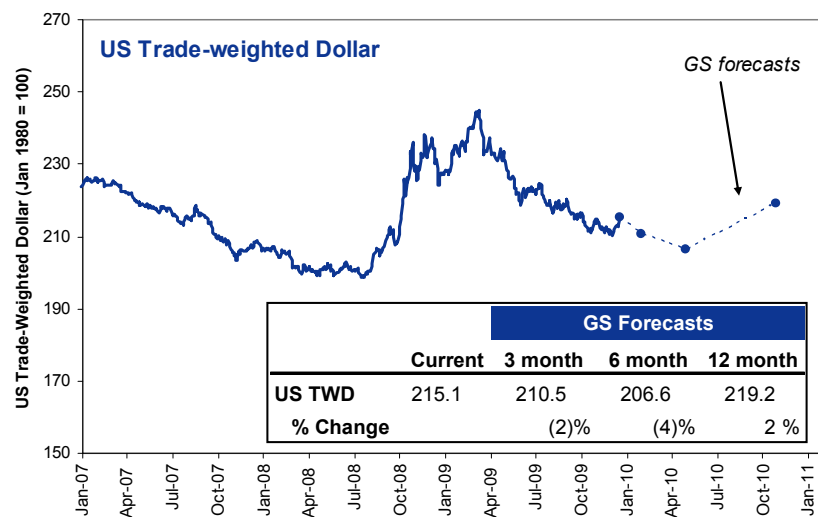
The charts we are watching

Exhibit 1: Consumer Staples offers the best risk-adjusted return
as of December 17, 2009

Expected Risk-Adjusted Return				
Sector	Expected 1-year Return	6-mo Implied Vol	Return / Imp Vol	Median Stock Ret / Imp Vol
Consumer Staples	12 %	16	0.73	0.48
Financials	22	33	0.69	0.32
Energy	17	28	0.61	0.45
Information Technology	13	24	0.54	0.26
Health Care	8	19	0.42	0.21
Materials	12	29	0.42	0.30
Telecom Services	8	21	0.41	0.20
Consumer Discretionary	10	25	0.40	0.26
Industrials	8	25	0.33	0.26
Utilities	3	19	0.16	0.13
S&P 500	13 %	23	0.56	0.30

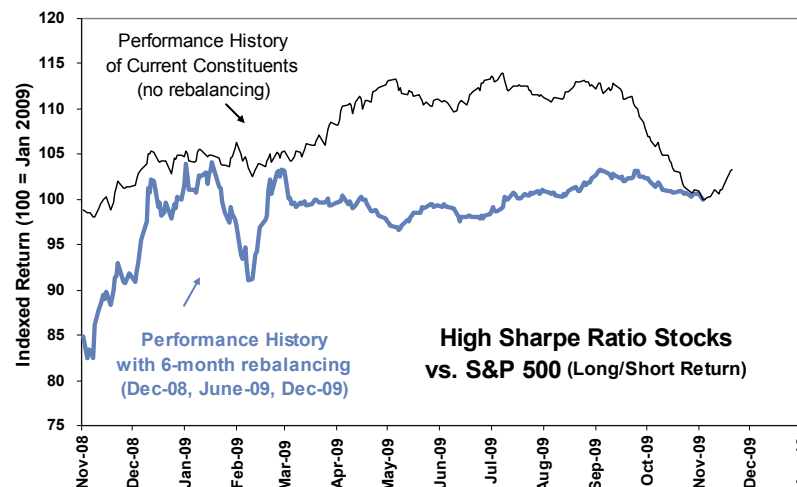
Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 3: Trade-Weighted Dollar
as of December 17, 2009



Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 2: High Sharpe Ratio stocks have a strong track record against SPX
as of December 17, 2009



Source: Compustat, FactSet and Goldman Sachs Global ECS Research.

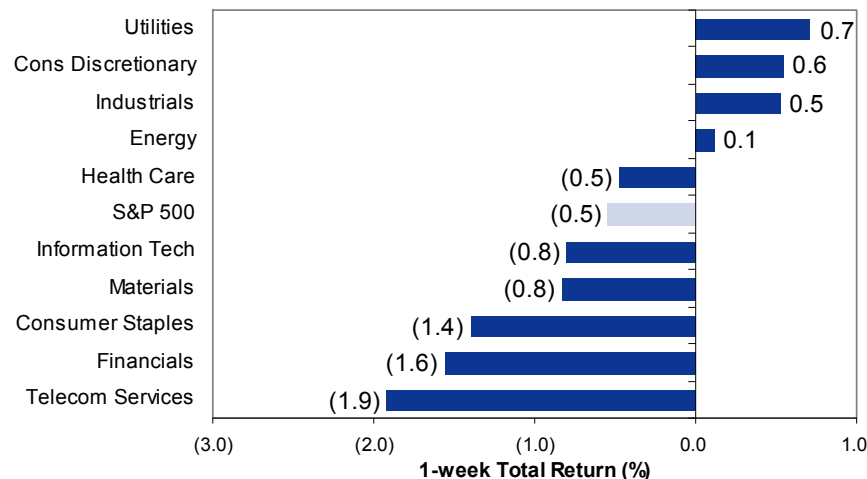
Exhibit 4: Estimated S&P 500 sector weights after quarterly rebalance
as of December 17, 2009

	Weight		
	Current	Estimated Rebalance	Diff
Information Technology	19.1%	19.3%	26 bp
Financials	14.0	14.2	21
Materials	3.5	3.5	5
Telecommunication Services	3.2	3.1	(3)
Consumer Discretionary	9.7	9.6	(4)
Utilities	3.8	3.8	(4)
Consumer Staples	11.6	11.5	(6)
Industrials	10.5	10.4	(9)
Health Care	13.0	12.8	(14)
Energy	11.7	11.6	(14)
S&P 500	100.0%	100.0%	0 bp

Source: Goldman Sachs Global ECS Research.

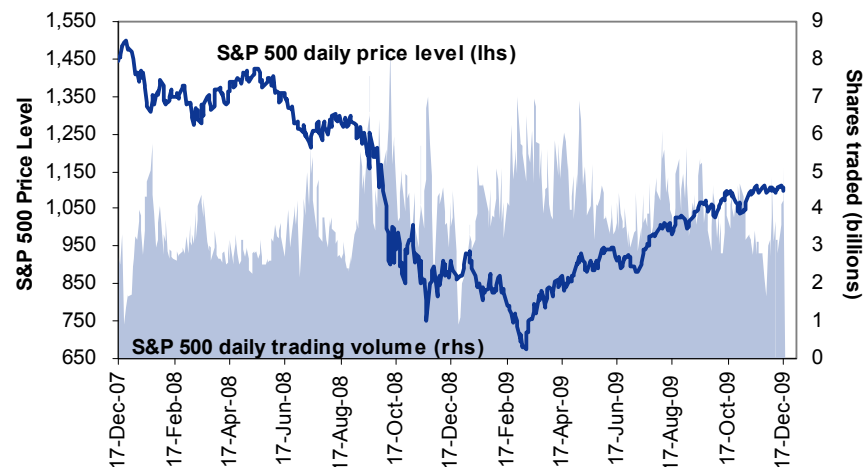
S&P 500 Performance

Exhibit 5: S&P 500 sector performance over the last week
as of December 17, 2009



Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 6: S&P 500 price return and daily trading volume LTM
as of December 17, 2009



Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 7: S&P 500 sector performance over time
as of December 17, 2009

	Total Return Percentage Change (%)					
	1-Week	1-Month	3-Month	6-Month	YTD	12-Month
Information Tech	(1)%	(2)%	6 %	25 %	55 %	52 %
Materials	(1)	(3)	1	25	44	36
Cons Discretionary	1	1	7	29	40	37
Industrials	1	(0)	3	27	21	22
Health Care	(0)	3	8	23	19	23
Consumer Staples	(1)	(1)	6	18	14	17
Financials	(2)	(5)	(7)	22	14	13
Utilities	1	6	7	17	12	16
Energy	0	(5)	2	11	12	10
Telecom Services	(2)	5	8	14	7	8
S&P 500	(1)%	(1)%	3 %	22 %	24 %	24 %

Source: FactSet and Goldman Sachs Global ECS Research.

