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## **Goldman Sachs & Co. LLC – Private Wealth Management**

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**This brochure provides information about the qualifications and business practices relating to the investment advisory business of the Private Wealth Management group of Goldman Sachs & Co. LLC. If you have any questions about the contents of this brochure, please contact your Private Wealth Management team at the number provided on your monthly statement or at (212) 902-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.**

**Additional information about Goldman Sachs & Co. LLC’s Private Wealth Management group is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**March 30, 2020**

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Separate brochures have been prepared for Goldman Sachs & Co. LLC’s Merchant Banking Division and Digital Advisory Solutions group. 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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This brochure (“Brochure”) is dated March 30, 2020. There have been no material changes to the Brochure from the last annual update dated March 30, 2019. However, this Brochure contains updated and expanded disclosures relating to business operations, particularly in the following areas:

- Item 4 — Advisory Business
- Item 5 — Fees and Compensation
- Item 8 — Methods of Analysis, Investment Strategies and Risk of Loss
- Item 10 — Other Financial Industry Activities and Affiliations
- Item 11 — Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
- Item 12 — Brokerage Practices
- Appendix A: PWM Fee Schedules

For ease of reference, capitalized terms used in the Brochure are also defined in the Glossary.

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## **Item 4 - ADVISORY BUSINESS**

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### **Introduction**

This Brochure describes the investment advisory services offered by the Private Wealth Management group (“PWM”) of Goldman Sachs & Co. LLC (“GS&Co.”). PWM primarily provides advisory services to high-net worth individuals and institutional clients and helps clients build and preserve their financial wealth. Certain teams within GS&Co. provide advisory services to the high-net worth client base as part of Goldman Sachs Personal Financial Management. Such services may be more limited than those offered to PWM clients. PWM operates through offices located in Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles, Miami, New York, Philadelphia, San Francisco, Seattle, Washington, D.C. and West Palm Beach. Unless otherwise specified, references in this Brochure to “clients” mean PWM clients and references to the advisory services provided by GS&Co. mean the advisory services provided by PWM.

A small number of advisers operate through Goldman Sachs Personal Financial Management, as more fully described herein.

GS&Co.’s principal owner is The Goldman Sachs Group, Inc., a publicly traded bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended (“BHCA”), and a worldwide, full-service financial services organization. GS&Co. has been a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”) since 1981. The Goldman Sachs Group, Inc., GS&Co. and their respective affiliates, directors, partners, trustees, managers, members, officers and employees are referred to collectively as “Goldman Sachs.”

Digital Advisory Solutions Group of Goldman Sachs & Co. LLC (“DAS”), a separate group within GS&Co., provides advisory services to individuals and helps clients build and preserve their financial wealth through its technology platform. DAS’s advisory services are described in a separate brochure that is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Merchant Banking Division (“MBD”), a separate division of GS&Co., also provides advisory services and manages certain investment limited partnerships that are offered to clients on a private placement basis. MBD’s advisory services are described in a separate brochure that is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Private Wealth Management Advisory Services**

PWM offers discretionary and non-discretionary investment advisory services. Client accounts for which PWM serves as investment adviser are referred to as “Advisory Accounts.” Advisory Accounts may be managed directly by a client’s relationship manager (“Private Wealth Advisor”) or by teams of portfolio management personnel within PWM, including a team that offers customized asset-allocation portfolios (“Portfolio Management Teams”). Private Wealth Advisors and Portfolio Management Teams are collectively referred to as “Advisory Personnel.”

#### **Private Wealth Advisors**

Private Wealth Advisors provide clients with investment advisory services, including providing asset allocation and portfolio construction recommendations as well as managing Advisory Accounts across a broad range of asset classes and investments.

Private Wealth Advisors may select or recommend that clients appoint GS&Co. or its affiliates to manage all or a portion of a client’s assets. Private Wealth Advisors may manage Advisory Accounts by investing in one or multiple asset classes and types of investments, which may include certain equity and fixed income securities, structured investments, options, master limited partnerships (“MLPs”), mutual funds, exchange-traded funds (“ETFs”), and other securities and investments. Affiliates of GS&Co. that act as investment adviser or manager of investment companies or pooled vehicles may act as investment adviser

or manager for certain of these investments or assets. Private Wealth Advisors may also recommend managers through GS&Co.'s wrap fee program known as "Managed Account Strategies," including managers that are affiliated with Goldman Sachs ("Affiliated Managers") and managers that are unaffiliated with Goldman Sachs (including where Goldman Sachs-advised Accounts hold equity, profits or other interests in investment advisers that Goldman Sachs does not control) ("Unaffiliated Managers," and together with Affiliated Managers, "Managers"), and may recommend affiliated managers outside of the wrap fee program. With client authorization, Private Wealth Advisors may allocate, rebalance and reallocate client assets among Advisory Accounts across agreed upon equity and fixed income sub-asset classes (each of which involves a separate agreed-upon fee), including to Accounts participating in Managed Account Strategies ("Discretionary Manager Selection"). Information about GS&Co. as sponsor of Managed Account Strategies is available in the GS&Co. Wrap Fee Program Brochure. Information about Managers participating in Managed Account Strategies is available in the Form ADV brochure for the applicable Manager.

Advisory Accounts may invest in mutual funds and ETFs that are managed, sponsored or advised by investment managers that are not affiliated with GS&Co. or its affiliates ("Third-Party Funds") and third-party mutual funds that meet PWM's eligibility criteria for inclusion in the Advisory Mutual Fund Strategies ("Fund Strategies") program. PWM or an affiliate, including Goldman Sachs Asset Management, L.P. ("GSAM"), provides investment advisory services by evaluating and selecting Third-Party Funds and funds included in the Fund Strategies program.

#### Private Wealth Advisors – Retirement Plans

For clients that are individual retirement accounts under IRC Section 408 or 408A, tax-qualified retirement plans (including Keogh plans) under IRC Section 401(a), pension plans and other employee pension benefit plans subject to ERISA and Coverdell Education Savings Accounts (collectively, "Retirement Plans"), Private Wealth Advisors provide recommendations or investment advice as part of investment advisory services only where GS&Co. agrees in writing to do so with respect to the particular Account. Where Private Wealth Advisors provide discretionary management services 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.

With respect to Managed Account Strategies, Retirement Plans may choose participating Managers either comprised exclusively of Affiliated Managers ("Affiliated Manager Option") or Unaffiliated Managers ("Unaffiliated Manager Option"), unless GS&Co. otherwise agrees. Unless GS&Co. otherwise agrees, GS&Co. does not provide advice, make recommendations or otherwise assist Retirement Plans in deciding whether to select the Affiliated Manager Option or the Unaffiliated Manager Option. That selection will be the sole responsibility of the Retirement Plan and no information provided by GS&Co. may be considered in making this selection unless GS&Co. otherwise agrees. GS&Co. does not act as a "fiduciary" within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA") or have any responsibility or liability for the Retirement Plan's selection of either the Affiliated Manager Option or the Unaffiliated Manager Option, unless GS&Co. otherwise agrees. However, once a Retirement Plan chooses an option, GS&Co. may assist the Retirement Plan in identifying, evaluating, and selecting one or more potential Managers within the option selected.

GS&Co. has a managed program platform for eligible Retirement Plans (the "Retirement Platform"), the terms of which are available as part of the account opening documents.

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

## Portfolio Management Teams

Portfolio Management Teams manage assets in Advisory Accounts for clients of GS&Co. or its affiliates in accordance with the designated investment program for each Advisory Account.

Portfolio Management Teams may manage Advisory Accounts that utilize strategies that invest in particular asset classes and investments. The various strategies available include those that invest in structured investments (including structured notes, certificates of deposit, warrants, ownership units and other types of investment interests whose return is dependent upon the returns of one or more referenced assets) and listed and over-the-counter (“OTC”) options.

GS&Co. may also offer customized multi-asset class allocation portfolios to certain clients, primarily institutional clients, foundations and entities. The Portfolio Management Team responsible for the offering generally relies on strategic and tactical asset allocation recommendations prepared by the Investment Strategy Group (“ISG”). They implement a client’s customized multi-asset class allocation by selecting investment options and allocating client assets (or recommending the selection of investment options and the allocation of assets) and periodically rebalancing them among a broad range of investment strategies, including but not limited to, pooled investment vehicles (both public and private), separately managed accounts, including those managed by other Portfolio Management Teams, public securities, and derivative instruments. Investment strategies may be sponsored, managed, or advised by Affiliated Managers (“Affiliated Products”) or sponsored, managed or advised by Unaffiliated Managers (“External Products”), and may employ a broad range of investment strategies, including but not limited to, passive investment strategies, long-only investment strategies (e.g., ETFs, mutual funds, and private investment funds) and alternative investment strategies (e.g., hedge funds, funds of hedge funds, private equity funds, funds of private equity funds and real estate funds), if approved by PWM.

## **Family Office Services**

GS&Co. may also offer, in addition to its investment advisory services, a suite of personal family office services (“Family Office Services”) designated for certain PWM clients. Family Offices Services may include, but are not limited to, tax support; reporting and analytics; administrative services; philanthropy; cyber security; physical security; health advisory services; and certain other accommodation services that may be provided as a courtesy. Additionally, as part of the Family Office Services, GS&Co. may assist clients with paperwork associated with, or the reporting of, client investments made through other channels that GS&Co. would not recommend or offer to other clients of Goldman Sachs for a number of reasons, including that Goldman Sachs did not perform due diligence on the investment. Family Office Services are offered and/or provided on a customized basis and not all clients will be offered or receive all available services. Certain Family Office Services may be provided by GS&Co. or its affiliates, while other services (including tax return preparation, household payment administration and bill payment, certain philanthropic advisory services, certain cyber security services, physical security services, and health advisory services) may be provided by subcontractors, independent service providers, or other third parties (collectively, “Third-Party Vendors”). Unless GS&Co. otherwise agrees in writing, GS&Co. does not act in an investment advisory capacity and has no fiduciary duty when providing Family Office Services (or referring a client to a Third-Party Vendor). Services provided by Third-Party Vendors are distinct from those provided by GS&Co. and additional terms of service may apply. The Third-Party Vendors providing Family Office Services may be different from the vendors that Goldman Sachs itself uses to provide the same or similar services due to regulatory limitations or other reasons. Certain clients receiving individual counseling services that had previously received them through Ayco’s Wealth Strategist Services now receive those services through the Family Office. These clients may select from a variety of services offered, but are not charged a separate fee.

## **Services Provided Through Goldman Sachs Personal Financial Management**

Certain GS&Co. Advisory Personnel may provide advisory services to the high-net worth client base as part of Goldman Sachs Personal Financial Management. In this regard, applicable investment advisory strategies may include a subset of strategies offered through PWM as well as certain strategies offered by

United Capital Financial Advisors, LLC dba Goldman Sachs Personal Financial Management (“GS PFM”) and The Ayco Company, L.P. In addition, services offered through Goldman Sachs Personal Financial Management may include financial guidance services (“Financial Guidance”). Financial Guidance provides clients with financial planning services, which may include, but may not be limited to, estate, insurance, tax, retirement, cash flow, and investment planning. Financial Guidance will be reviewed, advised upon, and/or performed, to the extent applicable to each client, as agreed upon with the client.

### **Off-Platform Investments**

From time to time, GS&Co. may be asked for guidance in connection with opportunities not offered through GS&Co., which have not been diligenced or monitored by the firm. This may include investments in private funds, private debt or equity, real estate or other opportunities generally sourced away from GS&Co. To the extent GS&Co. is asked for guidance, including, for example, asset allocation advice on such opportunities, any guidance, views or other information will be offered on an accommodation basis only and GS&Co. will not be acting as a fiduciary in connection with such guidance, views or other information GS&Co. may provide, nor will GS&Co. charge a fee for any accommodation guidance rendered unless explicitly agreed in writing.

### **Investment Restrictions**

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&Co. accepts such restrictions. Clients should be aware that the performance of Advisory Accounts with restrictions may differ from the performance of Advisory Accounts without restrictions. Restrictions do not apply to underlying investments in pooled investment vehicles, structured notes, or other similar instruments. GS&Co. may, in its 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&Co. is subject to, and has itself adopted, internal guidelines, restrictions and policies that may restrict investment decisions and activities on behalf of Advisory Accounts under certain circumstances. See Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, Participation or Interest in Client Transactions, Firm Policies, Regulatory Restrictions, and Certain Other Factors Affecting Advisory Accounts.

### **Wrap Fee Programs**

Although GS&Co. is the sponsor of a wrap fee program known as Managed Account Strategies, GS&Co. does not participate as an investment manager in any wrap fee programs.

### **Single Contract and Dual Contract Arrangements**

GS&Co. may act as an investment adviser pursuant to “single contract” and “dual contract” managed account arrangements. In such arrangements, an Unaffiliated Manager and its client enter into an agreement with regard to the Unaffiliated Manager’s overall management of the client’s assets pursuant to which the Unaffiliated Manager identifies managers that it believes are suitable for each client. Either the Unaffiliated Manager or the client then selects the applicable managers to manage portions of the client’s portfolio.

In a “single contract” arrangement, if GSAM is selected, GSAM enters into an agreement with the Unaffiliated Manager pursuant to which GSAM will provide investment advice with respect to a portion of the portfolios of certain clients of the Unaffiliated Adviser. However, GSAM does not enter into a separate agreement with each applicable client. In a “dual contract” arrangement, on the other hand, if GSAM is selected, GSAM enters into agreements with both the Unaffiliated Manager and each applicable client.



