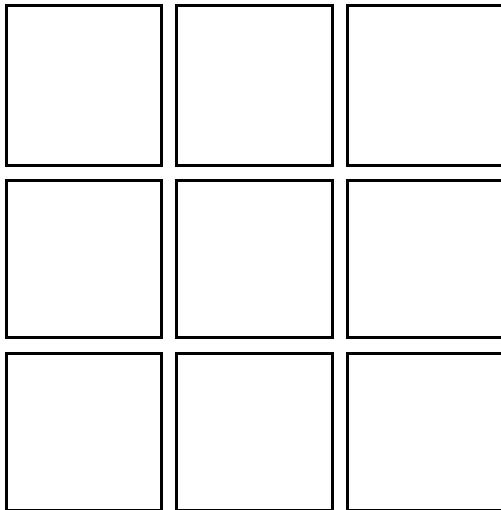


**Asset
Management**



GS Investment Strategies, LLC

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March 31, 2015

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.

Material Changes

This brochure (“Brochure”) is dated March 31, 2015 and is the annual updating amendment to the prior brochure, dated March 31, 2014. There have been no material changes from the last annual update. For ease of reference, capitalized terms that are defined when first used in the Brochure are also set forth in the Glossary.

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Item 4 – Advisory Business

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

The GSIS investment management team 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 investment strategies described below. In connection with GSIS’s management of Advisory Accounts, certain members of the GSIS investment management team focus on particular investment strategies and sub-strategies and/or implementing such strategies and sub-strategies in specific geographic regions.

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 separate 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, 2014, GSIS had assets under management of \$10,563,189,000 all of which was managed on a discretionary basis. As of December 31, 2014, 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 Certain Other 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 may 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. Master-feeder funds are subject to multiple levels of expenses.

Fees for Services to Portfolio Companies

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

of investment funds in which Advisory Accounts invest, may offset investment profits, thus reducing returns.

Considerations Related to Asset-Based and Performance-Based Compensation

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

COMPENSATION RECEIVED BY GOLDMAN SACHS

Compensation received by GSIS and its affiliates related to various services to Advisory Accounts that are pooled investment vehicles and investment funds in which Advisory Accounts invest will generally be retained by 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 negotiate for certain of the fees charged in respect of Advisory Accounts that are pooled investment vehicles to be credited against the fees GSIS charges such clients in respect of other Advisory Accounts in which they invest.

CALCULATION AND DEDUCTION OF ADVISORY FEES

Advisory and management fees for Advisory Accounts generally are calculated and billed either monthly or quarterly in arrears depending on the Advisory Account. The frequency of calculation of incentive fees or allocations (which may take the form of a carried interest), and the timing of payments in respect thereof, will depend on the specific Advisory Account. Subject to negotiation, fees will be prorated through the date of liquidation or termination. Where an affiliate of GSIS is the custodian, fees and other expenses will be automatically deducted from the client's

Advisory Account, unless other arrangements have been made. Where the custodian is a third party, clients may arrange to have such fees debited directly from the client's account for credit to 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. This may include, without limitation, fees and expenses such as those related to participation in bondholders groups and restructurings. GSIS may determine from time to time to pay for all or a portion of such fees and expenses relating to portfolio holdings for certain Advisory Accounts while such fees and expenses may be borne by the investors in pooled investment vehicles managed by GSIS.

Transaction Charges

GSIS's clients will pay brokerage commissions, mark-ups, mark-downs, other commission equivalents as well as spreads and/or transaction costs related to transactions effected for their Advisory Accounts to executing broker-dealers. As described in Item 12, Brokerage Practices, GSIS will effect these transactions subject to its obligation to seek best execution. The different types of transaction charges include:

- **Commissions:** the amount charged by a broker for purchasing or selling securities, real estate or other investments as an agent for the client, which is disclosed on client's trade confirmations or otherwise.
- **Commission equivalents:** an amount charged by a dealer for purchasing or selling securities or other investments in certain riskless principal transactions. Riskless principal transactions refer to transactions in which a dealer, after having received an order from a client to buy a particular security, purchases such security from another person to offset a contemporaneous sale to the client or, after having received an order from a client to sell a particular security, sells such security to another person to offset a contemporaneous purchase from the client.
- **Mark-ups:** the price charged to a client, less the prevailing market price, which is included in the price of the security.

- **Mark-downs:** the prevailing market price, less the amount a dealer pays to purchase the security from the client, which is included in the price of the security.
- **Spreads:** the difference between the current purchase or bid price (that is, the price someone is willing to pay) and the current ask or offer price (that is, the price at which someone is willing to sell), which is reflected in the price of the security. The difference or spread narrows or widens in response to the supply and demand levels of the security.

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

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

Custody and Other Fees

Custody fees and all other fees charged by service providers engaged by clients to provide services relating to Advisory Accounts are levied by the custodian or other service providers for the Advisory Account and are not included in the advisory fees payable to 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, GSIS Personnel (as defined below) do not receive transaction-based compensation for the sale of securities or other investment products based upon a predetermined formula. Compensation of GSIS Personnel consists of a base salary and discretionary variable

compensation. While the base salary is established at the beginning of each year, year-end discretionary variable compensation is based on a variety of factors, including, but not limited to: 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 team performance; the performance of GSIS and Goldman Sachs; and depending on the individual's role, delivery of investment performance. Personnel of certain of GSIS's affiliates (including GSAM) who may be involved in the marketing, promotion and/or sale of investment products may be eligible to receive transaction-based compensation based upon a predetermined formula that is in part related to the sale of such products. Certain of GSIS's affiliates and their personnel may receive compensation based on the sale of securities or other investment products including interests in Accounts (as defined below), including Advisory Accounts. See Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

CLIENT SELECTION OF UNAFFILIATED BROKERS

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

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

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-based fees may make it more likely that GSIS will receive a higher performance-based fee for certain Advisory Accounts than it will for other Advisory Accounts.

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

The simultaneous management of Advisory Accounts that pay performance-based fees and Advisory Accounts that only pay an asset-based fee, or that pay performance-based fees that are calculated in a different manner creates a conflict of interest as the portfolio manager may have an incentive to favor Advisory Accounts with the potential to receive greater fees. For instance, a portfolio manager will be faced with a conflict of interest when allocating scarce investment opportunities, given the possibly greater fees from Advisory Accounts that pay performance-based fees, as opposed to Advisory Accounts that pay no performance-based fees. To address these types of conflicts, GSIS has adopted policies and procedures under which allocation decisions may not be influenced by fee arrangements and investment opportunities 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 OF ADVISORY ACCOUNTS; ALLOCATION OF OPPORTUNITIES

GSIS may manage or advise multiple Advisory Accounts (including Advisory Accounts in which Goldman Sachs and personnel of Goldman Sachs have an interest) that have investment objectives that are similar and that may seek to make investments or sell investments in the same securities or other instruments, sectors or strategies. This creates potential conflicts, particularly in circumstances where the availability or liquidity of investment opportunities is limited. Areas in which such limited opportunities may exist include, without limitation, in local and emerging markets, high yield securities, fixed income securities, regulated industries, real estate assets, primary 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 making portfolio decisions for Advisory Accounts will make purchase and sale decisions for, and allocate investment opportunities among, Advisory Accounts consistent with GSIS's fiduciary obligations. These policies and procedures may 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 including those described below. Advisory Accounts managed by different portfolio management teams are generally viewed separately for allocation purposes, including for purposes of allocations of private equity or IPO/New Issue opportunities.

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

- Advisory Account investment horizons and objectives;

- Different desired levels of exposure to certain strategies, including sector oriented, concentrated new opportunities or other strategies;
- Client-specific investment guidelines and restrictions, including without limitation the ability to hedge through short sales or other techniques;
- The expected future capacity of applicable Advisory Accounts;
- Tax sensitivity and objectives of Advisory Accounts;
- Cash and liquidity considerations, including without limitation availability of cash for investment;
- Relative sizes and expected future sizes of applicable Advisory Accounts and eligible capital;
- Availability of other appropriate investment opportunities;
- Legal and regulatory restrictions affecting certain Advisory Accounts or affecting holdings across Advisory Accounts, which may result in adjusting existing or future positions across Advisory Accounts and may consequently open up capacity for new Advisory Accounts or Advisory Account cash-flows;
- Minimum denomination, minimum increments, de minimis threshold and round lot considerations;
- Current investments held by Advisory Accounts similar to the applicable investment opportunity; and
- Suitability requirements and the nature of the investment opportunity.

Suitability considerations may include:

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

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

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

Non-proportional allocations may occur across Advisory Accounts, including in fixed income securities due to the availability of multiple appropriate or substantially similar investments in fixed income strategies, as well as due to differences in benchmark factors, hedging strategies, or other reasons. Reputational matters may also be a factor in determining the allocation of opportunities sourced by such personnel.

GSIS may, from time to time, develop and implement new trading strategies or seek to participate in new trading strategies and investment opportunities. These strategies and opportunities may not be employed in all Advisory Accounts or employed pro rata among Advisory Accounts where they are used, even if the strategy or opportunity is consistent with the objectives of such accounts. Further, a trading strategy employed for one Advisory Account that is similar to, or the same as that of, another Advisory Account may be implemented differently, sometimes to a material extent, depending on a variety of factors, including the portfolio managers involved in managing the trading strategy for the Advisory Account, and the time difference associated with the location of different portfolio management teams. 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 Advisory Account's liquidity, the business risk of the strategy relative to an Advisory Account's overall portfolio make-up, and the lack of efficacy of, or return expectations from, the strategy for the Advisory Account. For example, such a determination may, but will not necessarily, include consideration of the expectation that a particular strategy will not have a meaningful impact on an Advisory Account given the overall size of the account, the limited availability of opportunities in the strategy and/or the availability of other strategies for the account.

During periods of unusual market conditions, GSIS may deviate from its normal trade allocation practices. For example, this may occur with respect to the management of

unlevered and/or long-only Advisory Accounts that are typically managed on a side-by-side basis with levered and/or long-short Advisory Accounts.

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

In addition, in some cases GSIS may make investment recommendations to Advisory Accounts where the Advisory Accounts make the investment independently of GSIS. In circumstances in which there is limited availability of an investment opportunity, if such Advisory Accounts invest in the investment opportunities at the same time as or prior to other Advisory Accounts, the availability of the investment opportunity for other Advisory Accounts will be reduced irrespective of GSIS's policies regarding allocation of investments.

IPO/NEW ISSUE ALLOCATION POLICIES

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

are generally viewed separately for allocation purposes, including for purposes of allocation of IPOs/New Issues.

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, mutual funds and other private investment funds and may in the future include other investment companies.

Investors in GSIS-managed private investment funds include a range of individual and institutional investors worldwide, 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. Under delegated authority from one or more of its affiliates, GSIS may also manage accounts of its affiliates' clients and will receive a portion of the fee or other compensation paid by the client from the affiliate for such services. In such cases, the client will have entered into an investment advisory agreement with Goldman Sachs or with GSIS's affiliate and not 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 (the "1933 Act"), 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 utilizes multi-strategy, long-only and private investment strategies among the different types of clients (hedge funds, private equity funds, funds-of-funds, mutual 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, 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, mutual 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 team in its significant investment strategies and certain other risks applicable to Advisory Accounts. 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 the 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, or other offering documents and constituent documents for additional information about risks associated with those products.

Appendix A contains certain additional information about the risks associated with security types and investment techniques used by GSIS, including security types and investment techniques not described in this Item 8. To the extent clients receive prospectuses or other offering documents or constituent documents for pooled investment vehicles in which they invest, clients are encouraged to carefully read the product-specific risk disclosures contained therein.

