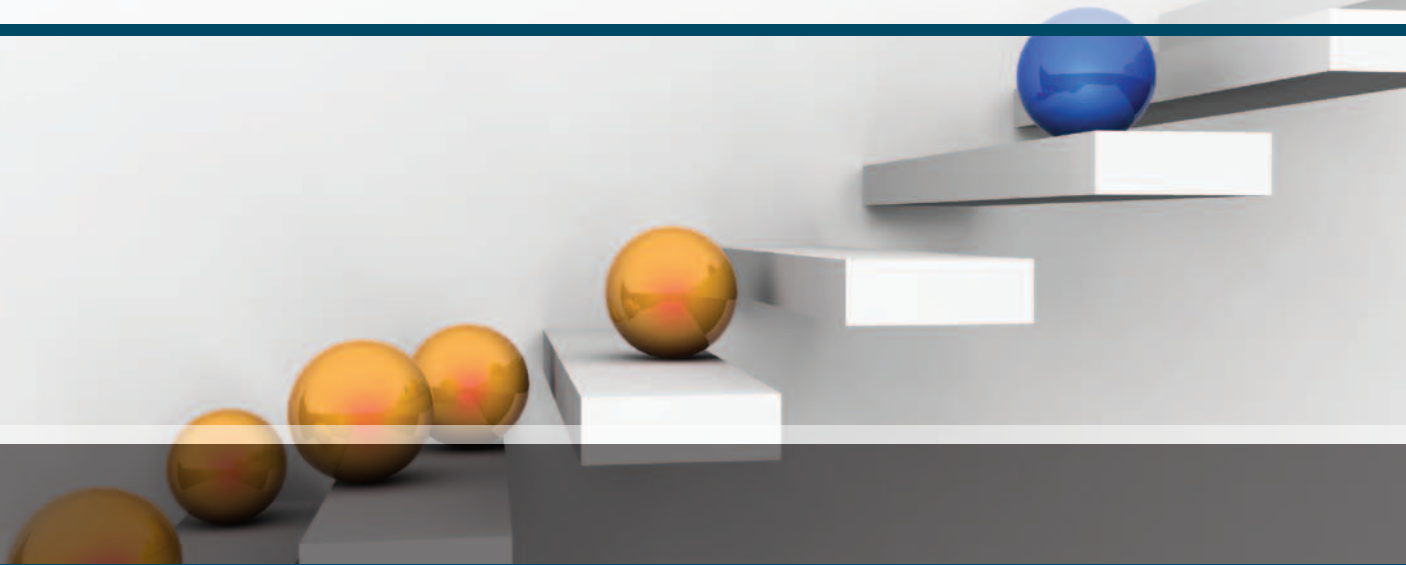


# Goldman Sachs Dynamic Allocation Fund



*Providing the potential to  
create wealth in a changing  
market by having the flexibility  
to change with it.*

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Class A: GDAFX  
Class C: GDCFX  
Class R: GDRFX

Class I: GDIFX  
Class IR: GDHFX



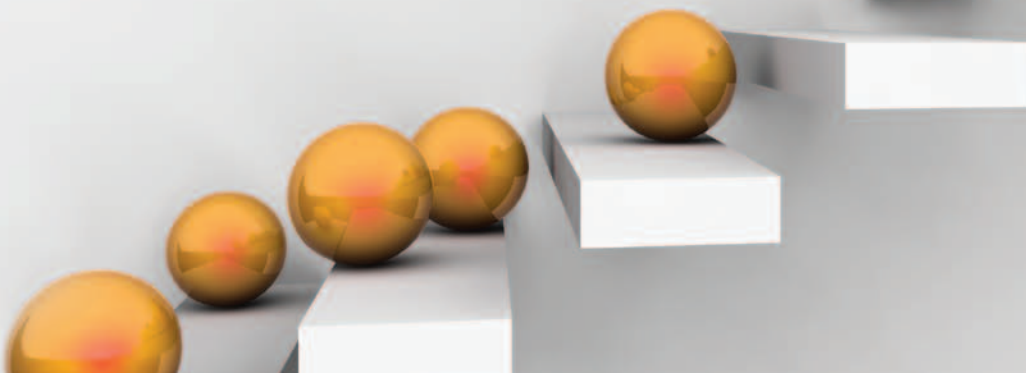
**Asset  
Management**

The Goldman Sachs Dynamic Allocation Fund's unique dynamic approach is based on the belief that there are **two ways** to create wealth over time:

