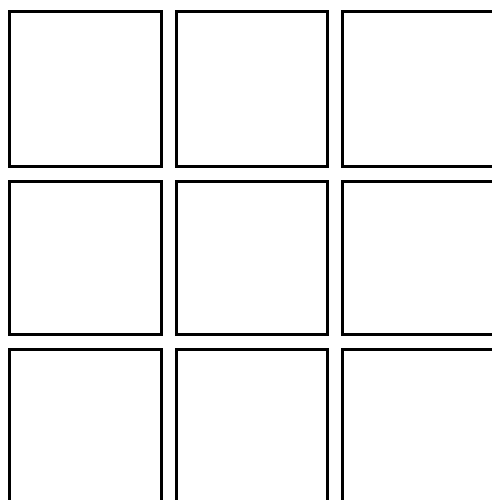




**Asset
Management**



Goldman Sachs Asset Management, L.P.

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March 31, 2014

This brochure describes the investment advisory services provided by Goldman Sachs Asset Management, L.P. to clients of the Private Wealth Management group of Goldman, Sachs & Co. If you have any questions about the contents of this brochure, please contact us at (212) 902-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional information about Goldman Sachs Asset Management, L.P. also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This brochure (“Brochure”) is dated March 31, 2014 and is the annual updating amendment to the prior brochure, dated March 28, 2013. There have been no material changes from the last annual update. For ease of reference, capitalized terms that are defined when first used in the Brochure are also set forth in the Glossary.

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Item 4 – Advisory Business

GOLDMAN SACHS ASSET MANAGEMENT

This Brochure relates to Goldman Sachs Asset Management, L.P. (“GSAMLP”).

GSAMLP, together with Goldman Sachs Asset Management International (“GSAMI”), Goldman Sachs Global Advisory Products LLC (“GSGAP”), GS Investment Strategies, LLC (“GSIS”), Goldman Sachs Hedge Fund Strategies LLC (“HFS”), and GSAM Stable Value, LLC (“GSAM SV”), each a U.S. registered investment adviser, and various affiliates, including affiliates in Bangalore, Beijing, Frankfurt, Hong Kong, Kuala Lumpur, London, Milan, Mumbai, Singapore, Sydney, Tokyo, and other major financial centers around the world, currently comprise Goldman Sachs Asset Management (“GSAM”). GSAM is part of The Goldman Sachs Group, Inc., a public company that is a bank holding company, financial holding company and a world-wide, full-service financial services organization. The Goldman Sachs Group, Inc. is the general partner and principal owner of GSAMLP.

GSAM has been providing financial solutions for investors since 1988. GSAM’s advisory services are offered through a variety of investment products and arrangements, depending on the strategy. These include separately managed accounts (either directly or through wrap fee programs) and pooled investment vehicles such as mutual funds and alternative investment funds. Depending on the strategy, investment advice to clients may be provided on a discretionary or non-discretionary basis. GSAM also may advise individual and institutional investors with regard to alternative investments, including hedge funds, private equity funds, funds of funds, co-investments and other opportunities for which it provides such services. For certain of the investment strategies, GSAM may also provide model portfolios to affiliated and unaffiliated investment advisers that use such model portfolios to assist in developing their own investment recommendations and managing their client accounts.

In this Brochure, The Goldman Sachs Group, Inc., GSAMLP, Goldman, Sachs & Co. (“GS&Co.”) and their respective affiliates, directors, partners, trustees, managers, members, officers and employees are referred to collectively as “Goldman Sachs.” The separately managed accounts and pooled investment vehicles such as mutual funds, collective

trusts and alternative investment funds that are sponsored, managed or advised by GSAM are referred to in this Brochure as “Advisory Accounts.”

Below is a description of the strategies and solutions utilized by GSAM in managing and advising Advisory Accounts.

Fundamental Equity: Conducts original, bottom-up fundamental research across a broad range of country-specific and multi-regional portfolios. Fundamental Equity manages strategies across a broad range of capitalizations and styles, spanning U.S., global developed, growth and emerging markets. Specifically, Fundamental Equity manages growth equity, value equity, core equity, global developed markets equity and growth and emerging markets equity strategies. Fundamental Equity may also offer Advisory Accounts that invest all or a portion of their assets in master limited partnerships (“MLPs”) engaged in, among other sectors, the energy, oil and gas sectors and securities of other companies in these sectors.

Global Fixed Income and Liquidity Management: Seeks to capitalize on investment opportunities across countries, currencies, sectors and issuers. The Fixed Income team offers single-sector, multi-sector, short duration and government and municipal/tax-free strategies and uses independent specialist teams for bottom-up and top-down decisions, and for generating strategies within their areas of expertise. The Global Liquidity Management team within Fixed Income helps clients to construct liquidity management solutions that encompass commercial and government securities as well as multicurrency options.

GSAM Insurance Asset Management: Offers a broad range of investment solutions to life, health, property and casualty, and reinsurance clients. The Insurance Asset Management team develops investment solutions within customized capital and risk management frameworks, including assisting clients in assessing financial risk. The Insurance Asset Management business also incorporates specialized insurance strategy, risk management, reporting and accounting services, unique to the needs of insurers. These services include, among other things, developing investment and hedging strategies and formulating balance sheet strategies in connection with the management of client accounts.

Liberty Harbor: Seeks to capitalize on investing and trading opportunities across corporate capital structures with

a focus on credit alternatives. The team utilizes a bottom-up, fundamentally based investment approach with a trading oriented focus on technicals and valuations and seeks to earn risk-adjusted returns over the long-term with a focus on capital preservation.

Quantitative Investment Strategies (“QIS”): Manages exposures to global stock, bond, currency and commodity markets across a wide variety of equity, macro and customized beta portfolios. QIS applies investment and risk models to financial and economic factors and data to attempt to capture risks and returns within and across global asset classes. The team uses a quantitative style of management, in combination with a qualitative overlay, that emphasizes fundamentally-based security selection, careful portfolio construction and efficient implementation. QIS’s three principal groups are:

- **QIS Equity Alpha Strategies:** Oversees the research, portfolio construction and implementation of QIS’s alpha models in stock selection mandates.
- **QIS Macro Alpha Strategies:** Oversees the research, portfolio construction and implementation of QIS’s alpha models in macro mandates across all major asset classes, including global equities, fixed income, currencies, commodities and volatility.
- **QIS Customized Beta Strategies:** Provides passive implementations customized to specific client needs. The Customized Beta Strategies team offers a variety of key investment strategies including beta replication and hedging services, rules-based portfolios, liquid alternatives, tax-advantaged core strategies and customized indexing.

In addition, QIS may provide other services. For example, QIS may develop proprietary models for use by its teams, as well as for incorporation into various strategies that may be utilized by other teams within GSAM or GSAM’s affiliates. Such models are generally based on statistical analysis of historical data as well as economically-motivated and fundamentally-based insights. QIS may also offer customized multi-asset class allocations, risk management strategies, tactical investments and investment advisory solutions.

GS Investment Strategies, LLC: Provides clients with a broad range of financial solutions, through the Goldman Sachs Investment Partners family of funds and other products, that include multi-strategy portfolios and

customized strategies, including, without limitation, long/short strategies, relative value and arbitrage strategies, event-driven strategies, long-only strategies and private investment strategies. More information about these services is available in the GSIS Form ADV Part 2.

Goldman Sachs Global Advisory Products LLC:

Performs research and works with its clients to develop proprietary algorithms, which may be incorporated into various investment strategies utilized by its clients. GSGAP algorithms use financial and economic factors to attempt to capture risks and returns of global asset classes across markets. More information about these services is available in the GSGAP Form ADV Part 2.

Alternative Investments and Manager Selection

(“AIMS”): Provides investment management and advisory services designed to assist clients in diversifying risk generally through investments with third-party managers, including hedge fund, private equity, real estate, credit and fixed income, and public equity managers. The businesses that comprise AIMS include:

- **Hedge Funds:** AIMS acts as a manager of funds of hedge funds, employing a broad range of alternative investment strategies, including, without limitation, strategies within the equity long/short sector, the relative value sector, the event driven sector and the tactical trading sector. More information about these services is available in the HFS Form ADV Part 2.
- **Private Equity:** AIMS primarily invests in the private equity market by making commitments to third-party managed private equity funds (primary investments), investing directly in companies alongside third-party managers (direct co-investments), and by acquiring existing private equity investments on the secondary market (secondary investments). AIMS creates portfolios on behalf of investment funds and separate accounts utilizing these strategies, investing around the world and across the private equity landscape, providing exposure to strategies such as leveraged buyouts, growth and venture capital, distressed turnaround, industry-focused and structured investments, natural resources, and distressed, mezzanine and real assets.
- **Real Estate:** AIMS invests in commercial real estate assets, including office, multifamily, retail, industrial and hospitality properties located in major U.S.

markets. AIMS uses a broad network of relationships, including institutional investors, professional contacts, industry experts, financial advisors and others, to source investment opportunities. AIMS also advises clients on investments in real estate related secondary opportunities and investments in real estate focused third party alternative investment funds.

- **Credit and Fixed Income:** AIMS acts as a “manager of managers” in the credit and fixed income asset classes. AIMS selects one or more third-party managers to manage client assets under the oversight of AIMS in respect of separate accounts. AIMS may also select third-party managers to sub-advise pooled investment vehicles managed by GSAM and/or its affiliates (“Manager of Manager Funds”) or may invest directly into third-party managed credit and fixed income funds. In addition, AIMS may evaluate co-investment opportunities with credit and fixed income managers.
- **Public Equity:** AIMS acts as “manager of managers” in the long-only equity asset class. AIMS selects one or more third-party managers to manage client assets under the oversight of AIMS in respect of separate accounts. AIMS may also select third-party managers to sub-advise Manager of Manager Funds. AIMS manager selection services provide access to U.S. and non-U.S. equity asset classes, including region specific (broad international, global, emerging markets and equity income), style-focused (growth, value and blend investment) and market cap-based (all cap, large cap, and small) strategies.

Global Portfolio Solutions (“GPS”): Offers customized multi-asset class allocations, risk management strategies, portfolio construction, tactical investments and investment advisory solutions, as well as similarly constructed products. As agreed upon with the client, GPS implements these allocations and periodically rebalances portfolios.

GSAM Stable Value, LLC (formerly known as Dwight Asset Management Company, LLC) (“GSAM SV”): Offers strategies focused on fixed income investment management services for institutional clients. More information about these services is available in the GSAM SV Form ADV Part 2.

In addition to the above, new strategies and products may be developed as markets and businesses change.

INVESTMENT RESTRICTIONS

Clients may impose reasonable restrictions on the management of their separate accounts, including by restricting particular securities or types of investments, provided that GSAM accepts such restrictions. Any such restrictions will be reflected in the investment guidelines or other documentation applicable to the Advisory Account.

Absent specific instructions to the contrary, certain types of account limitations requested by Wrap Program (as defined below) clients, for example prohibiting investments in particular industries or socially responsible categories, may be defined or identified by reference to information provided by a third-party service provider selected by GSAM. GSAM will apply such restrictions based on GSAM’s internal policies and the policies and methodologies of the service provider. The methodology used by GSAM or these service providers to analyze companies may change without notice to Wrap Program clients.

Third-party managers appointed by GSAM on behalf of clients or Manager of Manager Funds are responsible for making investment decisions consistent with the investment guidelines and restrictions developed by GSAM. Where GSAM is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions are not tailored to the needs of individual investors in those vehicles, but rather are described in the prospectus or other relevant offering document for the vehicle.

WRAP FEE PROGRAMS

GSAM’s investment advisory services are also available through various consulting or bundled “wrap fee” programs (“Wrap Programs”) sponsored by certain broker-dealers, including affiliates of GSAM (“Sponsors”).

A client in a Wrap Program typically receives professional investment management of account assets through one or more investment managers (including GSAM) participating in the program. Except for execution charges for certain transactions as described below, clients pay a single, all-inclusive (or “wrap”) fee charged by the Sponsor based on the value of the client’s account assets for asset management, trade execution, custody, performance monitoring and reporting through the Sponsor. The Sponsor typically assists the client in defining the client’s investment

objectives based on information provided by the client, aids in the selection of one or more investment managers to manage the client's account, and periodically contacts the client to ascertain whether there have been any changes in the client's financial circumstances or objectives that warrant a change in the management of the client's assets. In certain Wrap Programs, the Sponsor contracts with other investment advisers to perform these services. In a Wrap Program, the Sponsor pays GSAM a fee based on the assets of clients invested in the applicable GSAM strategy in the Wrap Program. In certain cases, GSAM may instead be paid fees based on the size of the total Wrap Program assets under management.

A Wrap Program client may be able to obtain some or all of the services available through a particular Wrap Program on an "unbundled" basis through the Sponsor of that program or through other firms. Depending on the circumstances, the aggregate of any separately-paid fees may be lower (or higher) than the wrap fee charged in the Wrap Program. Payment of a bundled asset-based wrap fee may or may not produce accounting, bookkeeping, or income tax results different from those resulting from the separate payment of (i) securities commissions and other execution costs on a trade-by-trade basis and (ii) advisory fees.

The following describes some of the differences between Wrap Program Advisory Accounts and other Advisory Accounts.

Management of Wrap Accounts

Wrap Program Advisory Accounts may not be managed identically to institutional Advisory Accounts. Purchases that are implemented for institutional Advisory Accounts will not always be reflected or fully reflected in a Wrap Program Advisory Account that follows the same or substantially similar strategy. For example, Wrap Program Advisory Accounts may be constructed and managed with position thresholds and parameters around new positions and changes to weightings in existing positions. These guidelines are specific to Wrap Programs and will generally not apply to institutional or pooled investment vehicle Advisory Accounts. These guidelines are at the discretion of the portfolio management teams and may be set and/or changed without notice to clients. Wrap Program Advisory Accounts may also be managed with the goal of maintaining higher cash balances than other types of Advisory Accounts, including institutional Advisory Accounts, in order to

manage the impact of relatively frequent inflows and outflows and varying cash levels. For these and other reasons, clients should expect the holdings of Wrap Program Advisory Accounts to differ from one another and from that of the model portfolio for the relevant strategy. Deviations between holdings in a Wrap Program Advisory Account and a model portfolio generally are not considered errors. Deviations in holdings from the model portfolio for the strategy will contribute to performance differences between Wrap Program Accounts and institutional Advisory Accounts.

Trading Considerations and Best Execution

Where GSAM is retained as investment manager under a Wrap Program, GSAM generally does not negotiate on the client's behalf brokerage commissions and charges for the execution of transactions in the Wrap Program client's Advisory Account for transactions executed through the Sponsor. These commissions and charges are generally included in the "wrap" fee charged by the Sponsor, although certain execution costs are typically not included in this fee and may be charged to the client (including, but not limited to, broker-dealer spreads, certain broker-dealer mark-ups or mark-downs on principal transactions, auction fees, fees charged by exchanges on a per transaction basis, fees on NASDAQ transactions, other charges mandated by law, and certain other transaction costs).

GSAM may have discretion to select broker-dealers to execute trades for the Wrap Program Advisory Accounts it manages. Subject to its obligation to seek best execution, GSAM generally places such trades through the Sponsor or its designated broker-dealer because (i) typically the all-inclusive fee paid by each Wrap Program client only covers certain execution costs on agency trades executed through the Sponsor or its affiliates, and (ii) Wrap Program Advisory Accounts are typically custodied with the Wrap Program Sponsor. In addition, operational limitations with these types of accounts may make trading away from the Sponsor more difficult. Wrap Program Advisory Accounts also do not participate in new issues (including "hot initial public offerings"), as they are settled on a principal basis through the underwriters. The result of these limitations on trading away from the Sponsor may be that the overall execution of trades in a Wrap Program Advisory Account is less favorable for Wrap Program Advisory Accounts than for GSAM's other Advisory Accounts. Clients who enroll in Wrap Programs should satisfy themselves that the

Sponsor is able to provide best price and execution of transactions. Clients should also be aware that transactions in Wrap Program Advisory Accounts will generally produce increased trading flow for the Wrap Program Sponsor.

If GSAM selects a broker-dealer other than the Sponsor or its affiliates to effect an agency trade for a Wrap Program Advisory Account, clients should expect that any execution costs charged by that other broker-dealer will be charged to the Advisory Account. For fixed income trades, and in certain circumstances for trades in equity accounts, transactions may be effected on a principal basis and therefore the spread, mark-ups and mark-downs will be paid by the account on those trades to the third-party broker-dealer. Such execution costs are in addition to the wrap fee paid by clients.

Wrap Program clients should also be aware that GSAM offers a variety of strategies through wrap platforms that may, at various times, result in a higher or lower “turnover” of investment securities. Wrap Program clients investing in a strategy or time period with lower investment turnover may pay a disproportionately high fee for execution services, relative to payment on a per transaction basis. In addition, GSAM generally will not aggregate transactions for Wrap Program Advisory Accounts with those of other accounts. Because they currently constitute a relatively small percentage of overall client assets advised by GSAM, Wrap Program Advisory Accounts trade behind other client accounts a high percentage of the time pursuant to a trade rotation protocol instituted by GSAM, as described more fully in Item 12, Brokerage Practices. To the extent Wrap Program Advisory Accounts trade behind other types of accounts within the rotation system, it is possible that Wrap Program Advisory Accounts may suffer adverse effects depending on market conditions and may trade at a disadvantage to other types of Advisory Accounts. Under certain circumstances, Wrap Program Advisory Accounts may trade simultaneously with other types of accounts. Please refer to Item 12, Brokerage Practices, for more information.

Any securities or other assets used to establish a Wrap Program Advisory Account may be sold, and the client will be responsible for payment of any taxes due. Clients should consult their tax advisor or accountant regarding the tax treatment of their account under a Wrap Program.

Wrap Program clients may request that GSAM engage in trades intended to offset capital gains tax liability. Such tax loss harvesting trades are subject to GSAM’s policies regarding minimum size of the trade, timing and format of the request. As part of this policy GSAM may limit, depending on strategy, the maximum amount of losses that would be permitted to be taken in an account. Generally, if the policies are satisfied, then tax loss harvesting trades are processed on a best efforts basis. Tax loss harvesting trades will generally receive a lower priority than cash flow trades, trades to fund new accounts, trades to liquidate securities in connection with account terminations and block trades. As such, there may be a significant delay between a Wrap Program client’s tax loss harvesting request and its execution, and requests received relatively later in the tax year may not be executed before year end.

As described above and in Item 12, Brokerage Practices, Wrap Programs present unique considerations and as a result it is likely that performance of Wrap Program Advisory Accounts will differ from, and potentially lag that of, GSAM’s other Advisory Accounts with the same or substantially similar investment strategies. Wrap Program clients should consider whether their overall needs are best met through investments in a Wrap Program Advisory Account or in another product or service with different portfolio management and trading features.

ASSETS UNDER MANAGEMENT

As of December 31, 2013, GSAMLP had assets under management of \$614,192,510,000, of which \$580,981,667,000 was managed on a discretionary basis and \$33,210,843,000 was managed on a non-discretionary basis.

Item 5 – Fees and Compensation

COMPENSATION FOR ADVISORY SERVICES

Separately Managed Accounts

Clients generally pay advisory fees for separate account management based on a percentage of assets (generally the net asset value of the account) in their Advisory Account(s). GSAMLP’s actual fees, minimum fees and minimum account sizes may be negotiated, and a client may pay more or less than the fees set forth in Appendix A or more or less than similar clients depending on factors that may include the particular circumstances of the client, the size and scope

of the overall client relationship, additional or differing levels of servicing or as may be otherwise agreed with specific clients. Servicing arrangements such as reporting may also vary among clients. Clients with multiple Advisory Accounts may be able to aggregate accounts managed by GSAMLP within each asset class or across Advisory Accounts for purposes of applying for lower fee rates at higher asset levels (referred to herein as “breakpoints”) or reduced fee schedules. GSAMLP may, in its discretion, offer certain clients lower fees, waive minimums on fees or provide lowest available fee arrangements. Clients that negotiate fees with differing breakpoints, including flat fees and performance-based fees, may end up paying a higher fee than as set forth in the standard fee schedule set forth in Appendix A as a result of fluctuations in the amount of the client’s assets under management and account performance. For GSAMLP’s standard fee schedules, please see Appendix A.

Pooled Investment Vehicle Fees

GSAMLP acts as investment adviser/investment manager to pooled investment vehicles such as mutual funds, collective investment trusts and alternative investment funds (e.g., hedge funds, private equity funds, funds of funds and real estate funds). GSAMLP fees for such services are based on each investment vehicle’s particular circumstance. GSAMLP generally receives a management fee for management of non-alternative investment funds and a management fee and an incentive fee or allocation (which may take the form of a carried interest) from each alternative investment fund. The amount and structure of the management fee, incentive fee and/or allocation varies from fund to fund (and may vary significantly depending on the investment fund) and is set forth in the prospectus or other relevant offering document for each fund. In certain cases, investors may receive fee reductions of a portion of the management fee (and/or incentive fee or allocation) attributable to an investor’s interest in the pooled investment vehicle, or invest fee free in pooled investment vehicles and pay negotiated fees outside of the pooled investment vehicle, which may be based on a separate fee schedule agreed upon by GSAMLP and the applicable investor. Master-feeder funds are subject to multiple levels of expenses and, in certain cases, may be subject to multiple levels of fees. Certain pooled investment vehicles are also subject to subscription and/or redemption/withdrawal fees, including in connection with soft locks (i.e., early

redemption penalties), described in the relevant offering documentation.

Underlying Fund Fees

Where GSAMLP has recommended or invested client assets in pooled investment vehicles, clients generally will pay all fees and expenses applicable to an investment in the pooled investment vehicles, including asset-based, performance-based, carried interest, incentive allocation and other compensation payable to the managers in consideration of the managers’ services to the pooled investment vehicles, as well as any fees paid for advisory, administration, distribution, 12b-1, shareholder servicing, sub-accounting, sub-transfer agency and other services, which may be paid to GSAMLP or its affiliates. See also Item 10, Other Financial Industry Activities and Affiliations. An investor in a fund-of-funds vehicle will also bear a proportionate share of the fees and expenses of each investment fund in which the fund-of-funds invests. All fees and expenses of underlying investment funds are generally in addition to the advisory fees each Advisory Account pays to GSAMLP.

Fees for Services to Portfolio Companies

GSAM, GS&Co. and their affiliates may receive deal fees, sponsor fees, monitoring fees or other fees for services provided to portfolio companies. Managers of investment funds in which Advisory Accounts invest and their affiliates may also receive such fees. Any such fees may not be offset against the fees that the Advisory Accounts and investment funds would otherwise be required to pay to GSAM or the investment fund managers. The fees and expenses imposed by GSAM as manager of Advisory Accounts, or by managers of investment funds in which Advisory Accounts invest, may offset investment profits, thus reducing returns.

Considerations Related to Asset-Based and Performance-Based Compensation

GSAMLP may receive different types of compensation in respect of Advisory Accounts. Asset-based compensation is based on the market value of the investments in the Advisory Account and is paid without regard to the performance of the Advisory Account. GSAM may receive significant asset-based compensation in respect of an Advisory Account even if the Advisory Account loses money. Performance-based compensation is contingent on Advisory Account performance, typically subject to a preferred return or a high water mark. Considerations

related to performance-based compensation are set forth in Item 6, Performance-Based Fees and Side-By-Side Management.

Compensation Received by Goldman Sachs

Compensation received by GSAMLP and its affiliates related to various services to Advisory Accounts that are pooled investment vehicles and investment funds in which Advisory Accounts invest generally will be retained by GSAMLP and its affiliates. Except to the extent required by applicable law, GSAMLP is not required to offset such compensation against fees and expenses a client or Advisory Account may otherwise owe GSAMLP and its affiliates. In certain circumstances, however, clients may negotiate for certain of the fees charged in respect of Advisory Accounts that are pooled investment vehicles to be credited against the fees GSAMLP charges such clients in respect of other Advisory Accounts in which they invest.

CALCULATION AND DEDUCTION OF ADVISORY FEES

Advisory and management fees for Advisory Accounts generally are calculated and billed either monthly or quarterly in arrears depending on the Advisory Account, and are payable within thirty (30) days upon the client's receipt of an invoice. The frequency of calculation of incentive fees or allocations (which may take the form of a carried interest), and the timing of payments in respect thereof, will depend on the specific Advisory Account. Subject to negotiation, fees will be prorated through the date of liquidation or termination. Where an affiliate of GSAM is the custodian, fees and other expenses will be automatically deducted from the client's Advisory Account, unless other arrangements have been made. Where the custodian is a third party, clients generally will arrange to have such fees debited directly from the client's account for credit to GSAM, subject to applicable law.

OTHER FEES AND EXPENSES

In addition to the advisory fees described above, clients will be subject to other fees and expenses in connection with GSAM's advisory services.

Transaction Charges

Except as set forth below with respect to Wrap Program clients, GSAM's clients will pay brokerage commissions, mark-ups, mark-downs and other commission equivalents as

well as spreads and/or transaction costs related to transactions effected for their Advisory Accounts to executing broker-dealers. As described in Item 12, Brokerage Practices, GSAM will effect these transactions subject to its obligation to seek best execution. The different types of transaction charges include:

- **Commissions:** the amount charged by a broker for purchasing or selling securities, real estate or other investments as an agent for the client, which is disclosed on client's trade confirmations or otherwise.
- **Commission equivalents:** an amount charged by a dealer for purchasing or selling securities or other investments in certain riskless principal transactions. Riskless principal transactions refer to transactions in which a dealer, after having received an order from a client to buy a particular security, purchases such security from another person to offset a contemporaneous sale to the client or, after having received an order from a client to sell a particular security, sells such security to another person to offset a contemporaneous purchase from the client.
- **Mark-ups:** the price charged to a client, less the prevailing market price, which is included in the price of the security.
- **Mark-downs:** the prevailing market price, less the amount a dealer pays to purchase the security from the client, which is included in the price of the security.
- **Spreads:** the difference between the current purchase or bid price (that is, the price someone is willing to pay) and the current ask or offer price (that is, the price at which someone is willing to sell), which is reflected in the price of the security. The difference or spread narrows or widens in response to the supply and demand levels of the security.

As described further in Item 4, Advisory Business, for Wrap Program clients, commissions and certain other transaction charges are generally included in the "wrap" fee charged by the Sponsor when trades are executed through the Sponsor, although certain execution costs are typically not included in this fee and may be charged to the client. If transactions are effected through a broker-dealer other than the Sponsor, all transaction charges will be charged to the client.

In some cases, GSAM may determine that best execution may be sought through a broker-dealer other than the

Sponsor, including potentially a Goldman Sachs affiliate. To the extent that transactions are effected through broker-dealers, those broker-dealers, including Goldman Sachs, may have commercial interests in transactions that are adverse to Advisory Accounts, such as obtaining favorable commission rates, mark-ups and mark-downs, other commission equivalents and lending rates and arrangements. No accounting to Advisory Accounts will be required, and broker-dealers including Goldman Sachs will be entitled to retain all such fees and other amounts and no advisory fees or other compensation will be reduced thereby.

Additional information about transaction charges is available in Item 12, Brokerage Practices. See also Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Custody and Other Fees

Custody fees and all other fees charged by service providers engaged by clients to provide services relating to Advisory Accounts are levied by the custodian or other service providers for the Advisory Account and are not included in the advisory fees payable to GSAM. In addition, to the extent Goldman Sachs provides other services to Advisory Accounts not included in the advisory fee, Goldman Sachs will be entitled to retain all such fees and other amounts and no fees or other compensation will be reduced thereby.

PREPAID FEES

GSAM generally does not charge clients fees in advance.

COMPENSATION FOR THE SALE OF SECURITIES

Generally, except as described below, GSAM Personnel (as defined below) do not receive transaction-based compensation for the sale of securities or other investment products based upon a predetermined formula.

Compensation of GSAM Personnel consists of a base salary and discretionary variable compensation. While the base salary is fixed from year to year, year-end discretionary variable compensation is based on a variety of factors, including, but not limited to: an individual's contribution to net revenues for the past year which in part are derived from advisory fees, and for certain Advisory Accounts, performance-based fees; individual performance; contributions to overall performance; the performance of GSAM and Goldman Sachs; and depending on the individual's role, delivery of investment performance.

Certain GSAM Personnel involved in the marketing, promotion and/or sale of investment products may be eligible to receive transaction-based compensation based upon a predetermined formula that is in part related to the sale of such products. Certain of GSAM's affiliates and their personnel may receive compensation based on the sale of securities or other investment products including interests in Accounts (as defined below), including Advisory Accounts. See Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

CLIENT SELECTION OF UNAFFILIATED BROKERS

Clients have the option to purchase certain investment products recommended by GSAM directly or through broker-dealers that are not affiliated with Goldman Sachs. In some cases, acquiring an investment product through a broker-dealer that is not affiliated with Goldman Sachs may result in fee and execution charges that are lower than those charged by Goldman Sachs. In other cases, fee and execution charges may be higher than those charged by Goldman Sachs.

Item 6 – Performance-Based Fees and Side-By-Side Management

GSAM may manage Advisory Accounts that pay performance-based fees and Advisory Accounts that pay asset-based fees and utilize the same investment strategy and invest in the same assets. A performance-based fee may include carried interest, override, incentive allocation and other similar forms of performance-based compensation.

Performance-based fee arrangements for Advisory Accounts may vary among clients and investment strategies. For example, Advisory Accounts that invest in readily marketable securities often provide for an asset-based fee based on the market value of the investments in the account at specified month/quarter ends and/or a performance-based fee often calculated by reference to the relevant high water marks for such Advisory Account. Others, such as Advisory Accounts that invest in assets which lack a readily available market value, may provide for an asset-based fee based on the investor's capital commitment to the account and a performance-based fee that applies once investors have received a return of their contributed capital and a specific minimum return. In addition, certain Advisory Accounts may be subject to a performance-based fee that is paid only after a specified return has been achieved (a

“preferred return”) as compared to other Advisory Accounts that are subject to a performance-based fee that is not subject to a preferred return, or are subject to a lower preferred return or a performance-based fee that is subject to a high water mark. These different types of performance-based fees may make it more likely that GSAM will receive a higher performance-based fee for certain Advisory Accounts than it will for other Advisory Accounts.

