
GS Investment Strategies, LLC

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This brochure provides information about the qualifications and business practices of GS Investment Strategies, LLC. 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 GS Investment Strategies, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

May 13, 2011

Item 2 - MATERIAL CHANGES

This section is currently not applicable. This brochure ("Brochure") is dated May 13, 2011. For ease of reference, capitalized terms that are defined when first used in the Brochure are also set forth in the Glossary.

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Item 4 - ADVISORY BUSINESS

GS Investment Strategies, LLC

This Brochure relates to GS Investment Strategies, LLC ("GSIS").

GSIS, together with Goldman Sachs Asset Management, L.P. ("GSAMLP"), Goldman Sachs Asset Management International ("GSAMI"), and Goldman Sachs Hedge Fund Strategies LLC ("HFS"), each a U.S. registered investment adviser, and various locally regulated affiliates, including affiliates in Bangalore, Beijing, Frankfurt, Hong Kong, London, Milan, São Paulo, Seoul, Singapore, 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 has been providing financial solutions for investors since 1988.

The sole member and principal owner of GSIS is The Goldman Sachs Group, Inc. GSIS has been providing advisory services since 2007.

In this Brochure, The Goldman Sachs Group, Inc., GSIS, 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, including alternative investment funds, that are sponsored, managed or advised by GSIS are referred to in this Brochure as "Advisory Accounts."

Advisory Services

Separately Managed Accounts and Alternative Investment Funds

GSIS primarily offers investment management advice through alternative investment funds (including, without limitation, hedge funds, private equity funds and private equity co-investment funds). The investment strategies that GSIS offers cover a broad range of asset classes and strategies, including, without limitation, long/short strategies, relative value and arbitrage strategies, event-driven strategies, long-only strategies and private investment strategies. GSIS also provides investment management advice through separately managed accounts.

GSIS's has a single investment management portfolio team that provides financial solutions for investors by utilizing a broad range of strategies that include multi-strategy portfolios and customized strategies that employ sub-strategies of the following investment strategies:

Multi-strategy

GSIS manages Advisory Accounts that invest across a wide-range of investment strategies. In managing these Advisory Accounts, GSIS is more opportunistic in targeting specific long/short, relative value and arbitrage and event-driven strategies. GSIS may also from time to time manage Advisory Accounts that utilize one or more of these strategies. The long/short, relative value and arbitrage and event-driven strategies are described below:

- *Long/short strategies.* Long/short strategies involve taking long positions with respect to securities, currencies, commodities and other instruments, or baskets of these or similar instruments, that GSIS believes are under-valued, and/or taking short positions where GSIS believes such instruments or baskets are over-valued.

- *Relative value and arbitrage strategies.* Relative value and arbitrage strategies seek to profit from the relative mispricing of related assets. Although these strategies are fundamentally driven, they may also have quantitative elements and be based on theoretical or historical pricing relationships.
- *Event-driven strategies.* Event-driven strategies seek to exploit situations in which an anticipated corporate event is expected to generate price movement, including, for example, mergers, acquisitions, restructurings, bankruptcies, recapitalizations, spin-offs, split-offs, liquidations, regulatory or legal developments and other events.

Long-only strategies

GSIS may from time to time manage Advisory Accounts that utilize long-only strategies. Long-only strategies involve taking only long positions with respect to equity securities and certain other instruments, or baskets of these or similar instruments, that GSIS believes are under-valued and/or that GSIS believes have potential for growth in value over time.

Private investment strategies

GSIS currently manages Advisory Accounts that utilize private investment strategies. Private investment strategies focus primarily on investing through privately negotiated transactions in privately held companies or assets with growth potential. GSIS currently manages Advisory Accounts that invest in private investments and GSIS also manages Advisory Accounts that co-invest alongside other Advisory Accounts in a single private investment.

Investment Restrictions

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

Where GSIS 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.

Assets Under Management

As of December 31, 2010, GSIS had assets under management of \$8,057,122,551, all of which was managed on a discretionary basis. As of December 31, 2010, GSIS did not have any assets under management that were managed on a non-discretionary basis.

Item 5 - FEES AND COMPENSATION

Fee Schedules

GSIS does not maintain a standard fee schedule for separately managed accounts. Fees with respect to separately managed accounts are individually negotiated with each client and may vary depending on a number of factors, including the investment strategies to be employed and the amount of assets in the account.

Investors in GSIS managed hedge funds are typically subject to an asset-based fee of up to 2% per annum of the value of the hedge fund's investments, plus an annual performance-based fee of up to 20% of appreciation of the value of the hedge fund investments (usually calculated by reference to an investor's high-water mark or benchmark).

Investors in GSIS managed private equity funds are typically subject to an asset-based fee of up to 2% per annum on an investor's contributed capital and a performance-based fee of up to 20% that applies once investors have received a return of contributed capital and a specific minimum return on that capital.

Underlying Fund Fees and Other Certain Fees Received by GSIS and its Affiliates

GSIS's affiliates may receive fees for advisory, administration, distribution, shareholder servicing, sub-accounting, sub-transfer agency and other related services, or "12b-1" fees from the mutual funds in which Advisory Accounts invest or affiliates of such funds. These fees and expenses are paid by each mutual fund, but are ultimately borne by clients as shareholders in the funds. GSIS in certain cases may, on behalf of an Advisory Account, invest in another investment fund managed by GSIS or its affiliates or a third-party and the Advisory Account will bear a proportionate share of the fees and expenses of such other investment fund. All fees and expenses are generally in addition to the advisory fees each Advisory Account pays to GSIS. In addition, a private investment fund or GSIS or its affiliates may receive deal fees, sponsor fees, monitoring fees or other similar fees for services provided to portfolio companies that may not be shared with investors. The fees and expenses imposed by a private investment fund may offset trading profits, thus reducing returns. Master-feeder funds are subject to multiple levels of expenses.

Compensation received by GSIS and its affiliates related to various services to pooled investment vehicles generally will be retained by GSIS and its affiliates. Except to the extent required by applicable law, GSIS is not required to offset such compensation against fees and expenses the client may otherwise owe GSIS and its affiliates. In certain circumstances, however, clients may be able to negotiate to have some of the fees charged by the fund credited against the advisory fees charged by GSIS.

Calculation and Deduction of Advisory Fees

Fees for Advisory Accounts generally are calculated and billed monthly in arrears. Subject to negotiation, fees will be prorated through the date of liquidation or termination. Where the custodian is a third party, clients generally will arrange to have such fees debited directly from the client's account for credit to GSIS, 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 GSIS's advisory services.

Transaction Charges

GSIS's clients will pay brokerage commissions, mark-ups, mark-downs, other commission equivalents and/or transaction costs related to transactions effected for their Advisory Accounts to executing broker-dealers. As described in Item 12, Brokerage Practices, GSIS will effect these transactions subject to its obligation to seek best execution. The different types of execution 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 and 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 to buy from a client, purchases the security from another person to offset a contemporaneous sale to the client or, after having received an order to sell from a client, sells the security to another person to offset a contemporaneous purchase from the client.
- **Markups:** the price charged to a client, less the prevailing market price and 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 and 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) and is included in the price of the security. The difference or spread narrows or widens in response to the supply and demand levels of the security.

To the extent that transactions are effected through Goldman Sachs, Goldman Sachs, like any other broker-dealer executing a transaction, 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. As described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, personnel of Goldman Sachs ("Personnel") may receive referral or brokerage compensation in connection with transactions effected for Advisory Accounts, and Goldman Sachs and Personnel have financial interests in clients instructing GSIS to direct all transactions to Goldman Sachs. In such circumstances, no accounting to Advisory Accounts will be required, Goldman Sachs will be entitled to retain all such fees and other amounts and no fees or other compensation will be reduced thereby.

Additional information about transaction charges is available in Item 12, Brokerage Practices.

Custody and Other Fees

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

Prepaid Fees

GSIS generally does not charge clients fees in advance.

Compensation for the Sale of Securities

Generally, except as described below, GSIS Personnel do not receive formulaic compensation based on the sale of securities or other investment products. Compensation is based on a variety of factors, including, but not limited to: an individual's contribution to net revenues for the past year which in part are derived from advisory fees, and for certain Advisory Accounts, performance-based fees; individual performance; contributions to overall performance; the performance of GSIS and Goldman Sachs; and depending on the individual's role, delivery of investment performance. Certain GSIS Personnel who may be involved in the marketing, promotion and/or sale of investment products are eligible to receive formulaic compensation that is related to the sale of such products. These supervised persons are generally acting in a broker-dealer capacity. Certain of GSIS's affiliates may receive compensation based on the sale of securities or other investment products held directly or indirectly by GSIS. See Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Use of Unaffiliated Brokers

Where GSIS has discretionary authority over a client's Advisory Account it will choose the brokers through which to execute transactions in accordance with its duty to seek best execution. In some cases, GSIS may determine that best execution may be sought through a Goldman Sachs affiliate.

Clients may purchase certain of the investment products recommended by GSIS directly or through broker-dealers that are not affiliated with Goldman Sachs. Doing so may result in fee and execution charges that are lower (or higher) than those charged by Goldman Sachs.

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

GSIS currently manages Advisory Accounts that are subject to both performance-based fees and asset-based fees. A performance-based fee may include carried interest, override, incentive allocation and other similar forms of performance based compensation.

GSIS may manage Advisory Accounts that pay performance-based fees and Advisory Accounts that pay asset-based fees and utilize the same investment strategy and invest in the same assets.

Performance-based fee arrangements for Advisory Accounts may vary among clients and investment strategies. For example, Advisory Accounts that invest in readily marketable securities often provide for an asset-based fee based on the market value of the investments in the account at specified month/quarter ends and/or a performance-based fee often calculated by reference to the relevant high water marks for such Advisory Account. Others, such as Advisory Accounts that invest in assets which lack a readily available market value may provide for an asset-based fee based on the investor's capital commitment to the account and a performance-based fee that applies once investors have received a return of their contributed capital and a specific minimum return. In addition, certain Advisory Accounts may be subject to a performance-based fee that is paid only after a specified return has been achieved (a "preferred return") as compared to other Advisory Accounts that are subject to a performance-based fee that is not subject to a preferred return, or are subject to a lower preferred return or a performance-based fee that is subject to a high water mark. These different types of performance fees may make it more likely that GSIS will receive a higher performance-based fee for certain Advisory Accounts than they will for other Advisory Accounts.