Seek the best opportunities within a broad range of diversified investments



Seek to mitigate the risk of losing portfolio value in unstable markets





## Potential Wealth Creation

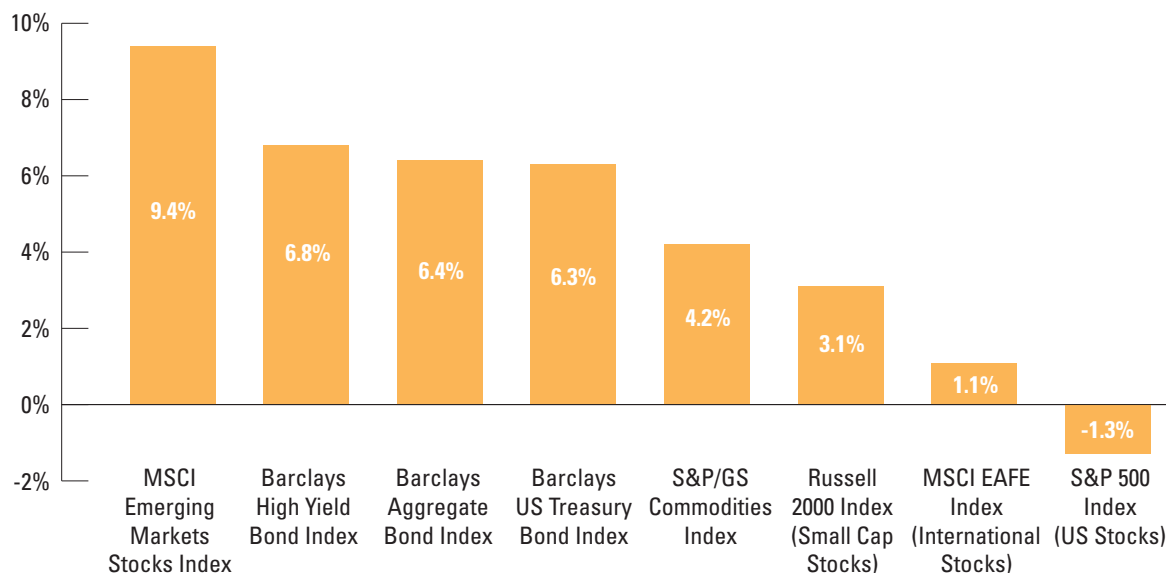
Let's take a closer look at what  
this means to you as an investor. . .

## Seek the best opportunities within a broad range of diversified investments

**FACT** Over the past decade that included the technology bubble and the credit/housing crisis of 2008, the U.S. stock market had a negative return of over 1%. During this same 10-year period, investment returns would have been significantly improved if portfolios were diversified beyond U.S. stocks to include asset classes like emerging market stocks, high yield bonds and commodities.

### Investors Need to Diversify Beyond U.S. Stocks

#### 10 Year Annualized Returns for Market Indices as of January 31, 2010



Source: Morningstar & Bloomberg as of January 2010. See index definitions under disclosures. Diversification does not protect an investor from market risk and does not ensure a profit.

Past Performance of the indices is no guarantee of future results.

