

Third Quarter 2019

- During the quarter, the GS Small Cap Value Fund (I-Share, net) underperformed the Russell 2000 Value Index. In the portfolio, stock selection within the Health Care and Energy sectors contributed to performance, while our investments within Industrials and Information Technology detracted from relative returns.
- **CyrusOne, Inc.** (1.3% ending portfolio weight), a data center REIT, was a top contributor to returns. The stock initially appreciated following the release of a positive second quarter earnings report, whereby funds from operations (FFO), a metric widely used in REITs, was reported above consensus expectations. The stock price increased again in August when management said it would explore sale after receiving takeover interest. We believe that CyrusOne is well poised to be a beneficiary of cloud-based technology growth with competitive advantages in sales force and customer penetration.
- **Golar LNG Ltd.** (0.5% ending portfolio weight), a liquefied natural gas (LNG) transporter, was a top detractor from returns. The stock moved in-line with the fall of oil prices. At the end of August, the company reported a slight miss to adjusted earnings before interest, tax, depreciation and amortization (EBITDA) and beat to revenue, noting that the market faces an impending structural shortage of shipping in 2019 with the expectation that earnings could improve with new term contracts, a tighter supply-demand balance, and seasonally stronger rates. We continue to favor Golar as one of the best ways to gain exposure to secular growth within the LNG market and believe that there could potentially be a positive free cash flow inflection.

2019 Market Outlook

- US equity returns moderated in the third quarter with large caps outperforming small caps and small cap value outperforming small cap growth. Equity returns year-to-date, however, remain robust. We believe that equity strength could continue and favor small cap stocks as small cap companies have a greater percentage of US-sourced revenues and US economic strength has persisted.
- As we progress to later stages of the cycle, we acknowledge a more volatile environment. With that in mind, fundamentals and earnings growth may play more of a role in determining equity returns, reinforcing the importance of applying our rigorous analytical framework to understanding company-specific variables, which, we believe, is favorable to an active approach.
- We maintain our discipline in identifying companies with strong or improving balance sheets, led by quality management teams, trading at discounted valuations, and remain focused on the long-term performance of the portfolio.

Top 10 Contributors

Security Name	Ending Weight (%)	Gross Return (%)	Contribution (bps)
CyrusOne Inc	1.3	52.2	39
Kinsale Capital Group Inc	0.7	80.5	38
Lattice Semiconductor Corp	0.0	179.0	38
TopBuild Corp	0.6	107.4	30
Entegris Inc	0.4	71.6	26
PS Business Parks Inc	1.0	40.8	24
Saia Inc	0.9	66.0	24
CACI International Inc	0.3	61.5	22
Federal Signal Corp	0.5	62.5	20
Viavi Solutions Inc	0.4	39.9	18

Top 10 Detractors

Security Name	Ending Weight (%)	Gross Return (%)	Contribution (bps)
Golar LNG Ltd	0.5	-40.6	-30
Cars.com Inc	0.2	-58.3	-22
CommVault Systems Inc	0.3	-14.9	-21
Callon Petroleum Co	0.2	-37.2	-20
WPX Energy Inc	0.7	-11.9	-16
Gray Television Inc	0.4	-14.4	-15
Centennial Resource Development Inc	0.1	-62.2	-14
Central Garden & Pet Co	0.1	-14.0	-14
Apergy Corp	0.7	-4.1	-13
Wright Medical Group NV	0.3	-25.9	-12

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, 2019 (Class I): 1 Year: --5.77%, 5 Years: 7.20%, 10 Years: 11.84%.

Returns are preliminary and are subject to change.

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/0.94% 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 28, 2019, 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. **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.

The Fund is generally closed to new investors.

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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