

GOLDMAN SACHS GROUP INC

Form 424B2

October 31, 2018

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Filed Pursuant to Rule 424(b)(2)

Registration Statement No. 333-219206

GS Finance Corp.

\$789,000

Callable Contingent Coupon Index-Linked Notes due 2028

guaranteed by

The Goldman Sachs Group, Inc.

The notes do not pay a fixed coupon and may pay no coupon on a payment date. The amount that you will be paid on your notes is based on the performances of the NASDAQ-100 Index<sup>®</sup> and the Russell 2000<sup>®</sup> Index. The notes will mature on October 31, 2028, unless we redeem them.

We may redeem your notes at 100% of their face amount plus any coupon then due on any payment date (the last calendar day of each January, April, July and October, commencing in January 2019 and ending on the stated maturity date) on or after the payment date in October 2019 up to the payment date in July 2028.

If we do not redeem your notes, if the closing level of each index is greater than or equal to 75% of its initial level (the initial levels are 6,713.902 with respect to the NASDAQ-100 Index<sup>®</sup> and 1,477.306 with respect to the Russell 2000<sup>®</sup> Index) on a determination date (the tenth scheduled trading day for all indices prior to each payment date), you will receive on the applicable payment date a coupon of \$21.25 for each \$1,000 face amount of your notes. If the closing level of any index on a determination date is less than 75% of its initial level, you will not receive a coupon on the applicable payment date.

If we do not redeem your notes, the amount that you will be paid on your notes at maturity, in addition to the final coupon, if any, is based on the performance of the lesser performing index (the index with the lowest index return). The index return for each index is the percentage increase or decrease in the final level of such index on the final determination date from its initial level.

At maturity, for each \$1,000 face amount of your notes you will receive an amount in cash equal to:

if the index return of each index is greater than or equal to -25% (the final level of each index is greater than or equal to 75% of its initial level), \$1,000 plus the final coupon of \$21.25;

if the index return of each index is greater than or equal to -40% (the final level of each index is greater than or equal to 60% of its initial level) but the index return of any index is less than -25% (the final level of any index is less than 75% of its initial level), \$1,000 (you will not receive a coupon); or

if the index return of any index is less than -40% (the final level of any index is less than 60% of its initial level), the sum of (i) \$1,000 plus (ii) the product of (a) the lesser performing index return times (b) \$1,000. You will receive less than 60% of the face amount of your notes and you will not receive a final coupon.

You should read the disclosure herein to better understand the terms and risks of your investment, including the credit risk of GS Finance Corp. and The Goldman Sachs Group, Inc. See page S-11.

The estimated value of your notes at the time the terms of your notes are set on the trade date is equal to approximately \$929 per \$1,000 face amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your notes, if it makes a market in the notes, see the following page.

Original issue date: October 31, 2018 Original issue price: 100% of the face amount

Underwriting discount: 4.55% of the face amount Net proceeds to the issuer: 95.45% of the face amount

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense. The notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

Goldman Sachs & Co. LLC

Prospectus Supplement No. 4,336 dated October 29, 2018.

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The issue price, underwriting discount and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of this prospectus supplement, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above. The return (whether positive or negative) on your investment in notes will depend in part on the issue price you pay for such notes.

GS Finance Corp. may use this prospectus in the initial sale of the notes. In addition, Goldman Sachs & Co. LLC, or any other affiliate of GS Finance Corp. may use this prospectus in a market-making transaction in a note after its initial sale. Unless GS Finance Corp. or its agent informs the purchaser otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.

### Estimated Value of Your Notes

The estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is equal to approximately \$929 per \$1,000 face amount, which is less than the original issue price. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your notes at the time of pricing, plus an additional amount (initially equal to \$30 per \$1,000 face amount).

Prior to October 31, 2019, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your notes (as determined by reference to GS&Co.'s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis from the time of pricing through October 30, 2019). On and after October 31, 2019, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market) will equal approximately the then-current estimated value of your notes determined by reference to such pricing models.

### About Your Prospectus

The notes are part of the Medium-Term Notes, Series E program of GS Finance Corp., and are fully and unconditionally guaranteed by The Goldman Sachs Group, Inc. This prospectus includes this prospectus supplement and the accompanying documents listed below. This prospectus supplement constitutes a supplement to the documents listed below and should be read in conjunction with such documents:

Prospectus supplement dated July 10, 2017

Prospectus dated July 10, 2017

The information in this prospectus supplement supersedes any conflicting information in the documents listed above. In addition, some of the terms or features described in the listed documents may not apply to your notes.

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SUMMARY INFORMATION

We refer to the notes we are offering by this prospectus supplement as the “offered notes” or the “notes”. Each of the offered notes has the terms described below and under “Specific Terms of Your Notes” on page S-20. Please note that in this prospectus supplement, references to “GS Finance Corp.”, “we”, “our” and “us” mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to “The Goldman Sachs Group, Inc.”, our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to “Goldman Sachs” mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. Also, references to the “accompanying prospectus” mean the accompanying prospectus, dated July 10, 2017, and references to the “accompanying prospectus supplement” mean the accompanying prospectus supplement, dated July 10, 2017, for Medium-Term Notes, Series E, in each case of GS Finance Corp. and The Goldman Sachs Group, Inc. References to the “indenture” in this prospectus supplement mean the senior debt indenture, dated as of October 10, 2008, as supplemented by the First Supplemental Indenture, dated as of February 20, 2015, each among us, as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee. This indenture, as so supplemented and as further supplemented thereafter, is referred to as the “GSFC 2008 indenture” in the accompanying prospectus supplement.

Key Terms

Issuer: GS Finance Corp.

Guarantor: The Goldman Sachs Group, Inc.

Indices: the NASDAQ-100 Index<sup>®</sup> (Bloomberg symbol, “NDX Index”), as published by Nasdaq, Inc., and the Russell 2000<sup>®</sup> Index (Bloomberg symbol, “RTY Index”), as published by FTSE Russell; see “The Indices” on page S-29

Specified currency: U.S. dollars (“\$”)

Face amount: each note will have a face amount equal to \$1,000; \$789,000 in the aggregate for all the offered notes; the aggregate face amount of the offered notes may be increased if the issuer, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this prospectus supplement

Denominations: \$1,000 and integral multiples of \$1,000 in excess thereof

Purchase at amount other than face amount: the amount we will pay you for your notes on the stated maturity date or upon any early redemption of your notes will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to face amount and hold them to the stated maturity date or date of early redemption, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at face amount. See “Additional Risk Factors Specific to Your Notes — If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected” on page S-14 of this prospectus supplement

Supplemental discussion of U.S. federal income tax consequences: you will be obligated pursuant to the terms of the notes — in the absence of a change in law, an administrative determination or a judicial ruling to the contrary — to characterize each note for all tax purposes as an income-bearing pre-paid derivative contract in respect of the indices, as described under “Supplemental Discussion of Federal Income Tax Consequences” herein. Pursuant to this approach, it is the opinion of Sidley Austin LLP that it is likely that any coupon payment will be taxed as ordinary income in accordance with your regular method of accounting for U.S. federal income tax purposes. If you are a United States alien holder of the notes, we intend to withhold on coupon payments made to you at a 30% rate or at a lower rate specified by an applicable income tax treaty. In addition, upon the sale, exchange, redemption or maturity of your notes, it would be reasonable for you to recognize capital gain or loss equal to the difference, if any, between the amount of cash you receive at such time (excluding amounts attributable to any coupon payment) and your tax basis in your notes.

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Cash settlement amount: subject to our redemption right, for each \$1,000 face amount of your notes, we will pay you on the stated maturity date an amount in cash equal to:

- if the index return of each index is greater than or equal to -25%, \$1,000 plus the final coupon;
- if the index return of each index is greater than or equal to -40% but the index return of any index is less than -25%, \$1,000 (you will not receive a coupon); or
- if the index return of any index is less than -40%, the sum of (i) \$1,000 plus (ii) the product of (a) the lesser performing index return times (b) \$1,000. You will receive less than 60% of the face amount of your notes and no coupon.