Advisory Accounts that pay performance-based fees reward GSAM for positive performance in those Advisory Accounts. Performance-based fee arrangements provide a heightened incentive for portfolio managers to make investments that may present a greater potential for return but also a greater risk of loss or that may be more speculative than would exist if only asset-based fees were applied.

The simultaneous management of Advisory Accounts that pay performance-based fees and Advisory Accounts that only pay an asset-based fee or that pay performance-based fees that are calculated in a different manner may create a conflict of interest as the portfolio manager may have an incentive to favor Advisory Accounts with the potential to receive greater fees. For instance, a portfolio manager may be faced with a conflict of interest when allocating scarce investment opportunities, given the possibly greater fees from Advisory Accounts that pay performance-based fees as opposed to Advisory Accounts that pay no performance-based fees. To address these types of conflicts, GSAM has adopted policies and procedures under which allocation decisions may not be influenced by fee arrangements and investment opportunities will be allocated in a manner that GSAM believes is consistent with its obligations as an investment adviser. GSAM’s policies and procedures relating to allocation of investment opportunities are described further below. Investment groups within GSAM are subject to these and/or other similar policies and procedures that are consistent with GSAM’s obligations as an investment adviser and that address circumstances that may be unique to their businesses.

In addition, GSAM’s actions for one Advisory Account may affect other Advisory Accounts. For additional information about these situations, please see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

SIDE-BY-SIDE MANAGEMENT OF ADVISORY ACCOUNTS; ALLOCATION OF OPPORTUNITIES

GSAM may manage or advise multiple Advisory Accounts (including Advisory Accounts in which Goldman Sachs and personnel of Goldman Sachs have an interest) that have investment objectives that are similar and that may seek to make investments or sell investments in the same securities or other instruments, sectors or strategies. This may create potential conflicts, particularly in circumstances where the availability or liquidity of investment opportunities is limited. Areas in which such limited opportunities may exist include, without limitation, in local and emerging markets, high yield securities, fixed income securities, regulated industries, real estate assets, primary and secondary interests in alternative investment funds and IPOs/New Issues (as defined below).

To address these potential conflicts, GSAM has developed allocation policies and procedures that provide that personnel making portfolio decisions for Advisory Accounts will make purchase and sale decisions for, and allocate investment opportunities among, Advisory Accounts consistent with GSAM’s fiduciary obligations. These policies and procedures may result in the pro rata allocation (on a basis determined by GSAM) of limited opportunities across eligible Advisory Accounts managed by a particular portfolio management team, but in many other cases the allocations reflect numerous other factors including those described below. Advisory Accounts managed by different portfolio management teams may be viewed separately for allocation purposes.

Allocation-related decisions for Advisory Accounts may be made by reference to one or more factors and suitability considerations, including, without limitation:

- Advisory Account investment horizons and objectives;
- Different desired levels of exposure to certain strategies, including sector oriented, concentrated new opportunities or other strategies;
- Client-specific investment guidelines and restrictions, including, without limitation, the ability to hedge through short sales or other techniques;
- The expected future capacity of applicable Advisory Accounts;
- Limits on GSAM’s brokerage discretion, including client directed brokerage arrangements;

- Tax sensitivity and objectives of Advisory Accounts;
- Suitability requirements and the nature of the investment opportunity;
- Cash and liquidity considerations, including, without limitation, availability of cash for investment (purchase orders for a Wrap Program account are generally only executed to the extent of available cash);
- Relative sizes and expected future sizes of applicable Advisory Accounts and eligible capital;
- Availability of other appropriate investment opportunities;
- Legal and regulatory restrictions affecting certain Advisory Accounts or affecting holdings across Advisory Accounts, which may result in adjusting existing or future positions across Advisory Accounts and may consequently open up capacity for new Advisory Accounts or Advisory Account cash-flows;
- Minimum denomination, minimum increments, de minimis threshold and round lot considerations; and
- Current investments held by Advisory Accounts similar to the applicable investment opportunity.

Suitability considerations may include:

- Relative attractiveness of an investment to different Advisory Accounts;
- Concentration of industry sector, sub-strategy, or positions in an Advisory Account;
- Appropriateness of a security for the applicable benchmark, if any, and benchmark sensitivity of an Advisory Account;
- An Advisory Account's risk tolerance, risk parameters and strategy allocations;
- Use of the opportunity as a replacement for an opportunity that GSAM believes to be attractive for an Advisory Account but is otherwise unavailable to the Advisory Account; and/or
- Considerations relating to hedging a position in a pair trade.

Non-proportional allocations may occur across Advisory Accounts, including in fixed income securities due to the availability of multiple appropriate or substantially similar investments in fixed income strategies, as well as due to

differences in benchmark factors, hedging strategies, or other reasons. In addition, the fact that certain personnel of Goldman Sachs are dedicated to one or more Advisory Accounts or clients may be a factor in determining the allocation of opportunities sourced by such personnel. Reputational matters may also be considered.

GSAM may, from time to time, develop and implement new trading strategies or seek to participate in new trading strategies and investment opportunities. These strategies and opportunities may not be employed in all Advisory Accounts or employed pro rata among Advisory Accounts where they are employed, even if the strategy or opportunity is consistent with the objectives of such accounts. In addition to the factors described above, GSAM may make decisions based on other factors such as strategic fit and other portfolio management considerations, including an Advisory Account's capacity for such strategy or opportunity, the liquidity of the strategy and its underlying instruments, the Advisory Account's liquidity, the business risk of the strategy relative to an Advisory Account's overall portfolio make-up, and the lack of efficacy of, or return expectations from, the strategy for the Advisory Account. For example, such a determination may, but will not necessarily, include consideration of the expectation that a particular strategy will not have a meaningful impact on an Advisory Account given the overall size of the account, the limited availability of opportunities in the strategy and/or the availability of other strategies for the account.

During periods of unusual market conditions, GSAM may deviate from its normal trade allocation practices. For example, this may occur with respect to the management of unlevered and/or long-only Advisory Accounts that are typically managed on a side-by-side basis with levered and/or long-short Advisory Accounts.

As a result of the various considerations above, there will be cases where certain Advisory Accounts (including Advisory Accounts in which Goldman Sachs and personnel of Goldman Sachs have an interest) receive an allocation of an investment opportunity when other Advisory Accounts do not. The application of these considerations may cause differences in the performance of different Advisory Accounts that have similar strategies.

In addition, in some cases GSAM may make investment recommendations to Advisory Accounts where the Advisory Accounts make the investment independently of GSAM. In

circumstances in which there is limited availability of an investment opportunity, if such Advisory Accounts invest in the investment opportunities prior to other Advisory Accounts, the availability of the investment opportunity for other Advisory Accounts will be reduced irrespective of GSAM's policies regarding allocation of investments.

IPO/NEW ISSUE ALLOCATION POLICIES

Allocation of initial public offerings or new issues ("IPO/New Issue") will be effected consistent with fiduciary duties and in accordance with the general allocation policies and procedures outlined above under "Side-By-Side Management of Advisory Accounts; Allocation of Opportunities." The application of the relevant factors may result in non-pro rata allocations, and certain Advisory Accounts (including Advisory Accounts in which Goldman Sachs and personnel of Goldman Sachs have an interest) may receive an allocation when other Advisory Accounts do not. Allocations may be adjusted under certain circumstances, for example in situations of scarcity where pro rata allocations would result in de minimis positions or odd lots. Furthermore, some Advisory Accounts may not be eligible to participate in an IPO/New Issue where, for example, the investment guidelines for an Advisory Account prohibit IPOs/New Issues, the account is a directed brokerage account (including wrap accounts), the account is owned by persons restricted from participating in IPOs/New Issues pursuant to Financial Industry Regulatory Authority Rules 5130 and/or 5131, as amended, supplemented and interpreted from time to time, or other applicable laws or rules or prudent policies in any jurisdiction.

DISCRETIONARY AND NON-DISCRETIONARY ACCOUNTS

GSAM may provide non-discretionary investment advisory services where GSAM advises Advisory Accounts on purchasing, selling, holding, valuing, or exercising rights with respect to particular investments, but does not have discretion to execute purchases or sales on behalf of the Advisory Accounts without the specific instruction of the client. GSAM may advise with respect to the same or similar securities in discretionary and non-discretionary Advisory Accounts. There may be timing differences related to the transmission of advice to non-discretionary Advisory Account clients for consideration and a determination of whether to act on the advice. As a result, GSAM may execute trades in investments for discretionary

Advisory Accounts in advance of GSAM communicating with non-discretionary account clients about those investments. As a result, particularly with large orders or where the investments are thinly traded, non-discretionary Advisory Accounts may receive prices that are less favorable than prices obtained for discretionary Advisory Accounts.

In other cases, GSAM may decide to separate advice in discretionary and non-discretionary accounts. For example, in connection with non-discretionary Advisory Accounts, GSAM may have information with respect to pending purchases or sales, or relating to a non-discretionary client's business and financial position. In the event that GSAM considers such information to be of a sensitive nature, GSAM may, on a case by case basis, elect to implement internal policies and procedures (including where appropriate, the use of informational barriers) to manage the flow of such information within GSAM, which may prevent the transmission or affect the timing of transmission of certain advice to some accounts.

PROVISION OF PORTFOLIO INFORMATION TO MODEL PORTFOLIO ADVISERS

GSAM may provide model portfolios to affiliated and unaffiliated investment advisers ("Model Portfolio Advisers") who intend to use such model portfolios to assist such advisers in developing their own investment recommendations and managing their own accounts. Accounts managed by Model Portfolio Advisers are referred to herein as "Model Portfolio Accounts."

GSAM may (but need not) delay communicating information regarding the composition of model portfolios or any updates thereto until after other Advisory Accounts have commenced trading. In such circumstances, Model Portfolio Advisers, including personnel of the Private Wealth Management unit of GS&Co. ("PWM") who make execution decisions for Model Portfolio Accounts, will not have had the chance to evaluate or act upon recommendations in relation to their clients. It is also possible that Model Portfolio Advisers, including PWM personnel who make execution decisions for Model Portfolio Accounts, may act upon such recommendations before other Advisory Accounts have commenced trading based on such recommendations. As a result, trades on behalf of accounts that commence trading after the others may be subject to price movements, particularly with large

orders or where the securities are thinly traded. As a result, Model Portfolio Accounts may not track the model and Model Portfolio Accounts and Advisory Accounts may receive prices that are less favorable than the prices obtained for other accounts.

Item 7 – Types of Clients

TYPES OF CLIENTS

GSAM provides investment solutions to a range of individual and institutional investors worldwide. GSAM's clients include banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, insurance companies, corporations and other business entities. In addition to those types of clients, GSAM may provide investment advice to foreign government entities, local authorities, public international bodies, as well as mutual funds, collective trusts, long-only pooled investment vehicles (direct and Manager of Manager Funds), hedge funds (direct and fund-of-funds), private equity funds and other private investment vehicles.

ACCOUNT REQUIREMENTS

GSAMLP does not generally impose a minimum dollar value of assets in order to open or maintain an account. However, GSAMLP's standard fee schedules are designed for separately managed accounts that generate a minimum annual fee.

In the case of consulting or Wrap Programs sponsored by certain broker-dealers, GSAMLP generally requires clients to have minimum assets under management of \$100,000.

To open or maintain an Advisory Account with GSAMLP, clients are required to sign an investment advisory agreement that, among other things, details the nature of the investment advisory authority given to GSAMLP. Under delegated authority from one or more of its affiliates, GSAMLP may also manage accounts of its affiliates' clients and will receive a portion of the fee or other compensation paid by the client from the affiliate for such services. In such cases, the client will have entered into an investment advisory agreement with Goldman Sachs or with GSAMLP's affiliate and not GSAMLP.

In the case of private investment funds, U.S. investors must generally be "accredited investors" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of

1933, as amended, and "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The minimum amount investors must invest in such GSAMLP-managed fund is set forth in each such fund's prospectus or other relevant offering document and varies from fund to fund depending on the particular investment product. Such minimum amount is typically \$500,000 - \$5,000,000 but may be waived in the general partner's discretion.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

GSAM and its investment teams offer a broad range of products across asset classes, regions and the risk spectrum. These investment teams are described below.

GSAM's investment teams use a variety of proprietary and non-proprietary analysis and data to evaluate investment options and formulate investment advice for Advisory Accounts. The methods of analysis and particular account characteristics will vary depending on the particular investment strategy offered, but may include fundamental or quantitative (including asset allocation models) analysis. Additional sources of research information include other general information and analysis as may be appropriate under the circumstances. Advisory Accounts differ from portfolio management group to portfolio management group, and guidelines, strategies and sub-strategies may differ among Advisory Accounts.

Advisory Account clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the Advisory Accounts, which clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for Advisory Accounts will be subject to various market, liquidity, currency, economic, political and other risks, and investments may lose value.

Fundamental Equity

Fundamental Equity utilizes fundamental research in choosing securities for an Advisory Account. Fundamental Equity may also use macro analysis of numerous economic and valuation variables to anticipate changes in company earnings and the overall investment climate. Fundamental Equity is able to draw on the research and market expertise of securities dealers, including affiliates of GSAM. Equity investments in an Advisory Account will generally be sold when Fundamental Equity believes that the market price fully reflects or exceeds the investments' fundamental valuation or when other more attractive investments are identified. Fundamental Equity Advisory Accounts generally invest in common stocks, preferred stocks, interests in real estate investment trusts, convertible debt obligations, convertible preferred stocks, equity interests in trusts, partnerships, joint ventures, limited liability companies and similar enterprises, warrants and stock purchase rights and synthetic and derivative instruments that have economic characteristics related to equity securities.

Fundamental Equity may also offer Advisory Accounts that invest all or a portion of their assets in MLPs engaged in, among other sectors, the energy, oil and gas sectors and securities of other companies in these sectors. Investments by the MLP group will be selected based on a range of criteria, including valuation, sector exposure, stability of cash flow and expected distribution growth.

Global Fixed Income and Liquidity Management

The Global Fixed Income and Liquidity Management team uses specialist teams for generating strategies within their areas of expertise. The Global Fixed Income investment process is generally based on four basic elements:

- (i) Developing a long-term risk budget. The fixed income team establishes a "risk budget" or range that a particular Advisory Account may deviate from its respective benchmarks with respect to sector allocations, country allocations, securities selection and, to a lesser extent, duration. Following careful analysis of risk and return objectives, the team allocates the overall risk budget to each component strategy to optimize potential return;
- (ii) Generating investment views and strategies. The strategy teams generate investment ideas within their areas of specialization. Generally, there are top-down strategy teams responsible for cross-sector, duration,

country and currency decisions and bottom-up strategy teams that formulate sub-sector allocation and security selection decisions;

- (iii) Portfolio construction. The strategy teams collaborate to build a diversified portfolio of individual securities consistent with each client's overall risk and return objectives; and
- (iv) Dynamic adjustments based on market conditions. As market conditions change, the volatility and attractiveness of sectors and strategies can change as well. To optimize an Advisory Account's risk/return potential within its long-term risk budget, the portfolio managers dynamically adjust the mix of top-down and bottom-up strategies. At the same time, the strategy teams adjust their strategies and security selections in an effort to optimize performance within their specialty areas.

GSAM's Liquidity Management team uses a combination of active duration management, term structure, and sector and security selection decisions. Duration and term structure decisions reflect GSAM's view on the timing and direction of monetary policy, as well as an Advisory Account's immediate and near-term cash requirements. Sector and individual security selection decisions also depend on Advisory Account guidelines, as well as on fundamental and quantitative sector research that seeks to optimize the risk/return profile of the portfolio. Security selection is restricted to issuers that meet certain credit standards.

Liberty Harbor

Liberty Harbor utilizes a bottom-up, fundamentally based investment approach with a trading oriented focus on technicals and valuations and seeks to earn risk-adjusted returns over the long-term with a focus on capital preservation. The foundation of our investment process is bottom-up investment idea generation through intensive, fundamental single name research. Liberty Harbor continually re-assesses its investment decisions to dynamically capitalize on opportunities as they evolve.

Quantitative Investment Strategies

The QIS Equity Alpha Strategies and Macro Alpha Strategies teams use economically-motivated, fundamentally-based quantitative methods that seek to uncover sources of alpha. The teams manage exposures to global stock, bond, currency and commodity markets across

a wide variety of equity, macro and other portfolios. The teams rely on proprietary risk models to actively manage and allocate risk according to its investment criteria. QIS investment and risk models use financial and economic factors to attempt to capture risks and returns within and across global asset classes. The team uses a quantitative style of management, in combination with a qualitative overlay, that emphasizes fundamentally-based security selection, careful portfolio construction and efficient implementation. Quantitative methods and techniques that may be utilized in the QIS Equity Alpha Strategies and Macro Alpha Strategies teams' investment processes include:

- (i) Security selection (within and across global stock, bond, currency and commodity markets). QIS attempts to forecast expected returns on assets using proprietary investment models. QIS selects securities using models that employ a variety of quantitative techniques to leverage fundamental research. These models are based on economically-motivated, fundamentally-based investment themes, and can include valuation, profitability, quality, management, momentum, risk premia, fund flows, sentiment, and macroeconomic indicators;
- (ii) Portfolio construction. QIS uses a proprietary risk model to help manage the expected deviation of the portfolio's exposure and returns from those of the benchmark. A proprietary optimizer evaluates many different potential security combinations and weightings in an effort to construct the most efficient risk/return portfolio given each client's benchmark, targeted active risk and other specifications and constraints; and
- (iii) Efficient implementation. QIS considers transaction and expected execution costs when seeking to optimize a portfolio, and evaluates multiple trading options to seek to achieve efficiency.

The QIS Customized Beta Strategies team provides investment programs tailored to specific client needs. Such programs include:

- (i) Tax-advantaged core strategies (i.e., indexing with an enhanced after-tax return for individual and corporate investors);
- (ii) Traditional and custom passive indexing across domestic, international and global markets;

- (iii) Derivatives-based beta replication and hedging strategies covering stock, bond and currency markets; and

- (iv) Rules-based portfolios, including liquid alternatives.

In implementing such programs, the Customized Beta Strategies team relies on resources, including sophisticated risk modeling capabilities, algorithmic trading, transaction cost modeling, a broad network of counterparty relationships and optimization-based portfolio construction.

From time to time, in implementing the QIS Equity Alpha Strategies, Macro Alpha Strategies and Customized Beta Strategies, QIS will monitor and may make changes to the selection or weight of individual or groups of securities, currencies, or markets in which an Advisory Account invests. Such changes may result from changes in the quantitative methodology, changes in the manner of applying the quantitative methodology, changes in trading procedure, or adjustments to the outputs of the model in the qualitative or quantitative judgment of QIS.

In addition, QIS may provide other services. For example, QIS may develop proprietary models for use by its teams, as well as for incorporation into various strategies that may be utilized by other teams within GSAM or GSAM's affiliates. Such models are generally based on statistical analysis of historical data as well as economically-motivated and fundamentally-based insights. QIS may also offer customized multi-asset class allocations, risk management strategies, tactical investments and investment advisory solutions.

Alternative Investments and Manager Selection

Private Equity

AIMS primarily invests in the private equity market by making commitments to third-party managed private equity funds (primary investments), investing directly in companies alongside third-party managers (direct co-investments), and by acquiring existing private equity investments on the secondary market (secondary investments). AIMS creates portfolios on behalf of investment funds and separate accounts investing around the world and across the private equity landscape, providing exposure to strategies such as leveraged buyouts, growth and venture capital, distressed turnaround, industry-focused and structured investments, natural resources, distressed, mezzanine and real assets.

AIMS uses a multi-step diligence process to evaluate investments, and ultimate investment decisions are made by an investment committee. After AIMS makes a primary or secondary investment, third-party managers are typically responsible for the day-to-day investment decisions. AIMS's responsibilities with respect to investments generally are limited to the selection, evaluation and monitoring of such investments or third-party managers, and AIMS does not generally approve specific investments made by the third-party managers. Similarly, with respect to direct co-investments, although AIMS will be involved with the selection, evaluation and monitoring of such investments, AIMS's role typically is passive after the initial investment decision is made. The third-party managers generally are responsible for compliance with all applicable laws, rules and regulations pertaining to their investment activities.

Real Estate

AIMS invests directly in commercial real estate assets, including office, multifamily, retail, industrial and hospitality properties located in major U.S. markets. AIMS uses a broad network of relationships, including institutional investors, professional contacts, industry experts, financial advisors and others, to source investment opportunities. AIMS leverages its expertise and the broader Goldman Sachs franchise to seek to identify the most compelling investment opportunities. In formulating its investment views, AIMS relies on macroeconomic and global insights, capital market views, corporate and industry expertise, and policy insights of its own personnel, other GSAM professionals and data from third-party information providers. AIMS's portfolio construction process combines bottom-up, fundamental research and judgment with top-down views driven by research and quantitative tools. AIMS seeks to achieve portfolio diversification by selecting investments across asset classes, geographies and economic sectors.

Additionally, AIMS creates portfolios on behalf of investment funds and separate accounts to provide exposure to the real estate private equity market by making commitments to third-party managed funds (primary investments), investing directly in commercial real estate assets alongside third-party managers (direct co-investments), and by acquiring existing real estate private equity investments on the secondary market (secondary investments). As discussed in "Private Equity" above,

AIMS uses a multi-step diligence and decision-making process when evaluating and selecting real estate private equity investments, although AIMS's role typically is passive after the initial investment decision is made.

Credit and Fixed Income

AIMS acts as a "manager of managers" in the credit and fixed income asset classes. AIMS selects one or more third-party managers to manage client assets under the oversight of AIMS in respect of separate accounts. AIMS may also select third-party managers to sub-advise Manager of Manager Funds or may invest directly into third-party managed credit and fixed income funds. In addition, AIMS may evaluate co-investment opportunities with credit and fixed income managers.

Public Equity

GSAM acts as "manager of managers" in the long-only equity asset class through AIMS. AIMS selects one or more third-party managers to manage the assets of Advisory Accounts under the oversight of AIMS. AIMS manager selection services provide access to U.S. and non-U.S. equity asset classes, including region specific (broad international, global, emerging markets and equity income), style focused (growth, value and blend investment) and market cap-based (all cap, large cap, and small cap) strategies. The third-party managers are selected through a multi-step process which includes a due diligence review designed to assess the quality of the candidates and the likelihood of producing appropriate investment results over the long-term. An investment committee determines which third-party managers are available for investment by Advisory Accounts.

Third-party managers generally receive allocations of Advisory Account assets for management as determined by AIMS. The third-party managers are responsible for the day-to-day investment decisions, although AIMS may develop benchmarks and written investment guidelines for the management of Advisory Account assets by third-party managers. AIMS's responsibilities with respect to the investments are generally limited to the selection, appointment, monitoring and removal of third-party managers, and AIMS does not have the duty of determining or approving specific investments made by the third-party managers other than setting the general investment objectives and guidelines. The third-party managers are

responsible for compliance with all applicable laws, rules and regulations pertaining to their investment activities.

The one or more third-party managers to which an Advisory Account allocates assets from time to time will generally be determined by AIMS, in its sole discretion, based on factors deemed relevant by AIMS. AIMS may, from time to time, vary or change materially the actual allocation of assets made by an Advisory Account, as it deems appropriate in its sole discretion, including, without limitation, by way of allocation of assets to any new third-party manager, complete or partial withdrawal of an allocation to any existing third-party manager, a reallocation of assets among existing third-party managers, or any combination of the foregoing without prior notice to or the consent of investors. The identity and number of the third-party managers for an Advisory Account may change materially over time. AIMS may allocate assets to one or more third-party managers, directly or indirectly, through, among other means, one or more discretionary managed accounts or investment funds established by AIMS, any third-party manager or their respective affiliates.

Global Portfolio Solutions

The GPS group focuses on and implements customized multi-asset class allocations, risk management strategies, portfolio construction, tactical investments, and investment advisory solutions and products. As agreed upon with the client, GPS implements these allocations through investments in the products described below, monitors compliance, and periodically rebalances portfolios. Subject to such agreement, GPS generally selects investment options and allocates client assets (or recommends the selection of investment options and the allocation of client assets) among a broad range of investment products, including but not limited to, pooled investment vehicles, separately managed accounts and derivative instruments. Investment products may be sponsored, managed, or advised by GSAM or Goldman Sachs ("Affiliated Products") and/or sponsored, managed or advised by third-party managers ("External Products"), and may employ a broad range of investment strategies, including but not limited to, passive investment strategies, long-only investment strategies (e.g., exchange-traded funds, mutual funds and private investment funds) and alternative investment strategies (e.g., hedge funds, funds of hedge funds, private equity funds, funds of private equity funds and real estate funds).

When reviewing potential investment products for an Advisory Account, GPS may consider various factors as GPS deems relevant in its sole discretion. These factors may include both quantitative and qualitative factors (which may be inherently subjective), may be given different weightings or importance relative to other factors, and may change from time to time. These factors may include, without limitation, (i) product-related factors, such as track record, index comparisons, liquidity, risk and return assumptions (taking into account applicable fees in connection with such risk/return analysis), investment strategy and objectives, investment process, tenure, stability and seniority of investment teams, overall market opportunity, and consultant ratings, (ii) GPS's experience and familiarity with particular potential investment products and, if applicable, the investment management teams managing such investment products or their organizations, (iii) client-driven factors, such as the client's investment mandate, the effect on the client's portfolio diversification objectives, consistency with the client's asset allocation model, and the projected timing of implementation, and (iv) other factors, such as capacity constraints, minimum investment requirements and such other factors as determined by GPS. When reviewing certain potential investment products for an Advisory Account, GPS may consider factors that were not considered when reviewing other potential investment products. In addition, certain factors may play a greater role in the review of some potential investment products than in the review of other potential investment products and GPS may give different weight to certain factors in reviewing Affiliated Products than in reviewing External Products. For example, in the event that an Advisory Account invests in both Affiliated Products and External Products, qualitative factors and review (such as the assessment of an investment product's investment objective and process, and other subjective factors) may play a greater role than quantitative factors and review (such as the assessment of such investment product's returns and consistency of performance over specified time periods) in the selection of an Affiliated Product than in the selection of External Products. Accordingly, Affiliated Products may not always have the same quantitative characteristics as External Products. For example, it may be more likely that an Affiliated Product with a limited or no track record is selected for an Advisory Account than an External Product with a similar record.

Other Investment Teams and Other Investment Advisors

In addition to the investment teams described above, GSAM may add additional investment teams and its current investment teams may offer additional strategies at any time.

The methods of analysis and investment strategies used by GSAMI are similar to those set forth herein. Information regarding such methods and strategies, as well as the methods of analysis and investment strategies used by HFS, GSIS, GSGAP and GSAM SV, is available in the Forms ADV Part 2 for those registered investment advisers.

MATERIAL RISKS FOR SIGNIFICANT INVESTMENT STRATEGIES AND PARTICULAR TYPES OF SECURITIES

Following is a summary of the material risks for each of GSAM's significant investment strategies, security types and the investment techniques employed by the GSAM investment teams in their significant investment strategies and certain other risks applicable to Advisory Accounts. GSAM offers advisory services across a broad range of strategies and investment types and does not primarily recommend any particular type of security to its clients.

The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular Advisory Account. Rather, it is a general description of the nature and risks of the strategies and securities and other instruments that clients may include in their investment guidelines for their Advisory Account. Clients should not include these strategies and financial instruments in their guidelines for their Advisory Account unless they understand the risks of the strategies and financial instruments that they permit GSAM to purchase on their behalf. Clients should also be satisfied that such financial instruments are suitable for their Advisory Account in light of their circumstances, their investment objectives and their financial situation. In addition, clients of GSAM's pooled investment vehicles should carefully review the prospectuses or other offering documents and constituent documents for additional information about risks associated with those products.

Appendix B contains certain additional information about the risks associated with security types and investment techniques used by GSAM, including security types and investment techniques not described in this Item 8. To the extent clients receive prospectuses or other offering

documents or constituent documents for pooled investment vehicles in which they invest, clients are encouraged to carefully read the product-specific risk disclosures contained therein. Information relating to the material risk for significant investment strategies for GSAMI, HFS, GSIS, GSGAP and GSAM SV is available in the Forms ADV Part 2 for those registered investment advisers.

General Portfolio Risks

GSAM's strategies may be subject to the following general portfolio risks:

- **Concentration Risk**—The risk that if an Advisory Account concentrates its investments in issuers within the same country, state, geographic region, industry or economic sector, an adverse economic, business, political or other development may affect the value of the Advisory Account's investments more than if its investments were not so concentrated. Also, to the extent an Advisory Account invests all or a large percentage of its assets in a single issuer or a relatively small number of issuers, or concentrates its assets directly or indirectly in investments in the same asset class or in one particular asset or security, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Advisory Account may affect the overall value of the account more than it would affect an account that holds more investments.
- **Conversion of Equity Investments**—After its purchase, a non-equity investment directly or indirectly held by an Advisory Account (such as a convertible debt obligation) may convert to an equity security. Alternatively, an Advisory Account may directly or indirectly acquire equity securities in connection with a restructuring event related to one or more of its non-equity investments. The Advisory Account or an investment fund in which the Advisory Account invests may be unable to liquidate the equity investment at an advantageous time from a pricing standpoint. Furthermore, an underlying investment fund may continue to hold an investment if its manager believes it is in the best interest of the fund. Continued holding of such investments may adversely affect the Advisory Account's portfolio.
- **Counterparty Risk**—An Advisory Account may be exposed to the credit risk of counterparties with which,

or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions. For example, although certain standardized swap transactions are subject to mandatory central clearing, which is expected to decrease counterparty risk and increase liquidity compared to bilaterally negotiated swaps, central clearing does not eliminate counterparty risk or illiquidity risk entirely. In addition, many of the protections afforded to cleared transactions, such as the security afforded by transacting through a clearing house, might not be available in connection with over-the-counter (“OTC”) transactions. Therefore, in those instances in which an Advisory Account enters into OTC transactions, the Advisory Account will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Advisory Account will sustain losses.

