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This Brochure provides information about the qualifications and business practices relating to the investment advisory business of The Ayco Company, L.P. If you have any questions about the contents of this Brochure, please contact your Ayco team or contact us at (518) 886-4000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional information about The Ayco Company, L.P. also is available on the SEC's website at www.adviserinfo.sec.gov.

January 30, 2015

Item 2 – MATERIAL CHANGES

This item is currently not applicable. This Brochure is dated January 30, 2015. Clients are encouraged to read the Brochure in detail and contact their Ayco representative with any questions. For ease of reference, capitalized terms that are defined when first used in the Brochure are also set forth in the Glossary.

Item 3 – TABLE OF CONTENTS

Item 4 -- Advisory Business
Item 5 -- Fees and Compensation
Item 6 -- Performance-Based Fees and Side-by-Side Management
Item 7 -- Types of Clients
Item 8 -- Methods of Analysis, Investment Strategies and Risk of Loss
Item 9 -- Disciplinary Information
Item 10 -- Other Financial Industry Activities and Affiliations
Item 11 -- Code of Ethics, Participation of Interest in Client Transactions and Personal Trading
Item 12 -- Brokerage Practices
Item 13 -- Review of Accounts
Item 14 -- Client Referrals and Other Compensation
Item 15 -- Custody
Item 16 -- Investment Discretion
Item 17 -- Voting Client Securities
Item 18 -- Financial Information

Glossary

Item 4 – ADVISORY BUSINESS

Introduction

This Brochure describes the investment advisory services offered by The Ayco Company, L.P. ("Ayco"). Ayco provides advisory services to clients and has been helping clients build and preserve their financial wealth since 1971. Ayco is headquartered in Saratoga Springs, NY and operates through offices located in Albany, NY, Atlanta, GA, Boston, MA, Canonsburg, PA, Cincinnati, OH, Dallas, TX, Deerfield, IL, Houston, TX, Irvine, CA, Latham, NY, McLean, VA, New York, NY, Parsippany, NJ and Troy, MI. Ayco offers certain advisory services through offices of its affiliate Goldman, Sachs & Co. ("GS&Co."), located in Atlanta, GA, Boston, MA, Chicago, IL, Dallas, TX, Houston, TX, Miami, FL, Latham, NY, Los Angeles, CA, New York, NY, Philadelphia, PA, San Francisco, CA, Washington, D.C. and West Palm Beach, FL. Unless otherwise specified, references in this Brochure to "clients" means Ayco clients.

Ayco's principal owner is The Goldman Sachs Group, Inc. ("GS Group"), a publicly traded bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended ("BHC"), and a worldwide, full-service financial services organization. GS Group, Ayco and their respective affiliates, directors, partners, trustees, managers, members, officers and employees are referred to collectively as "Firm."

Advisory Services

Ayco is a financial counseling firm that offers investment advisory services through financial counseling and investment education programs, and through Ayco Private Wealth Management ("Ayco PWM") (formerly the Investment Services Group ("ISG")) offers investment accounts based on the stated investment objectives, risk tolerance and financial circumstances of each client. Client accounts for which Ayco has expressly agreed to serve as investment adviser pursuant to separate agreement are referred to as "Advisory Accounts," and include (i) centrally managed accounts that are managed by teams of

portfolio management personnel within Ayco who manage various investment strategies ("Portfolio Management Teams"), (ii) separately managed accounts that are managed on a discretionary or nondiscretionary basis by Investment Professionals ("IP") and an investment committee for certain trusts established through Ayco Trust Advisory Service ("ATAS") and (iii) certain non-discretionary accounts that are advised by a designated Ayco professional. "Advisory Personnel," i.e., those providing advisory services, include, as may be appropriate in the context, Account Managers, APAS Wealth Advisors and APAS Investment Officers, Financial Related Services ("FRS") Counselors, Portfolio Management Teams, IPs, Regional Investment Officers ("RIO") and the investment committee for certain trusts established through ATAS. Ayco offers investment advice under the laws of the United States through the following services and programs. Under the laws of a particular jurisdiction, Ayco's services may be limited for clients residing outside the United States. Please note that, with respect to pension plans (including 401(k) plans) and other employee pension benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), tax qualified retirement plans (including Keogh plans) under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "IRC") and not covered by ERISA and individual retirement accounts under IRC Section 408 and 408A (collectively, "Retirement Accounts"), Ayco's ability to collect certain fees and other compensation (including certain of those described in Underlying Fund Fees and Compensation for the Sale of Securities and Other Investments below), engage in certain transactions (including principal trades) and provide certain services may be limited by ERISA, the IRC and regulations promulgated thereunder.

Generally, Ayco's financial counseling services are provided to clients that are United States citizens or residents, or otherwise subject to United States tax laws. Ayco relies on the accuracy and completeness of information provided by or on behalf of clients when performing services, and may not independently verify the accuracy or completeness of such information. Ayco may offer and provide the services described below through the particular Advisory Personnel deemed appropriate by Ayco for the particular services, in Ayco's sole discretion. Services described below may be offered and/or provided on a customized basis, either alone or in combination with one or more components of various other services described below, all as may be deemed appropriate by Ayco in its sole discretion. Ayco's financial counseling services may not address every aspect of a client's financial life. For example, a topic may not be included because there was insufficient data provided. Such omission does not indicate that the topic is not applicable to the client's financial situation. Specific services will vary among clients, including individuals participating within the same employer-sponsored program, based on requests of clients, the terms of the employer-sponsored programs (as may be applicable), facts and circumstances specific to clients, or as may be agreed from time to time. The description of and fees associated with services are disclosed to clients and sponsors of service programs prior to entering into any advisory agreement(s). Ayco's financial counseling services may also differ depending on the client's personal goals, net worth and the complexity of each client's financial situation. Ayco does not provide legal advice.

Financial Counseling

Ayco's primary business is providing the following financial counseling services, which are separate and apart from the investment advisory services offered to Advisory Accounts. Except as may be described below, clients are not required to maintain Advisory Accounts with the Firm to receive the described services.

Comprehensive Financial Counseling

Ayco provides Comprehensive Financial Counseling to individuals directly or through employer-sponsored programs. Comprehensive Financial Counseling offered through employer-sponsored programs includes one or more service tiers. The services offered and the corresponding fees charged vary as between tiers. The second tier of Comprehensive Financial Counseling is sometimes referred to as "Executive Financial Counseling" and typically includes fewer meetings or other sessions between clients and Account Managers than the first tier of Comprehensive Financial Counseling.

Comprehensive Financial Counseling may include assisting clients in (i) developing a comprehensive plan designed to maximize the benefits of their employers' compensation and benefit programs, preserve

the clients' assets and manage income on a long-term basis, and (ii) developing clients' retirement program and estate plan. In addition to furnishing investment advice, Ayco may assist its counseled clients in developing an overall financial plan coupled with tax and estate planning. In order to develop a financial plan, Ayco analyzes a number of factors, including, as may be applicable, the financial status of the counseled client, his or her sources of income, assets, personal obligations and debts, objectives, commitments, cash flow, family responsibilities and the effect of the existing income and estate tax structure on his or her sources of income and accumulation of wealth.

Encompass Financial Counseling (Encompass)

Encompass (also referred to as Ayco's Family Office) offers family office services for individuals and families with significant wealth and provides an alternative to wealthy families creating their own family office. Services provided by Account Managers include family estate planning and coordination; investment allocation; monitoring and reporting; cash flow management; risk management; and income tax planning, preparation and compliance.

Ayco Personal Advisor Service (APAS) (Traditional APAS and APAS AdvisorLine)

APAS (both Traditional APAS and APAS AdvisorLine) is a limited scope financial counseling service typically provided to clients with Advisory Accounts who have the potential to have at least \$250,000 held in discretionary advisory accounts managed by Ayco, and/or its affiliated and non-affiliated managers.

APAS is provided by Advisory Personnel. For clients with at least \$1,000,000 held in discretionary advisory accounts managed by Ayco, and/or its affiliated and non-affiliated managers, APAS (sometimes "Traditional APAS") is typically provided by a designated Wealth Advisor (sometimes referred to herein as an Account Manager, as may be appropriate in the context) and assists clients by providing them with a proposed investment plan. At the request of a client, Wealth Advisors may also develop a financial plan integrating their investment portfolio with estate and tax planning strategies, long-term cash flow and retirement planning. For clients with between \$250,000 and \$1,000,000 held in discretionary advisory accounts managed by Ayco, and/or its affiliated and non-affiliated managers, APAS (sometimes "APAS AdvisorLine") is typically provided by APAS Investment Officers, and in some cases together with additional Advisory Personnel from one or more of Ayco's other counseling groups, and focuses on investment planning with respect to investment accounts opened through and assets managed by Ayco PWM. In either case, investment advice related to Advisory Accounts may be coordinated with the applicable Portfolio Management Team. APAS does not undertake an obligation to provide ongoing financial planning advice with respect to reports delivered. Advice contained in the financial plan reports, is current as of the date of the report, and is completed upon delivery of the reports. Preliminary discussions or recommendations that occur prior to delivery of reports are not intended as investment advice and should not be relied on as such.

The offering and provision of APAS, including the number and manner of client meetings, as well as deliverables, vary among APAS clients as a result of several factors, including clients' needs and requests, and the Advisory Personnel providing APAS, which is determined by Ayco based upon, among other things, the amount of assets held in clients' discretionary advisory accounts managed by Ayco, and/or its affiliated and non-affiliated managers. For example, Wealth Advisors typically initiate meetings and services with APAS clients, while APAS Investment Officers typically provide meetings and services to APAS clients as those clients may initiate from time to time. As a result, the number of meetings among APAS clients will vary. In addition, while in-person meetings with Wealth Advisors are offered to APAS clients with at least \$1,000,000 held in discretionary advisory accounts managed by Ayco, and/or its affiliated and non-affiliated managers, APAS AdvisorLine meetings are conducted telephonically. Unless otherwise agreed to by Ayco, clients are required to maintain Advisory Accounts in order to receive APAS.

Wealth Strategist Services

The Wealth Strategist Services program is an individual financial counseling service delivered by an Ayco Wealth Strategist (hereafter referred to as an Account Manager, as may be appropriate in the context) in consultation with the client's GS&Co. representative, that is primarily offered to clients of Ayco's affiliate, GS&Co. Ayco contracts with current and prospective GS&Co. clients to provide certain financial counseling services selected by the client, in coordination with the client's GS&Co. representative and other outside advisors as applicable. Wealth Strategist Services may include (i) financial counseling, through which certain clients may elect to receive tax, estate, insurance, benefits and compensation, and retirement and cash flow planning; and (ii) preparation of financial exhibits. Ayco is not responsible for providing investment and/or brokerage services related to investment accounts of clients participating in the Wealth Strategist Services program. Unless otherwise agreed to by Ayco, clients are required to maintain GS&Co. accounts in order to receive Wealth Strategist Services.

Ayco Counseling Service to Current and Former Goldman Sachs Executives

Ayco provides financial counseling services to select current and former executives of GS Group through the Goldman Sachs Family Office in consultation with the client's GS&Co. representative, if any. The financial counseling services provided through the Goldman Sachs Family Office include income tax planning, benefits and compensation advice, estate and wealth planning, insurance planning, charitable planning services, financial reporting and long-term cash flow and retirement planning. Ayco is not responsible for providing investment and/or brokerage services related to investment accounts of current and former Goldman Sachs executives through the Goldman Sachs Family Office.

General Information on Financial Counseling Relationships

Ayco clients are not required to implement their financial plans through Ayco or its affiliates in their capacity as asset managers, insurance agencies or broker dealers. Advisory Personnel providing financial counseling services do not provide discretionary management over client investments. A number of Ayco personnel, including Account Managers, Wealth Advisors and FRS Counselors, are registered representatives of Ayco's affiliate, Mercer Allied Company, L.P. ("Mercer Allied"), a broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC"). Such personnel may refer clients to Ayco affiliates, including GS&Co., for investment and brokerage accounts, and Ayco Services Agency, L.P. ("ASA") and Mercer Allied, for sales of variable products. Such personnel may also be licensed insurance agents and sub-agents of Ayco's affiliates, ASA and/or The Ayco Services Insurance Agency, Inc. ("ASIA"), and may be appointed as agents of insurance companies, and may refer clients to ASA and/or ASIA for placement of insurance and annuities products. Clients contracting for investment advisory supervision with a grant of discretionary authority to Ayco or its affiliates are directing Ayco to utilize the broker-dealer platforms made available by Ayco or its affiliates, which are currently the GS Platform and the Fidelity Platform (described below).

In providing any of the financial counseling services described above, Ayco may provide education and make recommendations to its clients guided by the overall personal objectives of the client. Ayco may provide a recommendation to clients concerning asset allocation among certain asset groups. The fact that Ayco may consider a client's brokerage account assets in providing asset allocation advice or that a client may implement Ayco's advice in a brokerage account does not mean that a client's brokerage accounts are advisory. Ayco has no obligation to revise any financial planning report previously prepared, including when an allocation model changes in the future. Unless otherwise specifically agreed to by Ayco, financial counseling services assist a client in developing a comprehensive financial plan and are not designed to be specific to any particular investment account. Any asset management services provided to financial counseling clients are governed by a separate investment advisory agreement (as may be applicable). In no case will financial counseling services or the terms of a financial counseling program modify the terms and conditions governing a client's investment accounts. Those terms and conditions, unless otherwise amended, control for all purposes under such investment accounts. Except as otherwise expressly agreed in writing, Ayco does not assume any duties to take action pursuant to recommendations, advice or financial planning strategies that Ayco may provide to clients, which

ultimately remain the client's obligation. Clients may choose for Ayco to include assets held at institutions other than GS&Co. or Fidelity in asset allocation, target allocation or other financial exhibits. Ayco does not verify or ensure the accuracy of information regarding such assets. Ayco does not assume liability for clients' activities with respect to assets held at other institutions.

It is the client's responsibility to determine if, and how, the suggestions made in connection with Ayco's financial counseling services should be implemented or otherwise followed. Clients should carefully consider all relevant factors in making these decisions, including consulting with other professionals, including tax and legal counsel.

Ayco360 is a web-based financial planning tool that allows clients to collaborate with their advisors in addressing their financial needs. Ayco360 offers clients the option of accessing a secure client website to view financial reports, access certain planning tools and financial information, and maintain copies of documents in an electronic storage system. Ayco does not assume responsibility to review, respond to, or incorporate into its services or advice any materials uploaded by the client to any electronic storage system made available to clients through Ayco360 or Aycofn[®]. Clients must consult with their advisor regarding any specific materials that they would like to include in Ayco's services or advice.

Ayco's financial counseling services are consistent with investment education described in 29 CFR 2509.96-1, and not "investment advice", as such term is used in Section 3(21) of ERISA. As a result, Ayco is not intended to be considered a "fiduciary" under Section 3(21) of ERISA with respect to any "employee benefit plan" under Section 3(3) of ERISA or "plan" under Section 4975(e)(1) of the IRC maintained or contributed to by a counseled client's employer or such employer's affiliates or in which any counseled client participates. Ayco's financial counseling services are not intended to and shall not constitute a primary basis for any investment decision by, or with respect to the assets of, any such plan.

Ayco offers certain non-investment advisory services, such as tax preparation (which may also include certain tax planning services), personal bill pay and certain bookkeeping services. Such non-investment advisory services may be made available to advisory clients and others, including dependents, trusts and other individuals and entities. Unless otherwise agreed in writing by Ayco, Ayco undertakes no obligation and has no duty to provide non-advisory clients with investment advice, nor does Ayco act as a fiduciary with respect to such non-advisory clients. Ayco does not provide attest or compilation services and does not prepare, present, audit, review or examine prospective financial information or express any opinion as to the accuracy or validity of that information. Ayco does not provide accounting advice to its clients.

Clients may also consult with Ayco concerning real estate purchases, special asset purchases and their business ventures. Ayco does not undertake to nor does it perform due diligence regarding any such investments or ventures and may not have any expertise in these areas.

Ayco maintains internal technical specialists dedicated to supporting its Advisory Personnel by providing ongoing research, training and technical support in various technical disciplines, including estate and tax planning matters. Ayco may produce charts, graphs and other devices with respect to asset allocation and performance of various asset groups on a periodic basis. These charts are published in the Ayco Investment Report, a quarterly publication, and may be made available at no cost to certain financial counseling clients. In addition, Ayco may prepare charts and graphs with respect to stock option exercises, employee benefit distributions and other matters of employee compensation for financial counseling clients.

Ayco's Benefits and Compensation Group and FRS Benefits Consulting Group may, as part of employer-sponsored financial counseling services, or for a separate annual fee, which is negotiable, provide general information on tax and benefits/compensation matters; provided, however, that unless otherwise agreed by Ayco in writing, Ayco does not provide tax, benefits consulting services or investment advice to employer sponsors of financial counseling services with respect to such sponsor's benefits and compensation plans, nor does Ayco act as a fiduciary with regard to such plans.

As part of financial counseling, Ayco does not provide advice, make recommendations or otherwise assist Retirement Accounts in deciding whether to invest in companies for which affiliated persons of Ayco serve as adviser, sub-adviser, and/or distributor and receive fees for the services provided. See Item 8 for further details.

Financial Related Services

FRS provides financial education and planning programs to program sponsors such as large employers or associations, generally under separate written agreement between Ayco and the program sponsor. In some circumstances, Ayco will enter into an agreement with an individual participating in a sponsored program. Ayco may also enter into an agreement to provide FRS services to an individual directly.

FRS typically delivers its services through one or more components, including telephonically, through consultations with FRS Counselors either on the Ayco AnswerLine® or directly with designated FRS Counselors, and electronically, through Aycofn®. The Ayco AnswerLine® provides one-on-one financial planning through a toll-free number and can be designed to address a specific event, such as a benefit change, workforce reduction, early retirement offer or change-in-control. Aycofn® is a web-based service that focuses on the fundamentals of financial planning and includes financial planning content, tools and calculators, the ability to develop personal financial reports, and financial planning publications delivered through e-mail subscription. In addition, seminars offering general financial education on varying topics, including a program sponsor's employee benefits, are also available and may be delivered live, in person or via web, or on various recorded media. FRS Counselors may conduct in-person planning sessions with participating individuals from time to time.

