Goldman Sachs Global Future Generations Share Portfolio Fund

June 2025

Global Market Review

Global Markets delivered a robust performance in the second quarter of 2025, posting a solid return of 11.5% (MSCI ACWI, USD). This gain came despite a turbulent start to the quarter, marked by heightened volatility following the “Liberation Day’ tariffs announcements and escalating conflict in the Middle East. However, markets subsequently recovered after a temporary pause was issued while trade talks took place.

In the US, inflation ticked up for the first time in four months, with the annual rate rising to 2.4% in May from 2.3% in April, still below the market expectation of 2.5%. The Federal Reserve maintained its key rate steady at 4.25%–4.50% for the fourth consecutive meeting in June, signaling a cautious approach as it assesses the broader economic impact of President Trump’s policy agenda, particularly in areas such as tariffs, immigration, and taxation.

As for Europe, Eurozone consumer price inflation edged up to 2.0% year-on-year in June, slightly up from May’s 1.9%. The ECB decided to lower three key interest rates by 25 bps in June, reflecting updated inflation and economic forecasts. Meanwhile, the Bank of England in June decided to keep the Bank Rate steady at 4.25%, as they navigate through a complex macroeconomic environment characterized by heightened global uncertainty and persistent inflationary pressures.

Contrary to the backdrop set by the previous quarter, Q2 2025 witnessed a meaningful outperformance of Growth stocks over Value stocks. This shift was driven by renewed investor confidence and a strong earnings season, particularly among mega-cap technology names, as the ‘Magnificent 7’ delivered an impressive 18.6% price return over the quarter.

Emerging markets also continued their upward trajectory, outperforming developed markets for another quarter, supported by weakness in the US dollar. While President Trump’s sweeping tariff announcements in April initially triggered a sell-off, the subsequent positive progress between US and China trade talks provided a supportive backdrop for broader Emerging market equities.

Industrials emerged as the best-performing sector for the quarter. Consumer discretionary on the other hand lagged, as concerns around tariff related impacts still continue to weight on the sector.

Nonetheless, ambiguity around central bank rate trajectories as well as ongoing geopolitical tensions kept investors cautious as the quarter drew to a close.

Performance Overview

- The portfolio delivered 7.4% in absolute returns during the month, outperforming MSCI ACWI Growth index by 229 bps and outperforming MSCI World index by 310 bps. This brings since inception returns to 12.7% underperforming MSCI ACWI Growth by 174 bps and outperforming MSCI World by 16 bps.

- At the sector level, our stock selection in **Communication Services** and **Financials** supported portfolio performance during the month while our under allocation to **Information Technology** and stock selection in **Materials** detracted the most from portfolio returns.

- At the stock level, **Meta** (*the American multinational technology company*) and **Robinhood** (*the American financial services platform*) contributed to portfolio performance while **AppLovin** (*the American mobile technology company*) and **Mastercard** (*the American multinational payment card services company*) were the biggest detractors from performance.

- During the month, we initiated Broadcom and MakeMyTrip.

  - We initiated **Broadcom**, the American multinational designer, developer, manufacturer, and global supplier of a wide range of semiconductor and infrastructure software. As AI adoption and monetization scale across enterprise and consumers, demand for custom AI chips (ASICs) is expected to rise alongside GPUs. Broadcom is the leading supplier of AI ASICs, already shipping to three customers with more in the pipeline. The company also dominates the Ethernet switching market, which is gaining share in AI networking as model complexity grows. Its software business, which accounts for ~40% of sales, adds stability to the portfolio and with sticky enterprise customers and high cash margins. Supported by a best-in-class margin profile and growing relevance in the AI ecosystem, Broadcom is positioned as a long-term winner in enabling next-generation AI infrastructure. With Millennials and Gen Z at the forefront of AI adoption – from consumer applications to enterprise use – Broadcom is aligned with this generational shift in digital engagement.

