

GSAM Announcement: Updated Product Line Up and Compliance of April 14, 2016 Regulatory Requirements

Executive Summary:

- As investors prepare for the upcoming compliance date for changes to the Securities and Exchange Commission (SEC) Rule 2a-7, we are pleased to announce two important milestones. These milestones include compliance with all of the April 14, 2016 regulatory requirements and the announcement of the NAV strike times for our Institutional Money Market Fund (MMF) product line up. We will also be updating the closing times for our tax-exempt funds.
- Building upon recently-launched risk management and analysis tools on the Liquidity Solutions Portal, we are pleased to announce the addition of daily and weekly liquidity percentages and net shareholder flows across the US domestic fund complexes available on the platform. Additional development is well underway to ensure the platform effectively supports Institutional Prime Money Market funds with a floating net asset value (FNAV).

Background:

- As you are aware, the SEC approved changes to the rules governing US MMFs under the Investment Company Act of 1940, as amended (1940 Act) on July 23, 2014. The changes to the rules vary based on the type of fund (i.e. government vs. prime vs. municipal / tax-exempt) as well as the type of investor (i.e. institutional or retail).
- GSAM announced its U.S. Government MMFs met the Rule 2a-7 requirement to operate in accordance with the new definition of a “government money market fund” in January 2015. This change had no impact to each fund’s investment profile as we have historically limited the investments of these funds only to U.S. government securities. GSAM also began publicly reporting market value NAVs and liquidity percentages in 2013 before it was mandated – in order to provide clients with better transparency.
- As we work on finalizing the remaining requirements due by October 14, 2016, we are pleased to report that we are fully compliant with all of the April 14, 2016 SEC MMF Regulatory Requirements. In addition, we have enhanced our website to provide more transparency and ease of use for our clients.

April 14, 2016 Requirements:

- **Website Reporting** – Daily reporting to the public website of:
 - Daily and weekly liquid assets plus 6-month historical data
 - Daily net shareholder inflows / outflows plus 6-month historical data
 - Market-based NAV per share plus 6-month historical data
- **Stress Testing** – Each MMF is required to test a fund’s ability to minimize principal volatility, maintain a stable share price (in stable NAV funds), and maintain weekly liquid assets of at least 10% in response to specified hypothetical events, that include:
 - Increase in the level of short-term interest rates
 - Downgrade or default of particular portfolio security positions
 - Widening of spreads in various sectors which the fund’s portfolio is exposed
 - Each of the above in combination with various increases in shareholder redemptions
- **Diversification** – New diversification limits for affiliates and guarantors:
 - Aggregation of certain affiliated entities as single issues subject to the 5% diversification limit

- Removal of exception that allows 25% of a fund's portfolio to be subject to guarantees or demand features from a single institution (except for tax-exempt and single state funds, for which the basket is reduced to 15%)
- Treatment of the sponsors of asset-backed securities as guarantors subject to the 10% diversification limits applicable to guarantees and demand features
- **Form N-MFP** – Additional data fields are required to be reported on existing Form N-MFP which is filed monthly beginning on May 6, 2016.
- **Form PF** – Additional data fields are required to be reported on existing Form PF which is filed quarterly beginning on July 15, 2016.

NAV Strike Times for FNAV Funds

Over the past 18 months, GSAM has engaged with hundreds of clients regarding the impacts of the changes to Rule 2a-7 and the related operational considerations surrounding floating NAV to better understand what product features and services solutions are most important to our clients. We are pleased to announce following these conversations that we plan to offer Institutional FNAV funds with both single NAV strike times and multiple NAV strike times in order to meet the varied demands of our client base. We will offer Institutional NAV funds with the following NAV strike times:

- Financial Square Prime Obligations: 3 PM ET
- Financial Square Money Market: 8AM, 12PM, 3PM ET
- Financial Square Tax-Exempt: 2PM ET

We expect that all three portfolios will begin transacting at a FNAV on or around October 1, 2016. We will provide further clarity of the transition date as we get closer to October. Please see below grid for our complete fund line up:

Fund Name	Classification	Floating or Stable NAV	Liquidity Fees and Redemption Gates Permitted	Current Fund Closing Time(s)	Future Fund Closing Time(s)
Goldman Sachs Financial Square Funds					
Prime Obligations Fund	Institutional	Floating	Yes	5:00 P.M. ET	3:00 P.M. ET
Money Market Fund	Institutional	Floating	Yes	5:00 P.M. ET	3:00 P.M. ET
Tax-Exempt Money Market Fund	Institutional	Floating	Yes	1:00 P.M. ET (Redemptions) 2:00 P.M. ET (Purchases)	2:00 P.M. ET (Purchases and redemptions)
Treasury Obligations Fund	Government	Stable (\$1.00)	No	5:00 P.M. ET	No Change
Treasury Instruments Fund	Government	Stable (\$1.00)	No	3:00 P.M. ET	No Change
Treasury Solutions Fund	Government	Stable (\$1.00)	No	3:00 P.M. ET	No Change
Government Fund	Government	Stable (\$1.00)	No	5:00 P.M. ET	No Change
Federal Instruments Fund	Government	Stable (\$1.00)	No	3:00 P.M. ET	No Change
Goldman Sachs Variable Insurance Funds					
Government Money Market Fund	Government	Stable (\$1.00)	No	5:00 P.M. ET	No Change
Goldman Sachs Investor Funds					
Money Market Fund	Retail	Stable (\$1.00)	Yes	5:00 P.M. ET	No Change
Tax-Exempt Money Market Fund	Retail	Stable (\$1.00)	Yes	1:00 P.M. ET (Redemptions) 2:00 P.M. ET (Purchases)	2:00 P.M. ET (Purchases and redemptions)

*Note: Fund closures subject to change. Please see prospectus on early close disclosure.

Additional Enhancements to the Liquidity Solutions Portal

We would also like to inform you that the Liquidity Solutions Portal has completed development of many aspects of the new regulations ahead of the October implementation date.

Expanded data points are available along with “traditional” metrics across the 15 US domestic fund complexes on the platform, including daily and weekly liquid assets and the ability to establish customized monitoring thresholds. In addition, the portal is being enhanced to support single and multiple NAV FNAV funds with intra-day pricing and enhanced controls in the event of liquidity fees or redemption gates.

As we move closer to the final implementation deadline on October 14, 2016, we remain committed to partnering with our clients in working through these changes. Please do not hesitate to contact your Goldman Sachs Asset Management representative with any questions.

Risk Considerations:

An investment in a money market portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market portfolio seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in a money market portfolio. The Funds' sponsor has no legal obligation to provide financial support to the Funds, and you should not expect that the sponsor will provide financial support to the Funds at any time.

Disclosures:

A summary prospectus, if available, or a Prospectus for a 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 a Fund.

Shares of the Goldman Sachs Variable Insurance Trust — Goldman Sachs Government Money Market Fund are offered to separate accounts of participating life insurance companies for the purpose of funding variable annuity contracts and variable life insurance policies. Shares of the Portfolio are not offered directly to the general public. The variable annuity contracts and variable life insurance policies are described in the separate prospectuses issued by participating insurance companies. You should refer to those prospectuses for information about surrender charges, mortality and expense risk fees and other charges that may be assessed by participating insurance companies under the variable annuity contracts or variable life insurance policies. Such fees or charges, if any, may affect the return you realize with respect to your investments. Ask your representative for more complete information. Please consider the Portfolio's objective, risks and charges and expenses, and read the Prospectus carefully before investing. The Prospectus contains this and other information about the Portfolio.

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