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**Financial Planning and Investment Management Services Brochure**  
*for*

**The Ayco Company, L.P. d/b/a Goldman Sachs Ayco Personal Financial Management**

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*and*

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**This Brochure provides information about the qualifications and business practices relating to the financial planning and investment management services offered by The Ayco Company, L.P. d/b/a Goldman Sachs Ayco Personal Financial Management (“Ayco”) and United Capital Financial Advisers, LLC d/b/a Goldman Sachs Personal Financial Management (“GS PFM”) (collectively, the “Advisers”). If you have any questions about your relationship with Ayco, please contact your Ayco advisor team or call (518) 886-4000. If you have any questions about your relationship with GS PFM, please contact your GS PFM advisor team or call (949) 999-8500. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.**

**Additional information about Ayco and GS PFM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**March 31, 2023**

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This Brochure (also known as a Form ADV Part 2A) has been duly filed under Ayco’s and GS PFM’s Investment Adviser Public Disclosures (IAPD) with the SEC.

Separate brochures (also known as Form ADV Part 2A – Appendix 1) have been prepared for the wrap fee programs sponsored by each of Ayco and GS PFM.

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 is dated March 31, 2023. There have been no material changes to the Brochure from the last annual update dated March 31, 2022. However, this Brochure contains updated and expanded disclosures related to business operations particularly in the following areas:

- Item 4 – Advisory Business
- Item 5 – Fees and Compensation
- Item 7 – Types of Clients
- 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
- Item 13 – Review of Accounts
- Item 17 – Voting Client Securities
- Appendix A

Clients are encouraged to read this Brochure in detail and contact their Ayco or GS PFM advisor team with any questions.

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## ITEM 4 – ADVISORY BUSINESS

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### **Introduction**

This Brochure describes the financial planning, investment management, and related advisory and supporting services offered by Ayco and/or GS PFM. Ayco and GS PFM are referred to within this Brochure as “the Advisers.” The Advisers, together with various affiliates described in this Brochure, comprise the wealth management business of Goldman Sachs Asset & Wealth Management (“Asset and Wealth Management”) that perform investment advisory and other services on behalf of the wealth management business of Asset & Wealth Management. Further, for purposes of this Brochure, the Advisers’ advisory personnel will be collectively referred to herein as “Financial Advisors.” Financial Advisors are, to the extent required, registered investment adviser representatives of either Ayco or GS PFM. Ayco Financial Advisors and some GS PFM Financial Advisors are also broker-dealer registered representatives of Goldman Sachs & Co. LLC (“GS&Co.”). In some circumstances, Financial Advisors may also be registered representatives of the Advisers’ affiliate, Mercer Allied Company, L.P. (“Mercer Allied”). Mercer Allied and GS&Co. are broker-dealers registered with the SEC. Not all Financial Advisors provide the same services to clients.

As described in more detail in *Item 4 – Financial Planning* below, the Advisers provide financial planning (“Financial Planning”) and/or investment management (“Investment Management”) services nationally to a wide-ranging client base. Clients engage with the Advisers through various channels including through corporate/employer-sponsored programs that make Financial Planning and/or Investment Management available to their eligible employees and arrangements with affinity or membership associations and organizations, plan recordkeepers or other organizations through which the Advisers may offer their services to the affinity or membership associations and organizations’ members and participants, or to their clients or users, as applicable. Such employers, associations and organizations, or other entities are referred to as “Corporate Partners” within this Brochure. Clients may also come to engage with the Advisers as a result of affiliate and third-party referrals or directly, or through certain arrangements with community-based or charitable organizations (such community-based or charitable organizations being referred to herein as “Community-Based Partners”).

Ayco has been a registered investment adviser with the SEC since 1994. Ayco is headquartered in Cohoes, NY and operates through its offices located in Atlanta, GA, Canonsburg, PA, Brentwood, TN, Dallas, TX, Deerfield, IL, Newport Beach, CA, Minneapolis, MN, Parsippany, NJ, and Troy, MI. Ayco also offers certain advisory services in offices of its affiliate GS&Co., including in GS&Co.’s offices located in Atlanta, GA, Boston, MA, Chicago, IL, Houston, TX, New York, NY, Philadelphia, PA, San Francisco, CA, Washington, DC, West Palm Beach, FL, and Seattle, WA.

GS PFM has been a registered investment adviser with the SEC since 2005. GS PFM’s headquarters is located in Newport Beach, California. GS PFM has regional office locations throughout the United States (“Regional Offices”) described in more detail at [www.goldmanpfm.com](http://www.goldmanpfm.com). While not separate legal entities, GS PFM offers its services through business lines titled *United Capital Financial Life Management<sup>SM</sup>*, *United Capital Private Wealth Counseling<sup>SM</sup>*, or *United Capital* followed by the name of a regional location. GS PFM also provides a technology platform and related consulting to independent investment advisers under the name *FinLife Partners*.

The Advisers’ principal owner is The Goldman Sachs Group, Inc. (“GS Group”), a publicly traded bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended, and a worldwide, full-service financial services organization. GS Group, Ayco, GS&Co., GS PFM, and their respective affiliates, directors, partners, trustees, managers, members, officers, and employees are referred to collectively herein as “Goldman Sachs.”

## **Financial Planning**

### ***General Description of Financial Planning***

The Advisers offer Financial Planning to clients as an independent service or as part of another service offering based on their relationship with the Adviser. Certain aspects of Financial Planning include delivery of investment advice as defined by the Investment Advisers Act of 1940, as amended (“Advisers Act”), in which the Advisers may act as fiduciaries under the Adviser’s Act. Financial Planning varies among the Advisers, Financial Advisors, clients, and the tools utilized by Financial Advisors, as explained in more detail in *Item 4 – Tools for Financial Planning; Tailoring Financial Planning* below. Not all clients receive Financial Planning.

For Ayco clients, who are employees, participants, or members of Corporate Partners or acquired through affiliates, Financial Planning (which may also be referred to at times as “financial counseling” or “financial coaching”) focuses on employment benefits and planning related to compensation, cash-flow, retirement, estate, insurance, investment, philanthropic, and tax, as may be appropriate. Ayco’s Financial Planning is usually provided to the client through meetings whereby the Ayco Financial Advisor and the client will work together to develop a written or verbal financial plan and, with client cooperation, will endeavor to review risk profiles and objectives with clients no less than annually and update the Financial Planning to account for changes in the client’s situation. Ayco Financial Advisor clients are generally not required to implement their financial plans through products and services offered by Ayco or its affiliates (each in their capacities as asset managers, insurance agencies, bank or broker-dealers, as applicable). Ayco clients deciding to implement any portion of their financial plans through the Advisers or their affiliates do so by entering into separate agreements with the Adviser or an affiliate. Ayco does not have discretion over specified client assets as part of Financial Planning but may have discretion as part of Investment Management as described below in *Item 4 – Investment Management Services*. Corporate Partners often have other relationships with Goldman Sachs as vendors, partners, or clients and they, their employees, or participants may receive benefits or preferential fees or rates as a result of such other relationships. *See Item 5- Negotiated Fees and Item 11 – Code of Ethics, Participation or Interest in Client Transactions*.

In addition to the above services, Financial Planning through Ayco is also offered to supplement advisory services made available to certain current or prospective clients serviced by GS&Co. Private Wealth Advisors (“PWAs”), advisory personnel within GS&Co. Private Wealth Management (“PWM”), and select current and former executives of GS Group (e.g., Partners Family Office). When Ayco provides Financial Planning only to current or prospective clients of GS&Co. and select current and former executives of GS Group, the Advisers undertake no responsibility for, and provide no investment or brokerage services related to, such clients’ investment accounts unless otherwise agreed to in writing.

Ayco also offers Financial Planning through the Ayco Personal Advisor Service (“APAS”), which is available to clients who generally do not have another Financial Planning relationship with Ayco, but who have the potential to have at least \$250,000 held in Advisory Accounts (as defined below). Additional information about APAS is set forth under *Item 4 – Ayco Investment Management Services* below. APAS clients are expected to transition to GS PFM from Ayco. *See Item 4, Ayco Investment Management Services*.

For GS PFM clients or those clients who transfer to GS PFM, Financial Planning (which may also be referred to as “Financial Guidance”) generally focuses on development of a client’s financial plan, including an assessment and review of goals, financial needs, capacity for risk, retirement, cash flow, cash management, investment and insurance planning, savings, and other aspects as applicable to a client’s specific needs and as agreed to between the GS PFM Financial Advisor and client. GS PFM typically makes Financial Planning services available together with Investment Management, but clients may also decide

to only engage GS PFM for either Financial Planning or Investment Management services. GS PFM also provides Financial Planning to individuals associated with Corporate Partners. When clients engage GS PFM only for Financial Planning, clients are not required to implement their financial plans through products and services offered by GS PFM or its affiliates (each in their capacities as asset managers, insurance agencies, bank or broker-dealers, as applicable). GS PFM does not have discretion over client assets when engaging GS PFM for Financial Planning only.

GS PFM's Financial Planning services, whether provided as part of an Investment Management relationship or provided as a separate service, are usually provided to the client through meetings whereby the GS PFM Financial Advisor and the client will work together to develop a written or verbal financial plan. For ongoing services, with client cooperation, GS PFM Financial Advisors will endeavor to meet with clients no less than annually to review their risk profiles and objectives and update the Financial Planning previously provided to account for changes in the client's situation. If clients choose not to meet with their Financial Advisor, GS PFM will attempt to provide services based on information received during prior meetings when possible.

GS PFM's Financial Planning will be reviewed, advised upon, and/or performed, to the extent applicable to each client, as agreed upon with the client. GS PFM Financial Advisors can offer clients access to a web-based platform that enables clients to collaborate with their GS PFM Financial Advisor and receive information about their assets and goals. The platform may also provide the results of the Financial Planning exercises clients conducted with a GS PFM Financial Advisor. Written financial plans may be presented any time during the period noted in the agreement.

Fiduciary status under the Advisers Act is different from fiduciary status under other laws, including ERISA and the Internal Revenue Code of 1986 ("IRC"). For example, at times, the Advisers may be acting as a fiduciary under the Advisers Act when providing education-related retirement services, but not as a fiduciary under any other law, including ERISA or the IRC. In situations where the Advisers provide general investment education to clients on retirement assets, such as when Ayco Financial Advisors provide Financial Wellness services to clients as described below, Financial Advisors are not fiduciaries under ERISA.

### ***The Advisers' Financial Planning Programs***

**The Advisers offer Financial Planning through the various programs described below:**

<b>Executive Financial Management</b>	Executive Financial Management ("EFM") programs and services offered through Ayco by Ayco Financial Advisors are made available to executives and high-net-worth clients directly or through a Corporate Partner. Services are designed to assist clients in developing comprehensive financial plans intended to maximize compensation and benefit programs, preserve and/or grow assets, manage income on a long-term basis, and integrate tax, retirement, and estate plans and goals. In order to deliver comprehensive financial planning services, Ayco Financial Advisors analyze a number of factors, including, as applicable, the counseled client's financial status, sources of income, assets, personal obligations and debts, objectives, commitments, cash flow, family responsibilities and the effect of the existing income and estate tax structure on the client's sources of income and accumulation of wealth.
<b>Family Office</b>	Ayco's Family Office services are designed to help individuals and families with significant wealth manage their complex financial affairs. Family Office services can be provided to Ayco clients directly or through a Corporate Partner

	and often includes work with several generations within one client family and coordination with the individual's or family's other advisers (as directed). In many cases, Ayco's Family Office services offer high-net-worth individuals and families an alternative to creating their own family office. Services include estate and trust planning and administration, review and evaluation of investments, portfolio monitoring, philanthropic and foundation planning, cash flow planning, tax planning and insurance review.
<b>Personal Financial Management</b>	Personal Financial Management is Financial Planning made available by GS PFM to individuals through Financial Guidance as described above or to clients who participate in programs through Corporate Partners. Services are designed to assist clients in developing personal financial plans. In addition to the Financial Planning services offered to clients as described above for Financial Guidance, depending on the circumstances and whether the client is associated with a Corporate Partner, Personal Financial Management clients may also receive Financial Guidance related to estate planning, income tax planning, and/or employee benefit planning, support, and education.
<b>Financial Wellness</b>	Financial Wellness programs and services made available by Ayco are provided to employees, members or participants of Corporate Partners and focus on the fundamentals of financial planning. Ayco makes available to Ayco clients an integrated marketplace of affiliated and unaffiliated digital products and services (the "Marketplace") for referral services. Referrals for services and products made available through the Marketplace are done so as an accommodation to clients rather than as part of Ayco's advisory services. Financial Wellness programs are delivered telephonically and digitally and may be supplemented with broad-based seminars offering education on a variety of financial topics, including a Corporate Partner's employee benefits. Seminars are delivered in-person, or via digital or other recorded media. Financial Wellness, including the Marketplace, is also available to employees of Ayco, its affiliates, and Community-Based Partners. Ayco Financial Advisors within Financial Wellness may also provide Investment Management services to certain Ayco clients along with Financial Planning services. <i>See Item 5 – Fees and Compensation.</i> These services may be provided to clients without a Corporate Partner relationship. These clients may also have received services from an affiliate prior to becoming clients of Ayco.

Clients who have received Financial Planning services through the Advisers paid by a Corporate Partner, but are no longer affiliated with a Corporate Partner, are generally eligible to receive similar services or services through an affiliate separately. If individuals are no longer affiliated with a Corporate Partner, they may be required to execute new agreements with different fee schedules and services. *See Item 5 – Fees and Compensation*

### ***Tools for Financial Planning***

Financial Planning services are provided by the Advisers to clients through a variety of means, including through in-person meetings, video conferences, telephone calls, digital platforms, e-mail, reporting, or a combination thereof. Financial Advisors have available to them a variety of proprietary and third-party tools to aid in delivering Financial Planning services to clients. However, not all tools are available to all Financial Advisors for all Financial Planning services provided by the Advisers nor are Financial Advisors required to use all of the tools available to them.



### ***Tailoring Financial Planning***

The Advisers' Financial Planning is typically designed to be personalized to the client, including such client's unique circumstances and needs, personal financial goals, net worth, and/or complexity. Accordingly, the scope, duration, advisory personnel, deliverables, and channels through which Financial Planning is provided will vary among clients, services, and the Advisers on a variety of factors. Financial Planning will also vary among clients as a result of agreements between the Advisers and the client, and program parameters established by the Advisers and their affiliates or by and between the Advisers and Corporate Partners. Financial Planning will vary among individuals participating within the same Corporate Partner-sponsored program. Certain programs may be tailored to address specific Corporate Partner events (e.g., benefit changes or corporate changes-in-control) or client life events (e.g., serious illness or death of client or client's family member).

Financial Planning may also be offered on a full or more limited scope or basis and supplement other advisory services made available to clients through the Advisers. Further, services may be limited or more expansive due to certain Financial Advisors' access to tools, analysis, and other inputs provided by different affiliates. For certain clients, such as small businesses, the Advisers may provide specialized needs analyses, planning, business performance reviews, or other services as requested by such clients.

Financial Planning does not always address every aspect of a client's financial life. Omission of one or more financial planning topics from discussions with Financial Advisors may be the result of differences and/or insufficient information provided by or on behalf of a client. Such omissions do not indicate that the Financial Planning topic is not relevant or applicable to the client's financial situation, and clients are encouraged to consult with their other advisors regarding such topics (e.g., tax and legal counsel).

In some situations, clients may be eligible for reduced or waived fees due to certain arrangements as discussed in more detail in *Item 5 – Negotiated Fees*. Different service offerings, arrangements, services and fees may also be negotiated and differ among clients.

In addition to personalized Financial Planning, Ayco periodically provides seminars to eligible employees, members or participants of its Corporate Partners. GS PFM may from time to time provide seminars to its clients or potential clients. Unless otherwise indicated by the Advisers or their affiliates in writing, when the Advisers provide such seminars, they do not undertake fiduciary obligations to participants pursuant to the Advisers Act or the Retirement Regulations, as defined below.

### ***No Investment Management Advice Without Agreement***

Unless otherwise specifically agreed to by the Advisers, Financial Planning is not designed to be specific to any particular investment account. When providing a consolidated financial summary of accounts to clients, data included may contain information provided by clients about third-party accounts that the Advisers do not manage or for which the Advisers do not advise the client. As such, clients should understand that the Advisers do not serve as the investment adviser on all securities listed in these consolidated financial summaries. The Advisers will not supervise client assets or provide any recommendations as to investments unless granted authority, in writing, to manage the particular assets. Any asset management services provided to clients are governed by a separate Investment Management agreement (as applicable). In no case will Financial Planning or the terms of a Corporate Partner program modify the terms and conditions governing a client's investment accounts.



### ***Other Services Related to Financial Planning***

Ayco may provide tax planning and advice and/or tax preparation services to certain clients of Ayco or an affiliate and their spouses, dependents, trusts, and other related entities. Depending on a client's particular circumstances, Ayco will also refer clients directly to third-party tax preparers. When Ayco provides tax planning and advice, but is not otherwise the client's tax preparer, the client should consult with its own tax preparer and other tax advisors with respect to the tax impact of transactions and other financial activities. Ayco's tax preparation services are generally limited to gift and income tax preparation. Ayco clients will contract directly with these tax preparers and fees will be paid either directly by the client or by a Corporate Partner on the client's behalf. In connection with any such referrals, Ayco will neither provide tax advice nor are these referrals an advisory service.

GS PFM does not provide tax advice or tax preparation services to clients. While GS PFM may include tax planning services as part of its Financial Planning services, including the provision of an annual tax projection or an interpretation of the effect of applicable tax laws on a client's portfolio, this service is not tax advice and the client should consult with its own tax advisor as tax planning provided in conjunction with the provision of Financial Planning is more limited than the tax advice that a client would receive from a tax advisor. Depending on a client's particular circumstances, GS PFM will refer clients to third-party tax preparers and clients will contract directly with these tax preparers. In connection with such referrals, GS PFM, at the client's request and with their consent, will forward client information to the tax preparer to facilitate the third-party tax preparation service. Fees payable to third-party tax preparers for tax preparation services are either paid directly by the client or paid in whole or in part by GS PFM on behalf of the client. Similar arrangements may also be made available to employees, members or participants of Corporate Partners where the Corporate Partner may agree to be responsible for some or all of the tax preparation fees. In connection with such referrals, GS PFM is neither providing tax advice nor should these referrals be considered an advisory service.

Depending on a client's particular circumstances and goals, Ayco may introduce the Ayco Trust Advisory Service ("ATAS"), the Ayco Charitable Foundation ("ACF"), and/or the Goldman Sachs Philanthropy Fund ("GSPF") to provide services. It is anticipated that the ACF and the GSPF will also be made available to select clients of GS PFM. Where appropriate for a client's estate plan, Ayco, as part of an ATAS offering, will recommend that the client appoint a corporate trustee as a fiduciary with the direction or delegation that the trust engage Ayco as an investment adviser for the cash and securities owned by the trust. Corporate trustees from whom Ayco will accept this engagement include Ayco affiliates Goldman Sachs Trust Company, N.A. ("GSTC") and Goldman Sachs Trust Company of Delaware ("GSTD"), and a limited number of third-party corporate trustees. ATAS is available to confer with the trustee in furtherance of the trustee's decisions regarding tax, distributions and estate planning, as well as the grantor and/or trust beneficiaries, on a periodic basis. ACF or GSPF may be introduced to clients with philanthropic planning goals. ACF and GSPF are 501(c)(3) public charities that sponsor donor advised funds in which each donor maintains a limited ability to recommend charitable grants to 501(c)(3) public charities, certain private operating foundations and certain qualified governmental units and has limited input into how their donations are invested.

Further, SurvivorSupport®, typically offered by Ayco through Corporate Partner relationships, is designed to help employees (or survivors of deceased employees) navigate personal financial decisions and obtain financial planning following a personal loss. Ayco, through TransitionalSupport<sup>SM</sup>, also provides support under certain SurvivorSupport® programs to Corporate Partner employees when they or their spouse or domestic partner have been diagnosed with a life threatening illness. Financial Planning through SurvivorSupport® or TransitionalSupport<sup>SM</sup> covers a wide range of topics including counseling on employee benefits, social security and Medicare benefits, insurance, estate settlement and planning, income tax, and cash flow and retirement planning. SurvivorSupport® and TransitionalSupport<sup>SM</sup> offer one-on-one planning

sessions and provide personalized steps to help prioritize planning needs. Depending on a client's needs, SurvivorSupport® or TransitionalSupport<sup>SM</sup> Financial Advisors may refer clients to Ayco, GS PFM, or another affiliate for ongoing Financial Planning and Investment Management.

Ayco may make available a corporate program focused on retirement readiness for certain members or employees identified by the Corporate Partner. The program may include group education sessions and the option to meet with a Financial Advisor. Services may be provided by Ayco or GS PFM. Following a program participant's separation from a Corporate Partner, the participant may have the opportunity to continue services on a self-pay or corporate paid basis.

### ***Reliance on Information in Financial Planning***

In providing Financial Planning, the Advisers rely on the accuracy and completeness of information provided by or on behalf of clients and do not assume responsibility to independently verify the accuracy or completeness of such information. The Advisers do not assume responsibility to review, respond to, or incorporate into its services any materials uploaded by or on behalf of the client to any electronic storage system made available to clients. Clients must consult with and inform their designated Financial Advisor regarding any specific materials they would like to include in the Advisers' services.

### ***Client's Obligation to Take Action***

Except as otherwise expressly agreed by the Advisers in writing, the Advisers do not assume any duties to take action pursuant to advice or Financial Planning strategies that the Advisers provide to clients, which ultimately remain the client's obligation. It is the client's responsibility to determine if and how the suggestions made in connection with the Advisers' Financial Planning services should be implemented or otherwise followed. Clients should carefully consider all relevant factors in making these decisions, including consulting with other professionals (e.g., tax and legal counsel).

### ***Related Party Accommodations***

The Advisers may, as an accommodation to and at the request of a client, meet with certain individuals related to the client, including a client's spouse, partner, and/or dependents (as used in this Brochure, "Related Parties"), to discuss Financial Planning services provided to the client, and/or one or more Financial Planning topics applicable to such Related Parties. Unless otherwise agreed by the Advisers in writing or through separate notice to or from an affiliate: (i) the client remains the Advisers' primary point of contact for discussions with, and delivery of documents and notices (if any) to, Related Parties; (ii) such accommodations made by the Advisers are not intended to result in a contractual or investment advisory relationship with Related Parties; and (iii) the Advisers undertake no corresponding fiduciary duty with respect to Related Parties.

## **Investment Management Services**

### ***General Description of Investment Management***

The Advisers offer Investment Management services to clients in addition to Financial Planning services as described above. When the Advisers act in an investment advisory capacity, they have a fiduciary obligation to act in their advisory client's best interests in accordance with the Advisers Act. Client Investment Management accounts for which the Advisers serve as registered investment adviser are referred to as "Advisory Accounts" herein. Investment Management Services are also available to clients who do not also receive Financial Planning services.

Financial Advisors work with clients to understand each client's risk tolerance, investment objectives, and investment attribute preferences, and to determine an appropriate asset allocation and portfolio construction. Based on the investment goals clients have discussed and agreed upon with their Financial Advisors, Financial Advisors will select, or recommend that the client select, one or more Managers, as defined below, to manage the client's assets in one or more Advisory Accounts. Advisory Accounts may be invested in a variety of asset classes and investment vehicles that may include mutual funds, exchange traded funds ("ETFs"), exchange traded notes, equity securities, options, fixed income securities, or other types of securities. Advisory Accounts may also hold investments in private equity or other private funds.

Depending on how a client's assets are allocated, Advisory Accounts are managed in different ways. Further, product offerings are consistently changing. For example, products that are made available to some clients through one Adviser may not be made available to clients of one or more of the Adviser's affiliates or investment offerings made available at a particular time may be removed from an Adviser's offerings. The Advisers and/or their affiliates will add or remove product offerings to or from the Advisers' platforms without prior notice to clients. Further, depending on the custodian selected and the services offered by the Advisers, the investment selection available to clients will differ. For example, investment offerings will differ between the custodians and between the Advisers even where the custodian remains the same.

The Advisers may offer investment products managed by investment advisers or managers that are affiliated with Goldman Sachs ("Affiliated Managers"), including Ayco and GS PFM. They may also offer investment products managed by investment advisers or 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"). Some Affiliated Managers may provide advisory services by evaluating and selecting mutual funds and ETFs that are managed, sponsored or advised by investment managers that are not affiliated with the Advisers or their affiliates ("Third-Party Funds").

Generally, Managers' responsibilities vary and include the authority to:

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

The Advisers do not monitor transactions directed by Managers for conformity with stated investment objectives, risk tolerance, financial circumstances, or investment restrictions, if any. In addition, the Advisers will not evaluate each transaction executed by Managers for compliance with the Managers' disclosed policies or style. However, if the Advisers manage the accounts directly, they will undertake such monitoring with respect to any restrictions to which the Advisers and the client agree in writing.

GS PFM also receives research from unaffiliated Advisers to assist with the Investment Management of client assets. When providing research services, unaffiliated Advisers do not have any authority to exercise discretion over the management of client assets.

Upon request, the Advisers will provide clients with information about any Managers managing assets in a client's portfolio. This information could include content provided by Managers explaining its investment style, an explanation from the Advisers describing the Managers' investment style, or the Managers' Form ADV, Part 2A.

### ***Ayco Investment Management Services***

Ayco provides the various advisory services described herein through one or more of APAS Financial Advisors, the Ayco Portfolio Management Group (“Ayco PMG”), the ATAS investment committee (the “ATAS Investment Committee”), as well as certain Ayco personnel who also provide Ayco’s Financial Planning services to EFM clients. Ayco Financial Advisors for EFM clients provide Investment Management services alongside Financial Planning. In addition, PWAs who primarily provide services as described below in *Item 4 – Referrals to Affiliates and Third Parties* provide advisory services to Ayco clients. The client’s designated Ayco Financial Advisor will work with them to assess risk tolerance, evaluate asset allocation, and develop a long-term personal portfolio strategy that integrates company benefit plans and the client’s financial goals, as applicable. Ayco clients also have the ability to select a third party or an Ayco affiliate, such as GS&Co. or Goldman Sachs Asset Management, L.P. (“GSAM”), to directly manage all or a portion of their assets. Certain Financial Wellness Advisors may also provide Investment Management services.

APAS Financial Advisors typically provide Investment Management services to Ayco clients who do not have another Financial Planning relationship with Ayco, but who have the potential to have at least \$250,000 held in Advisory Accounts. APAS clients will typically work with a designated APAS Financial Advisor with Financial Planning services provided through in-person, telephonic, video conference or a combination thereof. APAS services may also be made available through one or more advisory affiliates and the Advisers may refer clients to such affiliates for such available services. It is expected that current APAS clients and certain clients with PWM relationships will transition to GS PFM, but will be able to maintain their Financial Advisor. Upon the transition, these current clients of APAS or PWM may continue to receive substantially the same or similar services and products under their current arrangements, including their fee schedules. In the alternative, current APAS or PWM clients may also elect to transition to the GS PFM investment platform and fee arrangement, in which case they will terminate their existing arrangements. Clients who elect the GS PFM investment platform will have access to products and services and be subject to fee arrangements that will differ from their current offering. Any new fee arrangement may be more or less than a client’s existing arrangement and will be set forth in a written advisory agreement and fee schedule. In addition, GS PFM services, such as Financial Guidance, may be made available, as applicable, to clients after the transition.

ATAS, through the ATAS Investment Committee, provides discretionary investment management services to trust assets custodied at Fidelity or GS&Co. These trusts are either delegated (the trustee retains Ayco’s services) or directed (the trust instrument designates Ayco as an investment adviser) and Ayco’s services are provided pursuant to a written advisory agreement.

Ayco also has clients that do not have a dedicated Financial Advisor in Ayco, but who still have Ayco Advisory Accounts that hold investments managed by Ayco PMG, an Unaffiliated Manager or an Affiliated Manager.

Ayco clients generally elect to custody their Ayco Advisory Accounts with either GS&Co. or Fidelity Brokerage Services LLC and National Financial Services LLC (together, “Fidelity”). The Advisers are not affiliated with Fidelity.

#### **Investment Management is primarily offered by Ayco through the following means:**

<b>Discretionary Account Management</b>	Clients electing to participate in the Discretionary Manager Selection (“DMS”) Program provide Ayco and Ayco Financial Advisors with discretion to allocate, rebalance and reallocate client assets among affiliated and unaffiliated managed strategies, mutual funds, ETFs, and
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	<p>other securities in Ayco Advisory Accounts that are not Retirement Accounts custodied with GS&amp;Co. The investments available under the DMS Program are subject to the products and services made available by Ayco and affiliates and the strategies and services selected by the client in their applicable advisory agreements.</p> <p>It is expected that certain Ayco clients may elect accounts where Ayco Financial Advisors will have the discretion to select individual unaffiliated or affiliated mutual funds and ETFs for the client's Ayco Advisory Account from a list of securities available on the GS&amp;Co. investment platform.</p>
<b>Portfolio Management</b>	<p>Ayco PMG provides portfolio construction services and manages assets in Ayco Advisory Accounts custodied at Fidelity or GS&amp;Co. Such services may also be provided to Ayco's affiliates, including GS PFM. Additionally, Ayco PMG may also place orders or provide administration or other portfolio management services and support for Ayco and GS PFM Advisory Accounts. As discussed in <i>Item 4 – Advisory Services Provided by Ayco PMG</i>, Ayco PMG provides these services in a variety of ways, although Ayco PMG may not offer the same services or strategies to both Advisers or to all clients of both Advisers. In performing its duties as manager, Ayco PMG is generally informed by strategic allocation models provided by the Goldman Sachs Private Wealth Management Investment Strategy Group ("ISG"). <i>See Advisory Services Provided by Ayco PMG</i> below for more information.</p> <p>Although clients of Ayco, GS PFM, or their affiliates elect to invest through an Advisory Account managed by Ayco PMG, Financial Advisors continue to be responsible for assisting the client in selecting the appropriate strategies and are responsible for various Advisory Account servicing and maintenance needs.</p>
<b>Trust Advisory Services</b>	<p>The ATAS Investment Committee manages investments in Ayco Advisory Accounts for ATAS clients including mutual funds, ETFs and affiliated and third-party managed accounts, and from time to time, will allocate, reallocate and rebalance trust assets among Ayco Advisory Accounts.</p>

Ayco previously offered a Verbal Manager Selection ("VMS") program, which different client authorizations from those of DMS. Certain clients that previously selected the VMS program may still participate in that program.

Clients who have received Investment Management services through the Advisers paid by a Corporate Partner, but are no longer affiliated with a Corporate Partner, are generally eligible to receive similar services or services through an affiliate separately. If individuals are no longer affiliated with a Corporate Partner, they may be required to execute new agreements with different fee schedules and services. *See Item 5 – Fees and Compensation.*

### ***GS PFM Investment Management Services***

As discussed below, GS PFM primarily provides discretionary Investment Management services to GS PFM clients. GS PFM clients generally elect to custody their GS PFM Advisory Accounts with Fidelity, Charles Schwab & Co. Inc. ("Schwab"), and TD Ameritrade, Inc. ("TD Ameritrade"), although other



custodian options may be available and some clients have elected to custody their assets with other unaffiliated custodians (collectively, “Third-Party Custodians”). In late 2022, GS&Co. became another custodian option for a limited number of GS PFM clients for certain GS PFM account types. It is anticipated that the GS&Co. custodian will be made available to more GS PFM clients and its offerings, including products and account types, will increase over time. Given that the GS&Co. custodian for GS PFM is only available on a limited basis and does not currently support all products or account types and generally available investment offerings will differ. Clients are encouraged to talk to their GS PFM Financial Advisors about all custodian options available to them prior to opening an account.

**Investment Management is primarily offered by GS PFM through the following means:**

<p><b>Discretionary Account Management</b></p>	<p>Where the client authorizes GS PFM to provide discretionary investment services, a GS PFM Financial Advisor will select, appoint and remove Managers and/or allocate and reallocate assets to individual securities or managed strategies in a client’s account without the client’s prior approval or consent.</p> <p>Depending on the applicable account type, GS PFM Financial Advisors can choose to manage a client’s portfolio directly by selecting individual unaffiliated or affiliated mutual funds, ETFs, separately managed accounts (“Separately Managed Accounts”), and/or other securities for client accounts from GS PFM’s investment platform available at the custodians (“Locally Managed Strategies”) or by selecting a Manager to manage a client’s assets using model investment strategies developed and implemented by the Manager (“Centrally Managed Strategies”).</p> <p>Centrally Managed Strategies can take various forms. GS PFM Financial Advisors can allocate assets toward third-party model strategies managed and implemented by Ayco PMG or toward internal, proprietary investment strategies developed, implemented, and managed by Ayco PMG.</p> <p>GS PFM Financial Advisors can also allocate assets toward Unaffiliated Manager model strategies that are implemented externally by the Unaffiliated Manager third-party technology platforms, using Third-Party Funds or Separately Managed Accounts. For these model strategies, neither GS PFM nor its affiliates manage or trade the client’s account.</p> <p>Accounts in the same Centrally Managed Strategies are generally invested according to the same strategy with similar allocations. However, there are a number of scenarios or individual circumstances whereby a client could have a different implementation of Centrally Managed Strategies. While Centrally Managed Strategies are generally available to GS PFM clients, certain strategies are also made available to Ayco clients.</p> <p>The Alternative Investments &amp; Manager Selection (“AIMS”) group within GSAM performs varying levels of due diligence on Unaffiliated Managers and alternative strategies for strategies selected for GS PFM’s investment platform as discussed in <i>Item 11 – Affiliated Products/External Products</i>.</p>
<p><b>Non-Discretionary Account Management</b></p>	<p>Clients may hire GS PFM to provide non-discretionary investment advisory services in limited circumstances in GS PFM Advisory Accounts. Those services will usually include transactions that require a client to sign third-party</p>

	documents prior to entering into a transaction, such as the purchase of alternative investment products made available through the Advisers or an affiliate, including hedge funds, private equity funds, venture capital funds, private real estate funds, private credit funds, and other private investments (“Alternative Investments”). Additionally, GS PFM supports non-discretionary account management whereby, pursuant to an Investment Management agreement with GS PFM, a client may direct that transactions be pre-cleared by the client before GS PFM makes changes to a portfolio. While some clients may continue to have this arrangement with GS PFM, GS PFM no longer offers these types of arrangements to new clients except under limited circumstances.
<b>Sub-Advisory/ Consulting Services</b>	GS PFM provides discretionary management and customized investment advisory consulting services to other investment advisers and/or to broker-dealers. GS PFM provides these sub-advisory and consulting services doing business as GS PFM or FinLife Partners. When providing these services, GS PFM charges a fee that is either individually negotiated for each consultation or based upon a percentage of client assets that GS PFM manages as subadvisor. Third-party advisers on the FinLife Platform are entitled to receive a credit on their advisory fees based on the assets under management with GS PFM and amounts invested in registered mutual funds or ETFs managed by GSAM. Sub-advisory services may be different from the services provided to clients of GS PFM and certain strategies may be comprised of different funds or other securities than those of other clients for execution, availability, tax or other reasons. The fees that GS PFM charges for sub-advisory services are typically different from fees charged to clients of GS PFM. The specific services provided to the third-party advisers and broker-dealers are documented in a written agreement executed with each firm.

### ***Other Information Related to the Advisers’ Investment Management Services***

#### **Retirement Accounts and Retirement Plans**

Ayco provides Investment Management services to individual retirement accounts (“IRAs”) under IRC Section 408 or 408A, Coverdell Education Savings Accounts, tax-qualified retirement plans (including Keogh plans) under IRC Section 401(a), pension plans and other employee pension benefit plans subject to ERISA (collectively, “Retirement Accounts”) through various managed strategies. As of April 2022, Ayco provides investment advice on (1) managed program selection, (2) manager and strategy selection, including Affiliated Managers and Unaffiliated Managers, and (3) asset allocation across the client’s managed program Retirement Accounts. Prior to April 1, 2022, unless otherwise agreed to in writing, Ayco generally offered investment education to Retirement Accounts regarding manager and strategy selection.

GS PFM provides discretionary Investment Management services to Retirement Accounts, and, under certain circumstances, non-discretionary Investment Management services may also be available.

Where Financial Advisors provide investment advisory or Investment Management services to Retirement Accounts pursuant to a written agreement, the Advisers act as fiduciaries pursuant to ERISA and/or the IRC. Any advice or recommendations made by the Advisers with respect to assets that are not Retirement Account assets do not apply to and should not be used by the client for any decision with respect to any Retirement Account assets, which present different considerations. The Advisers, in their sole discretion, impose limitations on the investment services and strategies offered to Retirement Accounts.



In some cases, the Advisers may refer plan clients to affiliates, such as Rocaton Investment Advisors, LLC (“Rocaton”) or GSAM, to perform certain advisory services related to employee benefit plans. The Advisers also offer education and consulting services to plan sponsors of employer-sponsored plans and/or plan participants of employer-sponsored plans.