- **Currency Risk**—An Advisory Account may hold investments denominated in currencies other than the currency in which the Advisory Account is denominated. Currency exchange rates can be extremely volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended to directly affect prevailing exchange rates, and a variance in the degree of volatility of the market or in the direction of the market from GSAM’s expectations may produce significant losses to an Advisory Account. GSAM may or may not attempt to hedge all or any portion of the currency exposure of an Advisory Account. However, even if GSAM does attempt to hedge the currency exposure of an Advisory Account, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in any particular currency because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. To the extent unhedged, the value of an Advisory Account’s assets will fluctuate with currency exchange rates as well as the price changes of its investments in the various local markets and currencies. Such fluctuations could have a material adverse effect on an Advisory Account.
- **Emerging Markets and Growth Markets Risk**—In addition to the risks described in “Non-U.S. Securities

Risk” below, investing in the securities of emerging markets involves certain considerations not usually associated with investing in developed markets, including, without limitation, political and economic considerations, the potential difficulty of repatriating funds or enforcing contractual or other legal rights, general social, political and economic instability, adverse diplomatic developments, the lack of robust regulation in such markets, and the small size of such securities markets and the low volume of trading (which may result in potential lack of liquidity and in price volatility). Further, the economies, industries, securities and currency markets in emerging markets or growth markets may be adversely affected by protectionist trade policies, a slow U.S. economy, regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S. An Advisory Account’s purchase and sale of securities in certain emerging countries may be constrained by limitations relating to daily changes in the prices of listed securities, periodic trading or settlement volume, and/or limitations on aggregate holdings of foreign investors. An Advisory Account may not be able to sell securities in circumstances where price, trading, or settlement volume limitations have been reached.

- **Frequent Trading and Portfolio Turnover Rate Risk**—The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.
- **Hedging Risk**—Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions. To the extent GSAM utilizes hedging techniques in respect of an Advisory Account, hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of

hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the positions of an Advisory Account or that losses on the hedge will occur at the same time as losses in the value of the positions of an Advisory Account. In addition, certain hedging instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, an Advisory Account may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, the use of such instruments may limit any potential gain which might result from an increase in the value of such position. The ability of an Advisory Account to hedge successfully cannot be assured. Hedging techniques involve costs, which could be significant, whether or not the hedging strategy is successful.

- Indirect Investment in Foreign Securities—Some countries, especially emerging markets countries, do not permit foreigners to participate directly in their securities markets or otherwise present difficulties for efficient foreign investment. An Advisory Account may use participation notes to establish a position in such markets as a substitute for direct investment. Participation notes are issued by banks or broker-dealers and are designed to track the return of a particular underlying equity or debt security, currency or market. When the participation note matures, the issuer of the participation note will pay to, or receive from, an Advisory Account the difference between the nominal value of the underlying instrument at the time of purchase and that instrument's value at maturity. Investments in participation notes involve the same risks as are associated with a direct investment in the underlying security, currency or market that they seek to replicate as well as counterparty risk when traded over-the-counter. Foreign securities may also trade in the form of depositary receipts. To the extent an Advisory Account acquires depositary receipts through banks which do not have a contractual relationship with the foreign issuer of the security underlying the depositary receipts to issue and service such unsponsored depositary receipts, there may be an increased possibility that the Advisory Account would

not become aware of and be able to respond to corporate actions such as stock splits or rights offerings involving the foreign issuer in a timely manner.

- Investment Style Risk—Different investment styles (e.g., “growth,” “value” or “quantitative”) tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. GSAM may modify or adjust its investment strategies from time to time.
- Leverage Risk—Leverage creates exposure to potential gains and losses in excess of the initial amount invested. The use of derivatives may result in leverage and may make an Advisory Account more volatile. When an Advisory Account uses leverage the sum of the Advisory Account's investment exposures may significantly exceed the amount of assets invested in the Advisory Account, although these exposures may vary over time. Relatively small market movements may result in large changes in the value of a leveraged investment. An Advisory Account will identify liquid assets on its books or otherwise cover transactions that may give rise to such risk, to the extent required by applicable law. The use of leverage may cause an Advisory Account to liquidate portfolio positions to satisfy its obligations or to meet segregation requirements when it may not be advantageous to do so. The use of leverage by an Advisory Account can substantially increase the adverse impact to which the Advisory Account's investment portfolio may be subject. In addition, lenders may impose restrictions or requirements on the operations of an Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which could increase the losses incurred by the Advisory Account. Lenders may also have the right under certain circumstances to cause the sale of assets held in an Advisory Account at times that may be inopportune from a pricing standpoint. Further, in the case of an Advisory Account that invests in investment funds utilizing leverage, the rights and claims of any lenders to receive payments of interest or repayments of principal from the investment fund will generally be

senior to the rights of the Advisory Account to withdraw its investment from the investment fund.

- **Liquidity Risk**—The risk that an Advisory Account may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available, that are subject to legal, regulatory or contractual restrictions on their sale or transfer, or that may become less liquid in response to market developments or adverse investor perceptions. Additionally, an Advisory Account may invest in private funds and investors generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without the private fund's consent, which may be granted or withheld in its sole discretion. Investments that are illiquid or that trade in lower volumes may be more difficult to value.
- **Management Risk**—The risk that a strategy used by GSAM may fail to produce the intended results for an Advisory Account.
- **Market Risk**—The market value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular sectors or governments, and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets. In addition, governmental and quasi-governmental organizations have taken a number of unprecedented actions designed to support the markets. Such conditions, events and actions may result in greater market risk.
- **Model Risk**—The management of Advisory Accounts by GSAM may include the use of various proprietary quantitative or investment models. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people or systems. Investments selected using models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market participants. A model's return mapping is based on historical data regarding particular asset classes. Certain strategies can be dynamic and unpredictable, and a model used to estimate asset allocation may not yield an accurate estimate of the then current allocation. Operation of a model may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. Additionally, commonality of holdings across quantitative money managers may amplify losses. There is no guarantee that the use of these models will result in effective investment decisions for Advisory Accounts.
- **Non-Hedging Currency Risk**—An Advisory Account may purchase or sell currencies through the use of forward contracts or other instruments based on GSAM's judgment regarding the direction of the market for a particular currency or currencies for speculative purposes. Currency exchange rates can be extremely volatile, and a variance in the degree of volatility of the market or in the direction of the market from GSAM's expectations may produce significant losses to an Advisory Account.
- **Non-U.S. Securities Risk**—Non-U.S. securities may be subject to risk of loss because of more or less non-U.S. government regulation, less public information, less liquidity, greater volatility and less economic, political and social stability in the countries of domicile of the issuers of the securities and/or the jurisdictions in which these securities are traded. Loss may also result from, among other things, deteriorating economic and business conditions in other countries, including the United States, regional and global conflicts, the imposition of exchange controls, foreign taxes, confiscations, expropriation and other government restrictions, higher transaction costs, difficulty enforcing contractual obligations or from problems in share registration, settlement or custody. In addition, an Advisory Account will be subject to the risk that an issuer of non-U.S. sovereign debt held by an Advisory Account or the governmental authorities that control the repayment of such debt may be unable or unwilling to

repay the principal or interest when due, including as a result of levels of non-U.S. debt or currency exchange rates. Furthermore, an Advisory Account's purchase and sale of certain non-U.S. securities may be subject to limitations or compliance with procedures imposed by foreign governments. For example, an Advisory Account may be subject to limitations on aggregate holdings by foreign investors. Moreover, as a result of having to comply with such procedures, an Advisory Account's ability to effect trades may be delayed, and an Advisory Account's failure to comply with such procedures may result in failed trades, loss of voting or transfer rights or the forced sale of settled positions. These risks might be heightened if the Advisory Account invests in emerging markets or growth markets.

- **Risks of Derivative Investments**—Advisory Accounts may invest in derivative instruments, including, without limitation, options, futures, options on futures, interest rate caps and floors and collars, participation notes, swaps, options on swaps, structured securities, forward contracts and other derivatives relating to foreign currency transactions. Losses in an Advisory Account from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if an Advisory Account receives cash collateral under the transactions and some or all of that collateral is invested in the market. The use of these management techniques also involves the risk of loss if GSAM is incorrect in its expectation of the timing or level of fluctuations in securities prices, interest rates, currency prices or other variables. In addition, subject to jurisdictional limits, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended (the "Dodd-Frank Act"), establishes a new regulatory framework for oversight of over-the-counter derivatives transactions by the CFTC (as defined below) and the SEC and heightens the existing regulation of futures markets. There can be no certainty as to the final form of the requirements, and the full extent of the impact such requirements will have on the Advisory Accounts is unclear.

- **Valuation Risk**—The net asset value of an Advisory Account as of a particular date may be materially greater than or less than the net asset value that would be determined if such Advisory Account's investments were to be liquidated as of such date. An Advisory Account may invest in assets that lack a readily ascertainable market value, and an Advisory Account's net asset value will be affected by the valuations of any such assets (including, without limitation, in connection with calculation of any fees). The value of assets that lack a readily ascertainable market value may be subject to later adjustment based on valuation information available to an Advisory Account at that time. Any adjustment to the value of such assets may result in an adjustment to the net asset value of an Advisory Account.

- **Volatility Risk**—The prices of an Advisory Account's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies.

Other General Risks

Advisory Accounts may be subject to the following other general risks:

- **Dependence on Key Personnel**—Advisory Accounts may rely on certain key personnel of Goldman Sachs. As a result of regulation or for other reasons, the amount of compensation that may be payable to Goldman Sachs executives or other employees may be reduced, or employees who rely on work visas or other permits may have such visas or permits revoked or not renewed. As a result, certain key personnel may leave Goldman Sachs. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect the ability of GSAM to effectively implement the investment programs of the Advisory Accounts.
- **Legal, Tax and Regulatory Risks**—GSAM and certain of its Advisory Accounts are subject to legal, tax and regulatory oversight, including by the SEC, the United

Kingdom Financial Conduct Authority (“FCA”) and similar regulators world-wide. For example, as a wholly owned subsidiary of The Goldman Sachs Group, Inc., a bank holding company, certain of GSAM’s activities and transactions in respect of Advisory Accounts may be restricted. Similarly, there have been recent legislative, tax and regulatory changes and proposed changes that may apply to the activities of GSAM and managers to which GSAM allocates client assets that may require material adjustments to the business and operations of, or have other material adverse effects on, Advisory Accounts. Any rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which may negatively impact the performance of Advisory Accounts.

- **Losses in Affiliated Investment Funds Borne Solely by Investors**—All losses of an Advisory Account investing in an affiliated investment fund managed by GSAM shall be borne solely by such Advisory Account and not by Goldman Sachs. Goldman Sachs’ losses in an affiliated investment fund will be limited to losses attributable to the ownership interests in such investment fund held by Goldman Sachs in its capacity as an investor in such investment fund or as beneficiary of a restricted profit interest held by Goldman Sachs. Ownership interests in Advisory Account are not insured by the FDIC, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.
- **Master-Feeder Structure**—Advisory Accounts may be organized as a part of a “master-feeder” structure. Investors may be materially affected by the actions of another entity investing in the master entity, including redemptions of interests by such entities.
- **Multiple Levels of Fees and Expenses**—In circumstances in which Advisory Accounts invest in third-party managers or affiliated or unaffiliated investment funds, the Advisory Accounts will bear any fees or other compensation due to GSAM and expenses at the Advisory Account level, in addition to any fees or compensation and expenses which may be due at the third-party manager or investment fund level.
- **Non-Recourse Risk**—The governing agreements of investment funds in which Advisory Accounts invest limit the circumstances in which a manager can be held liable to investors. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such provisions.
- **Operational Risk**—The risk that an Advisory Account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.
- **Partial or Total Loss of Capital**—Certain investments made by GSAM for Advisory Accounts are intended for long-term investors who can accept the risks associated with investing in illiquid securities, and the possibility of partial or total loss of capital exists. There is no assurance that Advisory Accounts will achieve their investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that Advisory Accounts will be able to fully invest their capital.
- **Performance-Based Compensation**—GSAM and managers of affiliated and unaffiliated investment funds in which an Advisory Account invests (which, in the case of affiliated investment funds, may be GSAM) may receive performance-based compensation from Advisory Accounts and the investment funds based upon the net capital appreciation of Advisory Account or investment fund assets. Such compensation arrangements may create an incentive for GSAM and managers of investment funds to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In many cases, performance-based compensation may be calculated on a basis that includes unrealized appreciation of assets. In such cases, such compensation may be greater than if it were based solely on realized gains and losses. See Item 6, Performance-Based Fees and Side-By-Side Management.

Fundamental Equity

Fundamental Equity manages strategies across the market cap spectrum, in most emerging and developed markets. In

addition to the risks described above under “General Portfolio Risks” and “Other General Risks,” the material risks associated with Fundamental Equity Advisory Accounts in these sub-strategies include:

- **Energy, Oil and Gas Sector Risk**—Advisory Accounts may invest in MLPs that primarily derive their income from investing in companies within the energy, oil and gas sectors. Energy, oil and gas companies are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas or petroleum products; reduced availability of natural gas or other commodities for transporting, processing, storing or delivering; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, changes in the regulatory environment for these companies may adversely impact their profitability. Over time, depletion of natural gas reserves or other commodities may also affect the profitability of companies in the energy, oil and gas sectors.
- **Equity and Equity-Related Securities and Instruments**—Advisory Accounts may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and OTC markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.
- **Master Limited Partnership Risk**—Investments by an Advisory Account in securities of MLPs involve risks that differ from investments in common stock, including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP’s general partner, cash flow risks, dilution risks and risks related to the general partner’s right to require unit-holders to sell their common units at an undesirable time or price. Certain MLP securities may trade in lower volumes due to their smaller capitalizations. Accordingly, those MLPs may be subject to more abrupt or erratic price movements, may lack sufficient market liquidity to enable an Advisory Account to effect sales at an advantageous time or without a substantial drop in price, and investment in those MLPs may restrict an Advisory Account’s ability to take advantage of other investment opportunities. MLPs are generally considered interest rate-sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns. In addition, the managing general partner of an MLP may receive an incentive allocation based on increases in the amount and growth of cash distributions to investors in the MLP. This method of compensation may create an incentive for the managing general partner to make investments that are riskier or more speculative than would be the case in the absence of such compensation arrangements.
- **Mid Cap and Small Cap Risk**—Investments in mid-capitalization and small-capitalization companies involve greater risks than investments in larger, more established companies, including because such companies may have narrower markets and more limited managerial and financial resources. These securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.
- **Real Estate Investment Trust (“REIT”) Risk**—REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions and other factors. Securities of such issuers may lack sufficient market liquidity to enable the Advisory Account to effect sales at an advantageous time or without a substantial drop in price. The failure of a company to qualify as a REIT could have adverse consequences for an Advisory Account invested in the company.
- **Technology Sector Risk**—The stock prices of technology and technology-related companies and therefore the value of Advisory Accounts that invest in the technology sector may experience significant price movements as a result of intense market volatility,

worldwide competition, consumer preferences, product compatibility, product obsolescence, government regulation, excessive investor optimism or pessimism, or other factors.

Global Fixed Income and Liquidity Management

Global Fixed Income and Liquidity Management offers several sub-strategies, including: Global Liquidity, Absolute Return, Core/Long Duration, Global/Non-U.S. Fixed Income, Opportunistic/Distressed, Commodities, Global Credit Emerging Markets Debt, Municipals, MBS/ABS and Currency. In addition to the risks described above under “General Portfolio Risks” and “Other General Risks,” the material risks associated with these strategies include:

- **Credit/Default Risk**—An issuer or guarantor of fixed income securities or instruments held by an Advisory Account (which, for certain Advisory Accounts, may have low credit ratings) may default on its obligation to pay interest and repay principal or default on any other obligation, and a counterparty to a derivatives investment may fail to perform its contractual obligations. Additionally, the credit quality of securities or instruments may deteriorate rapidly, which may impair an Advisory Account’s liquidity and cause significant value deterioration. Advisory Accounts may invest in noninvestment grade fixed income securities (commonly known as “junk bonds”) and leveraged loans that are considered speculative. Non-investment grade investments, leveraged loans and unrated securities of comparable credit quality are subject to the increased risk of an issuer’s inability to meet principal and interest payment obligations. These securities and loans may be subject to greater price volatility due to such factors as specific issuer developments, interest rate sensitivity, negative perceptions of the junk bond and leverage loan markets generally and less secondary market liquidity. Advisory Accounts may purchase the securities of issuers that are in default.
- **Interest Rate Risk**—When interest rates increase, fixed income securities or instruments held by an Advisory Account will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments.

In addition, depending on the particular mandate, other risks may apply. These include:

- To the extent that the strategy invests in mortgage backed or asset-backed securities, it may be subject to mortgage-backed and/or other asset-backed securities risk. Mortgage-related and other asset-backed securities are subject to certain additional risks, including “extension risk” (i.e., in periods of rising interest rates, issuers may pay principal later than expected) and “prepayment risk” (i.e., in periods of declining interest rates, issuers may pay principal more quickly than expected, causing an Advisory Account to reinvest proceeds at lower prevailing interest rates).
- To the extent that the strategy invests in the commodity sector, it may be subject to commodity exposure risk. Exposure to the commodities markets may subject an Advisory Account to greater volatility than investments in traditional securities.
- To the extent that the strategy invests in sovereign debt or sectors with substantial exposure to sovereign debt, it may be subject to sovereign debt risk. Issuers of sovereign debt may be unable or unwilling to repay principal or interest in accordance with the terms of such debt, and an Advisory Account may have limited recourse to compel payment in the event of a default. Any failure to make payments in accordance with the terms of the debt could result in losses to an Advisory Account.
- To the extent that the strategy invests in stable value contracts, it may be subject to the risks of such contracts. Stable value contracts are benefit responsive agreements that typically impose investment restrictions on an Advisory Account in addition to any investment restrictions imposed as a result of the Advisory Account’s own investment program. There is no guarantee that providers under stable value contracts will fulfill their obligations or that stable value contracts will continue to be valued at their contract value rather than market or fair value. Stable value contracts typically have long withdrawal notice periods. Moreover, stable value contract providers have increased fees and decreased the flexibility of terms they offer in the last several years and may continue to do so in the future. There can be no assurance that sufficient stable value contracts will be available in the

future to replace or supplement an Advisory Account's existing contracts.

Liberty Harbor

In addition to the risks described above under "General Portfolio Risks" and "Other General Risks," the material risks associated with Liberty Harbor include:

- **Credit/Default Risk**—An issuer or guarantor of fixed income securities or instruments held by an Advisory Account (which, for certain Advisory Accounts, may have low credit ratings) may default on its obligation to pay interest and repay principal or default on any other obligation, and a counterparty to a derivatives investment may fail to perform its contractual obligations. Additionally, the credit quality of securities or instruments may deteriorate rapidly, which may impair an Advisory Account's liquidity and cause significant value deterioration. Advisory Accounts may (and Advisory Accounts managed by Liberty Harbor often) invest in noninvestment grade fixed income securities (commonly known as "junk bonds") and leveraged loans that are considered speculative. Non-investment grade investments, leveraged loans and unrated securities of comparable credit quality are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These securities and loans may be subject to greater price volatility due to such factors as specific issuer developments, interest rate sensitivity, negative perceptions of the junk bond and leverage loan markets generally and less secondary market liquidity. Advisory Accounts may purchase the securities of issuers that are in default.
- **Interest Rate Risk**—When interest rates increase, fixed income securities or instruments held by an Advisory Account will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments.
- **Private Investment Risk**—Advisory Accounts managed by Liberty Harbor may invest in private investments, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. Clients should not invest

unless they are prepared to retain their interests in the Advisory Account until the Advisory Account liquidates its private investments. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted.

- **Short Selling/Position Risk**—Short selling occurs when an Advisory Account borrows a security from a lender, sells the security to a third party, reacquires the same security and returns it to the lender to close the transaction. The Advisory Account profits if the price of the borrowed security declines in value from the time the Advisory Account sells it to the time the Advisory Account reacquires it. Conversely, if the borrowed security has appreciated in value during this period, the Advisory Account will suffer a loss. The potential loss on a short sale is unlimited because the price of the borrowed security may rise indefinitely. Short selling also involves the risks of: increased leverage, and its accompanying potential for losses; the potential inability to reacquire a security in a timely manner, or at an acceptable price; the possibility of the lender terminating the loan at any time, forcing the Advisory Account to close the transaction under unfavorable circumstances; the additional costs that may be incurred; and the potential loss of investment flexibility caused by the Advisory Account's obligations to provide collateral to the lender and set aside assets to cover the open position. An Advisory Account may also enter into a short derivative position through a futures contract, an option or swap agreement.

Quantitative Investment Strategies

The QIS team offers a number of sub-strategies, including Equity Alpha Strategies, Macro Alpha Strategies and Customized Beta Strategies. In addition to the risks described above under "General Portfolio Risks" and "Other General Risks," the material risks associated with these strategies include:

- **Macro Risks**—The risk that the value of the instruments in which an Advisory Account invests may go up or down in response to events affecting particular industry sectors or governments and/or general economic conditions. These risks/events include, but are not limited to, commodity exposure risk, inflation protected securities risk, credit/default risk, interest rate risk, mortgage-backed or asset-backed risk, non-investment

grade investments risk, U.S. government securities risk, and derivatives risk. Each of these individual risks is discussed in more detail in Appendix B.

- **Index/Tracking Error Risk**—To the extent it is intended that an Advisory Account track an index, the Advisory Account may not match, and may vary substantially from, the index for any period of time. An Advisory Account that tracks an index may purchase, hold and sell securities at times when a non-index fund would not do so. GSAM does not guarantee that any tracking error targets will be achieved.
- **Tax-Managed Investment Risk**—Because the QIS team balances investment considerations and tax considerations in tax-managed strategies, the pre-tax performance of an Advisory Account may be lower than the performance of similar Advisory Accounts that are not tax-managed. Even though tax-managed strategies are being used, they may not reduce the amount of taxable income and capital gains to which an Advisory Account may become subject.
- **Electronic Trading**—GSAM may trade on electronic trading and order routing systems, which differ from traditional open outcry trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the instrument. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening and closing procedures and prices, trade error policies and trading limitations or requirements. There are also differences regarding qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of internet-based systems, there may be additional risks related to service providers and the receipt and monitoring of electronic mail. Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure. In the event of system or component failure, it is possible that for a certain time period, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. Some investments offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. Exchanges offering an electronic trading or order routing system and listing the instrument may have adopted rules to limit their liability, the liability of brokers and software and communication system vendors and the amount that may be collected for system failures and delays. The limitation of liability provisions vary among the exchanges.
- **Reliance on Technology**—GSAM may employ investment strategies that are dependent upon various computer and telecommunications technologies. The successful implementation and operation of such strategies could be severely compromised by telecommunications failures, power loss, software-related “system crashes,” fire or water damage, or various other events or circumstances. Any such event could result in, among other things, the inability of GSAM to establish, maintain, modify, liquidate, or monitor the Advisory Accounts’ investments, which could have a material adverse effect on the Advisory Accounts.
- **Risks Involved in the Development of Models**—Errors may occur in designing, writing, testing, and/or monitoring models, which may be difficult to detect and may not be detected for a significant period of time. Inadvertent systems and human errors are an inherent risk of models and the complexity of models may make it difficult or impossible to detect the source of any weakness or failure in the models before material losses are incurred. Moreover, the complexity of the models and their reliance on complex computer programming may make it difficult to obtain outside support. To the extent any third-party licensed intellectual property is used in the development of models, there may be adverse consequences if such material is no longer available. Finally, in the event of any software or hardware malfunction, or problem caused by a defect or virus, there may be adverse consequences to developing or monitoring models.

Alternative Investments and Manager Selection

AIMS offers several sub-strategies, including: Global Manager Strategies and Private Equity. In addition to the risks described above under “General Portfolio Risks” and “Other General Risks,” the material risks associated with these strategies include:

Private Equity

- **Difficulty in Valuing Partnership Investments—**Valuation of partnership investments in which an Advisory Account may invest may be difficult, as there generally will be no established market for these assets or for securities of privately-held companies which an underlying private equity fund may own. The overall performance of AIMS’s investment funds and separate accounts will be affected by the acquisition price paid by the underlying private equity funds for their interests in portfolio companies, which will be subject to negotiation with the sellers of such interests. In the absence of a readily ascertainable market price, assets of the underlying private equity funds will be valued by the general partners of such funds or the portfolio companies themselves. The valuation of such securities may create a conflict of interest for such general partner, as such assets may constitute a substantial portion of such underlying fund’s investments and their value may affect the general partner’s compensation. AIMS generally will not have sufficient information in order to be able to confirm or review the accuracy of these valuations.
- **Failure by Other Investors to Meet Capital Calls of Underlying Funds—**Failure by one or more other investors to meet a capital call of a third-party investment vehicle could have adverse consequences for AIMS’s investment funds and separate accounts. The third-party investment vehicle may be permitted to require its investors to contribute additional capital to satisfy the shortfall. If the third-party investment vehicle is unable to raise sufficient capital to consummate a proposed investment, its general partner may not be able to diversify its portfolio, which could adversely affect results of such third-party investment vehicle and could also result in the third-party investment vehicle’s investments being concentrated in relatively few properties and/or regions. Furthermore, the third-party investment vehicle may not have sufficient capital to contribute capital to existing portfolio companies necessary to ensure their ongoing financial stability. If multiple investors fail to meet capital calls from a particular third-party investment vehicle, the third-party investment vehicle could default on its obligations, which could result in the termination of the third-party investment vehicle, causing a lower return, or potentially a loss, of AIMS’s investments.
- **Giveback Obligations—**The terms of an investment fund may require the return of distributions received from investments, including potentially distributions made prior to the time the Advisory Account became an investor in such investment fund, upon the occurrence of certain circumstances, including to satisfy any indemnification, reimbursement, contribution or similar obligation (including any obligation resulting from applicable law), or any other expense or obligation, of the investment fund. The manager of such investment fund may set aside amounts otherwise distributable to investors for such purpose, should they arise, and amounts set aside to fund such payments will reduce the amount of funds available for distribution to an investor or make additional portfolio investments.
- **Limited Ability to Negotiate Terms of Investments in Underlying Funds—**When AIMS acquires interests from investors in underlying funds, rather than from the underlying funds themselves (secondary investments), AIMS may have limited or no opportunity to negotiate the terms of the interests in the underlying funds or other special rights or privileges.
- **Limited Operating History and Competition Associated with Portfolio Companies—**Certain portfolio companies in which AIMS’s investment funds and Advisory Accounts invest, either directly or indirectly, may involve a high degree of business and financial risk. These companies may (i) be in an early stage of development and not have a proven operating history; (ii) be operating at a loss or have significant variations in operating results; (iii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; (iv) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; (v) rely on the services of a limited number of key individuals, the loss of any of whom could significantly adversely affect a portfolio company’s performance; and (vi) otherwise have a weak financial condition or be experiencing

financial difficulties. In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified management and technical personnel.

- **Limited Regulatory Oversight**—Third-party managers to which Advisory Accounts allocate assets may be subject to limited or no regulatory requirements or governmental oversight. Therefore, an Advisory Account may not have the benefit of certain protections that would otherwise be afforded to investors had the third-party managers been more heavily regulated.
- **Private Investment Risk**—Advisory Accounts managed by AIMS may invest in private investments, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. Clients should not invest unless they are prepared to retain their interests in the Advisory Account until the Advisory Account liquidates its private investments. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted.
- **Reliance on Third-Party Managers**—AIMS relies on the expertise of numerous third-party managers who are actively involved in running and overseeing the underlying funds to help identify, evaluate, underwrite, operate, manage and dispose of assets. AIMS's selection of an underlying fund in which to invest its investment funds and separate accounts is inherently based on subjective criteria with the result that the true performance and abilities of a particular general partner of an underlying fund will be difficult to assess. The historical performance of a general partner is not indicative of its future performance, which can vary considerably. Moreover, the underlying funds may be recently formed and may have no independent operating history upon which to evaluate their likely performance. In addition, while representatives of AIMS may serve on the advisory boards of certain underlying funds or portfolio companies, AIMS generally will not have the opportunity to evaluate or to approve the specific investments made by any underlying fund and will not have an active role in the

day-to-day management of the underlying funds. Consequently, the success of an underlying fund, and, in turn, any of AIMS's investment funds or separate accounts, is substantially dependent on the general partners of the underlying funds in which the investment funds and separate accounts invest and the individuals associated with such general partners. Should one or more of these individuals become incapacitated or in some other way cease to participate in the investment determinations of the applicable underlying fund, AIMS's investment funds and separate accounts could be adversely affected. In addition, the returns of AIMS's investment funds and separate accounts could be substantially adversely affected by the unfavorable performance of any of the underlying funds in which they invest.

- **Risks of Cross Collateralization of Borrowing Obligations**—Leverage, if any, used by Advisory Accounts that are pooled investment vehicles may be structured in a way that the Advisory Accounts are jointly responsible on a cross-guaranteed or cross-collateralized basis for the repayment of the indebtedness. An Advisory Account may be adversely affected if another Advisory Account defaults on its obligations in respect of any such indebtedness.
- **Underlying Funds Invest Independently**—The underlying funds in which AIMS's investment funds and separate accounts invest make investment decisions independently from each other and may at times hold economically offsetting positions, or could hold interests in the same underlying portfolio companies. Greater concentration of positions across multiple underlying funds or portfolio companies likely will increase the adverse effect of any problems experienced in the market, sector, or industry in which the positions are concentrated.

Real Estate

- **Dependence on Operating Partners**—An Advisory Account may rely on the expertise of operating partners who help identify, evaluate, underwrite, operate, manage and dispose of assets. The selection of an operating partner is inherently based on subjective criteria with the result that the true performance and abilities of a particular operating partner will be difficult to assess. An operating partner may suffer a

business failure or become bankrupt or may engage in activities that compete with investments of the Advisory Account. These and other problems, including the deterioration of the business relationship between the Advisory Account and the operating partner, could have a material adverse effect on the assets managed by such operating partner.