**LESSON** Investors need to seek the best opportunities within a broad range of diversified investments.



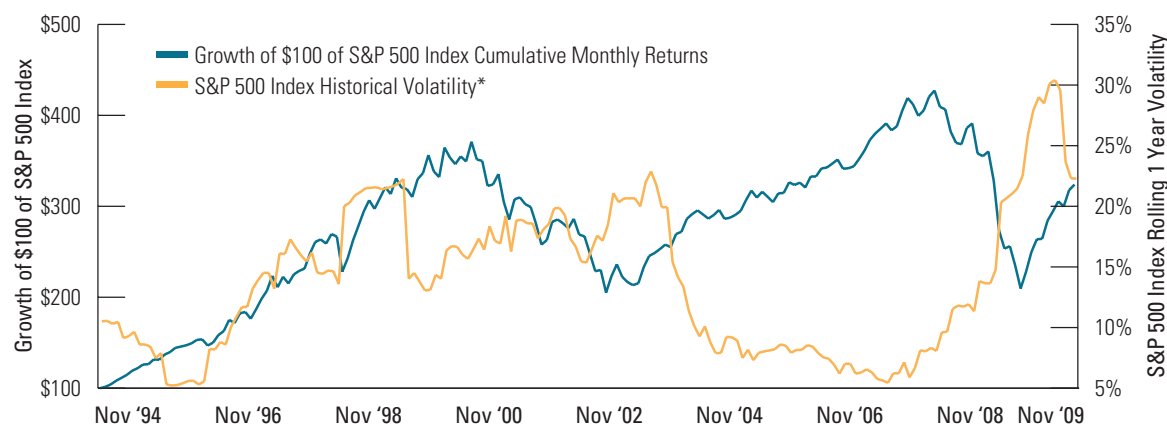
## Seek to mitigate the risk of losing portfolio value in unstable markets

If you're invested in an unstable market that moves up and down dramatically in a very short period of time, without any indication of where it will go next, there's a possibility to lose significant value in your portfolio. By lowering the volatility of your investment portfolio — the amount your portfolio rapidly moves up or down in value — you can improve your chances of building long-term wealth.

Here's why:

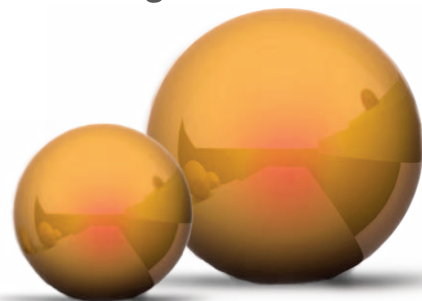
**FACT** When stock market volatility increased over a short period of time, the value of stocks tended to decline. On the flip side, when stock market volatility decreased over a short period of time, the value of stocks tended to increase.

### Stock Market Growth vs. Stock Market Volatility



\* Based on the annualized monthly standard deviation of returns—an annualized average of the differences of S&P 500 Index monthly returns from their mean returns—over rolling 1-year periods (e.g., Nov 1994–Oct 1995; Dec 1994–Nov 1995; Jan 1995–Dec 1995, ...etc.). Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate.

**LESSON** Investors need to mitigate the risk of losing value in unstable markets by dynamically lowering overall portfolio volatility.



