

Goldman

Sachs Variable Insurance Trust

GOLDMAN SACHS ASSET MANAGEMENT 32 OLD SLIP, NEW YORK, NEW YORK 10005

Annual Report
December 31, 2001



Shareholder Letter

Dear Shareholders:

We are pleased to report on the performance of the Goldman Sachs Variable Insurance Trust — Growth and Income Fund. This annual report covers the one-year period that ended December 31, 2001.

Market Review

During the first half of 2001, the stock market was characterized by a return to investment fundamentals and a renewed awareness that earnings and cash flow are vital factors in determining a stock's value. During the second half of 2001, amid numerous Federal Reserve Board rate cuts and downward revised company expectations, the markets were turbulent, as investors became increasingly speculative regarding the state of the economy. In general, investors rotated into defensive stocks, where the outlook seemed safer than in sectors such as Technology. Nearly all the major U.S. indices ended the year in negative territory. Despite this volatility, large cap value stocks, as represented by the Russell 1000 Value Index, outperformed their growth counterparts for the second consecutive year.

Performance Review

Over the one-year period that ended December 31, 2001, the Fund generated a -9.34% cumulative total return. Over the same time period the Fund's benchmark, the Standard & Poor's 500 Index (with dividends reinvested) generated a -11.88% cumulative total return.

Strong stock selection in the Technology sector helped performance last year, led by stocks such as Microsoft Corp. (3.9% of the portfolio as of December 31, 2001), International Business Machines Corp. (2.1%) and First Data Corp. (0.3%). Throughout the year, we aimed to stay invested in Technology stocks that had viable business markets, and those that could withstand the Technology bubble. Microsoft, supported by its broad, innovative product base, has been able to perform well despite slowing PC demand. Microsoft also has a strong financial base, as well as a forward thinking management team that allows it to invest in products with the most potential for future growth.

A negative contributor to performance was EMC Corp. We sold EMC in the middle of the year, due to our concerns over competitive price pressure, hardware commoditization, and excess capacity. Anadarko Petroleum (1.0%) was another negative contributor to results. The energy sector has suffered over the last year due to falling prices and supply pressures.

Investment Objective

The Fund seeks long-term growth of capital and growth of income through a diversified portfolio of equity securities.

Shareholder Letter (continued)

Portfolio Composition

*Top 10 Portfolio Holdings as of December 31, 2001**

| <u>Company</u> | <u>Business</u> | <u>% Portfolio</u> |
|---------------------------------------|--------------------|--------------------|
| Microsoft Corp. | Computer Software | 3.9% |
| General Electric Co. | Financial Services | 3.2 |
| Citigroup, Inc. | Banks | 3.1 |
| Exxon Mobil Corp. | Energy Resources | 2.7 |
| Wal-Mart Stores, Inc. | Department Stores | 2.2 |
| International Business Machines Corp. | Computer Software | 2.1 |
| Federal Home Loan Mortgage Corp. | Financial Services | 2.0 |
| ChevronTexaco Corp. | Energy Resources | 1.9 |
| XL Capital Ltd. | Property Insurance | 1.8 |
| SBC Communications, Inc. | Telephone | 1.7 |

** Opinions expressed in this report represent our present opinions only. Reference to individual securities should not be construed as a commitment that such securities will be retained in the Fund. From time to time, the Fund may change the individual securities it holds, the number or types of securities held and the markets in which it invests. References to individual securities do not constitute a recommendation to the investor to buy, hold or sell such securities. In addition, references to past performance of the Fund do not indicate future returns, which are not guaranteed and will vary.*

Outlook

Looking ahead, we believe that a low interest rate and lower energy cost environment will benefit many of the value names in the Fund. We continue to follow our opportunistic value strategy that emphasizes identifying quality companies selling at reasonable valuations. Historically, our bottom-up fundamental approach to finding stocks has helped us to locate strong prospects at the stock level. As investors become cautiously optimistic regarding the economic outlook for next year, our value strategy will continue to hold a philosophy that focuses on fundamental research and stock selection.

We thank you for your investment and look forward to serving your investment needs in the future.

Goldman Sachs Value Portfolio Management Team

January 11, 2002

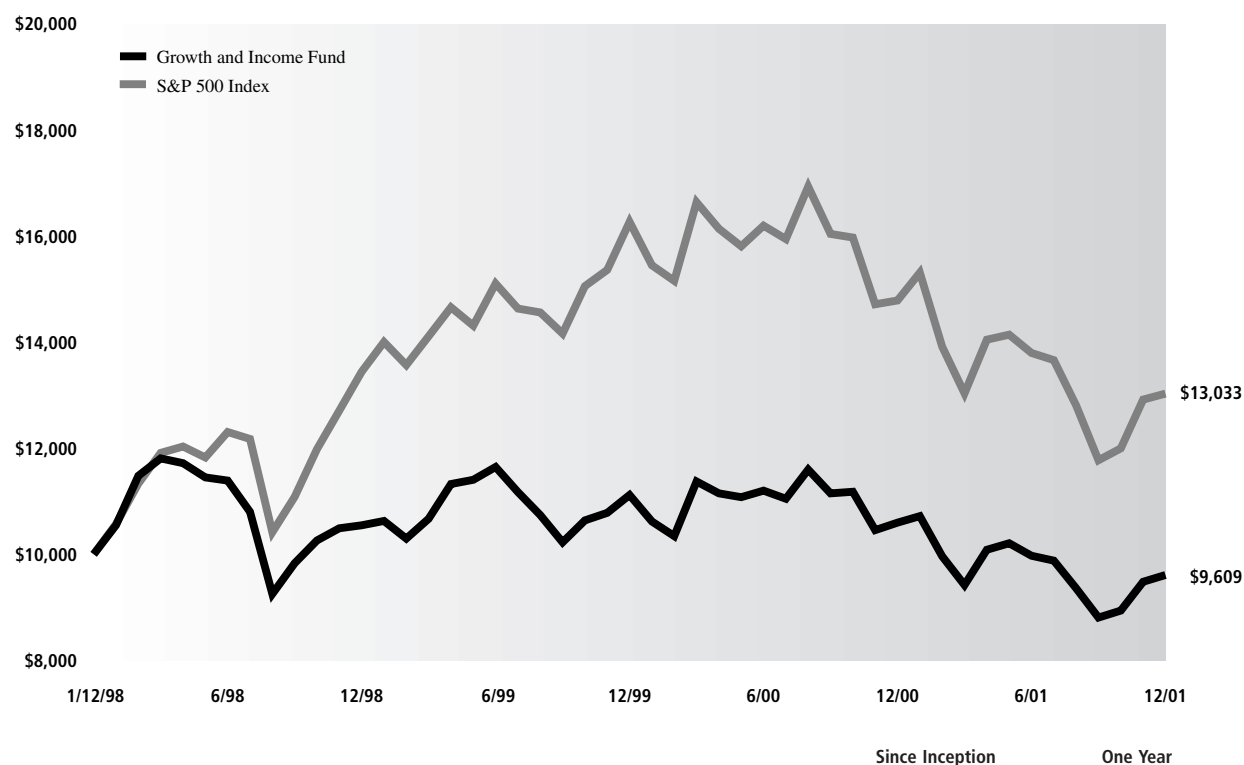
Performance Summary

December 31, 2001

The following graph shows the value as of December 31, 2001, of a \$10,000 investment made on January 12, 1998 (commencement of operations). For comparative purposes, the performance of the Fund's benchmark (the Standard and Poor's 500 Index ("S&P 500 Index")) is shown. This performance data represents past performance and should not be considered indicative of future performance which will fluctuate with changes in market conditions. These performance fluctuations will cause an investor's shares, when redeemed, to be worth more or less than their original cost. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Growth and Income Fund's Lifetime Performance

Growth of a \$10,000 Investment, Distributions Reinvested from January 12, 1998 to December 31, 2001.



Average Annual Total Return through December 31, 2001

| | | |
|---|--------|--------|
| Growth and Income Fund (commenced January 12, 1998) | -1.00% | -9.34% |
|---|--------|--------|

Statement of Investments

December 31, 2001

| Shares | Description | Value |
|------------------------------------|---------------------------------------|------------------|
| Common Stocks – 94.9% | | |
| Airlines – 0.8% | | |
| 17,561 | Southwest Airlines Co. | \$ 324,527 |
| Alcohol – 0.9% | | |
| 7,996 | Anheuser-Busch Cos., Inc. | 361,499 |
| Apartments – 0.3% | | |
| 4,275 | Equity Residential Properties Trust | 122,735 |
| Apparel – 0.3% | | |
| 3,700 | Jones Apparel Group, Inc.* | 122,729 |
| Banks – 7.5% | | |
| 6,450 | Bank of America Corp. | 406,028 |
| 4,216 | Bank One Corp. | 164,635 |
| 24,709 | Citigroup, Inc. | 1,247,310 |
| 2,674 | M&T Bank Corp. | 194,801 |
| 3,327 | Mellon Financial Corp. | 125,162 |
| 6,556 | PNC Financial Services Group | 368,447 |
| 11,429 | U.S. Bancorp | 239,209 |
| 6,994 | Wells Fargo & Co. | 303,889 |
| | | <u>3,049,481</u> |
| Chemicals – 1.2% | | |
| 3,809 | E.I. du Pont de Nemours & Co. | 161,920 |
| 1,904 | Minnesota Mining & Manufacturing Co. | 225,072 |
| 3,214 | The Dow Chemical Co. | 108,569 |
| | | <u>495,561</u> |
| Computer Hardware – 1.7% | | |
| 16,380 | Cisco Systems, Inc.* | 296,642 |
| 13,831 | Dell Computer Corp.* | 375,926 |
| | | <u>672,568</u> |
| Computer Software – 5.9% | | |
| 6,994 | International Business Machines Corp. | 845,995 |
| 23,660 | Microsoft Corp.* | 1,567,948 |
| | | <u>2,413,943</u> |
| Defense/Aerospace – 1.8% | | |
| 3,875 | General Dynamics Corp. | 308,605 |
| 3,008 | Honeywell International, Inc. | 101,731 |
| 4,654 | United Technologies Corp. | 300,788 |
| | | <u>711,124</u> |
| Department Stores – 2.6% | | |
| 4,654 | The May Department Stores Co. | 172,105 |
| 15,524 | Wal-Mart Stores, Inc. | 893,406 |
| | | <u>1,065,511</u> |
| Drugs – 8.5% | | |
| 5,657 | American Home Products Corp. | 347,114 |
| 3,883 | Amgen, Inc.* | 219,157 |
| 9,844 | Bristol-Myers Squibb Co. | 502,044 |
| 3,859 | Eli Lilly & Co. | 303,086 |
| 11,783 | Merck & Co., Inc. | 692,840 |
| 15,191 | Pfizer, Inc. | 605,361 |
| 8,556 | Pharmacia Corp. | 364,913 |
| 11,647 | Schering-Plough Corp. | 417,079 |
| | | <u>3,451,594</u> |
| Electrical Utilities – 4.0% | | |
| 12,583 | Energy East Corp. | 238,951 |
| 4,757 | Entergy Corp. | 186,046 |

| Shares | Description | Value |
|---|-------------------------------------|------------------|
| Common Stocks – (continued) | | |
| Electrical Utilities – (continued) | | |
| 7,074 | Exelon Corp. | \$ 338,703 |
| 7,835 | FirstEnergy Corp. | 274,069 |
| 8,800 | PPL Corp. | 306,680 |
| 17,102 | Reliant Resources, Inc.* | 282,354 |
| | | <u>1,626,803</u> |
| Electronic Manufacturing Services – 0.6% | | |
| 11,250 | Jabil Circuit, Inc.* | 255,600 |
| Energy Resources – 7.3% | | |
| 7,437 | Anadarko Petroleum Corp. | 422,793 |
| 8,541 | ChevronTexaco Corp. | 765,359 |
| 27,906 | Exxon Mobil Corp. | 1,096,706 |
| 15,329 | Pioneer Natural Resources Co.* | 295,237 |
| 7,996 | Royal Dutch Petroleum Co. ADR | 391,964 |
| | | <u>2,972,059</u> |
| Entertainment – 1.4% | | |
| 13,747 | AOL Time Warner, Inc.* | 441,279 |
| 2,723 | Viacom, Inc. Class B* | 120,220 |
| | | <u>561,499</u> |
| Environmental Services – 0.8% | | |
| 9,873 | Waste Management, Inc. | 315,047 |
| Financial Services – 8.1% | | |
| 2,880 | American Express Co. | 102,787 |
| 7,596 | Countrywide Credit Industries, Inc. | 311,208 |
| 12,632 | Federal Home Loan Mortgage Corp. | 826,133 |
| 1,543 | Federal National Mortgage Assoc. | 122,668 |
| 32,522 | General Electric Co. | 1,303,482 |
| 4,757 | Household International, Inc. | 275,621 |
| 4,129 | J.P. Morgan Chase & Co. | 150,089 |
| 2,546 | USA Education, Inc. | 213,915 |
| | | <u>3,305,903</u> |
| Food & Beverage – 3.9% | | |
| 6,700 | ConAgra Foods, Inc. | 159,259 |
| 14,877 | H.J. Heinz Co. | 611,742 |
| 2,340 | Hershey Foods Corp. | 158,418 |
| 7,138 | PepsiCo, Inc. | 347,549 |
| 6,539 | The Coca-Cola Co. | 308,314 |
| | | <u>1,585,282</u> |
| Forest – 1.9% | | |
| 8,536 | Bowater, Inc. | 407,167 |
| 9,206 | International Paper Co. | 371,462 |
| | | <u>778,629</u> |
| Gas Utilities – 1.0% | | |
| 11,702 | KeySpan Corp. | 405,474 |
| Heavy Electrical – 0.4% | | |
| 3,093 | Emerson Electric Co. | 176,610 |
| Heavy Machinery – 1.2% | | |
| 10,748 | Deere & Co. | 469,258 |
| Home Products – 2.0% | | |
| 6,815 | Kimberly-Clark Corp. | 407,537 |
| 5,116 | The Procter & Gamble Co. | 404,829 |
| | | <u>812,366</u> |

| Shares | Description | Value |
|-------------------------------------|---|------------------|
| Common Stocks – (continued) | | |
| Industrial Parts – 1.6% | | |
| 2,650 | American Standard Cos., Inc.* | \$ 180,810 |
| 875 | Parker-Hannifin Corp. | 40,171 |
| 7,096 | Tyco International Ltd. | 417,954 |
| | | <u>638,935</u> |
| Information Services – 1.4% | | |
| 16,250 | Accenture Ltd.* | 437,450 |
| 1,578 | First Data Corp. | 123,794 |
| | | <u>561,244</u> |
| Life Insurance – 1.9% | | |
| 9,562 | AFLAC, Inc. | 234,843 |
| 875 | Cigna Corp. | 81,069 |
| 4,611 | Lincoln National Corp. | 223,956 |
| 10,025 | The Principal Financial Group, Inc.* | 240,600 |
| | | <u>780,468</u> |
| Media – 3.8% | | |
| 6,336 | Clear Channel Communications, Inc.* | 322,566 |
| 8,700 | Comcast Corp.* | 313,200 |
| 6,650 | Cox Communications, Inc.* | 278,701 |
| 18,504 | Fox Entertainment Group, Inc.* | 490,911 |
| 10,542 | Liberty Media Corp. Series A* | 147,588 |
| | | <u>1,552,966</u> |
| Medical Products – 2.6% | | |
| 6,865 | Abbott Laboratories | 382,724 |
| 2,442 | Baxter International, Inc. | 130,964 |
| 8,968 | Johnson & Johnson | 530,009 |
| | | <u>1,043,697</u> |
| Mining – 0.6% | | |
| 7,010 | Alcoa, Inc. | 249,206 |
| Motor Vehicle – 0.3% | | |
| 1,500 | Johnson Controls, Inc. | 121,125 |
| Office/Industry/Mixed – 0.2% | | |
| 2,100 | Boston Properties, Inc. | 79,800 |
| Oil Refining – 0.1% | | |
| 1,106 | El Paso Corp. | 49,339 |
| Oil Services – 0.7% | | |
| 4,448 | Baker Hughes, Inc. | 162,219 |
| 3,317 | Transocean Sedco Forex, Inc. | 112,181 |
| | | <u>274,400</u> |
| Property Insurance – 5.4% | | |
| 4,269 | AMBAC Financial Group, Inc. | 247,004 |
| 8,202 | American International Group, Inc. | 651,239 |
| 4,089 | RenaissanceRe Holdings Ltd. Series B | 390,091 |
| 3,008 | The Hartford Financial Services Group, Inc. | 188,993 |
| 7,868 | XL Capital Ltd. | 718,820 |
| | | <u>2,196,147</u> |
| Publishing – 0.6% | | |
| 4,115 | Dow Jones & Co., Inc. | 225,214 |
| Railroads – 0.7% | | |
| 5,888 | Canadian National Railway Co. | 284,273 |

| Shares | Description | Value |
|--|---------------------------------------|---------------------|
| Common Stocks – (continued) | | |
| Securities/Asset Management – 1.5% | | |
| 9,101 | John Hancock Financial Services, Inc. | \$ 375,871 |
| 4,475 | Merrill Lynch & Co., Inc. | 233,237 |
| | | <u>609,108</u> |
| Semiconductors – 3.4% | | |
| 72,604 | Agere Systems, Inc.* | 413,117 |
| 7,602 | Arrow Electronics, Inc.* | 227,300 |
| 15,045 | Intel Corp. | 473,165 |
| 7,275 | Texas Instruments, Inc. | 203,700 |
| 2,100 | Xilinx, Inc.* | 82,005 |
| | | <u>1,399,287</u> |
| Specialty Retail – 0.3% | | |
| 3,400 | CVS Corp. | 100,640 |
| Telecommunications Equipment – 0.5% | | |
| 3,779 | QUALCOMM, Inc.* | 190,840 |
| Telephone – 3.8% | | |
| 13,065 | AT&T Corp. | 236,999 |
| 17,852 | SBC Communications, Inc. | 699,263 |
| 7,656 | Sprint Corp. | 153,733 |
| 9,283 | Verizon Communications, Inc.* | 440,571 |
| | | <u>1,530,566</u> |
| Tobacco – 1.4% | | |
| 12,418 | Philip Morris Cos., Inc. | 569,365 |
| TOTAL COMMON STOCKS | | |
| (Cost \$38,398,552) | | \$38,512,422 |

| Principal Amount | Interest Rate | Maturity Date | Value |
|---|---------------|---------------|---------------------|
| Repurchase Agreement – 5.6% | | | |
| Joint Repurchase Agreement Account [^] | | | |
| \$2,300,000 | 1.78% | 01/02/2002 | \$ 2,300,000 |
| TOTAL REPURCHASE AGREEMENT | | | |
| (Cost \$2,300,000) | | | \$ 2,300,000 |
| TOTAL INVESTMENTS | | | |
| (Cost \$40,698,552) | | | \$40,812,422 |

* Non-income producing security.

[^] Joint repurchase agreement was entered into on December 31, 2001.

The percentage shown for each investment category reflects the value of investments in that category as a percentage of total net assets.

Investment Abbreviation:

ADR—American Depositary Receipt

Shareholder Letter

Dear Shareholders:

We are pleased to report on the performance of the Goldman Sachs Variable Insurance Trust — CORESM U.S. Equity Fund.

This annual report covers the one-year period that ended December 31, 2001.

Market Review

For the year ended December 31, 2001, the S&P 500 Index (the “Index”) lost 11.88%. Though the Index bounced back in the fourth quarter, it was down over 20% during the first nine months of the year. The benchmark posted negative performance in all but one sector (Consumer Cyclical), with the Utilities and Technology sectors posting the largest absolute negative returns.

Performance Review

Over the one-year period that ended December 31, 2001 the Fund generated a –11.94% cumulative total return, slightly underperforming that of its benchmark, the Standard & Poor’s 500 Index (with dividends reinvested), which generated a –11.88% cumulative total return.

Among our CORE themes, Fundamental Research was down overall during the year, although it came back somewhat at the beginning of the fourth quarter. Momentum’s returns fluctuated greatly, as it experienced excellent months followed by more difficult months, and vice versa. Our Profitability theme was the biggest positive contributor to excess returns relative to the benchmark, as it added considerable value in nearly all 12 months. Valuation also enhanced results versus the benchmark, while Earnings Quality was flat for the year as a whole.

Stock selection was a positive contributor in eight of the 13 sectors that make up the Fund, most notably in the Energy and Telecommunications sectors. The only area where stock selection suffered notably was the Healthcare sector.

Investment Objective and Strategies

The Fund seeks long-term capital growth and dividend income through a broadly diversified portfolio of large-cap and blue chip equity securities representing all major sectors of the U.S. economy.

The Fund employs a disciplined approach that combines fundamental investment research provided by Goldman, Sachs & Co.’s Global Investment Research Department and consensus opinions with quantitative analysis generated by the Asset Management Division’s proprietary model. This quantitative system evaluates each stock using many different criteria, including valuation measures, growth expectations, earnings momentum and risk profile. It also objectively analyzes the impact of current economic conditions on different types of stocks to determine where the emphasis should be placed. While maintaining a profile close to that of the benchmark, those stocks ranked highly by both the quantitative model and the Goldman Sachs Global Investment Research Department are selected to have overweight positions in the portfolio.

Portfolio Composition

*Top 10 Portfolio Holdings as of December 31, 2001**

| <u>Company</u> | <u>Business</u> | <u>% Portfolio</u> |
|---------------------------------------|--------------------|--------------------|
| General Electric Co. | Financial Services | 3.1% |
| Microsoft Corp. | Computer Software | 3.0 |
| Citigroup, Inc. | Banks | 2.8 |
| Exxon Mobil Corp. | Energy Resources | 2.6 |
| Pfizer, Inc. | Drugs | 2.5 |
| Wal-Mart Stores, Inc. | Department Stores | 2.5 |
| Merck & Co., Inc. | Drugs | 2.1 |
| International Business Machines Corp. | Computer Software | 1.9 |
| The Home Depot, Inc. | Specialty Retail | 1.9 |
| Bank of America Corp. | Banks | 1.9 |

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Outlook

Looking ahead, we continue to believe that cheaper stocks should outpace more expensive ones and good momentum stocks should do better than poor momentum stocks. We also prefer names favored by fundamental research analysts and companies that have sustainable earnings and strong profit margins. As such, we anticipate remaining fully invested and expect that the value we add over time will be due to stock selection, as opposed to sector or size allocations.

We thank you for your investment and look forward to your continued confidence.

Goldman Sachs Quantitative Equity Management Team

January 11, 2002

CORE is a service mark of Goldman, Sachs & Co.

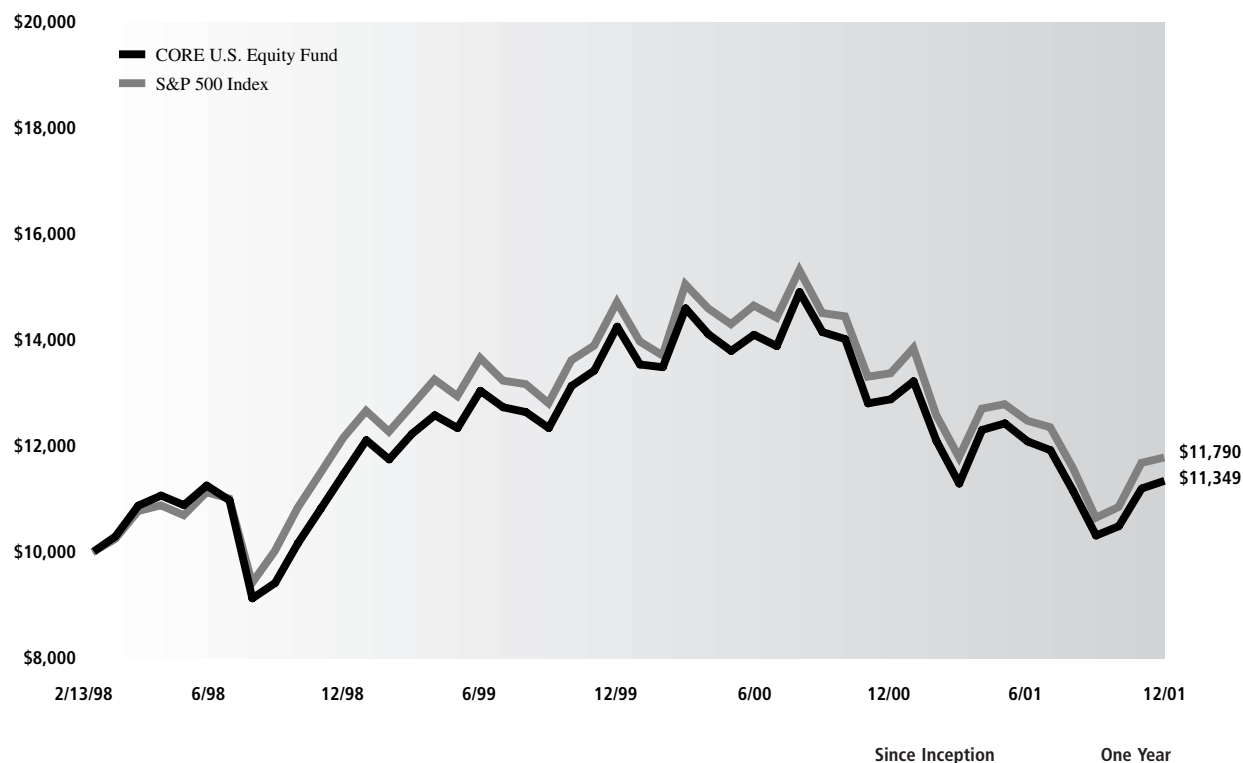
Performance Summary

December 31, 2001

The following graph shows the value as of December 31, 2001, of a \$10,000 investment made on February 13, 1998 (commencement of operations). For comparative purposes, the performance of the Fund's benchmark (the Standard and Poor's 500 Index ("S&P 500 Index")) is shown. This performance data represents past performance and should not be considered indicative of future performance which will fluctuate with changes in market conditions. These performance fluctuations will cause an investor's shares, when redeemed, to be worth more or less than their original cost. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

CORE U.S. Equity Fund's Lifetime Performance

Growth of a \$10,000 Investment, Distributions Reinvested from February 13, 1998 to December 31, 2001.



Average Annual Total Return through December 31, 2001

| | | |
|---|-------|---------|
| CORE U.S. Equity Fund (commenced February 13, 1998) | 3.31% | -11.94% |
|---|-------|---------|

Statement of Investments

December 31, 2001

| Shares | Description | Value |
|---------------------------------|---------------------------------------|------------|
| Common Stocks – 98.7% | | |
| Airlines – 0.1% | | |
| 11,000 | AMR Corp.* | \$ 243,870 |
| Apparel – 0.1% | | |
| 2,800 | Liz Claiborne, Inc. | 139,300 |
| Banks – 7.8% | | |
| 10,000 | Associated Banc-Corp. | 352,900 |
| 49,431 | Bank of America Corp. | 3,111,681 |
| 90,966 | Citigroup, Inc. | 4,591,964 |
| 2,100 | Comerica, Inc. | 120,330 |
| 23,050 | Fifth Third Bancorp | 1,419,419 |
| 2,500 | M&T Bank Corp. | 182,125 |
| 2,600 | Marshall & Ilsley Corp. | 164,528 |
| 2,600 | PNC Financial Services Group | 146,120 |
| 8,100 | State Street Corp. | 423,225 |
| 27,900 | SunTrust Banks, Inc. | 1,749,330 |
| 6,700 | U.S. Bancorp | 140,231 |
| 3,500 | Union Planters Corp. | 157,955 |
| 6,600 | Wells Fargo & Co. | 286,770 |
| | | 12,846,578 |
| Chemicals – 1.0% | | |
| 11,100 | Ashland, Inc. | 511,488 |
| 2,200 | Minnesota Mining & Manufacturing Co. | 260,062 |
| 400 | PPG Industries, Inc. | 20,688 |
| 3,000 | Praxair, Inc. | 165,750 |
| 21,700 | The Dow Chemical Co. | 733,026 |
| | | 1,691,014 |
| Computer Hardware – 5.5% | | |
| 45,100 | Cisco Systems, Inc.* | 816,761 |
| 28,000 | Compaq Computer Corp. | 273,280 |
| 82,300 | Dell Computer Corp.* | 2,236,914 |
| 100,100 | Hewlett-Packard Co. | 2,056,054 |
| 62,000 | Ingram Micro, Inc.* | 1,073,840 |
| 7,100 | Juniper Networks, Inc.* | 134,545 |
| 9,700 | Pitney Bowes, Inc. | 364,817 |
| 40,600 | Sun Microsystems, Inc.* | 499,380 |
| 34,300 | Tech Data Corp.* | 1,484,504 |
| | | 8,940,095 |
| Computer Software – 6.0% | | |
| 26,100 | International Business Machines Corp. | 3,157,056 |
| 74,300 | Microsoft Corp.* | 4,923,861 |
| 4,400 | NCR Corp.* | 162,184 |
| 109,900 | Oracle Corp.* | 1,517,719 |
| 3,900 | PeopleSoft, Inc.* | 156,780 |
| | | 9,917,600 |
| Construction – 0.1% | | |
| 3,600 | Lennar Corp. | 168,552 |
| Consumer Durables – 0.0% | | |
| 100 | The Sherwin-Williams Co. | 2,750 |

| Shares | Description | Value |
|------------------------------------|------------------------------------|------------|
| Common Stocks – (continued) | | |
| Defense/Aerospace – 1.6% | | |
| 8,100 | General Dynamics Corp. | \$ 645,084 |
| 5,400 | ITT Industries, Inc. | 272,700 |
| 6,600 | Lockheed Martin Corp. | 308,022 |
| 6,900 | Rockwell Collins, Inc. | 134,550 |
| 9,500 | The Boeing Co. | 368,410 |
| 13,600 | United Technologies Corp. | 878,968 |
| | | 2,607,734 |
| Department Stores – 3.2% | | |
| 5,200 | Federated Department Stores, Inc.* | 212,680 |
| 4,900 | Sears, Roebuck & Co. | 233,436 |
| 17,500 | Target Corp. | 718,375 |
| 70,000 | Wal-Mart Stores, Inc. | 4,028,500 |
| | | 5,192,991 |
| Drugs – 10.7% | | |
| 2,800 | Allergan, Inc. | 210,140 |
| 2,700 | American Home Products Corp. | 165,672 |
| 44,100 | Amgen, Inc.* | 2,489,004 |
| 23,000 | Bristol-Myers Squibb Co. | 1,173,000 |
| 25,300 | Cardinal Health, Inc. | 1,635,898 |
| 2,600 | Chiron Corp.* | 113,984 |
| 25,600 | Eli Lilly & Co. | 2,010,624 |
| 46,500 | McKesson Corp. | 1,739,100 |
| 59,300 | Merck & Co., Inc. | 3,486,840 |
| 102,950 | Pfizer, Inc. | 4,102,558 |
| 7,079 | Pharmacia Corp. | 301,919 |
| 10,200 | SICOR, Inc.* | 159,936 |
| | | 17,588,675 |
| Electrical Equipment – 1.6% | | |
| 4,500 | Cabot Microelectronics Corp.* | 356,625 |
| 3,700 | Danaher Corp. | 223,147 |
| 5,700 | Jabil Circuit, Inc.* | 129,504 |
| 200 | L-3 Communications Holdings, Inc.* | 18,000 |
| 6,600 | Molex, Inc. | 204,270 |
| 39,100 | Motorola, Inc. | 587,282 |
| 21,800 | Sanmina Corp.* | 433,820 |
| 8,100 | Scientific-Atlanta, Inc. | 193,914 |
| 23,300 | Soletron Corp.* | 262,824 |
| 11,200 | Tellabs, Inc.* | 168,336 |
| | | 2,577,722 |
| Electrical Utilities – 2.6% | | |
| 20,200 | Calpine Corp.* | 339,158 |
| 3,800 | Duke Energy Corp. | 149,188 |
| 72,900 | Dynegy, Inc. | 1,858,950 |
| 27,700 | Entergy Corp. | 1,083,347 |
| 13,056 | Mirant Corp.* | 209,157 |
| 25,600 | Reliant Energy, Inc. | 678,912 |
| | | 4,318,712 |

Statement of Investments (continued)