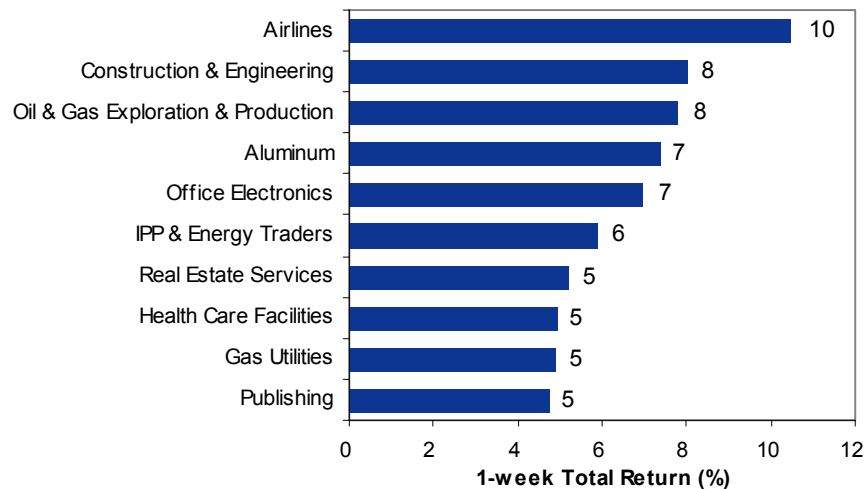
Exhibit 8: BEST and WORST performing S&P 500 STOCKS BY SECTOR
as of December 17, 2009

Sector	Ticker	BEST STOCKS		WORST STOCKS		
		Return (%)		Return (%)		
		1-week	YTD	1-week	YTD	
Cons Discr	NYT	13 %	40 %	EK	(9)%	(40)%
Consumer Staples	WFMI	4	190	AVP	(5)	35
Energy	COG	14	65	XOM	(6)	(13)
Financials	MCO	8	37	C	(17)	(52)
Health Care	UNH	5	20	GILD	(7)	(16)
Industrials	PWR	11	4	RSG	(5)	16
Info Tech	NVDA	9	109	CIEN	(9)	59
Materials	ATI	13	61	NEM	(8)	18
Telecom Services	PCS	4	(52)	S	(6)	106
Utilities	AES	8	67	DYN	(5)	(5)
S&P 500	COG	14 %	65 %	C	(17)%	(52)%

Source: FactSet and Goldman Sachs Global ECS Research.

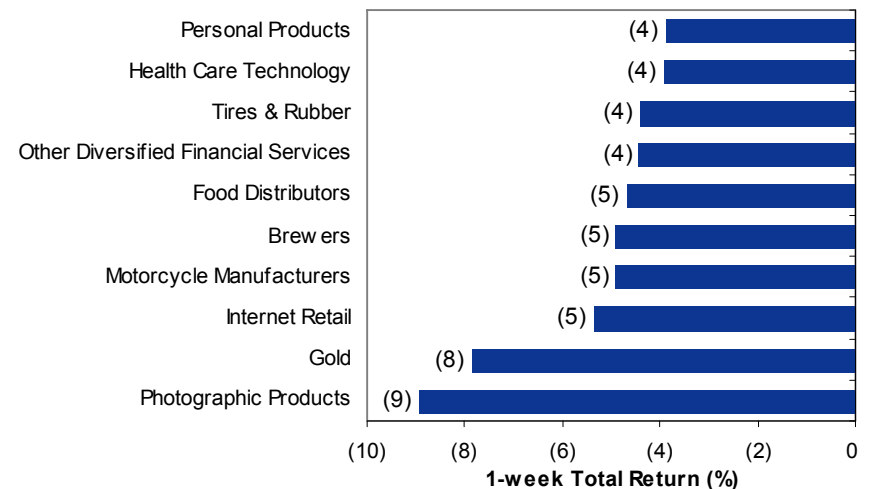
S&P 500 Performance (cont'd)

Exhibit 9: TOP 10 performing SUB-SECTORS over the last week
as of December 17, 2009



Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 10: BOTTOM 10 performing SUB-SECTORS over the last week
as of December 17, 2009



Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 11: TOP 10 performing S&P 500 STOCKS over the last week
as of December 17, 2009

Company Name	Ticker	Sector	Return (%)	
			1-week	YTD
Cabot Oil & Gas Corp.	COG	Energy	14	65
Allegheny Technologies Inc	ATI	Materials	13	61
New York Times Cl. A	NYT	Cons Discr	13	40
Range Resources Corp	RRC	Energy	12	44
XTO Energy	XTO	Energy	12	34
Quanta Services Inc.	PWR	Industrials	11	4
Titanium Metals	TIE	Materials	11	28
Southwest Airlines	LUV	Industrials	10	31
Gannett Co.	GCI	Cons Discr	10	83
NVIDIA Corp.	NVDA	Info Tech	9	109
S&P 500 Average			1	41

Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 12: BOTTOM 10 performing S&P 500 STOCKS over the last week
as of December 17, 2009

Company Name	Ticker	Sector	Return (%)	
			1-week	YTD
Citigroup Inc.	C	Financials	(17)	(52)
Ciena Corp.	CIEN	Info Tech	(9)	59
Eastman Kodak	EK	Cons Discr	(9)	(40)
Newmont Mining Corp. (Hldg. Co)	NEM	Materials	(8)	18
Marshall & Ilsley Corp.	MI	Financials	(7)	(61)
Convergys Corp.	CVG	Info Tech	(7)	62
Gilead Sciences	GILD	Health Care	(7)	(16)
Sprint Nextel Corp.	S	Telecom Services	(6)	106
Amazon.com	AMZN	Cons Discr	(6)	147
KeyCorp	KEY	Financials	(6)	(34)
S&P 500 Average			1	41

Source: FactSet and Goldman Sachs Global ECS Research.

Earnings and Sales

Exhibit 13: EARNINGS GROWTH: S&P 500 bottom-up consensus estimates
as of December 17, 2009

	2010E Earnings Growth				Annual	
	1QA	2QE	3QE	4QE	2010E	2011E
Financials	523	229	173	104	209	46
Energy	1609	79	45	28	84	34
Materials	187	104	21	47	72	30
Consumer Discretionary	695	30	12	16	45	19
S&P 500	70	36	28	24	38	21
Information Technology	71	47	28	14	35	14
Utilities	(4)	(0)	(6)	(0)	10	7
Industrials	2	(0)	23	16	9	17
Consumer Staples	10	8	8	4	9	8
Health Care	2	8	7	15	8	10
Telecom Services	(5)	1	10	11	5	11
S&P 500 (ex-Financials)	53	25	17	15	26	16

Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 15: TOP-DOWN vs. BOTTOM-UP: Goldman Sachs vs. Consensus
as of December 17, 2009

	Contribution to EPS				Annual earnings growth rates			
	GS Top-Down EPS		Bottom-up		GS Top-Down		Bottom-Up	
	2010E	2011E	2010E	2011E	2010E	2011E	2010E	2011E
Energy	\$10	\$15	\$10	\$13	85 %	45 %	84 %	34 %
Materials	2	3	2	3	83	15	72	30
Telecom Services	3	3	2	3	30	1	5	11
Consumer Discretionary	5	5	7	8	16	5	45	19
Utilities	3	4	3	4	14	1	10	7
Information Technology	11	12	13	15	11	10	35	14
Industrials	7	8	7	8	10	16	9	17
Health Care	12	13	12	13	8	4	8	10
Consumer Staples	9	9	9	10	5	3	9	8
S&P 500 ex-Financials	63	71	66	77	20	13	26	16
Financials Operating EPS	12	19	12	17	183	54	209	46
S&P 500 Operating EPS	\$76	\$90	\$78	\$94	33 %	20 %	38 %	21 %
+ Provisions & Writedowns	5	1	NA	NA	(63)	(82)	NA	NA
S&P 500 EPS ex-P&W	81	91	NA	NA	13	13	NA	NA

Source: FactSet and Goldman Sachs Global ECS Research.

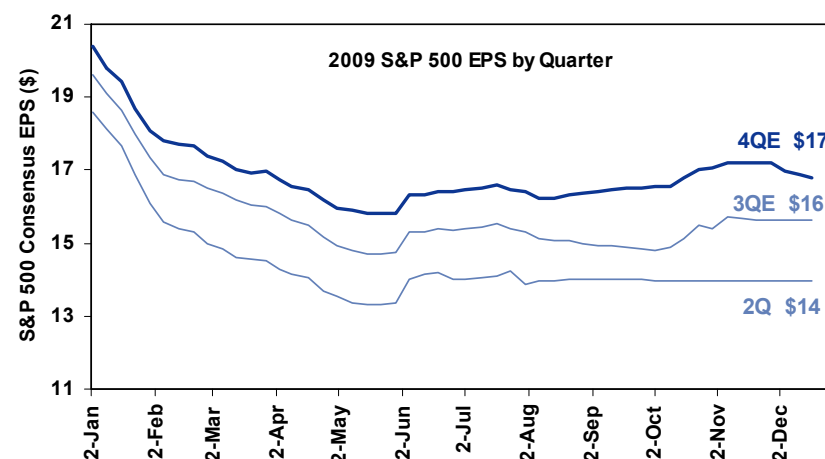
Exhibit 14: SALES GROWTH: S&P 500 bottom-up consensus estimates
as of December 17, 2009

	2010E Sales Growth				Annual	
	1QA	2QE	3QE	4QE	2010E	2011E
Energy	45	35	25	10	29	25
Materials	7	5	(3)	(24)	13	9
S&P 500	8	9	8	4	8	8
Information Technology	9	10	7	6	8	7
Health Care	5	5	8	7	6	4
Consumer Staples	6	5	6	5	5	4
Industrials	(3)	0	4	1	2	4
Consumer Discretionary	(4)	5	4	1	2	5
Telecom Services	1	2	0	0	1	1

Note: Analysis excludes Financials and Utilities.

Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 16: REVISIONS: S&P 500 consensus EPS revisions
as of December 17, 2009



Note: General Motors was removed from the S&P 500 index on June 2, 2009.

Source: FactSet and Goldman Sachs Global ECS Research.

Valuation

Exhibit 17: Aggregate valuation metrics for S&P 500 and sectors
bottom-up consensus valuation, as of December 17, 2009

	EV/ Sales	EV/ EBITDA	Price/ Book	FCF Yield	PEG Ratio	NTM P/E
S&P 500	1.4x	8.7x	2.4x	5.9 %	1.5x	14.8x
Materials	1.5	15.3	2.9	4.4	1.8	18.5
Consumer Discretionary	1.3	8.8	2.5	8.2	1.4	16.7
Industrials	1.8	11.0	2.7	7.3	1.6	16.7
Information Technology	2.3	11.2	4.1	6.4	1.3	16.3
Financials	NM	NM	1.2	NM	1.8	15.4
Telecommunication Services	1.8	5.4	1.8	13.2	9.3	15.0
Consumer Staples	1.2	9.0	3.6	6.4	1.5	14.1
Energy	1.1	6.2	2.1	NM	2.1	13.5
Utilities	NM	7.3	1.6	1.4	2.6	12.7
Health Care	1.2	8.2	3.0	7.4	1.3	12.2

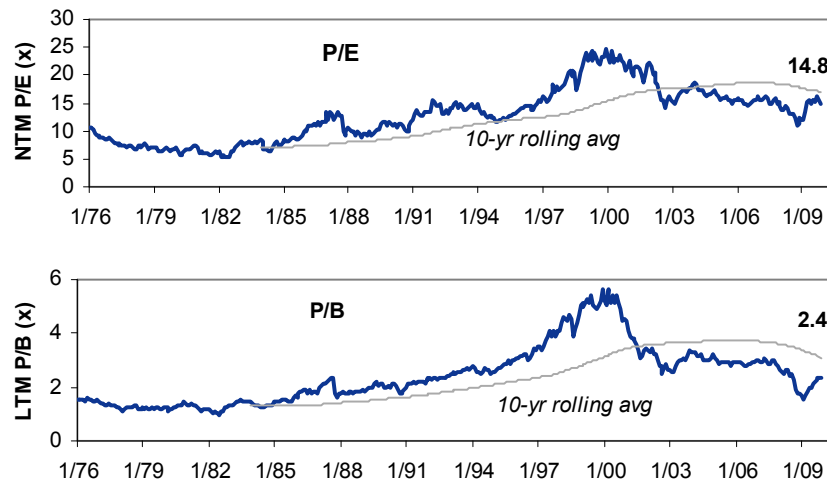
Source: Compustat, First Call via FactSet, and Goldman Sachs Global ECS Research.

Exhibit 18: Standard deviation vs. 10-year history (Z-Score)
bottom-up consensus valuation, as of December 17, 2009

	EV/ Sales	EV/ EBITDA	Price/ Book	FCF Yield	P/E	PEG Ratio	Median Z-Score
S&P 500	(0.9)	(1.9)	(0.9)	(1.1)	(0.7)	1.6	(0.9)
Health Care	(1.8)	(0.9)	(0.9)	(0.9)	(2.0)	(1.2)	(1.1)
Consumer Staples	0.8	1.0	(0.7)	(0.1)	(1.1)	(2.1)	(0.4)
Information Technology	(0.0)	(0.2)	0.6	(0.5)	(1.2)	(1.3)	(0.4)
Telecommunication Services	(1.2)	0.2	0.3	(1.0)	(0.2)	7.8	0.0
Utilities	NM	0.4	0.1	NM	0.1	0.4	0.2
Financials	NM	NM	(1.3)	NM	1.4	0.6	0.6
Industrials	0.7	1.6	0.7	0.2	1.6	0.4	0.7
Consumer Discretionary	1.8	2.3	2.0	(1.7)	(0.2)	(0.5)	0.8
Energy	0.2	1.1	(0.2)	NM	1.7	2.6	1.1
Materials	1.5	5.5	1.7	0.8	1.1	0.3	1.3

Source: Compustat, First Call via FactSet, and Goldman Sachs Global ECS Research.

Exhibit 19: Historical NTM P/E and LTM P/B values for the S&P 500
aggregate bottom-up consensus valuation, as of December 17, 2009



Source: Compustat, FactSet, and Goldman Sachs Global ECS Research.

Exhibit 20: Top stocks by fastest 2009 earnings growth and lowest NTM P/E
by sector, as of December 17, 2009

Sector	Ticker	GROWTH Fastest EPS Growth (%)		Ticker	VALUE Lowest P/E (x)	
		2010E	2011E		NTM	Rel to SPX
Cons Discr	CBS	63	27	GCI	7.9	0.5
Consumer Staples	EL	34	18	SVU	6.7	0.4
Energy	HES	94	41	COP	8.5	0.6
Financials	JNS	91	18	HIG	6.5	0.4
Health Care	GENZ	64	21	HUM	7.8	0.5
Industrials	MWW	100	NM	PBI	9.7	0.7
Info Tech	NVDA	97	16	CVG	9.0	0.6
Materials	IP	62	48	OI	8.9	0.6
Telecom Services	AMT	38	20	CTL	10.1	0.7
Utilities	PPL	88	(5)	AYE	10.1	0.7

Source: Compustat, FactSet, and Goldman Sachs Global ECS Research.

S&P 500 Factor Performance

Exhibit 21: S&P 500 factor return ranking for the week ended December 17, 2009 (a)

	Last Week Spread (%)						Performance Spread of Top Quintile Less Bottom Quintile (%)							
	(3)	(2)	(1)	0	1	2	Last Week	Last Five Trading Days					Last Month	Last Quarter
								11-Dec	14-Dec	15-Dec	16-Dec	17-Dec		
Growth Metrics^(b)														
EPS Growth							1.6	(0.4)	1.2	0.1	0.8	(0.2)	(2.1)	(6.1)
Sales Growth							1.4	(0.7)	0.7	0.3	0.9	0.2	(4.4)	(4.8)
EBITDA Growth							1.2	(0.6)	0.7	0.5	0.6	(0.0)	(4.1)	(6.6)
GROWTH							1.2	(0.8)	0.9	0.5	0.7	(0.1)	(4.5)	(7.6)
Value Metrics^(b)														
EV/FCF							1.0	0.1	0.6	(0.0)	(0.1)	0.4	1.3	(4.8)
P/div							1.0	(0.7)	0.9	0.3	0.5	(0.0)	(0.0)	2.4
P/E							0.6	(0.4)	0.6	(0.2)	0.8	(0.2)	1.3	1.8
VALUATION							0.4	(0.4)	0.3	(0.1)	0.4	0.1	2.2	1.7
EV/EBITDA							(0.2)	(0.2)	(0.2)	(0.2)	0.5	(0.0)	1.7	0.2
P/B							(1.7)	(0.6)	(0.6)	(0.1)	(0.1)	(0.3)	1.1	10.4
EV/DACF							(1.8)	0.2	(0.7)	(0.4)	(0.3)	(0.5)	1.6	1.1
Profitability Metrics^(b)														
CROCI							(1.1)	(0.9)	(0.2)	0.1	(0.1)	(0.0)	(1.0)	8.6
ROCE							(2.1)	(1.0)	(0.9)	0.3	(0.1)	(0.4)	(1.5)	7.7
PROFITABILITY							(2.4)	(0.8)	(1.1)	0.3	(0.4)	(0.3)	(1.4)	8.6
ROE							(2.8)	(0.5)	(1.3)	0.1	(0.8)	(0.3)	(1.5)	8.0
Other Metrics^(c)														
Short Interest Level							1.0	0.8	0.3	(0.7)	0.9	(0.2)	0.8	(5.9)
Equity Capitalization							(1.1)	(0.3)	(0.4)	0.3	(0.8)	(0.0)	(1.0)	6.0

(a) Factor return analysis uses S&P 500 companies included in the Goldman Sachs Americas coverage universe with stock prices greater than \$5 at the time of publication.

