

Goldman Sachs Capital Growth Fund

Market Review

US equities extended their rally in March on increasing conviction that the economy is recovering. The S&P 500 Index rose another 3.3% in March, ending the quarter up 12.6%, its strongest first quarter since 1998. During the quarter, the Dow Jones Industrial Average closed above 13,000 for the first time since May 2008 and the NASDAQ made a new 11-year high. US equities rose on evidence that the labor market and manufacturing were improving. Lending activity at US banks showed the biggest quarterly increase in four years and the results of the Federal Reserve's stress tests allowed many US banks to implement capital return initiatives. As a result, financial stocks, which lagged significantly in 2011, rallied sharply. Better than expected earnings reports from several large technology companies led strong gains in the Information Technology sector.

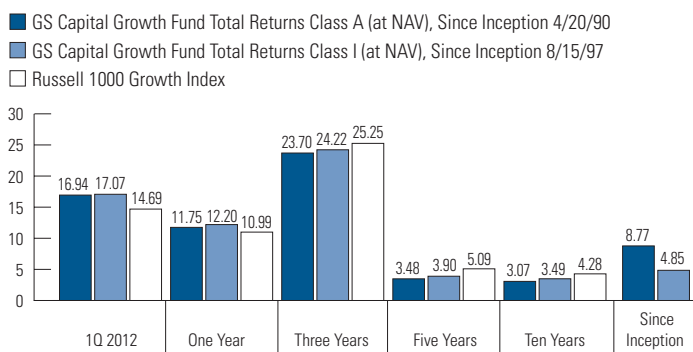
Portfolio Positioning

The Goldman Sachs Capital Growth Fund outperformed its benchmark, the Russell 1000 Growth Index during the first quarter of 2012. Positive stock selection in the Information Technology and Health Care sectors contributed to relative performance while weakness in select Industrials and Materials holdings detracted from relative performance.

Portfolio Review

Data center solutions company Equinix (1.8%) contributed to performance during the quarter. The company reported strong fiscal fourth quarter results and issued a solid outlook for 2012. The company continues to evaluate the potential to convert to a REIT, which would provide tax and valuation benefits. The market has begun to recognize that Equinix is trading at a discount to other data centers that are publicly traded REITs, and appreciate the growth and stability of Equinix's revenue stream. Equinix remains a leader in operating data centers, and we continue to have conviction in the company's ability to drive revenue growth as it benefits from several secular growth drivers, including cloud computing, growth in Internet traffic and enterprise outsourcing, and rising demand for optimized network performance.

Performance History as of March 31, 2012 (%)



For periods one year or greater, performance is annualized. **The returns represent past performance. Past performance does not guarantee future results. The Fund's investment return and principal value 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.**

Goldman Sachs Capital Growth Fund – Standardized Total Returns for period ended 3/31/12. Reflects a maximum sales charge of 5.5% for Class A shares. Class I shares do not reflect a sales charge.

	Class A Shares	Class I Shares
One Year	5.63%	12.20%
Five Years	2.32%	3.90%
Ten Years	2.49%	4.85%

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. Class A shares reflect the maximum initial sales charge shown above. Because Institutional shares do not include a sales charge, such a charge is not included in the standardized total returns.

Goldman Sachs Capital Growth Fund – Expense Ratios

	Current Expense Ratio (net)	Expense Ratio Before Waivers (gross)
Class A Shares	1.14%	1.47%
Class I Shares	0.74%	1.07%

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. Each Fund's waivers and/or expense limitations will remain in place through at least December 29, 2012, and prior to such date the investment adviser may not terminate the arrangements without the approval of the Fund's Board of Trustees.

Our position in Exxon Mobil (1.5%) contributed to performance during the quarter as integrated oil companies outperformed the broader energy sector. Exxon is the largest integrated energy company in the world, producing a range of petroleum products from exploration and production of crude oil to finished petrochemicals. We believe Exxon has a strong balance sheet that management could utilize to continue to repurchase stock or to develop and improve the company's significant upstream and refining assets.

Google (3.6%) was a top detractor from performance during the quarter after the company announced fiscal fourth quarter earnings that were below consensus expectations due to currency headwinds and a decline in its cost-per-click growth rate. Despite the recent results, we continue to have conviction in Google and believe future earnings growth will be driven by new opportunities in display advertising and applications through Google's mobile computing platform.

Halliburton (1.3%), a leading oil services firm, detracted from relative performance during the quarter. The lack of a settlement in the Macondo suit in which BP is seeking to recover all of the costs resulting from the Gulf of Mexico spill weighed on the stock. Additionally, the company has been facing pricing pressure in its North American pressure pumping business. In our view, this is already discounted in the stock price and the company's sophisticated supply chain management and reliability of operations should allow it to withstand the current weakness better than the competition. While the contingent legal liability from the Macondo suit could remain a drag on the stock until a settlement is reached, we continue to believe the company's risk/reward profile is attractive at current valuations and the company should continue to be able to generate strong revenue growth and operating margins in North America.

