

# The Benefits of Asset Allocation...

## Calendar Year Returns for Key Stock Market Indices 1997-2011



Asset Management

Over the past 15 years different asset classes have traded places in the spotlight, moving in and out of favor with changes in the global economic cycle. In order to benefit from these fluctuations, we believe investors should diversify their portfolios across multiple market segments.

To review your current asset allocation, consult with your investment professional.

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Best	Russell 1000 Value 35.18%	Russell 1000 Growth 38.71%	Russell Mid Cap Growth 51.29%	Dow Jones/Wilshire REIT 31.04%	Russell 2000 Value 14.02%	BarCap Agg. Bond 10.25%	Russell 2000 Growth 48.54%	Dow Jones/Wilshire REIT 33.16%	Dow Jones/Wilshire REIT 13.82%	Dow Jones/Wilshire REIT 35.97%	Russell 1000 Growth 11.81%	BarCap Agg. Bond 5.24%	Russell Mid Cap Growth 46.29%	Russell 2000 Growth 29.09%	Dow Jones/Wilshire REIT 9.37%
	Russell Mid Cap Value 34.37%	S&P 500 28.58%	Russell 2000 Growth 43.09%	Russell 2000 Value 22.83%	Dow Jones/Wilshire REIT 12.35%	Dow Jones/Wilshire REIT 3.58%	Russell 2000 Value 46.03%	Russell Mid Cap Value 23.71%	MSCI EAFE 13.54%	MSCI EAFE 26.34%	Russell Mid Cap Growth 11.43%	Russell 2000 Value -28.92%	Russell 1000 Growth 37.21%	Dow Jones/Wilshire REIT 28.07%	BarCap Agg. Bond 7.84%
Performance	S&P 500 33.36%	MSCI EAFE 20.00%	Russell 1000 Growth 33.16%	Russell Mid Cap Value 19.18%	BarCap Agg. Bond 8.44%	Russell Mid Cap Value -9.64%	Russell Mid Cap Growth 42.71%	Russell 2000 Value 22.25%	Russell Mid Cap Value 12.65%	Russell 2000 Value 23.48%	MSCI EAFE 11.17%	Russell 1000 Value -36.85%	Russell 2000 Growth 34.47%	Russell Mid Cap Growth 26.38%	Russell 1000 Growth 2.64%
	Russell 2000 Value 31.78%	Russell Mid Cap Growth 17.86%	MSCI EAFE 26.97%	BarCap Agg. Bond 11.63%	Russell Mid Cap Value 2.33%	Russell 2000 Value -11.43%	MSCI EAFE 38.59%	MSCI EAFE 20.25%	Russell Mid Cap Growth 12.10%	Russell 1000 Value 22.25%	Russell 2000 Growth 7.05%	S&P 500 -37.00%	Russell Mid Cap Value 34.21%	Russell Mid Cap Value 24.75%	S&P 500 2.11%
	Russell 1000 Growth 30.49%	Russell 1000 Value 15.63%	S&P 500 21.04%	Russell 1000 Value 7.01%	Russell 1000 Value -5.59%	Russell 1000 Value -15.52%	Russell Mid Cap Value 38.07%	Russell 1000 Value 16.49%	Russell 1000 Value 7.05%	Russell Mid Cap Value 20.22%	BarCap Agg. Bond 6.97%	Russell 1000 Growth -38.44%	MSCI EAFE 31.78%	Russell 2000 Value 24.50%	Russell 1000 Value 0.39%
	Russell Mid Cap Growth 22.54%	BarCap Agg. Bond 8.69%	Russell 1000 Value 7.35%	S&P 500 -9.10%	Russell 2000 Growth -9.23%	MSCI EAFE -15.94%	Dow Jones/Wilshire REIT 36.18%	Russell Mid Cap Growth 15.48%	Russell 1000 Growth 5.26%	S&P 500 15.79%	S&P 500 5.49%	Russell Mid Cap Value -38.44%	Dow Jones/Wilshire REIT 28.46%	Russell 1000 Growth 16.71%	Russell Mid Cap Value -1.38%
	Dow Jones/Wilshire REIT 19.66%	Russell Mid Cap Value 5.08%	Russell Mid Cap Value -0.11%	Russell Mid Cap Growth -11.75%	S&P 500 -11.89%	S&P 500 -22.10%	Russell 1000 Value 30.03%	Russell 2000 Growth 14.31%	S&P 500 4.91%	Russell 2000 Growth 13.35%	Russell 1000 Value -0.17%	Russell 2000 Growth -38.54%	S&P 500 26.46%	Russell 1000 Value 15.51%	Russell Mid Cap Growth -1.65%
	Russell 2000 Growth 12.95%	Russell 2000 Growth 1.23%	BarCap Agg. Bond -0.82%	MSCI EAFE -14.17%	Russell Mid Cap Growth -20.15%	Russell Mid Cap Growth -27.41%	Russell 1000 Growth 29.75%	S&P 500 10.88%	Russell 2000 Value 4.71%	Russell Mid Cap Growth 10.66%	Russell Mid Cap Value -1.42%	Dow Jones/Wilshire REIT -39.20%	Russell 2000 Value 20.58%	S&P 500 15.06%	Russell 2000 Growth -2.91%
	BarCap Agg. Bond 9.65%	Russell 2000 Value -6.45%	Russell 2000 Value -1.49%	Russell 1000 Growth -22.42%	Russell 1000 Growth -20.42%	Russell 1000 Growth -27.88%	S&P 500 28.68%	Russell 1000 Growth 6.30%	Russell 2000 Growth 4.15%	Russell 1000 Growth 9.07%	Russell 2000 Value -9.78%	MSCI EAFE -43.38%	Russell 1000 Value 19.69%	MSCI EAFE 7.75%	Russell 2000 Value -5.50%
	MSCI EAFE 1.78%	Dow Jones/Wilshire REIT -17.01%	Dow Jones/Wilshire REIT -2.58%	Russell 2000 Growth -22.43%	MSCI EAFE -21.44%	Russell 2000 Growth -30.26%	BarCap Agg. Bond 4.10%	BarCap Agg. Bond 4.34%	BarCap Agg. Bond 2.43%	BarCap Agg. Bond 4.33%	Dow Jones/Wilshire REIT -17.56%	Russell Mid Cap Growth -44.32%	BarCap Agg. Bond 5.93%	BarCap Agg. Bond 6.54%	MSCI EAFE -12.14%

