

## **Item 1. Cover Page**

March 27, 2024  
388 Greenwich Street  
New York, NY 10013

### **Citi Private Bank, Citi Global Wealth at Work**

(210) 677-3781 or (800) 870-1073 (toll-free in the U.S.)  
[www.privatebank.citibank.com](http://www.privatebank.citibank.com) (Citi Private Bank and Citi Global Wealth at Work clients)

### **Citi Personal Wealth Management, Citi Personal Investments International**

(210) 677-3782 or (800) 846-5200 (toll-free in the U.S.)  
<https://investments.citi.com/pwm> (Citi Personal Wealth Management clients)  
<https://investments.citi.com/cpii> (Citi Personal Investments International clients)

#### **Citigroup Global Markets Inc.**

#### **Investment Advisory Programs for Clients of Citi Private Bank, Citi Global Wealth at Work, Citi Personal Wealth Management, and Citi Personal Investments International**

#### **Form ADV Part 2A (Appendix 1): Firm Brochure**

**This wrap fee brochure provides clients with information about Citigroup Global Markets Inc. ("CGMI") and the investment management, consulting and monitoring programs and services CGMI offers to clients of Citi Private Bank, Citi Global Wealth at Work, Citi Personal Wealth Management, and Citi Personal Investments International:**

- Fiduciary Services Program
- Manager Selection Program
- Citi Advisor Program
- Consulting and Evaluation Services Program
- Multi-Asset Class Solutions Program
  - Multi-Asset Class Solutions Discretionary Bespoke
  - Multi-Asset Class Solutions Umbrella Portfolios
  - Multi-Asset Class Solutions Citi Active Allocation Portfolios Program
- Advisory Portfolios Program
  - Advisory Portfolios Core
  - Advisory Portfolios Custom
- Citi Portfolio Manager Program
- Model Allocations Portfolios Program
- Dynamic Allocation Portfolios – UMA Program

**This wrap fee brochure provides information about the qualifications and business practices of CGMI. If you have any questions about the contents of this brochure, please contact us at (210) 677-3781 or (800) 870-1073 (toll-free in the U.S.) (Citi Private Bank and Citi Global Wealth at Work) or (210) 677-3782 or (800) 846-5200 (toll-free in the U.S.) (Citi Personal Wealth Management or Citi Personal Investments International). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.**

**Additional information about CGMI is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Where we refer to ourselves as a “registered investment adviser” or “registered”, that registration does not imply a certain level of skill or training.**

Citi Private Bank and Citi Global Wealth at Work are businesses of Citigroup Inc. (“Citigroup”) that provide their clients access to a broad array of products and services available through bank and non-bank affiliates of Citigroup. Citi Personal Wealth Management is a business of Citigroup that offers investment products and services through Citigroup Global Markets Inc. (“CGMI”), member FINRA and SIPC. Citi Personal Investments International is a business of Citigroup, which offers investment products and services through CGMI. Insurance products are offered through Citigroup Life Agency LLC (“CLA”). In California, CLA does business as Citigroup Life Insurance Agency, LLC (License Number 0G56746). Not all products and services are provided by all affiliates or are available at all locations. In the U.S., investment products and services are provided by CGMI, member FINRA and SIPC, Citi Global Alternatives, LLC (“CGA”) and also Citi Private Alternatives, LLC (“CPA”), member FINRA and SIPC. CGMI accounts are carried by Pershing LLC, member FINRA, NYSE, SIPC. CPA acts as distributor of certain alternative investment products to clients of Citi Private Bank and Citi Global Wealth at Work. CGMI, CGA, CPA, Citibank, N.A. (“Citibank”), and CLA are affiliated companies under the common control of Citigroup. Outside the U.S., investment products and services are provided by other Citigroup affiliates. Investment management services (including portfolio management) are available through CGMI, CGA, Citibank and other affiliated advisory businesses.

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INVESTMENT AND INSURANCE PRODUCTS: NOT FDIC INSURED • NOT CDIC INSURED • NOT A BANK DEPOSIT • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY OR ANY GOVERNMENTAL AGENCY OUTSIDE OF THE UNITED STATES • NO BANK GUARANTEE • MAY LOSE VALUE

## **Item 2. Material Changes**

Since our annual update filed on March 30, 2023, the following material changes were made:

### *Item 4.A.4 Advisory Portfolios Core ("AP Core")*

We changed the asset allocation parameters that apply to your portfolio. Instead of following pre-defined ranges at each asset class, we have categorized the portfolio investment objectives into conservative, moderate, and aggressive risk categories and we will analyze your portfolio initially, and at the time of any future adjustments, to ensure that the proposed adjustment does not cause your portfolio to deviate from its risk category.

In addition, we changed when we will automatically rebalance your portfolio. Previously, an automatic rebalance was triggered when the allocation to an asset class in a client's portfolio deviated 1% or more from the allowable pre-defined range for that asset class, or, in the case of cash, 2% or more from the target allocation. With the removal of the pre-defined ranges, as described above, your portfolio will be monitored and rebalanced if an allocation to an investment deviates from the target allocation you established by an amount set by CGMI.

### *Item 4.A.4. Multi-Asset Class Solutions Program*

Effective August 1, 2023, a new "Tax Aware" option is available for clients in Multi-Asset Class Solutions Umbrella Portfolios and Multi-Asset Class Solutions Citi Active Allocation Portfolios. The minimum investment account size is \$100,000 for portfolios that invest solely in exchange traded funds. Portfolios consisting of separately managed accounts and ETFs are also available with a minimum investment account size of \$750,000.

### *Item 4.A.4. Citi Portfolio Manager Program ("PMP")*

We clarified the risks associated with the sudden departure or incapacity of a PMP portfolio manager.

### *Item 4.D. Compensation*

We updated the subsection on the compensation of Citi Private Bank (CPB) and Wealth at Work (WaW) financial advisers to describe certain changes to the way we compensate our financial professionals and the conflicts of interest that are created because our financial professionals receive compensation that is tied, directly or indirectly, to the revenue they generate. This type of compensation arrangement influences the advice or recommendations that our financial professionals make, including with respect to the type of account, and the type of product or service they recommend.

There is a conflict of interest when our financial professionals recommend an account type, product or service where it is expected that we will earn greater revenue over another account type, product or service. For example, the conflict of interest arises because financial professionals earn more for selling products and services that charge ongoing fees, such as the Program accounts described in this brochure. This type of compensation arrangement creates an incentive to recommend an advisory account instead of a brokerage account because advisory programs and services generally generate higher ongoing fee revenue than a brokerage relationship.

### *Item 6.C. Additional Information Related to Wrap Fee Programs – Methods of Analysis, Investment Strategies and Risk of Loss*

We added risk factors related to concentrated strategy and sector risks.

## General

We enhanced the disclosures throughout the brochure to provide more details about our arrangements with Pershing LLC, the clearing broker for the Programs.

We compensate Pershing for the services it provides to us in relation to the Program. Among other fees, Pershing charges us a fixed annual fee for each client account. Under our arrangement with Pershing, Pershing reduces the fees it charges to us as follows: (i) for CPB and WaW accounts, we receive a one-time credit from Pershing for each new non-retirement Program account (\$450 per account) and (ii) for CPWM and CPII accounts, for new non-retirement Program assets under management established with Pershing, we receive 0.043% of new assets, capped at \$860, per account. This is so long as the number of new accounts or amount of new assets under management, respectively, exceeds the applicable baseline, which is agreed between us and Pershing on a quarterly basis. As a result, we benefit from paying lower fees for new accounts and therefore have a conflict of interest as we are thereby incentivized to recommend that clients open Program accounts. To address this conflict, we have policies and procedures regarding recommendations of account types. We also do not share these credits with registered representatives, though compensation of representatives generally will be greater if more new accounts are opened or new assets come under management.

For wire transfer and outgoing account transfer services, CGMI charges fees to its clients as reflected in the standard fee schedule for account services. Note that these fees charged by CGMI to its clients include a mark-up of the amounts charged to CGMI by Pershing for these services, and CGMI's portion of the fee frequently constitutes a majority (or all) of CGMI's charge to the client for the service. Revenue from these services is not shared with registered representatives. See "Item 4.C. – Additional Information Regarding Fees and Charges" for more information about these service fees.

For non-purpose loans obtained through Pershing, the interest rate charged to clients by CGMI exceeds the interest rate given to CGMI by Pershing (by an increment, which varies by client, that historically is up to, but not capped at, 3.75%). Interest paid on these loans is shared between Pershing and CGMI, and in certain circumstances, with registered representatives who receive a portion of, or credit for, interest paid. See "Item 9.A.2. – Lending Against Advisory Accounts" for more information about non-purpose lending.

We also receive revenue sharing payments in respect of cash sweep options (i.e., money market mutual fund, Bank Deposit Program) held in Program accounts in limited circumstances relating to account conversions. See "Item 9.B.3. – Conflicts of Interest Pertaining to Cash Sweep Options" for more information about when we receive revenue sharing payments from cash sweep options held in Program accounts.

In general, our arrangement with Pershing gives us an incentive to increase the financial benefits we receive from Pershing, to continue to use Pershing and its services as the clearing firm for the Programs and creates a conflict of interest with our clients. Any cost savings or other advantages achieved may differ by product line or distribution channel, and CGMI is not obligated to pass along the savings or other benefits to clients. CGMI seeks to mitigate this conflict by evaluating and monitoring the services it receives from Pershing in accordance with its vendor management policies and procedures.

In addition, we have made other changes that we do not consider to be material.

***Please read the full brochure for additional information regarding the changes described above. Capitalized terms used in this section have the meanings assigned to them in the main body of the brochure.***

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## Item 4. Services, Fees & Compensation

### A.1. Introduction

This brochure provides information about Citigroup Global Markets Inc. ("CGMI") and the investment advisory services it provides to clients of Citi Private Bank ("CPB"), Citi Global Wealth at Work ("WaW"), Citi Personal Wealth Management ("CPWM"), and Citi Personal Investments International ("CPII"). Each of CPB, WaW, CPWM and CPII is a business unit of Citigroup Inc. ("Citigroup"), and CGMI is a subsidiary of Citigroup. CGMI is registered as an investment adviser and a broker-dealer with the U.S. Securities and Exchange Commission (the "SEC"). For purposes of this brochure, CPWM and CPII are referred to collectively as "Citi Wealth."

Citi Global Wealth ("CGW") is an integrated wealth platform intended to serve clients across the wealth continuum. CGW serves ultra-high-net worth individuals and family offices through CPB, captures wealth management in the workplace through WaW, and operates in the affluent and high-net worth segments through CPWM and CPII, including through the Citigold® and Citigold Private Client offerings. CGW also offers an investment solutions platform which allows CGW to deliver traditional and alternative investments, managed account solutions, research and advice for all Citi clients. Please refer to the *In The Know* booklets accompanying your account statement for information regarding any changes or revisions to your account(s) with Citi.

CGMI provides a variety of services designed to meet the investment advisory and related needs of individual and institutional clients. The investment advisory services described in this brochure are offered through separate advisory programs (the "Programs"). Each Program features some or all of the following services: selection of, or assistance in selecting, investment managers; ongoing evaluation and review of certain investment managers; ongoing evaluation and review of certain mutual funds and exchange traded funds; evaluation and review of the composition of selected portfolios; discretionary portfolio management; custody; execution; implementation services; and reports of activity in a client's account.

In certain Programs, clients' assets are managed by CGMI or one of its affiliates. In other Programs, clients' assets are managed by third party investment managers. Information about each third party investment manager that participates in the Programs is contained in separate brochures that are either provided to the client or available upon request. **Clients should read and consider carefully the information contained in this brochure and in the brochures of any relevant third party investment managers. While CGMI believes that its professional investment advice can benefit many clients, there is no assurance that the objectives of any client in any of the Programs described will be achieved.**

### A.2. CGMI's Advisory Services

Through the Programs, CGMI offers accounts that have a single investment strategy as well as accounts with multiple strategies. The strategies differ depending upon the services to be rendered and the objectives and guidelines of the client. The investment strategies will involve long-term or short-term purchases of securities and other financial instruments.

To subscribe for services offered through a Program, clients must first enter into a program agreement (a "Program Agreement") with CGMI or Citibank, N.A. ("Citibank"). Citibank is a national banking association supervised and examined by the Office of the Comptroller of the Currency. Citibank, like CGMI, is a subsidiary of Citigroup. In the Program Agreement, the client appoints CGMI to act as the client's investment adviser and agent and to provide the services related to the relevant Program. In discretionary investment advisory Programs, the client also grants to CGMI and, if applicable, other investment managers, investment discretion

and trading authority necessary to deliver the services provided through such Programs. The Programs in which a client is eligible to participate differ depending on whether the client is a client of CPB, WaW, or is a client of Citi Wealth. Furthermore, due to the global nature of Citigroup's business and the various regulatory and licensing regimes throughout the world, certain Programs that CGMI offers to clients in the United States are offered to clients outside of the United States through Citibank and its branches and other affiliates, which are licensed and approved to conduct business in those non-U.S. markets.

In providing services through the Programs, CGMI generally relies on fundamental analysis with supplemental technical analysis, which may include charting or cyclical review. Information is derived from many sources. Personnel involved in providing investment advisory services have access to CGMI's research facilities as well as CGMI's and its affiliates' economists and specialists in all major industry groups. Information may also be obtained from various other sources, including financial publications (including newspapers, research reports, the internet and magazines); industry manuals and publications; inspections of corporate activities; direct contact with a company's employees and management, press releases and other reports released by companies; annual reports, prospectuses and filings made with the SEC; research materials prepared by others; governmental reports; timing services; and corporate rating services.

Not all strategies are appropriate for all clients. Instead, CGMI will only recommend the strategies that it believes are suitable for a client's account. Even though each client's account is personalized to its needs, and the Programs are based on different methodologies (e.g., asset allocation or investment recommendations generally differ among the Programs), there can be a substantial degree of uniformity across client accounts as a result of the common investment objectives of clients participating in the Programs. CGMI periodically reviews client accounts for product appropriateness and may, in its determination, terminate client accounts.

### **A.3. Clearing and Custody Services**

Pershing LLC (together with certain of its affiliates, "Pershing" or "Clearing Firm") acts as clearing firm for the Programs and custodian of client assets in connection with certain Programs, and Citibank acts as custodian of client assets in connection with other Programs. Each of Pershing and Citibank is a "qualified custodian" within the meaning of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), otherwise known as the "Custody Rule."

In its capacity as clearing firm, Pershing provides a variety of services for the Programs. These services include, without limitation, holding client account assets in custody, settling transactions, sending trade confirmations, account statements and tax reporting documentation, and other operational account-related services. Pershing will not provide (and should not be construed as providing) clients with any investment advice in connection with the Programs.

We compensate Pershing for the services it provides to us in relation to the Program. Among other fees, Pershing charges us a fixed annual fee for each client account. Under our arrangement with Pershing, Pershing reduces the fees it charges to us as follows: (i) for CPB and WaW accounts, we receive a one-time credit from Pershing for each new non-retirement Program account (\$450 per account) and (ii) for CPWM and CPII accounts, for new non-retirement Program assets under management established with Pershing, we receive 0.043% of new assets, capped at \$860, per account. This is so long as the number of new accounts or amount of new assets under management, respectively, exceeds the applicable baseline which is agreed between us and Pershing on a quarterly basis. As a result, we benefit from paying lower fees for new accounts and therefore have a conflict of interest as we are thereby incentivized to recommend that clients open Program accounts. To address this conflict, we have policies and procedures regarding recommendations of account types. We also do not



share these credits with registered representatives, though compensation of representatives generally will be greater if more new accounts are opened or new assets come under management.

