

# Goldman Sachs Lexicon Long Short Index

## Objective:

GS Lexicon Long Short Index seeks to provide enhanced diversification to traditional assets by using a multi-asset framework across equities, fixed income, and gold.

## Vol Target:

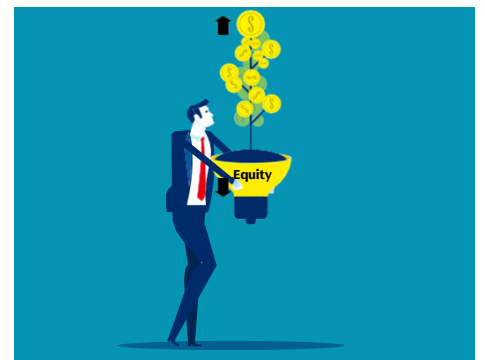
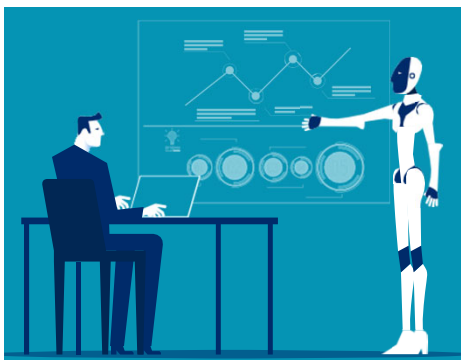
12.5%

## Approach:

The Index leverages Artificial Intelligence (AI) technology, and more specifically its branch Natural Language Processing – NLP, to score companies' sentiment based on their recent communications including earnings calls. The scores are then used to construct a long/ short basket of stocks. The index then combines this with a dollar-hedged gold component and a fixed income component that can be either long, short, or unallocated on 10Y US treasuries based on its momentum.

## Holdings:

US Equities, US 10Y Treasuries, and Dollar-Hedged Gold



## US Equity Selection Leveraging NLP Technology

Earnings calls may offer insights into a company's financial performance, business developments, and management perspective.

The index leverages sentiment data driven by NLP to identify and select stocks to allocate to. Each month, the Index may allocate up to 130% to equities which have the most positive sentiment and short up to 30% to equities which have the most negative sentiment.

## Diversification

Dollar-Hedged Gold: Gold is generally seen as a defensive asset and a potential hedge against inflation and market downturns. The Index reduces traditional gold exposure's inherent short US dollar exposure to attempt to improve its defensive properties.

Long Short Treasury: Treasuries are generally seen as a safe haven asset. However the Index has the ability to short treasuries in a rising rate environment to potentially improve performance.

## Allocation Based on Financial Stress Index

The OFR Financial Stress Index (OFR FSI) is a daily market-based snapshot of stress in financial markets.

If the OFR FSI is greater than 2 (which may be a signal of financial stress), the Index will allocate more to Gold and less into Equities.

## Performance (as of 5/30/25)

Month-to-Date Return	0.60%
Year-to-Date Return	-7.46%
1 Year Return	-0.52%
2 Year Annualized Return	11.21%
10 Year Annualized Return	10.99%
Annualized Return Since Inception January 6, 2005	12.63%

## Costs (as of 5/30/25)

Average Rolling 1 Year Rebalancing and Servicing Costs <sup>1</sup>	1.11%
Highest Rolling 1 Year Rebalancing and Servicing Costs <sup>1</sup>	1.78%
Index Deduction Rate	0.95% per annum

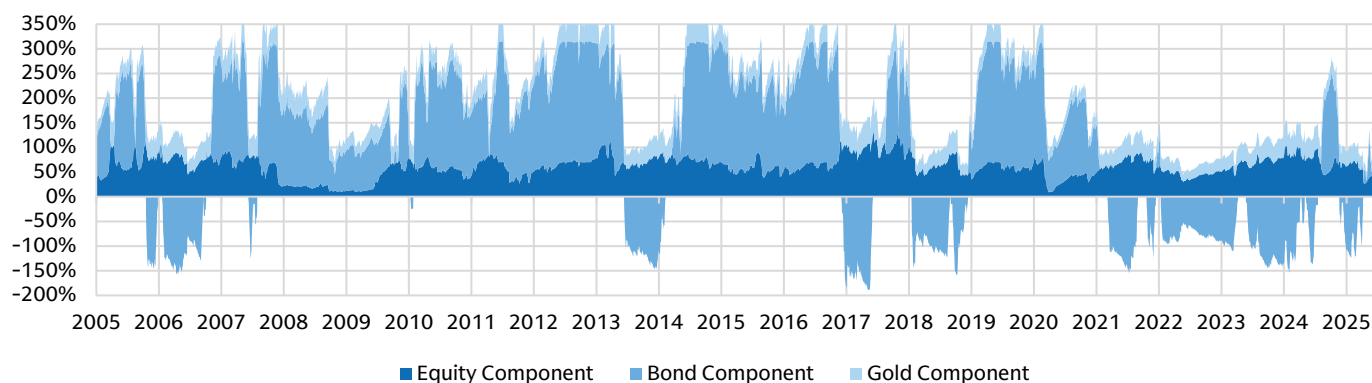
## Calendar Year Returns

### Goldman Sachs Lexicon Long Short Index

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Return	0.2%	7.0%	8.8%	15.1%	6.8%	28.1%	22.8%	22.4%	10.7%	18.6%	0.2%

