

# A Flexible Approach to Fixed Income Investing

**Speakers:** Simon Dangoor (Deputy CIO of Fixed Income and Head of Fixed Income Macro Strategies), Alexa Gordon (Fixed Income Client Portfolio Manager)

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## Transcript

### 00:00:00–00:00:33 Simon Dangoor

The fixed income market is facing significant challenges, including fluctuating interest rates, economic uncertainties, and a unique global landscape. These factors can make it difficult for investors to find consistent returns. One of the key issues is the broad valuations landscape, where tight spreads are compressing the potential for profit. In such an environment, finding opportunities that offer attractive risk-adjusted returns is more critical than ever.

I'm Simon Dangoor, with Goldman Sachs Asset Management

### 00:00:34–00:01:16 Alexa Gordon

And I'm Alexa Gordon. We're here to introduce you to the Goldman Sachs Dynamic Bond Fund; A flexible and diversified fixed income fund, designed to help investors navigate the increasingly complex market environment.

The Goldman Sachs Dynamic Bond Fund is specifically designed to provide diversified sources of potential return and potentially less interest rate sensitivity. It's a flexible approach to fixed income investing that can adapt to evolving market conditions, leveraging our ideas across macro, sector allocation, and security selection perspectives with the goal of delivering consistent performance.

[Disclosure] Diversification does not protect an investor from market risk and does not ensure a profit.

### 00:01:17–00:02:06 Simon Dangoor

Central banks are diverging in their policies across the globe. Some are tightening monetary policy to combat inflation, while others remain accommodative to support economic growth. This divergence can create both risks and opportunities. For instance, a central bank raising interest rates can lead to higher yields in certain markets, but it can also increase volatility and the risk of economic slowdowns. Conversely, a central bank maintaining low rates or even cutting rates can boost economic activity but may lead to inflationary pressures. We view these divergences and differences in policies as ripe for investing and alpha opportunities. Also, high base rates can make the all-in yield of that country's corporates or structured products quite attractive but then it's even more critical to understand the forward path for the economy.

### 00:02:07–00:02:36 Alexa Gordon

In today's market, where interest rates can move rapidly and economic data can be unpredictable, the ability to navigate and be dynamic is crucial. Traditional fixed income products, which are often highly correlated with interest rate movements as they are tethered to a fixed benchmark duration, may struggle to deliver the desired returns. Investors are looking for strategies that can adapt and thrive in various conditions, and the Dynamic Bond Fund is one such potential solution.

### 00:02:37–00:03:00 Simon Dangoor

The global economic backdrop is also marked by significant geopolitical tensions, trade disputes, and varying levels of economic recovery from the pandemic. These factors can lead to sudden market shifts and increased volatility. We believe that in such a dynamic environment, a flexible and diversified approach to fixed income investing could be beneficial.

### **00:03:01-00:04:34 Alexa Gordon**

The fund's broad investment universe includes residential mortgages, investment grade corporates, high yield corporates, asset-backed securities, collateralized loan obligations, commercial-backed mortgage securities, emerging market debt, and government bonds. This diversification helps us find compelling risk-adjusted opportunities, even in tight spread environments as evidenced by our sector allocations from 2023 through 2025.

[Disclosure] Source: Goldman Sachs Asset Management. Sector allocation is as of December 31, 2025, and subject to change. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk. Diversification does not protect an investor from market risk and does not ensure profit. 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.

A key feature of the Dynamic Bond Fund is its risk-aware approach. We harmonize the various types of risk we are taking within the portfolio across global macro interest rates and relative value strategies, various spread sectors, or individual security selection. This allows us to potentially deliver a portfolio with high income durability, ensuring it remains resilient in challenging market conditions. Robust risk management techniques are employed to meet our objectives effectively.

[Disclosure] The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk. There is no guarantee that objectives will be met.

We believe the low duration of the fund is a significant advantage. Given the volatility in interest rates, a low duration portfolio with flexibility to extend depending on market conditions can help mitigate the impact of rate movements on the fund's value, which is vital in a backdrop of sudden and significant rate changes. Our skilled fund managers actively navigating the markets can adjust the fund's duration to seize opportunities.

### **00:04:35-00:04:58 Simon Dangoor**

Security selection is also critical to the fund's performance. We carefully choose individual securities that align with our investment objectives and have the potential to outperform. This bottom-up approach, combined with our top-down macro analysis, helps ensure the fund is well-positioned to meet total return goals, especially in tight spread environments.

### **00:04:59-00:05:18 Alexa Gordon**

We believe complementing a core fixed income allocation with the Dynamic Bond Fund can potentially enhance a portfolio's total return and yield while managing duration and volatility. It's a strategic way to build a more resilient and diversified fixed income portfolio, designed to navigate current market challenges.

