

GOLDMAN SACHS U.S. MORTGAGES FUND

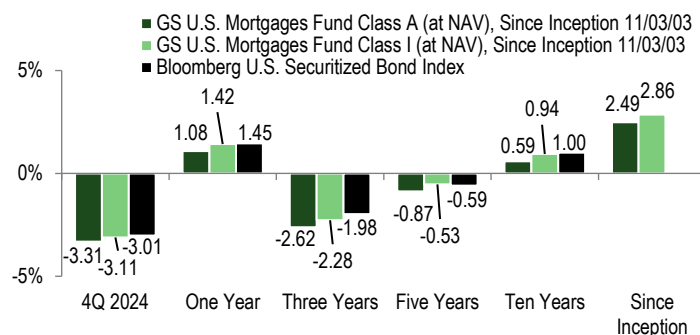
Class A: GSUAX
Class I: GSUIX
Class Inv: GGIRX
Class R6: GGIUX

Market Review

In aggregate, rates sold off over Q4'24, broadly driven by strong economic data. Rates started the quarter on a weaker note, driven by growing inflation risks, stronger economic data, and various political factors. In the US, 2-year Treasury yields climbed 54 basis points (bps) alone in October, partly driven by growing expectations in prediction markets of a Republican victory in the upcoming November election. This outcome brought concern surrounding tariffs and potential inflationary impact, as well as growing fiscal deficit. Stronger US economic data, including an expansion in GDP and household consumption and weekly jobless claims coming to lower than expected also contributed to the sell-off in rates. These moves dampened recession fears, and fewer cuts were priced in from the Federal Reserve (Fed). Treasuries sold off to end the quarter as well, with the 10-year yield climbing 40bps and the curve bear steepening. Whilst the Fed delivered a 25bps cut at the December meeting, the tone was notably hawkish, which appeared to reflect the incorporation of potential policy changes under the Trump administration. Economic data also bolstered this selloff, as US Purchasing Managers' Index (PMI) and retail sales surprised to the upside.

The Bloomberg Mortgage-Backed Securities (MBS) Index returned -3.3% over the fourth quarter of 2024. At the start of the quarter, Mortgage spreads widened due to higher vol and pre-election limited risk appetite. Furthermore, faster prepayment data also led to further widening. A steeper yield curve and lower funding rates saw bank demand and foreign demand start creeping up implying a technical regime shift and a tailwind for the sector. However, spreads then tightened across the coupon stack going into and coming out of the election on the back of lower volatility, pent-up demand, and a better fundamental backdrop into the rise in rates. While mortgages outperformed Treasuries mid-way into the quarter, they still lagged behind most other spread assets amid uneven bank demand and a whiff of the latent negative convexity of mortgages. Towards the end of the quarter, MBS spreads tightened amid a steepening yield curve and lower volatility, in line with other risk assets. However, the latter end of the month saw mortgages underperform, due to the hawkish Fed being a modest negative for MBS technicals. While further rate cuts are expected, dissent within the latest Fed cut raised doubts for MBS technicals. Furthermore, political volatility from the uncertainty in the incoming Administration was also a headwind for the sector. Over the quarter, Ginnie Mae outperformed conventional MBS and higher coupons

Performance History (%) as of 12/31/2024



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 12/31/2024

	Class A Shares	Class I Shares
One Year	-2.69%	1.42%
Five Years	-1.63%	-0.53%
Ten Years	0.20%	0.94%

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 as of 12/31/24

	Current Expense Ratio (Net)	Expense Ratio Before Waivers (Gross)
Class A Shares	0.78%	0.91%
Class I Shares	0.45%	0.58%

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.

outperformed lower coupons, due to prepayments coming in slower than expected, after months of fast prepayments. The 30-Year Fixed Rate mortgage ended the quarter at 6.85%, down from its peak of 7.8% in October 2023. Home sales, mortgage purchase applications, median sale prices, and % of homes off market within 2 weeks, all increased for the month of November, reflecting a robust housing market.

Performance across securitized credit sectors over Q4 was generally strong. Continuing the broader theme witnessed over the year, US CLO new supply (including BSL and PCLOs) reached a historical peak of \$199.5bn surpassing the prior 2021FY record. US AAA CLO spreads tightened by -11bps to 113bps and US BBB CLOs tightened by -57bps to 301bps over the quarter. Within CLOs, the fundamental landscape remains healthy, with leveraged loan defaults remaining steady year-to-date. Elevated deal calls and paydowns have kept net issuance low, and demand, both from traditional institutional cohorts and a new buyer of size – CLO ETFs – elevated. US ABS issuance has increased over the year by 27% at \$306.8bn in comparison to 2023 led by Auto, Student Loan and Equipment ABS. Within ABS, AAA credit card (3yr, fixed) spreads tightened by -13bps to close at 34bps, AAA Autos (3yr, fixed) spreads tightened by -18bps to close at 50bps and AAA Student Loans spreads widened by +5bps to close at 100bps over the quarter. US CMBS issuance has increased over the year by 142% at \$112.8bn vs 2023, led by SASB issuances. AAA CMBS tightened by -17bps to 92 bps, and BBB CMBS tightened by -86bps to 697bps over the quarter. We view the CMBS sector to be well-positioned amidst the Fed cutting cycle, support for commercial real estate (CRE) asset valuations and loan refinancing success. US NA RMBS issuance has increased over the year by 164% at \$155bn vs 2023, led by Jumbo and non-qualified mortgage (Non QM) issuances. Within NA-RMBS, mezzanine credit risk transfer (CRT M2) spreads tightened by -15bps to 120bps and AAA non-qualified mortgage (NQM) spreads tightened by -15bps to 130 bps.

