

# GOLDMAN SACHS TRUST

## Goldman Sachs Fundamental Equity Value Funds

Class A, Class B, Class C, Institutional, Service, Class IR and Class R Shares (as applicable) of the

Goldman Sachs Growth and Income Fund  
Goldman Sachs Large Cap Value Fund  
Goldman Sachs Mid Cap Value Fund (the “Funds”)

Supplement dated April 28, 2010 to the  
Prospectuses dated December 29, 2009 (the “Prospectuses”)

Effective April 28, 2010, the “Service Providers—Fund Managers” section of the Prospectuses is replaced in its entirety with the following:

### FUND MANAGERS

#### Value Investment Team

- Stable investment team that on average has two decades of industry experience
- The team is organized by industry in order to deliver depth and breadth of research expertise
- Portfolio decision makers are actively conducting the research, which brings intensity and focus to the Value Investment Team process

Name and Title	Fund Responsibility	Years Primarily Responsible	Five Year Employment History
<b>Eileen Rominger</b> Managing Director Global Chief Investment Officer, Goldman Sachs Asset Management	Portfolio Manager— Growth and Income Large Cap Value	Since 1999 1999	Ms. Rominger joined the Investment Adviser as a portfolio manager and Chief Investment Officer of the Value team in August 1999. Ms. Rominger became Global Head of Fundamental Equity in 2007 and Co-Chief Investment Officer of Global Equity in 2008. In 2009, Ms. Rominger was named Global Chief Investment Officer of Goldman Sachs Asset Management. From 1981 to 1999, she worked at Oppenheimer Capital, most recently as a senior portfolio manager.
<b>Andrew Braun</b> Managing Director Co-Chief Investment Officer, Value Equity	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value	Since 2001 2001 2001	Mr. Braun joined the Investment Adviser as a mutual fund product development analyst in July 1993. From January 1997 to April 2001, he was a research analyst on the Value team and he became a portfolio manager in May 2001.

Name and Title	Fund Responsibility	Years Primarily Responsible	Five Year Employment History
<b>Sean Gallagher</b> Managing Director, Co-Chief Investment Officer, Value Equity	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value	Since 2001 2001 2001	Mr. Gallagher joined the Investment Adviser as a research analyst in May 2000. He became a portfolio manager in December 2001. From October 1993 to May 2000, he was a research analyst at Merrill Lynch Asset Management.
<b>Dolores Bamford, CFA</b> Managing Director	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value Small Cap Value	Since 2002 2002 2002 2002	Ms. Bamford joined the Investment Adviser as a portfolio manager for the Value team in April 2002. Prior to that, she was a portfolio manager at Putnam Investments for various products since 1991.
<b>Sean A. Butkus, CFA</b> Vice President	Portfolio Manager— Large Cap Value Mid Cap Value	Since 2007 2007	Mr. Butkus joined the Investment Adviser as a research analyst on the Value team in July 2004 and became a portfolio manager in 2006. Previously, he worked on the Business Planning Team of the Investment Management Division at Goldman Sachs. Before joining Goldman Sachs in 1998, he worked at Arthur Andersen LLP.
<b>John Arege, CFA</b> Vice President	Portfolio Manager— Large Cap Value Mid Cap Value	Since 2009 2009	Mr. Arege joined the Investment Adviser in 2006 as a Portfolio Manager on the Core Equity team and later joined the US Value Team as a Portfolio Manager in 2007. From 1999 to 2006 he worked at Merrill Lynch Investment Managers where he was a senior analyst on the Value team.
<b>Scott Carroll, CFA</b> Managing Director	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value Small Cap Value	Since 2002 2002 2002 2002	Mr. Carroll joined the Investment Adviser as a portfolio manager for the Value team in May 2002. From 1996 to 2002, he worked at Van Kampen Funds where he had portfolio management and analyst responsibilities for Growth and Income and Equity Income funds.
<b>J. Kelly Flynn</b> Vice President	Portfolio Manager— Growth and Income Mid Cap Value Small Cap Value	Since 2009 2006 2002	Mr. Flynn joined the Investment Adviser as a portfolio manager for the Value team in 2002. Prior to joining the team, Mr. Flynn spent three years at Lazard Asset Management as a Portfolio Manager for Small Cap/Mid Cap Value Products.

Name and Title	Fund Responsibility	Years Primarily Responsible	Five Year Employment History
<b>Sally Pope Davis</b> Vice President	Portfolio Manager— Small Cap Value	Since 2006	Ms. Pope Davis joined the Investment Adviser as a portfolio manager in August 2001 for the US Value Team. Prior to joining GSAM in 2001, she was a Relationship Manager for two years in Goldman Sachs Private Wealth Management. Previously, she was a sell-side Bank Analyst for ten years in the Goldman Sachs Investment Research Department.
<b>James Otness, CFA</b> Managing Director	Portfolio Manager— Small Cap Value	Since 2000	Mr. Otness joined the Investment Adviser as a portfolio manager in May 2000. From 1998 to 2000, he headed Dolphin Asset Management.
<b>Robert Crystal</b> Vice President	Portfolio Manager— Small Cap Value	Since 2006	Mr. Crystal joined the Investment Adviser as a portfolio manager in March 2006. Prior to joining GSAM, he was a Director at Brant Point: Capital Management LLC from January 2003 to August 2005. From April 1999 to January 2003 he was a Vice President at Schroder Investment Management. Prior to that he was an Assistant Vice President at Wheat First Butcher Singer.
<b>Charles "Brook" Dane, CFA</b> Vice President	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value	Since 2010 2010 2010	Mr. Dane joined the Investment Adviser in 2010 as a portfolio manager for the Value Team. Prior to joining the Investment Adviser, Mr. Dane spent 13 years at Putnam Investments as a research analyst and more recently as a portfolio manager.

Andrew Braun and Sean Gallagher serve as Co-Chief Investment Officers of the Value Investment Team. The other portfolio managers serve as primary research analysts for particular industries. While the entire team debates investment ideas and overall portfolio structure, the final buy/sell decision for a particular security resides primarily with the portfolio manager responsible for that particular industry. As Co-Chief Investment Officers of the team, Mr. Braun and Mr. Gallagher are ultimately responsible for the composition of the Funds' portfolio structure at both the stock and industry level.

For information about the portfolio managers' compensation, other accounts managed by the portfolio managers and the portfolio managers' ownership of securities in the Funds, see the SAI.

**This Supplement should be retained with your Prospectus for future reference.**

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# **GOLDMAN SACHS TRUST**

## **Fundamental Equity Growth Funds**

Class A, Class B, Class C, Institutional, Service, Class IR and  
Class R Shares (as applicable) of the  
Goldman Sachs All Cap Growth Fund  
Goldman Sachs Capital Growth Fund  
Goldman Sachs Concentrated Growth Fund  
Goldman Sachs Growth Opportunities Fund  
Goldman Sachs Small/Mid Cap Growth Fund  
Goldman Sachs Strategic Growth Fund  
Goldman Sachs Tollkeeper Fund

## **Goldman Sachs Financial Square Funds**

FST, FST Select, FST Preferred, FST Capital, FST Administration and FST  
Service Shares of the  
Goldman Sachs Financial Square Federal Fund  
Goldman Sachs Financial Square Government Fund  
Goldman Sachs Financial Square Money Market Fund  
Goldman Sachs Financial Square Prime Obligations Fund  
Goldman Sachs Financial Square Tax-Free Money Market Fund  
Goldman Sachs Financial Square Treasury Instruments Fund  
Goldman Sachs Financial Square Treasury Obligations Fund

## **Goldman Sachs Fundamental Equity Value Funds**

Class A, Class B, Class C, Institutional, Service, Class IR and  
Class R Shares (as applicable) of the  
Goldman Sachs Growth and Income Fund  
Goldman Sachs Large Cap Value Fund  
Goldman Sachs Mid Cap Value Fund  
Goldman Sachs Small Cap Value Fund

## **Goldman Sachs Institutional Liquid Assets Portfolios**

ILA Shares, ILA Administration Shares, ILA Service Shares,  
ILA Cash Management Shares, ILA Class B Shares and ILA Class C Shares  
(as applicable) of the  
Goldman Sachs Institutional Liquid Assets Prime Obligations Portfolio  
Goldman Sachs Institutional Liquid Assets Money Market Portfolio  
Goldman Sachs Institutional Liquid Assets Treasury Obligations Portfolio  
Goldman Sachs Institutional Liquid Assets Treasury Instruments Portfolio  
Goldman Sachs Institutional Liquid Assets Federal Portfolio  
Goldman Sachs Institutional Liquid Assets Tax-Exempt Diversified Portfolio  
Goldman Sachs Institutional Liquid Assets Tax-Exempt California Portfolio  
Goldman Sachs Institutional Liquid Assets Tax-Exempt New York Portfolio

## **Global Tax-Aware Equity Portfolios**

Class A and Institutional Shares of the  
Goldman Sachs Tax-Advantaged Global Equity Portfolio  
Goldman Sachs Enhanced Dividend Global Equity Portfolio

## **Goldman Sachs Retirement Strategies Portfolios**

Class A Shares, Institutional Shares, Class R Shares  
and Class IR Shares of the

Goldman Sachs Retirement Strategy 2010  
Goldman Sachs Retirement Strategy 2015  
Goldman Sachs Retirement Strategy 2020  
Goldman Sachs Retirement Strategy 2030  
Goldman Sachs Retirement Strategy 2040  
Goldman Sachs Retirement Strategy 2050

*Supplement dated April 27, 2010 to the  
Prospectuses dated December 29, 2009*

On April 16, 2010, the Securities and Exchange Commission (“SEC”) brought an action under the U.S. federal securities laws in the U.S. District Court for the Southern District of New York against Goldman, Sachs & Co. (“GS&Co.”) and one of its employees alleging that they made materially misleading statements and omissions in connection with a 2007 private placement of securities relating to a synthetic collateralized debt obligation sold to two institutional investors. GS&Co. and/or other affiliates of The Goldman Sachs Group, Inc. have received or may in the future receive notices and requests for information from various regulators, and have become or may in the future become involved in legal proceedings, based on allegations similar to those made by the SEC or other matters.

Neither Goldman Sachs Asset Management, L.P. or Goldman Sachs Asset Management International (collectively “GSAM”) nor any GSAM-managed funds have been named in the complaint. Moreover, the SEC complaint does not seek any penalties against them or against any employee who is or has been part of GSAM.

In the view of GS&Co. and GSAM, neither the matters alleged in this or any such similar proceedings nor their eventual resolution are likely to have a material affect on the ability of GS&Co., GSAM or their affiliates to provide services to GSAM-managed funds. Due to a provision in the law governing the operation of mutual funds, the resolution of the SEC action could, under certain circumstances, result in a situation in which GS&Co., GSAM and their affiliates would be ineligible to serve as an investment adviser or principal underwriter for U.S.-registered mutual funds absent an exemption from the SEC. While there is

no assurance that such an exemption would be granted, the SEC has granted this type of relief in the past.



# **GOLDMAN SACHS TRUST**

## **Goldman Sachs Fundamental Equity Value Funds**

Class A, Class B, Class C, Institutional, Service, Class IR and  
Class R Shares (as applicable) of the

Goldman Sachs Growth and Income Fund  
Goldman Sachs Large Cap Value Fund  
Goldman Sachs Mid Cap Value Fund  
Goldman Sachs Small Cap Value Fund  
(collectively, the “Funds”)

*Supplement dated March 10, 2010 to the  
Prospectuses dated December 29, 2009 (the “Prospectuses”)*

## **Goldman Sachs Fundamental Equity Growth Funds**

Class A, Class B, Class C, Institutional, Service, Class IR and  
Class R Shares (as applicable) of the

Goldman Sachs Capital Growth Fund  
Goldman Sachs Strategic Growth Fund  
Goldman Sachs Concentrated Growth Fund  
Goldman Sachs All Cap Growth Fund  
Goldman Sachs Growth Opportunities Fund  
Goldman Sachs Small/Mid Cap Growth Fund  
Goldman Sachs Tollkeeper Fund<sup>SM</sup>  
(collectively, the “Funds”)

*Supplement dated March 10, 2010 to the  
Prospectuses dated December 29, 2009 (the “Prospectuses”)*

**The following replaces the sixth sentence in the paragraph under the “Other Investment Practices and Securities” section of each of the Prospectuses for the Funds:**

In addition, the Funds publish on their website month-end top ten holdings subject to a fifteen calendar-day lag between the date of the information and the date on which the information is disclosed.

**This Supplement should be retained with your Prospectus for future reference.**

# Prospectus

## Institutional Shares

December 29, 2009

### GOLDMAN SACHS FUNDAMENTAL EQUITY VALUE FUNDS

- Goldman Sachs Growth and Income Fund
- Goldman Sachs Large Cap Value Fund
- Goldman Sachs Mid Cap Value Fund
- Goldman Sachs Small Cap Value Fund

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AN INVESTMENT IN A FUND IS NOT A BANK DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. AN INVESTMENT IN A FUND INVOLVES INVESTMENT RISKS, AND YOU MAY LOSE MONEY IN A FUND.



**Asset  
Management**

NOT FDIC-INSURED	May Lose Value	No Bank Guarantee
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# General Investment Management Approach

Goldman Sachs Asset Management, L.P. (“GSAM<sup>®</sup>”) serves as investment adviser to the Growth and Income, Large Cap Value, Mid Cap Value and Small Cap Value Funds (each a “Fund”, collectively the “Funds”). GSAM is referred to in this Prospectus as the “Investment Adviser.”

## VALUE STYLE FUNDS

### GSAM’s Value Investment Philosophy:

*Through intensive, firsthand fundamental research our portfolio team seeks to identify quality businesses selling at compelling valuations.*

**1. Businesses represent compelling value when:**

- Market uncertainty exists.
- Their economic value is not recognized by the market.

**2. By quality, we mean companies that have:**

- Sustainable operating or competitive advantage.
- Excellent stewardship of capital.
- Capability to earn above their cost of capital.
- Strong or improving balance sheets and cash flow.

Business quality, conservative valuation, and thoughtful portfolio construction are the key elements of our value approach.

References in this Prospectus to a Fund’s benchmark are for informational purposes only, and unless otherwise noted are not an indication of how a particular Fund is managed.

# Fund Investment Objectives and Strategies

## Goldman Sachs Growth and Income Fund

### FUND FACTS

Objective:	Long-term capital appreciation and growth of income
Benchmark:	Russell 1000® Value Index
Investment Focus:	Large-cap U.S. equity investments that are believed to be undervalued
Investment Style:	Value
Symbol:	GSIX

### INVESTMENT OBJECTIVE

The Fund seeks long-term capital appreciation and growth of income.

### PRINCIPAL INVESTMENT STRATEGIES

**Equity Investments.** The Fund invests, under normal circumstances, at least 65% of its total assets (not including securities lending collateral and any investment of that collateral) measured at time of purchase (“Total Assets”) in equity investments that the Investment Adviser considers to have favorable prospects for capital appreciation and/or dividend-paying ability. Although the Fund will invest primarily in publicly traded U.S. securities, including preferred and convertible securities, it may invest up to 25% of its Total Assets in foreign securities, including securities of issuers in emerging countries and securities quoted in foreign currencies.

**Other.** The Fund may also invest up to 35% of its Total Assets in fixed income securities, such as government, corporate and bank debt obligations, that offer the potential to further the Fund’s investment objective.

# Goldman Sachs Large Cap Value Fund

## FUND FACTS

<b>Objective:</b>	Long-term capital appreciation
<b>Benchmark:</b>	Russell 1000® Value Index
<b>Investment Focus:</b>	Large-cap U.S. equity investments that are believed to be undervalued
<b>Investment Style:</b>	Value
<b>Symbol:</b>	GSLIX

## INVESTMENT OBJECTIVE

The Fund seeks long-term capital appreciation.

## PRINCIPAL INVESTMENT STRATEGIES

**Equity Investments.** The Fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at time of purchase) (“Net Assets”) in a diversified portfolio of equity investments in large-cap U.S. issuers with public stock market capitalizations (based upon shares available for trading on an unrestricted basis) within the range of the market capitalization of companies constituting the Russell 1000® Value Index at the time of investment.\* If the market capitalization of a company held by the Fund moves outside this range, the Fund may, but is not required to, sell the securities. As of November 30, 2009, the capitalization range of the Russell 1000® Value Index was between \$251 million and \$356 billion. The Fund seeks its investment objective by investing in value opportunities that the Investment Adviser defines as companies with identifiable competitive advantages whose intrinsic value is not reflected in the stock price. Although the Fund will invest primarily in publicly traded U.S. securities, it may invest up to 25% of its Net Assets in foreign securities, including securities quoted in foreign currencies.

**Other.** The Fund may invest up to 20% of its Net Assets in fixed income securities, such as government, corporate and bank debt obligations.

\* To the extent required by Securities and Exchange Commission (“SEC”) regulations, shareholders will be provided with sixty days notice in the manner prescribed by the SEC before any change in a Fund’s policy to invest at least 80% of its Net Assets in the particular type of investment suggested by its name.

# Goldman Sachs Mid Cap Value Fund

## FUND FACTS

Objective:	Long-term capital appreciation
Benchmark:	Russell Midcap® Value Index
Investment Focus:	Mid-cap U.S. equity investments that are believed to be undervalued or undiscovered by the marketplace
Investment Style:	Value
Symbol:	GSMCX

## INVESTMENT OBJECTIVE

The Fund seeks long-term capital appreciation.

## PRINCIPAL INVESTMENT STRATEGIES

**Equity Investments.** The Fund invests, under normal circumstances, at least 80% of its Net Assets in a diversified portfolio of equity investments in mid-cap issuers with public stock market capitalizations (based upon shares available for trading on an unrestricted basis) within the range of the market capitalization of companies constituting the Russell Midcap® Value Index at the time of investment.\* If the market capitalization of a company held by the Fund moves outside this range, the Fund may, but is not required to, sell the securities. As of November 30, 2009, the capitalization range of the Russell Midcap® Value Index was between \$251 million and \$13.4 billion. Although the Fund will invest primarily in publicly traded U.S. securities, it may invest up to 25% of its Net Assets in foreign securities, including securities of issuers in emerging countries and securities quoted in foreign currencies.

**Other.** The Fund may invest in the aggregate up to 20% of its Net Assets in companies with public stock market capitalizations outside the range of companies constituting the Russell Midcap® Value Index at the time of investment and in fixed income securities, such as government, corporate and bank debt obligations.

\* To the extent required by SEC regulations, shareholders will be provided with sixty days notice in the manner prescribed by the SEC before any change in a Fund's policy to invest at least 80% of its Net Assets in the particular type of investment suggested by its name.

## FUND INVESTMENT OBJECTIVES AND STRATEGIES

# Goldman Sachs Small Cap Value Fund

### FUND FACTS

Objective:	Long-term capital appreciation
Benchmark:	Russell 2000® Value Index
Investment Focus:	Small-cap U.S. equity investments that are believed to be undervalued or undiscovered by the marketplace
Investment Style:	Value
Symbol:	GSSIX

### INVESTMENT OBJECTIVE

The Fund seeks long-term capital appreciation.

