

Goldman Sachs Mid Cap Value Fund

Market Overview

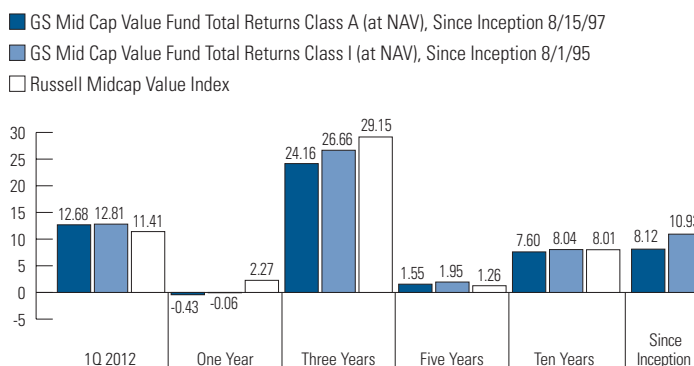
US equities extended their rally in March on increasing conviction that the economy is recovering. The S&P 500 Index rose another 3.3% in March, ending the quarter up 12.6%, its strongest first quarter since 1998. During the quarter, the Dow Jones Industrial Average closed above 13,000 for the first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

During the first quarter of 2012, the Goldman Sachs Mid Cap Value Fund outperformed the Russell Midcap Value Index. In the portfolio for the quarter, our investments in the Consumer Discretionary and Materials sectors contributed positively to performance, whereas our investments in the Energy and Financials sectors contributed negatively.

In the Consumer Discretionary sector, our position in Tempur-Pedic International Inc. (0.7%) positively contributed to returns, boosted by a strong quarterly earnings announcement. Shares of the mattress production company rose after it announced the launch of a new, affordable mattress which should increase pressure on competitors and appeal to a variety of market segments. We believe that there is significant opportunity for gross profit margin expansion, given the company's product differentiation and continued pricing power, combined with a positive trend in mattress sales. Within Materials, Chemtura Corp. (0.3%) contributed strongly to returns for the quarter. Over time, the company has significantly reduced its debt and improved its cost structure and future

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 Mid Cap Value Fund Performance – 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	-5.89%	-0.06%
Five Years	0.41%	1.95%
Ten Years	7.00%	8.04%

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 Mid Cap Value Fund – Expense Ratios

	Current Expense Ratio (subsidized)	Expense Ratio Before Waivers (unsubsidized)
Class A Shares	1.16%	1.16%
Class I Shares	0.76%	0.76%

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. The Mid Cap Value Fund does not have expense waivers and/or limitations.

cash flow generation. Moreover, Chemtura’s primary business is the sale of bromine, a chemical used in flame retardants and drilling fluids, and the company has shown steady price increases for this product, which we view as a multi-year cycle. Also at the stock level, Parametric Technology Corp. (0.8%) was the top contributor to returns, driven by a strong earnings announcement with better-than-expected results stemming from strong sales from Europe. The company showed strength across all product lines and increased operating margins as a result of improving efficiencies in its sales and services groups.

Our investments in the Energy sector were among the biggest detractors, largely driven by EQT Corp. (0.0%), an integrated energy company with an emphasis on Appalachian area natural gas production. The company underperformed on weak natural gas prices due to unusually warm winter conditions in addition to excess supply from more efficient drilling techniques. In Financials, Willis Group Holdings PLC (1.0%) was a main detractor due to weak quarterly earnings. However, we maintain conviction in the insurance brokerage business which is levered to an improving macro environment. We believe Willis should continue to generate significant cash flow and participate fully in the improvement in pricing and demand in the underlying insurance market. At the stock level, Xcel Energy Inc. (2.1%), a public utility engaged in the distribution of natural gas and electricity, was a top detractor from returns. Similar to EQT, Xcel was negatively impacted by weak natural gas prices. In addition, shares declined after it became clear than an unfavorable commission ruling in Colorado will likely negatively impact 2012 earnings. However, we do not believe that the company’s long-term earnings power will be hurt by the ruling on Colorado. Moreover, we maintain the view that Xcel is a high quality, well-managed utility with the potential for visible growth into the future.

