Citi Global Wealth Investments

Global Strategy Quadrant

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"There's Still Yield Out There"

With an abundance of national elections to drive up political uncertainty and ambiguous economic data, investors have focused on the one believable growth story: AI.

Over the past month, most global equity markets have stalled and long-term rates have fallen. Megacap US equities powered on, with the "Magnificent 7" up 7.7%. This is even as the leading chipmaker's shares fell 13% within the period (up 150% in the year-to-date, accounts for nearly 30% of the S&P 500 gain in 2024).

Can a technological innovation be profound, "unstoppable," and also overpriced by investors? History is unequivocal: it can. Yet that single observation is the mere starting point for a very difficult set of questions for investors with their long-term portfolio success in the balance.

Innovation doesn't follow easily predictable patterns sometimes seen elsewhere in the economy. The sustainability of tech leaders' returns has varied widely. Apple and Microsoft – firms founded in the 1980s – are now two of the largest three firms in the world by market cap. Other leaders of the late 1990s such as IBM, Cisco, GE, Intel and AT&T are worth less today than their combined value 25 years ago.

Historical data shows that most firms that have grown to be the market's largest by market cap have routinely underperformed when measured one to five years later. The irony of this analysis is that every firm that rose to the top 10 enjoyed higher returns than the broad market to get to that level. With this knowledge, we believe investors should seek to balance the reward against the idiosyncratic risk endemic in portfolio concentration.

We continue to see US large cap tech EPS moderating to a still-robust pace near +25% in 2024, down from +43% in 2023. The world's most valuable semiconductor designer is reportedly "sold out" on AI strength through at least 2025. We continue to view semiconductor equipment producers as our favorite potential narrow market opportunity. Conversely, AI investment spending by service providers might not deliver results fast enough for markets (i.e. recall investment spending on the "Metaverse?")

At our Global Investment Committee meeting, we chose to maintain our preference for diversification even as it hurt returns over the past month (conversely, our 3% overweight to equities helped returns). Rather than increase the equity weighting, we've made changes within credit markets to take slightly more risk.

Variable rate loans currently yield 9.7% compared to 7.9% for US high yield bond benchmarks. While the composition of the loan market has a lower credit weighting, loans sit higher in capital structure and are experiencing lower default rates. Yields are the highest since the Global Financial Crisis (GFC).

With this in mind, we added a loan position by reducing EM hard currency debt and US investment grade corporates. In these two bond market segments, yield spreads have fallen toward historic lows.

Pleasures and Perils of Concentrated Portfolios

Steven Wieting
Chief Investment Strategist and Chief Economist

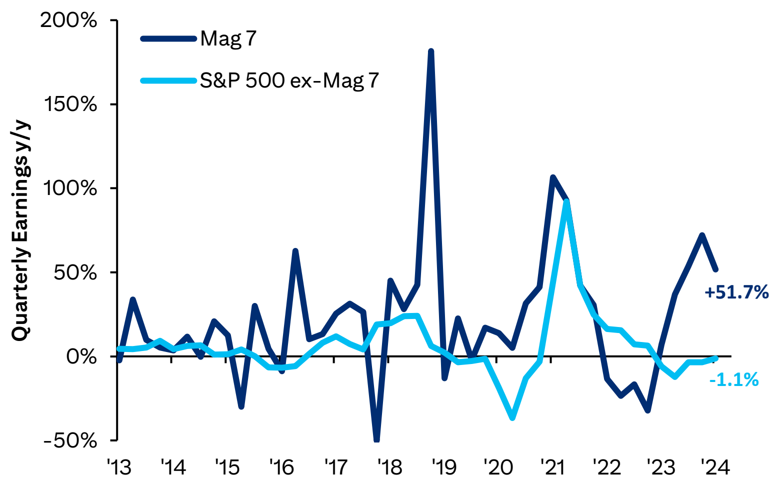
Can a technological innovation be profound, "unstoppable," and also overpriced by investors? History is unequivocal: it can. Yet that single observation is the mere starting point for a very difficult set of questions for investors with their long-term portfolio success in the balance.

First, we'll briefly revisit current market context and history. We're not sure if 2022 counts as the "recent past" amid ever-shorter attention spans, but the Nasdaq 100 tech-laden index fell 33.0% that year, underperforming the S&P 500's 19.4% drop. In fact, tech powered the decline. Today's Magnificent 7 (or FANG, FAANG before it), saw EPS declines of 32.3% in 4Q22 with the economy adjusting to a post-pandemic period less centered in tech services like "video conferencing" and e-commerce (see **FIGURE 1**). This was before the words "artificial intelligence" thundered.

Magnificent-7 EPS rose 51.7% in the year through 1Q 2024. A powerful gain for the full year looks inevitable, but declines in EPS for these firms were seen as recently as 2022.

At a time of great optimism for AI and legitimate technological leaps, managing exposure levels is a difficult but critical task.

FIGURE 1: Mag-7 EPS vs remaining S&P 493 EPS



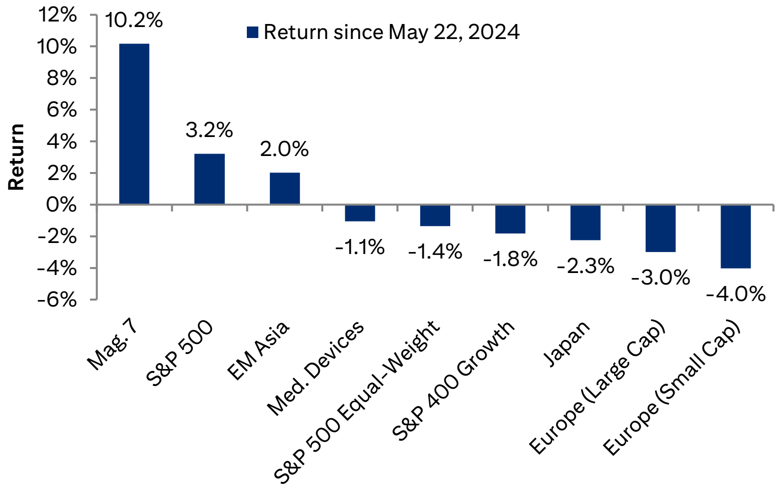
Source: Bloomberg as of June 17, 2024. The Magnificent 7 stocks include Amazon.com (AMZN), Apple (AAPL), Google parent Alphabet (GOOGL), Meta Platforms (META), Microsoft (MSFT), Nvidia (NVDA) and Tesla (TSLA). Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

With the demonstration of Chat-GPT's human-like yet super-human qualities in 2023, trillions of dollars of market cap were quickly added for potential "hyper-scaler" AI service providers and the single semiconductor designer with the most advanced AI chips.

Tech platforms have each spent many billions of dollars on specialized semiconductors and broader AI data infrastructure. They will spend much more going forward to provide ever-improving new services. With this spending, EPS gains of magnificent scale returned for the Mag 7 in 2023, gaining 43.7% while shares rose 75.7%. The rest of the S&P 500 (non-magnificent 493) saw EPS fall 7.4% in that same time.

The story doesn't end there. In the first quarter 2024, these largest US tech leaders grew EPS 51.7% year-over-year and seem poised for a 25% EPS gain for this year. Markets at present seem to view them as immune to any slowing. They've risen in value since 4Q 2022, while other shares have gained much less. During this time, bond yields have dropped as investors have feared for the economic and global political outlook (see **FIGURE 2**).

FIGURE 2: Market performance since May 22, 2024



Source: Bloomberg as of June 17, 2024. The Magnificent 7 stocks include Amazon.com (AMZN), Apple (AAPL), Google parent Alphabet (GOOGL), Meta Platforms (META), Microsoft (MSFT), Nvidia (NVDA) and Tesla (TSLA). The proxy for EM Asia is S&P EM Asia Pacific, Med Devices is MSCI USA IMI/Health Care Equipment, Japan is MSCI Japan, Europe Large Cap is Euro Stoxx 50, and Europe Small Cap is MSCI Europe Small Cap. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

An inconvenient truth for investors is that innovation doesn't follow easily predictable patterns sometimes seen elsewhere in the economy. Only hindsight can make it seem easy to judge how well a firm would profit from its inventions and critically, which firm, among competitors, would ultimately succeed.

AI is raising existential questions for humanity. The demonstration of AI's power to produce and eliminate labor – ideally allowing it to be redeployed making the economy grow larger – has also generated an optimism for future tech profits not seen since the second half of the 1990s (see **FIGURE 3**).

It should be quite apparent from Figure 3 that the mismatch between tech profits and market cap has not risen near the profound levels of the late 1990s peak. Will it rise again to such levels? Or what might mark an end to the optimism?

An inconvenient truth for investors is that innovation doesn't follow easily predictable patterns sometimes seen elsewhere in the economy. The sustainability of tech leaders' returns has varied widely. Only hindsight can make it seem easy to judge how well a firm would profit from its inventions and critically, which firm, among competitors, would ultimately succeed. For example, 1990s tech highflyers Cisco Systems and Apple had very different returns. These were unforeseeable by investors until there was hindsight (see **FIGURE 4**).

FIGURE 3: IT sector EPS and market cap as % of S&P 500

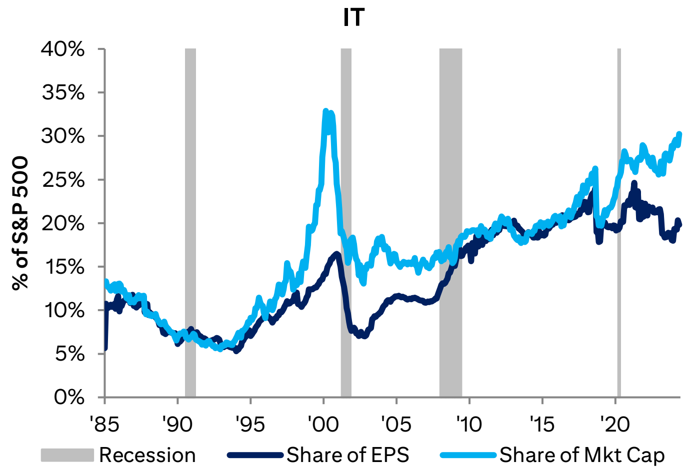
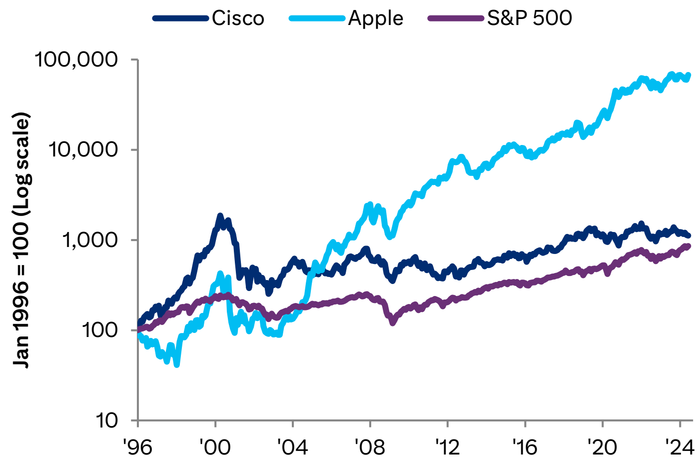


FIGURE 4: Cisco, Apple, and S&P 500 indexed return



Source: Bloomberg and Factset as of June 17, 2024. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

Our guesswork on the future of AI and US tech is as follows: 1) AI technology is merely at an incipient stage which has yet to result in an aggregate stock market bubble; 2) Like the advent of the internet, an explosion of market gains may come and go in exaggerated fashion.

This is indeed similar to the 1990s. An 82% drop in the Nasdaq 100 from 2000-2002 did not stop innovation and growth that followed (see **FIGURE 5**). The internet of course remained a long-term driving force in the economy and the backbone of incipient AI services.

FIGURE 5: Innovations from 2002 following the dot-com bubble

Bluetooth Wireless	Private Space Industry
Text Messaging	Advanced Artificial Heart, Liver
Camera Phone	Consumer GPS
USB Flash Drive	Action Camera
Plug-in Hybrid Autos	Online Furniture Retail
1 GHz Microprocessor	MP3 Player
First Telesurgery	Human Genome Project Draft
Online Gaming	Smartphone

Source: Citi Wealth Outlook 2023. Past performance is no guarantee of future results. Real results may vary.

In our view, innovation that enables economic growth is the equity market's strongest driver of long-run returns. Investors need to temper this with knowledge that most firms that grow to become the market's largest may ultimately underperform within five years (see **FIGURE 6**). When the shares of firms that are seeing strong confidence in their future might peak is not knowable in advance.

Concentrated holdings can succeed. Every firm that rose to a dominant market cap outperformed the broader market. But seeking future outperformance is different from simply assuming the past innovators will continue to outperform.

Apple and Microsoft – firms founded in the 1980s – are now two of the largest three firms in the world by market cap. Other leaders of the late 1990s such as IBM, Cisco, GE, Intel and AT&T are worth less today than their value 25 years ago (see **FIGURE 7**).

The irony of this analysis is that every firm that rose to the top 10 enjoyed higher returns than the broad market to get to that level. But seeking future outperformance is different from simply assuming the past innovators will continue to outperform.

As already witnessed a mere year after the demonstration of Chat-GPT, the firms that have the potential to grow and sustain profits from AI development have the possibility to be the firms that become the world's market cap leaders. But who will they be and how long will individual firms sustain their leadership? It's fiction to believe this can be predicted with great confidence in advance. With this knowledge, we believe investors should seek to balance the reward against the idiosyncratic risk endemic in portfolio concentration.