## **529 Plans**

GS PFM provides discretionary or non-discretionary investment advice to clients on the selection of investments in 529 Plans. These 529 Plans typically are limited to advisor-assisted 529 Plans or classes of those plans. Once a client selects a 529 Plan, GS PFM provides non-discretionary investment advice on selection of available investment options within the 529 Plan and, with the client’s agreement, will direct the 529 Plan sponsor to invest the client’s assets accordingly. GS PFM will provide discretionary investment advice with regard to the selection of certain managed strategies for 529 Plans. Advice on 529 Plans available through GS PFM is subject to GS PFM advisory fees discussed elsewhere in this brochure, which are separate and apart from any fees and expenses applicable to the 529 Plans and their investment options (including any funds that are available as investment options, as discussed elsewhere in this brochure). Investments in 529 Plans represent an interest in the 529 Plan trust, and not an interest or share in the underlying investment options. Less expensive plans or classes (including those not designed for use with a GS PFM Financial Advisor) can be expected to be available elsewhere. There are various qualified tuition programs other than 529 Plans designed to provide prepaid tuition and certain other education expenses benefits. These programs may include features, options with regard to fees, and tax consequences that differ from a 529 Plan.

## **Advisory Services Provided by Ayco PMG**

Ayco PMG provides portfolio construction services and manages assets in a variety of ways for Ayco and GS PFM clients. Not all services of Ayco PMG are available to both Advisers or to all clients of both Advisers and not all strategies managed by Ayco PMG are made available to all clients. The strategies available on each custodial platform will change from time to time. In limited circumstances, strategies may also be available to clients of other affiliates, generally where the client transitioned to the affiliate and prior investment strategies remain available on a limited basis or to clients of third-party investment advisers who utilize FinLife Partners as described below in *Technology Platform Provided by FinLife Partners*. More information on available strategies can be obtained from the client’s Financial Advisor. Ayco PMG manages strategies by investing in particular asset classes and investments, including, but not limited to, equities, fixed income securities, mutual funds and ETFs.

Primarily, Ayco PMG develops, manages, and directs execution for proprietary strategies based upon strategic allocation models provided by ISG. Ayco PMG also provides portfolio construction services for strategies offered to GS PFM clients pursuant to strategic allocation models provided by ISG that include Separately Managed Accounts managed by affiliates and Unaffiliated Managers selected by Ayco PMG. Ayco PMG uses such models to assist in developing investment recommendations to manage client accounts. Strategies are periodically reviewed and are rebalanced to the appropriate model as applicable.

Ayco PMG also manages certain Ayco and GS PFM client accounts, including Institutional Client Solutions (“ICS”) accounts, based on strategic asset allocations agreed with the clients. Ayco and GS PFM ICS Advisory Accounts are typically composed of a mix of investments that may include mutual funds, ETFs, equities, Separately Managed Accounts, and fixed income securities, among other types of securities. ICS clients may provide investment policy statements that inform long-term strategic asset allocation targets and the minimum and maximum percentages for each asset class, which are unique to each client and will be agreed by the client and Ayco prior to implementation of the strategy. Ayco PMG uses commercially reasonable efforts to make allocations that adhere to the asset allocation target ranges agreed

with the client. The portfolios may contain an allocation to tactical and thematic weights. Ayco PMG will review and periodically rebalance Ayco and GS PFM ICS Advisory Accounts to the asset allocation targets set forth in the advisory agreement. Ayco PMG also manages execution of trades for Ayco and GS PFM ICS Advisory Accounts managed by Ayco PMG.

Further, Ayco PMG performs management and implementation services related to model portfolios developed by Unaffiliated Managers in GS PFM Advisory Accounts. It is anticipated that in the next year some of these strategies based on model portfolios will also be made available to Ayco clients. More information regarding an Unaffiliated Manager's specific investment philosophy, methods of analysis, and due diligence can be found in the respective Unaffiliated Manager's ADV Part 2A, which can be provided upon request by the client's Financial Advisor.

Not all recommendations provided by an Unaffiliated Manager or ISG will be implemented for a particular strategy managed by Ayco PMG as Ayco PMG generally has discretion to deviate from time to time, from the recommendations provided by the Unaffiliated Manager or ISG as appropriate. For example, trades made on behalf of accounts that commence trading after others may be subject to price movements, particularly with large orders or where the securities are thinly traded. Further, the selection of the broker-dealer for execution, the timing of when the order is entered and executed by the broker-dealer, time zone differences, the timing of the receipt of information regarding model portfolios, or the client's individual investment guidelines, among other factors, will affect implementation and performance of a client's Advisory Account to vary from the strategy chosen by the client and from Advisory Accounts of other clients who have chosen the same strategy. Therefore, Advisory Accounts managed by Ayco PMG may not track the intended model and such accounts may receive prices that are less favorable than the prices obtained for other accounts. Additionally, any delay in the communication or receipt of information regarding model portfolios may reduce or eliminate the effectiveness of such model portfolios. *See Execution/Directed Brokerage for Discretionary Managed Accounts* below.

AIMS performs due diligence on Third-Party Funds selected for Advisory Accounts by Ayco PMG. Such due diligence generally includes, but is not limited to, on-site meetings, analytics related to historical performance, reference calls and risk reviews. AIMS credit analysts engage in ongoing risk management, and portfolio monitoring of such investments, including an ongoing review of fund holdings, positioning changes, general business trends, and daily risk reports.

### **Reasonable Restrictions**

Clients may impose reasonable restrictions or investment policy guidelines on the management of their Advisory Accounts, including prohibiting investments in particular securities, provided that the Advisers or their affiliates or the Managers, as applicable, accept such restrictions. The Advisers and Managers generally apply ticker and industry sector restrictions, but do not generally apply other customized restrictions. The Advisers will not accommodate client restrictions if they are inconsistent with the specific mandates of particular strategies. If the Advisers are unable to accommodate a client's requested restrictions, the client will need to find another firm to help meet the client's financial objectives. Managers will accept, or withdraw from the management of, a client's account based on the nature of the proposed restrictions or for any other reason. Further, each Manager may apply guidelines or restrictions differently. In connection with certain strategies and/or for purposes of seeking to apply the restrictions or limits requested by clients in connection with their account, the Advisers and Managers may rely on third-party service providers in determining which securities to exclude from investment, based on such service providers' categorization of the types of companies, industries, or sectors that should be considered in this regard. There can be no assurance that the list of categories as determined by the Advisers or such service providers is complete, or that the securities restricted as a result of such categorization represent all of the securities that might otherwise be restricted in connection therewith, and it should be expected that such

categories or the securities restricted thereunder will change from time to time. Restrictions do not apply to underlying investments in pooled investment vehicles, structured notes, ETFs, Alternative Investments, or other similar investments.

Clients should expect that the performance of Advisory Accounts with restrictions will differ from, and may be lower than, the performance of Advisory Accounts without restrictions. The Advisers do not assume responsibility for investment restrictions that are imposed by the client or any non-client individual or entity, including clients' employers, or that are not communicated in writing to and accepted by the Advisers. Generally, Managers have the discretion to hold the amount that would have been invested in the restricted security in cash/cash equivalents, in substitute securities, or across the other securities in the strategy that are not restricted.

Further, as part of Goldman Sachs, a global financial services organization that is subject to a number of legal and regulatory requirements, the Advisers are subject to, and have adopted internal guidelines, restrictions and policies that restrict investment decisions and activities on behalf of clients under certain circumstances. *See Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* below.

### **Unsupervised Assets**

GS PFM clients may request that the custodian hold investments that clients have made on their own behalf without GS PFM's advice or recommendation ("Unsupervised Assets"). Unsupervised Assets also include investments that a client has directed GS PFM in writing to make on the client's behalf on an execution-only basis. Unsupervised Assets may include assets that GS PFM determines are not available for investment advisory services. Any Unsupervised Assets will generally be transferred by GS PFM and held in a sub-account of a client's advisory account, in an account established with another custodian, or in an individually directed or self-directed brokerage account at the custodian. *See Item 4 – Brokerage Activities* below. Clients accept full responsibility for all decisions regarding the retention or disposition of Unsupervised Assets. GS PFM does not give advice or monitor with respect to Unsupervised Assets unless GS PFM otherwise agrees in writing to advise clients on such assets, in which case the positions will be included in the calculation of the advisory fee.

### **Outsourcing of Certain Investment Operations**

The Advisers, individually or jointly, from time to time work with various third-party service providers to help support the operational needs of managing and servicing Advisory Accounts. These service providers perform or are involved with operational functions such as opening accounts with account custodians, fee billing, bankruptcy claims, proxy voting, portfolio reporting, account rebalancing, model maintenance, trade execution and facilitating operational requests on behalf of clients based on instructions provided by the Advisers, and charge annual fees per account as well as fees based on a percentage of assets in the accounts they service. Unless the client has agreed to a wrap program fee structure, which may or may not include such fees as part of the wrap fee, the Advisers will pass some or all of these fees onto the client.

### **Reliance on Information in Investment Management**

In performing its services, the Advisers do not independently verify any information they receive from clients or from a client's other service providers, and rely solely on the information clients and their authorized representatives provide. The client is free to accept or reject any asset allocation recommended by the Advisers. Moreover, it is the client's responsibility to notify the Advisers promptly in the event of

changes in the client's financial situation or investment objectives so that the Advisers can re-evaluate or revise any previous asset allocation recommendations or services they provided to the client, if necessary.

### **Securities Class Actions and Proofs of Claim**

Ayco will not render advice or take any action on a client's behalf with respect to Ayco Advisory Accounts or the issuers of the securities thereof that become the subject of any legal proceedings, including bankruptcies and class actions. With respect to shareholder class action litigation and similar matters, clients are encouraged to contact the custodian to ensure that the client receives notices and are aware of the participation and filing requirements related to class action and similar proceedings.

GS PFM is not obligated to file, nor will it act in any legal capacity with respect to, class action settlements or related proofs of claim. If requested by the client, GS PFM will endeavor to provide the client with the required documentation, if available, as an accommodation to the client and in GS PFM's sole discretion.

For some clients, GS PFM can make available the services of Chicago Clearing Corporation ("CCC"), a company that specializes in the field of class action claims, or another vendor. If requested, GS PFM periodically provides CCC with the transaction history for the client's GS PFM Advisory Accounts and CCC subsequently monitors for any claims activity related to the securities that have been purchased in the client's GS PFM Advisory Account. CCC will monitor each claim that applies to the client, collect the applicable documentation, interpret the terms of each settlement, file the appropriate claim form, interact with the administrators and distribute any award due for the client's benefit. For their services, CCC charges a contingency fee of 20%, which is subtracted from the client's award when it is paid. The net proceeds are deposited directly into the client's GS PFM Advisory Account or paid to the client by check. When a claim develops, CCC communicates directly with the claims administrator to file the claim on the client's behalf. CCC warrants that any specific private client information they receive will be maintained as confidential and will not be used or disclosed for any reason, except for the completion of the claim itself.

### **Other Offerings of the Advisers**

#### ***Alternative Investments***

If engaged by the client, the Advisers will provide the client with non-discretionary advice with respect to buying, holding, selling, and trading interests Alternative Investments. Clients who choose to invest in Alternative Investments do so based on their own independent assessment of the investment opportunity. Alternative Investments are subject to a high degree of risk, are not suitable for all investors, and typically have limited liquidity. By themselves, Alternative Investments do not constitute a balanced investment portfolio. Clients should carefully review and consider potential risks before investing in Alternative Investments, including carefully reviewing all disclosure documents, private offering memoranda, prospectuses, or other offering materials provided by the Advisers and any separate manager or third-party service provider of an Alternative Investments and/or consulting tax or legal counsel, if appropriate. The offering documents for many Alternative Investments are not reviewed or approved by federal or state regulators.

For Ayco clients, Alternative Investments are made available through GS&Co. or through the Alternative Investments fund manager and can only be purchased and held in brokerage accounts. Ayco Financial Advisors do not provide ongoing advice or monitor Alternative Investments. Ayco Financial Advisors typically receive a commission for the sale of these investments to Ayco clients.

The Alternative Investments made available to GS PFM clients are provided by iCapital Advisors, LLC ("iCapital") and its affiliates, other third-party Alternative Investments platform providers, or directly by

Alternative Investments fund managers. If available based on its existing distribution agreements, GS PFM may also offer certain affiliated Alternative Investments to eligible clients. iCapital's services will also be made available to select Ayco clients, which allows Ayco clients to invest in certain Alternative Investments through iCapital's platform. Alternative Investments offered through iCapital may be more expensive than Alternative Investments offered directly or through GS&Co. to clients.

For GS PFM clients, Alternative Investments can be purchased on a non-discretionary basis and held in GS PFM Advisory Accounts and where GS PFM Financial Advisors are registered representatives of GS&Co., in brokerage accounts through GS&Co. For Alternative Investments held in GS PFM Advisory Accounts, GS PFM will provide periodic monitoring and advice on these investments. GS PFM's advisory fee, which may be referred to as a CASP ("Comprehensive Advisory Services Program") fee in affiliate Alternative Investment offering documents, is charged on certain assets under supervision, including Alternative Investments, or on actual or discounted commitments, in addition to the management fee paid to the fund manager. In some cases for affiliated Alternative Investments, the management fee paid to the fund manager may be discounted or waived. In addition to the advisory fee and/or management fee, GS PFM clients pay additional dealer management fees, access fund management fees or similar servicing fees to iCapital or other Alternative Investment service providers. For Alternative Investments purchased in brokerage accounts, in addition to the management fee paid to the fund manager, clients also pay investor servicing fees, distribution fees, or other similar fees. A portion of these fees are paid to GS&Co.

### ***Fixed and Variable Insurance and Annuities***

The Advisers will, if appropriate based on the client's financial needs, advise certain clients to include insurance as part of their portfolio. However, the Advisers will not exercise discretionary control over Advisory Accounts to purchase an insurance product. The Advisers are affiliated with insurance agencies within the Adviser's internal insurance teams, formally known as Ayco's Wealth Strategies Group, including United Capital Risk Management, LLC ("UCRM"), The Ayco Services Agency, L.P. ("ASA"), and The Ayco Services Insurance Agency, Inc. ("ASIA"). Certain Financial Advisors are also licensed as insurance agents with UCRM or ASA and receive compensation related to fixed life insurance policies and annuity contracts (together, "Fixed Products") as described in *Item 10*. Certain Financial Advisors are also licensed with Mercer Allied and/or GS&Co. and receive compensation related to variable life insurance products and variable annuity contracts (together, "Variable Products"), as described below under Brokerage Activities and in *Item 10*. ASA also offers a digital insurance platform for term insurance that may include term insurance products that are the same, similar or different than term insurance available outside of the digital platform.

Financial Advisors will, based on a client's interest and financial planning needs, refer clients to one or more of the Advisers' affiliates (including UCRM or ASA), or to an unaffiliated third-party general insurance agency for the placement of Fixed Products or to Mercer Allied and ASA for the distribution of Variable Products. Unless otherwise agreed by the Advisers in writing or through a separate notice to or from an affiliate, in cases in which insurance products or annuities are made available to clients who do not receive advisory services, such engagement does not result in an investment advisory relationship with the Advisers or any affiliate, and none of the Advisers or any affiliate have a corresponding fiduciary duty with respect to such clients.

When the Advisers refer clients to affiliates for Fixed Products or Variable Products, including UCRM, Mercer Allied and ASA, commission or referral fees may be paid subject to applicable law and such commissions or referral fees will, in general, be paid to its employees if they hold appropriate state insurance licenses and, if applicable, securities licenses. When Financial Advisors recommend that a client include an insurance product as part of the client's portfolio or makes a referral of a client for the purchase of an insurance product, Financial Advisors are generally paid a commission or other compensation for



such sale or referral. *See Item 10* for more information. This creates a conflict of interest, as Financial Advisors have an incentive to place the insurance product or make the referral as they will earn additional compensation as a result of the sale or referral. If a recommendation is made or a client is referred to UCRM, ASA, ASIA or Mercer Allied related to the purchase, redemption or exchange of an insurance policy, clients are not obligated in any way to execute through UCRM, ASA, ASIA or Mercer Allied and/or any insurance agent affiliated with the Advisers and/or any insurance agency with which its Financial Advisors may be licensed. Clients should understand that recommendations by insurance agents to purchase an insurance product are not made by the Advisers in their investment advisory capacity, are not subject to the Investment Management agreements with the Advisers, and are not subject to the same standard of care as investment recommendations provided by investment advisers.

Clients are not required to open and/or maintain accounts or purchase insurance or annuities through the Advisers or their affiliates. Clients have the option to purchase insurance and annuities through brokers or agents that are not affiliated with the Advisers.

Currently, the Advisers accept discretion to allocate Variable Subaccounts on a limited basis as part of their broader Investment Management services. Except as described herein, the Advisers do not provide advice or recommendations on the selection of Variable Subaccounts. ATAS clients and existing clients of GS PFM may grant ATAS or GS PFM, respectively, discretion to: (a) select Variable Subaccounts as defined above for clients' existing variable annuities and (b) allocate and reallocate any premiums among the Variable Subaccounts available from the specific annuity sponsor (collectively (a) and (b) are referred to as the "Variable Subaccount Allocation Services"). In performing Variable Subaccount Allocation Services, ATAS or GS PFM will only consider the Variable Subaccount options available within the specific annuity purchased by the client. The Advisers do not determine which Variable Subaccount options are made available by insurance companies. Variable Subaccounts are not custodied at Goldman Sachs. In certain legacy arrangements, GS PFM may also provide, for a fee, advice regarding the selection and reallocation of index investment options available under certain non-commission, fixed annuity products.

Insurance carriers offer certain types of annuity products for which no sales commissions are paid, but rather are only subject to an advisory fee for Variable Subaccount Allocation Services as agreed pursuant to the terms of the advisory agreement with the client ("Advisory Annuities"). In the event Advisory Annuities are offered for sale and/or service by Mercer Allied or ASA, the Advisers will expand the circumstances in which they provide Variable Subaccount Allocation Services to include such Advisory Annuities. Fees for investment advice related to Advisory Annuities, generally a percentage of assets invested in the Advisory Annuity, may differ from fees otherwise agreed by the Advisers for other investment advice. The fees for the Advisory Annuities are commensurate with the services provided and generally will not exceed 1.5%. Advice for fixed annuity index allocations may also be expanded through this initiative. The Variable Subaccount Allocation Services associated with variable and fixed annuity products may be implemented through Centrally Managed Strategies offered through Ayco PMG.

The Advisers will not exercise discretionary control over retirement assets to purchase an insurance product. Any changes in a client's Variable Products (re-allocations among Variable Subaccounts or otherwise) are subject to the terms and conditions imposed by the applicable variable annuity sponsor. The cash or surrender value of any variable annuity for which GS PFM or ATAS is providing Variable Subaccount Allocation Services is included in the total assets on which the advisory fee is calculated. The advisory fee is separate from, and in addition to, the management fees and expenses charged on a continuing basis by the variable annuity sponsor, insurance company, and/or associated investment manager.

If a client has not granted discretion regarding Variable Subaccounts as described above, the Advisers may provide clients with education regarding asset allocation principles or examples of model portfolios.

### ***Securities-Based Loans & Margin***

Clients may, if the use of leverage is determined to be a suitable investment strategy and legally permissible, be able to pledge account assets as collateral for loans obtained through certain affiliated and unaffiliated lenders (“Securities-Based Loans”). The Securities-Based Loans can be offered through Goldman Sachs Bank USA. The Securities-Based Loan programs available to clients of the Adviser will depend on the Adviser and custodian selected by the client. There are risks, costs, and conflicts of interests associated with Securities-Based Loans Margin loans made available to GS PFM clients through Third-Party Custodians are done so on a self-directed basis. GS PFM does not recommend, monitor, or service such loans and any custodian communication facilitated from GS PFM to clients regarding their margin loans is done so as a courtesy. Clients should regularly monitor their loan activity and market values of their pledged accounts at their custodian. Interest or other fees charged for margin are paid to the custodian.

### ***Brokerage Activities***

Certain Financial Advisors are registered with an affiliated broker dealer, GS&Co. or Mercer Allied. These persons, in their capacity as registered representatives of GS&Co. or Mercer Allied, can refer clients to GS&Co. for brokerage services or effect securities transactions in brokerage accounts. Financial Advisors also refer clients to GS&Co. for brokerage related services and GS PFM refers clients to unaffiliated broker/dealers for other brokerage related services, including individually directed, non-discretionary brokerage accounts. Financial Advisors registered with GS&Co. or Mercer Allied can also refer clients to Mercer Allied for Variable Products, as discussed above. Financial Advisors generally will receive commissions for these transactions. Clients are under no obligation to effect brokerage transactions through GS&Co or Mercer Allied. Because of the potential for Financial Advisors to generate a commission, Financial Advisors have an incentive to recommend insurance and investment products based on the potential compensation received, rather than the client’s needs. *See Item 10 - Other Financial Activities and Affiliations* below.

GS&Co.’s primary role is to execute trades for the client based on the client’s instructions and Mercer Allied’s primary role is to place variable insurance products. The brokerage firm’s obligations to the client are different when it acts as broker as compared to when the Advisers act as investment advisers. In brokerage relationships, the brokerage firm’s interests will not always be aligned with the clients’ interests, and any advice the brokerage firm gives is incidental to the brokerage services it provides. The client does not pay a separate fee for advice in brokerage transactions but compensates the brokerage firm for trade execution only by payment of a commission or, in the case of placement of an insurance product, the brokerage firm is paid a commission by the insurance company. In the brokerage account context, the Advisers are not acting as a fiduciary investment adviser with respect to the assets held in a brokerage account (including an IDA). However, broker-dealers are subject to a best interest standard when recommending securities transactions or investment strategies to retail customers in brokerage accounts.

### ***Referrals to Affiliates and Third Parties***

Each of GS PFM and Ayco refer clients to each other and other affiliates, including GSAM, ASA, UCRM, Ayco, GS&Co., and Mercer Allied, in connection with certain services. Financial Advisors may refer clients to PWAs with GS&Co. In some circumstances, PWAs will work alongside Financial Advisors to provide advisory services to clients who typically have more than \$15,000,000 in assets under supervision. PWAs may select or recommend that clients appoint the Advisers or other affiliates to manage all or a portion of the clients’ assets, including through Advisory Accounts managed by Ayco PMG. PWAs manage Ayco accounts with GS&Co. Custody by investment in one or multiple asset classes and types of investments, which currently include certain structured investments, mutual funds, ETFs, cash and cash equivalents, and



other securities and investments. PWAs will also manage existing Ayco accounts with Fidelity custody but typically, they will not purchase new assets for these accounts.

Subject to applicable law, the Advisers will receive commissions, referral fees or other compensation and such receipt of such commissions, referral fees or compensation can be a factor in determining compensation paid to its employees. Referral payments are also made for insurance contracts. *See Item 14 – Client Referrals and Other Compensation.*

The Advisers also provide referrals to unaffiliated third-party professionals (“Third-Party Professionals”) to assist clients with recommendations, advice, financial planning strategies (including tax return preparation, household payment administration and bill payment), and services not directly related to the Advisers’ services. Unless otherwise indicated by the Advisers in writing, the Advisers do not undertake to, nor do they perform, specific due diligence regarding Third-Party Professionals and such referrals do not constitute recommendations by the Advisers of the Third-Party Professional or their services. Referrals to Third-Party Professionals are made as an accommodation. The Advisers do not undertake any fiduciary obligation when providing referrals to Third-Party Professionals. Services provided by Third-Party Professionals are distinct from those provided by the Advisers and their affiliates and typically involve additional terms of service. Third-Party Professionals may be different from the service providers that the Advisers and their affiliates use to provide the same or similar services due to regulatory limitations or other reasons. In instances where the Advisers maintain a business relationship with a Third-Party Professional, such relationship should not influence the referral or the service received by the Third-Party Professional.

### ***Legal, Tax, and Accounting Advice and Services***

As discussed above in *Item 4 – Financial Planning*, while Ayco may provide tax return preparation services and tax advice to clients, GS PFM does not provide such services under any circumstances. Further, neither Adviser provides legal or accounting advice or services to clients. Clients should consult with their own legal, tax, and accounting professionals before engaging in any transaction.

The Advisers may, upon request, provide to clients various estate, insurance, tax, retirement, and investment planning that may include investment advice. The scope of such services will vary among clients and when limited to episodic and educational consultations, such services are not and should not be viewed as legal, tax, or accounting advice. Trust, estate, and wealth planning does not address every aspect of a client’s financial life and the fact that a topic is not discussed with a client does not indicate that the topic is not applicable to any particular client’s financial situation. The Advisers may review with clients the general tax consequences of their investments, estate planning, philanthropic endeavors, real estate holdings, and certain other activities that may affect income tax, but any such review that does not constitute tax advice.

The Advisers may refer clients to non-affiliated companies offering tax preparation services. The Advisers make no representations as to the quality, accuracy, or results of any provider’s tax return preparation services and is not liable for a client’s ultimate selection and utilization of any particular provider. There may be other service providers offering the same or similar products and services, either through GS PFM, Ayco, their affiliates, or the marketplace generally, that are more or less expensive. The Advisers may provide documents and information or, if appropriate, facilitate payment to a provider in combination with the tax return preparation services provided by that provider to clients. Ayco may agree, in its sole discretion, to include the cost of third-party tax return preparation services in a client’s Financial Planning fees. GS PFM may also agree, in its sole discretion, to include the cost of third-party tax return preparation as part of the bundled advisory fee or Financial Guidance fee paid by clients to GS PFM. In certain instances, the ability of GS PFM to bundle the cost of third-party tax return preparation is limited based on

account type. In some limited cases, GS PFM may cover the cost of tax return preparation services. The Adviser's limited involvement is not intended nor does it constitute an accountant-client relationship or tax advice. Similar arrangements may also be made available to employees, members or participants of Corporate Partners where the Corporate Partner may be responsible for some or all of the tax preparation fees as discussed above in *Item 4 – Financial Planning*.

### ***Other Non-Advisory Services***

The Advisers (either through Ayco, GS PFM, or through affiliates) may also offer certain non-investment advisory services beyond those already mentioned herein, such as insurance servicing for products and annuities placed through the Advisers' internal insurance teams, bill pay services, and various administrative services. Such services are made available to clients based on a number of factors including client interest, total client assets and other factors. Please see *Item 10* for more information. Such non-investment advisory services are provided to certain clients and non-clients, and provision of any such services to a non-client does not result in that person becoming a client of the Advisers. In cases where such services are made available, they are intended to supplement other services made available by the Advisers. Unless otherwise agreed by the Advisers in writing or through separate notice from an affiliate, in cases where such services are made available, such engagement does not result in an investment advisory relationship with the Advisers, and the Advisers have no corresponding fiduciary duty with respect to such services.

### ***Technology Platform Provided by FinLife Partners***

FinLife Partners, which is available through GS PFM, provides a technology platform and related consulting services to third-party investment advisers, trust companies, and broker-dealers, including training, use of a certain technology platform, related marketing content and assistance in preparing certain client deliverables. The technology platform services do not include individual investment management or guidance provided directly to retail clients. Third-party advisers pay FinLife Partners an onboarding fee and a flat fee for its services for each financial advisor who uses the technology. FinLife Partners may also make available GS PFM's sub-advisory services or mutual funds and ETFs managed by GSAM. Depending on how third-party advisers structure their agreement with their retail clients, their retail clients will pay a portion of the investment management fees paid to FinLife Partners. Some retail clients pay different fees depending on the third-party adviser's arrangement with FinLife Partners. Such arrangements are negotiated between GS PFM and the FinLife Partner. The FinLife Partner may also receive discounts towards the cost of technology platform based on their use of GS PFM's sub-advisory services or mutual funds and ETFs managed by GSAM.

### **Portfolio Management Services in Wrap Fee Programs**

Ayco is the sponsor of a wrap fee program with Fidelity as custodian known as the Ayco Private Access Account Strategies program ("Ayco Private Access Account Strategies Program"); however, Ayco does not act as a portfolio manager for wrap fee programs. Through the Private Access Account Strategies Program, clients who have selected Fidelity as their custodian are able to invest in Affiliated Managers and Unaffiliated Managers. Ayco clients who elect GS&Co. as their custodian have access to GS&Co.'s wrap fee program ("Managed Account Strategies Program"). The number of Managers available in the Private Access Account Strategies Program is more limited than in GS&Co.'s Managed Account Strategies Program. Ayco charges Retirement Accounts a single advisory fee for advice on (1) managed program selection, (2) manager and strategy selection, including Affiliated Managers and Unaffiliated Managers, and (3) asset allocation across the client's managed program for Retirement Accounts.

For more information, please refer to Ayco's Wrap Fee Program Brochure (ADV Part 2A – Appendix 1) –

Private Access Account Strategies (a copy of which is available through the SEC's Investment Adviser Public Disclosure website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and delivered to applicable clients). Information about GS&Co. as sponsor of its Managed Account Strategies Program is available in the GS&Co. Wrap Fee Program Brochure (a copy of which is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and delivered to applicable clients). Information about Managers participating in the Ayco Private Access Account Strategies Program and/or Managed Account Strategies Program is available in the Form ADV Part 2A brochure for the applicable manager sponsored by Ayco.

GS PFM historically has offered certain managed strategies or accounts under a wrap fee whereby Execution Charges (as defined below), custodian costs, technology platform fees, and/or other operational costs were included in the advisory fee. While some legacy clients may still have accounts under this arrangement, such fee structures are no longer available for new GS PFM clients. For more information, please refer to GS PFM's Wrap Fee Program Brochure located at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Transition, Delegation or Assignment of Advisory Services to Affiliates**

Due to business restructuring, personnel changes or changes in particular circumstances of a client and the scope of their advisory services and advisory relationships, clients may be offered the option to transfer their relationship to an affiliated adviser through delegation, assignment or through establishing a relationship under new terms and conditions. Such changes result in differing arrangements among clients of the same Financial Advisor and different or legacy terms among clients of the same Adviser, including higher or lower fees for the same or similar products and services. Each circumstance is different and in some cases, the client will have the option to maintain the same products and services under the same terms and fee schedule agreed with the original adviser. For any additional products or services made available to the client by the affiliate, the client may be required to execute new agreements, and be subject to new or differing disclosures that could supersede prior terms. For more information on the various fee arrangements that may be available, clients can refer to *Item 5 – Fees and Compensation*, the standard fee schedules contained in this Brochure in Appendix A and B and Appendix A of the PWM Brochure available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Portfolio manager fees applicable to GS PFM offerings are available at <https://guidecenter.finlife.com/feeschedule> and for Ayco and PWM at <https://www.goldman.com>.

### **Assets Under Management**

Clients of each Adviser may elect to have assets in the client's account(s) managed by the Financial Advisors, Ayco PMG, GSAM or Affiliated Managers or Unaffiliated Managers. The figures below include investments in pooled vehicles reflected in Advisory Accounts that are managed by a division within GS&Co. or by an affiliate or a third party. Ayco PMG manages a number of strategies generally offered to GS PFM clients, which are included in the figures for assets managed by Ayco on a discretionary basis. These amounts are also included in the GS PFM figures below, except for certain strategies Ayco PMG manages for clients of third-party investment advisers who utilize FinLife Partners.

#### ***Ayco***

As of December 31, 2022, assets managed by Ayco were approximately \$30,001,086,440.09, all of which were managed on a discretionary basis.

#### ***GS PFM***

As of December 31, 2022, assets managed by GS PFM were approximately \$29,392,155,758.11 of which \$28,338,729,884.19 were managed on a discretionary basis and \$1,053,425,873.92 were managed on a non-

discretionary basis.

These figures include strategies that are managed by Affiliated Managers.

## **ITEM 5 – FEES AND COMPENSATION**

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The Advisers are generally compensated through Financial Planning fees and/or Investment Management fees that are charged to clients, along with other fees that may be charged by Goldman Sachs. Clients are also responsible for third-party fees and charges, as described in more detail below. The Advisers utilize different fee structures as more fully described in *Item 5 – Ayco Investment Management Services; GS PFM Investment Management Services*.

### **Negotiated Fees**

Advisory fees are agreed upon with each client and confirmed in writing, which may be amended from time to time. The Advisers consider a number of variables when analyzing the specific services to be provided to the client and the appropriate cost for those services. Factors that determine the advisory fee could include, but are not limited to:

- the services expected to be performed;
- anticipated level of service;
- the client's Financial Planning and Investment Management needs;
- account objectives;
- the amount of investable assets;
- the client's net worth;
- corporate affiliation, if acquired through a Corporate Partner;
- distribution channel;
- overall relationship, including whether the client participates in a Financial Planning program through a Corporate Partner or receives other services under a separate fee arrangement;
- referrals from affiliated and unaffiliated parties; and
- historical fees charged to other similar clients in the region.

As a result, clients (including clients who are part of the same Corporate Partner program as applicable) may be charged different fees for similar services and the actual advisory fee may be higher or lower than the fee charged to other clients depending on these broader considerations. The Advisers' fees may be higher or lower than those charged by others in the industry and it is possible to obtain the same or similar services from other advisers at lower or higher rates. Minimum balances or minimum fees are modified and/or waived in the sole discretion of the Advisers or their affiliates, as applicable, including as part of certain corporate-sponsored Financial Planning programs. Financial Planning fees will vary as programs and services themselves vary (based on the factors described above). This will result in a client or third party (e.g., Corporate Partner) paying different Financial Planning, program, and/or seminar fees (as applicable) than another client or third party for similar services. Certain clients may have access to strategies or products that may not be available to other clients and pursuant to different fee schedules or fee structures. Certain strategies may be available to the Advisers' affiliates, or employees of the Advisers and their affiliates, at lower rates than those available to clients. The same strategy or product can be subject to different fee schedules based on the Financial Advisor's management of the Advisory Account or the client's agreement with the Adviser on a particular advisory strategy.

Corporate Partner programs may also include alternative fee arrangements, where the Corporate Partner may provide certain of its products or services, or marketing or other benefits to the Advisers or their affiliates pursuant to an arrangement whereby the Advisers provide their services to Corporate Partner members or participants at discounted or waived fees. This can occur where, for example, a Corporate Partner provides the Advisers or their affiliates with advertising or access to Corporate Partner members or participants (e.g., athletes or other talent), including through events sponsored by the Corporate Partner. Services may be provided to Community-Based Partners on a fee waived or pro-bono basis, or at significantly reduced rates.

## **Fees for Financial Planning**

### ***Ayco Financial Planning Fees***

Ayco typically receives an annual Financial Planning fee. Such fee is payable, in whole or in part, by the client, a Corporate Partner, or, in some cases, a third party pursuant to an arrangement with the client or a Corporate Partner (e.g., third-party trustee). The general range for Ayco's annual individual Financial Planning fee is between \$1,000 and \$100,000. This range accounts for various distribution channels and types of services offered and will vary depending on the client's individual circumstances and needs. Ayco may add a 15% surcharge for services provided by Ayco's West Coast office. In addition, additional charges may be imposed related to state specific circumstances. When clients are charged for Financial Planning, fees for the cost of certain non-investment advisory services (e.g., tax preparation) may be included. Typically, Financial Planning fees are payable on a semi-annual basis in advance. In certain limited circumstances, Ayco offers Financial Planning on an hourly basis (typically between \$280 and \$600 an hour). Fees for Financial Planning that Ayco receives from Corporate Partners are generally transferred to GS PFM in connection with the services that GS PFM provides to Ayco referred clients. Certain Ayco clients who typically have smaller investment accounts (typically with assets under management of less than \$1,000,000) and receive investment advisory services through Financial Wellness Advisors will pay an annual advisory fee that compensates Ayco for providing Investment Management and Financial Planning. *See Fees for Investment Management Services – Ayco Investment Management Fees below.*

Financial Planning fees are typically higher for Ayco Family Office clients, and generally require a minimum annual fee of \$100,000. In addition, certain new Ayco Family Office clients pay a one-time integration fee that typically ranges between \$10,000 and \$25,000, which includes data collection and report set up.

Fees for Financial Wellness programs generally range from \$25 to \$250 per eligible program participant annually, but fees may be adjusted based on the particular circumstances. Ayco will also negotiate alternative fee arrangements for telephonic Financial Wellness programs that are based upon a specified number of calls anticipated over a certain period of time and depend upon a number of factors including the eligible population, scope of topics addressed, and timing of the program, with call blocks generally ranging from \$25,000 to \$200,000. Minimum fees and fee ranges are charged based upon: (i) number of eligible participants; (ii) volume of calls; (iii) usage rates; (iv) scope of services; or (v) other negotiated factors. Ayco will also negotiate flat fee arrangements for Financial Wellness Services, a specified number of seminar days, and associated travel and living expenses.

Program fees for specific life event programs and services such as SurvivorSupport® or TransitionalSupport® (e.g., services tailored to serious illness or death of individual client or client's family member) range from \$750 to \$7,500 per client.

