

Investment Outlook

GOLDMAN SACHS ASSET ALLOCATION PORTFOLIOS

The Quantitative Investment Strategies team makes ten active decisions within the Asset Allocation Portfolios based on our current outlook on global equity, fixed income and currency markets. On a quarterly basis, we shift assets away from the strategic allocation (tilting our positions in certain asset classes and countries from their long term weights) in order to benefit from changing conditions in global capital markets.

4Q 2011 and Full-Year Review: Performance, Market and Economy

Global stock markets rallied over the fourth quarter of 2011. The S&P 500 and MSCI EAFE Indices gained 11.8% and 3.3%, respectively, while the MSCI Emerging Markets Index was up 4.4%. The Russell 1000 Growth Index was up 10.6%, underperforming the Russell 1000 Value Index by approximately 2.5%. The Russell 2000 Index outperformed large cap stocks for the period, returning approximately 15.5%.







Bond markets rose slightly in the fourth quarter as the Barclays Capital Global Aggregate Bond Index was up 0.9%. The Barclays Capital U.S. High Yield Bond Index was up approximately 6.5%, outperforming the Barclays Capital U.S. Aggregate Bond Index, which was up 1.1% during the same period.

The Asset Allocation Portfolios were positive on an absolute basis for the quarter. Our strategic allocation and underlying stock selection contributed to the Portfolios' performance. While our Global Tactical Asset Allocation (GTAA) decisions also contributed positively to the performance of our Equity Growth Strategy Portfolio, these tactical tilts detracted from our other Portfolios.

Within underlying stock selection, the Goldman Sachs Real Estate Securities, Emerging Markets Debt and Structured International Equity Funds outperformed their benchmarks most during the fourth quarter. Among our GTAA views, our underweight in equities versus fixed income was the largest detractor from returns as equity markets rallied over the quarter. Our underweight in small cap versus large cap equities also detracted from performance. These losses were partially offset by positive returns from our bearish view on emerging market stocks versus developed market stocks.

For the full year, the Asset Allocation Portfolios were negative on an absolute basis. Our underlying stock selection and GTAA decisions detracted from the Portfolios' performance. Our strategic allocation contributed positively to performance of our least equity-oriented Portfolio, while it detracted from our other Portfolios.

Within underlying stock selection, the Goldman Sachs Large Cap Value, Strategic Growth and International Real Estate Securities Funds underperformed their benchmarks most in 2011. Among our GTAA views, our positions in equities versus fixed income were the largest detractors from returns. Losses were partially offset by our underweight in emerging market versus developed market stocks over the year.

Tactical Decision	Investment Opportunity	1Q12 Investment Outlook	Strength of View*
1. Asset class timing	Stocks vs. bonds or cash	Overweight stocks [△]	Neutral  Strong
2. Regional equity selection	U.S. vs. non-U.S. equities	Overweight U.S. equities	Neutral  Strong
3. Regional bond selection	U.S. vs. non-U.S. bonds	Overweight non-U.S. bonds	Neutral  Strong
4. U.S. equity style timing	U.S. value vs. U.S. growth equities	Overweight growth equities	Neutral  Strong
5. U.S. equity size timing	U.S. large-cap vs. U.S. small-cap equities	Neutral [△]	Neutral  Strong
6. Emerging/Developed equity timing	Emerging vs. developed equities	Overweight developed equities	Neutral  Strong
7. Developed equity country selection	International equity markets	Overweight UK and Germany [△]	Neutral  Strong
8. Emerging equity country selection	Emerging equity markets	Overweight Mexico and India [△]	Neutral  Strong
9. High yield timing	High yield vs. Core Fixed Income	Neutral [△]	Neutral  Strong
10. Emerging/Developed debt timing	Emerging vs. developed debt	Overweight dollar-denominated emerging debt and underweight local emerging debt [△]	Neutral  Strong

Past performance is not indicative of future results, which may vary. [△] Indicates a directional change from previous quarter. * Rating that defines the strength of our view from neutral to strong.