Advisory Accounts that pay performance-based fees reward the advisor based on the performance in those Advisory Accounts. Performance 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 and that may be more speculative than would exist if only asset-based fees were applied. The simultaneous management of Advisory Accounts that pay performance-based fees and Advisory Accounts that only pay an asset-based fee or that pay performance-based fees that are calculated in a different manner may create a conflict of interest as the portfolio manager may have an incentive to favor Advisory Accounts with the potential to receive greater fees. For instance, a portfolio manager may be faced with a conflict of interest when allocating scarce investment opportunities given the possibly greater fees from Advisory Accounts that pay performance-based fees as opposed to Advisory Accounts that pay no performance-based fees. To address these types of conflicts, GSIS has adopted policies and procedures under which allocation decisions may not be influenced by fee arrangements and trades and will be allocated in a manner that GSIS believes is consistent with its obligations as an investment adviser. GSIS's policies and procedures relating to allocation of investment opportunities are described further below. In addition, actions for one Advisory Account may affect other Advisory Accounts. For additional information about these situations, please see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Side-by-Side Management

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

To address these potential conflicts, GSIS has developed allocation policies and procedures that provide that personnel of GSIS making portfolio decisions for Advisory Accounts ("Advisory Personnel") will make

purchase and sale decisions and allocate investment opportunities among Advisory Accounts consistent with its fiduciary obligations. These policies and procedures result in the pro rata allocation (on a basis determined by GSIS) of limited opportunities across eligible Advisory Accounts managed by a particular portfolio management team, but in many other cases the allocations reflect numerous other factors as described below. Advisory Accounts managed by different portfolio management teams may be viewed separately for allocation purposes.

Advisory Personnel may make allocation related decisions by reference to one or more factors and suitability considerations, including without limitation:

- account investment horizons and investment objectives;
- different levels of investment for different strategies;
- client-specific investment guidelines and restrictions;
- the expected future capacity of applicable accounts;
- tax sensitivity of accounts;
- suitability requirements and the nature of the investment opportunity;
- cash and liquidity considerations, including without limitation availability of cash for investment;
- relative sizes and expected future sizes of applicable accounts;
- availability of other appropriate investment opportunities;
- legal and regulatory restrictions affecting certain accounts;
- minimum denomination, minimum increments, de minimis threshold and round lot considerations; and
- current investments made by clients with respect to the applicable investment opportunity.

Suitability considerations may include:

- relative attractiveness of an investment to different Advisory Accounts;
- concentration of industry sector, sub-strategy, or positions in an account;
- an account's risk tolerance, risk parameters and strategy allocations;
- use of the opportunity as a replacement for an opportunity GSIS believes to be attractive for an Advisory Account but is otherwise unavailable to the Advisory Account; and/or
- considerations related to hedging a position in a pair trade.

Non-proportional allocations may occur across GSIS, 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. Reputational matters may also be a factor in determining the allocation of opportunities sourced by Advisory Personnel. Advisory Accounts may not be offered investment opportunities sourced through Goldman Sachs.

GSIS may, from time to time, develop and implement new trading strategies or seek to participate in new investment opportunities and trading strategies. These strategies and opportunities may not be employed in all Advisory Accounts or pro rata among Advisory Accounts where they are employed, even if the strategy or opportunity is consistent with the objectives of such accounts. In addition to the factors described above, GSIS 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 account's liquidity, the business risk of the strategy relative to the Advisory Account's overall portfolio make-up, and the lack of

efficacy of, or return expectations from, the strategy for the 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 the availability of other strategies for the account.

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

As a result of the above, there will be cases where certain Advisory Accounts receive an allocation of an investment opportunity when other accounts do not. The application of these principles may cause differences in the performance of different Advisory Accounts that have similar strategies.

IPO/New Issue Allocation Policies

Allocation of initial public offerings or new issues ("IPO/New Issue") will be effected consistent with fiduciary duties. In many circumstances allocation of relevant issues will be made on a pro rata basis to Advisory Accounts eligible to participate in an IPO/New Issue, but may be adjusted under certain circumstances, for example in situations of scarcity where pro rata allocations would result in de minimis positions or odd lots. An Advisory Account may not be eligible to participate in an IPO/New Issue where, for example, the investment guidelines for an Advisory Account explicitly prohibit IPOs/New Issues, the account is for a "restricted person" as defined under Financial Industry Regulatory Authority ("FINRA") Rule 5130, as amended, supplemented and interpreted from time to time, or other similar applicable law or rule in the U.S. or other jurisdiction, or the account cannot participate under FINRA Rule 5131, as amended, supplemented and interpreted from time to time, or other similar applicable law or rule in the U.S. or other jurisdiction.

Under certain circumstances, IPOs/New Issues, may not be allocated on a pro rata basis. As described above under "Side-by-Side Management," GSIS allocates investment opportunities in accordance with its fiduciary duties, by reference to various factors described in that section. In some cases, the application of the relevant factors will result in certain Advisory Accounts receiving an allocation when other Advisory Accounts do not.

Item 7 - TYPES OF CLIENTS

Types of Clients

GSIS provides investment solutions to a range of institutional investors worldwide. GSIS's clients currently include hedge funds, private equity funds, funds of funds and other private investment funds.

Investors in GSIS-managed private investment funds include a range of individual and institutional investors, pension and profit sharing plans, trusts, estates, charitable organizations, insurance companies, corporations and other business entities, federal, state, local and foreign government entities, and alternative investment vehicles managed by unaffiliated investment advisers.

Account Requirements

Given the customized nature of the separately managed accounts that GSIS does, and may in the future, manage, GSIS does not have a stated minimum dollar value of assets necessary to open or maintain a separately managed account. GSIS makes determinations regarding the minimum dollar value of assets necessary to open or maintain a separately managed account on a case-by-case basis (including, for example, based on the type of investment strategy to be employed on behalf of the separately managed account).

To open or maintain an Advisory Account with GSIS, clients are required to sign an investment advisory agreement that, among other things, details the nature of the investment advisory authority given to GSIS.

In the case of private investment funds, U.S. investors must generally be "accredited investors" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended, and "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The minimum amount investors must invest in such GSIS-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 \$1,000,000 - \$5,000,000, although the minimum amounts may be waived in the discretion of the general partner, managing member or other managing body of each fund.

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

Methods of Analysis and Investment Strategies

GSIS employs an opportunistic and multi-disciplinary investment approach and pursues risk-reward opportunities on a global basis. GSIS's investment team identifies investments based on fundamental research and draws upon its industry knowledge, market experience and cross-market capabilities in looking for attractive risk-reward opportunities globally and across the capital structure in both the public and private markets. Exposure to investments is dynamically allocated in accordance with GSIS's risk-reward view, and GSIS generally employs hedging techniques in order to manage unwanted exposures.

GSIS generally conducts a bottom-up analysis of each of the portfolio's investments. Prior to making an investment, it is the investment team's practice to conduct due diligence on all aspects of the investment that it deems relevant, which may include without limitation, business, financial, tax, accounting, environmental, legal or other factors, in order to determine whether the investment is appropriate for the portfolio. The investment team monitors its strategies and evaluates its existing investments on an ongoing basis to determine whether its investment thesis with respect to an investment is still intact.

GSIS primarily utilizes multi-strategy, long-only and private investment strategies among the different types of clients (hedge funds, private equity funds, funds of funds and other private investment funds) that GSIS services. Each strategy may include both public and private securities. A more detailed description of the strategies that GSIS may employ in managing Advisory Accounts is set forth below.

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

Multi-strategy

GSIS manages Advisory Accounts that invest across a wide-range of investment strategies. In managing these Advisory Accounts, GSIS is more opportunistic in targeting specific long/short, relative value and arbitrage and event-driven strategies. GSIS may also from time to time manage Advisory Accounts that utilize one or more of these strategies. The long/short, relative value and arbitrage and event-driven strategies are described below:

- ***Long/short strategies.*** Long/short strategies involve taking long positions with respect to securities, currencies, commodities and other instruments, or baskets of these or similar instruments, that GSIS believes are under-valued, and/or taking short positions where GSIS believes such instruments or baskets are over-valued. GSIS's long/short investing may be implemented in a variety of industries, geographies and asset classes (e.g., equity, fixed income, commodities and currencies) on a global basis. In selecting investments, GSIS generally emphasizes individual security (or other instrument) selection (also known as "bottom-up" investing) and may consider a wide range of factors in determining whether a security is over- or under-valued.
- ***Relative value and arbitrage strategies.*** Relative value and arbitrage strategies seek to profit from the relative mispricing of related assets. Although these strategies are often fundamentally driven, they may also have quantitative elements and be based on theoretical or historical pricing relationships. Because they focus on capturing value from the relative

mispricing of related assets, relative value and arbitrage strategies can generate returns independent of overall movements in the level of pricing in particular asset classes, although many of these strategies may be constructed with a long or short bias.

- *Event-driven strategies.* Event-driven strategies seek to exploit situations in which an anticipated corporate event is expected to generate price movement, including, for example, mergers, acquisitions, restructurings, bankruptcies, recapitalizations, spin-offs, split-offs, liquidations, regulatory or legal developments and other events. Event-driven strategies are highly issuer- and transaction-specific and rely more on fundamental research and judgment than on quantitative analysis. The strategies are designed to generate profits should a particular event come to pass, while a variety of techniques may be used to mitigate the risk that the event does not happen. Such an investment may be made in certain or all parts of an issuer's capital structure, as well as derivative products.

Long-only strategies

Long-only strategies involve taking only long positions with respect to equity securities and certain other instruments, or baskets of these or similar instruments, that GSIS believes are under-valued and/or that GSIS believes have potential for growth in value over time.

Private investment strategies

GSIS currently manages Advisory Accounts that utilize private investment strategies. Private investment strategies focus primarily on investing through privately negotiated transactions in privately held companies or assets with growth potential. GSIS currently manages Advisory Accounts that invest in private investments and GSIS also manages Advisory Accounts that co-invest alongside other Advisory Accounts in a single private investment.

GSIS attempts to identify opportunities backed by favorable macroeconomic forces, secular trends and superior management teams. GSIS seeks to provide senior equity capital (or securities with equity-like characteristics) to companies that have limited leverage, and the team generally tries to negotiate a series of structural protection provisions including preferential returns, anti-dilution protection, board seats, consent rights over capital raising and exit and other mechanisms for ongoing investment oversight.

GSIS may employ various sub-strategies within the three general categories described above. Such sub-strategies may include, without limitation, the following: long/short equity, equity relative value, directional corporate equity, equity and credit volatility, dividend plays, capital-structure arbitrage, credit-related strategies, investments in distressed companies, convertible-securities arbitrage, merger arbitrage, risk premium opportunity strategies and private investments, each of which is described in more detail below.

Long/short equity: Buying a stock that GSIS believes is under-valued and/or selling short a stock that GSIS believes is over-valued.

Equity relative value: In order to avoid market direction influences and seek to generate returns purely from stock selection, GSIS may invest long in one equity security and short in another equity security with similar characteristics but different current valuations, with the view that the market will gradually realize these different valuations and correct the difference.

Directional corporate equity: Investing in corporate equity instruments using fundamental analysis in anticipation of profiting from movements in the prices of these assets.

Equity and credit volatility: Attempting to profit from volatility misvaluations among the global equity and credit markets by taking directional positions, either long or short, on the level of volatility in certain markets.

Dividend plays: Attempting to profit based on the predictions of dividend payouts through investments in swaps and other derivatives.