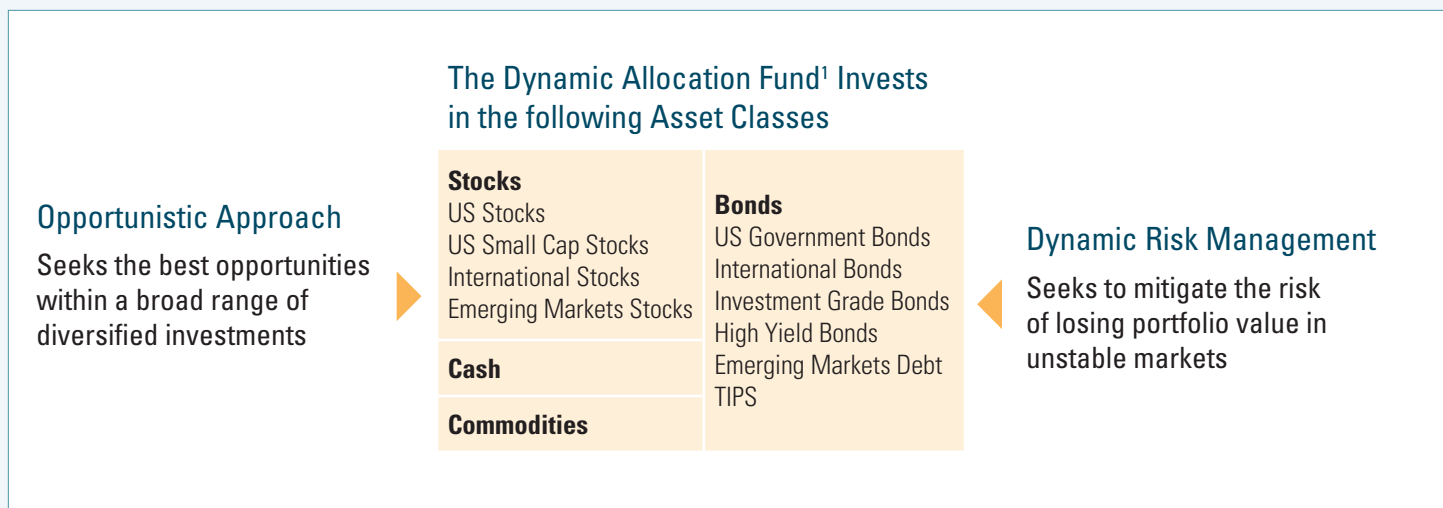
# Solution:

## Goldman Sachs Dynamic Allocation Fund

### Investment Objective: Seeks long-term capital appreciation

The Goldman Sachs Dynamic Allocation Fund begins with a broad set of global stock, bond, cash and commodity investments. The Fund's strategic allocation to these investments is based on: the size of the markets represented by each asset class; the level of risk that each brings to the overall portfolio; and the ability of each to achieve potential returns that can out-pace inflation.

At least monthly, changes to investment allocations within the Fund are determined by employing an **opportunistic approach** and **dynamic risk management**, a dual process that addresses the two ways investors can potentially create wealth over time.











<sup>1</sup> The Dynamic Allocation Fund invests directly in derivatives and exchange-traded funds to gain asset class exposures. See definition of derivative on page 10.



## Opportunistic approach

Allocations are adjusted within the Dynamic Allocation Fund at least monthly based on continuous analysis to help determine which investments are relatively attractive and provide the best opportunities for growth in any given period of time. Since the markets represented by each investment are constantly changing, so are the Fund's allocations.

**The Goldman Sachs Dynamic Allocation Fund continually seeks the best investment opportunities within a broad set of asset classes to help the portfolio grow in value and create wealth for you over time.**

| <b>Investment Opportunity</b><br>Which is more relatively attractive?<br>(decisions made at least monthly) | <b>Current allocation</b>                      | <b>Strength of view*</b>  |
|--|--|---|
| Stocks vs. Bonds vs. Cash  | Overweight stocks                              | Neutral  Strong  |
| U.S. Stocks vs. Non-U.S. Stocks  | Overweight U.S. stocks                         | Neutral  Strong  |
| U.S. Bonds vs. Non-U.S. Bonds  | Overweight non-U.S. bonds                      | Neutral  Strong  |
| Value Stocks vs. Growth Stocks   | Overweight value                               | Neutral  Strong  |
| Large Cap Stocks vs. Small Cap Stocks  | Overweight small cap stocks                    | Neutral  Strong  |
| Emerging Stocks vs. Developed Stocks   | Overweight emerging stocks                     | Neutral  Strong  |
| High Yield Bonds vs. Core Bonds  | Overweight high yield                          | Neutral  Strong  |
| U.S. vs. Non-U.S. Developed vs. Emerging   | Overweight Germany, Belgium, Taiwan and Turkey | Neutral  Strong |

\*Rating that hypothetically illustrates the strength of our view from neutral to strong. The "Current allocation" and "Strength of view" information shown above are for hypothetical purposes only and do not reflect actual portfolio allocations.