Asset Class Investment Outlook: Look Ahead

Tactically, from an asset class perspective, we are now bullish on stocks, a view driven primarily by the inexpensive valuations of stocks, particularly given the decline in non-US equity prices over 2011. Within the domestic equity market, we remain bullish on growth stocks relative to value stocks, and we are neutral on small-cap versus large-cap stocks. We maintain our bearish view on emerging equity versus developed equity, and we have become more bullish on domestic equity markets versus international equity markets.

International fixed income continues to appear attractive relative to US fixed income. We are now neutral on high-yield relative to investment grade fixed income. Finally, we have a bullish view on dollar-denominated emerging debt versus developed debt, while we have also established a bearish view on local emerging debt versus developed debt.

Equity Market Outlook

We have become more bullish on US equity versus international equity. We maintain our bullish view on growth stocks versus value stocks and on developed equity versus emerging equity. We now have a neutral view on large-cap stocks relative to small-cap stocks.

- We prefer domestic equity over international equity given much stronger momentum and more supportive macroeconomic conditions in domestic equity markets relative to international markets.
- We remain bullish on growth stocks versus value stocks primarily due to weak momentum in value stocks.
- We now have a neutral view on small-cap stocks relative to large-cap stocks as supportive macroeconomic conditions for small-cap stocks are offset by their more expensive valuations.
- Among international equity markets, we favor the UK and Germany due to attractive valuations and, in the case of the UK, strong momentum and more supportive macroeconomic conditions. We have a bearish view on Australia and Switzerland as a result of expensive valuations, less supportive macroeconomic conditions, and, in the case of Australia, weak momentum.
- Developed equity continues to appear more attractive than emerging markets equity as we see comparatively expensive valuations and weaker momentum in emerging equities.
- Among emerging equity markets, we favor Mexico and India as a result of supportive macroeconomic conditions and, in the case of India, high risk premiums. We are bearish on South Africa due to expensive valuations, low risk premiums and poor fund flows. We are also underweight South Korea given low risk premiums, poor fund flows and less supportive macroeconomic conditions.

Fixed Income Market Outlook

We continue to be bearish on US fixed income relative to international fixed income. We are now neutral on high yield versus investment grade fixed income. We now prefer dollar-denominated emerging debt versus developed debt, while we have a bearish view on local emerging debt versus developed debt.

- We remain underweight US fixed income versus international fixed income primarily given domestic bonds now appear relatively expensive.
- We now have a neutral view on high yield relative to investment grade fixed income as relatively strong high yield fixed income momentum is offset by less supportive macroeconomic conditions.
- We are now bullish on US dollar-denominated debt versus emerging debt primarily due to relatively supportive macroeconomic conditions for the former. Weak momentum in emerging currencies, however, causes us to prefer developed debt over local emerging debt, where we gain exposure to local currencies.

Past performance is not indicative of future results, which may vary. The **S&P 500 Index** is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S. The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. As of May 30, 2011, the MSCI EAFE Index consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of May 30, 2011, the MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. The **Russell 1000 Value Index** measures the performance of those Russell 1000 Index companies with lower price to-book ratios and lower forecasted growth values. The **Russell 1000 Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. The **Barclays Capital Global Aggregate Index** is an index comprised of several other Barclays Capital indexes that measure fixed income performance of regions around the world. The **Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index** is an index of the 2% Issuer Cap component of the Barclays Capital U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade fixed-rate, taxable corporate bond market. The **Barclays Capital U.S. Aggregate Index** is a broad-based bond index comprised of government, corporate, mortgage and asset-backed issues, rated investment grade or higher, and having at least one year to maturity. Please note an investor cannot invest directly in an index.