In connection with both single contract and dual contract arrangements, GS&Co.'s access to information regarding the financial circumstance, investment objectives and overall investment portfolio of such Unaffiliated Manager's client will be limited. In addition, GS&Co. may receive information about the client at a different time than the Unaffiliated Manager. As a result, determinations by GS&Co. as to the appropriateness or suitability for a client in such an arrangement of a particular investment will be made without regard to the portion of the client's portfolio that is not managed by GS&Co., and such determinations may be different than would have been the case had GS&Co. had access to the same information as GS&Co. has for its own clients.

In the context of single contract and dual contract arrangements, execution may be handled by one of the methods outlined in Item 12, Brokerage Practices – Broker Dealer Selection and Directed Brokerage or by the applicable Unaffiliated Manager. In a single contract arrangement, the Unaffiliated Manager typically pays GS&Co. a fee out of the fees that the Unaffiliated Manager received from the client, which is based on the assets managed by GS&Co. In a dual contract arrangement, the client typically pays GS&Co. a fee based on the assets managed by GS&Co., which is in addition to fees owed by the client to the Unaffiliated Managers. Clients with a single contract and dual contract arrangements through a particular Unaffiliated Manager may pay higher (or lower) fees than clients with such arrangements through other Unaffiliated Managers (including as a result of negotiations with the particular Unaffiliated Manager, which may take into account the size and scope of the overall relationship with the Unaffiliated Manager, among other factors). For example, GS&Co. may have relationships or other arrangements with certain Unaffiliated Managers pursuant to which GS&Co. provides favorable pricing to clients with single or dual contract arrangements through such Unaffiliated Managers.

Given that fees in a single or dual contract arrangement are generally payable on an “unbundled” basis, clients that enter into such arrangements with GS&Co. may pay, in the aggregate, lower (or higher) fees than other clients investing in the same strategies, depending on the services provided by GS&Co. in connection with such arrangements.

GS&Co. clients with single or dual contract arrangements should refer to the Form ADV of the applicable Unaffiliated Manager for additional information regarding the dual contract arrangement. The minimum account size applicable to GS&Co. clients with “dual contract” managed account arrangements may differ from that applicable to other GS&Co. clients investing in the same or similar strategies directly.

## **Assets Under Management**

PWM clients may elect to have assets managed by Private Wealth Advisors, Portfolio Management Teams, GSAM or Affiliated Managers or Unaffiliated Managers, including those in our Managed Account Strategies wrap fee program. As of December 31, 2019, assets managed by Private Wealth Advisors and Portfolio Management Teams were \$88,130,210,210 of which approximately \$87,959,599,639 was managed on a discretionary basis and approximately \$170,610,571 was managed on a non-discretionary basis. These figures include investments in pooled vehicles reflected in Advisory Accounts that are managed by another division within GS&Co. or by an affiliate, and exclude assets managed by The Ayco Company, L.P.

## **Item 5 - FEES AND COMPENSATION**

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### **Fees for Advisory Services**

Please note that, with respect to Retirement Plans, GS&Co.'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, the Internal Revenue Code of 1986 (“IRC”) and regulations promulgated thereunder.

Clients generally compensate GS&Co. for its advisory services through the payment of an advisory fee that is calculated as a percentage of assets in the Advisory Account.

The advisory fee paid by each client for an Advisory Account is set forth on the applicable fee schedule signed by the client. PWM offers two advisory pricing models to meet our clients' needs: a comprehensive advisory fee model ("Comprehensive Advisory Services Program" or "CASP") and a strategy-based advisory fee model. Before agreeing to a pricing model, clients should take into consideration factors such as their financial needs and circumstances, investment objectives, services provided under the particular model, client preference, the size of the Advisory Account and any other relevant factors. Generally, CASP has certain diversification requirements and is more appropriate for clients who will invest across a number of asset classes rather than investing in one or two managed strategies. Whether an advisory client will pay more or less with a CASP pricing model or a strategy-based advisory fee model depends on a number of factors, including the services provided, client preference, size of the client's Advisory Account, the client's particular financial needs and circumstances and the fees charged. Certain Advisory Account fees and expenses may be more or less expensive depending on the model chosen. The investment advisory fee payable to GS&Co. may vary depending on a number of factors. Actual fees paid may be negotiated and may differ from those in the fee schedule in Appendix A of this Brochure. A client may pay more or less than other clients invested in similar strategies, asset classes or products. 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 Private Wealth Advisor's management of the Advisory Account or the client's agreement with GS&Co. on a particular advisory strategy. For Advisory Accounts managed by Private Wealth Advisors, the client may agree to a single advisory fee for all asset classes or separate fees for different strategies. For certain fixed income strategies, during low interest rate environments, clients may receive a fee reduction for the specific fixed income managed account. The fee waiver will remain in place until a defined threshold is met, at which time the fee will return to the agreed upon rate. Finally, if a client has a CASP fee arrangement for advisory services, portfolio manager fees and Execution Charges, where applicable, will apply in addition to the single advisory fee charged by Private Wealth Management.

For Advisory Accounts managed by Private Wealth Advisors where clients have elected separate fees for different asset classes, an equity rate and another rate that includes fixed income will apply. The client may also elect an index oriented rate, which will apply to products designated by GS&Co. as index oriented products. If the client does not elect an index oriented rate the fee applicable to any products designated as index oriented will be charged according to the underlying asset class (equity or other).

Absent special circumstances, the fees set forth in the first asset tiers (\$0-\$10) in Appendix A represent the maximum advisory fees clients may be charged for new Advisory Accounts, irrespective of current asset balances. Fees for preexisting Advisory Accounts may be higher or lower per strategy or may have negotiated a flat fee that is higher or lower than the current ADV rate. Certain employees of the firm or an affiliate may receive advisory services at lower rates or on a fee free basis and may be able to invest at lower minimum amounts than clients currently invest.

For clients who choose the strategy-based fee model, we offer: (1) Discretionary Manager Selection; or (2) the option to choose individual managed strategies and agree to a specific fee for each managed strategy. Each of these options is documented in a fee schedule(s).

From time to time Goldman Sachs may reclassify managed strategies from one sub-asset class to another sub-asset class. In these instances, clients who have elected to participate in the Discretionary Manager Selection program may experience a change in the fee rate depending on the nature of the sub-asset class reclassification. Upon notice to the client of a reclassification, if the fee rate associated with the new sub-asset class classification differs (higher or lower) from the fee rate associated with the previous sub-asset class classification, then the client's fee rate on the strategy will increase or decrease accordingly so long as the client has a fee schedule on file for that sub-asset class. If a strategy is reclassified and a client in the Discretionary Manager Selection program has not previously agreed to the new sub-asset class as part of the program, the client must agree to include the new sub-asset class and related fee in the program to maintain their investment in the strategy. Clients who have elected not to participate in the Discretionary Manager Selection program will not experience a change in the fee rate (higher or lower) as they agree to



fees for each managed strategy and not to fees for sub-asset classes. The fee schedule for strategies for new Advisory Accounts is set forth in Appendix A. The applicable fee is determined at the time of initial investment. Notwithstanding different fee tiers for asset ranges set forth in Appendix A, fees are not adjusted in connection with any subsequent increases or decreases in investment size for existing strategies, unless specifically negotiated.

As described in more detail below, clients may pay commissions, commission equivalents, mark-ups, mark-downs and spreads in addition to paying advisory fees. GS&Co. may waive commissions and mark-ups/mark-downs to which it is otherwise entitled for transactions, including in certain equity and fixed income strategies managed by Advisory Personnel. These strategies and any other investment strategies for which GS&Co. may in the future determine to waive commissions and mark-ups/mark-downs are collectively referred to as “Execution Charge Waived Strategies.” During the time that the waiver is in effect, GS&Co. will continue to receive the investment advisory fees charged for such Execution Charge Waived Strategies, as well as the spreads and other compensation described in Item 5, Fees and Compensation. The waiver is not intended to affect the nature of the investment advice provided. Goldman Sachs may, in its discretion, elect to charge (or reinstate) commissions and mark-ups/mark-downs for Execution Charge Waived Strategies at any time.

The Execution Charge Waived Strategies are subject to the fee schedule set forth in Appendix A. However, the presence of the waiver may make it less likely that GS&Co. would be willing to negotiate below its standard fee schedule. Clients may be able to obtain the same investment advisory and brokerage services that are offered for the Execution Charge Waived Strategies separately through Goldman Sachs or other firms, and the cost of obtaining the services separately may be more or less than the investment advisory fees charged for the Execution Charge Waived Strategies depending on the anticipated trading activity.

While a “balanced” fee schedule is no longer offered, certain clients may have entered into a balanced fee schedule where the same fee is charged across all assets in their Advisory Account. Clients with a balanced fee schedule should understand that their fee is based on, among other factors, their proposed asset allocation at the time of agreeing to the balanced fee. The fees paid by clients with a balanced fee schedule and those paid by clients that negotiated a flat fee (i.e., a set dollar amount) may vary from the fee schedule.

GS&Co. maintains a limited number of commission-based Advisory Accounts that pay Execution Charges and other applicable fees and expenses instead of asset-based advisory fees.

In certain circumstances where GS&Co. and the client agree in writing, clients may pay an asset-based advisory fee for asset allocation advice on assets designated by the client that were not purchased through, and are not managed by, Goldman Sachs.

Clients may request that GS&Co. hold investments that clients have made on their own behalf without GS&Co.’s advice or recommendation (collectively, “Client-Directed Investments”). Client-Directed Investments may also include investments that a client has directed GS&Co. in writing to make on the client’s behalf on an execution-only basis. Any Client-Directed Investments will generally be held in a sub-account of a client’s Advisory Account or in an account established with another custodian. Clients accept full responsibility for all decisions regarding the retention or disposition of Client-Directed Investments. GS&Co. does not give advice with respect to Client-Directed Investments, unless GS&Co. otherwise agrees to advise clients on such assets, in which case the positions will be included in the calculation of advisory fees.

Clients of Goldman Sachs Personal Financial Management are subject to a different fee schedule generally comprised of an advisory fee and a portfolio management fee, as well as trading and operational costs charged separately. Access to certain strategies may be provided in wrap form, including when clients maintain GS&Co. custody. Certain preexisting clients of PFM may have access to PWM products and services as described herein and may pay fees structured similarly to PWM fees.

## Calculation and Deduction of Advisory Fees

Advisory fees paid by clients for Advisory Accounts are charged quarterly in arrears based on the average market value of the assets in the Advisory Account during the previous quarter. Average market value is generally determined using end-of-day quantities and an end-of-month market price for each security. Fees are prorated and due upon termination or for partial periods. Certain PFM clients may pay advisory fees in advance if agreed upon by contract.

Advisory fees are automatically deducted from the client's Advisory Account unless other arrangements have been agreed upon between the client and GS&Co. In the case of Advisory Accounts held at a third-party custodian, clients generally direct their custodian to have their fees and expenses debited from the Advisory Account for credit to GS&Co.

## Other Fees and Expenses in Connection with GS&Co.'s Advisory Services

Clients may pay commissions, commission equivalents, mark-ups, mark-downs and spreads (collectively, "Execution Charges") in addition to paying advisory fees. Clients may also pay fees for custody, administrative services and consolidated reporting, as well as underlying mutual fund and private investment fund fees and expenses.

When Goldman Sachs provides services to Advisory Accounts that have separate fees or costs not included in the advisory fee, Goldman Sachs will be entitled to retain such amounts and they will not offset any other fees or compensation.

### Execution Charges

Clients who pay Execution Charges will do so at rates determined by Goldman Sachs. These rates may be negotiated, and clients may pay more or less in Execution Charges than similar clients for identical transactions, including those effected through Goldman Sachs. Execution Charges paid by similar clients may differ depending on the particular circumstances of the client, including the size of the relationship and required service levels. Goldman Sachs generally charges clients commissions according to the commission schedules agreed to between them. However, there may be circumstances where Goldman Sachs may charge commissions for investments or transactions that are not covered by the commission schedule. In addition, Goldman Sachs retains the right to waive commissions and mark-ups/mark-downs for certain clients or investment strategies in its discretion. A description of the different types of Execution Charges that clients may pay is provided below.

| Execution Charge              | Description and Applicability  |
|-------------------------------|--|
| <b>Commissions</b>            | The amount charged by a broker in connection with the purchase or sale of securities or other investments as an agent for the client, as disclosed on the client's trade confirmations. Commissions may be charged in connection with transactions involving equities and fixed income securities, structured investments, MLPs, ETFs, listed options on equities and any other securities traded as agent. Commissions may also be charged in connection with the exercise and assignment of options contracts. |
| <b>Commission Equivalents</b> | The amount charged by a dealer in connection with the purchase or sale of securities or other investments in certain riskless principal transactions (that is, transactions in which a dealer, after having received an order to buy or sell from a client, purchases or sells the security from another person to offset the client transaction).   |

| Execution Charge           | Description and Applicability   |
|----------------------------|---|
| <b>Spreads</b>             | The difference between the current purchase or bid price (that is, the price someone is willing to pay) and the current ask or offer price (that is, the price at which someone is willing to sell). The spread is included in the price of the security. The difference or spread narrows or widens in response to the supply and demand levels of the security. Spreads may be included in transactions involving fixed income securities, structured investments and currencies. Transactions may include a spread in addition to other Execution Charges such as mark-ups/mark-downs. |
| <b>Mark-ups/Mark-downs</b> | A mark-up is the price charged to a client, less the prevailing market price, which is included in the price of the security. A mark-down is the prevailing market price of a security, less the amount a dealer pays to purchase the security from the client, which is included in the price of the security. Mark-ups/mark-downs may be included in transactions involving fixed income securities, structured investments and currencies.   |

Goldman Sachs generally executes transactions for certain fixed income strategies, including structured notes, on a principal basis and charges a mark-up/mark-down that appears as part of the net price confirmed to the client. Goldman Sachs executes a significant volume of fixed income trades through third-party broker-dealers and may execute certain fixed income trades for certain strategies on an agency basis (“Agency Trading Option”). In some cases, acquiring an investment through a third-party broker-dealer may result in fees and Execution Charges that are different from those charged by GS&Co. for the same product and may either be higher or lower. In the case of the Agency Trading Option, clients may be charged an explicit commission that is disclosed on their trade confirmations rather than a mark-up/mark-down. Additionally, the Agency Trading Option is available to clients that express a preference not to trade with GS&Co. as principal for certain fixed income strategies. Notwithstanding this client preference, GS&Co. retains the right to continue to trade as principal (to the extent permitted by law) in order to provide eligible clients with access to new issues or for best execution.