December 31, 2001

| Shares | Description | Value |
|--------------------------------------|---|------------------|
| Common Stocks – (continued) | | |
| Energy Resources – 4.2% | | |
| 19,000 | Anadarko Petroleum Corp. | \$ 1,080,150 |
| 10,100 | Conoco, Inc. | 285,830 |
| 107,212 | Exxon Mobil Corp. | 4,213,432 |
| 3,900 | Occidental Petroleum Corp. | 103,467 |
| 5,600 | Phillips Petroleum Co. | 337,456 |
| 17,000 | Royal Dutch Petroleum Co. ADR | 833,340 |
| | | <u>6,853,675</u> |
| Entertainment – 2.6% | | |
| 73,350 | AOL Time Warner, Inc.* | 2,354,535 |
| 2,400 | Metro-Goldwyn-Mayer, Inc.* | 52,560 |
| 43,173 | Viacom, Inc. Class B* | 1,906,088 |
| | | <u>4,313,183</u> |
| Environmental Services – 0.5% | | |
| 25,300 | Waste Management, Inc. | 807,323 |
| Equity REIT – 0.1% | | |
| 6,300 | iStar Financial, Inc. | 157,185 |
| Financial Services – 5.8% | | |
| 27,900 | Countrywide Credit Industries, Inc. | 1,143,063 |
| 4,500 | Dun & Bradstreet Corp.* | 158,850 |
| 2,600 | Federal Home Loan Mortgage Corp. | 170,040 |
| 16,800 | Federal National Mortgage Assoc. | 1,335,600 |
| 125,000 | General Electric Co. | 5,010,000 |
| 41,610 | J.P. Morgan Chase & Co. | 1,512,524 |
| 3,200 | MBNA Corp. | 112,640 |
| | | <u>9,442,717</u> |
| Food & Beverage – 4.0% | | |
| 13,900 | Archer-Daniels-Midland Co. | 199,465 |
| 12,100 | General Mills, Inc. | 629,321 |
| 41,300 | PepsiCo, Inc. | 2,010,897 |
| 14,900 | Sara Lee Corp. | 331,227 |
| 12,400 | Smithfield Foods, Inc.* | 273,296 |
| 4,300 | Supervalu, Inc. | 95,116 |
| 50,300 | SYSCO Corp. | 1,318,866 |
| 15,000 | The Coca-Cola Co. | 707,250 |
| 7,700 | The Pepsi Bottling Group, Inc. | 180,950 |
| 13,000 | Unilever NV | 748,930 |
| | | <u>6,495,318</u> |
| Forest – 0.7% | | |
| 21,300 | Weyerhaeuser Co. | 1,151,904 |
| Gas Utilities – 0.4% | | |
| 6,400 | Oneok, Inc. | 114,176 |
| 18,500 | UtiliCorp United, Inc. | 465,645 |
| | | <u>579,821</u> |
| Gold – 0.1% | | |
| 12,900 | Freeport-McMoRan Copper & Gold, Inc. Class B* | 172,731 |

| Shares | Description | Value |
|------------------------------------|-------------------------------------|------------------|
| Common Stocks – (continued) | | |
| Grocery – 0.1% | | |
| 6,500 | Albertson's, Inc. | \$ 204,685 |
| Heavy Electrical – 0.4% | | |
| 10,900 | Emerson Electric Co. | 622,390 |
| Heavy Machinery – 0.5% | | |
| 12,800 | Caterpillar, Inc. | 668,800 |
| 4,200 | Cummins, Inc. | 161,868 |
| | | <u>830,668</u> |
| Home Products – 3.1% | | |
| 11,700 | Avon Products, Inc. | 544,050 |
| 26,000 | Colgate-Palmolive Co. | 1,501,500 |
| 17,400 | The Clorox Co. | 688,170 |
| 29,400 | The Procter & Gamble Co. | 2,326,422 |
| | | <u>5,060,142</u> |
| Industrial Parts – 1.5% | | |
| 4,200 | Pentair, Inc. | 153,342 |
| 5,500 | Textron, Inc. | 228,030 |
| 36,550 | Tyco International Ltd. | 2,152,795 |
| | | <u>2,534,167</u> |
| Information Services – 3.0% | | |
| 28,100 | Electronic Data Systems Corp. | 1,926,255 |
| 25,300 | First Data Corp. | 1,984,785 |
| 9,600 | Omnicom Group, Inc. | 857,760 |
| 8,100 | Total Systems Services, Inc. | 171,558 |
| | | <u>4,940,358</u> |
| Internet – 0.1% | | |
| 12,000 | Yahoo!, Inc.* | 212,880 |
| Leisure – 0.5% | | |
| 11,100 | Cendant Corp.* | 217,671 |
| 11,600 | Harley-Davidson, Inc. | 629,996 |
| | | <u>847,667</u> |
| Life Insurance – 1.3% | | |
| 41,900 | MetLife, Inc. | 1,327,392 |
| 18,200 | Nationwide Financial Services, Inc. | 754,572 |
| | | <u>2,081,964</u> |
| Media – 1.1% | | |
| 14,100 | Clear Channel Communications, Inc.* | 717,831 |
| 5,000 | Fox Entertainment Group, Inc.* | 132,650 |
| 44,200 | The Walt Disney Co. | 915,824 |
| | | <u>1,766,305</u> |
| Medical Products – 3.7% | | |
| 32,100 | Abbott Laboratories | 1,789,575 |
| 4,400 | Baxter International, Inc. | 235,972 |
| 48,200 | Johnson & Johnson | 2,848,620 |
| 21,800 | Medtronic, Inc. | 1,116,378 |
| | | <u>5,990,545</u> |

| Shares | Description | Value |
|---|---|------------------|
| Common Stocks – (continued) | | |
| Medical Providers – 0.7% | | |
| 10,300 | Caremark Rx, Inc.* | \$ 167,993 |
| 14,100 | UnitedHealth Group, Inc. | 997,857 |
| | | <u>1,165,850</u> |
| Mining – 0.5% | | |
| 6,100 | Alcoa, Inc. | 216,855 |
| 25,600 | Massey Energy Co. | 530,688 |
| | | <u>747,543</u> |
| Motor Vehicle – 2.3% | | |
| 42,400 | General Motors Corp. | 2,060,640 |
| 21,500 | Johnson Controls, Inc. | 1,736,125 |
| | | <u>3,796,765</u> |
| Office/Industry/Mixed – 0.1% | | |
| 5,500 | Equity Office Properties Trust | 165,440 |
| Oil Refining – 0.4% | | |
| 7,700 | El Paso Corp. | 343,497 |
| 12,000 | USX-Marathon Group | 360,000 |
| | | <u>703,497</u> |
| Oil Services – 0.7% | | |
| 16,100 | Baker Hughes, Inc. | 587,167 |
| 37,700 | Halliburton Co. | 493,870 |
| | | <u>1,081,037</u> |
| Property Insurance – 2.4% | | |
| 25,306 | American International Group, Inc. | 2,009,296 |
| 7,300 | CNA Financial Corp.* | 212,941 |
| 26,300 | Loews Corp. | 1,456,494 |
| 4,500 | The Hartford Financial Services Group, Inc. | 282,735 |
| | | <u>3,961,466</u> |
| Publishing – 0.5% | | |
| 19,600 | Deluxe Corp. | 814,968 |
| Railroads – 0.6% | | |
| 27,400 | CSX Corp. | 960,370 |
| Restaurants – 0.2% | | |
| 7,000 | Darden Restaurants, Inc. | 247,800 |
| Securities/Asset Management – 2.6% | | |
| 9,200 | John Hancock Financial Services, Inc. | 379,960 |
| 24,900 | Lehman Brothers Holdings, Inc. | 1,663,320 |
| 7,900 | Morgan Stanley | 441,926 |
| 5,100 | SEI Investments Co. | 230,061 |
| 27,200 | The Bear Stearns Cos., Inc. | 1,595,008 |
| | | <u>4,310,275</u> |

| Shares | Description | Value |
|--|--|----------------------|
| Common Stocks – (continued) | | |
| Semiconductors – 2.7% | | |
| 7,200 | Applied Materials, Inc.* | \$ 288,720 |
| 22,500 | Arrow Electronics, Inc.* | 672,750 |
| 22,600 | Avnet, Inc. | 575,622 |
| 66,000 | Intel Corp. | 2,075,700 |
| 10,200 | NVIDIA Corp.* | 682,380 |
| 4,200 | Semtech Corp.* | 149,898 |
| | | <u>4,445,070</u> |
| Specialty Retail – 4.0% | | |
| 10,600 | AutoZone, Inc.* | 761,080 |
| 20,200 | Best Buy Co., Inc.* | 1,504,496 |
| 3,000 | BJ's Wholesale Club, Inc.* | 132,300 |
| 20,200 | Lowes Co., Inc. | 937,482 |
| 61,600 | The Home Depot, Inc. | 3,142,216 |
| | | <u>6,477,574</u> |
| Telecommunications Equipment – 0.2% | | |
| 37,100 | Corning, Inc. | 330,932 |
| Telephone – 3.5% | | |
| 54,565 | AT&T Corp. | 989,809 |
| 6,900 | BellSouth Corp. | 263,235 |
| 14,500 | Qwest Communications International, Inc. | 204,885 |
| 11,022 | SBC Communications, Inc. | 431,732 |
| 49,194 | Verizon Communications, Inc. | 2,334,747 |
| 111,850 | WorldCom, Inc.-WorldCom Group | 1,574,848 |
| | | <u>5,799,256</u> |
| Thrifts – 0.4% | | |
| 18,750 | Washington Mutual, Inc. | 613,125 |
| Tobacco – 0.3% | | |
| 8,100 | R.J. Reynolds Tobacco Holdings, Inc. | 456,030 |
| Truck Freight – 0.6% | | |
| 17,800 | United Parcel Service, Inc. | 970,100 |
| Wireless – 2.0% | | |
| 7,000 | ALLTEL Corp. | 432,110 |
| 153,224 | AT&T Wireless Services, Inc.* | 2,201,829 |
| 7,600 | Telephone & Data Systems, Inc. | 682,100 |
| 500 | United States Cellular Corp.* | 22,625 |
| | | <u>3,338,664</u> |
| TOTAL COMMON STOCKS | | |
| (Cost \$164,655,370) | | <u>\$161,686,983</u> |

Statement of Investments (continued)

December 31, 2001

| Principal Amount | Interest Rate | Maturity Date | Value |
|---|------------------|------------------|----------------------|
| Repurchase Agreement – 0.6% | | | |
| Joint Repurchase Agreement Account [^] | | | |
| \$1,000,000 | 1.78% | 01/02/2002 | \$ 1,000,000 |
| TOTAL REPURCHASE AGREEMENT | | | |
| (Cost \$1,000,000) | | | \$ 1,000,000 |
| TOTAL INVESTMENTS | | | |
| (Cost \$165,655,370) | | | \$162,686,983 |

* *Non-income producing security.*

[^] *Joint repurchase agreement was entered into on December 31, 2001.*

The percentage shown for each investment category reflects the value of investments in that category as a percentage of total net assets.

Investment Abbreviation:

ADR—American Depositary Receipt

Shareholder Letter

Dear Shareholders:

We are pleased to report on the performance of the Goldman Sachs Variable Insurance Trust — CORESM Large Cap Growth Fund. This annual report covers the one-year period that ended December 31, 2001.

Market Review

The Russell 1000 Growth Index (the “Index”) fell 20.43% during 2001, with the Consumer Cyclical sector being the only positive contributor. The Technology sector was down 30.5% and, at 33% of the benchmark weight, was by far the biggest contributor to the decline. The next largest contributors to negative returns were the Healthcare sector (–16.5% and a 23% weight) and the Financial sector (–12.3% and a 9% weight). While the Index actually posted positive performance in the second and fourth quarters of 2001, its large declines in the first and third quarters led to the overall loss for the year.

Performance Review

Over the one-year period that ended December 31, 2001 the Fund generated a –20.76% cumulative total return. Over the same time period the Fund’s benchmark, the Russell 1000 Growth Index generated a –20.43% cumulative return.

Among our investment themes, Fundamental Research was down overall during the year versus the benchmark. Momentum’s returns fluctuated greatly, as it experienced some strong months followed by more difficult months, and vice versa. Our Profitability and Valuation themes performed relatively well compared to the Russell 1000 Growth Index, while Earnings Quality ended flat for the year, in line with how it performed on a monthly basis.

The Fund seeks sector weightings and distribution among size categories close to those of the Russell 1000 Growth Index. On a sector basis, stock selection in Technology and Consumer Cyclical proved to be the greatest detractors from excess returns relative to the benchmark, while our holdings in the Consumer Non-Cyclical and Telecommunications sectors enhanced relative returns.

Investment Objective

The Fund seeks long-term capital growth, primarily through a broadly diversified portfolio of equity securities that are expected to have better prospects for earnings growth than the growth rate of the general domestic economy.

The Fund employs a disciplined approach that combines fundamental investment research provided by Goldman, Sachs & Co.’s Global Investment Research Department and consensus opinions with quantitative analysis generated by the Asset Management Division’s proprietary model. This quantitative system evaluates each stock using many different criteria, including valuation measures, growth expectations, earnings momentum and risk profile. It also objectively analyzes the impact of current economic conditions on different types of stocks to determine where the emphasis should be placed. The portfolio construction process evaluates stocks based on their overall expected return and their contribution to portfolio risk. The final portfolio is the one that has the highest expected return for the targeted amount of risk.

Shareholder Letter (continued)

Portfolio Composition

*Top 10 Portfolio Holdings as of December 31, 2001**

| <u>Company</u> | <u>Business</u> | <u>% Portfolio</u> |
|---------------------------------------|--------------------|--------------------|
| General Electric Co. | Financial Services | 7.1% |
| Pfizer, Inc. | Drugs | 5.7 |
| Microsoft Corp. | Computer Software | 4.9 |
| Intel Corp. | Semiconductors | 3.5 |
| AOL Time Warner, Inc. | Entertainment | 3.2 |
| International Business Machines Corp. | Computer Software | 2.9 |
| Merck & Co., Inc. | Drugs | 2.5 |
| Amgen, Inc. | Drugs | 2.4 |
| Wal-Mart Stores, Inc. | Department Stores | 2.4 |
| The Home Depot, Inc. | Specialty Retail | 2.4 |

** Opinions expressed in this report represent our present opinions only. Reference to individual securities should not be construed as a commitment that such securities will be retained in the Fund. From time to time, the Fund may change the individual securities it holds, the number or types of securities held and the markets in which it invests. References to individual securities do not constitute a recommendation to the investor to buy, hold or sell such securities. In addition, references to past performance of the Fund do not indicate future returns, which are not guaranteed and will vary.*

Outlook

Looking ahead, we continue to believe that cheaper stocks should outpace more expensive ones and good momentum stocks should do better than poor momentum stocks. We also prefer names favored by fundamental research analysts and companies that have sustainable earnings and strong profit margins. As such, we anticipate remaining fully invested and expect that the value we add over time will be due to stock selection, as opposed to sector or size allocations.

We thank you for your investment and look forward to your continued confidence.

Goldman Sachs Quantitative Equity Management Team

January 11, 2002

CORE is a service mark of Goldman, Sachs & Co.

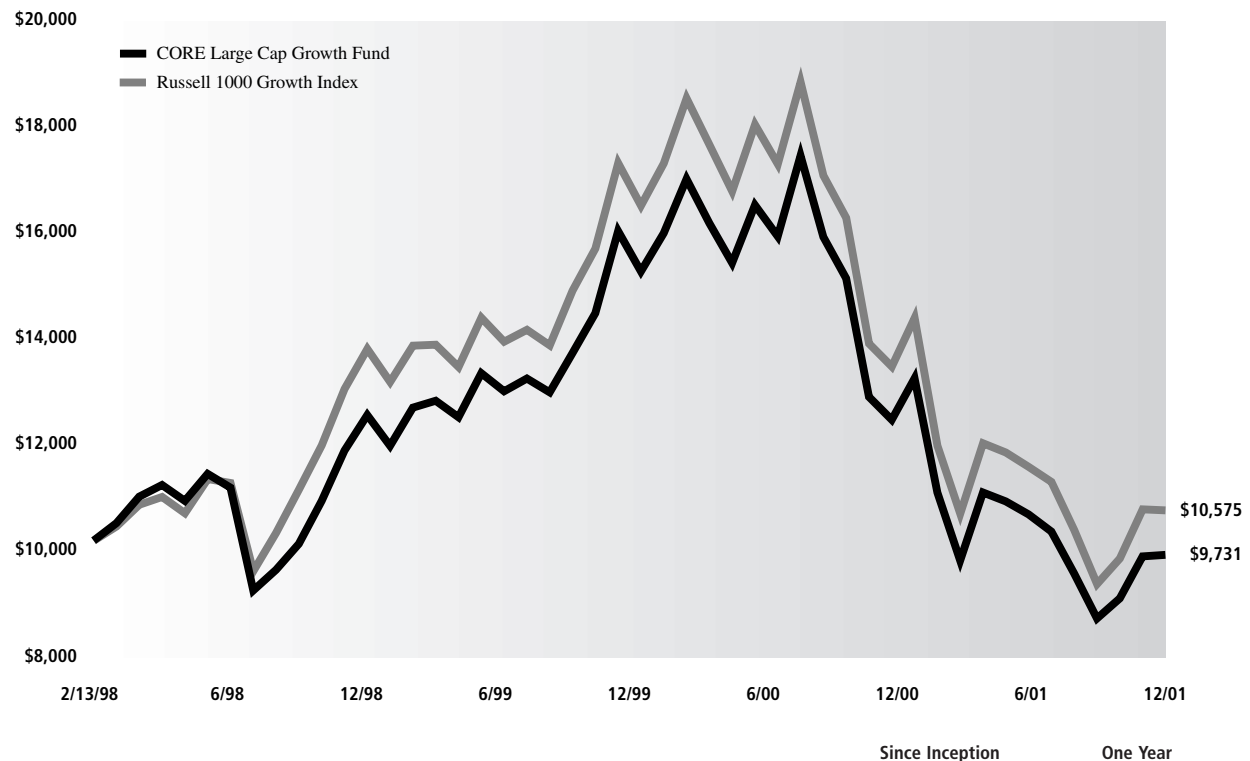
Performance Summary

December 31, 2001

The following graph shows the value as of December 31, 2001, of a \$10,000 investment made on February 13, 1998 (commencement of operations). For comparative purposes, the performance of the Fund's benchmark (Russell 1000 Growth Index) is shown. All performance data shown represents past performance and should not be considered indicative of future performance which will fluctuate with changes in market conditions. These performance fluctuations will cause an investor's shares, when redeemed, to be worth more or less than their original cost. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

CORE Large Cap Growth Fund's Lifetime Performance

Growth of a \$10,000 Investment, Distributions Reinvested from February 13, 1998 to December 31, 2001.



Average Annual Total Return through December 31, 2001

| | | |
|--|--------|---------|
| CORE Large Cap Growth Fund (commenced February 13, 1998) | -0.70% | -20.76% |
|--|--------|---------|

Statement of Investments

December 31, 2001

| Shares | Description | Value |
|----------------------------------|---------------------------------------|-----------|
| Common Stocks – 98.1% | | |
| Apartments REIT – 0.1% | | |
| 800 | Archstone-Smith Trust | \$ 21,040 |
| Apparel – 0.2% | | |
| 900 | Liz Claiborne, Inc. | 44,775 |
| Banks – 1.5% | | |
| 4,600 | Bank of America Corp. | 289,570 |
| 800 | Investors Financial Services Corp. | 52,968 |
| | | 342,538 |
| Chemicals – 0.1% | | |
| 500 | Sigma-Aldrich Corp. | 19,705 |
| Clothing – 0.4% | | |
| 1,400 | Ross Stores, Inc. | 44,912 |
| 700 | The Neiman Marcus Group, Inc.* | 21,749 |
| 800 | The Talbots, Inc. | 29,000 |
| | | 95,661 |
| Computer Hardware – 7.0% | | |
| 22,200 | Cisco Systems, Inc.* | 402,042 |
| 14,200 | Dell Computer Corp.* | 385,956 |
| 5,000 | EMC Corp.* | 67,200 |
| 10,200 | Gateway, Inc.* | 82,008 |
| 6,800 | Hewlett-Packard Co. | 139,672 |
| 2,200 | Imation Corp.* | 47,476 |
| 800 | InFocus Corp.* | 17,616 |
| 4,700 | Ingram Micro, Inc.* | 81,404 |
| 3,400 | Juniper Networks, Inc.* | 64,430 |
| 1,300 | Storage Technology Corp.* | 26,871 |
| 19,800 | Sun Microsystems, Inc.* | 243,540 |
| | | 1,558,215 |
| Computer Software – 11.4% | | |
| 2,600 | Adobe Systems, Inc. | 80,730 |
| 5,400 | International Business Machines Corp. | 653,184 |
| 900 | Mentor Graphics Corp.* | 21,213 |
| 16,600 | Microsoft Corp.* | 1,100,082 |
| 2,500 | NCR Corp.* | 92,150 |
| 25,400 | Oracle Corp.* | 350,774 |
| 1,900 | PeopleSoft, Inc.* | 76,380 |
| 2,000 | Sybase, Inc.* | 31,520 |
| 2,100 | Symantec Corp.* | 139,293 |
| | | 2,545,326 |
| Construction – 0.2% | | |
| 600 | Jacobs Engineering Group, Inc.* | 39,600 |
| Defense/Aerospace – 0.5% | | |
| 3,100 | Goodrich Corp. | 82,522 |
| 600 | ITT Industries, Inc. | 30,300 |
| | | 112,822 |
| Department Stores – 2.6% | | |
| 900 | Sears, Roebuck & Co. | 42,876 |
| 9,400 | Wal-Mart Stores, Inc. | 540,970 |
| | | 583,846 |

| Shares | Description | Value |
|------------------------------------|-------------------------------------|------------|
| Common Stocks – (continued) | | |
| Drugs – 19.4% | | |
| 3,100 | Allergan, Inc. | \$ 232,655 |
| 2,700 | American Home Products Corp. | 165,672 |
| 400 | AmerisourceBergen Corp. | 25,420 |
| 9,700 | Amgen, Inc.* | 547,468 |
| 800 | Andrx Group* | 56,328 |
| 5,800 | Bristol-Myers Squibb Co. | 295,800 |
| 6,600 | Cardinal Health, Inc. | 426,756 |
| 1,000 | Chiron Corp.* | 43,840 |
| 3,400 | Eli Lilly & Co. | 267,036 |
| 500 | Forest Laboratories, Inc.* | 40,975 |
| 800 | Genentech, Inc.* | 43,400 |
| 1,025 | IVAX Corp.* | 20,644 |
| 8,500 | McKesson Corp. | 317,900 |
| 9,600 | Merck & Co., Inc. | 564,480 |
| 31,850 | Pfizer, Inc. | 1,269,222 |
| 1,000 | SICOR, Inc.* | 15,680 |
| | | 4,333,276 |
| Electrical Equipment – 2.8% | | |
| 500 | Cabot Microelectronics Corp.* | 39,625 |
| 3,800 | Jabil Circuit, Inc.* | 86,336 |
| 400 | KLA-Tencor Corp.* | 19,824 |
| 1,300 | L-3 Communications Holdings, Inc.* | 117,000 |
| 4,500 | Metromedia Fiber Network, Inc.* | 1,980 |
| 400 | Mettler-Toledo International, Inc.* | 20,740 |
| 2,975 | Molex, Inc. | 92,076 |
| 4,900 | Motorola, Inc. | 73,598 |
| 3,500 | Sanmina Corp.* | 69,650 |
| 700 | SPX Corp.* | 95,830 |
| | | 616,659 |
| Electrical Utilities – 2.1% | | |
| 15,600 | Dynegy, Inc. | 397,800 |
| 5,000 | Mirant Corp.* | 80,100 |
| | | 477,900 |
| Energy Resources – 0.1% | | |
| 900 | Occidental Petroleum Corp. | 23,877 |
| Entertainment – 4.8% | | |
| 22,400 | AOL Time Warner, Inc.* | 719,040 |
| 8,180 | Viacom, Inc. Class B* | 361,147 |
| | | 1,080,187 |
| Financial Services – 8.5% | | |
| 4,000 | Countrywide Credit Industries, Inc. | 163,880 |
| 300 | Federal National Mortgage Assoc | 23,850 |
| 39,700 | General Electric Co. | 1,591,176 |
| 1,100 | Household International, Inc. | 63,734 |
| 1,500 | IndyMac Bancorp, Inc.* | 35,070 |
| 600 | J.P. Morgan Chase & Co. | 21,810 |
| | | 1,899,520 |
| Food & Beverage – 2.7% | | |
| 800 | Dole Food Co., Inc. | 21,464 |
| 2,700 | Interstate Bakeries Corp. | 65,286 |
| 4,360 | PepsiCo, Inc. | 212,288 |

| Shares | Description | Value |
|--|-------------------------------------|----------------|
| Common Stocks – (continued) | | |
| Food & Beverage – (continued) | | |
| 2,700 | Smithfield Foods, Inc.* | \$ 59,508 |
| 5,200 | SYSCO Corp. | 136,344 |
| 1,400 | The Coca-Cola Co. | 66,010 |
| 1,800 | The Pepsi Bottling Group, Inc. | 42,300 |
| | | <u>603,200</u> |
| Forest – 0.2% | | |
| 1,400 | Georgia-Pacific Corp. | 38,654 |
| Gold – 0.1% | | |
| 1,100 | Newmont Mining Corp. | 21,021 |
| Grocery – 0.6% | | |
| 1,400 | Albertson's, Inc. | 44,086 |
| 2,300 | Safeway, Inc.* | 96,025 |
| | | <u>140,111</u> |
| Home Products – 1.7% | | |
| 1,600 | Avon Products, Inc. | 74,400 |
| 2,400 | Colgate-Palmolive Co. | 138,600 |
| 2,200 | The Procter & Gamble Co. | 174,086 |
| | | <u>387,086</u> |
| Industrial Parts – 1.2% | | |
| 800 | Textron, Inc. | 33,168 |
| 4,100 | Tyco International Ltd. | 241,490 |
| | | <u>274,658</u> |
| Information Services – 3.2% | | |
| 900 | Affiliated Computer Services, Inc.* | 95,517 |
| 6,400 | Electronic Data Systems Corp. | 438,720 |
| 2,100 | Omnicom Group, Inc. | 187,635 |
| | | <u>721,872</u> |
| Internet – 0.7% | | |
| 400 | CheckFree Corp.* | 7,200 |
| 3,700 | EarthLink, Inc.* | 45,029 |
| 1,500 | Expedia, Inc.* | 60,915 |
| 1,000 | Hotel Reservations Network, Inc.* | 46,000 |
| | | <u>159,144</u> |
| Leisure – 0.3% | | |
| 1,200 | Harley-Davidson, Inc. | 65,172 |
| Life Insurance – 0.3% | | |
| 1,800 | Nationwide Financial Services, Inc. | 74,628 |
| Media – 0.6% | | |
| 1,300 | Clear Channel Communications, Inc.* | 66,183 |
| 2,300 | General Motors Corp. Class H* | 35,535 |
| 1,100 | The Interpublic Group of Cos., Inc. | 32,494 |
| | | <u>134,212</u> |
| Medical Products – 5.3% | | |
| 6,400 | Abbott Laboratories | 356,800 |
| 3,900 | Henry Schein, Inc.* | 144,417 |
| 7,200 | Johnson & Johnson | 425,520 |

| Shares | Description | Value |
|---|------------------------------------|------------------|
| Common Stocks – (continued) | | |
| Medical Products – (continued) | | |
| 3,500 | Medtronic, Inc. | \$ 179,235 |
| 2,300 | STERIS Corp.* | 42,021 |
| 600 | Stryker Corp. | 35,022 |
| | | <u>1,183,015</u> |
| Medical Providers – 0.4% | | |
| 1,400 | UnitedHealth Group, Inc. | 99,078 |
| Oil Refining – 0.1% | | |
| 700 | Black Hills Corp. | 23,688 |
| Oil Services – 0.4% | | |
| 1,500 | Baker Hughes, Inc. | 54,705 |
| 1,900 | Halliburton Co. | 24,890 |
| | | <u>79,595</u> |
| Property Insurance – 1.6% | | |
| 2,800 | American International Group, Inc. | 222,320 |
| 400 | American National Insurance Co. | 33,640 |
| 1,900 | Loews Corp. | 105,222 |
| | | <u>361,182</u> |
| Publishing – 0.5% | | |
| 1,900 | Deluxe Corp. | 79,002 |
| 1,200 | Wallace Computer Services, Inc. | 22,788 |
| | | <u>101,790</u> |
| Securities/Asset Management – 1.5% | | |
| 1,200 | E*TRADE Group, Inc.* | 12,300 |
| 600 | Lehman Brothers Holdings, Inc. | 40,080 |
| 1,000 | SEI Investments Co. | 45,110 |
| 1,400 | The Bear Stearns Cos., Inc. | 82,096 |
| 2,800 | The John Nuveen Co. | 149,744 |
| | | <u>329,330</u> |
| Semiconductors – 6.3% | | |
| 6,700 | Avnet, Inc. | 170,649 |
| 3,600 | Axcelis Technologies, Inc.* | 46,404 |
| 4,500 | Fairchild Semiconductor Corp.* | 126,900 |
| 24,800 | Intel Corp. | 779,960 |
| 600 | Intersil Corp.* | 19,350 |
| 4,100 | LSI Logic Corp.* | 64,698 |
| 1,400 | Semtech Corp.* | 49,966 |
| 5,200 | Texas Instruments, Inc. | 145,600 |
| | | <u>1,403,527</u> |
| Specialty Retail – 4.6% | | |
| 1,000 | AutoZone, Inc.* | 71,800 |
| 2,800 | Best Buy Co., Inc.* | 208,544 |
| 500 | BJ's Wholesale Club, Inc.* | 22,050 |
| 600 | Krispy Kreme Doughnuts, Inc.* | 26,520 |
| 1,000 | Longs Drug Stores Corp. | 23,380 |
| 10,500 | The Home Depot, Inc. | 535,605 |
| 3,900 | Walgreen Co. | 131,274 |
| | | <u>1,019,173</u> |

Statement of Investments (continued)

December 31, 2001

| Shares | Description | Value |
|--|--------------------------------|---------------------|
| Common Stocks – (continued) | | |
| Telecommunications Equipment – 1.1% | | |
| 7,100 | Corning, Inc. | \$ 63,332 |
| 3,800 | QUALCOMM, Inc.* | 191,900 |
| | | <u>255,232</u> |
| Telephone – 0.3% | | |
| 2,300 | BCE, Inc. | 52,440 |
| 400 | WorldCom, Inc.-MCI Group | 5,080 |
| 1,518 | WorldCom, Inc.-WorldCom Group | 21,374 |
| | | <u>78,894</u> |
| Truck Freight – 0.1% | | |
| 400 | United Parcel Service, Inc. | 21,800 |
| Wireless – 2.6% | | |
| 1,600 | 3Com Corp.* | 10,208 |
| 6,700 | American Tower Corp. Class A* | 63,449 |
| 26,500 | AT&T Wireless Services, Inc.* | 380,805 |
| 200 | Telephone & Data Systems, Inc. | 17,950 |
| 1,700 | United States Cellular Corp.* | 76,925 |
| 800 | UTStarcom, Inc.* | 22,800 |
| | | <u>572,137</u> |
| TOTAL COMMON STOCKS | | |
| (Cost \$23,219,431) | | <u>\$21,943,146</u> |

| Shares | Description | Value |
|----------------------------|--|---------------------|
| Mutual Funds – 1.3% | | |
| 5,700 | iShares Russell 1000 Growth Index* Fund | \$ 290,358 |
| TOTAL MUTUAL FUNDS | | |
| (Cost \$291,676) | | <u>\$ 290,358</u> |
| TOTAL INVESTMENTS | | |
| (Cost \$23,511,107) | | <u>\$22,233,504</u> |

* Non-income producing security.

The percentage shown for each investment category reflects the value of investments in that category as a percentage of total net assets.

Shareholder Letter

Dear Shareholders:

We are pleased to report on the performance of the Goldman Sachs Variable Insurance Trust — CORESM Small Cap Equity Fund. This annual report covers the one-year period that ended December 31, 2001.

Market Review

The Russell 2000 Index (the “Index”) gained 2.49% during 2001. Within the Index the Consumer Cyclical sector was the biggest contributor to the rise, as it posted a 24.6% return. The next largest contributors were the Financial and Consumer Services sectors. Conversely, the Technology sector was the weakest performing sector within the Index.

Performance Review

Over the one-year period that ended December 31, 2001 the Fund generated a 4.53% cumulative total return. Over the same time period the Fund’s benchmark, the Russell 2000 Index (with dividends reinvested) generated a 2.49% cumulative total return.

Of the CORE themes, Profitability, which favors companies with sound fundamentals, such as high profit margins and good operating efficiency, was the biggest positive contributor to excess returns relative to the benchmark. Valuation also performed well during the year, contributing positively to excess returns versus the benchmark in three out of four quarters. Though Momentum was up in the second and third quarters, its struggles in the first and fourth quarters caused it to be the biggest detractor from relative returns. Fundamental Research also was down for the year, while Earnings Quality ended flat.

Stock selection was a positive contributor in nine of the 13 sectors that make up the Fund. The best relative returns were generated in the Technology and Healthcare sectors, while it lagged the benchmark most notably in the Financial and Consumer Non-Cyclicals sectors.

Investment Objective

The Fund seeks long-term capital growth, primarily through a broadly diversified portfolio of equity securities of U.S. issuers which are included in the Russell 2000 Index at the time of investment.

The Fund employs a disciplined approach that combines fundamental investment research provided by Goldman, Sachs & Co.’s Global Investment Research Department and consensus opinions with quantitative analysis generated by the Asset Management Division’s proprietary model. This quantitative system evaluates each stock using many different criteria, including valuation measures, growth expectations, earnings momentum and risk profile. It also objectively analyzes the impact of current economic conditions on different types of stocks to determine where the emphasis should be placed. The portfolio construction process evaluates stocks based on their overall expected return and their contribution to portfolio risk. The final portfolio is the one that has the highest potential return for the targeted amount of risk.

Shareholder Letter (continued)

Portfolio Composition

*Top 10 Portfolio Holdings as of December 31, 2001**

| <u>Company</u> | <u>Business</u> | <u>% Portfolio</u> |
|--|---------------------------|--------------------|
| The Great Atlantic & Pacific Tea Co., Inc. | Grocery | 1.1% |
| Polaris Industries, Inc. | Leisure | 0.7 |
| The Toro Co. | Consumer Durables | 0.7 |
| Diagnostic Products Corp. | Drugs | 0.7 |
| The John Nuveen Co. | Security/Asset Management | 0.7 |
| Amlı Residential Properties Trust | Equity REIT | 0.6 |
| Oneok, Inc. | Gas Utilities | 0.6 |
| Hughes Supply, Inc. | Industrial Parts | 0.6 |
| Airborne, Inc. | Truck Freight | 0.6 |
| Commercial Federal Corp. | Banks | 0.5 |

** Opinions expressed in this report represent our present opinions only. Reference to individual securities should not be construed as a commitment that such securities will be retained in the Fund. From time to time, the Fund may change the individual securities it holds, the number or types of securities held and the markets in which it invests. References to individual securities do not constitute a recommendation to the investor to buy, hold or sell such securities. In addition, references to past performance of the Fund do not indicate future returns, which are not guaranteed and will vary.*

Outlook

Looking ahead, we continue to believe that cheaper stocks should outpace more expensive ones and good momentum stocks should do better than poor momentum stocks. We also prefer names favored by fundamental research analysts and companies that have sustainable earnings and strong profit margins. As such, we anticipate remaining fully invested and expect that the value we add over time will be due to stock selection, as opposed to sector or size allocations.

We thank you for your investment and look forward to your continued confidence.

Goldman Sachs Quantitative Equity Management Team

January 11, 2002

CORE is a service mark of Goldman, Sachs & Co.

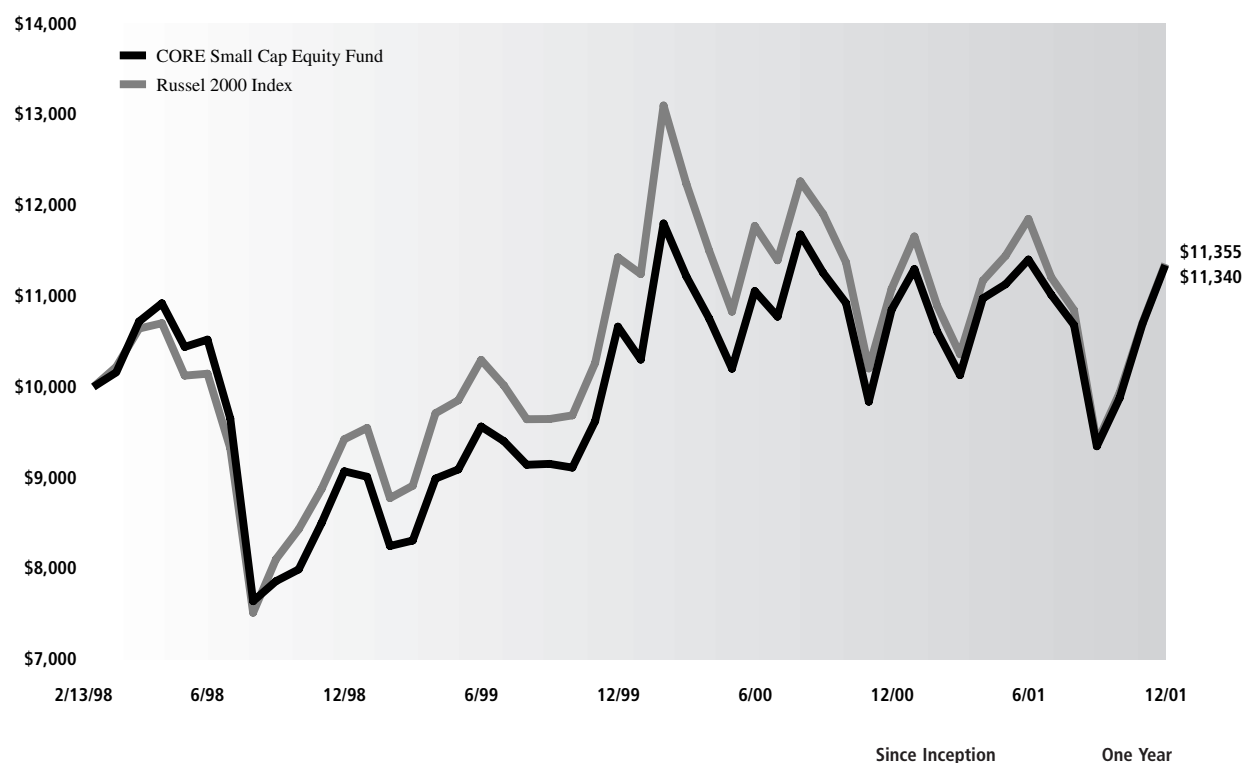
Performance Summary

December 31, 2001

The following graph shows the value as of December 31, 2001, of a \$10,000 investment made February 13, 1998 (commencement of operations). For comparative purposes, the performance of the Fund's benchmark (Russell 2000 Index) is shown. All performance data shown represents past performance and should not be considered indicative of future performance which will fluctuate with changes in market conditions. These performance fluctuations will cause an investor's shares, when redeemed, to be worth more or less than their original cost. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

CORE Small Cap Equity Fund's Lifetime Performance

Growth of a \$10,000 investment, Distributions Reinvested from February 13, 1998 to December 31, 2001.



