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**Goldman Sachs Personal Financial Management – Wrap Fee Program Brochure**

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**This Brochure provides information about the qualifications and business practices relating to the investment management business of Goldman Sachs Personal Financial Management. If you have any questions about the contents of this brochure, please contact your Wealth Adviser at the number provided on your monthly statement or call us at (949) 999-8500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.**

**Additional information about Goldman Sachs Personal Financial Management is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**March 30, 2020**

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A separate brochure has been prepared for Goldman Sachs Personal Financial Management’s investment management services. For ease of reference, capitalized terms that are defined in this brochure are also set forth in the Glossary.

**ITEM 2 - MATERIAL CHANGES**

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Since our last annual update of this brochure dated March 29, 2019, there have been the following material changes to this brochure:

- On July 16, 2019, United Capital Financial Advisers, LLC (“United Capital”) was acquired by IMD Holdings LLC, a wholly owned subsidiary of The Goldman Sachs Group Inc. (“GS Group”).
- We have expanded the disclosure in Item 6 - Portfolio Manager Selection and Evaluation and Item 9 - Additional Information to reflect additional financial industry affiliations and conflicts related to United Capital joining GS Group, a worldwide, full-service financial services organization.

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## ITEM 4 - SERVICES, FEES AND COMPENSATION

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### Introduction

This Brochure describes the investment advisory services offered by United Capital Financial Advisers, LLC ("United Capital"), doing business as Goldman Sachs Personal Financial Management ("GS PFM"), through its wrap fee program ("Wrap Fee Program"). GS PFM is a wealth counseling and investment advisory firm that has been registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended ("Advisers Act") since 2005. United Capital is a Delaware limited liability company with its principal office located in Newport Beach, California, and regional offices and locations throughout the United States ("Regional Offices"). While not separate legal entities, GS PFM offers its services through *United Capital* and *United Capital Financial Life Management<sup>SM</sup>*, *United Capital Private Wealth Counseling<sup>SM</sup>*, *United Capital Retirement Advisers*, or *United Capital* followed by the name of a regional location. Certain offices may also use a different name followed by the wording "a division of United Capital Financial Advisers" to market investment advisory services. GS PFM also provides technology platform and related consulting services under the name *FinLife Partners*.

### Principal Owners

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

### General Description of the GS PFM Wrap Fee Program

GS PFM provides financial planning services ("Financial Guidance") and investment management services to its clients based on each client's individual needs and circumstances. Clients can choose to receive only Financial Guidance under a separate arrangement, but not as part of the Wrap Fee Program. Clients work with GS PFM wealth advisers ("Wealth Advisers") located in Regional Offices to assess their individual financial needs, objectives, and capacity for risk. Based on the Wealth Advisers' review and analysis, Wealth Advisers provide services desired by clients. GS PFM's client onboarding process typically starts at [www.honestconversations.com](http://www.honestconversations.com) with the MoneyMind® Analyzer. For ongoing services, with clients' cooperation, Wealth Advisers attempt to meet with clients no less than annually to review their risk profiles and objectives and update Financial Guidance provided to account for changes in the client's situation. Generally, meetings may occur in person or remotely by telephone or webinar. In certain limited situations, clients may be serviced remotely by a team of Wealth Advisers. If clients choose not to meet with their Wealth Adviser, GS PFM will attempt to provide services based on information received during prior meetings. GS PFM does not provide legal, tax, or accounting advice or services.

Financial Guidance may include, but may not be limited to, goals assessment, retirement, cash flow, cash management, investment and insurance planning. Financial Guidance will be reviewed, advised upon, and/or performed, to the extent applicable to you, as agreed upon with the client.

GS PFM provides discretionary investment management services through (i) centrally managed strategies ("Centrally Managed Strategies"), (ii) strategies managed through GS PFM's regional offices ("Locally Managed Strategies"), and (iii) strategies managed by Affiliated Advisers or Unaffiliated Advisers (collectively with Centrally Managed Strategies and Locally Managed Strategies, "Managed Strategies"). "Affiliated Advisers" means the affiliates of GS PFM that provide advisory services, including but not limited to Goldman Sachs & Co. LLC ("GS&Co."), Goldman Sachs Asset Management, L.P. ("GSAM"), Goldman Sachs Asset Management International ("GSAMI"), PFE Advisors, Inc. ("The PFE Group") and The Ayco Company, L.P. ("Ayco"). "Unaffiliated Advisers" means any investment adviser that is not affiliated with GS PFM. Affiliated Advisers and Unaffiliated Advisers are referred to collectively as "Portfolio Managers." Accounts invested in Centrally Managed Strategies, Locally Managed Strategies and Managed Strategies are referred to herein as "Advisory Accounts."

Your account may be invested in a variety of asset classes and investment vehicles that typically include mutual funds, exchange traded funds ("ETFs"), exchange traded notes, equity securities, and fixed income securities, but may also include other types of securities. Wealth Advisers work with clients to understand each client's risk

tolerance, investment objectives, and investment attribute preferences, and to determine an appropriate asset portfolio allocation and portfolio construction. Depending on how a client's assets are allocated, they are managed in different ways.

GS PFM Financial Guidance and investment management services are described in greater detail in GS PFM's Form ADV, Part 2A ("Advisory Brochure").

### **Reasonable Restrictions, Pledging and Withdrawing Securities**

Clients may impose reasonable restrictions on the management of their Advisory Accounts, including prohibiting investments in particular securities or types of investments, provided that GS PFM or the Portfolio Manager, as applicable, accepts such restrictions. GS PFM and Portfolio Managers generally apply ticker and industry sector restrictions, but do not generally apply other customized restrictions. GS PFM may not be able to accommodate all restrictions based on specific mandates of particular strategies. If GS PFM cannot accommodate a requested restriction, the client will be notified and given the option to withdraw the request, or the client can work with the Wealth Adviser to find an investment solution that meets the client's expectations. If GS PFM is unable to accommodate a client's requested restrictions, the client will need to find another firm to help meet the client's financial objectives. Portfolio Managers may accept, or withdraw from the management of, a client's account based on the nature of the proposed restrictions or for any other reason. In connection with certain strategies (e.g., ESG) and/or for purposes of seeking to apply the restrictions or limits you may request in connection with your account, GS PFM and Portfolio Managers may rely on third-party service providers in determining what securities to exclude from investment, based on such service providers' categorization of the types of companies, industries, or sectors that should be considered in this regard. There can be no assurance that the list of categories as determined by GS PFM or such service providers is complete, or that the securities restricted as a result of such categorization represents all of the securities that might otherwise be restricted in connection therewith, and such categories or the securities restricted thereunder may change from time to time.

Clients should be aware that the performance of accounts with restrictions may differ from the performance of accounts without restrictions. Restrictions do not apply to underlying investments in pooled investment vehicles, structured notes, Alternative Investments (as defined below), or other similar instruments. GS PFM and a Portfolio Manager may, in their discretion, hold the amount that would have been invested in the restricted security in cash/cash equivalents, invest in substitute securities, or invest it across the other securities in the strategy that are not restricted.

As part of Goldman Sachs, a global financial services organization that is subject to a number of legal and regulatory requirements, GS PFM is subject to, and has itself adopted, internal guidelines, restrictions and policies that may restrict investment decisions and activities on behalf of your account under certain circumstances. See Item 9 below.

### **Securities-Based Loans**

Clients may be able to pledge account assets as collateral for loans obtained through certain affiliated and unaffiliated lenders ("Securities-Based Loans"). The Securities-Based Loans include, but are not limited to, Goldman Sachs Private Bank Select ("GS Select"). GS Select is offered by Goldman Sachs Bank USA ("GS Bank") and is available only in limited circumstances. There are risks, costs, and conflicts of interests associated with Securities-Based Loans.

### **Retirement Accounts**

For clients that are individual retirement accounts under Internal Revenue Code of 1986, as amended ("IRC") Section 408 or 408A, tax-qualified retirement plans (including Keogh plans) under IRC Section 401A, pension plans and other employee pension benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Coverdell Education Savings Accounts ("Retirement Accounts"), Wealth Advisers provide recommendations or investment advice as part of investment advisory services only where GS PFM agrees in writing to do so with respect to the particular Retirement Account. Where Wealth Advisers provide discretionary management services for a Retirement Account pursuant to an agreement, generally, such discretionary management services will be limited to investments in ETFs, affiliated mutual funds (subject to the satisfaction of the conditions of Department of Labor Prohibited Transaction Class Exemption 77-4) and cash or cash equivalents.

If a client maintains both Retirement Accounts and other accounts (that are not Retirement Accounts) with GS PFM, any advice or recommendations made by GS PFM, including Wealth Advisers or any other GS PFM personnel, for an account that is not a Retirement Account does not apply to and should not be used by the client for any decision made by a Retirement Account, which may present different considerations.

## **Differences Between Wrap Fee and Non-Wrap Fee Accounts**

With limited exceptions, GS PFM does not manage wrap fee accounts differently from non-wrap fee accounts. One such exception is that certain centrally managed strategies are not available to non-wrap fee accounts. Wealth Advisers work with clients to determine if the client's Advisory Account will be managed as a wrap fee or non-wrap fee account and consider factors such as anticipated trading volume of the client's investment strategies, the total anticipated cost for the advisory services provided to the client, a client's preference to pay the transaction costs as opposed to having GS PFM pay the transaction costs, and the investment options in which a client invests (i.e., GS PFM central strategies that have associated fees). In the Wrap Fee Program, the Wrap Fee (as defined below) paid to GS PFM includes the Advisory Fee (as defined below), operational costs, and Execution Charges (as defined below), as further described above. GS PFM retains any portion of the Wrap Fee that remains once all fees that are included in the Wrap Fee are paid out.

## **Advisory Fees and Compensation**

Please note that, with respect to Retirement Accounts, GS PFM's ability to collect certain fees and other compensation (including certain of those described in "Underlying Fund Fees and Compensation for the Sale of Securities and Other Investments" below), to engage in certain transactions (including principal trades) and provide certain services may be limited by ERISA or the IRC and the regulations promulgated thereunder.

In a wrap fee arrangement, the wrap fee ("Wrap Fee") covers (i) an annual advisory fee that compensates GS PFM for providing investment advisory services and Financial Guidance in connection with the client's account ("Advisory Fee"); (ii) operational costs, including reporting, model maintenance, and other operational costs; and (iii) custody and trading costs for executing transactions for your Advisory Account ("Execution Charges"). You may have a wrap fee arrangement covering your entire account, or only with respect to certain Locally Managed Strategies or Managed Strategies. Some Managed Strategies may be offered on a wrap basis for clients who custody at GS&Co. Except as discussed below, the maximum Wrap Fee is 150 basis points (1.50%). The Wrap Fee is charged at an annualized rate as agreed in the fee schedule ("Fee Schedule") in the application that you submit to open your Advisory Account, as amended from time to time by written agreement between us.

The Wrap Fee may vary depending on a number of factors. The Wrap Fee may be negotiated and may be customized depending on several factors as discussed in the "Negotiated Fees" section below. The Wrap Fee is generally determined at the time of initial investment; subsequent increases or decreases in investment size do not result in an adjustment to the Wrap Fee, unless specifically negotiated, notwithstanding different fee tiers for asset ranges. GS PFM may, from time to time, change the fees it charges, so you may pay more or less than other clients who opened accounts when the fees charged were higher or lower than the fees charged to your Advisory Account. Fees may change over time for a variety of reasons, including negotiations with Portfolio Managers and/or the availability of fee reductions, which GS PFM may, or may not, in its sole discretion, use to offset the fee charged to client accounts. A client may pay more or less than other clients invested in similar strategies, asset classes or products, or where a client transitions to GS PFM from a Wealth Adviser's prior firm. Amounts may vary as a result of negotiations, discussions, our relationship with the client and/or factors that may include the particular circumstances of the client, such as the pricing model, the size of the relationship, client customization of investment guidelines, required service levels and the asset class to which each strategy is attributable. The same strategy or product can be subject to different fee schedules based on the Wealth Adviser's management of the Advisory Account or the client's agreement with GS PFM on a particular advisory strategy. GS PFM's fees may be higher or lower than those charged by others in the industry and it may be possible to obtain the same or similar services from other advisers at lower or higher rates.

GS PFM retains any portion of the Wrap Fee that remains once all fees that are included in the Wrap Fee are paid out.

In certain situations, as may be negotiated with the client, certain investment implementation fees may be included in the Wrap Fee paid to GS PFM even if the Advisory Account is not set up as a wrap fee account. For example,

clients may invest in certain ETF strategies managed by GS PFM for which no additional management fee is charged, beyond the base Wrap Fee. Thus, a client's participation in a wrap fee arrangement will not necessarily result in a cost savings on the client's total fees. Additionally, in many situations, the operational costs are not charged to the client even if the Advisory Account is not set up as a wrap fee arrangement. However, unless otherwise negotiated with the Wealth Adviser or otherwise noted below, these clients pay all other fees described below (including custody, Execution Charges and operational costs).

## **Managed Strategy Fees**

The Wrap Fees described herein generally do not include fees that compensate the Portfolio Managers of each Managed Strategy in the client's account ("Managed Strategy Fees"). For Managed Strategies managed by a Portfolio Manager not affiliated with GS PFM, the Managed Strategy Fee represents the actual costs at which GS PFM procures the Portfolio Manager's services, as negotiated on an arm's-length basis. For Managed Strategies managed by GS PFM or one of its affiliates, the Managed Strategy Fee represents GS PFM's reasonable estimate of the equivalent costs as if your account were managed by a third-party Portfolio Manager. For mutual funds and private investment funds, the Managed Strategy Fee may be represented as a deduction from the net asset value of the fund, rather than charged as an explicit fee. The Managed Strategy Fee may include a performance fee or incentive fee in addition to any asset-based management fee. In this regard, note that the asset-based management fee in connection with a private investment fund will not be included as part of the calculation of contributions and distributions for purposes of calculating carried interest, as defined in the applicable offering documents.

Managed Strategy Fees for preexisting accounts may be higher or lower or clients may have negotiated a flat fee that is higher or lower than the current rate.

The amount of Managed Strategy Fees varies across the Managed Strategies. Where GS PFM has discretion to select Portfolio Managers for your account, any changes may result in changes to the overall asset allocation and selection of investment strategies for your account, including Managed Strategies. Because the Managed Strategy Fees are different for different Managed Strategies, GS PFM's actions may result in you paying a higher aggregate fee for the Advisory Account. We have an incentive to allocate assets in your account to Managed Strategies that are managed by Portfolio Managers that are affiliates of GS PFM. We also receive a portion of the Managed Strategy Fee you pay for Unaffiliated Advisers, which varies among Managed Strategies. We have an incentive to allocate assets to Managed Strategies for which we receive a higher portion of the Managed Strategy Fee. We have an incentive to allocate assets to Managed Strategies that charge lower Managed Strategy Fees so that we may retain a greater portion of the Wrap Fee.

Certain Managed Strategies (whether managed by GS PFM, an Affiliated Adviser or Unaffiliated Adviser) may also charge an operational cost (generally associated with model maintenance, rebalancing, reporting, and other operational costs). These costs are paid to a third party and are the actual costs at which GS PFM procures the services, as negotiated on an arm's-length basis.

## **Alternative Fee Arrangements**

To the extent you have a preexisting investment advisory agreement with GS PFM, the fee arrangement(s) previously agreed to will remain in place until we notify you otherwise.

To the extent you have entered into a wrap fee arrangement with GS PFM, the Wrap Fee may cover GS PFM's Advisory Fee, Managed Strategy Fees, custody, Execution Charges, and operational costs. You also may have a wrap fee arrangement covering your entire Advisory Account, or only with respect to certain Locally Managed Strategies or Managed Strategies.

GS PFM has acquired certain client relationships through its business acquisitions and recruiting efforts. To accommodate such transitions, the fees GS PFM charges these clients is typically determined by the prior investment adviser relationship. Based on arrangements accompanying the transitions, some clients may pay higher or lower rates than GS PFM's current Advisory Fee rate. Some clients receive reimbursement or credit for transfer costs associated with moving their accounts from one institution or custodian to another during a transition from another investment advisory firm. In some circumstances, GS PFM may, where appropriate, absorb the costs, waive Advisory Fees, or pay certain expenses related to the transfer of client accounts. In certain circumstances, account transfer costs may also be paid by the new account custodian (see the Soft Dollar section under Item 9

below for more information about custodian payment of transition costs). Clients who are referred to GS PFM through the custodian referral programs described in Item 9 generally receive a discounted Advisory Fee.

## **Negotiated Fees**

Advisory Fees are negotiated with each client and confirmed in the Fee Schedule, as may be amended from time to time. GS PFM considers a number of variables when analyzing the specific services to be provided to the client and the appropriate cost for those services. Factors that determine the Advisory Fee include, but are not limited to:

- the services expected to be performed, including the nature of Financial Guidance provided;
- the client's wealth counseling and investment needs;
- the amount of investable assets;
- the client's net worth;
- corporate affiliation;
- referrals from affiliated and unaffiliated parties;
- the amount of time anticipated to be spent servicing the client; and
- Regional Office precedent based on historical fees charged to other similar clients.

Wealth Advisers will determine the client's Advisory Fee after balancing the consultative and the implemented portions of the client relationship. As a result, similar clients may be charged different fees for similar services and the actual Advisory Fee may be higher or lower than the Advisory Fee rate.

## **Wrap Fee Payment**

The Wrap Fee is based on the amount of eligible assets you have under advisement with GS PFM (including the amount of any assets invested in Alternative Investments and managed by GS PFM on a non-discretionary basis). The Wrap Fee will be charged quarterly in advance, generally based on the most recent end of quarter Advisory Account value. For certain private investment funds, the Wrap Fee may be billed (i) on the estimated monthly average market value or (ii) on the monthly average committed capital (actual or discounted) or invested capital, as described in the applicable prospectus, rather than market values. For certain options strategies, the Wrap Fee is calculated and charged in arrears based on the average market value of (i) assets and options positions held in your options account or at your custodian and for certain strategies, (ii) assets held in other accounts managed by Affiliated Advisers; or (iii) the stated notional value of shares or units.

Managed Strategy Fees applicable to your Advisory Account (other than those directly debited from the net asset values of mutual funds or private investment funds) will be payable either quarterly in advance or quarterly in arrears depending on the Portfolio Manager. Managed Strategy Fees begin accruing when assets in the account are allocated to a Managed Strategy. The description of Managed Strategy Fees herein is meant to provide a general understanding of how Managed Strategy Fees are charged. Please understand that the terms of a particular Managed Strategy Fee charged by a Portfolio Manager are subject to the terms of each Portfolio Manager's Advisory Brochure. Unless you specify otherwise, the Wrap Fee and Managed Strategy Fees will be debited proportionately from the accounts in which they accrued.

For new Advisory Accounts and for new assets added after the start of a quarter, the Wrap Fee will begin accruing on the date cash or in-kind transfers have been credited to your custodial accounts and either be billed when the assets are available to be managed by GS PFM or in arrears after the end of the quarter. GS PFM does not charge a pro-rated Wrap Fee for new money, less than \$20,000, added during a quarter, and does not credit any pre-paid Wrap Fee for Advisory Account withdrawals of less than \$20,000. The dollar threshold for crediting and debiting fees may change over time, at GS PFM's discretion. Portfolio Managers may establish different amounts for which they will charge a pro-rated Managed Strategy Fee or credit a pre-paid Managed Strategy Fee.

