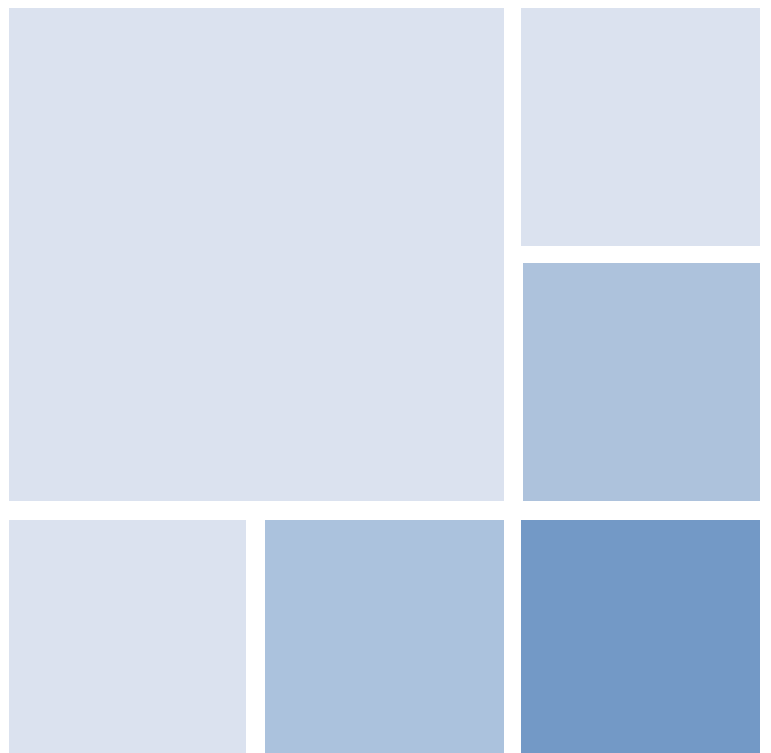




# Goldman Sachs Hedge Fund VIP Index Methodology

Last updated November 13, 2018



## Contents

<b>I. Introduction.....</b>	<b>1</b>
A. Index Overview.....	1
B. Index Details.....	1
<b>II. Index Construction Methodology.....</b>	<b>2</b>
A. Eligible Securities.....	2
B. Index Construction.....	2
<b>III. Index Rebalancing.....</b>	<b>4</b>
A. Rebalancing Schedule.....	4
<b>IV. Index Calculation and On-going Maintenance.....</b>	<b>5</b>
A. Daily Calculation.....	5
B. Index Inception Dates.....	5
<b>V. Amendments and Exceptions to this Methodology.....</b>	<b>6</b>
<b>VI. Disclosures.....</b>	<b>7</b>

# I. Introduction

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## A. Index Overview

This document describes the methodology for the Goldman Sachs Hedge Fund VIP Index.

The Goldman Sachs Hedge Fund VIP Index (the “Index”) is owned by Goldman Sachs Asset Management L.P. (the “Index Sponsor”). The Index is calculated by Solactive AG (the “Calculation Agent”).

The Index consists of hedge fund managers’ “Very-Important-Positions,” or the US-listed stocks whose performance is expected to influence the long portfolios of hedge funds. Those stocks are defined as the positions that appear most frequently among the top 10 long equity holdings within the portfolios of fundamentally-driven hedge fund managers.

The Index is rebalanced on a quarterly basis to reflect changes in reported hedge fund manager holdings.

## B. Index Details

A total return version of the Index is calculated on a daily basis and published under the following identifier:

<b>Name</b>	<b>Ticker</b>
Goldman Sachs Hedge Fund VIP Index	GVIPTX

## II. Index Construction Methodology

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### A. Eligible Securities

Eligible stocks are limited to common shares or ADRs that are listed on a US exchange.

### B. Index Construction

#### 1. Hedge Fund Manager Universe

On a quarterly basis, a third-party data provider is used to identify those entities that have filed Form 13F with the U.S. Securities and Exchange Commission (SEC) and are primarily characterized as “hedge fund managers<sup>1</sup>.”

The resulting universe is screened to exclude entities with:

- fewer than 10 or more than 200 distinct US-listed equity positions as reported in their most recent 13F filings,
- less than \$10 million of equity assets reported in their most recent 13F filing, valued as of the previous NYSE trading day’s close, or
- reported holding dates other than the previous calendar quarter end.

Limiting the universe to those filings with 10-200 equity positions is an attempt to isolate the hedge fund managers that are more fundamentally-driven from those that are more activist or quantitative, who typically hold fewer or greater numbers of positions, respectively.

The resulting screened set of hedge fund managers forms the hedge fund manager universe (the “Hedge Fund Manager Universe”).

