

GSAM EMPOWER[®] the Millennial Investor

Strategic Advisory Solutions

Agenda



**Asset
Management**

-
- Who are the Millennials?
 - Financial planning challenges and priorities affecting Millennials
 - How to build investment confidence?
 - EMPOWER the Millennial Investor

Who are the Millennials?



Asset Management



Born: Pre:1933



Born: 1933 -1945



Born: 1946-1964



Born: 1965-1979



Born: 1980-2000



Born: 2000-Present

Greatest Generation	Silent Generation	Baby Boomers	Generation X	Millennials	Generation Z
<p>Influenced by:</p> <ul style="list-style-type: none"> • Great Depression 	<p>Influenced by:</p> <ul style="list-style-type: none"> • Great Depression • WWII • The Cold War • McCarthyism • Children were to be "seen, but not heard" 	<p>Influenced by:</p> <ul style="list-style-type: none"> • Civil Rights Movement • Assassinations of JFK, RFK & MLK Jr. • The Cold War • Walk on the Moon • Vietnam War • Watergate 	<p>Influenced by:</p> <ul style="list-style-type: none"> • AIDS Epidemic • Computers • MTV • The Challenger • Fall of Berlin Wall • Reaganomics 	<p>Influenced by:</p> <ul style="list-style-type: none"> • Rise of the Internet • Great Recession • Oklahoma City bombing • O.J. Simpson Trial • Death of Princess Diana • Columbine Shootings • Y2K • 9/11 	<p>Influenced by:</p> <ul style="list-style-type: none"> • The Internet of Things • Terrorism • Hurricane Katrina

Source: Goldman Sachs Investment Research , U.S. Census Bureau Monthly Population Estimates, as of 2015.

A different world, a different worldview



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The online world – and
social media

in particular – have given Millennials a platform to reach the world¹.



Millennials' **affinity for technology**

arms them with product information, reviews and price comparisons¹.



This generation is **healthier**

exercising more, eating smarter and smoking less¹.



Coming of age during a time of economic disruption has left Millennials to

put off commitments

like marriage and home ownerships¹.



In contrast to what we've seen with baby boomers, millennials have a core mantra

“doing well by doing good.”²

Millennials have grown up in a time of rapid change, giving them a set of priorities and expectations sharply different from previous generations

Source: ¹ Goldman Sachs Investment Research; ² Harvard Business Review

The 1st “Digital Natives”

Connectivity with technology



Asset Management

Concerts Then and Now

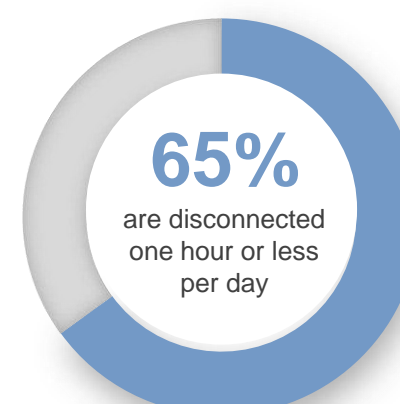
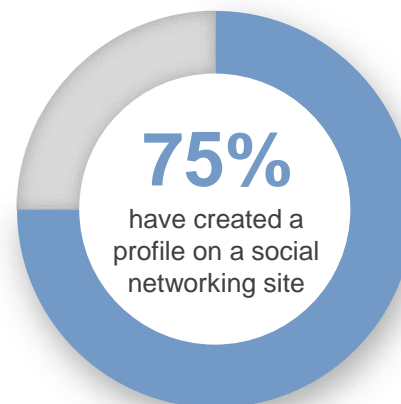


1990



2014

Interesting Stats on Millennials



Source: Left picture: concerts then and now, GSAM. Source for stats: Pew Research Center, February 2010.

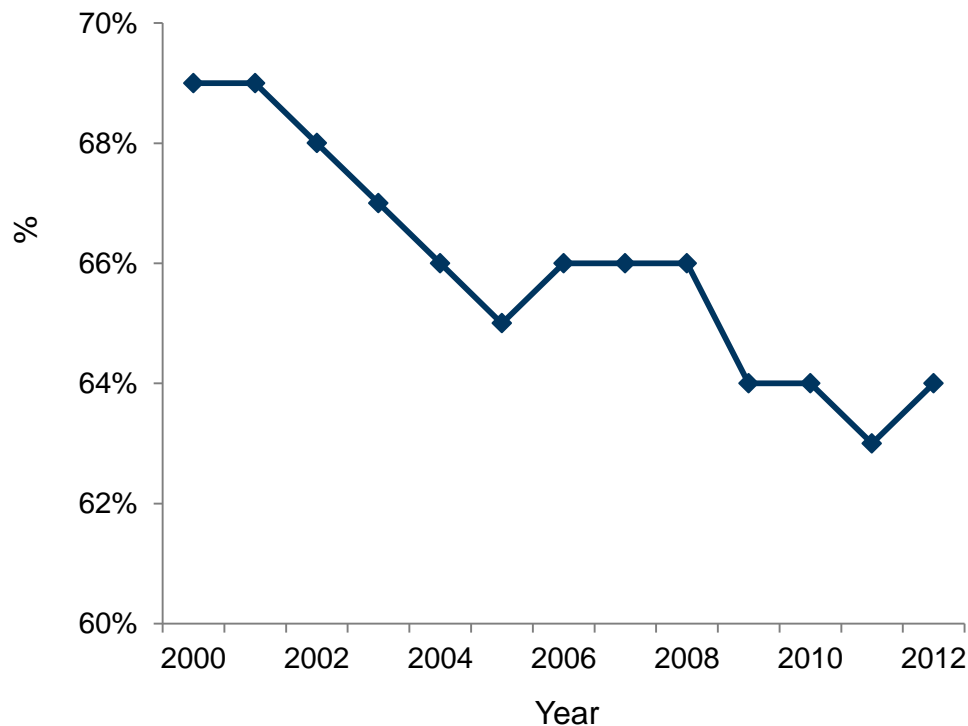
Financial planning challenges Millennials face