General Portfolio Risks

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, geographic region, industry or economic sector, an adverse economic, business, political or other development may affect the value of the Advisory Account's investments more than if its investments were not so concentrated. Also, to the extent an Advisory Account invests all or a large percentage of its assets in a single issuer or a relatively small number of issuers, or concentrates its assets directly or indirectly in investments in the same asset class or in one particular asset or security, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Advisory Account may affect the overall value of the account more than it would affect an account that holds more investments.
- **Conversion of Equity Investments**—After its purchase, a non-equity investment directly or indirectly held by an Advisory Account (such as a convertible debt obligation) may convert to an equity security. Alternatively, an Advisory Account may directly or indirectly acquire equity securities in connection with a restructuring event related to one or more of its non-equity investments. The Advisory Account or an investment fund in which the Advisory Account invests may be unable to liquidate the equity investment at an advantageous time from a pricing standpoint. Furthermore, an underlying investment fund may continue to hold an investment if its manager believes it is in the best interest of the fund. Continued holding of such investments may adversely affect the Advisory Account's portfolio.
- **Counterparty Risk**—An Advisory Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions. For example, although certain standardized swap transactions are subject to mandatory central clearing, which is expected to decrease counterparty risk and increase liquidity compared to bilaterally negotiated swaps, central clearing does not eliminate counterparty risk or illiquidity risk entirely. In addition, many of the protections afforded to cleared transactions, such as the security afforded by transacting through a clearing house, might not be available in connection with over-the-counter ("OTC") transactions. Therefore, in those instances in which an Advisory Account enters into OTC transactions, the Advisory Account will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Advisory Account will sustain losses. Furthermore, an Advisory Account may, from time to time, enter into arrangements with certain brokers or other counterparties that require the segregation of collateral. For operational, cost or other reasons, when setting up arrangements relating to the execution/clearing of trades, an Advisory Account may choose to select a segregation model which may not be the most protective option available in the case of a default by a broker or counterparty.
- **Currency Risk**—An Advisory Account may hold investments denominated in currencies other than the currency in which the Advisory Account is denominated. Currency exchange rates can be extremely volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended to directly affect prevailing exchange rates, and a variance in the degree of volatility of the market or in the direction of the market from 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 emerging markets involves certain considerations not usually associated with investing in developed markets, including, without limitation, political and economic considerations, the potential difficulty of repatriating funds or enforcing contractual or other legal rights, general social, political and economic instability, adverse diplomatic developments, the lack of robust regulation in such markets, the uncertainty around the efficacy and enforcement of such regulation, inflation, and the small size of such securities markets and the low volume of trading (which may result in potential lack of liquidity and in price volatility). Moreover, financial intermediaries may be inexperienced, and counterparties may be subject to weaker safekeeping frameworks. Trading platforms in these markets may be new, and the relevant regulations may be untested and subject to change. There is no assurance that the systems and controls of such trading platforms will be adequate or that such platforms would continue in existence. Further, the economies, industries, securities and currency markets in emerging markets or growth markets may be adversely affected by protectionist trade policies, a slow U.S. economy, regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S. An Advisory Account's purchase and sale of securities in certain emerging countries may be constrained by limitations relating to daily changes in the prices of listed securities, periodic trading or settlement volume, and/or limitations on aggregate holdings of foreign investors. An Advisory Account may not be able to sell securities in circumstances where price, trading, or settlement volume limitations have been reached.
- **Frequent Trading and Portfolio Turnover Rate Risk**—The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.
- **Hedging Risk**—Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions. To the extent 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 or that losses on the hedge will occur at the same time as losses in the value of the positions of an Advisory Account. In addition, certain hedging instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, an Advisory Account may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, the use of such instruments may limit any potential gain which might result from an increase in the value of such position. The ability of an Advisory Account to hedge successfully cannot be assured. Hedging techniques involve costs, which could be significant, whether or not the hedging strategy is successful.
- **Indirect Investment in Foreign Securities**—Some countries, especially emerging markets countries, do not permit foreigners to participate directly in their securities markets or otherwise present difficulties for efficient foreign investment. An Advisory Account may use participation notes to establish a position in such markets

as a substitute for direct investment. Participation notes are issued by banks or broker-dealers and are designed to track the return of a particular underlying equity or debt security, currency or market. When the participation note matures, the issuer of the participation note will pay to, or receive from, an Advisory Account the difference between the nominal value of the underlying instrument at the time of purchase and that instrument's value at maturity. Investments in participation notes involve the same risks as are associated with a direct investment in the underlying security, currency or market that they seek to replicate as well as counterparty risk when traded over-the-counter. Foreign securities may also trade in the form of depositary receipts. Depositary receipts may not reflect the return an Advisory Account would realize if the Advisory Account actually owned the relevant securities underlying the depositary receipts. To the extent an Advisory Account acquires depositary receipts through banks which do not have a contractual relationship with the foreign issuer of the security underlying the depositary receipts to issue and service such unsponsored depositary receipts, there may be an increased possibility that the Advisory Account would not become aware of and be able to respond to corporate actions such as stock splits or rights offerings involving the foreign issuer in a timely manner.

- **Investment Style Risk**—Different investment styles (e.g., “growth,” “value” or “quantitative”) tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. GSIS may modify or adjust its investment strategies from time to time.
- **Leverage Risk**—Leverage creates exposure to potential gains and losses in excess of the initial amount invested. Borrowing and the use of derivatives may result in leverage and may make an Advisory Account more volatile. When an Advisory Account uses leverage the sum of the Advisory Account's investment exposures may significantly exceed the amount of assets invested in the Advisory Account, although these exposures may vary over time. Relatively small market movements may result in large changes in the value of a leveraged investment. An Advisory Account will identify liquid assets on its books or otherwise cover transactions that

may give rise to such risk, to the extent required by applicable law. The use of leverage may cause an Advisory Account to liquidate portfolio positions to satisfy its obligations or to meet segregation requirements when it may not be advantageous to do so. The use of leverage by an Advisory Account can substantially increase the adverse impact to which the Advisory Account's investment portfolio may be subject. In addition, lenders may impose restrictions or requirements on the operations of an Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which could increase the losses incurred by the Advisory Account. Lenders may also have the right under certain circumstances to cause the sale of assets held in an Advisory Account at times that may be inopportune from a pricing standpoint. Further, in the case of an Advisory Account that invests in investment funds utilizing leverage, the rights and claims of any lenders to receive payments of interest or repayments of principal from the investment fund will generally be senior to the rights of the Advisory Account to withdraw its investment from the investment fund.

- **Liquidity Risk**—The risk that an Advisory Account may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available, that are subject to legal, regulatory or contractual restrictions on their sale or transfer, or that may become less liquid in response to market developments or adverse investor perceptions. Investments that are illiquid or that trade in lower volumes may be more difficult to value. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market, including in fixed income securities, or the lack of an active market. Additionally, market participants may attempt to sell fixed income holdings at the same time as the Advisory Account, which could cause downward pricing pressure and contribute to illiquidity. Further, an Advisory Account may invest in private funds and investors generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors in private funds may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without the

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

- **Management Risk**—The risk that a strategy used by GSIS may fail to produce the intended results for an Advisory Account.
- **Market Risk**—The market value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular sectors or governments, and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets. In addition, governmental and quasi-governmental organizations have taken a number of unprecedented actions designed to support the markets. Such conditions, events and actions may result in greater market risk.
- **Model Risk**—The management of Advisory Accounts by GSIS may include the use of various models for risk management or other purposes. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people, or systems. These models may perform differently than expected for various reasons, including as a result of incomplete, inaccurate or stale market data or other factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). There is no guarantee that the use of these models will result in effective investment decisions for Advisory Accounts.
- **Non-Hedging Currency Risk**—An Advisory Account may purchase or sell currencies through the use of forward contracts or other instruments based on GSIS's judgment regarding the direction of the market for a particular currency or currencies for speculative purposes. Currency exchange rates can be extremely volatile, and a variance in the degree of volatility of the market or in the direction of the market from GSIS's expectations may produce significant losses to an Advisory Account.
- **Non-U.S. Securities Risk**—Non-U.S. securities may be subject to risk of loss because of more or less non-U.S. government regulation, less public information, less liquidity, greater volatility and less economic, political

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

- **Risks of Derivative Investments**—Advisory Accounts may invest in derivative instruments including, without limitation, options, futures, options on futures, interest rate caps and floors and collars, participation notes, swaps, options on swaps, structured securities, forward contracts and other derivatives relating to foreign currency transactions. Losses in an Advisory Account from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if an Advisory Account receives cash collateral under the transactions and some or all of that collateral is invested in the market. The use of these management techniques

also involves the risk of loss if GSIS is incorrect in its expectation of the timing or level of fluctuations in securities prices, interest rates, currency prices or other variables. In addition, subject to jurisdictional limits, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended (the “Dodd-Frank Act”), establishes a new regulatory framework for oversight of over-the-counter derivatives transactions by the CFTC (as defined below) and the SEC and heightens the existing regulation of futures markets. There can be no certainty as to the final form of the requirements, and the full extent of the impact such requirements will have on the Advisory Accounts is unclear.

- **Valuation Risk**—The net asset value of an Advisory Account as of a particular date may be materially greater than or less than the net asset value that would be determined if such Advisory Account’s investments were to be liquidated as of such date. An Advisory Account may invest in assets that lack a readily ascertainable market value, and an Advisory Account’s net asset value will be affected by the valuations of any such assets (including, without limitation, in connection with calculation of any fees). The value of assets that lack a readily ascertainable market value may be subject to later adjustment based on valuation information available to an Advisory Account at that time. Any adjustment to the value of such assets may result in an adjustment to the net asset value of an Advisory Account.
- **Volatility Risk**—The prices of an Advisory Account’s investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies.

Other General Risks

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

- **Dependence on Key Personnel**—Advisory Accounts may rely on certain key personnel of Goldman Sachs. As a result of regulation or for other reasons, the amount

of compensation that may be payable to Goldman Sachs executives or other employees may be reduced, or employees who rely on work visas or other permits may have such visas or permits revoked or not renewed. As a result, certain key personnel may leave Goldman Sachs. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect the ability of 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 Conduct Authority (“FCA”) and similar regulators world-wide. For example, as a wholly owned subsidiary of The Goldman Sachs Group, Inc., a bank holding company, certain of 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.
- **Losses in Affiliated Investment Funds Borne Solely by Investors**—All losses of an Advisory Account investing in an affiliated investment fund managed by GSIS shall be borne solely by such Advisory Account and not by Goldman Sachs. Goldman Sachs’ losses in an affiliated investment fund will be limited to losses attributable to the ownership interests in such investment fund held by Goldman Sachs in its capacity as an investor in such investment fund or as beneficiary of a restricted profit interest held by Goldman Sachs. Ownership interests in Advisory Account are not insured by the FDIC, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.
- **Master-Feeder Structure**—Advisory Accounts may be organized as a part of a “master-feeder” structure. Investors may be materially affected by the actions of

another entity investing in the master entity, including redemptions of interests by such entities.

- **Multiple Levels of Fees and Expenses**—In circumstances in which Advisory Accounts invest in third-party managers or affiliated or unaffiliated investment funds, the Advisory Accounts will bear any fees or other compensation due to GSIS and expenses at the Advisory Account level, in addition to any fees or compensation and expenses which may be due at the third-party manager or investment fund level.
- **Non-Recourse Risk**—The governing agreements of investment funds in which Advisory Accounts invest may limit the circumstances in which a manager can be held liable to investors. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such provisions.
- **Operational Risk**—The risk that an Advisory Account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.
- **Partial or Total Loss of Capital**—Certain investments made by GSIS for Advisory Accounts are intended for long-term investors who can accept the risks associated with investing in illiquid securities, and the possibility of partial or total loss of capital exists. There is no assurance that Advisory Accounts will achieve their investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that Advisory Accounts will be able to fully invest their capital.
- **Performance-Based Compensation**—GSIS and managers of affiliated and unaffiliated investment funds in which an Advisory Account invests (which, in the case of affiliated investment funds, may be GSIS) may receive performance-based compensation from Advisory Accounts and the investment funds based upon the net capital appreciation of Advisory Account or investment fund assets. Such compensation arrangements may create an incentive for GSIS and managers of investment funds to make investments that are riskier or more speculative than would be the case if such arrangements

were not in effect. In many cases, performance-based compensation may be calculated on a basis that includes unrealized appreciation of assets. In such cases, such compensation may be greater than if it were based solely on realized gains and losses. See Item 6, Performance-Based Fees and Side-By-Side Management.

