Portfolio Solution

GOLDMAN SACHS FIXED INCOME FUNDS

As of 12/31/09

★★★ A Share

★★★★ I Share

Overall Morningstar Ratings among 475 High Yield Funds*

HIGH CURRENT YIELD FUNDS

Lipper Rankings – Class A

1 Year	179 out of 459 funds
5 Year	147 out of 341 funds
10 Year (top 13%)	27 out of 207 funds

Lipper Rankings – Class I

1 Year	160 out of 459 funds
5 Year	94 out of 341 funds
10 Year (top 8%)	16 out of 207 funds

Class A: GSHAX *Class C: GSHCX*
Class I: GSHIX *Class R: GSHRX*

FUND OBJECTIVE

Seeks a high level of current income and may also consider the potential for capital appreciation.

Lipper Total Return Rankings – Lipper Analytical Services, Inc., an independent publisher of mutual fund rankings, records rankings for these and other Goldman Sachs Funds for one-year, three-year, five-year, and ten-year total returns periods. Lipper compares mutual funds within a universe of funds with similar investment objectives, including dividend reinvestment. Lipper rankings are based on total return at net asset value and do not reflect sales charges. Lipper rankings do not imply that the fund had a high total return.

***Morningstar Risk-Adjusted Ratings: High Yield Bond Category – Class A Shares 3 Year 2 stars out of 475 funds, 5 Year 2 stars out of 411, 10 year 3 stars out of 258 funds; Class I Shares 3 Year 3 stars out of 475 funds, 5 Year 3 stars out of 411, 10 year 4 stars out of 258 funds. The Overall Rating is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating Metrics.** Morningstar, Inc. is an independent publisher of mutual fund research and ratings. Ratings reflect a fund's risk-adjusted 3-, 5-, and 10-year total returns, including any sales charge. A Fund is rated against all other funds in its category. 5 stars are assigned to the top 10%; 4 stars to the next 22.5%; 3 stars to the next 35%; 2 stars to the next 22.5%; and 1 star to the bottom 10%. Morningstar only rates funds with at least a 3-year history. Past performance does not guarantee future results.

Goldman Sachs Asset Management

5 Reasons to Consider High Yield Now

The high yield bond market has undergone some dramatic changes in 2009. Not only did it rebound from historically wide credit spreads and depressed prices, it also crossed for the first time the $1-trillion threshold in debt outstanding as of October 30, 2009[1]. As the diversity of issuers' credit quality is considerably increasing, we believe security selection will become even more critical to uncover investments with strong total return potential. At Goldman Sachs Asset Management (GSAM) we utilize our extensive research capabilities to seek the most promising multi-year investment opportunities in this dynamic asset class. To this end, below are five reasons why we believe high yield bonds can still offer compelling value in an expanding marketplace.

1. Gradual economic growth – an ideal backdrop for high yield bonds

Slow economic growth favors issuers of high yield bonds, as they may avoid greater default risk as long as economic growth remains modestly positive.

2. Cautious business strategies favor credit

Amid gradual economic growth, issuers of high yield bonds typically become more cautious and focus on repairing their balance sheets and building liquidity, which helps enhance their credit quality – which may benefit high yield investors.

3. Issuers' credit fundamentals continue to improve

In response to slowing economic growth, businesses took steps to reduce costs which may improve profit margins. Consequently, even modest revenue increases could potentially result in larger profits and improve their credit fundamentals.

4. Default risk may decline as money flows into high yield bonds

Record inflows into the high yield asset class in 2009 allowed issuers to refinance at more attractive terms, which may have lowered near-term default risk and increased potential recovery values in case companies default.

5. High yield bonds can enhance the diversification of any portfolio

High yield bonds still qualify as a strategic diversifier for any fixed income portion of a portfolio, based on their different risk/reward profile and lower interest rate sensitivity compared to other fixed income sectors as well as equities.

	BarCap 10-Year U.S. Treasury Bellwether Index[2]	BarCap U.S. Aggregate Index[3]	S&P 500 Index[4]
Correlation of High Yield Bonds	-0.24	0.30	0.73

Source: Barclays Capital U.S. Corporate High Yield Bond Index 2% Issuer Capped and Goldman Sachs Asset Management as of 12/31/09. Correlation gauges how closely two asset classes move together. A perfect positive correlation = +1.0; an unrelated correlation = 0.0; a perfect negative correlation = -1.0. Correlations were calculated using monthly returns from 01/04 to 12/09.