Early redemption right: we have the right to redeem your notes, in whole but not in part, at a price equal to 100% of the face amount plus any coupon then due, on each coupon payment date commencing in October 2019 and ending in July 2028, subject to at least ten business days' prior notice

Lesser performing index return: the index return of the lesser performing index

Lesser performing index: the index with the lowest index return

Coupon: subject to our redemption right, on each coupon payment date, for each \$1,000 face amount of your notes, we will pay you an amount in cash equal to:

- if the closing level of each index on the related coupon determination date is greater than or equal to 75% of its initial index level, \$21.25; or
  - if the closing level of any index on the related coupon determination date is less than 75% of its initial index level, \$0
- Initial index level: 6,713.902 with respect to the NASDAQ-100 Index<sup>®</sup> and 1,477.306 with respect to the Russell 2000<sup>®</sup> Index

Final index level: with respect to each index, the closing level of such index on the determination date, except in the limited circumstances described under “Specific Terms of Your Notes — Consequences of a Market Disruption Event or a Non-Trading Day” on page S-23

Closing level: with respect to each index on any trading day, the closing level of such index, as further described under “Specific Terms of Your Notes — Special Calculation Provisions — Closing Level” on page S-25

Index return: with respect to each index on the determination date, the quotient of (i) the final index level minus the initial index level divided by (ii) the initial index level, expressed as a positive or negative percentage

Defeasance: not applicable

No listing: the offered notes will not be listed or displayed on any securities exchange or interdealer market quotation system

Business day: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Business Day” on page S-25

Trading day: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Trading Day” on page S-25

Trade date: October 29, 2018

Original issue date (settlement date): October 31, 2018

Stated maturity date: October 31, 2028, subject to adjustment as described under “Specific Terms of Your Notes — Stated Maturity Date” on page S-22

Determination date: the last coupon determination date, October 17, 2028, subject to adjustment as described under “Specific Terms of Your Notes — Determination Date” on page S-22

Coupon determination dates: the tenth scheduled trading day for all indices prior to each coupon payment date, subject to adjustment as described under “Specific Terms of Your Notes — Coupon Determination Dates” on page S-22

Coupon payment dates: the last calendar day of each January, April, July and October, commencing in January 2019 and ending on the stated maturity date, subject to adjustment as described under “Specific Terms of Your Notes — Coupon and Coupon Payment Dates” on page S-22

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Regular record dates: the scheduled business day immediately preceding the day on which payment is to be made (as such payment date may be adjusted)

Calculation agent: GS&Co.

CUSIP no.: 40056E2P2

ISIN no.: US40056E2P22

FDIC: the notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank

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## HYPOTHETICAL EXAMPLES

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate (i) the impact that various hypothetical closing levels of the indices on a coupon determination date could have on the coupon payable, if any, on the related coupon payment date and (ii) the impact that the various hypothetical closing levels of the lesser performing index on the determination date could have on the cash settlement amount at maturity assuming all other variables remain constant.

The examples below are based on a range of index levels that are entirely hypothetical; no one can predict what the index level of any index will be on any day throughout the life of your notes, what the closing level of any index will be on any coupon determination date and what the final index level of the lesser performing index will be on the determination date. The indices have been highly volatile in the past — meaning that the index levels have changed substantially in relatively short periods — and their performance cannot be predicted for any future period.

The information in the following examples reflects the hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date or date of early redemption. If you sell your notes in a secondary market prior to the stated maturity date or date of early redemption, as the case may be, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the indices, the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your notes. For more information on the estimated value of your notes, see “Additional Risk Factors Specific to Your Notes — The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes” on page S-11 of this prospectus supplement. The information in the examples also reflect the key terms and assumptions in the box below.

## Key Terms and Assumptions

Face amount	\$1,000
Initial index level of the NASDAQ-100 Index®	6,713.902
Initial index level of the Russell 2000® Index	1,477.306
Coupon	\$21.25
Neither a market disruption event nor a non-trading day occurs on any originally scheduled coupon determination date or the originally scheduled determination date	
No change in or affecting any of the index stocks or the method by which the applicable index sponsor calculates any index	
Notes purchased on original issue date at the face amount and held to the stated maturity date or date of early redemption	

For these reasons, the actual performance of the indices over the life of your notes, the actual index levels on any coupon determination date, as well as the coupon payable, if any, on each coupon payment date, may bear little relation to the hypothetical examples shown below or to the historical index levels shown elsewhere in this prospectus supplement. For information about the index levels during recent periods, see “The Indices — Historical Closing Levels of the Indices” on page S-45. Before investing in the notes, you should consult publicly available information to determine the index levels between the date of this prospectus supplement and the date of your purchase of the notes. Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the index stocks.





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## Hypothetical Coupon Payments

The examples below show hypothetical performances of each index as well as the hypothetical coupons, if any, that we would pay on each coupon payment date with respect to each \$1,000 face amount of the notes if the closing level of each index on the applicable coupon determination date were the hypothetical closing levels shown and 75% of the initial index level of the NASDAQ-100 Index<sup>®</sup> is 5,035.4265 and 75% of the initial index level of the Russell 2000<sup>®</sup> Index is 1,107.9795.

## Scenario 1

Hypothetical Coupon Determination Date	Hypothetical Closing Level of the NASDAQ-100 Index <sup>®</sup>	Hypothetical Closing Level of the Russell 2000 <sup>®</sup> Index	Hypothetical Coupon
First	4,500	1,800	\$0
Second	4,900	800	\$0
Third	4,000	500	\$0
Fourth	7,600	1,350	\$21.25
Fifth	3,900	1,200	\$0
Sixth	4,000	500	\$0
Seventh	6,200	1,400	\$21.25
Eighth	4,100	500	\$0
Ninth	4,150	550	\$0
Tenth	4,000	500	\$0
Eleventh	4,000	500	\$0
Twelfth – Fortieth	8,000	500	\$0
		Total Hypothetical Coupons	\$42.50

In Scenario 1, the hypothetical closing level of each index increases and decreases by varying amounts on each hypothetical coupon determination date. Because the hypothetical closing level of each index on the fourth and seventh hypothetical coupon determination dates is greater than or equal to 75% of its initial index level, the total of the hypothetical coupons in Scenario 1 is \$42.50. Because the hypothetical closing level of at least one index on all other hypothetical coupon determination dates is less than 75% of its initial index level, no further coupons will be paid, including at maturity.

## Scenario 2

Hypothetical Coupon Determination Date	Hypothetical Closing Level of the NASDAQ-100 Index <sup>®</sup>	Hypothetical Closing Level of the Russell 2000 <sup>®</sup> Index	Hypothetical Coupon
First	3,900	1,800	\$0
Second	4,000	800	\$0
Third	4,000	500	\$0
Fourth	4,100	1,050	\$0
Fifth	4,900	1,000	\$0
Sixth	3,000	500	\$0
Seventh	4,200	1,100	\$0
Eighth	4,100	500	\$0
Ninth	4,150	550	\$0
Tenth	4,000	500	\$0
Eleventh	4,000	500	\$0
Twelfth – Fortieth	7,600	500	\$0

Total Hypothetical  
Coupons \$0

In Scenario 2, the hypothetical closing level of each index increases and decreases by varying amounts on each hypothetical coupon determination date. Because in each case the hypothetical closing level of at least one of the indices on the related coupon determination date is less than 75% of its initial index level, you will not receive a coupon payment on the applicable hypothetical coupon payment date. Since this occurs on every hypothetical coupon determination date, the overall return you earn on your notes will be zero or less. Therefore, the total of the hypothetical coupons in Scenario 2 is \$0.