Multi-Strategy Investment Strategies Risks

In addition to the risks described above under “General Portfolio Risks” and “Other 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 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.
- **Energy, Oil and Gas Sector Risk**—Advisory Accounts may invest in MLPs that primarily derive their income from investing in companies within the energy, oil and gas sectors. Energy, oil and gas companies are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas or petroleum products; reduced availability of natural gas or other commodities for transporting, processing, storing or delivering; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, changes in the regulatory environment for these companies may adversely impact their profitability. Over time, depletion of natural gas reserves or other commodities may also affect the profitability of companies in the energy, oil and gas sectors.
- **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. Private investments are highly competitive and an Advisory Account may face greater challenges in making such investments than when investing in traditional asset classes. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted. To the extent an Advisory Account has invested in private investments indirectly through a pooled investment vehicle which is in the process of winding down, the pooled investment vehicle may hold a limited number of illiquid investments that may not be realized for a significant amount of time and the Advisory Account will continue to bear its portion of the pooled investment vehicle's operating costs during such time. The pooled investment vehicle may be unable to dispose of such investments other than through sale in a secondary market, which could be at a disadvantageous price.

- **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 or instruments held by an Advisory Account may default on its obligation to pay interest and repay principal or default on any other obligation. Additionally, the credit quality of securities or instruments 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 or instruments held by an Advisory Account (which may include inflation protected securities) will generally decline in value. Long-term

fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments. A wide variety of market factors can cause interest rates to rise, including central bank monetary policy, rising inflation and changes in general economic conditions.

Long-Only Investment Strategies Risks

In addition to the risks described above under “General Portfolio Risks” and “Other 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.
- **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).

Private Investment Strategies Risks

In addition to the risks described above under “General Portfolio Risks” and “Other 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 (i) be in an early stage of development and not have a proven operating history; (ii) be operating at a loss or have significant variations in operating results; (iii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; (iv) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; (v) rely on the services of a limited number of key individuals, the loss of any of whom could significantly adversely affect a portfolio company’s performance; and (vi) otherwise have a weak financial condition or be experiencing financial difficulties. In addition, portfolio

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

- **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 GSAMLP, by the Financial Supervisory Commission in Korea. Additional information about GSIS's investment management 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"). GSAMLP is a registered swap firm with the National Futures Association. In addition, certain of GSIS's management persons may be registered as associated persons and swap associated persons to the extent necessary or appropriate to perform their responsibilities.

OTHER MATERIAL RELATIONSHIPS WITH AFFILIATED ENTITIES

GSIS may use, suggest or recommend its own services or those of affiliated Goldman Sachs entities. GSIS may manage Advisory Accounts on behalf of such affiliated Goldman Sachs entities, which may create potential conflicts of interest related to GSIS's determination to use, suggest or recommend the services of such entities. The particular services involved will depend on the types of services offered by the affiliate. The arrangements may involve sharing or joint compensation, or separate compensation, subject to the requirements of applicable law. Particular relationships may include, but are not limited to, those discussed below. Goldman Sachs' affiliates will retain any compensation when providing investment services to, or in connection with investment activities of, Advisory Accounts. Compensation may take the form of commissions, mark-ups, mark-downs, 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"), Montague Place Custody Services, Goldman Sachs (Asia) Securities Limited, Goldman Sachs Japan Co., Ltd., Goldman Sachs (Russia), Goldman Sachs Bank AG, Goldman Sachs Financial Markets, L.P., Goldman Sachs Saudi Arabia, Goldman Sachs Execution & Clearing, L.P., OOO Goldman Sachs, Qian Kun Futures Co., Ltd. and Redi Global Technologies LLC. Clients pay for broker-dealer or

other services performed by GSAML P'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 Advisory 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, mutual funds 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 Australia Pty Ltd, Goldman Sachs Asset Management Brazil LTDA, Goldman Sachs (China) L.L.C., Beijing Gao Hua Securities Company Limited, Goldman Sachs Asset Management (India) Private Limited, Goldman Sachs (India) Securities Private Limited, Goldman Sachs Services Pvt. Ltd., Goldman Sachs (Malaysia) Sdn Bhd, GSAMI, Goldman Sachs (Asia) L.L.C. ("GS Asia"), Goldman Sachs (Russia), Goldman Sachs Do Brasil Banco Multiplo S/A, Goldman Sachs Saudi Arabia, Goldman Sachs Asset Management Co. Ltd. ("GSAMC"), Goldman Sachs (Singapore) Pte. ("GSSP"), GS&Co., Goldman Sachs Realty Management, L.P. (formerly known as Archon Group, L.P.) ("GSRM"), GSAML P, The Ayco Company, L.P. ("Ayco"), GSAM SV, GSI, GSGAP, HFS, Goldman Sachs Investment Advisory Korea Co., LTD, GS Investment Strategies Canada Inc. ("GSIS Canada"), and Goldman Sachs Asset Management Global Services Limited.

Among GSIS's investment advisory affiliates, GSAMI, GS&Co., GSRM, GSAML P, Ayco, GSAM SV, GSGAP, and HFS are registered with the SEC as investment advisers. GS Asia, GSAMC, GSI, GSIS Canada and GSSP are not registered with the SEC as investment advisers but are foreign affiliated advisers that may provide advice or research to 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. Certain services may be performed for affiliates by GSIS employees who are also employees of such affiliates or through delegation or other

arrangements. Clients that want more information about any of these affiliates should contact GSIS. In addition, GSIS may participate in sub-advisory, co-advisory or other joint projects related to pooled investment vehicles with institutions not a part of Goldman Sachs.

Financial Planner

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, swap firm and swap dealer. These firms include: GS&Co., GSAMLP, GSAMI, HFS, Goldman Sachs Management Partners, L.P., GSIS and Goldman Sachs Execution & Clearing, L.P. 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 "Federal Reserve"). The Goldman Sachs Group, Inc. is subject to supervision and regulation by the Federal Reserve.

The Goldman Sachs Trust Company, a limited trust company licensed by the State of New York, and its affiliates, may provide custody services to 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. 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

Goldman Sachs' affiliates, Global Atlantic Financial Group Limited, Commonwealth Annuity and Life Insurance Company and First Allmerica Financial Life Insurance Company, engage in the insurance business for the purpose of insuring and reinsuring life and annuity contracts including, but not limited to variable life and variable annuity contracts.

Management Persons; Policies and Procedures

Certain of 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, personnel of GSIS and certain other affiliates; policies and procedures relating to brokerage selection, trading with affiliates or investing in products managed or sponsored by affiliates; and allocation and trade sequencing policies applicable to Advisory Accounts and Accounts. Additional information about these conflicts and the policies and procedures to address them is available in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Affiliated Indexes

GSIS and its affiliates may develop, own and operate stock market and other indexes (each, an "Index") based on proprietary investment and trading strategies developed by

GSIS or its affiliates (“Proprietary Strategies”). Some of the exchange-traded funds (“ETFs”) for which GSIS or its affiliates act as investment adviser (the “GSIS ETFs”) seek to track the performance of the Indexes. GSIS may, from time to time, manage Advisory Accounts which track the same Indexes used by the GSIS ETFs or which are based on the same, or substantially similar, Proprietary Strategies that are used for the Indexes and the GSIS ETFs. The operation of the Indexes, the GSIS ETFs and Advisory Accounts in this manner may give rise to potential conflicts of interest.

These potential conflicts include trading based on prior knowledge of index changes (known as “front-running”), unauthorized access to Index information, allowing Index changes that benefit GSIS or other Advisory Accounts instead of the investors in the GSIS ETFs, and the manipulation of Index pricing to present the performance of GSIS ETFs, or tracking ability, in a preferential light.

To address these potential conflicts, GSIS, among other things, has adopted written policies and procedures designed to prevent the use and dissemination of material non-public information regarding the Indexes, as well as to address potential conflicts that may arise in connection with GSIS’s operation of the Indexes, the GSIS ETFs and Advisory Accounts. These include policies and procedures such as those designed to ensure the equitable allocation of portfolio transactions as well as cross-trading policies. In addition, as described in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, GSIS has adopted a code of ethics. GSIS is not permitted to obtain or use material non-public information in effecting purchases and sales in public securities transactions for Advisory Accounts, including the GSIS ETFs. Furthermore, the portfolio holdings of the GSIS ETFs are publicly disclosed on a daily basis, further minimizing the potential for conflicts with respect to the Indexes. For additional information, please see 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 of Goldman Sachs 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, including restrictions on the purchase and sale of publicly traded equity securities. 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, all personnel of Goldman Sachs, including GSIS Personnel, are subject to firm-wide policies and procedures regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

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, including Advisory Accounts, collectively, the “Accounts”). Goldman Sachs

has direct and indirect interests in the global fixed income, currency, commodity, equities, bank loan and other markets, and the securities and issuers, in which the Advisory Accounts may directly and indirectly invest. As a result, Goldman Sachs' activities and dealings may affect Advisory Accounts in ways that may disadvantage or restrict Advisory Accounts and/or benefit Goldman Sachs or other Accounts (including Advisory Accounts). The following are descriptions of certain conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that 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 principal transactions, cross transactions and agency cross transactions. There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit 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. Cross transactions may disproportionately benefit some Advisory Accounts relative to other Advisory Accounts due to the relative amount of market savings obtained by the Advisory Accounts. Any

principal, cross or agency cross transactions will be effected in accordance with fiduciary requirements and applicable law.

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

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

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

Goldman Sachs (including GSIS), the clients it advises, and its personnel have interests in and advise Accounts (including Advisory Accounts) that have investment objectives or portfolios similar to or opposed to those of particular Advisory Accounts, and/or which engage in and compete for transactions in the same types of securities and other instruments as particular Advisory Accounts, including Accounts that may provide greater fees or other compensation, including performance-based fees, to Goldman Sachs. These interests may involve the same or related securities or other instruments as those in which particular Advisory Accounts invest, and such Accounts may engage in a strategy while an Advisory Account is undertaking the same or a differing strategy, any of which could directly or indirectly disadvantage the Advisory Account. For example, an Advisory Account may buy a security and Goldman Sachs may establish a short position in that same security or in similar securities. This short position may result in the impairment of the price of the security that the Advisory Account holds or may be designed to profit from a decline in the price of the security. To the extent an Advisory Account engages in transactions

in the same types of securities as other Accounts (including other Advisory Accounts), transactions by such other Accounts may dilute or otherwise negatively affect the investments of the Advisory Account. Moreover, a particular Advisory Account on the one hand, and Goldman Sachs or an Account (including another Advisory Account) on the other hand, may also vote differently on or take or refrain from taking different actions with respect to the same security, which may be disadvantageous to the Advisory Account. In addition, Goldman Sachs or Accounts (including Advisory Accounts), on the one hand, and a particular Advisory Account, on the other hand, may invest in or extend credit to different classes of securities or different parts of the capital structure of the same issuer and as a result one may take actions that adversely affect the other.