## Dynamic risk management

The Goldman Sachs Dynamic Allocation Fund continually seeks opportunities, regardless of the market environment. But it also seeks to mitigate the risk of losing portfolio value in unstable markets using an innovative, proprietary tool called the Goldman Sachs Market Sentiment Indicator ("MSI"). The MSI analyzes how the markets will potentially respond to future global changes in financial, economic, and sociopolitical events.

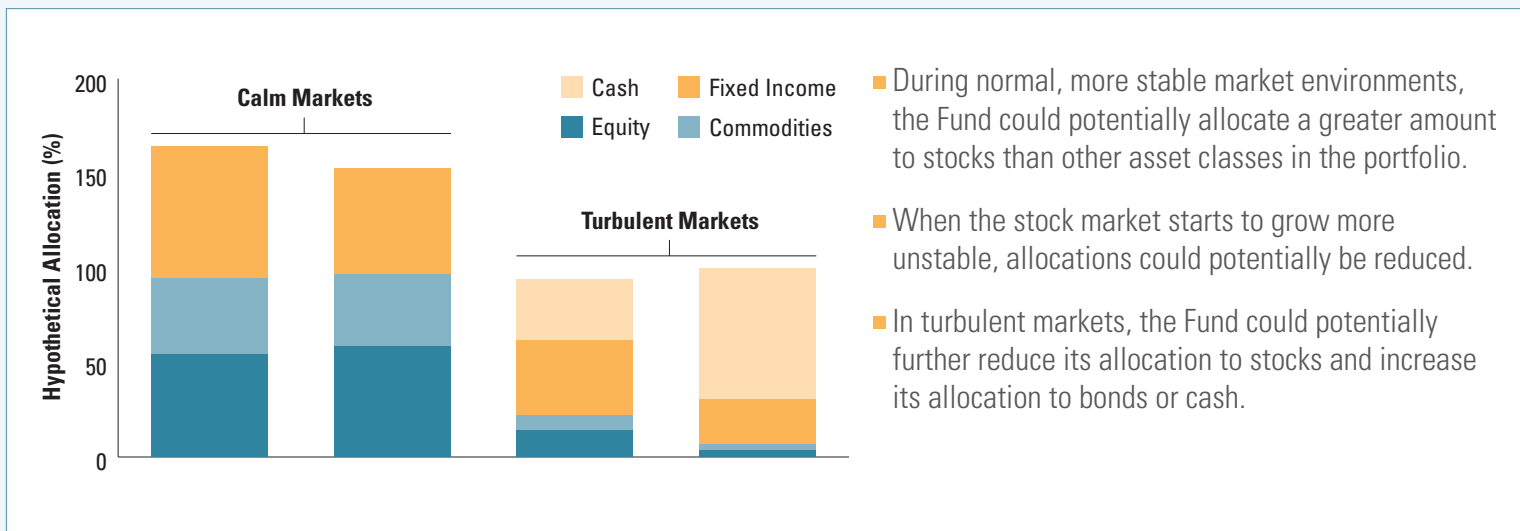
For instance, if the indicator signals that there may be significant instability in the U.S. stock market, the Fund may lower risk by reducing its holdings in U.S. stocks and increasing its holdings in cash, U.S. fixed income, and/or other markets that may be less volatile than the U.S. stock market during that specific period of time.

**With the help of the MSI, the Dynamic Allocation Fund seeks to mitigate risk by reducing volatility at the first sign of trouble in the markets, potentially helping you to keep a greater portion of wealth over time.**



## Benefits of the Fund's dynamic allocation approach

For investors, the Fund's dynamic allocation approach is important because it can adapt to changing markets, to seek the best opportunities for investment and mitigate risk when the markets become unstable. The ultimate goal is to help you grow wealth over time. The hypothetical potential allocations in different market environments shown below display the tremendous adaptability of the Fund.

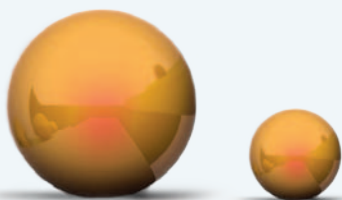


For illustrative purposes only. The hypothetical allocations shown above are intended to demonstrate the benefit of implementing a dynamic allocation strategy and not to demonstrate the historical allocations of the Goldman Sachs Dynamic Allocation Fund. Diversification does not protect against market risks and does not assume a profit. See disclosures for hypothetical allocation breakdowns.

