

Goldman Sachs - Scaling Alternatives with Discipline

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Decision scope: Sequencing investment across Goldman Sachs Asset & Wealth Management alternatives strategies through 2030

Case convention: This is an author-created management decision exercise, not a reconstruction of private deliberations. The assignment and proposed resource-allocation choices are hypothetical; company disclosures are historical.

The decision

On 3 August 2026, Goldman Sachs filed its second-quarter Form 10-Q. Its public ambition for alternatives remained substantial: management expected sustainable annual gross fundraising of \$75-100 billion and had set a target of \$750 billion in fee-paying alternative assets under supervision (AUS) by the end of 2030. The firm had reported \$459 billion of period-end alternative AUS at 30 June 2026. The arithmetic difference to the target was \$291 billion, a point-in-time distance only-not a forecast, required growth rate, or return estimate. There was no public strategy-level bridge from the current balance to the target. [S1], Item 2 and AUS tables; [S3], slide 7; [S4], AWM targets and footnote 10.

The same quarter brought a record \$59 billion of gross third-party alternatives fundraising and \$725 million in alternative management and other fees. These figures described different things: commitments raised during a quarter, and fees recognized during it. They did not reveal how much capital had been deployed, remained in fee-paying balances, produced net client returns, or could be raised again. [S3], slide 7.

As a member of a hypothetical AWM resource-allocation committee, you must recommend how Goldman should sequence investment through 2030. Should it deepen selected flagship strategies, broaden products and distribution, or make additional growth conditional on evidence of performance and capacity? Your plan must address both the fundraising expectation and the fee-paying AUS target without assuming that gross commitments convert one-for-one into fee-paying assets.

Assignment: Submit a three-page strategy memo recommending a sequence of investments and decision gates through 2030. Specify what capabilities or strategy categories receive priority, what evidence would permit the next stage, what would pause or redirect investment, and how the firm should balance client outcomes, recurring-fee growth and operational risk. The choice of any specific product, strategy or channel is a classroom proposal, not a disclosed Goldman plan. Use only information public by the cutoff.

The strategic proposition

Goldman presented alternatives as one component of a broader Asset & Wealth Management business. The 2025 shareholder letter linked alternatives growth to a more durable revenue mix and described an ambition to scale flagship funds while developing new strategies. The letter also cited client performance as central to the business. These are management's stated priorities; they do not establish that any individual strategy had superior results or spare capacity. [S4], shareholder letter and AWM section.

Alternatives can produce management fees under different contractual bases. Goldman disclosed that private-equity management fees are generally assessed on invested or committed capital, depending on the arrangement, while some fees vary with net asset values. Incentive fees vary by contract and outcome. This means fundraising, deployment, fee-paying balances and recognized fee revenue may move on different schedules. Public filings do not disclose strategy-level contracts, margins, fee rates, client returns or conversion from commitments to fee-paying AUS. [S1], Note 3, "Investment Management."

The opportunity also spans distinct strategies and channels. The firm reported activity across private equity, private credit, real estate and hedge funds, and described product development and partnerships as part of its public growth agenda. In the first half of 2026 it completed its acquisition of Industry Ventures; it had announced Innovator in 2025 and a T. Rowe Price collaboration focused on public/private retirement and wealth solutions. These facts show a range of possible capability and distribution routes. They do not establish realized synergies or economics. [S1], Note 12; [S4], AWM section.

What the public measures show

Goldman reported \$459 billion in alternative AUS at quarter end on 30 June 2026, compared with \$429 billion at 31 March 2026 and \$371 billion a year earlier. Its Q2 presentation separately showed \$445 billion as average alternative AUS in the effective-fee table. The period-end \$459 billion is the best reported comparison with the \$750 billion fee-paying alternative AUS target. The \$445 billion is a quarterly average used in the effective-fee calculation, not the quarter-end balance. Company filings tabulate non-fee-earning alternative assets separately from AUS and explain that those assets are additional to AUS. [S1], Item 2, AUS definition and tables; [S3], slide 7.

Exhibit 1. Alternative business snapshots

Company-reported amounts; dollars in billions except fees. Dates and measurement periods differ.

Measure	Reported amount	What it measures
Alternative AUS, 30 June 2026	\$459	Period-end fee-paying AUS; best reported comparison with the \$750bn target
Alternative AUS, Q2 2026 average	\$445	Quarter-average denominator in the effective-fee table
Gross third-party alternatives fundraising, Q2 2026	\$59	Gross commitments raised during the quarter
Gross third-party alternatives fundraising, 2025	\$115	Gross commitments raised during calendar 2025

Measure	Reported amount	What it measures
Cumulative gross third-party alternatives fundraising since 2019	\$523	Gross commitments across the stated period
Alternative management and other fees, Q2 2026	\$725m	Quarterly fee revenue reported for alternatives
Fee-paying alternative AUS target, end-2030	\$750	Forward-looking management target

Sources: [S2], AWM targets and footnotes; [S3], slide 7. Amounts rounded as presented. The \$291bn difference between \$750bn and \$459bn is point-in-time distance to a forward target only. It is not a forecast, required growth amount or rate, or return estimate. No strategy-level bridge is disclosed.

Gross fundraising is not net flow: it does not subtract distributions, redemptions or other outflows. It is not the same as capital deployed, and commitments do not necessarily enter fee-paying AUS on the same date or amount. Average and period-end AUS are snapshots, while recognized fee revenue follows contractual accounting. None of the public figures identifies the experience of a particular fund, client group or strategy.

