

Keeping Cash Simple

As regulatory reform is implemented in the US and is being discussed in Europe, investors must now weigh their cash options by prioritizing stability, liquidity or return. In this new era of liquidity, all three factors may not be available in a single investment option.

Global Changes

Global central bank policy, and more specifically, quantitative easing, has pumped unprecedented amounts of reserves into the banking system. Central bank rates remain at historic lows, impacting the potential returns on traditional liquidity products such as short term cash deposits. In addition, Basel III was introduced to improve the banking sector's ability to absorb shocks as a result of financial or economic stress.

US Money Market Reform

In the US, investors have historically favored prime over government-only money market funds due to the higher yield potential. By October 2016, non-government money market funds will be subject to liquidity fees and redemption gates. A floating net asset value per share price for institutional prime and institutional municipal funds will also be in effect. Investors are beginning to make the switch to government money market funds.

Reform in Europe

While negative interest rates, the implementation of Basel III and monetary policy, such as quantitative easing, have been the dominant concerns for European investors, money market fund reform is on the horizon. The European Union legislative bodies have been working toward an agreement on reform of the 500 billion Euro industry, which would potentially divide government and prime funds in a manner similar to the US.

US Money Market Fund Reform

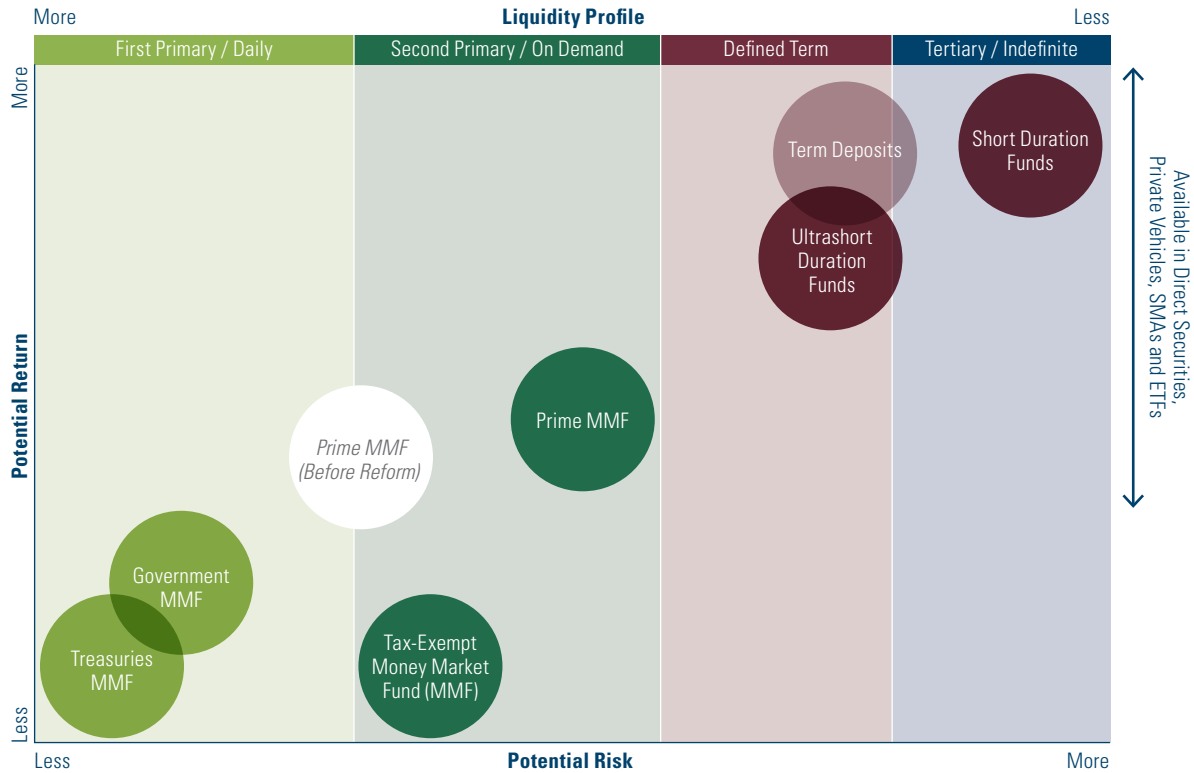
	Institutional Investor	Retail Investor
Government Including Treasury	Stable NAV, No Liquidity Fees, No Redemption Gates Must invest only in government securities	
Prime (Commercial Paper)	Floating NAV Liquidity Fees / Redemption Gates	Stable NAV Liquidity Fees / Redemption Gates
Municipal (Tax-Exempt)	Floating NAV Liquidity Fees / Redemption Gates	Stable NAV Liquidity Fees / Redemption Gates

