Goldman Sachs invests a large amount of time researching economic data in order to identify future investment opportunities.

In 2001, Jim O’Neill¹ defined the BRICs concept which has become synonymous with the emergence of Brazil, Russia, India and China as potential economic growth opportunities of the future.

Four years later, the ‘Next 11’ (N-11) concept was introduced. The N-11 are a diverse group of countries that we believe could potentially rival the G7² in terms of economic growth over time: Bangladesh, Egypt, Indonesia, Iran³, South Korea, Mexico, Nigeria, Pakistan, the Philippines, Turkey and Vietnam. Today, it is exciting to see that most of the positive momentum behind the world economy is being driven by the majority of the BRIC and N-11 countries.

¹ In 2001, Jim O’Neill was Head of Goldman Sachs Global Economics, Commodities & Strategy. From 2010 to 2013 he was Chairman of Goldman Sachs Asset Management (GSAM).
² The G7 are Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.
³ Please note that the GS N-11 Equity Portfolio is subject to legal and regulatory prohibitions with regard to investments in Iran. As a result of this the fund will not invest in Iran.

Today, monumental shifts in the global economy are taking place. We believe that the N-11 collectively could add over US$ 4 trillion to global GDP in the current decade, which is higher than the projected US contribution.²

¹The N-11 concept was invented by Goldman Sachs & Co. Research in 2005 and includes Iran. Please note that the GS N-11 Equity Portfolio is subject to legal and regulatory prohibitions with regard to investments in Iran. As a result of this the fund will not invest in Iran.

The N-11 are a very broad and diverse group of countries in terms of geography and stages of economic development, with some countries still truly emerging from more nascent levels of development.

They are, however, unified by the strength of their demographics – they have some of the largest and youngest populations globally and collectively already account for 19% of the world’s population.1

After the BRICs, the N-11 are the next countries that we believe could have a meaningful impact on the global economy.

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People: Young and expanding populations

All the N-11 countries have comparatively large populations – with young people that are in a position to earn and spend.

While these large and young populations drive their respective economies forward, income levels will increase.

When people rise up through different income bands, demand for various goods and services increases as they become affordable.

The N-11 could have more new entrants to the high income class than the US by 2025.¹

Average incremental consumption from the N-11 could be larger than that of the US for the next 25 years.¹

Potential: Strong market growth and performance

With a collective annual return of 19.4%, the N-11 countries as a group outperform the developed markets, as well as the broad emerging and frontier markets.¹

Impressively, over the next decades, the N-11 are estimated to grow by over 700%. By 2050 they could account for 17% of global GDP.²

¹ Source: Bloomberg. Annualised 10 yr price return through 31 December 2012.
² Source: Goldman Sachs Global ECS Research. As at December 2012.
Possibilities: Portfolio diversification

Geographical diversification
Broad sector allocation
Different stages of development

Investing in the N-11 countries can provide broad portfolio diversification benefits, as well as exposure to countries in different stages of economic development.

In light of the strong growth drivers, we are excited about the N-11 story and believe it provides a compelling equity investment opportunity.

Goldman Sachs N-11 Equity Portfolio Country Breakdown

- Bangladesh 1.7%
- Vietnam 1.8%
- Pakistan 3.7%
- Egypt 3.9%
- Philippines 4.6%
- Nigeria 5.4%
- Indonesia 15.0%
- Turkey 18.9%
- Mexico 23.4%
- South Korea 21.7%

1 Source: MSCI Emerging Markets Index, as at 31 December 2012. Excludes Iran. Please note that the GS N-11 Equity Portfolio is subject to legal and regulatory restrictions with regard to investment in Iran. As a result of this the fund will not invest in Iran.

For informational purposes only.
A look inside:
What is the GS N-11 Equity Portfolio?

The Goldman Sachs N-11 Equity Portfolio is a long-only equity portfolio that seeks to deliver strong growth over the long term by investing in ten\(^1\) of the N-11 countries and picking stocks that we believe are well-positioned to deliver strong growth over the long term.

**Who should consider investing?**

Any investor seeking to:

- Generate potentially high returns, driven by the potential economic growth of the N-11 countries over the long term.
- Complement exposure to BRIC Equity in a well diversified portfolio.
- Access potential growth markets at attractive valuation levels, while being aware of the higher risk involved investing in these markets.
- Diversify their exposure to emerging markets and frontier markets by investing in the most dynamic of the emerging market economies.

\(^1\) Please note that the GS N-11 Equity Portfolio is subject to legal and regulatory prohibitions with regard to investments in Iran. As a result of this the fund will not invest in Iran.
Active management in Growth and Emerging Markets

In our view, the N-11 markets offer significant potential for alpha generation. At GSAM, we believe our presence in the Growth Markets positions our research analysts well to generate compelling investment ideas.

Local presence with a global perspective
By being on the ground, our analysts can gain a deep understanding of local customs and frequent access to company management teams, ensuring a broad coverage of the investment universe.

Delivering strong results over the long term with a disciplined process
As the N-11 countries evolve, there are companies that will grow with them and meet the increased demand for goods and services. The local teams work to seek out quality companies which meet our strict investment criteria through rigorous, proprietary, bottom-up research. They look for companies which demonstrate the identified value and growth drivers. Using dedicated resources, including a separate risk management team, we aim to uncover quality attributes which are not yet reflected in the companies’ share price. This often involves researching the lesser-known, more local companies.
Why Goldman Sachs Asset Management?
A closer look at our key characteristics

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<tr>
<th>Fund Facts:</th>
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<tr>
<td>Investment approach: Bottom-up stock picking</td>
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<td>Investment style: Style agnostic</td>
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<td>Capitalisation: Small, Medium and Large</td>
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<td>Range of holdings: 100-200 holdings</td>
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<td>Inception date: 26 January 2011</td>
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<td>Vehicle: SICAV Portfolio, UCITS III Fund</td>
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- **Inventor of N-11 and BRICs.** We have a strong history of translating economic concepts into compelling investment ideas. Our investment teams continue to benefit from the unique investment expertise and analysis of the Goldman Sachs Economics Research Group.

- **Conviction-driven, forward-looking investing.** Rather than a benchmark orientation, our approach results in portfolios with potential for meaningful long-term excess returns.

- **Locally based analysts.** The fund is managed by the N-11 Equity team. Lead portfolio manager Maria Elena Drew leverages the proven stock-picking ability of 12 investment professionals. The team also draws on the expertise of our emerging markets debt and currency experts to understand how non-investment factors, such as unexpected management changes or changes in the political climate, may affect companies’ growth.

**Risks to N-11**

- Before investing in this Fund prospective investors are urged to consult with their financial advisor as to the appropriate percentage of investment in this Fund compared to their overall investment portfolio.

- The Fund invests primarily in the N-11 countries. Therefore, it is subject to risk of loss due to adverse social, political, regulatory or economic events in those countries.

- The Fund may invest into the N-11 countries via equity swaps, equity index swaps, futures, participation notes, options and other derivatives which may involve additional financial counterparty risk.

- The Fund invests in a portfolio of equity investments that are tied to the N-11 countries. Whilst the countries are diverse, there may be times when these markets are all impacted in parallel by the same factors, which may make the Fund more volatile than a more diversified equity Fund. This Fund and its share classes are not hedged. Therefore, changes in exchange rates may cause the value of investments to fall as well as rise.

For more information on the GS N-11 Equity Portfolio, please contact your Goldman Sachs Asset Management relationship manager or visit: [www.gs.com/gsam](http://www.gs.com/gsam)