

TAIWAN GREATER CHINA FUND
Form DEF 14A
May 16, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
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- [] Preliminary Proxy Statement
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Taiwan Greater China Fund

(Name of Registrant as Specified In Its Charter)

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

c/o Nanking Road Capital Management, LLC
111 Gillett Street
Hartford, CT 06105
Telephone: 1-800-343-9567

May 16, 2011

Dear Shareholders:

You are cordially invited to attend the 2010 Annual Meeting of Shareholders (the Meeting) of the Taiwan Greater China Fund (the Trust), which will be held at the offices of Clifford Chance US LLP, 31 West 52nd Street, New York, New York 10019, on Friday, May 27, 2011 at 9:30 a.m., Eastern time. A formal notice and a proxy statement regarding the Meeting, a proxy card for your vote at the Meeting and a postage prepaid envelope in which to return your proxy card are enclosed. Holders of shares of the Trust (Shareholders) who plan on attending the Meeting will be required to present valid identification in order to gain admission.

At the Meeting, Shareholders will:

- (i) Elect three trustees of the Trust (Trustees), one to serve for a term expiring on the date of the 2012 Annual Meeting of Shareholders or the special meeting held in lieu thereof and two to serve for a term expiring on the date of the 2013 Annual Meeting of Shareholders or the special meeting held in lieu thereof;
- (ii) Consider the following open-ending

proposals:

- a. Whether to approve the conversion of the Trust from a closed-end investment company into an open-end investment company;
- b. Whether to approve an investment advisory agreement with CCM Partners, L.P.;
- c. Whether to approve an investment sub-advisory agreement between CCM Partners, L.P. and Nikko Asset Management Co. Ltd.;
- d. Whether to approve an amendment to the Trust's Amended and Restated Declaration of Trust (the Declaration of Trust) eliminating the staggered nature of the Trust's board of trustees (the Board of Trustees or the Board);

- e. Whether to approve an amendment to the Declaration of Trust to allow for the Trust to have multiple funds;
- f. Whether to approve an amendment to the Declaration of Trust to allow for the Trust to make in-kind redemptions;
- g. Whether to approve an amendment to the investment objective of the Trust to expand the primary geographic focus of the Trust's investments from the Republic of China (Taiwan) to the Greater China region (this includes: Taiwan, Hong Kong, Singapore and the People's Republic of China);
- h. Whether to approve an amendment to an investment policy of the

Trust to expand the geographic region in which the Trust must invest, under normal circumstances, at least 80% of its net assets, from Taiwan to the Greater China region; and

- i. Whether to approve an amendment to the investment policies of the Trust removing restrictions on certain investment activities of the Trust; and
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- (iii) Transact such other business as may properly come before the Meeting or at any adjournment thereof.

The Board of Trustees recommends that you vote **for** (i) the nominees for Trustee named in the accompanying proxy statement; (ii) the approval of the conversion of the Trust from a closed-end investment company into an open-end investment company; (iii) the approval of an investment advisory agreement with CCM Partners, L.P.; (iv) the approval of an investment sub-advisory agreement between CCM Partners, L.P. and Nikko Asset Management Co. Ltd.; (v) the approval of an amendment to the Declaration of Trust eliminating the staggered nature of the Board of Trustees; (vi) the approval an amendment to the Declaration of Trust to allow for the Trust to have multiple funds; (vii) the approval of an amendment to the Declaration of Trust to allow for the Trust to make in-kind redemptions; (viii) the approval of an amendment to the investment objective of the Trust to expand the primary geographic focus of the Trust's investments from the Republic of China (Taiwan) to the Greater China region; (ix) the approval of an amendment to an investment policy of the Trust to expand the geographic region in which the Trust must invest, under normal circumstances, at least 80% of its net assets, from Taiwan to the Greater China region; and (x) the approval of an amendment to the investment policies of the Trust removing restrictions on certain investment activities of the Trust.

Whether or not you plan to attend the Meeting in person, it is important that your shares of the Trust (Shares) be represented and voted. After reading the enclosed notice and proxy statement, please complete, date, sign and return the enclosed proxy card at your earliest convenience. Your return of the proxy card will not prevent you from voting in person at the Meeting should you later decide to do so.

If you are a beneficial owner holding Shares through a broker-dealer or other nominee, please note that, under the rules of the New York Stock Exchange, broker-dealers or other nominees may either use their discretion to vote your Shares on the proposal described in paragraph (i) above without your instructions, or leave your Shares unvoted and will be unable to vote on any of the open-ending proposals unless they receive instructions from you. Accordingly, the Board of Trustees urges all beneficial owners of Shares who are not also record owners of such Shares to contact the institutions through which their Shares are held and give appropriate instructions, if necessary, to vote their Shares. The Trust will also be pleased to cooperate with any appropriate arrangement pursuant to which beneficial owners desiring to attend the Meeting may be identified as such and admitted to the Meeting as Shareholders.

Time will be provided during the Meeting for discussion, and Shareholders present at the Meeting will have an opportunity to ask questions about matters of interest to them.

Respectfully,

/s/ Frederick C. Copeland, Jr.

Frederick C. Copeland, Jr.

Chairman of the Board of Trustees

Important matters will be considered at the Meeting. Accordingly, all Shareholders, regardless of the size of their holdings, are urged to sign and mail the enclosed proxy card in the enclosed envelope, or to give appropriate instructions to persons holding Shares of record on their behalf, promptly.

IMPORTANT INFORMATION TO HELP YOU UNDERSTAND AND VOTE ON THE PROPOSALS

Please read the full text of the enclosed proxy. Below is a brief overview of the proposals to be voted upon. Your vote is important. If you have any questions regarding the proposals, please call The Altman Group toll free at (800) 814-0979.

WHAT PROPOSALS ARE SHAREHOLDERS BEING ASKED TO VOTE ON?

Shareholders are being asked to vote on the following proposals: (i) the election of three Trustees under Proposal 1; (ii) the approval of the conversion of the Trust from a closed-end investment company into an open-end investment company under Proposal 2(a); (iii) the approval of an investment advisory agreement with CCM Partners, L.P. under Proposal 2(b); (iv) the approval of an investment sub-advisory agreement between CCM Partners, L.P. and Nikko Asset Management Co. Ltd. under Proposal 2(c); (v) the approval of an amendment to the Declaration of Trust eliminating the staggered nature of the Board of Trustees under Proposal 2(d); (vi) the approval of an amendment to the Declaration of Trust to allow for the Trust to have multiple funds under Proposal 2(e); (vii) the approval of an amendment to the Declaration of Trust to allow for the Trust to make in-kind redemptions under Proposal 2(f); (viii) the approval of an amendment to the investment objective of the Trust to expand the primary geographic focus of Trust's investments from Taiwan to the Greater China region under Proposal 2(g); (ix) the approval of an amendment to an investment policy of the Trust to expand the geographic region in which the Trust must invest, under normal circumstances, at least 80% of its net assets, from Taiwan to the Greater China region under Proposal 2(h); and (x) the approval of an amendment to the investment policies of the Trust removing restrictions on certain investment activities of the Trust under Proposal 2(i). Each year, Shareholders are asked to approve a proposal for the election of Trustees. Proposals 2(a) through 2(i) are discussed further below. The Board may choose not to implement Proposals 2(b) through 2(i) if certain of the proposals are not approved by Shareholders; however, the Board will not have this power with respect to Proposal 2(a) (the open-ending provision), if such proposal is approved by Shareholders.

