Goldman Sachs | Asset Management

Investment Commentary

March 31, 2025

GOLDMAN SACHS HIGH YIELD FUND

Class A: GSHAX
Class C: GSHCX
Class R: GSHRX
Class I: GSHIX
Class S: GSHSX
Class Inv: GSHTX
Class R6: GSHUX

Market Review

During the first quarter, the Bloomberg US High Yield 2% Issuer Cap Index returned +1.00% with option-adjusted spreads ended the quarter at 347 basis points (bps) (source: Bloomberg). US High Yield market started the year on a positive note with support from strong technicals and rally in treasury yields. However, marker sentiments subsequently soured as investors started weighing risks on the back of tariff and growth concerns. As a result, option-adjusted spreads widened by 60bps over the quarter.

Amongst rating cohorts, BB-rated bonds relatively outperformed returning +1.49%, while B-rated and CCC-rated cohorts returned +0.74% and -0.44%, respectively (source: Bloomberg). During the quarter, all sectors, except two, in the US high yield market delivered positive returns. Outperforming sectors included Food & Beverages (+2.06%), Financial (+1.89%), and Cable & Satellite (+1.77%). Meanwhile, relative laggards included Diversified Media (-0.90%), Paper & Packaging (-0.69%), and Automotive (+0.03%) (source: J.P. Morgan). High yield technicals remain supportive for the asset class overall. Total gross issuance over the quarter was $68.3 billion. Of this, 75% of proceeds were targeted for maturity extensions, dampening overall net supply. On the demand side, the asset class reported inflows to the tune of +$7.6 billion during the quarter (source: J.P. Morgan). High yield default activity continued a downward trajectory during the quarter with the par-weighted, last 12-month default rate (including distressed exchanges) ended March at 1.20% (27bps reduction over the quarter (source: J.P. Morgan).

Performance Attribution

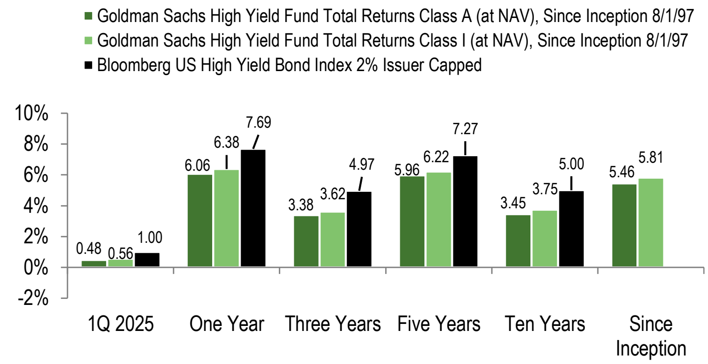
The Goldman Sachs High Yield Fund (I-share class) returned +0.55% (net of fees), whereas its benchmark (Bloomberg Barclays U.S. High-Yield 2% Issuer Capped Bond Index) returned +1.00% during the period.

From a macro perspective, our overweight to BBB-rated cohort as well as underweights to credits domiciled in US region and BB-rated cohort aided relative performance. Meanwhile, our tactical exposure to credit derivatives (CDX), cash holdings and overweight to CCC-rated cohort hurt relative performance.

From a sector perspective, top contributors included our underweights to Retail & Apparel and Rental Equipment as well as overweight to Retail - Food and Drug. Meanwhile, our overweight to Technology as well as underweights to Healthcare and Home Construction detracted from relative performance.

Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. The holdings and/or allocations shown may not represent all of the portfolio's investments. Future investments may or may not be profitable.

Fund Performance (%)



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 am.gs.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 03/31/25

	Class A Shares	Class I Shares
One Year	1.33%	6.38%
Five Years	4.98%	6.22%
Ten Years	2.97%	3.75%

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 4.5% for Class A Shares. Because Institutional shares do not include a sales charge, such a charge is not included in their standardized total returns

Expense Ratios as of 03/31/25

	Current Expense Ratio (Net)	Expense Ratio Before Waivers (Gross)
Class A Shares	0.99%	1.12%
Class I Shares	0.69%	0.79%

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 July 29, 2025 and prior to such date the investment adviser may not terminate the arrangements without the approval of the Fund's Board of Trustees. Please refer to the Fund's prospectus for the most recent expenses.