- **Environmental Risks and Natural Disasters—**Investments in or relating to real estate assets may be subject to numerous statutes, rules and regulations relating to environmental protection. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials or other pollutants. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials. An Advisory Account may be exposed to substantial risk of loss from environmental claims arising in respect of real estate acquired with environmental problems, and the loss may exceed the value of such investment. In addition, certain investments may be located in earthquake zones or be subject to risks associated with other natural disasters, such as fire, hurricanes, tornadoes, windstorms, volcanic eruptions, tsunamis or floods. Insurance coverage of such risks may be limited, may be subject to large deductibles or may be, or in the future become, completely unavailable, and GSAM will determine in its discretion whether to seek insurance coverage of (or to seek alternative ways to manage or mitigate) such risks.
- **Failure to Qualify as a REIT Would Result in Higher Taxes—**Each REIT in which an Advisory Account invests will operate in a manner intended to qualify as a REIT for U.S. federal income tax purposes. A REIT's compliance with the REIT income and asset requirements depends, however, upon its ability to successfully manage the composition of its income and assets on an ongoing basis. If any REIT were to fail to

qualify as a REIT in any taxable year, it would be subject to U.S. federal, state and local income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and distributions by the REIT would not be deductible by such REIT in computing its taxable income. Even if a REIT remains qualified for taxation as a REIT, it may be subject to certain U.S. federal, state and local taxes on its income and assets under certain circumstances.

- **Real Estate Industry Risk—**The real estate industry is particularly sensitive to economic downturns; specific market conditions may result in occasional or permanent reductions in property values. The values of securities of companies in the real estate industry may go through cycles of relative under-performance and out-performance in comparison to equity securities markets in general. Additionally there are risks related to general and local economic conditions which may include: possible increased cost of or lack of availability of mortgage financing or insurance; variations in rental income, neighborhood values or the appeal of property to tenants; interest rates; overbuilding; extended vacancies of properties; increases in competition, property and other taxes, assessed values and operating expenses; fluctuations in energy prices; and changes in zoning laws. Real estate industry companies are dependent upon management skill, may not be diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation. Advisory Accounts may be subject to personal injury or property damage or similar claims by private parties in respect of investments, and changes in laws or in the condition of an asset may create liabilities that did not exist at the time of acquisition of an investment and that could not have been foreseen. In addition, investments that may require development are subject to additional risks, including availability and timely receipt of zoning and other regulatory approvals and cost and timely completion of construction (which may be affected by weather, labor conditions or material shortages).

For additional information about the material risks associated with this strategy, please refer to the risks described under "Private Equity" above.

Credit, Fixed Income and Public Equity

- **Limitations on AIMS's Authority**—AIMS's ability to waive or amend the investment objectives, policies, and strategies, remove, replace or withdraw assets from a third-party manager, reallocate assets among third-party managers and vary or change the allocation of assets of an Advisory Account may be subject to the limitations imposed by the agreements with third-party managers, market conditions and applicable law. Losses may result during the time it takes AIMS to react to market or other conditions and comply with the required notice obligations or other contractual agreements.
- **Limited Regulatory Oversight**—Third-party managers to which Advisory Accounts allocate assets may be subject to limited or no regulatory requirements or governmental oversight. Therefore, an Advisory Account may not have the benefit of certain protections that would otherwise be afforded to investors had the third-party managers been more heavily regulated.
- **Reliance on Third-Party Managers**—The success of an Advisory Account with a AIMS strategy depends upon, among other things, the ability of the third-party managers to develop and successfully implement trading strategies that achieve their investment objectives. While AIMS will select and monitor the third-party managers, AIMS relies to a great extent on information provided by the third-party managers and may have limited access to other information regarding the third-party managers' portfolios and operations. There is a risk that a third-party manager may knowingly, negligently or otherwise withhold or misrepresent information, including the presence or effects of any fraudulent or similar activities. AIMS's proper performance of its monitoring functions would generally not give AIMS the opportunity to discover such situations prior to the time the third-party manager discloses (or there is public disclosure of) the presence or effects of any fraudulent or similar activities.
- **Third-Party Managers Invest Independently**—The third-party managers make investment decisions independently of other third-party managers and may at times hold economically offsetting positions, and could indirectly incur transaction costs without accomplishing any net investment result, or may be competing with each other for the same positions in one or more

markets. Multiple third-party managers may hold large positions in a relatively limited number of the same or similar investments. Greater concentration of positions across multiple third-party managers likely will increase the adverse effect of any problems experienced in the market, sector, or industry in which the positions are concentrated.

Global Portfolio Solutions

In addition to the risks described above under "General Portfolio Risks" and "Other General Risks," to the extent that GPS allocates Advisory Account assets to investment products managed by the Fundamental Equity, Quantitative Investment Strategies, Global Fixed Income and Liquidity Management, Liberty Harbor and Alternative Investments and Manager Selection teams, the risks described above under their respective sections will apply. Similarly, to the extent GPS allocates Advisory Account assets to GSIS or HFS, other registered investment advisers of Goldman Sachs, the risks described in their respective Forms ADV will apply. In addition, the material risks associated with the strategies utilized by GPS include:

- **Access to Information**—GSAM seeks to select potential investment products for an Advisory Account utilizing information made available to it. With respect to those efforts, GSAM will rely on information and sources it utilizes as accurate, complete or up-to-date. Under certain circumstances, GSAM may not (i) access certain information (which may be material) regarding a specific investment product (including, for example, if the manager or an issuer of an investment product does not provide GSAM access to certain information) or (ii) utilize certain information (which may be material) in its possession regarding a specific investment product (including because use of such information would or might be a breach of duty or confidence to any other person or of applicable law, or would violate any applicable policies or procedures). In addition, Goldman Sachs maintains internal informational barriers, as further described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Certain Effects of the Activities of GSAM and Other Goldman Sachs Entities on Advisory Accounts, that may prevent GSAM personnel from obtaining relevant information. If GSAM personnel do not access information with respect to an investment

product, they may determine not to consider such investment product for an Advisory Account, which could materially adversely affect the Advisory Account. Conversely, GSAM personnel may select an investment product for the Advisory Account notwithstanding that certain material information is unavailable to such personnel. Any allocation to (or continued holding of) such an investment product could materially adversely affect the Advisory Account. For example, such investment product could significantly decline in value and could result in substantial losses to the Advisory Account.

- Investments in Affiliated Products—Depending on the particular mandate, there are material risks related to Advisory Account investments in Affiliated Products, including those described below. Please also refer to the potential conflicts of interest described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Financial Incentives in Selling and Managing Advisory Accounts.
 - No Negotiation of Fees—GSAM will not negotiate the fees or expenses of an Advisory Account’s investment in an Affiliated Product. Therefore, other investors in such Affiliated Products may be charged fees and expenses that are lower (potentially significantly lower) than the fees and expenses charged to such Advisory Account. In addition, this may create a disincentive on GSAM’s part to negotiate lower fees and expenses in respect of External Products to the extent that such fees and expenses might be less than the fees and expenses for comparable Affiliated Products. The fees and expenses charged to an Advisory Account in respect of Affiliated Products will be outside the scope of the agreement governing the Advisory Account and GSAM may act in its own interest and the interests of Goldman Sachs in negotiating such fees and expenses.
 - No or Limited Review of External Products When Allocating to Affiliated Products—If GPS allocates (or recommends allocation of) Advisory Account assets to Affiliated Products, it will not have canvassed the universe of External Products available or reviewed External Products that may also have been appropriate for the Advisory Account unless otherwise agreed in the agreement governing the Advisory Account. In such circumstances, there may (or may not) be one or more External Products that may be a more appropriate addition to the Advisory Account than the Affiliated Product selected by GSAM, including from the standpoint of the factors that GSAM has taken into consideration or other factors.
 - Regulatory Restrictions Applicable to Goldman Sachs—From time to time, the activities of Affiliated Products may be restricted because of regulatory or other requirements applicable to Goldman Sachs and/or its internal policies designed to comply with, limit the applicability of, or otherwise relate to such requirements. External Products may not be subject to some of these restrictions or considerations. For additional information, please refer to Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Firm Policies and Regulatory Restrictions Affecting Advisory Accounts.
 - Review of External Products—To the extent that GSAM reviews External Products in accordance with the investment guidelines of an Advisory Account, GSAM will review as potential investments for the Advisory Account only those External Products that have been approved by GSAM for investment by its advisory clients and will not review other External Products or canvass the universe of External Products available. In such circumstances, there may (or may not) be one or more External Products that may be a more appropriate addition to the Advisory Account than the investment product selected by GSAM, including from the standpoint of the factors that GSAM has taken into consideration or other factors.

- **Tactical Tilts**—GSAM utilizes tactical investment ideas derived from short-term market views (“Tactical Tilts”) for Advisory Accounts. GSAM determines which Tactical Tilts to implement in respect of Advisory Accounts and the manner in which to implement them. Depending on the particular mandate, there are material risks related to the use of Tactical Tilts for Advisory Accounts. The timing for implementing a Tactical Tilt or unwinding a position can materially affect the performance of such Tactical Tilt. For various reasons, Goldman Sachs may implement a Tactical Tilt or unwind a position for its client accounts or on its own behalf at a different time than implemented by GPS in respect of an Advisory Account, which may result in different performance between the Advisory Account on the one hand and Goldman Sachs or its client accounts on the other. In addition, GPS expects to monitor an Advisory Account’s Tactical Tilt positions only on a periodic basis. Therefore, changes in market conditions and other factors may result in substantial losses to an Advisory Account, and no assurance can be given that a Tactical Tilt position will be unwound before the Advisory Account suffers losses. The use of Tactical Tilts also may include the risk of reliance on models.
- **Target Ranges and Rebalancing**— To the extent a client designates target allocations for an Advisory Account in respect of asset classes and/or product classes (i.e., Affiliated Products vs. External Products), allocations of an Advisory Account’s assets may, from time to time, be out of balance with the Advisory Account’s target ranges for extended periods of time or at all times due to various factors, such as fluctuations in, and variations among, the performance of the investment products to which the assets are allocated and reliance on estimates in connection with the determination of percentage allocations. Any rebalancing by GPS of the Advisory Account’s assets may have an adverse effect on the performance of the Advisory Account’s assets. For example, the Advisory Account’s assets may be allocated away from an over-performing investment product and allocated to an under-performing investment product. In addition, the achievement of any intended rebalancing may be limited by several factors, including the use of estimates of the net asset values of the investment products, and, in the case of investments in investment products that are pooled

investment vehicles, restrictions on additional investments in and redemptions from such investment products. Similarly, the use of target ranges in respect of product classes may result in an Advisory Account containing a significantly greater percentage of Affiliated Products than would otherwise be the case, including during periods in which Affiliated Products are under-performing External Products. In such circumstances, there may (or may not) be one or more External Products that may be a more appropriate addition to an Advisory Account than the Affiliated Products then in the Advisory Account.

Item 9 – Disciplinary Information

This Item requests information relating to GSAMLP. There are no reportable material legal or disciplinary events related to GSAMLP. In the ordinary course of their business, GSAMLP and its investment management affiliates and their employees have in the past been, and may in the future be, subject to formal and informal regulatory inquiries, subpoenas, investigations, and legal or regulatory proceedings involving the SEC, other regulatory authorities, or private parties. In the past ten years, GSAMLP and its investment management affiliates have not had an order or sanction issued against them by a regulatory body, apart from an improvement order issued in December 2005 to an investment management affiliate in Japan and a September 2007 Institutional Warning issued to another investment management affiliate in Korea, prior to its acquisition by GSAMLP, by the Financial Supervisory Commission in Korea. Additional information about GSAMLP’s investment management affiliates is contained in Part 1 of GSAMLP’s Form ADV.

For information relating to other Goldman Sachs affiliates, please visit www.gs.com and refer to the public filings of The Goldman Sachs Group, Inc.

Item 10 – Other Financial Industry Activities and Affiliations

BROKER-DEALER REGISTRATION

Certain of GSAMLP’s management persons may be registered representatives of GS&Co., a registered broker-dealer, if necessary or appropriate to perform their responsibilities.

COMMODITY POOL OPERATOR, COMMODITY TRADING ADVISER, FUTURES COMMISSION MERCHANT REGISTRATION

GSAMLP is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”) and a commodity trading advisor (“CTA”). GSAMLP is a registered swap firm with the National Futures Association. In addition, certain of GSAMLP’s management persons may be registered as associated persons and swap associated persons to the extent necessary or appropriate to perform their responsibilities.

OTHER MATERIAL RELATIONSHIPS WITH AFFILIATED ENTITIES

GSAMLP may use, suggest or recommend its own services or those of affiliated Goldman Sachs entities. GSAMLP may manage Advisory Accounts on behalf of such affiliated Goldman Sachs entities, which may create potential conflicts of interest related to GSAMLP’s determination to use, suggest or recommend the services of such entities. The particular services involved will depend on the types of services offered by the affiliate. The arrangements may involve sharing or joint compensation, or separate compensation, subject to the requirements of applicable law. Particular relationships may include, but are not limited to, those discussed below. Goldman Sachs’ affiliates will retain any compensation when providing investment services to, or in connection with investment activities of, Advisory Accounts. Compensation may take the form of commissions, markups, markdowns, service fees or other commission equivalents. Advisory Accounts will not be entitled to any such compensation retained by Goldman Sachs’ affiliates.

Broker-Dealer; Derivatives Dealer

Subject to client consent, GSAMLP may use, or suggest or recommend that advisory clients use, the securities, futures execution, custody or other services offered by GSAMLP’s broker-dealer and other affiliates. These may include (but are not limited to) GS&Co., Goldman Sachs International (“GSI”), Montague Place Custody Services, Goldman Sachs (Asia) Securities Limited, Goldman Sachs Japan Co., Ltd., Goldman Sachs (Russia), Goldman Sachs Bank AG, Goldman Sachs Financial Markets, L.P., Goldman Sachs Saudi Arabia, Goldman Sachs Execution & Clearing, L.P., OOO Goldman Sachs, Qian Kun Futures Co., Ltd. and Redi Global Technologies LLC. Clients pay for broker-dealer or

other services performed by GSAMLP’s affiliates in addition to the advisory fee paid to GSAMLP.

For accounts offered through PWM but managed by GSAMLP, transactions are executed according to GSAMLP’s policies and procedures, including best execution, selection of broker-dealers and aggregation of trades. In addition, the broker-dealer affiliates that provide custodial services may benefit from the use of free credit balances (i.e., cash) in advisory clients’ accounts, subject to the limitation set forth in SEC Rule 15c3-3 under the U.S. Securities Exchange Act of 1934, as amended.

GSAMLP may receive record keeping, administrative and support services from its broker-dealer affiliates. GSAMLP, in its advisory capacity, may also obtain research ideas, analyses, reports and other services (including distribution services) from broker-dealer affiliates. As described in Item 12, Brokerage Practices, GSAMLP may pay affiliates for brokerage and research services that assist GSAMLP in the investment decision-making process with “soft” or commission dollars. GSAMLP may receive these services in lieu of the affiliates reducing the commissions or fees they charge an Advisory Account, and these services may or may not be used to benefit the Advisory Account.

Subject to client consent, GSAMLP may enter into principal transactions, including over-the-counter derivatives transactions, for clients with its affiliates, including GS&Co., GSI and other affiliates of GSAMLP. GSAMLP’s affiliates will earn mark-ups, mark-downs, spreads, financing fees and other charges that may be embedded in the cost of the derivative. Clients will pay these charges in addition to the advisory fee paid to GSAMLP. GSAMLP and its affiliates may share all of a portion of their charges and fees with each other and with their affiliates and employees, including, in the case of PWM clients, with the client’s Private Wealth Advisor. For additional information about principal trading, please see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

In addition, Goldman Sachs may have ownership interests in trading networks, securities, or derivatives indices, trading tools, settlement systems and other assets.

Investment Companies and Other Pooled Investment Vehicles

GSAMLP or its affiliates act in an advisory or sub-advisory capacity, including as adviser, administrator and/or

distributor, to a variety of U.S. and non-U.S. investment companies as well as other pooled investment vehicles including collective trusts and alternative investment funds. Certain personnel of GSAM ("GSAM Personnel") are also directors, trustees and/or officers of these investment companies and other pooled investment vehicles.

Other Investment Advisers

GSAMLP has investment advisory affiliates in Australia, Canada, China, India, Brazil, England, Germany, Hong Kong, Ireland, Italy, Japan, Singapore, Korea and the United States. These affiliates include: Goldman Sachs Asset Management Australia Pty Ltd, Goldman Sachs Asset Management Brazil LTDA, Goldman Sachs (China) L.L.C., Beijing Gao Hua Securities Company Limited, Goldman Sachs Asset Management (India) Private Limited, Goldman Sachs (India) Securities Private Limited, Goldman Sachs Services Pvt. Ltd., Goldman Sachs (Malaysia) Sdn Bhd, GSAMI, Goldman Sachs (Asia) L.L.C. ("GS Asia"), Goldman Sachs (Russia), Goldman Sachs Do Brasil Banco Multiplo S/A, Goldman Sachs Saudi Arabia, Goldman Sachs Asset Management Co. Ltd. ("GSAMC"), Goldman Sachs (Singapore) Pte. ("GSSP"), GS&Co., Goldman Sachs Realty Management, L.P. (formerly known as Archon Group, L.P.) ("GSRM"), The Ayco Company, L.P. ("Ayco"), GSAM SV, GSI, GSGAP, HFS, Goldman Sachs Investment Advisory Korea Co., LTD ("GSAMK"), GS Investment Strategies Canada Inc. ("GSIS Canada"), and GSIS.

Among GSAMLP's investment advisory affiliates, GSAMI, GS&Co., GSRM, Ayco, GSAM SV, GSGAP, HFS, and GSIS are registered with the SEC as investment advisers. Goldman Sachs Asset Management Australia Pty Ltd, Goldman Sachs Asset Management Brazil LTDA, Goldman Sachs (China) L.L.C., Beijing Gao Hua Securities Company Limited, Goldman Sachs Asset Management (India) Private Limited, Goldman Sachs (India) Securities Private Limited, Goldman Sachs Services Pvt. Ltd., Goldman Sachs (Malaysia) Sdn Bhd, Goldman Sachs Representações Ltda, GS Asia, GSAMC, GSI, GSAMK, GSIS Canada and GSSP are not registered with the SEC as investment advisers but are foreign affiliated advisers that may provide advice or research to GSAMLP for use with GSAMLP's U.S. clients (in such capacity, "Participating Affiliates"). The Participating Affiliates will act according to a series of SEC no-action relief letters mandating that Participating Affiliates remain subject to the regulatory supervision of

both GSAMLP and the SEC. GSAMLP has or intends to have co-advisory or sub-advisory relationships with affiliates, and/or participating affiliate relationships with the Participating Affiliates.

GSAMLP may, in its discretion, delegate all or a portion of its advisory or other functions (including placing trades on behalf of Advisory Accounts) to any affiliate that is registered with the SEC as an investment adviser or to any Participating Affiliate. To the extent GSAMLP delegates its advisory or other functions to affiliates that are registered with the SEC as investment advisers, a copy of the brochure of each such affiliate is available on the SEC's website (www.adviserinfo.sec.gov) and will be provided to clients or prospective clients upon request. Certain services may be performed for affiliates by GSAMLP employees who are also employees of such affiliates (for example, certain fixed income advisory services and related services may be performed by GSAMLP employees who are also employees of GSAM SV) or through delegation or other arrangements. Clients that want more information about any of these affiliates should contact GSAMLP.

In addition, GSAMLP may participate in sub-advisory, co-advisory or other joint projects related to pooled investment vehicles with institutions not a part of Goldman Sachs.

Financial Planner

GSAMLP's affiliate, Ayco, provides financial planning services, investment management and other services to publicly traded companies and privately held firms and their respective executives and employees. Ayco's personnel may recommend GSAMLP's investment advisory services to its clients and may receive fees from GSAMLP.

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser

GSAMLP has affiliates registered with the CFTC as a futures commission merchant, CPO and/or CTA, swap firm and swap dealer. These firms include: GS&Co., GSAMI, HFS, Goldman Sachs Management Partners, L.P., GSIS and Goldman Sachs Execution & Clearing, L.P. If permitted by law and applicable regulations, GSAMLP may buy or sell futures on behalf of its clients through its CFTC-registered affiliates and these affiliates may receive commissions.

Bank or Thrift Institution

The Goldman Sachs Group, Inc. is a bank holding company registered with the Board of Governors of the Federal Reserve System (the "Federal Reserve"). The Goldman Sachs Group, Inc. is subject to supervision and regulation by the Federal Reserve.

The Goldman Sachs Trust Company, a limited trust company licensed by the State of New York, and its affiliates, may provide custody services to GSAMLP's clients at the request of the clients and may receive compensation directly from GSAMLP's clients or from GSAMLP.

GSAMLP also has relationships with The Goldman Sachs Trust Company, N.A., a national bank limited to fiduciary activities ("GSTC") and The Goldman Sachs Trust Company of Delaware, a Delaware limited purpose trust company. GSAMLP and its affiliates provide a variety of services to GSTC, including investment advisory, distribution, marketing, operational, infrastructure, financial, auditing, and administrative services. GSAMLP and its affiliates will receive fees from GSTC according to the fee schedules agreed between the parties. GSTC also maintains collective investment funds for eligible pension and profit sharing clients. GSTC has appointed GSAMLP as investment adviser for the collective investment funds, subject to the supervision and control of GSTC. Certain personnel of GSAMLP's affiliate have been cross-designated as officers of GSTC.

Sponsor or Syndicator of Limited Partnerships

GSAMLP and its affiliates may create and/or distribute unregistered privately-placed vehicles and may receive fees.

Insurance Company or Agency

GSAMLP's affiliates, Global Atlantic Financial Group, Commonwealth Annuity and Life Insurance Company and First Allmerica Financial Life Insurance Company, engage in the insurance business for the purpose of insuring and reinsuring life and annuity contracts including, but not limited to variable life and variable annuity contracts. GSAMLP's affiliate, Arrow Reinsurance Company, Ltd, engages in the insurance business for the purpose of reinsuring life and annuity contracts including, but not limited to, variable life and annuity contracts and reinsuring property and catastrophe risks. GSAMLP's affiliated insurance group also contains a Lloyds of London Syndicate

that underwrites property and catastrophe and other casualty risks.

Management Persons; Policies and Procedures

Certain of GSAMLP's management persons may also hold positions with the affiliates listed above. In these positions, those management persons of GSAMLP may have some responsibility with respect to the business of these affiliates and the compensation of these management persons may be based, in part, upon the profitability of other parts of Goldman Sachs. Consequently, in carrying out their roles at GSAMLP and these other entities, the management persons of GSAMLP may be subject to the same or similar potential conflicts of interest that exist between GSAMLP and these affiliates.

GSAMLP has established a variety of restrictions, policies, procedures, and disclosures designed to address potential conflicts that may arise between GSAMLP, its management persons and its affiliates. These policies and procedures include: information barriers designed to prevent the flow of information between GSAMLP, personnel of GSAMLP and certain other affiliates; policies and procedures relating to brokerage selection, trading with affiliates or investing in products managed or sponsored by affiliates; and allocation and trade sequencing policies applicable to Advisory Accounts and Accounts. Additional information about these conflicts and the policies and procedures to address them is available in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

RECEIPT OF COMPENSATION FROM INVESTMENT ADVISERS

GSAM may allocate Advisory Account assets to one or more third-party managers, directly or indirectly, through, among other means, discretionary managed accounts or investment funds. The interests and business relationships of Goldman Sachs (including GSAM) and its personnel may create potential conflicts in the selection of managers for, or the determination to increase allocations of assets to or withdraw assets from third-party managers on behalf of, Advisory Accounts. GSAM makes determinations regarding which third-party managers to make available to clients consistent with its fiduciary duties and the investment processes described in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss. Goldman Sachs may derive benefits from certain decisions made in respect of managers. It is expected that Goldman Sachs

may receive various forms of compensation, commissions, payments, rebates, remuneration, investment activity, services or other benefits from managers to which Advisory Accounts allocate assets, or may have interests in such managers or their businesses and provide a variety of products and services to them, including prime brokerage and research services. The amount of such compensation, commissions, payments, rebates, remuneration, investment activity, services or other benefits to Goldman Sachs may be greater if GSAM selects such managers than it would have been had other managers been selected that might also have been appropriate for the Advisory Accounts.

In addition, GSAM will face potential conflicts in making determinations as to whether Advisory Accounts should invest or withdraw funds from managers with which GSAM or Goldman Sachs has other business relationships. For example, Goldman Sachs, Advisory Accounts or other Accounts may have equity, profits or other interests in managers or may have entered into arrangements with such managers in which such managers would share with Goldman Sachs, an Advisory Account or other Account a material portion of its fees or allocations (including, without limitation, fees earned by such managers as a result of the allocation of Advisory Account assets to such managers). Payments to Goldman Sachs (either directly from such managers or in the form of fees or allocations payable by Advisory Accounts or other Accounts) will generally increase as the amount of assets that such managers manage increases. Therefore, investment by Advisory Accounts with such managers where Goldman Sachs, Advisory Accounts or other Accounts have a fee and/or profit sharing arrangement or other interest in the equity or profits of such managers may result in additional revenues to Goldman Sachs and its personnel. The relationship Goldman Sachs, Advisory Accounts and other Accounts have with such managers may also result in GSAM being incentivized to increase Advisory Accounts' investments with such managers or to retain their investments with such managers.

Goldman Sachs (including, without limitation, GSAM) may receive notice of, or offers to participate in, investment opportunities from third-party managers, their affiliates or other third parties. Such investment opportunities may be offered to Goldman Sachs for various reasons, which may include business relationships with third-party managers or their affiliates or other reasons, including that one or more Advisory Accounts have made investments with such third-

party managers, but such opportunities may not be allocated to such Advisory Accounts. Therefore, investment (or continued investment) by particular Advisory Accounts with such managers may result in additional investment opportunities to Goldman Sachs or other Accounts. An Advisory Account will not be entitled to compensation in connection with investments that are not allocated to such Advisory Account (or not fully allocated to such Advisory Account) and are allocated to Goldman Sachs (including GSAM) or other Accounts (including other Advisory Accounts).

In addition, the fee structure of certain Advisory Accounts (pursuant to which GSAM may be required to compensate managers out of the fee it receives from the client) may incentivize GSAM to select managers with lower compensation levels (including managers that discount their fees based on aggregate account size or other relationships) than other managers which might also be appropriate for the Advisory Accounts. Fee breakpoints in an Advisory Account may also be affected by Goldman Sachs' business relationships and the size of Accounts other than the Advisory Account, and may directly or indirectly benefit Goldman Sachs and other Accounts. Advisory Accounts will not be entitled to any compensation with respect to such benefits received by Goldman Sachs and other Accounts.

Goldman Sachs as Investment Adviser

Goldman Sachs (including GSAM) will receive compensation in connection with the management of Affiliated Products (including discretionary managed accounts or investment funds (including money market funds)) to which Advisory Accounts directly or indirectly allocate assets. Advisory Accounts will pay all fees to Goldman Sachs in its capacity as manager of such Affiliated Products, and fees to GSAM in its capacity as advisor to the Advisory Accounts will not be reduced by any fees payable to Goldman Sachs as manager (i.e., there could be "double fees" involved in making any such investment, which would not arise in connection with the direct allocation of assets by the account holder to such Affiliated Products). Because Goldman Sachs will on an overall basis receive higher fees, compensation and other benefits if the assets of Advisory Accounts are allocated to Affiliated Products rather than solely to External Products, GSAM will be incentivized to allocate the assets of Advisory Accounts to Affiliated Products. Furthermore, GSAM will have an interest in allocating the assets of Advisory Accounts to Affiliated

Products that impose higher fees than those imposed by other Affiliated Products or that provide other benefits to Goldman Sachs. Any differential in compensation paid to personnel in connection with certain Affiliated Products rather than other Affiliated Products may create a financial incentive on the part of GSAM to select certain Affiliated Products over other Affiliated Products. Similarly, since GSAM and/or Goldman Sachs may on an overall basis receive higher fees, compensation and other benefits if Advisory Account assets are allocated to External Products indirectly through GS Funds of Funds rather than directly to External Products, GSAM may be incentivized to select GS Funds of Funds for an Advisory Account. Correspondingly, GSAM may be disincentivized to consider the removal of an Advisory Account's assets from, or the modification of an Advisory Account's allocations to, an Affiliated Product at a time that it otherwise would have where doing so would decrease the fees, compensation and other benefits to Goldman Sachs, including where disposal of such Affiliated Product by the Advisory Account would likely adversely affect the Affiliated Product with respect to its liquidity position or otherwise.

Neither Goldman Sachs nor GSAM will be required to share any fees, allocations, compensation, remuneration or other benefits received in connection with an Advisory Account with the Advisory Account or the client or offset such fees, allocations, compensation, remuneration and other benefits against fees and expenses the client may otherwise owe Goldman Sachs or GSAM.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

CODE OF ETHICS AND PERSONAL TRADING

GSAM has adopted a Code of Ethics (the "Code") under Rule 204A-1 of the Advisers Act designed to provide that GSAM Personnel, and certain additional personnel of Goldman Sachs who support GSAM, comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code imposes certain restrictions on securities transactions in the personal accounts of covered persons to help avoid conflicts of interest. Subject to the limitations of the Code, covered persons may buy and sell securities or other investments for their personal accounts, including

investments in pooled investment vehicles that are sponsored, managed or advised by Goldman Sachs, and may also take positions that are the same as, different from, or made at different times than, positions taken for Advisory Accounts. GSAM will provide a copy of the Code to clients or prospective clients upon request.

