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By Lauren Hirsch, Michael J. de la Merced and Elizabeth Paton
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FINANCE

Goldman Sachs May Move Unit From New York to Florida

Goldman Sachs is one of Wall Street's best-known firms, its identity indelibly tied to New York. Yet it may move at least some parts of a major division to Florida.

The bank is exploring moving at least part of its asset management unit, according to a person with direct knowledge who wasn't authorized to speak on the record. Bloomberg News reported on Sunday that Goldman executives had scouted office locations and spoken with officials in Florida.

It isn't clear how much of the asset management business, which generates about $8 billion in annual revenue, might move. And the firm may ultimately choose a different location -- or not move at all.

Saving money is a factor in the deliberations. In January, Goldman identified its real estate footprint as a target in its $1.3 billion cost-cutting campaign.

Florida is particularly popular for the financial industry. The lifestyle there appeals to some financial high-rollers, who can keep East Coast hours while benefiting from warmer weather, palatial homes near the beach and no state income tax.

Goldman's potential move may become a political talking point, as New York faces a budget shortfall because of the pandemic. Any potential loss in taxes is sure to play a part in the mayoral race that kicks into high gear next year. LAUREN HIRSCH and MICHAEL DE LA MERCED

RETAIL

Moncler to Buy a Luxury Rival, Stone Island, for $1.4 Billion

Another week brings another deal in the luxury sector.

The Italian brand Moncler, known primarily for its puffy outerwear, is planning to buy a fellow Italian brand, Stone Island, for 1.15 billion euros, or $1.4 billion, strengthening its foothold in the high-end outerwear market.

As part of the acquisition, announced Monday, Moncler will buy 70 percent of the company that owns Stone Island from its chief executive, Carlo Rivetti, and his family. It will then buy the remaining 30 percent from Temasek, a state-backed holding company in Singapore.

The Rivetti family plans to reinvest part of the proceeds as a shareholder in Moncler, the company said in a statement.

''We are coming together at a challenging moment both for Italy and the world, when everything seems uncertain and unpredictable,'' said Moncler's chairman and chief executive, Remo Ruffini. ''But I believe it is precisely in these moments that we need new energy and new inspiration to build our tomorrow.''

With Stone Island, Moncler is expanding its brand portfolio after a long streak of double-digit sales growth for its own offerings recently waned. The purchase also gives the Italian company a bigger presence in its domestic market, and a younger, trendier sportswear brand in which to invest in and grow globally. ELIZABETH PATON

Neiman Marcus Names Fast-Food Executive to Board

Neiman Marcus, which emerged from bankruptcy in September, announced on Monday that it named Paul Brown as its nonexecutive chair. Mr. Brown, who runs Arby's parent Inspire Brands, may not be an obvious candidate for the high-end retailer, but his hiring reflects how the retailer is looking to transform itself.

At Inspire, Mr. Brown oversaw the **digital transformation** of franchised restaurants like Arby's and Buffalo Wild Wings -- and he'll soon add Dunkin' Brands to his portfolio. He was previously charged with a similar makeover at Hilton Worldwide, a chain that, like Neiman, places a high value on customer loyalty. He will bring that experience to bear on the retailer's move to develop digital relationships with clients, as it moves more of its premium services, like personal shopping, online.

''What we are trying to do doesn't exist in our industry,'' said Geoffroy van Raemdonck, Neiman Marcus's chief executive, ''so we're going outside of our industry.''

The retailer's seven-member board will also have a majority of women, with members including Pauline Brown (no relation to Mr. Brown), LVMH Moët Hennessy's former North America chair; Kris Miller, eBay's former strategy chief; Meka Millstone-Shroff, the former president of buybuy Baby; and Pamela Edwards, a former finance chief at L Brands.

Neiman Marcus's new board represents a fresh start, of sorts, for the retailer, which shed about $4 billion in debt as part of a debt-for-equity exchange that made Pimco its largest shareholder. LAUREN HIRSCH

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THE WALL STREET JOURNAL.