For wire transfer and outgoing account transfer services, CGMI charges fees to its clients as reflected in the standard fee schedule for account services. Note that these fees charged by CGMI to its clients include a mark-up of the amounts charged to CGMI by Pershing for these services, and CGMI's portion of the fee frequently constitutes a majority (or all) of CGMI's charge to the client for the service. Revenue from these services is not shared with registered representatives. See "Item 4.C. – Additional Information Regarding Fees and Charges" for more information about these service fees.

For non-purpose loans obtained through Pershing, the interest rate charged to clients by CGMI exceeds the interest rate given to CGMI by Pershing (by an increment, which varies by client, that historically is up to, but not capped at, 3.75%). Interest paid on these loans is shared between Pershing and CGMI, and in certain circumstances, with registered representatives who receive a portion of, or credit for, interest paid. See "Item 9.A.2. – Lending Against Advisory Accounts" for more information about non-purpose lending.

We also receive revenue sharing payments in respect of cash sweep options (i.e., money market mutual funds, Bank Deposit Program) held in Program accounts in limited circumstances relating to account conversions. See "Item 9.B.3. – Conflicts of Interest Pertaining to Cash Sweep Options" for more information about when we receive revenue sharing payments from cash sweep options held in Program accounts.

In general, our arrangement with Pershing gives us an incentive to increase the financial benefits we receive from Pershing, to continue to use Pershing and its services as the clearing firm for the Programs and creates a conflict of interest with our clients. Any cost savings or other advantages achieved may differ by product line or distribution channel, and CGMI is not obligated to pass along the savings or other benefits to clients. CGMI seeks to mitigate this conflict by evaluating and monitoring the services it receives from Pershing in accordance with its vendor management policies and procedures.

The cost to terminate our arrangement with Pershing decreases over time, which gives us a financial incentive to continue our relationship with Pershing.

In acting as a custodian, Citibank utilizes certain back office services of its affiliates. In limited circumstances, another third-party qualified custodian may maintain custody of client assets. CGMI reserves the right at any time, and without notice to clients, to terminate the delegation of some or all of these custody and clearing services and to assume or further delegate responsibility for such services.

#### **A.4. Types of Advisory Services Offered**

As noted immediately below, the Programs in which a client is eligible to participate differ depending on whether the client is a client of CPB, WaW, or Citi Wealth. Furthermore, as discussed above in "Item A.2. – CGMI's Advisory Services," the Programs in which a client is eligible to participate will differ based on country of residence, which can determine whether the client enters into its Program Agreement with CGMI or Citibank or another affiliate.

Regardless of whether the client's relationship is with CPB, WaW, or Citi Wealth, CGMI will serve (either directly or indirectly) as the client's investment adviser in connection with the Program the client selects. CGMI delegates certain of the services described below to one or more of its affiliates.

Investments made through the Programs are inherently speculative and involve the risk of loss of capital. There is no guarantee that any Program or investment will achieve its objectives or

that losses will be avoided. The past performance of a Program or an investment made through a Program is not indicative of future performance. Neither CGMI nor any of its affiliates makes any representations or warranties in this brochure with respect to the present or future level of risk or volatility in any Program or investment, or any Program's or investment's future performance or activities.

Set forth below are lists of the Programs for which different clients are eligible along with descriptions of each of the Programs, including details about the investment management services provided and associated fees.

#### Program Eligibility – Clients of CPB and WaW

CPB and WaW clients who enter into a Program Agreement with CGMI are eligible to participate in the following Programs:

- Manager Selection Program
- Citi Advisor Program (available only as part of participating in Advisory Portfolios Custom or Multi-Asset Class Solutions Discretionary Bespoke)
- Consulting and Evaluation Services Program
- Multi-Asset Class Solutions Program
  - Multi-Asset Class Solutions Discretionary Bespoke
  - Multi-Asset Class Solutions Umbrella Portfolios
- Advisory Portfolios Program
  - Advisory Portfolios Custom
  - Advisory Portfolios Core

CPB and WaW clients who enter into a Program Agreement with Citibank are eligible to participate in the following Programs:

- Manager Selection Program
- Consulting and Evaluation Services Program
- Multi-Asset Class Solutions Program
  - Multi-Asset Class Solutions Discretionary Bespoke
  - Multi-Asset Class Solutions Umbrella Portfolios
- Advisory Portfolios Program
  - Advisory Portfolios Custom

CPB and WaW clients should understand that when CPB and WaW Private Bankers provide advice in connection with a Program, they do so in their capacity as representatives of CGMI. Accordingly, references in this brochure to "CGMI financial advisers" are intended to refer to CPB and WaW Private Bankers as well as other financial advisers who provide advice through or on behalf of CGMI.

#### Program Eligibility – Clients of Citi Wealth

Citi Wealth clients are eligible to participate in the following Programs:

- Fiduciary Services Program
- Citi Advisor Program
- Consulting and Evaluation Services Program
- Multi-Asset Class Solutions Program
  - Multi-Asset Class Solutions Citi Active Allocation
- Citi Portfolio Manager Program
- Dynamic Allocation Portfolios -- UMA Program
- Model Allocations Portfolios Program

From time to time, CGMI enters into bespoke discretionary management arrangements with institutional clients in addition to the Programs described in this brochure.

## **Fiduciary Services Program and Manager Selection Program**

In the Fiduciary Services Program ("FS") and the Manager Selection Program ("MSP"), CGMI assists the client in selecting one or more unaffiliated investment managers to manage the client's account on a discretionary basis according to a specified investment strategy. FS is offered exclusively to clients of Citi Wealth, while MSP is offered exclusively to clients of CPB and WaW. FS and MSP are substantially similar, except as described below.

In FS and MSP, clients generally invest in equity, balanced and multi-style portfolios, or fixed income portfolios, each of which is designed by the unaffiliated investment managers. For Citi Wealth clients, the minimum account size to participate in FS is \$50,000. For CPB and WaW clients, the minimum account size to participate in MSP is \$50,000. Different minimums apply with respect to certain investment managers and strategies. Certain strategies are only available to CPB and WaW clients enrolled in MSP.

### ***Services Provided***

In FS and MSP, CGMI works with the client to review and evaluate the client's investment objectives and financial circumstances. CGMI then recommends one or more investment managers to manage the client's assets on a discretionary basis in accordance with the client's objectives. The client selects investment managers from among the recommended managers, and CGMI retains the investment managers on the client's behalf. To the extent that multiple investment managers are selected by the client and retained by CGMI, each investment manager will be responsible for a separate account. The investment managers exercise discretion by either (i) implementing investment decisions directly or (ii) in certain circumstances that are reviewed by CGMI, retaining another investment adviser to implement the investment decisions. CGMI separately contracts with each investment manager as to the terms of its participation in these Programs.

In FS and MSP, custodial services are provided by Clearing Firm or Citibank. Both CGMI and Clearing Firm provide trade execution and related services in FS and MSP.

### ***Evaluation and Selection of Investment Managers***

CGMI will recommend one or more investment managers to serve as investment advisers of the client's account(s) and will retain the investment managers on the client's behalf, based on each client's objectives and circumstances. The actual selection of an investment manager is entirely up to the client (unless CGMI no longer approves a manager for these Programs and the client does not give CGMI directions for a replacement manager).

CGMI only recommends investment managers that meet either the CitiFocus or CitiAccess research standard. See "Item 6.A—Research in Advisory Programs". If CGMI determines that an investment manager previously recommended to, and chosen by, the client no longer meets the applicable research standard and is therefore no longer approved for these Programs, (i) a replacement manager will be selected by the client (or, if the client fails to select a replacement manager, by CGMI) from recommendations provided by CGMI, or (ii) the client's Program Agreement will automatically terminate upon a date selected by CGMI and communicated to client with reasonable advance notice. If the client decides to continue to retain an investment manager that is no longer approved for the Programs, CGMI will (a) make no further representations concerning such investment manager, (b) not assume any liability for any loss, claim, damage or expense attributable to client's decision and (c) cease evaluating or making any representations regarding such investment manager. Clients must arrange with that investment manager to transfer the assets in the account to hold them directly with such investment manager.

Before a client's assets are transferred from one investment manager to a replacement investment manager, CGMI will attempt to obtain the client's oral or written consent but will not be required to obtain such consent prior to effecting the transfer.

In FS and MSP, CGMI periodically monitors the performance of investment managers included to evaluate correlation to the manager's published performance record (if applicable) and to assess any performance dispersion among client accounts.

CGMI also maintains a "Watch" policy for investment managers in FS and MSP. CGMI's Watch policy is more fully described in "Item 6.A–Research in Advisory Programs." A Watch status may, but is not certain to, result in a change of the investment manager's recommended status.

#### Account Information

CGMI (either directly or indirectly) confirms all transactions executed through CGMI or Clearing Firm and provides account statements at least quarterly. Clients have the right to elect to receive information about transactions in their periodic statements in lieu of receiving individual confirmations following each transaction. Clients of Citi Wealth periodically receive a "Performance Review," which is a statistical review and analysis of the account. Clients of CPB and WaW will receive that report upon request. Clients also receive mutual fund prospectuses for the funds in which they invest.

#### **Fees**

Clients participating in FS and MSP pay an asset-based fee to CGMI. The fee includes fees or charges of CGMI and Clearing Firm, including brokerage commissions for trades executed at CGMI or Clearing Firm, compensation to the client's CGMI financial adviser, and Clearing Firm's custodial charges ("CGMI fee"). In addition, clients also pay a fee for services of the investment managers selected to manage the client's assets. Neither the CGMI fee nor the fee for the selected investment manager include the following: (a) any fees or charges for services provided by CGMI, an affiliate (if applicable), Clearing Firm or third parties which are outside the scope of the client's Program Agreement with CGMI (e.g., wire transfer fees, account transfer fees, lending fees and interest, retirement plan administration fees, trustee fees, etc.); (b) any taxes or fees or their equivalent imposed by exchanges or regulatory bodies; (c) brokerage commissions and other fees and charges imposed when an investment manager chooses to effect securities transactions with or through a broker-dealer other than CGMI or Clearing Firm; (d) fees and expenses charged by any investment funds in which the client invests; and (e) certain other fees and charges described herein (see "Item 4.C–Additional Information Regarding Fees and Charges" and "Item 9.B.3–Compensation from Funds").

The standard annual CGMI fees applicable to FS and MSP are as follows:

#### **Fiduciary Services Program Citi Wealth Fee Schedule**

The CGMI fee is computed using different rates applicable to ranges of asset values, as shown on the fee schedule below. The effective CGMI fee is a "blend" of the different rates applicable to each asset value range.

<b>Account Asset Values</b>	<b>CGMI Fee on Equity, Balanced and Multi-Style Accounts</b>	<b>CGMI Fee on Fixed Income Accounts</b>
On the first \$500,000.00	2.00%	1.00%
On the next \$500,000.00	1.50%	0.90%

On the next \$2,000,000.00	1.25%	0.75%
Over \$3,000,000.00	1.00%	0.60%

#### **Manager Selection Program CPB and WaW U.S. Fee Schedule**

The CGMI fee is computed using different rates applicable to ranges of asset values, as shown on the fee schedule below. The effective CGMI Fee is a “blend” of the different rates applicable to each asset value range.

<b>Account Asset Values</b>	<b>CGMI Fee on Equity and Balanced Strategies</b>	<b>CGMI Fee on Fixed Income Strategies</b>
On first \$3 million	1.00%	0.60%
On next \$3 million	0.75%	0.50%
Over \$6 million	0.60%	0.40%

#### **Manager Selection Program CPB and WaW Non-U.S. Fee Schedule**

The applicable standard fee rates in the table below will apply to the entire balance in the account, rather than applied as a blend of the different rates applicable to each asset value range. For example, if your account asset value is US\$7 million, the fee rate shown on the “\$6 million and above” row will be charged on the entire US\$7 million.

<b>Account Asset Values</b>	<b>CGMI Fee on Equity and Balanced Strategies</b>	<b>CGMI Fee on Fixed Income Strategies</b>
Under \$3 million	1.50%	1.00%
\$3 million to less than \$6 million	1.40%	0.90%
\$6 million and above	1.25%	0.80%

Fees are negotiable based on a number of factors, which result in particular clients paying a fee different than the standard fees. Fees for FS are normally payable quarterly in advance. Fees for MSP are normally payable monthly in arrears. Clients additionally pay a fee for services of the investment managers, which fee depends upon the asset class, the investment style and the total amount of assets allocated to the investment manager in FS or MSP (as applicable).

The investment manager fees are asset-based annual fees ranging from 0.10% to 0.35% for fixed income only strategies, and from 0.18% to 0.60% for other strategies. Fees for specific strategies are made available to clients prior to investing in the Program. The investment manager fees set forth herein are subject to change without notice.

One of the factors used to determine CGMI financial advisers’ compensation is the size of the client’s total annual fee. See “Item 4.D–Compensation” regarding how CGMI addresses conflicts of interest.

With respect to FS and MSP accounts that were previously invested in the Consulting and Evaluation Services, Legg Mason Private Portfolios, Western Institutional Portfolios, or Investment Management Services Programs, the investment advisory fees that applied to such Programs as of the time a client’s account was converted to FS or MSP will continue to apply (*i.e.*, will be “grandfathered”). Some of such grandfathered fee schedules are different than the amount stated in the FS and MSP fee schedules above.

## **Citi Advisor Program**

### ***Services Provided***

The Citi Advisor Program ("Citi Advisor") is designed to assist a client in devising and implementing a systematic investment strategy tailored to the client's financial circumstances. Citi Advisor is offered to Citi Wealth clients. Citi Advisor is also offered to CPB and WaW clients who enter into the Advisory Portfolios Custom program ("AP Custom") or the Multi-Asset Class Solutions Discretionary Bespoke program ("Discretionary Bespoke").

CPB and WaW clients who open Citi Advisor accounts through the AP Custom and Discretionary Bespoke programs will have different services and/or subject to different terms than those described below; the Citi Advisor account will be one of multiple accounts opened under the AP Custom and Discretionary Bespoke programs and, consequently, Citi Advisor services will be modified to accord with those programs. For example, a separate investment proposal just for the Citi Advisor account will not be prepared. For additional information on the AP Custom and Discretionary Bespoke programs, please see their description below under "Advisory Portfolios Program" and "Multi-Asset Class Solutions Program."

In Citi Advisor, CGMI assists the client in evaluating its investment objectives and risk tolerances and then advises the client as to investments in eligible assets (as described below). Citi Advisor is a non-discretionary Program in which investment decisions are made by the client. Neither CGMI nor any affiliated entity has any investment discretion over the client's account. CGMI periodically provides the client with investment advice and will recommend and effect transactions in the account with the client's prior consent.

To participate in Citi Advisor, a client must generally have a minimum account size of \$100,000. If assets in the account fall below this amount, CGMI may, in its discretion, terminate the client's Program Agreement and remove the account from Citi Advisor. To the extent a client determines to implement investments recommended by CGMI, the Clearing Firm will provide custody, trade execution and related services.

Eligible Assets within Citi Advisor may include but are not limited to certain equity securities, fixed income securities, options on certain equity securities (where approved), mutual funds, Exchange Traded Funds (ETFs), Unit Investment Trusts (UITs), cash and cash equivalents and Certificate of Deposits (only in non-retirement accounts). Eligible assets can change from time-to-time and as specified by CGMI. CGMI may restrict certain securities in Citi Advisor which may affect the client's ability to maintain certain assets within the program. Please consult with your CGMI financial adviser for more information on eligible and restricted securities. In addition, without notice to the client, CGMI may convert any No-Load/Load Fund in an account to another share class of the same No-Load/Load Fund, typically of an advisory approved share class.