(b) Growth, Value and Profitability analysis is based on Goldman Sachs Investment Profile scores ("IP Scores"). Growth, value and profitability metrics are indexed based on composites of several methodologies to determine the stocks percentile ranking within the region's coverage universe. The precise calculation of each metric may vary depending on the fiscal year, industry and region but the standard approach is as follows: Growth is a composite of next year's estimate over current year's estimate, e.g. EPS, EBITDA, Revenue. Return is a year one prospective aggregate of various return on capital measures, e.g. CROCI, ROACE, and ROE. Multiple is a composite of one-year forward valuation ratios, e.g. P/E, dividend yield, EV/FCF, EV/EBITDA, EV/DACF, Price/Book.

(c) "Other metric" analysis based on current, market prices and data sourced from NASDAQ and NYSE via FactSet.

Source: NASDAQ and NYSE via FactSet, IDC, and Goldman Sachs Global ECS Research.

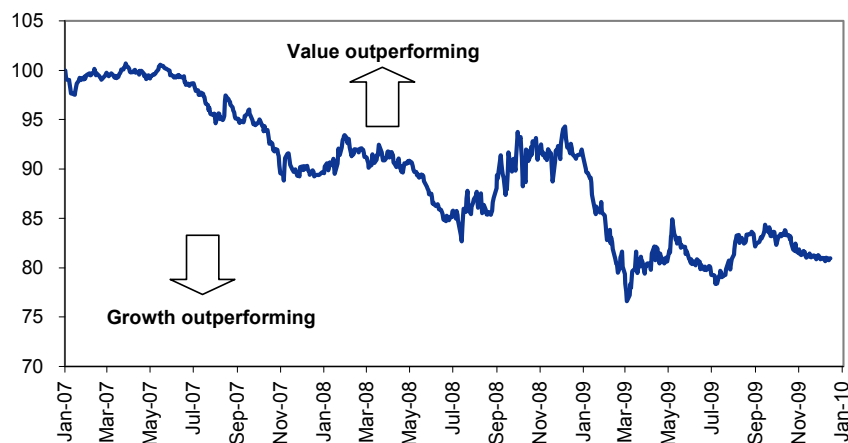
Style and Size

Exhibit 22: Total return by style and size over time
as of December 17, 2009

	Total Return Percentage Change (%)				
	1-Week	1-Month	3-Month	6-Month	YTD
Large Cap vs. Small Cap					
S&P 500	(1)	(1)	3	22	24
Russell 2000	2	0	(1)	20	23
Large vs. Small (bps)	(208)	(156)	488	166	146
Growth vs. Value					
Russell 1000 Growth	(0)	(1)	5	21	34
Russell 1000 Value	(0)	(1)	1	23	18
Growth vs. Value (bps)	(36)	28	385	(167)	1,608

Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 24: GROWTH vs. VALUE relative performance over time
Russell 1000 Growth vs. Russell 1000 Value, as of December 17, 2009



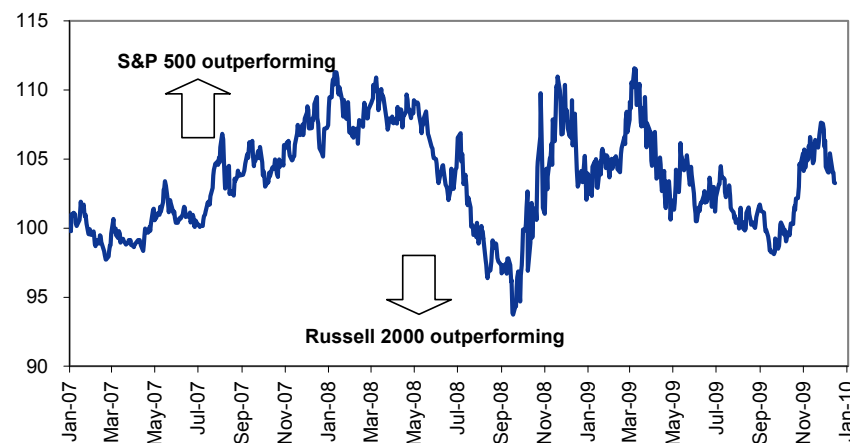
Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 23: Total return by SECTOR for S&P 500 vs. Russell 2000
as of December 17, 2009

Sector	Weight (%)		1-Week (% Return)			YTD (% Return)		
	SP500	R2000	SP500	R2000	Δ (bps)	SP500	R2000	Δ (bps)
Utilities	4	3	1	1	(55)	12	7	537
Industrials	10	16	1	1	(87)	21	11	1,011
Health Care	13	14	(0)	1	(111)	19	17	159
Consumer Staples	12	3	(1)	(0)	(124)	14	17	(269)
Information Tech	19	18	(1)	1	(193)	55	53	226
Cons Discretionary	10	14	1	3	(220)	40	56	(1,677)
Materials	4	5	(1)	1	(230)	44	56	(1,175)
Financials	14	21	(2)	1	(260)	14	(5)	1,877
Telecom Services	3	1	(2)	1	(324)	7	16	(964)
Energy	12	5	0	6	(622)	12	36	(2,417)
Index	100	100	(1)	2	(208)	24	23	146

Source: FactSet and Goldman Sachs Global ECS Research.

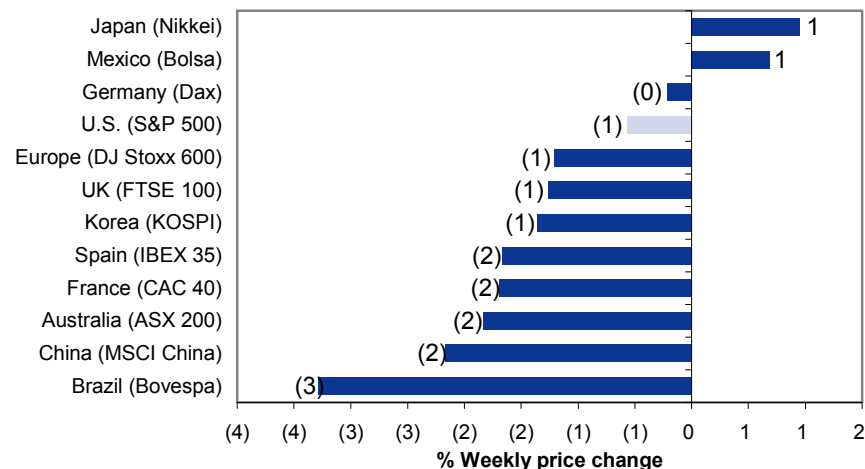
Exhibit 25: LARGE CAP vs. SMALL CAP relative performance over time
S&P 500 vs. Russell 2000, as of December 17, 2009



Source: FactSet and Goldman Sachs Global ECS Research.

Global Equity Market and Mutual Fund Performance

Exhibit 26: GLOBAL EQUITY MARKET performance over the past week
as of December 17, 2009



Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 28: GLOBAL EQUITY MARKET performance over time
as of December 17, 2009

	Price Return (%) USD				
	1-Week	1-Month	3-Month	2009 YTD	2008
Brazil (Bovespa)	(3)	(4)	13	134	(55)
Australia (ASX 200)	(2)	(5)	1	60	(53)
China (MSCI China)	(2)	(6)	1	59	(51)
Korea (KOSPI)	(1)	2	(1)	57	(56)
Mexico (Bolsa)	1	3	9	53	(40)
UK (FTSE 100)	(1)	(6)	(1)	32	(50)
Spain (IBEX 35)	(2)	(5)	(3)	31	(42)
Europe (DJ Stoxx 600)	(1)	(5)	(2)	29	(48)
Germany (Dax)	(0)	(2)	(1)	25	(43)
France (CAC 40)	(2)	(3)	(3)	23	(46)
U.S. (S&P 500)	(1)	(1)	3	21	(38)
Japan (Nikkei)	1	4	(2)	15	(29)
Average	(1)	(2)	1	45	(46)

Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 27: US EQUITY MUTUAL FUND performance vs. benchmark
as of December 17, 2009

Lipper Indices	Avg. Total Return (%)		Stdev		No. of Funds	AUM \$ bil
	1-week	YTD	1-Week	YTD		
Large-Cap Core Funds	(0.4)	25.5	0.5	7.3	30	244
Benchmark: S&P 500	(0.5)	24.2				
Out / (Underperformance) (bps)	18	124				
Large-Cap Growth Funds	(0.5)	33.2	0.5	10.6	30	235
Benchmark: Russell 1000 Growth	(0.5)	34.1				
Out / (Underperformance) (bps)	(3)	(91)				
Large-Cap Value Funds	(0.5)	22.3	0.4	5.4	30	231
Benchmark: Russell 1000 Value	(0.1)	18.0				
Out / (Underperformance) (bps)	(34)	422				
Small-Cap Core Funds	1.3	31.0	0.8	9.6	29	NA
Benchmark: Russell 2000	1.5	22.8				
Out / (Underperformance) (bps)	(29)	823				

Source: Lipper, FactSet and Goldman Sachs Economics Global ECS Research.

