Asset
Management

Investment Commentary

1Q 2012

Class A: GSGRX Class I: GSIIX
Class C: GSGCX Class S: GSGSX
Class R: GRGRX Class IR: GRGTX

Goldman Sachs Growth and Income Fund

Market Review

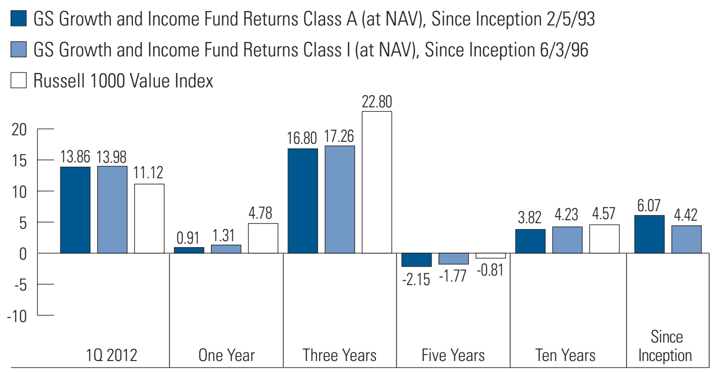
US equities extended their rally in March on increasing conviction that the economy is recovering. The S&P 500 Index rose another 3.3% in March, ending the quarter up 12.6%, its strongest first quarter since 1998. During the quarter, the Dow Jones Industrial Average closed above 13,000 for the first 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.

Performance Attribution

During the first quarter of 2012, the Goldman Sachs Growth and Income Fund outperformed the Russell 1000 Value Index. In the portfolio for the quarter, our investments in Information Technology and Health Care contributed the most positively, whereas our investments in the Consumer Staples sector contributed negatively to performance.

Many of our laggards from 2011 were top performing stocks this quarter, as fundamentals have begun to be rewarded by the market again. Our stock selection in the Information Technology sector contributed the most to performance, largely driven by our holding in data storage company EMC Corp. (1.5%). Shares of EMC rose after the company reported a solid quarter and guided to 2012 being ahead of consensus estimates. EMC continues to take share in the core storage market and VMware has demonstrated strong sustainable growth. Additionally, EMC's management is looking to grow externally by doing selective acquisitions that should be accretive to earnings. Stock selection in the Health Care sector also contributed to positive returns driven by our holding in Thermo Fisher Scientific (1.2%), a life sciences industry leader that makes scientific instruments and lab supplies. Thermo Fisher had also been a bottom performing stock in 2011. In 1Q12, the stock price was boosted by the company beating

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 Growth and Income 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	-4.61%	1.31%
Five Years	-3.24%	-1.77%
Ten Years	3.24%	4.23%

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 Growth and Income Fund – Expense Ratios

	Current Expense Ratio (net)	Expense Ratio Before Waivers (gross)
Class A Shares	1.19%	1.21%
Class I Shares	0.79%	0.81%

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.

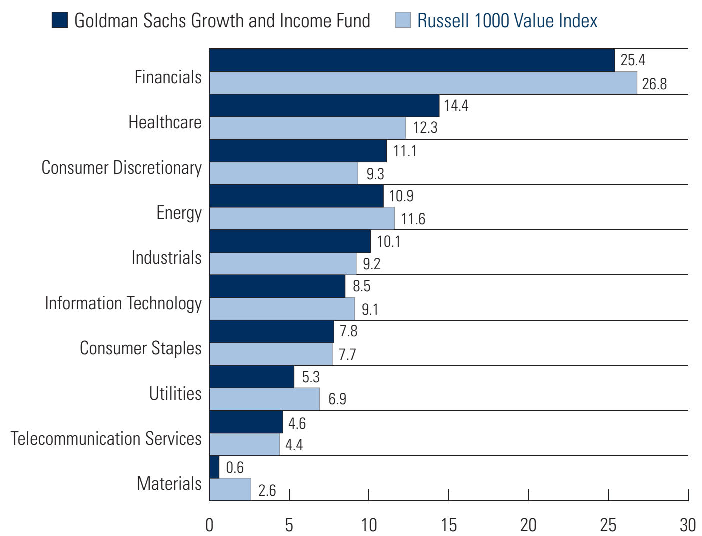
consensus earnings and revenue estimates from the fourth quarter and closing the valuation gap versus its peers. We have trimmed the position on recent strength and to account for the possibility that potential government spending cuts may adversely impact the business. At the stock level, the top performing stock in the portfolio was JPMorgan Chase & Co. (0.0%), which was also a top detractor from 2011. During the quarter, the stock price was boosted by the news that the company increased its quarterly dividend by 20%, and authorized a new $15 billion equity repurchase program, of which up to $12 billion is approved for 2012 and up to an additional $3 billion is approved through 1Q 13. In our view, these actions were a testament to the strength of the company's fundamentals, and its dominant position in its space, further reinforcing our long-term thesis.