Goldman Sachs generally executes transactions in certain non-U.S. equities and pooled investment vehicles, including ETFs, on a principal basis and charges a commission equivalent for such transactions. Derivative transactions carry an embedded mark-up to compensate Goldman Sachs (or other derivative counterparty) for executing the transaction and taking market risk. Certain derivative transactions are subject to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended (the “Dodd-Frank Act”) and/or European Market Infrastructure Regulation requirements, which may include additional fees depending upon the type of transaction and service clients choose (subject to eligibility requirements).

Transactions in American Depositary Receipts (“ADRs”) generally include certain embedded execution costs including conversion or creation fees, foreign exchange costs and foreign tax charges.

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

#### Custody and Administrative Services

Clients may pay an annual custody fee for operational and administrative support for their Advisory Accounts. The amount of the custody fee varies based on the client’s relationship with GS&Co. and the

amount of assets under management. The amount of the custody fee appears on the client's statement for the month in which the fee is charged.

#### Family Office Services

Fees associated with Family Office Services ("Family Office Service Fees") are disclosed to clients in connection with such services. Family Office Services Fees may vary among similar clients as a result of negotiations and discussions depending on their particular circumstances, which may include considerations related to the size of clients' Accounts at GS&Co. and/or additional or differing levels of servicing. Fees associated with Family Office Services are either charged as a single bundled fee or are subject to supplemental fees that are identified in the Family Office Services Supplement to clients' Customer Agreement. GS&Co. reserves the right to adjust the Family Office Services Fee in the event of extraordinary circumstances. Where GS&Co. offers Family Office Services that are provided through a Third-Party Vendor, additional fees may apply and any such associated fees will be subject to separate arrangements set forth in agreements with such Third-Party Vendor.

#### Consolidated Reporting Services

In certain circumstances, clients may pay an additional fee to GS&Co. for providing reporting on assets held away from GS&Co. at unaffiliated custodians, as well as assets custodied with GS&Co.

#### Underlying Fund Fees

Clients invested in pooled investment vehicles pay 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. All or a portion of these fees may be paid to Goldman Sachs as described in Item 10, Other Material Relationships with Affiliated Entities. All fees and expenses are generally in addition to the advisory fees each Advisory Account pays to GS&Co. In addition, a manager of a private investment fund managed by Goldman Sachs may receive deal fees, sponsor fees, monitoring fees or other similar fees for services provided to portfolio companies. The fees and expenses imposed by a private investment fund may offset trading profits and, therefore, reduce returns. An investor in a fund-of-funds vehicle also bears a proportionate share of the fees and expenses of each underlying investment fund. These fees and expenses may differ depending on the class of shares or other interests purchased.

Generally, compensation received by Goldman Sachs related to various services provided to pooled investment vehicles is retained by Goldman Sachs. Except to the extent required by applicable law, GS&Co. is not required to offset such compensation against fees and expenses the client may otherwise owe Goldman Sachs. To the extent Goldman Sachs determines to offset any compensation, Goldman Sachs does so in its sole and absolute discretion and the methods used to calculate any such amounts when they are applied to any client fees and expenses may be different from the calculations used to determine the amount of compensation Goldman Sachs may receive. Specifically, any offset amount may be higher or lower than the actual amount received by Goldman Sachs from any pooled investment vehicle.

GS&Co. makes available mutual fund share classes on its platform at its sole discretion.

GS&Co. will normally make available on its platform, to the extent permitted by law, a share class of a mutual fund that pays additional compensation to GS&Co., including fees, for providing services (such as investment advisory, administration, transfer agency, distribution, and shareholder services) to the mutual fund. The additional compensation that GS&Co. receives normally varies depending on the mutual fund and share class made available, and may be from the fund, the sponsor or the adviser to the extent permitted by applicable law. Although the additional compensation that GS&Co. receives (and corresponding expense to a client) can vary by mutual fund and share class, any such fees (and

corresponding expense) typically will not exceed 35 basis points. When selecting a share class of a mutual fund to offer on its platform, GS&Co. has a conflict of interest when its selection of a more expensive share class or recommendation of a more expensive mutual fund results in greater compensation to GS&Co. GS&Co. addresses this conflict through a combination of disclosure to clients and through GS&Co.'s policies and procedures and related controls designed to ensure that the fees it charges to clients are fair and reasonable.

Different mutual funds with similar investment policies, and different share classes within those funds, have different expense levels. A fund or share class with a lower minimum investment requirement may have higher expenses, and therefore a lower return, than a fund or share class with a higher minimum investment requirement. GS&Co. may offer a single share class for each mutual fund it makes available on its platform at any given time, even if a mutual fund has multiple share classes for which GS&Co. clients are eligible. GS&Co. will not necessarily make available the lowest cost share class of a mutual fund. As a result, the share class of a mutual fund offered by GS&Co. can have higher expenses (including because of compensation paid to GS&Co. as discussed above), and therefore lower returns, than other share classes of that mutual fund for which a client is eligible or that might otherwise be available if a client invested in the mutual fund through a third party or through the mutual fund directly. When determining the reasonability of any fees and expenses paid to GS&Co., a client should consider both the fees and expenses that GS&Co. charges the Advisory Account and any indirect fees and expenses charged in connection with any investment in share classes of mutual funds that bear expenses greater than other share classes those for which a client is otherwise eligible.

Information about the mutual funds and share classes that are available through GS&Co., including their investment policies, restrictions, charges, and expenses, is contained in the mutual funds' prospectuses. GS&Co. may also establish and change in its sole discretion at any time the different investment minimums and/or other requirements that will apply to the availability of mutual fund and share classes for an Advisory Account based upon a variety of factors, including a client's overall relationship with GS&Co., type of Advisory Account, legal or regulatory restrictions, or any other factors relevant to the relationship.

### **Pooled Investment Vehicle Fees**

GS&Co. and its affiliates act as investment adviser to pooled investment vehicles such as mutual funds, collective investment trusts, private investment funds, and other pooled investment vehicles (e.g., hedge funds, private equity funds, funds of funds, real estate funds and business development companies). GS&Co. fees for such services are based on structure, investment process, and other factors. GS&Co. generally receives a management fee for management of non-private investment funds and a management fee and an incentive fee or allocation (which may take the form of a carried interest and which may be received by an affiliate of GS&Co.) from each private investment fund and business development company (other than certain categories of private investment funds, including AIMS Program Funds and liquid alternative funds). The amount and structure of the management fee, incentive fee and/or allocation varies from fund to fund (and may vary significantly depending on the investment fund) and is set forth in the prospectus or other relevant offering document for each fund. In certain cases, investors may receive fee reductions of all or a portion of the management fee (and/or incentive fee or allocation) attributable to an investment in a fee free class of a pooled investment vehicle and pay negotiated fees outside of the pooled investment vehicle, which may be based on a separate fee schedule agreed upon by GS&Co. and/or its affiliates and the applicable investor. Certain of GS&Co.'s fee structures may create an incentive for GS&Co. to cause the pooled investment vehicles to make investments earlier in the life of such vehicle than otherwise would have been the case, or defer the disposition of a poorly performing investment in order to defer any potential clawback obligation, continue to receive asset based management fees, or possibly receive a larger carried interest if the value of the investment increases in the future. GS&Co. may receive similar fees from other types of vehicles (e.g., securitization vehicles) in respect of the advisory services GS&Co. provides to such vehicles.

Certain investors that are invested in pooled investment vehicles may pay higher or lower fees or may be subject to higher or lower incentive allocations than similarly situated investors that are invested in the same pooled investment vehicle. Amounts may vary as a result of negotiations, discussions and/or factors that



may include the particular circumstances of the investor, the size and scope of the overall relationship, whether the investor has a multi-strategy, multi-asset class or multi-product investment program with Goldman Sachs or GS&Co., or as may be otherwise agreed with specific investors. Fees and allocations charged to investors may differ depending on the class of shares or other interests purchased.

### **Servicing and Similar Fees**

With respect to certain Advisory Accounts that are investment funds (and in certain cases other Advisory Accounts), the applicable governing documents may provide for fees to be paid to GS&Co. or its affiliates in connection with the provision of certain administrative or other services. Such fees will be in addition to any investment advisory fees chargeable to the Advisory Accounts. For information about administrative and other fees paid to third-party service providers, please see this Item 5, Fees and Compensation--Other Fees and Expenses--Custody, Administration and Other Fees.

### **Custody, Administration and Other Fees**

Custody fees, administration fees and all other fees charged by service providers providing services relating to Advisory Accounts are levied by the custodian, the administrator or other service providers for the Advisory Account and are not included in the advisory fees payable to GS&Co. An Advisory Account (and fund investors indirectly) will generally bear such expenses unless provided otherwise in the applicable governing documents.

Expenses charged to an Advisory Account may include:

- (i) debt-related expenses, including expenses related to raising leverage, refinancing, short term and other liquidity facilities, administering and servicing debt, and the cost of compliance with lender requests (including travel and entertainment expenses relating to the foregoing);
- (ii) investment-related expenses, including research, expenses relating to identifying, evaluating, valuing, structuring, purchasing, monitoring, managing (which may include costs and expenses of attending and/or sponsoring industry conferences or other meetings), servicing, and harvesting of investments and potential investments (including travel and entertainment expenses relating to the foregoing);
- (iii) expenses related to hedging, including currency, interest rate and/or other hedging strategies;
- (iv) legal, tax and accounting expenses, including expenses for preparation of annual audited financial statements, tax return preparation, routine tax and legal advice, and legal costs and expenses associated with indemnity, litigation, claims, and settlements;
- (v) professional fees (including, without limitation, fees and expenses of consultants, finders and experts);
- (vi) in the case of Advisory Accounts that are pooled investment vehicles, fees paid in connection with the placement of interests in such Advisory Accounts;
- (vii) in the case of certain Advisory Accounts that are pooled investment vehicles, fees and expenses incurred in connection with the activities of advisory committees and their members (in their capacity as such), including, for example, travel and other expenses associated with meetings and investments, to the extent contemplated in the governing documents of the applicable Advisory Accounts;
- (viii) fees and expenses of directors, trustees, or independent general partners; (ix) technology expenses, including news and quotation services;
- (x) insurance premiums (which insurance may cover numerous Advisory Accounts, in which case each participating Advisory Account is responsible for a share of the premiums);

(xi) expenses related to compliance by an Advisory Account with any applicable law, rule or directive or any other regulatory requirement, or compliance with the foregoing requirements by GS&Co. or its affiliates to the extent such compliance relates to an Advisory Account's activities;

(xii) fees payable to GS&Co. or its affiliates for loan servicing, tax and accounting services provided by GS&Co. or its affiliates to Advisory Accounts, which represent an allocable portion of overhead costs of the departments providing such services and which may be determined by GS&Co. by reference to the amount of time spent by and the seniority of the employee providing the in-house services; provided that, for the avoidance of doubt, since the in-house expense allocation process relies on certain judgments and assessments that in turn are based on information and estimates from various individuals, the allocations that result may not be exact;

(xiii) costs and expenses incurred by certain Advisory Accounts in connection with any activities or meetings of special committees or councils formed by GS&Co. with respect to such Advisory Accounts; and

(xiv) any other reasonable expenses that may be authorized by the applicable governing documents, or that may be reasonably necessary or appropriate in connection with managing an Advisory Account.

### **Prepaid Fees**

GS&Co. does not charge clients advisory fees in advance, except that certain clients of PFM may be advisory fees in advance.

### **Compensation for the Sale of Securities and Other Investments**

GS&Co. and Private Wealth Advisors receive compensation for the sale of securities, banking products and other investments and services provided to clients. Such compensation creates a potential conflict of interest that may give GS&Co. and Private Wealth Advisors an incentive to recommend such securities, other investments, and a particular pricing model based on the compensation received. Fees may be higher for some investments and services, and the compensation directly or indirectly paid to GS&Co. and Private Wealth Advisors may be greater in certain cases. Clients are not entitled to receive compensation related to any business of Goldman Sachs.

As discussed above, Goldman Sachs may receive fees in connection with the sale of mutual funds, and may receive "12b-1" fees or other compensation from affiliates of a mutual fund in connection with the sale of those products. GS&Co.'s recommendation of securities and other investments where Goldman Sachs shares in the fees and profits may result in additional compensation to Goldman Sachs. In such arrangements, payments to Goldman Sachs generally increase as the amount of assets invested by clients in such securities and other investments increases. This may create an incentive for GS&Co. to recommend or select investments that are advised, managed or sponsored by Goldman Sachs. GS&Co. has attempted to limit the potential conflicts of interest associated with selecting between the Third-Party Funds and affiliated mutual funds by implementing a compensation structure where the compensation paid to Private Wealth Advisors does not vary based on whether the Advisory Account invests in a Third-Party Fund or an affiliated fund in the same asset class.

