GOLDMAN SACHS HIGH YIELD FLOATING RATE FUND

Market Review

US Leveraged Loan Market returned +2.29% over the fourth quarter of 2024, supported by elevated policy rates/current yield as well as favorable technicals - strong CLO demand and low net issuance. The fourth quarter saw loans remain one of the strongest performing fixed income asset classes in the face of numerous key economic events including two additional US Fed policy rate cuts as well as the US Presidential election. Issuer fundamentals are solid relative to the past 15 years and are expected to be further supported by a reduced cost of capital and the new US administration's pro-growth orientation. On spreads, the loan market discount margin to three-years (DM3; spreads) tightened by 23bps over the quarter to 475 bps.

Amongst the ratings cohorts, the lower quality cohort lagged other areas of the market. Specifically, CCC-rated loans returned +0.25%, while the BB-rated and B-rated cohorts returned +2.21% and +2.53% respectively. All sectors in the loans market delivered positive returns over the quarter with key gainers including Metals/Minerals (+3.69%), Media & Telecommunications (+3.23%), and Retail (+2.97%). Relative laggards included Food & Tobacco (+0.47%), Transportation (+0.99%) and Food & Drug (+1.22%) (source: S&P).

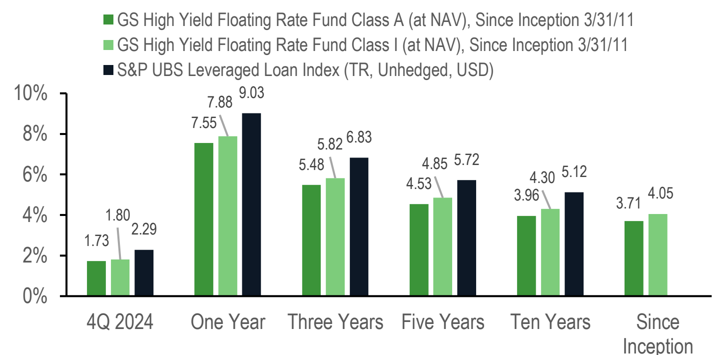
On the supply side, new issue activity more than doubled q/q with total gross issuance at $418.7bn. Conversely, net issuance decreased to ~11% of gross issuance amidst record repricing volume. On the demand front, healthy CLO issuance (+$59.5bn) continues to drive the major demand for loans. Fund flows also flipped positive this quarter to a total of $11.7bn. While the market has now absorbed rate cuts in the previous three Fed meetings, uncertainty on the path of future cuts has reignited interest in the floating rate asset class (source: LCD).

Lastly, the last 12-month par-weighted loan default rate, including distressed exchanges, ended the quarter at 4.5% (increased 79bps q/q), which is a record 297bps higher than default rate excluding distressed exchanges (source: JP Morgan).

Performance Attribution

The Fund underperformed its benchmark on a net basis over the quarter. Our underweight to the CCC-rated cohort, overweight to credits domiciled in Europe ek-UK region, and utilization of Total Return Swaps (TRS) contributed to performance positively. On the other hand, our cash holdings, underweight to market beta (risk), and tactical holdings of high yield bonds hurt performance.

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 sold or 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. All Fund performance data reflect the reinvestment of distributions.

Standardized Total Returns for Period Ended 12/31/2024

	Class A Shares	Class I Shares
One Year	5.19%	7.88%
Five Years	4.05%	4.85%
Ten Years	3.72%	4.30%

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 2.25% 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 as of 12/31/24

	Current Expense Ratio (Net)	Expense Ratio Before Waivers (Gross)
Class A Shares	1.05%	1.10%
Class I Shares	0.77%	0.77%

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

Industry: Our underweight Food, Beverage & Tobacco, as well as our overweights to Packaging and Capital Goods aided performance. Meanwhile, our underweights to Cable & Satellite TV Media and Healthcare, as well as our overweight to Autos detracted from returns.

Single Names: The top contributors were our tactical allocations to Quest Software (Non-Cellular Telecom), H-Food (Food, Bev. & Tobacco), and Tropicana (Food, Bev & Tobacco). Top single name detractors included our overweights to Physician Partners (Technology), Trinseo (Chemicals), and Vaco Holdings (Commercial Services).

Market Outlook

Overview: Heading into 2025, we remain constructive on the leveraged loan market and believe the set-up is conducive for solid, mid-to-upper single digit returns over the next twelve months. Issuer fundamentals are solid relative to the past 15 years and are expected to be further supported by a reduced cost of capital and the new US administration's pro-growth orientation. The coupon for the asset class is still elevated -- and while lower policy rates would hurt income return, we note that the decline in loan yields will likely lag policy rate cuts by several months. Lastly, strong CLO issuance continues to create solid demand for the asset class.