Scenario 3

Hypothetical Coupon Determination Date	Hypothetical Closing Level of the NASDAQ-100 Index®	Hypothetical Closing Level of the Russell 2000® Index	Hypothetical Coupon
First	3,900	900	\$0
Second	4,300	700	\$0
Third	2,500	1,000	\$0
Fourth	7,700	1,800	\$21.25
		Total Hypothetical Coupons	\$21.25

In Scenario 3, the hypothetical closing level of each index is less than 75% of its initial index level on the first three hypothetical coupon determination dates, but increases to a level that is greater than its initial index

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level on the fourth hypothetical coupon determination date. Further, we also exercise our early redemption right with respect to a redemption on the fourth coupon payment date (which is also the first hypothetical date with respect to which we could exercise such right). Therefore, on the fourth coupon payment date (the redemption date), in addition to the hypothetical coupon of \$21.25, you will receive an amount in cash equal to \$1,000 for each \$1,000 face amount of your notes.

Hypothetical Payment at Maturity

If the notes are not redeemed, the cash settlement amount we would deliver for each \$1,000 face amount of your notes on the stated maturity date will depend on the performance of the lesser performing index on the determination date, as shown in the table below. The table below assumes that the notes have not been redeemed, does not include the final coupon, if any, and reflects hypothetical cash settlement amounts that you could receive on the stated maturity date. If the final index level of the lesser performing index (as a percentage of the initial index level) is less than 75%, you will not be paid a final coupon at maturity.

The levels in the left column of the table below represent hypothetical final index levels of the lesser performing index and are expressed as percentages of the initial index level of the lesser performing index. The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final index level of the lesser performing index (expressed as a percentage of the initial index level of the lesser performing index), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical cash settlement amount of 100.000% means that the value of the cash payment that we would deliver for each \$1,000 of the outstanding face amount of the offered notes on the stated maturity date would equal 100.000% of the face amount of a note, based on the corresponding hypothetical final index level of the lesser performing index (expressed as a percentage of the initial index level of the lesser performing index) and the assumptions noted above.

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Hypothetical

Final Index  
Level of the Hypothetical Cash Settlement Amount  
Lesser at Maturity if the Notes Have Not Been  
Performing Redeemed

Index

(as

Percentage  
of Initial (as Percentage of Face Amount)

Index Level)

175.000% 100.000%\*

150.000% 100.000%\*

125.000% 100.000%\*

100.000% 100.000%\*

85.000% \* The pro forma information shown assumes that Proposals 1 through 3 in this Proxy have been approved by stockholders. The "Other Expenses" have been estimated based on information available as of the 6 months ended September 30, 2009. + Investment advisory fees are calculated based on net assets as of December 31, 2009. The Current Fee is calculated at the annual rate of 1.125% of the Fund's average net assets up to and including \$150 million; 1.00% on net assets in excess of \$150 million and up to and including \$300 million; and 0.875% on net assets in excess of \$300 million. The Pro Forma Proposed Fee is calculated at the rate of 1.25% of the Fund's Managed Assets, with the New Advisers waiving their fees in an amount equal to up to 1.00% of the Fund's assets invested in WHM Hedge Funds (approximately 50%) to offset any asset-based fees (but not any performance-based fees) paid to WHM with respect to that portion of the Fund's assets invested in any WHM Hedge Funds. WHM charges an asset-based fee of 1.00% to the WHM Hedge Funds presently under consideration for investment by the New Advisers. ++ Custody fees are asset-based fees plus certain transaction expenses. Transaction related custody fees are expected to decline under the Pro Forma estimate as a result of approximately 50% of the Fund's assets being invested in WHM Hedge Funds. +++ "Acquired Fund Fees and Operating Expenses" are the advisory fees and operating expenses associated with the WHM Hedge Funds in which the New Advisers expect to invest. They include asset-based fees of 1.00%, approximately 0.07% of other operating expenses and a performance-based fee of 20% applied against a hypothetical 10% annual investment return from the WHM Hedge Funds (comprising 50% of the Fund's assets). The foregoing operating expenses (but not the performance-based fees) are based on selected WHM Hedge Fund financial statements for calendar year 2008. Hypothetical or past performance of the Fund or the WHM Hedge Funds is not indicative of future performance. Board Considerations Regarding the Proposed Advisory Agreements. The 1940 Act requires that the Board, including a majority of the Independent Directors, approve the terms of the Advisory Agreements. At a special meeting held on April 16, 2009, and at their regularly scheduled meeting on April 24, 2009, the Board considered the Restructuring and, in particular, the Advisory Agreements and, by a unanimous vote (including a separate vote of the Independent Directors), approved the Advisory Agreements and recommended they be submitted to stockholders for approval. Factors Considered. Generally, the Board considered a number of factors in approving the Advisory Agreements including, among other things, (i) the nature, extent and quality of services to be furnished by the New Advisers to the Fund; (ii) the investment performance of the Boulder Funds (i.e., the three other closed-end investment companies managed by BIA and SIA), compared to relevant market indices and the performance of peer groups of closed-end investment companies pursuing similar strategies; (iii) the advisory fees and other expenses to be paid by the Fund compared to the Current Fee (i.e., the fee paid to Wellington Management) and those of similar funds managed by other investment advisers; (iv) the profitability to the New Advisers of their investment advisory

relationship with the Fund; (v) the extent to which economies of scale would be realized as the Fund grows and whether fee levels reflect any economies of scale; (vi) support of the New Advisers by the Fund's principal stockholders; and (vii) the relationship between the New Advisers and FAS, a Horejsi Affiliate and the Fund's co-administrator. The Board also reviewed the ability of the New Advisers to provide investment management and supervision services to the Fund, including the background, education and experience of the key portfolio management and operational personnel, the investment philosophy and decision-making process of those professionals, and the ethical standards maintained by the New Advisers. Deliberative Process. To assist the Board in its evaluation of the quality of the New Advisers' services and the reasonableness of the Proposed Fee, the Board reviewed a memorandum from independent legal counsel to the Fund and the Independent Directors discussing the factors generally regarded as appropriate to consider in evaluating investment advisory arrangements and the duties of directors in approving such arrangements. In connection with its evaluation, the Board also requested and received various materials relating to the New Advisers' investment services under the Advisory Agreements. These materials included reports and presentations from the New Advisers that described, among other things, the New Advisers' financial condition, pro forma profitability from their anticipated relationship with the Fund, soft dollar commission and trade allocation policies, organizational structure and compliance policies and procedures. The Board also considered information received from SIA and BIA throughout the year with respect to their oversight of the Boulder Funds, including investment performance and expense ratio reports for the Boulder Funds. The Board held additional discussions at both April meetings which included an executive session among the Independent Directors and their independent legal counsel at which no employees or representatives of the New Advisers or Wellington Management were present. The information below summarizes the Board's considerations in connection with its approval of the Advisory Agreements. In deciding to approve the Advisory Agreements, the Board did not identify a single factor as controlling and this summary does not describe all of the matters considered. However, the Board concluded that each of the various factors referred to below favored such approval. Nature, Extent and Quality of the Services Provided; Ability to Provide Services. The Board received and considered various data and information regarding the nature, extent and quality of services to be provided to the Fund by the New Advisers under the Advisory Agreements. Each New Adviser's most recent investment adviser registration form on the SEC's Form ADV was provided to the Board, as were the responses of the New Advisers to information requests submitted by the Independent Directors through their independent legal counsel. The Board reviewed and analyzed the materials, which included information about the background, education and experience of the New Advisers' key portfolio management and operational personnel and the amount of attention to be devoted to the Fund by the New Advisers' portfolio management personnel. In this regard, it was noted that BIA and SIA's only clients are the three Boulder Funds (presently RMA does not have clients). Accordingly, the Board was satisfied that the New Advisers' investment personnel, including Stewart R. Horejsi, the New Advisers' principal portfolio manager, would devote a significant portion of their time and attention to the success of the Fund and its investment strategy. The Board also considered the New Advisers' policies and procedures for ensuring compliance with applicable laws and regulations. Based on the above factors, the Board concluded that it was generally satisfied with the nature, extent and quality of the investment advisory services to be provided to the Fund by the New Advisers, and that the New Advisers possessed the ability to continuously provide these services to the Fund in the future. The Board was satisfied that the New Advisers have the experience and personnel to manage the Fund's portfolio both as it existed on April 24, 2009 (the date of the Board meeting), and as it would exist under the Restructuring (i.e., with substantial investment in WHM Hedge Funds). In reaching this conclusion, the Board noted that BIA and SIA have satisfactorily managed the Boulder Funds, with respect to which all the Independent Directors also act as independent board members. Investment Performance. The Board considered the investment performance of BTF since 1999, BIF since 2002, and DNY since 2007, when BIA and SIA took over management of those funds. The Board noted that the personnel and structure of BIA and RMA are essentially the same and thus the structure, personnel and performance of BIA could be used as a proxy for that of RMA. The Board observed that the long-term performance of the Boulder Funds (i.e.,

