Goldman Sachs | Asset Management

Investment Commentary

Q2 2024

Class A: GEMAX Class S: GEMSX
Class C: GEMCX Class Inv: GIRMX
Class I: GEMIX Class R6: GEMUX

Goldman Sachs Emerging Markets Equity Fund

Market Overview

In Q2 the MSCI Emerging Markets index returned 4.99% (net).

Following supportive policies from the Chinese government towards the Real Estate sector over the period, Chinese equities performed well as, to an extent, investors' concerns were alleviated by positive economic indicators resulting in a recovery in valuations.

Taiwan also performed well over the quarter as the theme of AI-related demand continued to rally globally. This positively affected associated names in the semiconductor and other AI-related supply chain manufacturing sectors, of which many are Taiwan-based.

India was a significant contributor over the quarter as the long-term themes of GDP growth translating to improving corporate earnings drove returns despite some event risk volatility due to the general election results announced in June.

The Latin America (LatAm) region lagged the MSCI EM Index, as Brazil and Mexico generated negative returns driven by reducing commodity prices and volatility around political events respectively.

Within the Middle East and North Africa (MENA) region there was significant variety of returns between Middle Eastern countries. Saudi Arabia, Qatar and UAE underperformed as oil prices fell over the quarter.

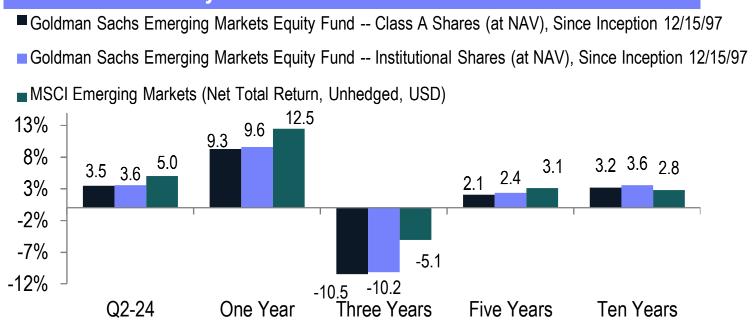
Turkey led the index as an expectation of a return to economic orthodoxy in monetary policy and exchange rate corrections boosted returns in USD terms.

The best performing sectors over the quarter were Information Technology, Communication Services, Utilities, while the worst performing sectors were Health Care, Consumer Staples, Materials.

Portfolio Attribution

The Goldman Sachs Emerging Markets Equity Fund Institutional share class underperformed its benchmark, the MSCI Emerging Markets Index, by 142 basis points (bps) in 2Q 2024, on a net of fees basis. During the quarter, our holdings in Taiwan and underweight to Saudi Arabia were the top contributors to relative performance, while our overweight in Mexico and Philippines detracted from relative returns. At the sector level, our holdings in Communication Services and underweight in Materials contributed the most, while our holdings in Consumer Staples and Consumer Discretionary detracted from relative returns. Since the philosophy and process was instituted for the fund in July 2013, annualized returns for the institutional share class are 5.00%, outperforming its benchmark by 122 bps, net of fees per annum.

Performance History as of 06/30/24



[1] The Since Inception Benchmark Return represents the time period of the shareclass with the earlier inception date, when the A and I shareclasses have different inception dates. For periods one year or greater, performance is annualized. **The returns represent past performance. Past performance does not guarantee future results. The Fund's investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted above. Please visit www.GSAMFUNDS.com to obtain the most recent month-end returns.** Performance reflects cumulative total returns for periods of less than one year and average annual total returns for periods of greater than one year. All Fund performance data reflect the reinvestment of distributions.

Standardized Total Returns for Period Ended 06/30/24

	Class A Shares	Class I Shares
One Year	9.29%	9.58%
Five Years	2.09%	2.41%
Ten Years	3.18%	3.55%

The Standardized Total Returns are average annual total returns or cumulative total returns (only if the performance period is one year or less) as of the most recent calendar quarter end. They assume reinvestment of all distributions at net asset value. These returns reflect the maximum initial sales charge of 5.50% for Class A Shares. Because Institutional Shares do not involve a sales charge, such a charge is not applied to their Standardized Total Returns.