WHY OPEN-END THE TRUST?

As a closed-end fund, the Shares have traded at a persistent discount to their net asset value. To address this problem, in November of 2004 the Trustees authorized the Trust to repurchase up to 10% of the Trust's outstanding Shares. Those repurchases did not reduce the Trust's discount by a significant amount or for any appreciable period of time. Converting the Trust into an open-end fund will eliminate the discount and give Shareholders the ability to realize the value of their Shares by redeeming them from the Trust at net asset value (subject to a redemption fee of 2.00% for the first year following the Trust's conversion to an open-end fund becoming effective, as described below).

WILL THE NAME OF THE TRUST BE AFFECTED IF THE OPEN-ENDING PROPOSALS ARE APPROVED?

If the open-ending proposals are approved, it is anticipated that the name of the Trust will be changed.

WHEN WILL THE OPEN-ENDING BECOME EFFECTIVE AND SHARES REDEEMABLE?

The Meeting is scheduled to take place on May 27, 2011. If approved, the open-ending will be pursued as expeditiously as is reasonably practicable by the Trust and is not anticipated to become effective any later than August 27, 2011, with Shares being redeemable at that time; however, the open-ending could be delayed if arrangements with a transfer agent for redemption of the Shares are not completed by that date or if the Board determines that such a delay is prudent due to unforeseen events.

WHY IS IT PROPOSED TO CHANGE THE INVESTMENT OBJECTIVE AND POLICIES OF THE TRUST?

The investment objective of the Trust will be amended to expand the primary geographic focus of the Trust's investments from Taiwan to the Greater China region (this includes: Taiwan, Hong Kong, Singapore and the People's Republic of China (the PRC)). Additionally, the investment policies of the Trust will be amended. The change to the investment policies of the Trust includes: (i) a revision to the requirement that under normal circumstances at least 80% of the Trust's net assets must be invested in investments that are economically tied to Taiwan, to a requirement that, under normal circumstances, at least 80% of the Trust's net assets must be invested in investments that are economically tied to the Greater China region; (ii) removal of the Trust's prohibition on the short selling of securities, writing put and call options or engaging in purchases of securities on margin; (iii) buying or selling commodities or commodity contracts (including futures contracts on a contract market or other futures market); (iv) removal of the Trust's prohibition on investing in equity securities that are not listed and traded on the Taiwan Stock Exchange (TSE); (v) removal of the Trust's prohibition on investing in securities issued by securities investment funds in Taiwan; (vi) removal of the Trust's prohibition on investing in partnership interests; and (vii) removal of the Trust's prohibition on effecting any securities transaction with another trust fund under the Trust's former investment adviser's management.

WHY ARE CCM PARTNERS, L.P. AND NIKKO ASSET MANAGEMENT CO. LTD. PROPOSED TO BE THE TRUST'S INVESTMENT ADVISER AND INVESTMENT SUB-ADVISER, RESPECTIVELY?

The Board has determined, after reviewing the proposals of several candidates, that it is in the best interests of the Trust to retain RFS Partners (the Distributor) to provide distribution services to the Trust and, in that connection, also to retain CCM Partners, L.P. (CCM Partners), an affiliate of the Distributor, as the Trust's investment adviser. The Board has selected the Distributor and CCM Partners because it believes that the Distributor and CCM Partners provide a package of distribution, investment advisory and administrative services that are best suited to the Trust. In particular, the Distributor appears to have a network of relationships with open-end fund sellers that would be effective in selling the Shares, while CCM Partners appears to be capable of providing appropriate investment advisory and administrative assistance. Also, to assist in providing investment advisory services to the Trust, CCM Partners has proposed retaining Nikko Asset Management Co. Ltd. (Nikko Asset Management) as a sub-adviser to the Trust. The Board has determined that Nikko Asset Management has a demonstrated capability to manage assets invested in the Chinese securities markets, including Taiwan, and as a sub-adviser to the Trust is prepared to devote a research analyst and an experienced portfolio manager to manage the Trust and assist in marketing the Shares.

WHAT FEES WILL BE ASSOCIATED WITH THE TRUST OPERATING AS AN OPEN-END FUND?

Open-end funds are generally more expensive to operate and administer than closed-end funds, due in part to higher transfer agency and custodian expenses associated with shareholders' ability to redeem their shares from the fund; however, CCM Partners believes that it may be able to operate the Trust in a such a manner that the expense ratio of the Trust following its open-ending may be comparable to the Trust's current expense ratio. As such, CCM Partners has voluntarily agreed to reimburse the Trust if, and to the extent that, total operating expenses exceed 1.75% of the average net assets of the Trust for a period of not less than one year following the conversion of the Trust to an open-end fund becoming effective; provided, however, that the Trust and not CCM Partners will be responsible for extraordinary expenses incurred during the first year, if, and to the extent that, such expenses cause the expense ratio to exceed 1.75%. Subject to Proposal 2(b) being approved by Shareholders and implemented by the Board, CCM Partners has also agreed to voluntarily reimburse

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the Trust for certain transaction costs incurred in obtaining Shareholder approval of Proposal 2(a) and effecting the conversion of the Trust to an open-end fund up to \$100,000, with a portion of such payment possibly coming in the form of non-financial contributions (such non-financial contributions include, but are not limited to, services for which the Board would customarily rely upon legal counsel (i.e., drafting of a statement of additional information, prospectus and compliance policies and procedures)), the value of which will be agreed to by the Board prior to such expenses being incurred.

The following tables are intended to help you understand the ongoing costs of investing in the Trust, as the Trust's operating expenses, which are deducted from the Trust's gross income, directly reduce the investment return of the Trust. The Trust's expenses are expressed as a percentage of its average net assets.

The table below sets forth the expenses of the Trust for the fiscal year ended, December 31, 2010, during which time it operated as a closed-end fund.

<i>Shareholder Transaction Expenses</i>	
Sales Load (as a percentage of offering price)	None
<i>Annual Expenses</i>	
Management Fee	1.25%
Shareholder Communication Expenses	.43%
Trustee Fees and Expenses	.32%
Administrative Fee	.16%
Custodian Fee	.15%
Audit and Tax Fee	.13%
Insurance Expenses	.11%
Legal Fees and Expenses	.11%
Miscellaneous Expenses	.11%
Registration Expenses	.41%
<i>Total Annual Expenses</i>	3.18%

The following example is for informational purposes only and intended to help you compare the cost of investing in the Trust with the cost of investing in other closed-end funds.

Example	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$10,000 investment, assuming that your investment has a 5% return each year and that the Trust's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:	\$ 321	\$ 980	\$ 1,664	\$ 3,485

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The table below sets forth the pro forma expenses of the Trust, and assumes the Trust is operated as an open-end fund. This table is included for informational purposes only.