On the negative side, our stock selection in the Consumer Staples sector was the only sector to detract from returns, driven by our holding in General Mills Inc. (1.0%). During the period, General Mills reported earnings that were lower than expected and guided lower for FY 2012, primarily due to weak pricing and greater than expected spending on advertising. While we continue to maintain confidence that General Mills is a leading consumer food company with a strong management team, we have recently trimmed our position to reflect the company's execution difficulties and lower sales volumes across the industry. However, we believe that General Mills still has the ability to manage and cut costs effectively, and take advantage of the growing movement toward food with health and wellness attributes. At the stock level, American Electric Power (1.7%), an operator of regulated power transmission and generation businesses, was one of the top overall detractors from returns. The company is currently transitioning the generation portion of its business from a regulated to competitive structure, which will leave the company more susceptible to weak power prices and unpredictable earnings. In addition, shares fell due to a recent ruling by American Electric Power's regulators which led to investor concern that the company may have to make this transition more quickly than expected. However, we maintain conviction in American Electric Power as the majority of its assets will remain in a regulated construct, and we believe the current valuation is overly discounting the negative effect of the portion of their business that is transitioning. Oil and gas exploration company, Halliburton (1.7%) was also a bottom performing stock, as it was negatively impacted by weak natural gas prices and, the physical costs associated with shifting some gas assets to oil. There was also concern over the litigation expense the company would incur from the Macondo oil spill. We maintain conviction in Halliburton as we believe the legal liability may be less than originally anticipated and, that the company is well positioned given its exposure to the onshore US oil market.

Top Ten Holdings (%)

Company	Portfolio
General Electric Co.	4.9
J.P. Morgan Chase & Co.	4.7
AT&T Inc.	3.5
Exxon Mobil Corporation	3.4
Pfizer Inc.	3.2
Johnson & Johnson	2.6
Lowe's Cos Inc.	2.3
Bank of America Corporation	2.2
Devon Energy Corporation	2.2
Travelers Cos Inc.	2.1

Sector Weights (%)



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.

Portfolio Review

Through our on-going zero-based approach, we have made changes within the portfolio, maintaining our focus on balancing resilient stocks that can weather a variety of market conditions, with those on the path to improving fundamentals. During the quarter, we initiated a position in the diversified healthcare and pharmaceutical company, Johnson & Johnson (2.6%). We feel that J&J has lagged its large cap peers, and that medical utilization trends have bottomed. We believe that J&J could benefit from price multiple expansion as sentiment turns more positive and as utilization improves, given that medical devices make up approximately 40% of its sales. In addition, we think that the problematic manufacturing issues are largely behind the company's consumer business segment, and we see this trend continuing through 2012. We also re-initiated our position in Bank of America Corp. (2.2%). Shares of Bank of America have been negatively impacted over the last several quarters by uncertainty surrounding mortgage litigation, capital level requirements and debit interchange fees. Although we had sold out of our position ahead of their fourth quarter earnings reports due to concerns that the company would need to raise capital, it became clear to us post-earnings report that this will likely be unnecessary given that capital reserve ratios were better than expected. We also believe that it remains an attractively valued stock with a superior U.S. footprint and high exposure to a recovering housing market. Moreover, we are incrementally more positive following the recent stress test results by the Federal Reserve, which revealed the relative strength of the company's balance sheet to its competitors', and we continue to see further upside to the stock.