performance since BIA and SIA began managing the respective funds' portfolios) outperformed the Standard & Poor's 500 Index, each fund's primary relevant benchmark, and the Dow Jones Industrial Average and Nasdaq Composite, each fund's secondary benchmarks. In addition, the Board took into consideration that BIF received 2008 Performance Achievement Certificates from Lipper Analytical Services for the 1-year and 5-year periods ended December 31, 2008, in Lipper's Core Funds category and DNY received 2008 Performance Achievement Certificates from Lipper Analytical Services for the 1-year and 5-year periods ended December 31, 2008, in Lipper's Real Estate Fund category. Based on these factors, the Board concluded that the overall performance results of the Boulder Funds supported approval of the Advisory Agreements. In their consideration of the New Advisers' performance, the Board noted that there are significant differences between the investment focus of the Boulder Funds and that traditionally held by the Fund, that the Boulder Funds have large concentrations in Berkshire Hathaway (NYSE:BRK), and that none of the Boulder Funds concentrate on financial services companies to the extent concentrated by the Fund. Costs of Services Provided and Profits Realized by the New Advisers. In evaluating the costs of the services to be provided to the Fund by the New Advisers, the Board received statistical and other information regarding the Fund's total expense ratio and its various components. The Board acknowledged that the Proposed Fee is at the higher end of the spectrum of fees charged by similarly situated investment advisers of closed-end funds, although it is the same as that charged by BIA and SIA to the Boulder Funds, who are BIA's and SIA's only other clients. The Board also considered that the New Advisers have a policy of not participating in (or neutralizing the indirect cost to their clients of) soft dollar or directed brokerage transactions, and that instead, the New Advisers directly bear the cost of third-party research utilized by them, increasing the cost to the New Advisers of providing investment management services to their fund clients and decreasing their clients' transaction expenses. The Board also obtained detailed information regarding the overall profitability of the New Advisers and the combined profitability of the New Advisers, BIA and FAS, which acts as co-administrator for the Fund. The combined profitability information was obtained to assist the Board in determining the overall benefits to the New Advisers from their relationship to the Fund. In particular, the Board reviewed the costs anticipated to be incurred by the New Advisers and FAS in providing services to the Fund. Based on its analysis of this information, the Board determined that the level of profits expected to be earned by the New Advisers from managing the Fund bear a reasonable relationship to the services rendered, and concluded that the fee under the Advisory Agreements was reasonable and fair in light of the nature and quality of the services provided by the New Advisers. The Board recognized that the Proposed Fee, on a "look-through" basis, represents a modest increase compared to the cost of advisory services currently provided to the Fund by Wellington Management. However, the Board believed that the higher fee is justified primarily because the New Advisers will have the added responsibility of overseeing the Fund's hedge fund investments and Wellington Management as sub-adviser, each of which will require an increased expenditure of resources, and determining the Fund's asset allocation across the entire universe of investment possibilities. The Board took into consideration that, with respect to the Boulder Funds, BIA and SIA have advocated removal of investment restrictions which ultimately benefited stockholders, but that the Fund will require the New Advisers to analyze a much broader universe of investments than those of the Boulder Funds. The Board observed that in contrast, under the Fund's present Concentration Policy, Wellington Management analyzed a relatively narrow asset class (i.e., financial services companies) having fewer investment prospects. Moreover, the Board noted that under the Concentration Policy, Wellington Management is mandated to remain substantially invested in financial services companies whether or not the financial services industry is in or out of favor, and thus does not have the burden of determining when and whether reducing the industry concentration is appropriate and in the best interests of the stockholders. The Board believed that the New Advisers will necessarily expend more time, energy and resources in determining the most appropriate asset class at the most appropriate time and thus are entitled to a higher fee than the Current Fee. Economies of Scale. The Board considered whether economies of scale might occur with respect to the management of the Fund, whether the Fund could appropriately benefit from any economies of scale, and whether the Proposed Fee is reasonable in relation to the Fund's assets and

any economies of scale that may exist. Based on the relatively small size of the Fund, the Board determined that no meaningful economies of scale would be realized until the Fund achieved significantly higher asset levels. The Board also noted that SIA's and BIA's internal costs of providing investment management services to the Boulder Funds had increased over time, in part due to administrative burdens and expenses resulting from legislative and regulatory actions, and that the New Advisers might need to hire additional personnel as their assets under management increase. Nevertheless, the Board determined that breakpoints should be added to the Fund's advisory fee schedule to reduce the advisory fees in the event the Fund's assets increase over current levels. After some discussion, the New Advisers agreed to a waiver of advisory fees such that the advisory fees would be calculated at the annual rate of 1.25% on asset levels up to \$400 million, 1.10% on assets between \$400-\$600 million; and 1.00% on assets exceeding \$600 million. This fee waiver agreement has a one-year term after the Effective Date and is renewable annually. The Board concluded that these breakpoint levels were acceptable and would appropriately benefit the Fund from any economies of scale realized by the New Advisers if the Fund's assets grow.

**Support by Significant Stockholders.** The Board placed considerable weight on the views of the Horejsi Affiliates, the Fund's largest stockholders, which are affiliated with Mr. Horejsi and the New Advisers. As of May 31, 2009, the Horejsi Affiliates held approximately 35.51% of the Shares. The Board understands from Mr. Horejsi that the Horejsi Affiliates are supportive of the New Advisers and the approval of the Advisory Agreements.

**Approval.** The Board based its decision to approve the Advisory Agreements on a careful analysis, in consultation with independent counsel for the Fund and the Independent Directors, of these and other factors. In approving the Advisory Agreements, the Board concluded that the terms of the Advisory Agreements are reasonable and fair and that approval of the Advisory Agreements is in the best interests of the Fund and its stockholders.

**How the Horejsi Affiliates will Vote.** Representatives of the Horejsi Affiliates, which hold approximately 35.51% of the Shares, who, because of their ownership of the New Advisers, have an economic interest in approval of Proposal 1 and Proposal 2, have informed the Board that the Horejsi Affiliates will vote their shares FOR both Proposal 1 and Proposal 2.

**Conditional Proposals.** Passage of Proposals 1 and 2 (approval of the Advisory Agreements) and Proposal 3 (approval of the Sub-Advisory Agreement) are conditioned on all such Proposals being approved by stockholders (i.e., if one fails to achieve stockholder approval, all three fail).