<i>Shareholder Fees</i> (fees paid directly from your investment)	
Maximum Sales Charge (Load)	None
Redemption Fee* (as a percentage of amount redeemed)	2.00%
<i>Annual Expenses</i>	
Management Fee	1.25%
Shareholder communication Expenses	.01%
Trustee Fees and Expenses	.18%
Administrative Fee	.13%
Custodian Fee	.03%
Audit and Tax Fee	.07%
Insurance Expenses	.01%
Legal Fees and Expenses	.03%
Miscellaneous Expenses	None
Registration Expenses	.04%
<i>Total Annual Expenses</i>	1.75%

* For one year following the date upon which the open-ending of the Trust becomes effective.

The following example is for informational purposes only and is intended to help you compare the cost of investing in the Trust with the cost of investing in other open-end funds.

Example	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$10,000 investment, assuming that your investment has a 5% return each year and that the Trust's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:	\$ 381*	\$ 551	\$ 949	\$ 2,062

- * Includes
2.00%
redemption
fee.

WHY WILL THERE BE A REDEMPTION FEE OF 2.00% ON CURRENT SHAREHOLDERS FOR THE FIRST YEAR FOLLOWING THE CONVERSION OF THE TRUST TO AN OPEN-END FUND?

After closed-end funds convert to open-end funds they typically experience high levels of redemptions. The redemption fee is designed to protect long-term investors by offsetting the transaction costs that will be incurred by the Trust if it experiences a large number of redemptions. These redemption fees will be payable entirely to the Trust and will not directly benefit CCM Partners, the proposed investment adviser.

WILL THE TRUST'S SHARE REPURCHASE PROGRAM CONTINUE FOLLOWING THE OPEN-ENDING OF THE TRUST?

If approved, the proposed open-ending will eliminate any need for the share repurchase program because Shareholders will be able to redeem their Shares at net asset value once the conversion to an open-end fund has become effective.

HAS THE BOARD OF TRUSTEES APPROVED EACH OF THE OPEN-ENDING PROPOSALS?

Yes. The Board of Trustees has unanimously approved each of the open-ending proposals and recommends that you vote for Proposals 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), 2(g), 2(h) and 2(i).

WHAT HAPPENS IF THE PROPOSAL TO OPEN-END THE TRUST (PROPOSAL 2(A)) IS NOT APPROVED?

If the proposal to open-end the Trust is not approved by Shareholders, the Board may consider other options, including hiring additional consultants to determine what alternatives are available to the Trust in order to meet the interests of the Trust, which may include, but are not limited to, re-submitting matters to a Shareholder vote and hiring a proxy service to obtain the necessary votes, offering additional matters to be voted on by Shareholders, continuing to operate the Trust as a closed-end fund or liquidating the Trust. The Board believes that this result could potentially prove expensive and result in substantial incremental costs to Shareholders. Additionally, the Board believes that it may take a year or more for any of these options to be implemented.

HOW MANY VOTES ARE SHAREHOLDERS ENTITLED TO CAST?

Each Shareholder is entitled to one vote for each share (and fractional votes for each fraction of a share) of beneficial interest of the Trust owned as of the record date, April 22, 2011.

WHAT HAPPENS IF THERE ARE NOT ENOUGH VOTES TO REACH A QUORUM OR REQUIRED VOTE BY THE SCHEDULED DATE OF THE MEETING?

If necessary to facilitate receiving sufficient votes, The Altman Group, a proxy solicitation firm, may contact Shareholders by mail or telephone. Therefore, Shareholders are encouraged to vote as soon as they review the enclosed proxy materials to avoid the costs associated with additional mailings or telephone calls. If there are not sufficient votes to approve some or all of the proposals by the time of the Meeting on May 27, 2011, it may be adjourned to permit further solicitation of proxy votes.

HOW DO SHAREHOLDERS VOTE THEIR SHARES?

You can vote your Shares by completing and signing the enclosed proxy card, and mailing it in the enclosed postage paid envelope. If you need any assistance, or have any questions regarding the proposals or how to vote your Shares, please call The Altman Group toll free at (800) 814-0979.

TAIWAN GREATER CHINA FUND
Notice of Annual Meeting of Shareholders
To be held May 27, 2011

To Shareholders of the Taiwan Greater China Fund:

NOTICE IS HEREBY GIVEN that the 2010 Annual Meeting of Shareholders (the Meeting) of the Taiwan Greater China Fund (the Trust) will be held at the offices of Clifford Chance US LLP, 31 West 52nd Street, New York, New York 10019 on Friday, May 27, 2011 at 9:30 a.m., Eastern time, for the following purposes:

1. To elect three trustees of the trust, one to serve for a term expiring on the date of the 2012 Annual Meeting of Shareholders or the special meeting held in lieu thereof and two to serve for a term expiring on the date of the 2013 Annual Meeting of Shareholders or the special meeting held in lieu thereof;
2. To consider the following open-ending proposals:
 - a. Whether to approve the conversion of the Trust from a closed-end investment company into an open-end

investment
company;

- b. Whether to approve an investment advisory agreement with CCM Partners, L.P.;
- c. Whether to approve an investment sub-advisory agreement between CCM Partners, L.P. and Nikko Asset Management Co. Ltd.;
- d. Whether to approve an amendment to the Trust s Amended and Restated Declaration of Trust (the Declaration of Trust) eliminating the staggered nature of the Trust s board of Trustees (the Board of Trustees or the Board);
- e. Whether to approve an amendment to the Declaration of Trust to allow for the Trust to have multiple funds;

- f. Whether to approve an amendment to the Declaration of Trust to allow for the Trust to make in-kind redemptions;

- g. Whether to approve an amendment to the investment objective of the Trust to expand the primary geographic focus of the Trust's investments from the Republic of China (Taiwan) to the Greater China region (this includes: Taiwan, Hong Kong, Singapore and the People's Republic of China);

- h. Whether to approve an amendment to an investment policy of the Trust to expand the geographic region in which the Trust must invest, under normal circumstances, at least 80% of

its net assets,
from Taiwan to
the Greater
China region;
and

- i. Whether to
approve an
amendment to
the investment
policies of the
Trust removing
restrictions on
certain
investment
activities of the
Trust; and
3. To transact
such other
business as
may properly
come before
the Meeting
or at any
adjournment
thereof.

The Board of Trustees has fixed Friday, April 22, 2011, as the record date for the determination of Shareholders entitled to notice of and to vote at the Meeting and at any adjournment thereof. Shareholders are entitled to one vote for each share of beneficial interest of the Trust held of record on the record date with respect to each matter to be voted upon at the Meeting.

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You are cordially invited to attend the Meeting. All Shareholders are requested to complete, date and sign the enclosed proxy card and return it promptly, and by no later than Thursday, May 26, 2011, in the envelope provided for that purpose, which does not require any postage if mailed in the United States. If you are able to attend the Meeting, you may, if you wish, revoke the proxy and vote personally on all matters brought before the Meeting. The enclosed proxy is being solicited by the Board of Trustees.

BY ORDER OF THE BOARD OF TRUSTEES

/s/ Jon R. Kathe

Jon R. Kathe

Secretary

May 16, 2011

**TAIWAN GREATER CHINA FUND
PROXY STATEMENT
INTRODUCTION**

This proxy statement is furnished in connection with the solicitation of proxies on behalf of the board of trustees (the Board of Trustees or the Board; the trustees of the Board are referred to herein as the Trustees) of the Taiwan Greater China Fund (the Trust) for use at the 2010 Annual Meeting (the Meeting) of holders of shares (Shareholders) of the Trust (Shares) to be held at the offices of Clifford Chance US LLP, 31 West 52nd Street, New York, New York 10019, on Friday, May 27, 2011 at 9:30 a.m., Eastern time, and at any adjournment thereof.

