GOLDMAN SACHS TRUST

Goldman Sachs Single Sector Fixed Income Funds

Class A, Class C, Institutional and Class IR Shares of the
Goldman Sachs Emerging Markets Debt Fund
Goldman Sachs Local Emerging Markets Debt Fund
(the "Funds")

Supplement dated August 19, 2011 to the
Prospectus and Summary Prospectuses dated July 29, 2011 (the "Prospectuses")

IMPORTANT NOTICE REGARDING CHANGE IN INVESTMENT POLICY

The Board of Trustees of the Goldman Sachs Trust has approved a change in each Fund's non-fundamental policy to invest at least 80% of its net assets in particular investments ("80% Policy"). The change in this 80% Policy will be effective on October 18, 2011.

Each Fund's current 80% Policy requires the Fund to invest in fixed income securities of "issuers located in emerging countries," as described fully in the Prospectuses (the Local Emerging Markets Debt Fund's 80% Policy permits it to also invest in emerging markets currencies). Effective October 18, 2011, each Fund's 80% Policy will be revised to permit the Fund to also invest in debt of issuers that are "tied economically" to emerging countries, regardless of their location. The revised policy provides each Fund with broader flexibility to invest in emerging country debt securities. Each Fund's investment objective, other investment policies and strategies, fees and expenses, and portfolio management team will remain the same.

Accordingly, effective October 18, 2011, each Fund's Prospectuses are revised as follows:

Goldman Sachs Emerging Markets Debt Fund

The following replaces in its entirety the first sentence under "Goldman Sachs Emerging Markets Debt Fund—Summary—Principal Strategy" in the Prospectus and "Principal Strategy" in the Summary Prospectus:

The Fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ("Net Assets") in sovereign and corporate debt of issuers located in or tied economically to emerging countries. Such issuers include:

- governments or any of their agencies, political subdivisions, or instrumentalities;
- those with a class of securities whose primary trading market is in an emerging country or region;
- those organized under the laws of, or having a principal office in, an emerging country;

- those deriving at least 50% of their revenues from goods produced, sales made or services provided in one or more emerging countries;
- those maintaining at least 50% of their assets in one or more emerging countries;
- those offering a security included in an index representative of a particular emerging country or region; or
- those whose securities are exposed to the economic fortunes and risks of a particular emerging country or region.

The following replaces in its entirety the first sentence under "Investment Management Approach—Principal Investment Strategies—Emerging Markets Debt Fund" in the Prospectus:

The Fund invests, under normal circumstances, at least 80% of its Net Assets in sovereign and corporate debt of issuers located in or tied economically to emerging countries. Such issuers include:

- governments or any of their agencies, political subdivisions, or instrumentalities;
- those with a class of securities whose primary trading market is in an emerging country or region;
- those organized under the laws of, or having a principal office in, an emerging country;
- those deriving at least 50% of their revenues from goods produced, sales made or services provided in one or more emerging countries;
- those maintaining at least 50% of their assets in one or more emerging countries;
- those offering a security included in an index representative of a particular emerging country or region; or
- those whose securities are exposed to the economic fortunes and risks of a particular emerging country or region.

Goldman Sachs Local Emerging Markets Debt Fund

The following replaces in its entirety the first sentence under "Goldman Sachs Local Emerging Markets Debt Fund—Summary—Principal Strategy" in the Prospectus and "Principal Strategy" in the Summary Prospectus:

The Fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ("Net Assets") in (i) sovereign and corporate debt of issuers located in or tied economically to emerging countries, denominated in the local currency of such emerging countries, or (ii) currencies of such emerging countries, which may be represented by forwards or other derivatives that may have interest rate exposure. Such sovereign and corporate debt issuers include:

- governments or any of their agencies, political subdivisions, or instrumentalities;
- those with a class of securities whose primary trading market is in an emerging country or region;
- those organized under the laws of, or having a principal office in, an emerging country;

- those deriving at least 50% of their revenues from goods produced, sales made or services provided in one or more emerging countries;
- those maintaining at least 50% of their assets in one or more emerging countries;
- those offering a security included in an index representative of a particular emerging country or region; or
- those whose securities are exposed to the economic fortunes and risks of a particular emerging country or region.

The following replaces in its entirety the first sentence under "Investment Management Approach—Principal Investment Strategies—Local Emerging Markets Debt Fund" in the Prospectus:

The Fund invests, under normal circumstances, at least 80% of its Net Assets in (i) sovereign and corporate debt of issuers located in or tied economically to emerging countries, denominated in the local currency of such emerging countries, or (ii) currencies of such emerging countries, which may be represented by forwards or other derivatives that may have interest rate exposure. Such sovereign and corporate debt issuers include:

- governments or any of their agencies, political subdivisions, or instrumentalities;
- those with a class of securities whose primary trading market is in an emerging country or region;
- those organized under the laws of, or having a principal office in, an emerging country;
- those deriving at least 50% of their revenues from goods produced, sales made or services provided in one or more emerging countries;
- those maintaining at least 50% of their assets in one or more emerging countries;
- those offering a security included in an index representative of a particular emerging country or region; or
- those whose securities are exposed to the economic fortunes and risks of a particular emerging country or region.

This Supplement should be retained with the Prospectuses for future reference.

SSPRISTRSTK 08-11

Prospectus

July 29, 2011

GOLDMAN SACHS SINGLE SECTOR FIXED INCOME FUNDS

- Goldman Sachs Emerging Markets Debt Fund
  - Class A Shares: GSDAX
  - Class C Shares: GSCDX
  - Institutional Shares: GSDIX
  - Class IR Shares: GSIRX
- Goldman Sachs High Yield Fund
  - Class A Shares: GSHAX
  - Class B Shares: GSHBX
  - Class C Shares: GSHCX
  - Institutional Shares: GSHIX
  - Service Shares: GSHSX
  - Class IR Shares: GSHTX
  - Class R Shares: GSHRX
- Goldman Sachs High Yield Floating Rate Fund
  - Class A Shares: GFRAX
  - Class C Shares: GFRCX
  - Institutional Shares: GSFRX
  - Class IR Shares: GFRIX
  - Class R Shares: GFRRX
- Goldman Sachs Investment Grade Credit Fund
  - Class A Shares: GSGAX
  - Institutional Shares: GSGDX
  - Separate Account Institutional Shares: GSCPX
  - Class IR Shares: GTIRX
- Goldman Sachs Local Emerging Markets Debt Fund
  - Class A Shares: GAMDX
  - Class C Shares: GCMDX
  - Institutional Shares: GIMDX
  - Class IR Shares: GLIRX
- Goldman Sachs U.S. Mortgages Fund
  - Class A Shares: GSUAX
  - Institutional Shares: GSUIX
  - Separate Account Institutional Shares: GSUPX
  - Class IR Shares: GGIRX

Goldman Sachs

Asset Management

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Goldman Sachs Emerging Markets Debt Fund—Summary

Investment Objective

The Goldman Sachs Emerging Markets Debt Fund (the "Fund") seeks a high level of total return consisting of income and capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts on purchases of Class A Shares if you and your family invest, or agree to invest in the future, at least $100,000 in Goldman Sachs Funds. More information about these and other discounts is available from your financial professional and in "Shareholder Guide—Common Questions Applicable to the Purchase of Class A Shares" beginning on page 93 of this Prospectus and "Other Information Regarding Maximum Sales Charge, Purchases, Redemptions, Exchanges and Dividends" beginning on page B-139 of the Fund's Statement of Additional Information ("SAI").

	Class A	Class C	Institutional	Class IR
Shareholder Fees (fees paid directly from your investment)				
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	4.5%	None	None	None
Maximum Deferred Sales Charge (Load) (as a percentage of the lower of original purchase price or sale proceeds)[1]	None	1.0%	None	None
Redemption Fee (as a percentage of amount redeemed, imposed on the redemption of shares held for 30 calendar days or less)	2.0%	2.0%	2.0%	2.0%

	Class A	Class C	Institutional	Class IR
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)				
Management Fees	0.80%	0.80%	0.80%	0.80%
Distribution and Service (12b-1) Fees	0.25%	1.00%	None	None
Other Expenses	0.24%	0.24%	0.15%	0.24%
Total Annual Fund Operating Expenses	1.29%	2.04%	0.95%	1.04%
Expense Limitation[2]	(0.07)%	(0.07)%	(0.07)%	(0.07)%
Total Annual Fund Operating Expenses After Expense Limitation	1.22%	1.97%	0.88%	0.97%

[1] *A contingent deferred sales charge ("CDSC") of 1% is imposed on Class C Shares redeemed within 12 months of purchase.*

[2] *The Investment Adviser has agreed to reduce or limit "Other Expenses" (excluding management fees, distribution and service fees, transfer agency fees and expenses, taxes, interest, brokerage fees and litigation, indemnification, shareholder meeting and other extraordinary expenses exclusive of any*

custody and transfer agent fee credit reductions) to 0.044% of the Fund's average daily net assets through at least July 29, 2012, and prior to such date the Investment Adviser may not terminate the arrangement without the approval of the Board of Trustees.

Expense Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The Example assumes that you invest $10,000 in Class A, Class C, Institutional and/or Class IR Shares of the Fund for the time periods indicated and then redeem all of your Class A, Class C, Institutional and/or Class IR Shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same (except that the Example incorporates the expense limitation arrangement for only the first year). Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Class A Shares	$569	$834	$1,119	$1,931
Class C Shares				
– Assuming complete redemption at end of period	$300	$633	$1,092	$2,363
– Assuming no redemption	$200	$633	$1,092	$2,363
Institutional Shares	$ 90	$296	$ 519	$1,160
Class IR Shares	$ 99	$324	$ 567	$1,265

Portfolio Turnover

The Fund pays transaction costs when it buys and sells securities or instruments (*i.e.*, "turns over" its portfolio). A high rate of portfolio turnover may result in increased transaction costs, including brokerage commissions, which must be borne by the Fund and its shareholders, and is also likely to result in higher short-term capital gains for taxable shareholders. These costs are not reflected in annual fund operating expenses or in the expense example above, but are reflected in the Fund's performance. The Fund's portfolio turnover rate for the fiscal year ended March 31, 2011 was 116% of the average value of its portfolio.

Principal Strategy

The Fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ("Net Assets") in fixed income securities of issuers located in emerging countries. The Investment Adviser may consider classifications by the World Bank, the International Finance Corporation or the United Nations (and its agencies) in determining whether a country is emerging or developed. Currently, emerging countries include, among others, most African, Asian, Eastern European, Middle Eastern, South and Central American nations. The Investment Adviser currently intends that the Fund's investment focus will be in the following emerging countries: Argentina, Brazil, Colombia, Ecuador, Egypt, Malaysia, Mexico, Peru, The Philippines, Poland, Russia, South Africa, Turkey, Ukraine and Venezuela, as well as other emerging countries to the extent that foreign investors are permitted by applicable law to make such investments. The Fund may invest in all types of foreign and emerging country fixed income securities. Foreign securities include securities of issuers located outside the U.S. or securities quoted or denominated in a currency other than the U.S. Dollar.

The countries in which the Fund invests may have sovereign ratings that are below investment grade or are unrated. Moreover, to the extent the Fund invests in corporate or other privately issued debt obligations, many of the issuers of such obligations will be smaller companies with stock market capitalizations of $1 billion or less at the time of investment. Securities of these issuers may be rated below investment grade or unrated. Although a majority of the Fund's assets may be denominated in U.S. Dollars, the Fund may invest in securities denominated in any currency and may be subject to the risk of adverse currency fluctuations. Additionally, the Fund intends to use structured securities or derivatives, including but not limited to credit linked notes, financial future contracts, forward contracts and swap contracts to gain exposure to certain countries or currencies.

The Fund may invest in securities without regard to credit rating. The Fund's target duration under normal interest rate conditions is that of the J.P. Morgan EMBI Global Diversified Index, plus or minus 2 years (the Fund's duration approximates its price sensitivity to changes in interest rates), and over the last ten years, the duration of this Index has ranged between 4.90 and 7.30 years.

The Fund's portfolio managers seek to build a portfolio consisting of their "best ideas" across the emerging markets debt market consistent with the Fund's overall risk budget and the views of the Investment Adviser's Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund's risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund's portfolio.

THE FUND IS "NON-DIVERSIFIED" UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), AND MAY INVEST MORE OF ITS ASSETS IN FEWER ISSUERS THAN "DIVERSIFIED" MUTUAL FUNDS.

Principal Risks of the Fund

Loss of money is a risk of investing in the Fund. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any government agency. The Fund should not be relied upon as a complete investment program. There can be no assurance that the Fund will achieve its investment objective.

- ***Credit/Default Risk***—An issuer or guarantor of fixed income securities held by the Fund (which may have low credit ratings) may default on its obligation to pay interest and repay principal. Additionally, the credit quality of securities may deteriorate rapidly, which may impair the Fund's liquidity and cause significant net asset value ("NAV") deterioration. To the extent that the Fund holds non-investment grade fixed income securities, these risks may be more pronounced.

- ***Derivatives Risk***—Loss may result from the Fund's investments in options, futures, forwards, swaps, options on 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 the Fund. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation.
- ***Emerging Countries Risk***—The securities markets of most Central and South American, African, Middle Eastern, Asian, Eastern European and other emerging countries are less liquid, are especially subject to greater price volatility, have smaller market capitalizations, have more or 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.
- ***Foreign Risk***—Foreign securities may be subject to risk of loss because of less foreign government regulation, less public information and less economic, political and social stability in these countries. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. Foreign risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the Fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Foreign risks may be more pronounced when the Fund invests in issuers located in emerging countries.
- ***Interest Rate Risk***—When interest rates increase, fixed income securities held by the Fund will generally decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.
- ***Liquidity Risk***—The Fund may make investments that are illiquid or that may become less liquid in response to market developments or adverse investor perceptions. Illiquid investments may be more difficult to value accurately. Liquidity risk may also refer to the risk that the Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests or other reasons. To meet redemption requests, the Fund may be forced to sell securities at an unfavorable time and/or under unfavorable conditions.
- ***Non-Diversification Risk***—The Fund is non-diversified, meaning that it is permitted to invest more of its assets in fewer issuers than "diversified" mutual funds. Thus, the Fund may be more susceptible to adverse developments affecting any single issuer held in its portfolio, and may be more susceptible to greater losses because of these developments.
- ***Non-Investment Grade Fixed Income Securities Risk***—Non-investment grade fixed income securities and unrated securities of comparable credit quality (commonly known as "junk bonds") are considered speculative and 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.

- ***Sovereign Risk***—An issuer of non-U.S. sovereign debt, or the governmental authorities that control the repayment of the debt, may be unable or unwilling to repay the principal or interest when due. This may result from political or social factors, the general economic environment of a country, levels of foreign debt or foreign currency exchange rates.

Performance

The bar chart and table below provide an indication of the risks of investing in the Fund by showing: (a) changes in the performance of the Fund's Class A Shares from year to year; and (b) how the average annual total returns of the Fund's Class A, Class C and Institutional Shares compare to those of a broad-based securities market index. The Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available at no cost at www.goldmansachsfunds.com/performance or by calling the appropriate phone number on the back cover of this Prospectus.

Because Class IR Shares have not had a full calendar year of performance as of the date of this Prospectus, no performance information is shown for this share class. Class IR Shares would have annual returns substantially similar to those of the other share classes shown because Class IR Shares represent interests in the same portfolio of securities. Annual returns would differ only to the extent Class IR Shares have different expenses.

The bar chart (including "Best Quarter" and "Worst Quarter" information) does not reflect the sales loads applicable to Class A Shares. If the sales loads were reflected, returns would be less. Performance reflects expense limitations in effect.

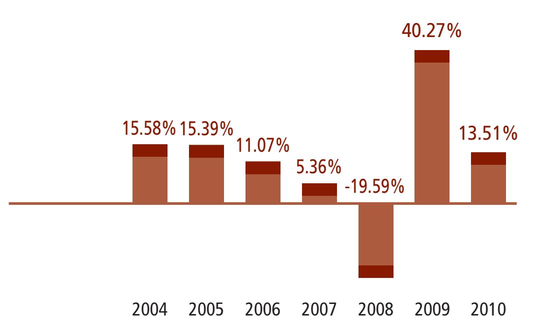
TOTAL RETURN

CALENDAR YEAR (CLASS A)

The total return for Class A Shares for the six month period ended June 30, 2011 was 4.15%

Best Quarter
Q2 '09 +16.16%

Worst Quarter
Q4 '08 –13.18%



AVERAGE ANNUAL TOTAL RETURNS

For the period ended December 31, 2010	1 Year	5 Years	Since Inception
Class A Shares (Inception 08/29/03)			
Returns Before Taxes	8.44%	7.42%	10.31%
Returns After Taxes on Distributions	6.22%	4.99%	7.50%
Returns After Taxes on Distributions and Sale of Fund Shares	5.45%	4.88%	7.20%
J.P. Morgan EMBI Global Diversified Index (reflects no deduction for fees, expenses or taxes)	12.24%	8.37%	9.73%
Class C Shares (Inception 09/29/06)			
Returns Before Taxes	11.61%	N/A	7.62%
J.P. Morgan EMBI Global Diversified Index (reflects no deduction for fees, expenses or taxes)	12.24%	N/A	8.44%
Institutional Shares (Inception 08/29/03)			
Returns Before Taxes	13.97%	8.79%	11.42%
J.P. Morgan EMBI Global Diversified Index (reflects no deduction for fees, expenses or taxes)	12.24%	8.37%	9.73%

The after-tax returns are for Class A Shares only. The after-tax returns for Class C and Institutional Shares will vary. 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.

Portfolio Management

Goldman Sachs Asset Management, L.P. is the investment adviser for the Fund (the "Investment Adviser" or "GSAM").

Portfolio Managers: Samuel Finkelstein, Managing Director, Global Head of Macro Strategies, has managed the Fund since 2003; and Ricardo Penfold, Managing Director, has managed the Fund since 2003.

Buying and Selling Fund Shares

The minimum initial investment for Class A and Class C Shares is, generally, $1,000. The minimum initial investment for Institutional Shares is, generally, $10,000,000 for individual investors and $1,000,000 alone or in combination with other assets under the management of the Investment Adviser and its affiliates for certain other types of investors. There may be no minimum for initial purchases of Institutional Shares for certain retirement accounts or for initial purchases of Class IR Shares.

The minimum subsequent investment for Class A and Class C shareholders is $50, except for Employer Sponsored Benefit Plans, for which there is no minimum. There is no minimum subsequent investment for Institutional or Class IR shareholders.

You may purchase and redeem (sell) shares of the Fund on any business day through certain brokers, investment advisers and other financial institutions ("Authorized Institutions").

Tax Information

For important tax information, please see "Tax Information" on page 42 of this Prospectus.

Payments to Broker-Dealers and Other Financial Intermediaries

For important information about financial intermediary compensation, please see "Payments to Broker-Dealers and Other Financial Intermediaries" on page 42 of this Prospectus.

Goldman Sachs

Asset Management

Goldman Sachs High Yield Fund—Summary

Investment Objective

The Goldman Sachs High Yield Fund (the "Fund") seeks a high level of current income and may also consider the potential for capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts on purchases of Class A Shares if you and your family invest, or agree to invest in the future, at least $100,000 in Goldman Sachs Funds. More information about these and other discounts is available from your financial professional and in "Shareholder Guide—Common Questions Applicable to the Purchase of Class A Shares" beginning on page 93 of this Prospectus and "Other Information Regarding Maximum Sales Charge, Purchases, Redemptions, Exchanges and Dividends" beginning on page B-139 of the Fund's Statement of Additional Information ("SAI").

	Class A	Class B	Class C	Institutional	Service	Class IR	Class R
Shareholder Fees **(fees paid directly from your investment)**							
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	4.5%	None	None	None	None	None	None
Maximum Deferred Sales Charge (Load) (as a percentage of the lower of original purchase price or sale proceeds)[1]	None	5.0%	1.0%	None	None	None	None
Redemption Fee (as a percentage of amount redeemed, imposed on the redemption of shares held for 60 calendar days or less)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

	Class A	Class B	Class C	Institutional	Service	Class IR	Class R
Annual Fund Operating Expenses **(expenses that you pay each year as a percentage of the value of your investment)**							
Management Fees	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Distribution and Service (12b-1) Fees	0.25%	1.00%	1.00%	None	None	None	0.50%
Other Expenses	0.16%	0.16%	0.16%	0.07%	0.57%	0.16%	0.16%
Service Fees	None	None	None	None	0.25%	None	None
Shareholder Administration Fees	None	None	None	None	0.25%	None	None
All Other Expenses	0.16%	0.16%	0.16%	0.07%	0.07%	0.16%	0.16%
Total Annual Fund Operating Expenses	1.06%	1.81%	1.81%	0.72%	1.22%	0.81%	1.31%
Expense Limitation[2]	(0.01)%	(0.01)%	(0.01)%	(0.01)%	(0.01)%	(0.01)%	(0.01)%
Total Annual Fund Operating Expenses After Expense Limitation	1.05%	1.80%	1.80%	0.71%	1.21%	0.80%	1.30%

[1] *A contingent deferred sales charge ("CDSC") is imposed on Class B Shares redeemed within six years of purchase, declining from a rate of 5% in the first year to 1% in the sixth year, and eliminated thereafter. A CDSC of 1% is imposed on Class C Shares redeemed within 12 months of purchase.*

[2] *The Investment Adviser has agreed to reduce or limit "Other Expenses" (excluding management fees, distribution and service fees, transfer agency fees and expenses, service fees, shareholder administration fees, taxes, interest, brokerage fees and litigation, indemnification, shareholder meeting and other extraordinary expenses exclusive of any custody and transfer agent fee credit reductions) to 0.024% of the Fund's average daily net assets through at least July 29, 2012, and prior to such date the Investment Adviser may not terminate the arrangement without the approval of the Board of Trustees.*

Expense Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The Example assumes that you invest $10,000 in Class A, Class B, Class C, Institutional, Service, Class IR and/or Class R Shares of the Fund for the time periods indicated and then redeem all of your Class A, Class B, Class C, Institutional, Service, Class IR and/or Class R Shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same (except that the Example incorporates the expense limitation arrangement for only the first year). Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Class A Shares	$552	$771	$1,008	$1,685
Class B Shares				
– Assuming complete redemption at end of period	$683	$868	$1,179	$1,929
– Assuming no redemption	$183	$568	$ 979	$1,929
Class C Shares				
– Assuming complete redemption at end of period	$283	$568	$ 979	$2,126
– Assuming no redemption	$183	$568	$ 979	$2,126
Institutional Shares	$ 73	$229	$ 400	$ 894
Service Shares	$123	$386	$ 669	$1,476
Class IR Shares	$ 82	$258	$ 449	$1,001
Class R Shares	$132	$414	$ 717	$1,578

Portfolio Turnover

The Fund pays transaction costs when it buys and sells securities or instruments (*i.e.*, "turns over" its portfolio). A high rate of portfolio turnover may result in increased transaction costs, including brokerage commissions, which must be borne by the Fund and its shareholders, and is also likely to result in higher short-term capital gains for taxable shareholders. These costs are not reflected in annual fund operating expenses or in the expense example above, but are reflected in the Fund's performance. The Fund's portfolio turnover rate for the fiscal year ended March 31, 2011 was 46% of the average value of its portfolio.

Principal Strategy

The Fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ("Net Assets") in high-yield, fixed income securities that, at the time of purchase, are non-investment grade securities. Non-investment grade securities are securities rated BB+, Ba1 or below by a nationally recognized statistical rating organization ("NRSRO"), or, if unrated, determined by the Investment Adviser to be of comparable quality, and are commonly referred to as "junk bonds."

The Fund may invest up to 25% of its total assets in obligations of domestic and foreign issuers which are denominated in currencies other than the U.S. dollar and in securities of issuers located in emerging countries denominated in any currency. However, to the extent that the Investment Adviser has entered into transactions that are intended to hedge the Fund's position in a non-dollar denominated obligation against currency risk, such obligation will not be counted when calculating compliance with the 25% limitation on obligations in non-U.S. currency.

Under normal market conditions, the Fund may invest up to 20% of its Net Assets in investment grade fixed income securities, including securities issued or guaranteed by the U.S. government, its agencies, instrumentalities or sponsored enterprises ("U.S. Government Securities").

The Fund may invest in derivatives, including credit default swap indices (or CDX), for hedging purposes or to seek to increase total return.

The Fund's target duration under normal interest rate conditions is the duration of the Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped, plus or minus 2.5 years (the Fund's duration approximates its price sensitivity to changes in interest rates), and over the last ten years, the duration of this Index has ranged between 4.00 and 4.70 years. The Fund may invest in all types of fixed income securities.

The Fund's portfolio managers seek to build a portfolio consisting of their "best ideas" across the high yield securities market consistent with the Fund's overall risk budget and the views of the Investment Adviser's Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund's risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund's portfolio.

Principal Risks of the Fund

Loss of money is a risk of investing in the Fund. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any government agency. The Fund should not be relied upon as a complete investment program. There can be no assurance that the Fund will achieve its investment objective.

- ***Credit/Default Risk***—An issuer or guarantor of fixed income securities held by the Fund (which may have low credit ratings) may default on its obligation to pay interest and repay principal. Additionally, the credit quality of securities may deteriorate rapidly, which may impair the Fund's liquidity and cause significant net asset value ("NAV") deterioration. To the extent that the Fund holds non-investment grade fixed income securities, these risks may be more pronounced.
- ***Derivatives Risk***—Loss may result from the Fund's investments in options, futures, forwards, swaps, options on 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 the Fund. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation.
- ***Foreign Risk***—Foreign securities may be subject to risk of loss because of less foreign government regulation, less public information and less economic, political and social stability in these countries. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. Foreign risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities

denominated in such foreign currency (or other instruments through which the Fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. To the extent that the Fund also invests in issuers located in emerging markets, these risks may be more pronounced.

- ***Interest Rate Risk***—When interest rates increase, fixed income securities held by the Fund will generally decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.
- ***Liquidity Risk***—The Fund may make investments that are illiquid or that may become less liquid in response to market developments or adverse investor perceptions. Illiquid investments may be more difficult to value accurately. Liquidity risk may also refer to the risk that the Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests or other reasons. To meet redemption requests, the Fund may be forced to sell securities at an unfavorable time and/or under unfavorable conditions.
- ***Non-Investment Grade Fixed Income Securities Risk***—Non-investment grade fixed income securities and unrated securities of comparable credit quality are considered speculative and 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.

Performance

The bar chart and table below provide an indication of the risks of investing in the Fund by showing: (a) changes in the performance of the Fund's Class A Shares from year to year; and (b) how the average annual total returns of the Fund's Class A, Class B, Class C, Institutional, Service, Class R and Class IR Shares compare to those of a broad-based securities market index. The Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available at no cost at www.goldmansachsfunds.com/performance or by calling the appropriate phone number on the back cover of this Prospectus.

The bar chart (including "Best Quarter" and "Worst Quarter" information) does not reflect the sales loads applicable to Class A Shares. If the sales loads were reflected, returns would be less. Performance reflects expense limitations in effect.

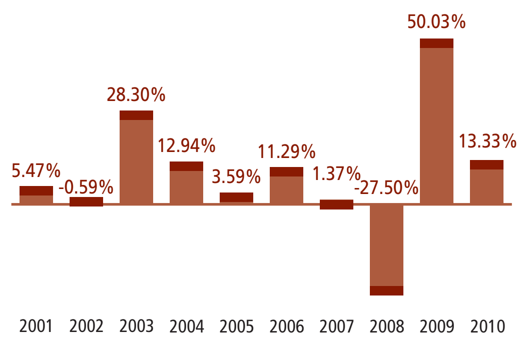
TOTAL RETURN

CALENDAR YEAR (CLASS A)

The total return for Class A Shares for the six month period ended June 30, 2011 was 3.89%

Best Quarter
Q2 '09 +18.40%

Worst Quarter
Q4 '08 –18.79%



AVERAGE ANNUAL TOTAL RETURNS

For the period ended December 31, 2010	1 Year	5 Years	10 Years	Since Inception
Class A Shares (Inception 08/01/97)				
Returns Before Taxes	8.18%	5.82%	7.64%	6.18%
Returns After Taxes on Distributions	5.35%	2.87%	4.40%	2.86%
Returns After Taxes on Distributions and Sale of Fund Shares	5.21%	3.16%	4.52%	3.12%
Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped (reflects no deductions for fees, expenses or taxes)	14.94%	8.90%	9.01%	6.79%
Class B Shares (Inception 08/01/97)				
Returns Before Taxes	7.12%	5.57%	7.48%	6.07%
Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped (reflects no deductions for fees, expenses or taxes)	14.94%	8.90%	9.01%	6.79%
Class C Shares (Inception 08/15/97)				
Returns Before Taxes	11.25%	6.00%	7.33%	5.79%
Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped (reflects no deductions for fees, expenses or taxes)	14.94%	8.90%	9.01%	6.86%†
Institutional Shares (Inception 08/01/97)				
Returns Before Taxes	13.69%	7.19%	8.54%	6.95%
Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped (reflects no deductions for fees, expenses or taxes)	14.94%	8.90%	9.01%	6.79%
Service Shares (Inception 08/01/97)				
Returns Before Taxes	13.00%	6.64%	7.97%	6.40%
Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped (reflects no deductions for fees, expenses or taxes)	14.94%	8.90%	9.01%	6.79%
Class IR Shares (Inception 11/30/07)				
Returns Before Taxes	13.45%	N/A	N/A	7.29%
Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped (reflects no deductions for fees, expenses or taxes)	14.94%	N/A	N/A	10.40%
Class R Shares (Inception 11/30/07)				
Returns	13.05%	N/A	N/A	6.76%
Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped (reflects no deductions for fees, expenses or taxes)	14.94%	N/A	N/A	10.40%

† Return for the Index is calculated from September 1, 1997, the commencement of the month nearest to the Class C Shares inception date.

The after-tax returns are for Class A Shares only. The after-tax returns for Class B, Class C, Institutional, Service and Class IR Shares, and returns for Class R Shares (which are offered exclusively to retirement plans), will vary. 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.

Portfolio Management

Goldman Sachs Asset Management, L.P. is the investment adviser for the Fund (the "Investment Adviser" or "GSAM").

Portfolio Managers: Rob Cignarella, CFA, Managing Director, Co-Head of High Yield and Bank Loans team, has managed the Fund since 2003; Rachel C. Golder, Managing Director, Co-Head of High Yield and Bank Loans team and Co-Head of Global Credit Research, has managed the Fund since 2009; and Michael Goldstein, Managing Director, Co-Head of High Yield and Bank Loans team, has managed the Fund since 2010.

Buying and Selling Fund Shares

The minimum initial investment for Class A and Class C Shares is, generally, $1,000. The minimum initial investment for Institutional Shares is, generally, $10,000,000 for individual investors and $1,000,000 alone or in combination with other assets under the management of GSAM and its affiliates for certain other types of investors. There may be no minimum for initial purchases of Institutional Shares for certain retirement accounts or for initial purchases of Class IR and Class R Shares.

The minimum subsequent investment for Class A and Class C shareholders is $50, except for Employer Sponsored Benefit Plans, for which there is no minimum. There is no minimum subsequent investment for Institutional, Class IR or Class R shareholders.

Class B Shares are generally no longer available for purchase by current or prospective investors.

The Fund does not impose minimum purchase requirements for initial or subsequent investments in Service Shares, although an Authorized Institution (as defined below) may impose such minimums and/or establish other requirements such as a minimum account balance.

You may purchase and redeem (sell) shares of the Fund on any business day through certain brokers, investment advisers and other financial institutions ("Authorized Institutions").

Tax Information

For important tax information, please see "Tax Information" on page 42 of this Prospectus.

Payments to Broker-Dealers and Other Financial Intermediaries

For important information about financial intermediary compensation, please see "Payments to Broker-Dealers and Other Financial Intermediaries" on page 42 of this Prospectus.

Goldman Sachs

Asset Management

Goldman Sachs High Yield Floating Rate Fund—Summary

Investment Objective

The Goldman Sachs High Yield Floating Rate Fund (the "Fund") seeks a high level of current income.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts on purchases of Class A Shares if you and your family invest, or agree to invest in the future, at least $100,000 in Goldman Sachs Funds. More information about these and other discounts is available from your financial professional and in "Shareholder Guide—Common Questions Applicable to the Purchase of Class A Shares" beginning on page 93 of this Prospectus and "Other Information Regarding Maximum Sales Charge, Purchases, Redemptions, Exchanges and Dividends" beginning on page B-139 of the Fund's Statement of Additional Information ("SAI").

