Goldman Sachs | Asset Management

Investment Commentary

1Q 2024

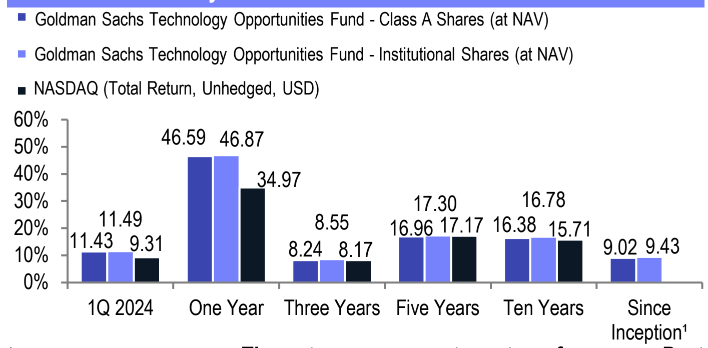
Class A: GITAX Class I: GITIX
Class C: GITCX Class S: GITSX

Goldman Sachs Technology Opportunities Fund

Market Overview and Outlook

The S&P 500 Index increased by 3.22% (total return, in USD) in the month of March. The index closed the month at an impressive new all-time high, marking its fifth consecutive month of higher performance as it demonstrated an improvement in market breadth with performance expanding outside of the recently dominant mega-cap technology names. Shares of big technology companies still contributed to the index's positive gains and as strength broadened out beyond technology, excitement surrounding artificial intelligence capabilities served as a key tailwind to the equity market. More broadly, equities were lifted higher in March by continued investor optimism regarding consensus expectations that the Federal Reserve (Fed) will cut interest rates soon and recent evidence of an overall resilient US economy. Inflation data earlier in the month showed prices rising more rapidly than forecasted with February's Producer Price Index (PPI) print rising 0.6% from the previous month, its highest level since September, and February Consumer Price Index (CPI) reports also printing higher than anticipated . Elevated inflation data fueled investors' concerns regarding the path for monetary policy, underpinning higher-for-longer Federal Reserve narratives. Following this uptick in inflation, market participants then viewed the March Federal Open Market Committee (FOMC) meeting positively given the absence of unexpected Fed announcements as officials kept the policy rate unchanged between 5.25% to 5.50% as well as reiterated the expectation of three rate cuts from policymakers in their updated Summary of Economic Projections (SEP). Takeaways from the meeting were interpreted as dovish overall as Fed Chairman Jerome Powell communicated that the modest rise in recent inflation data did not fundamentally change the disinflation narrative, staying cautiously optimistic as he continued to remind investors that while officials have seen progress of inflation trending lower towards its 2% target, further confidence is necessary before easing monetary policy. Core Personal Consumption Expenditure (PCE) data for February, the Fed's preferred gauge of consumer prices, was released afterwards largely in line with Fed expectations as it printed at 2.8% year-over-year. The bond market experienced a decrease in yields across the curve following the March Federal Open Market Committee (FOMC) meeting and a dovish shift in market expectations. Overall expectations that the US can achieve a soft landing persist as economic activity continued to grow at a solid pace, demonstrated by the final Gross Domestic Product (GDP) revision which showed that GDP rose by 3.4% in the fourth quarter. The labor market also remained robust as Nonfarm Payrolls were well above market expectations, increasing by 275,000 employees, though still showing signs of easing in February as the Unemployment Rate for February was reported at 3.9%, an increase from 3.7% in the prior month. The broader equity market was encouraged by the announcement of above consensus expectations job growth in February combined with slowing Average Wage Growth from the month prior.

Performance History as of 03/31/2024



[1] Since Inception 10/01/99. **The returns represent past performance. Past performance does not guarantee future results. The Fund's investment return principal value will fluctuate so that an investor's shares, when sold or redeemed and, 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.GSAM.com to obtain the most recent month-end returns.** 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. 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 03/31/2024

Period	Class A Shares	Class I Shares
One Year	46.44%	46.87%
Five Years	16.96%	17.30%
Ten Years	16.38%	16.78%

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)	1.17%	0.89%
Expense Ratio Before Waivers (Gross)	1.41%	1.05%

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 December 29, 2024, and prior to such date the investment adviser may not terminate the arrangements without the approval of the Fund's Board of Trustees.