This proxy statement and the accompanying proxy are first being mailed to Shareholders on or about May 16, 2011. All properly executed proxies received by mail on or before the close of business on Thursday, May 26, 2011 or delivered personally at the Meeting will be voted as specified in such proxies or, if no specification is made, for Proposals 1, 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), 2(g), 2(h) and 2(i).

The Board of Trustees has fixed Friday, April 22, 2011, as the record date for the determination of Shareholders entitled to notice of and to vote at the Meeting and at any adjournment thereof. Shareholders of record will be entitled to one vote for each Share. No Shares have cumulative voting rights for the election of the Trustees.

As of the record date, the Trust had 10,639,544 Shares outstanding. Abstentions will be counted as present for all purposes in determining the existence of a quorum.

One-third of the Trust's outstanding Shares, present in person or represented by proxy at the Meeting, will constitute a quorum for the transaction of business at the Meeting. The affirmative vote of a plurality of the Shares present or represented by proxy and voting on the matter in question at the Meeting is required to elect the nominees for election as Trustees. Approval of converting the Trust from a closed-end investment company into an open-end investment company requires the affirmative vote of a majority of the outstanding Shares. Approval of an investment advisory agreement with CCM Partners and an investment sub-advisory agreement between CCM Partners and Nikko Asset Management each requires the affirmative vote of a majority of the outstanding voting securities of the Trust, which means the affirmative vote of the lesser of (a) 67% or more of the outstanding Shares present or represented at the Meeting, if holders of more than 50% of the outstanding Shares entitled to vote are present or represented by proxy at the Meeting, or (b) more than 50% of the outstanding Shares entitled to vote. An affirmative vote of a majority of all outstanding Shares is required to approve an amendment to the Declaration of Trust eliminating the staggered nature of the Board of Trustees, an amendment to the Declaration of Trust allowing for the Trust to have multiple funds and an amendment to the Declaration of Trust allowing for the Trust to make in-kind redemptions. Approval of an amendment to the investment objective of the Trust to expand the primary geographic focus of the Trust's investments from the Republic of China (Taiwan) to the Greater China region, approval of an amendment to an investment policy of the Trust to expand the geographic region in which the Trust must invest, under normal circumstances, at least 80% of its net assets, from Taiwan to the Greater China region and approval of an amendment to the investment policies of the Trust removing restrictions on certain investment activities of the Trust each requires the affirmative vote of the lesser of (a) 67% or more of the outstanding Shares present or represented at the Meeting, if holders of more than 50% of the outstanding Shares entitled

to vote are present or represented by proxy at the Meeting, or (b) more than 50% of the outstanding Shares entitled to vote.

Shares represented by duly executed proxies will be voted at the Meeting in accordance with the instructions given. **However, if no instructions are specified on the proxy with respect to a proposal, Shares will be voted FOR (i) the election of the nominees for Trustee; (ii) the conversion of the Trust from a closed-end investment company into an open-end investment company; (iii) the approval of an investment advisory agreement with CCM Partners; (iv) the approval of an investment sub-advisory agreement between CCM Partners and Nikko Asset Management; (v) the approval of an amendment to the Declaration of Trust eliminating the staggered nature of the Board of Trustees; (vi) the approval of an amendment to the Declaration of Trust to allow for the Trust to have multiple funds; (vii) the approval of an amendment to the Declaration of Trust to allow for the Trust to make in-kind redemptions; (viii) the approval of an amendment to the investment objective of the Trust to expand the primary geographic focus of the Trust's investments from Taiwan to the Greater China region; (ix) the approval of an amendment to an investment policy of the Trust to expand the geographic region in which the Trust must invest, under normal circumstances, at least 80% of its net assets, from Taiwan to the Greater China region; (x) the approval of an amendment to the investment policies of the Trust removing restrictions on certain investment activities of the Trust, and in accordance with the judgment of the persons appointed as proxies, upon any other matter that may properly come before the Meeting.** A Shareholder may revoke a previously submitted proxy at any time prior to the Meeting by (x) a written revocation, which must be signed and include the Shareholder's name and account number, received by the Secretary of the Trust, c/o Nanking Road Capital Management, LLC, 111 Gillett Street, Hartford, CT 06105; (y) properly executing a later-dated proxy; or (z) attending the Meeting and voting in person. If your Shares are held by your broker, in order to revoke your proxy, you may need to forward your written revocation or a later-dated proxy card to your broker rather than the Trust. Abstentions will be treated as votes present and not cast at the meeting. Accordingly, abstentions will not have the effect of votes in opposition to (I) the election of Trustees under Proposal 1, but will have the effect of votes in opposition to (II) the approval of the conversion of the Trust from a closed-end investment company into an open-end investment company under Proposal 2(a), (III) the approval of an investment advisory agreement with CCM Partners under Proposal 2(b), (IV) the approval of an investment sub-advisory agreement between CCM Partners and Nikko Asset Management under Proposal 2(c), (V) the approval of an amendment to the Declaration of Trust eliminating the staggered nature of the Board of Trustees under Proposal 2(d), (VI) the approval of an amendment to the Declaration of Trust to allow for the Trust to have multiple funds under Proposal 2(e), (VII) the approval of an amendment to the Declaration of Trust to allow for the Trust to make in-kind redemptions under Proposal 2(f), (VIII) the approval of an amendment to the investment objective of the Trust to expand the primary geographic focus of the Trust's investments from Taiwan to the Greater China region under Proposal 2(g), (IX) the approval of an amendment to an investment policy of the Trust to expand the geographic region in which the Trust must invest, under normal circumstances, at least 80% of its net assets, from Taiwan to the Greater China region under proposal 2(h), and (X) the approval of an amendment to the investment policies of the Trust removing restrictions on certain investment activities of the Trust under Proposal 2(i).

The Trust knows of no business that may or will be presented for consideration at the Meeting, other than that described in Proposals 1, 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), 2(g), 2(h) and 2(i) described herein. If any matter not referred to above is properly presented, the persons named on the enclosed

proxy will vote in accordance with their discretion. However, any business that is not on the agenda for the Meeting may be presented for consideration or action at the Meeting only with the approval of the Board of Trustees.

The address of Brown Brothers Harriman & Co., which provides certain administrative services for the Trust, is 50 Milk Street, Boston, Massachusetts 02109-3661.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on Friday, May 27, 2011. The Trust's Notice of the 2010 Annual Meeting of Shareholders, Proxy Statement and Form of Proxy are available on the Internet at <https://www.amstock.com/proxyservices/viewmaterial.asp?CoNumber=14559>.

BENEFICIAL OWNERSHIP OF SHARES

The following table provides information, as of April 22, 2011, except as noted, regarding the beneficial ownership of Shares by (i) each person or group known to the Trust to be the beneficial owner of more than 5% of the Shares outstanding, (ii) each of the Trustees or Trustee nominees, (iii) each executive officer of the Trust and (iv) all Trustees, Trustee nominees and executive officers of the Trust as a group. Except as noted, each of the named owners has sole voting and dispositive power over the Shares listed.

Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Trust
City of London Investment Group plc (CLIG) City of London Investment Management Company Limited (CLIM) 77 Gracechurch Street, London EC3V OAS U.K.	3,218,412 (1)	30.25 %
Lazard Asset Management LLC (Lazard) 30 Rockefeller Plaza New York, NY 10112 U.S.A.	1,506,798 (2)	14.16 %
Sarasin Investment Fund Ltd. 155 Bishopsgate London EC2M 3XY U.K.	1,049,000 (3)	9.86 %
1607 Capital Partners, LLC 4991 Lake Brook Dr., Suite 125 Glen Allen, VA 23060	715,649 (4)	6.73 %

(1) Based upon information provided by CLIG and CLIM in a

statement on Schedule 13D/A jointly filed on May 10, 2011 with respect to ownership as of April 30, 2011. In that statement, CLIM reported that it held its 3,218,412 Shares as investment adviser to certain investment funds. CLIG reported that its ownership included the 3,218,412 Shares held by CLIM as a result of CLIG's status as the parent holding company of CLIM. CLIG and CLIM stated that they held sole voting power and sole dispositive power over their Shares.

- (2) Based upon information provided by Lazard Asset Management LLC in a statement on Schedule 13G filed on

April 11, 2011 with respect to its ownership as of February 4, 2011, declaring that it held sole voting and sole dispositive power over its Shares.

- (3) Based upon information disclosed on Bloomberg as of July 17, 2009. The Trust believes that Sarasin holds voting and shared dispositive power over all such Shares.
- (4) Based upon information provided by 1607 Capital Partners, LLC in a statement on Schedule 13G filed on April 14, 2011 with respect to its ownership as of December 30, 2010, declaring that it held sole voting and sole dispositive power over

its Shares.

TRUSTEES AND EXECUTIVE OFFICERS

Name	Amount of Beneficial Ownership	Percent of Trust	Dollar Range of Beneficial Ownership**
Frederick C. Copeland, Jr.	8,000	*	\$50,001 - \$100,000
David Laux	6,000	*	\$10,001 - \$50,000
Robert P. Parker	2,000	*	\$10,001 - \$50,000
Edward B. Collins	3,000	*	\$10,001 - \$50,000
Tsung-Ming Chung	0	N/A	None
Jon R. Kathe	0	N/A	None
All Trustees, Trustee nominees and executive officers as a group	19,000	*	

* Less than 1%

** Based on the net asset value per Share on April 22, 2011 of \$8.22.

PROPOSAL 1. ELECTION OF TRUSTEES

The nominees for election to the Board of Trustees are Messrs. James W. Miller, Jr., Kevin T. Kogler and Steven H. Sutro. Messrs. Miller and Kogler are currently not Trustees of the Trust, and if elected, will serve for terms expiring on the date of the 2013 Annual Meeting of Shareholders or the special meeting in lieu thereof. Messrs. Miller and Kogler were nominated by the Board of Trustees, at a meeting held on April 6, 2011, following the recommendation of the Nominating Committee of the Board at a meeting held on April 6, 2011. Mr. Sutro is currently not a Trustee of the Trust, and if elected, will serve for a term expiring on the date of the 2012 Annual Meeting of Shareholders or the special meeting in lieu thereof. Mr. Sutro was nominated by the Board of Trustees, at a meeting held on April 6, 2011, following the recommendation of the Nominating Committee of the Board at a meeting held on April 6, 2011.

If Proposal 2(d) (set forth below) is approved by Shareholders and is implemented by the Board in connection with the conversion of the Trust to an open-end investment company, the nominees set forth above will serve the term

provided for in the amended Declaration of Trust, the revised sections of which are set forth in Proposal 2(d). Additionally, please note that if the open-ending proposals are approved by Shareholders, it is anticipated that changes will occur to the composition of the Board that will result in a majority of the Trustees being affiliated with the California Investment Trust fund complex.

INFORMATION CONCERNING NOMINEES

The following table sets forth certain information concerning Messrs. Miller, Kogler and Sutro.

Name (Age) and Address	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years	Other Positions with Affiliated Persons of the Trust	Other Business Experience And Other Directorships Held by Nominee
Non-Interested Nominees					
James W. Miller, Jr. (44) P.O. Box 387 San Francisco, California 94104	N/A	N/A	Director, RREEF, 2006-present; Executive Vice President, Jones Lang LaSalle Americas, Inc., 1999-2006; Associate, Orrick Herrington & Sutcliffe LLP (law firm), 1996-1999; Associate, Gordon & Rees LLP (law firm), 1992-1993	Trustee, California Investment Trust, 2002-present, 12 portfolios overseen	Experience in real estate in both law and business.; J.D.
Kevin T. Kogler (45) P.O. Box 387 San Francisco, California 94104	N/A	N/A	Principal, Robertson Piper Software Group, 2006-present; Senior Vice President, Investment Banking, Friedman, Billings Ramsey, 2003-2006; Director, Technology Investment Banking, Salomon Smith Barney, 2001-2002; Vice President, Technology Investment Banking, CS First Boston/ Donaldson Lufkin & Jenrette, 1997-2001; Associate, PaineWebber, Inc., 1995-1997	Trustee, California Investment Trust, 2006-present, 12 portfolios overseen	Experience in investment banking and technology industry; M.B.A.
Steven H. Sutro (42) P.O. Box 387 San Francisco, California 94104	N/A	N/A	Partner, Duane Morris LLP (law firm), 2003-present; Associate, Duane Morris LLP (law firm), 2000-2002; Associate, Hancock Rothert & Bunshoft LLP (law firm), 1994-1999	Trustee, California Investment Trust, 2006-present, 12 portfolios overseen	Experience in law and securities regulations; J.D.

INFORMATION CONCERNING TRUSTEES

The following table sets forth certain information concerning the Trustees of the Trust.

Name (Age) and Address	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years	Other Positions with Affiliated Persons of the Trust	Other Business Experience And Other Directorships Held by Trustee
Non-Interested Trustees					
Frederick C. Copeland, Jr. (68) 11 Deer Ridge Road Avon, Connecticut 06001	Trustee, Chairman, Audit Committee Member and Chief Executive Officer	Trustee since May 2004 and until the 2011 Annual Meeting of Shareholders or the special meeting in lieu thereof; Chairman of the Board since January 2011; Chief Executive Officer since April 2011	Vice Chairman, Director, Chairman of the Executive Committee, Far East National Bank, since 2004; Chairman and Chief Executive Officer, Far East National Bank, 2008- 2009; Principal, Deer Ridge Associates, LLC (financial consulting), 2001-2006	N/A	Director, Mercantile Commercial Bank Holding, since 2007; Director, Mercantile Commercial Bank, since 2007; President, Chief Executive Officer and Chief Operating Officer, Aetna International (insurance), 1995-2001; Executive Vice President, Aetna, Inc. (insurance), 1997-2001; Chairman, President and Chief Executive Officer, Fleet Bank, N.A., 1993-1995; President and Chief Executive Officer, Citibank Canada Ltd., 1987-1993; Taiwan Country Head, Citibank, 1983-1987
Robert P. Parker (69) 275 Battery Street Suite 2400 San Francisco, California 94111	Trustee and Audit Committee Member	Trustee since 1998 and until the 2011 Annual Meeting of Shareholders or the special meeting in lieu thereof; and Chairman from February to July	Chairman, Parker Price Venture Capital, Inc., since prior to 2004	N/A	Director, NexFlash Technologies, Inc., 2001-2005; Partner, McCutchen, Doyle, Brown & Enersen (international law firm), 1988-1997