In addition to individual Financial Planning fees, certain Corporate Partners pay fees on a one-time or recurring basis that will vary depending on program complexity and configuration requirements. Such



program fees can include: (i) an annual account maintenance fee that covers collection and analysis of the Corporate Partner's benefits and compensation plans for the purpose of counseling individuals participating in the Ayco program; (ii) fees for direct access to certain services offered by Ayco's benefits specialist team; and (iii) ongoing administration fees for the Ayco program. Ayco may also negotiate alternative flat fee arrangements with Corporate Partners for bundled services, including Financial Wellness, Personal Financial Management, and/or EFM. Although fees for Financial Planning that Ayco receives from Corporate Partners are generally transferred to GS PFM in connection with its services, Ayco does not share fees for account maintenance or administration paid under corporate programs unless GS PFM provides all Financial Planning services for the Corporate Partner.

Seminar fees vary depending upon the duration of the program, delivery method (live or recorded webinars), the number of eligible participants, and the customization of the program itself. Ayco's seminar fee ranges from \$1,000 to \$4,000 per day.

### ***GS PFM Financial Planning Fees***

#### **GS PFM Financial Planning Fees – General**

Generally, GS PFM clients that receive only Financial Planning pay a Financial Guidance fee. Some clients pay a negotiated Financial Guidance fee in addition to an advisory fee where such separate fees were historically paid by the client. Such arrangements are specifically negotiated between GS PFM and the client. The general range of the Financial Guidance fee is typically between \$2,500 and \$55,000 per year, but may be significantly higher or lower. Fees for Financial Planning are negotiated and can vary for many reasons, including the scope and size of the relationship and the client's individual circumstances and needs. Prior to March 31, 2020, certain clients agreed to pay for Financial Planning as a percentage of assets, a flat dollar amount, or hourly fees at a minimum of \$200 per hour and a maximum of \$500 per hour. Typically, the Financial Planning fee is due in advance; however, some clients may have different legacy payment arrangements.

#### **GS PFM Financial Planning Fees – Corporate Partner Programs**

Clients in Corporate Partner programs will typically pay an annual fee for Financial Planning. Such fee will be payable either by the Corporate Partner on behalf of their employees or directly by the client if the Corporate Partner is not making the payment. In some cases, the payment may be made by a third party pursuant to an arrangement with the client or client's employer (e.g., third-party trustee). These Financial Planning fees are typically charged semi-annually in advance. The fees are negotiated and can vary for many reasons, including taking into account the scope and size of the relationship and services provided to the Corporate Partner. The fee generally ranges from \$2,500 to \$5,000 per year but can be more or less per client or can be waived. If services in addition to Financial Planning are requested by a client or a Corporate Partner, additional fees will be charged and will vary depending on the services selected and client's individual circumstances and needs. Negotiated rates or fee waivers, if applicable, made available through Corporate Partner relationships are generally not available if an individual client is no longer affiliated with a Corporate Partner.

### ***General Information on Advisers' Financial Planning Fees***

#### **Billing Fee Adjustments, Pre-paid Fees, and Refunds**

Billing arrangements related to Financial Planning, program, and seminar fees (as applicable) are negotiable. Clients and/or third parties responsible for payment for services (e.g., Corporate Partners) may

be billed directly, and/or the client may authorize the payment of fees directly in writing from certain eligible investment accounts. Payment of fees from a client's investment account will impact the overall investment return relative to such account. Unless otherwise agreed and as specifically noted below, upon termination of a Financial Planning relationship before prepaid services are rendered, the Advisers will refund such portion of the fee that has been prepaid but remains unearned.

Except as negotiated between Ayco and Corporate Partners, fees payable to Ayco in connection with Financial Wellness programs are non-refundable after the earlier of (i) the initial telephonic or digital encounter with a client; or (ii) the Financial Wellness program or seminar is otherwise developed or implemented.

Financial Planning, program, and seminar fees (as applicable) may be adjusted automatically by terms mutually agreed upon by the Advisers and the client and/or third party responsible for payment for services (e.g., Corporate Partners). Examples of automatic adjustment include increases to Financial Planning and certain program fees (e.g., the annual account maintenance fee, if applicable) based on an increase in the Consumer Price Index ("CPI") for the services industry. The Advisers also reserve the right to adjust fees in the event of extraordinary circumstances. In such cases, the client and/or third party responsible for payment for services will be notified of any such proposed adjustment.

Corporate Partners are responsible for determining the amount of income to impute to individual executives and participants, if any. Ayco does not provide any advice in this regard.

### **Other Fees and Expenses Incurred in Connection with Advisory Services**

Financial Planning fees only cover Financial Planning and do not cover any other services, accounts, or products that clients obtain from the Advisers or their affiliates provided that the cost of certain non-investment advisory services (e.g. tax preparation) may be included when clients are charged for Financial Planning. Unless otherwise agreed, clients who receive Investment Management services through the Advisers will pay additional fees and expenses in connection with such services. Those fees and expenses are described below. Clients who receive Investment Management services through affiliates will also pay separate fees and expenses for those services, which are described in the affiliate's ADV Part 2A brochure and in any applicable fee schedules or agreements.

### **Fees for Investment Management Services**

#### ***Ayco Investment Management Fees***

Ayco clients generally compensate Ayco for its Investment Management services through the payment of an advisory fee that is calculated as a percentage of assets in the Ayco Advisory Account. Ayco clients generally pay Execution Charges (as defined below) in addition to paying advisory fees. Depending upon the custodian they select, Ayco clients will also pay custodian specific fees (if any) for custody, sub-advisory services, administrative services and consolidated reporting, as well as underlying mutual fund, ETF, and private investment fund fees and expenses, as described below. Certain clients of GS PFM have access to Ayco products and services as described herein and pay fees structured similarly to Ayco's advisory fees. Access to certain strategies is provided in wrap form. Please see below for additional information.

Absent special circumstances, the fees set forth in the Appendices represent the current maximum advisory fees for Ayco Advisory Accounts. The actual advisory fee paid by each client is set forth on the applicable



fee schedule agreed to by the client and may vary from those in the fee schedules herein. A client may pay more or less than other clients invested in similar strategies or products.

With respect to any Retirement Accounts, the Advisers' ability to collect certain fees and other compensation (including certain fees described in *Underlying Fund Fees and Pooled Investment Vehicle Fees, and Compensation for the Sale of Securities and Other Investments* below), to engage in certain transactions (including principal trades) and provide certain services are limited by the Retirement Regulations.

Clients with smaller investment accounts (typically with assets under management of less than \$1,000,000) that have an Ayco Financial Advisor will generally pay, as applicable, (i) an annual advisory fee that compensates GS PFM for providing investment advisory services and Financial Planning in connection with the client's account; (ii) Managed Strategy Fees; (iii) operational costs, including reporting, model maintenance, and other operational costs; and (iv) custody and Execution Charges (as defined below). Please see *GS PFM Investment Management Fees* below for additional information on legacy fee arrangements. The advisory fee is charged at an annualized rate as agreed in the fee schedule in the application that a client submits to open their Advisory Account, as amended from time to time in writing.

*Strategy-based fees.* For Ayco Advisory Accounts (except for Retirement Accounts) with Fidelity custody, clients generally pay strategy-based investment advisory fees that are set forth on the fee schedule attached as Appendix A based on assets under management in the particular strategy.

Ayco clients who elect GS&Co. custody either agree to a specific fee for each managed strategy or choose to participate in the DMS program. Clients who choose to participate in the DMS program will agree to a fee schedule based on the sub-asset class classification of each strategy. From time to time for DMS, Goldman Sachs reclassifies managed strategies from one sub-asset class to another sub-asset class. In these instances, Ayco clients who have elected to participate in the DMS 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, 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 DMS 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 relevant program to maintain their investment in the strategy. Clients who have elected not to participate in the DMS 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 applicable fee applied to the account pursuant to the fee schedule is determined at the time of initial investment. Notwithstanding different fee tiers for asset ranges set forth in the pertinent fee schedule, fees are not adjusted in connection with any subsequent increases or decreases in investment size for existing strategies, unless specifically negotiated. The foregoing will also apply to those clients who continue to participate in the Verbal Manager Selection program that Ayco no longer offers.

*ATAS fees.* For ATAS clients, the advisory fee charged by Ayco generally ranges from 0.180% to 1.650% of trust assets under management, depending on the amount of assets under management and the investment strategy. Ayco reserves the right to charge ATAS clients a minimum annual investment advisory fee even where doing so results in a fee that exceeds 1.650%. Corporate trustees also charge a fee for their trustee and administrative services and provide their own fee schedules. The trustee fees charged by corporate trustees to ATAS clients are determined by the corporate trustees and, unless otherwise indicated to clients, generally range from 0.210% to 0.650% of assets under management, depending on the corporate trustee selected and the amount of assets under management.

*Retirement Accounts.* For Retirement Accounts where the client participates in the managed account platform, the maximum advisory fee is 1.5%. Clients will be charged the same fee for all strategies regardless of strategy selected.

*CASP.* CASP is an alternative pricing model offered to Ayco clients, with the exception of Retirement Accounts, custodied at GS&Co. that provides a comprehensive 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 account, client customization of investment guidelines, 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 a 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 account, the client's particular financial needs and circumstances and the fees charged. Certain account fees and expenses will be more or less expensive depending on the pricing model chosen. If a client has a CASP fee arrangement, Manager fees and Execution Charges (as defined below), where applicable, will apply in addition to the single advisory fee. Please refer to the CASP fee schedule attached as Appendix B.

*Calculation and Deduction of Fees.* Advisory fees paid by clients for Ayco Advisory Accounts are generally charged quarterly in arrears based on the average market value of the assets in the account during the previous quarter. However, from time to time there may be certain Ayco Advisory Accounts that custody with Fidelity or other Third-Party Custodians and are billed quarterly in advance based on previously negotiated billing arrangements that are no longer available or that were established through an affiliate. Fees are prorated and due upon termination or for partial periods. *See Terminated Accounts* below for a description of adjustments for terminated accounts.

For Ayco Advisory Accounts with Fidelity custody, clients generally authorize Ayco to direct Fidelity to have their fees and expenses debited from their Ayco Advisory Account for credit to Ayco and its affiliates, as applicable. Cash and cash equivalents are included in the advisory fee calculation for Ayco clients with Fidelity custody. The average month-end values are adjusted for significant cash flows (contributions and withdrawals).

For Ayco Advisory Accounts with GS&Co. custody, average market value is generally determined using averaged end-of-day quantities and end-of-month market prices for each security and advisory fees are automatically deducted from the client's Ayco Advisory Account unless otherwise agreed between the client and GS&Co.

### ***GS PFM Investment Management Fees***

Clients generally pay, as applicable, (i) an annual advisory fee that compensates GS PFM for providing investment advisory services and Financial Planning (sometimes referred to as "Financial Guidance") in connection with the client's account; (ii) fees that compensate the Managers of each managed strategy in the client's account ("Managed Strategy Fees"); (iii) operational costs, including reporting, model maintenance, and other operational costs; and (iv) custody and Execution Charges (as defined below). Except as discussed below, the maximum advisory fee is generally 1.50%, although some clients may have different legacy arrangements, as described in more detail below. The advisory fee is charged at an annualized rate as agreed in the fee schedule in the application that a client submits to open their GS PFM Advisory Account, as amended from time to time in writing. GS PFM intends to introduce a minimum fee for clients whose assets under management fall below certain thresholds, which may be an amount that exceeds 1.50% on assets under management in the GS PFM Advisory Account.

GS PFM clients who are part of a corporate program receive Financial Planning services and if they also receive Investment Management services, are charged fees for Financial Planning separately from any Investment Management fees. Fees for Financial Planning may be paid in whole or in part by the Corporate Partner. Arrangements through Corporate Partners generally differ from individual arrangements and can include negotiated fee waivers or reduced fees for Investment Management services. *See Negotiated Fees* above.

The advisory fee will vary depending on a number of factors. Further, the advisory fee may be negotiated and customized depending on several factors as discussed in *Negotiated Fees* above. The advisory fee is generally determined at the time of initial investment; subsequent increases or decreases in investment size do not result in an adjustment to the advisory fee, unless specifically negotiated. GS PFM Advisory Accounts fees are subject to change and the fees GS PFM charges some clients will be different from the fees charged to other GS PFM Advisory Accounts. It should be expected that fees will change over time for a variety of reasons, including negotiations with Managers and/or the availability of fee reductions, which GS PFM can in its sole discretion, use to change the fee charged to client accounts. A client may pay more or less than another client invested in similar strategies, asset classes or products, or where a client moves to GS PFM from a GS PFM Financial Advisor's prior firm or from an affiliate. Further, fees may vary depending on the custodian chosen by the client. For example, clients who chose GS&Co. as custodian will not pay fees to a third-party technology platform on assets held at GS&Co.

With respect to Retirement Accounts, GS PFM's ability to collect certain fees and other compensation, to engage in certain transactions (including principal trades) and provide certain services may be limited by ERISA or the IRC and the regulations promulgated thereunder.

GS PFM has acquired certain client relationships through its business acquisitions and recruiting efforts. To accommodate such transitions, the fees GS PFM charges these clients is typically determined by the prior investment adviser relationship. Based on arrangements accompanying the transitions, some clients pay higher or lower rates than GS PFM's current advisory fee rate. Some legacy clients may also pay separate fees for Investment Management and Financial Guidance services. Some clients receive reimbursement or credit for transfer costs associated with moving their accounts from one institution or custodian to another during a transition from another investment advisory firm. In some circumstances, GS PFM, where appropriate, absorbs the costs, waives advisory fees, or pays certain expenses related to the transfer of client accounts. In certain circumstances, account transfer costs are paid by the new account custodian (*see Item 12 – Soft Dollar* below for more information about custodian payment of transition costs). Clients who are referred to GS PFM through the Third-Party Custodian referral programs described in *Item 14* generally receive a discounted advisory fee. To the extent clients have a preexisting investment advisory agreement with GS PFM or an affiliate, the fee arrangement(s) previously agreed to will remain in place unless GS PFM notifies such client otherwise.

There are also certain legacy fee arrangements in connection with accounts that have moved from an affiliate or for which an affiliate delegated the Investment Management to GS PFM. Those legacy fee arrangements include asset-based advisory fees where the fees are charged differently depending on the sub-asset class and are subject to the fee schedules set forth in the appendices to this Brochure or the brochures provided by the affiliates. Former APAS clients, former PWM clients, and clients who previously received Financial Planning and Investment Management services from Ayco, including new accounts opened by existing clients, remain eligible for the asset-based pricing model. The asset-based pricing model provides for lower fee rates on certain asset classes versus others, so that a client whose investments are primarily in such lower fee asset classes may have fees that are lower than those of another GS PFM client who may have a similar asset allocation.

To the extent clients have entered into a wrap fee arrangement with GS PFM, the wrap fee will typically cover GS PFM's advisory fee, custody, Execution Charges (as defined below), and operational costs. Some wrap fees may also include Managed Strategy Fees or some other combination of fees. Wrap fee arrangements may cover a client's entire Advisory Account or only with respect to certain Locally Managed Strategies or Centrally Managed Strategies.

*Advisory Fee – Third-Party Custody.* The advisory fee is based on the amount of eligible assets clients have under advisement with GS PFM (including the amount of any assets invested in Alternative Investments and managed by GS PFM on a non-discretionary basis). Typically, with regard to Third-Party Custodians, the advisory fee will be charged quarterly in advance, based on the most recent end of quarter GS PFM Advisory Account value, but some GS PFM clients are billed in arrears at the end of the quarter. Managed Strategy Fees applicable to client GS PFM Advisory Accounts (other than those directly debited from the net asset values of mutual funds or private investment funds) will be payable either quarterly in advance or quarterly in arrears depending on the portfolio manager.

The method for billing these fees varies based on the historical methods of the Regional Offices or GS PFM Financial Advisors. GS PFM can change the method of calculating the advisory fee upon notice. The advisory fee for new accounts begins accruing on the date cash or in-kind transfers have been credited to a client's custodial accounts and is debited by the custodian either at inception or at the end of the quarter. The advisory fee is prorated for partial periods whether paid in advance or in arrears. *See Terminated Accounts* below for a discussion of proration and payment for terminated accounts.

For new GS PFM Advisory Accounts and for new assets added after the start of a quarter, the advisory fee will begin accruing on the date cash or in-kind transfers have been credited to a client's custodial accounts and either be billed when the assets are available to be managed by GS PFM or in arrears after the end of the quarter. GS PFM does not charge a pro-rated advisory fee for new money, if less than \$20,000 is added during a quarter, and does not credit any pre-paid advisory fee for Advisory Account withdrawals of less than \$20,000. It should be expected that the dollar threshold for crediting and debiting fees will change over time, at GS PFM's discretion.

When calculating the advisory fee, securities held in client accounts are valued by the applicable portfolio accounting system used by the Regional Office to manage the client's account. As a result, different clients with the same security will pay different advisory fees depending on the valuation source of the securities in their specific GS PFM Advisory Account.

GS PFM sends the custodian an invoice for quarterly fee debits, or clients submit payment by check. GS PFM is authorized (and any applicable Manager) to debit the advisory fee and any Managed Strategy Fees from client Advisory Accounts with custodian. Clients are encouraged to review the quarterly statement they receive from their account custodian showing the amount of Investment Management fees that have been debited from their GS PFM Advisory Account.

Unless clients have previously agreed to a wrap fee arrangement with GS PFM, clients will pay the additional investment implementation fees described below. If clients have entered into a wrap fee arrangement, they should refer to the GS PFM Wrap Fee Brochure (ADV Part 2A – Appendix 1) for more information.

*Advisory Fee – GS Custody.* Advisory fees paid by clients for GS PFM Advisory Accounts with GS&Co. custody are charged quarterly in arrears based on the average market value of the billable assets in the account during the previous quarter. Generally, the value of billable assets in the account is based on the monthly average market value (including accruals) of a specific product, but certain products are valued differently. For example, for certain private investment funds, the advisory fee is billed (i) on the estimated

monthly average market value or (ii) on the monthly average committed capital (actual or discounted) or invested capital, as described in the applicable prospectus, rather than market values. For certain options strategies, the advisory fee is calculated and charged in arrears based on the average market value of (i) assets and options positions held in client options account or at a custodian and for certain strategies, (ii) assets held in other accounts managed by affiliated advisers; or (iii) the stated notional value of shares or units.

When calculating the advisory fee, securities held in client accounts are valued by GS&Co. and no third-party portfolio accounting system is involved in the calculation.

GS PFM is authorized to debit the quarterly advisory fee and any Managed Strategy Fees from client GS PFM Advisory Accounts with GS&Co. unless otherwise agreed to between the client and GS&Co. Managed Strategy Fees can be debited directly by the Manager. Clients are encouraged to review the quarterly statement they receive from GS&Co. showing the amount of Investment Management fees that have been debited from their GS PFM Advisory Account.

*Managed Strategy Fees.* Managed Strategy Fees begin accruing when assets in a GS PFM Advisory Account (except for Retirement Accounts) are allocated to a managed strategy. The description of Managed Strategy Fees herein is meant to provide a general understanding of how Managed Strategy Fees are charged. The terms of a particular Managed Strategy Fee charged by a portfolio manager are subject to the terms of each portfolio manager's brochure. Unless a client specifies otherwise, or in the case of advice, for example, on 529 Plans, the advisory fee and Managed Strategy Fees will be debited proportionately from the accounts in which they accrued. The advisory fee for advice on 529 Plans or potentially other types of arrangements will be billed directly to the client or debited from another GS PFM account (i.e. an account other than the 529 Plan) for the client. For equity and fixed income Separately Managed Accounts where GSAM serves as manager, Managed Strategy Fees are waived. Further, for Retirement Accounts, Managed Strategy Fees associated with affiliated managed strategies are currently waived. Specific Managed Strategy Fees are disclosed to clients in the GS PFM Portfolio Manager Fee Summary available at <https://guidecenter.finlife.com/feeschedule>.

For new GS PFM Advisory Accounts, Managers may establish different amounts for which they will charge a pro-rated Managed Strategy Fee or credit a pre-paid Managed Strategy Fee if an account is opened mid-quarter.

The client is also responsible for all fees associated with the securities selected by the Financial Advisor, including, but not limited to, Managed Strategy Fees, manager research fees, transaction fees, and operational costs.

### ***Transaction Fees***

Depending on the strategy or investment selected, clients will pay transaction fees and execution charges, including commissions, commission equivalents, mark-ups, mark-downs and spreads, unless waived by GS&Co. or a third party (collectively, "Execution Charges"). Generally, clients will be responsible for payment of all Execution Charges arising from transactions effected for client accounts to either third parties if a third party is providing execution services or GS&Co. if GS&Co. is providing execution services (other than for wrap accounts). Commission schedules vary depending on the custodian and clients may pay more or less in Execution Charges depending on the custodian they select, including when the same strategies are offered through multiple custodians. Additionally, compensation paid to the Advisers and Financial Advisors based on Execution Charges differs depending on the custodian selected by the client. For example, Ayco and Ayco Financial Advisors receive compensation related to GS&Co. Execution



Charges for Ayco Advisory Accounts with GS&Co. custody but are not compensated based on Fidelity Execution Charges for Ayco Advisory Accounts with Fidelity custody.

Descriptions of typical types of Execution Charges are provided below, however, Third-Party Custodians reserve the right to charge fees in addition to what is described below including trade away fees and fees related to specific investments such as mutual funds and alternative investments. For a complete list of transaction fees that may apply to Advisory Accounts, clients should review their customer agreements with the applicable custodian. Additionally, from time to time, Execution Charges are waived by the broker-dealer or paid by the Advisers on behalf of the client. Strategies for Ayco clients in which Execution Charges are waived by the broker-dealer (or paid by the Advisers) are subject to the fee schedules set forth herein. When an Adviser waives or pays this fee, the Adviser is less likely to negotiate below its standard advisory fee schedule. Clients may be able to obtain the same investment advisory and brokerage services that are offered for strategies where Execution Charges are waived (or paid by the Advisers) separately through Ayco, GS PFM, or other firms, and the cost of obtaining the services separately may be more or less than the investment advisory fees charged for the strategies where Execution Charges are waived are paid by the Advisers depending on the anticipated trading activity.

<b>Execution Charge</b>	<b>Description and Applicability</b>
<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 are charged in connection with transactions involving equities, fixed income securities, structured investments, MLPs, ETFs, listed options on equities and any other securities traded as agent.
<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).
<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 are generally 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 are included in transactions involving fixed income securities, structured investments and currencies.

Transaction fees are charged by the broker-dealer executing the transactions for client accounts. Clients will be responsible for payment of all commissions (and commission equivalents), transfer fees, registration costs, taxes and any other costs and transaction-related expenses and fees arising from transactions effected for client accounts, including markups, markdowns, and spreads on principal transactions, auction fees, fees charged for specified securities transactions on exchanges and in the over-the-counter markets, American Depositary Receipt execution costs (such as conversion or creation fees, foreign exchange costs

and foreign tax charges), debit balances and margin interest, certain odd-lot differentials, transfer taxes, electronic fund and wire transfer fees, fees in connection with trustee and other services rendered by custodian, fees on NASDAQ trades, certain costs associated with trading in foreign securities and other property, and any other charges mandated by law or otherwise agreed to by the client and the Advisers or custodian unless the client has a wrap fee structure; certain fees in connection with trust accounting, or the establishment, administration, or termination of Retirement Accounts or other fees in connection with the provision of services by the Retirement Account trustee or custodian, as applicable. The custody, brokerage, and other expenses clients are charged by the custodian will be different from those incurred by clients that use a different custodian. Commissions will be reflected on the confirmations clients receive for such trades. Execution charges in connection with any trades in fixed income securities will be included in the net price shown (but not separately itemized unless required under applicable law) on client confirmations for such trades. The Advisers do not reduce their advisory fees to offset Execution Charges except to the extent required by applicable law.

For Advisory Accounts with GS&Co. custody clients who pay Execution Charges will do so at rates determined by GS&Co. 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 a Third-Party Custodian. 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. When GS&Co. executes a trade through a third-party broker-dealer, any applicable Execution Charges issued by the third-party broker-dealer will be charged to the client. GS&Co. generally charges clients commissions according to agree upon commission schedules. However, there may be circumstances in which GS&Co. charges commissions for investments or transactions that are not covered by the commission schedule. GS&Co. retains the right to waive commissions and mark-ups/mark-downs for certain clients, for execution channels (e.g. electronic executions) or for investment strategies in its discretion. GS&Co. retains the right to discontinue any such waivers at any time upon notice to clients. GS&Co. 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. Transaction charges for Advisory Accounts may differ from Transaction Charges for Third-Party Custodians.

Goldman Sachs executes a significant volume of fixed income trades through third-party broker-dealers and executes 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 will result in fees and Execution Charges that are different from those charged by GS&Co. for the same product and will be higher or lower. In the case of the Agency Trading Option, clients are generally charged an explicit commission that is disclosed on their trade confirmations. In limited circumstances for Advisory Accounts with GS&Co. custody (other than Retirement Accounts), including structured notes, GS&Co. will execute transactions on a principal basis and charge a mark-up/mark-down that appears as part of the net price confirmed to the client. GS&Co. retains the right 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. Fixed income trades for Ayco Retirement Accounts are solely executed through the Agency Trading Option.

For Ayco Advisory Accounts with Fidelity custody or GS PFM Advisory Accounts with Third-Party Custodians, Fidelity and the Third-Party Custodians generally impose Execution Charges, which are in addition to the advisory fees charged by the Advisers listed herein. The Advisers and their affiliates do not share in Execution Charges imposed by Fidelity or the Third-Party Custodians and clients may pay more or less than similar clients charged for identical transactions executed at GS&Co. Fidelity and the Third-Party Custodians may offer discounted commission rates to its employees who are advisory clients of the Advisers, or waive commissions or Execution Charges altogether, in their sole discretion.



If the Advisers and/or Goldman Sachs provide services to Advisory Accounts that have separate fees or costs not included in the advisory fee, then the Advisers and Goldman Sachs (as applicable) will be entitled to retain such amounts and they will not offset any other fees or compensation, unless expressly agreed.

GS&Co., like any other broker-dealer executing a transaction, has 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 – Participation or Interest in Client Transactions and Personal Trading*, Ayco Financial Advisors receive referral or brokerage compensation, if eligible, in connection with transactions effected for Advisory Accounts custodied with GS&Co. For information about Ayco's brokerage practices, please refer to *Item 12 – Brokerage Practices*.

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

Custody fees, administration fees and all other fees charged by service providers providing services relating to Advisory Accounts are generally levied by the custodian, the administrator or other service providers for the Advisory Account. While fees charged by service providers providing services relating to Advisory Accounts are generally not included in the advisory fees payable to the Advisers, the Advisers may receive a portion of this revenue. An Advisory Account (and fund investors indirectly) will generally bear such expenses unless provided otherwise in the applicable Investment Management agreement. Generally, clients may be charged the following fees from their account custodian(s) or executing broker: charges for transactions with respect to assets not executed through the custodian; short term redemption costs; costs charged to shareholders of mutual funds and ETFs by the fund manager; odd-lot differentials; American Depositary Receipt costs; costs associated with exchanging currencies; or other costs required by law. Additionally, the client will be charged for non-standard service fees incurred as a result of any special requests made by the client, such as overnight courier or wiring fees. Custodians may also charge clients account transfer and/or termination fees.

Custodial transaction fees (for transactions executed through the custodian's broker-dealer) will be paid by the client or by the Adviser as negotiated and stated in the client's agreement with the account custodian. Custodians charge clients other fees, beyond transaction fees. If applicable, the additional fees charged to clients by the custodian include, but are not limited to, fees related to custodial and clearing agent services, maintenance of portfolio accounting systems, preparation and mailing of client statements, account processing, systematic withdrawals, redemptions, terminations, account transfers, Retirement Account custodial services, or maintenance of a client inquiry system.

Depending on the custodian relationship, the Adviser, and/or the account type, additional expenses charged to an Advisory Account, either directly or indirectly through a Manager, investment adviser or vendor, could 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 (including 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) fees and expenses of directors, trustees, or independent general partners;
- (vii) technology expenses, including news and quotation services;
- (viii) insurance premiums (where insurance covers numerous Advisory Accounts, each participating Advisory Account is responsible for a share of the premiums);
- (ix) expenses related to compliance by an Advisory Account with any applicable law, rule or directive or any other regulatory requirement, or compliance with the foregoing requirements by the Advisers or their affiliates to the extent such compliance relates to an Advisory Account's activities;
- (x) fees payable to Ayco or its affiliates for loan servicing, tax services provided by Ayco or its affiliates to Advisory Accounts, which represent an allocable portion of overhead costs of the departments providing such services and which is typically determined by Ayco 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;
- (xi) costs and expenses incurred by certain Advisory Accounts in connection with any activities or meetings of special committees or councils with respect to such Advisory Accounts; and
- (xii) any other reasonable expenses authorized by the applicable governing documents, or that are reasonably necessary or appropriate in connection with managing an Advisory Account. Administrative costs for Retirement Accounts and any platform (technology) fees are paid directly by the client, unless other arrangements have been made.

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

Clients that do not custody their Advisory Accounts with GS&Co. generally pay fees to the Third-Party Custodian for operational and administrative support, such as account closeout fees and 990-T service fees, as applicable, including the other fees identified above and elsewhere in this Brochure. The Advisers do not share in these fees. GS PFM utilizes third-party technology platforms to facilitate GS PFM's management and re-balancing of client accounts, aid in model maintenance for managed strategies, and provide other administrative services. With the exception of clients who have legacy wrap fee arrangements with GS PFM, third-party technology platform fees are paid by the client as a percentage of the client's assets invested in managed strategies, which are disclosed to clients in detail in the GS PFM Portfolio Manager Fee Summary available at <https://guidecenter.finlife.com/feeschedule>. These costs may vary depending on the investments selected for a client's account or the custodian chosen. GS PFM does not

retain any portion of the third-party technology platform fees and such costs are negotiated on an arm's-length basis.

Clients that custody with GS&Co. generally do not pay an annual fee for operational and administrative support for their Advisory Accounts and the annual custody fee is generally waived, except for certain legacy relationships that may transition from affiliates from time to time. When a custody fee is charged by Goldman Sachs 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. Additional administrative fees for Ayco Retirement Accounts are charged by unaffiliated third-party service providers.

## **Other Fees**

### ***Servicing and Similar Fees***

With respect to certain Ayco Advisory Accounts, the applicable governing documents may provide for fees to be paid to the Advisers or their 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 Ayco Advisory Accounts. More information about administrative and other fees paid to third-party service providers is provided in other sections within this *Item 5*.

### ***Fees for Securities and Other Investments Purchased Through Brokerage Accounts***

Certain of the securities and investment products that the Financial Advisors recommend or select for Advisory Accounts are available for purchase through a brokerage account at GS&Co. or an unaffiliated financial institution. Clients who purchase securities and investment products outside of their Advisory Accounts will not incur the advisory fees described in this Brochure, and any other fees and expenses generally differ from those charged to Advisory Accounts. In those circumstances, however, such clients do not receive the investment advice and other services that the Advisers provide to clients with Advisory Accounts.

### ***Underlying Fund Fees and Pooled Investment Vehicle Fees***

Advisory Account assets invested in certain funds (including 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) 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. Fund fees and expenses are described in the relevant fund prospectuses and are paid by the funds but are ultimately borne by clients as shareholders in the funds. If the fund is an affiliated fund, all or a portion of these fees may be paid to Goldman Sachs as described in *Item 10 – Other Material Relationships with Affiliated Entities*. These fees and expenses are generally in addition to the advisory fees (if any) each Advisory Account pays to the Adviser and any applicable Execution Charges. The Advisers may determine to waive advisory fees on assets where the investments generate additional fees for Goldman Sachs. In other circumstances advisory fees will be waived if required by applicable law. The custodians (or their broker-dealers) make available mutual fund share classes on their platforms at their sole discretion. Different mutual funds with similar investment policies, and different share classes within those funds, will have different expense levels. Generally, a fund

or share class with a lower minimum investment requirement has higher expenses, and therefore a lower return, than a fund or share class with a higher minimum investment requirement. The share classes made available by the various the custodians (or their broker-dealers) and which the Adviser selects for clients' accounts will not necessarily be the lowest cost share classes for which clients might be eligible or that might otherwise be available if clients invested in mutual funds through another firm or through the mutual funds directly. In addition, a manager of a private investment fund typically receives 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 generally differ depending on the class of shares or other interests purchased.

Mutual fund and ETF fees and expenses will result in a client paying multiple fees with respect to mutual funds and ETFs held in an Advisory Account and clients may be able to obtain these services elsewhere at a lower cost. For example, if a client were to purchase a mutual fund or ETF directly in a brokerage account, the client would not pay an advisory fee to its Adviser. Currently, for Ayco Advisory Accounts, affiliated mutual funds are not subject to the Advisers' advisory fees but may be subject to various other fees and expenses paid to the service providers of each affiliated mutual fund, some of which are affiliates of the Advisers. It should be expected that these affiliates, as well as the Advisers and eligible Financial Advisors, will receive compensation with respect to such fees. For additional information on compensation earned for the sale of these products, please see below and *Item 10 – Other Financial Industry Activities and Affiliations*.

Goldman Sachs acts 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, private credit funds, real estate funds and business development companies). Goldman Sachs fees for such services are based on structure, investment process, and other factors. Goldman Sachs generally receives a management fee for management of non-private investment funds and an incentive fee or allocation (which may take the form of a carried interest and 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 can 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 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 Goldman Sachs and the applicable investor. Certain of Goldman Sachs' fee structures create an incentive for it 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. Goldman Sachs may receive similar fees from other types of vehicles (e.g., securitization vehicles) with respect to the advisory services Goldman Sachs provides to such vehicles.

Certain investors that are invested in pooled investment vehicles pay higher or lower fees or are subject to higher or lower incentive allocations than similarly situated investors that are invested in the same pooled investment vehicle. Amounts vary as a result of negotiations, discussions and/or factors that 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 as otherwise agreed with specific investors. Fees and allocations charged to investors 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, the Advisers and their affiliates are not required to offset such compensation against fees and expenses the client otherwise owes Goldman Sachs. To the extent Goldman Sachs decides 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 receives. Specifically, for accounts other than Retirement Accounts, any offset amount may be higher or lower than the actual amount Goldman Sachs receives from any pooled investment vehicle.

Goldman Sachs makes mutual fund share classes available on its platform at its sole discretion. Goldman Sachs 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 Goldman Sachs, including fees, for providing services (such as investment advisory, administration, transfer agency, distribution, and shareholder services) to the mutual fund. The additional compensation that Goldman Sachs receives normally varies depending on the mutual fund and share class made available, and is paid from the fund, the sponsor or the adviser to the extent permitted by applicable law. Although the additional compensation that Goldman Sachs 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%. When selecting a share class of a mutual fund to offer on its platform, Goldman Sachs 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 Goldman Sachs. Goldman Sachs addresses this conflict through a combination of disclosure to clients and through Goldman Sachs' 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. Goldman Sachs 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 Goldman Sachs clients are eligible. Goldman Sachs 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 Goldman Sachs can have higher expenses (including because of compensation paid to Goldman Sachs 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 reasonableness of any fees and expenses paid to Goldman Sachs, a client should consider both the fees and expenses that Goldman Sachs 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 Goldman Sachs, including their investment policies, restrictions, charges, and expenses, is contained in the mutual funds' prospectuses. Goldman Sachs may also establish and change in its sole discretion and 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 account based upon a variety of factors, including a client's overall relationship with Goldman Sachs, type of account, legal or regulatory restrictions, or any other factors relevant to the relationship.



### ***Alternative Investment Fees***

As described in *Item 4*, the Advisers may recommend that a client invest a portion of the client's assets as permitted in an Alternative Investment, based on the individual client's risk tolerance and objectives. Actual fees paid to the Alternative Investment fund are disclosed in the private placement memorandum ("PPM"), a supplement to the PPM or in a prospectus of the Alternative Investment fund.

If appropriate Ayco will recommend Alternative Investments for brokerage accounts (that are not Retirement Accounts) and is paid a commission for the sale of such products. For GS PFM clients, an advisory fee, sometimes referred to as a CASP fee in affiliate Alternative Investment offering documents, is assessed on assets invested in Alternative Investments in advisory accounts. In addition, clients investing in Alternative Investments may pay an additional management fee, which has a range, and an access fund management or servicing fee paid to iCapital. The amount GS PFM is paid for Alternative Investment recommendations and investment management services associated with the Alternative Investment varies by Alternative Investment. GS PFM has an incentive to recommend the investment vehicle that pays a higher fee. Additionally, certain Alternative Investments will increase the amount paid to GS PFM based on the amount of assets invested by GS PFM's clients. Clients of GS PFM are under no obligation to invest in, and can choose to not invest in, Alternative Investments.

The Alternative Investment platform provider may receive from the investment manager compensation based on platform and management costs, and or revenue derived for serving as introducing broker for certain platform funds. As discussed under *Item 12 - Soft Dollars*, certain third parties, including Alternative Investment providers, provide resources to the Advisers' employees through the sponsorship of educational events, conferences and other events. The provision of such resources is not based on any mandated amount of client assets to be maintained with the Alternative Investment provider.