FIGURE 6: Top 10 stocks by market cap and subsequent performance vs S&P 500

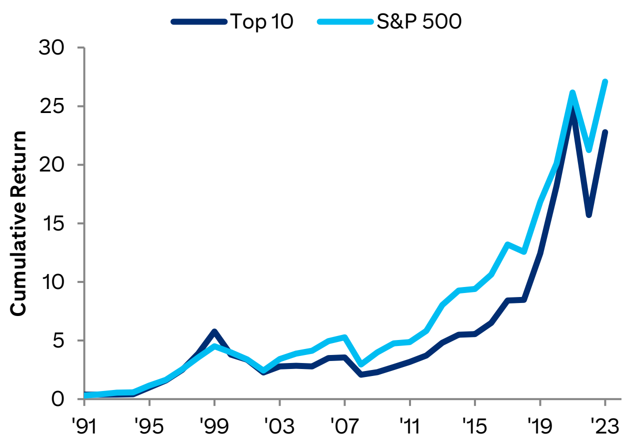
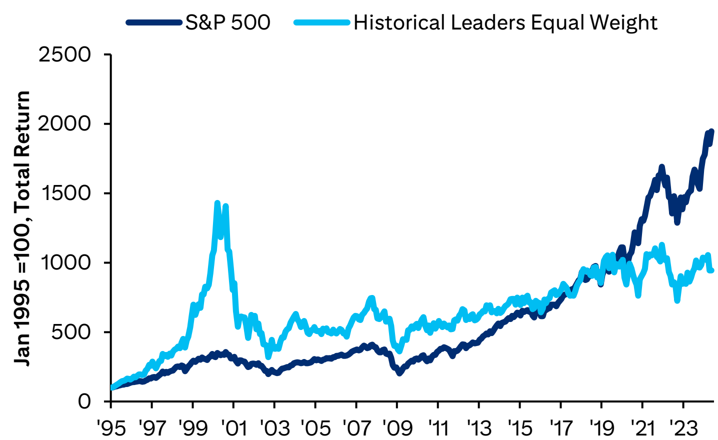


FIGURE 7: Top market caps of 1999 from 1995 to date vs S&P 500



Source: Bloomberg as of June 17, 2024. Left: Chart shows the cumulative total returns of the top ten S&P 500 firms by market capitalization at the end of each year over the following 12 months alongside the cumulative total return of the S&P 500. Each point on the chart shows the cumulative return between that point and one year later. Right: the Historical Leaders Equal Weight is an equal-weighted basket of the top names by market capitalization at the beginning of 1995. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

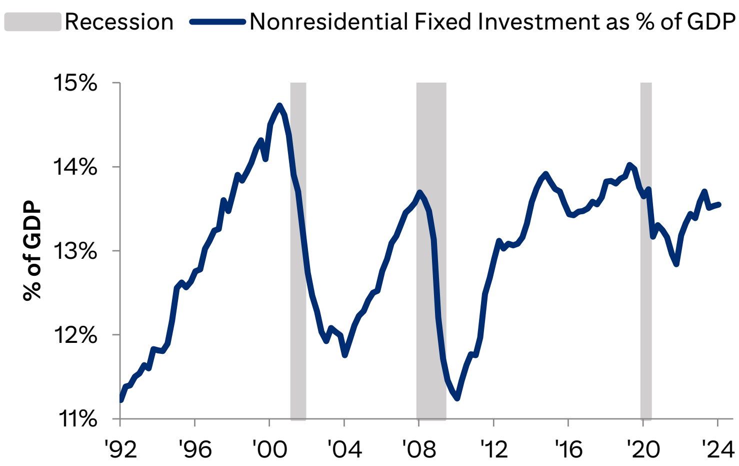
Conclusion

Our lessons about portfolio outcomes five years ahead will likely be ignored if the next five years looks like the 1995-1999 period. Over those five years, the Nasdaq 100 annualized a 55.8% return while the S&P 500 returned 26.2%.

A repeat of that period is hardly a guarantee. What catalyzed the collapse of the late 1990s period was not ineffective technology, but the unwinding of excessive, wasteful capital spending of the time. Scarcity of capital improves returns. A surplus of capital undermines returns.

Experiments in AI will yield both successes and failures. At an individual firm level, some of these gains and losses will be significant. With optimism, we would note that the aggregate gains in capital spending in the US economy have not shown any unusual excesses even as AI booms within (see **FIGURE 8**).

FIGURE 8: US nonresidential fixed investment as % of GDP



Source: Haver Analytics as of June 17, 2024.

"There's Still Yield Out There!"

Healthcare EPS looks poised for recovery.

This month, our Global Investment Committee (GIC) maintained our equity allocations. Since our last meeting, diversification hurt performance, but our overall greater allocation to equities helped performance in a rising market. While we expect market volatility to pick up from ranges near history's lowest levels – perhaps driven by election fears – we continue to like the opportunities provided by many regions of the world and industries with profits poised to rebound (see **FIGURES 9-10**). In particular, we believe the broader recovery in healthcare profits – an industry with historically low cyclical risks – makes shares attractive as the bull market extends.

FIGURE 9: Regional EPS 2023 vs 2024 estimates

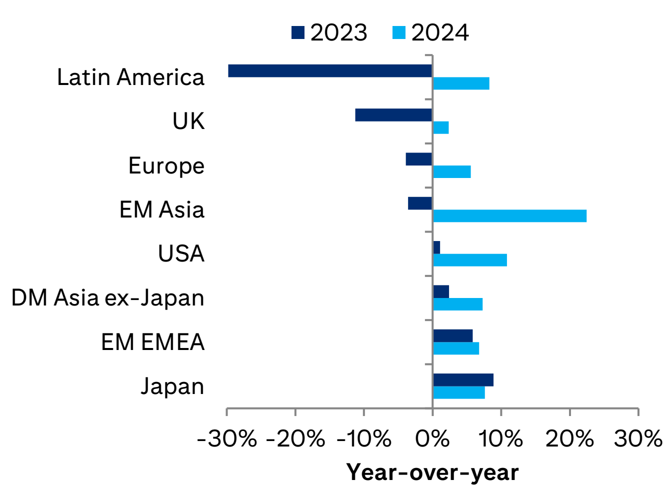
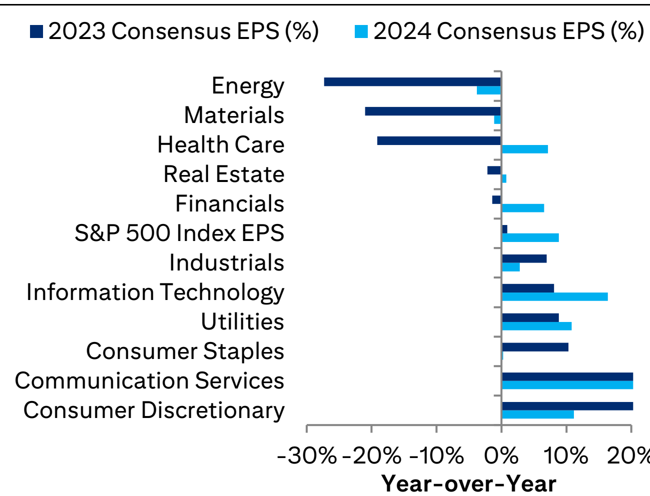


FIGURE 10: Sector EPS 2023 vs 2024 estimates



Source: Factset as of June 17, 2024. All regions are represented using their respective MSCI indices. All sector indices are represented using their S&P indices. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

Fed easing is priced into long-term rates while credit spreads are tight.

Variable rate loans – with the highest yields since 2008 – look attractive by comparison, even accounting for rate cuts and credit risk.

Within credit markets, we saw evolving opportunity and took action. We've added a high yield variable rate loan position of 2% with yields near 8.5%. To fund it, we reduced emerging market hard currency fixed income and intermediate investment grade US corporate debt. Both of these credit segments have seen yield spreads fall toward record lows (see **FIGURES 11-12**).

So why add variable rate loans ahead of a reduction in Fed base rates? Yield spreads on loans have risen to significantly higher levels than high yield bonds (9.7% vs 7.6% for benchmarks). This is despite lower default rates (see **FIGURES 13-14**). Of course, the loan market on average has a higher share of lower-rated borrowers. However, loans sit higher up on the capital structure than bonds and managers can choose to avoid the weaker credit segment.

In our diversified asset allocation, we take a wide range of risks, looking for the better-valued opportunities for any given level of risk. For the past year, we have seen preferred capital securities as a stronger risk-adjusted return than US high yield debt (see **FIGURE 15**). With preferred yields still attractive, we've chose to allocate to higher risk credit through loans, cutting richer-valued EM debt and high grade US corporates instead.

FIGURE 11: EM yield spread

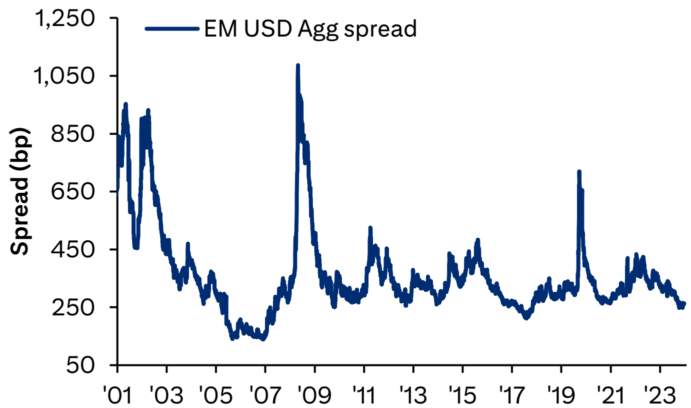
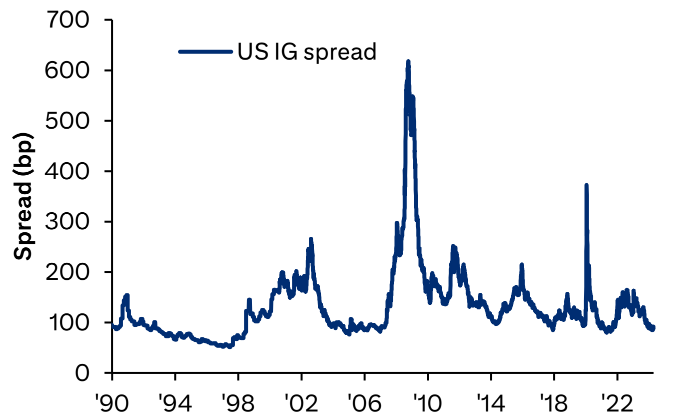


FIGURE 12: Intermediate corporate yield spread



Source: Bloomberg as of June 24, 2024. Bloomberg US Aggregate Corporate index and Bloomberg EM USD Aggregate index are used as proxy. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

FIGURE 13: Loan yields vs high yield bonds

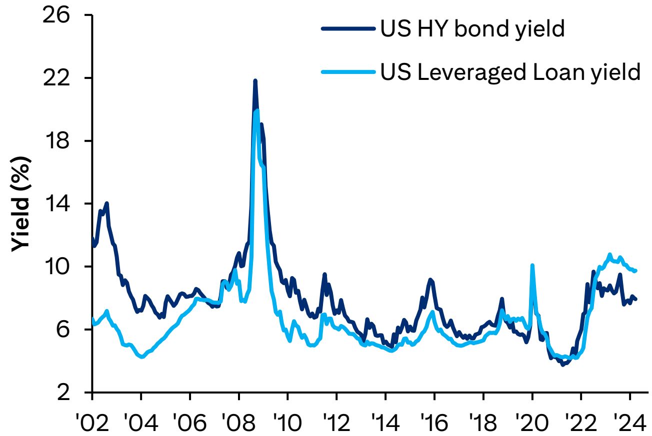
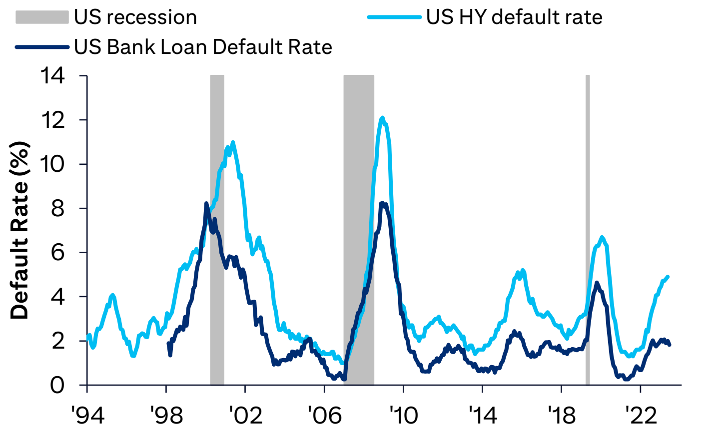
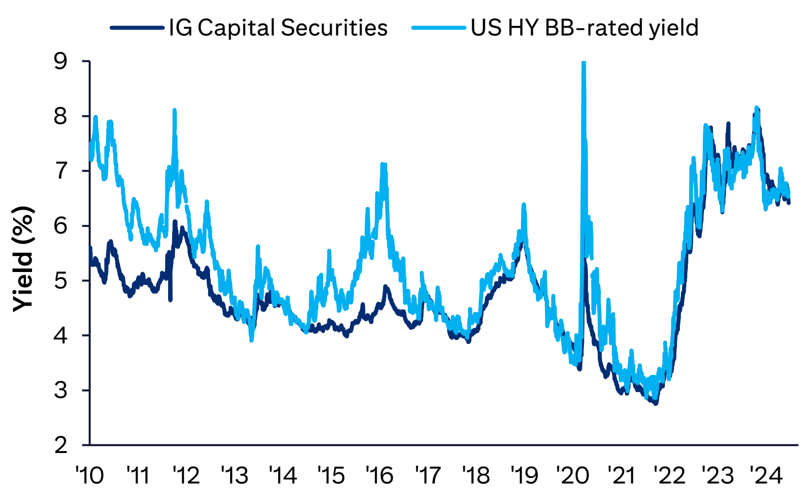


FIGURE 14: High yield loans vs bonds default rates



Source: Bloomberg as of June 17, 2024. Bloomberg High Yield and Morningstar Leveraged Loan indices were used as proxy. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

FIGURE 15: Preferred vs high yield



Source: Bloomberg as of June 24, 2024. The Bloomberg US High Yield TR index and ICE BAML US IG Institutional Capital Securities index were used as proxy. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

Government bond spreads converge some

Long-term US Treasury yields have less appeal below a 4% yield.

We see Fed funds at about 3% over the long run averaging in periods of both expansion and recession.

US Treasury yields have fallen modestly in the past month. As we are overweight US Treasuries across all durations as a risk hedge, we would consider reducing our overweight as long durations approach a 4% yield. This would represent a 100 basis point yield spread between 10-year Treasuries and the Fed funds rate that we anticipate over the long run (the Fed's estimate of the long run average is a bit lower at 2.8%).

Of course, there are likely to be periods in which both policy rates and long-yields fall below the long-term average. However, apart from the pandemic period when central banks convinced investors that policy rates would stay low indefinitely, longer-term Treasury yields have been far more stable than shorter-term yields (see **FIGURE 16**).

