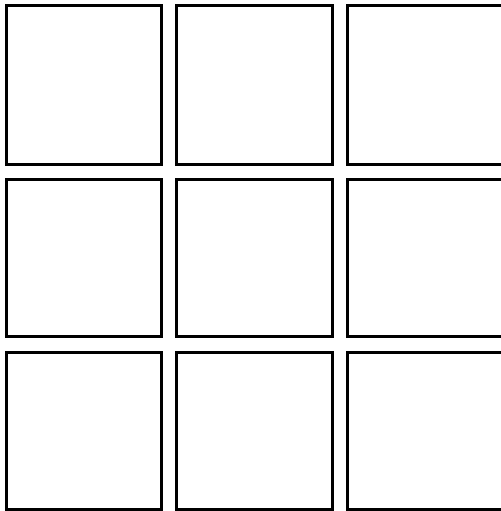




**Asset
Management**



Goldman Sachs Asset Management, L.P.

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January 9, 2017

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

Additional information about GSAML P also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This brochure (“Brochure”) is dated January 9, 2017 and is an update to the prior brochure, dated March 31, 2016. There have been no material changes from the last annual update.

For ease of reference, capitalized terms that are defined when first used in the Brochure are also set forth in the Glossary.

Table of Contents

Item 4 – Advisory Business	3
Item 5 – Fees and Compensation	8
Item 6 – Performance-Based Fees and Side-By-Side Management	13
Item 7 – Types of Clients	17
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	17
Item 9 – Disciplinary Information	44
Item 10 – Other Financial Industry Activities and Affiliations	44
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	51
Item 12 – Brokerage Practices	60
Item 13 – Review of Accounts	66
Item 14 – Client Referrals and Other Compensation	67
Item 15 – Custody	68
Item 16 – Investment Discretion	68
Item 17 – Voting Client Securities	69
Item 18 – Financial Information	70
Glossary	71
Appendix A – Fee Schedules	73
Appendix B – Information on Significant Strategy Risks	75

Item 4 – Advisory Business

GOLDMAN SACHS ASSET MANAGEMENT

This Brochure relates to GSAMLP.

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

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

In this Brochure, GSAM Holdings LLC, The Goldman Sachs Group, Inc., GSAMLP, Goldman, Sachs & Co. (“GS&Co.”) and their respective affiliates, directors, partners, trustees, managers, members, officers and employees are referred to collectively as “Goldman Sachs.”

The separately managed accounts and pooled investment vehicles such as mutual funds, collective trusts and alternative investment funds that are sponsored, managed or advised by GSAM are referred to in this Brochure as “Advisory Accounts.”

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

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

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

GSAM Insurance Asset Management: Offers a broad range of investment solutions to life, health, property and casualty, and reinsurance clients. The Insurance Asset Management team develops investment solutions within customized capital and risk management frameworks, including assisting clients in assessing financial risk. The Insurance Asset Management business also incorporates specialized insurance strategy, risk management, reporting and accounting services, unique to the needs of insurers. These services include advisory solutions such as strategic asset allocation and asset liability management.

GSAM Credit Alternatives: Offers clients a broad range of investment strategies and customized portfolios primarily

focused on corporate credit opportunities including, without limitation, long-only strategies, long/short strategies, relative value and arbitrage strategies, event-driven strategies and private investment strategies.

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

- **QIS Equity Alpha Strategies:** Oversees the research, portfolio construction and implementation of QIS’s alpha models in stock selection mandates.
- **QIS Macro Alpha Strategies:** Oversees the research, portfolio construction and implementation of QIS’s alpha models in macro mandates across all major asset classes, including global equities, fixed income, currencies, commodities and volatility.
- **QIS ActiveBeta Equity Strategies:** Focuses on the design and implementation of smart beta strategies in equity portfolios through the capture of common factors.
- **QIS Alternative Investment Strategies:** Focuses on hedge fund replication, liquid alternative and risk premia strategies.
- **QIS Customized Beta Strategies:** Focuses on customized, rules-based, and index replication strategies comprising major asset classes.
- **QIS Tax-Advantaged Core Strategies:** Oversees the design and implementation of tax-aware equity portfolios.

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

strategies, tactical investments and investment advisory solutions.

GS Investment Strategies, LLC: Provides clients with a broad range of financial solutions, through the Goldman Sachs Investment Partners family of funds and other products, that include multi-strategy portfolios and customized strategies, including, without limitation, long/short strategies, relative value and arbitrage strategies, event-driven strategies, long-only strategies, private investment strategies and liquid alternative strategies. More information about these services is available in the GSIS Form ADV Part 2.

Alternative Investments and Manager Selection

(“AIMS”): Provides investment management and advisory services designed to assist clients in diversifying risk generally through investments with third-party managers, including hedge fund, private equity, real estate, credit and fixed income, and public equity managers. AIMS selects one or more third-party managers to manage client assets under the oversight of AIMS. AIMS may also select third-party managers to sub-advise pooled investment vehicles managed by GSAM and/or its affiliates (“Manager of Manager Funds”), may invest directly into third-party managed funds, or may establish investment vehicles managed by AIMS that invest substantially all of their assets in such third-party managed funds (“AIMS Program Funds”). The businesses that comprise AIMS include:

- **Hedge Funds:** AIMS acts as an adviser to funds and other Advisory Accounts investing in hedge funds and accounts managed by third-party hedge fund advisers employing a broad range of alternative investment strategies, including, without limitation, strategies within the equity long/short sector, the relative value sector, the event driven sector and the tactical trading sector and hedge fund seeding. More information about these services is available in the HFS Form ADV Part 2.
- **Private Equity:** AIMS primarily invests in the private equity market by making commitments to third-party managed private equity funds (primary investments), co-investing directly or indirectly in companies alongside third-party managers (co-investments), and by acquiring existing private equity investments in the secondary market or providing liquidity solutions to managers of, or investors in, private equity or related asset classes (secondary investments) and by acquiring minority

stakes in alternative investment advisers and their affiliates (“Third-Party Management Companies”). AIMS creates portfolios on behalf of investment funds and separate accounts utilizing these strategies, investing around the world and across the private equity landscape, providing exposure to strategies such as leveraged buyouts, growth and venture capital, distressed turnaround, industry-focused and structured investments, natural resources, and distressed, mezzanine and real assets.

- **Real Estate:** AIMS invests in commercial real estate assets, including office, multifamily, retail, industrial and hospitality properties located in major U.S. markets. AIMS uses a broad network of relationships, including institutional investors, professional contacts, industry experts, financial advisors and others, to source investment opportunities. AIMS also advises clients on investments in real estate related secondary opportunities and investments in real estate focused third-party investment funds.
- **Environmental, Social and Governance (“ESG”) and Impact:** AIMS oversees ESG and impact-oriented investing across public equity, credit and fixed income, hedge fund, real estate and private equity managers. AIMS primarily invests in each of these areas in the manner described in the corresponding descriptions in this section, but in this case with an ESG or impact focus and objective. AIMS creates portfolios on behalf of investment funds and separate accounts utilizing these strategies.
- **Credit and Fixed Income:** AIMS acts as a “manager of managers” in the credit and fixed income asset classes. AIMS may select third-party managers to sub-advise Manager of Manager Funds in credit and fixed income asset classes, may invest directly into third-party managed credit and fixed income funds, or may establish AIMS Program Funds that invest substantially all of their assets in such third-party managed credit and fixed income funds. In addition, AIMS may evaluate co-investment opportunities with credit and fixed income managers.
- **Public Equity:** AIMS acts as “manager of managers” in the long-only equity asset class. AIMS may select third-party managers to sub-advise Manager of Manager Funds or may establish AIMS Program Funds that invest

substantially all of their assets in third-party managed long-only equity funds. AIMS manager selection services provide access to U.S. and non-U.S. equity asset classes, including region specific (broad international, global, emerging markets and equity income), style-focused (growth, value and blend investment) and market cap-based (all cap, large cap, and small) strategies.

Global Portfolio Solutions (“GPS”): Provides customized, multi-asset class solutions to clients, which may include markets expertise, asset allocation, and risk management services. The team leverages the broader GSAM platform as well as the external manager selection platform to offer the client a broad range of competitive investment solutions across asset classes, regions, and the risk spectrum. As agreed upon with the client, GPS provides these services by selecting or recommending investment products, monitoring compliance and periodically rebalancing the portfolio.

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

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

INVESTMENT RESTRICTIONS

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

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

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

WRAP FEE PROGRAMS

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

A client in a Wrap Program typically receives professional investment management of account assets through one or more investment advisers (including GSAM) participating in the program. Except for execution charges for certain transactions as described below, clients pay a single, all-inclusive (or "wrap") fee charged by the Sponsor based on the value of the client's account assets for asset management, trade execution, custody, performance monitoring and reporting through the Sponsor. The Sponsor typically assists the client in defining the client's investment objectives based on information provided by the client, aids in the selection of one or more investment advisers to manage the client's account, and periodically contacts the client to ascertain whether there have been any changes in the client's financial circumstances or objectives that warrant a change in the management of the client's assets. In certain Wrap Programs, the Sponsor contracts with other investment advisers to perform these services. In a Wrap Program, the Sponsor pays GSAM a fee based on the assets of clients invested in the applicable GSAM strategy in the Wrap Program. In certain cases, GSAM may instead be paid fees based on the size of the total Wrap Program assets under management.

A Wrap Program client may be able to obtain some or all of the services available through a particular Wrap Program on

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

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

Management of Wrap Accounts

Wrap Program Advisory Accounts may not be managed identically to institutional Advisory Accounts. Purchases that are implemented for institutional Advisory Accounts will not always be reflected or fully reflected in a Wrap Program Advisory Account that follows the same or substantially similar strategy. For example, Wrap Program Advisory Accounts may be constructed and managed with position thresholds and parameters around new positions and changes to weightings in existing positions. These guidelines are specific to Wrap Programs and will generally not apply to institutional or pooled investment vehicle Advisory Accounts. These guidelines are at the discretion of the portfolio management teams and may be set and/or changed without notice to clients. Wrap Program Advisory Accounts may also be managed with the goal of maintaining higher cash balances than other types of Advisory Accounts, including institutional Advisory Accounts, in order to manage the impact of relatively frequent inflows and outflows and varying cash levels. For these and other reasons, clients should expect the holdings of Wrap Program Advisory Accounts to differ from one another and from that of the model portfolio for the relevant strategy. Deviations between holdings in a Wrap Program Advisory Account and a model portfolio generally are not considered errors. Deviations in holdings from the model portfolio for the strategy will contribute to performance differences between Wrap Program Accounts and institutional Advisory Accounts.

Trading Considerations and Best Execution

Where GSAM is retained as investment adviser under a Wrap Program, GSAM generally does not negotiate on the client's behalf brokerage commissions and charges for the

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

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

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

dealer. Such execution costs are in addition to the wrap fee paid by clients.

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

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

Wrap Program clients may request that GSAM engage in trades intended to offset capital gains tax liability. Such tax loss harvesting trades are subject to GSAM's policies regarding minimum size of the trade, timing and format of the request. As part of this policy GSAM may limit, depending on strategy, the maximum amount of losses that would be permitted to be taken in an account. Generally, if the policies are satisfied, then tax loss harvesting trades are processed on a best efforts basis. Tax loss harvesting trades will generally receive a lower priority than cash flow trades, trades to fund new accounts, trades to liquidate securities in connection with account terminations and block trades. As such, there may be a significant delay between a Wrap Program client's tax loss harvesting request and its

execution, and requests received relatively later in the tax year may not be executed before year end.

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

ASSETS UNDER MANAGEMENT

As of December 31, 2015, GSAMLP had assets under management of \$707,025,859,000, of which \$690,673,149,000 was managed on a discretionary basis and \$16,352,710,000 was managed on a non-discretionary basis.

Item 5 – Fees and Compensation

COMPENSATION FOR ADVISORY SERVICES

Separately Managed Accounts

Clients generally pay advisory fees for separate account management based on a percentage of assets (generally the net asset value of the account) in their Advisory Account(s). GSAMLP's actual fees, minimum fees and minimum account sizes may be negotiated, and a client may pay more or less than the fees set forth in Appendix A, or more or less than similar clients or clients invested in similar strategies. Amounts may vary as a result of negotiations, discussions and/or factors that may include the particular circumstances of the client, the size and scope of the overall client relationship, client customization of the investment guidelines, additional or differing levels of servicing, or as may be otherwise agreed with specific clients. Servicing arrangements such as reporting may also vary among clients. Clients with multiple Advisory Accounts may be able to aggregate accounts managed by GSAM within each product or across Advisory Accounts, for purposes of applying lower fee rates at higher asset levels (referred to herein as "breakpoints") or reduced fee schedules. GSAMLP may, in its discretion, offer certain clients lower fees, waive minimums on fees, or provide lowest available fee arrangements. Clients that negotiate fees with differing

breakpoints, including flat fees and performance-based fees, may pay a higher fee than the fees set forth in the standard fee schedule in Appendix A as a result of fluctuations in the amount of the client's assets under management and account performance. For GSAMLP's standard fee schedules, please see Appendix A.

Pooled Investment Vehicle Fees

GSAM acts as investment adviser to pooled investment vehicles such as mutual funds, collective investment trusts and alternative investment funds (e.g., hedge funds, private equity funds, funds of funds and real estate funds). GSAM's fees for such services are based on each investment vehicle's particular structure, investment process and other factors. GSAM generally receives a management fee for management of non-alternative investment funds and a management fee and an incentive fee or allocation (which may take the form of a carried interest and which may be received by an affiliate of GSAM) from each alternative investment fund (other than certain categories of alternative investment funds including liquid alternative funds). The amount and structure of the management fee, incentive fee and/or allocation varies from fund to fund (and may vary significantly depending on the investment fund) and is set forth in the prospectus or other relevant offering document for each fund. In certain cases, investors may receive fee reductions of all or a portion of the management fee (and/or incentive fee or allocation) attributable to an investor's interest in the pooled investment vehicle, or invest fee free in pooled investment vehicles and pay negotiated fees outside of the pooled investment vehicle, which may be based on a separate fee schedule agreed upon by GSAM and/or its affiliates and the applicable investor. Certain investors that are invested in pooled investment vehicles may pay higher or lower fees or may be subject to higher or lower incentive allocations than similarly situated investors that are invested in the same pooled investment vehicle. Amounts may vary as a result of negotiations, discussions and/or factors that may include the particular circumstances of the investor, the size and scope of the overall relationship, or as may be otherwise agreed with specific investors.

Master-feeder funds, AIMS Program Funds and other funds are subject to multiple levels of expenses and, in certain cases, may be subject to multiple levels of fees. Certain pooled investment vehicles are also subject to subscription and/or redemption/withdrawal fees, including in connection

with “soft locks” (i.e., early redemption penalties), described in the relevant offering documentation.

Notwithstanding the foregoing, in certain cases, GSAM may provide investment advisory services to funds without receiving any fee for such services. In these cases, Goldman Sachs may receive placement fees or compensation for other non-investment advisory services from the funds, the investors in the funds (including Advisory Accounts), or from the companies or underlying funds in which the Goldman Sachs-managed funds invest. The terms of any such arrangements are disclosed in the governing documents or disclosure documents relating to the Goldman Sachs-managed funds.

Underlying Fund Fees

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

Administrative and Servicing Fees

With respect to certain fund products (and in certain cases other Advisory Accounts), the applicable governing documents may provide for fees to be paid to GSAM or its affiliates in connection with the provision of certain administrative or other services. Such fees will be in addition to any investment advisory fees chargeable to the Advisory Accounts.

Fees for Services to Portfolio Companies

GSAM, GS&Co. and their affiliates may receive deal fees, sponsor fees, monitoring fees, transaction fees or other fees for services provided to portfolio companies. Managers of

investment funds in which Advisory Accounts invest and their affiliates may also receive such fees. Certain of these fees, such as monitoring fees, may be accelerated in connection with certain events such as sales and initial public offerings. GSAM, GS&Co. and their affiliates may receive commitment fees and break-up fees in connection with investments or potential investments, and personnel thereof may receive fees, equity or other compensation in their capacity as directors of portfolio companies. Any such fees may not be offset against the fees that the Advisory Accounts and investment funds would otherwise be required to pay to GSAM or the investment fund managers. The fees and expenses imposed by GSAM as manager of Advisory Accounts, or by managers of investment funds in which Advisory Accounts invest, will, in the absence of a fee offset, reduce investment profits.

In addition, Goldman Sachs may provide various services to Advisory Accounts and to portfolio companies and other companies in which Advisory Accounts have an interest. See Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Goldman Sachs May Act in Multiple Commercial Capacities.

Considerations Related to Asset-Based and Performance-Based Compensation

GSAM may receive different types of compensation in respect of Advisory Accounts. Asset-based compensation is based on the market value of the investments in the Advisory Account and is paid without regard to the performance of the Advisory Account (other than to the extent reflected in market values). GSAM will receive asset-based compensation, which may be significant, in respect of an Advisory Account even if the Advisory Account loses money. Performance-based compensation is contingent on Advisory Account performance, and in some cases is subject to a preferred return or a high water mark. Considerations related to performance-based compensation are set forth in Item 6, Performance-Based Fees and Side-By-Side Management.

Compensation Received by Goldman Sachs

Compensation received by GSAM and its affiliates related to various services to Advisory Accounts that are pooled investment vehicles and investment funds in which Advisory Accounts invest will generally be retained by GSAM and its affiliates. Except to the extent required by applicable law, GSAM is not required to offset such

compensation against fees and expenses a client or Advisory Account may otherwise owe GSAM and its affiliates. In certain circumstances, however, clients may negotiate for certain of the fees charged in respect of Advisory Accounts that are pooled investment vehicles to be credited against the fees GSAM charges such clients in respect of other Advisory Accounts in which they invest or which are managed on behalf of such clients.

CALCULATION AND DEDUCTION OF ADVISORY FEES

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

OTHER FEES AND EXPENSES

In addition to the advisory fees described above, clients will be subject to other fees and expenses in connection with GSAM's advisory services. This may include, without limitation, fees and expenses such as those related to participation in bondholders groups and restructurings. GSAM may determine from time to time to pay for all or a portion of such fees and expenses relating to portfolio holdings for certain Advisory Accounts, while such fees and expenses may be borne by the investors in other pooled investment vehicles managed or advised by GSAM.

Transaction Charges

Except as set forth below with respect to Wrap Program clients, GSAM's clients will pay brokerage commissions, mark-ups, mark-downs and other commission equivalents as well as spreads and/or transaction costs related to

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

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

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

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

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

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

Custody and Other Fees

Custody fees and all other fees charged by service providers providing services relating to Advisory Accounts are levied by the custodian or other service providers for the Advisory Account and are not included in the advisory fees payable to GSAM. An Advisory Account (and fund investors indirectly) would generally bear such expenses charged to the Advisory Account, unless provided otherwise in the applicable governing documents. Expenses charged to an Advisory Account may include:

- (i) debt-related expenses, including expenses related to raising leverage, refinancing, and servicing debt and the cost of compliance with lender requests (including travel expenses relating to the foregoing);
- (ii) investment-related expenses, including research, expenses relating to identifying, evaluating, valuing, structuring, purchasing, monitoring, servicing, and harvesting of investments and potential investments (including travel expenses relating to the foregoing);
- (iii) expenses related to hedging, including currency, interest rate and / or other hedging strategies;
- (iv) legal, tax and accounting expenses, including expenses for preparation of annual audited financial statements, tax return preparation, routine tax and legal advice, and legal costs and expenses associated with indemnity, litigation, claims, and settlements;

- (v) professional fees (including, without limitation, fees and expenses of consultants, finders and experts);
- (vi) fees and expenses of directors, trustees, or independent general partners;
- (vii) technology expenses, including news and quotation services;
- (viii) insurance premiums (which insurance may cover numerous Advisory Accounts, in which case each Advisory Account is responsible for a share of the premiums);
- (ix) expenses related to compliance by an Advisory Account with any applicable law, rule or directive or any other regulatory requirement, or compliance with the foregoing requirements by GSAM or its affiliates to the extent such compliance relates to an Advisory Account's activities; and
- (x) any other expenses that may be authorized by the applicable governing documents.

To the extent Goldman Sachs provides services to Advisory Accounts not included in the advisory fee, Goldman Sachs will be entitled to retain all such fees and other amounts and no fees or other compensation will be reduced thereby.

GSAM does not guarantee the services of any third party, including any third-party custodian to an Account, and does not assume any responsibility for the payment of such third parties.

Selection of Service Providers

GSAM, on behalf of Advisory Accounts and their portfolio companies (if any), expects to engage service providers (including attorneys and consultants) that may also provide services to Goldman Sachs and other clients managed by other parts of Goldman Sachs and their portfolio companies (if any). GSAM intends to select these service providers based on a number of factors, including expertise and experience, knowledge of related or similar products, quality of service, reputation in the marketplace and price. These service providers may have business, financial or other relationships with Goldman Sachs (including its personnel), which may or may not influence GSAM's selection of these service providers for Advisory Accounts or their portfolio companies.

The service providers selected by GSAM may charge different rates to different recipients based on the specific services provided, the personnel providing the services or other factors. As a result, the rates paid with respect to these service providers by Advisory Accounts or their portfolio companies, on the one hand, may be more or less favorable than the rates paid by Goldman Sachs, including GSAM, on the other hand. In addition, the rates paid by GSAM or the Advisory Accounts or their portfolio companies, on the one hand, may be more or less favorable than the rates paid by other parts of Goldman Sachs or clients managed by other parts of Goldman Sachs or their portfolio companies, on the other hand.

Allocation of Expenses; Broken-Deal Expenses

Expenses are generally allocated to Advisory Accounts based on whose behalf the expenses are incurred. Where multiple Advisory Accounts participate in a particular investment or collectively incur other expenses, GSAM generally allocates investment-related and other expenses in a manner GSAM determines to be fair and equitable, which may be pro rata or on a different basis.

Advisory Accounts will be subject to expenses incurred with respect to the consideration and pursuit of transactions that are not ultimately consummated (“broken-deal expenses”). Examples of broken-deal expenses include (i) research costs, (ii) fees and expenses of legal, financial, accounting, consulting or other advisers (including GSAM or its affiliates) in connection with conducting due diligence or otherwise pursuing a particular non-consummated transaction, (iii) fees and expenses in connection with arranging financing for a particular non-consummated transaction, (iv) travel costs, (v) deposits or down payments that are forfeited in connection with, or amounts paid as a penalty for, a particular non-consummated transaction and (vi) other expenses incurred in connection with activities related to a particular non-consummated transaction.

GSAM has adopted a policy relating to the allocation of broken-deal expenses among Advisory Accounts and other potential investors. Pursuant to the policy, broken-deal expenses generally will be allocated among Advisory Accounts in the manner that GSAM determines to be fair and equitable, which may be pro rata or on a different basis. Notwithstanding the foregoing, and subject to the exceptions described below, in the case of commingled funds and other Advisory Accounts that, in connection with

their pursuit of a transaction, offer the opportunity to participate in the transaction to certain non-discretionary Advisory Accounts or other potential investors including funds organized for the purpose of investing in the specific transaction (“Non-Discretionary Co-investors”), if such transaction is not ultimately consummated, the commingled funds and other Advisory Accounts will generally bear all of the broken-deal expenses, including those that might otherwise have been allocated to the Non-Discretionary Co-investors. However, in the event that the Non-Discretionary Co-investors agreed to bear their share of the broken-deal expenses, or the Non-Discretionary Co-investors had a contractual right or other understanding to be offered the right to co-invest in the transaction, they will be allocated their share of the broken-deal expenses determined in the same manner as Advisory Accounts generally, provided that such Non-Discretionary Co-investors that have the right to, and do, decline to participate in the transaction will not be allocated any portion of the broken-deal expenses incurred following any such decline (such amount to be determined by GSAM in its reasonable discretion). In addition, GSAM may bear the allocable share of broken-deal expenses for particular Advisory Accounts or Non-Discretionary Co-investors and not for others, as it determines in its sole discretion.

PREPAID FEES

GSAM generally does not charge clients fees in advance unless agreed with the client. In certain cases, transaction charges or other expenses may be payable to GSAM or its affiliates at the inception of an investment in a fund or other investment vehicle or a portfolio company. See this Item 5, Fees and Compensation—Other Fees and Expenses—Transaction Charges.

COMPENSATION FOR THE SALE OF SECURITIES

Generally, except as described below, GSAM Personnel (as defined below) do not receive transaction-based compensation for the sale of securities or other investment products based upon a predetermined formula. Compensation of GSAM Personnel consists of a base salary and year-end discretionary variable compensation. While the base salary is established at the beginning of each year, year-end discretionary variable compensation is based on a variety of factors, including, but not limited to: contribution to net revenues for the past year which in part are derived from advisory fees, and for certain Advisory Accounts,

performance-based fees; individual performance and his or her contribution to overall team performance; the performance of GSAM and Goldman Sachs; anticipated compensation levels among competitor firms; and depending on the individual's role, investment performance. Certain GSAM Personnel involved in the marketing, promotion and/or sale of investment products may be eligible to receive transaction-based compensation based upon a predetermined formula that is in part related to the sale of such products. Certain personnel of GSAM's affiliates may receive compensation based on the sale of securities or other investment products including interests in Accounts (as defined below), including Advisory Accounts. See Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

CLIENT SELECTION OF UNAFFILIATED BROKERS

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

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

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

Performance-based fee arrangements for Advisory Accounts may vary among clients and investment strategies. Certain Advisory Accounts may be subject to a performance fee calculated by reference to the relevant high water marks for such Advisory Accounts, while other Advisory Accounts may be subject to a performance fee that is paid only after a specified return has been achieved (a "preferred return"), the thresholds of which may vary across Advisory Accounts. For example, Advisory Accounts (including hedge funds) that invest in readily marketable securities often provide for

an asset-based fee based on the market value of the investments in the account at specified month or quarter ends and/or a performance-based fee calculated based on the applicable high water mark. Other Advisory Accounts, such as Advisory Accounts (including private equity funds) that invest in assets which lack a readily available market value, may provide for an asset-based fee based on the investor's capital commitment to the account and a performance-based fee that is subject to a preferred return. These different types of performance-based fees may result in certain Advisory Accounts paying higher or lower performance-based fees than other Advisory Accounts.

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

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

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

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

To address these potential conflicts, GSAM has developed allocation policies and procedures that provide that personnel making portfolio decisions for Advisory Accounts will make purchase and sale decisions for, and allocate investment opportunities among, Advisory Accounts consistent with GSAM's fiduciary obligations. These policies and procedures may result in the pro rata allocation (on a basis determined by GSAM) of limited opportunities across eligible Advisory Accounts managed by a particular portfolio management team, but in other cases may not be pro rata.

Allocation-related decisions for Advisory Accounts may be made by reference to one or more factors and suitability considerations. Factors may include:

- Advisory Account investment horizons and objectives;
- Different desired levels of exposure to certain strategies, including sector oriented, concentrated new opportunities or other strategies;
- Client-specific investment guidelines, restrictions and instructions, including, without limitation, the ability to utilize leverage or hedge through short sales or other techniques;
- Whether Advisory Accounts give GSAM discretion or request client approval for investments;
- Current and expected future capacity of applicable Advisory Accounts;
- Limits on GSAM's brokerage discretion, including client directed brokerage arrangements;
- Tax sensitivity and objectives of Advisory Accounts;
- Cash and liquidity considerations, including, without limitation, availability of cash for investment (e.g., purchase orders for a Wrap Program account are generally only executed to the extent of available cash);
- Relative sizes and expected future sizes of applicable Advisory Accounts and eligible capital;
- Availability of other appropriate or substantially similar investment opportunities;
- Legal and regulatory restrictions affecting certain Advisory Accounts or affecting holdings across Advisory Accounts, which may result in adjusting existing or future positions across Advisory Accounts and may consequently open up capacity for new Advisory Accounts or Advisory Account cash-flows;
- Minimum denomination, minimum increments, de minimis threshold and round lot considerations;
- Limitations set by relevant parties (e.g., third-party investment advisers);
- Differences in benchmark factors and hedging strategies among Advisory Accounts;
- Current investments held by Advisory Accounts similar to the applicable investment opportunity;
- Whether an investment opportunity constitutes a follow-on investment with respect to a particular asset held in certain Advisory Accounts; and
- Suitability requirements and the nature of the investment opportunity.

Suitability considerations may include:

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

Advisory Account but is otherwise unavailable to the Advisory Account; and/or

- Considerations relating to hedging a position in a pair trade.

Non-proportional allocations may occur across Advisory Accounts, including in fixed income securities due to the availability of multiple appropriate or substantially similar investments in fixed income strategies, as well as due to differences in benchmark factors, hedging strategies, or other reasons. In addition, the fact that certain personnel of Goldman Sachs are dedicated to one or more Advisory Accounts or clients may be a factor in determining the allocation of opportunities (including private equity opportunities and IPOs/New Issues) sourced by such personnel. Investment opportunities sourced by one portfolio management team may not be made available to Advisory Accounts managed by other portfolio management teams. Reputational matters may also be considered.

GSAM may, from time to time, develop and implement new trading strategies or seek to participate in new trading strategies and investment opportunities. These strategies and opportunities may not be employed in all Advisory Accounts or employed pro rata among Advisory Accounts where they are used, even if the strategy or opportunity is consistent with the objectives of such accounts.

Further, a trading strategy employed for one Advisory Account that is similar to, or the same as, that of another Advisory Account may be implemented differently, sometimes to a material extent. For example, an Advisory Account may invest in different securities or other assets, or invest in the same securities and other assets but in different proportions, than another Advisory Account with the same or similar trading strategy. The implementation of an Advisory Account's trading strategy will depend on a variety of factors, including the portfolio managers involved in managing the trading strategy for the Advisory Account, the time difference associated with the location of different portfolio management teams, and the factors described above. In addition to such factors, GSAM may make decisions based on other factors such as strategic fit and other portfolio management considerations, including an Advisory Account's capacity for such strategy or opportunity, the liquidity of the strategy and its underlying instruments, the Advisory Account's liquidity, the business risk of the strategy relative to an Advisory Account's overall

portfolio make-up, and the lack of efficacy of, or return expectations from, the strategy for the Advisory Account. For example, such a determination may, but will not necessarily, include consideration of the expectation that a particular strategy will not have a meaningful impact on an Advisory Account given the overall size of the account, the limited availability of opportunities in the strategy and/or the availability of other strategies for the account.

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

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

Although there may be instances in which one or more funds or other Advisory Accounts are intended to be GSAM's primary investment vehicles focused on, or to receive priority with respect to, a particular strategy as compared to other funds or Advisory Accounts, other Accounts (including Accounts in which Goldman Sachs has an interest) may also invest through other areas of Goldman Sachs in investment opportunities that would be appropriate for the Advisory Accounts. Such Accounts will not be subject to the GSAM allocation policies. Investments by such Accounts may reduce or eliminate the availability of investment opportunities to, or otherwise adversely affect, the Advisory Accounts. Furthermore, in a case in which one or more funds or other Advisory Accounts are intended to be GSAM's primary investment vehicles with respect to a particular trading strategy, other Advisory Accounts may not have access to such strategy or may have more limited access than would otherwise be the case.

In addition, in some cases GSAM may make investment recommendations to Advisory Accounts that make investment decisions independently of GSAM. In circumstances in which there is limited availability of an

investment opportunity, if such Advisory Accounts invest in the investment opportunity at the same time as, or prior to, other Advisory Accounts, the availability of the investment opportunity for other Advisory Accounts will be reduced irrespective of GSAM's policies regarding allocations of investments.

IPO/NEW ISSUE ALLOCATION POLICIES

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

DISCRETIONARY AND NON-DISCRETIONARY ACCOUNTS

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

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

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

PROVISION OF PORTFOLIO INFORMATION TO MODEL PORTFOLIO ADVISERS

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

GSAM may (but need not) delay communicating information regarding model portfolios or any updates thereto until after other Advisory Accounts have commenced trading. In such circumstances, Model Portfolio Advisers, including personnel of the Private Wealth Management unit of GS&Co. ("PWM") who make execution decisions for Model Portfolio Accounts, will not have had the chance to evaluate or act upon the model portfolio recommendations prior to the time at which other Advisory Accounts received such recommendations and had the opportunity to act upon them. It is also possible that Model Portfolio Advisers, including PWM personnel who make execution decisions for Model Portfolio Accounts, may act upon such recommendations before other Advisory Accounts have commenced trading based on such

recommendations. Trades on behalf of accounts that commence trading after the others may be subject to price movements, particularly with large orders or where the securities are thinly traded. As a result, Model Portfolio Accounts may not track the model and Model Portfolio Accounts and Advisory Accounts may receive prices that are less favorable than the prices obtained for other accounts.

Item 7 – Types of Clients

TYPES OF CLIENTS

GSAM provides investment solutions to a range of individual and institutional investors worldwide. GSAM's clients include individuals, families and family entities, banks and thrift institutions, pooled investment vehicles, pension and profit sharing plans, trusts, estates, charitable organizations, insurance companies, corporations and other business entities. In addition to those types of clients, GSAM may provide investment advice to U.S. and non-U.S. government entities, local authorities and public international bodies, as well as mutual funds, closed end funds, exchange traded funds, collective trusts, long-only pooled investment vehicles (direct and Manager of Manager Funds), hedge funds (direct and fund-of-funds), private equity funds, real estate funds, securitization vehicles and other private investment vehicles (e.g., AIMS Program Funds).

ACCOUNT REQUIREMENTS

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

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

To open or maintain an Advisory Account with GSAM, clients are required to sign an investment advisory agreement that, among other things, describes the nature of the investment advisory authority given to GSAM. Under delegated authority from one or more of its affiliates, GSAM may also manage accounts of its affiliates' clients and will receive a portion of the fee or other compensation paid by the client from the affiliate for such services. In such cases, the client will have entered into an investment

advisory agreement with Goldman Sachs or with GSAM's affiliate and not GSAM.

In the case of private investment funds, U.S. investors must generally be "accredited investors" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended (the "1933 Act"), and "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended, and the rules thereunder. The minimum amount investors must invest in such GSAM-managed fund is set forth in each such fund's prospectus or other relevant offering document and varies from fund to fund depending on the particular investment product. Such minimum amount is typically \$500,000 - \$5,000,000 but may be waived in the general partner's discretion.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

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

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

Advisory Account clients and investors in pooled investment vehicles should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment, which clients and investors should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the

value of a client's or an investor's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for Advisory Accounts will be subject to various market, liquidity, currency, economic, political and other risks, and investments may lose value.