Family Office Personnel are compensated with a base salary and discretionary bonus. They do not receive separate compensation based upon the sale of securities, insurance, or other services. Goldman Sachs also may have a variety of banking, financial, or service relationships with regard to securities and other investments, including relationships with their principal underwriters, investment advisers, sponsors or other service providers. These relationships may include acting as a broker or a dealer, engaging in foreign exchange transactions or directing the sale of securities or other financial instruments. In some instances, investment managers of particular investments, or their affiliates, may have relationships with Goldman Sachs, including serving as an investment manager in programs sponsored by GS&Co. As a result, GS&Co. may have an incentive to recommend these securities and other investments.

Because Goldman Sachs will receive higher fees, compensation and other benefits if the assets of

Advisory Accounts are allocated to Affiliated Products rather than External Products, GS&Co. may also have a financial incentive to allocate Advisory Account assets to Affiliated Products, rather than to External Products. GS&Co. 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&Co. to select or recommend certain Affiliated Products over other Affiliated Products. Correspondingly, GS&Co. 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.

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

Clients may allocate assets to traditional separate Accounts managed by Advisory Personnel or an affiliate or to wrap fee Accounts, that is, Accounts for which the client's advisory fee covers all fees or charges of GS&Co., including brokerage commissions and commission equivalents on agency transactions executed through GS&Co. and custodial and administrative charges. Wrap fee Accounts may be managed by Affiliated Managers or Unaffiliated Managers. The advisory fee paid for traditional separate Accounts does not include Execution Charges, custodial and other fees. If the wrap fee or the investment advisory fee charged to Execution Charge Waived Strategies is not priced to account for the total cost of Execution Charges expected to be generated in a traditional separate Account, the client may pay more for the traditional separate Account. The amount of compensation received by Goldman Sachs and Advisory Personnel in connection with a wrap fee Account advised by Goldman Sachs or Advisory Accounts investing in Execution Charge Waived Strategies (including through the Agency Trading Option) may differ from the compensation received by Goldman Sachs and Advisory Personnel in connection with a traditional separate Account also advised by Goldman Sachs. Any such differentials in compensation may create a financial incentive on the part of GS&Co. and Private Wealth Advisors to recommend or, if applicable, select one advisory program, Manager, asset class or investment strategy over another.

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

GS&Co. may refer clients to affiliates, including GSAM, The Ayco Services Agency, L.P. the Ayco Services Insurance Agency, Inc., GS PFM and PFE Advisers, Inc. in connection with certain services and will receive referral fees subject to applicable law and will compensate its employees for such referrals. Referral payments will be made for insurance contracts, including, sold by GSAM, The Ayco Services Agency, L.P. and the Ayco Services Insurance Agency, Inc.

### **Availability of Securities and Other Investments**

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

## **Fee Offset for Execution Charges**

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

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

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GS&Co. may receive an allocation for performance fees for strategies managed by its affiliates or advisers although GS&Co. does not charge performance fees at the Advisory Account level.

## **Item 7 - TYPES OF CLIENTS**

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### **Types of Clients**

Many of PWM's clients are individuals who may invest their assets with us directly as individuals or through private investment vehicles, such as privately held corporations, partnerships, limited liability companies, and trusts and estates. PWM also provides investment advisory services to institutional clients, including charitable organizations, pension plans, corporations, and other business entities.

### **Account Requirements**

GS&Co. generally requires clients to have assets with GS&Co. of at least \$10,000,000. To open an Advisory Account at GS&Co., clients must have at least \$1,000,000 under the management of GS&Co., or have a net worth of more than \$2,100,000 (including assets held jointly with a spouse).

To open or maintain an Advisory Account with GS&Co., clients are required to sign an investment advisory agreement that, among other things, describes the nature of the investment advisory authority granted to GS&Co. All clients also select an investment objective and provide portfolio goals for all Accounts held in the same name, both of which reflect their investment goals and risk tolerance for that Account holder's portfolio with GS&Co.

Advisers who provide services through Goldman Sachs Personal Financial Management may access tools, analysis, and other inputs provided by our advisory affiliates.

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

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### **Significant Investment Strategies, Methods of Analysis and Material Risks**

**Private Wealth Advisors:** Advisory Accounts managed by Private Wealth Advisors may invest in multiple asset classes. Different Private Wealth Advisors may use different tools, analysis and other inputs to manage Advisory Accounts. Private Wealth Advisors may rely on strategic and tactical asset allocation recommendations prepared by ISG, a team of GS&Co. investment professionals that serve as a resource for Private Wealth Management teams. However, there is no guarantee that any Advisory Account will in fact track ISG's recommendations. When managing Advisory Accounts, Private Wealth Advisors may also use research or research lists ("Research") published by Goldman Sachs, or use a variety of other investment analysis tools. The Research may cease to be published at any time, in which case the Advisory Account will need to be managed differently.

Private Wealth Advisors responsible for managing multiple Advisory Accounts may make different investment decisions for each Advisory Account based on, among other things, different client characteristics, including investment objectives, risk tolerance, investment time horizon and financial circumstances. As a result, the management of Advisory Accounts with similar investment strategies may differ among Private Wealth Advisors based on different methodologies, asset allocation implementation, and client investment goals.

Portfolio Management Teams: Portfolio Management Teams may manage Advisory Accounts that utilize strategies investing in particular asset classes and investments, including structured investments (including structured notes, certificates of deposit, warrants, ownership units and other types of investment interests whose return is dependent upon the returns of one or more referenced assets) and listed and OTC options. Depending on the strategy selected, there may be embedded leverage in options, futures and other securities.

The methods of analysis vary by Portfolio Management Team and are described below in *Risks Applicable to Advisory Accounts Managed by Portfolio Management Teams* under the applicable strategy.

***Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and clients and investors 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 or an investor's investments fluctuates due to market conditions and other factors. The investment decisions made and the actions taken for Advisory Accounts are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. The types of risks to which an Advisory Account is subject, and the degree to which any particular risks impact an Advisory Account, may change over time depending on various factors, including the investment strategies, investment techniques and asset classes utilized by the Advisory Account, the timing of the Advisory Account's investments, prevailing market and economic conditions, reputational considerations, and the occurrence of adverse social, political, regulatory or other developments. Past performance of Advisory 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. The below risks may apply to strategies managed by Private Wealth Advisors and Portfolio Management Teams. In addition, the risks described below in *Risks Applicable to Advisory Accounts Managed by Portfolio Management Teams* for strategies investing in particular asset classes may also apply to Advisory Accounts managed by Private Wealth Advisors invested in those asset classes.

- ***Asset Allocation and Rebalancing Risk*** – The risk that an Advisory Account's assets may be out of balance with the target allocation. Any rebalancing of such assets by the Private Wealth Advisor or Portfolio Management Team may be infrequent 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 the 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&Co. 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 the 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* – An Advisory Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it engages in transactions.
- *Credit Ratings* – 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.
- *Cybersecurity Risk* – The risk of actual and attempted cyber-attacks, including denial-of-service attacks, harm to technology infrastructure and data from misappropriation or corruption, and reputational harm. Due to Goldman Sachs' interconnectivity with third-party vendors, central agents, exchanges, clearing houses and other financial institutions, Goldman Sachs, and thus indirectly the Advisory Accounts, could be adversely impacted if any of them is subject to a successful cyber-attack or other information security event. Although Goldman Sachs takes protective measures and endeavors to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorized access, misuse, computer viruses or other malicious codes 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&Co. 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* – Various teams within Goldman Sachs review External Products and Affiliated Products before they are made available on our platform. 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 Advisory Personnel 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. For more information regarding the conflicts of interest in this regard, see Item 11, *Affiliated Products / External Products*.
- *Environmental and Social Impact Considerations* – GS&Co. may in its discretion take into account ESG considerations and political, media and reputational considerations relating thereto, and, for example, as a result, GS&Co. 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&Co. 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&Co. 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&Co. 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.
- *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 GSAM, 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 funds 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 ("Multi-Adviser Structures"), Goldman Sachs 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.
- *Lack of Control Over Investments* – GS&Co. may not always have complete or even partial control over decisions affecting an investment. For example, GS&Co., 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 or 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&Co. in its advisory capacity 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 Goldman Sachs. 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 or 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.
- *Operational Risk* – The risk of loss arising from shortcomings or failures in internal processes or systems of Goldman Sachs, 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.

- *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 Inter-bank 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.
- *Risks Related to Selection by Advisory Personnel of Affiliated Products versus External Products* – Advisory Personnel determine which products to select or recommend to clients. When considering potential investment products for a particular Advisory Account, Advisory Personnel 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. Consideration of such factors may not be applied consistently over time or by particular Advisory Personnel 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. Advisory Personnel 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 such Wealth Advisers. Such External Products may outperform the investment product selected for the Advisory Account. See Item 11, *Affiliated Products / External Products*.
- *Risks Related to Tactical Tilts* – Advisory Personnel 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&Co. 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 Advisory Personnel do on behalf of Advisory Accounts, or may implement a Tactical Tilt that is different from the Tactical Tilt implemented by Advisory Personnel 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 GS&Co.’s investment advisory agreement with the client, Advisory Personnel 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 Advisory Personnel 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 Item 11, *Affiliated Products / External Products*.

- *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 MLPs, could change in a manner that would have adverse consequences for existing investors. Regulations, including regulations such as the Volcker rule (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&Co. and Goldman Sachs, 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.

In addition to the general risks described above, certain material risks associated with investing in fixed income strategies may also apply to Advisory Accounts managed by Private Wealth Advisors. Such risks may include:

- *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.
- *IPOs/New Issue Risk* – The risk that IPOs/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.
- *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.
- *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.
- *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.

- *U.S. Treasury Securities Risk* – Securities backed by the U.S. Treasury or the full faith and credit of the United States 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.

In addition to the risks described above, non-U.S. dollar denominated bonds may include:

- *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.
- *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.

In addition to the risks described above, preferred and hybrid securities may include:

- *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.
- *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.
- *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.

In addition to the applicable risks set forth above, the following risks may apply to MLPs structured as U.S. Royalty trusts:

- *Depletion Risk* – The risk that, because the trusts are not structured to replenish assets through acquisitions or exploration as the assets are depleted, the capacity of the trust to pay distributions will diminish over time and this may be reflected in a lower stock price and the eventual dissolution of the trust. This risk may be offset by technological gains that reduce production costs or increase supply.
- *Unaffiliated Operator Risk* – The risk that the unaffiliated party engaged by the trust to extract resources does not manage the operations prudently or is unable to pay the agreed upon royalties.

#### Risks Applicable to Advisory Accounts Managed by Portfolio Management Teams

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

#### Structured Investment Strategies

GS&Co. offers structured investment strategies managed by a dedicated Portfolio Management Team. These strategies consist primarily of structured instruments, such as structured notes and warrants, which

are issued by unaffiliated, third-party issuers and offered and sold pursuant to a registration statement filed with the SEC or in a transaction exempt from registration under the Securities Act of 1933, as amended. The primary objective of these strategies is to gain underlying exposure to defined securities by building a portfolio of structured investments with varying terms and diversified credit exposures. The Portfolio Management Team invests in structured investments issued by third-party issuers available to GS&Co. at the time, and may also invest directly in the referenced asset(s) or underlying exposure (i.e., the index or ETF) for a period of time in an effort to maintain the exposure intended by the strategies. The Portfolio Management Team selects investments issued by a particular third-party issuer for a variety of reasons, including to provide diversified credit exposures, due to capacity constraint reasons or in an effort to facilitate client requests, but may, at times, be limited in its ability to do so. The terms and risks of each structured investment vary materially depending on the credit-worthiness of the issuer, the nature of the referenced asset and the maturity of the instrument, among other factors.

In addition to the general risks described above, some of the material risks associated with structured investment strategies may include:

- *Correlation Risk* – The risk that the performance of the structured investment held in a client's Account may underperform or differ from the market, or prior to maturity, perform differently than the payment at maturity formula due to changes in factors influencing the structured investments, including equity performance and/or changes in credit spreads, implied volatility, interest rates and/or dividends.
- *Credit Diversification Risk* – The risk that the credit diversification of the strategy may be limited due to the lack of availability of structured investments from one or more issuers at a given time.
- *Secondary Market/Limited Liquidity Risk* – The risk that the secondary market for one or more of the underlying structured investments may be limited due to a particular issuer exposure, volatility of a referenced asset or for other reasons. This lack of liquidity in the secondary market may make one or more of the underlying investments more difficult to dispose of and to value, and, therefore, may result in the strategy being less liquid than other strategies and may negatively impact secondary market valuations.
- *Underperformance Risk* – The risk that the strategy may underperform the underlying investments due to reasons such as the payout feature of one or more investments and the fact that such structured investments do not receive dividends.

#### Goldman Sachs Option Advisory Services ("GOAS") Strategies

GS&Co. offers a number of actively managed option strategies involving listed and/or OTC call and/or put options, including collars and put spread collars managed by a dedicated Portfolio Management Team. The strategies generally involve selling and buying options. Certain strategies may involve the buying and selling of equity securities (including ETFs) underlying the options in connection with exercises and assignments of options contracts or for other purposes provided by the strategy. Depending on the client's objectives and parameters and the GOAS strategy selected, the strategy may be designed to generate yield through upfront premiums received from the sale of the options (which may cap upside when selling calls or may introduce downside risk when selling puts) or may be designed to reduce the volatility of the underlier of such options.

The GOAS team uses a variety of analyses and risk management tools to monitor changing conditions, liquidity and volatility in the options market.