Every Fed easing cycle in history has steepened the yield curve. The higher price volatility of long-duration bonds increases their returns during periods when yields plunge. However, the currently inverted yield curve means significant Fed easing is priced in.

For now, we have held our overweight US Treasury position. Yields are near the highs of the past twenty years and far exceed other DM yields (see **FIGURE 17**). We see a likelihood that somewhat greater Fed easing will still be priced in.

DM yields abroad represent an uncertainty. Of late, spreads have risen on French debt, for example, while broader Eurozone yields provide meager income. Hedging these yields back into the US dollar can augment their yields, but this is a less reliable source of return than coupon income. Even if hedges generate yield, a drop in bond prices can impact investor returns.

FIGURE 16: Long-term vs short-term US Treasuries

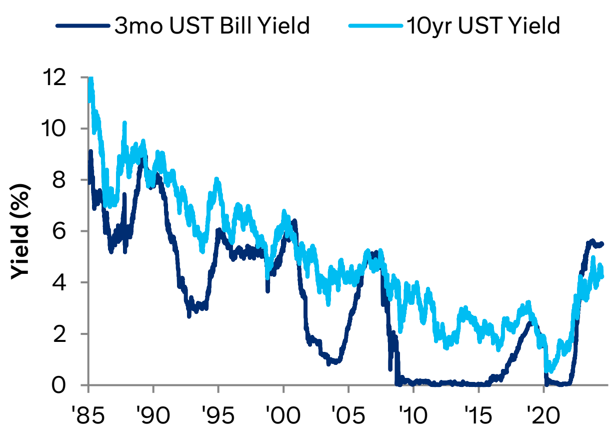
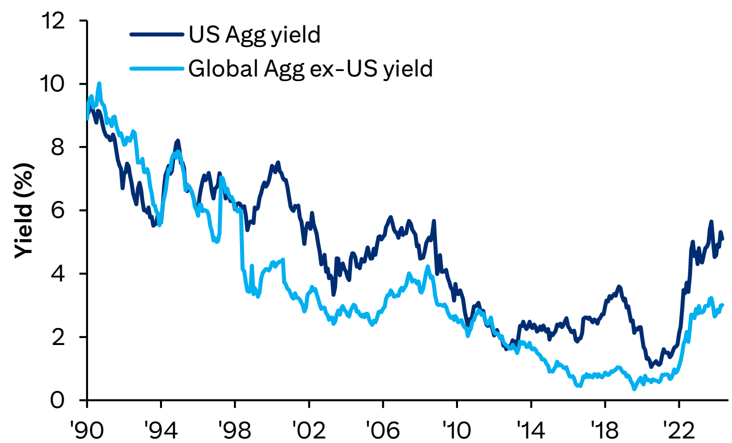


FIGURE 17: UST yields vs non-US IG governments



Source: Bloomberg as of June 17, 2024. Bloomberg is the provider of the indices used. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

High and low risk assets work together

As a mitigator of overall portfolio risks, Treasuries serve a strong purpose. The correlation between the US Treasury index (duration of 6.2 years) and US equities has been -0.4% during equity bear markets of the past 50 years, periods when shares have fallen 20% of more (see **FIGURE 18**).

The positive return of high quality bonds during equity swoons is the basis of asset allocation: negatively correlated assets will reduce the overall portfolio volatility for any given level of risk (see **FIGURE 19**). Unless Treasury yields fall to extremes of the crisis period – or the chronically low yields of Japan – we are likely to maintain a US Treasury position of some level.

FIGURE 18: Table of returns for USTs during 20% or larger equity corrections

Total Return in Fixed Income during 20% US equity correction (%)		
Date of drawdown	**# days**	**US Treasury**
Nov-73	222	4.1
Feb-82	311	13.3
Oct-87	39	(2.0)
Mar-01	251	12.4
Jul-08	197	7.6
Mar-20	17	4.3
Jun-22	115	(10.2)
Average	**165**	**4.2**

Source: Haver Analytics as of June 17, 2024. US equity correction is using S&P 500 as proxy. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

FIGURE 19: Decade performance for major asset classes

1950s	1960s	1970s	1980s	1990s	2000s	2010s	2020s	Avg Annualized Return	Risk-Adjusted Return
World ex-US Equities 20.8%	US Small Caps 15.5%	EM Govt USD Bond 14.4%	World ex-US Equities 22.8%	US Equities 18.2%	EM Govt USD Bond 12.9%	US Equities 13.6%	US Equities 12.1%	US Small Caps 11.6%	US Equities 0.50
US Equities 19.3%	US Equities 7.8%	US Small Caps 11.5%	US Equities 17.5%	US Small Caps 11.6%	G7 Govt Bond 6.4%	US Small Caps 10.5%	US Small Caps 6.4%	US Equities 11.4%	EM Govt USD Bond 0.41
US Small Caps 16.9%	World ex-US Equities 5.1%	World ex-US Equities 10.1%	US Small Caps 15.8%	G7 Govt Bond 8.0%	US Investment Grade 6.4%	EM Govt USD Bond 6.3%	World ex-US Equities 4.2%	World ex-US Equities 9.9%	World ex-US Equities 0.38
EM Govt USD Bond 5.3%	Cash 4.1%	Cash 6.5%	US Investment Grade 12.8%	US Investment Grade 8.0%	Cash 2.7%	World ex-US Equities 6.0%	Cash 1.8%	EM Govt USD Bond 7.5%	US Small Caps 0.38
Cash 2.0%	EM Govt USD Bond 3.5%	US Investment Grade 6.1%	G7 Govt Bond 12.8%	EM Govt USD Bond 7.7%	US Small Caps 2.2%	US Investment Grade 4.3%	US Investment Grade -0.1%	US Investment Grade 5.4%	US Investment Grade 0.17
G7 Govt Bond 0.4%	US Investment Grade 2.4%	G7 Govt Bond 6.1%	Cash 9.1%	World ex-US Equities 7.3%	World ex-US Equities 1.6%	G7 Govt Bond 3.7%	G7 Govt Bond -0.8%	G7 Govt Bond 5.3%	G7 Govt Bond 0.16
US Investment Grade 0.4%	G7 Govt Bond 2.4%	US Equities 5.8%	EM Govt USD Bond 6.4%	Cash 5.0%	US Equities -0.9%	Cash 0.6%	EM Govt USD Bond -0.8%	Cash 4.1%	

Source: Factset as of December 31, 2023. Bloomberg Emerging Market USD Aggregate is EM Govt USD Bond proxy, Bloomberg Global G7 is G7 Govt Bond proxy, Bloomberg US Corporates Investment Grade is US Investment Grade proxy, MSCI USA is US Equities proxy, MSCI World ex-US is World ex-US Equities, Russell 2000 is US Small Caps proxy, Bloomberg US Treasury Bellwethers is Cash proxy. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

Surprise! Elections Are Unpredictable

Steven Wieting
Chief Investment Strategist and Chief Economist

Just as it seemed as though the US election would win awards for surreal disharmony, France has grabbed headlines with shocking dual movements of left-wing and right-wing populism, sure to rock centrist sensibilities. As discussed in the New York Times and other media (see our Europe: Electoral Implications report), President Macron has called to dissolve the lower house of parliament. France will now hold new elections after a surge in support for French nationalists in European Parliamentary votes this month. His call to battle the right has helped unify the French left. Either extreme could potentially build a coalition to govern after second round elections on July 7.

Typically, EU parliament votes are not market moving issues likely to impact the outlook for the economy. However, the surprise unification of left-wing parties, including communists, has rocked Europe's markets. This is just as its economies are coming to grips after a very weak 2023.

Some spokesmen for the French centrists have made strident warnings that France would fail to adhere to European budget conventions, sending it spiraling out of the Eurozone. This has caused a sharp rise in French sovereign risk premia and pummeled French banks, though much less than during the European sovereign debt crisis of 2011-2013. That event centered on discord over the potential for Greek default which caused contagion throughout the south of Europe (see **FIGURE 20-21**).

FIGURE 20: French CDS

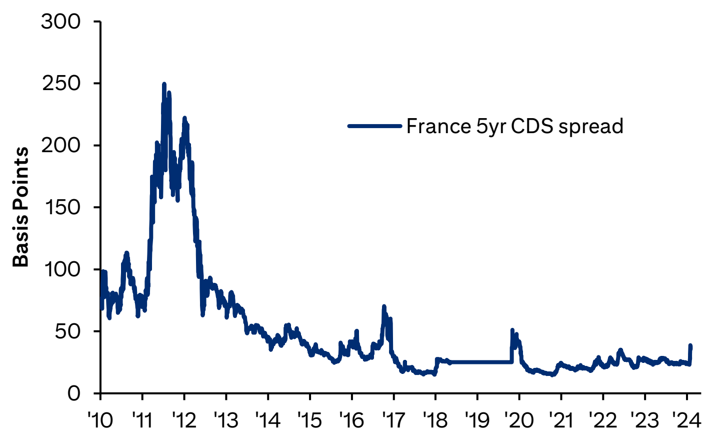


FIGURE 21: France/German cash bond spread

Source: Bloomberg as of June 17, 2024. The RHS chart is the spread between the 10yr French and German government bond yields. Past performance is no guarantee of future results. Real results may vary.

The notion that rising far-right or far-left parties would quickly default on French debt or jettison Eurozone membership seems wildly exaggerated. The Greek crisis ushered in a plethora of EU solidarity measures including central bank bond purchases to limit sovereign credit divergence and even fiscal transfers between EU states. None of this was in place as the crisis of 2011-2013 took hold.

Nonetheless, the costs of moving France away from centrist policies will be a market factor for the time being. Investors will have to live with French uncertainty until at least July 7 when second round votes conclude. It is possible that political concerns impacting European and global markets will increase if certain parties take action that threatens growth, profits, and sustainable government finance. It is also possible, however, that just as in the case of Italy, a political shift in power – once unthinkable – fades into the background as a market concern.

The recent EU parliamentary vote surprises – with elections in Mexico and India before it – should remind investors that comfortable polling data should not be taken for granted. Every election of note this year has generated surprises.

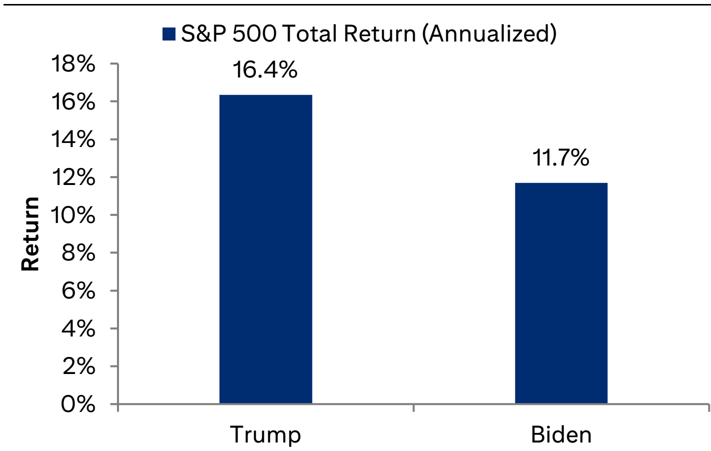
The UK general election looms on July 4, and the US Presidential and Congressional election of November 5 follows. There are industry implications to consider, but also the larger observation that politics alone will not determine the economic and market outlook in economies with significantly free markets like the UK and US (see **FIGURE 22-23**).

FIGURE 22: Forecast of industries that may benefit from Democrat or Republican sweep in November's elections

Headwind Neutral Tailwind	Democratic White House		Republican White House	
	Split Congress	Democratic Congress	Split Congress	Republican Congress
Consumer Discretionary	Neutral	Headwind	Neutral	Tailwind
HMOs & Hospitals	Neutral	Tailwind	Neutral	Headwind
Healthcare Equip & Med Devices	Tailwind	Neutral	Tailwind	Tailwind
Pharma & Biotech	Neutral	Headwind	Neutral	Neutral
Platform Technology	Headwind	Headwind	Neutral	Neutral
"Critical & Emerging" Tech	Neutral	Tailwind	Tailwind	Neutral
Financial Services	Headwind	Headwind	Neutral	Tailwind
Traditional Energy	Neutral	Headwind	Tailwind	Tailwind
Renewable Energy	Tailwind	Tailwind	Headwind	Headwind
Infrastructure	Neutral	Tailwind	Neutral	Tailwind
Defense	Neutral	Tailwind	Tailwind	Tailwind

Source: Citi Global Wealth Investments as of June 17, 2024. The results are opinions of headwinds and tailwinds for the future, not a statement of equity sector returns or any historic analysis. Each sub-sector was analyzed for a split congress or swept congress for either a democratic or republican White House. Key elements of potential legislative change – or lack thereof – coupled with executive office policy or perceived policy were input for portfolio management assessment of potential sector headwinds or tailwinds. Some of the analysis is based on past outcomes of political office and others is based on forward looking statements by candidates. This is a qualitative analysis and reflects the views of the authors. All forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events. Past performance is no guarantee of future results. Real results may vary.

FIGURE 23: Equity returns under Trump vs Biden



Source: Bloomberg as of May 31, 2024. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees, or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

GIC | June 26

The Global Investment Committee (GIC) left its allocation to equities and fixed income unchanged but shifted its allocation within credit markets. Global equities remain 3% overweight, fixed income remains 2% underweight and cash 1% underweight.

Within credit markets, we trimmed an overweight in emerging market hard currency debt and intermediate investment grade US corporate bonds. Spreads over US Treasuries in these bond segments have fallen to the lowest levels since 2018 and 2021 respectively, near historic lows. We reinvested in high yield variable rate loans, where benchmark index yields have risen to 9.7%.

Variable rate loans will see yields decline when the Federal Reserve lowers policy interest rates. It appears that yield spreads in the loan market have widened in anticipation of that, with an unusual 180 basis point premium to high yield bonds. The US Treasury yield curve is deeply inverted in anticipation of Fed rate cuts, leaving the longer-term maturities less likely to rally on actual cuts.

We believe the Fed will indeed cut interest rates on concern for the US labor market. However, credit fundamentals are firm and a large majority of industries are likely to swing to profit gains this year. This is well anticipated in corporate bonds from high grade to speculative grades where yield spreads have compressed. Meanwhile, loan yields remain above levels seen at all other times aside from the Global Financial Crisis (GFC).

