Goldman Sachs Asset Management

Educated Investor

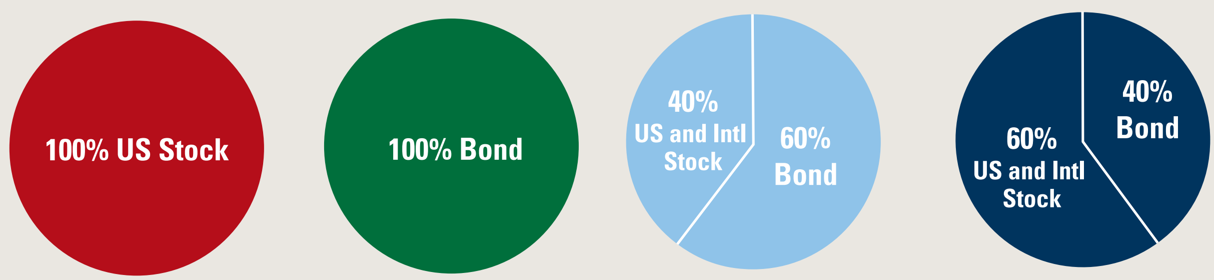
Stocks—a Central Piece of Your Investment Strategy

When structuring an investment or distribution strategy with a 10-, 20- or even 35-year outlook your allocation to stocks—or equities—can play a central role in your portfolio. Since 1973, investors witnessed three of the worst bear markets, political and economic unrest, bubbles and bursts and several unprecedented bull runs. 2009 was characterized by a sharp recovery, but with lots of ups and downs along the way. Many investors are still questioning the sustainability of the market recovery. Whatever your near-term view may be, it's tempting to throw in the towel and shift more of your portfolio to conservative bond investments.

You may be asking your financial advisor if it's time to get back in the market or to reallocate your current portfolio. When structuring an investment or withdrawal strategy with a 10-, 20- or even 35-year outlook, your allocation to stocks—or equities—we believe should play a central role in your portfolio

The hypotheticals on the following pages demonstrate how investing before one of the worst bear markets starting in 1973 impacts four different types of portfolios with markedly different outcomes. Long-term portfolios with a greater allocation to bonds fell short, while a diversified portfolio with a higher allocation to equities led the pack.

Whether you're saving *for* retirement or taking a distribution *during* your retirement here are four basic strategies:



100% S&P 500 Index

100% Barclays Aggregate Bond Index

40% US and Intl Stock[1]/ 60% Barclays Aggregate Bond Index

60% US and Intl Stock[1]/ 40% Barclays Aggregate Bond Index

- Initial investments were made on 12/31/1972
- All investors had a long-term outlook seeking capital growth
- No one could predict the next 30 years would bring rampant inflation, numerous bull and bear markets

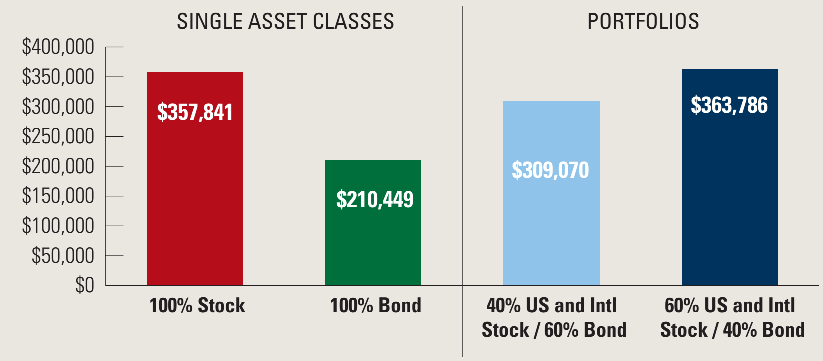
[1] The "US and Intl Stock" allocation is a mix of US and International stocks. For allocations and complete definitions, please see page 4.

1. Investing for the future. Planning for your long-term goals

Whether you're saving for your retirement, a new home, or for the rising cost of college, a long-term investment strategy should include stocks and bonds for diversification purposes. Investing in stocks alone can provide strong capital growth but also subject investors fully to the ups and downs of the market. Investing in bonds alone can be less risky, but may not provide enough capital growth potential.

2. In or entering retirement? A diversified systematic withdrawal plan with equities can help

Hypothetical Growth of $10,000 (12/31/72 to 12/31/11)



The best investment result—a mix of stocks and bonds (60%/40%)

Source: GSAM. This hypothetical is based on an initial investment of $10,000, on December 31, 1972, based on the allocations stated. See additional disclosure on page 4.