In determining whether a family of No-Load/Load Funds should be available to clients, CGMI reviews and considers a number of factors, including, but not limited to, the number and variety of funds offered; length of track record and historic appeal to CGMI clients and CGMI financial advisers; short and long-term performance of the funds offered; size of assets under management; ability to support CGMI Financial Advisers and clients through training, education and sales literature; and level of interest and demand among clients and CGMI financial advisers. Of the No-Load/Load Funds available to Citi Advisor clients, not all of the funds are covered under the CitiFocus or CitiAccess standards as described in "Item 6.A- Research in Advisory Programs."

### **Account Information**

Once an account is active, the client receives confirmation of all transactions, monthly statements, and quarterly performance reports. In addition, CGMI performs a periodic review

with the client, typically every 12 months, designed to assist the client in ascertaining whether the client's objectives are being met.

### ***Fees***

Clients participating in Citi Advisor pay an asset-based fee to CGMI. The fee includes fees or charges of CGMI and Clearing Firm, including brokerage commissions for transactions in the account that are executed through CGMI or Clearing Firm, compensation to the client's CGMI financial adviser, and Clearing Firm's custodial charges. The fee does not include the following: (a) any fees or charges for services provided by CGMI, an affiliate (if applicable), Clearing Firm or third parties which are outside the scope of the client's Program Agreement with CGMI (*e.g.*, wire transfer fees, account transfer fees, lending fees and interest, retirement plan administration fees, trustee fees, etc.); (b) any taxes or fees or their equivalent imposed by exchanges or regulatory bodies; (c) charges, taxes, legal and other expenses associated with the Program and client accounts arising under the laws of any relevant jurisdiction; (d) fees and expenses charged by any investment funds in which the client invests; and (e) certain other fees and charges described herein (see "Item 4.C-Additional Information Regarding Fees and Charges" and "Item 9.B.3-Compensation from Funds").

The standard annual fee applicable to Citi Advisor is as follows:

#### **Citi Advisor Program Fee Schedule**

The CGMI fee is computed using the different rates applicable to ranges of account asset values, as shown on the fee schedule below. The effective CGMI fee is a "blend" of the different rates applicable to each range of account asset values. Fees are calculated based only on the value of the Eligible Assets held in the account.

<b>Account Asset Values</b>	<b>CGMI Annual Fee</b>
On the First \$500,000.00	2.00%
On the Next \$500,000.00	1.50%
On the Next \$2,000,000.00	1.25%
On Assets Over \$3,000,000.00	1.00%

Fees are negotiable based on a number of factors, which results in particular clients paying a fee different than the standard fees. Fees are normally payable quarterly in advance.

### ***Additional Citi Advisor Considerations***

Citi Advisor may not be appropriate for clients who choose to execute transactions infrequently. By participating in Citi Advisor, such clients incur higher costs than they would have incurred had they opened brokerage accounts and paid brokerage commissions. CGMI will only execute transactions as instructed by the client or as permissible under the Program Agreement. Therefore, clients should assess their anticipated level of transaction activity and determine whether the Citi Advisor Program is appropriate for them in view of the overall advisory services provided and fees incurred.

Citi Advisor may not be appropriate for clients who want to trade independently without seeking investment advice or guidance from CGMI or routinely decline to follow CGMI investment recommendations. Investment advice and guidance provided by CGMI are key services in the Program. Excessive unsolicited trading in CGMI's determination (for example, relative to solicited trades or not following investment recommendations) is normally indicative that Citi Advisor is no longer appropriate for a particular client and could mean that the client is not leveraging the investment advice and guidance of CGMI and could result in the termination of such client's account from Citi Advisor.

Citi Advisor may not be appropriate for clients who want to maintain high levels of cash or highly concentrated positions of securities that will not be sold regardless of market conditions. Clients who continue to hold high levels of cash or highly concentrated positions of securities should understand that the value of the cash and the securities will be included when calculating the annual account fee. This will likely result in the clients paying a higher fee to CGMI than they would have if they held the excess cash or securities in a brokerage account that charge fees based on transactions instead of charging asset-based fees. Clients should refer to "Item 4.B. -- Investment Advisory and Brokerage Services Compared" for a discussion about the differences between brokerage services and advisory services and to determine whether a brokerage account may be a better means through which to achieve a client's investment objectives.

### **Consulting and Evaluation Services Program**

In the Consulting and Evaluation Services Program ("CES"), CGMI assists the client in selecting one or more investment managers to manage the client's account on a discretionary basis according to a specified investment strategy. In CES, the client typically enters into an investment advisory contract directly with the investment manager as well as with CGMI ("dual contract Program"). To participate in CES, a CPB and WaW client generally must have a minimum of \$1,000,000 and a Citi Wealth client generally must have a minimum of \$100,000, but different minimums apply with respect to certain investment managers.

#### ***Services Provided***

In CES, CGMI analyzes a client's investment objectives and, if requested, recommends one or more investment managers in light of those objectives. CGMI does not exercise discretion for CES clients as to the retention of an investment manager; instead, CGMI makes recommendations, which the client may or may not follow. Clearing Firm provides custody services for client accounts (depending upon the election of the client), and both CGMI and Clearing Firm provide trade execution and related services.

#### ***Evaluation and Recommendation of Investment Managers***

CGMI will recommend one or more investment managers to serve as investment advisers of the client's account(s), based on the client's objectives and circumstances. The actual selection of an investment manager is entirely up to the client.

CGMI only recommends investment managers that meet the CitiFocus or CitiAccess research standard. See "Item 6.A–Research in Advisory Programs." In the event CGMI determines that an investment manager previously recommended to, and chosen by, the client no longer meets the applicable research standard and is therefore no longer approved for CES, CGMI will notify client. It will be client's option to change or retain the investment manager. If the client decides to continue to retain an investment manager that is no longer approved for CES, CGMI will (a) make no further representations concerning such investment manager, (b) not assume any liability for any loss, claim, damage or expense attributable to client's decision and (c) cease evaluating or making any representations regarding the investment manager.

In CES, CGMI periodically monitors the performance of investment managers included to evaluate correlation to the manager's published performance record (if applicable) and to assess any performance dispersion among client accounts.

CGMI also maintains a "Watch" policy for investment managers in CES. CGMI's Watch policy is more fully described in "Item 6.A–Research in Advisory Programs." A Watch status may, but is not certain to, result in a change of the investment manager's recommended status.



### Account Information

CGMI (either directly or indirectly) confirms all transactions executed through CGMI or Clearing Firm and provides account statements at least quarterly. Clients may elect to receive information about transactions in their periodic statements in lieu of receiving individual confirmations following each transaction. Clients of Citi Wealth periodically receive a "Performance Review," which is a statistical review and analysis of the account. Clients of CPB and WaW will receive that report upon request. Clients also receive mutual fund prospectuses for the funds in which they invest.

### **Fees**

Clients participating in CES pay CGMI an asset-based fee. The fee includes all fees or charges of CGMI and Clearing Firm, including brokerage commissions for transactions executed at CGMI or Clearing Firm, compensation to client's financial adviser, and custodial charges. The fee does not include the following: (a) any fees or charges for services provided by CGMI, an affiliate (if applicable), Clearing Firm or third parties which are outside the scope of the client's Program Agreement with CGMI (e.g., wire transfer fees, account transfer fees, lending fees and interest, retirement plan administration fees, trustee fees, etc.); (b) fees or charges of any of the investment managers selected to manage the client's assets (other than CGMI); (c) any taxes or fees or their equivalent imposed by exchanges or regulatory bodies; (d) charges, taxes, legal and other expenses associated with the Program and client accounts arising under the laws of any relevant jurisdiction; (e) brokerage commissions and other fees and charges imposed when an investment manager chooses to effect securities transactions with or through a broker-dealer other than CGMI or Clearing Firm; (f) fees and expenses charged by any investment funds in which the client invests; and (g) certain other fees and charges described herein (see "Item 4.C-Additional Information Regarding Fees and Charges" and "Item 9.B.3-Compensation from Funds").

The standard annual fee applicable to CES is as follows:

#### **Consulting and Evaluation Services Program**

The CGMI fee payable to CGMI is computed using different rates applicable to ranges of asset values, as shown on the fee schedule below. The effective CGMI fee is a "blend" of the different rates applicable to each asset value range.

#### **Consulting and Evaluation Program CPB and WaW Fee Schedule**

<b>Account Asset Values</b>	<b>CGMI Fee on Equity and Balanced Accounts</b>	<b>CGMI Fee on Fixed Income Accounts</b>
On the First \$500,000.00	2.20%	0.75%
On the Next \$500,000.00	1.70%	0.55%
On the Next \$1,000,000.00	1.20%	0.40%
On the Next \$3,000,000.00	0.65%	0.25%
On Assets Over \$5,000,000.00	0.60%	0.20%

### **Consulting and Evaluation Program Citi Wealth Fee Schedule**

<b>Account Asset Values</b>	<b>CGMI Fee on Equity and Balanced Accounts</b>	<b>CGMI Fee on Fixed Income Accounts</b>
On the First \$500,000.00	2.00%	1.00%
On the Next \$500,000.00	1.50%	0.90%
On the Next \$2,000,000.00	1.25%	0.75%
On Assets Over \$3,000,000.00	1.00%	0.60%

Fees are negotiable based on a number of factors, which results in particular clients paying a fee different than the standard fees. Fees for accounts larger than \$10 million generally are arranged separately on the basis of services provided. Fees normally are payable quarterly in advance.

As stated above, the fee does not include any fees or charges of any investment manager (other than CGMI). The investment manager fees are also asset-based annual fees that generally range from 0.15% to 0.40% for fixed income only strategies, and from 0.20% to 1.00% for other strategies. In dual contract Program accounts, the fee for the investment manager is specified in the investment advisory contract with the investment manager. As an administrative convenience, the investment manager's fees will be debited from the client's account and paid by CGMI on the client's behalf. CGMI will not verify the rate, computation, or timing of the investment manager's fees or the value of the account. Clients should verify that the amounts debited for the purpose of paying the investment manager's fees are correct by reviewing the client statements and should notify CGMI of any discrepancies immediately. Clients should understand that performance will be impacted by a deduction of incorrect fees or by delays in deduction of fees due to investment managers' failure to submit invoices in a timely manner.

#### **Multi-Asset Class Solutions Program**

The Multi-Asset Class Solutions Program ("MACS" or "MACS Program") consists of asset allocation portfolios with multi-asset and single- or multi-manager capabilities designed to provide clients individualized options to help achieve their long-term wealth management objectives. Through MACS, CGMI provides clients with discretionary investment advisory solutions. Client portfolios in MACS consist of a mix of some or all of ETFs, mutual funds, separately managed accounts, registered or unregistered alternative investment funds, and other permitted types of investments.

MACS consists of three sub-Programs: (i) Multi-Asset Class Solutions Discretionary Bespoke ("Discretionary Bespoke"); (ii) Multi-Asset Class Solutions Umbrella Portfolios ("MACS UMA"); and (iii) Multi-Asset Class Solutions Citi Active Allocation Portfolios ("MACS Citi Active Allocation").

Clients of CPB and WaW are eligible to invest in Discretionary Bespoke and MACS UMA, while clients of Citi Wealth are eligible to invest in MACS Citi Active Allocation. Eligibility for each sub-Program further depends on a client's initial investment amount and other requirements. MACS UMA and MACS Citi Active Allocation are substantially similar Programs but have some differences described below. In Discretionary Bespoke clients invest through separate accounts that are consolidated for portfolio management and reporting purposes. In MACS UMA and Citi Active Allocation, by contrast, clients invest through unified managed accounts (*i.e.*, "UMAs"), where assets are held in one account.

## **Services Provided**

### **1. Multi-Asset Class Solutions Discretionary Bespoke**

In Discretionary Bespoke, CGMI provides discretionary investment advisory services to ultra-high net worth clients (including, but not limited to, multi-family offices, corporations, trusts, endowments, foundations and similar clients) by: (i) assisting in the development of investment policies and guidelines and asset allocation; (ii) performing investment manager and investment selection and evaluation; and (iii) providing performance measurement and portfolio analysis. For certain clients, CGMI also provides information and investment advisory services regarding alternative investment managers. In Discretionary Bespoke, CGMI as the discretionary advisor will retain investment managers and open separate accounts that are consolidated for portfolio management and reporting purposes. The Discretionary Bespoke services are tailored to the specific needs of each client and generally are provided for an asset-based fee. In addition to these investment advisory services, CGMI also offers custody services (either through Clearing Firm or Citibank) and execution services (either directly or through Clearing Firm) to Discretionary Bespoke clients.

The minimum account size for new accounts in Discretionary Bespoke is \$25,000,000, subject to exceptions at CGMI's discretion.

The key elements of Discretionary Bespoke are as follows:

1. Assistance in the Preparation of Investment Objectives and Policies: Working with the client, CGMI will assist the client in reviewing its investment goals, policies and objectives as well as its standards for performance review (to help ensure alignment with its investment goals, policies and objectives), and in preparing, monitoring and updating its investment policy statement.
2. Asset Allocation: CGMI will provide initial and continuing asset allocation recommendations in accordance with the investment policy statement of the client.
3. Investment Manager Investments and Products: CGMI will allocate and reallocate the client's assets among investment managers and investment products that pursue strategies that are consistent with the investment policy statement. CGMI only allocates assets to investment managers and investment products that are approved by the Forum for the Review and Approval of Managers ("FRAM"). The available investment managers and investment products include those which are affiliated with CGMI. See Item 6.A. – "Forum for the Review and Approval of Managers" for information about how the FRAM evaluates managers and funds.

In the event CGMI determines that an investment manager previously chosen for the client's account no longer meets the applicable research standard and is therefore no longer approved for MACS, CGMI will reallocate the client's assets to a replacement investment manager.

4. Mutual Funds, Exchanged Traded Funds and Index Funds Search: CGMI will invest and reinvest the client's assets in mutual fund, ETF and index fund investments in a manner generally consistent with the investment policy statement. CGMI only recommends funds that are approved by the FRAM. See Item 6.A. – "Forum for the Review and Approval of Managers" for information about how the FRAM evaluates managers and funds. In the event CGMI determines that a fund previously chosen for the client's account no longer meets the applicable research standard and is therefore no longer approved for MACS, CGMI will reallocate the client's assets to a replacement fund.

5. Alternative Investment Manager Search: If requested by the client, CGMI will allocate and reallocate the client's assets among alternative investment managers that pursue strategies that are consistent with the investment policy statement. CGMI will work together

with the Citi Investment Management ("CIM") AI Alternative Solutions Team in identifying and selecting unaffiliated alternative investment managers as part of the implementation. For additional information related to affiliated alternative investment managers, see Item 6.A. – "Forum for the Review and Approval of Managers."

6. Performance Measurement: CGMI provides clients with system-generated performance reports and custom performance reports (as agreed to between CGMI and client). The reports may include comparisons to recognized benchmarks and appropriate market segments. Each client receiving services pursuant to Discretionary Bespoke will have an agreed benchmark and risk assignment from which a periodic assessment of their investment performance will be conducted.