Capital-structure arbitrage: Capital-structure arbitrage involves buying and selling short different classes of securities of the same issuer in anticipation of profiting from relative mispricing among them. An example of a capital structure arbitrage position is buying a fixed income security of a corporate issuer and selling short a junior security in the capital structure in anticipation of profiting from a deteriorating credit profile.

Credit-related strategies: Investments in the global credit markets, including, without limitation, the corporate credit, mortgage, structured credit and sovereign debt markets, through debt securities and other securities, loans, credit and other derivatives, and other instruments.

Investments in distressed companies: Buying 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.

Convertible-securities arbitrage: Seeking to profit from relative mispricings involving convertible securities by purchasing convertible securities while concurrently taking short positions in the securities underlying the convertible securities or in other securities of the issuer (or buying protection with respect to credit default swaps on the issuer), or alternatively taking short positions in convertible securities while at the same time purchasing the underlying securities or other securities of the issuer (or selling protection with respect to credit default swaps on the issuer).

Merger arbitrage: Investing in the securities of publicly-traded companies involved in prospective mergers or corporate combinations, acquisitions, tender offers, exchange offers or corporate recapitalizations in the expectation of profiting from the difference between the price of such securities at the inception of the investment and the price of such securities in expectation of or upon consummation of certain events.

Risk premium opportunity strategies: Seeking to opportunistically capture attractive risk premia in the risk markets through investments in tradable securities such as swaps or bonds or investments in reinsurance companies and related entities (which may include special purpose vehicles generally set up by insurance or reinsurance companies and Bermuda segregated accounts) that write reinsurance or retrocession contracts or enter into other similar arrangements to insure risks.

Private investments: GSIS may commit equity and/or debt capital to private companies on a global basis, including without limitation to companies located in emerging markets. Certain of such private companies may be in the developmental stage and others may be more mature but may not have access to the public capital markets. In addition, GSIS may make private investments in publicly listed companies or subsidiaries or divisions of publicly listed companies. GSIS may also invest in more traditional leveraged private equity investments. When GSIS identifies a potential private transaction, it deploys its resources in an effort to structure a transaction that attempts to capture attractive risk-adjusted returns. GSIS, in its sole discretion, may employ hedging techniques to mitigate some of the risk inherent in the private transaction.

These investments may be made through, among other instruments, common and preferred equity investments, convertible securities and loans, mezzanine debt securities, secured and unsecured loans and other debt securities, warrants, options, derivatives, physical assets and contractual rights to future payments. Further, GSIS may co-invest with third parties or otherwise participate with others in pooled investment vehicles (including private equity funds, hedge funds and other private funds managed by affiliated or unaffiliated managers), or may allocate discrete portions of their assets to accounts managed by affiliated or unaffiliated managers with respect to which GSIS is a passive investor.

Material Risks for Significant Investment Strategies and Particular Types of Securities

Following is a summary of the material risks for each of GSIS's significant investment strategies, security types and the investment techniques employed by the GSIS investment teams in their significant investment strategies. GSIS 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 these strategies and financial instruments that they permit GSIS 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 GSIS's pooled investment vehicles should carefully review the prospectuses, offering memorandums and constituent documents for additional information about risks associated with those products.

Information about the risks described below, and additional information about the risks associated with other security types and investment techniques used by GSIS is available in Appendix A. For pooled investment vehicles additional information about risks is also set forth in the prospectus or other offering document or constituent documents for those pooled investment vehicles. Clients are encouraged to read those product-specific risk disclosures carefully when available.

General Risks

All of GSIS'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, industry or economic sector, an adverse economic, business or political development may affect the value of the Advisory Account's investments more than if its investments were not so concentrated. Also, to the extent an Advisory Account invests a larger percentage of its assets in a relatively small number of issuers or concentrates its assets in investments in the same asset class, 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.
- **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
- **Currency Risk**—An Advisory Account may purchase or sell currencies through the use of forward contracts based on GSIS's judgment regarding the direction of the market for a particular currency or currencies. An Advisory Account may also hold investments denominated in currencies other than the currency in which the Advisory Account is denominated. 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 GSIS's expectations may produce significant losses to an Advisory Account. GSIS may or may not attempt to hedge all or any portion of the currency exposure of an Advisory Account. However, even if GSIS does attempt to hedge the currency exposure of an Advisory Account, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in any particular currency because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. To the extent unhedged, the value of an Advisory Account's assets will

fluctuate with currency exchange rates as well as the price changes of its investments in the various local markets and currencies. Such fluctuations could have a material adverse effect on an Advisory Account.

- **Emerging Markets and Growth Markets Risk**—In addition to the risks described in “—Non-U.S. Securities Risk” below, investing in the securities of governments in emerging markets involves certain considerations not usually associated with investing in securities of developed market companies or countries including, without limitation, political and economic considerations, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments, the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility, and certain government policies that may restrict an Advisory Account’s investment opportunities. Further, the economies, industries, securities and currency markets in emerging markets or growth markets may be adversely effected 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.
- **Frequent Trading and Portfolio Turnover Rate Risk**—The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.
- **Hedging Risk**—Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions (collectively, “Hedging Instruments”). To the extent GSIS 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. 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, at the same time they tend to 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 will depend on the ability of GSIS to predict pertinent market movements, which cannot be assured. Hedging techniques involve costs, which could be significant, whether or not the hedging strategy is successful.
- **Investment Style Risk**—Different investment styles tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. GSIS may modify or adjust its investment strategies from time to time.
- **Leverage Risk**—If an Advisory Account utilizes leverage, the Advisory Account will be subject to heightened risk. Leverage may take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged, including among others forward contracts, futures contracts, options, swaps (e.g., total return financing swaps and interest rate swaps), repurchase agreements and reverse repurchase agreements, or other forms of direct and indirect borrowings, and other instruments and transactions that are inherently leveraged. Any such leverage, including leverage that takes the form of instruments and transactions that are inherently leveraged, may result in the Advisory Account’s market value exposure being in excess of the net

asset value of the Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which will increase the losses incurred by the Advisory Account.

- **Liquidity Risk**—The risk that an Advisory Account may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available or that may become less liquid in response to market developments or adverse investor perceptions. Additionally, an Advisory Account may invest in private funds and generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without the private fund's consent, which may be granted or withheld in its sole discretion.
- **Management Risk**—The risk that a strategy used by GSIS may fail to produce the intended results for an Advisory Account.
- **Market Risk**—The value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular industry sectors or governments and/or general economic conditions.
- **Non-U.S. Securities Risk**—Non-U.S. securities may be subject to risk of loss because of less government regulation, less public information 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 the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. In addition, an Advisory Account will be subject to the risk that an issuer of the non-U.S. sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay the principal or interest when due. These risks might be heightened if the Advisory Account invests in emerging markets or growth markets.
- **Risks of Derivative Investments**—Advisory Accounts may invest in derivative instruments including, without limitation, options, futures, options on futures, forwards, swaps, interest rate caps and floors and collars. Losses in an Advisory Account from investments in derivative instruments can result from a lack of correlation between changes in the value of derivative instruments and the portfolio assets (if any) being hedged, 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. The use of these management techniques also involves the risk of loss if GSIS is incorrect in its expectation of the timing or level of fluctuations in securities prices or interest rates. For additional information about "Risks of Derivative Investments" please see Appendix A.
- **Volatility Risk**—The prices of an Advisory Account's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies. Advisory Accounts may be adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. Deteriorations in economic and financial market conditions, and uncertainty regarding economic markets generally, could result in declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for Advisory Accounts, could prevent Advisory Accounts from successfully meeting their investment objectives or could require Advisory Accounts to dispose of investments at a loss while such unfavorable market conditions prevail. While such market conditions persist, Advisory Accounts will also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

All of GSIS's strategies may be subject to the following other general risks:

- **Dependence on Key Personnel**—Advisory Accounts may rely on certain key personnel of Goldman Sachs. As a result of regulation or for other reasons, the amount of compensation that may be payable to Goldman Sachs executives or other employees may be reduced, or employees who rely on work visas or other permits may have such visas or permits revoked or not renewed. As a result, certain key personnel may leave Goldman Sachs. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect the ability of GSIS to effectively implement the investment programs of the Advisory Accounts.
- **Legal, Tax and Regulatory Risks**—GSIS and certain of its Advisory Accounts are subject to legal, tax and regulatory oversight, including by the SEC, the United Kingdom Financial Services Authority ("FSA") and similar regulators world-wide. For example, as a wholly owned subsidiary of The Goldman Sachs Group, Inc., a bank holding company, certain of GSIS'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 GSIS and managers to which GSIS allocates client assets that may require material adjustments to the business and operations of, or have other material adverse effects on, Advisory Accounts. Any rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which may negatively impact the performance of Advisory Accounts.
- **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.

Multi-Strategy Investment Strategies Risks

In addition to the risks described above under "General Risks," the material risks associated with Advisory Accounts that utilize multi-strategy investment strategies include:

- **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 over-the-counter ("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.
- **Private Investment Risk**—Advisory Accounts may invest in private investments, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. Clients should not invest unless they are prepared to retain their interests in the Advisory Account until the Advisory Account liquidates its private investments. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted.
- **Short Selling 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.

- **Fixed Income Securities Risk**—Advisory Accounts may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk).
- **Credit/Default Risk**—An issuer or guarantor of fixed income securities held by an Advisory Account may default on its obligation to pay interest and repay principal. Additionally, the credit quality of securities may deteriorate rapidly, which may impair an Advisory Account's liquidity and cause significant value deterioration. When investing in fixed income securities, Advisory Accounts managed by GSIS often invest in noninvestment grade fixed income securities (commonly known as "junk bonds") and leveraged loans that are considered speculative. Non-investment grade fixed income securities, leveraged loans and unrated securities of comparable credit quality are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These securities and loans may be subject to greater price volatility due to such factors as specific issuer developments, interest rate sensitivity, negative perceptions of the junk bond and leverage loan markets generally and less secondary market liquidity. Advisory Accounts may purchase the securities of issuers that are in default.
- **Interest Rate Risk**—When interest rates increase, fixed income securities held by an Advisory Account will generally decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.

Long-Only Investment Strategies Risks

In addition to the risks described above under "General Risks," the material risks associated with Advisory Accounts that utilize long-only investment strategies include:

- **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.

Private Investment Strategies Risks

In addition to the risks described above under “General Risks,” the material risks associated with Advisory Accounts that utilize private investment strategies include:

- **Illiquidity of Investments**— Private investments, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. Clients should not invest unless they are prepared to retain their interests in the Advisory Account until the Advisory Account liquidates its private investments. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted. Investors generally will not be able to redeem their capital account balances or withdraw their interests, and there may be no active secondary market for the interests. Moreover, investors may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without general partner consent, which may be granted or withheld in its sole discretion. Significant credit, tax, contractual and regulatory restrictions apply with respect to potential transfers of the interests.
- **Limited Operating History and Competition Associated with Portfolio Companies**—Certain portfolio companies in which Advisory Accounts may invest, either directly or indirectly, may involve a high degree of business and financial risk. These companies may (a) be in an early stage of development and not have a proven operating history; (b) be operating at a loss or have significant variations in operating results; (c) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; (d) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; (e) 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 (f) 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.
- **Partial or Total Loss of Capital**—Investments in private equity are intended for long-term investors who can accept the risks associated with investing in illiquid securities, and the possibility of partial or total loss of capital exists. There is no assurance that Advisory Accounts will achieve their investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that they will be able to fully invest their committed capital.