### PRINCIPAL INVESTMENT STRATEGIES

**Equity Investments.** The Fund invests, under normal circumstances, at least 80% of its Net Assets in a diversified portfolio of equity investments in small-cap issuers with public stock market capitalizations (based upon shares available for trading on an unrestricted basis) within the range of the market capitalization of companies constituting the Russell 2000® Value Index at the time of investment.\* If the market capitalization of a company held by the Fund moves outside this range, the Fund may, but is not required to, sell the securities. As of November 30, 2009, the capitalization range of the Russell 2000® Value Index was between \$25 million and \$3.5 billion. Under normal circumstances, the Fund's investment horizon for ownership of stocks will be two to three years. Although the Fund will invest primarily in publicly traded U.S. securities, it may invest up to 25% of its Net Assets in foreign securities, including securities of issuers in emerging countries and securities quoted in foreign currencies.

**Other.** The Fund may invest in the aggregate up to 20% of its Net Assets in companies with public stock market capitalizations outside the range of companies constituting the Russell 2000® Value Index at the time of investment and in fixed income securities, such as government, corporate and bank debt obligations.

\* To the extent required by SEC regulations, shareholders will be provided with sixty days notice in the manner prescribed by the SEC before any change in a Fund's policy to invest at least 80% of its Net Assets in the particular type of investment suggested by its name.

## Other Investment Practices and Securities

The tables below and on the following page identify some of the investment techniques that may (but are not required to) be used by the Funds in seeking to achieve their investment objectives. The tables also highlight the differences and similarities among the Funds in their use of these techniques and other investment practices and investment securities. Numbers in the tables show allowable usage only; for actual usage, consult the Funds' annual/semi-annual reports. For more information about these and other investment practices and securities, see Appendix A. Each Fund publishes on its website (<http://www.goldmansachs.com>) complete portfolio holdings for the Fund as of the end of each calendar quarter subject to a fifteen calendar-day lag between the date of the information and the date on which the information is disclosed. In addition, the Funds publish on their website month-end top ten holdings subject to a ten calendar-day lag between the date of the information and the date on which the information is disclosed. This information will be available on the website until the date on which a Fund files its next quarterly portfolio holdings report on Form N-CSR or Form N-Q with the SEC. In addition, a description of a Fund's policies and procedures with respect to the disclosure of a Fund's portfolio holdings is available in the Funds' Statement of Additional Information ("SAI").

*10* Percent of Total Assets (including securities lending collateral) (*italic type*)

**10** Percent of Net Assets (excluding borrowings for investment purposes)

(roman type)

• No specific percentage limitation on usage; limited only by the objectives and strategies of the Fund

— Not permitted

	Growth and Income Fund	Large Cap Value Fund	Mid Cap Value Fund	Small Cap Value Fund
<b>Investment Practices</b>				
Borrowings	33 <sup>1</sup> / <sub>3</sub>	33 <sup>1</sup> / <sub>3</sub>	33 <sup>1</sup> / <sub>3</sub>	33 <sup>1</sup> / <sub>3</sub>
Cross Hedging of Currencies	•	•	•	•
Custodial Receipts and Trust Certificates	•	•	•	•
Equity Swaps*	•	•	•	•
Foreign Currency Transactions**	•	•	•	•
Futures Contracts and Options on Futures Contracts (including index futures)	•	•	•	•
Investment Company Securities (including exchange-traded funds) <sup>1</sup>	10	10	10	10
Options on Foreign Currencies <sup>2</sup>	•	•	•	•
Options on Securities and Securities Indices <sup>3</sup>	•	•	•	•
Repurchase Agreements	•	•	•	•
Securities Lending	20	20	20	20
Short Sales Against the Box	25	25	25	25
Unseasoned Companies	•	•	•	•
Preferred Stock, Warrants and Stock Purchase Rights	•	•	•	•
When-Issued Securities and Forward Commitments	•	•	•	•

\* Limited to 15% of Net Assets (together with other illiquid securities) for all structured securities and all swap transactions that are not deemed liquid.

\*\* Limited by the amount the Fund invests in foreign securities.

<sup>1</sup> This percentage limitation does not apply to a Fund's investments in investment companies (including exchange-traded funds) where a higher percentage limitation is permitted under the terms of an SEC exemptive order or SEC exemptive rule.

<sup>2</sup> The Funds may purchase and sell call and put options on foreign currencies.

<sup>3</sup> The Funds may sell covered call and put options and purchase call and put options on securities and securities indices in which they may invest.

OTHER INVESTMENT PRACTICES AND SECURITIES

<sup>10</sup> Percent of Total Assets (excluding securities lending collateral) (*italic type*)  
<sup>10</sup> Percent of Net Assets (including borrowings for investment purposes) (roman type)

- No specific percentage limitation on usage; limited only by the objectives and strategies of the Fund
- Not permitted

	Growth and Income Fund	Large Cap Value Fund	Mid Cap Value Fund	Small Cap Value Fund
<b>Investment Securities</b>				
American, European and Global Depository Receipts	•	•	•	•
Asset-Backed and Mortgage-Backed Securities <sup>4</sup>	•	•	•	•
Bank Obligations <sup>4</sup>	•	•	•	•
Convertible Securities <sup>5</sup>	•	•	•	•
Corporate Debt Obligations <sup>4</sup>	•	•	•	•
Equity Investments	65+	80+	80+	80+
Emerging Country Securities <sup>6</sup>	25	25	25	25
Fixed Income Securities <sup>7</sup>	35	20	20 <sup>9</sup>	20 <sup>10</sup>
Initial Public Offerings ("IPOs")	•	•	•	•
Foreign Securities <sup>6</sup>	25	25	25	25
Non-Investment Grade Fixed Income Securities	10 <sup>8</sup>	10 <sup>8</sup>	10 <sup>11</sup>	20 <sup>8</sup>
Private Investments in Public Equity ("PIPEs")	—	—	—	•
Real Estate Investment Trusts ("REITs")	•	•	•	•
Structured Securities (which may include equity linked notes)*	•	•	•	•
Temporary Investments	100	100	100	100
U.S. Government Securities <sup>4</sup>	•	•	•	•

\* Limited to 15% of Net Assets (together with other illiquid securities) for all structured securities and swap transactions that are not deemed liquid.

<sup>4</sup> Limited by the amount the Fund invests in fixed income securities.

<sup>5</sup> All Funds use the same rating criteria for convertible and non-convertible debt securities.

<sup>6</sup> The Growth and Income Fund may invest in the aggregate up to 25% of its Total Assets in foreign securities, including emerging country securities. The Large Cap Value, Mid Cap Value and Small Cap Value Funds may each invest in the aggregate up to 25% of their Net Assets in foreign securities, including emerging country securities.

<sup>7</sup> Except as noted under "Non-Investment Grade Fixed Income Securities," fixed income securities must be investment grade (i.e., BBB or higher by Standard & Poor's Rating Group ("Standard & Poor's"), Baa or higher by Moody's Investors Service, Inc. ("Moody's") or have a comparable rating by another nationally recognized statistical rating organization ("NRSRO").

<sup>8</sup> May be BB or lower by Standard & Poor's, Ba or lower by Moody's or have a comparable rating by another NRSRO at the time of investment.

<sup>9</sup> The Mid Cap Value Fund may invest in the aggregate up to 20% of its Net Assets in: (i) securities of companies with public stock market capitalizations outside the range of companies constituting the Russell Midcap Value Index at the time of investment; and (ii) fixed income securities.

<sup>10</sup> The Small Cap Value Fund may invest in the aggregate up to 20% of its Net Assets in: (i) securities of companies with public stock market capitalizations outside the range of companies constituting the Russell 2000® Value Index at the time of investment; and (ii) fixed income securities.

<sup>11</sup> Must be B or higher by Standard & Poor's, B or higher by Moody's or have a comparable rating by another NRSRO at the time of investment.

## Principal Risks of the Funds

Loss of money is a risk of investing in each Fund. An investment in a Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. The following summarizes the principal risks that apply to the Funds and may result in a loss of your investment. None of the Funds should be relied upon as a complete investment program. There can be no assurance that a Fund will achieve its investment objective.

	Growth and Income Fund	Large Cap Value Fund	Mid Cap Value Fund	Small Cap Value Fund
• Applicable				
— Not a principal risk				
Credit/Default	•	•	•	•
Derivatives	•	•	•	•
Emerging Countries	•	•	•	•
Foreign	•	•	•	•
Geographic	•	•	•	•
Initial Public Offering ("IPO")	•	•	•	•
Interest Rate	•	•	•	•
Investment Style	•	•	•	•
Liquidity	•	•	•	•
Management	•	•	•	•
Market	•	•	•	•
Mid Cap and Small Cap	—	—	•	•
NAV	•	•	•	•
Non-Investment Grade Fixed Income Securities	•	•	•	•
Stock	•	•	•	•

## PRINCIPAL RISKS OF THE FUNDS

- **Credit/Default Risk**—The risk that an issuer or guarantor of fixed income securities held by a Fund (which may have low credit ratings) may default on its obligation to pay interest and repay principal. The credit quality of a Fund's portfolio securities may meet the Fund's credit quality requirements at the time of purchase but then deteriorate thereafter, and such a deterioration can occur rapidly. In certain instances, the downgrading or default of a single holding or guarantor of a Fund's holding may impair the Fund's liquidity and have the potential to cause significant NAV deterioration.
- **Derivatives Risk**—The risk that loss may result from a Fund's investments in options, futures, forwards, swaps, structured securities and other derivative instruments. These instruments may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses to a Fund. Derivatives are also subject to counterparty risk, which is the risk that the other party will not fulfill its contractual obligations.
- **Emerging Countries Risk**—The securities markets of most Central and South American, African, Middle Eastern, certain Asian and Eastern European and other emerging countries are less liquid, are especially subject to greater price volatility, have smaller market capitalizations, have less government regulation and are not subject to as extensive and frequent accounting, financial and other reporting requirements as the securities markets of more developed countries. Further, investment in equity securities of issuers located in certain emerging countries involves risk of loss resulting from problems in share registration and custody and substantial economic and political disruptions. These risks are not normally associated with investments in more developed countries.
- **Foreign Risk**—The risk that when a Fund invests in foreign securities, it will be subject to risk of loss not typically associated with domestic issuers. Loss may result because of less foreign government regulation, less public information and less economic, political and social stability. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions or from problems in security registration or settlement and custody. A Fund that invests in foreign securities will also be subject to the risk of negative foreign currency rate fluctuations. Foreign risks will normally be greatest when a Fund invests in issuers located in emerging countries.
- **Geographic Risk**—Concentration of the investments of a Fund in issuers located in a particular country or region will subject such Funds, to a greater extent than if investments were less concentrated, to the risks of adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region.
- **IPO Risk**—The risk that the market value of IPO shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the

issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk. When a Fund's asset base is small, a significant portion of the Fund's performance could be attributable to investments in IPOs, because such investments would have a magnified impact on the Fund. As the Fund's assets grow, the effect of the Fund's investments in IPOs on the Fund's performance probably will decline, which could reduce the Fund's performance.

- **Interest Rate Risk**—The risk that when interest rates increase, fixed income securities held by a Fund (including inflation protected securities) will decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.
- **Investment Style Risk**—Different investment styles tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. A Fund may outperform or underperform other funds that employ a different investment style. Examples of different investment styles include growth and value investing. Growth stocks may be more volatile than other stocks because they are more sensitive to investor perceptions of the issuing company's growth of earnings potential. Growth companies are often expected by investors to increase their earnings at a certain rate. When these expectations are not met, investors can punish the stocks inordinately even if earnings showed an absolute increase. Also, because growth companies usually invest a high portion of earnings in their business, growth stocks may lack the dividends of some value stocks that can cushion stock prices in a falling market. Growth oriented funds will typically underperform when value investing is in favor. Value stocks are those that are undervalued in comparison to their peers due to adverse business developments or other factors.
- **Liquidity Risk**—The risk that a Fund may invest to a greater degree in securities or instruments that trade in lower volumes and may make investments that may be less liquid than other investments. Also, the risk that a Fund may make investments that may become less liquid in response to market developments or adverse investor perceptions. When there is no willing buyer and investments cannot be readily sold at the desired time or price, a Fund may have to accept a lower price or may not be able to sell the security or instrument at all. An inability to sell one or more portfolio positions can adversely affect the Fund's value or prevent the Fund from being able to take advantage of other investment opportunities.

Funds that invest in non-investment grade fixed income securities, small and mid-capitalization stocks, REITs and emerging country issuers will be especially subject to the risk that during certain periods, the liquidity of particular issuers or industries, or all securities within a particular investment category will shrink or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse investor perceptions, whether or not accurate.

## PRINCIPAL RISKS OF THE FUNDS

Liquidity risk may also refer to the risk that a Fund will not be able to pay redemption proceeds within the time period stated in this Prospectus because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. Although a Fund reserves the right to meet redemption requests through in-kind distributions, to date no Fund has historically paid redemptions in kind. While a Fund may pay redemptions in kind in the future, the Fund may instead choose to raise cash to meet redemption requests through sales of portfolio securities or permissible borrowings. If a Fund is forced to sell securities at an unfavorable time and/or under unfavorable conditions, such sales may adversely affect the Fund's NAV.

Certain shareholders, including clients or affiliates of the Investment Adviser and/or other funds managed by the Investment Adviser, may from time to time own or control a significant percentage of the Fund's shares. Redemptions by these shareholders of their shares of the Fund may further increase the Fund's liquidity risk and may impact the Fund's NAV. These shareholders may include, for example, institutional investors, funds of funds, discretionary advisory clients, and other shareholders whose buy-sell decisions are controlled by a single decision-maker.

- **Management Risk**—The risk that a strategy used by the Investment Adviser may fail to produce the intended results.
- **Market Risk**—The risk that the value of the securities in which a Fund invests may go up or down in response to the prospects of individual companies, particular industry sectors or governments and/or general economic conditions. Price changes may be temporary or last for extended periods. A Fund's investments may be overweighted from time to time in one or more industry sectors, which will increase the Fund's exposure to risk of loss from adverse developments affecting those sectors.
- **Mid Cap and Small Cap Risk**—The Mid Cap Value and Small Cap Value Funds may invest in securities of small capitalization and mid-capitalization companies, which involves greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements. Securities of such issuers may lack sufficient market liquidity to enable a Fund to effect sales at an advantageous time or without a substantial drop in price. Both mid-cap and small-cap companies often have narrower markets and more limited managerial and financial resources than larger, more established companies. As a result, their performance can be more volatile and they face greater risk of business failure, which could increase the volatility of a Fund's portfolio. Generally, the smaller the company size, the greater these risks become.
- **NAV Risk**—The risk that the net asset value ("NAV") of a Fund and the value of your investment will fluctuate.

- ***Non-Investment Grade Fixed Income Securities Risk***—The Funds may invest in non-investment grade fixed income securities (commonly known as “junk bonds”) that are considered speculative. Non-investment grade fixed income securities and unrated securities of comparable credit quality are subject to the increased risk of an issuer’s inability to meet principal and interest payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate or municipal developments, interest rate sensitivity, negative perceptions of the junk bond markets generally and less secondary market liquidity.
- ***Stock Risk***—The risk that stock prices have historically risen and fallen in periodic cycles. U.S. and foreign stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.

More information about the Funds’ portfolio securities and investment techniques, and their associated risks, is provided in Appendix A. You should consider the investment risks discussed in this section and in Appendix A. Both are important to your investment choice.

# Fund Performance

## HOW THE FUNDS HAVE PERFORMED

The bar charts and tables on the following pages provide an indication of the risks of investing in a Fund by showing: (a) changes in the performance of a Fund's Institutional Shares from year to year for up to the last ten years (with respect to the bar charts); and (b) how the average annual total returns of a Fund's Institutional Shares compare to those of broad-based securities market indices. The bar charts (including "Best Quarter" and "Worst Quarter" information) and tables on the following pages assume reinvestment of dividends and distributions. A Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. Performance reflects expense limitations in effect. If expense limitations were not in place, a Fund's performance would have been reduced.

## INFORMATION ON AFTER-TAX RETURNS

These definitions apply to the after-tax returns.

**Average Annual Total Returns Before Taxes.** These returns do not reflect taxes on distributions on a Fund's Institutional Shares nor do they show how performance can be impacted by taxes when shares are redeemed (sold) by you.

**Average Annual Total Returns After Taxes on Distributions.** These returns assume that taxes are paid on distributions on a Fund's Institutional Shares (i.e., dividends and capital gains) but do not reflect taxes that may be incurred upon redemption (sale) of the Institutional Shares at the end of the performance period.

**Average Annual Total Returns After Taxes on Distributions and Sale of Shares.** These returns reflect taxes paid on distributions on a Fund's Institutional Shares and taxes applicable when the shares are redeemed (sold).

**Note on Tax Rates.** The after-tax performance figures are calculated using the historically highest individual federal marginal income tax rates at the time of the distributions and do not reflect state and local taxes. In calculating the federal income taxes due on redemptions, capital gains taxes resulting from a redemption are subtracted from the redemption proceeds and the tax benefits from capital losses resulting from the redemption are added to the redemption proceeds. Under certain circumstances, the addition of the tax benefits from capital losses resulting from redemptions may cause the Returns After Taxes on Distributions and Sale of Fund Shares to be greater than the Returns After Taxes on Distributions or even the Returns Before Taxes.

FUND PERFORMANCE

## Growth and Income Fund

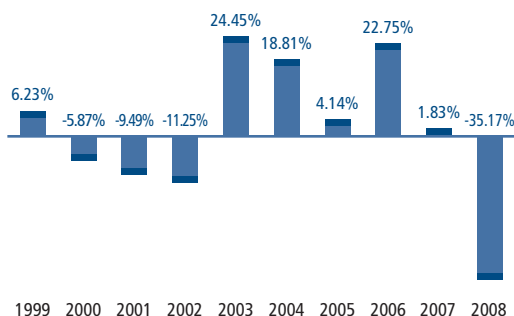
### TOTAL RETURN

### CALENDAR YEAR

The total return for Institutional Shares for the 9-month period ended September 30, 2009 was +13.25%.

Best Quarter\*  
Q2 '03 +13.14%

Worst Quarter\*  
Q4 '08 -20.38%



### AVERAGE ANNUAL TOTAL RETURN

For the period ended December 31, 2008	1 Year	5 Years	10 Years	Since Inception
<b>Institutional Shares (Inception 6/3/96)</b>				
Returns Before Taxes	-35.17%	0.03%	0.01%	2.80%
Returns After Taxes on Distributions**	-35.48%	-0.81%	-0.75%	1.63%
Returns After Taxes on Distributions and Sale of Fund Shares**	-22.33%	0.26%	-0.06%	2.05%
Russell 1000® Value Index***	-36.77%	-0.79%	1.36%	5.77%
S&P 500® Index****	-36.92%	-2.19%	-1.38%	4.17%

\* Please note that "Best Quarter" and "Worst Quarter" figures are applicable only to the time period covered by the bar chart.

\*\* After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. In addition, the after-tax returns shown are not relevant to investors who hold Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

\*\*\* The Russell 1000® Value Index is an unmanaged market capitalization weighted index of the 1,000 largest U.S. companies with lower price-to-book ratios and higher forecasted growth values. The Index figures do not reflect any deduction for fees, expenses or taxes. An investor cannot invest directly in an index.

\*\*\*\* 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. An investor cannot invest directly in an index.