Expense Ratios

	Class A Shares	Class I Shares
Current Expense Ratio (Net)	1.33%	1.03%
Expense Ratio Before Waivers (Gross)	1.48%	1.12%

The expense ratios of the Fund, both current (net of any fee waivers or expense limitations) and before waivers (gross of any fee waivers or expense limitations) are as set forth above. Pursuant to a contractual arrangement, the Fund's waivers and/or expense limitations will remain in place through at least February 28, 2025, and prior to such date the investment adviser may not terminate the arrangements without the approval of the Fund's Board of Trustees.

At the stock level, Godrej Properties (1.2%) contributed most to performance. Godrej Properties is a Pan-Indian real estate company which follows a build-and-sell model. The company operates an asset-light business model where instead of land banking, it develops properties in joint agreement with the respective landowners. In aggregate, Godrej Properties engages in the real estate construction, development, and other related activities in India, Singapore, Dubai, and the United States, developing residential, commercial, and township projects. We believe the group's branding, strong management and transparent business practices have led to a strong demand for its offerings. It has also taken advantage of reduced competition in the industry. Along with the monetization of existing assets, we believe GPL is well-placed to benefit from a broader demand recovery. Over the period, the company continued to deliver consistent earnings growth as a result of its strong market share of increasing property demand.

At the stock level, Tencent Holdings (6.0%) also contributed over the period. Tencent is one of the largest internet service providers in China, providing social media, online gaming, advertising, payment services, etc. through their subsidiary companies. Tencent has leading market positions in many of its business segments including one of the largest instant messaging and social media platforms in China. In addition, the company's payment segment, Tenpay, is one of the largest mobile payment segments in China. During the quarter, the company continued to gain market share in online advertising business driven by strong user engagement in its video account service. Additionally, the company has resumed better gaming revenue growth following good performance from recent online game title releases.

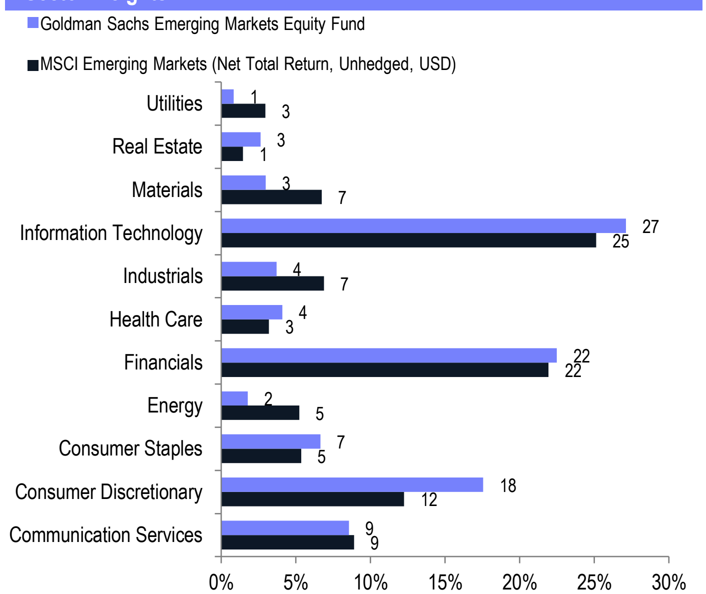
On the other hand, our position in Kweichow Moutai (1.8%) was the largest detractor to performance. We like Moutai, the high-end liquor producer, for its strong brand and unique positioning in the China consumer staple space. The company has continued to display steadfast resilience in earnings growth, profitability following its recent channel restructuring exercise. We view Moutai as a key beneficiary in the long term for continued economic and income growth in the country and secular trade up in liquor consumptions. The company should also benefit from its initiatives in channel reform and governance improvement. During the period, Kweichow Moutai's share price declined on the back of a decline in the wholesale prices for the company's "Feitian" Moutai. Pressure of destocking following the launch of the 375ml package Feitian Moutai and more aggressive discounts offered on large e-commerce platforms may have added to downward pressure. While we continue to monitor wholesale prices, we like Kweichow Moutai within the Baiju segment for its strong brand and unique positioning in the China consumer staple space.