	Class A	Class C	Institutional	Class IR	Class R
Shareholder Fees (fees paid directly from your investment)					
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	2.25%	None	None	None	None
Maximum Deferred Sales Charge (Load) (as a percentage of the lower of original purchase price or sale proceeds)[1]	None	1.0%	None	None	None

	Class A	Class C	Institutional	Class IR	Class R
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)					
Management Fees	0.60%	0.60%	0.60%	0.60%	0.60%
Distribution and Service (12b-1) Fees	0.25%	1.00%	None	None	0.50%
Other Expenses[2]	0.25%	0.25%	0.16%	0.25%	0.25%
Total Annual Fund Operating Expenses	1.10%	1.85%	0.76%	0.85%	1.35%
Expense Limitation[3]	(0.02)%	(0.02)%	(0.02)%	(0.02)%	(0.02)%
Total Annual Fund Operating Expenses After Expense Limitation	1.08%	1.83%	0.74%	0.83%	1.33%

[1] *A contingent deferred sales charge ("CDSC") of 1% is imposed on Class C Shares redeemed within 12 months of purchase.*

[2] *"Other Expenses" are based on estimated amounts for the current fiscal year.*

[3] *The Investment Adviser has agreed to reduce or limit "Other Expenses" (excluding management fees, distribution and service fees, transfer agency fees and expenses, taxes, interest, brokerage fees and litigation, indemnification, shareholder meeting and other extraordinary expenses exclusive of any*

custody and transfer agent fee credit reductions) to 0.104% of the Fund's average daily net assets, through at least July 29, 2012, and prior to such date the Investment Adviser may not terminate the arrangement without the approval of the Board of Trustees.

Expense Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The Example assumes that you invest $10,000 in Class A, Class C, Institutional, Class IR and/or Class R Shares of the Fund for the time periods indicated and then redeem all of your Class A, Class C, Institutional, Class IR and/or Class R Shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same (except that the Example incorporates the expense limitation arrangement for only the first year). Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years
Class A Shares	$333	$565
Class C Shares		
– Assuming complete redemption at end of period	$286	$580
– Assuming no redemption	$186	$580
Institutional Shares	$ 76	$241
Class IR Shares	$ 85	$269
Class R Shares	$135	$426

Portfolio Turnover

The Fund pays transaction costs when it buys and sells securities or instruments (*i.e.*, "turns over" its portfolio). A high rate of portfolio turnover may result in increased transaction costs, including brokerage commissions, which must be borne by the Fund and its shareholders, and is also likely to result in higher short-term capital gains for taxable shareholders. These costs are not reflected in annual fund operating expenses or in the expense example above, but will be reflected in the Fund's performance.

Principal Strategy

The Fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ("Net Assets") in domestic or foreign floating rate loans and other floating or variable rate obligations rated below investment grade. Non-investment grade obligations are those rated BB+, Ba1 or below by a nationally recognized statistical rating organization ("NRSRO"), or, if unrated, determined by the Investment Adviser to be of comparable quality, and are commonly referred to as "junk bonds".

The Fund's investments in floating and variable rate obligations may include, without limitation, senior secured loans (including assignments and participations), second lien loans, senior unsecured and subordinated loans, senior and subordinated corporate debt obligations (such as bonds, debentures, notes and commercial paper), debt issued by governments, their agencies and instrumentalities, and debt issued by central banks. The Fund may invest indirectly in loans by purchasing participations or sub-participations from financial institutions. Participations and sub-participations represent the right to receive a portion of the principal of, and all of the interest relating to such portion of, the applicable loan. The Fund expects to invest principally in the U.S. loan market and, to a lesser extent, in the European loan market. The Fund may also invest in other loan markets, although it does not currently intend to do so.

Under normal conditions, the Fund may invest up to 20% of its Net Assets in fixed income instruments, regardless of rating, including fixed rate corporate bonds, government bonds, convertible debt obligations, and mezzanine fixed income instruments. The Fund may also invest in floating or variable rate instruments that are rated investment grade and in preferred stock, repurchase agreements and cash securities.

The Fund may also invest in derivative instruments. Derivatives are instruments that have a value based on another instrument, exchange rate or index. The Fund's investments in derivatives may include credit default swaps on credit and loan indices and forward contracts, among others. The Fund may use currency management techniques, such as forward foreign currency contracts, for investment or hedging purposes. Derivatives that provide exposure to floating or variable rate loans or obligations rated below investment grade are counted towards the Fund's 80% policy.

The Fund's target duration under normal interest rate conditions is less than 0.5 years (the Fund's duration approximates its price sensitivity to changes in interest rates). The Fund's investments in floating rate obligations will generally have short to intermediate maturities (approximately 5-7 years).

The Fund's investments are selected using a bottom-up analysis that incorporates fundamental research, a focus on market conditions and pricing trends, quantitative research, and news or market events. The selection of individual investments is based on the overall risk and return profile of the investment taking into account liquidity, structural complexity, cash flow uncertainty and downside potential. Research analysts and portfolio managers systematically assess portfolio positions, taking into consideration, among other factors, broader macroeconomic conditions and industry and company-specific financial performance and outlook. Based upon this analysis, the Investment Adviser will sell positions determined to be overvalued and reposition the portfolio in more attractive investment opportunities on a relative basis given the current climate.

Principal Risks of the Fund

Loss of money is a risk of investing in the Fund. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency. The Fund should not be relied upon as a complete investment program. There can be no assurance that the Fund will achieve its investment objective.

- ***Conflict of Interest Risk***—Affiliates of the Investment Adviser may participate in the primary and secondary market for loan obligations. Because of limitations imposed by applicable law, the presence of the Investment Adviser's affiliates in the loan obligations market may restrict the Fund's ability to acquire some loan obligations or affect the timing or price of such acquisitions. Also, because the Investment Adviser may wish to invest in the publicly traded securities of a borrower, it may not have access to material non-public information regarding the borrower to which other lenders have access.
- ***Credit/Default Risk***—An issuer or guarantor of investments held by the Fund (which may have low credit ratings) may default on its obligation to pay interest and repay principal. Additionally, the credit quality of investments may deteriorate rapidly, which may impair the Fund's liquidity and cause significant net asset value ("NAV") deterioration. To the extent that the Fund holds non-investment grade investments, these risks may be more pronounced.
- ***Derivatives Risk***—Loss may result from the Fund's investments in options, futures, 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 the Fund. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation.
- ***Foreign Risk***—Foreign investments may be subject to risk of loss because of less foreign government regulation, less public information and less economic, political and social stability in these countries. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. Foreign risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of instruments denominated in such foreign currency (or other instruments through which the Fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. To the extent the Fund also invests in securities or obligations of issuers located in emerging markets, these risks may be more pronounced.
- ***Liquidity Risk***—The Fund may make investments that are illiquid or that may become less liquid in response to market developments or adverse investor perceptions. Illiquid investments may be more difficult to value accurately. Liquidity risk may also refer to the risk that the Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests or other reasons. To meet redemption requests, the Fund may be forced to sell investments at an unfavorable time and/or under unfavorable conditions.
- ***Loan Obligations Risk***—Loan obligations are subject to the credit risk of nonpayment of principal or interest. Substantial increases in interest rates may cause an increase in loan obligation defaults. Although a loan obligation may be fully collateralized at the time of acquisition, the collateral may decline in value, be relatively illiquid, or lose all or substantially all of its value subsequent to

investment. Many loan obligations are subject to legal or contractual restrictions on resale and may be relatively illiquid and difficult to value. This will also have an adverse impact on the Fund's ability to dispose of particular loan obligations or loan participations when necessary to meet the Fund's liquidity needs or when necessary in response to a specific economic event, such as a decline in the credit quality of the borrower. For additional information, see the "How Are Redemption Proceeds Paid?" section of the Shareholder Guide in this Prospectus.

- ***Loan Participation Risk***—The Fund may not always have direct recourse against a borrower if the borrower fails to pay scheduled principal and interest. Where the Fund lacks direct recourse, the Fund will look to an agent for the lenders to enforce appropriate credit remedies against the borrower. The Fund may be subject to greater delays, expenses and risks than would have been involved if the Fund had purchased a direct obligation of the borrower. Under the terms of certain loan participations, the Fund may be regarded as a creditor of the agent lender rather than of the underlying borrower, and therefore may be subject to the risk that the agent lender may become insolvent.
- ***Market Risk***—The value of the instruments in which the 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.
- ***Non-Investment Grade Investments Risk***—Non-investment grade investments and unrated investments of comparable credit quality are considered speculative and are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These investments may be subject to greater price volatility due to such factors as specific corporate or municipal developments, interest rate sensitivity, negative perceptions of the non-investment grade markets generally and less secondary market liquidity. The Fund may purchase the securities or obligations of issuers that are in default.
- ***Second Lien Loans Risk***—Second Lien Loans generally are subject to similar risks as Senior Loans. Because Second Lien Loans are subordinated or unsecured and thus lower in priority of payment to Senior Loans, they are subject to the additional risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Second Lien Loans generally have greater price volatility than Senior Loans and may be less liquid. There is also a possibility that originators will not be able to sell participations in Second Lien Loans, which would create greater credit risk exposure for the holders of such loans. Second Lien Loans share the same risks as other below investment grade securities.
- ***Senior Loan Risk***—Senior Loans hold the most senior position in the capital structure of a business entity, and are typically secured with specific collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debt holders and stockholders of the borrower. Senior Loans are usually rated below investment grade, and are subject to similar risks, such as credit risk, as below investment grade securities. However, Senior Loans are typically senior and secured in contrast to other below investment grade securities, which are

often subordinated and unsecured. There is less readily available, reliable information about most Senior Loans than is the case for many other types of securities, and the Investment Adviser relies primarily on its own evaluation of a borrower's credit quality rather than on any available independent sources. The ability of the Fund to realize full value in the event of the need to sell a Senior Loan may be impaired by the lack of an active trading market for certain senior loans or adverse market conditions limiting liquidity. To the extent that a secondary market does exist for certain Senior Loans, the market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Although Senior Loans in which the Fund will invest generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of the bankruptcy of a borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a Senior Loan. Moreover, any specific collateral used to secure a Senior Loan may decline in value or become illiquid, which would adversely affect the Senior Loan's value. Uncollateralized Senior Loans involve a greater risk of loss. Some Senior Loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the Senior Loans to presently existing or future indebtedness of the borrower or take other action detrimental to lenders, including the Fund, such as invalidation of Senior Loans.

- ***U.S. Government Securities Risk***—The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. U.S. Government Securities issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and Federal Home Loan Banks chartered or sponsored by Acts of Congress are neither issued nor guaranteed by the U.S. Treasury and, therefore, are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. Government Securities held by the Fund may greatly exceed their current resources, including their legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future.

Performance

The Fund commenced operations on March 31, 2011. No performance information is provided because the Fund has less than one calendar year of performance as of the date of this Prospectus. The Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available at no cost at www.goldmansachsfunds.com/performance or by calling the appropriate phone number on the back cover of this Prospectus.

Portfolio Management

Goldman Sachs Asset Management, L.P. is the investment adviser for the Fund (the "Investment Adviser" or "GSAM").

Portfolio Managers: Michael Goldstein, CFA, Managing Director, Co-Head of High Yield and Bank Loans team, has managed the Fund since 2011; Michael Chang, CFA, Vice President, has managed the Fund since 2011; and Jean Joseph, Vice President, has managed the Fund since 2011.

Buying and Selling Fund Shares

The minimum initial investment for Class A and Class C Shares is, generally, $1,000. The minimum initial investment for Institutional Shares is, generally, $10,000,000 for individual investors and $1,000,000 alone or in combination with other assets under the management of GSAMI and its affiliates for certain other types of investors. There may be no minimum for initial purchases of Institutional Shares for certain retirement accounts or for initial purchases of Class R and Class IR Shares.

The minimum subsequent investment for Class A and Class C shareholders is $50, except for Employer Sponsored Benefit Plans, for which there is no minimum. There is no minimum subsequent investment for Institutional, Class R or Class IR shareholders.

You may purchase and redeem (sell) shares of the Fund on any business day through certain brokers, investment advisers and other financial institutions ("Authorized Institutions").

Tax Information

For important tax information, please see "Tax Information" on page 42 of this Prospectus.

Payments to Broker-Dealers and Other Financial Intermediaries

For important information about financial intermediary compensation, please see "Payments to Broker-Dealers and Other Financial Intermediaries" on page 42 of this Prospectus.

Asset
Management

Goldman Sachs Investment Grade Credit Fund—Summary

Investment Objective

The Goldman Sachs Investment Grade Credit Fund (the "Fund") seeks a high level of total return consisting of capital appreciation and income that exceeds the total return of the Barclays Capital U.S. Credit Index.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts on purchases of Class A Shares if you and your family invest, or agree to invest in the future, at least $100,000 in Goldman Sachs Funds. More information about these and other discounts is available from your financial professional and in "Shareholder Guide—Common Questions Applicable to the Purchase of Class A Shares" beginning on page 93 of this Prospectus and "Other Information Regarding Maximum Sales Charge, Purchases, Redemptions, Exchanges and Dividends" beginning on page B-139 of the Fund's Statement of Additional Information ("SAI").

	Class A	Institutional	Class IR	Separate Account Institutional
Shareholder Fees **(fees paid directly from your investment)**				
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	3.75%	None	None	None
Maximum Deferred Sales Charge (Load) (as a percentage of the lower of original purchase price or sale proceeds)	None	None	None	None

	Class A	Institutional	Class IR	Separate Account Institutional
Annual Fund Operating Expenses **(expenses that you pay each year as a percentage of the value of your investment)**				
Management Fees	0.40%	0.40%	0.40%	0.40%
Distribution and Service (12b-1) Fees	0.25%	None	None	None
Other Expenses[1]	0.19%	0.10%	0.19%	0.10%
Total Annual Fund Operating Expenses[2]	0.84%	0.50%	0.59%	0.50%
Fee Waiver and Expense Limitation[3]	(0.13)%	(0.13)%	(0.13)%	(0.13)%
Total Annual Fund Operating Expenses After Fee Waiver and Expense Limitation[2]	0.71%	0.37%	0.46%	0.37%

[1] *The "Other Expenses" for Class IR Shares are based on estimated amounts for the current fiscal year.*

[2] *The "Annual Fund Operating Expenses" of the Fund's Class A and Institutional Shares have been restated to reflect current fees.*

[3] *The Investment Adviser has agreed to (i) waive a portion of its management fee in order to achieve an effective net management rate of 0.33% as an annual percentage rate of the average daily net assets of the Fund, and (ii) reduce or limit "Other Expenses" (excluding management fees, distribution and service fees, transfer agency fees and expenses, taxes, interest, brokerage fees and litigation, indemnification, shareholder meeting and other extraordinary expenses exclusive of any custody and transfer agent fee credit reductions) to 0.004% of the Fund's average daily net assets. These arrangements will remain in effect through at least July 29, 2012, and prior to such date the Investment Adviser may not terminate the arrangements without the approval of the Board of Trustees.*

Expense Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The Example assumes that you invest $10,000 in Class A, Institutional, Class IR and/or Separate Account Institutional Shares of the Fund for the time periods indicated and then redeem all of your Class A, Institutional, Class IR and/or Separate Account Institutional Shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same (except that the Example incorporates the fee waiver and expense limitation arrangements for only the first year). Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Class A Shares	$445	$621	$811	$1,362
Institutional Shares	$ 38	$147	$267	$ 616
Class IR Shares	$ 47	$176	$316	$ 725
Separate Account Institutional Shares	$ 38	$147	$267	$ 616

Portfolio Turnover

The Fund pays transaction costs when it buys and sells securities or instruments (*i.e.*, "turns over" its portfolio). A high rate of portfolio turnover may result in increased transaction costs, including brokerage commissions, which must be borne by the Fund and its shareholders, and is also likely to result in higher short-term capital gains for taxable shareholders. These costs are not reflected in annual fund operating expenses or in the expense example above, but are reflected in the Fund's performance. The Fund's portfolio turnover rate for the fiscal year ended March 31, 2011 was 100% of the average value of its portfolio.

Principal Strategy

The Fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ("Net Assets") in investment grade fixed income securities. Investment grade securities are securities that are rated at the time of purchase at least BBB– by Standard & Poor's Rating

Group (“Standard & Poor’s”), at least Baa3 by Moody’s Investors Service, Inc. (“Moody’s”), or have a comparable rating by another nationally recognized statistical rating organization (“NRSRO”) or, if unrated, are determined by the Investment Adviser to be of comparable quality. The Fund may invest in corporate securities, securities issued or guaranteed by the U.S. government, its agencies, instrumentalities or sponsored enterprises (“U.S. Government Securities”), securities representing direct or indirect interests in or that are collateralized by adjustable rate and fixed rate mortgage loans or other mortgage-related securities (“Mortgage-Backed Securities”), asset-backed securities, and fixed income securities issued by or on behalf of states, territories and possessions of the United States (including the District of Columbia) and the political subdivisions, agencies and instrumentalities thereof (“Municipal Securities”). Although the Fund may invest without limit in foreign securities, the Fund’s investments in non-U.S. dollar denominated obligations (hedged or unhedged against currency risk) will not exceed 25% of its total assets at the time of investment, and 10% of the Fund’s total assets may be invested in obligations of emerging countries. Additionally, exposure to non-U.S. currencies (unhedged against currency risk) will not exceed 25% of the Fund’s total assets. In pursuing its investment objective, the Fund uses the Barclays Capital U.S. Credit Index as its performance benchmark, but the Fund will not attempt to replicate the Barclays Capital U.S. Credit Index. The Fund may, therefore, invest in securities that are not included in the Barclays Capital U.S. Credit Index.

The Fund’s target duration under normal interest rate conditions is the duration of the Barclays Capital U.S. Credit Index, plus or minus one year (the Fund’s duration approximates its price sensitivity to changes in interest rates), and over the last ten years, the duration of this Index has ranged between 5.00 and 6.50 years.

The Fund’s portfolio managers seek to build a portfolio consisting of their “best ideas” across the investment grade credit market consistent with the Fund’s overall risk budget and the views of the Investment Adviser’s Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund’s risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund’s portfolio.

Principal Risks of the Fund

Loss of money is a risk of investing in the Fund. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) or any government agency. The Fund should not be relied upon as a complete investment program. There can be no assurance that the Fund will achieve its investment objective.

- ***Credit/Default Risk***—An issuer or guarantor of fixed income securities held by the Fund (which may have low credit ratings) may default on its obligation to pay interest and repay principal. Additionally, the credit quality of securities may deteriorate rapidly, which may impair the Fund’s liquidity and cause significant net asset value ("NAV") deterioration. To the extent that the Fund holds non-investment grade fixed income securities, these risks may be more pronounced.

- ***Foreign Risk***—Foreign securities may be subject to risk of loss because of less foreign government regulation, less public information and less economic, political and social stability in these countries. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. Foreign risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the Fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. To the extent that the Fund also invests in issuers located in emerging markets, these risks may be more pronounced.
- ***Interest Rate Risk***—When interest rates increase, fixed income securities held by the Fund will generally decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.
- ***U.S. Government Securities Risk***—The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. U.S. Government Securities issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal Home Loan Banks chartered or sponsored by Acts of Congress are neither issued nor guaranteed by the U.S. Treasury and, therefore, are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. Government Securities held by the Fund may greatly exceed their current resources, including their legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future.

Performance

The bar chart and table below provide an indication of the risks of investing in the Fund by showing: (a) changes in the performance of the Fund's Class A Shares from year to year; and (b) how the average annual total returns of the Fund's Class A, Institutional and Separate Account Institutional Shares compare to those of a broad-based securities market index. The Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available at no cost at www.goldmansachsfunds.com/performance or by calling the appropriate phone number on the back cover of this Prospectus.

Because Class IR Shares have not commenced operations as of the date of this Prospectus, no performance information is shown for this share class. Class IR Shares would have annual returns substantially similar to those of the other share classes shown because Class IR Shares represent interests in the same portfolio of securities. Annual returns would differ only to the extent Class IR Shares have different expenses.

The bar chart (including "Best Quarter" and "Worst Quarter" information) does not reflect the sales loads applicable to Class A Shares. If the sales loads were reflected, returns would be less. Performance reflects fee waivers and expense limitations in effect.

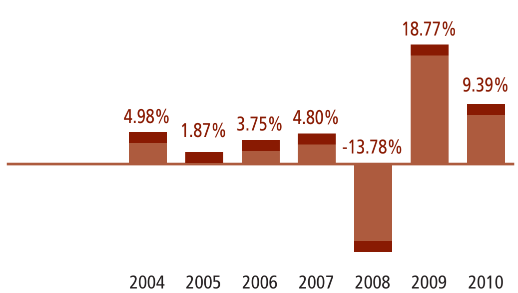
TOTAL RETURN

The total return for Class A Shares for the six month period ended June 30, 2011 was 4.21%

Best Quarter
Q2 '09 +10.01%

Worst Quarter
Q3 '08 –8.21%

CALENDAR YEAR (CLASS A)



AVERAGE ANNUAL TOTAL RETURNS

For the period ended December 31, 2010	1 Year	5 Years	Since Inception
Class A Shares (Inception 11/03/03)			
Returns Before Taxes	5.30%	3.22%	3.51%
Returns After Taxes on Distributions	3.78%	1.43%	1.82%
Returns After Taxes on Distributions and Sale of Fund Shares	3.43%	1.68%	1.99%
Institutional Shares (Inception 11/03/03)			
Returns Before Taxes	9.76%	4.36%	4.47%
Separate Account Institutional Shares (Inception 11/03/03)			
Returns Before Taxes	9.81%	4.43%	4.52%
Barclays Capital U.S. Credit Index (reflects no deduction for fees, expenses or taxes)	8.47%	5.98%	5.39%

The after-tax returns are for Class A Shares only. The after-tax returns for Institutional and Separate Account Institutional Shares will vary. 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.

Portfolio Management

Goldman Sachs Asset Management, L.P. is the investment adviser for the Fund (the "Investment Adviser" or "GSAM").

Portfolio Managers: Lale Topcuoglu, Managing Director, Co-Head of Investment Grade Credit team, has managed the Fund since 2010; and Ben Johnson, CFA, Managing Director, has managed the Fund since 2003.

Buying and Selling Fund Shares

The minimum initial investment for Class A Shares is, generally, $1,000. The minimum initial investment for Institutional Shares is, generally, $10,000,000 for individual investors and $1,000,000 alone or in combination with other assets under the management of GSAM and its affiliates for certain other types of investors. There may be no minimum for initial purchases of Institutional Shares for certain retirement accounts or for initial purchases of Class IR Shares. Separate Account Institutional Shares are available to Taxable Fixed Income ("TFI") Separate Account clients with at least $100,000,000 in assets under management with Goldman, Sachs & Co. or its affiliates, and $50,000,000 invested in the TFI Separate Account strategy.

The minimum subsequent investment for Class A shareholders is $50, except for Employer Sponsored Benefit Plans, for which there is no minimum. There is no minimum subsequent investment for Institutional, Class IR or Separate Account Institutional Shares.

You may purchase and redeem (sell) shares of the Fund on any business day through certain brokers, investment advisers and other financial institutions ("Authorized Institutions").

Tax Information

For important tax information, please see "Tax Information" on page 42 of this Prospectus.

Payments to Broker-Dealers and Other Financial Intermediaries

For important information about financial intermediary compensation, please see "Payments to Broker-Dealers and Other Financial Intermediaries" on page 42 of this Prospectus.

Goldman Sachs

Asset Management

Goldman Sachs Local Emerging Markets Debt Fund—Summary

Investment Objective

The Goldman Sachs Local Emerging Markets Debt Fund (the "Fund") seeks a high level of total return consisting of income and capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts on purchases of Class A Shares if you and your family invest, or agree to invest in the future, at least $100,000 in Goldman Sachs Funds. More information about these and other discounts is available from your financial professional and in "Shareholder Guide—Common Questions Applicable to the Purchase of Class A Shares" beginning on page 93 of this Prospectus and "Other Information Regarding Maximum Sales Charge, Purchases, Redemptions, Exchanges and Dividends" beginning on page B-139 of the Fund's Statement of Additional Information ("SAI").

	Class A	Class C	Institutional	Class IR
Shareholder Fees **(fees paid directly from your investment)**				
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	4.5%	None	None	None
Maximum Deferred Sales Charge (Load) (as a percentage of the lower of original purchase price or sale proceeds)[1]	None	1.0%	None	None
Redemption Fee (as a percentage of amount redeemed, imposed on the redemption of shares held for 30 calendar days or less)	2.0%	2.0%	2.0%	2.0%

	Class A	Class C	Institutional	Class IR
Annual Fund Operating Expenses **(expenses that you pay each year as a percentage of the value of your investment)**				
Management Fees	0.90%	0.90%	0.90%	0.90%
Distribution and Service (12b-1) Fees	0.25%	1.00%	None	None
Other Expenses	0.28%	0.28%	0.19%	0.28%
Total Annual Fund Operating Expenses	1.43%	2.18%	1.09%	1.18%
Fee Waiver and Expense Limitation[2]	(0.18)%	(0.18)%	(0.18)%	(0.18)%
Total Annual Fund Operating Expenses After Fee Waiver and Expense Limitation[3]	1.25%	2.00%	0.91%	1.00%

[1] *A contingent deferred sales charge ("CDSC") of 1% is imposed on Class C Shares redeemed within 12 months of purchase.*

[2] *The Investment Adviser has agreed to (i) waive a portion of its management fee in order to achieve an effective net management fee rate of 0.80% as an annual percentage rate of the average daily net assets of the Fund, and (ii) reduce or limit "Other Expenses" (excluding management fees, distribution and service fees, transfer agency fees and expenses, taxes, interest, brokerage fees and litigation, indemnification, shareholder meeting and other extraordinary expenses exclusive of any custody and transfer agent fee credit reductions) to 0.074% of the Fund's average daily net assets. These arrangements will remain in effect through at least July 29, 2012, and prior to such date, the Investment Adviser may not terminate the arrangements without the approval of the Board of Trustees.*

[3] *The Fund's "Total Annual Fund Operating Expenses After Fee Waiver and Expense Limitation" have been restated to reflect the fee waiver and expense limitation currently in effect.*

Expense Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The Example assumes that you invest $10,000 in Class A, Class C, Institutional and/or Class IR Shares of the Fund for the time periods indicated and then redeem all of your Class A, Class C, Institutional and/or Class IR Shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same (except that the Example incorporates the fee waiver and expense limitation arrangements for only the first year). Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Class A Shares	$572	$865	$1,180	$2,071
Class C Shares				
– Assuming complete redemption at end of period	$303	$665	$1,153	$2,499
– Assuming no redemption	$203	$665	$1,153	$2,499
Institutional Shares	$ 93	$329	$ 583	$1,313
Class IR Shares	$102	$357	$ 632	$1,416

Portfolio Turnover

The Fund pays transaction costs when it buys and sells securities or instruments (*i.e.*, "turns over" its portfolio). A high rate of portfolio turnover may result in increased transaction costs, including brokerage commissions, which must be borne by the Fund and its shareholders, and is also likely to result in higher short-term capital gains for taxable shareholders. These costs are not reflected in annual fund operating expenses or in the expense example above, but are reflected in the Fund's performance. The Fund's portfolio turnover rate for the fiscal year ended March 31, 2011 was 154% of the average value of its portfolio.

Principal Strategy

The Fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ("Net Assets") in sovereign and corporate debt of issuers located in emerging countries denominated in the local currency of such emerging countries or in currencies of such emerging countries, which may be represented by forwards or other derivatives that may have interest rate exposure. Sovereign debt for this Fund consists of fixed income securities issued by a national government within a given country denominated in the currency of that country, and may also include nominal and real inflation-linked securities. Currency investments, particularly longer-dated forward contracts, provide the Fund with economic exposure similar to investments in sovereign and corporate debt with respect to currency and interest rate exposure.

The Investment Adviser may consider classifications by the World Bank, the International Finance Corporation or the United Nations (and its agencies) in determining whether a country is emerging or developed. Currently, emerging countries include, among others, most African, Asian, Eastern European, Middle Eastern, South and Central American nations. The Investment Adviser currently intends that the Fund's investment focus will be in the following emerging countries: Argentina, Botswana, Brazil, Chile, China, Colombia, Czech Republic, Dominican Republic, Egypt, Estonia, Ghana, Hong Kong, Hungary, India, Indonesia, Kazakstan, Kenya, Latvia, Lithuania, Malawi, Malaysia, Mauritius, Mexico, Nigeria, Peru, The Philippines, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, South Africa, South Korea, Sri Lanka, Taiwan, Tanzania, Thailand, Turkey, Uganda, Ukraine, United Arab Emirates, Uruguay, Venezuela, Vietnam and Zambia, as well as other emerging countries to the extent that foreign investors are permitted by applicable law to make such investments. The Fund may invest in all types of foreign and emerging country fixed income securities. Foreign securities include securities of issuers located outside the U.S. or securities quoted or denominated in a currency other than the U.S. Dollar.

The countries in which the Fund invests may have sovereign ratings that are below investment grade or are unrated. Moreover, to the extent the Fund invests in corporate or other privately issued debt obligations, many of the issuers of such obligations will be smaller companies with stock market capitalizations of $1 billion or less at the time of investment. Securities of these issuers may be rated below investment grade or unrated. Although a majority of the Fund's assets will be denominated in non-U.S. Dollars, the Fund may invest in securities denominated in the U.S. Dollar.

Currently, the Investment Adviser's emerging markets debt strategy invests significantly in emerging market sovereign issues. As such, country selection is believed to be the most important factor in the portfolio construction process. The Investment Adviser evaluates macro developments and assesses the net flows within countries. The next most important factor is security selection. Analysis of emerging market debt involves an understanding of the finances, political events, and macroeconomic condition of a country. The Investment Adviser's research analysts analyze the "balance sheets" of the countries they follow.

The Investment Adviser intends to use structured securities and derivative instruments to attempt to improve the performance of the Fund or to gain exposure to certain countries or currencies in the Fund's investment portfolio in accordance with its investment objective, and the Fund's investments in these instruments may be significant. These transactions may result in substantial realized and unrealized capital gains and losses relative to the gains and losses from the Fund's investments in bonds and other securities. Short-term and long-term realized capital gains distributions paid by the Fund are taxable to its shareholders.

The Fund may invest in the aggregate up to 20% of its Net Assets in investments other than emerging country fixed income securities, currency investments and related derivatives, including (without limitation) equity securities and fixed income securities, such as government, corporate and bank debt obligations, of developed country issuers.

The Fund may invest in securities without regard to credit rating. The Fund's target duration under normal interest rate conditions is that of the J.P. Morgan Government Bond Index—Emerging Markets Global Diversified Index plus or minus 2 years (the Fund's duration approximates its price sensitivity to changes in interest rates), and since the Index's inception on December 31, 2002, the duration of this Index has ranged between 3.80 and 4.40 years.

The Fund's portfolio managers seek to build a portfolio consisting of their "best ideas" across the emerging markets debt market consistent with the Fund's overall risk budget and the views of the Investment Adviser's Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund's risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund's portfolio.

THE FUND IS "NON-DIVERSIFIED" UNDER THE INVESTMENT COMPANY ACT AS AMENDED (THE "INVESTMENT COMPANY ACT"), AND MAY INVEST MORE OF ITS ASSETS IN FEWER ISSUERS THAN "DIVERSIFIED" MUTUAL FUNDS.

Principal Risks of the Fund

Loss of money is a risk of investing in the Fund. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any government agency. The Fund should not be relied upon as a complete investment program. There can be no assurance that the Fund will achieve its investment objective.

- ***Credit/Default Risk***—An issuer or guarantor of fixed income securities held by the Fund (which may have low credit ratings) may default on its obligation to pay interest and repay principal. Additionally, the credit quality of securities may deteriorate rapidly, which may impair the Fund's liquidity and cause significant net asset value ("NAV") deterioration. To the extent that the Fund holds non-investment grade fixed income securities, these risks may be more pronounced.
- ***Derivatives Risk***—Loss may result from the Fund's investments in options, futures, forwards, swaps, options on 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 the Fund. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation.

