



## GS Small Cap Value Fund – I Shares

| Performance Summary, as of 30-Jun-2020 (I Shares, Net)        |              |               |              |              |               |                         |
|---|--------------|---------------|--------------|--------------|---------------|-------------------------|
|   | 2Q20         | Last 1 Year   | Last 3 Years | Last 5 Years | Last 10 Years | Since 2000 <sup>1</sup> |
| <b>GS Small Cap Value Fund (%)</b>                            | <b>17.82</b> | <b>-20.11</b> | <b>-4.21</b> | <b>0.61</b>  | <b>8.88</b>   | <b>9.99</b>             |
| Russell 2000 Value Index (%)                                  | 18.91        | -17.43        | -4.34        | 1.26         | 7.81          | 8.11                    |
| Net Excess Returns (bps)                                      | <b>-109</b>  | <b>-268</b>   | <b>+13</b>   | <b>-65</b>   | <b>+107</b>   | <b>+188</b>             |
| Morningstar Percentile Ranking (Small Cap Blend) <sup>2</sup> |              | 95%           | 89%          | 84%          | 67%           | 7%                      |
| Morningstar Absolute Ranking <sup>2</sup>                     |              | 638/669       | 548/615      | 402/495      | 226/359       | 19/286                  |
| Morningstar Percentile Ranking (Small Cap Value) <sup>2</sup> |              | 72%           | 32%          | 31%          | 6%            | 26%                     |
| Morningstar Absolute Ranking <sup>2</sup>                     |              | 335/437       | 137/413      | 116/373      | 21/258        | 21/189                  |

### 2Q 2020 Performance Review

- During the trailing 3 months, the Fund returned 17.82% (net), underperforming the Russell 2000 Value Index by 109 basis points (bps) (net).
- The Information Technology and Industrials sectors contributed to relative returns, while the Health Care and Consumer Discretionary sectors detracted from relative returns.
  - Top Contributors: **ASGN Inc. (0.7%)**, a professional services company concentrated in technology, digital, creative, engineering and life sciences fields, was a top contributor to relative returns. Although there were fears that the economic pullback would cause a decline in Information Technology spending, ASGN saw strong demand

<sup>1</sup> Since 1-Jan-2000. Inception Date: 15-Aug-1997. Performance data has been presented since 2000 to highlight the management of the Fund since implementation of the current portfolio management team's views as there were significant changes to the Value team at the end of 1999.

<sup>2</sup>Source: Morningstar as of 31-Mar-2020. **Morningstar Percentile and Absolute Rankings** are based on the total return percentile rank within each Morningstar Category and do not account for a fund's sales charge (if applicable). Rankings will not be provided for periods less than one year. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of the funds as they were at the time of the calculation. Percentile ranks within categories are most useful in those groups that have a large number of funds. For small universes, funds will be ranked at the highest percentage possible. For instance, if there are only two specialty-utility funds with 10-year average total returns, Morningstar will assign a percentile rank of 1 to the top-performing fund, and the second fund will earn a percentile rank of 51 (indicating the fund underperformed 50% of the sample). **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 our Web site at: [www.GSAMFUNDS.com](http://www.GSAMFUNDS.com) to obtain the most recent month-end returns. 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. Because Institutional Shares do not involve a sales charge, such a charge is not applied to their Standardized Total Returns. Net/Gross Expense Ratios: 0.95%/0.97%. 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 December 27, 2020, and prior to such date the Investment Adviser may not terminate the arrangements without the approval of the Fund's Board of Trustees.**

trends for their services. Through the downturn they have managed to generate a strong cash flow and de-lever their business, which has contributed to their share appreciation in the quarter. During the quarter, **Meritage Homes Corp. (1.0%)**, a developer of residential properties, was also a top contributor to relative performance. The company benefited from the rebound of homebuilders, which were initially punished by the market at the onset of the coronavirus. The company has also benefited from manufacturing spec homes, which have been heavily utilized for viewings during this period of social distancing. We believe that the Meritage Homes is well positioned for entry-level homes and has favorable geographic exposure to the Sunbelt region.