7. Ongoing Review, Custody and Trade Execution: CGMI will execute rebalancing, conduct investment policy monitoring, and support third-party providers, as well as, where requested, provide custodial services (either directly, through Clearing Firm or Citibank) and execution services (either directly or through Clearing Firm). Transactions in fixed income securities, equities (if executed through broker-dealers other than CGMI or Clearing Firm) and certain other securities involve commissions, dealer mark-ups or mark-downs or other charges, and clients will be responsible for all such charges and expenses in addition to the asset-based fee paid to CGMI. In addition, to the extent investment managers direct trades in securities to CGMI for execution, CGMI will realize profits or losses in connection with such trades that are separate from or additional to the fees paid by Discretionary Bespoke clients, but CGMI will not charge such clients any mark-up or mark-down. To the extent that CGMI allocates the client's assets to an affiliated investment manager, the investment manager will execute transactions through or with one or more broker-dealers other than CGMI or Clearing Firm, unless legal restrictions otherwise require or would make execution impractical, and the client will be responsible for any associated commissions, dealer mark-ups or mark-downs or other charges, in addition to the asset-based fee. CGMI (either directly or indirectly) confirms all transactions executed through CGMI or Clearing Firm and provides account statements at least quarterly. Clients may elect to receive information about transactions in their periodic statements in lieu of receiving individual confirmations following each transaction.

8. Daily Oversight and Control Structure: Using a systematic monitoring system, the Fiduciary Oversight Group ("FOG") is responsible for the daily monitoring of the client portfolio relative to its investment policy statement. The investment manager will provide day-to-day oversight, in coordination with the independent monitoring capabilities of FOG. The investment manager will be responsible for addressing any alerts communicated by FOG and recommending changes in accordance with the client's investment policy statement.

## *2. Multi-Asset Class Solutions Umbrella Portfolios and Multi-Asset Class Solutions Citi Active Allocation Portfolios Program*

MACS UMA and MACS Citi Active Allocation are "unified managed account" programs. MACS UMA is only offered to clients of CPB and WaW while MACS Citi Active Allocation is only offered to clients of Citi Wealth. While the two programs are substantially similar, they have some differences as described below.

In MACS UMA and MACS Citi Active Allocation, the client selects from one or more of the portfolio objectives spanning the risk spectrum, based upon the client's investment objectives, risk tolerance and investment time horizon for the assets, or the portion of assets, in each account. A separate "unified managed account" is established for each portfolio objective (also referred to as a "portfolio" or "portfolio levels") the client chooses. The portfolios consist of a mix of some or all of ETFs, mutual funds, separately managed accounts, registered or unregistered alternative investment funds, and others depending on client's investment amount and investment needs.

The suggested investment horizon for the portfolios set out below is four (4) to six (6) years. However, the investment horizon may change depending on market conditions, preferences, special limitations or variances in investment objectives or other factors. The portfolios available under MACS UMA and MACS Citi Active Allocation are:

- *Portfolio Level 1* which seeks to generate income rather than achieve capital appreciation;
- *Portfolio Level 2* which seeks to generate income and achieve modest appreciation of capital as a secondary objective;
- *Portfolio Level 2.5* which seeks a balance of income and moderate capital appreciation;
- *Portfolio Level 3* which seeks a balance of income and capital appreciation;
- *Portfolio Level 3.5* which seeks capital appreciation with some emphasis on income ;
- *Portfolio Level 4* which seeks mostly capital appreciation with less emphasis on income ; and
- *Portfolio Level 5* which seeks maximum capital appreciation.

The asset allocations for the portfolios are comprised of some or all of the following: (i) cash and short term investments, including cash equivalents; (ii) fixed income investments, including short term municipal debt, municipal bonds, U.S. bonds and high yield/emerging market debt; (iii) equity investments, including, U.S. large capitalization, U.S. small capitalization, Europe, Japan, Asia Pacific (ex-Japan) and emerging markets; (iv) alternative investments, including private investment funds; and (v) opportunistic investments, including commodities, currencies and preferred securities, as well as investments in securities that indirectly provide exposure to the foregoing. The asset allocation categories and classes utilized are subject to change.

The asset allocations are developed based on long-term (ten (10) year time horizon) and, with the exception of the "Sustainable Opportunities" and "Citi Unstoppable Trends" options, short-term (three (3) to twelve (12) month time horizon) economic and market forecasts. CGMI reviews and, if necessary, adjusts the asset allocation for the portfolios at least quarterly, but allocations may be adjusted more frequently in unusual market or economic circumstances or following under performance or over performance of a particular portfolio or investment, subject to subscription and redemption rules applicable to investments. The asset allocation percentages currently in effect for a particular portfolio objective may be obtained from your CGMI financial adviser.

The portfolios are invested in a mix of ETFs, mutual funds, separately managed accounts, registered and unregistered investment funds depending on whether a client is eligible for, and selects, "Standard," "Tax Aware," "Sustainable Opportunities," "Citi Unstoppable Trends," "Active/Passive Blend," "Core," or "Custom" option. Not all options are available for all portfolio levels. The "Active/Passive Blend" option is not available under MACS Citi Active Allocation.

The chart below summarizes the differences between these options as well as key differences in minimum account sizes for MACS UMA and MACS Citi Active Allocation.

<b>Portfolio Option</b>	<b>Portfolio Can Invest in</b>	<b>MACS UMA Minimum Account Size</b>	<b>MACS Citi Active Allocation Minimum Account Size</b>
Standard	Mutual funds, ETFs, registered alternative investment funds	\$250,000	\$100,000
Tax Aware	Separately managed accounts and ETFs	\$100,000 – ETF only Portfolio  \$750,000 – Separately managed accounts and ETFs	\$100,000 – ETF only Portfolio  \$750,000 – Separately managed accounts and ETFs
Sustainable Opportunities	Mutual Funds and ETFs included on CGMI's IwP CitiFocus List. See Item 6.A. – "CitiFocus" for information about how CGMI classifies Program Investment Products as IwP CitiFocus.	\$250,000	\$100,000
Citi Unstoppable Trends*	Mutual funds and ETFs  *A portion of the portfolio invests in mutual funds and ETFs included on CGMI's IwP CitiFocus List. See Item 6.A. – "CitiFocus" for information about how CGMI classifies Program Investment Products as IwP CitiFocus.	\$250,000	\$100,000

<b>Portfolio Option</b>	<b>Portfolio Can Invest in</b>	<b>MACS UMA Minimum Account Size</b>	<b>MACS Citi Active Allocation Minimum Account Size</b>
Active/Passive Blend*	<p><i>Fixed income portion:</i> separately managed accounts, mutual funds, ETFs.  <i>Equity portion:</i> ETFs</p> <p>*While CGMI seeks to create a portfolio with active fixed income managers and a passive allocation to equities, it may use fixed income ETFs for specific allocations on either a short- or long-term basis based on the analysis and view of available investment managers. In addition, availability of separately managed accounts may vary depending on risk profile or account size.</p>	\$500,000	This option is not available
Core*	<p>Separately managed accounts, mutual funds, ETFs, registered and unregistered alternative investment funds</p> <p>*Environmental, Social and Governance (ESG) portfolio allocations only: separately managed accounts, mutual funds and ETFs included on CGMI's IwP CitiFocus List. See Item 6.A. – "CitiFocus" for information about how CGMI classifies Program Investment Products as IwP CitiFocus.</p>	\$1,000,000	\$1,000,000
Custom	<p>Separately managed accounts, mutual funds, ETFs, registered and unregistered alternative investment funds,  <i>For MACS UMA only:</i> CIM separately managed accounts</p>	\$10 million	\$10 million

***CGMI; Investment Manager and Fund Selection; Unified Managed Account  
Portfolio Implementation***

CGMI serves as the discretionary investment adviser of the assets in MACS UMA and MACS Citi Active Allocation and is responsible for selecting the investment managers and/or investment funds for each asset class in a portfolio. CGMI has established the FRAM to select investment managers and investment funds for MACS and certain other Programs. Some of the investment managers and funds selected for MACS UMA and MACS Citi Active Allocation are affiliated with CGMI. See Item 6.A. – “Forum for the Review and Approval of Managers” for information about how the FRAM evaluates managers and funds.

The assets in each asset class generally are invested on a discretionary basis with a single investment manager or in a single investment fund, as applicable, but multiple managers or funds can be used. Transactions in separately managed accounts will be executed either (i) by CGMI and/or the Overlay Manager (a “Citi Executed SMA”) or (ii) directly by the investment manager recommending such transactions (a “Portfolio Manager Executed SMA”). In the case of a Citi Executed SMA, CGMI and/or the Overlay Manager invests the assets based on instructions communicated to CGMI by the investment manager and in accordance with portfolio implementation rules and instructions communicated to the investment managers by CGMI and/or the Overlay Manager. See “Item 4.A.5–Execution of Transactions when Citi is the Overlay Manager,” “Item 4.A.5–Role of Overlay Manager,” and “Item 4.A.5–Aggregation of Trade Orders and Trade Allocation” for more information on portfolio implementation and overlay services provided by the Overlay Manager.

CGMI or the manager, in the case of a Portfolio Manager Executed SMA, will be responsible for the creation and execution of orders for the purchase and sale of shares/units in investment funds on behalf of client accounts.

Assets in the alternative investments asset allocation category generally are invested in either registered or unregistered investment funds (including hedge “fund of funds”). The process for selecting investment funds in the alternative investments category is more qualitative in nature than is the process for selecting investment managers and investment funds outside of the alternative investments category. Investment funds in the alternative investments category typically have incentive fee arrangements. Under such an arrangement, the manager of the investment fund and managers of underlying portfolios or funds receives compensation based on appreciation in the fund’s or underlying fund’s or portfolio’s assets. Such incentive fees are an incentive to make investments that are riskier or more speculative than would be the case absent an incentive fee. For eligible clients that select an investment option with an allocation to an unregistered alternative investment fund, the alternative investments asset allocation category will be invested in a private investment fund of funds vehicle that is advised by an affiliate of CGMI. However, in such cases, clients will not bear any additional management fee payable to the affiliated adviser.

In the event that the client selects the “Custom Portfolio” investment option within the MACS UMA or MACS Citi Active Allocation, CGMI will consider the client’s individual investment objective, risk/return profile and investment guidelines when selecting investment managers and/or investment funds for each asset class in a portfolio.

In the event that the client selects the “Tax Aware” investment option within the MACS UMA or MACS Citi Active Allocation, the portfolios seek to utilize tax management features, including tax-loss harvesting, and, as a result, the investment manager selected by CGMI will be responsible for portfolio implementation in relation to the entire account and the actual investment of all assets in the portfolios including determining the timing of an investment of an account or any account rebalancing, and tax lot management and processes relative to the portfolio investment objective and investment election chosen by the client, the target asset allocations provided by CGMI and any special instructions or restrictions imposed by the client.



See Portfolio Manager Executed SMA description below and “Item 4.C. Additional Information Regarding Fees and Charges for information” about when an investment manager executes transactions on behalf of client accounts.

The “Tax Aware” investment option is not intended as tax advice and clients should confer with their personal tax advisors regarding the tax consequences of investing in this option, based on their particular circumstances. The tax consequences of any strategy that engages in tax-loss harvesting is complex, and clients and their personal tax advisors are responsible for how the transactions in their account are reported to the IRS or any other taxing authority. See “Item 6.C. Additional Information Related to Wrap Fee Programs – Tax-Loss Harvesting Risks” for a summary description of the risks associated with investment strategies that engage in tax-loss harvesting.

CGMI (either directly or indirectly) confirms all transactions executed through CGMI or Clearing Firm and provides account statements at least quarterly. Clients may elect to receive information about transactions in their periodic statements in lieu of receiving individual confirmations following each transaction.

#### *CIM Managed Strategies in the MACS Program*

Strategies offered by CIM (as separately managed accounts) are available as part of Discretionary Bespoke and the Custom Portfolio option of MACS UMA. CIM managed strategies are offered through Citibank, N.A., an affiliate of CGMI. Clients who are interested in CIM managed strategies as part of the MACS Program must affirmatively elect to participate in such strategies. For clients electing to participate in CIM managed strategies in Discretionary Bespoke or the Custom Portfolio option (both programs where CGMI serves as the discretionary investment manager), CGMI will invest and reinvest client assets in CIM managed strategies in a manner generally consistent with the client investment policy statement or client’s investment guidelines. ERISA plans and retirement plans, including individual retirement accounts, are also eligible to participate in CIM managed strategies in the MACS Program.

The FRAM must approve the CIM managed strategies available as part of the MACS Program. The FRAM’s approval of CIM managed strategies is based on due diligence conducted by a third-party consultant retained by CGMI’s affiliate. See Item 6.A. – “Forum for the Review and Approval of Managers” for information about how the FRAM approves CIM managed strategies. CGMI will review and evaluate CIM managed strategies periodically as part of client accounts review, including their performance and compliance with clients’ investment policy statement or investment guidelines.

When clients select CIM managed strategies as part of Discretionary Bespoke and the Custom Portfolio option of MACS UMA, the single asset-based fee that clients pay CGMI covers any fees payable to CIM.

Clients interested in CIM managed strategies in the MACS Program should also understand that if they retained CIM directly to manage assets in the CIM managed strategies they could negotiate the CIM fees directly with CIM, and possibly obtain services at a lower cost than retaining CIM through the MACS Program. More generally, clients should understand that the financial incentives that CGMI has to recommend affiliated investment managers may be outweighed by cost savings from appointing unaffiliated investment managers. These various incentives create conflicts of interest. See “Item 6.B Portfolio Manager for Wrap Fee Programs” and “Item 4.D–Compensation.”

Clients who are interested in CIM managed strategies should consult with their CGMI financial adviser for more information about CIM managed strategies and investment managers.

## **Fees**

Fees are negotiable based on a number of factors, which results in particular clients paying a fee different than the standard fees. Fees will also be either asset-based or fixed, depending on the particular client. To the extent that an asset-based fee is used, unless otherwise agreed between CGMI and the client, the CGMI fee will be computed using different rates applicable to ranges of asset values, as shown on the fee schedule below.

### **Multi-Asset Class Solutions Program CPB and WaW U.S. Fee Schedule**

<b>Assets Under Management</b>	<b>CGMI Annual Fee</b>
	CGMI fee will be a "blend" of the different rates applicable to each range of asset values.
On first \$5 million	1.00%
On next \$5 million	0.80%
Over US \$10 million	0.60%

### **Multi-Asset Class Solutions Program CPB and WaW Non-U.S. Fee Schedule**

<b>Assets Under Management</b>	<b>CGMI Annual Fee</b>
	The applicable standard fee rates below will apply to the entire balance in the account, rather than applied as a blend of the different rates applicable to each asset value range.
Under US \$5 million	1.50%
US \$5 million to less than US \$10 million	1.25%
US \$10 million and above	1.00%

### **MACS Citi Active Allocation for Clients of Citi Wealth Fee Schedule**

<b>Assets Under Management</b>	<b>CGMI Annual Fee for Clients in the U.S.</b>	<b>CGMI Annual Fee for Clients outside the U.S.</b>
	CGMI fee will be a "blend" of the different rates applicable to each range of asset values.	The applicable standard fee rates in the table below will apply to the entire balance in the account, rather than applied as a blend of the different rates applicable to each asset value range.
On first \$500,000	2.00%	2.00%
On next \$500,000	1.50%	1.50%

<b>Assets Under Management</b>	<b>CGMI Annual Fee for Clients in the U.S.</b>	<b>CGMI Annual Fee for Clients outside the U.S.</b>
	CGMI fee will be a "blend" of the different rates applicable to each range of asset values.	The applicable standard fee rates in the table below will apply to the entire balance in the account, rather than applied as a blend of the different rates applicable to each asset value range.
On next \$2,000,000	1.25%	1.25%
Over \$3,000,000	1.00%	1.00%

Fees generally are payable as follows:

- Discretionary Bespoke: Fees are charged monthly or quarterly, in arrears or in advance.
- MACS UMA: Fees are payable monthly in arrears.
- MACS Citi Active Allocation: Fees are payable quarterly in advance.

