Goldman Sachs | Asset Management

A DELIBERATE APPROACH TO POSITIONING ACROSS THE FULL PREFERRED AND HYBRID LANDSCAPE

Preferred and Hybrid securities are subordinated, long-dated or perpetual (no maturity) instruments typically issued by investment grade companies that can offer investors a higher stream of income than bonds with generally less risk than the equity market.

Consistent Income

Given the subordinated and perpetual nature of the Preferred securities, clients are generally compensated by earning a higher yield compared to traditional investment grade securities.

Tax-Efficient Focus

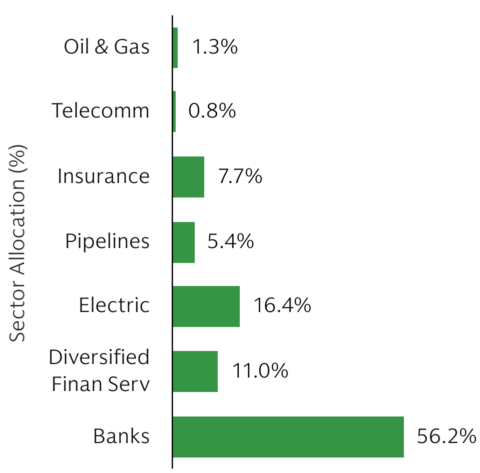
Many holdings in a preferred and hybrid securities portfolio will receive qualified dividend income opposed to ordinary interest income. This creates a unique tax efficiency for US clients, making the asset class attractive relative to other comparably rated alternatives. Under the current tax framework, US taxpayers face a lower tax burden on QDI paying securities versus traditional interest income.

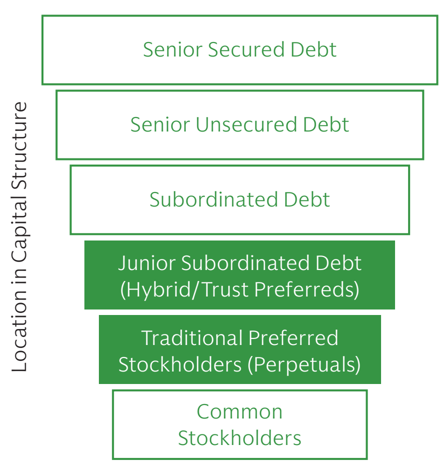
Experienced Management

Leveraging a tenured portfolio management team, we perform careful credit selection focused on bottoms-up fundamental research identifying credits with stable or improving profiles to minimize event risk. Our portfolios span both Investment Grade and High Yield rated securities.

Building Our Preferred & Hybrid Portfolios

We seek to prioritize tax efficient yield within a portfolio that leans into high quality structures, diversified credit exposure, and a bias for variable rate securities to limit interest rate volatility.





Product Offering

Minimum Investment	USD 125K
Number of Holdings	50+
Interest Rate Duration (Years)	~2.5
Average Rating	BBB-
% Financial Industry	~70%
% US Country of Issue	~95%
% Fixed Rate for Life	~4%
% QDI Securities	~70-75%

Source: Goldman Sachs and ICE BofA All Capital Securities Index as of September 30, 2024. There is no guarantee that objectives will be met. Portfolios and benchmarks are not rated by an independent ratings agency. Goldman Sachs Asset Management may receive credit quality ratings on the underlying securities of portfolios and their respective benchmarks from the three major rating agencies: Standard & Poor's, Moody's and Fitch. Goldman Sachs Asset Management calculates the credit quality breakdown and overall rating for both portfolios and their respective benchmarks according to the client's preferred method or such other method as selected by Goldman Sachs Asset Management in its sole discretion. The applicable method may differ from the method independently used by benchmark providers. Securities that are not rated by all three agencies are reflected as such in the breakdown. Targets are subject to change and are current as of the date of this document. For illustrative purposes, Goldman Sachs Asset Management converts all ratings to the equivalent S&P major rating category when reporting the credit rating breakdown. Ratings and portfolio credit quality may change over time. Unrated securities do not necessarily indicate low quality, and for such securities the investment adviser will evaluate the credit quality. Past performance does not guarantee future results, which may vary. Goldman Sachs does not provide accounting, tax or legal advice. Please see additional disclosures at the end of this document. The portfolio risk management process includes an effort to monitor and manage risk but does not imply low risk.

About the Managers

Ben Johnson

Portfolio Manager

26 Years of Investment Experience

Gary Kessler

Portfolio Manager

22 Years of Investment Experience

Global Credit Team

Our team of 40+ credit specialists averaging over a decade of experience leverages the internal resources of around 400+ fixed income professionals globally.

Goldman Sachs Asset Management

Goldman Sachs Asset Management is one of the world's leading asset managers, with more than 2,000 professionals and over $2.8+ trillion[1] in assets under supervision worldwide. Our investment teams capitalize on the market insights, risk management and expertise and technology of Goldman Sachs. We seek to help our clients navigate today's dynamic markets and identify the opportunities that shape their portfolios and long-term investment goals.

1. Source: Goldman Sachs Asset Management. As of September 30, 2024. Assets Under Supervision (AUS) includes assets under management and other client assets for which Goldman Sachs does not have full discretion.

Glossary

Credit Quality Rating assesses the financial ability of a debt issuer to make timely payments of principal and interest. Ratings of AAA (the highest), AA, A, and BBB are investment-grade quality. Ratings of BB, B, CCC, CC, C and D (the lowest) are considered below investment grade, speculative grade, or junk bonds.

Duration is the method of determining a bond's price sensitivity given a change in interest rates. The duration for fixed income securities is calculated by determining the price movement due to a 100 basis point change in market interest rates. This calculation incorporates the change in value of any embedded options that exist.

Risk Considerations

Investments in fixed income securities are subject to the risks associated with debt securities generally, including credit, liquidity, interest rate, prepayment and extension risk. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. The value of securities with variable and floating interest rates are generally less sensitive to interest rate changes than securities with fixed interest rates. Variable and floating rate securities may decline in value if interest rates do not move as expected. Conversely, variable and floating rate securities will not generally rise in value if market interest rates decline. Credit risk is the risk that an issuer will default on payments of interest and principal. Credit risk is higher when investing in high yield bonds, also known as junk bonds. Prepayment risk is the risk that the issuer of a security may pay off principal more quickly than originally anticipated. Extension risk is the risk that the issuer of a security may pay off principal more slowly than originally anticipated. All fixed income investments may be worth less than their original cost upon redemption or maturity.

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