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

Goldman Sachs may make loans to, or enter into asset-based or other credit facilities or similar transactions with, clients, companies or individuals that may (or may not be) secured, including by a client's assets or interests in an Advisory Account. In connection with its rights as lender, Goldman

Sachs may act to protect its own commercial interest and may take actions that adversely affect the borrower. The borrower's actions may in turn adversely affect Advisory Accounts (e.g., if the borrower liquidates a large position in a security rapidly, the value of such security may decline and Advisory Accounts holding such security may in turn decline in value or may be unable to liquidate their positions in such security at an advantageous price).

Subject to applicable law, Goldman Sachs (including GSIS) or Accounts (including Advisory Accounts and Accounts formed to facilitate investment by personnel of Goldman Sachs) may also invest in or alongside particular Advisory Accounts that are pooled investment vehicles. Such investments may be on terms more favorable than those of an investment by other Advisory Accounts in the pooled investment vehicle and may constitute substantial percentages of the assets of the pooled investment vehicle. Unless provided otherwise by agreement to the contrary, Goldman Sachs or Accounts may redeem interests in these pooled investment vehicles at any time without notice to or regard to the effect on the portfolios of Advisory Accounts invested in the pooled investment vehicle, which may be adverse.

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

Goldman Sachs (including, as applicable, GSIS) and its personnel, when acting as an investment banker, market maker, investor, broker, advisor or research provider, may advise on transactions, make investment decisions or recommendations, provide differing investment views or have views with respect to research or valuations, that are inconsistent with, or adverse to, the interests and activities of Advisory Accounts. Accounts may be offered access to advisory services through several different Goldman Sachs advisory businesses (including GS&Co. and GSIS). Different advisory businesses within Goldman Sachs manage Accounts according to different strategies and may also apply different criteria to the same or similar strategies and may have differing investment views in respect of an

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

Goldman Sachs has established certain information barriers and other policies to address the sharing of information between different businesses within Goldman Sachs. As a result of information barriers, 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 will not have any obligation to share information with GSIS. Information barriers may also exist between businesses within GSIS. There may be circumstances in which, as a result of information held by certain portfolio management

teams in GSIS, GSIS limits an activity or transaction for Advisory Accounts, including Advisory Accounts managed by portfolio management teams other than the team holding such information. In addition, Goldman Sachs will not have any obligation to make available any information regarding its trading activities, strategies or views, or the activities, strategies or views used for other Accounts, for the benefit of Advisory Accounts. To the extent that GSIS has access to fundamental analysis and proprietary technical models or other information developed by Goldman Sachs and its personnel, GSIS will not be under any obligation to effect transactions on behalf of the Advisory Accounts in accordance with such analysis and models. GSIS may make decisions based on information or take (or refrain from taking) actions with respect to Advisory Accounts they advise in a manner that may be adverse to other Advisory Accounts. In some cases, GSIS Personnel may not share information with other GSIS Personnel, including as a result of certain information barriers and other policies, and will not have any obligation to do so.

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

Goldman Sachs may provide various services to Advisory Accounts or to companies or affiliated or unaffiliated investment funds in which Advisory Accounts have an interest, which may result in fees, compensation and remuneration, as well as other benefits, to Goldman Sachs. For example, Goldman Sachs may be hired by GSIS on behalf of an Advisory Account or directly by an Advisory Account, or by a company or an affiliated or unaffiliated

investment fund in which an Advisory Account has an interest, to provide investment advisory, custody, distribution, transfer agency, administrative, lending or other services (including legal, accounting and other back office services) to the Advisory Account, company or investment fund. In addition, Goldman Sachs may act as broker, dealer, agent, lender or advisor or in other commercial capacities for Advisory Accounts or companies or affiliated or unaffiliated investment funds in which Advisory Accounts have an interest. For example, a company in which an Advisory Account has an interest may hire Goldman Sachs to provide underwriting, merger advisory, placement agency, foreign currency hedging, research, asset management services, brokerage services or other services to the company. In connection with providing such services, Goldman Sachs may take commercial steps in its own interests, or may advise the parties to which it is providing services to take actions or engage in transactions, which may have an adverse effect on Advisory Accounts. For example, Goldman Sachs may advise a company to make changes to its capital structure the result of which would be a reduction in the value or priority of a security held by one or more Advisory Accounts. Actions taken or advised to be taken by Goldman Sachs in connection with other types of transactions may also result in adverse consequences for Advisory Accounts. Providing such services to the Advisory Accounts and companies and affiliated or unaffiliated investment funds in which they invest may enhance Goldman Sachs' relationships with various parties, facilitate additional business development and enable Goldman Sachs to obtain additional business and generate additional revenue. Advisory Accounts will not be entitled to compensation related to any businesses of Goldman Sachs or 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. GSIS may value an identical asset differently than another division or unit within Goldman Sachs values the asset, including because such other division or unit has information regarding valuation techniques and models or other information that it does not share with GSIS. This is particularly the case in respect of difficult-to-value assets. GSIS may also value an identical asset differently in different Advisory Accounts, including because different Advisory Accounts are subject to different

valuation guidelines pursuant to their respective governing agreements, different third party vendors are hired to perform valuation functions for the Advisory Accounts or the Advisory Accounts are managed or advised by different portfolio management teams within GSIS. GSIS will 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.

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

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

Financial Incentives in Selling and Managing Advisory Accounts

Goldman Sachs and its personnel, including 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 will 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 will 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 its personnel. 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 in connection with Accounts (including Advisory Accounts).

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 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. GSIS may also reduce a particular Advisory Account's interest in an investment opportunity that has limited availability so that other Advisory Accounts that pursue similar investment strategies may be able to acquire an interest in the investment opportunity. In addition, 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 an activity or transaction engaged in on behalf of a particular Advisory Account, including as a result of information held by Goldman Sachs (including information held by a portfolio management team in GSIS other than the team managing the Advisory Account), and may limit its exercise of rights on behalf of the Advisory Account for reputational or other reasons, including where Goldman Sachs is providing (or may provide) advice or services to an entity involved in such activity or transaction, where Goldman Sachs or an Account is or may be engaged in the same or related transaction to that being considered on behalf of the Advisory Account, where Goldman Sachs or another Account has an interest in an entity involved in such activity or transaction, or where such activity or transaction or the exercise of such rights on behalf of or in respect of the Advisory Account could affect Goldman Sachs, GSIS or their activities. In addition, GSIS operates a program reasonably designed to ensure compliance with all economic sanctions-related obligations applicable directly to its activities (although such obligations are not necessarily the same obligations that an Advisory Account itself may be subject to). GSIS may restrict its investment decisions and activities on behalf of particular Advisory Accounts and not other Accounts (including other Advisory Accounts).

In order to engage in certain transactions on behalf of Advisory Accounts, GSIS will be subject to (or cause Advisory Accounts to become subject to) the rules, terms and/or conditions of any venues through which it trades securities, derivatives or other instruments. This includes, but is not limited to, where GSIS and/or the Advisory

Accounts may be required to comply with the rules of certain exchanges, execution platforms, trading facilities, clearinghouses and other venues, or may be required to consent to the jurisdiction of any such venues. The rules, terms and/or conditions of any such venue may result in GSIS (and/or the Advisory Accounts) being subject to, among other things, margin requirements, additional fees and other charges, disciplinary procedures, reporting and recordkeeping, position limits and other restrictions on trading, settlement risks and other related conditions on trading set out by such venues.

From time to time, an Advisory Account, GSIS or its affiliates and/or their service providers or agents may be required, or may determine it is advisable, to disclose certain information about an Advisory Account, including, but not limited to, investments held by the Advisory Account, and the names and percentage interest of beneficial owners thereof, to third parties, including local governmental authorities, regulatory organizations, taxing authorities, markets, exchanges, clearing facilities, custodians, brokers and trading counterparties of, or service providers to, GSIS or the Advisory Account. Unless agreed in the agreement governing the Advisory Account or otherwise directed by a client, GSIS will comply with such requests to disclose such information, including through electronic delivery platforms. If GSIS is not permitted to make certain required disclosures in respect of an Advisory Account, GSIS may determine to cause the sale of certain assets for the Advisory Account, and such sale may be at a time that is inopportune from a pricing standpoint.

Item 12 – Brokerage Practices

BROKER-DEALER SELECTION

GSIS places orders for the execution of transactions for Advisory Accounts according to its best execution policies and procedures. Subject to any specific instructions that GSIS accepts from clients, GSIS takes into account a range of factors in deciding how to execute client orders, including, but not limited to, price; costs; timing and speed of execution; responsiveness; creditworthiness and financial stability; likelihood of, and capabilities in, execution, clearance and settlement; size, liquidity in or with an execution venue; nature; in certain circumstances, a broker's or counterparty's willingness to commit capital and the provision of research and "soft dollar" benefits as described

below; and other appropriate factors. Best price, giving effect to commissions and commission equivalents (if any) and other transaction costs, is normally an important factor in deciding how to execute transactions, but, in consideration of the relevant factors, transactions will not always be executed at the lowest available price or commission or commission equivalents (if any). In determining the relative importance of factors considered, GSIS takes into account the nature of client orders, the characteristics of the financial instruments to which the order relates and the characteristics of the available brokers or counterparties which can be used or to which client orders can be directed.

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

When placing orders with any broker or counterparty, including its affiliates, GSIS may, in accordance with applicable law, give permission for such broker to trade along with or ahead of Advisory Account orders (i.e., determine not to opt-in to the protections afforded under FINRA 5320). When acting as agent or counterparty, 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, their affiliates and

personnel involved in decision-making for Advisory Accounts with proprietary or third-party brokerage and research services (collectively, "brokerage and research services") that provide, in 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 2014 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 commissions 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 will 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 best price. In addition, where GSIS uses client commissions to obtain proprietary research services from an affiliate, GSIS will have an incentive to allocate more "soft" or commission dollars to pay for those services. However, when selecting broker-dealers that provide brokerage and research services, including its affiliates, GSIS is obligated to determine in good faith that the "commissions" (as broadly defined by the SEC to include a mark-up, mark-down, commission equivalent or other fee in certain circumstances) to be paid to broker-dealers are reasonable in relation to the value of the brokerage and research services they provide to 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 personnel rate broker-dealers that supply them with brokerage and research services. Subject to GSIS's duty to seek best execution, GSIS allocates Advisory Account trading among broker-dealers in accordance with the outcome of the voting 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, including an affiliate, 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, including Advisory Accounts that do not pay commissions to the broker-dealer relating to the brokerage and research service arrangements. As a result, brokerage and research services (including soft dollar benefits) may disproportionately benefit some Advisory Accounts relative to other Advisory Accounts based on the relative amount of commissions paid by the Advisory Accounts. For example, research that is paid for through one client's commissions may not be used in managing that client's account, but may be used in managing other Advisory Accounts. In this connection, brokerage and research services obtained through commissions paid by a client or clients whose accounts are managed by a particular portfolio management team within 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 or other instrument for multiple Accounts (including Accounts in which Goldman Sachs has an interest) (sometimes referred to as "bunching"), so that the orders can be executed at the same time and block trade treatment of any such orders can be elected when available. GSIS aggregates orders when GSIS considers doing so appropriate and in the interests of its clients generally and may elect block trade treatment, when available. In addition, under certain circumstances trades for Advisory Accounts may be aggregated with accounts

that contain Goldman Sachs assets. These circumstances may include, without limitation, in developing products that demonstrate client-experience track records; when managing accounts in a commercially reasonable manner for clients (which may be affiliates but are engaging 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 the size of the account relative to the size of the market makes aggregation not material). In addition, trade aggregation may effectively occur within an Advisory Account, such as a pooled investment vehicle, in which Goldman Sachs and other Accounts have an interest. The particular procedures followed may differ depending on the particular strategy or type of investment.