  - We initiated **MakeMyTrip (MMYT)**, the leading online travel company in India that provides various travel-related services, supported by strong demand drivers and long-term supply tailwinds. Despite rising travel enthusiasm among younger consumers, online penetration in international air travel and hotels remain low – offering headroom for growth. Structural factors such as rising disposable income, expanding air connectivity beyond major cities, and increasing hotel supply create a supportive backdrop. MMYT has over 60% market share, especially in hotels – a less commoditized,

  - higher loyalty segment – and benefits from strong brand recall and repeat usage. With stable competition, operating leverage and differentiated scale, we believe MMYT is well-positioned for sustained growth. Thematically, MMYT aligns well with Millennials and Gen Z, who are increasingly prioritizing travel and experiences.

- During the month, we exited Budweiser, Samsung and Tencent Music.

  - We exited **Budweiser**, the largest beer company in Asia Pacific in terms of sales value, as recovery in demand, especially in China, is taking longer than expected. Despite a weak base in 2024, industry-wide volumes remain under pressure due to ongoing weakness in core consumption channels like restaurants and nightlife, where Budweiser has historically had strong exposure. The company's inventory turnover days also continued to decline year-on-year in 2025, highlighting persistent softness in demand. Given the muted outlook, we decided to reallocate capital to higher conviction names.

  - We exited **Samsung**, the South Korean multinational major appliance and consumer electronics company, as our thesis centered on the company qualifying its high bandwidth memory (HBM) with NVIDIA has not materialized. Despite a year having passed, there remains no clarity on this front, which has diminished our conviction in the near-term upside. We believe the capital can be better deployed in other opportunities where we see higher conviction.

  - We exited **Tencent Music Entertainment**, a leading online music and audio entertainment platform in China, following strong performance. We believe the risk-reward has become less attractive. Earnings growth is expected to moderate meaningfully from FY25 onward, and with the stock approaching our fair value estimates, we chose to reallocate capital to better opportunities.

Performance Commentary

Top Contributors	Ending Weight (%)	Relative Contribution (bps)	Top Detractors	Ending Weight (%)	Relative Contribution (bps)
Meta	3.6	+41	AppLovin	2.0	-29
Robinhood	1.4	+40	Mastercard	3.7	-27
Roblox	2.1	+31	TJ Maxx	2.7	-20
DoorDash	2.9	+31	Kweichow Moutai	1.7	-19
Spotify	3.4	+29	DSM-Firmenich	1.7	-19

***Top contributors* from relative returns:**

- **Meta** *(Contributor)* **–** The American multinational technology company was the key contributor during the period. The company continued its positive momentum following strong Q1 earnings reported in May. Market sentiment was further supported by easing trade tensions between the US and China. During the month, Meta also acquired a 49% stake in Scale AI, a move that was well-received by investors as it reinforced the company's commitment to scaling its AI capabilities and staying at the forefront of innovation in the space.

- **Robinhood** *(Contributor)* – The American financial services platform was another contributor during the month. The stock gained by continuing its strong momentum on the back of robust trading volumes and a steady stream of product innovation. Recent announcements around tokenized equities, crypto offerings, and European expansion have reinforced investor confidence in its evolution from a stock trading app to a broader global financial platform. With rising user engagement and a growing product pipeline, we remain constructive on its long-term potential. We believe the company is well-positioned to benefit from increasing digital engagement, first-time investors, and favorable secular trends such as rising financial participation among younger generations and potential easing in crypto regulation.

***Top detractors* from relative returns:**

- **AppLovin** *(Detractor)* **–** The American mobile technology company was the key detractor from performance during the period. The stock underperformed this month after it was not included in the S&P 500 Index during the quarterly rebalancing, a move that had been widely anticipated by investors. Despite this, we remain constructive on the name. The company reported strong Q1 earnings, with advertising growth led by its Gaming segment. AppLovin continues to operate in the early stages of a large addressable market, with onboarding capacity constraints highlighting the strength of the business and services offered.

- **Mastercard** *(Detractor)* **–** The American multinational payment card services company was another key detractor from performance during the month. Mastercard detracted from performance this month as investor sentiment was impacted by concerns around potential disruption from stablecoins. These concerns intensified following the Senate's passage of the GENIUS Act, which introduced a regulatory framework for stablecoins and raised expectations of broader adoption. While regulation is a necessary step for stablecoin growth, widespread adoption remains a long-term prospect. Traditional payment networks like Mastercard continue to function efficiently, and we believe the company is well-positioned to sustain its business model and deliver earnings growth in the low-to-mid teens.