The method for billing these fees may vary based on the historical methods of the Regional Offices or Wealth Advisers, and is agreed upon under the terms of the investment management agreement (or supporting documentation if there were changes made after the client signed the investment management agreement).

GS PFM may change the method of calculating the Wrap Fee upon notice. The Wrap Fee for new accounts begins accruing on the date cash or in-kind transfers have been credited to your custodial accounts and is debited by the custodian either at inception or at the end of the quarter. The Wrap Fee is prorated for partial periods.

When calculating the Advisory Fee, securities held in client accounts are valued by the applicable portfolio accounting system used by the Regional Office to manage the client's account (e.g., Envestnet, Orion, Tamarac). As a result, different clients with the same security may pay different Wrap Fees depending on the valuation source of the securities in their specific Advisory Account.

GS PFM sends the custodian an invoice for quarterly fee debits, or clients submit payment by check. You authorize GS PFM (and any applicable Portfolio Manager) to debit the Wrap Fee and any Managed Strategy Fees from your Advisory Account with custodian. Clients are encouraged to review the quarterly statement they receive from their account custodian showing the amount of investment management fees that have been debited from their Advisory Account.

Additionally, in certain legacy situations, Wealth Advisers may have transitioned accounts from their previous firm and such accounts may hold securities or may be managed by Portfolio Managers that are not considered part of the GS PFM platform. In such cases, GS PFM does not perform the same level of diligence on such securities or Portfolio Managers as it performs with respect to securities or Portfolio Managers it recommends and considers part of the GS PFM platform. In these situations, GS PFM typically charges an Advisory Fee. The client is also responsible for all fees associated with the securities selected by the Wealth Adviser, including, but not limited to, Managed Strategy Fees, manager research fees, transaction fees, and operational costs.

### **Transaction Fees**

For wrap fee accounts, where transaction fees generally are included in the Wrap Fee, clients should understand that any transaction fees generated by a Portfolio Manager choosing to trade away from the client's designated broker will result in additional fees to the client. Subject to its duty to seek to obtain best execution, GS PFM and Portfolio Managers may execute transactions through a broker or dealer other than the client's designated broker. For example, Portfolio Managers of fixed income strategies will generally execute trades through third-party dealers and, therefore, the spread, mark-ups and mark-downs on those trades will be paid by clients to the third-party dealer. Any such transaction fees will be separately charged to the client's Advisory Account.

Since GS PFM absorbs the transaction fees in a wrap fee arrangement (with the exception of transaction fees associated with a Portfolio Manager choosing to trade away from a client's designated broker), GS PFM may have an incentive not to place transaction orders in those accounts since doing so increases GS PFM's transaction fees. Thus, an incentive exists for GS PFM to place trades less frequently in an Advisory Account under a wrap fee arrangement. GS PFM mitigates this conflict through oversight by the Investment Management Department to assess whether trading in the accounts is consistent with the strategy objectives and third-party manager models. An incentive also exists for GS PFM to invest Advisory Accounts in funds that do not charge a transaction fee since GS PFM would retain a greater portion of the Wrap Fee paid by clients.

### **Investment Operations Fees**

GS PFM works with various third-party service providers, including Envestnet, Inc. and CLS Investments, LLC, to help support the operational needs of managing and servicing Advisory Accounts. These service providers perform operational functions such as opening accounts with account custodians, fee billing, portfolio reporting, account rebalancing, model maintenance, trade execution and facilitating operational requests on behalf of clients based on instructions provided by GS PFM, and charge annual fees per account as well as fees based on a percentage of assets in the accounts they service. You understand that, depending on your fee structure, GS PFM may pass onto you these investment operations fees. When providing these services, the third-party service provider is acting as an agent of GS PFM.

### **Additional Fees Not Included in the Wrap Fee**

In addition to Wrap Fee, the client may pay other fees associated with their account, including but not limited to, embedded product fees, custodian fees, SEC fees, etc. as further described below.



## **Fund Fees**

Advisory Accounts invested in Funds (as defined below) are subject to all fees and expenses applicable to an investment in the Funds, including fixed fees, asset-based fees, performance-based fees, carried interest, incentive allocation, and other compensation, fees, expenses and transaction charges payable to the managers in consideration of the managers' services to the Funds and fees paid for advisory, administration, distribution, shareholder servicing, subaccounting, custody, subtransfer agency, and other related services, or "12b-1" fees. "Funds" includes U.S. and non-U.S. investment companies as well as other pooled investment vehicles, including collective trusts, ETFs, closed-end funds, business development companies, private investment funds, special purpose acquisition vehicles, and operating companies. Fund fees and expenses, including any redemption fees for liquidating any Fund shares, are described in the relevant Fund prospectuses and other offering documents, and are paid by the Funds but are ultimately borne by clients as shareholders in the Funds. These fees and expenses are in addition to the Wrap Fees each Advisory Account pays to GS PFM and any applicable transaction fees. The custodians (or their broker-dealers) make available mutual fund share classes on their platforms at their sole discretion. Different mutual funds with similar investment policies, and different share classes within those mutual funds, will have different expense levels. Generally, a fund or share class with a lower minimum investment requirement has higher expenses, and therefore a lower return, than a fund or share class with a higher minimum investment requirement. The share classes made available by various the custodians (or their broker-dealers) and that GS PFM selects for Advisory Accounts will not necessarily be the lowest cost share classes for which clients might be eligible or that might otherwise be available if clients invested in mutual funds through another firm or through the mutual funds directly.

Fund fees and expenses will result in a client paying multiple fees with respect to Funds held in an Advisory Account and clients may be able to obtain these services elsewhere at a lower cost. For example, if a client were to purchase a mutual fund or ETF directly in a brokerage account, the client would not pay a Wrap Fee to GS PFM.

If mutual funds are selected for inclusion in Advisory Accounts, those mutual funds are either no-load funds or load-waived mutual funds. At times, mutual funds with a sales load may be transferred to GS PFM as part of new assets included under GS PFM's management. When this is the case, GS PFM endeavors to convert the mutual funds to the lowest cost share class available through the custodian's (or its broker-dealer's) platform or sell the mutual funds as soon as practicable.

## **Alternative Investment Fees**

GS PFM may provide you with non-discretionary advice with respect to buying, holding, selling, and trading interests in alternative investment products that are available through GS PFM, including hedge funds, private equity funds, venture capital funds, private real estate funds, and other private investments ("Alternative Investments"), and periodically monitor your investments in Alternative Investments. GS PFM does not exercise discretionary authority for Alternative Investments that are not publicly traded. Clients who choose to invest in Alternative Investments do so based on their own independent assessment of the investment opportunity. Alternative Investments are subject to a high degree of risk, are not suitable for all investors, and typically may have limited liquidity. By themselves, Alternative Investments do not constitute a balanced investment program.

The Alternative Investments made available to clients are provided by iCapital Advisors, LLC ("iCapital") and its affiliates, or other third-party Alternative Investments platform providers, or directly by Alternative Investments fund managers. GS PFM may also offer certain affiliated Alternative Investments to eligible clients.

GS PFM may recommend that a client invest a portion of the client's assets in an Alternative Investment, based on the individual client's risk tolerance and objectives. GS PFM's Advisory Fee is assessed on assets invested in Alternative Investments. In addition, clients investing in Alternative Investments pay an additional management fee, which has a range. A portion of this additional management fee is paid by iCapital to GS PFM as an investor servicing fee. Important disclosures related to investing in Alternative Investments are described in the GS PFM Alternative Investments, Risk Disclosure and Acknowledgement Supplement or a similar agreement. Actual fees are disclosed in the private placement memorandum (PPM), a supplement to the PPM or in a prospectus of the Alternative Investment fund.

When the investor servicing fee is based on the value of assets the client has under management with the third-party Alternative Investment platform, the fee is paid quarterly in advance on the account's value on the last business day

of the preceding calendar quarter. The payment is made to GS PFM by the Alternative Investment platform provider or paid directly by the client. When GS PFM recommends that clients purchase an Alternative Investment with a fee in addition to the GS PFM Advisory Fee, GS PFM has a conflict of interest as it has an incentive to recommend to clients those Alternative Investments, as opposed to other Alternative Investments where GS PFM is not earning an additional fee. Further, the amount GS PFM is paid for Alternative Investment recommendations and supervisory services varies by Alternative Investment. GS PFM has an incentive to recommend the investment vehicle that pays a higher fee. Additionally, certain Alternative Investments may increase the amount paid to GS PFM based on the amount of assets invested by GS PFM's clients. Clients of GS PFM are under no obligation to invest in, and can choose to not invest in, Alternative Investments.

The Alternative Investment platform provider may receive from the investment manager compensation based on platform and management costs, and or revenue derived for serving as introducing broker for certain platform funds. As discussed under "Soft Dollars" in Item 9 below, certain third parties, including Alternative Investment providers, may provide resources to GS PFM's employees through the sponsorship of educational events, conferences and other events. The provision of such resources is not based on any mandated amount of client assets to be maintained with the Alternative Investment provider.

GS PFM does not exercise discretion over Alternative Investments that are not publicly traded. Clients are responsible for initially executing any documents required to be completed by the investment manager and for continuously maintaining any subsequent documentation required after the initial investment is made.

### **Custodian Fees**

Clients may be charged the following fees from their account custodian or executing broker: charges for transactions with respect to assets not executed through the custodian; short term redemption costs; costs charged to shareholders of mutual funds and ETFs by the fund manager; odd-lot differentials; American Depositary Receipt costs; costs associated with exchanging currencies; or other costs required by law. Administrative costs for retirement accounts and any platform (technology) fees are paid directly by the client, unless other arrangements have been made. Additionally, the client will be charged for non-standard service fees incurred as a result of any special requests made by the client, such as overnight courier or wiring fees. Custodians may also charge clients account transfer and/or termination fees.

For custodial services, GS PFM uses the services of a number of firms to meet its clients' needs. Custodial transaction fees (for transactions executed through the custodian's broker-dealer) may be paid by the client or by GS PFM as negotiated and stated in the client's agreement with the account custodian. Custodians charge clients other fees, beyond transaction fees. The additional fees charged to clients by the custodian may include, but are not limited to, fees related to custodial and clearing agent services, maintenance of portfolio accounting systems, preparation and mailing of client statements, account processing, systematic withdrawals, redemptions, terminations, account transfers, retirement account custodial services (except for the retirement account termination cost), maintenance of a client inquiry system, as well as execution of securities transactions in the client's account. None of these charges are retained by GS PFM.

Additionally, a transaction cost is charged by the SEC to sellers of securities that are traded on stock exchanges and subsequently assessed to clients. These fees are required by Section 31(b) of the Securities Exchange Act of 1934 and are charged to recover the fees associated with the government's supervision and regulation of the securities markets and securities professionals.

### **Performance Reporting Fees**

Some clients receive reports from GS PFM that display detailed performance information on their accounts. Such reports provide clients additional insight about the way their accounts are performing and are provided in addition to any statements provided by the account custodian. Notwithstanding the performance information provided through these performance reports, clients should rely on the custodian statements for the most accurate account information and statement of their holdings. To produce these performance reports, GS PFM may charge clients an additional fee to cover the costs of the reporting system and GS PFM's associated administration of the system.

## **Gross Receipt Tax**

Certain states require service providers to pay a Gross Receipt Tax (GRT) for services provided to residents of the state, including New Mexico. When GS PFM is required to pay a GRT, it directly passes through such costs to clients for whom it applies.

## **Terminated Accounts**

If GS PFM's services are terminated by written notice by either party, GS PFM will conduct an analysis of services provided to determine whether any pre-paid costs were unearned, and any such unearned pre-paid costs will be refunded to the client on a pro rata basis.

Upon notice of termination to the client, GS PFM will begin the process of removing its access to the client's Advisory Accounts; however, the custodian may require a reasonable amount of time to liquidate and/or transfer assets, including time for required recordkeeping, processing, and complying with the rules and conditions imposed by mutual fund companies, stock exchanges, or securities issuers.

## **Ability to Obtain Services Separately**

Clients may be able to obtain some or all of the services offered through the Wrap Fee Program separately from GS PFM or other firms, and the cost of obtaining the services separately may be more or less than the Wrap Fee. Factors that bear of the cost of the Wrap Fee Program in relation to the cost of the same services purchased separately include the range of investment strategies and managers selected, anticipated trading activity and the range of custodial, reporting and other ancillary services that are available. Clients should also understand that the combination of the Wrap Fee Program services may not be available separately and certain managers might not be willing or able to provide their services or particular investment strategies outside of the Wrap Fee Program because of minimum account sizes or other factors.

## **Compensation for Client Participation in the Program**

Wealth Advisers are compensated based on earnings of the business that they manage, which generally encompass fees and other compensation less costs of running the business, which may include costs of real estate, infrastructure, hardware and software, professional services, other employee salaries, and certain costs associated with account management. As a consequence, Wealth Advisers' compensation varies according to the costs they incur in running their business and the level of fees they charge (including whether Advisory Accounts are set up as wrap fee or non-wrap fee accounts), and they may be motivated to charge higher fees, incur fewer costs or both, in order to earn greater compensation. The fees paid to GS PFM for wrap fee accounts generally are higher than the fees paid to GS PFM for non-wrap fee accounts. However, the overall cost to the client for wrap fee accounts may be less than non-wrap fee accounts, or vice versa, depending on how the client's assets are invested and the trading that occurs within the accounts or for other reasons.

## **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

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GS PFM generally provides investment advisory services to individuals, high net worth individuals, corporate pension and profit-sharing plans, corporations, government entities, charitable institutions, foundations, endowments, and other investment advisers.

### **Minimum Account Size**

Generally, GS PFM's services are available for households with minimum assets of at least \$500,000. Portfolio Managers may impose their own minimum account requirements. The Wealth Adviser may from time to time make exceptions to the minimums, as the Wealth Adviser deems appropriate. Account minimums are reviewed periodically and are subject to change. Upon giving notice to GS PFM, or by contacting their account custodian directly, clients may make additions to or withdrawals from their Advisory Accounts. If at any time the client's account is less than the minimum account and/or household size designated, the Agreement may be subject to termination by GS PFM after formal written notice is provided to the client. GS PFM's investment strategies are designed as long-term investment vehicles and asset withdrawals may impede the achievement of a client's investment objectives or goals. Account minimums are imposed for various reasons including, but not limited to, the diminishing impact on the smaller

allocations within a broadly diversified portfolio, the impact of transaction costs on a smaller portfolio's performance, the impact of a smaller portfolio's transaction costs on the total expense to manage the portfolio, and limitations on securities that may be purchased for smaller dollar amounts.

## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

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GS PFM generally recommends long-term investment strategies; however, its Wealth Advisers may recommend various short-term investment strategies to accommodate certain client goals or objectives.

GS PFM's Centrally Managed Investment Platform Subcommittee ("Centrally Managed Subcommittee") oversees whether Centrally Managed Strategies are managed as expected and according to the applicable strategy mandates. Most of the Centrally Managed Strategies are managed by the GS PFM Investment Management Department ("IM Department") based on models provided by third-party managers. However, certain equity, fixed income, commodity, and balanced strategies/models are managed by the IM Department under the oversight of GS PFM's Centrally Managed Subcommittee. Accounts in the same Centrally Managed Strategy are invested according to the same strategy with similar allocations.

Locally Managed Strategies are managed by Wealth Advisers. GS PFM's Locally Managed Investment Subcommittee ("Locally Managed Subcommittee") provides oversight of each Wealth Adviser with respect to the Wealth Adviser's investment portfolio decision-making for Locally Managed Strategies. Locally Managed Strategies can include certain 401(k) accounts where clients have appointed GS PFM as the investment manager.

Both the IM Committee and the Locally Managed Subcommittee report to the GS PFM Investment Oversight Committee, which has primary responsibility for establishing and maintaining GS PFM's investment management services.

The GS PFM Investment Committee is responsible for overall supervision of client assets under GS PFM's management, including determining which Portfolio Managers to use. The Centrally Managed and Locally Managed Subcommittees include supervised persons of GS PFM.

The Locally Managed Subcommittee regularly reviews the portfolios constructed by Wealth Advisers. The Centrally Managed Subcommittee is responsible for providing fiduciary oversight for GS PFM's menu of Centrally Managed Strategies. Each Portfolio Manager is responsible for asset allocation and security selection within its Managed Strategies and has the latitude to utilize a wide variety of investment approaches, subject to the guidelines of each Managed Strategy's mandate.

The frequency and timing of transactions in Advisory Accounts may vary significantly, and certain investment strategies, such as index strategies, may trade infrequently. Other strategies are tactical and adjust depending on micro- and macroeconomic indicators. When there is significant trading activity, there is a potential that a wash sale is generated, negating the taxable advantage of realizing investment losses from sale of securities. Other strategies attempt to improve the taxable consequence of the assets invested, using tax loss harvesting and other tax management strategies. When deploying tax loss harvesting and other tax management strategies, GS PFM does not guarantee the ability to reduce the taxable consequence from managing assets. Further, attempts to reduce the taxable consequence of a portfolio may cause a disparity in the performance of the Advisory Account, because certain assets may not be sold, when they might have been sold if taxes were not considered. Clients are urged to work with their Wealth Adviser to help choose the investment strategy that best meets their goals and objectives. Selection of a portfolio that is not directly aligned with the risk tolerance associated with a client's information can have implications for performance and realizing the client's financial objectives.

### **Managed Strategies**

Based upon information provided by the client, GS PFM may select, or recommend that the client select, one or more Portfolio Managers to manage the client's assets in one or more accounts allocated to Managed Strategies. Where the client authorizes GS PFM, the Wealth Adviser may select, appoint and remove Portfolio Managers and may allocate and reallocate assets in the clients' account without the client's prior approval or consent.

A Portfolio Manager's responsibility varies and may include the authority to:

- exercise discretion to determine the types of securities bought and sold, along with the percentage allocation;
- exercise discretion on when to buy and sell securities;
- exercise discretion on the timing of securities transactions;
- select the broker-dealer for execution of securities transactions, if appropriate;
- vote proxies; and
- take other portfolio management actions that GS PFM delegates.

GS PFM does not monitor transactions directed by your Portfolio Manager for conformity with your stated investment objectives, risk tolerance, financial circumstances, or investment restrictions, if any. In addition, GS PFM will not evaluate each transaction executed by your Portfolio Manager for compliance with the Portfolio Manager's disclosed policies or style.

GS PFM also hires certain Unaffiliated Advisers to provide research to assist with the investment management of client assets. When providing research services, Unaffiliated Advisers do not have any authority to exercise discretion over the management of client assets.

Upon request, GS PFM will provide clients with information about any Portfolio Manager appointed by GS PFM. This information may include content provided by a Portfolio Manager explaining its investment style, an explanation from GS PFM describing the Portfolio Manager's investment style, or the Portfolio Manager's Form ADV, Part 2A ("Advisory Brochure").

### **Non-Discretionary Account Management**

Clients may hire GS PFM to provide non-discretionary investment advisory services. There are two categories of non-discretionary management: (i) a client's direction, through the investment management agreement with GS PFM, that transactions are pre-cleared by the client before GS PFM executes changes to a portfolio; and (ii) transactions that require a client to sign third-party documents prior to entering into a transaction, such as the purchase of Alternative Investments (for example, private placements or limited partnerships).