The scope of FRS services, financial topics covered and methods of delivery are tailored based on the particular needs of program sponsors and participating individuals. Participants in FRS programs vary depending on the particular program, but may consist of broad-based employee populations, groups of mid-level executives (e.g., FastTrack, MyMoney), and individuals who are experiencing a life event such as retirement, serious illness or family member death (e.g., RetireRight®, TransitionalSupportSM, SurvivorSupport®). Certain programs may include discussions of investments and insurance and FRS Counselors may refer participants to other Ayco groups for investment and insurance sales. FRS Counselors may receive payments for such referrals.

Ayco's FRS services are consistent with investment education described in 29 CFR 2509.96-1, and not "investment advice", as such term is used in Section 3(21) of ERISA. As a result, Ayco is not intended to be considered a "fiduciary" under Section 3(21) of ERISA with respect to any "employee benefit plan" under Section 3(3) of ERISA or "plan" under Section 4975(e)(1) of the IRC maintained or contributed to by a counseled individual's employer or such employer's affiliates or in which any counseled individual participates. Ayco's FRS services are not intended to and shall not constitute a primary basis for any investment decision by, or with respect to the assets of, any such plan.

Investment Services and Accounts

If a client decides to implement any portion of his or her financial plan with the firm, at the client's request, a client's Account Manager or IP can make specific recommendations to help the client develop an investment strategy. Account Manager recommendations will be limited to investment services and accounts offered through Ayco PWM. Ayco has arrangements with GS&Co. (the "GS Platform"), Fidelity Brokerage Services LLC and National Financial Services LLC (together, "Fidelity" and the "Fidelity Platform") through which services including, among others, brokerage, custodial, administrative support, record keeping and related services are provided, and such services may benefit Ayco. Ayco is not affiliated with Fidelity but has a Custodial Support Services Agreement with Fidelity which is described in Item 5.

Ayco PWM Advisory Personnel includes IPs and RIOs. IPs, among other things, are registered representatives of GS&Co. and may manage certain Advisory Accounts, in some cases based on model portfolios, and provide clients with asset allocation recommendations for assets on the GS Platform and

Fidelity Platform. RIOs are assigned to particular counseling regions and responsible for assisting Account Managers and helping clients further understand investment products and/or services recommended by Account Managers to clients.

Ayco's affiliate, GS&Co., offers clients access to the Trade Solutions Desk, a non-advisory brokerage service, which provides assistance in structuring derivative-based investments primarily focused on single stock and broad portfolio risk management.

Investment Accounts – Discretionary Manager Allocation Program

If a client elects to participate in the Discretionary Manager Allocation Program, IPs will have discretionary authority to allocate, rebalance and reallocate client assets among Advisory Accounts. If a client receives financial counseling services from Ayco, the client's Account Manager may discuss Advisory Accounts, including the Discretionary Manager Allocation Program with the client, the RIO, and/or the IP or other GS&Co. registered representative assigned to the client; however, Account Managers do not have discretion to allocate, rebalance and reallocate client assets among Advisory Accounts, including pursuant to the Discretionary Manager Allocation Program. The Discretionary Manager Allocation Program is not available for Retirement Accounts.

Investment Accounts – Authorization for Verbal Manager Selection

If a client completes the Verbal Manager Selection Opt-In Form, Ayco Client Service Group team members will have authority to accept a client's verbal instruction to open certain new Advisory Accounts without the need to complete additional account opening documentation. Account Managers, Wealth Advisors, Ayco Client Service Group team members and any other Ayco or GS&Co. employee will not, by virtue of a client's verbal instruction, have discretionary authority to select strategies or managers or to deposit, withdraw or transfer client funds or securities into or out of an Advisory Account. Ayco will send clients written confirmation of their verbal request to open a new Advisory Account that includes the fee schedule that will apply to the new Advisory Account. Verbal Manager Selection is not available for Retirement Accounts.

Investment Accounts – Managed by Ayco Portfolio Management Teams

Ayco PWM has Portfolio Management Teams that provide clients with investment advisory services through centrally managed Advisory Accounts on a discretionary basis. The various strategies available include fixed income taxable bonds (government, agency and/or corporate bonds), municipal bonds, equities, affiliated and unaffiliated mutual funds and exchange traded funds ("ETFs"). Certain clients with Advisory Accounts may also receive access to certain FRS services, including Aycofn[®].

Investment Accounts – Managed by Ayco Affiliates or Unaffiliated Managers

Advisory Personnel may also recommend that clients select Ayco's affiliate, Goldman Sachs Asset Management, L.P. ("GSAM"), to manage all or a portion of a client's assets or may recommend or appoint affiliated and unaffiliated investment managers, selected by the Firm in its sole discretion, to manage all or a portion of a client's assets through one or more wrap programs sponsored by Ayco or its affiliates. Such accounts are established under separate written account agreements between the client and Ayco's affiliates, and may use affiliated or unaffiliated brokers and custodians. For more information, please refer to the GSAM brochure, the Managed Account Strategies brochure or the Ayco Private Access Account Strategies brochure. Information about managers participating in Managed Account Strategies and Ayco Private Access Account Strategies is available in the Form ADV brochure for the applicable manager.

Investment Accounts – Managed by Ayco – Other

Other Ayco managed Advisory Accounts include Managed Advisory Accounts; The Ayco Charitable Foundation ("ACF") account; and ATAS accounts.

Managed Advisory Accounts are designed by an IP through consultation with the client to develop an account with suitable investment objectives and risk tolerance relative to the client's financial circumstances and asset allocation strategy. Ayco IPs select investment options on behalf of the client on a discretionary basis reflecting the client's overall investment objectives, asset allocation strategy and investment guidelines. For Managed Advisory Accounts that are Retirement Accounts, the investment options will be limited to investments in ETFs, affiliated mutual funds (subject to the satisfaction of the conditions of Department of Labor Prohibited Transaction Class Exemption 77-4) and cash/cash-equivalents.

The ACF account is advised by Ayco and administered through the Ayco Charitable Services Group of the Office of Corporate Engagement, a division of Ayco that provides administrative services to charitable foundations, including ACF, a 501(c)(3) public charity that sponsors donor advised fund accounts (established for accounting purposes only to track the assets of ACF from which each donor has a limited right to recommend that charitable grants be made to 501(c)(3) public charities, certain private operating foundations and certain qualified governmental units) ("Sub-Accounts").

ATAS provides advice and investment management to trusts and, in certain limited circumstances, estates. Where appropriate for a client's estate plan, Ayco may recommend that the client appoint Wilmington Trust Company ("WTC"), Fidelity Personal Trust Company, FSB ("FPTC"), Royal Bank of Canada ("RBC"), Goldman Sachs Trust Company, N.A. ("GSTC"), Goldman Sachs Trust Company of Delaware ("GSTD") or another third party trustee as a fiduciary with the direction or delegation that the trust engage Ayco, pursuant to a separate express written account agreement, as an investment advisor for the cash and securities owned by the trust. Where appropriate for a client's estate plan, Ayco may also recommend that the client appoint GSTC or GSTD as a fiduciary, without the intent that the trust engage Ayco as an investment advisor. Further, Ayco may provide consultation to the trustee for the trustee's consideration concerning tax, distributions and estate planning. Ayco may meet with one or more of the beneficiaries of the trust on a periodic basis. In certain limited circumstances, a trustee (rather than the Trust) may engage Ayco to provide investment management services under a separate written agreement.

Investment Accounts – Nondiscretionary Advisory Accounts

Ayco offers nondiscretionary Advisory Accounts on the Fidelity Platform under an express written agreement through Ayco Privileged Client Service ("APCS"). APCS allows clients to consolidate mutual fund holdings from various mutual fund families in one account through the Fidelity Platform. Ayco has entered into an agreement with Fidelity whereby Ayco provides custodial support services to these accounts. Through APCS, Ayco PWM accepts nondiscretionary authority for mutual fund trading. Certain Advisory Personnel may provide investment and asset allocation advice and education to clients related to assets held in APCS accounts, and APCS clients may also receive The Ayco List of Mutual Funds and other investment publications published by Ayco's Investment Planning Group ("IPG"). Ayco does not monitor or review securities that are held within an APCS account that have not been recommended by Ayco and purchased through APCS, including the review and disclosure of material event notices and other material information about municipal securities transactions and holdings. Ayco may in its sole discretion make available to certain clients, including certain APCS clients, the Ayco AnswerLine® and Aycofn®.

Investment Restrictions

Subject to Ayco's policies, clients may impose certain reasonable restrictions or investment policy guidelines on the management of their Advisory Accounts, including restricting particular securities or types of investments provided that Ayco or its affiliates, as applicable, accepts such restrictions. Any accepted restrictions will be documented by Ayco or its affiliates, as applicable, and Ayco will seek to adhere to these restrictions on a reasonable basis. Clients should be aware that the performance of Advisory Accounts with restrictions will differ from, and may be lower than, the performance of Advisory Accounts without restrictions. Ayco does not assume responsibility for investment restrictions that are

imposed by any non-client individual or entity, including clients' employers, or that are not communicated in writing to Ayco.

Wrap Fee Program

Ayco is the sponsor of a wrap fee program on the Fidelity Platform known as the Ayco Private Access Account Strategies program ("Program"). Clients investing in the Program pay a "wrap" fee for discretionary investment services provided by affiliated or unaffiliated managers participating in the Program. Information about the Program is available in the Ayco Private Access Account Strategies brochure. Program accounts must be held in custody at Fidelity.

Clients investing in the Program are generally not permitted to invest outside the Program in accounts managed by affiliates of Ayco and investment advisors not affiliated with Ayco on the GS Platform. Clients investing in accounts managed by affiliates of Ayco and investment advisors not affiliated with Ayco on the GS Platform are generally not permitted to invest in the Program.

Retirement Accounts may choose participating managers either comprised exclusively of Firm-affiliated managers ("Affiliated Manager Option") or comprised exclusively of third-party managers in which the Firm does not have an affiliated ownership interest ("Unaffiliated Manager Option"). The Firm does not provide advice, make recommendations or otherwise assist Retirement Accounts in deciding whether to select the Affiliated Manager Option or the Unaffiliated Manager Option. That selection will be the sole responsibility of the Retirement Account and no information provided by the Firm will form a primary basis for, or otherwise be considered in making, this selection. The Firm does not act as a "fiduciary" within the meaning of ERISA or have any responsibility or liability for the Retirement Account's selection of either the Affiliated Manager Option or the Unaffiliated Manager Option. However, once a Retirement Account chooses an option, Ayco may assist the Retirement Account in identifying, evaluating and selecting one or more potential managers within the option selected.

Assets Under Management

As of December 31, 2013, Ayco managed approximately \$23,086,900,000 of client assets, of which approximately \$17,040,000,000 was managed on a discretionary basis and approximately \$6,046,900,000 was managed on a nondiscretionary basis.

Item 5 – FEES AND COMPENSATION

Unless otherwise indicated below, fees that are specified herein are negotiable or may be waived in Ayco's discretion. Lower fees for comparable services described below may be available from other sources. To the extent agreed to by the client, fees, including for financial counseling services, may be debited directly from a client's Advisory Accounts.

Fees for Advisory Services – Financial Counseling

Comprehensive Financial Counseling

Employer-Sponsored Programs. Ayco may charge a counseling fee for each individual participating in a Comprehensive Financial Counseling program. There are generally two fee models utilized by employer sponsors (sometimes referred to hereinafter as corporate sponsors): annual fee model and first year/continuing service model (currently offered on a limited basis). Fees will vary based on a number of factors, including the complexity of the services provided, whether tax preparation is included, the size of the corporate program, as well as Ayco's overall relationship with the corporate sponsor. Ayco reserves the right to change its fees in the event of extraordinary circumstances affecting a counseled individual's needs for financial counseling services.

For the annual fee model and the first year/continuing service fee model, Comprehensive Financial Counseling is offered at an annual counseling fee that generally ranges between \$12,000 and \$23,000, for individuals participating in the top service tier of the employer-sponsored program, and \$8,000 and \$12,000, for individuals participating in the second tier of the employer-sponsored program. Counseling fees for the annual fee model may be adjusted in subsequent years to account for cost of living increases. Continuing service fees for the first year/continuing service fee model typically represent a percentage of the first year fees, adjusted to account for cost of living increases. In the case of either fee model, fees and fee adjustments are negotiable and may vary significantly based on the factors cited above. In addition, Ayco reserves the right to make exceptions, on a sponsor by sponsor basis, to the current fee ranges. Ayco may add a surcharge of 15% to its annual counseling fee per individual for services provided by Ayco's California office.

Ayco's fees for work performed for the individual participating in an employer-sponsored program may be paid to Ayco either partially or completely by the corporate sponsor or the individual to whom services are being provided.

Employer-sponsored Comprehensive Financial Counseling programs may also include an annual account maintenance fee, separate from any counseling fee charged and separately negotiated, which typically varies depending on the level of service. The annual account maintenance fee covers the collection and analysis of the corporate sponsor's benefits and compensation plans for the purpose of counseling individuals participating in the Comprehensive Financial Counseling program, direct access to services offered by Ayco's Benefits and Compensation Group and ongoing administration of the Comprehensive Financial Counseling program. The account maintenance fee for subsequent years may vary depending on the level of service and is subject to increase.

Corporate sponsors of Comprehensive Financial Counseling are solely responsible for determining the amount of income to impute to their individual participants. Ayco does not provide any advice regarding such imputation of income.

Individual/Direct. Ayco typically charges a fee for each individual receiving Comprehensive Financial Counseling through a program other than an employer-sponsored program. Ayco currently offers Comprehensive Financial Counseling to individuals for an annual fee that generally ranges between \$10,000 and \$30,000. The annual fee may be adjusted in subsequent years to account for cost of living increases or as may be agreed upon by Ayco and the client. Fees and fee adjustments are negotiable and may vary significantly based on the factors cited above. In addition, Ayco reserves the right to make exceptions, on a client by client basis, to the current fee ranges.

Ayco may offer its financial counseling services on an hourly fee basis. The current range for hourly fees charged to new clients is between \$65 and \$530 depending on the factors cited above. Ayco does not charge active Goldman Sachs' executives a separate fee for its Goldman Sachs Family Office counseling services. Ayco's fees for former Goldman Sachs executives are based on Ayco's hourly fee rates.

Encompass

Encompass clients pay an annual fee and a one-time integration fee for new clients. The minimum annual fee for new clients is \$100,000. The one-time integration fee is equal to 15% of the annual fee for new clients in the first year of service. Ayco reserves the right to make exceptions, on a client by client basis, to the minimum annual fee and the one-time integration fee.

APAS

APAS clients pay asset management fees based on the market value of assets in their managed account, as well as any other advisory fees charged by the investment managers of the individual investments in their managed accounts, and Execution Charges as applicable. Except as noted below, there is no other additional advisory fee charged for the APAS service. Asset management fees will vary depending upon the strategies employed and the assets under management that a client has with Ayco and its affiliates.

Ayco reserves the right to make exceptions to asset management fees and may establish accounts that have less than the stated minimums. Ayco, in its sole discretion, may terminate, transfer or modify an APAS client relationship and corresponding account if the value of such accounts falls below certain minimum thresholds as established by Ayco from time to time, including reassigning an APAS account from a Wealth Advisor to an APAS Investment Officer and Advisory Personnel from one or more of Ayco's other counseling groups. Notice is provided to clients transferring among APAS service offerings.

Ayco reserves the right to charge annual counseling and account maintenance fees in cases where APAS is provided to clients that do not have Advisory Accounts.

Wealth Strategist Service

Ayco's Wealth Strategist Services program is typically offered by Ayco to GS&Co. clients (actual or prospective, as the case may be) with greater than \$25 million in assets under management held at GS&Co. (actual or prospective, as the case may be). Wealth Strategist Services are provided for no fee for a limited period of time generally not exceeding one year. Wealth Strategist Services may also be offered by Ayco for an annual fee of between \$15,000 and \$35,000 or 0.100 to 0.150 percent of assets under management held at GS&Co.

Fees for Advisory Services – Financial Related Services

Fees for FRS programs are generally charged on a per participant basis for annual terms. Project management and development fees and annual administration fees may also be charged from time to time.

Fees vary among programs depending on the scope of FRS services, financial topics covered, number of participants and methods of delivery, including whether services are provided via telephone or in person. Generally, fees are non-refundable once an initial session is provided, or the program is developed or implemented, or as negotiated between Ayco and the program sponsor. Unless otherwise indicated below, fees that are specified herein are negotiable or may be waived in Ayco's discretion. The basic advisory fees set forth below represent the fees that may be charged for FRS, absent special circumstances.

Fees for sponsored Ayco AnswerLine® and Aycofn® programs range from \$20 to \$3,500 per participant annually with an additional fee for project management and development charged to corporate sponsors from time to time. Fees for employee-paid Ayco AnswerLine® and Aycofn® programs range from \$200 to \$2,500 per participant. Ayco may also negotiate alternative fee arrangements for the Ayco AnswerLine® based on a specified number of calls anticipated over a certain period of time depending on a number of factors including the eligible population, scope of topics addressed and timing of the program with initial call blocks generally ranging from \$50,000 to \$450,000. Minimum fees and fee ranges may be charged based upon: (i) the number of eligible employees, (ii) the volume of calls, (iii) usage rates, (iv) scope of services, or (v) other negotiated factors. In the event of a termination of the Ayco AnswerLine® without cause, fees will be due for services rendered through the date of termination. In all instances, the termination and any associated refund shall be effected as specifically negotiated in the contract. Project management and development fees for the Ayco AnswerLine® and Aycofn® range between \$15,000 and \$500,000.

Seminar fees vary depending on the number of days of the seminar program, the number of participants involved and the customization of the program. Fees range from \$3,000 to \$3,750 per day with an additional fee for project management and development.

Fees for mid-level executive programs range from \$2,500 to \$5,250 per participant with additional project management fees. Fees for life event programs range from \$750 to \$7,500. Annual administrative charges may also apply.

Fees for Advisory Services – Investment Accounts

For investment advisory services provided to Advisory Accounts (other than nondiscretionary Advisory Accounts on the Fidelity Platform), clients generally pay advisory fees based on a percentage of assets in the Advisory Account. Depending on the strategy selected, clients may pay Execution Charges (defined below) in addition to the advisory fees.

The advisory fee paid by each client is set forth on the fee schedule signed by the client for the applicable strategy. Fees may be negotiated and may vary from those in the fee schedule below. A client may pay more or less fees than similar clients depending on the particular circumstances of the client, size of the account, additional or differing levels of servicing or as otherwise agreed with specific clients.