# Large Cap Value Fund

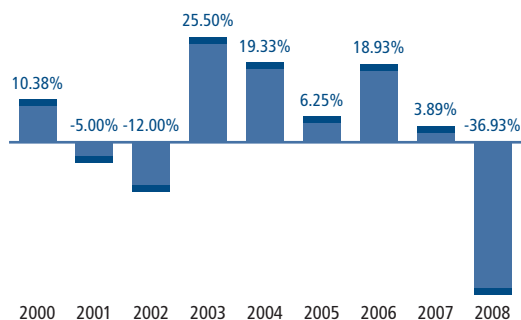
## TOTAL RETURN

## CALENDAR YEAR

The total return for Institutional Shares for the 9-month period ended September 30, 2009 was +19.58%.

Best Quarter\*  
Q4 '03 +13.08%

Worst Quarter\*  
Q4 '08 -21.66%



## AVERAGE ANNUAL TOTAL RETURN

For the period ended December 31, 2008	1 Year	5 Years	Since Inception
<b>Institutional Shares (Inception 12/15/99)</b>			
Returns Before Taxes	-36.93%	-0.26%	1.49%
Returns After Taxes on Distributions**	-37.09%	-1.19%	0.84%
Returns After Taxes on Distributions and Sale of Fund Shares**	-23.79%	-0.21%	1.21%
Russell 1000® Value Index***	-36.77%	-0.79%	0.93%

\* Please note that "Best Quarter" and "Worst Quarter" figures are applicable only to the time period covered by the bar chart.

\*\* After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. In addition, the after-tax returns shown are not relevant to investors who hold Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

\*\*\* The Russell 1000® Value Index is an unmanaged market capitalization weighted index of the 1,000 largest U.S. companies with lower price-to-book ratios and higher forecasted growth values. The Index figures do not reflect any deduction for fees, expenses or taxes. An investor cannot invest directly in an index.

FUND PERFORMANCE

## Mid Cap Value Fund

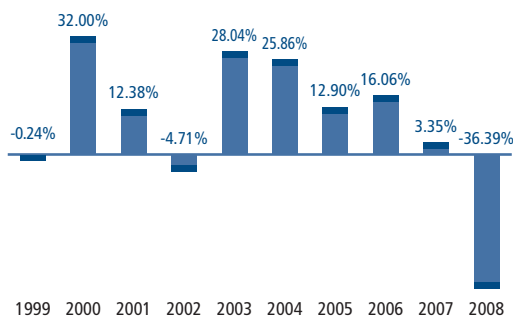
### TOTAL RETURN

### CALENDAR YEAR

The total return for Institutional Shares for the 9-month period ended September 30, 2009 was +25.86%.

Best Quarter\*  
Q2 '99 +21.23%

Worst Quarter\*  
Q4 '08 -23.71%



### AVERAGE ANNUAL TOTAL RETURN

For the period ended December 31, 2008	1 Year	5 Years	10 Years	Since Inception
<b>Institutional Shares (Inception 8/1/95)</b>				
Returns Before Taxes	-36.39%	1.60%	6.94%	9.06%
Returns After Taxes on Distributions**	-36.57%	0.42%	5.78%	7.51%
Returns After Taxes on Distributions and Sale of Fund Shares**	-23.42%	1.47%	5.83%	7.44%
Russell Midcap® Value Index***	-38.36%	0.33%	4.44%	8.14%

\* Please note that "Best Quarter" and "Worst Quarter" figures are applicable only to the time period covered by the bar chart.

\*\* After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. In addition, the after-tax returns shown are not relevant to investors who hold Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

\*\*\* 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. The Index figures do not reflect any deduction for fees, expenses or taxes. An investor cannot invest directly in an index.

## Small Cap Value Fund

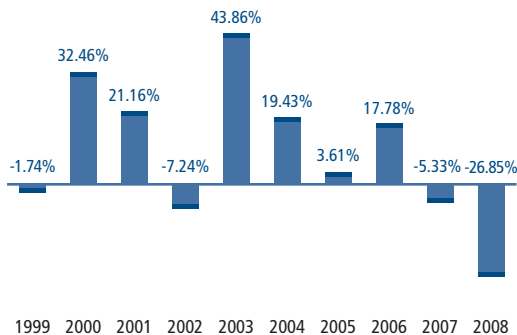
### TOTAL RETURN

### CALENDAR YEAR

The total return for Institutional Shares for the 9-month period ended September 30, 2009 was +21.32%.

Best Quarter\*  
Q2 '99 +30.23%

Worst Quarter\*  
Q4 '08 -24.71%



### AVERAGE ANNUAL TOTAL RETURN

For the period ended December 31, 2008	1 Year	5 Years	10 Years	Since Inception
<b>Institutional Shares (Inception 8/15/97)</b>				
Returns Before Taxes	-26.85%	0.17%	7.82%	5.83%
Returns After Taxes on Distributions**	-26.97%	-1.31%	6.95%	4.61%
Returns After Taxes on Distributions and Sale of Fund Shares**	-17.31%	0.15%	6.90%	4.77%
Russell 2000® Value Index***	-28.86%	0.27%	6.10%	5.66%

\* Please note that "Best Quarter" and "Worst Quarter" figures are applicable only to the time period covered by the bar chart.

\*\* After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. In addition, the after-tax returns shown are not relevant to investors who hold Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

\*\*\* The Russell 2000® Value Index is an unmanaged index of common stock prices that measures the performance of those Russell 2,000 companies with lower price-to-book ratios and lower forecasted growth values. The Index figures do not reflect any deduction for fees, expenses or taxes. An investor cannot invest directly in an index.

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## Fund Fees and Expenses (Institutional Shares)

This table describes the fees and expenses that you would pay if you buy and hold Institutional Shares of a Fund.

	Growth and Income Fund
<b>Shareholder Fees</b>	
<i>(fees paid directly from your investment):</i>	
Maximum Sales Charge (Load) Imposed on Purchases	None
Maximum Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fees	None
Exchange Fees	None
<b>Annual Fund Operating Expenses</b>	
<i>(expenses that are deducted from Fund assets):<sup>1</sup></i>	
Management Fees <sup>2</sup>	0.69%
Distribution and Service (12b-1) Fees	None
Other Expenses <sup>3*</sup>	0.12%
<b>Total Fund Operating Expenses*</b>	<b>0.81%</b>

See page 22 for all other footnotes.

\* The "Other Expenses" and "Total Fund Operating Expenses" shown in the table above do not reflect voluntary expense limitations currently in place with respect to the Funds. The Funds' "Other Expenses" and "Total Fund Operating Expenses," after application of current expense limitations, are as set forth below. These expense limitations may be modified or terminated at any time at the option of the Investment Adviser and without shareholder approval. If this occurs, the "Other Expenses" and "Total Fund Operating Expenses" shown below would be higher.

	Growth and Income Fund
<b>Annual Fund Operating Expenses</b>	
<i>(expenses that are deducted from Fund assets):<sup>1</sup></i>	
Management Fees <sup>2</sup>	0.69%
Distribution and Service (12b-1) Fees	None
Other Expenses <sup>3</sup>	0.09%
<b>Total Fund Operating Expenses (after current expense limitations)</b>	<b>0.78%</b>

FUND FEES AND EXPENSES

Large Cap Value Fund	Mid Cap Value Fund	Small Cap Value Fund
None	None	None
None	None	None
None	None	None
None	None	None
0.71%	0.71%	1.00%
None	None	None
0.08%	0.08%	0.10%
0.79%	0.79%	1.10%

Large Cap Value Fund	Mid Cap Value Fund	Small Cap Value Fund
0.71%	0.71%	1.00%
None	None	None
0.08%	0.08%	0.10%
0.79%	0.79%	1.10%

## Fund Fees and Expenses continued

<sup>1</sup> The Funds' annual operating expenses are based on actual expenses incurred and assets under management for the fiscal year ended August 31, 2009. If a Fund's assets decrease or increase in the future, the Fund's expense ratio may correspondingly increase or decrease from the expense ratio disclosed in the fee and expense table.

<sup>2</sup> The Investment Adviser is entitled to management fees from the Funds at the annual rates equal to the following percentages of the average daily net assets of the Funds:

Fund	Management Fee Annual Rate	Average Daily Net Assets
<i>Growth and Income</i>	0.70%	<i>First \$1 Billion</i>
	0.63	<i>Next \$1 Billion</i>
	0.60	<i>Next \$3 Billion</i>
	0.59	<i>Next \$3 Billion</i>
	0.58	<i>Over \$8 Billion</i>
<i>Large Cap Value</i>	0.75%	<i>First \$1 Billion</i>
	0.68	<i>Next \$1 Billion</i>
	0.65	<i>Next \$3 Billion</i>
	0.64	<i>Next \$3 Billion</i>
	0.63	<i>Over \$8 Billion</i>
<i>Mid Cap Value</i>	0.75%	<i>First \$2 Billion</i>
	0.68	<i>Next \$3 Billion</i>
	0.65	<i>Next \$3 Billion</i>
	0.64	<i>Over \$8 Billion</i>
<i>Small Cap Value</i>	1.00%	<i>First \$2 Billion</i>
	0.90	<i>Next \$3 Billion</i>
	0.86	<i>Next \$3 Billion</i>
	0.84	<i>Over \$8 Billion</i>

<sup>3</sup> "Other Expenses" include transfer agent fees and expenses equal on an annualized basis to 0.04% of the average daily net assets of each Fund's Institutional Shares, plus all other ordinary expenses not detailed above (including, but not limited to, custody fees, credit facility commitment fees, insurance and fidelity bond fees). The Investment Adviser has voluntarily agreed to reduce or limit "Other Expenses" (excluding management fees, transfer agent fees and expenses, taxes, interest, brokerage fees and litigation, indemnification, shareholder meetings and other extraordinary expenses, exclusive of any custody and transfer agent fee credit reductions) to the following annual percentage rates of each Fund's average daily net assets:

Fund	Other Expenses
<i>Growth and Income</i>	0.054%
<i>Large Cap Value</i>	0.064%
<i>Mid Cap Value</i>	0.104%
<i>Small Cap Value</i>	0.064%

These expense reductions may be modified or terminated at any time at the option of the Investment Adviser. "Other Expenses" of the Large Cap Value, Mid Cap Value and Small Cap Value Funds were below the above listed expense caps for the fiscal year ended August 31, 2009.

FUND FEES AND EXPENSES

## Example

The following Example is intended to help you compare the cost of investing in a Fund (without the expense limitations) with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in Institutional Shares of a Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that a Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Fund	1 Year	3 Years	5 Years	10 Years
<b>Growth and Income</b>	\$ 83	\$259	\$450	\$1,002
<b>Large Cap Value</b>	\$ 81	\$252	\$439	\$ 978
<b>Mid Cap Value</b>	\$ 81	\$252	\$439	\$ 978
<b>Small Cap Value</b>	\$112	\$350	\$606	\$1,340

Institutions that invest in Institutional Shares on behalf of their customers may charge other fees directly to their customer accounts in connection with their investments. You should contact your institution for information regarding such charges. Such fees, if any, may affect the return such customers realize with respect to their investments.

Certain institutions that invest in Institutional Shares may receive other compensation in connection with the sale and distribution of Institutional Shares or for services to their customers' accounts and/or the Funds. For additional information regarding such compensation, see "Shareholder Guide" in the Prospectus and "Payments to Intermediaries" in the SAI.

## Service Providers

### INVESTMENT ADVISERS

Investment Adviser	Fund
Goldman Sachs Asset Management, L.P. ("GSAM") 32 Old Slip New York, New York 10005	Growth and Income Large Cap Value Mid Cap Value Small Cap Value

GSAM has been registered as an investment adviser with the SEC since 1990 and is an affiliate of Goldman, Sachs & Co. ("Goldman Sachs"). As of September 30, 2009, GSAM, including its investment advisory affiliates, had assets under management of \$734 billion.

The Investment Adviser provides day-to-day advice regarding the Funds' portfolio transactions. The Investment Adviser makes the investment decisions for the Funds and places purchase and sale orders for the Funds' portfolio transactions in U.S. and foreign markets. As permitted by applicable law, these orders may be directed to any brokers, including Goldman Sachs and its affiliates. While the Investment Adviser is ultimately responsible for the management of the Funds, it is able to draw upon the research and expertise of its asset management affiliates for portfolio decisions and management with respect to certain portfolio securities. In addition, the Investment Adviser has access to the research and certain proprietary technical models developed by Goldman Sachs, and will apply quantitative and qualitative analysis in determining the appropriate allocations among categories of issuers and types of securities.

The Investment Adviser also performs the following additional services for the Funds:

- Supervises all non-advisory operations of the Funds
- Provides personnel to perform necessary executive, administrative and clerical services to the Funds
- Arranges for the preparation of all required tax returns, reports to shareholders, prospectuses and statements of additional information and other reports filed with the SEC and other regulatory authorities
- Maintains the records of each Fund
- Provides office space and all necessary office equipment and services

SERVICE PROVIDERS

**MANAGEMENT FEES**

As compensation for its services and its assumption of certain expenses, the Investment Adviser is entitled to the following fees, computed daily and payable monthly, at the annual rates listed below (as a percentage of each respective Fund's average daily net assets):

Fund	Contractual Rate	Average Daily Net Assets	Actual Rate For the Fiscal Year Ended August 31, 2009
Growth and Income	0.70%	First \$1 Billion	0.69%
	0.63%	Next \$1 Billion	
	0.60%	Next \$3 Billion	
	0.59%	Next \$3 Billion	
	0.58%	Over \$8 Billion	
Large Cap Value	0.75%	First \$1 Billion	0.71%
	0.68%	Next \$1 Billion	
	0.65%	Next \$3 Billion	
	0.64%	Next \$3 Billion	
	0.63%	Over \$8 Billion	
Mid Cap Value	0.75%	First \$2 Billion	0.71%
	0.68%	Next \$3 Billion	
	0.65%	Next \$3 Billion	
	0.64%	Over \$8 Billion	
Small Cap Value	1.00%	First \$2 Billion	1.00%
	0.90%	Next \$3 Billion	
	0.86%	Next \$3 Billion	
	0.84%	Over \$8 Billion	

The Investment Adviser may voluntarily waive a portion of its management fee from time to time, and may discontinue or modify any such voluntary limitations in the future at its discretion.

A discussion regarding the basis for the Board of Trustees' approval of the Management Agreement for the Funds in 2009 is available in the Funds' annual report dated August 31, 2009.

## FUND MANAGERS

### Value Investment Team

- Stable investment team that on average has two decades of industry experience
- The team is organized by industry in order to deliver depth and breadth of research expertise
- Portfolio decision makers are actively conducting the research, which brings intensity and focus to the Value Investment Team process

Name and Title	Fund Responsibility	Years Primarily Responsible	Five Year Employment History
<b>Eileen Rominger</b> Managing Director Global Chief Investment Officer, Goldman Sachs Asset Management	Portfolio Manager— Growth and Income Large Cap Value	Since 1999 1999	Ms. Rominger joined the Investment Adviser as a portfolio manager and Chief Investment Officer of the Value team in August 1999. Ms. Rominger became Global Head of Fundamental Equity in 2007 and Co-Chief Investment Officer of Global Equity in 2008. In 2009, Ms. Rominger was named Global Chief Investment Officer of Goldman Sachs Asset Management. From 1981 to 1999, she worked at Oppenheimer Capital, most recently as a senior portfolio manager.
<b>Andrew Braun</b> Managing Director Co-Chief Investment Officer, Value Equity	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value	Since 2001 2001 2001	Mr. Braun joined the Investment Adviser as a mutual fund product development analyst in July 1993. From January 1997 to April 2001, he was a research analyst on the Value team and he became a portfolio manager in May 2001.
<b>Sean Gallagher</b> Managing Director Co-Chief Investment Officer, Value Equity	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value	Since 2001 2001 2001	Mr. Gallagher joined the Investment Adviser as a research analyst in May 2000. He became a portfolio manager in December 2001. From October 1993 to May 2000, he was a research analyst at Merrill Lynch Asset Management.
<b>Dolores Bamford, CFA</b> Managing Director	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value Small Cap Value	Since 2002 2002 2002 2002	Ms. Bamford joined the Investment Adviser as a portfolio manager for the Value team in April 2002. Prior to that, she was a portfolio manager at Putnam Investments for various products since 1991.
<b>David L. Berdon</b> Managing Director	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value	Since 2007 2002 2002	Mr. Berdon joined the Investment Adviser as a research analyst in March 2001 and became a portfolio manager in October 2002. From September 1999 to March 2001, he was a Vice President for Business Development and Strategic Alliances at Soliloquy Inc.

SERVICE PROVIDERS

Name and Title	Fund Responsibility	Years Primarily Responsible	Five Year Employment History
<b>Sean A. Butkus, CFA</b> Vice President	Portfolio Manager— Large Cap Value Mid Cap Value	Since 2007 2007	Mr. Butkus joined the Investment Adviser as a research analyst on the Value team in July 2004 and became a portfolio manager in 2006. Previously, he worked on the Business Planning Team of the Investment Management Division at Goldman Sachs. Before joining Goldman Sachs in 1998, he worked at Arthur Andersen LLP.
<b>John Arege, CFA</b> Vice President	Portfolio Manager— Large Cap Value Mid Cap Value	Since 2009 2009	Mr. Arege joined the Investment Adviser in 2006 as a Portfolio Manager on the Core Equity team and later joined the US Value Team as a Portfolio Manager in 2007. From 1999 to 2006 he worked at Merrill Lynch Investment Managers where he was a senior analyst on the Value team.
<b>Scott Carroll, CFA</b> Managing Director	Portfolio Manager— Growth and Income Large Cap Value Mid Cap Value Small Cap Value	Since 2002 2002 2002 2002	Mr. Carroll joined the Investment Adviser as a portfolio manager for the Value team in May 2002. From 1996 to 2002, he worked at Van Kampen Funds where he had portfolio management and analyst responsibilities for Growth and Income and Equity Income funds.
<b>J. Kelly Flynn</b> Vice President	Portfolio Manager— Growth and Income Mid Cap Value Small Cap Value	Since 2009 2006 2002	Mr. Flynn joined the Investment Adviser as a portfolio manager for the Value team in 2002. Prior to joining the team, Mr. Flynn spent three years at Lazard Asset Management as a Portfolio Manager for Small Cap/Mid Cap Value Products.
<b>Sally Pope Davis</b> Vice President	Portfolio Manager— Small Cap Value	Since 2006	Ms. Pope Davis joined the Investment Adviser as a portfolio manager in August 2001 for the US Value Team. Prior to joining GSAM in 2001, she was a Relationship Manager for two years in Goldman Sachs Private Wealth Management. Previously, she was a sell-side Bank Analyst for ten years in the Goldman Sachs Investment Research Department.
<b>James Otness, CFA</b> Managing Director	Portfolio Manager— Small Cap Value	Since 2000	Mr. Otness joined the Investment Adviser as a portfolio manager in May 2000. From 1998 to 2000, he headed Dolphin Asset Management.

Name and Title	Fund Responsibility	Years Primarily Responsible	Five Year Employment History
<b>Robert Crystal</b> Vice President	Portfolio Manager— Small Cap Value	Since 2006	Mr. Crystal joined the Investment Adviser as a portfolio manager in March 2006. Prior to joining GSAM, he was a Director at Brant Point Capital Management LLC from January 2003 to August 2005. From April 1999 to January 2003 he was a Vice President at Schroder Investment Management. Prior to that he was an Assistant Vice President at Wheat First Butcher Singer.

Andrew Braun and Sean Gallagher serve as Co-Chief Investment Officers of the Value Investment Team. The other portfolio managers serve as primary research analysts for particular industries. While the entire team debates investment ideas and overall portfolio structure, the final buy/sell decision for a particular security resides primarily with the portfolio manager responsible for that particular industry. As Co-Chief Investment Officers of the team, Mr. Braun and Mr. Gallagher are ultimately responsible for the composition of the Funds’ portfolio structure at both the stock and industry level.