Source: Goldman Sachs Asset Management, as of 31-Mar-2024.

Despite a slowdown in the February Retail Sales report possibly signaling slowing momentum in consumer spending, data overall demonstrated resilience in the US economic backdrop. Corporate earnings remained resilient as fourth quarter earnings season wrapped up with 2024 outlooks. The best performing sectors within the S&P 500 were Energy, Utilities, and Materials, while the worst performing sectors were Consumer Discretionary, Real Estate, and Information Technology.

Portfolio Attribution and Trades

Following a strong 2023 for tech equities, 2024 began with mixed results for the near-term but still mid- and long-term optimism. As we saw in 2023, despite concerns around the macro environment, we have seen continued strength and resilience in tech driven by improving fundamentals, AI, and easing rate expectations.

Companies came out of the gate in 2024 with modest guidance. After a record year for many, we are seeing management teams under promising, setting themselves up to over deliver.

Our portfolio companies' products and services are still very much in demand and are displaying their competitive advantages in their respective markets. Broadly speaking, we have been seeing a recovery in cloud consumption, and companies are now willing to sign longer term contracts, reflecting customers' handle on cloud costs.

Demand for tech innovation remained healthy despite the tougher spending environment for companies. Despite increased demand, adoption remained low for many innovative tech products and services.

China spending on semi-cap equipment is down, but rest of the world is accelerating.[1] Furthermore, capital from the CHIPS Act is starting to finally flow to companies and could drive upside to estimates in the second half of 2024.

Tech valuations remain attractive given we believe AI will broaden out through the year, particularly beyond the Magnificent 7 tech vendors. We are very bullish on the opportunity in companies below $100 billion market cap as AI opportunity expands beyond a market that has been mostly driven by those mega-cap companies. Our quality bias continued to benefit our portfolios.

Throughout the quarter, sector weights have driven the majority of relative outperformance. The AI infrastructure was a key driver of returns as well. AI excitement continued to be a part of the market we are leaning into, despite companies reporting that their AI adoption is taking longer than expected.

Regarding stock selection, our selection within communications equipment and financial services has contributed the most to relative outperformance throughout the quarter. Our overweight to semiconductors has contributed to performance, as we believe their technologies will enable the advancement in AI and other innovative parts of tech. Our differentiated investment approach has enabled us to selectively invest in semiconductor companies that we believe will be best positioned to support AI models. We continue to seek opportunities across the semi ecosystem, including beneficiaries of the secular shift from training to inference. Our mega-cap stock selection drove the majority of relative outperformance year-to-date.

Active management has been particularly important in this environment, both in managing risk and taking advantage of market moves.

Top/Bottom Contributors to Return (as of 03/31/2024)

Top Ten	Ending Weight (%)	Relative Contribution (bps)
Apple	2.45	191
Micron Technology	2.39	55
ARM	--	38
Advanced Micro Devices	3.57	30
Marvell Technology	4.00	30
ASML	2.05	29
KLA Corporation	3.14	29
Applied Materials	2.35	27
Fidelity National Information Services	1.75	23
Oracle	2.23	21
Bottom Ten	**Ending Weight (%)**	**Relative Contribution (bps)**
Snap	0.83	-56
Zscaler	2.21	-49
Adobe	2.78	-46
Snowflake	1.15	-44
American Tower Corporation	1.93	-44
Accenture	2.56	-29
NVIDIA	7.80	-26
Workday	2.42	-26
PayPal	--	-24
Equinix	2.95	-20

[1] Semi.org

Source: FactSet as of 03/31/2024. 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.**

Relative underperformance this year was largely due to our stock selection within software. Software companies faced pressure in March, leading to slight relative underperformance this quarter. For many companies, AI adoption has been slower than anticipated with concerns over rates being "higher for longer".

From a positioning standpoint, we have continued to take profits from positions and reallocated to other parts of the portfolio aligned to AI. We continue to monitor the enterprise software space for the potential best risk/reward opportunities. We believe that software companies still have a great outlook despite the extremely impressive 2023 for the sector.

