Goldman Sachs Global Growth 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 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

In 1Q 2025, the portfolio returned -6.5% on a net basis, underperforming the benchmark MSCI World Index by 469 bps. Since inception, the portfolio has delivered 7.2%, underperforming the benchmark by 205 bps on an annualized net of fees basis.

During the quarter, our stock selection within Real Estate and Consumer Discretionary sectors supported portfolio returns, while our allocation in Information Technology and Energy sectors detracted the most from relative returns. From a country perspective, our positions in Spain and allocation in Sweden supported performance while our stock selection in the US and Japan detracted the most from relative returns.

Performance Commentary

Top Contributors	Ending Weight (%)	Relative Contribution (bps)	Top Detractors	Ending Weight (%)	Relative Contribution (bps)
BBVA	2.0	+61	Marvell Technology	1.8	-88
Waste Management	3.0	+48	Salesforce	2.9	-47
Hexagon	0.0	+40	Amazon	5.6	-31
American Tower Corporation	2.5	+38	Danaher	2.5	-28
Apple	7.0	+35	TSMC	1.7	-27

Top contributors to portfolio performance

BBVA, a Spanish multinational financial services company, was the key contributor to relative returns during the quarter. BBVA shares outperformed during the quarter on the back of a strong 4Q24 earnings report where the company reported that the loan growth and margins have remained healthy and asset quality has been robust. We continue to like the name based on BBVA's high-quality franchise and sustainable revenue streams. Additionally, they announced €1 bn share buy-back which shows management's confidence in capital generation.

Waste Management, an American waste management, comprehensive waste, and environmental services company, was the other key contributor to relative returns during the quarter. The shares outperformed during the quarter on the back of a strong 4Q24 earnings report that revealed a resilient high-single digit unit profitability growth outlook in core solid waste despite recycled commodity headwinds and the expiration of the alternative fuel tax credit. We continue to remain invested in the name given a strong outlook with landfill gas project pipeline nearing completion exiting 2025. Also, the company's focus on cost savings from route optimization, maintenance, and SG&A efficiency is a positive.

Top detractors to portfolio performance

Marvell Technology, an American company which develops and produces semiconductors and related technology, was the key detractor from returns during the quarter. The stock underperformed during the month after strong performance in 4Q24 driven by broader underperformance in semiconductor stocks that are exposed to the AI theme. While demand commentary continued to remain strong, with all hyperscale customers guiding for strong growth, market sentiment has weakened in the space. While short-term sentiment has been impacted for AI stocks, Marvell has strong partnerships with their AI customers, which provides them greater demand visibility and hence is likely to emerge as a long-term winner as a supplier of AI infrastructure.

Salesforce, American cloud-based software company, was the other key detractor from relative returns during the quarter. The stock underperformed on the back of 4Q24 results that topped estimates while revenue missed slightly. Revenue guidance for fiscal 2026 also came in below expectations, despite the ramp of new artificial intelligence products. However, we continue to remain invested in the name as we are positive on the company's execution of its Gen-AI product roadmap with the release of Agentforce 2dx. We highlight that these enhancements—empowered by Salesforce's unique static and dynamic data within Data Cloud and Zero Copy architecture—can accelerate time-to-value for customers and expand the breadth of use-cases beyond traditional CRM.

Portfolio Activity – Key Buys and Sells

During the quarter, we had 2 new initiations and 4 eliminations.

We initiated a position into **Apple**, the American multinational corporation and technology company. Apple is an attractive investment due to its strong financial performance, brand loyalty and continued innovation across hardware, software and services. With a well-established ecosystem that drives recurring revenue, Apple benefits from high-customer retention and increasing services revenue. Their scale gives them a first to market advantage in AI and we expect significant AI feature launches to drive an accelerated replacement rate of iPhones coupled with the continued ability to monetize new services which we believe will continue to drive gross and EBIT margins. Also, Apple is well-positioned to continue to grow its services revenues as growth remains resilient in the core (App store, Advertising, Apple Care) while overall services growth should be supported by increasing scale of new Services (iCloud+, Apple Pay, Apple One). As technologies like advanced packaging become necessary for on-device AI, Apple's partnership with TSMC likely to enable them to be first to market with an AI ready smartphone, with full-scale on-device AI capabilities.