At the stock level, our position in Alsea (0.6%) detracted from performance. Alsea operates fast food, casual dining, and cafeteria restaurant chains located in Mexico, South America and Europe. We like the company's resilience to inflation and its ability to maintain strong demand through economic slowdowns. Additionally, many of its chains demonstrate strong brand loyalty, which we think it may give the chains ability to maintain and even improve market share. During the quarter, the stock has corrected due to unexpected election outcomes which caused some volatility. We continue to see Alsea as a best-in-class restaurant operator with solid momentum across its brands. In fact, despite the post-election turmoil, Mexico consumer demand remains healthy while European consumer demand is showing signs of recovery. In addition, the company's space expansion is picking up with 4-5% space growth guidance. We believe that Alsea's diversification with a portfolio of brands across quick service restaurants (QSR), coffee, pizza, casual dining etc. and geographies (30% of sales coming from Europe) should help it manager any potential negative scenarios.

Top Ten Holdings

Company	Portfolio (%)
TSMC	10.2
Samsung Electronic	6.3
Tencent Holdings	6.0
ICICI Bank	2.5
Zomato	2.0
Meituan	1.9
Kweichow Moutai	1.8
Alibaba	1.6
China Merchants Bank	1.5
MediaTek	1.5

Sector Weights



Data as of 06/30/24.

Fund holdings and allocations shown are unaudited, and may not be representative of current or future investments. Fund holdings and allocations may not include the Fund's entire investment portfolio, which may change at any time. Fund holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities. Current and future holdings are subject to risk.

Portfolio Review

During the period we purchased Meituan (1.9%). Meituan operates as a web-based shopping platform for locally found consumer products and retail services. We like Meituan because it is the market leader in the rapidly growing food delivery sector, holding a majority market share. With over 256 million transacting users and 14 million daily transactions, the company benefits from the industry's offline to online migration. High user retention and increasing transaction frequency contribute to reduced delivery costs and enhanced user engagement through user-generated content. As part of the Tencent ecosystem, Meituan enjoys lower user acquisition costs and additional services, strengthening merchant dependence. Moreover, Meituan's expansion into fresh food, grocery delivery, and IT services for restaurants creates new high-margin revenue streams.

Over the period we also purchased Al Rajhi Bank (0.7%), a banking services provider. The Bank offers services such as credit cards, insurance, car finance, loans, online and phone banking, and current accounts for customers in Saudi Arabia. The company is fully Shariah compliant owing to which it is also the largest Shariah compliant bank globally. Rajhi is the largest retail bank in Saudi Arabia and third largest in corporate. We especially like the company's sector leading ROA, market leading mortgage, and premium valuation.

Over the period we sold our position in Netease (0.0%). Netease is the second largest online game and mobile game developer in China, with market share over 25%. Beside the gaming business, NetEase offers Cloud Music and ecommerce service too. We expected NetEase to deliver slower growth in coming quarters due to weak game pipeline and adjustment of monetization progress. We sold out our exposure to lock in performance and move to higher conviction names in the same sector, notably Tencent Music.

During the period we also exited our position in Orion Corp (0.0%). Orion is one of South Korea's largest confectioners. We exited our position because we believe the company made poor capital allocation decisions by investing in a biotech company, deviating from its core business in consumer staples.

Strategy/Outlook

Emerging Markets (EM) were supported by strong economic data in the first half of 2024 and the forecast remains positive for second half of 2024. We see the following macro themes as key to driving market returns:

Loosening monetary policy: Monetary policy has begun to loosen in EM ahead of the Fed, we expect any reduction in FED rates in the second half of the year be positive for the EM asset class.

High GDP Growth: The EM-DM (Developed Markets) growth differential continues to be an important driver of opportunities within the EM complex, driven by demographics and in many cases improving productivity and digitization.

Positive EM Earnings Growth: EM continues to seek pockets of regional growth with attractive fundamentals and investment opportunities. India, which accounts for ~16% of EM continues to depict a structural growth story driven by 1) a vibrant domestic economy; and 2) structural reform momentum. We believe we are in the midst of a multi-year corporate earnings recovery cycle with India being one of the only large economies to provide visibility over delivering ~6-7% real GDP growth over the next decade and ~15-17% earnings CAGR over the next 4-5 years.