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

Although it may do so in certain circumstances, GSIS generally does not bunch or aggregate orders for different Advisory Accounts, elect block trade treatment or net buy and sell orders for the same Advisory Account, if portfolio management decisions relating to the orders are made by separate portfolio management teams, if bunching, aggregating, electing block trade treatment or netting is not appropriate or practicable from GSIS's operational or other perspectives or if doing so would not be appropriate in light of applicable regulatory considerations. For example, time zone differences, trading instructions, cash flows, separate trading desks or portfolio management processes in a global organization may, among other factors, result in separate, non-aggregated, non-netted executions, with trades in the

same instrument being entered for different Advisory Accounts at different times or, in the case of netting, buy and sell trades for the same instrument being entered for the same Advisory Account.

GSIS may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for Advisory Accounts that are not aggregated, and incur lower transaction costs on netted trades than trades that are not netted. Where transactions for an Advisory Account are not aggregated with other orders, including directed brokerage accounts, or not netted against orders for the Advisory Account or other Advisory Accounts, the Advisory Account may not benefit from a better price and lower commission rate or lower transaction cost. Aggregation and netting of trades may disproportionately benefit some Advisory Accounts relative to other Advisory Accounts due to the relative amount of market savings obtained by the Advisory Accounts.

GSIS may also sequence or rotate transactions allocation policies to determine which type of account is to be traded in which order. Under this policy, each portfolio management team may determine the length of its trade rotation period and the sequencing schedule for different categories of clients within this period, provided that the trading periods and these sequencing schedules are designed to be fair and equitable over time. GSIS may deviate from the predetermined sequencing schedule under certain circumstances when justified. In addition, a portfolio management team may provide instructions simultaneously regarding the placement of a trade in lieu of the predetermined sequencing schedule if the trade represents a relatively small proportion of the average daily trading volume of the particular security or other instrument.

Item 13 – Review of Accounts

GENERAL DESCRIPTION

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

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

Compliance with investment guidelines for Advisory Accounts is generally judged at time of purchase, however, from time to time there may exist certain circumstances when compliance with applicable investment guidelines will be tested as of the next occurring post-trade compliance check conducted in the local jurisdiction of the Advisory Account (e.g. transactions executed in multiple time zones).

FACTORS TRIGGERING A REVIEW

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

CLIENT REPORTS

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

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

Goldman Sachs and its personnel, including employees of GSIS, may have relationships with, and purchase, or distribute or sell, services or products from or to, distributors, consultants, and others who recommend

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

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.

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

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

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

From time to time, GSIS's ability to vote proxies may be affected by regulatory requirements and compliance, legal

or logistical considerations. As a result, GSIS, from time to time, may determine that it is not practicable or desirable to vote proxies.

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

Client Directed Votes. GSIS clients who have delegated voting responsibility to GSIS with respect to their Advisory 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.

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.

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.

PROXY VOTING POLICIES – NO AUTHORITY

GSIS is not 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 Advisory 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 RESOLUTION

GSIS has policies and procedures to help it assess and determine, consistent with applicable standards of care and client documentation, when reimbursement is due by it to a client because 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 and its investment management agreements generally 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 to the client. Imperfections, including without limitation, imperfection in the implementation of investment decisions, quantitative strategies, financial modeling, trade execution, cash movements, portfolio rebalancing, processing instructions or facilitation of securities settlement; imperfection in processing corporate actions; or imperfection in the generation of cash or holdings reports resulting in trade decisions, are generally not considered by GSIS to be violations of standards of care regardless of whether implemented through programs, models, tools or otherwise. As a result, imperfections, including, without

limitation, incidents involving a mistaken amount, timing or direction of a trade, may not be compensable errors.

For example, GSIS investment professionals are typically expected to exercise discretion to generally effect the portfolio management team's investment intent in the best interests of the client including, without limitation, with respect to the execution of trade requests or the implementation of quantitative strategies. Regardless of whether the portfolio management team specifies a fixed quantity of a particular security to be purchased or sold, or provides a date by which a trade is to be completed, instances in which an investment professional executes a trade that results in a portfolio position that is different from the exposure intended by the portfolio management team (whether specified on a trade ticket or not) will generally not be considered compensable errors unless the trade results in a portfolio position that violates investment guidelines of the client or is substantially inconsistent with the portfolio management team's investment intent. Similarly, imperfections in the implementation of investment strategies, including quantitative strategies (e.g. coding errors), that do not result in material departures from the intent of the portfolio management team will generally not be considered compensable errors. In addition, in managing accounts, GSIS may establish non-public, formal or informal internal targets, guidelines or other parameters that may be used to manage risk, manage sub-advisers or otherwise guide decision-making, and a failure to adhere to such internal parameters will not be considered an error. A failure on GSIS's part to recognize a client cash flow will generally not be considered a compensable error unless GSIS fails to recognize the cash flow within a reasonable period of time from the delivery date specified in the client's notification to GSIS. The purchase of a security for which the client is ineligible under the issuer's prospectus, offering documents or other issuer-related rules or documentation generally will not be considered a compensable error to the extent that the purchase does not also violate a client guideline, regardless of whether GSIS maintains or exits the position after becoming aware of the ineligibility. Mistakes may also occur in connection with other activities that may be undertaken by GSIS and its affiliates, such as net asset value calculation, transfer agent activities (i.e., processing subscriptions and redemptions), fund accounting, trade recording and settlement and other matters that are non-advisory in nature and may not be compensable unless they deviate from the applicable

standards of care. Incidents resulting from the mistakes of third parties are generally not compensable from GSIS to a client.

Incidents may result in gains as well as losses. In certain circumstances, GSIS may determine that the gains or losses associated with these incidents will be treated as being for a client's account (i.e., clients will bear the loss or benefit from the gain). In other circumstances, however, GSIS may determine that it is appropriate to reallocate or remove gains from the client's account that are the result of an incident.

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, the nature of the service being provided at the time of the incident, whether intervening causes, including the action or inaction of third parties, caused or contributed to the incident, specific applicable contractual and legal restrictions and standards of care, whether a client's investment objective was contravened, the nature of a client's investment program, whether a contractual guideline was violated, the nature and materiality of the relevant circumstances, and the materiality of the resulting losses. The determination by GSIS to treat (or not to treat) an incident as compensable, and any calculation of compensation in respect thereof for any one fund or account sponsored, managed or advised by GSIS may differ from the determination and calculation made by GSIS in respect of one or more other funds or accounts.

When GSIS determines that reimbursement by GSIS is appropriate, the client will be compensated as determined in good faith by GSIS. GSIS will determine the amount to be reimbursed, if any, based on what it considers reasonable guidelines regarding these matters in light of all of the facts and circumstances related to the incident. In general, compensation is expected to be limited to direct and actual losses, which may be calculated relative to comparable conforming investments, market factors and benchmarks and with reference to other factors 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. In calculating any reimbursement amount, GSIS generally will not consider tax implications for, or the tax status of, any affected client. GSIS expects that, subject to its discretion,

losses will be netted with an account's gains arising from incidents and will not exceed amounts in relation to an appropriate replacement investment, benchmark or other relevant product returns. Losses may also be capped at the value of the actual loss, particularly when the outcome of a differing investment would in GSIS's view be speculative or uncertain or in light of reasonable equitable considerations. As a result, compensation is expected to be limited to the lesser of actual losses or losses in relation to comparable investments, benchmarks or other relevant factors. Furthermore, 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 incidents corrected post settlement that violate a client guideline and certain errors that result in a loss to the client. Generally, GSIS will not notify clients of non-compensable incidents. In addition, separate account clients will not be notified of incidents that result in losses of less than \$1,000. Investors in a pooled investment vehicle will generally not be notified of the occurrence of an incident or the resolution thereof. More information about resolution of and compensation for incidents is available upon request and may be set forth in the prospectuses or other relevant offering documents of GSIS-managed pooled investment vehicles. GSIS may at any time, in its sole discretion and without notice to investors, amend or supplement its policies with respect to account errors and error resolution.

Glossary

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

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

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

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

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

“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” means collateralized bond obligations.

“CLOs” means collateralized loan obligations.

“CoCos” means contingent capital securities.

“Code” means the GSIS Code of Ethics

“CPO” means commodity pool operator.

“CTA” means commodity trading advisor.

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

“ETF” means exchange-traded fund.

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

“Fannie Mae” means the Federal National Mortgage Association.

“FCA” means the United Kingdom Financial Conduct Authority.

“FHFA” means the Federal Housing Finance Administration.

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

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

“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, GSGAP, GSIS, HFS, GSAM SV and various locally regulated affiliates around the world.

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

“GSAMI” means Goldman Sachs Asset Management International.

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

“GSAM SV” means GSAM Stable Value LLC.

“GSGAP” means Goldman Sachs Global Advisory Products LLC.

“GSI” means Goldman Sachs International.

“GSIS” means GS Investment Strategies, LLC.

“GSIS Canada” means GS Investment Strategies Canada Inc.

“GSIS Personnel” means the personnel of GSIS.

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

“GSSP” means Goldman Sachs (Singapore) Pte.

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

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

“**HFS**” means Goldman Sachs Hedge Fund Strategies LLC.

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

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

“**IPS**” means Inflation Protected Securities.

“**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.

“**PIPEs**” means private investments in public equities.

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

“**Proxy Voting Policy**” means 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 Guidelines to the particular proxy issues.

“**SEC**” means the Securities and Exchange Commission.

“**TIPS**” means Treasury Inflation-Protected Securities.

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

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, geographic region, industry or economic sector, an adverse economic, business, political or other development may affect the value of the Advisory Account's investments more than if its investments were not so concentrated. Also, concentration of the investments of an Advisory Account in issuers located in a particular country or region will subject an Advisory Account, to a greater extent than if investments were less concentrated, to the risks of adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region. Finally, to the extent an Advisory Account invests all or a large percentage of its assets in a single issuer or a relatively small number of issuers, or concentrates its assets directly or indirectly in investments in the same asset class or in one particular asset or security, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Advisory Account may affect the overall value of the account more than it would affect an account that holds more investments. In particular, the Advisory Account may be more susceptible to adverse developments affecting any single issuer in the Advisory Account and may be susceptible to greater losses because of these developments.
- **Conversion of Equity Investments**—After its purchase, a non-equity investment directly or indirectly held by an Advisory Account (such as a convertible debt obligation) may convert to an equity security. Alternatively, an Advisory Account may directly or indirectly acquire equity securities in connection with a restructuring event related to one or more of its non-equity investments. The Advisory Account or an investment fund in which the Advisory Account invests may be unable to liquidate the equity investment at an advantageous time from a pricing standpoint. Furthermore, an underlying investment fund may continue to hold an investment if its manager believes it is in the best interest of the fund. Continued holding of such investments may adversely affect the Advisory Account's portfolio.
- **Counterparty Risk**—An Advisory Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions. For example, although certain standardized swap transactions are subject to mandatory central clearing, which is expected to decrease counterparty risk and increase liquidity compared to bilaterally negotiated swaps, central clearing does not eliminate counterparty risk or illiquidity risk entirely. In addition, many of the protections afforded to cleared transactions, such as the security afforded by transacting through a clearing house, might not be available in connection with OTC transactions. Therefore, in those instances in which an Advisory Account enters into OTC transactions, the Advisory Account will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Advisory Account will sustain losses. Furthermore, an Advisory Account may, from time to time, enter into arrangements with certain brokers or other counterparties that require the segregation of collateral. For operational, cost or other reasons, when setting up arrangements relating to the execution/clearing of trades, an Advisory Account may choose to select a segregation model which may not be the most protective option available in the case of a default by a broker or counterparty.
- **Currency Risk**—An Advisory Account may hold investments denominated in currencies other than the