High yield bond defaults have risen well above loan default rates. While some rise in loan defaults and lower base rates are likely to come, we still see the risk/return opportunity stronger in the loan market than in credit markets that have seen spreads compress this year. This is partly because the loan market has a history of relatively steady values in all but extreme periods including the GFC and the brief period of severe market illiquidity in early 2020.

In equity markets, our diverse holdings underperformed US large cap equities in the past month, but our overweight to the asset class still helped performance.

Adverse global political news and weak mid-year data drove investors to concentrate on the high-growth opportunities in large cap US tech since our last GIC meeting. We are not averse to technology investing and see the narrow area of semiconductor equipment as our single most favored opportunity outside of core asset classes. However, we believe participating in the AI investing boom still requires careful risk management for long-term portfolio health. Lessons from the late 1990s are a useful analog (please see our latest CIO Bulletin). With this in mind, we continue to see the near record valuation discount of profitable US small- and mid-cap growth shares vs large caps as an attractive long-term return opportunity. Deep valuation declines in some emerging markets may also be creating future opportunity.

Asset Classes | Global USD Level 3 Asset Allocation (%)

	SAA	TAA	Active Weight	Chg
FIXED INCOME	**37.0**	**35.0**	**-2.0**	
Developed Sovereign	18.8	12.7	-6.1	
US	8.8	11.9	3.1	
Non-US	10.0	0.8	-9.2	
US Securitized	6.1	8.1	2.0	
Developed IG Corporates	6.9	7.6	0.7	1.0↓
High Yield	2.0	0.5	-1.5	
Emerging Market Sovereigns	3.1	2.1	-1.0	1.0↓
Thematic: Preferreds	0.0	2.0	2.0	
Thematic: US Bank Loans	0.0	2.0	2.0	2.0↑
EQUITIES	**61.0**	**63.9**	**3.0**	
Developed Equities	52.2	52.9	0.7	
Large Cap	46.4	47.1	0.7	
US	33.1	33.1	0.0	
S&P 500	33.1	31.6	-1.5	
Thematic: Equal-weight S&P 500	0.0	1.5	1.5	
Canada	1.5	1.5	0.0	
UK	1.9	1.4	-0.5	
Europe ex-UK	5.4	6.4	1.	
Asia ex-Japan	1.4	1.2	-0.2	
Japan	3.0	3.5	0.5	
Small and Mid Cap	5.9	5.8	-0.1	
Core Global SMID	5.9	3.3	-2.6	
Thematic: US SMID Growth	0.0	2.5	2.5	
Emerging Market Equity	8.7	9.0	0.3	
Thematic: Healthcare Equipment and Supplies	0.0	2.0	2.0	
CASH	**2.0**	**1.0**	**-1.0**	
COMMODITIES	**0.0**	**0.0**	**0.0**	
Level 3 Global USD Portfolio	**100**	**100**		

Please refer to the Portfolio Allocations for a comprehensive breakdown of the portfolios at each risk level.
Note: numbers may not sum exactly due to rounding.

Arrows indicate changes from previous GIC meeting.

Portfolio allocations

This section shows the strategic and tactical asset allocations. The Global Asset Allocation (GAA) team creates strategic asset allocations (SAAs) using the CPB Adaptive Valuations Strategy (AVS) methodology on an annual basis. Global Investment Committee (GIC) provides underweight and overweight decisions to AVS's Global USD without Hedge Funds Risk Level 1 through Level 5 portfolios. GAA team then creates tactical allocations for all other profiles or subprofiles such as Global USD with Hedge Funds and Illiquids PE & RE Level 2 through Level 5 portfolios. These sample portfolios included below reflect 2024 SAAs and the tactical over/under weights expressed at the June 26, 2024 GIC meeting.

Global USD with Hedge Funds and 15% Illiquids (PE & RE): Risk Level 2

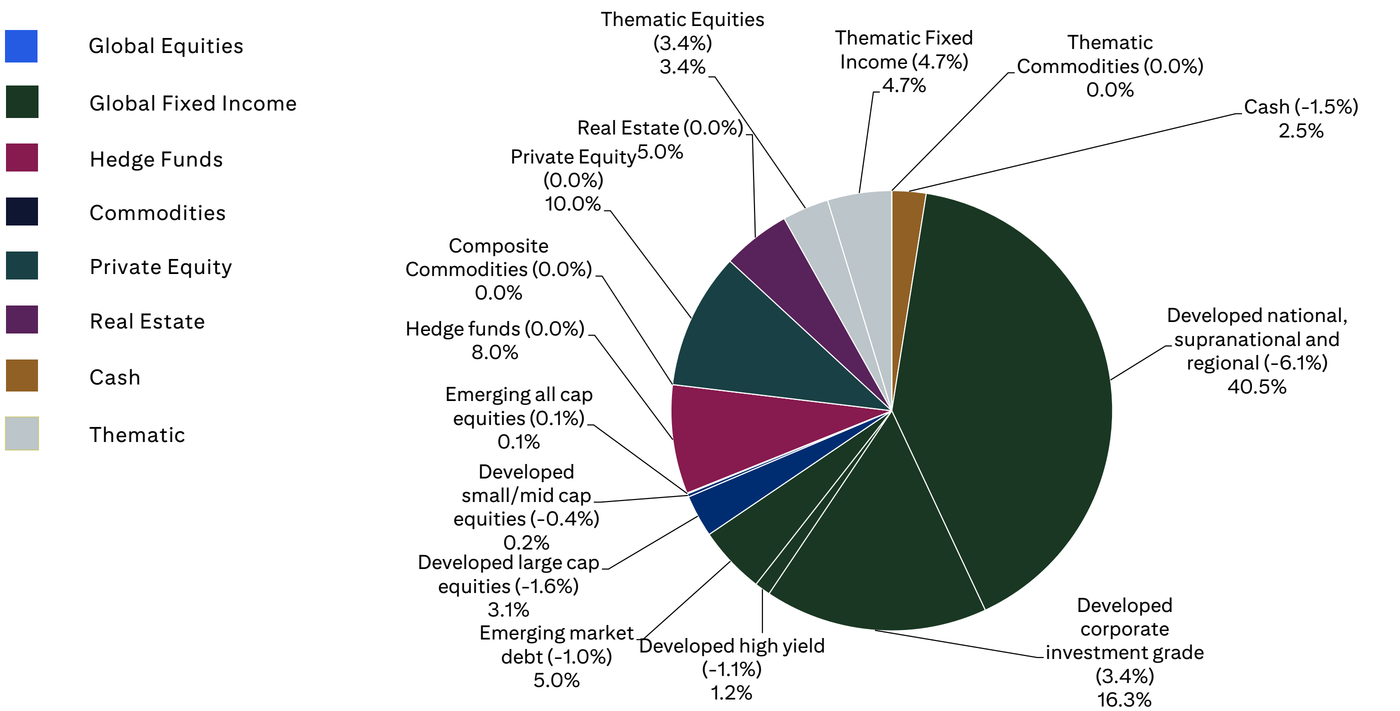
Risk Level 2 is designed for investors who emphasize capital preservation over return on investment, but who are willing to subject some portion of their principal to increased risk in order to generate a potentially greater rate of return on investment.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	4.0	2.5	-1.5
FIXED INCOME	67.7	67.7	-0.0
Developed Investment Grade	**59.6**	**56.9**	**-2.7**
US	36.7	45.5	8.8
Government	16.5	18.5	2.0
Inflation-Linked	2.2	2.4	0.2
Short	4.9	4.9	0.0
Intermediate	6.9	7.1	0.2
Long	2.6	4.2	1.6
Securitized	11.4	14.2	2.8
Credit	8.7	12.8	4.1
Short	1.6	0.8	-0.8
Intermediate	4.9	9.8	4.9
Long	2.3	2.3	0.0
Europe	18.2	10.3	-8.0
Government	14.0	6.7	-7.3
Credit	4.2	3.6	-0.7
Australia	0.4	0.4	0.0
Government	0.4	0.4	0.0
Japan	4.3	0.7	-3.5
Government	4.3	0.7	-3.5
Developed High Yield	**2.2**	**1.2**	**-1.1**
US	1.7	1.2	-0.5
Europe	0.6	0.0	-0.6
Emerging Market Debt	**5.9**	**5.0**	**-1.0**
Asia	0.9	1.1	0.1
Local currency	0.5	0.5	0.0
Foreign currency	0.5	0.6	0.1
EMEA	3.0	1.9	-1.1
Local currency	1.5	0.7	-0.8
Foreign currency	1.5	1.2	-0.3
LatAm	1.9	2.0	0.1
Local currency	1.0	1.0	0.0
Foreign currency	1.0	1.0	0.1
Thematic Fixed Income	**0.0**	**4.7**	**4.7**
US Bank Loans	0.0	2.0	2.0
Preferreds	0.0	2.7	2.7
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	5.3	6.8	1.5
Developed Equities	**5.3**	**3.3**	**-2.0**
Developed Large Cap Equities	**4.7**	**3.1**	**-1.6**
US	3.4	2.2	-1.2
Canada	0.2	0.1	-0.0
UK	0.2	0.1	-0.1
Switzerland	0.1	0.1	-0.0
Europe ex UK ex Switzerland	0.4	0.3	-0.1
Asia ex Japan	0.1	0.1	-0.1
Japan	0.3	0.3	-0.0
Developed Small/ Mid Cap Equities	**0.6**	**0.2**	**-0.4**
US	0.3	0.2	-0.1
Non-US	0.3	0.0	-0.3
Emerging All Cap Equities	**0.0**	**0.1**	**0.1**
Asia	0.0	0.1	0.1
China	0.0	0.0	0.0
Asia (ex China)	0.0	0.0	0.0
EMEA	0.0	0.0	0.0
LatAm	0.0	0.0	0.0
Brazil	0.0	0.0	0.0
LatAm ex Brazil	0.0	0.0	0.0
Thematic Equities	**0.0**	**3.4**	**3.4**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	1.2	1.2
US Mid-Cap Growth	0.0	0.7	0.7
US Small-Cap Growth	0.0	0.5	0.5
Healthcare Equipment	0.0	1.0	1.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
HEDGE FUNDS	8.0	8.0	0.0
PRIVATE EQUITY	10.0	10.0	0.0
REAL ESTATE	5.0	5.0	0.0
Total	**100.0**	**100.0**	**0.0**

Active = the difference between tactical and strategic allocations. Minor differences may result due to rounding.

Global USD with Hedge Funds and 15% Illiquids (PE & RE): Risk Level 2 - Tactical Allocations



Figures in brackets are active allocations. All allocations are subject to change at discretion of the GIC of the Citi Global Wealth Investments.

Core Positions

Global equities have an overweights of +1.5%, global fixed income has neutral position, cash has an underweight of -1.5%.

Within equities, developed large cap equities have an underweight of -1.6% and developed small/mid cap equities have an underweight of -0.4%. Emerging market equities have an overweight of 0.1% and Thematic equities have an overweight of +3.4%.

Within fixed income, developed investment grade has an underweight position of -2.7%; developed high yield has an underweight position of -1.1% and emerging market debt has an underweight position of -1.0%. Thematic fixed income has an overweight of +4.7%.

Hedge Fund allocation in the tactial portfolio is 8%. Private Equity and Real Estate allocations are 10% and 5%, respectively. All these three asset classes positionings are neutral.

