



Asset  
Management

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# GS Emerging Markets Equity Insights Fund

Quantitative Investment Strategies

January 2017

**The Goldman Sachs Emerging Markets Equity Insights Fund** invests primarily in a diversified portfolio of equity investments in emerging country issuers. The Fund's investments are subject to **market risk**, which means that the value of the securities in which it invests may go up or down in response to the prospects of individual companies, particular sectors and/or general economic conditions. **Foreign and emerging markets investments** may be more volatile and less liquid than investments in U.S. securities and are subject to the risks of currency fluctuations and adverse economic and political developments. The securities markets of emerging countries have less government regulation and are subject to less extensive accounting and financial reporting requirements than the markets of more developed countries. At times, the Fund may be unable to sell certain of its **illiquid investments** without a substantial drop in price, if at all. The Investment Adviser's **use of quantitative models** to execute the Fund's investment strategy may fail to produce the intended result. **Different investment styles** (e.g., "quantitative") tend to shift in and out of favor, and at times the Fund may underperform other funds that invest in similar asset classes.

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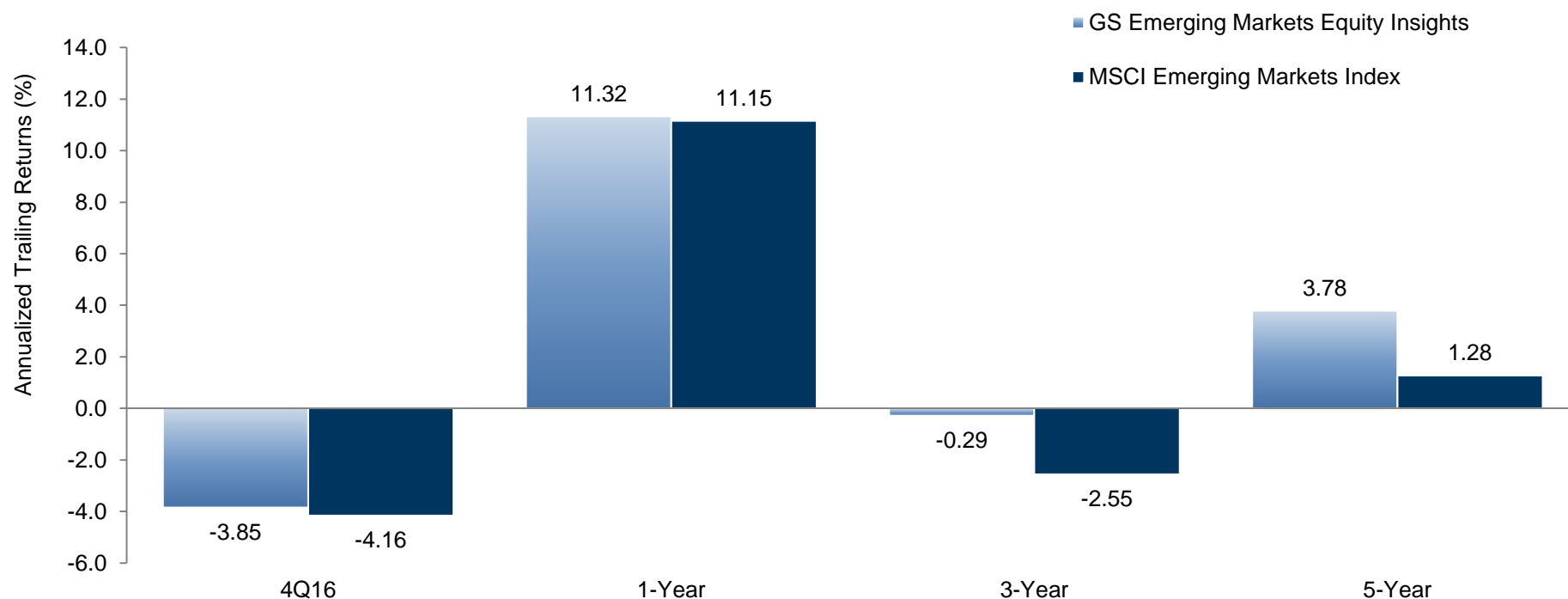
# GS Emerging Markets Equity Insights Fund

Performance as of December 31, 2016 (I-share class)



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## 4Q16 Cumulative and Annualized Trailing Quarter, 1-, 3-, and 5-Year Returns



**The returns represent past performance. Past performance does not guarantee future results, which may vary. The Fund's investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted above. Please visit [www.gsamfunds.com](http://www.gsamfunds.com) to obtain the most recent month-end returns.**

Performance reflects cumulative total returns for periods of less than one year and average annual total returns for periods of greater than one year. Since inception returns for periods of less than one year are cumulative. All Fund performance data reflect the reinvestment of distributions. Standardized Total Returns can be found on following page.

# GS Emerging Markets Equity Insights Fund

Standardized total returns as of December 31, 2016 (I-share class)



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## Standardized Total Returns %(annualized) as of 12.31.16

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	Inception Date	1-Year	5-Years	10-Years	Since Inception	Gross Expense Ratio	Net Expense Ratio
I-Share Class	5-Oct-07	11.32	3.78	NA	-0.59	1.27%	1.15%

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The standardized total returns are average annual total returns or cumulative total returns (only if the performance period is one year or less) as of the most recent calendar quarter-end. They assume reinvestment of all distributions at net asset value. Because Institutional shares do not involve a sales charge, such a charge is not applied to their standardized total returns. The performance figures do not reflect the deduction of the redemption fee. If reflected the redemption fee would reduce the performance quoted.