currency in which the Advisory Account is denominated. Currency exchange rates can be extremely volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended to directly affect prevailing exchange rates, and a variance in the degree of volatility of the market or in the direction of the market from 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 Portfolio Turnover Rate Risk**—The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.
- **Geographic Risk**—Concentration of the investments of an Advisory Account in issuers located in a particular country or geographic region will subject an Advisory Account, to a greater extent than if investments were less concentrated, to the risks of volatile economic cycles and/or conditions and developments that may be particular to that country or region, such as: adverse securities markets; adverse exchange rates; social, political, regulatory, economic, or environmental developments; or natural disasters.
- **Investing in Europe**—While an Advisory Account may invest only in U.S. dollar-denominated obligations, the prices of certain of the Advisory Account's holdings may nevertheless be sensitive to changes in value of the euro and the underlying events that affect its value. The euro requires participation of multiple sovereign states forming the Euro zone and is therefore sensitive to the credit, general economic and political position of each such state, including each state's actual and intended ongoing engagement with and/or support for the other sovereign states then forming the European Union, in particular those within the Euro zone. Changes in these factors might materially adversely impact the value of securities that an Advisory Account has invested in.
- **Indirect Investment in Foreign Securities**—Some countries, especially emerging markets countries, do not permit foreigners to participate directly in their securities markets or otherwise present difficulties for efficient foreign investment. An Advisory Account may use participation notes to establish a position in such markets as a substitute for direct investment. Participation notes are issued by banks or broker-dealers and are designed to track the return of a particular underlying equity or debt security, currency or market. When the participation note matures, the issuer of the participation note will pay to, or receive from, an Advisory Account the difference between the nominal value of the underlying instrument at the time of purchase and that instrument's value at maturity. Investments in participation notes involve the same risks as are associated with a direct investment in the underlying security, currency or market that they seek to replicate as well as counterparty risk when traded over-the-counter. Foreign securities may also trade in the form of depositary receipts. Depositary receipts may not reflect the return an Advisory Account would realise if the Advisory Account actually owned the relevant securities underlying the depositary receipts. To the extent an Advisory Account acquires depositary receipts through banks which do not have a contractual relationship with the foreign issuer of the security

underlying the depositary receipts to issue and service such unsponsored depositary receipts, there may be an increased possibility that the Advisory Account would not become aware of and be able to respond to corporate actions such as stock splits or rights offerings involving the foreign issuer in a timely manner.

- **Investment Style Risk**—Different investment styles tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. 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, that are subject to legal, regulatory or contractual restrictions on their sale or transfer, or that may become less liquid in response to market developments or adverse investor perceptions. Investments that are illiquid or that trade in lower volumes may be more difficult to value. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market, including in fixed income securities, or the lack of an active market. Additionally, market participants may attempt to sell fixed income holdings at the same time as the Advisory Account, which could cause downward pricing pressure and contribute to illiquidity. Further, an Advisory Account may invest in private funds and investors generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market for the interests. Moreover, investors in private funds may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without the

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

- **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 market value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets. In addition, governmental and quasi-governmental organizations have taken a number of unprecedented actions designed to support the markets. Such conditions, events and actions may result in greater market risk.
- **Model Risk**—The management of Advisory Accounts by GSIS may include the use of various models for risk management or other purposes. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people, or systems. These models may perform differently than expected for various reasons, including as a result of incomplete, inaccurate or stale market data or other factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). There is no guarantee that the use of these models will result in effective investment decisions for Advisory Accounts.
- **Non-Hedging Currency Risk**—An Advisory Account may purchase or sell currencies through the use of forward contracts or other instruments based on GSIS's judgment regarding the direction of the market for a particular currency or currencies for speculative purposes. Currency exchange rates can be extremely volatile, and a variance in the degree of volatility of the market or in the direction of the market from GSIS's expectations may produce significant losses to an Advisory Account.

- **Non-U.S. Securities Risk**—Non-U.S. securities may be subject to risk of loss because of more or less non-U.S. government regulation, less public information, less liquidity, greater volatility and less economic, political and social stability in the countries of domicile of the issuers of the securities and/or the jurisdictions in which these securities are traded. Loss may also result from, among other things, deteriorating economic and business conditions in other countries, including the United States, regional and global conflicts, the imposition of exchange controls, foreign taxes, sanctions, confiscations, expropriation and other government restrictions by the United States or other governments, higher transaction costs, difficulty enforcing contractual obligations or from problems in share registration, settlement or custody. In addition, an Advisory Account will be subject to the risk that an issuer of non-U.S. sovereign debt held by an Advisory Account or the governmental authorities that control the repayment of such debt may be unable or unwilling to repay the principal or interest when due, including as a result of levels of non-U.S. debt or currency exchange rates. Furthermore, an Advisory Account's purchase and sale of certain non-U.S. securities may be subject to limitations or compliance with procedures imposed by foreign governments. For example, an Advisory Account may be subject to limitations on aggregate holdings by foreign investors. Moreover, as a result of having to comply with such procedures, an Advisory Account's ability to effect trades may be delayed, and an Advisory Account's failure to comply with such procedures may result in failed trades, loss of voting or transfer rights or the forced sale of settled positions. These risks might be heightened if the Advisory Account invests in emerging markets or growth markets. See "Emerging Markets and Growth Markets Risk" in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss.
- **Pre-IPO Investments Risk**—An Advisory Account may invest in privately held companies, including companies that may issue shares in IPOs. Investments in pre-IPO shares involve greater risks than investments in shares of companies that have traded publicly on an exchange for extended periods of time. Investments in such companies are less liquid and difficult to value, and there is significantly less information available about their business models, quality of management, earnings growth potential, and other criteria used to evaluate their investment prospects. Although there is a potential the pre-IPO shares that an Advisory Account buys may increase in value if the company does issue shares in an IPO, IPOs are risky and volatile and may cause the value of such Advisory Account's investments to decrease significantly. Moreover, because pre-IPO shares are generally not freely or publicly tradeable, an Advisory Account may not have access to purchase or the ability to sell such shares in the amounts or at the prices the Advisory Account desires. The companies that an Advisory Account anticipates holding successful IPOs may not ever issue shares in an IPO and a liquid market for the shares may never develop, which may negatively affect the price of, and the Advisory Account's ability to, sell the shares, which in turn could adversely affect the Advisory Account's liquidity.
- **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. Private investments are highly competitive and an Advisory Account may face greater challenges in making such investments than when investing in traditional asset classes. In addition, the Advisory Account's ability to transfer and/or dispose of private investments is expected to be highly restricted. To the extent an Advisory Account has invested in private investments indirectly through a pooled investment vehicle which is in the process of winding down, the pooled investment vehicle may hold a limited number of illiquid investments that may not be realized for a significant amount of time and the Advisory Account will continue to bear its portion of the pooled investment vehicle's operating costs during such time. The pooled investment vehicle may be unable to dispose of such investments other than through sale in a secondary market, which could be at a disadvantageous price.
- **Restricted Investments Risks**—Restricted securities are securities that may not be sold to the public without an effective registration statement under the 1933 Act, or, if

they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. These restrictions could prevent an Advisory Account from promptly liquidating unfavorable positions and subject such Advisory Account to substantial losses. Further, when registration is required to sell a security, an Advisory Account may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the Advisory Account may be permitted to sell the security under an effective registration statement. If adverse market conditions developed during this period, an Advisory Account might obtain a less favorable price than the prevailing price when it decided to sell.

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

- **Valuation Risks**—The net asset value of an Advisory Account as of a particular date may be materially greater than or less than its net asset value that would be determined if an Advisory Account's investments were to be liquidated as of such date. For example, if an Advisory Account was required to sell a certain asset or all or a substantial portion of its assets on a particular date, the actual price that an Advisory Account would realize upon the disposition of such asset or assets could be materially less than the value of such asset or assets as reflected in the net asset value of an Advisory Account. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of an Advisory Account. An Advisory Account may invest in assets that lack a readily ascertainable market value, and an Advisory Account's net asset value will be affected by the valuations of any such assets (including, without limitation, in connection with calculation of any fees). In valuing assets that lack a readily ascertainable market value, GSIS (or an affiliated or independent agent thereof) may utilize dealer supplied quotations or pricing models developed by third parties, GSIS and/or affiliates of GSIS. Such methodologies may be based upon assumptions and estimates that are subject to error. The value of assets that lack a readily ascertainable market value may be subject to later adjustment based on valuation information available to an Advisory Account at that time. Any adjustment to the value of such assets may result in an adjustment to the net asset value of an Advisory Account.

OTHER GENERAL RISKS

- **Cash Management Risk**—To the extent GSIS has the authority to manage cash for an Advisory Account for various reasons, including for temporary or defensive positions or to meet the liquidity needs of such Advisory Account, GSIS may, at certain times and subject to the investment guidelines for such Advisory Account, if any, invest some of its assets temporarily in money market funds or other similar types of investments. During any period in which its assets are not substantially invested in accordance with its principal investment strategies, an Advisory Account may be prevented from achieving its investment objective, which may adversely affect that Advisory Account's performance.

- **Conflicts of Interest**—Goldman Sachs is a worldwide, full-service investment banking, broker-dealer, asset management and financial services organization and a major participant in global financial markets. As such, Goldman Sachs provides a wide range of financial services to a substantial and diversified client base. Goldman Sachs advises clients in all markets and transactions and purchases, sells, holds and recommends a broad array of investments. Goldman Sachs has direct and indirect interests in the global fixed income, currency, commodity, equities, bank loan and other markets and the securities and issuers in which Advisory Accounts may directly and indirectly invest. As a result, Goldman Sachs' activities and dealings may affect a particular Advisory Account in ways that may disadvantage or restrict the Advisory Account and/or benefit Goldman Sachs or other Accounts (including Advisory Accounts). A description of certain of such potential conflicts of interest is set forth under Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.
- **Dependence on Key Personnel**—Advisory Accounts may rely on certain key personnel of Goldman Sachs. As a result of regulation or for other reasons, the amount of compensation that may be payable to Goldman Sachs executives or other employees may be reduced, or employees who rely on work visas or other permits may have such visas or permits revoked or not renewed. As a result, certain key personnel may leave Goldman Sachs. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect the ability of GSIS to effectively implement the investment programs of the Advisory Accounts.
- **Economic and Other Sanctions**—In the event that GSIS determines that an investor is subject to any trade, economic or other sanctions imposed by the United Nations or any other applicable governmental or regulatory authority, GSIS may take such actions as it determines appropriate to comply with applicable law, including, without limitation, (i) blocking or freezing Advisory Accounts or interests therein, (ii) where permitted by the applicable sanctions law, requiring an investor in a pooled investment vehicle to redeem from the fund, and delaying the payment of any redemption proceeds, without interest, until such time as such payment is permitted under applicable law, (iii) excluding an investor in a pooled investment vehicle from allocations of net capital appreciation and net capital depreciation and distributions made to other investors, and (iv) excluding an investor in a pooled investment vehicle from voting on any matter upon which investors are entitled to vote, and excluding the net asset value of such investor's interest in the fund for purposes of determining the investors entitled to vote on or required to take any action in respect of the fund.
- **Legal, Tax and Regulatory Risks**—GSIS and certain of its Advisory Accounts are subject to legal, tax and regulatory oversight, including by the SEC, FCA and similar regulators world-wide. Goldman Sachs is regulated as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"), which generally restricts bank holding companies from engaging in business activities other than the business of banking and certain closely related activities. Although Goldman Sachs has elected to become a financial holding company under the BHCA, the activities of Goldman Sachs and its affiliates remain subject to certain restrictions imposed by the BHCA and related regulations. Because Goldman Sachs is deemed to "control" 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 enactment of the Dodd-Frank Act, which includes the so-called "Volcker Rule," the amendment of the Advisers Act and changes to the way derivatives and commodities are regulated. Similarly, foreign regulators have recently passed legislation and have proposed changes that may affect certain Advisory Accounts, including the European Union Directive on Alternative Investment Fund Managers, which may impose certain requirements and restrictions on third-party managers to which GSIS allocates client assets. Goldman Sachs may take certain actions to limit its authority in respect of

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

- **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, generally GSIS may not have access, or may have limited 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 of Goldman Sachs or developed or used in connection with other clients or activities.
- **Limited Regulatory Oversight**—Third-party managers to which Advisory Accounts allocate assets may be subject to limited or no regulatory requirements or governmental oversight. Therefore, an Advisory Account may not have the benefit of certain protections that would otherwise be afforded to investors had the third-party managers been more heavily regulated.
- **Losses in Affiliated Investment Funds Borne Solely by Investors**—All losses of an Advisory Account investing in an affiliated investment fund managed by GSIS shall be borne solely by such Advisory Account and not by Goldman Sachs. Goldman Sachs' losses in an affiliated investment fund will be limited to losses attributable to the ownership interests in such investment fund held by Goldman Sachs in its capacity as an investor in such investment fund or as beneficiary of a restricted profit interest held by Goldman Sachs. Ownership interests in Advisory Account are not insured by the FDIC, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.
- **Multiple Levels of Fees and Expenses**—In circumstances in which Advisory Accounts invest in third-party managers or affiliated or unaffiliated investment funds, the Advisory Accounts will bear any fees or other compensation due to GSIS and expenses at the Advisory Account level, in addition to any fees or compensation and expenses which may be due at the third-party manager or investment fund level.
- **Non-Recourse Risk**—The governing agreements of investment funds in which Advisory Accounts invest limit the circumstances in which a manager can be held liable to investors. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such provisions.
- **Operational Risk**—The risk that an Advisory Account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.
- **Partial or Total Loss of Capital**—Certain investments made by GSIS for Advisory Accounts are intended for long-term investors who can accept the risks associated with investing in illiquid securities, and the possibility of partial or total loss of capital exists. There is no assurance that Advisory Accounts will achieve their investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that Advisory Accounts will be able to fully invest their capital.