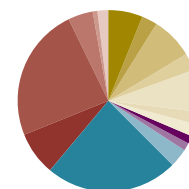
Note: All views were generated by our quantitative models and will be effective in the Asset Allocation Portfolios as of January 1, 2012. All views are subject to change. Opinions expressed are current opinions as of the date appearing in this material only. Actual Fund weightings in Asset Allocation Portfolios may differ slightly from the figures shown on next page due to rounding, capital gains and/or losses, or both. Portfolio ranges may change over time and the strategy ranges and investments in each underlying fund may be changed from time to time.

Balanced Strategy Portfolio

For the investor seeking current income and long-term capital appreciation. Over half of the portfolio is invested in domestic fixed income instruments which seek to provide income, and a portion is in global bonds which seek to enhance income and total return. The balance in equities is intended to add diversification and may enhance returns, but will also add some volatility to the portfolio.

NASDAQ SYMBOLS

Class A	GIPAX	Class R	GIPRX
Class B	GIPBX	Class IR	GIPTX
Class C	GIPCX	Svc.	GIPSX
Class I	GIPIX		



Fund	Current Strategic Allocation	Previous Strategic Allocation	Current Tactical Allocation
Goldman Sachs Structured Large Cap Value Fund	4.7%	4.7%	6.3%
Goldman Sachs Large Cap Value Fund	2.0	2.0	2.7
Goldman Sachs Structured Large Cap Growth Fund	4.9	5.6	7.5
Goldman Sachs Strategic Growth Fund	2.1	2.4	3.2
Goldman Sachs Structured International Equity Fund	9.8	9.2	7.4
Goldman Sachs Structured Small Cap Equity Fund	2.3	1.2	2.3
Goldman Sachs Structured International Small Cap Fund	2.1	2.2	2.1
Goldman Sachs Real Estate Securities Fund	1.4	1.5	1.4
Goldman Sachs International Real Estate Securities Fund	1.3	1.3	1.3
Goldman Sachs Structured Emerging Markets Equity Fund	2.5	1.0	0.0
Goldman Sachs Commodity Strategy Fund	3.4	3.5	3.4
Goldman Sachs Short Duration Government Fund	20.9	25.7	23.6
Goldman Sachs Core Fixed Income Fund	13.8	9.3	7.8
Goldman Sachs Global Income Fund	21.4	24.5	23.9
Goldman Sachs High Yield Fund	4.4	3.8	4.4
Goldman Sachs Local Emerging Markets Debt Fund	1.4	1.0	0.9
Goldman Sachs Emerging Markets Debt Fund	1.6	1.1	1.8

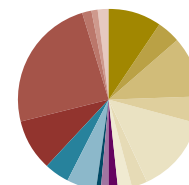
The Balanced Strategy Portfolio is expected to invest a relatively significant percentage of its fixed income allocation in the Goldman Sachs Short Duration Government, Global Income and Core Fixed Income Funds, and a relatively significant percentage of its equity allocation in the Goldman Sachs Structured Large Cap Growth, Goldman Sachs Structured Large Cap Value and Goldman Sachs Structured International Equity Funds. The Portfolio is subject to the risk factors of those funds. Some of those risk factors include credit and interest rate risk, the price fluctuations of U.S. government securities in response to changes in interest rates; the volatility of investments in the stock market; and currency, economic and political risks of non-U.S. investments.

Growth and Income Strategy Portfolio

For the investor seeking long-term capital appreciation and current income. Approximately 60% of total assets are allocated among equity securities to provide a capital appreciation component. The remainder is allocated to fixed income securities to provide an income component.