### **Performance-Based Fees**

GS PFM does not charge any performance-based costs (costs based on a share of capital gains on or capital appreciation of the assets of a client). Client investments in Alternative Investments, such as private funds, are subject to performance fees assessed by those investment managers. GS PFM may receive an allocation for performance fees for accounts managed by its affiliates.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

For information on the methods of analysis and investment strategies used in formulating investment advice or managing assets, please refer to the *Portfolio Manager Selection* section above.

***Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and clients should be prepared to bear the loss of assets invested and, in the case of uncovered option strategies, beyond the amount invested. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments fluctuates due to market conditions and other factors. The investment decisions and recommendations made and the actions taken for clients' accounts are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. The types of risks to which a client's account is subject, and the degree to which any particular risks impact an account, may change over time depending on various factors, including the investment strategies, investment techniques and asset classes utilized by the account, the timing of the account's investments, prevailing market and economic conditions, reputational considerations, and the occurrence of adverse social, political, regulatory or other developments. Past performance of accounts is not indicative of future performance.***

## General Risks Applicable to Advisory Accounts

This brochure does not include 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 financial instruments in which Advisory Accounts may invest.

- *Alternative Investment Risk* - Alternative Investments (1) involve a high degree of risk, (2) often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, (3) can be highly illiquid with extended lock-up periods where assets may not be sold, (4) may lack a secondary market to purchase shares that investors care to redeem, (5) are not required to provide periodic pricing or valuation information to investors, (6) may involve complex tax structures and delays in distributing important tax information, (7) are not subject to the same regulatory requirements as publicly traded securities, (8) often charge high fees which may offset any trading profits, and (9) in many cases execute investments which are not transparent and are known only to the investment manager. The performance of Alternative Investments can be volatile. An investor could lose all or a substantial amount of his or her investment. Often, Alternative Investment managers have total trading authority over their funds or accounts. The use of a single manager applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. There is often no secondary market for an investor's interest in Alternative Investments, including hedge funds and managed futures, and none is expected to develop. Even when there is a secondary market, it is often a small group of investors willing to purchase the Alternative Investment, typically resulting in a discount on the sale of the asset, versus the actual value of the underlying assets. There may be restrictions on transferring interests in any Alternative Investment. Alternative Investments may execute some portion of their trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets.
- *Asset Allocation and Rebalancing Risk* – The risk that an Advisory Account's assets may be out of balance with the target allocation. Any rebalancing of such assets may be infrequent and limited by several factors and, even if achieved, may have an adverse effect on the performance of the Advisory Account's assets.
- *Bankruptcy Risk* – The risk that a company in which an Advisory Account invests may become involved in a bankruptcy or other reorganization or liquidation proceeding.
- *Capital Markets Risk* – The risk that a client may not receive distributions or may experience a significant loss in the value of its investment if the issuer cannot obtain funding in the capital markets.
- *Cash Management Risk* – GS PFM may invest some of an Advisory Account's assets temporarily in money market funds or other similar types of investments, during which time an Advisory Account may be prevented from achieving its investment objectives.
- *Commodity Risk* – The risk that a client will experience losses because the issuer has direct exposure to a commodity that has experienced a sudden change in value.
- *Concentration Risk* – The increased risk of loss associated with not having a diversified portfolio (i.e., Advisory Accounts concentrated in a geographic region, industry sector or issuer are more likely to experience greater loss due to an adverse economic, business or political development affecting the region, sector or issuer than an account that is diversified and therefore has less overall exposure to a particular region, sector or issuer).
- *Corporate Event Risk* – Investments in companies that are the subject of publicly disclosed mergers, takeover bids, exchange offers, tender offers, spin-offs, liquidations, corporate restructuring, and other similar transactions may not be profitable due to the risk of transaction failure.
- *Counterparty Risk* – The risk of loss associated with a counterparty's inability to fulfill its contractual obligations. Strategies that include foreign exchange forward transactions may be subject to the credit risk of the counterparty on those transactions.

- *Credit Ratings Risk* – An Advisory Account may use credit ratings to evaluate securities even though such credit ratings might not fully reflect the true risks of an investment.
- *Credit/Default Risk* – The risk of loss arising from a borrower's failure to repay a loan or otherwise meet a contractual obligation. A strategy 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.
- *Credit Risk/Priority of Claim* – Magnification of credit risk with preferred and hybrid securities due to their payoff structure. If an issuer goes into bankruptcy all other debt holders are paid first and then preferred holders are paid.
- *Currency Risk* – The risk of loss due to changes in currency exchange rates and exchange control regulations. Currency exchange rates can be volatile, particularly during times of political or economic uncertainty. For example, to the extent that non-U.S. dollar investments are unhedged, the value of an Advisory Account's net assets will fluctuate with U.S. dollar exchange rates and with price changes of its investments in the various local markets and currencies.
- *Cybersecurity Risk* – The risk of actual and attempted cyber-attacks, including denial-of-service attacks, and harm to technology infrastructure and data from misappropriation or corruption, and reputation harm. Due to Goldman Sachs' interconnectivity with third-party vendors, central agents, exchanges, clearing houses and other financial institutions, Goldman Sachs (including GS PFM), and thus indirectly the Advisory Accounts, could be adversely impacted if any of them is subject to a successful cyber-attack or other information security event. Although Goldman Sachs takes protective measures and endeavors to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact or render Goldman Sachs unable to transact business on behalf of Advisory Accounts.
- *Data Sources Risk* – Information from third-party data sources to which GS PFM subscribes may be incorrect.
- *Derivative Investment Risk* – The risk of loss as a result of investments in potentially illiquid derivative instruments, failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions.
- *Differences in Due Diligence Process Relating to External Products and Affiliated Products* – Certain portfolio management strategies may be subject to different levels of due diligence, depending on when they were added to the GS PFM platform and such diligence may not have been as robust for such strategies. Strategies being added to GS PFM platform are now subject to review by AIMs (as defined below). Various teams within Goldman Sachs review External Products and Affiliated Products (as those terms are defined below) before they are made available. Certain factors, such as operational and reputational risks, as well as potential conflicts of interest, are considered in connection with both Affiliated Products and External Products. The focus of certain reviews, however, differs depending on whether the product is an Affiliated Product or an External Product. Such differences may cause Wealth Advisers to select or recommend an Affiliated Product that he or she may not have otherwise selected or recommended (e.g., due to underperformance) had the same due diligence process applicable to External Products been utilized for the Affiliated Product. "Affiliated Products" means securities and Managed Strategies sponsored, managed, or advised by Affiliated Advisers. "External Products" means securities and Managed Strategies sponsored, managed, or advised by Unaffiliated Advisers. For more information regarding the conflicts of interest in this regard, see "Affiliated Products / External Products" in Item 9 below.
- *Environmental and Social Impact Considerations* – GS PFM may in its discretion take into account ESG considerations and political, media and reputational considerations relating thereto, and, for example, as a result, GS PFM may not make or recommend the making of investments when it would otherwise have done so, which could adversely affect the performance of Advisory Accounts. GS PFM may also determine not to take such considerations into account, and such considerations may prove to have an adverse effect on the performance of the applicable investments. In this regard, GS PFM may rely on third-party service

providers in determining what investments to exclude from its selection or recommendation based on such service providers' categorization of the types of companies, industries, or sectors, as the case may be, that should potentially be excluded from investment. There can be no assurance that the list of categories as determined by GS PFM and/or third-party service providers is complete or that the securities restricted as a result of such categorization represents all of the securities that might otherwise be restricted in connection therewith, and such categories or the securities restricted thereunder may change from time to time.

- *Environmental Risk* – The risk of loss as a result of statutes, rules and regulations relating to environmental protection negatively impacting the business of the issuers.
- *Equity and Equity-Related Securities and Instruments Risk* - The value of common stocks of U.S. and non-U.S. issuers may be affected by factors specific to the issuer, the issuer's industry and the risk that stock prices historically rise and fall in periodic cycles.
- *ESG Definitional Risk* – The risk another party may disagree on the definition of ESG/Green given evolving viewpoints. There is a risk that issuers may self-label an issuance Green without adhering to the Green Bond Principles or other commonly followed market guidance. There exists no binding third-party authority to certify Green issuance at this time. To the extent that there is a Green label on a security bond, Goldman Sachs relies on such issuer's determination and does not opine on the accuracy of Green labeling.
- *ESG Government Funding/Subsidy Risk* – The risk that the success of certain environmental and social impact investments may depend on government funding, tax credits, or other public or private sector subsidies, which are not guaranteed over the life of the investment.
- *ESG Return Risk* – The risk that environmental and/or social impact investments may not provide as favorable returns or protection of capital as other investments, and may be more concentrated in certain sectors than investments that do not have the intention of generating measurable social and environmental impact, which means that ESG securities may generate lower returns than non-ESG securities.
- *ESG Selection Return Risk* – The risk that there may be lower financial returns as a result of taking into account the potential environmental and/or social impact when making decisions regarding the selection, management and disposal of investments, which means that a portfolio containing only ESG securities may generate lower returns than a portfolio of securities selected without regard to ESG criteria.
- *ETF Risk* – ETFs may fail to accurately track the market segment or index that underlies their 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. GS PFM may, at times, purchase in Advisory Accounts leveraged and inverse ETFs where it believes it is warranted, based on the invested portfolio's objective. These securities carry certain specific risks to investors. Leveraged ETF shares typically represent interest in a portfolio of securities that track an underlying benchmark or index and seek to deliver multiples of the performance of the index or benchmark. An inverse ETF seeks to deliver the opposite of the performance of the index or benchmark it tracks. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector-specific, and others are linked to commodities, currencies, or some other benchmark. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies using swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives daily. Their performance over longer periods of time, over weeks or months or years, can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period. This effect can be magnified in volatile markets and thus may pose substantial risk for an investor.
- *Fixed Income Securities Risk* – 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 and to price volatility.



- *Frequent Trading and Portfolio Turnover Rate Risks* – High turnover and frequent trading in an Advisory Account could result in, among other things, higher transaction costs and adverse tax consequences.
- *Index/Tracking Error Risks* – The performance of an Advisory Account that tracks an index may not match, and may vary substantially from, the index for any period of time and may be negatively impacted by any errors in the index, including as a result of an Advisory Account's inability to invest in certain securities as a result of legal and compliance restrictions, regulatory limits or other restrictions applicable to the Advisory Account and/or GS PFM, reputational considerations or other reasons. As an index may consist of relatively few securities or issuers, tracking error may be heightened at times when an Advisory Account is limited by restrictions on investments that the Advisory Account may make.
- *Interest Rate Risk* – Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by an Advisory Account. Interest rate risk includes the risk of loss as a result of the decrease in the value of fixed income securities due to interest rate increases. Long-term fixed income securities will normally have more price volatility because of interest rate risk than short-term fixed income securities. Risks associated with changing interest rates may have unpredictable effects on the markets and Advisory Accounts.
- *Investment Style Risk* – An Advisory Account may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles.
- *Investments in Certain Multi-Adviser Structures* – Where an underlying fund allocates assets to investment funds selected by its adviser that are affiliated with such adviser and investment funds selected by such adviser that are not affiliated with such adviser, GS PFM generally will have limited ability to examine the organizational infrastructure of the underlying managers and the investment funds in which the Advisory Account indirectly invests.
- *IPOs/New Issue Risk* – The risk that initial public offerings ("IPOs") and new issues are subject to market risk and may fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares or bonds available for trading and limited information about the company's business model, growth potential and other criteria used to evaluate its investment prospects.
- *Lack of Control Over Investments* – GS PFM may not always have complete or even partial control over decisions affecting an investment. For example, GS PFM, when acting in an advisory capacity, may acquire investments that represent minority positions in a debt tranche where third-party investors may control amendments or waivers or enforcement. In addition, administrative agents may be appointed under certain facilities in which an Advisory Account may invest that have discretion over certain decisions on behalf of the investors, including the Advisory Account.
- *Liquidity Risk* – The risk that an Advisory Account may not be able to monetize investments and may have to hold to maturity or may only be able to obtain a lower price for investments either because those investments have become less liquid or illiquid in response to market developments, including adverse investor perceptions. This includes Alternative Investments such as hedge funds, funds of hedge funds, private equity funds, funds of private equity funds and real estate funds. These risks may be more pronounced in connection with an Advisory Account's investments in securities of issuers located in emerging market countries.
- *Low Trading Volume Risk* – The risk that a client may not be able to monetize his/her investment or will have to do so at a loss as a result of generally lower trading volumes of the securities compared to other types of securities or financial instruments.
- *Market/Volatility Risk* – The risk that the value of the assets in which an Advisory Account invests may decrease (potentially dramatically) in response to the prospects of individual companies, particular industry sectors or governments, changes in interest rates, regional or global pandemics, and national and international political and economic events due to increasingly interconnected global economies and financial markets.

- *Model Risk* – The management of an Advisory Account by GS PFM may include the use of various proprietary quantitative or investment models. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people or systems. Investments selected using models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, the speed that market conditions change and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). The use of proprietary quantitative models could be adversely impacted by unforeseeable software or hardware malfunction and other technological failures, power loss, software bugs, malicious code such as “worms,” viruses or system crashes or various other events or circumstances within or beyond the control of GS PFM. Certain of these events or circumstances may be difficult to detect. Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market participants. Models may not be predictive of future price movements if their return mapping is based on historical data regarding particular asset classes, particularly if unusual or disruptive events cause market movements, the nature or size of which are inconsistent with the historical performance of individual markets and their relationship to one another or to other macroeconomic events. In addition, certain strategies can be dynamic and unpredictable, and a model used to estimate asset allocation may not yield an accurate estimate of the then current allocation. Models also rely heavily on data that may be licensed from a variety of sources, and the functionality of the models depends, in part, on the accuracy of voluminous data inputs. Operation of a model may result in negative performance, including returns that deviate materially from historical performance, both actual and pro forma. Additionally, commonality of holdings across quantitative investment managers may amplify losses. There is no guarantee that the use of these models will result in effective investment decisions for an Advisory Account.
- *Multiple Levels of Fees and Expenses*—Subject to applicable law, Advisory Accounts investing in advisers or underlying funds generally bear any asset-based and performance-based fees or allocations and expenses at the Advisory Account level and at the adviser or underlying fund level (although there may be circumstances in which Advisory Accounts bear such fees at only the Advisory Account level, or only the adviser level).
- *Non-Hedging Currency Risk* – Volatility in currency exchange rates may produce significant losses to an Advisory Account that has purchased or sold currencies through the use of forward contracts or other instruments.
- *Non-U.S. Custody Risk* - Advisory Accounts that invest in foreign securities may hold non-U.S. securities and cash with non-U.S. custodians. Such non-U.S. custodians may be newly formed, or subject to little or no regulatory oversight over or independent evaluation of their operations, and the laws of certain countries may place limitations on an Advisory Account's ability to recover its assets if a non-U.S. custodian enters bankruptcy. These risks may be more pronounced in connection with an Advisory Account's investments in securities of issuers located in emerging market countries.
- *Non-U.S. Securities Risk* – The heightened risk of loss as a result of more or less non-U.S. government regulation, less public information, less liquidity, risk of nationalization or expropriation of assets and greater volatility in the countries of domicile of the issuers of the securities and/or the jurisdiction in which these securities are traded. These risks and costs may be greater in connection with an Advisory Account's investment in securities of issuers located in emerging market countries.
- *Odd Lot Liquidity Risk* – The risk that the strategy may purchase odd lots which are generally less liquid. Clients looking to sell prior to maturity in order to withdraw funds may experience weak or no bids and be forced to hold bonds to maturity or to sell at unfavorable prices.
- *Operational Risk* – The risk of loss arising from shortcomings or failures in internal processes or systems of GS PFM, external events impacting those systems and human error. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents such as major system failures. Advisory Accounts may trade instruments, where operational risk is heightened due to such instruments' complexity.

- *Options Risk* – To the extent Advisory Accounts invest in options, they may be subject to the risks described below in connection with GOAS strategies.
- *Requirement to Perform* – When 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.
- *Regulatory Restrictions Applicable to Goldman Sachs* – From time to time, the activities of Affiliated Products may be restricted because of regulatory or other requirements applicable to Goldman Sachs and/or its internal policies designed to comply with, limit the applicability of, or otherwise relate to such requirements. External Products may or may not be subject to the same or similar restrictions or requirements and, as a result, may outperform Affiliated Products.
- *Risks Related to the Discontinuance of Interbank Offered Rates, in Particular LIBOR* - It is likely that banks will not continue to provide submissions for the calculation of the London Interbank Offered Rate (“LIBOR”) after 2021 and possibly prior to then, and Advisory Accounts that undertake transactions in instruments that are valued using LIBOR rates or other interbank offered rates (“IBORs”) or enter into contracts which determine payment obligations by reference to LIBOR or other IBOR rates may be adversely affected as a result.
- *Sector Concentration* – Most preferred and hybrid securities are issued by financial firms and banks. By investing in preferred securities, one can have an inadvertent concentration in one’s portfolio to financial firms or the financial sector as a whole.
- *Short Duration Fixed-Income Strategies* – The risk that the strategy focused on maintaining fixed-income securities of short duration will earn less income and, during periods of declining interest rates will provide lower total returns, than longer duration strategies. Although any rise in interest rates is likely to cause the prices of debt obligations to fall, the comparatively short duration utilized in connection with such a strategy is generally intended to keep the value of such securities within a relatively narrow range.
- *Sovereign Debt Risks* – Investment in sovereign debt obligations involves risks not present in debt obligations of corporate issuers, such as the issuer’s inability or unwillingness to repay principal or interest, and limited recourse to compel payment in the event of a default.
- *Tactical Tilts* – Wealth Advisers may use tactical investment ideas derived from short-term market views (“Tactical Tilts”) for Advisory Accounts. There are material risks related to the use of Tactical Tilts for Advisory Accounts. For example, the timing for implementing a Tactical Tilt or unwinding a position can materially affect the performance of such Tactical Tilt. For various reasons, GS PFM and its affiliates may implement a Tactical Tilt, invest in an affiliated fund that may invest in Tactical Tilts, or unwind a position for its client accounts or on its own behalf before Wealth Advisers do on behalf of Advisory Accounts, or may implement a Tactical Tilt that is different from the Tactical Tilt implemented by Wealth Advisers on behalf of Advisory Accounts, which could have an adverse effect on Advisory Accounts and may result in poorer performance by Advisory Accounts than by Goldman Sachs or other client accounts. In addition, unless otherwise agreed in the investment management agreement with the client, Wealth Advisers monitor an Advisory Account’s Tactical Tilt positions only on a periodic basis. Therefore, changes in market conditions and other factors may result in substantial losses to an Advisory Account, and no assurance can be given that a Tactical Tilt position will be unwound before the Advisory Account suffers losses. The use of Tactical Tilts also may include the risk of reliance on models.
- *Target Ranges and Rebalancing Risks* – To the extent a client designates target allocations or target ranges within an Advisory Account in connection with particular asset classes, an Advisory Account’s assets may, from time to time, be out of balance with the Advisory Account’s target ranges for extended periods of time or at all times due to various factors, such as fluctuations in, and variations among, the performance of the investment products to which the assets are allocated and reliance on estimates in connection with the determination of percentage allocations. Any rebalancing by Wealth Advisers of the Advisory Account’s assets may have an adverse effect on the performance of the Advisory Account’s assets. For example, the Advisory Account’s assets may be allocated away from an over-performing investment product and allocated to an under-performing investment product, which could be harmful to the Advisory Account. In

addition, the achievement of any intended rebalancing may be limited by several factors, including the use of estimates of the net asset values of the investment products, and, in the case of investments in investment products that are pooled investment vehicles, restrictions on additional investments in and redemptions from such investment products. Similarly, the use of target ranges in respect of asset classes may result in an Advisory Account containing a significantly greater percentage of Affiliated Products than would otherwise be the case, including during periods in which Affiliated Products underperform External Products. In such circumstances, there may be one or more External Products that would be a more appropriate addition to an Advisory Account than the Affiliated Products then in the Advisory Account. Such External Products may outperform the Affiliated Products then in the Advisory Account. For information regarding conflicts of interest in connection with Affiliated Products and External Products, see “Affiliated Products / External Products” in Item 9 below.

