

## Country Exposure in Financial Square Money Market Funds As of February 17, 2012

In light of headlines about Greece's need for financial assistance from the IMF and ECB, the press has been focused on foreign risk in money market funds. While the press coverage has been recent, the concerns are not new. In fact, we have been tracking and managing for potential issues with European banks throughout this period.

As always, if clients have questions or concerns, they are encouraged to contact their GSAM Sales Representative.

### Current Positioning

As we monitor the European market, we have confidence in the funds' current positioning for several reasons:

1. **Credit departments' capabilities.** GS & Co.'s credit department is a robust and deep team of 295+ analysts<sup>1</sup>, working independently from our portfolio management team. The credit department has been assessing the situation in Europe continuously since it began.
2. **Our analysis of the creditworthiness of the financial institutions themselves.** Where the funds have exposure to European domiciled banks, we assess the specific risk of those institutions. Currently the funds do have exposure to European banks and we remain comfortable with these holdings.

<sup>1</sup> As of June 2011

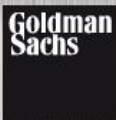
### The Funds' European Exposure

There are two different ways in which money market funds can have European exposure:

- **directly** through investments in securities of a country (sovereign), bank, or company; or
- **indirectly** through investments where a European bank (or sovereign) provides liquidity to a security.

### Direct Exposure

**The Financial Square (FS) Money Market Fund** has direct foreign exposure. The fund invests in foreign corporate and bank obligations, such as commercial paper, time deposits, certificates of deposits and non-traditional repo. Currently, the FS Money Market Fund has no direct sovereign exposure, meaning it does not own the direct debt of any non U.S. country. This fund has the broadest mandate of our U.S. money market funds. Unlike many competitor prime funds, **FS Prime Obligations** is prohibited by its prospectus from direct foreign investments.



## Indirect Exposure

**FS Money Market Fund, FS Prime Obligations Fund, FS Tax Free, FS Tax-Exempt California and FS Tax-Exempt New York Funds** have indirect exposure to foreign entities either through asset backed commercial paper (ABCP) or through municipal debt, where a foreign bank acts as a liquidity provider. (The ABCP conduit and municipal securities are US investments.)

## U.S. Government Repurchase Agreements

Repurchase agreements (repo) collateralized by U.S. government securities are categorized below as direct exposure to the U.S. as for credit purposes we look through to the underlying collateral. The FS Federal Fund, FS Government Fund, FS Treasury Obligations and FS Treasury Instruments have no direct or indirect exposure to foreign banks.

### Bank Breakout by Country of Domicile:

FS Money Market Fund	Direct (%)	Indirect (%)	Total (%)
United States	23.7	4.4	28.1
France	11.1	3.8	14.9
United Kingdom	8.5	2.7	11.2
Germany	5.0	7.2	12.2
Netherlands	1.1	3.2	4.3
Japan	3.8	0.0	3.8
Canada	3.7	0.0	3.7
Australia	2.0	0.0	2.0
Belgium	0.0	1.8	1.8
Norway	1.7	0.0	1.7
Sweden	1.0	0.0	1.0
Repurchase Agreements (U.S.)	15.3	0.0	15.3

FS Prime Obligations Fund	Direct (%)	Indirect (%)	Total (%)
United States	29.9	8.9	38.8
Germany	0.0	10.5	10.5
United Kingdom	0.0	4.5	4.5
France	0.0	4.5	4.5
Netherlands	0.0	3.4	3.4
Belgium	0.0	2.0	2.0
Japan	0.0	0.1	0.1
Repurchase Agreements (U.S.)	36.2	0.0	36.2



<b>FS Tax Free Fund</b>	<b>Direct (%)</b>	<b>Indirect (%)</b>	<b>Total (%)</b>
United States	31.4	56.6	88.0
France	0.0	0.2	0.2
Germany	0.0	6.9	6.9
United Kingdom	0.0	2.5	2.5
Japan	0.0	0.2	0.2
Canada	0.0	2.2	2.2

<b>FS Tax-Exempt California Fund</b>	<b>Direct (%)</b>	<b>Indirect (%)</b>	<b>Total (%)</b>
United States	14.3	62.7	77.0
United Kingdom	0.0	8.7	8.7
Japan	0.0	6.1	6.1
Germany	0.0	3.4	3.4
Canada	0.0	4.8	4.8

<b>FS Tax-Exempt New York Fund</b>	<b>Direct (%)</b>	<b>Indirect (%)</b>	<b>Total (%)</b>
United States	9.1	73.7	82.8
Germany	0.0	7.2	7.2
Japan	0.0	0.6	0.6
Canada	0.0	4.4	4.4
United Kingdom	0.0	5.0	5.0

**Disclosures:**

An investment in a money market portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market portfolio seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in a money market portfolio.

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**Additional Notes**

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 (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 Fund. An investment in a money market portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market portfolio seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in a money market portfolio.



**Asset  
Management**

**Global Liquidity Management**



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.

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No Bank Guarantee | May Lose Value | Not FDIC Insured