NASDAQ SYMBOLS

Class A	GOIAX	Class R	GPIRX
Class B	GOIBX	Class IR	GPITX
Class C	GOICX	Svc.	GOISX
Class I	GOIIX		



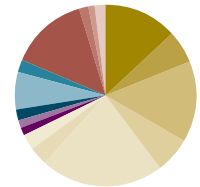
Fund	Current Strategic Allocation	Previous Strategic Allocation	Current Tactical Allocation
Goldman Sachs Structured Large Cap Value Fund	7.8%	7.9%	9.6%
Goldman Sachs Large Cap Value Fund	3.4	3.4	4.1
Goldman Sachs Structured Large Cap Growth Fund	8.1	9.0	10.9
Goldman Sachs Strategic Growth Fund	3.5	3.9	4.7
Goldman Sachs Structured International Equity Fund	16.4	15.9	13.9
Goldman Sachs Structured Small Cap Equity Fund	2.8	1.8	2.8
Goldman Sachs Structured International Small Cap Fund	2.6	2.7	2.6
Goldman Sachs Real Estate Securities Fund	1.5	1.5	1.5
Goldman Sachs International Real Estate Securities Fund	1.3	1.4	1.3
Goldman Sachs Structured Emerging Markets Equity Fund	3.4	1.1	0.9
Goldman Sachs Commodity Strategy Fund	5.4	5.5	5.4
Goldman Sachs Short Duration Government Fund	1.6	6.9	4.4
Goldman Sachs Core Fixed Income Fund	15.6	10.7	9.2
Goldman Sachs Global Income Fund	21.9	25.1	24.2
Goldman Sachs High Yield Fund	1.6	1.1	1.6
Goldman Sachs Local Emerging Markets Debt Fund	1.5	1.0	1.0
Goldman Sachs Emerging Markets Debt Fund	1.6	1.1	1.9

The Growth and Income Strategy Portfolio is expected to invest a relatively significant percentage of its equity allocation in the Goldman Sachs Structured Large Cap Growth, Structured Large Cap Value and Structured International Equity Funds and will invest a relatively significant percentage of its assets in the Core Fixed Income and Global Income Funds. The Portfolio is subject to the risk factors of those funds. Some of those risk factors include credit and interest rate risk, the price fluctuations of U.S. government securities in response to changes in interest rates; the credit risk and volatility of high-yield bonds; and the volatility of non-U.S. stocks and bonds and U.S. stocks.

Growth Strategy Portfolio

For the investor seeking long-term capital appreciation and, secondarily, current income. Approximately 80% of the assets are allocated among equity securities, with a blend of domestic large-cap, small-cap and international stocks, which seek to provide capital appreciation. The bond portion is intended to provide diversification.

NASDAQ SYMBOLS			
Class A	GG SAX	Class R	GG SRX
Class B	GG SBX	Class IR	GG STX
Class C	GG SCX	Svc.	GG SSX
Class I	GG SIX		



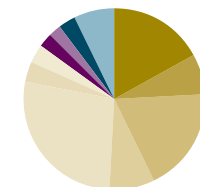
Fund	Current Strategic Allocation	Previous Strategic Allocation	Current Tactical Allocation
Goldman Sachs Structured Large Cap Value Fund	11.3%	11.6%	13.2%
Goldman Sachs Large Cap Value Fund	4.9	5.0	5.7
Goldman Sachs Structured Large Cap Growth Fund	11.7	12.7	14.6
Goldman Sachs Strategic Growth Fund	5.0	5.5	6.3
Goldman Sachs Structured International Equity Fund	24.6	23.7	22.0
Goldman Sachs Structured Small Cap Equity Fund	3.2	1.9	3.2
Goldman Sachs Structured International Small Cap Fund	2.9	3.1	2.9
Goldman Sachs Real Estate Securities Fund	1.5	1.5	1.5
Goldman Sachs International Real Estate Securities Fund	1.3	1.4	1.3
Goldman Sachs Structured Emerging Markets Equity Fund	4.5	1.9	2.0
Goldman Sachs Commodity Strategy Fund	6.6	6.8	6.6
Goldman Sachs Short Duration Government Fund	0.0	5.8	2.3
Goldman Sachs Core Fixed Income Fund	6.3	1.1	0.0
Goldman Sachs Global Income Fund	11.4	14.6	13.9
Goldman Sachs High Yield Fund	1.6	1.1	1.6
Goldman Sachs Local Emerging Markets Debt Fund	1.5	1.1	1.0
Goldman Sachs Emerging Markets Debt Fund	1.7	1.2	1.9