- *Tax Exempt Risk* – The risk that the tax exempt status of municipal securities will change or be removed completely which would negatively impact the value of municipal bonds.
- *Tax-Managed Investment Risk* – The pre-tax performance of a tax-managed Advisory Account may be lower than the performance of similar Advisory Accounts that are not tax-managed.
- *Tax, Legal and Regulatory Risks* – The risk of loss due to increased costs and reduced investment and trading opportunities resulting from unanticipated legal, tax and regulatory changes, including the risk that the current tax treatment of securities, such as master limited partnerships (“MLPs”), could change in a manner that would have adverse consequences for existing investors. Regulations, including regulations such as the Volcker rule contained within the Dodd-Frank Act and comprehensive tax reform, may affect the types of transactions that certain clients may enter into with Goldman Sachs and ultimately the performance of the Advisory Accounts or the commercial benefits the client may obtain from Goldman Sachs. In addition, the California Consumer Privacy Act (the “CCPA”) was enacted in June 2018 and is scheduled to take effect on January 1, 2020. The CCPA will impose privacy compliance obligations with regard to the personal information of California residents. Other states may, in the future, impose similar privacy compliance obligations. Increased regulatory oversight may also impose additional compliance and administrative obligations on GS PFM and its affiliates, including, without limitation, responding to investigations and implementing new policies and procedures. Additional information regarding such matters may also be available in the current public SEC filings made by Goldman Sachs.
- *Term of Investment* – Preferred and hybrid securities usually have long maturities (often 30 years or longer) or even no maturity date at all, meaning they can remain outstanding in perpetuity. They generally are “callable,” i.e., they can be retired prior to maturity under specified terms of the bond indenture; however, this is an option of the issuer.
- *U.S. Treasury Securities Risk* – Securities backed by the U.S. Treasury or the full faith and credit of the U.S. are guaranteed only as to the timely payment of interest and principal when held to maturity, but the market prices for such securities are not guaranteed and will fluctuate, including as changes in global economic conditions affect the demand for these securities.

## Proxy Voting

GS PFM does not accept authority to vote client securities held in Advisory Accounts. A client may elect to directly vote proxies for the securities in the client’s Advisory Accounts by providing written notice to GS PFM of the client’s election to do so. Absent such written notice, by signing the discretionary investment management agreement, the client authorizes and directs GS PFM to facilitate voting of all proxies related to the securities held in the client’s Advisory Accounts in accordance with the recommendations of a third-party provider (currently Glass, Lewis & Co., LLC) (the “Service Provider”). The Service Provider’s proxy voting guidelines are available upon request. The client is responsible for voting proxies on securities or matters for which the Service Provider does not provide a recommendation. GS PFM does not render any advice with respect to a particular proxy solicitation.

Unless client retains the right to directly vote proxies, the client authorizes the receipt of shareholder communications related to such proxy voting distributed by the issuers of such securities by the Service Provider.

If the client retains the right to directly vote proxies, the client maintains exclusive responsibility for (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

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#### **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

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Wealth Advisers act as the primary point of contact for GS PFM's clients, gathering information to understand their individual risk tolerance and financial objectives. Based on their assessment of clients' financial needs and risk tolerance, Wealth Advisers select appropriate strategies or customized investments for clients. After selecting a particular strategy or investment option, Wealth Advisers provide the GS PFM Investment Management Department with the necessary information to execute transactions. The information provided typically includes, but is not limited to, the following client information:

- client name;
- account number(s);
- how the client's assets should be distributed (percent allocation) into one or more strategies; and
- any reasonable restrictions from the client on how they would like their assets to be invested.

The Wealth Adviser notifies the Investment Management Department of requested changes to the percent allocation and/or changes to reasonable restrictions requested by the client.

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#### **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

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Clients are expected to discuss the management of their assets with the Wealth Adviser. Clients may request to speak with the portfolio manager responsible for managing the strategy the client is invested in, and such requests will be granted on a case by case basis. Client should be aware that a portfolio manager may not be able to address information about the client's individual investment objectives. Clients should rely on their Wealth Adviser for discussions about their particular investment objectives.

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#### **ITEM 9 - ADDITIONAL INFORMATION**

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##### **Disciplinary Information**

In the ordinary course of its business, GS PFM and its management persons have in the past been, and may in the future be, subject to periodic audits, examinations, claims, litigation, formal and informal regulatory inquiries, requests for information, subpoenas, employment-related matters, disputes, investigations, and legal or regulatory proceedings involving the SEC, other regulatory authorities, or private parties. Such audits, investigations, and proceedings have the potential to result in findings, conclusions, settlements, charges or various forms of sanctions against GS PFM or its management persons, as well as Goldman Sachs and other Goldman Sachs personnel, including fines, suspensions of personnel, changes in policies, procedures or disclosure or other sanctions and may increase the exposure of the Advisory Accounts, GS PFM and Goldman Sachs to potential liabilities and to legal, compliance and other related costs. In addition, such actions or proceedings may involve claims of strict liability or similar risks against Advisory Accounts in certain jurisdictions or in connection with certain types of activities.

The following legal or disciplinary events relate to GS&Co.:

The SEC brought a civil action in the U.S. District Court for the Southern District of New York against GS&Co. and one of its employees in connection with a single collateralized debt obligation transaction made in early 2007. On July 14, 2010, the SEC and GS&Co. entered into a consent agreement settling this action against GS&Co. On July 20, 2010, the United States District Court entered a final judgment approving the settlement. GS&Co. has made applications with the Financial Industry Regulatory Authority for the continuation of certain self-regulatory organization memberships from which it would otherwise be disqualified as a result of the final judgment.

Additional information about GS PFM's advisory affiliates is contained in Part 1 of GS PFM's Form ADV.

For information relating to other Goldman Sachs entities, please visit [www.gs.com](http://www.gs.com) and refer to the public filings of GS Group.

## **Other Financial Industry Activity and Affiliations**

GS PFM may use, suggest or recommend its own services or the services of affiliated Goldman Sachs entities in connection with GS PFM's advisory business. GS PFM may share resources with or delegate certain of its trading, advisory and other activities for advisory clients to affiliated entities and portfolio management functions may be shared or moved between Affiliated Advisers. 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. GS PFM's affiliates will retain any compensation when providing investment services to, or in connection with investment activities of, Advisory Accounts, subject to applicable law. 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 GS PFM's affiliates.

### Broker-Dealer

Certain Wealth Advisers of GS PFM are licensed as registered representatives of Cetera. When acting as a registered representative, these individuals offer brokerage services and receive commissions for those brokerage transactions. These Wealth Advisers may in the future become licensed as registered representatives of GS&Co.

Brokerage services provided by a registered representative are different from advisory services offered through GS PFM. Because of the potential for the Wealth Adviser to generate a commission separate from, or in addition to fees charged by GS PFM, the Wealth Adviser may have an incentive to recommend investment brokerage products based on the compensation they may receive rather than considering the client's interest. This conflict is mitigated by the broker-dealers' oversight of brokerage products and sales activity of the registered representative. Further, clients are under no obligation to conduct brokerage services through the broker-dealer which the Wealth Adviser is associated with as a registered representative.

Goldman Sachs may have ownership interests in trading networks, securities or derivatives indices, trading tools, and settlement systems. Goldman Sachs also holds ownership interests in, and Goldman Sachs personnel may sit on the boards of directors of, national securities exchanges, electronic communication networks, alternative trading systems and other similar execution or trading systems or venues (collectively, "Market Centers"). Goldman Sachs may be deemed to control one or more of such Market Centers based on its levels of ownership and its representation on the board of directors of such Market Centers. As of January 30, 2019, Goldman Sachs held ownership interests in the following Market Centers: (i) Chicago Board Options Exchange, Inc., (ii) Chicago Stock Exchange, Inc., (iii) International Securities Exchange, LLC, (iv) NASDAQ OMX PHLX, Inc. (formerly the Philadelphia Stock Exchange), (v) NYSE MKT LLC, (vi) NYSE, (vii) Virtu Financial – VFCM, (viii) BIDS, (ix) Sigma X<sup>2</sup>, (x) BondDesk, (xi) Dealerweb, (xii) MTS S.P.A, (xiii) TradeWeb and (xiv) TradeWeb Retail. Goldman Sachs may acquire ownership interests in other Market Centers (or increase ownership in the Market Centers listed above) in the future.

Consistent with its duty to seek best execution for Advisory Accounts, GS PFM may, from time to time, directly or indirectly, execute trades for Advisory Accounts through such Market Centers. In such cases, Goldman Sachs may receive an indirect economic benefit based upon its ownership interests in Market Centers. In addition, Goldman Sachs receives fees, cash credits, rebates, discounts or other benefits from Market Centers to which it, as broker, routes order flow based on the aggregate trading volume generated by Goldman Sachs (including volume not associated with client orders), the type of order flow routed and whether the order contributes or extracts liquidity from the given market. Discounts or rebates received by Goldman Sachs from a Market Center during any time period may or may not exceed the fees paid by Goldman Sachs to the Market Center during that time period. The amount of such discounts or rebates varies, but generally does not exceed \$0.004 per share or \$0.85 per contract for listed options. Further, the U.S. listed options exchanges sponsor marketing fee programs through which registered market-makers may receive payments from the exchanges based upon their market making status and/or as a result of their designation as a "preferenced" market maker by an exchange member with respect to certain options orders. GS PFM affiliates may receive payments from "preferenced" registered market makers related to these exchange-sponsored marketing fee programs. The amount of such payments varies, but generally does not exceed \$0.70 per contract. GS PFM will execute trades for an Advisory Account through such Market Centers only if GS PFM

reasonably believes that such trades are in the best interest of the Advisory Account and that the requirements of applicable law have been satisfied. As discussed in further detail in “Brokerage Practices” in Item 9 below, GS PFM executes transactions with unaffiliated broker-dealers in accordance with its best execution policies and procedures.

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

Through Goldman Sachs’s trading on or membership to various trading platforms or venues or interactions with certain service providers (including depositaries and messaging platforms), Goldman Sachs and its affiliates may receive interests, shares or other economic benefits from such service providers.

#### Investment Companies and Other Pooled Investment Vehicles

GS PFM and certain of its affiliates, including GSAM, act in an advisory or sub-advisory capacity with respect to separately managed accounts and private investment funds and in other capacities, including as trustee, managing member, adviser, administrator and/or distributor to a variety of Funds, and such advisory or sub-advisory relationships may be with affiliated entities or with institutions that are not part of Goldman Sachs. Certain Goldman Sachs personnel are also directors, trustees and/or officers of these investment companies and other pooled investment vehicles. Affiliates of GS PFM that act as investment adviser or sub-adviser to these Funds, will receive management or advisory fees in connection with their advisory roles. Although such fees are generally paid by the Funds, the costs are ultimately borne by clients as shareholders. These fees will be in addition to any advisory fees or other fees agreed between the client and GS PFM for investment advisory services. In certain circumstances, clients may invest in these investment companies and other pooled investment vehicles offered by Goldman Sachs. For Funds where GS PFM applies an advisory fee, the fee that will apply is generally the same for both affiliated Funds and Third-Party Funds and clients may pay more or less than the index oriented fee depending on the agreed upon fee schedule.

#### Other Investment Advisers

GS PFM has investment advisory affiliates in and outside of the United States that are registered with the SEC as investment advisers. These affiliates include, but are not limited to: GS&Co., Ayco, GSAM, GSAMI, Goldman Sachs Hedge Fund Strategies LLC (“HFS”), and GS Investment Strategies, LLC (“GSIS”). GS PFM and its affiliates have or intend to have co-advisory or sub-advisory relationships with their investment advisory affiliates, as may be required for proper management of particular Advisory Accounts and in accordance with applicable law. GS PFM and its affiliates will receive compensation in connection with such relationships. Where permissible by law, GS PFM and its investment advisory affiliates may share resources in connection with providing investment advisory services, including credit analysis, execution services and trade support.

GS PFM personnel may refer clients to Affiliated Advisers, including GS&Co., GSAM, GSAMI, and Ayco, and to the Ayco Services Insurance Agency in connection with certain services and will receive referral fees subject to applicable law and will compensate its employees for such referrals. From time to time, GS PFM personnel may also refer clients to certain Unaffiliated Advisers.

Clients may be offered access to advisory services through GS&Co., Ayco, GSAM, GSAMI, or other Affiliated Advisers. Affiliated Advisers manage accounts according to different strategies and may also apply different criteria to the same or similar products (including, but not limited to, equities and fixed income securities). For instance, in the case of advisory accounts holding municipal bonds, Affiliated Advisers may apply different credit criteria (including different minimum credit ratings, sector restrictions), they may offer different portfolio structures (for example laddered, barbelled or customized, maturity limitations or portfolio duration), and they may have different minimum account size requirements. Additionally, GS PFM may place trades through GS&Co. as well as third parties and may participate in underwritings, whereas GSAM and GSAMI generally only execute trades through third parties. Since each Affiliated Adviser’s investment decisions are made independently, GSAM and/or GSAMI

may be buying while GS PFM and/or GS&Co. are selling, or vice versa. Therefore, it is possible that accounts managed by GSAM or GSAMI could sustain losses during periods in which accounts managed by GS PFM or GS&Co. achieve significant profits.

Subject to applicable law, GS PFM 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 Affiliated Adviser that is registered with the SEC or to any of its non-US Affiliated Advisers. GS PFM may also move or share portfolio management between Affiliated Advisers. This might include the movement of Portfolio Managers from GS PFM to an Affiliated Adviser or the transfer of management of the portfolio to a management team within an Affiliated Adviser. Clients will be notified of any such movements or transfers of portfolio management in advance.

A copy of the Advisory Brochure of GS&Co., Ayco, GSAM, GSAMI or other Affiliated Advisers is available on the SEC's website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) and will be provided to clients or prospective clients upon request. Clients that want more information about any of these affiliates should contact GS PFM.

#### Financial Planner

GS PFM's affiliate, Ayco, provides financial counseling and planning services, investment management, financial education and other services to publicly traded companies and privately held firms and their respective executives and employees and high net worth individuals. Ayco's personnel recommend GS PFM's investment advisory services to its clients and receive fees from GS PFM.

#### Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor

GS&Co. and certain of its affiliates are registered with the CFTC as an FCM, CPO, SD and CTA. These affiliates include GSAM, GSAMI, HFS, and GSIS. If permitted by law and applicable regulation, GS PFM may buy or sell futures on behalf of its Advisory Accounts through itself or its CFTC-registered affiliates and these affiliates will receive commissions.

#### Banking or Thrift Institution

##### *Banks*

GS Group is a bank holding company under the Bank Holding Company Act of 1956, as amended. As a bank holding company, GS Group is subject to supervision and regulation by the Federal Reserve Board.

GS Bank is a Federal Deposit Insurance Corporation insured, New York State chartered Federal Reserve member bank. GS Bank accepts brokered and omnibus deposits, lends to individuals and corporate clients, transacts in certain derivatives, and provides securities lending, custody and hedge fund administration services. GS Bank offers Securities-Based Loans to GS PFM clients. GS Bank benefits from the use of Securities-Based Loans by charging interest on those loans. GS PFM and certain Wealth Advisers may receive compensation for referring clients to GS Bank for such loans. Such referrals create a conflict between the interests of clients and the interests of GS PFM and its Wealth Advisers since it gives GS PFM and certain Wealth Advisers an economic interest in the loans. Such compensation is in addition to compensation GS PFM and certain Wealth Advisers receive from the Advisory Fee charged by GS PFM for providing advisory services to the Advisory Accounts pledged as collateral for the loans. Borrowing against securities may not be suitable for all investors. Sufficient collateral must be maintained to support your loan and to take advances. A decline in the value of your collateral assets, including as a result of markets going down in value, may require you to deposit more securities or funds to maintain the level needed to avoid a maintenance call or pay down the line of credit. Some or all of your securities may be sold by GS Bank without prior notice to maintain the account at the required levels. GS Bank can increase your collateral maintenance requirements at any time without notice. Additionally, GS Bank has no obligation to fund the line and may change your interest rate or may demand full or partial repayment at any time.

GS Bank offers deposit sweeps to Goldman Sachs clients, where free credit balances are swept into GS Bank on an omnibus basis. The Goldman Sachs Bank Deposit ("Bank Deposit") operates as a cash sweep account for clients for whom the Bank Deposit has been designated as the sweep option for available cash. GS Bank benefits from the use of cash swept from Advisory Accounts. GS&Co. establishes, maintains and keeps the books and records for the Bank Deposit and provides other related services. GS PFM clients may also open separate savings accounts and certificates of deposit to which different interest rates may apply. In particular, clients may open direct



accounts at GS Bank at rates that may be higher than rates for the sweep, but will not be provided the same level of services as those offered through the cash sweep.

### *Trust Companies*

The Goldman Sachs Trust Company, N.A., a national bank limited to fiduciary activities ("GSTC") and The Goldman Sachs Trust Company of Delaware, a Delaware limited purpose trust company ("GSTD") may provide personal trust and estate administration and related services to GS PFM's clients. GS&Co. and its affiliates, including GS PFM, may provide a variety of services to GSTC and GSTD, including investment advisory, sub-advisory, brokerage, distribution, marketing, operational, infrastructure, financial, auditing, and administrative services. Goldman Sachs will receive fees from GSTC and GSTD according to the fee schedules agreed upon between the parties in arm's-length service agreements. GS PFM may recommend that clients appoint GSTC or GSTD as a trustee.

### Insurance Company or Agency

UCRM, an insurance agency located in Irving, Texas registered with various state insurance divisions, is a wholly owned subsidiary of GS PFM. Certain Wealth Advisers of GS PFM may affiliate with UCRM to offer fixed insurance products to clients and prospects.

### Pension Consultant

The PFE Group, a pension consulting firm located in suburban Boston, Massachusetts, and registered as an investment adviser with the SEC, is a wholly owned subsidiary of GS PFM's parent company, UCFP. The PFE Group provides pension consulting services to its clients, as well as other non-advisory services such as educational workshops and employee benefit communications. The PFE Group and GS PFM may refer clients to one another, whereby pension or profit-sharing institutional clients of GS PFM may be referred to The PFE Group, and plan participants in pension and consulting plans of The PFE Group may be referred to GS PFM for individual advisory services. No compensation is paid to GS PFM or The PFE Group for such referrals. The PFE Group also provides sub-advisory services to GS PFM (see additional information under Item 4).

### Sponsor or Syndicator of Limited Partnerships

Goldman Sachs creates and/or distributes unregistered privately placed vehicles in which clients may invest and for which it receives fees.