Item 9 - DISCIPLINARY INFORMATION

This Item requests information relating to GSIS. There are no reportable material legal or disciplinary events related to GSIS. In the ordinary course of its business, GSIS and its employees have in the past been, and may in the future be, subject to formal and informal regulatory inquiries, subpoenas, investigations, and legal or regulatory proceedings, involving the SEC, other regulatory authorities, or private parties. Since its inception in 2007, GSIS has not had an order or sanction issued against it by a regulatory body; however, an investment management affiliate received an improvement order in December 2005 in Japan and a September 2007 Institutional Warning was issued to another investment management affiliate in Korea, prior to its acquisition by GSAML, by the Financial Supervisory Commission in Korea. Additional information about GSIS's investment advisory affiliates is contained in Part 1 of GSIS'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 GSIS'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

GSIS is registered with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") and a commodity trading advisor ("CTA"). In addition, certain of GSIS's management persons may be registered as associated persons to the extent necessary or appropriate to perform their responsibilities.

Other Material Relationships with Affiliated Entities

GSIS may use, suggest or recommend its own services or those of affiliated Goldman Sachs 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, GSIS may, on behalf of Advisory Accounts, use the securities, futures execution, custody or other services offered by GSIS's broker-dealer and other affiliates. These may include (but are not limited to) GS&Co., GSAMLP, Goldman Sachs International ("GSI"), Goldman Sachs Equity Securities (U.K.), Goldman Sachs Government Securities (U.K.), Goldman Sachs (Asia) Securities Limited, Goldman Sachs Japan Co., Ltd., Goldman Sachs Execution & Clearing, L.P., SLK Index Specialists, LLC, SLK Global Markets Ltd, and OOO Goldman Sachs. Clients pay for broker-dealer or other services performed by GSAMLP's affiliates in addition to the advisory fee paid to GSIS.

GSIS may receive record keeping, administrative and support services from its broker-dealer affiliates. GSIS, 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, GSIS may pay affiliates for brokerage and research services that assist GSIS in the investment decision-making process with "soft" or commission dollars. GSIS 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 account.

Subject to client consent, GSIS may enter into principal transactions, including over-the-counter derivatives transactions, for clients with its affiliates, including GS&Co., GSI and other affiliates of GSIS. GSIS'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 GSIS. GSIS and its affiliates may share all of a portion of their charges and fees with each other and with their affiliates and employees. For additional information about principal trading, please see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

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

Investment Companies and Other Pooled Investment Vehicles

GSIS or its affiliates act in an advisory or sub-advisory capacity, including as adviser, administrator and/or distributor, to a variety of U.S. and non-U.S. investment companies as well as other pooled investment vehicles including collective trusts and alternative investment funds. Certain personnel of GSIS ("GSIS Personnel") are also directors, trustees and/or officers of these investment companies and other pooled investment vehicles.

Other Investment Advisers

GSIS has investment advisory affiliates in Australia, Canada, China, India, Brazil, England, Germany, Hong Kong, Ireland, Italy, Japan, Singapore, Korea, and the United States. These affiliates include: Goldman Sachs Asset Management & Partners Australia Pty Ltd, Goldman Sachs Asset Management Brazil LTDA, Goldman Sachs (China) L.L.C., Beijing Gao Hua Securities Company Limited, Goldman Sachs (India) Securities Private Limited, Goldman Sachs Asset Management (India) Private Limited, Goldman Sachs Services Pvt. Ltd., Goldman Sachs Representações Ltda, GSAMI, Goldman Sachs (Asia) L.L.C. ("GS Asia"), Goldman Sachs Management (Ireland) Ltd., Goldman Sachs S.G.R. S.p.A., Goldman Sachs Asset Management Co. Ltd. ("GSAMC"), Goldman Sachs (Singapore) Pte., GS&Co., GSAMLP, The Ayco Company, L.P. ("Ayco"), HFS, Goldman Sachs Asset Management Korea Co., Ltd., GS Investment Strategies Canada Inc. ("GSIS Canada"), USI Securities, Inc., USI Advisors, Inc. and Kibble & Prentice Holding Company.

Among these investment advisory affiliates, GSAMI, GS&Co., GSAMLP, Ayco, HFS, USI Securities, Inc., USI Advisors, Inc. and Kibble & Prentice Holding Company are registered with the SEC as investment advisers. GS Asia, GSAMC and GSIS Canada are not registered with the SEC as investment advisers but are foreign affiliated advisers that may provide advice or research to GSIS for use with GSIS'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 GSIS and the SEC. GSIS has or intends to have co-advisory or sub-advisory relationships with affiliates, and/or participating affiliate relationships with certain of these Participating Affiliates.

GSIS 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 GSIS 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. Clients that want more information about any of these affiliates should contact GSIS.

Financial Planner

GSIS'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 GSIS's investment advisory services to its clients and may receive fees from GSIS.

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser

GSIS has affiliates registered with the CFTC as a futures commission merchant, CPO and/or CTA. These firms include: GS&Co., GSAMLP, GSAMI, HFS, Goldman Sachs Management Partners, L.P., GSIS, Goldman Sachs Execution & Clearing, L.P., Goldman Sachs Investment Partners GP LLC, Liberty Harbor I GP LLC, GS Distressed Opportunities Advisors LLC, GS Distressed Opportunities Offshore Advisors Inc., and GS Distressed Opportunities Offshore Holdings Inc. If permitted by law and applicable regulations, GSIS 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 Goldman Sachs Group, Inc. is subject to supervision and regulation by the Federal Reserve Board of Governors.

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

The Goldman Sachs Trust Company, N.A., a national bank limited to fiduciary activities ("GSTC"), was established in order to provide personal trust and estate administration and related services to its high net worth clients on a nationwide basis. GSTC is a wholly owned subsidiary of The Goldman Sachs Group, Inc. As a national bank, GSTC is subject to regulation by the Office of the Comptroller of the Currency and is a member bank of the Federal Reserve System. Certain employees of GSIS or its affiliates may have been cross-designated by GSTC as officers of GSTC.

Sponsor or Syndicator of Limited Partnerships

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

Insurance Company or Agency

GSIS's affiliates, Commonwealth Annuity and Life Insurance Company, First Allmerica Financial Life Insurance Company, Columbia Capital Life Reinsurance Company and Charleston Capital Reinsurance, LLC 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. GSIS's affiliates, Arrow Capital Reinsurance Company, Limited and Arrow Reinsurance Company, Ltd engage in the insurance business for the purpose of reinsuring life and annuity contracts including, but not limited to variable life and annuity contracts and reinsuring property and catastrophe risks. GSIS's affiliated insurance group also contains a Lloyds of London Syndicate that underwrites property and catastrophe and other casualty risks.

Management Persons; Policies and Procedures

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

GSIS has established a variety of restrictions, policies, procedures, and disclosures designed to address potential conflicts that may arise between GSIS, its management persons and its affiliates. These policies and procedures include: information barriers designed to prevent the flow of information between GSIS, GSIS Personnel and certain other affiliates; policies and procedures relating to brokerage selection, trading with affiliates or investing in products managed or sponsored by affiliates; and allocation and trade sequencing policies applicable to Advisory Accounts and Accounts (as defined in Item 11). 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.

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

Code of Ethics and Personal Trading

GSIS has adopted a Code of Ethics (the “Code”) under Rule 204A-1 of the Advisers Act designed to provide that GSIS Personnel, and certain additional Personnel who support GSIS, 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. GSIS will provide a copy of the Code to clients or prospective clients upon request.

Additionally, Personnel, including GSIS Personnel, are subject to firmwide policies and procedures regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading.

Participation or Interest in Client Transactions

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

Principal Trading and Cross/Agency Cross Transactions with Advisory Accounts

When permitted by applicable law and GSIS policy, GSIS, 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 (as defined below), and may cause Advisory Accounts to engage in cross transactions. There may be potential conflicts of interest relating to these transactions which could influence GSIS’s decision to engage in these transactions for Advisory Accounts. Principal transactions occur if GSIS, 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 GSIS causes an Advisory Account to buy securities or other instruments from, or sell securities or other instruments to, another

Advisory Account of GSIS or its investment advisory affiliates. An agency cross transaction occurs if Goldman Sachs acts as broker for, and receives a commission from, an Advisory Account on one side of the transaction and a brokerage account on the other side of the transaction in connection with the purchase or sale of securities by the Advisory Account. Goldman Sachs may have a potentially conflicting division of loyalties and responsibilities to the parties in such transactions, and has developed policies and procedures in relation to such transactions and conflicts. It will effect these transactions in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

Effects of Goldman Sachs' Activities on Advisory Accounts

The extent of Goldman Sachs' activities in the global financial markets may have potential adverse effects on Advisory Accounts. Goldman Sachs, the clients it advises, and its Personnel have interests in and advise Accounts which have investment objectives or portfolios similar to or opposed to those of Advisory Accounts, and/or which engage in and compete for transactions in the same types of securities and other instruments as Advisory Accounts, including Accounts that may provide greater fees or other compensation, including performance-based fees, to Goldman Sachs. These interests may involve the same or related securities or other instruments as those in which Advisory Accounts invest, and such accounts and funds may engage in a strategy while an Advisory Account is undertaking the same or a differing strategy, any of which could disadvantage the Advisory Account. For example, an Advisory Account may buy a security and Goldman Sachs may establish a short position in that same security or in similar securities. This short position may result in the impairment of the price of the security that the Advisory Account holds or may be designed to profit from a decline in the price of the security. An Advisory Account and Goldman Sachs may also vote differently on or take or refrain from taking different actions with respect to the same security, which may be disadvantageous to the Advisory Accounts. Accounts (including Accounts advised by other areas of Goldman Sachs) may also invest in different classes of securities or different parts of the capital structure of the same issuer, hold investments or extend credit and Goldman Sachs may advise clients with respect to different parts of the capital structure of the same issuer and that are subordinate or senior to, securities in which an Advisory Account invests. As a result, Goldman Sachs and the Accounts may pursue or enforce rights or activities (including on behalf of one or more Advisory Accounts or Personnel), or refrain from pursuing or enforcing rights or activities, with respect to a particular issuer in which an Advisory Account has invested. For example, Goldman Sachs may seek a liquidation of an issuer in respect of which it holds debt securities, whereas an Advisory Account holding equity securities in such issuer may prefer a reorganization of the issuer. Advisory Accounts may be negatively affected by these activities, and Advisory Account transactions may be effected at prices or terms that may be less favorable than would otherwise have been the case. Advisory Accounts could sustain losses during periods in which Goldman Sachs and other Accounts achieve profits. The negative effects described above may be more pronounced in connection with transactions in, or Advisory Accounts utilizing, small capitalization, emerging market, distressed or less liquid strategies.