The wider AWM context makes attribution difficult. Total AWM AUS was \$4.041 trillion at quarter end. The company's total-AWM roll-forward showed \$230 billion of net inflows and \$161 billion of market appreciation during Q2. Those figures cover AWM overall, not alternatives alone, so they cannot be used to infer an alternatives-specific contribution. Q2 firm revenue was \$20.338 billion; both AWM and Global Banking & Markets results were higher year over year. Those company-wide results do not isolate returns on alternatives investment or prove that alternatives growth caused the change. [S2], Item 2; [S3], slides 6-7.

A portfolio of growth routes-and constraints

One route is to concentrate resources in established flagship strategies. Such a choice could build on existing investment and fundraising platforms. Another is to broaden the strategy set or expand distribution through partnerships, potentially reaching clients with different needs. A third is to stage growth behind gates for realized performance, repeat commitments, deployment opportunities, valuation governance and operating capacity. These are analytical alternatives for this exercise; Goldman has not disclosed a committee decision among them.

The paths can be combined, but not without trade-offs. Concentration could simplify execution while increasing reliance on a smaller set of strategies. Breadth could widen the client proposition but make integration, suitability, conflicts, servicing and risk oversight more complex. Gates could protect client outcomes and avoid scaling beyond capacity, while slowing progress toward management's public targets. A partnership can add distribution or capability, but acquisition completion alone does not demonstrate that the intended benefits have materialized.

Goldman's disclosures point to risks that matter to this choice. Management discussed private-credit underwriting quality, software exposure to AI, valuation and liquidity issues, market volatility and credit-cycle uncertainty. The 10-Q also described firm balance-sheet investments in sponsored funds; those holdings are not a measure of client assets or client returns. These disclosures identify risk areas, not the probability of loss in any strategy. [S1], Item 2 and Note 8; [S4], CEO letter.

Academic research gives useful but bounded lenses. A study of more than 800 U.S. buyout and venture funds raised from 1993-2009 found that stronger interim performance was associated with follow-on fundraising; the study is observational and historical, and is not evidence about Goldman. Other private-equity research has examined persistence, but the sources available for this case were read only in part and remain provisional. A conceptual mutual-fund model highlights how scale can dilute active-management returns, but it does not directly estimate capacity in private funds. [A1]-[A4].

Recommendation

Recommend a sequence for 2026-2030. Address:

1. Which strategy categories, distribution routes or operating capabilities should receive the first increment of investment, and why?
2. What evidence should be required before adding capacity, launching a new strategy, or broadening distribution? Distinguish fundraising from deployment, fee-paying AUS and client outcomes.
3. Which measures should trigger continuation, pause, redesign or exit? Explain how you would assess realized and unrealized performance, repeat commitments, fee quality, concentration, risk and operating readiness without treating any one measure as sufficient.
4. How should leadership manage the tension between the public annual gross-fundraising expectation and the end-2030 fee-paying AUS target? State what the public data cannot tell you and what evidence you would request before committing further resources.

Any thresholds, budgets, conversion assumptions, return hurdles, capacity limits or timelines beyond those disclosed above must be identified as your own hypothetical policy choices. Do not present them as Goldman data or management guidance.

Sources and conventions

S1. Goldman Sachs, [Q2 2026 Form 10-Q](#), quarter ended 30 June 2026, filed 3 August 2026. Item 2, AUS definition and alternative-assets tables; Notes 3, 8 and 12; risk disclosures.

S2. Goldman Sachs, [2025 Annual Report](#), shareholder letter, “Asset & Wealth Management,” medium-term targets and footnotes. Reports the \$75-100bn sustainable annual gross-fundraising expectation and \$750bn end-2030 fee-paying alternative AUS target; source also distinguishes gross totals by period and broader total-alternatives comparisons.

S3. Goldman Sachs, [Q2 2026 Earnings Results Presentation](#), filed 14 July 2026 as 8-K Exhibit 99.2, slides 6-7. SEC-hosted [HTML exhibit](#) is also available. Slide 7 contains alternative AUS, average AUS, fees and fundraising figures.

S4. Goldman Sachs, 2025 shareholder letter in the [2025 Annual Report](#), CEO letter and AWM discussion. Management statements are attributed claims, not independently measured strategy outcomes.

A1. Barber, Brad M. and Ayako Yasuda (2017), “Interim Fund Performance and Fundraising in Private Equity,” *Journal of Financial Economics* 124(1), 172-194, [full article](#), DOI 10.1016/j.jfineco.2017.01.001. Historical observational evidence; not Goldman-specific.

A2. Harris, Robert S., Tim Jenkinson, Steven N. Kaplan and Ruediger Stucke (2020), “Has Persistence Persisted in Private Equity? Evidence from Buyout and Venture Capital Funds,” [NBER Working Paper 28109](#). Abstract/design and available findings only; provisional.

A3. Kaplan, Steven N. and Antoinette Schoar (2005), "Private Equity Performance: Returns, Persistence, and Capital Flows," *Journal of Finance* 60(4), 1791-1823, [publisher record](#). Abstract and excerpts only; older vintages and provisional.

A4. Berk, Jonathan B. and Richard C. Green (2004), "Mutual Fund Flows and Performance in Rational Markets," *Journal of Political Economy* 112(6), 1269-1295, [NBER working paper](#). Conceptual capacity lens from mutual funds, not a private-fund forecast.

All amounts are USD unless stated. The cutoff is 3 August 2026, 23:59 ET. No subsequent results or events are included. AUS is a company-defined measure; non-fee-earning alternative assets are additional to AUS and reported separately in the filings. Gross fundraising, net flows, deployed capital, fee-paying balances, recognized fees and client returns are not interchangeable.