We initiated a position in Caterpillar (1.3%) during the quarter. The company produces and services large earthmoving equipment, diesel engines, and gas turbines. Caterpillar is well established in an industry with high barriers to entry. We believe Caterpillar is a high quality growth franchise that benefits from a competitive advantage in both global and domestic markets. In our view, most Caterpillar dealers are large, well capitalized, and with locations around the world, are able to effectively deliver superior service.

Top Ten Holdings (%)

Company	Portfolio
Apple Inc.	8.3
Google Inc.	3.6
QUALCOMM Inc.	3.1
Microsoft Corporation	2.8
Amazon.com Inc	2.3
IBM	2.3
Schlumberger Limited	2.2
American Tower Corporation	2.2
Oracle Corp	2.2
Abbott Laboratories	2.0

Data as of 3/31/12.

Holdings and allocations shown are unaudited, and may not be representative of current or future investments. Holdings and allocations may not include the Fund's entire investment portfolio, which may change at any time. Fund holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities.

During the quarter we initiated a position in Eaton (0.9%), a diversified global power management company. We believe that Eaton has attractive growth potential and multiple positive tailwinds, including strong growth in its principal end markets, namely construction, aerospace, data centers, and commodities. Furthermore, Eaton is highly levered to recovering industries and could see margin expansion driven by increased revenues from its late-cycle exposure in Aerospace and early-cycle exposure in truck, auto and residential electric. In our view, the company is attractively valued and should be able to drive significant earnings growth over time in a recovering macro environment.

We exited our position in eBay (0.0%), a global eCommerce platform. We continue to have conviction in the company as eBay and its payment engine, PayPal, continue to drive strong growth through new initiatives, such as the roll out of PayPal's point of sale solution for major retailers. As shares of the stock continue to appreciate, we decided to exit our position in favor of other names with more favorable risk/return profiles.

We sold out of our position in Coca-Cola (0.0%) during the quarter. While the company has executed very well over the last few years, and we remain positive on the franchise, we viewed that its strong execution is reflected in the stock price. Coca-Cola's valuation is near the high end of the Consumer Staples group; therefore, we believed it was prudent to exit our position in the portfolio in favor of other ideas.

Strategy/Outlook

Looking back at 2011, macro concerns and swings in investor sentiment overshadowed the strength of individual company fundamentals. In contrast, 2012 is off to a strong start and proven to be a more favorable environment for active managers. Correlations and volatility have declined from extreme levels, indicating increased differentiation at the stock level, which has provided a conducive environment for our investment style that is focused on individual stock selection. While risks remain given the strains in Europe, rising gas prices, a soft landing in China, hiccups in US economic data, and political uncertainty, we are cautiously optimistic on the US equity market going forward. Company fundamentals remain strong as well-capitalized businesses have over \$1 trillion of cash on their balance sheets (excluding Financials) and are continuing to redeploy cash, signaling managements' confidence in the economy. Equity valuations remain reasonable despite a strong run in the first quarter, and the asset class continues to be under-owned.

While one quarter is undoubtedly a short time period, we are encouraged by the Fund's recent performance, are excited about our prospects going forward, and believe we are well-positioned for a stock-pickers market. We remain disciplined in investing in businesses that have strong fundamentals that will enable them to increase market share and expand margins. We continue to identify high-quality companies that are led by effective management teams, generate substantial free cash flow, have strong balance sheets, can sustain earnings growth through their competitive advantages, and are trading at attractive valuations. Looking forward in 2012, we believe that the US recovery will continue to slowly unfold and that we are well positioned given the balance in the Fund.

Fund Specific Risks

The Capital Growth Fund invests primarily in large capitalization U.S. equity investments and is subject to market risk so that the value of the securities in which it invests may go up or down in response to the prospects of individual companies, particular industry sectors and/or general economic conditions.

The Fund may invest in foreign securities, which may be more volatile and less liquid than 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 participate in the Initial Public Offering (IPO) market, and a portion of the Fund's returns consequently may be attributable to its investment in IPOs. The market value of IPO shares may fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, and the small number of shares available for trading and limited information about the issuer. When a fund's asset base is small, IPOs may have a magnified impact on the fund's performance. As a fund's assets grow, it is probable that the effect of the fund's investment in IPOs on its total returns may not be as significant, which could reduce the fund's performance.

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 (Institutional: 1-800-621-2550). 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.

General Disclosures

Holdings and allocations shown are unaudited, and may not be representative of current or future investments. Holdings and allocations may not include the Fund's entire investment portfolio, which may change at any time. Fund holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities.

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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 MSCI World Index is an unmanaged index considered representative of growth stocks of developed countries. Index performance is calculated with net dividends. Please note an investor cannot invest directly in an index.

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. Please note an investor cannot invest directly in an index.

It is not possible to invest directly in an unmanaged index.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

The NASDAQ Composite is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.

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