- ***Emerging Countries Risk***—The securities markets of most Central and South American, African, Middle Eastern, Asian, Eastern European and other emerging countries are less liquid, are especially subject to greater price volatility, have smaller market capitalizations, have more or 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.
- ***Foreign Risk***—Foreign securities may be subject to risk of loss because of less foreign government regulation, less public information and less economic, political and social stability in these countries. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. Foreign risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the Fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Foreign risks may be more pronounced when the Fund invests in issuers located in emerging countries.
- ***Interest Rate Risk***—When interest rates increase, fixed income securities held by the Fund will generally decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.
- ***Liquidity Risk***—The Fund may make investments that are illiquid or that may become less liquid in response to market developments or adverse investor perceptions. Illiquid investments may be more difficult to value accurately. Liquidity risk may also refer to the risk that the Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests or other reasons. To meet redemption requests, the Fund may be forced to sell securities at an unfavorable time and/or under unfavorable conditions.
- ***Non-Diversification Risk***—The Fund is non-diversified, meaning that it is permitted to invest more of its assets in fewer issuers than "diversified" mutual funds. Thus, the Fund may be more susceptible to adverse developments affecting any single issuer held in its portfolio, and may be more susceptible to greater losses because of these developments.
- ***Non-Investment Grade Fixed Income Securities Risk***—Non-investment grade fixed income securities and unrated securities of comparable credit quality (commonly known as "junk bonds") are considered speculative and 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.
- ***Sovereign Risk***—An issuer of non-U.S. sovereign debt, or the governmental authorities that control the repayment of the debt, may be unable or unwilling to repay the principal or interest when due. This may result from political or social factors, the general economic environment of a country, levels of foreign debt or foreign currency exchange rates.

Performance

The bar chart and table below provide an indication of the risks of investing in the Fund by showing: (a) changes in the performance of the Fund's Class A Shares from year to year; and (b) how the average annual total returns of the Fund's Class A, Class C and Institutional Shares compare to those of a broad-based securities market index. The Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available at no cost at www.goldmansachsfunds.com/performance or by calling the appropriate phone number on the back cover of this Prospectus.

Because Class IR Shares have not had a full calendar year of performance as of the date of this Prospectus, no performance information is shown for this share class. Class IR Shares would have annual returns substantially similar to those of the other share classes shown because Class IR Shares represent interests in the same portfolio of securities. Annual returns would differ only to the extent Class IR Shares have different expenses.

The bar chart (including "Best Quarter" and "Worst Quarter" information) does not reflect the sales loads applicable to Class A Shares. If the sales loads were reflected, returns would be less. Performance reflects fee waivers and expense limitations in effect.

TOTAL RETURN

CALENDAR YEAR (CLASS A)

The total return for Class A Shares for the six month period ended June 30, 2011 was 5.67%

Best Quarter
Q2 '09 +16.25%

Worst Quarter
Q2 '10 –2.44%

AVERAGE ANNUAL TOTAL RETURNS

For the period ended December 31, 2010	1 Year	Since Inception
Class A Shares (Inception 02/15/08)		
Returns Before Taxes	10.16%	2.94%
Returns After Taxes on Distributions	7.17%	0.90%
Returns After Taxes on Distributions and Sale of Fund Shares	6.51%	1.32%
Class C Shares (Inception 02/15/08)		
Returns Before Taxes	13.25%	3.85%
Institutional Shares (Inception 02/15/08)		
Returns Before Taxes	15.74%	4.95%
J.P. Morgan Government Bond Index—Emerging Markets Global Diversified Index (reflects no deductions for fees, expenses or taxes)	15.68%	10.05%

The after-tax returns are for Class A Shares only. The after-tax returns for Class C and Institutional Shares will vary. 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.

Portfolio Management

Goldman Sachs Asset Management, L.P. is the investment adviser for the Fund (the "Investment Adviser" or "GSAM").

Portfolio Managers: Samuel Finkelstein, Managing Director, Global Head of Macro Strategies, has managed the Fund since 2008; and Ricardo Penfold, Managing Director, has managed the Fund since 2008.

Buying and Selling Fund Shares

The minimum initial investment for Class A and Class C Shares is, generally, $1,000. The minimum initial investment for Institutional Shares is, generally, $10,000,000 for individual investors and $1,000,000 alone or in combination with other assets under the management of the Investment Adviser and its affiliates for certain other types of investors. There may be no minimum for initial purchases of Institutional Shares for certain retirement accounts or for initial purchases of Class IR Shares.

The minimum subsequent investment for Class A and Class C shareholders is $50, except for Employer Sponsored Benefit Plans, for which there is no minimum. There is no minimum subsequent investment for Institutional or Class IR shareholders.

You may purchase and redeem (sell) shares of the Fund on any business day through certain brokers, investment advisers and other financial institutions ("Authorized Institutions").

Tax Information

For important tax information, please see "Tax Information" on page 42 of this Prospectus.

Payments to Broker-Dealers and Other Financial Intermediaries

For important information about financial intermediary compensation, please see "Payments to Broker-Dealers and Other Financial Intermediaries" on page 42 of this Prospectus.

Goldman Sachs

Asset Management

Goldman Sachs U.S. Mortgages Fund—Summary

Investment Objective

The Goldman Sachs U.S. Mortgages Fund (the "Fund") seeks a high level of total return consisting of income and capital appreciation.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts on purchases of Class A Shares if you and your family invest, or agree to invest in the future, at least $100,000 in Goldman Sachs Funds. More information about these and other discounts is available from your financial professional and in "Shareholder Guide—Common Questions Applicable to the Purchase of Class A Shares" beginning on page 93 of this Prospectus and "Other Information Regarding Maximum Sales Charge, Purchases, Redemptions, Exchanges and Dividends" beginning on page B-139 of the Fund's Statement of Additional Information ("SAI").

	Class A	Institutional	Class IR	Separate Account Institutional
Shareholder Fees **(fees paid directly from your investment)**				
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	3.75%	None	None	None
Maximum Deferred Sales Charge (Load) (as a percentage of the lower of original purchase price or sale proceeds)	None	None	None	None

	Class A	Institutional	Class IR	Separate Account Institutional
Annual Fund Operating Expenses **(expenses that you pay each year as a percentage of the value of your investment)**				
Management Fees	0.40%	0.40%	0.40%	0.40%
Distribution and Service (12b-1) Fees	0.25%	None	None	None
Other Expenses[1]	0.24%	0.15%	0.24%	0.15%
Total Annual Fund Operating Expenses[2]	0.89%	0.55%	0.64%	0.55%
Fee Waiver and Expense Limitation[3]	(0.18)%	(0.18)%	(0.18)%	(0.18)%
Total Annual Fund Operating Expenses After Fee Waiver and Expense Limitation[2]	0.71%	0.37%	0.46%	0.37%

[1] *The "Other Expenses" for Class IR Shares are based on estimated amounts for the current fiscal year.*
[2] *The "Annual Fund Operating Expenses" of the Fund's Class A and Institutional Shares have been restated to reflect current fees.*

[3] *The Investment Adviser has agreed to (i) waive a portion of its management fee in order to achieve an effective net management rate of 0.33% as an annual percentage rate of the average daily net assets of the Fund, and (ii) reduce or limit "Other Expenses" (excluding management fees, distribution and service fees, transfer agency fees and expenses, taxes, interest, brokerage fees and litigation, indemnification, shareholder meeting and other extraordinary expenses exclusive of any custody and transfer agent fee credit reductions) to 0.004% of the Fund's average daily net assets. These arrangements will remain in effect through at least July 29, 2012, and prior to such date the Investment Adviser may not terminate the arrangements without the approval of the Board of Trustees.*

Expense Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The Example assumes that you invest $10,000 in Class A, Institutional, Class IR and/or Separate Account Institutional Shares of the Fund for the time periods indicated and then redeem all of your Class A, Institutional, Class IR and/or Separate Account Institutional Shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same (except that the Example incorporates the fee waiver and expense limitation arrangements for only the first year). Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Class A Shares	$445	$631	$833	$1,414
Institutional Shares	$ 38	$158	$289	$ 672
Class IR Shares	$ 47	$187	$339	$ 781
Separate Account Institutional Shares	$ 38	$158	$289	$ 672

Portfolio Turnover

The Fund pays transaction costs when it buys and sells securities or instruments (*i.e.*, "turns over" its portfolio). A high rate of portfolio turnover may result in increased transaction costs, including brokerage commissions, which must be borne by the Fund and its shareholders, and is also likely to result in higher short-term capital gains for taxable shareholders. These costs are not reflected in annual fund operating expenses or in the expense example above, but are reflected in the Fund's performance. The Fund's portfolio turnover rate for the fiscal year ended March 31, 2011 was 905% of the average value of its portfolio.

Principal Strategy

The Fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ("Net Assets") in securities representing direct or indirect interests in or that are collateralized by adjustable rate and fixed rate mortgage loans or other mortgage-related securities ("Mortgage-Backed Securities") of U.S. issuers. The Fund may also invest in mortgage dollar rolls, securities issued or guaranteed by the U.S. government, its agencies, instrumentalities or sponsored enterprises ("U.S. Government Securities"), asset-backed securities and foreign securities.

The Fund's investments must be rated, at the time of purchase, at least BBB– by Standard & Poor's Rating Group ("Standard & Poor's"), at least Baa3 by Moody's Investors Service, Inc. ("Moody's"), or have a comparable rating by another nationally recognized statistical rating organization ("NRSRO") or, if unrated, must be determined by the Investment Adviser to be of comparable quality. The Fund's target duration under normal interest rate conditions is the duration of the Barclays Capital U.S. Securitized Bond Index plus or minus 0.5 years (the Fund's duration approximates its price sensitivity to changes in interest rates), and over the last ten years, the duration of this Index has ranged between 0.97 and 4.51 years.

The Fund's portfolio managers seek to build a portfolio consisting of their "best ideas" across the U.S. mortgages market consistent with the Fund's overall risk budget and the views of the Investment Adviser's Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund's risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund's portfolio.

Principal Risks of the Fund

Loss of money is a risk of investing in the Fund. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any government agency. The Fund should not be relied upon as a complete investment program. There can be no assurance that the Fund will achieve its investment objective.

- ***Credit/Default Risk***—An issuer or guarantor of fixed income securities held by the Fund (which may have low credit ratings) may default on its obligation to pay interest and repay principal. Additionally, the credit quality of securities may deteriorate rapidly, which may impair the Fund's liquidity and cause significant net asset value ("NAV") deterioration. To the extent that the Fund holds non-investment grade fixed income securities, these risks may be more pronounced.
- ***Interest Rate Risk***—When interest rates increase, fixed income securities held by the Fund will generally decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.
- ***Mortgage-Backed and Other Asset-Backed Risk***—Mortgage-related and other asset-backed securities are subject to certain additional risks, including "extension risk" (*i.e.*, in periods of rising interest rates, issuers may pay principal later than expected) and "prepayment risk" (*i.e.*, in periods of declining interest rates, issuers may pay principal more quickly than expected, causing the Fund to reinvest proceeds at lower prevailing interest rates). Mortgage-Backed Securities offered by non-governmental issuers are subject to other risks as well, including failures of private insurers to meet their obligations and unexpectedly high rates of default on the mortgages backing the securities. Other asset-backed securities are subject to risks similar to those associated with Mortgage-Backed Securities, as well as risks associated with the nature and servicing of the assets backing the securities.

- ***U.S. Government Securities Risk***—The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. U.S. Government Securities issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal Home Loan Banks chartered or sponsored by Acts of Congress are neither issued nor guaranteed by the U.S. Treasury and, therefore, are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. Government Securities held by the Fund may greatly exceed their current resources, including their legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future.

Performance

The bar chart and table below provide an indication of the risks of investing in the Fund by showing: (a) changes in the performance of the Fund's Class A Shares from year to year; and (b) how the average annual total returns of the Fund's Class A, Institutional and Separate Account Institutional Shares compare to those of a broad-based securities market index. The Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available at no cost at www.goldmansachsfunds.com/performance or by calling the appropriate phone number on the back cover of this Prospectus.

Because Class IR Shares have not commenced operations as of the date of this Prospectus, no performance information is shown for this share class. Class IR Shares would have annual returns substantially similar to those of the other share classes shown because Class IR Shares represent interests in the same portfolio of securities. Annual returns would differ only to the extent Class IR Shares have different expenses.

The bar chart (including "Best Quarter" and "Worst Quarter" information) does not reflect the sales loads applicable to Class A Shares. If the sales loads were reflected, returns would be less. Performance reflects fee waivers and expense limitations in effect.

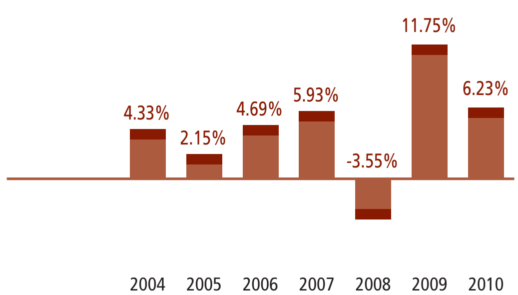
TOTAL RETURN

The total return for Class A Shares for the six month period ended June 30, 2011 was 2.37%

Best Quarter
Q3 '09 +4.75%

Worst Quarter
Q1 '08 –2.43%

CALENDAR YEAR (CLASS A)



AVERAGE ANNUAL TOTAL RETURNS

For The Period Ended December 31, 2010	1 Year	5 Years	Since Inception
Class A Shares (Inception 11/03/03)			
Returns Before Taxes	2.28%	4.10%	3.94%
Returns After Taxes on Distributions	1.37%	2.62%	2.48%
Returns After Taxes on Distributions and Sale of Fund Shares	1.47%	2.61%	2.49%
Institutional Shares (Inception 11/03/03)			
Returns Before Taxes	6.58%	5.25%	4.90%
Separate Account Institutional Shares (Inception 11/03/03)			
Returns Before Taxes	6.73%	5.33%	4.95%
Barclays Capital U.S. Securitized Bond Index (reflects no deduction for fees, expenses or taxes)	6.52%	6.14%	5.45%

The after-tax returns are for Class A Shares only. The after-tax returns for Institutional and Separate Account Institutional Shares will vary. 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.

Portfolio Management

Goldman Sachs Asset Management, L.P. is the investment adviser for the Fund (the "Investment Adviser" or "GSAM").

Portfolio Managers: Thomas D. Teles, Managing Director, Global Head of Securitized and Government Investments, has managed the Fund since 2003; Peter D. Dion, CFA, Vice President, has managed the Fund since 2003; Christopher J. Creed, Managing Director, has managed the Fund since 2009; and Christopher J. Hogan, CFA, Vice President, has managed the Fund since 2009.

Buying and Selling Fund Shares

The minimum initial investment for Class A Shares is, generally, $1,000. The minimum initial investment for Institutional Shares is, generally, $10,000,000 for individual investors and $1,000,000 alone or in combination with other assets under the management of the Investment Adviser and its affiliates for certain other types of investors. There may be no minimum for initial purchases of Institutional Shares for certain retirement accounts or for initial purchases of Class IR Shares. Separate Account Institutional Shares are available to Taxable Fixed Income ("TFI") Separate Account clients with at least $100,000,000 in assets under management with Goldman, Sachs & Co. or its affiliates, and $50,000,000 invested in the TFI Separate Account strategy.

The minimum subsequent investment for Class A shareholders is $50, except for Employer Sponsored Benefit Plans, for which there is no minimum. There is no minimum subsequent investment for Institutional, Class IR or Separate Account Institutional Shares.

You may purchase and redeem (sell) shares of the Fund on any business day through certain brokers, investment advisers and other financial institutions (“Authorized Institutions”).

Tax Information

For important tax information, please see “Tax Information” on page 42 of this Prospectus.

Payments to Broker-Dealers and Other Financial Intermediaries

For important information about financial intermediary compensation, please see “Payments to Broker-Dealers and Other Financial Intermediaries” on page 42 of this Prospectus.

Single Sector Fixed Income Funds – Additional Summary Information

Tax Information

The Funds' distributions are taxable, and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Investments through tax-deferred arrangements may become taxable upon withdrawal.

Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase a Fund through an Authorized Institution, the Fund and/or its related companies may pay the Authorized Institution for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the Authorized Institution and your salesperson to recommend a Fund over another investment. Ask your salesperson or visit your Authorized Institution's website for more information.

Investment Management Approach

INVESTMENT OBJECTIVES

The Emerging Markets Debt Fund, Local Emerging Markets Debt Fund and U.S. Mortgages Fund each seek a high level of total return consisting of income and capital appreciation. The High Yield Fund seeks a high level of current income and may also consider the potential for capital appreciation. The High Yield Floating Rate Fund seeks a high level of current income. The Investment Grade Credit Fund seeks a high level of total return consisting of capital appreciation and income that exceeds the total return of the Barclays Capital U.S. Credit Index. Each Fund's investment objective may be changed without shareholder approval upon 60 days notice.

PRINCIPAL INVESTMENT STRATEGIES

Emerging Markets Debt Fund

The Fund invests, under normal circumstances, at least 80% of its Net Assets in fixed income securities of issuers located in emerging countries. 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 the Fund's policy to invest at least 80% of its Net Assets in the particular type of investment suggested by its name. The Investment Adviser may consider, but is not bound by, classifications by the World Bank, the International Finance Corporation or the United Nations and its agencies in determining whether a country is emerging or developed. Currently, emerging countries include, among others, most African, Asian, Eastern European, Middle Eastern, South and Central American nations. The Investment Adviser currently intends that the Fund's investment focus will be in the following emerging countries: Argentina, Brazil, Colombia, Ecuador, Egypt, Malaysia, Mexico, Peru, The Philippines, Poland, Russia, South Africa, Turkey, Ukraine and Venezuela, as well as other emerging countries to the extent that foreign investors are permitted by applicable law to make such investments.

The Fund may invest in all types of foreign and emerging country fixed income securities, including the following:

- Brady bonds and other debt issued by governments, their agencies and instrumentalities, or by their central banks;

- Interests issued by entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued by emerging country issuers;
- Fixed and floating rate, senior and subordinated corporate debt obligations (such as bonds, debentures, notes and commercial paper);
- Loan participations; and
- Repurchase agreements with respect to the foregoing.

Foreign securities include securities of issuers located outside the U.S. or securities quoted or denominated in a currency other than the U.S. Dollar.

The countries in which the Fund invests may have sovereign ratings that are below investment grade or are unrated. Moreover, to the extent the Fund invests in corporate or other privately issued debt obligations, many of the issuers of such obligations will be smaller companies with stock market capitalizations of $1 billion or less at the time of investment. Securities of these issuers may be rated below investment grade or unrated. Although a majority of the Fund's assets may be denominated in U.S. Dollars, the Fund may invest in securities denominated in any currency and may be subject to the risk of adverse currency fluctuations. Additionally, the Fund intends to use structured securities or derivatives, including but not limited to credit linked notes, financial future contracts, forward contracts and swap contracts to gain exposure to certain countries or currencies.

The Fund may invest in securities without regard to credit rating. The Fund's target duration under normal interest rate conditions is that of the J.P. Morgan EMBI Global Diversified Index, plus or minus 2 years (the Fund's duration approximates its price sensitivity to changes in interest rates), and over the last ten years, the duration of this Index has ranged between 4.9 and 7.3 years.

The Fund's portfolio managers seek to build a portfolio consisting of their "best ideas" across the emerging markets debt market consistent with the Fund's overall risk budget and the views of the Investment Adviser's Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund's risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund's portfolio.

The Fund's benchmark index is the J.P. Morgan EMBI Global Diversified Index. The J.P. Morgan EMBI Global Diversified Index is an unmanaged index of debt instruments of emerging countries.

THE FUND IS "NON-DIVERSIFIED" UNDER THE INVESTMENT COMPANY ACT, AND MAY INVEST MORE OF ITS ASSETS IN FEWER ISSUERS THAN "DIVERSIFIED" MUTUAL FUNDS.

High Yield Fund

The Fund invests, under normal circumstances, at least 80% of its Net Assets in high-yield, fixed income securities that, at the time of purchase, are non-investment grade securities. 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 the Fund's policy to invest at least 80% of its Net Assets in the particular type of investment suggested by its name. Non-investment grade securities are securities rated BB+, Ba1 or below by a NRSRO, or, if unrated, determined by the Investment Adviser to be of comparable quality, and are commonly referred to as "junk bonds." The Fund may invest in all types of fixed income securities, including:

- Senior and subordinated corporate debt obligations (such as bonds, debentures, notes and commercial paper)
- Convertible and non-convertible corporate debt obligations
- Loan participations
- Custodial receipts
- Municipal Securities
- Preferred stock

The Fund may invest up to 25% of its total assets in obligations of domestic and foreign issuers which are denominated in currencies other than the U.S. dollar and in securities of issuers located in emerging countries denominated in any currency. However, to the extent that the Investment Adviser has entered into transactions that are intended to hedge the Fund's position in a non-dollar denominated obligation against currency risk, such obligation will not be counted when calculating compliance with the 25% limitation on obligations in non-U.S. currency.

Under normal market conditions, the Fund may invest up to 20% of its Net Assets in investment grade fixed income securities, including U.S. Government Securities. The Fund may also invest in common stocks, warrants, rights and other equity securities, but will generally hold such equity investments only when debt or preferred stock of the issuer of such equity securities is held by the Fund or when the equity securities are received by the Fund in connection with a corporate restructuring of an issuer.

The Fund may invest in derivatives, including credit default swap indices (or CDX), for hedging purposes or to seek to increase total return.

The Fund's target duration under normal interest rate conditions is the duration of the Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped plus or minus 2.5 years (the Fund's duration approximates its price sensitivity to changes in interest rates), and over the last ten years, the duration of this Index has ranged between 4.00 and 4.70 years.

The Fund's portfolio managers seek to build a portfolio consisting of their "best ideas" across the high yield securities market consistent with the Fund's overall risk budget and the views of the Investment Adviser's Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund's risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund's portfolio.

The Fund's benchmark index is the Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped. The Barclays Capital U.S. Corporate High Yield Bond Index, 2% Issuer Capped covers the universe of U.S. dollar denominated, non-convertible, fixed rate, non-investment grade debt. Index holdings must have at least one year to final maturity, at least $150 million par amount outstanding, and be publicly issued with a rating of Ba1 or lower.

High Yield Floating Rate Fund

The Fund invests, under normal circumstances, at least 80% of its Net Assets in domestic or foreign floating rate loans and other floating or variable rate obligations rated below investment grade. Non-investment grade obligations are those rated BB+, Ba1 or below by a NRSRO, or, if unrated, determined by the Investment Adviser to be of comparable quality, and are commonly referred to as "junk bonds". 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 the Fund's policy to invest at least 80% of its Net Assets in the particular type of investment suggested by its name.

The Fund's investments in floating and variable rate obligations may include, without limitation, senior secured loans (including assignments and participations), second lien loans, senior unsecured and subordinated loans, senior and subordinated corporate debt obligations (such as bonds, debentures, notes and commercial paper), debt issued by governments, their agencies and instrumentalities, and debt issued by central banks. The Fund may invest indirectly in loans by purchasing participations or sub-participations from financial institutions. Participations and sub-participations represent the right to receive a portion of the principal of, and all of the interest relating to such portion of, the applicable loan. The Fund expects to invest principally in the U.S. loan market and, to a lesser extent, in the European loan market. The Fund may also invest in other loan markets, although it does not currently intend to do so.

Under normal conditions, the Fund may invest up to 20% of its Net Assets in fixed income instruments, regardless of rating, including fixed rate corporate bonds, government bonds, convertible debt obligations, and mezzanine fixed income instruments. The Fund may also invest in floating or variable rate instruments that are rated investment grade and in preferred stock, repurchase agreements and cash securities.

The Fund may also invest in derivative instruments. Derivatives are instruments that have a value based on another instrument, exchange rate or index. The Fund's investments in derivatives may include credit default swaps on credit and loan indices and forward contracts, among others. The Fund may use currency management techniques, such as forward foreign currency contracts, for investment or hedging purposes. Derivatives that provide exposure to floating or variable rate loans or obligations rated below investment grade are counted towards the Fund's 80% policy.

The Fund's target duration under normal interest rate conditions is less than 0.5 years (the Fund's duration approximates its price sensitivity to changes in interest rates). The Fund's investments in floating rate obligations will generally have short to intermediate maturities (approximately 5-7 years).

The Fund's investments are selected using a bottom-up analysis that incorporates fundamental research, a focus on market conditions and pricing trends, quantitative research, and news or market events. The selection of individual investments is based on the overall risk and return profile of the investment taking into account liquidity, structural complexity, cash flow uncertainty and downside potential. Research analyst and portfolio managers systematically assess portfolio positions, taking into consideration, among other factors, broader macroeconomic conditions and industry and company-specific financial performance and outlook. Based upon this analysis, the Investment Adviser will sell positions determined to be overvalued and reposition the portfolio in more attractive investment opportunities on a relative basis given the current climate.

The Fund's benchmark index is the Barclays Capital Bank Loan Index/U.S. High-Yield Loan Index. The Barclays Capital Bank Loan Index/U.S. High-Yield Loan Index provides broad and comprehensive total return metrics of the universe of syndicated term loans. To be included in the index, a bank loan must be U.S. dollar denominated and have a principal amount of at least $150 million, a minimum term of one year, and a minimum initial spread of the London Inter-Bank Offered Rate (LIBOR) +1.25%.

Investment Grade Credit Fund

The Fund invests, under normal circumstances, at least 80% of its Net Assets in investment grade fixed income securities. 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 the Fund's policy to invest at least 80% of its Net Assets in the particular type of investment suggested by its name. Investment grade securities are securities that are rated at the time of purchase at least BBB− by Standard & Poor's, at least Baa3 by Moody's, or have a comparable rating by another NRSRO or, if unrated, are determined by the Investment Adviser to be of comparable quality. The Fund may invest in corporate securities, U.S. Government Securities, Mortgage-Backed Securities, asset-backed securities, and Municipal Securities. Although the Fund may invest without limit in foreign securities, the Fund's investments in non-U.S. dollar denominated obligations (hedged or unhedged against currency risk) will not exceed 25% of its total assets at the time of investment, and 10% of the Fund's total assets may be invested in obligations of emerging countries. Additionally, exposure to non-U.S. currencies (unhedged against currency risk) will not exceed 25% of the Fund's total assets. In pursuing its investment objective, the Fund uses the Barclays Capital U.S. Credit Index as its performance benchmark, but the Fund will not attempt to replicate the Barclays Capital U.S. Credit Index. The Fund may, therefore, invest in securities that are not included in the Barclays Capital U.S. Credit Index.

The Fund's target duration under normal interest rate conditions is the duration of the Barclays Capital U.S. Credit Index, plus or minus one year (the Fund's duration approximates its price sensitivity to changes in interest rates), and over the last ten years, the duration of this Index has ranged between 5.00 and 6.50 years.

The Fund's portfolio managers seek to build a portfolio consisting of their "best ideas" across the investment grade credit market consistent with the Fund's overall risk budget and the views of the Investment Adviser's Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund's risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund's portfolio.

The Barclays Capital U.S. Credit Index is an unmanaged index that is unbundled into pure corporates (industrial, utility, and finance, including both U.S. and Non-U.S. corporations) and noncorporates (sovereign, supranational, foreign agencies, and foreign local governments).

Local Emerging Markets Debt Fund

The Fund invests, under normal circumstances, at least 80% Net Assets in sovereign and corporate debt of issuers located in emerging countries denominated in the local currency of such emerging countries or in currencies of such emerging countries, which may be represented by forwards or other derivatives that may have interest rate exposure. 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 the Fund's policy to invest at least 80% of its Net Assets in the particular type of investment suggested by its name. Sovereign debt in this Prospectus consists of fixed income securities issued by a national government within a given country denominated in the currency of that country, and may also include nominal and real inflation-linked securities. Currency investments, particularly longer-dated forward contracts, provide the Fund with economic exposure similar to investments in sovereign and corporate debt with respect to currency and interest rate exposure.

The Investment Adviser may consider, but is not bound by, classifications by the World Bank, the International Finance Corporation or the United Nations and its agencies in determining whether a country is emerging or developed. Currently, emerging countries include, among others, most African, Asian, Eastern European, Middle Eastern, South and Central American nations. The Investment Adviser currently intends that the Fund's investment focus will be in the following emerging countries: Argentina, Botswana, Brazil, Chile, China, Colombia, Czech Republic, Dominican Republic, Egypt, Estonia, Ghana, Hong Kong, Hungary, India, Indonesia, Kazakstan, Kenya, Latvia, Lithuania, Malawi, Malaysia, Mauritius, Mexico, Nigeria, Peru, The Philippines, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, South Africa, South Korea, Sri Lanka, Taiwan, Tanzania, Thailand, Turkey, Uganda, Ukraine, United Arab Emirates, Uruguay, Venezuela, Vietnam and Zambia, as well as other emerging countries to the extent that foreign investors are permitted by applicable law to make such investments.

The Fund may invest in all types of foreign and emerging country fixed income securities, including the following:

- Brady bonds and other debt issued by governments, their agencies and instrumentalities, or by their central banks,
- interests issued by entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued by emerging country issuers,
- fixed and floating rate, senior and subordinated corporate debt obligations (such as bonds, debentures, notes and commercial paper),
- loan participations, and
- repurchase agreements with respect to the foregoing.

Foreign securities include securities of issuers located outside the U.S. or securities quoted or denominated in a currency other than the U.S. Dollar.

The countries in which the Fund invests may have sovereign ratings that are below investment grade or are unrated. Moreover, to the extent the Fund invests in corporate or other privately issued debt obligations, many of the issuers of such obligations will be smaller companies with stock market capitalizations of $1 billion or less at the time of investment. Securities of these issuers may be rated below investment grade or unrated. Although a majority of the Fund's assets will be denominated in non-U.S. Dollars, the Fund may invest in securities denominated in the U.S. Dollar.

The Investment Adviser intends to use structured securities and derivative instruments to attempt to improve the performance of the Fund or to gain exposure to certain countries or currencies in the Fund's investment portfolio in accordance with its investment objective. These instruments include credit linked notes, financial futures contracts, forward contracts and swap transactions, as well as other types of derivatives or structured securities. The Fund's investments in these instruments may be significant. These transactions may result in substantial realized and unrealized capital gains and losses relative to the gains and losses from the Fund's investments in bonds and other securities. Short-term and long-term realized capital gains distributions paid by the Fund are taxable to its shareholders.

The Fund may invest in securities without regard to credit rating. The Fund's target duration under normal interest rate conditions is that of the J.P. Morgan Government Bond Index—Emerging Markets Global Diversified Index plus or minus 2 years (the Fund's duration approximates its price sensitivity to changes in interest rates), and since the Index's inception on December 31, 2002, the duration of this Index has ranged between 3.80 and 4.40 years.

The Fund's portfolio managers seek to build a portfolio consisting of their "best ideas" across the emerging markets debt market consistent with the Fund's overall risk budget and the views of the Investment Adviser's Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund's risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund's portfolio.

Other. The Fund may invest in the aggregate up to 20% of its Net Assets in investments other than emerging country fixed income securities, currency investments and related derivatives, including (without limitation) equity securities and fixed income securities, such as government, corporate and bank debt obligations, of developed country issuers.

Portfolio Construction. Currently, the Investment Adviser's emerging markets debt strategy invests significantly in emerging market sovereign issues. As such, country selection is believed to be the most important factor in the portfolio construction process. The Investment Adviser evaluates macro developments and assesses the net flows within countries. The next most important factor is security selection.

Analysis of emerging market debt involves an understanding of the finances, political events, and macroeconomic condition of a country. The Investment Adviser's research analysts analyze the "balance sheets" of the countries they follow. This may include evaluating factors such as balance of payments, tax revenues, and external and domestic debt. They also assess macroeconomic measures, which may include inflation, interest rates, growth prospects and monetary policy. For some emerging market debt countries, politics is the key driver of performance. As a result, the Investment Adviser's research analysts may spend a significant portion of their time following the political developments of the countries they cover.

Fundamental analysis is combined with valuation techniques to determine relative values of securities. Although the Investment Adviser may believe a security is attractive from a fundamental point of view, the Investment Adviser may not believe the price is attractive relative to other credits. As a result, even if the Investment Adviser likes a country's fundamentals, the Investment Adviser may not invest in it due to its valuation. Likewise, the Investment Adviser may believe that a certain country's fundamentals are less positive but may invest in the country because the Investment Adviser believes the yield offers significant compensation for the additional risk.

The Fund's benchmark index is the J.P. Morgan Government Bond Index—Emerging Markets Global Diversified Index. The J.P. Morgan Government Bond Index—Emerging Markets Global Diversified Index is an index of debt instruments of emerging countries.