Eventually, at the earliest signs of recovery, allocations to stocks can potentially increase. In calm markets, the Fund also allows the use of leverage to take full advantage of market opportunities. To achieve leverage, the Fund could potentially buy a derivative<sup>1</sup> instrument to borrow capital.

**The Goldman Sachs Dynamic Allocation Fund quickly adapts to different market scenarios so that it can potentially mitigate risk in falling markets while benefitting in rising markets.**

<sup>1</sup> See definition of derivative on page 10.





# Goldman Sachs Dynamic Allocation Fund

## Managed by Quantitative Investment Strategy experts

Employing a quantitative investment process, the Goldman Sachs Dynamic Allocation Fund is managed by GSAM's Quantitative Investment Strategies Group (QIS).

- It's the same portfolio management team that oversees the Goldman Sachs Asset Allocation Portfolios, Goldman Sachs Absolute Return Tracker Fund and the Goldman Sachs Satellite Strategies Portfolio which currently total over \$8 billion in assets.\*
- It manages over \$86.6 billion in total assets for investors as of December 31, 2009.
- It consists of over 110 professionals dedicated to portfolio management, research, product strategy, trading and information technology.\*
- It includes 12 Ph.D.'s and 26 Certified Financial Analyst (CFA) charter holders with extensive academic and practitioner experience.\*

\*as of June 2010

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## Fund Risk Considerations

The Goldman Sachs Dynamic Allocation Fund invests primarily in exchange-traded funds ("ETFs"), futures, swaps and other derivatives that provide exposure to a broad spectrum of asset classes, including but not limited to equities (both in U.S. and non-U.S. companies), fixed income (U.S. and non-U.S., investment grade and high yield) and commodities. Derivative instruments may involve a high degree of financial risk. These risks include the risk that a small movement in the price of the underlying security or benchmark may result in a disproportionately large movement, unfavorable or favorable, in the price of the derivative instrument; risk of default by a counterparty; and liquidity risk.

The Fund's equity investments are subject to market risk, which means that the value of its investments may go up or down in response to the prospects of individual companies, particular industry sectors and/or general economic conditions. The Fund's fixed income investments are subject to the risks associated with debt securities generally, including credit, liquidity and interest rate risk. High yield, lower rated securities involve greater price volatility and present greater risks than higher rated fixed income securities. The Fund is subject to the risk that exposure to the commodities markets may subject the Fund to greater volatility

than investments in traditional securities. The Fund may also invest in foreign securities, including emerging markets securities, which may be more volatile and less liquid than investments in U.S. securities and are subject to the risks of currency fluctuations and sudden economic or political developments.

The Fund is non-diversified and may invest more of its assets in fewer issuers than diversified funds. Accordingly, the Fund may be more susceptible to adverse developments affecting any single issuer held in its portfolio and to greater losses resulting from these developments.

The Fund may also engage in leverage, to the extent permitted under the asset coverage and other restrictions applicable to registered investment companies. This leverage presents the potential for substantial profits but also entails a high degree of risk including the risk that losses may be similarly substantial.

## Fund Facts

**Investment Objective: Seeks long-term capital appreciation**

| Share Class | Ticker | Minimum Initial Investment                           |
|-------------|--------|--|
| A Shares    | GDAFX  | \$1,000  |
| C Shares    | GDCFX  | \$1,000  |
| I Shares    | GDIFX  | \$10,000,000 or \$1,000,000 or waived <sup>1,2</sup> |
| IR Shares   | GDHFX  | See footnote 2 below                                 |
| R Shares    | GDRFX  | See footnote 2 below                                 |

<sup>1</sup> 10,000,000 for individual investors and \$1,000,000 alone or in combination with other assets under the management of GSAM and its affiliates for other types of investors.