In addition to the risks described above, some of the material risks associated with GOAS Strategies may include:

- *Call Options Risk* – The risk of significant losses including the risk of losses equal to or greater than the premium paid/received in a relatively short period of time. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The seller (writer) of a call option assumes the risk of the appreciation of the security underlying the option, which will negatively impact the performance of the call option selling strategy. If the underlying security appreciates above the option strike price, when the option is exercised against the seller, the seller of the call option will be required to deliver the underlying asset at the strike price and forego any appreciation that could have been realized if the asset were liquidated at the current market price. The seller (writer) of the option may close out an existing option position before it is exercised by paying the cost to close out the position, which will generally be higher than the original premium received. The seller may also determine to roll the existing option position by closing out the position and replacing it with a new option. The options seller will need to pay the cost to close out the existing position and the premium received from the sale of the new option will likely be less than the amount paid to close out the original position. The options seller will bear the full amount of any cost to close out an existing position. Sales of shares underlying options positions to meet settlement obligations to close out an options position on a roll or otherwise may result in tax consequences, including the realization of tax gains or losses.
- *Correlation Risk* – The risk that the underlying equity portfolio does not correlate to or track closely with the selected benchmark (which may be an index, ETF or basket) on which the options positions are based, and as a result, the option strategy performance may vary substantially from the performance of the portfolio for any period of time. For example, when writing call options on an index, the value of the index may appreciate while the value of the equity portfolio declines in value. This may result in losses on both the option positions and the equity portfolio.
- *Exercise Risk* – The risk of loss associated with the early exercise of an option, which could result in the underlying stock position being called away or having to cash settle the option prior to expiration. All options, whether those with American style or European style exercise features are exposed to the fluctuation in the market price of the underlier. There is no guarantee that an option will expire or be exercised at the optimal time, considering the price movements in the underlier during the time the option is held in a portfolio.
- *Leverage Risk* – The risk that the adverse impact and volatility to which a strategy may be subject can substantially increase due to borrowing and the use of derivatives. When a strategy uses leverage, the sum of the strategy's investment exposures may significantly exceed the amount of assets invested in the strategy, although these exposures may vary over time. Relatively small market movements may result in large changes in the value of a leveraged investment. Uncovered put writing creates leverage risk and is not an equity replacement.
- *Options Close-out Risk* – The risk of losses associated with the inability to close out of existing positions if those options were to become unavailable, including because regulatory agencies may impose exercise restrictions that may prevent the holder of an option from realizing value. Options trading is a speculative investment activity that involves a high degree of risk of loss beyond the value of the underlying securities investment. Transaction costs may be significant in option strategies that require multiple purchases and sales of options.
- *Put Options Risk* – The seller (writer) of a put option which is covered (i.e., the writer has cash to cover the full strike notional of the option) assumes the risk of a decrease in the market price of the

underlying security below the strike price of the option less the premium received, and gives up the opportunity for gain above the premium received. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option and gives up the opportunity for gain above the premium received. A put writing strategy may significantly underperform a stand-alone equity position if the stock appreciates/depreciates very rapidly or is more volatile than anticipated by the market. With an ongoing put writing strategy, losses may also exceed the notional amount of the strategy over time. A seller (writer) of a put writing strategy assumes the risk that the underlying security drops in value and, as a result of exercise by the purchaser of the option, the seller (writer) of the put option may be required to purchase the underlier of the option at a price above the current market price or deliver cash to cash settle an option where the value of the underlier is lower than the strike price. It may not be possible to trade out of the options in the portfolio prior to their maturity, and even if it is possible, there are transaction costs, which may be significant. If the seller (writer) of an uncovered put option is assigned on an open option position that has been exercised, the seller (writer) may be required to liquidate assets to satisfy the settlement obligations. If the market moves against uncovered put options positions, additional securities and other assets will be required as margin, on short notice, in order to maintain the put option positions, or options positions for which there is a margin deficiency will be liquidated, most likely at a loss and the seller (writer) will be liable for any resulting deficit. The risk of uncovered options is potentially unlimited and a seller (writer) of put options may sustain a loss of all assets posted as margin.

- *Sizing Risk* – The risk that options strategies are not appropriately sized for a particular risk profile. Although the risks of investing in an options strategy remain the same regardless of the size of the investment, appropriate sizing can reduce the proportional impact of such risks relative to a client's larger portfolio.
- *Underlying Portfolios Market Risk* – The risk that certain equity portfolios underlying options positions may have losses that are greater than gains in the value of the options positions in the strategy, or that losses on the option positions will occur at the same time as losses in the value of the underlying equity positions of a strategy. In addition, certain instruments, including exchange-listed and OTC put and call options, may not be liquid in all circumstances. As a result, in volatile markets, a customer may not be able to close out of some transactions without incurring losses substantially greater than the initial deposit.

More information about the risks associated with the GOAS Strategies is set forth in the client's investment advisory agreement for these strategies. Additionally, the industry standard Options Disclosure Document ("ODD") provides a full description of the characteristics and risks of options and options trading. Clients may obtain an additional copy of the ODD by requesting a copy from their Private Wealth Management team or by visiting <http://www.theocc.com/about/publications/character-risks.jsp>.

GS&Co. acts in multiple capacities for clients participating in the GOAS Strategies to the extent that the strategy involves OTC options. In such cases, GS&Co. acts as the client's discretionary investment adviser and as counterparty facing its affiliates as principal in these transactions. As such, certain terms of these transactions, including the strike price, the expiration date and the settlement type, are determined by reference to transactions that GS&Co. or its affiliates enter into with third parties to hedge their obligations to clients ("Reference Options"). GS&Co. is also the calculation agent for these options transactions. As calculation agent, GS&Co. has discretion to calculate payment obligations and receivables of the Reference Options that determine the value of such options. As a result, GS&Co. may have some ability to influence the valuation of the Reference Options, which, in turn, may affect the value of the options between GS&Co. and the client. GS&Co.'s differing roles and ability to control the pricing aspects of the OTC options transactions create conflicts of interest with GS&Co.'s obligation as investment adviser to the client. These potential conflicts are mitigated in a number of ways, including that the client provides written, informed consent to these principal transactions and acknowledges Goldman Sachs' multiple roles and capacities on an annual basis. In addition, the options transactions that GS&Co. enters into with the client mirror the Reference Options between GS&Co. and unaffiliated broker-dealers, and the pricing that GS&Co. receives is passed on to the client. Also, the calculation agent, whether Goldman Sachs or an unaffiliated entity,



must calculate any payments under the terms of the transactions by reference to the actual amounts due or owed with respect to the Reference Options. For a discussion of the conflicts associated with principal transactions, please refer to Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

## **Item 9 - DISCIPLINARY INFORMATION**

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In the ordinary course of its business, GS&Co. 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&Co. 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&Co. 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 ("FINRA") 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&Co.'s advisory affiliates is contained in Part 1 of GS&Co.'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 The Goldman Sachs Group, Inc.

## **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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### **Other Financial Industry Activities**

As further described below, GS&Co. is registered with the SEC as a broker-dealer and in addition to its advisory business, is engaged in business as a Futures Commission Merchant ("FCM"), commodity trading advisor ("CTA"), swap dealer ("SD"), registered municipal advisor and commodity pool operator ("CPO"). Certain of GS&Co.'s management persons may also be registered as associated persons of GS&Co. to the extent necessary or appropriate to perform their responsibilities.

### **Other Material Relationships with Affiliated Entities**

GS&Co. may use, suggest or recommend its own services or those of affiliated Goldman Sachs entities in connection with its advisory business. GS&Co. may manage Advisory Accounts on behalf of such affiliated Goldman Sachs entities, which may create potential conflicts of interest relating to GS&Co.'s determination to use, suggest or recommend the services of such entities. The particular services involved will depend on the types of services offered by the affiliate. The arrangements may involve sharing or joint compensation, or separate compensation, subject to the requirements of applicable law. GS&Co. may share resources or delegate certain of its trading, advisory and other activities for clients to other businesses within GS&Co. other than PWM and/or to GS&Co.'s affiliates and portfolio management functions may be shared or moved between affiliated advisers. Particular relationships may include, but are not limited to,

those discussed below. Goldman Sachs' affiliates will retain any compensation when providing investment services to, or in connection with investment activities of, Advisory Accounts, 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 Goldman Sachs' affiliates.

#### Broker-Dealer

GS&Co. is registered with the SEC as a broker-dealer. Certain of GS&Co.'s management persons may also be registered representatives of GS&Co. to the extent necessary or appropriate to perform their responsibilities. GS&Co. may use, suggest or recommend that clients use the securities, futures execution or custody services offered by GS&Co. or its affiliates. These include, but are not limited to, Goldman Sachs International ("GSI"), Goldman Sachs Australia Pty Ltd, Montague Place Custody Services, Goldman Sachs (Asia) Securities Limited, Goldman Sachs Japan Co., Ltd., Goldman Sachs (Russia), Goldman Sachs Bank AG, Goldman Sachs Financial Markets, L.P., Goldman Sachs Saudi Arabia, OOO Goldman Sachs and Qian Kun Futures Co., Ltd.

Advisory Accounts will generally execute all transactions through Goldman Sachs as further described in Item 12, Brokerage Practices – Broker-Dealer Selection and Directed Brokerage. Subject to client consent as required by applicable law, GS&Co. or its affiliates, including GSI, may engage in principal transactions with Advisory Accounts that are not Retirement Plans. For additional information about principal trading, please see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading below. Goldman Sachs may earn Execution Charges in connection with transactions executed as agent or principal. Clients will pay these charges in addition to the advisory fee paid to GS&Co., except as described in Item 5, Fees and Compensation. Goldman Sachs will likely share all or a portion of any Execution Charges with its affiliates and Goldman Sachs employees, including with Private Wealth Advisors. For Accounts offered through PWM but managed by GSAM, transactions are executed according to GSAM's policies and procedures regarding execution of trades.

GS&Co. and its broker-dealer affiliates that provide custodial services may benefit from the use of free credit balances (i.e., cash) in Advisory Accounts, subject to the limitation set forth in SEC Rule 15c3-3 under the U.S. Securities Exchange Act of 1934, as amended. PWM may receive recordkeeping, administrative and support services from other parts of GS&Co. or its affiliates. GS&Co., in its advisory capacity, obtains research ideas, analyses, reports and other services (including distribution services) from its affiliates.

In addition, 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 the date hereof, 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 X2, (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 the Advisory Accounts, PWM may, from time to time, directly or indirectly through a broker-dealer, effect 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 \$1.00 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&Co. 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. PWM will effect trades for an Advisory Account through such Market Centers only if PWM reasonably believes that such trades are in the best interest of the Advisory Account and that the requirements of applicable law have been satisfied. As discussed in further detail in Item 12, Brokerage Practices, PWM executes transactions with GS&Co. or 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, PWM may effect trades through Market Centers provided that such trades are executed in accordance with the exemption under Section 408(b)(16) of ERISA. In addition, PWM 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 placed on the use of Market Centers (including, without limitation, for purposes of complying with law and otherwise).

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

#### Investment Companies and Other Pooled Investment Vehicles

GS&Co. 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 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, and such advisory or sub-advisory relationships may be with affiliated entities or with institutions that are not part of Goldman Sachs. Certain personnel of GS&Co. and its affiliates are also directors, trustees and/or officers of these investment companies and other pooled investment vehicles. GS&Co. and its affiliates, in their capacities as advisers or sub-advisers to these investment companies or pooled vehicles, including ETFs (collectively, “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&Co. for investment advisory and brokerage services. In certain circumstances, clients may invest in these investment companies and other pooled investment vehicles offered by Goldman Sachs without paying fees to GS&Co. For Funds where GS&Co. 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. For additional information on compensation earned for the sale of these products, please see Item 5, Fees and Compensation.

#### Other Investment Advisers

GS&Co. 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 GSAM, Goldman Sachs Asset

Management International ("GSAMI"), The Ayco Company, L.P. ("Ayco"), Goldman Sachs Hedge Fund Strategies LLC ("HFS"), GS Investment Strategies, LLC ("GSIS"), GS PFM and PFE Advisors, Inc. GS&Co. has or intends to have co-advisory or subadvisory relationships with its investment advisory affiliates, as may be required for proper management of particular Advisory Accounts and in accordance with applicable law. GS&Co. will receive compensation in connection with such relationships. For additional information on compensation earned when clients select other investment advisers, please see Receipt of Compensation from Investment Advisers, below.

Clients may be offered access to advisory services through GS&Co., GSAM, GSAMI, or other affiliated investment advisers. These investment 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 Accounts holding municipal bonds, GSAM and GS&Co. may apply different credit criteria (including different minimum credit ratings, sector restrictions, maturity limitations or portfolio duration), they may offer different portfolio structures (e.g., laddered, barbelled or customized), and they may have different minimum Account size requirements. Additionally, GS&Co. may execute trades through itself as well as third parties and may participate in underwritings, whereas GSAM and GSAMI generally only execute trades through third parties. Since GSAM's, GSAMI's and GS&Co.'s, investment decisions are made independently, GSAM and/or GSAMI may be buying while GS&Co. is selling, or vice versa. Therefore, it is possible that an Account managed by GS&Co., GSAM or GSAMI could sustain losses during periods in which GS&Co. and its affiliates, and other GS&Co., GSAM, GSAMI managed accounts, achieve significant profits on their trading.

GS&Co. may, in its discretion, delegate all or a portion of its advisory or other functions (including placing trades on behalf of Advisory Accounts) to any affiliate that is registered with the SEC as an investment adviser or to any of its non-U.S. affiliated advisers. GS&Co. may also move or share portfolio management between affiliated advisers. This might include the movement of portfolio managers from GS&Co. 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 brochure of GSAM, GSAMI or other affiliated investment 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&Co.