Less money to spend and encumbered with debt

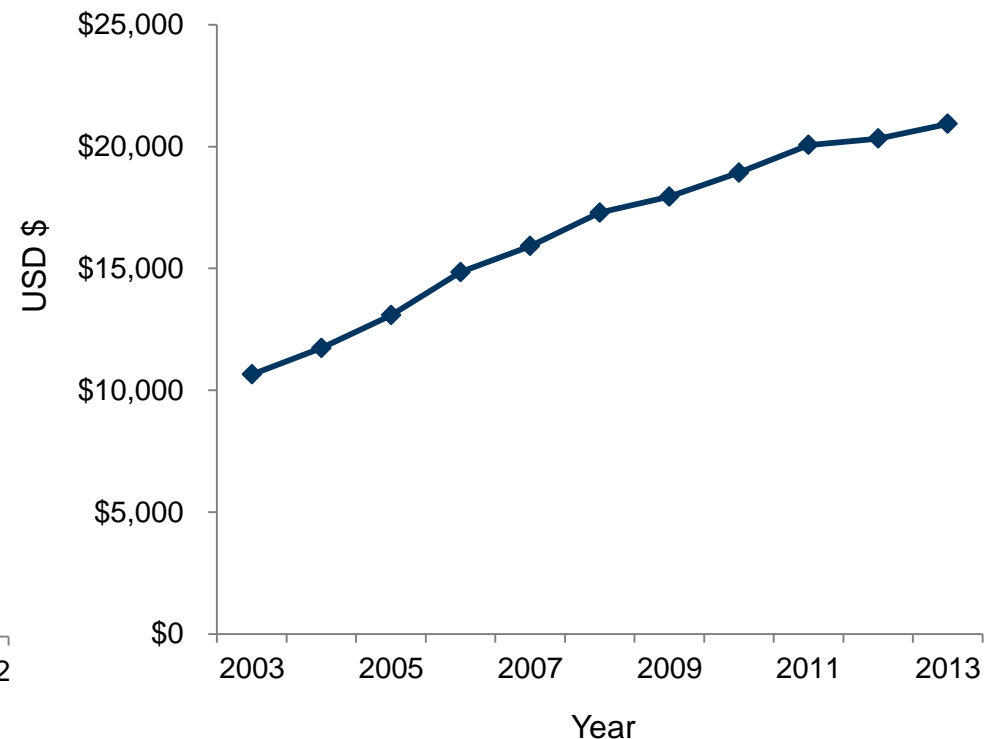


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Mean income for 15–24 year olds as a % of total population



Mean student loan balance for 25 year olds, in US Dollars



Entering the workforce in the midst of a sluggish economy has led to lower employment levels, smaller incomes and higher student debt

Source: Bureau of Labor and Federal Reserve as of 2014. Mean is the average value of a set of numbers.

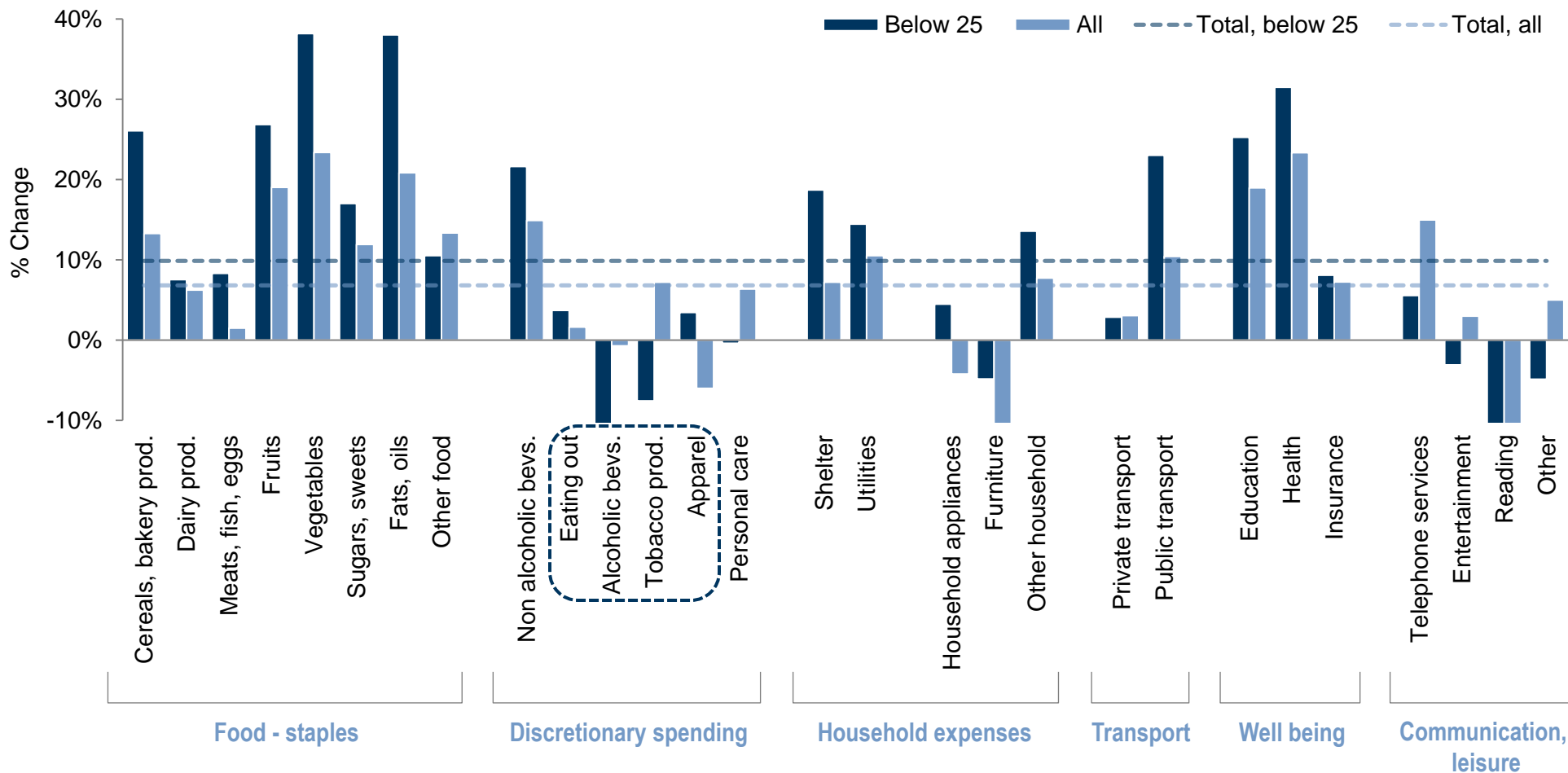
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What Millennials want



