Goldman Sachs Global Equity Income Share Portfolio Fund

July 2025

Global Market Review

Global Markets advanced by 1.3% (MSCI World, USD) in July, buoyed by increased clarity on future US trade and tariff policies. Stock markets were further supported by robust earnings by several mega-cap names, the ongoing enthusiasm for artificial intelligence (AI) investments and the passage of the Big Beautiful Bill, a US federal statute containing tax and spending policies.

In the US, GDP rebounded to 3% in Q2, following a contraction of 0.5% observed in Q1. This is mainly due to Q1 being affected by an inflection in imports due to fear over potential trade tariffs. Headline inflation rose to 2.7% in June, up from 2.5% in May reflecting the early effects of tariffs. The Federal Reserve held its key rate steady at 4.25%-4.50% for the fifth consecutive meeting in July, a move widely anticipated by investors.

As for Europe, Eurozone consumer price inflation remained stable at 2.0% year-on-year in July, slightly above expectations of 1.9%. The economic growth for the quarter slowed sharply at just 0.1%, compared with 0.6% of the previous quarter, yet was perceived as better than expected due to prevailing trade uncertainty. The European Central Bank kept rates steady for the month of July, after having cut rate eight times since June 2024, citing a cautious “wait and watch” situation.

Growth stocks continued to outperform value stocks, extending the trend from Q2, with notable strength in the U.S. technology sector. Similarly, Emerging markets continued to outpace developed markets, supported by strong performance from Taiwan, China and Korea. China benefited from progress in the US-China trade negotiations, while Taiwan was supported by the ongoing investor enthusiasm for AI.

Information Technology was the best-performing sector, recovering from the falls suffered earlier during the year, due to a combination of optimism around AI as well as several technology stocks posting strong earnings results during the month. In contrast, defensive sectors lagged, with healthcare being the weakest performer for the month.

Overall, investor sentiment improved amid greater visibility on U.S. trade and fiscal policy. However, caution remains warranted due to rising oil prices driven by geopolitical tensions in the Middle East and the evolving landscape of tariff negotiations.

Performance Overview

When looking at region level attribution, Asia ex Japan and stock selection in Europe were the greatest contributors to performance over the month. Stock selection in North America was the only significant detractor. At the sector level, stock selection in Financials and Health Care were the greatest contributors to relative returns. Stock selection in Industrials and Information Technology were the most significant detractors.

Contributors

Blackstone, the largest global private asset manager, was the largest contributor to performance. The company’s stock increased in July following the release of earnings that exceeded expectations, including a record level of assets under management and a higher dividend. There were also notable inflows from both private wealth and institutional investors. Additional contributing factors included a strong deal pipeline, favorable market conditions, and speculation regarding potentially advantageous policy changes related to private equity investments. Blackstone’s global alternatives platform, known for strong long-term performance, is well positioned to potentially benefit from the growing institutional demand for alternative assets and greater access for high-net-worth investors to these products. The company also stands to gain from a potential real estate rebound and better capital markets, which could drive higher earnings through increased activity. Its capital-light approach further supports scalable growth, and its reputation has enabled success across retail, insurance, and institutional channels.

Societe Generale, a French bank providing commercial, retail, investment, and private banking services, was a significant contributor to overall performance in July. The stock rose after the company increased profit targets, reported higher-than-anticipated second-quarter results – especially in French retail banking– reduced expenses, and announced shareholder-friendly actions including a €1 billion share buyback. We expect Societe Generale to deliver positive operating leverage on the back of recovery in French net interest income, capital markets and delivery on costs. We also expect the company to continue its 50% payout policy throughout 2025 with further capital returns in the form of stock buy backs in 2026.

Detractors

Capgemini, a French information technology (IT) services and engineering company, was a top detractor from returns during the month. The company's stock price declined during July following an unexpected reduction in its annual revenue forecast, attributed to diminished demand within the automotive and aerospace industries. Investor apprehension was heightened as management communicated a cautious outlook and indicated that market recovery may proceed more slowly than anticipated. Capgemini remains well positioned to capitalize on long-term global growth opportunities in IT services due to its expertise in digital transformation, cloud migration, and consulting. Additionally, its strategic expansion within North America's rapidly growing markets is expected to have a positive impact on margins. The company's flexible cost structure and global delivery network provide operating leverage, enabling consistent margin expansion even in slower growth periods.

Texas Instruments, an American technology company that designs and manufactures semiconductors and various integrated circuits, was the largest detractor to returns during the month. Although the company exceeded second-quarter earnings expectations, its lackluster performance was primarily due to third-quarter revenue and profit forecasts falling short of analyst projections. Additionally, investor sentiment was affected by management's cautious outlook, uncertainty regarding continued demand, and the possible implications of tariffs and supply chain challenges on the business. Looking forward, Texas Instruments is nearing a turning point for free cash flow as capital spending is set to decrease, and flexible budgets beyond 2026 could help restore typical free cash flow margins. As the analog market recovers and the company benefits from reshoring, building direct customer connections, and steady pricing in past cycles, we believe Texas Instruments will be equipped to boost its market share and profitability.

Purchases

CRH Public Limited Company manufactures and distributes architectural, infrastructure, and construction products. Our confidence is based on its strategic U.S. expansion, entry into Australia, solid balance sheet, and successful 2025 start with M&A activity, reaffirmed guidance, steady demand, and an extended buyback program. The company proves well-positioned for growth with manageable leverage.

Sales

There were no sales during the month.

Top 5 Contributors

Security Name	Ending Weight (%)	Relative Contribution (bps)
Blackstone	1.94	+22
Societe Generale	2.06	+20
Xcel Energy	1.88	+11
Eaton Corp	1.92	+10
AstraZeneca	1.82	+10

Top 5 Detractors

Security Name	Ending Weight (%)	Relative Contribution (bps)
Capgemini	1.30	-19
Texas Instruments	1.43	-19
Accenture	1.24	-13
Honeywell International	2.18	-12
American Tower	1.63	-11

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

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