Attractive Earnings Growth and Valuations: Consensus earnings forecast growth for EM remain above that of DM with earnings growth consensus at 15.1% and 15.5% for 2024 and 2025 respectively for the MSCI EM index compared to 5.5% and 11.6% for the MSCI World. Within the complex, earnings remain compelling across the more advanced economies of Korea, Taiwan, parts of ASEAN as well as in India, which itself is enjoying a multi-year earnings cycle.

Top/Bottom Contributors to Return (as of 06/30/24) [1]

Top Ten	Ending Weight (%)	Relative Contribution (bps)
Godrej Properties	1.2	+29
Tencent Holdings	6.0	+27
TSMC	10.2	+21
NetWeb Technologies	0.4	+18
Silergy	0.7	+16
HD Hyundai Marine	0.0	+15
Computer Age	0.9	+14
Jentech Precision	0.6	+12
China Merchants Bank	1.5	+11
NLB Group	0.8	+10
Bottom Ten	**Ending Weight (%)**	**Relative Contribution (bps)**
Kweichow Moutai	1.8	-38
Alsea	0.6	-28
Sendas Distribuidora	0.4	-23
Prologis	0.6	-23
SK Hynix	0.5	-22
MAP	0.4	-19
Samsung Electronic	6.3	-19
Samsonite	0.6	-18
Gentera	0.4	-17
Monde Nissin	0.6	-17

[1]Source: Goldman Sachs Asset Management. As of 06/30/2024. Attribution data shown is from a third-party data provider and may slightly differ from official Goldman Sachs Asset Management performance due to pricing differences/methodologies. The attribution returns are gross and do not reflect the deduction of investment advisory fees, which will reduce returns. **Past performance does not guarantee future results, which may vary.**

Source: Goldman Sachs Asset Management

Attractive Earnings Growth and Valuations [Contd]: Across the EM complex we are seeing a variety of valuations compared to historical norms. Historically, EMs trade at a PE discount to DM. Over the last 20years the average PE 1 Year Fwd discount for EMs is 21%, today the relative discount is 34% , suggesting there may be room for the valuation differential to narrow.

Notably on a country level, in India we have seen some stabilization following the June election results. The long-term trends of underlying GDP strong corporate earnings growth remain in place and the election volatility may provide some attractive entry points. Chinese stocks have rebounded in H1 supported by a recovery in exports. The Chinese economy looks set to deliver GDP in line with the governments “around 5%” target. Whilst investor remain concerned about property sector issues, policy announcements over H2 are likely to be important drivers of overall market returns.

It is also imperative that we continue to acknowledge the risks for the asset class, despite our more constructive view. While geopolitics between US and China are seemingly on a healthier trajectory, any re-escalation in tensions could mean near term volatility in equity markets and we expect the large numbers of elections in 2024 to be a significant factor in this. Markets continue to focus on other global headwinds such as the risk of recession, which seems less likely, but any uptick in the still-high levels of core inflation in DM, could trigger prospect of further tightening from the Fed and ECB leading to instability.

Finally, as bottom-up investors, we always stay true to our investment philosophy and avoid trying to time markets or seeking exposure to binary geopolitical outcomes. From an investment standpoint we continue to focus on finding sound businesses that we believe are trading at meaningful discounts. We remain cognizant of these externalities but believe by being selective and discriminatory at the company level, there are compounding opportunities to be found across the EM landscape. By remaining disciplined in our approach, we have been able to capitalize on market selloffs and rebounds to deliver sizeable and consistent alpha over the investment cycle by investing in great businesses at attractive levels.

Source: Goldman Sachs Asset Management

Risk Considerations

The Goldman Sachs Emerging Markets Equity Fund invests primarily in a diversified portfolio of equity investments in emerging country issuers. The Fund's investments are subject to **market risk**, which means that the value of the securities in which it invests may go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions. **Foreign and emerging markets investments** may be more volatile and less liquid than investments in U.S. securities and are subject to the risks of currency fluctuations and adverse economic, social or political developments. Because the Fund may invest heavily in **specific sectors**, the Fund is subject to greater risk of loss as a result of adverse economic, business or other developments affecting such sectors. The Fund may make investments that are or may become illiquid. At times, the Fund may be unable to sell **illiquid investments** without a substantial drop in price, if at all.