### Trustee Activities

Certain Wealth Advisers separately serve as trustees for accounts that are not client accounts of GS PFM ("trustee-clients"). In such situations, when the Wealth Adviser is acting as trustee for a trust that is not a client of GS PFM, GS PFM generally will not accept custody over trustee-clients' funds or securities. This exclusion does not include accounts for clients who are family members of the Wealth Adviser; in which case the Wealth Adviser may serve as trustee for a family member's account. In certain limited situations where a Wealth Adviser serves as the trustee for an account under GS PFM's supervision that is not an account for the Wealth Adviser's family member, GS PFM will not allow the Wealth Adviser to hold, directly or indirectly, the trustee-client's funds or securities, nor will it permit the Wealth Adviser to obtain possession of the trustee-client's funds or securities in connection with advisory services that GS PFM provides to such trustee-clients.

### Third-Party Advisory Committees, Boards and Panels

Wealth Advisers may be asked and agree to participate as a member of a third-party company's advisory committee, board or panel ("Advisory Panel"). When participating in an Advisory Panel, the typical reason is to help provide expert knowledge to the third-party company for development of their products and services. The participation is typically done to benefit GS PFM's business, for current or future use of the third-party company's products and services. Advisory Panel participants are typically informed about confidential company information which may not be used for the benefit of third parties. Advisory Panel members are not typically paid any compensation. However, the third-party company typically pays or reimburses the participant for travel, lodging and meal expenses incurred in attending Advisory Panel meetings. The participation and benefit do not depend on any

amount of business directed to the third party; however, the receipt of travel and related benefits may influence the participant's recommendation of the third-party company's services. This conflict is addressed through the initial reason for participating in the Advisory Panel, that being a desire to benefit GS PFM's clients through improving the products and services offered by the third-party company.

As an outside business activity, certain supervised persons of GS PFM may sit on the boards of private and public companies, non-profit organizations, and state and local government agencies. The boards that supervised persons sit on may include third parties that GS PFM hires to help support the advisory services it provides to clients and client accounts.

#### Management Persons; Policies and Procedures

Certain of GS PFM's management persons also hold positions with one or more Goldman Sachs affiliates. In these positions, they may have certain responsibilities with respect to the business of these affiliates and receive compensation based, in part, upon the profitability of these affiliates. Consequently, in carrying out their roles at GS PFM and these affiliates, the management persons of GS PFM will be subject to the same or similar potential conflicts of interest that exist between GS PFM and these affiliates.

#### Affiliated Indices and ETFs

Goldman Sachs may develop, co-develop, own and operate stock market and other indices (each, an "Index") based on investment and trading strategies it has developed or co-developed with a third party. Goldman Sachs has entered into, and may in the future enter into, a revenue sharing arrangement with a third-party co-developer of an Index pursuant to which Goldman Sachs receives a portion of the fees generated from licensing the right to use the Index or components thereof to third parties. Some of the ETFs for which GSAM or its affiliates act as investment adviser (the "GSAM ETFs") seek to track the performance of the Indices. GS PFM may, from time to time, manage Advisory Accounts that invest in the GSAM ETFs. The operation of the Indices, the GSAM ETFs and Advisory Accounts in this manner may give rise to potential conflicts of interest.

Goldman Sachs has adopted policies and procedures that are designed to address potential conflicts that may arise in connection with Goldman Sachs' operation of the Indices, the GSAM ETFs and the Advisory Accounts. Goldman Sachs has established certain information barriers and other policies designed to address the sharing of information between different businesses within Goldman Sachs, including with respect to personnel responsible for maintaining the Indices and those involved in decision-making for the ETFs. In addition, as described below, GS PFM has adopted a code of ethics.

#### **Code of Ethics**

GS PFM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty owed to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at GS PFM must acknowledge the terms of the Code of Ethics annually, or as required by any amendment of the Code of Ethics. Nevertheless, because the Code of Ethics in some circumstances would permit supervised persons to invest in the same securities as clients, there is a possibility that supervised persons holding securities might benefit from market or trading activity conducted in a client's account. Supervised person trading is monitored under the Code of Ethics to detect any potential conflicts of interest between GS PFM and its clients.

Clients or prospective clients may request a copy of GS PFM's Code of Ethics by calling 949-999- 8500 or writing to GS PFM at 620 Newport Center Drive, Suite 500, Newport Beach, CA 92660.

#### **Participation or Interest in Client Transactions and Personal Trading**

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 individuals. Goldman Sachs acts as broker-dealer, investment adviser, investment banker,

underwriter, research provider, administrator, financier, adviser, market maker, trader, prime broker, derivatives dealer, clearing agent, lender, counterparty, agent, principal, distributor, investor, or in other commercial capacities for accounts or companies or affiliated or unaffiliated funds in which Advisory Accounts may have an interest. In those and other capacities, Goldman Sachs advises and deals with clients and third parties 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. In addition, Goldman Sachs has direct and indirect interests in the global fixed income, currency, commodity, equities, bank loan, and other markets. Goldman Sachs may cause Advisory Accounts to invest in products and strategies sponsored, managed, or advised by Goldman Sachs or in which Goldman Sachs has an interest, either directly or indirectly, or may otherwise restrict Advisory Accounts from making such investments, as further described herein. In this regard, Goldman Sachs' activities and dealings with other clients and third parties may affect Advisory Accounts in ways that may disadvantage Advisory Accounts and/or benefit Goldman Sachs or other clients (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 Goldman Sachs may have in advising or dealing with other clients (including other Advisory Accounts) or third parties or in acting on its own behalf.

#### Goldman Sachs Acting in Multiple Commercial Capacities

Goldman Sachs faces conflicts of interest in providing and selecting services for Advisory Accounts because Goldman Sachs provides many services and has many commercial relationships with companies and affiliated and unaffiliated funds (or their applicable personnel). In this regard, a company in which an Advisory Account has an interest may hire Goldman Sachs to provide underwriting, merger advisory, distribution, other financial advisory, placement agency, foreign currency hedging, research, asset management services, brokerage services, or other services to the company. In addition, Goldman Sachs may sponsor, manage, advise or provide services to affiliated funds (or their personnel) in which Advisory Accounts invest and may advise or provide services to unaffiliated funds (or their personnel) in which Advisory Account invest. In connection with such commercial relationships and services, Goldman Sachs receives fees, compensation, and remuneration that may be substantial, as well as other benefits. For example, providing such services may enhance Goldman Sachs' relationships with various parties, facilitate additional business development and enable Goldman Sachs to obtain additional business and/or generate additional revenue. Advisory Accounts will not be entitled to compensation related to any such benefit to businesses of Goldman Sachs, including PWM. In addition, such relationships may adversely impact Advisory Accounts, including, for example, by restricting potential investment opportunities, as described below, incentivizing Goldman Sachs to take or refrain from taking certain actions on behalf of Advisory Accounts when doing so would be adverse to such business relationships, and/or influencing Goldman Sachs' selection or recommendation of certain investment products and/or strategies over others.

In connection with providing such services, Goldman Sachs may take commercial steps in its own interest, or may advise the parties to which it is providing services, or take other actions. Such actions may benefit Goldman Sachs. For example, Goldman Sachs 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 GS PFM) or in which Goldman Sachs, its personnel, or other clients have an equity, debt or other interest, or to engage in investment transactions that may result in Goldman Sachs or such other person being relieved of obligations or otherwise divested of investments. Similarly, an Advisory Account may acquire securities or indebtedness of a company affiliated with Goldman Sachs directly or indirectly through syndicate or secondary market purchases, or may make a loan to, or purchase securities from, a company that uses the proceeds to repay loans made by Goldman Sachs. These activities by an Advisory Account may enhance the profitability of Goldman Sachs, its personnel, or other clients with respect to their investment in and activities relating to such companies. Advisory Accounts will not be entitled to compensation as a result of this enhanced profitability.

Providing such services may also have an adverse effect on Advisory Accounts. For example, Goldman Sachs may make loans to, or enter into margin, asset-based or other credit facilities or similar transactions with, clients, companies, individuals, or Portfolio Managers or their affiliates that may (or may not) be secured by publicly or privately held securities or other assets, including by a client's assets or interests in an Advisory Account. Some of these borrowers may be public or private companies, or founders, officers, or shareholders in companies in which Goldman Sachs, funds managed by Goldman Sachs, or Advisory Accounts or other accounts may (directly or indirectly) invest, and such loans may be secured by securities of such companies, which may be the same as, or *pari passu* with or more senior or junior to, interests held (directly or indirectly) by Goldman Sachs, funds managed

by Goldman Sachs, Advisory Accounts or other accounts. 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, including by liquidating or causing the liquidation of securities on behalf of a borrower, or foreclosing and liquidating such securities in Goldman Sachs' own name. Such actions may adversely affect Advisory Accounts (e.g., if a large position in securities is liquidated, among the other potential adverse consequences, the value of such security may decline rapidly and Advisory Accounts holding (directly or indirectly) such security may in turn decline in value or may be unable to liquidate their positions in such security at an advantageous price or at all). For a discussion of certain additional conflicts associated with Goldman Sachs or clients, on the one hand, and a particular Advisory Account, on the other hand, investing in or extending credit to different parts of the capital structure of a single issuer, see "Investments in and Advice Regarding Different Parts of an Investor's Capital Structure."

Actions taken or advised to be taken by Goldman Sachs in connection with other types of services and transactions may also result in adverse consequences for Advisory Accounts. For example, Goldman Sachs may advise a company to make changes to its capital structure, the results of which would be a reduction in the value or priority of a security held by Advisory Accounts. For more information in this regard, see "Investments in and Advice Regarding Different Parts of an Issuer's Capital Structure," below. In addition, underwriters, placement agents or managers of IPOs, including GS&Co., may require clients who hold privately placed securities of a company to execute a lock-up agreement prior to such company's IPO restricting the resale of the securities for a period of time before and following the IPO. As a result, GS PFM may be restricted from selling the securities in such clients' Advisory Accounts at a more favorable price.

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

There may be circumstances in which Advisory Accounts are precluded from participating in such transactions as a result of Goldman Sachs' engagement by such companies. Goldman Sachs reserves the right to act for these companies in such circumstances, notwithstanding the potential adverse effect on Advisory Accounts. Goldman Sachs may also represent creditor or debtor companies in proceedings under Chapter 11 of the U.S. Bankruptcy Code (and equivalent non-U.S. bankruptcy laws) or prior to these filings. From time to time, Goldman Sachs may serve on creditor or equity committees. These actions, for which Goldman Sachs may be compensated, may limit or preclude the flexibility that the Advisory Account may otherwise have to buy or sell securities issued by those companies. Please also refer to "Firm Policies, Regulatory Restrictions and Certain Other Factors Affecting Advisory Accounts."

In addition, Goldman Sachs may gather information in the course of such other activities and relationships about companies in which a client holds or may in the future hold an interest. In the event that Goldman Sachs is consulted in connection with opportunities with respect to these companies, Goldman Sachs shall have no obligation to disclose such information, any other non-public information which is otherwise subject to an obligation of confidence to another person, or the fact that Goldman Sachs is in possession of such information, to the client or to use such information on the client's behalf. As a result of actual or potential conflicts, Goldman Sachs may not be able to provide a client with information or certain services with respect to a particular opportunity. See also "Considerations Relating to Information Held by Goldman Sachs" below.

#### Differing Advice and Competing Interests

Advice given to, or investment decisions made or other actions taken 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 accounts. Goldman Sachs, the clients it advises, and its personnel have investment objectives or portfolios similar to, related to or opposed to those of particular Advisory Accounts. In this regard, Goldman Sachs may make investment decisions for such other persons that are different from the investment decisions made for Advisory Accounts, and such investment decisions or other actions taken in connection with other accounts may adversely impact Advisory Accounts, as described below. In addition, Goldman Sachs, the clients it advises, and its personnel may engage (or consider engaging) in commercial arrangements or transactions, and/or may compete

for commercial arrangements or transactions or invest in the same types of companies, assets, securities and other instruments, as particular Advisory Accounts. Such arrangements, transactions or investments may adversely affect such Advisory Accounts by, for example, limiting clients' ability to engage in such activity or by effecting the pricing or terms of such arrangements, transactions or investments. Moreover, a particular Advisory Account on the one hand, and Goldman Sachs, its personnel, or other clients on the other hand, may 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. Goldman Sachs may receive greater fees or other compensation from such other persons than it does from the particular Advisory Accounts, in which case Goldman Sachs, including through GS PFM, will be incentivized to favor the accounts held by such other persons.

Other accounts (including other Advisory Accounts) may engage in a strategy while an Advisory Account is undertaking the same or a differing strategy, any of which could directly or indirectly disadvantage the Advisory Account (including its ability to engage in a transaction or other activities). For example, an Advisory Account may buy a security, and Goldman Sachs or a Goldman Sachs client may establish a short position in that same security or in similar securities. Any such short position may result in the impairment of the price of the security that the Advisory Account holds or could be designed to profit from a decline in the price of the security. An Advisory Account could similarly be adversely impacted if it establishes a short position, following which Goldman Sachs or a Goldman Sachs client takes a long position in the same security or in similar securities. Similarly, Goldman Sachs may be engaged to provide advice to a client that is considering entering into a transaction with a particular Advisory Account, and Goldman Sachs may advise the client not to pursue the transaction with the particular Advisory Account, or otherwise in connection with a potential transaction provide advice to the client that would be adverse to the particular Advisory Account.

Clients may be offered access to advisory services through several different Goldman Sachs businesses (including through GS PFM, GS&Co., and GSAM). Different advisory businesses within Goldman Sachs manage Advisory 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 or other investment. Similarly, Wealth Advisers can have differing or opposite investment views in respect of an issuer or a security, and the positions Wealth Advisers take in respect of an Advisory Account may be inconsistent with, or adverse to, the interests and activities of Advisory Accounts advised by other Wealth Advisers. Moreover, research, analyses or viewpoints will be available to clients or potential clients at different times. Goldman Sachs will not have any obligation to make available to Advisory Accounts any research or analysis at any particular time or prior to its public dissemination.

The timing of transactions entered into or recommended by Goldman Sachs, on behalf of itself or its clients, including Advisory Accounts, may negatively impact Advisory Accounts or benefit certain other accounts, including other Advisory Accounts. For example, Goldman Sachs may implement an investment decision or strategy for certain Advisory Accounts ahead of, contemporaneously with, or behind the implementation of similar investment decisions or strategies for Advisory Accounts, (whether or not the investment decisions emanate from the same research analysis or other information) that could result, due to market impact, in liquidity constraints or other factors, in certain Advisory Accounts receiving less favorable investment or trading results or incurring increased costs. Similarly, Goldman Sachs may implement an investment decision or strategy that results in a purchase (or sale) of security for one Advisory Account that may increase the value of such security already held by another Advisory Account (or decrease the value of such security that such other Advisory Account intends to purchase), thereby benefitting such other Advisory Account.

The terms of an investment formed to facilitate investment by personnel of Goldman Sachs are typically different from, and may be more favorable than, those by a third-party investor in such investment. For example, investors in such an investment generally are not subject to management fees or performance-based compensation, may share in the performance-based compensation, may not have their commitments pledged under a subscription facility, and may receive capital calls, distributions and information regarding investments at different times than third-party investors. In addition, to the extent permitted by law, certain investors in such investment may be provided leverage by Goldman Sachs. In the event of a substantial decline in the value of such investments, the leverage, if any, provided to employees may have the effect of rendering the investments by employees effectively worthless, which could undermine the potential alignment of interest between employees and third-party investors. In certain circumstances, subject to applicable law, including the Dodd-Frank Act, Goldman Sachs may offer to purchase, redeem, or liquidate the interests held by one or more investors (potentially on terms advantageous to such investors) or to release one or more investors from their obligations to fund capital commitments without offering third-party investors the same or a similar opportunity.

## Allocation of Investment Opportunities

GS PFM and its Wealth Advisers manage multiple Advisory Accounts, including Advisory Accounts in which Goldman Sachs and its personnel have an interest, pay different fees based on a client's particular circumstances, including the size of the relationship and required service levels. This creates an incentive to allocate investments with limited availability to the accounts for which GS PFM and its Wealth Advisers receive higher fees. Such investments may include local emerging markets securities, high yield securities, fixed-income securities, interests in Alternative Investment funds, MLPs, and initial public offerings and new issues.

To help address potential conflicts regarding allocations among multiple Advisory Accounts, GS PFM has adopted allocation policies and procedures that provide that Wealth Advisers allocate investment opportunities among Advisory Accounts consistent with their fiduciary obligations. In some cases, these policies and procedures may result in the pro rata allocation (on a basis determined by GS PFM) of limited opportunities across eligible Advisory Accounts. In other cases, the allocations reflect the consideration of numerous other factors, including, but not limited to, those described below. The allocation methodology may vary based on the type of investment opportunity. In some cases, Advisory Accounts managed by different teams of Wealth Advisers are generally viewed separately for allocation purposes.

Wealth Advisers make allocation-related decisions by reference to one or more factors, including, without limitation, the client's overall relationship with GS PFM; account investment objectives, investment horizon, financial circumstances and risk tolerance; timing of client's subscription to or indication of interest in the investment; the capacity of the investment; whether Advisory Accounts give GS PFM discretion or require client approval for investments; current and expected future capacity of applicable Advisory Accounts; tax sensitivity of accounts; the client's domicile; suitability considerations; the nature of the investment opportunity; cash and liquidity considerations, including, without limitation, availability of cash for investment; relative sizes and expected future sizes of applicable Advisory Accounts; availability of other appropriate investment opportunities; legal and regulatory restrictions affecting certain Advisory Accounts, including client eligibility; minimum denomination, minimum increments, *de minimis* threshold odd lot and round lot considerations; client-specific investment guidelines and restrictions; current investments made by clients that may be similar to the applicable investment opportunity; and the time of last trade.

There may be some instances where certain Advisory Accounts receive an allocation while others do not, and preferential allocations may be given to clients with a proven interest or expertise in a certain sector, company or industry. In addition, Wealth Advisers, as part of their investment style, may choose not to participate in IPOs for any clients, or may choose to offer participation to only a small group of clients based upon criteria, such as assets under management, or may choose to adopt another methodology. From time to time, GS PFM may make allocations to certain Advisory Accounts before other Advisory Accounts based on a rotational system designed to preclude the favoring of any one Advisory Account over another. To the extent a given Advisory Account trades behind other Advisory Accounts within the rotation system, it is possible that such Advisory Account may suffer adverse effects depending on market conditions.

GS PFM, or its affiliates, under limited circumstances, uses model portfolios and research or research lists, including those provided by GSAM or third parties, when managing Advisory Accounts. Certain Advisory Accounts may have the opportunity to evaluate or act upon recommendations (including recommendations in model portfolios) before other Advisory Accounts, including those advised by the same adviser providing the recommendations and other personnel may have already begun to trade based upon the recommendations. As a result, trades ultimately placed on behalf of Advisory Accounts based upon such recommendations may be subject to price movements, particularly with large orders or thinly traded securities. This may result in the Advisory Accounts receiving prices for transactions that are less favorable than the prices for transactions obtained for other clients of the adviser. This could occur because of time zone differences or other reasons that cause orders to be placed at different times. In addition, model portfolios available through Goldman Sachs affiliates might not be available through GS PFM, and vice versa, and might experience different performance than other model portfolios. See "Differing Advice and Competing Interests." See also "Aggregation of Trades and Allocation of Securities or Proceeds" for information regarding the allocation of securities or proceeds relating to orders that are executed on an aggregated basis.