#### **Additional Fees and Expenses**

The client will bear a proportionate share of the fees and expenses incurred by any mutual funds or alternative investments included in the portfolios. The prospectus or offering memorandum of each of these investments describes these internal fees and expenses in detail. For more information relating to fees please see "Item 9.B.3–Compensation from Funds."

The fee paid to CGMI does not cover any fees or charges for services provided by CGMI, an affiliate (if applicable), Clearing Firm or third parties which are outside the scope of the client's Program Agreement with CGMI (e.g., wire transfer fees, account transfer fees, lending fees and interest, retirement plan administration fees, trustee fees, etc.).

#### **Additional Fees Charged by Investment Managers**

Any fees payable to the investment managers that a MACS client selects are not included in the fee paid to CGMI, except as described below. Clients also pay the investment managers fees that vary depending on the strategy and program in which the client invests. The investment manager fees are asset-based annual fees ranging from 0.10% to 0.35% for fixed income only strategies, and from 0.18% to 0.50% for other strategies. Fees for specific strategies are provided to clients prior to investing in the Program. The investment manager fees set forth herein are subject to change without notice.

Investment managers also may charge a performance fee in addition to the asset-based investment management fees described above. CGMI does not charge performance fees at the portfolio level for accounts with alternative investment funds, but performance fees may be charged by a private investment fund through which the client invests, and also may be charged by the underlying portfolio investments held by a private fund in which a client invests (e.g., a fund of funds).

Where alternative investment funds advised by an affiliate of CGMI are used, CGMI's fees include the management fees payable to the affiliated manager. However, where clients enter into a separate contract with an affiliate of CGMI to invest in alternative investments, CGMI's

fee does not include any fees or charges of such affiliated alternative investment manager's services.

If any investment manager effects securities transactions for the client portfolio with or through a broker-dealer other than CGMI or Clearing Firm, then clients are responsible for the execution costs separately. See "Item 4.C.-Additional Information Regarding Fees and Charges" for more information about trading away.

#### **Fees Charged for CIM Managed Strategies**

	<b>CIM Management Fee</b>	<b>Trading and Execution Costs</b>
<b>Discretionary Bespoke</b>	Included in CGMI's fee	CIM's trading and execution costs are charged to client
<b>Custom Portfolio -- MACS UMA</b>	Included in CGMI's fee	CGMI and Clearing Firm's trading and execution costs are included in CGMI's fee  Trading and execution costs for transactions effected through another broker-dealer are charged to client

#### ***Additional Considerations – MACS UMA and MACS Citi Active Allocation***

Clients should understand that the services provided through MACS UMA and MACS Citi Active Allocation are similar to the services provided through CGMI's Citi Wealth Builder Program ("CWB") and Citi Wealth Builder Plus Program ("CWB Plus", and together with CWB, the "CWB Programs"). CWB is an automated "robo"-advisory program in which client assets are invested, on a discretionary basis, according to allocation models that are recommended based on answers to an online questionnaire designed to elicit information about a client's investment risk profile, investment objectives and anticipated investment time horizon. In addition to the robo-advisory services provided in CWB, clients enrolled in CWB Plus also have access to a dedicated group of CGMI representatives (known as Program Advisors) available to offer advice and guidance as part of CWB Plus and a financial planning service to develop a limited purpose, goal-specific financial plan. Unlike in MACS UMA and MACS Citi Active Allocation, clients participating in CWB interact with CGMI exclusively through a web-based application and are not able to consult with a CGMI financial adviser in relation to their use of the application or their selection of investment models. For clients participating in CWB Plus, Program Advisors are part of a dedicated pool of CGMI representatives for CWB Plus but are not individually assigned to clients. The fees applicable to the CWB Programs are substantially lower than the fees applicable to MACS UMA and MACS Citi Active Allocation. Accordingly, clients who do not desire to interact face-to-face with a dedicated CGMI financial adviser, but seek services that are similar to those provided through MACS UMA and MACS Citi Active Allocation, should consider investing through the CWB Programs. For more information about the CWB Programs, please review the CWB Programs brochure, available at <https://adviserinfo.sec.gov/firm/brochure/7059>, or speak to your financial adviser.

#### **Advisory Portfolios Program**

The Advisory Portfolios Program ("Advisory Portfolios Program") consists of asset allocation portfolios with multi-asset and single- or multi-manager capabilities designed to provide clients individualized options to help achieve their long-term wealth management objectives. Through

the Advisory Portfolios Program, CGMI provides clients with non-discretionary investment advisory solutions. Advisory Portfolios Program is offered exclusively to CPB and WaW clients.

Advisory Portfolios Program consists of two sub-Programs: (i) Advisory Portfolios Custom ("AP Custom"); and (ii) Advisory Portfolios Core ("AP Core"). Eligibility for each sub-Program further depends on a client's initial investment amount and other requirements.

In AP Custom, clients invest through separate accounts that are consolidated for portfolio management and reporting purposes. In AP Core, by contrast, clients invest through UMAs, where assets are held in one account.

### ***Services Provided***

#### ***1. AP Custom***

In AP Custom, CGMI provides non-discretionary investment advisory services to ultra-high net worth clients (including, but not limited to, multi-family offices, corporations, trusts, endowments, foundations and similar clients) by: (i) assisting in the development of investment policies and guidelines; (ii) evaluating and recommending investment managers and products; and (iii) delivering performance measurements and portfolio analysis. For certain clients, CGMI may also provide information and advice regarding alternative investment managers. In AP Custom, clients enter into separate investment advisory contracts in order to retain investment managers and open separate accounts that are consolidated for portfolio management and reporting purposes. The services provided in AP Custom are tailored to the specific needs of each client and are generally provided for an asset-based fee. In addition to these non-discretionary investment advisory services, CGMI also offers custody (either through Clearing Firm or Citibank) and execution services (either directly or through Clearing Firm) to AP Custom clients.

The minimum account size for new accounts in AP Custom is \$25,000,000, subject to exceptions at CGMI's discretion.

The key elements of AP Custom are as follows:

1. Assistance in the Preparation of Investment Objectives and Policies If Requested by the Client: Working with the client, CGMI will assist the client in reviewing its investment goals, policies and objectives as well as its standards for performance review (to help ensure alignment with its investment goals, policies and objectives), and in preparing, monitoring and updating its investment policy statement.

2. Evaluation and Recommendation of Investment Managers and Products: CGMI will assist the client in identifying and selecting appropriate investment managers and products, including mutual funds, ETFs, and separately managed accounts. Clients will enter into an investment advisory contract directly with the investment manager, which will set forth the terms and conditions (including, without limitation, any fees) relevant to the relationship.

CGMI only recommends investment managers and investment products that are approved by the FRAM. The available investment managers and investment products include those which are affiliated with CGMI. See Item 6.A. – "Forum for the Review and Approval of Managers" for information about how the FRAM evaluates managers and funds.

In the event CGMI determines that an investment manager or product previously recommended to, and chosen by, the client no longer meets the applicable research standard and is therefore no longer approved for AP, CGMI will notify client. It will be client's option to change the investment product or retain the investment manager. If the client decides to continue to retain an investment manager or remain invested in a product that is no longer approved for AP, CGMI will (a) make no further representations concerning such investment

manager, (b) not assume any liability for any loss, claim, damage or expense attributable to client's decision and (c) cease evaluating or making any representations regarding the investment manager. Clients must arrange to retain them directly and they will no longer be part of AP Custom. CGMI will also review the account asset allocation from time to time and recommend changes that are deemed appropriate. In the event that the account deviates from the asset allocation and CGMI believes that the account should be re-balanced, CGMI will recommend changes to effect the re-balancing.

3. Alternative Investment Manager Search: If requested by the client, CGMI will work together with the CIM AI Alternative Solutions Team to assist the client in identifying and selecting appropriate unaffiliated alternative investment managers. For additional information related to affiliated alternative investment managers, see Item 6.A. – "Forum for the Review and Approval of Managers."

4. Performance Measurement and Portfolio Analysis: CGMI provides clients with system-generated performance reports and custom performance reports (and as mutually agreed to between CGMI and a client). The reports may include comparisons to recognized benchmarks and appropriate market segments. Each client will have an agreed benchmark and risk assignment against which a periodic assessment of their investment performance will be conducted.

5. Ongoing Review, Custody and Trade Execution: CGMI will recommend portfolio rebalancing, conduct investment policy monitoring, support third-party providers, and, where requested, provide custodial and execution services. Transactions in fixed income securities, equities (if executed through broker-dealers other than CGMI or Clearing Firm) and certain other securities involve commissions, dealer mark-ups or mark-downs or other charges in addition to the asset-based fees. To the extent investment managers direct trades in such securities to CGMI for execution, CGMI may realize profits or losses in connection with such trades that are separate from or additional to the fees paid by AP Custom clients, but CGMI will not charge such clients any mark-up or mark-down. CGMI (either directly or indirectly) confirms all transactions executed through CGMI or Clearing Firm and provides account statements at least quarterly. Clients may elect to receive information about transactions in their periodic statements in lieu of receiving individual confirmations following each transaction.

6. Daily Oversight and Control Structure: Using a systematic monitoring system, FOG is responsible for the daily monitoring of the client portfolio relative to its investment policy statement. The investment manager will provide oversight support along with CGMI's investment counselor, in addition to the independent monitoring capabilities of FOG. The investment counselor will be responsible for addressing any alerts communicated by FOG and recommending changes to the client in accordance with the client's investment policy statement.

## *2. Advisory Portfolios Core*

In AP Core, the client selects from available portfolio investment objectives spanning the risk spectrum, based upon the client's investment objectives, risk tolerance and investment time horizon for the assets, or the portion of assets, in each account. A separate "unified managed account" is established for the portfolio investment objective (also referred to as a "portfolio") the client chooses. The portfolios consist of a mix of some or all of ETFs, mutual funds, and separately managed accounts depending on client's investment amount and investment needs.

The suggested investment horizon for the portfolio investment objectives set out below is four (4) to six (6) years. However, the investment horizon may change depending on market conditions, preferences, special limitations or variances in investment objectives or other

factors. The portfolio investment objectives available under AP Core are:

- *Portfolio Level 1* which seeks to generate income rather than achieve capital appreciation;
- *Portfolio Level 2* which seeks to generate income and achieve modest appreciation of capital as a secondary objective;
- *Portfolio Level 2.5* which seeks a balance of income and moderate capital appreciation;
- *Portfolio Level 3* which seeks a balance of income and moderate capital appreciation;
- *Portfolio Level 4* which seeks mostly capital appreciation with less emphasis on income; and
- *Portfolio Level 5* which seeks maximum capital appreciation.

The selection of a portfolio investment objective is the starting point for the design and implementation of a specific investment proposal. Through customization features allowed in this Program, the client may refine their investment objectives and risk tolerance so that the actual allocation of a client's assets in a customized portfolio does not align directly with the selected portfolio investment objective. CGMI categorizes portfolio investment objectives into conservative, moderate, and aggressive risk categories and analyzes a client's customized portfolio initially, and at the time of any future adjustments, to ensure that the customized portfolio does not deviate from the risk category of the portfolio investment objective selected by the client. That analysis and review, however, does not preclude a client from implementing a customized portfolio that deviates from the portfolio investment objective selected for the AP Core account. Client authorization to implement a customized portfolio that deviates from the portfolio investment objective selected for the account supersedes that selection.

The client will establish the initial asset allocation for the portfolio and will advise CGMI of any change in the asset allocation for the portfolio desired. The client may customize the asset allocation according to your investment objectives and risk/return profile. The asset allocation percentages currently in effect for a particular portfolio investment objective may be obtained through your CGMI representative.

Changes in the asset allocation will likely result in transactions in the account, and these transactions could have tax consequences for a taxable account.

Following market movements, or the outperformance or underperformance of a portfolio or investment, such that a portfolio moves from its target allocation by an amount set by CGMI, CGMI will rebalance an Account to bring the asset allocations back into line with the target allocations. CGMI will monitor and rebalance in accordance with our internal monitoring policies and procedures, which we reserve the right to modify from time to time in our sole discretion. These transactions could have tax consequences for a taxable account.

The investment minimum for AP Core generally is generally \$250,000.

#### *CGMI; Investment Manager and Fund Selection; Unified Managed Account Portfolio Implementation*

CGMI serves as the non-discretionary investment adviser of the assets in AP Core. CGMI will assist the client in selecting the investment managers and/or investment funds for each asset class in a portfolio.

CGMI has established various criteria that are used to screen affiliated and unaffiliated investment managers and investment funds. These criteria are subject to change from time to time. CGMI may advise on an investment manager or investment fund for an asset class that invests in securities outside of such asset class so long as CGMI determines that such

investment manager's or investment fund's primary focus is on securities within such asset class. Investment managers and mutual funds recommended or included as an investment product in AP Core must meet either the CitiFocus or CitiAccess research standard, and each ETF included as an investment product in AP Core must be screened according to CGMI due diligence procedures (see "Item 6.A–Research in Advisory Programs").

CGMI undertakes periodic reviews of a broad range of factors to determine whether each investment manager and investment fund remains appropriate for clients given their objectives going forward. If CGMI determines such an action to be advisable and in the best interest of its clients, CGMI may terminate an investment manager's or investment fund's participation in AP Core and replace such manager or fund with another investment manager or investment fund. If it does so, CGMI will notify the client of its recommended replacement manager or investment fund and that it will reallocate the assets from the terminated manager or investment fund to the new manager or investment fund. The client is permitted to instruct CGMI to use a different manager or fund that is available for that asset class in the AP Core program. Client accounts are permitted to be invested in cash, cash equivalents or ETFs during the transition period to a new investment manager or investment fund.

Transactions in separately managed accounts will be executed either (i) by CGMI and/or the Overlay Manager (a "Citi Executed SMA") or (ii) directly by the investment manager recommending such transactions (a "Portfolio Manager Executed SMA"). In the case of a Citi Executed SMA, CGMI and/or the Overlay Manager invests the assets based on instructions communicated to CGMI by the investment manager and in accordance with portfolio implementation rules and instructions communicated to the investment managers by CGMI and/or the Overlay Manager. See "Item 4.A.5–Execution of Transactions when Citi is the Overlay Manager," "Item 4.A.5–Role of Overlay Manager," and "Item 4.A.5–Aggregation of Trade Orders and Trade Allocation" for more information on portfolio implementation and overlay services provided by the Overlay Manager.

CGMI will be responsible for the creation and execution of orders for the purchase and sale of shares/units in registered investment funds on behalf of client accounts.

#### Account Information

CGMI (either directly or indirectly) confirms all transactions executed through CGMI or Clearing Firm and provides account statements at least quarterly. Clients may elect to receive information about transactions in their periodic statements in lieu of receiving individual confirmations following each transaction. CGMI (either directly or through Citibank or Clearing Firm) will also send the client a periodic report showing account positions and activity (including income received and rights conferred in respect of investments) and performance which will also be measured against a benchmark or benchmarks provided in the report. Clients may instruct CGMI to consolidate the report for more than one account with the same entitlement name.

#### *CIM Managed Strategies in the Advisory Portfolios Program*

Strategies offered by CIM (as separately managed accounts) are available as part of AP Custom and AP Core. CIM managed strategies are offered through Citibank, N.A., an affiliate of CGMI. Clients who are interested in CIM managed strategies as part of Advisory Portfolios Program must affirmatively elect to participate in such strategies. Clients who are interested in CIM managed strategies as part of AP Custom must enter into investment advisory contracts directly with CIM. ERISA plans and retirement plans, including individual retirement accounts, are also eligible to participate in CIM managed strategies in the Advisory Portfolios Program.