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Change in average annual household expenditure



Millennial spending habits differ from prior generations

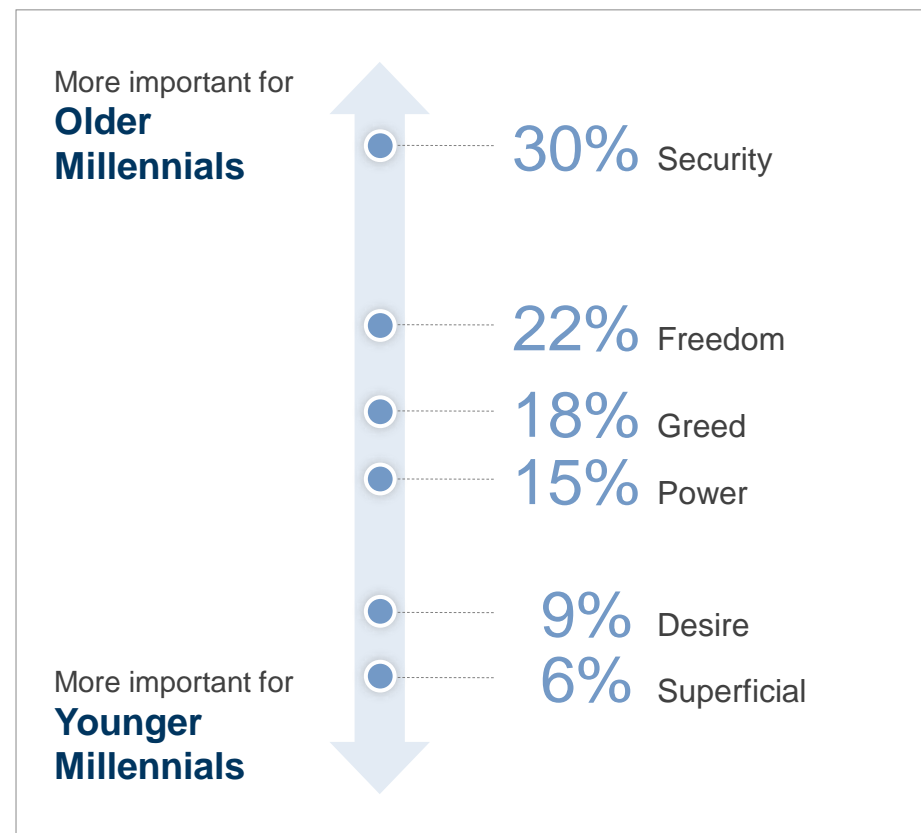
Source: Bureau of Labor Statistics. Change in average annual household expenditure between 2003-2009 and 2010-2013, totals and by categories, for all households and households with age of reference person less than 25 only, the US.