#### Financial Planner

GS&Co.'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 will recommend GS&Co.'s investment advisory services to its clients and will receive fees from GS&Co. GS PFM offers planning services to individual client and related accounts.

#### 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&Co. 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*

The Goldman Sachs Group, Inc. is a bank holding company under the BHCA. As a bank holding company, The Goldman Sachs Group, Inc. is subject to supervision and regulation by the Federal Reserve Board.

Goldman Sachs Bank USA ("GS Bank") is a Federal Deposit Insurance Corporation ("FDIC") insured New York State-chartered Federal Reserve member bank. GS Bank accepts brokered and omnibus deposits, lends to individuals and corporate clients, transacts in certain derivatives, and provides securities lending, custody and hedge fund administration services. GS Bank offers deposit sweeps to Private Wealth Management 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. The Bank Deposit may earn positive interest or may incur negative interest on the daily balance at a variable interest rate. 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. Private Wealth Management clients may also open separate savings accounts and term deposits 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&Co.'s clients. Goldman Sachs may provide a variety of services to GSTC and GSTD, including investment advisory, 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.

### Insurance Company or Agency

The Ayco Services Agency, L.P. and the Ayco Services Insurance Agency, Inc. can sell insurance contracts, including, but not limited to, variable life and variable annuity insurance contracts. GS&Co. may refer clients to these related affiliates and will receive referral fees subject to applicable law.

### 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.

### Management Persons; Policies and Procedures

Certain of GS&Co.'s management persons also hold positions with one or more of the Goldman Sachs affiliates listed above. 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&Co. and these affiliates, the management persons of GS&Co. will be subject to the same or similar potential conflicts of interest that exist between GS&Co. and these affiliates.

GS&Co. has adopted a variety of restrictions, policies, procedures and disclosures designed to address potential conflicts that arise between GS&Co., its management persons and its affiliates. These policies and procedures include: information barriers designed to prevent the flow of information between GS&Co., its personnel and certain other affiliates; policies and procedures relating to brokerage selection, trading with affiliates or investing in products managed or sponsored by affiliates; and allocation and trade sequencing policies applicable to Advisory Accounts and Accounts (as defined below). No assurance can be made that any of GS&Co.'s current policies and procedures, or any policies and procedures that are established by GS&Co. in the future will have their desired effect.



Additional information about these conflicts and the policies and procedures designed to address them is available in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading below.

#### 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&Co. 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 in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading below, GS&Co. has adopted a code of ethics.

#### Receipt of Compensation from Investment Advisers

GS&Co. may select, or recommend that clients allocate assets to, one or more Accounts or funds managed by one or more Managers in or with which Goldman Sachs and its Personnel have ownership or other interests or business relationships directly or with such Managers' affiliates, as described in this brochure. These interests and other business relationships can differ from Manager to Manager (and as between Affiliated Managers and Unaffiliated Managers), and may create potential conflicts for GS&Co. and could impact our decisions regarding Manager selection as they may be considered by GS&Co., among other factors, in deciding whether to make Managers available to clients, to increase client investments with Managers, and to retain or withdraw client investments from Managers. GS&Co. receives compensation in connection with clients' investments in, and selection of, such Accounts or funds, and such compensation creates a potential conflict of interest.

For example, Goldman Sachs receives various forms of compensation, including fees, commissions, payments, rebates, remuneration, services or other benefits (including benefits relating to investment and business relationships of Goldman Sachs) from Unaffiliated Managers and their affiliates. Therefore, investments by Advisory Accounts with Unaffiliated Managers (where Goldman Sachs participates in the fee and/or profit sharing arrangement or other interest in the equity or profits of Unaffiliated Managers) may result in additional compensation to Goldman Sachs. Subject to applicable law, except for Retirement Plans, the amount of such compensation, including fees, commissions, payments, rebates, remuneration, services or other benefits to Goldman Sachs, or the value of Goldman Sachs' interests in the Unaffiliated Managers or their businesses, varies by Unaffiliated Manager and may be greater if GS&Co. selects certain Unaffiliated Managers over other Unaffiliated Managers. The compensation Goldman Sachs receives (either directly from Unaffiliated Managers or in the form of fees or allocations payable by Advisory Accounts) generally increases as the amount of assets that Managers manage increases. Except to the extent required by applicable law, GS&Co. may not account to a client for or offset any compensation received by Goldman Sachs against fees and expenses the client may otherwise owe Goldman Sachs.

Because Goldman Sachs will, on an overall basis, receive higher fees, compensation and other benefits if client assets are allocated to Affiliated Managers, including Accounts or investment funds managed by Goldman Sachs, such as GSAM and GSAMI, GS&Co. may have an incentive to allocate the assets of Advisory Accounts to Affiliated Managers. For particular asset classes or investment strategies, GS&Co.'s

advisory program may not have Unaffiliated Managers, or may have fewer Unaffiliated Managers than Affiliated Managers; accordingly, any allocations to such an asset class or investment strategy will more likely be made to Affiliated Managers, including GSAM or GSAMI.

Goldman Sachs and its Personnel may have interests in Managers or their affiliates, or have business relationships or act as counterparties with Unaffiliated Managers or their affiliates, including, for example, in its prime brokerage, trade execution, and investment banking businesses. GS&Co. will be incentivized to make available, allocate assets to, and refrain from withdrawing assets from Unaffiliated Managers whose principals or employees are clients of Goldman Sachs. In addition, Goldman Sachs may have investments in selected Managers or their affiliates.

Goldman Sachs may receive notice of, or offers to participate in, investment opportunities from Unaffiliated Managers or their affiliates. The Unaffiliated Managers or their affiliates may offer Goldman Sachs investment opportunities for various reasons including Goldman Sachs' use of the services provided by Unaffiliated Managers and their affiliates for Goldman Sachs and client investments. Such opportunities will generally not be required to be allocated to Advisory Accounts. Therefore, investment (or continued investment) by particular Advisory Accounts with Unaffiliated Managers may result in additional investment opportunities to Goldman Sachs or other Accounts.

In addition, the fee structure of certain Advisory Accounts where GS&Co. must compensate Managers from the fee it receives from the client other than Retirement Plans may provide an incentive for GS&Co. to recommend or select Managers with lower compensation levels including Managers that discount their fees based on aggregate Account size or other relationships in order to increase the net fee to GS&Co. instead of recommending or selecting other Managers that might also be appropriate for the Advisory Accounts. Except for Retirement Plans, the amount of the fee retained by Goldman Sachs may also be affected by Goldman Sachs' business relationships and the size of Accounts other than a particular Advisory Account, and may directly or indirectly benefit Goldman Sachs and other Accounts. Clients are not entitled to receive any portion of such benefits received by Goldman Sachs or other Accounts.

GS&Co. addresses these potential conflicts of interest in a manner that is consistent with its fiduciary duties.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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### **Code of Ethics and Personal Trading**

GS&Co. has adopted a Code of Ethics ("Code") under Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") designed to provide that Advisory Personnel, and certain additional Personnel who support GS&Co., comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code imposes certain restrictions on securities transactions in the personal Accounts of covered persons to help avoid conflicts of interest. Subject to the limitations of the Code, covered persons may buy and sell securities or other investments for their personal Accounts, including investments in pooled investment vehicles that are sponsored, managed or advised by Goldman Sachs, and may also take positions that are the same as, different from, or made at different times than, positions taken (directly or indirectly) for Advisory Accounts. GS&Co. provides a copy of the Code to clients or prospective clients upon request.

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

## Participation or Interest in Client Transactions

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&Co.) or in which Goldman Sachs or Accounts (including Advisory Accounts) have an equity, debt or other interest, or to engage in investment transactions that may result in Goldman Sachs or other Accounts (including through other Advisory Accounts) being relieved of obligations or otherwise divested of investments. 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 or other Accounts (including Advisory Accounts) with respect to their investment in and activities relating to such companies. Advisory Accounts will not be entitled to compensation as a result of this enhanced profitability.

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 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 Issuer'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&Co. 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 may also restrict investment opportunities generally 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. Goldman Sachs (including GS&Co.) 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 (including GS&Co.) may serve on creditor or equity committees. These actions, for which Goldman Sachs (or GS&Co., as applicable) 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, below*.

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.

#### *Potential Conflicts Related to Lending and Loan Syndication*

Goldman Sachs operates in the debt markets, including the leveraged finance markets, and is an active arranger of senior and mezzanine financings in the syndicated loan market and the high yield market for financing acquisitions, recapitalizations and other transactions. An Advisory Account may invest in transactions in which Goldman Sachs acts as arranger and receives fees in connection with these financings. In certain instances, an Advisory Account may purchase loans and/or debt securities and receive representations and warranties directly from the borrower, while in other instances, an Advisory Account may need to rely on a private placement memorandum from Goldman Sachs or others, and may purchase such loans and/or debt securities at different times and/or terms than other purchasers of such loans. When an Advisory Account purchases such loans from Goldman Sachs and Goldman Sachs receives a fee from a borrower or an issuer for placing such loans and/or debt securities with an Advisory Account, certain conflicts of interest may arise.

#### *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, including Advisory Accounts. Goldman Sachs (including PWM), the clients it advises, and its Personnel may have interests in and advise Accounts, including Advisory Accounts, that have investment objectives or portfolios similar to, related to or opposed to those of particular Advisory Accounts. In this regard, Goldman Sachs may make investment decisions for such Accounts 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 (including PWM), the clients it advises, and its Personnel may engage (or consider engaging) in commercial arrangements or transactions with Accounts, and/or may compete for commercial arrangements or transactions 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 or other Accounts (including other Advisory Accounts) 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 Accounts than it does from the particular Advisory Accounts, in which case Goldman Sachs, including through GS&Co., will be incentivized to favor such Accounts.

Accounts (including 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 PWM and GSAM). Different advisory businesses within Goldman Sachs manage Accounts according to different strategies and may also apply different criteria to the same or similar strategies and may have differing investment views in respect of an issuer or a security or other investment. Similarly, Advisory Personnel can have differing or opposite investment views in respect of an issuer or a security, and the positions Advisory Personnel take in respect of an Advisory Account may be inconsistent with, or adverse to, the interests and activities of Advisory Accounts advised by other Advisory Personnel. 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 in an Account formed to facilitate investment by personnel of Goldman Sachs are typically different from, and may be more favorable than, those of an investment by a third-party investor in an Advisory Account. For example, investors in such an Account 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 an Account may be provided leverage by Goldman Sachs. In the event of a substantial decline in the value of such Account's 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 in such an Account (potentially on terms advantageous to such Account's investors) or to release one or more investors in such an Account from their obligations to fund capital commitments without offering third-party investors the same or a similar opportunity.

#### *Allocation of Investment Opportunities*

GS&Co. and its Advisory Personnel manage multiple Advisory Accounts, including Advisory Accounts in which Goldman Sachs and its Personnel have an interest, that 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&Co. and its Advisory Personnel receive higher fees. Such investments may include local emerging markets securities, high yield securities, fixed-income securities, interests in alternative investment funds, MLPs and Initial Public Offerings/New Issues ("IPOs").

To help address potential conflicts regarding allocations among multiple Advisory Accounts, GS&Co. has adopted allocation policies and procedures that provide that Advisory Personnel allocate investment opportunities among Advisory Accounts consistent with their fiduciary obligations. In some cases, these policies and procedures may result in the pro rata allocation (on a basis determined by GS&Co.) 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 Advisory Personnel are generally viewed separately for allocation purposes.

Advisory Personnel make allocation-related decisions by reference to one or more factors, including, without limitation, the client's overall relationship with GS&Co.; 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&Co. discretion or request 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 and round lot considerations; client-specific investment guidelines and restrictions; and current investments made by clients that may be similar to the applicable investment opportunity.

There may be some instances where certain Advisory Accounts receive an allocation while others do not, and preferential allocations may be given to clients with a proven interest or expertise in a certain sector, company or industry. Additionally, Private Wealth Advisors, 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&Co. 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&Co., 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 GS&Co. affiliates might not be available through GS&Co., and vice versa, and might experience different performance than other model portfolios. See *Differing Advice and Competing Interests*, above. See also Item 12, *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 PWM, 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 PWM 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, or made available to other Accounts 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&Co. policy, GS&Co., acting on behalf of its Advisory Accounts (for example, taxable fixed income, 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&Co.'s decision to engage in these transactions for Advisory Accounts. In certain circumstances such as when Goldman Sachs is the only 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 when GS&Co., 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&Co. causes an Advisory Account to buy securities or other instruments from, or sell securities or other instruments to, another GS&Co. client Account or an advisory client Account of a GS&Co. affiliate. 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; Goldman Sachs receives a commission from such agency cross transactions. GS&Co. 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*, above.

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. PWM 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&Co., and any such revocation will be effective once GS&Co. has received and has had a reasonable time to act on it.

#### *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 advisory personnel 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 GS&Co., 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 Managers 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. Advisory Personnel 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&Co., Advisory Personnel determine which products to select or recommend to clients. When considering potential investment products for a particular Advisory Account, Advisory Personnel 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. Advisory Personnel may consider, for example, without limitation: (i) product-related factors, such as track record, index comparisons, risk and return assumptions; (ii) the Advisory Personnel'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 particular Advisory Personnel 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.

Advisory Personnel 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 Advisory Personnel 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 Advisory Personnel. For example, when Advisory Personnel 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 Advisory Personnel do not have access to certain information with respect to an investment product, they may determine not to consider such investment product for an Advisory Account, or, conversely, Advisory Personnel may select an investment product for the Advisory Account notwithstanding that certain material information is unavailable to the Advisory Personnel, 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.

