



Goldman Sachs Asset Management's Growth strategy is based on the belief that wealth is created through the long-term ownership of growing businesses. With approximately \$21.8 billion in assets under management,<sup>1</sup> our team has successfully managed growth portfolios for nearly three decades of changing market environments. By identifying high-quality business franchises, purchasing them at what we believe to be attractive prices and owning them for the long-term, the team has generated virtually all of its excess returns from one source: superior stock selection.

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## Investment Objective<sup>2</sup>

Goldman Sachs Asset Management's Growth strategy seeks long-term growth of capital. By investing in high-quality business franchises that we believe are strategically positioned for long-term growth, we seek to:

- Deliver strong absolute returns to our clients over time
- Outperform the respective indices and other growth managers over the long-term
- Consistently apply our long-term philosophy, strategy and process
- Manage risk through disciplined portfolio construction and in-depth knowledge of our companies

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## Investment Philosophy

Our investment philosophy has been tested and proven through changing market conditions since 1981 and is based on the belief that wealth is created through the long-term ownership of growing businesses. Goldman Sachs Asset Management's Growth strategy is differentiated by this 29-year history<sup>1</sup> and by the team's long-term investment perspective:

- We base investment decisions on the identification of high-quality business franchises, rather than top-down macroeconomic views, sector rotation, momentum trends or next quarter's earnings
- We act as long-term investors in the business, not short-term traders of the stock
- We know what constitutes a good, long-term growth investment as a result of our disciplined adherence to our growth criteria: strong business franchises, favorable long-term prospects and excellent management

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## Strategy Benefits

### **Disciplined investment strategy**

Steady team leadership has contributed to our continuity of process, culture and investment approach

### **Deep, experienced investment team**

Our 17-person team<sup>1</sup> is aligned by industry and we leverage our expertise to provide in-depth research

### **Performance driven by stock selection<sup>3</sup>**

Performance attribution reveals consistent historical returns and diversified sources of performance from successful stock selection across many industries

<sup>1</sup> As of December 31, 2009.

<sup>2</sup> There is no guarantee that these objectives will be met.

<sup>3</sup> Past Performance is not indicative of future results, which may vary.

## Investment Process

Our investment process has been implemented consistently since 1981.

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| <b>1. Buy the business</b>                   | Make decisions as long-term business owners, performing in-depth fundamental research to identify companies with enduring structural and competitive advantages.   |
| <b>2. Buy a high-quality growth business</b> | Invest in businesses that we believe are strategically positioned for consistent long-term growth and meet key investment criteria: <ul style="list-style-type: none"> <li>• Established brand name</li> <li>• Free cash flow</li> <li>• Dominant market share</li> <li>• Favorable long-term growth prospects</li> <li>• Pricing power</li> <li>• Excellent management</li> <li>• Recurring revenue stream</li> </ul> |
| <b>3. Buy at an attractive valuation</b>     | Perform rigorous valuation analysis (discounted free cash flow, relative multiples and private market value) of every potential investment to help ensure that we purchase the high-quality business franchises at reasonable valuation levels.  |

## Portfolio Management Team

The Growth strategy is managed by a team of 17 portfolio managers/research analysts. The team is led by Chief Investment Officers **Steven Barry** and **David Shell**.<sup>4</sup>

The Growth Team is organized by industry, with each portfolio manager and research analyst focusing on an area of expertise. While each team member guides the decision-making process on his/her sector, the team's questions and challenges shape the final decision on what goes into and out of the portfolio. After a company is approved as an investment and it is determined that the stock price is significantly below our calculation of its ongoing enterprise value, the CIOs direct final implementation. We gain additional industry insight from GSAM's global sector teams.

<sup>4</sup> As of December 31, 2009.

The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

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