Some or all Advisory Accounts may, from time to time, be offered investment opportunities that are made available through Goldman Sachs businesses outside of GS PFM, including, for example, interests in real estate and other private investments. In this regard, a conflict of interest will exist to the extent that Goldman Sachs controls or

otherwise influences the terms and pricing of such investments and/or receives fees or other benefits in connection therewith. Please see “Goldman Sachs Acting in Multiple Commercial Capacities” above. Notwithstanding the foregoing, Goldman Sachs businesses outside of GS PFM are under no obligation or other duty to provide investment opportunities to any Advisory Accounts, and generally are not expected to do so. Opportunities not allocated (or not fully allocated) to Advisory Accounts may be undertaken by Goldman Sachs, including for Goldman Sachs accounts, accounts held by its personnel, or accounts held by other clients or third parties. See “Differing Advice and Competing Interests” above.

#### Principal Trading and Cross/Agency Cross Transactions with Advisory Accounts

When permitted by applicable law and GS PFM policy, GS PFM, acting on behalf of its Advisory Accounts (for example, taxable fixed income and municipal bond fixed income and structured investment strategies), may enter into transactions in securities and other instruments with or through Goldman Sachs or in Affiliated Products, and may (but is under no obligation or other duty to) cause Advisory Accounts to engage in principal transactions, cross transactions and agency cross transactions. There may be potential conflicts of interest or regulatory requirements or restrictions (including those contained in Goldman Sachs internal policies) relating to these transactions that could limit GS PFM's decision to engage in these transactions for Advisory Accounts. In certain circumstances, such as when Goldman Sachs is the only participant, or one of a few participants, in a particular market, or is one of the largest such participants, such limitations may eliminate or reduce the availability of certain investment opportunities to Advisory Accounts or impact the price or terms on which transactions relating to such investment opportunities may be effected. A principal transaction occurs if GS PFM, on behalf of an Advisory Account, engages in a transaction in securities or other instruments with Goldman Sachs or in Affiliated Products acting as principal. In certain circumstances, Goldman Sachs may, to the extent permitted by applicable law, purchase or sell securities on behalf of an Advisory Account as a “riskless principal.” Goldman Sachs may earn compensation (such as a spread or mark-up) in connection with principal transactions. A cross transaction occurs when GS PFM causes an Advisory Account to buy securities or other instruments from, or sell securities or other instruments to, another Advisory Account or an advisory client account of a Goldman Sachs affiliate, and Goldman Sachs does not receive a commission from the transaction. An agency cross transaction occurs when Goldman Sachs acts as broker for an Advisory Account on one side of the transaction and a brokerage account or another Advisory Account on the other side of the transaction in connection with the purchase or sale of securities by the Advisory Account, and Goldman Sachs receives a commission from the transaction. GS PFM may (but is under no obligation to) cause Advisory Accounts to engage in cross and agency cross transactions. In addition, Goldman Sachs serves as clearing agent for other Goldman Sachs clients that act as counterparty to trades for Advisory Accounts and will earn a fee for these services. See “Goldman Sachs Acting in Multiple Commercial Capacities.”

Goldman Sachs will have a potentially conflicting division of loyalties and responsibilities to the parties to principal, cross and agency cross transactions, including with respect to a decision to enter into such transaction as well as with respect to valuation, pricing and other terms. GS PFM has adopted policies and procedures in relation to such transactions and conflicts. However, there can be no assurance that such transactions will be effected, or that such transactions will be effected in the manner that is most favorable to an Advisory Account that is a party to any such transactions. Cross transactions may disproportionately benefit some Advisory Accounts relative to other Advisory Accounts due to the relative amount of market savings obtained by the Advisory Accounts. Principal, cross or agency cross transactions are effected in accordance with fiduciary requirements and applicable law (which may include providing disclosure and obtaining client consent). Performance may differ for clients who do not consent to principal trades. Clients may revoke consent to agency cross transactions at any time by written notice to GS PFM, and any such revocation will be effective once GS PFM has received and has had a reasonable time to act on it.

GS PFM may refer certain clients, on a case-by-case basis, to entities offering Alternative Investments, including hedge funds. GS PFM's CEO is related to a fund manager for one fund that it referred clients to in the past. Some of those clients still have funds invested with the fund, and the CEO and his family members are limited partner investors in that fund. GS PFM does not expect to refer clients to this fund in the future. If it does make such a referral, it will disclose the relationship and address any conflicts of interest to clients, in writing.

When investing its own corporate funds, GS PFM, or its parent or affiliates, primarily uses fixed-income deposits or money-market funds. GS PFM does not intentionally invest in the same securities as its clients or have its own proprietary account(s) alongside any client accounts.

Certain supervised persons may have accounts managed by GS PFM and/or may be invested in the same securities that are recommended to clients or held in client accounts. Supervised persons may also hold securities or trade for their own accounts contrary to financial guidance provided to clients. If supervised persons have hired GS PFM to manage their accounts on a discretionary basis, those accounts are traded along with other client accounts and are not given any different or special treatment.

#### Affiliated Products/External Products

We make available a range of investment products, including both Affiliated Products and External Products. There may be, however, certain asset classes for which no External Products are made available. Our decision to offer Affiliated Products or External Products is affected by a variety of factors, including, but not limited to, the availability of managers or number of managers we consider that offer particular strategies, products' investment objectives and performance track records, products' capacity to accept new clients, investor concentration, product terms (including investment minimums, management fees, and expenses), access to portfolio managers as well as Wealth Advisers or other personnel of Goldman Sachs for discussion with clients, and the specialized nature of the products or strategies.

The universe of products that are made available to Advisory Accounts (including those Advisory Accounts that invest in Multi-Asset Class or Customized Multi-Asset Class Portfolios) may be limited for certain reasons, including, for example, (i) because one or more External Products have not been reviewed or approved for investment; (ii) as a result of internal informational barriers that restrict access to certain information regarding Affiliated Products, as described below; or (iii) for administrative, practical or other considerations. As a result, there may be one or more products that could have otherwise been selected or recommended but for such limitations, and such other products may be more appropriate or have superior historical returns than the investment product selected or recommended for the Advisory Account.

In determining which External Products to review for inclusion on our platform, Goldman Sachs sources managers and/or investment opportunities in a variety of ways, including, for example, by reviewing databases and inbound inquiries from managers, and/or by leveraging relationships that such managers or other clients may already have with other parts of Goldman Sachs' businesses. Such relationships give rise to a conflict of interest, as Goldman Sachs may be incentivized to select managers from whom Goldman Sachs receives fees or other benefits, including the opportunity for business development and the additional revenue that may result therefrom. In addition, Goldman Sachs may be compensated more by one manager over another, and may therefore be incentivized to choose the higher paying manager. Different parts of Goldman Sachs may source managers and investment opportunities in different ways and based on different considerations. See "Goldman Sachs Acting in Multiple Commercial Capacities" above.

Before making Affiliated Products or External Products available on our platform, various teams within Goldman Sachs review such products and, in doing so, consider certain factors, including the operational and reputational risks relating to such products. The focus of certain reviews and the teams conducting such reviews, however, differ depending on whether the product is an Affiliated Product or an External Product. In addition, different teams review or screen such products in different ways. With respect to External Products, certain External Products are reviewed by the Alternative Investments & Manager Selection ("AIMS") group within GSAM, while other External Products are reviewed by other teams within Goldman Sachs. In this regard, AIMS reviews External Products that it sources or that are sourced elsewhere in Goldman Sachs but intended to be offered to or placed with PWM clients or GSAM covered institutional clients. External Products that are sourced by other groups within Goldman Sachs and that are intended to be placed with GS&Co.'s Investment Banking Division clients or Securities Division clients would be reviewed by such other sourcing group(s) within Goldman Sachs, but generally not by AIMS.

With respect to External Products reviewed by AIMS, such products undergo a due diligence review designed to assess the investment merits of each product, which includes a review of the quality of the managers and the likelihood of producing appropriate investment results over the long term. Applicable investment and operational due diligence committees determine which External Products are available for investment. Although AIMS reviews the performance history of External Products, none of Goldman Sachs, AIMS, or any third party calculates or audits the information for accuracy, verifies the appropriateness of the methodology on which the performance is calculated or verifies whether the performance complies with Global Investment Performance Standards or any other standard for performance calculation. The methods for calculating performance and forming composites may differ among External Products and performance information may not be calculated on a uniform and consistent basis. Past performance may not be indicative of future results and, as such, prospective clients should not place too much emphasis on External Product performance information. AIMS periodically reviews the



External Products through interactions with Unaffiliated Advisers designed to help understand the evolution of their views. AIMS uses a different process to evaluate ETFs and certain third-party mutual funds, applying quantitative screens that assess specific factors, including tracking error, total assets, expense ratio, length of track record and other factors (which may be adjusted periodically). AIMS will not review the entire universe of External Products that may be otherwise appropriate for Goldman Sachs' platform. In addition, AIMS might not consider any External Product for certain asset classes for which an Affiliated Product is available; as a result, there may be no External Products available for certain asset classes on our platform. External Products that were not reviewed or approved by AIMS may have been more appropriate for a particular Advisory Account or may have had superior historical returns than the products otherwise made available.

With respect to Affiliated Products the process for including products on an investment platform is conducted in a different way from AIMS and is implemented primarily through a product development process by teams within Goldman Sachs, other than AIMS. Because such teams are familiar with and subject to the framework of Goldman Sachs' operational infrastructure and internal controls, they are likely, depending on the investment product, to generally focus more on the specifics of the investment product in developing such product. Wealth Advisers may, in determining potential investment products for a particular Advisory Account, as further described below, select or recommend an Affiliated Product that he or she may not have otherwise selected or recommended had the same review process applicable to External Products been utilized for the Affiliated Product.

After investment products have been approved for offering by GS PFM, Wealth Advisers determine which products to select or recommend to clients. When considering potential investment products for a particular Advisory Account, Wealth Advisers give different weights to different factors depending on the nature of the client and on whether their review is for an Affiliated Product or for an External Product. Such factors may include quantitative considerations (such as the investment product's returns and performance consistency over specified time periods) and qualitative considerations (such as the investment product's investment objective and process), which may be inherently subjective and may include a wide variety of factors. Wealth Advisers may consider, for example, without limitation: (i) product-related factors, such as track record, index comparisons, risk and return assumptions; (ii) the Wealth Adviser's experience and familiarity with particular potential investment products, and, if applicable, the investment management teams managing such investment products or their organizations; (iii) client-driven factors, such as the client's investment objective, the effect on the client's portfolio diversification objectives, consistency with the client's asset allocation mode and investment program, and the projected timing of implementation; and (iv) other factors, such as capacity constraints and minimum investment requirements. Consideration of such factors may not be applied consistently over time or by a particular Wealth Adviser across all accounts or across different products and may play a greater role in the review of certain strategies or products while others play no role at all, and the factors may change from time to time. See also "Differing Advice and Competing Interests" above.

Wealth Advisers may consider qualitative and subjective factors to a greater extent than quantitative factors when they review an Affiliated Product from an External Product. Affiliated Products and External Products, therefore, may not be subject to the same review of quantitative and qualitative characteristics. Accordingly, such Wealth Advisers may recommend or select an Affiliated Product over an External Product, and the Affiliated Product that was recommended or selected may not perform as well as the External Product that would have been recommended or selected had the more quantitative review been applied to both Affiliated Products and External Products.

Other factors may also affect the review of potential investment products by Wealth Advisers. For example, when Wealth Advisers review Affiliated Products, they may be restricted from obtaining information they might otherwise request with respect to such Affiliated Products and their sponsors, managers, or advisers as a result of internal informational barriers. When Wealth Advisers do not have access to certain information with respect to an investment product, they may determine not to consider such investment product for an Advisory Account, or, conversely, Wealth Advisers may select an investment product for the Advisory Account notwithstanding that certain material information is unavailable to the Wealth Advisers, each of which could adversely affect the Advisory Account (e.g., such Affiliated Product could significantly decline in value, resulting in substantial losses to the Advisory Account). For more information, see "Considerations Relating to Information Held by Goldman Sachs" below.

Wealth Advisers may not review the entire universe of External Products that may be appropriate for an Advisory Account. As a result, there may be one or more External Products that would be a more appropriate addition to the Advisory Account than the investment product selected by Wealth Advisers. Such External Products may outperform the investment product selected for the Advisory Account.

The availability of Affiliated Products versus External Products gives rise to additional conflicts of interest. Goldman Sachs receives higher fees, compensation and other benefits, when assets of Advisory Accounts are allocated to Affiliated Products rather than External Products. GS PFM, therefore, is incentivized to allocate Advisory Account assets to Affiliated Products, rather than to External Products. Similarly, GS PFM may be disincentivized to consider or recommend the removal of an Advisory Account's assets from, or the modification of an Advisory Account's allocations to, an Affiliated Product at a time that it otherwise would have where doing so would decrease the fees, compensation and other benefits to Goldman Sachs, including where disposal of such Affiliated Product by the Advisory Account would likely adversely affect the Affiliated Product with respect to its liquidity position or otherwise. Moreover, GS PFM may have an interest in allocating or recommending the assets of Advisory Accounts to Affiliated Products that impose higher fees than those imposed by other Affiliated Products or that provide other benefits to Goldman Sachs. Any differential in compensation paid to personnel in connection with certain Affiliated Products rather than other Affiliated Products creates a financial incentive on the part of GS PFM to select or recommend certain Affiliated Products over other Affiliated Products. For information regarding fees and compensation, see "Item 4 - Services, Fees and Compensation."

The activities of Affiliated Products may be restricted because of regulatory or other requirements applicable to Goldman Sachs and/or its internal policies designed to comply with, limit the applicability of, or otherwise relate to such requirements. External Products may or may not be subject to the same or similar restrictions or requirements and, as a result, may outperform Affiliated Products.

Goldman Sachs (including GS PFM) may provide opportunities to clients (including Advisory Accounts) to make investments in Affiliated Products in which certain Advisory Accounts have already invested. Such follow-on investments can create conflicts of interest, such as the determination of the terms of the new investment and the allocation of such opportunities among Advisory Accounts. Follow-on investment opportunities may be available to clients with no existing investment in the Affiliated Product, resulting in the assets of an Advisory Account potentially providing value to, or otherwise supporting the investments of, other Advisory Accounts. Advisory Accounts may also participate in leveraging, recapitalization and similar transactions involving Affiliated Products in which other Advisory Accounts have invested or will invest. Conflicts of interest in these recapitalization and other transactions arise between Advisory Accounts with existing investments in an Affiliated Product and Advisory Accounts making subsequent investments in the Affiliated Product, which have opposing interests regarding pricing and other terms. The subsequent investments may dilute or otherwise adversely affect the interests of the previously invested Advisory Accounts. See "Differing Advice and Competing Interests" and "Allocation of Investment Opportunities" above.

Goldman Sachs may create, write, sell, issue, invest in or act as placement agent or distributor of derivative instruments related to Affiliated Products such as pooled investment vehicles, or with respect to underlying securities or assets of Affiliated Products, or which may be otherwise based on, or seek to replicate or hedge, the performance of Affiliated Products. Such derivative transactions, and any associated hedging activity, may differ from, and be adverse to, the interests of Advisory Accounts. For example, derivative transactions could represent leveraged investments in an investment fund in which Advisory Accounts have an interest, and the leveraged characteristics of such investments could make it more likely, due to events of default or otherwise, that there would be significant redemptions of interests from such underlying fund more quickly than might otherwise be the case. Goldman Sachs, acting in commercial capacities in connection with such derivative transactions, may in fact cause such a redemption. Activities in respect of derivative transactions, and any associated hedging activity, may occur as a result of Goldman Sachs' adjustment in assessment of an investment or an Affiliated Adviser or Unaffiliated Adviser based on various considerations, and Goldman Sachs will not be under any obligation to provide notice to Advisory Accounts in respect of any such adjustment in assessment. See "Differing Advice and Competing Interests" above. See also "Options Risk" above.

Subject to applicable law, Goldman Sachs or its clients (including other Advisory Accounts and Goldman Sachs personnel) may invest in or alongside particular Advisory Accounts that are invested in Affiliated Products. These investments may be on terms more favorable than those of an investment by Advisory Accounts in such Affiliated Products and may constitute substantial percentages of such Affiliated Products, and may result in particular Advisory Accounts being allocated a smaller share of the investment than would be the case absent the side-by-side investment. Unless provided otherwise by agreement to the contrary, Goldman Sachs, its personnel and its clients may redeem or withdraw interests in these Affiliated Products at any time without notice or regard to the effect on the portfolios of Advisory Accounts invested in the Affiliated Product, which may be adversely affected by any such redemption or withdrawal. Substantial requests for redemption or withdrawal by Goldman Sachs in a concentrated period of time could require an Affiliated Product to liquidate certain of its investments more rapidly

than otherwise desirable in order to raise cash to fund the redemptions or withdrawals, adversely affecting the Affiliated Product and its investors, including Advisory Accounts. See “Differing Advice and Competing Interests” above and “Firm Policies, Regulatory Restrictions and Certain Other Factors Affecting Advisory Accounts” below.

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

#### Investments in and Advice Regarding Different Parts of an Issuer's Capital Structure

Goldman Sachs or its clients (including Advisory Accounts), on the one hand, and a particular Advisory Account, on the other hand, may invest in or extend credit to different parts of the capital structure of a single issuer. As a result, Goldman Sachs or its clients may take actions that adversely affect the particular Advisory Account. In addition, Goldman Sachs (including GS PFM) may advise clients with respect to different parts of the capital structure of the same issuer, or classes of securities that are subordinate or senior to securities, in which a particular Advisory Account invests. Goldman Sachs may pursue rights, provide advice or engage in other activities, or refrain from pursuing rights, providing advice or engaging in other activities, on behalf of itself or its clients with respect to an issuer in which a particular Advisory Account has invested, and such actions (or inaction) may have an adverse effect on such Advisory Account. See “Goldman Sachs Acting in Multiple Commercial Capacities” above.

For example, in the event that Goldman Sachs, its personnel or other clients hold loans, securities or other positions in the capital structure of an issuer that ranks senior in preference to the holdings of a particular Advisory Account in the same issuer, and the issuer experiences financial or operational difficulties, Goldman Sachs (acting on behalf of itself, its personnel or other clients) may seek a liquidation, reorganization or restructuring of the issuer, or terms in connection with the foregoing, that may have an adverse effect on or otherwise conflict with the interests of the particular Advisory Account's holdings in the issuer. In connection with any such liquidation, reorganization or restructuring, a particular Advisory Account's holdings in the issuer may be extinguished or substantially diluted, while Goldman Sachs (including GS PFM) or other persons may recover some or all of the amounts due to them. In addition, in connection with any lending arrangements involving the issuer in which Goldman Sachs (including GS PFM), its personnel or other clients participate, Goldman Sachs (including GS PFM) or such other persons may seek to exercise their rights under the applicable loan agreement or other document, which may be detrimental to the particular Advisory Account. Alternatively, in situations in which an Advisory Account holds a more senior position in the capital structure of an issuer experiencing financial or other difficulties as compared to positions held by Goldman Sachs, its personnel or other clients, Goldman Sachs may determine not to pursue actions and remedies that may be available to the Advisory Account or particular terms that might be unfavorable to itself or such other persons holding the less senior position. In addition, in the event that Goldman Sachs, its personnel or other clients hold voting securities of an issuer in which a particular Advisory Account holds loans, bonds or other credit-related assets or securities, Goldman Sachs or such other persons may vote on certain matters in a manner that has an adverse effect on the positions held by the Advisory Account. Conversely, Advisory Accounts may hold voting securities of an issuer in which Goldman Sachs, its personnel or other clients hold credit-related assets or securities, and Goldman Sachs may determine on behalf of the Advisory Accounts not to act in a manner adverse to Goldman Sachs or such other persons. Finally, Goldman Sachs may have relationships or other business dealings with an issuer, other holders of credit-related assets or securities of such issuer, or other transaction participants that cause Goldman Sachs to pursue an action or engage in a transaction that may have an adverse effect on the positions held by the Advisory Account.