For information about the portfolio managers’ compensation, other accounts managed by the portfolio managers and the portfolio managers’ ownership of securities in the Funds, see the SAI.

#### DISTRIBUTOR AND TRANSFER AGENT

Goldman Sachs, 85 Broad Street, New York, New York 10004, serves as the exclusive distributor (the “Distributor”) of each Fund’s shares. Goldman Sachs, 71 S. Wacker Drive, Chicago, Illinois 60606, also serves as each Fund’s transfer agent (the “Transfer Agent”) and, as such, performs various shareholder servicing functions.

From time to time, Goldman Sachs or any of its affiliates may purchase and hold shares of the Funds. Goldman Sachs reserves the right to redeem at any time some or all of the shares acquired for its own account.

#### ACTIVITIES OF GOLDMAN SACHS AND ITS AFFILIATES AND OTHER ACCOUNTS MANAGED BY GOLDMAN SACHS

The involvement of the Investment Adviser, Goldman Sachs and their affiliates in the management of, or their interest in, other accounts and other activities of

## SERVICE PROVIDERS

Goldman Sachs may present conflicts of interest with respect to a Fund or limit a Fund's investment activities. Goldman Sachs is a full service investment banking, broker dealer, asset management and financial services organization and a major participant in global financial markets. As such, it acts as an investor, investment banker, research provider, investment manager, financier, advisor, market maker, trader, prime broker, lender, agent and principal, and has other direct and indirect interests, in the global fixed income, currency, commodity, equity and other markets in which the Funds directly and indirectly invest. Thus, it is likely that the Funds will have multiple business relationships with and will invest in, engage in transactions with, make voting decisions with respect to, or obtain services from entities for which Goldman Sachs performs or seeks to perform investment banking or other services. The Investment Adviser and/or certain of its affiliates are the managers of the Goldman Sachs Funds. Goldman Sachs and its affiliates engage in proprietary trading and advise accounts and funds which have investment objectives similar to those of the Funds and/or which engage in and compete for transactions in the same types of securities, currencies and instruments as the Funds. Goldman Sachs and its affiliates will not have any obligation to make available any information regarding their proprietary activities or strategies, or the activities or strategies used for other accounts managed by them, for the benefit of the management of the Funds. Goldman Sachs may restrict transactions for itself, but not for the Funds (or vice versa). The results of a Fund's investment activities, therefore, may differ from those of Goldman Sachs, its affiliates and other accounts managed by Goldman Sachs, and it is possible that a Fund could sustain losses during periods in which Goldman Sachs and its affiliates and other accounts achieve significant profits on their trading for proprietary or other accounts. In addition, the Funds may enter into transactions in which Goldman Sachs or its other clients have an adverse interest. For example, a Fund may take a long position in a security at the same time that Goldman Sachs or other accounts managed by the Investment Adviser take a short position in the same security (or vice versa). These and other transactions undertaken by Goldman Sachs, its affiliates or Goldman Sachs-advised clients may adversely impact the Funds. Transactions by one or more Goldman Sachs-advised clients or the Investment Adviser may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of the Funds. A Fund's activities may be limited because of regulatory restrictions applicable to Goldman Sachs and its affiliates, and/or their internal policies designed to comply with such restrictions. As a global financial services firm, Goldman Sachs also provides a wide range of investment banking and financial services to issuers of securities and investors in securities. Goldman Sachs, its affiliates and others associated with it may create markets or specialize in, have positions in and affect transactions in, securities of issuers held by the Funds, and may also perform or seek to perform investment banking and financial services for those issuers.

Goldman Sachs and its affiliates may have business relationships with and purchase or distribute or sell services or products from or to distributors, consultants or others who recommend the Funds or who engage in transactions with or for the Funds. For more information about conflicts of interest, see the SAI.

Under a securities lending program approved by the Funds' Board of Trustees, the Funds may retain an affiliate of the Investment Adviser to serve as the securities lending agent for each Fund to the extent that the Funds engage in the securities lending program. For these services, the lending agent may receive a fee from the Funds, including a fee based on the returns earned on the Funds' investment of the cash received as collateral for the loaned securities. The Board of Trustees periodically reviews all portfolio securities loan transactions for which the affiliated lending agent has acted as lending agent. In addition, the Funds may make brokerage and other payments to Goldman Sachs and its affiliates in connection with the Funds' portfolio investment transactions, in accordance with applicable law.

## Dividends

Each Fund pays dividends from its investment income and distributions from net realized capital gains. You may choose to have dividends and distributions paid in:

- Cash
- Additional shares of the same class of the same Fund
- Shares of the same class of another Goldman Sachs Fund. Special restrictions may apply. See the SAI.

You may indicate your election on your Account Application. Any changes may be submitted in writing to the Transfer Agent at any time before the record date for a particular dividend or distribution. If you do not indicate any choice, your dividends and distributions will be reinvested automatically in the applicable Fund.

The election to reinvest dividends and distributions in additional shares will not affect the tax treatment of such dividends and distributions, which will be treated as received by you and then used to purchase the shares.

Dividends from net investment income and distributions from net capital gains, if any, are declared and paid as follows:

Fund	Investment Income Distributions	Capital Gains Distributions
Growth and Income	Quarterly	Annually
Large Cap Value	Annually	Annually
Mid Cap Value	Annually	Annually
Small Cap Value	Annually	Annually

From time to time a portion of a Fund's dividends may constitute a return of capital for tax purposes, and/or may include amounts in excess of the Fund's net investment income for the period calculated in accordance with good accounting practice.

When you purchase shares of a Fund, part of the NAV per share may be represented by undistributed income and/or realized gains that have previously been earned by the Fund. Therefore, subsequent distributions on such shares from such income and/or realized gains may be taxable to you even if the NAV of the shares is, as a result of the distributions, reduced below the cost of such shares and the distributions (or portions thereof) represent a return of a portion of the purchase price.

# Shareholder Guide

The following section will provide you with answers to some of the most frequently asked questions regarding buying and selling the Funds' Institutional Shares.

## HOW TO BUY SHARES

### How Can I Purchase Institutional Shares Of The Funds?

You may purchase Institutional Shares on any business day at their NAV next determined after receipt of an order. No sales load is charged. In order to make an initial investment in a Fund, you must furnish to the Fund or your financial institution an Account Application. You should either:

- Contact your financial institution who may place an order through certain electronic trading platforms (e.g., National Securities Clearing Corporation);
- Place an order with Goldman Sachs at 1-800-621-2550 and wire federal funds on the next business day; *or*
- Send a check payable to Goldman Sachs Funds—(Name of Fund and Class of Shares), P.O. Box 06050, Chicago, IL 60606-6306. The Funds will not accept checks drawn on foreign banks, third party checks, temporary checks, cash or cash equivalents; e.g., cashier's checks, official bank checks, money orders, travelers cheques or credit card checks. In limited situations involving the transfer of retirement assets, a Fund may accept cashier's checks or official bank checks.

**It is strongly recommended that payment be made by wiring federal funds.**

It is expected that checks will be converted to federal funds within two business days after receipt.

### How Do I Purchase Shares Through A Financial Institution?

Certain institutions (including banks, trust companies, brokers and investment advisers) that provide recordkeeping, reporting and processing services to their customers may be authorized to accept, on behalf of the Goldman Sachs Trust (the "Trust"), purchase, redemption and exchange orders placed by or on behalf of their customers, and if approved by the Trust, to designate other financial intermediaries to accept such orders. In these cases:

- A Fund will be deemed to have received an order in proper form when the order is accepted by the authorized institution or other financial intermediary on a business day, and the order will be priced at the Fund's NAV per share next determined after such acceptance.

## SHAREHOLDER GUIDE

- Authorized institutions and other financial intermediaries will be responsible for transmitting accepted orders and payments to the Funds within the time period agreed upon by them.

You should contact your institution or another financial intermediary to learn whether it is authorized to accept orders for the Trust. These institutions or other financial intermediaries may receive payments from the Funds or Goldman Sachs for the services provided by them with respect to the Funds' Institutional Shares. These payments may be in addition to other payments borne by the Funds.

The Investment Adviser, Distributor and/or their affiliates may make payments or provide services to authorized institutions and other financial intermediaries ("Intermediaries") to promote the sale, distribution and/or servicing of shares of the Funds and other Goldman Sachs Funds. These payments are made out of the Investment Adviser's, Distributor's and/or their affiliates' own assets, and are not an additional charge to the Funds. Such payments are intended to compensate Intermediaries for, among other things: marketing shares of the Funds and other Goldman Sachs Funds, which may consist of payments relating to the Funds' inclusion on preferred or recommended fund lists or in certain sales programs sponsored by the Intermediaries; access to the Intermediaries' registered representatives or salespersons, including at conferences and other meetings; assistance in training and education of personnel; marketing support; and/or other specified services intended to assist in the distribution and marketing of the Funds and other Goldman Sachs Funds. The payments may also, to the extent permitted by applicable regulations, contribute to various non-cash and cash incentive arrangements to promote the sale of shares, as well as sponsor various educational programs, sales contests and/or promotions. The payments by the Investment Adviser, Distributor and/or their affiliates, which are in addition to the fees paid for these services by the Funds, may also compensate Intermediaries for subaccounting, sub-transfer agency, administrative and/or shareholder processing services. These additional payments may exceed amounts earned on these assets by the Investment Adviser, Distributor and/or their affiliates for the performance of these or similar services. The amount of these additional payments is normally not expected to exceed 0.50% (annualized) of the amount sold or invested through the Intermediaries. In addition, certain Intermediaries may have access to certain services from the Investment Adviser, Distributor and/or their affiliates, including research reports and economic analysis, and portfolio analysis tools. In certain cases, the Intermediary may not pay for these services. Please refer to the "Payments to Intermediaries" section of the SAI for more information about these payments and services.

The payments made by the Investment Adviser, Distributor and/or their affiliates and the services received by an Intermediary may differ for different Intermediaries.

The presence of these payments, receipt of these services and the basis on which an Intermediary compensates its registered representatives or salespersons may create an incentive for a particular Intermediary, registered representative or salesperson to highlight, feature or recommend Funds based, at least in part, on the level of compensation paid. You should contact your authorized institution or Intermediary for more information about the payments it receives and any potential conflicts of interest.

In addition to Institutional Shares, each Fund also offers other classes of shares to investors. These other share classes are subject to different fees and expenses (which affect performance), have different minimum investment requirements and are entitled to different services. Information regarding other share classes may be obtained from your sales representative or from Goldman Sachs by calling the number on the back cover of this Prospectus.

### What Is My Minimum Investment In The Funds?

Type of Investor	Minimum Investment
<ul style="list-style-type: none"> <li>■ Banks, trust companies or other depository institutions investing for their own account or on behalf of their clients</li> <li>■ State, county, city or any instrumentality, department, authority or agency thereof</li> <li>■ Corporations with at least \$100 million in assets or in outstanding publicly traded securities</li> <li>■ “Wrap” account sponsors (provided they have an agreement covering the arrangement with GSAM)</li> <li>■ Registered investment advisers investing for accounts for which they receive asset-based fees</li> <li>■ Qualified non-profit organizations, charitable trusts, foundations and endowments</li> </ul>	\$1,000,000 in Institutional Shares of a Fund alone or in combination with other assets under the management of GSAM and its affiliates
<ul style="list-style-type: none"> <li>■ Individual investors</li> <li>■ Accounts over which GSAM or its advisory affiliates have investment discretion</li> <li>■ Corporations with less than \$100 million in assets or in outstanding publicly traded securities</li> </ul>	\$10,000,000
<ul style="list-style-type: none"> <li>■ Section 401(k), profit sharing, money purchase pension, tax-sheltered annuity, defined benefit pension, or other employee benefit plans that are sponsored by one or more employers (including governmental or church employers) or employee organizations</li> </ul>	No minimum

The minimum investment requirement may be waived for current and former officers, partners, directors or employees of Goldman Sachs or any of its affiliates; any Trustee or officer of the Trust; brokerage or advisory clients of Goldman Sachs Private Wealth Management and accounts for which The Goldman Sachs Trust Company, N.A. acts in a fiduciary capacity (i.e., as agent or trustee); certain mutual fund “wrap” programs at the discretion of the Trust’s officers; and for other investors at the discretion of the Trust’s officers. No minimum amount is required for additional investments.

### What Else Should I Know About Share Purchases?

The Trust reserves the right to:

- Refuse to open an account if you fail to (i) provide a Social Security Number or other taxpayer identification number; or (ii) certify that such number is correct (if required to do so under applicable law).
- Reject or restrict any purchase or exchange order by a particular purchaser (or group of related purchasers) for any reason in its discretion. Without limiting the foregoing, the Trust may reject or restrict purchase and exchange orders by a particular purchaser (or group of related purchasers) when a pattern of frequent purchases, sales or exchanges of shares of a Fund is evident, or if purchases, sales or exchanges are, or a subsequent abrupt redemption might be, of a size that would disrupt the management of a Fund.
- Close a Fund to new investors from time to time and reopen any such Fund whenever it is deemed appropriate by a Fund's Investment Adviser.
- Modify or waive the minimum investment requirements.
- Modify the manner in which shares are offered.
- Modify the sales charge rates applicable to future purchases of shares.

Generally, non-U.S. citizens and certain U.S. citizens residing outside the United States may not open an account with the Funds.

The Funds may allow you to purchase shares with securities instead of cash if consistent with a Fund's investment policies and operations and if approved by the Fund's Investment Adviser.

The Goldman Sachs Mid Cap Value and Small Cap Value Funds are generally open for investment, except that:

- Section 401(k), profit sharing, money purchase pension, tax-sheltered annuity, defined benefit pension, or other employee benefit plans (including health savings accounts and non-qualified plans) that are sponsored by one or more employers (including governmental or church employers) or employee organizations ("Employee Benefit Plans") and certain financial institutions providing hedging services to such Employee Benefit Plans, the Funds are open to new investment only by the following categories of such Employee Benefit Plans and institutions:

- (i) Employee Benefit Plans making an initial investment of \$75 million or less; and
- (ii) certain financial institutions making an initial investment of \$75 million or less in connection with hedging services provided in support of non-qualified deferred compensation plans offering the Goldman Sachs Funds.

## SHAREHOLDER GUIDE

Certain of the Employee Benefit Plans and institutions described in (i) and (ii) above may make an initial investment in excess of \$75 million if the initial investment was expected to be less than \$75 million at the time Goldman Sachs received a preliminary written commitment to invest in a Fund.

The Trust and Goldman Sachs reserve the right to close either the Mid Cap Value Fund or the Small Cap Value Fund at a future date without prior notice.

Notwithstanding the foregoing, the Trust and Goldman Sachs reserve the right to reject or restrict purchase or exchange requests from any investor. The Trust and Goldman Sachs will not be liable for any loss resulting from rejected purchase or exchange orders.

**Customer Identification Program.** Federal law requires the Funds to obtain, verify and record identifying information, which will be reviewed solely for customer identification purposes, which may include the name, residential or business street address, date of birth (for an individual), Social Security Number or taxpayer identification number or other information, for each investor who opens an account directly with the Funds. Applications without the required information may not be accepted by the Funds. After accepting an application, to the extent permitted by applicable law or their customer identification program, the Funds reserve the right to: (i) place limits on transactions in any account until the identity of the investor is verified; (ii) refuse an investment in the Funds; or (iii) involuntarily redeem an investor's shares and close an account in the event that the Funds are unable to verify an investor's identity. The Funds and their agents will not be responsible for any loss or tax liability in an investor's account resulting from the investor's delay in providing all required information or from closing an account and redeeming an investor's shares pursuant to the customer identification program.

### How Are Shares Priced?

The price you pay when you buy Institutional Shares is a Fund's next determined NAV for a share class *after* the Fund receives your order in proper form. The price you receive when you sell Institutional Shares is a Fund's next determined NAV for a share class with the redemption proceeds reduced by any applicable charges *after* the Fund receives your order in proper form. The Funds calculate NAV as follows:

$$\text{NAV} = \frac{\begin{array}{l} \text{(Value of Assets of the Class)} \\ - \text{(Liabilities of the Class)} \end{array}}{\text{Number of Outstanding Shares of the Class}}$$

The Funds' investments are valued based on market quotations, or if market quotations are not readily available, or if the Investment Adviser believes that such quotations do not accurately reflect fair value, the fair value of the Funds'

investments may be determined in good faith under procedures established by the Board of Trustees.

In the event that a Fund invests a significant portion of assets in foreign equity securities, “fair value” prices are provided by an independent fair value service in accordance with the fair value procedures approved by the Board of Trustees. Fair value prices are used because many foreign markets operate at times that do not coincide with those of the major U.S. markets. Events that could affect the values of foreign portfolio holdings may occur between the close of the foreign market and the time of determining the NAV, and would not otherwise be reflected in the NAV. If the independent fair value service does not provide a fair value price for a particular security, or if the price provided does not meet the established criteria for a Fund, the Fund will price that security at the most recent closing price for that security on its principal exchange.

In addition, the Investment Adviser, consistent with its procedures and applicable regulatory guidance, may (but need not) determine to make an adjustment to the previous closing prices of either domestic or foreign securities in light of significant events, to reflect what it believes to be the fair value of the securities at the time of determining a Fund’s NAV. Significant events that could affect a large number of securities in a particular market may include, but are not limited to: situations relating to one or more single issuers in a market sector; significant fluctuations in U.S. or foreign markets; market dislocations; market disruptions or market closings; equipment failures; natural or man made disasters or acts of God; armed conflicts; governmental actions or other developments; as well as the same or similar events which may affect specific issuers or the securities markets even though not tied directly to the securities markets. Other significant events that could relate to a single issuer may include, but are not limited to: corporate actions such as reorganizations, mergers and buy-outs; corporate announcements, including those relating to earnings, products and regulatory news; significant litigation; low trading volume; and trading limits or suspensions.

One effect of using an independent fair value service and fair valuation may be to reduce stale pricing arbitrage opportunities presented by the pricing of Fund shares. However, it involves the risk that the values used by the Funds to price their investments may be different from those used by other investment companies and investors to price the same investments.

Investments in other registered mutual funds (if any) are valued based on the NAV of those mutual funds (which may use fair value pricing as discussed in their prospectuses).

## SHAREHOLDER GUIDE

Please note the following with respect to the price at which your transactions are processed:

- NAV per share of each share class is generally calculated by the accounting agent on each business day as of the close of regular trading on the New York Stock Exchange (normally 4:00 p.m. New York time) or such other times as the New York Stock Exchange or NASDAQ market may officially close. Fund shares will generally not be priced on any day the New York Stock Exchange is closed.
- The Trust reserves the right to reprocess purchase (including dividend reinvestments), redemption and exchange transactions that were processed at a NAV that is subsequently adjusted, and to recover amounts from (or distribute amounts to) shareholders accordingly based on the official closing NAV, as adjusted.
- The Trust reserves the right to advance the time by which purchase and redemption orders must be received for same business day credit as otherwise permitted by the SEC.

Consistent with industry practice, investment transactions not settling on the same day are recorded and factored into a Fund's NAV on the business day following trade date (T+1). The use of T+1 accounting generally does not, but may, result in a NAV that differs materially from the NAV that would result if all transactions were reflected on their trade dates.