#### 2. Stock selection

Each quarter, the most recent regulatory filings reported to the SEC (“13F filings”) are retrieved for each of the members of the Hedge Fund Manager Universe using the third-party database. The filings are reviewed on the next NYSE trading day after the SEC-mandated filing deadlines, which are typically 45 days after calendar quarter-end. If 85% or more of the hedge fund managers from the previous quarter’s Hedge Fund Manager

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<sup>1</sup> The classification of hedge fund managers by the third-party data provider is based on information from Investment Adviser Registration Depository (IARD) filings with the SEC. The third-party data provider characterizes an entity as a hedge fund manager if the primary part of its business consists of hedge fund management, meaning it has more than 50% of its assets under management in pooled investment vehicles and 50% or more of its funds are hedge funds based on IARD filings. Additionally, if 25-50% of the manager’s assets under management are in pooled investment vehicles, 50% or more of which are hedge funds, and 51-100% of the manager’s clients are hedge funds, the manager is classified as a hedge fund manager.

Universe have updated their filings through the most recent quarter-end, the data are collected and the new composition of the Index is determined. If not, the analysis is run on the next NYSE trading day regardless of whether 85% or more of the hedge fund managers from the previous quarter's Hedge Fund Manager Universe have updated their filings.

Any stocks that are not US-listed common shares or ADRs are excluded.

The holdings of any Hedge Fund Manager with fewer than 10 or more than 200 positions are eliminated.

The equity positions reported by each of the members of the Hedge Fund Manager Universe are valued using the share counts reported in the 13F filings and then multiplied by prices which are adjusted for splits and spin-offs from the 13F reporting date through the previous night's market close (the "Selection Date") to calculate the most recent dollar market value of each reported position. Composition changes determined using data as of the Selection Date are effective in the Index six NYSE trading days after the SEC 13F filing deadline (the "Rebalance Date").

The equity positions reported by members of the Hedge Fund Manager Universe are ranked by descending market value to determine those that rank in the top 10 for each Manager.

Only the primary or most liquid share class is included for each company. The liquidity for multiple share classes is defined as the average daily dollar value traded over the past 3 months.

Stocks with announced corporate actions which would render them ineligible for the Index (e.g., delisting from a US exchange) and which have expected completion dates within one month of the Rebalance Date are excluded.

The 50 stocks that appear most frequently in the resulting screened list of the top 10 holdings of the Hedge Fund Manager Universe are selected as Index constituents (the "Index Constituents"). In the case of a tie in ranking, stocks will be included based on an alphabetical sort by ticker. Index constituents will exclude names that GSAM is restricted from holding for legal or regulatory reasons.

### **3. Stock weighting**

The 50 Index Constituents are equal dollar-weighted at each Selection Date and allowed to float by performance until the next Rebalance Date. Any corporate actions with ex-dates that fall between the Selection and Rebalance Dates are reflected in the Index composition prior to the rebalancing of the Index.

### III. Index Rebalancing

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#### A. Rebalancing Schedule

The Goldman Sachs Hedge Fund VIP Index is rebalanced quarterly as of the close on the sixth NYSE trading day following the SEC-mandated 45-day deadline for 13F filings ( the "Rebalance Date") or, if the sixth day is not a full NYSE trading day, the next full trading day.

## IV. Index Calculation and On-going Maintenance

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### A. Daily Calculation

The Index is calculated by Solactive AG (the “Calculation Agent”).

The Index Calculation Agent is responsible for rebalancing the Index on a quarterly basis using the steps described in Section II, Index Construction Methodology and Section III, Index Rebalancing and for calculating the daily Index levels.

The Index Calculation Agent applies corporate action adjustments and calculates the Index as described in the the Solactive Index Calculation Guideline, Version 1.1 dated July 8<sup>th</sup>, 2013 <http://www.solactive.com/wp-content/uploads/2012/06/Index-Calculation-Guideline-Solactive1.pdf>

Both price and total return versions of the Index are calculated in US dollars. The total return Index assumes reinvestment of cash dividends across the full Index at the open on the ex-date.

The composition of the Goldman Sachs Hedge Fund VIP Index is available on the GSAM website ([www.gsamfunds.com](http://www.gsamfunds.com)) and Solactive website ([www.solactive.com](http://www.solactive.com)) for each NYSE trading day. Results of the latest rebalancing are available on the Solactive website at least three NYSE trading days prior to the effective date ([www.solactive.com](http://www.solactive.com)).

### B. Index Inception Dates

The Index has an inception date of November 1, 2016.

## V. Amendments and Exceptions to this Methodology

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The Index Committee, comprised of Goldman Sachs Asset Management employees, is responsible for approving changes to the methodology for the Index. This document is updated to reflect any changes approved by the Index Committee.

### **Amendments and Clarifications to this document:**

November 13, 2018: clarification of the treatment of NYSE half-days in the rebalance schedule.  
Clause added to III.A.



## VI. Disclosures

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