Fundamental Equity

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

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

Global Fixed Income and Liquidity Management

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

- (i) Developing a long-term risk budget. The fixed income team establishes a "risk budget" or range that a particular Advisory Account may deviate from its respective benchmarks with respect to sector allocations, country allocations, securities selection and, to a lesser extent, duration. Following analysis of risk

and return objectives, the team allocates the overall risk budget to each component strategy to seek to optimize potential return;

- (ii) Generating investment views and strategies. The strategy teams generate investment ideas within their areas of specialization. Generally, there are top-down strategy teams responsible for cross-sector, duration, country and currency decisions and bottom-up strategy teams that formulate sub-sector allocation and security selection decisions;
- (iii) Portfolio construction. The strategy teams collaborate to build a diversified portfolio of individual securities consistent with each client's overall risk and return objectives; and
- (iv) Dynamic adjustments based on market conditions. As market conditions change, the volatility and attractiveness of sectors and strategies can change as well. To optimize an Advisory Account's risk/return potential within its long-term risk budget, the portfolio managers dynamically adjust the mix of top-down and bottom-up strategies. At the same time, the strategy teams adjust their strategies and security selections in an effort to seek to optimize performance within their specialty areas.

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

GSAM Credit Alternatives

GSAM Credit Alternatives, a credit alternatives team, utilizes a bottom-up, fundamentally based investment approach with a focus on capital preservation to earn risk-adjusted returns over the long-term. GSAM Credit Alternatives Advisory Accounts generally take long and short positions in securities, derivatives, financial instruments and other assets, which may include, among others, bonds, notes, loans, common and preferred stock,

convertible debt and equity, trade claims, commodities, currencies, indices (including indices of stocks, bonds, loans, credit default swaps and other assets), interests in pooled asset vehicles and structured products (including CBOs, CLOs and CDOs), as well as futures, forward contracts, swaps (including volatility swaps, total return swaps, interest rate swaps, credit default swaps and asset swaps) and options (including options on stocks, bonds, credit default swaps and interest rate swaps), repurchase agreements and reverse repurchase agreements. GSAM Credit Alternatives Advisory Accounts may also engage in the borrowing and lending of portfolio securities. The foundation of the team's investment process is bottom-up investment idea generation through intensive, fundamental single name research.

GSAM Credit Alternatives also focuses on lending to middle-market and private companies. The team takes a bottom-up, fundamental research approach to investing in this area, and focuses primarily on corporate credit investment opportunities. The team's direct origination lending strategy incorporates a focus on leading the negotiation and structuring of the loans or securities in which the team invests.

Quantitative Investment Strategies

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

- (i) Security selection (within and across global stock, bond, currency and commodity markets). QIS attempts to forecast expected returns on assets using proprietary

investment models. QIS selects securities using models that employ a variety of quantitative techniques to leverage fundamental research. These models are based on economically-motivated, fundamentally-based investment themes, and can include valuation, profitability, quality, management, momentum, risk premia, fund flows, sentiment, macroeconomic and other indicators;

- (ii) Portfolio construction. QIS uses a proprietary risk model to help manage the expected deviation of the portfolio's exposure and returns from those of the benchmark. A proprietary optimizer evaluates many different potential security combinations and weightings in an effort to construct the most efficient risk/return portfolio given each client's benchmark, targeted active risk and other specifications and constraints; and
- (iii) Efficient implementation. QIS considers transaction and expected execution costs when seeking to optimize a portfolio, and evaluates multiple trading options to seek to achieve efficiency.

The QIS ActiveBeta Equity Strategies team focuses on the design and implementation of "smart beta" strategies in equity portfolios through the capture of common factors. The team offers a comprehensive and customizable platform for implementing a smart beta investment strategy within a global equity portfolio. The methods and techniques that may be utilized in the QIS ActiveBeta Equity Strategies team's investment processes include:

- (i) A patented methodology for constructing benchmark-aware factor portfolios that aims to achieve efficient exposure to a diverse set of investment factors;
- (ii) A factor diversification framework, using the ActiveBeta Equity Strategies, as building blocks to pursue explicit investment objectives or factor diversity;
- (iii) Diagnosing and attributing factor exposures and return contributions of active strategies and client portfolios that seek more efficient portfolio structures; and
- (iv) A transparent, rules-based construction approach that seeks to mitigate certain undesirable outcomes of conventional factor portfolios (industry concentration, prolonged drawdowns).

The QIS Alternative Investment Strategies team focuses on hedge fund replication, liquid alternative and risk premia strategies. The methods and techniques that may be utilized in the QIS Alternative Investment Strategies team's investment processes include:

- (i) A comprehensive, customizable solution for implementing a hedge fund beta program;
- (ii) A rules-based, transparent methodology with a consistent, building-block framework; and
- (iii) Practical tools for analyzing and attributing an existing hedge fund portfolio;

The QIS Customized Beta Strategies team focuses on customized, rules-based, and index replication strategies comprising major asset classes:

- (i) Traditional and custom passive indexing across domestic, international and global markets;
- (ii) Rules-based, customized indexing, including multi-asset class solutions; and
- (iii) Derivatives-based beta replication and hedging strategies covering stock, bond and currency markets.

The QIS Tax-Advantaged Core Strategies team oversees the design and implementation of tax-aware equity portfolios. Such portfolios include:

- (i) Customized, tax-managed equity exposure, which seeks to improve after-tax returns for taxable individual and corporate clients; and
- (ii) Tax-loss harvesting and enhanced dividends.

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

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

In addition, QIS may provide other services. For example, QIS may develop proprietary models for use by its teams, as

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

Alternative Investments and Manager Selection

AIMS provides investment management and advisory services through investments with third-party managers, including hedge fund, private equity, real estate, credit and fixed income, and public equity managers, although AIMS also makes direct investments as described below. AIMS selects one or more third-party managers to manage client assets under the oversight of AIMS. AIMS may also select third-party managers to sub-advise Manager of Manager Funds, may invest directly into third-party managed funds, or may establish AIMS Program Funds.

In connection with its third-party manager activities, AIMS uses a multi-step diligence process to evaluate investments, and ultimate investment decisions are generally made by an investment committee. After AIMS makes a primary or secondary investment, third-party managers are typically responsible for the day-to-day investment decisions, although AIMS may develop benchmarks and written investment guidelines for the management of Advisory Account assets by third-party managers. AIMS's responsibilities with respect to third-party manager investments generally are limited to the selection, appointment, evaluation, monitoring and removal of such investments or third-party managers, and AIMS generally does not have any rights with respect to determining or approving specific investments made by the third-party managers other than setting general investment objectives and guidelines. Similarly, with respect to direct co-investments, although AIMS will be involved with the selection, evaluation and monitoring of such investments, after the initial investment decision is made, AIMS's role generally is passive and third-party managers are typically responsible for day-to-day investment decisions. The third-party managers generally are responsible for compliance with all applicable laws, rules and regulations pertaining to their investment activities. AIMS takes a more active role in connection with direct investments, such as those in the real estate sector as described below.

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

Notwithstanding the foregoing, AIMS does not typically negotiate the investment objectives, guidelines or investment restrictions of the third-party managed funds in which AIMS Program Funds invest, although it may determine to do so from time to time.

Private Equity

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

Real Estate

AIMS invests in commercial real estate assets, including office, multifamily, retail, industrial, hospitality and undeveloped properties located in major U.S. markets.

AIMS uses a broad network of relationships, including institutional investors, professional contacts, industry experts, financial advisors and others, to source investment opportunities. In formulating its investment views, AIMS may rely on macroeconomic and global insights, capital market views, corporate and industry expertise, and policy insights of its own personnel, other GSAM professionals and data from third-party information providers. AIMS's portfolio construction process combines bottom-up, fundamental research and judgment with top-down views driven by research and quantitative tools.

Additionally, AIMS creates portfolios on behalf of investment funds and separate accounts to provide exposure to the real estate private equity market by making commitments to third-party managed funds (primary investments), investing in commercial real estate assets alongside third-party managers (direct co-investments), and by acquiring existing real estate private equity investments on the secondary market (secondary investments). As described above, AIMS uses a multi-step diligence and decision-making process when evaluating and selecting real estate private equity investments as part of its third-party manager activities, although AIMS's role typically is passive after the initial investment decision is made.

ESG and Impact

AIMS oversees ESG and impact-oriented investing across the public equity, credit and fixed income, hedge fund, real estate and private equity sectors. AIMS primarily invests in each of these areas in the manner described in this Item 8, Methods of Analysis, Investment Strategies and Risk of Loss—Methods of Analysis and Investment Strategies, but in connection with ESG investments AIMS applies an ESG or impact focus and objective. AIMS creates portfolios on behalf of investment funds and separate accounts utilizing these strategies.

AIMS also incorporates ESG and impact-related factors into its diligence process with respect to third-party managers that do not have an ESG or impact focus, which are assessed alongside the conventional due diligence factors used in connection with such third party managers.

Credit and Fixed Income

In the credit and fixed income asset classes, AIMS acts as a “manager of managers.” AIMS may select third-party managers to sub-advise Manager of Manager Funds in credit and fixed income asset classes, may invest directly

into third-party managed credit and fixed income funds, or may establish AIMS Program Funds that invest substantially all of their assets in such third-party managed credit and fixed income funds. In addition, AIMS may evaluate co-investment opportunities with credit and fixed income managers.

Public Equity

GSAM acts as “manager of managers” in the public equity asset class through AIMS. AIMS may select third party managers to sub-advise Manager of Manager Funds or may establish AIMS Program Funds that invest substantially all of their assets in third-party managed long-only equity funds. AIMS manager selection services provide access to U.S. and non-U.S. equity asset classes, including region specific (broad international, global, emerging markets and equity income), style focused (growth, value and blend investment) and market cap-based (all cap, large cap, and small cap) strategies. The third-party managers are selected through a multi-step process which includes a due diligence review designed to assess the quality of the candidates and the likelihood of producing appropriate investment results over the long-term. An investment committee determines which third-party managers are available for investment by Advisory Accounts.

Global Portfolio Solutions

GPS focuses on and implements customized multi-asset class allocations, risk management strategies, portfolio construction, tactical investments, and investment advisory solutions and products. As agreed upon with the client, GPS provides these services by selecting or recommending investment products, monitoring compliance, and periodically rebalancing the portfolios. GPS selects or recommends investment options from a broad range of investment products, including but not limited to, pooled investment vehicles (both public and private), separately managed accounts, public securities and derivative instruments. Investment products may be sponsored, managed, or advised by GSAM or Goldman Sachs (“Affiliated Products”) or sponsored, managed or advised by third-party managers (“External Products”), and may employ a broad range of investment strategies, including but not limited to, passive investment strategies, long-only investment strategies (e.g., exchange-traded funds, mutual funds and private investment funds) and alternative investment strategies (e.g., hedge funds, funds of hedge

funds, private equity funds, funds of private equity funds and real estate funds).

When reviewing potential investment products for an Advisory Account, GPS considers various factors it deems relevant in its sole discretion, which may include quantitative as well as qualitative factors (which may be inherently subjective). GPS may give different weights to different factors and the factors may change from time to time. GPS may consider, without limitation, (i) product-related factors, such as track record, index comparisons, liquidity, risk and return assumptions (taking into account applicable fees in connection with such risk/return analysis), investment strategy and objectives, investment process, tenure, stability and seniority of investment teams, overall market opportunity, and consultant ratings, (ii) GPS’s experience and familiarity with particular potential investment products and, if applicable, the investment management teams managing such investment products or their organizations, (iii) client-driven factors, such as the client’s investment mandate, the effect on the client’s portfolio diversification objectives, consistency with the client’s asset allocation model, and the projected timing of implementation, and (iv) other factors, such as capacity constraints and minimum investment requirements, as determined by GPS.

GPS may consider different factors for different products, and certain factors play a greater role in the review of certain products while others play no role at all. With respect to an Advisory Account that invests in both Affiliated Products and External Products, GPS gives different weights to different factors depending on whether its review is for an Affiliated Product or for an External Product. For example, GPS considers qualitative and subjective factors (such as the investment product’s investment objective and process) to a greater extent than quantitative factors (such as the investment product’s returns and performance consistency over specified time periods) when it reviews an Affiliated Product than it does when it reviews an External Product. Accordingly, Affiliated Products and External Products are not subject to the same review of quantitative and qualitative characteristics. With respect to an Advisory Account that generally, or for particular asset classes or strategies, invests only in either Affiliated Products or External Products, a particular Affiliated Product or External Product that is recommended or selected may not have been recommended

or selected had the more quantitative factor weighted review (in the case of Affiliated Products) or the more qualitative weighted review (in the case of External Products) been employed, which could result in the recommendation or selection of an investment product that does not perform as well as the investment product that would have been recommended or selected under the alternative review. With respect to an Advisory Account that may invest in both Affiliated Products and External Products, an Affiliated Product could be recommended or selected over an External Product as a result of the different weighting systems, and the Affiliated Product that was recommended or selected may not perform as well as the External Product that would have been recommended or selected had the more quantitative review been applied to both Affiliated Products and External Products.

Other Investment Teams and Other Investment Advisers

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

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

MATERIAL RISKS FOR SIGNIFICANT INVESTMENT STRATEGIES AND PARTICULAR TYPES OF SECURITIES

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

The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular Advisory Account. Rather, it is a general description of the nature and risks of the strategies and securities and other instruments that clients may include in their investment guidelines for their Advisory Account. Clients should not

include these strategies and financial instruments in their guidelines for their Advisory Account unless they understand the risks of the strategies and financial instruments that they permit GSAM to purchase on their behalf. Clients should also be satisfied that such financial instruments are suitable for their Advisory Account in light of their circumstances, their investment objectives and their financial situation. In addition, clients of GSAM's pooled investment vehicles should carefully review the prospectuses or other offering documents and constituent documents for additional information about risks associated with those products.

Appendix B contains certain additional information about the risks associated with security types and investment techniques used by GSAM, including security types and investment techniques not described in this Item 8. To the extent clients receive prospectuses, constituent documents, supplemental risk disclosures or other applicable documents pertaining to their Advisory Accounts, clients should carefully read the product-specific risk disclosures contained therein. Information relating to the material risk for significant investment strategies for GSAMI, HFS, GSIS and GSAM SV is available in the Forms ADV Part 2 for those registered investment advisers. See also Item 10, Other Financial Industry Activities and Affiliates and Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for additional information about risks associated with certain conflicts faced by Goldman Sachs and GSAM.

General Portfolio Risks

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

- **Concentration Risk**—The risk that if an Advisory Account concentrates its investments in issuers within the same country, state, geographic region, industry or economic sector, an adverse economic, business, political or other development may affect the value of the Advisory Account's investments more than if its investments were not so concentrated. Also, concentration of the investments of an Advisory Account in issuers located in a particular country or region will subject an Advisory Account, to a greater extent than if investments were less concentrated, to the risks of adverse securities markets, exchange rates and social, political, regulatory or economic events which may

occur in that country or region. Finally, to the extent an Advisory Account invests all or a large percentage of its assets in a single issuer or a relatively small number of issuers, or concentrates its assets directly or indirectly in investments in the same asset class or in one particular asset or security, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Advisory Account may affect the overall value of the account more than it would affect an account that holds more investments. In particular, the Advisory Account may be more susceptible to adverse developments affecting any single issuer in the Advisory Account and may be susceptible to greater losses because of these developments.

- **Conversion of Equity Investments**—After its purchase, a non-equity investment directly or indirectly held by an Advisory Account (such as a convertible debt instrument) may convert to an equity security. In addition, an Advisory Account may directly or indirectly acquire equity securities in connection with a restructuring event related to one or more of its non-equity investments. The inclusion of equity securities in the portfolios of certain of such Advisory Accounts may not be contemplated or permitted under the governing documentation relating to such Advisory Accounts. However, the holding of equity securities in the circumstances described above will not be deemed to constitute a violation of the governing documentation relating to the Advisory Account. Equity securities acquired as described above may be subject to restrictions on transfer (including contractual lock-ups and affiliate sale restrictions under applicable securities laws) and there may not be a market for such securities. The Advisory Account or an investment fund in which the Advisory Account invests may be unable to liquidate the equity investment at an advantageous time from a pricing standpoint. Furthermore, an underlying investment fund may continue to hold an investment if its manager believes it is in the best interest of the fund. Continued holding of such investments may adversely affect the Advisory Account's portfolio.
- **Counterparty Risk** —An Advisory Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-

traded or off-exchange transactions. For example, although certain standardized swap transactions are subject to mandatory central clearing, which is expected to decrease counterparty risk and increase liquidity compared to bilaterally negotiated swaps, central clearing does not eliminate counterparty risk or illiquidity risk entirely. In addition, many of the protections afforded to cleared transactions, such as the security afforded by transacting through a clearing house, might not be available in connection with OTC transactions. Therefore, in those instances in which an Advisory Account enters into OTC transactions, the Advisory Account will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Advisory Account will sustain losses. Furthermore, an Advisory Account may, from time to time, enter into arrangements with certain brokers or other counterparties that require the segregation of collateral. As a result, an Advisory Account could experience losses in a number of situations including relating to (i) possible decline in the value of any collateral during the period in which such Advisory Account seeks to enforce its rights with respect to such collateral; (ii) the need to remargin or repost collateral in respect of transferred, assigned or replaced positions; (iii) reduced levels of income and lack of access to income during such period; (iv) expenses of enforcing its rights; and (v) legal uncertainty concerning the enforceability of certain rights under swap agreements and possible lack of priority against collateral posted under the swap agreements. For operational, cost or other reasons, when setting up arrangements relating to the execution/clearing of trades, an Advisory Account may choose to select a segregation model which may not be the most protective option available in the case of a default by a broker or counterparty.

- **Currency Risks**—An Advisory Account may hold investments denominated in currencies other than the currency in which the Advisory Account is denominated. Currency exchange rates can be extremely volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended to directly affect prevailing exchange rates, and a variance in the degree of volatility of the market or in the direction of the market from GSAM's expectations may produce significant losses to an

Advisory Account. GSAM may or may not attempt to hedge all or any portion of the currency exposure of an Advisory Account. However, even if GSAM does attempt to hedge the currency exposure of an Advisory Account, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in any particular currency because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. To the extent unhedged, the value of an Advisory Account's assets will fluctuate with currency exchange rates as well as the price changes of its investments in the various local markets and currencies. Such fluctuations could have an adverse effect on an Advisory Account.

- **Data Sources Risks**—GSAM subscribes to external data sources used to enforce investment restrictions, to assist in making investment decisions or for investment research. If information that GSAM receives from a third-party data source is incorrect, an Advisory Account may be negatively impacted, and may not achieve its desired results. Although GSAM believes these third-party data sources to be generally reliable, GSAM typically receives these services on an “as is” basis and cannot guarantee that the data received from these sources will be accurate. GSAM is not responsible for errors by these sources.
- **Emerging Markets and Growth Markets Risks**—In addition to the risks described in “Non-U.S. Securities Risks” below, investing in the securities of emerging markets involves certain considerations not usually associated with investing in developed markets, including, without limitation, political and economic considerations, the potential difficulty of repatriating funds or enforcing contractual or other legal rights, general social, political and economic instability, adverse diplomatic developments, the lack of robust regulation in such markets, the uncertainty around the efficacy and enforcement of such regulation, inflation, and the small size of such securities markets and the low volume of trading (which may result in potential lack of liquidity and in price volatility). Moreover, financial intermediaries may be inexperienced, and counterparties may be subject to weaker safekeeping frameworks. Trading platforms in these markets may be new, and the relevant regulations may be untested and subject to

change. There is no assurance that the systems and controls of such trading platforms will be adequate or that such platforms would continue in existence. Further, the economies, industries, securities and currency markets in emerging markets or growth markets may be adversely affected by protectionist trade policies, a slow U.S. economy, regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S. An Advisory Account's purchase and sale of securities in certain emerging countries may be constrained by limitations relating to daily changes in the prices of listed securities, periodic trading or settlement volume, and/or limitations on aggregate holdings of non-U.S. investors. An Advisory Account may not be able to sell securities in circumstances where price, trading, or settlement volume limitations have been reached.

- **Environmental Risks and Natural Disasters**—Investments in or relating to real estate assets may be subject to numerous statutes, rules and regulations relating to environmental protection. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials or other pollutants. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials. An Advisory Account may be exposed to substantial risk of loss from environmental claims arising in respect of real estate acquired with environmental problems, and the loss may exceed the value of such investment. In addition, certain investments may be located in earthquake zones or be subject to risks associated with other natural disasters, such as fire, hurricanes, tornadoes, windstorms, volcanic eruptions, tsunamis or floods. Insurance coverage of such risks may be limited, may be subject to large deductibles or may be, or in the future become, completely unavailable, and GSAM will determine in its discretion whether to seek insurance coverage of (or to seek alternative ways to manage or mitigate) such risks.

- **Frequent Trading and Portfolio Turnover Rate Risks**—The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in a greater amount of gains being treated as short-term capital gains which, for individuals, are subject to tax at ordinary income tax rates rather than the preferential rates applicable to long-term capital gains. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.
- **Index/Tracking Error Risks**—To the extent it is intended that an Advisory Account track an index, the Advisory Account may not match, and may vary substantially from, the index for any period of time. An Advisory Account that tracks an index may purchase, hold and sell securities at times when a non-index fund would not do so. GSAM does not guarantee that any tracking error targets will be achieved. Advisory Accounts tracking an index may be negatively impacted by any errors in the index, either as a result of calculation errors, inaccurate data sources or otherwise. GSAM does not guarantee the timeliness, accuracy and/or completeness of an index and GSAM is not responsible for errors, omissions or interruptions in the index (including when GSAM or an affiliate acts as the index provider) or the calculation thereof (including when GSAM or an affiliate acts as the calculation agent).
- **Interest Rate Risks**—Interest rates may fluctuate significantly at any time and from time to time. As a result of such fluctuations, the value of securities or instruments held by an Advisory Account (which may include inflation protected securities) may increase or decrease in value. When interest rates increase, fixed income securities or instruments held by an Advisory Account will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments. A wide variety of market factors can cause interest rates to rise, including central bank monetary policy, rising inflation and changes in general economic conditions. The risks associated with increasing interest rates are heightened given that interest rates are near historic lows (and in certain cases, negative), but are expected to increase in the future with unpredictable effects on the markets and Advisory Accounts' investments.
- **Investment Style Risks**—Different investment styles (e.g., "growth," "value" or "quantitative") tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. GSAM may modify or adjust its investment strategies from time to time.
- **Leverage Risks**—Leverage creates exposure to potential gains and losses in excess of the initial amount invested. Borrowing and the use of derivatives may result in leverage and may make an Advisory Account more volatile. When an Advisory Account uses leverage the sum of the Advisory Account's investment exposures may significantly exceed the amount of assets invested in the Advisory Account, although these exposures may vary over time. Relatively small market movements may result in large changes in the value of a leveraged investment. An Advisory Account will identify liquid assets on its books or otherwise cover transactions that may give rise to such risk, to the extent required by applicable law. The use of leverage may cause an Advisory Account to liquidate portfolio positions to satisfy its obligations or to meet segregation requirements when it may not be advantageous to do so. The use of leverage by an Advisory Account can substantially increase the adverse impact to which the Advisory Account's investment portfolio may be subject. In addition, lenders may impose restrictions or requirements on the operations of an Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which could increase the losses incurred by the Advisory Account. Lenders may also have the right under certain circumstances to cause the sale of assets held in an Advisory Account at times that may be inopportune from a pricing standpoint. Further, in the case of an Advisory Account that invests in investment funds utilizing leverage, the rights and claims of any lenders to receive payments of interest or repayments of principal from the investment fund will generally be senior to the rights of the Advisory Account to withdraw its investment from the investment fund.

- **Liquidity Risks**—The risk that an Advisory Account may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available, that are subject to legal, regulatory or contractual restrictions on their sale or transfer, or that may become less liquid in response to market developments or adverse investor perceptions. Lack of liquidity could prevent an Advisory Account from liquidating unfavorable positions promptly and could subject the Advisory Account to substantial losses. Investments that are illiquid or that trade in lower volumes may be more difficult to value. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market, including in fixed income securities, or the lack of an active market. Additionally, market participants may attempt to sell fixed income holdings at the same time as the Advisory Account, which could cause downward pricing pressure and contribute to illiquidity. Further, an Advisory Account may invest in private funds and investors generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors in private funds may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without the private fund's consent, which may be granted or withheld in its sole discretion.
- **Macro Risks**—The value of the instruments in which an Advisory Account invests may go up or down in response to events affecting particular industry sectors or governments and/or general economic conditions. These events include, but are not limited to, commodity exposure risk, inflation protected securities risk, credit/default risk, interest rate risk, mortgage-backed or asset-backed risk, non-investment grade investments risk, U.S. government securities risk, and derivatives risk. Each of these individual risks is discussed in more detail in Appendix B.
- **Management Risks**—A strategy used by GSAM may fail to produce the intended results for an Advisory Account, including the risk that the entire amount invested may be lost. There is no guarantee that the investment objective of the Advisory Account will actually be achieved and investment results of the Advisory Account may vary substantially over time.
- **Market Disruption Risks and Terrorism Risks**—The military operations of the United States and its allies, the instability in various parts of the world and the prevalence of terrorist attacks throughout the world could have significant adverse effects on the global economy and may exacerbate some of the general risk factors related to investing in certain strategies. In addition, certain illnesses spread rapidly and have the potential to significantly affect the global economy. A terrorist attack involving, or in the vicinity of, a portfolio company in which Advisory Accounts invest may result in a liability far in excess of available insurance coverage. Similarly, prices for certain commodities will be affected by available supply, which will be affected by terrorism in areas in which such commodities are located. GSAM cannot predict the likelihood of these types of events occurring in the future nor how such events may affect the investments of the Advisory Accounts.
- **Market Risks**—The market value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets. In addition, governmental and quasi-governmental organizations have taken a number of unprecedented actions designed to support the markets. Such conditions, events and actions may result in greater market risk.
- **Model Risks**—The management of Advisory Accounts by GSAM may include the use of various proprietary quantitative or investment models. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people or systems. Investments selected using models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market

and/or changes in the behavior of other market participants. A model's return mapping is based on historical data regarding particular asset classes. Certain strategies can be dynamic and unpredictable, and a model used to estimate asset allocation may not yield an accurate estimate of the then current allocation. Operation of a model may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. Additionally, commonality of holdings across quantitative money managers may amplify losses. There is no guarantee that the use of these models will result in effective investment decisions for Advisory Accounts.

- **Non-Hedging Currency Risks**—An Advisory Account may purchase or sell currencies through the use of forward contracts or other instruments based on GSAM's judgment regarding the direction of the market for a particular currency or currencies for both hedging and non-hedging purposes. Currency exchange rates can be extremely volatile, and a variance in the degree of volatility of the market or in the direction of the market from GSAM's expectations may produce significant losses to an Advisory Account.
- **Non-U.S. Securities Risks**—Non-U.S. securities may be subject to risk of loss because of more or less non-U.S. government regulation, less public information, less liquidity, greater volatility and less economic, political and social stability in the countries of domicile of the issuers of the securities and/or the jurisdictions in which these securities are traded. Loss may also result from, among other things, deteriorating economic and business conditions in other countries, including the United States, regional and global conflicts, the imposition of exchange controls, non-U.S. taxes, sanctions, confiscations, expropriation and other government restrictions by the United States or other governments, higher transaction costs, difficulty enforcing contractual obligations or from problems in share registration, settlement or custody. In addition, an Advisory Account will be subject to the risk that an issuer of non-U.S. sovereign debt held by an Advisory Account or the governmental authorities that control the repayment of such debt may be unable or unwilling to repay the principal or interest when due, including as a result of levels of non-U.S. debt or currency exchange rates. Furthermore, an Advisory Account's purchase and sale

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

- **Private Investment Risks**—Advisory Accounts may invest in private investments, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. Clients should not invest unless they are prepared to retain their interests in the Advisory Account until the Advisory Account liquidates its private investments. Private investments are highly competitive and an Advisory Account may face greater challenges in making such investments than when investing in traditional asset classes. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted. To the extent an Advisory Account has invested in private investments indirectly through a pooled investment vehicle which is in the process of winding down, the pooled investment vehicle may hold a limited number of illiquid investments that may not be realized for a significant amount of time and the Advisory Account will continue to bear its portion of the pooled investment vehicle's operating costs during such time. The pooled investment vehicle may be unable to dispose of such investments other than through sale in a secondary market, which could be at a disadvantageous price.
- **Restricted Investments Risks**—Restricted securities are securities that may not be sold to the public without an effective registration statement under the 1933 Act, or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. These restrictions could prevent an Advisory Account from promptly liquidating unfavorable positions and subject such Advisory

Account to substantial losses. Further, when registration is required to sell a security, an Advisory Account may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the Advisory Account may be permitted to sell the security under an effective registration statement. If adverse market conditions developed during this period, an Advisory Account might obtain a less favorable price than the prevailing price when it decided to sell.

- **Risk Management Risks**—GSAM may seek to reduce, increase or otherwise manage the volatility of an Advisory Account's overall portfolio or the Advisory Account's risk allocation to particular investments or sectors through various strategies, including by changing the amount of leverage utilized in connection with certain investments or sectors and/or by liquidating interests in certain investments and investing any proceeds in different investments or similar investments with a different volatility profile. There can be no assurance that GSAM's use of such strategies will be adequate, or that they will be adequately utilized by GSAM. Additionally, any strategies may be limited by, among other things, liquidity of the Advisory Account's investments and the availability of investment opportunities that GSAM believes are appropriate.
- **Risks of New Investment Strategies**—GSAM may determine to implement new investment strategies. There may be operational or theoretical shortcomings which could result in unsuccessful investments and, ultimately, losses to an Advisory Account that implements such a strategy. New investment techniques utilized by GSAM on behalf of an Advisory Account may be more speculative than established techniques and may increase the risk of the investment. It may be difficult for GSAM to project accurately the outcome of prospective investments made pursuant to such new investment techniques. Such investments may not provide as favorable returns or protection of capital as other investments, and may be structured using non-standard terms that are less favorable for an Advisory Account than those traditionally found in the marketplace for existing investment techniques (including investment techniques utilized by GSAM). The implementation of a new investment strategy or utilization of a new investment technique by GSAM on behalf of an Advisory Account could adversely affect such Advisory Account.
- **Style Drift Risk**—The managers of affiliated or unaffiliated investment funds in which an Advisory Account invests (which, in the case of affiliated investment funds, may be GSAM) may remove, substitute, modify or otherwise deviate from the investment strategies and sub-strategies or any of the types of investments described or being utilized by the investment fund at the time of an Advisory Account's investment in the investment fund. Changes to a manager's investment strategies may adversely affect the Advisory Account's portfolio and may result in a manager making investments in an area in which it has limited experience.
- **Tax-Managed Investment Risks**—To the extent an Advisory Account is tax-managed, because GSAM balances investment considerations and tax considerations, the pre-tax performance of a tax-managed Advisory Account may be lower than the performance of similar Advisory Accounts that are not tax-managed. Even though tax-managed strategies are being used, they may not reduce the amount of taxable income and capital gains to which an Advisory Account may become subject.
- **Technology Sector Risks**—The stock prices of technology and technology-related companies and therefore the value of Advisory Accounts that invest in the technology sector may experience significant price movements as a result of intense market volatility, worldwide competition, consumer preferences, product compatibility, product obsolescence, government regulation, excessive investor optimism or pessimism, or other factors.
- **Timing of Implementation Risks**—GSAM gives no warranty as to the timing of the investment of Advisory Account assets generally and/or any changes to the Advisory Account over time and from time to time (including in respect of asset allocation and investments), the performance or profitability of the Advisory Account or any part thereof, nor any guarantee that any investment objectives, expectations or targets with respect to the Advisory Account will be achieved, including, without limitation, any risk control, risk management or return objectives, expectations or targets.

For example, there may be delays in the implementation of investment strategies, including as a result of differences in time zones and the markets on which securities trade.

- **Valuation Risks**—The net asset value of an Advisory Account as of a particular date may be materially greater than or less than its net asset value that would be determined if an Advisory Account's investments were to be liquidated as of such date. For example, if an Advisory Account was required to sell a certain asset or all or a substantial portion of its assets on a particular date, the actual price that an Advisory Account would realize upon the disposition of such asset or assets could be materially less than the value of such asset or assets as reflected in the net asset value of an Advisory Account. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of an Advisory Account. An Advisory Account may invest in assets that lack a readily ascertainable market value, and an Advisory Account's net asset value will be affected by the valuations of any such assets (including, without limitation, in connection with calculation of any fees). In valuing assets that lack a readily ascertainable market value, GSAM (or an affiliated or independent agent thereof) may utilize dealer supplied quotations or pricing models developed by third parties, GSAM and/or affiliates of GSAM. Such methodologies may be based upon assumptions and estimates that are subject to error. The value of assets that lack a readily ascertainable market value may be subject to later adjustment based on valuation information available to an Advisory Account at that time. Any adjustment to the value of such assets may result in an adjustment to the net asset value of an Advisory Account.
- **Volatility Risks**—The prices of an Advisory Account's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and

national and international political and economic events and policies.

Other General Risks

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

- **Advisory Account Consent Requirements**—Goldman Sachs acts as an underwriter, placement agent, originator, and/or arranger in various markets and for various asset classes and instruments. Advisory Accounts may have the opportunity to invest in transactions in which Goldman Sachs acts in one or more of these roles, in connection with which Goldman Sachs may be a principal opposite Advisory Accounts or with respect to which Goldman Sachs may receive a fee or other compensation. The consummation of any such transaction or the payment of any such fee may require the consent of the client or other independent party pursuant to applicable law and the guidelines or governing documents applicable to such Advisory Accounts. In such cases, the Advisory Account would only have the ability to make the investments if GSAM receives the required consent. GSAM may determine not to seek such consent due to timing, logistical or other considerations, in which event the Advisory Account will not have the opportunity to make the investments.
- **Cybersecurity**—The operations of Goldman Sachs, GSAM and the Advisory Accounts each rely on the secure processing, storage and transmission of confidential and other information in Goldman Sachs' computer systems and networks. Goldman Sachs is regularly the target of attempted cyber attacks, including denial-of-service attacks, and must continuously monitor and develop its systems to protect its technology infrastructure and data from misappropriation or corruption. In addition, due to Goldman Sachs' interconnectivity with third-party vendors, central agents, exchanges, clearing houses and other financial institutions, Goldman Sachs, and thus indirectly the Advisory Accounts, could be adversely impacted if any of them is subject to a successful cyber attack or other information security event. Although Goldman Sachs takes protective measures and endeavors to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorized access, misuse, computer viruses or other malicious code and

other events that could have a security impact. If one or more of such events occur, this potentially could jeopardize the confidential and other information of GSAM and the Advisory Accounts, to the extent such information is processed and stored in, and transmitted through, Goldman Sachs' computer systems and networks. Such events could also cause interruptions or malfunctions in the operations of GSAM and the Advisory Accounts as well as the operations of their beneficial owners, clients and counterparties and the operations of third parties, which could impact their ability to transact with GSAM or the Advisory Accounts or otherwise result in significant losses or reputational damage. The increased use of mobile and cloud technologies can heighten these and other operational risks. Goldman Sachs is expected to expend additional resources on an ongoing basis to modify its protective measures and to investigate and remediate vulnerabilities or other exposures. Nevertheless, GSAM and the Advisory Accounts may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance.

