Goldman Sachs Asset Management

CLASS A: GSUAX | CLASS I: GSUIX | CLASS R6: GGIUX | CLASS INV: GGIRX

# Goldman Sachs U.S. Mortgages Fund

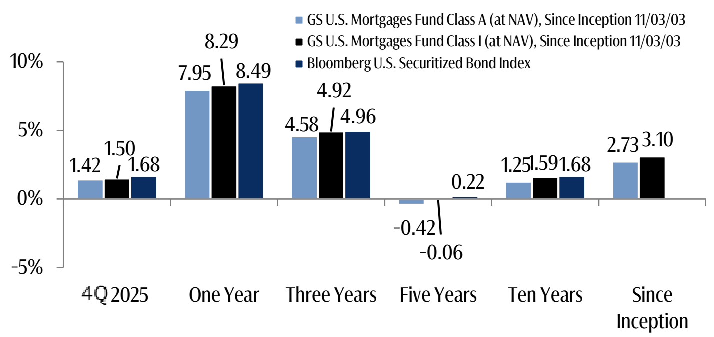
## Market Overview

December's rate selloff led to broader excess returns over the quarter. While rates rallied in October and November, treasuries sold off in December as speculation mounted that many central banks, including the Federal Reserve(The Fed), were increasingly finished with their rate cutting cycles. Markets also grappled with mixed data driving a more hawkish outlook. While unemployment came in higher than expected and CPI surprised to the downside, and further cuts were priced in for 2026, investors treated this with some caution following the batch of missing US data and uncertainty about new Fed leadership. Hence, our broader underweight to the yield curve led to outperformance as rates sold off in December.

The Bloomberg US Mortgage-Backed Securities Index returned +1.71% in Q4, with spreads tightening (Option-Adjusted-Spread) and yields falling. The quarter saw mortgages outperform treasuries on an excess returns basis by +0.69%. Strong performance was seen over the quarter as MBS spreads tighten. This was driven by the rate rally, stronger technicals, and attractive carry within Mortgages. On the coupon stack, higher belly coupons outperformed due to better technical support, better valuations, carry, and CMO takeout. The 30-Year Fixed Rate remains roughly unchanged at ~6.2%. On the housing front, affordability concerns and the economic backdrop increase hesitancy among buyers.

Performance was broadly positive within securitized credit at the index level, reflecting a more risk-on environment for securitized credit as lower volatility and uncertainty dissipated from the macro environment. We remained overweight securitized credit sectors, echoing the risk-on sentiment in the market. US AAA CLO spreads slightly widened 4bps to 117bps and US BBB CLOs widened by 9bps to 320bps over the quarter. The CLO ETF demand remains robust, keeping CLO technicals supportive. We continue to remain overweight CLOs, with a bias for AAAs given strong structural protection but also keep in mind that senior CLO outflow risk exists if investors transition to more duration/low-risk products in a lower rate environment. US ABS issuance was led by elevated Auto (Prime & Subprime) and Equipment issuance. Within ABS, AAA credit card (3yr, fixed) spreads stayed flat at 35bps, AAA Autos (3yr, fixed) spreads widened by 7bps to 45bps, and AAA Student Loans spreads remained flat at 75bps over the quarter. AAA CMBS stayed flat at 85 bps, and BBB CMBS tightened by 7bps to 638bps over the quarter. We still view the sector as well-positioned amidst the Fed cutting cycle, despite the near-term concerns regarding the labor market. Hence, active security selection remains crucial, as different segments of the market and property sectors offer different risk/return profiles. Within SASB CMBS, we are focused on trophy office properties, reflective of its tariff insulation and work-in-office trends. Within NA-RMBS, mezzanine credit risk transfer (CRT M2) spreads ended the quarter at 123bps and AAA non-qualified mortgage (NQM) spreads ended the quarter at 135bps.

### 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 12/31/25

| | Class A Shares | Class I Shares |
|---|---|---|
| One Year | 3.92% | 8.29% |
| Five Years | -1.18% | -0.06% |
| Ten Years | 0.86% | 1.59% |

**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 3.75% 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 for Period Ended 12/31/25

| | Current Expense Ratio (Net) | Expense Ratio Before Waivers (Gross) |
|---|---|---|
| Class A Shares | 0.79% | 0.94% |
| Class I Shares | 0.46% | 0.61% |

**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, 2026 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.**

Source: Goldman Sachs Asset Management. As of 31-Dec-2025.

# Performance Attribution

The I shares of the GS US Mortgage Backed Securities Fund returned +1.41% (net) over the quarter underperforming its benchmark, Bloomberg US Govt/MBS Index, by -27bps.

**Cross Sector:** The portfolio's sector allocation strategy contributed to excess returns over the quarter. This was primarily driven by our CMBS, MBS, and CLO exposure. The quarter saw a continuation of the risk-on sentiment seen in Q3. MBS spreads tightened driven by an aggregate decrease in volatility, accompanied with a stronger technical backdrop. CMBS spreads also tightened over the quarter, driven by healthy loan fundamentals driven by the continuation of the Fed's cutting cycle. Within CLOs, strong technicals driven by CLO ETFs led to spreads tightening as well.