Top single name contributors included our exposure to restructured equity of Intelsat (Telecomm - Non Cellular), avoidance of New Fortress Energy (Energy) and AHEAD (Technology). Conversely, top detractors included our overweights to iHeart Communications (Non-Cable Media), Club Car (Capital Goods) and Arko Corp (Retail - Food and Drug).

Strategy

Heading into the recent volatility, the high yield asset class was in good shape with attractive absolute yields, solid credit fundamentals, and limited near-term maturities / defaults. In addition, the secular rating improvement for the overall market, seen over the past decade, has been providing support for valuations. As of 3/31/25, the portfolio was modestly long-beta positioned and we have been looking for opportunities to position issuers with improving fundamentals and limited DOGE/tariff exposure. We are also trying to identify situations where a catalyst could drive a refinancing that would speed the pull to par.

We maintain our generally up-in-quality bias, which includes a modest allocation to relatively cheap off-benchmark investment grade holdings. We continue to evaluate the impact of tariffs and DOGE which both of which are likely to crimp consumer spending. Accordingly, we have cut our exposure in to be impacted sectors (Autos, Consumer Cyclicals, Healthcare, Defense).

From a sector standpoint, Banks/Financials are our top overweight where we prefer that are exhibiting proactive management of business/consumer credit extension, as the sector is generally benefitting from improved net interest margins. Industrials are our next overweight amidst normalizing supply chains where we lean towards issuers that are capable to pass through cost inflation. We are also overweight Technology, preferring software and newer technologies, which have resilient end markets, versus legacy cash-cow hardware companies.

In contrast, we continue to remain underweight Retail/Apparel given the secular shift from high yield brick and mortar issuers to e-commerce. Further, we are underweight Metals/Mining, where free cash flow is expected to remain constrained in the near term with softer demand trends, weak pricing, and increased capital spending. Healthcare continues to struggle generally amid heightened regulatory scrutiny (including pricing) and litigation risk as well as recently anticipated budget cuts.

INVESTMENT COMMENTARY

The Goldman Sachs High Yield Fund invests primarily in high yield, fixed income securities that, at the time of purchase, are non-investment grade securities. The Fund's investments in fixed income securities are subject to the risks associated with debt securities generally, including **credit, liquidity and interest rate risk**. **High yield, lower rated investments** involve greater price volatility and present greater risks than higher rated fixed income securities. **Foreign 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 or political developments. The Fund may invest in **loans** directly, through loan assignments, or indirectly, by purchasing participations or sub-participations 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. **Derivative instruments** may involve a high degree of financial risk. These risks include the risk that a small movement in the price of the underlying security or benchmark may result in a disproportionately large movement, unfavorable or favorable, in the price of the derivative instrument; the risk of default by a counterparty; and liquidity risk. 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. The Fund's investments in **other investment companies** (including ETFs) subject it to additional expenses.

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General Disclosures:

BB, B and CCC Rated Bonds are based on credit ratings assigned by Moody's, S&P, and Fitch for an issued debt instrument (generally a bond) or the issuer of the credit (i.e. company or business) that are below investment grade (i.e. "junk bonds"). These bonds have a higher risk of default or other adverse credit Volatility offer higher yields than better quality bonds in order to make them attractive to investors. BB-rated bonds are the highest quality bonds within High Yield followed by B and CC rated bonds.

Convexity is a measure of the curvature in the relationship between bond prices and bond yields. Convexity demonstrates how the duration of a bond changes as the interest rate changes. If a bond's duration increases as yields increase, the bond is said to have negative convexity

The Bloomberg US High Yield Bond Index 2% Issuer Capped covers the universe of US dollar denominated, non-convertible, fixed rate, noninvestment grade debt. Index holdings must have at least one year to final maturity, at least $150 million par amount outstanding, and be publicly issued with a rating of Ba1 or lower. The Index is a total return performance benchmark for fixed income securities having a maximum quality rating of Ba1 (as determined by Moody's Investors Service). The Index is unmanaged and do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.
References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only and do not imply that the portfolio will achieve similar results. The index composition may not reflect the manner in which a portfolio is constructed. While an adviser seeks to design a portfolio which reflects appropriate risk and return features, portfolio characteristics may deviate from those of the benchmark.
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A basis point is 1/100th of a percent.

Rate Volatility: refers to the variability of Treasury rates or other government bond yields

Beta: Beta is a measure of the volatility or systematic risk of a security or portfolio compared to the market. Overweight to market beta implies overweight to high beta securities and vice versa.

Option adjusted spreads: the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option

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