Global USD with Hedge Funds and 15% Illiquids (PE & RE): Risk Level 3

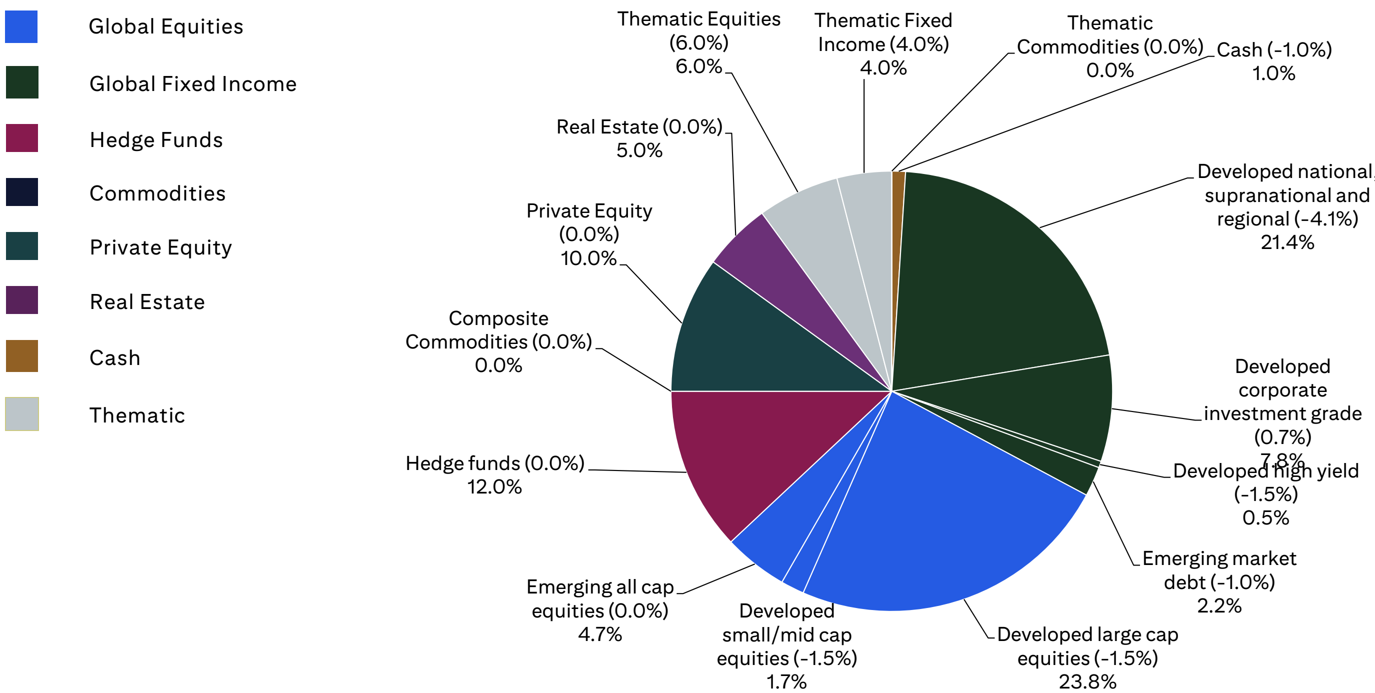
Risk Level 3 is designed for investors with a blended objective who require a mix of assets and seek a balance between investments that offer income and those positioned for a potentially higher return on investment. Risk Level 3 may be appropriate for investors willing to subject their portfolio to additional risk for potential growth in addition to a level of income reflective of his/her stated risk tolerance.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	2.0	1.0	-1.0
FIXED INCOME	37.8	35.8	-2.0
Developed Investment Grade	**32.6**	**29.2**	**-3.4**
US	20.1	27.1	7.0
Government	9.0	12.3	3.2
Inflation-Linked	1.2	2.2	1.0
Short	2.7	1.3	-1.4
Intermediate	3.8	5.8	2.1
Long	1.4	3.0	1.5
Securitized	6.3	8.3	2.1
Credit	4.8	6.5	1.7
Short	0.9	0.0	-0.9
Intermediate	2.7	5.2	2.6
Long	1.2	1.2	0.0
Europe	10.0	2.1	-7.9
Government	7.7	0.8	-6.9
Credit	2.3	1.3	-1.0
Australia	0.2	0.0	-0.2
Government	0.2	0.0	-0.2
Japan	2.3	0.0	-2.3
Government	2.3	0.0	-2.3
Developed High Yield	**2.0**	**0.5**	**-1.5**
US	1.5	0.5	-1.0
Europe	0.5	0.0	-0.5
Emerging Market Debt	**3.2**	**2.2**	**-1.0**
Asia	0.5	0.3	-0.3
Local currency	0.3	0.0	-0.3
Foreign currency	0.3	0.3	0.0
EMEA	1.6	0.9	-0.8
Local currency	0.8	0.0	-0.8
Foreign currency	0.8	0.8	0.0
LatAm	1.1	1.1	0.0
Local currency	0.5	0.5	0.0
Foreign currency	0.5	0.5	0.0
Thematic Fixed Income	**0.0**	**4.0**	**4.0**
US Bank Loans	0.0	2.0	2.0
Preferreds	0.0	2.0	2.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	33.2	36.2	3.0
Developed Equities	**28.4**	**25.5**	**-3.0**
Developed Large Cap Equities	**25.2**	**23.8**	**-1.5**
US	18.0	16.4	-1.6
Canada	0.8	0.8	-0.0
UK	1.1	0.7	-0.3
Switzerland	0.7	0.9	0.2
Europe ex UK ex Switzerland	2.3	2.4	0.1
Asia ex Japan	0.8	0.6	-0.1
Japan	1.6	1.8	0.2
Developed Small/ Mid Cap Equities	**3.2**	**1.7**	**-1.5**
US	1.8	1.7	-0.1
Non-US	1.4	0.0	-1.4
Emerging All Cap Equities	**4.7**	**4.7**	**-0.0**
Asia	4.0	4.2	0.2
China	1.4	1.4	0.0
Asia (ex China)	2.7	2.8	0.1
EMEA	0.3	0.1	-0.2
LatAm	0.4	0.4	-0.0
Brazil	0.3	0.3	-0.0
LatAm ex Brazil	0.2	0.2	-0.0
Thematic Equities	**0.0**	**6.0**	**6.0**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	1.5	1.5
US Mid-Cap Growth	0.0	1.5	1.5
US Small-Cap Growth	0.0	1.0	1.0
Healthcare Equipment	0.0	2.0	2.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
HEDGE FUNDS	12.0	12.0	0.0
PRIVATE EQUITY	10.0	10.0	0.0
REAL ESTATE	5.0	5.0	0.0
Total	**100.0**	**100.0**	**-0.0**

Active = the difference between tactical and strategic allocations. Minor differences may result due to rounding.

Global USD with Hedge Funds and 15% Illiquids (PE & RE): Risk Level 3 - Tactical Allocations



Figures in brackets are active allocations. All allocations are subject to change at discretion of the GIC of the Citi Global Wealth Investments.

Core Positions

Global equities have an overweight position of +3.0%, global fixed income has an underweight of -2.0%, cash has an underweight of -1.0%.

Within equities, developed large cap equities have an underweight of -1.5% and developed small/mid cap equities have an underweight of -1.5%. Emerging market equities have neutral postion. Thematic equities have an overweight position +6.0%.

Within fixed income, developed investment grade has an underweight position of -3.4%; developed high yield has an underweight position of -1.5% and emerging market debt an underweight position of -1.0%. Thematic fixed income has an overweight of +4.0%.

Hedge Fund allocation in the tactial portfolio is 12%. Private Equity and Real Estate allocations are 10% and 5%, respectively. All these three asset classes positionings are neutral.

Global USD with Hedge Funds and 15% Illiquids (PE & RE): Risk Level 4

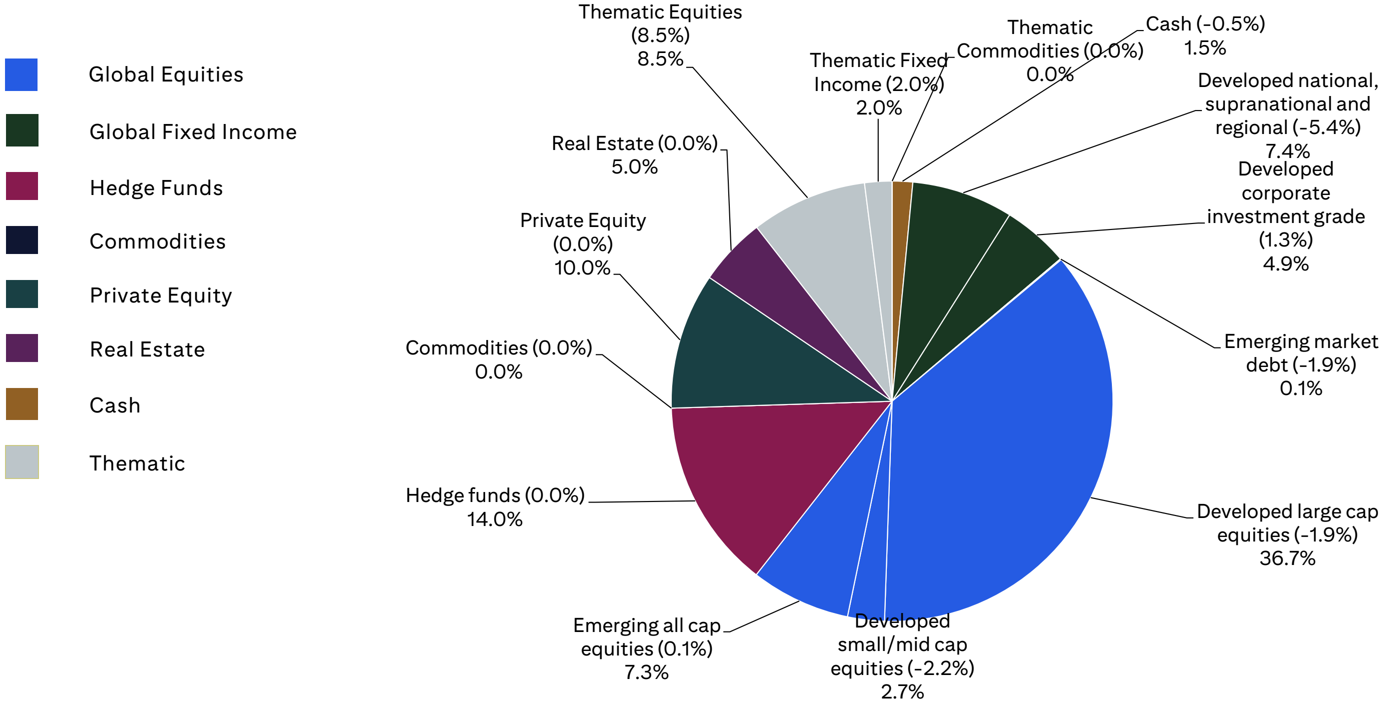
Risk Level 4 is designed for investors with a blended objective who require a mix of assets and seek a balance between investments that offer income and those positioned for a potentially higher return on investment. They are willing to subject a large portion of their portfolio to greater risk and market value fluctuations in anticipation of a potentially greater return on investment. Investors may have a preference for investments or trading strategies that may assume higher-than-normal market risks and/or potentially less liquidity with the goal (but not guarantee) of commensurate gains.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	2.0	1.5	-0.5
FIXED INCOME	18.4	14.4	-4.0
Developed Investment Grade	**16.4**	**12.3**	**-4.1**
US	10.1	11.8	1.8
Government	4.5	5.1	0.6
Inflation-Linked	0.6	0.6	-0.0
Short	1.3	0.0	-1.3
Intermediate	1.9	2.4	0.5
Long	0.7	2.2	1.5
Securitized	3.1	2.0	-1.1
Credit	2.4	4.7	2.3
Short	0.4	0.0	-0.4
Intermediate	1.3	4.6	3.2
Long	0.6	0.1	-0.5
Europe	5.0	0.4	-4.6
Government	3.8	0.3	-3.6
Credit	1.2	0.2	-1.0
Australia	0.1	0.0	-0.1
Government	0.1	0.0	-0.1
Japan	1.2	0.0	-1.2
Government	1.2	0.0	-1.2
Developed High Yield	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Europe	0.0	0.0	0.0
Emerging Market Debt	**2.0**	**0.1**	**-1.9**
Asia	0.3	0.0	-0.3
Local currency	0.2	0.0	-0.2
Foreign currency	0.2	0.0	-0.2
EMEA	1.0	0.0	-1.0
Local currency	0.5	0.0	-0.5
Foreign currency	0.5	0.0	-0.5
LatAm	0.7	0.1	-0.6
Local currency	0.3	0.1	-0.3
Foreign currency	0.3	0.0	-0.3
Thematic Fixed Income	**0.0**	**2.0**	**2.0**
US Bank Loans	0.0	1.0	1.0
Preferreds	0.0	1.0	1.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	50.7	55.2	4.5
Developed Equities	**43.4**	**39.4**	**-4.1**
Developed Large Cap Equities	**38.6**	**36.7**	**-1.9**
US	27.5	25.3	-2.2
Canada	1.3	1.2	-0.0
UK	1.6	1.1	-0.6
Switzerland	1.0	1.5	0.4
Europe ex UK ex Switzerland	3.5	3.8	0.4
Asia ex Japan	1.2	0.9	-0.3
Japan	2.5	2.9	0.4
Developed Small/ Mid Cap Equities	**4.9**	**2.7**	**-2.2**
US	2.7	2.7	-0.1
Non-US	2.1	0.0	-2.1
Emerging All Cap Equities	**7.2**	**7.3**	**0.1**
Asia	6.1	6.6	0.4
China	2.1	2.2	0.1
Asia (ex China)	4.0	4.3	0.3
EMEA	0.4	0.1	-0.4
LatAm	0.7	0.6	-0.0
Brazil	0.4	0.4	-0.0
LatAm ex Brazil	0.3	0.2	-0.0
Thematic Equities	**0.0**	**8.5**	**8.5**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	2.0	2.0
US Mid-Cap Growth	0.0	2.0	2.0
US Small-Cap Growth	0.0	1.5	1.5
Healthcare Equipment	0.0	3.0	3.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
HEDGE FUNDS	14.0	14.0	0.0
PRIVATE EQUITY	10.0	10.0	0.0
REAL ESTATE	5.0	5.0	0.0
Total	**100.0**	**100.0**	**-0.0**

Active = the difference between tactical and strategic allocations. Minor differences may result due to rounding.

Global USD with Hedge Funds and 15% Illiquids (PE & RE): Risk Level 4 - Tactical Allocations



Figures in brackets are active allocations. All allocations are subject to change at discretion of the GIC of the Citi Global Wealth Investments.

Core Positions

Global equities have an overweight position of +4.5%, global fixed income has an underweight of -4.0%, cash has an underweight of -0.5%.

Within equities, developed large cap equities have an underweight of -1.9% and developed small/mid cap equities have an underweight of -2.2%. Emerging market equities have an overweight of +0.1%. Thematic equities have an overweight position +8.5%.

Within fixed income, developed investment grade has an underweight position of -4.1%; developed high yield has a neutral position and emerging market debt has an underweight position of -1.9%. Thematic fixed income has an overweight of +2.0%.

Hedge Fund allocation in the tactial portfolio is 14%. Private Equity and Real Estate allocations are 10% and 5%, respectively. All these three asset classes positionings are neutral.

