

ETF INSIGHTS WITH STEVE SACHS OF GOLDMAN SACHS ASSET MANAGEMENT

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Jeff McCarthy (JM): I'm joined here with Steve Sachs, Head of ETF Capital Markets, Goldman Sachs Asset Management. Welcome, Steve, thanks for joining me.

Steve Sachs (SS): Jeff, always good to see you.

JM: So, Goldman now in the U.S. approaching five years since the launch of your first product, really successful asset gathering around multifactor products. What would you define as really key success factors to Goldman?

SS: Yes, Jeff, we really have been successful in that space. We launched our first strategy, to your point, in September of 2015. We now have three of the top five largest multifactor ETFs out there, including GSLC, our U.S. large-cap active beta fund. It's over 7 billion in assets. Our developed international, GSIE, over 2 billion in assets. I think, really, the key to our success there is a couple of things. One, the reason that we got into the ETF space, really, wasn't because it's the place where the money is flowing or the hot dot is. It's actually because our client was asking us to. When you think about the active beta strategies, these are strategies that existed inside Goldman for a number of years prior to launching an ETF on them. Our client base was simply asking us to deliver it in the ETF wrapper. That coupled with we're providing smart beta access at passive market beta prices, GSLC at nine basis points, GSIE at 25 basis points, that's really resonated with, particularly, the advisor community.

JM: Great. So, with the success in the U.S., we recently saw that you expanded outside the U.S. Can you tell us about some of the thought process to offer products in EMEA, for example?

SS: The same really, and at the end of the day, our European client base is also asking us to deliver certain strategies. Not just the active beta strategies, which we launched two strategies over there, our U.S. large-cap and our emerging markets active beta version over there, but also very unique strategies, so delivering that GSAM Intellectual Property within the ETF wrapper. So, we launched a China bond fund in Europe at the end of last year and, again, that's to help solve a problem that our institutional as well as advisor clients are facing in gaining access to the Chinese bond market.

JM: Well, Steve, you've been around the ETF market, you're an ETF veteran. When you think of 2020, what are you most excited about?

SS: I think really fixed income. We could talk about a number of things for 2020, but when you look at what's going on in not just the fixed income markets but then the global macro economy, how advisors and investors are using fixed income ETFs in portfolios, right, first and foremost, for risk mitigants and income drivers, we really think that the fixed income space is the greenest field out there as it relates to not just new product development, but quite frankly, better product development. So when you think about our access suite of fixed income ETFs, essentially building better beta and delivering that to the advisor community, that's what you'll see us focused on over the next couple of years and actually what we're most excited about in 2020.

JM: Great. Steve, thanks for joining us today.

SS: Jeff, good to see you.

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