- **Performance-Based Compensation**—GSIS and managers of affiliated and unaffiliated investment funds in which an Advisory Account invests (which, in the case of affiliated investment funds, may be GSIS) may receive performance-based compensation from Advisory Accounts and the investment funds based upon the net capital appreciation of Advisory Account or investment fund assets. Such compensation arrangements may create an incentive for GSIS and managers of investment funds to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In many cases, performance-based compensation may be calculated on a basis that includes unrealized appreciation of assets. In such cases, such compensation may be greater than if it were based solely on realized gains and losses. See Item 6, Performance-Based Fees and Side-By-Side Management.
- **Speculative Position Limits Risk**—The CFTC and some exchanges have rules limiting the maximum net long or net short positions which any person or group may own, hold or control in any given futures contract or option or swap on such futures contract. Any such limits may prevent an Advisory Account from acquiring positions that might otherwise have been desirable or profitable. In addition, in applying such limits, the CFTC and some exchanges will require aggregation of an Advisory Account's positions in futures with positions owned, held or controlled by other Accounts. Under such circumstances, Goldman Sachs may utilize available position limits for Accounts other than the Advisory Account, and, as a result, the Advisory Account, and not Goldman Sachs, could be required to limit its use of futures or liquidate its positions.
- **Volcker Rule Risks**—The Volcker Rule became effective July 21, 2012; however, the Federal Reserve issued an order that provided that banking entities (including Goldman Sachs and its subsidiaries) are not required to be in compliance with the Volcker Rule and its final rules until July 21, 2015. On December 18, 2014, the Federal Reserve issued a further order extending the conformance period until July 21, 2016 for investments in and relationships with covered funds and foreign funds that were in place prior to December 31, 2013, and stated that it intends to grant an additional one-year extension, until July 21, 2017, for the same covered fund investments and relationships. Among

other things, the Volcker Rule generally prohibits banking entities, including Goldman Sachs, from engaging in transactions that would cause a banking entity or its affiliates to have credit exposure to or engage in certain transactions with certain hedge funds or private equity funds that are managed by affiliates of the banking entity, or with investment vehicles controlled by such hedge funds or private equity funds, that would involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, or that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies. However, there remains significant uncertainty as to how this prohibition will ultimately impact the Advisory Accounts. The Volcker Rule also prohibits Goldman Sachs from owning more than 3% of the total number and fair market value of the outstanding ownership interests of certain covered Advisory Accounts and requires that certain other transactions between GSIS and Advisory Accounts managed by GSIS affiliates be on "arms' length" terms.

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

RISKS THAT APPLY PRIMARILY TO EQUITY INVESTMENTS**General**

- **Energy, Oil and Gas Sector Risk—Advisory Accounts** may invest in MLPs that primarily derive their income from investing in companies within the energy, oil and gas sectors. Energy, oil and gas companies are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas or petroleum products; reduced availability of natural gas or other commodities for transporting, processing, storing or delivering; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, changes in the regulatory environment for these companies may adversely impact their profitability. Over time, depletion of natural gas reserves or other commodities may also affect the profitability of companies in the energy, oil and gas sectors.
- **Equity and Equity-Related Securities and Instruments—**Advisory Accounts may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and OTC markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.
- **Exchange Traded Fund Risk—**Advisory Accounts may invest in ETFs. Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. In addition to presenting the same primary risks as an investment in a conventional fund, an ETF may fail to accurately track the market segment or index that underlies its investment objective. Moreover, ETFs are subject to the following risks that do not apply to conventional funds: (i) the market price of the ETF's shares may trade at a premium or a discount to their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.
- **IPOs/New Issues Risk—**The risk that the market value of IPO/New Issue shares held in an Advisory Account will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about a company's business model, quality of management, earnings growth potential, and other criteria used to evaluate its investment prospects. The purchase of IPO/New Issue shares may involve high transaction costs. Investments in IPO/New Issue shares, which are subject to market risk and liquidity risk, involve greater risks than investments in shares of companies that have traded publicly on an exchange for extended periods of time.
- **Mid Cap and Small Cap Risk—**Investments in mid-capitalization and small capitalization companies involve greater risks than investments in larger, more established companies, including because such companies may have narrower markets and more limited managerial and financial resources, and because there is often less publicly available information concerning such companies than for larger, more established businesses. These securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks. Securities of such issuers may lack sufficient market liquidity to enable an Advisory Account to effect sales at an advantageous time or without a substantial drop in price. Both small- and mid- capitalization companies often have narrower markets and more limited managerial and financial resources than larger, more established companies. As a result, their performance can be more volatile and they face greater risk of business failure, which could increase the volatility of an Advisory Account's portfolio. Generally, the smaller the company size, the greater these risks.
- **Preferred Stock, Convertible Securities and Warrants Risks—**The value of preferred stocks, convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information.

- **Private Investments in Public Equities—An Advisory Account may make private investments in public equities (“PIPEs”).** PIPE transactions typically involve the purchase of securities directly from a publicly traded company or its affiliates in a private placement transaction, typically at a discount to the market price of the company’s common stock. Equity issued in this manner is often subject to transfer restrictions and is therefore less liquid than equity issued through a registered public offering. In a PIPE transaction, an Advisory Account may bear the price risk from the time of pricing until the time of closing. An Advisory Account may be subject to lock-up agreements that prohibit transfers for a fixed period of time. In addition, because the sale of the securities in a PIPE transaction is not registered under the 1933 Act, the securities are “restricted” and cannot be immediately resold by the investors into the public markets. Accordingly, PIPE securities may be deemed illiquid. An Advisory Account may enter into a registration rights agreement with the issuer pursuant to which the issuer commits to file a resale registration statement allowing the Advisory Account to publicly resell its securities. The ability of an Advisory Account to freely transfer the shares is conditioned upon, among other things, the SEC’s preparedness to declare the resale registration statement effective covering the resale, from time to time, of the shares sold in the private financing and the issuer’s right to suspend the Advisory Account’s use of the resale registration statement if the issuer is pursuing a transaction or some other material nonpublic event is occurring. Accordingly, PIPE securities may be subject to risks associated with illiquid securities.

Private Equity

- **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 (i) be in an early stage of development and not have a proven operating history; (ii) be operating at a loss or have significant variations in operating results; (iii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; (iv) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; (v) rely on the services of a limited number of key individuals, the loss of any of whom could significantly adversely affect a portfolio company’s performance; and (vi) otherwise have a weak financial condition or be experiencing financial difficulties. In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified management and technical personnel.
- **Operating and Financial Risks of Portfolio Companies—Investments in portfolio companies involve a high degree of business and financial risk.** Portfolio companies may be highly leveraged and subject to restrictive financial and operating covenants that may impair their ability to finance their future operations and capital needs. As a result, these companies may have limited flexibility to respond to changing business and economic conditions and to business opportunities. A leveraged company’s income and equity will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, a portfolio company with a leveraged capital structure will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of that portfolio company or its industry. In the event that a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of an investment in a portfolio company could be significantly reduced or even

eliminated. Some portfolio companies may (i) be operating at a loss or have significant variations in operating results, (ii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, (iii) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, (iv) be in an early stage of development, (v) not have a proven operating history, or (vi) otherwise have a weak financial condition that could result in insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company, each of which could materially adversely affect the investment results of an Advisory Account.

- **Reliance on Company Management**—Although 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 investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The prices of energy, industrial metals, precious metals, agriculture and livestock sector commodities may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies. The commodity-linked investments in which an Advisory Account invests may be offered by companies in the financial services sector, and events affecting the financial services sector may cause the Advisory Account's value to fluctuate.
- **Contingent Convertible Instruments Risk**—Contingent convertible securities ("CoCos") are a form of hybrid debt security that are intended to either convert into equity or have their principal written down, potentially to zero, upon the occurrence of certain "triggers." The triggers are generally linked to regulatory capital thresholds or regulatory actions calling into question the issuing banking institution's continued viability as a going-concern. CoCos' unique equity conversion or principal write-down features are tailored to the issuing banking institution and its regulatory requirements. Some additional risks associated with CoCos include, among others, less absorption risk, risk as subordinated instruments, and risk that its market value will fluctuate based on unpredictable factors.
- **Corporate Debt Securities Risks**—Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the credit-worthiness of the issuer and general market liquidity. In addition, early repayments of an Advisory Account's investments may have 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 or instruments held by an Advisory Account (which, for certain Advisory Accounts, may have low credit ratings) may default on its obligation to pay interest and repay principal or default on any other obligation, and a counterparty to a derivatives investment may fail to perform its contractual

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

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

- **Fixed Income Securities Risk—**Advisory Accounts may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital

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

- **Floating and Variable Rate Obligations Risk—**Advisory Accounts may invest in instruments that have floating and/or variable rate obligations. For floating and variable rate obligations, there may be a lag between an actual change in the underlying interest rate benchmark and the reset time for an interest payment of such an obligation, which could harm or benefit the Advisory Account, depending on the interest rate environment or other circumstances. In a rising interest rate environment, for example, a floating or variable rate obligation that does not reset immediately would prevent an Advisory Account from taking full advantage of rising interest rates in a timely manner. However, in a declining interest rate environment, an Advisory Account may benefit from a lag due to an obligation's interest rate payment not being immediately impacted by a decline in interest rates. Certain floating and variable rate obligations have an interest rate floor feature, which prevents the interest rate payable by the security from dropping below a specified level as compared to a reference interest rate. Such a floor protects Advisory Accounts from losses resulting from a decrease in the reference rate below the specified level. However, if the reference rate is below the floor, there will be a lag between a rise in the reference rate and a rise in the interest rate payable by the obligation, and Advisory Accounts may not benefit from increasing interest rates for a significant amount of time.