Source: Morningstar. This example is for illustrative purposes only. Past performance does not guarantee future results. Diversification does not protect an investor from market risks and does not ensure a profit.

## How do Asset Allocation and Diversification differ?

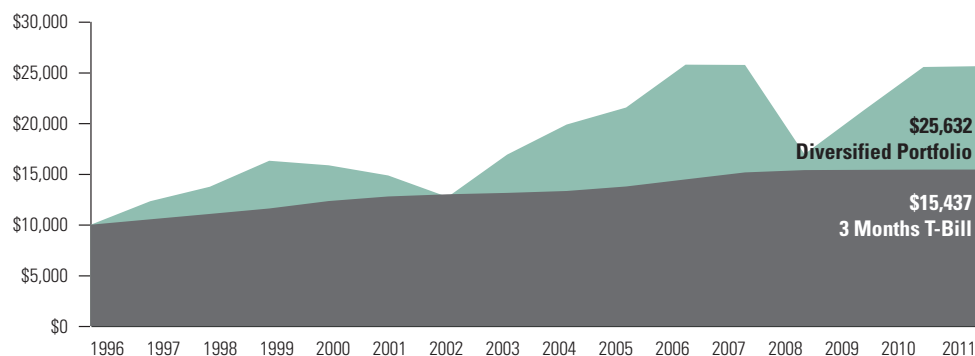
**Diversification** gets investors on the right track, but **asset allocation** takes the process one step further. Diversification spreads money across different investments; asset allocation strategically diversifies a portfolio among different asset classes, such as US and foreign equities, bonds, cash equivalents, real estate and other tangible investments. **Asset allocation gives investors the opportunity to benefit from changing market cycles, and can help reduce overall portfolio risk by offering a higher degree of diversification.**

### Asset Allocation Puts Your Money to Work

**Are you sitting on the sidelines?** Take advantage of the full range of opportunities available to you in the market. Put your money to work using asset allocation.