Seeking Consistent Performance through a Total Return Investment Philosophy

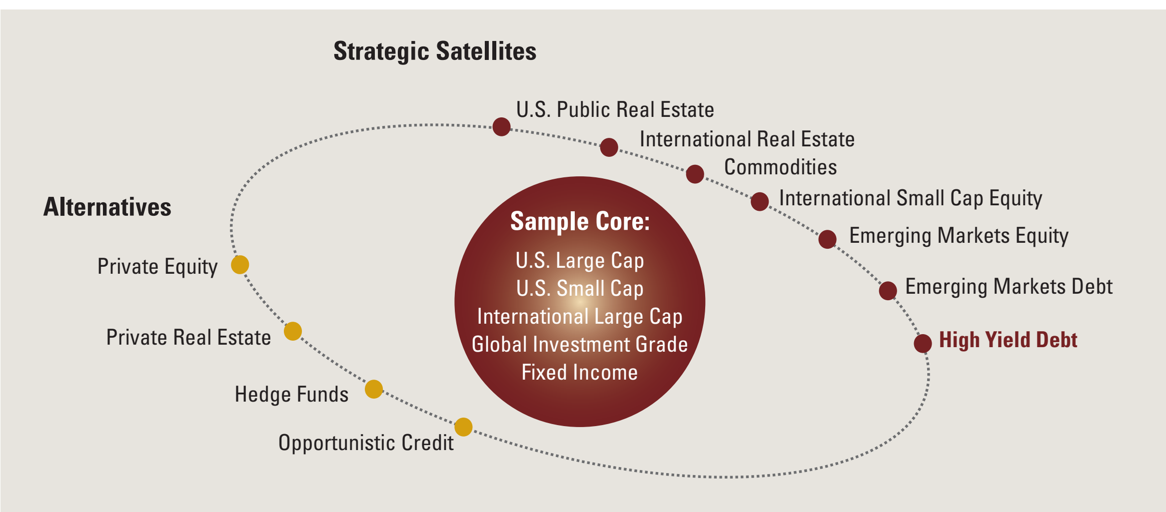
Goldman Sachs Asset Management's fixed income portfolios seek strong, consistent performance through a total return investment philosophy across the fixed income markets. We utilize total return and risk measurement to concentrate on investor's capital accumulation and income objectives. In addition, through GSAM's integrated and collaborative investment management approach, some of the industry's most experienced fixed income country and sector specialists apply a disciplined investment philosophy to each portfolio.

Investing in high yield bonds requires extensive research capabilities and disciplined risk management practices resulting in a comprehensive investment process which seeks to improve risk-adjusted returns by reducing default losses.

Goldman Sachs Strength	Investor Advantage
Global research capabilities	Expands the opportunity set to seek exposure to market developments outside the U.S.
Extensive team experience	Take advantage of the expertise of senior members with average industry experience of 19 years
Individual security selection	Seek to uncover prospective value through in-depth credit risk analysis
Strict risk management practices	Seek to maximize risk-adjusted returns by differentiating between higher quality and speculative securities
Diversified fixed income portfolio	Spread risk and income profiles of various issues to manage company-specific risk exposure

Core and Satellite Portfolio Construction—diversification in practice

Through a Core and Satellite approach to portfolio construction, investors achieve their desired exposure to equity and bond markets through Core investments, such as U.S. Small Cap Equities and Fixed Income. They pursue excess return or alpha opportunities through less correlated Satellite investments, such as Emerging Markets and Commodities. We believe this approach results in more efficient portfolio construction with higher return potential and increased diversification.



Source: GSAM.

Equity securities are more volatile than bonds and subject to greater risks. Small and mid-sized company stocks involve greater risks than those customarily associated with larger companies. Bonds are subject to interest rate, price and credit risks. Prices tend to be inversely affected by changes in interest rates. High yield fixed income securities are considered speculative, involve greater risk of default, and tend to be more volatile than investment grade fixed income securities. Investments in foreign securities entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

An investment in real estate securities is subject to greater price volatility and the special risks associated with direct ownership of real estate. Investments in commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity. Alternative Investments such as hedge funds are subject to less regulation than other types of pooled investment vehicles such as mutual funds, may make speculative investments, may be illiquid and can involve a significant use of leverage, making them substantially riskier than the other investments. An Alternative Investment Fund may incur high fees and expenses which would offset trading profits.