Millennial views on money and investing

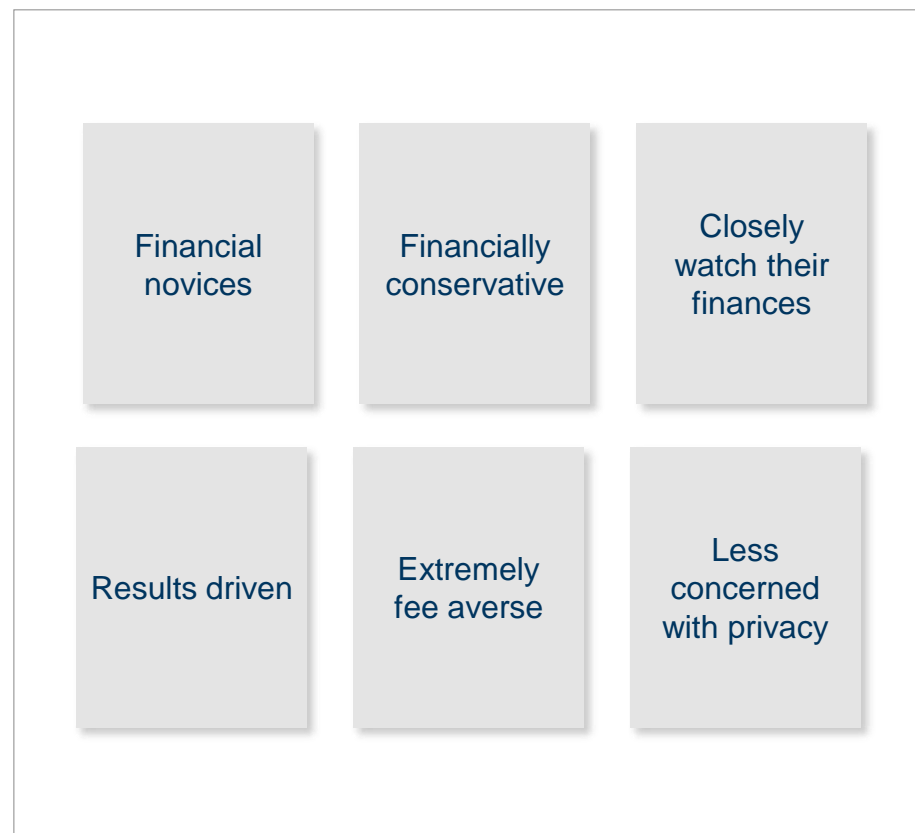


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What word do you associate with money?



Investment profile



Most Millennials get financial advice from their parents

Source: Goldman Sachs Investment Research as of June 24, 2015.

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Powerful facts about Millennials



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The Millennial generation are about to move into its prime working, inheritance and spending years.



There are currently

>92m

Millennials¹



By 2025, Millennials will make up

75% of the workforce

and will account for

46% of the nation's income²



The “greater” wealth transfer from Baby Boomer to their heirs is estimated at

\$30 trillion³



70%

want to get married and **74%** want to have children someday¹



93%

of 18-34 year old renters plan to buy a home someday¹

**By 2038, Millennials will be the most important financial generation in America.
Millennials want to be empowered to realize their own ambitions.**

Source: ¹ Goldman Sachs Investment Research; ² The Brookings Institution; ³ Accenture

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EMPOWER the Millennial Investor

Helping You Gain Confidence to Take Control of Your Finances



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Checklist to help put financial plans into action:

- E** EVALUATE your situation
- M** MANAGE your finances
- P** PLAN for your future
- O** OWN and PROTECT your assets
- W** WORK with a financial advisor
- E** EDUCATE yourself
- R** REVIEW your plan regularly

The key difference between a dream and a goal are the actions you take

Source: Goldman Sachs Asset Management as of July 2015.

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Evaluate your situation

1 Your Priorities/Values

- Independence
- Peace of mind
- Retirement
- Philanthropy

2 Your Responsibilities

- Mortgage
- Car loans
- Educational expenses
- Support for elderly parents

3 Your Dreams

- Travel
- Second home
- Lifestyle items

Risk and Reward

YOUR FINANCIAL GOALS

Measurable | Achievable | Compatible

Know what's important to you and plan how to make it a reality

Source: Goldman Sachs Asset Management as of July 2015.

Evaluate your situation

Examine your credit history and insurance coverage



Here's what you can do to get started



Check your credit history for accuracy.

Experian 1-888-397-3742

Equifax 1-800-685-1111

TransUnion 1-877-322-8228



Review the cost and terms of your current coverage with a qualified investment professional.

Examine your credit history ...

Do you have credit in your own name?

Do you understand your credit score?

Are you comfortable with your credit limits?

How much do you owe and at what interest rate?

... and your insurance coverage

Life (term, whole-life, universal life)

Health

Car, home, personal (property and casualty)

Liability

Disability / Long-term care

Supplemental coverage insurance

Manage your finances

Take stock of your net worth



Build your own personal balance sheet



Source: Goldman Sachs Asset Management. Fixed income investing involves interest rate risk. When interest rates rise, bond prices generally fall.