■ **Inflation Protected Securities (“IPS”) Risk**—To the extent an Advisory Account invests in IPS, the value of IPS generally fluctuates in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in the value of IPS. The market for IPS may be less developed or liquid, and more volatile, than certain other securities markets. In addition, the value of Treasury Inflation-Protected Securities (“TIPS”) generally fluctuates in response to inflationary concerns. As inflationary expectations increase, TIPS will become more attractive, because they protect future interest payments against inflation. Conversely, Advisory Accounts that invest in inflation protected securities will be subject to the risk that prices throughout the economy may decline over time, resulting in “deflation.” If this occurs, the principal and income of inflation-protected fixed income securities held by an Advisory Account would likely decline in price, which could result in losses for the Advisory Account. Further, there can be no assurance the various consumer price indices used in connection with IPS will accurately measure the real rate of inflation in the prices of goods and services, which may affect the value of IPS.

■ **Interest Rate Risk**—Interest rates may fluctuate significantly at any time and from time to time. As a result of such fluctuations, the value of securities or instruments held by an Advisory Account (which may include inflation protected securities) may increase or decrease in value. When interest rates increase, fixed income securities or instruments held by an Advisory Account will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments. A wide variety of market factors can cause interest rates to rise, including central bank monetary policy, rising inflation and changes in general economic conditions.

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

- **Mezzanine Debt Risk**—Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of an Advisory Account to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors.
- **Mortgage-Backed and/or Other Asset-Backed Securities Risk**—Mortgage-related and other asset-backed securities are subject to certain risks, including "extension risk" (i.e., in periods of rising interest rates, issuers may pay principal later than expected) and "prepayment risk" (i.e., in periods of declining interest rates, issuers may pay principal more quickly than expected, causing an Advisory Account to reinvest proceeds at lower prevailing interest rates). Mortgage-backed securities offered by non-governmental issuers are subject to other risks as well, including failures of private insurers to meet their obligations and unexpectedly high rates of default on the mortgages backing the securities. Other asset-backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as risks associated with the nature and servicing of the assets backing the securities. Asset-backed securities may not have the benefit of a security interest in collateral comparable to that of mortgage assets, resulting in additional credit risk.
- **Non-Investment Grade Investment Risk**—Non-investment grade fixed income securities and unrated securities of comparable credit quality (commonly known as "junk bonds") are considered speculative and are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These investments may be subject to greater price volatility due to such factors as specific corporate or municipal developments, interest rate sensitivity, negative perceptions of the junk bond markets generally and less secondary market liquidity. Advisory Accounts may purchase investments of issuers that are in default.
- **Obligations Risk**—Many loan obligations are subject to legal or contractual restrictions on purchase and sale or resale and are relatively illiquid and may be difficult to value. Loan obligations are not traded on an exchange, and purchasers and sellers rely on certain market makers, such as the administrative agent for the particular loan obligation, to trade that loan obligation. As a result of these factors, particular loan obligations or participations can be difficult to dispose of when necessary to meet an Advisory Account's liquidity needs or in response to a specific economic event, such as a decline in the credit quality of the borrower.
- **Other Debt Instruments; CBOs and CLOs Risk**—The Advisory Accounts may directly or indirectly invest in other investment grade or other debt instruments of companies or other entities not affiliated with countries or governments, including but not limited to, senior and subordinated corporate debt; investment grade tranches of collateralized mortgage obligations; preferred stock; corporate securities; and bank debt. As with other investments made by an Advisory Account, there may not be a liquid market for these debt instruments, which may limit the Advisory Account's ability to sell these debt instruments or to obtain the desired price. Advisory Accounts may also invest in collateralized bond obligations ("CBOs") and collateralized loan obligations ("CLOs"), which may be fixed pools or may be "market value" or managed pools of collateral, including commercial loans, high yield and investment grade debt and derivative instruments relating to debt. Depending upon the tranche of a CBO or CLO in which an Advisory Account invests, the returns may be extremely sensitive to the rate of defaults in the collateral pool, and redemptions by more senior tranches could result in an elimination, deferral or reduction in the funds available to make interest or principal payments to the tranches held by Advisory Accounts. In addition, there can be no assurance that a liquid market will exist in any CBO or CLO when an Advisory Account seeks to sell its interest therein. Also, it is possible that an Advisory Account's investment in a CBO or CLO will be subject to certain contractual limitations on transfer. Further, a CBO or CLO may be difficult to value given current market conditions.
- **Purchases of Securities and Other Obligations of Financially Distressed Companies**—An Advisory Account may directly or indirectly purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they

involve a substantial degree of risk and may not show any return for a considerable period of time.

- **Second Lien Loans Risk**—Second lien loans generally are subject to similar risks as those associated with investments in senior loans. Because second lien loans are subordinated or unsecured and thus lower in priority of payment to senior loans, they are subject to the additional risk that the cash flow of the borrower, and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Second lien loans generally have greater price volatility than senior loans and may be less liquid. There is also a possibility that originators will not be able to sell participations in second lien loans, which would create greater credit risk exposure for the holders of such loans. Second lien loans share the same risks as other below investment grade securities.
- **Senior Loan Risk**—Senior loans, which hold the most senior position in the capital structure of a business entity, are typically secured with specific collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debt holders and stockholders of the borrower. Senior loans are usually rated below investment grade, and are subject to similar risks, such as credit risk, as below investment grade securities. However, senior loans are typically senior and secured in contrast to other below investment grade securities, which are often subordinated and unsecured. There is less readily available, reliable information about most senior loans than is the case for many other types of securities, and 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**—Investment in sovereign debt obligations by an Advisory Account involves risks not present in debt obligations of corporate issuers. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due in accordance with the terms of such debt, and an Advisory Account may have limited recourse to compel payment in the event of a default. Any failure to make payments in accordance with the terms of the debt could result in losses to an Advisory Account.
- **U.S. Government Securities Risk**—The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. U.S. government securities, including those issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac"), and the Federal Home Loan Banks are neither issued by nor guaranteed by the U.S. Treasury and therefore are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. government securities held by an Advisory Account may greatly exceed their current resources, including any legal right to support from the U.S. Treasury. It is possible that issuers of U.S. government securities will not have the funds to meet their payment obligations in the future. Fannie Mae and Freddie Mac have been operating under conservatorship, with the Federal

Housing Finance Administration (“FHFA”) acting as their conservator, since September 2008. The entities are dependent upon the continued support of the U.S. Department of the Treasury and FHFA in order to continue their business operations. These factors, among others, could affect the future status and role of Fannie Mae and Freddie Mac and the value of their debt and equity securities and the securities which they guarantee. Additionally, the U.S. government and its agencies and instrumentalities do not guarantee the market values of their securities, which may fluctuate.

RISKS THAT APPLY PRIMARILY TO DERIVATIVES INVESTMENTS AND SHORT SELLING

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

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

- **Failure of Brokers, Counterparties and Exchanges Risk**—An Advisory Account will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. An Advisory Account may be subject to risk of loss of its assets on deposit with a broker in the event of the broker’s bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Advisory Account, or

the bankruptcy of an exchange clearing house. In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, the Advisory Account deals, the Advisory Account might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically traceable to the Advisory Account, and, to the extent such assets or amounts are recoverable, the Advisory Account might only be able to recover a portion of such amounts. Further, even if the Advisory Account is able to recover a portion of such assets or amounts, such recovery could take a significant period of time.

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

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

- **Forward Contracts Risks**—The Advisory Accounts may enter into forward contracts and options thereon which are not traded on exchanges and are generally not regulated and there are no limitations on daily price moves of forward contracts. In addition, an Advisory Account may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default. Such risks could result in substantial losses to an Advisory Account.
- **Futures Risks**—Futures positions may be illiquid because certain commodity exchanges limit fluctuations

in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, implement retroactive speculative position limits, or order that trading in a particular contract be conducted for liquidation only. The circumstances described above could prevent GSIS from liquidating unfavorable positions promptly and subject an Advisory Account to substantial losses.

- **Leverage Risk**—Leverage creates exposure to potential gains and losses in excess of the initial amount invested. Borrowing and the use of derivatives may result in leverage and may make an Advisory Account more volatile. When an Advisory Account uses leverage the sum of the Advisory Account’s investment exposures may significantly exceed the amount of assets invested in the Advisory Account, although these exposures may vary over time. Relatively small market movements may result in large changes in the value of a leveraged investment. An Advisory Account will identify liquid assets on its books or otherwise cover transactions that may give rise to such risk, to the extent required by applicable law. The use of leverage may cause an Advisory Account to liquidate portfolio positions to satisfy its obligations or to meet segregation requirements when it may not be advantageous to do so. The use of leverage by an Advisory Account can substantially increase the adverse impact to which the Advisory Account’s investment portfolio may be subject. In addition, lenders may impose restrictions or requirements on the operations of an Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which could increase the losses incurred by the Advisory Account. Lenders may also have the right under certain circumstances to cause the sale of assets held in an Advisory Account at times that may be inopportune from a pricing standpoint. Further, in the case of an Advisory Account that invests in investment funds utilizing leverage, the rights and claims of any lenders to receive payments of interest or repayments of principal from the investment fund will generally be senior to the rights of the Advisory Account to withdraw its investment from the investment fund.

- **Requirement to Perform**—In contrast to exchange-traded instruments, forward, spot and option contracts and swaps do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or option contracts, or swaps, an Advisory Account may be required, and must be able, to perform its obligations under the contract.
- **Reverse Repurchase Agreements Risks**—Reverse repurchase transactions involve risks that the value of portfolio securities being relinquished may decline below the price that must be paid when the transaction closes or that the other party to a reverse repurchase agreement will be unable or unwilling to complete the transaction as scheduled, which may result in losses to an Advisory Account.
- **Risks of Derivative Investments**—Certain Advisory Accounts may invest in derivative instruments, including options, futures, options on futures, interest rate caps and floors and collars, participation notes, swaps, options on swaps, structured securities, forward contracts and other derivatives relating to foreign currency transactions. To the extent Advisory Accounts invest in these types of derivative instruments through OTC transactions, there may be less governmental regulation and supervision of the OTC markets than of transactions entered into on organized exchanges. Investments in derivative instruments may be for both hedging and non-hedging purposes (that is, to seek to increase total return), although suitable derivative instruments may not always be available to GSIS for these purposes. Losses in an Advisory Account from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions. Losses may also arise if an Advisory Account receives cash collateral under the transaction and some or all of that collateral is invested in the market. To the extent that cash collateral is so invested, such collateral will be subject to market depreciation or appreciation, and an Advisory Account may be responsible for any loss that might result from its investment of the counterparty’s cash collateral. The use of these management techniques also involves the risk of loss if GSIS is incorrect in its

expectation of the timing or level of fluctuations in securities prices, interest rates, currency prices or other variables. In addition, subject to jurisdictional limits, the Dodd-Frank Act establishes a new regulatory framework for oversight of over-the-counter derivatives transactions by the CFTC and the SEC and heightens the existing regulation of futures markets. There can be no certainty as to the final form of the requirements, and the full extent of the impact such requirements will have on the Advisory Accounts is unclear. Investments in derivative instruments may be harder to value, subject to greater volatility and more likely to be subject to changes in tax treatment than other investments. For these reasons, GSIS's 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 presents even greater risk of loss.

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

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

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

- **Reliance on Third-Party Managers**—It is expected that GSIS generally will have less ability to monitor investments in third-party managers and to obtain full and current information with respect to such investments than it would have if the investments were made directly through Advisory Accounts. Success of investments in third-party managers depends upon, among other things, the ability of the third-party managers to develop and successfully implement strategies that achieve their investment objectives. Third-party managers may be recently formed and have no trading history. While 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. In connection with GSIS's ongoing review of third-party managers, GSIS may identify certain deficiencies with or other concerns relating to the manager. GSIS may decide not to terminate a third-party manager despite the identification of such deficiencies or concerns for various reasons. If the manager suffers losses during this period, Advisory Accounts could be materially adversely affected. Alternatively, GSIS may determine to withdraw or attempt to withdraw Advisory Account assets from a manager as a result of such deficiencies or concerns, but may be unable to do so for a significant period of time, and Advisory Accounts may be adversely affected.