- Top Detractors: **Penn National Gaming, Inc. (0.1%)**, a regional gaming company which owns casinos and racetracks, was a top detractor from relative returns in the quarter. Shares fell due to the lack of sporting events, and casinos also saw a decline in overall foot traffic due to renewed concerns of coronavirus infections. We believe these trends will be short lived as sporting events start to resume at the end of July. Penn National Gaming is well positioned in the sports betting market after their acquisition of Barstool Sports, a sports media and betting company, in June of this year and the announcement of a sports betting app that will be rolled out this fall. **Portland General Electric Co. (1.0%)**, an electric utility service provider, was a top detractor during the period. Despite a more challenged backdrop and conservative outlook, the company is still focusing on longer-term growth projects, even though management has trimmed future capital expenditure in the first quarter. We believe that Portland General Electric's management team has demonstrated a commitment to providing shareholder value by improving margins over the past five years.

## Trailing 1-Year Performance

- Over the last 1 year, the Fund has underperformed its benchmark by 268 bps (net) and ranks in the 95<sup>th</sup> percentile relative to its peers.
- The Financials and Energy sectors contributed to our performance relative to the benchmark, while the Health Care and Industrials sectors detracted from relative returns.
- Stock-specific drivers of last 1 year performance:
  - Top Contributors: **CyrusOne, Inc. (0.8%)**, a US data center real estate investment trust (REIT), was a top contributor to relative returns during the trailing one-year period. Their stocks outperformance was due to positive market sentiment for data centers. They also benefitted from cloud-based technology growth and their sustainable competitive advantage in sales force and customer penetration. We believe that the strong demand for enhanced digital infrastructure will continue due to the coronavirus outbreak, which will add a major tailwind to data centers relative to other real estate subsectors that are seeing deterioration in demand. **Kinsale Capital Group, Inc. (0.6%)**, a specialty insurance group focused on excess and surplus (E&S) lines, was also a top contributor during the period. They benefitted from operational efficiency in 2019 and the first quarter of 2020 where they saw strong earnings and premium growth, despite 90% of their workforce working remotely due to coronavirus. We believe that Kinsale's low cost technology-enhanced underwriting model, combined with an improving pricing environment for E&S lines, should continue to support profitable growth for the company.
  - Top Detractors: **Viper Energy Partners LP (0.4%)** was a top detractor from returns during the trailing one-year period. The stock price declined as oil prices plummeted throughout the period. However, we continue to like Viper Energy Partners relative to its peers given its mineral rights ownership business model is more conservatively positioned than some of the exploration and production companies with direct exposure to fluctuations in oil prices. **ChampionX Corp. (0.6%)**, a provider of chemistry programs and services for the oil and natural gas industry, was also a top detractor from relative returns during the period. Shares fell with the broader Energy sector as Oil prices deteriorated in the period, along with the slowdown in the US service industry. We continue to like ChampionX

due to its involvement in the production rather than the drilling and extraction of oil and natural gas. We also believe it will benefit from their recent merger with Apergy Corp.

## Positioning & Outlook

- US equities entered into a bull market in 2Q20, recovering many of the losses in 1Q20. Stocks increased as the market shrugged off increased coronavirus fears, while economic reopening plans pushed forward. There are still rising concerns as virus related infections and hospitalizations have recently surged in regional pockets of the country. This will continue to impact discretionary sectors that have already been unfairly punished by the economic shutdown in 1Q20. Although infections have increased, mortality rates have been subdued giving us conviction that additional lockdown measures will be short lived. Given the mix in sentiment, the Federal Reserve and federal government have not planned another stimulus package, which some fear could cause an inflationary economic environment. Although volatility levels have been on the decline, the unclear recovery timeline proves market-timing to be a futile exercise; we suggest those with a long investment horizon stay invested. We believe this market dynamic favors a rigorous, bottom-up, fundamental approach to security selection, which we think mirrors our investment style. We continue to emphasize businesses with healthy balance sheets, stable free cash flow generation, and differentiated business models aligned to secular advantages.

## Attribution by Stock: 2Q20

### Top 10 Contributors

| Security Name   | Ending Weight (%) | Gross Return (%) | Contribution (bps) |
|---|-------------------|------------------|--------------------|
| <a href="#">ASGN Inc</a>                                | 0.7               | 88.8             | 28                 |
| <a href="#">Meritage Homes Corp</a>                     | 1.0               | 108.5            | 25                 |
| <a href="#">TopBuild Corp</a>                           | 0.4               | 58.8             | 20                 |
| <a href="#">Patrick Industries Inc</a>                  | 0.4               | 118.6            | 19                 |
| <a href="#">MACOM Technology Solutions Holdings Inc</a> | 0.0               | 81.5             | 19                 |
| <a href="#">WPX Energy Inc</a>                          | 0.4               | 109.2            | 18                 |
| <a href="#">Kinsale Capital Group Inc</a>               | 0.6               | 48.6             | 18                 |
| <a href="#">Synnex Corp</a>                             | 0.2               | 63.8             | 18                 |
| <a href="#">Sandstorm Gold LTD</a>                      | 0.4               | 92.0             | 18                 |
| <a href="#">Pennymac Mortgage Investment</a>            | 0.7               | 69.1             | 16                 |