Banking & Finance: Stripe to Team With Goldman, Citigroup --- Online payment processor sets deal to offer banking services for merchants, vendors

By Peter Rudegeair
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4 December 2020
The Wall Street Journal
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B9
English

Stripe Inc. is teaming up with banks including Goldman Sachs Group Inc. and Citigroup Inc. to offer checking accounts and other business-banking services, the startup's latest attempt to become the internet's financial supermarket.

Stripe, which processes payments for millions of online businesses and e-commerce platforms, will soon give its customers the option of offering insured, interest-bearing bank accounts, debit cards and other cash-management services.

These products aren't meant for consumers. Rather, they are designed for the merchants and vendors that do business with Stripe's customers.

Among the early adopters of Stripe's new banking services is Shopify Inc., which, starting early next year, will offer Shopify Balance accounts to many of the hundreds of thousands of merchants that use its software. Shopify Balance accounts will be held at Memphis, Tenn.-based Evolve Bancorp Inc., but Stripe is also teaming up with Goldman in the U.S. and with Citigroup and Barclays PLC internationally to store and move customer funds.

Digital banks like Square Inc.'s Cash App and startup Chime Financial Inc. have recently earned big followings -- and multibillion-dollar valuations -- by providing consumers with alternatives to checking accounts.

Stripe, on the other hand, is focused on automating business banking, specifically for platforms that themselves have existing ties to scores of other businesses.

A number of financial-**technology** companies offer banking and lending services alongside their signature products. Square, for example, offers commercial loans to users based in part on signals about creditworthiness gleaned from processing payments, a business that Stripe also entered last year.

For their part, banks have also looked to partnerships with **technology** companies as a more efficient way to gather deposits than mailed-out offers or branch traffic. Starting next year, Alphabet Inc.'s Google will allow users to open checking and savings accounts at Citigroup and other banks through the Google Pay app.

Coronavirus stay-at-home orders and shutdowns have boosted Stripe this year. More than 500,000 new businesses have signed up for Stripe services since March, and existing Stripe customers like Shopify and DoorDash Inc. experienced a surge of demand.

"For the partner banks we're working with, our intent for it is to be a shockingly effective customer-acquisition channel for them where they end up with many, many more customers," said John Collison, Stripe's co-founder and president.

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THE WALL STREET JOURNAL.

Dow 30000: Rally Heralds Wider Gains In Market

By Amrith Ramkumar
946 words
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A7B
English

The Dow Jones Industrial Average's ascent to 30000 Tuesday signals more companies are beginning to participate in the new bull market, offering hope to investors who have long waited for the rally to widen.

Apple Inc. and Microsoft Corp. were two of the biggest contributors to the blue-chip index's latest 10,000-point milestone, a journey that took nearly four years. But it was a November rally in lagging cyclical stocks including Boeing Co., Honeywell International Inc. and Goldman Sachs Group Inc. that helped push the 30-stock index over the hump.

Upbeat trial results for coronavirus vaccines developed by Moderna Inc. and the duos of Pfizer Inc. and BioNTech SE and AstraZeneca PLC and the University of Oxford are reordering the market's winners and losers, prompting wagers that the U.S. economy will return to normal more quickly than anticipated.

That would be a boon for the Dow, which is oriented toward shares of banks and manufacturers that are particularly sensitive to the economy's trajectory. The index has trailed the S&P 500 and Nasdaq Composite by a historic margin in 2020 and is up 5.3% in 2020. It peaked at 29551 in February, dropped as low as 18592 in March when the economy shut down, then recovered its losses more slowly than its peers.

That is partly because the Dow has missed out on much of this year's boom in **technology** stocks. Investors have piled into shares of internet giants such as Amazon.com Inc., Facebook Inc., Google parent Alphabet Inc. and other tech stocks that aren't included in the index, betting they would emerge as winners of the stay-at-home trends.

The rallies in those stocks have spurred double-digit percentage gains in the S&P 500 and Nasdaq Composite this year. The advances have led some analysts to argue there is a seismic disconnect between the stock market, which continues to set new highs, and the economy, which is still recovering from the pandemic.

Many analysts also have remained skeptical of the stock-market rally because the cyclical sectors hadn't participated, until recently. The market's reliance on a handful of internet stocks concerns these investors who say that a broader climb with more companies hitting new highs will lead to a steadier advance.