Strict to our sell discipline, we also made some adjustments to our positioning by selling out of holdings where our investment thesis has fundamentally changed and/or valuation levels are no longer attractive. As such, we exited our position in diversified consumer goods manufacturer, Unilever N.V. (0.0%). We feel the company faces near-term margin pressure due to increased raw materials costs and competitive pressures in the emerging markets. As Unilever is more exposed to grain and oil costs than many of its peers, we feel these inflationary pressures may well reduce the company's ability to drive earnings going forward. We also sold out of our position in PepsiCo Inc. (0.0%). Due to our concerns over its increased spending and a lack of clarity on the strategic vision of the company, we rotated the capital into higher conviction names.

Top/bottom contributors to return

Top 10	Gross Return (%)	Contribution (bps)
JPMorgan Chase & Co.	39.3	56
EMC Corp.	38.7	40
Prudential Financial Inc.	26.5	34
Transocean Ltd.	44.8	31
LyondellBasell Industries N.V. Cl. A	35.1	25
Textron Inc.	46.5	21
SunTrust Banks Inc.	36.8	20
Procter & Gamble Co.	2.9	19
Lowe's Cos.	24.3	18
Johnson & Johnson	1.6	18

Bottom 10	Gross Return (%)	Contribution (bps)
General Mills Inc.	-1.6	-26
American Electric Power Co. Inc.	-5.5	-21
Halliburton Co.	-3.6	-21
Travelers Cos. Inc.	0.8	-20
PPL Corp.	-2.7	-20
Citigroup Inc.	13.0	-20
Boeing Co.	2.0	-20
PepsiCo Inc.	-5.5	-18
Unilever N.V. (NY Reg Sh)	-5.8	-17
Exxon Mobil Corp.	2.9	-16

Data as of 3/31/12.

Past performance does not guarantee future results.

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Strategy/Outlook

Whereas in 2011, macro concerns and swings in sentiment overshadowed the strength of individual company fundamentals, we are encouraged by a more favorable environment for active managers in 2012. As correlations and volatility have come down from extreme levels, this has provided a tailwind to our approach. While risks remain over strains in Europe, rising gas prices, slowing global growth and political uncertainty, we remain cautiously optimistic on the US equity market going forward. Company fundamentals remain strong, as well-capitalized corporations have over $1T on their balance sheets and are continuing to redeploy cash, signaling confidence in the economy. Equity valuations remain reasonable despite a strong run in the recent quarter, and equities remain under-owned. EPS growth remains solid, and M&A should continue to provide a boost in the market.

While a quarter is a short time period, we are excited about the prospects for our portfolio going forward, are encouraged by early results and believe we are well-positioned to outperform. Many valuations within the portfolio remain within generational lows. We continue to favor companies with improving quality characteristics such as cash flow, balance sheets, ROICs and sustainability of earnings; rather than purely defensive characteristics – as we believe the US recovery will continue to slowly unfold. Recent positive macro data seems to support this view, such as improvements in housing data. Looking into the rest of the year, we maintain our discipline in identifying companies with strong or improving balance sheets, led by quality management teams, trading at discounted valuations, and remain focused on the long-term outperformance of the portfolio.

The Growth and Income Fund invests primarily in large capitalization U.S. equity investments and also invests in fixed income securities. The Fund's equity investments will be 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. Investments in fixed income securities are subject to the risks associated with debt securities including credit and interest rate risk.

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

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The Russell 1000 Value Index is an unmanaged market capitalization weighted index of the 1,000 largest U.S. companies with lower price-to-book ratios and lower forecasted growth values. The Index figures do not reflect any deduction for fees, expenses or taxes.

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

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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