Credit Quality & Curve: We remain selective and tilted up-in-quality (BB-rated and B-rated loans) where higher interest costs have relatively less impact on issuer free cash flows. Further, we are looking for opportunities in the lower quality cohort (CCC-rated) that we believe are fundamentally good businesses and a decrease in policy rates could meaningfully improve cash flow and create the potential for rating upgrades. Having said that, we are endeavoring to avoid structures with overly flexible covenants that could impair asset protection for investors.

Issuer Type: We are overweight capital structures comprised of both loans and high yield bonds versus loan-only situations where recoveries have been weaker, historically.

Loan Type: We remain underweight smaller first lien loan tranches as well as second-lien loans, both of which are less-liquid.

Industry: From a sector standpoint, we are overweight Packaging driven by the sector's exposure to resilient end markets, preferring "agnostic" suppliers with diverse and stable end markets. We are also overweight Capital Goods where we have observed easing in destocking trends and favor issuers with good market share. Additionally, we find value in Energy, particularly mid and downstream issuers which tend to be more resilient during periods of volatile commodity prices. Further, our overweight to Autos has been driven by resilient demand amidst tight dealer inventories and normalizing cost headwinds. We also like aftermarket players, given low cyclicality of demand for essential components and favorable price pass-through ability – though we are analyzing carefully the softer than expected Q3 earnings results for OEMs. On the other hand, key underweights include Non-Cellular Telecom, Healthcare, Consumer Services, and Cable & Satellite TV Media. Non-Cellular Telecom continues to experience secular decline, driven largely by historical network underinvestment which has resulted in less competitive offerings and limited pricing power as compared to Cable. Increases in capex to improve competitive position are compounding the sector's weakened credit fundamentals. We are underweight Healthcare due to squeezed margins arising out of labor cost inflation as well as presence of higher proportion of smaller-sized credits in market which are unappealing from a technical standpoint. Consumer Services is largely comprised of smaller, sponsor-backed issuers; our underweight to the sector reflects our preference for larger, more liquid borrowers with better industry positioning. Lastly, on Cable & Satellite TV Media, our underweight is driven by pressures related to increased competition / cord-cutting, overleveraged balance sheets and limited FCF.

Risk Considerations

The Goldman Sachs High Yield Floating Rate Fund invests primarily in domestic or foreign floating rate loans and other floating or variable rate obligations rated below investment grade. 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. Investments in loans and fixed income instruments are subject to the risks associated with debt instruments generally, including **credit, liquidity and interest rate risk. 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. **High yield, lower rated investments** involve greater price volatility and present greater risks than higher rated investments. 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 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. The interest rate associated with certain of the Fund's investments may be informed by the London InterBank Offered Rate ("LIBOR"), which may cease to be available beginning in 2021. The unavailability or 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. **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 (i.e., the risk that an investment may not be able to be sold without a substantial drop in price, if at all). The Fund's investments in **other investment companies** (including ETFs) subject it to additional expenses.

General Disclosures

Fund holdings and allocations shown are current, 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.

Benchmark is S&P UBS Leveraged Loan Index (TR, Unhedged, USD). This index tracks the investable market of the U.S. dollar denominated leveraged loan market.

This Fund and its respective benchmark have not been rated by an independent rating agency. The credit allocation provided refers to the Fund's underlying portfolio securities. For the purpose of determining compliance with any credit rating requirement, each Fund assigns a security, at the time of purchase, the highest rating by a Nationally Recognized Statistical Rating Organization (NRSRO) if the security is rated by more than one NRSRO. For this purpose, each Fund relies only on the ratings of the following NRSROs: Standard & Poor's, Moody's and Fitch, Inc. This method may differ from the method independently used by benchmark providers. Goldman Sachs Asset Management will use a single rating if that is the only one available. Securities that are not rated by all three agencies are reflected as such in the breakdown. Unrated securities may be purchased by a Fund if they are determined by the Investment Adviser to be of a credit quality consistent with the Fund's credit rating requirements. Unrated securities do not necessarily indicate low quality, and for such securities the investment adviser will evaluate the credit quality. Goldman Sachs Asset Management converts all ratings to the equivalent S&P major rating category when illustrating credit rating breakdowns. Ratings and fund/benchmark credit quality may change over time.

It is not possible to invest directly in an unmanaged index.

A basis point is 1/100th of a percent.

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