2004

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Name (Age) and Address	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years	Other Positions with Affiliated Persons of the Trust	Other Business Experience And Other Directorships Held by Trustee
Non-Interested Trustees					

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We cannot predict the actual final underlier level or what the market value of your notes will be on any particular trading day, nor can we predict the relationship between the underlier level and the market value of your notes at any time prior to the stated maturity date. The actual amount that you will receive at maturity and the rate of return on the offered notes will depend on the actual initial underlier level, which we will set on the trade date, and the actual final underlier level determined by the calculation agent as described above. Moreover, the assumptions on which the hypothetical returns are based may turn out to be inaccurate. Consequently, the amount of cash to be paid in respect of your notes on the stated maturity date may be very different from the information reflected in the examples above.

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ADDITIONAL RISK FACTORS SPECIFIC TO YOUR NOTES

An investment in your notes is subject to the risks described below, as well as the risks and considerations described in the accompanying prospectus, in the accompanying prospectus supplement, under Additional Risk Factors Specific to the Notes in the accompanying general terms supplement no. 1,734 and under Additional Risk Factors Specific to the Underlier-Linked Notes in the accompanying product supplement no. 1,738. You should carefully review these risks and considerations as well as the terms of the notes described herein and in the accompanying prospectus, the accompanying prospectus supplement, the accompanying general terms supplement no. 1,734 and the accompanying product supplement no. 1,738. Your notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the underlier stocks, i.e., the stocks comprising the underlier to which your notes are linked. You should carefully consider whether the offered notes are suited to your particular circumstances.

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

The original issue price for your notes exceeds the estimated value of your notes as of the time the terms of your notes are set on the trade date, as determined by reference to GS&Co.'s pricing models and taking into account our credit spreads. Such estimated value on the trade date is set forth above under Estimated Value of Your Notes; after the trade date, the estimated value as determined by reference to these models will be affected by changes in market conditions, the creditworthiness of GS Finance Corp., as issuer, the creditworthiness of The Goldman Sachs Group, Inc., as guarantor, and other relevant factors. The price at which GS&Co. would initially buy or sell your notes (if GS&Co. makes a market, which it is not obligated to do), and the value that GS&Co. will initially use for account statements and otherwise, also exceeds the estimated value of your notes as determined by reference to these models. As agreed by GS&Co. and the distribution participants, this excess (i.e., the additional amount described under Estimated Value of Your Notes) will decline to zero on a straight line basis over the period from the date hereof through the applicable date set forth above under Estimated Value of Your Notes. Thereafter, if GS&Co. buys or sells your notes it will do so at prices that reflect the estimated value determined by reference to such pricing models at that time. The price at which GS&Co. will buy or sell your notes at any time also will reflect its then current bid and ask spread for similar sized trades of structured notes.

In estimating the value of your notes as of the time the terms of your notes are set on the trade date, as disclosed above under Estimated Value of Your Notes, GS&Co.'s pricing models consider certain variables, including principally our credit spreads, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the notes. These pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, the actual value you would receive if you sold your notes in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your notes determined by reference to our models due to, among other things, any differences in pricing models or assumptions used by others. See Additional Risk Factors Specific to the Underlier-Linked Notes The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors on page S-32 of the accompanying product supplement no. 1,738.

The difference between the estimated value of your notes as of the time the terms of your notes are set on the trade date and the original issue price is a result of certain factors, including principally the underwriting discount and commissions, the expenses incurred in creating, documenting and marketing the notes, and an estimate of the difference between the amounts we pay to GS&Co. and the amounts GS&Co. pays to us in connection with your notes. We pay to GS&Co. amounts based on what we would pay to holders of a non-structured note with a similar maturity. In return for such payment, GS&Co. pays to us the amounts we owe under your notes.

In addition to the factors discussed above, the value and quoted price of your notes at any time will reflect many factors and cannot be predicted. If GS&Co. makes a market in the notes, the price quoted by GS&Co. would reflect any changes in market conditions and other relevant factors, including any deterioration in our creditworthiness or perceived creditworthiness or the creditworthiness or perceived creditworthiness of The Goldman Sachs Group, Inc. These changes may adversely affect the value of your notes, including the price you may receive for your notes in any market making transaction. To the extent that GS&Co. makes a market in the notes, the quoted price will reflect the estimated value determined by reference to GS&Co.'s pricing models at that time, plus or minus its then current bid and ask spread for similar sized trades of structured notes (and subject to the declining excess amount described above).

Furthermore, if you sell your notes, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount. This commission or discount will further reduce the proceeds you would receive for your notes in a secondary market sale.

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There is no assurance that GS&Co. or any other party will be willing to purchase your notes at any price and, in this regard, GS&Co. is not obligated to make a market in the notes. See **Additional Risk Factors Specific to the Underlier-Linked Notes** **Your Notes May Not Have an Active Trading Market** on page S-31 of the accompanying product supplement no. 1,738.

The Underwriting Discount and Commissions, Including the Structuring Fee and Marketing Fee, and Other Expenses, Result in Less Favorable Economic Terms of the Notes and Could Adversely Affect Any Secondary Market Price for the Notes

The economic terms of the notes, as well as the difference between the estimated value of your notes as of the time the terms of your notes are set on the trade date and the original issue price, take into consideration, among other expenses, the underwriting discount and commissions, including the structuring fee and marketing fee, paid in connection with the notes. Therefore, the economic terms of the notes are less favorable to you than they would have been if these expenses had not been paid or had been lower. Further, the price, if any, at which GS&Co. will buy or sell your notes (if GS&Co. makes a market, which it is not obligated to do) at any time will reflect, among other things, the economic terms of the notes. Therefore, the secondary market price for the notes could also be adversely affected by the underwriting discount and commissions, including the structuring fee and marketing fee, and other expenses paid in connection with the notes. See **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** above.

The Notes Are Subject to the Credit Risk of the Issuer and the Guarantor

Although the return on the notes will be based on the performance of the underlier, the payment of any amount due on the notes is subject to the credit risk of GS Finance Corp., as issuer of the notes, and the credit risk of The Goldman Sachs Group, Inc. as guarantor of the notes. The notes are our unsecured obligations. Investors are dependent on our ability to pay all amounts due on the notes, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Similarly, investors are dependent on the ability of The Goldman Sachs Group, Inc., as guarantor of the notes, to pay all amounts due on the notes, and therefore are also subject to its credit risk and to changes in the market's view of its creditworthiness. See **Description of the Notes We May Offer** **Information About Our Medium-Term Notes, Series E Program** **How the Notes Rank Against Other Debt** on page S-4 of the accompanying prospectus supplement and **Description of Debt Securities We May Offer** **Guarantee by The Goldman Sachs Group, Inc.** on page 42 of the accompanying prospectus.