As this hypothetical chart shows, investing in a portfolio diversified across the 10 asset classes represented below (investing 10% in each) could have provided you with an excess return of more than 66% of the return potential of the 3-month US Treasury Bill.

1997-2011: \$10,000 Hypothetical Investment in a Diversified Portfolio vs. Cash



Source: Morningstar. Diversified Portfolio is comprised of investing 10% in each index below. Cash investments involve less risk than equity and fixed income investments. Treasury bills are guaranteed by the U.S. Government and, if held to maturity, offer a fixed rate of return and fixed principal value.

- US large-cap stocks** are represented by the S&P 500 – The S&P 500 Index is the Standard & Poor’s 500 Composite Index of 500 stocks, an unmanaged index of common stock prices.
- US large-cap value stocks** are represented by the Russell 1000 Value – The Russell 1000 Value Index is an unmanaged market capitalization weighted index of the 1000 largest U.S. companies with lower-price-to-book ratios and lower forecasted growth values.
- US large-cap growth stocks** are represented by the Russell 1000 Growth – 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.
- US small-cap value stocks** are represented by the Russell 2000 Value – The Russell 2000 Value Index is an unmanaged index of common stock prices that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.
- US small-cap growth stocks** are represented by the Russell 2000 Growth – The Russell 2000 Growth Index measures the performance of the small-cap growth stocks of the U.S. equity universe.
- US mid-cap value stocks** are represented by the Russell Midcap Value – The Russell Midcap Value Index is an unmanaged index of common stock prices that measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- US mid-cap growth stocks** are represented by the Russell Midcap Growth – The Russell Midcap Growth Index is an unmanaged index that measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- International stocks** are represented by the MSCI EAFE – The unmanaged MSCI EAFE Index (unhedged) is a market capitalization weighted composite of securities in 21 developed markets.
- REITs** are represented by the Dow Jones/Wilshire Real Estate Securities – The Dow Jones Wilshire Real Estate Securities Index is an unmanaged index of publicly traded REITs and real estate operating companies.
- Bonds** are represented by the Barclays Capital Aggregate Bond – The Barclays Capital Aggregate Bond Index represents an unmanaged diversified portfolio of fixed income securities, including U.S. Treasuries, investment-grade corporate bonds, and mortgage-backed and asset-backed securities.

Diversification does not protect against market risks, and does not assume a profit.

Investors cannot invest directly in indices.

The indices are unmanaged and the figures for the Index reflect the reinvestment of dividends, but do not include any deduction for fees, expenses or taxes. All indices are market capitalization weighted, except for the Wilshire REIT index and the Barclays Capital Aggregate Bond Index. It is not possible to invest directly in an unmanaged index. The figures for the index reflect the reinvestment of dividends but do not reflect the deduction of any taxes, fees or expenses which would reduce returns. Past performance does not guarantee future results.

Non-U.S. securities may be more volatile than U.S. securities, and small-capitalization stocks may be more volatile than stocks with larger capitalizations.

**Summary prospectus, if available, or a Prospectus for the Goldman Sachs Funds containing more information may be obtained from your authorized dealer or from Goldman, Sachs & Co. by calling (retail – 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 Funds.**

Goldman, Sachs & Co. is the distributor of the Goldman Sachs Funds.

© 2012 Goldman Sachs. All rights reserved. Date of First Use: January 31, 2012. 66886.MF.TMPL/1/2012

<b>NOT FDIC-INSURED</b>	<b>May Lose Value</b>	<b>No Bank Guarantee</b>
-------------------------	-----------------------	--------------------------