Global USD with Hedge Funds and 15% Illiquids (PE & RE): Risk Level 5

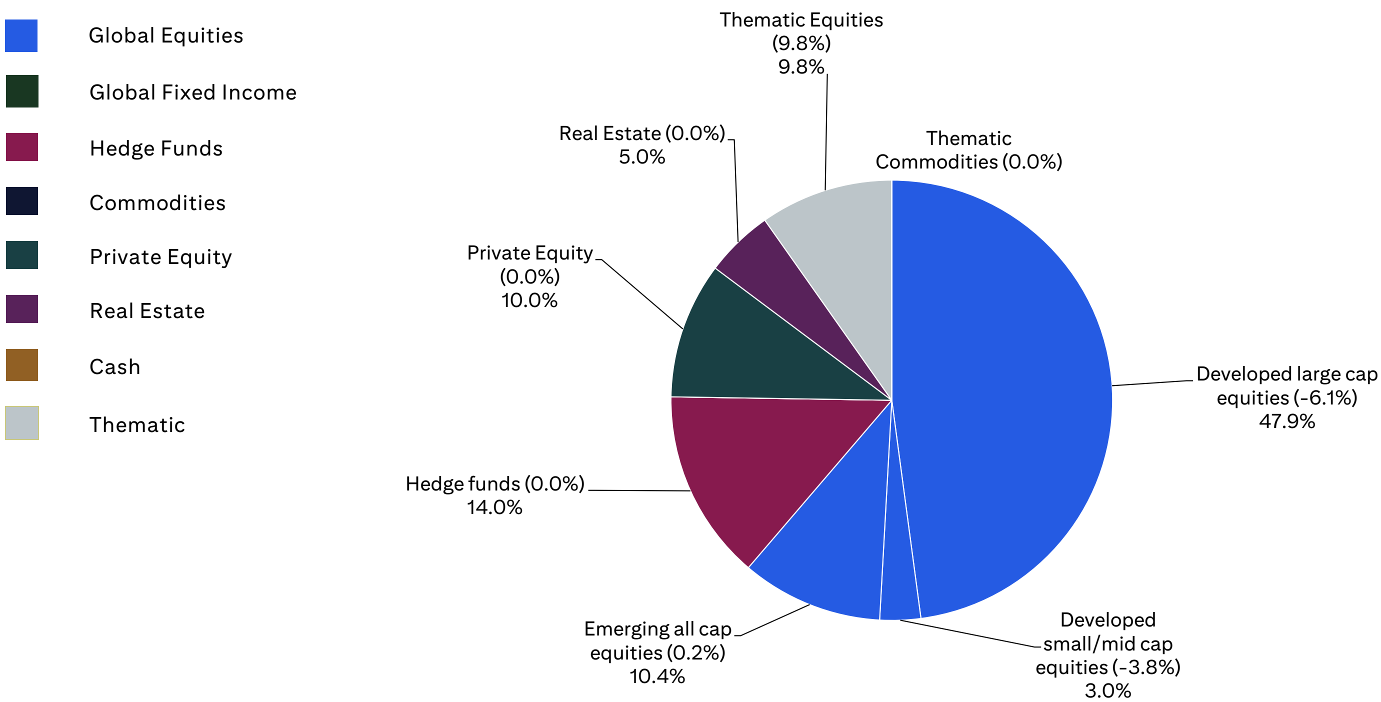
Risk Level 5 is designed for investors who emphasize return on investment. They are willing to subject their entire portfolio to greater risk and market value fluctuations in anticipation of a potentially greater return on investments. Investors may have a preference for investments or trading strategies that may assume higher than-normal market risks and/or potentially less liquidity with the goal (but not guarantee) of commensurate gains. Clients may engage in tactical or opportunistic trading, which may involve higher volatility and variability of returns.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	0.0	0.0	0.0
FIXED INCOME	0.0	0.0	0.0
Developed Investment Grade	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Government	0.0	0.0	0.0
Inflation-Linked	0.0	0.0	0.0
Short	0.0	0.0	0.0
Intermediate	0.0	0.0	0.0
Long	0.0	0.0	0.0
Securitized	0.0	0.0	0.0
Credit	0.0	0.0	0.0
Short	0.0	0.0	0.0
Intermediate	0.0	0.0	0.0
Long	0.0	0.0	0.0
Europe	0.0	0.0	0.0
Government	0.0	0.0	0.0
Credit	0.0	0.0	0.0
Australia	0.0	0.0	0.0
Government	0.0	0.0	0.0
Japan	0.0	0.0	0.0
Government	0.0	0.0	0.0
Developed High Yield	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Europe	0.0	0.0	0.0
Emerging Market Debt	**0.0**	**0.0**	**0.0**
Asia	0.0	0.0	0.0
Local currency	0.0	0.0	0.0
Foreign currency	0.0	0.0	0.0
EMEA	0.0	0.0	0.0
Local currency	0.0	0.0	0.0
Foreign currency	0.0	0.0	0.0
LatAm	0.0	0.0	0.0
Local currency	0.0	0.0	0.0
Foreign currency	0.0	0.0	0.0
Thematic Fixed Income	**0.0**	**0.0**	**0.0**
US Bank Loans	0.0	0.0	0.0
Preferreds	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	71.0	71.0	-0.0
Developed Equities	**60.8**	**50.9**	**-10.0**
Developed Large Cap Equities	**54.0**	**47.9**	**-6.1**
US	38.5	33.1	-5.4
Canada	1.8	1.7	-0.1
UK	2.3	1.3	-1.0
Switzerland	1.4	1.9	0.4
Europe ex UK ex Switzerland	4.9	5.2	0.3
Asia ex Japan	1.7	1.0	-0.7
Japan	3.5	3.8	0.3
Developed Small/ Mid Cap Equities	**6.8**	**3.0**	**-3.8**
US	3.8	3.0	-0.8
Non-US	3.0	0.0	-3.0
Emerging All Cap Equities	**10.2**	**10.4**	**0.2**
Asia	8.6	9.4	0.8
China	2.9	3.0	0.1
Asia (ex China)	5.7	6.4	0.8
EMEA	0.6	0.1	-0.5
LatAm	0.9	0.9	-0.1
Brazil	0.6	0.5	-0.0
LatAm ex Brazil	0.4	0.3	-0.0
Thematic Equities	**0.0**	**9.8**	**9.8**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	2.3	2.3
US Mid-Cap Growth	0.0	2.0	2.0
US Small-Cap Growth	0.0	1.5	1.5
Healthcare Equipment	0.0	4.0	4.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
HEDGE FUNDS	14.0	14.0	0.0
PRIVATE EQUITY	10.0	10.0	0.0
REAL ESTATE	5.0	5.0	0.0
Total	**100.0**	**100.0**	**-0.0**

Active = the difference between tactical and strategic allocations. Minor differences may result due to rounding.

Global USD with Hedge Funds and 15% Illiquids (PE & RE): Risk Level 5 – Tactical Allocations



Figures in brackets are active allocations. All allocations are subject to change at discretion of the GIC of the Citi Global Wealth Investments.

Core Positions

Global equities, global fixed income as well as cash are all at an overall neutral position.

Within equities, developed large cap equities have an underweight of -6.1% and developed small/mid cap equities have an underweight of -3.8%. Emerging market equities have an overweight of +0.2%. Thematic equities have an overweight position +9.8%.

Within fixed income, developed government debt, developed corporate investment grade, developed high yield and emerging market debt are all at neutral position.

Hedge Fund allocation in the tactial portfolio is 14%. Private Equity and Real Estate allocations are 10% and 5%, respectively. All these three asset classes positionings are neutral.

Global USD without Hedge Funds: Risk Level 1

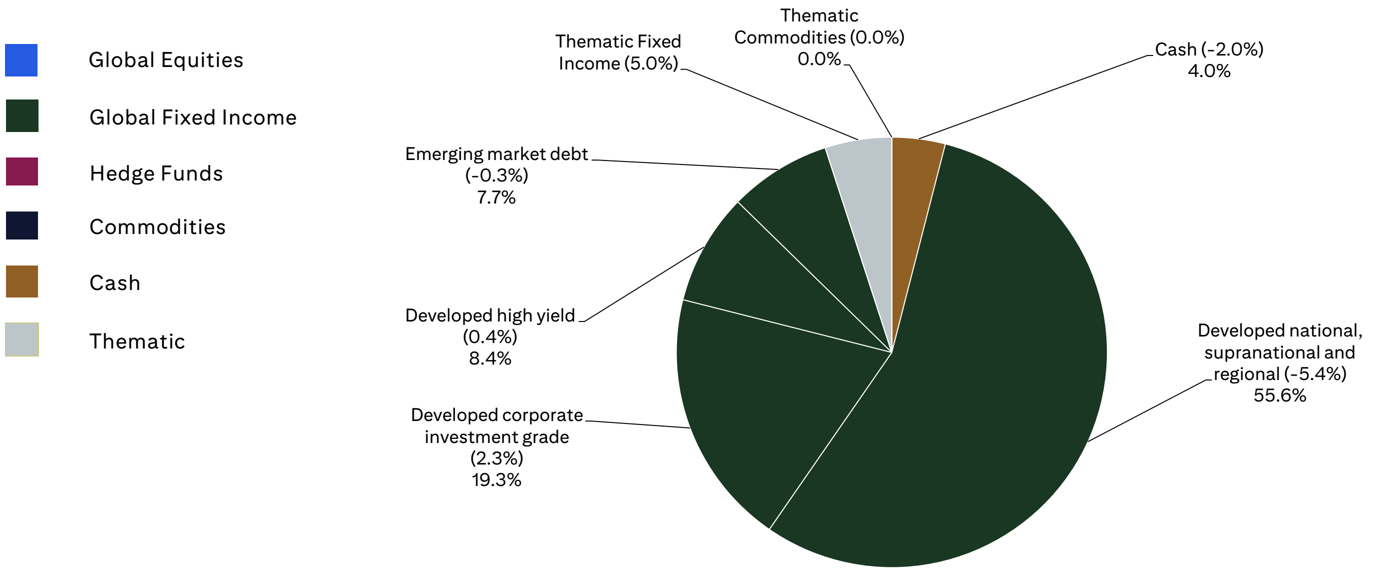
Risk Level 1 is designed for investors who have a preference for capital preservation and relative safety over the potential for a return on investment. These investors prefer to hold cash, time deposits and/or lower risk fixed income instruments.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	6.0	4.0	-2.0
FIXED INCOME	94.0	96.0	2.0
Developed Investment Grade	**78.0**	**74.9**	**-3.1**
US	48.0	56.1	8.1
Government	21.6	24.2	2.6
Inflation-Linked	2.8	2.6	-0.2
Short	6.4	8.2	1.8
Intermediate	9.0	8.0	-1.0
Long	3.4	5.4	2.0
Securitized	15.0	18.0	3.0
Credit	11.4	13.9	2.5
Short	2.1	1.6	-0.5
Intermediate	6.4	9.4	3.0
Long	3.0	3.0	0.0
Europe	23.9	16.2	-7.7
Government	18.3	10.8	-7.5
Credit	5.6	5.4	-0.2
Australia	0.5	0.5	0.0
Government	0.5	0.5	0.0
Japan	5.6	2.1	-3.5
Government	5.6	2.1	-3.5
Developed High Yield	**8.0**	**8.4**	**0.4**
US	6.0	5.3	-0.7
Europe	2.0	3.1	1.1
Emerging Market Debt	**8.0**	**7.7**	**-0.3**
Asia	1.3	1.7	0.5
Local currency	0.6	0.6	-0.1
Foreign currency	0.6	1.1	0.5
EMEA	4.1	3.0	-1.1
Local currency	2.0	1.3	-0.8
Foreign currency	2.0	1.7	-0.3
LatAm	2.6	2.9	0.3
Local currency	1.3	1.3	0.0
Foreign currency	1.3	1.6	0.3
Thematic Fixed Income	**0.0**	**5.0**	**5.0**
US Bank Loans	0.0	2.0	2.0
Preferreds	0.0	3.0	3.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	0.0	0.0	0.0
Developed Equities	**0.0**	**0.0**	**0.0**
Developed Large Cap Equities	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Canada	0.0	0.0	0.0
UK	0.0	0.0	0.0
Switzerland	0.0	0.0	0.0
Europe ex UK ex Switzerland	0.0	0.0	0.0
Asia ex Japan	0.0	0.0	0.0
Japan	0.0	0.0	0.0
Developed Small/ Mid Cap Equities	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Non-US	0.0	0.0	0.0
Emerging All Cap Equities	**0.0**	**0.0**	**0.0**
Asia	0.0	0.0	0.0
China	0.0	0.0	0.0
Asia (ex China)	0.0	0.0	0.0
EMEA	0.0	0.0	0.0
LatAm	0.0	0.0	0.0
Brazil	0.0	0.0	0.0
LatAm ex Brazil	0.0	0.0	0.0
Thematic Equities	**0.0**	**0.0**	**0.0**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	0.0	0.0
US Mid-Cap Growth	0.0	0.0	0.0
US Small-Cap Growth	0.0	0.0	0.0
Healthcare Equipment	0.0	0.0	0.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
Total	**100.0**	**100.0**	**0.0**

Active = the difference between tactical and strategic allocations. Minor differences may result due to rounding.

Global USD without Hedge Funds: Risk Level 1 - Tactical Allocations



Figures in brackets are active allocations. All allocations are subject to change at discretion of the GIC of the Citi Global Wealth Investments.

Core Positions

Global equities have an overall neutral position, global fixed income has an overweight of +2.0% and cash has an underweight of -2.0%.

Within equities, developed large cap equities, developed small/mid cap equities and emerging market equities are all at neutral positions.

Within fixed income, developed investment grade debt has an underweight position of -3.1%; developed high yield has a slight overweight position of +0.4% and emerging market debt has an underweight position of -0.3%. Thematic fixed income has an overweight position of +5.0%.

