

Goldman Sachs Small/Mid Cap Growth Fund

Market Review

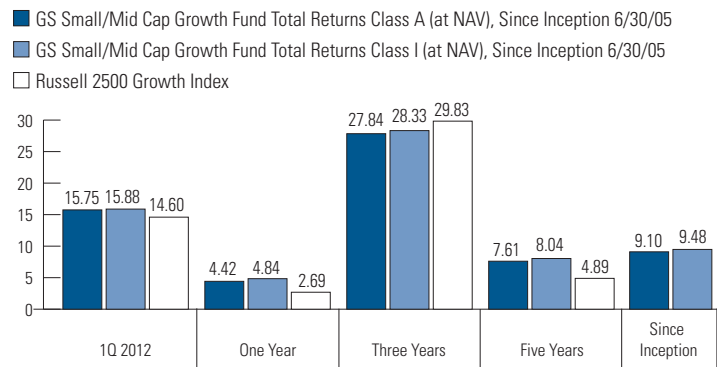
US equities extended their rally in March on increasing conviction that the economy is recovering. The S&P 500 Index rose another 3.3% in March, ending the quarter up 12.6%, its strongest first quarter since 1998. During the quarter, the Dow Jones Industrial Average closed above 13,000 for the first time since May 2008 and the NASDAQ reached a new 11-year high. US equities rose on evidence that the labor market and manufacturing are 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 rallied sharply. Better-than-expected earnings reports from several large technology companies led strong gains within the Information Technology sector.

Portfolio Positioning

The Goldman Sachs Small/Mid Cap Growth Fund outperformed its benchmark, the Russell 2500 Growth Index, during the quarter. Positive stock selection in the Information Technology and Health Care sectors contributed to relative returns, while weakness in select Industrials and Consumer Staples holdings detracted from relative returns.

Data center solutions company Equinix (2.6%) 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 Small/Mid Cap 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	-1.30%	4.84%
Five Years	6.40%	8.04%
Since Inception (6/30/05)	8.19%	9.48%

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 Small/Mid Cap Growth Fund – Expense Ratios

	Current Expense Ratio (net)	Expense Ratio Before Waivers (gross)
Class A Shares	1.35%	1.50%
Class I Shares	0.95%	1.10%

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.

RealD (1.1%), a company that designs, manufactures, and licenses 3D technology, contributed to relative performance after the company reported strong results at the box office during the first quarter. Going forward, we believe RealD is well positioned to benefit from the upcoming slate of 3D films that will be released this summer as 3D movies gain share of the total box office revenues. We continue to believe RealD is a market leader in 3D technology that will benefit from continued 3D movie adoption.

DigitalGlobe (0.0%), a leading provider of high quality satellite and aerial imagery to government, consumer services and enterprise, detracted from relative returns. Shares declined after the US Government announced it would cut spending on defense, particularly within the satellite and aerial imagery industry. Given the long-term impact the budget cuts will have on DigitalGlobe's US defense business, we decided to exit our position. Shares of Rex Energy (1.3%) declined during the quarter primarily due to weakness in natural gas prices which caused management to lower their production guidance for 2012. In addition, shares were impacted by an equity offering in late January. Despite these headwinds, we believe the company has several near term catalysts and we view positively management's decision to shift drilling from predominantly natural gas to a more balanced mix with increasing amounts of crude oil.