Additionally, all personnel of Goldman Sachs, including GSAM Personnel, are subject to firm-wide policies and procedures regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

GSAM acts as investment adviser under the Advisers Act in accordance with fiduciary standards. Goldman Sachs is a worldwide, full-service investment banking, broker-dealer, asset management and financial services organization and a major participant in global financial markets. As such, Goldman Sachs provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high net-worth individuals. Goldman Sachs acts as an investment banker, research provider, investment manager, financier, advisor, market maker, prime broker, derivatives dealer, lender, counterparty, agent and principal. In those and other capacities, Goldman Sachs advises clients in all markets and transactions and purchases, sells, holds and recommends a broad array of investments, including securities, derivatives, loans, commodities, currencies, credit default swaps, indices, baskets and other financial instruments and products for its own accounts and for the accounts of clients and of its personnel, through client accounts and the relationships and products it sponsors, manages and advises (such Goldman Sachs or other client accounts, relationships and products, including Advisory Accounts, collectively, the "Accounts"). Goldman Sachs has direct and indirect interests in the global fixed income, currency, commodity, equities, bank loan and other markets, and the securities and issuers, in which the Advisory Accounts may directly and indirectly invest. As a result, Goldman Sachs' activities and dealings may affect Advisory Accounts in ways that may disadvantage or restrict Advisory Accounts and/or benefit Goldman Sachs or other Accounts (including Advisory Accounts). The following are descriptions of certain conflicts of interest and potential conflicts of interest that may be associated with the financial

or other interests that GSAM and Goldman Sachs may have in transactions effected by, with, and on behalf of Advisory Accounts.

Principal Trading and Cross/Agency Cross Transactions with Advisory Accounts

When permitted by applicable law and GSAM policy, GSAM, acting on behalf of its Advisory Accounts, may enter into transactions in securities and other instruments with or through Goldman Sachs or in Affiliated Products, and may cause Advisory Accounts to engage in principal transactions, cross transactions and agency cross transactions. There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit GSAM's decision to engage in these transactions for Advisory Accounts. Principal transactions occur if GSAM, on behalf of Advisory Accounts, engages in a transaction in securities or other instruments with Goldman Sachs or in Affiliated Products acting as principal. Goldman Sachs may earn compensation (such as a spread or mark-up) in connection with these transactions. Cross transactions occur if GSAM causes an Advisory Account to buy securities or other instruments from, or sell securities or other instruments to, another Advisory Account of GSAM or its investment advisory affiliates. An agency cross transaction occurs if Goldman Sachs acts as broker for, and receives a commission from, an Advisory Account on one side of the transaction and a brokerage account on the other side of the transaction in connection with the purchase or sale of securities by the Advisory Account. Goldman Sachs may have a potentially conflicting division of loyalties and responsibilities to the parties in such transactions, and has developed policies and procedures in relation to such transactions and conflicts. Any principal, cross or agency cross transactions will be effected in accordance with fiduciary requirements and applicable law.

Certain Effects of the Activities of GSAM and Other Goldman Sachs Entities on Advisory Accounts

Goldman Sachs engages in various activities in the global financial markets. Goldman Sachs, acting in various capacities (including investment banker, market maker, investor, broker, advisor and research provider), may take actions or advise on transactions in respect of Accounts (including Advisory Accounts) or companies or affiliated or unaffiliated investment funds in which Advisory Accounts

have an interest that may have potential adverse effects on Advisory Accounts.

GSAM provides advisory services to Advisory Accounts through a variety of investment products and arrangements. GSAM's decisions and actions on behalf of an Advisory Account may differ from those on behalf of other Advisory Accounts. Advice given to, or investment or voting decisions made for, one or more Advisory Accounts may compete with, affect, differ from, conflict with, or involve timing different from, advice given to or investment decisions made for other Advisory Accounts.

Goldman Sachs (including GSAM), the clients it advises, and its personnel have interests in and advise Accounts (including Advisory Accounts) that have investment objectives or portfolios similar to or opposed to those of particular Advisory Accounts, and/or which engage in and compete for transactions in the same types of securities and other instruments as particular Advisory Accounts, including Accounts that may provide greater fees or other compensation, including performance-based fees, to Goldman Sachs. These interests may involve the same or related securities or other instruments as those in which particular Advisory Accounts invest, and such Accounts may engage in a strategy while an Advisory Account is undertaking the same or a differing strategy, any of which could directly or indirectly disadvantage the Advisory Account. For example, an Advisory Account may buy a security and Goldman Sachs may establish a short position in that same security or in similar securities. This short position may result in the impairment of the price of the security that the Advisory Account holds or may be designed to profit from a decline in the price of the security. To the extent an Advisory Account engages in transactions in the same types of securities as other Accounts (including other Advisory Accounts), transactions by such other Accounts may dilute or otherwise negatively affect the investments of the Advisory Account. Moreover, a particular Advisory Account on the one hand, and Goldman Sachs or an Account (including another Advisory Account) on the other hand, may also vote differently on or take or refrain from taking different actions with respect to the same security, which may be disadvantageous to the Advisory Account. In addition, Goldman Sachs or Accounts (including Advisory Accounts), on the one hand, and a particular Advisory Account, on the other hand, may invest in or extend credit to different classes of securities or

different parts of the capital structure of the same issuer and as a result one may take actions that adversely affect the other.

In addition, Goldman Sachs (including GSAM) may advise Accounts with respect to different parts of the capital structure of the same issuer, or classes of securities that are subordinate or senior to securities, in which a particular Advisory Account invests. As a result, Goldman Sachs may pursue or enforce rights or activities on behalf of Accounts (including Advisory Accounts), or refrain from pursuing or enforcing rights or activities, with respect to a particular issuer in which the Advisory Account has invested. For example, Goldman Sachs (on behalf of Accounts, including Advisory Accounts) may seek a liquidation of an issuer in respect of which it holds debt securities, whereas if a particular Advisory Account holds equity securities in such issuer, the Advisory Account may prefer a reorganization of the issuer. Advisory Accounts may be negatively affected by these activities and decisions, and Advisory Account transactions may be effected at prices or terms that may be less favorable than would otherwise have been the case. Particular Advisory Accounts could sustain losses during periods in which Goldman Sachs and other Accounts (including Advisory Accounts) achieve profits. The negative effects described above may be more pronounced in connection with transactions in, or Advisory Accounts utilizing, small capitalization, emerging market, distressed or less liquid strategies.

Goldman Sachs may make loans to clients, or enter into asset-based or other credit facilities or similar transactions with clients, that are secured by a client's assets or interests in an Advisory Account. In connection with its rights as lender, Goldman Sachs may take actions that adversely affect the borrower. The borrower's actions may in turn adversely affect Advisory Accounts (e.g., if the borrower liquidates a large position in a security rapidly, the value of such security may decline and Advisory Accounts holding such security may in turn decline in value or may be unable to liquidate their positions in such security at an advantageous price).

Subject to applicable law, Goldman Sachs (including GSAM) or Accounts (including Advisory Accounts and Accounts formed to facilitate investment by personnel of Goldman Sachs) may also invest in or alongside particular Advisory Accounts that are pooled investment vehicles. Such investments may be on terms more favorable than

those of an investment by other Advisory Accounts in the pooled investment vehicle and may constitute substantial percentages of the assets of the pooled investment vehicle. Unless provided otherwise by agreement to the contrary, Goldman Sachs or Accounts may redeem interests in these pooled investment vehicles at any time without notice to or regard to the effect on the portfolios of Advisory Accounts invested in the pooled investment vehicle, which may be adverse.

Goldman Sachs (including GSAM) may create, write, sell, issue, invest in or act as placement agent or distributor of derivative instruments related to Advisory Accounts such as pooled investment vehicles, or with respect to underlying securities or assets of an Advisory Account, or which may be otherwise based on or seek to replicate or hedge the performance of an Advisory Account. Such derivative transactions, and any associated hedging activity, may differ from and be adverse to the interests of Advisory Accounts.

Goldman Sachs (including, as applicable, GSAM) and its personnel, when acting as an investment banker, market maker, investor, broker, advisor or research provider, may advise on transactions, make investment decisions or recommendations, provide differing investment views or have views with respect to research or valuations that are inconsistent with, or adverse to, the interests and activities of Advisory Accounts. Similarly, GSAM's investment teams may have differing investment views in respect of an issuer or a security, and the positions an investment team takes in respect of an Advisory Account it manages may be inconsistent with, or adverse to, the interests and activities of Advisory Accounts advised by other GSAM investment teams. Moreover, research, analyses or viewpoints may be available to clients or potential clients at different times. Goldman Sachs will not have any obligation to make available to the Advisory Accounts any research or analysis prior to its public dissemination. Goldman Sachs, on behalf of one or more Accounts (including Advisory Accounts), may implement an investment decision or strategy ahead of, or contemporaneously with, or behind similar investment decisions or strategies made for Advisory Accounts (whether or not the investment decisions emanate from the same research analysis or other information). The relative timing for the implementation of investment decisions or strategies for particular Advisory Accounts, on the one hand, and other Accounts (including Advisory Accounts), on the other hand, may disadvantage the Advisory

Accounts. Certain factors, for example, market impact, liquidity constraints, or other circumstances, could result in Advisory Accounts receiving less favorable trading results or incurring increased costs associated with implementing such investment decisions or strategies, or being otherwise disadvantaged.

Goldman Sachs has established certain information barriers and other policies to address the sharing of information between different businesses within Goldman Sachs. As a result of information barriers, GSAM generally will not have access, or will have limited access, to information and personnel in other areas of Goldman Sachs, and generally will not be able to manage the Advisory Accounts with the benefit of information held by these other areas. Goldman Sachs, due to its access to and knowledge of funds, markets and securities based on its prime brokerage and other businesses, may make decisions based on information or take (or refrain from taking) actions with respect to interests in investments of the kind held by Advisory Accounts in a manner that may be adverse to Advisory Accounts, and will not have any obligation to share information with GSAM. Information barriers may also exist between businesses within GSAM. In the absence of information barriers, there may be circumstances in which, as a result of information held by certain portfolio management teams in GSAM, GSAM limits an activity or transaction for Advisory Accounts, including Advisory Accounts managed by portfolio management teams other than the team holding such information. In addition, Goldman Sachs will not have any obligation to make available any information regarding its trading activities, strategies or views, or the activities, strategies or views used for other Accounts, for the benefit of Advisory Accounts. To the extent that GSAM has access to fundamental analysis and proprietary technical models or other information developed by Goldman Sachs and its personnel, GSAM will not be under any obligation to effect transactions on behalf of the Advisory Accounts in accordance with such analysis and models. Different portfolio management teams within GSAM may make decisions based on information or take (or refrain from taking) actions with respect to Advisory Accounts they advise in a manner that may be adverse to other Advisory Accounts. Such teams may not share information with other portfolio management teams within GSAM, including as a result of certain information barriers and other policies, and will not have any obligation to do so.

GSAM, in its capacity as manager, sponsor and adviser of Advisory Accounts and subject to applicable law, may cause Advisory Accounts to invest, directly or indirectly, in securities, bank loans or other obligations of companies affiliated with Goldman Sachs, advised by Goldman Sachs (including GSAM) or in which Goldman Sachs or Accounts (including Advisory Accounts) have an equity, debt or other interest, or to engage in investment transactions that may result in other Accounts (including Advisory Accounts) being relieved of obligations or otherwise divested of investments. For example, an Advisory Account may acquire securities or indebtedness of a company affiliated with Goldman Sachs directly or indirectly through syndicate or secondary market purchases. These activities by an Advisory Account may enhance the profitability of Goldman Sachs' or other Accounts' (including Advisory Accounts') investment in and activities with respect to such companies.

Goldman Sachs may provide various services to Advisory Accounts or to companies or affiliated or unaffiliated investment funds in which Advisory Accounts have an interest, which may result in fees, compensation and remuneration, as well as other benefits, to Goldman Sachs. For example, Goldman Sachs may be hired by GSAM on behalf of an Advisory Account or directly by an Advisory Account, or by a company or an affiliated or unaffiliated investment fund in which an Advisory Account has an interest, to provide investment advisory, custody, distribution, transfer agency, administrative, lending or other services (including legal, accounting and other back office services) to the Advisory Account, company or investment fund. In addition, Goldman Sachs may act as broker, dealer, agent, lender or advisor or in other commercial capacities for Advisory Accounts or companies or affiliated or unaffiliated investment funds in which Advisory Accounts have an interest. For example, a company in which an Advisory Account has an interest may hire Goldman Sachs to provide underwriting, merger advisory, placement agency, foreign currency hedging, research, asset management services, brokerage services or other services to the company. In connection with providing such services, Goldman Sachs may take commercial steps in its own interests, or may advise the parties to which it is providing services to take actions or engage in transactions, which may have an adverse effect on Advisory Accounts. For example, Goldman Sachs may advise a company to make changes to its capital structure

the result of which would be a reduction in the value or priority of a security held by one or more Advisory Accounts. Actions taken or advised to be taken by Goldman Sachs in connection with other types of transactions may also result in adverse consequences for Advisory Accounts. Providing such services to the Advisory Accounts and companies and affiliated or unaffiliated investment funds in which they invest may enhance Goldman Sachs' relationships with various parties, facilitate additional business development and enable Goldman Sachs to obtain additional business and generate additional revenue. Advisory Accounts will not be entitled to compensation related to any businesses of Goldman Sachs or GSAM.

GSAM, while not the primary valuation agent of Advisory Accounts, performs certain valuation services related to securities and assets in Advisory Accounts. GSAM values securities and assets in Advisory Accounts according to its valuation policies. GSAM may value an identical asset differently than another division or unit within Goldman Sachs values the asset, including because such other division or unit has information regarding valuation techniques and models or other information that it does not share with GSAM. This is particularly the case in respect of difficult-to-value assets. GSAM may also value an identical asset differently in different Advisory Accounts, including because different Advisory Accounts are subject to different valuation guidelines pursuant to their respective governing agreements, different third party vendors are hired to perform valuation functions for the Advisory Accounts or the Advisory Accounts are managed or advised by different portfolio management teams within GSAM. GSAM may face a conflict with respect to such valuations as they affect GSAM's compensation. In addition, to the extent GSAM utilizes third-party vendors to perform certain valuation functions, these vendors may have interests and incentives that differ from those of the Advisory Accounts.

Advisory Accounts will generally not be provided investment opportunities sourced by Goldman Sachs businesses other than GSAM. Opportunities not allocated to Advisory Accounts may be undertaken by Goldman Sachs (including GSAM) or other Accounts.

For a discussion of side-by-side management of Advisory Accounts, please refer to Item 6, Performance-Based Fees and Side-By-Side Management and Item 17, Voting Client Securities.

Financial Incentives in Selling and Managing Advisory Accounts

Goldman Sachs and its personnel, including GSAM Personnel, may receive benefits and earn fees and compensation for services provided to Advisory Accounts and in connection with its distribution of Affiliated Products. GSAM may have a financial incentive to allocate Advisory Account assets to Affiliated Products rather than to accounts or funds managed by third parties. Any differentials in compensation may create a financial incentive for GSAM and its personnel to recommend or select advisory products or investment strategies that will result in greater compensation and profit to GSAM and, indirectly, to its personnel. Moreover, the client may establish target ranges in respect of an Advisory Account's allocation to Affiliated Products in consultation with GSAM. GSAM is incentivized for clients to select target ranges that will result in greater allocations to Affiliated Products that charge higher fees than other Affiliated Products. Please also refer to Item 6, Performance-Based Fees and Side-By-Side Management, and Item 10, Other Financial Industry Activities and Affiliations, Receipt of Compensation from Investment Advisers, Goldman Sachs as Investment Adviser.

Firm Policies and Regulatory Restrictions Affecting Advisory Accounts

GSAM may restrict its investment decisions and activities on behalf of an Advisory Account in various circumstances, including as a result of applicable regulatory requirements, information held by Goldman Sachs, Goldman Sachs' internal policies and/or potential reputational risk in connection with Accounts (including Advisory Accounts). As a result, GSAM might not engage in transactions for, or recommend transactions to, an Advisory Account in consideration of Goldman Sachs' activities outside the Advisory Account. For example, GSAM may restrict or limit the amount of an Advisory Account's investment where exceeding a certain aggregate amount could require a filing or a license or other regulatory or corporate consent, which could, among other things, result in additional costs and disclosure obligations for Goldman Sachs, including GSAM. GSAM may also reduce a particular Advisory Account's interest in an investment opportunity that has limited availability so that other Advisory Accounts that pursue similar investment strategies may be able to acquire an interest in the investment opportunity. In addition,

GSAM is not permitted to obtain or use material non-public information in effecting purchases and sales in public securities transactions for Advisory Accounts. GSAM may also limit an activity or transaction engaged in on behalf of a particular Advisory Account, including as a result of information held by Goldman Sachs (including information held by a portfolio management team in GSAM other than the team managing the Advisory Account), and may limit its exercise of rights on behalf of the Advisory Account for reputational or other reasons, including where Goldman Sachs is providing (or may provide) advice or services to an entity involved in such activity or transaction, where Goldman Sachs or an Account is or may be engaged in the same or a related transaction to that being considered on behalf of the Advisory Account, where Goldman Sachs or another Account has an interest in an entity involved in such activity or transaction, or where such activity or transaction or the exercise of such rights on behalf of or in respect of the Advisory Account could affect Goldman Sachs, GSAM or their activities. GSAM may restrict its investment decisions and activities on behalf of particular Advisory Accounts and not other Accounts (including other Advisory Accounts).

In order to engage in certain transactions on behalf of Advisory Accounts, GSAM will be subject to (or cause Advisory Accounts to become subject to) the rules, terms and/or conditions of any venues through which it trades securities, derivatives or other instruments. This includes, but is not limited to, where GSAM and/or the Advisory Accounts may be required to comply with the rules of certain exchanges, execution platforms, trading facilities, clearinghouses and other venues, or may be required to consent to the jurisdiction of any such venues. The rules, terms and/or conditions of any such venue may result in GSAM (and/or the Advisory Accounts) being subject to, among other things, margin requirements, additional fees and other charges, disciplinary procedures, reporting and recordkeeping, position limits and other restrictions on trading, settlement risks and other related conditions on trading set out by such venues.

From time to time, an Advisory Account, GSAM or its affiliates and/or their service providers or agents may be required, or may determine that it is advisable, to disclose certain information about an Advisory Account, including, but not limited to, investments held by the Advisory Account, and the names and percentage interest of

beneficial owners thereof, to third parties, including local governmental authorities, regulatory organizations, taxing authorities, markets, exchanges, clearing facilities, custodians, brokers and trading counterparties of, or service providers to, GSAM or the Advisory Account. Unless agreed in the agreement governing the Advisory Account or otherwise directed by a client, GSAM will comply with such requests to disclose such information. If GSAM is not permitted to make certain required disclosures in respect of an Advisory Account, GSAM may determine to cause the sale of certain assets for the Advisory Account, and such sale may be at a time that is inopportune from a pricing standpoint.

Item 12 – Brokerage Practices

BROKER-DEALER SELECTION

GSAM places orders for the execution of transactions for Advisory Accounts according to its best execution policies and procedures. Best price, giving effect to commissions and commission equivalents, if any, and other transaction costs, is normally an important factor in this decision. When selecting an execution venue, GSAM also takes into account the quality of brokerage services, such as execution capability, timing and speed of execution, responsiveness, creditworthiness and financial stability, clearance and settlement capability, certain other services, and, in certain circumstances, a broker-dealer's willingness to commit capital and the provision of research and "soft dollar" benefits as described below. Accordingly, transactions will not always be executed at the lowest available price or commission.

The reasonableness of commissions for non client-directed trade execution is evaluated by GSAM on an ongoing basis based on many factors, including the general level of commissions paid, and in certain cases, the nature and value of research and other services provided. GSAM may execute transactions through GS&Co. or other affiliates to the extent consistent with applicable law, with client instruction, and with its duty to seek best execution.

When placing orders with any broker, including its affiliates, GSAM may, in accordance with applicable law, give permission for such broker to trade along with or ahead of Advisory Account orders (i.e., determine not to opt-in to the protections afforded under FINRA 5320). When acting as agent or principal, GSAM's affiliate will generally charge

the client a commission, mark-up, mark-down, or other commission equivalent.

Third-party managers hired by GSAM on behalf of AIMS clients or Manager of Manager Funds will have discretionary authority to execute transactions on behalf of clients consistent with best execution.

Wrap Fee Programs

Where GSAM is retained as investment manager under Wrap Programs sponsored by broker-dealers or other financial institutions, including GSAM's affiliates, GSAM does not negotiate on the client's behalf brokerage commissions for the execution of transactions in the client's account that are executed by or through the Sponsor. These commissions are generally included in the "wrap" fee charged by the Sponsor, although certain execution costs are typically not included in this fee and may be charged to the client (including but not limited to dealer spreads, certain dealer mark-ups or mark-downs on principal trades, auction fees, fees charged by exchanges on a per transaction basis, other charges mandated by law, and certain other execution costs).

Also, where GSAM is retained as investment manager under a Wrap Program, GSAM may have discretion to select broker-dealers to execute trades for the Wrap Program Advisory Accounts it manages. However, GSAM generally places such trades through the Sponsor because the wrap fee paid by each Wrap Program client typically only covers execution costs on trades executed through the Sponsor or its affiliates. If GSAM selects a broker-dealer other than the Sponsor or its affiliates to effect a trade for a Wrap Program account, any execution costs charged by that other broker-dealer typically will be paid as an additional cost by the client's account. Clients that enroll in Wrap Programs should satisfy themselves that the Sponsor is able to provide best execution of transactions. To the extent that the Sponsor is an affiliate of GSAM, Goldman Sachs will benefit from increased order flow. For more information, see the brochure for the relevant Sponsor of the Wrap Program and Item 4, Advisory Business.

Counterparty Credit Requirements

An Advisory Account will be required to establish business relationships with its counterparties based on its own credit standing. Goldman Sachs, including GSAM, will not have any obligation to allow its credit to be used in connection

with an Advisory Account's establishment of its business relationships, nor is it expected that an Advisory Account's counterparties will rely on the credit of Goldman Sachs in evaluating the Advisory Account's creditworthiness.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

GSAM may select broker-dealers (including GSAM's affiliates) that furnish GSAM, Advisory Accounts, their affiliates and personnel involved in decision-making for Advisory Accounts with proprietary or third-party brokerage and research services (collectively, "brokerage and research services") that provide, in GSAM's view, appropriate assistance to GSAM in the investment decision-making process. As a result, GSAM may pay for such brokerage and research services with "soft" or commission dollars. The types of brokerage and research services that GSAM acquired with client brokerage commissions in 2013 included: research reports on companies, industries, and securities (including proprietary research from affiliated and unaffiliated broker-dealers, as well as independent research providers); economic, market and financial data; access to broker-dealer analysts, corporate executives and industry experts; attendance at trade industry seminars and broker organized conferences; and services related to effecting securities transactions and functions incident thereto (such as clearance and settlement).

When GSAM uses client commissions to obtain brokerage and research services, GSAM receives a benefit because GSAM does not have to produce or pay for the brokerage and research services itself. As a result, GSAM may have an incentive to select or recommend a broker-dealer based on GSAM's interest in receiving the brokerage and research services from that broker-dealer, rather than solely on its clients' interest in receiving the most favorable execution. In addition, where GSAM uses client commissions to obtain proprietary research services from an affiliate, GSAM may have an incentive to allocate more "soft" or commission dollars to pay for those services. However, when selecting broker-dealers that provide brokerage and research services, including its affiliates, GSAM is obligated to determine in good faith that the "commissions" (as broadly defined by the SEC to include a mark-up, mark-down, commission equivalent or other fee in certain circumstances) to be paid to broker-dealers are reasonable in relation to the value of the brokerage and research services they provide to GSAM. The reasonableness of these commissions will be viewed in

terms of the particular transactions or GSAM's overall responsibilities to Advisory Accounts over which it exercises investment discretion, even though that broker-dealer itself, or another broker-dealer, might be willing to execute the transactions at a lower commission.

Accordingly, transactions will not always be executed at the lowest available price or commission and GSAM may cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.

GSAM's evaluation of the brokerage and research services provided by a broker-dealer may be a significant factor in selecting a broker-dealer to execute transactions. For this purpose, GSAM has established a voting process in which certain portfolio management teams participate under which personnel rate broker-dealers that supply them with brokerage and research services. Subject to GSAM's duty to seek best execution, GSAM allocates Advisory Account trading among broker-dealers in accordance with the outcome of the voting process.

Arrangements under which GSAM receives brokerage and research services may vary by product, strategy, account or applicable law in the jurisdictions in which GSAM conducts business. GSAM may enter into soft dollar arrangements with U.S. and non-U.S. broker-dealers, and with affiliated broker-dealers. GSAM may receive research (including proprietary research) that is bundled with trade execution, clearing, or settlement services provided by a particular broker-dealer.

GSAM may also participate in so-called "commission sharing arrangements" and "client commission arrangements" under which GSAM may execute transactions through a broker-dealer, including an affiliate, and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm, including an affiliate, that provides research to GSAM. Participating in commission sharing and client commission arrangements may enable GSAM to consolidate payments for brokerage and research services through one or more channels using accumulated client commissions or credits from transactions executed through a particular broker-dealer to obtain brokerage and research services provided by other firms. Such arrangements also help to ensure the continued receipt of brokerage and research services while facilitating GSAM's ability to seek best execution in the trading process. GSAM believes such arrangements are useful in its investment decision-making process by, among

other things, ensuring access to a variety of high quality research, access to individual analysts and availability of resources that GSAM might not be provided access to absent such arrangements. Commission sharing and client commission arrangements may be subject to different legal requirements in different jurisdictions. Generally, GSAM excludes from use under these arrangements those products and services that are not fully eligible under applicable regulatory interpretations, even where a portion would be eligible if accounted for separately.

Brokerage and research services may be used to service any or all Advisory Accounts, including Advisory Accounts that do not pay commissions to the broker-dealer relating to the brokerage and research service arrangements. As a result, brokerage and research services (including soft dollar benefits) may disproportionately benefit some Advisory Accounts relative to other Advisory Accounts based on the relative amount of commissions paid by the Advisory Accounts. For example, research that is paid for through one client's commissions may not be used in managing that client's account, but may be used in managing other Advisory Accounts. In this connection, brokerage and research services obtained through commissions paid by a client or clients whose accounts are managed by a particular portfolio management team within GSAM may be shared freely with, and used partially or exclusively by, other portfolio management personnel within GSAM, or by portfolio management personnel of GSAM's affiliates. GSAM does not attempt to allocate soft dollar benefits proportionately among clients or to track the benefits of brokerage and research services to the commissions associated with a particular Account or group of Accounts.

In the context of Manager of Manager Funds, the advisers to the pooled investment vehicles and separately managed accounts may also engage in client commission sharing and similar arrangements and those arrangements may be broader and may raise conflicts other than those described above.

BROKERAGE FOR CLIENT REFERRALS

GSAM may select broker-dealers, including its affiliates, to provide prime brokerage services to Advisory Accounts. Conflicts may arise when GSAM selects prime brokers. Prime brokerage firms may introduce prospective clients to GSAM, which may create incentives for or benefits to GSAM to select these prime brokerage firms. GSAM

selects such firms only when consistent with obtaining appropriate services for Advisory Account clients.

DIRECTED BROKERAGE

Clients may direct brokerage as part of their participating in a commission recapture program, or because they believe it provides them with favorable execution, lower costs and/or other benefits. Clients may direct GSAM to place transactions for their accounts with a particular broker-dealer, including a GSAM affiliate. Absent a client direction, GSAM generally has the discretionary authority to determine and direct execution of portfolio transactions within the client's specified investment objectives (including with respect to real estate assets, if applicable) without prior consultation with the client on a transaction-by-transaction basis. Some clients limit GSAM's discretionary authority in terms of the selection of broker-dealers or other terms of brokerage arrangements. From time to time, clients may also retain GSAM on a non-discretionary basis, explicitly requiring that portfolio transactions, including where transactions are executed, be discussed in advance and executed at the client's direction.

Where a client directs the use of a particular broker-dealer, GSAM may be unable to achieve most favorable execution of client transactions and the client may pay more in execution fees than if GSAM were permitted to choose the executing broker-dealer. In such cases, GSAM may not be able to determine the terms of how an order will be handled with such broker-dealer and may not be able to freely negotiate commission rates. In addition, GSAM may not be able to aggregate the client's orders with other client orders, including to reduce transaction costs. As a result, a client's direction that GSAM use a particular broker-dealer may cause a client to pay higher commissions or receive less favorable net prices than would be the case if GSAM were given discretion to choose the broker-dealer through which to execute the transaction for the client's account. In an effort to achieve orderly execution of transactions, execution of orders for clients that have directed GSAM to use particular broker-dealers may, in certain circumstances, be delayed until after GSAM completes the execution of non client-directed orders.

Orders for clients that have directed GSAM to send all trades to particular broker-dealers (including certain Wrap Programs) similarly may not be allocated with orders for other accounts. When a client has directed the use of a

particular broker and has not waived best execution, then trades for the directed client and for non-directed orders must be executed in a manner that over time is reasonable and fair to all clients. This could include the use of step out arrangements. For more information relating to GSAM's allocation policies and procedures, please see Item 6, Performance-Based Fees and Side-By-Side Management.

AGGREGATION OF TRADES

GSAM seeks to execute orders for its clients fairly and equitably over time. GSAM follows policies and procedures pursuant to which it may combine or aggregate purchase or sale orders for the same security or other instrument for multiple Accounts (including Accounts in which Goldman Sachs has an interest) (sometimes referred to as "bunching"), so that the orders can be executed at the same time and block trade treatment of any such orders can be elected when available. GSAM aggregates orders when GSAM considers doing so appropriate and in the interests of its clients generally and may elect block trade treatment, when available. In addition, under certain circumstances trades for Advisory Accounts may be aggregated with accounts that contain Goldman Sachs assets. These circumstances may include, without limitation, in developing products that demonstrate client-experience track records; when managing accounts in a commercially reasonable manner for clients (which may be affiliates but are engaging GSAM to act as an independent commercial money manager); or when aggregating will have a de minimis effect on the performance of client accounts (e.g., where the size of the account relative to the size of the market makes aggregation not material). In addition, trade aggregation may effectively occur within an Advisory Account, such as a pooled investment vehicle, in which Goldman Sachs and other Accounts have an interest. The particular procedures followed may differ depending on the particular strategy or type of investment.