### Top 10 Detractors

| Security Name                                | Ending Weight (%) | Gross Return (%) | Contribution (bps) |
|--|-------------------|------------------|--------------------|
| <a href="#">Penn National Gaming Inc</a>     | 0.1               | -18.3            | -31                |
| <a href="#">Portland General Electric Co</a> | 1.0               | -12.0            | -25                |
| <a href="#">PS Business Parks Inc</a>        | 0.9               | -1.5             | -22                |
| <a href="#">Cloudera Inc</a>                 | 0.3               | -3.0             | -18                |
| <a href="#">ONE Gas Inc</a>                  | 1.0               | -7.2             | -17                |
| <a href="#">Allele Inc</a>                   | 0.8               | -8.9             | -17                |
| <a href="#">Big Lots Inc</a>                 | 0.1               | 17.8             | -17                |
| <a href="#">Euronav NV</a>                   | 0.3               | -19.1            | -17                |
| <a href="#">Rli Corp</a>                     | 0.6               | -6.4             | -17                |
| <a href="#">Chesapeake Utilities Corp</a>    | 0.5               | -1.5             | -16                |

## Attribution by Stock: 1-Year through 06/30/2020

### Top 10 Contributors

| Security Name                             | Ending Weight (%) | Gross Return (%) | Contribution (bps) |
|---|-------------------|------------------|--------------------|
| <a href="#">CyrusOne Inc</a>              | 0.8               | 29.8             | 43                 |
| <a href="#">Kinsale Capital Group Inc</a> | 0.6               | 70.2             | 39                 |
| <a href="#">Saia Inc</a>                  | 0.5               | 71.9             | 35                 |
| <a href="#">Safehold Inc</a>              | 0.5               | 59.6             | 29                 |
| <a href="#">Emergent BioSolutions Inc</a> | 0.3               | 63.7             | 27                 |
| <a href="#">Palomar Holdings Inc</a>      | 0.5               | 76.7             | 25                 |
| <a href="#">Topbuild Corp</a>             | 0.4               | 37.5             | 24                 |
| <a href="#">Houlihan Lokey Inc</a>        | 0.4               | 28.0             | 22                 |
| <a href="#">Meritage Homes Corp</a>       | 1.0               | 48.3             | 21                 |
| <a href="#">Entegris Inc</a>              | 0.0               | 54.7             | 19                 |

### Top 10 Detractors

| Security Name                                 | Ending Weight (%) | Gross Return (%) | Contribution (bps) |
|---|-------------------|------------------|--------------------|
| <a href="#">Viper Energy Partners LP</a>      | 0.5               | -64.1            | -52                |
| <a href="#">ChampionX Corp</a>                | 0.6               | -70.9            | -41                |
| <a href="#">MFA Financial Inc</a>             | 0.0               | -83.3            | -35                |
| <a href="#">Redwood Trust Inc</a>             | 0.0               | -75.2            | -30                |
| <a href="#">FTI Consulting Inc</a>            | 0.2               | -13.0            | -29                |
| <a href="#">Park Hotels &amp; Resorts Inc</a> | 0.3               | -58.3            | -27                |
| <a href="#">Cloudera Inc</a>                  | 0.3               | -3.1             | -24                |
| <a href="#">Penn National Gaming Inc</a>      | 0.1               | -18.3            | -21                |
| <a href="#">Golar LNG LTD</a>                 | 0.3               | -60.8            | -21                |
| <a href="#">Pebblebrook Hotel Trust</a>       | 0.6               | -50.1            | -20                |

## **Fund Risk Considerations:**

**The Goldman Sachs Small Cap Value Fund** invests primarily in a diversified portfolio of equity investments in small-capitalization issuers. The Fund's investments are 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 securities of **mid- and small-capitalization companies** involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements. **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. **Different investment styles** (e.g., "quantitative") tend to shift in and out of favor, and at times the Fund may underperform other funds that invest in similar asset classes. **Investing in REITs** involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs whose underlying properties are focused in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions and other factors.

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Free cash flow represents the cash that is available for a company to spend after financing its capital projects.

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