These potential issues are examples of conflicts that Goldman Sachs will face in situations in which Advisory Accounts, and Goldman Sachs, its personnel, or other clients, invest in or extend credit to different parts of the capital structure of a single issuer. Goldman Sachs has adopted procedures to address such conflicts. The particular procedures employed will depend on the circumstances of particular situations. For example, Goldman Sachs may

determine to rely on information barriers between different Goldman Sachs business units or portfolio management teams or Goldman Sachs may determine to rely on the actions of similarly situated holders of loans or securities rather than taking such actions itself on behalf of the Advisory Account.

As a result of the various conflicts and related issues described above and the fact that conflicts will not necessarily be resolved in favor of the interests of particular Advisory Accounts, Advisory Accounts could sustain losses during periods in which Goldman Sachs, its personnel, and/or other clients achieve profits generally or with respect to particular holdings in the same issuer, or could achieve lower profits or higher losses than would have been the case had the conflicts described above not existed. The negative effects described above may be more pronounced in connection with transactions in, or Advisory Accounts using small capitalization, emerging market, distressed or less liquid strategies.

### Valuation

GS PFM performs certain valuation services related to securities and assets in Advisory Accounts according to its valuation policies, and may value an identical asset differently from another entity, division or unit within Goldman Sachs, or differently from another account or Advisory Account, including because such other entity, division, or unit has information or uses valuation techniques and models that it does not share with, or that are different than those of GS PFM, or because different Advisory Accounts are subject to different valuation guidelines pursuant to their respective governing agreements. Differences in valuation may also exist because 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 Goldman Sachs that employ different valuation policies or procedures or otherwise.

This is particularly the case in respect of difficult-to-value assets. GS PFM may face a conflict with respect to valuations generally because of their effect on Goldman Sachs' fees and other compensation. In addition, to the extent GS PFM utilizes third-party vendors to perform certain valuation functions, these vendors may have interests and incentives that differ from those of the Advisory Accounts.

### Voting

For a discussion of who is responsible for voting securities in Advisory Accounts, please refer to "Proxy Voting" above.

### Firm Policies, Regulatory Restrictions and Certain Other Factors Affecting Advisory Accounts

Goldman Sachs 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, as more fully described below, Goldman Sachs' roles in connection with other clients and in the capital markets (including in connection with advice it may give to such clients or commercial arrangements or transactions that may be undertaken by such clients of Goldman Sachs), Goldman Sachs' internal policies and/or potential reputational risk in connection with accounts and/or certain investments or transactions generally. As a result, Goldman Sachs might not engage in transactions or other activities for, or recommend transactions to, an Advisory Account, or may reduce an Advisory Account's position in an investment with limited availability to create availability for an Advisory Account managed in the same strategy, in consideration of Goldman Sachs' activities outside the Advisory Account and regulatory requirements, policies and reputational risk assessments. For example, GS PFM 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 or impose regulatory restrictions on Goldman Sachs (including GS PFM) or on other Advisory Accounts, or where exceeding a threshold is prohibited or may result in regulatory or other restrictions. In certain cases, restrictions and limitations will be applied to avoid approaching such threshold. Circumstances in which such restrictions or limitations may arise include, without limitation: (i) a prohibition against owning more than a certain percentage of an issuer's securities; (ii) a "poison pill" that could have a dilutive impact on the holdings of the accounts should a threshold be exceeded; (iii) provisions that would cause Goldman Sachs to be considered an "interested stockholder" of an issuer; (iv) provisions that may cause Goldman Sachs to be considered an "affiliate" or "control person" of the issuer; and (v) the imposition by an issuer (through charter amendment, contract or otherwise) or governmental, regulatory or self-regulatory organization (through law, rule, regulation, interpretation or other guidance) of other restrictions or limitations.

When faced with the foregoing limitations, Goldman Sachs will generally avoid exceeding the threshold because it could have an adverse impact on the ability of Goldman Sachs to conduct business activities. Goldman Sachs may also reduce a particular Advisory Account's interest in, or restrict certain Advisory Accounts from participating 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. Goldman Sachs may determine not to engage in certain transactions or activities which may be beneficial to Advisory Accounts because engaging in such transactions or activities in compliance with applicable law would result in significant cost to, or administrative burden on, Goldman Sachs (including GS PFM) or create the potential risk of trade or other errors. In addition, Goldman Sachs is generally not permitted to obtain or use material nonpublic information in effecting purchases and sales for Advisory Accounts that involve public securities. Restrictions (such as limits on purchase and sale transactions or subscription to or redemption from an underlying fund) may be imposed on particular Advisory Accounts and not on other accounts (including other Advisory Accounts). For example, directors, officers and employees of Goldman Sachs may take seats on the boards of directors of, or have board of directors observer rights with respect to, companies in which Goldman Sachs invests on behalf of Advisory Accounts. To the extent a director, officer or employee of Goldman Sachs were to take a seat on the board of directors of, or have board of directors observer rights with respect to, a public company, Goldman Sachs (including GS PFM, GS&Co., and GSAM or certain of their investment teams) may be limited and/or restricted in its or their ability to trade in the securities of the company. In addition, any such director, officer or employee of Goldman Sachs that is a member of the board of directors of a company in which Goldman Sachs invests on behalf of Advisory Accounts may have duties to such company in his or her capacity as a director that conflict with Goldman Sachs's duties to Advisory Accounts, and may act in a manner that may disadvantage or otherwise harm Advisory Accounts and/or benefit the portfolio company and/or Goldman Sachs.

Different areas of Goldman Sachs may come into possession of material non-public information regarding an issuer of securities held by an investment fund in which an Advisory Account invests. In the absence of information barriers between such different areas of Goldman Sachs or under certain other circumstances, the Advisory Account may be prohibited, including by internal policies, from redeeming from such security or investment fund during the period such material non-public information is held by such other part of Goldman Sachs, which period may be substantial. As a result, the Advisory Account may not be permitted to redeem from an investment fund in whole or in part during periods when it otherwise would have been able to do so, which could adversely affect the Advisory Account. Other investors in the investment fund that are not subject to such restrictions may be able to redeem from the investment fund during such periods.

In addition, GS PFM clients may partially or fully fund a new Advisory Account with in-kind securities in which GS PFM may be restricted. In such circumstances, GS PFM may sell any such securities at the next available trading window, subject to operational and technological limitations (unless such securities are subject to another express arrangement). As a result, such Advisory Accounts may be required to dispose of investments at an earlier date and/or at a less favorable price than would otherwise have been the case had GS PFM not been so restricted. Advisory Accounts will be responsible for all tax liabilities that result from any such sale transactions.

Goldman Sachs operates a program reasonably designed to ensure compliance generally with economic and trade sanctions-related obligations applicable directly to its activities (although such obligations are not necessarily the same obligations that an Advisory Account may be subject to). Such economic and trade sanctions may prohibit, among other things, transactions with and the provision of services to, directly or indirectly, certain countries, territories, entities and individuals. These economic and trade sanctions, and the application by Goldman Sachs of its compliance program in respect thereof, may restrict or limit an Advisory Account's investment activities.

In order to engage in certain transactions on behalf of Advisory Accounts, GS PFM may also 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 GS PFM 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 GS PFM 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, GS PFM or its affiliates and/or their service providers or agents may be required, or may determine that it is advisable, to disclose certain information about an Advisory Account, including, but not limited to, investments held by the Advisory Account, and the names and percentage interest of beneficial owners thereof, to third parties, including advisers, local governmental authorities, regulatory

organizations, taxing authorities, markets, exchanges, clearing facilities, custodians, brokers and trading counterparties of, or service providers to, GS PFM, advisers or underlying funds or the Advisory Account. GS PFM will comply with requests to disclose such information as it so determines, including through electronic delivery platforms. GS PFM may also determine to cause the sale of certain assets for the Advisory Account, and such sale may be at a time that is inopportune from a pricing or other standpoint. In addition, Goldman Sachs may provide third parties with aggregated data regarding the activities of, or certain performance or other metrics associated with, the Advisory Accounts it manages, and Goldman Sachs may receive compensation from such third parties for providing them such information.

GS PFM may determine to limit or not engage at all in transactions and activities on behalf of Advisory Accounts for reputational or other reasons. Examples of when such determinations may be made include, but are not limited to: (i) where Goldman Sachs is providing (or may provide) advice or services to an entity involved in such activity or transaction; (ii) where Goldman Sachs, its personnel, or other clients are or may be engaged in the same or a related activity or transaction to that being considered on behalf of the Advisory Account; (iii) where Goldman Sachs, its personnel, or other clients have an interest in an entity involved in such activity or transaction; (iv) where there are political, public relations, or other reputational considerations relating to counterparties or other participants in such activity or transaction; or (v) where such activity or transaction on behalf of or in respect of the Advisory Account could affect in tangible or intangible ways Goldman Sachs, its personnel, or other clients or their activities. Please also refer to “Goldman Sachs May Act in Multiple Commercial Capacities.”

#### Considerations Relating to Information Held by Goldman Sachs

Goldman Sachs has established certain information barriers and other policies designed to address the sharing of information between different businesses within Goldman Sachs and within GS PFM. As a result, GS PFM generally does not have access, or has limited access, to information and personnel in other areas of Goldman Sachs relating to business transactions for clients (including transactions in investing, banking, prime brokerage and certain other areas), and generally will not manage the Advisory Accounts with the benefit of information held by these other areas. Goldman Sachs, due to its access to, and knowledge of, funds, markets and securities based on its prime brokerage and other businesses, may make decisions based on information or take (or refrain from taking) actions with respect to interests in investments of the kind held (directly or indirectly) by Advisory Accounts in a manner that will be adverse to Advisory Accounts and Goldman Sachs will not have any obligation to share information with GS PFM. Information barriers may also exist between businesses within GS PFM. In addition, regardless of the existence of information barriers, Goldman Sachs will not have any obligation to make available any information regarding its trading activities, strategies or views, or the activities, strategies or views used for other accounts for the benefit of advisory clients or Advisory Accounts. Different areas of GS PFM and Goldman Sachs may take views, and make decisions or recommendations, that are different than other areas of GS PFM and Goldman Sachs. To the extent that Wealth Advisers have access to fundamental analysis or other information developed by Goldman Sachs and its personnel, Wealth Advisers will not be under any obligation or other duty to effect transactions on behalf of the Advisory Accounts in accordance with such analysis. In the event Goldman Sachs elects not to share certain information with Advisory Accounts, such Advisory Accounts may make investment decisions that differ from those they would have made if Goldman Sachs had provided such information, which may be disadvantageous to the Advisory Account. Different Wealth Advisers within GS PFM may make decisions based on information or take (or refrain from taking) actions with respect to Advisory Accounts they advise in a manner that may be different than or adverse to other Advisory Accounts. Such teams may not share information with other portfolio management teams within GS PFM (or other areas of Goldman Sachs), including as a result of certain information barriers and other policies, and will not have any obligation to do so. See “Differing Advice and Competing Interests” above.

Goldman Sachs operates a business known as Goldman Sachs Securities Services (“GSS”), which provides prime brokerage, administrative and other services to clients that may involve investment funds in which Advisory Accounts have an interest or markets and securities in which Advisory Accounts invest. GSS and other parts of Goldman Sachs have broad access to information regarding the current status of certain markets, investments and funds and detailed information about fund operators that is not available to GS PFM. In addition, Goldman Sachs may act as a prime broker to one or more investment funds in which Advisory Accounts have an interest, in which case Goldman Sachs will have information concerning the investments and transactions of such investment fund that is not available to GS PFM. As a result of these and other activities, parts of Goldman Sachs may possess information regarding markets, investments, Affiliated Advisers, Unaffiliated Advisers, and investment funds, which, if known to GS PFM, might cause GS PFM to seek to: (i) dispose of, retain, or increase

interests in investments held by Advisory Accounts; (ii) acquire certain positions on behalf of Advisory Accounts; or (iii) take other actions. Goldman Sachs will be under no obligation or fiduciary or other duty to make any such information available to GS PFM or personnel involved in decision-making for Advisory Accounts.

## **Brokerage Practices**

GS PFM is not a broker-dealer and, except where client has specifically contracted with GS&Co. to serve as custodian, does not have custody of client assets (other than deducting management fees when authorized). GS PFM may recommend that clients use certain non-affiliated third parties for custodian and brokerage services. Examples of companies that GS PFM may refer clients to for custodian and brokerage services include, but are not limited to, GS&Co., Charles Schwab & Co., Inc. ("Schwab"), Fidelity Brokerage Services, LLC ("Fidelity") and TD Ameritrade Institutional, a Division of TD Ameritrade, Inc. ("TD Ameritrade").

While GS PFM may recommend a custodian to clients, clients are not obligated to follow its recommendation. It is the client's decision on where they custody their assets. If a client chooses to custody their assets at a custodian other than what is recommended by GS PFM, the firm's ability to manage the client's assets may be restricted.

## Soft Dollars

GS PFM's recommendation to its clients to hold assets in custody with a particular firm is based on various factors, including, but not limited to, the historical place where the assets were held in custody prior to the client becoming a client of GS PFM, and the services provided by the custodian to GS PFM to help service the client's assets.

Custodians that GS PFM recommends to its clients may also provide certain services that may benefit GS PFM and its business in general, rather than benefit specific clients. Such benefits include, but are not limited to, sharing in Wealth Adviser recruitment expenses and other business growth initiatives; and payment directly to vendors supporting GS PFM's business including research providers, trade administration, portfolio accounting systems, Bloomberg terminals, supporting GS PFM's management of client assets.

GS PFM receives products and services from firms providing custodial services that benefit GS PFM but that may not benefit all clients. These services are typically offered to all investment advisers working with the custodian and do not have a specific cost tied to the benefit. Some of these products and services assist GS PFM in managing and administering client accounts. These products and services include software and other technology that provide access to client account data (such as trade confirmations and account statements); services that facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); research, pricing information and other market data; products and services that facilitate payment of GS PFM fees from its client accounts; assistance with back office functions, recordkeeping and client reporting; receipt of duplicate account statements and confirmations; research related products and tools; consulting services; access to a trading desk serving GS PFM participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to GS PFM by third-party vendors. Generally, many of these services may be used to service all or a substantial number of client accounts.

Custodians also make available to GS PFM other services intended to help GS PFM manage and further develop its business enterprise but that do not directly benefit its clients. These services include consulting, offering publications and conferences on practice management, information technology, third-party research, business succession, regulatory compliance and marketing. In addition, custodians may arrange and/or pay for these types of services rendered to GS PFM by independent third-parties. In certain instances, custodians discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of other third parties providing such services to GS PFM. Custodians may also contribute to educational events held by GS PFM for its supervised persons. Occasionally, client account custodians and other third-party vendors may make charitable contributions to nonprofit organizations on GS PFM's behalf. These contributions benefit GS PFM but do not benefit its clients.

Custodians may offer reduced transaction costs to supervised persons of GS PFM that custody their personal assets at the custodian. These transaction costs may be less than the costs that are typically made available through the custodian's retail service divisions.

Transactions for a client's Advisory Account may be effected through broker-dealers in return for research products and/or services which assist GS PFM in its investment decision making process. Such research generally will be used to service all GS PFM's clients (including Advisory Accounts that may not generate commissions used to pay for investment research), but brokerage commissions paid by a client may be used to pay for research that is not used in managing the client's Advisory Account. Clients may pay a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where GS PFM determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

GS PFM, in some instances, enters into agreements where a service provider agrees to pay for the services of a third-party vendor. GS PFM currently maintains three such agreements with Schwab. Third-party service providers may also refer clients or adviser partner candidates to GS PFM. See "Schwab Advisor Network®, Fidelity Wealth Advisor Solutions® & TD Ameritrade AdvisorDirect Referrals" below.

To offset the costs of transitioning new client assets, the client's account custodian may agree to reimburse the client for all or a portion of their account transfer fees and/or may agree to pay third-party service providers to assist with the transition of assets. For the custodian to pay transaction costs, certain minimum asset transition thresholds may be required. If the minimum asset transition amounts are not met, the reimbursement will not be made, and the client would be responsible for paying their transition expense. The payment of transition expense by a custodian creates a conflict of interest as the reduced expense may be a deciding factor to transition assets to GS PFM. Thus, GS PFM may have an incentive to recommend a custodian that will cover this expense over one that does not. To address this conflict of interest, prospective clients can choose to not transfer their assets from their existing custodian or choose a different custodian than the one recommended by GS PFM. Choosing a different custodian may restrict GS PFM's ability to manage the client's assets.

While, as a fiduciary, GS PFM seeks to act in its clients' best interests, GS PFM's recommendation that clients maintain their assets in accounts at a particular custodian may be based in part on the benefit to GS PFM, including the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided. This may benefit GS PFM more than individual clients. GS PFM may have an incentive to select or recommend a broker-dealer based on its interest in receiving these benefits, rather than the client's interest in receiving the most favorable execution. It's possible that clients would pay lower commissions by using a broker-dealer that does not provide any benefit to GS PFM. A conflict of interest exists when the services provided by the custodian are based on the amount of client assets that GS PFM maintains with the third-party service provider.

GS PFM does not have to pay for Schwab's services, or the benefits it provides to GS PFM, as long as it keeps at least \$10 million of client assets in accounts at Schwab. Beyond that, the services provided by Schwab are not contingent upon GS PFM committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give GS PFM an incentive to recommend that clients maintain their account with Schwab. This is a potential conflict of interest, but the \$10 million expectation for assets held in custody with them represents a very small portion of GS PFM's total assets under management, equaling less than one percent of the firm's total asset under management.

#### Execution/Directed Brokerage for Discretionary Managed Accounts

Clients typically provide GS PFM with the discretion to select the broker-dealer for execution of securities transactions. GS PFM determines the securities to be bought or sold, the price, the timing, and the selection of broker-dealer it believes can provide best execution of client transactions. GS PFM and Portfolio Managers will generally place trades with the client's custodian in light of the value of brokerage and other services received or made available by the custodian to client's account (including, without limitation, the benefits provided by the custodian). However, GS PFM and Portfolio Managers may place transactions with other broker-dealers consistent with their duty to seek best execution. While GS PFM believes the broker-dealer it has selected will provide best execution and services, it is possible that better execution may be obtained through another broker-dealer. GS PFM may be incentivized to trade with a certain broker-dealer regardless of execution quality



in order to avoid incurring the charges that may accompany trading with other broker-dealers. If you are invested in certain fixed income strategies managed by GSAM, subject to applicable law, GS PFM will execute all transactions for client's account through GS&Co., as agent or principal (including transactions in which Goldman Sachs or its personnel have an interest), in all programs and circumstances where the execution services of GS&Co. are available for direction on this basis in the ordinary course of GS&Co.'s business.