Goldman Sachs may make loans or enter into asset-based or other credit facilities or similar transactions that are secured by a client's assets or interests, including interests in an Advisory Account. In connection with its rights as lender, Goldman Sachs may take actions that adversely affect an Advisory Account, including by causing an Advisory Account to default, liquidate its assets or redeem positions more rapidly (and at significantly lower prices) than might otherwise be desirable. Such transactions will adversely affect the Account and may in turn adversely affect other Accounts (e.g., an Advisory Account holding the same type of security that is providing the credit support to the borrower Account may be disadvantaged when the borrower Account liquidates assets in response to an action taken by Goldman Sachs). Goldman Sachs may also invest in Advisory Accounts that are pooled investment vehicles, and such investments may constitute substantial percentages of such Advisory Accounts. Unless provided otherwise by agreement to the contrary, Goldman Sachs may redeem its interests in these Advisory Accounts at any time without notice to investors or regard to the effect on the portfolios of such Advisory Accounts, which may be adverse. Goldman Sachs 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 and its Personnel, when acting as an investment banker, market maker, investor, broker, advisor or research provider, may make 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. Moreover, research, analyses or viewpoints may be available to clients or potential clients at different times. Goldman Sachs, on behalf of one or more Accounts (including Accounts advised by other areas of Goldman Sachs), may implement a portfolio decision or strategy ahead of, or contemporaneously with, or behind similar portfolio decisions or strategies made for Advisory Accounts (whether or not the portfolio decisions emanate from the same research analysis or other information). The relative timing for the implementation of portfolio decisions or strategies among Accounts and Advisory Accounts may work to the disadvantage of 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 portfolio decisions or strategies, or being otherwise disadvantaged.

Goldman Sachs has established certain information barriers and other policies to address the sharing of information between different businesses within Goldman Sachs. As a result of information barriers, GSIS generally will not have access, or will have limited access, to information and Personnel in other areas of Goldman Sachs, and generally will not be able to manage the Advisory Accounts with the benefit of information held by these other areas. Goldman Sachs, due to its access to and knowledge of funds, markets and securities based on its prime brokerage and other businesses, may make decisions based on information or take (or refrain from taking) actions with respect to interests in investments of the kind held by Advisory Accounts in a manner that may be adverse to Advisory Accounts and may not share information with GSIS. Information barriers may also exist between businesses within GSIS. In addition, Goldman Sachs will not have any obligation to make available any information regarding its trading activities, strategies or views, or the activities, strategies or views used for other accounts managed by it, for the benefit of Advisory Accounts.

GSIS, in its capacity as manager, sponsor and adviser of Advisory Accounts and subject to applicable law, may cause Advisory Accounts to invest, directly or indirectly, in securities, bank loans or other obligations of companies affiliated with Goldman Sachs or in which Goldman Sachs has an equity, debt or other interest, or to engage in investment transactions that may result in other Accounts being relieved of obligations or otherwise divesting of investments. These activities by an Advisory Account may enhance the profitability of Goldman Sachs' or other Accounts' investments in and activities with respect to such companies. Goldman Sachs may derive benefits from providing investment advisory, distribution, transfer agency, administrative and other services to Advisory Accounts, and providing such services to the Advisory Accounts may enhance Goldman Sachs' relationships with various parties, facilitate additional business development and enable Goldman Sachs to obtain additional business and generate additional revenue. Goldman Sachs may also derive benefits from portfolio, investment, service provider or other decisions made by GSIS, including those resulting in fees, compensation and remuneration and other benefits to Goldman Sachs. Advisory Accounts will not be entitled to compensation related to any businesses of Goldman Sachs or GSIS.

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

GSIS's decisions and actions on behalf of an Advisory Account may differ among Advisory Accounts. Advice given to, or investment or voting decisions made for, one or more Advisory Accounts may compete with, affect, differ from, conflict with, or involve timing different from, advice given or investment decisions made for other Advisory Accounts. For a discussion of side-by-side management of Advisory Accounts, please refer to Item 6, Performance-Based Fees and Side-by-Side Management and Item 17, Voting Client Securities.

Financial Incentives in Selling and Managing Advisory Accounts

Goldman Sachs and its Personnel, including GSIS Personnel, may receive benefits and earn fees and compensation for services provided to Advisory Accounts and in connection with its distribution of separately managed accounts and pooled vehicles managed by GSIS or its affiliates ("Affiliated Products"). GSIS may have a financial incentive to allocate Advisory Account assets to Affiliated Products rather than to accounts or funds managed by third parties. Any differentials in compensation may create a financial incentive for GSIS and its personnel to recommend or select advisory products or investment strategies that will result in greater compensation and profit to GSIS and, indirectly, to personnel of GSIS involved in decision-making for Advisory Accounts. Please also refer to Item 6, Performance-Based Fees and Side-By-Side Management.

Firm Policies and Regulatory Restrictions Affecting Advisory Accounts

GSIS may restrict its investment decisions and activities on behalf of an Advisory Account in various circumstances, including as a result of applicable regulatory requirements, information held by Goldman Sachs, Goldman Sachs' internal policies and/or potential reputational risk or disadvantage to Accounts, including Advisory Accounts, and Goldman Sachs. As a result, GSIS might not engage in transactions for, or recommend transactions to, an Advisory Account in consideration of Goldman Sachs' activities outside the Advisory Account. For example, GSIS may determine to restrict or limit the amount of an Advisory Account's investment where exceeding a certain aggregate amount could require a filing or a license or other regulatory or corporate consent, which could, among other things, result in additional costs and disclosure obligations for Goldman Sachs, including GSIS. In addition, GSIS is not permitted to obtain or use material non-public information in effecting purchases and sales in public securities transactions for Advisory Accounts. GSIS may also limit its activities, transactions and its exercise of rights on behalf of or in respect of an Advisory Account for reputational or other reasons, including where Goldman Sachs is providing, or may provide, advice or services to a company, or to another client that is or may be engaged in a transaction related to such company, or where Goldman Sachs is or may be involved in a transaction that could affect Goldman Sachs, GSIS or their activities.

Item 12 - BROKERAGE PRACTICES

Broker-Dealer Selection

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

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

When placing orders with any broker, including its affiliates, GSIS may, in accordance with applicable law, give permission for such broker to trade along with or ahead of Advisory Account orders. When acting as agent or principal, GSIS's affiliate will generally charge the client a commission, mark-up, mark-down, or other commission equivalent.

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 GSIS, 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

GSIS may select broker-dealers (including GSIS's affiliates) that furnish GSIS, Advisory Accounts, its affiliates and other Advisory Personnel with proprietary or third-party brokerage and research services (collectively, "brokerage and research services") that provide, in GSIS's view, appropriate assistance to GSIS in the investment decision-making process. As a result, GSIS may pay for such brokerage and research services with "soft" or commission dollars. The types of brokerage and research services that GSIS acquired with client brokerage commissions in 2010 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 GSIS uses client commission to obtain brokerage and research services, GSIS receives a benefit because GSIS does not have to produce or pay for the brokerage and research services itself. As a result, GSIS may have an incentive to select or recommend a broker-dealer based on GSIS's interest in receiving the brokerage and research services from that broker-dealer, rather than solely on its clients' interest in receiving the most favorable execution. However, when selecting broker-dealers that provide brokerage and research services, GSIS is obligated to determine in good faith that the "commissions" (as broadly defined by the SEC to include a markup, markdown, 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 GSIS. The reasonableness of these commissions will be viewed in

terms of the particular transactions or GSIS'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 GSIS may cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.

GSIS'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, GSIS has established a voting process under which Advisory Personnel rate broker-dealers that supply them with brokerage and research services. Subject to GSIS's duty to seek best execution, GSIS allocates its soft dollar budget in accordance with the outcome of the broker vote process.

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

GSIS may also participate in so-called "commission sharing arrangements" and "client commission arrangements" under which GSIS 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 that provides research to GSIS. Participating in commission sharing and client commission arrangements may enable GSIS 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 GSIS's ability to seek best execution in the trading process. GSIS 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 GSIS 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, GSIS excludes from use under these arrangements those products and services that are not fully eligible under applicable regulatory interpretations, even where a portion would be eligible if accounted for separately.

Brokerage and research services may be used to service any or all Advisory Accounts and other Accounts, including in connection with Advisory Accounts other than those that pay commissions to the broker-dealer relating to the brokerage and research service arrangements. As a result, the brokerage and research services (including soft dollar benefits) may disproportionately benefit other Advisory Accounts relative to an Advisory Account based on the amount of commissions paid by the Advisory Account in comparison to such other 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 GSIS may be shared freely with and used partially or exclusively by other portfolio management personnel within GSIS, or by portfolio management personnel of GSIS's affiliates. GSIS 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.

Brokerage for Client Referrals

GSIS may select broker-dealers, including its affiliates, to provide prime brokerage services to Advisory Accounts. Conflicts may arise when GSIS selects prime brokers. Prime brokerage firms may introduce prospective clients to GSIS, which may create incentives for or benefits to GSIS to select these prime brokerage firms. GSIS selects such firms only when consistent with obtaining appropriate services for Advisory Account clients.

Aggregation of Trades

GSIS seeks to execute orders for its clients fairly and equitably over time. GSIS follows policies and procedures pursuant to which it may combine or aggregate purchase or sale orders for the same security for multiple clients (sometimes called “bunching”) (including accounts that are proprietary to Goldman Sachs), so that the orders can be executed at the same time. GSIS aggregates orders when GSIS considers doing so appropriate and in the interests of its clients generally. 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, aggregation among client accounts and accounts that contain Goldman Sachs interests; when consistent with the goal of aligning advisor and client interests; 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 GSIS 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 client accounts’ size is larger than the size of the seed account). 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 for execution. When a bunched order is completely filled, GSIS generally will allocate the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or small allocations. If the order at a particular broker-dealer 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. Not all Advisory Accounts will be charged the same commission or commission equivalent rates in a bunched or aggregated order.

GSIS does not bunch or aggregate orders if portfolio management decisions for different accounts are made separately, or if GSIS determines that bunching or aggregating is not practicable or appropriate.

GSIS may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for accounts that are not aggregated. Where transactions for a client’s account are not aggregated with other orders, including directed brokerage accounts, it may not benefit from a better price and lower commission rate.

When GSIS wishes to place an order for different types of accounts for which aggregation is not practicable, GSIS may use a trade sequencing and rotation policy to determine which type of account is to be traded first. 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. GSIS may deviate from the predetermined sequencing schedule under certain circumstances or sets of circumstances when justified; provided, however that prior internal approval must be received. 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. Further, the GSIS trade sequencing and rotation policy may be amended, modified or supplemented at any time without prior notice to clients.