Average Annual Total Return through December 31, 2001

| | | |
|--|-------|-------|
| CORE Small Cap Equity Fund (commenced February 13, 1998) | 3.29% | 4.53% |
|--|-------|-------|

Statement of Investments

December 31, 2001

| Shares | Description | Value |
|------------------------------|---|------------------|
| Common Stocks – 97.7% | | |
| Airlines – 0.5% | | |
| 5,200 | Atlantic Coast Airlines Holdings, Inc.* | \$ 121,108 |
| 6,950 | Frontier Airlines, Inc.* | 118,150 |
| 6,100 | Mesa Air Group, Inc.* | 45,872 |
| | | <u>285,130</u> |
| Alcohol – 0.1% | | |
| 1,600 | The Robert Mondavi Corp.* | 60,800 |
| Apparel – 0.1% | | |
| 4,000 | Skechers U.S.A., Inc.* | 58,480 |
| Banks – 6.5% | | |
| 2,200 | Capital City Bank Group, Inc. | 53,306 |
| 6,800 | Commerce Bancorp, Inc. | 267,512 |
| 12,700 | Commercial Federal Corp. | 298,450 |
| 2,300 | Compass Bancshares, Inc. | 65,090 |
| 4,300 | Corus Bankshares, Inc. | 195,220 |
| 4,200 | Cullen/Frost Bankers, Inc. | 129,696 |
| 2,400 | First Citizens BancShares, Inc. | 234,600 |
| 4,030 | Fulton Financial Corp. | 87,975 |
| 2,300 | GBC Bancorp | 67,850 |
| 4,900 | Greater Bay Bancorp | 140,042 |
| 2,300 | Hancock Holding Co. | 98,992 |
| 3,000 | Independence Community Bank Corp. | 68,280 |
| 4,300 | Investors Financial Services Corp. | 284,703 |
| 1,800 | MidAmerica Bancorp | 59,580 |
| 4,600 | OceanFirst Financial Corp. | 111,136 |
| 3,800 | Pacific Capital Bancorp | 105,602 |
| 6,300 | Pacific Century Financial Corp. | 163,107 |
| 2,200 | Prosperity Bancshares, Inc. | 59,378 |
| 3,500 | Provident Financial Group, Inc. | 91,980 |
| 7,600 | Santander BanCorp | 147,516 |
| 1,900 | Silicon Valley Bancshares* | 50,787 |
| 6,600 | Sterling Bancshares, Inc. | 82,632 |
| 7,700 | Trustmark Corp. | 186,571 |
| 3,570 | UMB Financial Corp. | 142,800 |
| 5,800 | Westamerica Bancorp | 229,506 |
| 3,900 | Wintrust Financial Corp. | 119,223 |
| | | <u>3,541,534</u> |
| Chemicals – 2.5% | | |
| 4,200 | Airgas, Inc.* | 63,504 |
| 4,900 | Albemarle Corp. | 117,600 |
| 6,700 | Arch Chemicals, Inc. | 155,440 |
| 3,000 | Ashland, Inc. | 138,240 |
| 5,500 | Brady Corp. | 201,300 |
| 1,800 | H.B. Fuller Co. | 51,786 |
| 6,000 | Millennium Chemicals, Inc. | 75,600 |
| 1,800 | NCH Corp. | 93,870 |
| 2,200 | Rogers Corp.* | 66,660 |
| 5,800 | The Lubrizol Corp. | 203,522 |
| 3,800 | The Scotts Co.* | 180,880 |
| | | <u>1,348,402</u> |
| Clothing – 1.1% | | |
| 1,500 | Chicos FAS, Inc.* | 59,550 |
| 2,400 | Christopher & Banks Corp.* | 82,200 |

| Shares | Description | Value |
|------------------------------------|--|------------------|
| Common Stocks – (continued) | | |
| Clothing – (continued) | | |
| 900 | Payless ShoeSource, Inc.* | \$ 50,535 |
| 5,700 | Stein Mart, Inc.* | 47,652 |
| 2,500 | The Childrens Place Retail Stores, Inc.* | 67,875 |
| 17,200 | The Finish Line, Inc.* | 262,988 |
| 2,300 | The Wet Seal, Inc.* | 54,165 |
| | | <u>624,965</u> |
| Computer Hardware – 3.5% | | |
| 18,600 | 3Com Corp.* | 118,668 |
| 3,700 | Celeritek, Inc.* | 49,543 |
| 4,000 | Checkpoint Systems, Inc.* | 53,600 |
| 6,400 | Coinstar, Inc.* | 160,000 |
| 3,100 | Computer Network Technology Corp.* | 55,149 |
| 11,700 | Daisytek International Corp. | 154,089 |
| 5,100 | Echelon Corp.* | 72,216 |
| 4,000 | Global Imaging Systems, Inc.* | 59,720 |
| 11,300 | IKON Office Solutions, Inc. | 132,097 |
| 7,600 | Imation Corp.* | 164,008 |
| 6,000 | InFocus Corp.* | 132,120 |
| 1,050 | Kronos, Inc.* | 50,799 |
| 3,900 | Mercury Computer Systems, Inc.* | 152,529 |
| 2,900 | RadiSys Corp.* | 57,014 |
| 3,800 | SBS Technologies, Inc.* | 55,366 |
| 3,700 | Secure Computing Corp.* | 76,035 |
| 3,700 | Storage Technology Corp.* | 76,479 |
| 3,900 | Tech Data Corp.* | 168,792 |
| 2,500 | Zebra Technologies Corp.* | 138,775 |
| | | <u>1,926,999</u> |
| Computer Software – 4.7% | | |
| 19,600 | Acclaim Entertainment, Inc.* | 103,880 |
| 8,150 | Activision, Inc.* | 211,981 |
| 5,600 | Actuate Corp.* | 29,512 |
| 3,200 | Avant! Corp.* | 65,568 |
| 4,900 | Avid Technology, Inc.* | 59,535 |
| 9,700 | Borland Software Corp.* | 151,902 |
| 5,800 | CACI International, Inc.* | 229,013 |
| 2,900 | Catapult Communications Corp.* | 75,574 |
| 6,600 | Documentum, Inc.* | 143,352 |
| 5,400 | Entrust, Inc.* | 55,026 |
| 4,850 | EPIQ Systems, Inc.* | 93,848 |
| 4,500 | FileNET Corp.* | 91,305 |
| 4,000 | HNC Software, Inc.* | 82,400 |
| 4,100 | Intergraph Corp.* | 56,334 |
| 5,800 | J.D. Edwards & Co.* | 95,410 |
| 3,400 | JDA Software Group, Inc.* | 75,990 |
| 2,600 | Manhattan Associates, Inc.* | 75,790 |
| 3,400 | Midway Games, Inc.* | 51,034 |
| 5,900 | MSC Software Corp.* | 92,040 |
| 32,800 | Novell, Inc.* | 150,552 |
| 3,300 | Pharmacopeia, Inc.* | 45,837 |
| 4,100 | Radiant Systems, Inc.* | 47,150 |
| 1,700 | Renaissance Learning, Inc.* | 51,799 |
| 3,600 | SeaChange International, Inc.* | 122,832 |
| 4,100 | SERENA Software, Inc.* | 89,134 |

| Shares | Description | Value |
|--|---|------------------|
| Common Stocks – (continued) | | |
| Computer Software – (continued) | | |
| 4,400 | The Titan Corp.* | \$ 109,780 |
| 2,300 | Websense, Inc.* | 73,761 |
| | | <u>2,530,339</u> |
| Construction – 2.0% | | |
| 2,600 | Beazer Homes USA, Inc.* | 190,242 |
| 6,500 | Champion Enterprises, Inc.* | 80,015 |
| 6,100 | EMCOR Group, Inc.* | 276,940 |
| 8,100 | Fleetwood Enterprises, Inc. | 91,773 |
| 14,550 | Griffon Corp.* | 218,250 |
| 2,600 | Insituform Technologies, Inc.* | 66,508 |
| 600 | NVR, Inc.* | 122,400 |
| 7,600 | ResortQuest International, Inc.* | 36,176 |
| | | <u>1,082,304</u> |
| Consumer Durables – 1.2% | | |
| 3,800 | Kimball International, Inc. Class B | 57,570 |
| 1,600 | Mohawk Industries, Inc.* | 87,808 |
| 2,900 | The Sherwin-Williams Co. | 79,750 |
| 8,400 | The Toro Co. | 378,000 |
| 3,000 | Universal Electronics, Inc.* | 51,630 |
| | | <u>654,758</u> |
| Defense/Aerospace – 0.6% | | |
| 5,900 | AAR Corp. | 53,159 |
| 1,000 | Curtiss-Wright Corp. | 47,750 |
| 5,300 | Kaman Corp. | 82,680 |
| 4,700 | Moog, Inc.* | 102,460 |
| 3,300 | Teledyne Technologies, Inc.* | 53,757 |
| | | <u>339,806</u> |
| Department Stores – 0.4% | | |
| 7,800 | Dillard's, Inc. | 124,800 |
| 11,700 | Shopko Stores, Inc.* | 111,150 |
| | | <u>235,950</u> |
| Drugs – 7.1% | | |
| 4,600 | 3 Dimensional Pharmaceutical, Inc.* | 39,054 |
| 2,800 | Affymetrix, Inc.* | 105,700 |
| 2,200 | Alexion Pharmaceuticals, Inc.* | 53,768 |
| 3,178 | AmerisourceBergen Corp. | 201,962 |
| 3,100 | Cephalon, Inc.* | 234,313 |
| 3,500 | Charles River Laboratories International, Inc.* | 117,180 |
| 3,400 | Corixa Corp.* | 51,238 |
| 8,500 | Diagnostic Products Corp. | 373,575 |
| 1,800 | Digene Corp.* | 53,100 |
| 3,500 | Diversa Corp.* | 49,525 |
| 4,800 | First Horizon Pharmaceutical Corp.* | 141,072 |
| 2,600 | Gene Logic, Inc.* | 48,984 |
| 7,400 | Genome Therapeutics Corp.* | 50,394 |
| 5,500 | Harvard Bioscience, Inc.* | 54,670 |
| 3,700 | Herbalife International, Inc. | 52,614 |
| 3,400 | Hyseq, Inc.* | 26,248 |
| 4,800 | IDEXX Laboratories, Inc.* | 136,848 |
| 5,600 | Immunomedics, Inc.* | 113,456 |

| Shares | Description | Value |
|------------------------------------|--|------------------|
| Common Stocks – (continued) | | |
| Drugs – (continued) | | |
| 800 | Invitrogen Corp.* | \$ 49,544 |
| 2,600 | Kos Pharmaceuticals, Inc.* | 89,960 |
| 2,100 | Martek Biosciences Corp.* | 45,675 |
| 11,100 | Medarex, Inc.* | 199,356 |
| 1,200 | Medicis Pharmaceutical Corp.* | 77,508 |
| 2,900 | MGI Pharma, Inc.* | 44,312 |
| 5,700 | NBTY, Inc.* | 66,690 |
| 4,200 | Onyx Pharmaceuticals, Inc.* | 21,504 |
| 20,600 | Perrigo Co.* | 243,492 |
| 6,900 | Pharmaceutical Resources, Inc.* | 233,220 |
| 7,172 | Priority Healthcare Corp. Class B* | 252,383 |
| 2,500 | Progenics Pharmaceuticals, Inc.* | 46,175 |
| 4,100 | Scios, Inc.* | 97,457 |
| 4,100 | Serologicals Corp.* | 88,150 |
| 9,200 | SICOR, Inc.* | 144,256 |
| 5,200 | Syncor International Corp.* | 148,928 |
| 2,200 | Tularik, Inc.* | 52,844 |
| 3,500 | Vical, Inc.* | 42,840 |
| | | <u>3,847,995</u> |
| Electrical Equipment – 5.6% | | |
| 3,300 | 3D Systems Corp.* | 47,025 |
| 2,100 | ADTRAN, Inc.* | 53,592 |
| 6,100 | Allen Telecom, Inc.* | 51,850 |
| 7,800 | Anixter International, Inc.* | 226,278 |
| 3,100 | BEI Technologies, Inc. | 54,064 |
| 5,200 | Benchmark Electronics, Inc.* | 98,592 |
| 8,700 | Cable Design Technologies Corp.* | 119,016 |
| 700 | Cabot Microelectronics Corp.* | 55,475 |
| 3,400 | CommScope, Inc.* | 72,318 |
| 6,400 | DMC Stratex Networks, Inc.* | 49,792 |
| 3,200 | DSP Group, Inc.* | 74,432 |
| 1,700 | FEI Co.* | 53,567 |
| 6,200 | Fisher Scientific International, Inc.* | 181,040 |
| 2,500 | FLIR Systems, Inc.* | 94,800 |
| 6,700 | General Cable Corp. | 87,770 |
| 3,900 | Helix Technology Corp. | 87,945 |
| 4,400 | II-VI, Inc.* | 75,812 |
| 6,400 | Input/Output, Inc.* | 52,544 |
| 5,400 | InterDigital Communications Corp.* | 52,380 |
| 4,900 | Interface, Inc. | 27,489 |
| 4,200 | Itron, Inc.* | 127,260 |
| 9,200 | MRV Communications, Inc.* | 39,008 |
| 1,900 | Nanometrics, Inc.* | 36,860 |
| 8,400 | Pemstar, Inc.* | 100,800 |
| 14,100 | Pioneer-Standard Electronics, Inc. | 179,070 |
| 2,600 | Planar Systems, Inc.* | 54,860 |
| 4,300 | Plantronics, Inc.* | 110,252 |
| 5,100 | Plexus Corp.* | 135,456 |
| 5,400 | SymmetriCom, Inc.* | 41,094 |
| 3,600 | Tekelec* | 65,196 |
| 12,500 | Terayon Communication Systems, Inc.* | 103,387 |
| 5,600 | Trimble Navigation Ltd.* | 90,776 |
| 10,600 | Turnstone Systems, Inc.* | 42,082 |
| 2,800 | Ulticom, Inc.* | 28,168 |
| 2,800 | Ultratech Stepper, Inc.* | 46,256 |

Statement of Investments (continued)

December 31, 2001

| Shares | Description | Value |
|---|---|------------------|
| Common Stocks – (continued) | | |
| Electrical Equipment – (continued) | | |
| 4,500 | Varian, Inc.* | \$ 145,980 |
| 7,683 | Vialta, Inc.* | 9,527 |
| 2,000 | Vicor Corp.* | 32,400 |
| 3,700 | Zygo Corp.* | 58,830 |
| | | <u>3,063,043</u> |
| Electrical Utilities – 0.5% | | |
| 6,400 | Avista Corp. | 84,864 |
| 7,300 | Public Service Co. of New Mexico | 204,035 |
| | | <u>288,899</u> |
| Energy Resources – 0.8% | | |
| 8,200 | Chesapeake Energy Corp.* | 54,202 |
| 1,600 | Evergreen Resources, Inc.* | 61,776 |
| 7,600 | KCS Energy, Inc.* | 23,712 |
| 5,600 | Quicksilver Resources, Inc.* | 106,680 |
| 2,200 | Spinnaker Exploration Co.* | 90,552 |
| 2,500 | Western Gas Resources, Inc. | 80,800 |
| | | <u>417,722</u> |
| Entertainment – 0.3% | | |
| 7,000 | Handleman Co.* | 103,950 |
| 4,200 | World Wrestling Federation Entertainment, Inc.* | 55,230 |
| | | <u>159,180</u> |
| Environmental Services – 0.5% | | |
| 2,800 | CARBO Ceramics, Inc. | 109,648 |
| 9,000 | Casella Waste Systems, Inc.* | 133,290 |
| 8,700 | Covanta Energy Corp.* | 39,324 |
| | | <u>282,262</u> |
| Equity REIT – 6.2% | | |
| 1,600 | Alexandria Real Estate Equities, Inc. | 65,760 |
| 13,300 | Amlti Residential Properties Trust | 335,426 |
| 3,700 | AvalonBay Communities, Inc. | 175,047 |
| 1,300 | Camden Property Trust | 47,710 |
| 8,600 | CBL & Associates Properties, Inc. | 270,900 |
| 6,700 | EastGroup Properties, Inc. | 154,569 |
| 13,500 | FelCor Lodging Trust, Inc. | 225,585 |
| 6,000 | First Industrial Realty Trust, Inc. | 186,600 |
| 3,700 | General Growth Properties, Inc. | 143,560 |
| 8,100 | Healthcare Realty Trust, Inc. | 226,800 |
| 9,300 | Highwoods Properties, Inc. | 241,335 |
| 2,200 | Hospitality Properties Trust | 64,900 |
| 2,900 | iStar Financial, Inc. | 72,355 |
| 4,900 | Kilroy Realty Corp. | 128,723 |
| 14,500 | MeriStar Hospitality Corp. | 205,900 |
| 6,300 | Mid-America Apartment Communities, Inc. | 165,690 |
| 8,200 | Prime Group Realty Trust | 75,686 |
| 7,200 | PS Business Parks, Inc. | 226,800 |
| 4,000 | Public Storage, Inc. | 133,600 |
| 4,800 | Regency Centers Corp. | 133,200 |
| 3,400 | Shurgard Storage Centers, Inc. | 108,800 |
| | | <u>3,388,946</u> |

| Shares | Description | Value |
|------------------------------------|--|------------------|
| Common Stocks – (continued) | | |
| Financial Services – 1.0% | | |
| 4,900 | Advanta Corp. | \$ 48,706 |
| 2,100 | Brown & Brown | 57,330 |
| 3,200 | Credit Acceptance Corp.* | 28,480 |
| 3,800 | IndyMac Bancorp, Inc.* | 88,844 |
| 12,000 | Insignia Financial Group, Inc.* | 129,600 |
| 4,100 | National Processing, Inc.* | 133,250 |
| 2,257 | SWS Group, Inc. | 57,441 |
| | | <u>543,651</u> |
| Food & Beverage – 2.1% | | |
| 7,500 | Corn Products International, Inc. | 264,375 |
| 2,800 | Dole Food Co., Inc. | 75,124 |
| 14,300 | Fleming Cos., Inc. | 264,550 |
| 4,400 | Interstate Bakeries Corp. | 106,392 |
| 3,800 | Performance Food Group Co.* | 133,646 |
| 6,200 | Pilgrim's Pride Corp. | 84,010 |
| 4,300 | Smithfield Foods, Inc.* | 94,772 |
| 5,800 | United Natural Foods, Inc.* | 145,000 |
| | | <u>1,167,869</u> |
| Forest – 1.6% | | |
| 4,200 | Chesapeake Corp. | 116,802 |
| 1,800 | Greif Bros. Corp. | 59,310 |
| 4,400 | Ivex Packaging Corp.* | 83,600 |
| 4,600 | Louisiana-Pacific Corp. | 38,824 |
| 4,200 | Pope & Talbot, Inc. | 59,850 |
| 4,900 | Schweitzer-Mauduit International, Inc. | 116,375 |
| 8,500 | United Stationers, Inc.* | 286,025 |
| 4,400 | Universal Forest Products, Inc. | 92,092 |
| | | <u>852,878</u> |
| Gas Utilities – 1.6% | | |
| 3,500 | Cascade Natural Gas Corp. | 77,175 |
| 2,900 | Northwest Natural Gas Co. | 73,950 |
| 17,900 | Oneok, Inc. | 319,336 |
| 3,700 | South Jersey Industries, Inc. | 120,620 |
| 6,400 | UGI Corp. | 193,280 |
| 2,700 | WGL Holdings, Inc. | 78,489 |
| | | <u>862,850</u> |
| Grocery – 1.1% | | |
| 24,900 | The Great Atlantic & Pacific Tea Co., Inc. | 592,122 |
| Heavy Electrical – 1.2% | | |
| 8,100 | A.O. Smith Corp. | 157,950 |
| 6,200 | Andrew Corp.* | 135,718 |
| 4,800 | Belden, Inc. | 113,040 |
| 3,300 | LSI Industries, Inc. | 57,420 |
| 2,900 | Thomas & Betts Corp. | 61,335 |
| 2,300 | Woodward Governor Co. | 133,975 |
| | | <u>659,438</u> |
| Heavy Machinery – 1.3% | | |
| 7,000 | AGCO Corp. | 110,460 |
| 13,400 | JLG Industries, Inc. | 142,710 |
| 2,800 | Lindsay Manufacturing Co. | 54,180 |

| Shares | Description | Value |
|--------------------------------------|--|------------------|
| Common Stocks – (continued) | | |
| Heavy Machinery – (continued) | | |
| 2,600 | NACCO Industries, Inc. | \$ 147,654 |
| 6,600 | Terex Corp.* | 115,764 |
| 4,300 | Trinity Industries, Inc. | 116,831 |
| | | <u>687,599</u> |
| Home Products – 0.9% | | |
| 4,300 | Alberto-Culver Co. Class B | 192,382 |
| 6,700 | Church & Dwight Co., Inc. | 178,421 |
| 8,200 | The Dial Corp. | 140,630 |
| | | <u>511,433</u> |
| Hotels – 0.7% | | |
| 5,400 | Ameristar Casinos, Inc.* | 135,270 |
| 1,600 | Argosy Gaming Co.* | 52,032 |
| 9,500 | Aztar Corp.* | 173,850 |
| | | <u>361,152</u> |
| Industrial Parts – 2.7% | | |
| 7,600 | Applied Industrial Technologies, Inc. | 141,740 |
| 4,100 | CompX International, Inc. | 53,177 |
| 5,100 | ESCO Technologies, Inc.* | 175,899 |
| 3,700 | Flowserve Corp.* | 98,457 |
| 10,000 | Hughes Supply, Inc. | 308,700 |
| 2,300 | Kennametal, Inc. | 92,621 |
| 11,500 | Lennox International, Inc. | 111,550 |
| 2,700 | Nordson Corp. | 71,307 |
| 2,900 | Nortek, Inc.* | 80,910 |
| 1,600 | SPS Technologies, Inc.* | 55,872 |
| 2,600 | Tecumseh Products Co. | 131,638 |
| 6,200 | The Timken Co. | 100,316 |
| 2,600 | Watts Industries, Inc. | 39,000 |
| | | <u>1,461,187</u> |
| Industrial Services – 1.8% | | |
| 4,900 | Administaff, Inc.* | 134,309 |
| 1,500 | Copart, Inc.* | 54,555 |
| 8,200 | Dollar Thrifty Automotive Group, Inc.* | 127,100 |
| 6,100 | Gentiva Health Services, Inc.* | 133,895 |
| 3,900 | ITT Educational Services, Inc.* | 143,793 |
| 1,900 | Learning Tree International, Inc.* | 53,010 |
| 9,300 | Rent-Way, Inc.* | 55,707 |
| 5,500 | Ryder System, Inc. | 121,825 |
| 6,700 | Spherion Corp.* | 65,392 |
| 1,900 | SRI/Surgical Express, Inc.* | 30,400 |
| 2,500 | United Rentals, Inc.* | 56,750 |
| | | <u>976,736</u> |
| Information Services – 3.9% | | |
| 4,300 | ADVO, Inc.* | 184,900 |
| 500 | Affiliated Computer Services, Inc.* | 53,065 |
| 5,600 | Allscripts Healthcare Solutions, Inc.* | 18,144 |
| 2,050 | BARRA, Inc.* | 96,534 |
| 2,300 | Cognizant Technology Solutions Corp.* | 94,254 |
| 2,400 | CoStar Group, Inc.* | 57,624 |
| 3,100 | Daktronics, Inc.* | 26,195 |
| 6,700 | DiamondCluster International, Inc.* | 87,770 |

| Shares | Description | Value |
|---|--------------------------------------|------------------|
| Common Stocks – (continued) | | |
| Information Services – (continued) | | |
| 3,800 | Exult, Inc.* | \$ 60,990 |
| 1,200 | F.Y.I., Inc.* | 40,200 |
| 1,500 | FactSet Research Systems, Inc. | 52,425 |
| 1,300 | Fair Isaac & Co., Inc. | 81,926 |
| 3,580 | Global Payments, Inc. | 123,152 |
| 7,500 | Interactive Data Corp. | 106,050 |
| 4,000 | Jack Henry & Associates, Inc. | 87,360 |
| 4,700 | Lexicon Genetics, Inc.* | 54,238 |
| 2,900 | Multex.com, Inc.* | 13,050 |
| 4,300 | NDCHealth Corp. | 148,565 |
| 5,500 | PEC Solutions, Inc.* | 206,855 |
| 6,550 | Pegasus Systems, Inc.* | 93,010 |
| 1,800 | R.H. Donnelley Corp.* | 52,290 |
| 4,100 | SBA Communications Corp.* | 53,382 |
| 2,500 | StarTek, Inc.* | 47,375 |
| 2,600 | Symyx Technologies, Inc.* | 55,224 |
| 7,600 | TeleTech Holdings, Inc.* | 108,908 |
| 2,125 | Tetra Tech, Inc.* | 42,309 |
| 1,900 | Travelocity.com, Inc.* | 54,549 |
| | | <u>2,100,344</u> |
| Internet – 2.6% | | |
| 13,300 | Akamai Technologies, Inc.* | 79,002 |
| 14,500 | Art Technology Group, Inc.* | 50,460 |
| 7,500 | Click Commerce, Inc.* | 23,700 |
| 20,600 | Commerce One, Inc.* | 73,542 |
| 5,000 | HotJobs.com, Ltd.* | 51,950 |
| 6,900 | Inet Technologies, Inc.* | 72,933 |
| 4,600 | Investment Technology Group, Inc.* | 179,722 |
| 12,000 | Macromedia, Inc.* | 213,600 |
| 6,300 | Nuance Communications, Inc.* | 57,330 |
| 5,200 | Overture Services, Inc.* | 184,236 |
| 9,500 | Priceline.com, Inc.* | 55,290 |
| 5,200 | S1 Corp.* | 84,136 |
| 4,100 | SonicWall, Inc.* | 79,704 |
| 2,500 | Stellent, Inc.* | 73,900 |
| 3,900 | Vastera, Inc.* | 64,779 |
| 2,900 | Verity, Inc.* | 58,725 |
| 1,600 | WebEx Communications, Inc.* | 39,760 |
| | | <u>1,442,769</u> |
| Leisure – 1.7% | | |
| 4,200 | Action Performance Cos., Inc.* | 128,562 |
| 2,000 | Churchill Downs, Inc. | 73,940 |
| 3,400 | Concord Camera Corp.* | 26,928 |
| 6,700 | Dover Downs Entertainment, Inc. | 102,510 |
| 4,900 | JAKKS Pacific, Inc.* | 92,855 |
| 6,600 | Polaris Industries, Inc. | 381,150 |
| 4,350 | SCP Pool Corp.* | 119,408 |
| | | <u>925,353</u> |
| Life Insurance – 0.6% | | |
| 5,100 | AmerUs Group Co. | 182,784 |
| 1,300 | National Western Life Insurance Co.* | 144,560 |
| | | <u>327,344</u> |

Statement of Investments (continued)

December 31, 2001

| Shares | Description | Value |
|------------------------------------|--------------------------------------|------------------|
| Common Stocks – (continued) | | |
| Media – 1.2% | | |
| 5,700 | Arbitron, Inc.* | \$ 194,655 |
| 2,700 | Media General, Inc. | 134,541 |
| 11,600 | Sinclair Broadcast Group, Inc.* | 109,736 |
| 3,400 | The Liberty Corp. | 139,910 |
| 2,200 | Westwood One, Inc.* | 66,110 |
| | | <u>644,952</u> |
| Medical Products – 3.0% | | |
| 1,300 | Analogic Corp. | 50,063 |
| 3,300 | Arrow International, Inc. | 131,802 |
| 2,300 | Closure Medical Corp.* | 53,728 |
| 6,700 | Henry Schein, Inc.* | 248,101 |
| 1,300 | Hillenbrand Industries, Inc. | 71,851 |
| 1,900 | INAMED Corp.* | 57,133 |
| 4,600 | Intuitive Surgical, Inc.* | 46,138 |
| 8,500 | Magellan Health Services, Inc.* | 53,975 |
| 4,600 | Ocular Sciences, Inc.* | 107,180 |
| 11,600 | Owens & Minor, Inc. | 214,600 |
| 2,400 | PolyMedica Corp.* | 39,840 |
| 16,200 | PSS World Medical, Inc.* | 132,192 |
| 2,200 | Respironics, Inc.* | 76,208 |
| 2,900 | SangStat Medical Corp.* | 56,956 |
| 7,600 | STERIS Corp.* | 138,852 |
| 1,300 | Varian Medical Systems, Inc.* | 92,638 |
| 2,100 | Ventana Medical Systems, Inc.* | 47,502 |
| | | <u>1,618,759</u> |
| Medical Providers – 1.6% | | |
| 2,100 | Aetna, Inc. | 69,279 |
| 11,200 | Beverly Enterprises, Inc.* | 96,320 |
| 7,000 | Caremark Rx, Inc.* | 114,170 |
| 7,300 | Coventry Health Care, Inc.* | 145,635 |
| 2,300 | Enzo Biochem, Inc.* | 54,050 |
| 10,700 | Humana, Inc.* | 126,153 |
| 520 | Inverness Medical Innovations, Inc.* | 9,386 |
| 2,400 | Mid Atlantic Medical Services, Inc.* | 54,480 |
| 7,100 | PacifiCare Health Systems, Inc.* | 113,600 |
| 13,500 | Service Corp. International* | 67,365 |
| | | <u>850,438</u> |
| Mining – 2.4% | | |
| 8,200 | AK Steel Holding Corp. | 93,316 |
| 4,400 | Allegheny Technologies, Inc. | 73,700 |
| 2,900 | Ball Corp. | 205,030 |
| 1,700 | Harsco Corp. | 58,310 |
| 8,100 | Massey Energy Co. | 167,913 |
| 3,300 | Mueller Industries, Inc.* | 109,725 |
| 14,000 | Owens-Illinois, Inc.* | 139,860 |
| 7,800 | Quanex Corp. | 220,740 |
| 2,000 | Reliance Steel & Aluminum Corp. | 52,500 |
| 9,200 | RTI International Metals, Inc.* | 91,540 |
| 9,800 | USEC, Inc. | 70,168 |
| | | <u>1,282,802</u> |

| Shares | Description | Value |
|------------------------------------|---|----------------|
| Common Stocks – (continued) | | |
| Motor Vehicle – 1.8% | | |
| 10,000 | Circuit City Stores, Inc. – CarMax Group* | \$ 227,400 |
| 3,100 | Cummins Engine Co., Inc. | 119,474 |
| 7,004 | Dura Automotive Systems, Inc.* | 77,044 |
| 2,700 | Oshkosh Truck Corp. | 131,625 |
| 4,200 | Stewart & Stevenson Services, Inc. | 79,002 |
| 4,800 | Thor Industries, Inc. | 177,840 |
| 8,900 | Tower Automotive, Inc.* | 80,367 |
| 2,700 | Winnebago Industries, Inc. | 99,738 |
| | | <u>992,490</u> |
| Oil Refining – 0.9% | | |
| 7,200 | NorthWestern Corp. | 151,560 |
| 2,000 | Plains Resources, Inc.* | 49,220 |
| 20,900 | Tesoro Petroleum Corp.* | 273,999 |
| | | <u>474,779</u> |
| Oil Services – 1.3% | | |
| 3,300 | Atwood Oceanics, Inc.* | 115,005 |
| 2,100 | Cal Dive International, Inc.* | 51,828 |
| 3,100 | Lufkin Industries, Inc. | 83,080 |
| 4,000 | Oceaneering International, Inc.* | 88,480 |
| 6,000 | Parker Drilling Co.* | 22,140 |
| 5,400 | Pride International, Inc.* | 81,540 |
| 4,000 | Seitel, Inc.* | 54,400 |
| 5,600 | Varco International, Inc.* | 83,888 |
| 7,100 | Veritas DGC, Inc.* | 131,350 |
| | | <u>711,711</u> |
| Property Insurance – 1.7% | | |
| 2,600 | Allmerica Financial Corp. | 115,830 |
| 8,400 | First American Corp. | 157,416 |
| 4,600 | Harleysville Group, Inc. | 109,894 |
| 6,200 | LandAmerica Financial Group, Inc. | 177,940 |
| 1,400 | PMA Capital Corp. | 27,020 |
| 4,200 | The Commerce Group, Inc. | 158,298 |
| 3,500 | The Midland Co. | 153,300 |
| | | <u>899,698</u> |
| Publishing – 1.3% | | |
| 3,600 | Banta Corp. | 106,272 |
| 4,900 | Getty Images, Inc.* | 112,602 |
| 4,400 | Martha Stewart Living Omnimedia, Inc.* | 72,380 |
| 3,600 | Paxar Corp.* | 51,120 |
| 3,600 | Pulitzer, Inc. | 183,600 |
| 2,100 | The McClatchy Co. | 98,700 |
| 5,200 | The Standard Register Co. | 96,356 |
| | | <u>721,030</u> |
| Railroads – 0.1% | | |
| 3,900 | Wabtec Corp. | 47,970 |
| | | <u>47,970</u> |
| Restaurants – 1.6% | | |
| 2,500 | AFC Enterprises, Inc.* | 70,975 |
| 4,700 | CBRL Group, Inc. | 138,368 |
| 10,800 | Landry's Restaurants, Inc. | 201,420 |

| Shares | Description | Value |
|---|-------------------------------------|------------------|
| Common Stocks – (continued) | | |
| Restaurants – (continued) | | |
| 10,900 | Lone Star Steakhouse & Saloon, Inc. | \$ 161,647 |
| 2,200 | Panera Bread Co.* | 114,488 |
| 8,200 | Ruby Tuesday, Inc. | 169,166 |
| | | <u>856,064</u> |
| Securities/Asset Management – 1.3% | | |
| 5,310 | Acacia Research Corp. | 58,782 |
| 5,600 | BlackRock, Inc.* | 233,520 |
| 1,300 | Jefferies Group, Inc. | 55,003 |
| 6,650 | The John Nuveen Co. | 355,642 |
| | | <u>702,947</u> |
| Semiconductors – 2.4% | | |
| 4,400 | Alliance Semiconductor Corp.* | 53,152 |
| 3,700 | ANADIGICS, Inc.* | 56,425 |
| 2,300 | Arrow Electronics, Inc.* | 68,770 |
| 4,350 | Avnet, Inc. | 110,794 |
| 2,900 | AVX Corp. | 68,411 |
| 2,700 | Cohu, Inc. | 53,325 |
| 10,400 | ESS Technology, Inc.* | 221,104 |
| 3,200 | Exar Corp.* | 66,720 |
| 2,100 | Fairchild Semiconductor Corp.* | 59,220 |
| 3,000 | hi/fn, inc.* | 43,410 |
| 2,600 | Integrated Circuit Systems, Inc.* | 58,734 |
| 7,800 | JNI Corp.* | 64,818 |
| 3,800 | Kopin Corp.* | 53,200 |
| 2,600 | Microsemi Corp.* | 77,220 |
| 6,400 | Rainbow Technologies, Inc.* | 47,360 |
| 3,400 | Therma-Wave, Inc.* | 50,728 |
| 4,700 | TriQuint Semiconductor, Inc.* | 57,622 |
| 4,500 | Xicor, Inc.* | 49,950 |
| 1,600 | Zoran Corp.* | 52,224 |
| | | <u>1,313,187</u> |
| Specialty Retail – 3.2% | | |
| 1,300 | AutoZone, Inc.* | 93,340 |
| 7,000 | Brown Shoe Co., Inc. | 113,680 |
| 1,700 | Fred's, Inc. | 69,632 |
| 4,600 | Group 1 Automotive, Inc.* | 131,146 |
| 3,800 | Guitar Center, Inc.* | 51,832 |
| 7,100 | Hollywood Entertainment Corp.* | 101,459 |
| 2,300 | Insight Communications, Inc.* | 55,568 |
| 2,300 | Longs Drug Stores Corp. | 53,774 |
| 3,300 | Maxygen, Inc.* | 57,981 |
| 6,850 | Movie Gallery, Inc.* | 166,866 |
| 3,200 | PC Connection, Inc.* | 47,456 |
| 9,900 | PETsMART, Inc.* | 97,416 |
| 4,100 | Pier 1 Imports, Inc. | 71,094 |
| 1,800 | Rent-A-Center, Inc.* | 60,426 |
| 10,600 | Sonic Automotive, Inc.* | 248,464 |
| 7,600 | Spartan Stores, Inc.* | 90,896 |
| 4,500 | The Pep Boys-Manny, Moe & Jack | 77,175 |
| 4,600 | United Auto Group, Inc.* | 118,726 |
| 2,700 | ValueVision International, Inc.* | 52,893 |
| | | <u>1,759,824</u> |

| Shares | Description | Value |
|------------------------------------|---|---------------------|
| Common Stocks – (continued) | | |
| Telephone – 1.6% | | |
| 7,700 | Allegiance Telecom, Inc.* | \$ 63,833 |
| 2,700 | Commonwealth Telephone Enterprises, Inc.* | 122,850 |
| 3,800 | Dycom Industries, Inc.* | 63,498 |
| 13,000 | IDT Corp.* | 253,630 |
| 6,500 | Metro One Telecommunications, Inc.* | 196,625 |
| 4,200 | NTELOS, Inc.* | 65,058 |
| 11,100 | RCN Corp.* | 32,523 |
| 10,600 | The Montana Power Co.* | 60,950 |
| 5,400 | World Access, Inc.* | 5 |
| | | <u>858,972</u> |
| Thriffs – 0.6% | | |
| 6,400 | BankUnited Financial Corp.* | 95,040 |
| 3,800 | Capitol Federal Financial | 79,192 |
| 2,800 | Corrections Corp. of America* | 51,968 |
| 7,000 | Staten Island Bancorp, Inc. | 114,170 |
| | | <u>340,370</u> |
| Tobacco – 0.4% | | |
| 1,400 | Universal Corp. | 50,974 |
| 4,400 | Vector Group Ltd. | 144,540 |
| | | <u>195,514</u> |
| Truck Freight – 1.5% | | |
| 20,800 | Airborne, Inc. | 308,464 |
| 6,500 | J.B. Hunt Transport Services, Inc.* | 150,800 |
| 5,900 | Offshore Logistics, Inc.* | 104,784 |
| 2,300 | Overseas Shipholding Group | 51,750 |
| 8,100 | Yellow Corp.* | 203,310 |
| | | <u>819,108</u> |
| Wireless – 0.8% | | |
| 4,600 | Alamosa Holdings, Inc.* | 54,878 |
| 10,200 | Audiovox Corp.* | 76,092 |
| 4,400 | Boston Communications Group, Inc.* | 49,940 |
| 3,800 | TeleCorp PCS, Inc.* | 47,386 |
| 10,100 | US Unwired, Inc.* | 102,818 |
| 2,800 | UTStarcom, Inc.* | 79,800 |
| | | <u>410,914</u> |
| TOTAL COMMON STOCKS | | |
| (Cost \$49,302,486) | | \$53,111,768 |
| TOTAL INVESTMENTS | | |
| (Cost \$49,302,486) | | \$53,111,768 |

* Non-income producing security.