Ayco does not exercise discretion over Alternative Investments. GS PFM does not exercise discretion over Alternative Investments that are not publicly traded. Clients are responsible for initially executing any documents required to be completed by the investment manager and for continuously maintaining any subsequent documentation required after the initial investment is made. *See Item 4 - Alternative Investments* for more information about Alternative Investment recommendations.

Ayco clients may be given the opportunity to participate in Alternatives Portfolio Services ("APS"), an alternative investment fund strategy managed within GS&Co. Fees for APS Advisory Accounts are initially calculated based on the total amount(s) committed to each alternative investment fund as part of the APS account, commencing on the date of each individual commitment to an alternative investment fund and continuing until the end of the fifth year following such date. Following the initial five year period, fees are thereafter based on the market value of each investment in the APS account and will be calculated and payable quarterly in arrears based on the average market value of the alternative investments in the account.

### ***Terminated Accounts***

If Ayco's services are terminated by written notice by either party and the advisory fee was paid in arrears, fees will be prorated and due upon termination or for partial periods as applicable. If the advisory fee was paid in advance, Ayco will conduct an analysis of services provided to determine whether any pre-paid costs were unearned, and any such unearned pre-paid costs will be refunded to the client on a pro rata basis.

In the case of Ayco Advisory Accounts with GS&Co. custody, upon termination of an account Ayco may in its discretion transfer assets in the account to a brokerage account subject to the fees as agreed in any GS&Co. customer agreement. In the case of Ayco Advisory Accounts with Fidelity custody, thirty (30)



days after Ayco terminates an account, an Advisory Account will become a self-directed brokerage account subject to fees as agreed in any Fidelity brokerage agreement.

If GS PFM's services are terminated by written notice by either party and the advisory fee was paid in advance, GS PFM will conduct an analysis of services provided to determine whether any pre-paid costs were unearned, and any such unearned pre-paid costs will be refunded to the client on a pro rata basis. If the advisory fee was paid in arrears, fees will be prorated and due upon termination or for partial periods as applicable.

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

Different termination terms may apply to accounts held at GS&Co. and accounts held at Third-Party Custodians.

### ***Performance Reporting Fees***

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

### ***Compensation for the Sale of Securities and Other Investment Products***

The Advisers and, in many cases, the Financial Advisors (including those who provide Financial Planning) receive compensation based upon the sale of securities (including Goldman Sachs managed funds), banking products and other investments and services to clients. Such compensation creates a conflict of interest that gives the Advisers and certain Financial Advisors an incentive to recommend securities, banking products and other investments or services based upon the compensation received. Fees are higher for some products or services than others, and the compensation paid to the Advisers and certain Financial Advisors is greater in certain cases. Clients are not entitled to receive any portion of such additional compensation. The amount of compensation paid to Financial Advisors will be more or less depending on many factors, including the managed strategy selected, the length of time clients' assets remain under management, and the client's fee arrangement. Moreover, the timing of compensation to Financial Advisors differs as between investment products and annuities. With respect to Retirement Accounts, Financial Advisors receive the same compensation regardless of the managed strategy selected. Not all clients are eligible for or offered all products. Further, Financial Advisors who transfer from one affiliate to another or joined the adviser via acquisition may continue to receive compensation under the same terms that they did prior to the transfer and such terms may differ from the compensation arrangements of other advisors. In addition to the information contained in this Brochure, other potential conflicts of interest, if any, are disclosed in strategy and transaction specific documents provided to clients from time to time and in separate agreements, including agreements for Investment Management services.

As discussed above, Goldman Sachs may receive fees in connection with the sale of mutual funds including “12b-1” fees or other compensation from affiliates of a mutual fund in connection with the sale of those products. An Adviser’s selection or recommendation of securities and other investment products where Goldman Sachs shares in the fees and profits would result in additional compensation to Goldman Sachs. Clients are not entitled to receive any portion of such additional compensation. In such arrangements, compensation to Goldman Sachs generally increases as the amount of assets invested by clients in such securities and other investment products increases. This creates an incentive for an Adviser to recommend or select investment products that are advised, managed or sponsored by Goldman Sachs. The Advisers have 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 Financial Advisors does not vary (or does not vary materially) based on whether the Advisory Account invests in a Third-Party Fund or an affiliated fund in the same asset class.

Goldman Sachs also maintains 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 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 investment products, or their affiliates, have relationships with Goldman Sachs, including serving as an investment manager in programs sponsored by Goldman Sachs. As a result, the Advisers have an incentive to recommend these securities and other investment products. The Adviser’s also have a financial incentive to allocate Advisory Account assets to securities issued, managed, or issued and managed, by Goldman Sachs, including Affiliated Managers and accounts managed by Ayco PMG (“Affiliated Products”), rather than to separate accounts or mutual funds managed, sponsored, advised or issued by investment managers or organizations not affiliated with Goldman Sachs (“External Products”).

The Advisers have an interest in allocating the assets of Advisory Accounts to Affiliated Products or recommending (as applicable and permissible) 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 the Advisers to select or recommend (as applicable and permissible) certain Affiliated Products over other Affiliated Products. Correspondingly, the Advisers are 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.

Unless otherwise required by applicable law, neither Goldman Sachs nor the Advisers 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 otherwise owes Goldman Sachs unless required by law.

Clients may allocate assets to Separately Managed Accounts managed by Financial Advisors or an affiliate or to wrap fee accounts, that is, accounts for which the client’s advisory fee covers all fees or charges of sponsor (which will be GS&Co. if the client elects the program sponsored by GS&Co.), including Execution Charges and custodial and administrative charges. Wrap fee accounts are managed by Affiliated Managers or Unaffiliated Managers.

The advisory fee paid for Separately Managed Accounts to the Advisers or an affiliate does not include Execution Charges, custodial or other fees, which instead are paid separately by the client. If the wrap fee

or the investment advisory fee charged to strategies where Execution Charges are currently waived 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 in connection with a “wrap fee” account advised by Goldman Sachs may differ from the compensation received by Goldman Sachs in connection with a traditional separate account also advised by Goldman Sachs or Advisory Accounts investing in strategies where Execution Charges are currently waived. Any such differentials in compensation create a financial incentive on the part of the Advisers and the Financial Advisors to recommend or, if applicable, select one advisory program, Manager, asset class or investment strategy over another.

In some cases a wrap fee charged by the Advisers typically will be greater than the fees that are charged for a different advisory program offered by the Advisers that do not include costs for execution, custody or other services utilized by the client. Clients may be able to obtain some or all of the services offered through the Advisers’ wrap program separately from the Advisers or from other firms, and the cost of obtaining the services separately may be more or less than the wrap fee. Factors that bear on the cost of the wrap fee in relation to the cost of the same services purchased separately include the range of investment strategies and Managers selected, anticipated trading activity and the range of custodial, reporting and other ancillary services that are available. Clients should also understand that the combination of the wrap program services may not be available separately and certain Managers might not be willing or able to provide their services or particular investment strategies outside of the wrap because of minimum account sizes or other factors.

In addition to the disclosures contained in this Brochure, other potential conflicts of interest are disclosed in strategy and transaction specific documents provided to clients from time to time and in the applicable Adviser’s Investment Management agreement with the client.

The Advisers’ affiliated broker-dealer, Mercer Allied, and their affiliated insurance agencies, ASA, ASIA and UCRM, receive insurance commissions and other compensation from insurers for the distribution of insurance policies and annuities, including Variable Products, which inure to the benefit of the Advisers. Commissions and other compensation are paid to ASA, ASIA, Mercer Allied and UCRM by insurance companies for the placement and distribution of insurance and annuity products. These commissions and other compensation may be paid to ASA, ASIA, Mercer Allied and UCRM for acting as a retail distributor, wholesale distributor, or both. Other compensation from the insurance companies might also include various incentives in addition to standard commissions or referral fees, including contingent commissions, and other awards and bonuses, such as trips, expense allowances, marketing allowances, training and education. Incentive or contingent compensation is based upon a variety of factors including the level of aggregated premiums, client retention, revenue growth, overall profitability, or other performance measures pre-established by insurance companies. This incentive or contingent compensation is not tied to any individual transaction. Financial Advisors licensed as insurance agents receive referral fees when they refer clients to internal insurance teams, subject to applicable law. Compensation to licensed Financial Advisors will vary based on the insurance or annuity product type selected. As compared to managed investment strategies available through the Advisers or their affiliates, the amount of compensation to Financial Advisors is more or less depending on many factors including the strategy selected and the length of time assets remain under management. Moreover, the timing of compensation to Financial Advisors differs as between investment products and annuities. Such compensation creates a conflict of interest that gives the Advisers and such Financial Advisors an incentive to recommend insurance policies and annuities based on the compensation received.

Where an Adviser refers clients to affiliates, including Ayco or GS PFM, as applicable, GS&Co., GSAM, ASA and ASIA in connection with certain services, it receives referral fees subject to applicable law and compensates its eligible Financial Advisors who make such referrals. These Financial Advisors will also receive referral payments for insurance contracts.

Financial Advisors who participate in compensation plans are compensated based on revenues generated by Financial Planning and client accounts, including advisory fees, commissions and other revenues related to the purchase and sale of securities, insurance and banking products, and fees associated with other products as applicable. Such compensation creates an incentive for Financial Advisors to recommend certain investments or pricing models based on the compensation received. Fees are higher for some investments and services, and the compensation directly or indirectly paid to Financial Advisors is greater in certain cases. Certain Financial Advisors are eligible for additional compensation based upon revenue generated by client accounts and growth in client assets. Some Financial Advisors receive a salary and a discretionary bonus. No matter which compensation plan applies at a given time, Financial Advisors' compensation varies according to the level of fees they charge (including whether Advisory Accounts are set up as wrap fee or non-wrap fee accounts), and they are motivated to charge higher fees and other charges in order to earn greater compensation.

Certain eligible Financial Advisors who retire from Ayco or GS PFM may also continue to collect a percentage of revenue generated from client accounts or other fees for a period of time after retiring from the firm in accordance with the Advisers' internal policies, the terms of the applicable agreement between the Advisers' and the Financial Advisor, and applicable law.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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The Advisers do not charge performance-based fees. Client investments in certain Alternative Investments offered by Goldman Sachs, such as private funds, are subject to performance fees assessed by those investment managers. The Advisers receive an allocation for performance fees for such Alternative Investments managed by its affiliates, including GSAM.

## **ITEM 7 – TYPES OF CLIENTS**

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### **Financial Planning**

Financial Planning is typically provided to individuals who enter into Financial Planning agreements directly with the Advisers or receive Financial Planning through programs sponsored by Corporate Partners or through such other arrangements as approved in writing by the Advisers. On a limited basis, the Advisers provide Financial Planning directly to trusts pursuant to customer agreements entered into directly by the trust.

### **Investment Management**

The Advisers generally provide Investment Management to corporate pension and profit-sharing plans; corporations, government entities; individuals, high net worth individuals, who invest directly, as individuals, or through private investment vehicles, such as privately held corporations, partnerships or limited liability companies; profit sharing plans; trusts; estates; endowments; public charities; private foundations; and charitable organizations. The Advisers also provide Investment Management services to institutional clients and charitable organizations, including the Ayco Charitable Foundation, a 501(c)(3) public charity, through Ayco ICS (including through Ayco ICS Advisory Accounts managed by Ayco PMG) or GS PFM ICS. In addition, GS PFM provides investment advice to unaffiliated investment advisers.

### ***Account Requirements for Advisory Accounts***

To open or maintain an Advisory Account with Ayco or GS PFM, clients are required to sign an Investment Management Agreement that, among other things, describes the nature of the Investment Management

authority granted to the Advisers. The agreements may be different depending on a number of factors including the products and services for which the client may be contracting and the Adviser and/or custodian that the client selects. Clients select an investment objective for all accounts held in the same name to identify their investment goals and risk tolerance for the account holder's portfolio on the platform of the custodian selected by the client.

Generally, Ayco has no account minimums when it has been engaged for discretionary account management. However, certain investment strategies available to Ayco clients have required minimums for invested assets and are subject to minimum annual fees as detailed in the Appendices. In addition, APAS generally requires clients to have assets under management with Ayco of at least \$250,000 to receive Investment Management services. Ayco ICS generally requires institutional clients to have assets under management with Ayco of at least \$2,000,000 to receive Investment Management services. Ayco may waive or lower account minimums in its sole discretion.

GS PFM generally accepts discretionary authority to manage accounts with minimum assets of at least \$500,000. The GS PFM Financial Advisor has discretion to make exceptions to the minimums, as the Financial Advisor deems appropriate. GS PFM ICS generally requires institutional clients to have assets under management with GS PFM of at least \$2,000,000 to receive Investment Management services. GS PFM ICS may waive account minimums in its sole discretion.

Various investment advisers, including Managers, to whom the Advisers refer clients also impose various minimum dollar values of assets as a condition for opening or maintaining accounts that may be negotiated in the discretion of the Managers.

Account minimums are reviewed periodically and are subject to change. Upon giving notice to their Adviser, or by contacting their account custodian directly, clients may make additions to or withdrawals from their Advisory Accounts. If at any time the client's account is less than the account minimum and/or household size designated, the Investment Management agreement is subject to termination by their Adviser after formal written notice is provided to the client. It should be expected that asset withdrawals impede the achievement of a client's investment objectives or goals. Account minimums are imposed for various reasons including, but not limited to, the diminishing impact on the smaller allocations within a broadly diversified portfolio, the impact of transaction costs on a smaller portfolio's performance, the impact of a smaller portfolio's transaction costs on the total expense to manage the portfolio, and limitations on securities that are available for purchase for smaller dollar amounts.

Generally, Investment Management or Financial Planning services provided by the Advisers are limited to clients that are United States citizens or residents, or otherwise subject to United States tax laws. The Advisers' services may be limited for, or altogether unavailable to, clients, individuals, or entities that are not United States citizens or that reside outside the United States. When a Financial Planning client or a Related Party elects to also receive Investment Management services through the Advisers, Financial Advisors are responsible for analyzing the financial needs of each particular client and determining the suitability of the Investment Management services. Under delegated authority from an affiliate, the Advisers manage accounts of its affiliates' clients and will receive a portion of the fee or other compensation the client pays such affiliate for such services. In such cases, the client will have entered into an agreement with an affiliate and not the Advisers, but the Advisers have responsibility for analyzing the financial needs, and determining that the Investment Management services are suitable, for that client.

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## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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



Advisory Accounts managed by Financial Advisors invest in multiple asset classes. Different Financial Advisors may use different tools, analysis and other inputs to advise Financial Planning clients or manage Advisory Accounts. Financial Advisors generally recommend or select strategic and tactical asset allocation models or securities recommendations prepared by ISG or, for GS PFM only, approved by GS PFM's New Products Working Group. See below for further description of "Legacy External Products." These strategic or tactical models are generally implemented through internally and externally managed products, including funds and separate accounts. However, there is no guarantee that the actual performance of any Advisory Account will, in fact, track these recommendations. In the event the models or research cease to be published at any time, an Advisory Account will need to be managed differently. Certain investment selections generally available when GS&Co. is custodian may not be available to all Ayco clients.

The Advisers have access to research, research lists or a variety of other investment analysis and tools. Certain of these tools and analyses may be made available to the Advisers by their affiliates. For non-Retirement Accounts, Financial Advisors may recommend or purchase mutual funds and ETFs for which the Advisers' affiliates act as investment adviser, as well as certain unaffiliated mutual funds and ETFs reviewed and approved by AIMS. Manager selection and ongoing due diligence of certain unaffiliated mutual funds and ETFs that are recommended by Financial Advisors are performed by the AIMS Long Only Group. See below for further description of "Legacy External Products."

When managing Advisory Accounts or making recommendations, Financial Advisors consider among other things, different client characteristics, including investment objectives, risk tolerance, investment time horizon and financial circumstances. As a result, the management of, or recommendation to, Advisory Accounts or Financial Planning clients with similar investment strategies will differ when different methodologies, asset allocation implementation and client investment goals are employed. The frequency and timing of transactions in Advisory Accounts vary significantly, and certain investment strategies, such as index strategies, trade infrequently. Other strategies are tactical and adjust depending on micro- and macro-economic indicators. When there is significant trading activity, there is a potential that a wash sale is generated, negating the taxable advantage of realizing investment losses from sale of securities. Other strategies attempt to improve the taxable consequence of the assets invested, using tax loss harvesting and other tax management strategies. When deploying tax loss harvesting and other tax management strategies, the Advisers do not guarantee the ability to reduce the taxable consequence from managing assets. Further, attempts to reduce the taxable consequence of a portfolio may cause a disparity in the performance of the Advisory Account where, for example, certain assets are not sold when they might have been sold if taxes were not considered. Clients are urged to work with their Financial Advisors to help choose the investment strategy that best meets their goals and objectives. Selection of a portfolio that is not directly aligned with the risk tolerance associated with a client's information can have implications for performance and realizing the client's financial objectives.

### ***Asset Allocation Models***

In formulating asset allocation advice, Financial Advisors rely on strategic and tactical asset allocation models prepared by third parties or by the Advisers' affiliates, including models prepared by ISG. However, there is no guarantee that any client's portfolio will, in fact, track these models. Depending on individual clients' circumstances or instructions, portfolios may be subject to concentration risk; that is the increased risk of loss associated with not having a diversified portfolio (*i.e.*, investments 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).



### ***Ayco PMG***

Ayco PMG manages strategies investing in particular asset classes and investments, including, but not limited to, equities, mutual funds, fixed income, and ETFs. Depending on the strategy selected, there may be embedded leverage in the options, futures and other securities. *See Item 4 – Ayco Investment Management Services; Advisory Services Provided by Ayco PMG* for more information. Ayco PMG uses a variety of analyses and risk management tools to monitor changing conditions, liquidity and volatility in the market.

### ***Goldman Sachs Option Advisory Services (“GOAS”) Strategies***

GS&Co. offers a number of actively managed option strategies involving listed and/or over-the-counter (“OTC”) call and/or put options, including collars and put spread collars managed by a dedicated portfolio management team, to Ayco clients. It is anticipated that these strategies will also be made available to certain GS PFM clients who elect to custody their assets with GS&Co. The structured investment strategies generally involve selling and buying options. Certain strategies may involve management of equity positions without options for a period of time or on an ongoing basis. 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.

### ***Legacy Managers***

A “Legacy Manager” is a manager of a mutual fund, ETF or Variable Subaccount that has not been approved by AIMS and any manager not recommended by the Advisers, GS&Co., or GSAM. The Advisers do not make any recommendations concerning Legacy Managers. See below for further description of “Legacy External Products.” For GS PFM, recommendations of Legacy Managers could have been made prior to its acquisition by Goldman Sachs and some investments in Legacy Managers remain in the Advisory Accounts subject to review and approval for exception by the Business Selection Group of GS&Co.

As an accommodation, the Advisers will include investments managed by Legacy Managers in asset allocation discussions or in an asset allocation and other financial planning exhibits, and provide clients with Legacy Manager information prepared by third parties; however, any decision to invest or maintain assets with a Legacy Manager is determined solely by the client. The Advisers and their affiliates are not responsible for the selection, supervision, management, performance or other similar services of or in connection with any Legacy Manager.

The Advisers and their affiliates do not assume any liability related to a client’s acquisition, disposal or holding of investments managed by a Legacy Manager. The Advisers will rely on information provided by or on behalf of clients when including a Legacy Manager in asset allocation discussions, or preparing an asset allocation and other Financial Planning exhibits. Neither the Advisers nor their affiliates verify the accuracy or completeness of the information concerning Legacy Managers provided by or on behalf of clients.

### ***Research Lists – Mutual Funds and ETFs***

When providing Investment Management, Financial Advisors have access to research, research lists or a variety of other investment analysis tools made available by the Advisers’ affiliates, including GS&Co. and

GSAM. For non-Retirement Accounts, Financial Advisors may recommend mutual funds and ETFs for which the Advisers' affiliates act as an investment adviser, as well as certain unaffiliated ETFs reviewed and approved by AIMS. Manager selection and ongoing due diligence of certain unaffiliated mutual funds and ETFs that are recommended by Financial Advisors are performed by the AIMS Long Only Group, which is part of AIMS. Such due diligence generally includes, but is not limited to, on-site meetings, analytics related to historical performance, reference calls and risk reviews.

### ***Retirement Accounts***

#### **Ayco**

As explained above in *Item 4 – Investment Management Services*, for purposes of the Retirement Regulations, Ayco's Financial Planning is intended to be "investment education" and not "investment advice" and Ayco should not be considered a "fiduciary" under the Retirement Regulations. As part of its Financial Planning, Ayco does not provide advice or make recommendations for IRAs, tax-qualified Retirement Accounts, including whether to invest in investment companies for which affiliated persons of Ayco serve as adviser, sub-adviser, and/or distributor and receive fees for the services provided. Any investment decisions will be the sole responsibility of the clients and no information provided by Ayco should be considered in making any such investment decisions, unless Ayco otherwise agrees in writing. If a client is presented with allocation materials in which Goldman Sachs only has one vehicle available and that vehicle is identified, clients should understand that other investments may also be appropriate for that client and available through Goldman Sachs or other financial institutions. There are a number of factors, including cost and tax efficiency, clients should consider in determining how to invest Retirement Account assets. If a client maintains both Retirement Accounts and non-Retirement Accounts, any advice or recommendations made by Ayco with respect to a non-Retirement Account does not apply to and should not be used by the client for any decision with respect to a Retirement Account, which often present different considerations.

With respect to Retirement Accounts, Financial Advisors provide recommendations or investment advice as part of investment advisory services only where Ayco agrees in writing to do so with respect to the particular account.

#### **GS PFM**

For Retirement Accounts, Financial Advisors provide recommendations or investment advice as part of Investment Management only where GS PFM agrees in writing to do so with respect to the particular Retirement Account.

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

### ***Single Stock and Bond Positions***

As part of its Financial Planning, the Advisers provide recommendations to clients concerning participation in corporate benefit plans and changes in investment elections under their corporate benefit plans, however, Financial Advisors generally do not make single stock or bond recommendations with respect to positions held within such corporate benefit plans. With respect to a client's single stock or bond positions, investment services provided by Financial Advisors are generally limited to addressing asset allocation issues, and do not include any other investment advice related thereto. However, some GS PFM Financial

Advisors may continue to provide recommendations related to single stock or bond positions that were transferred into an Advisory Account at the client's direction.

### ***Variable Subaccounts***

In reviewing Variable Products that it makes available to clients, Mercer Allied generally reviews issuing insurance companies' credit rating, competitiveness of product, client service resources and carriers' general processes for manager selection of Variable Subaccounts. Certain ATAS engagements or Advisory Accounts managed by GS PFM as described in more detail above in *Item 4* may receive advice on, or recommendations of, individual Variable Subaccounts.

With the exception of certain GS PFM clients and ATAS engagements receiving Variable Subaccount Allocation Services as described above in more detail in Item 4 – Insurance and Variable Annuities, and when applicable, the Advisory Annuities, any assessment as to whether a particular Variable Subaccount fits within a client's investment objectives and any decision to allocate premiums to a particular account must be determined solely by the client and the Advisers do not have discretion to allocate premiums on behalf of clients. With respect to Advisory Annuities, if applicable, it is expected that AIMS will perform due diligence on Variable Subaccounts. Inclusion of any Variable Subaccounts in any model portfolio(s) is based on the information provided by the issuing carrier and/or third-party database providers and the Advisers have not verified the accuracy or completeness of any information provided by or about the Variable Subaccount. Performance of any Variable Product will be impacted by the performance of the Variable Subaccounts selected by the Adviser or the client. Past performance of Variable Subaccounts may not be indicative of future results. Variable Products have inherent risks, will fluctuate in value, incur losses based on the performance of selected financial indices or sub-accounts, are suitable only as long-term investments, and should not be viewed as short-term trading vehicles. Clients should carefully review the prospectus and other offering documents for more information on variable annuities.

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

### **General Risks Applicable to Advisory Accounts**

This Brochure does not include every potential risk associated with an investment strategy or all of the risks applicable to advisory services generally, a particular Advisory Account, or in connection with recommendations made by the Advisers. Rather, it is a general description of the nature and risks of investing and of the strategies and securities and other financial instruments in which Advisory Accounts may invest.

In addition to the foregoing risks, the following risks should be considered before deciding on any investment or investment strategy for an Advisory Account.

- *Alternative Investment Risk* - Alternative Investments (1) involve a high degree of risk, (2) often engage in leveraging and other speculative investment practices that increase the risk of investment loss, (3) can be highly illiquid with extended lock-up periods where assets may not be sold, (4) may lack a secondary market to purchase shares that investors care to redeem, (5) are not required to provide periodic pricing or valuation information to investors, (6) sometimes involve complex tax structures and delays in distributing important tax information, (7) are not subject to the same regulatory requirements as publicly traded securities, (8) often charge high fees which offset any trading profits, and (9) in many cases execute investments which are not transparent and are known only to the investment manager. The performance of Alternative Investments can be volatile. An investor could lose all or a substantial amount of his or her investment. Often, Alternative Investment managers have total trading authority over their funds or accounts. The use of a single manager applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. There is often no secondary market for an investor's interest in Alternative Investments, including hedge funds and managed futures, and none is expected to develop. Even when there is a secondary market, it is often a small group of investors willing to purchase the Alternative Investment, typically resulting in a discount on the sale of the asset, versus the actual value of the underlying assets. There may be restrictions on transferring interests in any Alternative Investment. Alternative Investments may execute some portion of their trades on non-U.S. exchanges. Investing in foreign markets generally entails risks that differ from those associated with investments in U.S. markets.
- *Asset Allocation and Rebalancing Risk* – The risk that an Advisory Account's assets are out of balance with the target allocation. Any rebalancing of such assets may be infrequent and limited by several factors and, even if achieved, may have an adverse effect on the performance of the Advisory Account's assets.
- *Additional Risks Related to Portfolio Construction Services* – Certain strategies are composed of a selection of mutual funds and have a primary objective of capital growth in a low volatility (relative to equities) and diversified manner when compared to core equity and bond markets. These strategies may invest in alternative mutual funds that use investment strategies that differ from more traditional investment and trading strategies typical in the mutual fund industry. Compared to a traditional mutual fund, an alternative fund may hold more non-traditional investments and employ more complex trading strategies. Examples include hedging and leveraging through derivatives, short selling and "opportunistic" strategies that change with market conditions as various opportunities present themselves. It should be expected that the Advisers will utilize these strategies in Advisory Accounts and they will be available to Advisory Accounts managed by GS PFM at a different time than to managed accounts at Ayco and that the timing of transactions entered into or recommended based on models or other strategies, including for Advisory Accounts, may negatively impact Advisory Accounts or benefit certain other Accounts, including other Advisory Accounts or accounts at our affiliates. For example, Ayco PMG may implement an investment decision or strategy for certain Ayco Advisory Accounts ahead of, contemporaneously with, or behind the implementation of similar investment decisions or strategies for GS PFM Advisory Accounts, (whether or not the investment decisions emanate from the same 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.

- *Bankruptcy Risk* – The risk that a company in which an Advisory Account invests becomes involved in a bankruptcy or other reorganization or liquidation proceeding.
- *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.
- *Capital Markets Risk* – The risk that a client will not receive distributions or experiences a significant loss in the value of its investment if the issuer cannot obtain funding in the capital markets.
- *Cash Management Risk* – Where an Adviser invests some of an Advisory Account's assets temporarily in money market funds or other similar types of investments, an Advisory Account may be prevented from achieving its investment objectives during such time.
- *Commodity Risk* – The risk that a client will experience losses because the issuer has direct exposure to a commodity that has experienced a sudden change in value.
- *Concentration Risk* – The increased risk of loss associated with not having a diversified portfolio (*i.e.*, Advisory Accounts concentrated in a geographic region, industry sector or issuer are more likely to experience greater loss due to an adverse economic, business or political development affecting the region, sector or issuer than an account that is diversified and therefore has less overall exposure to a particular region, sector or issuer).
- *Consolidated Reporting Risk* – The risk that information (including valuation) regarding advisory accounts not custodied at GS&Co. may not be accurate as GS&Co. does not perform diligence on or independently verify the accuracy of the custodian's information or the source information; such information is provided as a courtesy. This risk is greater when there is more volatility in an asset class.

- *Corporate Event Risk* – The risk that 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 are not profitable due to transaction failure.
- *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.
- *Counterparty Risk* – The risk of loss associated with a counterparty's inability to fulfill its contractual obligations. Strategies that include foreign exchange forward transactions are subject to the credit risk of the counterparty on those transactions.
- *Credit Ratings Risk* – The risk that an Advisory Account uses credit ratings to evaluate securities even though such credit ratings might not fully reflect the true risks of an investment.
- *Credit/Default Risk* – The risk of loss arising from a borrower's failure to repay a loan or otherwise meet a contractual obligation. A strategy will be exposed to the credit risk of the counterparties with which, or the brokers, dealers, and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions.
- *Credit Risk/Priority of Claim* – Magnification of credit risk with preferred and hybrid securities due to their payoff structure. If an issuer goes into bankruptcy all other debt holders are paid first and then preferred holders are paid.
- *Currency Risk* – The risk of loss due to changes in currency exchange rates and exchange control regulations. Currency exchange rates can be volatile, particularly during times of political or economic uncertainty. For example, to the extent that non-U.S. dollar investments are unhedged, the value of an Advisory Account's net assets will fluctuate with U.S. dollar exchange rates and with price changes of its investments in the various local markets and currencies.
- *Cybersecurity Risk* – The risk of actual and attempted cyber-attacks, including denial-of-service attacks, harm to technology infrastructure and data from misappropriation or corruption, and reputation harm. Due to Goldman Sachs' interconnectivity with third-party vendors, central agents, exchanges, clearing houses and other financial institutions, Goldman Sachs (including Financial Advisors), 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 are vulnerable to unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact or render Goldman Sachs unable to transact business on behalf of Advisory Accounts.
- *Data Sources Risk* – The risk that information from third-party data sources to which Goldman Sachs subscribes is incorrect.
- *Depletion Risk* – The risk that, because 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 could be offset by technological gains that reduce production costs or increase supply.

- *Depository Receipt Risk* – The risk that depository receipts may not reflect the return a GOAS Account would realize if the GOAS Account actually owned the relevant securities underlying the depository receipts. Should a GOAS Account acquire depository receipts through banks that do not have a contractual relationship with the issuer of the underlying security to issue and service such depository receipts, there may be an increased possibility that the GOAS Account would not become aware of and be able to respond to corporate actions such as stock splits or rights offerings involving the issuer in a timely manner. In addition, certain fees and other expenses may apply to transactions in depository receipts, including fees associated with foreign currency conversion, creation fees charged by third parties and foreign tax charges.
- *Derivative Investment Risk* – The risk of loss as a result of investments in potentially illiquid derivative instruments, failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements and related leverage factors associated with such transactions.
- *Differences in Due Diligence Process Relating to External Products and Affiliated Products* – Certain portfolio management strategies, Unaffiliated Managers, or Variable Subaccounts are subject to different levels of due diligence, depending on when they were added to the GS PFM or Ayco platform or whether they are Legacy External Products, and such diligence may not have been as robust for such strategies, Unaffiliated Managers or Variable Subaccounts. Strategies being added to GS PFM or Ayco platform are subject to review by AIMS. Various teams within Goldman Sachs review External Products and Affiliated Products before they are made available. Certain factors, such as operational and reputational risks, as well as potential conflicts of interest, are considered in connection with both Affiliated Products and External Products. The focus of certain reviews, however, differs depending on whether the product is an Affiliated Product or an External Product. From time to time, certain Legacy External Products held in client accounts prior to the time Goldman Sachs acquired United Capital Financial Advisers, LLC are made available in Advisory Accounts on an exception basis only. These External Products are not part of the GS PFM or Ayco platform and are subject to a different level of review, limited to a quantitative internal risk assessment performed by AIMS. Such differences may cause Financial Advisors to select or recommend an Affiliated Product that they would 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, Social, and Sustainability Impact Considerations* – The Advisers have the discretion to take into account ESG considerations and political, media and reputational considerations relating thereto, resulting in the Advisers making or recommending investments when it would otherwise have not done so, or disposing or recommending the disposition of investments, when it would otherwise not have done so, in each case which could adversely affect the performance of Advisory Accounts. On the other hand, the Advisers may determine not to take such considerations into account, or to take such considerations into account but not make the same decision or recommendation that it would have made regardless of such considerations, and such considerations may prove to have an adverse effect on the performance of the applicable investments. The Advisers may take ESG and related considerations into account for some Advisory Accounts and not others, and, to the extent taking such considerations into account, may make different investment decisions or recommendations for different Advisory Accounts. The Advisers may rely on third-party service providers in determining, from an ESG perspective, 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 the Advisers 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 risk that the value of common stocks of U.S. and non-U.S. issuers is 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 that another party disagrees on differences in interpretations of what it means for a company to be an environmental and/or social impact investment. There are significant differences in interpretations of what it means for a company to be an environmental and/or social impact investment, and Goldman Sachs’ interpretations may differ from others’ interpretations. There is a risk that issuers self-label an issuance Green (or Social, Sustainable, or any other type of impact-related adjective) without adhering to the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, or other commonly followed market guidance. There exists no binding third-party authority to certify all Green, Social, Sustainable, or other labeled 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 labeling.
- *ESG Government Funding/Subsidy Risk* – The risk that the success of certain environmental and social impact investments depends on government funding, tax credits, or other public or private sector subsidies, which are not guaranteed over the life of the investment.
- *ESG/Impact Investment Return Risk* – The risk that environmental and/or social impact investments do not provide as favorable returns or protection of capital as other investments, or are 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 generate lower returns than non-ESG securities.
- *ESG Selection Return Risk* – The risk that there are 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 will generate lower returns than a portfolio of securities selected without regard to ESG criteria.
- *ETF Risk* – The risk that ETFs 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 trade at a premium or a discount to their net asset value; (ii) an active trading market for an ETF’s shares are not developed or 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. Certain GS PFM Advisory Accounts have legacy positions in leveraged and inverse ETFs. These securities carry certain specific risks to investors. Leveraged ETF shares typically represent interest in a portfolio of securities that track an underlying benchmark or index and seek to deliver multiples of the performance of the index or benchmark. An inverse ETF seeks to deliver the opposite of the

performance of the index or benchmark it tracks. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector-specific, and others are linked to commodities, currencies, or some other benchmark. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies using swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs “reset” daily, meaning that they are designed to achieve their stated objectives daily. Their performance over longer periods of time, over weeks or months or years, can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period. This effect can be magnified in volatile markets and thus poses substantial risk for an investor.

- *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.
- *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.
- *Foreign-Currency-Denominated Security Risk* – The risk that foreign-currency-denominated securities that settle in a different currency are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. Securities such as ADRs/GDRs, the values of which are influenced by foreign currencies, effectively assume currency risk.
- *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.
- *Hypothetical Performance and Projected Returns Risk* – The risk arising from reliance in making an investment decision on performance of a portfolio not necessarily achieved by any particular investor. Projected returns are hypothetical, do not reflect actual investment results, and are not guarantees of future results. Such projected performance is subject to a number of limitations and assumptions designed to determine the probability or likelihood of a particular investment outcome based on a range of possible outcomes. It is possible that any of those assumptions will prove not to be accurate. In addition, performance of a model portfolio, other portfolios, or a client’s Advisory Account may differ materially from investment gains and avoidance of investment losses projected, described, or otherwise referenced in forward-looking statements and the projected returns associated with any portfolio may not materialize.
- *Index/Tracking Error Risks* – The risk that the performance of an Advisory Account or Variable Subaccount that tracks an index does not match, and varies substantially from, the index for any period of time and is negatively impacted by any errors in the index, including as a result of an Advisory Account’s or Variable Subaccount’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, the Variable Subaccount and/or Goldman Sachs, reputational considerations or other reasons. Where an index consists of relatively few securities or issuers, it should be expected that tracking error will be heightened at times when an Advisory Account or Variable Subaccount is

limited by restrictions on investments that the Advisory Account or Variable Subaccount may make.

- *Interest Rate Risk* – The risk that interest rates 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 can have unpredictable effects on the markets and Advisory Accounts.
- *Investment Style Risk* – The risk that an Advisory Account outperforms or underperforms other accounts that invest in similar asset classes but employ different investment styles.
- *Investments in Certain Multi-Adviser Structures* – Where an underlying fund allocates assets to investment funds selected by its adviser that are affiliated with such adviser and investment funds selected by such adviser that are not affiliated with such adviser, 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.
- *IPOs/New Issue Risk* – The risk that initial public offerings (“IPOs”) and new issues are subject to market risk and fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares or bonds available for trading and limited information about the company’s business model, growth potential and other criteria used to evaluate its investment prospects.
- *Lack of Control Over Investments* – The risk that Financial Advisors do not always have complete or even partial control over decisions affecting an investment. For example, if Financial Advisors, when acting in an advisory capacity, acquire investments that represent minority positions in a debt tranche where third-party investors control amendments or waivers or enforcement. In addition, administrative agents may be appointed under certain facilities in which an Advisory Account invests that have discretion over certain decisions on behalf of the investors, including the Advisory Account.
- *Liquidity Risk* – The risk that an Advisory Account is not able to monetize investments and must hold to maturity or 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, private credit funds and real estate funds. It should be expected that these risks will 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 is not 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 decreases (potentially dramatically) in response to the prospects of individual companies, particular industry sectors or governments, changes in interest rates, regional or global pandemics, and national and international political and economic events due to increasingly interconnected global economies and financial markets.