Source: GSAM. **Basel III:** a comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector. **Liquidity fee:** A fee taken against redemption proceeds and retained by the fund. Such fees are intended to be a disincentive for shareholders to redeem shares of a fund in distress, and also to help bolster the liquidity levels in a fund by infusing the fund with the cash withheld from redemption proceeds. **Redemption Gate:** A method that funds may use to stem redemptions by imposing a temporary suspension of a shareholder's right to redeem shares of the fund.

Investors Must Choose: Stability, Liquidity or Return?

Traditional prime and tax exempt investments may not be available, work the same way or offer competitive returns—even as rates rise. Individual and institutional investors must look at the entire liquidity solutions spectrum to prioritize their investment objectives.

Evaluate Options Across the Liquidity Spectrum



Source: GSAM. For illustrative purposes only. Liquidity, performance and risk characteristics of actual funds will vary. When considering a fund, please see the prospectus for additional information. **Potential Risk** represents the potential for liquidity risk which is comprised of implied term, lockup of investment and diversification of holdings. GSAM offers products across the liquidity spectrum. **Implied term** refers to the period of time an investor is expected to hold an investment, even if not legally required to do so. For example, term deposits are bank deposits with a required period before an investor can receive their cash. However, short duration bond funds or bond funds, although lacking a requirement holding period, are rarely used for daily liquidity purposes. **Lockup of investment** refers to a period of time in which an investor cannot receive their cash back. For example, a 3 month term deposits are bank deposits with a required 2 month period before an investor can receive their cash. This document has been issued by Goldman Sachs International, authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. **Offering Documents.** This material is provided at your request for informational purposes only and does not constitute a solicitation in any jurisdiction in which such a solicitation is unlawful or to any person to whom it is unlawful. It only contains selected information with regards to the fund and does not constitute an offer to buy shares in the fund. Prior to an investment, prospective investors should carefully read the latest Key Investor Information Document (KIID) as well as the offering documentation, including but not limited to the fund's prospectus which contains inter alia a comprehensive disclosure of applicable risks. The relevant articles of association, prospectus, supplement, KIID and latest annual/semi-annual report are available free of charge from the fund's paying and information agent and/or from your financial adviser. **Distribution of Shares.** Shares of the fund may not have been registered or will not be registered for public distribution in a number of jurisdictions (including but not limited to any Latin American, African or Asian countries). Therefore, the shares of the fund must not be marketed or offered in or to residents of any such jurisdictions unless such marketing or offering is made in compliance with applicable exemptions for the private placement of collective investment schemes and other applicable jurisdictional rules and regulations. **Investment Advice and Potential Loss.** Financial advisers generally suggest a diversified portfolio of investments. The fund described herein does not represent a diversified investment by itself. This material must not be construed as investment or tax advice. Prospective investors should consult their financial and tax adviser before investing in order to determine whether an investment would be suitable for them.

GSAM Liquidity Solutions: Partnering with Clients for 35 Years

Offering liquidity solutions across the spectrum, our goal is to help our clients preserve capital, maintain liquidity and seek competitive yields, while consistently managing risk. With tailored products and services in money market and short duration strategies in many major currencies, we offer the insight you need to make better-informed decisions for your liquidity options.