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Manage your finances

Understand your liquidity and cash flows



Build your own personal income statement

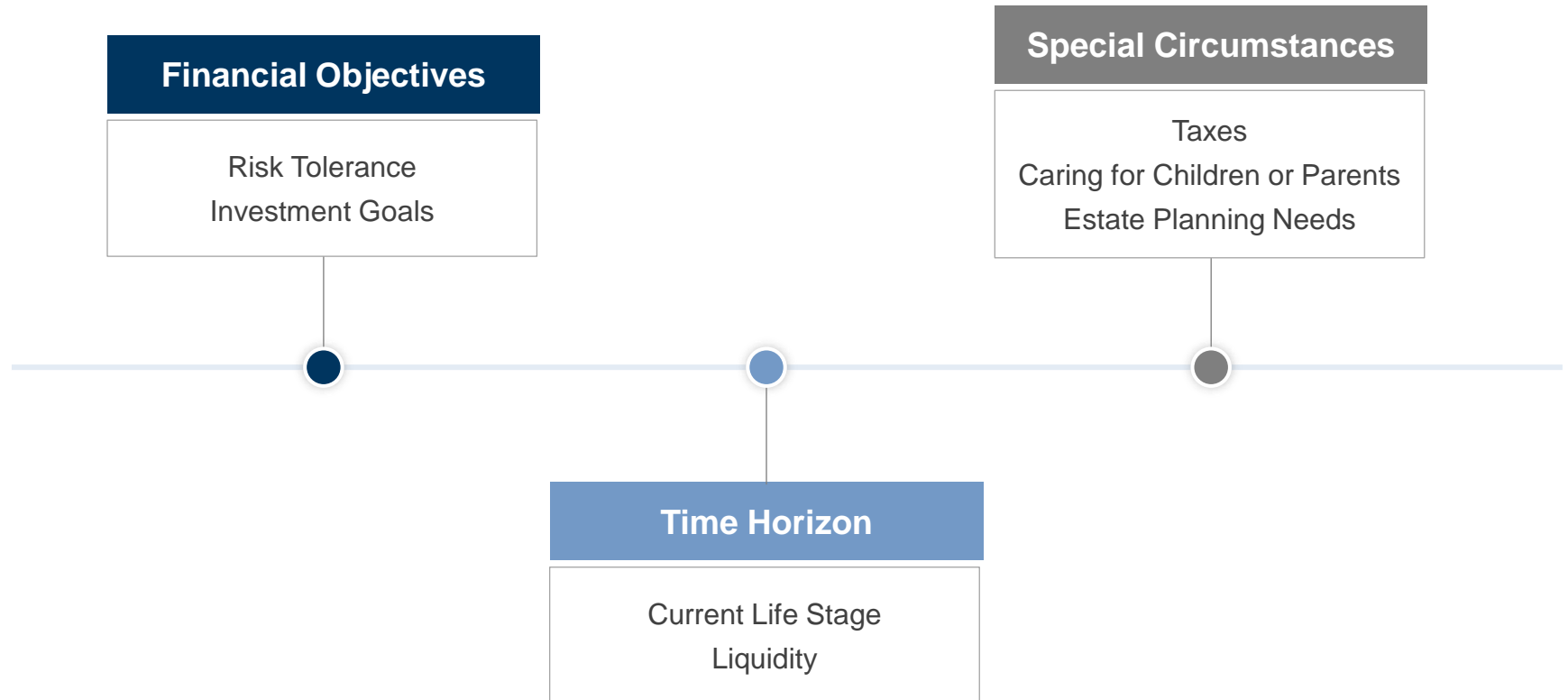


Source: Goldman Sachs Asset Management.

Plan for your future



Consider reviewing your life stage and financial goals with an investment professional – and develop an asset allocation strategy



Source: Goldman Sachs Asset Management. Goldman Sachs does not provide accounting, tax or legal advice. Please see additional disclosures at the end of this presentation.

Plan your investment strategy

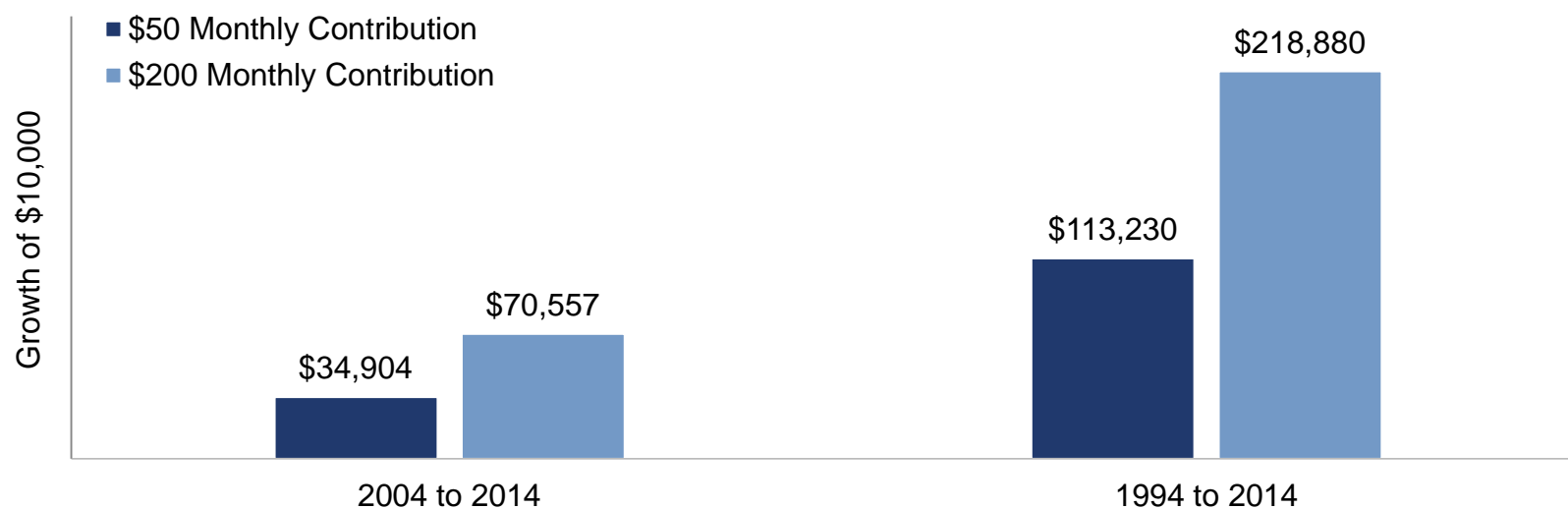
Invest early and often



Pay yourself first each month by establishing an Automatic Investment Plan

The Power of Compounding

Growth of \$10,000 Investments Plus Regular Monthly Contributions based on historical returns from a 60 Core Equity/40 Core Bond Portfolio