Exhibit 29: International and other MUTUAL FUND performance
as of December 17, 2009

Lipper Indices	Avg. Total Return (%)		Stdev		No. of Funds	AUM \$ bil
	1-week	YTD	1-week	YTD		
International Equity						
Global Funds	(1)	28	0.7	10.1	30	177
International Funds	(1)	32	0.5	12.1	30	336
European Funds	(1)	38	0.5	23.7	10	19
Emerging Market Funds	(1)	70	0.8	9.9	29	NA
Real Estate and Natural Resources						
Real Estate	2	27	0.5	10.0	30	31
Natural Resource	3	38	1.4	8.7	10	7
Fixed Income						
General U.S. Government Funds Index	0	4	0.4	8.1	30	NA
A Rated Bond Funds Index	0	15	0.4	8.6	30	NA
BBB Rated Funds Index	1	20	0.5	12.4	30	NA

Source: Lipper, FactSet and Goldman Sachs Global ECS Research.

ETF Analysis: Composition, Valuation, Growth, and Ownership

Exhibit 30: Selected ETF analysis for the week ended December 17, 2009 (a)(b)

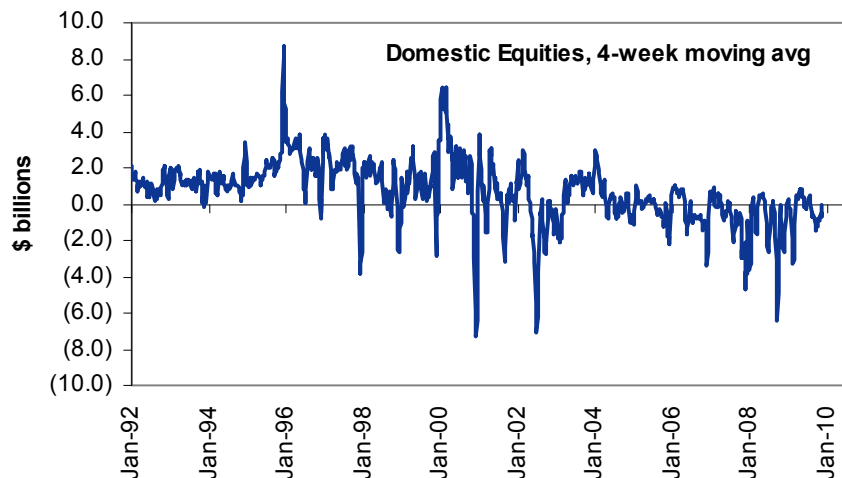
ETF Description			Market Cap \$ mil	Composition			Performance (%)		Valuation			Growth (%)				Ownership		
Sector / sub-sector	Index	ETF		No. of Stocks	Top Stocks as % of ETF			Price Change ^(a)		Valuation			Sales Growth		Earnings Growth		Short Interest Days	Median Hedge Fund Own (%) ^(c)
				1	5	10	1 Wk	YTD	P/E NTM	P/B LTM	Div Yield	2010	2011	2010	2011			
S&P 500	SPX	SPY	74,343	500	3	11	20	(1)	21	15	2.2	2.0	8	9	26	21	1.8	3.2
S&P 100	OEX	OEF	2,586	100	5	18	31	(1)	17	14	2.3	2.2	9	10	23	22	1.3	2.0
Nasdaq-100	NDX	QQQQ	16,400	100	15	35	47	(1)	47	18	3.6	0.6	11	8	22	16	1.8	4.2
Consumer Discretionary	IXY	XLY	1,388	79	7	29	46	1	37	17	2.1	1.5	3	5	29	19	2.7	4.2
Homebuilders	SPHOME	XHB	701	25	6	25	47	4	23	NM	1.5	1.3	5	12	NM	113	3.0	5.8
Retail	IRH	RTH	425	18	20	58	83	(1)	24	16	2.6	1.6	4	5	11	15	1.8	3.5
Retail	SPSIRETR	XRT	558	63	2	10	19	(1)	23	16	2.1	0.9	4	5	20	17	2.9	6.6
Consumer Staples	IXR	XLP	2,101	41	16	47	67	(1)	10	14	3.1	3.0	4	4	8	9	2.3	2.6
Energy	IXE	XLE	5,742	40	19	48	63	1	17	14	1.9	1.9	20	25	40	35	1.5	3.0
Clean Energy	ECO	PBW	762	52	4	19	33	1	25	NM	1.8	0.5	37	18	NM	100	3.3	3.0
Natural Resources	SPGSSINR	IGE	1,580	124	8	29	43	1	32	15	1.8	1.4	23	24	40	35	1.6	4.0
Oil & Gas E&P	SPSIOP	XOP	359	33	4	18	35	5	35	17	1.6	1.0	32	22	57	38	1.5	5.1
Oil Services	OXH	OIH	2,147	16	15	55	84	3	60	14	1.9	0.6	2	13	(8)	22	1.8	3.4
Financials	IXM	XLF	5,714	79	12	41	55	(2)	12	15	1.2	1.2	NM	NM	89	46	1.2	3.2
Banks	BKX	KBE	747	24	9	36	59	(3)	(6)	NM	0.8	1.1	NM	NM	NM	NM	0.8	3.6
Broker-Dealers	DJSINV	IAI	175	26	11	43	66	(0)	36	15	1.3	1.0	NM	NM	217	24	1.2	2.8
Insurance	KIX	KIE	136	24	8	36	60	0	23	12	0.9	2.0	NM	NM	176	37	1.2	4.2
Real Estate	DJUSRE	IYR	2,536	74	9	26	42	2	20	13	1.8	4.4	NM	NM	0	4	3.6	3.1
Regional Banks	KRX	KRE	434	50	4	15	28	0	(26)	27	1.0	2.1	NM	NM	NM	80	7.5	2.8
REITs	RMZ	VNQ	4,337	97	10	28	44	2	18	14	1.7	3.9	NM	NM	(1)	5	3.6	2.7
Health Care	IXV	XLV	2,639	52	14	45	62	(1)	17	12	2.9	2.0	9	4	9	10	2.0	3.8
Biotech	SPSIBI	XBI	372	27	6	23	44	0	(6)	NM	4.5	0.0	14	26	NM	NM	3.0	7.7
Pharmaceuticals	IPH	PPH	647	16	25	80	96	(1)	7	11	3.3	3.2	17	4	9	9	2.1	3.4
Industrials	IXI	XLI	2,079	59	12	33	49	1	19	17	2.5	2.2	3	5	12	18	2.2	2.2
Transportation	TRAN	IYT	599	20	13	46	70	1	17	26	2.1	1.8	5	8	93	23	2.4	3.5
Information Technology	IXT	XLK	4,296	85	11	40	64	(1)	43	16	3.2	1.6	5	6	21	14	1.5	3.7
Semiconductors	SPGSTISM	IGW	232	45	8	36	56	(0)	64	22	2.8	1.3	18	10	312	30	2.1	4.2
Semiconductors	XSH	SMH	827	18	21	68	88	(2)	50	17	3.1	1.9	17	8	162	20	1.7	3.7
Software	SPGSTISO	IGV	314	41	10	41	61	0	41	17	3.1	0.3	6	8	13	15	1.8	3.7
Telecom Services	DJSTELT	IYZ	563	31	18	49	70	(0)	18	27	1.6	4.1	2	2	27	28	2.5	3.9
Materials	IXB	XLB	1,670	30	13	47	68	(1)	41	19	2.4	1.8	12	9	69	30	1.7	2.0
Gold Miners	GDM	GDX	5,467	31	14	44	68	(7)	34	23	2.4	0.5	22	10	63	14	1.4	3.8
Metals & Mining	SPSIMM	XME	928	23	6	27	50	1	77	21	1.9	1.1	14	15	494	47	1.6	4.0
Steel	STEEL	SLX	381	27	13	48	72	1	99	21	1.7	1.4	24	23	372	43	1.8	2.2
Utilities	IXU	XLU	3,456	35	9	34	56	1	7	13	1.6	4.2	NM	NM	6	7	2.6	2.3

(a) Performance of the underlying index. (b) Valuation, growth and ownership metrics are bottom-up aggregations of consensus forecasts, except where noted. (c) Hedge Fund ownership data based on 3Q 2009 13-f filings.