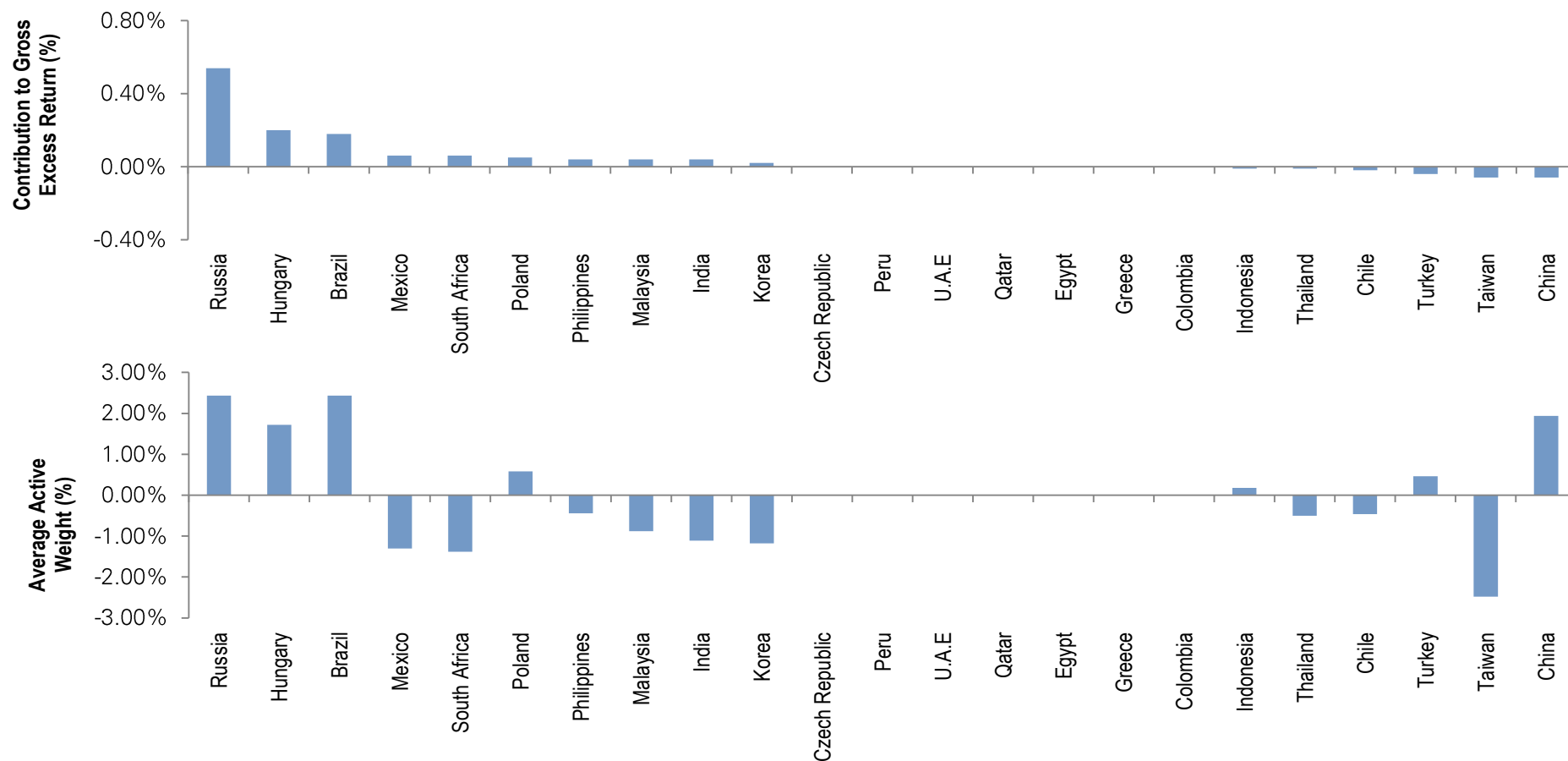
The expense ratios of the Fund, both current (net of any fee waivers or expense limitations) and before waivers (gross of any fee waivers or expense limitations) are as set forth above. Pursuant to a contractual arrangement, the Fund's waivers and/or expense limitations will remain in place through at least February 26, 2017, and prior to such date the Investment Adviser may not terminate the arrangements without the approval of the Fund's Board of Trustees.

# GS Emerging Markets Equity Insights Fund

## Country selection attribution - 4Q16



Asset Management



Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

Benchmark: MSCI EM (Net Total Return, Unhedged, USD).

**Past performance does not guarantee future results, which may vary.** Please see appendix for additional information.

Contribution to Gross Excess Return captures the contribution to gross excess returns from countries due to our active country selection views.

