Goldman Sachs Global Equity Income Share Portfolio Fund

March 2025

Global Market Review

After two years of strong gains, global equities declined by -1.8% (MSCI World, USD) in the first quarter of 2025. Slowing economic data, rising geopolitical tensions and increasing policy uncertainty contributed weighed on corporate and consumer sentiment.

In the United States, the Federal Reserve (Fed) lowered its growth forecast for 2025 to 1.7% from 2.1% and raised its inflation outlook to 2.7% from 2.5%. The Fed kept interest rates unchanged at 4.25%-4.5% during the quarter. Consumer sentiment also deteriorated sharply, with the University of Michigan's index dropping to 57.0 in March, from 64.6 in February, reflecting investor concerns over rising tariff risks. US equities declined during the quarter, with notable weakness in the Information Technology and Consumer Discretionary sectors. This was partly driven by reports of China's DeepSeek developing a competitive AI model at significantly lower costs, and new tariffs introduced by President Trump that further dampened investor confidence.

In Europe, inflation eased to 2.2% in March, the lowest rate since November 2024, prompting the European Central Bank (ECB) to cut its interest rates by 25 bps as it continued its easing cycle. The region showed signs of recovery, with the HCOB flash Purchasing Managers' Index for March rising to a seven-month high and manufacturing production returning to growth for the first time in two years. Germany's post-election shift toward aggressive fiscal stimulus was well received by markets and contributed to a more optimistic growth outlook. European equities outperformed their US counterparts for the first time in two years, as investors rotated out of concentrated US tech exposure.

Globally, value stocks outperformed growth, while smaller companies lagged amid rising concerns around trade tensions and inflation. Financials and Health care were the best-performing sectors, supported by strong earnings and investor rotation into more defensive parts of the market. In contrast, the Information Technology and Consumer Discretionary sectors saw declines, weighed down by the broader tech sell-off and weakening consumer sentiment.

Emerging markets fared relatively better, rising 3.0% and outperforming developed markets. A combination of falling US 10-year Treasury yields, and a weaker US dollar provided support for emerging market assets.

Looking ahead, geopolitical risks remain elevated, with ongoing policy uncertainty and economic implications stemming from new tariffs imposed by the Trump administration.

Performance Overview

When looking at region level attribution, stock selection in Europe and North America were the greatest contributors to performance over the month the portfolio's underweight to Japan slightly detracted. At the sector level, Communication Services and the portfolio's underweight to Information Technology were the greatest contributors to relative returns. Industrials was the only significant detractor

Contributors

Shell, the British multinational oil and gas company, was the greatest contributor to relative performance over the month. Shell recently completed the acquisition of Pavilion Energy's LNG portfolio, a move expected to increase annual sales by 4% to 5% through 2030. The company also announced plans to raise shareholder distributions to 40% to 50% of cash flow from operations, while maintaining a 4% annual dividend rate. Looking forward, we remain confident in Shell's robust refining margins, strong trading, and encouraging position within the renewable energy space.

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TotalEnergies, a French integrated producer, transporter, supplier and refiner of crude oil, natural gas, and low carbon electricity, as well as petrochemical products, was another contributor. The company announced investment decisions for six battery storage projects in Germany, which will add 221 MW of new storage capacity, with an investment outlay of €160M. These projects are expected to be commissioned in early 2026. We see Total Energies as one of the leading energy companies with ambition to become a top-5 player in renewables. The company has growth optionality in both fossil fuels and new energies. Management has consistently worked on adding new prospect to the development pipeline, often at the bottom of the cycle. This should enable the company to grow oil and gas production as well as renewables.

Detractors

LVMH, a French global luxury conglomerate with access to various markets through its diverse portfolio of brands and products including Dior, Tiffany & Co., and Dom Perignon, was the largest detractor to relative performance. The company posted a disappointing first quarter sales report with revenue declining 3% year over year amidst lower demand in the US and China. Tarriff uncertainty has also placed downward pressure on LVMH and the broader luxury industry. We believe LVMH remains the most resilient and best positioned name within the Luxury consumer space. LVMH's market capitalization is almost double that of its next largest competitor and offers leadership in a luxury market that is trading at a deep discount which fueled our decision to initiate a position in the name.

Blackstone, the largest global private asset manager was another detractor. The asset manager suffered from macroeconomic pressures as recession fears mounted. After a strong rally in the stock, we saw some profit taking as investors grew concerns on the medium-term outlook. We believe Blackstone's scale, diversification, and track record support its wide moat, driving resilient inflows on the back of secularly growing penetration of alternative assets and increasing consolidation of managers. We fundamentally like the business model of Alts (capital-light recurring fee businesses) and are constructive on the long-term growth outlook.

Purchases

- **Coca-Cola Euro Pacific Partners (CCEP**), a global beverage company. CEP has established itself as a high-quality compounder over the last 7-8 years with solid revenue, EBIT and EPS growth. We see a multi-year margin opportunity for the company with continued discipline, capital allocation and cost efficiency.

- **Smurfit WestRock**, a global paper-based packaging company. With the merger between Smurfit kappa and WestRock, Smurfit WestRock becomes the new global leader (by sales) in sustainable paper-based packaging - built around a largely vertical integrated business model.

Sales

- **Merck,** a global health care company. We lost conviction in the name after weaker than expected 2025 sales and EPS guidance. The pausing of Gardasil shipments in Chinawas a significant overhang which was further exacerbated by China-US tensions.

- **United Parcel Service,** US -based global supply chain services and less-than-truckload transportation provider. Our conviction has deteriorated in the name as its risk profile seems less compelling and we saw an opportunity to rotate into higher conviction names like Smurfit WestRock.

Top 5 Contributors

Security Name	Ending Weight (%)	Relative Contribution (bps)
Shell	3.20	+40
TotalEnergies	2.42	+26
Iberdrola	1.62	+25
Kon Kpn	1.77	+23
Zurich Insurance	2.57	+23

Top 5 Detractors

Security Name	Ending Weight (%)	Relative Contribution (bps)
LVMH	1.46	-14
Blackstone	1.69	-13
TSMC	1.21	-12
Morgan Stanley	1.77	-10
Walmart	2.05	-8

The returns and attribution are gross and do not reflect the deduction of investment advisory fees, which will reduce returns.

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