Apple (2.45%) – an American electronics company – was a top contributor to relative returns during the quarter due to our underweight position relative to the benchmark. The company's stock has faced market volatility in recent months, with its stock price dropping as investors worried about its future catalysts for growth and demand if consumer discretionary spending declines this year, then falling further after the company reported a mixed quarter with lower guidance. Weakness was primarily due to continued disappointing iPhone revenues in the United States and China. Further, the company did report earnings in which they beat revenue and earnings expectations, but China worries overshadowed sales growth. During the quarter, the company was also reported to be ending its car project to focus on areas such as generative artificial intelligence integrations – though investors widely view Apple to be behind its competitors in the generative AI space. Lastly, the US Department of Justice filed a high-profile antitrust lawsuit against the company in mid-March alleging that it monopolizes the smartphone market and discourages any innovation that may threaten its competitive position. We continue to believe in Apple due to its historical ability to still hit estimates despite the challenging macroeconomic backdrop and its potential ability to cross-sell services through its large installed user base, but we remain modestly underweight due to weaker fundamentals, its expensive valuation, and declining iPhone revenue.

Micron Technologies (2.39%) – a leading semiconductor company – was a top contributor to returns during the quarter. Following a downturn, Micron's fundamentals swung positively with PC (Personal Computer) and smartphone demand as well as supply and demand getting in balance. Since Micron's primary end markets are servers, PCs, and handsets, we believe they will benefit from the tailwind of AI in edge computing. More importantly, HBM (High Bandwidth Memory used for AI) is now driving meaningful growth for the industry. Micron has begun to ship HBM in volume, allowing them to be competitive and capture market share. We believe Micron will continue to represent one of the best risk/reward opportunities throughout 2024.

Top Ten Holdings

Company	Portfolio (%)
Microsoft	10.28
Alphabet	8.48
NVIDIA	7.80
Amazon.com	7.54
Marvell Technology	4.00
Advanced Micro Devices	3.57
Salesforce	3.34
KLA Corporation	3.14
Equinix	2.95
Adobe	2.78

Data as of 03/31/2024.

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.

Top Ten Overweights

Company	Overweight (%)
Alphabet	5.23
Marvell Technology	3.77
Salesforce	3.34
KLA Corporation	2.78
Equinix	2.65
Visa	2.61
Accenture	2.56
Advanced Micro Devices	2.47
HubSpot	2.42
Oracle Corporation	2.23

Data as of 03/31/2024.

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Source: Goldman Sachs Asset Management, as of 31-Mar-2024.

Snap (0.83%) – a technology and social media company known for its flagship product, Snapchat – was a top detractor from returns during the quarter. The stock came under pressure following the announcement of weaker-than-expected earnings in the previous quarter. Though digital advertising continued to recover, management indicated that the pace of the recovery decelerated to end 2023. Despite this, the company continued to see strong demand for its Direct Response advertising offering, with small-to-medium size businesses increasing their spend on this service year-over-year. Thus, we continue to view Snap as a well-differentiated play on the advertising recovery. As the company continues to roll-out new products and increase investment in its artificial intelligence and machine learning efforts, we believe this will drive increased engagement, better targeting, and higher revenue in the near-term. We are constructive on Snap and believe that a strong management team focused on execution will continue to take incremental share of the digital advertising market.

Zscaler (2.21%) – a next-generation cloud-based information security company – was a top detractor from returns during the quarter. The stock depreciated despite a positive earnings announcement primarily due to management's decision to provide conservative forward revenue guidance. A change in sales leadership introduced a period of adjustment, potentially impacting sales strategies and execution. Management believed that this transition, coupled with the prevailing tight spending environment in the industry, would lead to longer sales cycles and delayed execution from key clients, leading them to decrease their forward guidance. Despite this, we continue to maintain our conviction in Zscaler and believe the company is set to benefit from several key secular growth themes. As a leading, next-generation cloud security provider, we believe Zscaler will be a key beneficiary from the rapid adoption of cloud computing. The company's differentiated cloud-native platforms offer superior scalability, flexibility, and efficiency compared to traditional security architectures, positioning Zscaler as a preferred choice for enterprises globally. We therefor retain our conviction in Zscaler as enterprises continue to prioritize digital transformation and enhance their cybersecurity measures.