**Required Vote.** Approval of each of Proposals 1 and 2 requires a 1940 Act Majority Vote. **THE BOARD OF DIRECTORS, INCLUDING ALL OF THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" PROPOSAL 1. THE BOARD OF DIRECTORS, INCLUDING ALL OF THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" PROPOSAL 2. PROPOSAL 3 TO APPROVE OR DISAPPROVE THE PROPOSED INVESTMENT SUB-ADVISORY AGREEMENT WITH WELLINGTON MANAGEMENT COMPANY, LLP** Background of Proposal. See "Background" discussion under Proposals 1 and 2 above.

**Wellington Management Company, LLP.** Wellington Management is being proposed to act as sub-adviser to the Fund with respect to the Legacy Holdings for a period of two years following the Effective Date. Wellington Management is located at 75 State Street, Boston, Massachusetts. Wellington Management is a Massachusetts limited liability partnership and a professional investment counseling firm which provides investment services to investment companies, employee benefit plans, endowments, foundations, and other institutions. Wellington Management and its predecessor organizations have provided investment advisory services for over 70 years. As of December 31, 2009, Wellington Management had investment management authority with respect to approximately \$537\* billion in assets. Wellington Management has managed the Fund since its inception in 1986. Nicholas C. Adams, Senior Vice President, Partner and Equity Portfolio Manager, is primarily responsible for the day-to-day management of the Fund and, if the Restructuring is approved by stockholders, is expected to continue managing the Legacy Holdings for a period of two years following the Effective Date. Mr. Adams joined Wellington Management as an investment professional in 1983. \* The firm-wide asset totals do not include agency mortgage-backed security pass-through accounts managed for the Federal Reserve. The names and principal occupations of the principal executive officers of Wellington Management are set

forth below. Unless otherwise stated below, the business address of each such person is 75 State Street, Boston Massachusetts: -----

-----	Name	Position with Wellington Management / Principal Occupation =====
=====	Charles S. Argyle	Managing Director, Partner and Executive Committee Member -----
-----	Edward P. Bousa	Senior Vice President, Partner and Executive Committee Member -----
-----	Cynthia M. Clarke	Senior Vice President, Partner and Chief Legal Officer -----
-----	Lucius T. Hill, III	Senior Vice President, Partner and Executive Committee Member -----
-----	Selwyn J. Notelovitz	Senior Vice President, Partner and Chief Compliance Officer -----
-----	Saul J. Pannell	Senior Vice President, Partner and Executive Committee Member -----
-----	Phillip H. Perelmuter	Senior Vice President, Managing Partner and Executive Committee Member -----
-----	Edward J. Steinborn	Senior Vice President, Partner and Chief Financial Officer -----
-----	Brendan J. Swords	Senior Vice President, Managing Partner and Executive Committee Member -----
-----	Perry M. Traquina	President, Chief Executive Officer, Managing Partner and Executive Committee Member -----
-----	Vera M. Trojan	Senior Vice President, Partner and Executive Committee Member -----
-----	James W. Valone	Senior Vice President, Partner and Executive Committee Member -----

----- Current Agreement. Wellington Management has served as the sole investment manager to the Fund from its inception in 1986. Pursuant to the terms of the investment advisory agreement between Wellington Management and the Fund (the "Current Advisory Agreement"), Wellington Management is responsible for managing the Fund's investment portfolio. The Current Advisory Agreement was amended in July 2006, after required approval was obtained from the Board and stockholders to increase the fees payable to Wellington Management. Under the agreement, as amended, Wellington Management is entitled to receive an investment advisory fee at the annual rate of 1.125% of the Fund's average net assets, based on the net assets on the last business day of each month, up to and including \$150 million; 1.00% on net assets in excess of \$150 million and up to and including \$300 million; and 0.875% on net assets in excess of \$300 million (defined above as the "Current Fee").

The Sub-Advisory Agreement. A copy of the Sub-Advisory Agreement is set forth as Exhibit B to this Proxy Statement. If approved by stockholders, the Sub-Advisory Agreement will become effective on the Effective Date and continue for a two-year period, at which time it will terminate by its terms. The Sub-Advisory Agreement is terminable, without penalty, on 60 days' written notice by the Board or by Wellington Management upon written notice to the Fund. The Sub-Advisory Agreement will terminate automatically upon assignment (as defined in the 1940 Act). Under the Sub-Advisory Agreement, Wellington Management is solely responsible for making investment decisions regarding whether to continue to hold or to sell Legacy Holdings (defined above) including, but not limited to, supplying investment research and portfolio management services and placing purchase and sale orders for portfolio transactions. However, Wellington Management will manage the Legacy Holdings with a view toward liquidating the assets to generate cash for the New Advisers to invest or familiarizing the New Advisers with these holdings. Wellington Management will have no authority after the Effective Date to directly purchase any new security for the Fund. The Sub-Advisory Agreement also provides that Wellington



Management will bear all expenses in connection with its performance, including fees that it might pay to consultants. Under the Sub-Advisory Agreement, Wellington Management will be compensated at a rate equal to the Current Fee (the "Proposed Sub-Advisory Fee"). Fees and Expenses. See Table 1 above which consolidates the fees and expenses associated with Proposals 1 through 3. Board Considerations Regarding the Sub-Advisory Agreement. The 1940 Act requires that the Board, including a majority of the Independent Directors, approve the terms of the Sub-Advisory Agreement. At a special meeting held on April 16, 2009, and at their regularly scheduled meeting on April 24, 2009, the Board considered the Restructuring and, in particular, the Sub-Advisory Agreement and, by a unanimous vote (including a separate vote of the Independent Directors), approved the Sub-Advisory Agreement and recommended it be submitted to stockholders for approval. Factors Considered. Generally, the Board considered a number of factors in approving the Sub-Advisory Agreement including, among other things, (i) the nature, extent and quality of services to be furnished by Wellington Management to the Fund; (ii) the investment performance of the Fund under Wellington Management's management compared to relevant market indices and the performance of comparable funds; (iii) the advisory fees and other expenses paid by the Fund; (iv) the profitability to Wellington Management of its investment advisory relationship with the Fund; (v) the extent to which economies of scale are realized and whether fee levels reflect any economies of scale; (vi) support of Wellington Management by the Fund's principal stockholders; and (vii) the historical relationship between the Fund and Wellington Management. The Board also reviewed the willingness of Wellington Management to provide temporary investment management services to the Fund with respect to the Legacy Holdings and its ability to provide supervision services to the Fund, including the background, education and experience of the key portfolio management and operational personnel, the investment philosophy and decision-making process of those professionals, and the ethical standards maintained by Wellington Management. Deliberative Process. To assist the Board in its evaluation of the quality of Wellington Management's services and the reasonableness of the fees under the Sub-Advisory Agreement, the Board received a memorandum from independent legal counsel to the Fund and the Independent Directors discussing the factors generally regarded as appropriate to consider in evaluating investment advisory arrangements and the duties of directors in approving such arrangements. In connection with its evaluation, the Board also requested and received various materials relating to Wellington Management's investment services under the Current Advisory Agreement. These materials included reports and presentations from Wellington Management that described, among other things, Wellington Management's organizational structure, financial condition, internal controls, policies and procedures on brokerage practices, soft-dollar commissions and trade allocation, comparative investment performance results, comparative sub-advisory fees, and compliance policies and procedures. The Board also reviewed a report prepared by Wellington Management comparing the Fund's performance to a group of closed-end and open-end mutual funds with similar, though not identical, investment strategies as the Fund (the "Peer Group"). The Board also considered information received from Wellington Management throughout the year, including investment performance and returns as well as stock price and net asset value. In advance of the April 24, 2009 meeting, the Independent Directors held a special telephonic meeting with counsel to the Fund and the Independent Directors. The purpose of this meeting was to discuss the Restructuring and renewal of the Current Advisory Agreement and to review the materials provided to the Board by Wellington Management in connection with the annual review process. The Board held additional discussions at the April 24, 2009 Board meeting, which included a private session among the Independent Directors and their independent legal counsel at which no employees or representatives of the New Advisers or Wellington Management were present. The information below summarizes the Board's considerations in connection with its approval of the Sub-Advisory Agreement. In deciding to approve the Sub-Advisory Agreement, the Board did not identify a single factor as controlling and this summary does not describe all of the matters considered. However, the Board concluded that each of the various factors referred to below favored such approval. Nature, Extent and Quality of the Services Provided; Ability to Provide Services. The Board received and considered various data and information regarding the nature, extent and quality of services currently provided to the Fund by Wellington Management under the Current Advisory Agreement. Wellington