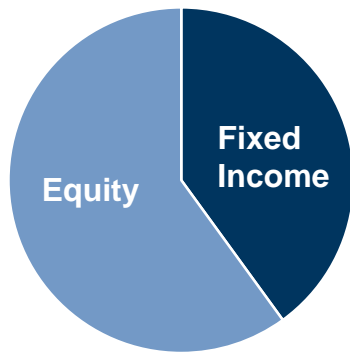
Source: Goldman Sachs Asset Management, data as of 12/31/2014. These illustrations assume an initial \$10,000 investment are for illustrative purposes only and the effects of taxes are not considered. The 60/40 portfolio represents 60% allocation to the S&P 500 Index and 40% to the Barclays US Aggregate Bond Index with a regular \$50 or \$200 monthly contribution. **Past performance is no guarantee of future results and is not intended to imply the performance of any specific investment or any Goldman Sachs Fund.** A program of investing regularly cannot guarantee a profit or protect against loss in declining markets. An investor's principal is not guaranteed or protected from a decline. The growth of your assets will be based on the actual rate of return provided by the investment you choose. Time periods selected to show 10 and 20 year timeframes. *GROWTH OF \$10,000: A graphical measurement of a portfolio's gross return that simulates the performance of an initial investment of \$10,000 over the given time period. The example provided does not reflect the deduction of investment advisory fees and expenses which would reduce an investor's return. Please be advised that since this example is calculated gross of fees and expenses the compounding effect of an investment manager's fees are not taken into consideration and the deduction of such fees would have a significant impact on the returns the greater the time period and as such the value of the \$10,000 if calculated on a net basis, would be significantly lower than shown in this example.*

Plan your investment strategy

Diversify your portfolio

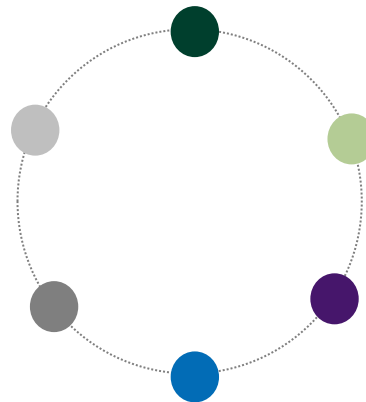


A common approach is to divide investment options into “Core” and “Diversifiers”



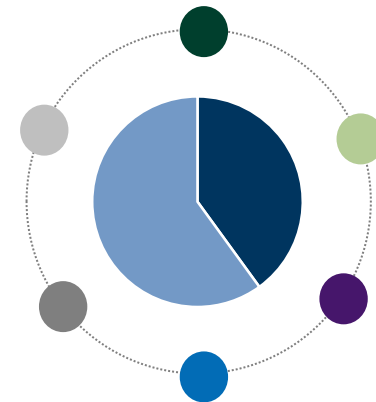
Core

- US Equity
- International Equity
- Global Investment Grade
- Fixed Income



Diversifiers

- Global Public Real Estate
- Commodities
- International Small Cap Equity
- Emerging Markets
- Global High Yield
- Liquid Alternatives



Diversified Portfolio

TRADITIONAL PORTFOLIO

Fewer Asset Classes

DIVERSIFIED PORTFOLIO

More Asset Classes

Source: Goldman Sachs Asset Management. For illustrative purposes only. Diversification does not protect an investor from market risk and does not ensure a profit.

Own and protect your assets

Own the right investment vehicles and options



Consider consulting with an investment professional to ensure you are capitalizing on appropriate retirement planning vehicles

Seek to capitalize on tax-advantaged vehicles to help save for retirement...

Tax Efficient

Qualified Employer Plans	Plans for small businesses/ self-employed individuals	Individual Retirement Accounts
<ul style="list-style-type: none"> • 401(k)s • 403(b)s (non-profit) • or 457s (government) • Pension Plans 	<ul style="list-style-type: none"> • Simple IRAs • Simplified Employee Pension • Qualified Retirement Plan • or Individual 401(k)s 	<ul style="list-style-type: none"> • Traditional IRAs • or Roth IRAs

...and consider investment options that can help provide income during your retirement

Income Oriented

<ul style="list-style-type: none"> • Income-focused mutual funds • Annuities • High-grade bonds or CDs

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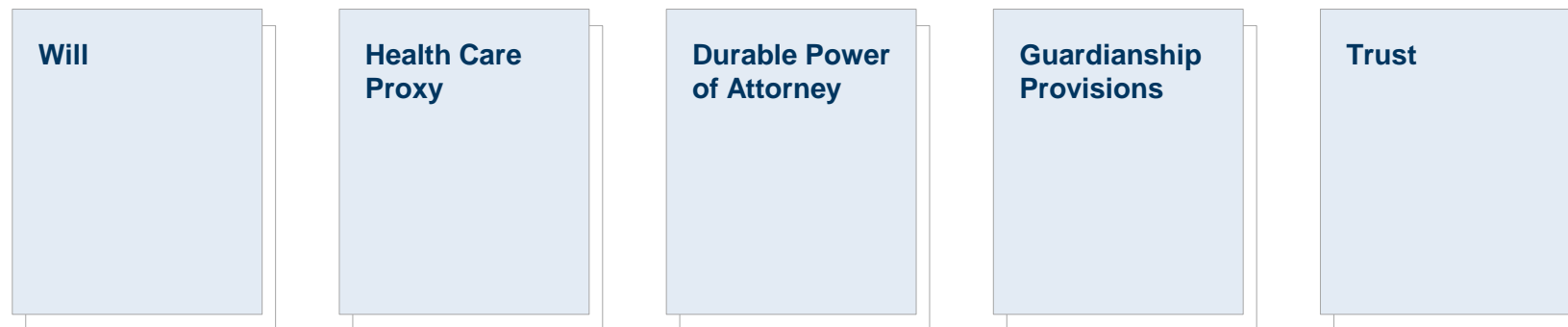
Own and protect your assets