The percentage shown for each investment category reflects the value of investments in that category as a percentage of total net assets.

Shareholder Letter

Dear Shareholders:

We are pleased to report on the performance of the Goldman Sachs Variable Insurance Trust — Capital Growth Fund.

This annual report covers the one-year period that ended December 31, 2001.

Market Review

The U.S. equity markets experienced a difficult 2001, as the majority of the major indexes finished in negative territory for the 12-month period. Throughout the year, investors dealt with the abrupt slowdown in the U.S. economy's growth rate, and the resulting sluggish business environment. At the beginning of 2001, the market's weakness was, for the most part, concentrated in the Technology sector. The drivers of the precipitous drop in many of this sector's issues were weakening end-market demand, significant inventory build-up and downward earnings revisions.

As the economy's growth slowed even further, more industries began to report a slowdown in business, and investors sold stocks across the board. In an effort to jolt the sluggish economy, the Federal Reserve Board (the "Fed") lowered the fed funds rate on eleven separate occasions in 2001. Despite the rationale that purports that lower interest rates spur investment, and in turn boost stock prices, the market did not soar on the heels of the looser monetary policy. This was mainly due to the fact that, regardless of the interest rate level, there was simply not enough demand for companies' products and services to warrant new investments. In addition, the events of September 11 further shook the markets. However, there exists the expectation that we will see the positive effects of the Fed's actions in the coming year as the business cycle begins to turn upward.

Performance Review

Over the one-year period that ended December 31, 2001, the Fund generated a -14.46% cumulative total return. Over the same time period, the Fund's benchmark, the Standard & Poor's 500 Index (with dividends reinvested) generated a -11.88% cumulative total return.

As these returns indicate, last year was a challenging period in the financial markets, especially for large cap growth managers. The Fund's underperformance relative to the benchmark was largely due to weak performance by several of our Utilities and Healthcare companies. On the other hand, the Fund was aided by the returns of our Producer Goods and Services holdings.

In terms of specific stocks, AES Corp. was a disappointment. Midway through the year, AES announced that it would fall short of earnings expectations because of the depreciated Brazilian currency and electricity rationing in that country, combined with sustained and continuing decline in UK electricity prices and a shortfall in the new business area. To make matters worse, the company could not provide investors with a growth rate going forward. As a result of management's uncertainty, we sold our entire position.

Towards the end of the year, both Merck & Co., Inc. (1.1% of the portfolio on December 31, 2001) and Bristol-Myers Squibb Co. (2.1%) downwardly revised their earnings outlook for 2002. This was primarily due to impending competition from generic drugs. Although Bristol Myers will begin to face generic competition for its diabetes drug, Glucophage, it has

a very compelling late stage pipeline. We believe that several key acquisitions, coupled with a deep pipeline, should provide Bristol-Myers with the product line it needs to achieve strong earnings growth going forward.

First Data Corp. (1.2%) was a positive contributor to the Fund this year. The company, through its subsidiary Western Union, provides personal and business financial services to consumers and companies throughout the world. The company's growth rate was strong and consistent throughout the year, a feat that was certainly not achieved by many U.S. businesses in 2001. First Data was able to grow its business because of its concerted effort to cut expenditures, successful global expansion, and its ability to take advantage of the shift from paper to electronic payments.

Investment Objective

The Fund seeks long-term capital growth, primarily through investments in a diversified portfolio of companies strategically poised for long-term growth.

Portfolio Composition

Portfolio Composition

*Top 10 Portfolio Holdings as of December 31, 2001**

| <u>Company</u> | <u>Business</u> | <u>% Portfolio</u> |
|-----------------------|--------------------|--------------------|
| Microsoft Corp. | Computer Software | 4.6% |
| General Electric Co. | Financial Services | 4.1 |
| SPDR Trust Series 1 | Other | 3.7 |
| Pfizer, Inc. | Drugs | 3.3 |
| Wal-Mart Stores, Inc. | Department Stores | 3.0 |
| Exxon Mobil Corp. | Energy Resources | 3.0 |
| AOL Time Warner, Inc. | Entertainment | 2.6 |
| Citigroup, Inc. | Banks | 2.3 |
| Intel Corp. | Semiconductors | 2.1 |
| Viacom, Inc. Class B | Entertainment | 2.1 |

** Opinions expressed in this report represent our present opinions only. Reference to individual securities should not be construed as a commitment that such securities will be retained in the Fund. From time to time, the Fund may change the individual securities it holds, the number or types of securities held and the markets in which it invests. References to individual securities do not constitute a recommendation to the investor to buy, hold or sell such securities. In addition, references to past performance of the Fund do not indicate future returns, which are not guaranteed and will vary.*

Shareholder Letter (continued)

Outlook

The U.S. equity markets rose steadily throughout the fourth quarter of 2001. Based on the current sluggish economic environment, we are assuming that the economy will continue to experience flat growth for the next few quarters. Nevertheless, we are hopeful that 2002 will be a period of stronger growth for U.S. companies, as well as businesses around the world. This is not a forecast, but rather an assumption so that we can test the strength of our companies under the upcoming economic environment. Going forward, we will continue to focus our efforts on the strength and sustainability of our companies' financial statements — a practice that we have always employed.

We thank you for your investment and look forward to your continued confidence.

Goldman Sachs Growth Management Team

January 11, 2002

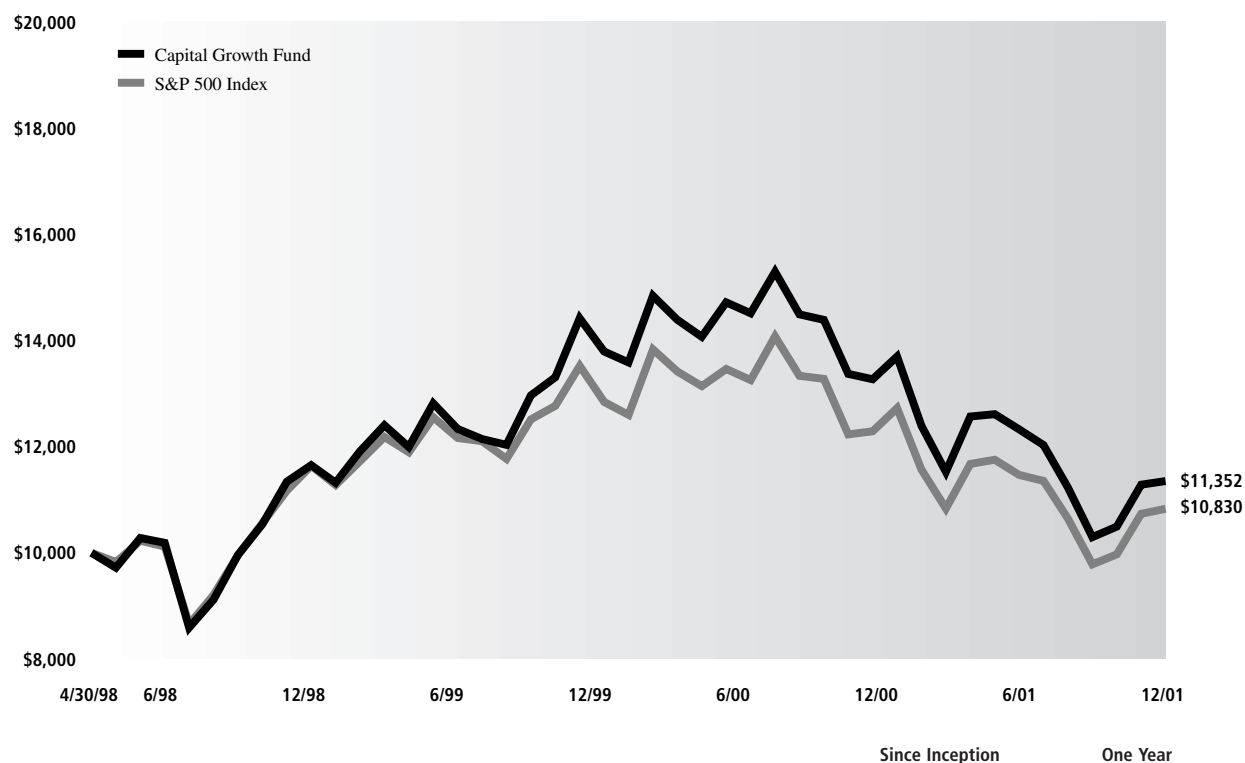
Performance Summary

December 31, 2001

The following graph shows the value as of December 31, 2001, of a \$10,000 investment made on April 30, 1998 (commencement of operations). For comparative purposes, the performance of the Fund's benchmark (the Standard and Poor's 500 Index ("S&P 500 Index")) is shown. This performance data represents past performance and should not be considered indicative of future performance which will fluctuate with changes in market conditions. These performance fluctuations will cause an investor's shares, when redeemed, to be worth more or less than their original cost. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Capital Growth Fund's Lifetime Performance

Growth of a \$10,000 investment, Distributions Reinvested from April 30, 1998 to December 31, 2001.



Average Annual Total Return through December 31, 2001

| | | |
|--|-------|---------|
| Capital Growth Fund (commenced April 30, 1998) | 3.50% | -14.46% |
|--|-------|---------|

Statement of Investments

December 31, 2001

| Shares | Description | Value |
|------------------------------------|---------------------------------------|------------------|
| Common Stocks – 98.5% | | |
| Banks – 5.5% | | |
| 2,400 | Bank of America Corp. | \$ 151,080 |
| 7,433 | Citigroup, Inc. | 375,218 |
| 4,100 | State Street Corp. | 214,225 |
| 1,100 | The Bank of New York Co., Inc. | 44,880 |
| 2,600 | Wells Fargo & Co. | 112,970 |
| | | <u>898,373</u> |
| Chemicals – 1.4% | | |
| 2,467 | E.I. du Pont de Nemours & Co. | 104,872 |
| 500 | Minnesota Mining & Manufacturing Co. | 59,105 |
| 1,700 | The Dow Chemical Co. | 57,426 |
| | | <u>221,403</u> |
| Computer Hardware – 3.1% | | |
| 13,100 | Cisco Systems, Inc.* | 237,241 |
| 3,700 | Dell Computer Corp.* | 100,566 |
| 7,300 | EMC Corp. | 98,112 |
| 5,400 | Sun Microsystems, Inc.* | 66,420 |
| | | <u>502,339</u> |
| Computer Software – 7.8% | | |
| 2,400 | International Business Machines Corp. | 290,304 |
| 2,500 | Intuit, Inc.* | 106,900 |
| 11,300 | Microsoft Corp.* | 748,851 |
| 9,400 | Oracle Corp.* | 129,814 |
| | | <u>1,275,869</u> |
| Defense/Aerospace – 0.3% | | |
| 1,000 | Honeywell International, Inc. | 33,820 |
| 300 | United Technologies Corp. | 19,389 |
| | | <u>53,209</u> |
| Department Stores – 3.0% | | |
| 8,500 | Wal-Mart Stores, Inc. | 489,175 |
| Drugs – 9.5% | | |
| 2,600 | American Home Products Corp. | 159,536 |
| 1,700 | Amgen, Inc.* | 95,948 |
| 6,600 | Bristol-Myers Squibb Co. | 336,600 |
| 1,700 | Eli Lilly & Co. | 133,518 |
| 3,000 | Merck & Co., Inc. | 176,400 |
| 13,375 | Pfizer, Inc. | 532,994 |
| 3,200 | Schering-Plough Corp. | 114,592 |
| | | <u>1,549,588</u> |
| Electrical Utilities – 0.5% | | |
| 900 | Duke Energy Corp. | 35,334 |
| 2,718 | Mirant Corp.* | 43,542 |
| | | <u>78,876</u> |
| Energy Resources – 5.3% | | |
| 1,654 | ChevronTexaco Corp. | 148,215 |
| 12,284 | Exxon Mobil Corp. | 482,761 |
| 4,500 | Royal Dutch Petroleum Co. ADR | 220,590 |
| 300 | Unocal Corp. | 10,821 |
| | | <u>862,387</u> |

| Shares | Description | Value |
|--------------------------------------|---|------------------|
| Common Stocks – (continued) | | |
| Entertainment – 5.0% | | |
| 12,950 | AOL Time Warner, Inc.* | \$ 415,695 |
| 2,500 | Metro-Goldwyn-Mayer, Inc.* | 54,750 |
| 7,672 | Viacom, Inc. Class B* | 338,719 |
| | | <u>809,164</u> |
| Environmental Services – 0.1% | | |
| 700 | Waste Management, Inc. | 22,337 |
| Financial Services – 9.5% | | |
| 4,700 | Federal Home Loan Mortgage Corp. | 307,380 |
| 4,200 | Federal National Mortgage Assoc. | 333,900 |
| 16,500 | General Electric Co. | 661,320 |
| 6,900 | MBNA Corp. | 242,880 |
| | | <u>1,545,480</u> |
| Food & Beverage – 3.9% | | |
| 6,490 | PepsiCo, Inc. | 315,998 |
| 3,500 | The Coca-Cola Co. | 165,025 |
| 2,900 | Wm. Wrigley Jr. Co. | 148,973 |
| | | <u>629,996</u> |
| Forest – 0.5% | | |
| 800 | International Paper Co. | 32,280 |
| 800 | Weyerhaeuser Co. | 43,264 |
| | | <u>75,544</u> |
| Heavy Electrical – 0.1% | | |
| 200 | Emerson Electric Co. | 11,420 |
| Home Products – 3.3% | | |
| 1,600 | Avon Products, Inc. | 74,400 |
| 3,700 | Colgate-Palmolive Co. | 213,675 |
| 3,600 | Energizer Holdings, Inc.* | 68,580 |
| 300 | Kimberly-Clark Corp. | 17,940 |
| 800 | The Gillette Co. | 26,720 |
| 1,700 | The Procter & Gamble Co. | 134,521 |
| | | <u>535,836</u> |
| Hotels – 2.7% | | |
| 5,200 | Harrah's Entertainment, Inc.* | 192,452 |
| 3,300 | Marriott International, Inc. | 134,145 |
| 3,600 | Starwood Hotels & Resorts Worldwide, Inc. | 107,460 |
| | | <u>434,057</u> |
| Industrial Parts – 1.5% | | |
| 4,100 | Tyco International Ltd. | 241,490 |
| Information Services – 1.6% | | |
| 1,000 | Automatic Data Processing, Inc. | 58,900 |
| 2,500 | First Data Corp. | 196,125 |
| | | <u>255,025</u> |

| Shares | Description | Value |
|---|--|----------------|
| Common Stocks – (continued) | | |
| Internet – 2.0% | | |
| 450 | CheckFree Corp.* | \$ 8,100 |
| 2,900 | Sabre Holdings Corp. | 122,815 |
| 2,600 | TMP Worldwide, Inc.* | 111,540 |
| 2,037 | VeriSign, Inc.* | 77,487 |
| | | <u>319,942</u> |
| Leisure – 1.3% | | |
| 10,500 | Cendant Corp.* | 205,905 |
| Life Insurance – 0.5% | | |
| 2,700 | MetLife, Inc. | 85,536 |
| Media – 4.3% | | |
| 1,450 | Cablevision Systems Corp. | 68,803 |
| 2,825 | Cablevision Systems Corp.-Rainbow Media Group* | 69,777 |
| 1,052 | Clear Channel Communications, Inc.* | 53,557 |
| 3,600 | Comcast Corp.* | 129,600 |
| 3,900 | EchoStar Communications Corp.* | 107,133 |
| 9,700 | Liberty Media Corp. Series A* | 135,800 |
| 3,400 | Univision Communications, Inc.* | 137,564 |
| | | <u>702,234</u> |
| Medical Products – 1.8% | | |
| 5,000 | Johnson & Johnson | 295,500 |
| Mining – 0.3% | | |
| 1,400 | Alcoa, Inc. | 49,770 |
| Motor Vehicle – 0.5% | | |
| 3,287 | Ford Motor Co. | 51,672 |
| 702 | General Motors Corp. | 34,117 |
| | | <u>85,789</u> |
| Oil Services – 0.7% | | |
| 2,000 | Schlumberger Ltd. | 109,900 |
| Other – 3.7% | | |
| 5,228 | SPDR Trust Series 1 | 597,194 |
| Property Insurance – 3.2% | | |
| 3,700 | AMBAC Financial Group, Inc. | 214,082 |
| 3,900 | American International Group, Inc. | 309,660 |
| | | <u>523,742</u> |
| Publishing – 1.5% | | |
| 1,100 | A.H. Belo Corp. | 20,625 |
| 500 | Gannett Co., Inc. | 33,615 |
| 1,400 | The New York Times Co. | 60,550 |
| 3,500 | Valassis Communications, Inc.* | 124,670 |
| | | <u>239,460</u> |
| Restaurants – 0.9% | | |
| 5,500 | McDonald's Corp. | 145,585 |
| Securities/Asset Management – 1.4% | | |
| 900 | Merrill Lynch & Co., Inc. | 46,908 |
| 800 | Morgan Stanley | 44,752 |
| 8,850 | The Charles Schwab Corp. | 136,910 |
| | | <u>228,570</u> |

| Shares | Description | Value |
|--|-----------------------------------|---------------------|
| Common Stocks – (continued) | | |
| Semiconductors – 3.0% | | |
| 11,100 | Intel Corp. | \$ 349,095 |
| 3,400 | Texas Instruments, Inc. | 95,200 |
| 1,200 | Xilinx, Inc.* | 46,860 |
| | | <u>491,155</u> |
| Specialty Retail – 2.0% | | |
| 3,650 | The Home Depot, Inc. | 186,187 |
| 4,400 | Walgreen Co. | 148,104 |
| | | <u>334,291</u> |
| Telecommunications Equipment – 1.4% | | |
| 4,380 | QUALCOMM, Inc.* | 221,190 |
| Telephone – 2.3% | | |
| 3,059 | AT&T Corp. | 55,490 |
| 4,800 | SBC Communications, Inc. | 188,016 |
| 1,000 | Sprint Corp. | 20,080 |
| 2,528 | Verizon Communications, Inc.* | 119,979 |
| | | <u>383,565</u> |
| Tobacco – 1.7% | | |
| 6,000 | Philip Morris Cos., Inc. | 275,100 |
| Wireless – 1.4% | | |
| 1,400 | American Tower Corp. Class A* | 13,258 |
| 8,500 | Crown Castle International Corp.* | 90,780 |
| 5,400 | Sprint Corp. (PCS Group)* | 131,814 |
| | | <u>235,852</u> |
| TOTAL COMMON STOCKS | | |
| (Cost \$17,777,204) | | \$16,021,848 |

| Principal Amount | Interest Rate | Maturity Date | Value |
|---|---------------|---------------|---------------------|
| Repurchase Agreement – 2.5% | | | |
| Joint Repurchase Agreement Account [^] | | | |
| \$400,000 | 1.78% | 01/02/2002 | \$ 400,000 |
| TOTAL REPURCHASE AGREEMENT | | | |
| (Cost \$400,000) | | | \$ 400,000 |
| TOTAL INVESTMENTS | | | |
| (Cost \$18,177,204) | | | \$16,421,848 |

* Non-income producing security.

[^] Joint repurchase agreement was entered into on December 31, 2001.

The percentage shown for each investment category reflects the value of investments in that category as a percentage of total net assets.

Investment Abbreviation:

ADR—American Depositary Receipt

Shareholder Letter

Dear Shareholders:

We are pleased to report on the performance of the Goldman Sachs Variable Insurance Trust — Mid Cap Value Fund. This annual report covers the one-year period that ended December 31, 2001.

Market Review

During the first half of 2001, the stock market was characterized by a return to investment fundamentals and a renewed awareness that earnings and cash flow are vital factors in determining a stock's value. During the second half of 2001, amid numerous Federal Reserve Board rate cuts and downward revised company expectations, the markets were turbulent, as investors became increasingly pessimistic regarding the state of the economy. In general, investors rotated into defensive stocks, where the outlook seemed safer than in sectors such as Technology. Nearly all the major U.S. indices ended the year in negative territory. Value stocks — especially those with excellent fundamentals — outperformed growth stocks during the period, and mid-sized company stocks outperformed large-cap issues. The Russell Midcap Value Index, a widely followed mid cap value benchmark, increased 2.32% during 2001, while the Russell Mid Cap Growth Index, a mid cap growth benchmark, fell 20.15%.

Performance Review

Over the one-year period that ended December 31, 2001, the Fund generated a 12.05% cumulative total return. Over the same time period, the Fund's benchmark, the Russell Mid Cap Value Index (with dividends reinvested) generated a 2.32% cumulative total return.

Strong stock selection was the main driver of the Fund's outperformance versus the benchmark. Our quality bias and emphasis on price and prospects, not merely price, was well founded in this increasingly uncertain investing environment. In addition, the Fund's diversified portfolio allowed us to offer broad exposure to our best research ideas in all industries. In such a volatile market, the portfolio benefited from its diversification, as it was able to absorb significant declines in certain securities and industries, due to positive results generated in other areas.

In particular, we generated very strong relative returns in the Consumer, Energy and Financial sectors. The top contributor to performance during the year was Ross Stores Inc. (2.2%), a retail and home accessories chain. Through its mix of brand names and home products, Ross Stores has been able to sustain sales growth in a severe California recession. In the Utility sector, our focus on companies like First Energy Co. (2.2%) enhanced results. In this area we focused on companies with strong current cash flow, and avoided independent power producers whose stock prices were more dependent on "hoped for" future growth. This strategy proved to be well founded in this time of market uncertainty.

Conversely, Solectron (0.5%) was a negative contributor to performance, as it experienced slowing sales along with the semiconductor industry in general. Another negative contributor to performance was NewPower Holdings. We sold NewPower later in the year, as new regulations deterred it from entering several markets as previously planned.

Investment Objective

The Fund seeks long-term capital appreciation, primarily through equity securities of companies with public stock market capitalizations within the range of the market capitalization of companies constituting the Russell Midcap Value Index at the time of investment (currently between \$400 million and \$16 billion).

Portfolio Composition

*Top 10 Portfolio Holdings as of December 31, 2001**

| <u>Company</u> | <u>Business</u> | <u>% Portfolio</u> |
|-------------------------------|----------------------|--------------------|
| Mid Cap SPDR Trust | Other | 2.9% |
| Pioneer Natural Resources Co. | Energy Resources | 2.3 |
| Ross Stores, Inc. | Clothing | 2.2 |
| FirstEnergy Corp. | Electrical Utilities | 2.1 |
| Supervalu, Inc. | Food & Beverage | 2.1 |
| Ocean Energy, Inc. | Energy Resources | 2.1 |
| Aon Corp. | Property Insurance | 2.0 |
| ConAgra, Inc. | Food & Beverage | 1.8 |
| Deere & Co. | Heavy Machinery | 1.8 |
| Energy East Corp. | Electrical Utilities | 1.8 |

** Opinions expressed in this report represent our present opinions only. Reference to individual securities should not be construed as a commitment that such securities will be retained in the Fund. From time to time, the Fund may change the individual securities it holds, the number or types of securities held and the markets in which it invests. References to individual securities do not constitute a recommendation to the investor to buy, hold or sell such securities. In addition, references to past performance of the Fund do not indicate future returns, which are not guaranteed and will vary.*

Outlook

Looking ahead, we believe that a low interest rate and lower energy cost environment will benefit many of the value names in the Fund. We continue to follow our opportunistic value strategy that emphasizes identifying quality companies selling at reasonable valuations. Historically, our bottom-up fundamental approach to finding stocks has helped us to locate strong prospects at the stock level. As investors become cautiously optimistic regarding the economic outlook for next year, our value strategy will continue to hold a philosophy that focuses on fundamental research and stock selection.

As in the past, we thank you for your continued confidence.

Goldman Sachs Value Portfolio Management Team

January 11, 2002

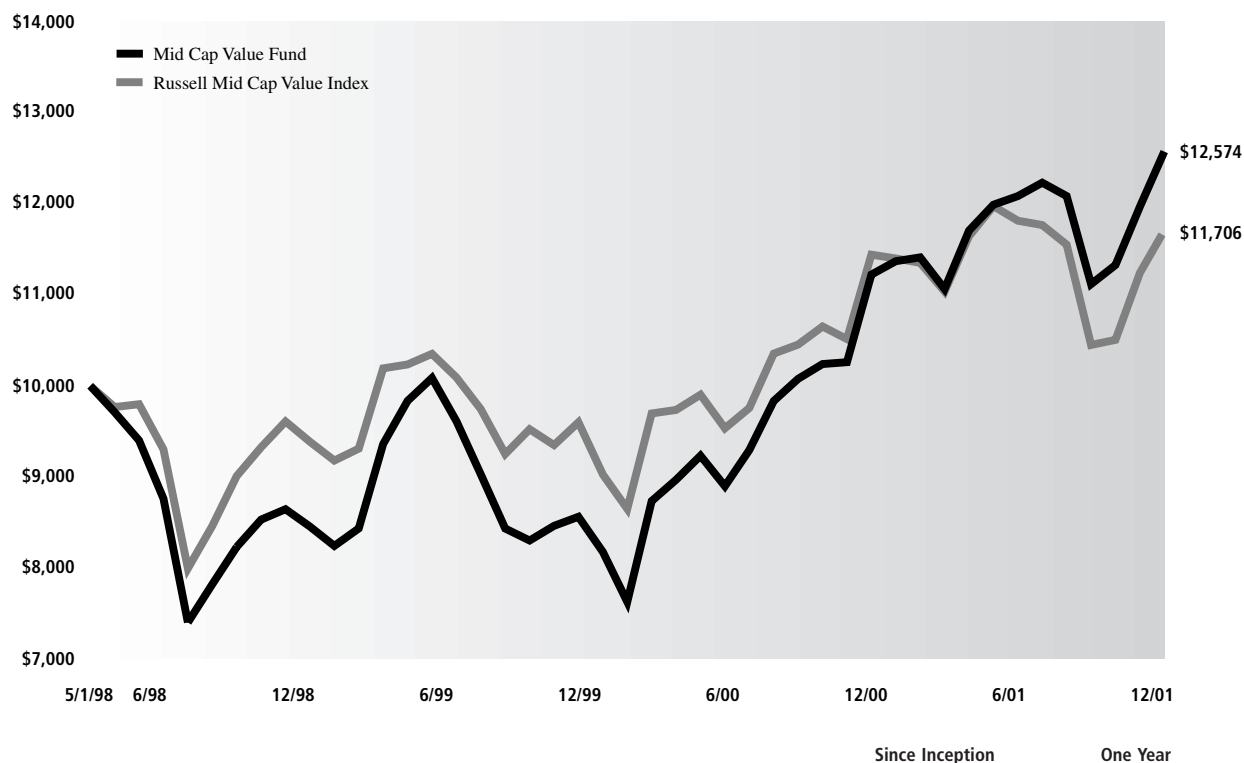
Performance Summary

December 31, 2001

The following graph shows the value as of December 31, 2001, of a \$10,000 investment made on May 1, 1998 (commencement of operations). For comparative purposes, the performance of the Fund's benchmark, the Russell Mid Cap Value Index, is shown. This performance data represents past performance and should not be considered indicative of future performance which will fluctuate with changes in market conditions. These performance fluctuations will cause an investor's shares, when redeemed, to be worth more or less than their original cost. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Mid Cap Value Fund's Lifetime Performance

Growth of a \$10,000 investment, Distributions Reinvested from May 1, 1998 to December 31, 2001.



Average Annual Total Return through December 31, 2001

| | | |
|--|-------|--------|
| Mid Cap Value Fund (commenced May 1, 1998) | 5.06% | 12.05% |
|--|-------|--------|

Statement of Investments

December 31, 2001

| Shares | Description | Value |
|---------------------------------|-------------------------------------|-------------------|
| Common Stocks – 95.8% | | |
| Airlines – 0.3% | | |
| 40,791 | Southwest Airlines Co. | \$ 753,818 |
| Apartments REIT – 0.9% | | |
| 27,169 | Archstone-Smith Trust | 714,545 |
| 47,397 | Equity Residential Properties Trust | 1,360,768 |
| | | <u>2,075,313</u> |
| Apparel – 0.5% | | |
| 24,438 | Jones Apparel Group, Inc.* | 810,608 |
| 9,432 | Liz Claiborne, Inc. | 469,242 |
| | | <u>1,279,850</u> |
| Banks – 7.0% | | |
| 67,042 | Comerica, Inc. | 3,841,507 |
| 172,770 | KeyCorp. | 4,205,222 |
| 126,872 | SouthTrust Corp. | 3,129,932 |
| 57,248 | UnionBanCal Corp. | 2,175,424 |
| 56,566 | Wilmington Trust Corp. | 3,581,193 |
| | | <u>16,933,278</u> |
| Chemicals – 2.4% | | |
| 19,555 | Eastman Chemical Co. | 763,036 |
| 57,052 | Potash Corp. of Saskatchewan, Inc. | 3,501,852 |
| 31,466 | PPG Industries, Inc. | 1,627,421 |
| | | <u>5,892,309</u> |
| Clothing – 2.9% | | |
| 164,071 | Ross Stores, Inc. | 5,263,398 |
| 43,898 | The TJX Cos., Inc. | 1,749,774 |
| | | <u>7,013,172</u> |
| Computer Hardware – 1.6% | | |
| 224,945 | Ingram Micro, Inc.* | 3,896,047 |
| Computer Software – 1.2% | | |
| 47,345 | Synopsys, Inc.* | 2,796,669 |
| Construction – 1.1% | | |
| 66,855 | Clayton Homes, Inc. | 1,143,220 |
| 46,006 | D.R. Horton, Inc. | 1,493,355 |
| | | <u>2,636,575</u> |
| Consumer Durables – 1.6% | | |
| 24,062 | Ethan Allen Interiors, Inc. | 1,000,738 |
| 100,457 | Herman Miller, Inc. | 2,376,813 |
| 11,151 | The Stanley Works | 519,302 |
| | | <u>3,896,853</u> |
| Defense/Aerospace – 0.4% | | |
| 30,062 | Raytheon Co. | 976,113 |
| Department Stores – 0.9% | | |
| 23,569 | Federated Department Stores, Inc.* | 963,972 |
| 31,382 | The May Department Stores Co. | 1,160,506 |
| | | <u>2,124,478</u> |
| Drugs – 0.6% | | |
| 40,828 | Mylan Labs, Inc. | 1,531,050 |

| Shares | Description | Value |
|---|--------------------------------------|-------------------|
| Common Stocks – (continued) | | |
| Electrical Equipment – 0.3% | | |
| 47,370 | Tellabs, Inc.* | \$ 711,971 |
| Electrical Utilities – 8.8% | | |
| 20,662 | American Electric Power Co., Inc. | 899,417 |
| 229,235 | Energy East Corp. | 4,353,173 |
| 71,396 | Entergy Corp. | 2,792,298 |
| 20,683 | Exelon Corp. | 990,302 |
| 149,529 | FirstEnergy Corp. | 5,230,524 |
| 92,063 | PPL Corp. | 3,208,395 |
| 242,990 | Reliant Resources, Inc.* | 4,011,765 |
| | | <u>21,485,874</u> |
| Electronic Manufacturing Services – 0.5% | | |
| 97,867 | Solectron Corp.* | 1,103,940 |
| Energy Resources – 5.1% | | |
| 264,928 | Ocean Energy, Inc. | 5,086,618 |
| 81,159 | Patterson-UTI Energy, Inc.* | 1,891,816 |
| 284,980 | Pioneer Natural Resources Co.* | 5,488,715 |
| | | <u>12,467,149</u> |
| Environmental Services – 1.7% | | |
| 209,513 | Republic Services, Inc.* | 4,183,975 |
| Equity REIT – 0.8% | | |
| 56,353 | Health Care Property Investors, Inc. | 2,040,542 |
| Financial Services – 1.3% | | |
| 43,236 | Countrywide Credit Industries, Inc. | 1,771,379 |
| 57,541 | Metris Cos., Inc. | 1,479,379 |
| | | <u>3,250,758</u> |
| Food & Beverage – 5.3% | | |
| 168,650 | Archer-Daniels-Midland Co. | 2,420,128 |
| 186,613 | ConAgra, Inc. | 4,435,791 |
| 41,992 | Interstate Bakeries Corp. | 1,015,367 |
| 232,187 | Supervalu, Inc. | 5,135,976 |
| | | <u>13,007,262</u> |
| Forest – 2.8% | | |
| 117,335 | Plum Creek Timber Co., Inc. | 3,326,447 |
| 126,492 | Sonoco Products Co. | 3,362,158 |
| | | <u>6,688,605</u> |
| Gas Utilities – 2.1% | | |
| 111,739 | KeySpan Corp. | 3,871,756 |
| 48,796 | Sempra Energy | 1,197,942 |
| | | <u>5,069,698</u> |
| Heavy Machinery – 1.8% | | |
| 100,859 | Deere & Co. | 4,403,504 |
| Home Products – 1.6% | | |
| 86,803 | Fortune Brands, Inc. | 3,436,531 |
| 15,070 | The Estee Lauder Cos., Inc. | 483,144 |
| | | <u>3,919,675</u> |

Statement of Investments (continued)

December 31, 2001

| Shares | Description | Value |
|-------------------------------------|---|-------------------|
| Common Stocks – (continued) | | |
| Hotels – 2.3% | | |
| 104,548 | Harrah's Entertainment, Inc.* | \$ 3,869,321 |
| 55,942 | Starwood Hotels & Resorts Worldwide, Inc. | 1,669,869 |
| | | <u>5,539,190</u> |
| Industrial Parts – 4.1% | | |
| 10,249 | American Standard Cos., Inc.* | 699,289 |
| 30,447 | Eaton Corp. | 2,265,561 |
| 157,182 | Pall Corp. | 3,781,799 |
| 72,381 | Parker-Hannifin Corp. | 3,323,012 |
| | | <u>10,069,661</u> |
| Leisure REIT – 0.5% | | |
| 41,259 | Hospitality Properties Trust | 1,217,141 |
| Life Insurance – 0.5% | | |
| 52,289 | The Principal Financial Group, Inc.* | 1,254,936 |
| Media – 1.3% | | |
| 64,323 | DoubleClick, Inc.* | 729,423 |
| 50,850 | Media General, Inc. | 2,533,855 |
| | | <u>3,263,278</u> |
| Medical Products – 1.0% | | |
| 331,036 | WebMD Corp.* | 2,337,114 |
| Medical Providers – 3.2% | | |
| 103,936 | Health Management Associates, Inc.* | 1,912,422 |
| 133,106 | Humana, Inc.* | 1,569,320 |
| 90,858 | Manor Care, Inc.* | 2,154,243 |
| 37,523 | Tenet Healthcare Corp.* | 2,203,351 |
| | | <u>7,839,336</u> |
| Mining – 1.0% | | |
| 32,941 | Nucor Corp. | 1,744,555 |
| 22,391 | Phelps Dodge Corp. | 725,469 |
| | | <u>2,470,024</u> |
| Motor Vehicle – 2.5% | | |
| 66,978 | Delphi Automotive Systems Corp. | 914,919 |
| 18,433 | Johnson Controls, Inc. | 1,488,465 |
| 32,110 | Lear Corp.* | 1,224,675 |
| 158,721 | Visteon Corp. | 2,387,164 |
| | | <u>6,015,223</u> |
| Office/Industry/Mixed – 2.0% | | |
| 106,506 | Duke-Weeks Realty Corp. | 2,591,291 |
| 79,444 | Liberty Property Trust | 2,371,403 |
| | | <u>4,962,694</u> |
| Oil Services – 0.9% | | |
| 62,787 | Noble Drilling Corp.* | 2,137,269 |
| Other – 2.9% | | |
| 75,301 | Mid Cap SPDR Trust | 6,987,933 |

| Shares | Description | Value |
|---|--|-------------------|
| Common Stocks – (continued) | | |
| Property Insurance – 7.2% | | |
| 36,506 | Allmerica Financial Corp. | \$ 1,626,342 |
| 17,841 | AMBAC Financial Group, Inc. | 1,032,280 |
| 138,995 | Aon Corp. | 4,937,103 |
| 27,189 | Everest Re Group, Ltd. | 1,922,262 |
| 144,573 | Old Republic International Corp. | 4,049,490 |
| 42,868 | The St. Paul Cos., Inc. | 1,884,906 |
| 22,359 | XL Capital Ltd. | 2,042,718 |
| | | <u>17,495,101</u> |
| Publishing – 0.7% | | |
| 42,743 | A.H. Belo Corp. | 801,431 |
| 16,856 | Dow Jones & Co., Inc. | 922,529 |
| | | <u>1,723,960</u> |
| Railroads – 1.0% | | |
| 44,256 | Burlington Northern Santa Fe Corp. | 1,262,624 |
| 18,089 | Union Pacific Corp. | 1,031,073 |
| | | <u>2,293,697</u> |
| Restaurants – 2.3% | | |
| 79,610 | CBRL Group, Inc. | 2,343,718 |
| 65,442 | Darden Restaurants, Inc. | 2,316,647 |
| 20,768 | Tricon Global Restaurants, Inc.* | 1,021,786 |
| | | <u>5,682,151</u> |
| Retail – 0.4% | | |
| 31,003 | Simon Property Group, Inc. | 909,318 |
| Securities/Asset Management – 1.3% | | |
| 32,863 | Alliance Capital Management Holding L.P. | 1,587,940 |
| 28,635 | The Bear Stearns Cos., Inc. | 1,679,157 |
| | | <u>3,267,097</u> |
| Semiconductors – 3.2% | | |
| 80,578 | Arrow Electronics, Inc.* | 2,409,282 |
| 96,243 | Fairchild Semiconductor Corp.* | 2,714,053 |
| 53,681 | KEMET Corp.* | 952,838 |
| 88,736 | Vishay Intertechnology, Inc.* | 1,730,352 |
| | | <u>7,806,525</u> |
| Specialty Retail – 1.7% | | |
| 46,562 | Circuit City Stores-Circuit City Group | 1,208,284 |
| 143,599 | Toys 'R' Us, Inc.* | 2,978,243 |
| | | <u>4,186,527</u> |
| Thrifts – 1.6% | | |
| 60,355 | GreenPoint Financial Corp. | 2,157,691 |
| 142,717 | Sovereign Bancorp, Inc. | 1,746,856 |
| | | <u>3,904,547</u> |
| Tobacco – 0.5% | | |
| 33,063 | UST, Inc. | 1,157,205 |

| Shares | Description | Value |
|------------------------------------|--------------------------|----------------------|
| Common Stocks – (continued) | | |
| Truck Freight – 0.2% | | |
| 21,702 | Werner Enterprises, Inc. | \$ 527,359 |
| TOTAL COMMON STOCKS | | |
| (Cost \$215,502,332) | | \$233,185,764 |

| Principal Amount | Interest Rate | Maturity Date | Value |
|---|---------------|---------------|----------------------|
| Repurchase Agreement – 4.0% | | | |
| Joint Repurchase Agreement Account [^] | | | |
| \$9,800,000 | 1.78% | 01/02/02 | \$ 9,800,000 |
| TOTAL REPURCHASE AGREEMENT | | | |
| (Cost \$9,800,000) | | | \$ 9,800,000 |
| TOTAL INVESTMENTS | | | |
| (Cost \$225,302,332) | | | \$242,985,764 |

* Non-income producing security.