Item 13 - REVIEW OF ACCOUNTS

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

Factors Triggering a Review In addition to periodic reviews, GSIS performs reviews of separately managed accounts as it deems appropriate or as otherwise required. Additional reviews may be undertaken because of changes in market conditions, changes in security positions or changes in a client's investment objective or policies.

Client Reports

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

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

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Compensation for Client Referrals

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

Intermediaries and Other Third Parties

Goldman Sachs or the Advisory Accounts may make payments to authorized dealers and other financial intermediaries and to salespersons (collectively, "Intermediaries") from time to time to promote the Advisory Accounts, other accounts sponsored, managed or advised by Goldman Sachs and other products. This may create an incentive for an Intermediary, registered representative or salesperson 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, Accounts and other products (which may consist of payments resulting in or relating to the inclusion of Advisory Accounts, 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; "finders" or "referral fees" for directing investors to the Advisory Accounts, Accounts and other products; marketing support fees for providing assistance in promoting the Advisory Accounts, 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 the 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 such products; and other services intended to assist in the distribution and marketing of the Advisory Accounts, 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 may have relationships with, and purchase, or distribute or sell, services or products from or to, distributors, consultants, and others who recommend the use of Advisory Accounts, or who engage in transactions with or for Advisory Accounts. Consultants and such other parties may receive fees from Goldman Sachs or Advisory Accounts in connection with such relationships. Goldman Sachs may also pay a fee for membership in industry-wide or state and municipal organizations or otherwise 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 develop an understanding of the points of view and challenges of the conference participants. Personnel, including employees of GSIS, may have board, advisory, brokerage or other relationships with issuers, distributors, consultants and others that may have Advisory Accounts or that may recommend the use of Advisory Accounts or portfolio transactions for Advisory Accounts. 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 GSIS, and its Personnel may make charitable contributions to institutions, including those that have relationships with clients or personnel of clients and Personnel may have board relationships with charitable institutions.

Personnel may also make political contributions. The individuals and entities with which GSIS and its Personnel have these relationships may have or recommend Advisory Accounts.

Item 15 - CUSTODY

GSIS 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, GSIS 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 GSIS, where GSIS debits its fees directly from the Advisory Account or where GSIS purchases privately offered securities on behalf of the Advisory Account.

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

Item 16 - INVESTMENT DISCRETION

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

GSIS has adopted policies and procedures (the “Proxy Voting Policy”) for the voting of proxies on behalf of Advisory Accounts for which GSIS has voting discretion. Under the Proxy Voting Policy, GSIS’s guiding principles in performing proxy voting are to make decisions that: (i) favor proposals that in GSIS’s view tend to maximize a company’s shareholder value; and (ii) are not influenced by conflicts of interest. These principles reflect GSIS’s belief that sound corporate governance will create a framework within which a company can be managed in the interests of its shareholders.

Public Equity Investments. To implement these guiding principles for investments in publicly-traded equities, GSIS has developed customized proxy voting guidelines (the “Guidelines”). The Guidelines embody the positions and factors GSIS generally considers important in casting proxy votes. They 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.

GSIS has retained a third-party proxy voting service, currently Institutional Shareholder Services, a unit of Risk Metrics Group (the “Proxy Service”) to assist in the implementation and administration of certain proxy voting-related functions. The Proxy Service assists GSIS in the proxy voting process by providing operational, recordkeeping and reporting services. In addition, the Proxy Service provides assistance in the maintenance of the Guidelines. 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 the particular proxy issues. While it is GSIS’s policy generally to follow the Guidelines and Recommendations from the Proxy Service, GSIS’s portfolio management teams (“Portfolio Management Teams”) may on certain proxy votes seek approval to diverge from the Guidelines or a Recommendation by following an “override” process. Such decisions are subject to a review and approval process, including a determination that the decision is not influenced by any conflict of interest. A Portfolio Management Team that receives approval through the override process to cast a proxy vote that diverges from the Guidelines and/or a Recommendation may vote differently than other Portfolio Management Teams that did not seek to override that vote. In forming their views on particular matters, the Portfolio Management Teams are also permitted to consider applicable regional rules and practices, including codes of conduct and other guides regarding proxy voting, in addition to the Guidelines and Recommendations.

GSIS conducts periodic due diligence meetings with the Proxy Service which include, but are not limited to, a review of the Proxy Service’s general organizational structure, new developments with respect to research and technology, work flow improvements and internal due diligence with respect to conflicts of interest. GSIS may hire other service providers to replace or supplement the Proxy Service with respect to any of the services GSIS currently receives from the Proxy Service.

Fixed Income and Private Investments. Proxy voting decisions with respect to fixed income securities and the securities of privately held issuers generally will be made by GSIS based on its assessment of the particular transactions or other matters at issue.

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

GSIS has adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions that it makes on behalf of advisory clients, including the Advisory Accounts, and to help

ensure that such decisions are made in accordance with GSIS's fiduciary obligations to its clients. These policies and procedures include GSIS's use of GSIS's guidelines, recommendations from the Proxy Service, an override process, and the establishment of information barriers between GSIS and other businesses within Goldman Sachs. Notwithstanding such proxy voting policies and procedures, actual proxy voting decisions of GSIS may have the effect of favoring the interests of other clients or businesses of other divisions or units of Goldman Sachs and/or its affiliates, provided that GSIS believes such voting decisions to be in accordance with its fiduciary obligations.

While GSIS will make proxy voting decisions as it believes appropriate and in accordance with GSIS's Proxy Voting Policy and its fiduciary obligations, proxy voting decisions made by GSIS with respect to securities within an Advisory Account may favor the interests of other clients or businesses of other divisions or units of Goldman Sachs.

Clients can obtain information regarding how securities were voted for a particular Advisory Account by calling their Goldman Sachs representative. GSIS's Proxy Voting Policy is available upon request. From time to time GSIS's Proxy Voting Policy may be amended, modified or supplemented.

Class Actions and Similar Matters. With respect to shareholder class action litigation and similar matters, GSIS'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. GSIS 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. GSIS will not be responsible for any failure to make such filings or, if it determines to make such filings in its sole discretion, to make such filings in a timely manner.

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

Proxy Voting Policies – No Authority

GSIS currently has been delegated proxy voting authority on behalf of all of its Advisory Accounts. With respect to any Advisory Accounts for which GSIS is not delegated authority to conduct proxy voting in the future, clients should work with their custodians to ensure they receive their proxies and other solicitations for securities held in their account. Such clients may contact their GSIS client service representative if they have a question on particular proxy voting matters or solicitations.

Item 18 - FINANCIAL INFORMATION

This Item is not applicable.

Item 19 - MISCELLANEOUS

Account Errors and Error Correction

GSIS has policies and procedures to help it assess and determine, consistent with applicable standards of care, as well as client documentation, when reimbursement is due by it to a client because GSIS has committed an error. Pursuant to GSIS's policies, an error is generally compensable from GSIS to a client when it is a mistake (whether an action or inaction) in which GSIS has, in GSIS'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, GSIS's policies do not require perfect implementation of investment management decisions, trading, processing or other functions performed by GSIS or its affiliates. Therefore, not all mistakes will be considered compensable errors. For example, without limitation, imperfection in the implementation of investment, execution, cash flow, rebalancing or processing instructions are generally not considered by GSIS to be violations of standards of care. Errors resulting from the mistakes of third parties are generally not compensable from GSIS to a client. Mistakes may result in gains as well as losses. GSIS may determine that trading and other mistakes will be treated as being for a client's account (*i.e.*, clients will bear the loss or benefit from the gain). In certain circumstances, however, GSIS may determine that it is appropriate to reallocate or remove gains from the client's account that are the result of a mistake.

GSIS 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 GSIS may consider include, among others, specific applicable contractual and legal restrictions and standards of care, whether a client's investment objective was contravened, the nature of a client's investment program, whether a contractual guideline was violated, the nature and materiality of the relevant circumstances, and, if a compensable error occurred, the materiality of the resulting losses. The determination by GSIS to treat (or not to treat) a mistake as a compensable error, and any calculation of compensation in respect thereof for any one fund or account sponsored, managed or advised by GSIS may differ from the determination and calculation made by GSIS in respect of one or more other funds or accounts in respect of which the same or a similar mistake occurred.

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

GSIS 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 GSIS's policy to notify clients of errors corrected post settlement that violate a client guideline and certain errors that result in a loss. Separate account clients will not be notified of other errors or of errors that result in losses less than \$1,000. Investors in a pooled investment vehicle will generally not be notified of the occurrence of an error or the resolution thereof.

More information about correction of and compensation for errors is available upon request and may be set forth in the prospectuses or other relevant offering documents of GSIS-managed pooled investment vehicles. GSIS may at any time, in its sole discretion and without notice to investors, amend or supplement its error and error correction policies.

GLOSSARY

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

“Accounts” means Goldman Sachs’ own accounts, the accounts of Personnel and the accounts of its clients and pooled investment vehicles that Goldman Sachs sponsors, manages and advises.

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

“Advisory Accounts” means separately managed accounts and pooled investment vehicles, including alternative investment funds, that are sponsored, managed or advised by GSIS.

“Advisory Personnel” means GSIS personnel involved in decision-making for Advisory Accounts.

“Affiliated Products” means separately managed accounts and pooled vehicles managed by GSIS or its affiliates.

“Ayco” means the Ayco Company, L.P.

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

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

“CFTC” means the Commodity Futures Trading Commission.

“CBOs” mean collateralized bond obligations.

“CLOs” mean collateralized loan obligations.

“Code” means the GSIS Code of Ethics

“CPO” means commodity pool operator.

“CTA” means commodity trading advisor.

“FINRA” means the Financial Industry Regulatory Authority.

“FSA” means the United Kingdom Financial Services Authority.

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

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

“GS&Co.” means Goldman, Sachs & Co.

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

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

“GSAMI” means Goldman Sachs Asset Management International.

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

“GSI” means Goldman Sachs International.

“GSIS” means GS Investment Strategies, LLC.

“GSIS Canada” means GS Investment Strategies Canada Inc.

“GSIS Personnel” means the personnel of GSIS.

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

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

“Hedging Instruments” means hedging techniques that 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.

“HFS” means Goldman Sachs Hedge Fund Strategies LLC.

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

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

“IPS” means Inflation Protected Securities.

“OTC” means over-the-counter markets.

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

“Personnel” means Personnel of Goldman Sachs.

“Portfolio Management Teams” means GSIS’s portfolio manager teams.

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

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

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

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

“TIPS” means Treasury Inflation-Protected Securities.

APPENDIX A

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 GSIS's pooled investment vehicles should review the prospectuses, offering memoranda and constituent documents for additional information relating to the risk associated with investments in those pooled investment vehicles.

