

# Goldman Sachs Strategic Growth Fund

Class A: GGRAX    Class I: GSTIX  
 Class C: GGRCX    Class S: GSTSX  
 Class R: GSTRX    Class IR: GSTTX

## Market Review

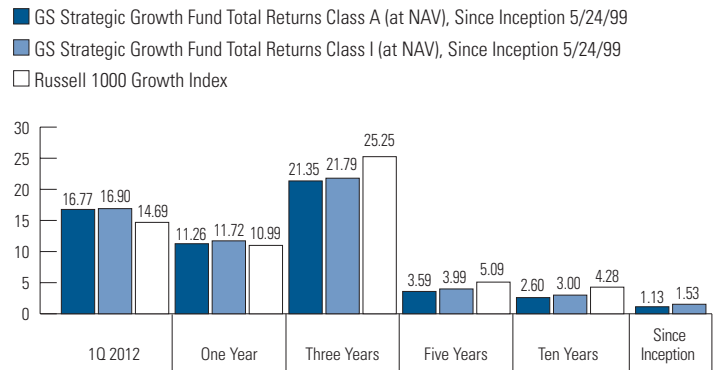
US equities extended their rally in March on increasing conviction that the economy is recovering. The S&P 500 Index rose another 3.3% in March, ending the quarter up 12.6%, its strongest first quarter since 1998. During the quarter, the Dow Jones Industrial Average closed above 13,000 for the first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

The Goldman Sachs Strategic Growth Fund outperformed its benchmark, the Russell 1000 Growth Index (gross), during the quarter. Positive stock selection in the Information Technology and Health Care sectors contributed to relative returns, while weakness in select Materials holdings detracted from relative returns.

Data center solutions company Equinix (2.0%) 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](http://www.goldmansachsfunds.com) to obtain the most recent month-end returns.**

**Goldman Sachs Strategic 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	5.18%	11.72%
Five Years	2.43%	3.99%
Ten Years	2.03%	3.00%

**The Standardized Total Returns are average annual total returns (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 Strategic Growth Fund – Expense Ratios**

	Current Expense Ratio (net)	Expense Ratio Before Waivers (gross)
Class A Shares	1.15%	1.51%
Class I Shares	0.75%	1.11%

**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.**

Salesforce.com (1.5%) contributed to relative performance after the company posted an upbeat fourth quarter and raised guidance for 2012. Management attributed the results to stronger-than-expected billings growth and a number of large deals that were signed during the quarter, a positive trend that should drive future earnings growth. We believe Salesforce.com is well positioned to benefit from the migration towards cloud computing and should continue to drive adoption growth through its differentiated enterprise cloud solutions.

Wireless tower company American Tower (3.2%) detracted from relative returns during the quarter. Although the company posted fourth quarter earnings and revenues that were above consensus, it provided conservative guidance for 2012 citing a weak macro environment. During the quarter, the company also finalized its previously announced transition to a real estate investment trust (REIT). American Tower continues to benefit from organic growth in leasing, and remains well positioned in a growing industry with high barriers to entry. As the wireless communication industry continues to evolve from primarily voice to data usage, demand on the networks increases and carriers must make additional investments to build out their networks. In our view, this will lead to a greater need for antennae placement on towers, thereby increasing leasing revenues. Furthermore, we believe that the tower industry has an attractive business model as the structure of contracts provides a predictable revenue stream and recurring cash flow. We remain attracted to American Tower's business model, competitive position and long-term growth trends in wireless data.

Google (4.2%) 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.

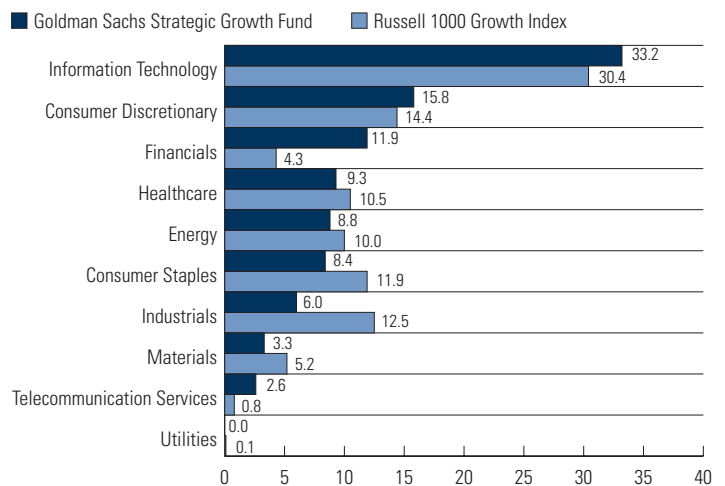
## Portfolio Review

We initiated a position in Honeywell International (1.9%), a diversified technology and manufacturing company, that manufactures aerospace, building-control and automotive products, during the quarter. We believe the company has a strong management team that can execute well on its long-term growth plan, and improve efficiency and profitability.

### Top Ten Holdings (%)

Company	Portfolio
Apple Inc.	8.3
QUALCOMM Inc.	4.4
Google Inc.	4.2
American Tower Corporation	3.2
Schlumberger Limited	3.2
Lowe's Cos Inc.	2.7
Costco Wholesale Corporation	2.7
Crown Castle International Corp.	2.6
Amazon.com	2.6
Praxair	2.4

### 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.

In our view, Honeywell should continue to benefit from growth in air traffic, market share gains in emerging markets, several productivity initiatives, and potential margin expansion in its automation and controls segments. We believe that Honeywell is well positioned for growth in its key end markets that are experiencing increasing global demand for sophisticated capital and consumer goods. We believe Honeywell's earnings power is underappreciated by the market.

We initiated a position in Diageo (1.0%), a producer and distributor of a wide collection of branded premium spirits, beer, and wine, during the quarter. In our view, Diageo's leading premium brands, distribution scale, and successful track record of innovation, should drive long-term growth.

Furthermore, we believe the company is well positioned to benefit from purchasing power in emerging markets, and increased share gains.

We exited our position in Western Union (0.0%) during the quarter. While we still like Western Union's transaction-based business model and free cash flow generation, we became concerned about its inability to increase organic revenue growth. In addition, the company issued 2012 EPS guidance that fell below expectations. Consequently, we decided to sell out of our position and reallocate the capital to higher conviction names.

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.

## 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

### Top/bottom contributors to return

Top 10	Gross Return (%)	Contribution (bps)
Equinix Inc.	55.3	55
salesforce.com Inc.	52.3	32
Apple Inc.	48.0	28
QUALCOMM Inc.	24.9	28
Amphenol Corp. Cl A	31.9	25
Marriott International Inc.	30.1	24
Lowe's Cos.	24.3	22
CBRE Group Inc.	31.1	20
St. Jude Medical Inc.	29.9	19
Thermo Fisher Scientific Inc.	25.7	18

Bottom 10	Gross Return (%)	Contribution (bps)
American Tower Corp.	5.0	-29
Google Inc. Cl A	-0.7	-27
Schlumberger Ltd.	2.7	-21
Halliburton Co.	-3.6	-21
Procter & Gamble Co.	1.6	-19
Microsoft Corp.	25.1	-15
Praxair Inc.	7.8	-14
Costco Wholesale Corp.	9.3	-13
Caterpillar Inc.	-3.5	-12
MasterCard Inc. Cl A	12.8	-12

### Past performance does not guarantee future results.

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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.

The Strategic 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.**

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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 1000 Growth Index is an unmanaged market capitalization weighted index of the 1000 largest U.S. companies with higher price-to-book ratios and higher forecasted growth values. 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.

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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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