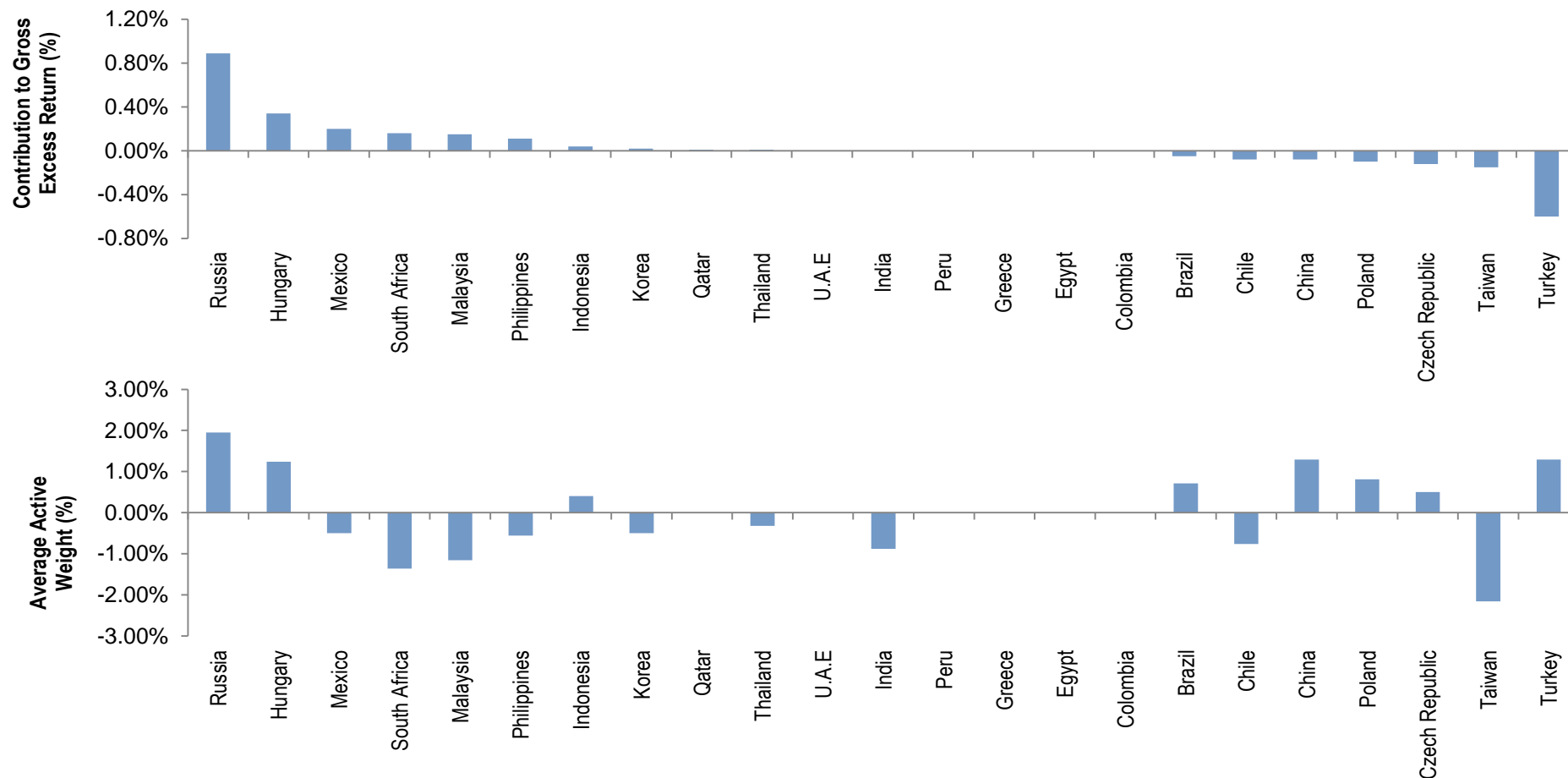
The returns presented herein are gross and do not reflect the deduction of investment advisory fees, which will reduce returns. Fund holdings and allocations may not include the Fund's entire investment portfolio, which may change at any time. Fund holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities. Current and future holdings are subject to risk.

# GS Emerging Markets Equity Insights Fund

## Country selection attribution - 2016



Asset Management



Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

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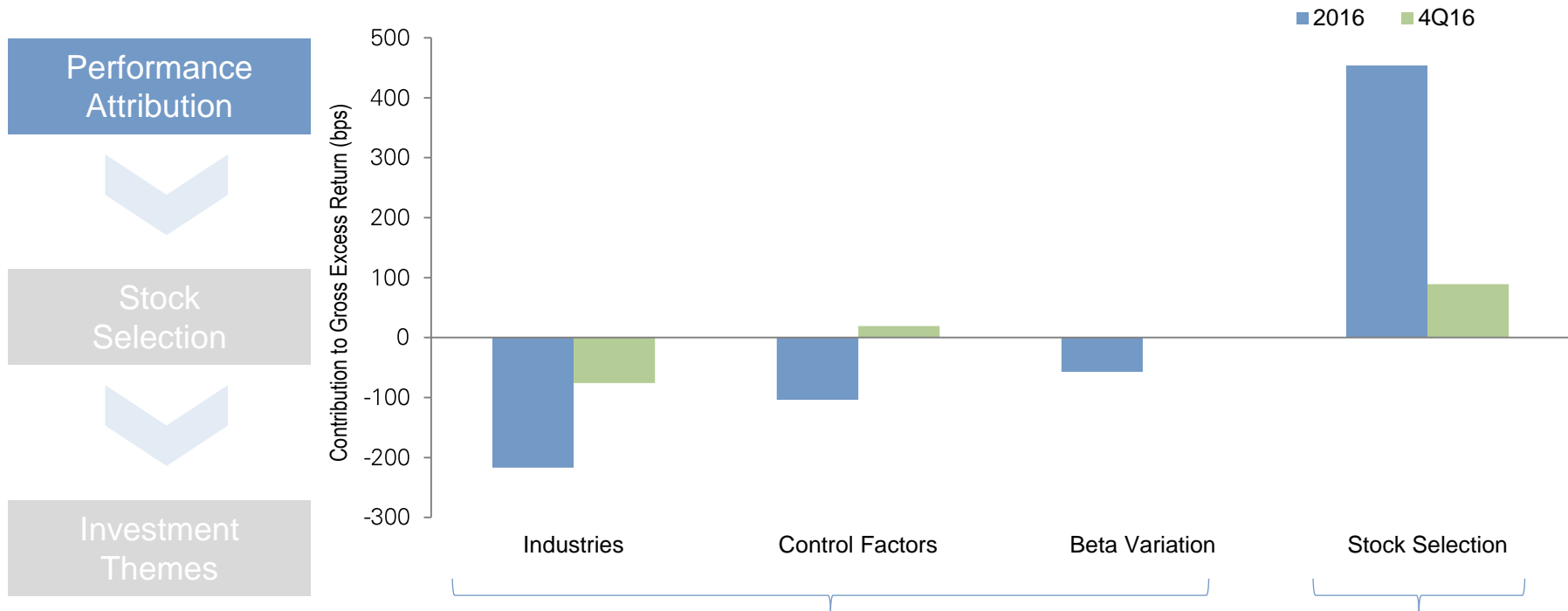
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# GS Emerging Markets Equity Insights Fund