Diversification does not protect an investor from market risk and does not ensure a profit.

After years of investing and saving, you're ready to start enjoying the next stage of your life. As you plan your distribution strategy with your financial advisor, we believe ensuring you have a healthy balance between ongoing capital appreciation and current income is critical. We believe equities should play an important role in your withdrawal strategy.

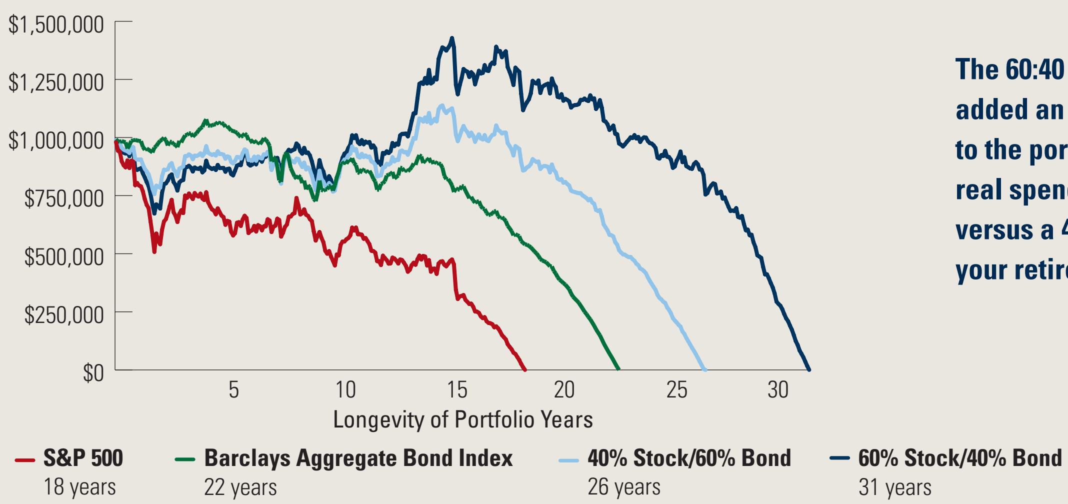
Exposure to equities can add longevity to your systematic withdrawal plan

Systematic monthly distribution plan

Initial Investment: $1,000,000 on December 31, 1972

Withdrawal: 5% of the initial portfolio value; distributed monthly and adjusted monthly for inflation.

Life of Portfolio with Systematic Withdrawals



The 60:40 scenario would have added an additional five years to the portfolio and $934,471 of real spending (inflation adjusted) versus a 40:60 portfolio for your retirement.

This material is provided for educational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities.

An Annual Look at a Systematic Withdrawal Plan

Years	Annual Distribution	Single Asset Classes: 100% Stock	Single Asset Classes: 100% Bond	Portfolios: 40% US and Intl Stock / 60% Bond	Portfolios: 60% US and Intl Stock / 40% Bond	
		Values at Year End		Values at Year End		
1.	$52,254	$804,567	$987,590	$904,952	$860,774	
2.	$58,018	$540,702	$985,634	$783,750	$694,239	
3.	$63,313	$674,932	$995,210	$875,478	$816,888	
4.	$66,947	$764,603	$1,078,350	$962,839	$900,070	
5.	$71,295	$638,476	$1,038,716	$915,554	$865,849	
6.	$76,714	$601,126	$976,225	$900,124	$884,230	
7.	$85,385	$620,498	$910,872	$888,361	$898,907	
8.	$96,941	$708,303	$836,396	$907,625	$965,965	
9.	$106,969	$568,149	$775,196	$821,492	$869,578	
10.	$113,557	$552,577	$895,327	$905,089	$930,787	
11.	$117,207	$554,051	$849,101	$915,418	$977,788	
12.	$122,207	$458,384	$842,673	$889,043	$941,277	
13.	$126,544	$461,113	$888,407	$998,004	$1,104,009	
14.	$129,004	$413,241	$888,307	$1,069,395	$1,249,804	
15.	$133,723	$316,386	$775,626	$1,006,262	$1,224,806	
16.	$139,178	$222,686	$694,213	$991,506	$1,277,787	
17.	$145,888	$131,585	$640,053	$1,020,848	$1,371,170	
18.	$153,759	$0	$533,986	$875,941	$1,164,025	
19.	$160,272		$445,407	$884,074	$1,254,200	
20.	$165,121		$306,179	$764,995	$1,139,384	
21.	$169,978		$161,351	$684,189	$1,135,424	
22.	$174,410		$0	$505,348	$969,389	
23.	$179,306			$424,867	$1,000,891	
24.	$184,563			$269,490	$917,468	
25.	$188,873			$109,173	$866,743	
26.	$191,810			$0	$802,823	
27.	$195,976				$696,224	
28.	$202,498				$487,957	
29.	$208,305				$261,025	
30.	$211,632				$34,866	
31.					$16,407	An Extra
Total Distribution		$1,832,662	$2,514,006	$3,192,944	$4,127,415	$935,000
Approximate years to zero balance		**18**	**22**	**26**	**31**	**5**