We also started a position in **Spotify**, the leading digital service provider in the fast growing and under monetized music streaming industry. Spotify has emerged as the clear leading distributor in the high growth music streaming industry and is in the early innings of its revenue growth and margin expansion journey. We expect Spotify to sustain high teens revenue growth driven by ongoing premium member growth and significant pricing uplift through many different initiatives all aimed at narrowing the monetization gap of music vs history. We expect the company to deliver 900bps of margin expansion over the next 3 years coupled with strong free cash flow conversion given the asset light nature of the business and favorable working capital dynamics of the subscription model. The key pillars to thesis are: a. Highest and fastest growing market share in the secular growth music streaming industry b. Significant pricing opportunities to be a key growth driver over the next few years. c. Margin expansion and FCF inflection as the company scales and benefits from accretive strategic initiatives.

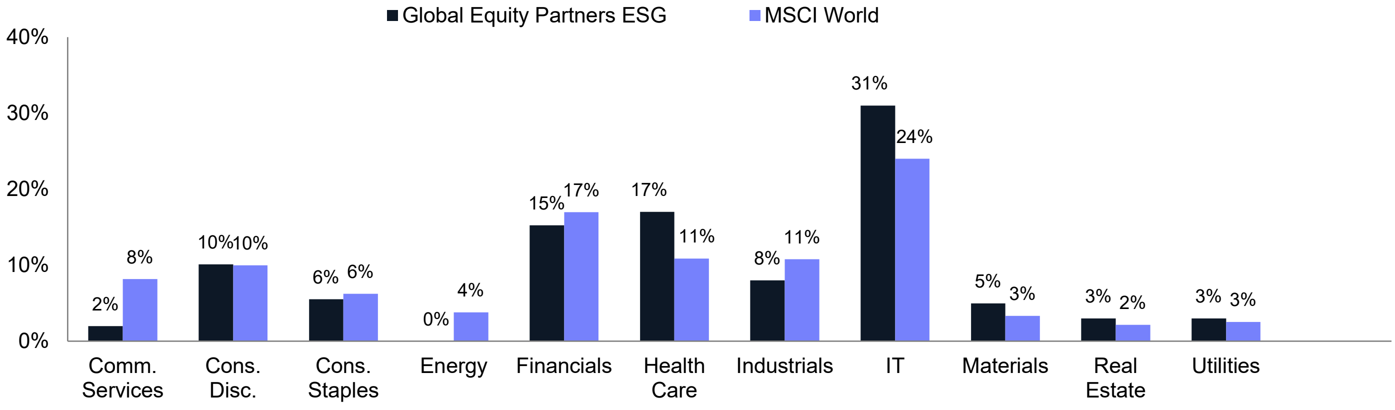
Moving to exits, we exited out of our position in **Estee Lauder**. When we started a position in EL in December 2023, the stock had underperformed the broader market driven by what we thought was a cyclical slowdown in the Asia travel retail business. Given our strong long-term outlook for the prestige beauty and skincare market and EL's leading positioning within it with a strong portfolio of brands, we started a position as we expected Asia travel retail and channel destocking to bottom out, which would drive a recovery in topline and in margins which had collapsed on the slowdown. Following a series of disappointing quarters, it is clear that the issues in Asia travel retail are more severe than we initially expected. Additionally, structural channel shift in the US is causing the need for material strategic pivots. With a new CEO now in place, we had hoped that greater action would be taken to address the channel issues and clear inventory more aggressively, but have been disappointed by more of status quo approach. Thus, we lack confidence that EL will make the necessary changes to get the brand in healthier place across the globe and see more disappointments ahead.

We sold out our position in **Alphabet** following very strong performance. We have held the stock in GEP over long-term driven by its dominance in Search which has enabled Alphabet to be a key winner in the fast-growing digital advertising market. Recently, we believe advancements in large language models has driven the first real competitive threat to the Search model that we have seen since its inception. Large language model capabilities are causing new ways of searching and digesting information that have implications for both Search's market share of queries as well as its ability to monetize queries at the same rate that it has historically. While Alphabet has the scale, cash flow, and technological prowess to be competitive in large language models and AI at large, we worry that ultimately the strong economics of the Search have peaked as competition emerges for the first time. Alphabet will have to invest heavily to compete while the ROIC may be lower than the high levels they have enjoyed over the past 2 decades.