THE FUND IS "NON-DIVERSIFIED" UNDER THE INVESTMENT COMPANY ACT, AND MAY INVEST MORE OF ITS ASSETS IN FEWER ISSUERS THAN "DIVERSIFIED" MUTUAL FUNDS.

U.S. Mortgages Fund

The Fund invests, under normal circumstances, at least 80% of its Net Assets in Mortgage-Backed Securities of U.S. issuers. 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 the Fund's policy to invest at least 80% of its Net Assets in the particular type of investment suggested by its name. The Fund may also invest in mortgage dollar rolls, U.S. Government Securities, asset-backed securities and foreign securities.

The Fund's investments must be rated, at the time of purchase, at least BBB– by Standard & Poor's, at least Baa3 by Moody's, or have a comparable rating by another NRSRO or, if unrated, must be determined by the Investment Adviser to be of comparable quality. The Fund's target duration under normal interest rate conditions is the duration of the Barclays Capital U.S. Securitized Bond Index plus or minus 0.5 years (the Fund's duration approximates its price sensitivity to changes in interest rates), and over the last ten years, the duration of this Index has ranged between 0.97 and 4.51 years.

The Fund's portfolio managers seek to build a portfolio consisting of their "best ideas" across the U.S. mortgages market consistent with the Fund's overall risk budget and the views of the Investment Adviser's Global Fixed Income top-down teams. As market conditions change, the volatility and attractiveness of sectors, securities and strategies can change as well. To optimize the Fund's risk/return potential within its long-term risk budget, the portfolio managers may dynamically adjust the mix of top-down and bottom-up strategies in the Fund's portfolio.

The Fund's benchmark index is the Barclays Capital U.S. Securitized Bond Index. The Barclays Capital U.S. Securitized Bond Index is a composite of asset-backed securities, collateralized mortgage-backed securities (ERISA-eligible) and fixed rate mortgage-backed securities.

ALL FUNDS

The Funds Described In This Prospectus Are Not Money Market Funds. Investors In The Funds Should Understand That The NAV Of The Funds Will Fluctuate, Which May Result In A Loss Of A Portion Of The Principal Amount Invested.

The Funds may, from time to time, take temporary defensive positions in attempting to respond to adverse market, political or other conditions. For temporary defensive purposes (and to the extent that it is permitted to invest in the following), each Fund may 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 from another NRSRO (or if unrated, determined by the Investment Adviser to be of comparable credit quality), 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, exchange traded funds ("ETFs") and other investment companies and cash items. When a Fund's assets are invested in such instruments, the Fund may not be achieving its investment objective.

Goldman Sachs' Fixed Income Investing Philosophy—Emerging Markets Debt Fund, High Yield Fund, Investment Grade Credit Fund, Local Emerging Markets Debt Fund and U.S. Mortgages Fund:

Global fixed income markets are constantly evolving and are highly diverse—with myriad countries, currencies, sectors, issuers and securities. We believe that inefficiencies in these complex markets cause bond prices to diverge from their fair value. To capitalize on these inefficiencies and generate consistent risk-adjusted performance, we believe it is critical to:

- *Thoughtfully combine diversified sources of return by employing multiple strategies*
- *Take a global perspective to uncover relative value opportunities*
- *Employ focused specialist teams to identify short-term mispricings and incorporate long-term views*
- *Emphasize a risk-aware approach as we view management as both an offensive and defensive tool*
- *Build a strong team of skilled investors who excel on behalf of our clients*

GSAM Fixed Income implements this overall philosophy through an investment process that seeks to maximize risk-adjusted total returns by using a diverse set of investment strategies and revolves around four key elements:

1. Developing a long-term risk budget—Lead portfolio managers (the "Portfolio Team") are responsible for the overall results of a Fund. They set the strategic direction of a Fund by establishing a "risk budget." The "risk budget" for the Funds is the range the portfolio managers will allow the Funds to deviate from their respective benchmarks with respect to sector allocations, country allocations, securities selection and, to a lesser extent, duration. Following careful analysis of risk and return objectives, they allocate the overall risk budget to each component strategy to optimize potential return.

2. Generating investment views and strategies—Our Top-down and Bottom-up Strategy Teams (collectively, "Strategy Teams") generate investment ideas within their areas of specialization. The Top-down Strategy Teams are responsible for Cross-Sector, Duration, Country and Currency decisions and are deliberately small to ensure creativity and expedite decision-making and execution. Concurrently, Bottom-up Strategy Teams, comprised of sector specialists, formulate sub-sector allocation and security selection decisions.

3. Constructing the portfolios—The Portfolio and Strategy Teams construct each Fund's portfolio through a collaborative process in which the Portfolio Team oversees the overall portfolio while the Strategy Teams actively manage the securities and strategies within their areas of specialization. This process enables the Portfolio Team to build a diversified portfolio consisting of the individual Strategy Teams' "best ideas," consistent with a Fund's overall risk and return objectives.

4. Dynamic adjustments based on market conditions—As market conditions change, the volatility and attractiveness of sectors and strategies can change as well. To optimize a Fund's risk/return potential within its long-term risk budget, the Portfolio Team dynamically adjusts the mix of top-down and bottom-up strategies in the Fund's portfolio. At the same time, the Strategy Teams adjust their strategies and security selections in an effort to optimize performance within their specialty areas.

Goldman Sachs' Global Corporate Credit Investment Philosophy—High Yield Floating Rate Fund:

The Investment Adviser's Global Corporate Credit investment process revolves around four key elements:

1. Research and evaluate prospective investments—Investment idea generation begins with the Investment Adviser's portfolio managers, credit analysts and traders through a combination of the following:

- *Fundamental research;*
- *A focus on market conditions and pricing trends; and*
- *Quantitative research, and/or news and market events.*

Ideas are subjected to extensive financial, business and legal due diligence before security selection recommendations are arrived at.

2. Identify best ideas and formulate strategy—The Global Corporate Investment Team—a group of the Investment Adviser's senior credit experts—meets weekly to discuss and evaluate individual credit ideas and existing risk exposures. The Team formulates broad strategic themes based on sector views, market developments and trends.

3. Construct portfolio—The portfolio managers construct the portfolio based on a combination of the following:

- *Relative value analysis of security selection recommendations;*
- *Top-down scenario analysis to incorporate macroeconomic views and market technicals into the investment selection process; and*
- *Diversification across market segments, industry sectors and instrument types to mitigate risk and account for the likelihood that investments will "pay-off" at different times.*

Positions are sized based upon the risk and return profiles of the investments, accounting for:

- *Liquidity of underlying instruments,*
- *Structural complexity that is difficult to model,*
- *Cash flow uncertainty, and/or*
- *Significant downside potential.*

4. Monitor risk and manage the portfolio on an ongoing basis

- *Conduct regular performance, operational and risk reviews.*
- *Evaluate exit opportunities.*
- *Risk (both before and after an investment is made) and returns will be monitored by both the portfolio managers and the independent risk oversight team.*

With every fixed income portfolio, the Investment Adviser applies a team approach that emphasizes risk management and capitalizes on Goldman Sachs' extensive research capabilities.

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

ADDITIONAL PERFORMANCE INFORMATION

Note that the "Best Quarter" and "Worst Quarter" figures shown in the "Performance" section of each Fund's Summary section are applicable only to the time period covered by the bar chart.

Class B Shares convert automatically to Class A Shares on or about the fifteenth day of the last month of the calendar quarter that is eight years after purchase. Returns for Class B Shares for the period after conversion reflect the performance of Class A Shares.

The average annual total return figures reflect a maximum initial sales charge of 3.75% for Class A Shares of the Investment Grade Credit and U.S. Mortgages Funds. Prior to July 29, 2009, the maximum initial sales charge applicable to Class A Shares of the Investment Grade Credit and U.S. Mortgages Funds was 4.5%, which is not reflected in the average annual total return figures shown.

These definitions apply to the after-tax returns shown in the "Performance" section of each Fund's Summary section.

Average Annual Total Returns Before Taxes. These returns do not reflect taxes on distributions on a Fund's Class A 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 Class A Shares (*i.e.*, dividends and capital gains) but do not reflect taxes that may be incurred upon redemption (sale) of the Class A 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 Class A 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.

OTHER INVESTMENT PRACTICES AND SECURITIES

The tables on the following pages 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 table 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.goldmansachsfunds.com) complete portfolio holdings for the Fund as of the end of each fiscal quarter subject to a thirty 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 selected portfolio holdings information as of the end of each month subject to a ten 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 the Fund's policies and procedures with respect to the disclosure of a Fund's portfolio holdings is available in the Fund's SAI.

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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*

	Emerging Markets Debt Fund	**High Yield Fund**	**High Yield Floating Rate**
Investment Practices			
Borrowings	*33⅓*	*33⅓*	*33½*
Credit, Interest Rate and Total Return Swaps**	•	•	•
Cross Hedging of Currencies	•	•	•
Currency Swaps**	•	•	•
Futures Contracts	•	•	•
Forward Foreign Currency Exchange Contracts	•	•	•
Interest Rate Caps, Floors and Collars	•	•	•
Investment Company Securities (including ETFs)[1]	*10*	*10*	*10*
Mortgage Dollar Rolls	—	—	—
Mortgage Swaps**	—	•	—
Options (including Options on Futures)[2]	•	•	•
Options on Foreign Currencies[3]	•	•	•
Repurchase Agreements***	•	•	•
Securities Lending	*33⅓*	*33⅓*	—
When-Issued Securities and Forward Commitments	•	•	•

* *Each Fund may, however, invest securities lending collateral (if applicable) in registered or unregistered funds that invest in such instruments.*

** *Limited to 15% of net assets (together with other illiquid securities) for all investments that are not deemed liquid.*

*** *The Investment Grade Credit, High Yield, High Yield Floating Rate, Emerging Markets Debt and Local Emerging Markets Debt Funds may enter into repurchase agreements collateralized by U.S. Government Securities, and securities issued by foreign governments and their central banks. The U.S. Mortgages Fund may enter into repurchase agreements collateralized by U.S. Government Securities. The collateral for repurchase agreements for the U.S. Mortgages and Investment Grade Credit Funds must be rated at least AAA by Standard & Poor's or Aaa by Moody's or have a comparable rating by another NRSRO.*

[1] *This percentage limitation does not apply to the Funds' investments in investment companies (including ETFs) where a higher percentage limitation is permitted under the terms of an SEC exemptive order or SEC exemptive rule.*

[2] *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.*

3 *The Investment Grade Credit, High Yield, High Yield Floating Rate, Emerging Markets Debt and Local Emerging Markets Debt Funds may purchase and sell call and put options on foreign securities.*

Investment Grade Credit Fund	Local Emerging Markets Debt Fund	U.S. Mortgages Fund
33⅓	*33⅓*	*33⅓*
•	•	•
•	•	—
•	•	—
•	•	•
•	•	•
•	•	•
10	*10*	*10*
•	—	•
•	—	•
•	•	•
•	•	—
•	•	•
33⅓	*33⅓*	*33⅓*
•	•	•

10 Percent of total assets *(italic type)*
10 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*

	Emerging Markets Debt Fund	High Yield Fund	High Yield Floating Rate Fund
Investment Securities			
Asset-Backed Securities	•	•	—
Bank Obligations	•	•	•
Convertible Securities	•	•	•
Corporate Debt Obligations and Trust Preferred Securities	•	•	•
Emerging Country Securities	•	*25*[2]	•
Floating and Variable Rate Obligations	•	•	*80+*[7]
Foreign Securities[1]	•	•[3]	•
Loans and Loan Participations	•	•	•
Mortgage-Backed Securities			
Adjustable Rate Mortgage Loans	—	•	—
Collateralized Mortgage Obligations	—	•	—
Fixed Rate Mortgage Loans	—	•	—
Government Issued Mortgage-Backed Securities	—	•	—
Multiple Class Mortgage-Backed Securities	—	•	—
Privately Issued Mortgage-Backed Securities	—	•	—
Stripped Mortgage-Backed Securities	—	•	—
Non-Investment Grade Fixed Income Securities	•	80+[4]	•
Preferred Stock, Warrants and Rights	•	•	•
Second Lien Loans	•	•	•
Senior Loans	•	•	•
Structured Securities (which may include credit linked notes)**	•	•	•
Taxable Municipal Securities	—	•	—
Tax-Free Municipal Securities	—	•	—
Temporary Investments	•[6]	•[6]	•
U.S. Government Securities	•	•	•

See page 60 for footnotes.

Investment Grade Credit Fund	Local Emerging Markets Debt Fund	U.S. Mortgages Fund
•	•	•
•	•	•
•	•	—
•	•	•
10[2]	•	—
•	•	•
•[3]	•	•[3]
•	•	—
•	—	•
•	—	•
•	—	•
•	—	•
•	—	•
•	—	•
•	—	•
—[5]	•	—[5]
•	•	—
•	•	—
•	•	—
•	•	•
•	•	•
•	•	•
•	•[6]	•
•	•	•

* *Each Fund may, however, invest securities lending collateral (if applicable) in registered or unregistered funds that invest in such instruments.*

** *Limited to 15% of net assets (together with other illiquid securities) for all investments that are not deemed liquid.*

[1] *Includes issuers domiciled in one country and issuing securities denominated in the currency of another.*

[2] *Of the High Yield Fund's foreign securities, 25% of the Fund's total assets in the aggregate may be invested in emerging country securities. Of the Investment Grade Credit Fund's investments in foreign securities, 10% of the Fund's total assets in the aggregate may be invested in emerging country securities.*

[3] *The High Yield Fund may invest up to 25% of its total assets in securities not denominated in U.S. dollars and in emerging country securities denominated in any currency. If the High Yield Fund's position is hedged against currency risk, such position is not counted when calculating compliance with this 25% limitation. The Investment Grade Credit Fund may invest up to 25% of its total assets in securities not denominated in U.S. dollars (hedged or unhedged against currency risk). The U.S. Mortgages Fund currently intends to invest not more than 5% of its total assets in foreign securities (including securities not denominated in U.S. dollars), and will seek to hedge such investments against currency risk.*

[4] *The High Yield Fund will invest at least 80% of its Net Assets in lower grade securities under normal circumstances.*

[5] *The Investment Grade Credit and U.S. Mortgages Funds may not purchase securities that are rated below BBB– or Baa3 but may own such a security, if the security is downgraded after purchase.*

[6] *The Emerging Markets Debt, High Yield and the Local Emerging Markets Debt Funds may for this purpose invest in investment grade and high grade securities without limit.*

[7] *The High Yield Floating Rate Fund will invest, under normal circumstances, at least 80% of its Net Assets in floating rate loans and other floating or variable rate obligations rated below investment grade.*

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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 FDIC or any other governmental agency. The principal risks of each Fund are discussed in the Summary sections of this Prospectus. The following gives additional information on the 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.

✓ Principal Risk • Additional Risk	Emerging Markets Debt Fund	High Yield Fund	High Yield Floating Rate Fund
Call	•	•	•
Conflict of Interest			✓
Concentration	•		
Credit/Default	✓	✓	✓
Derivatives	✓	✓	✓
Distressed Debt	•	•	•
Emerging Countries	✓	•	•
Extension	•	•	•
Foreign	✓	✓	✓
Interest Rate	✓	✓	•
Liquidity	✓	✓	✓
Loan Obligations	•	•	✓
Loan Participation	•	•	✓
Management	•	•	•
Market	•	•	✓
Mortgage-Backed and Other Asset-Backed		•	
NAV	•	•	•
Non-Diversification	✓		
Non-Hedging Foreign Currency Trading	•	•	•
Non-Investment Grade Fixed Income Securities	✓	✓	✓
Second Lien Loans	•	•	✓
Senior Loans	•	•	✓
Sovereign			
Political	✓	•	•
Economic	✓	•	•
Repayment	✓	•	•
U.S. Government Securities	•	•	✓

Investment Grade Credit Fund	Local Emerging Markets Debt Fund	U.S. Mortgages Fund
•	•	•
	•	
✔	✔	✔
•	✔	•
	•	
•	✔	
•	•	•
✔	✔	•
✔	✔	✔
•	✔	•
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•	✔	
•	✔	
✔	•	✔

- ***Call Risk***—An issuer may exercise its right to pay principal on an obligation held by a Fund (such as a Mortgage-Backed Security) earlier than expected. This may happen when there is a decline in interest rates. Under these circumstances, a Fund may be unable to recoup all of its initial investment and will also suffer from having to reinvest in lower-yielding securities.
- ***Conflict of Interest Risk***—Affiliates of the Investment Adviser may participate in the primary and secondary market for loan obligations. Because of limitations imposed by applicable law, the presence of the Investment Adviser's affiliates in the loan obligations market may restrict the High Yield Floating Rate Fund's ability to acquire some loan obligations or affect the timing or price of such acquisitions. Also, because the Investment Adviser may wish to invest in the publicly traded securities of a borrower, it may not have access to material non-public information regarding the borrower to which other lenders have access.
- ***Concentration Risk***—If either the Emerging Markets Debt Fund or the Local Emerging Markets Debt Fund invests more than 25% of its total assets in issuers within the same country, state, region, currency or economic sector, an adverse economic, business or political development may affect the value of the Fund's investments more than if its investments were not so concentrated.
- ***Credit/Default Risk***—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 or instruments 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***—Loss may result from a Fund's investments in options, futures, forwards, swaps, options on 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 in the transaction will not fulfill its contractual obligation.

  Losses from investments in derivatives can result from a lack of correlation between the value of those derivatives and the value of the portfolio assets (if any) being hedged. In addition, there is a risk that the performance of the derivatives or other instruments used by the Investment Adviser to replicate the performance of a particular asset class may not accurately track the performance of that asset class. Derivatives are also subject to risks arising from margin requirements. There is also risk of loss if the Investment Adviser is incorrect in its expectation of the timing or level of fluctuations in securities prices, interest rates or currency prices.

- ***Distressed Debt Risk***—When a Fund invests in obligations of financially troubled companies (sometimes known as "Distressed" securities), there exists the risk that the transaction involving such debt obligations will be unsuccessful, take considerable time or will result in a distribution of cash or a new security or obligation in exchange for the stressed and distressed debt obligations, the value of which may be less than the Fund's purchase price of such debt obligations. Furthermore, if an anticipated transaction does not occur, a Fund may be required to sell its investment at a loss or hold its investment pending bankruptcy proceedings in the event the issuer files for bankruptcy.
- ***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 more or 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. These risks are not normally associated with investments in more developed countries.
- ***Extension Risk***—An issuer may exercise its right to pay principal on an obligation held by a Fund (such as a Mortgage-Backed Security) later than expected. This may happen when there is a rise in interest rates. Under these circumstances, the value of the obligation will decrease, and a Fund will also suffer from the inability to reinvest in higher yielding securities.
- ***Foreign Risk***—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 more or 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. The Funds will also be subject to the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the Fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Foreign risks will normally be greatest when a Fund invests in issuers located in emerging countries.
- ***Interest Rate Risk***—When interest rates increase, fixed income securities or instruments held by a Fund may decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments.
- ***Liquidity Risk***—A Fund may invest to a greater degree in securities or instruments that trade in lower volumes and may make investments that are less liquid than other investments. Also, a Fund may make investments that may become less liquid in response to market developments or adverse investor perceptions. Investments that are illiquid or that trade in lower volumes may be more difficult to value

accurately. 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 and/or 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.

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 each 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 a 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 included, for example, institutional investors, funds of funds, discretionary advisory clients, and other shareholders whose buy-sell decisions are controlled by a single decision-maker.

- ***Loan Obligations Risk***—Loan obligations are subject to the credit risk of nonpayment of principal or interest. Substantial increases in interest rates may cause an increase in loan obligation defaults. Although a loan obligation may be fully collateralized at the time of acquisition, the collateral may decline in value, be relatively illiquid, or lose all or substantially all of its value subsequent to investment, leaving all or part of a loan obligation unsecured. Unsecured loan obligations or unsecured portions of loan obligations are subject to greater risk of loss in the event of default by the borrower than secured loans. Many loan obligations are subject to legal or contractual restrictions on resale and are relatively illiquid and may be difficult to value. The purchase and sale of a loan obligation are subject to the requirements of the credit agreement governing the loan obligation. Loan obligations are not traded on an exchange and purchasers and sellers rely on certain market makers, such as the administrative agent for the particular loan obligation, to trade that loan obligation. These factors will also have an adverse impact on a Fund's ability to dispose of particular loan obligations or loan participations when necessary to meet the Fund's liquidity needs or when necessary in response to a specific economic event, such as a decline in the credit quality of the borrower.

- ***Loan Participation Risk***—Funds investing in loan participations may have limited recourse against a borrower who fails to pay scheduled principal and interest. When a Fund acts as co-lender in connection with a participation interest or when it acquires certain participation interests, the Fund will have direct recourse against the borrower if the borrower fails to pay scheduled principal and interest. In cases where a Fund lacks direct recourse, it will look to an agent for the lenders (the "agent lender") to enforce appropriate credit remedies against the borrower. In these cases, the Fund may be subject to delays, expenses and risks that are greater than those that would have been involved if the Fund had purchased a direct obligation (such as commercial paper) of such borrower. Moreover, under the terms of the loan participation, the Fund may be regarded as a creditor of the agent lender (rather than of the underlying corporate borrower), so that the Fund may also be subject to the risk that the agent lender may become insolvent.
- ***Management Risk***—A strategy used by the Investment Adviser may fail to produce the intended results.
- ***Market Risk***—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 or countries, which will increase the Fund's exposure to risk of loss from adverse developments affecting those sectors or countries.
- ***Mortgage-Backed and Other Asset-Backed Risk***—Mortgage-related and other asset-backed securities are subject to certain additional risks. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-backed securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if a Fund holds mortgage-backed securities, it may exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage-backed securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Fund because the Fund may have to reinvest that money at the lower prevailing interest rates. A Fund's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.

The U.S. Mortgages, Investment Grade Credit and High Yield Funds may invest in mortgage-backed securities issued by the U.S. Government (see "U.S. Government Securities Risk"). To the extent that a Fund invests in mortgage-backed securities offered by non-governmental issuers, such as commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers, the Fund may be subject to additional risks. Timely payment of interest and principal of non-governmental issuers are supported by various forms of private insurance or guarantees, including individual loan, title, pool and hazard insurance purchased by the issuer. There can be no assurance that the private insurers can meet their obligations under the policies. An unexpectedly high rate of defaults on the mortgages held by a mortgage pool may adversely affect the value of a mortgage-backed security and could result in losses to a Fund. The risk of such defaults is generally higher in the case of mortgage pools that include subprime mortgages. Subprime mortgages refer to loans made to borrowers with weakened credit histories or with a lower capacity to make timely payments on their mortgages.

- ***NAV Risk***—The NAV of a Fund and the value of your investment will fluctuate.
- ***Non-Diversification Risk***—The Emerging Markets Debt and Local Emerging Markets Debt Funds are non-diversified, meaning that each Fund is permitted to invest more of its assets in fewer issuers than "diversified" mutual funds. Thus, each Fund may be more susceptible to adverse developments affecting any single issuer held in its portfolio, and may be more susceptible to greater losses because of these developments.
- ***Non-Hedging Foreign Currency Trading Risk***—The Investment Grade Credit, High Yield, High Yield Floating Rate, Emerging Markets Debt and Local Emerging Markets Debt Funds may engage in forward foreign currency transactions for speculative purposes. The Funds' Investment Adviser may purchase or sell foreign currencies through the use of forward contracts based on the Investment Adviser's judgment regarding the direction of the market for a particular foreign currency or currencies. In pursuing this strategy, the Investment Adviser seeks to profit from anticipated movements in currency rates by establishing "long" and/or "short" positions in forward contracts on various foreign currencies. Foreign exchange rates can be extremely volatile and a variance in the degree of volatility of the market or in the direction of the market from the Investment Adviser's expectations may produce significant losses to the Funds. Some of these transactions may also be subject to interest rate risk.
- ***Non-Investment Grade Fixed Income Securities Risk***—Non-investment grade fixed income securities and unrated securities of comparable credit quality (commonly known as "junk bonds") are considered speculative and 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.

- ***Second Lien Loans Risk***—The Emerging Markets Debt, High Yield, High Yield Floating Rate, Investment Grade Credit and Local Emerging Markets Debt Funds may invest in Second Lien Loans. Second Lien Loans generally are subject to similar risks as those associated with investments in Senior Loans. Because Second Lien Loans are subordinated or unsecured and thus lower in priority of payment to Senior Loans, they are subject to the additional risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Second Lien Loans generally have greater price volatility than Senior Loans and may be less liquid. There is also a possibility that originators will not be able to sell participations in Second Lien Loans, which would create greater credit risk exposure for the holders of such loans. Second Lien Loans share the same risks as other below investment grade securities.
- ***Senior Loan Risk***—The Emerging Markets Debt, High Yield, High Yield Floating Rate, Investment Grade Credit and Local Emerging Markets Debt Funds may invest in Senior Loans, which hold the most senior position in the capital structure of a business entity, and are typically secured with specific collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debt holders and stockholders of the borrower. Senior Loans are usually rated below investment grade, and are subject to similar risks, such as credit risk, as below investment grade securities. However, Senior Loans are typically senior and secured in contrast to other below investment grade securities, which are often subordinated and unsecured. There is less readily available, reliable information about most Senior Loans than is the case for many other types of securities, and the Investment Adviser relies primarily on its own evaluation of a borrower's credit quality rather than on any available independent sources. The ability of a Fund to realize full value in the event of the need to sell a Senior Loan may be impaired by the lack of an active trading market for certain senior loans or adverse market conditions limiting liquidity. To the extent that a secondary market does exist for certain Senior Loans, the market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Although Senior Loans in which a Fund will invest generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of the bankruptcy of a borrower, a Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a Senior Loan. Moreover, any specific collateral used to

secure a Senior Loan may decline in value or become illiquid, which would adversely affect the Senior Loan's value. Uncollateralized Senior Loans involve a greater risk of loss. Some Senior Loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the Senior Loans to presently existing or future indebtedness of the borrower or take other action detrimental to lenders, including a Fund, such as invalidation of Senior Loans.

- ***Sovereign Risk***—The issuer of the non-U.S. sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay the principal or interest when due.
  - ***Political Risk***—The risks associated with the general political and social environment of a country. These factors may include among other things government instability, poor socioeconomic conditions, corruption, lack of law and order, lack of democratic accountability, poor quality of the bureaucracy, internal and external conflict, and religious and ethnic tensions. High political risk can impede the economic welfare of a country.
  - ***Economic Risk***—The risks associated with the general economic environment of a country. These can encompass, among other things, low quality and growth rate of Gross Domestic Product ("GDP"), high inflation or deflation, high government deficits as a percentage of GDP, weak financial sector, overvalued exchange rate, and high current account deficits as a percentage of GDP.
  - ***Repayment Risk***—A country may be unable to pay its external debt obligations in the immediate future. Repayment risk factors may include but are not limited to high foreign debt as a percentage of GDP, high foreign debt service as a percentage of exports, low foreign exchange reserves as a percentage of short-term debt or exports, and an unsustainable exchange rate structure.
- ***U.S. Government Securities Risk***—The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Although many types of U.S. Government Securities may be purchased by the Funds, such as those issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and Federal Home Loan Banks may be chartered or sponsored by Acts of Congress, their securities are neither issued nor guaranteed by the United States Treasury and, therefore, are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. Government Securities held by a Fund may greatly exceed their current resources, including their legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future. In September 2008, the U.S. Treasury Department and the Federal Housing Finance Administration ("FHFA") announced that Fannie Mae and Freddie Mac would be placed into a conservatorship under FHFA. The effect that this conservatorship will

have on the entities' debt and equities and on securities guaranteed by the entities is unclear.

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.

Service Providers

INVESTMENT ADVISER

Investment Adviser	Fund
Goldman Sachs Asset Management, L.P. (“GSAM”) 200 West Street New York, New York 10282	Emerging Markets Debt High Yield High Yield Floating Rate Investment Grade Credit Local Emerging Markets Debt U.S. Mortgages

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 March 31, 2011, GSAM, including its investment advisory affiliates, had assets under management of approximately $714.6 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

MANAGEMENT FEES AND OTHER EXPENSES

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 Management Fee Annual Rate	Average Daily Net Assets	Actual Rate For the Fiscal Period Ended March 31, 2011
Emerging Markets Debt	0.80%	First $2 Billion	0.80%
	0.72%	Next $3 Billion	
	0.68%	Next $3 Billion	
	0.67%	Over $8 Billion	
High Yield	0.70%	First $2 Billion	0.65%
	0.63%	Next $3 Billion	
	0.60%	Next $3 Billion	
	0.59%	Over $8 Billion	
High Yield Floating Rate	0.60%	First $1 Billion	0.60%
	0.54%	Next $1 Billion	
	0.51%	Next $3 Billion	
	0.50%	Next $3 Billion	
	0.49%	Over $8 Billion	
Investment Grade Credit	0.40%	First $1 Billion	0.33%*
	0.36%	Next $1 Billion	
	0.34%	Next $3 Billion	
	0.33%	Next $3 Billion	
	0.32%	Over $8 Billion	
Local Emerging Markets Debt	0.90%	First $2 Billion	0.90%**
	0.81%	Next $3 Billion	
	0.77%	Next $3 Billion	
	0.75%	Over $8 Billion	
U.S. Mortgages	0.40%	First $1 Billion	0.33%*
	0.36%	Next $1 Billion	
	0.34%	Next $3 Billion	
	0.33%	Next $3 Billion	
	0.32%	Over $8 Billion	

* *GSAM has agreed to waive a portion of its management fee in order to achieve the effective net management rates above. These waivers will remain in effect through at least July 29, 2012.*

** *Effective June 30, 2011, the Investment Adviser has agreed to waive a portion of its management fee in order to achieve an effective net management fee rate of 0.80% as an annual percentage rate of average daily net assets of the Local Emerging Markets Debt Fund. This arrangement will remain in effect through at least July 29, 2012, and prior to such date, the Investment Adviser may not terminate the arrangement without the approval of the Board of Trustees. This management fee waiver* *may be modified or terminated by the Investment Adviser at its discretion and without shareholder approval after such date, although the Investment Adviser does not presently intend to do so.*

The Investment Adviser may waive a portion of its management fee from time to time and may discontinue or modify any such waivers in the future, consistent with the terms of any fee waiver arrangements in place.

The Investment Adviser has agreed to reduce or limit "Other Expenses" (excluding management fees, distribution and service fees, transfer agency fees and expenses, service fees and shareholder administration fees (as applicable), taxes, interest, brokerage fees and litigation, indemnification, shareholder meeting and other extraordinary expenses exclusive of any custody and transfer agent fee credit reductions) to 0.044%, 0.024%, 0.104%, 0.004%, 0.074% and 0.004% of the average daily net assets for the Emerging Markets Debt, High Yield, High Yield Floating Rate, Investment Grade Credit, Local Emerging Markets Debt and U.S. Mortgages Funds, respectively, through at least July 29, 2012, and prior to such date, the Investment Adviser may not terminate the arrangement without the approval of the Board of Trustees. The expense limitations may be modified or terminated by the Investment Adviser at its discretion and without shareholder approval after such date, although the Investment Adviser does not presently intend to do so.

A discussion regarding the basis for the Board of Trustees' approval of the Management Agreement for the Funds in 2010 is available in the Funds' semi-annual report dated September 30, 2010 (with respect to High Yield Floating Rate Fund, this discussion is found in its annual report dated March 31, 2011). A discussion regarding the basis for the Board of Trustees' approval of the Management Agreement for the Funds in 2011 will be available in the Funds' semi-annual report dated September 30, 2011.

FUND MANAGERS

Fixed Income Portfolio Management Team

- The investment process revolves around four groups: the Investment Strategy Group, the Top-down Strategy Team, the Bottom-up Strategy Team and the Portfolio Teams.
- These teams strive to maximize risk-adjusted returns by de-emphasizing interest rate anticipation and focusing on security selection and sector allocation.
- As of March 31, 2011, the team managed approximately $304.1 billion in municipal and taxable fixed income assets for retail, institutional and high net worth clients.