Source: Compustat, First Call, Lionshare via FactSet, IDC, and Goldman Sachs Global ECS Research. See our Goldman Sachs ETF Bloomberg page <GETFG> or contact the desk at 1-888-ETF-DESK for more information.

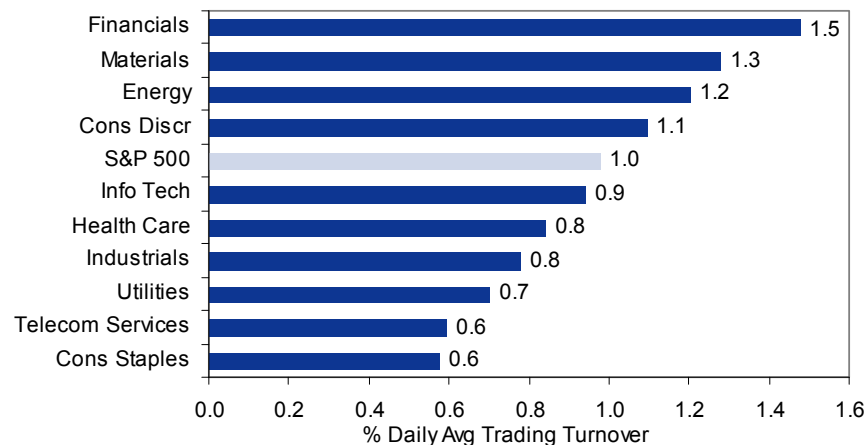
Fund Flows

Exhibit 31: Domestic equity mutual fund flows, 4-week moving average
week ended December 17, 2009



Source: AMG and Goldman Sachs Global ECS Research.

Exhibit 33: Average daily TRADING TURNOVER over the last week
by sector, as of December 17, 2009



Daily average trading turnover = daily avg trading value / avg market cap (over the past 5 trading days).

Source: FactSet and Goldman Sachs Global ECS Research.

Exhibit 32: Weekly mutual fund flows and assets tracked by AMG
week ended December 17, 2009; excluding ETFs

	AMG Weekly Mutual Fund Flows, ex-ETFs (\$ billions)				
	Total AMG Assets	Weekly Flows		1-Week Flow	Inflow/(Outflow)
		4-Week Avg	This week	% of Assets	(Cons. Weeks)
All Equity	1,600	(1)	(2)	(0.1)%	(4)
U.S. Equity	1,186	(1)	(1)	(0.1)	(8)
Int'l Equity	298	(0)	(0)	(0.1)	(2)
Global	116	(0)	(0)	(0.2)	(3)
Equity Income	76	0	0	0.2	2
Gold & Nat Res	26	0	(0)	(0.0)	(2)
Money Market	2,897	(15)	(42)	(1.4)	(1)
All Bonds	792	2	2	0.2	40
Govt Treasury	16	0	0	0.4	10

Source: AMG and Goldman Sachs Global ECS Research.

Exhibit 34: Top ten S&P 500 STOCKS by daily average trading turnover
as of December 17, 2009

Company	Ticker	Sector	Avg Daily Trading Turnover (%)	1-Week Total Return (%)
Ciena Corp.	CLEN	Information Technology	11.4	(9)
XTO Energy	XTO	Energy	9.1	12
American Int'l. Group	AIG	Financials	7.4	(2)
IMS Health Inc.	RX	Health Care	7.0	(4)
Sun Microsystems Inc.	JAVA	Information Technology	6.9	9
KB Home	KBH	Consumer Discretionary	6.5	3
United States Steel Corp.	X	Materials	5.4	6
AK Steel	AKS	Materials	5.1	(3)
Citigroup Inc.	C	Financials	4.7	(17)
Advanced Micro Devices	AMD	Information Technology	4.1	6
S&P 500 Average			1.2	1

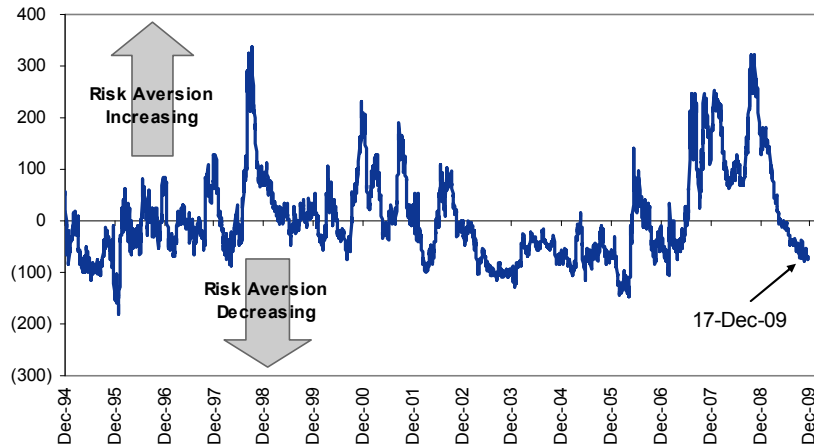
Daily average trading turnover = daily avg trading value / avg market cap (over the past 5 trading days).

Source: FactSet and Goldman Sachs Global ECS Research.

Risk and Dispersion

Exhibit 35: Goldman Sachs Risk Barometer

Index is number of standard deviations from the average * 100

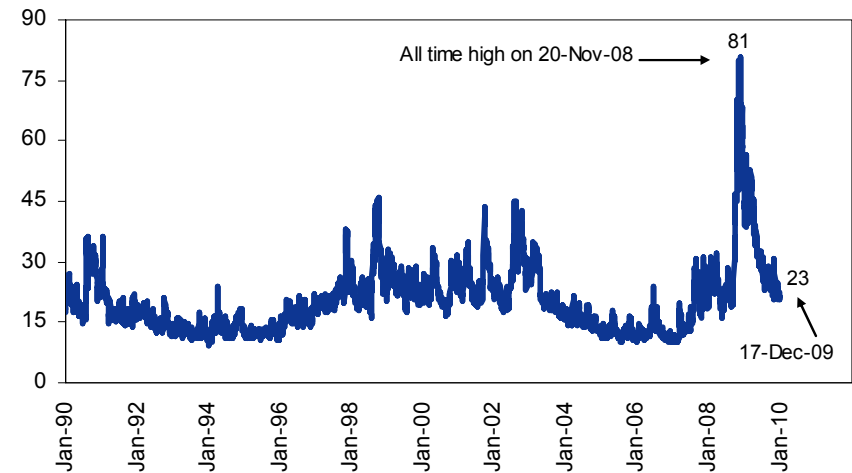


Note: metrics included are implied option volatility (S&P 500 and Nasdaq 100), normalized skew, high yield credit spreads, credit derivative swap spreads, mutual fund net flows, and cash levels.

Source: Goldman Sachs Global ECS Research.

Exhibit 36: VIX Volatility Index

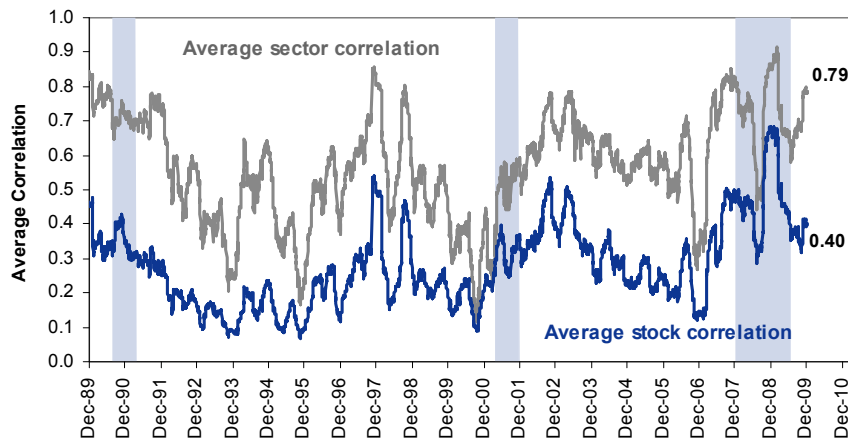
as of December 17, 2009



Source: Goldman Sachs Global ECS Research.