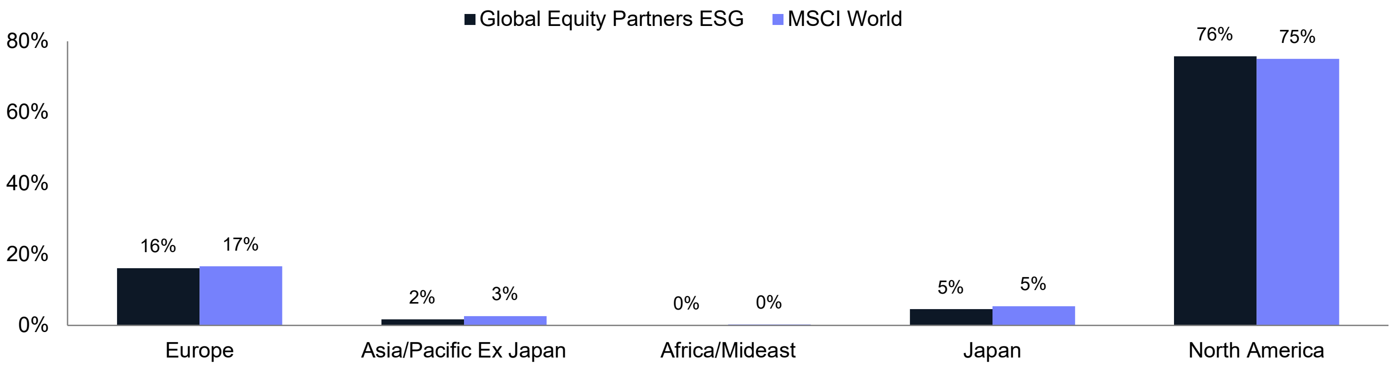
We also sold out our position in **Disney**. Following underperformance from the peak in 2021 through the bottom in 2024, the stock has recovered as execution has improved. While we expect the business to continue to improve following significant margin contraction over the past few years, we believe it will be difficult to drive growth and profitably at rates the market is expecting over the next few years and we see more upside and better, cleaner opportunities elsewhere.

We also exited out of our position in **Hexagon**, a Swedish multinational industrial technology company. Hexagon has done well in recent months, delivering better-than-expected 4Q results and took decisive steps to unlock shareholder value. The company announced the spin-off of the software business and also, announced a new Chairman (ex-ABB CEO) who has a strong history of value creation. With these actions being priced in, focus now shifts to macro which continues to remain weak. And considering end-market backdrop, 22x valuation appears stretched. As such, we decided to exit the name and allocate the proceeds into other opportunities where markets have allowed us an attractive entry point.

SECTORAL POSITIONING



REGIONAL POSITIONING



COUNTRY POSITIONING

Country	Portfolio (%)	MSCI World (%)	Active (%)
United States	75.7	71.9	3.9
Netherlands	4.0	1.1	2.9
United Kingdom	6.5	3.8	2.7
Taiwan	1.7	0.0	1.7
Spain	2.0	0.8	1.2
Sweden	1.9	0.9	1.0
Japan	4.5	5.4	-0.9

Source: Source: FactSet, MSCI as of February 2025. Goldman Sachs Asset Management, February 2025

TOP 10 HOLDINGS

Company Name	Portfolio (%)	MSCI World (%)	Active (%)
Apple	7.0	4.9	2.1
Microsoft	6.8	3.9	2.9
Amazon	5.6	2.6	2.9
S&P Global Inc	4.5	0.2	4.2
Procter & Gamble	3.2	0.6	2.6
National Grid	3.2	0.1	3.1
Accenture Plc	3.1	0.3	2.9
Northern Trust	3.1	0.0	3.1
Waste Management	3.0	0.1	2.9
Home Depot	3.0	0.5	2.5