

## Differentiating Commercial Paper Money Market Funds

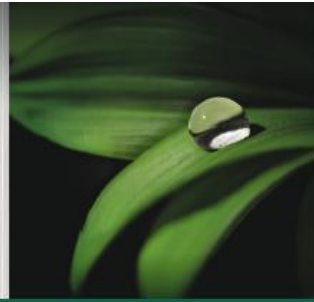
In the money market industry, what does the term “prime” refer to? Although many commercial paper funds have the word “prime” in their fund name, that doesn’t mean all “prime” funds are the same. For example, like many prime funds, the Goldman Sachs Financial Square Prime Obligations Fund comprises high quality commercial paper. However, unlike other funds, it does not encompass direct foreign obligations, instead investing only in direct domestic securities.

To offer clients an important choice between high quality commercial paper portfolios that comprise **1) foreign and domestic securities or 2) domestic only investments**, GSAM offers two commercial paper funds. As a result, clients have the flexibility necessary to address their risk tolerance and comfort level regarding direct exposure to foreign commercial paper and/or foreign/bank obligations:

- **Goldman Sachs Financial Square Prime Obligations Fund** – a domestic only fund which, by prospectus, cannot invest in any direct foreign obligations (Yankee CDs, Euro dollar CDs and foreign commercial paper). This fund can invest in ABCP programs offered through foreign sponsors.
- **Goldman Sachs Financial Square Money Market Fund** – a broader mandate fund which, by prospectus, may invest in direct foreign obligations as well as domestic securities

Of course, the distinction between a pure, domestic-only portfolio and one that includes direct foreign securities can result in key differences between the Funds, including disparate yields as market conditions change.

	Goldman Sachs Financial Square Prime Obligations Fund – Class I	Goldman Sachs Financial Square Money Market Fund – Class I
Fund AUM	\$22.7B	\$20.1B
Eligible Investments include:		
Foreign Commercial Paper & Bank Obligations		•
Domestic Commercial Paper and Bank Obligations	•	•
ABCP	•	•
US Treasury Obligations	•	•
Agency Obligations	•	•
Short-term Corporate Obligations	•	•
Repurchase Agreements	•	•
Taxable Municipal Obligations	•	•
Tax-Exempt Municipal Obligations	•	•
1-Day Yield	0.10%	0.18%
7-Day Current Yield	0.10%	0.16%
7-Day Distribution Yield	0.10%	0.17%
Weighted Average Maturity (days)	32	36
Weighted Average Life (days)	82	90
Expense Ratio	0.18	0.18



Data of 9/19/11

The yields represent past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted above. Yields will fluctuate as market conditions change. The yield quotations more closely reflect the current earnings of the Fund.

## A Closer Look

### 1. Certificates of Deposit (CD)

One area of complexity for many investors is Certificates of Deposit that are **issued by a New York branch of a foreign bank** or are issued by a foreign branch of a foreign bank (typically issued and settled out of London) but **denominated in U.S. dollars**.

While most prime funds are able to invest in such foreign exposure, the Goldman Sachs Financial Square Prime Obligations cannot, by prospectus, make such investments.

In contrast, the broader mandate Goldman Sachs Financial Square Money Market Fund does make investment in these types of securities:

FS Money Market Fund	Yankee CDs	Eurodollar CDs
<b>US\$ Denominated</b>	•	•
<b>Issued by a Foreign Bank</b>	•	•
N.Y. Branch of a foreign bank (typically)	•	
London Branch of a foreign bank (typically)		•

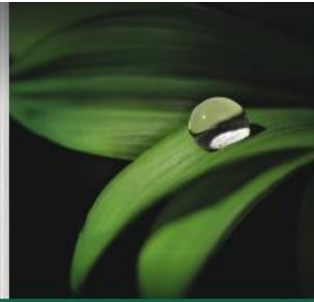
### 2. Commercial Paper (CP)

A second area of complexity is **US commercial paper issued by a foreign bank**. Such securities are issued outside the U.S., but are settled in the U.S. Although considered a U.S. security, GSAM categorizes it in our “foreign” bucket and is not permitted in the Financial Square Prime Obligations Fund.

### 3. Asset Back Commercial Paper (ABCP)

ABCP is a type of money market instrument used to finance assets through a conduit. ABCP typically has high quality short term credit ratings issued by a rating agency such as Moody’s, S&P and/or Fitch. GSAM seeks to invest in ABCP issuers with full back-stop liquidity and whose sponsors are on the Goldman Sachs Approved List for investment. The sponsoring banks include both U.S. and foreign banks. Both the Financial Square Prime Obligations Fund and the Financial Square Money Market Fund are permitted to purchase ABCP. There is no direct exposure to foreign banks but there is indirect exposure through the purchase of ABCP programs sponsored by foreign banks.

When considering which ABCP programs may be added to the Approved List, the Goldman Sachs Credit Risk Management and Advisory Group (CRMA) focuses on many factors, including but not limited to, sponsor reputation and support, credit enhancement quality and sufficiency, liquidity support, and country of origination of the assets. The CRMA reviews each program carefully and makes a credit decision based on the merits of each program taken on its own and by comparison to its peer group.



#### 4. Tax-exempt Commercial Paper and Variable Rate Demand Notes (VRDNs)

Tax-exempt commercial paper and VRDNs can be issued with bank guarantees or liquidity facilities. The banks providing the guarantee or liquidity can be a foreign bank. The CRMA group considers not only the strength of the bank but also the credit worthiness of the underlying issuer. There is no direct exposure to foreign banks but there is indirect exposure through the purchase of these securities.

**For more information:**

Banks 1-888-444-1151  
Institutional Investors 1-800-251-2550

**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.**

<sup>1</sup> Approved List

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**Additional Notes:**

**This material is not authorized for distribution unless preceded or accompanied by a current prospectus or summary prospectus, if applicable. Investors should consider a fund's objectives, risks, and charges and expenses, and read the summary prospectus, if available, and the prospectus carefully before investing or sending money. The summary prospectus, if available, and the Prospectus contains this and other information about the Fund.**

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All of the rated Goldman Sachs Financial Square Funds<sup>SM</sup> have the highest credit quality awarded by the national credit rating agencies. The Goldman Sachs Financial Square Tax-Exempt California and New York Portfolios are unrated. Ratings as of March 31, 2011. For complete information on the methodology used by each rating agency, please visit the following websites:

S&P - <http://www.standardandpoors.com/ratings/funds-mmf/en/us>

Fitch - [http://www.fitchratings.com/creditedesk/public/ratings\\_defintions/index.cfm?rd\\_file=m\\_funds](http://www.fitchratings.com/creditedesk/public/ratings_defintions/index.cfm?rd_file=m_funds)

Moody's - [http://v3.moody.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](http://v3.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

The Standardized 7-Day Current Yield of a fund is calculated in accordance with securities industry regulations and does not include capital gains. The Standardized 7-Day Current Yield may differ slightly from the actual distribution rate of a given portfolio because of the exclusion of distributed capital gains, which are non-recurring. The 1-Day yield is an annualized net yield for the day listed. The 7-Day Distribution yield includes capital gain distribution in the calculation.

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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**Asset  
Management**

# Global Liquidity Management