Exhibit 37: S&P 500 stock and sector average correlation

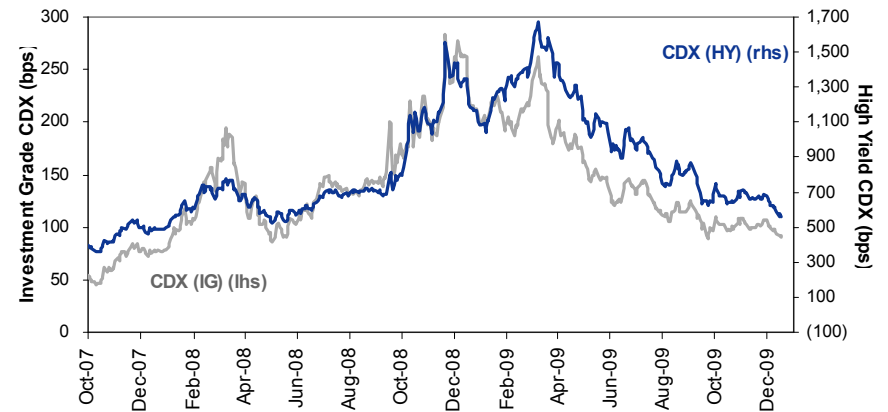
as of December 17, 2009



Source: Goldman Sachs Global ECS Research.

Exhibit 38: Credit Default Swaps, 5-Year On-the-run Spreads

as of December 17, 2009



Source: Goldman Sachs Global ECS Research.

Goldman Sachs Recommendations and Forecasts

Exhibit 39: Goldman Sachs Recommended Sector Weightings
as of December 17, 2009

Sectors	Total Return YTD	Sector Weightings			GS Alpha YTD
		Goldman Sachs Recommended Sector Weightings	Current S&P 500 Weight	GS Overweight / Underweight	
Information Technology	55 %	Overweight	19 %	300 bp	1 bp
Energy	12		12	300	(18)
Materials	44		4	200	3
Consumer Staples	14	Neutral	12	0	(12)
Industrials	21		10	0	4
Financials	14		14	0	4
Telecom Services	7	Underweight	3	(100)	6
Consumer Discretionary	40		10	(200)	(17)
Utilities	12		4	(200)	10
Health Care	19		13	(300)	(31)
S&P 500	24 %			100 %	0 bp

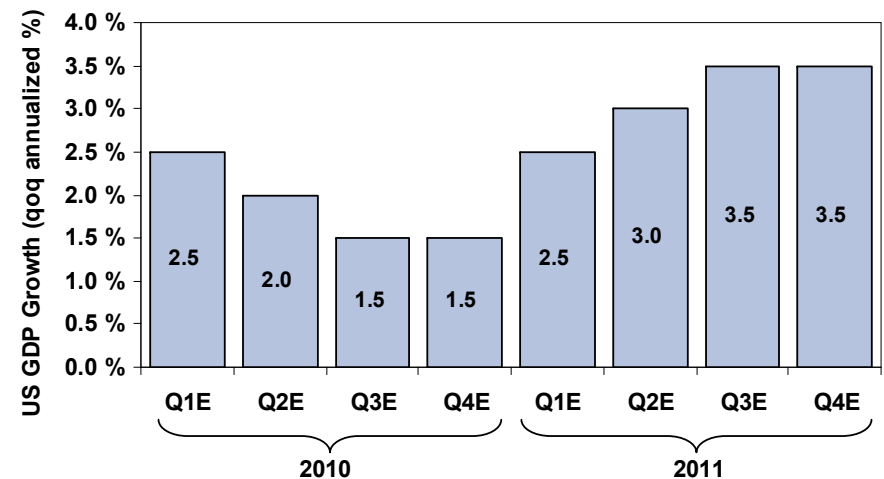
Source: Goldman Sachs Global ECS Research. (a) Sector weightings last rebalanced 7-Dec-09.

Exhibit 41: Goldman Sachs COMMODITY and CURRENCY forecasts
as of December 17, 2009

	units	Current	Forecasts		
			3m	6m	12m
Energy					
WTI Crude Oil	\$/bbl	72.65	85.00	92.00	92.50
NYMEX Nat. Gas	\$/mmBtu	5.77	5.50	6.00	6.50
RBOB Gasoline	\$/gal	1.85	2.16	2.44	2.26
Metals					
LME Copper	\$/mt	6870	7460	8105	7755
London Gold	\$/troy oz	1107	1200	1260	1350
London Silver	\$/troy oz	17.40	20.00	21.00	22.50
Currencies					
Euro / US Dollar	EUR/\$	1.43	1.55	1.55	1.35
US Dollar / Yen	\$/¥	90.2	98.0	98.0	105.0
Sterling / US Dollar	£/\$	1.61	1.85	1.85	1.61

Source: Goldman Sachs Global ECS Research.

Exhibit 40: Goldman Sachs US Economics quarterly GDP forecasts
as of December 17, 2009



Source: Goldman Sachs Global ECS Research.

Exhibit 42: Goldman Sachs US Economics forecasts
as of December 17, 2009

	% Annual Change		
	2009E	2010E	2011E
Real GDP	(2.5)%	2.3%	2.4%
Consumer Spending	(0.6)	1.3	1.4
Total Fixed Investment	(18.5)	(1.8)	5.0
Business Fixed Investment	(18.3)	(5.9)	2.3
Residential Investment	(19.5)	12.5	12.8
Federal Government Spending	5.8	8.2	3.1
Exports of Goods and Services	(10.4)	8.2	7.4
Imports of Goods and Services	(14.2)	6.2	2.3
Core CPI	1.7	0.9	0.1
Unemployment Rate	9.3	10.3	10.7
Fed Funds Rate	0.2	0.2	0.2
2-year Treasury Rate	0.8	1.0	2.0
10-year Treasury Rate	3.3	3.3	4.0

Source: Goldman Sachs Global ECS Research.

Goldman Sachs Strategy Baskets¹

U.S. Portfolio Strategy baskets are designed to provide portfolio managers with vehicles to monitor and implement thematic views in the U.S. equity markets. **Our baskets may be found on Bloomberg by typing <GSSU5>**. The Bloomberg page provides real-time basket performance and current basket constituents.

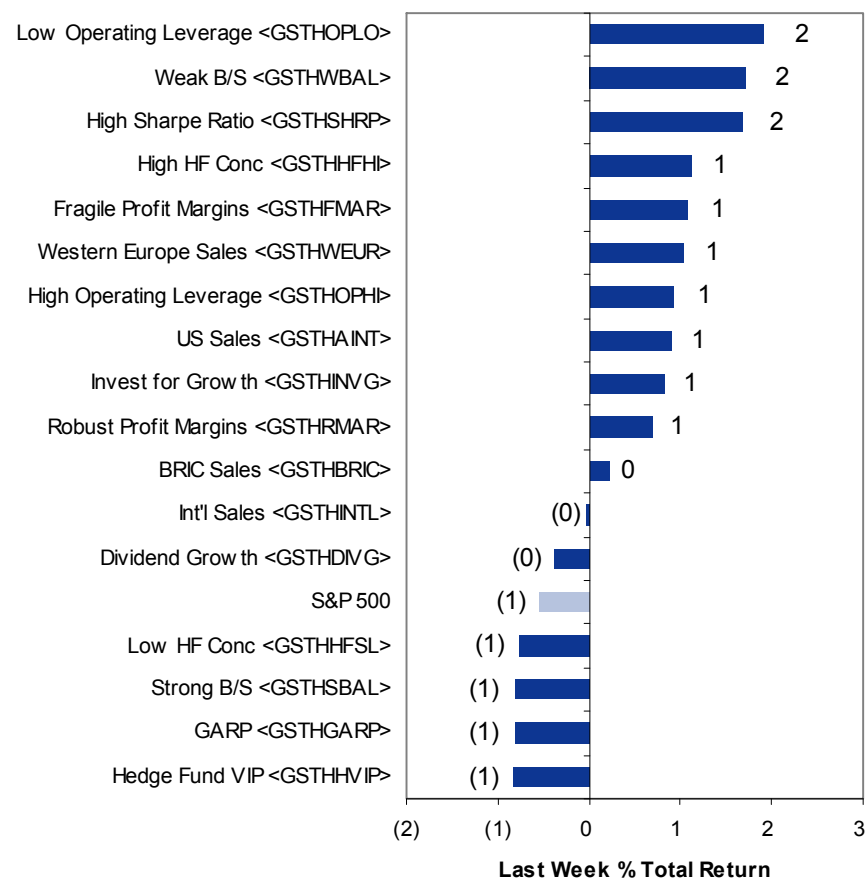
To obtain access to our baskets on Bloomberg, please contact your Goldman Sachs salesperson.