Protect your assets through smart estate planning



Create a will and when appropriate, meet with an estate planning specialist

5 Documents you should have:



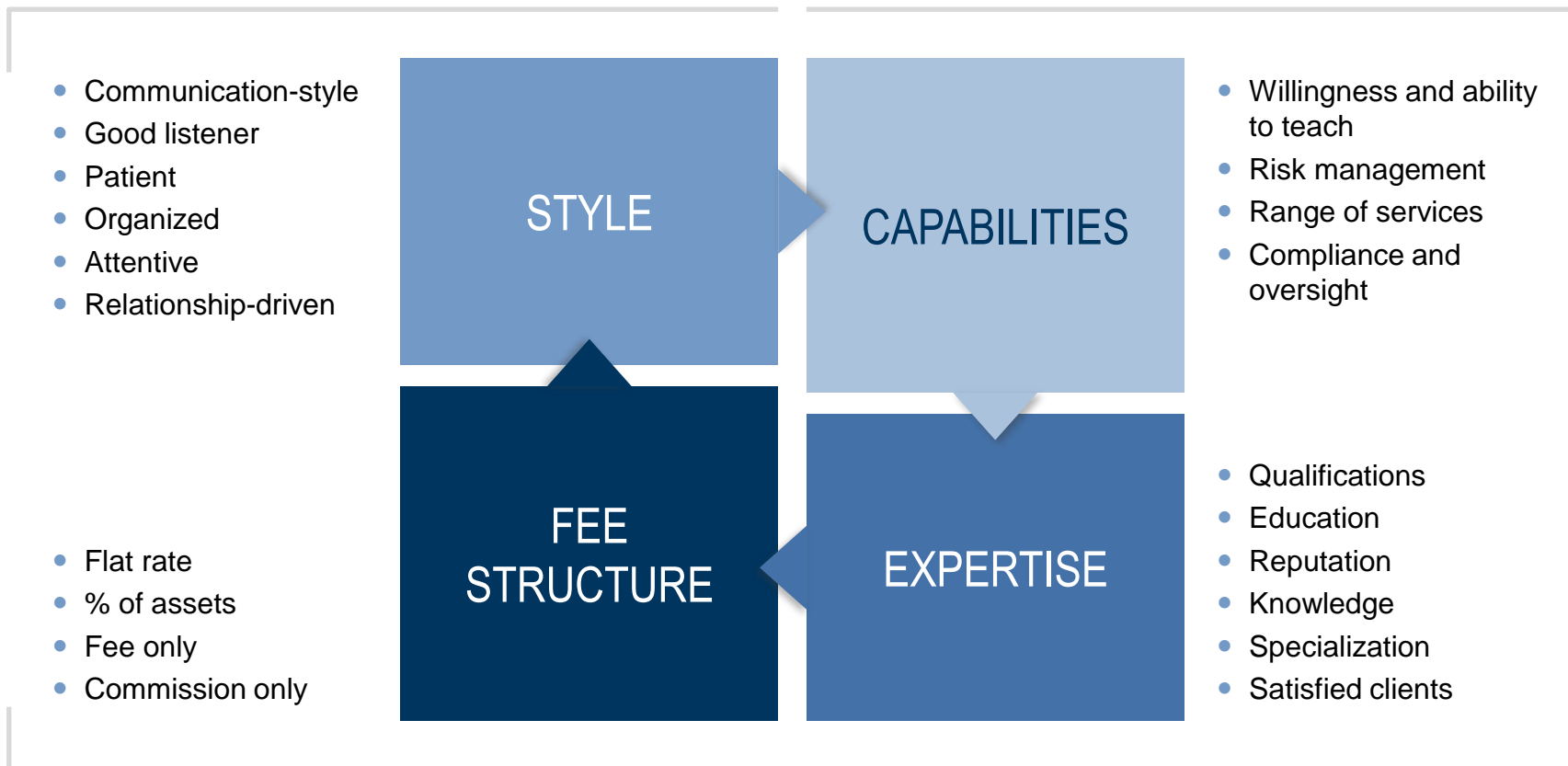
- To whom do you want to bequest assets?
- Who are your current beneficiaries?
- Have you involved your family members in your estate planning process?

