

Goldman Sachs Global Future Generations Share Portfolio Fund

January 2026

Global Market Review

Global Markets started the year strong by posting a gain of 2.3% (MSCI World, USD) in the month of January. Key themes influencing the market included evolving economic conditions, trade policy risks and ongoing geopolitical tensions. Persistent inflation in major economies reduced expectations for near-term interest rate cuts. This led central banks to maintain a cautious "higher for longer" interest rate policy, despite signs of slowing growth which impacted equity markets.

In the U.S., inflation held steady at 2.7% in December 2025, unchanged from November suggesting that price increases for goods and services have levelled off. Given this backdrop, the Fed left the policy rate unchanged at 3.50–3.75% at its January meeting which was widely anticipated by the markets following three consecutive rate cuts in the previous year. The unemployment rate in the U.S. dipped to 4.4% in December 2025, down from a revised 4.5% in November, remaining elevated compared to previous years.

In Europe, the inflation rate eased down to 1.9 % in December 2025, down from 2.1% in November. GDP growth expanded to 0.3% in the fourth quarter of 2025 over the previous quarter reflecting modest economic improvement. In the United Kingdom, inflation rate rose to 3.4% in December 2025 from November's 3.2% reinforcing concerns about the Bank of England's ability to bring back inflation back towards its official target.

In Japan, inflation eased to 2.1% in December 2025 from 2.9% in the prior month, the lowest since March 2022. The Bank of Japan kept its key short-term interest rate unchanged at 0.75% at its first policy meeting of 2026, maintaining borrowing costs on the higher side.

Value stocks outperformed growth stocks in January due to concerns over high-growth valuations. The Energy sector led market performance during the month due to strong demand from AI data centers, severe winter weather increasing heating demand in the U.S., and geopolitical risks to supply, whereas the Information Technology sector lagged market performance.

Overall, investor sentiment in January remained cautiously optimistic but highly sensitive to policy signals and geopolitical headlines. This environment saw major global financial assets deliver mixed but generally positive momentum, influenced by ongoing macroeconomic recalibration, recent earnings reports, and broader geopolitical factors.

Performance Overview

- The Portfolio delivered -2.1% in absolute returns during the month, underperforming MSCI ACWI Growth index by 279 bps and underperforming MSCI World index by 432 bps. This brings since inception returns to 12.5% underperforming MSCI ACWI Growth by 239 bps and underperforming MSCI World by 61 bps.
- At the sector level, our stock selection in **Information Technology** and allocation to **Consumer Staples** supported portfolio performance during the month while our under allocation to **Industrials** and stock selection in **Communication Services** detracted the most from portfolio returns.
- At the stock level, **TSMC** (*the Taiwanese semiconductor company*) and **Coherent** (*the American manufacturer of optical materials and semiconductors*) contributed to portfolio performance while **AppLovin** (*the American mobile technology company*) and **Shopify** (*The Canadian e-commerce company*) were the biggest detractors from performance.



Performance Commentary

Top Contributors	Ending Weight (%)	Relative Contribution (bps)	Top Detractors	Ending Weight (%)	Relative Contribution (bps)
TSMC	5.6	+43	AppLovin	1.4	-49
Coherent	1.7	+20	Shopify	1.9	-37
Infineon	1.4	+15	Spotify	2.3	-36
L'Oreal	2.4	+13	DoorDash	2.4	-26
Alphabet	5.3	+12	MakeMyTrip	0.8	-26

Top contributors to portfolio performance:

- **TSMC (Contributor)** – The Taiwanese semiconductor company was the key contributor during the month. Shares rallied following a strong Q4 earnings print, with profits rising a record 35% as demand for advanced chips remained robust. The company also raised its 2026 revenue growth outlook to 30%, ahead of market expectations. We remain constructive on TSMC, as consecutive earnings beats continue to highlight resilient AI-driven demand and elevated capacity requests from leading chip designers. Its leadership in advanced process nodes and reputation as the most reliable manufacturing partner underpin our positive long-term outlook.
- **Coherent (Contributor)** – The American manufacturer of optical materials and semiconductors was another contributor during the quarter. Shares gained after the launch of Sapphire XT, a new compact and high-performance visible laser platform. Based on its proven Optically Pumped Semiconductor (OPS) technology, the product delivers double the performance of prior models while reducing size by more than 50%. We continue to like the name, as Coherent is well positioned to benefit from accelerating data-center buildouts and rising optical content. Ongoing margin expansion and disciplined execution support our constructive view.

Top detractors from relative returns:

- **AppLovin (Detractor)** – The American mobile technology company was the key detractor from performance during the month. Shares declined in January following Google's launch of Project Genie, an AI-driven game-creation platform, which raised concerns around potential disruption across the gaming ecosystem. AppLovin was one of several gaming-exposed stocks affected by this development. We remain constructive on the name, as we see limited direct risk given AppLovin does not own creative assets but instead focuses on monetizing gaming engagement. Its core thesis around advertising efficiency and platform monetization remains intact.
- **Shopify (Detractor)** – The Canadian eCommerce company was another key detractor from performance during the month. Shares declined amid a 5.9% increase in shipping rates from major carriers such as FedEx and UPS. Performance was further impacted by rising geopolitical tensions that drove a broader rotation out of growth stocks during the month. We continue to view Shopify as a structural winner, well positioned to take share globally as its ecosystem increasingly resonates with merchants of all sizes.



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