The FRAM must approve the CIM managed strategies available as part of the Advisory Portfolios Program. The FRAM's approval of CIM managed strategies is based on due diligence



conducted by a third-party consultant retained by CGMI's affiliate. See Item 6.A. – "Forum for the Review and Approval of Managers" for information about how the FRAM approves CIM managed strategies. CGMI will review and evaluate CIM managed strategies periodically as part of client accounts review, including their performance and compliance with clients' investment policy statement or investment guidelines.

When clients select CIM managed strategies as part of the Advisory Portfolios Program, the single asset-based fee that clients pay CGMI covers any fees payable to CIM unless the client negotiates otherwise.

Clients interested in CIM managed strategies as part of the Advisory Portfolios Program should understand that if they retained CIM directly to manage assets in the CIM managed strategies they could negotiate the CIM fees directly with CIM, and possibly obtain services at a lower cost than retaining CIM through the Advisory Portfolios Program. More generally, clients should understand that the financial incentives that CGMI has to recommend affiliated investment managers may be outweighed by cost savings from appointing unaffiliated investment managers. These various incentives create conflicts of interest. See "Item 6.B Portfolio Manager for Wrap Fee Programs" and "Item 4.D–Compensation."

Clients who are interested in CIM managed strategies should consult with their CGMI adviser for more information about CIM managed strategies and investment managers.

### **Fees**

Clients participating in the Advisory Portfolios Program pay CGMI an asset-based fee. The fee includes fees or charges of CGMI, the Overlay Manager, and Clearing Firm, including brokerage commissions for transactions executed at CGMI or Clearing Firm, compensation to client's CGMI adviser or an employee of an affiliate, custodial charges and fees of the investment manager(s). The fee does not include the following: (a) any fees or charges for services provided by CGMI, an affiliate (if applicable), Clearing Firm or third parties which are outside the scope of the client's Program Agreement with CGMI (e.g., wire transfer fees, account transfer fees, lending fees and interest, retirement plan administration fees, trustee fees, etc.); (b) any taxes or fees imposed by exchanges or regulatory bodies; (c) charges, taxes, legal and other expenses associated with the Program and client accounts arising under the laws of any relevant jurisdiction; (d) fees and expenses charged by any investment manager or investment fund in which assets in the account are invested (including any separately managed account fees described below); (e) brokerage commissions, mark-ups, mark-downs, spreads and other fees and charges imposed when an investment manager chooses to effect securities transactions with or through a broker-dealer other than CGMI or Clearing Firm; and (f) certain other fees and charges described herein (see "Item 4.C–Additional Information Regarding Fees and Charges" and "Item 9.B.3–Compensation from Funds").

While clients are not charged a performance fee in connection with the Advisory Portfolios Program, certain investment funds charge management and performance fees, and the portfolios or funds underlying the investment funds also may have their own management and performance fee arrangements. Thus, clients invested in any investment funds may be subject to the management and performance fees at the fund level and management and performance fees by the portfolios and funds underlying the investment funds. CGMI shares in the management and performance fees charged by certain investment fund managers. CGMI negotiates a fee with each portfolio manager and investment fund for the services rendered by such manager or fund that may be paid out of the investment management fees received by CGMI. The variation in the fee rates negotiated with each portfolio manager and investment fund creates a conflict of interest for CGMI in selecting managers and funds.

### **Advisory Portfolios Program**

The CGMI fee payable to CGMI is computed using different rates applicable to ranges of asset values, as shown on the fee schedule below. The effective CGMI fee is a “blend” of the different rates applicable to each asset value range.

**Advisory Portfolios Program CPB and WaW U.S. Fee Schedule**

<b>Assets Under Management</b>	<b>CGMI Annual Fee</b>
	CGMI fee will be a “blend” of the different rates applicable to each range of asset values.
On first \$5 million	1.00%
On next \$5 million	0.80%
Over US \$10 million	0.60%

**Advisory Portfolios Program CPB and WaW Non-U.S. Fee Schedule**

<b>Assets Under Management</b>	<b>CGMI Annual Fee</b>
	The applicable standard fee rates below will apply to the entire balance in the account, rather than applied as a blend of the different rates applicable to each asset value range.
Under US \$5 million	1.50%
US \$5 million to less than US \$10 million	1.25%
US \$10 million and above	1.00%

Fees are negotiable based on a number of factors, which results in particular clients paying a fee different than the standard fees. Fees are payable monthly in arrears.

Fees generally are payable as follows:

- AP Core: Fees are payable monthly in arrears.
- AP Custom: Fees are charged monthly or quarterly, in arrears or in advance.

**Additional Fees and Expenses**

The client will bear a proportionate share of the fees and expenses incurred by any mutual funds or alternative investments included in the portfolios. The prospectus or offering memorandum of each of these investments describes these internal fees and expenses in detail. For more information relating to fees, please see “Item 9.B.3–Compensation from Funds.”

**Additional Fees Charged by Investment Managers**

In addition to the CGMI fee, a client will also separately pay fees to investment managers in connection with any separately managed accounts in which the client invests ("SMA fees"). The SMA fees vary by asset class, are negotiated by CGMI, and are subject to change without notice. The SMA fees are asset-based annual fees ranging from 0.10% to 0.35% for fixed income only strategies, and from 0.25% to 0.50% for other strategies. Fees for specific strategies are provided to clients prior to investing in the Program.

Investment managers may also charge a performance fee in addition to the asset-based investment management fees described above. For accounts with alternative investment funds, there is no portfolio level (*i.e.*, CGMI account-level) performance fee, but performance fees may be charged by a private investment fund through which the client invests and may also be charged by the underlying portfolio investments held by a private fund in which a client invests (*e.g.*, a fund of funds).

Where alternative investment funds advised by an affiliate of CGMI are used, CGMI's fees include the management fees payable to the affiliated manager. However, where clients enter into a separate contract with an affiliate of CGMI to invest in alternative investments, CGMI's fee does not include any fees or charges of such affiliated alternative investment manager's services.

If any investment manager effects securities transactions for the client portfolio with or through a broker-dealer other than CGMI or Clearing Firm, then clients are responsible for the execution costs separately. See "Item 4.C.-Additional Information Regarding Fees and Charges" for more information about trading away.

#### **Fees Charged for CIM Managed Strategies**

	<b>CIM Management Fee</b>	<b>Trading and Execution Costs</b>
<b>AP Custom</b>	Included in CGMI's fee unless the client negotiates otherwise	CIM's trading and execution costs are charged to client
<b>AP Core</b>	Included in CGMI's fee unless the client negotiates otherwise	CGMI and Clearing Firm's trading and execution costs are included in CGMI's fee  Trading and execution costs for transactions effected through another broker-dealer are charged to client

#### **Citi Portfolio Manager Program**

The Citi Portfolio Manager Program ("PMP") offers discretionary, individualized management services to clients. The minimum account size generally is \$25,000.

#### ***Services Provided***

PMP is administered and overseen by CGMI's advisory personnel with certain oversight from CGMI. PMP accounts are managed by selected CGMI advisers who meet certain qualifications for investment analysis and portfolio management (referred to as a "PMP portfolio manager").

Each PMP portfolio manager assists his or her client in determining investment objectives, and then manages the client's account on a discretionary basis in a manner consistent with those objectives.

In managing client accounts, the PMP portfolio manager is subject to certain guidelines relating to security diversification and approval of securities (including mutual funds and ETFs) that may be purchased for PMP accounts. Limited types of options transactions (including covered options writing and protective put buying) also may be conducted.

From time to time, a PMP portfolio manager may terminate his or her employment with CGMI or be unable temporarily or permanently to render investment services to his or her PMP accounts. In that event, CGMI will, in its sole discretion, either assign a new PMP portfolio manager to an affected account (on a temporary or permanent basis) or notify the client that a new PMP portfolio manager will not be assigned and terminate the Program Agreement associated with the account. Because the departure or incapacity of a PMP portfolio manager can occur without advance warning, clients should understand they could be faced with an immediate need to find alternative arrangements for managing assets held in terminated accounts.

#### Account Information

CGMI (either directly or indirectly) confirms all transactions executed through CGMI or Clearing Firm and provides confirmations of all transactions and account statements at least quarterly. Clients may elect to receive information about trading allocations in their periodic statements in lieu of receiving individual confirmations following each transaction. Once an account is active, the client receives a report of the account's performance periodically. Clients also receive mutual fund and ETF prospectuses for the funds in which they invest.

In PMP, a client may request in writing that certain specified securities not be purchased for his or her account. Also, a client generally may specify that certain categories of securities not be purchased. In this event, CGMI will determine in its sole discretion whether a security will be treated as within the restricted category. In making this determination, CGMI may rely on outside sources, such as standard industry codes and categories provided by Clearing Firm. CGMI will reject any restriction it believes it cannot effectively implement or monitor.

#### Trade Allocations

If a PMP portfolio manager believes that the purchase or sale of a security is in the best interests of more than one client, he/she may, but is not obligated to, aggregate the securities to be sold or purchased to obtain favorable execution to the extent permitted by applicable law and regulations. In such event, the transactions will be allocated by the PMP portfolio manager according to a policy designed to ensure that such allocation is equitable and consistent with the PMP portfolio manager's fiduciary duty to its clients. These methods include, among others, pro rata allocation and random allocation. The allocation method used in a particular transaction may vary, depending upon various factors, including the type of investment, the number of shares purchased or sold, the size of the account, and the amount of available cash or the size of an existing position in an account. Pursuant to these methods, aggregated orders are averaged as to price. There may be circumstances in which a PMP portfolio manager or a CGMI-affiliated investment manager does not aggregate trades and thereby does not obtain a lower mark-up or mark-down that may have been available.

#### **Fees**

Clients participating in PMP pay CGMI an asset-based fee. The fee includes fees or charges of CGMI and Clearing Firm, including brokerage commissions for trades executed at CGMI or Clearing Firm, compensation to the client's CGMI financial adviser, Clearing Firm's custodial charges and fees of the investment manager that the client selects. The fee does not include

the following: (a) fees or charges for services provided by CGMI, an affiliate (if applicable), Clearing Firm or third parties that are outside the scope of the client's Program Agreement with CGMI (e.g., wire transfer fees, account transfer fees, lending fees and interest, retirement plan administration fees, trustee fees, etc.); (b) any taxes or fees or their equivalent imposed by exchanges or regulatory bodies; (c) fees and expenses charged by the mutual funds and ETFs in which the client invests; and (d) certain other fees and charges described herein. For more information relating to fees, see "Item 4.A.5.C-Additional Information Regarding Fees and Charges" and "Item 9.B.3-Compensation from Funds."

The standard annual fees for the program are as follows:

#### **Citi Portfolio Manager Program Fee Schedule**

The CGMI fee is computed using different rates applicable to ranges of asset values, as shown on the fee schedule below. The effective CGMI fee is a "blend" of the different rates applicable to each asset value range.

<b>Account Asset Values</b>	<b>CGMI Annual Fee</b>
On the First \$500,000.00	2.00%
On the Next \$500,000.00	1.50%
On the Next \$2,000,000.00	1.25%
On Assets Over \$3,000,000.00	1.00%

Fees are negotiable based on a number of factors including, but not limited to, the type and size of the account and the range of services provided by the PMP portfolio manager. Fees are normally payable quarterly in advance. Because PMP does not involve investment managers unaffiliated with CGMI, CGMI retains the entire fee.

#### **Model Allocations Portfolios Program**

In the Model Allocations Portfolios Program ("MAP"), clients select a third-party investment manager to make investment recommendations in accordance with defined asset allocation models that are designed by the investment manager and updated from time to time. Clearing Firm provides custody services for client accounts and also provides trade execution and related services to implement the investments recommended by the asset allocation models.

The asset allocation models consist of portfolios of mutual funds and/or ETFs. Such funds pursue equity, balanced and multi-style strategies, or fixed income strategies, among other strategies. The minimum account size for MAP is \$25,000, but may be reduced for certain clients at CGMI's discretion.

#### **Services Provided**

In MAP, the client's financial adviser assists the client in the review and evaluation of investment objectives. The client then selects an investment manager and an asset allocation model designed by the investment manager. Each model offered through MAP represents a different asset allocation that is tailored to a different investment objective/risk tolerance. The investment managers are responsible for setting the asset allocation strategy of the models they design, selecting the underlying investment holdings of the models, and recommending adjustments to the models and their underlying investments from time to time. The asset classes and underlying investments prescribed by a model are therefore subject to change.

The client enters into Program Agreement with CGMI under which the client authorizes CGMI to direct the purchase and sale of securities for the client's account in accordance with the

asset allocation model that the client selects. The investment manager delivers the model to CGMI, and CGMI delivers the model to Clearing Firm. Upon receipt of the model, Clearing Firm executes transactions for the client's account in the recommended securities, subject to any reasonable investment restrictions that the client imposes. Should the investment manager recommend a mutual fund for which CGMI has no distribution agreement, CGMI will request that the investment manager find a substitute fund and if no substitute fund is immediately recommended by the investment manager, CGMI will hold the allocation to the unavailable fund in cash or cash equivalents until a fund for which CGMI has a distribution agreement is recommended. CGMI separately contracts with the investment managers concerning the terms of their participation in MAP. The investment managers do not serve as investment advisers to the clients who participate in MAP. Instead, each investment manager serves as an investment adviser to CGMI, and CGMI serves as an investment adviser to the clients.

#### Evaluation and Selection of Investment Strategies

CGMI will recommend an investment manager and an asset allocation model for the client's account, based on the client's individual objectives and circumstances, but the actual selection of the investment manager and model are entirely up to the client, subject to the exception described below.

The asset allocation models offered in MAP are based on investment strategies designed by the investment managers. Each investment strategy offered in MAP must meet the CitiAccess research standard (see "Item 6.A–Research in Advisory Programs"). In the event that CGMI determines that an investment strategy on which a client's asset allocation model is based is no longer approved for MAP (i) a replacement investment strategy and a corresponding model will be selected by the client (or, if the client fails to make a selection, by CGMI) from recommendations provided by CGMI or (ii) the client's Program Agreement will automatically terminate upon a date selected by CGMI and communicated to the client with reasonable advance notice. In the event the client wishes to continue to have its account managed in accordance with a model that is designed based on an investment strategy that is no longer approved for MAP, CGMI will (a) make no further representations concerning the investment strategy and corresponding model, (b) not assume any liability for any loss, claim, damage or expense attributable to the client's decision and (c) cease evaluating and making any representations regarding the investment strategy and corresponding model.

Before a new investment strategy is selected for the client's account and the client's assets are transferred from one model to another, CGMI will attempt to obtain the client's oral or written consent but will not be required to obtain such consent prior to effecting the transfer.

CGMI maintains a "Watch" policy for investment strategies that have been approved for MAP. CGMI's Watch policy is more fully described in "Item 6.A–Research in Advisory Programs." A Watch status may, but is not certain to, result in a change of the investment strategy's recommended status.

Additionally, notwithstanding the foregoing, if (i) the amount in a client's account that is invested according to an asset allocation model falls below the specified minimum for such model (due to re-balancing, market activity or any other reason) or (ii) the client's investment manager elects to terminate its investment advisory relationship with CGMI, CGMI may (without further consent from client) transfer the client's assets to another appropriate model and/or investment for which the client's account qualifies.

#### Services of Clearing Firm

Clearing Firm executes transactions for the client's account in accordance with the model designed by the investment manager, subject to any reasonable investment restrictions that

the client has imposed. Clearing Firm also performs clearance and settlement services on behalf of the client's account.

