Discovery Global Millennial Portfolio

Global market review

MSCI ACWI began the year on a flat note, returning -0.45% in January 2021. Global stock markets continued their 2020 rally early in January on the prospect of a more aggressive US fiscal policy under a new Biden administration, but declined later in the month as COVID-19 cases officially surpassed the 100 million mark and markets saw the largest hedge fund de-grossing since February 2009. After a record-high level of 3824.68, S&P 500 fell significantly late in the month as exchanges traded their highest volume ever with extreme volume in highly shorted stocks. During the month, President-elect Biden's proposed a $1.9 trillion COVID-19 relief plan and investors' attention turned to stimulus negotiations. US GDP remained below pre-pandemic levels, decelerating to +4.0% annualized in Q4. The lower-than-consensus print reflected ongoing impacts of the pandemic, with COVID-19 restrictions and lower services consumption weighing on the recovery. However, Q4 also saw growth in the business structures, equipment, and residential categories. US December ISM surprised to the upside for both manufacturing and service sectors, both advancing against expectations for declines, and the ISM manufacturing index increased to 60.7, the highest level since 2018. After an initial rally, European equities suffered during the month amidst increasing coronavirus restrictions and growing infection rates reintroducing the risk of a second recession, COVID-19 vaccine supply disagreement and the IMF's downward revision of its UK growth forecast. ECB President Christine Lagarde said that the bank's latest projections for economic growth in the Euro area are still very clearly plausible despite the resurgent coronavirus and renewed lockdowns, as many of the uncertainties that previously clouded the outlook have now cleared, including U.S. elections, the Brexit trade deal with the U.K., and the start of vaccinations. At the same time, she warned that monetary and fiscal support must continue, and the ECB maintained its record-low policy rate and the bond-purchase program at €1.85 Tn ($2.25 Tn) per month. Japanese equities gained early in the month, supported by higher US long term yield, US stimulus hopes and higher WTI Oil future prices, even as a Japan declared a state of emergency. Japanese stock markets were volatile mid-month as investors took profits following the US stock market drop, but later bought Japanese stocks on US stimulus hope, weaker yen, and vaccine hopes as Japan is expected to start an inoculation program with the Pfizer Vaccine at the end of February. Japanese equities witnessed a significant drop towards the end of the month with US stock indices fell significantly, but the downside was limited as investors reacted well to better than expected corporate earnings, a weakened Yen and BOJ's ETF purchases.

Market background source: GSAM, as of January 2021. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. There is no guarantee that these objectives will be met.

Strategy Performance

- The strategy **completed 5 years of track record** on 31st January, 2021. Since its inception, the strategy has delivered average absolute returns of 25% every year, significantly outperforming all leading global indices.
- The **strategy started the year on a very strong note, outperforming MSCI ACWI Growth by +330bps and MSCI World by +416bps in January 2021**.
- **Strategy performance during the month was driven by our strong bottom-up stock selection**, with our positions within the Consumer Discretionary, Information Technology and Health Care sectors contributing the most to portfolio returns.
- The strategy has seen ~$140Mn of inflows in the first month of 2021 and now has ~$1.7Bn in assets under management.

Periods Ending 31-Jan-2021	Strategy Gross Returns (%)	MSCI ACWI Growth[1] (%)	Gross Excess Return (bps)	MSCI World[2] (%)	Gross Excess Return (bps)
January 2021	3.16	-0.13	+330	-0.99	+416
Last 1 Year	58.89	31.80	+2,709	15.41	+4,348
Last 2 Years	42.74	27.71	+1,503	16.56	+2,617
Last 3 Years	26.02	15.16	+1,086	8.29	+1,772
Since Inception	24.96	18.55	+640	13.34	+1,161

Source: GSAM. Inception Date: February 01, 2016. The returns are gross and do not reflect the deduction of investment advisory fees, which will reduce returns. Our investment advisory fees are described in Part 2 of our Form ADV. See additional disclosures. **Past performance does not guarantee future results, which may vary.** The holdings and/or allocations shown may not represent all of the portfolio's investments. Future investments may or may not be profitable.

Performance Commentary

Some of the top contributors and detractors for the month include:

- **Mediatek** *(Contributor)* – During the month, our position in the Taiwan based semiconductor manufacturer, Mediatek was the biggest contributor to portfolio performance at the stock level. Mediatek reported very solid 4Q20 results and FY21 guidance, which beat consensus expectations. Management attributed the strong quarterly momentum to sustained 5G smartphone application processors builds, ongoing market share gains in 4G, and strength in WiFI/IoT/ASICs despite the company's mature segment somewhat impacted by foundry capacity constraints. Mediatek has also been selected to be on the test bed for Wi-Fi 6E, a new certification from Wi-Fi Alliance® for Wi-Fi CERTIFIED 6™ devices with 6GHz support. We continue to like the long-term growth drivers for the company as we continue to see the advent of 5G, autonomous driving, IoT and other technologies that require semiconductor manufacturers like Mediatek.
- **Ocado Group** *(Contributor)* – Another key contributor during the month was Ocado Group, the leading online grocery retailing platform. The stock performed well after Ocado Retail, its joint venture with Marks & Spencer Group plc announced its trading statement for the 13 weeks to 29 November 2020. Increased social distancing restrictions, in place in the UK since early November, contributed to continued strong trading performance at Ocado Retail, with retail revenue growing by 35%, reflecting strong demand for online grocery and the continuation of a smoothed trading week compared to the peaks and troughs that reflected normal shopping habits pre-COVID.
- **Live Nation Entertainment** *(Detractor)* – The stock price of the US-based live entertainment company fell after it acquired an undisclosed majority stake in Moveo, a ticketed live stream platform for music industries, for an undisclosed amount. While investors were concerned about the acquisition, the acquisition is expected to enable Live Nation to enhance and expand its portfolio and service offerings. We undertook a rigorous stress test for the stock during the initial days of pandemic to analyze the impact of a global lockdown on its long-term earnings growth profile and remained confident about the ability of the company to survive and outperform on the back of a cyclical recovery. Our thesis appears to be on track so far as stock price has recovered over the last few months. We continue to like Live Nation is one of the leading live entertainment company of the world and with increasing scale and cross-selling opportunities, Live Nation is highly exposed to the growing wealth and expenditure preferences of the millennial generation.
- **MasterCard** *(Detractor)* – The stock price of the leading financial services company suffered along with broader US equities, which fell significantly during the month as exchanges traded their highest volume ever with extreme volume in highly shorted stock. We continue to like MasterCard as it has capitalized on the growth in digital finance and Millennials preference for price transparency by pioneering “Assemble”, a platform that targets MasterCard’s younger customers and gives them the ability to check balances, budget, and set savings goals without the need to physically visit a bank. MasterCard has an established position in digital payments and continues to benefit from strategic partnerships such as Venmo (real-time digital payments app) to grow.

Source: GSAM, as of January 2021. Any mention of an investment decision is intended only to illustrate our investment approach and/or strategy, and is not indicative of the performance of our strategy as a whole. It should not be assumed that any investment decisions shown will prove to be profitable, or that any investment decisions made in the future will be profitable or will equal the performance of the investments discussed herein. A complete list of past recommendations is available upon request. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. Please see additional disclosures at the end of this presentation. **Past performance does not guarantee future results, which may vary.**

Market outlook

At GSAM, we have established ourselves as the early thought leaders in Millennials thematic investing and have the longest and strongest track record amongst all other Millennials themed funds. We believe that our team of experienced investment professionals, aided by 80+ research analysts working across 6 locations across the world have successfully created a proprietary universe of companies benefiting from the secular trend of millennial consumption. Our global presence enables us to engage with management teams to fully understand their current and future earnings drivers, as well as exposure to changing consumption patterns of the millennial generation.

We are constantly looking to expand our investment universe and capture the full impact of the Millennial generation's spending power which manifests itself across 'Technology' and 'Lifestyle' areas. The adoption by other generations of innovations catalyzed and embraced by the millennial generation is one of the guiding principles of the GS Global Millennials Equity Portfolio. It is probable that the acceleration towards online living that the current pandemic has precipitated will advance the rate of this adoption by several years, relative to previous expectations. In the strategy, the majority of holdings reflect business with online business models, many of which are currently experiencing a dramatic increase in the uptake of their goods and services. A strong digital strategy has become an area of defensibility in this new era, not just a growth driver. As and when the dust settles on the current macro environment, we expect such companies to outperform. In the GS Global Millennials Equity Portfolio, we estimate that over 63% of the holdings have exposure to these trends or the infrastructure required to support them.

We continue to believe that companies that are successfully aligning business models to service Millennials and their evolving consumption habits can benefit from the underlying secular growth trends and outperform broader equities over the longer-term. As long-term, bottom-up, fundamental investors, we do not take macro calls or seek to time the market. Instead, we remain committed to our investment philosophy by focusing on investing in high quality and fundamentally solid companies trading at an attractive price to maximize risk-adjusted returns.

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The following table provides a simplified example of the effect of management fees on portfolio returns. Assume a portfolio has a steady investment return, gross of fees, of 0.5% per month and total management fees of 0.05% per month of the market value of the portfolio on the last day of the month. Management fees are deducted from the market value of the portfolio on that day. There are no cash flows during the period. The table shows that, assuming all other factors remain constant, the difference increases due to the compounding effect over time. Of course, the magnitude of the difference between gross-of-fee and net-of-fee returns will depend on a variety of factors, and this example is purposely simplified.

Period	Gross Return	Net Return	Differential
1 year	6.17%	5.54%	0.63%
2 years	12.72	11.38	1.34
10 years	81.94	71.39	10.55

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