When Advisory Account orders are aggregated, the orders will be placed with one or more broker-dealers or other counterparties for execution. When a bunched order or block trade is completely filled, GSAM generally will allocate the securities or other instruments purchased or the proceeds of any sale pro rata among the participating Accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or small allocations or to satisfy account cash flows and guidelines. If the order at a particular

broker-dealer or other counterparty is filled at several different prices, through multiple trades, generally all participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. There may be instances in which not all Advisory Accounts are charged the same commission or commission equivalent rates in a bunched or aggregated order.

Although it may do so in certain circumstances, GSAM generally does not bunch or aggregate orders for different Advisory Accounts, elect block trade treatment or net buy and sell orders for the same Advisory Account, if portfolio management decisions relating to the orders are made by separate portfolio management teams, if bunching, aggregating, electing block trade treatment or netting is not appropriate or practicable from GSAM's operational or other perspectives or if doing so would not be appropriate in light of applicable regulatory considerations. For example, time zone differences, trading instructions, cash flows, separate trading desks or portfolio management processes in a global organization may, among other factors, result in separate, non-aggregated, non-netted executions, with trades in the same instrument being entered for different Advisory Accounts at different times or, in the case of netting, buy and sell trades for the same instrument being entered for the same Advisory Account. Where GSAM's services are provided to an Advisory Account through a Wrap Program, GSAM generally will not aggregate transactions for those Advisory Accounts with other Advisory Accounts or elect block treatment for those Advisory Accounts. However, trades for different Wrap Programs may be aggregated, or block treatment may be elected, to the extent that the programs utilize the same executing broker-dealer or other counterparty.

GSAM may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for Advisory Accounts that are not aggregated, and incur lower transaction costs on netted trades than trades that are not netted. Where transactions for an Advisory Account are not aggregated with other orders, including Wrap Program Advisory Accounts and directed brokerage accounts, or not netted against orders for the Advisory Account, the Advisory Account may not benefit from a better price and lower commission rate or lower transaction cost.

GSAM may also sequence or rotate transactions using allocation policies to determine which type of account is to

be traded in which order. Under this policy, each portfolio management team may determine the length of its trade rotation period and the sequencing schedule for different categories of clients within this period, provided that the trading periods and these sequencing schedules are designed to be fair and equitable over time. For example, some portfolio management teams may base their trading periods and rotation schedules on the relative amounts of assets managed for different client categories (e.g., unconstrained client accounts, Wrap Program Advisory Accounts, etc.). Within a given trading period, the sequencing schedule establishes when and how frequently a given client category will trade first in the order of rotation. GSAM may deviate from the predetermined sequencing schedule under certain circumstances when justified, including, for example, where it is not practical for Wrap Program Advisory Accounts to participate in certain types of trades, when there are unusually long delays in a given Wrap Program Sponsor's execution of a particular trade or when other unusual circumstances arise. In addition, a portfolio management team may provide instructions simultaneously regarding the placement of a trade in lieu of the predetermined sequencing schedule if the trade represents a relatively small proportion of the average daily trading volume of the particular security or other instrument.

Wrap fee clients should be aware that wrap fee accounts currently constitute a relatively small percentage of overall client assets advised by GSAM and consequently trade behind other client accounts a high percentage of the time. To the extent a given account trades behind other types of accounts within the rotation system, it is possible that the account may suffer adverse effects depending on market conditions.

Item 13 – Review of Accounts

GENERAL DESCRIPTION

Senior members of GSAM's portfolio management teams periodically review Advisory Accounts. They conduct the review either individually or in a group, depending upon account needs and market conditions. These reviews include a review of the account's performance, investment objectives, security positions and other investment opportunities. In addition, the supervisors of personnel involved in decision-making for Advisory Accounts monitor

the performance of the Advisory Accounts. Additional reviews may be undertaken at the discretion of GSAM.

FACTORS TRIGGERING A REVIEW

In addition to periodic reviews, GSAM may perform reviews of separately managed accounts as it deems appropriate or as otherwise required. Additional reviews may be undertaken for reasons including changes in market conditions, changes in security positions or changes in a client's investment objective or policies.

CLIENT REPORTS

GSAM provides advisory clients who have separately managed accounts with written reports on a quarterly basis or more frequently upon agreement between GSAM and the client. These reports generally include, among other things, a summary of all activity in the account, including all purchases and sales of securities and any debits and credits to the account, a summary of holdings including a portfolio valuation, and the change in value of the account during the reporting period.

Investors in GSAM-managed private pooled investment vehicles generally receive written individualized capital information, annual reports and other periodic reports.

Item 14 – Client Referrals and Other Compensation

COMPENSATION FOR CLIENT REFERRALS

From time to time, GSAM may make cash payments for client referrals to persons other than employees of GSAM and its affiliates pursuant to applicable laws, including Rule 206(4)-3 under the Advisers Act, when applicable. In addition, from time to time, GSAM may also compensate employees of GSAM and its affiliates for client referrals pursuant to applicable laws.

Intermediaries and Other Third Parties

Goldman Sachs or the Advisory Accounts may make payments to authorized dealers and other financial intermediaries and to salespersons (collectively, "Intermediaries") to promote the Advisory Accounts or other products. These payments may be made out of Goldman Sachs' assets or amounts payable to Goldman Sachs. These payments may create an incentive for an Intermediary to highlight, feature or recommend Advisory

Accounts. Subject to applicable law and regulations, such payments may compensate Intermediaries for, among other things: marketing the Advisory Accounts and other products (which may consist of payments resulting in or relating to the inclusion of Advisory Accounts and other products on preferred or recommended fund lists or in certain sales programs sponsored by the Intermediaries); access to the Intermediaries' registered representatives or salespersons, including at conferences and other meetings; assistance in training and education of personnel of Goldman Sachs; fees for directing investors to the Advisory Accounts and other products; "finders fees" or "referral fees" or other fees for providing assistance in promoting the Advisory Accounts and other products (which may include promotions in communications with the Intermediaries' customers, registered representatives and salespersons); various non-cash and cash incentive arrangements to promote certain products, as well as sponsor various educational programs, sales contests and/or promotions; travel expenses, meals, lodging and entertainment of Intermediaries and their salespersons and guests in connection with educational, sales and promotional programs; subaccounting, administrative and/or shareholder processing or other investor services that are in addition to the fees paid for these services by the Advisory Accounts or products; and other services intended to assist in the distribution and marketing of the Advisory Accounts and other products.

These payments may differ by Intermediary and are negotiated based on a range of factors, including but not limited to, ability to attract and retain assets, target markets, customer relationships, quality of service and industry reputation.

Goldman Sachs and its personnel, including employees of GSAM, may have relationships with, and purchase, or distribute or sell, services or products from or to, distributors, consultants, and others who recommend Advisory Accounts, or who engage in transactions with or for Advisory Accounts. Consultants and such other parties may receive compensation from Goldman Sachs or Advisory Accounts in connection with such relationships. Goldman Sachs may also pay a fee for membership in industry-wide or state and municipal organizations or otherwise may help sponsor conferences and educational forums for investment industry participants including, but not limited to, trustees, fiduciaries, consultants,

administrators, state and municipal personnel and other clients. Goldman Sachs' membership in such organizations allows Goldman Sachs to participate in these conferences and educational forums and helps Goldman Sachs interact with conference participants and to develop an understanding of the points of view and challenges of the conference participants. GSAM may pay fees to third parties (e.g., service providers to potential clients, such as record-keepers or administrators) in exchange for the right to include information regarding Advisory Accounts and other products on portals or databases to which such potential clients will have access for purposes of considering potential investment alternatives. Personnel, including employees of GSAM, may have board, advisory, brokerage or other relationships with issuers, distributors, consultants and others that may have (or have interests in) Advisory Accounts or that may recommend Advisory Accounts or portfolio transactions for Advisory Accounts. As a result of these relationships and arrangements, consultants, distributors and other parties may have conflicts associated with their promotion of Advisory Accounts or other dealings with Advisory Accounts that create incentives for them to promote Advisory Accounts or portfolio transactions. Goldman Sachs, including GSAM, and its personnel may make charitable contributions to institutions, including those that have relationships with clients or personnel of clients, and personnel may have board relationships with charitable institutions. Personnel may also make political contributions to clients. The individuals and entities with which Goldman Sachs and its personnel have these relationships may have (or have an interest in) or recommend Advisory Accounts.

Item 15 – Custody

GSAMLP does not hold client assets. Client funds and securities are held by a qualified custodian appointed by clients pursuant to a separate custody agreement, or are held by the clients themselves. However, under the Advisers Act, GSAMLP may be “deemed” to have custody of client assets under certain circumstances, including where clients maintain assets at a bank, broker-dealer, futures commission merchant or other qualified custodian affiliated with GSAMLP, where GSAMLP debits its fees directly from the Advisory Account, or where GSAMLP purchases privately offered securities on behalf of the Advisory Account.

Clients will receive account statements directly from their custodian and should carefully review those statements. In addition, clients are urged to compare the account statements that they receive from their qualified custodian with any that they receive from GSAMLP.

Item 16 – Investment Discretion

GSAM accepts discretionary authority to manage securities accounts on behalf of clients. Clients are required to sign an investment advisory agreement that authorizes the applicable GSAM entity to supervise and direct the investment and reinvestment of assets in the Advisory Account, with discretion on the client's behalf and at the client's risk. GSAM's discretionary authority is limited by the terms of its investment advisory agreements and the investment guidelines agreed between GSAM and each client. The investment guidelines or other account documents generally include any limitations a client may place on GSAM's discretionary authority, including any reasonable restrictions on the securities and other financial instruments in which GSAM is authorized to invest. For additional information about risks related to GSAM's discretionary authority, please see Item 6, Performance-Based Fees and Side-By-Side Management.

Item 17 – Voting Client Securities

PROXY VOTING POLICIES – AUTHORITY TO VOTE

For Advisory Accounts for which GSAM has voting discretion, GSAM has adopted policies and procedures (the “Proxy Voting Policy”) for the voting of proxies. Under the Proxy Voting Policy, GSAM's guiding principles in performing proxy voting are to make decisions that favor proposals that in GSAM's view tend to maximize a company's shareholder value and are not influenced by conflicts of interest. To implement these guiding principles for investments in publicly-traded equities, GSAM has developed customized proxy voting guidelines (the “Guidelines”) that it generally applies when voting on behalf of Advisory Accounts. The Guidelines address a wide variety of individual topics, including, among other matters, shareholder voting rights, anti-takeover defenses, board structures, the election of directors, executive and director compensation, reorganizations, mergers, issues of corporate social responsibility and various shareholder

proposals. The Proxy Voting Policy, including the Guidelines, is reviewed periodically to ensure it continues to be consistent with our guiding principles.

GSAM has retained a third-party proxy voting service, currently Institutional Shareholder Services (the "Proxy Service"), to assist in the implementation and administration of certain proxy voting-related functions, including, without limitation, operational, recordkeeping and reporting services. The Proxy Service also prepares a written analysis and recommendation (a "Recommendation") for each proxy vote that reflects the Proxy Service's application of the Guidelines to particular proxy issues. While it is GSAM's policy generally to follow the Guidelines and Recommendations from the Proxy Service, GSAM's portfolio management teams may on certain proxy votes seek approval to diverge from the Guidelines or a Recommendation by following an "override" process. Such decisions are subject to a review and approval process, including a determination that the decision is not influenced by any conflict of interest. A portfolio management team that receives approval through the override process to cast a proxy vote that diverges from the Guidelines and/or a Recommendation may vote differently than other portfolio management teams that did not seek to override that vote. In forming their views on particular matters, the portfolio management teams are also permitted to consider applicable regional rules and practices, including codes of conduct and other guides regarding proxy voting, in addition to the Guidelines and Recommendations. GSAM may hire other service providers to replace or supplement the Proxy Service with respect to any of the services GSAM currently receives from the Proxy Service.

From time to time, GSAM may face regulatory, compliance, legal or logistical limits with respect to voting securities that it may purchase or hold for Advisory Accounts which can affect GSAM's ability to vote such proxies, as well as the desirability of voting such proxies. As a result, GSAM, from time to time, may determine that it is not desirable to vote proxies in certain circumstances. Among other limits, federal, state, foreign regulatory restrictions or company-specific ownership limits, as well as legal matters related to consolidated groups, may restrict the total percentage of an issuer's voting securities that GSAM can hold for clients and the nature of GSAM's voting in such securities. GSAM's ability to vote proxies may also be affected by, among other things: (i) late receipt of meeting notices; (ii)

requirements to vote proxies in person; (iii) restrictions on a foreigner's ability to exercise votes; (iv) potential difficulties in translating the proxy; (v) requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions; and (vi) requirements that investors who exercise their voting rights surrender the right to dispose of their holdings for some specified period in proximity to the shareholder meeting.

GSAM has implemented processes designed to prevent conflicts of interest from influencing proxy voting decisions that GSAM makes on behalf of advisory clients, including the Advisory Accounts, and to help ensure that such decisions are made in accordance with GSAM's fiduciary obligations to its clients. These processes include GSAM's use of GSAM's Guidelines, Recommendations from the Proxy Service, the override approval process previously discussed, and the establishment of information barriers between GSAM and other businesses within Goldman Sachs. Notwithstanding such proxy voting processes, proxy voting decisions made by GSAM in respect of securities held by a particular Advisory Account may benefit the interests of Goldman Sachs and/or Accounts other than the Advisory Account, provided that GSAM believes such voting decisions to be in accordance with its fiduciary obligations.

Client Directed Votes. GSAM clients who have delegated voting responsibility to GSAM with respect to their Advisory Account may from time to time contact their client representative if they would like to direct GSAM to vote in a particular solicitation. GSAM will use its commercially reasonable efforts to vote according to the client's request in these circumstances, and cannot provide assurances that such voting requests will be implemented.

Clients can obtain information regarding how securities were voted for a particular Advisory Account by calling their Goldman Sachs representative. GSAM's Proxy Voting Policy is available upon request.

Class Actions and Similar Matters. With respect to shareholder class action litigation and similar matters, GSAM's separate account clients are encouraged to contact their custodians and ensure that they receive notices and are aware of the participation and filing requirements related to class action and similar proceedings. GSAM generally will not make any filings in connection with any shareholder class action lawsuits and similar matters involving securities

held or that were held in separate accounts for clients, and will not be required to notify custodians or clients of shareholder class action lawsuits and similar matters. GSAM will not be responsible for any failure to make such filings or, if it determines to make such filings in its sole discretion, to make such filings in a timely manner.

With respect to bankruptcies involving issuers of securities held in separate accounts, GSAM as investment manager may in its discretion participate in bankruptcy proceedings, make investment-related elections and join creditors committees on behalf of some or all of its clients. Although GSAM may participate in such proceedings and join such committees on its separate account clients' behalf in its discretion, it is not obligated to do so.

PROXY VOTING POLICIES – NO AUTHORITY

GSAM is not delegated proxy voting authority on behalf of all of its Advisory Accounts. With respect to those Advisory Accounts for which GSAM does not conduct proxy voting, clients should work with their custodians to ensure they receive their proxies and other solicitations for securities held in their Advisory Account. Clients may contact their GSAM client service representative if they have a question on particular proxy voting matters or solicitations.

Item 18 – Financial Information

This item is not applicable.

Item 19 – Miscellaneous

ACCOUNT ERRORS AND ERROR CORRECTION

GSAM has policies and procedures to help it assess and determine, consistent with applicable standards of care and client documentation, when reimbursement is due by it to a client because GSAM has committed an error. Pursuant to GSAM's policies, an error is generally compensable from GSAM to a client when it is a mistake (whether an action or inaction) in which GSAM has, in GSAM's reasonable view, deviated from the applicable standard of care in managing the client's assets, subject to materiality and other considerations set forth below.

Consistent with the applicable standard of care, GSAM's policies and its investment management agreements

generally do not require perfect implementation of investment management decisions, trading, processing or other functions performed by GSAM or its affiliates. Therefore, not all mistakes will be considered compensable errors. Imperfections, including without limitation, imperfection in the implementation of investment decisions, quantitative strategies, trade execution, cash movements, portfolio rebalancing, processing instructions or facilitation of securities settlement; imperfection in processing corporate actions; or imperfection in the generation of cash or holdings reports resulting in trade decisions, are generally not considered by GSAM to be violations of standards of care regardless of whether implemented through programs, models, tools or otherwise. As a result, such imperfections, including, without limitation, mistakes in amount, timing or direction of a trade, are generally not compensable errors.

For example, GSAM investment professionals are typically expected to exercise discretion to generally effect the portfolio management team's investment intent in the best interests of the client including, without limitation, with respect to the execution of trade requests or the implementation of quantitative strategies. Regardless of whether the portfolio management team specifies a quantity certain of a particular security to be purchased or sold, or provides a date by which a trade is to be completed, instances in which an investment professional executes a trade that results in a portfolio position that is different from the exposure intended by the portfolio management team (whether specified on a trade ticket or not) will generally not be considered compensable errors unless the trade results in a portfolio position that violates investment guidelines of the client or is substantially inconsistent with the portfolio management team's investment intent. Similarly, imperfections in the implementation of investment strategies, including quantitative strategies (e.g. a coding error), that do not result in material departures from the intent of the portfolio management team will generally not be considered compensable errors. In addition, in managing accounts, GSAM may establish non-public, formal or informal internal targets, guidelines or other parameters that may be used to manage risk, manage sub-advisers or otherwise guide decision-making, and a failure to adhere to such internal parameters will not be considered an error. A failure on GSAM's part to recognize a client cash flow will generally not be considered a compensable error unless GSAM fails to recognize the cash flow within a reasonable period of time from the delivery

day specified in the client's notification to GSAM. The purchase of a security for which the client is ineligible under the issuer's prospectus, offering documents or other issuer-related rules or documentation generally will not be considered a compensable error to the extent that the purchase does not also violate a client guideline, regardless of whether GSAM maintains or exits the position after becoming aware of the ineligibility. Mistakes may also occur in connection with other activities that may be undertaken by GSAM and its affiliates, such as net asset value calculation, transfer agent activities (i.e., processing subscriptions and redemptions), fund accounting, trade recording and settlement and other matters that are non-advisory in nature and may not be compensable unless they deviate from the applicable standards of care. Incidents resulting from the mistakes of third parties are generally not compensable from GSAM to a client.

Mistakes may result in gains as well as losses. GSAM may determine that trading and other mistakes will be treated as being for a client's account (i.e., clients will bear the loss or benefit from the gain). In certain circumstances, however, GSAM may determine that it is appropriate to reallocate or remove gains from the client's account that are the result of a mistake.

GSAM makes its determinations pursuant to its error policies on a case-by-case basis, in its discretion, based on factors it considers reasonable. Relevant facts and circumstances GSAM may consider include, among others, the nature of the service being provided at the time of the mistake, whether intervening causes, including the action or inaction of third parties, caused or contributed to the incident, specific applicable contractual and legal restrictions and standards of care, whether a client's investment objective was contravened, the nature of a client's investment program, whether a contractual guideline was violated, the nature and materiality of the relevant circumstances, and, if a compensable error occurred, the materiality of the resulting losses. The determination by GSAM to treat (or not to treat) a mistake as a compensable error, and any calculation of compensation in respect thereof for any one fund or account sponsored, managed or advised by GSAM may differ from the determination and calculation made by GSAM in respect of one or more other funds or accounts in respect of which the same or a similar mistake occurred.

When GSAM determines that reimbursement by GSAM is appropriate, the client will be compensated as determined in good faith by GSAM. GSAM will determine the amount to be reimbursed, if any, based on what it considers reasonable guidelines regarding these matters in light of all of the facts and circumstances related to an error. In general, compensation is expected to be limited to direct and actual losses, which may be calculated relative to comparable conforming investments, market factors and benchmarks and with reference to other factors GSAM considers relevant. Compensation generally will not include any amounts or measures that GSAM determines are speculative or uncertain, including potential opportunity losses resulting from delayed investment or sale as a result of correcting an error or other forms of consequential or indirect losses. In calculating any reimbursement amount, GSAM generally will not consider tax implications for, or the tax status of, any affected client. GSAM expects that, subject to its discretion, losses will be netted with an account's gains arising from errors and will not exceed amounts in relation to an appropriate replacement investment, benchmark or other relevant product returns. Losses may also be capped at the value of the actual loss, particularly when the outcome of a differing investment would in GSAM's view be speculative or uncertain or in light of reasonable equitable considerations. As a result, error compensation is expected to be limited to the lesser of actual losses or losses in relation to comparable investments, benchmarks or other relevant factors. Furthermore, GSAM expects to follow a materiality policy with respect to client accounts. Therefore, in certain circumstances, mistakes that result in losses below a threshold will not be compensable.

GSAM may also consider whether it is possible to adequately address a mistake through cancellation, correction, reallocation of losses and gains or other means.

In general it is GSAM's policy to notify clients of errors corrected post settlement that violate a client guideline and certain errors that result in a loss. Generally, GSAM will not notify clients of non-compensable mistakes. In addition, separate account clients will not be notified of other errors or of errors that result in losses of less than \$1,000. Investors in a pooled investment vehicle will generally not be notified of the occurrence of an error or the resolution thereof. More information about correction of and compensation for errors is available upon request and may be set forth in the prospectuses or other relevant offering

documents of GSAM-managed pooled investment vehicles. GSAM may at any time, in its sole discretion and without notice to investors, amend or supplement its error and error correction policies.

Glossary

As used in this Brochure, these terms have the following meanings.

“**Accounts**” means Goldman Sachs’ own accounts, accounts in which personnel of Goldman Sachs have an interest, accounts of Goldman Sachs’ clients and pooled investment vehicles that Goldman Sachs sponsors, manages and advises. For the avoidance of doubt, the term “Accounts” includes Advisory Accounts.

“**Advisers Act**” means the Investment Advisers Act of 1940, as amended.

“**Advisory Accounts**” means separately managed accounts and pooled investment vehicles such as mutual funds, collective trusts and alternative investment funds that are sponsored, managed or advised by GSAM.

“**Affiliated Products**” means investment products, including separately managed accounts and pooled vehicles, managed, sponsored or advised by GSAM or Goldman Sachs.

“**AIMS**” means Alternative Investments and Manager Selection.

“**Ayco**” means The Ayco Company, L.P.

“**BHCA**” means the Bank Holding Company Act of 1956, as amended.

“**Brochure**” means GSAMLP’s Form ADV, Part 2A.

“**CFTC**” means the Commodity Futures Trading Commission.

“**CBOs**” mean collateralized bond obligations.

“**CLOs**” mean collateralized loan obligations.

“**Code**” means the GSAM Code of Ethics.

“**CPO**” means commodity pool operator.

“**CTA**” means commodity trading advisor.

“**Dodd-Frank Act**” means the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended.

“**ETF**” means exchange-traded fund.

“**ETN**” means exchange-traded notes, which are senior, unsecured, unsubordinated debt securities issued by a sponsoring financial institution.

“**External Products**” means investment products, including separately managed accounts and pooled vehicles, managed, sponsored or advised by third-party investment managers.

“**Fannie Mae**” means the Federal National Mortgage Association.

“**FCA**” means the United Kingdom Financial Conduct Authority.

“**Federal Reserve**” means the Board of Governors of the Federal Reserve System.

“**FHFA**” means the Federal Housing Finance Administration.

“**Freddie Mac**” means the Federal Home Loan Mortgage Corporation.

“**Goldman Sachs**” means The Goldman Sachs Group, Inc., GSAMLP, GS&Co. and their respective affiliates, directors, partners, trustees, managers, members, officers and employees.

“**GPS**” means Global Portfolio Solutions.

“**GS Asia**” means Goldman Sachs (Asia) L.L.C.

“**GS Fund of Funds**” means an Affiliated Product that pursues its investment objectives by allocating assets, directly or indirectly, to External Products.

“**GS&Co.**” means Goldman, Sachs & Co.

“**GSAM**” means the Goldman Sachs Asset Management business of Goldman Sachs, which today is comprised of GSAMLP, GSAMI, GSGAP, GSIS, HFS, GSAM SV and various locally regulated affiliates around the world.

“**GSAMC**” mean Goldman Sachs Asset Management Co. Ltd.

“**GSAMI**” means Goldman Sachs Asset Management International.

“**GSAMK**” means Goldman Sachs Investment Advisory Korea Co., LTD.

“**GSAMLP**” means Goldman Sachs Asset Management, L.P.

“**GSAM Personnel**” means the personnel of the various entities comprising GSAM.

“**GSAM SV**” means GSAM Stable Value, LLC (formerly known as Dwight Asset Management Company, LLC).

“GSGAP” means Goldman Sachs Global Advisory Products LLC.

“GSI” means Goldman Sachs International.

“GSIS” means GS Investment Strategies, LLC.

“GSIS Canada” means GS Investment Strategies Canada Inc.

“GSSP” means Goldman Sachs (Singapore) Pte.

“GSRM” means Goldman Sachs Realty Management, L.P. (formerly known as Archon Group, L.P.).

“GSTC” means The Goldman Sachs Trust Company, N.A.

“Guidelines” means customized proxy voting guidelines that GSAM has developed.

“HFS” means Goldman Sachs Hedge Fund Strategies LLC.

“Intermediaries” means, collectively, authorized dealers and other financial intermediaries and salespersons.

“IPO/New Issue” means an initial public offering or new issue.

“IPS” means Inflation Protected Securities.

“Manager of Manager Funds” means pooled investment vehicles managed by GSAM and/or its affiliates and sub-advised by unaffiliated, third-party managers selected by AIMS.

“MLPs” means master limited partnerships.

“Model Portfolio Accounts” means accounts managed by Model Portfolio Advisers, including PWM, based on model portfolios provided by GSAM.

“Model Portfolio Advisers” means affiliated and unaffiliated investment advisers to which GSAM provides model portfolios.

“OTC” means over-the-counter markets.

“Participating Affiliates” means GSAM’s foreign affiliated advisers that may provide advice or research to GSAM for use with GSAM’s U.S. clients.

“Proxy Service” means a third-party proxy voting service, currently Institutional Shareholder Services, a unit of RiskMetrics Group.

“Proxy Voting Policy” means GSAM’s policies and procedures for the voting of proxies on behalf of Advisory Accounts for which GSAM has voting discretion.

“PWM” means the Private Wealth Management unit of GS&Co.

“QIS” means Quantitative Investment Strategies.

“Recommendation” means a written analysis and recommendation of a proxy vote that reflects the Proxy Service’s application of the Guidelines to the particular proxy issues.

“REIT” means real estate investment trust.

“SEC” means the Securities and Exchange Commission.

“Sponsors” means broker-dealers, including affiliates of GSAM that sponsor Wrap Programs.

“Tactical Tilts” means tactical investment ideas generally derived from short-term market views.

“TIPS” means Treasury Inflation-Protected Securities.

“Volcker Rule” means the Volcker rule contained within the Dodd-Frank Act, as amended.

“Wrap Programs” means programs sponsored by certain broker-dealers through which GSAM provides investment advisory services and where a client pays a single, all-inclusive (or “wrap”) asset based fee charged by the Sponsor for asset management, trade execution, custody, performance monitoring and reporting through the Sponsor.

Appendix A – Fee Schedules

GSAML P STANDARD FEE SCHEDULE – PWM SEPARATELY MANAGED ACCOUNTS

GSAML P's affiliate, GS&Co., provides investment advisory services through its Private Wealth Management ("PWM") unit. Private Wealth Advisors will from time to time recommend or, where GS&Co. has discretionary authority to appoint managers, select GSAML P to manage all or a portion of a client's assets. Private Wealth Advisors will provide on-going client services with respect to assets of PWM clients managed by GSAML P and will receive a portion of the fee charged by GSAML P.

The advisory fee schedule below represents the highest fee that clients pay, absent special circumstances. Please note certain clients may be subject to minimum annual fees.

Index Oriented – Tax Advantaged Strategies (TACS)		Energy and Infrastructure	
\$0-10 million	1.600%	\$0-10 million	2.050%
\$10-25 million	1.000%	\$10-25 million	1.500%
\$25-50 million	0.900%	\$25-50 million	1.400%
\$50-100 million	0.800%	\$50-100 million	1.300%
\$100-250 million	0.750%	\$100-250 million	1.250%
\$250-500 million	0.700%	\$250-500 million	1.200%
More than \$500 million	0.650%	More than \$500 million	1.150%
Active Core, MLP ¹		Dynamic Equity	
\$0-10 million	1.750%	\$0-10 million	2.400%
\$10-25 million	1.200%	\$10-25 million	1.850%
\$25-50 million	1.100%	\$25-50 million	1.750%
\$50-100 million	1.000%	\$50-100 million	1.650%
\$100-250 million	0.950%	\$100-250 million	1.600%
\$250-500 million	0.900%	\$250-500 million	1.550%
More than \$500 million	0.850%	More than \$500 million	1.500%
Active Satellite, Real Estate		Fixed Income*	
\$0-10 million	1.900%	\$0-10 million	0.750%
\$10-25 million	1.350%	\$10-25 million	0.550%
\$25-50 million	1.250%	\$25-50 million	0.500%
\$50-100 million	1.150%	\$50-100 million	0.450%
\$100-250 million	1.100%	\$100-250 million	0.400%
\$250-500 million	1.050%	\$250-500 million	0.350%
More than \$500 million	1.000%	More than \$500 million	0.300%
All/SMid		GSAM Corporate High Yield Fixed Income	
\$0-10 million	2.175%	More than \$3 million	0.950%
\$10-25 million	1.625%		
\$25-50 million	1.525%		
\$50-100 million	1.425%		
\$100-250 million	1.375%		
\$250-500 million	1.325%		
More than \$500 million	1.275%		

* Represents fees paid on non-mutual fund positions.

¹ Some GSAM MLP strategy accounts are priced according to the Active Core fee schedule as a result of grandfathered pricing or exceptional circumstances. Generally, these accounts would be priced according to the Energy and Infrastructure fee schedule.

Global Portfolio Solutions Fees

GSAMLP does not maintain a standard fee schedule for GPS Advisory Accounts. Actual fees are individually negotiated and may vary depending on a number of factors, including the size of the portfolios, the portfolio's asset allocation, additional services or differing levels of servicing or as otherwise agreed with the client.

