Goldman Sachs Global Future Generations Share Portfolio Fund

March 2025

Global Market Review

After two years of exceptional 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 fiscal expansion 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

- The Goldman Sachs Global Future Generations Equity Portfolio has delivered -7.4% in absolute returns during the month, underperforming MSCI ACWI Growth index by 60 bps and underperforming MSCI World index by 293 bps. This brings since inception returns to 11.2% underperforming MSCI ACWI Growth by 163 bps and MSCI World by 32 bps.

- At the sector level, our holdings in **Real Estate** and **Consumer Staples** supported portfolio performance during the month while holdings in **Information Technology** and allocation to **Industrials** detracted the most from portfolio returns.

- At the stock level, **American Tower Corp** (*an American real estate investment trust which owns, develops and operates wireless and broadcast communications infrastructure*) and **Kweichow Moutai** (*a Chinese spirit company*) contributed to portfolio performance while **Marvell Technology** (*a fabless semiconductor company that develops application-specific standard products*) and **LVMH** (*a French multinational conglomerate, owning 75 luxury brands*) were the biggest detractors from performance..

- During the month, we initiated RobinHood Markets, Eli Lilly, Sony Group and AppLovin.

    - We initiated **RobinHood (HOOD)**, a leading digital-first brokerage with strong appeal among Millennials and Gen Z, who make up around ~75% of its user base. We believe the company is well positioned to grow, supported by a strong product pipeline (including crypto, credit cards, advisory tools, and premium memberships) and improving monetization of its customer base. Despite having 15-20% of retail brokerage accounts, HOOD captures just 0.3% of total assets, highlighting significant runway in a $600bn+ market. With strong brand equity, a simple and engaging user experience and low-cost offerings, HOOD is well-positioned to grow in a segment increasingly driven by digital engagement and first-time investors. The company also benefits from favorable secular trends, including rising financial participations among young generation and potential easing of crypto regulations

    - We also initiated **Eli Lilly**, a U.S. based pharmaceutical company known for developing a wide range of medicines, including those for diabetes, mental health and obesity. We initiated a position in March 2025, given the company's strong existing drug portfolio and its significant growth potential in the fast-growing obesity and weight-loss treatment space. Eli Lilly is a market leader in this segment, with best-class GLP-1 drugs like Mounjaro (for type 2 diabetes) and Zepbound (for obesity). Its next-generation drug, Retatruide, showed up to 24% weight loss within 48 weeks in clinical trials – more than any current treatments in the market. The weight-loss treatment market expected to exceed $100 billion by 2030, and Eli Lilly is well positioned to capture meaningful share. Thematic alignment with our "Health & Wellness" sub-theme is also supported by evolving generational behavior: 71% of GLP-1 users are Millennials, and Gen Z are 5x more likely than older generations to use GLP-1s for weight management over diabetes. This strong demand from younger generation highlights a structural shift towards proactive health choices and supports Eil Lilly's long-term growth outlook.

    - We also initiated **Sony Group**, a Japanese multinational conglomerate, with a diverse presence across electronics, entertainment, gaming, and financial services. We initiated a position in March 2025, as we see an attractive opportunity driven by improving profitability in two key segments – image sensors and gaming. In gaming, Sony is shifting back to its successful first party-game franchises, while in semiconductors, it's improving execution by outsourcing parts of its image source manufacturing. These changes are expected to enhance execution and profitability. The position aligns within our "Digital Entertainment and Gaming" sub-theme, as video gaming as a form of entertainment continues to gain prevalence among younger generation. Notably, 66% of Millennials and 74% of Gen Z already engage with digital gaming, with further growth expected. Given Sony's leadership in console gaming through the PlayStation platform, we believe its well-positioned to serve this expanding customer base.

    - Lastly, we initiated **AppLovin**, a mobile technology company that helps developers' market, monetize, analyze, and publish their apps, especially mobile games. We see AppLovin as a long-term winner in the digital advertising space, supported by its market-leading algorithms, strong execution and solid profitability. The company is showing early signs of success in expanding beyond gaming into e-commerce and is also developing a self-service ad platform that could unlock a significantly broader advertiser base. Mobile gaming has emerged as the fastest growing entertainment segment in the U.S.- driven by free-to-play and casual formats. This trend is especially prominent among the young generation, who represent the most engaged audience for mobile gaming and app-based experiences. Given AppLovin's leadership in this space, we believe it's well positioned to benefit from evolving consumer behaviors and structural growth in mobile engagement.

Performance Commentary

Top Contributors	Ending Weight (%)	Relative Contribution (bps)	Top Detractors	Ending Weight (%)	Relative Contribution (bps)
American Tower Corporation	2.0	+22	Marvell Technology	2.0	-57
Kweichow Moutai	2.1	+20	LVMH	2.5	-17
T-Mobile	2.6	+16	Meta	5.7	-17
Jio Financial Services	1.0	+15	Walt Disney	1.5	-16
NextEra Energy	2.1	+15	TSMC	4.1	-15

***Top contributors** from relative returns:*

- **American Tower Corporation** *(Contributor)* **–** The US-based operator of telecommunications infrastructure company was the key contributor during the period. The company reported results that were broadly in line with expectations, but the outlook for the year of growth datacenter revenue growth combined with a balance sheet that allows for increased capital return to shareholders got the attention of investors. Its performance this quarter was also supported by investors rotating into more defensive areas of the market, as the macro environment cools. Telecoms and towers, including American Tower Corporation, have benefitted from this shift – backed by improved pricing power, operational efficiencies and strong free cash flow yields. We continue to remain invested as we see the company as a good Tower holding, with sector-leading growth, a diverse international portfolio augmented by its data center business.

- **Kweichow Moutai** *(Contributor)* – The Chinese spirit company was another contributor during the month as consumer stocks in China rallied on expectations of new policy support to boost domestic consumption. Investor sentiment improved across the sector, lifting shares broadly. We continue to remain constructive on Moutai given its strong brand, pricing power, and exposure to China's long-term economic growth and rising demand for high-end spirits.

***Top detractors** from relative returns:*

- **Marvell Technology** *(Detractor)* **–** The American semiconductor company was the key detractor from performance during the period. Marvell underperformed in March as semiconductors stocks exposed to AI themes broadly underperformed. While the company reiterated strong demand trends and long-term AI growth, its April-quarter guidance came in slightly below elevated investor expectations. That tempered sentiment despite management reaffirming its key partnership with Amazon – its largest AI customer- which is expected to expand further. While near-term uncertainty around AI demand may remain, we continue to like Marvell's positioning as a long-term enabler of AI infrastructure, with strong partnerships across major hyperscalers like Amazon, Microsoft and Google.

- **LVMH** *(Detractor)* **–** The French manufacturer and marketer of luxury goods was another key detractor from performance during the period. The stock declined due to top-down concerns around the escalating trade war's impact on U.S. luxury demand and the uneven economic recovery in China – both critical markets for the sector. While these concerns weighed on sentiment, we believe that much of the downside risk is already priced in. We continue to view LVMH as well-positioned for long-term growth, supported by its strong brand portfolio and global leadership in luxury.

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