Goldman Sachs, GSAM and the Advisory Accounts currently or in the future are expected to routinely transmit and receive personal, confidential and proprietary information by email and other electronic means. Goldman Sachs has discussed and worked with clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities and protect against cyber attacks, but Goldman Sachs does not have, and may be unable to put in place, secure capabilities with all of its clients, vendors, service providers, counterparties and other third parties and Goldman Sachs may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of the information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a client, vendor, service provider, counterparty or other third-party could result in legal liability, regulatory action and reputational harm to GSAM or the Advisory Accounts.

- **Dependence on Key Personnel**—Advisory Accounts may rely on certain key personnel of GSAM. The departure of any of such key personnel for any reason, including relating to work visas, compensation or other

factors, or the inability of such key personnel to fulfill certain duties, may adversely affect the ability of GSAM to effectively implement the investment programs of the Advisory Accounts.

- **Electronic Trading**—GSAM may trade on electronic trading and order routing systems, which differ from traditional open outcry trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the instrument. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening and closing procedures and prices, trade error policies and trading limitations or requirements. There are also differences regarding qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of internet-based systems, there may be additional risks related to service providers and the receipt and monitoring of electronic mail. Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure. In the event of system or component failure, it is possible that for a certain time period, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. Some investments offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. Exchanges offering an electronic trading or order routing system and listing the instrument may have adopted rules to limit their liability, the liability of brokers and software and communication system vendors and the amount that may be collected for system failures and delays. The limitation of liability provisions vary among the exchanges.
- **Government Investment Restrictions**—Government regulations and restrictions in some countries may limit the amount and type of securities that may be purchased by GSAM on behalf of Advisory Accounts, or the sale of

such securities once purchased. Such restrictions may also affect the market price, liquidity and rights of securities that may be purchased by GSAM on behalf of Advisory Accounts, and may increase such Advisory Accounts' expenses. In addition, the repatriation of both investment income and capital is often subject to restrictions such as the need for certain governmental consents, and even where there is no outright restriction, the mechanics of repatriation or, in certain countries, the inadequacy of the U.S. dollar currency available to non-governmental entities, may affect certain aspects of the operations of Advisory Accounts. In countries that have an inadequate supply of U.S. dollar currency, issuers that have an obligation to pay an Advisory Account in U.S. dollars may experience difficulty and delay in exchanging local currency to U.S. dollar currency and thus hinder such Advisory Account's repatriation of investment income and capital. Moreover, such difficulty may be exacerbated in instances where governmental entities in such countries are given priority in obtaining such scarce currency. Furthermore, an Advisory Account's ability to invest in the securities markets of several countries is restricted or controlled to varying degrees by laws restricting non-U.S. investments, and these restrictions may, in certain circumstances, prohibit such Advisory Account from making direct investments.

In addition, the SEC, the CFTC, other regulators, self-regulatory organizations and exchanges are authorized to regulate trading or other activity with respect to, and to intervene (directly and by regulation) in certain markets, and may restrict or prohibit market practices. For example, certain jurisdictions have imposed restrictions and reporting requirements on short selling. The duration of such restrictions and type of securities affected may vary from country to country and may significantly affect the value of Advisory Accounts' holdings and GSAM's ability to pursue its investment strategies. The effect of any regulatory change on GSAM and the Advisory Accounts could be substantial and adverse.

- **Legal, Tax and Regulatory Risks**—GSAM and certain of its Advisory Accounts are subject to legal, tax and regulatory oversight, including by the SEC, the United Kingdom Financial Conduct Authority ("FCA") and similar regulators world-wide. For example, as an

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

- **Losses in Affiliated Investment Funds Borne Solely by Investors**—All losses of an Advisory Account, including losses relating to investments in affiliated investment funds managed by GSAM shall be borne solely by such Advisory Account and not by Goldman Sachs. Goldman Sachs' losses in an affiliated investment fund will be limited to losses attributable to the ownership interests in such investment fund held by Goldman Sachs, if any, in its capacity as an investor in such investment fund or as beneficiary of a restricted profit interest held by Goldman Sachs. Ownership interests in Advisory Account are not insured by the FDIC, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.
- **Multiple Levels of Fees and Expenses**—In circumstances in which Advisory Accounts invest in third-party managers or affiliated or unaffiliated investment funds, the Advisory Accounts will bear any fees or other compensation due to GSAM and expenses at the Advisory Account level, in addition to any fees or compensation and expenses which may be due at the third-party manager or investment fund level.
- **No Assurance of Achievement of Investment or Performance Objectives**—There is no assurance that Advisory Accounts will achieve their investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that Advisory Accounts will be able to fully invest their capital.

- **Non-Recourse Risk**—The governing agreements of investment funds in which Advisory Accounts invest may limit the circumstances in which a manager can be held liable to investors. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such provisions.
- **Operational Risk**—The risk that an Advisory Account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.
- **Partial or Total Loss of Capital**—Certain investments made by GSAM for Advisory Accounts are intended for investors who can accept the risks associated with investing in illiquid securities and the possibility of partial or total loss of capital.
- **Performance-Based Compensation**—GSAM and managers of affiliated and unaffiliated investment funds in which an Advisory Account invests (which, in the case of affiliated investment funds, may be GSAM) may receive performance-based compensation from Advisory Accounts and the investment funds based upon the net capital appreciation of Advisory Account or investment fund assets. Such compensation arrangements create an incentive for GSAM and managers of investment funds to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In many cases, performance-based compensation may be calculated on a basis that includes unrealized appreciation of assets. In such cases, such compensation may be greater than if it were based solely on realized gains and losses. See Item 6, Performance-Based Fees and Side-By-Side Management.
- **Reliance on Technology**—GSAM may employ investment strategies that are dependent upon various computer and telecommunications technologies. The successful implementation and operation of such strategies could be severely compromised by telecommunications failures, power loss, software-related “system crashes,” fire or water damage, or various other events or circumstances. Any such event could result in, among other things, the inability of GSAM to establish, maintain, modify, liquidate, or monitor the Advisory Accounts’ investments, which could have an adverse effect on the Advisory Accounts.
- **Risks Involved in the Development of Models**—Errors may occur in designing, writing, testing, and/or monitoring models, which may be difficult to detect and may not be detected for a significant period of time. Inadvertent systems and human errors are an inherent risk of models and the complexity of models may make it difficult or impossible to detect the source of any weakness or failure in the models before material losses are incurred. Moreover, the complexity of the models and their reliance on complex computer programming may make it difficult to obtain outside support. To the extent any third-party licensed intellectual property is used in the development of models, there may be adverse consequences if such material is no longer available. Finally, in the event of any software or hardware malfunction, or problem caused by a defect or virus, there may be adverse consequences to developing or monitoring models.

Risks That Apply Primarily to Equity Investments

General

- **Energy, Oil and Gas Sector Risks**—Advisory Accounts may invest in MLPs that primarily derive their income from investing in companies within the energy, oil and gas sectors. Energy, oil and gas companies are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas or petroleum products; reduced availability of natural gas or other commodities for transporting, processing, storing or delivering; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, changes in the regulatory environment for these companies may adversely impact their profitability. Over time, depletion of natural gas reserves or other commodities may also affect the profitability of companies in the energy, oil and gas sectors.
- **Equity and Equity-Related Securities and Instruments**—Advisory Accounts may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and OTC markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors

specific to an issuer and factors specific to the industry in which the issuer participates. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.

- **Investments in Technology Start-Up and Similar Companies—Advisory Accounts** may invest in portfolio companies that are technology start-up or similar companies, including with the anticipation that such portfolio companies will engage in IPOs. Investments in these portfolio companies are subject to the risks described under “Pre-IPO Investments Risk.” In addition, as these business are often involved in new and often untested products, services and markets, such portfolio companies may be subject to additional risks common among technology start-up companies, including risks related to (a) increased litigation, and significant costs associated therewith (including, potentially, litigation involving intellectual property and privacy), (b) significant regulatory scrutiny, (c) technology error, viruses, hacking or other failure, (d) market saturation and an inability to grow its user base, (e) competition, including by competitors that create new and improved technology, (f) unfavorable media coverage, (g) an inability to effectively manage the rapid growth of its organization, (h) expansion into unfamiliar jurisdictions, (i) an inability to generate meaningful revenue (despite a significant user base), and (j) an inability to continue to adapt to changes and improve and upgrade technology.

Private Equity

- **Difficulty in Valuing Fund Investments—Valuation** of underlying fund interests in which a fund or other Advisory Account managed by AIMS may invest may be difficult, as there generally will be no established market for these interests or for securities of privately-held companies which underlying funds may own. The overall performance of funds and other Advisory Accounts managed by AIMS will be affected by the acquisition price paid by the underlying funds for their interests in portfolio companies, which will be subject to negotiation with the sellers of such interests. In the absence of a readily ascertainable market price, assets of the underlying funds will be valued by the general

partners or advisers of such funds or the portfolio companies themselves. The valuation of such assets may create a conflict of interest for such general partners or advisers, as the assets may constitute a substantial portion of such underlying funds’ investments and their value may affect the compensation of the general partners or advisers. AIMS generally will not have sufficient information in order to be able to confirm or review the accuracy of these valuations.

- **Limited Operating History and Competition Associated with Portfolio Companies—Certain portfolio companies** in which GSAM investment funds or Advisory Accounts invest, either directly or indirectly, may involve a high degree of business and financial risk. These companies may (i) be in an early stage of development and not have a proven operating history; (ii) be operating at a loss or have significant variations in operating results; (iii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; (iv) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; (v) rely on the services of a limited number of key individuals, the loss of any of whom could significantly adversely affect a portfolio company’s performance; and (vi) otherwise have a weak financial condition or be experiencing financial difficulties. In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified management and technical personnel.

Risks That Apply Primarily to Fixed Income Investments

- **Credit/Default Risk—An issuer or guarantor** of fixed income securities or instruments held by an Advisory Account (which, for certain Advisory Accounts, may have low credit ratings) may default on its obligation to pay interest and repay principal or default on any other obligation, and a counterparty to a derivatives investment may fail to perform its contractual obligations. Additionally, the credit quality of securities or instruments may deteriorate rapidly, which may impair an Advisory Account’s liquidity and cause significant value deterioration. Advisory Accounts may invest in noninvestment grade fixed income securities (commonly known as “junk bonds”) and leveraged loans

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

- **Fixed Income Securities Risks**—Advisory Accounts may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk).

- **Floating and Variable Rate Obligations Risks**—Advisory Accounts may invest in instruments that have floating and/or variable rate obligations. For floating and variable rate obligations, there may be a lag between an actual change in the underlying interest rate benchmark and the reset time for an interest payment of such an obligation, which could harm or benefit the Advisory Account, depending on the interest rate environment or other circumstances. In a rising interest rate environment, for example, a floating or variable rate obligation that does not reset immediately would prevent an Advisory Account from taking full advantage of rising interest rates in a timely manner. However, in a

declining interest rate environment, an Advisory Account may benefit from a lag due to an obligation's interest rate payment not being immediately impacted by a decline in interest rates. Certain floating and variable rate obligations have an interest rate floor feature, which prevents the interest rate payable by the security from dropping below a specified level as compared to a reference interest rate. Such a floor protects Advisory Accounts from losses resulting from a decrease in the reference rate below the specified level. However, if the reference rate is below the floor, there will be a lag between a rise in the reference rate and a rise in the interest rate payable by the obligation, and Advisory Accounts may not benefit from increasing interest rates for a significant amount of time.

- **Loan Risks**—The Advisory Accounts may directly or indirectly purchase loans as participations from certain financial institutions which will represent the right to receive a portion of the principal of, and all of the interest relating to such portion of, the applicable loan. An Advisory Account generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, no rights of set-off against the borrower, and no right to object to certain changes to the loan agreement agreed to by the selling institution. Advisory Accounts invested in loans may not be entitled to rely on the anti-fraud protections of the federal securities laws, although they may be entitled to certain contractual remedies. Further, the market for loan obligations may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Because transactions in many loans are subject to extended trade settlement periods, an Advisory Account may not receive the proceeds from the sale of a loan for a period after the sale. As a result, sale proceeds related to the sale of loans may not be available to an Advisory Account to make additional investments or payments in respect of withdrawals therefrom for a period after the sale of the loans, and, as a result, the Advisory Account may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. In addition, an Advisory Account may be exposed to losses resulting from default and foreclosure. There is no assurance that the protection of an Advisory Account's interests is adequate or that claims may not be asserted by others that might interfere with enforcement of an Advisory Account's

rights. Although a loan obligation may be fully collateralized at the time of acquisition, the collateral may decline in value, be relatively illiquid, or lose all or substantially all of its value subsequent to investment. Many loan investments are subject to legal or contractual restrictions on resale and may be relatively illiquid and difficult to value. There is less readily available, reliable information about most loan investments than is the case for many other types of securities. Substantial increases in interest rates may cause an increase in loan obligation defaults. Moreover, to the extent an Advisory Account has a direct contractual relationship with a defaulting borrower, such Advisory Account may be adversely affected, including as a result of costs or delays in the foreclosure or liquidation of the assets securing the loan.

Risks That Apply Primarily to Derivatives Investments and Short Sales

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

In addition, although the U.S. Commodity Exchange Act, as amended, requires a commodity broker to segregate the funds of its customers, if a commodity broker fails to properly segregate customer funds, an Advisory Account may be subject to a risk of loss of its funds on deposit with such broker in the event of such broker's bankruptcy or insolvency. Also, to the extent

an Advisory Account has exposure to non-U.S. broker-dealers it may also be subject to risk of loss of its funds because non-U.S. regulatory bodies may not require such broker-dealers to segregate customer funds.

To the extent an Advisory Account invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, the Advisory Account may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

- **Hedging Risks**—Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions. To the extent GSAM utilizes hedging techniques in respect of an Advisory Account, hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the positions of an Advisory Account or that losses on the hedge will occur at the same time as losses in the value of the positions of an Advisory Account. In addition, certain hedging instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, an Advisory Account may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, the use of such instruments may limit any potential gain which might result from an increase in the value of such position. The ability of an Advisory Account to hedge successfully cannot be assured. Hedging techniques involve costs, which could be significant, whether or not the hedging strategy is successful.

- **Risks of Derivative Investments—Advisory Accounts** may invest in derivative instruments, including, without limitation, options, futures, options on futures, interest rate caps and floors and collars, participation notes, swaps, options on swaps, structured securities, forward contracts and other derivatives relating to non-U.S. currency transactions. To the extent Advisory Accounts invest in these types of derivative instruments through OTC transactions, there may be less governmental regulation and supervision of the OTC markets than of transactions entered into on organized exchanges. Investments in derivative instruments may be for both hedging and non-hedging purposes (that is, to seek to increase total return), although suitable derivative instruments may not always be available to GSAM for these purposes. Losses in an Advisory Account from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if an Advisory Account receives cash collateral under the transactions and some or all of that collateral is invested in the market. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation and an Advisory Account may be responsible for any loss that might result from its investment of the counterparty's cash collateral.

Advisory Accounts may also be subject to risk of loss of their funds on deposit with non-U.S. brokers because non-U.S. regulatory bodies may not require such brokers to segregate customer funds. Advisory Accounts may be required to post margin for its foreign exchange transactions either with GSAM or other foreign exchange dealers who are not required to segregate funds (although such funds are generally maintained in separate accounts on the foreign exchange dealer's books and records in the name of the applicable Advisory Account).

The use of these management techniques also involves the risk of loss if GSAM is incorrect in its expectation of the timing or level of fluctuations in securities prices, interest rates, currency prices or other variables. In addition, subject to jurisdictional limits, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act

of 2010, as amended (the "Dodd-Frank Act") establishes a new regulatory framework for oversight of over-the-counter derivatives transactions by the CFTC (as defined below) and the U.S. Securities and Exchange Commission ("SEC") and heightens the existing regulation of futures markets. There are also comparable regulations in other jurisdictions impacting these markets. There can be no certainty as to the final form of the requirements, and the full extent of the impact such requirements will have on the Advisory Accounts is unclear. Investments in derivative instruments may be harder to value, subject to greater volatility and more likely to be subject to changes in tax treatment than other investments. For these reasons, any attempt to hedge portfolio risks through the use of derivative instruments may not be successful, and GSAM may choose not to hedge certain portfolio risks. Investing for non-hedging purposes presents even greater risk of loss.

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

Risks That Apply Primarily to Investments in Third-Party Managed Funds and Accounts

- **Giveback Obligations**—The terms of an investment fund may require the return of distributions received from investments, potentially including distributions made prior to the time the Advisory Account became an investor in such investment fund, upon the occurrence of certain circumstances, including to satisfy any indemnification, reimbursement, contribution or similar obligation (including any obligation resulting from applicable law), or any other expense or obligation, of the investment fund. The manager of such fund may set aside amounts otherwise distributable to investors for such purpose, should they arise, and amounts set aside to fund such payments will reduce the amount of funds available for distribution to an investor or make additional portfolio investments.
- **Key Persons; Non-Competition**—Third-Party Management Companies in which an Advisory Account invests may rely heavily on certain of their key personnel to manage and direct the operations of the Third-Party Management Companies. The presence and retention of key personnel is particularly important to participants in the alternative investment managing sector, including the Third-Party Management Companies, and the departure of key personnel or their inability to fulfill their responsibilities may adversely affect the ability of a Third-Party Management Company to effectively implement its investment program, which may have an adverse effect on an Advisory Account.
- **Limitations on AIMS's Authority**—Third-party managers, and not AIMS, typically have responsibility for the day-to-day management of the third-party investment vehicles in which Advisory Accounts may invest. AIMS's ability to waive or amend the investment objectives, policies, and strategies, remove, replace, or withdraw assets from a third-party manager, reallocate assets among third-party managers and vary or change the allocation of assets of an Advisory Account may be subject to the limitations imposed by the agreements with third-party managers, market conditions and applicable law. Losses may result during the time it takes AIMS to react to market or other conditions and comply with the required notice obligations or other contractual agreements.
- **Limited Ability to Negotiate Terms of Investments in Underlying Funds**—When an Advisory Account acquires interests from investors in underlying funds, rather than from the underlying funds themselves (secondary investments), AIMS may have limited or no opportunity to negotiate the terms of the interests in the underlying funds or other special rights or privileges. Advisory Accounts will typically have the opportunity to acquire a portfolio of interests in funds from a seller only on an "all or nothing" basis and, in some cases, certain components of such investments may be less attractive than others. In addition, the Advisory Account's performance will be affected by the structure of the acquisition and the terms of the funds, including with respect to legal, tax, regulatory and other considerations, and the Advisory Account generally will have limited or no control over the funds. The terms, structure and other aspects of such fund investments may be disadvantageous for legal, tax, regulatory and other reasons.
- **Limited Regulatory Oversight**—Third-party managers to which Advisory Accounts allocate assets may be subject to limited or no regulatory requirements or governmental oversight. Therefore, an Advisory Account may not have the benefit of certain protections that would otherwise be afforded to investors had the third-party managers been more heavily regulated.
- **Performance Dependent Upon Third-Party Management Companies**—While it is expected that representatives of GSAM will periodically meet with the personnel of Third-Party Management Companies in which an Advisory Account invests and may negotiate contractual terms on behalf of an Advisory Account requiring Third-Party Management Companies to periodically provide GSAM and the Advisory Account with certain information, GSAM generally will not have the opportunity to evaluate the specific strategies employed by the Third-Party Management Companies and the Third-Party Management Company Funds, and GSAM will not have an active role in the day-to-day management of the Third-Party Management Companies and the Third-Party Management Company Funds. GSAM will have no obligation to seek to control or influence any Third-Party Management Company. The returns of an Advisory Account that invests in Third-Party Management Companies will depend largely on the performance of the Third-Party Management Companies and could be substantially adversely affected

by the unfavorable performance and/or practices and policies of the Third-Party Management Companies.

- **Reliance on Third-Party Managers**—It is expected that AIMS generally will have less ability to monitor investments in third party-managed funds and to obtain full and current information with respect to such investments than it would have if the investments were made directly through investment funds and separate accounts managed by AIMS. While AIMS will select and monitor the third-party managers, AIMS relies to a great extent on information provided by the third-party managers and may have limited access to other information regarding the third-party managers' portfolios and operations.

Success of investments in third party-managed funds depends upon, among other things, the ability of the third-party managers to develop and successfully implement strategies that achieve their investment objectives. AIMS relies on the expertise of numerous third-party managers who are actively involved in running and overseeing the underlying funds to help identify, evaluate, underwrite, operate, manage and dispose of assets. AIMS's selection of an underlying fund in which to invest its investment funds and separate accounts is inherently based on subjective criteria with the result that the true performance and abilities of a particular third-party manager will be difficult to assess. The historical performance of a third-party manager is not indicative of its future performance, which can vary considerably. Moreover, the underlying funds may be recently formed and may have no independent operating history upon which to evaluate their likely performance. In addition, while representatives of AIMS may, from time to time, serve on the advisory boards of certain underlying funds or portfolio companies, AIMS generally will not have the opportunity to evaluate or to approve the specific investments made by any underlying fund and will not have an active role in the day-to-day management of the underlying funds. Consequently, the success of an underlying fund, and, in turn, any of AIMS's investment funds or separate accounts, is substantially dependent on the third-party managers of the underlying funds in which the investment funds and separate accounts invest and the individuals associated with such third-party managers. Should one or more of these individuals become

incapacitated or in some other way cease to participate in the investment determinations of the applicable underlying fund, AIMS's investment funds and separate accounts could be adversely affected. In addition, the returns of AIMS's investment funds and separate accounts could be substantially adversely affected by the unfavorable performance of any of the underlying funds in which they invest.

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

- **Risks Applicable to Allocation of Assets to Certain Third-Party Management Companies**—GSAM may allocate Advisory Account assets to Third-Party Management Companies that have relatively low levels of assets under management, limited direct experience managing their funds (such funds managed by Third-Party Management Companies, “Third-Party Management Company Funds”) and/or limited or no experience managing certain of the strategies expected to be deployed by them in their investment program. GSAM’s ability to determine whether a Third-Party Management Company possesses the capability and resources to effectively manage an investment advisory business (notwithstanding any portfolio management experience) may be limited, including because such Third-Party Management Company may have limited or no independent track records. GSAM’s allocation of Advisory Account assets to a Third-Party Management Company may entail additional risks, including risks related to lack of infrastructure, fewer dedicated resources and less developed marketing and other capabilities relative to other managers. In addition, a Third-Party Management Company may not have previous experience with applicable legal and regulatory considerations associated with managing a Third-Party Management Company Fund. The foregoing may result in greater deficiencies relating to operations, risk management and investment management. Such deficiencies may have an adverse effect on an Advisory Account’s performance.

Risks That Apply Primarily to Real Estate Investments

- **Real Estate Industry Risks**—The real estate industry is particularly sensitive to economic downturns; specific market conditions may result in occasional or permanent reductions in property values. The values of securities of companies in the real estate industry may go through cycles of relative under-performance and out-performance in comparison to equity securities markets in general. Additionally there are risks related to general and local economic conditions which may include: possible increased cost of or lack of availability of mortgage financing or insurance, variations in rental income, neighborhood values or the appeal of property to tenants; interest rates; overbuilding; extended vacancies of properties; increases in competition, property and other taxes, assessed values and operating

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

- **REIT Risks**—REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions and other factors. Securities of such issuers may lack sufficient market liquidity to enable the Advisory Account to effect sales at an advantageous time or without a substantial drop in price. The failure of a company to qualify as a REIT could have adverse consequences for an Advisory Account invested in the company.

Risks That Apply Primarily to ESG Investments

- **Environmental and Social Impact Investments**—Environmental and/or social impact investing is a relatively new investment strategy. There may be operational or theoretical shortcomings which could result in unsuccessful investments and, ultimately, losses to an Advisory Account that implements such a strategy. New investment techniques utilized by GSAM on behalf of an Advisory Account may be more speculative than established techniques and may increase the risk of the investment. It may be difficult for GSAM to project accurately the environmental and/or social impact of prospective investments. Environmental and/or social impact investments may not provide as favorable returns or protection of capital as other investments. Such

investments may be structured using non-standard terms that are less favorable for an Advisory Account than those traditionally found in the marketplace for investment strategies that do not link environmental and/or social impact to financial returns. GSAM or an Advisory Account may determine to forego an investment that could provide favorable returns because such investment would not have sufficient environmental and/or social impact.

- **Risks Associated with Impact Investments**—Subject to an Advisory Account’s documentation, GSAM may take into account the potential environmental and/or social impact when making decisions regarding the selection, management and disposal of investments on behalf of the Advisory Account. In certain situations, the potential social impact may outweigh financial considerations. For example, GSAM, on behalf of the Advisory Account, may choose to make an investment that has a lower expected financial return when compared to other possible investments because such investment has the potential to make a greater environmental and/or social impact. In addition, GSAM may reject an opportunity to increase the financial return of an existing investment in order to preserve the environmental and/or social impact of such investment. Further, GSAM, on behalf of an Advisory Account, may refrain from disposing of an underperforming investment for a period of time in order to minimize the negative environmental and/or social impact of such disposition and the Advisory Account may forebear payment or otherwise choose not to exercise its rights as a creditor. As a result of the foregoing, an Advisory Account may achieve lower returns than if it did not take into account the environmental and/or social impact of investments and investment-related decisions. On the other hand, an Advisory Account may determine in any particular situation to take steps to preserve its financial returns, notwithstanding any adverse environmental and/or social impact.

Risks that Apply Primarily to GPS

- **Access to Information**—GSAM seeks to select potential investment products for an Advisory Account utilizing information made available to it. With respect to those efforts, GSAM will rely on information and sources it utilizes as accurate, complete or up-to-date. Under

certain circumstances, GSAM may not (i) access certain information (which may be material) regarding a specific investment product (including, for example, if the manager or an issuer of an investment product does not provide GSAM access to certain information) or (ii) utilize certain information (which may be material) in its possession regarding a specific investment product (including because use of such information would or might be a breach of duty or confidence to any other person or of applicable law, or would violate any applicable policies or procedures). In addition, Goldman Sachs maintains internal information barriers, as further described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Certain Effects of the Activities of GSAM and Other Goldman Sachs Entities on Advisory Accounts, that may prevent GSAM personnel from obtaining relevant information. For example, when GSAM conducts due diligence of Affiliated Products, it may be restricted from obtaining information it might otherwise request with respect to such Affiliated Products and their sponsors, managers, or advisers as a result of such information barriers. If GSAM personnel do not have access to certain information with respect to an investment product, they may determine not to consider such investment product for an Advisory Account, which could adversely affect the Advisory Account. Conversely, GSAM personnel may select an investment product for the Advisory Account notwithstanding that certain material information is unavailable to such personnel. Any allocation to (or continued holding of) such an investment product could adversely affect the Advisory Account. For example, such investment product could significantly decline in value, resulting in substantial losses to the Advisory Account.

- **Investments in Affiliated Products**—Generally, the guidelines for GPS Advisory Accounts provide that either only Affiliated Products or only External Products will be selected or recommended for the Advisory Accounts or for particular asset classes or strategies within the Advisory Accounts. However, in certain cases, the guidelines for a GPS Advisory Account provide that both Affiliated Products and External Products may be selected or recommended for the Advisory Account or for particular asset classes or strategies within the Advisory Account. As described

below, conflicts of interest arise in situations in which GPS is permitted to allocate Advisory Account assets to both Affiliated Products and External Products. In addition, as described below, the differing fee arrangements that apply to investments by GPS Advisory Accounts in Affiliated Products as compared to External Products create a preference for the selection or recommendation of Affiliated Products over External Products. Material risks related to these conflicts and preference are described below. Please also refer to the potential conflicts of interest described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Financial Incentives in Selling and Managing Advisory Accounts.

- No Additional Fees for Investments in Affiliated Products—GPS receives management fees with respect to its investment advisory activities for its Advisory Accounts. In addition, GPS Advisory Accounts bear all fees relating to investments in External Products. However, GPS Advisory Accounts generally do not bear any additional fees with respect to investments in Affiliated Products (either because the Affiliated Products do not charge fees or because the fees paid to Affiliated Products are offset against the fees charged by GPS). Therefore, similarly situated Advisory Accounts that invest in Affiliated Products are generally expected to bear an overall lower level of fees than Advisory Accounts that invest in External Products. As a result, with respect to Advisory Accounts whose guidelines permit investments in both Affiliated Products and External Products, there is a significant financial incentive (i.e., lower overall fees for the client) for the Advisory Account to invest in Affiliated Products rather than External Products. Conversely, GPS may have an incentive to select or recommend External Products because Goldman Sachs does not receive additional fees from the Advisory Accounts in respect of investments in Affiliated Products even though it is providing additional services to the Advisory Accounts. However, in such circumstances there may be countervailing considerations outside the best interests of the client that may incentivize GPS to select or recommend Affiliated Products (e.g., increased assets under management for Affiliated Products), including Affiliated Products Managed by GPS, over External Products. Generally,

GPS does not share in the fees received by External Products or their managers.

- Regulatory Restrictions Applicable to Goldman Sachs—From time to time, the activities of Affiliated Products may be restricted because of regulatory or other requirements applicable to Goldman Sachs and/or its internal policies designed to comply with, limit the applicability of, or otherwise relate to such requirements. External Products may not be subject to some of these restrictions or considerations and, as a result, may outperform Affiliated Products. For additional information, please refer to Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Firm Policies and Regulatory Restrictions Affecting Advisory Accounts.
- Differences in the Due Diligence Process Relating to External Products and Affiliated Products—GPS utilizes different due diligence processes to review External Products and Affiliated Products. External Products are reviewed by AIMS, while potential Affiliated Products are reviewed by GPS. Due diligence of External Products by AIMS is typically carried out over a number of weeks and may include lengthy on-site meetings, extensive analytics related to historical performance, reference calls and risk report reviews. Due diligence by GPS is generally limited to an assessment of certain qualitative and, to a lesser extent, quantitative factors to determine that a potential Affiliated Product is suitable for the applicable Advisory Account. On the whole, the due diligence process for Affiliated Products is significantly less rigorous and substantively different than that for External Products. As a result, GPS may select or recommend an Affiliated Product for an Advisory Account that underperforms External Products (or other Affiliated Products) that might have been selected or recommended had the due diligence process applicable to External Products been utilized for Affiliated Products. See this Item 8, Methods of Analysis, Investment Strategies and Risk of Loss—Methods of Analysis and Investment Strategies—Global Portfolio Solutions for additional risks and considerations relating to, among other things, differences in the GPS selection process for External Products and Affiliated Products.

- **Use of AIMS Approved Manager List for External Products**—AIMS maintains a list of approved third-party managers (“AIMS Approved Manager List”) and determines, based on its ongoing diligence review, whether an External Product should be retained on the AIMS Approved Manager List. GPS generally only selects or recommends External Products the managers of which are included on the AIMS Approved Manager List, and if AIMS removes the manager of an External Product from the AIMS Approved Manager List, GPS is expected to withdraw (or recommend the withdrawal of) such External Product from Advisory Accounts unless a client specifically requests to retain the External Product. Affiliated Products are not subject to AIMS’ ongoing due diligence or to the AIMS Approved Manager List. There is no similar list or removal process for Affiliated Products, although GPS may withdraw (or recommend the withdrawal of) Affiliated Products on a case-by-case basis based on factors it deems relevant at the time of any such consideration. The fact that Affiliated Products are not subject to the diligence review and AIMS Approved Manager List and removal processes applicable to External Products could cause them not to be withdrawn from Advisory Accounts prior to periods in which they underperform potential replacement investment products.
- **No Review of External Products When Investing Only in Affiliated Products**—In connection with an Advisory Account or an asset class within an Advisory Account that, pursuant to its guidelines invests only in Affiliated Products, GPS will not review or consider External Products. As a result, there may be one or more External Products that would be a more appropriate addition to the Advisory Account than the Affiliated Product selected by GPS, from the standpoint of the factors that GPS has taken into consideration or other factors. Such External Products may outperform the Affiliated Product selected for the Advisory Account.
- **Limited Review of External Products**—In connection with an Advisory Account that, pursuant to its guidelines may invest in External Products (either because the guidelines provide that the Advisory Account will invest in only External Products or because the guidelines provide that the Advisory Account will invest in both External Products and Affiliated Products), GPS will not review the entire universe of available External Products that may be appropriate for the Advisory Account. Generally, GPS will only review External Products managed by managers listed on the AIMS Approved Manager List, and typically will only review a subset of such External Products as it determines in its sole discretion. As a result, there may be one or more External Products that would be a more appropriate addition to the Advisory Account than the investment product selected by GPS, from the standpoint of the factors that GPS has taken into consideration or other factors. Such External Products may outperform the investment product selected for the Advisory Account.
- **Accessing External Products Through Affiliated Products**—External Products include hedge funds advised by third-party managers (“External Hedge Funds”). Generally, Advisory Accounts access External Hedge Funds through investments in GS Funds of Funds or through direct investments in third-party managed hedge funds. GPS does not utilize funds of funds that are not Affiliated Products to access External Hedge Funds unless specifically directed to do so by the client. As described above, Advisory Accounts managed by GPS generally do not bear fees with respect to Affiliated Products. Accordingly, Advisory Accounts do not pay any fees to GS Funds of Funds in order to access External Hedge Funds, although Advisory Accounts are responsible for their pro rata share of the expenses of the GS Funds of Funds, which generally includes fees paid by the GS Funds of Funds to the External Hedge Funds.
- **Tactical Tilts**—GSAM utilizes tactical investment ideas derived from short-term market views (“Tactical Tilts”) for Advisory Accounts. Unless specifically directed otherwise by a client (for example, in the case in which a GPS client or Advisory Account specifically require or contemplate the use of one of the client’s third-party managers to implement certain types of tactical tilts), with respect to GPS-managed Advisory Accounts, all Tactical Tilts are implemented through Affiliated Products or directly by GSAM personnel, even in the case of Advisory Accounts the guidelines of which do not otherwise provide for investments in Affiliated Products. As described above, other than with respect to GPS’s management fee, Advisory Accounts generally do not bear fees in respect of Affiliated Products. Accordingly, Advisory Accounts do not pay additional fees in connection with the implementation of Tactical

Tilts. There are material risks related to the use of Tactical Tilts for Advisory Accounts. For example, the timing for implementing a Tactical Tilt or unwinding a position can materially affect the performance of such Tactical Tilt. For various reasons, other businesses within Goldman Sachs may implement a Tactical Tilt or unwind a position for client accounts or on their own behalf at a different time than GPS does on behalf of Advisory Accounts, which could have an adverse effect on Advisory Accounts and may result in poorer performance by Advisory Accounts than by Goldman Sachs or other client accounts. In addition, unless otherwise agreed in the agreement governing the Advisory Account, GPS monitors an Advisory Account's Tactical Tilt positions only on a periodic basis. Therefore, changes in market conditions and other factors may result in substantial losses to an Advisory Account, and no assurance can be given that a Tactical Tilt position will be unwound before the Advisory Account suffers losses. The use of Tactical Tilts also may include the risk of reliance on models.