- Model Risk* – Where the management of an Advisory Account by the Advisers includes the use of various proprietary quantitative or investment models. It should be expected that 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 are 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 is 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 will be circumstances in which Advisory Accounts bear such fees at only the Advisory Account level, or only the Adviser level).
- Non-Hedging Currency Risk* – The risk that volatility in currency exchange rates 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* – The risk that Advisory Accounts that invest in foreign securities can 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 from time to time place limitations on an Advisory Account’s ability to recover its assets if a non-U.S. custodian enters bankruptcy. These risks are generally 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 are generally greater in connection with an Advisory Account’s investment in securities of issuers located in emerging market countries.



- *Odd Lot Liquidity Risk* – The risk that the strategy purchases odd lots which are generally less liquid. Clients looking to sell prior to maturity in order to withdraw funds should expect to experience weak or no bids and be forced to hold bonds to maturity or to sell at unfavorable prices.
- *Open-End & Closed-End Mutual Fund Risk* – Advisory Accounts may invest in open-end mutual funds, and to a lesser extent, closed-end mutual funds, as well as ETFs. Open-end mutual funds and closed-end mutual funds have different risk characteristics. Shares of an open-end fund are purchased directly from the fund whereas closed-end fund shares are purchased and sold in the market, typically on a recognized stock exchange. Therefore, shares of a closed-end fund, when available, can be traded during the day at any time and shares in an open-end fund can be purchased from or sold back to the fund only at the end of the trading day. In addition, the price per share of a closed-end mutual fund is determined by the market whereas the price per share of an open-end fund will vary in direct proportion to the fund net asset value or “NAV.” Both open-end mutual funds and closed-end funds may own unlisted securities and use leverage to enhance returns. Furthermore, both open-end and closed-end fund underlying fund holdings are reported with a lag. It should be expected that when underlying mutual fund holdings change rapidly fund performance will differ from expectations. Different mutual funds with similar investment policies, and different share classes within those funds will have different expense levels.
- *Operational Risk* – The risk of loss arising from shortcomings or failures in internal processes or systems of Goldman Sachs or Third-Party Custodians, 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 trade instruments where operational risk is heightened due to such instruments’ complexity.
- *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.
- *Options Risk* – To the extent Advisory Accounts invest in options, they will be subject to the risks described above in connection with GOAS strategies.
- *OTC Risk* – The risk that when a GOAS Account invests in securities through instruments traded on OTC markets, there may be less governmental regulation and supervision of the OTC markets than of organized exchanges or other similar trading platforms. Additionally, a GOAS Account may take a credit risk with regard to parties with which it trades through OTC transactions and also may bear the risk of payment, margin, settlement and other performance defaults. Lack of liquidity in OTC markets may make one or more of the investments in a GOAS Account more difficult to dispose of and to value, and, therefore, may result in the strategy being less liquid than other strategies that do not invest in securities through OTC markets. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.
- *Private Equity Managed Accounts* – As noted above, these advisory accounts will bear liquidity risk since all of the investment will have no active secondary market liquidity and to the extent any investments can be resold, such resales will be at a discount and to a limited universe of eligible investors.

- 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.
- Real Estate Risk* – Real estate investments involve additional risks not typically associated with other asset classes, such as sensitivities to temporary or permanent reductions in property values for the geographic region(s) represented. Real estate investments (both through public and private markets) are also subject to changes in broader macroeconomic conditions, such as interest rates.
- Regulatory Restrictions Applicable to Goldman Sachs* – From time to time, the activities of Affiliated Products are 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, outperform Affiliated Products.
- Requirement to Perform* – When entering into forward, spot or option contracts, or swaps, an Advisory Account must be able to perform its obligations under the contract.
- Risks Associated with Investments in Affiliated Products* – Financial Advisors will review as potential investments for an Advisory Account such universe of products as they determine in their sole discretion, and it should be expected that the universe of products Financial Advisors determine to review will be limited for certain reasons, including: (i) because one or more External Products have not been reviewed or approved by the AIMS Long Only Group, which is part of the AIMS group within GSAM; (ii) because of administrative or practical considerations, such as time constraints; or (iii) for other reasons determined by Financial Advisors. If Financial Advisors select or recommend an Affiliated Product for an Advisory Account, they will not have canvassed the universe of available External Products and, in such circumstances, there may be one or more External Products that are more appropriate than the Affiliated Product(s) selected or recommended by the Financial Advisors, including from the standpoint of the factors Financial Advisors have taken into consideration. Affiliated Products generally will not be subject to the same types of operational and other reviews performed with respect to External Products. In some circumstances no External Products may be available for certain asset classes when GS&Co. is custodian for Ayco

clients. Goldman Sachs' decision to offer funds or separate accounts, including internal or external options, is driven by a variety of factors, including the availability of high quality managers, investment minimums, the relative cost of funds as compared to separate accounts, as well as internal as compared to external costs, the access to Affiliated Managers for discussions with clients as well as Financial Advisors, the potential for performance differential between internal and external products, the specialized nature of certain products, and the ability to customize for clients based on their particular needs and circumstances. Where authorized and if a product is available, Financial Advisors are able to select or recommend for the Advisory Account both Affiliated Products and External Products for particular asset classes or strategies within the Advisory Account. As described below, conflicts of interest arise in situations in which Financial Advisors are permitted to allocate investments to both Affiliated Products and External Products. The differing fee arrangements that apply to investments by Advisory Accounts in Affiliated Products as compared to External Products create a preference for the selection or recommendation of Affiliated Products over External Products.

- *Risks Related to the Discontinuance of Interbank Offered Rates, in Particular LIBOR* - The transition from the London Interbank Offered Rate ("LIBOR") as a reference rate, to the Secured Overnight Financing Rate ("SOFR") and other replacements rates, for various types of securities and other investments, introduces risks including but not limited to risk of illiquidity, changes in performance benchmarks, rate increases, operational complexities and valuation measurements that may adversely affect performance. 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 Financial Advisors of Affiliated Products versus External Products* - Financial Advisors determine which products to select or recommend to clients. When considering potential investment products for a particular Advisory Account, Financial Advisors 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. There is a risk that consideration of such factors will not be applied consistently over time or by particular Financial Advisors across all Accounts or across different products and will play a greater role in the review of certain strategies or products while others play no role at all, and that the factors will change from time to time. Financial Advisors generally do not review the entire universe of External Products appropriate for an Advisory Account. As a result, you should expect that there could be one or more External Products that would be a more appropriate addition to the Advisory Account than the investment product selected by such Financial Advisors. Such External Products may outperform the investment product selected for the Advisory Account. *See Item 11 – Affiliated Products / External Products.*
- *Sector Concentration* – Most preferred and hybrid securities are issued by financial firms and banks. By investing in preferred securities, one can have an inadvertent concentration in one's portfolio to financial firms or the financial sector as a whole.
- *Short Duration Fixed-Income Strategies* – The risk that the strategy focused on maintaining fixed-income securities of short duration will earn less income and, during periods of declining interest rates will provide lower total returns, than longer duration strategies. Although any rise in interest rates is likely to cause the prices of debt obligations to fall, the comparatively short duration utilized in connection with such a strategy is generally intended to keep the value of such securities within a relatively narrow range.

- *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.
- *Sovereign Debt Risks* – Investment in sovereign debt obligations involves risks not present in debt obligations of corporate issuers, such as the issuer’s inability or unwillingness to repay principal or interest, and limited recourse to compel payment in the event of a default.
- *Tactical Tilts* – Where Financial Advisors use tactical investment ideas derived from short-term market views (“Tactical Tilts”) for Advisory Accounts material risks exist. 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, the Advisers and their affiliates may implement a Tactical Tilt, invest in an affiliated fund that invests in Tactical Tilts, or unwind a position for its client accounts or on its own behalf before Financial Advisors do on behalf of Advisory Accounts, or implement a Tactical Tilt that is different from the Tactical Tilt implemented by Financial Advisors on behalf of Advisory Accounts, which could have an adverse effect on Advisory Accounts and result in poorer performance by Advisory Accounts than by Goldman Sachs or other client accounts. In addition, unless otherwise agreed in the Investment Management agreement with the client, Financial Advisors 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 includes 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 Financial Advisors of the Advisory Account’s assets may have an adverse effect on the performance of the Advisory Account’s assets. For example, when the Advisory Account’s assets are allocated away from an over-performing investment product and allocated to an under-performing investment product, such rebalancing 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 Exempt Risk* – The risk that the tax exempt status of municipal securities will change or be removed completely which would negatively impact the value of municipal bonds.

- *Tax-Managed Investment Risk* – The risk that the pre-tax performance of a tax-managed Advisory Account is 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 could change in a manner that would have adverse consequences for existing investors. Regulations, including regulations such as the Volcker Rule contained within the Dodd-Frank Act and comprehensive tax reform, may affect the types of investments that certain clients enter into, which could impact the performance of the Advisory Accounts or the commercial benefits the client obtains from Goldman Sachs. In addition, the California Consumer Privacy Act (the “CCPA”) imposes 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 the Advisers and their affiliates, including, without limitation, responding to investigations and implementing new policies and procedures. Additional information regarding such matters is also available in the current public SEC filings made by Goldman Sachs.
- *Term of Investment* – Preferred and hybrid securities usually have long maturities (often 30 years or longer) or even no maturity date at all, meaning they can remain outstanding in perpetuity. They generally are “callable,” i.e., they can be retired prior to maturity under specified terms of the bond indenture; however, this is an option of the issuer.
- *Trading Restriction Risk* – The risk that temporary or permanent trading restrictions may be imposed on securities (including ADRs, American Depositary Shares (“ADS”), ETFs, US common stocks, exchange traded derivatives, or other securities) or options in a client’s GOAS account. In such instances, the security or option may remain in the GOAS Account and become worthless or create exposure in the GOAS account that may have a significant cost to a client.
- *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.
- *U.S. Treasury Securities Risk* – Securities backed by the U.S. Treasury or the full faith and credit of the U.S. are guaranteed only as to the timely payment of interest and principal when held to maturity, but the market prices for such securities are not guaranteed and will fluctuate, including as changes in global economic conditions affect the demand for these securities.
- *Variable Annuity Risk* – The Variable Subaccount are selected by the sponsor of the variable annuity and may be limited in number when compared to investment options available through GS&Co. or Third-Party Custodians or the Advisers may decide not to exercise discretion on, or make recommendations related to, certain Variable Subaccounts available due to regulatory restrictions or Goldman Sachs policy or practice. In attempting to implement a model investment portfolio consistent with the client’s agreed investment strategy, the performance of the client’s variable annuity may be different than the performance of the client’s other assets invested to achieve the same investment strategy because of the different investment options available through the variable annuity as compared to when GS&Co. and Fidelity acts as custodian.



## **ITEM 9 – DISCIPLINARY INFORMATION**

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In the ordinary course of their businesses, the Advisers and their management persons have in the past been, and it should be expected that in the future the Advisers and their management persons will 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 the Advisers or their 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 that increase the exposure of the Advisory Accounts, the Advisers 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. For information relating to other Goldman Sachs entities, please visit [www.gs.com](http://www.gs.com) and refer to the public filings of GS Group.

### **Ayco**

There are no reportable material legal or disciplinary events related to Ayco.

### **GS PFM**

There are no reportable material legal or disciplinary events related to GS PFM.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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

The Advisers use, suggest and recommend their own services or the services of Goldman Sachs in connection with their advisory businesses. The Advisers share resources with or delegate certain of their trading, advisory and other activities for advisory clients to affiliated entities, and portfolio management functions may be shared or moved between Affiliated Managers. The particular services involved will depend on the types of services offered by the affiliate. The arrangements involve sharing or joint compensation, or separate compensation, subject to the requirements of applicable law. Particular relationships include, but are not limited to, those discussed below. The Advisers' affiliates will retain any compensation when providing investment services to, or in connection with investment activities of, Advisory Accounts, subject to applicable law. Compensation takes the form of referral payments, commissions, mark-ups, mark-downs, service fees or other commission equivalents. Advisory Accounts will not be entitled to any such compensation retained by the Advisers' affiliates.

#### ***Broker-Dealer***

The Advisers' affiliates, Mercer Allied and GS&Co., are registered with the SEC as broker-dealers. Certain of the Advisers' management persons and employees are registered representatives of GS&Co. and/or Mercer Allied to the extent necessary or appropriate to perform their responsibilities. When acting as a registered representative, these individuals offer brokerage services and receive commissions for those brokerage transactions. Brokerage services provided by a registered representative are different from advisory services offered through the Advisers. Because of the potential for the Financial Advisors to generate a commission separate from, or in addition to fees charged by the Advisers, Financial Advisors are incentivized to refer clients for investment in brokerage products based on the potential compensation rather than considering the client's interest. This conflict is mitigated by the broker-dealers' oversight of

brokerage products and sales activity of the registered representative as well as the obligation to act in a client's best interest. Further, clients are under no obligation to conduct brokerage services through the broker-dealer which the Financial Advisors are associated with as a registered representative.

The Advisers suggest and recommend that advisory clients use the securities, futures execution or custody services offered by their affiliates, including, but not limited to, GS&Co. GS PFM, Ayco and GS&Co. have overlapping officers, personnel and share office space and certain expenses. The Advisers' affiliates, including GS&Co., receive compensation when acting as a broker-dealer executing transactions for Advisory Accounts.

The Advisers' broker-dealer affiliates that provide custodial services 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. The Advisers receive recordkeeping, administrative and support services from GS&Co. or its affiliates. The Advisers obtain research ideas, analyses, reports and other services (including distribution services) from their affiliates.

Ayco Advisory Accounts will generally execute all transactions through GS&Co. or Fidelity as custodian as further described in *Item 12 – Broker-Dealer Selection and Directed Brokerage*. GS PFM will generally execute through applicable GS PFM Third-Party Custodian or when available, GS&Co. as custodian. Subject to client consent, as required by applicable law, GS&Co. or its affiliates may engage in principal transactions with Advisory Accounts that are not Retirement Accounts with GS&Co. as custodian. Goldman Sachs typically earns Execution Charges in connection with transactions executed as agent or principal. Clients will pay these charges in addition to the advisory fee paid to the Advisers or their affiliates 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, including the Advisers and their Financial Advisors. For accounts offered through the Advisers, but managed by GSAM, transactions are executed according to GSAM's policies and procedures regarding execution of trades. For additional information about principal trading, see *Item 11 – Participation or Interest in Client Transactions and Personal Trading*.

Goldman Sachs has ownership interests in trading networks, securities or derivatives indices, trading tools, and/or settlement systems. Goldman Sachs also holds ownership interests in, and Goldman Sachs personnel 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) Members Exchange, (ii) GS Sigma X<sup>2</sup>, (iii) PureStream, and (iv) Marquee. Goldman Sachs may acquire ownership interests in other Market Centers (or increase ownership in the Market Centers listed above) in the future.

Consistent with its duty to seek best execution for Advisory Accounts, the Advisers will, from time to time, directly or indirectly, place trades for Advisory Accounts through such Market Centers. In such cases, Goldman Sachs receives 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) and the type of order flow routed, and certain Market Centers, such as many exchanges, provide rebates or charge fees based on whether routed orders contribute to, or extract liquidity from, the Market Center. Discounts or rebates received by Goldman Sachs from a Market Center during any time period may differ from 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 will 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. The Advisers’ affiliates will 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. The Advisers will place trades for an Advisory Account through such Market Centers only if the Advisers reasonably believe 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*, the Advisers place trades with unaffiliated broker-dealers in accordance with its best execution policies and procedures.

In the event assets of an Advisory Account are treated as “plan assets” subject to ERISA, the use of Market Centers to place trades on behalf of such Advisory Account may, absent an exemption, be treated as a prohibited transaction under ERISA. However, the Advisers may place trades through Market Centers provided that such trades are executed in accordance with the exemption under Section 408(b)(16) of ERISA. In addition, the Advisers are required to obtain authorization from any Advisory Account whose assets are treated as “plan assets” in order to place 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 on the use of Market Centers (including, without limitation, for purposes of complying with law and otherwise).

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

Mercer Allied primarily distributes Variable Products. In reviewing Variable Products that it makes available to clients, Mercer Allied generally reviews issuing insurance companies’ credit rating, competitiveness of product, client service resources and general processes for manager selection for Variable Subaccounts. Except in the case of ATAS engagements or Variable Subaccount Allocation Services managed by GS PFM as described above under *Item 4 – Insurance and Variable Annuities*, the Advisers do not presently provide advice on or recommendations of individual Variable Subaccounts. However, if such Advisory Annuities are offered for sale or service, the Advisers may also provide advice or recommendations in connection with subaccount allocations or reallocations for such Advisory Annuities as described more fully above in *Item 4 – Insurance and Variable Annuities*. In no case do Mercer Allied or the Advisers determine what Variable Subaccount options are made available by insurance companies. Variable Subaccounts are not custodied at Goldman Sachs. Except as may be noted above with respect to Variable Subaccount Allocation Services, the Advisers do not have discretion to allocate premiums on behalf of policy owners and any assessment as to whether a particular Variable Subaccount fits within the annuity owner’s investment objectives or any decision to allocate additional premiums to a particular Variable Subaccount must be determined solely by the policy owner. Implementation of a model portfolio using any Variable Subaccounts is based on the information provided by the issuing carrier and/or third-party database providers and the Advisers have not verified the accuracy or completeness of any performance or other information provided by or about the Variable Subaccount. Performance of a Variable Product may be adversely impacted if the policy owner does not allocate a Variable Product to one of more Variable Subaccounts. Past performance of Variable Subaccounts may not be indicative of future results.

### ***Investment Companies and Other Pooled Investment Vehicles***

The Advisers and certain of their 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 (including Variable Subaccounts that are structured as registered

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. Certain Goldman Sachs personnel are also directors, trustees and/or officers of these investment companies and other pooled investment vehicles. The Advisers 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 Goldman Sachs for investment advisory and brokerage services. Clients of the Advisers and their affiliates may invest in these investment companies and other pooled investment vehicles offered by Goldman Sachs. For Funds where the Advisers or their affiliates 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, *see Item 5 – Fees and Compensation*.

### ***Other Investment Advisers***

The Advisers have investment advisory affiliates in and outside of the United States that are registered with the SEC as investment advisers. These affiliates include, but are not limited to: GS&Co., GSAM, Goldman Sachs Asset Management International (“GSAMI”), Rocaton, Goldman Sachs Hedge Fund Strategies LLC (“HFS”), and GS Investment Strategies, LLC (“GSIS”). The Advisers and their affiliates have or intend to have co-advisory or sub-advisory relationships with their investment advisory affiliates, as required for proper management of particular Advisory Accounts and in accordance with applicable law. The Advisers and their affiliates will receive compensation in connection with such relationships. For additional information on compensation earned when clients select other investment advisers, *see Receipt of Compensation from Investment Advisers*, below. Where permissible by law, the Advisers and its investment advisory affiliates share resources in connection with providing investment advisory services, including credit analysis, execution services and trade support.

The Advisers’ personnel recommend the investment advisory services of their affiliates, including GS&Co. and GSAM to their clients. The Advisers, and Financial Advisors who make referrals and participate in the Advisers’ compensation plans, receive compensation for referring clients to such affiliates, and vice versa. Where the Advisers refer clients to affiliated advisers, including, but not limited to, GS&Co., GSAM, GSAMI, and Rocaton, in connection with certain services it receives referral fees subject to applicable law and compensates its employees for such referrals. From time to time, the Advisers also refer clients to certain unaffiliated Advisers. In each of these cases, the investment adviser (including GS&Co.) pays the Advisers a portion of the advisory fee charged to the client.

Manager selection and ongoing due diligence of unaffiliated mutual funds and ETFs used in strategies managed by the Advisers are performed by AIMS.

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

are selling, or vice versa. Therefore, it is possible that accounts managed by GSAM or GSAMI could sustain losses during periods in which accounts managed by the Advisers achieve significant profits.

Subject to applicable law, the Advisers have the discretion to delegate all or a portion of its advisory or other functions (including placing trades on behalf of Advisory Accounts) to any Affiliated Adviser that is registered with the SEC or to any of its non-US affiliated advisers. The Advisers may also move or share portfolio management between affiliated advisers. This might include the movement of managers from the Advisers 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 brochures of GS&Co., GSAM, GSAMI or other affiliated advisers is available on the SEC's website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) and will be provided to clients or prospective clients upon request. Clients that want more information about any of these affiliates should contact the Advisers.

### ***Financial Planner***

The Advisers provide Financial Planning services, Investment Management, financial education and other services primarily to employees, members or participants of Corporate Partners. Ayco's personnel refer clients to GS PFM for Financial Planning and Investment Management and receive fees from GS PFM. Ayco's personnel refer GS PFM's Personal Financial Management services to its clients and receive fees from the Personal Financial Management services.

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

GS&Co. and certain of its affiliates are registered with the CFTC as a FCM, CPO, SD or CTA. These affiliates include GSAM, GSAMI, HFS, and GSIS. If permitted by law and applicable regulation, the Advisers 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***

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

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 Securities-Based Loans to certain clients of the Advisers. GS Bank benefits from the use of Securities-Based Loans by charging interest on those loans. The Advisers and certain Financial Advisors will receive compensation for referring clients to GS Bank for such loans. These loans are not made on an advised basis but are solely self-directed. Such referrals create a conflict between the interests of clients and the interests of the Advisers and their Financial Advisors since the Advisers and certain Financial Advisors have an economic interest in the loans. Such compensation is in addition to compensation the Advisers and certain Financial Advisors receive from the advisory fee charged by the Advisers for providing advisory services to the Advisory Accounts pledged as collateral for the loans. Borrowing against securities is not suitable for all investors. Sufficient collateral must be maintained to support a loan and to take advances. It should be expected that if there is a decline in the value of a client's collateral assets, including as a result of markets going down in value, clients will



be required to deposit more securities or funds to maintain the level needed to avoid a maintenance call or pay down the line of credit and that GS Bank will sell some or all of a client's securities without prior notice to maintain the account at the required levels. GS Bank can increase a client's collateral maintenance requirements at any time without notice. Additionally, GS Bank has no obligation to fund the line and can change the client's interest rate or demand full or partial repayment at any time.

GS Bank offers deposit sweeps to Goldman Sachs clients, where free credit balances are swept into GS Bank on an omnibus basis. The Goldman Sachs Bank Deposit ("Bank Deposit") operates as a cash sweep account for clients for whom the Bank Deposit has been designated as the sweep option for available cash. The Bank Deposit earns positive interest or incurs 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. The Advisers' clients may also open separate savings accounts and certificates of deposit to which different interest rates may apply. In particular, clients may open direct accounts at GS Bank at rates that may be higher than rates for the deposit sweep. The level of service for direct accounts at GS Bank differs from what is offered through sweep accounts.

*Trust Companies.* GSTC and GSTD provide personal trust and estate administration and related services to certain of the Adviser's clients. GS&Co. and its affiliates, including the Advisers, provide a variety of services to GSTC and GSTD, including investment advisory, sub-advisory, brokerage, distribution, marketing, operational, infrastructure, financial, auditing, and administrative services. Goldman Sachs will receive fees from GSTC and GSTD according to the fee schedules agreed upon between the parties in arm's-length service agreements. The Advisers recommend that clients appoint GSTC or GSTD as a trustee.

### ***Insurance Company or Agency***

The Adviser's affiliates, ASA, ASIA and UCRM, engage in the insurance agency business for purposes of selling, brokering and co-brokering, including, but not limited to, life insurance policies and annuity contracts (both fixed and variable) and long-term care insurance contracts for separate compensation. ASA and ASIA also provide agent of record servicing of insurance contracts. ASA also offers a digital insurance platform for term insurance products that may be the same, similar or different than term insurance products available outside of the digital platform. ASA, ASIA and UCRM participate in the distribution of insurance securities through an insurance networking agreement with Mercer Allied. Commissions are paid to ASA, ASIA, Mercer Allied and UCRM by insurance companies for the placement and distribution of insurance and annuity products. These commissions may be paid to ASA, ASIA, Mercer Allied or UCRM for acting as an insurance producer, retail distributor and/or wholesale distributor. In addition, compensation from the insurance companies might also include various incentives in addition to standard commissions or referral fees, including contingent commissions, and other awards and bonuses, such as trips, expense allowances, marketing allowances, training and education. Incentive or contingent compensation is based upon a variety of factors including the level of aggregated premiums, client retention, revenue growth, overall profitability, or other performance measures pre-established by insurance companies. This incentive or contingent compensation is not tied to any individual transaction. In the future, ASA, ASIA or Mercer Allied may make available to advisory clients Advisory Annuities, for which the compensation, in the form of advisory fees, are paid by the advisory client and no commissions are paid by the insurance companies sponsoring the products. In limited circumstances, ASA, ASIA or Mercer Allied may receive compensation from insurance companies in the form of servicing or distribution fees for these products.

Different compensation arrangements are in place for UCRM, ASA, ASIA, Mercer Allied and their affiliates and individual Financial Advisors for the same or similar insurance products depending on the relationship between the insurance company and agency that sold the insurance product, and the affiliate and Financial Advisors. If Financial Advisors can refer a client to any of ASA, UCRM, ASIA, Mercer

Allied or to any third party for the purchase of an insurance product, these different compensation arrangements create a conflict of interest.

Advisory clients are not obligated to use the Advisers' affiliated persons to purchase insurance or annuities. Certain Financial Advisors who are licensed insurance agents act as sub-producers of ASA, ASIA and/or UCRM. Certain appropriately licensed Financial Advisors are appointed as agents of the issuing insurer.

The Advisers compensate certain licensed Financial Advisors and make payments as directed by GS&Co. to such personnel of GS&Co., for referring clients to ASA, ASIA and/or UCRM. In some instances, Financial Advisors are not compensated directly for such referrals but the referral may contribute to overall company profitability which could impact any discretionary bonus paid to such Financial Advisors. In the case of Advisory Annuities compensation in the form of advisory fees may be earned by the Financial Advisor. The compensation received by the Advisers and such personnel varies and is dependent on the insurance company and product purchased. Such compensation creates a conflict of interest that gives the Advisers and such Financial Advisors and GS&Co. personnel an incentive to recommend such insurance policies and annuities, based on the compensation received.

Recommendations to purchase or exchange insurance products are made by the Advisers' personnel solely in their capacity as licensed insurance agents or, in the case of variable annuities or variable insurance products, in their capacity as registered representatives of Mercer Allied and such recommendation does not result in an investment advisory relationship with the Advisers or any affiliate, and none of the Advisers or any affiliate has a corresponding fiduciary duty with respect to such clients with respect to such recommendation. The Advisers' affiliates do not use any separate investment advisory agreement when distributing insurance. See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* above for a description of services related to Variable Subaccounts.

Certain life insurance policies and annuity contracts, including Variable Products, offer an allocation option reflecting the performance of an Index (defined below) sponsored by or otherwise supported by the Advisers' affiliates. The Adviser's affiliates receive compensation if any portion of the policy or contract's account value is allocated to that option. Such compensation is not paid to the Advisers, Mercer Allied, ASA, ASIA, UCRM or any Financial Advisor.

ASA, ASIA and UCRM continues to provide agent of record services to certain policy owners, including those who have terminated their financial management services or Advisory Accounts. However, such agent of record services are primarily administrative, and do not include any fiduciary advice, including investment advice or education related to separate accounts underlying Variable Products or otherwise. The Advisers, ASA, ASIA and UCRM have overlapping officers and share office space and expenses.

### ***Sponsor or Syndicator of Limited Partnerships***

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

### ***Trustee Activities***

The Advisers and Financial Advisors generally will not assume a position of trust for a client or client account, such as being named executor or trustee for a client account, or holding power of attorney on a client's behalf. This exclusion does not include accounts for clients who are family members of the Financial Advisors; in which case the Financial Advisors will serve as trustee for a family member's account. Certain GS PFM Financial Advisors have legacy relationships where they separately serve as trustees for accounts of clients that are Advisory Accounts ("Trustee-clients") but not family members of

the GS PFM Financial Advisor. In such situations, when GS PFM Financial Advisors are acting as trustee for a trust that has a GS PFM Advisory Account but is not a family member, GS PFM has policies and procedures in place to ensure compliance with applicable laws regarding custody of the Trustee-client's funds or securities.

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

Financial Advisors are asked and agree to participate as a member of various third-party company's advisory committee, board or panel ("Advisory Panel"). The participation is typically done to benefit GS PFM's business, for current or future use of the third-party company's products and services. Advisory Panel participants are typically informed about confidential company information which cannot be used for the benefit of third parties. Advisory Panel members are not typically paid any compensation. However, the third-party company typically pays or reimburses the participant for travel, lodging and meal expenses incurred in attending Advisory Panel meetings. The participation and benefit do not depend on any amount of business directed to the third-party; however, the receipt of travel and related benefits creates an incentive for the participant to recommend the third-party company's services. This conflict is addressed through the initial reason for participating in the Advisory Panel, that being a desire to benefit GS PFM's clients through improving the products and services offered by the third-party company.

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

### ***Management Persons; Policies and Procedures***

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

The Advisers have adopted a variety of restrictions, policies, procedures, and disclosures designed to address potential conflicts that arise between the Advisers, their management persons and their affiliates. These policies and procedures include: information barriers designed to prevent the flow of information between the Advisers, their 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 (defined below). No assurance can be made that any of the Advisers' current policies and procedures, or any policies and procedures that are established by the Advisers 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*.

### ***Affiliated Indices and ETFs***

From time to time, Goldman Sachs develops, co-develops, owns and operates 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. From time to time the Advisers manage Advisory Accounts that invest in the GSAM ETFs. The operation of the Indices, the GSAM ETFs and Advisory Accounts in this manner gives rise to conflicts of interest.

Goldman Sachs has adopted policies and procedures that are designed to address potential conflicts that 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* below, the Advisers have adopted a code of ethics.

### ***Receipt of Compensation from Investment Advisers***

The Advisers may select or recommend that clients allocate assets to one or more accounts or funds managed by one or more (i) Affiliated Managers; or (ii) Unaffiliated Managers, as each is defined in *Item 4 – Investment Management Services* above. The ability to recommend both Affiliated Managers and Unaffiliated Managers creates conflicts for the Advisers and could impact our decisions regarding manager selection when affiliation is considered by the Advisers, 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. The Advisers receive compensation in connection with clients’ investments in and selection of such Managers, and such compensation creates a 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) will result in additional compensation to Goldman Sachs. Subject to applicable law, (and excluding Retirement Accounts), 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 can be greater if the Advisers select or recommend 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 client accounts) generally increases as the amount of assets that Managers manage increases. Except to the extent required by applicable law, the Advisers may not account to a client for or offset any compensation received by Goldman Sachs against fees and expenses the client otherwise owes 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, the Advisers have an incentive to allocate the assets of Advisory Accounts to Affiliated Managers. For particular asset classes or investment strategies, the Advisers’ 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 from time to time 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. The Advisers will be incentivized to make available, allocate assets to, and refrain from withdrawing assets from Unaffiliated Managers whose principals or employees are clients of the Advisers. In addition, Goldman Sachs from time to time has investments in selected Managers or their affiliates.

From time to time, Goldman Sachs receives notice of, or offers to participate in, investment opportunities from Unaffiliated Managers or their affiliates. Unaffiliated Managers or their affiliates 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 (other than Retirement Accounts) where the Advisers must compensate Managers from the fee it receives from the client provides an incentive for the Advisers 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 the Advisers instead of recommending or selecting other Managers that might also be appropriate for the Advisory Accounts. Except for Retirement Accounts, it should be expected that the amount of the fee retained by Goldman Sachs will be affected by Goldman Sachs' business relationships and the size of Accounts other than a particular Advisory Account, and will directly or indirectly benefit Goldman Sachs and other client accounts. Clients are not entitled to receive any portion of such benefits received by Goldman Sachs or other client accounts.

The Advisers address 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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The Advisers have adopted a Code of Ethics ("Code") under Rule 204A-1 of the Advisers Act designed to provide that Financial Advisors, and certain additional personnel who support the Advisers 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 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 also take positions that are the same as, different from, or made at different times than, positions taken (directly or indirectly) for Advisory Accounts. The Advisers provide a copy of the Code to clients or prospective clients upon request.

Additionally, all personnel of Goldman Sachs, including Financial Advisors, are subject to firmwide policies and procedures regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading. In addition, the Advisers prohibit 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 certain Advisory Accounts 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 (such Goldman Sachs or other client accounts, relationships, and products, including Advisory Accounts, collectively, the “Accounts”). In addition, Goldman Sachs has direct and indirect interests in the global fixed income, currency, commodity, equities, bank loan, and other markets. Goldman Sachs invests certain Advisory Accounts in products and strategies sponsored, managed, or advised by Goldman Sachs or in which Goldman Sachs has an interest, either directly or indirectly, or otherwise restricts Advisory Accounts from making such investments, as further described herein. In this regard, it should be expected that Goldman Sachs’ activities and dealings with other clients and third parties affect Advisory Accounts in ways that 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 are associated with the financial or other interests that Goldman Sachs has 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 sponsors, manages, advises and provides services to affiliated funds (or their personnel) in which Advisory Accounts invest and advises or provides services to unaffiliated funds (or their personnel) in which Advisory Accounts invest. In connection with such commercial relationships and services, Goldman Sachs receives fees, compensation, and remuneration that should be expected to be substantial, as well as other benefits. For example, providing such services enhances Goldman Sachs’ relationships with various parties, facilitates additional business development and enables 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 the Advisers. In addition, such relationships can have an adverse impact on 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. *See also Allocation of Investment Opportunities below.*

In connection with providing such services, it should be expected that Goldman Sachs will take commercial steps in its own interest, or advise the parties to which it is providing services, or take other actions. Such actions may benefit Goldman Sachs. For example, Goldman Sachs is incentivized to 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 the Advisers) or in which Goldman Sachs, its personnel, 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, certain Advisory Accounts acquire securities or indebtedness of a company affiliated with Goldman Sachs directly or indirectly through syndicate or secondary market purchases, or make a loan to, or purchase securities from, a company that uses the proceeds to repay loans made by Goldman Sachs. These activities by an Advisory Account may enhance the profitability of Goldman Sachs, its personnel, or other Accounts (including Advisory Accounts) with respect to their investment in and activities relating to such companies. Advisory Accounts will not be entitled to compensation as a result of this enhanced profitability. Goldman Sachs may also be incentivized to provide products or services to the employees, members or participants of certain Corporate Partners at much lower or fee-waived rates because of certain tangible or intangible benefits Goldman Sachs may receive or other relationships Goldman Sachs may have with such Corporate Partner. Such lower or fee-waived rates are not made available other clients.

Providing such services may also have an adverse effect on Advisory Accounts. For example, Goldman Sachs makes loans to and enters into margin, asset-based or other credit facilities or similar transactions with, clients, companies, individuals, or Managers or their affiliates that are 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 are 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 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 acts to protect its own commercial interest and takes 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 will adversely affect Advisory Accounts if, for example, a large position in securities is liquidated, among the other potential adverse consequences, the value of such security declines rapidly and Advisory Accounts holding (directly or indirectly) such security in turn decline in value or are 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 can also result in adverse consequences for Advisory Accounts. For example, if Goldman Sachs advises a company to make changes to its capital structure the result 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, and placement agents or managers of IPOs, including GS&Co., often 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, the Advisers will be restricted from selling the securities in such clients' Advisory Accounts at a more favorable price.

Certain Goldman Sachs' activities on behalf of its clients generally also restrict investment opportunities that are otherwise 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 are potential investment opportunities for Advisory Accounts. There are circumstances

under 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 represents certain creditor or debtor companies in proceedings under Chapter 11 of the U.S. Bankruptcy Code (and equivalent non-U.S. bankruptcy laws). From time to time, Goldman Sachs serves on creditor or equity committees. It should be expected that these actions, for which Goldman Sachs may be compensated, will limit or preclude the flexibility that the Advisory Account otherwise has to buy or sell securities issued by those companies. Please also refer to "Firm Policies, Regulatory Restrictions and Certain Other Factors Affecting Advisory Accounts."

In addition, Goldman Sachs gathers 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. It should be expected that where an Advisory Account invests in transactions in which Goldman Sachs acts as arranger, Goldman Sachs receives fees in connection with these financings. In certain instances, an Advisory Account can purchase loans and/or debt securities and receive representations and warranties directly from the borrower, while in other instances, an Advisory Account will need to rely on a private placement memorandum from Goldman Sachs or others, and 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 arise.