Model Portfolio Adviser Services Fees

GSAMLP does not maintain a standard fee schedule for services to Model Portfolio Advisers. Actual fees are individually negotiated and vary due to the particular circumstances of the Model Portfolio Adviser, additional or differing levels of servicing or as otherwise agreed with the specific Model Portfolio Adviser.

Appendix B – Information on Significant Strategy Risks

The following provides information on risks associated with certain types of securities and investment techniques that may be used by Advisory Accounts as discussed in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss. It also discusses general risks associated with investing through an Advisory Account. Although risks have been grouped into categories based on type of security or technique, it is possible risks within a particular category will apply to securities and techniques in other categories. Additional information is available upon request. Investors in GSAM's pooled investment vehicles should review the prospectuses, offering memoranda and constituent documents for additional information relating to the risk associated with investments in those pooled investment vehicles.

GENERAL PORTFOLIO RISKS

- **Concentration Risk**—The risk that if an Advisory Account concentrates its investments in issuers within the same country, state, geographic region, industry or economic sector, an adverse economic, business, political or other development may affect the value of the Advisory Account's investments more than if its investments were not so concentrated. Also, concentration of the investments of an Advisory Account in issuers located in a particular country or region will subject an Advisory Account, to a greater extent than if investments were less concentrated, to the risks of adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region. Finally, to the extent an Advisory Account invests all or a large percentage of its assets in a single issuer or a relatively small number of issuers, or concentrates its assets directly or indirectly in investments in the same asset class or in one particular asset or security, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Advisory Account may affect the overall value of the account more than it would affect an account that holds more investments. In particular, the Advisory Account may be more susceptible to adverse developments affecting any single issuer in the

Advisory Account and may be susceptible to greater losses because of these developments.

- **Conversion of Equity Investments**—After its purchase, a non-equity investment directly or indirectly held by an Advisory Account (such as a convertible debt obligation) may convert to an equity security. Alternatively, an Advisory Account may directly or indirectly acquire equity securities in connection with a restructuring event related to one or more of its non-equity investments. The Advisory Account or an investment fund in which the Advisory Account invests may be unable to liquidate the equity investment at an advantageous time from a pricing standpoint. Furthermore, an underlying investment fund may continue to hold an investment if its manager believes it is in the best interest of the fund. Continued holding of such investments may adversely affect the Advisory Account's portfolio.
- **Counterparty Risk**—An Advisory Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions. For example, although certain standardized swap transactions are subject to mandatory central clearing, which is expected to decrease counterparty risk and increase liquidity compared to bilaterally negotiated swaps, central clearing does not eliminate counterparty risk or illiquidity risk entirely. In addition, many of the protections afforded to cleared transactions, such as the security afforded by transacting through a clearing house, might not be available in connection with OTC transactions. Therefore, in those instances in which an Advisory Account enters into OTC transactions, the Advisory Account will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Advisory Account will sustain losses.
- **Currency Risk**—An Advisory Account may hold investments denominated in currencies other than the currency in which the Advisory Account is denominated. Currency exchange rates can be extremely volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended to directly affect

prevailing exchange rates, and a variance in the degree of volatility of the market or in the direction of the market from GSAM's expectations may produce significant losses to an Advisory Account. GSAM may or may not attempt to hedge all or any portion of the currency exposure of an Advisory Account. However, even if GSAM does attempt to hedge the currency exposure of an Advisory Account, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in any particular currency because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. To the extent unhedged, the value of an Advisory Account's assets will fluctuate with currency exchange rates as well as the price changes of its investments in the various local markets and currencies. Thus, an increase in the value of the currency in which an Advisory Account is denominated, compared to the other currencies in which an Advisory Account makes its investments, will reduce the effect of increases and magnify the effect of decreases in the prices of the Advisory Account securities in their local markets. Conversely, a decrease in the value of the currency in which an Advisory Account is denominated relative to other currencies will have the opposite effect on the Advisory Account's securities denominated in these other currencies.

- **Frequent Trading and Portfolio Turnover Rate Risk**—The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.
- **Geographic Risk**—Concentration of the investments of an Advisory Account in issuers located in a particular country or geographic region will subject an Advisory Account, to a greater extent than if investments were less concentrated, to the risks of volatile economic cycles and/or conditions and developments that may be particular to that country or region, such as: adverse securities markets; adverse exchange rates; social,

political, regulatory, economic, or environmental developments; or natural disasters.

- **Index/Tracking Error Risk**—To the extent it is intended that an Advisory Account track an index, the Advisory Account may not match, and may vary substantially from, that of the index for any period of time. GSAM does not guarantee that any tracking error targets will be achieved.
- **Indirect Investment in Foreign Securities**—Some countries, especially emerging markets countries, do not permit foreigners to participate directly in their securities markets or otherwise present difficulties for efficient foreign investment. An Advisory Account may use participation notes to establish a position in such markets as a substitute for direct investment. Participation notes are issued by banks or broker-dealers and are designed to track the return of a particular underlying equity or debt security, currency or market. When the participation note matures, the issuer of the participation note will pay to, or receive from, an Advisory Account the difference between the nominal value of the underlying instrument at the time of purchase and that instrument's value at maturity. Investments in participation notes involve the same risks as are associated with a direct investment in the underlying security, currency or market that they seek to replicate as well as counterparty risk when traded over-the-counter. Foreign securities may also trade in the form of depositary receipts. To the extent an Advisory Account acquires depositary receipts through banks which do not have a contractual relationship with the foreign issuer of the security underlying the depositary receipts to issue and service such unsponsored depositary receipts, there may be an increased possibility that the Advisory Account would not become aware of and be able to respond to corporate actions such as stock splits or rights offerings involving the foreign issuer in a timely manner.
- **Investment Style Risk**—Different investment styles tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. GSAM may modify or adjust its investment strategies from time to time.

- **Limited Assets**—An Advisory Account may at any time and from time to time have limited assets, which may limit GSAM's ability to trade in certain instruments that typically require minimum account balances for investment. Advisory Accounts may be limited with respect to the investment strategies they are able to employ and may be unable to diversify their portfolios across investment strategies or instruments.
- **Liquidity Risk**—The risk that an Advisory Account may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available or that may become less liquid in response to market developments or adverse investor perceptions. Lack of liquidity could prevent an Advisory Account from liquidating unfavorable positions promptly and could subject the Advisory Account to substantial losses. Investments that are illiquid or that trade in lower volumes may be more difficult to value.
- **Management Risk**—The risk that a strategy used by GSAM may fail to produce the intended results for an Advisory Account, including the risk that the entire amount invested may be lost. There is no guarantee that the investment objective of the Advisory Account will actually be achieved and investment results of the Advisory Account may vary substantially over time.
- **Market Risk**—The market value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets. In addition, governmental and quasi-governmental organizations have taken a number of unprecedented actions designed to support the markets. Such conditions, events and actions may result in greater market risk.
- **Model Risk**—The management of Advisory Accounts by GSAM may include the use of various proprietary quantitative or investment models. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people or systems. Investments selected using models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market participants. A model's return mapping is based on historical data regarding particular asset classes. Certain strategies can be dynamic and unpredictable, and a model used to estimate asset allocation may not yield an accurate estimate of the then current allocation. Operation of a model may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. Additionally, commonality of holdings across quantitative money managers may amplify losses. There is no guarantee that the use of these models will result in effective investment decisions for Advisory Accounts.
- **Non-Hedging Currency Risk**—An Advisory Account may purchase or sell currencies through the use of forward contracts or other instruments based on GSAM's judgment regarding the direction of the market for a particular currency or currencies for speculative purposes. Currency exchange rates can be extremely volatile, and a variance in the degree of volatility of the market or in the direction of the market from GSAM's expectations may produce significant losses to an Advisory Account.
- **Non-U.S. Securities Risk**—Non-U.S. securities may be subject to risk of loss because of more or less non-U.S. government regulation, less public information, less liquidity, greater volatility and less economic, political and social stability in the countries of domicile of the issuers of the securities and/or the jurisdictions in which these securities are traded. Loss may also result from, among other things, deteriorating economic and business conditions in other countries, including the United States, regional and global conflicts, the imposition of exchange controls, foreign taxes, confiscations, expropriation and other government restrictions, higher transaction costs, difficulty enforcing contractual obligations or from problems in share registration, settlement or custody. In addition, an Advisory Account will be subject to the risk that an

issuer of non-U.S. sovereign debt held by an Advisory Account or the governmental authorities that control the repayment of such debt may be unable or unwilling to repay the principal or interest when due, including as a result of levels of non-U.S. debt or currency exchange rates. Furthermore, an Advisory Account's purchase and sale of certain non-U.S. securities may be subject to limitations or compliance with procedures imposed by foreign governments. For example, an Advisory Account may be subject to limitations on aggregate holdings by foreign investors. Moreover, as a result of having to comply with such procedures, an Advisory Account's ability to effect trades may be delayed, and an Advisory Account's failure to comply with such procedures may result in failed trades, loss of voting or transfer rights or the forced sale of settled positions. These risks might be heightened if the Advisory Account invests in emerging markets or growth markets. See "Emerging Markets and Growth Markets Risk" in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss.

- **Private Investment Risk**—Advisory Accounts may invest in private investments, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. Clients should not invest unless they are prepared to retain their interests in the Advisory Account until the Advisory Account liquidates its private investments. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted.
- **Real Estate Industry Risk**—The real estate industry is particularly sensitive to economic downturns; specific market conditions may result in occasional or permanent reductions in property values. The values of securities of companies in the real estate industry may go through cycles of relative under-performance and out-performance in comparison to equity securities markets in general. Additionally there are risks related to general and local economic conditions which may include: possible increased cost of or lack of availability of mortgage financing or insurance, variations in rental income, neighborhood values or the appeal of property to tenants; interest rates;

overbuilding; extended vacancies of properties; increases in competition, property and other taxes, assessed values and operating expenses; fluctuations in energy prices; and changes in zoning laws. Real estate industry companies are dependent upon management skill, may not be diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation. Advisory Accounts may be subject to personal injury or property damage or similar claims by private parties in respect of investments, and changes in laws or in the condition of an asset may create liabilities that did not exist at the time of acquisition of an investment and that could not have been foreseen. In addition, investments that may require development are subject to additional risks, including availability and timely receipt of zoning and other regulatory approvals and cost and timely completion of construction (which may be affected by weather, labor conditions or material shortages).

- **Restricted Investments Risks**—Restricted securities are securities that may not be sold to the public without an effective registration statement under the U.S. Securities Act of 1933, as amended, or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. These restrictions could prevent an Advisory Account from promptly liquidating unfavorable positions and subject such Advisory Account to substantial losses. Further, when registration is required to sell a security, an Advisory Account may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the Advisory Account may be permitted to sell the security under an effective registration statement. If adverse market conditions developed during this period, an Advisory Account might obtain a less favorable price than the prevailing price when it decided to sell.
- **Risk Management Risk**—GSAM may seek to reduce, increase or otherwise manage the volatility of an Advisory Account's overall portfolio or the Advisory Account's risk allocation to particular investments or sectors through various strategies, including by changing the amount of leverage utilized in connection with certain investments or sectors and/or by liquidating interests in certain investments and

investing any proceeds in different investments or similar investments with a different volatility profile. There can be no assurance that GSAM's use of such strategies will be adequate, or that they will be adequately utilized by GSAM. Additionally, any strategies may be limited by, among other things, liquidity of the Advisory Account's investments and the availability of investment opportunities that GSAM believes are appropriate.

- **Tax-Managed Investment Risk**—To the extent an Advisory Account is tax-managed, because GSAM balances investment considerations and tax considerations, the pre-tax performance of a tax-managed Advisory Account may be lower than the performance of similar Advisory Accounts that are not tax-managed. Even though tax-managed strategies are being used, they may not reduce the amount of taxable income and capital gains to which an Advisory Account may become subject.
- **Timing of Implementation Risk**—GSAM gives no warranty as to the timing of the investment of Advisory Account assets generally and/or any changes to the Advisory Account over time and from time to time (including in respect of asset allocation and investments), the performance or profitability of the Advisory Account or any part thereof, nor any guarantee that any investment objectives, expectations or targets with respect to the Advisory Account will be achieved, including, without limitation, any risk control, risk management or return objectives, expectations or targets. For example, there may be delays in the implementation of investment strategies, including as a result of differences in time zones and the markets on which securities trade.
- **Valuation Risks**—The net asset value of an Advisory Account as of a particular date may be materially greater than or less than its net asset value that would be determined if an Advisory Account's investments were to be liquidated as of such date. For example, if an Advisory Account was required to sell a certain asset or all or a substantial portion of its assets on a particular date, the actual price that an Advisory Account would realize upon the disposition of such asset or assets could be materially less than the value of such asset or assets as reflected in the net asset value of an Advisory Account. Volatile market conditions could also cause

reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of an Advisory Account. An Advisory Account may invest in assets that lack a readily ascertainable market value, and an Advisory Account's net asset value will be affected by the valuations of any such assets (including, without limitation, in connection with calculation of any fees). In valuing assets that lack a readily ascertainable market value, GSAM (or an affiliated or independent agent thereof) may utilize dealer supplied quotations or pricing models developed by third parties, GSAM and/or affiliates of GSAM. Such methodologies may be based upon assumptions and estimates that are subject to error. The value of assets that lack a readily ascertainable market value may be subject to later adjustment based on valuation information available to an Advisory Account at that time. Any adjustment to the value of such assets may result in an adjustment to the net asset value of an Advisory Account.

OTHER GENERAL RISKS

- **Cash Management Risk**—To the extent GSAM has the authority to manage cash for an Advisory Account for various reasons, including for temporary or defensive positions or to meet the liquidity needs of such Advisory Account, GSAM may, at certain times and subject to the investment guidelines for such Advisory Account, if any, invest some of its assets temporarily in money market funds or other similar types of investments. During any period in which its assets are not substantially invested in accordance with its principal investment strategies, an Advisory Account may be prevented from achieving its investment objective, which may adversely affect that Advisory Account's performance.
- **Conflicts of Interest**—Goldman Sachs is a worldwide, full-service investment banking, broker-dealer, asset management and financial services organization and a major participant in global financial markets. As such, Goldman Sachs provides a wide range of financial services to a substantial and diversified client base. Goldman Sachs advises clients in all markets and transactions and purchases, sells, holds and recommends a broad array of investments. Goldman Sachs has direct and indirect interests in the global

fixed income, currency, commodity, equities, bank loan and other markets and the securities and issuers in which Advisory Accounts may directly and indirectly invest. As a result, Goldman Sachs' activities and dealings may affect a particular Advisory Account in ways that may disadvantage or restrict the Advisory Account and/or benefit Goldman Sachs or other Accounts (including Advisory Accounts). A description of certain of such potential conflicts of interest is set forth under Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

- **Dependence on Key Personnel—**Advisory Accounts may rely on certain key personnel of Goldman Sachs. As a result of regulation or for other reasons, the amount of compensation that may be payable to Goldman Sachs executives or other employees may be reduced, or employees who rely on work visas or other permits may have such visas or permits revoked or not renewed. As a result, certain key personnel may leave Goldman Sachs. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect the ability of GSAM to effectively implement the investment programs of the Advisory Accounts.
- **Economic and Other Sanctions—**In the event that GSAM determines that an investor is subject to any trade, economic or other sanctions imposed by the United Nations or any other applicable governmental or regulatory authority, GSAM may take such actions as it determines appropriate to comply with applicable law, including, without limitation, (i) blocking or freezing Advisory Accounts or interests therein, (ii) where permitted by the applicable sanctions law, requiring an investor in a pooled investment vehicle to redeem from the fund, and delaying the payment of any redemption proceeds, without interest, until such time as such payment is permitted under applicable law, (iii) excluding an investor in a pooled investment vehicle from allocations of net capital appreciation and net capital depreciation and distributions made to other investors, and (iv) excluding an investor in a pooled investment vehicle from voting on any matter upon which investors are entitled to vote, and excluding the net asset value of such investor's interest in the fund for

purposes of determining the investors entitled to vote on or required to take any action in respect of the fund.

- **Electronic Trading—**GSAM may trade on electronic trading and order routing systems, which differ from traditional open outcry trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the instrument. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening and closing procedures and prices, trade error policies and trading limitations or requirements. There are also differences regarding qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of internet-based systems, there may be additional risks related to service providers and the receipt and monitoring of electronic mail. Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure. In the event of system or component failure, it is possible that for a certain time period, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. Some investments offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. Exchanges offering an electronic trading or order routing system and listing the instrument may have adopted rules to limit their liability, the liability of brokers and software and communication system vendors and the amount that may be collected for system failures and delays. The limitation of liability provisions vary among the exchanges.
- **Legal, Tax and Regulatory Risks—**GSAM and certain of its Advisory Accounts are subject to legal, tax and regulatory oversight, including by the SEC, FCA and similar regulators world-wide. Goldman Sachs is regulated as a bank holding company under the Bank Holding Company Act of 1956, as amended (the

“BHCA”), which generally restricts bank holding companies from engaging in business activities other than the business of banking and certain closely related activities. Although Goldman Sachs has elected to become a financial holding company under the BHCA, the activities of Goldman Sachs and its affiliates remain subject to certain restrictions imposed by the BHCA and related regulations. Because Goldman Sachs is deemed to “control” GSAM-managed pooled investment vehicles, under the BHCA, there may be restrictions on transactions and relationships between GSAM-managed pooled investment vehicles and Goldman Sachs, as well as restrictions on the investments and transactions by, and the operations of, GSAM-managed pooled investment vehicles. In addition, there have been recent legislative, tax and regulatory changes and proposed changes that may apply to the activities of GSAM and managers to which GSAM allocates client assets that may require material adjustments to the business and operations of, or have other material adverse effects on, Advisory Accounts. Recent changes, which continue to evolve, include the enactment of the Dodd-Frank Act, which includes the so-called “Volcker Rule,” the amendment of the Advisers Act and changes to the way derivatives and commodities are regulated. Similarly, foreign regulators have recently passed legislation and have proposed changes that may affect certain Advisory Accounts, including the European Union Directive on Alternative Investment Fund Managers, which may impose certain requirements and restrictions on third-party managers to which GSAM allocates client assets. Goldman Sachs may take certain actions to limit its authority in respect of Advisory Accounts in order to reduce or eliminate the impact or applicability of any regulatory restrictions on Goldman Sachs, Advisory Accounts or other Accounts, including, without limitation, the BHCA and the Volcker Rule. There may also be unanticipated and/or adverse legal, tax and regulatory changes from time to time, including requirements to provide additional information pertaining to an Advisory Account to the Internal Revenue Service or other taxing authorities. Regulatory changes and restrictions imposed by regulators, self-regulatory organizations and exchanges may vary from country to country and may affect the value of Advisory Accounts’ investments and their

ability to pursue their investment strategies. Any such rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which may negatively impact the performance of Advisory Accounts.

- **Limited Information Risk**—GSAM will consider allocations for Advisory Accounts utilizing information made available to it; however, as a result of informational barriers constructed between different divisions and areas of Goldman Sachs or other policies and procedures of Goldman Sachs, generally GSAM may not have access, or may have limited access, to information and personnel in other areas of Goldman Sachs. Therefore, GSAM will generally not be able to review potential investments for Advisory Accounts with the benefit of information held by other divisions of Goldman Sachs. Information barriers may also exist between different businesses within GSAM. Goldman Sachs has no obligation to seek information or to make available to or share with GSAM any information, investment strategies, opportunities or ideas known to personnel of Goldman Sachs or developed or used in connection with other clients or activities.
- **Limited Regulatory Oversight**—Third-party managers to which Advisory Accounts allocate assets may be subject to limited or no regulatory requirements or governmental oversight. Therefore, an Advisory Account may not have the benefit of certain protections that would otherwise be afforded to investors had the third-party managers been more heavily regulated.
- **Losses in Affiliated Investment Funds Borne Solely by Investors**—All losses of an Advisory Account investing in an affiliated investment fund managed by GSAM shall be borne solely by such Advisory Account and not by Goldman Sachs. Goldman Sachs’ losses in an affiliated investment fund will be limited to losses attributable to the ownership interests in such investment fund held by Goldman Sachs in its capacity as an investor in such investment fund or as beneficiary of a restricted profit interest held by Goldman Sachs. Ownership interests in Advisory Account are not insured by the FDIC, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.

- **Multiple Levels of Fees and Expenses**—In circumstances in which Advisory Accounts invest in third-party managers or affiliated or unaffiliated investment funds, the Advisory Accounts will bear any fees or other compensation due to GSAM and expenses at the Advisory Account level, in addition to any fees or compensation and expenses which may be due at the third-party manager or investment fund level.
- **Non-Recourse Risk**—The governing agreements of investment funds in which Advisory Accounts invest limit the circumstances in which a manager can be held liable to investors. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such provisions.
- **Operational Risk**—The risk that an Advisory Account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.
- **Partial or Total Loss of Capital**—Certain investments made by GSAM for Advisory Accounts are intended for long-term investors who can accept the risks associated with investing in illiquid securities, and the possibility of partial or total loss of capital exists. There is no assurance that Advisory Accounts will achieve their investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that Advisory Accounts will be able to fully invest their capital.
- **Performance-Based Compensation**—GSAM and managers of affiliated and unaffiliated investment funds in which an Advisory Account invests (which, in the case of affiliated investment funds, may be GSAM) may receive performance-based compensation from Advisory Accounts and the investment funds based upon the net capital appreciation of Advisory Account or investment fund assets. Such compensation arrangements may create an incentive for GSAM and managers of investment funds to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In many cases, performance-based compensation may be calculated on a basis that includes unrealized appreciation of assets. In such cases, such compensation may be greater than if it were based solely on realized gains and losses. See Item 6, Performance-Based Fees and Side-By-Side Management.
- **Reliance on Technology**—GSAM may employ investment strategies that are dependent upon various computer and telecommunications technologies. The successful implementation and operation of such strategies could be severely compromised by telecommunications failures, power loss, software-related “system crashes,” fire or water damage, or various other events or circumstances. Any such event could result in, among other things, the inability of GSAM to establish, maintain, modify, liquidate, or monitor the Advisory Accounts’ investments, which could have a material adverse effect on the Advisory Accounts.
- **Risks Involved in the Development of Models**—Errors may occur in designing, writing, testing, and/or monitoring models, which may be difficult to detect and may not be detected for a significant period of time. Inadvertent systems and human errors are an inherent risk of models and the complexity of models may make it difficult or impossible to detect the source of any weakness or failure in the models before material losses are incurred. Moreover, the complexity of the models and their reliance on complex computer programming may make it difficult to obtain outside support. To the extent any third-party licensed intellectual property is used in the development of models, there may be adverse consequences if such material is no longer available. Finally, in the event of any software or hardware malfunction, or problem caused by a defect or virus, there may be adverse consequences to developing or monitoring models.
- **Speculative Position Limits Risk**—The CFTC and some exchanges have rules limiting the maximum net long or net short positions which any person or group may own, hold or control in any given futures contract or option or swap on such futures contract. Any such limits may prevent an Advisory Account from acquiring positions that might otherwise have been desirable or profitable. In addition, in applying such limits, the CFTC and some exchanges will require aggregation of an Advisory Account’s positions in futures with positions

owned, held or controlled by other Accounts. Under such circumstances, Goldman Sachs may utilize available position limits for Accounts other than the Advisory Account, and, as a result, the Advisory Account, and not Goldman Sachs, could be required to limit its use of futures or liquidate its positions.

- **Volcker Rule Risks**—The Volcker Rule became effective July 21, 2012; however, the Federal Reserve issued an order that provided that banking entities (including Goldman Sachs and its subsidiaries) are not required to be in compliance with the Volcker Rule and its final rules until July 21, 2015. Among other things, the Volcker Rule generally prohibits banking entities from engaging in transactions that would cause a banking entity or its affiliates to have credit exposure to certain hedge funds or private equity funds that are managed by affiliates of the banking entity, or with investment vehicles controlled by such hedge funds or private equity funds, that would involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, or that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies. These restrictions could materially adversely affect Advisory Accounts that are, or are invested in, pooled investment vehicles, including because the restrictions could prevent a pooled investment vehicle from obtaining seed capital, loans or other commercial benefits from Goldman Sachs.

RISKS THAT APPLY PRIMARILY TO EQUITY INVESTMENTS

General

- **Energy, Oil and Gas Sector Risk**—Advisory Accounts may invest in MLPs that primarily derive their income from investing in companies within the energy, oil and gas sectors. Energy, oil and gas companies are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas or petroleum products; reduced availability of natural gas or other commodities for transporting, processing, storing or delivering; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, changes in the regulatory environment for these companies may adversely impact their profitability. Over time, depletion of natural gas reserves or other commodities may also affect the profitability of companies in the energy, oil and gas sectors.
- **Equity and Equity-Related Securities and Instruments**—Advisory Accounts may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and OTC markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.
- **Exchange Traded Fund Risk**—Advisory Accounts may invest in Exchange Traded Funds (“ETFs”). Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. In addition to presenting the same primary risks as an investment in a conventional fund, an ETF may fail to accurately track the market segment or index that underlies its investment objective. Moreover, ETFs are subject to the following risks that do not apply to conventional funds: (i) the market price of the ETF’s shares may trade at a premium or a discount to their net asset value; (ii) an active trading market for an ETF’s shares may not develop or be maintained; and (iii) there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.
- **IPOs/New Issues Risk**—The risk that the market value of IPO/New Issue shares held in an Advisory Account will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO/New Issue shares may involve high transaction costs. IPO/New Issue shares are subject to market risk and liquidity risk.

- **Master Limited Partnership Risk**—Investments by an Advisory Account in securities of MLPs involve risks that differ from investments in common stock, including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks and risks related to the general partner's right to require unit-holders to sell their common units at an undesirable time or price. Certain MLP securities may trade in lower volumes due to their smaller capitalizations. Accordingly, those MLPs may be subject to more abrupt or erratic price movements, may lack sufficient market liquidity to enable an Advisory Account to effect sales at an advantageous time or without a substantial drop in price, and investment in those MLPs may restrict an Advisory Account's ability to take advantage of other investment opportunities. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns. In addition, the managing general partner of an MLP may receive an incentive allocation based on increases in the amount and growth of cash distributions to investors in the MLP. This method of compensation may create an incentive for the managing general partner to make investments that are riskier or more speculative than would be the case in the absence of such compensation arrangements.
- **Mid Cap and Small Cap Risk**—Investments in mid-capitalization and small capitalization companies involve greater risks than investments in larger, more established companies, including because such companies may have narrower markets and more limited managerial and financial resources. These securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.
- **Preferred Stock, Convertible Securities and Warrants Risks**—The value of preferred stocks, convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information.
- **Private Investments in Public Equities**—An Advisory Account may make private investments in public equities in which such Advisory Account would take a minority position in a public company. To the extent that the public market for such companies declines, it is possible that private investments in public equities transactions may generate losses or returns that do not justify the risk associates with such investments. In addition, due to securities law regulations, an Advisory Account may be restricted from selling, or hedging their exposure to, such securities during a time when the Advisory Account would otherwise like to do so.
- **REIT Risk**—REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions and other factors. Securities of such issuers may lack sufficient market liquidity to enable the Advisory Account to effect sales at an advantageous time or without a substantial drop in price. The failure of a company to qualify as a REIT could have adverse consequences for an Advisory Account invested in the company.

Private Equity

- **Difficulty in Valuing Partnership Investments**—Valuation of partnership investments in which an Advisory Account may invest may be difficult, as there generally will be no established market for these assets or for securities of privately-held companies which an underlying private equity fund may own. Overall performance will be affected by the acquisition price paid by the underlying private equity funds for their interests in portfolio companies, which will be subject to negotiation with the sellers of such interests. In the absence of a readily ascertainable market price, assets of the underlying private equity funds will be valued by the general partners of such funds or the portfolio companies themselves. The valuation of such securities may create a conflict of interest for such general partner, as such assets may constitute a substantial portion of such underlying fund's investments and their value may affect the general partner's compensation. GSAM generally will not have sufficient information in order to be able to confirm or review the accuracy these valuations.

- **Illiquidity of Investments**—Investments in private equity in an Advisory Account generally will be long-term and highly illiquid. Investors generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without general partner consent, which may be granted or withheld in its sole discretion. Significant credit, tax, contractual and regulatory restrictions apply with respect to potential transfers of the interests.
- **Limited Operating History and Competition Associated with Portfolio Companies**—Certain portfolio companies in which GSAM investment funds or Advisory Accounts invest, either directly or indirectly, may involve a high degree of business and financial risk. These companies may (i) be in an early stage of development and not have a proven operating history; (ii) be operating at a loss or have significant variations in operating results; (iii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; (iv) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; (v) rely on the services of a limited number of key individuals, the loss of any of whom could significantly adversely affect a portfolio company's performance; and (vi) otherwise have a weak financial condition or be experiencing financial difficulties. In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified management and technical personnel.
- **Operating and Financial Risks of Portfolio Companies**—Investments in portfolio companies involve a high degree of business and financial risk. Portfolio companies may be highly leveraged and subject to restrictive financial and operating covenants that may impair their ability to finance their future operations and capital needs. As a result, these companies may have limited flexibility to respond to changing business and economic conditions and to business opportunities. A leveraged company's income and equity will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, a portfolio company with a leveraged capital structure will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of that portfolio company or its industry. In the event that a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of an investment in a portfolio company could be significantly reduced or even eliminated. Some portfolio companies may (i) be operating at a loss or have significant variations in operating results, (ii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, (iii) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, (iv) be in an early stage of development, (v) not have a proven operating history, or (vi) otherwise have a weak financial condition that could result in insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company, each of which could materially adversely affect the investment results of an Advisory Account.
- **Reliance on Company Management**—Although GSAM or one of its affiliates may seek to be represented on the board of directors of portfolio companies, there is no assurance that this representation, if sought, will be obtained. Furthermore, even in cases where GSAM or one or more Advisory Accounts may have certain rights to (i) be represented on the board of directors of portfolio companies and/or (ii) participate in certain significant business decisions and/or other management rights, neither GSAM nor the Advisory Accounts will have an active role in the day-to-day management of those companies. Accordingly, the success or failure of an investment in a portfolio companies will depend to a significant extent on the portfolio company's management team.