<sup>2</sup> There may be no minimum for initial purchases for Institutional Shares for certain retirement accounts or for initial purchases in Class IR and Class R Shares.

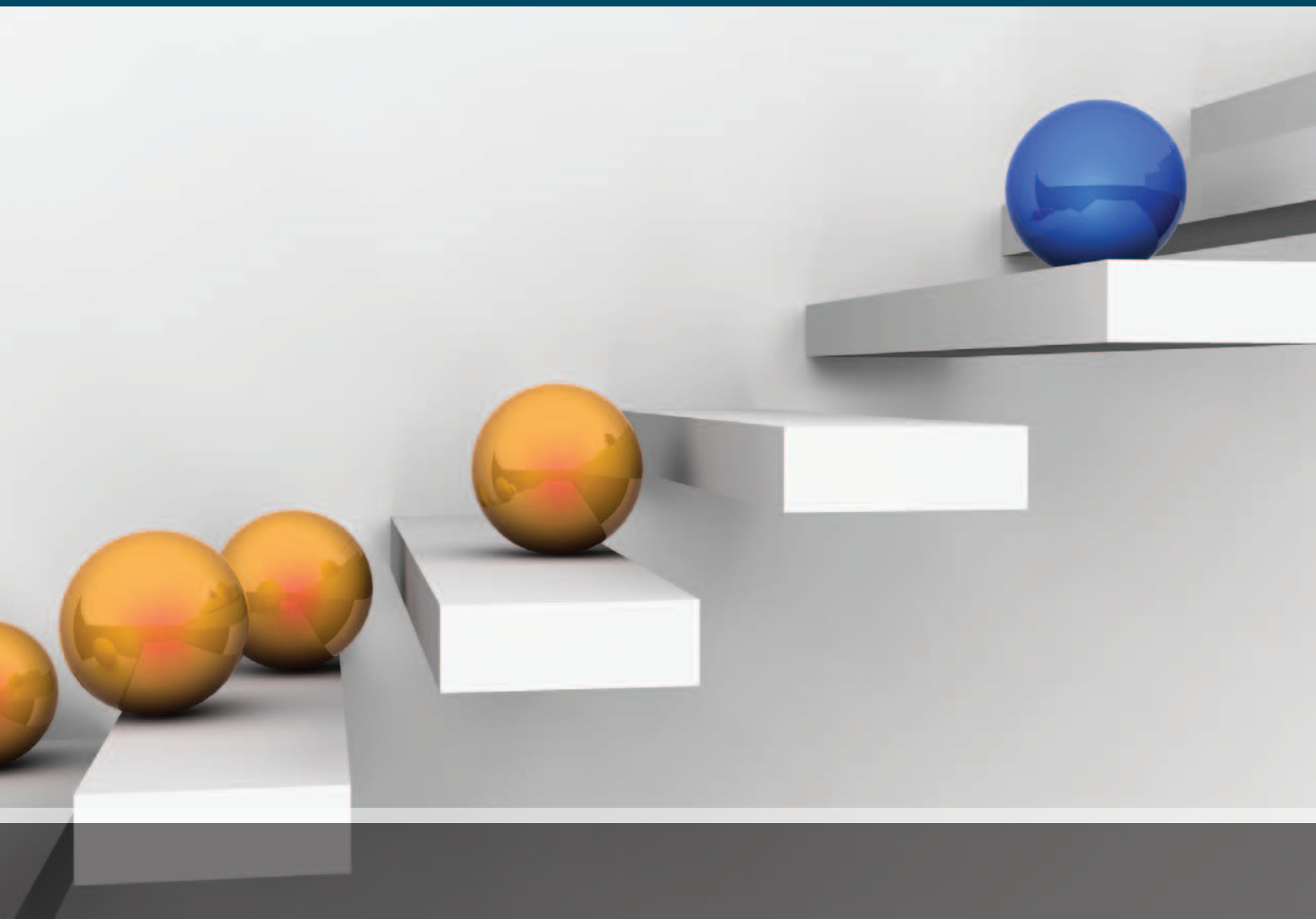
### Goldman Sachs Dynamic Allocation Fund Hypothetical Allocation Breakdowns