The recent Dow rally therefore sends a rosy signal to those who contend that major indexes perform best when the economy is exiting a recession and growth-sensitive companies such as banks lead the way. Boeing, Honeywell and Goldman have each risen at least 25% this month, powering the Dow to new records.

"A very important 2021 narrative is going to be recovery and reflation," said Yousef Abbasi, global market strategist at StoneX Group, referring to economic expansion that is aided by stimulus programs. "It tees up a potential rotation away from a sector that has carried this market."

In another sign investors are more optimistic about the economic outlook, the yield on the benchmark 10-year U.S. Treasury note has recently hovered around 0.9%, up from a record low of 0.501% hit earlier in the year. Yields tend to climb when investors are anticipating stronger growth and inflation. Higher yields can help bank stocks, lifting the gap between what they pay on deposits and charge on loans.

The recent gains in cyclical stocks will test whether a new group of companies can lead major indexes higher. For much of the past decade, **technology** has suffered brief periods of underperformance, only for their consistent growth in a world with ultralow interest rates to attract investors once again. Low rates limit returns from holding cash and bonds, making shares of companies that can rapidly grow earnings more appealing.

Apple itself added more than 2,500 points to the Dow during its march from 20000 to 30000, highlighting the iPhone maker's key role in the global economy. UnitedHealth Group Inc., Microsoft and Home Depot Inc. are next on the list of large contributors to the 10,000-point milestone, underscoring how investors have favored stocks tied to **technology**, health care and in-home activities lately.

"Technology is a defensive sector now, which is crazy," said Gene Goldman, chief investment officer at Cetera Investment Management.

In another sign of technology's importance, business-software company Salesforce.com Inc. was recently added to the Dow, in part because Apple executed a stock split that lowered its share price and its weighing in the index. The Dow gives companies with higher stock prices more influence. As Salesforce joined the index, Exxon Mobil Corp. was one of the companies removed.

Apple first overtook Exxon as the world's most valuable company in 2011 and joined the Dow about 3 1/2 years later. It then became the first U.S. company to join the trillion-dollar club, with its market value passing $1 trillion in August 2018 and $2 trillion in August 2020.

Editors at The Wall Street Journal participate in selecting the stocks in the Dow, though the index itself is now part of S&P Global Inc.

While many analysts are hoping for a broader rally in the future, some remain confident that themes like remote work and cloud computing will persist beyond the pandemic, giving tech stocks an edge.

"Even when we go back to some sort of new normal, I don't think any of these trends will change," said Michael Lippert, who manages the Baron Capital Opportunity Fund, which counts Microsoft, Alphabet and Amazon among its largest holdings.

Ben Eisen contributed to this article.

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THE WALL STREET JOURNAL.

Goldman Tech Guru Jumps to Dell's Firm

By Liz Hoffman
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B1
English

Gregg Lemkau, one of Goldman Sachs Group Inc.'s top deal makers, is leaving to run the investment firm started by **technology** tycoon Michael Dell.

The move, first reported by The Wall Street Journal, turned heads inside the firm and across the industry. Mr. Lemkau ran one of Goldman's most profitable divisions after a long career putting together **technology**, media and health-care mergers, and was seen as a potential contender to be chief executive of the firm.

He will be chief executive of MSD Partners, which manages about $15 billion including some of Mr. Dell's fortune and has plans to grow.

The 51-year-old joined Goldman in 1992 and spent his career as a counselor to big **technology** and media companies including Twitter Inc. and Uber Technologies Inc. He was named in 2013 a co-head of its merger business and promoted again in 2017 to co-run its investment-banking arm, which includes M&A, IPOs and lending deals. A former Dartmouth soccer goalie, he remains a sports nut -- he and Goldman's president, John Waldron, share a box at Fenway Park -- and is well-liked on Wall Street.

Though he had been seen as a potential candidate to be CEO, the bid was a long-shot one -- current CEO David Solomon is just two years into the job -- and Mr. Lemkau has flirted with jobs in private equity over the years. He informed Mr. Solomon of his decision over the summer, according to people familiar with the matter, and stayed on through Goldman's selection of new partners, who were named last week.