Ayco or its affiliates may receive investment advisory fees on these accounts, as described below, and Ayco personnel, including Account Managers, Wealth Advisors and IPs may receive compensation related to the investment advisory fees charged by Ayco and its affiliates. FRS Counselors do not receive such compensation but may receive payments for referring FRS program participants to other Ayco groups for investment advisory services. Unless otherwise indicated below, Ayco does not charge a separate Ayco investment advisory fee on portions of portfolios comprised of mutual funds managed by Ayco affiliates.

Unless otherwise noted below, centrally managed Ayco accounts can be held on either the GS Platform or Fidelity Platform. Commission schedules and available managers may vary depending on the investment platform. Mutual funds managed by Ayco's affiliates are not available in certain Ayco centrally managed strategies on the Fidelity Platform, but those mutual funds may be available for the same Ayco centrally managed strategies held on the GS Platform.

Advisory Account assets invested in certain mutual funds and ETFs through the Fidelity Platform are subject to Ayco's advisory fees as well as advisory and various other fees and expenses paid to the service providers of each fund. Mutual fund and ETF fees and expenses, including any redemption fees for liquidating any fund shares, are described in the relevant fund prospectuses and are paid by the funds but are ultimately borne by clients as shareholders in the funds. Mutual fund and ETF fees and expenses will result in a client paying multiple fees with respect to mutual funds and ETFs held in an Advisory Account and clients may be able to obtain these services elsewhere at a lower cost. For example, if a client were to directly purchase a no-load mutual fund, the client would pay neither a transaction fee nor an advisory fee (other than those advisory fees or redemption fees which are a part of a mutual fund's expenses). If a client were to purchase an ETF directly in a brokerage account, the client would not pay an advisory fee.

Investment Accounts – Managed by Portfolio Management Teams

Absent special circumstances, the advisory fees set forth below represent the maximum advisory fee that may be charged for Ayco managed Advisory Accounts. Fees may be negotiable based on account objectives, level of service, the distribution channel, other assets under management or other relationships that the client has with Ayco and its affiliates and other relevant facts and circumstances. Certain strategies may be available to Ayco's affiliates or employees of Ayco and its affiliates at a reduced fee. Ayco may charge a minimum annual account management fee of \$1,000. Minimum balances or minimum fees may be waived in the sole discretion of Ayco or its affiliates, as applicable. Fee plus commission and/or Execution Charges apply for each account described below, with the exception that there are currently no markups or markdowns (described below) on fixed income accounts. Ayco may, in its discretion, elect to charge (or reinstate) markups or markdowns on fixed income accounts at any time. Accounts may be terminated by Ayco in its sole discretion if the value of such accounts falls below certain minimum thresholds as established by Ayco from time to time. Ayco receives a custodial support services fee for certain accounts on the Fidelity Platform.

The Execution Charge Waived Strategies (defined below) are subject to the fee schedule set forth herein. However, the presence of the waiver may make it less likely that the Firm would be willing to negotiate

below its standard fee schedule. Clients may be able to obtain the same investment advisory and brokerage services that are offered for the Execution Charge Waived Strategies separately through the Firm or other firms, and the cost of obtaining the services separately may be more or less than the investment advisory fees charged for the Execution Charge Waived Strategies depending on the anticipated trading activity.

Advisory Account assets invested in mutual funds for which an Ayco affiliate serves as investment adviser, other than money market funds, will not be included in calculating Ayco's advisory fees. Although Ayco does not charge a fee for assets invested in affiliated mutual funds, other than affiliated money market funds, such assets are subject to advisory and various other fees and expenses paid to the service providers of each affiliated mutual fund, who are affiliates of Ayco, and such affiliates as well as Ayco and may receive compensation with respect to a portion of such fees.

Fixed Income – Government More than \$250,000 of assets	Annual Fee 0.350%
Fixed Income – Liquidity Plus More than \$500,000 of assets	Annual Fee 0.250%
Fixed Income – Blended More than \$500,000 of assets	Annual Fee 0.500%
Fixed Income – Municipal More than \$250,000 of assets	Annual Fee 0.500%
Fixed Income – Corporate Intermediate Duration More than \$500,000 of assets	Annual Fee 0.500%
Fixed Income – Corporate Short Duration More than \$500,000 of assets	Annual Fee 0.350%
Equity More than \$100,000 of assets	Annual Fee 1.300%
Ayco Portfolio Solution® – Traditional ⁺ More than \$100,000 of assets <i>+Traditional Strategies include All Equity; Growth of Capital; Moderate Growth; Conservative</i>	Annual Fee 0.850%
Ayco Portfolio Solution® – Alternative More than \$100,000 of assets	Annual Fee 1.000%
Ayco Portfolio Solution® – Income Opportunity More than \$100,000 of assets	Annual Fee 0.600%
Ayco Portfolio Solution® – Foreign Opportunity More than \$100,000 of assets	Annual Fee 0.850%
Core Satellite More than \$100,000 of assets	Annual Fee 0.850%
Core Complement – Moderate More than \$500,000 of assets	Annual Fee 0.850%

Core Complement – Growth More than \$750,000 of assets	Annual Fee 0.850%
Core Complement – Conservative More than \$750,000 of assets	Annual Fee 0.800%
Core Complement – All Equity More than \$500,000	Annual Fee 1.100%
Managed ETF Strategies More than \$100,000	Annual Fee 0.650%

Investment Accounts – Managed by Ayco Affiliates or Unaffiliated Managers

Advisory fees for accounts managed by GS&Co. and GSAM, either directly or as a “manager of managers” through GS&Co. Managed Account Strategies Group, are described in each of the GS&Co. Form ADV Part 2A and the GSAM Form ADV Part 2A, which Ayco or its affiliates will deliver to clients prior to the client entering into a contract for such an account. In addition, investment advisory fees for accounts managed by non-affiliated managers are described in the respective non-affiliated managers’ Form ADV Part 2A, which Ayco or its affiliates delivers prior to offering the opening of such an account.

Investment Accounts – Managed by Ayco – Other

- Managed Advisory Accounts

For non-retirement Managed Advisory Accounts managed by IPs, the annual advisory fee charged by Ayco will be either 0.500% or the fee applicable to the particular account investment, if applicable. For Managed Advisory Accounts that are Retirement Accounts, the maximum advisory fee charged by Ayco will be 0.500%. The account minimum is \$100,000.

- ACF account

For the account managed for ACF, advisory fees are charged on a quarterly basis, in arrears at the end of each quarter based on the daily average fair market value of each Sub-Account during the preceding quarter, and are negotiable with regard to the assets attributable to Sub-Accounts that exceed \$7.5 million. Annual advisory fees charged are 0.350% on assets invested in individual fixed income securities; 0.500% on assets invested in mutual funds and ETFs; and 0.750% on assets invested in equities. Ayco waives its advisory fee of 0.500% with respect to assets invested in affiliated mutual funds and does not charge an advisory fee with respect to assets invested in money market funds. However, Ayco may receive a portion of advisory and various other fees and expenses paid to the service providers of each affiliated mutual fund held within such portfolios. In addition, with respect to assets invested in money market funds of Ayco affiliates, Ayco may receive a portion of advisory and various other fees and expenses paid to the service providers of each affiliated money market fund.

Ayco also receives a fee for certain administrative services (“Administration Fee”) provided on behalf of ACF based upon the total assets held by ACF charged on a quarterly basis, in arrears at the end of each quarter based on the daily average fair market value of each Sub-Account during the preceding quarter. Unless otherwise negotiated, the Administration Fee is 0.700% on the first \$500,000 in assets; 0.400% on the next \$500,000 in assets; 0.300% on the next \$2 million in assets; 0.250% on the next \$7 million in assets; 0.100% on the next \$10 million in assets; and 0.050% on assets over \$20 million. Ayco reserves the right to allocate a minimum charge of \$100 to each Sub-Account (\$25 per quarter). Ayco also receives a custodial support services fee for certain accounts on the Fidelity Platform, including the ACF account.

- ATAS accounts

For ATAS accounts, the advisory fee charged by Ayco ranges from 0.500% to 1.050% of trust assets under management, depending on the corporate trustee selected, the amount of assets under management and the investment strategy. The minimum annual investment advisory fee charged by Ayco for new ATAS accounts is \$4,900. WTC, FPTC, RBC, GSTC, GSTD and other third party trustees also charge a fee for their trustee and administrative services and provide their own fee schedules. The trustee fees charged by corporate trustees to ATAS accounts are determined by the corporate trustees and, unless otherwise indicated to clients, generally range from 0.210% to 0.650% of assets under management, depending on the corporate trustee selected and the amount of assets under management.

Commission schedules may also apply depending on the type of security purchased or sold.

Investment Accounts – Nondiscretionary Advisory Accounts – Mutual Funds – APCS

For APCS accounts, over 6,000 of the mutual fund class alternatives are available on a no transaction fee basis. Ayco does not charge any advisory fee to the APCS client, although the client may pay its proportionate share of the standard expenses of any mutual funds in which it invests through the Fidelity Platform. Certain mutual funds that otherwise charge a load may be available at net asset value through the Fidelity Platform. Ayco also receives a custodial support services fee for certain accounts on the Fidelity Platform. Advisory fees and redemption fees that are a part of a mutual fund's expenses still apply.

Investment Advice through Consultations not Included in Services Described Above

Fees for this advice are negotiated with the individual client prior to performing these services.

Lower fees for comparable services described above may be available from other sources.

Calculation and Deduction of Fees

Advisory fees paid by clients for Advisory Accounts are charged quarterly in arrears based on the average market value of the assets in the account during the previous quarter. For Advisory Accounts on the GS Platform, average market value is generally determined using end-of-day quantities and end-of-month market prices for each security. For Advisory Accounts on the Fidelity Platform, average month-end values are adjusted for cash flows (contributions and withdrawals) equal to or exceeding \$10,000. Fees are prorated and due upon termination or for partial periods. Notwithstanding the foregoing, certain Advisory Accounts may be billed quarterly in advance based on previously negotiated billing arrangements which are no longer available.

For financial counseling fees, pursuant to a signed letter of authorization signed by the client to whom counseling services are provided, Ayco may deduct counseling fees from investment accounts held through Ayco.

Where GS&Co. is the custodian, advisory fees are automatically deducted from the client's Advisory Account unless other arrangements have been agreed upon between the client and GS&Co. Where Fidelity or another third-party is custodian, clients generally direct their custodian to have their fees debited from the Advisory Account for credit to Ayco and its affiliates, as applicable.

Other Fees and Expenses

Corporate sponsors of financial counseling and/or FRS services (as the case may be) may be charged an account maintenance fee or annual retainer for financial counseling services, an administrative fee for SurvivorSupport[®] services, a customization fee for Aycofrn[®] services and a project management or administration fee for FRS services (as may be applicable). For investment accounts, clients may pay broker-dealer execution charges, including commissions, commission equivalents, markups, markdowns

and spreads (collectively, “Execution Charges”) in addition to the Ayco advisory fees. Clients may also pay fees for custody, administrative services and consolidated reporting as well as underlying mutual fund and private investment fund fees and expenses. Ayco also receives a custodial support services fee for certain accounts on the Fidelity Platform.

Execution Charges

A description of the different types of Execution Charges that clients may pay is provided below.

Execution Charge	Description and Applicability
Commissions	The amount charged by a broker for purchasing or selling securities or other investments as an agent for the client, as disclosed on the client’s trade confirmations. Commissions may be charged in connection with transactions involving equities, fixed income securities, master limited partnerships, exchange-traded funds, listed options on equities and any other securities traded as agent.
Commission Equivalents	The amount charged by a dealer for purchasing or selling securities or other investments in certain riskless principal transactions (that is, transactions in which a dealer, after having received an order to buy or sell from a client, purchases or sells the security from another person to offset the client transaction). Commission equivalents may be charged in connection with transactions involving equities, listed options on equities and master limited partnerships.
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). The spread is included in the price of the security. The difference or spread narrows or widens in response to the supply and demand levels of the security. Spreads may be included in transactions involving fixed income securities, structured products and currencies.
Markups/Markdowns	A markup is the price charged to a client, less the prevailing market price, which is included in the price of the security. A markdown is the prevailing market price of a security, less the amount a dealer pays to purchase the security from the client, which is included in the price of the security. Markups/markdowns may be included in transactions involving fixed income securities, structured products and currencies.

For Advisory Accounts on the GS Platform, clients who pay Execution Charges will do so at rates determined by the Firm. These rates may be negotiated and clients may pay more or less Execution Charges than similar clients for identical transactions, including those effected through the Firm. Execution Charges paid by similar clients may differ depending on the particular circumstances of the client, including the size of the relationship and required service levels. The Firm generally charges clients commissions according to the commission schedules agreed to between them. However, there may be circumstances where the Firm may charge commissions for investments or transactions that are not covered by the commission schedule. In addition, the Firm retains the right to waive commissions and markups/markdowns for certain clients or investment strategies in its discretion.

For Advisory Accounts on the Fidelity Platform, Fidelity may impose Execution Charges for equities, fixed income and other securities, in addition to the advisory fees charged by Ayco listed herein. Ayco and its affiliates do not share in Execution Charges imposed by Fidelity and clients may pay more or less than

similar clients are charged for identical transactions executed at GS&Co. Fidelity may also offer discounted commission rates to its employees who are advisory clients of Ayco. Ayco's fixed income Advisory Accounts on the Fidelity Platform are not single fee or wrap accounts and trades made for fixed income Advisory Accounts are not charged a commission or markup. However, fixed income securities purchased for Advisory Accounts may include spreads or other charges and fees that may be earned by Fidelity on each transaction execution with Fidelity.

For fixed income Advisory Accounts managed by Advisory Personnel on the GS Platform, the Firm may execute transactions on a principal basis and may charge a markup/markdown that appears as part of the net price confirmed to the client. GS&Co. executes a significant volume of fixed income trades through third-party broker-dealers and may execute certain fixed income trades for certain strategies on an agency basis ("Agency Trading"). In the case of Agency Trading, clients may be charged an explicit commission that is disclosed on their trade confirmations rather than a markup/markdown. The Agency Trading Option is available to clients that express a preference not to trade with GS&Co. as principal for certain fixed income strategies. Notwithstanding this client preference, GS&Co. retains the right to continue to trade as principal (to the extent permitted by law) in order to provide eligible clients with access to new issues or for best execution.

The Firm may waive commissions and markups/markdowns to which it is otherwise entitled for transactions in certain fixed income strategies managed by Advisory Personnel on the GS Platform. These fixed income strategies and any other investment strategies for which the Firm may in the future determine to waive commissions and markup/markdowns are collectively referred to as "Execution Charge Waived Strategies." During the time that the waiver is in effect, the Firm will continue to receive the investment advisory fees charged for such Execution Charge Waived Strategies, as well as the spreads and other compensation described in Item 5, Fees and Compensation. The waiver is not intended to affect the nature of the investment advice provided, nor does the Firm select or recommend portfolio managers as part of its offering of the Execution Charge Waived Strategies. The Firm may, in its discretion, elect to charge (or reinstate) commissions and markups/markdowns for Execution Charge Waived Strategies at any time.

The Firm is currently waiving the commissions and/or markups/markdowns to which it would otherwise be entitled for transactions in certain Execution Charge Waived Strategies. Accordingly, clients that invest in Execution Charge Waived Strategies pay investment advisory fees and all other fees and expenses that typically apply to the strategies, except for commissions and markups/markdowns. These other fees and expenses include spreads and charges for custody and administrative services, consolidated reporting services and underlying fund fees discussed below. The Firm may, in its discretion, elect to charge (or reinstate) commissions and markups/markdowns for the Execution Charge Waived Strategies at any time. In addition, the Firm may elect to waive commissions and markups/markdowns for other investment strategies in the future.

The Firm, like any other broker-dealer executing a transaction, may have commercial interests in transactions that are not always aligned with the interests of Advisory Accounts, such as obtaining favorable rates on Execution Charges. As described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, personnel of the Firm ("Personnel"), including Account Managers, Wealth Advisors and IPs, may receive referral or brokerage compensation in connection with transactions effected for Advisory Accounts custodied with the Firm. For information about GS&Co.'s brokerage practices, please refer to Item 12, Brokerage Practices.

Custody and Administrative Services

Clients may pay custody fees for operational and administrative support for their Advisory Accounts. The amount of the custody fee varies based on whether the account is on the GS Platform or Fidelity Platform, the client's relationship with GS&Co. and the amount of assets under management. For accounts on the GS Platform, the amount of the custody fee appears on the client's statement for the period in which the fee is charged.

Consolidated Reporting Services

For Advisory Accounts on the GS Platform, in certain circumstances, clients may pay an additional fee to GS&Co. for providing reporting on assets held away from GS&Co. at third party custodians, as well as assets on the GS&Co. Platform.

For Advisory Accounts on the Fidelity Platform, Fidelity provides consolidated statements and tax reporting. Ayco does not charge any fee to the client for this level of service, although the client may pay its proportionate share of the standard expenses of any mutual funds in which it invests through the Fidelity Platform.

Underlying Fund Fees

Clients invested in pooled investment vehicles pay all fees and expenses applicable to an investment in the funds, including asset-based, performance-based, carried interest, incentive allocation and other compensation payable to the managers in consideration of the managers' services to the funds and fees paid for advisory, administration, distribution, shareholder servicing, subaccounting, subtransfer agency and other related services, or "12b-1" fees. All or a portion of these fees may be paid to the Firm as described in Item 10, Other Material Relationships. All fees and expenses are generally in addition to the advisory fees each Advisory Account pays to Ayco and any applicable Execution Charges. In addition, a manager of a private investment fund may receive deal fees, sponsor fees, monitoring fees or other similar fees for services provided to portfolio companies. The fees and expenses imposed by a private investment fund may offset trading profits and, therefore, reduce returns. An investor in a fund-of-funds vehicle also bears a proportionate share of the fees and expenses of each underlying investment fund.

Generally, compensation received by the Firm related to various services to pooled investment vehicles will be retained by the Firm. Except to the extent required by applicable law, Ayco and its affiliates are not required to offset such compensation against fees and expenses the client may otherwise owe the Firm.

Prepaid Fees

Ayco's clients may pay fees in advance and certain services may require prepayment of fees. Unless otherwise agreed, if an advisory contract or relationship is terminated before prepaid services are rendered, Ayco will refund fees that have been prepaid to, but unearned by, Ayco.