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Work with a financial advisor



Considerations in working with an advisor



Work with a financial advisor



10 potential questions to ask

1 As a financial advisor, what do you do? What's your specialty?

2 Tell me about your professional experience. How long have you been offering financial advice?

3 What professional designations do you hold?

4 How are you paid for your services?

5 What proportion of your clients are millennials?

6 What process do you follow when working with clients?

7 What service standards can I expect?

8 What are the key components of your investment approach and how do they benefit me?

9 Do you follow a code of ethics or set of standards which I may review?

10 Relative to my life goals, what is your assessment of my financial situation today?

Educate yourself

Be a smarter investor



Pick one to get started

Stay informed



Read

- Wall Street Journal
- Financial Times
- Barron's
- The Economist
- Financial Week
- GSAM's Market Know-How



Browse

- www.money.cnn.com
- www.finance.yahoo.com
- www.bloomberg.com



Watch or listen

- Financial broadcasts on tv or radio
- Podcasts



Partner

- Work with an experienced investment professional

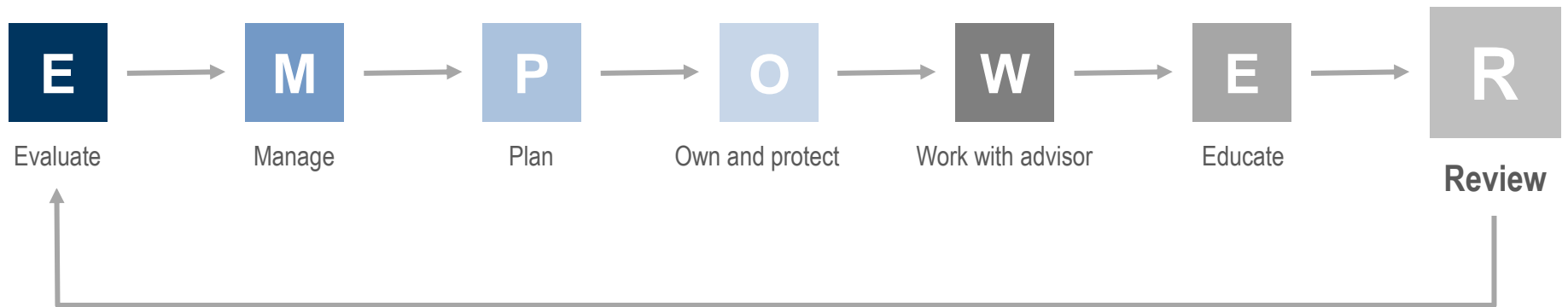
Source: Goldman Sachs Asset Management as of July 2015.

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Review your plan regularly



Sound financial planning isn't "Set it and Forget it" investing. It means engaging in regular reviews. Consider reviewing each of the seven steps annually.



Source: Goldman Sachs Asset Management as of July 2015.

Key takeaways

- Millennials have grown up in a time of rapid change, giving you a set of priorities and expectations sharply different from previous generations
- By 2038, Millennials will be the most important financial generation in the US
- As this generation moves into its prime working, inheritance, and spending years, you want to be empowered to realize your ambitions
- We can help you gain confidence and take control of your finances
- By utilizing seven easy steps, you can put your plans into action

Together, we can

E **M** **P** **O** **W** **E** **R**

THE MILLENNIAL INVESTOR



Strategic Advisory Solutions provides a comprehensive suite of integrated solutions designed to help our clients grow and enhance their businesses. Our global team of experienced strategists aims to deliver in-depth expertise to help clients understand dynamic markets, design well-diversified strategic portfolios, and implement industry best practices through programs tailored to each organization. We partner with our clients to develop actionable solutions to help them achieve their goals.

For more information, contact us at StrategicAdvisorySolutions@gs.com or visit us on the web at www.gsamfunds.com.

Risk considerations



**Asset
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Equity securities are more volatile than bonds and subject to greater risks. Small and mid-sized company stocks involve greater risks than those customarily associated with larger companies.

Bonds are subject to interest rate, price and credit risks. Prices tend to be inversely affected by changes in interest rates.

Unlike stocks and bonds, U.S. Treasuries securities are guaranteed as to payment of principal and interest if held to maturity.

High yield fixed income securities are considered speculative, involve greater risk of default, and tend to be more volatile than investment grade fixed income securities.

Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT).

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

An investment in real estate securities is subject to greater price volatility and the special risks associated with direct ownership of real estate.

Investments in commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity.

Investors should also consider some of the potential risks of alternative investments:

Alternative Strategies. Alternative strategies often engage in leverage and other investment practices that are speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the entire amount that is invested.

Manager experience. Manager risk includes those that exist within a manager's organization, investment process or supporting systems and infrastructure. There is also a potential for fund-level risks that arise from the way in which a manager constructs and manages the fund.

Leverage. Leverage increases a fund's sensitivity to market movements. Funds that use leverage can be expected to be more "volatile" than other funds that do not use leverage. This means if the investments a fund buys decrease in market value, the value of the fund's shares will decrease by even more.

Counterparty risk. Alternative strategies often make significant use of over-the-counter (OTC) derivatives and therefore are subject to the risk that counterparties will not perform their obligations under such contracts.

Liquidity risk. Alternative strategies may make investments that are illiquid or that may become less liquid in response to market developments. At times, a fund may be unable to sell certain of its illiquid investments without a substantial drop in price, if at all.

Valuation risk. There is risk that the values used by alternative strategies to price investments may be different from those used by other investors to price the same investments.

The above are not an exhaustive list of potential risks. There may be additional risks that should be considered before any investment decision.

Risk considerations



**Asset
Management**

Fixed income investing entails credit risk and interest rate risk. When interest rates rise, bond prices generally fall. Unlike stocks and bonds, U.S. Treasuries securities are guaranteed as to payment of principal and interest if held to maturity.

Mutual funds are subject to various risks as described fully in each funds' prospectus. There can be no assurance that a mutual fund will achieve its investment objective. The equity markets are volatile, but not all stocks are equally volatile.

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