### ***Differing Advice and Competing Interests***

It should be expected that advice given to, or investment decisions made or other actions taken for, one or more Advisory Accounts will 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, the clients it advises, and its personnel have interests in and advise Accounts, including Advisory Accounts, that have investment objectives or portfolios similar to, related to or opposed to those of particular Advisory Accounts. In this regard, it should be expected that Goldman Sachs makes investment decisions for such Accounts that are different from the investment decisions made for Advisory Accounts and that adversely impact Advisory Accounts, as described below. In addition, Goldman Sachs, the clients it advises, and its personnel engage (or consider engaging) in commercial arrangements or transactions with Accounts, and/or 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 adversely affect such Advisory Accounts by, for example, limiting clients' ability to engage in such activity or by effecting the pricing or terms of such arrangements, transactions or investments. Moreover, a particular Advisory Account on the one hand, and Goldman

Sachs, its personnel, or other 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 disadvantages the Advisory Account. Where Goldman Sachs receives greater fees or other compensation from such Accounts than it does from the particular Advisory Accounts, Goldman Sachs, including through the Advisers, will be incentivized to favor such other Accounts.

It should be expected that other Accounts (including other Advisory Accounts) 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, if an Advisory Account buys a security, and Goldman Sachs or a Goldman Sachs client establishes 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, where Goldman Sachs is engaged to provide advice to a client that is considering entering into a transaction with a particular Advisory Account, and Goldman Sachs advises the client not to pursue the transaction with the particular Advisory Account, or otherwise in connection with a potential transaction provides advice to the client this will be adverse to the particular Advisory Account.

Clients may be offered access to advisory services through several different Goldman Sachs businesses (including through the Advisers, GS&Co., and GSAM). Different advisory businesses within Goldman Sachs manage Advisory Accounts according to different strategies and apply different criteria to the same or similar strategies and have differing investment views in respect of an issuer or a security or other investment. Similarly, Financial Advisors can have differing or opposite investment views with respect to an issuer or a security, and as a result some or all of the positions Financial Advisors take with respect to an Advisory Account will be inconsistent with, or adverse to, the interests and activities of Advisory Accounts advised by other Financial Advisors. 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, can negatively impact Advisory Accounts or benefit certain other Accounts, including other Advisory Accounts. For example, if Goldman Sachs implements 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) such action 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, if Goldman Sachs implements an investment decision or strategy that results in a purchase (or sale) of security for one Advisory Account such action can increase the value of such security already held by another Advisory Account (or decrease the value of such security that such other Advisory Account intends to purchase), thereby benefitting such other Advisory Account.

The terms of an investment formed to facilitate investment by personnel of Goldman Sachs are typically different from, and more favorable than, those by a third-party investor in such investment. For example, it should be expected that investors in such an investment generally are not subject to management fees or performance-based compensation, share in the performance-based compensation, will not have their commitments pledged under a subscription facility, and will receive capital calls, distributions and information regarding investments at different times than third-party investors. It should be expected that,

to the extent permitted by law, certain investors in such investment will be provided leverage by Goldman Sachs. In the event of a substantial decline in the value of such investments, the leverage provided to employees can render 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 will offer to purchase, redeem, or liquidate the interests held by one or more investors (potentially on terms advantageous to such investors) or to release one or more investors from their obligations to fund capital commitments without offering third-party investors the same or a similar opportunity.

Certain Financial Advisors have accounts managed by the Advisers and/or invest in the same securities that are recommended to clients or held in client accounts. Financial Advisors also hold securities and are able to trade for their own accounts contrary to financial guidance provided to clients. If Financial Advisors have hired the Advisers to manage their accounts on a discretionary basis, those accounts are traded along with other client accounts and are not given any different or special treatment.

Mercer Allied, UCRM, ASA and ASIA, receive insurance commissions from insurers for the distribution of fixed and variable insurance policies and annuities, which inure to the benefit of the Advisers. The receipt of remuneration by the affiliates creates a conflict of interest between the interests of clients, including any recommendation to implement insurance strategies, and the interests of the Advisers and their affiliates, namely the benefits that the Advisers' affiliates will receive on the policy and/or annuity distribution. Additionally, appropriately licensed personnel of the Advisers including Financial Advisors, will receive compensation for referring clients to Mercer Allied, UCRM or ASA, or for recommending Fixed Products. Such compensation will vary depending on the insurance carrier, product type and product features, and such personnel may also be appointed as an agent of the issuing insurer.

Different compensation arrangements are in place for UCRM, ASA, ASIA, Mercer Allied and their affiliates and individual Financial Advisors for the same or similar insurance products depending on the relationship between the insurance company and agency that sold the insurance product, and the affiliate and the Financial Advisors. If a Financial Advisor can refer a client to any of ASA, UCRM, ASIA, Mercer or to any third party for the purchase of an insurance product, these different compensation arrangements create a conflict of interest.

### ***Allocation of Investment Opportunities***

The Advisers and their Financial Advisors manage multiple Advisory Accounts, including Advisory Accounts in which Goldman Sachs and its personnel have an interest, and 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 Advisory Accounts for which the Advisers and their Financial Advisors receive higher fees. Such investments may include local emerging markets securities, high yield securities, fixed-income securities, interests in Alternative Investment funds, MLPs, and initial public offerings and new issues.

To help address potential conflicts regarding allocations among multiple Advisory Accounts, the Advisers have adopted allocation policies and procedures that provide that Financial Advisors allocate investment opportunities among Advisory Accounts consistent with their fiduciary obligations. In some cases, these policies and procedures result in the pro rata allocation (on a basis determined by the Advisers) 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 varies based on the type of investment opportunity. In some cases, Advisory Accounts managed by different teams of Financial Advisors are generally viewed separately for allocation purposes.



Financial Advisors make allocation-related decisions by reference to one or more factors, including, without limitation, the client's overall relationship with the Advisers; 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 the Advisers discretion or require client approval for investments; current and expected future capacity of applicable Advisory Accounts; prior investment activity; tax sensitivity of Advisory Accounts; the client's domicile; suitability considerations; the nature of the investment opportunity; cash and liquidity considerations, including, without limitation, availability of cash for investment; relative sizes and expected future sizes of applicable Advisory Accounts; availability of other appropriate investment opportunities; legal and regulatory restrictions affecting certain Advisory Accounts, including client eligibility; minimum denomination, minimum increments, *de minimis* threshold odd lot and round lot considerations; client-specific investment guidelines and restrictions; current investments made by clients that are similar to the applicable investment opportunity; and the time of last trade.

There will be some instances where certain Advisory Accounts receive an allocation while others do not or where preferential allocations are given to clients with a proven interest or expertise in a certain sector, company or industry. In addition, Financial Advisors, as part of their investment style, choose not to participate in IPOs for any clients, or choose to offer participation to only a small group of clients based upon criteria, such as assets under management, or choose to adopt another methodology. From time to time, the Advisers will 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.

As a result, there will be cases in which certain Advisory Accounts (including Advisory Accounts in which Goldman Sachs and personnel of Goldman Sachs have an interest) receive an allocation of an investment opportunity (including an investment opportunity sourced by or available from GSAM or affiliates of GSAM) at times that other Advisory Accounts do not, or when other Advisory Accounts receive an allocation of such opportunities but on different terms (which may be less favorable). In addition, due to regulatory or other considerations, the receipt of an investment opportunity by certain Advisory Accounts may restrict or limit the ability of other Advisory Accounts to receive an allocation of the same opportunity. The application of these considerations may cause differences in the performance of different Advisory Accounts that employ the same or similar strategies.

Certain Advisory Accounts may be unable to participate directly in particular types of investment opportunities (including those sourced by or available from GSAM or affiliates of GSAM), such as certain types of loans, due to the nature and/or size of the Advisory Accounts, or limitations or prohibitions in applicable loan or transaction documentation. In addition, certain Advisory Accounts may be limited due to the timing or specific nature of the particular investment opportunity. Such Advisory Accounts may only be able to access such investment opportunities indirectly through an investment in an Advisory Account that is a pooled investment vehicle, which investment would result in additional management fees and/or performance-based compensation paid to GSAM.

In certain cases, one or more funds or other Advisory Accounts ("Primary Vehicles") are intended to be GSAM's primary investment vehicles focused on, or receive priority with respect to, a particular strategy or type of investment (as determined in GSAM's discretion, and including investments sourced by or available from GSAM or affiliates of GSAM) as compared to other funds or Advisory Accounts. In such cases, such other funds or Advisory Accounts may not have access to such strategy or type of investment, or may have more limited access than would otherwise be the case. For example, access to such strategies or types of investments may only be available to certain Advisory Account clients through an investment in a Primary Vehicle, which investment would result in additional management fees and/or performance-based compensation paid to GSAM. In addition, other Accounts (including Accounts in which Goldman Sachs and personnel of Goldman Sachs have an interest) participate (through GSAM or through other areas

of Goldman Sachs) in investment opportunities that would be appropriate for such funds or other Advisory Accounts. Such Accounts will not be subject to the GSAM allocation policies. Participation by such Accounts in such transactions may reduce or eliminate the availability of investment opportunities to, or otherwise adversely affect, Advisory Accounts. Furthermore, in cases in which one or more funds or other Advisory Accounts are intended to be GSAM's primary investment vehicles focused on, or receive priority with respect to, a particular trading strategy or type of investment, such funds or other Advisory Accounts have specific policies or guidelines with respect to Advisory Accounts, other Accounts or other persons receiving the opportunity to invest alongside such funds or other Advisory Accounts with respect to one or more investments ("Co-Investment Opportunities"). As a result, certain Advisory Accounts, other Accounts or other persons will receive allocations to, or rights to invest in, Co-Investment Opportunities that are not available generally to other Advisory Accounts.

Further, the Advisers or their affiliates, under limited circumstances, use model portfolios and research or research lists, including those provided by GSAM or third parties, when managing Advisory Accounts. Certain Advisory Accounts 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 are subject to price movements, particularly with large orders or thinly traded securities. In these circumstances, it should be expected that the Advisory Accounts receiving prices for transactions will be less favorable than the prices for transactions obtained for other clients of the adviser. This could occur because of time zone differences or other reasons that cause orders to be placed at different times. In addition, model portfolios available through Goldman Sachs affiliates might not be available through the Advisers, 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.

From time to time, some or all Advisory Accounts are offered investment opportunities that are made available through Goldman Sachs businesses outside of the Advisers, 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 the Advisers are under no obligation or other duty to provide investment opportunities to any Advisory Accounts, and generally are not expected to do so. It should be expected that opportunities not allocated (or not fully allocated) to Advisory Accounts will be undertaken by Goldman Sachs, including for Goldman Sachs Accounts, accounts held by its personnel, or accounts held by other clients or third parties. *See "Differing Advice and Competing Interests" above.*

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

When permitted by applicable law and the Advisers' policy, the Advisers, acting on behalf of its Advisory Accounts (for example, taxable fixed income and municipal bond fixed income and structured investment strategies), can enter into transactions in securities and other instruments with or through Goldman Sachs or in Affiliated Products (but is under no obligation or other duty to), and cause Advisory Accounts to engage in principal transactions, cross transactions and agency cross transactions. There are potential conflicts of interest or regulatory requirements or restrictions (including those contained in Goldman Sachs internal policies) relating to these transactions that could limit the Advisers' decision to engage in these transactions for Advisory Accounts. In certain circumstances, such as when Goldman Sachs is the only participant, or one of a few participants, in a particular market, or is one of the largest such participants,

such limitations will eliminate or reduce the availability of certain investment opportunities to Advisory Accounts or impact the price or terms on which transactions relating to such investment opportunities may be effected. A principal transaction occurs if the Advisers, 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 will, to the extent permitted by applicable law, purchase or sell securities on behalf of an Advisory Account as a “riskless principal.” Goldman Sachs will generally earn compensation (such as a spread or mark-up) in connection with principal transactions. A cross transaction occurs when the Advisers cause an Advisory Account to buy securities or other instruments from, or sell securities or other instruments to, another Advisory Account or an advisory client Account of a Goldman Sachs affiliate, and Goldman Sachs does not receive a commission from the transaction. An agency cross transaction occurs when Goldman Sachs acts as broker for an Advisory Account on one side of the transaction and a brokerage account or another Advisory Account on the other side of the transaction in connection with the purchase or sale of securities by the Advisory Account, and Goldman Sachs receives a commission from the transaction. The Advisers may (but are under no obligation to) cause Advisory Accounts to engage in cross and agency cross transactions. In addition, Goldman Sachs serves as clearing agent for other Goldman Sachs clients that act as counterparty to trades for Advisory Accounts and will earn a fee for these services. *See Goldman Sachs Acting in Multiple Commercial Capacities.*

Goldman Sachs will have a potentially conflicting division of loyalties and responsibilities to the parties to principal, cross and agency cross transactions, including with respect to a decision to enter into such transaction as well as with respect to valuation, pricing and other terms. The Advisers have 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 include providing disclosure and obtaining client consent, where required). 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 the Advisers, as applicable, and any such revocation will be effective once the Advisers have received and have had a reasonable time to act on it.

### ***Affiliated Products/External Products***

GS&Co. makes 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. The 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 GS&Co. considers 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 Managers as well as Financial Advisors or other personnel of Goldman Sachs for discussion with clients, and the specialized nature of the products or strategies.

The universe of products that are made available to Advisory Accounts (including those Advisory Accounts that invest in Multi-Asset Class or Customized Multi-Asset Class Portfolios) is 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 for Advisory Accounts custodied at GS&Co., 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 already have with other parts of Goldman Sachs' businesses. Such relationships give rise to a conflict of interest, as Goldman Sachs is incentivized to select managers from whom Goldman Sachs receives fees or other benefits, including the opportunity for business development and the additional revenue that results therefrom. In addition, where Goldman Sachs is compensated more by one manager over another it is incentivized to choose the higher paying manager. Different parts of Goldman Sachs 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 the GS 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 AIMS 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 the Advisers' 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 clients or FICC and Equities clients would be reviewed by such other sourcing group(s) within Goldman Sachs, but generally not by AIMS.

With respect to External Products reviewed by AIMS, such products undergo a due diligence review designed to assess the investment merits of each product, which includes a review of the quality of the managers and the likelihood of producing appropriate investment results over the long term. Applicable investment and operational due diligence committees determine which External Products are available for investment. Although AIMS reviews the performance history of External Products, none of Goldman Sachs, AIMS, or any third party calculates or audits the information for accuracy, verifies the appropriateness of the methodology on which the performance is calculated or verifies whether the performance complies with Global Investment Performance Standards or any other standard for performance calculation. The methods for calculating performance and forming composites may differ among External Products and performance information may not be calculated on a uniform and consistent basis. Past performance may not be indicative of future results and, as such, prospective clients should not place too much emphasis on External Product performance information. AIMS periodically reviews the External Products through interactions with unaffiliated advisers designed to help understand the evolution of their views. AIMS uses a different process to evaluate ETFs and certain third-party mutual funds, applying quantitative screens that assess specific factors, including tracking error, total assets, expense ratio, length of track record and other factors (subject to periodic adjustment). 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 the GS 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. From time to time, certain Legacy External Products that are made available in Advisory Accounts on an exception basis only. These Legacy External Products are not part of the Advisers' platform and are subject to a different level of review, limited to a quantitative internal risk assessment performed by AIMS and are not subject to the due diligence process described above. Legacy External Products that do not meet applicable criteria of the internal risk assessment will be classified as an Unsupervised Asset

as defined in GS PFM's Investment Management agreement and not subject to GS PFM's discretion, management, supervision, or investment advice.

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. Financial Advisors, in determining potential investment products for a particular Advisory Account, as further described below, select or recommend an Affiliated Product that they 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 the Advisers, Financial Advisors determine which products to select or recommend to clients. When considering potential investment products for a particular Advisory Account, Financial Advisors 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 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 are inherently subjective and include a wide variety of factors. Financial Advisors generally consider, for example, without limitation: (i) product-related factors, such as track record, index comparisons, risk and return assumptions; (ii) the Financial Advisors' 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. It should be expected that consideration of such factors will not be applied consistently over time or by a particular Financial Advisors across all Advisory 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 are subject to change from time to time. *See also Differing Advice and Competing Interests above.*

Financial Advisors may consider qualitative and subjective factors to a greater extent than quantitative factors when they review an Affiliated Product from an External Product. In such instances, Affiliated Products and External Products will not be subject to the same review of quantitative and qualitative characteristics. Accordingly, such Financial Advisors may recommend or select an Affiliated Product over an External Product, and the Affiliated Product that was recommended or selected will 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 affect the review of potential investment products by Financial Advisors. For example, when Financial Advisors 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 Financial Advisors 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, Financial Advisors may select an investment product for the Advisory Account notwithstanding that certain material information is unavailable to the Financial Advisors, 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.



It should be expected that Financial Advisors will not review the entire universe of External Products that are 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 Financial Advisors. 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. Generally, Goldman Sachs receives higher fees, compensation and other benefits, when assets of Advisory Accounts are allocated to Affiliated Products rather than External Products. The Advisers, therefore, are incentivized to allocate Advisory Account assets to Affiliated Products, rather than to External Products. Similarly, the Advisers are 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, the Advisers 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 the Advisers 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. To the extent that External Products are not subject to the same or similar restrictions or requirements, it should be expected that such External Products will outperform Affiliated Products.

Goldman Sachs (including the Advisers) provides 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 re-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 can 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 are 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, can in fact cause such a redemption. Activities in respect of derivative transactions, and any associated hedging activity, may occur as a result of Goldman Sachs' adjustment in assessment of an investment or an Affiliated Adviser or Unaffiliated Adviser based on various considerations, and Goldman Sachs will not be under any obligation to provide notice to Advisory Accounts in respect of any such adjustment in assessment. *See Differing Advice and Competing Interests above. See also Item 8 - Options Risk.*

Subject to applicable law, Goldman Sachs or its clients (including other Advisory Accounts and Goldman Sachs personnel) can 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 constitute substantial percentages of such Affiliated Products resulting 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 can 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 and adversely affect 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.*

It should be expected that the various types of investors in and beneficiaries of Affiliated Products, including Goldman Sachs and its affiliates, will 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' decisions, including with respect to tax matters, from time to time will be more beneficial to one type of investor or beneficiary than another, or to the Advisers and their affiliates than to investors or beneficiaries unaffiliated with the Advisers. 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 the Advisers) may advise clients with respect to different parts of the capital structure of the same issuer, or classes of securities that are subordinate or senior to securities, in which a particular Advisory Account invests. Goldman Sachs may pursue rights, provide advice or engage in other activities, or refrain from pursuing rights, providing advice or engaging in other activities, on behalf of itself or its clients with respect to an issuer in which a particular Advisory Account has invested, and such actions (or inaction) may have an adverse effect on such Advisory Account. *See Goldman Sachs Acting in Multiple Commercial Capacities above.*

For example, in the event that Goldman Sachs, its personnel or 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, its personnel or the Account) may seek a liquidation, reorganization or restructuring of the issuer, or terms in connection with the foregoing, that adversely affect 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 the Advisers) or an Account recovers 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 the Advisers), its personnel or other Accounts participate, Goldman Sachs (including the Advisers) or such other persons or Accounts may seek to exercise their rights under the applicable loan agreement or other document in a manner detrimental to the particular Advisory Account. Alternatively, in situations in which an Advisory Account holds a more senior position in the capital structure of an issuer experiencing financial or other difficulties as compared to positions held by Goldman Sachs, its personnel or other Accounts, Goldman Sachs may determine not to pursue actions and remedies available to the Advisory Account or particular terms that might be unfavorable to itself or such other persons or Accounts holding the less senior position. In addition, in the event that Goldman Sachs, its personnel or other clients hold voting securities of an issuer in which a particular Advisory Account holds loans, bonds or other credit-related assets or securities, Goldman Sachs or such other 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, its personnel or other Accounts hold credit-related assets or securities, and Goldman Sachs may determine on behalf of the Advisory Accounts not to act in a manner adverse to Goldman Sachs or such other Accounts. Finally, certain of Goldman Sachs' relationships or other business dealings with an issuer, other holders of credit-related assets or securities of such issuer, or other transaction participants cause Goldman Sachs to pursue an action or engage in a transaction that has an adverse effect on the positions held by the Advisory Account.

These potential issues are examples of conflicts that Goldman Sachs will face in situations in which Advisory Accounts, and Goldman Sachs, its personnel, or other 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 relies on information barriers between different Goldman Sachs business units or portfolio management teams or Goldman Sachs in some circumstances relies on the actions of similarly situated holders of loans or securities rather than taking such actions itself on behalf of the Advisory Account.

As a result of the various conflicts and related issues described above and the fact that conflicts will not necessarily be resolved in favor of the interests of particular Advisory Accounts, Advisory Accounts could sustain losses during periods in which Goldman Sachs, its personnel, and/or other 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. It should be expected that the negative effects described above will be more pronounced in connection with transactions in, or Advisory Accounts using small capitalization, emerging market, distressed or less liquid strategies.

### ***Valuation***

The Advisers provide limited valuation services related to certain securities and assets in Advisory Accounts using software created by a third-party vendor. Clients typically request valuations as of a particular date. The Advisers do not value securities or assets that cannot be valued by such software, such as Alternative Investments, and clients are responsible for the valuation of such securities and assets. It should be expected that the value of an identical asset given by the Advisers will differ from the value given by another entity, segment or unit within Goldman Sachs, or from another Account or Advisory Account,

including because such other entity, segment, or unit has information or uses valuation techniques and models that it does not share with, or that are different than those of the Advisers, or because different Advisory Accounts are subject to different valuation guidelines pursuant to their respective governing agreements. Differences in valuation 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. The Advisers face a conflict with respect to valuations generally because of their effect on Goldman Sachs' fees and other compensation. In addition, to the extent the Advisers utilize third-party vendors to perform certain valuation functions, these vendors 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 restricts 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 gives to such clients or commercial arrangements or transactions that are undertaken by such clients of Goldman Sachs), Goldman Sachs' internal policies and/or potential reputational risk in connection with Accounts (including Advisory Accounts) and/or certain investments or transactions generally. As a result, in certain cases, Goldman Sachs will not engage in transactions or other activities for, or recommend transactions to, an Advisory Account, or will 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, the Advisers 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 the Advisers) or on other Advisory Accounts, or where exceeding a threshold is prohibited or results 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 arise include, without limitation: (i) a prohibition against owning more than a certain percentage of an issuer's securities; (ii) a "poison pill" that has a dilutive impact on the holdings of the Accounts should a threshold be exceeded; (iii) provisions that cause Goldman Sachs to be considered an "interested stockholder" of an issuer; (iv) provisions that 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 are able to acquire an interest in the investment

opportunity. In some cases, Goldman Sachs determines not to engage in certain transactions or activities 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 the Advisers) or create the potential risk of trade or other errors. In addition, Goldman Sachs is generally not permitted to obtain or use material nonpublic information in effecting purchases and sales for Advisory Accounts that involve public securities. Restrictions (such as limits on purchase and sale transactions or subscription to or redemption from an underlying fund) may be imposed on particular Advisory Accounts and not on other Accounts (including other Advisory Accounts). For example, directors, officers and employees of Goldman Sachs may take seats on the boards of directors of, or have board of directors' observer rights with respect to, companies in which Goldman Sachs invests on behalf of Advisory Accounts. To the extent a director, officer or employee of Goldman Sachs were to take a seat on the board of directors of, or have board of directors observer rights with respect to, a public company, Goldman Sachs (including the Advisers, 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 disadvantages or otherwise harms Advisory Accounts and/or benefit the portfolio company and/or Goldman Sachs.

Different areas of Goldman Sachs 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 will be prohibited, including by internal policies, from redeeming from such security or investment fund during the period such material non-public information is held by such other part of Goldman Sachs, which period may be substantial. As a result, the Advisory Account would 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, clients may partially or fully fund a new Advisory Account with in-kind securities in which the Advisers are restricted. In such circumstances, the Advisers will generally 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)) requiring such Advisory Accounts to dispose of investments at an earlier date and/or at a less favorable price than would otherwise have been the case had the Advisers 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 to which an Advisory Account is subject). Such economic and trade sanctions can prohibit, among other things, transactions with and the provision of services to, directly or indirectly, certain countries, territories, entities and individuals. It should be expected that these economic and trade sanctions, if applicable, and the application by Goldman Sachs of its compliance program in respect thereof, will restrict or limit an Advisory Account's investment activities.

In order to engage in certain transactions on behalf of Advisory Accounts, Goldman Sachs will be subject to (or cause Advisory Accounts to become subject to) the rules, terms and/or conditions of any venues through which it trades securities, derivatives or other instruments. This includes, but is not limited to, where the Advisers and/or the Advisory Accounts are required to comply with the rules of certain exchanges, execution platforms, trading facilities, clearinghouses and other venues, or are required to



consent to the jurisdiction of any such venues. The rules, terms and/or conditions of any such venue often result in the Advisers 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, the Advisers or their affiliates and/or their service providers or agents will be required, or will 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, the Advisers, advisers or underlying funds or the Advisory Account. The Advisers will comply with requests to disclose such information as it so determines, including through electronic delivery platforms. The Advisers are also able to cause the sale of certain assets for the Advisory Account 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 will generally receive compensation from such third parties for providing them such information.

The Advisers can determine to limit or not engage at all in transactions and activities on behalf of Advisory Accounts for reputational or other reasons. Examples of such instances include, but are not limited to: (i) where Goldman Sachs is providing (or may provide) advice or services to an entity involved in such activity or transaction; (ii) where Goldman Sachs, its personnel, or 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, its personnel, or an 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, its personnel, or an Account or their activities. Please also refer to *Goldman Sachs May Act in Multiple Commercial Capacities*.

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

Goldman Sachs has established certain information barriers and other policies designed to address the sharing of information between different businesses within Goldman Sachs and within the Advisers. As a result, the Advisers generally do 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, will from time to time 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 the Advisers. Information barriers also exist between businesses within the Advisers. In addition, regardless of the existence of information barriers, Goldman Sachs will not have any obligation to make available any information regarding its trading activities, strategies or views, or the activities, strategies or views used for other accounts for the benefit of advisory clients or Advisory Accounts. From time to time different areas of the Advisers and Goldman Sachs will take views, and make decisions or recommendations, that are different than other areas of the Advisers and Goldman Sachs. To the extent that Financial Advisers have access to fundamental analysis or other information developed by Goldman Sachs and its personnel, Financial Advisers will not be under any obligation or other duty to effect transactions on behalf of the Advisory Accounts in accordance with such analysis. In the event Goldman Sachs elects

not to share certain information with Advisory Accounts, such Advisory Accounts may make investment decisions that differ from those they would have made if Goldman Sachs had provided such information and are disadvantageous to the Advisory Account. Different Financial Advisors make decisions based on information or take (or refrain from taking) actions with respect to Advisory Accounts they advise in a manner that differs from or is adverse to other Advisory Accounts. Such teams may not share information with other portfolio management teams within the Advisers (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 Prime Services (“Prime Services”), which provides prime brokerage, administrative and other services to clients that from time to time involve investment funds in which Advisory Accounts have an interest or markets and securities in which Advisory Accounts invest. Prime Services 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 the Advisers. In addition, Goldman Sachs from time to time acts 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 the Advisers. As a result of these and other activities, parts of Goldman Sachs will possess information regarding markets, investments, affiliated advisers, unaffiliated advisers, and investment funds, which, if known to the Advisers, might cause the Advisers to seek to: (i) dispose of, retain, or increase interests in investments held by Advisory Accounts; (ii) acquire certain positions on behalf of Advisory Accounts; or (iii) take other actions. Goldman Sachs will be under no obligation or fiduciary or other duty to make any such information available to the Advisers or Financial Advisors involved in decision-making for Advisory Accounts.

### ***Financial Incentives in Selling Insurance Products***

The Advisers’ affiliated broker-dealer, Mercer Allied, and the Advisers’ affiliated insurance agencies, ASA, ASIA and UCRM receive insurance commissions from insurers for the distribution of fixed and variable insurance policies and annuities, which inure to the benefit of the Advisers. The receipt of remuneration by the Advisers’ affiliates creates a conflict of interest between the fiduciary duty the Advisers owe to clients in offering investment advice, including any recommendation to implement insurance strategies, and the interests of the Advisers and their affiliates, namely the benefits that the Advisers’ affiliates will receive on the policy and/or annuity distribution. Additionally, Financial Advisors licensed as insurance agents receive compensation for referring clients to Mercer Allied, ASA, ASIA or UCRM. Such compensation will vary depending on the insurance company and product purchased, and such personnel may also be appointed as an agent of the issuing insurer.

Different compensation arrangements are in place for ASA, ASIA, Mercer Allied, UCRM and their affiliates and individual Financial Advisors for the same or similar insurance products depending on the relationship between the insurance company and agency that distributed the insurance product, and the affiliate and the Financial Advisors. If Financial Advisors can refer a client to any of ASA, ASIA, Mercer Allied, UCRM or to any third party for the purchase of an insurance product, these different compensation arrangements create a conflict of interest.

### ***Financial Incentives in Referring Marketplace Products***

Ayco offers Marketplace to certain clients. Goldman Sachs holds ownership interests in and/or has other relationships with certain service providers included in Marketplace, which creates conflicts of interest. It should be expected that Goldman Sachs will receive compensation relating to products and services made available on Marketplace from certain service providers. Goldman Sachs’ receipt of compensation

described above creates a conflict of interest. As compensation varies by service provider, Goldman Sachs is incented to include certain service providers relative to others. Corporate clients of Goldman Sachs may hold ownership interests in and/or have other relationships with one or more service providers included in Marketplace and may request that certain service providers be made available or not be made available to their respective employees. Certain service providers may make available discounts and/or other incentives in connection with their products or services, and such discounts and/or other incentives may only be made available to employees, members or participants of certain corporate clients. Goldman Sachs has no involvement in and is not responsible for, and has no liability for, any such relationships or any such decisions. The Marketplace platform is non-advisory in nature.

## **ITEM 12 – BROKERAGE PRACTICES**

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### **Ayco**

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

Investment Management services provided by Ayco custodied with GS&Co. or Fidelity and generally are available only to clients that have directed Ayco to execute transactions for their Advisory Accounts through GS&Co. or Fidelity, respectively. As a result, substantially all transactions for Advisory Accounts are executed by GS&Co. or Fidelity, as applicable. These transactions are effected by GS&Co., as agent or principal, or Fidelity. The Execution Charges charged by the different custodians may differ and result in lower prices on one custodian platform versus the other.

By directing brokerage to GS&Co. or Fidelity, Ayco will not always be able to achieve the most favorable execution for client transactions, resulting in clients paying higher transaction costs or receive less favorable pricing. Clients should understand that not all advisers require their clients to direct brokerage to a particular broker-dealer.

In limited circumstances, Ayco or its affiliates will decide to execute transactions through a broker-dealer that is not affiliated with GS&Co. or through Fidelity. Where Ayco or its affiliates select a broker-dealer other than GS&Co. or Fidelity to execute transactions for an Advisory Account, they do so consistent with their best execution policies and procedures. Best price, giving effect to commissions and commission equivalents, if any, and other transaction costs, is normally an important factor in this decision, but the selection also takes into account, among other factors, the quality of brokerage services, including execution capability, willingness to commit capital, responsiveness, 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.

When Fidelity acts as custodian for Ayco Advisory Accounts, Fidelity provides Ayco with “institutional platform services.” The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services include software and other technology that: (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates payment of fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting. Fidelity provides Ayco with a discount on Ayco's cost to use a digital financial planning program owned by an affiliate of Fidelity.

Fidelity also offers other services intended to help Ayco manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, contact management systems, third-party research, publications, access to educational conferences, roundtables and webinars, practice

management resources, access to consultants and other third-party service providers who provide a wide array of business related services and technology with whom Ayco may contract directly.

Fidelity generally does not charge Ayco separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts.

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

Ayco is not currently receiving soft dollar benefits in connection with client securities transactions.

### ***Aggregation of Trades***

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

Ayco 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, if portfolio management decisions relating to the orders are made by separate Financial Advisors or portfolio management teams, or if bunching, aggregating or netting are not appropriate or practicable from Ayco’s operational or other perspective. Ayco 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. Ayco 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.

Ayco 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 are allocated in accordance with Ayco’s policies and procedures to allocate investment opportunities among Advisory Accounts consistent with its fiduciary duties.

### ***Errors***

Ayco has policies and procedures to help it assess and determine when reimbursement is due to a client because Ayco has committed an error that has caused economic loss to a client.

## **GS PFM**

### ***Broker-Dealer Selection/Custody***

GS PFM is not a broker-dealer and, except where client has specifically contracted with GS&Co. to serve as custodian, does not have custody of client assets (other than deducting management fees when authorized). With the exception of Retirement Accounts where GS PFM provides education only as to custodian selection, GS PFM can recommend that clients use certain affiliated and non-affiliated third parties for custodian and brokerage services. Examples of companies that GS PFM refers clients to for custodian and brokerage services include, but are not limited to Schwab, Fidelity, GS&Co., and TD Ameritrade. The arrangements between GS PFM and Fidelity for custody are different from the arrangements that are in place for client of Ayco who choose the Ayco Fidelity Custodian including with respect to fees and costs.

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

When GS PFM recommends a custodian to clients for their non-Retirement Accounts, clients are not obligated to follow its recommendation. It is the client's decision on where they custody their assets. If a client chooses to custody their assets at a custodian other than what is currently supported by GS PFM, the firm's ability to manage the client's assets may be restricted.

Substantially all transactions for Advisory Accounts are executed by GS&Co. or Third-Party Custodians, as applicable. When transactions are effected by GS&Co., GS&Co. acts as agent or principal. The Execution Charges charged by different custodians may differ and result in lower prices on one custodian platform versus the other.

In certain circumstances, GS PFM will decide to execute transactions through a broker-dealer that is not affiliated with GS&Co. or the Third-Party Custodian, as applicable. Where GS PFM selects a broker-dealer other than GS&Co. or applicable Third-Party Custodian to execute transactions for an Advisory Account, it does so consistent with its best execution policies and procedures. Best price, giving effect to commissions and commission equivalents, if any, and other transaction costs, is normally an important factor in this decision, but the selection also takes into account, among other factors, the quality of brokerage services, including execution capability, willingness to commit capital, responsiveness, 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.



## ***Soft Dollars***

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

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

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

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

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

GS PFM, in some instances, enters into agreements where a service provider agrees to pay for the services of a third-party vendor. Third-party service providers may also refer, or previously referred, clients to GS PFM. *See Schwab Advisor Network® & Fidelity Wealth Advisor Solutions® Referrals* below.

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

than the one recommended by GS PFM. Choosing a different custodian may restrict GS PFM's ability to manage the client's assets.

GS PFM's recommendation in certain circumstances that clients maintain their assets in accounts at a particular custodian may be based in part on the availability of some of the foregoing products and services along with the nature, cost, or quality of custody and brokerage services provided, which may also provide a benefit to GS PFM. GS PFM has an incentive to select or recommend a broker-dealer based on its interest in receiving these benefits. It's possible that clients would pay lower commissions by using a broker-dealer that does not provide any benefit to GS PFM. A conflict of interest exists when the services provided by the custodian are based on the amount of client assets that GS PFM maintains with the third-party service provider.

In some cases, GS PFM may not have to pay for custodial services, or the benefits provided by such custodians to GS PFM, as long as it keeps a certain minimum of client assets in accounts at the custodian. Beyond that, the custodial services provided by the custodian are not contingent upon GS PFM committing any specific amount of business to Schwab in trading commissions or assets in custody. Any minimum set by the custodian gives GS PFM an incentive to recommend that clients maintain their account with such custodian. This is a potential conflict of interest, but typically the minimums set by a custodian represents a very small portion of GS PFM's total assets under management.