Compensation for the Sale of Securities and Other Investment Products

Fidelity pays Ayco a custodial support services fee for certain accounts on the Fidelity Platform based on total client assets in the custody of Fidelity. Ayco does not receive a custodial support services fee for assets held on behalf of Retirement Accounts for which Ayco manages assets for a fee and assets in certain donor advised funds, but does receive this fee for the ACF account. Ayco and Fidelity have agreed that no custodial support services fee payments will be made with respect to investments in transaction fee funds and Fidelity sponsored funds. The receipt of this custodial support services fee, which includes compensation to Ayco not only for the provision of custodial support, back-office, administrative and clerical services, but also includes a profit to Ayco, may create an incentive for Ayco to recommend that its clients invest their assets in funds available through the Fidelity Platform for which (i) Fidelity is not a sponsor or manager, and (ii) transaction fees are not imposed (together, "NTF Funds"). It would not be unusual for the majority of investments made through the Fidelity Platform to be in NTF Funds, for which Ayco would receive custodial support services fees. Ayco personnel may receive additional compensation from Ayco based upon client assets invested in mutual funds in managed Advisory Accounts on the Fidelity Platform, which may create an incentive for Ayco professionals to recommend that clients invest through the Fidelity Platform. Ayco personnel are not compensated based on the custodial support services fee.

Ayco and certain personnel, including Account Managers, Wealth Advisors and IPs, receive compensation based upon the sale of securities and other investment products and services to clients. FRS Counselors do not receive such compensation but may receive payments for referring FRS program participants to other Ayco groups for investment advisory services. Such compensation creates a potential conflict of interest that may give Ayco and certain Personnel an incentive to recommend such securities and other investment products and services, or refer FRS program participants to other Ayco groups, based on the compensation received. Fees may be higher for some products or services, and the compensation paid to the Firm and certain personnel, including Account Managers, Wealth Advisors and IPs, may be greater in certain cases. Clients are not entitled to receive any portion of such additional compensation.

As discussed above, the Firm may receive fees in connection with the sale of mutual funds, and may receive “12b-1” fees or other compensation from affiliates of a mutual fund in connection with the sale of those products. Ayco’s recommendation of securities and other investment products where Ayco shares in the fees and profits may result in additional compensation to the Firm. In such arrangements, payments to the Firm generally increase as the amount of assets invested by clients in such securities and other investment products increases. This may create an incentive for Ayco to recommend or select investment products that are advised, managed or sponsored by the Firm. Ayco has attempted to limit the potential conflicts of interest associated with selecting between the certain mutual funds that are managed, sponsored or advised by investment managers or organizations that are not affiliated with Ayco or its affiliates (“Third-Party Funds”) and affiliated mutual funds by implementing a compensation structure where the compensation paid to Account Managers, Wealth Advisors and IPs does not vary based on whether the Advisory Account invests in a Third-Party Fund or an affiliated fund per asset class.

The Firm also may have a variety of banking, financial, or service relationships with regard to securities and other investment products, including relationships with principal underwriters, investment advisers, sponsors, or other service providers. These relationships may include acting as a broker or a dealer, engaging in foreign exchange transactions or directing the sale of securities or other financial instruments. In some instances, investment managers to particular investment products, or their affiliates, may have relationships with the Firm, including serving as an investment manager in programs sponsored by GS&Co. As a result, GS&Co. may have an incentive to recommend these securities and other investment products.

Clients may allocate assets to traditional separate accounts managed by Advisory Personnel or an affiliate or to “wrap fee” accounts, that is, accounts for which the client’s advisory fee covers all fees or charges of GS&Co. or a third party broker dealer, including brokerage commissions and commission equivalents on agency transactions executed through GS&Co. and custodial and administrative charges. Wrap fee accounts may be managed by affiliated or Unaffiliated Managers (as defined below). Because the Firm is currently waiving the Commissions and Markups/Markdowns to which it would otherwise be entitled for transactions in Execution Charge Waived Strategies, clients that invest in such strategies (including through the Agency Trading Option) similarly are charged a single asset-based fee that covers investment advice as well as commissions and markups/markdowns.

GS&Co. may also offer clients the opportunity to allocate assets to traditional separate accounts managed by Advisory Personnel or an affiliate. The advisory fee paid for traditional separate accounts does not include Execution Charges, custodial and other fees, which instead are paid separately by the client. If the wrap fee or the investment advisory fee charged to Execution Charge Waived Strategies is not priced to account for the total cost of Execution Charges expected to be generated in a traditional separate account, the client may pay more for the traditional separate account. The amount of compensation received by the Firm, including its Personnel, in connection with a “wrap fee” account advised by the Firm may differ from the compensation received by the Firm and Personnel in connection with a traditional separate account also advised by the Firm or Advisory Accounts investing in Execution Charge Waived Strategies (including through the Agency Trading Option). Any such differentials in compensation may create a financial incentive on the part of Ayco and its personnel, including Account Managers, Wealth Advisors and IPs to recommend or, if applicable, select one advisory strategy over another.

In addition to the disclosures contained in this Brochure, other potential conflicts of interest may be disclosed in strategy specific documents provided to clients from time to time and in Ayco's advisory agreement with the client.

Conflicts Relating to Sales-Related Incentives

Advisory Personnel, including Account Managers, Wealth Advisors and IPs may recommend that Ayco's affiliates, GSAM and GS&Co., manage all or a portion of the client's assets through an account or product managed by GSAM. Also, Ayco's affiliated broker-dealer, Mercer Allied and Ayco's affiliated insurance agencies, ASA and ASIA, receive insurance commissions from insurers for the sale of insurance policies, and annuities, including variable life insurance policies and variable annuity contracts (together, "Variable Products"), which inure to the benefit of Ayco. Ayco personnel licensed as insurance agents, including Account Managers, Wealth Advisors, IPs, and certain Firm affiliates may refer their clients to such insurance agencies and may receive referral fees, subject to applicable law. The receipt of remuneration through Ayco's affiliates creates a conflict of interest between the fiduciary duty owed to clients in offering investment advice, including any recommendation to purchase insurance securities, and the interests of Ayco and its affiliates, namely, the benefits that Ayco's affiliates will receive, since it gives Ayco and its affiliates an economic interest in the proposed transaction.

Availability of Securities and Other Investments

Certain of the securities and investment products that Ayco recommends or selects for Advisory Accounts may be available for purchase through a GS&Co. brokerage account or an unaffiliated financial institution, including Fidelity. Clients who purchase securities and investment products outside of their Advisory Accounts will not incur the advisory fees described in this Brochure, and any other fees and expenses may differ from those the Firm charges to Advisory Accounts. In those circumstances, however, such clients do not receive the investment advice and other services that the Firm provides to clients with Advisory Accounts.

Fee Offset for Execution Charges

Ayco does not reduce its advisory fees to offset Execution Charges, including commissions that it receives, except to the extent required by applicable law.

Item 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Ayco and its Advisory Personnel do not receive performance-based fees for advisory services provided to Advisory Accounts.

Item 7 – TYPES OF CLIENTS

Types of Clients

Clients include individuals and their private investment vehicles, corporations and other business entities, trusts, estates, charitable organizations, banks, thrift institutions, pensions and profit sharing plans.

Account Requirements

To open or maintain an Advisory Account with Ayco, clients are required to sign an investment advisory account agreement that, among other things, describes the nature of the investment advisory authority granted to Ayco. All clients also select an investment objective for each entity, which reflects their investment goals and risk tolerance for that entity's portfolio with the Firm. Under delegated authority from an affiliate, Ayco may 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 agreement with Ayco's affiliate and not Ayco, and Ayco's affiliate retains

responsibility for analyzing the financial needs of each particular client and determining that Ayco's portfolio management services are suitable for that client.

Ayco generally accepts discretionary authority to manage accounts of a minimum size of between \$100,000 and \$500,000, depending on investment strategy. In addition, certain accounts may be subject to minimum annual fees as detailed above. Ayco may waive account minimums in its sole discretion.

Various investment advisers to whom Ayco may refer clients, including affiliates of Ayco, also impose various minimum dollar values of assets as a condition for starting or maintaining accounts. Affiliates of Ayco managing accounts will receive from Ayco a portion of the fee or other compensation paid by the client for such services. In such cases, the client will have entered into an investment advisory account agreement with Ayco's affiliate responsible for managing the client's account.

Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Significant Investment Strategies, Methods of Analysis and Material Risks

Advisory Accounts and advisory clients may choose to invest in multiple asset classes. Different Advisory Personnel may use different tools, analysis and other inputs to manage Advisory Accounts and advise advisory clients. In formulating investment advice as part of financial counseling services, FRS services and services to Advisory Accounts, Advisory Personnel may rely on strategic and tactical asset allocation models or securities recommendations prepared by IPG and the Goldman Sachs Private Wealth Management Investment Strategy Group, a team of Ayco and GS&Co. investment professionals, respectively, as a resource. However, there is no guarantee that any Advisory Account will in fact track these recommendations. When managing Advisory Accounts and advising advisory clients, Advisory Personnel may also use research, research lists, select ETFs and model portfolios provided by GSAM or use a variety of other investment analysis tools.

Portfolio Management Teams manage strategies investing in particular asset classes and investments, including, but not limited to, taxable fixed income (government and/or corporate), municipal fixed income, equities, mutual funds and ETFs. The methods of analysis vary by Portfolio Management Teams and are described under the applicable strategy type. The risks described below for strategies investing in particular asset classes that are managed by Portfolio Management Teams may apply to Advisory Accounts managed by IPs (which may also include foreign bonds and currency) or advised by other Advisory Personnel invested in those asset classes. IPs responsible for managing multiple Advisory Accounts and other Advisory Personnel advising multiple advisory clients may make different investment decisions or recommendations for each Advisory Account or advisory client based on, among other things, different client characteristics, including investment objectives and financial circumstances. As a result, the management of or advice to Advisory Accounts and advisory clients with similar investment strategies may differ among Advisory Personnel based on different methodologies, asset allocation implementation by the client and client investment goals.

Other than recommendations that may be made by IPs, Ayco does not make single stock or bond recommendations. Advisory Personnel may recommend ETFs selected by IPG based on a review of the ETFs' daily trading volume, tracking error and fit within Ayco's asset allocation models.

Clients should understand that ETFs have certain unique risk factors. For example, (i) ETFs may trade at a discount or premium to their underlying NAV, (ii) ETFs may not fully replicate the construction of their benchmark index, resulting in performance that differs from expectations, and (iii) investors purchasing an ETF at a premium may underperform the ETF NAV, while the redemption of shares may result in the ETF trading at a discount to NAV.

With respect to a client's single stock positions, investment services provided by non-IP Advisory Personnel, including Account Managers, Wealth Strategists, and APAS Advisory Personnel, are limited to addressing asset allocation issues, and do not include any buy, sell or hold recommendations or other investment advice related thereto. The style and holdings of equity positions in Ayco centrally managed

equity accounts will generally reflect the positions and weightings held in the GSAM Private Client Portfolio (“PCP”) model, except as required to meet individual client restrictions. Investment selections generally available on the GS Platform may not be available to Ayco clients. Ayco does not offer IPOs to Advisory Accounts.

As part of its financial counseling services, Ayco may provide recommendations to clients concerning participation in corporate benefit plans and changes in investment elections under their corporate benefit plans (e.g., exercise of stock options).

Ayco does not provide advice, make recommendations or otherwise assist Retirement Accounts in deciding whether to invest in investment companies for which affiliated persons of Ayco serve as adviser, sub-adviser, and/or distributor and receive fees for the services provided. Such investment decision will be the sole responsibility of the Retirement Accounts and no information provided by Ayco will form a primary basis for such investment. If a client is presented with allocation materials where the Firm only has one vehicle available, that vehicle may be identified; however, clients should understand that other investments may also be appropriate for that client and may be available through the Firm or other financial institutions. There are a number of factors, including tax efficiency that clients may wish to consider in determining how to invest Retirement Account assets. If a client maintains both Retirement Accounts and non-Retirement Accounts, the client should understand that any advice or recommendations made by Ayco with respect to a non-Retirement Account may not be relied on as advice or as a primary basis of any decision with respect to a Retirement Account, which may present different considerations.

Ayco may, in its discretion for managed Advisory Accounts, grant client requests for Ayco to engage in tax loss harvesting trades. Such trades are subject to Ayco's requirements regarding minimum trade size and request format, and in all circumstances subject to and made at Ayco's discretion. Tax loss harvesting trades will receive a lower priority than cash flow trades, new account openings, account terminations and block trades. As such, there may be a significant delay between a client's tax loss harvesting request and its execution.

Ayco reviews the investment style, performance and management tenure of a select number of mutual funds. Based on this review, Ayco maintains and periodically updates The Ayco List of Mutual Funds, a list of reviewed mutual funds. The Ayco List of Mutual Funds, and any updates thereto, are made available to clients upon request. The Ayco List of Mutual Funds may include alternative mutual funds that use investment strategies that differ from the buy-and-hold strategy typical in the mutual fund industry. Compared to a traditional mutual fund, an alternative fund may hold more non-traditional investments and employ more complex trading strategies. Examples include hedging and leveraging through derivatives, short selling and “opportunistic” strategies that change with market conditions as various opportunities present themselves.

An “Unaffiliated Manager” is a manager not appearing on The Ayco List of Mutual Funds or not recommended by Ayco or its affiliates, including GS&Co. and GSAM. Ayco does not follow, review or make any recommendations concerning Unaffiliated Managers. Ayco's actions with regard to Unaffiliated Managers, mutual funds, or other products may differ from, and may conflict with, the opinions or advice given or investment decisions made by Ayco's affiliates, including GS&Co. and GSAM. The Portfolio Management Teams may use funds not appearing on The Ayco List of Mutual Funds in selecting investments for Accounts, including Advisory Accounts, managed by the Portfolio Management Teams.

Ayco as an accommodation may include investments managed by Unaffiliated Managers in asset allocation discussions or in an asset allocation and other financial planning exhibits; however, any decision to invest with an Unaffiliated Manager is determined solely by the client. Ayco and its affiliates are not responsible for the selection, supervision, management, performance or other similar services of or in connection with any Unaffiliated Manager.

In reviewing Variable Products it makes available to clients, Ayco may review issuing insurance carriers' credit rating, competitiveness of product, client service resources and general processes for manager

selection for separate accounts underlying Variable Products ("Variable Subaccounts").

As an accommodation, Ayco may provide clients with model portfolios of Variable Subaccounts based on strategic asset allocation. Ayco does not conduct due diligence on any of the Variable Subaccounts or their managers and does not provide advice on or recommendations of individual Variable Subaccounts. Variable Subaccounts are not custodied at the Firm. Any assessment as to whether a particular Variable Subaccount fits within a client's investment objectives and any decision to allocate premiums to a particular account must be determined solely by the client. Inclusion of any Variable Subaccounts in the model portfolio(s) is based on the information provided by the issuing carrier and/or third-party database providers and Ayco has not verified the accuracy of any information provided by or about the Variable Subaccount. Past performance may not be indicative of future results.

Ayco and its affiliates will not be liable for any losses that clients may suffer, directly or indirectly as a result of their acquisition, disposal or holding of investments(s) managed by an Unaffiliated Manager. Ayco will rely on information provided by its clients or their agents when including an Unaffiliated Manager in asset allocation discussions, or preparing an asset allocation and other financial planning exhibits. Neither Ayco nor its affiliates verify the accuracy of the information concerning Unaffiliated Managers provided by clients or their agents.

Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and clients should be prepared to bear the loss of the assets invested and, in the case of uncovered option strategies, beyond the amount invested. 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 fluctuates due to market conditions and other factors. The investment decisions and recommendations made and the actions taken for Advisory Accounts and advisory clients are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance of Advisory Accounts is not indicative of future performance.

Risks Applicable to all Advisory Accounts and Advisory Clients

As used below, the term Advisory Accounts includes advisory clients. This Brochure does not disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular Advisory Account, and these risks may apply to assets held at or away from the Firm. Rather, it is a general description of the nature and risks of the strategies and securities and other instruments that Advisory Accounts may invest in. Except as otherwise expressly agreed in writing, Ayco does not assume any duties to take action pursuant to recommendations, advice or financial planning strategies that Ayco may provide to clients, which ultimately remain the client's obligation. Advisory clients are not required to implement their financial plans through Advisory Accounts or Ayco's affiliates, and Ayco is not responsible for mitigating any of these risks for clients implementing their investment strategies. The following risks are applicable to all strategies:

- **Market/Volatility Risk** – The risk that the value of the assets in which an Advisory Account invests may decrease (potentially dramatically) in response to the prospects of individual companies, particular industry sectors or governments, changes in interest rates and national and international political and economic events and policies due to increasingly interconnected global economies and financial markets.
- **Operational Risk** – This risk of loss arising from shortcomings or failures in internal processes or systems of the Firm or the Fidelity Platform, external events impacting those systems and human error. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents such as major systems failures.
- **Liquidity Risk** – This is the risk that an Advisory Account may not be able to monetize investments and may have to hold to maturity or may also only be able to obtain a lower price for investments

either because those investments have become less liquid or illiquid in response to market developments or adverse investor perceptions. Investments that are illiquid or that trade in lower volumes may be more difficult to value.

- **Concentration Risk** – The increased risk of loss associated with not having a diversified portfolio (e.g., investments concentrated in a geographic region, industry sector or issuer will experience greater loss due to an adverse economic, business or political development affecting the region, sector or issuer than an account that is diversified and therefore has less overall exposure to that region, sector or issuer).
- **Tax, Legal and Regulatory Risks** – The risk of loss due to increased costs and reduced investment and trading opportunities resulting from unanticipated legal, tax and regulatory changes, including the risk that the current tax treatment of securities could change in a manner that would have adverse tax consequences for existing investors.
- **Asset Allocation and Rebalancing Risk** – The risk that an Advisory Account's assets may be out of balance with the target allocation. Any rebalancing of such assets by the Portfolio Management Team may be limited by several factors and, even if achieved, may have an adverse effect on the performance of the Advisory Account's assets.

Risks Applicable to Advisory Accounts Managed by Portfolio Management Teams

In addition to the risks applicable to all strategies the specific risks of each individual strategy should be considered. The following is a description of the strategies managed by Portfolio Management Teams, the methods of analysis used by Portfolio Management Teams in formulating investment advice for Advisory Accounts, and the material risks involved in investing in each strategy.

Fixed Income Strategies: Taxable (Corporate and/or Government) and Municipal Bonds. Ayco offers taxable fixed income bond and municipal bond strategies managed by specialized Portfolio Management Teams. There are several sub-strategies for taxable fixed income investing in US dollar-denominated government and corporate investment grade bonds. Taxable fixed income portfolios are composed of individual treasury, agency, sovereign/supranational and/or corporate securities. Clients generally have the ability to tailor portfolios to 100% government bonds, 100% corporate bonds or a portfolio of both government and corporate bonds and may also specify desired range of maturities for securities, including intermediate and short duration.