In CGMI's sole discretion, at any time and for any reason, CGMI may engage an alternative broker-dealer to execute transactions for Client's account. If there is a disruption in the services provided by Clearing Firm for any reason, CGMI or an affiliate may execute transactions for the account during the period of the disruption. This may impact account performance. In addition, in the event of a disruption, CGMI may liquidate the applicable portfolio (in whole or in part), and invest the proceeds in money market funds or other cash equivalents.

In executing transactions for the account, Clearing Firm acts on an agency or principal basis, to the extent permitted by law and subject to applicable restrictions, and will be entitled to compensation for its services. Because transactions for the account generally will be executed exclusively through Clearing Firm, the prices at which transactions are executed may be less favorable for the client than would be the case if another broker-dealer were used.

Some or all transactions effected by Clearing Firm for the client's account may be aggregated with transactions for other clients of an investment manager, CGMI, Clearing Firm or one of their respective affiliates and may be subsequently allocated to the client's account at an average price. Clearing Firm also may from time to time and at its discretion act as principal (to the extent permitted by law) with respect to aggregated orders that result in allocations to the client's account at an average price. The client's confirmations will identify when a transaction was effected at an average price, the average price at which it was effected, and if so, whether Clearing Firm acted as principal or agent for the transaction. When a transaction for the client's account is aggregated with transactions effected for other accounts, the price at which the aggregated transaction is effected may be less favorable for the client's account than would be the case if the relevant security or other financial product was transacted for the client's account individually. Clearing Firm maintains policies and procedures designed to ensure that aggregated transactions are effected on a fair and equitable basis.

#### Account Information

CGMI (either directly or indirectly) confirms all transactions executed for the account and provides account statements at least quarterly. Clients may elect to receive information about transactions in their periodic statements in lieu of receiving individual confirmations following each transaction. Clients also periodically receive a "Performance Review," which is a statistical review and analysis of the account. Clients also receive mutual fund prospectuses for the funds in which they invest, unless they delegate their rights to receive prospectuses to CGMI.

#### **Fees**

Clients participating in MAP pay CGMI an asset-based fee. The fee includes fees or charges of CGMI and Clearing Firm, including brokerage commissions for trades executed at CGMI or Clearing Firm, compensation to the client's CGMI financial adviser, Clearing Firm's custodial charges and fees of the investment manager that the client selects. The fee does not include the following: (a) any fees or charges for services provided by CGMI, an affiliate (if applicable), Clearing Firm or third parties that are outside the scope of the client's Program Agreement with CGMI (e.g., wire transfer fees, account transfer fees, lending fees and interest, retirement plan administration fees, trustee fees, etc.); (b) any taxes or fees or their equivalent imposed by exchanges or regulatory bodies; (c) fees and expenses charged by the mutual funds and ETFs in which the client invests; and (d) certain other fees and charges described herein. For more information relating to fees, see "Item 4.C-Additional Information Regarding Fees and Charges" and "Item 9.B.3-Compensation from Funds."

The standard annual fees are as follows:

### **Model Allocations Portfolios Program Fee Schedule**

The CGMI fee is computed using different rates applicable to ranges of asset values, as shown on the fee schedule below. The effective CGMI fee is a “blend” of the different rates applicable to each asset value range.

<b>Account Asset Values</b>	<b>CGMI Annual Fee</b>
On the First \$500,000	2.00%
On the Next \$500,000	1.50%
On the Next \$2,000,000	1.25%
On Assets Over \$3,000,000	1.00%

Fees are negotiable based on a number of factors, which results in particular clients paying a fee different than the standard fees. Fees are generally payable quarterly in advance. CGMI pays a portion of the asset-based fees it receives from clients to Clearing Firm. Currently, CGMI does not pay any fees to the investment managers.

The investment manager fees are subject to change without notice.

CGMI has an incentive to negotiate for lower investment manager fees and to recommend investment managers that are paid comparatively less than other managers, because the lower the investment manager fees, the greater the portion of the client’s fee that CGMI retains for itself.

One of the factors used to determine CGMI financial advisers’ compensation is the size of the client’s total annual fee. See “Item 4.D–Compensation” regarding the conflicts of interest presented by CGMI adviser compensation and how CGMI addresses those conflicts.

Clients should understand that the services provided through MAP are similar to the services provided through CGMI’s CWB Programs. CWB is an automated “robo”-advisory program in which client assets are invested, on a discretionary basis, according to allocation models that are recommended based on answers to an online questionnaire designed to elicit information about a client’s investment risk profile, investment objectives and anticipated investment time horizon. In addition to the robo-advisory services provided in CWB, clients enrolled in CWB Plus also have access to a dedicated group of CGMI representatives (known as Program Advisors) available to offer advice and guidance as part of CWB Plus and a financial planning service to develop a limited purpose, goal-specific financial plan. Unlike in MAP, clients participating in CWB interact with CGMI exclusively through a web-based application and are not able to consult with a CGMI financial adviser in relation to their use of the application or their selection of investment models. For clients participating in CWB Plus, Program Advisors are part of a dedicated pool of CGMI representatives for CWB Plus but are not individually assigned to clients. The fees applicable to the CWB Programs are substantially lower than the fees applicable to MAP. Accordingly, clients who do not desire to interact face-to-face with a dedicated CGMI financial adviser, but seek services that are similar to those provided through MAP, should consider investing through the CWB Programs. For more information about the CWB Programs, please review the CWB Programs brochure, available at <https://adviserinfo.sec.gov/firm/brochure/7059>, or speak to your financial adviser.

### **Dynamic Allocation Portfolios – UMA Program**

The Dynamic Allocation Portfolios – UMA Program (“DAP”) is a “unified managed account” Program. In DAP, CGMI assists clients in establishing and/or reviewing investment objectives and selecting a portfolio. DAP is offered exclusively to CPWM and CPII clients. The portfolio is



generally implemented by the Overlay Manager and is comprised of some or all of the following: (i) mutual funds; (ii) ETFs; (iii) separately managed accounts; and/or (iv) others depending on client's investment needs. See "Item 4.A.5–Execution of Transactions when Citi is the Overlay Manager," "Item 4.A.5–Role of Overlay Manager," and "Item 4.A.5–Aggregation of Trade Orders and Trade Allocation" for more information on portfolio implementation and overlay services provided by the Overlay Manager. The minimum account size for DAP is generally \$25,000; for DAP "custom" Model described below, the minimum is generally \$100,000.

### ***Services Provided***

In DAP, CGMI assists the client in the establishment and/or review of the client's investment objectives and financial circumstances. CGMI and the client then select a portfolio based on the client's investment objectives. A portfolio is a multi-style investment approach that allocates assets to specific investment strategies. To construct the portfolio, CGMI and the client will select an asset allocation investment model (a "Model"). The Model will be either (i) a Model selected by the client from among investment models pre-defined by CGMI (referred to herein as a "pre-defined" Model) or (ii) a Model defined by client (referred to herein as a "custom" Model, where the Model will be comprised of one or more asset classes). With respect to portfolio construction, CGMI will offer one or more of each of the following investment products for each asset class included in a Model: mutual funds, ETFs, separately managed accounts, and/or others depending on the client's investment needs. Clearing Firm provides custody services with respect to client accounts, and both CGMI and Clearing Firm provide execution and related services.

#### ***Pre-Defined Model***

Each of the available pre-defined Models represents a different asset allocation appropriate for a different investment objective/risk tolerance. All asset allocations established for a Model are developed by first starting with a traditional baseline based on the relevant investment objective/risk tolerance. Then, strategic asset allocation concepts are applied by looking ahead ten (10) years to determine how each asset class should be weighted in the Model to reflect its long-term economic and market forecast. Finally, tactical asset allocation concepts are applied by looking ahead three (3) to twelve (12) months to determine how to shift asset allocation weightings to reflect short-term economic and market forecasts. The asset allocations established reflect many variables.

CGMI reviews the asset allocation for the portfolios monthly and makes portfolio adjustments, as needed, though changes may be made more frequently in unusual market or economic circumstances or following under performance or over performance of a particular portfolio or investment. Changes in the asset allocation will likely result in transactions in a client portfolio, and these transactions could have tax consequences for a client account.

The client and CGMI will construct the portfolio by selecting one or more investments for each asset class comprising the Model. CPWM/CPII clients alternatively may elect to have CGMI construct the portfolio (such election being referred to as "Adviser Discretion" and the CGMI adviser, in such capacity, referred to as the "Discretionary Adviser"). In the case where a client elects Adviser Discretion, the client grants CGMI, acting primarily through the Discretionary Adviser, discretion to select investments comprising the portfolio.

#### ***Custom Model***

In the event that the client selects a "custom" Model, the client will establish an initial asset allocation for the Model, and will advise CGMI (verbally or in writing) of any changes to the asset allocation that the client deems appropriate. CGMI will not pre-define the Model and CGMI will not set or adjust the asset allocation for the Model. CPWM clients may also elect

Adviser Discretion, in which case, the Discretionary Adviser will define the Model by setting and adjusting the asset allocation from time to time as the Discretionary Adviser deems appropriate.

In either case, changes in the asset allocation will likely result in transactions in a client portfolio, and these transactions could have tax consequences for a client account.

The client and CGMI or the Discretionary Adviser (in cases where the client has elected Adviser Discretion) will construct the portfolio by selecting one or more investments for each asset class comprising the Model.

#### *Investment Managers and the Overlay Manager*

The Overlay Manager generally will invest and re-invest the assets in each client portfolio, except that in certain strategies, investment managers may be granted responsibility by CGMI to implement investment decisions directly by placing orders for the execution of transactions (such investment managers are referred to herein as “executing” investment managers). In the Program Agreement, the client authorizes each investment manager to act as its investment adviser and to exercise discretion to select securities for the account by either (i) implementing its investment decisions directly (in the case of executing investment managers) or (ii) delivering a model portfolio to the Overlay Manager for implementation and overlay services (in the case of all other investment managers).

CGMI and the Overlay Manager contract with each of the investment managers that are responsible for providing a model portfolio to the Overlay Manager or for implementing investment decisions directly with respect to a designated asset classes.

The Overlay Manager will seek to invest the client’s portfolio in a manner consistent with the Model and investment products selected by the client and CGMI and the model portfolio provided by any applicable investment manager, as qualified by any reasonable client restrictions. CGMI may change the Overlay Manager in its sole discretion, at any time and for any reason. If there is a disruption in the services provided by the Overlay Manager for any reason, CGMI or an affiliate may act as the overlay manager during the period of the disruption. This may impact account performance. In addition, in the event of a disruption, CGMI may liquidate the applicable portfolio (in whole or in part), and invest the proceeds in money market mutual funds or other cash equivalents.

Periodically, the Overlay Manager will re-balance the client’s account in accordance with a re-balancing protocol specified by CGMI and agreed to by the Overlay Manager. The re-balancing of the account by the Overlay Manager could have tax consequences for a client account. See “Item 4.A.5–Execution of Transactions when Citi is the Overlay Manager,” “Item 4.A.5–Role of Overlay Manager,” and “Item 4.A.5–Aggregation of Trade Orders and Trade Allocation” for more information on portfolio implementation and overlay services provided by the Overlay Manager.

#### *Investment Product Selection*

Investment managers and mutual funds recommended or included as an investment product in DAP must meet either the CitiFocus or CitiAccess research standard, and each ETF included as an investment product in DAP must be screened according to CGMI due diligence procedures (see “Item 6.A–Research in Advisory Programs”).

Unless the client has selected Adviser Discretion, if CGMI determines that an investment manager or investment product previously recommended for the client no longer meets the applicable research standard and is therefore no longer approved for DAP, either (i) a replacement manager or product will be selected by the client or (if the client fails to select a replacement manager or product) by CGMI from recommendations provided by CGMI, or (ii)

the client's Program Agreement will automatically terminate upon a date selected by CGMI and communicated to the client with reasonable advance notice. Before a client's assets are transferred from one investment manager to a replacement investment manager, CGMI will attempt to obtain the client's oral or written consent but will not be required to obtain such consent prior to affecting the transfer.

With respect to clients who have selected Adviser Discretion, the Discretionary Adviser will exercise discretion in selecting a replacement manager or product.

If (i) the amount in an investment product or Model in a client's portfolio falls below the minimum for that investment product or Model (due to re-balancing, market activity or any other reason) or (ii) an investment manager elects to terminate its investment advisory relationship with client, CGMI may (without further consent from client) transfer client's assets to another appropriate investment product or Model, which investment product or Model has a minimum investment for which the portfolio qualifies.

CGMI undertakes periodic reviews of a broad range of factors to determine whether each mutual fund, ETF and investment manager remains appropriate for clients given their selected Model. Factors considered include investment performance, staffing, operational and compliance issues and financial condition.

#### Account Information

CGMI (either directly or indirectly) confirms all transactions executed through CGMI or Clearing Firm and provides account statements at least quarterly. Clients may elect to receive information about transactions in their periodic statements in lieu of receiving individual confirmations following each transaction. Once an account is active, the client receives a report of the account's performance on a quarterly basis. Clients also receive mutual fund and ETF prospectuses for the funds in which they invest.

#### **Fees**

Clients participating in DAP pay an asset-based fee to CGMI. The fee includes fees or charges of CGMI, the Overlay Manager, and Clearing Firm, including brokerage commissions for trades executed at CGMI and/or Clearing Firm, compensation to the client's CGMI financial adviser and Clearing Firm's custodial charges. The fee does not include the following: (a) any fees or charges for services provided by CGMI, an affiliate (if applicable), Clearing Firm or third parties which are outside the scope of the client's Program Agreement with CGMI (e.g., wire transfer fees, account transfer fees, lending fees and interest, retirement plan administration fees, trustee fees, etc.); (b) fees or charges of any of the investment managers selected to manage the client's assets; (c) any taxes or fees or their equivalent imposed by exchanges or regulatory bodies; (d) brokerage commissions, mark-ups, mark-downs, spreads and other fees and charges imposed when the Overlay Manager or an investment manager chooses to effect securities transactions with or through a broker-dealer other than CGMI or Clearing Firm; (e) fees and expenses charged by any investment funds in which the client invests; and (f) certain other fees and charges described herein. See "Item 4.C-Additional Information Regarding Fees and Charges" and "Item 9.B.3-Compensation from Funds." The standard annual fee applicable to DAP is as follows:

#### **Dynamic Allocation Portfolios – UMA Program Fee Schedule**

The CGMI fee payable is computed using different rates applicable to ranges of asset values, as shown on the fee schedule below. The effective CGMI fee is a "blend" of the different rates applicable to each asset value range.

<b>Account Asset Values</b>	<b>CGMI Annual Fee</b>
On the First \$500,000	2.00%
On the Next \$500,000	1.50%
On the Next \$2,000,000	1.25%
On Assets Over \$3,000,000	1.00%

Fees are negotiable based on a number of factors, which results in particular clients paying a fee different than the standard fees. Fees generally are payable quarterly in advance.

As indicated above, the investment manager fees (for separately managed accounts) are separate from the client fee charged by CGMI. The investment manager fees are asset-based annual fees ranging from 0.10% to 0.35% for fixed income only strategies, and from 0.25% to 0.50% for other strategies. Fees for specific strategies are provided to clients prior to investing in the Program. The investment manager fees set forth herein are subject to change without notice.

## **A.5. All Programs**

### ***CGMI Restricted in its Ability to Trade or Provide Certain Advice***

To comply with applicable regulatory requirements, there are time periods during which CGMI is not permitted to initiate or recommend certain types of transactions in the securities of issuers for which CGMI is performing investment banking services. In particular, when CGMI is engaged in an underwriting syndication or other distribution of corporate or municipal securities, CGMI could be prohibited from purchasing or recommending the purchase of certain securities of an issuer for its clients. Notwithstanding the circumstances described above, a client, on its own initiative, may in some circumstances direct CGMI to place orders for specific securities in the client's account.