RISKS THAT APPLY PRIMARILY TO FIXED INCOME INVESTMENTS

- **Commodity Exposure Risk**—Exposure to the commodities markets may subject an Advisory Account to greater volatility than investments in traditional securities. The value of commodity-linked investments

may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The prices of energy, industrial metals, precious metals, agriculture and livestock sector commodities may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies. The commodity-linked investments in which an Advisory Account invests may be offered by companies in the financial services sector, and events affecting the financial services sector may cause the Advisory Account's value to fluctuate.

- **Corporate Debt Securities Risks**—Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the credit-worthiness of the issuer and general market liquidity. In addition, early repayments of an Advisory Account's investments may have a material adverse effect on such Advisory Account's investment objectives and the profits on invested capital.
- **Credit Ratings**—The Advisory Accounts may, but are not required to, use credit ratings to evaluate securities. Credit ratings do not evaluate the market value risk of lower-quality securities and, therefore, may not fully reflect the true risks of an investment, and they are used only as a preliminary indicator of investment quality. Investments in lower-quality and comparable unrated obligations will be more dependent on the credit analysis of GSAM than would be the case with investments in investment-grade debt obligations.
- **Credit/Default Risk**—An issuer or guarantor of fixed income securities or instruments held by an Advisory Account (which, for certain Advisory Accounts, may have low credit ratings) may default on its obligation to pay interest and repay principal or default on any other obligation, and a counterparty to a derivatives investment may fail to perform its contractual obligations. Additionally, the credit quality of securities or instruments may deteriorate rapidly, which may impair an Advisory Account's liquidity and cause

significant value deterioration. Advisory Accounts may invest in noninvestment grade fixed income securities (commonly known as "junk bonds") and leveraged loans that are considered speculative. Non-investment grade investments, leveraged loans and unrated securities of comparable credit quality are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These securities and loans may be subject to greater price volatility due to such factors as specific issuer developments, interest rate sensitivity, negative perceptions of the junk bond and leverage loan markets generally and less secondary market liquidity. Advisory Accounts may purchase the securities of issuers that are in default.

- **Risks of Exchange-Traded Notes**—An Advisory Account may invest in exchange-traded notes ("ETNs"), which are senior, unsecured, unsubordinated debt securities issued by a sponsoring financial institution. The returns on an ETN are linked to the performance of particular securities, market indices, or strategies, minus applicable fees. ETNs are traded on an exchange (e.g., the NYSE) during normal trading hours; however, investors may also hold an ETN until maturity. At maturity, the issuer of an ETN pays to the investor a cash amount equal to the principal amount, subject to application of the relevant securities, index or strategy factor. Similar to other debt securities, ETNs have a maturity date and are backed only by the credit of the sponsoring institution. ETNs are subject to credit risk. The value of an ETN may be influenced by, among other things, time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying assets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political or geographic events that affect the underlying assets. When an Advisory Account invests in ETNs, it will bear its proportionate share of any fees and expenses borne by the ETN. Although an ETN is a debt security, it is unlike a typical bond, in that there are no periodic interest payments and principal is not protected.
- **Fixed Income Securities Risk**—Advisory Accounts may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity.

Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk).

- **Inflation Protected Securities ("IPS") Risk**—To the extent an Advisory Account invests in IPS, the value of IPS generally fluctuates in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in the value of IPS. The market for IPS may be less developed or liquid, and more volatile, than certain other securities markets. In addition, the value of Treasury Inflation-Protected Securities ("TIPS") generally fluctuates in response to inflationary concerns. As inflationary expectations increase, TIPS will become more attractive, because they protect future interest payments against inflation. Conversely, Advisory Accounts that invest in inflation protected securities will be subject to the risk that prices throughout the economy may decline over time, resulting in "deflation." If this occurs, the principal and income of inflation-protected fixed income securities held by an Advisory Account would likely decline in price, which could result in losses for the Advisory Account. Further, there can be no assurance the various consumer price indices used in connection with IPS will accurately measure the real rate of inflation in the prices of goods and services, which may affect the value of IPS.
- **Interest Rate Risk**—Interest rates may fluctuate significantly at any time and from time to time. As a result of such fluctuations, the value of securities or instruments held by an Advisory Account may increase or decrease in value. When interest rates increase, fixed income securities or instruments held by an Advisory Account will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments.
- **Loan Risks**—The Advisory Accounts may directly or indirectly purchase loans as participations from certain financial institutions which will represent the right to receive a portion of the principal of, and all of the interest relating to such portion of, the applicable loan. An Advisory Account generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, no rights of set-off against the borrower, and no right to object to certain changes to the loan agreement agreed to by the selling institution. In addition, an Advisory Account may be exposed to losses resulting from default and foreclosure. There is no assurance that the protection of an Advisory Account's interests is adequate or that claims may not be asserted by others that might interfere with enforcement of an Advisory Account's rights.
- **Mezzanine Debt Risk**—Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of an Advisory Account to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors.
- **Mortgage-Backed and/or Other Asset-Backed Securities Risk**—Mortgage-related and other asset-backed securities are subject to certain risks, including "extension risk" (i.e., in periods of rising interest rates, issuers may pay principal later than expected) and "prepayment risk" (i.e., in periods of declining interest rates, issuers may pay principal more quickly than expected, causing an Advisory Account to reinvest proceeds at lower prevailing interest rates). Mortgage-backed securities offered by non-governmental issuers are subject to other risks as well, including failures of private insurers to meet their obligations and

unexpectedly high rates of default on the mortgages backing the securities. Other asset-backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as risks associated with the nature and servicing of the assets backing the securities. Asset-backed securities may not have the benefit of a security interest in collateral comparable to that of mortgage assets, resulting in additional credit risk.

- **Municipal Securities Risks**—Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities. The risk that any proposed or actual changes in income tax rates or the tax exempt status of interest income from municipal securities can significantly affect the demand for, and supply, liquidity and marketability of, municipal securities. Such changes may affect an Advisory Account's net asset value and ability to acquire and dispose of municipal securities at desirable yield and price levels.
- **Non-Investment Grade Investment Risk**—Non-investment grade fixed income securities and unrated securities of comparable credit quality (commonly known as "junk bonds") are considered speculative and are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These investments may be subject to greater price volatility due to such factors as specific corporate or municipal developments, interest rate sensitivity, negative perceptions of the junk bond markets generally and less secondary market liquidity. Advisory Accounts may purchase investments of issuers that are in default.
- **Obligations Risk**—Many loan obligations are subject to legal or contractual restrictions on purchase and sale or resale and are relatively illiquid and may be difficult to value. Loan obligations are not traded on an exchange, and purchasers and sellers rely on certain market makers, such as the administrative agent for the particular loan obligation, to trade that loan obligation. As a result of these factors, particular loan obligations or participations can be difficult to dispose of when necessary to meet an Advisory Account's liquidity needs or in response to a specific economic event, such as a decline in the credit quality of the borrower.
- **Other Debt Instruments; CBOs and CLOs Risk**—The Advisory Accounts may directly or indirectly invest in other investment grade or other debt instruments of companies or other entities not affiliated with countries or governments, including but not limited to, senior and subordinated corporate debt; investment grade tranches of collateralized mortgage obligations; preferred stock; corporate securities; and bank debt. As with other investments made by an Advisory Account, there may not be a liquid market for these debt instruments, which may limit the Advisory Account's ability to sell these debt instruments or to obtain the desired price. Advisory Accounts may also invest in collateralized bond obligations ("CBOs") and collateralized loan obligations ("CLOs"), which may be fixed pools or may be "market value" or managed pools of collateral, including commercial loans, high yield and investment grade debt and derivative instruments relating to debt. Depending upon the tranche of a CBO or CLO in which an Advisory Account invests, the returns may be extremely sensitive to the rate of defaults in the collateral pool, and redemptions by more senior tranches could result in an elimination, deferral or reduction in the funds available to make interest or principal payments to the tranches held by Advisory Accounts. In addition, there can be no assurance that a liquid market will exist in any CBO or CLO when an Advisory Account seeks to sell its interest therein. Also, it is possible that an Advisory Account's investment in a CBO or CLO will be subject to certain contractual limitations on transfer. Further, a CBO or CLO may be difficult to value given current market conditions.
- **Purchases of Securities and Other Obligations of Financially Distressed Companies**—An Advisory Account may directly or indirectly purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time.
- **Second Lien Loans Risk**—Second lien loans generally are subject to similar risks as those associated with

investments in senior loans. Because second lien loans are subordinated or unsecured and thus lower in priority of payment to senior loans, they are subject to the additional risk that the cash flow of the borrower, and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Second lien loans generally have greater price volatility than senior loans and may be less liquid. There is also a possibility that originators will not be able to sell participations in second lien loans, which would create greater credit risk exposure for the holders of such loans. Second lien loans share the same risks as other below investment grade securities.

- **Senior Loan Risk**—Senior loans, which hold the most senior position in the capital structure of a business entity, are typically secured with specific collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debt holders and stockholders of the borrower. Senior loans are usually rated below investment grade, and are subject to similar risks, such as credit risk, as below investment grade securities. However, senior loans are typically senior and secured in contrast to other below investment grade securities, which are often subordinated and unsecured. There is less readily available, reliable information about most senior loans than is the case for many other types of securities, and GSAM relies primarily on its own evaluation of a borrower's credit quality rather than on any available independent sources. The ability of an Advisory Account to realize full value in the event of the need to sell a senior loan may be impaired by the lack of an active trading market for certain senior loans or adverse market conditions limiting liquidity. To the extent that a secondary market does exist for certain senior loans, the market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Although senior loans in which an Advisory Account will invest generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral

could be readily liquidated. In the event of the bankruptcy of a borrower, an Advisory Account could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a senior loan. Moreover, any specific collateral used to secure a senior loan may decline in value or become illiquid, which would adversely affect the senior loan's value. Uncollateralized senior loans involve a greater risk of loss. Some senior loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the senior loans to presently existing or future indebtedness of the borrower or take other action detrimental to lenders, including an Advisory Account, such as invalidation of senior loans.

- **Sovereign Debt Risk**—Investment in sovereign debt obligations by an Advisory Account involves risks not present in debt obligations of corporate issuers. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due in accordance with the terms of such debt, and an Advisory Account may have limited recourse to compel payment in the event of a default. Any failure to make payments in accordance with the terms of the debt could result in losses to an Advisory Account.
- **Stable Value Risk**—To the extent that the strategy invests in stable value contracts, it may be subject to the risks of such contracts. Stable value contracts are benefit responsive agreements that typically impose investment restrictions on an Advisory Account in addition to any investment restrictions imposed as a result of the Advisory Account's own investment program. There is no guarantee that providers under stable value contracts will fulfill their obligations or that stable value contracts will continue to be valued at their contract value rather than market or fair value. Stable value contracts typically have long withdrawal notice periods. Moreover, stable value contract providers have increased fees and decreased the flexibility of terms they offer in the last several years and may continue to do so in the future. There can be no assurance that sufficient stable value contracts will be available in the future to replace or supplement an Advisory Account's existing contracts.

- **U.S. Government Securities Risk**—The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. U.S. government securities, including those issued by the Federal National Mortgage Association (“Fannie Mae”), Federal Home Loan Mortgage Corporation (“Freddie Mac”), and the Federal Home Loan Banks are neither issued by nor guaranteed by the U.S. Treasury and therefore are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. government securities held by an Advisory Account may greatly exceed their current resources, including any legal right to support from the U.S. Treasury. It is possible that issuers of U.S. government securities will not have the funds to meet their payment obligations in the future. Fannie Mae and Freddie Mac have been operating under conservatorship, with the Federal Housing Finance Administration (“FHFA”) acting as their conservator, since September 2008. The entities are dependent upon the continued support of the U.S. Department of the Treasury and FHFA in order to continue their business operations. These factors, among others, could affect the future status and role of Fannie Mae and Freddie Mac and the value of their debt and equity securities and the securities which they guarantee. Additionally, the U.S. government and its agencies and instrumentalities do not guarantee the market values of their securities, which may fluctuate.

RISKS THAT APPLY PRIMARILY TO DERIVATIVES INVESTMENTS AND SHORT SELLING

- **Call and Put Options Risks**—There are risks associated with the sale and purchase of call and put options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security)

assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

- **Failure of Brokers, Counterparties and Exchanges Risk**—An Advisory Account will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. An Advisory Account may be subject to risk of loss of its assets on deposit with a broker in the event of the broker’s bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Advisory Account, or the bankruptcy of an exchange clearing house. In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, the Advisory Account deals, the Advisory Account might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically traceable to the Advisory Account, and, to the extent such assets or amounts are recoverable, the Advisory Account might only be able to recover a portion of such amounts. Further, even if the Advisory Account is able to recover a portion of such assets or amounts, such recovery could take a significant period of time.

In addition, although the U.S. Commodity Exchange Act, as amended, requires a commodity broker to segregate the funds of its customers, if a commodity broker fails to properly segregate customer funds, an Advisory Account may be subject to a risk of loss of its funds on deposit with such broker in the event of such broker’s bankruptcy or insolvency. Also, to the extent an Advisory Account has exposure to foreign broker-dealers it may also be subject to risk of loss of its funds because foreign regulatory bodies may not require such broker-dealers to segregate customer funds.

To the extent an Advisory Account invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, the Advisory

Account may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

- **Forward Contracts Risks**—The Advisory Accounts may enter into forward contracts and options thereon which are not traded on exchanges and are generally not regulated and there are no limitations on daily price moves of forward contracts. In addition, an Advisory Account may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default. Such risks could result in substantial losses to an Advisory Account.
- **Futures Risks**—Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, implement retroactive speculative position limits, or order that trading in a particular contract be conducted for liquidation only. The circumstances described above could prevent GSAM from liquidating unfavorable positions promptly and subject an Advisory Account to substantial losses.
- **Leverage Risk**—Leverage creates exposure to potential gains and losses in excess of the initial amount invested. The use of derivatives may result in leverage and may make an Advisory Account more volatile. When an Advisory Account uses leverage the sum of the Advisory Account’s investment exposures may significantly exceed the amount of assets invested in the Advisory Account, although these exposures may vary over time. Relatively small market movements may result in large changes in the value of a leveraged investment. An Advisory Account will identify liquid assets on its books or otherwise cover transactions that may give rise to such risk, to the extent required by applicable law. The use of leverage may cause an Advisory Account to liquidate portfolio positions to satisfy its obligations or to meet segregation requirements when it may not be advantageous to do so. The use of leverage by an Advisory Account can substantially increase the adverse impact to which the Advisory Account’s investment portfolio may be subject. In addition, lenders may impose restrictions or requirements on the operations of an Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which could increase the losses incurred by the Advisory Account. Lenders may also have the right under certain circumstances to cause the sale of assets held in an Advisory Account at times that may be inopportune from a pricing standpoint. Further, in the case of an Advisory Account that invests in investment funds utilizing leverage, the rights and claims of any lenders to receive payments of interest or repayments of principal from the investment fund will generally be senior to the rights of the Advisory Account to withdraw its investment from the investment fund.
- **Requirement to Perform**—In contrast to exchange-traded instruments, forward, spot and option contracts and swaps do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or option contracts, or swaps, an Advisory Account may be required, and must be able, to perform its obligations under the contract.
- **Reverse Repurchase Agreements Risks**—Reverse repurchase transactions involve risks that the value of portfolio securities being relinquished may decline below the price that must be paid when the transaction closes or that the other party to a reverse repurchase agreement will be unable or unwilling to complete the transaction as scheduled, which may result in losses to an Advisory Account.
- **Risks of Derivative Investments**—Certain Advisory Accounts may invest in derivative instruments, including options, futures, options on futures, interest rate caps and floors and collars, participation notes, swaps, options on swaps, structured securities, forward contracts and other derivatives relating to foreign currency transactions. To the extent Advisory Accounts invest in these types of derivative instruments through OTC transactions, there may be less governmental regulation and supervision of the OTC markets than of transactions entered into on organized

exchanges. Investments in derivative instruments may be for both hedging and non-hedging purposes (that is, to seek to increase total return), although suitable derivative instruments may not always be available to GSAM for these purposes. Losses in an Advisory Account from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if an Advisory Account receives cash collateral under the transaction and some or all of that collateral is invested in the market. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation and an Advisory Account may be responsible for any loss that might result from its investment of the counterparty's cash collateral. The use of these management techniques also involves the risk of loss if GSAM is incorrect in its expectation of the timing or level of fluctuations in securities prices, interest rates, currency prices or other variables. In addition, subject to jurisdictional limits, the Dodd-Frank Act establishes a new regulatory framework for oversight of over-the-counter derivatives transactions by the CFTC and the SEC and heightens the existing regulation of futures markets. There can be no certainty as to the final form of the requirements, and the full extent of the impact such requirements will have on the Advisory Accounts is unclear. Investments in derivative instruments may be harder to value, subject to greater volatility and more likely to be subject to changes in tax treatment than other investments. For these reasons, GSAM's attempts to hedge portfolio risks through the use of derivative instruments may not be successful, and GSAM may choose not to hedge certain portfolio risks. Investing for non-hedging purposes presents even greater risk of loss.

- **Short Selling/Position Risk**—Short selling occurs when an Advisory Account borrows a security from a lender, sells the security to a third party, reacquires the same security and returns it to the lender to close the transaction. The Advisory Account profits if the price of the borrowed security declines in value from the time the Advisory Account sells it to the time the Advisory Account reacquires it. Conversely, if the borrowed

security has appreciated in value during this period, the Advisory Account will suffer a loss. The potential loss on a short sale is unlimited because the price of the borrowed security may rise indefinitely. Short selling also involves the risks of: increased leverage, and its accompanying potential for losses; the potential inability to reacquire a security in a timely manner, or at an acceptable price; the possibility of the lender terminating the loan at any time, forcing the Advisory Account to close the transaction under unfavorable circumstances; the additional costs that may be incurred; and the potential loss of investment flexibility caused by the Advisory Account's obligations to provide collateral to the lender and set aside assets to cover the open position. An Advisory Account may also enter into a short derivative position through a futures contract, an option or swap agreement.

- **Swaps Risks**—The use of swaps is a highly specialized activity which involves investment techniques, risk analyses and tax planning different from those associated with ordinary portfolio securities transactions. Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, legal risk, tax risk, and the risk of non-performance by the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease an Advisory Account's exposure to commodity prices, equity or debt securities, long-term or short-term interest rates (in the United States or abroad), foreign currency values, mortgage-backed securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of the Advisory Account's portfolio.

RISKS THAT APPLY PRIMARILY TO INVESTMENTS IN THIRD-PARTY MANAGED FUNDS AND ACCOUNTS

- **Failure by Other Investors to Meet Capital Calls of Underlying Funds**—Failure by one or more other investors to meet a capital call by a third-party investment vehicle could have adverse consequences for GSAM's clients. The third-party investment vehicle may be permitted to require its investors to contribute additional capital to satisfy the shortfall. If the third-

party investment vehicle is unable to raise sufficient capital to consummate a proposed investment, its general partner may not be able to diversify its portfolio, which could adversely affect results of such third-party investment vehicle and could also result in the third-party investment vehicle's investments being concentrated in relatively few properties and/or regions. Furthermore, the third-party investment vehicle may not have sufficient capital to contribute capital to existing portfolio companies necessary to ensure their ongoing financial stability. If multiple investors fail to meet capital calls from a particular third-party investment vehicle, the third-party investment vehicle could default on its obligations, which could result in the termination of the third-party investment vehicle, causing a lower return, or potentially a loss, of investments by GSAM's clients.

- **Giveback Obligations**—The terms of an investment fund may require the return of distributions received from investments, potentially including distributions made prior to the time the Advisory Account became an investor in such investment fund, upon the occurrence of certain circumstances, including to satisfy any indemnification, reimbursement, contribution or similar obligation (including any obligation resulting from applicable law), or any other expense or obligation, of the investment fund. The manager of such fund may set aside amounts otherwise distributable to investors for such purpose, should they arise, and amounts set aside to fund such payments will reduce the amount of funds available for distribution to an investor or make additional portfolio investments.
- **Government Investigations**—In the event that a third-party manager or any current or former personnel or affiliate thereof becomes the subject of (or is otherwise involved in) any formal or informal investigation by a governmental or regulatory agency or is otherwise suspected to have engaged in or be involved in any wrongdoing (including through reports in the press), such event may have a material adverse effect on the manager and its operations, regardless of whether such manager or other person is ultimately charged or found to have engaged in any wrongdoing, including as a result of reputational harm and the diversion of the manager's attention from its investment management responsibilities.
- **Limitations on GSAM's Authority**—Third-party managers, and not GSAM, typically have responsibility for the day-to-day management of the third-party investment vehicles in which Advisory Accounts may invest. GSAM's ability to waive or amend the investment objectives, policies, and strategies, remove, replace, or withdraw assets from a third-party manager, reallocate assets among third-party managers and vary or change the allocation of assets of an Advisory Account may be subject to the limitations imposed by the agreements with third-party managers, market conditions and applicable law. Losses may result during the time it takes GSAM to react to market or other conditions and comply with the required notice obligations or other contractual agreements.
- **Reliance on Third-Party Managers**—It is expected that GSAM generally will have less ability to monitor investments in third-party managers and to obtain full and current information with respect to such investments than it would have if the investments were made directly through Advisory Accounts. Success of investments in third-party managers depends upon, among other things, the ability of the third-party managers to develop and successfully implement strategies that achieve their investment objectives. Third-party managers may be recently formed and have no trading history. While GSAM will select and monitor the third-party managers, GSAM relies to a great extent on information provided by the third-party managers and may have limited access to other information regarding the third-party managers' portfolios and operations. GSAM relies on the expertise of the third-party managers to help identify, evaluate, underwrite, operate, manage and dispose of assets. GSAM's selection of third-party managers is inherently based on subjective criteria with the result that the true performance and abilities of a third-party manager may be difficult to assess. The historical performance of a third-party manager is not indicative of its future performance, which can vary considerably. Consequently, the success of GSAM's Advisory Accounts that invest in third-party managers will be substantially dependent on the third-party managers and the individuals associated with such third-party managers. Should one or more of these individuals become incapacitated or in some other way cease to participate in investment decisions, GSAM's Advisory

Accounts could be adversely affected. In addition, there is a risk that a third-party manager may knowingly, negligently or otherwise withhold or misrepresent information, including the presence or effects of any fraudulent or similar activities. Even if a third-party manager has not engaged in any wrongdoing, a third-party manager and its operations could be materially adversely affected if the third-party manager becomes the subject of (or is otherwise involved in) any formal or informal investigation by a governmental or regulatory agency or is otherwise suspected to have engaged in or be involved in any wrongdoing (including through reports in the press). GSAM's proper performance of its monitoring functions would generally not give GSAM the opportunity to discover such situations prior to the time the third-party manager discloses (or there is public disclosure of) the presence or effects of any fraudulent or similar activities. In addition, certain service providers and consultants to third-party managers may also engage in fraudulent or similar activities (e.g., the dissemination by "expert networks" of material, non-public information regarding issuers), and third-party managers may intentionally or negligently benefit from such activities. In connection with GSAM's ongoing review of third-party managers, GSAM may identify certain deficiencies with or other concerns relating to the manager. GSAM may decide not to terminate a third-party manager despite the identification of such deficiencies or concerns for various reasons. If the manager suffers losses during this period, Advisory Accounts could be materially adversely affected. Alternatively, GSAM may determine to withdraw or attempt to withdraw Advisory Account assets from a manager as a result of such deficiencies or concerns, but may be unable to do so for a significant period of time, and Advisory Accounts may be adversely affected.

- **Risks Related to Investments in Third-Party Investment Vehicles**—The acceptance of additional subscriptions by third-party investment vehicles will dilute the indirect interests of the third-party investment vehicle's existing investors (including an Advisory Account) in the third-party investment vehicle's investment portfolio prior to any such subscription, which could have an adverse impact on the existing investors' interests in the third-party investment vehicle if such

third-party investment vehicle's future investments underperform its prior investments. Furthermore, where an investment manager receives performance-based compensation, any value attributable to the fact that no performance-based compensation will be paid until gains exceed prior losses will be diluted by new subscriptions, because the new interests will participate in any positive performance until such time as gains exceed prior losses. Interests in third-party investment vehicles generally are not freely transferrable and there generally will be no secondary market for such interests. Moreover, third-party investment vehicles may impose "lock-up" periods, limited dates on which interests may be redeemed, significant redemption notice periods, percentage limits on the amount of interests that may be redeemed on any redemption date, and redemption fees. In addition, during periods of limited liquidity and higher price volatility, a third-party manager's ability to acquire or dispose of investments at a price and time that the third-party manager deems advantageous may be impaired. As a result, third-party managers may suspend, gate or otherwise limit or defer redemptions, implement holdbacks until after the completion of year-end or final audits, and place illiquid assets in "side pockets" from which investors cannot redeem even when redemptions are not otherwise suspended or deferred. Third-party investment vehicles may issue capital calls to their investors (including an Advisory Account) over a period of time. If an Advisory Account fails to fund a required capital call in respect of a third-party investment vehicle, the Advisory Account may be subject to the exercise of numerous remedies by the third-party investment vehicle, in its sole discretion. The exercise of such remedies could have a material adverse effect on an Advisory Account's investment in the third-party investment vehicle and on the value of the Advisory Account. The valuation of third-party investment vehicles is ordinarily determined based upon valuations provided by third-party managers. GSAM may have no ability, and has no obligation, to assess the accuracy of the valuations received in respect of investments in third-party investment vehicles. The valuations received by GSAM will typically be estimates only, and such valuations generally will be used to calculate the net asset value and fee accruals (to the extent applicable) in respect of an Advisory

Account to the extent that current audited information is not then available. Such valuations provided by the third-party managers may be subject to later adjustment based on valuation information available at that time, including, without limitation, as a result of year-end audits.

- **Style Drift Risk**—The managers of affiliated or unaffiliated investment funds in which an Advisory Account invests (which, in the case of affiliated investment funds, may be GSAM) may remove, substitute, modify or otherwise deviate from their stated investment strategies and sub-strategies or any of the types of investments being utilized by the investment fund at the time of an Advisory Account's investment in the investment fund. Unexpected changes to a manager's investment strategies may adversely affect the Advisory Account's portfolio and may result in a manager making investments in an area in which it has limited experience or knowledge.
- **Third-Party Managers and Underlying Funds Invest Independently**—The third-party managers and underlying funds in which Advisory Accounts invest make investment decisions independently of each other and may at times hold economically offsetting positions or interests in the same underlying portfolio companies, and could indirectly incur transaction costs without accomplishing any net investment result, or may be competing with each other for the same positions in one or more markets. Multiple third-party managers or underlying investment funds may hold large positions in a relatively limited number of the same or similar investments. Greater concentration of positions across multiple third-party managers or underlying funds likely will increase the adverse effect of any problems experienced in the market, sector or industry in which the positions are concentrated.

RISKS THAT APPLY PRIMARILY TO REAL ESTATE INVESTMENTS

- **Bankruptcy**—Investments by Advisory Accounts in properties operating in workout modes or under Chapter 11 of the U.S. Bankruptcy Code (or similar laws in other jurisdictions) are, in certain circumstances, subject to certain additional liabilities that may exceed the value of an Advisory Account's original investment. For example, under certain

circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to an Advisory Account and distributions by an Advisory Account to its investors may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

- **Dependence on Property Managers and Operating Partners**—Certain real estate investments rely on the expertise of property managers who are responsible for the day-to-day management of properties and operating partners who help to identify, evaluate, underwrite, operate, manage and dispose of assets. The selection of property managers and operating partners is inherently based on subjective criteria, making the true performance and abilities of a particular property manager or operating partner difficult to assess. This reliance on third parties to manage or operate investments poses significant risks. For example, a property manager or operating partner may suffer a business failure, become bankrupt or engage in activities that compete with investments. These and other problems, including the deterioration of the business relationship between GSAM and the property manager or operating partner, could have a material adverse effect on the assets held by an Advisory Account.
- **Environmental Risks and Natural Disasters**—Investments in or relating to real estate assets may be subject to numerous statutes, rules and regulations relating to environmental protection. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials or other pollutants. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible

for the presence of hazardous materials. An Advisory Account may be exposed to substantial risk of loss from environmental claims arising in respect of real estate acquired with environmental problems, and the loss may exceed the value of such investment. In addition, certain investments may be located in earthquake zones or be subject to risks associated with other natural disasters, such as fire, hurricanes, tornadoes, windstorms, volcanic eruptions, tsunamis or floods. Insurance coverage of such risks may be limited, may be subject to large deductibles or may be, or in the future become, completely unavailable, and GSAM will determine in its discretion whether to seek insurance coverage of (or to seek alternative ways to manage or mitigate) such risks.

- **Impact of Recessionary Environment on Real Estate Investments**—Investments in real estate may be adversely affected by deteriorations and uncertainty in the financial markets and economic conditions throughout the world. Real estate historically has experienced significant fluctuations and cycles in value and local market conditions which may result in reductions in the value of real property interests. All real estate-related investments are subject to the risk that a general downturn in the national or local economy will depress real estate prices. Recent economic developments have increased, and may continue to increase, the risk associated with investing in real estate investments. Given the volatile nature of the current market disruption and the uncertainties underlying efforts to mitigate or reverse the disruption, GSAM may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments and trends in new products and services, in the current or future market environment. Such a failure could materially and adversely affect the Advisory Accounts and their investment objectives or could require Advisory Accounts to dispose of investments at a loss while such unfavorable market conditions prevail.
- **Terrorism Risk**—Terrorist attacks, in particular, may exacerbate some of the general risk factors related to investing in certain strategies, which could adversely affect the profitability of Advisory Account investments. For example, if a terrorist attack were to occur in the vicinity of a private real estate investment

in which an Advisory Account is invested, it could result in a liability far in excess of available insurance coverage. Similarly, prices for certain commodities will be affected by available supply, which will be affected by terrorism in areas in which such commodities are located. GSAM cannot predict the likelihood of these types of events occurring in the future nor how such events may affect Advisory Account investments.