Management's most recent investment adviser registration form on the SEC's Form ADV was provided to the Board, as were the responses of Wellington Management to an information request submitted to it by the Independent Directors through their independent legal counsel. The Board reviewed and analyzed the materials, which included information about the background, education and experience of Wellington Management's key portfolio management and operational personnel and the amount of attention currently devoted to the Fund by Wellington Management's portfolio management personnel. The Board also reviewed Wellington Management's policies and procedures on side-by-side management of hedge funds and other accounts and any impact these might have on the success of the Fund. The Board was satisfied that Wellington Management's investment personnel, including Mr. Adams, the Fund's principal portfolio manager, would devote an adequate portion of their time and attention to the success of the Fund and its investment strategy, particularly given a reduction in the number of accounts managed by Mr. Adams that occurred in 2006. Based on the above factors, the Board concluded that it was generally satisfied with the nature, extent and quality of the investment advisory services to be provided to the Fund by Wellington Management, and that Wellington Management possessed the ability to continue to provide these services to the Fund in the future.

Investment Performance. The Board considered the investment performance of the Fund as compared to relevant indices, the performance of three comparable closed-end financial services funds (the "Closed-End Peer Group") and the performance of 11 selected open-end financial services funds (the "Open-End Peer Group") for the year-to-date, one-, three-, five- and ten-year periods and since-inception period (for the indices only) ended February 28, 2009. Certain information for certain periods were not available, depending on the inception date of the index or comparable fund. The Board noted that the Fund's returns gross of fees of were in line with the returns of the S&P 500 Index, NASDAQ Composite Principal Index, NASDAQ Banks Index, SNL All Daily Thrift Index, and MSCI World Financials ex-Real Estate Index for the one-year, three-year and five-year periods, and that the Fund had outperformed all of those indices for the ten-year and since-inception periods. The Board noted that the financial services sector of the stock market had experienced a significant decline in late 2008 and early 2009, which accounted for the Fund's recent relative underperformance as compared to broader market indices. The Board also observed that the Fund had significantly outperformed the Closed-End Peer Group over the year-to-date, one-, five- and ten-year periods except for one fund for the one-year period. The Board further noted that the Fund outperformed the Lipper Financial Services Fund Average and the Open-End Peer Group in all time-period categories except for four funds in the one-year period, three funds in the three-year period, and one fund in the five-year period. In concluding that the Fund's overall investment performance supported renewal of the Current Advisory Agreement and approval of the Sub-Advisory Agreement under the Restructuring, the Board ascribed greater weight to the long-term performance of the Fund against its benchmarks and other financial services funds.

Costs of Services Provided and Profits Realized by Wellington Management. In evaluating the costs of the services to be provided to the Fund by Wellington Management, the Board relied on statistical and other information regarding the Fund's total expense ratio and its various components, including the Proposed Fee and Proposed Sub-Advisory Fee and investment-related expenses. The Board also noted that in 2006, in connection with a proposed increase in advisory fees under the Current Advisory Agreement that was ultimately approved by the Board and stockholders, it had conducted a detailed evaluation of the Fund's expense ratio and the advisory fees charged by Wellington Management. The Board noted that the Proposed Sub-Advisory Fee is in the range of advisory fees for funds in the Closed-End Peer Group and is comparable to the fees earned by Wellington Management on other portfolios managed by Mr. Adams, including certain WHM Hedge Funds. The Board also noted that the Proposed Fee to be charged by the New Advisers is at the higher end of the spectrum of fees charged by similarly situated investment advisers of closed-end funds but that the Advisory Agreements with the New Advisers contain a waiver of all fees paid to Wellington Management under the Sub-Advisory Agreement. The Board also obtained information regarding the overall profitability of Wellington Management to assist the Board in determining the overall benefits to Wellington Management from its relationship to the Fund. The Board compared the overall profitability of Wellington Management to the profitability of certain publicly traded investment management firms.

Based on its analysis of this information, the Board determined that the overall level of profits earned by Wellington Management did not appear to be unreasonable based on the profitability of other investment management firms and the quality of the services rendered by Wellington Management. Based on these factors, the Board concluded that the fee under the Sub-Advisory Agreement was reasonable and fair in light of the nature and quality of the services provided by Wellington Management. Economies of Scale. The Board considered whether there have been economies of scale with respect to the management of the Fund, whether the Fund has appropriately benefited from any economies of scale, and whether the Proposed Sub-Advisory Fee is reasonable in relation to the Fund's assets and any economies of scale that may exist. The Board noted that that the Proposed Sub-Advisory Fee includes breakpoints. In evaluating economies of scale, the Board noted that Wellington Management's internal costs of providing investment management services to the Fund had continued to increase, particularly costs associated with attracting and retaining talented investment personnel and compliance costs. The Board concluded that the breakpoints in the fee schedule are acceptable and appropriately reflect any economies of scale expected to be realized by Wellington Management in managing the Legacy Holdings if the Fund's net assets increase. Support by Significant Stockholder. The Board placed considerable weight on the views of the Horejsi Affiliates, the Fund's largest stockholders, which are affiliated with Mr. Horejsi and the New Advisers. As of May 31, 2009, the Horejsi Affiliates held approximately 35.51% of the Shares. The Board understands from Mr. Horejsi that the Horejsi Affiliates are supportive of the Restructuring and engaging Wellington Management to manage the Legacy Holdings under the Sub-Advisory Agreement. Approval. The Board based its decision to approve the Sub-Advisory Agreement on a careful analysis, in consultation with independent counsel to the Fund and the Independent Directors, of these and other factors. In approving the Sub-Advisory Agreement, the Board concluded that the terms of the Sub-Advisory are reasonable and fair and that approval of the Sub-Advisory Agreement is in the best interests of the Fund and its stockholders. How the Horejsi Affiliates will Vote. Representatives of the Horejsi Affiliates, which hold approximately 35.51% of the Shares, who, because of their ownership of the New Advisers, have an economic interest in approval of Proposals 1 through 3, have informed the Board that the Horejsi Affiliates will vote their Shares FOR Proposal 3. Conditional Proposal. Passage of Proposals 1 and 2 (approval of the Advisory Agreements) and Proposal 3 (approval of the Sub-Advisory Agreement) are conditioned on all such Proposals being approved by stockholders (i.e., if one fails to achieve stockholder approval, all three fail). Required Vote. Approval of Proposal 3 requires a 1940 Act Majority Vote. **THE BOARD OF DIRECTORS, INCLUDING ALL OF THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" PROPOSAL 3. PROPOSAL 4 TO APPROVE OR DISAPPROVE ELIMINATING THE FUND'S FUNDAMENTAL POLICY OF INVESTING AT LEAST 65% OF ITS ASSETS IN FINANCIAL SERVICES COMPANIES** Summary of Proposal. The Fund has adopted a fundamental investment policy of investing at least 65% of its assets in "financial services companies" (defined above as the "Concentration Policy"). "Financial services companies" are broadly defined to include, but are not limited to, savings and banking institutions, mortgage banking institutions, real estate investment trusts, consumer finance companies, credit collection and related service companies, insurance companies, security and commodity brokerage companies, security exchange companies, financial-related technology companies, investment advisory and asset management firms, and financial conglomerates, and holding companies of any of these companies. The Concentration Policy is "fundamental", meaning that it cannot be changed without a 1940 Act Majority Vote. If approved, Proposal 4 will eliminate the Concentration Policy in its entirety such that the Fund will no longer be required to invest significantly (i.e., greater than 25%) in financial services companies or the financial services or any other industry. Reason for this Proposal. Under the Concentration Policy, the Fund is required to invest greater than 65% of its total assets in financial services companies. In 2006, in order to provide the Fund's adviser with more flexibility and mitigate industry risk, stockholders approved an amendment to the Fund's concentration policy which broadened the scope of financial companies in which the Fund could invest and which would be included when determining whether the Fund has met its concentration threshold (i.e., the "financial services companies" described above). Management believes that, even in its