[^] Joint repurchase agreement was entered into on December 31, 2001.

The percentage shown for each investment category reflects the value of investments in that category as a percentage of total net assets.

Shareholder Letter

Dear Shareholders:

We are pleased to report on the performance of the Goldman Sachs Variable Insurance Trust — International Equity Fund. This annual report covers the one-year period that ended December 31, 2001.

Market Review

The international equity markets fell during the year, with the MSCI EAFE Index falling 21.21%. Aside from a brief rally in April and a pickup in the fourth quarter, the markets were consistently weak. Concerns over the prospects of corporate profitability in a period of slowing global demand dominated sentiment, as earnings announcements continued to disappoint investors. These issues became even more acute in the immediate aftermath of the atrocities of September 11.

Prior to the terrorist attack, consumer demand was holding up fairly well. Real income growth was solid, the core of the labor market was robust and confidence was relatively high, given the economic conditions. While September 11 was to many an event that would plunge the world into recession, economic data released shortly afterwards suggested that the world economy had started to deteriorate earlier in the year.

In response to growing evidence of a U.S. economic slowdown, the Federal Reserve Board cut interest rates by 475 basis points in 2001. For much of the year, the European Central Bank (the “ECB”) held monetary conditions tight, as interest rate policy wrestled not only with producer price inflation, but also a weak Euro. However, the ECB eventually eased rates, cutting a total of 150 basis points. The UK Monetary Policy Committee was slightly more aggressive, lowering rates by 200 basis points.

At the regional level, the European markets were weak, with the MSCI Europe Index falling 16.12%, while the UK performed somewhat better, but still posted a double-digit decline. The MSCI Japan Index lost 18.8%, making it the worst performing region. The weak Yen made the situation even worse in U.S. dollar terms. The Pacific region was the strongest over the period, falling only 5.0%. The region performed especially well during the fourth quarter.

At a sector level, Information Technology was the worst performer, dropping 27.5% over the year in response to a weakening demand outlook, which in turn gave rise to widespread profit warnings. However, the sector did enjoy a buoyant fourth quarter, as investors began to anticipate an economic recovery in 2002. The Telecom sector was a more steady decliner, as it continued to underperform during the fourth quarter. The only area to finish the year in positive territory was the Materials sector, which rose a scant 0.1%.

In terms of currencies, the U.S. Dollar was the strongest performer during the period, appreciating 14.8% versus the Yen, 2.6% versus Sterling, and 6.5% versus the Euro.

Performance Review

Over the one-year period that ended December 31, 2001, the Fund generated a –22.26% cumulative total return. Over the same time period, the Fund’s benchmark, the MSCI EAFE Index (unhedged with dividends reinvested) generated an aggregate total return of –21.21%.

As these returns indicate, it has been an extremely challenging period in the financial markets. During the period, our overweight in the Healthcare sector detracted from performance, as the Japanese regulatory environment abruptly changed. To the surprise of many, the Ministry of Health, Labor and Welfare in Japan announced that companies producing relatively old drugs where generic drugs were not available would have to institute significant price reductions. In particular, this hurt our holding in Banyu (0.8% of the portfolio as of December 31, 2001). The sector was also negatively impacted by a number of high profile patent cases.

Conversely, our overweight in the Consumer Staples sector was positive for performance during the reporting period. In the early part of the year this relatively defensive sector did well, as investors sought companies with predictable earnings and stable demand. In the immediate aftermath of September 11, we once again benefited from this position, as the market sought refuge from an uncertain environment by favoring companies with strong balance sheets and dominant franchises.

Investment Objective

The Fund seeks long-term capital appreciation, primarily through equity securities of companies that are organized outside the United States or whose securities are principally traded outside the United States.

Portfolio Composition

*Top 10 Portfolio Holdings as of December 31, 2001**

| <u>Company</u> | <u>Country</u> | <u>Business</u> | <u>% Portfolio</u> |
|--|----------------|--------------------|--------------------|
| Vodafone Group PLC | United Kingdom | Wireless | 4.0% |
| Total Fina SA Class B | France | Energy Resources | 3.3 |
| Nestle SA | Switzerland | Food & Beverage | 3.2 |
| GlaxoSmithKline PLC | United Kingdom | Drugs | 3.0 |
| Barclays PLC | United Kingdom | Banks | 2.7 |
| Takeda Chemical Industries Ltd. | Japan | Drugs | 2.6 |
| Nokia Oyj | Finland | Telecommunications | 2.4 |
| Muenchener Rueckversicherungs- Gesellschaft AG | Germany | Property Insurance | 2.4 |
| Bank of Ireland | Ireland | Banks | 2.4 |
| Novartis AG | Switzerland | Health | 2.3 |

* Opinions expressed in this report represent our present opinions only. Reference to individual securities should not be construed as a commitment that such securities will be retained in the Fund. From time to time, the Fund may change the individual securities it holds, the number or types of securities held and the markets in which it invests. References to individual securities do not constitute a recommendation to the investor to buy, hold or sell such securities. In addition, references to past performance of the Fund do not indicate future returns, which are not guaranteed and will vary.

Shareholder Letter (continued)

Outlook

Europe — The European economic outlook was unusually cloudy in the aftermath of September 11. The attacks initially had a dramatic impact on consumer and business confidence in both the U.S. and Europe. Corporations accelerated the pace of job cuts, which acted as a further damper on consumer demand, with U.S. retail sales falling 3.7% in November, the largest monthly decline since tracking began in 1992. However, following significant monetary and fiscal policy easing, we believe that the slowdown in economic activity will be relatively short lived, with final demand starting to recover as 2002 progresses. The anticipation of such an economic recovery is likely to provide a supportive environment for equities, particularly since low interest rates reduce the attraction of cash holdings. We also believe that consensus forecasts of low double-digit earnings growth in 2002 may be exceeded following aggressive cost reduction exercises in the corporate sector over the past 18 months.

Japan — We remain cautious on Japanese equities near term. The market's expectation of an earnings recovery for the next fiscal year appears somewhat optimistic. Earnings of listed companies are expected to fall 40% for the year ending March 2002 and to recover next year, probably during the second half, aided by the recovery in the U.S. Given continued deflationary pressures and a risk that the U.S. economic recovery is delayed, these numbers appear to be difficult to attain. We continue to look for stocks that have strong recovery potential that are selling at reasonable valuations, while maintaining an exposure to defensive sectors. Currently, we have enough defensive names in our portfolio and we feel our current risk is to be behind the market under the theme of re-flation. We believe most of the Technology stocks already reflect high expectations for earnings recovery and we would be selective in adding these issues.

Asia — Given such a strong recovery in Asia during the fourth quarter, we are cautious that further short-term upside could be limited, as the liquidity-driven rally lacks fundamental support. However, more liquidity returning into the equity markets could continue to push the markets higher. Therefore, equity markets in the region are likely to remain volatile until the U.S. shows clearer signs of an economic recovery.

We thank you for your investment and look forward to serving your investment needs in the future.

Goldman Sachs International Equity Portfolio Management Team

January 11, 2002

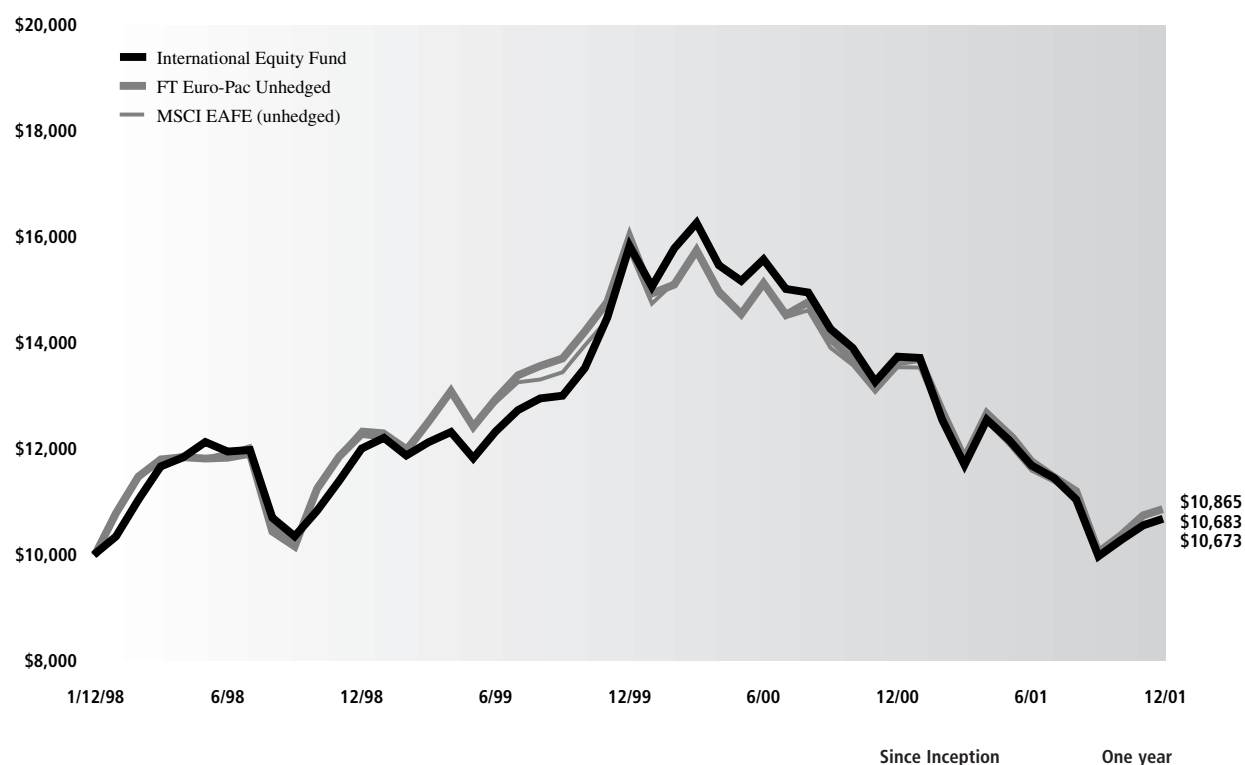
Performance Summary

December 31, 2001

The following graph shows the value as of December 31, 2001, of a \$10,000 investment made on January 12, 1998 (commencement of operations). For comparative purposes, the performance of the Fund's benchmarks (FT Euro-Pac Unhedged) and the Morgan Stanley Capital International Europe, Australia and Far East Index ("MSCI EAFE (unhedged)") are shown. This performance data represents past performance and should not be considered indicative of future performance which will fluctuate with changes in market conditions. These performance fluctuations will cause an investor's shares, when redeemed, to be worth more or less than their original cost. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

International Equity Fund's Lifetime Performance

Growth of a \$10,000 investment, Distributions Reinvested from January 12, 1998 to December 31, 2001.



Average Annual Total Return through December 31, 2001

| | | |
|--|-------|---------|
| International Equity Fund (commenced January 12, 1998) | 1.68% | -22.26% |
|--|-------|---------|

Statement of Investments

December 31, 2001

| Shares | Description | Value |
|------------------------------|--|------------------|
| Common Stocks – 92.3% | | |
| Australia – 1.5% | | |
| 6,472 | Australia & New Zealand Banking Group Ltd. (Financial Services) | \$ 58,996 |
| 21,101 | BHP Ltd. (Mining) | 113,406 |
| 3 | Brambles Industries Ltd. (Multi-Industrial) | 16 |
| 16,004 | Woolworths Ltd. (Specialty Retail) | 92,074 |
| | | <u>264,492</u> |
| Belgium – 0.4% | | |
| 2,557 | Interbrew (Food & Beverage) | 69,991 |
| Finland – 2.4% | | |
| 16,784 | Nokia Oyj (Telecommunications) | 432,670 |
| France – 8.5% | | |
| 491 | Axa (Insurance) | 10,258 |
| 1,106 | Castorama Dubois Investissement SA (Specialty Retail) | 56,954 |
| 7,815 | European Aeronautic Defence & Space Co. (Aerospace/Defense) | 94,887 |
| 3,912 | Lafarge SA (Construction) | 365,290 |
| 626 | Pernod-Ricard SA (Food & Beverage) | 48,479 |
| 4,644 | Schneider Electric SA (Electrical Equipment) | 223,228 |
| 4,058 | Total Fina SA Class B (Energy Resources) | 579,402 |
| 2,387 | Vivendi Universal SA (Media) | 130,674 |
| | | <u>1,509,172</u> |
| Germany – 5.6% | | |
| 10,624 | Bayerische Motoren Werke (BMW) AG (Auto) | 370,240 |
| 250 | Deutsche Bank AG (Banks) | 17,669 |
| 1,559 | Muenchener Rueckversicherungs-Gesellschaft AG (Property Insurance) | 423,192 |
| 1,396 | SAP AG (Computer Software) | 181,800 |
| | | <u>992,901</u> |
| Hong Kong – 2.3% | | |
| 14,000 | Hang Seng Bank Ltd. (Banks) | 153,955 |
| 4,500 | Hongkong Electric Holdings Ltd. (Electrical Utilities) | 16,736 |
| 24,300 | Hutchison Whampoa Ltd. (Multi-Industrial) | 235,279 |
| | | <u>405,970</u> |
| Ireland – 3.1% | | |
| 44,525 | Bank of Ireland (Banks) | 418,179 |
| 2,900 | Elan Corp. PLC ADR* (Drugs) | 130,674 |
| | | <u>548,853</u> |
| Italy – 4.4% | | |
| 29,500 | Mediaset SpA (Media) | 215,590 |
| 62,000 | Snam Rete Gas SpA* (Gas Utilities) | 163,912 |

| Shares | Description | Value |
|------------------------------------|---|------------------|
| Common Stocks – (continued) | | |
| Italy – (continued) | | |
| 17,315 | Telecom Italia SpA (Telecommunications) | \$ 147,964 |
| 63,500 | UniCredito Italiano SpA (Banks) | 254,926 |
| | | <u>782,392</u> |
| Japan – 19.7% | | |
| 9,000 | Banyu Pharmaceutical Co. Ltd. (Drugs) | 133,959 |
| 5,900 | C&S Co. Ltd (Specialty Retail) | 152,217 |
| 6,000 | Canon, Inc. (Computer Hardware) | 206,549 |
| 25,000 | Daiwa Securities Group, Inc. (Financial Services) | 131,479 |
| 4,000 | Fuji Photo Film Co. Ltd. (Leisure) | 142,890 |
| 8,600 | Honda Motor Co. Ltd. (Auto) | 343,317 |
| 1,300 | Hoya Corp. (Electrical Equipment) | 77,696 |
| 1,000 | Isetan Co. Ltd. (Retail-Major Department Store) | 10,251 |
| 8,000 | Kao Corp. (Consumer Products) | 166,400 |
| 800 | KEYENCE CORP (Electronics Equipment) | 133,059 |
| 34,000 | Mitsui Sumitomo Insurance Co. Ltd. (Insurance) | 159,606 |
| 11,000 | NGK Insulators Ltd. (Multi-Industrial) | 81,528 |
| 4 | Nippon Telephone & Telegraph Corp. (Telecommunications) | 13,037 |
| 13,000 | Ricoh Co. Ltd. (Computer Hardware) | 242,119 |
| 4,000 | Sanyo Electric Co. Ltd. (Electrical Equipment) | 18,899 |
| 10,000 | Sharp Corp. (Electrical Equipment) | 117,014 |
| 3,500 | Shin-Etsu Chemical Co. Ltd. (Chemicals) | 125,830 |
| 4,000 | Skylark Co. Ltd. (Restaurants) | 67,171 |
| 300 | SMC Corp. (Machinery) | 30,547 |
| 1,000 | Sumitomo Corp. (Wholesale) | 4,587 |
| 2,000 | Sumitomo Mitsui Banking Corp. (Commercial Banks) | 8,473 |
| 2,000 | Suzuki Motor Corp. (Auto) | 21,892 |
| 10,000 | Taisho Pharmaceutical Co. Ltd. (Health) | 157,240 |
| 10,000 | Takeda Chemical Industries Ltd. (Drugs) | 452,637 |
| 14,000 | The Sumitomo Trust & Banking Co. Ltd. (Banks) | 56,851 |
| 3,600 | Tokyo Electric Power (Electrical Utilities) | 76,666 |
| 50,000 | Tokyo Gas Co. Ltd. (Energy Resources) | 133,959 |
| 6,300 | Toppan Forms Co. Ltd. (Publishing) | 105,553 |
| 5,100 | Toyota Motor Corp. (Auto) | 129,242 |
| 3 | UFJ Holdings, Inc.* (Banks) | 6,618 |
| | | <u>3,507,286</u> |

| Shares | Description | Value |
|------------------------------------|--|------------------|
| Common Stocks – (continued) | | |
| Netherlands – 4.9% | | |
| 80 | Aegon NV (Insurance) | \$ 2,165 |
| 5,432 | ASM Lithography Holding NV* (Semiconductors) | 94,385 |
| 2,286 | Gucci Group (Apparel) | 194,433 |
| 10,492 | ING Groep NV (Financial Services) | 267,482 |
| 515 | Koninklijke Royal Philips Electronics NV (Appliance) | 15,302 |
| 321 | Royal Dutch Petroleum Co. (Energy Resources) | 16,258 |
| 1,229 | Unilever NV (Food & Beverage) | 72,040 |
| 6,621 | VNU NV (Media) | 203,391 |
| | | <u>865,456</u> |
| Singapore – 0.0% | | |
| 5,000 | Singapore Technologies Engineering Ltd. (Machinery) | 6,363 |
| Spain – 3.7% | | |
| 2,838 | Acerinox SA (Steel) | 94,861 |
| 7,540 | Banco Bilbao Vizcaya Argentaria SA (Banks) | 93,293 |
| 9,807 | Banco Santander Central Hispano SA (Banks) | 82,146 |
| 10,865 | Industria de Diseno Textil SA* (Apparel) | 207,066 |
| 13,204 | Telefonica de Espana SA* (Telecommunications) | 176,656 |
| | | <u>654,022</u> |
| Sweden – 2.3% | | |
| 6,610 | Securitas AB Series B (Business Services) | 125,839 |
| 25,387 | Skandia Forsakrings (Insurance) | 184,580 |
| 19,059 | Telefonaktiebolaget LM Ericsson AB Series B (Telecommunications) | 103,928 |
| | | <u>414,347</u> |
| Switzerland – 9.3% | | |
| 4,639 | Adecco SA (Business Services) | 252,271 |
| 4,120 | Converium Holding AG* (Insurance) | 200,340 |
| 2,671 | Nestle SA (Food & Beverage) | 569,736 |
| 11,420 | Novartis AG (Health) | 412,871 |
| 1,651 | Roche Holding AG (Health) | 117,886 |
| 2,044 | UBS AG* (Banks) | 103,210 |
| | | <u>1,656,314</u> |

| Shares | Description | Value |
|------------------------------------|---|---------------------|
| Common Stocks – (continued) | | |
| United Kingdom – 24.2% | | |
| 14,229 | Amvescap PLC (Financial Services) | \$ 204,999 |
| 178 | AstraZeneca Group PLC (Health) | 8,017 |
| 12,497 | BAA PLC (Airlines) | 100,015 |
| 14,563 | Barclays PLC (Banks) | 481,656 |
| 490 | BP PLC ADR (Energy Resources) | 22,790 |
| 37,285 | BP PLC (Energy Resources) | 289,454 |
| 12,007 | British Sky Broadcasting Group PLC* (Media) | 131,966 |
| 14,506 | Exel PLC (Industrial Services) | 165,547 |
| 21,413 | GlaxoSmithKline PLC (Drugs) | 536,373 |
| 1,880 | GlaxoSmithKline PLC ADR (Drugs) | 93,662 |
| 1,346 | HSBC Holdings PLC (Banks) | 15,772 |
| 84,540 | International Power PLC* (Electrical Utilities) | 248,881 |
| 28,836 | P & O Princess Cruises PLC (Leisure) | 167,687 |
| 9,439 | Reckitt Benckiser PLC (Food & Beverage) | 137,224 |
| 540 | Royal Bank of Scotland Group PLC (Banks) | 13,126 |
| 12,766 | Shell Transport & Trading Co. PLC (Energy Resources) | 87,599 |
| 19,042 | Six Continents PLC (Leisure) | 188,246 |
| 26,900 | Smiths Group PLC (Conglomerates) | 264,756 |
| 110,815 | Tesco PLC (Specialty Retail) | 401,146 |
| 270,566 | Vodafone Group PLC (Wireless) | 707,044 |
| 1,420 | Vodafone Group PLC ADR (Wireless) | 36,466 |
| | | <u>4,302,426</u> |
| TOTAL COMMON STOCKS | | |
| (Cost \$17,926,690) | | <u>\$16,412,655</u> |

Statement of Investments (continued)

December 31, 2001

| Principal Amount | Interest Rate | Maturity Date | Value | As a % of Total Net Assets |
|---|---------------|---------------|--------------|----------------------------|
| Short-Term Obligation – 6.4% | | | | |
| State Street Bank & Trust Euro Time Deposit [△] | | | | |
| \$ 1,128,000 | 1.69% | 01/02/2002 | \$ 1,128,000 | |
| TOTAL SHORT-TERM OBLIGATION | | | | |
| (Cost \$1,128,000) | | | \$ 1,128,000 | |
| TOTAL INVESTMENTS | | | | |
| (Cost \$19,054,690) | | | \$17,540,655 | |
| * Non-income producing security. | | | | |
| △ A portion of this security is segregated as collateral for initial margin requirements on futures transactions. | | | | |
| Investment Abbreviation: | | | | |
| ADR—American Depositary Receipt | | | | |
| Common Stock Industry Classifications | | | | |
| Aerospace/Defense | | | | 0.5% |
| Airlines | | | | 0.6 |
| Apparel | | | | 2.3 |
| Appliance | | | | 0.1 |
| Auto | | | | 4.9 |
| Banks | | | | 9.6 |
| Business Services | | | | 2.1 |
| Chemicals | | | | 0.7 |
| Computer Hardware | | | | 2.5 |
| Computer Software | | | | 1.0 |
| Conglomerates | | | | 1.5 |
| Construction | | | | 2.1 |
| Consumer Products | | | | 0.9 |
| Drugs | | | | 7.6 |
| Electrical Equipment | | | | 2.5 |
| Electrical Utilities | | | | 1.9 |
| Electronics Equipment | | | | 0.7 |
| Energy Resources | | | | 6.4 |
| Financial Services | | | | 3.7 |
| Food & Beverage | | | | 5.1 |
| Gas Utilities | | | | 0.9 |
| Health | | | | 3.9 |
| Industrial Services | | | | 0.9 |
| Insurance | | | | 3.1 |
| Leisure | | | | 2.8 |
| Machinery | | | | 0.2 |
| Media | | | | 3.8 |
| Mining | | | | 0.6 |
| Multi-Industrial | | | | 1.8 |
| Property Insurance | | | | 2.4 |
| Publishing | | | | 0.6 |
| Restaurants | | | | 0.4 |
| Retail-Major Department Store | | | | 0.1 |
| Semiconductors | | | | 0.5 |
| Specialty Retail | | | | 4.0 |
| Steel | | | | 0.5 |
| Telecommunications | | | | 4.9 |
| Wireless | | | | 4.2 |
| TOTAL COMMON STOCK | | | | 92.3% |

The percentage shown for each investment category reflects the value of investments in that category as a percentage of total net assets.

Shareholder Letter

Dear Shareholders:

We are pleased to report on the performance of the Goldman Sachs Variable Insurance Trust — Global Income Fund. This annual report covers the one-year period that ended December 31, 2001.

Market Review

Global bond markets performed well during the year, especially compared to their equity counterparts. This strong performance was driven by slowing economic growth, which was further exacerbated by the terrorist attacks in September. The U.S. bond market was the best performing of the major markets, as the Federal Reserve Board (the “Fed”) eased monetary policy aggressively in 2001. Two-year Treasury yields hit a 40-year low, as the Fed cut rates by 475 basis points during the year (to 1.75%) to stimulate a weakening economy. As a result, the bond market rally was led by the short end of the curve, with two-year yields falling by 207 basis points in 2001, while 10-year and 30-year yields remained virtually unchanged. European and UK bond markets largely mirrored U.S. Treasuries, as the European Central Bank (the “ECB”) and Bank of England followed the Fed and cut rates by 150 and 200 basis points, respectively. Japanese bonds lagged the other major markets, but delivered solid returns, as the Japanese economy continued to be mired in recession while suffering from broad-based deflation.

Performance Review

Over the one-year period that ended December 31, 2001, the Fund generated a 4.80% cumulative total return. Over the same time period, the Fund’s benchmark, the JP Morgan Global Government Bond Index (hedged into U.S. dollars), generated an aggregate total return of 6.15%. The Fund’s underperformance versus the benchmark was largely due to its sector and security selection.

Investment Objective

The Fund seeks high total return, emphasizing current income and, to a lesser extent, providing opportunities for capital appreciation, primarily through investments in fixed income securities of U.S. and foreign issuers and foreign currencies.

Portfolio Composition

*Top Portfolio Holdings as of December 31, 2001 **

| <u>Bonds Denomination</u> | <u>% Portfolio</u> |
|-----------------------------|--------------------|
| U.S. Dollar | 38.5% |
| Euro Currency | 31.0 |
| Japanese Yen | 11.7 |
| Great Britain Pound | 6.3 |
| U.S. Dollar Cash Equivalent | 5.8 |
| Canadian Dollar | 1.5 |
| Swedish Krona | 1.2 |
| Danish Krone | 1.2 |

* Figures represent a percentage of net assets and may not sum to 100%. The Fund is actively managed and, as such, its components may differ over time.

Shareholder Letter (continued)

Outlook

There has undoubtedly been stabilization in a wide range of U.S. economic indicators. However, we believe much of this recovery is “catch-up” on the inactivity in the immediate aftermath of the terrorist attack, and that a sustained recovery in the aggregate data is not yet assured. It is our belief that the market has gotten ahead of itself and is discounting excessive rate hikes.

Given the generation-low absence of inflationary pressures, substantial slack in the economy, and the magnitude of the recent sell-off, we see significant short-term value in U.S. bonds. With U.S. consumer spending accounting for 20% of consumer demand in the OECD (Organization for Economic Cooperation and Development) markets, we expect further moderation of economic activity in the Eurozone. However, we do not expect the ECB to cut rates in the early part of the year. In the near-term, we see better value on the other side of the Atlantic, and as a result maintain our underweight position in Europe versus the U.S. Given the relative strength of the UK economy, early fiscal stimulus by the government and upward pressure on long yields, we maintain a short position in long gilts.

We continue to hold a negative economic outlook for Japan, given persistent price deflation and no sign of a pick-up in capital investment activity. Based on the unattractive yield levels at the short end of the Japanese curve, we remain underweight duration in Japan, owning no bonds with less than seven years maturity. At the same time, we maintain our curve flattening trade, reflecting our bullish view on Japanese long bonds, that should be backed by a continually deteriorating economy.

Despite the recent performance of corporate bonds, we believe wide spreads continue to provide an adequate cushion to assume high quality non-government bond risk over a 12-18 month horizon, as well as increased opportunities for sector selection. However, in the short-term there are risks, especially in the event of a further slowdown, before fiscal and monetary stimuli already in the pipeline take effect. This reinforces our ongoing view that security selection is key, with a focus on high quality cyclical names that can sustain a period of revenue decline going forward.

We thank you for your investment and look forward to your continued confidence.

Goldman Sachs Global Income Management Team

January 11, 2002

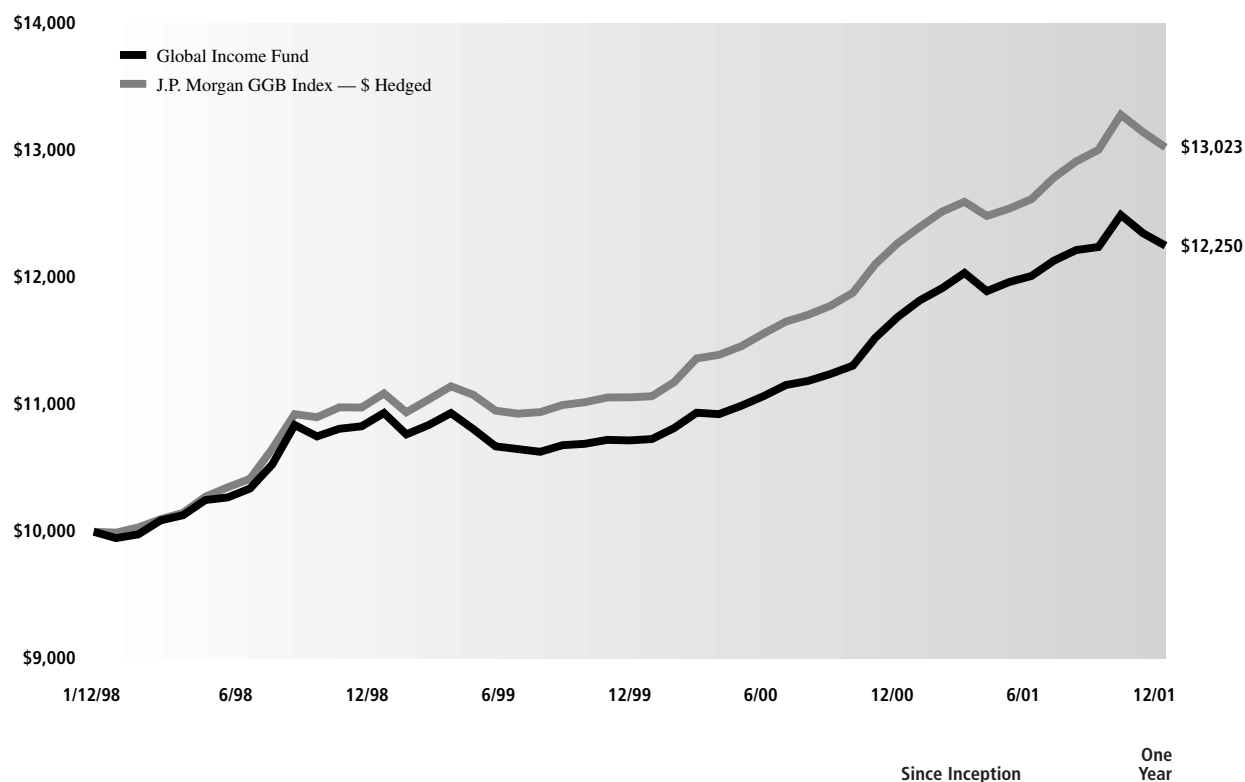
Performance Summary

December 31, 2001

The following graph shows the value as of December 31, 2001, of a \$10,000 investment made on January 12, 1998 (commencement of operations). For comparative purposes, the performance of the Fund's benchmark (the J.P. Morgan Global Government Bond Index hedged to U.S. Dollars (the "J.P. Morgan GGB Index—\$ Hedged")) is shown. This performance data represents past performance and should not be considered indicative of future performance which will fluctuate with changes in market conditions. These performance fluctuations will cause an investor's shares, when redeemed, to be worth more or less than their original cost. Returns do not reflect the reduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Global Income Fund's Lifetime Performance

Growth of a \$10,000 Investment, Distributions Reinvested from January 12, 1998 to December 31, 2001.