*Note: The time at which transactions and shares are priced and the time by which orders must be received may be changed in case of an emergency or if regular trading on the New York Stock Exchange is stopped at a time other than its regularly scheduled closing time. In the event the New York Stock Exchange does not open for business, the Trust may, but is not required to, open one or more Funds for purchase, redemption and exchange transactions if the Federal Reserve wire payment system is open. To learn whether a Fund is open for business during this situation, please call 1-800-621-2550.*

Foreign securities may trade in their local markets on days a Fund is closed. As a result, if a Fund holds foreign securities, its NAV may be impacted on days when investors may not purchase or redeem Fund shares.

### HOW TO SELL SHARES

#### How Can I Sell Institutional Shares Of The Funds?

You may arrange to take money out of your account by selling (redeeming) some or all of your shares. **Generally, each Fund will redeem its Institutional Shares upon request on any business day at the NAV next determined after receipt of such request in proper form.** You may request that redemption proceeds be sent to you by check or by wire (if the wire instructions are designated in the current

records of the Transfer Agent). Redemptions may be requested in writing, by electronic trading platform or by telephone (unless the institution opts out of the telephone redemption privilege on the Account Application).

Generally, any redemption request that requires money to go to an account or address other than that designated in the current records of the Transfer Agent must be in writing and signed by an authorized person (a Medallion signature guarantee may be required). The written request may be confirmed by telephone with both the requesting party and the designated bank to verify instructions.

Certain institutions and financial intermediaries are authorized to accept redemption requests on behalf of the Funds as described under “How Do I Purchase Shares Through A Financial Institution?”

#### **When Do I Need A Medallion Signature Guarantee To Redeem Shares?**

A Medallion signature guarantee may be required if:

- You would like the redemption proceeds sent to an address that is not your address of record; or
- You would like the redemption proceeds sent to a domestic bank account that is not your bank account designated in the current records of the Transfer Agent.

A Medallion signature guarantee must be obtained from a bank, brokerage firm or other financial intermediary that is a member of an approved Medallion Guarantee Program or that is otherwise approved by the Trust. A notary public cannot provide a Medallion signature guarantee. Additional documentation may be required.

#### **What Do I Need To Know About Telephone Redemption Requests?**

The Trust, the Distributor and the Transfer Agent will not be liable for any loss you may incur in the event that the Trust accepts unauthorized telephone redemption requests that the Trust reasonably believes to be genuine. In an effort to prevent unauthorized or fraudulent redemption and exchange requests by telephone, Goldman Sachs employs reasonable procedures specified by the Trust to confirm that such instructions are genuine. If reasonable procedures are not employed, the Trust may be liable for any loss due to unauthorized or fraudulent transactions. The following general policies are currently in effect:

- Telephone requests are recorded.
- Proceeds of telephone redemption requests will be sent to your address of record or authorized account designated in the current records of the Transfer Agent (unless you provide written instructions and a Medallion signature guarantee indicating another address or account).
- For the 30-day period following a change of address, telephone redemptions will only be filled by a wire transfer to the authorized account designated in the current records of the Transfer Agent (see immediately preceding bullet point). In order to receive the redemption by check during this time period, a redemption

request must be in the form of a written letter (a Medallion signature guarantee may be required).

- The telephone redemption option may be modified or terminated at any time without prior notice.

**Note:** *It may be difficult to make telephone redemptions in times of unusual economic or market conditions.*

#### How Are Redemption Proceeds Paid?

**By Wire:** The Funds may arrange for your redemption proceeds to be paid as federal funds to the domestic bank account designated in the current records of the Transfer Agent. The following general policies govern wiring redemption proceeds:

- Redemption proceeds will normally be wired on the next business day in federal funds, but may be paid up to three business days following receipt of a properly executed wire transfer redemption request.
- Although redemption proceeds will normally be paid as described above, under certain circumstances, redemption requests or payments may be postponed or suspended as permitted under Section 22(e) of the Investment Company Act. Generally, under that section, redemption requests or payments may be postponed or suspended if (i) the New York Stock Exchange is closed for trading or trading is restricted; (ii) an emergency exists which makes the disposal of securities owned by a Fund or the fair determination of the value of a Fund's net assets not reasonably practicable; or (iii) the SEC, by order, permits the suspension of the right of redemption.
- If you are selling shares you recently paid for by check, the Fund will pay you when your check has cleared, which may take up to 15 days.
- If the Federal Reserve Bank is closed on the day that the redemption proceeds would ordinarily be wired, wiring the redemption proceeds may be delayed until the Federal Reserve Bank reopens.
- To change the bank designated in the current records of the Transfer Agent, you must send written instructions signed by an authorized person designated in the current records of the Transfer Agent.
- Neither the Trust nor Goldman Sachs assumes any responsibility for the performance of your bank or any other financial intermediaries in the transfer process. If a problem with such performance arises, you should deal directly with your bank or any such financial intermediaries.

**By Check:** You may elect in writing to receive your redemption proceeds by check. Redemption proceeds paid by check will normally be mailed to the address of record within three business days of receipt of a properly executed redemption request. If you are selling shares you recently paid for by check or ACH, the Fund will pay you when your check or ACH has cleared, which may take up to 15 days.

### What Else Do I Need To Know About Redemptions?

The following generally applies to redemption requests:

- Additional documentation may be required when deemed appropriate by the Transfer Agent. A redemption request will not be in proper form until such additional documentation has been received.
- Institutions (including banks, trust companies, brokers and investment advisers) are responsible for the timely transmittal of redemption requests by their customers to the Transfer Agent. In order to facilitate the timely transmittal of redemption requests, these institutions may set times by which they must receive redemption requests. These institutions may also require additional documentation from you.

The Trust reserves the right to:

- Redeem your shares in the event an institution's relationship with Goldman Sachs is terminated and you do not transfer your account to another institution with a relationship with Goldman Sachs.
- Redeem your shares if your account balance is below the required Fund minimum. The Funds will not redeem your shares on this basis if the value of your account falls below the minimum account balance solely as a result of market conditions. The Funds will give you 60 days prior written notice to allow you to purchase sufficient additional shares of the Funds in order to avoid such redemption.
- Subject to applicable law, redeem your shares in other circumstances determined by the Board of Trustees to be in the best interest of the Trust.
- Pay redemptions by a distribution in-kind of securities (instead of cash). If you receive redemption proceeds in-kind, you should expect to incur transaction costs upon the disposition of those securities.
- Reinvest any amounts (e.g., dividends, distributions or redemption proceeds) which you have elected to receive by check should your check be returned to a Fund as undeliverable or remain uncashed for six months. This provision may not apply to certain retirement or qualified accounts or to a closed account. No interest will accrue on amounts represented by uncashed checks.
- Charge an additional fee in the event a redemption is made via wire transfer.

None of the Trust, Investment Adviser, nor Goldman Sachs will be responsible for any loss in an investor's account or tax liability resulting from a redemption.

### Can I Exchange My Investment From One Goldman Sachs Fund To Another Goldman Sachs Fund?

You may exchange Institutional Shares of a Goldman Sachs Fund at NAV for certain shares of another Goldman Sachs Fund. Redemption of shares (including by exchange) of certain Goldman Sachs Funds offered in other prospectuses may,

## SHAREHOLDER GUIDE

however, be subject to a redemption fee for shares that are held for either 30 or 60 days or less. The exchange privilege may be materially modified or withdrawn at any time upon 60 days written notice. You should contact your authorized institution to arrange for exchanges of shares of a Fund for shares of another Goldman Sachs Fund.

You should keep in mind the following factors when making or considering an exchange:

- You should obtain and carefully read the prospectus of the Goldman Sachs Fund you are acquiring before making an exchange.
- Currently, the Funds do not impose any charge for exchange, although the Funds may impose a charge in the future.
- All exchanges which represent an initial investment in a Goldman Sachs Fund must satisfy the minimum initial investment requirement of that Fund. This requirement may be waived at the discretion of the Trust. Exchanges into a money market fund need not meet the traditional minimum investment requirements for that fund if the entire balance of the original Fund account is exchanged.
- Exchanges are available only in states where exchanges may be legally made.
- It may be difficult to make telephone exchanges in times of unusual economic or market conditions.
- Goldman Sachs may use reasonable procedures described under “What Do I Need To Know About Telephone Redemption Requests?” in an effort to prevent unauthorized or fraudulent telephone exchange requests.
- Normally, a telephone exchange will be made only to an identically registered account.
- Exchanges into Goldman Sachs Funds or certain share classes of Goldman Sachs Funds that are closed to new investors may be restricted.
- Exchanges into a Fund from another Goldman Sachs Fund may be subject to any redemption fee imposed by the other Goldman Sachs Fund.

For federal income tax purposes, an exchange from one Goldman Sachs Fund to another is treated as a redemption of the shares surrendered in the exchange, on which you may be subject to tax, followed by a purchase of shares received in the exchange. You should consult your tax adviser concerning the tax consequences of an exchange.

### What Types Of Reports Will I Be Sent Regarding Investments In Institutional Shares?

You will be provided with a printed confirmation of each transaction in your account and a monthly account statement. If your account is held in “street name” you may receive your statements and confirmations on a different schedule.

You will also receive an annual shareholder report containing audited financial statements and a semi-annual shareholder report. If you have consented to the delivery of a single copy of shareholder reports, prospectuses and other information to all shareholders who share the same mailing address with your account, you may revoke your consent at any time by contacting your financial intermediary or Goldman Sachs Funds by phone at 1-800-621-2550 or by mail at Goldman Sachs Funds, P.O. Box 06050, Chicago, IL 60606-6306. The Fund will begin sending individual copies to you within 30 days after receipt of your revocation.

In addition, authorized institutions and other financial intermediaries will be responsible for providing any communications from the Fund to its shareholders, including but not limited to prospectuses, prospectus supplements, proxy materials and notices regarding the sources of dividend payments under Section 19 of the Investment Company Act.

#### RESTRICTIONS ON EXCESSIVE TRADING PRACTICES

***Policies and Procedures on Excessive Trading Practices.*** In accordance with the policy adopted by the Board of Trustees, the Trust discourages frequent purchases and redemptions of Fund shares and does not permit market-timing or other excessive trading practices. Purchases and exchanges should be made with a view to longer-term investment purposes only that are consistent with the investment policies and practices of the respective Funds. Excessive, short-term (market-timing) trading practices may disrupt portfolio management strategies, increase brokerage and administrative costs, harm Fund performance and result in dilution in the value of Fund shares held by longer-term shareholders. The Trust and Goldman Sachs reserve the right to reject or restrict purchase or exchange requests from any investor. The Trust and Goldman Sachs will not be liable for any loss resulting from rejected purchase or exchange orders. To minimize harm to the Trust and its shareholders (or Goldman Sachs), the Trust (or Goldman Sachs) will exercise this right if, in the Trust's (or Goldman Sachs') judgment, an investor has a history of excessive trading or if an investor's trading, in the judgment of the Trust (or Goldman Sachs), has been or may be disruptive to a Fund. In making this judgment, trades executed in multiple accounts under common ownership or control may be considered together to the extent they can be identified. No waivers of the provisions of the policy established to detect and deter market-timing and other excessive trading activity are permitted that would harm the Trust or its shareholders or would subordinate the interests of the Trust or its shareholders to those of Goldman Sachs or any affiliated person or associated person of Goldman Sachs.

To deter excessive shareholder trading, certain other Goldman Sachs Funds (which are offered in separate prospectuses) impose a redemption fee on redemptions made

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within 30 days of purchase (60 days of purchase with respect to certain Goldman Sachs Funds offered in other prospectuses), subject to certain exceptions. As a further deterrent to excessive trading, many foreign equity securities that may be held by the Funds are priced by an independent pricing service using fair valuation. For more information on fair valuation, please see “Shareholder Guide—How To Buy Shares—How Are Shares Priced?”

Pursuant to the policy adopted by the Board of Trustees of the Trust, Goldman Sachs has developed criteria that it uses to identify trading activity that may be excessive. Goldman Sachs reviews on a regular, periodic basis available information relating to the trading activity in the Funds in order to assess the likelihood that a Fund may be the target of excessive trading. As part of its excessive trading surveillance process, Goldman Sachs, on a periodic basis, examines transactions that exceed certain monetary thresholds or numerical limits within a period of time. Consistent with the standards described above, if, in its judgment, Goldman Sachs detects excessive, short term trading, Goldman Sachs is authorized to reject or restrict a purchase or exchange request and may further seek to close an investor’s account with a Fund. Goldman Sachs may modify its surveillance procedures and criteria from time to time without prior notice regarding the detection of excessive trading or to address specific circumstances. Goldman Sachs will apply the criteria in a manner that, in Goldman Sachs’ judgment, will be uniform.

Fund shares may be held through omnibus arrangements maintained by financial intermediaries such as brokers-dealers, investment advisers and insurance companies. In addition, Fund shares may be held in omnibus 401(k) plans, employee benefit plans and other group accounts. Omnibus accounts include multiple investors and such accounts typically provide the Funds with a net purchase or redemption request on any given day where the purchases and redemptions of Fund shares by the investors are netted against one another. The identity of individual investors whose purchase and redemption orders are aggregated are ordinarily not tracked by the Funds on a regular basis. A number of these financial intermediaries may not have the capability or may not be willing to apply the Funds’ market-timing policies or any applicable redemption fee. While Goldman Sachs may monitor share turnover at the omnibus account level, a Fund’s ability to monitor and detect market-timing by shareholders or apply any applicable redemption fee in these omnibus accounts may be limited in certain circumstances, and certain of these financial intermediaries may charge the Fund a fee for providing certain shareholder information requested as part of the Fund’s surveillance process. The netting effect makes it more difficult to identify, locate and eliminate market-timing activities. In addition, those investors who engage in market-timing and other excessive trading activities may employ a variety of techniques to avoid detection. There can be no assurance that the Funds and Goldman Sachs will be able to

identify all those who trade excessively or employ a market-timing strategy, and curtail their trading in every instance. If necessary, the Trust may prohibit additional purchases of Fund shares by a financial intermediary or by certain of the financial intermediary's customers. Financial intermediaries may also monitor their customers' trading activities in the Funds. The criteria used by intermediaries to monitor for excessive trading may differ from the criteria used by the Funds. If a financial intermediary fails to cooperate in the implementation or enforcement of the Trust's excessive trading policies, the Trust may take certain actions including terminating the relationship.

## Taxation

As with any investment, you should consider how your investment in the Funds will be taxed. The tax information below is provided as general information. More tax information is available in the SAI. You should consult your tax adviser about the federal, state, local or foreign tax consequences of your investment in the Funds. Except as otherwise noted, the tax information provided assumes that you are a U.S. citizen or resident.

Unless your investment is through an IRA or other tax-advantaged account, you should carefully consider the possible tax consequences of Fund distributions and the sale of your Fund shares.

### DISTRIBUTIONS

Each Fund contemplates declaring as dividends each year all or substantially all of its taxable income. Distributions you receive from the Funds are generally subject to federal income tax, and may also be subject to state or local taxes. This is true whether you reinvest your distributions in additional Fund shares or receive them in cash. For federal tax purposes, the Funds' distributions attributable to net investment income and short-term capital gains are taxable to you as ordinary income. Any long-term capital gain distributions are taxable as long-term capital gains, no matter how long you have owned your Fund shares.

Under current provisions of the Code, the maximum long-term capital gain tax rate applicable to individuals, estates, and trusts is 15%. Also, Fund distributions to noncorporate shareholders attributable to dividends received by the Funds from U.S. and certain qualified foreign corporations will generally be taxed at the long-term capital gain rate, as long as certain other requirements are met. For these lower rates to apply, the non-corporate shareholder must own the relevant Fund shares for at least 61 days during the 121-day period beginning 60 days before the Fund's ex-dividend date. The amount of a Fund's distributions that would otherwise qualify for this favorable tax treatment will be reduced as a result of a Fund's securities lending activities or by a high portfolio turnover rate.

A sunset provision provides that the 15% long-term capital gain rate will increase to 20% and the taxation of dividends at the long-term capital gain rate will end after 2010.

Although distributions are generally treated as taxable to you in the year they are paid, distributions declared in October, November or December but paid in January

are taxable as if they were paid in December. A percentage of the Funds' dividends paid to corporate shareholders may be eligible for the corporate dividends-received deduction. This percentage may, however, be reduced as a result of a Fund's securities lending activities or by a high portfolio turnover rate. Character and tax status of all distributions will be available to shareholders after the close of each calendar year.

Each Fund may be subject to foreign withholding or other foreign taxes on income or gain from certain foreign securities. In general, the Funds may deduct these taxes in computing their taxable income.

If you buy shares of a Fund before it makes a distribution, the distribution will be taxable to you even though it may actually be a return of a portion of your investment. This is known as "buying into a dividend."

## SALES AND EXCHANGES

Your sale of Fund shares is a taxable transaction for federal income tax purposes, and may also be subject to state and local taxes. For tax purposes, the exchange of your Fund shares for shares of a different Goldman Sachs Fund is the same as a sale. When you sell your shares, you will generally recognize a capital gain or loss in an amount equal to the difference between your adjusted tax basis in the shares and the amount received. Generally, this capital gain or loss is long-term or short-term depending on whether your holding period exceeds one year, except that any loss realized on shares held for six months or less will be treated as a long-term capital loss to the extent of any capital gain dividends that were received on the shares. Additionally, any loss realized on a sale, exchange or redemption of shares of a Fund may be disallowed under "wash sale" rules to the extent the shares disposed of are replaced with other shares of that Fund within a period of 61 days beginning 30 days before and ending 30 days after the shares are disposed of, such as pursuant to a dividend reinvestment in shares of that Fund. If disallowed, the loss will be reflected in an adjustment to the basis of the shares acquired.

## OTHER INFORMATION

When you open your account, you should provide your Social Security Number or tax identification number on your Account Application. By law, each Fund must withhold 28% of your taxable distributions and any redemption proceeds if you do not provide your correct taxpayer identification number, or certify that it is correct, or if the IRS instructs the Fund to do so.

## TAXATION

Non-U.S. investors are generally subject to U.S. withholding tax and may be subject to U.S. estate tax. However, withholding is generally not required on properly designated distributions to non-U.S. investors of long-term capital gains and, for distributions before September 1, 2010, short-term capital gains and qualified interest income. Although this designation will be made for capital gain distributions, the Funds do not anticipate making any qualified interest income designations. Therefore, all distributions of interest income will be subject to withholding when paid to non-U.S. investors. More information about U.S. taxation of non-U.S. investors is included in the SAI.

# Appendix A

## Additional Information on Portfolio Risks, Securities and Techniques

### A. General Portfolio Risks

The Funds will be subject to the risks associated with equity investments. “Equity investments” may include common stocks, preferred stocks, interests in real estate investment trusts, convertible debt obligations, convertible preferred stocks, equity interests in trusts, partnerships, joint ventures, limited liability companies and similar enterprises, warrants, stock purchase rights and synthetic and derivative instruments (such as swaps and futures contracts) that have economic characteristics similar to equity securities. In general, the values of equity investments fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the values of the equity investments that a Fund holds may decline over short or extended periods. The stock markets tend to be cyclical, with periods when stock prices generally rise and periods when prices generally decline. This volatility means that the value of your investment in the Funds may increase or decrease. In recent years, certain stock markets have experienced substantial price volatility.