Transactions for each client account generally will be effected independently, unless GS PFM decides to purchase or sell the same securities for several client accounts at approximately the same time. GS PFM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably, among GS PFM clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among GS PFM's clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that GS PFM determines to aggregate client orders for the purchase or sale of securities, including securities in which GS PFM's associated person(s) may invest, GS PFM shall generally do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* GS PFM shall not receive any additional compensation or remuneration as a result of the aggregation.

The client may direct GS PFM to use a particular broker-dealer (subject to GS PFM's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. GS PFM will generally direct transactions to designated broker-dealers based on their execution capabilities; however, the use of a designated broker may or may not always allow GS PFM and/or Portfolio Managers to obtain best price and execution of portfolio transactions. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and GS PFM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by GS PFM. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

When deciding the appropriate method for executing transactions, GS PFM may choose to execute all client transactions at the same time in a block transaction, stage transactions, and/or submit each client's transaction independently.

When trades are placed in a "block," all client shares as part of that block are aggregated and provided an average execution price. At times, because of the size of a transaction, GS PFM, at its discretion, may choose to stage transactions. Staging transactions means that GS PFM, or its trading agent, will submit the transactions for execution at varying times and/or days. This is done to minimize the price movement of the security attributable to the transaction. However, as a result of staging, clients may receive less favorable execution prices than if their trades were not aggregated, which will impact performance of the Advisory Accounts.

If transactions for client accounts are effected through a broker-dealer that refers clients to GS PFM, the potential for conflict of interest may arise due to the fact that GS PFM is incentivized to refer clients to that broker-dealer in order to obtain more referrals.

## **REVIEW OF ACCOUNTS**

### Review of Advisory Accounts

Wealth Advisers, administrative and management personnel, and Investment Committee members periodically monitor clients' Advisory Accounts for which GS PFM exercises discretionary investment management to identify situations that may warrant either a detailed review or specific action on behalf of a client. Such reviews may include, but are not limited to, performance, client objectives, inactivity, high concentrations in individual securities, or changes in the client's account information or financial situation.

GS PFM's Centrally Managed and Locally Managed Sub-Committee's review portfolios with respect to issues such as Portfolio Manager performance results, the need for rebalancing, or changes in Portfolio Managers.

Wealth Advisers attempt to meet with clients at least annually to discuss changes in the client's investment objectives, risk tolerance and changes to or new reasonable restrictions on the management of their investments. Clients are asked to either meet in person or by telephone or online conference at which time their financial situation, condition, or investment objectives or goals are reviewed. If the client and Wealth Adviser do not meet for a considerable period, greater than a year, after reasonable effort is made by the Wealth Adviser to do so, the client's Advisory Account will be managed based on previously communicated expectations.

### Rebalancing

GS PFM will periodically rebalance the discretionary investment management account holdings within a client's Advisory Account. The primary goal is to ensure that the market value of the investments in each asset class remains aligned with the percentage of the total market value of the entire client account as determined by the asset allocation model or parameters selected by the client, within a reasonable tolerance level. In its sole discretion, GS PFM may change the allocations among the various asset classes on a periodic basis. Rebalancing may generate a taxable transaction for the client. GS PFM does not typically factor the tax implication of a transaction when deciding when to rebalance an Advisory Account. Transactions will not take place in an Advisory Account if the Advisory Account remains within an appropriate variance for the applicable investment strategy, as determined by GS PFM or a Portfolio Manager, if applicable. When the account remains within an appropriate allocation range, no transactions are warranted and significant periods of time may go by without any transactions taking place. If there is no account activity, GS PFM is still supervising the assets.

### Client Custodial Statements

Each client with an Advisory Account receives an account statement from the custodian on at least a quarterly basis. The statement provides detailed information including transactions, fee debits, and other activity during the period, securities positions and money market fund positions, and their end-of-period fair market values. Year-end summaries of realized gains and losses (IRS Schedule D information), and dividends and interest received (IRS 1099-INT and 1099-DIV) are mailed by the custodian to all clients with taxable accounts.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### Continuing Education & Product Training

From time to time, GS PFM organizes educational and training meetings for its supervised persons. Certain product providers, Unaffiliated Advisers, and vendors are permitted to make presentations to GS PFM's supervised persons. The presentations may or may not provide continuing education credits, such as for insurance licensing. These providers may contribute to the cost of putting on these sessions at hotels or other meeting facilities. These products and services, how they benefit us, and the related conflicts of interest are described above in "Brokerage Practices" above. The availability of these products and services is not based on GS PFM providing particular investment advice.

### Recruiting Expenses

As a part of GS PFM's business, the firm hires outside parties (recruiters) to help find investment advisers interested in joining GS PFM or using GS PFM's platform services. The recruiters are typically paid a fee based on a percentage of the total revenue of the investment adviser or business referred to GS PFM. At times, others may contribute to the recruiting expense GS PFM might incur, including custodians of client assets such as Fidelity. When a third-party custodian contributes to the recruiting expense, it presents a conflict of interest, as GS PFM has an incentive to refer the client to the third-party custodian sharing the cost of the recruitment expense over another custodian.

### Client Referrals

GS PFM personnel may refer clients to Affiliated Advisers, including GSAM, GSAMI, Ayco, The PFE Group and the Ayco Services Insurance Agency in connection with certain services and will receive referral fees subject to applicable law and will compensate its employees for such referrals. From time to time, GS PFM personnel may also refer clients to certain Unaffiliated Advisers.

GS PFM pays its supervised persons for helping to recruit new Wealth Advisers and offices. For those individuals responsible for recruiting, some or all their salary and incentive compensation is typically based on the addition of new business tied to the growth of the firm's investment advisory revenue and/or assets under management.

To provide incentives to Wealth Advisers to join GS PFM, the firm may pay a Wealth Adviser, or their former business, additional compensation when the Wealth Adviser joins GS PFM. Wealth Advisers generally affiliate with GS PFM in two ways. One such way is when a Wealth Adviser joins as a recruit and is then paid an upfront signing bonus in the form of a forgivable or non-forgivable loan. When a loan is paid, the amount is typically based on the expected revenue that the new Wealth Adviser will generate after joining GS PFM. The bonus paid is individually negotiated between the new Wealth Adviser and GS PFM.

A second way Wealth Advisers join GS PFM is when certain clients are referred to GS PFM as part of a partial or full sale of the Wealth Adviser's practice to GS PFM. When GS PFM acquires any portion of the Wealth Adviser's practice, the Wealth Adviser, or their business, is paid additional compensation based on whether certain pre-determined asset transition thresholds are met. The additional compensation is paid in the form of upfront cash, forgivable loans or other loans, notes payable, or stock in GS PFM or its parent company, or a combination thereof. The amount of the combined payment typically is a multiple of the expected revenue that will be generated from the assets that are transferred to GS PFM. The amount is individually negotiated with each Wealth Adviser, or the business, that transfers assets to GS PFM.

A transfer of purchase price, as described above, based on the percentage of clients who transfer their business to GS PFM, or the anticipated revenue that is expected to be generated from clients who transfer, raises conflicts of interest, including the concern that the Wealth Adviser has an incentive to recommend that clients transfer their assets to GS PFM over another investment adviser. GS PFM believes that clients are not impacted financially by these arrangements because the advisory fees they have paid in the past do not increase when transitioning their business to GS PFM.

GS PFM also works with different affinity groups to market its services to their members. When working with affinity groups, GS PFM may pay the group for providing access to their members. If the payment is based on a percentage of the fees earned by GS PFM from its members, it is done so in accordance with SEC Rule 206(4)-3 under the Advisers Act.

GS PFM may at times pay a small amount ("gifts") to clients and third parties who refer clients to it. These gifts are typically of nominal value and are not based on a percentage of the actual or anticipated earnings that GS PFM would generate or expect to generate from any new clients gained. GS PFM may pay individuals to invite prospective clients to free seminars or meetings.

GS PFM also receives referrals from third parties that are not affiliated with GS PFM. The third parties may be paid a flat fee for referrals, or a percentage of the fees that the client pays to GS PFM. In these situations, in accordance with SEC Rule 206(4)-3 under the Advisers Act, a Joint Marketing and Selling Agreement is executed between GS PFM and the third party. GS PFM initially and annually confirms that the third party is not statutorily disqualified from providing investment adviser services. Additionally, the third party will provide a Solicitor's Separate Written Disclosure Statement to the clients at the time of the solicitation or referral disclosing the nature of the relationship with GS PFM and the amount of referral fees paid.

#### Schwab Advisor Network®, Fidelity Wealth Advisor Solutions® & TD Ameritrade AdvisorDirect Referrals

GS PFM participates in the institutional adviser referral programs offered by Fidelity (the Fidelity Wealth Advisor Solutions® ("WAS") Program), by Schwab (the Schwab Advisor Network), and by TD Ameritrade Institutional (the AdvisorDirect program). These programs help investors find an investment adviser. Fidelity, Schwab and TD Ameritrade are broker-dealers independent of and unaffiliated with GS PFM. As described below, GS PFM pays Fidelity, Schwab and TD Ameritrade fees for client referrals. GS PFM's participation in these referral programs raises conflicts of interest concerns described below.

Fidelity, TD Ameritrade and Schwab have paid in the past, and may in the future, for business consulting and professional services received by GS PFM's related persons. Some of the products and services made available by Fidelity, TD Ameritrade and Schwab through their respective programs may benefit GS PFM but may not benefit its client accounts. See "Brokerage Practices" above for additional information about these benefits. These products

or services may assist GS PFM in managing and administering client accounts, including accounts not maintained at Fidelity, TD Ameritrade or Schwab, respectfully. The other services made available by Fidelity, TD Ameritrade and Schwab are intended to help GS PFM manage and further develop its business enterprise.

As part of its fiduciary duties to clients, GS PFM endeavors always to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by GS PFM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence GS PFM's choice of Fidelity, TD Ameritrade or Schwab for custody and brokerage services.

The WAS, AdvisorDirect and Schwab Advisor Network® client referral programs have minimum eligibility requirements. In addition, GS PFM may have been selected to participate in these programs based on the amount and profitability to Fidelity, TD Ameritrade and Schwab, respectively, based on the assets in, and trades placed for, client accounts maintained with each firm.

The Fidelity WAS Program, through which GS PFM receives referrals, is directed from Fidelity Personal and Workplace Advisors LLC ("FPWA") (formerly Strategic Advisors, Inc.), a registered investment adviser and Fidelity Investments company. GS PFM is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control GS PFM, and FPWA has no responsibility or oversight for GS PFM's provision of investment management or other advisory services.

The Fidelity companies providing services related to the WAS program, as well as TD Ameritrade and Schwab, are independent of and unaffiliated with GS PFM and there is no employee or agency relationship between them. TD Ameritrade's AdvisorDirect program, Fidelity's WAS program and Schwab's AdvisorDirect program were established as a means of referring brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to investment advisors. Neither Fidelity, TD Ameritrade nor Schwab supervise GS PFM and have no responsibility for GS PFM's management of client portfolios or GS PFM's other financial guidance or services.

GS PFM pays Fidelity (paid to FPWA), TD Ameritrade and Schwab a fee for each successful client referral from their respective programs. The specific compensation arrangement varies from one program to another and is disclosed to each client before or at the time that they initially establish a relationship with GS PFM. The compensation arrangement between GS PFM and each program is, generally, as follows:

- Fidelity – (a) an annual percentage of 0.10% of all fixed income and cash assets of, and (b) an annual percentage of 0.25% of all other assets held in, WAS-referred client assets held at Fidelity after the referral is made to GS PFM. In addition, GS PFM has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. GS PFM has also agreed to pay FPWA a one-time fee of 0.75% of assets if the referred client transfers custody of the assets it manages to a custodian other than an affiliate of FPWA.
- TD Ameritrade – 0.25% of referred client assets up to \$2 million; 0.10% of referred client assets over \$2 million up to \$10 million; 0.05% of referred client assets over \$10 million. GS PFM is obligated to pay TD Ameritrade a minimum of \$10,000 per calendar year for participation in their program.
- Schwab – 0.20% or 0.25% of any and all client assets held under GS PFM's management at Schwab. GS PFM has also agreed to pay Schwab a Non-Schwab Custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the participation fees GS PFM generally would pay in a single year. Thus, GS PFM has an incentive to recommend that client accounts be held in custody at Schwab.

GS PFM will also pay Fidelity, TD Ameritrade and Schwab the solicitation fee on any advisory fees received by GS PFM from any referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired GS PFM on the recommendation of such referred client.

Fidelity, TD Ameritrade and Schwab charge the referral fees to GS PFM quarterly and may increase, decrease or waive the fees charged to GS PFM from time to time.

For accounts of GS PFM's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from GS PFM's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers' fees. Thus, GS PFM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. GS PFM, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for GS PFM's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

GS PFM does not charge clients referred through WAS, AdvisorDirect or the Schwab Advisor Network<sup>®</sup> any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass solicitation fees paid to Fidelity, TD Ameritrade or Schwab to its clients. For information regarding additional or other fees paid directly or indirectly to Fidelity or TD Ameritrade, please refer to the Fidelity WAS or TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form, or for Schwab, the associated separate written disclosure statement for the Schwab Advisor Network<sup>®</sup> program.

GS PFM's participation in WAS, AdvisorDirect and Schwab Advisor Network<sup>®</sup> raises conflicts of interest. WAS, TD Ameritrade and Schwab will most likely refer clients to investment advisors that encourage their clients to custody their assets at their respective firms and whose client accounts are profitable to their firms. Consequently, in order to obtain client referrals from Fidelity, TD Ameritrade and Schwab, GS PFM may have an incentive to recommend to clients that the assets under management by GS PFM be held in custody with Fidelity, TD Ameritrade and Schwab, and to place transactions for client accounts with Fidelity, TD Ameritrade and Schwab. In addition, GS PFM has agreed not to solicit clients referred to it through WAS, AdvisorDirect or to the Schwab Advisor Network<sup>®</sup> to transfer their accounts from the referring custodian or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. GS PFM's participation in WAS, AdvisorDirect and Schwab Advisor Network<sup>®</sup> does not diminish its duty to seek best execution of trades for client accounts.

## **Financial Information**

This item is meant to provide certain financial information or disclosures about GS PFM's financial condition. GS PFM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **GLOSSARY**

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

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

**“Advisory Accounts”** means accounts that are managed by GS PFM, both centrally-managed and locally-managed.

**“Advisory Brochure”** means Form ADV, Part 2A.

**“Advisory Panel”** means a committee, board or panel of a third-party company.

**“Affiliated Products”** means securities and Managed Strategies sponsored, managed, or advised by Affiliated Advisers.

**“AIMS”** means the Alternative Investments & Manager Selection group within GSAM.

**“Alternative Investments”** means alternative investment products available through GS PFM, including hedge funds, private equity funds, venture capital funds, private real estate funds, and other private investments.

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

**“Bank Deposit”** means the Goldman Sachs Bank Deposit.

**“CCPA”** means the California Consumer Privacy Act.

**“Centrally Managed Strategies”** means centrally managed strategies.

**“Centrally Managed Subcommittee”** means GS PFM’s Centrally Managed Investment Platform Subcommittee.

**“Cetera”** means Cetera Advisor Networks, LLC.

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

**“ETFs”** means exchange traded funds.

**“Execution Charges”** means trading costs for executing transactions for an Advisory Account.

**“External Products”** means securities and Managed Strategies sponsored, managed, or advised by Unaffiliated Advisers.

**“Fee Schedule”** means the fee schedule in the application that you submit to open your Advisory Account, as amended from time to time by written agreement between us.

**“Fidelity”** means Fidelity Brokerage Services, LLC.

**“Financial Guidance”** means GS PFM’s financial planning services.

**“FPWA”** means Fidelity Personal and Workplace Advisors LLC.

**“Funds”** means an investment company or pooled vehicle, including ETFs.

**“gifts”** means a small amount that GS PFM may at times pay to clients and third parties who refer clients to it.

**“Goldman Sachs”** means GS Group, GS PFM and their respective affiliates, directors, partners, trustees, managers, members, officers and employees.

**“GRT”** means Gross Receipt Tax.

**“GS Bank”** means Goldman Sachs Bank USA.

**“GS Group”** means the Goldman Sachs Group, Inc.

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

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

**“GSAM ETFs”** means the ETFs for which GSAM or its affiliates act as investment adviser.

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

**“GSIS”** means GS Investment Strategies, LLC.

**“GSS”** means Goldman Sachs Securities Services.

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

**“GSTD”** means the Goldman Sachs Trust Company of Delaware.

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

**“IBORs”** means interbank offered rates.

**“iCapital”** means iCapital Advisors, LLC.

**“IM Department”** means the GS PFM Investment Management Department.

**“Index”** means stock market and other indexes that Goldman Sachs may develop, co-develop, own or operate.

**“IPOs”** means initial public offerings.

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

**“LIBOR”** means the London Inter-bank Offered Rate.

**“Locally Managed Strategies”** means strategies managed through GS PFM’s regional offices.

**“Locally Managed Subcommittee”** means GS PFM’s Locally Managed Investment Subcommittee.

**“Managed Strategies”** means Centrally Managed Strategies, Locally Managed Strategies, and strategies managed by Affiliated Advisers or Unaffiliated Advisers.

**“Market Centers”** means national securities exchanges, electronic communication networks, alternative trading systems and other similar execution or trading systems or venues.

**“MLPs”** means master limited partnerships.

**“Managed Strategy Fees”** means fees that compensate the Portfolio Managers of each Managed Strategy in the client’s account.

**“Portfolio Managers”** means Affiliated Advisers and Unaffiliated Advisers.

**“PPM”** means private placement memorandum.

**“Regional Offices”** means GS PFM’s regional offices and locations throughout the United States.

**“Retirement Accounts”** means individual retirement accounts under IRC Section 408 or 408A, tax-qualified retirement plans (including Keogh plans) under IRC Section 401A, pension plans and other employee pension benefit plans subject to ERISA, and Coverdell Education Savings Accounts.

**“Schwab”** means Charles Schwab & Co., Inc.

**“Securities-Based Loans”** means loans obtained through certain affiliated and unaffiliated lenders for which clients may be able to pledge Advisory Account assets as collateral.

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

**“Service Provider”** means the third-party service provider that provides recommendations according to which client authorizes and directs GS PFM to facilitate voting of all proxies related to the securities held in the client’s Advisory Accounts.

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

**“TD Ameritrade”** means TD Ameritrade Institutional, a Division of TD Ameritrade, Inc.

**“The PFE Group”** means PFE Advisors, Inc.

**“trustee-clients”** means accounts that are not client accounts of GS PFM for which certain Wealth Advisers separately serve as trustees.

**“UCRM”** means United Capital Risk Management.

**“Unaffiliated Advisers”** means any investment adviser that is not affiliated with GS PFM.

**“United Capital”** means United Capital Financial Advisers, LLC.

**“WAS”** means the Wealth Advisor Solutions® program.

**“Wealth Adviser”** means one or more associated persons of GS PFM assigned to serve as your client relationship manager.

**“Wrap Fee Program”** means GS PFM’s wrap fee program.

**“Wrap Fees”** means the wrap fee paid for GS PFM’s investment advisory services under the Wrap Fee Program.