Name and Title	Fund Responsibility	Years Primarily Responsible	Five Year Employment History
Thomas D. Teles Managing Director, Global Head of Securitized and Government Investments	Portfolio Manager— U.S. Mortgages	Since 2003	Mr. Teles is the Global Head of Securitized and Government Investments, and a member of the Fixed Income Strategy Group and Cross-Sector Strategy team. Mr. Teles joined the Investment Adviser in 2000, and prior to that, he worked for three years as a mortgage trader and in the research department for Goldman Sachs.
Lale Topcuoglu Managing Director, Co-Head Investment Grade Credit	Portfolio Manager— Investment Grade Credit	Since 2010	Ms. Topcuoglu joined the Investment Adviser in 2007 and specializes in European investment grade credit. Prior to joining the Investment Adviser, she worked for Goldman Sachs' Global Investment Research from 2003 to 2007 and the Securities Division of Goldman Sachs from 1999-2003.
Rob Cignarella, CFA Managing Director, Co-Head of High Yield & Bank Loans	Portfolio Manager— High Yield	Since 2003	Mr. Cignarella is a Co-Head of the High Yield and Bank Loans team. Mr. Cignarella joined the Investment Adviser in 1998 as a high yield credit research analyst.
Rachel C. Golder Managing Director, Co-Head of High Yield & Bank Loans; Co-Head of Global Credit Research	Portfolio Manager— High Yield	Since 2009	Ms. Golder is a Co-Head of the High Yield and Bank Loans team and Co-Head of Global Credit Research. Ms. Golder joined the Investment Adviser in 1997 as a founder of the Investment Adviser's High Yield team.
Michael Goldstein Managing Director, Co-Head High Yield & Bank Loans	Portfolio Manager— High Yield High Yield Floating Rate	Since 2010 2011	Mr. Goldstein is a Co-Head of the High Yield and Bank Loan team. Mr. Goldstein joined the Investment Adviser in 2010. Prior to joining GSAM he was a partner and director of high yield at Lord Abbett where he was responsible for managing high yield mutual funds and separately managed accounts. Mr. Goldstein joined Lord Abbett in 1997.

Name and Title	Fund Responsibility	Years Primarily Responsible	Five Year Employment History
Samuel Finkelstein Managing Director, Global Head of Macro Strategies	Portfolio Manager— Emerging Markets Debt Local Emerging Markets Debt	Since 2003 2008	Mr. Finkelstein is the Global Head of Macro Strategies, and a member of the Fixed Income Strategy Group and Cross-Sector Strategy team. Prior to joining the emerging markets debt team in 2000, he worked in the fixed income risk and strategy group where he constructed portfolios and monitored risk exposure. Mr. Finkelstein joined the Investment Adviser in 1997.
Peter D. Dion, CFA Vice President	Portfolio Manager— U.S. Mortgages	Since 2003	Mr. Dion is a portfolio manager on the Securitized team. Mr. Dion became a portfolio manager in 1995 and joined the Investment Adviser in 1992.
Christopher J. Creed Managing Director	Portfolio Manager— U.S. Mortgages	Since 2009	Mr. Creed joined the Investment Adviser in 2008 as a member of the Securitized team. He specializes in residential mortgage-backed securities. Prior to joining the Investment Adviser, he was a mortgage trader for eight years in the Securities Division of Goldman Sachs where he traded Agency and Non-Agency CMOs, Mortgage Derivatives, ABS/MBS CDOs and Student Loans.
Christopher J. Hogan, CFA Vice President	Portfolio Manager— U.S. Mortgages	Since 2009	Mr. Hogan is a member of our fixed income portfolio management team, specializing in agency mortgage-backed securities. Prior to joining the fixed income team in 2003, Mr. Hogan worked in Private Wealth Management at Goldman Sachs.
Ben Johnson, CFA Managing Director	Portfolio Manager— Investment Grade Credit	Since 2003	Mr. Johnson joined the Investment Adviser in 1998 and specializes in credit research. Prior to joining the Investment Adviser, he worked for Prudential Insurance Company of America where he invested in private placement debt securities.
Ricardo Penfold Managing Director	Portfolio Manager— Emerging Markets Debt Local Emerging Markets Debt	Since 2003 2008	Mr. Penfold joined the Investment Adviser in 2000. Prior to that he was Head of Research and Economics in Venezuela for Santander Investments and Banco Santander Central Hispano for four years.

Name and Title	Fund Responsibility	Years Primarily Responsible	Five Year Employment History
Michael Chang, CFA Vice President	Portfolio Manager— High Yield Floating Rate	Since 2011	Mr. Chang is a member of the High Yield team specializing in bank loans. Prior to joining GSAM in 2008, he spent six years at PIMCO and two years at Deutsche Bank, where he worked as the primary bank loan trader as well as a senior high yield research analyst.
Jean Joseph Vice President	Portfolio Manager— High Yield Floating Rate	Since 2011	Mr. Joseph is a member of the high yield portfolio management team specializing in bank loans. Prior to joining GSAM, he spent five years in the Americas Financing Group within the Investment Banking Division of Goldman Sachs as part of the leveraged finance team. Before joining Goldman Sachs, Mr. Joseph was an associate at Wachovia Securities in their leveraged finance/loan syndication departments, and was a senior credit analyst with GE Capital and Atherton Capital with a focus on middle market lending.

Jonathan Beinner and Andrew Wilson co-head GSAM Global Fixed Income and Liquidity Management. Jonathan Beinner serves as the Chief Investment Officer. They are responsible for high-level decisions pertaining to portfolios across multiple strategies. The Fixed Income Portfolio Management Team is organized into a series of specialist teams which focus on generating and implementing investment ideas within their area of expertise. Both top-down and bottom-up decisions are made by these small strategy teams, rather than by one portfolio manager or committee. Ultimate accountability for the portfolio resides with the lead portfolio managers, who set the long-term risk budget and oversee the portfolio construction process.

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, 200 West Street, New York, New York 10282, 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.

For its transfer agency services, Goldman Sachs is entitled to receive a transfer agency fee equal, on an annualized basis, to 0.13% of average daily net assets with respect to the Class A, Class B, Class C, Class IR and Class R Shares and 0.04% of average daily net assets with respect to Institutional, Separate Account Institutional, and Service Shares.

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

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 Goldman Sachs may present conflicts of interest with respect to a Fund or limit a Fund's investment activities. Goldman Sachs is a worldwide full service investment banking, broker dealer, asset management and financial services organization and a major participant in global financial markets that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, it acts as an investor, investment banker, research provider, investment manager, financier, advisor, market maker, trader, prime broker, lender, agent and principal. In those and other capacities, Goldman Sachs advises clients in all markets and transactions and purchases, sells, holds and recommends a broad array of investments, including securities, derivatives, loans, commodities, currencies, credit default swaps, indices, baskets and other financial instruments and products for its own account or for the accounts of its customers, 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 and 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, from time to time, 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, individually or in the aggregate, 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 effect 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.

A Fund's Board of Trustees may approve a securities lending program where an affiliate of the Investment Adviser is retained to serve as the securities lending agent for the Fund to the extent that the Fund engages in the securities lending program. For these services, the lending agent may receive a fee from the Fund, including a fee based on the returns earned on the Fund's investment of the cash received as collateral for the loaned securities. The Board of Trustees periodically reviews all portfolio securities loan transactions for which an affiliated lending agent has acted as lending agent. In addition, a Fund may make brokerage and other payments to Goldman Sachs and its affiliates in connection with the Fund's 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 or via telephone, in some instances, to the Transfer Agent (either directly or through your Authorized Institution) 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. If cash dividends are elected with respect to the Fund's monthly net investment income dividends, then cash dividends must also be elected with respect to the short-term capital gains component, if any, of the Fund's annual dividend.

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:

	Investment Income Dividends		Capital Gains Distributions
Fund	Declared	Paid	Declared and Paid
U.S. Mortgages	Daily	Monthly	Annually
Investment Grade Credit	Daily	Monthly	Annually
High Yield	Daily	Monthly	Annually
High Yield Floating Rate	Daily	Monthly	Annually
Emerging Markets Debt	Daily	Monthly	Annually
Local Emerging Markets Debt	Daily	Monthly	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 a 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' shares.

HOW TO BUY SHARES

Shares Offering

Shares of the Funds are continuously offered through the Distributor. In addition, certain Authorized Institutions (including certain banks, trust companies, brokers and investment advisers) may be authorized to accept, on behalf of the Fund, purchase and exchange orders and redemption requests placed by or on behalf of their customers, and if approved by the Fund, may designate other financial intermediaries to accept such orders.

The Funds and the Distributor will have the sole right to accept orders to purchase shares and reserve the right to reject any order in whole or in part.

How Can I Purchase Shares Of The Funds?

You may purchase shares of the Funds through certain Authorized Institutions. In order to make an initial investment in a Fund you must furnish to your Authorized Institution the information in the Account Application.

The decision as to which class to purchase depends on the amount you invest, the intended length of the investment and your personal situation. You should contact your Authorized Institution to discuss which share class option is right for you.

Note: Authorized Institutions may receive different compensation for selling different class shares.

Class B Shares are generally no longer available for purchase by current or prospective investors. Please see "What Should I Know About Class B Shares?" below for additional information.

To open an account, contact your Authorized Institution. For an investment in Institutional Shares only, you may also contact the Fund directly. See the back cover of this Prospectus for contact information.

Customers of certain Authorized Institutions will normally give their purchase instructions to the Authorized Institution, and the Authorized Institution will, in turn, place purchase orders with Goldman Sachs. Authorized Institutions will set times by which purchase orders and payments must be received by them from their customers.

For purchases by check, the Funds will not accept checks drawn on foreign banks, third party checks, temporary checks, or 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.

Class IR Shares and Class R Shares are not sold directly to the public. Instead, Class IR and Class R Shares generally are available only to 401(k) plans, 457 plans, employer sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans and non-qualified deferred compensation plans (the "Retirement Plans"). Class IR and Class R Shares are also generally available only to Retirement Plans where plan level or omnibus accounts are held on the books of the Funds. Class IR Shares may also be sold to accounts established under a fee based program that is sponsored and maintained by a registered broker-dealer or other financial intermediary and that is approved by Goldman Sachs ("Eligible Fee-Based Program"). Class IR and Class R Shares are not available to traditional and Roth Individual Retirement Accounts ("IRAs"), SEPs, SARSEPs, SIMPLE IRAs and individual 403(b) plans; except that Class IR Shares are available to such accounts to the extent they are purchased through an Eligible Fee-Based Program.

Retirement Plans generally may open an account and purchase Class IR and/or Class R Shares through Authorized Institutions, financial planners, Retirement Plan administrators and other financial intermediaries. Additional shares may be purchased through a Retirement Plan's administrator or record-keeper.

What Is My Minimum Investment In The Funds?

For each of your accounts investing in Class A or Class C Shares, the following investment minimums must be met:

	Initial	Additional*
Regular Accounts	$1,000	$50
Employer Sponsored Benefit Plans	No Minimum	No Minimum
Uniform Gift/Transfer to Minors Accounts (UGMA/UTMA)	$250	$50
Individual Retirement Accounts and Coverdell ESAs	$250	$50
Automatic Investment Plan Accounts	$250	$50

* *No minimum additional investment requirements are imposed with respect to investors trading through intermediaries who aggregate shares in omnibus or similar accounts (e.g., retirement plan accounts, wrap program accounts or traditional brokerage house accounts). A maximum purchase*

limitation of $1,000,000 in the aggregate normally applies to purchases of Class C Shares across all Goldman Sachs Funds.

For Institutional Shares the following minimum investments apply:

Type of Investor	Minimum Investment
■ Banks, trust companies or other depository institutions investing for their own account or on behalf of their clients ■ State, county, city or any instrumentality, department, authority or agency thereof ■ Corporations with at least $100 million in assets or in outstanding publicly traded securities ■ "Wrap" account sponsors (provided they have an agreement covering the arrangement with GSAM) ■ Investment advisers investing for accounts for which they receive asset-based fees ■ Qualified non-profit organizations, charitable trusts, foundations and endowments	$1,000,000 in Institutional Shares of a Fund alone or in combination with other assets under the management of GSAM and its affiliates
■ Individual investors ■ Accounts over which GSAM or its advisory affiliates have investment discretion ■ Corporations with less than $100 million in assets or in outstanding publicly traded securities	$10,000,000
■ 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	No minimum

No minimum amount is required for initial purchases in Class IR and Class R Shares or additional investments in Institutional, Service, Class IR, Class R, or Separate Account Institutional Shares. Separate Account Institutional Shares are available to TFI Separate Account clients with at least $100,000,000 in assets under management with Goldman Sachs or its affiliates, and $50,000,000 invested in the TFI Separate Account strategy.

There are no minimum purchase or account (minimum) requirements with respect to Service Shares. An Authorized Institution may, however, impose a minimum amount for initial and additional investments in Service Shares, and may establish other requirements such as a minimum account balance. An Authorized Institution may redeem Service Shares held by non-complying accounts, and may impose a charge for any special services.

The minimum investment requirement for Class A, Class C and Institutional Shares 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 Goldman Sachs Trust (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 in such accounts.

What Should I Know When I Purchase Shares Through An Authorized Institution?

If shares of a Fund are held in a "street name" account (*i.e.*, accounts maintained and serviced by your Authorized Institution) with an Authorized Institution, all recordkeeping, transaction processing and payments of distributions relating to your account will be performed by your Authorized Institution, and not by a Fund and its Transfer Agent. Since the Funds will have no record of your transactions, you should contact your Authorized Institution to purchase, redeem or exchange shares, to make changes in or give instructions concerning your account or to obtain information about your account. The transfer of shares in a "street name" account to an account with another Authorized Institution involves special procedures and may require you to obtain historical purchase information about the shares in the account from your Authorized Institution. If your Authorized Institution's relationship with Goldman Sachs is terminated, and you do not transfer your account to another Authorized Institution, the Trust reserves the right to redeem your shares. The Trust will not be responsible for any loss in an investor's account or tax liability resulting from a redemption.

Certain Authorized Institutions may provide the following services in connection with their customers' investments in Service Shares:

- Personal and account maintenance services
  - Provide facilities to answer inquiries and respond to correspondence
  - Act as liaison between the Authorized Institution's customers and the Trust
  - Assist customers in completing application forms, selecting dividend and other options, and similar services

- Shareholder administration services
  - Act, directly or through an agent, as the sole shareholder of record
  - Maintain account records for customers
  - Process orders to purchase, redeem and exchange shares for customers
  - Process payments for customers

Certain Authorized Institutions and other financial intermediaries may be authorized to accept, on behalf of 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 that is in proper form when the order is accepted by an Authorized Institution or other financial intermediary on a business day, and the order will be priced at the Fund's NAV per share (adjusted for any applicable sales charge and redemption fee) next determined after such acceptance.
- Authorized Institutions and other financial intermediaries are responsible for transmitting accepted orders to the Funds within the time period agreed upon by them.

You should contact your Authorized Institution or another financial intermediary to learn whether it is authorized to accept orders for the Trust.

Authorized Institutions that invest in shares on behalf of their customers may charge fees directly to their customer accounts in connection with their investments. You should contact your Authorized Institution for information regarding such charges, as these fees, if any, may affect the return such customers realize with respect to their investments.

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. The payments are in addition to the distribution and service fees, service fees and shareholder administration fees and sales charges described in this Prospectus. 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 sub-accounting, 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 provided 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 other Intermediary for more information about the payments it receives and any potential conflicts of interest.

What Else Should I Know About Share Purchases?

The Trust reserves the right to:

- Refuse to open an account or require an Authorized Institution 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 redemption might be, of a size that would disrupt the management of the Fund.
- Close a Fund to new investors from time to time and reopen any such Fund whenever it is deemed appropriate by such Fund's Investment Adviser.

- Provide for, modify or waive the minimum investment requirements.
- Modify the manner in which shares are offered.
- Modify the sales charge rate 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.

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.

Please be advised that abandoned or unclaimed property laws for certain states (to which your account may be subject) require financial organizations to transfer (escheat) unclaimed property (including shares of a Fund) to the appropriate state if no activity occurs in an account for a period of time specified by state law.

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 or obtain all required information. 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 shares is a Fund's next determined NAV for a share class (as adjusted for any applicable sales charge) *after* the Fund receives your order in proper form. The price you receive when you sell shares is a Fund's next determined NAV for a share class with the redemption proceeds reduced by any applicable charges (*e.g.*, CDSCs or redemption fees) *after* the Fund receives your order in proper form. Each class calculates its NAV as follows:

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

The Funds' investments for which market quotations are readily available are valued at market value on the basis of quotations furnished by a pricing service or provided by securities dealers. If accurate 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 based on yield equivalents, a pricing matrix or other sources, under valuation procedures established by the Board of Trustees. The pricing services may use valuation models or matrix pricing, which considers yield or price with respect to comparable bonds, quotations from bond dealers or by reference to other securities that are considered comparable in such characteristics as rating, interest rate and maturity date, to determine current value. Short-term debt obligations maturing in sixty days or less are valued at amortized cost, which approximates market value.

To the extent that a Fund invests 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).

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. This occurs after the determination, if any, of the income to be declared as a dividend. Fund shares will generally not be priced on any day the New York Stock Exchange is closed, although Fund shares may be priced on such days if the Securities Industry and Financial Markets Association ("SIFMA") recommends that the bond markets remain open for all or part of the day.
- On any business day when the SIFMA recommends that the bond markets close early, each Fund reserves the right to close at or prior to the SIFMA recommended closing time. If a Fund does so, it will cease granting same business day credit for purchase and redemption orders received after the Fund's closing time and credit will be given on the next business day.
- 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 and/or the bond markets is stopped at a time other than their regularly scheduled closing times. In the event the New York Stock Exchange and/or the bond markets do 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 the appropriate phone number located on the back cover of this Prospectus.

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.

When Will Shares Be Issued And Dividends Begin To Be Accrued?

- Shares Purchased by Federal Funds Wire or ACH Transfer:
  - If a purchase order is received in proper form before the Fund closes, shares will generally be issued and dividends will generally begin to accrue on the purchased shares on the later of (i) the business day after the purchase order is received, or (ii) the day that the federal funds wire is received by The Northern Trust Company. Failure to provide payment on settlement date may result in a delay in accrual.
  - If a purchase order is placed through an institution that settles through the National Securities Clearing Corporation (the "NSCC"), the purchase order will begin accruing dividends on the NSCC settlement date.
- Shares Purchased by Check:
  - If a purchase order is received in proper form before the Fund closes, shares will generally be issued and dividends will generally begin to accrue on the purchased shares no later than two business days after payment is received.

COMMON QUESTIONS APPLICABLE TO THE PURCHASE OF CLASS A SHARES

What Is The Offering Price Of Class A Shares?

The offering price of Class A Shares of each Fund is the next determined NAV per share plus an initial sales charge paid to Goldman Sachs at the time of purchase of shares. The sales charge varies depending upon the amount you purchase. In some cases, described below, the initial sales charge may be eliminated altogether, and the offering price will be the NAV per share. The current sales charges and commissions paid to Authorized Institutions for Class A Shares of the Emerging Markets Debt, High Yield and Local Emerging Markets Debt Funds are as follows:

Amount of Purchase (including sales charge, if any)	Sales Charge as Percentage of Offering Price	Sales Charge as Percentage of Net Amount Invested	Maximum Dealer Allowance as Percentage of Offering Price*
Less than $100,000	4.50%	4.71%	4.00%
$100,000 up to (but less than) $250,000	3.00	3.09	2.50
$250,000 up to (but less than) $500,000	2.50	2.56	2.00
$500,000 up to (but less than) $1 million	2.00	2.04	1.75
$1 million or more	0.00**	0.00**	***

The current sales charges and commissions paid to Authorized Institutions for Class A Shares of the Investment Grade Credit and U.S. Mortgages Funds are as follows:

Amount of Purchase (including sales charge, if any)	Sales Charge as Percentage of Offering Price	Sales Charge as Percentage of Net Amount Invested	Maximum Dealer Allowance as Percentage of Offering Price*
Less than $100,000	3.75%	3.90%	3.25%
$100,000 up to (but less than) $250,000	3.00	3.09	2.50
$250,000 up to (but less than) $500,000	2.50	2.56	2.00
$500,000 up to (but less than) $1 million	2.00	2.04	1.75
$1 million or more	0.00**	0.00**	***

The current sales charges and commissions paid to Authorized Institutions for Class A Shares of the High Yield Floating Rate Fund are as follows:

Amount of Purchase (including sales charge, if any)	Sales Charge as Percentage of Offering Price	Sales Charge as Percentage of Net Amount Invested	Maximum Dealer Allowance as Percentage of Offering Price*
Up to $99,999	2.25%	2.30%	2.00%
$100,000 to $249,999	1.75	1.78	1.50
$250,000 to $499,999	1.25	1.27	1.00
$500,000 to $999,999	1.00	1.01	0.85
$1 million and over	0.00**	0.00**	***

* *Dealer's allowance may be changed periodically. During special promotions, the entire sales charge may be reallowed to Authorized Institutions. Authorized Institutions to whom substantially the entire sales charge is reallowed may be deemed to be "underwriters" under the Securities Act of 1933.*

** *No sales charge is payable at the time of purchase of Class A Shares of $1 million or more, but a CDSC of 1% may be imposed in the event of certain redemptions within 18 months.*

*** *The Distributor may pay a one-time commission to Authorized Institutions who initiate or are responsible for purchases of $1 million or more of shares of the Funds equal to 1.00% of the amount under $3 million, 0.50% of the next $2 million, and 0.25% thereafter. In instances where an Authorized Institution (including Goldman Sachs' Private Wealth Management Unit) agrees to waive its receipt of the one-time commission described above, the CDSC on Class A Shares, generally, will* *be waived. The Distributor may also pay, with respect to all or a portion of the amount purchased, a commission in accordance with the foregoing schedule to Authorized Institutions who initiate or are responsible for purchases of $500,000 or more by certain Section 401(k), profit sharing, money purchase pension, tax-sheltered annuity, defined benefit pension, or other employee benefit plans (including health savings accounts) that are sponsored by one or more employers (including governmental or church employers) or employee organizations investing in the Funds which satisfy the criteria set forth below in "When Are Class A Shares Not Subject To A Sales Load?" or $1 million or more by certain "wrap" accounts. Purchases by such plans will be made at NAV with no initial sales charge, but if shares are redeemed within 18 months, a CDSC of 1% may be imposed upon the plan, the plan sponsor or the third-party administrator. In addition, Authorized Institutions will remit to the Distributor such payments received in connection with "wrap" accounts in the event that shares are redeemed within 18 months.*

You should note that the actual sales charge that appears in your mutual fund transaction confirmation may differ slightly from the rate disclosed above in this Prospectus due to rounding calculations.

As indicated in the preceding chart, and as discussed further below and in the section titled "How Can The Sales Charge On Class A Shares Be Reduced?", you may, under certain circumstances, be entitled to pay reduced sales charges on your purchases of Class A Shares or have those charges waived entirely. To take advantage of these discounts, your Authorized Institution or other financial intermediary must notify the Funds' Transfer Agent at the time of your purchase order that a discount may apply to your current purchases. You may also be required to provide appropriate documentation to receive these discounts, including:

(i) Information or records regarding shares of the Funds or other Goldman Sachs Funds held in all accounts (*e.g.,* retirement accounts) of the shareholder at the Authorized Institution or other financial intermediary;

(ii) Information or records regarding shares of the Funds or other Goldman Sachs Funds held in any account of the shareholder at another Authorized Institution or other financial intermediary; and

(iii) Information or records regarding shares of the Funds or other Goldman Sachs Funds held at any Authorized Institution or other financial intermediary by related parties of the shareholder, such as members of the same family or household.

What Else Do I Need To Know About Class A Shares' CDSC?

Purchases of $1 million or more of Class A Shares will be made at NAV with no initial sales charge. However, if you redeem shares within 18 months after the beginning of the month in which the purchase was made (after the end of the month in which the purchase was made, for purchases made prior to December 6, 2010), a CDSC of 1% may be imposed. The CDSC may not be imposed if your Authorized Institution agrees with the Distributor to return all or an applicable prorated portion of its commission to the Distributor. The CDSC is waived on redemptions in certain circumstances. See “In What Situations May The CDSC On Class A, B Or C Shares Be Waived Or Reduced?” below.

When Are Class A Shares Not Subject To A Sales Load?

Class A Shares of the Funds may be sold at NAV without payment of any sales charge to the following individuals and entities:

- Goldman Sachs, its affiliates or their respective officers, partners, directors or employees (including retired employees and former partners), any partnership of which Goldman Sachs is a general partner, any Trustee or officer of the Trust and designated family members of any of these individuals;
- Qualified employee benefit plans of Goldman Sachs;
- Trustees or directors of investment companies for which Goldman Sachs or an affiliate acts as sponsor;
- Any employee or registered representative of any Authorized Institution or their respective spouses, children and parents;
- Banks, trust companies or other types of depository institutions;
- Any state, county or city, or any instrumentality, department, authority or agency thereof, which is prohibited by applicable investment laws from paying a sales charge or commission in connection with the purchase of shares of a Fund;
- Section 401(k), profit sharing, money purchase pension, tax-sheltered annuity, defined benefit pension, or other employee benefit plans (including health savings accounts) or SIMPLE plans that are sponsored by one or more employers (including governmental or church employers) or employee organizations (“Employee Benefit Plans”) that:
  - Buy shares of Goldman Sachs Funds worth $500,000 or more; or
  - Have 100 or more eligible employees at the time of purchase; or
  - Certify that they expect to have annual plan purchases of shares of Goldman Sachs Funds of $200,000 or more; or
  - Are provided administrative services by certain third party administrators that have entered into a special service arrangement with Goldman Sachs relating to such plans; or
  - Have at the time of purchase aggregate assets of at least $2,000,000.
  - These requirements may be waived at the discretion of the Trust’s officers;
- Non-qualified pension plans sponsored by employers who also sponsor qualified plans that qualify for and invest in Goldman Sachs Funds at NAV without the payment of any sales charge;
- Insurance company separate accounts that make the Funds available as underlying investments in certain group annuity contracts;
- “Wrap” accounts for the benefit of clients of broker-dealers, financial institutions or financial planners, provided they have entered into an agreement with

GSAM specifying aggregate minimums and certain operating policies and standards;

- Investment advisers investing for accounts for which they receive asset-based fees;
- Accounts over which GSAM or its advisory affiliates have investment discretion;
- Shareholders who roll over distributions from any tax-qualified Employee Benefit Plan or tax-sheltered annuity to an IRA which invests in the Goldman Sachs Funds if the tax-qualified Employee Benefit Plan or tax-sheltered annuity receives administrative services provided by certain third party administrators that have entered into a special service arrangement with Goldman Sachs relating to such plan or annuity;
- State sponsored 529 college savings plans; or
- Investors who qualify under other exemptions that are stated from time to time in the SAI.

You must certify eligibility for any of the above exemptions on your Account Application and notify your Authorized Institution and the Funds if you no longer are eligible for the exemption.

A Fund will grant you an exemption subject to confirmation of your entitlement by your Authorized Institution. You may be charged a fee by your Authorized Institution.

How Can The Sales Charge On Class A Shares Be Reduced?

- ***Right of Accumulation:*** When buying Class A Shares in Goldman Sachs Funds, your current aggregate investment determines the initial sales load you pay. You may qualify for reduced sales charges when the current market value of holdings across Class A, Class B and/or Class C Shares, plus new purchases, reaches $100,000 or more. Class A, Class B and/or Class C Shares of any of the Goldman Sachs Funds may be combined under the Right of Accumulation. If a Fund's Transfer Agent is properly notified, the "Amount of Purchase" in the chart in the section "What Is The Offering Price of Class A Shares?" will be deemed to include all Class A, Class B and/or Class C Shares of the Goldman Sachs Funds that were held at the time of purchase by any of the following persons: (i) you, your spouse, your parents and your children; and (ii) any trustee, guardian or other fiduciary of a single trust estate or a single fiduciary account. This includes, for example, any Class A, Class B and/or Class C Shares held at a broker-dealer or other financial intermediary other than the one handling your current purchase. For purposes of applying the Right of Accumulation, shares of the Funds and any other Goldman Sachs Funds purchased by an existing client of Goldman Sachs Private Wealth Management or GS Ayco Holding LLC will be combined with Class A, Class B and/or Class C Shares and other assets held by all other Goldman Sachs Private Wealth Management accounts or accounts of GS Ayco Holding LLC, respectively. In addition, under some circumstances, Class A, Class B and/or Class C Shares of the Funds and Class A, Class B and/or Class C Shares of any other Goldman Sachs Fund purchased by partners, directors, officers or employees of certain organizations may be combined for the purpose of determining whether a purchase will qualify for the Right of Accumulation and, if qualifying, the applicable sales charge level. To qualify for a reduced sales load, you or your Authorized Institution must notify the Funds' Transfer Agent at the time of investment that a quantity discount is applicable. If you do not notify your Authorized Institution at the time of your current purchase or a future purchase that you qualify for a quantity discount, you may not receive the benefit of a reduced sales charge that might otherwise apply. Use of this option is subject to a check of appropriate records.

In some circumstances, other Class A, Class B and/or Class C Shares may be aggregated with your current purchase under the Right of Accumulation as described in the SAI. For purposes of determining the "Amount of Purchase," all Class A, Class B and/or Class C Shares currently held will be valued at their current market value.

- ***Statement of Intention:*** You may obtain a reduced sales charge by means of a written Statement of Intention which expresses your non-binding commitment to invest (not counting reinvestments of dividends and distributions) in the aggregate $100,000 or more within a period of 13 months in Class A Shares of one or more of the Goldman Sachs Funds. Any investments you make during the period will receive the discounted sales load based on the full amount of your investment commitment. Purchases made during the previous 90 days may be included; however, capital appreciation does not apply toward these combined purchases. If the investment commitment of the Statement of Intention is not met prior to the expiration of the 13-month period, the entire amount will be subject to the higher applicable sales charge unless the failure to meet the investment commitment is due to the death of the investor. By selecting the Statement of Intention, you authorize the Transfer Agent to escrow and redeem Class A Shares in your account to pay this additional charge if the Statement of Intention is not met. You must, however, inform the Transfer Agent (either directly or through your Authorized Institution) that the Statement of Intention is in effect each time shares are purchased. Each purchase will be made at the public offering price applicable to a single transaction of the dollar amount specified on the Statement of Intention. The SAI has more information about the Statement of Intention, which you should read carefully.

COMMON QUESTIONS APPLICABLE TO CLASS B SHARES

What Should I Know About Class B Shares?

Effective November 2, 2009 (the "Effective Date"), Class B Shares of the High Yield Fund may no longer be purchased by new or existing shareholders, except as described below. Shareholders who invested in Class B Shares prior to the Effective Date may continue to hold their Class B Shares until they convert automatically to Class A Shares, as described in this Prospectus. Shareholders of Class B Shares may continue to reinvest dividends and capital gains into their accounts. After the Effective Date, shareholders of Class B Shares with automatic investment plans into Class B Shares are no longer able to make automatic investments into Class B Shares. Shareholders of Class B Shares may also exchange their Class B Shares for shares of certain other Goldman Sachs Funds. Otherwise, additional purchase requests for the High Yield Fund's Class B Shares received by the Fund after the Effective Date will be rejected.

Class B Shares redeemed within six years of purchase will be subject to a CDSC at the rates shown in the table below based on how long you held your shares.

The CDSC schedule is as follows:

	CDSC as a Percentage of Dollar Amount Subject to CDSC
Year Since Purchase	**High Yield Fund**
First	5%
Second	4%
Third	3%
Fourth	3%
Fifth	2%
Sixth	1%
Seventh and thereafter	None

Proceeds from the CDSC are payable to the Distributor and may be used in whole or in part to defray the Distributor's expenses related to providing distribution-related services to the Fund in connection with the sale of Class B Shares, including the payment of compensation to Authorized Institutions. An amount equal to 4% of the amount invested is normally paid by the Distributor to Authorized Institutions.

What Should I Know About The Automatic Conversion Of Class B Shares?

Class B Shares of the Fund will automatically convert into Class A Shares of the same Fund on or about the fifteenth day of the last month of the quarter that is eight years after the purchase date.

If you acquire Class B Shares of the Fund by exchange from Class B Shares of another Goldman Sachs Fund, your Class B Shares will convert into Class A Shares of such Fund based on the date of the initial purchase and the CDSC schedule of that purchase.

If you acquire Class B Shares through reinvestment of distributions, your Class B Shares will convert into Class A Shares based on the date of the initial purchase of the shares on which the distribution was paid.