To the extent that a Fund invests in fixed income securities, that Fund will also be subject to the risks associated with its fixed income securities. These risks include interest rate risk, credit/default risk and call/extension risk. In general, interest rate risk involves the risk that when interest rates decline, the market value of fixed income securities tends to increase (although many mortgage-related securities will have less potential than other debt securities for capital appreciation during periods of declining rates). Conversely, when interest rates increase, the market value of fixed income securities tends to decline. Credit/default risk involves the risk that an issuer or guarantor could default on its obligations, and a Fund will not recover its investment. Call risk and extension risk are normally present in mortgage-backed securities and asset-backed securities. For example, homeowners have the option to prepay their mortgages. Therefore, the duration of a security backed by home mortgages can either shorten (call risk) or lengthen (extension risk). In general, if interest rates on new mortgage loans fall sufficiently below the interest rates on existing outstanding mortgage loans, the rate of prepayment would be expected to increase. Conversely, if mortgage loan interest rates rise above the interest rates on existing outstanding mortgage loans, the rate of prepayment would be expected to decrease. In either case, a change in the prepayment rate can result in losses to

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investors. The same would be true of asset-backed securities such as securities backed by car loans.

Certain of the Funds will invest in non-investment grade fixed income securities (commonly known as “junk bonds”), which are rated below investment grade (or determined to be of equivalent quality, if not rated) at the time of purchase and are therefore considered speculative. Because non-investment grade fixed income securities are issued by issuers with low credit ratings, they pose a greater risk of default than investment grade securities.

The Investment Adviser will not consider the portfolio turnover rate a limiting factor in making investment decisions for a Fund. A high rate of portfolio turnover (100% or more) involves correspondingly greater expenses which must be borne by a Fund and its shareholders, and is also likely to result in higher short-term capital gains taxable to shareholders. The portfolio turnover rate is calculated by dividing the lesser of the dollar amount of sales or purchases of portfolio securities by the average monthly value of a Fund’s portfolio securities, excluding securities having a maturity at the date of purchase of one year or less. See “Financial Highlights” in Appendix B for a statement of the Funds’ historical portfolio turnover rates.

The following sections provide further information on certain types of securities and investment techniques that may be used by the Funds, including their associated risks. Additional information is provided in the SAI, which is available upon request. Among other things, the SAI describes certain fundamental investment restrictions that cannot be changed without shareholder approval. You should note, however, that all investment objectives and all investment policies not specifically designated as fundamental are non-fundamental, and may be changed without shareholder approval. If there is a change in a Fund’s investment objective, you should consider whether that Fund remains an appropriate investment in light of your then current financial position and needs.

### B. Other Portfolio Risks

#### ***Risks of Investing in Small Capitalization and Mid-Capitalization Companies.***

Each Fund may, to the extent consistent with its investment policies, invest in small and mid-capitalization companies. Investments in small and mid-capitalization companies involve greater risk and portfolio price volatility than investments in larger capitalization stocks. Among the reasons for the greater price volatility of these investments are the less certain growth prospects of smaller firms and the lower degree of liquidity in the markets for such securities. Small and mid-capitalization companies may be thinly traded and may have to be sold at a discount from current market prices or in small lots over an extended period of time. In

addition, these securities are subject to the risk that during certain periods the liquidity of particular issuers or industries, or all securities in particular investment categories, will shrink or disappear suddenly and without warning as a result of adverse economic or market conditions, or adverse investor perceptions whether or not accurate. Because of the lack of sufficient market liquidity, a Fund may incur losses because it will be required to effect sales at a disadvantageous time and only then at a substantial drop in price. Small and mid-capitalization companies include “unseasoned” issuers that do not have an established financial history; often have limited product lines, markets or financial resources; may depend on or use a few key personnel for management; and may be susceptible to losses and risks of bankruptcy. Small and mid-capitalization companies may be operating at a loss or have significant variations in operating results; may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; and may have substantial borrowings or may otherwise have a weak financial condition. In addition, these companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. Transaction costs for these investments are often higher than those of larger capitalization companies. Investments in small and mid-capitalization companies may be more difficult to price precisely than other types of securities because of their characteristics and lower trading volumes.

***Risks of Foreign Investments.*** The Funds may make foreign investments. Foreign investments involve special risks that are not typically associated with U.S. dollar denominated or quoted securities of U.S. issuers. Foreign investments may be affected by changes in currency rates, changes in foreign or U.S. laws or restrictions applicable to such investments and changes in exchange control regulations (*e.g.*, currency blockage). A decline in the exchange rate of the currency (*i.e.*, weakening of the currency against the U.S. dollar) in which a portfolio security is quoted or denominated relative to the U.S. dollar would reduce the value of the portfolio security. In addition, if the currency in which a Fund receives dividends, interest or other payments declines in value against the U.S. dollar before such income is distributed as dividends to shareholders or converted to U.S. dollars, the Fund may have to sell portfolio securities to obtain sufficient cash to pay such dividends.

Brokerage commissions, custodial services and other costs relating to investment in international securities markets generally are more expensive than in the United States. In addition, clearance and settlement procedures may be different in foreign countries and, in certain markets, such procedures have been unable to keep pace

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with the volume of securities transactions, thus making it difficult to conduct such transactions.

Foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to U.S. issuers. There may be less publicly available information about a foreign issuer than about a U.S. issuer. In addition, there is generally less government regulation of foreign markets, companies and securities dealers than in the United States, and the legal remedies for investors may be more limited than the remedies available in the United States. Foreign securities markets may have substantially less volume than U.S. securities markets and securities of many foreign issuers are less liquid and more volatile than securities of comparable domestic issuers. Furthermore, with respect to certain foreign countries, there is a possibility of nationalization, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividend or interest payments (or, in some cases, capital gains distributions), limitations on the removal of funds or other assets from such countries, and risks of political or social instability or diplomatic developments which could adversely affect investments in those countries.

Concentration of a Fund's assets in one or a few countries and currencies will subject a Fund to greater risks than if a Fund's assets were not geographically concentrated.

Investment in sovereign debt obligations by a Fund involves risks not present in debt obligations of corporate issuers. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due in accordance with the terms of such debt, and a Fund may have limited recourse to compel payment in the event of a default. Periods of economic uncertainty may result in the volatility of market prices of sovereign debt, and in turn a Fund's NAV, to a greater extent than the volatility inherent in debt obligations of U.S. issuers.

A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward international lenders, and the political constraints to which a sovereign debtor may be subject.

Investments in foreign securities may take the form of sponsored and unsponsored American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs"). The Funds may also invest in European Depositary Receipts ("EDRs") or other similar instruments representing securities of foreign issuers. ADRs, GDRs and

EDRs represent the right to receive securities of foreign issuers deposited in a bank or other depository. ADRs and certain GDRs are traded in the United States. GDRs may be traded in either the United States or in foreign markets. EDRs are traded primarily outside the United States. Prices of ADRs are quoted in U.S. dollars. EDRs and GDRs are not necessarily quoted in the same currency as the underlying security.

***Risks of Emerging Countries.*** The Funds may invest in securities of issuers located in emerging countries. The risks of foreign investment are heightened when the issuer is located in an emerging country. Emerging countries are generally located in the Asia and Pacific regions, the Middle East, Eastern Europe, Central and South America and Africa. A Fund's purchase and sale of portfolio securities in certain emerging countries may be constrained by limitations relating to daily changes in the prices of listed securities, periodic trading or settlement volume and/or limitations on aggregate holdings of foreign investors. Such limitations may be computed based on the aggregate trading volume by or holdings of a Fund, the Investment Adviser, its affiliates and their respective clients and other service providers. A Fund may not be able to sell securities in circumstances where price, trading or settlement volume limitations have been reached.

Foreign investment in the securities markets of certain emerging countries is restricted or controlled to varying degrees which may limit investment in such countries or increase the administrative costs of such investments. For example, certain Asian countries require governmental approval prior to investments by foreign persons or limit investment by foreign persons to only a specified percentage of an issuer's outstanding securities or a specific class of securities which may have less advantageous terms (including price) than securities of the issuer available for purchase by nationals. In addition, certain countries may restrict or prohibit investment opportunities in issuers or industries deemed important to national interests. Such restrictions may affect the market price, liquidity and rights of securities that may be purchased by a Fund. The repatriation of both investment income and capital from certain emerging countries is subject to restrictions such as the need for governmental consents. In situations where a country restricts direct investment in securities (which may occur in certain Asian and other countries), a Fund may invest in such countries through other investment funds in such countries.

Many emerging countries have experienced currency devaluations and substantial (and, in some cases, extremely high) rates of inflation. Other emerging countries have experienced economic recessions. These circumstances have had a negative effect on the economies and securities markets of such emerging countries. Economies in emerging countries generally are dependent heavily upon commodity prices and international trade and, accordingly, have been and may continue to be

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affected adversely by the economies of their trading partners, trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade.

Many emerging countries are subject to a substantial degree of economic, political and social instability. Governments of some emerging countries are authoritarian in nature or have been installed or removed as a result of military coups, while governments in other emerging countries have periodically used force to suppress civil dissent. Disparities of wealth, the pace and success of democratization, and ethnic, religious and racial disaffection, among other factors, have also led to social unrest, violence and/or labor unrest in some emerging countries. Unanticipated political or social developments may result in sudden and significant investment losses. Investing in emerging countries involves greater risk of loss due to expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and on repatriation of capital invested. As an example, in the past, some Eastern European governments have expropriated substantial amounts of private property, and many claims of the property owners have never been fully settled. There is no assurance that similar expropriations will not recur in Eastern European or other countries.

A Fund's investment in emerging countries may also be subject to withholding or other taxes, which may be significant and may reduce the return to the Fund from an investment in issuers in such countries.

Settlement procedures in emerging countries are frequently less developed and reliable than those in the United States and may involve a Fund's delivery of securities before receipt of payment for their sale. In addition, significant delays may occur in certain markets in registering the transfer of securities. Settlement or registration problems may make it more difficult for a Fund to value its portfolio securities and could cause the Fund to miss attractive investment opportunities, to have a portion of its assets uninvested or to incur losses due to the failure of a counterparty to pay for securities the Fund has delivered or the Fund's inability to complete its contractual obligations because of theft or other reasons.

The creditworthiness of the local securities firms used by a Fund in emerging countries may not be as sound as the creditworthiness of firms used in more developed countries. As a result, the Fund may be subject to a greater risk of loss if a securities firm defaults in the performance of its responsibilities.

The small size and inexperience of the securities markets in certain emerging countries and the limited volume of trading in securities in those countries may make a Fund's investments in such countries less liquid and more volatile than

investments in countries with more developed securities markets (such as the United States, Japan and most Western European countries). A Fund's investments in emerging countries are subject to the risk that the liquidity of a particular investment, or investments generally, in such countries will shrink or disappear suddenly and without warning as a result of adverse economic, market or political conditions or adverse investor perceptions, whether or not accurate. Because of the lack of sufficient market liquidity, a Fund may incur losses because it will be required to effect sales at a disadvantageous time and only then at a substantial drop in price. Investments in emerging countries may be more difficult to value precisely because of the characteristics discussed above and lower trading volumes.

A Fund's use of foreign currency management techniques in emerging countries may be limited. The Investment Adviser anticipates that a significant portion of a Fund's currency exposure in emerging countries may not be covered by these techniques.

**Foreign Custody Risk.** A Fund that invests in foreign securities may hold such securities and cash with foreign banks, agents and securities depositories appointed by the Fund's custodian (each a "Foreign Custodian"). Some Foreign Custodians may be recently organized or new to the foreign custody business. In some countries, Foreign Custodians may be subject to little or no regulatory oversight over or independent evaluation of their operations. Further, the laws of certain countries may place limitations on a Fund's ability to recover its assets if a Foreign Custodian enters bankruptcy. Investments in emerging markets may be subject to even greater custody risks than investments in more developed markets. Custody services in emerging market countries are very often undeveloped and may be considerably less well regulated than in more developed countries, and thus may not afford the same level of investor protection as would apply in developed countries.

**Risks of Derivative Investments.** The Funds may invest in derivative instruments including without limitation, options, futures, options on futures, swaps, structured securities and derivatives relating to foreign currency transactions. Investments in derivative instruments may be for both hedging and nonhedging purposes (that is, to seek to increase total return, although suitable derivative instruments may not always be available to the Investment Adviser for these purposes). Losses from investments in derivative instruments can result from a lack of correlation between changes in the value of derivative instruments and the portfolio assets (if any) being hedged, the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. The use of these management techniques also involves the risk of loss if the Investment Adviser is incorrect in its expectation of the timing or level of

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fluctuations in securities prices, interest rates or currency prices. Investments in derivative instruments may be harder to value, subject to greater volatility and more likely subject to changes in tax treatment than other investments. For these reasons, the Investment Adviser's attempts to hedge portfolio risks through the use of derivative instruments may not be successful, and the Investment Adviser may choose not to hedge certain portfolio risks. Investing for nonhedging purposes is considered a speculative practice and presents even greater risk of loss.

***Risks of Illiquid Securities.*** Each Fund may invest up to 15% of its net assets in illiquid securities which cannot be disposed of in seven days in the ordinary course of business at fair value. Illiquid securities in which some or all of the Funds may invest include:

- Both domestic and foreign securities that are not readily marketable
- Certain stripped mortgage-backed securities
- Repurchase agreements and time deposits with a notice or demand period of more than seven days
- Certain over-the-counter options
- Certain structured securities and swap transactions
- Certain private investments in public equity ("PIPEs")
- Certain restricted securities, unless it is determined, based upon a review of the trading markets for a specific restricted security, that such restricted security is liquid because it is so-called "4(2) commercial paper" or is otherwise eligible for resale pursuant to Rule 144A under the Securities Act of 1933 ("144A Securities").

Investing in 144A Securities may decrease the liquidity of a Fund's portfolio to the extent that qualified institutional buyers become for a time uninterested in purchasing these restricted securities. The purchase price and subsequent valuation of restricted and illiquid securities normally reflect a discount, which may be significant, from the market price of comparable securities for which a liquid market exists.

Securities purchased by a Fund, particularly debt securities and over-the-counter traded securities, that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer of the securities, markets events, economic conditions or investor perceptions. Domestic and foreign markets are becoming more and more complex and interrelated, so that events in one sector of the market or the economy, or in one geographical region, can reverberate and have negative consequences for other market, economic or regional sectors in a manner that may not be reasonably foreseen. With respect to over-the-counter traded securities, the continued viability of any over-the-counter secondary market depends

on the continued willingness of dealers and other participants to purchase the securities.

If one or more securities in a Fund's portfolio become illiquid, the Fund may exceed its 15 percent limitation in illiquid instruments. In the event that changes in the portfolio or other external events cause the investments in illiquid instruments to exceed 15 percent of a Fund's net assets, the Fund must take steps to bring the aggregate amount of illiquid instruments back within the prescribed limitations as soon as reasonably practicable. This requirement would not force a Fund to liquidate any portfolio instrument where the Fund would suffer a loss on the sale of that instrument.

In cases where no clear indication of the value of a Fund's portfolio instruments is available, the portfolio instruments will be valued at their fair value according to the valuation procedures approved by the Board of Trustees. These cases include, among others, situations where the secondary markets on which a security has previously been traded are no longer viable for lack of liquidity. For more information on fair valuation, please see "Shareholder Guide—How To Buy Shares—How Are Shares Priced?"

***Credit/Default Risks.*** Debt securities purchased by the Funds may include securities (including zero coupon bonds) issued by the U.S. government (and its agencies, instrumentalities and sponsored enterprises), foreign governments, domestic and foreign corporations, banks and other issuers. Some of these fixed income securities are described in the next section below. Further information is provided in the SAI.

Debt securities rated BBB or higher by Standard & Poor's Rating Group ("Standard & Poor's"), or Baa or higher by Moody's Investors Service, Inc. ("Moody's") or having a comparable rating by another NRSRO are considered "investment grade." Securities rated BBB or Baa are considered medium-grade obligations with speculative characteristics, and adverse economic conditions or changing circumstances may weaken their issuers' capacity to pay interest and repay principal. A security will be deemed to have met a rating requirement if it receives the minimum required rating from at least one such rating organization even though it has been rated below the minimum rating by one or more other rating organizations, or if unrated by such rating organizations, the security is determined by the Investment Adviser to be of comparable credit quality. A security satisfies a Fund's minimum rating requirement regardless of its relative ranking (for example, plus or minus) within a designated major rating category (for example, BBB or Baa). If a security satisfies a Fund's minimum rating requirement at the time of purchase and is subsequently downgraded below that rating, the Fund will not be required to dispose of the security. If a downgrade occurs, the Investment Adviser

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will consider which action, including the sale of the security, is in the best interest of a Fund and its shareholders.

Certain Funds may invest in fixed income securities rated BB or Ba or below (or comparable unrated securities) which are commonly referred to as “junk bonds.” Junk bonds are considered speculative and may be questionable as to principal and interest payments.

In some cases, junk bonds may be highly speculative, have poor prospects for reaching investment grade standing and be in default. As a result, investment in such bonds will present greater speculative risks than those associated with investment in investment grade bonds. Also, to the extent that the rating assigned to a security in a Fund’s portfolio is downgraded by a rating organization, the market price and liquidity of such security may be adversely affected.

***Risks of Initial Public Offerings.*** The Funds may invest in IPOs. An IPO is a company’s first offering of stock to the public. IPO risk is the risk that the market value of IPO shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk. When a Fund’s asset base is small, a significant portion of the Fund’s performance could be attributable to investments in IPOs, because such investments would have a magnified impact on the Fund. As the Fund’s assets grow, the effect of the Fund’s investments in IPOs on the Fund’s performance probably will decline, which could reduce the Fund’s performance. Because of the price volatility of IPO shares, a Fund may choose to hold IPO shares for a very short period of time. This may increase the turnover of the Fund’s portfolio and may lead to increased expenses to the Fund, such as commissions and transaction costs. By selling IPO shares, the Fund may realize taxable gains it will subsequently distribute to shareholders. In addition, the market for IPO shares can be speculative and/or inactive for extended periods of time. There is no assurance that a Fund will be able to obtain allocable portions of IPO shares. The limited number of shares available for trading in some IPOs may make it more difficult for a Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing prices. Investors in IPO shares can be affected by substantial dilution in the value of their shares, by sales of additional shares and by concentration of control in existing management and principal shareholders.

***Temporary Investment Risks.*** Each Fund may, for temporary defensive purposes, invest a certain percentage of its total assets in:

- U.S. government securities

- Commercial paper rated at least A-2 by Standard & Poor's, P-2 by Moody's or having a comparable rating by another NRSRO
- Certificates of deposit
- Bankers' acceptances
- Repurchase agreements
- Non-convertible preferred stocks and non-convertible corporate bonds with a remaining maturity of less than one year
- Certain exchange-traded funds (ETFs)
- Cash
- Cash equivalents

When a Fund's assets are invested in such instruments, the Fund may not be achieving its investment objective.

**Risks of Large Shareholder Redemptions.** Certain funds, accounts, individuals or Goldman Sachs affiliates may from time to time own (beneficially or of record) or control a significant percentage of a Fund's shares. Redemptions by these funds, accounts or individuals of their holdings in a Fund may impact the Fund's liquidity and NAV. These redemptions may also force a Fund to sell securities, which may negatively impact the Fund's brokerage and tax costs.

### C. Portfolio Securities and Techniques

This section provides further information on certain types of securities and investment techniques that may be used by the Funds, including their associated risks.

The Funds may purchase other types of securities or instruments similar to those described in this section if otherwise consistent with the Fund's investment objective and policies. Further information is provided in the SAI, which is available upon request.