Performance attribution – 4Q16 and 2016



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- We manage exposure to beta, industries, and other sources of risk, such as size
- We expect the contribution from beta variation, industries and control factors to be small over time
- Stock selection is the remaining contribution to returns from our process, which is expected to be the primary source of our excess return

Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

**Past performance does not guarantee future results, which may vary.**

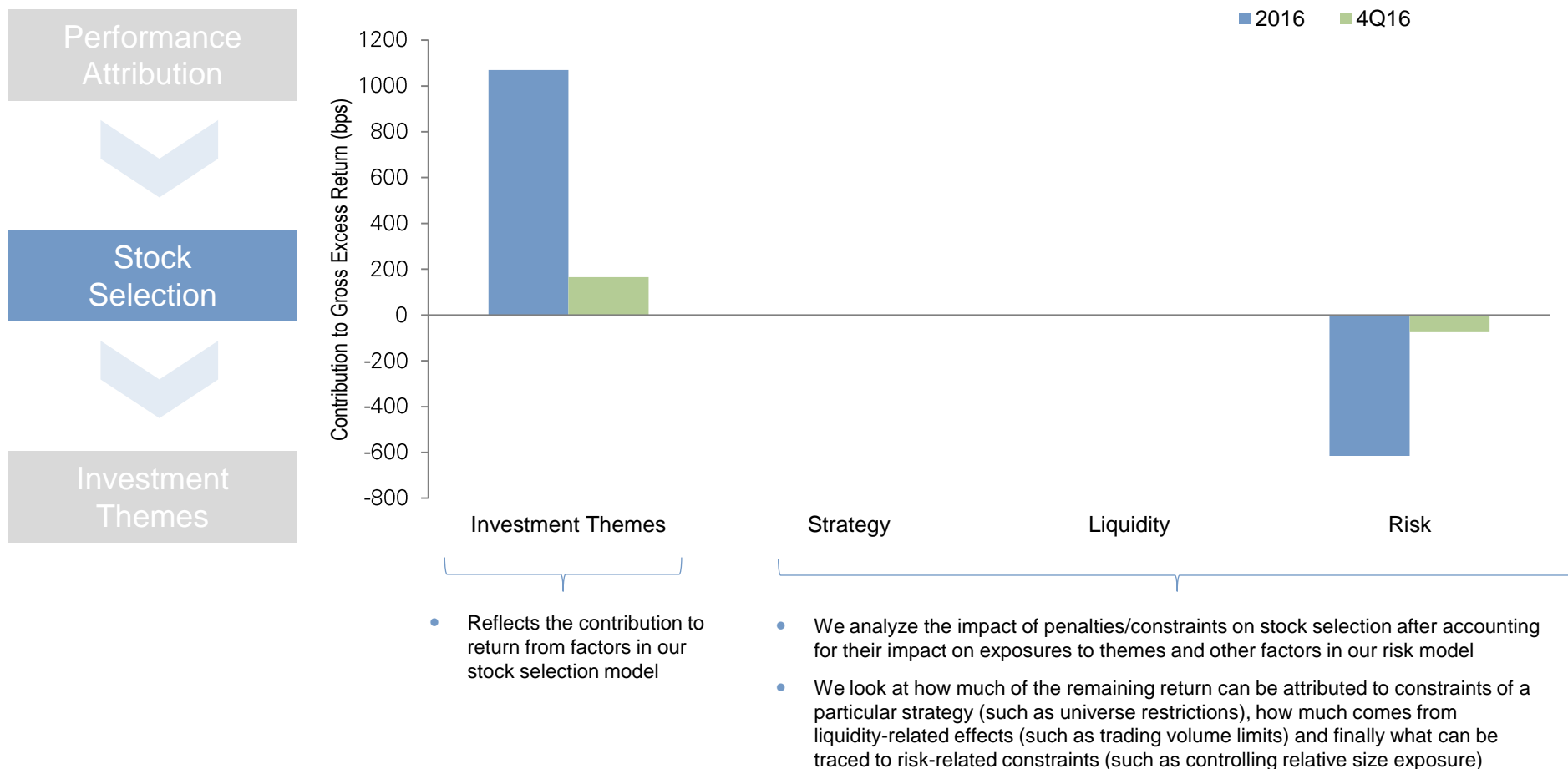
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# GS Emerging Markets Equity Insights Fund

## Decomposition of stock selection – 4Q16 and 2016



Asset Management



Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

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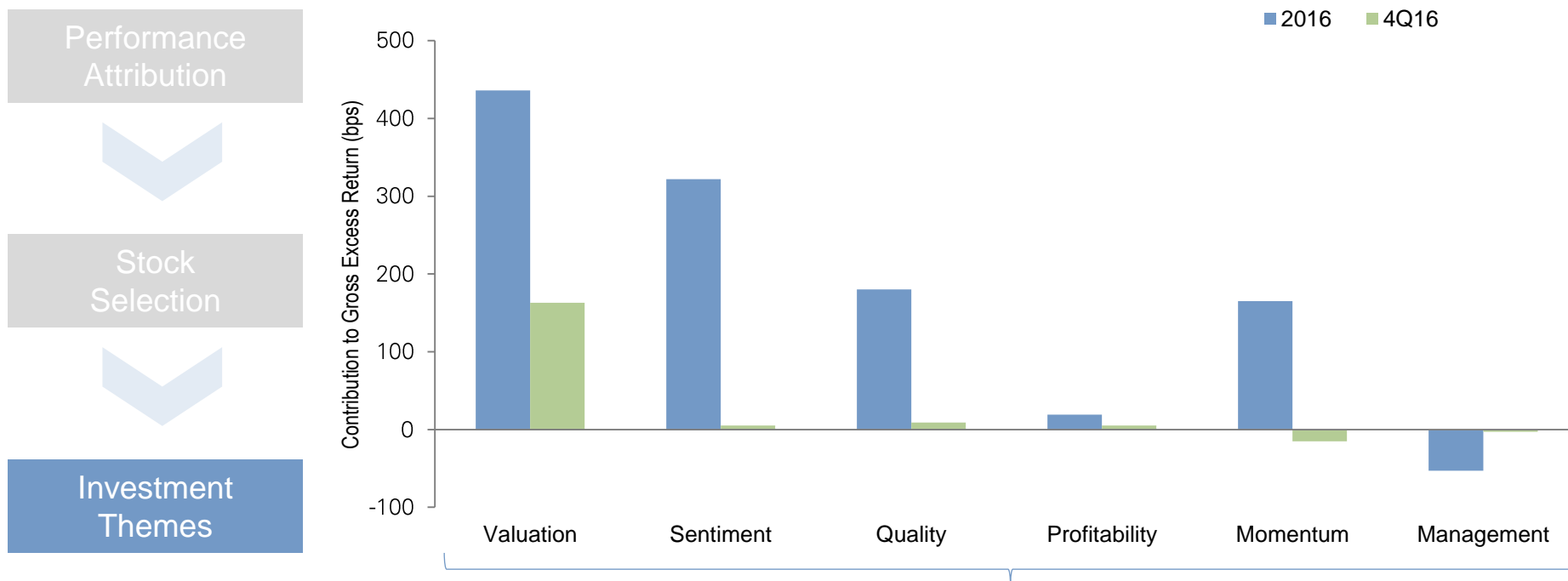
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# GS Emerging Markets Equity Insights Fund