Average Annual Total Return through December 31, 2001

| | | |
|---|-------|-------|
| Global Income Fund (commenced January 12, 1998) | 6.63% | 4.80% |
|---|-------|-------|

Statement of Investments

December 31, 2001

| Principal Amount € | Interest Rate | Maturity Date | Value |
|---|------------------|------------------|------------------|
| Foreign Debt Obligations – 52.9% | | | |
| Canadian Dollar – 1.5% | | | |
| Government of Canada | | | |
| CAD 300,000 | 6.00% | 06/01/2011 | \$ 197,258 |
| 50,000 | 8.00 | 06/01/2027 | 40,696 |
| | | | <u>237,954</u> |
| Danish Krone – 1.2% | | | |
| Kingdom of Denmark | | | |
| DKK 400,000 | 8.00 | 05/15/2003 | 50,373 |
| 1,000,000 | 8.00 | 03/15/2006 | 134,042 |
| | | | <u>184,415</u> |
| Euro Currency – 31.0% | | | |
| British Telecom PLC | | | |
| EUR 140,000 | 6.13% | 02/15/2006 | 128,350 |
| Clear Channel Communications, Inc. | | | |
| 100,000 | 6.50 | 07/07/2005 | 91,629 |
| Federal Republic of Germany | | | |
| 600,000 | 5.25 | 01/04/2011 | 543,308 |
| 200,000 | 5.00 | 07/04/2011 | 177,844 |
| 50,000 | 6.25 | 01/04/2024 | 49,020 |
| 160,000 | 6.25 | 01/04/2030 | 158,857 |
| Government of France | | | |
| 650,000 | 3.50 | 07/12/2004 | 574,383 |
| 300,000 | 5.50 | 04/25/2010 | 276,408 |
| 250,000 | 8.50 | 10/25/2019 | 299,047 |
| 200,000 | 5.50 | 04/25/2029 | 178,147 |
| Household Finance Corp. | | | |
| 50,000 | 5.88 | 03/31/2008 | 44,178 |
| Kingdom of Belgium | | | |
| 300,000 | 6.50 | 03/31/2005 | 285,725 |
| Lehman Brothers Holdings PLC | | | |
| 100,000 | 4.75 | 07/12/2004 | 89,557 |
| Republic of Italy | | | |
| 350,000 | 5.00 | 02/15/2003 | 317,077 |
| 200,000 | 4.75 | 07/01/2005 | 180,769 |
| 200,000 | 5.50 | 11/01/2010 | 182,660 |
| 100,000 | 6.50 | 11/01/2027 | 98,821 |
| 100,000 | 5.25 | 11/01/2029 | 84,456 |
| Royal Bank of Scotland Group PLC | | | |
| 100,000 | 4.88 | 03/26/2009 | 85,618 |
| Sogerim SA | | | |
| 100,000 | 7.00 | 04/20/2011 | 90,952 |
| Standard Chartered Bank PLC | | | |
| 50,000 | 5.38 | 05/06/2009 | 43,159 |
| TPSA Eurofinance B.V. | | | |
| 50,000 | 6.63 | 03/01/2006 | 44,683 |
| Treuhandanstalt | | | |
| 600,000 | 7.13 | 01/29/2003 | 554,231 |
| Tyco International Group SA | | | |
| 100,000 | 6.13 | 04/04/2007 | 90,171 |
| VNU NV | | | |
| 50,000 | 6.75 | 10/29/2008 | 44,931 |
| Vodafone Group PLC | | | |
| 100,000 | 5.75 | 10/27/2006 | 91,330 |
| | | | <u>4,805,311</u> |

| Principal Amount € | Interest Rate | Maturity Date | Value |
|---|------------------|------------------|------------------|
| Foreign Debt Obligations – (continued) | | | |
| Great Britain Pound – 6.3% | | | |
| Deutsche Ausgleichsbank | | | |
| GBP 100,000 | 6.50% | 01/15/2008 | \$ 151,355 |
| GMAC Canada Ltd. | | | |
| 150,000 | 6.50 | 03/23/2004 | 216,870 |
| United Kingdom Treasury | | | |
| 40,000 | 7.25 | 12/07/2007 | 64,412 |
| 250,000 | 5.00 | 03/07/2012 | 361,560 |
| 50,000 | 8.00 | 06/07/2021 | 100,269 |
| 50,000 | 6.00 | 12/07/2028 | 85,883 |
| | | | <u>980,349</u> |
| Japanese Yen – 11.7% | | | |
| Government of Japan | | | |
| JPY 10,000,000 | 0.50% | 08/20/2002 | 76,560 |
| 20,000,000 | 0.40 | 06/20/2003 | 153,408 |
| 120,000,000 | 0.90 | 12/22/2008 | 915,960 |
| 50,000,000 | 1.30 | 06/20/2011 | 381,070 |
| 22,000,000 | 2.50 | 12/21/2020 | 182,188 |
| 15,000,000 | 1.90 | 03/22/2021 | 112,687 |
| | | | <u>1,821,873</u> |
| Swedish Krona – 1.2% | | | |
| Kingdom of Sweden | | | |
| SEK 2,000,000 | 3.50% | 04/20/2006 | 180,939 |
| TOTAL FOREIGN DEBT OBLIGATIONS | | | 8,210,841 |
| (Cost \$8,547,080) | | | |
| Corporate Bonds – 11.5% | | | |
| Automotive – 0.9% | | | |
| Ford Motor Credit Co. | | | |
| USD 50,000 | 6.88% | 02/01/2006 | 50,072 |
| 100,000 | 6.50 | 01/25/2007 | 97,833 |
| | | | <u>147,905</u> |
| Electric – 0.7% | | | |
| Wisconsin Energy Corp. | | | |
| USD 100,000 | 5.88% | 04/01/2006 | 101,429 |
| Energy – 0.7% | | | |
| Kinder Morgan, Inc. | | | |
| USD 100,000 | 6.45% | 03/01/2003 | 102,855 |
| Finance Companies – 4.2% | | | |
| Citigroup, Inc. | | | |
| USD 50,000 | 6.75% | 12/01/2005 | 53,160 |
| Household Finance Corp. | | | |
| 100,000 | 8.00 | 05/09/2005 | 107,235 |
| HSBC USA, Inc. | | | |
| 70,000 | 8.38 | 02/15/2007 | 78,005 |
| Merrill Lynch Co., Inc. | | | |
| 100,000 | 6.00 | 02/12/2003 | 103,599 |
| Nederlandse Waterschapsbank | | | |
| 100,000 | 6.13 | 02/13/2008 | 103,388 |

| Principal Amount € | Interest Rate | Maturity Date | Value |
|---|---------------|---------------|--------------|
| Corporate Bonds – (continued) | | | |
| Finance Companies – (continued) | | | |
| Nisource Finance Corp. | | | |
| USD 50,000 | 5.75% | 04/15/2003 | \$ 50,854 |
| Sprint Capital Corp. | | | |
| 50,000 | 6.00 | 01/15/2007 | 49,015 |
| Wells Fargo | | | |
| 100,000 | 7.60 | 05/03/2005 | 108,747 |
| | | | 654,003 |
| Insurance Companies – 0.7% | | | |
| Prudential Financial | | | |
| USD 100,000 | 6.38% | 07/23/2006 | 102,349 |
| Publishing – 0.3% | | | |
| Reed Elsevier Capital, Inc. | | | |
| USD 50,000 | 6.13% | 08/01/2006 | 50,889 |
| Supermarkets – 0.3% | | | |
| Delhaize America, Inc. | | | |
| USD 40,000 | 7.38% | 04/15/2006 | 42,406 |
| Telecommunications – 2.0% | | | |
| AT&T Corp.† | | | |
| USD 100,000 | 7.30% | 11/15/2011 | 102,442 |
| AT&T Wireless Services, Inc. | | | |
| 50,000 | 7.88 | 03/01/2011 | 53,451 |
| Deutsche Telekom International Finance B.V. | | | |
| 150,000 | 7.75 | 06/15/2005 | 160,487 |
| | | | 316,380 |
| Tobacco – 1.0% | | | |
| Imperial Tobacco O/S B.V. | | | |
| USD 50,000 | 7.13% | 04/01/2009 | 50,922 |
| Philip Morris Cos., Inc. | | | |
| 100,000 | 7.13 | 10/01/2004 | 106,721 |
| | | | 157,643 |
| Yankee Banks – 0.7% | | | |
| National Australia Bank Ltd. | | | |
| USD 100,000 | 8.60% | 05/19/2010 | 114,537 |
| TOTAL CORPORATE BONDS | | | |
| (Cost \$1,697,871) | | | \$ 1,790,396 |

| Principal Amount € | Interest Rate | Maturity Date | Value |
|--|---------------|---------------|--------------|
| U.S. Treasury Obligations – 27.0% | | | |
| United States Treasury Bonds | | | |
| USD 200,000 | 8.88% | 08/15/2017 | \$ 265,500 |
| 420,000 | 8.13 | 08/15/2019 | 530,317 |
| 360,000 | 7.50 | 11/15/2024 | 438,862 |
| 290,000 | 6.25 | 05/15/2030 | 313,835 |
| United States Treasury Notes | | | |
| 200,000 | 3.63 | 08/31/2003 | 202,812 |
| 200,000 | 2.75 | 09/30/2003 | 199,719 |
| 100,000 | 6.75 | 05/15/2005 | 108,727 |
| 100,000 | 4.63 | 05/15/2006 | 101,394 |
| 1,100,000 | 7.00 | 07/15/2006 | 1,216,182 |
| 110,006 | 3.63 | 01/15/2008 | 111,174 |
| 500,000 | 5.63 | 05/15/2008 | 523,830 |
| 170,000 | 5.00 | 08/15/2011 | 169,575 |
| TOTAL U.S. TREASURY OBLIGATIONS | | | |
| (Cost \$4,222,793) | | | \$ 4,181,927 |
| Short-Term Obligation — 5.8% | | | |
| State Street Bank & Trust Euro Time Deposit ^Δ | | | |
| USD 904,000 | 1.69% | 01/02/2002 | \$ 904,000 |
| TOTAL SHORT-TERM OBLIGATION | | | |
| (Cost \$904,000) | | | \$ 904,000 |
| TOTAL INVESTMENTS | | | |
| (Cost \$15,371,744) | | | \$15,087,164 |

€ The principal amount of each security is stated in the currency in which the bond is denominated. See below.

CAD – Canadian Dollar

DKK – Danish Krone

EUR – Euro Currency

GBP – Great Britain Pound

JPY – Japanese Yen

SEK – Swedish Krona

USD – United States Dollar

† Securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers in transactions exempt from registration. Total market value of Rule 144A securities amounted to \$102,442 representing 0.7% of net assets, as of December 31, 2001.

Δ A portion of this security is segregated as collateral for initial margin requirements on futures transactions.

The percentage shown for each investment category reflects the value of investments in that category as a percentage of total net assets.

Shareholder Letter

Dear Shareholders:

We are pleased to report on the performance of the Goldman Sachs Variable Insurance Trust — Internet Tollkeeper Fund.

This annual report covers the one-year period that ended December 31, 2001.

Market Review

The U.S. equity markets experienced a difficult 2001, as the majority of the major indexes finished in negative territory for the 12-month period. Throughout the year, investors dealt with the abrupt slowdown in the U.S. economy's growth rate, and the resulting sluggish business environment. At the beginning of 2001, the market's weakness was, for the most part, concentrated in the Technology sector. The drivers of the precipitous drop in many of this sector's issues were weakening end-market demand, significant inventory build-up and downward earnings revisions.

As the economy's growth slowed even further, more industries began to report a slowdown in business, and investors sold stocks across the board. In an effort to jolt the sluggish economy, the Federal Reserve Board (the "Fed") lowered the fed funds rate on eleven separate occasions in 2001. Despite the rationale that purports that lower interest rates spur investment, and in turn boost stock prices, the market did not soar on the heels of the looser monetary policy. This was mainly due to the fact that, regardless of the interest rate level, there was simply not enough demand for companies' products and services to warrant new investments. In addition, the events of September 11 further shook the markets. However, there exists the expectation that we will see the positive effects of the Fed's actions in the coming year, as the business cycle begins to turn upward.

Investment Objective

The Fund seeks capital appreciation by investing primarily in the media, telecommunications, technology and Internet sectors.

Performance Review

During the one-year period that ended December 31, 2001, the Fund generated a -33.68% cumulative total return. Over the same time period the Fund's benchmarks, the Goldman Sachs Internet Index, the NASDAQ Composite and S&P 500 Index (with dividends reinvested) generated cumulative total returns of -42.23%, -21.05% and -11.88%, respectively.

As previously explained in the Market Review section, the Technology sector as a whole experienced another difficult year. After plunging 39% in 2000, the technology-laden NASDAQ fell another 21.05% in 2001. In particular, the Media & Communication sector continued to be volatile, as investors remained wary of this area. Many stocks in this sector were battered throughout the year, and visibility as to when a turnaround will occur remains questionable. The market's primary concern centers on the fact that corporate spending on advertising may continue to be reduced as the U.S. economy's growth rate continues to slow. As a result of the overriding cynicism, even well-diversified media companies such as AOL Time Warner, Inc. (5.8% of the Fund's portfolio as of December 31, 2001) and Viacom, Inc. (7.3%), declined along with the rest of the industry. However, we believe these strong

franchises, with their diversified revenue streams, are well positioned to benefit when we emerge from the current economic slowdown.

We also believe that cable companies are solid long-term businesses, due to their excellent cash flow characteristics and recurring revenue streams. Additionally, these companies continue to benefit as the number of subscribers to high-speed Internet access through cable continues to grow. These companies are leveraging their broadband networks to extend them beyond basic multi-channel programming into digital broadcasting, video-on-demand, high-speed data services, and telephone service. Comcast Corp. (3.6%) which recently announced that it would be buying AT&T's cable unit, will now become the largest cable operator in the nation. Comcast continues to benefit from the digital cable revolution.

Portfolio Composition

*Top 10 Portfolio Holdings as of December 31, 2001**

| <u>Company</u> | <u>Business</u> | <u>% Portfolio</u> |
|------------------------------------|----------------------|--------------------|
| Viacom, Inc. Class B | Entertainment | 7.3% |
| Microsoft Corp. | Computer Software | 6.7 |
| AOL Time Warner, Inc. | Entertainment | 5.8 |
| Crown Castle International Corp. | Wireless | 5.0 |
| Westwood One, Inc. | Media | 4.2 |
| First Data Corp. | Information Services | 4.2 |
| VeriSign, Inc. | Internet | 3.6 |
| Comcast Corp. | Media | 3.6 |
| Liberty Media Corp. Series A | Media | 3.5 |
| Clear Channel Communications, Inc. | Media | 3.3 |

** Opinions expressed in this report represent our present opinions only. Reference to individual securities should not be construed as a commitment that such securities will be retained in the Fund. From time to time, the Fund may change the individual securities it holds, the number or types of securities held and the markets in which it invests. References to individual securities do not constitute a recommendation to the investor to buy, hold or sell such securities. In addition, references to past performance of the Fund do not indicate future returns, which are not guaranteed and will vary.*

Outlook

The U.S. equity markets rose steadily throughout the fourth quarter of 2001. Based on the current sluggish economic environment, we are assuming that the economy will continue to experience flat growth for the next few quarters. Nevertheless, we are hopeful that 2002 will be a period of stronger growth for U.S. companies, as well as businesses around the world.

This is not a forecast, but rather an assumption so that we can test the strength of our companies under the upcoming economic environment. Going forward, we will continue to focus our efforts on the strength and sustainability of our companies' financial statements — a practice that we have always employed.

Goldman Sachs Growth Portfolio Management Team

January 11, 2002

Internet Tollkeeper is a service mark of Goldman, Sachs & Co.

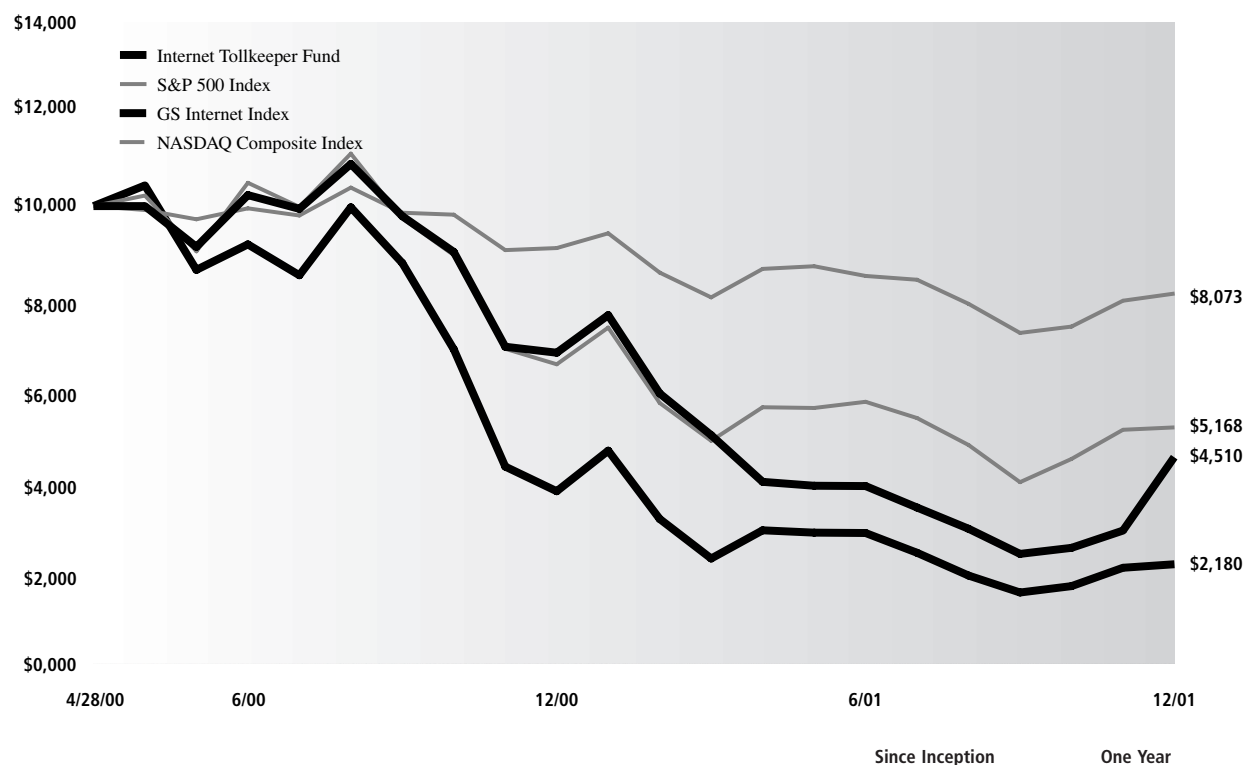
Performance Summary

December 31, 2001

The following graph shows the value as of December 31, 2001, of a \$10,000 investment made on April 28, 2000 (commencement of operations). For comparative purposes, the performance of the Fund's benchmarks (the S&P 500 Index, NASDAQ Composite Index and Goldman Sachs Internet Index) are shown. This performance data represents past performance and should not be considered indicative of future performance which will fluctuate with changes in market conditions. These performance fluctuations will cause an investor's shares, when redeemed, to be worth more or less than their original cost. Returns do not reflect the reduction of taxes that a shareholder would pay fund distributions or the redemption of fund shares.

Internet Tollkeeper Fund's Lifetime Performance

Growth of a \$10,000 Investment, Distributions Reinvested from April 28, 2000 to December 31, 2001.



Average Annual Total Return through December 31, 2001

| Investment | Since Inception | One Year |
|---|-----------------|----------|
| Internet Tollkeeper Fund (commenced April 28, 2000) | -37.76% | -33.68% |

Statement of Investments

December 31, 2001

| Shares | Description | Value |
|------------------------------------|---|----------------|
| Common Stocks – 97.4% | | |
| Computer Hardware – 6.6% | | |
| 4,230 | Cisco Systems, Inc.* | \$ 76,605 |
| 4,450 | EMC Corp. | 59,808 |
| 3,989 | McDATA Corp. Class A* | 97,731 |
| 4,020 | Sun Microsystems, Inc.* | 49,446 |
| | | <u>283,590</u> |
| Computer Software – 11.0% | | |
| 920 | Avocent Corp.* | 22,310 |
| 2,710 | Intuit, Inc.* | 115,879 |
| 4,330 | Microsoft Corp.* | 286,949 |
| 3,170 | Oracle Corp.* | 43,778 |
| | | <u>468,916</u> |
| Entertainment – 14.1% | | |
| 7,735 | AOL Time Warner, Inc.* | 248,294 |
| 1,860 | Metro-Goldwyn-Mayer, Inc.* | 40,734 |
| 7,063 | Viacom, Inc. Class B* | 311,831 |
| | | <u>600,859</u> |
| Home Products – 0.7% | | |
| 1,600 | Energizer Holdings, Inc.* | 30,480 |
| Information Services – 5.6% | | |
| 2,270 | First Data Corp. | 178,082 |
| 2,130 | Travelocity.com, Inc.* | 61,152 |
| | | <u>239,234</u> |
| Internet – 15.0% | | |
| 1,885 | Check Point Software Technologies Ltd.* | 75,193 |
| 3,030 | CheckFree Corp.* | 54,540 |
| 4,515 | CNET Networks, Inc.* | 40,500 |
| 6,080 | Interwoven, Inc.* | 59,219 |
| 2,810 | Sabre Holdings Corp. | 119,003 |
| 2,380 | TMP Worldwide, Inc.* | 102,102 |
| 4,069 | VeriSign, Inc.* | 154,785 |
| 1,930 | Yahoo!, Inc.* | 34,238 |
| | | <u>639,580</u> |
| Leisure – 2.3% | | |
| 5,020 | Cendant Corp.* | 98,442 |

| Shares | Description | Value | |
|---|--|---------------|-------------|
| Common Stocks – (continued) | | | |
| Media – 24.0% | | | |
| 1,770 | Cablevision Systems Corp. | \$ 83,986 | |
| 3,910 | Cablevision Systems Corp.-Rainbow Media Group* | 96,577 | |
| 2,737 | Clear Channel Communications, Inc.* | 139,341 | |
| 4,270 | Comcast Corp.* | 153,720 | |
| 1,740 | EchoStar Communications Corp.* | 47,798 | |
| 2,485 | Gemstar-TV Guide International, Inc.* | 68,835 | |
| 10,540 | Liberty Media Corp. Series A* | 147,560 | |
| 2,690 | Univision Communications, Inc.* | 108,837 | |
| 6,010 | Westwood One, Inc.* | 180,600 | |
| | | 1,027,254 | |
| Securities/Asset Management – 2.0% | | | |
| 5,445 | The Charles Schwab Corp. | 84,234 | |
| Semiconductors – 4.6% | | | |
| 4,800 | Integrated Circuit Systems, Inc.* | 108,432 | |
| 1,170 | Intersil Corp.* | 37,733 | |
| 1,300 | Xilinx, Inc.* | 50,765 | |
| | | 196,930 | |
| Telecommunications Equipment – 3.0% | | | |
| 2,510 | QUALCOMM, Inc.* | 126,755 | |
| Wireless – 8.5% | | | |
| 4,160 | American Tower Corp. Class A* | 39,395 | |
| 20,130 | Crown Castle International Corp.* | 214,989 | |
| 4,430 | Sprint Corp. (PCS Group)* | 108,136 | |
| | | 362,520 | |
| TOTAL COMMON STOCKS | | | |
| (Cost \$4,245,440) | | \$4,158,794 | |
| Principal Amount | Interest Rate | Maturity Date | Value |
| Repurchase Agreement – 2.4% | | | |
| Joint Repurchase Agreement Account [^] | | | |
| \$100,000 | 1.78% | 01/02/2002 | \$ 100,000 |
| TOTAL REPURCHASE AGREEMENT | | | |
| (Cost \$100,000) | | | \$ 100,000 |
| TOTAL INVESTMENTS | | | |
| (Cost \$4,345,440) | | | \$4,258,794 |

* Non-income producing security.

[^] Joint repurchase agreement was entered into on December 31, 2001.

The percentage shown for each investment category reflects the value of investments in that category as a percentage of total net assets.

Statements of Assets and Liabilities

December 31, 2001

| | Growth and Income Fund | CORE U.S. Equity Fund | CORE Large Cap Growth Fund |
|---|---------------------------|--------------------------|-------------------------------|
| Assets: | | | |
| Investment in securities, at value (identified cost \$40,698,552, \$165,655,370, \$23,511,107, \$49,302,486, \$18,177,204, \$225,302,332, \$19,054,690, \$15,371,744 and \$4,345,440, respectively) | \$40,812,422 | \$162,686,983 | \$22,233,504 |
| Cash, at value ^(a) | 7,379 | 908,547 | 110,000 |
| Receivables: | | | |
| Investment securities sold | 36,263 | — | — |
| Dividends and interest, at value | 41,055 | 120,139 | 16,329 |
| Fund shares sold | 90,523 | 552,266 | 18,341 |
| Forward foreign currency exchange contracts | — | — | — |
| Variation margin | — | — | — |
| Reimbursement from adviser | 13,557 | — | 29,575 |
| Deferred organization expenses, net | 3,186 | 3,432 | 3,432 |
| Other assets | 794 | 3,143 | 6,538 |
| Total assets | 41,005,179 | 164,274,510 | 22,417,719 |
| Liabilities: | | | |
| Due to custodian | — | — | 21,968 |
| Payables: | | | |
| Investment securities purchased | 339,466 | — | — |
| Fund shares repurchased | 18,648 | 224,364 | 2,520 |
| Amounts owed to affiliates | 26,638 | 106,790 | 14,224 |
| Forward foreign currency exchange contracts | — | — | — |
| Variation margin | — | 15,150 | — |
| Accrued expenses and other liabilities | 27,670 | 23,769 | 22,095 |
| Total liabilities | 412,422 | 370,073 | 60,807 |
| Net Assets: | | | |
| Paid-in capital | 45,832,902 | 191,270,514 | 31,689,804 |
| Accumulated undistributed (distributions in excess of) net investment income | 1,811 | — | (360) |
| Accumulated net realized gain (loss) on investment, futures and foreign currency related transactions | (5,355,826) | (24,405,326) | (8,054,929) |
| Net unrealized gain (loss) on investments, futures and translation of assets and liabilities denominated in foreign currencies | 113,870 | (2,960,751) | (1,277,603) |
| NET ASSETS | \$40,592,757 | \$163,904,437 | \$22,356,912 |
| Total shares of beneficial interest outstanding, no par value (unlimited shares authorized) | 4,349,862 | 14,988,789 | 2,567,242 |
| Net asset value, offering and redemption price per share | \$ 9.33 | \$ 10.94 | \$ 8.71 |

(a) Includes restricted cash of \$110,000 and \$310,000 for CORE Large Cap Growth Fund and CORE Small Cap Equity Fund, respectively, relating to initial margin requirements on futures transactions.

| CORE Small Cap Equity Fund | Capital Growth Fund | Mid Cap Value Fund | International Equity Fund | Global Income Fund | Internet Tollkeeper Fund |
|-------------------------------|------------------------|-----------------------|------------------------------|-----------------------|-----------------------------|
| | | | | | |
| \$53,111,768 | \$16,421,848 | \$242,985,764 | \$17,540,655 | \$15,087,164 | \$ 4,258,794 |
| 392,799 | 59,081 | 50,672 | 72,395 | 33,359 | 44,882 |
| 96,488 | — | — | 14,638 | 42,280 | — |
| 37,988 | 14,376 | 265,121 | 38,331 | 323,052 | — |
| 773,608 | 69,431 | 2,825,297 | 6,401 | 49,325 | 8,207 |
| — | — | — | 127,880 | 261,785 | — |
| — | — | — | 101,868 | 61,723 | — |
| 36,583 | 13,775 | — | 52,911 | 26,986 | — |
| 3,432 | 4,089 | 4,338 | 5,478 | 3,186 | — |
| 986 | 118 | 4,229 | 355 | 325 | 125 |
| 54,453,652 | 16,582,718 | 246,135,421 | 17,960,912 | 15,889,185 | 4,312,008 |
| | | | | | |
| — | — | — | — | — | — |
| — | 278,878 | 2,390,813 | 2,610 | 164,955 | — |
| 22,539 | 5,002 | 7,715 | 19,310 | 2,812 | 8,885 |
| 34,218 | 11,208 | 162,718 | 15,490 | 12,713 | 15,591 |
| — | — | — | 112,591 | 155,815 | — |
| 2,350 | — | — | — | — | — |
| 29,968 | 22,069 | 53,669 | 37,655 | 29,567 | 19,235 |
| 89,075 | 317,157 | 2,614,915 | 187,656 | 365,862 | 43,711 |
| | | | | | |
| 52,460,652 | 19,213,952 | 225,408,652 | 25,640,162 | 15,837,418 | 8,562,137 |
| 5,302 | — | — | (21,181) | 77,737 | — |
| (1,912,354) | (1,193,035) | 428,422 | (6,385,228) | (152,710) | (4,207,194) |
| 3,810,977 | (1,755,356) | 17,683,432 | (1,460,497) | (239,122) | (86,646) |
| \$54,364,577 | \$16,265,561 | \$243,520,506 | \$17,773,256 | \$15,523,323 | \$ 4,268,297 |
| 5,015,545 | 1,581,809 | 21,574,069 | 1,976,020 | 1,577,268 | 947,015 |
| \$10.84 | \$ 10.28 | \$ 11.29 | \$ 8.99 | \$ 9.84 | \$ 4.51 |

Statements of Operations

For the Year Ended December 31, 2001

| | Growth and Income Fund | CORE U.S. Equity Fund | CORE Large Cap Growth Fund |
|---|---------------------------|--------------------------|-------------------------------|
| Investment income(a): | | | |
| Dividends | \$ 504,809 | \$ 1,875,748 | \$ 158,964 |
| Interest | 72,212 | 68,181 | 14,116 |
| Total income | 577,021 | 1,943,929 | 173,080 |
| Expenses: | | | |
| Management fees | 290,046 | 1,055,436 | 165,831 |
| Custodian fees | 63,461 | 79,681 | 65,916 |
| Transfer agent fees | 26,239 | 26,388 | 26,158 |
| Professional fees | 24,483 | 24,483 | 24,483 |
| Printing fees | 25,264 | 12,247 | 12,247 |
| Deferred organization expenses | 4,143 | 4,143 | 4,143 |
| Trustee fees | 9,524 | 9,524 | 9,524 |
| Other | 10,405 | 22,914 | 20,266 |
| Total expenses | 453,565 | 1,234,816 | 328,568 |
| Less — expense reductions | (66,837) | (15,642) | (115,357) |
| Net expenses | 386,728 | 1,219,174 | 213,211 |
| NET INVESTMENT INCOME (LOSS) | 190,293 | 724,755 | (40,131) |
| Realized and unrealized gain (loss) on investment, futures and foreign currency transactions: | | | |
| Net realized gain (loss) from: | | | |
| Investment transactions | (4,069,491) | (20,827,540) | (7,874,406) |
| Futures transactions | — | (715,511) | (38,997) |
| Foreign currency related transactions | — | — | — |
| Net change in unrealized gain (loss) on: | | | |
| Investments | 38,097 | 1,689,819 | 2,061,027 |
| Futures | — | 7,636 | (9,871) |
| Translation of assets and liabilities denominated in foreign currencies | — | — | — |
| Net realized and unrealized gain (loss) on investment, futures and foreign currency transactions | (4,031,394) | (19,845,596) | (5,862,247) |
| NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS | \$(3,841,101) | \$(19,120,841) | \$ (5,902,378) |

(a) For the Growth and Income, CORE U.S. Equity, CORE Large Cap Growth, CORE Small Cap Equity, Capital Growth, Mid Cap Value, International Equity and Global Income Funds, foreign taxes withheld on dividends and interest were \$2,279, \$7,658, \$405, \$395, \$798, \$8,379, \$48,890 and \$1,222, respectively.

| CORE Small Cap Equity Fund | Capital Growth Fund | Mid Cap Value Fund | International Equity Fund | Global Income Fund | Internet Tollkeeper Fund |
|-------------------------------|------------------------|-----------------------|------------------------------|-----------------------|-----------------------------|
| \$ 544,550 | \$ 152,354 | \$ 3,339,931 | \$ 373,812 | \$ — | \$ 450 |
| 32,764 | 18,631 | 364,365 | 53,921 | 530,711 | 9,644 |
| 577,314 | 170,985 | 3,704,296 | 427,733 | 530,711 | 10,094 |
| 345,170 | 111,481 | 1,366,161 | 234,413 | 114,916 | 47,697 |
| 129,441 | 58,364 | 84,716 | 157,471 | 109,219 | 43,195 |
| 26,288 | 26,263 | 26,313 | 26,289 | 26,301 | 26,255 |
| 24,483 | 24,108 | 25,483 | 25,856 | 25,606 | 27,478 |
| 12,247 | 12,456 | 79,264 | 12,456 | 12,247 | 11,322 |
| 4,143 | 4,143 | 3,950 | 4,142 | 4,143 | — |
| 9,524 | 9,524 | 9,524 | 9,524 | 9,524 | 9,524 |
| 9,896 | 4,344 | 6,082 | 10,485 | 3,982 | 10 |
| 561,192 | 250,683 | 1,601,493 | 480,636 | 305,938 | 165,481 |
| (100,965) | (102,041) | (16,686) | (164,180) | (159,101) | (105,860) |
| 460,227 | 148,642 | 1,584,807 | 316,456 | 146,837 | 59,621 |
| 117,087 | 22,343 | 2,119,489 | 111,277 | 383,874 | (49,527) |
| (1,050,235) | (1,116,432) | 7,597,234 | (5,930,818) | 273,836 | (3,692,264) |
| (121,187) | — | — | (129,857) | (80,075) | — |
| — | — | — | 154,644 | 143,313 | — |
| 3,104,628 | (1,402,370) | 9,147,130 | (308,187) | (411,646) | 1,671,108 |
| (60,045) | — | — | 80,450 | 15,889 | — |
| — | — | — | (183,364) | 217,441 | — |
| 1,873,161 | (2,518,802) | 16,744,364 | (6,317,132) | 158,758 | (2,021,156) |
| \$ 1,990,248 | \$(2,496,459) | \$18,863,853 | \$(6,205,855) | \$ 542,632 | \$(2,070,683) |