Global USD without Hedge Funds: Risk Level 2

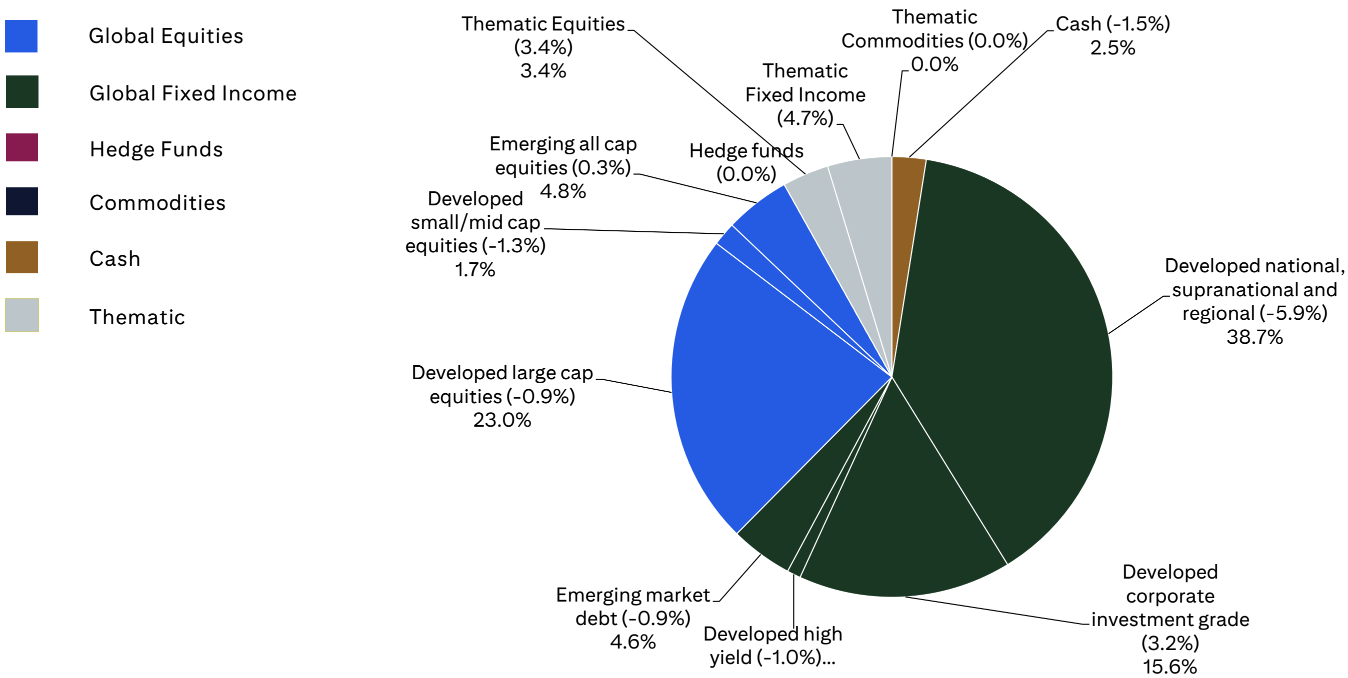
Risk Level 2 is designed for investors who emphasize capital preservation over return on investment, but who are willing to subject some portion of their principal to increased risk in order to generate a potentially greater rate of return on investment.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	4.0	2.5	-1.5
FIXED INCOME	64.6	64.6	-0.0
Developed Investment Grade	**57.1**	**54.3**	**-2.8**
US	35.2	43.5	8.3
Government	15.8	17.7	1.9
Inflation-Linked	2.1	2.3	0.2
Short	4.7	4.7	0.0
Intermediate	6.6	6.8	0.2
Long	2.5	4.0	1.5
Securitized	10.9	13.5	2.6
Credit	8.4	12.2	3.9
Short	1.5	0.7	-0.8
Intermediate	4.7	9.3	4.7
Long	2.2	2.2	0.0
Europe	17.5	9.8	-7.7
Government	13.4	6.4	-7.0
Credit	4.1	3.4	-0.7
Australia	0.4	0.4	0.0
Government	0.4	0.4	0.0
Japan	4.1	0.7	-3.4
Government	4.1	0.7	-3.4
Developed High Yield	**2.0**	**1.0**	**-1.0**
US	1.5	1.0	-0.5
Europe	0.5	0.0	-0.5
Emerging Market Debt	**5.5**	**4.6**	**-0.9**
Asia	0.9	1.0	0.1
Local currency	0.4	0.4	-0.0
Foreign currency	0.4	0.5	0.1
EMEA	2.8	1.7	-1.1
Local currency	1.4	0.6	-0.8
Foreign currency	1.4	1.1	-0.3
LatAm	1.8	1.9	0.0
Local currency	0.9	0.9	-0.0
Foreign currency	0.9	1.0	0.0
Thematic Fixed Income	**0.0**	**4.7**	**4.7**
US Bank Loans	0.0	2.0	2.0
Preferreds	0.0	2.7	2.7
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	31.4	32.9	1.5
Developed Equities	**26.9**	**24.7**	**-2.2**
Developed Large Cap Equities	**23.9**	**23.0**	**-0.9**
US	17.0	16.0	-1.0
Canada	0.8	0.8	0.0
UK	1.0	0.5	-0.5
Switzerland	0.6	0.9	0.3
Europe ex UK ex Switzerland	2.2	2.4	0.2
Asia ex Japan	0.7	0.5	-0.2
Japan	1.5	1.9	0.4
Developed Small/ Mid Cap Equities	**3.0**	**1.7**	**-1.3**
US	1.7	1.7	0.0
Non-US	1.3	0.0	-1.3
Emerging All Cap Equities	**4.5**	**4.8**	**0.3**
Asia	3.8	4.3	0.5
China	1.3	1.4	0.1
Asia (ex China)	2.5	2.9	0.4
EMEA	0.3	0.0	-0.2
LatAm	0.4	0.4	0.0
Brazil	0.3	0.3	0.0
LatAm ex Brazil	0.2	0.2	0.0
Thematic Equities	**0.0**	**3.4**	**3.4**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	1.2	1.2
US Mid-Cap Growth	0.0	0.7	0.7
US Small-Cap Growth	0.0	0.5	0.5
Healthcare Equipment	0.0	1.0	1.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
Total	**100.0**	**100.0**	**0.0**

Active = the difference between tactical and strategic allocations. Minor differences may result due to rounding.

Global USD without Hedge Funds: Risk Level 2 - Tactical Allocations



Figures in brackets are active allocations. All allocations are subject to change at discretion of the GIC of the Citi Global Wealth Investments.

Core Positions

Global equities have an overweight of +1.5%, global fixed income has a neutral position and cash has an underweight of -1.5%.

Within equities, developed large cap equities have an underweight position of -0.9% and developed small/mid cap equities have an underweight of -1.3%. Emerging market equities have an overweight of +0.3%. Thematic equities have an overweight of +3.4%.

Within fixed income, developed investment grade has an underweight position of -2.8%; developed high yield has an underweight position of -1.0% and emerging market debt has a overweight position of -0.9%. Thematic fixed income has an overweight position of +4.7%.

Global USD without Hedge Funds: Risk Level 3

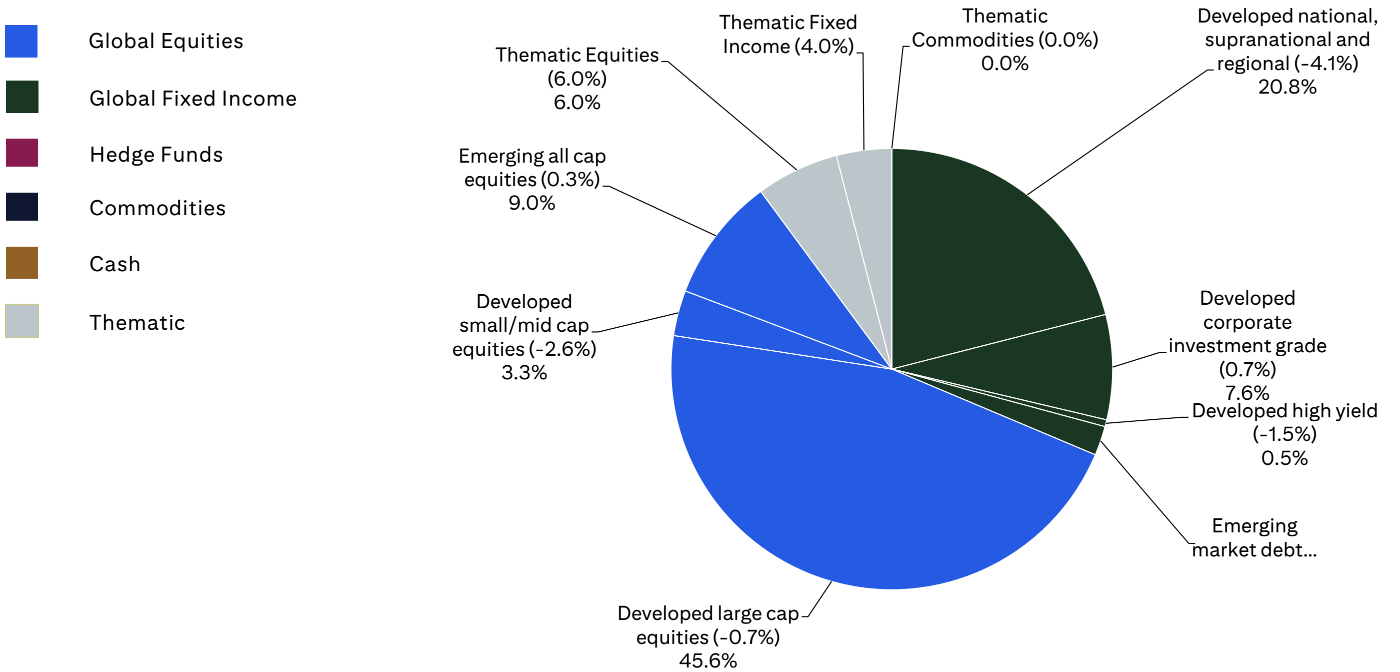
Risk Level 3 is designed for investors with a blended objective who require a mix of assets and seek a balance between investments that offer income and those positioned for a potentially higher return on investment. Risk Level 3 may be appropriate for investors willing to subject their portfolio to additional risk for potential growth in addition to a level of income reflective of his/her stated risk tolerance.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	2.0	1.0	-1.0
FIXED INCOME	37.0	35.0	-2.0
Developed Investment Grade	**31.9**	**28.4**	**-3.5**
US	19.6	26.4	6.7
Government	8.8	11.9	3.1
Inflation-Linked	1.2	2.2	1.0
Short	2.6	1.2	-1.4
Intermediate	3.7	5.7	2.0
Long	1.4	2.9	1.5
Securitized	6.1	8.1	2.0
Credit	4.7	6.3	1.6
Short	0.9	0.0	-0.9
Intermediate	2.6	5.1	2.5
Long	1.2	1.2	0.0
Europe	9.8	2.0	-7.7
Government	7.5	0.7	-6.7
Credit	2.3	1.3	-1.0
Australia	0.2	0.0	-0.2
Government	0.2	0.0	-0.2
Japan	2.3	0.0	-2.3
Government	2.3	0.0	-2.3
Developed High Yield	**2.0**	**0.5**	**-1.5**
US	1.5	0.5	-1.0
Europe	0.5	0.0	-0.5
Emerging Market Debt	**3.1**	**2.1**	**-1.0**
Asia	0.5	0.3	-0.3
Local currency	0.3	0.0	-0.3
Foreign currency	0.3	0.3	-0.0
EMEA	1.6	0.8	-0.8
Local currency	0.8	0.0	-0.8
Foreign currency	0.8	0.8	-0.0
LatAm	1.0	1.0	-0.0
Local currency	0.5	0.5	-0.0
Foreign currency	0.5	0.5	-0.0
Thematic Fixed Income	**0.0**	**4.0**	**4.0**
US Bank Loans	0.0	2.0	2.0
Preferreds	0.0	2.0	2.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	61.0	64.0	3.0
Developed Equities	**52.2**	**48.9**	**-3.3**
Developed Large Cap Equities	**46.4**	**45.6**	**-0.7**
US	33.1	31.6	-1.5
Canada	1.5	1.5	0.0
UK	1.9	1.4	-0.5
Switzerland	1.2	1.7	0.5
Europe ex UK ex Switzerland	4.2	4.7	0.5
Asia ex Japan	1.4	1.2	-0.2
Japan	3.0	3.5	0.5
Developed Small/ Mid Cap Equities	**5.9**	**3.3**	**-2.6**
US	3.3	3.3	0.0
Non-US	2.6	0.0	-2.6
Emerging All Cap Equities	**8.7**	**9.0**	**0.3**
Asia	7.4	8.1	0.7
China	2.5	2.7	0.2
Asia (ex China)	4.9	5.4	0.5
EMEA	0.5	0.1	-0.4
LatAm	0.8	0.8	-0.0
Brazil	0.5	0.5	-0.0
LatAm ex Brazil	0.3	0.3	-0.0
Thematic Equities	**0.0**	**6.0**	**6.0**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	1.5	1.5
US Mid-Cap Growth	0.0	1.5	1.5
US Small-Cap Growth	0.0	1.0	1.0
Healthcare Equipment	0.0	2.0	2.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
Total	**100.0**	**100.0**	**0.0**

Active = the difference between tactical and strategic allocations. Minor differences may result due to rounding.

Global USD without Hedge Funds: Risk Level 3 - Tactical Allocations



Figures in brackets are active allocations. All allocations are subject to change at discretion of the GIC of the Citi Global Wealth Investments.

Core Positions

Global equities have an overweight of +3.0%, global fixed income has an underweight position of -2.0% and cash has an underweight position of -1.0%.

Within equities, developed large cap equities have an underweight position of -0.7% while developed small/mid cap equities have an underweight position of -2.6%. Emerging market equities have an overweight of +0.3%. Thematic equities have an overweight of +6.0%.

Within fixed income, developed investment grade debt has an underweight position of -3.5%; developed high yield has an underweight position of -1.5%; emerging market debt has underwiegth position of -1.0%. Thematic fixed income has an overweight of +4.0%.