Goldman Sachs High Yield Fund

Average Annual Total Returns (as of Dec. 31, 2009)	1 Year (%)	5 Year (%)	10 Year (%)	Since Inception 10/22/92 (%)	Standardized 30-Day Yield[5] (%)	EXPENSE RATIOS (%) Current (net)	Before Waiver (gross)
Class A (GSHAX) – at NAV	50.03	4.90	6.31	6.02	-	1.07	1.08
Class A (GSHAX) – with Max. Sales Charge*	43.23	3.93	5.82	5.63	7.15		
Class I (GSHIX) – at NAV	50.64	5.29	6.72	6.42	7.84	0.73	0.74
BarCap U.S. Corp. High Yield Bond Index, 2% Capped[6]	58.76	6.49	6.86	6.17	-		

The returns represent past performance. Past performance does not guarantee future results. The Fund's investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted above. Please visit www.goldmansachsfunds.com to obtain the most recent month-end returns.

***The standardized total returns are average annual total returns or cumulative total returns (only if the performance period is one year or less) as of the most recent calendar quarter-end. They assume reinvestment of all distributions at net asset value. Because Institutional shares do not involve a sales charge, such a charge is not applied to their standardized total returns. These returns reflect the maximum initial sales charge of 5.5% for Class A Shares. The Fund will charge a 2% redemption fee on the redemption of shares (including by exchange) held for 60 calendar days or less. The performance figures do not reflect the deduction of the redemption fee. If reflected, the redemption fee would reduce the performance quoted.**

The expense ratios of the Fund, both current (net of any fee waivers or expense limitations) and before waivers (gross of any fee waivers or expense limitations) are as set forth above. Waivers and expense limitations are voluntary and the Investment Adviser may modify or terminate them at any time without shareholder approval. If this occurs, the expense ratios may change.

For more information, please contact your Investment Professional.

1 Source: Credit Suisse.

2 The Barclays Capital 10-Year U.S. Treasury Bellwether Index is used as a benchmark for long-term maturity U.S. government-issued fixed-income securities. The index assumes reinvestment of all distributions and interest payments. It is not possible to invest in an unmanaged index.

3 The Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. It is not possible to invest in an unmanaged index.

4 The S&P 500 Index is the Standard & Poor's 500 Composite Stock Prices Index of 500 stocks, an unmanaged index of common stock prices. The Index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest in an unmanaged index.

5 The standardized 30-day yield is calculated by annualizing the net investment income per share earned over a 30-day period divided by the maximum public offering price per share of the fund on the last day of the period. The yield does not necessarily reflect income actually earned and distributed by the fund and, therefore, may not be correlated with the dividends or other distributions paid to shareholders.

6 The Barclays Capital U.S. Corporate High Yield Bond Index 2% Issuer Capped covers the universe of U.S. dollar denominated, non-convertible, fixed rate, non-investment grade debt. Index holdings must have at least one year to final maturity, at least $150 million par amount outstanding, and be publicly issued with a rating of Ba1 or lower. The Index is a total return performance benchmark for fixed income securities having a maximum quality rating of Ba1 (as determined by Moody's Investors Service). The Index is unmanaged and the figures for the Index do not include any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.

The High Yield Fund invests in high-yield, fixed-income securities that, at the time of purchase, are noninvestment grade. High-yield, lower rated securities involve greater price volatility and present greater risks than higher rated fixed income securities. The Fund may also invest in foreign issuers who are denominated in currencies other than the U.S. dollar and in securities of issuers located in emerging countries denominated in any currency. The Fund's foreign and emerging market investments may be more volatile and less liquid than its investment in U.S. securities and will be subject to the risks of currency fluctuations and sudden economic or political developments. At times, the Fund may be unable to sell certain of its portfolio securities without a substantial drop in price, if at all. The Fund may also engage in foreign currency transactions for hedging purposes including cross hedging or for speculative purposes. The Fund may make substantial investments in derivative instruments, including options, financial futures, Eurodollar futures contracts, swaps, options on swaps, structured securities and other derivative investments. Derivative instruments may involve a high degree of financial risk. These risks include the risk that a small movement in the price of the underlying security or benchmark may result in a disproportionately large movement, unfavorable or favorable, in the price of the derivative instrument; risks of default by a counterparty, and the risks that transactions may not be liquid.

A prospectus for the Fund containing more complete information may be obtained from your authorized dealer or from Goldman, Sachs & Co. by calling 1–800–621–2550. Please consider a fund's objectives, risks, and charges and expenses, and read the prospectus carefully before investing. The prospectus contains this and other information about the Fund.

10-31368.MF.TMPL / PS-HY / 01-10