- **Target Ranges and Rebalancing**—Certain Advisory Accounts, either generally or with respect to particular asset classes and/or product classes, may allocate to both Affiliated Products and External Products in accordance with target allocations or target ranges. For these Advisory Accounts, the conflicts and risks described above with respect to allocating assets to both Affiliated Products and External Products apply. In addition, to the extent a client designates target allocations or target ranges for Affiliated Products and External Products within an Advisory Account or a particular asset class or strategy within the Advisory Account, allocations of an Advisory Account's assets may, from time to time, be out of balance with the Advisory Account's target ranges for extended periods of time or at all times due to various factors, such as fluctuations in, and variations among, the performance of the investment products to which the assets are allocated and reliance on estimates in connection with the determination of percentage allocations. Any rebalancing by GPS of the Advisory Account's assets may have an adverse effect on the performance of the Advisory Account's assets. For example, the Advisory Account's assets may be allocated away from an over-performing investment product and allocated to an under-performing investment product, which could be harmful to the Advisory

Account. In addition, the achievement of any intended rebalancing may be limited by several factors, including the use of estimates of the net asset values of the investment products, and, in the case of investments in investment products that are pooled investment vehicles, restrictions on additional investments in and redemptions from such investment products. Similarly, the use of target ranges in respect of product classes may result in an Advisory Account containing a significantly greater percentage of Affiliated Products than would otherwise be the case, including during periods in which Affiliated Products underperform External Products. In such circumstances, there may be one or more External Products that would be a more appropriate addition to an Advisory Account than the Affiliated Products then in the Advisory Account. Such External Products may outperform the Affiliated Products then in the Advisory Account.

Item 9 – Disciplinary Information

This Item requests information relating to GSAMLP. There are no reportable material legal or disciplinary events related to GSAMLP. In the ordinary course of their business, GSAMLP and its management persons 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. Information about GSAMLP's investment management affiliates is contained in Part 1 of GSAMLP's Form ADV.

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

Item 10 – Other Financial Industry Activities and Affiliations

BROKER-DEALER REGISTRATION

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

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

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

OTHER MATERIAL RELATIONSHIPS WITH AFFILIATED ENTITIES

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

Broker-Dealer; Derivatives Dealer

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

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

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

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

In addition, Goldman Sachs holds ownership interests in, and Goldman Sachs personnel may sit on the boards of directors of, electronic communication networks, alternative trading systems and other similar execution or trading systems or venues (collectively, “ECNs”). Goldman Sachs may be deemed to control one or more of such ECNs based on its levels of ownership and its representation on the board of directors of such ECNs. As of January 4, 2016, Goldman Sachs held ownership interests in the following ECNs: (i) BATS BZX, (ii) BATS Options Exchange, (iii)

BATS Y-Exchange, Inc, (iv) Chicago Board Options Exchange, Inc, (v) Chicago Stock Exchange, Inc, (vi) EDGA Exchange, Inc, (vii) EDGX Exchange, Inc., (viii) International Securities Exchange, LLC, (ix) NASDAQ OMX PHLX, Inc. (formerly the Philadelphia Stock Exchange), (x) NYSE MKT LLC, (xi) NYSE, (xii) BIDS, (xiii) Sigma ATS, (xiv) BondDesk, (xv) Dealerweb, (xvi) MTS S.P.A, (xvii) TradeWeb and (xviii) TradeWeb Retail. Goldman Sachs may acquire ownership interests in other ECNs (or increase ownership in the ECNs listed above) in the future.

Consistent with its duty to seek best execution for the Advisory Accounts, GSAM may, from time to time, directly or indirectly through a broker-dealer, effect trades for Advisory Accounts through such ECNs. In such cases, Goldman Sachs may receive an indirect economic benefit based upon its ownership interests in ECNs. In addition, Goldman Sachs may be compensated through fees or cash credits for order flow or execution of trades in connection with trading on ECNs. GSAM will effect trades for an Advisory Account through such ECNs only if GSAM (or the broker-dealer through which GSAM is accessing the ECN) reasonably believes that such trades are in the best interest of the Advisory Account and that the requirements of applicable law have been satisfied. As discussed in further detail in Item 12, Brokerage Practices, GSAM executes transactions with affiliates and related persons in accordance with its best execution policies and procedures.

In the event assets of an Advisory Account are treated as “plan assets” subject to the U.S. Employee Retirement Income Security Act of 1974 (“ERISA”), the use of ECNs to execute trades on behalf of such Advisory Account may, absent an exemption, be treated as a prohibited transaction under ERISA. However, GSAM may effect trades through ECNs provided that such trades are executed in accordance with the exemption under Section 408(b)(16) of ERISA. In addition, GSAM is required to obtain authorization from any Advisory Account whose assets are treated as “plan assets” in order to execute transactions on behalf of such Advisory Account using an ECN in which Goldman Sachs has an ownership interest. Furthermore, there may be limitations or restrictions placed on the use of ECNs (including, without limitation, for purposes of complying with law and otherwise).

Investment Companies and Other Pooled Investment Vehicles

GSAM or its affiliates act in an advisory or sub-advisory capacity, including as adviser, administrator and/or distributor, to a variety of U.S. and non-U.S. investment companies as well as other pooled investment vehicles including collective trusts, exchange-traded funds, closed-end funds, business development companies and alternative investment funds. Certain personnel of GSAM (“GSAM Personnel”) are also directors, trustees and/or officers of these investment companies and other pooled investment vehicles. GSAM and its affiliates, in their capacities as advisers or sub-advisers to these entities, will receive management or advisory fees. Although such fees are generally paid by the entities, the costs are ultimately borne by their investors. These fees will be in addition to any advisory fees or other fees agreed between the investors in their capacities as clients and GSAM and its affiliates for investment advisory, brokerage or other services.

Other Investment Advisers

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

Among GSAMLP’s investment advisory affiliates, GSAMI, GS&Co., GSRM, Ayco, GSAM SV, HFS, GSIS, GSAMC and GSAMA are registered with the SEC as investment advisers. Goldman Sachs Asset Management Brazil LTDA, Goldman Sachs (China) L.L.C., Beijing Gao Hua Securities Company Limited, Goldman Sachs Asset Management (India) Private Limited, Goldman Sachs (India) Securities Private Limited, Goldman Sachs Asset Management

(Singapore) Pte. Ltd, GS Asia, GSI, GSIS Canada and GSSP are not registered with the SEC as investment advisers but are non-U.S. affiliated advisers that may provide advice or research to GSAMLP for use with GSAMLP's U.S. clients (in such capacity, "Participating Affiliates"). The Participating Affiliates will act according to a series of SEC no-action relief letters mandating that Participating Affiliates remain subject to the regulatory supervision of both GSAMLP and the SEC. GSAMLP has or intends to have co-advisory or sub-advisory relationships with affiliates, and/or participating affiliate relationships with the Participating Affiliates.

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

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

Financial Planner

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

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser

GSAM has affiliates registered with the CFTC as a futures commission merchant, CPO and/or CTA, swap firm and

swap dealer. These firms include: GS&Co., GSAMI, HFS, Goldman Sachs Management Partners, L.P., GSIS and Goldman Sachs Execution & Clearing, L.P. If permitted by law and applicable regulations, GSAM may buy or sell futures on behalf of its clients through its CFTC-registered affiliates and these affiliates may receive commissions.

Bank or Thrift Institution

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

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

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

Sponsor or Syndicator of Limited Partnerships

GSAM and its affiliates may establish unregistered privately-placed vehicles and/or distribute securities issued by such vehicles. GSAM and its affiliates may receive fees in connection therewith.

Insurance Company or Agency

Goldman Sachs' affiliates, Global Atlantic Financial Group Limited, Commonwealth Annuity and Life Insurance Company and First Allmerica Financial Life Insurance Company, engage in the insurance business for the purpose

of insuring and reinsuring life and annuity contracts including, but not limited to, variable life and variable annuity contracts.

Management Persons; Policies and Procedures

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

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

Affiliated Indexes

GSAM and its affiliates may develop, own and operate stock market and other indexes (each, an "Index") based on investment and trading strategies developed by GSAM or its affiliates ("GSAM Strategies"). Some of the exchange-traded funds ("ETFs") for which GSAM or its affiliates act as investment adviser (the "GSAM ETFs") seek to track the performance of the Indexes. GSAM may, from time to time, manage Advisory Accounts that invest in these GSAM ETFs. In addition, GSAM manages Advisory Accounts which track the same Indexes used by the GSAM ETFs or which are based on the same, or substantially similar, GSAM Strategies that are used in the operation of the Indexes and the GSAM ETFs. The operation of the Indexes, the GSAM ETFs and Advisory Accounts in this manner may give rise to potential conflicts of interest.

For example, Advisory Accounts that track the same Indexes used by the GSAM ETFs may engage in purchases and sales of securities prior to when the Index and the GSAM ETFs engage in similar transactions because such Advisory Accounts may be managed and rebalanced on an ongoing basis, whereas the GSAM ETFs' portfolios are only rebalanced on a periodic basis corresponding with the rebalancing of the Index. These differences may result in the Advisory Accounts having more favorable performance relative to that of the Index and the GSAM ETFs or other Advisory Accounts that track the Index. Other potential conflicts include the potential for unauthorized access to Index information, allowing Index changes that benefit GSAM or other Advisory Accounts and not the investors in the GSAM ETFs, and the manipulation of Index pricing to present the performance of GSAM ETFs, or tracking ability, in a preferential light.

GSAM has adopted policies and procedures that are designed to address potential conflicts that may arise in connection with GSAM's operation of the Indexes, the GSAM ETFs and the Advisory Accounts. GSAM has established certain information barriers and other policies to address the sharing of information between different businesses within GSAM, including with respect to personnel responsible for maintaining the Indexes and those involved in decision-making for the ETFs. In addition, as described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, GSAM has adopted a code of ethics.

To the extent it is intended that an Advisory Account track an index, the Advisory Account may not match, and may vary substantially from, the index for any period of time. An Advisory Account that tracks an index may purchase, hold and sell securities at times when a non-index fund would not do so. GSAM does not guarantee that any tracking error targets will be achieved. Advisory Accounts tracking an index may be negatively impacted by any errors in the index, either as a result of calculation errors, inaccurate data sources or otherwise. GSAM does not guarantee the timeliness, accuracy and/or completeness of an index and GSAM is not responsible for errors, omissions or interruptions in the index (including when GSAM or an affiliate acts as the index provider) or the calculation thereof (including when GSAM or an affiliate acts as the calculation agent).

CONFLICTS RELATING TO RELATIONSHIPS WITH THIRD-PARTY MANAGERS

GSAM may allocate Advisory Account assets to one or more third-party managers, directly or indirectly, through, among other means, discretionary managed accounts or investment funds. The interests and business relationships of Goldman Sachs (including GSAM) and its personnel may create potential conflicts in the selection of managers for, or the determination to increase allocations of assets to or withdraw assets from third-party managers on behalf of, Advisory Accounts. GSAM makes determinations regarding which third-party managers to make available to clients consistent with its fiduciary duties and the investment processes described in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss. Nonetheless, conflicts with respect to such determinations may arise because Goldman Sachs derives benefits from certain decisions made in respect of third-party managers. It is expected that Goldman Sachs may receive various forms of compensation, fees, commissions, payments, rebates, remuneration, services or other benefits (including benefits relating to investment and business relationships of Goldman Sachs) from managers to which Advisory Accounts allocate assets, including for providing a variety of products and services (such as prime brokerage and research services) to such managers. Goldman Sachs may also benefit as a result of ownership or other interests of Goldman Sachs in third-party managers or their businesses.

The amount of such compensation, fees, commissions, payments, rebates, remuneration, services or other benefits to Goldman Sachs, or the value of Goldman Sachs' interests in the third-party managers or their businesses, will generally be greater if GSAM selects such managers than they would be if GSAM selects other managers that might also be appropriate for the Advisory Accounts. For example, investment by an Advisory Account in a third-party manager's fund where Goldman Sachs, an Account or a related party has a fee and/or profit sharing arrangement or other interest in the equity or profits of such fund or the third-party manager may result in additional revenues, value or other benefits to Goldman Sachs and its personnel or related parties.

In addition, GSAM will face potential conflicts in making determinations as to whether Advisory Accounts should invest or withdraw funds from managers (or funds they manage or advise) with which GSAM or Goldman Sachs

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

Goldman Sachs (including, without limitation, GSAM) may receive notice of, or offers to participate in, investment opportunities from third-party managers, their affiliates or other third parties. Such investment opportunities may be offered to Goldman Sachs for various reasons, which may include business relationships with third-party managers or their affiliates or other reasons, including that one or more Advisory Accounts have made investments with such third-party managers. Such opportunities will generally not be required to be allocated to such Advisory Accounts unless the opportunities are received pursuant to contractual requirements, such as preemptive rights or rights offerings, under the terms of the Advisory Accounts' investments with such third-party managers. Investment (or continued investment) by particular Advisory Accounts with such managers may result in additional investment opportunities to Goldman Sachs or other Accounts. An Advisory Account will not be entitled to compensation in connection with investments that are not allocated to such Advisory Account (or not fully allocated to such Advisory Account) and are allocated to Goldman Sachs (including GSAM) or other Accounts (including other Advisory Accounts).

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

Equity and Economic Interests Relating to Third-Party Managers and Funds

Certain GSAM-managed funds have entered into, or are third-party beneficiaries of, agreements with certain third-party managers, their funds or their affiliates pursuant to which the GSAM-managed funds hold material equity, profits or other interests in the third-party managers, their funds or their affiliates. Such agreements may include arrangements pursuant to which a GSAM-managed funds earns a share of the revenue received by a third-party manager or its affiliate (either through a contractual arrangement or through purchasing an equity interest in such third-party manager, its funds or its affiliates). Such agreements may also include arrangements pursuant to which a third-party manager and its funds have agreed to reduce the management fees and incentive compensation payable or allocable by the GSAM-managed funds in connection with their investments in the third-party manager's funds. The amount of such reductions are typically determined based on the size of the investment in the third-party manager's funds by the GSAM-managed funds and the aggregate management fees and incentive compensation earned by the third-party manager with respect to its funds from other investors, including any management fees and incentive compensation paid by the Accounts. As such, the GSAM-managed funds benefit from the fees, allocations or other compensation earned by the third-party managers or their affiliates with respect to their funds, including, to the extent an Advisory Account invests in any such funds, any fees, allocations or other compensation paid by the Advisory Account to the third-

party managers or their affiliates and/or their funds, which may be significant. Notwithstanding the foregoing, certain GSAM-managed funds that allocate assets to third-party manager funds or accounts do not pay compensation to the third party managers. Instead, the third-party managers are compensated by GSAM out of compensation GSAM receives from the GSAM-managed funds. In such circumstances, any reduction in the compensation payable to the third-party managers will inure to the benefit of GSAM, and not to the GSAM-managed funds or their investors. Certain GSAM-managed funds have entered into arrangements pursuant to which the GSAM-managed funds have certain limited consent rights (or other governance-related rights) in respect of a third-party manager's business, which may directly or indirectly adversely affect interests in the third-party manager or its funds, including any interests therein held by Advisory Accounts.

Conflicts Relating to the Allocation of Advisory Account Assets to Affiliated Products and External Products

Goldman Sachs (including GSAM) will generally receive compensation in connection with the management of Affiliated Products (including discretionary managed accounts or investment funds including money market funds) to which Advisory Accounts may directly or indirectly allocate assets. Advisory Accounts will generally pay all fees to Goldman Sachs in its capacity as manager of such Affiliated Products, and fees to GSAM in its capacity as adviser to the Advisory Accounts will not be reduced by any fees payable to Goldman Sachs as manager (i.e., there could be "double fees" involved in making any such investment, which would not arise in connection with the direct allocation of assets by the account holder to such Affiliated Products), other than in certain specified cases (see Item 8, Methods of Analysis, Investment Strategies and Risk of Loss—Material Risks for Significant Investment Strategies and Particular Types of Securities—Risks That Apply Primarily to GPS—No Additional Fees for Investments In Affiliated Products). Because Goldman Sachs will on an overall basis receive higher fees, compensation and other benefits if the assets of Advisory Accounts are allocated to Affiliated Products rather than solely to External Products, GSAM will be incentivized to recommend or allocate the assets of Advisory Accounts to Affiliated Products. Furthermore, GSAM will have an interest in allocating or recommending the assets of Advisory Accounts to Affiliated Products that impose

higher fees than those imposed by other Affiliated Products or that provide other benefits to Goldman Sachs. Any differential in compensation paid to personnel in connection with certain Affiliated Products rather than other Affiliated Products creates a financial incentive on the part of GSAM to select or recommend certain Affiliated Products over other Affiliated Products. Similarly, since GSAM and/or Goldman Sachs may on an overall basis receive higher fees, compensation and other benefits if Advisory Account assets are allocated to External Products indirectly through GS Funds of Funds rather than directly to External Products, GSAM is incentivized to select or recommend GS Funds of Funds for an Advisory Account. Correspondingly, GSAM may be disincentivized to consider or recommend the removal of an Advisory Account's assets from, or the modification of an Advisory Account's allocations to, an Affiliated Product at a time that it otherwise would have where doing so would decrease the fees, compensation and other benefits to Goldman Sachs, including where disposal of such Affiliated Product by the Advisory Account would likely adversely affect the Affiliated Product with respect to its liquidity position or otherwise. Notwithstanding the foregoing, special fee considerations with respect to allocations to Affiliated Products in addition to, and different than, those listed in this paragraph apply to GPS-managed Advisory Accounts. Please refer to Item 8, Methods of Analysis, Investment Strategies and Risk of Loss—Methods of Analysis and Investment Strategies—Global Portfolio Solutions.

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

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

CODE OF ETHICS AND PERSONAL TRADING

GSAM has adopted a Code of Ethics (the “Code”) under Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”) designed to provide that GSAM Personnel, and certain additional personnel of Goldman Sachs who support GSAM, comply

with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code imposes certain restrictions on securities transactions in the personal accounts of covered persons to help avoid conflicts of interest. Subject to the limitations of the Code, covered persons may buy and sell securities or other investments for their personal accounts, including investments in pooled investment vehicles that are sponsored, managed or advised by Goldman Sachs, and may also take positions that are the same as, different from, or made at different times than, positions taken for Advisory Accounts. GSAM will provide a copy of the Code to clients or prospective clients upon request.

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

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

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

disadvantage or restrict Advisory Accounts and/or benefit Goldman Sachs or other Accounts (including Advisory Accounts). The following are descriptions of certain conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that GSAM and Goldman Sachs may have in transactions effected by, with, or on behalf of Advisory Accounts.

Principal Trading and Cross/Agency Cross Transactions with Advisory Accounts

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

Goldman Sachs will have potentially conflicting division of loyalties and responsibilities to the parties in such transactions, including with respect to a decision to enter into such transactions as well as with respect to valuation, pricing and other terms. GSAM has developed policies and procedures in relation to such transactions and conflicts. However, there can be no assurance that such transactions will be effected in the manner that is most favorable to an Advisory Account that is a party to any such transaction. Cross transactions may disproportionately benefit some Advisory Accounts relative to other Advisory Accounts due to the relative amount of market savings obtained by the Advisory Accounts. Principal, cross or agency cross

transactions will be effected in accordance with fiduciary requirements and applicable law. In the case of commingled funds or certain other Advisory Accounts, consent may be granted by a governing body or a committee of investors or independent persons acting for an Advisory Account, in which case other investors will not have the opportunity to provide or withhold consent to the proposed transaction.

Certain Effects of the Activities of Goldman Sachs and Advisory Accounts

As described above under this Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions, Goldman Sachs engages in a variety of activities in the global financial markets. The extent of Goldman Sachs' activities in the global financial markets, including without limitation in its capacity as an investment banker, research provider, investment adviser, financier, adviser, market maker, prime broker, derivatives dealer, lender, counterparty, agent, principal and investor, as well as in other capacities, may have potential adverse effects on Advisory Accounts. Goldman Sachs (including GSAM), the clients it advises, and its personnel have interests in and advise Accounts (including Advisory Accounts) that have investment objectives or portfolios similar to, related to or opposed to those of particular Advisory Accounts. Goldman Sachs may receive greater fees or other compensation (including performance-based fees) from such Accounts than it does from the particular Advisory Accounts. In addition, Goldman Sachs (including GSAM), the clients it advises, and its personnel may engage (or consider engaging) in commercial arrangements or transactions with Accounts, and/or may compete for commercial arrangements or transactions in the same types of companies, assets, securities and other instruments, as particular Advisory Accounts. Decisions and actions of GSAM on behalf of a particular Advisory Account may differ from those by Goldman Sachs (including GSAM) on behalf of other Accounts, including Advisory Accounts. Advice given to, or investment or voting decisions made for, an Advisory Account may compete with, affect, differ from, conflict with, or involve timing different from, advice given to, or investment or voting decisions made for, other Accounts, including other Advisory Accounts.

Transactions by, advice to and activities of Accounts may involve the same or related companies, securities or other assets or instruments as those in which particular Advisory

Accounts invest, and such Accounts may engage in a strategy while an Advisory Account is undertaking the same or a differing strategy, any of which could directly or indirectly disadvantage the Advisory Account (including its ability to engage in a transaction or other activities) or the prices or terms at which the Advisory Account's transactions or other activities may be effected.

For example, Goldman Sachs may be engaged to provide advice to an Account that is considering entering into a transaction with a particular Advisory Account, and Goldman Sachs may advise the Account not to pursue the transaction with the particular Advisory Account, or otherwise in connection with a potential transaction provide advice to the Account that would be adverse to the particular Advisory Account. Additionally, an Advisory Account may buy a security and an Account may establish a short position in that same security or in similar securities. This short position may result in the impairment of the price of the security that the Advisory Account holds or may be designed to profit from a decline in the price of the security. An Advisory Account could similarly be adversely impacted if it establishes a short position, following which an Account takes a long position in the same security or in similar securities. To the extent an Advisory Account engages in transactions in the same or similar types of securities as other Accounts (including through other Advisory Accounts), such Advisory Account and other Accounts (including other Advisory Accounts) may compete for such transactions, and transactions by such other Accounts may negatively affect the investments of the Advisory Account (including the ability of the Advisory Account to engage in such a transaction or other activities), or the price or terms at which the Advisory Account's transactions or other activities may be effected. Moreover, a particular Advisory Account on the one hand, and Goldman Sachs or an Account (including through another Advisory Account), on the other hand, may vote differently on or take or refrain from taking different actions with respect to the f a CFC (including US Partners) generally must include in y Account.

GSAM may cause Advisory Accounts to invest, directly or indirectly, in securities, bank loans or other obligations of companies affiliated with Goldman Sachs, advised by Goldman Sachs (including GSAM) or in which Goldman Sachs or Accounts (including Advisory Accounts) have an equity, debt or other interest, or to engage in investment

transactions that may result in Goldman Sachs or other Accounts (including through other Advisory Accounts) being relieved of obligations or otherwise divested of investments. For example, an Advisory Account may acquire securities or indebtedness of a company affiliated with Goldman Sachs directly or indirectly through syndicate or secondary market purchases, or may make a loan to, or purchase securities from, a company that uses the proceeds to repay loans made by Goldman Sachs. These activities by an Advisory Account may enhance the profitability of Goldman Sachs or other Accounts (including Advisory Accounts) with respect to their investment in and activities relating to such companies. Advisory Accounts will not be entitled to compensation as a result of this enhanced profitability.

Goldman Sachs may make loans to, or enter into asset-based or other credit facilities or similar transactions with, clients, companies or individuals, that may (or may not) be secured, including by a client's assets or interests in an Advisory Account. In connection with its rights as lender, Goldman Sachs may act to protect its own commercial interest and may take actions that adversely affect the borrower. The borrower's actions may in turn adversely affect Advisory Accounts (e.g., if the borrower liquidates a large position in a security rapidly, the value of such security may decline and Advisory Accounts holding such security may in turn decline in value or may be unable to liquidate their positions in such security at an advantageous price).

Subject to applicable law, Goldman Sachs (including GSAM) or Accounts (including Advisory Accounts and Accounts formed to facilitate investment by personnel of Goldman Sachs) may invest in or alongside particular Advisory Accounts that are pooled investment vehicles. These investments may be on terms more favorable than those of an investment by Advisory Accounts in such a pooled investment vehicle and may constitute a substantial percentage of the assets of the pooled investment vehicle. Unless provided otherwise by agreement to the contrary, Goldman Sachs or Accounts may redeem or withdraw interests in these pooled investment vehicles at any time without notice to or regard to the effect on the portfolios of Advisory Accounts invested in the pooled investment vehicle, which may be adversely affected by any such redemption or withdrawal. Substantial requests for redemption or withdrawal by Goldman Sachs in a concentrated period of time could require a pooled

investment vehicle to liquidate certain of its investments more rapidly than otherwise desirable in order to raise cash to fund the redemptions or withdrawals, adversely affecting the pooled investment vehicle and its investors, including Advisory Accounts. For example, due to the requirements of the Volcker Rule, Goldman Sachs and certain Goldman Sachs personnel are expected to dispose of investments in certain pooled investment vehicles, including through redemptions and withdrawals, which may be substantial and have the adverse effects described above. See this Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Firm Policies and Regulatory Restrictions Affecting Advisory Accounts.

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

Goldman Sachs (including, as applicable, GSAM) and its personnel, when acting as an investment banker, research provider, investment adviser, financier, adviser, market maker, prime broker, derivatives dealer, lender, counterparty or investor, or in other capacities, may advise on transactions, make investment decisions or recommendations, provide differing investment views or have views with respect to research or valuations that are inconsistent with, or adverse to, the interests and activities of Advisory Accounts. Accounts may be offered access to advisory services through several different Goldman Sachs advisory businesses (including GS&Co. and GSAM). Different advisory businesses within Goldman Sachs manage Accounts according to different strategies and may also apply different criteria to the same or similar strategies and may have differing investment views in respect of an issuer or a security. Similarly, within GSAM certain investment teams or portfolio managers may have differing or opposite investment views in respect of an issuer or a security, and the positions an investment team or portfolio manager takes in respect of an Advisory Account it manages may be inconsistent with, or adverse to, the interests and activities of Advisory Accounts advised by other GSAM

investment teams or portfolio managers. Moreover, research, analyses or viewpoints may be available to clients or potential clients at different times. Goldman Sachs will not have any obligation to make available to Advisory Accounts any research or analysis prior to its public dissemination. Goldman Sachs, on behalf of one or more Accounts (including Advisory Accounts), may implement an investment decision or strategy ahead of, or contemporaneously with, or behind similar investment decisions or strategies made for Advisory Accounts (whether or not the investment decisions emanate from the same research analysis or other information). The relative timing for the implementation of investment decisions or strategies for particular Advisory Accounts, on the one hand, and other Accounts (including Advisory Accounts), on the other hand, may disadvantage the Advisory Accounts. Certain factors, for example, market impact, liquidity constraints, or other circumstances, could result in Advisory Accounts receiving less favorable trading results or incurring increased costs associated with implementing such investment decisions or strategies, or being otherwise disadvantaged.

Investments in Different Parts of an Issuer's Capital Structure

Goldman Sachs (including GSAM) 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 parts of the capital structure of a single issuer. As a result, Goldman Sachs (including GSAM) or Accounts may take actions that adversely affect the particular Advisory Account. In addition, Goldman Sachs (including GSAM) may advise Accounts with respect to different parts of the capital structure of the same issuer, or classes of securities that are subordinate or senior to securities, in which a particular Advisory Account invests. Goldman Sachs (including GSAM) may pursue rights, provide advice or engage in other activities, or refrain from pursuing rights, providing advice or engaging in other activities, on behalf of itself or Accounts with respect to an issuer in which a particular Advisory Account has invested, and such actions may have a material adverse effect on such Advisory Account.

For example, in the event that Goldman Sachs (including GSAM) or an Account holds loans, securities or other positions in the capital structure of an issuer that ranks senior in preference to the holdings of a particular Advisory

Account in the same issuer, and the issuer were to experience financial or operational difficulties, Goldman Sachs (including GSAM), acting on behalf of itself or the Account, may seek a liquidation, reorganization or restructuring of the issuer, or terms in connection with the foregoing, that may have an adverse effect on or otherwise conflict with the interests of the particular Advisory Account's holdings in the issuer. Alternatively, in situations in which an Advisory Account holds a more senior position in the capital structure of an issuer experiencing financial or other difficulties as compared to positions held by other Accounts (which may include those of Goldman Sachs including GSAM), GSAM may determine not to pursue actions and remedies that may be available to the Advisory Account or particular terms that might be unfavorable to the Accounts holding the less senior position. In addition, in the event that Goldman Sachs (including GSAM) or the Accounts hold voting securities of an issuer in which a particular Advisory Account holds loans, bonds or other credit-related assets or securities, Goldman Sachs (including GSAM) or the Accounts may vote on certain matters in a manner that has an adverse effect on the positions held by the Advisory Account. Conversely, Advisory Accounts may hold voting securities of an issuer in which Goldman Sachs (including GSAM) or Accounts hold credit-related assets or securities, and GSAM may determine on behalf of the Advisory Accounts not to vote in a manner adverse to Goldman Sachs (including GSAM) or the Accounts.

These potential issues are examples of conflicts that Goldman Sachs (including GSAM) will face in situations in which Advisory Accounts, and Goldman Sachs (including GSAM) or other Accounts, invest in or extend credit to different parts of the capital structure of a single issuer. Goldman Sachs (including GSAM) addresses these issues based on the circumstances of particular situations. For example, Goldman Sachs (including GSAM) may determine to rely on information barriers between different Goldman Sachs (including GSAM) business units or portfolio management teams. GSAM may have the right, in its sole discretion, to utilize, on a case-by-case basis, a committee of investors in an Advisory Account or other persons to provide advice or consent with respect to one or more transactions or actions. Goldman Sachs (including GSAM) may determine to rely on the actions of similarly situated holders of loans or securities rather than taking such actions itself on behalf of the Advisory Account.

As a result of the various conflicts and related issues described above and the fact that conflicts will not necessarily be resolved in favor of the interests of particular Advisory Accounts, Advisory Accounts could sustain losses during periods in which Goldman Sachs (including GSAM) and other Accounts (including Advisory Accounts) achieve profits generally or with respect to particular holdings in the same issuer, or could achieve lower profits or higher losses than would have been the case had the conflicts described above not existed. 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.

Potential Conflicts Relating to Follow-On Investments

From time to time, GSAM will provide opportunities to Advisory Accounts to make investments in companies in which certain Advisory Accounts have already invested. Such follow-on investments can create conflicts of interest, such as the determination of the terms of the new investment and the allocation of such opportunities among Advisory Accounts. Follow-on investment opportunities may be available to Advisory Accounts with no existing investment in the issuer, resulting in the assets of an Advisory Account potentially providing value to, or otherwise supporting the investments of, other Advisory Accounts. Please refer to Item 6, Performance-Based Fees and Side-By-Side Management, for a non-exclusive list of various factors considered in connection with allocation-related decisions for Advisory Accounts.

Advisory Accounts may also participate in releveraging and recapitalization transactions involving companies in which other Advisory Accounts have invested or will invest. Conflicts of interest in recapitalization transactions arise between Advisory Accounts with existing investments in a company and Advisory Accounts making an initial investment in the company, which have opposing interests regarding pricing and other terms.

Considerations Relating to Information Held by Goldman Sachs

Goldman Sachs has established certain information barriers and other policies to address the sharing of information between different businesses within Goldman Sachs. As a result of information barriers, GSAM generally will not have access, or will have limited access, to information and personnel in other areas of Goldman Sachs, and generally

will not manage the Advisory Accounts with the benefit of information held by these other areas. Goldman Sachs, due to its access to and knowledge of funds, markets and securities based on its prime brokerage and other businesses, may make decisions based on information or take (or refrain from taking) actions with respect to interests in investments of the kind held by Advisory Accounts in a manner that may be adverse to Advisory Accounts, and will not have any obligation to share information with GSAM. Information barriers also exist between certain businesses within GSAM. There may be circumstances in which, as a result of information held by certain portfolio management teams in GSAM, GSAM limits an activity or transaction for Advisory Accounts, including Advisory Accounts managed by portfolio management teams other than the team holding such information.

In addition, regardless of the existence of information barriers, Goldman Sachs will not have any obligation to make available any information regarding its trading activities, strategies or views, or the activities, strategies or views used for other Accounts, for the benefit of Advisory Accounts. Different areas of GSAM and Goldman Sachs may take views, and make decisions or recommendations, that are different than other areas of GSAM and Goldman Sachs. To the extent that GSAM has access to fundamental analysis and proprietary technical models or other information developed by Goldman Sachs and its personnel, or other parts of GSAM, GSAM will not be under any obligation to effect transactions on behalf of the Advisory Accounts in accordance with such analysis and models. Different portfolio management teams within GSAM may make decisions based on information or take (or refrain from taking) actions with respect to Advisory Accounts they advise in a manner that may be different than or adverse to other Advisory Accounts. Such teams may not share information with other portfolio management teams within GSAM (or other areas of Goldman Sachs), including as a result of certain information barriers and other policies, and will not have any obligation to do so.

Goldman Sachs May Act in Multiple Commercial Capacities

Goldman Sachs may provide various services to Advisory Accounts or to companies or affiliated or unaffiliated investment funds in which Advisory Accounts have an interest, which may result in fees, compensation and remuneration, as well as other benefits, to Goldman Sachs.

For example, Goldman Sachs may be hired by GSAM on behalf of an Advisory Account or directly by an Advisory Account, or by a company or an affiliated or unaffiliated investment fund in which an Advisory Account has an interest, to provide investment advisory, custody, distribution, transfer agency, administrative, lending or other services (including legal, accounting and other back office services) to the Advisory Account, company or investment fund. In addition, Goldman Sachs may act as broker, dealer, agent, lender or advisor or in other commercial capacities for Advisory Accounts or companies or affiliated or unaffiliated investment funds in which Advisory Accounts have an interest. An example of this is that a company in which an Advisory Account has an interest may hire Goldman Sachs to provide underwriting, merger advisory, placement agency, foreign currency hedging, research, asset management services, brokerage services or other services to the company. In connection with providing such services, Goldman Sachs may take commercial steps in its own interests, or may advise the parties to which it is providing services to take actions or engage in transactions, which may have an adverse effect on Advisory Accounts. For example, Goldman Sachs may advise a company to make changes to its capital structure the result of which would be a reduction in the value or priority of a security held by one or more Advisory Accounts. Actions taken or advised to be taken by Goldman Sachs in connection with other types of transactions may also result in adverse consequences for Advisory Accounts. Providing such services to the Advisory Accounts and companies and affiliated or unaffiliated investment funds in which they invest may enhance Goldman Sachs' relationships with various parties, facilitate additional business development and enable Goldman Sachs to obtain additional business and generate additional revenue. Advisory Accounts will not be entitled to compensation related to any such benefit to businesses of Goldman Sachs or GSAM.