### **00:05:19-00:05:45 Simon Dangoor**

Our Multi-Sector Fixed Income team has been managing dedicated multi-sector portfolios since 1990, with over \$250 billion in assets under management. Our team of more than 10 professionals operates from 5 locations worldwide, supported by a global platform of over 375 experts who deliver our investment ideas.

[Disclosure] Source: Goldman Sachs Asset Management as of December 31, 2025. Firmwide AUM includes assets managed by Goldman Sachs Asset Management and its investment advisory affiliates.

**00:05:46-00:06:13 Alexa Gordon**

The Dynamic Bond Fund can potentially enhance total return and yield while managing duration and volatility in a portfolio. It's a strategic way to build a more resilient fixed income portfolio. If you have any questions or would like to learn more, reach out to us. We are here to help you navigate the fixed income landscape and progress toward your financial goals. For the most updated performance information, please visit our website at [am.gs.com](https://am.gs.com).

## GLOSSARY

**Residential Mortgages:** Loans provided to individuals for the purchase or refinancing of residential real estate, typically secured by the property itself.

**Investment Grade Corporates:** Debt securities issued by corporations with high credit ratings, indicating a low risk of default as assessed by credit rating agencies.

**High Yield Corporates:** Also known as "junk bonds," these are debt securities issued by corporations with lower credit ratings, offering higher interest rates to compensate investors for increased default risk.

**Asset-Backed Securities (ABS):** Financial instruments collateralized by a pool of illiquid assets, such as credit card receivables, auto loans, or student loans, which generate cash flows to pay investors.

**Collateralized Loan Obligations (CLOs):** Structured finance products backed by a pool of corporate loans, typically leveraged loans, which are then tranching into different risk and return profiles for investors.

**Commercial Mortgages:** Loans secured by commercial real estate properties, such as office buildings, retail centers, or industrial warehouses, used for business purposes rather than residential.

**Emerging Market Debt:** Debt instruments issued by governments or corporations in developing economies, often offering higher yields but carrying greater political and economic risks.

**Government Bonds:** Debt securities issued by national governments to finance public spending, considered among the safest investments, especially those from stable, developed economies.

## RISK CONSIDERATIONS

\*Diversification does not protect an investor from market risk and does not ensure a profit.

Effective after the close of business on June 17, 2024, the Goldman Sachs Strategic Income Fund was renamed the Goldman Sachs Dynamic Bond Fund and changed its principal investment strategy. Performance information prior to this date reflects the Fund's former strategies.

The Goldman Sachs Dynamic Bond Fund (formerly, the Goldman Sachs Strategic Income Fund) invests in a broadly diversified portfolio of U.S. and foreign investment grade and non-investment grade bonds and other fixed income investments including, but not limited to: U.S. government securities, including agency issued adjustable rate and fixed rate mortgage-backed securities or other mortgage-related securities, non-U.S. sovereign debt, agency securities, corporate debt securities, privately issued adjustable rate and fixed rate mortgage-backed securities or other mortgage-related securities and, together with agency mortgage-backed securities, To Be Announced mortgage-backed securities, asset-backed securities (including collateralized loan obligations), custodial receipts, municipal securities, loan participations and loan assignments and convertible securities. The Fund may gain exposure to agency issued mortgage-backed securities through several methods, including by utilizing to-be-announced agreements in agency issued mortgage-backed securities. Investments in fixed income securities are subject to the risks associated with debt securities generally, including credit, liquidity and interest rate risk. Investments in mortgage-backed securities are also subject to, among other risks, prepayment risk (i.e., the risk that in a declining interest rate environment, issuers may pay principal more quickly than expected, causing the Fund to reinvest proceeds at lower prevailing interest rates). High yield, lower rated investments involve greater price volatility, are less liquid and present greater risks than higher rated fixed income securities. 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, including sanctions, counter-sanctions and other retaliatory actions. The Fund is also subject to the risk that the issuers of sovereign debt or the government authorities that control the payment of debt may be unable or unwilling to repay principal or interest when due. The Fund may be more sensitive to adverse economic, business or political developments if it invests a substantial portion of its assets in bonds of similar projects or in particular types of municipal securities. The Fund may invest in loans directly, through loan assignments, or indirectly, by purchasing participations or subparticipations from financial institutions. Indirect purchases may subject the Fund to greater delays, expenses and risks than direct obligations in the case that a borrower fails to pay scheduled principal and interest. The Fund's investments are also 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. Some floating or variable rate obligations or investments of the Fund may reference (or may have previously referenced) the London Interbank Offered Rate ("LIBOR"). As a result of benchmark reforms, publication of most LIBOR settings has ceased with some temporary, synthetic, and non-representative settings continuing to be published until 2024. The replacement of LIBOR may affect the value, liquidity or return on certain Fund investments and may result in costs incurred in connection with closing out positions and entering new trades. 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