Municipal bond strategies are customized portfolios of high credit quality municipal bonds with varying maturities. When adequate diversification is possible, the bond portfolios are usually constructed from bonds issued in the client's state of residence for clients that reside in states with high income taxes. However, Advisory Accounts may purchase out-of-state bonds when after-tax yields warrant or when adequate in-state diversification is not possible. Other than tactical trades and credit sales, securities are generally held until maturity and not actively traded. The primary objectives of the taxable fixed income and municipal bond strategies are seeking relative value, capital preservation and current income.

From time to time, portfolios may have exposure to odd-lots (defined as individual positions less than or equal to \$25,000). Clients are advised that secondary market liquidity for fixed income, including these odd-lots, may vary. Execution may differ from pricing provided by third party vendors. Clients who invest in these strategies should be prepared to hold bonds until maturity since sales of odd-lots prior to maturity may attract wider spreads.

Portfolio Management Teams and Advisory Personnel of Ayco's affiliates perform fundamental analysis on all issuers selected for a client's fixed income portfolio. This fundamental analysis may include a review of financial statements, rating agency reports and/or research reports. Portfolio Management Teams and Advisory Personnel of Ayco's affiliates engage in ongoing risk management, individual credit and portfolio monitoring of such investments, including periodic review of liquidity, general business trends and daily risk reports.

The material risks associated with fixed-income strategies include:

- **Credit/Default Risk** – The risk of loss due to negative credit events related to the issuer or an issuer's or guarantor's default on its obligation to pay interest and repay principal.
- **Interest Rate Risk** – The risk of loss in the event of interest rate increases due to the inverse correlation between interest rates and fixed income securities (that is, when interest rates increase, fixed-income securities will generally decline in value).
- **Liquidity Risk** – Sales of fixed-income securities prior to maturity may result in a loss versus purchase price and/or discount to fair market value.

Equities – Equity Accounts. Equity accounts are composed of large cap stocks. The strategy's primary objective is obtaining long term growth. The style and holdings of equity positions in Equity accounts will generally reflect the positions and weightings held in the PCP model, except as required to meet individual client objectives. Portfolio Management Teams and Advisory Personnel of Ayco's affiliates engage in ongoing risk management and credit and portfolio monitoring of such investments, including an ongoing review of balance sheets, general business trends, and daily risk reports.

Mutual Funds and Exchange Traded Funds – Ayco Portfolio Solution®. Ayco Portfolio Solution® accounts are composed of a selection of mutual funds and, in addition for Ayco Portfolio Solution® Income Opportunity and Ayco Portfolio Solution® Foreign Opportunity accounts, ETFs, allocated in accordance with the model asset allocation selected by the client based on such client's risk tolerance. Each model asset allocation is constructed by Ayco. Mutual funds used in the Ayco Portfolio Solution® accounts may or may not appear on The Ayco List of Mutual Funds. The Ayco Portfolio Solution® accounts are offered in four primary strategies: Traditional (non-Alternative), Alternative, Income Opportunity and Foreign Opportunity. The Ayco Portfolio Solution® Traditional strategy's primary objectives are all equity, growth of capital, moderate growth or conservative style, based on the client's overall investment objectives. The Ayco Portfolio Solution® Alternative strategy's primary objective is growth of capital in a low volatility (relative to equities) and diversified manner when compared to core equity and bond markets. The Ayco Portfolio Solution® Income Opportunity strategy's primary objective is intended to be similar to high-yield corporate fixed income over time, through use of a diversified portfolio of non-affiliated mutual funds and ETFs, with a goal of enhancing yield while also providing total return potential and management of interest rate risk. The Ayco Portfolio Solution® Foreign Opportunity strategy's primary objective is to provide long-term capital appreciation through equity mutual funds and ETFs focused on non-U.S. equities, including both developed and emerging markets. Advisory Personnel will review and periodically rebalance assets in an Ayco Portfolio Solution® account in accordance with the model selected by the client.

The Ayco Portfolio Solution® Alternative strategy may invest in alternative mutual funds that use investment strategies that differ from the buy-and-hold strategy typical in the mutual fund industry. Compared to a traditional mutual fund, an alternative fund may hold more non-traditional investments and employ more complex trading strategies. Examples include hedging and leveraging through derivatives, short selling and "opportunistic" strategies that change with market conditions as various opportunities present themselves.

Mutual Funds and Exchange Traded Funds – Core Satellite. Core Satellite accounts are composed of both affiliated and non-affiliated mutual funds and ETFs allocated in accordance with the model selected by the client based on the client's investment objective and individual risk tolerance. Each model asset allocation is constructed by Ayco. Mutual funds appearing on The Ayco List of Mutual Funds may or may not be used in Ayco's Core Satellite models and in a client's Core Satellite account. Ayco may invest assets of Core Satellite accounts in shares of open-end investment companies pursuant to which an Ayco affiliate, such as GSAM or GS&Co., acts as investment adviser. The strategy's primary objectives are all-equity, growth of capital, moderate growth or conservative style based on the client's overall investment objectives. Advisory Personnel will review and periodically rebalance Core Satellite accounts to the appropriate model.

Equity, Fixed Income, Mutual Funds and Exchange Traded Funds – Core Complement. Core Complement accounts are composed of equity securities and fixed income securities, mutual funds and ETFs. Fixed income securities held in Core Complement accounts may include municipal, corporate, treasury, high yield and agency securities, as well as affiliated funds. Each model asset allocation is constructed by Ayco. Mutual funds used in Core Complement accounts may or may not appear on The Ayco List of Mutual Funds. The strategy's primary objectives are all-equity, growth of capital, moderate growth or conservative style based on the client's overall investment objectives. The style and holdings of single stock positions in Core Complement accounts will generally reflect the positions and weightings held in the PCP model, except as required to meet individual client objectives.

Exchange Traded Funds – Managed ETF. Diversified Equity ETF Strategy and Global ETF Strategy accounts are composed primarily of ETFs of both U.S. and non-U.S. equities. The Diversified Equity ETF Strategy's primary objective is an all-equity style portfolio comprised of U.S. and non-U.S. equity ETFs, with an emphasis on U.S. equities. The Global ETF Strategy's primary objective is an equity style portfolio comprised of U.S. and non-U.S. equity ETFs, with a greater emphasis on non-U.S. equities as compared to the Diversified Equity ETF strategy. Both strategies may contain an allocation to tactical and thematic investments, including non-equity ETFs. Conservative, Moderate, Growth and Aggressive ETF Strategy accounts are composed of equity and fixed income ETFs. The primary objective of these portfolios is to provide a mix of asset classes that generally correspond to the strategic asset allocation model for that respective risk profile. The portfolios may contain an allocation to tactical and thematic weights. Each model asset allocation is constructed by Ayco.

General Factors about Ayco Portfolio Solution[®], Core Satellite, Core Complement and Managed ETF. Due to the timing of investments and the client's individual investment guidelines, a client's Ayco Portfolio Solution[®] account or Core Satellite account will likely vary from the model chosen by the client and from accounts of other clients who have chosen the same model.

Advisory Personnel perform fundamental analysis on all funds and ETFs selected for Ayco Portfolio Solution[®] (including Ayco Portfolio Solution[®] Income Opportunity), Core Satellite, Core Complement and Managed ETF client portfolio accounts, which may include a review of fund holdings, SEC filings and independent third party research reports. For Core Complement accounts, Portfolio Management Teams and Advisory Personnel of Ayco's affiliates perform fundamental analysis on all credits selected for a client's portfolio, which may include a review of financial statements, rating agency reports and Firm and independent third party research reports. Portfolio Management Teams and Advisory Personnel of Ayco's affiliates engage in ongoing risk management, credit (for Core Complement accounts) and portfolio monitoring of such investments, including an ongoing review of balance sheets and liquidity (for Core Complement accounts), fund holdings, positioning changes, general business trends, and daily risk reports.

The Portfolio Management Team for Ayco Portfolio Solution[®], Core Satellite and Core Complement may invest in open-end mutual funds, and to a lesser extent, closed-end mutual funds. Open-end mutual funds and closed-end mutual funds have different risk characteristics. Shares of an open-ended fund are purchased directly from the fund whereas closed-end fund shares are purchased and sold in the market, typically on a recognized stock exchange. Therefore, shares of a closed-end fund, when available, can be traded during the day at any time and shares in an open-end fund can be sold back to the fund only at the end of the trading day. In addition, the price per share of a closed-end mutual fund is determined by the market whereas the price per share of an open-end fund will vary in direct proportion to the fund net asset value ("NAV"). Unlike open-end mutual funds, closed-end funds may own unlisted securities and use leverage to enhance returns. Furthermore, both open-end and closed-end fund underlying fund holdings are reported with a lag. Underlying mutual fund holdings may change rapidly and fund performance may differ from expectations as a result.

For ETF holdings in Ayco Portfolio Solution[®], Core Satellite, Core Complement and Managed ETF accounts, ETFs may trade at a discount or premium to their underlying NAV. ETFs may not fully replicate the construction of their benchmark index, resulting in performance that differs from expectations.

Investors purchasing an ETF at a premium may underperform the ETF NAV, while the redemption of shares may result in the ETF trading at a discount to NAV.

Item 9 – DISCIPLINARY INFORMATION

This Item requests disciplinary information relating to Ayco. There are no reportable material legal or disciplinary events related to Ayco. In the ordinary course of its business, Ayco 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. Additional information about Ayco's advisory affiliates is contained in Part 1 of Ayco's Form ADV. For information relating to other Firm entities, please visit www.gs.com and refer to the public filings of GS Group.

Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other Material Relationships with Affiliated Entities

Ayco may use or recommend its own services or the services of affiliated Firm entities in connection with Ayco's advisory business. The particular services involved will depend on the types of services offered by the affiliate. Ayco may share resources with or delegate certain of its trading, advisory and other activity for advisory clients to affiliated entities. Particular relationships may include, but are not limited to, those discussed below.

Broker-Dealer

Ayco's affiliate Mercer Allied is registered with the SEC as a broker-dealer. Certain of Ayco's management persons, as well as Advisory Personnel, may also be registered representatives of Mercer Allied to the extent necessary or appropriate to perform their responsibilities. Mercer Allied primarily sells Variable Products or introduces clients to full-service carrying brokers, primarily GS&Co. and Fidelity. Ayco and Mercer Allied have overlapping officers, personnel and share office space and certain expenses. Certain Ayco management persons and employees, including, but not limited to, IPs, may also be registered representatives of GS&Co. if necessary or appropriate to perform their responsibilities.

Ayco may use, or suggest or recommend that advisory clients use, the securities, futures execution or custody services offered by Ayco's affiliates. These may include, but are not limited to GS&Co., Goldman Sachs International ("GSI"), Goldman Sachs (Asia) Securities Limited, Goldman Sachs Japan Co., Ltd., Goldman Sachs Execution & Clearing, L.P. ("GSEC") and OOO Goldman Sachs. The Firm may receive compensation when it acts in its capacity as a broker-dealer executing transactions for Advisory Accounts.

Ayco and its broker-dealer affiliates who provide custodial services may benefit from the use of cash in Advisory Accounts, subject to the limitation set forth in SEC Rule 15c3-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Ayco may receive recordkeeping, administrative and support services from other parts of GS&Co. or its affiliates. Ayco may also obtain research ideas, analyses, reports and other services (including distribution services) from its affiliates.

Advisory Accounts will generally execute all transactions through the GS or Fidelity Platforms as further described in Item 12, Broker-Dealer Selection and Directed Brokerage. Subject to client consent, as required by applicable law, the Firm, including GSI, may engage in principal transactions with Advisory Accounts that are not Retirement Accounts on the GS Platform. The Firm may earn Execution Charges in connection with transactions executed as agent or principal. Clients will pay these charges in addition to the advisory fee paid to Ayco or its affiliates except as described in Item 5, Fees and Compensation. The Firm may share all or a portion of any Execution Charges with its affiliates and their employees, including with Account Managers, Wealth Advisors or IPs. For additional information about principal trading, see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

In addition, the Firm 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

Ayco has affiliates, including GSAM, that 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 Firm personnel are also directors, trustees and/or officers of these investment companies and other pooled investment vehicles. Clients of Ayco and its affiliates may invest in these investment companies and other pooled investment vehicles offered by the Firm.

Other Investment Advisers

Ayco has investment advisory affiliates in and outside of the United States that are registered with the SEC as investment advisers. These affiliates include: GS&Co., GSAM, Goldman Sachs Asset Management International ("GSAMI"), Goldman Sachs Hedge Fund Strategies LLC ("HFS") and GS Investment Strategies, LLC ("GSIS"). Ayco and its affiliates have or intend to have co-advisory or sub-advisory relationships with their investment advisory affiliates, as may be required for proper management of particular Advisory Accounts and in accordance with applicable law. Ayco's affiliates may receive compensation in connection with such relationships. For additional information on compensation earned when clients select other investment advisers, see Receipt of Compensation from Investment Advisers, below. Where permissible by law, Ayco and GS&Co. may share resources in connection with providing investment advisory services, including credit analysis, execution services and trade support.

Ayco's personnel may recommend its affiliates' investment advisory services to its clients and may receive fees from such affiliates. Private Wealth Advisers employed by GS&Co. may recommend Ayco's services to clients and may receive fees. From time to time, Ayco personnel may also refer clients to certain unaffiliated investment advisers. In each of these cases, the investment adviser may pay Ayco a portion of the investment management fee charged to the client. In other instances, Ayco may engage the unaffiliated sub-advisers and charge a fee for supervisory services. Ayco discloses these arrangements to its clients to the extent required by law.

Futures Commission Merchant, Commodity Pool Operator, Swap Dealer, Commodity Trading Advisor

Ayco has affiliates registered with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant, commodity pool operator, a swap dealer and commodity trading advisor. These firms include: GS&Co., GSAM, GSAMI, HFS, Goldman Sachs Management Partners, L.P., GSIS, GSEC. If permitted by applicable law, Ayco's affiliates may buy or sell futures on behalf of Advisory Accounts on the GS Platform through themselves or their CFTC-registered affiliates and these affiliates may receive commissions.

Bank or Thrift Institution

- Banks

GS Group is a bank holding company under the BHC. As a bank holding company, GS Group is subject to supervision and examination by the Federal Reserve Board.

Goldman Sachs Bank USA ("GS Bank") is a Federal Deposit Insurance Company ("FDIC") insured, New York State chartered Federal Reserve member bank. GS Bank accepts brokered and omnibus deposits, lends to individuals and corporate clients, transacts in certain derivatives, and provides securities lending, custody and hedge fund administration services. GS Bank offers deposits sweeps to Firm clients, where free credit balances are swept into GS Bank on an omnibus basis. GS&Co. will establish, maintain and keep the books and records, as agent of GS&Co.'s clients, for the Goldman Sachs Bank Deposit ("Bank Deposit") at GS Bank and provide other related services. The Bank Deposit operates as a cash sweep

account for clients for whom the Bank Deposit has been designated as the sweep option for available cash. GS Bank may benefit from the use of cash swept from Advisory Accounts.

- *Trust Companies*

GSTC and GSTD may provide personal trust and estate administration and related services to Ayco's clients. GS&Co. and its affiliates, including Ayco, may provide a variety of services to GSTC and GSTD, including investment advisory, sub-advisory, brokerage, distribution, marketing, operational, infrastructure, financial, auditing and administrative services. The Firm may receive fees from GSTC and GSTD according to the fee schedules agreed between the parties in arms-length service agreements. As discussed above at Item 4, for ATAS accounts, Ayco may recommend that clients appoint WTC, FPTC, RBC, GSTC, GSTD or another third party trustee as a fiduciary.

Insurance Company or Agency

With respect to arrangements with a related person who is an insurance company or agency, Ayco's affiliated persons, ASA and ASIA may engage in the insurance agency business for purposes of selling, co-brokering or assisting in the sale of insurance contracts including, but not limited to, variable life, variable annuity, permanent life, long term care, disability, excess lines, property and casualty insurance contracts for separate compensation. Advisory clients are not obligated to use Ayco's affiliated persons to purchase insurance or annuities. Certain Ayco professionals, including but not limited to Account Managers and Wealth Advisors, are licensed insurance agents and sub-producers of ASA and ASIA. Further, Ayco pays licensed Advisory Personnel for referring clients to ASA and ASIA, and the compensation received by such personnel may vary depending on the insurance company and product purchased. Such personnel may also be appointed as agents of the issuing insurer. Recommendations to purchase or exchange insurance products are made by Ayco professionals solely in their capacity as an insurance agent associated with ASA or ASIA. Ayco's affiliated persons do not utilize any separate investment advisory agreement when distributing insurance. Appropriately licensed Firm personnel may refer clients to such insurance agencies and may receive referral fees, subject to applicable law. Ayco employs Regional Insurance Strategists in certain regional offices who assist in insurance planning and insurance marketing. ASA may continue to provide agent of record services to policy owners, including those who have terminated their financial counseling services or Advisory Accounts, however, such agent of record services do not include investment advice or education related to separate accounts underlying Variable Products or otherwise. Ayco, ASA and ASIA have overlapping officers and share office space and expenses.

Sponsor or Syndicator of Limited Partnerships

Ayco's affiliates may create and/or distribute unregistered privately-placed vehicles for which they may receive fees.

Management Persons; Policies and Procedures

Certain of Ayco's management persons also hold positions with one or more of its affiliated entities. In these positions, they may have some responsibility with respect to the business of these affiliated entities and may receive compensation based, in part, upon the profitability of other divisions within the Firm. Consequently, in carrying out their roles at Ayco and these other entities, the management persons of Ayco may be subject to the same or similar potential conflicts of interest that exist between Ayco and these affiliates.

Ayco has established a variety of restrictions, policies, procedures, and disclosures designed to address potential conflicts that may arise between Ayco, its management persons and its affiliates. These policies and procedures include: information barriers designed to prevent the flow of information between Ayco, its personnel 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 policies applicable to Advisory Accounts and Accounts (defined below). 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

Ayco may select, or recommend that clients allocate assets to, one or more managed accounts or funds managed by one or more affiliated or unaffiliated managers. Ayco receives compensation in connection with clients' investments in and selection and recommendation of such managed accounts or funds, and such compensation creates a potential conflict of interest. The Firm may receive various forms of compensation, including commissions, payments, remuneration or other benefits from unaffiliated managers. The amount of such compensation, commissions, payments, remuneration or other benefits to the Firm may vary by manager and may be greater if Ayco selects certain managers over other managers. Payments to the Firm (either directly from such managers or in the form of fees or allocations payable by client accounts) generally increase as the amount of assets that such managers manage increases. Therefore, investments by Advisory Accounts with such managers (where the Firm participates in the fee and/or profit sharing arrangement or other interest in the equity or profits of such managers) may result in additional revenues to the Firm. The relationship the Firm has with such managers may also result in an incentive for Ayco to increase client investments with such managers or to retain their investments with such managers. Except to the extent required by applicable law, Ayco may not be required to offset any compensation received by the Firm against fees and expenses the client may otherwise owe the Firm.