## Decomposition of investment themes – 4Q16 and 2016



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- We seek to add value by overweighting attractive stocks and underweighting unattractive stocks according to these investment themes
- This chart represents the contribution to excess returns from our factors (multiplying the exposures by the factor returns)

Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

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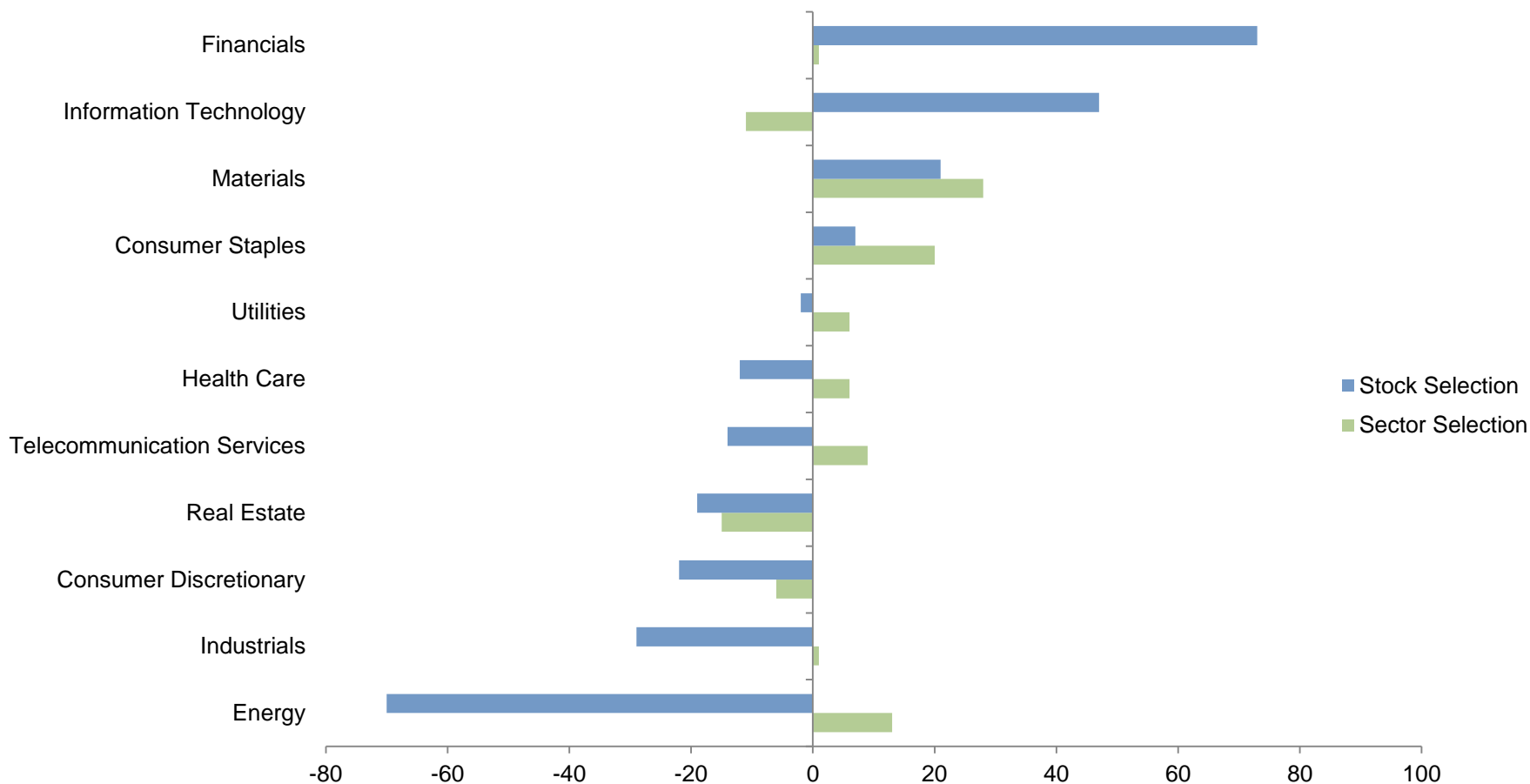
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# GS Emerging Markets Equity Insights Fund