He knows Mr. Dell well, having advised on a decade's worth of deals that took his eponymous computer company, merged it with rival EMC Corp., and returned it to the public markets two years ago.

MSD Partners was founded in 2009. The firm has steered clear of **technology** deals, instead investing mainly in credit and real estate, including the Four Seasons in Hawaii that neighbors Mr. Lemkau's vacation home.

Mr. Lemkau's departure means that for the first time in years Goldman doesn't have an M&A guru running its investment bank. He will be succeeded by Jim Esposito, a former investment banker who in 2018 was tapped to help turn around Goldman's trading division. Mr. Esposito will remain, for now, based in London; his co-head, Dan Dees, is based in California.

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THE WALL STREET JOURNAL.

Heard on the Street
Goldman Sachs Adds Polish to Trading

By Telis Demos
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15 October 2020
The Wall Street Journal
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B13
English

[Financial Analysis and Commentary]

When it comes to Wall Street trading, Goldman Sachs Group is doing more with less.

Another big quarter for trading desks across Wall Street was good at Goldman Sachs, too, with trading revenue up 29% from a year earlier. Often though, investors discount this kind of outperformance. Not only can trading results vary greatly quarter to quarter, but successful trades can be built on a surge in risky assets and balance-sheet consumption that depresses a bank's ultimate return on equity.

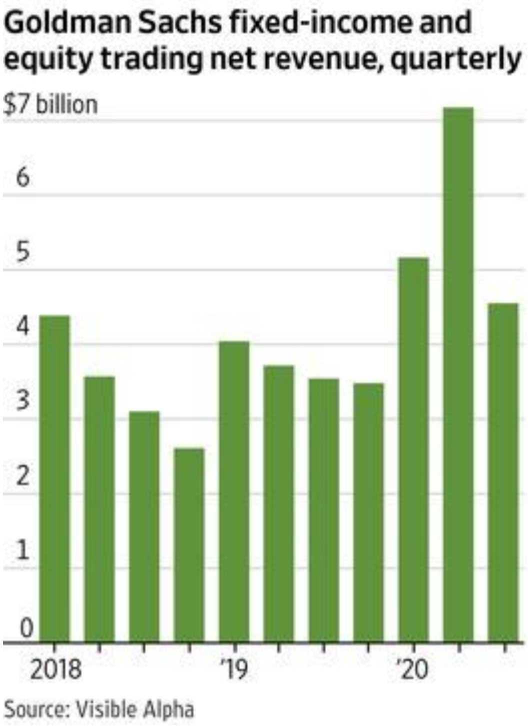
This doesn't appear to be what is happening right now at Goldman. The firm has been trending toward more efficient production of markets revenue, and it made a big leap this quarter. Net earnings from markets were up 130% from a year earlier, even though the business had only 3% more equity capital allocated to it. Compared with the second quarter, capital allocated to the business actually fell slightly. This helped improve the annualized return on equity for global markets to nearly 20%, up more than 11 percentage points from a year earlier.

Helping drive this is a shift of revenue within trading from financing -- lending to clients to boost their returns -- to intermediation, or pairing up buyers and sellers, which uses less capital. This is also the fruit of investment in **technology** to quickly execute trades.

In the third quarter, fixed-income intermediation revenue rose 65% year over year, but financing revenue fell 9%. Equities trading moved in the same direction. Trading "was really done with an eye toward high velocity turn on the balance sheet," Stephen Scherr, chief financial officer, told analysts on Wednesday.

A less-exposed trading business can also help the bank's stress-test results, which in turn can free up more capital for future buybacks or acquisitions. Mr. Scherr said the bank was "in a good position" with its submission for the Federal Reserve's special continuing exam.

More durable earnings and better stress-test results are also big reasons why Goldman, and Morgan Stanley, are pushing further into investment management and consumer financial services. Goldman's stock is still priced at a discount under 10 times forward earnings, according to FactSet, compared with S&P 500 banks overall at 12 times. More quarters like this could help narrow that.



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