Because the Firm will, on an overall basis, receive higher fees, compensation and other benefits if client assets are allocated to managed accounts or investment funds managed by the Firm, rather than solely to managed accounts or investment funds managed by unaffiliated managers, Ayco may have an incentive to allocate or recommend the allocation of the assets of Advisory Accounts to managed accounts or investment funds managed by the Firm, including GSAM. Ayco addresses these potential conflicts of interest by determining which managers to recommend or select for clients in Advisory Accounts consistent with its fiduciary duties. Except as otherwise described herein, financial counseling clients are not required to maintain Advisory Accounts or otherwise implement their financial plans through Ayco or its affiliates.

The Firm may have interests in managers or business relationships with unaffiliated managers, including in its prime brokerage, trade execution and investment banking business. In addition, the Firm may have investments in selected managers. As a result, Ayco faces potential conflicts of interest in making determinations as to whether Advisory Accounts should invest with or withdraw funds from managers with which the Firm has interests or other business relationships.

The Firm may receive notice of, or offers to participate in, investment opportunities from third party managers or their affiliates. The managers or their affiliates may offer the Firm investment opportunities for various reasons including the Firm's use of the services provided by such managers and their affiliates for the Firm and client investments. Therefore, investment (or continued investment) by particular client accounts with such managers may result in additional investment opportunities to the Firm or other accounts.

In addition, the fee structure of certain Advisory Accounts where Ayco must compensate managers from the fee it receives from the client may provide an incentive for Ayco to recommend or select managers with lower compensation levels (including managers that discount their fees based on aggregate account size or other relationships) instead of other managers which might also be appropriate for the client accounts. Fee breakpoints may also be affected by the Firm's business relationships and the size of accounts other than a particular client's account, and may directly or indirectly benefit the Firm and other client accounts. Clients are not entitled to receive any portion of such benefits received by the Firm and other client accounts. The Firm addresses these potential conflicts of interest in a manner that is consistent with its fiduciary duties.

Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics and Personal Trading

Ayco has adopted a Code of Ethics (“Code”) under Rule 204A-1 of the Investment Advisers Act of 1940, as amended (“Advisers Act”) designed to provide that Ayco personnel comply with the 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 certain Ayco personnel to help avoid any actual or potential conflicts of interest. Ayco personnel 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 the Firm, and may also take positions that are the same as, different from, or made at different times than, positions taken for Advisory Accounts. Ayco provides a copy of the Code to clients or prospective clients upon request.

Ayco personnel are subject to Firm wide policies and procedures regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading. In addition, Ayco prohibits its employees from accepting gifts and entertainment that could influence or appear to influence, their business judgment. This generally includes gifts of more than \$100 or meals and other business-related entertainment that may be considered lavish or extraordinary and therefore raise a question or appearance of impropriety.

Participation or Interest in Client Transactions

The Firm 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, the Firm 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. The Firm acts as an investment banker, research provider, investment manager, financier, adviser, market maker, prime broker, derivatives dealer, lender, counterparty, agent and principal. In those and other capacities, the Firm 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 Firm or other client accounts, relationships and products, including Advisory Accounts, collectively, the “Accounts”). The Firm has direct and indirect interests, in the global fixed income, currency, commodity, equities, bank loan and other markets, and may have an interest in the securities and issuers in which the Advisory Accounts directly and indirectly invest. As a result, the Firm’s activities and dealings may affect Advisory Accounts in ways that may disadvantage or restrict Advisory Accounts and/or benefit the Firm 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 Ayco and the Firm 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 Firm policy, Ayco, acting on behalf of its Advisory Accounts, may enter into transactions in securities and other instruments with or through the Firm or in Affiliated Products (defined below) 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 that could limit Ayco’s decision to engage in these transactions for Advisory Accounts. A principal transaction occurs if Ayco, on behalf of an Advisory Account, engages in a transaction in securities or other instruments with the Firm or in Affiliated Products (defined below) acting as principal. The Firm may earn compensation (such as a markup) in connection with principal transactions. Cross transactions occur if Ayco causes an Advisory Account to buy securities or other

instruments from, or sell securities or other instruments to, another Advisory Account of Ayco or its investment advisory affiliates. An agency cross transaction occurs when the Firm 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. The Firm may have a potentially conflicting division of loyalties and responsibilities to the parties to such transactions, and has developed policies and procedures in relation to such transactions and conflicts. Any principal, cross or agency cross transactions are effected consistent with the Firm's fiduciary duty and applicable law (which may include providing disclosure and obtaining client consent).

Effects of the Firm's Activities on Advisory Accounts and Advisory Clients

The Firm engages in various activities in the global financial markets. The Firm, 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. Ayco provides advisory services to advisory clients and Advisory Accounts through a variety of investment products and arrangements. Ayco's recommendations to advisory clients and recommendations and actions on behalf of an Advisory Account may differ from those on behalf of other Advisory Accounts. Advice given to, or investment decisions made for, one or more advisory clients or 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 clients or Advisory Accounts. The Firm, the clients it advises and its Personnel, may 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 advisory clients, 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) and advisory clients are invested. These interests may involve the same or related securities or other instruments as those in which particular Advisory Accounts and advisory clients invest, and such Accounts may engage in a strategy while an Advisory Account or advisory client is undertaking the same or a differing strategy, any of which could directly or indirectly disadvantage the Advisory Account or advisory client. For example, an Advisory Account or advisory client may buy a security and the Firm 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 or advisory client 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 or advisory client and the Firm or an Account (including another Advisory Account) may also vote differently on, or take different actions with respect to, the same security, which may be disadvantageous to Advisory Accounts or advisory clients. In addition, the Firm 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, the Firm may advise clients with respect to different parts of the capital structure of the same issuer, or classes of securities and that are subordinate or senior to securities, in which a particular Advisory Account or advisory client invests. As a result, the Firm 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 or advisory client has invested. For example, the Firm (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 the Firm

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.

The Firm 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 other than the client's interests in separately managed accounts and pooled vehicles managed by GS&Co. or its affiliates ("Affiliated Products"). In connection with its rights as lender, the Firm may take actions that adversely affect the client as 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, the Firm or Accounts (including Advisory Accounts and Accounts formed to facilitate investment by Personnel) may also invest in or alongside particular Advisory Accounts that are invested in Affiliated Products. Such investments may be on terms more favorable than those of an investment by other Advisory Accounts in the Affiliated Products and may constitute substantial percentages of the assets of the Affiliated Products. Unless otherwise provided by agreement to the contrary, the Firm or an Account may redeem interests in these Affiliated Products at any time without notice or regard to the effect on the portfolios of Advisory Accounts invested in the affiliated investment, which may be adverse.

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

The Firm and its Personnel, when acting as an investment banker, market maker, investor, broker, adviser 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 or activities of Advisory Accounts and advisory clients. Similarly, the Firm's investment teams may have differing investment views in respect of 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 Firm investment teams including Ayco's Advisory Personnel. Moreover, research, analyses or viewpoints may be available to clients or potential clients at different times. The Firm will not have any obligation to make available to the Advisory Accounts or advisory clients any research or analysis prior to its public dissemination. The Firm, 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 particular 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 and paying increased costs associated with implementing such investment decisions or strategies, or being otherwise disadvantaged.

The Firm has established certain information barriers and other policies to address the sharing of information between different businesses within the Firm and within Ayco. As a result of information barriers, Ayco generally does not have access, or has limited access, to information and Personnel in other areas of the Firm, and generally is not able to manage the Advisory Accounts or advise advisory clients with the benefit of information held by these other areas. The Firm, 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 Ayco. Information barriers may also exist between businesses within Ayco. In addition, the Firm 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 Ayco has access to fundamental analysis and proprietary technical models developed by the Firm and its Personnel, Ayco will not be under any obligation to have transactions effected on behalf of Advisory Accounts in accordance with such analysis or models. Different Advisory Personnel within Ayco may make decisions based on information or take (or refrain from taking) actions or providing advice with respect to Advisory Accounts or advisory clients they advise in a manner that may be adverse to other Advisory Accounts or advisory clients.

Ayco, in its capacity as investment adviser 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 the Firm or in which the Firm 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 the Firm directly or indirectly through syndicate or secondary market purchases. These activities may enhance the profitability of the Firm's or other Accounts' (including Advisory Accounts') investment in and activities with respect to such companies.

The Firm 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 the Firm. In addition, the Firm may act as broker, dealer, agent, lender or adviser 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 the Firm 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, the Firm 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, the Firm may advise a company to make changes to its capital structure the results 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 the Firm in connection with other types of transactions may also result in adverse consequences for Advisory Accounts. The Firm may derive benefits from providing investment advisory, distribution and other services to Advisory Accounts and advisory clients, and providing such services to the Advisory Accounts, advisory clients and Affiliated Products may enhance the Firm's relationships with various parties, facilitate additional business development and enable the Firm to obtain additional business and generate additional revenue. The Firm may also derive benefits from portfolio, investment, service provider or other decisions made by Ayco, including those resulting in fees, compensation and remuneration and other benefits to the Firm. Advisory Accounts will not be entitled to compensation related to any businesses of the Firm or Ayco.

Ayco's affiliate GS&Co. performs certain valuation services related to securities and assets in certain Advisory Accounts according to its valuation policies and may value an identical asset differently from another division or unit within the Firm, or differently from another Account or Advisory Account. Ayco may face a conflict with respect to such valuations as they affect GS&Co.'s compensation.

Advisory Accounts and advisory clients will generally not be provided investment opportunities sourced by Firm businesses (other than those sourced by GS&Co.). Opportunities not allocated to Advisory Accounts may be undertaken by the Firm or other Accounts.

Managing and Advising Multiple Advisory Accounts and Advisory Clients

Ayco'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 decisions made for, one or more Advisory Accounts or

advisory clients may compete with, affect, differ from, conflict with, or involve timing different from, advice given or investment decisions made for other Advisory Accounts or advisory clients.

The Firm and its Advisory Personnel may manage or advise multiple Advisory Accounts and fees paid to those Advisory Accounts may vary based on a client's particular circumstances, including the size of the relationship and required services levels. This may create an incentive to allocate investments with limited availability to the accounts for which Ayco and its Advisory Personnel receive higher fees. Such investments may include local emerging markets securities, high yield securities, fixed-income securities, interests in alternative investment funds, master limited partnerships and initial public offerings ("IPOs") and new issues.

To address these potential conflicts, the Firm has developed allocation policies and procedures that provide that Advisory Personnel allocate investment opportunities among Advisory Accounts consistent with their fiduciary obligations. In some cases, these policies and procedures may result in the pro rata allocation (on a basis determined by the Firm) of limited opportunities across eligible Advisory Accounts. In other cases, the allocations reflect numerous factors such as those described below. The allocation methodology may vary based on the type of investment opportunity. In some cases, Advisory Accounts managed by different teams of Advisory Personnel are generally viewed separately for allocation purposes.

Advisory Personnel may make allocation related decisions by reference to one or more factors, including, without limitation the client's overall relationship with the Firm; account investment objective, investment horizons, financial circumstances and risk tolerance; tax sensitivity of accounts; the client's domicile; the nature of the investment opportunity; cash and liquidity considerations, including, without limitation, availability of cash for investment; relative sizes and expected future sizes of applicable Advisory Accounts; availability of other appropriate investment opportunities; legal and regulatory restrictions affecting certain Advisory Accounts, including client eligibility; minimum denomination, minimum increments, de minimis threshold and round lot considerations; client-specific investment guidelines and restrictions; and current investments made by clients that may be similar to the applicable investment opportunity.

There may be some instances where certain Advisory Accounts receive an allocation while others do not, and preferential allocations may be given to clients with a proven interest or expertise in a certain sector, company or industry.

Ayco or its affiliates may, under limited circumstances, use model portfolios, including those provided by GSAM or third parties, when managing or advising Advisory Accounts. Prior to Ayco personnel having had the chance to evaluate or act upon the recommendations in any model portfolio, other accounts, including those advised by the adviser providing the model portfolio and other Personnel may have already begun to trade based upon the recommendations in the model portfolio. As a result, trades ultimately placed on behalf of Advisory Accounts based on the model portfolio may be subject to price movements, particularly with large orders or thinly traded securities. This may result in the Advisory Accounts receiving prices that are less favorable than the prices obtained for the model portfolio adviser's clients.

Financial Incentives in Selling and Managing Advisory Accounts and Insurance Products

The Firm and its Personnel may receive benefits and earn fees and compensation for services provided to Advisory Accounts by Ayco or its affiliates and in connection with Affiliated Products. Ayco and its affiliates 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 Ayco and Ayco personnel to recommend or select advisory products or investment strategies that will result in greater compensation and profit to Ayco and, indirectly, to Ayco personnel involved in decision-making for Advisory Accounts. Ayco may also recommend to clients of Ayco or its affiliates that they make a charitable donation to ACF. Such recommendations are made if Ayco believes

it is in the client's best interest. The compensation described herein that Ayco receives may create an incentive for an Ayco professional to recommend ACF.

Ayco's affiliated broker-dealer, Mercer Allied, and Ayco's affiliated insurance agencies, ASA and ASIA, receive insurance commissions from insurers for the sale of fixed and variable insurance policies and annuities, which inure to the benefit of Ayco. In evaluating and selecting insurance carriers with whom it recommends advisory clients to place their business, Ayco may include as a consideration in such evaluation and selection a broad range of factors, including the payment to Ayco or its affiliates that will be generated on the policy sale. The receipt of remuneration through Ayco's affiliates creates a conflict of interest between the fiduciary duty owed to clients in offering investment advice, including any recommendation to purchase insurance securities, and the interests of Ayco and its affiliates, namely, the benefits that Ayco's affiliates will receive. The commissions and payments received by Ayco, its affiliates and its Personnel can be a factor in Ayco's decisions in developing business relationships and recommendations. The compensation received by licensed Firm personnel, including Account Managers and Wealth Advisors, for referring clients to ASA may vary depending on the insurance company and product purchased, and such personnel may also be appointed as an agent of the issuing insurer.

Firm Policies and Regulatory Restrictions Affecting Advisory Accounts and Advisory Clients

Ayco 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 the Firm, the Firm's internal policies and/or potential reputational risk in connection with Accounts (including Advisory Accounts). As a result, Ayco might not engage in transactions for, or recommend transactions to, an Advisory Account, or may reduce an Advisory Account's position in an investment with limited availability to create availability for an Advisory Account managed in the same strategy, in consideration of the Firm's activities outside the Advisory Account. For example, the Firm 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 the Firm, including Ayco. GS&Co. 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, Ayco is not permitted to obtain or use material nonpublic information in effecting purchases and sales in public securities transactions for Advisory Accounts. Ayco may also limit an activity or transaction engaged in or on behalf of a particular Advisory Account, and may limit its exercise of rights on behalf the Advisory Account for reputational or other reasons, including i) where the Firm is providing (or may provide) advice or services to an entity involved in such activity or transaction, ii) where the Firm 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, iii) where the Firm or another Account has an interest in an entity involved in such activity or transaction, or iv) where such activity or transaction or the exercise of such rights on behalf of or in respect of the Advisory Account could affect the Firm, Ayco or their activities. The Firm and Ayco may restrict its investment decisions and activities on behalf of particular Advisory Accounts and not on behalf of other Accounts (including other Advisory Accounts). For Advisory Accounts on the Fidelity Platform, Ayco has an agreement with Fidelity with respect to Retirement Accounts custodied at Fidelity that may limit the fees Ayco generates from such accounts.

Item 12 – BROKERAGE PRACTICES

Broker-Dealer Selection and Directed Brokerage

Investment advisory services provided by Ayco that are offered through the GS Platform or the Fidelity Platform are generally available only to clients that have directed Ayco to execute transactions for their Advisory Accounts through the Firm or Fidelity, respectively. As a result, substantially all transactions for Advisory Accounts are executed by the Firm or Fidelity, as applicable. These transactions may be effected by the Firm, as agent or principal, or Fidelity. The Execution Charges on the GS Platform and Fidelity Platform may differ and result in lower process on one platform versus the other.

Through the Fidelity Platform, Fidelity provides Ayco with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

By directing brokerage to the Firm or Fidelity, GS&Co. or Fidelity, respectively, may not always be able to achieve the most favorable execution for client transactions and clients may pay higher transaction costs or receive less favorable pricing as a result. Clients should understand that not all advisers require their clients to direct brokerage to a particular broker-dealer.

In certain circumstances, Ayco may decide to execute transactions through a broker-dealer that is not affiliated with the Firm (other than Fidelity). Where Ayco selects a broker-dealer other than the Firm, its affiliates or Fidelity to execute transactions for an Advisory Account, it does so consistent with best execution. Best price, giving effect to commissions and commission equivalents, if any, and other transaction costs, is normally an important factor in this decision, but the selection also takes into account the quality of brokerage services, including execution capability, willingness to commit capital, creditworthiness and financial stability, clearance and settlement capability and the provision of research and other services. Accordingly, transactions will not always be executed at the lowest available price or transaction cost.

Fidelity also offers other services intended to help Ayco manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom Ayco may contract directly.

Fidelity generally does not charge Ayco separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Ayco also receives a custodial support services fee for certain accounts on the Fidelity Platform. Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Research and Other Soft Dollar Benefits

Ayco is not currently receiving soft dollar benefits in connection with client securities transactions.

Ayco may select brokers, including affiliates that furnish Ayco, advisory clients and Advisory Accounts with proprietary research or other appropriate services that provide, in Ayco's view, appropriate assistance to Ayco in the investment recommendations and investment decision-making process (including with respect to futures, fixed-price offerings and over-the-counter transactions). To the extent Ayco uses such soft dollar benefits, Ayco receives a benefit because it will not have to produce or pay for the research products or services. Fidelity may provide Ayco with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Exchange Act.

Ayco may have an incentive to select or recommend a broker-dealer based on Ayco's interest in receiving the research or other products or services, rather than on Ayco's clients' interest in receiving most favorable execution, in order to ensure the continued receipt of research or other services Ayco believes are useful in its investment decision-making process. Ayco may from time to time choose not to engage in these soft dollar arrangements to varying degrees.