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

Clients typically provide GS PFM with the discretion to select the broker-dealer for execution of securities transactions. GS PFM determines the securities to be bought or sold, the price, the timing, and the selection of broker-dealer it believes can provide best execution of client transactions. GS PFM and Managers will generally place trades with the client's custodian in light of the value of brokerage and other services received or made available by the custodian to client's account (including, without limitation, the benefits provided by the custodian). However, GS PFM and Managers place transactions with other broker-dealers consistent with their duty to seek best execution. While GS PFM believes the broker-dealer it has selected will provide best execution and services, it is possible that better execution is obtainable through another broker-dealer. By directing brokerage to GS&Co. or a Third-Party Custodian, GS PFM will not always be able to achieve the most favorable execution for client transactions, resulting in clients paying higher transaction costs or receive less favorable pricing. Clients should understand that not all advisers require their clients to direct brokerage to a particular broker-dealer. Further, GS PFM is incentivized to trade with a certain broker-dealer regardless of execution quality where doing so avoids incurring the charges that accompany trading with other broker-dealers. If a client is invested in certain fixed income strategies managed by GSAM, subject to applicable law, GS PFM will execute all transactions for such client's account through GS&Co., as agent or principal (including transactions in which Goldman Sachs or its personnel have an interest), in all programs and circumstances where the execution services of GS&Co. are available for direction on this basis in the ordinary course of GS&Co.'s business. As GS PFM utilizes a number of different broker-dealers for trade execution, the timing of the execution for the same transaction in different client accounts will differ, meaning similarly situated clients within GS PFM may receive different prices on similar transactions even if the trades are placed by GS PFM at the same time. The client may direct GS PFM to use a particular broker-dealer (subject to GS PFM's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. GS PFM will generally direct transactions to designated broker-dealers based on their execution capabilities; however, the use of a designated broker may preclude GS PFM and/or Managers from obtaining best price and execution of portfolio transactions. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and GS PFM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by GS PFM. As a result, a client may pay higher commissions or other transaction

costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

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

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

### ***Errors***

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

## **ITEM 13 – REVIEW OF ACCOUNTS**

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### ***Financial Plan Reviews***

As agreed to between the Client and the Advisers, Financial Advisors periodically review each of their individual client's allocations of assets among various asset groups held by GS&Co. or third-party custodian, to the extent such assets are known to the Financial Advisor. Such reviews include, but are not limited to, performance, client objectives, inactivity, high concentrations in individual securities, or changes in the client's account information or financial situation. Ayco Financial Advisors may also use historical market data provided by clients' custodians to periodically prepare client asset allocations with respect to risk and return. Such reviews may result in rebalancing a client's Advisory Accounts managed and/or monitored by the Financial Advisor in order to meet the clients' current investment objective, risk tolerance, and financial goals.

### ***Client Account Reviews***

Ayco provides ongoing monitoring of the Advisory Accounts for, among other things, allocations that are outside a client's investment guidelines. Additionally, Ayco 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. Ayco supervisory personnel, in consultation with the client's designated Financial Advisors, conduct periodic reviews of certain Advisory Accounts that are either randomly selected or identified as meeting certain criteria warranting additional review.

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

GS PFM provides ongoing monitoring of GS PFM Advisory Accounts for which GS PFM exercises discretionary Investment Management to identify situations that warrant either a detailed review or specific

action on behalf of a client. Such reviews include, but are not limited to, performance, client objectives, inactivity, high concentrations in individual securities, or changes in the client's account information or financial situation. In addition, GS PFM performs limited reviews of certain Locally Managed Strategies.

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

### ***Rebalancing***

GS PFM will periodically rebalance the discretionary Investment Management account holdings within a client's Advisory Account. The primary goal is to ensure that the market value of the investments in each asset class remains aligned with the percentage of the total market value of the entire client account as determined by the asset allocation model or parameters selected by the client within a reasonable tolerance level. GS PFM has discretion to change the allocations among the various asset classes on a periodic basis. Allocations among investments may, from time to time, be out of balance with the target asset class allocations for extended periods of time or at all times due to various factors, such as fluctuations in, and variations among, the performance of investments and reliance on estimates in connection with the determination of percentage allocations. Depending on the assets, the rebalancing will generate a taxable transaction for the client. GS PFM does not typically factor the tax implication of a transaction when deciding when to rebalance a GS PFM Advisory Account. Transactions will not take place in a GS PFM Advisory Account if the GS PFM Advisory Account remains within an appropriate variance for the applicable investment strategy, as determined by GS PFM or a Manager, if applicable. When the account remains within an appropriate allocation range, no transactions are warranted and significant periods of time may go by without any transactions taking place. If there is no account activity, GS PFM is still supervising the assets.

### ***Custodial Statements***

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

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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### **General**

#### ***Continuing Education & Product Training***

From time-to-time, the Advisers organize educational and training meetings for its supervised persons. Certain product providers, unaffiliated advisers, and vendors are permitted to make presentations to the Advisers' supervised persons. The presentations may or may not provide continuing education credits, such as for insurance licensing. These providers may contribute to the cost of putting on these sessions at hotels or other meeting facilities. These products and services, how they benefit us, and the related conflicts of

interest are described above in *Item 12 - Brokerage Practices* above. The availability of these products and services is not based on the Advisers providing particular investment advice.

### ***Client Referrals***

Where personnel of the Advisers refer clients to affiliated advisers, including GSAM, GSAMI, GS&Co., Rocaton, and to affiliated insurance agencies, UCRM, ASA, ASIA, and to affiliated broker dealer, Mercer Allied, in connection with certain services the Advisers receive referral fees subject to applicable law and compensate its eligible employees for such referrals. From time to time, GS PFM personnel will also refer clients to certain unaffiliated advisers.

From time to time, the Advisers also make cash or non-cash payments to third parties for testimonials, endorsements, or client referrals consistent with applicable laws, including the SEC Marketing Rule (Rules 206(4)-1 and 204-2 of the Advisers Act) (“Marketing Rule”). In the case of client referrals, the compensation arrangements with the third party generally can be either a flat fee calculated and paid on a periodic basis or a fee based on a percentage of the advisory fees received by the Advisers for the referred client accounts. For Ayco, the compensation arrangement can also be a percentage of the fees that a Corporate Partner pays to Ayco. For testimonials, endorsements, and referrals that the Advisers receive from third parties, an agreement is generally executed where required by the Marketing Rule governing the compensation arrangement and required disclosures are provided to referred clients at the time of solicitation or referral in accordance with the Marketing Rule.

The Advisers have relationships with one or more advertisers, including operators of websites matching consumers with providers of various financial products and services, pursuant to which the Advisers compensate such advertiser for the advertising services provided.

### **Ayco**

Ayco’s Financial Planning fee may be paid, in whole or in part, by third parties, including the client’s employer. From time to time, Ayco compensates employees of Ayco and its affiliates for client referrals consistent with applicable laws. Additionally, Ayco and its affiliates, including GS&Co., refer clients to each other when such entity’s services appear appropriate and will generally receive or pay, as the case may be, a percentage of fee revenue as compensation.

### **GS PFM**

#### ***Other Referrals***

GS PFM also works with different affinity groups to market its services to their members. When working with affinity groups, GS PFM generally pays the group for providing access to their members. If the payment is based on a percentage of the fees earned by GS PFM from its members, such arrangements will comply with the requirements of the Marketing Rule.

Subject to the Code and in accordance with applicable policies, GS PFM pays a small amount (“gifts”) to clients and third parties who refer clients to it. These gifts are typically of nominal value and are not based on a percentage of the actual or anticipated earnings that GS PFM would generate or expect to generate from any new clients gained. Further, in certain circumstances, GS PFM will enter into agreements with



third parties whereby such third parties offer promotional rates for their products to potential clients of GS PFM if such individuals become clients of GS PFM.

### ***Recruiting Expenses***

As a part of GS PFM's business, the firm hires outside parties (recruiters) to help find registered investment advisers interested in joining GS PFM. The recruiters are typically paid a fee based on a percentage of the total revenue of the investment adviser or business referred to GS PFM. At times, others will contribute to the recruiting expense GS PFM might incur, including custodians of client assets such as Fidelity. When a third-party custodian contributes to the recruiting expense, it presents a conflict of interest, as GS PFM has an incentive to refer the client to the third-party custodian sharing the cost of the recruitment expense over another custodian. GS PFM also hires recruiters to help locate individual financial advisors interested in joining GS PFM. The recruiters are typically paid a fee based on the compensation paid to the financial advisor. Lastly, GS PFM may pay referral fees to personnel who refer advisory personnel for employment.

### ***Schwab Advisor Network® & Fidelity Wealth Advisor Solutions® Referrals***

GS PFM participates in the institutional adviser referral programs offered by Fidelity (the Fidelity Wealth Advisor Solutions® ("WAS") Program) and by Schwab (the Schwab Advisor Network). These programs help investors find an investment adviser. Formerly, GS PFM also participated in a referral program offered by TD Ameritrade (the AdvisorDirect program). Given Schwab's acquisition of TD, as of April 2022, the TD AdvisorDirect Referral program has been terminated and TD will no longer be providing ongoing referral arrangements to GS PFM, although GS PFM continues to honor existing referral arrangements and payment obligations. Fidelity, Schwab and TD Ameritrade are broker-dealers independent of and unaffiliated with GS PFM. As described below, GS PFM pays Fidelity, Schwab and TD Ameritrade fees for client referrals. GS PFM's participation in these referral programs raise conflicts of interest concerns described below.

Fidelity, TD Ameritrade and Schwab have paid in the past, and may in the future, for business consulting and professional services received by GS PFM's related persons. Some of the products and services made available by Fidelity, TD Ameritrade and Schwab through their respective programs benefit GS PFM but not client accounts. *See the Brokerage Practices* section above, under *Item 12*, for additional information about these benefits. These products or services assist GS PFM in managing and administering client accounts, including accounts not maintained at Fidelity, TD Ameritrade or Schwab, respectfully. The other services made available by Fidelity, TD Ameritrade and Schwab are intended to help GS PFM manage and further develop its business enterprise.

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

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

The Fidelity WAS Program, through which GS PFM receives referrals, is directed from Fidelity Personal and Workplace Advisors LLC ("FPWA") (formerly Strategic Advisors, Inc.), a registered investment adviser and Fidelity Investments company. GS PFM is independent and not affiliated with FPWA or any

Fidelity Investments company. FPWA does not supervise or control GS PFM, and FPWA has no responsibility or oversight for GS PFM's provision of Investment Management or other advisory services.

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

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

- Fidelity – (a) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as “fixed income” assets by FPWA and (b) an annual percentage of 0.25% of all other assets held in client accounts at Fidelity after the referral is made to GS PFM. In addition, GS PFM has agreed to pay FPWA a \$50,000 annual fee amount in connection with its participation in the WAS Program. GS PFM has also agreed to pay FPWA a one-time fee of 0.75% of assets if the referred client transfers custody of the assets it manages to a custodian other than an affiliate of FPWA.
- TD Ameritrade – 0.25% of referred client assets up to \$2 million; 0.10% of referred client assets over \$2 million up to \$10 million; 0.05% of referred client assets over \$10 million. GS PFM is obligated to pay TD Ameritrade a minimum of \$10,000 per calendar year for participation in their program.
- Schwab – 0.20% or 0.25% of any and all client assets held under GS PFM's management at Schwab. GS PFM has also agreed to pay Schwab a Non-Schwab Custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the participation fees GS PFM generally would pay in a single year. Thus, GS PFM has an incentive to recommend that client accounts be held in custody at Schwab.

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

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

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

in custody at Schwab may be executed through a different broker-dealer than trades for GS PFM's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

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

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

## **ITEM 15 – CUSTODY**

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Advisory Clients generally custody their funds and securities in their Advisory Accounts with GS&Co. Fidelity, Schwab or TD Ameritrade. The Advisers are an affiliate of GS&Co. and are not affiliated with Fidelity, Schwab or TD Ameritrade. In limited circumstances, clients also may enter into separate custody agreements to maintain client funds and securities with other unaffiliated qualified custodians. However, under the Advisers Act, the Advisers or their affiliates are "deemed" to have custody of client assets under certain circumstances, including where the Advisers have a limited power of attorney for Advisory Accounts custodied at third-party custodians and in the case of Ayco Family Office clients, in connection with the receipt and redirection of client checks and provision of personal accounting or bill pay services, which are ancillary non-investment advisory services.

In certain limited situations, Financial Advisors at GS PFM may have legacy relationships where they serve as the trustee for an account under the Advisers' supervision that is not an account for the Financial Advisor's family member. In these limited circumstances, GS PFM can be deemed to have custody even though they will not allow their Financial Advisors to hold, directly or indirectly, the Trustee-client's funds or securities, nor will GS PFM permit the Financial Advisor to obtain possession of the Trustee-client's funds or securities in connection with advisory services that GS PFM provides to such Trustee-clients.

The Advisers' Investment Management clients who custody funds and securities with GS&Co., Fidelity, Schwab or TD Ameritrade, as applicable, will receive periodic account statements from GS&Co., Fidelity, Schwab or TD Ameritrade respectively. The Advisers' clients who custody funds and securities away from GS&Co. receive account statements directly from their qualified custodian, and may also receive periodic account statements and performance reports from the Advisers or their affiliates. Clients should understand that the statements received from the custodian of their funds or securities are the official records for their Advisory Accounts.

Clients will receive account statements at least quarterly from their broker-dealer, bank, or other qualified custodian that holds and maintains clients' investment assets. It is important in all cases for clients to carefully

review their custodial statements to verify the accuracy of the calculation, as well as their holdings and activity. The Advisers urge its clients to carefully review such statements for accuracy. Clients should contact the Advisers directly if they believe that there may be an error in their statement, or have any questions about any of the transactions, activity, holdings, or fees deducted.

## **ITEM 16 – INVESTMENT DISCRETION**

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The Advisers accept discretionary investment authority to manage Advisory Accounts on a client's behalf and at the client's risk. Clients who choose to grant the Advisers discretion are required to sign an Investment Management agreement and complete account opening documentation appointing and authorizing the Advisers to supervise and direct the investment of assets in the Advisory Account. The Advisers' discretionary authority is limited by the terms of its Investment Management agreement and any written investment guidelines, including reasonable restrictions agreed to in writing between the Advisers and each client. The Advisers do not accept discretion over client's investment accounts and assets as part of its Financial Planning services.

In order to engage in certain transactions on behalf of Advisory Accounts, the Advisers 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 the Advisers (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, and settlement risks and other related conditions on trading.

## **ITEM 17 – VOTING CLIENT SECURITIES**

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### **Ayco**

Financial Planning does not include proxy voting services.

#### ***Ayco Fidelity Custody***

Ayco does not accept authority for voting proxies relating to the majority of Advisory Accounts with Fidelity custody. Under the advisory agreement between Ayco and these clients, clients agree to retain the right to vote such proxies. These clients will receive annual reports and proxy materials relating to securities held in Advisory Accounts directly from Fidelity and are encouraged to contact Fidelity to ensure that they receive proxies and other solicitations for securities held in their Advisory Account.

There are a limited number of Ayco Advisory Accounts with Fidelity custody for which Ayco accepts voting authority, however clients authorize Ayco to delegate such authority to subadvisors or a proxy voting service, (the "Proxy Service") as the case may be. In these circumstances it is Ayco's practice to delegate the voting of such proxies as described below. Ayco has retained an unaffiliated Proxy Service to assist in the implementation and administration of certain proxy voting-related functions for the Advisory Accounts for which Ayco has voting authority. The Proxy Service generally will follow customized proxy voting guidelines developed by an Ayco affiliate and adopted by Ayco (the "Ayco Guidelines") when voting proxies for public equity investments on behalf of these Advisory Accounts. The Ayco Guidelines address a wide variety of individual topics including, among other matters, shareholder voting rights, anti-takeover defenses, board structures, the election of directors, executive and director compensation, reorganizations, mergers, issues of corporate social responsibility and various shareholder proposals. The Proxy Service also provides support for operational, recordkeeping and reporting services. Ayco may hire other service providers to replace or supplement the Proxy Service with respect to any of the services Ayco currently

receives from the Proxy Service. With respect to investment company (including mutual funds and ETFs) proxies for these accounts, Ayco has appointed the Proxy Service to vote proxies in accordance with the Proxy Service voting guidelines.

### ***Ayco GS&Co. Custody***

With the exception of accounts managed by Ayco for the GSPF, Ayco does not accept authority for voting proxies relating to any Advisory Accounts with GS&Co. custody. Under the advisory agreement between Ayco and clients with GS&Co. custody, clients agree to either (i) retain the right to vote such proxies and receive all annual reports and proxy materials relating to such shares; or (ii) appoint the Proxy Service as their proxy voting agent to vote proxies for public equity investments held in Advisory Accounts with GS&Co. custody pursuant to the proxy voting guidelines developed by a GS&Co. affiliate (the “Goldman Sachs Guidelines”) and to vote investment company proxies in accordance with the Proxy Service voting guidelines, or separately arrange for the Proxy Service to vote proxies pursuant to other guidelines. The Goldman Sachs Guidelines and the Ayco Guidelines are in general substantively the same. By making the Goldman Sachs Guidelines available as a reference, Ayco does not act as investment adviser or fiduciary to these clients for proxy voting matters. For the GSPF accounts where Ayco accepts proxy voting authority, Ayco delegates such authority to the Proxy Service consistent with the practice described above under the heading “Ayco Fidelity Custody.”

### ***Proxy Voting Policies – General***

The Ayco Guidelines are designed to prevent conflicts of interest from influencing proxy voting decisions and to help ensure that such decisions are made in accordance with Ayco’s fiduciary obligations to its clients because they are pre-established guidelines that are not designed to further Ayco’s economic interests. Notwithstanding such controls, it is possible that proxy voting decisions made by Ayco for securities held by a particular Ayco Advisory Account benefit the interests of Ayco and/or accounts other than the Ayco Advisory Account, provided that Ayco believes such voting decisions to be in accordance with its fiduciary obligations. It is also possible that implementation of the Ayco Guidelines proves detrimental to the interests of certain Ayco advisory clients, particularly those clients who have engaged Ayco for Financial Planning services and also have existing Ayco Advisory Accounts.

Clients can obtain information regarding how securities were voted for a particular Ayco Advisory Account by calling their Ayco representative. Ayco’s Proxy Voting Policy and the Ayco Guidelines are available upon request.

If GS&Co. is custodian, it forwards proxy materials directly to clients or the Proxy Service, if applicable, and forwards notices for class actions and other legal proceedings directly to clients or their appointed agent. Ayco recommends that clients promptly review these materials, as they identify important deadlines and may require action on the client’s part. Ayco and GS&Co. are not required to notify unaffiliated custodians or clients who use unaffiliated custodians of proxy notices, shareholder class action lawsuits, or similar matters related to securities held in their Ayco Advisory Accounts. Unless otherwise agreed, Ayco does not render any advice or take any action with respect to securities or other property currently or formerly held in Ayco Advisory Accounts or the issuers thereof that become the subject of any legal proceedings, including bankruptcies and shareholder class action lawsuits. With respect to shareholder class action litigation and similar matters, Ayco’s Advisory Account clients are encouraged to contact their custodians and ensure that they receive notices and are aware of the participation and filing requirements related to class action and similar proceedings. With the exception of Ayco’s limited proxy voting activities described above, Ayco 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, although affiliates may do so with client consent in connection with strategies managed by such affiliates. Notwithstanding the foregoing, certain Affiliated Managers 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 Ayco.

## **GS PFM**

Unless expressly agreed to in writing, GS PFM does not accept authority, or give any advice to clients about how to vote client securities, including for securities held in GS PFM Advisory Accounts.

A client can elect to directly vote proxies for the securities in the GS PFM Advisory Accounts by providing written notice to GS PFM of the client's election to do so. Absent such written notice, by signing the discretionary Investment Management agreement and not electing otherwise, the client authorizes and directs GS PFM to facilitate voting of all proxies related to the securities held in the client's Advisory Accounts in accordance with the recommendations of one or more third-party providers (the "GS PFM Service Providers") or in accordance with the PWM Proxy Voting Guidelines, as applicable. The proxy voting guidelines are available upon request. The client is responsible for voting proxies on securities or matters for which the GS PFM Service Providers does not provide a recommendation. GS PFM does not render any advice to the GS PFM Service Providers with respect to a particular proxy solicitation. GS PFM may hire other service providers to replace or supplement the Proxy Service with respect to any of the services GS PFM currently receives from the GS PFM Service Providers.

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

If the client retains the right to directly vote proxies, the client maintains exclusive responsibility for (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. GS PFM recommends that clients promptly review these materials, as they identify important deadlines and may require action on the client's part. GS PFM is not required to notify unaffiliated custodians or clients who use unaffiliated custodians of proxy notices, shareholder class action lawsuits, or similar matters related to securities held in their GS PFM Advisory Accounts. Unless otherwise agreed, GS PFM does not render any advice or take any action with respect to securities or other property currently or formerly held in GS PFM Advisory Accounts or the issuers thereof that become the subject of any legal proceedings, including bankruptcies and shareholder class action lawsuits. With respect to shareholder class action litigation and similar matters, GS PFM's Advisory Account clients are encouraged to contact their custodians and ensure that they receive notices and are aware of the participation and filing requirements related to class action and similar proceedings. In addition, GS PFM generally does not render any advice or take any action with respect to corporate actions relating to securities held in GS PFM 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.

## **ITEM 18 – FINANCIAL INFORMATION**

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### **GS PFM**

GS PFM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

A balance sheet for GS PFM's fiscal year ending on December 31, 2022 is attached.

**Ayco**

Ayco has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

A balance sheet for Ayco's fiscal year ending on December 31, 2022 is attached.

## Glossary

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

**“Accounts”** means Goldman Sachs’ own accounts, the accounts of its personnel, or other client accounts, relationships and products, including Advisory Accounts.

**“ACF”** means The Ayco Charitable Foundation.

**“ADR”** means American Depositary Receipts.

**“ADS”** means American Depositary Shares.

**“Advisers”** means Ayco and GS PFM.

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

**“Advisory Accounts”** means client accounts for which either or both Ayco or GS PFM serve as registered investment advisers.

**“Advisory Annuities”** means non-commission variable annuities for which clients may authorize the Advisers to provide Variable Subaccount Allocation Services for an advisory fee.

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

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

**“Affiliated Products”** means securities issued by Goldman Sachs or its affiliates, including structured products, Separately Managed Accounts and pooled vehicles managed by Goldman Sachs.

**“Agency Trading Option”** means the mode of agency execution by Goldman Sachs of certain fixed income trades for certain strategies on an agency basis.

**“AIMS”** means GSAM’s Alternative Investments and Manager Selection group.

**“Alternative Investments”** means alternative investment products available through the Advisers or an affiliate, including hedge funds, private equity funds, venture capital funds, private credit funds, private real estate funds and other private investments.

**“APAS”** means Ayco Personal Advisor Service.

**“ASA”** means The Ayco Services Agency, L.P., a state licensed insurance agency, and an affiliate of the Advisers.

**“ASIA”** means The Ayco Services Insurance Agency, Inc., a state licensed insurance agency and an affiliate of the Advisers.

**“ATAS”** means Ayco Trust Advisory Service.

**“ATAS Investment Committee”** means the investment committee responsible for providing investment advice with respect to investment accounts opened through Ayco to trusts and, in certain limited circumstances, estates.

**“Ayco”** means The Ayco Company, L.P. d/b/a Goldman Sachs Ayco Personal Financial Management.

**“Ayco Guidelines”** means the customized proxy voting guidelines developed by Ayco’s affiliate that Ayco has adopted and provided to the Proxy Service for use where Ayco has voting authority.

**“Ayco ICS”** means Ayco Institutional Client Solutions.

**“Ayco PMG”** means the Ayco Portfolio Management Group, a team of portfolio management personnel who manage various investment strategies and accounts.

**“Ayco Private Access Account Strategies Program”** means a wrap fee program on the Fidelity Platform sponsored by Ayco, also referred to as the Private Access Account Strategies program.

**“Bank Deposit”** means the Goldman Sachs Bank Deposit at GS Bank, which operates as a cash sweep account for clients for whom it has been designated as the sweep option for holding available cash.

**“Brochure”** means the Financial Planning and Investment Management Services Brochure for Ayco and GS PFM.

**“CASP”** means Comprehensive Advisory Services Program.

**“CCC”** means Chicago Clearing Corporation.

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

**“Centrally Managed Strategies”** means strategies developed, implemented, and managed by Affiliated or Unaffiliated Managers.

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

**“Code”** means the Advisers’ Code of Ethics adopted pursuant to SEC Rule 204A-1 of the Advisers Act.

**“Corporate Partner”** means an employer, or affinity or membership association or organization with a corporate/employer or membership organization-sponsored program for which the Advisers provide advisory services to employees, members or participants.

**“CPI”** means the Consumer Price Index.

**“DMS”** means the Discretionary Manager Selection Program.

**“EFM”** means Executive Financial Management, a financial planning program made available by Ayco to executives and high-net-worth clients directly or through a Corporate Partner.

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

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

**“Execution Charges”** means charges for executing transactions, including but not limited to commissions, commission equivalents, mark-ups, mark-downs or spreads.

**“External Products”** means separate accounts or mutual funds managed, sponsored, advised or issued by investment managers or organizations not affiliated with Goldman Sachs.

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

**“Fidelity”** means, together, Fidelity Brokerage Services LLC and National Financial Services LLC.

**“Financial Advisors”** means Ayco and GS PFM’s advisory personnel who provide advisory services directly to clients.

**“Financial Guidance”** means Financial Planning services offered through GS PFM.

**“Financial Planning”** means the financial planning services provided by either or both Ayco and GS PFM.

**“Fixed Products”** means fixed life insurance products and annuity contracts.

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

**“Funds”** means investment companies or pooled vehicles, including ETFs managed or advised by the Advisers and their affiliates, in their capacities as advisers or sub-advisers.

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

**“GOAS Account”** means an actively managed option strategy involving listed and/or OTC call and/or put options, including collars and put spread collars managed by GS&Co.

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

**“Goldman Sachs Guidelines”** means customized proxy voting guidelines developed by Ayco’s affiliate, which Goldman Sachs has provided to the Proxy Service for use when appointed by clients as their voting proxy.

**“GRT”** means Gross Receipt Tax.

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

**“GS Group”** means 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, and a worldwide full-service financial services organization.

**“GS PFM”** means United Capital Financial Advisers, LLC d/b/a Goldman Sachs Personal Financial Management.

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



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

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

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

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

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

**“GSPF”** means Goldman Sachs Philanthropy Fund.

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

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

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

**“IBORs”** means Interbank Offered Rates.

**“iCapital”** means iCapital Advisors, LLC, a third party platform provider for Alternative Investments.

**“ICS”** means Institutional Client Solutions.

**“IDA”** means individually directed brokerage account.

**“Index”** means stock market and other indices developed or co-developed by Goldman Sachs and a third party.

**“Investment Management”** means the investment management services provided by either or both of Ayco and GS PFM.

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

**“IRA”** means individual retirement account.

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

**“ISG”** means Goldman Sachs Private Wealth Management Investment Strategy Group.

**“Legacy External Products”** means products held in client accounts prior to the time Goldman Sachs acquired United Capital Financial Advisers, LLC.

**“Legacy Manager”** means a manager of a mutual fund, ETF or Variable Subaccount that has not been approved by AIMS and was not recommended by the Advisers.

**“LIBOR”** means the London Interbank Offered Rate.

**“Locally Managed Strategies”** means strategies managed directly by GS PFM.

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

**“Managed Strategy Fees”** means fees that compensate the portfolio managers that provide portfolio management of GS PFM Advisory Accounts.

**“Managers”** means Affiliated or Unaffiliated Managers who manage client assets 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.

**“Marketplace”** means the non-advisory service offering through which an integrated marketplace of affiliated and unaffiliated digital products and services or service providers is made available to certain clients of Ayco, including to employees, members or participants of Corporate Partners.

**“Mercer Allied”** means Mercer Allied Company, L.P., a broker-dealer registered with the SEC, and an affiliate of the Advisers.

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

**“NAV”** means net asset value.

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

**“Prime Services”** means the Goldman Sachs business that provides prime brokerage, administrative and other services.

**“Primary Vehicles”** means one or more funds or other Advisory Accounts intended to be focused on by GSAM, or receive priority with respect to, a particular strategy or type of investment.

**“Proxy Service”** means the proxy voting service Ayco retains to assist with the implementation and administration of certain proxy voting-related functions for the Advisory Accounts for which Ayco has voting authority or that Ayco clients may appoint as their proxy voting agent where Ayco does not have voting authority.

**“PWAs”** means GS&Co. Private Wealth Advisors.

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

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

**“Related Parties”** means individuals with a familial relation to a client, typically the client’s spouse, partner, and/or dependents, who may participate in the client’s Financial Planning, but with whom the Advisers maintain no contractual or investment advisory relationship and, accordingly, undertake no corresponding fiduciary duty.

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

**“Retirement Regulations”** means ERISA, together with the IRC.

**“Rocaton”** means Rocaton Investment Advisors, LLC.

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

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

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

**“Separately Managed Accounts”** means portfolios of individual securities managed on the client’s behalf by an asset management firm such as GSAM.

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

**“TD Ameritrade”** means TD Ameritrade, Inc.

**“Third-Party Custodians”** means unaffiliated third parties used for custodian and brokerage services.

**“Third-Party Funds”** means mutual funds and ETFs that are managed, sponsored or advised by investment managers that are not affiliated with the Advisers or their affiliates.

**“Third-Party Professionals”** means unaffiliated third-party professionals.

**“Trustee-clients”** means accounts for which certain Financial Advisors separately serve as trustees.

**“UCRM”** means United Capital Risk Management, LLC, a licensed insurance agent and an affiliate of the Advisers.

**“Unaffiliated Managers”** means Managers that are unaffiliated with Goldman Sachs.

**“Unsupervised Assets”** means investments clients have made on their own behalf without GS PFM’s advice or recommendation that clients may request the custodian hold.

**“Variable Products”** means variable life insurance policies and variable annuity contracts.

**“Variable Subaccount Allocation Services”** means advice provided about the selection of Variable Subaccounts for clients’ existing or new variable annuities or the allocation of premiums among Variable Subaccounts available from the specific annuity sponsor.

**“Variable Subaccounts”** means separate accounts underlying Variable Products.

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

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

## Appendix A

### Strategy Based Fees & Custodian Availability

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

Strategy	Annual Fee	Account Minimum	Custodian Availability	
			Fidelity	GS
Ayco Portfolio Solution® – Traditional <sup>4</sup>	0.850%	More than \$50,000 of assets	✓	–
Ayco Portfolio Solution® – Alternative	1.000%	More than \$50,000 of assets	✓	–
Ayco Portfolio Solution® – Income Opportunity	0.600%	More than \$50,000 of assets	✓	–
Ayco Portfolio Solution® – Foreign Opportunity	0.850%	More than \$50,000 of assets	✓	–
Core Satellite <sup>4</sup>	0.850%	More than \$50,000 of assets	✓	–
Core Complement – Moderate	0.850% <sup>1</sup>	More than \$500,000 of assets <sup>3</sup>	–	✓
Core Complement – Growth	0.850% <sup>1</sup>	More than \$750,000 of assets <sup>3</sup>	–	✓
Core Complement – Conservative	0.800% <sup>1</sup>	More than \$750,000 of assets <sup>3</sup>	–	✓
Core Complement – Equity	1.100%	More than \$250,000 of assets	✓	✓

<sup>1</sup> Core Complement and Strategic Allocation fees also apply to fixed income sub-accounts managed by GSAM

<sup>2</sup> This fee may be lower in instances of Corporate Sponsored or negotiated rates

<sup>3</sup> Core Complement Strategies holding individual corporate fixed income securities are subject to higher account minimum requirements

<sup>4</sup> Strategy closed to new investors as of January 2023<sup>5</sup> The minimum requirements vary for the Managed ETF Strategies and, as explained earlier, may be negotiated and altogether waived at Ayco's sole discretion

GS Managed Investments – Active Managed	0.850%	More than \$25,000 of assets	✓	–
Managed ETF Strategies	0.500% <sup>1,2</sup>	More than \$25,000 of assets <sup>5</sup>	✓	✓
Ayco: Institutional Client Solutions	0.600%	More than \$100,000 of assets	–	✓
Ayco: Investment Advisory	0.500%	More than \$100,000 of assets	–	✓

For Retirement Accounts where the client participates in the managed account platform, the maximum advisory fee is 1.5%. Clients will be charged the same fee for all strategies regardless of strategy selected.



## Appendix B

### CASP Fees

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

For CASP Advisory Accounts, the advisory fee charged by Ayco is calculated as a percentage of assets under management in accordance with the tiered pricing schedule set forth below. There is a minimum annual advisory fee of \$50,000 to participate in CASP.

<u>Asset Level</u>	<u>Annual Fee</u>
First \$10 million	1.50%
Next \$15 million	0.80%
Next \$25 million	0.70%
Next \$50 million	0.60%
Next \$150 million	0.50%
Next \$250 million	0.45%
More than \$500 million	0.40%

In addition to the CASP advisory fee set forth above, clients who participate in CASP are subject to portfolio manager fees for strategies managed by Ayco, as set forth below, and for strategies managed by Ayco affiliates or unaffiliated portfolio managers, as set forth in the Fees and Execution Charges section on the Client Web (<https://www.goldman.com>). Contact your Financial Advisor for access to Client Web or to receive a copy of the information provided on the website. Clients who also invest in the Managed Account Strategies Program pay fees outlined in the Managed Account Strategies Program brochure.

<u>Strategy</u>	<u>Annual Fee</u>
Ayco Managed ETF Strategies	0.250%
Ayco Core Complement Strategies	0.250%

Absent special circumstances, the CASP advisory and portfolio manager fees for strategies set forth above and as stated on Client Web represent the maximum advisory or portfolio manager fees that clients in CASP may currently be charged. Additional information is available upon request.

**The Ayco Company, L.P.**  
**Balance Sheet**  
**As of December 31, 2022**

**The Ayco Company, L.P.**  
**December 31, 2022**

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## **Report of Independent Auditors**

To the Management of The Ayco Company, L.P.

### ***Opinion***

We have audited the accompanying balance sheet of The Ayco Company, L.P. (the "Partnership") as of December 31, 2022, including the related notes (referred to as the "balance sheet").

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the financial position of the Partnership as of December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Balance Sheet section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter***

As discussed in Note 11 to the balance sheet, the Partnership has entered into significant transactions with The Goldman Sachs Group, Inc. and GS Ayco Holding LLC which are related parties. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Balance Sheet***

Management is responsible for the preparation and fair presentation of the balance sheet in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a balance sheet that is free from material misstatement, whether due to fraud or error.

In preparing the balance sheet, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date the balance sheet is available to be issued.

### ***Auditors' Responsibilities for the Audit of the Balance Sheet***

Our objectives are to obtain reasonable assurance about whether the balance sheet as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a



material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the balance sheet.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the balance sheet, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the balance sheet.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the balance sheet.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Information***

Management is responsible for the other information included in the annual Form ADV report. The other information comprises information about the qualifications and business practices relating to The Ayco Company L.P. but does not include the balance sheet and our auditors' report thereon. Our opinion on the balance sheet does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the balance sheet, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the balance sheet or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*PricewaterhouseCoopers LLP*

March 24, 2023



# The Ayco Company, L.P.

## Balance Sheet

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<i>\$ in thousands</i>	<u>As of December</u> <b>2022</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 4,524
Accounts receivable, net of allowance of \$2,894	58,455
Prepaid expenses	1,996
Due from affiliates	151,661
Property, leasehold improvements and equipment, net	50,864
Right-of-use asset, net	47,792
Investments in affiliates	12,405
Goodwill	273,173
Customer relationships, net	18,295
Other assets	1,686
<b>Total assets</b>	<b>\$ 620,851</b>
<b>Liabilities and partners' capital</b>	
Accrued compensation and benefits	108,424
Due to affiliates	74,687
Deferred income	2,371
Other liabilities and accrued expenses	14,727
Income taxes payable	14,622
Deferred tax liabilities	45,659
Lease liabilities	49,083
Pensions, postretirement and deferred compensation liabilities	2,985
<b>Total liabilities</b>	<b>312,558</b>
<b>Commitments, contingencies and guarantees</b>	
<b>Partners' capital</b>	<b>308,293</b>
<b>Total liabilities and partners' capital</b>	<b>\$ 620,851</b>

The accompanying notes are an integral part of this balance sheet.

**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
**\$ in thousands**

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**Note 1.**

**Description of Business**

The Ayco Company, L.P. (the Partnership), a Delaware limited partnership, is an indirectly wholly owned subsidiary of The Goldman Sachs Group, Inc. (Group Inc.), a Delaware corporation. The Partnership's sole partners are GS Ayco Holding LLC and Saratoga Springs LLC. The Partnership is engaged in the business of providing professional services which include financial counseling, tax return preparation, asset management, trust and estate and corporate benefit plan services to corporate and individual clients primarily throughout the United States.

**Note 2.**

**Basis of Presentation**

This financial statement is prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and all reference to 2022 refer to the Partnership's year ended, or the date, as the context requires, December 31, 2022.

**Note 3.**

**Significant Accounting Policies**

**Use of Estimates**

Preparation of this statement requires management to make certain estimates and assumptions, the most important of which relate to accounting for goodwill and identifiable intangible assets, provision for losses that may arise from litigation and regulatory proceedings, accounting for income taxes and the allowance for uncollectible accounts. These estimates and assumptions are based on the best available information, but actual results could be materially different.

**Cash and Cash Equivalents**

The Partnership defines cash equivalents as highly liquid overnight deposits held in the ordinary course of business. Cash balances are maintained at various institutions, some of which are insured by the Federal Deposit Insurance Corporation to the extent provided by law. At December 2022, the Partnership had \$3,512 held in banks in excess of the insured limits.

**Accounts Receivable**

Accounts receivable consists primarily of amounts owed by clients for financial related services, counseling fees, management fees, and advisory fees. These receivables are accounted for at amortized cost net of any allowance for credit losses, which generally approximates fair value. The Partnership estimates credit losses generally based on delinquency status of the receivables and charge off amounts deemed uncollectible. The firm recorded an allowance for credit losses of \$2,894 as of December 2022.