Advisory Personnel 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 Advisory Personnel. 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&Co., therefore, is incentivized to allocate Advisory Account assets to Affiliated Products, rather than to External Products. Similarly, GS&Co. 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&Co.



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&Co. to select or recommend certain Affiliated Products over other Affiliated Products. For information regarding fees and compensation, see **Item 5 – 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 PWM) 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 Manager or Unaffiliated Manager 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 Item 8, *Options Risk*.

Subject to applicable law, Goldman Sachs or its clients (including Advisory Accounts and Accounts formed to facilitate investment by 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&Co. and its affiliates than to investors or beneficiaries unaffiliated with GS&Co. 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 PWM) 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 refraining from action) 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 or an Account holds loans, securities or other positions in the capital structure of an issuer that ranks senior in preference to the holdings of a particular Advisory Account in the same issuer, and the issuer experiences financial or operational difficulties, Goldman Sachs (acting on behalf of itself or the Account) may seek a liquidation, reorganization or restructuring of the issuer, or terms in connection with the foregoing, that may have an adverse effect on or otherwise conflict with the interests of the particular Advisory Account's holdings in the issuer. 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&Co.) or an Account 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&Co.) or an Account participates, Goldman Sachs (including GS&Co.) or the Account may seek to exercise its 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 other Accounts (which may include those of Goldman Sachs), Goldman Sachs (including GS&Co.) may determine not to pursue actions and remedies that may be available to the Advisory Account or particular terms that might be unfavorable to the Accounts holding the less senior position. In addition, in the event that Goldman Sachs or the Accounts hold voting securities of an issuer in which a particular Advisory Account holds loans, bonds or other credit-related assets or securities, Goldman Sachs or the Accounts may vote on certain matters in a manner that has an adverse effect on the positions held by the Advisory Account. Conversely, Advisory Accounts may hold voting securities of an issuer in which Goldman Sachs or Accounts hold credit-related assets or securities, and Goldman Sachs (including GS&Co.) may determine on behalf of the Advisory Accounts not to act in a manner adverse to Goldman Sachs or the Accounts. 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 or other Accounts, 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 and other Accounts (including Advisory Accounts) achieve profits generally or with respect to particular holdings in the same issuer, or could achieve lower profits or higher losses than would have been the case had the conflicts described above not existed. The negative effects described above may be more pronounced in connection with transactions in, or Advisory Accounts utilizing, small capitalization, emerging market, distressed or less liquid strategies.

### *Valuation*

GS&Co. 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&Co. 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. PWM 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 PWM 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 Item 17, Voting Client Securities.

### *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 (including Advisory Accounts). 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&Co. 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&Co) 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&Co.) or create the potential risk of trade or other errors. In addition, Goldman Sachs generally is 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&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 such 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, PWM clients may partially or fully fund a new Advisory Account with in-kind securities in which PWM may be restricted. In such circumstances, PWM 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 PWM 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&Co. will 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&Co. 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&Co. 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&Co. 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&Co., advisers or underlying funds or the Advisory Account. GS&Co. will comply with requests to disclose such information as it so determines, including through electronic delivery platforms. GS&Co. 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&Co. 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 or an Account is or may be engaged in the same or a related activity or transaction to that being considered on behalf of the Advisory Account, (iii) where Goldman Sachs or another Account has 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, an Account or their activities. See *Goldman Sachs Acting in Multiple Commercial Capacities*, above.

#### *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&Co. As a result of information barriers, PWM 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 PWM. In addition, regardless of the existence of information barriers, Goldman Sachs will not have any obligation to make available any information regarding its trading activities, strategies or views, or the activities, strategies or views used for other Accounts for the benefit of Advisory Accounts. Different areas of PWM and Goldman Sachs may take views, and make decisions or recommendations, that are different than other areas of PWM and Goldman Sachs. To the extent that Advisory Personnel have access to fundamental analysis or other information developed by Goldman Sachs and its Personnel, Advisory



Personnel 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 Advisory Personnel within PWM 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 PWM (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 PWM. 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 PWM. As a result of these and other activities, parts of Goldman Sachs may be in possession of information in respect of markets, investments, Affiliated Managers, Unaffiliated Managers, and investment funds, which, if known to PWM, might cause PWM to seek to dispose of, retain, or increase interests in investments held by Advisory Accounts or acquire certain positions on behalf of Advisory Accounts, or take other actions. Goldman Sachs will be under no obligation or fiduciary or other duty to make any such information available to PWM or personnel involved in decision-making for Advisory Accounts.

## **Item 12 - BROKERAGE PRACTICES**

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### **Broker-Dealer Selection and Directed Brokerage**

Investment advisory services provided by GS&Co. are generally available only to clients who have directed GS&Co. to execute transactions for their Advisory Accounts through Goldman Sachs. As a result, substantially all transactions for Advisory Accounts are executed by Goldman Sachs. These transactions may be effected by Goldman Sachs as agent or principal. By directing brokerage to Goldman Sachs, GS&Co. may not always be able to achieve the most favorable execution for client transactions and clients may pay higher transaction costs or receive less favorable pricing as a result. Clients should understand that not all advisers require their clients to direct brokerage.

In certain circumstances, GS&Co. may decide to execute transactions through a broker-dealer that is not affiliated with Goldman Sachs. Where GS&Co. selects a broker-dealer other than Goldman Sachs to execute transactions for an Advisory Account, it does so consistent with its best execution policies and procedures, willingness to commit capital, creditworthiness and financial stability, clearance and settlement capability and the provision of research and other services. Accordingly, transactions will not always be executed at the lowest available price or transaction cost.

### **Aggregation of Trades**

GS&Co. seeks to execute orders for its Advisory Accounts fairly and equitably over time. GS&Co. follows policies and procedures pursuant to which it may (but is not required to) combine or aggregate purchase or sale orders for the same security for multiple clients (sometimes called “bunching”) so that the orders can be executed at the same time. GS&Co. may also determine whether to permit the executing broker (whether GS&Co. or an unaffiliated broker) to trade along with client orders, subject to applicable law. The particular procedures followed by GS&Co. may differ depending on the particular strategy or type of investment.

GS&Co. and its advisory affiliates as a general matter do not bunch or aggregate orders for different Accounts, or net buy and sell orders for the same Account, whether acting as adviser or custodian, if portfolio management decisions relating to the orders are made by separate Private Wealth Advisors or portfolio management teams, or if bunching, aggregating or netting is not practicable from GS&Co.'s operational or other perspective. GS&Co. may be able to negotiate a better price and lower commission rate on aggregated orders than on orders for Advisory Accounts that are not aggregated, and incur lower transaction costs on netted orders than orders that are not netted. GS&Co. is under no obligation or other duty to aggregate or net for particular orders. Where transactions for a client's Account are not aggregated with orders for other Accounts or netted against orders for its own Account, the client may not benefit from a better price or lower execution charge or transaction cost. Aggregation and netting of orders may disproportionately benefit some Advisory Accounts relative to other Advisory Accounts due to the relative amount of market savings obtained by the Advisory Accounts.

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

## **Errors**

GS&Co. has policies and procedures to help it assess and determine when reimbursement is due to a client because GS&Co. has committed an error which has caused economic loss to a client.

## **Research and Other Soft Dollar Benefits**

PWM often selects U.S. and non-U.S. broker-dealers (including GS&Co. affiliates) that furnish PWM, Advisory Accounts and personnel involved in decision-making for Advisory Accounts with proprietary or third-party brokerage and research services (collectively, "brokerage and research services") that provide, in PWM's view, appropriate assistance to PWM in the investment decision-making process. These brokerage and research services may be bundled with the trade execution, clearing, or settlement services provided by a particular broker-dealer and, subject to applicable law, PWM may pay for such brokerage and research services with client commissions (or "soft dollars"). The types of brokerage and research services that PWM acquired with client brokerage commissions within PWM's last fiscal year included: research reports on companies, industries, and securities (including proprietary research from affiliated and unaffiliated broker-dealers, as well as independent research providers); economic, market and financial data; access to broker-dealer analysts, corporate executives and industry experts; attendance at trade industry seminars and broker organized conferences; and services related to effecting securities transactions and functions incident thereto (such as clearance and settlement).

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

Advisory Accounts over which it exercises investment discretion, even though that broker-dealer itself, or another broker-dealer, might be willing to execute the transactions at a lower commission.

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

PWM's evaluation of the brokerage and research services provided by a broker-dealer may be a significant factor in selecting a broker-dealer to effect transactions. For this purpose, PWM has established an annual review in which certain portfolio management teams review the relationship with broker-dealers that supply them with brokerage and research services.

Arrangements under which PWM receives brokerage and research services may vary by product, strategy, Account or applicable law in the jurisdictions in which PWM conducts business.

Advisory Accounts may differ with regard to whether and to what extent they pay for research and brokerage services through commissions and, subject to applicable law, brokerage and research services may be used to service any or all Advisory Accounts throughout PWM, including Advisory Accounts that do not pay commissions to the broker-dealer relating to the brokerage and research service arrangements. As a result, brokerage and research services (including soft dollar benefits) may disproportionately benefit some Advisory Accounts relative to other Advisory Accounts based on the relative amount of commissions paid by the Advisory Accounts and in particular those Advisory Accounts that do not pay for research and brokerage services or do so to a lesser extent, including in connection with the establishment of maximum budgets for research costs (and switching to execution-only pricing when maximums are met), as described below. For example, research that is paid for through one client's commissions may not be used in managing that client's Account, but may be used in managing other Advisory Accounts within PWM.

In connection with these practices, subject to applicable law and PWM's policies and procedures, brokerage and research services obtained through commissions paid by a client or clients whose Advisory Accounts are managed by a particular portfolio management team within PWM may be shared with, and used partially or exclusively by, other portfolio management personnel within PWM.

Except as required by applicable law, PWM does not attempt to allocate soft dollar benefits proportionately among clients or to track the benefits of brokerage and research services to the commissions associated with a particular Account or group of Accounts.

## **Item 13 - REVIEW OF ACCOUNTS**

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### **Review of Accounts**

GS&Co. regularly monitors the trading in Advisory Accounts for, among other things, transactions that are outside a client's investment guidelines. Region Heads, or their delegates, in consultation with the responsible Private Wealth Advisors, conduct periodic reviews of Advisory Accounts to monitor for various factors that may affect the management of the Advisory Account, including changes to the client's investment objectives, financial circumstances, portfolio performance, investment guidelines and investment concentrations. Additionally, GS&Co. periodically communicates with clients to ascertain whether there have been any changes in the client's financial circumstances or objectives that warrant a change in the management of the client's assets.

Private Wealth Advisors may also perform reviews of Advisory Accounts as appropriate in response to particular events, such as changes in market conditions, a client's financial circumstances, or investment objectives and policies, or in response to a request by a client.

## **Client Reports**

GS&Co. provides clients with written reports regarding their Advisory Accounts on a periodic (generally, monthly) basis. These reports generally include a summary of all activity in the Advisory Accounts, including all purchases and sales of securities and any debits and credits to the Advisory Account, a summary of holdings including a portfolio valuation, and the change in value of the Advisory Account from the end of the prior month.

### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

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From time to time, GS&Co. may make cash payments to third parties for referring clients to GS&Co., consistent with applicable laws, including Rule 206(4)-3 under the Advisers Act. The compensation arrangements generally are based on a percentage of the advisory fees paid to GS&Co. by the referred clients and are disclosed to clients. In addition, from time to time, GS&Co. may also compensate employees of GS&Co. and its affiliates for client referrals pursuant to applicable laws.

Additionally, GS&Co. may make referrals of clients to affiliates, including United Capital Financial Advisers, LLC, who do not meet the minimums for Accounts in PWM or for whom such services seem to be appropriate. GS&Co. may receive a percentage of fee revenue as compensation.

### **Item 15 - CUSTODY**

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GS&Co., in its capacity as a broker-dealer, generally custodies the funds and securities in Advisory Accounts. However, clients also may enter into separate custody agreements to maintain client funds and securities with other unaffiliated qualified custodians.

Clients who custody funds and securities with GS&Co. receive periodic (generally, monthly) Account statements from GS&Co. Clients who custody funds and securities away from GS&Co. receive account statements directly from their qualified custodian as well as account statements and performance reports from GS&Co. Clients should understand that the statements received from the custodian of their funds or securities are the official records for the Advisory Account. Clients are urged to compare the account statements that they receive from their qualified custodian with any that they receive from GS&Co.

### **Item 16 - INVESTMENT DISCRETION**

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GS&Co. accepts discretionary investment authority to manage Advisory Accounts on a client's behalf and at the client's risk. Clients who choose to grant GS&Co. discretion are required to sign an investment advisory agreement and complete Account opening documentation appointing and authorizing GS&Co. to supervise and direct the investment of assets in the Advisory Account.

GS&Co.'s discretionary authority is limited by the terms of its investment advisory agreements and any written investment guidelines, including reasonable restrictions agreed to between GS&Co. and each client.

In order to engage in certain transactions on behalf of Advisory Accounts, GS&Co. will be subject to (or cause Advisory Accounts to become subject to) the rules, terms and/or conditions of any venues through which it trades securities, derivatives or other instruments. The rules, terms and/or conditions of any such venue may result in GS&Co. (and/or the Advisory Accounts) being subject to, among other things, margin requirements, additional fees and other charges, disciplinary procedures, reporting and recordkeeping, position limits and other restrictions on trading, settlement risks and other related conditions on trading.