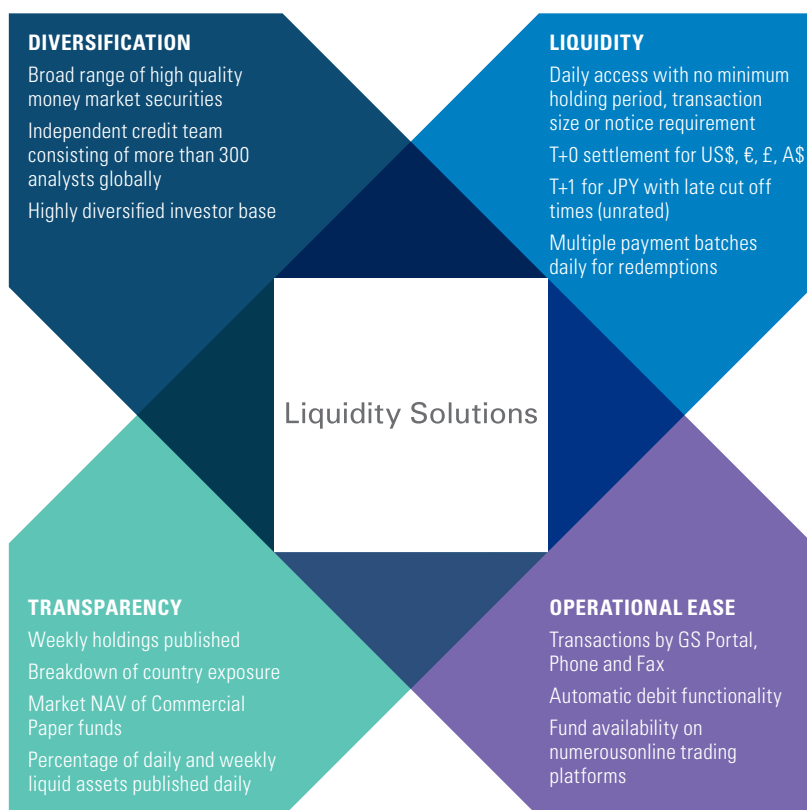
A top 4 global asset manager with more than \$330bn in liquidity assets as of March 31, 2016 based on iMoneyNet.

Winner of **iMoneyNet Money Fund Report® Top Manager Award** in the US Government Category for 2015, 2014 and 2013.

In 35 years, a GSAM money market client has **never experienced a loss of principal** and has always been able to redeem upon request.

The Liquidity Solutions team averages more than **14 years of experience**, across 26 dedicated investment professionals.

Providing **access to specialists across our teams**, portfolio managers, economists and the broader resources of the firm.



Past performance does not guarantee future results, which may vary. GSAM leverages the resources of Goldman, Sachs & Co. subject to legal, internal and regulatory restrictions. There is no guarantee that these objectives will be met. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk. Diversification does not protect an investor from market risk and does not ensure a profit.

For more information, contact your GSAM Liquidity Solutions representative or visit GSAM.com/LiquiditySolutions.

GSAM Liquidity Solutions

AVAILABLE AS SEPARATELY MANAGED ACCOUNTS

GOVERNMENT	TAX-EXEMPT	TAXABLE	SHORT DURATION	ADDITIONAL LIQUIDITY INVESTMENTS
GS Financial Square Treasury Instruments Fund	GS Investor Tax-Exempt Money Market Fund	GS Financial Square Prime Obligations Fund	GS Short-Term Conservative Income Fund	GS TreasuryAccess 0–1 Year Exchange-Traded Fund
GS Financial Square Treasury Solutions Fund	GS Financial Square Tax-Exempt Money Market Fund	GS Financial Square Money Market Fund	GS High Quality Floating Rate Fund	Stable Value (Offered only to qualified plans)
GS Financial Square Treasury Obligations Fund		GS Investor Money Market Fund	GS Enhanced Income Fund	
GS Financial Square Federal Instruments Fund			GS Short Duration Government Fund	
GS Financial Square Government Fund			GS Short Duration Tax-Free Fund	
			GS Short Duration Income Fund	

Government Funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not a deposit of the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Retail Funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not a deposit of the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Institutional Funds: You could lose money by investing in the Fund. Because the share price of the Fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not a deposit of the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

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Please note that 35 Years refers to Goldman Sachs' cash management capability. Not all currencies were available or under management by Goldman Sachs during this entire period.

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Knowledge and Understanding | Consultative Partnerships | Services and Solutions

Celebrating 35 Years \$ € £ ¥