The conversion of Class B Shares to Class A Shares will not occur at any time the Fund is advised that such conversions may constitute taxable events for federal tax purposes, which the Fund believes is unlikely. If conversions do not occur as a result of possible taxability, Class B Shares would continue to be subject to higher expenses than Class A Shares for an indeterminate period.

A COMMON QUESTION APPLICABLE TO THE PURCHASE OF CLASS C SHARES

What Is The Offering Price Of Class C Shares?

You may purchase Class C Shares of the Funds (other than the Investment Grade Credit Fund and U.S. Mortgages Fund) at the next determined NAV without paying an initial sales charge. However, if you redeem Class C Shares within 12 months of purchase, a CDSC of 1% will normally be deducted from the redemption proceeds. In connection with purchases by Employee Benefit Plans, where Class C Shares are redeemed within 12 months of purchase, a CDSC of 1% may be imposed upon the plan sponsor or third party administrator.

Proceeds from the CDSC are payable to the Distributor and may be used in whole or in part to defray the Distributor's expenses related to providing distribution-related services to the Funds in connection with the sale of Class C Shares, including the payment of compensation to Authorized Institutions. An amount equal to 1% of the amount invested is normally paid by the Distributor to Authorized Institutions.

COMMON QUESTIONS APPLICABLE TO THE PURCHASE OF CLASS A, B AND C SHARES

What Else Do I Need To Know About The CDSC On Class A, B Or C Shares?

- The CDSC is based on the lesser of the NAV of the shares at the time of redemption or the original offering price (which is the original NAV).
  - No CDSC is charged on shares acquired from reinvested dividends or capital gains distributions.
  - No CDSC is charged on the per share appreciation of your account over the initial purchase price.
  - When counting the number of months since a purchase of Class A, Class B or Class C Shares was made, all purchases made during a month will be combined and considered to have been made on the first day of that month (the first day of the next month, for purchases made prior to December 6, 2010).
- To keep your CDSC as low as possible, each time you place a request to sell shares, the Funds will first sell any shares in your account that do not carry a CDSC and then the shares in your account that have been held the longest.
- Information about sales charges and sale charge waivers is available on the Funds' website at www.goldmansachsfunds.com.

In What Situations May The CDSC On Class A, B Or C Shares Be Waived Or Reduced?

The CDSC on Class A, Class B and Class C Shares that are subject to a CDSC may be waived or reduced if the redemption relates to:

- Mandatory retirement distributions or loans to participants or beneficiaries from Employee Benefit Plans;
- Hardship withdrawals by a participant or beneficiary in an Employee Benefit Plan;
- The separation from service by a participant or beneficiary in an Employee Benefit Plan;
- Excess contributions distributed from an Employee Benefit Plan;
- Distributions from a qualified Employee Benefit Plan invested in the Goldman Sachs Funds which are being rolled over to an IRA in the same share class of a Goldman Sachs Fund;
- The death or disability (as defined in Section 72(m)(7) of the Internal Revenue Code of 1986, as amended (the "Code")) of a shareholder, participant or beneficiary in an Employee Benefit Plan;
- Satisfying the minimum distribution requirements of the Code;

- Establishing "substantially equal periodic payments" as described under Section 72(t)(2) of the Code;
- Redemption proceeds which are to be reinvested in accounts or non-registered products over which GSAM or its advisory affiliates have investment discretion;
- A systematic withdrawal plan. The Funds reserve the right to limit such redemptions, on an annual basis, to 12% of the value of your Class B and C Shares and 10% of the value of your Class A Shares;
- Redemptions or exchanges of Fund shares held through an Employee Benefit Plan using the Fund as part of a qualified default investment alternative or "QDIA;" or
- Other redemptions, at the discretion of the Trust's officers, relating to shares purchased through Employee Benefit Plans.

HOW TO SELL SHARES

How Can I Sell Shares Of The Funds?

You may arrange to take money out of your account by selling (redeeming) some or all of your shares through your Authorized Institution. **Generally, each Fund will redeem its shares upon request on any business day at the NAV next determined after receipt of such request in proper form, subject to any applicable CDSC and/or redemption fee.** You should contact your Authorized Institution to discuss redemptions and redemption proceeds. Certain Authorized Institutions are authorized to accept redemption requests on behalf of the Funds as described under "HOW TO BUY SHARES—Shares Offering." A Fund may transfer redemption proceeds to an account with your Authorized Institution. In the alternative, your Authorized Institution may request that redemption proceeds be sent to you by check or wire (if the wire instructions are designated in the current records of the Transfer Agent). Redemptions may be requested by your Authorized Institution in writing, by telephone or through an electronic trading platform.

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.

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

A Medallion signature guarantee may be required if:

- A request is made in writing to redeem Class A, Class B, Class C, Class R or Class IR Shares in an amount over $50,000 via check;
- 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 or tax liability you may incur in the event that the Trust accepts unauthorized telephone redemption requests that the Trust reasonably believes to be genuine. The Trust may accept telephone redemption instructions from any person identifying himself or herself as the owner of an account or the owner's registered representative where the owner has not declined in writing to use this service. Authorized Institutions may submit redemption requests by telephone. You risk possible losses if a telephone redemption is not authorized by you.

In an effort to prevent unauthorized or fraudulent redemption and exchange requests by telephone, Goldman Sachs and Boston Financial Data Services, Inc. ("BFDS") each employ 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, the redemption request must be in the form of a written, Medallion signature guaranteed letter.
- The telephone redemption option does not apply to shares held in a "street name" account. If your account is held in "street name," you should contact your registered representative of record, who may make telephone redemptions on your behalf.
- The telephone redemption option may be modified or terminated at any time without prior notice.

- A Fund may redeem via check up to $50,000 in Class A, Class B, Class C, Class IR or Class R Shares requested via telephone.

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

How Are Redemption Proceeds Paid?

By Wire: You may arrange for your redemption proceeds to be paid as federal funds to an account with your Authorized Institution or to a domestic bank account designated in the current records of the Transfer Agent. In addition, redemption proceeds may be transmitted through an electronic trading platform to an account with your Authorized Institution. 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. In unusual circumstances, the High Yield Floating Rate Fund may pay redemption proceeds up to seven calendar 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 or purchased by Automated Clearing House ("ACH"), the Fund will pay you when your check or ACH 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. A Medallion signature guarantee may be required if you are requesting a redemption in conjunction with the change.
- Neither the Trust nor Goldman Sachs assumes any responsibility for the performance of your bank or any other financial intermediary 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: A shareholder may elect in writing to receive redemption proceeds by check. Redemption proceeds paid by check will normally be mailed to the address of record within three business days (or, in unusual circumstances with respect to the High Yield Floating Rate Fund, within seven calendar 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 Do I Need To Know About The Redemption Fee?

The Emerging Markets Debt Fund and the Local Emerging Markets Debt Fund will each charge a 2% redemption fee on the redemption of shares (including by exchange) held for 30 days or less. The High Yield Fund will charge a 2% redemption fee on the redemption of shares (including by exchange) held for 60 days or less. For this purpose, a Fund uses a first-in first-out ("FIFO") method so that shares held longest will be treated as being redeemed first and shares held shortest will be treated as being redeemed last. The redemption fee will be paid to the applicable Fund and is intended to offset the trading costs, market impact and other costs associated with short-term money movements in and out of a Fund. The redemption fee may be collected by deduction from the redemption proceeds or, if assessed after the redemption transaction, through a separate billing.

The redemption fee does not apply to transactions involving the following:

- Redemptions of shares acquired by reinvestment of dividends or capital gains distributions.
- Redemptions of shares that are acquired or redeemed in connection with the participation in a systematic withdrawal program or automatic investment plan.
- Redemption of shares by other Goldman Sachs Funds (*e.g.*, Goldman Sachs Fund of Funds).
- Redemptions of shares held through discretionary wrap programs or models programs that utilize a regularly scheduled automatic rebalancing of assets and have provided GSAM with certain representations regarding operating policies and standards.
- Redemptions of shares involving transactions other than participant initiated exchanges from retirement plans and accounts maintained pursuant to Section 401 (tax-qualified pension, profit sharing, 401(k), money purchase and stock bonus plans), 403 (qualified annuity plans and tax-sheltered annuities) and 457 (deferred compensation plans for employees of tax-exempt entities or governments) of the Code. Redemptions involving transactions other than participant initiated exchanges would include, for example: loans; required minimum distributions; rollovers; forfeiture; redemptions of shares to pay fees; plan level redemptions or exchanges; redemptions pursuant to systematic withdrawal programs; return of excess contribution amounts; hardship withdrawals;

redemptions related to death, disability or qualified domestic relations order; and certain other transactions.

- Redemptions of shares from accounts of financial institutions in connection with hedging services provided in support of nonqualified deferred compensation plans offering the Goldman Sachs Funds.
- Redemption of shares where the Fund is made available as an underlying investment in certain group annuity contracts.
- Redemption of shares that are issued as part of an investment company reorganization to which a Goldman Sachs Fund is a party.
- Redemptions of shares representing "seed capital" investments by Goldman Sachs or its affiliates.
- Redemptions or exchanges of Fund shares held through an employee benefit plan using the Fund as part of a qualified default investment alternative or "QDIA."

The Trust reserves the right to modify or eliminate the redemption fee or waivers at any time and will give 60 days prior written notice of any material changes, unless otherwise provided by law. The redemption fee policy may be modified or amended in the future.

In addition to the circumstances noted above, the Trust reserves the right to grant additional exceptions based on such factors as system limitations, operational limitations, contractual limitations and further guidance from the SEC or other regulators.

If your shares are held through an Intermediary in an omnibus or other group account, the Trust relies on the financial intermediary to assess the redemption fee on underlying shareholder accounts. The application of redemption fees and exemptions may vary and certain financial intermediaries may not apply the exceptions listed above. Please contact your Authorized Institution or financial intermediary for more information regarding when redemption fees will be applied to the redemption of your shares.

What Else Do I Need To Know About Redemptions?

The following generally applies to redemption requests:

- Shares of each Fund earn dividends on the day shares are redeemed.
- 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.
- Authorized Institutions 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 Authorized Institutions may set

times by which they must receive redemption requests. These Authorized Institutions may also require additional documentation from you.

The Trust reserves the right to:

- Redeem your shares in the event your Authorized Institution's relationship with Goldman Sachs is terminated, and you do not transfer your account to another Authorized Institution with a relationship with Goldman Sachs or in the event that the Fund is no longer an option in your Retirement Plan or no longer available through your Eligible Fee-Based Program.
- 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. Your participation in a systematic withdrawal program may be terminated if your checks remain uncashed. 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 Reinvest Redemption Proceeds In The Same Or Another Goldman Sachs Fund?

You may redeem shares of a Fund and reinvest a portion or all of the redemption proceeds (plus any additional amounts needed to round off the purchase to the nearest full share) at NAV. To be eligible for this privilege, you must have held the shares you want to redeem for at least 30 days and you must reinvest the share proceeds within 90 days after you redeem.

You may reinvest as follows:

- Class A or B Shares—Class A Shares of the same Fund or another Goldman Sachs Fund.

- Class C Shares—Class C Shares of the same Fund or another Goldman Sachs Fund.
- You should obtain and read the applicable prospectuses before investing in any other Goldman Sachs Funds.
- If you pay a CDSC upon redemption of Class A or Class C Shares and then reinvest in Class A or Class C Shares of another Goldman Sachs Fund as described above, your account will be credited with the amount of the CDSC you paid. The reinvested shares will, however, continue to be subject to a CDSC. The holding period of the shares acquired through reinvestment will include the holding period of the redeemed shares for purposes of computing the CDSC payable upon a subsequent redemption. For Class B Shares, you may reinvest the redemption proceeds in Class A Shares at NAV but the amount of the CDSC paid upon redemption of the Class B Shares will not be credited to your account.
- The reinvestment privilege may be exercised at any time in connection with transactions in which the proceeds are reinvested at NAV in a tax-sheltered Employee Benefit Plan. In other cases, the reinvestment privilege may be exercised once per year upon receipt of a written request.
- You may be subject to tax as a result of a redemption. You should consult your tax adviser concerning the tax consequences of a redemption and reinvestment.

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

You may exchange shares of a Goldman Sachs Fund at NAV without the imposition of an initial sales charge or CDSC, if applicable, at the time of exchange for certain shares of another Goldman Sachs Fund. Redemption of shares (including by exchange) of the Emerging Markets Debt, High Yield and Local Emerging Markets Debt Funds and certain other Goldman Sachs Funds offered in other prospectuses may, however, be subject to a redemption fee as described above under "What Do I Need To Know About The Redemption Fee?" if shares are held for 30 days or less (60 days or less with respect to the High Yield Fund and certain other Goldman Sachs Funds offered in other prospectuses). 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. You should be aware that not all Goldman Sachs Funds may offer all share classes.
- Currently, the Funds do not impose any charge for exchanges, although the Funds may impose a charge in the future.

- The exchanged shares may later be exchanged for shares of the same class of the original Fund at the next determined NAV without the imposition of an initial sales charge or CDSC (but subject to any applicable redemption fee) if the amount in the Fund resulting from such exchanges is less than the largest amount on which you have previously paid the applicable sales charge.
- When you exchange shares subject to a CDSC, no CDSC will be charged at that time. For purposes of determining the amount of the applicable CDSC, the length of time you have owned the shares will be measured from the date you acquired the original shares subject to a CDSC and will not be affected by a subsequent exchange.
- Eligible investors may exchange certain classes of shares for another class of shares of the same Fund. For further information, contact your Authorized Institution.
- 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 and BFDS 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. Exchanges within Retirement Plan accounts will not result in capital gains or loss for federal or state income tax purposes. You should consult your tax adviser concerning the tax consequences of an exchange.

Can I Arrange To Have Automatic Investments Made On A Regular Basis?

You may be able to make automatic investments in Class A and Class C Shares through your bank via ACH transfer or bank draft each month. The minimum dollar amount for this service is $250 for the initial investment and $50 per month for additional investments. Forms for this option are available online at www.goldmansachsfunds.com and from your Authorized Institution, or you may check the appropriate box on the Account Application.

Can My Dividends And Distributions From A Fund Be Invested In Other Goldman Sachs Funds?

You may elect to cross-reinvest dividends and capital gains distributions paid by a Goldman Sachs Fund in shares of the same class of other Goldman Sachs Funds.

- Shares will be purchased at NAV.
- You may elect cross-reinvestment into an identically registered account or a similarly registered account provided that at least one name on the account is registered identically.
- You cannot make cross-reinvestments into a Goldman Sachs Fund unless that Fund's minimum initial investment requirement is met.
- You should obtain and read the prospectus of the Fund into which dividends are invested.

Can I Arrange To Have Automatic Exchanges Made On A Regular Basis?

You may elect to exchange automatically a specified dollar amount of Class A, Class B or Class C Shares of a Fund for shares of the same class of other Goldman Sachs Funds.

- Shares will be purchased at NAV if a sales charge had been imposed on the initial purchase.
- You may elect exchange into an identically registered account or a similarly registered account provided that at least one name on the account is registered identically.
- Shares subject to a CDSC acquired under this program may be subject to a CDSC at the time of redemption from the Goldman Sachs Fund into which the exchange is made depending upon the date and value of your original purchase.
- Automatic exchanges are made monthly on the 15^{th} day of each month or the first business day thereafter.
- Minimum dollar amount: $50 per month.
- You cannot make automatic exchanges into a Goldman Sachs Fund unless that Fund's minimum initial investment requirement is met.

- You should obtain and read the prospectus of the Goldman Sachs Fund into which automatic exchanges are made.

Can I Have Systematic Withdrawals Made On A Regular Basis?

You may redeem from your Class A, Class B or Class C Share account systematically via check or ACH transfer in any amount of $50 or more.

- It is normally undesirable to maintain a systematic withdrawal plan at the same time that you are purchasing additional Class A or Class C Shares because of the sales charges that are imposed on certain purchases of Class A Shares and because of the CDSCs that are imposed on certain redemptions of Class A and Class C Shares.
- Checks are normally mailed within two business days after your selected systematic withdrawal date of either the 15th or 25th of the month. ACH payments may take up to three business days to post to your account after your selected systematic withdrawal date between, and including, the 3rd and 26th of the month.
- Each systematic withdrawal is a redemption and therefore may be a taxable transaction.

What Types Of Reports Will I Be Sent Regarding My Investment?

Authorized Institutions and other financial intermediaries may provide varying arrangements for their clients to purchase and redeem Fund shares. In addition, Authorized Institutions and other financial intermediaries are responsible for providing to you any communication from a Fund to its shareholders, including but not limited to, prospectuses, prospectus supplements, proxy materials and notices regarding the source of dividend payments under Section 19 of the Investment Company Act. They may charge additional fees not described in this Prospectus to their customers for such services.

You will be provided with a printed confirmation of each transaction in your account and a quarterly account statement if you invest in Class A, Class B, Class C, Class R and Class IR Shares and a monthly account statement if you invest in Institutional Shares or Service Shares. If your account is held in "street name" (*i.e.,* through your Authorized Institution), you will receive this information from your Authorized Institution.

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 Goldman Sachs Funds at the appropriate phone number or address found on the back cover of this Prospectus. The Fund will begin sending individual copies to you within 30 days after receipt of your revocation. If your account is held through an Authorized Institution, please contact the Authorized Institution to revoke your consent.

The types of reports Class R and Class IR Shareholders will receive depends on the related arrangements in effect with respect to such Shareholders' Retirement Plan or Eligible Fee-Based Program.

DISTRIBUTION AND SERVICE FEES

What Are The Different Distribution And/Or Service Fees Paid By The Fund's Shares?

The Trust has adopted distribution and service plans (each a "Plan") under which Class A, Class B, Class C and Class R Shares bear distribution and/or service fees paid to Goldman Sachs, some of which Goldman Sachs may pay to Authorized Institutions. These financial intermediaries seek distribution and/or servicing fee revenues to, among other things, offset the cost of servicing small and medium sized plan investors and providing information about the Funds. If the fees received by Goldman Sachs pursuant to the Plans exceed its expenses, Goldman Sachs may realize a profit from these arrangements. Goldman Sachs generally receives and pays the distribution and service fees on a quarterly basis.

Under the Plans, Goldman Sachs is entitled to a monthly fee from each Fund for distribution services equal, on an annual basis, to 0.25%, 0.75%, 0.75% and 0.50% of a Fund's average daily net assets attributed to Class A, Class B, Class C and Class R Shares, respectively. Because these fees are paid out of a Fund's assets on an ongoing basis, over time, these fees will increase the cost of your investment and may cost you more than paying other types of such charges.

The distribution fees are subject to the requirements of Rule 12b-1 under the Investment Company Act, and may be used (among other things) for:

- Compensation paid to and expenses incurred by Authorized Institutions, Goldman Sachs and their respective officers, employees and sales representatives;
- Commissions paid to Authorized Institutions;
- Allocable overhead;
- Telephone and travel expenses;
- Interest and other costs associated with the financing of such compensation and expenses;
- Printing of prospectuses for prospective shareholders;
- Preparation and distribution of sales literature or advertising of any type; and
- All other expenses incurred in connection with activities primarily intended to result in the sale of Class A, Class B, Class C and Class R Shares.

In connection with the sale of Class C Shares, Goldman Sachs normally begins paying the 0.75% distribution fee as an ongoing commission to Authorized Institutions after the shares have been held for one year. Goldman Sachs normally begins accruing the annual 0.25% and 0.50% distribution fees for the Class A and Class R Shares, respectively, as an ongoing commission to Authorized Institutions immediately. Goldman Sachs generally pays the distribution fee on a quarterly basis.

CLASS B AND CLASS C PERSONAL AND ACCOUNT MAINTENANCE SERVICES AND FEES

Under the Class B and Class C Plans, Goldman Sachs is also entitled to receive a separate fee equal on an annual basis to 0.25% of each applicable Fund's average daily net assets attributed to Class B or Class C Shares. This fee is for personal and account maintenance services, and may be used to make payments to Goldman Sachs, Authorized Institutions and their officers, sales representatives and employees for responding to inquiries of, and furnishing assistance to, shareholders regarding ownership of their shares or their accounts or similar services not otherwise provided on behalf of the Funds. If the fees received by Goldman Sachs pursuant to the Plans exceed its expenses, Goldman Sachs may realize a profit from this arrangement.

In connection with the sale of Class C Shares, Goldman Sachs normally begins paying the 0.25% ongoing service fee to Authorized Institutions after the shares have been held for one year.

SERVICE SHARES SERVICE PLAN AND SHAREHOLDER ADMINISTRATION PLAN

The Trust, on behalf of the High Yield Fund, has adopted a Service Plan and Shareholder Administration Plan for Service Shares, pursuant to which Goldman Sachs and certain Authorized Institutions are entitled to receive payments for their services from the Trust. These payments are equal to 0.25% (annualized) for personal and account maintenance services, plus an additional 0.25% (annualized) for shareholder administration services of the average daily net assets of Service Shares of the Fund that are attributable to or held in the name of Goldman Sachs or an Authorized Institution for its customers.

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 Fund. 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, Emerging Markets Debt Fund, High Yield Fund, Local Emerging Markets Debt Fund and certain Goldman Sachs Funds offered in other prospectuses impose a redemption fee on redemptions made within 30 or 60 days of purchase, subject to certain exceptions as described above under "What Do I Need To Know About The Redemption Fee?" As a further deterrent to excessive trading, many foreign equity securities held by the Goldman Sachs 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. Excessive trading activity in the Fund is measured by the number of "round trip" transactions in a shareholder's account. A "round trip" includes a purchase or exchange into a Fund followed or preceded by a redemption or exchange out of the same Fund. If a Fund detects that a shareholder has completed two or more round trip transactions in a single Fund within a rolling 90-day period, the Fund may reject or restrict subsequent purchase or exchange orders by that shareholder permanently. In addition, a Fund may, in its sole discretion, permanently reject or restrict purchase or exchange orders by a shareholder if the Fund detects other trading activity that is deemed to be disruptive to the management of the Fund or otherwise harmful to the Fund. For purposes of these transaction surveillance procedures, the Funds may consider trading activity in multiple accounts under common ownership, control, or influence. A shareholder that has been restricted from participation in a Fund pursuant to this policy will be allowed to apply for re-entry after one year. A shareholder applying for re-entry must provide assurances acceptable to the Fund that the shareholder will not engage in excessive trading activities in the future.

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 broker-dealers, investment advisers and insurance companies. In addition, Fund shares may be held in omnibus 401(k) plans, Employee Benefit Plans, Eligible Fee-Based Programs 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 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 financial 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, Fund distributions attributable to short-term capital gains and net investment income are taxable to you as ordinary income, while distributions of long-term capital gains are taxable to you as long-term capital gains, no matter how long you have owned your Fund shares.

Under current provisions of the Internal Revenue Code ("Code"), the maximum long-term capital gain tax rate applicable to individuals, estates, and trusts is 15%. A sunset provision provides that the 15% long-term capital gain rate will increase to 20% after 2012. (The 15% maximum tax rate also applies to certain qualifying dividend income through 2012, but Fund distributions will generally not qualify for that favorable treatment and also will generally not qualify for the corporate dividends received deduction because the Funds will be earning interest income rather than dividend income.)

Each Fund's transactions in derivatives (such as futures contracts and swaps) will be subject to special tax rules, the effect of which may be to accelerate income to a Fund, defer losses to a Fund, cause adjustments in the holding periods of a Fund's securities and convert short-term capital losses into long-term capital losses. These rules could therefore affect the amount, timing and character of distributions to you. A Fund's use of derivatives may result in the Fund realizing more short-term capital gains and ordinary income subject to tax at ordinary income tax rates than it would if it did not use derivatives.

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. The 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, each Fund may deduct these taxes in computing its taxable income. Shareholders of the Emerging Markets Debt and Local Emerging Markets Debt Funds may be entitled to claim a credit or a deduction with respect to foreign taxes if a Fund is eligible to and elects to pass through these taxes to you.

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 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 long-term 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 same Fund within a period of 61 days beginning 30 days before and ending 30 days after the date of disposition (such as pursuant to a dividend reinvestment in shares of the 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% (currently scheduled to increase to 31% after 2012) 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.

Non-U.S. investors may be subject to U.S. withholding and 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 April 1, 2012, of 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 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 adjustable rate mortgage loans ("ARMs"), 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 investors. The same would be true of asset-backed securities, such as securities backed by car loans.

To the extent a Fund's net assets decrease or increase in the future due to price volatility or share redemption or purchase activity, the Fund's expense ratio may correspondingly increase or decrease from the expense ratio disclosed in this Prospectus.

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.

Each of the Funds described in this Prospectus has a target duration. A Fund's duration approximates its price sensitivity to changes in interest rates. For example, suppose that interest rates in one day fall by one percent which, in turn, causes yields on every bond in the market to fall by the same amount. In this example, the price of a bond with a duration of three years may be expected to rise approximately three percent and the price of a bond with a five year duration may be expected to rise approximately five percent. The converse is also true. Suppose interest rates in one day rise by one percent which, in turn, causes yields on every bond in the market to rise by the same amount. In this second example, the price of a bond with a duration of three years may be expected to fall approximately three percent and the price of a bond with a five year duration may be expected to fall approximately five percent. The longer the duration of a bond, the more sensitive the bond's price is to changes in interest rates. In computing portfolio duration, a Fund will estimate the duration of obligations that are subject to prepayment or redemption by the issuer, taking into account the influence of interest rates on prepayments and coupon flows. This method of computing duration is known as "option-adjusted" duration. The Investment Adviser may use futures contracts, options on futures contracts and swaps to manage the Funds' target duration in accordance with their benchmark or benchmarks. A Fund will not be limited as to its maximum weighted average portfolio maturity or the maximum stated maturity with respect to individual securities unless otherwise noted.

Maturity measures the time until final payment is due; it takes no account of the pattern of a security's cash flows over time. In calculating maturity, a Fund may determine the maturity of a variable or floating rate obligation according to its interest rate reset date, or the date principal can be recovered on demand, rather than the date of ultimate maturity. Similarly, to the extent that a fixed income obligation has a call, refunding or redemption provision, the date on which the instrument is expected to be called, refunded or redeemed may be considered to be its maturity date. There is no guarantee that the expected call, refund or redemption will occur, and a Fund's average maturity may lengthen beyond the Investment Adviser's expectations should the expected call, refund or redemption not occur.

The Investment Adviser may use derivative instruments, among other things, to manage the durations of Funds' investment portfolios in accordance with their respective target durations. These derivative instruments include financial futures contracts and swap transactions, as well as other types of derivatives, and can be used to shorten and lengthen the duration of a Fund. The Funds' investments in derivative instruments, including financial futures contracts and swaps, can be significant. These transactions can result in sizeable realized and unrealized capital gains and losses relative to the gains and losses from the Funds' investments in bonds and other securities. Short-term and long-term realized capital gains distributions paid by the Funds are taxable to their shareholders.

Interest rates, fixed income securities prices, the prices of futures and other derivatives, and currency exchange rates can be volatile, and a variance in the degree of volatility or in the direction of the market from the Investment Adviser's expectations may produce significant losses in a Fund's investments in derivatives. In addition, a perfect correlation between a derivatives position and a fixed income security position is generally impossible to achieve. As a result, the Investment Adviser's use of derivatives may not be effective in fulfilling the Investment Adviser's investment strategies and may contribute to losses that would not have been incurred otherwise.

Financial futures contracts used by each of the Funds include interest rate futures contracts including, among others, Eurodollar futures contracts. Eurodollar futures contracts are U.S. dollar-denominated futures contracts that are based on the implied forward London Interbank Offered Rate (LIBOR) of a three-month deposit. Further information is included in this Prospectus regarding futures contracts, swaps and other derivative instruments used by the Funds, including information on the risks presented by these instruments and other purposes for which they may be used by the Funds.

A Fund will deem a security to have met its minimum credit rating requirement if the security has the required rating at the time of purchase from at least one NRSRO even though it has been rated below the minimum rating by one or more other NRSROs. Unrated securities may be purchased by the Funds if they are determined by the Investment Adviser to be of comparable 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 such rating, the Fund will not be required to dispose of such security. This is so even if the downgrade causes the average credit quality of the Fund to be lower than that stated in the Prospectus. Furthermore, during this period, the Investment Adviser will only buy securities at or above the Fund's average rating requirement. If a downgrade occurs, the Investment Adviser will consider what action, including the sale of such security, is in the best interests of a Fund and its shareholders.

As discussed below, the Funds may invest in credit default swaps, which are derivative investments.

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

Credit/Default Risks. Debt securities purchased by the Funds may include U.S. Government Securities (including zero coupon bonds) and securities issued by 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, or Baa3 or higher by Moody's or having a comparable rating by another NRSRO are considered "investment grade." Securities rated BBB– or Baa3 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.

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 Derivative Investments. The Funds may invest in derivative instruments including without limitation, options, futures, forwards, options on futures, swaps, interest rate caps, floors and collars, structured securities and forward contracts and other 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. Losses may also arise if the Funds receive cash collateral under the transactions and some or all of that collateral is invested in the market. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation, and a Fund may be responsible for any loss that might result from its investment of the counterparty's cash collateral. 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 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.

Derivative Mortgage-Backed Securities (such as principal-only ("POs"), interest-only ("IOs") or inverse floating rate securities) are particularly exposed to call and extension risks. Small changes in mortgage prepayments can significantly impact the cash flow and the market value of these securities. In general, the risk of faster than anticipated prepayments adversely affects IOs, super floaters and premium priced Mortgage-Backed Securities. The risk of slower than anticipated prepayments generally adversely affects POs, floating-rate securities subject to interest rate caps, support tranches and discount priced Mortgage-Backed Securities. In addition, particular derivative securities may be leveraged such that their exposure (*i.e.*, price sensitivity) to interest rate and/or prepayment risk is magnified.

Some floating-rate derivative debt securities can present more complex types of derivative and interest rate risks. For example, range floaters are subject to the risk that the coupon will be reduced below market rates if a designated interest rate floats outside of a specified interest rate band or collar. Dual index or yield curve floaters are subject to lower prices in the event of an unfavorable change in the spread between two designated interest rates.

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 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 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.

Risks of Sovereign Debt. 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.

Risks of Emerging Countries. The Investment Grade Credit, High Yield, High Yield Floating Rate, Emerging Markets Debt and Local Emerging Markets Debt 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 Africa, Asia, the Middle East, Eastern Europe and Central and South America. 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 recently 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 those 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 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 a 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 then only 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. Due to the limited market for these instruments in emerging countries, all or a significant portion of the Funds' currency exposure in emerging countries may not be covered by such instruments.

Risks of Investments in Central and South America. A significant portion of the Emerging Markets Debt and Local Emerging Markets Debt Funds' portfolios may be invested in issuers located in Central and South American countries. The economies of Central and South American countries have experienced considerable difficulties in the past decade, including high inflation rates, high interest rates and currency devaluations. As a result, Central and South American securities markets have experienced great volatility. In addition, a number of Central and South American countries are among the largest emerging country debtors. There have been moratoria on, and reschedulings of, repayment with respect to these debts. Such events can restrict the flexibility of these debtor nations in the international markets and result in the imposition of onerous conditions on their economies. The political history of certain Central and South American countries has been characterized by political uncertainty, intervention by the military in civilian and economic spheres and political corruption. Such developments, if they were to recur, could reverse favorable trends toward market and economic reform, privatization and removal of trade barriers. Certain Central and South American countries have entered into regional trade agreements that would, among other things, reduce barriers between countries, increase competition among companies and reduce government subsidies in certain industries. No assurance can be given that these changes will result in the economic stability intended. There is a possibility that these trade arrangements will not be implemented, will be implemented but not completed or will be completed but then partially or completely unwound. Any of the foregoing risk factors could have an adverse impact on the Funds' investments in Central and South America.

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 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 municipal leases and participation interests
- 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 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.

Investments purchased by a Fund, particularly debt securities, over-the-counter traded securities obligations and over-the-counter traded investments, 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 investments.

If one or more instruments 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?"

Risks of Structured Investment Vehicles. Structured Investment Vehicles (SIVs) are legal entities that are sponsored by banks, broker-dealers or other financial firms specifically created for the purpose of issuing particular securities or instruments. SIVs are often leveraged and securities issued by SIVs may have differing credit preferences. Investments in SIVs present counterparty risks, although they may be subject to a guarantee or other financial support by the sponsoring entity. Investments in SIVs may be more volatile, less liquid and more difficult to price accurately than other types of investments.

Temporary Investment Risks. Each Fund may, for temporary defensive purposes (and to the extent that it is permitted to invest in the following), 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 have 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
- ETFs
- Other investment companies
- Cash items

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.