Exhibit 43: Strategy basket summary performance and valuation data
as of December 17, 2009

	Bloomberg Ticker	Total Return %			P/E	P/B	Div Yld
		1 wk	1 mo	YTD	NTM	LTM	(%)
Macroeconomic Baskets							
International Sales	GSTHINTL	(0)%	(1)%	45 %	18x	4.5x	1.8 %
US Sales	GSTHAINT	1	2	20	18	3.5	1.8
Western Europe Sales	GSTHWEUR	1	(1)	47	17	3.8	0.9
BRICs Sales	GSTHBRIC	0	(0)	54	19	4.1	1.1
Strong Balance Sheet	GSTHSBAL	(1)	0	39	19	6.0	1.1
Weak Balance Sheet	GSTHWBAL	2	2	71	19	3.4	1.8
Robust Profit Margins	GSTHRMAR	1	1	29	16	5.7	1.4
Fragile Profit Margins	GSTHFMAR	1	1	39	19	3.0	0.8
High Op Leverage	GSTHOPHI	1	(0)		22	4.8	1.3
Low Op Leverage	GSTHOPLO	2	2		17	5.8	1.9
Hedge Fund Baskets							
High HF Concentration	GSTHHFHI	1 %	1 %	74 %	18x	4.8x	0.3 %
Low HF Concentration	GSTHHFSL	(1)	0	20	16	3.2	3.3
Hedge Fund VIP	GSTHHVIP	(1)	(1)	37	17	4.0	1.3
Valuation Baskets							
GARP	GSTHGARP	(1)%	(1)%	39 %	17x	4.7x	0.9 %
High Sharpe Ratio	GSTHSHRP	2			15	3.5	1.2
Use of Cash Baskets							
Dividend Growth	GSTHDIVG	(0)%	(0)%	16 %	14x	5.5x	3.6 %
Invest for Growth	GSTHINVG	1	0		17	4.9	1.6
S&P 500		(1)%	(1)%	24 %	15x	2.4x	2.0 %
S&P 500 Average					17	3.5	1.7
S&P 500 Median					15	2.4	1.3

Source: Factset and Goldman Sachs Global ECS Research.

Exhibit 44: Strategy basket total return performance over the last week
as of December 17, 2009



Source: Factset and Goldman Sachs Global ECS Research.

¹ The ability to trade these baskets will depend upon market conditions, including liquidity and borrow constraints at the time of trade.

Highlighting our Sharpe Ratio basket <GSTHSHRP>

Exhibit 45: Sharpe Ratio Basket <GSTHSHRP>, as of December 17, 2009

	Rating	Current Price	Expected Return	6-Mo Implied Vol	Expected Return / Implied Vol		Rating	Current Price	Expected Return	6-Mo Implied Vol	Expected Return / Implied Vol	
Consumer Discretionary							Industrials					
Gannett Co.	GCI NC	\$14.15	22 %	67 %	0.32		Iron Mountain Inc.	IRM NC	23.18	45	31	1.42
Apollo Group	APOL NC	57.38	46	53	0.85		Fluor Corp.	FLR Neutral	43.09	38	39	0.98
Comcast Corp.	CMCSA Not Rated	17.11	14	34	0.40		Equifax Inc.	EFX NC	30.16	17	26	0.67
Target Corp.	TGT Neutral	47.50	22	30	0.72		Donnelley (R.R.) & Sons	RRD NC	21.94	25	36	0.67
Kohl's Corp.	KSS Buy	53.24	23	32	0.72		Snap-On Inc.	SNA NC	39.86	12	31	0.39
Consumer Staples							Information Technology					
Dean Foods	DF Neutral	17.11	26	32	0.83		Electronic Arts	ERTS Neutral	16.51	35	41	0.87
Altria Group, Inc.	MO Neutral	19.59	12	22	0.53		Novell Inc.	NOVL NC	4.05	29	49	0.58
Kroger Co.	KR Neutral	20.35	20	27	0.75		Yahoo Inc.	YHOO Neutral	15.82	22	30	0.76
Coca-Cola Enterprises	CCE Buy	20.34	16	27	0.58		Hewlett-Packard	HPQ Buy	50.56	16	27	0.60
Molson Coors Brewing Co.	TAP Neutral	43.16	22	26	0.85		Xerox Corp.	XRX NC	8.43	19	41	0.47
Wal-Mart Stores	WMT Neutral	52.76	15	19	0.77		McAfee Inc.	MFE Neutral	38.67	25	32	0.79
Energy							Intel Corp.	INTC Neutral	19.07	26	30	0.85
Chesapeake Energy Corp.	CHK Buy	25.00	36	42	0.85		MEMC Electronic Mats.	WFR NC	12.13	42	54	0.77
EI Paso Corp.	EP Neutral	9.77	40	39	1.04		Compuware Corp.	CPWR NC	7.07	27	38	0.72
Halliburton Co.	HAL Neutral	30.08	29	37	0.77		Materials					
Range Resources Corp	RRC NC	49.44	28	41	0.68		Owens-Illinois Inc	OI Buy	31.73	31	41	0.76
XTO Energy	XTO Neutral	46.70	13	27	0.49		Pactiv Corp.	PTV Buy	24.03	29	33	0.90
Southwestern Energy	SWN Neutral	45.40	28	42	0.66		Telecommunication Services					
Financials							MetroPCS Comm.	PCS Neutral	7.19	29	68	0.42
Chubb Corp.	CB Neutral	48.12	24	25	0.94		AT & T Inc.	T Buy	27.22	10	24	0.42
Allstate Corp.	ALL Sell	28.31	27	32	0.83		Utilities					
State Street Corp.	STT Neutral	39.73	42	40	1.05		Allegheny Energy	AYE Neutral	23.62	19	27	0.69
JPMorgan Chase & Co.	JPM Buy	40.27	34	36	0.94		AES Corp.	AES NC	13.77	31	41	0.74
Marsh & McLennan	MMC Neutral	21.86	21	27	0.78		Basket Median					
Northern Trust Corp.	NTRS Buy	48.86	22	31	0.71		S&P 500 Median					
NASDAQ OMX Group	NDAQ Buy	19.87	21	37	0.59				25 %	32 %	0.72	
Health Care									10 %	33 %	0.31	
Cephalon Inc	CEPH Buy	58.82	19	33	0.59							
Tenet Healthcare Corp.	THC Buy	5.10	33	61	0.53							
Amgen	AMGN Buy	54.58	28	32	0.89							
Gilead Sciences	GILD Neutral	43.20	28	30	0.95							
Baxter International Inc.	BAX Neutral	57.98	11	24	0.45							
Boston Scientific	BSX Neutral	8.70	23	41	0.56							

Source: Compustat, FactSet, Goldman Sachs Global ECS Research.

Recent US Portfolio Strategy Publications

Please contact your Goldman Sachs salesperson for access to additional research or if you wish to be added to the US Portfolio Strategy research distribution list.

Exhibit 46: Recent research from US Portfolio Strategy

Latest Market Research	Publication Date
US Portfolio Strategy 2010 Outlook: Cyclical start; defensive finish	December 7, 2009
US Thematic Views: GARP Update	November 30, 2009
US Equity Views: Money Flow: myths and realities surrounding potential equity inflows	October 25, 2009
US Equity Views: 3Q Earnings Preview - Focus on top-line results	October 7, 2009
US Equity Views: The Multiple Mystery - At what P/E should the market trade?	October 1, 2009
Macro to Micro Shift Part II: 2H 2009 update	July 20, 2009
US Equity Views: 2Q 2009 Earnings preview: Shifting focus to ex-Financials results	July 6, 2009
US Equity Views: Equity Issuance: \$100 billion YTD; we expect another \$200 billion	June 1, 2009
US Sector Views: The GM effect: EPS and valuation impact if GM exits the S&P 500	May 28, 2009

Franchise Research	Publication Date
Global Dividend Swap Monitor (December 2009): Outlook for dividend markets in 2010: From 'distress' to 'growth'	December 15, 2009
Global Portfolio Strategy: The New BRICS Nifty 50 - EM and DM Baskets	November 4, 2009
S&P 500 Beige Book: 3Q earnings themes: Consumer, pricing, cost cutting, use of cash	November 4, 2009
Global: Portfolio and Credit Strategy: Relative value: Credit now in-line with equity	October 9, 2009

Periodical Research	Description	Frequency	Timing / Recent Release
US Weekly Kickstart	<i>Five minute guide to the US equity market</i>	Weekly	Friday PM
US Tradesheet	<i>Two-pager on recommended trades and US market data</i>	Weekly	Monday AM
S&P 500 Beige Book	<i>Qualitative assessment of S&P 500 quarterly earnings reports</i>	Quarterly	November 4, 2009
US Monthly Chartbook	<i>Monthly report on where to invest in the S&P 500</i>	Monthly	December 1, 2009
Where to Invest Now	<i>Marketing presentation highlighting recent research and best trade ideas</i>	Monthly	December 8, 2009
Hedge Fund Trend Monitor	<i>Analysis of hedge fund holdings and positioning</i>	Quarterly	November 23, 2009
Strategy Baskets	<i>Overview of US Portfolio Strategy thematic baskets</i>	Quarterly	August 19, 2009

Source: Goldman Sachs Global ECS Research.

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