Conclusion:
A higher allocation to equities provided the greatest portfolio longevity.

History shows—equities may not take the lead all the time—but they can be the engine for growth over time!

Source: GSAM. This hypothetical is based on an initial investment of $1,000,000, on December 31, 1972, based on the index allocations above. Withdrawals represent 5% of the initial portfolio value, and distributed monthly. Represents initial distribution on 12/31/1972 that is subsequently adjusted monthly for inflation. Amounts reflect the cumulative distribution taken over the stated time period. **Keep in mind that past performance is no guarantee of future results and you cannot invest directly in an index.** Hypothetical historical returns were created with the benefit of hindsight using the percentage allocations shown in the charts above. Hypothetical performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve performance similar to that shown. In fact, there are frequent sharp differences between hypothetical performance results and the actual results subsequently achieved.

Conclusion

We believe stocks should play a central part in your investment strategy whether you are accumulating for the future or beginning your retirement with a systematic withdrawal plan.

While the appropriate allocation to stocks and bonds is best determined by an investor and their financial advisor, we believe it is critical to look forward and not let short-term market turbulence influence the role of stocks in your long-term investment horizon.

Risk Considerations: The equity markets are volatile, but not all stocks are equally volatile. Small and mid-size company stocks typically involve greater risk, particularly in the short term, than those of larger, more established companies. Fixed income investing entails credit risk and interest rate risk. When interest rates rise, bond prices generally fall. Bonds are subject to interest rate, price and credit risks. Prices tend to be inversely affected by changes in interest rates.

Investments in foreign securities entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging markets.

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Simulated performance is hypothetical and may not take into account material economic and market factors that would impact the adviser's decision-making. Simulated results are achieved by retroactively applying a model with the benefit of hindsight. The results reflect the reinvestment of dividends and other earnings, but do not reflect fees, transaction costs, and other expenses, which would reduce returns. Actual results will vary.

US Stocks: The S&P 500 Index is the Standard & Poor's 500 Composite Index of 500 stocks, an unmanaged index of common stock prices. The Index is unmanaged and the figures for the Index do not include any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.

40% US and International Stocks: The US and International stock portfolio is composed of 2.5% Ibbotson Associate US Small Cap Growth Index, 2.5% Ibbotson Associate US Small Cap Value Index, 10% MSCI EAFE Index, 25% S&P 500 Index.

60% US and International Stocks: The US and International stock portfolio is composed of 5% Ibbotson Associate US Small Cap Growth Index, 5% Ibbotson Associate US Small Cap Value Index, 20% MSCI EAFE Index, 30% S&P 500 Index.

Bonds: The Barclays Capital U.S. Aggregate Index represents an unmanaged diversified portfolio of fixed-income securities, including U.S. Treasuries, investment-grade corporate bonds, and mortgage-backed and asset-backed securities. The Index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.

Ibbotson Associate Small Cap Growth and Small Cap Value Index – Ibbotson Associates® is a leading authority on asset allocation with expertise in capital market expectations and portfolio implementation. Approaching portfolio construction from the top-down through a research based investment process, its experienced consultants and portfolio managers serve mutual fund firms, banks, broker-dealers, and insurance companies worldwide. Ibbotson Associates' methodologies and services address all investment phases, from accumulation to retirement and the transition between the two.

Ibbotston Associate US Small Cap Growth IndexFama/French US Small Growth Index provided by Fama/French from CRSP securities data. Includes the lower-half range in market cap and the lower 30% in book-to-market of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973), excluding utilities.

Ibbotson Associate US Small Cap Value IndexFama/French US Small Value Index provided by Fama/French from CRSP securities data. Includes the lower-half range in market cap and the upper 30% in book-to-market of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973), excluding utilities.

MSCI EAFE Index – a market capitalization-weighted composite of securities in 22 developed markets.

The returns represent past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted above.

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