The Amount Payable on Your Notes Is Not Linked to the Level of the Underlier at Any Time Other Than the Determination Date

The final underlier level will be based on the closing level of the underlier on the determination date (subject to adjustment as described elsewhere in this pricing supplement). Therefore, if the closing level of the underlier dropped precipitously on the determination date, the cash settlement amount for your notes may be significantly less than it would have been had the cash settlement amount been linked to the closing level of the underlier prior to such drop in the level of the underlier. Although the actual level of the underlier on the stated maturity date or at other times during the life of your notes may be higher than the final underlier level, you will not benefit from the closing level of the underlier at any time other than on the determination date.

You May Lose a Substantial Portion of Your Investment in the Notes

You can lose a substantial portion of your investment in the notes. The cash payment on your notes on the stated maturity date will be based on the performance of the underlier as measured from the initial underlier level set on the trade date to the closing level on the determination date. If the final underlier level is *less than* the buffer level, you will have a loss for each \$1,000 of the face amount of your notes equal to the *product* of (i) the *sum* of the underlier return *plus* the buffer amount *times* (ii) \$1,000. Thus, you may lose a substantial portion of your investment in the notes, which would include any premium to face amount you paid when you purchased the notes.

Also, the market price of your notes prior to the stated maturity date may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the stated maturity date, you may receive far less than the amount of your investment in the notes.

Your Notes Do Not Bear Interest

You will not receive any interest payments on your notes. As a result, even if the cash settlement amount payable for your notes on the stated maturity date exceeds the face amount of your notes, the overall return you earn on your notes may be less than you would have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate.

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The Potential for the Value of Your Notes to Increase Will Be Limited

Your ability to participate in any change in the value of the underlier over the life of your notes will be limited because of the cap level. The maximum settlement amount will limit the cash settlement amount you may receive for each of your notes at maturity, no matter how much the level of the underlier may rise beyond the cap level over the life of your notes. Accordingly, the amount payable for each of your notes may be significantly less than it would have been had you invested directly in the underlier.

You Have No Shareholder Rights or Rights to Receive Any Underlier Stock

Investing in your notes will not make you a holder of any of the underlier stocks. Neither you nor any other holder or owner of your notes will have any rights with respect to the underlier stocks, including any voting rights, any right to receive dividends or other distributions, any rights to make a claim against the underlier stocks or any other rights of a holder of the underlier stocks. Your notes will be paid in cash and you will have no right to receive delivery of any underlier stocks.

We May Sell an Additional Aggregate Face Amount of the Notes at a Different Issue Price

At our sole option, we may decide to sell an additional aggregate face amount of the notes subsequent to the date of this pricing supplement. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the original issue price you paid as provided on the cover of this pricing supplement.

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

The cash settlement amount will not be adjusted based on the issue price you pay for the notes. If you purchase notes at a price that differs from the face amount of the notes, then the return on your investment in such notes held to the stated maturity date will differ from, and may be substantially less than, the return on notes purchased at face amount. If you purchase your notes at a premium to face amount and hold them to the stated maturity date, the return on your investment in the notes will be lower than it would have been had you purchased the notes at face amount or a discount to face amount. In addition, the impact of the buffer level and the cap level on the return on your investment will depend upon the price you pay for your notes relative to face amount. For example, if you purchase your notes at a premium to face amount, the cap level will only permit a lower positive return on your investment in the notes than would have been the case for notes purchased at face amount or a discount to face amount. Similarly, the buffer level, while still providing some protection for the return on the notes, will allow a greater percentage decrease in your investment in the notes than would have been the case for notes purchased at face amount or a discount to face amount.

Your Notes May Be Subject to an Adverse Change in Tax Treatment in the Future

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The tax consequences of an investment in your notes are uncertain, both as to the timing and character of any inclusion in income in respect of your notes.

The Internal Revenue Service announced on December 7, 2007 that it is considering issuing guidance regarding the proper U.S. federal income tax treatment of an instrument such as your notes, and any such guidance could adversely affect the tax treatment and the value of your notes. Among other things, the Internal Revenue Service may decide to require the holders to accrue ordinary income on a current basis and recognize ordinary income on payment at maturity, and could subject non-U.S. investors to withholding tax. Furthermore, in 2007, legislation was introduced in Congress that, if enacted, would have required holders that acquired instruments such as your notes after the bill was enacted to accrue interest income over the term of such instruments even though there will be no interest payments over the term of such instruments. It is not possible to predict whether a similar or identical bill will be enacted in the future, or whether any such bill would affect the tax treatment of your notes. We describe these developments in more detail under Supplemental Discussion of Federal Income Tax Consequences on page S-41 of the accompanying product supplement no. 1,738. You should consult your tax advisor about this matter. Except to the extent otherwise provided by law, GS Finance Corp. intends to continue treating the notes for U.S. federal income tax purposes in accordance with the treatment described under Supplemental Discussion of Federal Income Tax Consequences on page S-41 of the accompanying product supplement no. 1,738 unless and until such time as Congress, the Treasury Department or the Internal Revenue Service determine that some other treatment is more appropriate.

United States Alien Holders Should Consider the Withholding Tax Implications of Owning the Notes

The Treasury Department has issued regulations under which amounts paid or deemed paid on certain financial instruments (871(m) financial instruments) that are treated as attributable to U.S.-source dividends could be treated, in whole or in part depending on the circumstances, as a dividend equivalent payment that is subject to

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tax at a rate of 30% (or a lower rate under an applicable treaty), which in the case of any amounts a United States alien holder receives upon the sale, exchange or maturity of the notes, could be collected via withholding. If these regulations were to apply to the notes, we may be required to withhold such taxes if any U.S.-source dividends are paid on the stocks included in the underlier during the term of the notes. We could also require a United States alien holder to make certifications (e.g., an applicable Internal Revenue Service Form W-8) prior to the maturity of the notes in order to avoid or minimize withholding obligations, and we could withhold accordingly (subject to the United States alien holder's potential right to claim a refund from the Internal Revenue Service) if such certifications were not received or were not satisfactory. If withholding was required, we would not be required to pay any additional amounts with respect to amounts so withheld. These regulations generally will apply to 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) issued (or significantly modified and treated as retired and reissued) on or after January 1, 2021, but will also apply to certain 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) that have a delta (as defined in the applicable Treasury regulations) of one and are issued (or significantly modified and treated as retired and reissued) on or after January 1, 2017. In addition, these regulations will not apply to financial instruments that reference a qualified index (as defined in the regulations). We have determined that, as of the issue date of your notes, your notes will not be subject to withholding under these rules. In certain limited circumstances, however, you should be aware that it is possible for United States alien holders to be liable for tax under these rules with respect to a combination of transactions treated as having been entered into in connection with each other even when no withholding is required. You should consult your tax advisor concerning these regulations, subsequent official guidance and regarding any other possible alternative characterizations of your notes for U.S. federal income tax purposes.

Foreign Account Tax Compliance Act (FATCA) Withholding May Apply to Payments on Your Notes, Including as a Result of the Failure of the Bank or Broker Through Which You Hold the Notes to Provide Information to Tax Authorities

Please see the discussion under United States Taxation Taxation of Debt Securities Foreign Account Tax Compliance Act (FATCA) Withholding in the accompanying prospectus for a description of the applicability of FATCA to payments made on your notes.