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. Treasury Obligations include, among other things, the separately traded principal and interest components of securities guaranteed or issued by the

U.S. Treasury if such components are traded independently under the Separate Trading of Registered Interest and Principal of Securities program ("STRIPS").

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.

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, Municipal 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. The U.S. Mortgages, Investment Grade Credit and High Yield Funds 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.

The U.S. Mortgages, Investment Grade Credit and High Yield Funds may invest in privately-issued mortgage pass-through securities that represent interests in pools of mortgage loans that are issued by trusts formed by originators of and institutional investors in mortgage loans (or represent interests in custodial arrangements administered by such institutions). These originators and institutions include commercial banks, savings and loans associations, credit unions, savings banks, mortgage bankers, insurance companies, investment banks or special purpose subsidiaries of the foregoing. The pools underlying privately-issued mortgage pass-through securities consist of mortgage loans secured by mortgages or deeds of trust creating a first lien on commercial, residential, residential multi-family and mixed residential/commercial properties. These Mortgage-Backed Securities typically do not have the same credit standing as U.S. government guaranteed Mortgage-Backed Securities.

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 assurance that private guarantors or insurers, if any, will meet their obligations. Mortgage-Backed Securities without insurance or guarantees may also be purchased by a Fund if they have the required rating from an NRSRO. Some 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 under the Code 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 date. 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-Backed Securities, and under certain interest rate and payment scenarios, the Fund may fail to recoup fully its investment in certain of these securities regardless of their credit quality.

To the extent a Fund concentrates its investments in pools of Mortgage-Backed Securities sponsored by the same sponsor or serviced by the same servicer, it may be subject to additional risks. Servicers of mortgage-related pools collect payments on the underlying mortgage assets for pass-through to the pool on a periodic basis. Upon insolvency of the servicer, the pool may be at risk with respect to collections received by the servicer but not yet delivered to the pool.

Mortgaged-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.

Asset-Backed Securities. Each Fund (other than the High Yield Floating Rate 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, a Fund will be unable to possess and sell the underlying collateral and that a 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. The value of some asset-backed securities may be particularly sensitive to changes in the prevailing interest rates. There is no guarantee that private guarantors or insurers of an asset-backed security, if any, will meet their obligations. 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.

Municipal Securities. The High Yield Fund, Investment Grade Credit Fund, Local Emerging Markets Debt Fund and U.S. Mortgages Fund may invest in securities and instruments issued by state and local government issuers. Municipal Securities in which a Fund may invest consist of bonds, notes, commercial paper and other instruments (including participation interests in such securities) issued by or on behalf of the states, territories and possessions of the United States (including the District of Columbia) and their political subdivisions, agencies or instrumentalities. Such securities may pay fixed, variable or floating rates of interest.

Municipal Securities include both "general" and "revenue" bonds and may be issued to obtain funds for various purposes. General obligations are secured by the issuer's pledge of its full faith, credit and taxing power. Revenue obligations are payable only from the revenues derived from a particular facility or class of facilities.

Municipal Securities are often issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as bridges, highways, housing, hospitals, mass transportation, schools, streets and water and sewer works. Other purposes for which Municipal Securities may be issued include refunding outstanding obligations, obtaining funds for general operating expense, and obtaining funds to lend to other public institutions and facilities. Municipal Securities in which the Funds may invest include private activity bonds, pre-refunded municipal securities and auction rate securities. Dividends paid by the Funds based on investments in Municipal Securities will be taxable.

The obligations of the issuer to pay the principal of and interest on a Municipal Security are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors, such as the Federal Bankruptcy Act, and laws, if any, that may be enacted by Congress or state legislatures extending the time for payment of principal or interest or imposing other constraints upon the enforcement of such obligations. There is also the possibility that, as a result of litigation or other conditions, the power or ability of the issuer to pay when due the principal of or interest on a Municipal Security may be materially affected.

In addition, Municipal Securities include municipal leases, certificates of participation and "moral obligation" bonds. A municipal lease is an obligation issued by a state or local government to acquire equipment or facilities. Certificates of participation represent interests in municipal leases or other instruments, such as installment purchase agreements. Moral obligation bonds are supported by a moral commitment but not a legal obligation of a state or local government. Municipal leases, certificates of participation and moral obligation bonds frequently involve special risks not normally associated with general obligation or revenue bonds. In particular, these instruments permit governmental issuers to acquire property and equipment without meeting constitutional and statutory requirements for the issuance of debt. If, however, the governmental issuer does not periodically appropriate money to enable it to meet its payment obligations under these instruments, it cannot be legally compelled to do so. If a default occurs, it is likely that a Fund would be unable to obtain another acceptable source of payment. Some municipal leases, certificates of participation and moral obligation bonds may be illiquid.

Municipal Securities may also be in the form of a tender option bond, which is a Municipal Security (generally held pursuant to a custodial arrangement) having a relatively long maturity and bearing interest at a fixed rate substantially higher than prevailing short-term, tax-exempt rates. The bond is typically issued with the agreement of a third party, such as a bank, broker-dealer or other financial institution, which grants the security holders the option, at periodic intervals, to tender their securities to the institution. After payment of a fee to the financial institution that provides this option, the security holder effectively holds a demand obligation that bears interest at the prevailing short-term, tax-exempt rate. An institution may not be obligated to accept tendered bonds in the event of certain defaults or a significant downgrading in the credit rating assigned to the issuer of the bond. The tender option will be taken into account in determining the maturity of the tender option bonds and a Fund's duration. Certain tender option bonds may be illiquid.

Municipal Securities may be backed by letters of credit or other forms of credit enhancement issued by domestic or foreign banks or by other financial institutions. The deterioration of the credit quality of these banks and financial institutions could, therefore, cause a loss to a Fund that invests in such Municipal Securities. Letters of credit and other obligations of foreign banks and financial institutions may involve risks in addition to those of domestic obligations because of less publicly available financial and other information, less securities regulation, potential imposition of foreign withholding and other taxes, war, expropriation or other adverse governmental actions. Foreign banks and their foreign branches are not regulated by U.S. banking authorities, and are generally not bound by the accounting, auditing and financial reporting standards applicable to U.S. banks.

Certain Funds may invest 25% or more of the value of their respective total assets in Municipal Securities which are related in such a way that an economic, business or political development or change affecting one Municipal Security would also affect the other Municipal Security. For example, a Fund may invest all of its assets in (a) Municipal Securities the interest on which is paid solely from revenues from similar projects such as hospitals, electric utility systems, multi-family housing, nursing homes, commercial facilities (including hotels), steel companies or life care facilities; (b) Municipal Securities whose issuers are in the same state; or (c) industrial development obligations (except where the non-governmental entities supplying the revenues from which such bonds or obligations are to be paid are in the same industry). A Fund's investments in these Municipal Securities will subject the Fund to a greater extent to the risks of adverse economic, business or political developments affecting the particular state, industry or other area of investment.

Brady Bonds and Similar Instruments. Certain Funds may invest in debt obligations commonly referred to as "Brady Bonds." Brady Bonds are created through the exchange of existing commercial bank loans to foreign borrowers for new obligations in connection with debt restructurings under a plan introduced by former U.S. Secretary of the Treasury, Nicholas F. Brady (the "Brady Plan").

Brady Bonds involve various risk factors including the history of defaults with respect to commercial bank loans by public and private entities of countries issuing Brady Bonds. There can be no assurance that Brady Bonds in which a Fund may invest will not be subject to restructuring arrangements or to requests for new credit, which may cause the Fund to suffer a loss of interest or principal on its holdings.

In addition, certain Funds may invest in other interests issued by entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued by emerging country issuers. These types of restructuring involve the deposit with or purchase by an entity of specific instruments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying instruments. Certain issuers of such structured securities may be deemed to be "investment companies" as defined in the Investment Company Act. As a result, a Fund's investment in such securities may be limited by certain investment restrictions contained in the Investment Company Act.

Corporate Debt Obligations, Trust Preferred Securities and Convertible Securities. The Funds may invest in corporate debt obligations, trust preferred securities and convertible securities (except that the U.S. Mortgages Fund may not invest in convertible securities). Corporate debt obligations include bonds, notes, debentures, commercial paper and other obligations of corporations to pay interest and repay principal. A trust preferred security is a long dated bond (for example, 30 years) with preferred features. The preferred features are that payment of interest can be deferred for a specified period without initiating a default event. The securities are generally senior in claim to standard preferred stock but junior to other bondholders. Certain Funds may also invest in other short-term obligations issued or guaranteed by U.S. corporations, non-U.S. corporations or other entities.

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 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.

Bank Obligations. The Funds 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.

Foreign Currency Transactions. The Funds may, to the extent consistent with their 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.

The Funds 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.

Certain 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 a 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. Since 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” 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. 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 may also include credit linked notes. Credit linked notes are securities with embedded credit default swaps. An investor holding a credit linked note generally receives a fixed or floating coupon and the note’s par value upon maturity, unless the referred credit defaults or declares bankruptcy, in which case the investor receives the amount recovered. In effect, investors holding credit linked notes receive a higher yield in exchange for assuming the risk of a specified credit event.

Structured securities may also include inverse floating rate debt securities (“inverse floaters”). The interest rate on inverse floaters resets in the opposite direction from the market rate of interest to which the inverse floater is indexed. An inverse floater may be considered to be leveraged to the extent that its interest rate varies by a magnitude that exceeds the magnitude of the change in the index rate of interest. The higher the degree of leverage of an inverse floater, the greater the volatility of its market value.

Floating and Variable Rate Obligations. Each Fund may purchase floating and variable rate obligations. The value of these obligations is generally more stable than that of a fixed rate obligation in response to changes in interest rate levels. The issuers or financial intermediaries providing demand features may support their ability to purchase the obligations by obtaining credit with liquidity supports. These may include lines of credit, which are conditional commitments to lend, and letters of credit, which will ordinarily be irrevocable both of which may be issued by domestic banks or foreign banks. A Fund may purchase variable or floating rate obligations from the issuers or may purchase certificates of participation, a type of floating or variable rate obligation, which are interests in a pool of debt obligations held by a bank or other financial institutions.

Floating and variable rate obligations may be transferable among financial institutions, but may not have the liquidity of conventional debt securities and are often subject to legal or contractual restrictions on resale. Floating and variable rate obligations are not currently listed on any securities exchange or automatic quotation system. As a result, no active market may exist for some floating and variable rate obligations. To the extent a secondary market exists for other floating and variable rate obligations, such market may be subject to irregular trading activity, wide bid/ask spreads, and extended trade settlement periods. The lack of a highly liquid secondary market for floating and variable rate obligations may have an adverse affect on the value of such obligations and may make it more difficult to value the obligations for purposes of calculating their respective net asset value.

Zero Coupon, Deferred Interest, Pay-In-Kind and Capital Appreciation Bonds. Each Fund may invest in zero coupon bonds, deferred interest, pay-in-kind and capital appreciation bonds. These bonds are issued at a discount from their face value because interest payments are typically postponed until maturity. Pay-in-kind securities are securities that have interest payable by the delivery of additional securities. The market prices of these securities generally are more volatile than the market prices of interest-bearing securities and are likely to respond to a greater degree to changes in interest rates than interest-bearing securities having similar maturities and credit quality.

Mortgage Dollar Rolls. The U.S. Mortgages and Investment Grade Credit Funds may enter into mortgage dollar rolls. A mortgage dollar roll involves the sale by a Fund of securities for delivery in the current month. The Fund simultaneously contracts with the same counterparty to repurchase substantially similar (same type, coupon and maturity) but not identical securities on a specified future date. During the roll period, the Fund loses the right to receive principal and interest paid on the securities sold. However, the Fund benefits to the extent of any difference between (a) the price received for the securities sold and (b) the lower forward price for the future purchase and/or fee income plus the interest earned on the cash proceeds of the securities sold. Unless the benefits of a mortgage dollar roll exceed the income, capital appreciation and gain or loss due to mortgage prepayments that would have been realized on the securities sold as part of the roll, the use of this technique will diminish the Fund's performance.

Successful use of mortgage dollar rolls depends upon the Investment Adviser's ability to predict correctly interest rates and mortgage prepayments. If the Investment Adviser is incorrect in its prediction, a Fund may experience a loss. The Funds do not currently intend to enter into mortgage dollar rolls for financing and do not treat them as borrowings.

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. Certain Funds may also, to the extent consistent with their 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. When writing an option, a Fund, as an investment company registered with the SEC, must "set aside" liquid assets, or engage in other appropriate measures to "cover" its obligation under the option contract.

Yield Curve Options. Each Fund may enter into options on the yield "spread" or differential between two securities. Such transactions are referred to as "yield curve" options. In contrast to other types of options, a yield curve option is based on the difference between the yields of designated securities, rather than the prices of the individual securities, and is settled through cash payments. Accordingly, a yield curve option is profitable to the holder if this differential widens (in the case of a call) or narrows (in the case of a put), regardless of whether the yields of the underlying securities increase or decrease.

The trading of yield curve options is subject to all of the risks associated with the trading of other types of options. In addition, such options present a risk of loss even if the yield of one of the underlying securities remains constant, or if the spread moves in a direction or to an extent which was not anticipated. 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 U.S. and (except in the case of the U.S. Mortgages Fund) 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 selection 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 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.

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 or yield to the Fund at the time of entering into the transaction. A forward commitment involves 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.

Lending of Portfolio Securities. Each Fund (other than the High Yield Floating Rate 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, other service providers or their affiliates and from which the Investment Adviser, other service providers 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 33⅓% of the value of the total assets of a Fund (including the loan collateral). Loan collateral (including any investment of that collateral) is not subject to the percentage limitations 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.

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. Some Funds may also enter into repurchase agreements involving certain foreign government securities.

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.

Borrowings and Reverse Repurchase Agreements. Each Fund can borrow money from banks and other financial institutions, and certain Funds may enter into reverse repurchase agreements in amounts not exceeding one-third of a Fund's total assets. A Fund may not make additional investments if borrowings exceed 5% of its total assets.

Reverse repurchase agreements involve the sale of securities held by a Fund subject to the Fund's agreement to repurchase them at a mutually agreed upon date and price (including interest). These transactions may be entered into as a temporary measure for emergency purposes or to meet redemption requests. Reverse repurchase agreements may also be entered into when the Investment Adviser expects that the interest income to be earned from the investment of the transaction proceeds will be greater than the related interest expense.

Borrowings and reverse repurchase agreements involve leveraging. If the securities held by a Fund decline in value while these transactions are outstanding, the NAV of the Fund's outstanding shares will decline in value by proportionately more than the decline in value of the securities. In addition, reverse repurchase agreements involve the risk that the investment return earned by a Fund (from the investment of the proceeds) will be less than the interest expense of the transaction, that the market value of the securities sold by a Fund will decline below the price the Fund is obligated to pay to repurchase the securities, and that the securities may not be returned to the Fund. A Fund must "set aside" liquid assets, or engage in other appropriate measures to "cover" open positions with respect to its transactions in reverse repurchase agreements.

Interest Rate Swaps, Mortgage Swaps, Credit Swaps, Currency Swaps, Total Return Swaps, Options on Swaps and Interest Rate Caps, Floors and Collars. Interest rate swaps involve the exchange by a Fund with another party of their respective commitments to pay or receive interest, such as an exchange of fixed-rate payments for floating rate payments. Mortgage swaps are similar to interest rate swaps in that they represent commitments to pay and receive interest. The notional principal amount, however, is tied to a reference pool or pools of mortgages. Credit swaps involve the receipt of floating or fixed rate payments in exchange for assuming potential credit losses on an underlying security. Credit swaps give one party to a transaction (the buyer of the credit swap) the right to dispose of or acquire an asset (or group of assets or exposure to the performance of an index), or the right to receive a payment from the other party, upon the occurrence of specified credit events. Currency swaps involve the exchange of the parties' respective rights to make or receive payments in specified currencies. Total return swaps give a Fund the right to receive the appreciation in the value of a specified security, index or other instrument in return for a fee paid to the counterparty, which will typically be an agreed upon interest rate. If the underlying asset in a total return swap declines in value over the term of the swap, the Fund may also be required to pay the dollar value of that decline to the counterparty.

The Funds may also purchase and write (sell) options contracts on swaps, commonly referred to as swaptions. A swaption is an option to enter into a swap agreement. Like other types of options, the buyer of a swaption pays a non-refundable premium for the option and obtains the right, but not the obligation, to enter into an underlying swap on agreed-upon terms. The seller of a swaption, in exchange for the premium, becomes obligated (if the option is exercised) to enter into an underlying swap on agreed-upon terms. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payment of interest on a notional principal amount from the party selling such interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling the interest rate floor. An interest rate collar is the combination of a cap and a floor that preserves a certain return within a predetermined range of interest rates.

Each Fund may enter into swap transactions for hedging purposes or to seek to increase total return. As an example, when a Fund is the buyer of a credit default swap (commonly known as buying protection), it may make periodic payments to the seller of the credit default swap to obtain protection against a credit default on a specified underlying asset (or group of assets). If a default occurs, the seller of a credit default swap may be required to pay the Fund the "notional value" of the credit default swap on a specified security (or group of securities). On the other hand, when a Fund is a seller of a credit default swap (commonly known as selling protection), in addition to the credit exposure the Fund has on the other assets held in its portfolio, the Fund is also subject to the credit exposure on the notional amount of the swap since, in the event of a credit default, the Fund may be required to pay the "notional value" of the credit default swap on a specified security (or group of securities) to the buyer of the credit default swap. A Fund will be the seller of a credit default swap only when the credit of the underlying asset is deemed by the Investment Adviser to meet the Fund's minimum credit criteria at the time the swap is first entered into.

The use of interest rate, mortgage, credit, currency and total return swaps, options on swaps, and interest rate caps, floors and collars, is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Investment Adviser is incorrect in its forecasts of market values, interest rates and currency exchange rates, or in its evaluation of the creditworthiness of swap counterparties and the issuers of the underlying assets, the investment performance of a Fund would be less favorable than it would have been if these investment techniques were not used. When entering into swap contracts or writing options, a Fund must "set aside" liquid assets, or engage in other appropriate measures to "cover" its obligation under the swap contract.

Other Investment Companies. Each Fund may invest in securities of other investment companies, including 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 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.

Non-Investment Grade Fixed Income Securities. Non-investment grade fixed-income securities and unrated securities of comparable credit quality (commonly known as "junk bonds") are considered speculative. In some cases, these obligations may be highly speculative and have poor prospects for reaching investment grade standing. Non-investment grade fixed income securities are subject to the increased risk of an issuer's inability to meet principal and interest obligations. These securities, also referred to as high yield 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.

Non-investment grade fixed income securities are often issued in connection with a corporate reorganization or restructuring or as part of a merger, acquisition, takeover or similar event. They are also issued by less established companies seeking to expand. Such issuers are often highly leveraged and generally less able than more established or less leveraged entities to make scheduled payments of principal and interest in the event of adverse developments or business conditions. Non-investment grade securities are also issued by governmental bodies that may have difficulty in making all scheduled interest and principal payments.

The market value of non-investment grade fixed income securities tends to reflect individual corporate or municipal developments to a greater extent than that of higher rated securities which react primarily to fluctuations in the general level of interest rates. As a result, a Fund's ability to achieve its investment objectives may depend to a greater extent on the Investment Adviser's judgment concerning the creditworthiness of issuers than funds which invest in higher-rated securities. Issuers of non-investment grade fixed income securities may not be able to make use of more traditional methods of financing and their ability to service debt obligations may be affected more adversely than issuers of higher-rated securities by economic downturns, specific corporate or financial developments or the issuer's inability to meet specific projected business forecasts. Negative publicity about the junk bond market and investor perceptions regarding lower rated securities, whether or not based on fundamental analysis, may depress the prices for such securities.

A holder's risk of loss from default is significantly greater for non-investment grade fixed income securities than is the case for holders of other debt securities because such non-investment grade securities are generally unsecured and are often subordinated to the rights of other creditors of the issuers of such securities. Investment by a Fund in defaulted securities poses additional risk of loss should nonpayment of principal and interest continue in respect of such securities. Even if such securities are held to maturity, recovery by a Fund of its initial investment and any anticipated income or appreciation is uncertain.

The secondary market for non-investment grade fixed income securities is concentrated in relatively few market makers and is dominated by institutional investors, including mutual funds, insurance companies and other financial institutions. Accordingly, the secondary market for such securities is not as liquid as, and is more volatile than, the secondary market for higher-rated securities. In addition, market trading volume for high yield fixed income securities is generally lower and the secondary market for such securities could shrink or disappear suddenly and without warning as a result of adverse market or economic conditions, independent of any specific adverse changes in the condition of a particular issuer. The lack of sufficient market liquidity may cause a Fund to incur losses because it will be required to effect sales at a disadvantageous time and then only at a substantial drop in price. These factors may have an adverse effect on the market price and a Fund's ability to dispose of particular portfolio investments. A less liquid secondary market also may make it more difficult for a Fund to obtain precise valuations of the high yield securities in its portfolio.

Credit ratings issued by credit rating agencies are designed to evaluate the safety of principal and interest payments of rated securities. They do not, however, evaluate the market value risk of non-investment grade securities and, therefore, may not fully reflect the true risks of an investment. In addition, credit rating agencies may or may not make timely changes in a rating to reflect changes in the economy or in the conditions of the issuer that affect the market value of the security. Consequently, credit ratings are used only as a preliminary indicator of investment quality.

Downgraded Securities. After its purchase, a portfolio security may be assigned a lower rating or cease to be rated. If this occurs, a Fund may continue to hold the security if the Investment Adviser believes it is in the best interest of the Fund and its shareholders.

Equity Investments. After its purchase, a portfolio investment (such as a convertible debt obligation) may convert to an equity security. Alternatively, a Fund may acquire equity securities in connection with a restructuring event related to one or more of its investments. If this occurs, the Fund may continue to hold the investment if the Investment Adviser believes it is in the best interest of the Fund and its shareholders.

Loans and Loan Participations. The Investment Grade Credit, High Yield, High Yield Floating Rate, Emerging Markets Debt and Local Emerging Markets Debt Funds may invest in loans and loan participations. A loan participation is an interest in a loan to a U.S. or foreign company or other borrower which is administered and sold by a financial intermediary. A Fund may only invest in loans to issuers in whose obligations it may otherwise invest. Loan participation interests may take the form of a direct or co-lending relationship with the corporate borrower, an assignment of an interest in the loan by a co-lender or another participant, or a participation in the seller's share of the loan. When a Fund acts as co-lender in connection with a participation interest or when it acquires certain participation interests, the Fund will have direct recourse against the borrower if the borrower fails to pay scheduled principal and interest. In cases where the Fund lacks direct recourse, it will look to an agent for the lenders (the "agent lender") to enforce appropriate credit remedies against the borrower. In these cases, the Fund may be subject to delays, expenses and risks that are greater than those that would have been involved if the Fund had purchased a direct obligation (such as commercial paper) of such borrower. Moreover, under the terms of the loan participation, the Fund may be regarded as a creditor of the agent lender (rather than of the underlying corporate borrower), so that the Fund may also be subject to the risk that the agent lender may become insolvent.

Senior Loans. The Emerging Markets Debt, High Yield, High Yield Floating Rate, Investment Grade Credit and Local Emerging Markets Debt Funds may invest in Senior Loans. Senior Loans hold the most senior position in the capital structure of a business entity (the "Borrower"), are typically secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by subordinated debt holders and stockholders of the Borrower. The proceeds of Senior Loans primarily are used to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, refinancings and to finance internal growth and for other corporate purposes. Senior Loans typically have a stated term of between five and nine years, and have rates of interest which typically are redetermined daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium or credit spread. Longer interest rate reset periods generally increase fluctuations in a Fund's net asset value as a result of changes in market interest rates. As a result, as short-term interest rates increase, interest payable to a Fund from its investments in Senior Loans should increase, and as short-term interest rates decrease, interest payable to the Fund from its investments in Senior Loans should decrease.

A Fund may acquire Senior Loan assignments or participations. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the purchaser's rights can be more restricted than those of the assigning institution, and, in any event, a Fund may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral. A participation typically results in a contractual relationship only with the institution participating out the interest, not with the Borrower. In purchasing participations, a Fund generally will have no right to enforce compliance by the Borrower with the terms of the loan agreement against the Borrower, and the Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, a Fund will be exposed to the credit risk of both the Borrower and the institution selling the participation.

Second Lien Loans. The Emerging Markets Debt, High Yield, High Yield Floating Rate, Investment Grade Credit and Local Emerging Markets Debt Funds may invest in Second Lien Loans, which have the same characteristics as Senior Loans except that such loans are second in lien property rather than first. Second Lien Loans typically have adjustable floating rate interest payments. Accordingly, the risks associated with Second Lien Loans are higher than the risk of loans with first priority over the collateral. In the event of default on a Second Lien Loan, the first priority lien holder has first claim to the underlying collateral of the loan. It is possible that no collateral value would remain for the second priority lien holder and therefore result in a loss of investment to a Fund.

Preferred Stock, Warrants and Stock Purchase Rights. The Investment Grade Credit, High Yield, High Yield Floating Rate, Emerging Markets Debt and Local Emerging Markets Debt Funds may invest in preferred stock, warrants and stock purchase rights (or "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.

Distressed Debt. A Fund that invests in distressed debt may risk holding the securities through bankruptcy proceedings. There are a number of significant risks inherent in the bankruptcy process. Many events in a bankruptcy are the product of contested matters and adversary proceedings and are beyond the control of the creditors. A bankruptcy filing by an issuer may adversely and permanently affect the issuer, and if the proceeding is converted to liquidation, the value of the issuer may not equal the liquidation value that was believed to exist at the time of the investment. The duration of a bankruptcy proceeding is difficult to predict, and a creditor's return on investment can be adversely affected by delays until the plan of reorganization ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, there exists the risk that a Fund's influence with respect to the class of securities or other obligations it owns can be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial.

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). Because Class IR Shares of the Investment Grade Credit Fund and U.S. Mortgages Fund have not commenced operations, financial highlights for the Class IR Shares of these Funds are not available. The information for the fiscal years ended March 31, 2011, 2010 and 2009, the fiscal period ended March 31, 2008 and the fiscal year ended October 31, 2007 has been audited by PricewaterhouseCoopers LLP, whose report, along with the Funds' financial statements, is included in the Funds' annual report (available upon request). The information for the fiscal year ended October 31, 2006 has been audited by the Funds' former independent registered public accounting firm.

EMERGING MARKETS DEBT FUND

	Emerging Markets Debt Fund—Class A Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 11.99	$ 9.19	$ 11.63	$ 12.16	$ 11.98	$ 11.75
Income (loss) from investment operations						
Net investment income[a]	0.59	0.70	0.68	0.30	0.63	0.60
Net realized and unrealized gain (loss)	0.42	2.96	(2.50)	(0.37)	0.38	0.69
Total from investment operations	1.01	3.66	(1.82)	(0.07)	1.01	1.29
Distributions to shareholders						
From net investment income	(0.71)	(0.86)	(0.57)	(0.31)	(0.62)	(0.65)
From net realized gains	(0.01)	—	(0.05)	(0.15)	(0.21)	(0.41)
Total distributions	(0.72)	(0.86)	(0.62)	(0.46)	(0.83)	(1.06)
Net asset value, end of period	$ 12.28	$ 11.99	$ 9.19	$ 11.63	$ 12.16	$ 11.98
Total return[b]	8.46%	40.98%	(15.89)%	(0.51)%	8.86%	11.63%
Net assets, end of period (in 000s)	$156,901	$105,352	$40,814	$87,818	$84,661	$69,302
Ratio of net expenses to average net assets	1.22%	1.22%	1.22%	1.21%[c]	1.23%	1.23%
Ratio of net investment income to average net assets	4.75%	6.27%	6.58%	6.03%[c]	5.23%	5.17%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	1.29%	1.31%	1.44%	1.36%[c]	1.38%	1.53%
Portfolio turnover rate	116%[d]	121%	132%	41%	81%	167%

See page 179 for all footnotes.

	Emerging Markets Debt Fund—Class C Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Year Ended October 31,	For the Period Ended October 31, 2006 (Commenced
	2011	2010	2009	2008*	2007	September 26, 2006)
Net asset value, beginning of period	$ 11.98	$ 9.16	$ 11.60	$12.14	$11.97	$11.78
Income (loss) from investment operations						
Net investment income[a]	0.49	0.61	0.60	0.25	0.53	0.01
Net realized and unrealized gain (loss)	0.43	2.99	(2.50)	(0.36)	0.38	0.22
Total from investment operations	0.92	3.60	(1.90)	(0.11)	0.91	0.23
Distributions to shareholders						
From net investment income	(0.62)	(0.78)	(0.49)	(0.28)	(0.53)	(0.04)
From net realized gains	(0.01)	—	(0.05)	(0.15)	(0.21)	—
Total distributions	(0.63)	(0.78)	(0.54)	(0.43)	(0.74)	(0.04)
Net asset value, end of period	$ 12.27	$ 11.98	$ 9.16	$11.60	$12.14	$11.97
Total return[b]	7.65%	40.28%	(16.57)%	(0.82)%	7.80%	1.98%
Net assets, end of period (in 000s)	$31,205	$10,629	$ 1,661	$1,890	$ 995	$ 1
Ratio of net expenses to average net assets	1.97%	1.97%	1.97%	1.96%[c]	1.98%	1.71%[c]
Ratio of net investment income to average net assets	4.00%	5.41%	5.97%	5.20%[c]	4.64%	1.36%[c]
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	2.04%	2.06%	2.19%	2.11%[c]	2.13%	1.75%[c]
Portfolio turnover rate	116%[d]	121%	132%	41%	81%	167%

See page 179 for all footnotes.

	Emerging Markets Debt Fund—Institutional Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 12.00	$ 9.20	$ 11.63	$ 12.17	$ 11.99	$ 11.76
Income (loss) from investment operations						
Net investment income[a]	0.63	0.74	0.72	0.32	0.67	0.64
Net realized and unrealized gain (loss)	0.42	2.96	(2.50)	(0.38)	0.39	0.69
Total from investment operations	1.05	3.70	(1.78)	(0.06)	1.06	1.33
Distributions to shareholders						
From net investment income	(0.75)	(0.90)	(0.60)	(0.33)	(0.67)	(0.69)
From net realized gains	(0.01)	—	(0.05)	(0.15)	(0.21)	(0.41)
Total distributions	(0.76)	(0.90)	(0.65)	(0.48)	(0.88)	(1.10)
Net asset value, end of period	$ 12.29	$ 12.00	$ 9.20	$ 11.63	$ 12.17	$ 11.99
Total return[b]	8.82%	41.42%	(15.59)%	(0.37)	9.25%	11.93%
Net assets, end of period (in 000s)	$436,068	$278,030	$109,375	$145,067	$188,311	$85,073
Ratio of net expenses to average net assets	0.88%	0.88%	0.88%	0.87%[c]	0.87%	0.86%
Ratio of net investment income to average net assets	5.12%	6.63%	7.03%	6.51%[c]	5.68%	5.51%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	0.95%	0.97%	1.10%	1.02%[c]	1.02%	1.16%
Portfolio turnover rate	116%[d]	121%	132%	41%	81%	167%

See page 179 for all footnotes.

	Emerging Markets Debt Fund— Class IR Shares
	For the Period Ended March 31, 2011 (Commenced July 30, 2010)
Net asset value, beginning of period	$12.44
Income (loss) from investment operations	
Net investment income[a]	0.41
Net realized and unrealized gain (loss)	(0.04)
Total from investment operations	0.37
Distributions to shareholders	
From net investment income	(0.51)
From net realized gains	(0.01)
Total distributions	(0.52)
Net asset value, end of period	$12.29
Total return[b]	2.96%
Net assets, end of period (in 000s)	$1,392
Ratio of net expenses to average net assets	0.97%[c]
Ratio of net investment income to average net assets	4.96%[c]
Ratios assuming no expense reductions	
Ratio of total expenses to average net assets	1.05%[c]
Portfolio turnover rate	116%[d]

See page 179 for all footnotes.