**Security Selection:** The portfolio's security selection detracted from excess returns over the quarter. Our Agency MBS selection underperformed, with our lower coupon Ginnie TBAs and specified pools outperforming. Ginnie Mae MBS underperformed versus Conventionals due to higher supply (in part driven by homebuilder buydowns) and a decline in the quality of deliverable pools. Additionally, lower coupons underperformed higher coupons, with higher coupons outperforming due to better technical support, better valuations, carry, and CMO takeout.

**Duration:** The portfolio's yield curve positioning detracted from excess returns over the quarter. The portfolio's overweight to the 20yr node of the curve detracted from performance as long-end of the Treasury curve sold off sharply December. December saw treasuries selloff as speculation mounted that many central banks, including the Fed, are increasingly finished with their rate cutting cycles. Markets also grappled with mixed data driving a more hawkish outlook. Given the selloff, our overweight to the 20yr and 30yr nodes of the yield curve detracted from performance.

# Sector and Economic Outlook

In the US, we maintain our bias for the curve to steepen due to persistent term premium and a weaker labour market. We believe that the Fed remains focused on mitigating downside risks to the labour market, reinforced by the dovish tone of the December FOMC meeting. As such, we expect another two cuts in 2026. At the same time though, in cross-market space we are underweight US rates as pricing for Fed cuts is aggressive by comparison with pricing for peer central banks in DM.

We continue to be overweight Agency MBS basis. While spreads reached their tightest since late March, they still remain attractive relative to historicals. We continue to be positioned overweight higher belly and premium coupon mortgages as they exhibit better valuations and carry. We also hold a small overweight to Ginnie Mae vs the benchmark as we expect coming bank and overseas demand to come in Ginnies. In specified pools, we are overweight higher coupon loan balance pools as they offer better call protection into a rate rally.

We remain broadly overweight securitized credit heading into 2026. While constructive on the sector, we remain observant for any decline in corporate fundamentals, consumer trends, and potential CRE stress. Within CMBS, we remain overweight Conduit and SASB CMBS, preferring senior tranches due to their sufficient credit protection. We still view the sector as well-positioned amidst the Fed cutting cycle. Within SASB CMBS, we are focused on trophy office properties, reflective of its tariff insulation and work-in-office trends. The CLO ETF demand remains robust, keeping CLO technicals supportive. With rate cuts in progress, tighter spreads and less loan coverage pressure will drive performance as well. With a shift in the market dynamics, we continue to remain overweight CLOs, with a bias for AAAs given strong structural advantages and attractive carry. The ABS market also offers attractive valuations. Recent consumer data points to the "resilient" consumer with strong Black Friday retail spending. Within ABS, we prefer senior tranches and remain overweight credit cards and auto. Lastly, we continue to maintain a favorable view on non-Agency RMBS, with a high level of embedded home equity supportive in a moderating HPA environment. Our preferred expressions being mezzanine credit risk transfer (CRT) and AAA-rated non-qualified mortgages (NQM).

*Definition of Terms*
Dovish: tends to suggest lower interest rates; opposite of hawkish
Fed: Federal Reserve
Hawkish (monetary policy): monetary policy focused on controlling inflation by either raising interest rates or keeping interest rates at elevated levels

RISK CONSIDERATIONS: The **Goldman Sachs U.S. Mortgages Fund** invests primarily in mortgage-backed securities of U.S. issuers, including agency issued adjustable rate and fixed rate mortgage-backed securities or other mortgage-related 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. 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**. Investments in **mortgage-backed securities**, privately issued adjustable rate and fixed rate mortgage-backed securities, are also subject to prepayment risk, the risk that in a declining interest rate environment the Fund's underlying mortgages may be prepaid, causing the Fund to have to reinvest at lower interest rates. Any guarantee on **U.S. government securities** applies only to the underlying securities of the Fund if held to maturity and not to the value of the Fund's shares. 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 (i.e., the risk that an investment may not be able to be sold without a substantial drop in price, if at all). **Taking short positions and utilizing reverse repurchase agreements** involve leverage of the Fund's assets and present various other risks. Losses on short positions are potentially unlimited as a loss occurs when the value of an asset with respect to which the Fund has a short position increases. The Fund may have a **high rate of portfolio turnover**, which involves correspondingly greater expenses which must be borne by the Fund, and is also likely to result in short-term capital gains taxable to shareholders. The Fund's investments in **other investment companies** (including ETFs) subject it to additional expenses.

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Economic and market forecasts presented herein reflect a series of assumptions and judgments as of the date of this presentation and are subject to change without notice. These forecasts do not take into account the specific investment objectives, restrictions, tax and financial situation or other needs of any specific client. Actual data will vary and may not be reflected here. These forecasts are subject to high levels of uncertainty that may affect actual performance. Accordingly, these forecasts should be viewed as merely representative of a broad range of possible outcomes. These forecasts are estimated, based on assumptions, and are subject to significant revision and may change materially as economic and market conditions change. Goldman Sachs has no obligation to provide updates or changes to these forecasts. Case studies and examples are for illustrative purposes only.

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

The Bloomberg U.S. Securitized: MBS, ABS, and CMBS Index tracks all USD-denominated, investment grade, securitized issues within the "Parent Index."

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.

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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.

The Bloomberg U.S. Securitized Bond Index (formerly the Lehman Brothers Securitized Index) is an unmanaged composite of asset-backed securities, collateralized mortgage-backed securities (ERISA-eligible) and fixed rate mortgage-backed securities. The Index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.

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