

GS Small Cap Value Fund

Third Quarter 2020

- During the quarter, the GS Small Cap Value Fund (I-Share, net) outperformed the Russell 2000 Value Index. In the portfolio, our stock selection in Consumer Discretionary and Consumer Staples contributed to performance, while investments within Materials and Information Technology detracted from relative returns.
- **Meritage Homes Corp.** (1.2% ending portfolio weight), a developer of residential properties, was a top contributor to relative performance. The company benefited from the rebound of homebuilders, which were initially hurt at the onset of the coronavirus pandemic. 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 Meritage Homes is well positioned for entry-level homes and has favorable geographic exposure to the Sunbelt region.
- **Viper Energy Partners LP** (0.4% ending portfolio weight), a mineral rights holder in the Permian basin, was a top detractor from relative returns in the quarter. Energy names were punished broadly during the period as oil price volatility and demand concerns related to the pandemic came into focus. Despite macro headwinds, we remain positive on Viper given its higher margins relative to peers and attractive risk-reward profile.

2020 Market Review and Outlook

- After a significant decline at the start of the year, the Russell 2000 Index, a proxy for small market capitalization stocks, rebounded following the first quarter, returning 25.4% and 4.93% (total returns, USD) in the second and third quarters, respectively.
- Significant monetary and fiscal stimulus in response to the coronavirus pandemic drove markets higher during the quarter. Economic momentum remained elevated as the unemployment rate fell for a fourth straight month in August to 8.4% and the housing market recovery continued. Expectations for a near-term vaccine breakthrough remained supportive as a number of vaccine candidates entered late-stage trials and the Food and Drug Administration discussed granting emergency use authorization as early as November. However, stalled negotiations for a fifth coronavirus relief bill along with uncertainty surrounding November's presidential election acted as tailwinds.
- As the trajectory of the coronavirus and the election remain unclear, we believe that it is crucial to stay true our quality-first investment approach. As always, we seek to invest in businesses with healthy balance sheets, relatively stable free cash flow generation, and differentiated business models aligned to secular advantages. We continue to test our models and re-evaluate our assumptions with increasing information, and stay focused on the long-term investment horizon.

Top 10 Contributors

Security Name	Ending Weight (%)	Gross Return (%)	Contribution (bps)
Meritage Homes Corporation	1.2	45.0	24
Darling Ingredients Inc.	1.4	46.3	21
Brinker International, Inc.	0.6	78.0	20
Lithia Motors, Inc. Class A	0.5	50.8	17
Penn National Gaming, Inc.	0.8	138.0	17
RH	0.5	53.7	17
TopBuild Corp.	0.4	50.0	16
Michaels Companies Inc	0.2	36.6	14
BMC Stock Holdings, Inc.	0.7	70.4	14
Boyd Gaming Corporation	0.8	46.8	13

Top 10 Detractors

Security Name	Ending Weight (%)	Gross Return (%)	Contribution (bps)
Viper Energy Partners LP	0.4	-27.2	-15
Independent Bank Corp.	0.7	-21.2	-14
Washington Federal, Inc.	0.5	-21.6	-11
WPX Energy, Inc.	0.3	-23.2	-11
Coeur Mining, Inc.	0.4	-12.5	-10
Banner Corporation	0.6	-14.1	-9
United Community Banks, Inc.	0.6	-15.0	-9
Columbia Banking System, Inc.	0.6	-15.0	-9
OceanFirst Financial Corp.	0.4	-21.5	-9
PS Business Parks, Inc.	0.8	-6.8	-8

The contribution to returns figures are gross and do not reflect the deduction of investment advisory fees, which will reduce returns.

Standardized Total Returns as of September 30, 2020 (Class I): 1 Year: -16.93%, 5 Years: 3.42%, 10 Years: 8.13%.

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 to obtain the most recent month-end returns.



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. Because Institutional Shares do not involve a sales charge, such a charge is not applied to their Standardized Total 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.

Expense ratios (Class I): 0.97% Gross/0.95% Net. 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.

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.

General Disclosures

Past performance does not guarantee future results, which may vary. The value of investments and the income derived from investments will fluctuate and can go down as well as up. A loss of principal may occur.

Fund holdings and allocations shown are unaudited, and 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.

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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.

The Russell 2000 Value Index is an unmanaged index of common stock prices that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Index figures do not include any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.

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