**Convertible Securities.** Each Fund (other than the Small/Mid Cap Growth Fund) may invest in convertible securities. Convertible securities are preferred stock or debt obligations that are convertible into common stock. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. Convertible securities in which a Fund invests are subject to the same rating criteria as its other investments in fixed income securities. Convertible securities have both equity and fixed income risk characteristics. Like all fixed income securities, the value of convertible securities is susceptible to the risk of market losses attributable to changes in interest rates. Generally, the market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common

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stock underlying a convertible security exceeds the conversion price of the convertible security, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security, like a fixed income security, tends to trade increasingly on a yield basis, and thus may not decline in price to the same extent as the underlying common stock.

**Foreign Currency Transactions.** A Fund may, to the extent consistent with its investment policies, purchase or sell foreign currencies on a cash basis or through forward contracts. A forward contract involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract. A Fund may engage in foreign currency transactions for hedging purposes and to seek to protect against anticipated changes in future foreign currency exchange rates. In addition, certain Funds may enter into foreign currency transactions to seek a closer correlation between the Fund's overall currency exposures and the currency exposures of the Fund's performance benchmark. Certain Funds may also enter into such transactions to seek to increase total return, which is considered a speculative practice.

The Funds may also engage in cross-hedging by using forward contracts in a currency different from that in which the hedged security is denominated or quoted. A Fund may hold foreign currency received in connection with investments in foreign securities when, in the judgment of the Investment Adviser, it would be beneficial to convert such currency into U.S. dollars at a later date (*e.g.*, the Investment Adviser may anticipate the foreign currency to appreciate against the U.S. dollar).

Currency exchange rates may fluctuate significantly over short periods of time, causing, along with other factors, a Fund's NAV to fluctuate (when the Fund's NAV fluctuates, the value of your shares may go up or down). Currency exchange rates also can be affected unpredictably by the intervention of U.S. or foreign governments or central banks, or the failure to intervene, or by currency controls or political developments in the United States or abroad.

The market in forward foreign currency exchange contracts, currency swaps and other privately negotiated currency instruments offers less protection against defaults by the other party to such instruments than is available for currency instruments traded on an exchange. Such contracts are subject to the risk that the counterparty to the contract will default on its obligations. Because these contracts are not guaranteed by an exchange or clearinghouse, a default on a contract would deprive a Fund of unrealized profits, transaction costs or the benefits of a currency hedge or could force the Fund to cover its purchase or sale commitments, if any, at the current market price. As an investment company registered with the SEC, each

Fund must “set aside” (often referred to as “asset segregation”) liquid assets, or engage in other appropriate measures to “cover” open positions with respect to its transactions in forward currency contracts.

**Structured Securities.** Each Fund may invest in structured securities. Structured securities are securities whose value is determined by reference to changes in the value of specific currencies, securities, interest rates, commodities, indices or other financial indicators (the “Reference”) or the relative change in two or more References. Investments in structured securities may provide exposure to certain securities or markets in situations where regulatory or other restrictions prevent direct investments in such issuers or markets.

The interest rate or the principal amount payable upon maturity or redemption may be increased or decreased depending upon changes in the applicable Reference. Structured securities may be positively or negatively indexed, so that appreciation of the Reference may produce an increase or decrease in the interest rate or value of the security at maturity. In addition, changes in the interest rates or the value of the security at maturity may be a multiple of changes in the value of the Reference, effectively leveraging the Fund’s investment so that small changes in the value of the Reference may result in disproportionate gains or losses to the Fund. Consequently, structured securities may present a greater degree of market risk than many types of securities and may be more volatile, less liquid and more difficult to price accurately than less complex securities. Structured securities are also subject to the risk that the issuer of the structured securities may fail to perform its contractual obligations. Certain issuers of structured products may be deemed to be investment companies as defined in the Investment Company Act. As a result, a Fund’s investments in structured securities may be subject to the limits applicable to investments in other investment companies.

Structured securities include, but are not limited to, equity linked notes. An equity linked note is a note whose performance is tied to a single stock, a stock index or a basket of stocks. Equity linked notes combine the principal protection normally associated with fixed income investments with the potential for capital appreciation normally associated with equity investments. Upon the maturity of the note, the holder generally receives a return of principal based on the capital appreciation of the linked securities. Depending on the terms of the note, equity linked notes may also have a “cap” or “floor” on the maximum principal amount to be repaid to holders, irrespective of the performance of the underlying linked securities. For example, a note may guarantee the repayment of the original principal amount invested (even if the underlying linked securities have negative performance during the note’s term), but may cap the maximum payment at maturity at a certain percentage of the issuance price or the return of the underlying linked securities.

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Alternatively, the note may not guarantee a full return on the original principal, but may offer a greater participation in any capital appreciation of the underlying linked securities. The terms of an equity linked note may also provide for periodic interest payments to holders at either a fixed or floating rate. The secondary market for equity linked notes may be limited, and the lack of liquidity in the secondary market may make these securities difficult to dispose of and to value. Equity linked notes will be considered equity securities for purposes of a Fund's investment objective and policies.

**REITs.** Each Fund may invest in REITs. REITs are pooled investment vehicles that invest primarily in either real estate or real estate related loans. The value of a REIT is affected by changes in the value of the properties owned by the REIT or securing mortgage loans held by the REIT. REITs are dependent upon the ability of the REITs' managers, and are subject to heavy cash flow dependency, default by borrowers and the qualification of the REITs under applicable regulatory requirements for favorable income tax treatment. REITs are also subject to risks generally associated with investments in real estate including possible declines in the value of real estate, general and local economic conditions, environmental problems and changes in interest rates. To the extent that assets underlying a REIT are concentrated geographically, by property type or in certain other respects, these risks may be heightened. A Fund will indirectly bear its proportionate share of any expenses, including management fees, paid by a REIT in which it invests.

**Options on Securities, Securities Indices and Foreign Currencies.** A put option gives the purchaser of the option the right to sell, and the writer (seller) of the option the obligation to buy, the underlying instrument during the option period. A call option gives the purchaser of the option the right to buy, and the writer (seller) of the option the obligation to sell, the underlying instrument during the option period. Each Fund may write (sell) covered call and put options and purchase put and call options on any securities in which the Fund may invest or on any securities index consisting of securities in which it may invest. A Fund may also, to the extent consistent with its investment policies, purchase and sell (write) put and call options on foreign currencies.

The writing and purchase of options is a highly specialized activity which involves special investment risks. Options may be used for either hedging or cross-hedging purposes, or to seek to increase total return (which is considered a speculative activity). The successful use of options depends in part on the ability of the Investment Adviser to anticipate future price fluctuations and the degree of correlation between the options and securities (or currency) markets. If the Investment Adviser is incorrect in its expectation of changes in market prices or determination of the correlation between the instruments or indices on which

options are written and purchased and the instruments in a Fund's investment portfolio, the Fund may incur losses that it would not otherwise incur. The use of options can also increase a Fund's transaction costs. Options written or purchased by the Funds may be traded on either U.S. or foreign exchanges or over-the-counter. Foreign and over-the-counter options will present greater possibility of loss because of their greater illiquidity and credit risks.

In lieu of entering into "protective put" transactions, certain Funds may engage in barrier options transactions as an alternative means to offset or hedge against a decline in the market value of a Fund's securities. Barrier options are similar to standard options except that they become activated or are extinguished when the underlying asset reaches a predetermined level or barrier. "Down and out" barrier options are canceled or "knocked out" if the underlying asset falls to a predetermined level. "Down and in" barrier options are activated or "knocked in" if the underlying asset falls to a pre-determined level. "Up and out" barrier options are extinguished or "knocked out" if the underlying asset rises to a predetermined level. "Up and in" barrier options are activated or "knocked in" if the underlying asset rises to a predetermined level. If the Investment Adviser sets too high or too low a barrier, and the option is either extinguished or "knocked out" or the options are never activated or "knocked in," the benefits to a Fund using a barrier option strategy may be limited and the costs associated with a barrier option strategy could be detrimental to a Fund's performance. When writing an option, a Fund must "set aside" liquid assets, or engage in other appropriate measures to "cover" its obligation under the option contract.

***Futures Contracts and Options on Futures Contracts.*** Futures contracts are standardized, exchange-traded contracts that provide for the sale or purchase of a specified financial instrument or currency at a future time at a specified price. An option on a futures contract gives the purchaser the right (and the writer of the option the obligation) to assume a position in a futures contract at a specified exercise price within a specified period of time. A futures contract may be based on particular securities, foreign currencies, securities indices and other financial instruments and indices. The Funds may engage in futures transactions on both U.S. and foreign exchanges.

Each Fund may purchase and sell futures contracts, and purchase and write call and put options on futures contracts, in order to seek to increase total return or to hedge against changes in interest rates, securities prices or, to the extent a Fund invests in foreign securities, currency exchange rates, or to otherwise manage its term structure, sector selections and duration in accordance with its investment objective and policies. Each Fund may also enter into closing purchase and sale transactions with respect to such contracts and options. The Trust, on behalf of each Fund, has

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claimed an exclusion from the definition of the term “commodity pool operator” under the Commodity Exchange Act, and therefore is not subject to registration or regulation as a pool operator under that Act with respect to the Funds.

Futures contracts and related options present the following risks:

- While a Fund may benefit from the use of futures and options on futures, unanticipated changes in interest rates, securities prices or currency exchange rates may result in poorer overall performance than if the Fund had not entered into any futures contracts or options transactions.
- Because perfect correlation between a futures position and a portfolio position that is intended to be protected is impossible to achieve, the desired protection may not be obtained and a Fund may be exposed to additional risk of loss.
- The loss incurred by a Fund in entering into futures contracts and in writing call options on futures is potentially unlimited and may exceed the amount of the premium received.
- Futures markets are highly volatile and the use of futures may increase the volatility of a Fund’s NAV.
- As a result of the low margin deposits normally required in futures trading, a relatively small price movement in a futures contract may result in substantial losses to a Fund.
- Futures contracts and options on futures may be illiquid, and exchanges may limit fluctuations in futures contract prices during a single day.
- Foreign exchanges may not provide the same protection as U.S. exchanges.

A Fund must “set aside” liquid assets, or engage in other appropriate measures to “cover” open positions with respect to its transactions in futures contracts and options on futures contracts. In the case of futures contracts that do not cash settle, for example, a Fund must set aside liquid assets equal to the full notional value of the futures contracts while the positions are open. With respect to futures contracts that do cash settle, however, a Fund is permitted to set aside liquid assets in an amount equal to the Fund’s daily marked-to-market net obligations (*i.e.*, the Fund’s daily net liability) under the futures contracts, if any, rather than their full notional value. Each Fund reserves the right to modify its asset segregation policies in the future to comply with any changes in the positions from time to time articulated by the SEC or its staff regarding asset segregation. By setting aside assets equal to only its net obligations under cash-settled futures contracts, a Fund will have the ability to employ leverage to a greater extent than if the Fund were required to segregate assets equal to the full notional amount of the futures contracts.

**Equity Swaps.** Each Fund may invest in equity swaps. Equity swaps allow the parties to a swap agreement to exchange the dividend income or other components

of return on an equity investment (for example, a group of equity securities or an index) for a component of return on another non-equity or equity investment.

An equity swap may be used by a Fund to invest in a market without owning or taking physical custody of securities in circumstances in which direct investment may be restricted for legal reasons or is otherwise deemed impractical or disadvantageous. Equity swaps are derivatives and their value can be very volatile. To the extent that the Investment Adviser does not accurately analyze and predict the potential relative fluctuation of the components swapped with another party, a Fund may suffer a loss, which may be substantial. The value of some components of an equity swap (such as the dividends on a common stock) may also be sensitive to changes in interest rates. Furthermore, a Fund may suffer a loss if the counterparty defaults. Because equity swaps are normally illiquid, a Fund may be unable to terminate its obligations when desired. When entering into swap contracts, a Fund must “set aside” liquid assets, or engage in other appropriate measures to “cover” its obligation under the swap contract.

***When-Issued Securities and Forward Commitments.*** Each Fund may purchase when-issued securities and make contracts to purchase or sell securities for a fixed price at a future date beyond customary settlement time. When-issued securities are securities that have been authorized, but not yet issued. When-issued securities are purchased in order to secure what is considered to be an advantageous price and yield to the Fund at the time of entering into the transaction. A forward commitment involves the entering into a contract to purchase or sell securities for a fixed price at a future date beyond the customary settlement period.

The purchase of securities on a when-issued or forward commitment basis involves a risk of loss if the value of the security to be purchased declines before the settlement date. Conversely, the sale of securities on a forward commitment basis involves the risk that the value of the securities sold may increase before the settlement date. Although a Fund will generally purchase securities on a when-issued or forward commitment basis with the intention of acquiring the securities for its portfolio, a Fund may dispose of when-issued securities or forward commitments prior to settlement if the Investment Adviser deems it appropriate. When purchasing a security on a when-issued basis or entering into a forward commitment, a Fund must “set aside” liquid assets, or engage in other appropriate measures to “cover” its obligations.

***Repurchase Agreements.*** Repurchase agreements involve the purchase of securities subject to the seller’s agreement to repurchase them at a mutually agreed upon date and price. Each Fund may enter into repurchase agreements with securities dealers and banks which furnish collateral at least equal in value or market price to the amount of their repurchase obligation.

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If the other party or “seller” defaults, a Fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and other collateral held by the Fund are less than the repurchase price and the Fund’s costs associated with delay and enforcement of the repurchase agreement. In addition, in the event of bankruptcy of the seller, a Fund could suffer additional losses if a court determines that the Fund’s interest in the collateral is not enforceable.

Certain Funds, together with other registered investment companies having advisory agreements with the Investment Adviser or any of its affiliates, may transfer uninvested cash balances into a single joint account, the daily aggregate balance of which will be invested in one or more repurchase agreements.

***Lending of Portfolio Securities.*** Each Fund may engage in securities lending. Securities lending involves the lending of securities owned by a Fund to financial institutions such as certain broker-dealers including, as permitted by the SEC, Goldman Sachs. The borrowers are required to secure their loans continuously with cash, cash equivalents, U.S. government securities or letters of credit in an amount at least equal to the market value of the securities loaned. Cash collateral may be invested by a Fund in short-term investments, including registered and unregistered investment pools managed by the Investment Adviser, State Street Bank and Trust Company (“State Street”) or their affiliates and from which the Investment Adviser, State Street or their affiliates may receive fees. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation, and a Fund will be responsible for any loss that might result from its investment of the borrowers’ collateral. If the Investment Adviser determines to make securities loans, the value of the securities loaned may not exceed 20% of the value of the total assets of a Fund (including the loan collateral). Loan collateral (including any investment of the collateral) is not subject to the percentage limitations or non-fundamental investment policies described elsewhere in this Prospectus regarding investments in fixed income securities and cash equivalents.

A Fund may lend its securities to increase its income. A Fund may, however, experience delay in the recovery of its securities or incur a loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Fund or becomes insolvent.

***Short Sales Against-the-Box.*** The Funds may make short sales against-the-box. A short sale against-the-box means that at all times when a short position is open the Fund will own an equal amount of securities sold short, or securities convertible into or exchangeable for, without payment of any further consideration, an equal amount of the securities of the same issuer as the securities sold short.

**Preferred Stock, Warrants and Rights.** Each Fund may invest in preferred stock, warrants and rights. Preferred stocks are securities that represent an ownership interest providing the holder with claims on the issuer's earnings and assets before common stock owners but after bond owners. Unlike debt securities, the obligations of an issuer of preferred stock, including dividend and other payment obligations, may not typically be accelerated by the holders of such preferred stock on the occurrence of an event of default or other non-compliance by the issuer of the preferred stock.

Warrants and other rights are options to buy a stated number of shares of common stock at a specified price at any time during the life of the warrant or right. The holders of warrants and rights have no voting rights, receive no dividends and have no rights with respect to the assets of the issuer.

**Other Investment Companies.** Each Fund may invest in securities of other investment companies, including exchange traded funds ("ETFs"), subject to statutory limitations prescribed by the Investment Company Act. These limitations include in certain circumstances a prohibition on any Fund acquiring more than 3% of the voting shares of any other investment company, and a prohibition on investing more than 5% of a Fund's total assets in securities of any one investment company or more than 10% of its total assets in securities of all investment companies. Many ETFs, however, have obtained exemptive relief from the SEC to permit unaffiliated funds to invest in the ETFs' shares beyond these statutory limitations, subject to certain conditions and pursuant to a contractual arrangement between the ETFs and the investing funds. A Fund may rely on these exemptive orders to invest in unaffiliated ETFs.

The use of ETFs is intended to help a Fund match the total return of the particular market segments or indices represented by those ETFs, although that may not be the result. Most ETFs are passively-managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. An investment in an ETF generally presents the same primary risks as an investment in a conventional fund (*i.e.*, one that is not exchange-traded) that has the same investment objectives, strategies and policies. In addition, an ETF may fail to accurately track the market segment or index that underlies its investment objective. The price of an ETF can fluctuate, and a Fund could lose money investing in an ETF. Moreover, ETFs are subject to the following risks that do not apply to conventional funds: (i) the market price of the ETF's shares may trade at a premium or a discount to their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) there is no assurance that the requirements of the exchange

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necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

Pursuant to an exemptive order obtained from the SEC or under an exemptive rule adopted by the SEC, a Fund may invest in certain other investment companies and money market funds beyond the statutory limits described above. Some of those investment companies and money market funds may be funds for which the Investment Adviser or any of its affiliates serves as investment adviser, administrator or distributor.

A Fund will indirectly bear its proportionate share of any management fees and other expenses paid by such other investment companies, in addition to the fees and expenses regularly borne by the Fund. Although the Funds do not expect to do so in the foreseeable future, each Fund is authorized to invest substantially all of its assets in a single open-end investment company or series thereof that has substantially the same investment objective, policies and fundamental restrictions as the Fund.

***Unseasoned Companies.*** Each Fund may invest in companies which (together with their predecessors) have operated less than three years. The securities of such companies may have limited liquidity, which can result in their being priced higher or lower than might otherwise be the case. In addition, investments in unseasoned companies are more speculative and entail greater risk than do investments in companies with an established operating record.

***Private Investments in Public Equity.*** The Small Cap Value Fund may purchase equity securities in a private placement that are issued by issuers who have outstanding, publicly-traded equity securities of the same class (“private investments in public equity” or “PIPEs”). Shares in PIPEs generally are not registered with the SEC until after a certain time period from the date the private sale is completed. This restricted period can last many months. Until the public registration process is completed, PIPEs are restricted as to resale and the Fund cannot freely trade the securities. Generally, such restrictions cause the PIPEs to be illiquid during this time. PIPEs may contain provisions that the issuer will pay specified financial penalties to the holder if the issuer does not publicly register the restricted equity securities within a specified period of time, but there is no assurance that the restricted equity securities will be publicly registered, or that the registration will remain in effect.

***Corporate Debt Obligations.*** Corporate debt obligations include bonds, notes, debentures, commercial paper and other obligations of corporations to pay interest and repay principal. Each Fund may invest in corporate debt obligations issued by U.S. and certain non-U.S. issuers which issue securities denominated in the U.S.

dollar (including Yankee and Euro obligations). In addition to obligations of corporations, corporate debt obligations include securities issued by banks and other financial institutions and supranational entities (*i.e.*, the World Bank, the International Monetary Fund, etc.).