Goldman Sachs' activities on behalf of its clients may also restrict investment opportunities that may be available to Advisory Accounts. For example, Goldman Sachs is often engaged by companies as a financial advisor, or to provide financing or other services, in connection with commercial transactions that may be potential investment opportunities for Advisory Accounts. There may be circumstances in which Advisory Accounts are precluded from participating in such transactions as a result of Goldman Sachs'

engagement by such companies. Goldman Sachs reserves the right to act for these companies in such circumstances, notwithstanding the potential adverse effect on Advisory Accounts. Please also refer to Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Potential Restrictions and Issues Relating to Information Held by Goldman Sachs above and this Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Firm Policies and Regulatory Restrictions Affecting Advisory Accounts below.

Diverse Interests of Advisory Account Investors

The various types of investors in and beneficiaries of Advisory Accounts, including GSAM and its affiliates, may have conflicting investment, tax and other interests with respect to their interest in the Advisory Accounts. When considering a potential investment for an Advisory Account, GSAM will generally consider the investment objectives of the Advisory Account, not the investment objectives of any particular investor or beneficiary. GSAM may make decisions, including with respect to tax matters, from time to time that may be more beneficial to one type of investor or beneficiary than another, or to GSAM and its affiliates than to investors or beneficiaries unaffiliated with GSAM. In addition, Goldman Sachs may face certain tax risks based on positions taken by an Advisory Account, including as a withholding agent. Goldman Sachs reserves the right on behalf of itself and its affiliates to take actions adverse to the Advisory Account or other Accounts in these circumstances, including withholding amounts to cover actual or potential tax liabilities.

Valuation

GSAM, while generally not the primary valuation agent of Advisory Accounts, performs certain valuation services related to securities and assets held in Advisory Accounts. GSAM values securities and assets in Advisory Accounts according to its valuation policies. GSAM may value an identical asset differently than another division or unit within Goldman Sachs values the asset, including because such other division or unit has information or uses valuation techniques and models that it does not share with GSAM. This is particularly the case in respect of difficult-to-value assets. GSAM may also value an identical asset differently in different Advisory Accounts, including because different Advisory Accounts are subject to different valuation

guidelines pursuant to their respective governing agreements, different third-party vendors are hired to perform valuation functions for the Advisory Accounts or the Advisory Accounts are managed or advised by different portfolio management teams within GSAM that employ different valuation policies or procedures or otherwise. GSAM will face a conflict with respect to valuations generally because of their effect on GSAM's fees and other compensation. In addition, to the extent GSAM utilizes third-party vendors to perform certain valuation functions, these vendors may have interests and incentives that differ from those of the Advisory Accounts.

Investment Opportunities Sourced by Goldman Sachs and GSAM

Goldman Sachs businesses outside of GSAM are under no obligation to provide investment opportunities to Advisory Accounts, and generally are not expected to do so. Further, opportunities sourced within particular portfolio management teams within GSAM may not be allocated to Advisory Accounts managed by such teams or by other teams. Opportunities not allocated to Advisory Accounts may be undertaken by Goldman Sachs (including GSAM), including for Goldman Sachs Accounts, or made available to other Accounts or third parties. See Item 6, Performance-Based Fees and Side-By-Side Management—Side-By-Side Management of Advisory Accounts; Allocation of Opportunities.

Financial Incentives in Selling and Managing Advisory Accounts

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

Management, and Item 10, Other Financial Industry Activities and Affiliations—Conflicts Relating to Relationships with Third-Party Managers.

Firm Policies and Regulatory Restrictions Affecting Advisory Accounts

GSAM may restrict its investment decisions and activities on behalf of an Advisory Account in various circumstances, including as a result of applicable regulatory requirements, information held by Goldman Sachs, Goldman Sachs' roles in connection with other clients and in the capital markets (including in connection with advice it may give to such clients or commercial arrangements or transactions that may be undertaken by such clients or by Goldman Sachs) and Goldman Sachs' internal policies and/or potential reputational risk in connection with Accounts (including Advisory Accounts). GSAM might not engage in transactions or other activities for, enforce certain rights in favor of, or recommend transactions or activities to, an Advisory Account due to Goldman Sachs' activities outside the Advisory Account and regulatory requirements, policies and reputational risk assessments.

In addition, GSAM may restrict, limit or reduce the amount of an Advisory Account's investment, or restrict the type of governance or voting rights it acquires or exercises, where Advisory Accounts (potentially together with Goldman Sachs and other Accounts) exceed a certain ownership interest, or possess certain degrees of voting or control, if the foregoing 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, or impose regulatory restrictions on, Goldman Sachs, including GSAM, or on other Advisory Accounts, or where exceeding the aggregate amount is prohibited or may result in regulatory or other restrictions. In certain cases, restrictions and limitations will be applied to avoid approaching such aggregate amount. Circumstances in which such restrictions or limitations may arise include: (i) a prohibition against owning more than a certain percentage of an issuer's securities; (ii) a "poison pill" that could have a dilutive impact on the holdings of the Accounts should a threshold be exceeded; (iii) provisions that would cause Goldman Sachs to be considered an "interested stockholder" of an issuer; (iv) provisions that may cause Goldman Sachs to be considered an "affiliate" or "control person" of the issuer; and (v) the imposition by an issuer (through charter amendment, contract or otherwise) or governmental,

regulatory or self-regulatory organization (through law, rule, regulation, interpretation or other guidance) of other restrictions or limitations.

When faced with the foregoing limitations, Goldman Sachs will generally avoid exceeding the threshold because exceeding the threshold could have an adverse impact on the ability of GSAM or Goldman Sachs to conduct its business activities. GSAM may also reduce a particular Advisory Account's interest in an investment opportunity that has limited availability or where Goldman Sachs has determined to cap its aggregate investment in consideration of certain regulatory or other requirements so that other Advisory Accounts that pursue similar investment strategies may be able to acquire an interest in the investment opportunity.

In circumstances in which Advisory Accounts including one or more registered investment funds make side-by-side investments, Goldman Sachs, acting on behalf of the Advisory Accounts, may be limited in the terms of the transactions that it may negotiate under applicable law. This may have the effect of limiting the ability of certain Advisory Accounts from participating in certain transactions or result in terms to Advisory Accounts that are less favorable than would have otherwise been the case.

GSAM is not permitted to use material non-public information in effecting purchases and sales in public securities transactions for Advisory Accounts. GSAM may limit an activity or transaction (such as a purchase or sale transaction) which might otherwise be engaged in on behalf of a particular Advisory Account, including as a result of information held by Goldman Sachs (including GSAM or its personnel). For example, directors, officers and employees of Goldman Sachs may take seats on the boards of directors of, or have board of directors observer rights with respect to, companies in which Goldman Sachs invests on behalf of Advisory Accounts. To the extent a director, officer or employee of Goldman Sachs were to take a seat on the board of directors of, or have board of directors observer rights with respect to, a public company, GSAM (or certain of its investment teams) may be limited and/or restricted in its or their ability to trade in the securities of the company.

Furthermore, GSAM operates a program reasonably designed to ensure compliance generally with economic and trade sanctions-related obligations applicable directly to its activities (although such obligations are not necessarily the same obligations that an Advisory Account may be subject

to). Such economic and trade sanctions may prohibit, among other things, transactions with and the provision of services to, directly or indirectly, certain countries, territories, entities and individuals. These economic and trade sanctions, and the application by GSAM of its compliance program in respect thereof, may restrict or limit an Advisory Account's investment activities.

GSAM may also limit transactions and activities in Advisory Accounts for reputational or other reasons, including where Goldman Sachs is providing (or may provide) advice or services to an entity involved in such activity or transaction, where Goldman Sachs or an Account is or may be engaged in the same or a related activity or transaction to that being considered on behalf of the Advisory Account, where Goldman Sachs or another Account has an interest in an entity involved in such activity or transaction, or where such activity or transaction on behalf of or in respect of the Advisory Account could affect Goldman Sachs, GSAM, an Account or their activities.

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

From time to time, an Advisory Account, GSAM or its affiliates and/or their service providers or agents may be required, or may determine that it is advisable, to disclose certain information about an Advisory Account, including, but not limited to, investments held by the Advisory Account, and the names and percentage interest of beneficial owners thereof, to third parties, including local governmental authorities, regulatory organizations, taxing authorities, markets, exchanges, clearing facilities, custodians, brokers and trading counterparties of, or service

providers to, GSAM or the Advisory Account. Unless agreed in the agreement governing the Advisory Account or otherwise directed by a client, GSAM will comply with requests to disclose such information, including through electronic delivery platforms. If GSAM is not permitted to make certain required disclosures in respect of an Advisory Account, GSAM may determine to cause the sale of certain assets for the Advisory Account, and such sale may be at a time that is inopportune from a pricing or other standpoint.

Pursuant to the BHCA, with respect to Advisory Accounts that are commingled funds in connection with which an affiliate of GSAM acts as general partner, managing member or in certain other capacities, the periods during which certain investments may be held are limited. As a result, such Advisory Accounts may be required to dispose of investments at an earlier date than would otherwise have been the case had the BHCA not been applicable. In addition, under the Volcker Rule, the size of Goldman Sachs' and Goldman Sachs personnel's ownership interest in certain types of funds is limited, and certain personnel will be prohibited from retaining interests in such funds. As a result, Goldman Sachs and Goldman Sachs personnel may be required to dispose of all or a portion of their investments in such funds through redemptions, withdrawals, sales to third parties or affiliates, or otherwise, including at times that other investors in such funds may not have the opportunity to dispose of their fund investments. Any such disposition of fund interests by Goldman Sachs and Goldman Sachs personnel could reduce the alignment of interest of Goldman Sachs with other investors in such funds and otherwise adversely affect such funds.

Goldman Sachs may become subject to additional restrictions on its business activities that could have an impact on the Advisory Accounts' activities. In addition, GSAM may restrict its investment decisions and activities on behalf of particular Advisory Accounts and not other Accounts (including other Advisory Accounts).

See also Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, and Appendix B – Information on Significant Strategy Risks, for additional information about risks associated with certain conflicts faced by Goldman Sachs and GSAM.

Item 12 – Brokerage Practices

BROKER-DEALER SELECTION

GSAM places orders for the execution of transactions for Advisory Accounts according to its best execution policies and procedures. Subject to any specific instructions that GSAM accepts from clients, GSAM may take into account a range of factors in deciding how to execute client orders, including, but not limited to, price; costs; timing and speed of execution; responsiveness; creditworthiness and financial stability; likelihood of, and capabilities in, execution, clearance and settlement; size; liquidity in or with an execution venue; nature; in certain circumstances, a broker's or counterparty's willingness to commit capital and the provision of research and "soft dollar" benefits as described below; and other appropriate factors. Best price, giving effect to commissions and commission equivalents (if any) and other transaction costs, is normally an important factor in deciding how to execute transactions, but, in consideration of the relevant factors, transactions will not always be executed at the lowest available price or commission or commission equivalents (if any). In determining the relative importance of factors considered, GSAM takes into account the nature of client orders, the characteristics of the financial instruments to which the order relates and the characteristics of the available brokers or counterparties which can be used or to which client orders can be directed.

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

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

Third-party managers hired by GSAM on behalf of AIMS clients or Manager of Manager Funds or that manage the funds in which AIMS Program Funds invest will have discretionary authority to execute transactions on behalf of clients consistent with best execution obligations.

Wrap Fee Programs

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

Also, where GSAM is retained as investment adviser under a Wrap Program, GSAM may have discretion to select broker-dealers to execute trades for the Wrap Program Advisory Accounts it manages. However, GSAM generally places such trades through the Sponsor because the wrap fee paid by each Wrap Program client typically only covers execution costs on trades executed through the Sponsor or its affiliates. If GSAM selects a broker-dealer other than the Sponsor or its affiliates to effect a trade for a Wrap Program account, any execution costs charged by that other broker-dealer typically will be paid as an additional cost by the client's account. GSAM generally does not monitor, evaluate or influence the nature and quality of the best execution and other services clients obtain from the Sponsors, its affiliates or other broker-dealers that execute trades for Wrap Program clients. To the extent that the Sponsor is an affiliate of GSAM, Goldman Sachs will benefit from increased order flow. For more information, see the brochure for the relevant Sponsor of the Wrap Program, Item 4, Advisory Business and this Item 12, Brokerage Practices—Aggregation of Trades, below.

Counterparty Credit Requirements

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

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

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

GSAM may select broker-dealers (including GSAM's affiliates) that furnish GSAM, Advisory Accounts, GSAM affiliates and personnel involved in decision-making for Advisory Accounts with proprietary or third-party brokerage and research services (collectively, "brokerage and research services") that provide, in GSAM's view, appropriate assistance to GSAM in the investment decision-making process. Subject to applicable law, GSAM may pay for such brokerage and research services with "soft" or commission dollars. The types of brokerage and research services that GSAM acquired with client brokerage commissions in 2015 included: research reports on companies, industries, and securities (including proprietary research from affiliated and unaffiliated broker-dealers, as well as independent research providers); economic, market and financial data; access to broker-dealer analysts, corporate executives and industry experts; attendance at trade industry seminars and broker organized conferences; and services related to effecting securities transactions and functions incident thereto (such as clearance and settlement).

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

the brokerage and research services they provide to GSAM. The reasonableness of these commissions will be viewed in terms of the particular transactions or GSAM's overall responsibilities to Advisory Accounts over which it exercises investment discretion, even though that broker-dealer itself, or another broker-dealer, might be willing to execute the transactions at a lower commission.

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

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

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

Subject to applicable law, GSAM may also participate in so-called "commission sharing arrangements" and "client commission arrangements" under which GSAM may execute transactions through a broker-dealer, including an affiliate, and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm, including an affiliate, that provides research to GSAM. Participating in commission sharing and client commission arrangements may enable GSAM to consolidate payments for brokerage and research services through one or more channels using accumulated client commissions or credits from transactions executed through a particular broker-dealer to obtain brokerage and research services provided by other firms. Such arrangements also help to ensure the continued receipt of brokerage and research services while

facilitating GSAM's ability to seek best execution in the trading process. GSAM believes such arrangements are useful in its investment decision-making process by, among other things, ensuring access to a variety of high quality research, access to individual analysts and availability of resources that GSAM might not be provided access to absent such arrangements. Commission sharing and client commission arrangements may be subject to different legal requirements in different jurisdictions. Generally, GSAM excludes from use under these arrangements those products and services that are not eligible under applicable regulatory interpretations, even where a portion would be eligible if accounted for separately.

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

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

BROKERAGE FOR CLIENT REFERRALS

GSAM may select broker-dealers, including its affiliates, to provide prime brokerage services to Advisory Accounts.

Conflicts may arise when GSAM selects prime brokers. Prime brokerage firms may introduce prospective clients to GSAM, which may create incentives for or benefits to GSAM to select these prime brokerage firms. GSAM selects such firms only when consistent with obtaining appropriate services for Advisory Account clients.

DIRECTED BROKERAGE

GSAM generally has the discretionary authority to determine and direct execution of portfolio transactions for discretionary investments made by GSAM on an Advisory Account's behalf without prior consultation with the Advisory Account on a transaction-by-transaction basis. Advisory Accounts may limit GSAM's discretionary authority in terms of the selection of broker-dealers or other terms of brokerage arrangements. From time to time, Advisory Accounts may also retain GSAM on a non-discretionary basis, requiring that portfolio transactions, and their execution, be discussed in advance and executed at the Advisory Account's direction.

Advisory Accounts may, subject to agreement with GSAM and such limitations as may be imposed by GSAM, direct brokerage as part of their participation in a commission recapture program, or for other reasons. These arrangements may involve a client direction to GSAM to place transactions on behalf of an Advisory Account with a particular broker-dealer, including an affiliate of GSAM, or to use a specific execution venue or exchange. Advisory Account directions may be part of an arrangement between an Advisory Account and the relevant broker-dealer or as a result of Advisory Account preferences.

GSAM only accepts an Advisory Account's reasonable directed brokerage instructions (including for commission recapture arrangements) pursuant to appropriate written direction, including representations that may be requested from Advisory Accounts. In considering whether a request to direct brokerage for an Advisory Account can be accommodated, GSAM will consider any operational or other concerns regarding the designated broker-dealer. GSAM may, in its sole discretion, seek to accommodate an Advisory Account's direction by arranging "step outs" to the client's designated broker-dealers from an aggregate order on behalf of the directing Advisory Account and other Advisory Accounts.

GSAM may agree to seek to accommodate direction requests only with respect to a limited percentage (or

“target”) of certain Advisory Accounts’ overall trades. There can be no guarantee that any target will be achieved, and some directing Advisory Accounts may have a greater proportion of their targets achieved than others. GSAM reserves the right to decline directed brokerage instructions where it believes such trading direction could interfere with its fiduciary duties, or for other reasons, determined in GSAM’s sole discretion.

Certain Effects of Directed Brokerage on Directing Advisory Accounts

Where an Advisory Account directs the use of a particular broker-dealer, it is possible that GSAM may be unable to achieve most favorable execution of Advisory Account transactions, and the Advisory Account may be disadvantaged as a result of a less favorable execution price and/or higher commissions. GSAM does not typically evaluate or monitor the nature and/or quality of the services that directing Advisory Accounts receive through their directed arrangements. In addition, less favorable execution prices and/or higher commissions could result from the Advisory Account’s inability to participate in aggregate orders or other reasons.

GSAM may effect transactions through an Advisory Account’s directed broker-dealer at the commission rates agreed to by the Advisory Account with the directed broker-dealer or at the directed broker-dealer’s standard rate if no specific rate has been negotiated. Such rates may be higher than the rate GSAM may have obtained if GSAM had full brokerage discretion.

Advisory Accounts that direct brokerage may have execution of their orders delayed, since, in an effort to achieve orderly execution of transactions, execution of orders for Advisory Accounts that have directed GSAM to use particular broker-dealers may, in certain circumstances, be made after GSAM completes the execution of non-directed orders. This delay may negatively affect the price paid or received in the purchase or sale of securities, respectively, by an Advisory Account electing to direct brokerage.

An Advisory Account might not be able to participate in certain investment opportunities because the Advisory Account’s directed broker-dealer may not have access to certain securities, such as new issues. For certain securities, it may be to an Advisory Account’s advantage to transact with the broker-dealer who is a market-maker in the

security. In addition, not all broker-dealers have the systems or expertise to effectively process transactions that may be beneficial for an Advisory Account. Any of these factors could negatively impact an Advisory Account’s return.

Certain Effects of Directed Brokerage on Non-Directing Advisory Accounts

Directed brokerage may adversely affect the ability of GSAM to most efficiently manage client assets and execute trading strategies of non-directing Advisory Accounts. Trades with directed brokers do not provide “soft” dollar benefits, such as research, to GSAM and its Advisory Accounts as described above in this Item under Research and Soft Dollar Benefits, so that Advisory Accounts directing brokerage will not bear the proportionate cost of such research but may nonetheless benefit from the research. Moreover, directed brokerage may reduce the ability of GSAM to negotiate volume discounts on brokerage and otherwise achieve benefits from larger trades.

AGGREGATION OF TRADES

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

investment vehicle, in which Goldman Sachs and other Accounts have an interest. The particular procedures followed may differ depending on the particular strategy or type of investment.

When Advisory Account orders are aggregated, the orders will be placed with one or more broker-dealers or other counterparties for execution. When a bunched order or block trade is completely filled, GSAM generally will allocate the securities or other instruments purchased or the proceeds of any sale pro rata among the participating Accounts, based on the Advisory Accounts' relative size. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or small allocations or to satisfy account cash flows and guidelines. If the order at a particular broker-dealer or other counterparty is filled at several different prices, through multiple trades, generally all participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. There may be instances in which not all Advisory Accounts are charged the same commission or commission equivalent rates in a bunched or aggregated order.

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

programs utilize the same executing broker-dealer or other counterparty.

GSAM may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for Advisory Accounts that are not aggregated, and incur lower transaction costs on netted trades than trades that are not netted. GSAM is under no obligation to aggregate or net for particular trades. Where transactions for an Advisory Account are not aggregated with other orders, including Wrap Program Advisory Accounts and directed brokerage accounts, or not netted against orders for the Advisory Account or other Advisory Accounts, the Advisory Account will not benefit from a better price and lower commission rate or lower transaction cost that might have been available had the trades been aggregated or netted. Aggregation and netting of trades may disproportionately benefit some Advisory Accounts relative to other Advisory Accounts due to the relative amount of market savings obtained by the Advisory Accounts.

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

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

ACCOUNT ERRORS AND ERROR RESOLUTION

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

Consistent with the applicable standard of care, GSAM's policies and its investment management agreements generally do not require perfect implementation of investment management decisions, trading, processing or other functions performed by GSAM or its affiliates. Therefore, not all mistakes will be considered compensable to the client. Imperfections, including without limitation, imperfection in the implementation of investment decisions, quantitative strategies, financial modeling, trade execution, cash movements, portfolio rebalancing, processing instructions or facilitation of securities settlement, imperfection in processing corporate actions, or imperfection in the generation of cash or holdings reports resulting in trade decisions are generally not considered by GSAM to be violations of the applicable standards of care regardless of whether implemented through programs, models, tools or otherwise. As a result, imperfections, including, without limitation, incidents involving a mistaken amount, timing or direction of a trade, may not constitute compensable errors.

For example, GSAM investment professionals are typically expected to exercise discretion to generally effect the portfolio management team's investment intent in the best interests of the client including, without limitation, with respect to the execution of trade requests or the implementation of quantitative strategies. Regardless of

whether the portfolio management team specifies a fixed quantity of a particular security to be purchased or sold, or provides a date by which a trade is to be completed, instances in which an investment professional executes a trade that results in a portfolio position that is different from the exposure intended by the portfolio management team (whether specified on a trade ticket or not) will generally not be considered compensable errors unless the trade results in a portfolio position that violates investment guidelines of the client or is substantially inconsistent with the portfolio management team's investment intent. Similarly, imperfections in the implementation of investment strategies, including quantitative strategies (e.g. coding errors), that do not result in material departures from the intent of the portfolio management team will generally not be considered compensable errors. In addition, in managing accounts, GSAM may establish non-public, formal or informal internal targets, guidelines or other parameters that may be used to manage risk, manage sub-advisers or otherwise guide decision-making, and a failure to adhere to such internal parameters will not be considered an error. A failure on GSAM's part to recognize a client cash flow will generally not be considered a compensable error unless GSAM fails to recognize the cash flow within a reasonable period of time from the delivery date specified in the client's notification to GSAM. The purchase of a security for which the client is ineligible under the issuer's prospectus, offering documents or other issuer-related rules or documentation generally will not be considered a compensable error to the extent that the purchase does not also violate a client guideline, regardless of whether GSAM maintains or exits the position after becoming aware of the ineligibility. Mistakes may also occur in connection with other activities that may be undertaken by GSAM and its affiliates, such as net asset value calculation, transfer agent activities (i.e., processing subscriptions and redemptions), fund accounting, trade recording and settlement and other matters that are non-advisory in nature and may not be compensable unless they deviate from the applicable standards of care. Incidents resulting from the mistakes of third parties are generally not compensable from GSAM to a client.

Incidents may result in gains as well as losses. In certain circumstances, GSAM may determine that the gains or losses associated with these incidents will be treated as being for a client's account (i.e., clients will bear the loss or benefit from the gain). In other circumstances, however,

GSAM may determine that it is appropriate to reallocate or remove gains or losses from the client's account that are the result of an incident.

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

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

GSAM's view be speculative or uncertain or in light of reasonable equitable considerations. As a result, compensation is expected to be limited to the lesser of actual losses or losses in relation to comparable investments, benchmarks or other relevant factors. Furthermore, GSAM expects to follow a materiality policy with respect to client accounts. Therefore, in certain circumstances, mistakes that result in losses below a threshold will not be compensable.

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

In general it is GSAM's policy to notify clients of incidents corrected post-settlement that violate a client guideline and certain errors that result in a loss to the client and are otherwise compensable. Generally, GSAM will not notify clients of non-compensable incidents. In addition, separate account clients will not be notified of incidents that result in losses of less than \$1,000. Investors in a pooled investment vehicle will generally not be notified of the occurrence of an incident or the resolution thereof. Additional information about resolution of and compensation for incidents is available upon request and may be set forth in the prospectuses or other relevant offering documents of GSAM-managed pooled investment vehicles. GSAM may at any time, in its sole discretion and without notice to investors, amend or supplement its policies with respect to account errors and error resolution.

Item 13 – Review of Accounts

GENERAL DESCRIPTION

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

Compliance with investment guidelines for Advisory Accounts is generally judged at time of purchase of securities or other investments. However, from time to

time, there may exist certain circumstances when compliance with applicable investment guidelines will be tested as of the next occurring post-trade compliance check conducted in a relevant jurisdiction of the Advisory Account (e.g. transactions executed in multiple time zones).

FACTORS TRIGGERING A REVIEW

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

CLIENT REPORTS

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

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

Item 14 – Client Referrals and Other Compensation

COMPENSATION FOR CLIENT REFERRALS

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

Intermediaries and Other Third Parties

Goldman Sachs or the Advisory Accounts may make payments to authorized dealers and other financial intermediaries and to salespersons (collectively, "Intermediaries") to promote the Advisory Accounts or other products. These payments may be made out of

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

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

Goldman Sachs and its personnel, including employees of GSAM, may have relationships with, and purchase, or distribute or sell, services or products from or to, distributors, consultants, and others who recommend Advisory Accounts, or who engage in transactions with or for Advisory Accounts. Consultants and such other parties may receive compensation from Goldman Sachs or Advisory Accounts in connection with such relationships. In accordance with internal policies and procedures, Goldman Sachs may also pay a fee for membership in

industry-wide or state and municipal organizations or otherwise may help sponsor conferences and educational forums for investment industry participants including, but not limited to, trustees, fiduciaries, consultants, administrators, state and municipal personnel and other clients. Goldman Sachs' membership in such organizations allows Goldman Sachs to participate in these conferences and educational forums and helps Goldman Sachs interact with conference participants and to develop an understanding of the points of view and challenges of the conference participants. GSAM may pay fees to third parties (e.g., service providers to potential clients, such as record-keepers or administrators) in exchange for the right to include information regarding Advisory Accounts and other products on portals or databases to which such potential clients will have access for purposes of considering potential investment alternatives. Personnel, including employees of GSAM, may have board, advisory, brokerage or other relationships with issuers, distributors, consultants and others that may have (or have interests in) Advisory Accounts or that may recommend Advisory Accounts or portfolio transactions for Advisory Accounts. As a result of these relationships and arrangements, consultants, distributors and other parties may have conflicts associated with their promotion of Advisory Accounts or other dealings with Advisory Accounts that create incentives for them to promote Advisory Accounts or portfolio transactions. Goldman Sachs, including GSAM, and its personnel may make charitable contributions to institutions, including those that have relationships with clients or personnel of clients, and personnel may have board relationships with charitable institutions. In accordance with internal policies and procedures, personnel may also make political contributions to clients. The individuals and entities with which Goldman Sachs and its personnel have these relationships may have (or have an interest in) or recommend Advisory Accounts.

Item 15 – Custody

GSAM generally does not hold client assets. Client funds and securities are held by a qualified custodian appointed by clients pursuant to a separate custody agreement, or are held by the clients themselves. However, under the Advisers Act, GSAM may be “deemed” to have custody of client assets under certain circumstances, including where clients maintain assets at a bank, broker-dealer, futures commission

merchant or other qualified custodian affiliated with GSAM, where GSAM debits its fees directly from the Advisory Account, or in certain cases where GSAM purchases privately offered securities on behalf of the Advisory Account.

GSAM does not endorse or guarantee the service (custody or other services) of any custodian or administrative servicer. The client is responsible for performing appropriate due diligence in selecting and entering into a separate agreement. Unless otherwise agreed with the client and except with respect to an Advisory Account that is a pooled investment vehicle and with respect to which GSAM is deemed to have custody of its funds and securities because GSAM (or an affiliate) serves as its general partner, managing member or similar capacity, GSAM is not involved in the selection or ongoing monitoring of client custodians or administrative servicers. GSAM will not be responsible for any services of the custodian or administrative servicer or for the performance or nonperformance of any services provided pursuant to the custodian or services agreement.

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

Item 16 – Investment Discretion

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

With respect to bankruptcies involving issuers of securities held in separate accounts, GSAM as investment adviser may in its discretion participate in bankruptcy proceedings, make

investment-related elections and joint creditors committees on behalf of some or all of its clients. Although GSAM may participate in such proceedings and join such committees on its separate account clients' behalf in its discretion, it is not obligated to do so.

For additional information about risks related to GSAM's discretionary authority, please see Item 6, Performance-Based Fees and Side-By-Side Management.

Item 17 – Voting Client Securities

PROXY VOTING POLICIES – AUTHORITY TO VOTE

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

GSAM has retained a third-party proxy voting service, (the "Proxy Service"), to assist in the implementation of certain proxy voting-related functions, including, without limitation, operational, recordkeeping and reporting services. The Proxy Service also prepares a written analysis and recommendation (a "Recommendation") for each proxy vote that reflects the Proxy Service's application of the Guidelines to particular proxy issues. While it is GSAM's policy generally to follow the Guidelines and Recommendations from the Proxy Service, GSAM's portfolio management teams may on certain proxy votes seek approval to diverge from the Guidelines or a Recommendation by following a process which seeks to ensure that override decisions are not influenced by any

conflict of interest. As a result of the override process, different portfolio management teams may vote differently for particular votes for the same company.

From time to time, GSAM's ability to vote proxies may be affected by regulatory requirements and compliance, legal or logistical considerations. As a result, GSAM, from time to time, may determine that it is not practicable or desirable to vote proxies.

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

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

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

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

shareholder class action lawsuits and similar matters. GSAM will not be responsible for any failure to make such filings or, if it determines to make such filings in its sole discretion, to make such filings in a timely manner.

PROXY VOTING POLICIES – NO AUTHORITY

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

Item 18 – Financial Information

This item is not applicable.

Glossary

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

“1933 Act” means the U.S. Securities Act of 1933, as amended.

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

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

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

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

“AIMS” means Alternative Investments and Manager Selection.

“AIMS Program Funds” means investment vehicles managed by AIMS that invest substantially all of their assets in third-party managed funds.

“Ayco” means The Ayco Company, L.P.

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

“Brochure” means GSAML P’s Form ADV, Part 2A.

“CFTC” means the Commodity Futures Trading Commission.

“CBOs” means collateralized bond obligations.

“CLOs” means collateralized loan obligations.

“CoCos” means contingent capital securities.

“Code” means the GSAM Code of Ethics.

“CPO” means commodity pool operator.

“CTA” means commodity trading advisor.

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

“ECN” means electronic communication networks, alternative trading systems and other similar execution or trading systems or venues.

“ETF” means exchange-traded fund.

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

“ESG” means environmental, social and governance-oriented investing.

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

“Fannie Mae” means the Federal National Mortgage Association.

“FCA” means the United Kingdom Financial Conduct Authority.

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

“FHFA” means the Federal Housing Finance Administration.

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

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

“GPS” means Global Portfolio Solutions.

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

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

“GS&Co.” means Goldman, Sachs & Co.

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

“GSAMA” means Goldman Sachs Asset Management Australia Pty Ltd.

“GSAMC” means Goldman Sachs Asset Management Co. Ltd.

“GSAMI” means Goldman Sachs Asset Management International.

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

“GSAM ETFs” means the exchange-traded funds for which GSAM or its affiliates act as investment adviser.

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

“GSAM Strategies” means investment and trading strategies developed by GSAM or its affiliates.

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

“GSI” means Goldman Sachs International.

“GSIS” means GS Investment Strategies, LLC.

“GSIS Canada” means GS Investment Strategies Canada Inc.

“GSSP” means Goldman Sachs (Singapore) Pte.

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

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

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

“HFS” means Goldman Sachs Hedge Fund Strategies LLC.

“Index” means stock market and other indexes developed, owned and operated by GSAM and its affiliates.

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

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

“IPS” means Inflation Protected Securities.

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

“MLPs” means master limited partnerships.

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

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

“OTC” means over-the-counter markets.

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

“PIPEs” means private investments in public equities.

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

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

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

“QIS” means Quantitative Investment Strategies.

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

“REIT” means real estate investment trust.

“SEC” means the Securities and Exchange Commission.

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

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

“TIPS” means Treasury Inflation-Protected Securities.

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

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

Appendix A – Fee Schedules

GSAMLP STANDARD FEE SCHEDULE – PWM SEPARATELY MANAGED ACCOUNTS

These fees are subject to change and negotiation. See Item 5, Fees and Compensation—Compensation for Advisory Services—Separately Managed Accounts.

GSAMLP's affiliate, GS&Co., provides investment advisory services through its Private Wealth Management ("PWM") unit. Private Wealth Advisors will from time to time recommend or, where GS&Co. has discretionary authority to appoint managers, select GSAMLP to manage all or a portion of a client's assets. Private Wealth Advisors

will provide on-going client services with respect to assets of PWM clients managed by GSAMLP and will receive a portion of the fee charged by GSAMLP.

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

Index Oriented – Tax Advantaged Strategies (TACS)

\$0-10 million	1.600%
\$10-25 million	1.000%
\$25-50 million	0.900%
\$50-100 million	0.800%
\$100-250 million	0.750%
\$250-500 million	0.700%
More than \$500 million	0.650%

Active Core Equity, MLP¹

\$0-10 million	1.750%
\$10-25 million	1.200%
\$25-50 million	1.100%
\$50-100 million	1.000%
\$100-250 million	0.950%
\$250-500 million	0.900%
More than \$500 million	0.850%

Active Satellite, Real Estate

\$0-10 million	1.900%
\$10-25 million	1.350%
\$25-50 million	1.250%
\$50-100 million	1.150%
\$100-250 million	1.100%
\$250-500 million	1.050%
More than \$500 million	1.000%

All/SMid

\$0-10 million	2.175%
\$10-25 million	1.625%
\$25-50 million	1.525%
\$50-100 million	1.425%
\$100-250 million	1.375%
\$250-500 million	1.325%
More than \$500 million	1.275%

Energy and Infrastructure

\$0-10 million	2.050%
\$10-25 million	1.500%
\$25-50 million	1.400%
\$50-100 million	1.300%
\$100-250 million	1.250%
\$250-500 million	1.200%
More than \$500 million	1.150%

Dynamic Equity

\$0-10 million	2.400%
\$10-25 million	1.850%
\$25-50 million	1.750%
\$50-100 million	1.650%
\$100-250 million	1.600%
\$250-500 million	1.550%
More than \$500 million	1.500%

Fixed Income*

\$0-10 million	0.750%
\$10-25 million	0.550%
\$25-50 million	0.500%
\$50-100 million	0.450%
\$100-250 million	0.400%
\$250-500 million	0.350%
More than \$500 million	0.300%

* Represents fees paid on non-mutual fund positions.

GSAM Corporate High Yield Fixed Income

More than \$3 million	0.950%
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¹ Some GSAM MLP strategy accounts are priced according to the Active Core fee schedule as a result of grandfathered pricing or

exceptional circumstances. Generally, these accounts would be priced according to the Energy and Infrastructure fee schedule.