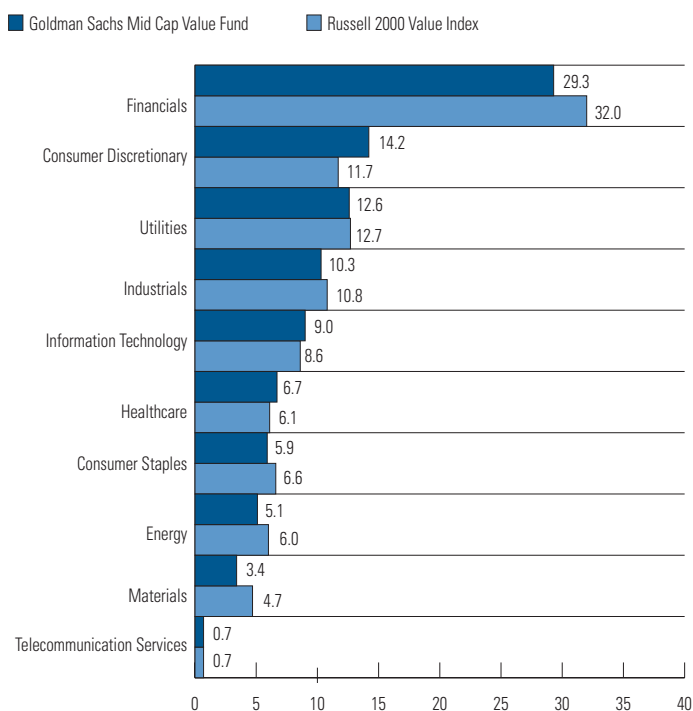
Portfolio Review

Through our on-going zero-based approach, we have made changes within the portfolio, with an increased 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 direct banking and payment services company, Discover Financial Services (1.5%). We believe Discover is a well-run consumer finance company with a number of tailwinds helping their business, while also avoiding many of the headwinds impacting the banking industry. Discover has high return prospects both in the near term

Top Ten Holdings (%)

Company	Portfolio
The JM Smucker Co.	2.2
Xcel Energy Inc.	2.1
Principal Financial Group Inc.	1.9
Everest Re Group Ltd.	1.8
Scripps Networks Interactive	1.8
PPL Corporation	1.8
Invesco Ltd.	1.7
Pioneer Natural Resources Co.	1.6
Liberty Interactive Corp.	1.6
Macy’s Inc.	1.6

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.

and over the cycle, with a top tier balance sheet that should enable them to return capital to shareholders. We feel their solid underwriting business, combined with their ability to benefit in a low interest rate environment, should allow the company to perform well relative to peers. We also started a position in Ameriprise Financial, Inc. (1.5%), a diversified financial services company primarily engaged in financial planning, asset management, annuities, and insurance. In our view, Ameriprise offers an extremely attractive business

mix, with steadily improving returns on equity (ROE) and an increased ability to return capital to shareholders through a combination of dividends and share repurchases. Over the past several years, management has shown improvement in their ability to make effective acquisitions, and we believe they will continue to improve profitability and gain market share within the industry. Finally, given the improving quality and scope of the company's asset management and brokerage business, we feel that the stock trades at a discounted valuation relative to peers.

During the quarter, we exited our position EQT Corp. (0.0%), an integrated energy company with emphasis on Appalachian area natural-gas supply, transmission and distribution. EQT has been under pressure due to weak natural gas prices driven by unusually warm winter conditions and excess supply from more efficient drilling techniques. Consequently, we decided to move the funds into higher conviction names within the Energy sector. In other areas of the portfolio, true to our sell discipline, we sometimes eliminate stocks that reach the higher end of our market capitalization range. As a result, we sold our position in Ventas, Inc. (0.0%), a Real Estate Investment Trust (REIT) specializing in senior housing and healthcare properties located in the United States and Canada. We also were concerned that a number of the company's tenants could be impacted by government budget reductions affecting the Healthcare industry. As a landlord of these properties, industry spending cuts would likely be negative for this company. Therefore, we redeployed the capital into stocks with better risk-reward profiles.

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.

Top/bottom contributors to return

Top 10	Gross Return (%)	Contribution (bps)
Parametric Technology Corp.	53.0	28
Textron Inc.	50.6	23
Tempur-Pedic International Inc.	50.7	20
Pioneer Natural Resources Co.	24.8	18
Chemtura Corp.	49.7	16
PVH Corp.	26.8	16
Albemarle Corp.	24.5	15
Amphenol Corp. Cl A	31.9	14
INVESCO Ltd.	33.4	13
Principal Financial Group Inc.	20.8	12
Bottom 10	Gross Return (%)	Contribution (bps)
Xcel Energy Inc.	-3.3	-25
Willis Group Holdings PLC	-9.2	-19
EQT Corp.	-8.0	-19
PPL Corp.	-2.7	-16
Helmerich & Payne Inc.	-12.6	-16
Gardner Denver Inc.	-18.2	-16
Electronic Arts Inc.	-20.0	-12
SCANA Corp.	2.3	-11
Energen Corp.	-1.4	-11
NV Energy Inc.	-0.6	-11

Data as of 3/31/12.

Past performance does not guarantee future results.

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.

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 Mid Cap Value Fund invests primarily in mid 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 securities of mid capitalization companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements.

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 invest in fixed income securities. 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 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 Russell Midcap Value Index measures the performance of those Russell MidCap companies with lower price-to-book ratios and lower forecasted growth values. (A price-to-book ratio is the price of a stock compared to the difference between a company's assets and liabilities.) The stocks are also members of the Russell 1000 Value Index. 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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