Attribution by sector – 4Q16



Asset Management



Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

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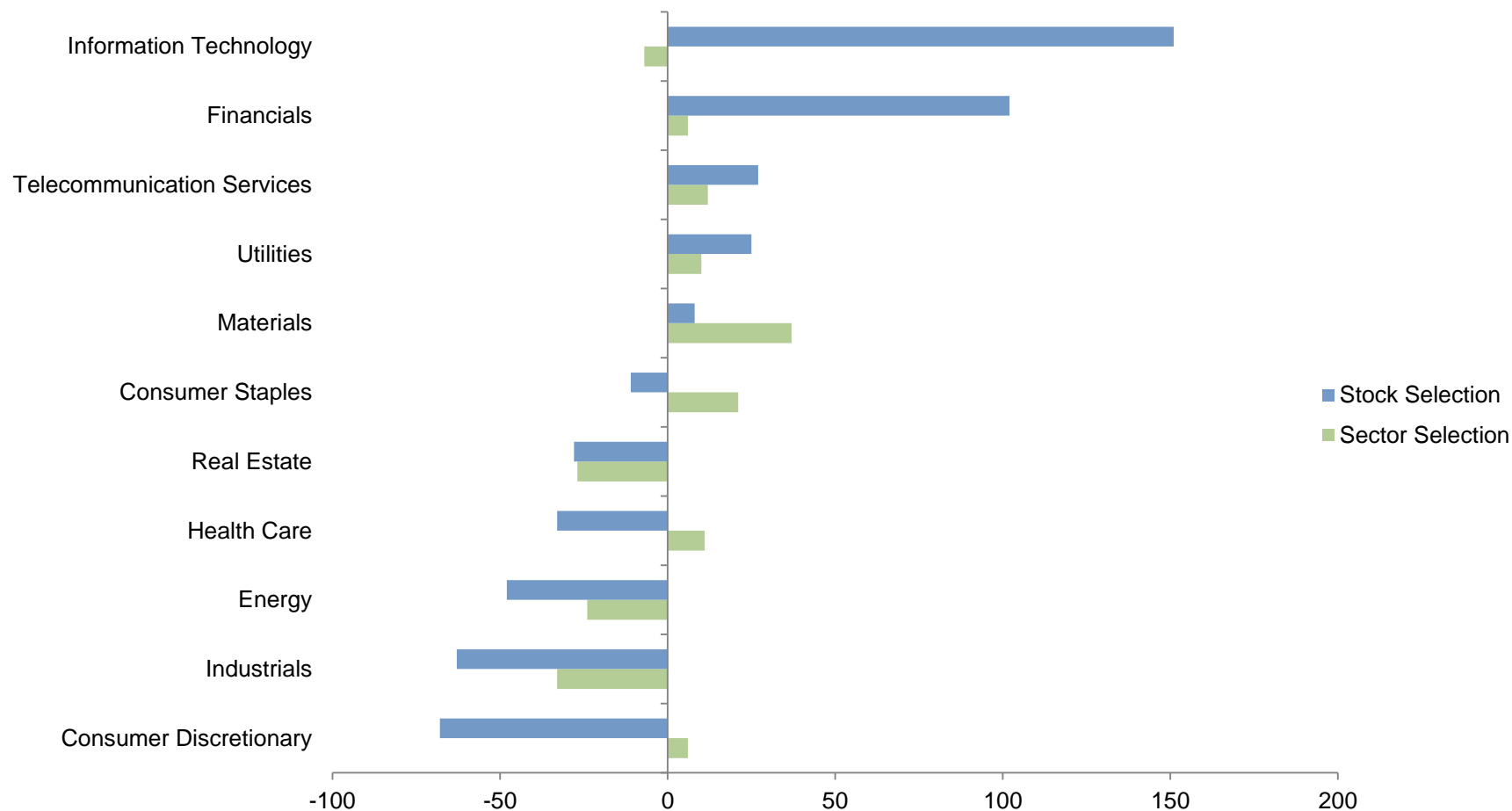
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# GS Emerging Markets Equity Insights Fund

Attribution by sector - 2016



Asset Management



Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

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# GS Emerging Markets Equity Insights Fund

## Biggest contributors/detractors to excess returns - 4Q16



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### Top 5 Contributors

Company Name	Sector <sup>1</sup>	Portfolio Weight Average (%)	Benchmark Weight Average (%)	Average Active Deviation (%)	Relative vs Total Contribution (%)
Oao Rosneft Oil Company	Energy	1.78	0.27	1.51	41.26
Severstal PAO	Materials	1.45	0.12	1.33	34.20
Sberbank PAO	Financials	2.49	1.09	1.40	29.51
FirstRand Ltd	Financials	1.32	0.24	1.08	25.43
Grupo Mexico SAB de CV	Materials	1.49	0.16	1.33	24.95
<b>Total</b>		<b>8.53</b>	<b>1.88</b>	<b>6.65</b>	

### Bottom 5 Detractors

Company Name	Sector <sup>1</sup>	Portfolio Weight Average (%)	Benchmark Weight Average (%)	Average Active Deviation (%)	Relative vs Total Contribution (%)
SK Innovation Co Ltd	Energy	1.70	0.20	1.50	-22.67
OAQ Gazprom	Energy	0.00	1.11	-1.11	-22.48
Guangzhou R&F Properties Co Ltd	Real Estate	1.03	0.03	1.00	-22.40
Vale SA	Materials	0.05	0.42	-0.37	-17.02
Petkim Petrokimya Holding	Materials	0.48	0.03	0.45	-14.68
<b>Total</b>		<b>3.26</b>	<b>1.79</b>	<b>1.47</b>	

Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

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Relative vs Total Contribution captures the contribution to gross excess returns due to our active stock selection views.