Performance Attribution

The I shares of the GS U.S. Mortgages Fund returned -3.11% (net) over the quarter, underperforming the Bloomberg US Securitized Index by -10bps.

- **Cross Sector:** The portfolio's sector allocation strategy contributed to excess returns over the quarter driven by its overweight to CLOs and CMBS. Risk assets were well supported as the macro economy remained strong and the Fed continued to ease policy. Growth has been strong, supported by continued spending and a still robust jobs market – despite loosening from very tight levels. CLO spreads across the capital structure tightened over the quarter in response to positive technical dynamics. Elevated paydowns and deal calls kept net issuance at low levels, and demand from traditional cohorts (banks, foreign institutions) as well as newer sources (CLO ETFs) both emerged in size over the first half of the year. CMBS spreads tightened over the quarter as well. The CMBS sector was well supported by the Fed cutting cycle which improved overall RE valuations and increased loan refinancing success.

- **Security Selection:** Overall, the Fund's security selection detracted from excess returns over the quarter, driven primarily by our selection of lower coupon (2.0-2.5) Ginnie Mae Agency MBS and Agency CMO's. Over the quarter, lower coupons underperformed higher coupons prepayments came in slower than expected for higher coupons as rates sold off over the quarter, after months of fast prepayments.

- **Duration:** The Fund's duration and yield curve positioning did not materially contribute to excess returns. Rates broadly sold off over the quarter, driven by robust economic data prompting inflationary risk and a more hawkish stance by the Fed.

Sector and Economic Outlook

Overall, we were broadly overweight to the Agency MBS sector. While fundamentals remain neutral, strengthening technicals driven by bank demand remain a tailwind for the sector. On the demand side, the steeper yield curve drove an increase in bank demand. Foreign demand in MBS, along with the stated bank demand, should continue to support tightening in production coupons. Furthermore, inflows into Fixed Income money managers should also support the sector. With regards to our coupon stack positioning, we are overweight both higher and lower coupons due to their better valuations relative to the belly given their similar combined convexity profile. Furthermore, we believe inflows into the MBS sector will continue to support these parts of the coupon stack.

We are largely overweight securitized credit sectors, primarily motivated by our conviction in their strong carry profiles. Over the month, we have maintained our exposure in Conduit and SASB CMBS. We still view the sector to be well-positioned amidst the Fed cutting cycle, support for commercial real estate (CRE) asset valuations and loan refinancing success. Within CMBS, active security selection remains crucial, as different segments of the market and property sectors offer different risk/return profiles. We are focused new product originated in a tighter underwriting environment and senior parts of the capital structure. Within SASB CMBS, we are focused on fixed rate new issue profiles for their favorable call protection over floaters and attractive spread pick vs conduit. We are also overweight the CLO sector, due to a healthy fundamental landscape. The historical rate of CLO collateral trading below \$80 remains contained at 3.8%, down from 20%+ peak in June, 2020. Technical dynamics in the sector remain favorable as elevated deal calls and paydowns pushed AAA net supply into the negatives, and demand, both from traditional institutional cohorts and a new buyer of size – CLO exchange traded funds (ETFs) – has been elevated. We continue to remain overweight AAA CLOs and BB CLOs, believing it is the best way to capture relative value. Our conviction in the soft-landing scenario creates a positive outlook for the US consumer, and with that, we believe that there are opportunities within ABS. While federal policy uncertainty is a headwind, robust credit fundamentals will benefit the sector. Within ABS, we prefer senior tranches with a short WAL (weighted-average-life) within prime auto and credit card sectors, due to a relatively attractive carry profile. Lastly, we continue to maintain a favorable view on non-Agency RMBS, with our preferred expressions being

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mezzanine credit risk transfer (CRT) and AAA-rated non-qualified mortgages (NQM).

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.

General Disclosures

A summary prospectus, if available, or a Prospectus for the Fund containing more information may be obtained from your authorized dealer or from Goldman Sachs & Co. LLC by calling (retail: 1-800-526-7384) (institutional: 1-800-621-2550). Please consider a fund's objectives, risks, and charges and expenses, and read the summary prospectus, if available, and the Prospectus carefully before investing. The summary prospectus, if available, and the Prospectus contains this and other information about the Fund.

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 US Mortgage Backed Securities (MBS) Index tracks fixed-rate agency mortgage backed passthrough securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

Duration: a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

ABS is an asset-backed security.

CMBS is a collateralized mortgage-backed security.

CLO or collateralized loan obligation, refers to a form of securitization where payments made by the debt security are sourced from the underlying assets (pools) held in tranches.

bps = basis points or 1/100th of 1%.

TBA: to be announced.

QT: monetary policy that involves the contraction or reduction of the US Federal Reserve's (Fed) balance sheet.

Correlation is a measure of the amount to which two investments vary relative to each other.

Convexity is a measure of the curvature in the relationship between bond prices and bond yields.

"Carry" is the difference between the yield on a longer-maturity bond and the cost of borrowing.

Coupon stack: the range of mortgage-backed security coupons that currently exist in the market.

Call-protected specified pools: specified pools of mortgage-backed securities where provisions limiting an investor's ability to redeem the security before its maturity date may exist.

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