Statements of Changes in Net Assets

For the Year Ended December 31, 2001

| | Growth and Income Fund | CORE U.S. Equity Fund | CORE Large Cap Growth Fund |
|--|---------------------------|--------------------------|-------------------------------|
| From operations: | | | |
| Net investment income (loss) | \$ 190,293 | \$ 724,755 | \$ (40,131) |
| Net realized gain (loss) on investment, futures and foreign currency related transactions | (4,069,491) | (21,543,051) | (7,913,403) |
| Net change in unrealized gain (loss) on investments, futures and translation of assets and liabilities denominated in foreign currencies | 38,097 | 1,697,455 | 2,051,156 |
| Net increase (decrease) in net assets resulting from operations | (3,841,101) | (19,120,841) | (5,902,378) |
| Distributions to shareholders: | | | |
| From net investment income | (192,388) | (737,656) | (6,628) |
| From net realized gain on investment, futures and foreign currency related transactions | — | — | (9,432) |
| From tax return of capital | — | — | — |
| Total distributions to shareholders | (192,388) | (737,656) | (16,060) |
| From share transactions: | | | |
| Proceeds from sales of shares | 13,288,998 | 55,342,887 | 6,311,119 |
| Reinvestment of dividends and distributions | 192,388 | 737,656 | 16,060 |
| Cost of shares repurchased | (5,971,356) | (11,620,753) | (3,967,355) |
| Net increase (decrease) in net assets resulting from share transactions | 7,510,030 | 44,459,790 | 2,359,824 |
| TOTAL INCREASE (DECREASE) | 3,476,541 | 24,601,293 | (3,558,614) |
| Net assets: | | | |
| Beginning of year | 37,116,216 | 139,303,144 | 25,915,526 |
| End of year | \$40,592,757 | \$163,904,437 | \$22,356,912 |
| Accumulated undistributed (distributions in excess of) net investment income | \$ 1,811 | \$ — | \$ (360) |
| Summary of share transactions: | | | |
| Shares sold | 1,391,584 | 4,820,468 | 654,386 |
| Shares issued on reinvestment of dividends and distributions | 20,665 | 67,487 | 1,829 |
| Shares repurchased | (650,969) | (1,062,345) | (444,215) |
| TOTAL | 761,280 | 3,825,610 | 212,000 |

| CORE Small Cap Equity Fund | Capital Growth Fund | Mid Cap Value Fund | International Equity Fund | Global Income Fund | Internet Tollkeeper Fund |
|-------------------------------|------------------------|-----------------------|------------------------------|-----------------------|-----------------------------|
| \$ 117,087 | \$ 22,343 | \$ 2,119,489 | \$ 111,277 | \$ 383,874 | \$ (49,527) |
| (1,171,422) | (1,116,432) | 7,597,234 | (5,906,031) | 337,074 | (3,692,264) |
| 3,044,583 | (1,402,370) | 9,147,130 | (411,101) | (178,316) | 1,671,108 |
| 1,990,248 | (2,496,459) | 18,863,853 | (6,205,855) | 542,632 | (2,070,683) |
| (76,934) | (26,444) | (2,112,836) | (175,062) | (572,674) | — |
| — | (53,974) | (10,913,278) | (60,696) | — | — |
| (74,291) | — | — | (82,175) | — | — |
| (151,225) | (80,418) | (13,026,114) | (317,933) | (572,674) | — |
| 18,234,164 | 9,588,008 | 161,692,684 | 7,631,321 | 6,142,309 | 5,086,020 |
| 151,225 | 80,418 | 13,026,114 | 317,933 | 572,674 | — |
| (6,421,071) | (7,600,880) | (38,692,901) | (12,913,245) | (1,092,103) | (4,200,864) |
| 11,964,318 | 2,067,546 | 136,025,897 | (4,963,991) | 5,622,880 | 885,156 |
| 13,803,341 | (509,331) | 141,863,636 | (11,487,779) | 5,592,838 | (1,185,527) |
| 40,561,236 | 16,774,892 | 101,656,870 | 29,261,035 | 9,930,485 | 5,453,824 |
| \$54,364,577 | \$16,265,561 | \$243,520,506 | \$ 17,773,256 | \$15,523,323 | \$ 4,268,297 |
| \$ 5,302 | \$ — | \$ — | \$ (21,181) | \$ 77,737 | \$ — |
| 1,763,231 | 888,325 | 14,502,257 | 755,369 | 609,720 | 1,040,976 |
| 14,160 | 7,787 | 1,175,647 | 35,965 | 58,021 | — |
| (663,729) | (702,136) | (3,633,018) | (1,299,233) | (108,333) | (896,133) |
| 1,113,662 | 193,976 | 12,044,886 | (507,899) | 559,408 | 144,843 |

Statements of Changes in Net Assets

For the period ended December 31, 2000

| | Growth and Income Fund | CORE U.S. Equity Fund | CORE Large Cap Growth Fund |
|--|---------------------------|--------------------------|-------------------------------|
| From operations: | | | |
| Net investment income (loss) | \$132,085 | \$ 866,667 | \$ 159,880 |
| Net realized gain (loss) on investment, futures and foreign currency related transactions | (261,627) | (2,717,085) | 2,091,316 |
| Net change in unrealized gain (loss) on investments, futures and translation of assets and liabilities denominated in foreign currencies | (1,530,179) | (10,145,803) | (9,400,818) |
| Net increase (decrease) in net assets resulting from operations | (1,659,721) | (11,996,221) | (7,149,622) |
| Distributions to shareholders: | | | |
| From net investment income | (132,311) | (865,509) | (159,108) |
| In excess of net investment income | (3,487) | — | — |
| From net realized gain on investment, futures and foreign currency related transactions | — | (772,737) | (2,390,860) |
| Total distributions to shareholders | (135,798) | (1,638,246) | (2,549,968) |
| From share transactions: | | | |
| Proceeds from sales of shares | 17,902,382 | 117,394,150 | 18,370,620 |
| Reinvestment of dividends and distributions | 135,798 | 1,638,246 | 2,549,968 |
| Cost of shares repurchased | (5,115,477) | (18,153,265) | (9,654,397) |
| Net increase in net assets resulting from share transactions | 12,922,703 | 100,879,131 | 11,266,191 |
| TOTAL INCREASE | 11,127,184 | 87,244,664 | 1,566,601 |
| Net assets: | | | |
| Beginning of period | 25,989,032 | 52,058,480 | 24,348,925 |
| End of period | \$37,116,216 | \$139,303,144 | \$25,915,526 |
| Accumulated undistributed (distributions in excess of) net investment income | \$1,743 | \$ 6,614 | \$ 6,604 |
| Summary of share transactions: | | | |
| Shares sold | 1,660,466 | 8,623,035 | 1,188,982 |
| Shares issued on reinvestment of dividends and distributions | 13,552 | 135,954 | 240,790 |
| Shares repurchased | (472,608) | (1,319,313) | (615,200) |
| TOTAL | 1,201,410 | 7,439,676 | 814,572 |

(a) Commenced operations on April 28, 2000.

| CORE Small Cap Equity Fund | Capital Growth Fund | Mid Cap Value Fund | International Equity Fund | Global Income Fund | Internet Tollkeeper Fund ^(a) |
|-------------------------------|------------------------|-----------------------|------------------------------|-----------------------|--|
| \$ 166,722 | \$ 18,348 | \$ 708,095 | \$ 96,961 | \$ 337,854 | \$ (20,748) |
| 708,025 | 908,998 | 6,465,002 | 1,039,783 | 415,002 | (514,930) |
| (751,988) | (2,291,698) | 8,884,881 | (5,270,656) | (575) | (1,757,754) |
| 122,759 | (1,364,352) | 16,057,978 | (4,133,912) | 752,281 | (2,293,432) |
| (163,417) | (18,348) | (694,182) | — | (337,854) | — |
| — | (324) | — | — | (551,404) | — |
| (1,165,883) | (998,502) | (2,242,158) | (1,731,688) | — | — |
| (1,329,300) | (1,017,174) | (2,936,340) | (1,731,688) | (889,258) | — |
| 36,030,227 | 13,893,398 | 74,750,928 | 16,742,243 | 3,768,756 | 8,132,879 |
| 1,329,300 | 1,017,174 | 2,936,340 | 1,731,688 | 889,252 | — |
| (9,079,504) | (6,204,400) | (11,034,361) | (3,506,485) | (1,514,470) | (385,623) |
| 28,280,023 | 8,706,172 | 66,652,907 | 14,967,446 | 3,143,538 | 7,747,256 |
| 27,073,482 | 6,324,646 | 79,774,545 | 9,101,846 | 3,006,561 | 5,453,824 |
| 13,487,754 | 10,450,246 | 21,882,325 | 20,159,189 | 6,923,924 | — |
| \$40,561,236 | \$16,774,892 | \$101,656,870 | \$29,261,035 | \$ 9,930,485 | \$ 5,453,824 |
| \$ 8,323 | \$ — | \$ 19,417 | \$ (153,516) | \$ (64,775) | \$ — |
| 3,344,425 | 924,852 | 7,892,539 | 1,212,761 | 370,375 | 842,934 |
| 138,038 | 86,942 | 289,859 | 153,382 | 91,393 | — |
| (852,757) | (369,914) | (1,252,284) | (275,266) | (148,165) | (40,762) |
| 2,629,706 | 641,880 | 6,930,114 | 1,090,877 | 313,603 | 802,172 |

Financial Highlights

Selected Data for a Share Outstanding Throughout Each Period

| | | Income (loss) from investment operations | | | Distributions to shareholders | | | | |
|--|---|---|---|--|----------------------------------|---|-------------------------------------|---------------------------------|------------------------|
| | Net asset value, beginning of period | Net investment income (loss) | Net realized and unrealized gain (loss) | Total from investment operations | From net investment income | In excess of net investment income | From tax return of capital | From net realized gain | Total distributions |
| Growth and Income Fund | | | | | | | | | |
| For the year ended December 31, 2001 | \$10.34 | \$ 0.05 (c) | \$(1.02) | \$(0.97) | \$(0.04) | \$ — | \$ — | \$ — | \$(0.04) |
| For the year ended December 31, 2000 | 10.89 | 0.04 (c) | (0.55) | (0.51) | (0.04) | — | — | — | (0.04) |
| For the year ended December 31, 1999 | 10.45 | 0.12 | 0.44 | 0.56 | (0.12) | — | — | — | (0.12) |
| For the period ended December 31, 1998 (commenced January 12) | 10.00 | 0.09 | 0.45 | 0.54 | (0.09) | — | — | — | (0.09) |
| CORE U.S. Equity Fund | | | | | | | | | |
| For the year ended December 31, 2001 | 12.48 | 0.05 (c) | (1.54) | (1.49) | (0.05) | — | — | — | (0.05) |
| For the year ended December 31, 2000 | 13.98 | 0.11 (c) | (1.46) | (1.35) | (0.08) | — | — | (0.07) | (0.15) |
| For the year ended December 31, 1999 | 11.42 | 0.05 | 2.72 | 2.77 | (0.05) | — | — | (0.16) | (0.21) |
| For the period ended December 31, 1998 (commenced February 13) | 10.00 | 0.05 | 1.42 | 1.47 | (0.05) | — | — | — | (0.05) |
| CORE Large Cap Growth Fund | | | | | | | | | |
| For the year ended December 31, 2001 | 11.00 | (0.02)(c) | (2.27) | (2.29) | 0.00 (d) | — | — | 0.00 (d) | 0.00 (d) |
| For the year ended December 31, 2000 | 15.80 | 0.08 (c) | (3.67) | (3.59) | (0.08) | — | — | (1.13) | (1.21) |
| For the year ended December 31, 1999 | 11.68 | 0.02 | 4.12 | 4.14 | (0.02) | — | — | — | (0.02) |
| For the period ended December 31, 1998 (commenced February 13) | 10.00 | 0.02 | 1.68 | 1.70 | (0.02) | — | — | — | (0.02) |
| CORE Small Cap Equity Fund | | | | | | | | | |
| For the year ended December 31, 2001 | 10.40 | 0.03 (c) | 0.44 | 0.47 | (0.02) | — | (0.01) | — | (0.03) |
| For the year ended December 31, 2000 | 10.60 | 0.06 (c) | 0.09 | 0.15 | (0.04) | — | — | (0.31) | (0.35) |
| For the year ended December 31, 1999 | 9.04 | 0.02 | 1.56 | 1.58 | (0.02) | — | — | — | (0.02) |
| For the period ended December 31, 1998 (commenced February 13) | 10.00 | 0.02 | (0.95) | (0.93) | (0.02) | (0.01) | — | — | (0.03) |
| Capital Growth Fund | | | | | | | | | |
| For the year ended December 31, 2001 | 12.09 | 0.02 (c) | (1.78) | (1.76) | (0.02) | — | — | (0.03) | (0.05) |
| For the year ended December 31, 2000 | 14.01 | 0.01 (c) | (1.16) | (1.15) | (0.01) | — | — | (0.76) | (0.77) |
| For the year ended December 31, 1999 | 11.31 | 0.01 | 3.04 | 3.05 | (0.01) | — | — | (0.34) | (0.35) |
| For the period ended December 31, 1998 (commenced April 30) | 10.00 | 0.03 | 1.31 | 1.34 | (0.03) | — | — | — | (0.03) |
| Mid Cap Value Fund | | | | | | | | | |
| For the year ended December 31, 2001 | 10.67 | 0.14 (c) | 1.14 | 1.28 | (0.11) | — | — | (0.55) | (0.66) |
| For the year ended December 31, 2000 | 8.42 | 0.15 (c) | 2.45 | 2.60 | (0.08) | — | — | (0.27) | (0.35) |
| For the year ended December 31, 1999 | 8.57 | 0.07 | (0.15) | (0.08) | (0.07) | — | — | — | (0.07) |
| For the period ended December 31, 1998 (commenced May 1) | 10.00 | 0.07 | (1.43) | (1.36) | (0.07) | — | — | — | (0.07) |
| International Equity Fund | | | | | | | | | |
| For the year ended December 31, 2001 | 11.78 | 0.05 (c) | (2.68) | (2.63) | (0.09) | — | (0.04) | (0.03) | (0.16) |
| For the year ended December 31, 2000 | 14.47 | 0.05 (c) | (1.99) | (1.94) | — | — | — | (0.75) | (0.75) |
| For the year ended December 31, 1999 | 11.91 | 0.07 | 3.66 | 3.73 | (0.07) | (0.13) | — | (0.97) | (1.17) |
| For the period ended December 31, 1998 (commenced January 12) | 10.00 | 0.02 | 1.98 | 2.00 | — | — | — | (0.09) | (0.09) |
| Global Income Fund | | | | | | | | | |
| For the year ended December 31, 2001 | 9.75 | 0.30 (c)(e) | 0.17 (e) | 0.47 | (0.38) | — | — | — | (0.38) |
| For the year ended December 31, 2000 | 9.83 | 0.41 (c) | 0.48 | 0.89 | (0.41) | (0.56) | — | — | (0.97) |
| For the year ended December 31, 1999 | 10.32 | 0.39 | (0.50) | (0.11) | (0.33) | — | — | (0.05) | (0.38) |
| For the period ended December 31, 1998 (commenced January 12) | 10.00 | 0.45 | 0.38 | 0.83 | (0.40) | — | — | (0.11) | (0.51) |
| Internet Tollkeeper Fund | | | | | | | | | |
| For the year ended December 31, 2001 | 6.80 | (0.06)(c) | (2.23) | (2.29) | — | — | — | — | — |
| For the period ended December 31, 2000 (commenced April 28) | 10.00 | (0.04)(c) | (3.16) | (3.20) | — | — | — | — | — |

(a) Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of period. Total returns for periods less than one full year are not annualized. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

(b) Annualized.

(c) Calculated based on the average shares outstanding methodology.

(d) Amount is less than \$(0.005) per share.

(e) See note 2B — Securities Transactions and Investment Income under Significant Accounting Policies in the Notes to Financial Statements.

| Net asset value, end of period | Total return ^(a) | Net assets at end of period (in 000s) | Ratio of net expenses to average net assets | Ratio of net investment income (loss) to average net assets | Ratios assuming no expense reductions | | Portfolio turnover rate |
|--------------------------------|-----------------------------|---------------------------------------|---|---|---|---|-------------------------|
| | | | | | Ratio of expenses to average net assets | Ratio of net investment income (loss) to average net assets | |
| \$ 9.33 | (9.34)% | \$ 40,593 | 1.00% | 0.49% | 1.17% | 0.32% | 48% |
| 10.34 | (4.69) | 37,116 | 0.99 | 0.40 | 1.22 | 0.17 | 68 |
| 10.89 | 5.41 | 25,989 | 0.90 | 1.44 | 1.65 | 0.69 | 121 |
| 10.45 | 5.47 | 13,814 | 0.90 ^(b) | 1.85 (b) | 2.69 ^(b) | 0.06 (b) | 88 |
| 10.94 | (11.94) | 163,904 | 0.81 | 0.48 | 0.82 | 0.47 | 72 |
| 12.48 | (9.62) | 139,303 | 0.85 | 0.87 | 0.87 | 0.85 | 32 |
| 13.98 | 24.30 | 52,058 | 0.80 | 0.70 | 1.52 | (0.02) | 70 |
| 11.42 | 14.73 | 9,809 | 0.80 ^(b) | 0.70 (b) | 2.83 ^(b) | (1.33) ^(b) | 75 |
| 8.71 | (20.76) | 22,357 | 0.90 | (0.17) | 1.39 | (0.66) | 104 |
| 11.00 | (22.48) | 25,916 | 0.89 | 0.54 | 1.23 | 0.20 | 86 |
| 15.80 | 35.42 | 24,349 | 0.80 | 0.15 | 1.85 | (0.90) | 70 |
| 11.68 | 16.99 | 8,214 | 0.80 ^(b) | 0.20 (b) | 2.87 ^(b) | (1.87) ^(b) | 69 |
| 10.84 | 4.53 | 54,365 | 1.00 | 0.32 | 1.22 | 0.10 | 105 |
| 10.40 | 1.75 | 40,561 | 0.99 | 0.59 | 1.55 | 0.03 | 91 |
| 10.60 | 17.54 | 13,488 | 0.90 | 0.35 | 4.22 | (2.97) | 101 |
| 9.04 | (9.30) | 4,841 | 0.90 ^(b) | 0.30 (b) | 3.92 ^(b) | (2.72) ^(b) | 74 |
| 10.28 | (14.46) | 16,266 | 1.00 | 0.15 | 1.69 | (0.54) | 39 |
| 12.09 | (7.98) | 16,775 | 0.99 | 0.13 | 1.84 | (0.72) | 37 |
| 14.01 | 27.13 | 10,450 | 0.90 | 0.04 | 3.13 | (2.19) | 34 |
| 11.31 | 13.40 | 4,463 | 0.90 ^(b) | 0.42 (b) | 4.92 ^(b) | (3.60) ^(b) | 20 |
| 11.29 | 12.05 | 243,521 | 0.93 | 1.27 | 0.94 | 1.26 | 82 |
| 10.67 | 31.07 | 101,657 | 1.04 | 1.60 | 1.22 | 1.42 | 101 |
| 8.42 | (0.95) | 21,882 | 0.95 | 1.30 | 2.19 | 0.06 | 103 |
| 8.57 | (13.56) | 5,604 | 0.95 ^(b) | 1.74 (b) | 4.79 ^(b) | (2.10) ^(b) | 38 |
| 8.99 | (22.26) | 17,773 | 1.35 | 0.47 | 2.05 | (0.23) | 76 |
| 11.78 | (13.19) | 29,261 | 1.34 | 0.37 | 1.99 | (0.28) | 70 |
| 14.47 | 31.85 | 20,159 | 1.25 | 0.41 | 2.57 | (0.91) | 87 |
| 11.91 | 20.07 | 11,206 | 1.25 ^(b) | 0.23 (b) | 2.97 ^(b) | (1.49) ^(b) | 76 |
| 9.84 | 4.80 | 15,523 | 1.15 | 3.01 ^(e) | 2.40 | 1.76 (e) | 207 |
| 9.75 | 9.05 | 9,930 | 1.14 | 4.08 | 2.95 | 2.27 | 186 |
| 9.83 | (1.01) | 6,924 | 1.05 | 4.23 | 3.51 | 1.77 | 200 |
| 10.32 | 8.29 | 5,741 | 1.05 ^(b) | 4.59 (b) | 3.30 ^(b) | 2.34 (b) | 203 |
| 4.51 | (33.68) | 4,268 | 1.25 | (1.04) | 3.47 | (3.26) | 88 |
| 6.80 | (32.00) | 5,454 | 1.25 ^(b) | (0.63) ^(b) | 5.62 ^(b) | (5.00) ^(b) | 48 |

Notes to Financial Statements

December 31, 2001

1. ORGANIZATION

Goldman Sachs Variable Insurance Trust (the “Trust”) is a Delaware business trust registered under the Investment Company Act of 1940, as amended (“the Act”) as an open-end, management investment company. The Trust includes Goldman Sachs Growth and Income Fund (“Growth and Income”), Goldman Sachs CORE U.S. Equity Fund (“CORE U.S. Equity”), Goldman Sachs CORE Large Cap Growth Fund (“CORE Large Cap Growth”), Goldman Sachs CORE Small Cap Equity Fund (“CORE Small Cap Equity”), Goldman Sachs Capital Growth Fund (“Capital Growth”), Goldman Sachs Mid Cap Value Fund (“Mid Cap Value”), Goldman Sachs International Equity Fund (“International Equity”), Goldman Sachs Global Income Fund (“Global Income”) and Goldman Sachs Internet Tollkeeper Fund (“Internet Tollkeeper”), collectively, “the Funds” or individually a “Fund”. Each Fund is diversified under the Act with the exception of the Global Income Fund which is a “non-diversified” Fund under the Act.

Shares of the Trust may be purchased and held by separate accounts of participating life insurance companies for the purpose of funding variable annuity contracts and variable life insurance policies. Shares of the Trust are not offered directly to the general public.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Funds. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts. Actual results could differ from those estimates.

A. Investment Valuation — Investments in securities traded on a U.S. or foreign securities exchange or the NASDAQ system are valued daily at their last sale price on the principal exchange on which they are traded. If no sale occurs, securities are valued at the last bid price. Debt securities are valued at prices supplied by independent pricing services, broker/dealer-supplied valuations or matrix pricing systems. Unlisted equity and debt securities for which market quotations are available are valued at the last sale price on valuation date, or if no sale occurs, at the last bid price. Short-term debt obligations maturing in sixty days or less are valued at amortized cost. Securities for which quotations are not readily available are valued at fair value using methods approved by the Board of Trustees.

B. Securities Transactions and Investment Income — Securities transactions are recorded as of the trade date. Realized gains and losses on sales of portfolio securities are calculated using the identified-cost basis. Dividend income is recorded on the ex-dividend date, net of foreign withholding taxes where applicable. Interest income is determined on the basis of interest accrued, net of foreign withholding taxes where applicable, premium amortized and discount earned. In addition, it is the Funds’ policy to accrue for estimated capital gains taxes on foreign securities held by the Funds, which are subject to such taxes.

As required, effective January 1, 2001, the Global Income Fund has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premiums on debt securities. Prior to January 1, 2001, the Fund did not amortize premiums on debt securities. The cumulative effect of this accounting change had no impact on total net assets or the net asset value per share of the Fund, but resulted in a reduction in the cost of securities and a corresponding increase in net unrealized gain (loss) on investments of \$14,122, based on securities held by the Fund on January 1, 2001.

The effect of this change for the year ended December 31, 2001, was to decrease net investment income by \$85,350 or \$0.07 per share, increase net unrealized gain (loss) on investments by \$54,146 or \$0.04 per share, and increase net realized gains (losses) on investments by \$31,204 or \$0.03 per share. Additionally, the ratio of net investment income in the financial highlights was decreased from 3.67% to 3.01% and the ratio of net investment income without expense reductions was decreased from 2.42% to 1.76%. The statement of changes in net assets and financial highlights for prior periods have not been restated to reflect this change in presentation.

2. SIGNIFICANT ACCOUNTING POLICIES — continued

C. Federal Taxes — It is each Fund’s policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute each year substantially all of its investment company taxable income to its shareholders. Accordingly, no federal tax provisions are required. Income distributions and capital gains distributions, if any, are declared and paid annually.

The characterization of distributions to shareholders for financial reporting purposes is determined in accordance with income tax rules. Therefore, the source of a portfolio’s distributions may be shown in the accompanying financial statements as either from net investment income or net realized gain on investment transactions, or from paid-in-capital, depending on the type of book/tax differences that may exist as well as timing differences.

D. Deferred Organization Expenses — Organization-related costs are being amortized on a straight-line basis over a period of five years (with the exception of those Funds which commenced operations after 1998, whose costs were expensed immediately).

E. Expenses — Expenses incurred by the Trust that do not specifically relate to an individual portfolio of the Trust are generally allocated to the portfolios on a straight-line or pro rata basis depending upon the nature of the expense.

F. Foreign Currency Translations — Amounts denominated in foreign currencies are translated into U.S. dollars on the following basis: (i) investment valuations, foreign currency and other assets and liabilities initially expressed in foreign currencies are converted each business day into U.S. dollars based upon current exchange rates; (ii) purchases and sales of foreign investments, income and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions.

Net realized and unrealized gain (loss) on foreign currency transactions will represent: (i) foreign currency exchange gains and losses from the sale and holdings of foreign currencies and sale of investments (for Global Income only); (ii) gains and losses between trade date and settlement date on investment securities transactions and forward exchange contracts; and (iii) gains and losses from the difference between amounts of interest and dividend recorded and the amounts actually received.

G. Mortgage Dollar Rolls — Global Income may enter into mortgage “dollar rolls” in which the Fund sells securities in the current month for delivery and simultaneously contracts with the same counterparty to repurchase similar (same type, coupon and maturity) but not identical securities on a specified future date. For financial reporting and tax reporting purposes, the Fund treats mortgage dollar rolls as two separate transactions; one involving the purchase of a security and a separate transaction involving a sale.

H. Segregation Transactions — As set forth in the prospectus, certain Funds may enter into derivative transactions to seek to increase total return. Forward foreign currency exchange contracts, futures contracts, written options, mortgage dollar rolls, when-issued securities and forward commitments are examples of such transactions. As a result of entering into those transactions, the Funds are required to segregate liquid assets on the accounting records equal to or greater than the market value of the corresponding transactions.

I. 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. During the term of a repurchase agreement, the value of the underlying securities, including accrued interest, is required to equal or exceed the value of the repurchase agreement, including accrued interest. The underlying securities for all repurchase agreements are held in safekeeping at the Funds’ custodian or designated subcustodians.

Notes to Financial Statements (continued)

December 31, 2001

3. AGREEMENTS

Pursuant to the Investment Management Agreement (the “Agreement”), Goldman Sachs Asset Management (“GSAM”), a business unit of the Investment Management Division of Goldman, Sachs & Co. (“Goldman Sachs”), serves as the investment adviser for Growth and Income, CORE U.S. Equity, CORE Large Cap Growth, CORE Small Cap Equity, Capital Growth, Mid Cap Value and Internet Tollkeeper Funds. Goldman Sachs Asset Management International (“GSAMI”), an affiliate of Goldman Sachs, serves as the investment adviser for the International Equity and Global Income Funds. Under the Agreement, the advisers, subject to the general supervision of the Trust’s Board of Trustees, manage the Funds’ portfolios (GSAM and GSAMI are each referred to herein as the “investment adviser”). As compensation for the services rendered pursuant to the Agreement, the assumption of the expenses related thereto and administering the Funds’ business affairs, including providing facilities, the investment adviser is entitled to a fee, computed daily and payable monthly at an annual rate of the average daily net assets as follows:

| Fund | Fee |
|-----------------------|-------|
| Growth and Income | 0.75% |
| CORE U.S. Equity | 0.70 |
| CORE Large Cap Growth | 0.70 |
| CORE Small Cap Equity | 0.75 |
| Capital Growth | 0.75 |
| Mid Cap Value | 0.80 |
| International Equity | 1.00 |
| Global Income | 0.90 |
| Internet Tollkeeper | 1.00 |

The investment advisers have voluntarily agreed to limit certain “Other Expenses” of the Funds (excluding management fees, taxes, interest, brokerage fees, litigation and indemnification and other extraordinary expenses) to the extent that such expenses exceed .25%, .20%, .20%, .25%, .25%, .25%, .35%, .25% and .25% of the average daily net assets of Growth and Income, CORE U.S. Equity, CORE Large Cap Growth, CORE Small Cap Equity, Capital Growth, Mid Cap Value, International Equity, Global Income and Internet Tollkeeper, respectively.

Goldman Sachs also serves as the transfer agent of the Funds and has voluntarily waived a portion of its transfer agent fees. Goldman Sachs may discontinue or modify this waiver in the future at its discretion. Goldman Sachs serves as the distributor of each Fund’s shares at no cost to the Funds.

3. AGREEMENTS — continued

For the year ended December 31, 2001, the investment adviser reimbursed and waived certain expenses and the Funds have entered into expense offset arrangements with the custodian resulting in a reduction in expenses as follows (amounts in thousands):

| Fund | Investment Adviser Reimbursement | Custody Fee Reduction | Transfer Agent Fee Waiver | Total |
|-----------------------|-------------------------------------|--------------------------|------------------------------|-------|
| Growth and Income | \$51 | \$ 2 | \$14 | \$ 67 |
| CORE U.S. Equity | — | 2 | 14 | 16 |
| CORE Large Cap Growth | 100 | 1 | 14 | 115 |
| CORE Small Cap Equity | 85 | 2 | 14 | 101 |
| Capital Growth | 86 | 2 | 14 | 102 |
| Mid Cap Value | — | 3 | 14 | 17 |
| International Equity | 150 | — | 14 | 164 |
| Global Income | 144 | 1 | 14 | 159 |
| Internet Tollkeeper | 90 | 2 | 14 | 106 |

At December 31, 2001, the amounts owed to affiliates were as follows (in thousands):

| Fund | Management Fees | Transfer Agent Fees | Over Reimbursement of "Other Expenses" | Total |
|-----------------------|--------------------|------------------------|---|-------|
| Growth and Income | \$ 26 | \$1 | \$— | \$ 27 |
| CORE U.S. Equity | 96 | 1 | 10 | 107 |
| CORE Large Cap Growth | 13 | 1 | — | 14 |
| CORE Small Cap Equity | 33 | 1 | — | 34 |
| Capital Growth | 10 | 1 | — | 11 |
| Mid Cap Value | 156 | 1 | 6 | 163 |
| International Equity | 14 | 1 | — | 15 |
| Global Income | 12 | 1 | — | 13 |
| Internet Tollkeeper | 7 | 1 | 8 | 16 |

Notes to Financial Statements (continued)

December 31, 2001

4. PORTFOLIO SECURITY TRANSACTIONS

Cost of purchases and proceeds of sales and maturities of long-term securities for the year ended December 31, 2001, were as follows:

| Fund | Purchases of U.S. Government and agency obligations | Purchases (excluding U.S. Government and agency obligations) | Sales and Maturities of U.S. Government and agency obligations | Sales and Maturities (excluding U.S. Government and agency obligations) |
|-----------------------|--|---|--|---|
| Growth and Income | \$ — | \$ 24,861,105 | \$ — | \$17,762,345 |
| CORE U.S. Equity | — | 149,015,667 | — | 107,032,854 |
| CORE Large Cap Growth | — | 27,381,822 | — | 24,258,044 |
| CORE Small Cap Equity | — | 60,062,167 | — | 47,526,965 |
| Capital Growth | — | 7,694,921 | — | 5,624,051 |
| Mid Cap Value | — | 258,372,849 | — | 132,897,403 |
| International Equity | — | 16,689,695 | — | 21,552,391 |
| Global Income | 6,072,556 | 23,744,784 | 3,043,276 | 21,707,761 |
| Internet Tollkeeper | — | 5,096,218 | — | 3,966,895 |

Forward Foreign Currency Exchange Contracts — Growth and Income, Capital Growth, Mid Cap Value, International Equity and Global Income may enter into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date as a hedge or cross-hedge against either specific transactions or portfolio positions. International Equity and Global Income may also purchase and sell forward contracts to seek to increase total return. All commitments are “marked-to-market” daily at the applicable translation rates. The Funds record realized gains or losses at the time the forward contract is offset by entry into a closing transaction or extinguished by delivery of the currency. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

4. PORTFOLIO SECURITY TRANSACTIONS — continued

At December 31, 2001, the International Equity Fund had outstanding forward foreign currency exchange contracts as follows:

| Open Foreign Currency Purchase Contracts | Expiration Date | Value on Settlement Date | Current Value | Unrealized Gain | Unrealized Loss |
|---|--------------------|--------------------------------|------------------|--------------------|--------------------|
| Australian Dollar | 1/17/2002 | \$ 104,000 | \$ 102,026 | \$ — | \$ 1,974 |
| | 1/25/2002 | 360,199 | 357,553 | — | 2,646 |
| Danish Krone | 1/24/2002 | 210,016 | 210,232 | 216 | — |
| Euro Currency | 1/10/2002 | 1,258,798 | 1,264,346 | 5,548 | — |
| | 1/17/2002 | 720,629 | 714,039 | — | 6,590 |
| Hong Kong Dollar | 3/11/2002 | 148,050 | 148,044 | — | 6 |
| | 5/7/2002 | 392,190 | 392,101 | — | 89 |
| Japanese Yen | 1/17/2002 | 615,963 | 573,058 | — | 42,905 |
| | 1/18/2002 | 469,897 | 450,983 | — | 18,914 |
| Norwegian Krone | 2/27/2002 | 77,516 | 77,863 | 347 | — |
| Pound Sterling | 1/17/2002 | 209,639 | 209,124 | — | 515 |
| | 1/25/2002 | 851,062 | 865,237 | 14,175 | — |
| Singapore Dollar | 1/17/2002 | 210,000 | 208,107 | — | 1,893 |
| | 1/24/2002 | 91,126 | 90,114 | — | 1,012 |
| Swedish Krona | 1/11/2002 | 257,963 | 260,067 | 2,104 | — |
| Swiss Franc | 2/14/2002 | 210,397 | 210,111 | — | 286 |
| TOTAL OPEN FOREIGN CURRENCY PURCHASE CONTRACTS | | \$6,187,445 | \$6,133,005 | \$22,390 | \$76,830 |

| Open Foreign Currency Sales Contracts | Expiration Date | Value on Settlement Date | Current Value | Unrealized Gain | Unrealized Loss |
|---|--------------------|--------------------------------|------------------|--------------------|--------------------|
| Australian Dollar | 1/17/2002 | \$ 103,237 | \$ 102,026 | \$ 1,211 | \$ — |
| | 1/25/2002 | 58,614 | 58,706 | — | 92 |
| Euro Currency | 1/10/2002 | 711,297 | 710,824 | 473 | — |
| | 1/17/2002 | 717,058 | 712,472 | 4,586 | — |
| Hong Kong Dollar | 3/11/2002 | 205,981 | 205,971 | 10 | — |
| | 5/7/2002 | 392,104 | 392,100 | 4 | — |
| Japanese Yen | 1/7/2002 | 40,472 | 40,592 | — | 120 |
| | 1/17/2002 | 615,500 | 569,770 | 45,730 | — |
| | 1/18/2002 | 456,070 | 431,370 | 24,700 | — |
| Pound Sterling | 1/17/2002 | 203,506 | 209,125 | — | 5,619 |
| | 1/25/2002 | 698,761 | 702,438 | — | 3,677 |
| Singapore Dollar | 1/17/2002 | 210,020 | 208,107 | 1,913 | — |
| Swedish Krona | 1/11/2002 | 232,095 | 235,279 | — | 3,184 |
| Swiss Franc | 2/14/2002 | 557,427 | 555,226 | 2,201 | — |
| TOTAL OPEN FOREIGN CURRENCY SALE CONTRACTS | | \$5,202,142 | \$5,134,006 | \$80,828 | \$12,692 |

Notes to Financial Statements (continued)

December 31, 2001

4. PORTFOLIO SECURITY TRANSACTIONS — continued

| Open Foreign Currency Cross Contracts (Purchase/Sale) | Expiration Date | Purchase Current Value | Sale Current Value | Unrealized Gain | Unrealized Loss |
|--|--------------------|------------------------------|--------------------------|--------------------|--------------------|
| Euro Currency/Norwegian Krone | 1/17/2002 | \$ 202,759 | \$ 202,162 | \$ — | \$ 597 |
| Euro Currency/Pound Sterling | 1/17/2002 | 406,194 | 402,923 | — | 3,271 |
| Euro Currency/Swedish Krona | 1/17/2002 | 350,482 | 347,058 | — | 3,424 |
| Euro Currency/Swiss Franc | 1/17/2002 | 394,932 | 396,856 | 1,924 | — |
| Japanese Yen/Pound Sterling | 1/17/2002 | 424,635 | 408,998 | — | 15,637 |
| Norwegian Krone/Euro Currency | 1/17/2002 | 205,243 | 205,503 | 260 | — |
| Pound Sterling/Euro Currency | 1/17/2002 | 408,883 | 412,389 | 3,506 | — |
| Pound Sterling/Japanese Yen | 1/17/2002 | 406,401 | 423,569 | 17,168 | — |
| Swedish Krona/Euro Currency | 1/17/2002 | 348,259 | 350,063 | 1,804 | — |
| Swiss Franc/Euro Currency | 1/17/2002 | 394,931 | 394,791 | — | 140 |
| TOTAL OPEN FOREIGN CURRENCY CROSS CONTRACTS | | \$3,542,719 | \$3,544,312 | \$24,662 | \$23,069 |

At December 31, 2001, the Global Income Fund had outstanding forward foreign currency exchange contracts as follows:

| Open Foreign Currency Purchase Contracts | Expiration Date | Value on Settlement Date | Current Value | Unrealized Gain | Unrealized Loss |
|---|--------------------|--------------------------------|--------------------|--------------------|--------------------|
| Australian Dollar | 1/17/2002 | \$ 286,748 | \$ 286,031 | \$ — | \$ 717 |
| Canadian Dollar | 1/17/2002 | 559,255 | 560,006 | 751 | — |
| Euro Currency | 1/10/2002 | 133,675 | 134,241 | 566 | — |
| | 1/17/2002 | 1,261,378 | 1,250,387 | — | 10,991 |
| Japanese Yen | 1/17/2002 | 833,660 | 779,695 | — | 53,965 |
| | 1/18/2002 | 39,137 | 37,604 | — | 1,533 |
| Pound Sterling | 1/17/2002 | 280,977 | 280,285 | — | 692 |
| Singapore Dollar | 1/17/2002 | 427,000 | 422,981 | — | 4,019 |
| Swedish Krona | 1/11/2002 | 198,709 | 201,672 | 2,963 | — |
| TOTAL OPEN FOREIGN CURRENCY PURCHASE CONTRACTS | | \$4,020,539 | \$3,952,902 | \$ 4,280 | \$71,917 |

4. PORTFOLIO SECURITY TRANSACTIONS — continued

| Open Foreign Currency Sales Contracts | Expiration Date | Value on Settlement Date | Current Value | Unrealized Gain | Unrealized Loss |
|---|--------------------|--------------------------------|------------------|--------------------|--------------------|
| Australian Dollar | 1/17/2002 | \$ 289,433 | \$ 286,031 | \$ 3,402 | \$ — |
| Canadian Dollar | 1/17/2002 | 562,000 | 560,006 | 1,994 | — |
| | 3/14/2002 | 222,228 | 218,748 | 3,480 | — |
| Danish Krone | 1/24/2002 | 212,541 | 212,760 | — | 219 |
| Euro Currency | 1/10/2002 | 4,985,877 | 5,019,154 | — | 33,277 |
| | 1/17/2002 | 832,172 | 826,140 | 6,032 | — |
| Japanese Yen | 1/17/2002 | 1,341,639 | 1,268,529 | 73,110 | — |
| | 1/18/2002 | 1,983,234 | 1,877,220 | 106,014 | — |
| Pound Sterling | 1/17/2002 | 272,752 | 280,285 | — | 7,533 |
| | 1/25/2002 | 1,057,253 | 1,057,153 | 100 | — |
| Swedish Krona | 1/11/2002 | 365,703 | 368,352 | — | 2,649 |
| TOTAL OPEN FOREIGN CURRENCY SALE CONTRACTS | | \$12,124,832 | \$11,974,378 | \$194,132 | \$43,678 |

| Open Foreign Currency Cross Contracts (Purchase/Sale) | Expiration Date | Purchase Current Value | Sale Current Value | Unrealized Gain | Unrealized Loss |
|--|--------------------|------------------------------|--------------------------|--------------------|--------------------|
| Canadian Dollar/Pound Sterling | 1/17/2002 | \$ 282,274 | \$ 278,615 | \$ — | \$ 3,659 |
| Euro Currency/Norwegian Krone | 1/17/2002 | 275,681 | 274,869 | — | 812 |
| Euro Currency/Pound Sterling | 1/17/2002 | 550,945 | 546,487 | — | 4,458 |
| Euro Currency/Swedish Krona | 1/17/2002 | 573,218 | 567,733 | — | 5,485 |
| Euro Currency/Swiss Franc | 1/17/2002 | 816,861 | 821,354 | 4,493 | — |
| Japanese Yen/New Zealand Dollar | 1/17/2002 | 588,970 | 578,810 | — | 10,160 |
| Japanese Yen/Pound Sterling | 1/17/2002 | 578,718 | 566,413 | — | 12,305 |
| New Zealand Dollar/Japanese Yen | 1/17/2002 | 568,171 | 591,108 | 22,937 | — |
| Norwegian Krone/Euro Currency | 1/17/2002 | 279,059 | 279,413 | 354 | — |
| Norwegian Krone/Swiss Franc | 1/17/2002 | 593,227 | 594,605 | 1,378 | — |
| Pound Sterling/Canadian Dollar | 1/17/2002 | 285,518 | 286,518 | 1,000 | — |
| Pound Sterling/Euro Currency | 1/17/2002 | 555,375 | 560,128 | 4,753 | — |
| Pound Sterling/Japanese Yen | 1/17/2002 | 549,191 | 572,390 | 23,199 | — |
| Swedish Krona/Euro Currency | 1/17/2002 | 859,875 | 865,134 | 5,259 | — |
| Swiss Franc/Euro Currency | 1/17/2002 | 821,940 | 820,560 | — | 1,380 |
| Swiss Franc/Norwegian Krone | 1/17/2002 | 589,121 | 587,160 | — | 1,961 |
| TOTAL OPEN FOREIGN CURRENCY CROSS CONTRACTS | | \$8,768,144 | \$8,791,297 | \$ 63,373 | \$40,220 |

The contractual amounts of forward foreign currency exchange contracts do not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered. At December 31, 2001, the International Equity and Global Income Funds had sufficient cash and/or securities to cover any commitments under these contracts.