HIGH YIELD FUND

	High Yield Fund—Class A Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 7.07	$ 5.18	$ 7.12	$ 7.93	$ 8.04	$ 7.81
Income (loss) from investment operations						
Net investment income[a]	0.55	0.53	0.55	0.24	0.60	0.58
Net realized and unrealized gain (loss)	0.30	1.90	(1.92)	(0.78)	(0.10)	0.23
Total from investment operations	0.85	2.43	(1.37)	(0.54)	0.50	0.81
Distributions to shareholders						
From net investment income	(0.54)	(0.54)	(0.57)	(0.27)	(0.61)	(0.58)
Net asset value, end of period	$ 7.38	$ 7.07	$ 5.18	$ 7.12	$ 7.93	$ 8.04
Total return[b]	12.56%	48.28%	(20.12)%	(6.82)%	6.41%	10.76%
Net assets at end of period (in 000s)	$862,655	$1,339,958	$1,636,406	$1,650,027	$1,777,150	$1,395,265
Ratio of net expenses to average net assets	1.05%	1.05%	1.07%	1.07%[c]	1.09%	1.12%
Ratio of net investment income to average net assets	7.63%	8.38%	9.10%	7.87%[c]	7.46%	7.38%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	1.06%	1.06%	1.08%	1.09%[c]	1.11%	1.14%
Portfolio turnover rate	46%	35%	14%	11%	50%	41%

See page 179 for all footnotes.

	High Yield Fund—Class B Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of year	$ 7.08	$ 5.18	$ 7.13	$ 7.94	$ 8.05	$ 7.82
Income (loss) from investment operations						
Net investment income[a]	0.49	0.49	0.51	0.22	0.54	0.53
Net realized and unrealized gain (loss)	0.32	1.90	(1.94)	(0.79)	(0.10)	0.22
Total from investment operations	0.81	2.39	(1.43)	(0.57)	0.44	0.75
Distributions to shareholders						
From net investment income	(0.49)	(0.49)	(0.52)	(0.24)	(0.55)	(0.52)
Net asset value, end of year	$ 7.40	$ 7.08	$ 5.18	$ 7.13	$ 7.94	$ 8.05
Total return[b]	11.87%	47.38%	(20.73)%	(7.23)%	5.61%	9.93%
Net assets at end of year (in 000s)	$45,430	$60,649	$53,589	$92,953	$115,817	$96,743
Ratio of net expenses to average net assets	1.80%	1.80%	1.82%	1.82%[c]	1.84%	1.87%
Ratio of net investment income to average net assets	6.86%	7.61%	8.20%	7.12%[c]	6.72%	6.64%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	1.81%	1.81%	1.83%	1.84%[c]	1.86%	1.89%
Portfolio turnover rate	46%	35%	14%	11%	50%	41%

See page 179 for all footnotes.

	High Yield Fund—Class C Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of year	$ 7.08	$ 5.18	$ 7.12	$ 7.93	$ 8.04	$ 7.81
Income (loss) from investment operations						
Net investment income[a]	0.49	0.49	0.51	0.22	0.54	0.53
Net realized and unrealized gain (loss)	0.31	1.90	(1.93)	(0.79)	(0.10)	0.22
Total from investment operations	0.80	2.39	(1.42)	(0.57)	0.44	0.75
Distributions to shareholders						
From net investment income	(0.49)	(0.49)	(0.52)	(0.24)	(0.55)	(0.52)
Net asset value, end of year	$ 7.39	$ 7.08	$ 5.18	$ 7.12	$ 7.93	$ 8.04
Total return[b]	11.72%	47.38%	(20.72)%	(7.11)%	5.61%	9.94%
Net assets at end of year (in 000s)	$114,921	$111,997	$74,325	$101,138	$119,073	$90,528
Ratio of net expenses to average net assets	1.80%	1.80%	1.82%	1.82%[c]	1.84%	1.87%
Ratio of net investment income to average net assets	6.85%	7.56%	8.25%	7.12%[c]	6.71%	6.64%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	1.81%	1.81%	1.83%	1.84%[c]	1.86%	1.89%
Portfolio turnover rate	46%	35%	14%	11%	50%	41%

See page 179 for all footnotes.

	High Yield Fund—Institutional Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 7.09	$ 5.19	$ 7.13	$ 7.94	$ 8.05	$ 7.82
Income (loss) from investment operations						
Net investment income[a]	0.57	0.56	0.57	0.25	0.63	0.61
Net realized and unrealized gain (loss)	0.31	1.91	(1.92)	(0.78)	(0.10)	0.23
Total from investment operations	0.88	2.47	(1.35)	(0.53)	0.53	0.84
Distributions to shareholders						
From net investment income	(0.57)	(0.57)	(0.59)	(0.28)	(0.64)	(0.61)
Net asset value, end of period	$ 7.40	$ 7.09	$ 5.19	$ 7.13	$ 7.94	$ 8.05
Total return[b]	12.93%	48.88%	(19.81)%	(6.68)%	6.79%	11.16%
Net assets, end of period (in 000s)	$4,492,556	$4,655,677	$1,986,033	$1,628,668	$1,646,138	$1,296,429
Ratio of net expenses to average net assets	0.71%	0.71%	0.73%	0.73%[c]	0.73%	0.75%
Ratio of net investment income to average net assets	7.94%	8.64%	9.49%	8.22%[c]	7.82%	7.76%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	0.72%	0.72%	0.74%	0.75%[c]	0.75%	0.77%
Portfolio turnover rate	46%	35%	14%	11%	50%	41%

See page 179 for all footnotes.

	High Yield Fund—Service Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 7.06	$ 5.17	$ 7.12	$ 7.92	$ 8.03	$ 7.80
Income (loss) from investment operations						
Net investment income[a]	0.53	0.53	0.54	0.24	0.59	0.57
Net realized and unrealized gain (loss)	0.32	1.89	(1.93)	(0.78)	(0.10)	0.23
Total from investment operations	0.85	2.42	(1.39)	(0.54)	0.49	0.80
Distributions to shareholders						
From net investment income	(0.53)	(0.53)	(0.56)	(0.26)	(0.60)	(0.57)
Net asset value, end of period	$ 7.38	$ 7.06	$ 5.17	$ 7.12	$ 7.92	$ 8.03
Total return[b]	12.54%	48.13%	(20.28)%	(6.89)%	6.28%	10.63%
Net assets at end of period (in 000s)	$23,208	$22,639	$12,582	$10,573	$8,399	$2,980
Ratio of net expenses to average net assets	1.21%	1.21%	1.23%	1.23%[c]	1.24%	1.25%
Ratio of net investment income to average net assets	7.44%	8.14%	8.98%	7.72%[c]	7.34%	7.26%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	1.22%	1.22%	1.24%	1.25%[c]	1.26%	1.27%
Portfolio turnover rate	46%	35%	14%	11%	50%	41%

See page 179 for all footnotes.

	High Yield Fund—Class IR Shares			
	For the Fiscal Years Ended March 31,			For the Period Ended March 31, 2008 (Commenced November 30, 2007)
	2011	2010	2009	
Net asset value, beginning of period	$ 7.07	$ 5.18	$ 7.12	$ 7.68
Income (loss) from investment operations				
Net investment income[a]	0.56	0.55	0.57	0.20
Net realized and unrealized gain (loss)	0.32	1.90	(1.93)	(0.54)
Total from investment operations	0.88	2.45	(1.36)	(0.34)
Distributions to shareholders				
From net investment income	(0.56)	(0.56)	(0.58)	(0.22)
Net asset value, end of period	$ 7.39	$ 7.07	$ 5.18	$ 7.12
Total return[b]	12.99%	48.63%	(19.91)%	(4.35)%
Net assets, end of period (in 000s)	$3,081	$ 786	$ 8	$ 10
Ratio of net expenses to average net assets	0.80%	0.80%	0.82%	0.82%[c]
Ratio of net investment income to average net assets	7.79%	8.01%	9.31%	8.20%[c]
Ratios assuming no expense reductions				
Ratio of total expenses to average net assets	0.81%	0.81%	0.83%	0.84%[c]
Portfolio turnover rate	46%	35%	14%	11%

See page 179 for all footnotes.

	High Yield Fund—Class R Shares			
	For the Fiscal Years Ended March 31,			For the Period Ended March 31, 2008 (Commenced November 30, 2007)
	2011	2010	2009	
Net asset value, beginning of period	$ 7.07	$ 5.17	$ 7.12	$ 7.68
Income (loss) from investment operations				
Net investment income[a]	0.53	0.52	0.53	0.19
Net realized and unrealized gain (loss)	0.31	1.91	(1.93)	(0.54)
Total from investment operations	0.84	2.43	(1.40)	(0.35)
Distributions to shareholders				
From net investment income	(0.53)	(0.53)	(0.55)	(0.21)
Net asset value, end of period	$ 7.38	$ 7.07	$ 5.17	$ 7.12
Total return[b]	12.29%	48.20%	(20.47)%	(4.51)%
Net assets, end of period (in 000s)	$13,279	$5,404	$ 183	$ 9
Ratio of net expenses to average net assets	1.30%	1.30%	1.32%	1.32%[c]
Ratio of net investment income to average net assets	7.36%	7.78%	9.95%	7.73%[c]
Ratios assuming no expense reductions				
Ratio of total expenses to average net assets	1.31%	1.31%	1.33%	1.34%[c]
Portfolio turnover rate	46%	35%	14%	11%

See page 179 for all footnotes.

HIGH YIELD FLOATING RATE FUND

	High Yield Floating Rate— Class A Shares
	For the Period Ended March 31, 2011 (Commenced March 31, 2011)
Net asset value, beginning of period	$10.00
Income from investment operations	
Net investment loss[e]	—
Net realized and unrealized loss[e]	—
Total from investment operations[e]	—
Net asset value, end of period	$10.00
Total return[b]	—
Net assets, end of period (in 000s)	$ 10
Ratio of net expenses to average net assets[c]	1.08%
Ratio of net investment loss to average net assets[c]	(1.08)%
Ratios assuming no expense reductions	
Ratio of total expenses to average net assets[c]	1.47%
Portfolio turnover rate	—

See page 179 for all footnotes.

	High Yield Floating Rate— Class C Shares
	For the Period Ended March 31, 2011 (Commenced March 31, 2011)
Net asset value, beginning of period	$10.00
Income from investment operations	
Net investment loss[e]	—
Net realized and unrealized loss	(0.01)
Total from investment operations	(0.01)
Net asset value, end of period	$ 9.99
Total return[b]	—
Net assets, end of period (in 000s)	$ 10
Ratio of net expenses to average net assets[c]	1.83%
Ratio of net investment loss to average net assets[c]	(1.83)%
Ratios assuming no expense reductions	
Ratio of total expenses to average net assets[c]	2.22%
Portfolio turnover rate	—

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	High Yield Floating Rate— Institutional Shares
	For the Period Ended March 31, 2011 (Commenced March 31, 2011)
Net asset value, beginning of period	$ 10.00
Income from investment operations	
Net investment loss[e]	—
Net realized and unrealized loss	(0.01)
Total from investment operations	(0.01)
Net asset value, end of period	$ 9.99
Total return[b]	—
Net assets, end of period (in 000s)	$118,817
Ratio of net expenses to average net assets[c]	0.74%
Ratio of net investment loss to average net assets[c]	(0.74)%
Ratios assuming no expense reductions	
Ratio of total expenses to average net assets[c]	1.13%
Portfolio turnover rate	—

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	High Yield Floating Rate— Class IR Shares
	For the Period Ended March 31, 2011 (Commenced March 31, 2011)
Net asset value, beginning of period	$10.00
Income from investment operations	
Net investment loss[e]	—
Net realized and unrealized loss[e]	—
Total from investment operations[e]	—
Net asset value, end of period	$10.00
Total return[b]	—
Net assets, end of period (in 000s)	$ 10
Ratio of net expenses to average net assets[c]	0.83%
Ratio of net investment loss to average net assets[c]	(0.83)%
Ratios assuming no expense reductions	
Ratio of total expenses to average net assets[c]	1.22%
Portfolio turnover rate	—

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	High Yield Floating Rate—Class R Shares
	For the Period Ended March 31, 2011 (Commenced March 31, 2011)
Net asset value, beginning of period	$10.00
Income from investment operations	
Net investment loss[e]	—
Net realized and unrealized loss[e]	—
Total from investment operations[e]	—
Net asset value, end of period	$10.00
Total return[b]	—
Net assets, end of period (in 000s)	$ 10
Ratio of net expenses to average net assets[c]	1.33%
Ratio of net investment loss to average net assets[c]	(1.33)%
Ratios assuming no expense reductions	
Ratio of total expenses to average net assets[c]	1.72%
Portfolio turnover rate	—

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INVESTMENT GRADE CREDIT FUND

	Investment Grade Credit Fund—Class A Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 9.14	$ 7.75	$ 9.64	$ 9.90	$ 9.95	$ 9.93
Income (loss) from investment operations						
Net investment income[a]	0.38	0.43	0.51	0.22	0.51	0.47
Net realized and unrealized gain (loss)	0.37	1.40	(1.83)	(0.27)	(0.08)	—
Total from investment operations	0.75	1.83	(1.32)	(0.05)	0.43	0.47
Distributions to shareholders						
From net investment income	(0.38)	(0.44)	(0.57)	(0.21)	(0.48)	(0.45)
From net realized gains	(0.01)	—	—	—	—	—
Total distributions	(0.39)	(0.44)	(0.57)	(0.21)	(0.48)	(0.45)
Net asset value, end of period	$ 9.50	$ 9.14	$ 7.75	$ 9.64	$ 9.90	$ 9.95
Total return[b]	8.37%	23.96%	(14.00)%	(0.54)%	4.44%	4.84%
Net assets at end of period (in 000s)	$147,820	$167,774	$53,185	$9,455	$8,615	$3,420
Ratio of net expenses to average net assets	0.74%	0.76%	0.76%	0.76%[c]	0.79%	0.79%
Ratio of net investment income to average net assets	3.98%	4.90%	6.22%	5.31%[c]	5.17%	4.82%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	0.87%	0.89%	0.97%	0.95%[c]	0.97%	1.04%
Portfolio turnover rate	100%[d]	90%	135%	15%	74%	74%

See page 179 for all footnotes.

	Investment Grade Credit Fund—Institutional Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 9.14	$ 7.75	$ 9.66	$ 9.92	$ 9.97	$ 9.95
Income (loss) from investment operations						
Net investment income[a]	0.41	0.46	0.55	0.23	0.55	0.51
Net realized and unrealized gain (loss)	0.38	1.40	(1.85)	(0.27)	(0.08)	—
Total from investment operations	0.79	1.86	(1.30)	(0.04)	0.47	0.51
Distributions to shareholders						
From net investment income	(0.41)	(0.47)	(0.61)	(0.22)	(0.52)	(0.49)
From net realized gains	(0.01)	—	—	—	—	—
Total distributions	(0.42)	(0.47)	(0.61)	(0.22)	(0.52)	(0.49)
Net asset value, end of period	$ 9.51	$ 9.14	$ 7.75	$ 9.66	$ 9.92	$ 9.97
Total return[b]	8.73%	24.39%	(13.83)%	(0.39)%	4.83%	5.35%
Net assets at end of period (in 000s)	$143,057	$190,478	$22,809	$10,504	$10,893	$3,317
Ratio of net expenses to average net assets	0.40%	0.41%	0.40%	0.40%[c]	0.40%	0.40%
Ratio of net investment income to average net assets	4.33%	5.17%	6.52%	5.67%[c]	5.59%	5.21%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	0.53%	0.55%	0.63%	0.61%[c]	0.60%	0.65%
Portfolio turnover rate	100%[d]	90%	135%	15%	74%	74%

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	Investment Grade Credit Fund—Separate Account Institutional Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 9.14	$ 7.75	$ 9.65	$ 9.91	$ 9.96	$ 9.94
Income (loss) from investment operations						
Net investment income[a]	0.41	0.47	0.57	0.23	0.56	0.52
Net realized and unrealized gain (loss)	0.38	1.39	(1.86)	(0.26)	(0.08)	(0.01)
Total from investment operations	0.79	1.86	(1.29)	(0.03)	0.48	0.51
Distributions to shareholders						
From net investment income	(0.41)	(0.47)	(0.61)	(0.23)	(0.53)	(0.49)
From net realized gains	(0.01)	—	—	—	—	—
Total distributions	(0.42)	(0.47)	(0.61)	(0.23)	(0.53)	(0.49)
Net asset value, end of period	$ 9.51	$ 9.14	$ 7.75	$ 9.65	$ 9.91	$ 9.96
Total return[b]	8.77%	24.45%	(13.72)%	(0.37)%	4.89%	5.30%
Net assets at end of period (in 000s)	$262,907	$272,812	$171,003	$226,207	$239,358	$206,122
Ratio of net expenses to average net assets	0.37%	0.36%	0.35%	0.35%[c]	0.35%	0.35%
Ratio of net investment income to average net assets	4.36%	5.39%	6.52%	5.72%[c]	5.61%	5.26%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	0.50%	0.50%	0.58%	0.56%[c]	0.55%	0.60%
Portfolio turnover rate	100%[d]	90%	135%	15%	74%	74%

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LOCAL EMERGING MARKETS DEBT FUND

	Local Emerging Markets Debt Fund—Class A Shares			
	For the Fiscal Years Ended March 31,			For the Period Ended March 31, 2008 (Commenced February 15, 2008)
	2011	2010	2009	
Net asset value, beginning of period	$ 9.31	$ 7.23	$ 9.85	$10.00
Income (loss) from investment operations				
Net investment income[a]	0.41	0.42	0.50	0.04
Net realized and unrealized gain (loss)	0.60	2.10	(2.64)	(0.14)
Total from investment operations	1.01	2.52	(2.14)	(0.10)
Distributions to shareholders				
From net investment income	(0.64)	(0.44)	(0.20)	(0.05)
From net realized gains	(0.09)			
From capital	—	—	(0.28)	—
Total distributions	(0.73)	(0.44)	(0.48)	(0.05)
Net asset value, end of period	$ 9.59	$ 9.31	$ 7.23	$ 9.85
Total return[b]	11.30%	35.39%	(22.32)%	(0.93)%
Net assets, end of period (in 000s)	$1,055,640	$419,456	$20,385	$1,482
Ratio of net expenses to average net assets	1.35%	1.35%	1.33%	1.35%[c]
Ratio of net investment income to average net assets	4.30%	4.74%	5.99%	4.29%[c]
Ratios assuming no expense reductions				
Ratio of total expenses to average net assets	1.43%	1.49%	1.65%	2.98%[c]
Portfolio turnover rate	154%	134%	92%	3%

See page 179 for all footnotes.

	Local Emerging Markets Debt Fund—Class C Shares			
	For the Fiscal Years Ended March 31,			For the Period Ended March 31, 2008 (Commenced February 15, 2008)
	2011	2010	2009	
Net asset value, beginning of period	$ 9.33	$ 7.24	$ 9.85	$10.00
Income (loss) from investment operations				
Net investment income[a]	0.32	0.36	0.48	0.04
Net realized and unrealized gain (loss)	0.61	2.10	(2.67)	(0.14)
Total from investment operations	0.93	2.46	(2.19)	(0.10)
Distributions to shareholders				
From net investment income	(0.56)	(0.37)	(0.18)	(0.05)
From net realized gains	(0.09)			
From capital	—	—	(0.24)	—
Total distributions	(0.65)	(0.37)	(0.42)	(0.05)
Net asset value, end of period	$ 9.61	$ 9.33	$ 7.24	$ 9.85
Total return[b]	10.45%	34.47%	(22.79)%	(1.01)%
Net assets, end of period (in 000s)	$16,724	$ 936	$ 30	$ 127
Ratio of net expenses to average net assets	2.10%	2.10%	2.08%	2.10%[c]
Ratio of net investment income to average net assets	3.37%	4.09%	5.17%	4.30%[c]
Ratios assuming no expense reductions				
Ratio of total expenses to average net assets	2.18%	2.24%	2.40%	3.73%[c]
Portfolio turnover rate	154%	134%	92%	3%

See page 179 for all footnotes.

	Local Emerging Markets Debt Fund—Institutional Shares			
	For the Fiscal Years Ended March 31,			For the Period Ended March 31, 2008 (Commenced February 15, 2008)
	2011	2010	2009	
Net asset value, beginning of period	$ 9.31	$ 7.23	$ 9.85	$ 10.00
Income (loss) from investment operations				
Net investment income[a]	0.44	0.45	0.53	0.06
Net realized and unrealized gain (loss)	0.60	2.10	(2.64)	(0.15)
Total from investment operations	1.04	2.55	(2.11)	(0.09)
Distributions to shareholders				
From net investment income	(0.67)	(0.47)	(0.22)	(0.06)
From net realized gains	(0.09)			
From capital	—	—	(0.29)	—
Total distributions	(0.76)	(0.47)	(0.51)	(0.06)
Net asset value, end of period	$ 9.59	$ 9.31	$ 7.23	$ 9.85
Total return[b]	11.68%	35.84%	(22.05)%	(0.89)%
Net assets, end of period (in 000s)	$1,048,186	$377,691	$97,877	$60,432
Ratio of net expenses to average net assets	1.01%	1.01%	0.99%	1.01%[c]
Ratio of net investment income to average net assets	4.63%	5.16%	6.30%	5.52%[c]
Ratios assuming no expense reductions				
Ratio of total expenses to average net assets	1.09%	1.15%	1.31%	2.64%[c]
Portfolio turnover rate	154%	134%	92%	3%

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	Local Emerging Markets Debt Fund—Class IR Shares
	For the Period Ended March 31, 2011 (Commenced July 30, 2010)
Net asset value, beginning of period	$ 9.43
Income from investment operations	
Net investment income[a]	0.28
Net realized and unrealized gain	0.46
Total from investment operations	0.74
Distributions to shareholders	
From net investment income	(0.49)
From net realized gains	(0.09)
Total distributions	(0.58)
Net asset value, end of period	$ 9.59
Total return[b]	8.13%
Net assets, end of period (in 000s)	$8,247
Ratio of net expenses to average net assets	1.10%[c]
Ratio of net investment income to average net assets	4.40%[c]
Ratios assuming no expense reductions	
Ratio of total expenses to average net assets	1.16%[c]
Portfolio turnover rate	154%

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U.S. MORTGAGES FUND

	U.S. Mortgages Fund—Class A Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 9.99	$ 9.27	$ 9.62	$ 9.91	$ 9.90	$ 9.82
Income (loss) from investment operations						
Net investment income[a]	0.22	0.32	0.37	0.19	0.44	0.41
Net realized and unrealized gain (loss)	0.22	0.76	(0.27)	(0.29)	0.04	0.08
Total from investment operations	0.44	1.08	0.10	(0.10)	0.48	0.49
Distributions to shareholders						
From net investment income	(0.23)	(0.36)	(0.38)	(0.19)	(0.47)	(0.41)
From net realized gains	—	—	(0.07)	—	—	—
Total distributions	(0.23)	(0.36)	(0.45)	(0.19)	(0.47)	(0.41)
Net asset value, end of period	$10.20	$ 9.99	$ 9.27	$ 9.62	$ 9.91	$ 9.90
Total return[b]	4.46%	11.84%	0.90%	(0.80)%	4.96%	5.21%
Net assets at end of period (in 000s)	$5,511	$12,791	$3,637	$7,021	$7,044	$6,973
Ratio of net expenses to average net assets	0.74%	0.76%	0.76%	0.76%[c]	0.78%	0.79%
Ratio of net investment income to average net assets	2.14%	3.29%	3.93%	4.58%[c]	4.43%	4.24%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	0.92%	0.94%	0.91%	0.91%[c]	0.94%	0.98%
Portfolio turnover rate (including the effect of mortgage dollar rolls)	905%[d]	628%	560%	483%	610%	1665%
Portfolio turnover rate (excluding the effect of mortgage dollar rolls)	609%[d]	464%	511%	295%	380%	1442%

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	U.S. Mortgages Fund—Institutional Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 10.00	$ 9.29	$ 9.64	$ 9.93	$ 9.91	$ 9.82
Income (loss) from investment operations						
Net investment income[a]	0.25	0.38	0.39	0.20	0.47	0.45
Net realized and unrealized gain (loss)	0.23	0.73	(0.26)	(0.28)	0.05	0.08
Total from investment operations	0.48	1.11	0.13	(0.08)	0.52	0.53
Distributions to shareholders						
From net investment income	(0.27)	(0.40)	(0.41)	(0.21)	(0.50)	(0.44)
From net realized gains	—	—	(0.07)	—	—	—
Total distributions	(0.27)	(0.40)	(0.48)	(0.21)	(0.50)	(0.44)
Net asset value, end of period	$ 10.21	$ 10.00	$ 9.29	$ 9.64	$ 9.93	$ 9.91
Total return[b]	4.81%	12.11%	1.38%	(0.75)%	5.43%	5.56%
Net assets at end of period (in 000s)	$54,096	$62,950	$89,617	$164,236	$153,795	$117,497
Ratio of net expenses to average net assets	0.40%	0.41%	0.40%	0.40%[c]	0.40%	0.40%
Ratio of net investment income to average net assets	2.41%	3.88%	4.22%	4.94%[c]	4.81%	4.64%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	0.58%	0.60%	0.57%	0.57%[c]	0.58%	0.61%
Portfolio turnover rate (including the effect of mortgage dollar rolls)	905%[d]	628%	560%	483%	610%	1665%
Portfolio turnover rate (excluding the effect of mortgage dollar rolls)	609%[d]	464%	511%	295%	380%	1442%

See page 179 for all footnotes.

	U.S. Mortgages Fund—Separate Account Institutional Shares					
	For the Fiscal Years Ended March 31,			For the Period November 1, 2007 to March 31,	For the Fiscal Years Ended October 31,	
	2011	2010	2009	2008*	2007	2006
Net asset value, beginning of period	$ 9.99	$ 9.28	$ 9.64	$ 9.93	$ 9.91	$ 9.82
Income (loss) from investment operations						
Net investment income[a]	0.25	0.38	0.41	0.21	0.48	0.45
Net realized and unrealized gain (loss)	0.23	0.73	(0.29)	(0.29)	0.05	0.09
Total from investment operations	0.48	1.11	0.12	(0.08)	0.53	0.54
Distributions to shareholders						
From net investment income	(0.27)	(0.40)	(0.41)	(0.21)	(0.51)	(0.45)
From net realized gains	—	—	(0.07)	—	—	—
Total distributions	(0.27)	(0.40)	(0.48)	(0.21)	(0.51)	(0.45)
Net asset value, end of period	$ 10.20	$ 9.99	$ 9.28	$ 9.64	$ 9.93	$ 9.91
Total return[b]	4.84%	12.17%	1.32%	(0.73)%	5.48%	5.73%
Net assets at end of period (in 000s)	$348,447	$369,251	$431,500	$507,194	$532,819	$307,935
Ratio of net expenses to average net assets	0.37%	0.36%	0.35%	0.35%[c]	0.35%	0.35%
Ratio of net investment income to average net assets	2.42%	3.91%	4.39%	4.98%[c]	4.84%	4.62%
Ratios assuming no expense reductions						
Ratio of total expenses to average net assets	0.55%	0.55%	0.52%	0.52%[c]	0.53%	0.56%
Portfolio turnover rate (including the effect of mortgage dollar rolls)	905%[d]	628%	560%	483%	610%	1665%
Portfolio turnover rate (excluding the effect of mortgage dollar rolls)	609%[d]	464%	511%	295%	380%	1442%

See page 179 for all footnotes.

Footnotes:

* *The Fund changed its fiscal year end from October 31 to March 31.*

a *Calculated based on the average shares outstanding methodology.*

b *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, if applicable. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Total returns for periods less than one full year are not annualized.*

c *Annualized.*

d *Portfolio turnover rates exclude portfolio securities received as a result of in-kind subscriptions.*

e *Amount is less than $0.005 per share.*

Appendix C
Prior Performance of Similarly Advised Accounts of the Investment Adviser

High Yield Floating Rate Fund

The Investment Adviser has other advisory accounts that have investment objectives, policies and strategies substantially similar to those of High Yield Floating Rate Fund. The following tables set forth the historical performance data of all accounts managed by the Investment Adviser with investment objectives, policies and strategies substantially similar to those of the High Yield Floating Rate Fund (the "Composite Account"). The information is provided to illustrate the past performance of the Investment Adviser in managing the Composite Account as measured against the Barclays Capital Bank Loan Index/U.S. High-Yield Loan Index ("Barclays Index") and the Credit Suisse Leveraged Loans Index ("Credit Suisse Index"), and does not represent the performance of the High Yield Floating Rate Fund, which has not commenced operations. Investors should not consider this performance information a substitute for the performance of the High Yield Floating Rate Fund, nor should investors consider this information an indication of the future performance of the High Yield Floating Rate Fund or of the Investment Adviser. The Barclays Index and the Credit Suisse Index are unmanaged, and investors cannot invest directly in the indices.

Calendar Years	Composite Account Performance (applying Class A expenses and sales charge)	Composite Account Performance (applying Class A expenses and excluding sales charge)	Composite Account Performance (applying Class C expenses and sales charge)	Composite Account Performance (applying Class C expenses and excluding sales charge)	Barclays Index*	Credit Suisse Index*
2008	(30.30)%	(28.70)%	(29.95)%	(29.25)%	(29.48)%	(28.75)%
2009	44.93%	48.27%	46.20%	47.20%	53.84%	44.86%
2010	5.67%	8.11%	6.30%	7.30%	9.71%	9.97%

	Average Annual Total Returns For The Periods Ended 12/31/10		
	1 Year	3 Years	Since Inception 3/1/07
Composite Account Performance (applying Class A expenses and sales charge)	5.67%	3.76%	2.37%
Composite Account Performance (applying Class A expenses and excluding sales charge)	8.11%	4.55%	2.98%
Composite Account Performance (applying Class C expenses and sales charge)	6.30%	3.77%	2.21%
Composite Account Performance (applying Class C expenses and excluding sales charge)	7.30%	3.77%	2.21%
Barclays Index*	9.71%	5.98%	4.74%
Credit Suisse Index*	9.97%	4.31%	3.43%

* *The accounts comprising the Composite Account are benchmarked to the Credit Suisse Index. The High Yield Floating Rate Fund's benchmark index is the Barclays Capital Bank Loan Index/U.S. High-Yield Loan Index, which more appropriately reflects the liquidity profile of the Fund.*

All returns presented are time-weighted based on monthly valuations and include the reinvestment of earnings. The performance information with respect to the Composite Account is in each instance net of applicable estimated total annual Fund operating expenses of the High Yield Floating Rate Fund's Class A or Class C Shares (rather than the actual expenses of the accounts comprising the Composite Account, which were lower), without provision for federal and state taxes, if any. Where indicated, performance reflects the deduction of the maximum 2.25% front-end sales charge with respect to Class A Shares and the maximum 1% CDSC with respect to Class C Shares. Since fees, commissions, and taxes will differ for the Composite Account and the High Yield Floating Rate Fund, performance data for identical periods may differ going forward.

In addition to Class A and Class C Shares, the High Yield Floating Rate Fund offers Institutional, Class IR and Class R Shares, none of which imposes a sales load, and none of which has estimated total annual fund operating expenses higher than those of the Class C Shares. Had the expenses of those share classes been applied to the Composite Account, the returns would differ only to the extent that the High Yield Floating Rate Fund's share classes have different expenses and sale loads.

The Composite Account is not subject to the same diversification requirements, specific tax restrictions and investment limitations imposed on the High Yield Floating Rate Fund by the Act and Subchapter M of the Code. Moreover, those accounts comprising the Composite Account provide their investors with only monthly redemption rights and thus have greater flexibility with respect to investing in relatively illiquid holdings. By contrast, the High Yield Floating Rate Fund will offer securities that may be redeemed on any business day, and thus has less flexibility under the federal securities laws with respect to investing in relatively illiquid holdings. Consequently, the performance results of the Investment Adviser's Composite Account could have been adversely affected if the Composite Account had been regulated as an investment company under the federal securities laws. In addition, the securities held by the High Yield Floating Rate Fund will not be identical to the securities held by the Composite Account for the periods shown above. Accordingly, the future performance of the High Yield Floating Rate Fund will differ from the performance of the Composite Account.

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Single Sector Fixed Income Funds Prospectus

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 1-800-526-7384. 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:

	Institutional, Separate Account Institutional and Service	Class A, B, C, IR and R
■ By telephone:	1-800-621-2550	1-800-526-7384
■ By mail:	Goldman Sachs Funds P.O. Box 06050 Chicago, Illinois 60606-6306	Goldman Sachs Funds P.O. Box 219711 Kansas City, MO 64121
■ 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. Information on the operation of the public reference room may be obtained by calling the SEC at (202) 551-8090.

The Funds' investment company registration number is 811-05349.

Goldman Sachs Asset Management