Portfolio Review

We initiated a position in **Micron Technology** (2.39%) for all of the reasons detailed in the comment above

We sold our position in **Palo Alto Networks** (1.99%), a cybersecurity company. In the most recent earnings release, Palo Alto announced a new "platformization" strategy that is expected to roll-out over the next three to six quarters. Given the uncertainty around the strategy, we decided to exit our position and allocate the capital towards better potential risk/reward opportunities. We will continue to closely monitor Palo Alto Networks.

Outlook

Over the long-term, we believe there is a tremendous opportunity for innovative tech given the secular growth drivers of these businesses are very much intact and accelerating.

Last year, tech was driven by the "Magnificent 7" as investors have recognized mega-cap tech vendors as the early winners of AI.

- This has been warranted as mega-cap tech stocks have been driven by earnings expansion and not multiple expansion. We believe the market is being very rational about these companies and we continue to view them favorably going forward.
- However, **we believe that in 2024 the AI opportunity will begin to broaden out**.
- **There are exciting potential risk reward opportunities in our three buckets of AI**, which include **1) Enablers** (cloud provider, semis, and semi-cap equipment needed to help train LLMs) **2) Data & Security** (software companies that finetune and secure huge amounts of data to be stored in the cloud for AI models) and **3) Applications** (software and other enterprises across sectors that will leverage AI broadly).

There are parts of the market, particularly semis, where we think valuations are becoming stretched. As a result, we are trimming some winners in the AI frenzy so far and allocation to the next set of beneficiaries (Data & Security and Applications). This is a compelling example of **why active management is particularly important when seeking to capture the long-term wealth creation opportunity that AI presents.**

AI is in the very early stages and has the potential to be transformational to industries and economies.

- Many of these technologies, including AI, are in their early stages and still have low adoption as well as huge total addressable markets (TAMs), which we look for when investing in innovative tech companies.

Our alpha generation has been rooted in our quality focus and proprietary bottom-up fundamental analysis.

We believe technology stocks are well-positioned to outperform in a lower growth environment.

Source: Goldman Sachs Asset Management, as of 31-Mar-2024.

Definitions

Disinflation – when price inflation slows down temporarily

Soft landing – refers to a moderate economic slowdown following a period of growth

Dovish – Central bankers are described as “dovish” when they are in support of policies spurring growth through low interest rates. Opposite of hawkish.

REITs refers to **Real Estate Investment Trusts**

R&D refers to **Research and Development**

FX refers to **Foreign Exchange**

EV refers to Electric Vehicles

NTM P/E refers to a version of the ratio of price-to-earnings that uses forecasted earnings over the next 12 months for the P/E calculation

Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services

Mega Cap Tech Stocks is defined as companies with market capitalizations in excess of $100Bn

Magnificent 7 Tech Vendors is a group of seven (Apple, Alphabet, Amazon, Microsoft, Meta, NVIDIA, and Tesla) mega cap tech stocks

Personal Consumption Expenditure Index is a measurement of consumer payments and is used to reflect consumer behavior.

Total Addressable Market (TAM) refers to the size of a given opportunity.

Risk Considerations

The Goldman Sachs Technology Opportunities Fund invests primarily in equity investments in high quality technology, services, media or telecommunications companies that adopt or use technology to improve their cost structure, revenue opportunities or competitive advantage. 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. Because the Fund **concentrates its investments** in certain specific industries, the Fund is subject to greater risk of loss as a result of adverse economic, business or other developments affecting those industries than if its investments were more diversified across different industries. **Stock prices of technology and technology-related companies** in particular may be especially volatile. The securities of **mid- and small-capitalization companies** involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements. **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. **Different investment styles** (e.g., “growth”, “value” or “quantitative”) tend to shift in and out of favor, and at times the Fund may underperform other funds that invest in similar asset classes.

<u>**Index Benchmarks**</u>

Indices are unmanaged. The figures for the index reflect the reinvestment of all income or dividends, as applicable, but do not reflect the deduction of any fees or expenses which would reduce returns. Investors cannot invest directly in indices.

The indices referenced herein have been selected because they are well known, easily recognized by investors, and reflect those indices that the Investment Manager believes, in part based on industry practice, provide a suitable benchmark against which to evaluate the investment or broader market described herein.

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