Global Portfolio Solutions Fees

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

Model Portfolio Adviser Services Fees

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

Appendix B – Information on Significant Strategy Risks

The following provides information on risks associated with certain types of securities and investment techniques that may be used by Advisory Accounts as discussed in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss. It also discusses general risks associated with investing through an Advisory Account. Although risks have been grouped into categories based on type of security or technique, it is possible risks within a particular category will apply to securities and techniques in other categories. Additional information is available upon request. Investors in GSAM's pooled investment vehicles should review the prospectuses, offering memoranda and constituent documents for additional information relating to the risk associated with investments in those pooled investment vehicles. See also Item 10, Other Financial Industry Activities and Affiliates and Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for additional information about risks associated with certain conflicts faced by Goldman Sachs and GSAM.

GENERAL PORTFOLIO RISKS

- **Bankruptcy**—Investments by Advisory Accounts in properties operating in workout modes or under Chapter 11 of the U.S. Bankruptcy Code (or similar laws in other jurisdictions) are, in certain circumstances, subject to certain additional liabilities that may exceed the value of an Advisory Account's original investment. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to an Advisory Account and distributions by an Advisory Account to its investors may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.
- **Concentration Risk**—The risk that if an Advisory Account concentrates its investments in issuers within the same country, state, geographic region, industry or economic sector, an adverse economic, business, political or other development may affect the value of the Advisory Account's investments more than if its investments were not so concentrated. Also, concentration of the investments of an Advisory Account in issuers located in a particular country or region will subject an Advisory Account, to a greater extent than if investments were less concentrated, to the risks of adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region. Finally, to the extent an Advisory Account invests all or a large percentage of its assets in a single issuer or a relatively small number of issuers, or concentrates its assets directly or indirectly in investments in the same asset class or in one particular asset or security, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Advisory Account may affect the overall value of the account more than it would affect an account that holds more investments. In particular, the Advisory Account may be more susceptible to adverse developments affecting any single issuer in the Advisory Account and may be susceptible to greater losses because of these developments.
- **Conversion of Equity Investments**—After its purchase, a non-equity investment directly or indirectly held by an Advisory Account (such as a convertible debt instrument) may convert to an equity security. In addition, an Advisory Account may directly or indirectly acquire equity securities in connection with a restructuring event related to one or more of its non-equity investments. The inclusion of equity securities in the portfolios of certain of such Advisory Accounts may not be contemplated or permitted under the governing documentation relating to such Advisory Accounts. However, the holding of equity securities in the circumstances described above will not be deemed to constitute a violation of the governing documentation relating to the Advisory Account. Equity securities acquired as described above may be subject to restrictions on transfer (including contractual lock-ups and affiliate sale restrictions under applicable securities laws) and there may not be a market for such securities. The Advisory Account or an investment fund in which the Advisory Account invests may be unable to liquidate the equity investment at an advantageous time from a pricing standpoint. Furthermore, an underlying investment fund may continue to hold an investment if its manager believes it is in the best interest of the fund. Continued holding of such investments may adversely affect the Advisory Account's portfolio.

- **Counterparty Risk**—An Advisory Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions. For example, although certain standardized swap transactions are subject to mandatory central clearing, which is expected to decrease counterparty risk and increase liquidity compared to bilaterally negotiated swaps, central clearing does not eliminate counterparty risk or illiquidity risk entirely. In addition, many of the protections afforded to cleared transactions, such as the security afforded by transacting through a clearing house, might not be available in connection with OTC transactions. Therefore, in those instances in which an Advisory Account enters into OTC transactions, the Advisory Account will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Advisory Account will sustain losses. Furthermore, an Advisory Account may, from time to time, enter into arrangements with certain brokers or other counterparties that require the segregation of collateral. As a result, an Advisory Account could experience losses in a number of situations including relating to (i) possible decline in the value of any collateral during the period in which such Advisory Account seeks to enforce its rights with respect to such collateral; (ii) the need to remargin or repost collateral in respect of transferred, assigned or replaced positions; (iii) reduced levels of income and lack of access to income during such period; (iv) expenses of enforcing its rights; and (v) legal uncertainty concerning the enforceability of certain rights under swap agreements and possible lack of priority against collateral posted under the swap agreements. For operational, cost or other reasons, when setting up arrangements relating to the execution/clearing of trades, an Advisory Account may choose to select a segregation model which may not be the most protective option available in the case of a default by a broker or counterparty.
- **Currency Risks**—An Advisory Account may hold investments denominated in currencies other than the currency in which the Advisory Account is denominated. Currency exchange rates can be extremely volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended to directly affect prevailing exchange rates, and a variance in the degree of volatility of the market or in the direction of the market from GSAM's expectations may produce significant losses to an Advisory Account. GSAM may or may not attempt to hedge all or any portion of the currency exposure of an Advisory Account. However, even if GSAM does attempt to hedge the currency exposure of an Advisory Account, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in any particular currency because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. To the extent unhedged, the value of an Advisory Account's assets will fluctuate with currency exchange rates as well as the price changes of its investments in the various local markets and currencies. Such fluctuations could have an adverse effect on an Advisory Account.
- **Data Sources Risks**—GSAM subscribes to external data sources used to enforce investment restrictions, to assist in making investment decisions or for investment research. If information that GSAM receives from a third-party data source is incorrect, an Advisory Account may be negatively impacted, and may not achieve its desired results. Although GSAM believes these third-party data sources to be generally reliable, GSAM typically receives these services on an "as is" basis and cannot guarantee that the data received from these sources will be accurate. GSAM is not responsible for errors by these sources.
- **Emerging Markets and Growth Markets Risks**—In addition to the risks described in "Non-U.S. Securities Risks" below, investing in the securities of emerging markets involves certain considerations not usually associated with investing in developed markets, including, without limitation, political and economic considerations, the potential difficulty of repatriating funds or enforcing contractual or other legal rights, general social, political and economic instability, adverse diplomatic developments, the lack of robust regulation in such markets, the uncertainty around the efficacy and enforcement of such regulation, inflation, and the small size of such securities markets and the low volume of trading (which may result in potential lack of liquidity

and in price volatility). Moreover, financial intermediaries may be inexperienced, and counterparties may be subject to weaker safekeeping frameworks. Trading platforms in these markets may be new, and the relevant regulations may be untested and subject to change. There is no assurance that the systems and controls of such trading platforms will be adequate or that such platforms would continue in existence. Further, the economies, industries, securities and currency markets in emerging markets or growth markets may be adversely affected by protectionist trade policies, a slow U.S. economy, regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S. An Advisory Account's purchase and sale of securities in certain emerging countries may be constrained by limitations relating to daily changes in the prices of listed securities, periodic trading or settlement volume, and/or limitations on aggregate holdings of non-U.S. investors. An Advisory Account may not be able to sell securities in circumstances where price, trading, or settlement volume limitations have been reached.

■ **Environmental Risks and Natural Disasters—**

Investments in or relating to real estate assets may be subject to numerous statutes, rules and regulations relating to environmental protection. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials or other pollutants. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials. An Advisory Account may be exposed to substantial risk of loss from environmental claims arising in respect of real estate acquired with environmental problems, and the loss may exceed the value of such investment. In addition, certain investments may be located in earthquake zones or be subject to risks associated with other natural disasters, such as fire, hurricanes, tornadoes, windstorms, volcanic eruptions, tsunamis or floods. Insurance coverage of

such risks may be limited, may be subject to large deductibles or may be, or in the future become, completely unavailable, and GSAM will determine in its discretion whether to seek insurance coverage of (or to seek alternative ways to manage or mitigate) such risks.

- **Expedited Transactions—**GSAM may be required to undertake investment analyses and decisions on an expedited basis to take advantage of investment opportunities. In such cases, the information that GSAM is able to obtain at the time of making an investment decision may be limited and GSAM may not have access to detailed information regarding the investment opportunity to an extent that may not otherwise be the case had GSAM been afforded more time to evaluate the investment opportunity. Therefore, no assurance can be given that GSAM will have knowledge of all circumstances that may adversely affect an investment.
- **Failure by Other Investors to Meet Capital Calls of Underlying Funds—**Failure by one or more other investors to meet a capital call by a commingled investment vehicle could have adverse consequences for GSAM's clients. The commingled investment vehicle may be permitted to require its investors to contribute additional capital to satisfy the shortfall. If the commingled investment vehicle is unable to raise sufficient capital to consummate a proposed investment, its general partner may not be able to diversify its portfolio, which could adversely affect results of such commingled investment vehicle and could also result in the commingled investment vehicle's investments being concentrated in relatively few properties and/or regions. Furthermore, the commingled investment vehicle may not have sufficient capital to contribute capital to existing portfolio companies necessary to ensure their ongoing financial stability. If multiple investors fail to meet capital calls from a particular commingled investment vehicle, the commingled investment vehicle could default on its obligations, which could result in the termination of the commingled investment vehicle, causing a lower return, or potentially a loss, of investments by GSAM's clients.
- **Frequent Trading and Portfolio Turnover Rate Risks—**The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs.

In addition, frequent trading is likely to result in a greater amount of gains being treated as short-term capital gains which, for individuals, are subject to tax at ordinary income tax rates rather than the preferential rates applicable to long-term capital gains. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.

- **Geographic Risks**—Concentration of the investments of an Advisory Account in securities of issuers located in a particular country or geographic region will subject an Advisory Account, to a greater extent than if investments were less concentrated, to the risks of volatile economic cycles and/or conditions and developments that may be particular to that country or region, such as: adverse securities markets; adverse exchange rates; social, political, regulatory, economic, or environmental developments; or natural disasters.
- **Index/Tracking Error Risks**—To the extent it is intended that an Advisory Account track an index, the Advisory Account may not match, and may vary substantially from, the index for any period of time. An Advisory Account that tracks an index may purchase, hold and sell securities at times when a non-index fund would not do so. GSAM does not guarantee that any tracking error targets will be achieved. Advisory Accounts tracking an index may be negatively impacted by any errors in the index, either as a result of calculation errors, inaccurate data sources or otherwise. GSAM does not guarantee the timeliness, accuracy and/or completeness of an index and GSAM is not responsible for errors, omissions or interruptions in the index (including when GSAM or an affiliate acts as the index provider) or the calculation thereof (including when GSAM or an affiliate acts as the calculation agent).
- **Indirect Investment in Non-U.S. Securities**—Some countries, especially emerging markets countries, do not permit non-U.S. persons to participate directly in their securities markets or otherwise present difficulties for efficient non-U.S. investment. An Advisory Account may use participation notes to establish a position in such markets as a substitute for direct investment. Participation notes are issued by banks or broker-dealers and are designed to track the return of a particular underlying equity or debt security, currency or market. When the participation note matures, the issuer of the

participation note will pay to, or receive from, an Advisory Account the difference between the nominal value of the underlying instrument at the time of purchase and that instrument's value at maturity. Investments in participation notes involve the same risks as are associated with a direct investment in the underlying security, currency or market that they seek to replicate as well as counterparty risk when traded over-the-counter. Non-U.S. securities may also trade in the form of depositary receipts. Depositary receipts may not reflect the return an Advisory Account would realize if the Advisory Account actually owned the relevant securities underlying the depositary receipts. To the extent an Advisory Account acquires depositary receipts through banks which do not have a contractual relationship with the non-U.S. issuer of the security underlying the depositary receipts to issue and service such unsponsored depositary receipts, there may be an increased possibility that the Advisory Account would not become aware of and be able to respond to corporate actions such as stock splits or rights offerings involving the non-U.S. issuer in a timely manner. In addition, certain fees and other expenses may apply to transactions in depositary receipts, including fees associated with foreign ordinary conversion, creation fees charged by third parties and foreign tax charges.

- **Interest Rate Risks**—Interest rates may fluctuate significantly at any time and from time to time. As a result of such fluctuations, the value of securities or instruments held by an Advisory Account (which may include inflation protected securities) may increase or decrease in value. When interest rates increase, fixed income securities or instruments held by an Advisory Account will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments. A wide variety of market factors can cause interest rates to rise, including central bank monetary policy, rising inflation and changes in general economic conditions. The risks associated with increasing interest rates are heightened given that interest rates are near historic lows (and in certain cases, negative), but are expected to increase in the future with unpredictable effects on the markets and Advisory Accounts' investments.

- **Investing in Europe**—While an Advisory Account may invest only in U.S. dollar-denominated obligations, the prices of certain of the Advisory Account's holdings may nevertheless be sensitive to changes in value of the euro and the underlying events that affect its value. The euro requires participation of multiple sovereign states forming the Euro zone and is therefore sensitive to the credit, general economic and political position of each such state, including each state's actual and intended ongoing engagement with and/or support for the other sovereign states then forming the European Union, in particular those within the Euro zone. Changes in these factors might adversely impact the value of securities that an Advisory Account has invested in.
- **Investment Style Risks**—Different investment styles (e.g., "growth," "value" or "quantitative") tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. GSAM may modify or adjust its investment strategies from time to time.
- **Leverage Risks**—Leverage creates exposure to potential gains and losses in excess of the initial amount invested. Borrowing and the use of derivatives may result in leverage and may make an Advisory Account more volatile. When an Advisory Account uses leverage the sum of the Advisory Account's investment exposures may significantly exceed the amount of assets invested in the Advisory Account, although these exposures may vary over time. Relatively small market movements may result in large changes in the value of a leveraged investment. An Advisory Account will identify liquid assets on its books or otherwise cover transactions that may give rise to such risk, to the extent required by applicable law. The use of leverage may cause an Advisory Account to liquidate portfolio positions to satisfy its obligations or to meet segregation requirements when it may not be advantageous to do so. The use of leverage by an Advisory Account can substantially increase the adverse impact to which the Advisory Account's investment portfolio may be subject. In addition, lenders may impose restrictions or requirements on the operations of an Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which could increase the losses incurred by the Advisory Account. Lenders may also have the right under certain circumstances to cause the sale of assets held in an Advisory Account at times that may be inopportune from a pricing standpoint. Further, in the case of an Advisory Account that invests in investment funds utilizing leverage, the rights and claims of any lenders to receive payments of interest or repayments of principal from the investment fund will generally be senior to the rights of the Advisory Account to withdraw its investment from the investment fund.
- **Limited Assets**—An Advisory Account may at any time and from time to time have limited assets, which may limit GSAM's ability to trade in certain instruments that typically require minimum account balances for investment. Advisory Accounts may be limited with respect to the investment strategies they are able to employ and may be unable to diversify their portfolios across investment strategies or instruments.
- **Liquidity Risks**—The risk that an Advisory Account may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available, that are subject to legal, regulatory or contractual restrictions on their sale or transfer, or that may become less liquid in response to market developments or adverse investor perceptions. Lack of liquidity could prevent an Advisory Account from liquidating unfavorable positions promptly and could subject the Advisory Account to substantial losses. Investments that are illiquid or that trade in lower volumes may be more difficult to value. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market, including in fixed income securities, or the lack of an active market. Additionally, market participants may attempt to sell fixed income holdings at the same time as the Advisory Account, which could cause downward pricing pressure and contribute to illiquidity. Further, an Advisory Account may invest in private funds and investors generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors in private funds may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without the

private fund's consent, which may be granted or withheld in its sole discretion.

- **Macro Risks**—The value of the instruments in which an Advisory Account invests may go up or down in response to events affecting particular industry sectors or governments and/or general economic conditions. These events include, but are not limited to, commodity exposure risk, inflation protected securities risk, credit/default risk, interest rate risk, mortgage-backed or asset-backed risk, non-investment grade investments risk, U.S. government securities risk, and derivatives risk.
- **Management Risks**—A strategy used by GSAM may fail to produce the intended results for an Advisory Account, including the risk that the entire amount invested may be lost. There is no guarantee that the investment objective of the Advisory Account will actually be achieved and investment results of the Advisory Account may vary substantially over time.
- **Market Disruption Risks and Terrorism Risks**—The military operations of the United States and its allies, the instability in various parts of the world and the prevalence of terrorist attacks throughout the world could have significant adverse effects on the global economy and may exacerbate some of the general risk factors related to investing in certain strategies. In addition, certain illnesses spread rapidly and have the potential to significantly affect the global economy. A terrorist attack involving, or in the vicinity of, a portfolio company in which Advisory Accounts invest may result in a liability far in excess of available insurance coverage. Similarly, prices for certain commodities will be affected by available supply, which will be affected by terrorism in areas in which such commodities are located. GSAM cannot predict the likelihood of these types of events occurring in the future nor how such events may affect the investments of the Advisory Accounts.
- **Market Risks**—The market value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets. In addition, governmental and quasi-

governmental organizations have taken a number of unprecedented actions designed to support the markets. Such conditions, events and actions may result in greater market risk.

- **Master Limited Partnership Risks**—Investments by an Advisory Account in securities of MLPs involve risks that differ from investments in common stock, including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks and risks related to the general partner's right to require unit-holders to sell their common units at an undesirable time or price because of regulatory changes or other reasons. Certain MLP securities may trade in lower volumes due to their smaller capitalizations. Accordingly, those MLPs may be subject to more abrupt or erratic price movements, may lack sufficient market liquidity to enable an Advisory Account to effect sales at an advantageous time or without a substantial drop in price, and investment in those MLPs may restrict an Advisory Account's ability to take advantage of other investment opportunities. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns. In addition, the managing general partner of an MLP may receive an incentive allocation based on increases in the amount and growth of cash distributions to investors in the MLP. This method of compensation may create an incentive for the managing general partner to make investments that are riskier or more speculative than would be the case in the absence of such compensation arrangements.
- **Mid Cap and Small Cap Risks**—Investments in mid-capitalization and small capitalization companies involve greater risks than investments in larger, more established companies, including because such companies may have narrower markets and more limited managerial and financial resources, and because there is often less publicly available information concerning such companies than for larger, more established businesses. These securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks. Securities of such issuers may lack sufficient market liquidity to enable an Advisory Account to effect

sales at an advantageous time or without a substantial drop in price. Both small- and mid- capitalization companies often have narrower markets and more limited managerial and financial resources than larger, more established companies. As a result, their performance can be more volatile and they face greater risk of business failure, which could increase the volatility of an Advisory Account's portfolio. Generally, the smaller the company size, the greater these risks.

- **Model Risks**—The management of Advisory Accounts by GSAM may include the use of various proprietary quantitative or investment models. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people or systems. Investments selected using models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market participants. A model's return mapping is based on historical data regarding particular asset classes. Certain strategies can be dynamic and unpredictable, and a model used to estimate asset allocation may not yield an accurate estimate of the then current allocation. Operation of a model may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. Additionally, commonality of holdings across quantitative money managers may amplify losses. There is no guarantee that the use of these models will result in effective investment decisions for Advisory Accounts.

- **Non-Hedging Currency Risks**—An Advisory Account may purchase or sell currencies through the use of forward contracts or other instruments based on GSAM's judgment regarding the direction of the market for a particular currency or currencies for both hedging and non-hedging purposes. Currency exchange rates can be extremely volatile, and a variance in the degree of volatility of the market or in the direction of the market from GSAM's expectations may produce significant losses to an Advisory Account.

- **Non-U.S. Securities Risks**—Non-U.S. securities may be subject to risk of loss because of more or less non-U.S. government regulation, less public information, less liquidity, greater volatility and less economic, political and social stability in the countries of domicile of the issuers of the securities and/or the jurisdictions in which these securities are traded. Loss may also result from, among other things, deteriorating economic and business conditions in other countries, including the United States, regional and global conflicts, the imposition of exchange controls, non-U.S. taxes, sanctions, confiscations, expropriation and other government restrictions by the United States or other governments, higher transaction costs, difficulty enforcing contractual obligations or from problems in share registration, settlement or custody. In addition, an Advisory Account will be subject to the risk that an issuer of non-U.S. sovereign debt held by an Advisory Account or the governmental authorities that control the repayment of such debt may be unable or unwilling to repay the principal or interest when due, including as a result of levels of non-U.S. debt or currency exchange rates. Furthermore, an Advisory Account's purchase and sale of certain non-U.S. securities may be subject to limitations or compliance with procedures imposed by non-U.S. governments. For example, an Advisory Account may be subject to limitations on aggregate holdings by non-U.S. investors. Moreover, as a result of having to comply with such procedures, an Advisory Account's ability to effect trades may be delayed, and an Advisory Account's failure to comply with such procedures may result in failed trades, loss of voting or transfer rights or the forced sale of settled positions. These risks might be heightened if the Advisory Account invests in emerging markets or growth markets. See “Emerging Markets and Growth Markets Risks” in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss.

- **Private Investment Risks**—Advisory Accounts may invest in private investments, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. Clients should not invest unless they are prepared to retain their interests in the Advisory Account until the Advisory Account liquidates its private investments.

Private investments are highly competitive and an Advisory Account may face greater challenges in making such investments than when investing in traditional asset classes. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted. To the extent an Advisory Account has invested in private investments indirectly through a pooled investment vehicle which is in the process of winding down, the pooled investment vehicle may hold a limited number of illiquid investments that may not be realized for a significant amount of time and the Advisory Account will continue to bear its portion of the pooled investment vehicle's operating costs during such time. The pooled investment vehicle may be unable to dispose of such investments other than through sale in a secondary market, which could be at a disadvantageous price.

- **Restricted Investments Risks**—Restricted securities are securities that may not be sold to the public without an effective registration statement under the 1933 Act, or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. These restrictions could prevent an Advisory Account from promptly liquidating unfavorable positions and subject such Advisory Account to substantial losses. Further, when registration is required to sell a security, an Advisory Account may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the Advisory Account may be permitted to sell the security under an effective registration statement. If adverse market conditions developed during this period, an Advisory Account might obtain a less favorable price than the prevailing price when it decided to sell.
- **Restrictions on Investments**—Advisory Accounts may be limited in their ability or unable to invest in certain types of investments due to preferences or rights-of-first-refusal that have been or will be granted in favor of other affiliates of Goldman Sachs or vehicles in which they have invested. In addition, Advisory Accounts may be unable to invest in certain types of investments as a result of non-competition agreements or other similar undertakings made by other affiliates of Goldman Sachs.
- **Risk Management Risks**—GSAM may seek to reduce, increase or otherwise manage the volatility of an

Advisory Account's overall portfolio or the Advisory Account's risk allocation to particular investments or sectors through various strategies, including by changing the amount of leverage utilized in connection with certain investments or sectors and/or by liquidating interests in certain investments and investing any proceeds in different investments or similar investments with a different volatility profile. There can be no assurance that GSAM's use of such strategies will be adequate, or that they will be adequately utilized by GSAM. Additionally, any strategies may be limited by, among other things, liquidity of the Advisory Account's investments and the availability of investment opportunities that GSAM believes are appropriate.

- **Risks of New Investment Strategies**—GSAM may determine to implement new investment strategies. There may be operational or theoretical shortcomings which could result in unsuccessful investments and, ultimately, losses to an Advisory Account that implements such a strategy. New investment techniques utilized by GSAM on behalf of an Advisory Account may be more speculative than established techniques and may increase the risk of the investment. It may be difficult for GSAM to project accurately the outcome of prospective investments made pursuant to such new investment techniques. Such investments may not provide as favorable returns or protection of capital as other investments, and may be structured using non-standard terms that are less favorable for an Advisory Account than those traditionally found in the marketplace for existing investment techniques (including investment techniques utilized by GSAM). The implementation of a new investment strategy or utilization of a new investment technique by GSAM on behalf of an Advisory Account could adversely affect such Advisory Account.
- **Style Drift Risk**—The managers of affiliated or unaffiliated investment funds in which an Advisory Account invests (which, in the case of affiliated investment funds, may be GSAM) may remove, substitute, modify or otherwise deviate from the investment strategies and sub-strategies or any of the types of investments described or being utilized by the investment fund at the time of an Advisory Account's investment in the investment fund. Changes to a manager's investment strategies may adversely affect the

Advisory Account's portfolio and may result in a manager making investments in an area in which it has limited experience.

- **Tax-Managed Investment Risks**—To the extent an Advisory Account is tax-managed, because GSAM balances investment considerations and tax considerations, the pre-tax performance of a tax-managed Advisory Account may be lower than the performance of similar Advisory Accounts that are not tax-managed. Even though tax-managed strategies are being used, they may not reduce the amount of taxable income and capital gains to which an Advisory Account may become subject.
- **Technology Sector Risks**—The stock prices of technology and technology-related companies and therefore the value of Advisory Accounts that invest in the technology sector may experience significant price movements as a result of intense market volatility, worldwide competition, consumer preferences, product compatibility, product obsolescence, government regulation, excessive investor optimism or pessimism, or other factors.
- **Timing of Implementation Risks**—GSAM gives no warranty as to the timing of the investment of Advisory Account assets generally and/or any changes to the Advisory Account over time and from time to time (including in respect of asset allocation and investments), the performance or profitability of the Advisory Account or any part thereof, nor any guarantee that any investment objectives, expectations or targets with respect to the Advisory Account will be achieved, including, without limitation, any risk control, risk management or return objectives, expectations or targets. For example, there may be delays in the implementation of investment strategies, including as a result of differences in time zones and the markets on which securities trade.
- **Valuation Risks**—The net asset value of an Advisory Account as of a particular date may be materially greater than or less than its net asset value that would be determined if an Advisory Account's investments were to be liquidated as of such date. For example, if an Advisory Account was required to sell a certain asset or all or a substantial portion of its assets on a particular date, the actual price that an Advisory Account would

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

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

OTHER GENERAL RISKS

- **Advisory Account Consent Requirements**—Goldman Sachs acts as an underwriter, placement agent, originator, and/or arranger in various markets and for various asset classes and instruments. Advisory Accounts may have the opportunity to invest in transactions in which Goldman Sachs acts in one or more of these roles, in connection with which Goldman Sachs may be a principal opposite Advisory Accounts or with respect to which Goldman Sachs may receive a fee or other compensation. The consummation of any such

transaction or the payment of any such fee may require the consent of the client or other independent party pursuant to applicable law and the guidelines or governing documents applicable to such Advisory Accounts. In such cases, the Advisory Account would only have the ability to make the investments if GSAM receives the required consent. GSAM may determine not to seek such consent due to timing, logistical or other considerations, in which event the Advisory Account will not have the opportunity to make the investments.

- **An Advisory Account's Investment Flexibility May Be Constrained by Confidentiality Concerns**—In the course of its investment processes, an Advisory Account may be required to enter into confidentiality agreements with current or potential portfolio companies that would prohibit such Advisory Account (or its investors) from publicly disclosing sensitive information relating to these portfolio companies. These arrangements could result in liabilities for such Advisory Account, in particular if an investor in such Advisory Account that is required or compelled to publicly release information regarding its investments, such as pursuant to the U.S. Freedom of Information Act, as amended, or other similar state or local disclosure laws or regulations applicable to such investor, publicly discloses this information in response to an information request or otherwise. Such Advisory Account may choose, but is not required, to decline these investment opportunities in order to avoid the risk of exposure to such liability. As a result, such Advisory Account's investment flexibility may be constrained by these concerns, which may affect GSAM's ability to broaden its investment portfolio, which in turn may adversely impact the aggregate returns realized by such Advisory Account as a result of the unfavorable performance of a small number of investments.
- **Cash Management Risks**—To the extent GSAM has the authority to manage cash for an Advisory Account for various reasons, including for temporary or defensive positions or to meet the liquidity needs of such Advisory Account, GSAM may, at certain times and subject to the investment guidelines for such Advisory Account, invest some of its assets temporarily in money market funds or other similar types of investments. During any period in which its assets are not substantially invested in accordance with its principal investment strategies, an Advisory Account may be prevented from achieving its

investment objective, which may adversely affect that Advisory Account's performance.

- **Conflicts of Interest**—Goldman Sachs is a worldwide, full-service investment banking, broker-dealer, asset management and financial services organization and a major participant in global financial markets. As such, Goldman Sachs provides a wide range of financial services to a substantial and diversified client base. Goldman Sachs advises clients in all markets and transactions and purchases, sells, holds and recommends a broad array of investments. Goldman Sachs has direct and indirect interests in the global fixed income, currency, commodity, equities, bank loan and other markets and the securities and issuers in which Advisory Accounts may directly and indirectly invest. As a result, Goldman Sachs' activities and dealings may affect a particular Advisory Account in ways that may disadvantage or restrict the Advisory Account and/or benefit Goldman Sachs or other Accounts (including Advisory Accounts). A description of certain of such potential conflicts of interest is set forth under Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.
- **Cybersecurity**—The operations of Goldman Sachs, GSAM and the Advisory Accounts each rely on the secure processing, storage and transmission of confidential and other information in Goldman Sachs' computer systems and networks. Goldman Sachs is regularly the target of attempted cyber attacks, including denial-of-service attacks, and must continuously monitor and develop its systems to protect its technology infrastructure and data from misappropriation or corruption. In addition, due to Goldman Sachs' interconnectivity with third-party vendors, central agents, exchanges, clearing houses and other financial institutions, Goldman Sachs, and thus indirectly the Advisory Accounts, could be adversely impacted if any of them is subject to a successful cyber attack or other information security event. Although Goldman Sachs takes protective measures and endeavors to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact. If one or more of such events occur, this potentially could jeopardize the confidential and other information of

GSAM and the Advisory Accounts, to the extent such information is processed and stored in, and transmitted through, Goldman Sachs' computer systems and networks. Such events could also cause interruptions or malfunctions in the operations of GSAM and the Advisory Accounts as well as the operations of their beneficial owners, clients and counterparties and the operations of third parties, which could impact their ability to transact with GSAM or the Advisory Accounts or otherwise result in significant losses or reputational damage. The increased use of mobile and cloud technologies can heighten these and other operational risks. Goldman Sachs is expected to expend additional resources on an ongoing basis to modify its protective measures and to investigate and remediate vulnerabilities or other exposures. Nevertheless, GSAM and the Advisory Accounts may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance.

Goldman Sachs, GSAM and the Advisory Accounts currently or in the future are expected to routinely transmit and receive personal, confidential and proprietary information by email and other electronic means. Goldman Sachs has discussed and worked with clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities and protect against cyber attacks, but Goldman Sachs does not have, and may be unable to put in place, secure capabilities with all of its clients, vendors, service providers, counterparties and other third parties and Goldman Sachs may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of the information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a client, vendor, service provider, counterparty or other third-party could result in legal liability, regulatory action and reputational harm to GSAM or the Advisory Accounts.

- **Dependence on Key Personnel—Advisory Accounts** may rely on certain key personnel of GSAM. The departure of any of such key personnel for any reason, including relating to work visas, compensation or other factors, or the inability of such key personnel to fulfill certain duties, may adversely affect the ability of GSAM

to effectively implement the investment programs of the Advisory Accounts.

- **Electronic Trading—GSAM** may trade on electronic trading and order routing systems, which differ from traditional open outcry trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the instrument. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening and closing procedures and prices, trade error policies and trading limitations or requirements. There are also differences regarding qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of internet-based systems, there may be additional risks related to service providers and the receipt and monitoring of electronic mail. Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure. In the event of system or component failure, it is possible that for a certain time period, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. Some investments offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. Exchanges offering an electronic trading or order routing system and listing the instrument may have adopted rules to limit their liability, the liability of brokers and software and communication system vendors and the amount that may be collected for system failures and delays. The limitation of liability provisions vary among the exchanges.
- **Government Investment Restrictions—Government** regulations and restrictions in some countries may limit the amount and type of securities that may be purchased by GSAM on behalf of Advisory Accounts, or the sale of such securities once purchased. Such restrictions may also affect the market price, liquidity and rights of

securities that may be purchased by GSAM on behalf of Advisory Accounts, and may increase such Advisory Accounts' expenses. In addition, the repatriation of both investment income and capital is often subject to restrictions such as the need for certain governmental consents, and even where there is no outright restriction, the mechanics of repatriation or, in certain countries, the inadequacy of the U.S. dollar currency available to non-governmental entities, may affect certain aspects of the operations of Advisory Accounts. In countries that have an inadequate supply of U.S. dollar currency, issuers that have an obligation to pay an Advisory Account in U.S. dollars may experience difficulty and delay in exchanging local currency to U.S. dollar currency and thus hinder such Advisory Account's repatriation of investment income and capital. Moreover, such difficulty may be exacerbated in instances where governmental entities in such countries are given priority in obtaining such scarce currency. Furthermore, an Advisory Account's ability to invest in the securities markets of several countries is restricted or controlled to varying degrees by laws restricting non-U.S. investments, and these restrictions may, in certain circumstances, prohibit such Advisory Account from making direct investments.

In addition, the SEC, the CFTC, other regulators, self-regulatory organizations and exchanges are authorized to regulate trading or other activity with respect to, and to intervene (directly and by regulation) in certain markets, and may restrict or prohibit market practices. For example, certain jurisdictions have imposed restrictions and reporting requirements on short selling. The duration of such restrictions and type of securities affected may vary from country to country and may significantly affect the value of Advisory Accounts' holdings and GSAM's ability to pursue its investment strategies. The effect of any regulatory change on GSAM and the Advisory Accounts could be substantial and adverse.

- **Legal, Tax and Regulatory Risks**—GSAM and certain of its Advisory Accounts are subject to legal, tax and regulatory oversight, including by the SEC, FCA and similar regulators world-wide. For example, as an indirect wholly-owned subsidiary of The Goldman Sachs Group, Inc., a bank holding company, certain of GSAM's activities and transactions in respect of

Advisory Accounts may be restricted. Goldman Sachs is regulated as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"), which generally restricts bank holding companies from engaging in business activities other than the business of banking and certain closely related activities. Although Goldman Sachs has elected to become a financial holding company under the BHCA, the activities of Goldman Sachs and its affiliates remain subject to certain restrictions imposed by the BHCA and related regulations. Because Goldman Sachs is deemed to "control" GSAM-managed pooled investment vehicles, under the BHCA, there may be restrictions on transactions and relationships between GSAM-managed pooled investment vehicles and Goldman Sachs, as well as restrictions on the investments and transactions by, and the operations of, GSAM-managed pooled investment vehicles. In addition, there have been recent legislative, tax and regulatory changes and proposed changes that may apply to the activities of GSAM and managers to which GSAM allocates client assets that may require material adjustments to the business and operations of, or have other adverse effects on, Advisory Accounts. Additionally, the enactment of the Dodd-Frank Act, which includes the so-called "Volcker Rule," the amendment of the Advisers Act and changes to the way derivatives and commodities are regulated continue to impact GSAM, Advisory Accounts and GSAM-managed pooled investment vehicles. Pursuant to guidance released by certain U.S. regulatory agencies, U.S. financial institutions such as Goldman Sachs are also required to implement certain risk management processes focused on their lending practices. Failure to do so may result in supervisory actions, which could adversely impact the ability of GSAM to conduct investment advisory activities on behalf of the Advisory Accounts. Non-U.S. regulators have recently passed legislation and have proposed changes that may affect certain Advisory Accounts, including the European Union Directive on Alternative Investment Fund Managers, which may impose certain requirements and restrictions on third-party managers to which GSAM allocates client assets. Goldman Sachs may take certain actions to limit its authority in respect of Advisory Accounts in order to reduce or eliminate the impact or applicability of any regulatory restrictions on Goldman Sachs, Advisory Accounts or other Accounts, including,

without limitation, the BHCA and the Volcker Rule. There may also be unanticipated and/or adverse legal, tax and regulatory changes from time to time, including requirements to provide additional information pertaining to an Advisory Account to the Internal Revenue Service or other taxing authorities. Regulatory changes and restrictions imposed by regulators, self-regulatory organizations and exchanges may vary from country to country and may affect the value of Advisory Accounts' investments and their ability to pursue their investment strategies. Any such rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, and may require a significant restructuring of the manner in which an Advisory Account is organized, all of which may negatively impact the performance of Advisory Accounts.