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# GS Emerging Markets Equity Insights Fund

## Biggest contributors/detractors to excess returns - 2016



Asset  
Management

### Top 5 Contributors

Company Name	Sector <sup>1</sup>	Portfolio Weight Average (%)	Benchmark Weight Average (%)	Average Active Deviation (%)	Relative vs Total Contribution (%)
Bm&f Bovespa Sa	Financials	0.88	0.24	0.64	88.63
Oao Rosneft Oil Company	Energy	1.36	0.23	1.13	72.08
Severstal PAO	Materials	0.83	0.10	0.73	48.41
Standard Bank Group Ltd	Financials	1.08	0.24	0.84	37.41
Cosan SA Industria e Comercio	Energy	0.93	0.03	0.90	34.49
<b>Total</b>		<b>5.08</b>	<b>0.84</b>	<b>4.24</b>	

### Bottom 5 Detractors

Company Name	Sector <sup>1</sup>	Portfolio Weight Average (%)	Benchmark Weight Average (%)	Average Active Deviation (%)	Relative vs Total Contribution (%)
LG Electronics Inc	Consumer Discretionary	0.63	0.13	0.50	-40.58
Arcelik	Consumer Discretionary	0.94	0.08	0.86	-38.83
Peoples Insurance Co Group of China Ltd	Financials	0.46	0.08	0.38	-38.56
China Communications Construction Company Limited	Industrials	0.71	0.14	0.57	-37.93
Top Glove Corp Bhd	Health Care	0.42	0.00	0.42	-37.83
<b>Total</b>		<b>3.16</b>	<b>0.43</b>	<b>2.73</b>	

Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

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Relative vs Total Contribution captures the contribution to gross excess returns due to our active stock selection views.

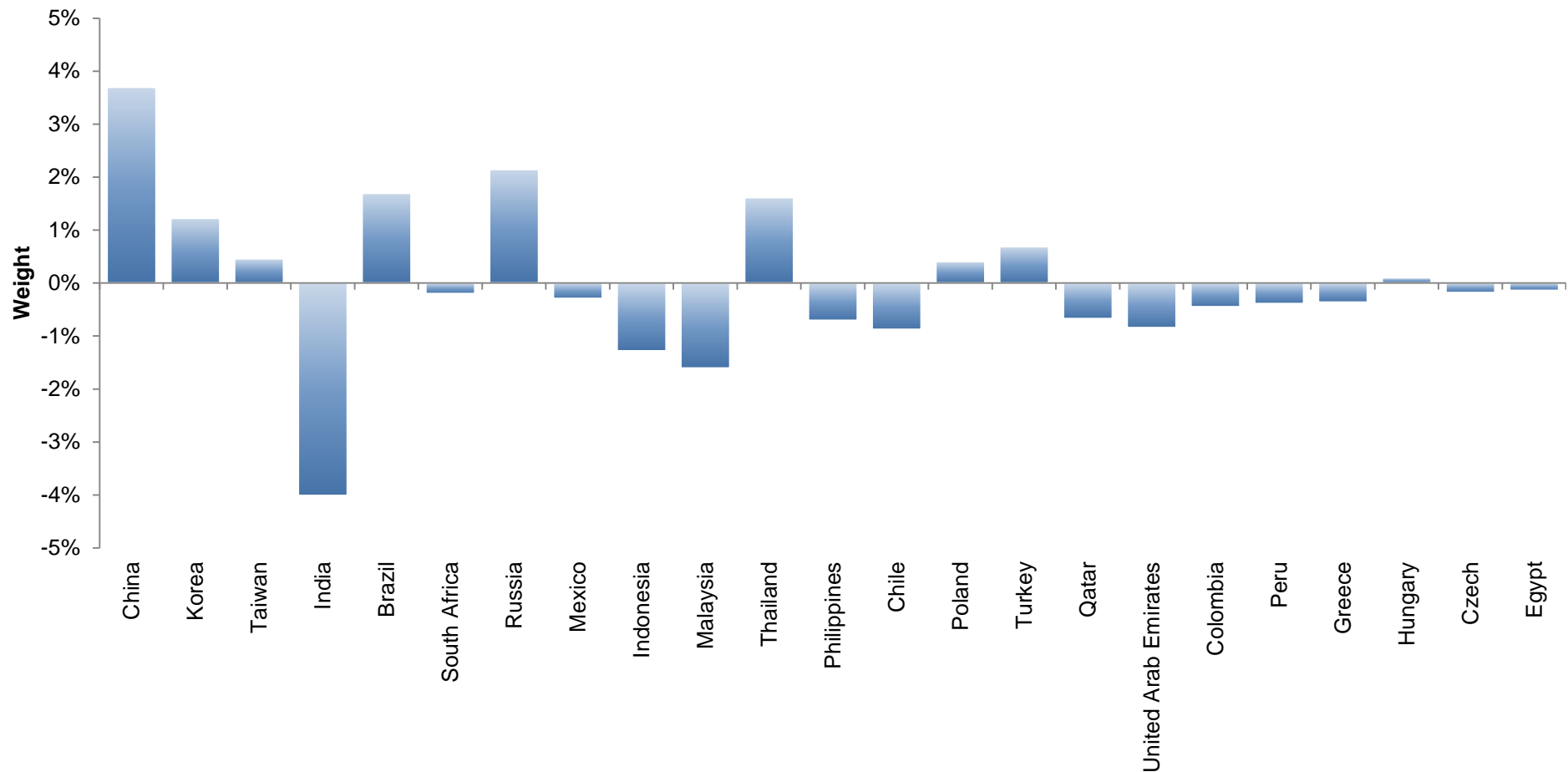
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# GS Emerging Markets Equity Insights Fund

Country deviations from benchmark as of December 31, 2016



Asset Management



Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

Benchmark: MSCI EM (Net Total Return, Unhedged, USD).

Fund holdings and allocations shown are unaudited, and may not be representative of current or future investments. Fund holdings and allocations may not include the Fund's entire investment portfolio, which may change at any time. Fund holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities. Current and future holdings are subject to risk.

# GS Emerging Markets Equity Insights Fund

Sector exposures as of December 31, 2016



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Sector weights<sup>1</sup> are similar to those of the benchmark



Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

<sup>1</sup>Global Industry Classification Standard (GICS) sectors

Benchmark: MSCI EM (Net Total Return, Unhedged, USD).