broadened form, the Concentration Policy is still overly restrictive and could unduly expose the Fund to considerable downside risk and volatility should the financial services industry take a further downturn. For example, the recent sub-prime fiasco, the banking, credit and liquidity crisis, changes in the tax laws and other factors have disproportionately impacted the Fund under its Concentration Policy. Financial services companies are also affected by general economic conditions. All of these risks are compounded because, under the Concentration Policy, the Fund is "fundamentally bound" to invest in these types of assets. Management believes that eliminating the financial mandate under the Concentration Policy will mitigate the inherent risk of concentrating in the financial services sector. Generally, as with all equity funds, the Fund's net asset value can fall because of weakness in the broad market, a particular industry, or specific holdings. The market as a whole can decline for many reasons, including adverse political or economic developments domestically or abroad, changes in investor psychology or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the Fund's adviser's assessment of companies held by the Fund may prove incorrect, resulting in losses or poor performance even in a rising market. Finally, the Fund's investment approach could fall out of favor with the investing public, resulting in lagging performance compared to other types of stock funds. Foreign stock holdings may lose value because of declining foreign currencies or adverse political or economic events overseas. As with any investment company, there can be no guarantee the Fund will achieve its objective. If the Concentration Policy is eliminated under Proposal 4, going forward, the Fund would be precluded from investing more than 25% of its assets in the financial services or any other industry. However, the Fund would likely be concentrated in the securities of financial services companies immediately following the Effective Date as a result of the current effectiveness of the Concentration Policy. The New Advisers would seek to reduce the Fund's holdings in financial services companies to below 25% of the Fund's assets in a prudent manner consistent with elimination of the Concentration Policy. As discussed, if the Restructuring Proposals are approved by stockholders, the New Advisers expect to invest significantly in the WHM Hedge Funds, which have significant exposure to the financial services sector. However, the Fund will not "look through" its investments in the WHM Hedge Funds to underlying portfolio holdings in financial services companies in determining whether the Fund exceeds the 25% maximum concentration threshold contemplated under this Proposal. The Fund could therefore become indirectly concentrated in financial services companies by virtue of the investments by the WHM Hedge Funds in such investments. If the Restructuring Proposals are approved by stockholders, in the near term the New Advisers expect to focus primarily on a broad range of companies which may or may not include financial services companies. Risks and Disadvantages of Eliminating the Concentration Policy. Eliminating the Concentration Policy so that the Fund may no longer invest more than 25% of its assets in financial services companies may, for some long-term investors, take away some of their ability to invest in the Fund as a means of diversifying into the financial services industry. However, management does not view eliminating the current policy as increasing risk. Indeed, management believes that eliminating the current 65% requirement will mitigate industry concentration risks. Board Considerations. At a special meeting held on April 16, 2009, and at their regularly scheduled meeting on April 24, 2009, the Board considered, among other things, amending the Concentration Policy. In view of the disproportionate impact that the recent market downturn has had on financial services companies generally, the Board concluded that maintaining the 65% requirement imposes a disproportionate industry risk on the Fund and stockholders and should be eliminated altogether should the Restructuring Proposals be approved by stockholders. Conditional Proposal. If Proposals 1 through 3 are not approved by stockholders (i.e., Wellington Management continues as the Fund's primary investment manager), Proposal 4 will not become effective regardless of whether or not it is approved by stockholders. Required Vote. Approval of Proposal 4 requires a 1940 Act Majority Vote. **THE BOARD OF DIRECTORS, INCLUDING ALL OF THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" PROPOSAL 4. PROPOSAL 5 TO APPROVE OR DISAPPROVE AMENDING THE CONCENTRATION POLICY** Summary of Proposal. As discussed in Proposal 4, the Fund has adopted a fundamental investment policy of investing at least

65% of its assets in "financial services companies" (defined above as the "Concentration Policy"). The Concentration Policy is "fundamental", meaning that it cannot be changed without a 1940 Act Majority Vote. If approved, Proposal 5 will amend the Concentration Policy to reduce the minimum threshold level of the Fund's investment in financial services companies to 25% of the Fund's assets. Proposal 5 will become effective only if the Proposal is approved by stockholders and stockholders do not approve the Restructuring Proposals (i.e., Proposals 1 through 3). Reason for this Proposal. See discussion under Proposal 4 above. If the Restructuring Proposals are not approved by stockholders, Wellington Management would continue to manage the Fund and would do so with a continued focus on the Fund's historic industry (i.e., financial services). However, as discussed in Proposal 4, the Board determined that, regardless of whether or not the Restructuring Proposals are approved, continuing Fund operations with a 65% minimum threshold imposes a disproportionate industry risk on the Fund and should be, at the very least, reduced to the minimum level permitted under the 1940 Act for an investment company which has declared a concentration policy (i.e., 25%). In 2006, in order to provide the Fund's adviser with more flexibility and mitigate industry risk, stockholders approved an amendment to the Fund's concentration policy which broadened the scope of financial companies in which the Fund could invest and which would be included when determining whether the Fund has met its concentration threshold (i.e., the "financial services companies" described above). Management believes that, even in its broadened form, the Concentration Policy is still overly restrictive and could unduly expose the Fund to considerable downside risk and volatility should the financial services industry take a further downturn. For example, the recent sub-prime fiasco, the banking, credit and liquidity crisis, changes in the tax laws and other factors have disproportionately impacted the Fund under its Concentration Policy. Financial services companies are also affected by general economic conditions. All of these risks are compounded because, under the Concentration Policy, the Fund is "fundamentally bound" to invest in these types of assets. Management believes that, if the Restructuring Proposals are not approved by stockholders, reducing the financial mandate under the Concentration Policy will mitigate the inherent risk of concentrating in the financial services sector. Risks and Disadvantages of Amending the Concentration Policy. See discussion under Proposal 4 above. Board Considerations. See discussion under Proposal 4 above. Conditional Proposal. Proposal 5 will become effective only if the Proposal is approved by stockholders and Proposals 1 through 3 are not approved by stockholders (i.e., Wellington Management continues as the Fund's primary investment manager). Required Vote. Approval of Proposal 5 requires a 1940 Act Majority Vote. **THE BOARD OF DIRECTORS, INCLUDING ALL OF THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" PROPOSAL 5.**

**PROPOSAL 6 ELECTION OF DIRECTORS OF THE FUND** The Fund's organizational documents provide that all of the Directors stand for election each year. The Board has nominated the following five director-nominees to stand for election, each for a one-year term and until their successors are duly elected and qualify: Joel W. Looney, Richard I. Barr, Dr. Dean L. Jacobson, Susan L. Ciciora and John S. Horejsi. The above nominees have consented to serve as Directors if elected at the Meeting for the one-year term. If any of the designated nominees declines or otherwise becomes unavailable for election, however, the proxy confers discretionary power on the persons named therein to vote in favor of a substitute nominee or nominees for the Board.