General Portfolio Risks

- **Concentration Risk**—The risk that if an Advisory Account concentrates its investments in issuers within the same country, state, industry or economic sector, an adverse economic, business or political 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 a larger percentage of its assets in a relatively small number of issuers, 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.
- **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.
- **Currency Risk**—An Advisory Account may purchase or sell currencies through the use of forward contracts based on GSIS's judgment regarding the direction of the market for a particular currency or currencies. An Advisory Account may also hold investments denominated in currencies other than the currency in which the Advisory Account is denominated. 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 GSIS's expectations may produce significant losses to an Advisory Account. GSIS may or may not attempt to hedge all or any portion of the currency exposure of an Advisory Account. However, even if GSIS does attempt to hedge the currency exposure of an Advisory Account, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in any particular currency because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. To the extent unhedged, the value of an Advisory Account's assets will fluctuate with currency exchange rates as well as the price changes of its investments in the various local markets and currencies. Thus, an increase in the value of the currency in which an Advisory Account is denominated, compared to the other currencies in which an Advisory Account makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Advisory Account securities in their local markets. Conversely, a decrease in the value of the currency in which an Advisory Account is denominated relative to other currencies will have the opposite effect on the Advisory Account's securities denominated in these other currencies.

- **Frequent Trading and Turnover Risk**—The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.
- **Geographic Risk**—Concentration of the investments of an Advisory Account in issuers located in a particular country or 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.
- **Investment Style Risk**—Different investment styles tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. GSIS may modify or adjust its investment strategies from time to time.
- **Limited Assets**—An Advisory Account may at any time and from time to time have limited assets, which may limit GSIS's ability to trade in certain instruments that typically require minimum account balances for investment. Advisory Accounts may be limited with respect to the investment strategies they are able to employ and may be unable to diversify their portfolios across investment strategies or instruments.
- **Liquidity Risk**—The risk that an Advisory Account may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available or that may become less liquid in response to market developments or adverse investor perceptions. Lack of liquidity could prevent an Advisory Account from liquidating unfavorable positions promptly and could subject the Advisory Account to substantial losses.
- **Management Risk**—The risk that a strategy used by GSIS may fail to produce the intended results for an Advisory Account, including the risk that the entire amount invested may be lost. There is no guarantee that the investment objective of the Advisory Account will actually be achieved and investment results of the Advisory Account may vary substantially over time.
- **Market Risk**—The value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular industry sectors or governments and/or general economic conditions.
- **Non-U.S. Securities Risk**—Non-U.S. securities may be subject to risk of loss because of less government regulation, less public information 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 the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. In addition, an Advisory Account will be subject to the risk that an issuer of the non-U.S. sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay the principal or interest when due. These risks might be heightened if the Advisory Account invests in emerging markets or growth markets. See “—Emerging Markets and Growth Markets Risk” above.
- **Restricted Investments Risks**—Restricted securities are securities that may not be sold to the public without an effective registration statement under the U.S. Securities Act of 1933, as amended, or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. These restrictions could prevent an Advisory Account

from promptly liquidating unfavorable positions and subject such Advisory Account to substantial losses.

- **Risk Management Risk**—GSIS 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 GSIS's use of such strategies will be adequate, or that they will be adequately utilized by GSIS. Additionally, any strategies may be limited by, among other things, liquidity of the Advisory Account's investments and the availability of investment opportunities that GSIS believes are appropriate.
- **Timing of Implementation Risk**—GSIS 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.

Other General Risks

- **Dependence on Key Personnel**—Advisory Accounts may rely on certain key personnel of Goldman Sachs. As a result of regulation or for other reasons, the amount of compensation that may be payable to Goldman Sachs executives or other employees may be reduced, or employees who rely on work visas or other permits may have such visas or permits revoked or not renewed. As a result, certain key personnel may leave Goldman Sachs. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect the ability of GSIS to effectively implement investment programs of the Advisory Accounts.
- **Legal, Tax and Regulatory Risks**—GSIS and certain of its Advisory Accounts are subject to legal, tax and regulatory oversight, including by the SEC, FSA and similar regulators world-wide. Goldman Sachs is regulated as a bank holding company under the Bank Holding Company Act of 1956, as amended ("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 BHCA and related regulations. Because Goldman Sachs is deemed to "control" GSIS-managed pooled investment vehicles, under the BHCA, there may be restrictions on transactions and relationships between GSIS-managed pooled investment vehicles and Goldman Sachs, as well as restrictions on the investments and transactions by, and the operations of, GSIS-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 GSIS and managers to which GSIS allocates client assets that may require material adjustments to the business and operations of, or have other material adverse effects on, Advisory Accounts. Recent changes, which continue to evolve, include the passage of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, which includes the so-called Volcker Rule, the amendment of the Advisers Act and changes to the way derivatives and commodities are regulated. Similarly, foreign regulators have recently passed legislation and have proposed changes that may affect certain Advisory Accounts, including the European Union Directive on Alternative Investment Fund Managers, which may impose certain requirements and restrictions on third-party managers to which GSIS allocates client assets. There may also be unanticipated legal, tax and regulatory changes from time to time. Any such rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and

reduced investment and trading opportunities, all of which may negatively impact the performance of Advisory Accounts.

- **Limited Information Risk**—GSIS will consider allocations for Advisory Accounts utilizing information made available to it; however, as a result of informational barriers constructed between different divisions and areas of Goldman Sachs or other policies and procedures of Goldman Sachs, GSIS may not generally have access to information and personnel in other areas of Goldman Sachs. Therefore, GSIS 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 GSIS. Goldman Sachs has no obligation to seek information or to make available to or share with GSIS any information, investment strategies, opportunities or ideas known to Personnel or developed or used in connection with other clients or activities.
- **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.
- **Performance-Based Compensation**—Performance-based compensation arrangements may create an incentive for GSIS to make investments on behalf of the Advisory Accounts that are riskier or more speculative than would be the case if such arrangements were not in effect. See Item 6, Performance-Based Fees and Side-by-Side Management.
- **Private Investment Risk**—Advisory Accounts may invest in private investments, which may include debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets and other similar types of investments that are highly illiquid and long-term. Clients should not invest unless they are prepared to retain their interests in the Advisory Account until the Advisory Account liquidates its private investments. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted.

Risks that Apply Primarily to Equity Investments

General

- **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.
- **IPOs/New Issues Risk**—The risk that the market value of IPO/New Issue shares held in an Advisory Account will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO/New Issue shares may involve high transaction costs. IPO/New Issue shares are subject to market risk and liquidity risk.
- **Mid Cap and Small Cap Risk**—Investments in small capitalization and mid-capitalization companies involve greater risks than investments in larger, more established companies. These securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

- **Preferred Stock, Convertible Securities and Warrants Risks**—The value of preferred stocks, convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information.
- **Private Investments in Public Equities**—An Advisory Account may make private investments in public equities in which such Advisory Account would take a minority position in a public company. To the extent that the public market for such companies declines, it is possible that private investments in public equities transactions may generate losses or returns that do not justify the risk associates with such investments. In addition, due to securities law regulations, an Advisory Account may be restricted from selling, or hedging their exposure to, such securities during a time when the Advisory Account would otherwise like to do so.

Private Equity

- **Illiquidity of Investments**—Investments in private equity in an Advisory Account generally will be long-term and highly illiquid. Investors generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without general partner consent, which may be granted or withheld in its sole discretion. Significant credit, tax, contractual and regulatory restrictions apply with respect to potential transfers of the interests.
- **Limited Operating History and Competition Associated with Portfolio Companies**—Certain portfolio companies in which GSIS investment funds or Advisory Accounts invest, either directly or indirectly, may involve a high degree of business and financial risk. These companies may (a) be in an early stage of development and not have a proven operating history; (b) be operating at a loss or have significant variations in operating results; (c) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; (d) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; (e) 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 (f) otherwise have a weak financial condition or be experiencing financial difficulties. In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified management and technical personnel.
- **Limited Regulatory Oversight and Absence of Recourse**—The limited partnership agreements and investment advisory agreements of GSIS's private equity investment funds and separate accounts will limit the circumstances in which GSIS can be held liable to its 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. In addition, GSIS may be subject to limited or no regulatory requirements or governmental oversight. Therefore, investors may not have the benefit of certain protections that would otherwise be afforded to them had GSIS been more heavily regulated.
- **Operating and Financial Risks of Portfolio Companies**—Investments in portfolio companies involve a high degree of business and financial risk. Portfolio companies may be highly leveraged and subject to restrictive financial and operating covenants that may impair their ability to finance their future operations and capital needs. As a result, these companies may have limited flexibility to respond to changing business and economic conditions and to business opportunities. A leveraged company's income and equity will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, a portfolio company with a leveraged capital structure will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in

the condition of that portfolio company or its industry. In the event that a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of an investment in a portfolio company could be significantly reduced or even eliminated. Some portfolio companies may (i) be operating at a loss or have significant variations in operating results, (ii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, (iii) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, (iv) be in an early stage of development, (v) not have a proven operating history, or (vi) otherwise have a weak financial condition that could result in insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company, each of which could materially adversely affect the investment results of an Advisory Account.

- **Partial or Total Loss of Capital**—Investments in private equity are intended for long-term investors who can accept the risks associated with investing in illiquid securities, and the possibility of partial or total loss of capital exists. There is no assurance that investment or performance objectives will be achieved, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that all committed capital will be fully invested.
- **Reliance on Company Management**—Although GSIS 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 GSIS 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 GSIS nor the Advisory Accounts will have an active role in the day-to-day management of those companies. Accordingly, the success or failure of an investment in a portfolio companies will depend to a significant extent on the portfolio company's management team.

Risks that Apply Primarily to Fixed Income Investments

- **Commodity Exposure Risk**—Exposure to the commodities markets may subject an Advisory Account to greater volatility than investments in traditional securities. The value of commodity linked derivative instruments 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 securities in which an Advisory Account invests may be issued by companies in the financial services sector, and events affecting the financial services sector may cause the Advisory Account's value to fluctuate.
- **Corporate Debt Securities Risks**—Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the credit-worthiness of the issuer and general market liquidity. In addition, early repayments of an Advisory Account's investments may have a material adverse effect on such Advisory Account's investment objectives and the profits on invested capital.
- **Credit Ratings**—The Advisory Accounts may, but are not required to, use credit ratings to evaluate securities. Credit ratings do not evaluate the market value risk of lower-quality securities and, therefore, may not fully reflect the true risks of an investment and they are used only as a preliminary indicator of investment quality. Investments in lower-quality and comparable unrated obligations will be more dependent on the credit analysis of GSIS than would be the case with investments in investment-grade debt obligations.