Option Accounting Principles — When the Funds write call or put options, an amount equal to the premium received is recorded as an asset and as an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a written option expires on its stipulated expiration date or the Funds enter into a closing purchase transaction, the Funds realize a gain or loss without regard to any unrealized gain or loss on the

Notes to Financial Statements (continued)

December 31, 2001

4. PORTFOLIO SECURITY TRANSACTIONS — continued

underlying security, and the liability related to such option is extinguished. When a written call option is exercised, the Funds realize a gain or loss from the sale of the underlying security, and the proceeds of the sale are increased by the premium originally received. When a written put option is exercised, the amount of the premium originally received will reduce the cost of the security which the Funds purchase upon exercise. There is a risk of loss from a change in value of such options which may exceed the related premiums received.

Upon the purchase of a call option or a protective put option by the Funds, the premium paid is recorded as an investment and subsequently marked-to-market to reflect the current market value of the option. If an option which the Funds have purchased expires on the stipulated expiration date, the Funds will realize a loss in the amount of the cost of the option. If the Funds enter into a closing sale transaction, the Funds will realize a gain or loss, depending on whether the sale proceeds for the closing sale transaction are greater or less than the cost of the option. If the Funds exercise a purchased put option, the Funds will realize a gain or loss from the sale of the underlying security, and the proceeds from such sale will be decreased by the premium originally paid. If the Funds exercise a purchased call option, the cost of the security which the Funds purchase upon exercise will be increased by the premium originally paid. As of December 31, 2001, the Funds had no open written or purchased option contracts.

Futures Contracts — The Funds may enter into futures transactions to hedge against changes in interest rates, securities prices, currency exchange rates or to seek to increase total return.

Upon entering into a futures contract, the Funds are required to deposit with a broker an amount of cash or securities equal to the minimum “initial margin” requirement of the associated futures exchange. Subsequent payments for futures contracts (“variation margin”) are paid or received by the Funds daily, dependent on the daily fluctuations in the value of the contracts, and are recorded for financial reporting purposes as unrealized gains or losses. When contracts are closed, the Funds realize a gain or loss which is reported in the Statements of Operations.

The use of futures contracts involve, to varying degrees, elements of market and counterparty risk which may exceed the amounts recognized in the Statements of Assets and Liabilities. Changes in the value of the futures contract may not directly correlate with changes in the value of the underlying securities. This risk may decrease the effectiveness of the Funds’ strategies and potentially result in a loss.

At December 31, 2001, the following futures contracts were open as follows:

| Fund | Type | Number of Contracts Long (Short) | Settlement Month | Market Value | Unrealized Gain (Loss) |
|-----------------------|------------------------------|--|---------------------|-----------------|---------------------------|
| CORE U.S. Equity | S & P 500 Index | 6 | March 2002 | \$1,723,800 | \$ 7,636 |
| CORE Small Cap Equity | Russell 2000 | 1 | March 2002 | \$ 244,650 | \$ 1,695 |
| International Equity | Eurex Deutschland 50 | 21 | March 2002 | \$ 716,322 | \$34,583 |
| | Tokyo Stock Exchange | 3 | March 2002 | 234,028 | 4,007 |
| | | | | \$ 950,350 | \$38,590 |
| Global Income | 10 Year Canadian Gov’t Bonds | 6 | March 2002 | \$ 398,851 | \$ (1,190) |
| | 2 Year U.S. Treasury Note | 3 | March 2002 | 626,953 | (1,954) |
| | 10 Year U.K. Note | (3) | March 2002 | 492,053 | 12,520 |
| | | | | \$1,517,857 | \$ 9,376 |

4. PORTFOLIO SECURITY TRANSACTIONS — continued

For the year ended December 31, 2001, Goldman Sachs earned brokerage commissions from portfolio transactions including futures executed on behalf of the Funds in the following amounts:

| Fund | Brokerage Commissions |
|-----------------------|-----------------------|
| Growth and Income | \$ 2,442 |
| CORE U.S. Equity | 2,240 |
| CORE Large Cap Growth | 505 |
| CORE Small Cap Equity | 750 |
| Mid Cap Value | 26,636 |
| Global Income | 1,155 |

5. JOINT REPURCHASE AGREEMENT ACCOUNT

The Funds, together with other registered investment companies having management agreements with GSAM or their affiliates, transfer uninvested cash into joint accounts, the daily aggregate balance of which is invested in one or more repurchase agreements.

At December 31, 2001, the Growth and Income, CORE U.S. Equity, Capital Growth, Mid Cap Value and Internet Tollkeeper Funds had undivided interests in the repurchase agreements in the following joint account which equaled \$2,300,000, \$1,000,000, \$400,000, \$9,800,000, and \$100,000, respectively, in principal amount. At December 31, 2001, the following repurchase agreements held in this joint account were fully collateralized by Federal Agency obligations.

| Repurchase Agreements | Principal Amount | Interest Rate | Maturity Date | Amortized Cost | Maturity Value |
|---|------------------|---------------|---------------|------------------------|------------------------|
| Banc of America Securities LLC | \$ 500,000,000 | 1.85% | 01/02/2002 | \$ 500,000,000 | \$ 500,051,389 |
| Barclays Capital, Inc. | 500,000,000 | 1.80 | 01/02/2002 | 500,000,000 | 500,050,000 |
| Bear Stearns Companies, Inc. | 500,000,000 | 1.82 | 01/02/2002 | 500,000,000 | 500,050,556 |
| JPM Securities, Inc. | 750,000,000 | 1.82 | 01/02/2002 | 750,000,000 | 750,075,833 |
| Credit Suisse First Boston Corp. | 250,000,000 | 1.80 | 01/02/2002 | 250,000,000 | 250,025,000 |
| Greenwich Capital Markets | 700,000,000 | 1.80 | 01/02/2002 | 700,000,000 | 700,070,000 |
| Lehman Brothers | 1,000,000,000 | 1.75 | 01/02/2002 | 1,000,000,000 | 1,000,097,222 |
| Salomon Smith Barney Holdings, Inc. | 1,000,000,000 | 1.80 | 01/02/2002 | 1,000,000,000 | 1,000,100,000 |
| UBS Warburg LLC | 250,000,000 | 1.30 | 01/02/2002 | 250,000,000 | 250,018,056 |
| UBS Warburg LLC | 500,000,000 | 1.72 | 01/02/2002 | 500,000,000 | 500,047,778 |
| UBS Warburg LLC | 1,443,300,000 | 1.80 | 01/02/2002 | 1,443,300,000 | 1,443,444,330 |
| TOTAL JOINT REPURCHASE AGREEMENT ACCOUNT | | | | \$7,393,300,000 | \$7,394,030,164 |

Notes to Financial Statements (continued)

December 31, 2001

6. LINE OF CREDIT FACILITY

The Funds participate in a \$350,000,000 committed, unsecured revolving line of credit facility. Under the most restrictive arrangement, each Fund must own securities having a market value in excess of 400% of the total bank borrowings. This facility is to be used solely for temporary or emergency purposes. The interest rate on borrowings is based on the federal funds rate. The committed facility also requires a fee to be paid by the Funds based on the amount of the commitment which has not been utilized. During the year ended December 31, 2001, the Funds did not have any borrowings under this facility.

7. CERTAIN RECLASSIFICATIONS

In accordance with AICPA Statement of Position 93-2, certain reclassifications have been recorded to the Funds' accounts. These reclassifications have no impact on the net asset value of the Funds and are designed to present the Funds' capital accounts on a tax basis. Reclassifications result primarily from the difference in the tax treatment of net operating losses, foreign currency transactions and organization costs.

| Fund | Paid-in-Capital | Accumulated Net Realized Gain (Loss) | Accumulated Undistributed Net Investment Income |
|-----------------------|-----------------|--|--|
| Growth and Income | \$ (4,143) | \$ 1,980 | \$ 2,163 |
| CORE US Equity | (6,288) | 1 | 6,287 |
| CORE Large Cap Growth | (39,889) | 94 | 39,795 |
| CORE Small Cap Equity | (78,436) | 47,319 | 31,117 |
| Capital Growth | (4,159) | 58 | 4,101 |
| Mid Cap Value | (3,950) | 30,020 | (26,070) |
| International Equity | (65,476) | (212,819) | 278,295 |
| Global Income | (4,143) | (273,023) | 331,312 |
| Internet Tollkeeper | (49,527) | — | 49,527 |

8. OTHER MATTERS

As of December 31, 2001, Goldman Sachs was the beneficial owner of 39% of the outstanding shares of the Global Income Fund.

9. SUBSEQUENT EVENTS

On January 30, 2002, the Board of Trustees of the Trust approved resolutions which authorized the liquidation of the CORE Large Cap Growth, Global Income and Internet Tollkeeper funds. The timing of such liquidations has not yet been determined.

Notes to Financial Statements (continued)

December 31, 2001

10. ADDITIONAL TAX INFORMATION

The tax character of distributions paid during the fiscal year ended December 31, 2001 was as follows:

| | Growth and Income Fund | CORE U.S. Equity Fund | CORE Large Cap Growth Fund |
|-----------------------------|---------------------------|--------------------------|-------------------------------|
| Distributions paid from: | | | |
| Ordinary income | \$ 192,388 | \$ 737,655 | \$ 16,060 |
| Net long-term Capital Gains | — | — | — |
| Total taxable distributions | \$ 192,388 | \$ 737,655 | \$ 16,060 |
| Tax return of capital | \$ — | \$ — | \$ — |

As of December 31, 2001, the components of accumulated earnings (losses) on a tax basis were as follows:

| | Growth and Income Fund | CORE U.S. Equity Fund | CORE Large Cap Growth Fund |
|---|---------------------------|--------------------------|-------------------------------|
| Undistributed (distribution in excess of) ordinary income — net | \$ 1,811 | \$ — | \$ — |
| Undistributed long-term capital gains | — | — | — |
| Total undistributed earnings | \$ 1,811 | \$ — | \$ — |
| Capital loss carryforward | (3,584,131) | (21,704,749) | (6,511,881) |
| Timing differences (post October losses) | (1,207,395) | (1,729,816) | (1,259,478) |
| Unrealized gains (losses) — net | (450,431) | (3,931,512) | (1,561,173) |
| Total accumulated earnings (losses) — net | \$ (5,240,146) | \$ (27,366,077) | \$ (9,332,532) |
| Capital loss carryforward years of expiration | 2006-2009 | 2008-2009 | 2009 |

At December 31, 2001, the Funds' aggregate security unrealized gains and losses based on cost for U.S. federal income tax purposes was as follows:

| | Growth and Income Fund | CORE U.S. Equity Fund | CORE Large Cap Growth Fund |
|-------------------------------------|---------------------------|--------------------------|-------------------------------|
| Tax Cost | \$41,262,853 | \$166,618,495 | \$23,794,677 |
| Gross unrealized gain | 2,098,253 | 9,487,175 | 926,885 |
| Gross unrealized loss | (2,548,684) | (13,418,687) | (2,488,058) |
| Net unrealized security gain (loss) | \$ (450,431) | \$ (3,931,512) | \$ (1,561,173) |

The difference between book-basis and tax-basis unrealized gains (losses) is attributable primarily to wash sales.

| CORE Small Cap Equity Fund | Capital Growth Fund | Mid Cap Value Fund | International Equity Fund | Global Income Fund | Internet Tollkeeper Fund |
|-------------------------------|------------------------|-----------------------|------------------------------|-----------------------|-----------------------------|
| \$ 76,934 | \$ 26,502 | \$ 11,870,004 | \$ 190,595 | \$ 572,674 | \$ — |
| — | 53,916 | 1,156,110 | 45,163 | — | — |
| \$ 76,934 | \$ 80,418 | \$ 13,026,114 | \$ 235,758 | \$ 572,674 | \$ — |
| \$ 74,291 | \$ — | \$ — | \$ 82,175 | \$ — | \$ — |

| CORE Small Cap Equity Fund | Capital Growth Fund | Mid Cap Value Fund | International Equity Fund | Global Income Fund | Internet Tollkeeper Fund |
|-------------------------------|------------------------|-----------------------|------------------------------|-----------------------|-----------------------------|
| \$ 2,352 | \$ — | \$ 458,221 | \$ (5,035) | \$ 187,943 | \$ — |
| — | — | 679,018 | — | — | — |
| \$ 2,352 | \$ — | \$ 1,137,239 | \$ (5,035) | \$ 187,943 | \$ — |
| (1,791,908) | (836,446) | — | (4,728,640) | (95,983) | (3,067,400) |
| — | (164,335) | — | (1,226,761) | (8,620) | (66,678) |
| 3,693,481 | (1,947,609) | 16,974,614 | (1,906,470) | (397,436) | (1,159,762) |
| \$ 1,903,925 | \$ (2,948,390) | \$ 18,111,853 | \$ (7,866,906) | \$ (314,096) | \$ (4,293,840) |
| 2009 | 2009 | — | 2009 | 2007-2008 | 2008-2009 |

| CORE Small Cap Equity Fund | Capital Growth Fund | Mid Cap Value Fund | International Equity Fund | Global Income Fund | Internet Tollkeeper Fund |
|-------------------------------|------------------------|-----------------------|------------------------------|-----------------------|-----------------------------|
| \$49,418,287 | \$18,369,457 | \$226,011,150 | \$19,484,517 | \$15,491,263 | \$ 5,418,556 |
| 7,040,871 | 586,589 | 20,948,988 | 13,533 | 109,014 | 350,284 |
| (3,347,390) | (2,534,198) | (3,974,374) | (1,957,395) | (513,113) | (1,510,046) |
| \$ 3,693,481 | \$ (1,947,609) | \$ 16,974,614 | \$ (1,943,862) | \$ (404,099) | \$ (1,159,762) |

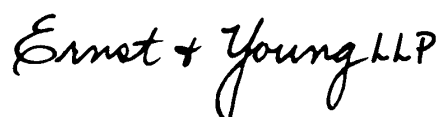
Report of Ernst & Young LLP, Independent Auditors

To the Shareholders and Board of Trustees
Goldman Sachs Variable Insurance Trust

We have audited the accompanying statements of assets and liabilities, including the statements of investments, of Goldman Sachs Variable Insurance Trust (comprising, respectively, Goldman Sachs Growth and Income Fund, Goldman Sachs CORE U.S. Equity Fund, Goldman Sachs CORE Large Cap Growth Fund, Goldman Sachs CORE Small Cap Equity Fund, Goldman Sachs Capital Growth Fund, Goldman Sachs Mid Cap Value Fund, Goldman Sachs International Equity Fund, Goldman Sachs Global Income Fund and Goldman Sachs Internet Tollkeeper Fund) (the “Trust”) as of December 31, 2001, the related statements of operations for the year then ended and the statements of changes in net assets and the financial highlights for each of the two periods in the period then ended. These financial statements and financial highlights are the responsibility of the Trust’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for each of the periods ended December 31, 1998 and 1999 were audited by other auditors whose report, dated February 10, 2000, expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2001 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights, audited by us, referred to above present fairly, in all material respects, the financial position of each of the respective funds constituting Goldman Sachs Variable Insurance Trust at December 31, 2001, the results of their operations, the changes in their net assets, and the financial highlights for the periods indicated above, in conformity with accounting principles generally accepted in the United States.

The signature is written in a cursive, handwritten style. It reads "Ernst & Young LLP". The "E" is large and loops around the "r". The "Y" is also large and loops around the "o". The "LLP" is written in a simpler, more upright cursive.

New York, New York
February 5, 2002

Trustees and Officers (Unaudited)
Independent Trustees

| Name, Address and Age ¹ | Position(s) Held with Trust | Term of Office and Length of Time Served ² | Principal Occupation(s) During Past 5 Years | Number of Portfolios in Fund Complex Overseen by Trustee ³ | Other Directorships Held by Trustee ⁴ |
|---------------------------------------|-----------------------------------|--|---|---|---|
| Ashok N. Bakhru Age: 59 | Chairman & Trustee | Since 1997 | President, ABN Associates (July 1994-March 1996 and November 1998 to present); Executive Vice President—Finance and Administration and Chief Financial Officer, Coty Inc. (manufacturer of fragrances and cosmetics) (April 1996-November 1998); Senior Vice President of Scott Paper Company (until June 1994); Director of Arkwright Mutual Insurance Company (1984-1999); Trustee of International House of Philadelphia (1989-Present); Member of Cornell University Council (1992-Present); Trustee of the Walnut Street Theater (1992-Present); Trustee, Citizens Scholarship Foundation of America (since 1998); Director, Private Equity Investors—III and IV (since November 1998); and Chairman, Lenders Service Inc. (provider of mortgage lending services) (since 2000). Chairman of the Board and Trustee—Goldman Sachs Mutual Fund Complex (registered investment companies). | 69 | None |
| Patrick T. Harker Age: 43 | Trustee | Since 2000 | Dean and Reliance Professor of Operations and Information Management, The Wharton School, University of Pennsylvania (since February 2000); Interim and Deputy Dean, The Wharton School, University of Pennsylvania (since July 1999); Professor and Chairman of Department of Operations and Information Management, The Wharton School, University of Pennsylvania (July 1997-August 2000); UPS Transportation Professor for the Private Sector, Professor of Systems Engineering and Chairman of Systems Engineering, School of Engineering and Applied Science, University of Pennsylvania (prior thereto). Trustee—Goldman Sachs Mutual Fund Complex (registered investment companies). | 69 | None |
| Mary P. McPherson Age: 66 | Trustee | Since 1997 | Vice President, The Andrew W. Mellon Foundation (provider of grants for conservation, environmental and educational purposes) (since October 1997); President of Bryn Mawr College (1978-1997); Director, Smith College (since 1998); Director, Josiah Macy, Jr. Foundation (health educational programs) (since 1977); Director, Philadelphia Contributionship (insurance) (since 1985); Director Emeritus, Amherst College (1986-1998); Director, Dayton Hudson Corporation (general retailing merchandising) (1988-1997); Director, The Spencer Foundation (educational research) (since 1993); member of PNC Advisory Board (banking) (1993-1998); and Director, American School of Classical Studies in Athens (since 1997). Trustee—Goldman Sachs Mutual Fund Complex (registered investment companies). | 69 | None |
| Wilma J. Smelcer Age: 52 | Trustee | Since 2001 | Chairman, Bank of America, Illinois (banking) (1998-January 2001); Chief Administrative Officer, Bank of America, Illinois (1996-1997); Governor, Board of Governors, Chicago Stock Exchange (national securities exchange) (since April 2001). Trustee—Goldman Sachs Mutual Fund Complex (registered investment companies). | 69 | None |
| Richard P. Strubel Age: 62 | Trustee | Since 1997 | President, COO and director Unext Inc. (provider of educational services via the internet) (since 1999); Director, Cantilever Technologies, Inc. (a private software company) (since 1999); Trustee, The University of Chicago (since 1987); Managing Director, Tandem Partners, Inc. (1990-1999). Trustee—Goldman Sachs Mutual Fund Complex (registered investment companies). | 69 | Gildan Activewear Inc. (an activewear clothing marketing and manufacturing company); Unext, Inc. (provider of educational services via the internet); Northern Mutual Fund Complex (57 Portfolios). |

Interested Trustees

| Name, Address and Age ¹ | Position(s) Held with Trust | Term of Office and Length of Time Served ² | Principal Occupation(s) During Past 5 Years | Number of Portfolios in Fund Complex Overseen by Trustee ³ | Other Directorships Held by Trustee ⁴ |
|---------------------------------------|-----------------------------------|--|---|---|--|
| *David B. Ford Age: 55 | Trustee | Since 1997 | Advisory Director, Goldman Sachs & Co. (since December 2001); Director, Goldman Sachs Princeton, LLC (formerly, Commodities Corp. LLC) (futures and commodities traders) (April 1997-December 2001); Managing Director, J. Aron & Company (commodity dealer and risk management adviser) (November 1996-December 2001); Managing Director, Goldman Sachs & Co. Investment Management Division (November 1996-December 2001); Chief Executive Officer and Director, CIN Management (investment adviser) (August 1996-December 2001); Chief Executive Officer & Managing Director and Director, Goldman Sachs Asset Management International (November 1995 and December 1994, respectively to December 2001); Co-Head, Goldman Sachs Asset Management (November 1995-December 2001); Co-Head and Director, Goldman Sachs Funds Management, L.P. (November 1995 and December 1994, respectively to December 2001); and Chairman and Director, Goldman Sachs Asset Management Japan Limited (November 1994-December 2001). Trustee—Goldman Sachs Mutual Fund Complex (registered investment companies). | 69 | None |
| *Alan A. Shuch Age: 52 | Trustee | Since 1997 | Advisory Director—GSAM (since May 1999); Limited Partner, Goldman Sachs (prior to May 1999); General Partner, Goldman Sachs (prior to December 1994); President and Chief Operating Officer of GSAM (prior to December 1994); and Consultant to GSAM (since December 1994). Trustee—Goldman Sachs Mutual Fund Complex (registered investment companies). | 69 | None |
| *Kaysie P. Uniacke Age: 40 | Trustee & Assistant Secretary | Since 2001 Since 1998 | Managing Director, GSAM (since 1997); and Vice President and Senior Fund Manager, GSAM (1988 to 1997). Trustee—Goldman Sachs Mutual Fund Complex (registered investment companies). | 69 | None |

* These persons are considered to be "Interested Trustees" because they hold positions with Goldman Sachs and own securities issued by The Goldman Sachs Group, Inc. Each Interested Trustee holds comparable positions with certain other companies of which Goldman Sachs, GSAM or an affiliate thereof is the investment adviser, administrator and/or distributor.

¹ Each Trustee may be contacted by writing to the Trustee, c/o Goldman Sachs Asset Management, 32 Old Slip, New York, New York, 10005, Attn: Howard B. Surloff.

² Each Trustee holds office for an indefinite term until the earliest of: (a) the election of his or her successor; (b) the date a Trustee resigns or is removed by the Board of Trustees or shareholders, in accordance with the Trust's Declaration of Trust; (c) in accordance with the current resolutions of the Board of Trustees (which may be changed by the Trustees without shareholder vote) after the Trustee attains the age of 72 years; or (d) the Trust terminates.

³ The Goldman Sachs Mutual Fund Complex consists of Goldman Sachs Trust and Goldman Sachs Variable Insurance Trust. As of December 31, 2001, Goldman Sachs Trust consisted of 60 portfolios and Goldman Sachs Variable Insurance Trust consisted of 9 portfolios, including the Funds described in this Report.

⁴ This column includes only directorships of companies required to report to the SEC under the Securities and Exchange Act of 1934 (i.e., "public companies") or other investment companies registered under the Act.

Additional Information about the Trustees is available in the Funds' Statement of Additional Information which can be obtained from Goldman Sachs free of charge by calling this toll-free number (in the U.S.): 800-292-4726.

Officers of the Trust

| Name, Age And Address | Position(s) Held With Trust | Term of Office and Length of Time Served ¹ | Principal Occupation(s) During Past 5 Years |
|---|-----------------------------|---|---|
| Gary D. Black 32 Old Slip New York, NY 10005 Age: 41 | President | Since 2001 | Managing Director, Goldman Sachs (since June 2001); Executive Vice President, AllianceBernstein (October 2000-June 2001); Managing Director, Global Institutional Investment Management, Sanford Bernstein (January 1999-October 2000) and Senior Research Analyst (February 1992-December 1998). President—Goldman Sachs Mutual Fund Complex (since 2001) (registered investment companies). |
| John M. Perlowski 32 Old Slip New York, NY 10005 Age: 37 | Treasurer | Since 1997 | Vice President, Goldman Sachs (since July 1995); and Director/Fund Accounting & Custody, Investors Bank & Trust Company (November 1993-July 1995). Treasurer—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Philip V. Giuca, Jr. 32 Old Slip New York, NY 10005 Age: 39 | Assistant Treasurer | Since 1998 | Vice President, Goldman Sachs (May 1992-Present). Assistant Treasurer—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Peter W. Fortner 32 Old Slip New York, NY 10005 Age: 43 | Assistant Treasurer | Since 2000 | Vice President, Goldman Sachs (July 2000-present); Associate, Prudential Insurance Company of America (November 1985-June 2000); and Assistant Treasurer, certain closed-end funds administered by Prudential (1999 and 2000). Assistant Treasurer—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Kenneth G. Curran 32 Old Slip New York, NY 10005 Age: 38 | Assistant Treasurer | Since 2001 | Vice President, Goldman Sachs (November 1998-Present); and Senior Tax Manager, KPMG Peat Marwick (August 1995-October 1998). Assistant Treasurer—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| James A. Fitzpatrick 4900 Sears Tower Chicago, IL 60606 Age: 41 | Vice President | Since 1997 | Managing Director, Goldman Sachs (since October 1999); Vice President of GSAM (April 1997-December 1999); and Vice President and General Manager, First Data Corporation—Investor Services Group (1994 to 1997). Vice President—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Jesse H. Cole 4900 Sears Tower Chicago, IL 60606 Age: 38 | Vice President | Since 1998 | Vice President, GSAM (since June 1998); Vice President, AIM Management Group, Inc. (investment advisor) (April 1996-June 1998); and Assistant Vice President, The Northern Trust Company (June 1987-April 1996). Vice President—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Kerry K. Daniels 4900 Sears Tower Chicago, IL 60606 Age: 38 | Vice President | Since 2000 | Manager, Institutional Account Administration—Shareholder Services, Goldman Sachs (since 1986). Vice President—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Mary F. Hoppa 4900 Sears Tower Chicago, IL 60606 Age: 37 | Vice President | Since 2000 | Vice President, Goldman Sachs (since October 1999); and Senior Vice President and Director of Mutual Fund Operations, Strong Capital Management (January 1987-September 1999). Vice President—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Christopher Keller 4900 Sears Tower Chicago, IL 60606 Age: 36 | Vice President | Since 2000 | Vice President, Goldman Sachs (April 1997-present); and Manager, Andersen Consulting (August 1989-April 1997). Vice President—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| James A. McNamara 4900 Sears Tower Chicago, IL 60606 Age: 39 | Vice President | Since 2001 | Managing Director, Goldman Sachs (since December 1998); Director of Institutional Fund Sales, GSAM (April 1998-December 2000); Senior Vice President and Manager, Dreyfus Institutional Service Corporation (January 1993-April 1998). Vice President—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Howard B. Surloff 32 Old Slip New York, NY 10005 Age: 36 | Secretary | Since 2001 | Assistant General Counsel, GSAM and General Counsel to the U.S. Funds Group (since December 1997); Assistant General Counsel and Vice President, Goldman Sachs (since November 1993 and May 1994, respectively); Counsel to the Funds Group, GSAM (November 1993-December 1997). Secretary—Goldman Sachs Mutual Fund Complex (registered investment companies) (since 2001) and Assistant Secretary prior thereto. |
| Dave Fishman 32 Old Slip New York, NY 10005 Age: 37 | Assistant Secretary | Since 2001 | Managing Director, Goldman Sachs (since December 2001), Vice President, Goldman Sachs (1997 - December 2001); Trader, Bankers Trust (1986 to 1997). Assistant Secretary—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Danny Burke 32 Old Slip New York, NY 10005 Age: 39 | Assistant Secretary | Since 2001 | Vice President, Goldman Sachs (since 1987). Assistant Secretary—Goldman Sachs Mutual Fund Complex (registered investment companies). |

| Name, Age And Address | Position(s) Held With Trust | Term of Office and Length of Time Served ¹ | Principal Occupation(s) During Past 5 Years |
|--|-----------------------------|---|--|
| Elizabeth D. Anderson 32 Old Slip New York, NY 10005 Age: 32 | Assistant Secretary | Since 1998 | Fund Manager, GSAM (since April 1996); Junior Fund Manager, GSAM (1995-April 1996); Funds Trading Assistant, GSAM (1993-1995). Assistant Secretary—Goldman Sachs Mutual Fund Complex (registered investment companies). |
| Amy E. Belanger 32 Old Slip New York, NY 10005 Age: 32 | Assistant Secretary | Since 1999 | Vice President, Goldman Sachs (since June 1999); Assistant General Counsel, Goldman Sachs (since 2000) Counsel, Goldman Sachs (since 1998); Associate, Dechert Price & Rhoads (September 1996-1998). Assistant Secretary—Goldman Sachs Mutual Fund Complex (registered investment companies). |

¹ Officers hold office at the pleasure of the Board of Trustees or until their successors are duly elected and qualified. Each officer holds comparable positions with certain other companies of which Goldman Sachs, GSAM or an affiliate thereof is the investment adviser, administrator and/or distributor.

Variable Insurance Trust-Tax Information (unaudited)

For the year ended December 31, 2001, 100.0%, 100.0%, 45.82%, 91.22%, 100.0% and 24.89% of the dividends paid from net investment company taxable income by the Growth and Income, CORE US Equity, CORE Large Cap Growth, CORE Small Cap Equity, Capital Growth and Mid Cap Value Funds respectively, qualify for the dividends received deduction available to corporations.

Pursuant to Section 852 of the Internal Revenue Code, Capital Growth, Mid Cap Value and International Equity designate \$53,916, \$1,156,110 and \$45,163 as capital gains dividends paid during its year ended December 31, 2001.

For the 2001 tax year the Goldman Sachs Variable Insurance Trust International Equity Portfolio (the Fund) has elected to pass through a credit for taxes paid to foreign jurisdictions. For the distributions paid during the year ended December 31, 2001, the total amount of income received by the Fund from sources within foreign countries and possessions of the United States was \$0.0565 per share, all of which is attributable to qualified passive income. The total amount of taxes paid by the Fund to such countries was \$0.0254 per share. The country-by country components of these totals are provided below, as required pursuant to Section 853 of the Internal Revenue Code.

| Country | Foreign Source Income Per Share | Foreign Taxes Withheld Per Share |
|----------------|---------------------------------|----------------------------------|
| Australia | \$0.0022 | \$ — |
| Finland | 0.0005 | 0.0003 |
| France | 0.0048 | 0.0027 |
| Germany | 0.0024 | 0.0009 |
| Hong Kong | 0.0026 | — |
| Ireland | 0.0007 | — |
| Italy | 0.0035 | 0.0021 |
| Japan | 0.0057 | 0.0033 |
| Netherlands | 0.0075 | 0.0040 |
| Portugal | 0.0009 | 0.0005 |
| Singapore | 0.0012 | 0.0010 |
| Spain | 0.0017 | 0.0006 |
| Sweden | 0.0026 | 0.0015 |
| Switzerland | 0.0030 | 0.0018 |
| United Kingdom | 0.0172 | 0.0066 |

TRUSTEES

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Alan A. Shuch
Wilma J. Smelcer
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James A. Fitzpatrick, *Vice President*
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Mary F. Hoppa, *Vice President*
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James A. McNamara, *Vice President*
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Kenneth G. Curran, *Assistant Treasurer*
Peter W. Fortner, *Assistant Treasurer*
Philip V. Giuca, Jr., *Assistant Treasurer*
Howard B. Surloff, *Secretary*
Amy E. Belanger, *Assistant Secretary*

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Investment Adviser

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Toll Free (in U.S.): 800-292-4726

This report is prepared for the general information of contract owners and is not an offer of shares of the Goldman Sachs Variable Insurance Trust: Growth and Income, CORE U.S. Equity, CORE Large Cap Growth, CORE Small Cap Equity, Capital Growth, Mid Cap Value, International Equity, Global Income and Internet Tollkeeper Funds.

This material is not authorized for distribution to prospective investors unless preceded or accompanied by a current Prospectus which contains facts concerning the Fund's objectives, policies, management, expenses and other information.

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