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025
Return	-0.1%	20.4%	0.9%	29.3%	18.8%	20.2%	11.3%	8.2%	24.2%	-7.5%	0.0%

## Goldman Sachs Lexicon Long Short Index Weightings



Component	Equity Component	Bond Component	Gold Component
Average Exposure May 2025	38.7%	38.3%	19.3%

Goldman Sachs Global FICC and Equities, as of May 30, 2025. Data from January 6, 2005 to May 30, 2024. Backtested performance for the Goldman Sachs Lexicon Long Short Index up to June 4, 2025 and live data thereafter. Performance figures are net of 0.95% index fee, rebalancing and servicing costs. Backtesting analysis/simulated results are for illustrative purposes only. GS provides no assurance or guarantee that the index will operate or would have operated in the past in a manner consistent with the backtesting analysis. Backtested performance may use slightly different data sources, approximation and limited differences in methodology to those prescribed in the index disclosure document.

The Goldman Sachs Lexicon Long Short Index is calculated on an excess return basis, and is subject to servicing costs (accruing daily) and rebalancing costs (applied to the volume of daily turnover) which may be meaningful. Further, a deduction rate of 0.95% per annum (accruing daily) is applied to the Goldman Sachs Lexicon Long Short Index. For more information about the costs and deductions, see [goldmansachsindices.com/products/GSLEXILS](https://goldmansachsindices.com/products/GSLEXILS)

<sup>1</sup>Excluding Index Deduction Rate of 0.95% per annum

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- The Index deductions, including servicing, rebalancing and deduction costs and costs embedded in Index Components, will have a negative impact on Index performance.
- The servicing cost rate for the Equity Component is a variable rate based on current equity funding cost levels as indicated by the price of "Adjusted Interest Rate (AIR) Total Return" futures contracts. Equity funding costs have historically been highly variable. These rates are market-driven and may potentially be even higher in the future depending on the environment.
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- No assurance can be given that the Index will achieve its volatility target of 12.5%, as the Index's volatility target mechanism relies on backward-looking historical volatility (which may not be replicated). In addition, the Index may be slow to rebalance allocations or reduce exposure to the Index Components following a sudden increase in volatility.
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- The Index's market signals may not perform as expected should market environments change, and such signals' effectiveness may wane or disappear over time.
- The benchmark reference rate used to determine servicing costs within the Equity Component may be replaced by a successor benchmark or a fixed rate, which may be set at a rate higher than the anticipated equity funding costs of any affiliate of the Index Sponsor that may act as a hedge provider.
- There is no guarantee that the Equity Component may outperform broad market benchmarks.
- There is no guarantee that the Gold Component may outperform traditional exposure to gold.
- There can be no assurance or guarantee that such Individual Treasury Momentum Signal methodology will result in outperformance relative to traditional long-only treasury exposure.
- The Index uses a stress indicator (the "Stress Indicator") to allocate between certain Index Components based on market conditions. However, there can be no assurance that over-weighted Index Components will perform better, or under-weighted Index Components will perform worse, in a particular stress regime. In addition, in the back-tested data, re-weightings based on the Stress Indicator was infrequent, and it may not be possible to fully test the robustness of the underlying historical data or to measure its statistical significance.
- The composition and weighting of the stocks comprising the Equity Component is determined based on criteria applied to data provided by a third-party vendor. If the sentiment scoring based on such data fails to perform as expected, the performance of the Index may suffer.
- The Signal Data produced by the third-party vendor based on its proprietary algorithmic natural language processing ("NLP") and machine learning ("ML") models to analyse the content of transcripts produced in respect of publicly available corporate calls and events in order to generate sentiment labels. The Index Sponsor uses the Signal Data from the third-party vendor as provided, and does not validate the third-party vendor's proprietary models nor the Signal Data itself.

# Selected Key Risks

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- If Signal Data becomes unavailable for use in the Index, the Index Committee may determine in its sole discretion to use the latest available Sentiment Factor Scores and may postpone any applicable rebalancing in whole or in part following such date for a period of up to 6 months thereafter.
- The Signal Data, which is produced by the third-party vendor's automated algorithm, may be limited in its ability to accurately determine "sentiment" for the applicable stock portfolio and such limitation may adversely affect the performance of the Index (potentially materially so). If the observed relationship between NLP based sentiment and the future stock return weakens, the performance of the Equity Component will be impacted (potentially materially so).
- The sentiment score for an individual stock is based on the aggregated count of sentiment labels for individual sentences or paragraphs assigned to transcripts in the vendor dataset over a lookback period and the net sentiment label of those individual sentences or paragraphs (by comparing the counts of positive labels and negative labels if different sentiment labels exist for different topics within one sentence or paragraph). Further, the aggregated sentiment score treats individual sentences or paragraphs equally when aggregating for sentiment score and does not account for different relative importance of individual sentences or paragraphs within transcripts. As such, the aggregated sentiment score for a given stock may be inherently limited as a reflection of actual sentiment in transcripts.
- The Index selects stocks based on "relative" sentiment rather than "absolute" sentiment scores. As a result, it may take long position in stocks with negative sentiment scores (i.e. where those stocks have a "less negative" sentiment on a relative basis to other stocks) and short positions in stocks with positive sentiment scores, respectively.
- The back-test period for the Equity Component relies on both back-tested and "in-sample" data which may be inherently unreliable. In particular, the Signal Data from "in-sample" periods will be of inherently lower reliability given the propensity of such data to "overfitting" risks.

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