- **Credit/Default Risk**—An issuer or guarantor of fixed income securities held by an Advisory Account (which may have low credit ratings) may default on its obligation to pay interest and repay principal. Additionally, the credit quality of securities may deteriorate rapidly, which may impair an Advisory Account's liquidity and cause significant value deterioration. To the extent that an Advisory Account invests in non-investment grade fixed income securities, these risks will be more pronounced.
- **Fixed Income Securities Risk**—Advisory Accounts may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk).
- **Inflation Protected Securities ("IPS") Risk**—To the extent an Advisory Account invests in IPS, the value of IPS generally fluctuates in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in the value of IPS. The market for IPS may be less developed or liquid, and more volatile, than certain other securities markets. In addition, the value of Treasury Inflation-Protected Securities ("TIPS") generally fluctuates in response to inflationary concerns. As inflationary expectations increase, TIPS will become more attractive, because they protect future interest payments against inflation. Conversely, Advisory Accounts that invest in inflation protected securities will be subject to the risk that prices throughout the economy may decline over time, resulting in "deflation". If this occurs, the principal and income of inflation-protected fixed income securities held by an Advisory Account would likely decline in price, which could result in losses for the Advisory Account. Further, there can be no assurance the various consumer price indices used in connection with IPS will accurately measure the real rate of inflation in the prices of goods and services, which may affect the value of IPS.
- **Interest Rate Risk**—Interest rates may fluctuate significantly at any time and from time to time. As a result of such fluctuations, the value of securities held by an Advisory Account may increase or decrease in value. When interest rates increase, fixed income securities held by an Advisory Account will generally decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities.
- **Loan Risks**—The Advisory Accounts may directly or indirectly purchase loans as participations from certain financial institutions which will represent the right to receive a portion of the principal of, and all of the interest relating to such portion of, the applicable loan. An Advisory Account generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, no rights of set-off against the borrower, and no right to object to certain changes to the loan agreement agreed to by the selling institution. In addition, an Advisory Account may be exposed to losses resulting from default and foreclosure. There is no assurance that the protection of an Advisory Account's interests is adequate or that claims may not be asserted by others that might interfere with enforcement of an Advisory Account's rights.
- **Mezzanine Debt Risk**—Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of an Advisory Account to influence a

company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors.

- **Mortgage-Backed and/or Other Asset-Backed Risk**—Mortgage-related and other asset backed securities are subject to certain additional risks, including “extension risk” (i.e., in periods of rising interest rates, issuers may pay principal later than expected) and “prepayment risk” (i.e., in periods of declining interest rates, issuers may pay principal more quickly than expected, causing an Advisory Account to reinvest proceeds at lower prevailing interest rates). 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.
- **Non-Investment Grade Fixed Income Securities Risk**—An Advisory Account may invest in noninvestment grade fixed income securities (commonly known as “junk bonds”) that are considered speculative. Non-investment grade fixed income securities 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 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 the securities of issuers that are in default.
- **Other Debt Instruments; CBOs and CLOs Risk**—The Advisory Accounts may directly or indirectly invest in other investment grade or other debt instruments of companies or other entities not affiliated with countries or governments, including but not limited to, senior and subordinated corporate debt; investment grade tranches of collateralized mortgage obligations; preferred stock; corporate securities; and bank debt. As with other investments made by an Advisory Account, there may not be a liquid market for these debt instruments, which may limit the Advisory Account's ability to sell these debt instruments or to obtain the desired price. Advisory Accounts may also invest in collateralized bond obligations (“CBOs”) and collateralized loan obligations (“CLOs”), which may be fixed pools or may be “market value” or managed pools of collateral, including commercial loans, high yield and investment grade debt and derivative instruments relating to debt. Depending upon the tranche of a CBO or CLO in which an Advisory Account invests, the returns may be extremely sensitive to the rate of defaults in the collateral pool, and redemptions by more senior tranches could result in an elimination, deferral or reduction in the funds available to make interest or principal payments to the tranches held by Advisory Accounts. In addition, there can be no assurance that a liquid market will exist in any CBO or CLO when an Advisory Account seeks to sell its interest therein. Also, it is possible that an Advisory Account's investment in a CBO or CLO will be subject to certain contractual limitations on transfer. Further, a CBO or CLO may be difficult to value given current market conditions.
- **Purchases of Securities and Other Obligations of Financially Distressed Companies**—An Advisory Account may directly or indirectly purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time.
- **Second Lien Loans Risk**—Second lien loans generally are subject to similar risks as those associated with investments in senior loans. Because second lien loans are subordinated or unsecured and thus lower in priority of payment to senior loans, they are subject to the additional risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Second lien loans generally have greater

price volatility than senior loans and may be less liquid. There is also a possibility that originators will not be able to sell participations in second lien loans, which would create greater credit risk exposure for the holders of such loans. Second lien loans share the same risks as other below investment grade securities.

- **Senior Loan Risk**—Senior loans, which hold the most senior position in the capital structure of a business entity, are typically secured with specific collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debt holders and stockholders of the borrower. Senior loans are usually rated below investment grade, and are subject to similar risks, such as credit risk, as below investment grade securities. However, senior loans are typically senior and secured in contrast to other below investment grade securities, which are often subordinated and unsecured. There is less readily available, reliable information about most senior loans than is the case for many other types of securities, and GSIS relies primarily on its own evaluation of a borrower's credit quality rather than on any available independent sources. The ability of an Advisory Account to realize full value in the event of the need to sell a senior loan may be impaired by the lack of an active trading market for certain senior loans or adverse market conditions limiting liquidity. To the extent that a secondary market does exist for certain senior loans, the market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Although senior loans in which an Advisory Account will invest generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of the bankruptcy of a borrower, an Advisory Account could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a senior loan. Moreover, any specific collateral used to secure a senior loan may decline in value or become illiquid, which would adversely affect the senior loan's value. Uncollateralized senior loans involve a greater risk of loss. Some senior loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the senior loans to presently existing or future indebtedness of the borrower or take other action detrimental to lenders, including an Advisory Account, such as invalidation of senior loans.
- **Sovereign Debt Risk**—Not all of the securities that are issued by sovereign governments or political subdivisions, agencies or instrumentalities thereof will have the explicit full faith and credit support of the relevant government. Any failure by any such government to provide such support could result in losses to an Advisory Account.
- **U.S. Government Securities Risk**—The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. U.S. government securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and the Federal Home Loan Banks chartered or sponsored by Acts of Congress are not backed by the full faith and credit of the United States. It is possible that these issuers will not have the funds to meet their payment obligations in the future.

Risks that Apply Primarily to Derivatives Investments and Short Selling

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

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

- **Failure of Brokers, Counterparties and Exchanges Risk**—An Advisory Account will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. An Advisory Account may be subject to risk of loss of its assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Advisory Account, or the bankruptcy of an exchange clearing house. In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, the Advisory Account deals, the Advisory Account might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically traceable to the Advisory Account, and, to the extent such assets or amounts are recoverable, the Advisory Account might only be able to recover a portion of such amounts. Further, even if the Advisory Account is able to recover a portion of such assets or amounts, such recovery could take a significant period of time.
- In addition, although the U.S. Commodity Exchange Act, as amended, requires a commodity broker to segregate the funds of its customers, if a commodity broker fails to properly segregate customer funds, an Advisory Account may be subject to a risk of loss of its funds on deposit with such broker in the event of such broker's bankruptcy or insolvency. Also, to the extent an Advisory Account has exposure to foreign broker dealers it may also be subject to risk of loss of its funds because foreign regulatory bodies may not require such brokers 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 GSIS from liquidating unfavorable positions promptly and subject an Advisory Account to substantial losses.
- **Leverage Risk**—If an Advisory Account utilizes leverage, the Advisory Account will be subject to heightened risk. Leverage may take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged, including among others forward contracts, futures contracts, options, swaps (including total return financing swaps and interest rate swaps), repurchase agreements and reverse repurchase agreements, or other forms of direct and indirect borrowings, and other instruments and transactions that are inherently leveraged. Any such leverage, including leverage that takes the form of instruments and transactions that are

inherently leveraged, may result in the Advisory Account's market value exposure being in excess of the net asset value of the Advisory Account.

- **Reverse Repurchase Agreements Risks**—Reverse repurchase transactions involve risks that the value of portfolio securities being relinquished may decline below the price that must be paid when the transaction closes or that the other party to a reverse repurchase agreement will be unable or unwilling to complete the transaction as scheduled, which may result in losses to an Advisory Account.
- **Risks of Derivative Investments**—Certain Advisory Accounts may invest in derivative instruments including, without limitation, options, futures, options on futures, forwards, swaps, interest rate caps and floors and collars. 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 GSIS for these purposes. Losses in an Advisory Account from investments in derivative instruments can result from a lack of correlation between changes in the value of derivative instruments and the portfolio assets (if any) being hedged, the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if an Advisory Account receives cash collateral under the transaction and some or all of that collateral is invested in the market. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation, and an Advisory Account may be responsible for any loss that might result from its investment of the counterparty's cash collateral. The use of these management techniques also involves the risk of loss if GSIS is incorrect in its expectation of the timing or level of fluctuations in securities prices or interest rates. Investments in derivative instruments may be harder to value, subject to greater volatility and more likely subject to changes in tax treatment than other investments. For these reasons, GSIS attempts to hedge portfolio risks through the use of derivative instruments may not be successful, and GSIS may choose not to hedge certain portfolio risks. Investing for non-hedging purposes is considered a speculative practice and presents even greater risk of loss. Some floating-rate derivative debt securities can present more complex types of derivative and interest rate risks. For example, range floaters are subject to the risk that the coupon will be reduced below market rates if a designated interest rate floats outside of a specified interest rate band or collar. Dual index or yield curve floaters are subject to lower prices in the event of an unfavorable change in the spread between two designated interest rates.
- **Short Selling 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.

Risks that Apply Primarily to Investments in Third-Party Managers

- **Multiple Levels of Fees and Expenses**—An Advisory Account will bear fees or compensation due to GSIS in addition to any fees or expenses which may be due at the third-party investment

vehicle level. In addition, some of the incentive arrangements to which the third-party managers are party may create an incentive for the third-party managers to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect.

- **Reliance on Third-Party Managers**—Success of investments in third-party managers depends upon, among other things, the ability of the third-party managers to develop and successfully implement strategies that achieve their investment objectives. While GSIS will select and monitor the third-party managers, GSIS 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. GSIS relies on the expertise of the third-party managers to help identify, evaluate, underwrite, operate, manage and dispose of assets. GSIS's selection of third-party managers is inherently based on subjective criteria with the result that the true performance and abilities of a third-party manager may be difficult to assess. The historical performance of a third-party manager is not indicative of its future performance, which can vary considerably. Consequently, the success of GSIS's Advisory Accounts that invest in third-party managers will be substantially dependent on the third-party managers and the individuals associated with such third-party managers. Should one or more of these individuals become incapacitated or in some other way cease to participate in investment decisions, GSIS's Advisory Accounts could be adversely affected. In addition, there is a risk that a third-party manager may knowingly, negligently or otherwise withhold or misrepresent information, including the presence or effects of any fraudulent or similar activities. Even if a third-party manager has not engaged in any wrongdoing, a third-party manager and its operations could be materially adversely affected if the third-party manager becomes the subject of (or is otherwise involved in) any formal or informal investigation by a governmental or regulatory agency or is otherwise suspected to have engaged in or be involved in any wrongdoing (including through reports in the press). GSIS's proper performance of its monitoring functions would generally not give GSIS 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.