Global USD without Hedge Funds: Risk Level 4

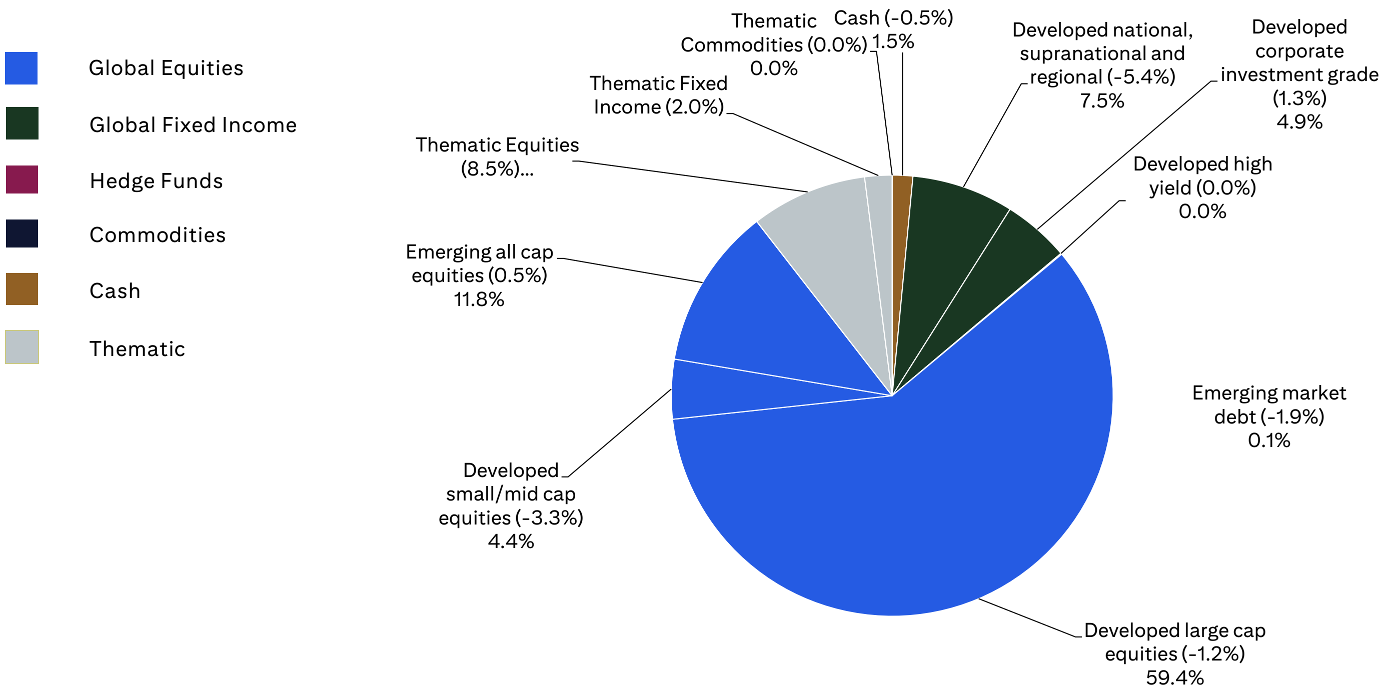
Risk Level 4 is designed for investors with a blended objective who require a mix of assets and seek a balance between investments that offer income and those positioned for a potentially higher return on investment. They are willing to subject a large portion of their portfolio to greater risk and market value fluctuations in anticipation of a potentially greater return on investment. Investors may have a preference for investments or trading strategies that may assume higher-than-normal market risks and/or potentially less liquidity with the goal (but not guarantee) of commensurate gains.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	2.0	1.5	-0.5
FIXED INCOME	18.4	14.4	-4.0
Developed Investment Grade	**16.4**	**12.3**	**-4.1**
US	10.1	11.9	1.8
Government	4.6	5.1	0.6
Inflation-Linked	0.6	0.6	-0.0
Short	1.3	0.0	-1.3
Intermediate	1.9	2.4	0.5
Long	0.7	2.2	1.5
Securitized	3.1	2.0	-1.1
Credit	2.4	4.7	2.3
Short	0.4	0.0	-0.4
Intermediate	1.3	4.6	3.2
Long	0.6	0.1	-0.5
Europe	5.0	0.4	-4.6
Government	3.9	0.3	-3.6
Credit	1.2	0.2	-1.0
Australia	0.1	0.0	-0.1
Government	0.1	0.0	-0.1
Japan	1.2	0.0	-1.2
Government	1.2	0.0	-1.2
Developed High Yield	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Europe	0.0	0.0	0.0
Emerging Market Debt	**2.0**	**0.1**	**-1.9**
Asia	0.3	0.0	-0.3
Local currency	0.2	0.0	-0.2
Foreign currency	0.2	0.0	-0.2
EMEA	1.0	0.0	-1.0
Local currency	0.5	0.0	-0.5
Foreign currency	0.5	0.0	-0.5
LatAm	0.7	0.1	-0.6
Local currency	0.3	0.1	-0.3
Foreign currency	0.3	0.0	-0.3
Thematic Fixed Income	**0.0**	**2.0**	**2.0**
US Bank Loans	0.0	1.0	1.0
Preferreds	0.0	1.0	1.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	79.6	84.1	4.5
Developed Equities	**68.2**	**63.7**	**-4.5**
Developed Large Cap Equities	**60.6**	**59.4**	**-1.2**
US	43.2	40.9	-2.3
Canada	2.0	2.0	-0.0
UK	2.5	1.7	-0.8
Switzerland	1.6	2.4	0.7
Europe ex UK ex Switzerland	5.5	6.2	0.7
Asia ex Japan	1.9	1.5	-0.4
Japan	3.9	4.6	0.7
Developed Small/ Mid Cap Equities	**7.7**	**4.4**	**-3.3**
US	4.3	4.3	-0.0
Non-US	3.4	0.1	-3.3
Emerging All Cap Equities	**11.4**	**11.8**	**0.5**
Asia	9.6	10.7	1.0
China	3.3	3.6	0.3
Asia (ex China)	6.3	7.0	0.7
EMEA	0.7	0.1	-0.5
LatAm	1.1	1.1	0.0
Brazil	0.7	0.7	0.0
LatAm ex Brazil	0.4	0.4	0.0
Thematic Equities	**0.0**	**8.5**	**8.5**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	2.0	2.0
US Mid-Cap Growth	0.0	2.0	2.0
US Small-Cap Growth	0.0	1.5	1.5
Healthcare Equipment	0.0	3.0	3.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
Total	**100.0**	**100.0**	**-0.0**

Active = the difference between tactical and strategic allocations. Minor differences may result due to rounding.

Global USD without Hedge Funds: Risk Level 4 - Tactical Allocations



Figures in brackets are active allocations. All allocations are subject to change at discretion of the GIC of the Citi Global Wealth Investments.

Core Positions

Global equities have an overweight of +4.5%, global fixed income has an underweight position of -4.0% and cash has an underweight position of -0.5%.

Within equities, developed large cap equities have an underweight position of -1.2% and developed small/mid cap equities have an underweight position of -3.3%. Emerging market equities have an overweight of +0.5%. Thematic equities have an overweight position of +8.5%.

Within fixed income, developed investment grade debt has an underweight position of -4.1%; developed high yield has a neutral position and emerging market debt has an underweight position of -1.9%. Thematic fixed income has an overweight position of +2.0%.

Global USD without Hedge Funds: Risk Level 5

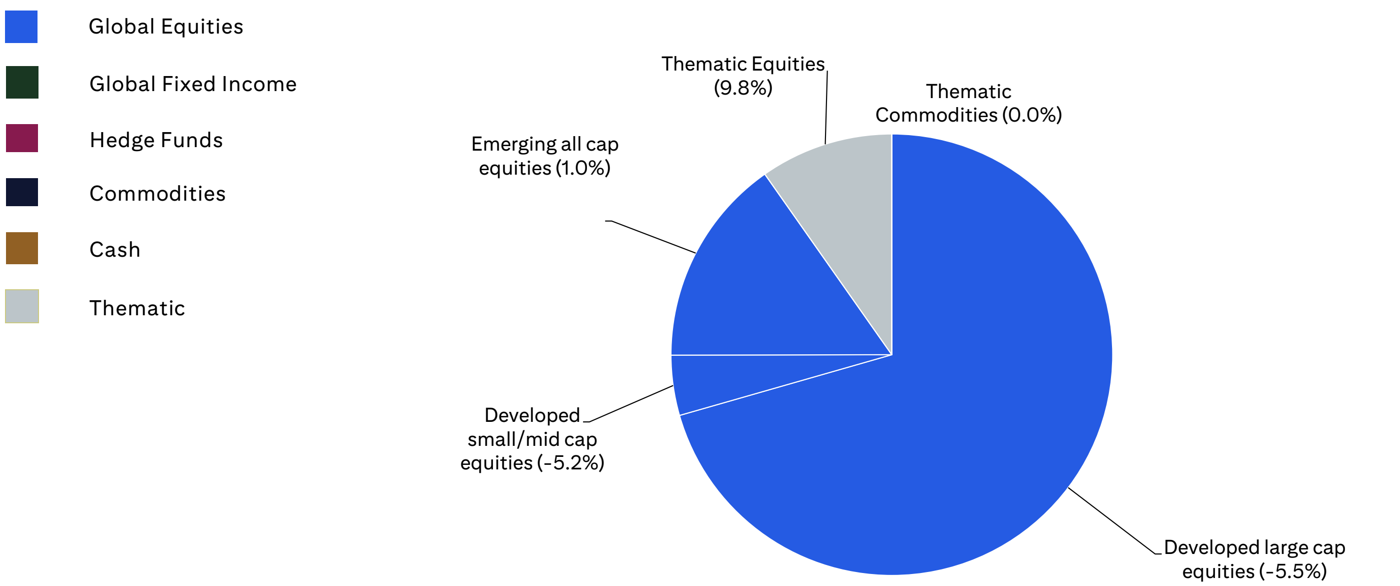
Risk Level 5 is designed for investors who emphasize return on investment. They are willing to subject their entire portfolio to greater risk and market value fluctuations in anticipation of a potentially greater return on investments. Investors may have a preference for investments or trading strategies that may assume higher than-normal market risks and/or potentially less liquidity with the goal (but not guarantee) of commensurate gains. Clients may engage in tactical or opportunistic trading, which may involve higher volatility and variability of returns.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	0.0	0.0	0.0
FIXED INCOME	0.0	0.0	0.0
Developed Investment Grade	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Government	0.0	0.0	0.0
Inflation-Linked	0.0	0.0	0.0
Short	0.0	0.0	0.0
Intermediate	0.0	0.0	0.0
Long	0.0	0.0	0.0
Securitized	0.0	0.0	0.0
Credit	0.0	0.0	0.0
Short	0.0	0.0	0.0
Intermediate	0.0	0.0	0.0
Long	0.0	0.0	0.0
Europe	0.0	0.0	0.0
Government	0.0	0.0	0.0
Credit	0.0	0.0	0.0
Australia	0.0	0.0	0.0
Government	0.0	0.0	0.0
Japan	0.0	0.0	0.0
Government	0.0	0.0	0.0
Developed High Yield	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Europe	0.0	0.0	0.0
Emerging Market Debt	**0.0**	**0.0**	**0.0**
Asia	0.0	0.0	0.0
Local currency	0.0	0.0	0.0
Foreign currency	0.0	0.0	0.0
EMEA	0.0	0.0	0.0
Local currency	0.0	0.0	0.0
Foreign currency	0.0	0.0	0.0
LatAm	0.0	0.0	0.0
Local currency	0.0	0.0	0.0
Foreign currency	0.0	0.0	0.0
Thematic Fixed Income	**0.0**	**0.0**	**0.0**
US Bank Loans	0.0	0.0	0.0
Preferreds	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	100.0	100.0	-0.0
Developed Equities	**85.7**	**75.0**	**-10.7**
Developed Large Cap Equities	**76.1**	**70.6**	**-5.5**
US	54.2	48.7	-5.5
Canada	2.5	2.5	-0.0
UK	3.2	1.9	-1.3
Switzerland	2.0	2.8	0.7
Europe ex UK ex Switzerland	6.9	7.6	0.7
Asia ex Japan	2.4	1.5	-0.9
Japan	4.9	5.6	0.7
Developed Small/ Mid Cap Equities	**9.6**	**4.4**	**-5.2**
US	5.4	4.4	-1.0
Non-US	4.2	0.0	-4.2
Emerging All Cap Equities	**14.3**	**15.3**	**1.0**
Asia	12.1	13.9	1.8
China	4.1	4.5	0.3
Asia (ex China)	8.0	9.5	1.5
EMEA	0.9	0.1	-0.8
LatAm	1.3	1.3	-0.1
Brazil	0.8	0.8	-0.0
LatAm ex Brazil	0.5	0.5	-0.0
Thematic Equities	**0.0**	**9.8**	**9.8**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	2.3	2.3
US Mid-Cap Growth	0.0	2.0	2.0
US Small-Cap Growth	0.0	1.5	1.5
Healthcare Equipment	0.0	4.0	4.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
Total	**100.0**	**100.0**	**-0.0**

Active = the difference between tactical and strategic allocations. Minor differences may result due to rounding.

Global USD without Hedge Funds: Risk Level 5 - Tactical Allocations



Figures in brackets are active allocations. All allocations are subject to change at discretion of the GIC of the Citi Global Wealth Investments.

Core Positions

Global equities, global fixed income as well as cash are all at an overall neutral position.

Within equities, developed large cap equities have an underweight position of -5.5% and developed small/mid cap equities have an underweight position of -5.2%. Emerging market equities have an overweight of +1.0%. Thematic equities have an overweight position of +9.8%.

Within fixed income, developed government debt, developed corporate investment grade, developed high yield and emerging market debt are all at neutral position.

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Bonds are affected by a number of risks, including fluctuations in interest rates, credit risk and prepayment risk. In general, as prevailing interest rates rise, fixed income securities prices will fall. Bonds face credit risk if a decline in an issuer's credit rating, or creditworthiness, causes a bond's price to decline. High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. Finally, bonds can be subject to prepayment risk. When interest rates fall, an issuer may choose to borrow money at a lower interest rate, while paying off its previously issued bonds. As a consequence, underlying bonds will lose the interest payments from the investment and will be forced to reinvest in a market where prevailing interest rates are lower than when the initial investment was made.

Bond rating equivalence

Alpha and/or numeric symbols used to give indications of relative credit quality. In the municipal market, these designations are published by the rating services. Internal rating are also used by other market participants to indicate credit quality.

Bond credit quality ratings	Rating agencies		
Credit risk	**Moody's[1]**	**Standard and Poor's[2]**	**Fitch Rating[2]**
Investment Grade			
Highest quality	Aaa	AAA	AAA
High quality (very strong)	Aa	AA	AA
Upper medium grade (Strong)	A	A	A
Medium grade	Baa	BBB	BBB
Not Investment Grade			
Lower medium grade (somewhat speculative)	Ba	BB	BB
Low grade (speculative)	B	B	B
Poor quality (may default)	Caa	CCC	CCC
Most speculative	Ca	CC	CC
No interest being paid or bankruptcy petition filed	C	D	C
In default	C	D	D

1 The ratings from Aa to Ca by Moody's may be modified by the addition of a 1, 2, or 3, to show relative standing within the category.
2 The rating from AA to CC by Standard and Poor's and Fitch Ratings may be modified by the addition of a plus or a minus to show relative standings within the category.

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Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk).

Additionally, the underlying collateral supporting non-Agency MBS may default on principal and interest payments. In certain cases, this could cause the income stream of the security to decline and result in loss of principal. Further, an insufficient level of credit support may result in a downgrade of a mortgage bond's credit rating and lead to a higher probability of principal loss and increased price volatility. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. Default risk may be pronounced in cases where the MBS security is secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans.

MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements. Price volatility may also occur from other factors including, but not limited to, prepayments, future prepayment expectations, credit concerns, underlying collateral performance and technical changes in the market.

An investment in alternative investments can be highly illiquid, is speculative and not suitable for all investors. Investing in alternative investments is for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;

- lack of liquidity in that there may be no secondary market for the fund and none is expected to develop;
- volatility of returns;
- restrictions on transferring interests in the Fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;
- absence of information regarding valuations and pricing;
- complex tax structures and delays in tax reporting;
- less regulation and higher fees than mutual funds; and
- manager risk.

Individual funds will have specific risks related to their investment programs that will vary from fund to fund.

Asset allocation does not assure a profit or protect against a loss in declining financial markets.

Diversification does not guarantee a profit or protect against loss. Different asset classes present different risks.

The indexes are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance.

Past performance is no guarantee of future results.

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