Stocks: US equity; US small-cap equity; International equity, Emerging markets equity

Bonds: US fixed income; International fixed income; High yield credit; Investment grade credit; Emerging markets credit; TIPS

A **derivative** is a security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying assets. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Most derivatives are characterized by high leverage. Futures contracts, forward contracts, options and swaps are the most common types of derivatives. *Source: Investopedia*

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**If you're looking to potentially create wealth  
in changing markets, contact your Investment  
Professional for more information on the  
Goldman Sachs Dynamic Allocation Fund.**

## Goldman Sachs Asset Management offers lasting solutions for your portfolio that capitalize on three core strengths:

**Insight.** Local presence in 26 cities worldwide<sup>1</sup> and sharing of knowledge within teams results in continuous sourcing of leading investment ideas.

**Ability.** With real-world experience in up and down markets and expertise across 20+ global asset classes<sup>1</sup>, our teams deliver the skill and scope necessary to invest wisely in complex markets.

**Responsibility.** We have a deep-rooted commitment to 1) risk management at the portfolio and independent firm level and 2) a culture of accountability that firmly aligns portfolio management and investor interests.

## Talk to your financial advisor today. Ask how Goldman Sachs Funds can help build a foundation for your portfolio.

<sup>1</sup> As of June 2010

### Index Definitions

The S&P 500 Index is the Standard & Poor's 500 Composite Index of 500 stocks, an unmanaged index of common stock prices.

Russell 2000 Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index, an index that measures the performance of 3,000 publicly held US companies based on total market capitalization, which represents approximately 98% of the investable US market.

The unmanaged MSCI EAFE Index (unhedged) is a market capitalization weighted composite of securities in 21 developed markets.

The MSCI Emerging Markets Index (MSCI EM) is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of June 2007 the Index consisted of the following 25 emerging market country indices: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The JPM 7-10 U.S. Government Bond Index measures the performance of U.S. government bonds with a 7 to 10 year duration.

The JPM Global Government Bond Index is a total return, market capitalization weighted index, rebalanced monthly that measures the performance of global government bonds issued outside of the United States, including: Australia, Germany, Spain, Belgium, Italy, Sweden, Canada, Japan, United Kingdom, Denmark, Netherlands and France.

The Dow Jones CDX Indexes are a series of indices that track North American and emerging market credit derivative indexes. The purpose of the combined indexes is to track the performance of the various segments of credit derivatives so that the overall return can be benchmarked against funds that invest in similar products. This family of indices comprises a basket of credit derivatives that are representative of certain segments such as North American investment grade credit derivatives, high volatility, high yield, high yield non-investment grade, as well as emerging markets. A credit derivative is a contract between two or more parties. Its value is determined by fluctuations in the underlying bonds. Most derivatives are characterized by high leverage.

The S&P GSCI Commodity Index is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. Individual components qualify for inclusion in the GSCI on the basis of liquidity and are weighted by their respective world production quantities. 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.

The Barclays Aggregate Bond Index represents an unmanaged diversified portfolio of fixed income securities, including US Treasuries, investment-grade corporate bonds, and mortgage-backed and asset-backed securities.

The Barclays U.S. Treasury Bond Index represents an unmanaged portfolio of U.S. Treasury securities.

The Barclays High Yield Bond Index is a total return performance benchmark for fixed income securities having a maximum quality rating of Ba1 (as determined by Moody's Investors Service). 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.

The VIX is the ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking and is calculated from both calls and puts. The VIX is a widely used measure of market risk and is often referred to as the "investor fear gauge".

**To learn more about Goldman Sachs Funds, visit [www.goldmansachsfunds.com](http://www.goldmansachsfunds.com). Prospectuses containing more information are available online and may also be obtained from your authorized dealer or from Goldman, Sachs & Co. by calling 800-526-7384. Please consider a Fund's objectives, risks, and charges and expenses, and read the prospectus carefully before investing. The prospectuses contain this and other information about the Funds.**

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