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THE UNDERLIER

The S&P 500® Index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The S&P 500® Index is calculated, maintained and published by S&P Dow Jones Indices LLC (S&P).

As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the S&P 500® Index.

Constituents of the S&P 500® Index prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the S&P 500® Index. If an S&P 500® Index constituent reorganizes into a multiple share class line structure, that company will be reviewed for continued inclusion in the S&P 500® Index at the discretion of the S&P Index Committee. Also as of July 31, 2017, the criteria employed by S&P for purposes of making additions to the S&P 500® Index were changed as follows:

- with respect to the U.S. company criterion, (i) the IEX was added as an eligible exchange for the primary listing of the relevant company's common stock and (ii) the former corporate governance structure consistent with U.S. practice requirement was removed; and
- with respect to constituents of the S&P MidCap 400® Index and the S&P SmallCap 600® Index that are being considered for addition to the S&P 500® Index, the financial viability, public float and/or liquidity eligibility criteria no longer need to be met if the S&P Index Committee decides that such an addition will enhance the representativeness of the S&P 500® Index as a market benchmark.

As of November 14, 2018, the 500 companies included in the S&P 500® Index were divided into eleven Global Industry Classification Sectors. The Global Industry Classification Sectors include (with the approximate percentage currently included in such sectors indicated in parentheses): Communication Services (9.92%), Consumer Discretionary (9.95%), Consumer Staples (7.49%), Energy (5.50%), Financials (13.66%), Health Care (15.32%), Industrials (9.45%), Information Technology (20.01%), Materials (2.63%), Real Estate (2.91%) and Utilities (3.14%). (Sector designations are determined by the underlier sponsor using criteria it has selected or developed. Index sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different index sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.) As of the close of business on September 21, 2018, S&P and MSCI, Inc. updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry

includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The Global Industry Classification Sector structure changes are effective for the S&P 500® Index as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing.

The above information supplements the description of the underlier found in the accompanying general terms supplement no. 1,734. This information was derived from information prepared by the underlier sponsor, however, the percentages we have listed above are approximate and may not match the information available on the underlier sponsor's website due to subsequent corporate actions or other activity relating to a particular stock. For more details about the underlier, the underlier sponsor and license agreement between the underlier sponsor and the issuer, see [The Underliers S&P 500® Index](#) on page S-40 of the accompanying general terms supplement no. 1,734.

The S&P 500® Index is a product of S&P Dow Jones Indices LLC, and has been licensed for use by GS Finance Corp. (Goldman). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC; Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones) and these trademarks have been licensed for use by S&P Dow Jones Indices LLC and sublicensed for certain purposes by Goldman. Goldman's notes are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, Standard & Poor's Financial Services LLC or any of their respective affiliates and neither S&P Dow

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Jones Indices LLC, Dow Jones, Standard & Poor's Financial Services LLC or any of their respective affiliates make any representation regarding the advisability of investing in such notes.

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Historical Closing Levels of the Underlier

The closing level of the underlier has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing level of the underlier during the period shown below is not an indication that the underlier is more or less likely to increase or decrease at any time during the life of your notes.

You should not take the historical levels of the underlier as an indication of the future performance of the underlier. We cannot give you any assurance that the future performance of the underlier or the underlier stocks will result in your receiving an amount greater than the outstanding face amount of your notes on the stated maturity date.

Neither we nor any of our affiliates make any representation to you as to the performance of the underlier. Before investing in the offered notes, you should consult publicly available information to determine the levels of the underlier between the date of this pricing supplement and the date of your purchase of the offered notes. The actual performance of the underlier over the life of the offered notes, as well as the cash settlement amount, may bear little relation to the historical closing levels shown below.

The graph below shows the daily historical closing levels of the underlier from December 4, 2008 through December 4, 2018. We obtained the closing levels in the graph below from Bloomberg Financial Services, without independent verification.

Historical Performance of the S&P 500® Index

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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 a pre-paid derivative contract in respect of the underlier, as described under Supplemental Discussion of Federal Income Tax Consequences on page S-41 of the accompanying product supplement no. 1,738. Pursuant to this approach, it is the opinion of Sidley Austin LLP that upon the sale, exchange 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 and your tax basis in your notes. Pursuant to Treasury regulations, Foreign Account Tax Compliance Act (FATCA) withholding (as described in United States Taxation Taxation of Debt Securities Foreign Account Tax Compliance Act (FATCA) Withholding in the accompanying prospectus) will generally apply to obligations that are issued on or after July 1, 2014; therefore, the notes will generally be subject to FATCA withholding. However, according to published guidance, the withholding tax described above will not apply to payments of gross proceeds from the sale, exchange or other disposition of the notes made before January 1, 2019.

SUPPLEMENTAL PLAN OF DISTRIBUTION; CONFLICTS OF INTEREST

See Supplemental Plan of Distribution on page S-49 of the accompanying product supplement no. 1,738 and Plan of Distribution Conflicts of Interest on page 94 of the accompanying prospectus. GS Finance Corp. estimates that its share of the total offering expenses, excluding underwriting discounts and commissions, will be approximately \$.

GS Finance Corp. will sell to GS&Co., and GS&Co. will purchase from GS Finance Corp., the aggregate face amount of the offered notes specified on the front cover of this pricing supplement. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this pricing supplement, and to certain securities dealers at such price less a concession not in excess of % of the face amount. In addition to the concession, any such securities dealer will receive from us a structuring fee of % of the face amount of each such note.

GS&Co. has engaged Incapital LLC to provide certain marketing services from time to time relating to notes of this series. Incapital LLC will receive a fee of % of the face amount of each note offered hereby from us in connection with such service. GS&Co. is an affiliate of GS Finance Corp. and The Goldman Sachs Group, Inc. and, as such, will have a conflict of interest in this offering of notes within the meaning of Financial Industry Regulatory Authority, Inc. (FINRA) Rule 5121. Consequently, this offering of notes will be conducted in compliance with the provisions of FINRA Rule 5121. GS&Co. will not be permitted to sell notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

We expect to deliver the notes against payment therefor in New York, New York on December 19, 2018. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required to specify alternative settlement arrangements to prevent a failed settlement.

We have been advised by GS&Co. that it intends to make a market in the notes. However, neither GS&Co. nor any of our other affiliates that makes a market is obligated to do so and any of them may stop doing so at any time without notice. No assurance

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can be given as to the liquidity or trading market for the notes.

The notes will not be listed on any securities exchange or interdealer quotation system.

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We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this pricing supplement, the accompanying product supplement no. 1,738, the accompanying general terms supplement no. 1,734, the accompanying prospectus supplement or the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This pricing supplement, the accompanying product supplement no. 1,738, the accompanying general terms supplement no. 1,734, the accompanying prospectus supplement and the accompanying prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this pricing supplement, the accompanying product supplement no. 1,738, the accompanying general terms supplement no. 1,734, the accompanying prospectus supplement and the accompanying prospectus is current only as of the respective dates of such documents.

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GS Finance Corp.

Buffered S&P 500® Index-Linked Notes
due

guaranteed by

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**The Goldman Sachs
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