Each client is encouraged (i) to be aware that tax laws and regulations are changing on an ongoing basis and (ii) that these laws and regulations may be changed with retroactive effect. Moreover, the interpretation and application of tax laws and regulations by certain tax authorities may not be clear, consistent or transparent. Uncertainty in the tax law may require an Advisory Account to accrue potential tax liabilities even in situations where an Advisory Account and/or its investors do not expect to be ultimately subject to those tax liabilities. Further, accounting standards and/or related tax reporting obligations may change, giving rise to additional accrual and/or other reporting obligations. Each prospective investor is also encouraged to be aware that other developments in the tax laws of the United States and other jurisdictions could have a material effect on the tax consequences to investors, the Advisory Accounts and/or an Advisory Account's investments and that investors may be required to provide certain additional information to Goldman Sachs (which may be provided to the Internal Revenue Service or other taxing authorities) or may be subject to other adverse consequences as a result of that change in tax laws.

- **Limited Information Risks**—GSAM will consider allocations for Advisory Accounts utilizing information made available to it; however, as a result of information barriers constructed between different divisions and areas of Goldman Sachs or other policies and procedures

of Goldman Sachs, generally GSAM will not have access, or will have limited access, to information and personnel in other areas of Goldman Sachs. Therefore, GSAM will generally not be able to review potential investments for Advisory Accounts with the benefit of information held by other divisions of Goldman Sachs. Information barriers may also exist between different businesses within GSAM. Goldman Sachs has no obligation to seek information or to make available to or share with GSAM any information, investment strategies, opportunities or ideas known to personnel of Goldman Sachs or developed or used in connection with other clients or activities.

- **Losses in Affiliated Investment Funds Borne Solely by Investors**—All losses of an Advisory Account, including losses relating to investments in affiliated investment funds managed by GSAM shall be borne solely by such Advisory Account and not by Goldman Sachs. Goldman Sachs' losses in an affiliated investment fund will be limited to losses attributable to the ownership interests in such investment fund held by Goldman Sachs, if any, in its capacity as an investor in such investment fund or as beneficiary of a restricted profit interest held by Goldman Sachs. Ownership interests in Advisory Accounts are not insured by the FDIC, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.
- **Master-Feeder Structure**—Commingled funds may be organized as a part of a "master-feeder" structure. Investors may be materially affected by the actions of another entity investing in the master entity, including redemptions of interests by such entities.
- **Multiple Levels of Fees and Expenses**—In circumstances in which Advisory Accounts invest in third-party managers or affiliated or unaffiliated investment funds, the Advisory Accounts will bear any fees or other compensation due to GSAM and expenses at the Advisory Account level, in addition to any fees or compensation and expenses which may be due at the third-party manager or investment fund level.
- **No Assurance of Achievement of Investment or Performance Objectives**—There is no assurance that Advisory Accounts will achieve their investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the

achievement of targeted rates of return, or that Advisory Accounts will be able to fully invest their capital.

- **Non-Recourse Risk**—The governing agreements of investment funds in which Advisory Accounts invest may limit the circumstances in which a manager can be held liable to investors. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such provisions.
- **Operational Risk**—The risk that an Advisory Account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.
- **Partial or Total Loss of Capital**—Certain investments made by GSAM for Advisory Accounts are intended for investors who can accept the risks associated with investing in illiquid securities and the possibility of partial or total loss of capital.
- **Performance-Based Compensation**—GSAM and managers of affiliated and unaffiliated investment funds in which an Advisory Account invests (which, in the case of affiliated investment funds, may be GSAM) may receive performance-based compensation from Advisory Accounts and the investment funds based upon the net capital appreciation of Advisory Account or investment fund assets. Such compensation arrangements create an incentive for GSAM and managers of investment funds to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In many cases, performance-based compensation may be calculated on a basis that includes unrealized appreciation of assets. In such cases, such compensation may be greater than if it were based solely on realized gains and losses. See Item 6, Performance-Based Fees and Side-By-Side Management.
- **Reliance on Technology**—GSAM may employ investment strategies that are dependent upon various computer and telecommunications technologies. The successful implementation and operation of such strategies could be severely compromised by telecommunications failures, power loss, software-related "system crashes," fire or water damage, or various other events or circumstances. Any such event could result in, among other things, the inability of GSAM to establish, maintain, modify, liquidate, or monitor the Advisory Accounts' investments, which could have an adverse effect on the Advisory Accounts.
- **Risks Involved in the Development of Models**—Errors may occur in designing, writing, testing, and/or monitoring models, which may be difficult to detect and may not be detected for a significant period of time. Inadvertent systems and human errors are an inherent risk of models and the complexity of models may make it difficult or impossible to detect the source of any weakness or failure in the models before material losses are incurred. Moreover, the complexity of the models and their reliance on complex computer programming may make it difficult to obtain outside support. To the extent any third-party licensed intellectual property is used in the development of models, there may be adverse consequences if such material is no longer available. Finally, in the event of any software or hardware malfunction, or problem caused by a defect or virus, there may be adverse consequences to developing or monitoring models.
- **Sanctions and Anti-Corruption**—GSAM is subject to economic sanction laws and regulations in the United States and other jurisdictions that may prohibit transacting, directly or indirectly, with certain countries, territories, entities and individuals. It is possible that these types of economic sanction laws and regulations may significantly restrict or completely prohibit GSAM's intended investment activities. In addition, GSAM is committed to complying with the U.S. Foreign Corrupt Practices Act and other U.S. and non-U.S. anti-corruption laws and regulations, as well as U.S. anti-boycott regulations, to which it is subject. As a result, GSAM may be adversely affected because of its unwillingness to participate in transactions that may violate such laws or regulations. In the event that GSAM determines that an investor is subject to any trade, economic or other sanctions imposed by the United Nations or any other applicable governmental or regulatory authority, GSAM may take such actions as it determines appropriate to comply with applicable law, including, without limitation, (i) blocking or freezing Advisory Accounts or interests therein, (ii) where permitted by the applicable sanctions law, requiring an investor in a pooled investment vehicle to redeem from

the fund, and delaying the payment of any redemption proceeds, without interest, until such time as such payment is permitted under applicable law, (iii) excluding an investor in a pooled investment vehicle from allocations of net capital appreciation and net capital depreciation and distributions made to other investors, and (iv) excluding an investor in a pooled investment vehicle from voting on any matter upon which investors are entitled to vote, and excluding the net asset value of such investor's interest in the fund for purposes of determining the investors entitled to vote on or required to take any action in respect of the fund.

- **Speculative Position Limits Risks**—The CFTC and some exchanges have rules limiting the maximum net long or net short positions which any person or group may own, hold or control in any given futures contract or option or swap on such futures contract. Any such limits may prevent an Advisory Account from acquiring positions that might otherwise have been desirable or profitable. In addition, in applying such limits, the CFTC and some exchanges will require aggregation of an Advisory Account's positions in futures with positions owned, held or controlled by other Accounts. Under such circumstances, Goldman Sachs may utilize available position limits for Accounts other than the Advisory Account, and, as a result, the Advisory Account, and not Goldman Sachs, could be required to limit its use of futures or liquidate its positions.
- **Volcker Rule Risks**—The Volcker Rule became effective July 21, 2012; however, the Federal Reserve issued an order that provided that banking entities (including Goldman Sachs and its subsidiaries) are not required to be in compliance with the Volcker Rule and its final rules until July 21, 2015. On December 18, 2014, the Federal Reserve issued a further order extending the conformance period until July 21, 2016 for investments in and relationships with covered funds and non-U.S. funds that were in place on or prior to December 31, 2013, and stated that it intends to grant an additional one-year extension, until July 21, 2017, for the same covered fund investments and relationships. Among other things, the Volcker Rule generally prohibits banking entities, including Goldman Sachs, from engaging in certain transactions (i) that would cause a banking entity or its affiliates to have credit exposure to or engage in certain transactions with certain

hedge funds or private equity funds that are managed by affiliates of the banking entity, or with investment vehicles controlled by such hedge funds or private equity funds, (ii) that would, subject to certain mitigants, involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, (iii) that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies or (iv) that would pose a threat to the safety and soundness of Goldman Sachs or the financial stability of the United States. As a result, Advisory Accounts may also be prohibited from engaging in such activities. The Volcker Rule also prohibits Goldman Sachs from owning more than 3% of the total number and fair market value of the outstanding ownership interests of certain covered Advisory Accounts and requires that certain other transactions between GSAM and Advisory Accounts managed by GSAM affiliates be on "arms' length" terms.

Goldman Sachs' policies and procedures are designed to identify and limit exposure to such material conflicts of interest and high-risk assets and trading strategies in its trading and investment activities, including its activities related to an Advisory Account. If the regulatory agencies implementing the Volcker Rule develop guidance regarding best practices for addressing these matters, as they indicated that they intend to do, Goldman Sachs' policies and procedures may be modified or adapted to take any such guidance into account. Any requirements or restrictions imposed by Goldman Sachs' policies and procedures or by the Volcker Rule agencies could adversely affect an Advisory Account, including because the requirements or restrictions could result in, among other things, the Advisory Account foregoing certain investments or investment strategies or taking or refraining from other actions, any of which could disadvantage the Advisory Account. These restrictions could adversely affect Advisory Accounts that are, or are invested in, pooled investment vehicles, including because the restrictions could prevent a pooled investment vehicle from obtaining seed capital, loans or other commercial benefits from Goldman Sachs.

RISKS THAT APPLY PRIMARILY TO EQUITY INVESTMENTS

General

- **Energy, Oil and Gas Sector Risks**—Advisory Accounts may invest in MLPs that primarily derive their income from investing in companies within the energy, oil and gas sectors. Energy, oil and gas companies are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas or petroleum products; reduced availability of natural gas or other commodities for transporting, processing, storing or delivering; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, changes in the regulatory environment for these companies may adversely impact their profitability. Over time, depletion of natural gas reserves or other commodities may also affect the profitability of companies in the energy, oil and gas sectors.
- **Equity and Equity-Related Securities and Instruments**—Advisory Accounts may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and OTC markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.
- **Exchange Traded Fund Risks**—Advisory Accounts may invest in ETFs. Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. In addition to presenting the same primary risks as an investment in a conventional fund, an ETF may fail to accurately track the market segment or index that underlies its investment objective. Moreover, ETFs are subject to the following risks that do not apply to conventional funds: (i) the market price of the ETF's shares may trade at a premium or a discount to their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.
- **Investments in Technology Start-Up and Similar Companies**—Advisory Accounts may invest in portfolio companies that are technology start-up or similar companies, including with the anticipation that such portfolio companies will engage in IPOs. Investments in these portfolio companies are subject to the risks described under "Pre-IPO Investments Risk." In addition, as these business are often involved in new and often untested products, services and markets, such portfolio companies may be subject to additional risks common among technology start-up companies, including risks related to (a) increased litigation, and significant costs associated therewith (including, potentially, litigation involving intellectual property and privacy), (b) significant regulatory scrutiny, (c) technology error, viruses, hacking or other failure, (d) market saturation and an inability to grow its user base, (e) competition, including by competitors that create new and improved technology, (f) unfavorable media coverage, (g) an inability to effectively manage the rapid growth of its organization, (h) expansion into unfamiliar jurisdictions, (i) an inability to generate meaningful revenue (despite a significant user base), and (j) an inability to continue to adapt to changes and improve and upgrade technology.
- **IPOs/New Issues Risks**—The risk that the market value of IPO/New Issue shares held in an Advisory Account will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about a company's business model, quality of management, earnings growth potential, and other criteria used to evaluate its investment prospects. The purchase of IPO/New Issue shares may involve high transaction costs. Investments in IPO/New Issue shares, which are subject to market risk and liquidity risk, involve greater risks than investments in shares of companies that have traded publicly on an exchange for extended periods of time.
- **Pre-IPO Investments Risks**—An Advisory Account may invest in privately held companies, including companies

that may issue shares in IPOs. Investments in pre-IPO shares involve greater risks than investments in shares of companies that have traded publicly on an exchange for extended periods of time. Investments in such companies are less liquid and difficult to value, and there is significantly less information available about their business models, quality of management, earnings growth potential, and other criteria used to evaluate their investment prospects. Although there is a potential the pre-IPO shares that an Advisory Account buys may increase in value if the company does issue shares in an IPO, IPOs are risky and volatile and may cause the value of such Advisory Account's investments to decrease significantly. Moreover, because pre-IPO shares are generally not freely or publicly tradable, an Advisory Account may not have access to purchase or the ability to sell such shares in the amounts or at the prices the Advisory Account desires. The companies that an Advisory Account anticipates holding successful IPOs may not ever issue shares in an IPO and a liquid market for the shares may never develop, which may negatively affect the price of, and the Advisory Account's ability to, sell the shares, which in turn could adversely affect the Advisory Account's liquidity.

- Preferred Stock, Convertible Securities and Warrants Risks—The value of preferred stocks, convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information.
- Private Investments in Public Equities—An Advisory Account may make private investments in public equities ("PIPEs"). PIPE transactions typically involve the purchase of securities directly from a publicly traded company or its affiliates in a private placement transaction, typically at a discount to the market price of the company's common stock. Equity issued in this manner is often subject to transfer restrictions and is therefore less liquid than equity issued through a registered public offering. In a PIPE transaction, an Advisory Account may bear the price risk from the time of pricing until the time of closing. An Advisory Account may be subject to lock-up agreements that prohibit transfers for a fixed period of time. In addition, because the sale of the securities in a PIPE transaction is not registered under the 1933 Act, the securities are

"restricted" and cannot be immediately resold by the investors into the public markets. Accordingly, PIPE securities may be deemed illiquid. An Advisory Account may enter into a registration rights agreement with the issuer pursuant to which the issuer commits to file a resale registration statement allowing the Advisory Account to publicly resell its securities. The ability of an Advisory Account to freely transfer the shares is conditioned upon, among other things, the SEC's preparedness to declare the resale registration statement effective covering the resale, from time to time, of the shares sold in the private financing and the issuer's right to suspend the Advisory Account's use of the resale registration statement if the issuer is pursuing a transaction or some other material nonpublic event is occurring. Accordingly, PIPE securities may be subject to risks associated with illiquid securities.

Private Equity

- Changes in Expected Investment Objectives of Third-Party Management Companies May Be Adverse to an Advisory Account—Third-Party Management Companies may have the ability to change their investment objectives and strategies and economic and other terms, as well as those of their related Third-Party Management Company Funds, and Third-Party Management Companies may enter into new lines of business not anticipated at the time of investment, after an Advisory Account has made its investments in such Third-Party Management Companies or Third-Party Management Company Funds. Any such event may be adverse to the Advisory Account's investment. An Advisory Account generally will not have the ability to reduce or withdraw its investments in such Third-Party Management Companies or Third-Party Management Company Funds.
- Difficulty in Valuing Fund Investments—Valuation of underlying fund interests in which a fund or other Advisory Account managed by AIMS may invest may be difficult, as there generally will be no established market for these interests or for securities of privately-held companies which underlying funds may own. The overall performance of funds and other Advisory Accounts managed by AIMS will be affected by the acquisition price paid by the underlying funds for their interests in portfolio companies, which will be subject to negotiation with the sellers of such interests. In the

absence of a readily ascertainable market price, assets of the underlying funds will be valued by the general partners or advisers of such funds or the portfolio companies themselves. The valuation of such assets may create a conflict of interest for such general partners or advisers, as the assets may constitute a substantial portion of such underlying funds' investments and their value may affect the compensation of the general partners or advisers. AIMS generally will not have sufficient information in order to be able to confirm or review the accuracy of these valuations.

- **Illiquidity of Investments**—Investments in private equity in an Advisory Account generally will be long-term and highly illiquid. Investors generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without general partner consent, which may be granted or withheld in its sole discretion. Significant credit, tax, contractual and regulatory restrictions apply with respect to potential transfers of the interests.
- **Investments in Venture Capital Funds**—An Advisory Account may invest in venture capital funds, which generally involve more risk than investments in private equity funds focused on later-stage investing due to the nature of the companies in which venture capital funds invest. Venture capital investing tends to be speculative; there is a significant risk of loss of up to and including the entire amount invested due to, among other reasons, unproven business models and increased competition for gaining market share. Investments in venture capital funds are highly illiquid and there is no guarantee that an Advisory Account will be able to realize its investments in the expected timeframe. In many instances, a venture capital investment may require additional infusions of capital in order to protect earlier investments, although there is no guarantee that such additional investments will lead to a successful investment by the venture capital fund.
- **Limited Operating History and Competition Associated with Portfolio Companies**—Certain portfolio companies in which GSAM investment funds or Advisory Accounts invest, either directly or indirectly, may involve a high

degree of business and financial risk. These companies may (i) be in an early stage of development and not have a proven operating history; (ii) be operating at a loss or have significant variations in operating results; (iii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; (iv) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; (v) rely on the services of a limited number of key individuals, the loss of any of whom could significantly adversely affect a portfolio company's performance; and (vi) otherwise have a weak financial condition or be experiencing financial difficulties. In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified management and technical personnel.

- **Operating and Financial Risks of Portfolio Companies**—Investments in portfolio companies involve a high degree of business and financial risk. Portfolio companies may be highly leveraged and subject to restrictive financial and operating covenants that may impair their ability to finance their future operations and capital needs. As a result, these companies may have limited flexibility to respond to changing business and economic conditions and to business opportunities. A leveraged company's income and equity will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, a portfolio company with a leveraged capital structure will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of that portfolio company or its industry. In the event that a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of an investment in a portfolio company could be significantly reduced or even eliminated. Some portfolio companies may (i) be operating at a loss or have significant variations in operating results, (ii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, (iii) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, (iv) be in an early

stage of development, (v) not have a proven operating history, or (vi) otherwise have a weak financial condition that could result in insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company, each of which could adversely affect the investment results of an Advisory Account.

- **Reliance on Company Management**—Although GSAM or one of its affiliates may seek to be represented on the board of directors of portfolio companies, there is no assurance that this representation, if sought, will be obtained. Furthermore, even in cases where GSAM or one or more Advisory Accounts may have certain rights to (i) be represented on the board of directors of portfolio companies and/or (ii) participate in certain significant business decisions and/or other management rights, neither GSAM nor the Advisory Accounts will have an active role in the day-to-day management of those companies. Accordingly, the success or failure of an investment in a portfolio companies will depend to a significant extent on the portfolio company's management team.

RISKS THAT APPLY PRIMARILY TO FIXED INCOME INVESTMENTS

- **Assignments and Participations**—An Advisory Account may acquire investments directly (by way of assignment) or indirectly (by way of participation). Holders of participation interests ("Participations") are subject to additional risks not applicable to a holder of a direct interest in a loan. Participations acquired by an Advisory Account in a portion of a loan obligation held by a selling institution (the "Selling Institution") typically result in a contractual relationship only with such Selling Institution, not with the obligor. An Advisory Account would have the right to receive payments of principal, interest and any fees to which it is entitled under the Participation only from the Selling Institution and only upon receipt by the Selling Institution of such payments from the obligor. In purchasing a Participation, an Advisory Account generally will have no right to enforce compliance by the obligor with the terms of the instrument evidencing such loan obligation, nor any rights of set-off against the obligor. As a result, an Advisory Account will assume the credit risk of both the obligor and the Selling Institution, which will remain the legal owner of record of the applicable loan. In addition, the Selling Institution

may have interests different from those of the Advisory Account, and the Selling Institution might not consider the interests of the Advisory Account when taking actions with respect to the loan underlying the Participation. Assignments and participations are typically sold strictly without recourse to the Selling Institution thereof, and the Selling Institution will generally make no representations or warranties about the underlying loan, the borrowers, and the documentation of the loans or any collateral securing the loans.

- **Commodity Exposure Risks**—Exposure to the commodities markets may subject an Advisory Account to greater volatility than investments in traditional securities. The value of commodity-linked investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The prices of energy, industrial metals, precious metals, agriculture and livestock sector commodities may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies. The commodity-linked investments in which an Advisory Account invests may be offered by companies in the financial services sector, and events affecting the financial services sector may cause the Advisory Account's value to fluctuate.
- **Contingent Convertible Instruments Risks**—Contingent convertible securities ("CoCos") are a form of hybrid debt security that are intended to either convert into equity or have their principal written down, potentially to zero, upon the occurrence of certain "triggers." The triggers are generally linked to regulatory capital thresholds or regulatory actions calling into question the issuing banking institution's continued viability as a going-concern. CoCos' unique equity conversion or principal write-down features are tailored to the issuing banking institution and its regulatory requirements. Some additional risks associated with CoCos include, among others, less absorption risk, risk as subordinated instruments, and risk that its market value will fluctuate based on unpredictable factors.

- **Corporate Debt Securities Risks**—Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the credit-worthiness of the issuer and general market liquidity. In addition, early repayments of an Advisory Account's investments may have an adverse effect on such Advisory Account's investment objectives and the profits on invested capital.
- **Credit Ratings**—The Advisory Accounts may, but are not required to, use credit ratings to evaluate securities. Credit ratings do not evaluate the market value risk of lower-quality securities and, therefore, may not fully reflect the true risks of an investment, and they are used only as a preliminary indicator of investment quality. Investments in lower-quality and comparable unrated obligations will be more dependent on the credit analysis of GSAM than would be the case with investments in investment-grade debt obligations.
- **Credit/Default Risk**—An issuer or guarantor of fixed income securities or instruments held by an Advisory Account (which, for certain Advisory Accounts, may have low credit ratings) may default on its obligation to pay interest and repay principal or default on any other obligation, and a counterparty to a derivatives investment may fail to perform its contractual obligations. Additionally, the credit quality of securities or instruments may deteriorate rapidly, which may impair an Advisory Account's liquidity and cause significant value deterioration. Advisory Accounts may invest in noninvestment grade fixed income securities (commonly known as "junk bonds") and leveraged loans that are considered speculative. Non-investment grade investments, leveraged loans and unrated securities of comparable credit quality are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These securities and loans may be subject to greater price volatility due to such factors as specific issuer developments, interest rate sensitivity, negative perceptions of the junk bond and leverage loan markets generally and less secondary market liquidity. Advisory Accounts may purchase the securities of issuers that are in default.
- **Exchange-Traded Notes**—An Advisory Account may invest in exchange-traded notes ("ETNs"), which are senior, unsecured, unsubordinated debt securities issued by a sponsoring financial institution. The returns on an ETN are linked to the performance of particular securities, market indices, or strategies, minus applicable fees. ETNs are traded on an exchange (e.g., the NYSE) during normal trading hours; however, investors may also hold an ETN until maturity. At maturity, the issuer of an ETN pays to the investor a cash amount equal to the principal amount, subject to application of the relevant securities, index or strategy factor. Similar to other debt securities, ETNs have a maturity date and are backed only by the credit of the sponsoring institution. ETNs are subject to credit risk. The value of an ETN may be influenced by, among other things, time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying assets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political or geographic events that affect the underlying assets. When an Advisory Account invests in ETNs, it will bear its proportionate share of any fees and expenses borne by the ETN. Although an ETN is a debt security, it is unlike a typical bond, in that there are no periodic interest payments and principal is not protected.
- **Fixed Income Securities Risks**—Advisory Accounts may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk).

- **Floating and Variable Rate Obligations Risks—**Advisory Accounts may invest in instruments that have floating and/or variable rate obligations. For floating and variable rate obligations, there may be a lag between an actual change in the underlying interest rate benchmark and the reset time for an interest payment of such an obligation, which could harm or benefit the Advisory Account, depending on the interest rate environment or other circumstances. In a rising interest rate environment, for example, a floating or variable rate obligation that does not reset immediately would prevent an Advisory Account from taking full advantage of rising interest rates in a timely manner. However, in a declining interest rate environment, an Advisory Account may benefit from a lag due to an obligation's interest rate payment not being immediately impacted by a decline in interest rates. Certain floating and variable rate obligations have an interest rate floor feature, which prevents the interest rate payable by the security from dropping below a specified level as compared to a reference interest rate. Such a floor protects Advisory Accounts from losses resulting from a decrease in the reference rate below the specified level. However, if the reference rate is below the floor, there will be a lag between a rise in the reference rate and a rise in the interest rate payable by the obligation, and Advisory Accounts may not benefit from increasing interest rates for a significant amount of time.
- **Inflation Protected Securities ("IPS") Risks—**To the extent an Advisory Account invests in IPS, the value of IPS generally fluctuates in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in the value of IPS. The market for IPS may be less developed or liquid, and more volatile, than certain other securities markets. In addition, the value of Treasury Inflation-Protected Securities ("TIPS") generally fluctuates in response to inflationary concerns. As inflationary expectations increase, TIPS will become more attractive, because they protect future interest payments against inflation. Conversely, Advisory Accounts that invest in inflation protected securities will be subject to the risk that prices throughout the economy may decline over time, resulting in "deflation." If this occurs, the principal and income of inflation-protected fixed income securities held by an Advisory Account would likely decline in price, which could result in losses for the Advisory Account. Further, there can be no assurance the various consumer price indices used in connection with IPS will accurately measure the real rate of inflation in the prices of goods and services, which may affect the value of IPS.
- **Lack of Control Over Investments—**GSAM may not always have complete or even partial control over decisions affecting an investment. For example, GSAM, on behalf of an Advisory Account, may acquire investments that represent minority positions in a debt tranche where third-party investors may control amendments or waivers or enforcement. In addition, administrative agents may be appointed under certain facilities in which an Advisory Account may invest that have discretion over certain decisions on behalf of the investors, including the Advisory Account.
- **Limited Amortization Requirements—**An Advisory Account may invest in senior secured debt that will typically have limited mandatory amortization and interim repayment requirements. A low level of amortization of any senior debt over the life of the investment may increase the risk that a company will not be able to repay or refinance the senior debt held by such Advisory Account when it comes due at its final stated maturity.
- **Loan Risks—**The Advisory Accounts may directly or indirectly purchase loans as participations from certain financial institutions which will represent the right to receive a portion of the principal of, and all of the interest relating to such portion of, the applicable loan. An Advisory Account generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, no rights of set-off against the borrower, and no right to object to certain changes to the loan agreement agreed to by the selling institution. Advisory Accounts invested in loans may not be entitled to rely on the anti-fraud protections of the federal securities laws, although they may be entitled to certain contractual remedies. Further, the market for loan obligations may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Because transactions in many loans are subject to extended trade settlement periods, an Advisory Account may not receive the proceeds from the sale of a

loan for a period after the sale. As a result, sale proceeds related to the sale of loans may not be available to an Advisory Account to make additional investments or payments in respect of withdrawals therefrom for a period after the sale of the loans, and, as a result, the Advisory Account may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. In addition, an Advisory Account may be exposed to losses resulting from default and foreclosure. There is no assurance that the protection of an Advisory Account's interests is adequate or that claims may not be asserted by others that might interfere with enforcement of an Advisory Account's rights. Although a loan obligation may be fully collateralized at the time of acquisition, the collateral may decline in value, be relatively illiquid, or lose all or substantially all of its value subsequent to investment. Many loan investment are subject to legal or contractual restrictions on resale and may be relatively illiquid and difficult to value. There is less readily available, reliable information about most loan investments than is the case for many other types of securities. Substantial increases in interest rates may cause an increase in loan obligation defaults. Moreover, to the extent an Advisory Account has a direct contractual relationship with a defaulting borrower, such Advisory Account may be adversely affected, including as a result of costs or delays in the foreclosure or liquidation of the assets securing the loan.

- **Mezzanine Debt Risks**—Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of an Advisory Account to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors.
- **Mortgage-Backed and/or Other Asset-Backed Securities Risks**—Mortgage-related and other asset-backed securities are subject to certain risks, including "extension risk" (i.e., in periods of rising interest rates, issuers may pay principal later than expected) and "prepayment risk" (i.e., in periods of declining interest rates, issuers may pay principal more quickly than expected, causing an Advisory Account to reinvest proceeds at lower prevailing interest rates). Mortgage-backed securities offered by non-governmental issuers are subject to other risks as well, including failures of

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

- **Municipal Securities Risks**—Municipal securities risks include credit/default risk, interest rate risk, the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities. The risk that any proposed or actual changes in income tax rates or the tax exempt status of interest income from municipal securities can significantly affect the demand for, and supply, liquidity and marketability of, municipal securities. Such changes may affect an Advisory Account's net asset value and ability to acquire and dispose of municipal securities at desirable yield and price levels. Certain Advisory Accounts may be more sensitive to adverse economic, business or political developments if they invest a substantial portion of their assets in the bonds of similar projects (such as those relating to education, health care, housing, transportation, and utilities), industrial development bonds, or in particular types of municipal securities (such as general obligation bonds, private activity bonds and moral obligation bonds).

Certain of the municipalities in which an Advisory Account may invest may experience significant financial difficulties, which may lead to bankruptcy or default or significantly affect the values of the securities issued by such municipalities. For example, certain Advisory Accounts hold, and/or may acquire in the future, securities issued by the Commonwealth of Puerto Rico. Puerto Rico experienced a significant downturn during the recent recession, and continues to face significant fiscal challenges, including persistent government deficits, underfunded public pension benefit obligations, underfunded government retirement systems, sizable debt service obligations and a high unemployment rate. In April through July 2015, the credit ratings of Puerto

Rico's general obligation bonds were downgraded by Moody's, S&P and Fitch to Caa3, CCC- and CC, respectively. These ratings represent non-investment grade status. The downgraded credit rating has triggered the acceleration of certain of Puerto Rico's debt instruments and additional collateral requirements for certain of its interest rate exchange agreements. In addition, the downgrade has adversely impacted the liquidity of Puerto Rico's debt securities. If the economic situation in Puerto Rico persists or worsens, the volatility, liquidity, credit quality and performance of the Advisory Accounts' holdings could be adversely affected. In addition, Puerto Rico is a party to numerous legal proceedings, many of which normally occur in governmental operations and which, if decided against Puerto Rico, might require Puerto Rico to make significant future expenditures or impair future revenue sources. Further, there has been proposed legislation in Congress relating to Puerto Rico which, if passed into law could impact bond values, which could adversely affect the performance of Advisory Accounts.

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

addition, distressed investments may require active participation by GSAM and its representatives, and there may be situations where GSAM and its representatives determine to not so participate due to regulatory, tax or other considerations. This may expose an Advisory Account to greater litigation risks than may be present with other types of investing, or may restrict an Advisory Account's ability to dispose of its investment.

- **Second Lien Loans Risks**—Second lien loans generally are subject to similar risks as those associated with investments in senior loans. Because second lien loans are subordinated or unsecured and thus lower in priority of payment to senior loans, they are subject to the additional risk that the cash flow of the borrower, and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Second lien loans generally have greater price volatility than senior loans and may be less liquid. There is also a possibility that originators will not be able to sell participations in second lien loans, which would create greater credit risk exposure for the holders of such loans. Second lien loans share the same risks as other below investment grade securities.
- **Senior Loan Risks**—Senior loans, which hold the most senior position in the capital structure of a business entity, are typically secured with specific collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debt holders and stockholders of the borrower. Senior loans are usually rated below investment grade, and are subject to similar risks, such as credit risk, as below investment grade securities. However, senior loans are typically senior and secured in contrast to other below investment grade securities, which are often subordinated and unsecured. There is less readily available, reliable information about most senior loans than is the case for many other types of securities, and GSAM relies primarily on its own evaluation of a borrower's credit quality rather than on any available independent sources. The ability of an Advisory Account to realize full value in the event of the need to sell a senior loan may be impaired by the lack of an active trading market for certain senior loans or adverse market conditions

limiting liquidity. To the extent that a secondary market does exist for certain senior loans, the market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Although senior loans in which an Advisory Account will invest generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of the bankruptcy of a borrower, an Advisory Account could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a senior loan. Moreover, any specific collateral used to secure a senior loan may decline in value or become illiquid, which would adversely affect the senior loan's value. Uncollateralized senior loans involve a greater risk of loss. Some senior loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the senior loans to presently existing or future indebtedness of the borrower or take other action detrimental to lenders, including an Advisory Account, such as invalidation of senior loans.

- **Short Duration Fixed Income Strategies**—To the extent that an Advisory Account employs a strategy focused on maintaining fixed income securities of short duration, such a strategy generally will earn less income and, during periods of declining interest rates will provide lower total returns, than would have been the case had longer duration strategies been employed. Although any rise in interest rates is likely to cause the prices of debt obligations to fall, the comparatively short duration of an Advisory Account's portfolio holdings utilized in connection with such a strategy is generally intended to keep the value of such securities within a relatively narrow range.
- **Sovereign Debt Risks**—Investment in sovereign debt obligations by an Advisory Account involves risks not present in debt obligations of corporate issuers. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due in accordance with the terms of such debt, and an Advisory Account may have limited recourse to compel payment in the event of a default. Any failure to make payments

in accordance with the terms of the debt could result in losses to an Advisory Account.

- **Stable Value Risks**—To the extent that the strategy invests in stable value contracts, it may be subject to the risks of such contracts. Stable value contracts are benefit responsive agreements that typically impose investment restrictions on an Advisory Account in addition to any investment restrictions imposed as a result of the Advisory Account's own investment program. There is no guarantee that providers under stable value contracts will fulfill their obligations or that stable value contracts will continue to be valued at their contract value rather than market or fair value. Stable value contracts typically have long withdrawal notice periods. Moreover, stable value contract providers have increased fees and decreased the flexibility of terms they offer in the last several years and may continue to do so in the future. There can be no assurance that sufficient stable value contracts will be available in the future to replace or supplement an Advisory Account's existing contracts.

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

securities which they guarantee. Additionally, the U.S. government and its agencies and instrumentalities do not guarantee the market values of their securities, which may fluctuate.

RISKS THAT APPLY PRIMARILY TO DERIVATIVES INVESTMENTS AND SHORT SALES

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

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

- **Failure of Brokers, Counterparties and Exchanges Risks**—An Advisory Account will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. An Advisory Account may be subject to risk of loss of its assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Advisory Account, or the bankruptcy of an exchange clearing house. In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, the Advisory Account deals, the Advisory Account might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically

traceable to the Advisory Account, and, to the extent such assets or amounts are recoverable, the Advisory Account might only be able to recover a portion of such amounts. Further, even if the Advisory Account is able to recover a portion of such assets or amounts, such recovery could take a significant period of time.