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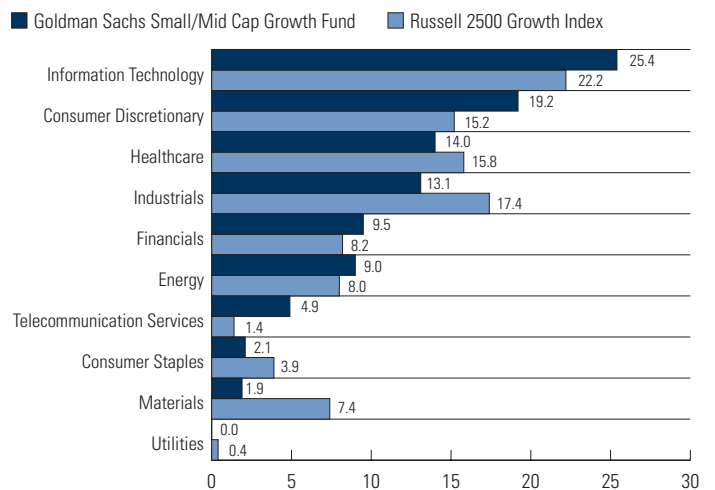
We initiated a position in Micros Systems (1.2%) during the quarter. The company is a leading designer, manufacturer, and servicer of enterprise information solutions within the global hospitality, retail, and restaurant industries. Micros Systems has dominant market share with high margins, is very well capitalized, and generates recurring revenue through the high-touch servicing it provides to clients. We believe Micros Systems operates a unique franchise that is well positioned for growth as the company increases its customer base through new contracts with hotel chains and expands its business globally.

We initiated a position in designer and brand manager company, Deckers Outdoor Corporation (1.1%), during the quarter. The company owns the Ugg brand, which we believe is in the initial stages of transforming into a global lifestyle brand. Furthermore, Deckers' shares trade at a significant discount to its global apparel peers. The company is also in the process of opening its own stores, which we believe will allow them to better showcase their

Top Ten Holdings (%)

Company	Portfolio
SBA Communications Corporation	3.2
Equinix, Inc.	2.6
PVH Corp	2.4
Kennametal Inc.	2.1
Whiting Petroleum Corp.	2.1
Evercore Partners Inc.	2.0
Rackspace Hosting Inc.	2.0
Urban Outfitters Inc	1.9
Coinstar Inc.	1.9
Roper Industries Inc.	1.9

Sector Weights (%)



As of 3/31/12.

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full assortment of products (non-boot footwear, apparel, accessories) and provide long term growth opportunities. We exited our position in Verisk Analytics (0.0%), a leading provider of proprietary risk management services. Shares rose after the company reported solid fourth quarter earnings driven by strength in the Insurance and Healthcare business segments. While we continue to believe Verisk's lower capital intensity, subscription based business model is attractive and Verisk's strong client retention rate provides a barrier to entry, we decided to take advantage of the stock price dislocation as shares gained on the news. As a result, we exited our position in favor of companies with a more attractive risk/return profile.

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.

Top/bottom contributors to return

Top 10	Gross Return (%)	Contribution (bps)
Equinix Inc.	55.3	57
RealD Inc.	70.0	37
Coinstar Inc.	39.2	30
Amphenol Corp. Cl A	31.9	27
Rackspace Hosting Inc.	34.4	26
PVH Corp.	26.8	26
IPG Photonics Corp.	53.7	25
VeriFone Systems Inc.	46.0	24
CBRE Group Inc.	31.1	24
Amylin Pharmaceuticals Inc.	60.7	20

Bottom 10	Gross Return (%)	Contribution (bps)
Rex Energy Corp.	-27.6	-69
DigitalGlobe Inc.	-21.8	-35
AeroVironment Inc.	-14.8	-29
Deckers Outdoor Corp.	-28.7	-28
Quanta Services Inc.	-3.0	-27
Dril-Quip Inc.	-1.2	-24
STR Holdings Inc.	-41.2	-24
Sagent Pharmaceuticals Inc.	-14.9	-21
OPNET Technologies Inc.	-18.5	-21
Intermolecular Inc.	-27.6	-19

Past performance does not guarantee future results.

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The Goldman Sachs Small/Mid Cap Growth Fund invests in equity investments with a primary focus on small and midcap companies. The securities of small and 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 also invest in foreign securities and emerging market securities. Foreign and emerging market securities may be more volatile than investment in U.S. securities and will be subject to the risks of currency fluctuations and political developments.

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 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.

Russell 2500 Growth Index measures the performance of the 2,500 smallest companies in the Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

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

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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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