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# GS Emerging Markets Equity Insights Fund

Top 10 largest positions as of December 31, 2016



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Company Name	Sector <sup>1</sup>	Country	Portfolio Weight (%)	Benchmark Weight (%)	Active Deviation (%)
Samsung Electronics Co Ltd	Information Technology	Korea	4.71%	3.75%	0.96%
Taiwan Semiconductor Manufacturing Co Ltd	Information Technology	Taiwan	4.27%	3.52%	0.75%
China Construction Bank Corp	Financials	China	3.34%	1.64%	1.69%
Tencent Holdings Ltd	Information Technology	China	3.05%	3.53%	-0.48%
Industrial & Commercial Bank of China Ltd	Financials	China	2.19%	1.12%	1.07%
Sberbank of Russia PJSC	Financials	Russia	2.02%	0.78%	1.24%
Banco Bradesco SA	Financials	Brazil	1.87%	0.00%	1.87%
FirstRand Ltd	Financials	South Africa	1.83%	0.33%	1.50%
Standard Bank Group Ltd	Financials	South Africa	1.80%	0.36%	1.44%
POSCO	Materials	Korea	1.72%	0.40%	1.32%
<b>Top 10 Summary</b>			<b>26.79%</b>	<b>15.44%</b>	<b>11.36%</b>

Source: Goldman Sachs Asset Management

Fund: Goldman Sachs Emerging Markets Equity Insights Fund

Benchmark: MSCI EM (Net Total Return, Unhedged, USD).

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# Additional information

## Disclosures



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**A summary prospectus, if available, or a Prospectus for the Fund containing more information may be obtained from your authorized dealer or from Goldman, Sachs & Co. by calling (retail - 1-800-526-7384) (institutional – 1-800-621-2550). Please consider a fund's objectives, risks, and charges and expenses, and read the summary prospectus, if available, and the Prospectus carefully before investing. The summary prospectus, if available, and the Prospectus contains this and other information about the Fund.**

**Past performance does not guarantee future results, which may vary. The value of investments and the income derived from investments will fluctuate and can go down as well as up. A loss of principal may occur.**

The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

The Global Industry Classification Standard (GICS) was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International Inc. (MSCI) and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P) and is licensed for use by Goldman Sachs. Neither MSCI, S&P nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

The MSCI Emerging Markets Index (Net) is a market-capitalization weighted index created by MSCI that captures the return on a broad basket of emerging market equity securities, after the deduction of withholding taxes.

Valuation: attempts to capture potential mispricings of securities, typically by comparing a measure of the company's intrinsic value to its market value.

Profitability: assesses whether the company is earning more than its cost of capital.

Quality: evaluates whether the company's earnings are coming from more persistent, cash-based sources, as opposed to accruals.

Management: assesses the characteristics, policies and strategic decisions of company management.

Momentum: predicts drift in stock prices caused by under-reaction to company-specific information.

Sentiment: reflects selected investment views and decisions of individuals and financial intermediaries.

Goldman, Sachs & Co., distributor of the Fund(s), is not a bank, and Fund shares distributed by Goldman, Sachs & Co. are neither deposits nor obligations of, nor endorsed, nor guaranteed by any bank or other insured depository institution, nor are they insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency. Investment in the Funds involves risks, including possible loss of the principal amount invested.

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# Goldman Sachs Business Principles



## Asset Management

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1. Our clients' interests always come first. Our experience shows that if we serve our clients well, our own success will follow.
  2. Our assets are our people, capital and reputation. If any of these is ever diminished, the last is the most difficult to restore. We are dedicated to complying fully with the letter and spirit of the laws, rules and ethical principles that govern us. Our continued success depends upon unswerving adherence to this standard.
  3. Our goal is to provide superior returns to our shareholders. Profitability is critical to achieving superior returns, building our capital, and attracting and keeping our best people. Significant employee stock ownership aligns the interests of our employees and our shareholders.
  4. We take great pride in the professional quality of our work. We have an uncompromising determination to achieve excellence in everything we undertake. Though we may be involved in a wide variety and heavy volume of activity, we would, if it came to a choice, rather be best than biggest.
  5. We stress creativity and imagination in everything we do. While recognizing that the old way may still be the best way, we constantly strive to find a better solution to a client's problems. We pride ourselves on having pioneered many of the practices and techniques that have become standard in the industry.
  6. We make an unusual effort to identify and recruit the very best person for every job. Although our activities are measured in billions of dollars, we select our people one by one. In a service business, we know that without the best people, we cannot be the best firm.
  7. We offer our people the opportunity to move ahead more rapidly than is possible at most other places. Advancement depends on merit and we have yet to find the limits to the responsibility our best people are able to assume. For us to be successful, our men and women must reflect the diversity of the communities and cultures in which we operate. That means we must attract, retain and motivate people from many backgrounds and perspectives. Being diverse is not optional; it is what we must be.
  8. We stress teamwork in everything we do. While individual creativity is always encouraged, we have found that team effort often produces the best results. We have no room for those who put their personal interests ahead of the interests of the Firm and its clients.
  9. The dedication of our people to the Firm and the intense effort they give their jobs are greater than one finds in most other organizations. We think that this is an important part of our success.
  10. We consider our size an asset that we try hard to preserve. We want to be big enough to undertake the largest project that any of our clients could contemplate, yet small enough to maintain the loyalty, the intimacy and the esprit de corps that we all treasure and that contribute greatly to our success.
  11. We constantly strive to anticipate the rapidly changing needs of our clients and to develop new services to meet those needs. We know that the world of finance will not stand still and that complacency can lead to extinction.
  12. We regularly receive confidential information as part of our normal client relationships. To breach a confidence or to use confidential information improperly or carelessly would be unthinkable.
  13. Our business is highly competitive, and we aggressively seek to expand our client relationships. However, we must always be fair competitors and must never denigrate other firms.
  14. Integrity and honesty are at the heart of our business. We expect our people to maintain high ethical standards in everything they do, both in their work for the firm and in their personal lives.