The Growth Strategy Portfolio is expected to invest a relatively significant percentage of its equity allocation in the Goldman Sachs Structured Large Cap Growth, Structured Large Cap Value and Structured International Equity Funds. The Portfolio is subject to the risk factors of those funds. Some of those risk factors include the volatility of U.S. and non-U.S. equity investments; the credit risk and volatility of high yield bonds; and the political, economic and currency risks of non-U.S. securities.

Equity Growth Strategy Portfolio

For the investor seeking long-term capital appreciation. Substantially all assets are allocated among equity securities, with a greater focus on small cap and international stocks, relative to the other portfolios for enhanced return opportunities.

NASDAQ SYMBOLS			
Class A	GAP AX	Class R	GAP RX
Class B	GAP BX	Class IR	GAP TX
Class C	GAX CX	Svc.	GAP SX
Class I	GAP IX		



Fund	Current Strategic Allocation	Previous Strategic Allocation	Current Tactical Allocation
Goldman Sachs Structured Large Cap Value Fund	15.5%	16.0%	17.0%
Goldman Sachs Large Cap Value Fund	6.6	6.9	7.3
Goldman Sachs Structured Large Cap Growth Fund	16.0	17.5	18.6
Goldman Sachs Strategic Growth Fund	6.9	7.5	8.0
Goldman Sachs Structured International Equity Fund	30.8	31.4	27.4
Goldman Sachs Structured Small Cap Equity Fund	3.5	2.2	3.5
Goldman Sachs Structured International Small Cap Fund	3.2	3.3	3.2
Goldman Sachs Real Estate Securities Fund	2.6	2.7	2.6
Goldman Sachs International Real Estate Securities Fund	2.3	2.4	2.3
Goldman Sachs Structured Emerging Markets Equity Fund	5.5	2.8	3.0
Goldman Sachs Commodity Strategy Fund	7.1	7.3	7.1

The Equity Growth Strategy Portfolio is expected to invest a relatively significant percentage of its assets in the Goldman Sachs Structured Large Cap Growth, Structured Large Cap Value and Structured International Equity Funds. The Portfolio is subject to the risk factors of those funds. Some of those risk factors include the volatility of U.S. and non-U.S. equity investments; and the political, economic and currency risks of non-U.S. securities, which are particularly significant regarding equities of issuers located in emerging markets.

Stocks of smaller companies are often more volatile and less liquid and present greater risks than stocks of larger companies. Investments in fixed income securities are subject to the risks associated with debt securities including credit and interest rate risk. Holdings and allocations shown are unaudited, and may not be representative of current or future investments. Holdings and allocations may not include the Portfolio's entire investment portfolio, which may change at any time. Portfolio holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities. Diversification does not protect an investor from market risk and does not ensure a profit.

A summary prospectus, if available, or a Prospectus for the Fund containing more information may be obtained from your authorized dealer or from Goldman, Sachs & Co. by calling 1-800-526-7384. Please consider a fund's objectives, risks, and charges and expenses, and read the summary prospectus, if available, and the Prospectus carefully before investing. The summary prospectus, if available, and the Prospectus contains this and other information about the Fund.

Asset Allocation Portfolios are subject to underlying fund expenses as well as the expenses of the portfolio. Thus, the cost of this type of investment may be higher than generally experienced when investing in mutual funds that only invest in stocks and bonds.

Goldman, Sachs & Co., distributor of the Goldman Sachs Funds, is not a bank, and Fund shares distributed by Goldman, Sachs & Co. are neither deposits nor obligations of, nor endorsed, nor guaranteed by any bank or other insured depository institution, nor are they insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency. Investment in the Funds involves risks, including possible loss of the principal amount invested.