**INFORMATION ABOUT DIRECTORS AND OFFICERS.** Set forth in the following table is information about the Board of Directors:

Director	Name	Age	Since	Position	Independent Directors
	Joel W. Looney	48	2003	Chairman	
	Richard I. Barr	72	2001	Director	
	Dr. Dean Jacobson	71	2003	Director	
Interested Directors	Susan L. Ciciora	45	2003	Director	
	John S. Horejsi	42	2006	Director	

**INFORMATION ABOUT THE DIRECTORS' QUALIFICATIONS, EXPERIENCE, ATTRIBUTES AND SKILLS.** The Board believes that each of the Directors have the qualifications, experience, attributes and skills appropriate to their continued service as Directors of the Fund in light of its business and structure. Each Director has substantial business and professional background and/or board experience that indicate their ability to critically review, evaluate and respond appropriately to information provided to them. Certain of these business and professional experiences are set forth in detail in the narratives below. In addition, each Director has served on boards for investment companies

and organizations other than the Fund, as well as having served on the Board of the Fund for a number of years. They therefore have substantial board experience and, in their service to the Fund, have gained substantial insight as to the operation of the Fund. The Board annually conducts a "self-assessment" wherein the effectiveness of the Board and individual Directors is reviewed. Below is information concerning each particular Director and certain of their pertinent qualifications, experience, attributes and skills. The information provided below, and in the chart above, is not all-inclusive. Many of the Directors' attributes involve intangible elements, such as intelligence, work and investment ethic, diversity in terms of background or experiences, an appreciation of and belief in the long-term investment approach of the Fund, the ability to work together collaboratively, the ability to communicate effectively, the ability to exercise judgment, to ask incisive questions, to manage people and problems or to develop solutions. In conducting its annual self-assessment, the Board has determined that the Directors have the appropriate qualifications, skills, attributes and experience to continue to serve effectively as Directors of the Fund. The Directors' respective addresses are c/o First Opportunity Fund, Inc., 2344 Spruce Street, Suite A, Boulder, Colorado 80302. Mr. Horejsi and Ms. Ciciora are each considered "interested persons" because of the extent of their beneficial ownership of Fund shares and by virtue of their indirect beneficial ownership of BIA and FAS. The following sets forth the backgrounds and business experience of the Directors: Joel W. Looney, Director and Chairman of the Board. Mr. Looney joined the Board in 2003 and sits on the boards of three other closed-end investment companies affiliated with the Fund - the Boulder Growth & Income Fund ("BIF") since 2002, Boulder Total Return Fund ("BTF") since 2001 and, The Denali Fund ("DNY") since 2007 (together, the "Affiliated Funds"). Mr. Looney has significant financial, accounting and investment knowledge and experience. He holds a Certified Financial Planner ("CFP") designation and, since 1999, has been a principal and partner with Financial Management Group, LLC, an investment management firm in Salina, KS ("FMG"). Mr. Looney is a registered representative with VSR Financial Services, Inc. of Overland Park, Kansas and holds FINRA-approved Series 7, Series 63 Uniform State Law and Series 65 Uniform Investment Adviser Law certifications. Prior to his current position with FMG, Mr. Looney was vice president and CFO for Bethany College in Lindsborg, Kansas (1995 - 1999) and also served as vice president and CFO for St. John's Military School in Salina, Kansas (1986 - 1995). From the late 1980's until January, 2001, Mr. Looney served, without compensation, as one of three trustees of the Mildred Horejsi Trust, an affiliate of the EH Trust. Mr. Looney holds a B.S. from Marymount College and an MBA from Kansas State University. The Board believes that Mr. Looney's past experience as a chief financial officer and his ongoing experience in the investment management industry uniquely qualifies him as a Director and, in particular, as chairman of the Audit Committee and the Fund's "financial expert" (as defined under the Securities and Exchange Commission's Regulation S-K, Item 401(h)). In addition, since joining the board of directors of the BTF in 2001, Mr. Looney has gained substantial board and closed-end investment company experience and, together with the other Directors, has dealt skillfully with a broad range of complex issues vis-a-vis the Fund and Affiliated Funds. Richard I. Barr, Director. Mr. Barr joined the Board in 2001 and sits on the boards of each of the three Affiliated Funds; BIF since 2002, BTF since 1999 and DNY since 2007. Mr. Barr has extensive business, executive and board experience including positions as president and director of Advantage Sales and Marketing (1996 to 2001), president and CEO of CBS Marketing (1963 to 1996), member of the board of directors (and National Chairman) for the Association of Sales and Marketing Companies (formerly the National Food Brokers Association), president of the Arizona Food Brokers Association, and advisory board member for various food manufacturers including H.J. Heinz, ConAgra, Kraft Foods, and M&M Mars. In addition to these professional positions and experience, Mr. Barr has served in a number of leadership roles with various charitable or other non-profit organizations, including as member of the board of directors of Valley Big Brothers/Big Sisters, member of the board of advisers for University of Kansas Business School, and member of the board of directors for St. Mary's Food Bank. Prior to joining the Board, Mr. Barr amassed substantial and diverse business, executive management and board experience in a broad range of commercial and non-profit organizations. The Board believes that given his diverse background and experience, together with over 10 years of closed-end board experience, Mr. Barr is uniquely qualified to

deal with the complexity and assortment of issues confronting closed-end boards. Since joining the board of directors of the BTF in 1999, Mr. Barr has gained substantial board and closed-end investment company experience and, together with the other Directors, has dealt skillfully with a broad range of complex issues vis-a-vis the Fund and Affiliated Funds. Dr. Dean Jacobson, Director. Dr. Jacobson joined the Board in 2003 and sits on the boards of each of the three Affiliated Funds; BIF since 2006, BTF since 2004 and DNY since 2007. He has significant executive and business experience and extensive academic qualifications. Since 1985, Dr. Jacobson has been president and CEO of Forensic Engineering, Inc., a consulting engineering firm providing scientific and technical expertise in a number of areas where discovery related to property damage and/or personal injury is necessary (e.g., accident reconstruction, failure and design analysis of products, animation and simulation of fires, explosions and mechanical system functions). He sits on the boards of directors of Southwest Mobile Storage Inc. (1995 to Present), Arizona State University Foundation, (1999 to 2009) and Arizona State University Sun Angel Foundation (past chairman) (1995 to Present). He is a Professor Emeritus at Arizona State University ("ASU") and held a number of faculty and advisory positions at ASU between 1971 and 1997, including director of the Science and Engineering of Materials Ph.D. program and tenured professor of Engineering, and he has also served as a professor and/or research assistant at the University of California at Los Angeles ("UCLA") (1964 to 1969) and the University of Notre Dame ("Notre Dame") (1957 to 1963). Dr. Jacobson is a renowned expert in business engineering processes and has published over 130 scholarly and peer-reviewed research articles in numerous academic, research and business journals and publications. He holds two patents and a number of professional and business designations. He holds a B.S. and an M.S. from Notre Dame, and a Ph.D. from UCLA. In addition to his substantial academic and business experience, the Board believes that Dr. Jacobson brings to the Board a strong intellect and exceptional and proven analytical skills. His forensics engineering and consulting business exposes him to a diversity of complicated issues requiring him to effectively analyze highly technical systems, formulate complicated opinions and articulate convincing conclusions, the same set of skills required to be an effective member of the board of directors of a public company. The Board believes that Dr. Jacobson's intellect and critical thinking add an important analytical dimension to the Board. In addition, since joining the Board in 2003, Dr. Jacobson has gained substantial board and closed-end investment company experience and, together with the other Directors, has dealt skillfully with a broad range of complex issues vis-a-vis the Fund and Affiliated Funds. Susan L. Ciciora, Director. Ms. Ciciora joined the Board in 2003 and sits on the boards of each of the three Affiliated Funds; BIF since 2006, BTF since 2001 and DNY since 2007. She has extensive board experience as one o