Ayco may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Research or other services obtained in this manner may be used in servicing any or all advisory clients and Advisory Accounts. Such products and services may disproportionately benefit one advisory client or Advisory Account relative to another advisory client or Advisory Account based on the amount of brokerage commissions paid by the Advisory Account and such other Advisory Accounts. For example, research or other services that are paid for through one client's commissions may not be used in managing that client's account. In addition, other Advisory Accounts may receive the benefit, including disproportionate benefits, of economies of scale or price discounts in connection with products and services that may be provided to an Advisory Account and to such other Advisory Accounts.

Such research or other services may include, to the extent permitted by law, research reports on companies, industries, and securities; economic and financial data; financial publications; proxy analysis; trade industry seminars; computer databases; quotation equipment and services; and research-oriented computer hardware, software and other services and products. Ayco may receive from Fidelity the equipment necessary to initiate trades with the Fidelity system. Ayco may receive research that is bundled with the trade execution, clearing, and/or settlement services provided by a particular broker-dealer. To the extent that Ayco receives research on this basis, many of the same conflicts related to traditional soft dollars may exist. For example, the research effectively will be paid by client commissions that also will be used to pay for the execution, clearing, and settlement services provided by the broker/dealer, and will not be paid by Ayco. During its last fiscal year Ayco did not direct client transactions to a particular broker-dealer in return for soft dollar benefits Ayco received.

Aggregation of Trades

GS&Co. and Ayco, respectively, seek to execute orders for Advisory Accounts fairly and equitably over time. On the GS Platform and Fidelity Platform, GS&Co. and Ayco, respectively, follow policies and procedures pursuant to which they may combine or aggregate purchase or sale orders for the same security for multiple clients (sometimes called "bunching" or "aggregating," as appropriate), so that the orders can be executed at the same time. GS&Co. and Ayco may also determine whether to permit the executing broker (whether GS&Co., Fidelity or other third-party broker) to trade along with client orders, subject to applicable law. The particular procedures followed by GS&Co. and Ayco may differ depending on the particular strategy or type of investment.

Ayco and its Advisory Affiliates do not bunch or aggregate orders for different accounts, or net buy and sell orders for the same account, if portfolio management decisions relating to the orders are made separately, or if bunching, aggregating or netting is not appropriate or practicable from Ayco's or GS&Co.'s operational or other perspective. Where transactions for a client's account are not aggregated with orders for other accounts or netted against orders for its own account, the client may not benefit from a better price or lower execution charge or transaction cost.

GS&Co. and Ayco generally allocate the securities purchased, or proceeds of a sale from a bunched order among the participating accounts in the manner indicated on the order. If the order is filled at several different prices, through multiple trades, generally all participating accounts receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. Advisory Accounts may not be charged the same commission or commission equivalent rates in a bunched or aggregated order. When a bunched order is partially filled for an Advisory Account on the GS Platform or the Fidelity Platform, securities must be allocated proportionately based upon the relative size of the particular client's pre-trade designation, subject to odd-lots, minimum denomination requirements or other circumstances where it would be impractical or not be in the client's best interest to provide a partial allocation.

Item 13 – REVIEW OF ACCOUNTS

Review of Financial Plans and Accounts

Financial Plan Reviews

As part of Comprehensive Financial Counseling, Encompass, Goldman Sachs Family Office and APAS services, Account Managers and APAS Advisory Personnel periodically review each of their individual client's allocations of assets among various asset groups held with the Firm and, to the extent Ayco is aware, away from the Firm. In some cases, APAS Advisory Personnel work together with Ayco PWM Portfolio Management Teams to periodically review each of their APAS clients' allocations of assets among various asset groups held with the Firm and, to the extent Ayco is aware, away from the Firm. Account Managers and APAS Advisory Personnel do not recommend specific Variable Subaccounts or other securities, including single stocks or ETFs, other than those appearing on The Ayco List of Mutual Funds or recommended by Aycos affiliates, including GS&Co. and GSAM. Rather, they provide education on asset group allocation seeking to improve the individual's return/risk ratio. Ayco is not obligated to monitor specific Variable Subaccount allocations for conformity with a policyholder's stated investment objectives, risk tolerance, financial circumstances or investment restrictions, if any.

Client Account Reviews

Ayco regularly monitors the trading in Advisory Accounts for, among other things, transactions that are outside a client's investment guidelines. Ayco PWM supervisory personnel, either alone or in consultation with the responsible Portfolio Management Team, conducts periodic reviews of Advisory Accounts managed by Portfolio Management Teams, Managed Advisory Accounts, the ACF account and ATAS accounts to monitor various factors that may affect the management of the Advisory Accounts.

Client Reports

As part of Comprehensive Financial Counseling, Encompass, Goldman Sachs Family Office and APAS services, Account Managers and APAS Advisory Personnel use historical market data to periodically prepare client asset allocations with respect to risk and return. Qualified custodians of Advisory Accounts provide clients with written reports on a monthly or periodic basis, depending on the terms of the separate agreement underlying the Advisory Account. Such reports generally include, among other things, an activity summary, a summary of holdings that includes a portfolio valuation and the change in value of the client's account during the reporting period.

Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Ayco's fee for certain financial counseling and FRS services may be paid, in whole or in part, by the client's employer. From time to time, Ayco may make cash payments to affiliates and third parties for client referrals, consistent with applicable laws, including Rule 206(4)-3 under the Advisers Act. The compensation arrangements generally are based on a percentage of the advisory fees paid to Ayco by the referred clients and are disclosed to clients. In addition, from time to time, Ayco may also compensate employees of Ayco and its affiliates for client referrals pursuant to applicable laws. Personnel may have board, advisory, brokerage or other relationships with issuers, distributors, consultants and others that may have Advisory Accounts or that may recommend the use of Advisory Accounts or portfolio transactions for Advisory Accounts.

The Firm, including Ayco 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. The individuals and entities with which GS&Co. and its Personnel have these relationships may have or recommend Advisory Accounts.

Item 15 – CUSTODY

Clients generally custody their funds and securities in their Advisory Accounts with GS&Co. on the GS Platform or Fidelity on the Fidelity Platform. Clients also may enter into separate custody agreements to maintain client funds and securities with other unaffiliated qualified custodians. However, under the Advisers Act, Ayco or its affiliates may be “deemed” to have custody of client assets under certain circumstances, including where Ayco has a limited power of attorney for bill pay services for clients.

Clients who custody funds and securities with GS&Co. or Fidelity will receive periodic account statements from GS&Co. or Fidelity, respectively. Clients who custody funds and securities away from GS&Co. receive account statements directly from their qualified custodian, including Fidelity, and may also receive periodic account statements and performance reports from Ayco or its affiliates. Clients should understand that the statements received from the custodian of their funds or securities are the official records for their Advisory Accounts. Clients are urged to compare any account statements that they receive from their qualified custodian related to Ayco’s bill pay services with any reports or statements that they receive from Ayco.

Item 16 – INVESTMENT DISCRETION

Ayco accepts discretionary investment authority to manage Advisory Accounts on a client’s behalf and at the client’s risk. Clients who choose to grant Ayco discretion are required to sign an investment advisory agreement and complete account opening documentation appointing and authorizing Ayco to supervise and direct the investment of assets in the Advisory Account. Ayco’s discretionary authority is limited by the terms of its investment advisory agreements and the written investment guidelines including reasonable restrictions agreed to in writing between Ayco and each client. Ayco does not accept discretion over client’s investment accounts and assets as part of its financial counseling and FRS services.

In order to engage in certain transactions on behalf of Advisory Accounts, Ayco 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. The rules, terms and/or conditions of any such venue may result in Ayco (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.

Item 17 – VOTING CLIENT SECURITIES

Proxy Voting Policies – Authority to Vote

Ayco is not delegated proxy voting authority on behalf of all of its Advisory Accounts. Unless Ayco expressly agrees in writing, Ayco does not accept authority, or give any advice to clients about how to vote client securities including for securities held in Advisory Accounts.

Fidelity Platform

Ayco does not have discretion and is not responsible for voting proxies relating to the majority of Advisory Accounts on the Fidelity Platform. Under the advisory agreement between Ayco and these clients, clients agree to retain the right to vote such proxies. These Fidelity Platform clients will receive all annual reports and proxy materials relating to securities held in Advisory Accounts directly from Fidelity and are encouraged to contact Fidelity to ensure that they receive their proxies and other solicitations for securities held in their Advisory Account.

For the Advisory Accounts on the Fidelity Platform for which Ayco has voting discretion, Ayco has adopted policies and procedures (the “Proxy Voting Policy”) for the voting of proxies. Ayco has also adopted customized proxy voting guidelines developed by its affiliate (the “Firm Guidelines”) that Ayco generally applies when voting proxies for U.S. public equity investments on behalf of these Advisory

Accounts. The Firm 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. Ayco has retained a third-party proxy voting service, currently Institutional Shareholder Services – Risk Metrics (the “Proxy Service”), to assist in the implementation and administration of certain proxy voting-related functions for the Advisory Accounts on the Fidelity Platform for which Ayco has voting discretion, including, without limitation, the Firm Guidelines, operational, recordkeeping and reporting services. Ayco may hire other service providers to replace or supplement the Proxy Service with respect to any of the services Ayco currently receives from the Proxy Service. Ayco has appointed the Proxy Service to vote investment company proxies for these accounts in accordance with the Proxy Service voting guidelines.

Goldman Platform

Ayco does not have discretion and is not responsible for voting proxies relating to any Advisory Accounts on the Goldman Platform. Under the advisory agreement between Ayco and Goldman Platform clients, clients agree to either (i) retain the right to vote such proxies and receive all annual reports and proxy materials relating to such shares; or (ii) appoint the Proxy Service as their proxy voting agent to vote proxies for U.S. public equity investments held in Goldman Platform Advisory Accounts pursuant to the Firm Guidelines and to vote investment company proxies in accordance with the Proxy Service voting guidelines, or separately arrange for the Proxy Service to vote proxies pursuant to other guidelines. By making the Firm Guidelines available as a reference, Ayco does not act as investment adviser or fiduciary to these clients for proxy voting matters.

Proxy Voting Policies – General

Ayco believes the Firm Guidelines are designed to prevent conflicts of interest from influencing proxy voting decisions and to help ensure that such decisions are made in accordance with Ayco’s fiduciary obligations to its clients because they are pre-established guidelines that are not designed to further Ayco’s economic interests. Notwithstanding such controls, proxy voting decisions made by Ayco in respect of securities held by a particular Advisory Account may benefit the interests of Ayco and/or Accounts other than the Advisory Account, provided that Ayco believes such voting decisions to be in accordance with its fiduciary obligations. In addition, the Firm Guidelines as implemented may be detrimental to the interests of certain Ayco advisory clients, particularly those clients who have engaged Ayco for financial counseling services that also have existing Advisory Accounts.

Clients can obtain information regarding how securities were voted for a particular Advisory Account by calling their Ayco representative. Ayco’s Proxy Voting Policy and the Firm Guidelines are available upon request. The Firm may change the Firm Guidelines at any time by giving clients notice of the new terms (including by posting them on the Firm client website).

If GS&Co. is custodian, it forwards proxy materials directly to clients or the Proxy Service, if applicable, and notices for class actions and other legal proceedings directly to clients or the class action processor designated by the clients, if applicable. GS&Co. recommends that clients promptly review these materials, as they identify important deadlines and may require action on the client’s part. Ayco and GS&Co. are not required to notify third party custodians or clients who use third party custodians of proxy notices, shareholder class action lawsuits and similar matters related to securities held in their Advisory Accounts. Unless otherwise agreed, Ayco does not render any advice or take any action with respect to securities or other property currently or formerly held in Advisory Accounts or the issuers thereof that become the subject of any legal proceedings, including bankruptcies and shareholder class action lawsuits. With respect to shareholder class action litigation and similar matters, Ayco’s Advisory 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.

Item 18 – FINANCIAL INFORMATION

A balance sheet for Ayco's most recent fiscal year is attached.

GLOSSARY

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

“Accounts” means the Firm’s own accounts, accounts in which Personnel have an interest, Firm client accounts and Affiliated Products the Firm sponsors, manages and advises.

“ACF” means The Ayco Charitable Foundation, a 501(c)(3) public charity that sponsors Sub-Accounts.

“Administration Fee” means the fee for certain administrative services performed on behalf of ACF, based on total assets held by ACF.

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

“Advisory Accounts” means accounts for which Ayco has expressly agreed to serve as investment adviser pursuant to a separate express account agreement.

“Advisory Personnel” means with respect to Ayco, Ayco personnel providing advisory services, including, as the context may be appropriate, Account Managers, APAS Wealth Advisors and APAS Investment Officers, FRS Counselors, RIOs, Portfolio Management Teams, IPs and the investment committee for certain trusts established through ATAS.

“Affiliated Products” means securities issued by GS&Co. or its affiliates, including structured products, and separately managed accounts and pooled vehicles managed by GS&Co. or its affiliates.

“Agency Trading Option” means an alternative trading option under which fixed income trades for certain fixed income strategies managed by Advisory Personnel generally are executed by GS&Co. on an agency basis.

“APAS” means Ayco Personal Advisor Service.

“APCS” means Ayco Privileged Client Service.

“ASA” means The Ayco Services Agency, L.P., a state licensed insurance agency and an affiliate of Ayco.

“ASIA” means The Ayco Services Insurance Agency, Inc., a state licensed insurance agency and an affiliate of Ayco.

“ATAS” means Ayco Trust Advisory Service.

“Ayco” means The Ayco Company, L.P., a registered investment adviser with the SEC.

“Ayco PWM” means Ayco Private Wealth Management (formerly the Investment Services Group).

“Bank Deposit” means the Goldman Sachs Bank Deposit at GS Bank, which operates as a cash sweep account for clients for whom it has been designated as the sweep option for holding available cash.

“BHC” means the Bank Holding Company of 1956, as amended.

“Brochure” means Ayco’s Form ADV Part 2A.

“CFTC” means Commodity Futures Trading Commission.

“Code” means Ayco’s Code of Ethics adopted pursuant to SEC Rule 204A -1 of the Advisers Act.

“ERISA” means Employee Retirement Income Security Act of 1974, as amended.

“ETF” means an exchange traded fund.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Execution Charges” means commissions, commission equivalents, markups, markdowns or spreads.

“Execution Charge Waived Strategies” means eligible fixed income strategies and any other investment strategies managed by Advisory Personnel for which the Firm has determined, or may in the future determine, to waive commissions and/or markups/markdowns from time to time.

“Fidelity” means, together, Fidelity Brokerage Services LLC and National Financial Services LLC.

“Fidelity Platform” means the platform with Fidelity through which services including, among others, brokerage, custodial, administrative support, record keeping and related services, are provided and which may benefit Ayco.

“Firm” means GS Group, Ayco and their respective affiliates, directors, partners, trustees, managers, members, officers and employees.

“FPTC” means Fidelity Personal Trust Company, FSB.

“FRS” means Ayco’s Financial Related Services division.

“GS Bank” means Goldman Sachs Bank USA.

“GS&Co.” means Goldman, Sachs & Co., a registered broker-dealer and investment adviser with the SEC and an affiliate of Ayco.

“GSAM” means Goldman Sachs Asset Management, L.P., a registered investment adviser with the SEC and an affiliate of Ayco.

“GSAMI” means Goldman Sachs Asset Management International.

“GSEC” means Goldman Sachs Execution & Clearing, L.P.

“GS Group” means The Goldman Sachs Group, Inc., a publicly traded bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended, and a worldwide full-service financial services organization.

“GSI” means Goldman Sachs International.

“GSIS” means GS Investment Strategies, LLC.

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

“GSTD” means The Goldman Sachs Trust Company of Delaware.

“GS Platform” means the platform with GS&Co. through services including, among others, brokerage, custodial, administrative support, record keeping and related services, are provided and which may benefit Ayco.

“HFS” means Goldman Sachs Hedge Fund Strategies LLC.

“RIO” means an Ayco PWM Regional Investment Officer.

“IP” means an Ayco PWM Investment Professional.

“IPG” means Ayco’s Investment Planning Group.

“IPO” means an initial public offering of equity securities.

“IRC” means the Internal Revenue Code of 1986, as amended

“ISG” means Ayco’s Investment Services Group, now referred to as “Ayco PWM”.

“Managed Account Strategies” means GS&Co.’s wrap fee program.

“Managed Advisory Account” means an account designed by an IP through consultation with the client to develop an account with suitable investment objectives and risk tolerance relative to the client’s financial circumstances and asset allocation strategy.

“Mercer Allied” means Mercer Allied Company, L.P., a broker-dealer registered with the SEC and an affiliate of Ayco.

“NAV” means net asset value.

“NTF Funds” means funds available through the Fidelity Platform for which (i) Fidelity is not a sponsor or manager and (ii) transaction fees are not imposed.

“PCP” means Goldman Sachs Asset Management Private Client Portfolio or Private Equity Income.

“Personnel” means personnel of the Firm.

“Portfolio Management Teams” means the teams of portfolio management personnel within Ayco PWM who manage various investment strategies.

“Program” means a wrap fee program on the Fidelity Platform sponsored by Ayco, known as the Ayco Private Access Account Program.

“RBC” means Royal Bank of Canada.

“Retirement Accounts” means, collectively, pension plans (including 401(k) plans) and other employee pension benefit plans subject to ERISA, tax qualified retirement plans (including Keogh plans) under IRC Section 401(a) and not covered by ERISA, and individual retirement accounts under IRC Sections 408 and 408A.

“SEC” means U.S. Securities and Exchange Commission.

“Sub-Account” means a donor advised fund account sponsored by ACF.

“Third-Party Funds” means certain mutual funds that clients may access through the Advisory Mutual Fund Strategies program that are managed, sponsored or advised by investment managers or organizations that are not affiliated with Ayco or its affiliates.

“Unaffiliated Manager” means a manager not appearing on The Ayco List of Mutual Funds or not recommended by Ayco’s affiliates, including GS&Co. and GSAM.

“Variable Products” means variable life insurance policies and variable annuity contract.

“Variable Subaccounts” means separate accounts underlying Variable Products.

“WTC” means Wilmington Trust Company.

GS Ayco Holding LLC and Affiliates*

**Consolidated Statement of Financial Condition
December 31, 2013**

*Affiliates are comprised of The Ayco Company, L.P. and its Affiliates

GS Ayco Holding LLC and Affiliates

Index

December 31, 2013

	Page(s)
Independent Auditor's Report	1–2
Consolidated Statement of Financial Condition	
Statement of Financial Condition	3
Notes to Statement of Financial Condition.....	4–11



Independent Auditor's Report

To the Member of
GS Ayco Holding LLC and Affiliates

We have audited the accompanying consolidated statement of financial condition of GS Ayco Holding LLC and Affiliates (the "Company") as of December 31, 2013.