The carrying amount of accounts receivable approximates fair value due to the short-term nature of the instruments. Had these receivables been included in the Partnership's fair value hierarchy, all receivables would have been classified in level 2 as of December 2022 since the inputs in the valuation are observable.

**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
**\$ in thousands**

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**Property, Leasehold Improvements and Equipment**

Property, leasehold improvements and equipment are stated net of accumulated depreciation and amortization. All property and equipment are depreciated on a straight-line basis over the useful life of the asset. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease. Significant additions or improvements extending the assets' useful lives are capitalized. Capitalized costs of software developed or obtained for internal use are amortized on a straight-line basis over three years.

The Partnership tests property, leasehold improvements and equipment for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. To the extent the carrying value of an asset or asset group exceeds the projected undiscounted cash flows expected to result from the use and eventual disposal of the asset or asset group, the Partnership determines the asset or asset group is impaired and records an impairment equal to the difference between the estimated fair value and the carrying value of the asset or asset group.

**Operating Lease Right-of-Use Assets**

The Partnership enters into operating leases for real estate used in connection with its operations. For leases longer than one year, the Partnership recognizes a right-of-use asset representing the right to use the underlying asset for the lease term, and a lease liability representing the liability to make payments. The lease term is generally determined based on the contractual maturity of the lease. For leases where the firm has the option to terminate or extend the lease, an assessment of the likelihood of exercising the option is incorporated into the determination of the lease term. Such assessment is initially performed at the inception of the lease and is updated if events occur that impact the original assessment.

An operating lease right-of-use asset is initially determined based on the operating lease liability, adjusted for initial direct costs, lease incentives and amounts paid at or prior to lease commencement. This amount is then amortized over the lease term. See Note 8 for information about operating lease liabilities.

For leases where the Partnership will derive no economic benefit from leased space that it has vacated or where the Partnership has shortened the term of a lease when space is no longer needed, the partnership will record an impairment or accelerated amortization of the right-of-use assets. There were no material impairments or accelerated amortization during 2022.

**Investments in Affiliates**

The Partnership owns 99% of Ayco Services Agency, L.P. and Mercer Allied Company, L.P. but does not have a controlling interest in these entities. The controlling interest is maintained by the General Partner, GS Ayco Holding LLC, which holds all voting rights. Investments in affiliates are reported using the equity method of accounting.

**Goodwill**

The goodwill balance relates to the acquisition of The Ayco Company, L.P., and its affiliates, by GS Ayco Holding LLC on July 1, 2003. Goodwill is the cost of acquired companies in excess of the fair value of net assets, including identifiable intangible assets, at the acquisition date.

**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
**\$ in thousands**

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Goodwill is assessed for impairment annually in the fourth quarter or more frequently if events occur or circumstances change that indicate an impairment may exist. When assessing goodwill for impairment, first, a qualitative assessment can be made to determine whether it is more likely than not that the estimated fair value of the Partnership is less than its estimated carrying value. If the results of the qualitative assessment are not conclusive, a quantitative goodwill test is performed. Alternatively, a quantitative goodwill test can be performed without performing a qualitative assessment.

The quantitative goodwill test compares the estimated fair value of the Partnership with its carrying value (including goodwill and identifiable intangible assets). If the Partnership's estimated fair value exceeds its carrying value, goodwill is not impaired. An impairment is recognized if the estimated fair value of the Partnership is less than its carrying value.

During the fourth quarter of 2022, goodwill was tested for impairment using a quantitative test. The estimated fair value of the Partnership exceeded its carrying value, and therefore, goodwill was not impaired. The Partnership uses a price-to-earnings multiple of comparable competitors to the Partnership's net earnings to estimate fair value because the Partnership believes market participants would use this technique to value the Partnership.

**Customer Relationships**

Customer relationships are amortized over their estimated useful lives using the straight-line method. The Partnership tests customer relationships for impairment when events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. To the extent the carrying value of an asset or asset group exceeds the projected undiscounted cash flows expected to result from the use and eventual disposal of the asset or asset group, the Partnership determines the asset or asset group is impaired and records an impairment equal to the difference between the estimated fair value and the carrying value of the asset or asset group. There were no impairments during 2022.

**Deferred Income**

Deferred income of \$2,371 consists of the unearned portion of amounts invoiced. The Partnership recognizes revenue in the period in which the service is provided; any revenue received in advance of the service period is deferred.

**Note 4.**

**Property, Leasehold Improvements and Equipment**

As of December 2022, property, leasehold improvements and equipment that the Partnership uses in connection with its operations consist of the following:

Leasehold improvements	\$	35,882
Furniture, fixtures and equipment		42,643
<b>Total gross carrying value</b>		<b>78,525</b>
Less accumulated depreciation		(27,661)
<b>Total net carrying value</b>	<b>\$</b>	<b>50,864</b>

**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
**\$ in thousands**

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**Note 5.**  
**Customer Relationships**

The following table sets forth the gross carrying amount, accumulated amortization and net carrying amounts of the customer relationships as of December 2022:

Gross carrying amount	\$	161,000
Accumulated amortization		(142,705)
<b>Net carrying amount</b>	<b>\$</b>	<b>18,295</b>

The customer relationships are being amortized over their estimated useful life of 22 years. The weighted average remaining lives at December 2022 of customer relationships is approximately 2.5 years.

**Note 6.**  
**Income Taxes**

In August 2022, the Inflation Reduction Act of 2022 (the IRA) was signed into law. The IRA includes income tax incentives to encourage investments in clean energy, partially financed by a new 15% corporate alternative minimum tax (CAMT). The CAMT applies to corporations with average annual profits over \$1 billion and is calculated on their financial statement income with certain adjustments, for years beginning after December 31, 2022. The legislation had no impact on our 2022 annual effective tax rate and is not expected to have a material impact on our 2023 annual effective tax rate.

**Provision for Income Taxes**

Income taxes are provided for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities.

The Partnership is treated as a single member limited liability company (SMLLC), and therefore considered a disregarded branch of the parent for U.S. Federal tax purposes, and a "C" corporation for U.S. Federal tax purposes. Therefore, the Partnership is required to accrue U.S. Federal, state and local tax as the entity was a "C" corporation. The Partnership is included with Group Inc. and subsidiaries in the consolidated corporate federal tax returns as well as consolidated/combined state and local tax returns. The Partnership computes its tax liability on a modified separate company basis and settles such liabilities with Group Inc. pursuant to the tax sharing arrangement. To the extent the Partnership generates tax benefits from losses it will be reimbursed by Group Inc. pursuant to the tax sharing arrangement. The Partnership's state and local tax liabilities are allocated to reflect its share of the consolidated/combined state and local income tax liability. As of December 2022, the Partnership's income tax payable in the balance sheet was \$14,622.

**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
**\$ in thousands**

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**Deferred Income Taxes**

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Valuation allowances are established to reduce deferred tax assets to the amount that more likely than not will be realized. Deferred taxes are recorded in the balance sheet, until the underlying temporary differences reverse and the taxes become currently payable or receivable. At December 2022, the Partnership had net deferred tax liabilities of \$45,659 primarily related to deferred tax liabilities on tax amortization of customer relationships and goodwill of \$76,952 and operating lease right-of-use assets of \$12,084, offset by deferred tax assets related to deferred compensation of \$30,270, operating lease liabilities of \$12,327 and other book tax differences of \$780. No valuation allowance is required as it is considered more likely than not that the deferred tax assets will be utilized.

**Unrecognized Tax Benefits**

The Partnership recognizes tax positions in the balance sheet only when it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized on settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the balance sheet. As of December 2022, the Partnership did not record a liability related to accounting for uncertainty in income taxes.

**Regulatory Tax Examinations**

The Partnership is subject to examination by the U.S. Internal Revenue Service (IRS) and other taxing authorities in jurisdictions where the Partnership has significant business operations, such as New York State and City. The tax years under examination vary by jurisdiction.

Group Inc. has been accepted into the Compliance Assurance Process program by the IRS for each of the tax years from 2013 through 2023. This program allows Group Inc. to work with the IRS to identify and resolve potential U.S. Federal tax issues before the filing of tax returns. All issues for the 2011 and 2012 tax years have been resolved and completion is pending final review by the Joint Committee on Taxation (JCT). During 2022, Group Inc. reached an agreement with IRS Appeals on the remaining issues for tax years 2012 through 2019. Subject to final review by JCT, this agreement will not have a material impact on the effective tax rate. During 2022, the fieldwork for the 2020 tax year was completed and the final resolution is not expected to have a material impact on the effective tax rate. The 2021 tax year remains subject to post-filing review.

New York State and City examinations of 2015 through 2018 commenced during 2021. All years, including and subsequent to 2015 for all other significant states, excluding New York State and City, remain open to examination by the taxing authorities.

The Partnership believes that no liability for unrecognized tax benefits is required to be established in relation to the potential for additional assessments.



**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
*\$ in thousands*

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**Note 7.**  
**Employee Benefit Plans**

**Postretirement Benefits**

The Partnership provides postretirement health benefits to fully eligible individuals who retire at or after age 55 and who also have at least ten years of full-time service or the equivalent as of the date of retirement. The Partnership has limited the annual benefit under the plan to \$1,000 per year per participant. Any premiums in excess of \$1,000 must be paid for by the retiree.

At December 2022, accumulated other comprehensive income, included in Partners' capital in the balance sheet, is comprised of an unrecognized gain of \$711 and unrecognized prior service income of \$800.

The following table sets forth the funded status of the postretirement health benefit plan and amount recognized in the balance sheet:

	<b>Postretirement Benefits</b>
Accumulated postretirement benefit obligation	\$ 2,580
Plan assets at fair value	-
Unfunded liability	2,580
Liability recognized in the balance sheet	\$ 2,580

For the year ended December 2022, the projected benefit obligation decreased in the aggregate by \$900 due primarily to the impact of an increase in the discount rate from 3.12% at December 2021 to 5.27% at December 2022.

Weighted-average assumptions and other benefit information as of December 2022:

	<b>Postretirement Benefits</b>
Discount rate	5.27%
Benefit cost	\$ 79
Employer contributions	85
Benefits paid	85

**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
*\$ in thousands*

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The following table sets forth benefit payments projected to be paid from the Partnership's postretirement health benefit plan and reflects expected future service, where appropriate:

	<b>Postretirement Benefits</b>
2023	\$ 127
2024	132
2025	137
2026	141
2027–thereafter	943

**Other Employee Benefits**

The Partnership maintains a nonqualified deferred compensation plan for eligible employees. The cost of such plan is accrued over the period of active employment from the employee's participation date in the plan. At December 2022, the deferred compensation payable amount was \$405.

Group Inc. maintains a deferred compensation (401(k)) plan which covers substantially all employees of the Partnership and a defined benefit pension plan for eligible employees of the Partnership. The Partnership is allocated a prorata share of the expenses from Group Inc. for these plans.

Generally, the Partnership determined the discount rate for postretirement benefits by referencing indices for long-term, high quality bonds and ensuring that the discount rate does not exceed the yield reported for those indices after adjustment for the duration of the plan's liability.

The balance sheet includes a liability at December 2022 for the foregoing plans of \$2,985.

**Note 8.**

**Operating Lease Liabilities**

For leases longer than one year, the Partnership recognizes a right-of-use asset representing the right to use the underlying asset for the lease term, and a lease liability representing the liability to make payments. See Note 3 for information about operating lease right-of-use assets.

The table below presents information about operating lease liabilities as of December 2022:

2023	\$ 6,155
2024	4,829
2025	3,812
2026	3,836
2027	3,622
2028–thereafter	38,780
Total undiscounted lease payments	61,034
Imputed Interest	11,951
Total operating lease liabilities	\$ 49,083

  

Weighted average remaining lease term	14.92 years
Weighted average discount rate	2.99%

**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
**\$ in thousands**

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In the table above, the weighted average discount rate represents the Partnership's incremental borrowing rate as of January 2019 for operating leases existing on the date of adoption of ASU No. 2016-02, "Leases (Topic 842)", and at the lease inception date for leases entered into subsequent to the adoption of this ASU.

**Note 9.**  
**Employee Incentive Plans**

The cost of employee services received in exchange for a share-based award is generally measured based on the grant-date fair value of the award. Share-based awards that do not require future service (i.e., vested awards, including awards granted to retirement-eligible employees) are expensed immediately. Share-based awards that require future service are amortized over the relevant service period. Forfeitures are recorded when they occur. Cash dividend equivalents are paid on outstanding restricted stock units (RSUs).

**Stock Incentive Plan**

Group Inc. sponsors a stock incentive plan, The Goldman Sachs Amended and Restated Stock Incentive Plan (2021) (2021 SIP), which provides for grants of RSUs, restricted stock, dividend equivalent rights, incentive stock options, nonqualified stock options, stock appreciation rights, and other share-based awards, each of which may be subject to terms and conditions, including performance or market conditions. On April 29, 2021, Group Inc.'s shareholders approved the 2021 SIP. The 2021 SIP is a successor to several predecessor stock incentive plans, the first of which was adopted on April 30, 1999, and each of which was approved by Group Inc.'s shareholders. The 2021 SIP is scheduled to terminate on the date of Group Inc.'s annual meeting of shareholders that occurs in 2025.

**Restricted Stock Units**

Group Inc. grants RSUs to employees, which are generally valued based on the closing price of the underlying shares on the date of grant, after taking into account a liquidity discount for any applicable post-vesting and delivery transfer restrictions. The value of equity awards also considers the impact of material non-public information, if any, that Group Inc. expects to make available shortly following grant. RSUs generally vest and underlying shares of common stock deliver (net of required withholding tax) as outlined in the applicable award agreements. Award agreements generally provide that vesting is accelerated in certain circumstances, such as on retirement, death, disability and, in certain cases, conflicted employment. Delivery of the underlying shares of common stock is conditioned on the grantees satisfying certain vesting and other requirements outlined in the award agreements. RSUs generally vest and deliver over a three-year period. The subsequent amortization of the cost of these RSUs is allocated to the firm by Group Inc.

**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
**\$ in thousands**

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The table below presents the 2022 activity related to stock settled RSUs:

	Restricted Stock Units Outstanding		Weighted Average Grant-Date Fair Value of Restricted Stock Units Outstanding	
	Future Service Required	No Future Service Required	Future Service Required	No Future Service Required
Beginning balance	29,063	209,598	\$ 251.69	\$ 228.44
Granted	42,370	97,983	\$ 344.53	\$ 339.68
Forfeited	(1,206)	(2,362)	\$ 307.73	\$ 260.25
Delivered	-	(122,254)	\$ -	\$ 215.52
Vested	(39,678)	39,678	\$ 290.42	\$ 290.42
Transfers	147	-	\$ 329.42	\$ -
<b>Ending balance</b>	<b>30,696</b>	<b>222,643</b>	<b>\$ 327.59</b>	<b>\$ 295.19</b>

In the table above:

- The weighted average grant-date fair value of RSUs granted during 2022 was \$341.14. The fair value of the RSUs granted during 2022 included a liquidity discount of 1.79% to reflect post-vesting and delivery transfer restrictions, generally of 1 year.
- The aggregate fair value of awards that vested during 2022 was \$45,724.

In relation to 2022 year-end, during the first quarter of 2023, Group Inc. granted to the Partnership's employees 144,257 RSUs (of which 42,473 RSUs require future service as a condition of delivery for the related shares of common stock). These RSU awards are subject to additional conditions as outlined in the award agreements. Shares underlying these RSUs, net of required withholding tax, deliver over a three-year period. These awards are generally subject to a one-year post-vesting and delivery transfer restriction. These awards are not included in the table above.

**Note 10.**

**Legal Proceedings**

The Partnership is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of the Partnership's businesses. Many of these proceedings are in early stages, and seek an indeterminate amount of damages.

Management is generally unable to estimate a range of reasonably possible loss for matters, including where (i) actual or potential plaintiffs have not claimed an amount of money damages, except in those instances where management can otherwise determine an appropriate amount, (ii) matters are in early stages, (iii) there is uncertainty as to the likelihood of a class being certified or the ultimate size of the class, (iv) there is uncertainty as to the outcome of pending appeals or motions, (v) there are significant factual issues to be resolved, and/or (vi) there are novel legal issues presented. Management does not believe, based on currently available information, that the outcomes of such matters will have a material adverse effect on the Partnership's financial condition.

**The Ayco Company, L.P.**  
**Notes to the Balance Sheet**  
***\$ in thousands***

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**Note 11.**  
**Related Party Transactions**

In 2022, the Partnership provided certain counseling services to partners of Group Inc. and had cash advances to Group Inc. recorded in due from affiliates. The Partnership reimburses subsidiaries of Group Inc. for cash payments made on their behalf for employee compensation and benefits. In addition, the Partnership reimburses Group Inc. for share issuances to Partnership employees under the restricted stock units program, discussed in Note 9. At December 2022, amounts due from affiliates, include a loan receivable from affiliate in the amount of \$135,534. The interest on the loan receivable is based on prevailing market rates, computed at an internal cost of funds (5.82% at December 2022) and is payable on demand. The carrying value of the loan approximates fair value. In addition, \$86,000 was paid to the Partnership's parent in equity distributions during 2022.

**Note 12.**  
**Subsequent Events**

The Partnership evaluated subsequent events through March 24, 2023, the date the balance sheet was issued, and determined that there were no material events or transactions that would require recognition or additional disclosure in the balance sheet.

**United Capital Financial Advisers, LLC**  
**Consolidated Balance Sheet**  
**As of December 31, 2022**



**United Capital Financial Advisers, LLC**  
**December 31, 2022**

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## **Report of Independent Auditors**

To the Management of United Capital Financial Advisers, LLC

### ***Opinion***

We have audited the accompanying consolidated balance sheet of United Capital Financial Advisers, LLC (the "Company") as of December 31, 2022, including the related notes (referred to as the "consolidated balance sheet").

In our opinion, the accompanying consolidated balance sheet presents fairly, in all material respects, the financial position of the Company as of December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Balance Sheet section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Balance Sheet***

Management is responsible for the preparation and fair presentation of the consolidated balance sheet in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a consolidated balance sheet that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated balance sheet, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the balance sheet is available to be issued.

### ***Auditors' Responsibilities for the Audit of the Consolidated Balance Sheet***

Our objectives are to obtain reasonable assurance about whether the consolidated balance sheet as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated balance sheet.



In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated balance sheet, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated balance sheet.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated balance sheet.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Other Information**

Management is responsible for the other information included in the annual Form ADV report. The other information comprises information about the qualifications and business practices relating to the Company, but does not include the consolidated balance sheet and our auditors' report thereon. Our opinion on the consolidated balance sheet does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated balance sheet, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated balance sheet or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*PricewaterhouseCoopers, LLP*

Los Angeles, California  
March 24, 2023

# United Capital Financial Advisers, LLC

## Consolidated Balance Sheet

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<i>\$ in thousands</i>	<u>As of December</u> <b>2022</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 45,912
Accounts receivable	2,938
Prepaid expenses and other assets	1,577
Due from affiliates	3,489
Income tax receivable	16,196
Deferred tax asset	8,725
Property, leasehold improvements and equipment, net	6,577
Right-of-use asset, net	23,571
Goodwill	398,107
Intangible Assets, net	191,629
<b>Total assets</b>	<b>\$ 698,721</b>
<b>Liabilities and member's equity</b>	
Accounts payable and accrued expenses	14,722
Accrued compensation and benefits	28,286
Deferred income	644
Due to affiliates	41,182
Lease liability	25,121
Notes payable	2,266
<b>Total liabilities</b>	<b>112,221</b>
<b>Commitments, contingencies and guarantees</b>	
<b>Member's equity</b>	<b>586,500</b>
<b>Total liabilities and member's equity</b>	<b>\$ 698,721</b>

The accompanying notes are an integral part of this consolidated balance sheet.

# United Capital Financial Advisers, LLC

## Notes to Consolidated Balance Sheet

*\$ in thousands*

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### **Note 1.**

#### **Description of Business**

United Capital Financial Advisers, LLC (the Company or UCFA) is a Delaware limited liability company. United Capital Financial Partners, Inc. (UCFP), a Delaware corporation, is the sole member of UCFA. UCFA is an indirectly wholly owned subsidiary of The Goldman Sachs Group, Inc. (Group Inc. or the Firm), a Delaware corporation.

UCFA is an investment adviser registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, as amended, and has notices filed in various states/jurisdictions where required. UCFA has developed a national network of private wealth consulting offices that provide investment advisory services primarily to emerging and high net worth individuals and also to corporate pension and profit sharing plans, corporations, charitable institutions, foundations and endowments, organizations and businesses located throughout the United States.

UCFA is the sole member of United Capital Risk Management LLC (UCRM), a Delaware limited liability company formed in July 2010. UCRM is used for the purpose of maintaining licenses, registrations and the collection of insurance commissions.

### **Note 2.**

#### **Basis of Presentation**

This consolidated balance sheet is prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and includes the accounts of UCFA and all other entities in which the Company has a controlling financial interest. Intercompany transactions and balances have been eliminated.

All references to 2022 refers to the Company's year ended, or the date, as the context requires, December 31, 2022.

### **Note 3.**

#### **Significant Accounting Policies**

##### **Consolidation**

The Company consolidates entities in which it has a controlling financial interest.

##### **Use of Estimates**

Preparation of this consolidated statement requires management to make certain estimates and assumptions, the most important of which relate to present value of right-of-use assets and lease liability, accounting for goodwill and intangible assets, provisions for losses that may arise from litigation and regulatory proceedings, accounting for income taxes and provisions for losses that may arise from the allowance for uncollectible accounts. These estimates and assumptions are based on the best available information, but actual results could be materially different.

##### **Cash and Cash Equivalents**

The Company defines cash equivalents as highly liquid overnight deposits held in the ordinary course of business. Cash balances are maintained at various institutions, some of which are insured by the Federal Deposit Insurance Corporation to the extent provided by law. As of December 2022, the Company had \$45,412 held in banks in excess of the insured limits.

# United Capital Financial Advisers, LLC

## Notes to Consolidated Balance Sheet

*\$ in thousands*

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### **Accounts Receivable**

Accounts receivable consists primarily of amounts owed by clients. As of December 2022, the Company has determined that an allowance is not required as the majority of receivables do not relate to long term unpaid balances.

### **Property, Leasehold Improvements and Equipment**

Property, leasehold improvements and equipment are stated net of accumulated depreciation and amortization. All property and equipment are depreciated on a straight-line basis over the useful life of the asset. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease. Significant additions or improvements extending the assets' useful lives are capitalized. Capitalized costs of software developed or obtained for internal use are amortized on a straight-line basis over three years.

The Company tests property, leasehold improvements and equipment for impairment when events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. To the extent the carrying value of an asset or asset group exceeds the projected undiscounted cash flows expected to result from the use and eventual disposal of the asset or asset group, the Company determines the asset or asset group is impaired and records an impairment equal to the difference between the estimated fair value and the carrying value of the asset or asset group.

### **Operating Lease Right-of-Use Assets**

The Company enters into operating leases for real estate used in connection with its operations. For leases longer than one year, the Company recognizes a right-of-use asset representing the right to use the underlying asset for the lease term, and a lease liability representing the liability to make payments. The lease term is generally determined based on the contractual maturity of the lease. For leases where the firm has the option to terminate or extend the lease, an assessment of the likelihood of exercising the option is incorporated into the determination of the lease term. Such assessment is initially performed at the inception of the lease and is updated if events occur that impact the original assessment.

An operating lease right-of-use asset is initially determined based on the operating lease liability, adjusted for initial direct costs, lease incentives and amounts paid at or prior to lease commencement. This amount is then amortized over the lease term. See Note 8 for information about operating lease liabilities.

For leases where the Company will derive no economic benefit from leased space that it has vacated or where the Company has shortened the term of a lease when space is no longer needed, the Company will record an impairment or accelerated amortization of the right-of-use assets. There were no material impairments or accelerated amortizations during 2022.

### **Goodwill**

The goodwill balance relates primarily to the acquisition of the Company and its affiliates by IMD Holdings, LLC in July 2019. Goodwill is the cost of acquired companies in excess of the fair value of net assets, including identifiable intangible assets, at the acquisition date.



# United Capital Financial Advisers, LLC

## Notes to Consolidated Balance Sheet

*\$ in thousands*

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Goodwill is assessed for impairment annually in the fourth quarter or more frequently if events occur or circumstances change that indicate an impairment may exist. When assessing goodwill for impairment, first, a qualitative assessment can be made to determine whether it is more likely than not that the estimated fair value of the Company is less than its estimated carrying value. If the results of the qualitative assessment are not conclusive, a quantitative goodwill test is performed. Alternatively, a quantitative goodwill test can be performed without performing a qualitative assessment.

The quantitative goodwill test compares the estimated fair value of the Company with its carrying value (including goodwill and identifiable intangible assets). If the Company's estimated fair value exceeds its carrying value, goodwill is not impaired. An impairment is recognized if the estimated fair value of the Company is less than its carrying value.

During the fourth quarter of 2022, goodwill was tested for impairment using a quantitative test. The estimated fair value of the Company exceeded its carrying value, and therefore, goodwill was not impaired.

### Identifiable Intangible Assets

The Company's identifiable intangible assets, consisting of customer relationships and developed technology related to the acquisition. These assets are amortized over their estimated useful lives using the straight-line method. The Company tests identifiable intangible assets for impairment when events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. To the extent the carrying value of an asset or asset group exceeds the projected undiscounted cash flows expected to result from the use and eventual disposal of the asset or asset group, the Company determines the asset or asset group is impaired and records an impairment equal to the difference between the estimated fair value and the carrying value of the asset or asset group. There were no impairments during 2022.

### Deferred Income

Deferred income consists of the payments received for services that have not been performed. The Company recognizes revenue in the period in which the service is provided; any revenue received in advance of the service period is deferred.

### Financial Assets and Liabilities at Fair Value

Financial instruments are recorded at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### Note 4.

### Property, Leasehold Improvements and Equipment

As of December 2022, property, leasehold improvements and equipment that the Company uses in connection with its operations consist of the following:

Leasehold improvements	\$	2,679
Furniture, fixtures and equipment		12,075
Software		20,136
<b>Total gross carrying value</b>		<b>34,890</b>
Less accumulated depreciation		(28,313)
<b>Total net carrying value</b>	<b>\$</b>	<b>6,577</b>

# United Capital Financial Advisers, LLC

## Notes to Consolidated Balance Sheet

*\$ in thousands*

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### Note 5.

#### Identifiable Intangible Assets

The table below presents the gross carrying value and amortization period for each of the Company's intangible assets, and the total accumulated amortization and total net carrying value as of December 2022:

Customer relationships	\$	246,699	5-12 years
Developed technology		57,600	5 years
<b>Total</b>		<b>304,299</b>	
Less accumulated amortization		(112,670)	
<b>Net book value</b>	<b>\$</b>	<b>191,629</b>	

The weighted average remaining life of the intangibles assets is 7.8 years.

### Note 6.

#### Income Taxes

In August 2022, the Inflation Reduction Act of 2022 (the IRA) was signed into law. The IRA includes income tax incentives to encourage investments in clean energy, partially financed by a new 15% corporate alternative minimum tax (CAMT). The CAMT applies to corporations with average annual profits over \$1 billion and is calculated on their financial statement income with certain adjustments, for years beginning after December 31, 2022. The legislation had no impact on our 2022 annual effective tax rate and is not expected to have a material impact on our 2023 annual effective tax rate.

#### Provision for Income Taxes

Income taxes are provided for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities.

The Company is treated as a single member limited liability company (SMLLC), and therefore considered a disregarded branch of the parent for U.S. Federal tax purposes, and a "C" corporation for U.S. Federal tax purposes. Therefore, the Company is required to accrue U.S. Federal, state and local tax as the entity was a "C" corporation. The Company is included with Group Inc. and subsidiaries in the consolidated corporate federal tax returns as well as consolidated/combined state and local tax returns. The Company computes its tax liability on a modified separate company basis and settles such liabilities with Group Inc. pursuant to a tax sharing arrangement. To the extent the Company generates tax benefits from losses it will be reimbursed by Group Inc. pursuant to the tax sharing arrangement. The Company's state and local tax liabilities are allocated to reflect its share of the consolidated/combined state and local income tax liability. As of December 2022, the Company's income tax receivable was \$16,196.

# United Capital Financial Advisers, LLC

## Notes to Consolidated Balance Sheet

*\$ in thousands*

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### Deferred Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Valuation allowances are established to reduce deferred tax assets to the amount that more likely than not will be realized. Deferred taxes are recorded in the consolidated balance sheet, until the underlying temporary differences reverse and the taxes become currently payable or receivable. As of December 2022, the Company had net deferred tax asset of \$8,725. No valuation allowance is required as it is considered more likely than not that the deferred tax assets will be utilized.

### Unrecognized Tax Benefits

The Company recognizes tax positions in the consolidated balance sheet only when it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized on settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the consolidated balance sheet. As of December 2022, the Company did not record a liability related to accounting for uncertainty in income taxes.

### Regulatory Tax Examinations

The Company is subject to examination by the U.S. Internal Revenue Service (IRS) and other taxing authorities in jurisdictions where the firm has significant business operations, such as New York State and City. The tax years under examination vary by jurisdiction.

Group Inc. has been accepted into the Compliance Assurance Process program by the IRS for each of the tax years from 2013 through 2023. This program allows Group Inc. to work with the IRS to identify and resolve potential U.S. Federal tax issues before the filing of tax returns. All issues for the 2011 and 2012 tax years have been resolved and completion is pending final review by the Joint Committee on Taxation (JCT). During 2022, Group Inc. reached an agreement with IRS Appeals on the remaining issues for tax years 2012 through 2019. Subject to final review by JCT, this agreement will not have a material impact on the effective tax rate. During 2022, the fieldwork for the 2020 tax year was completed and the final resolution is not expected to have a material impact on the effective tax rate. The 2021 tax year remains subject to post-filing review.

New York State and City examinations of 2015 through 2018 commenced during 2021. All years, including and subsequent to 2015 for all other significant states, excluding New York State and City, remain open to examination by the taxing authorities.

The Company believes that no liability for unrecognized tax benefits is required to be established in relation to the potential for additional assessments.

# United Capital Financial Advisers, LLC

## Notes to Consolidated Balance Sheet

*\$ in thousands*

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### Note 7.

#### Notes Payable

As of December 2022, the Company had \$2,266 in notes payable that were issued primarily in connection with the acquisitions of various financial advisory firms and retirement payouts for certain retired employees. These notes are unsecured and bear annual interest at rates ranging from 2.84% to 5%. The terms of the repayment of principal and interest include semi-annual payments. The maturity dates of these notes range from June 2023 to June 2024.

The table below presents notes payable by maturity as of December 2022:

2023	\$	1,636
2024		630
<b>Total</b>	<b>\$</b>	<b>2,266</b>

### Note 8.

#### Operating Lease Liabilities

For leases longer than one year, the Company recognizes a right-of-use asset representing the right to use the underlying asset for the lease term, and a lease liability representing the liability to make payments. See Note 3 for information about operating lease right-of-use assets.

The table below presents information about operating lease liabilities as of December 2022:

2023	\$	6,628
2024		6,099
2025		5,257
2026		4,028
2027		2,608
2028–thereafter		2,094
Total undiscounted lease payments		26,714
Imputed Interest		1,593
<b>Total operating lease liabilities</b>	<b>\$</b>	<b>25,121</b>

Weighted average remaining lease term	4.60 years
Weighted average discount rate	2.74%

In the table above, the weighted average discount rate represents the Company's incremental borrowing rate as of January 2019 for operating leases existing on the date of adoption of ASU No. 2016-02, "Leases (Topic 842)", at the remeasurement date in July 2019, and at the lease inception date for leases entered into subsequent to the adoption of this ASU.

# United Capital Financial Advisers, LLC

## Notes to Consolidated Balance Sheet

*\$ in thousands*

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### Note 9.

#### Employee Incentive Plans

The cost of employee services received in exchange for a share-based award is generally measured based on the grant-date fair value of the award. Share-based awards that do not require future service (i.e., vested awards, including awards granted to retirement-eligible employees) are expensed immediately. Share-based awards that require future service are amortized over the relevant service period. Forfeitures are recorded when they occur. Cash dividend equivalents are paid on outstanding restricted stock units (RSUs).

#### Stock Incentive Plan

Group Inc. sponsors a stock incentive plan, The Goldman Sachs Amended and Restated Stock Incentive Plan (2021) (2021 SIP), which provides for grants of RSUs, restricted stock, dividend equivalent rights, incentive stock options, nonqualified stock options, stock appreciation rights, and other share-based awards, each of which may be subject to terms and conditions, including performance or market conditions. On April 29, 2021, Group Inc.'s shareholders approved the 2021 SIP. The 2021 SIP is a successor to several predecessor stock incentive plans, the first of which was adopted on April 30, 1999, and each of which was approved by Group Inc.'s shareholders. The 2021 SIP is scheduled to terminate on the date of Group Inc.'s annual meeting of shareholders that occurs in 2025.

#### Restricted Stock Units

Group Inc. grants RSUs to employees, which are generally valued based on the closing price of the underlying shares on the date of grant, after taking into account a liquidity discount for any applicable post-vesting and delivery transfer restrictions. The value of equity awards also considers the impact of material non-public information, if any, that Group Inc. expects to make available shortly following grant. RSUs generally vest and underlying shares of common stock deliver (net of required withholding tax) as outlined in the applicable award agreements. Award agreements generally provide that vesting is accelerated in certain circumstances, such as on retirement, death, disability and, in certain cases, conflicted employment. Delivery of the underlying shares of common stock is conditioned on the grantees satisfying certain vesting and other requirements outlined in the award agreements. RSUs generally vest and deliver over a three-year period. The subsequent amortization of the cost of these RSUs is allocated to the firm by Group Inc.

The table below presents the 2022 activity related to stock settled RSUs:

# United Capital Financial Advisers, LLC

## Notes to Consolidated Balance Sheet

\$ in thousands

	Restricted Stock Units Outstanding		Weighted Average Grant-Date Fair Value of Restricted Stock Units Outstanding	
	Future Service Required	No Future Service Required	Future Service Required	No Future Service Required
Beginning balance	170,313	3,174	\$ 187.16	\$ 249.60
Granted	5,492	3,062	\$ 326.52	\$ 327.21
Forfeited	(26,746)	(1,198)	\$ 187.77	\$ 250.00
Delivered	-	(143,904)	\$ -	\$ 187.39
Vested	(145,581)	145,582	\$ 189.10	\$ 189.10
Transfers	36	-	\$ 308.78	\$ -
<b>Ending balance</b>	<b>3,514</b>	<b>6,716</b>	<b>\$ 321.44</b>	<b>\$ 306.45</b>

In the table above:

- The weighted average grant-date fair value of RSUs granted during 2022 was \$326.76. The fair value of the RSUs granted during 2022 included a liquidity discount of 2.51% to reflect post-vesting and delivery transfer restrictions, generally of 1 year.
- The aggregate fair value of awards that vested during 2022 was \$44.7 million.

In relation to 2022 year-end, during the first quarter of 2023, Group Inc. granted to the Company's employees 44,572 RSUs (of which 18,683 RSUs require future service as a condition of delivery for the related shares of common stock). These RSUs are subject to additional conditions as outlined in the award agreements. Shares underlying these RSUs, net of required withholding tax, deliver over a three-year period. These awards are generally subject to a one-year post-vesting and delivery transfer restriction. These awards are not included in the table above.

### Note 10.

### Legal Proceedings

The Company is involved in judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of the Company's businesses. These proceedings are in early stages, and seek an indeterminate amount of damages.

Management is generally unable to estimate a range of reasonably possible loss for matters, including where (i) actual or potential plaintiffs have not claimed an amount of money damages, except in those instances where management can otherwise determine an appropriate amount, (ii) matters are in early stages, (iii) there is uncertainty as to the likelihood of a class being certified or the ultimate size of the class, (iv) there is uncertainty as to the outcome of pending appeals or motions, (v) there are significant factual issues to be resolved, and/or (vi) there are novel legal issues presented. Management does not believe, based on currently available information, that the outcomes of such matters will have a material adverse effect on the Company's financial condition.



# **United Capital Financial Advisers, LLC**

## **Notes to Consolidated Balance Sheet**

*\$ in thousands*

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### **Note 11.**

#### **Related Party Transactions**

The Company reimburses subsidiaries of Group Inc. for cash payments made on their behalf for employee compensation and benefits. In addition, the Company reimburses Group Inc. for share issuances to Company employees under the RSU program, discussed in Note 9. In addition, \$23,000 was paid to the Company's parent in equity distributions during 2022.

### **Note 12.**

#### **Subsequent Events**

The Company evaluated subsequent events through March 24, 2023, the date the consolidated balance sheet was issued, and determined that there were no material events or transactions that would require recognition or additional disclosure in the consolidated balance sheet.