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

To the extent an Advisory Account invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, the Advisory Account may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

- **Forward Contracts Risks**—The Advisory Accounts may enter into forward contracts and options thereon which are not traded on exchanges and are generally not regulated and there are no limitations on daily price moves of forward contracts. In addition, an Advisory Account may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default. Such risks could result in substantial losses to an Advisory Account.
- **Futures Risks**—Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, implement retroactive speculative

position limits, or order that trading in a particular contract be conducted for liquidation only. The circumstances described above could prevent GSAM from liquidating unfavorable positions promptly and subject an Advisory Account to substantial losses.

- **Hedging Risks**—Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions. To the extent GSAM utilizes hedging techniques in respect of an Advisory Account, hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the positions of an Advisory Account or that losses on the hedge will occur at the same time as losses in the value of the positions of an Advisory Account. In addition, certain hedging instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, an Advisory Account may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, the use of such instruments may limit any potential gain which might result from an increase in the value of such position. The ability of an Advisory Account to hedge successfully cannot be assured. Hedging techniques involve costs, which could be significant, whether or not the hedging strategy is successful.
- **Requirement to Perform**—In contrast to exchange-traded instruments, forward, spot and option contracts and swaps do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or option contracts, or swaps, an Advisory Account may be required, and must be able, to perform its obligations under the contract.
- **Reverse Repurchase Agreements Risks**—Reverse repurchase transactions involve risks that the value of portfolio securities being relinquished may decline

below the price that must be paid when the transaction closes or that the other party to a reverse repurchase agreement will be unable or unwilling to complete the transaction as scheduled, which may result in losses to an Advisory Account.

- **Risks of Cross Collateralization of Borrowing Obligations**—Leverage, if any, used by Advisory Accounts that are pooled investment vehicles may be structured in a way that the Advisory Accounts are jointly responsible on a cross-guaranteed or cross-collateralized basis for the repayment of the indebtedness. An Advisory Account may be adversely affected if another Advisory Account defaults on its obligations in respect of any such indebtedness.
- **Risks of Derivative Investments**—Advisory Accounts may invest in derivative instruments, including, without limitation, options, futures, options on futures, interest rate caps and floors and collars, participation notes, swaps, options on swaps, structured securities, forward contracts and other derivatives relating to non-U.S. currency transactions. To the extent Advisory Accounts invest in these types of derivative instruments through OTC transactions, there may be less governmental regulation and supervision of the OTC markets than of transactions entered into on organized exchanges. Investments in derivative instruments may be for both hedging and non-hedging purposes (that is, to seek to increase total return), although suitable derivative instruments may not always be available to GSAM for these purposes. Losses in an Advisory Account from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if an Advisory Account receives cash collateral under the transactions and some or all of that collateral is invested in the market. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation and an Advisory Account may be responsible for any loss that might result from its investment of the counterparty's cash collateral.

Advisory Accounts may also be subject to risk of loss of their funds on deposit with non-U.S. brokers because non-U.S. regulatory bodies may not require such brokers

to segregate customer funds. Advisory Accounts may be required to post margin for its foreign exchange transactions either with GSAM or other foreign exchange dealers who are not required to segregate funds (although such funds are generally maintained in separate accounts on the foreign exchange dealer's books and records in the name of the applicable Advisory Account).

The use of these management techniques also involves the risk of loss if GSAM is incorrect in its expectation of the timing or level of fluctuations in securities prices, interest rates, currency prices or other variables. In addition, subject to jurisdictional limits, the Dodd-Frank Act establishes a new regulatory framework for oversight of over-the-counter derivatives transactions by the CFTC and the SEC and heightens the existing regulation of futures markets. There are also comparable regulations in other jurisdictions impacting these markets. There can be no certainty as to the final form of the requirements, and the full extent of the impact such requirements will have on the Advisory Accounts is unclear. Investments in derivative instruments may be harder to value, subject to greater volatility and more likely to be subject to changes in tax treatment than other investments. For these reasons, any attempt to hedge portfolio risks through the use of derivative instruments may not be successful, and GSAM may choose not to hedge certain portfolio risks. Investing for non-hedging purposes presents even greater risk of loss.

- **Short Selling/Position Risk**—Short selling occurs when an Advisory Account borrows a security from a lender, sells the security to a third party, reacquires the same security and returns it to the lender to close the transaction. The Advisory Account profits if the price of the borrowed security declines in value from the time the Advisory Account sells it to the time the Advisory Account reacquires it. Conversely, if the borrowed security has appreciated in value during this period, the Advisory Account will suffer a loss. The potential loss on a short sale is unlimited because the price of the borrowed security may rise indefinitely. Short selling also involves the risks of: increased leverage, and its accompanying potential for losses; the potential inability to reacquire a security in a timely manner, or at an acceptable price; the possibility of the lender terminating the loan at any time, forcing the Advisory Account to

close the transaction under unfavorable circumstances; the additional costs that may be incurred; and the potential loss of investment flexibility caused by the Advisory Account's obligations to provide collateral to the lender and set aside assets to cover the open position. An Advisory Account may also enter into a short derivative position through a futures contract, an option or swap agreement.

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

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

- **Clawback Payments to Third-Party Management Companies**—In connection with investments by Advisory Accounts in Third-Party Management Companies, Third-Party Management Companies may make distributions to Advisory Accounts that are subject to clawback arrangements with those Third-Party Management Companies. The terms of an Advisory Account's investment in a Third-Party Management Company may require the Advisory Account to return such distributions to the Third-Party Management Company upon the occurrence of certain circumstances.
- **Consent and Filing Requirements in Connection with Investments in Third-Party Management Companies**—Third-Party Management Companies are often regulated entities and/or investment in Third-Party Management Companies may otherwise require the satisfaction of certain legal requirements before an Advisory Account can invest in such Third-Party Management Companies. Accordingly, an Advisory Account's acquisition and disposition of interests in Third-Party Management Companies may be subject to the consent and filing requirements of various governmental or regulatory bodies (in particular but not limited to the governmental and regulatory bodies of the United States), including agencies charged with oversight of financial institutions, investment advisors or similar enterprises, or the administration of competition laws. As a result, prior to the acquisition or disposition of an interest in a Third-Party Management Company, an Advisory Account may be required or advised to seek consent from the applicable governmental or regulatory bodies, which consent may or may not be granted, or might be granted only after considerable delay or after requiring the parties to alter the terms of their proposed transaction. This may increase the time and/or expense required to complete a transaction, or may result in an Advisory Account not making an investment it otherwise would have made.
- **Dependence on Government Funding, Tax Credits and Other Subsidies**—The success of certain environmental and social impact investments may depend on government funding, tax credits or other public or private sector subsidies. There is a risk investments could fail to qualify or re-qualify for anticipated funding opportunities or tax credits, which may result in the investment being unable to repay a loan or meet operational expenses. If an investment does not generate enough income to cover expenses and mandatory debt service, an Advisory Account may be required in certain instances to contribute additional capital to the investment to protect the value of the investment. In addition, government programs and funding opportunities could expire or be repealed due to budget cuts or other unforeseen legislative mandates. As a result of the foregoing, an Advisory Account may experience lower financial returns.
- **Dependence on Operating Partners**—An Advisory Account may rely on the expertise of operating partners who help identify, evaluate, underwrite, develop, operate, manage and dispose of assets. The selection of an operating partner is inherently based on subjective criteria with the result that the true performance and

abilities of a particular operating partner will be difficult to assess. An operating partner may suffer a business failure or become bankrupt or may engage in activities that compete with investments of the Advisory Account. These and other problems, including the deterioration of the business relationship between the Advisory Account and the operating partner, could have an adverse effect on the assets managed by such operating partner.

- **Giveback Obligations**—The terms of an investment fund may require the return of distributions received from investments, potentially including distributions made prior to the time the Advisory Account became an investor in such investment fund, upon the occurrence of certain circumstances, including to satisfy any indemnification, reimbursement, contribution or similar obligation (including any obligation resulting from applicable law), or any other expense or obligation, of the investment fund. The manager of such fund may set aside amounts otherwise distributable to investors for such purpose, should they arise, and amounts set aside to fund such payments will reduce the amount of funds available for distribution to an investor or make additional portfolio investments.
 - **Government Investigations**—In the event that a third-party manager or any current or former personnel or affiliate thereof becomes the subject of (or is otherwise involved in) any formal or informal investigation by a governmental or regulatory agency or is otherwise suspected to have engaged in or be involved in any wrongdoing (including through reports in the press), such event may have an adverse effect on the manager and its operations, regardless of whether such manager or other person is ultimately charged or found to have engaged in any wrongdoing, including as a result of reputational harm and the diversion of the manager's attention from its investment management responsibilities.
 - **Inability to Fulfill Investment Objective or Implement Investment Strategy; Competitive Investment Environment**—There is increasing interest in investing in Third-Party Management Companies by multiple sources of capital, including sponsors of funds, sovereign wealth funds and other private and public companies. As a result, finding opportunities to make investments in Third-Party Management Companies could be challenging given the potentially high levels of investor demand some investment opportunities may receive. There can be no assurance as to the number of investment opportunities to invest in Third-Party Management Companies that will be presented to any Advisory Account.
- In addition, identifying attractive investment opportunities in Third-Party Management Companies is difficult and involves a high degree of uncertainty, and there is no assurance that any particular Advisory Account will acquire interests in such investments. Negotiations of investments of this type can be difficult and complicated, and legal or contractual transfer restrictions, including rights-of-first refusal, change-of-control, and other similar provisions to which the Third-Party Management Companies are subject may prevent an Advisory Account from making such investment.
- **Key Persons; Non-Competition**—Third-Party Management Companies in which an Advisory Account invests may rely heavily on certain of their key personnel to manage and direct the operations of the Third-Party Management Companies. The presence and retention of key personnel is particularly important to participants in the alternative investment managing sector, including the Third-Party Management Companies, and the departure of key personnel or their inability to fulfill their responsibilities may adversely affect the ability of a Third-Party Management Company to effectively implement its investment program, which may have an adverse effect on an Advisory Account.
 - **Limitations on AIMS's Authority**—Third-party managers, and not AIMS, typically have responsibility for the day-to-day management of the third-party investment vehicles in which Advisory Accounts may invest. AIMS's ability to waive or amend the investment objectives, policies, and strategies, remove, replace, or withdraw assets from a third-party manager, reallocate assets among third-party managers and vary or change the allocation of assets of an Advisory Account may be subject to the limitations imposed by the agreements with third-party managers, market conditions and applicable law. Losses may result during the time it takes AIMS to react to market or other conditions and comply with the required notice obligations or other contractual agreements.

- **Limited Ability to Negotiate Terms of Investments in Underlying Funds**—When an Advisory Account acquires interests from investors in underlying funds, rather than from the underlying funds themselves (secondary investments), AIMS may have limited or no opportunity to negotiate the terms of the interests in the underlying funds or other special rights or privileges. Advisory Accounts will typically have the opportunity to acquire a portfolio of interests in funds from a seller only on an "all or nothing" basis and, in some cases, certain components of such investments may be less attractive than others. In addition, the Advisory Account's performance will be affected by the structure of the acquisition and the terms of the funds, including with respect to legal, tax, regulatory and other considerations, and the Advisory Account generally will have limited or no control over the funds. The terms, structure and other aspects of such fund investments may be disadvantageous for legal, tax, regulatory and other reasons.
 - **Limited Regulatory Oversight**—Third-party managers to which Advisory Accounts allocate assets may be subject to limited or no regulatory requirements or governmental oversight. Therefore, an Advisory Account may not have the benefit of certain protections that would otherwise be afforded to investors had the third-party managers been more heavily regulated.
 - **Limited Track Record of Third-Party Management Companies**—An Advisory Account may invest in Third-Party Management Companies run by managers who have established their Third-Party Management Companies generally after working with various investment firms. The past performance of the third-party manager's prior fund or investments (whether in a principal capacity or an advisory role) may not be an indication of the future performance of the manager's new Third-Party Management Company. There can be no assurance that these Third-Party Management Companies will achieve their respective performance objectives. The failure of one or more of the Third-Party Management Companies to meet their performance objectives could have an adverse effect on an Advisory Account.
 - **Performance Dependent Upon Third-Party Management Companies**—While it is expected that representatives of GSAM will periodically meet with the personnel of Third-Party Management Companies in which an Advisory Account invests and may negotiate contractual terms on behalf of an Advisory Account requiring Third-Party Management Companies to periodically provide GSAM and the Advisory Account with certain information, GSAM generally will not have the opportunity to evaluate the specific strategies employed by the Third-Party Management Companies and the Third-Party Management Company Funds, and GSAM will not have an active role in the day-to-day management of the Third-Party Management Companies and the Third-Party Management Company Funds. GSAM will have no obligation to seek to control or influence any Third-Party Management Company. The returns of an Advisory Account that invests in Third-Party Management Companies will depend largely on the performance of the Third-Party Management Companies and could be substantially adversely affected by the unfavorable performance and/or practices and policies of the Third-Party Management Companies.
 - **Reliance on Third-Party Managers**—It is expected that AIMS generally will have less ability to monitor investments in third party-managed funds and to obtain full and current information with respect to such investments than it would have if the investments were made directly through investment funds and separate accounts managed by AIMS. While AIMS will select and monitor the third-party managers, AIMS relies to a great extent on information provided by the third-party managers and may have limited access to other information regarding the third-party managers' portfolios and operations.
- Success of investments in third party-managed funds depends upon, among other things, the ability of the third-party managers to develop and successfully implement strategies that achieve their investment objectives. AIMS relies on the expertise of numerous third-party managers who are actively involved in running and overseeing the underlying funds to help identify, evaluate, underwrite, operate, manage and dispose of assets. AIMS's selection of an underlying fund in which to invest its investment funds and separate accounts is inherently based on subjective criteria with the result that the true performance and abilities of a particular third-party manager will be difficult to assess. The historical performance of a third-party manager is

not indicative of its future performance, which can vary considerably. Moreover, the underlying funds may be recently formed and may have no independent operating history upon which to evaluate their likely performance. In addition, while representatives of AIMS may, from time to time, serve on the advisory boards of certain underlying funds or portfolio companies, AIMS generally will not have the opportunity to evaluate or to approve the specific investments made by any underlying fund and will not have an active role in the day-to-day management of the underlying funds. Consequently, the success of an underlying fund, and, in turn, any of AIMS's investment funds or separate accounts, is substantially dependent on the third-party managers of the underlying funds in which the investment funds and separate accounts invest and the individuals associated with such third-party managers. Should one or more of these individuals become incapacitated or in some other way cease to participate in the investment determinations of the applicable underlying fund, AIMS's investment funds and separate accounts could be adversely affected. In addition, the returns of AIMS's investment funds and separate accounts could be substantially adversely affected by the unfavorable performance of any of the underlying funds in which they invest.

Furthermore, there is a risk that a third-party manager may knowingly, negligently or otherwise withhold or misrepresent information, including the presence or effects of any fraudulent or similar activities. Even if a third-party manager has not engaged in any wrongdoing, a third-party manager and its operations could be adversely affected if the third-party manager becomes the subject of (or is otherwise involved in) any formal or informal investigation by a governmental or regulatory agency or is otherwise suspected to have engaged in or be involved in any wrongdoing (including through reports in the press). AIMS's proper performance of its monitoring functions would generally not give AIMS the opportunity to discover such situations prior to the time the third-party manager discloses (or there is public disclosure of) the presence or effects of any fraudulent or similar activities. In addition, certain service providers and consultants to third-party managers may also engage in fraudulent or similar activities (e.g., the dissemination by "expert networks" of material, non-public information regarding issuers), and third-party managers may

intentionally or negligently benefit from such activities. In connection with AIMS's ongoing review of third-party managers, AIMS may identify certain deficiencies with or other concerns relating to the manager. AIMS may decide not to terminate a third-party manager despite the identification of such deficiencies or concerns for various reasons. If an underlying fund suffers losses during this period, AIMS's investment funds and separate accounts could be adversely affected. Alternatively, AIMS may determine to withdraw or attempt to withdraw assets of AIMS's investment funds and separate accounts from an underlying fund as a result of such deficiencies or concerns, but may be unable to do so for a significant period of time, and AIMS's investment funds and separate accounts may be adversely affected.

- **Risks Applicable to Allocation of Assets to Certain Third-Party Management Companies**—GSAM may allocate Advisory Account assets to Third-Party Management Companies that have relatively low levels of assets under management, limited direct experience managing Third-Party Management Company) and/or limited or no experience managing certain of the strategies expected to be deployed by them in their investment program. GSAM's ability to determine whether a Third-Party Management Company possesses the capability and resources to effectively manage an investment advisory business (notwithstanding any portfolio management experience) may be limited, including because such Third-Party Management Company may have limited or no independent track records. GSAM's allocation of Advisory Account assets to a Third-Party Management Company may entail additional risks, including risks related to lack of infrastructure, fewer dedicated resources and less developed marketing and other capabilities relative to other managers. In addition, a Third-Party Management Company may not have previous experience with applicable legal and regulatory considerations associated with managing a Third-Party Management Company Fund. The foregoing may result in greater deficiencies relating to operations, risk management and investment management. Such deficiencies may have an adverse effect on an Advisory Account's performance.
- **Risks Related to Investments in Third-Party Investment Vehicles**—The acceptance of additional subscriptions by

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

received in respect of investments in third-party investment vehicles. The valuations received by GSAM will typically be estimates only, and such valuations generally will be used to calculate the net asset value and fee accruals (to the extent applicable) in respect of an Advisory Account to the extent that current audited information is not then available. Such valuations provided by the third-party managers may be subject to later adjustment based on valuation information available at that time, including, without limitation, as a result of year-end audits.

- **Third-Party Managers Invest Independently**—The third-party managers make investment decisions independently of other third-party managers and may at times hold economically offsetting positions, and could indirectly incur transaction costs without accomplishing any net investment result, or may be competing with each other for the same positions in one or more markets. Multiple third-party managers may hold large positions in a relatively limited number of the same or similar investments. Greater concentration of positions across multiple third-party managers likely will increase the adverse effect of any problems experienced in the market, sector, or industry in which the positions are concentrated.
- **Underlying Funds Invest Independently**—The underlying funds in which AIMS's investment funds and other Advisory Accounts invest make investment decisions independently from each other and may at times hold economically offsetting positions, or could hold interests in the same underlying portfolio companies. Greater concentration of positions across multiple underlying funds or portfolio companies likely will increase the adverse effect of any problems experienced in the market, sector, or industry in which the positions are concentrated.

RISKS THAT APPLY PRIMARILY TO REAL ESTATE INVESTMENTS

- **Dependence on Property Managers and Operating Partners**—Certain real estate investments rely on the expertise of property managers who are responsible for the day-to-day management of properties and operating partners who help to identify, evaluate, underwrite, operate, manage and dispose of assets. The selection of property managers and operating partners is inherently

based on subjective criteria, making the true performance and abilities of a particular property manager or operating partner difficult to assess. This reliance on third parties to manage or operate investments poses significant risks. For example, a property manager or operating partner may suffer a business failure, become bankrupt or engage in activities that compete with investments. These and other problems, including the deterioration of the business relationship between GSAM and the property manager or operating partner, could have an adverse effect on the assets held by an Advisory Account.

- **Development Risks**—Real estate investments may require development or redevelopment, which carries additional risks, including risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks due to weather, labor conditions or material shortages), and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of an Advisory Account.
- **Failure to Qualify as a REIT Would Result in Higher Taxes**—Each REIT in which an Advisory Account invests will operate in a manner intended to qualify as a REIT for U.S. federal income tax purposes. A REIT's compliance with the REIT income and asset requirements depends, however, upon its ability to successfully manage the composition of its income and assets on an ongoing basis. If any REIT were to fail to qualify as a REIT in any taxable year, it would be subject to U.S. federal, state and local income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and distributions by the REIT would not be deductible by such REIT in computing its taxable income. Even if a REIT remains qualified for taxation as a REIT, it may be subject to certain U.S. federal, state and local taxes on its income and assets under certain circumstances.
- **Impact of Recessionary Environment on Real Estate Investments**—Investments in real estate may be adversely affected by deteriorations and uncertainty in the financial markets and economic conditions throughout the world. Real estate historically has experienced significant fluctuations and cycles in value and local market conditions which may result in reductions in the value of real property interests. All real estate-related investments are subject to the risk that a general downturn in the national or local economy will depress real estate prices. Recent economic developments have increased, and may continue to increase, the risk associated with investing in real estate investments. Given the volatile nature of the current market disruption and the uncertainties underlying efforts to mitigate or reverse the disruption, GSAM may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments and trends in new products and services, in the current or future market environment. Such a failure could adversely affect the Advisory Accounts and their investment objectives or could require Advisory Accounts to dispose of investments at a loss while such unfavorable market conditions prevail.
- **Real Estate Industry Risks**—The real estate industry is particularly sensitive to economic downturns; specific market conditions may result in occasional or permanent reductions in property values. The values of securities of companies in the real estate industry may go through cycles of relative under-performance and out-performance in comparison to equity securities markets in general. Additionally there are risks related to general and local economic conditions which may include: possible increased cost of or lack of availability of mortgage financing or insurance, variations in rental income, neighborhood values or the appeal of property to tenants; interest rates; overbuilding; extended vacancies of properties; increases in competition, property and other taxes, assessed values and operating expenses; fluctuations in energy prices; and changes in zoning laws. Real estate industry companies are dependent upon management skill, may not be diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation. Advisory Accounts may be subject to personal injury or property damage or similar claims by private parties in respect of investments, and changes in laws or in the condition of an asset may create liabilities that did not exist at the time of acquisition of an investment and that

could not have been foreseen. In addition, investments that may require development are subject to additional risks, including availability and timely receipt of zoning and other regulatory approvals and cost and timely completion of construction (which may be affected by weather, labor conditions or material shortages).

- **REIT Risks**—REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions and other factors. Securities of such issuers may lack sufficient market liquidity to enable the Advisory Account to effect sales at an advantageous time or without a substantial drop in price. The failure of a company to qualify as a REIT could have adverse consequences for an Advisory Account invested in the company.

RISKS THAT APPLY PRIMARILY TO ESG INVESTMENTS

- **Environmental and Social Impact Investments**—Environmental and/or social impact investing is a relatively new investment strategy. There may be operational or theoretical shortcomings which could result in unsuccessful investments and, ultimately, losses to an Advisory Account that implements such a strategy. New investment techniques utilized by GSAM on behalf of an Advisory Account may be more speculative than established techniques and may increase the risk of the investment. It may be difficult for GSAM to project accurately the environmental and/or social impact of prospective investments. Environmental and/or social impact investments may not provide as favorable returns or protection of capital as other investments. Such investments may be structured using non-standard terms that are less favorable for an Advisory Account than those traditionally found in the marketplace for investment strategies that do not link environmental and/or social impact to financial returns. GSAM or an Advisory Account may determine to forego an investment that could provide favorable returns because such investment would not have sufficient environmental and/or social impact.

- **Risks Associated with Impact Investments**—Subject to an Advisory Account's documentation, GSAM may take into account the potential environmental and/or social impact when making decisions regarding the selection, management and disposal of investments on behalf of the Advisory Account. In certain situations, the potential social impact may outweigh financial considerations. For example, GSAM, on behalf of the Advisory Account, may choose to make an investment that has a lower expected financial return when compared to other possible investments because such investment has the potential to make a greater environmental and/or social impact. In addition, GSAM may reject an opportunity to increase the financial return of an existing investment in order to preserve the environmental and/or social impact of such investment. Further, GSAM, on behalf of an Advisory Account, may refrain from disposing of an underperforming investment for a period of time in order to minimize the negative environmental and/or social impact of such disposition and the Advisory Account may forebear payment or otherwise choose not to exercise its rights as a creditor. As a result of the foregoing, an Advisory Account may achieve lower returns than if it did not take into account the environmental and/or social impact of investments and investment-related decisions. On the other hand, an Advisory Account may determine in any particular situation to take steps to preserve its financial returns, notwithstanding any adverse environmental and/or social impact.

RISKS THAT APPLY PRIMARILY TO GPS

- **Access to Information**—GSAM seeks to select potential investment products for an Advisory Account utilizing information made available to it. With respect to those efforts, GSAM will rely on information and sources it utilizes as accurate, complete or up-to-date. Under certain circumstances, GSAM may not (i) access certain information (which may be material) regarding a specific investment product (including, for example, if the manager or an issuer of an investment product does not provide GSAM access to certain information) or (ii) utilize certain information (which may be material) in its possession regarding a specific investment product (including because use of such information would or might be a breach of duty or confidence to any other person or of applicable law, or would violate any

applicable policies or procedures). In addition, Goldman Sachs maintains internal information barriers, as further described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Certain Effects of the Activities of GSAM and Other Goldman Sachs Entities on Advisory Accounts, that may prevent GSAM personnel from obtaining relevant information. For example, when GSAM conducts due diligence of Affiliated Products, it may be restricted from obtaining information it might otherwise request with respect to such Affiliated Products and their sponsors, managers, or advisers as a result of such information barriers. If GSAM personnel do not have access to certain information with respect to an investment product, they may determine not to consider such investment product for an Advisory Account, which could adversely affect the Advisory Account. Conversely, GSAM personnel may select an investment product for the Advisory Account notwithstanding that certain material information is unavailable to such personnel. Any allocation to (or continued holding of) such an investment product could adversely affect the Advisory Account. For example, such investment product could significantly decline in value, resulting in substantial losses to the Advisory Account.

- Investments in Affiliated Products—Generally, the guidelines for GPS Advisory Accounts provide that either only Affiliated Products or only External Products will be selected or recommended for the Advisory Accounts or for particular asset classes or strategies within the Advisory Accounts. However, in certain cases, the guidelines for a GPS Advisory Account provide that both Affiliated Products and External Products may be selected or recommended for the Advisory Account or for particular asset classes or strategies within the Advisory Account. As described below, conflicts of interest arise in situations in which GPS is permitted to allocate Advisory Account assets to both Affiliated Products and External Products. In addition, as described below, the differing fee arrangements that apply to investments by GPS Advisory Accounts in Affiliated Products as compared to External Products create a preference for the selection or recommendation of Affiliated Products over External Products. Material risks related to these conflicts and preference are described below. Please also refer to the

potential conflicts of interest described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Financial Incentives in Selling and Managing Advisory Accounts.

- No Additional Fees for Investments in Affiliated Products—GPS receives management fees with respect to its investment advisory activities for its Advisory Accounts. In addition, GPS Advisory Accounts bear all fees relating to investments in External Products. However, GPS Advisory Accounts generally do not bear any additional fees with respect to investments in Affiliated Products (either because the Affiliated Products do not charge fees or because the fees paid to Affiliated Products are offset against the fees charged by GPS). Therefore, similarly situated Advisory Accounts that invest in Affiliated Products are generally expected to bear an overall lower level of fees than Advisory Accounts that invest in External Products. As a result, with respect to Advisory Accounts whose guidelines permit investments in both Affiliated Products and External Products, there is a significant financial incentive (i.e., lower overall fees for the client) for the Advisory Account to invest in Affiliated Products rather than External Products. Conversely, GPS may have an incentive to select or recommend External Products because Goldman Sachs does not receive additional fees from the Advisory Accounts in respect of investments in Affiliated Products even though it is providing additional services to the Advisory Accounts. However, in such circumstances there may be countervailing considerations outside the best interests of the client that may incentivize GPS to select or recommend Affiliated Products (e.g., increased assets under management for Affiliated Products), including Affiliated Products Managed by GPS, over External Products. Generally, GPS does not share in the fees received by External Products or their managers.
- Regulatory Restrictions Applicable to Goldman Sachs—From time to time, the activities of Affiliated Products may be restricted because of regulatory or other requirements applicable to Goldman Sachs and/or its internal policies designed to comply with, limit the applicability of, or otherwise relate to such requirements. External Products may not be subject to some of these restrictions or considerations and, as a result, may

outperform Affiliated Products. For additional information, please refer to Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Participation or Interest in Client Transactions—Firm Policies and Regulatory Restrictions Affecting Advisory Accounts.

- Differences in the Due Diligence Process Relating to External Products and Affiliated Products—GPS utilizes different due diligence processes to review External Products and Affiliated Products. External Products are reviewed by AIMS, while potential Affiliated Products are reviewed by GPS. Due diligence of External Products by AIMS is typically carried out over a number of weeks and may include lengthy on-site meetings, extensive analytics related to historical performance, reference calls and risk report reviews. Due diligence by GPS is generally limited to an assessment of certain qualitative and, to a lesser extent, quantitative factors to determine that a potential Affiliated Product is suitable for the applicable Advisory Account. On the whole, the due diligence process for Affiliated Products is significantly less rigorous and substantively different than that for External Products. As a result, GPS may select or recommend an Affiliated Product for an Advisory Account that underperforms External Products (or other Affiliated Products) that might have been selected or recommended had the due diligence process applicable to External Products been utilized for Affiliated Products. See Item 8, Methods of Analysis, Investment Strategies and Risk of Loss—Methods of Analysis and Investment Strategies—Global Portfolio Solutions for additional risks and considerations relating to, among other things, differences in the GPS selection process for External Products and Affiliated Products.
- Use of AIMS Approved Manager List for External Products—AIMS maintains a list of approved third-party managers ("AIMS Approved Manager List") and determines, based on its ongoing diligence review, whether an External Product should be retained on the AIMS Approved Manager List. GPS generally only selects or recommends External Products the managers of which are included on the AIMS Approved Manager List, and if AIMS removes the manager of an External Product from the AIMS Approved Manager List, GPS is expected to withdraw (or recommend the withdrawal of) such External Product from Advisory Accounts unless a client specifically requests to retain the External Product. Affiliated Products are not subject to AIMS' ongoing due diligence or to the AIMS Approved Manager List. There is no similar list or removal process for Affiliated Products, although GPS may withdraw (or recommend the withdrawal of) Affiliated Products on a case-by-case basis based on factors it deems relevant at the time of any such consideration. The fact that Affiliated Products are not subject to the diligence review and AIMS Approved Manager List and removal processes applicable to External Products could cause them not to be withdrawn from Advisory Accounts prior to periods in which they underperform potential replacement investment products.
- No Review of External Products When Investing Only in Affiliated Products—In connection with an Advisory Account or an asset class within an Advisory Account that, pursuant to its guidelines invests only in Affiliated Products, GPS will not review or consider External Products. As a result, there may be one or more External Products that would be a more appropriate addition to the Advisory Account than the Affiliated Product selected by GPS, from the standpoint of the factors that GPS has taken into consideration or other factors. Such External Products may outperform the Affiliated Product selected for the Advisory Account.
- Limited Review of External Products—In connection with an Advisory Account that, pursuant to its guidelines may invest in External Products (either because the guidelines provide that the Advisory Account will invest in only External Products or because the guidelines provide that the Advisory Account will invest in both External Products and Affiliated Products), GPS will not review the entire universe of available External Products that may be appropriate for the Advisory Account. Generally, GPS will only review External Products managed by managers listed on the AIMS Approved Manager List, and typically will only review a subset of such External Products as it determines in its sole discretion. As a result, there may be one or more External Products that would be a more appropriate addition to the Advisory Account than the investment product selected by GPS, from the standpoint of the factors that GPS has taken into consideration or other factors. Such External Products may outperform the investment product selected for the Advisory Account.

- **Accessing External Products Through Affiliated Products**—External Products include hedge funds advised by third-party managers ("External Hedge Funds"). Generally, Advisory Accounts access External Hedge Funds through investments in GS Funds of Funds or through direct investments in third-party managed hedge funds. GPS does not utilize funds of funds that are not Affiliated Products to access External Hedge Funds unless specifically directed to do so by the client. As described above, Advisory Accounts managed by GPS generally do not bear fees with respect to Affiliated Products. Accordingly, Advisory Accounts do not pay any fees to GS Funds of Funds in order to access External Hedge Funds, although Advisory Accounts are responsible for their pro rata share of the expenses of the GS Funds of Funds, which generally includes fees paid by the GS Funds of Funds to the External Hedge Funds.
- **Tactical Tilts**—GSAM utilizes tactical investment ideas derived from short-term market views ("Tactical Tilts") for Advisory Accounts. Unless specifically directed otherwise by a client (for example, in the case in which a GPS client or Advisory Account specifically require or contemplate the use of one of the client's third-party managers to implement certain types of tactical tilts), with respect to GPS-managed Advisory Accounts, all Tactical Tilts are implemented through Affiliated Products or directly by GSAM personnel, even in the case of Advisory Accounts the guidelines of which do not otherwise provide for investments in Affiliated Products. As described above, other than with respect to GPS's management fee, Advisory Accounts generally do not bear fees in respect of Affiliated Products. Accordingly, Advisory Accounts do not pay additional fees in connection with the implementation of Tactical Tilts. There are material risks related to the use of Tactical Tilts for Advisory Accounts. For example, the timing for implementing a Tactical Tilt or unwinding a position can materially affect the performance of such Tactical Tilt. For various reasons, other businesses within Goldman Sachs may implement a Tactical Tilt or unwind a position for client accounts or on their own behalf at a different time than GPS does on behalf of Advisory Accounts, which could have an adverse effect on Advisory Accounts and may result in poorer performance by Advisory Accounts than by Goldman Sachs or other client accounts. In addition, unless otherwise agreed in the agreement governing the Advisory Account, GPS monitors an Advisory Account's Tactical Tilt positions only on a periodic basis. Therefore, changes in market conditions and other factors may result in substantial losses to an Advisory Account, and no assurance can be given that a Tactical Tilt position will be unwound before the Advisory Account suffers losses. The use of Tactical Tilts also may include the risk of reliance on models.
- **Target Ranges and Rebalancing**—Certain Advisory Accounts, either generally or with respect to particular asset classes and/or product classes, may allocate to both Affiliated Products and External Products in accordance with target allocations or target ranges. For these Advisory Accounts, the conflicts and risks described above with respect to allocating assets to both Affiliated Products and External Products apply. In addition, to the extent a client designates target allocations or target ranges for Affiliated Products and External Products within an Advisory Account or a particular asset class or strategy within the Advisory Account, allocations of an Advisory Account's assets may, from time to time, be out of balance with the Advisory Account's target ranges for extended periods of time or at all times due to various factors, such as fluctuations in, and variations among, the performance of the investment products to which the assets are allocated and reliance on estimates in connection with the determination of percentage allocations. Any rebalancing by GPS of the Advisory Account's assets may have an adverse effect on the performance of the Advisory Account's assets. For example, the Advisory Account's assets may be allocated away from an over-performing investment product and allocated to an under-performing investment product, which could be harmful to the Advisory Account. In addition, the achievement of any intended rebalancing may be limited by several factors, including the use of estimates of the net asset values of the investment products, and, in the case of investments in investment products that are pooled investment vehicles, restrictions on additional investments in and redemptions from such investment products. Similarly, the use of target ranges in respect of product classes may result in an Advisory Account containing a significantly greater percentage of Affiliated Products than would otherwise be the case, including during periods in which Affiliated Products underperform External Products. In such circumstances, there may be one or more External Products that would

be a more appropriate addition to an Advisory Account than the Affiliated Products then in the Advisory Account. Such External Products may outperform the Affiliated Products then in the Advisory Account.