

Goldman Sachs Global Future Generations 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

- The Goldman Sachs Global Future Generations Equity Portfolio delivered 2.8% in absolute returns during the month, outperforming MSCI ACWI Growth index by 74 bps and outperforming MSCI World index by 156 bps. This brings since inception returns to 12.9% underperforming MSCI ACWI Growth by 164 bps and outperforming MSCI World by 34 bps.
- At the sector level, our stock selection in **Financials** and **Consumer Staples** supported portfolio performance during the month while our stock selection in **Communication Services** and **Consumer Discretionary** detracted the most from portfolio returns.
- At the stock level, **Roblox** (the American videogame developer) and **AppLovin** (the American mobile technology company) contributed to portfolio performance while **Spotify** (the Swedish music streaming company) and **Netflix** (the American media company) were the biggest detractors from performance.



Performance Commentary

Top Contributors	Ending Weight (%)	Relative Contribution (bps)	Top Detractors	Ending Weight (%)	Relative Contribution (bps)
Roblox	2.7	+59	Spotify	2.7	-64
AppLovin	2.2	+18	Netflix	4.0	-51
TSMC	4.9	+13	Chipotle	1.0	-30
Amazon	7.6	+10	Alphabet	1.4	-20
Meta	3.7	+10	DSM-Firmenich	1.5	-18

Top contributors from relative returns:

- **Roblox (Contributor)** – The American videogame developer was the key contributor during the period. Roblox continued its strong momentum with robust Q2 earnings, delivering a 14% beat in bookings growth and exceeded EBITDA expectations by 47%. It also raised its full-year guidance and issued Q3 projections that surpassed consensus estimates. Engagement remains strong, with a 58% year-over-year increase in hours spent on the platform, driven by viral hits like the newly launched “Grow a Garden” game and improvements in infrastructure and content discovery. We remain constructive on Roblox given its strong international daily active user growth potential and increasing bookings per user, supported by an aging user base, deeper engagement, and a growing ecosystem of monetized content.
- **AppLovin (Contributor)** – The American mobile technology was another contributor during the month. Strong earnings reports from peers like Meta and Microsoft in July helped lift the sector, with Meta’s results in particular highlighting robust demand in the digital ad market, an encouraging signal for names like AppLovin that offer exposure to both AdTech and AI. The rally occurred ahead of its own quarterly results in August, which appear to be supported by bullish investor expectations. We continue to like the name, viewing it as a long-term winner in the digital advertising space. Its market-leading algorithms, strong execution and profitability position it well to benefit from evolving consumer behaviors and structural growth in mobile engagement.

Top detractors from relative returns:

- **Spotify (Detractor)** – The Swedish music streaming company was the largest detractor from relative returns during the period. Spotify underperformed during the month, driven by a miss on Q2 revenue and operating income, despite stronger than expected monthly active users and subscriber growth. Q3 guidance echoed this trend, with continued user momentum but pressure on revenue and margins from foreign exchange and regulatory factors. Execution challenges in scaling the advertising business were also noted, though new leadership is expected to drive improvement. We remain optimistic about the name as the drivers behind the miss seem to be non-structural. Spotify continues to benefit from a fast-growing, under-monetized music streaming industry. Its strong market position, network effects, and robust product offerings support our view of continued growth.
- **Netflix (Detractor)** – The American media company was another key detractor from performance during the month despite reporting a solid Q2. While revenue came in line and operating income exceeded expectations, the modest beat and upward revision to full-year guidance were primarily driven by currency effects rather than stronger underlying demand. This disappointed investors, as expectations were elevated following a strong stock rally over the past year and high engagement with the release of the final season of the popular title “Squid Game” this quarter. Some concerns around weaker engagement also emerged due to the reported 1% growth in hours watched during Q2. These were later eased as post-earnings industry data showed healthy viewership trends. Despite the near-term disappointment, we continue to like the name for its unmatched scale in streaming and its strategic expansion into AdTech, where it aims to double segment revenues through improved targetability and streamlined inventory buying.



The information given in this document is based on Discovery's understanding of current law and practice in South Africa. No liability will be accepted for the effect of any future legislative or regulatory changes. Discovery Life Limited, registration number 1966/003901/06, is a licensed insurer, and an authorised financial services and registered credit provider, NCR Reg No. NCRCP3555.

The investor must communicate with Discovery Life Investment Services Pty (Ltd) (Discovery Invest) in order to give any valid instructions. Discovery Invest is an authorised financial services provider (registration number 2007/005969/07) and administrator of this Discovery life investment product.

This investment choice is only available via the above unit linked life insurance policy contract. The value of investments may go down as well as up and past performance is not necessarily a guide to the future. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. This document does not include the full detail of how our investment plans work. The information in this document must be read with the relevant fact files.

This Discovery Global Portfolio utilises asset allocations provided by Goldman Sachs. Goldman Sachs does not provide any service or product to you, and has not considered the suitability of its asset allocations against individual needs, objectives and risk tolerances for investors. As such, Goldman Sachs's asset allocations do not constitute investment advice or an offer to sell or a solicitation of an offer to buy any securities.