### **Item 17 - VOTING CLIENT SECURITIES**

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GS&Co. does not accept authority to vote client securities held in Advisory Accounts. It is GS&Co.'s policy that clients must vote securities held in their Advisory Account directly, appoint or instruct the custodian, if other than GS&Co., holding such securities as nominee to do so, or appoint an unaffiliated provider of proxy

voting services to vote proxies in connection with certain securities on the client's behalf. Clients are responsible for voting proxies on securities or matters on which their proxy voting service provider, or the custodian, if applicable, declines to vote. GS&Co. does not render any advice with respect to a particular proxy solicitation.

GS&Co. does not render any advice or take any action with respect to securities or other property currently or formerly held in Advisory Accounts or the issuers thereof that become the subject of any legal proceedings, including bankruptcies and class actions. In addition, GS&Co. generally does not render any advice or take any action with respect to corporate actions relating to securities held in Advisory Accounts, including the right to participate in or consent to any distribution, plan or reorganization, creditors committee, merger, combination, consolidation, liquidation, underwriting or similar plan. Notwithstanding the foregoing, managers of certain fixed income strategies may render such advice or take such action, unless restricted by applicable law or for regulatory reasons, in which case eligible clients will be requested to direct GS&Co.

If GS&Co. is custodian, it forwards proxy materials for U.S. listed securities directly to clients or their selected proxy voting service provider, if applicable, and notices for class actions and other legal proceedings directly to clients or their appointed agent. GS&Co. recommends that clients promptly review these materials, as they identify important deadlines and may require action on the client's part. Clients who do not custody assets with GS&Co. are encouraged to contact their unaffiliated custodians to ensure that the clients receive such materials. GS&Co. is not required to notify unaffiliated custodians or clients who use unaffiliated custodians of proxy notices, shareholder class action lawsuits and similar matters related to securities held in their Advisory Accounts.

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**Item 18 - FINANCIAL INFORMATION**

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Not applicable.

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**Item 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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Not applicable.



## GLOSSARY

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

**“Accounts”** means, as applicable, Goldman Sachs’ own accounts, accounts in which Personnel have an interest, Goldman Sachs’ clients or the accounts such clients hold with Goldman Sachs, and Affiliated Products that Goldman Sachs sponsors, manages and advises.

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

**“Advisory Accounts”** means accounts for which PWM serves as investment adviser.

**“Advisory Personnel”** means collectively Private Wealth Advisors and Portfolio Management Teams.

**“Affiliated Managers”** means Managers that are affiliated with Goldman Sachs.

**“Affiliated Manager Option”** means the option for Retirement Plans to choose participating Managers comprised exclusively of Affiliated Managers.

**“Affiliated Products”** means securities issued by Goldman Sachs or its affiliates, including structured investments, and separately managed accounts and pooled vehicles managed by Goldman Sachs.

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

**“AIMS Long Only Group”** means the Long Only group, which is part of the Alternative Investments & Manager Selection group within GSAM.

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

**“Bank Deposit”** means the bank deposit accounts offered through GS Bank, which operate as a cash sweep account for certain clients.

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

**“Brochure”** means GS&Co.’s Form ADV Part 2A.

**“CASP”** means the Comprehensive Advisory Services Program fee pricing model in which clients pay an account advisory fee for PWM’s advisory services and separate fees and charges for portfolio manager fees and Execution Charges.

**“CFTC”** means the Commodity Futures Trading Commission.

**“Code”** means the GS&Co. Code of Ethics.

**“Commissions”** means the amount charged by a broker for purchasing or selling securities or other investments as an agent for the client, as disclosed on the client’s trade confirmations.

**“Commission Equivalents”** means the amount charged by a dealer for purchasing or selling securities or other investments in certain riskless principal transactions.

**“CPO”** means commodity pool operator.

**“CTA”** means commodity trading advisor.

**“DAS”** means Digital Advisory Solutions group of Goldman Sachs & Co. LLC.

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

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

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

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

**“Execution Charges”** means commissions, commission equivalents, mark-ups, mark-downs or spreads.

**“Execution Charge Waived Strategies”** means eligible fixed income strategies and any other investment strategies managed by Advisory Personnel for which GS&Co. has determined, or may in the future determine, to waive commissions and/or mark-ups/mark-downs from time to time.

**“External Products”** means separate accounts or mutual funds managed, sponsored, advised or issued by investment managers or organizations that are not affiliated with GS&Co. but not exchange-traded funds.

**“Family Office”** means the portal through which GS&Co. offers, provides, or facilitates the receipt of a suite of personal family office services designed for Private Wealth Management clients.

**“Family Office Service Fees”** means any fees associated with services offered and/or provided by the Family Office.

**“Family Office Personnel”** means GS&Co. personnel responsible for the Family Office.

**“Family Office Services”** means any services offered and/or provided by the Family Office.

**“FCM”** means futures commission merchant.

**“FDIC”** means the Federal Deposit Insurance Corporation.

**“FINRA”** means the Financial Industry Regulatory Authority.

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

**“Fund Strategies”** means the Advisory Mutual Fund Strategies program.

**“GOAS”** means Goldman Sachs Options Advisory Services.

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

**“GSAM”** means Goldman Sachs Asset Management, L.P., an investment adviser registered with the SEC, and an affiliate of GS&Co.

**“GSAMI”** means Goldman Sachs Asset Management International, a registered investment adviser with the SEC and an affiliate of GS&Co.

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

**“GS&Co.”** means Goldman Sachs & Co. LLC, a registered broker-dealer and investment adviser with the SEC.

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

**“GSI”** means Goldman Sachs 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.

**“Hybrid Securities”** means deeply subordinated long-term debt.

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

**“Index”** means a stock market or other index.

**“IPOs”** means initial public offerings and new issues.

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

**“ISG”** means the Investment Strategy Group.

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

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

**“Managers”** means an investment manager that manages client assets on a discretionary basis under one or more investment strategies.

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

**“Mark-ups”** means the price charged to a client, less the prevailing market price, which is included in the price of the security.

**“Mark-downs”** means the prevailing market price of a security, less the amount a dealer pays to purchase the security from the client, which is included in the price of the security.

**“MBD”** means the Merchant Banking Division of GS&Co.

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

**“Multi-Asset Class Portfolios” (or “Customized Multi-Asset Class Portfolios”)** means portfolios that generally invest in a broad range of investment strategies, including but not limited to, pooled investment vehicles (both public and private), separately managed accounts (including those managed by other Portfolio Management Teams), public securities, and derivative instruments. Investment strategies may be Affiliated Products or External Products, and may employ a broad range of investment strategies, including but not limited to, passive investment strategies, long-only investment strategies (e.g., exchange-traded funds, mutual funds, and private investment funds) and alternative investment strategies (e.g., hedge funds, funds of hedge funds, private equity funds, funds of private equity funds and real estate funds), if approved by PWM.

**“ODD”** means the Options Disclosure Document.

**“OTC”** means over-the-counter.

**“Personnel”** means personnel of Goldman Sachs, including Advisory Personnel.

**“Portfolio Management Teams”** means the teams of portfolio management personnel within PWM.

**“Principal Transactions”** means transactions where GS&Co., on behalf of Advisory Accounts, engages in a transaction with Goldman Sachs, in its own name.

**“Private Wealth Advisor”** means PWM personnel responsible for managing client relationships.

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

**“Reference Options”** means, in connection with GOAS, the over-the-counter options transactions that GS&Co. (or an affiliate) enters into with third parties to hedge their obligations to clients.

**“Research”** means research or research lists published by Goldman Sachs.

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

**“Riskless Principal Transactions”** mean transactions in which a dealer, after having received an order to buy from a client, purchases the security from another person to offset a contemporaneous sale to the client or, after having received an order to sell from a client, sells the security to another person to offset a contemporaneous purchase from the client.

**“SD”** means swap dealer.

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

**“Spread”** means the difference between the current purchase or bid price (that is, the price someone is willing to pay) and the current ask or offer price (that is, the price at which someone is willing to sell).

**“Structured Investments”** may include structured notes, certificates of deposits, warrants, ownership units and other types of investment interests, whose return is dependent on the returns of one or more referenced assets, including, but not limited to, securities, indices and/or commodities.

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

**“Third-Party Funds”** means mutual funds and ETFs that are managed, sponsored or advised by investment managers or organizations that are not affiliated with Goldman Sachs.

**“Third-Party Vendors”** means any subcontractors, independent service providers, or other third parties who provide Family Office Services independently of those provided by GS&Co.

**“Unaffiliated Managers”** means Managers that are unaffiliated with Goldman Sachs (including where Goldman Sachs-advised accounts hold equity, profits or other interests in investment advisers that Goldman Sachs does not control).

**“Unaffiliated Manager Option”** means the option for Retirement Plans to choose participating managers comprised exclusively of Unaffiliated Managers.

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

**“Wrap Fee Program Brochure”** (also referred to as Appendix 1 to this Brochure).



## Appendix A: PWM Fee Schedule

**These fees are subject to change and negotiation. See Item 5, Fees and Compensation – Fees for Advisory Services.**

### 1. Advisory Accounts Managed by Portfolio Management Teams

| <u>A. Structured Investment Strategies</u> | <u>Annual Fee</u> |
|--|-------------------|
| \$0-\$10 million                           | 1.900%            |
| \$10-\$25 million                          | 1.700%            |
| \$25-\$50 million                          | 1.600%            |
| \$50-\$100 million                         | 1.500%            |
| \$100-\$250 million                        | 1.400%            |
| \$250-\$500 million                        | 1.300%            |
| More than \$500 million                    | 1.200%            |

| <u>B. Goldman Sachs Option Advisory Services* ("GOAS")</u> | <u>Annual Fee</u> |
|--|-------------------|
| <u>Strategies</u>  |                   |
| \$0-\$10 million   | 1.250%            |
| \$10-\$25 million  | 1.150%            |
| \$25-\$50 million  | 1.100%            |
| \$50-\$100 million   | 1.050%            |
| \$100-\$250 million  | 1.000%            |
| \$250-\$500 million  | 1.000%            |
| More than \$500 million                                    | 1.000%            |

\* This fee may apply to certain separately managed account strategies that invest in options

- C. Clients who also invest in the wrap program (affiliated or unaffiliated portfolio manager) pay fees outlined in the GS&Co. Managed Account Strategies Brochure.
- D. Clients whose accounts are managed by an affiliated portfolio manager pay fees outlined in the affiliated portfolio manager's Brochure.

### 2. Advisory Accounts Managed by Private Wealth Advisors

Clients with Advisory Accounts managed by Private Wealth Advisors may agree to a single advisory fee for all asset classes or separate fees for different strategies. Participating funds in the Advisory Mutual Fund Strategies Program will follow the rates outlined in Table B, and are not subject to the rates in Table A below.

| A.                      | <u>Single Advisory Fee Structure</u> | <u>Separate Advisory Fee Structure (Asset Based)</u> |                       |                                       |
|-------------------------|--------------------------------------|--|-----------------------|---------------------------------------|
| <u>Asset Level</u>      | <u>Total Fee</u>                     | <u>Equity</u>  | <u>Index Oriented</u> | <u>Other (including fixed income)</u> |
| \$0-\$10 million        | 1.750%                               | 1.750%   | 1.400%                | 0.750%                                |
| \$10-\$25 million       | 1.150%                               | 1.150%   | 0.800%                | 0.550%                                |
| \$25-\$50 million       | 1.050%                               | 1.050%   | 0.700%                | 0.500%                                |
| \$50-\$100 million      | 0.950%                               | 0.950%   | 0.600%                | 0.450%                                |
| \$100-\$250 million     | 0.900%                               | 0.900%   | 0.550%                | 0.400%                                |
| \$250-\$500 million     | 0.850%                               | 0.850%   | 0.500%                | 0.350%                                |
| More than \$500 million | 0.800%                               | 0.800%   | 0.450%                | 0.300%                                |

B. Advisory Mutual Fund Strategies Program

Clients who participate in the Advisory Mutual Fund Strategies Program pay the following investment advisory fees on their investments in participating funds:

| <u>Equity Asset Class</u>                   | <u>Annual Fee</u>     |
|---|-----------------------|
| Active Core Equity                          | 0.50%                 |
| Active Satellite Equity, Real Estate Equity | 0.55%                 |
| All/SMid Equity                             | 0.55%                 |
| Dynamic Equity                              | 0.65%                 |
| <br><u>Fixed Income Asset Class</u>         | <br><u>Annual Fee</u> |
| Core Fixed Income                           | 0.35%                 |
| Multi-Sector Fixed Income                   | 0.40%                 |
| Non-Investment Grade Fixed Income           | 0.50%                 |

**3. Retirement Plan**

- A. For Retirement Plans that participate in the Retirement Platform, the portion of the Annual Fee payable to GS&Co. for all managed programs available under the Retirement Platform will be no more than 0.60% (unless the client agrees to a higher rate).

**4. Comprehensive Advisory Services Program Fee Model**

|                         |                   |
|-------------------------|-------------------|
| A. <u>Asset Level</u>   | <u>Annual Fee</u> |
| First \$10 million      | 1.500%            |
| Next \$15 million       | 0.800%            |
| Next \$25 million       | 0.700%            |
| Next \$50 million       | 0.600%            |
| Next \$150 million      | 0.50%             |
| Next \$250 million      | 0.450%            |
| More than \$500 million | 0.400%            |

There is a minimum annual advisory fee of \$50,000 to participate in the Comprehensive Advisory Services Program.

B. CASP Affiliated Portfolio Manager Fee for GS&Co. or Affiliates

In addition to the CASP advisory fees set forth above, clients who participate in CASP are subject to portfolio manager fees for strategies managed by GS&Co. or its affiliates. Such fees will be provided to clients as part of account opening and are otherwise available upon request.

- C. Clients who also invest in the wrap program through an unaffiliated portfolio manager pay fees outlined in the GS&Co. Managed Account Strategies Brochure.