**Bank Obligations.** Each Fund may invest in obligations issued or guaranteed by U.S. or foreign banks. Bank obligations, including without limitation, time deposits, bankers' acceptances and certificates of deposit, may be general obligations of the parent bank or may be limited to the issuing branch by the terms of the specific obligations or by government regulations. Banks are subject to extensive but different governmental regulations which may limit both the amount and types of loans which may be made and interest rates which may be charged. In addition, the profitability of the banking industry is largely dependent upon the availability and cost of funds for the purpose of financing lending operations under prevailing money market conditions. General economic conditions as well as exposure to credit losses arising from possible financial difficulties of borrowers play an important part in the operation of this industry.

**U.S. Government Securities.** Each Fund may invest in U.S. Government Securities. U.S. Government Securities include U.S. Treasury obligations and obligations issued or guaranteed by U.S. government agencies, instrumentalities or sponsored enterprises. U.S. Government Securities may be supported by (i) the full faith and credit of the U.S. Treasury; (ii) the right of the issuer to borrow from the U.S. Treasury; (iii) the discretionary authority of the U.S. government to purchase certain obligations of the issuer; or (iv) only the credit of the issuer. U.S. Government Securities also include Treasury receipts, zero coupon bonds and other stripped U.S. Government Securities, where the interest and principal components are traded independently. U.S. Government Securities may also include Treasury inflation-protected securities whose principal value is periodically adjusted according to the rate of inflation.

U.S. Government Securities are deemed to include (a) securities for which the payment of principal and interest is backed by an irrevocable letter of credit issued by the U.S. government, its agencies, authorities or instrumentalities; and (b) participations in loans made to foreign governments or their agencies that are so guaranteed. Certain of these participations may be regarded as illiquid. U.S. Government Securities also include zero coupon bonds.

U.S. Government Securities have historically involved little risk of loss of principal if held to maturity. However, no assurance can be given that the U.S. government will provide financial support to U.S. government agencies, authorities, instrumentalities or sponsored enterprises if it is not obligated to do so by law.

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***Custodial Receipts and Trust Certificates.*** Each Fund may invest in custodial receipts and trust certificates representing interests in securities held by a custodian or trustee. The securities so held may include U.S. Government Securities or other types of securities in which a Fund may invest. The custodial receipts or trust certificates may evidence ownership of future interest payments, principal payments or both on the underlying securities, or, in some cases, the payment obligation of a third party that has entered into an interest rate swap or other arrangement with the custodian or trustee. For certain securities laws purposes, custodial receipts and trust certificates may not be considered obligations of the U.S. government or other issuer of the securities held by the custodian or trustee. If for tax purposes a Fund is not considered to be the owner of the underlying securities held in the custodial or trust account, the Fund may suffer adverse tax consequences. As a holder of custodial receipts and trust certificates, a Fund will bear its proportionate share of the fees and expenses charged to the custodial account or trust. Each Fund may also invest in separately issued interests in custodial receipts and trust certificates.

***Mortgage-Backed Securities.*** Each Fund may invest in mortgage-backed securities. Mortgage-backed securities represent direct or indirect participations in, or are collateralized by and payable from, mortgage loans secured by real property. Mortgage-backed securities can be backed by either fixed rate mortgage loans or adjustable rate mortgage loans, and may be issued by either a governmental or non-governmental entity. The value of some mortgage backed securities may be particularly sensitive to changes in prevailing interest rates. The value of these securities may also fluctuate in response to the market's perception of the creditworthiness of the issuers. Early repayment of principal on mortgage- or asset-backed securities may expose a Fund to the risk of earning a lower rate of return upon reinvestment of principal.

Privately-issued mortgage pass-through securities generally offer a higher yield than similar securities issued by a government entity because of the absence of any direct or indirect government or agency payment guarantees. However, timely payment of interest and principal on mortgage loans in these pools may be supported by various other forms of insurance or guarantees, including individual loan, pool and hazard insurance, subordination and letters of credit. Such insurance and guarantees may be issued by private insurers, banks and mortgage poolers. There is no guarantee that private guarantors or insurers, if any, will meet their obligations. Mortgage-Backed Securities without insurance or guarantees may also be purchased by the Fund if they have the required rating from an NRSRO. Mortgage-Backed Securities issued by private organizations may not be readily marketable, may be more difficult to value accurately and may be more volatile than similar securities issued by a government entity.

Mortgage-backed securities may include multiple class securities, including collateralized mortgage obligations (“CMOs”) and Real Estate Mortgage Investment Conduit (“REMIC”) pass-through or participation certificates. A REMIC is a CMO that qualifies for special tax treatment and invests in certain mortgages principally secured by interests in real property and other permitted investments. CMOs provide an investor with a specified interest in the cash flow from a pool of underlying mortgages or of other mortgage-backed securities. CMOs are issued in multiple classes each with a specified fixed or floating interest rate and a final scheduled distribution rate. In many cases, payments of principal are applied to the CMO classes in the order of their respective stated maturities, so that no principal payments will be made on a CMO class until all other classes having an earlier stated maturity date are paid in full.

Sometimes, however, CMO classes are “parallel pay,” *i.e.*, payments of principal are made to two or more classes concurrently. In some cases, CMOs may have the characteristics of a stripped mortgage-backed security whose price can be highly volatile. CMOs may exhibit more or less price volatility and interest rate risk than other types of mortgage-related obligations, and under certain interest rate and payment scenarios, a Fund may fail to recoup fully its investment in certain of these securities regardless of their credit quality.

Mortgage-backed securities also include stripped mortgage-backed securities (“SMBS”), which are derivative multiple class mortgage-backed securities. SMBS are usually structured with two different classes: one that receives substantially all of the interest payments and the other that receives substantially all of the principal payments from a pool of mortgage loans. The market value of SMBS consisting entirely of principal payments generally is unusually volatile in response to changes in interest rates. The yields on SMBS that receive all or most of the interest from mortgage loans are generally higher than prevailing market yields on other mortgage-backed securities because their cash flow patterns are more volatile and there is a greater risk that the initial investment will not be fully recouped. Throughout 2008, the market for mortgage-backed securities began experiencing substantially, often dramatically, lower valuations and greatly reduced liquidity. Markets for other asset-backed securities have also been affected. These instruments are increasingly subject to liquidity constraints, price volatility, credit downgrades and unexpected increases in default rates and, therefore, may be more difficult to value and more difficult to dispose of than previously. These events may have an adverse effect on the Funds to the extent they invest in mortgage-backed or other fixed income securities or instruments affected by the volatility in the fixed income markets.

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**Asset-Backed Securities.** Each Fund may invest in asset-backed securities. Asset-backed securities are securities whose principal and interest payments are collateralized by pools of assets such as auto loans, credit card receivables, leases, installment contracts and personal property. Asset-backed securities may also include home equity line of credit loans and other second-lien mortgages. Asset-backed securities are often subject to more rapid repayment than their stated maturity date would indicate as a result of the pass-through of prepayments of principal on the underlying loans. During periods of declining interest rates, prepayment of loans underlying asset-backed securities can be expected to accelerate. Accordingly, a Fund's ability to maintain positions in such securities will be affected by reductions in the principal amount of such securities resulting from prepayments, and its ability to reinvest the returns of principal at comparable yields is subject to generally prevailing interest rates at that time. Asset-backed securities present credit risks that are not presented by mortgage-backed securities. This is because asset-backed securities generally do not have the benefit of a security interest in collateral that is comparable to mortgage assets. Some asset-backed securities have only a subordinated claim or security interest in collateral. If the issuer of an asset-backed security defaults on its payment obligations, there is the possibility that, in some cases, the Fund will be unable to possess and sell the underlying collateral and that the Fund's recoveries on repossessed collateral may not be available to support payments on the securities. In the event of a default, a Fund may suffer a loss if it cannot sell collateral quickly and receive the amount it is owed. There is no guarantee that private guarantors, or insurers of an asset-backed security, if any, will meet their obligations. The value of some asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Asset-backed securities may also be subject to increased volatility and may become illiquid and more difficult to value even when there is no default or threat of default due to the market's perception of the creditworthiness of the issuers and market conditions impacting asset-backed securities more generally.

**Borrowings.** Each Fund can borrow money from banks and other financial institutions in amounts not exceeding one-third of its total assets for temporary or emergency purposes. A Fund may not make additional investments if borrowings exceed 5% of its total assets.

## Appendix B

### Financial Highlights

The financial highlights tables are intended to help you understand a Fund's financial performance for the past five years (or less if the Fund has been in operation for less than five years). Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in a Fund (assuming reinvestment of all dividends and distributions). The information has been audited by PricewaterhouseCoopers LLP, whose report, along with a Fund's financial statements, is included in the Funds' annual report (available upon request).

#### GROWTH AND INCOME FUND

	Growth and Income Fund—Institutional Shares				
	For the Fiscal Years Ended August 31,				
	2009	2008	2007	2006	2005
<b>Income (loss) from investment operations</b>					
Net asset value, beginning of year . . . . .	\$ 23.45	\$ 30.41	\$ 28.81	\$ 25.86	\$ 23.15
Net investment income <sup>b</sup> . . . . .	0.37	0.55	0.61	0.57	0.52 <sup>a</sup>
Net realized and unrealized gain (loss) . . . . .	(5.37)	(3.54)	2.95	2.91	2.63 <sup>d</sup>
Total from investment operations . . . . .	(5.00)	(2.99)	3.56	3.48	3.15
<b>Distributions to shareholders</b>					
From net investment income . . . . .	(0.50)	(0.57)	(0.51)	(0.53)	(0.44)
From net realized gains . . . . .	(0.04)	(3.40)	(1.45)	—	—
Total distributions . . . . .	(0.54)	(3.97)	(1.96)	(0.53)	(0.44)
Net asset value, end of year . . . . .	\$ 17.91	\$ 23.45	\$ 30.41	\$ 28.81	\$ 25.86
Total return <sup>c</sup> . . . . .	(21.09)%	(11.22)%	12.53%	13.62%	13.83% <sup>e</sup>
Net assets at end of year (in 000s) . . . . .	\$347,526	\$87,766	\$57,352	\$27,590	\$19,226
Ratio of net expenses to average net assets . . . . .	0.78%	0.76%	0.76%	0.78%	0.79%
Ratio of net investment income to average net assets . . . . .	2.29%	2.07%	2.00%	2.14%	1.94% <sup>a</sup>
<b>Ratios assuming no expense reductions</b>					
Ratio of total expenses to average net assets . . . . .	0.81%	0.76%	0.77%	0.79%	0.81%
Ratio of net investment income to average net assets . . . . .	2.26%	2.07%	1.99%	2.14%	1.92% <sup>a</sup>
Portfolio turnover rate . . . . .	75%	69%	98%	51%	45%

See page 78 for all footnotes.

APPENDIX B

**LARGE CAP VALUE FUND**

	Large Cap Value Fund—Institutional Shares				
	For the Fiscal Years Ended August 31,				
	2009	2008	2007	2006	2005
<b>Income (loss) from investment operations</b>					
Net asset value, beginning of year . . .	\$ 12.52	\$ 15.12	\$ 13.94	\$ 13.52	\$ 11.90
Net investment income <sup>b</sup> . . . . .	0.13	0.21	0.21	0.18	0.19 <sup>a</sup>
Net realized and unrealized gain (loss) . . . . .	(2.58)	(1.63)	1.64	1.37	1.66
Total from investment operations . . .	(2.45)	(1.42)	1.85	1.55	1.85
<b>Distributions to shareholders</b>					
From net investment income . . . . .	(0.15)	(0.18)	(0.17)	(0.14)	(0.14)
From net realized gains . . . . .	—	(1.00)	(0.50)	(0.99)	(0.09)
Total distributions . . . . .	(0.15)	(1.18)	(0.67)	(1.13)	(0.23)
Net asset value, end of year . . . . .	\$ 9.92	\$ 12.52	\$ 15.12	\$ 13.94	\$ 13.52
Total return <sup>c</sup> . . . . .	(19.38)%	(10.19)%	13.48%	12.12%	15.61%
Net assets at end of year (in 000s) . .	\$1,636,325	\$1,808,728	\$1,482,513	\$506,910	\$321,210
Ratio of net expenses to average net assets . . . . .	0.79%	0.77%	0.79%	0.83%	0.85%
Ratio of net investment income to average net assets . . . . .	1.48%	1.50%	1.43%	1.35%	1.45% <sup>a</sup>
<b>Ratios assuming no expense reductions</b>					
Ratio of total expenses to average net assets . . . . .	0.79%	0.77%	0.79%	0.83%	0.86%
Ratio of net investment income to average net assets . . . . .	1.48%	1.50%	1.43%	1.35%	1.44% <sup>a</sup>
Portfolio turnover rate . . . . .	83%	81%	92%	66%	70%

See page 78 for all footnotes.

## MID CAP VALUE FUND

	Mid Cap Value Fund—Institutional Shares				
	For the Fiscal Years Ended August 31,				
	2009	2008	2007	2006	2005
<b>Income (loss) from investment operations</b>					
Net asset value, beginning of year . . . . .	\$ 33.47	\$ 40.24	\$ 37.18	\$ 37.17	\$ 31.01
Net investment income <sup>b</sup> . . . . .	0.33	0.42	0.40	0.33	0.29
Net realized and unrealized gain (loss) . . . . .	(6.86)	(2.62)	4.66	2.32	8.41
Total from investment operations . . . . .	(6.53)	(2.20)	5.06	2.65	8.70
<b>Distributions to shareholders</b>					
From net investment income . . . . .	(0.42)	(0.36)	(0.33)	(0.25)	(0.19)
From net realized gains . . . . .	—	(4.21)	(1.67)	(2.39)	(2.35)
Total distributions . . . . .	(0.42)	(4.57)	(2.00)	(2.64)	(2.54)
Net asset value, end of year . . . . .	\$ 26.52	\$ 33.47	\$ 40.24	\$ 37.18	\$ 37.17
Total return <sup>c</sup> . . . . .	(19.18)%	(6.11)%	13.70%	7.58%	29.20%
Net assets at end of year (in 000s) . . . . .	\$2,136,745	\$2,469,463	\$2,644,803	\$1,837,408	\$1,253,069
Ratio of net expenses to average net assets . . . . .	0.79%	0.76%	0.76%	0.77%	0.82%
Ratio of net investment income to average net assets . . . . .	1.42%	1.18%	0.97%	0.91%	0.82%
<b>Ratios assuming no expense reductions</b>					
Ratio of total expenses to average net assets . . . . .	0.79%	0.76%	0.76%	0.79%	0.83%
Ratio of net investment income to average net assets . . . . .	1.42%	1.18%	0.97%	0.90%	0.81%
Portfolio turnover rate . . . . .	104%	85%	74%	49%	58%

See page 78 for all footnotes.

APPENDIX B

SMALL CAP VALUE FUND

	Small Cap Value Fund—Institutional Shares				
	For the Fiscal Years Ended August 31,				
	2009	2008	2007	2006	2005
<b>Income (loss) from investment operations</b>					
Net asset value, beginning of year . . . . .	\$ 36.43	\$ 46.46	\$ 45.40	\$ 44.24	\$ 40.09
Net investment income (loss) <sup>b</sup> . . . . .	0.29	0.20	0.18	0.19	0.20 <sup>d</sup>
Net realized and unrealized gain (loss) . . . . .	(6.47)	(2.74)	4.75	4.20	6.58 <sup>d</sup>
Total from investment operations . . . . .	(6.18)	(2.54)	4.93	4.39	6.78
<b>Distributions to shareholders</b>					
From net investment income . . . . .	(0.22)	(0.05)	(0.09)	—	—
From net realized gains . . . . .	(0.04)	(7.44)	(3.78)	(3.23)	(2.63)
Total distributions . . . . .	(0.26)	(7.49)	(3.87)	(3.23)	(2.63)
Net asset value, end of year . . . . .	\$ 29.99	\$ 36.43	\$ 46.46	\$ 45.40	\$ 44.24
Total return <sup>c</sup> . . . . .	(16.78)%	(5.30)%	11.04%	10.45%	17.23% <sup>e</sup>
Net assets at end of year (in 000s) . . . . .	\$746,624	\$690,912	\$801,476	\$711,046	\$655,181
Ratio of net expenses to average net assets . . . . .	1.10%	1.08%	1.06%	1.07%	1.08%
Ratio of net investment income (loss) to average net assets . . . . .	1.10%	0.50%	0.39%	0.43%	0.48%
<b>Ratios assuming no expense reductions</b>					
Ratio of total expenses to average net assets . . . . .	1.10%	1.08%	1.07%	1.08%	1.08%
Ratio of net investment income (loss) to average net assets . . . . .	1.10%	0.50%	0.38%	0.43%	0.48%
Portfolio turnover rate . . . . .	47%	51%	69%	46%	48%

See page 78 for all footnotes.

Footnotes:

a Reflects income recognized from special dividends which amounted to the following amounts per share and percentage of average net assets:

<b>Fund</b>	<b>Per Share</b>	<b>Percentage of Average Net Assets</b>
<i>Growth and Income</i>	\$0.05	0.20%
<i>Large Cap Value</i>	\$0.03	0.21%

b Calculated based on the average shares outstanding methodology.

c Assumes investment at the net asset value at the beginning of the period, reinvestment of all dividends and distributions, a complete redemption of the investment at the net asset value at the end of the period and no sales or redemption charges. Total return would be reduced if a sales or redemption charge were taken into account. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

d Reflects an increase of \$0.02 and \$0.01 due to payments by affiliates during the period to reimburse certain security claims for the Growth and Income and Small Cap Value Funds, respectively.

e Performance has not been restated to reflect the impact of security claims recorded during the period. If restated, the performance would have been 13.78% and 17.20% for the Growth and Income and Small Cap Value Funds, respectively.

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Financial Highlights

# Fundamental Equity Value Funds

## Prospectus (Institutional Shares)

### FOR MORE INFORMATION

#### Annual/Semi-annual Report

Additional information about the Funds' investments is available in the Funds' annual and semi-annual reports to shareholders. In the Funds' annual reports, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during the last fiscal year.

#### Statement of Additional Information

Additional information about the Funds and their policies is also available in the Funds' SAI. The SAI is incorporated by reference into this Prospectus (is legally considered part of this Prospectus).

The Funds' annual and semi-annual reports and the SAI are available free upon request by calling Goldman Sachs at 1-800-621-2550. You can also access and download the annual and semi-annual reports and the SAI at the Funds' website: <http://www.goldmansachsfunds.com>.

From time to time, certain announcements and other information regarding the Funds may be found at <http://www.gs.com/gsam/redirect/announcements/individuals> for individual investors, <http://www.gs.com/gsam/redirect/announcements/institutions> for institutional investors or <http://www.gs.com/gsam/redirect/announcements/advisors> for advisors.

To obtain other information and for shareholder inquiries:

- By telephone: 1-800-621-2550
- By mail: Goldman Sachs Funds  
P.O. Box 06050  
Chicago, IL 60606
- On the Internet: SEC EDGAR database – <http://www.sec.gov>

You may review and obtain copies of Fund documents (including the SAI) by visiting the SEC's public reference room in Washington, D.C. You may also obtain copies of Fund documents, after paying a duplicating fee, by writing to the SEC's Public Reference Section, Washington, D.C. 20549-1520 or by electronic request to: [publicinfo@sec.gov](mailto:publicinfo@sec.gov). Information on the operation of the public reference room may be obtained by calling the SEC at (202) 551-8090.

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