Management's Responsibility for the Consolidated Statement of Financial Condition

Management is responsible for the preparation and fair presentation of the consolidated statement of financial condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated statement of financial condition that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated statement of financial condition based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statement of financial condition is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated statement of financial condition. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated statement of financial condition, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated statement of financial condition in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated statement of financial condition. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the financial position of GS Ayco Holding LLC and Affiliates at December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 9 to the consolidated statement of financial condition, the Company has significant transactions with related parties.

PricewaterhouseCoopers LLP

March 21, 2014

GS Ayco Holding LLC and Affiliates
Consolidated Statement of Financial Condition
As of December 31, 2013

Assets

Current assets	
Cash and cash equivalents	\$ 16,729,400
Accounts receivable, net of allowance of \$482,000	34,734,500
Prepaid expenses	1,806,800
Due from affiliates	92,618,600
Deferred tax asset	18,022,400
Total current assets	<u>163,911,700</u>
Property, building and equipment, net	16,585,200
Goodwill	283,466,200
Customer relationships, net	84,159,100
Other assets	624,100
Total assets	<u>\$ 548,746,300</u>

Liabilities and Member Equity

Current liabilities	
Accrued compensation and benefits	\$ 52,195,700
Other liabilities and accrued expenses	1,785,500
Due to affiliates	386,300
Deferred income	4,775,700
Income taxes payable	32,309,700
Pensions, postretirement and deferred compensation liabilities	1,325,000
Total current liabilities	<u>92,777,900</u>
Net deferred tax liabilities	85,894,500
Rent escalation	5,714,600
Pensions, postretirement and deferred compensation liabilities	3,091,400
Total liabilities	<u>187,478,400</u>
Commitments, contingencies and guarantees	
Member equity	<u>361,267,900</u>
Total liabilities and member equity	<u>\$ 548,746,300</u>

The accompanying notes are an integral part of the Consolidated Statement of Financial Condition.

GS Ayco Holding LLC and Affiliates

Notes to Consolidated Statement of Financial Condition

December 31, 2013

1. Description of Business

GS Ayco Holding LLC and Affiliates, a Delaware limited liability company, together with its consolidated subsidiaries (collectively, the Company), is an indirectly wholly owned subsidiary of The Goldman Sachs Group, Inc. (Group Inc.), a Delaware corporation and a financial holding company. The Company's sole member is GS Ayco Senior Holding LLC. The Company is engaged in the business of providing professional services which include financial counseling, tax return preparation, asset management, trust and estate, corporate benefit plan and insurance services to corporate and individual clients primarily throughout the United States.

The Company's U.S. regulated broker-dealer subsidiary Mercer Allied Company, L.P. (Mercer) is a registered U.S. broker-dealer and is subject to regulatory requirements including those imposed by the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority, Inc. (FINRA). Rule 15c3-1 of the SEC specifies uniform minimum net capital requirements, as defined, for their registrants, and also effectively requires that a significant part of assets be kept in relatively liquid form. At December 31, 2013, Mercer was in compliance with its regulatory requirements.

2. Basis of Presentation and Significant Accounting Policies

The consolidated statement of financial condition is prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and includes the accounts of the Company which is comprised of entities under common ownership. Intercompany transactions and balances have been eliminated.

Use of Estimates

Preparation of the consolidated statement of financial condition requires management to make certain estimates and assumptions, the most important of which relate to the fair value methodology used to calculate the fair value of the Company in connection with the goodwill impairment test, the provision for losses that may arise from litigation and regulatory proceedings, potential losses on accounts receivable and income taxes. These estimates and assumptions are based on the best available information but actual results could be materially different.

Cash and Cash Equivalents

The Company defines cash equivalents as highly liquid overnight deposits held in the ordinary course of business. Cash balances are maintained at various institutions some of which are insured by the Federal Deposit Insurance Corporation to the extent provided by law. At December 31, 2013, the Company had \$14,819,500 in banks in excess of the insured limits.

Accounts Receivable

Accounts receivable consist primarily of amounts owed by customers. These balances are presented net of allowances for uncollectible accounts. The allowance estimates are based on past collection experience and the Company's assessment of collectability.

Property, Building and Equipment

Property, building and equipment are stated at cost with depreciation provided for on a straight-line basis over the estimated useful lives of the assets, primarily 3 to 7 years on furniture, fixtures and equipment, 10 years on building improvements, and 30 years on building. Leasehold improvements are amortized over the shorter of the lease term or useful life which range from 9 to 20 years. Significant additions or improvements extending the assets' useful lives are capitalized.

GS Ayco Holding LLC and Affiliates

Notes to Consolidated Statement of Financial Condition

December 31, 2013

The Company tests property, building and equipment for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. To the extent the carrying value of an asset exceeds the projected undiscounted cash flows expected to result from the use and eventual disposal of the asset or asset group, the Company determines the asset is impaired and records an impairment loss equal to the difference between the estimated fair value and the carrying value of the asset or asset group.

Goodwill

The Goodwill balance of \$283,466,200 relates to the acquisition of The Ayco Company, L.P. and Affiliates by GS Ayco Holding LLC on July 1, 2003. Goodwill is the cost of acquired companies in excess of the fair value of net assets, including identifiable intangible assets, at the acquisition date. During 2013, the carrying value of goodwill increased by a net \$1,700,200 (\$2,478,000 correction of an immaterial misstatement, less \$777,800 related to amortization of tax goodwill). The correction of the immaterial misstatement related to goodwill and deferred tax liabilities resulting in an increase to goodwill, deferred tax liabilities and member equity of \$2,478,000, \$1,699,000 and \$779,000, respectively. The Company has determined that these misstatements recorded in 2013 were not material to any prior period.

Goodwill is assessed annually for impairment or more frequently if events occur or circumstances change that indicate impairment may exist. First, qualitative factors are assessed to determine whether it is more likely than not that the fair value of the Company is less than its carrying amount. If results of the qualitative assessment are not conclusive, a quantitative test would be performed. The quantitative goodwill impairment test consists of two steps. The first step compares the estimated fair value of the Company with its estimated net book value (including goodwill). If the Company's fair value exceeds its estimated net book value, goodwill is not impaired. If the estimated fair value of the Company is less than its estimated net book value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. Any impairment loss is equal to the excess of the carrying amount of goodwill over its fair value.

Goodwill was tested for impairment, using a quantitative test, during 2013 and goodwill was not impaired. The Company uses a price-to-earnings multiple of comparable competitors to the Company's net earnings to estimate fair value because the Company believes market participants would use this technique to value the Company.

Customer Relationships

Customer relationships are amortized over their estimated useful lives. Customer relationships are tested for potential impairment whenever events or changes in circumstances suggest that an asset group's carrying value may not be fully recoverable. To the extent the carrying value of an asset exceeds the projected undiscounted cash flows expected to result from the use and eventual disposal of the asset or asset group, the Company determines the asset is impaired and records an impairment loss equal to the difference between the estimated fair value and the carrying value of the asset or asset group.

Deferred Income

Deferred income consists of the unearned portion of amounts invoiced.

GS Ayco Holding LLC and Affiliates
Notes to Consolidated Statement of Financial Condition
December 31, 2013

3. Property, Building and Equipment

Property, building and equipment consist of the following:

Land	\$ 800,000
Building and improvements	22,731,800
Furniture, fixtures and equipment	<u>20,119,900</u>
	43,651,700
Less: Accumulated depreciation	<u>(27,066,500)</u>
	<u>\$ 16,585,200</u>

4. Customer Relationships

The following table sets forth the gross carrying amount, accumulated amortization and net carrying amounts of the customer relationships:

Gross carrying amount	\$ 161,000,000
Accumulated amortization	<u>(76,840,900)</u>
Net carrying amount	<u>\$ 84,159,100</u>

The customer relationships are being amortized over their estimated useful life of 22 years. The weighted average remaining lives at December 31, 2013 of customer relationships is approximately 12 years.

5. Income Taxes

Provision for Income Taxes

Income taxes are provided for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities.

The operating companies in the Company are made up of entities that are treated as single member limited liability corporations ("SMLLC"), and therefore considered disregarded branches of their parent for U.S. Federal tax purposes, and entities that are "C" Corporations for U.S. Federal tax purposes. Therefore, the Company is required to accrue U.S. federal, state and local tax as if all entities were "C" corporations. The Company is included with Group Inc. and subsidiaries in the consolidated corporate federal tax returns as well as consolidated/combined state and local tax returns. The Company computes its tax liability on a modified separate company basis and settles such liabilities with Group Inc. pursuant to the tax sharing policy. To the extent the Company generates tax benefits from losses it will be reimbursed by Group Inc. pursuant to the tax sharing policy. The Company's state and local tax liabilities are allocated to reflect its share of the consolidated/combined state and local income tax liability. As of December 31, 2013, the Company's net income tax payable in the consolidated statement of financial condition was \$32,309,700.

GS Ayco Holding LLC and Affiliates

Notes to Consolidated Statement of Financial Condition

December 31, 2013

Deferred Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Valuation allowances are established to reduce deferred tax assets to the amount that more likely than not will be realized. Deferred taxes are recorded in the consolidated statement of financial condition, until the underlying temporary differences reverse and the taxes become currently payable or receivable. At December 31, 2013, the Company had net deferred tax liabilities of \$85,894,500 (see Note 2 "Goodwill") primarily related to deferred tax liabilities on tax amortization of customer relationships and goodwill of \$88,608,800, offset by deferred tax assets of \$2,714,300. Current deferred tax assets of \$18,022,400 primarily relates to deferred compensation. No valuation allowance is required as it is considered more likely than not that the deferred tax assets will be utilized.

Unrecognized Tax Benefits

The Company recognizes tax positions in the consolidated statement of financial condition only when it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized on settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the consolidated statement of financial condition. As of December 31, 2013, the Company did not record a liability related to accounting for uncertainty in income taxes.

Regulatory Tax Examinations

All years subsequent to and including 2008 for U.S. Federal and 2007 for New York State and City, and 2006 or later years for all other states in which the Company files returns remain open to examination by the taxing authorities.

In January 2013, Group, Inc. was accepted into the Compliance Assurance Process program by the IRS. This program will allow Group, Inc. to work with the IRS to identify and resolve potential U.S. federal tax issues before the filing of tax returns. The 2013 tax year is the first year being examined under the program. Group, Inc. was accepted into the program again for the 2014 tax year.

6. Employee Benefit Plans

Postretirement Benefits

The Company provides postretirement health benefits to individuals who retire at or after age 55 and who also have at least ten years of full time service or the equivalent as of the date of retirement. During 2011, the plan was amended to extend eligibility to employees whose age plus years of service are equal to or greater than 60 and have at least 15 years of service. The Company has limited the annual benefit under the plan to \$1,000 per year per participant. Any premiums in excess of \$1,000 must be paid for by the retiree.

At December 31, 2013, accumulated other comprehensive income (included in the caption "Member equity") is comprised of an unrecognized gain and unrecognized prior service credit of \$772,800 and \$218,300, respectively.

GS Ayco Holding LLC and Affiliates
Notes to Consolidated Statement of Financial Condition
December 31, 2013

The following table sets forth the funded status of the postretirement health benefit plan and amount recognized in the Company's consolidated statement of financial condition:

	Postretirement Benefits
Accumulated postretirement benefit obligation	\$ 2,456,100
Plan assets at fair value	<u>-</u>
Unfunded status	<u>2,456,100</u>
Liability recognized in the consolidated statement of financial condition	<u>\$ 2,456,100</u>

For the year ended December 31, 2013, the projected benefit obligation decreased in the aggregate by approximately \$86,900 due primarily to an increase in the discount rate from 4.25% at December 31, 2012 to 5.05% at December 31, 2013 which accounted for \$271,000 of the decrease.

Weighted-average assumptions and other benefit information as of December 31, 2013:

	Postretirement Benefits
Discount rate	5.05 %
Healthcare cost trend rate assumed next year	8.00 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00 %
Year that the rate reaches the ultimate trend rate	2022
Benefit cost	\$ 35,600
Employer contributions	59,600
Benefits paid	59,600

An increase or decrease in the assumed health care cost trend rates by one percentage point would have the following impact:

	One Percentage Point Increase	One Percentage Point Decrease
Accumulated postretirement benefit obligation at December 31, 2013	\$ 300	\$ (300)
Postretirement benefit cost (aggregate service and interest cost)	-	-

GS Ayco Holding LLC and Affiliates

Notes to Consolidated Statement of Financial Condition

December 31, 2013

The following table sets forth benefit payments projected to be paid from the Company's postretirement health benefit plan and reflects expected future service, where appropriate:

	Postretirement Benefits
2014	\$ 68,300
2015	76,800
2016	86,300
2017	96,900
2018	107,400
2019–2023	663,200

Other Employee Benefits

The Company maintains a nonqualified deferred compensation plan for eligible employees. The cost of such plan is accrued over the period of active employment from the employee's participation date in the plan. At December 31, 2013, the deferred compensation payable amount approximated \$916,300 of which \$264,000 is included in the current portion of pensions, postretirement and deferred compensation liabilities.

Group Inc. maintains a defined benefit pension plan for eligible employees of the Company. The Company is allocated a prorata share of the overall expense (income) from Group Inc.

The Company maintains a deferred compensation (401(k)) plan which covers substantially all employees who have met certain service requirements. The plan permits participants to contribute up to 50% of salary, including commissions and bonuses, subject to Internal Revenue Service ("IRS") limitations. Effective January 1, 1999, the Company's matching contribution is 75% of the participant's total elective deferred contribution up to a maximum of 75% of 2% of the participant's compensation up to the IRC Section 401 (a) (17) limit. Participants elect to have their contributions invested in a number of investment funds made available by the plan sponsor. The plan administrator may limit the maximum contributions per participant to comply with the IRS regulations. At December 31, 2013, matching contributions payable under the plan and included in current portion of pensions, postretirement and deferred compensation liabilities approximated \$73,800.

The Company maintains an additional retirement account which covers all employees who have met certain service requirements. Benefits are based on employee's adjusted gross earnings and years of participation in the Plan. The Company's funding policy is to contribute annually an amount equal to the calculated benefit. At December 31, 2013, retirement contributions payable under the Plan and included in the current portion of pensions, postretirement and deferred compensation liabilities approximated \$908,400.

The Company maintains an unfunded supplemental pension plan for certain retirees. The accumulated benefit obligation for this plan is \$61,800 of which \$10,500 is included in the current portion of pensions, postretirement and deferred compensation liabilities as of December 31, 2013.

Generally, the Company determined the discount rate for postretirement benefits by referencing indices for long-term, high quality bonds and ensuring that the discount rate does not exceed the yield reported for those indices after adjustment for the duration of the plan's liability.

GS Ayco Holding LLC and Affiliates

Notes to Consolidated Statement of Financial Condition

December 31, 2013

The consolidated statement of financial condition includes a liability at December 31, 2013 for the foregoing plans of \$4,416,400 of which \$1,325,000 is current.

7. Restricted Stock Units

Group Inc. grants restricted stock units ("RSUs") to employees of the Company under The Goldman Sachs Amended and Restated Stock Incentive Plan, primarily in connection with year-end compensation. RSUs are valued based on the closing price of the underlying shares on the date of grant after taking into account a liquidity discount for any applicable post-vesting transfer restrictions. RSUs generally vest and underlying shares of common stock deliver as outlined in the applicable RSU agreements. Employee RSU agreements generally provide that vesting is accelerated in certain circumstances, such as on retirement, death and extended absence. Delivery of the underlying shares of common stock is conditioned on the grantees satisfying certain vesting and other requirements outlined in the award agreements. At December 31, 2013, amounts payable to Group Inc. for the vested portion of RSUs are included within accrued compensation and benefits in the consolidated statement of financial condition.

8. Commitments, Contingencies and Guarantees

The Company has contractual obligations under long-term noncancelable lease agreements, principally for office space, expiring on various dates through 2029. Certain agreements are subject to periodic escalation provisions for increases in real estate taxes and other charges. Rent expense related to leases with escalating rent payments over the lease term and lease incentives are recorded on a straight line basis. The table below presents future minimum rental payments, net of minimum sublease rentals.

As of December 31, 2013:

2014	\$ 7,998,800
2015	8,297,800
2016	8,462,400
2017	8,660,400
2018	8,756,200
2019–thereafter	<u>43,437,400</u>
	<u>\$ 85,613,000</u>

Legal Proceedings

The Company is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of the Company's businesses. Many of these proceedings are in early stages, and many of these cases seek an indeterminate amount of damages.

GS Ayco Holding LLC and Affiliates

Notes to Consolidated Statement of Financial Condition

December 31, 2013

Management is generally unable to estimate a range of reasonably possible loss for matters, including where (i) actual or potential plaintiffs have not claimed an amount of money damages, unless management can otherwise determine an appropriate amount, (ii) the matters are in early stages, (iii) there is uncertainty as to the likelihood of a class being certified or the ultimate size of the class, (iv) there is uncertainty as to the outcome of pending appeals or motions, (v) there are significant factual issues to be resolved, and/or (vi) there are novel legal issues presented. Management does not believe, based on currently available information, that the outcomes of such matters will have a material adverse effect on the Company's financial condition, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period.

9. Related Party Transactions

In 2013, the Company provided certain counseling services to partners of its affiliates and had cash advances to Group Inc. recorded in due from affiliates. In addition the Company reimburses Group Inc. for share issuances to Company employees under the restricted stock units program, discussed in Note 7. At December 31, 2013, amounts due from affiliates, include a short-term loan receivable from affiliates in the amount of \$94,236,600, which has been offset by related amounts due to the same affiliates. The short-term loan receivable is based on prevailing market rates, computed at an internal cost of funds (2.53% at December 31, 2013) and is payable on demand. The carrying value of short-term borrowing approximates fair value. In addition, in 2013 the Company approved and paid net equity distributions to Group Inc. of \$75,000,000.

10. Disclosure About Fair Value of Financial Instruments

Financial instruments, other than those discussed in Note 9, mainly consist of accounts receivable. The carrying amount of accounts receivable approximates fair value due to the short-term nature of this instrument.

11. Subsequent Events

The Company has performed an evaluation of subsequent events through March 21, 2014, the date at which the consolidated statement of financial condition was available to be issued.