From time to time, restrictions are imposed by CGMI to address the potential for self-dealing by CGMI and conflicts of interest that arise in connection with CGMI's broker-dealer and investment banking businesses. CGMI has adopted various procedures to guard against insider trading that include an "Information Barrier" procedure, pursuant to which information known within one area of CGMI (e.g., investment banking) is not permitted to be distributed to other areas (e.g., investment advisory), and the use of a restricted list and various other monitoring lists. These investment banking or other activities will from time to time compel CGMI, the Overlay Manager or their affiliates to forgo trading in the securities of companies with which these relationships exist. This may adversely impact the investment performance of a client's account.

Citigroup securities or obligations (other than investment funds advised by CGMI or another Citigroup affiliate) will not be directly held in an account. Citigroup securities or obligations could, however, be included in the investment funds purchased for an account.

None of CGMI and its affiliates, Clearing Firm or investment managers are obligated to effect any transaction for a client's account which they believe would be violative of any applicable state or federal law, rule or regulation, or of the rules or regulations of any regulatory or self-regulatory body, or any of their applicable policies or procedures.

### ***CGMI Giving Conflicting Advice or Trading Differently for Itself than on behalf of Client's Accounts; Advice or Action Taken Differing Among Clients***

CGMI or an affiliate could recommend securities in which CGMI or such affiliate directly or indirectly has a financial interest; CGMI or an affiliate can also buy and sell securities that are recommended to clients for purchase and sale. Thus, a client can hold securities in which CGMI or an affiliate, makes a market or in which CGMI or an affiliate, or officers or employees of CGMI or such affiliate also have investments. Moreover, CGMI and its affiliates advise or take

action for themselves differently than for CGMI clients. In performing its duties to certain Program clients, CGMI also provides advice and take action that differs from advice given, or the timing and nature of action taken, for other clients' accounts. When CGMI financial advisers purchase or sell certain securities for their own accounts on the same day that transactions in such securities are effected for client accounts, the price paid or realized by the CGMI financial advisers generally is not more advantageous than the price at which the client transactions are effected. For more information on CGMI's personal trading policy, see "Item 9.B.1 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading."

### ***Role of Overlay Manager***

In certain Programs, an overlay manager (the "Overlay Manager") provides portfolio implementation and overlay services in connection with the management of client accounts.

### ***Implementation and Coordination Services Provided***

The Overlay Manager provides some or all of the following portfolio implementation and overlay services in certain of the Programs:

- implementing investment instructions furnished to the Overlay Manager by investment managers concerning the securities to be purchased, held, or sold for client accounts and determining the amount of securities to be purchased or sold for client accounts in accordance with rules and procedures agreed to by the Overlay Manager and the investment managers;
- placing orders for and arranging for the purchase or sale of securities with broker-dealers to implement the investment instructions of the investment managers and/or, to the extent agreed between the Overlay Manager and an investment manager and at the discretion of the Overlay Manager, communicating the amount of securities to be purchased or sold for client accounts to an investment manager for execution with broker-dealers selected by the investment manager;
- placing orders for the purchase, sale, or redemption of shares of mutual funds and ETFs to implement the investment instructions of clients and/or investment managers;
- rebalancing client accounts among two or more investment styles;
- coordinating the disposition of a client account's non-investment model holdings to facilitate the investment of proceeds into the model holdings of the investment managers;
- implementing reasonable restrictions imposed by a client on the management of the client's account; and
- managing client accounts consistent with asset allocation and asset class selections made by clients.

Except as otherwise noted in the description for a Program, the investment managers instruct the Overlay Manager as to the securities to purchase and sell for client accounts and the timing and extent of rebalancing among multiple investment styles in a balanced account or multiple discipline account.

When a client funds an account with a security that is held by more than one investment manager in a client account, the Overlay Manager will align the security to the appropriate weight within each investment manager's model; excess holding will be disposed of and the proceeds will be used to purchase other securities within each investment manager's model.

### Execution of Transactions when Citi is the Overlay Manager

This section describes the handling of trade execution responsibilities for client accounts when Citibank and/or CGMI serves as the Overlay Manager for a Program. The Overlay Manager and an investment manager may agree that the investment manager will be responsible for executing all or certain transactions on behalf of client accounts. The Overlay Manager will have no execution responsibilities for these transactions and will not be in a position to monitor for best price and execution.

The Overlay Manager generally will execute securities transactions through CGMI, Clearing Firm or another designated broker-dealer, subject to Overlay Manager's obligation to seek best execution. Nevertheless, the Overlay Manager can, in accordance with applicable law (including Overlay Manager's obligation to seek best execution), effect transactions for accounts through one or more other broker-dealers.

It is the Overlay Manager's policy to seek best qualitative execution when executing transactions on behalf of clients. Best execution is not necessarily measured by the circumstances surrounding a single transaction. The Overlay Manager will select broker-dealers, including alternative execution services (e.g., electronic communication networks and crossing networks), for trade execution that, in its best judgment under the circumstances, provide prompt and reliable execution at favorable security prices with reasonable commission rates and/or other transaction costs. The best net price, giving effect to brokerage commissions, commission equivalents, spreads and other costs, is an important factor in this decision, although a number of other factors also enter into the decision. These factors can include: price level; available commission rates, mark-ups, mark-downs and/or spread levels; the nature of the security being traded; the size and complexity of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular securities; confidentiality; execution, clearance and settlement capabilities; counterparty financial condition and reliability; the availability of capital commitment; and other relevant and appropriate services of the broker-dealer. In seeking best execution, the Overlay Manager uses an established brokerage committee that reviews, among other things, the firm's broker-dealer selection, soft-dollar activities and services provided.

The Overlay Manager implements purchase and sale transactions in American depositary receipts ("ADRs") for client accounts through broker-dealers that facilitate investment in ADRs through transactions in a company's ordinary shares in non-U.S. markets and the conversion of such shares into ADRs. Such transactions typically involve foreign exchange, ADR conversion, and related costs and charges that are reflected in a net price paid or received by the client. Such costs and charges are in addition to the fees and commissions payable for account management and security trade execution.

In Programs in which a client is charged an asset-based fee for investment advisory and trade execution services (i.e., a "wrap fee"), the client typically will not pay any transaction-specific commissions on agency trades executed by CGMI, Clearing Firm or another broker designated by CGMI. The client will, however, pay transaction-specific commissions, commission equivalents or spreads on trades that the Overlay Manager directs to a broker-dealer other than CGMI, Clearing Firm or the designated broker. These fees or charges will be charged separately to the client's account or reflected in the net price paid or received for the security. Due to the separate fees or charges that are incurred when the Overlay Manager effects trades, on behalf of a client, with broker-dealers other than CGMI, Clearing Firm or the designated broker, it is expected that the Overlay Manager will effect a large percentage of transactions that are driven by activity specific to a client's account (e.g., additions and withdrawals) with CGMI, Clearing Firm or the designated broker.

In the case of trades that are driven by a change in an underlying investment manager's investment model and that need to be effected for many clients, the Overlay Manager

generally will seek to aggregate these trades for execution through a single broker-dealer in a block trade and then will “step out” those trades to CGMI and/or Clearing Firm for clearance and settlement. The Overlay Manager has established relationships with broker-dealers that generally execute such block trades at no additional cost to clients. A portion of the client accounts participating in an aggregated trade typically will be accounts that have paid a wrap fee covering execution to the executing broker-dealer (“non-trade away accounts”), while other participating accounts will be accounts that pay a wrap fee or transaction-specific compensation to a broker-dealer other than the executing broker-dealer (“trade away accounts”). For trade away accounts, the Overlay Manager directs the executing broker-dealer to allocate and deliver the portion of the trade attributable to such accounts to the client’s wrap fee program sponsor or designated broker for clearance and settlement. While aggregating trades as indicated could be viewed as providing a benefit to trade away accounts at the expense of non-trade away accounts, it should be noted that: (i) trade away clients pay transaction-related compensation to their designated broker-dealer instead of the executing broker-dealer, and (ii) it is not expected that the wrap fees paid by non-trade away clients will be affected by such block trading arrangements.

In engaging an investment manager to participate in the Programs, CGMI will seek assurances that the investment manager will communicate model changes to the Overlay Manager in accordance with procedures that are designed to be fair and equitable to Program clients in relation to other clients of the investment manager. Such procedures could include a rotation process or the simultaneous transmission of model change information to multiple venues, including the Overlay Manager and a trading desk maintained by the investment manager to effect transactions on behalf of other client accounts, or a combination of both. In the case of simultaneous transmission, it is anticipated that orders that the Overlay Manager places in most cases will end up competing in the marketplace with orders placed by the investment manager’s trading desk on behalf of its other clients. This competition has the potential to negatively impact all clients of the investment manager, though competition concerns are mitigated where the securities involved have significant trading volume and high liquidity. In the case of less liquid securities, an investment manager could seek to mitigate competition concerns through the use of limit orders and specific price targets, among other means. While the Overlay Manager has established processes to implement model change trades promptly, an investment manager’s trading desk may, notwithstanding the simultaneous transmission of model change information, be able to place certain trade orders with broker-dealers for its other client accounts prior to the time that Overlay Manager is able to do so for Program clients. Program clients could be negatively impacted by such timing differences.

In some circumstances, an investment manager will communicate instructions to the Overlay Manager with respect to a recommended Program account trade after the investment manager has filled orders for the same trade for the investment manager’s other accounts. If the market price has increased, the Program account will not receive as favorable price as would be the case if the trade had been made at the time that the investment manager placed orders for its other clients. Therefore, depending upon market price volatility, the process will negatively impact the performance of the Program account. Ultimately, it is the investment manager’s responsibility to ensure that the clients are treated fairly and equitably in the transmission of model change information.

#### Aggregation of Trade Orders and Trade Allocation

As noted in “Item 4.A.5–Execution of Transactions When Citi is the Overlay Manager,” the Overlay Manager generally will seek to aggregate trades that are driven by a change in the investment model of an underlying investment manager and that need to be affected on behalf of multiple client accounts. Aggregated transactions effected each day are averaged as to price. An aggregated transaction will typically be allocated by the Overlay Manager among participating accounts on a pro rata basis but may be allocated among accounts according to

one or more other methods designed to ensure that the allocation is fair and equitable to all clients. In particular, when a transaction order is partially filled and the total amount filled does not allow for a pro rata allocation of securities to all accounts or does not allow for a meaningful allocation of securities to all accounts, the Overlay Manager allocates the partially filled order on a random basis as determined by the Overlay Manager's trading system. This method generally will be used by the Overlay Manager only after consulting with and seeking direction or agreement from the portfolio management team at the applicable investment manager. Where an aggregated order covers clients in multiple Programs, the securities generally are allocated to the Programs participating in the order on a pro rata basis. The securities are then allocated to clients within each Program following one of the accepted trade allocation methods. The Overlay Manager does not consider account performance or fee structure in making investment opportunity allocation decisions. Managed accounts in which CGMI personnel have an interest are aggregated with orders for other accounts so long as the employee accounts are treated in the same manner as other accounts.

#### *Types of Investments, Methods of Analysis, Sources of Information and Investment Strategies*

Subject to the investment managers' instructions, the Overlay Manager's investment strategies involve long-term or short-term trading, and option writing, and generally extend to: exchange-listed, over-the-counter and foreign securities and rights and warrants to acquire the same; corporate, municipal, foreign and U.S. government debt securities, including those guaranteed by such governments or issued by their agencies and instrumentalities and repurchase and reverse repurchase agreements including any of the foregoing; securities options; mortgage-backed or other asset-backed securities and structured notes; certificates of deposit; certain derivative instruments; commercial paper; bankers acceptances; and mutual fund shares. Not all of these strategies are appropriate for all clients; however, only those strategies believed to be suitable will be used in any given client account or Program. It is anticipated that there will be a substantial degree of uniformity in client portfolios of the same investment style as a result of the common investment objectives of the clients who have selected that style.

The Overlay Manager also invests client assets in unaffiliated ETFs. ETFs, which may be unmanaged or managed, typically provide investors with exposure to U.S. securities markets, industry and market capitalization sectors, and non-U.S. country and regional markets and sectors. To the extent an ETF represents securities of non-U.S. issuers, it will involve additional risks, including potentially negative effects of fluctuations in foreign currency exchange rates, future political and economic developments, foreign taxation and differences in auditing and other financial standards. In addition to any asset-based fees charged at the account level, a client will bear a proportionate share of the fees and expenses charged by any unaffiliated ETF in which the client invests.

#### *Wash Sales*

The Overlay Manager will seek to prevent certain wash sale violations. If a security is sold at a loss, the security will not be re-acquired for a separate account "sleeve" of the client account within thirty (30) days after the date of sale. If the sold security is, or after the sale becomes, a model security, such security will be purchased for the client account only after such thirty (30) day period expires. During the tax loss selling periods, the Overlay Manager will seek to invest the sale proceeds in an ETF representing a broad portion of the applicable security market (which is predominantly or wholly U.S.). In the event that an ETF cannot be purchased without violating wash sale rules, the sale proceeds will remain in cash. Thirty-one (31) days after the sale, Overlay Manager will sell any such ETF and invest the proceeds in the model security originally sold at a loss.



### ***Mutual Fund Share Classes***

Certain mutual funds offer only one class of shares, while other mutual funds offer multiple share classes that are available for investment based upon certain eligibility and/or purchase requirements. Mutual funds often permit the conversion of shares from one class to another, subject to certain conditions as determined by the applicable fund. If a client contributes or holds mutual fund shares that are deemed ineligible for the Program in which the client participates, such shares will be converted, if feasible, into a class of shares of the same mutual fund that are deemed to be eligible, including Institutional ("I"), Financial Intermediary ("FI"), or advisory program share classes. Depending on the circumstances, a client could be subject to higher expenses overall once the shares convert to a share class that is deemed eligible. A client's mutual fund share class will not be converted if, for example, there is no equivalent share class eligible for the Program or in other circumstances. Clients should discuss the impact of a conversion of mutual fund shares prior to contributing any mutual fund investments to a program account.

Upon termination of a client's Program Agreement or the transfer of mutual fund shares out of the account into a CGMI retail account, CGMI may convert any I shares, FI shares, advisory, and/or other shares of any mutual fund to the corresponding mutual fund's primary or non-advisory share classes. The primary and non-advisory share classes generally have higher operating expenses than the corresponding FI, I, and advisory share classes, which would negatively impact investment performance.

### ***Risks Related to Investments in Different Classes of Securities***

Clients with different investment objectives will, at one time, be invested in different parts of the capital structure of the same issuer. For instance, a client whose objective is income will invest in a company's bonds while a client whose objective is capital appreciation will invest in the same company's equity. Bondholders and shareholders represent two categories of a company's capital structure with potentially opposing interests. Shareholders with unlimited upside on their equity investment in a company may want the company to undertake higher risks that can potentially benefit the equity owners, while the bondholders who are creditors of the company may want the company to minimize risks enough to pay the debt owed to the bondholders. As creditors of the company, bondholders receive priority over shareholders concerning the company's assets in the event of a liquidation. Bondholders who hold debt securities may seek a liquidation of an issuer, while shareholders who hold equity securities may prefer a reorganization of the company.

At times, CGMI will advise accounts that hold different parts of the capital structure of the same issuer. CGMI's actions with respect to one advisory account holding one class of securities will differ from its actions with respect to another account holding a different class of securities. As a consequence, CGMI's investment advice and investment decisions for one client will differ from or conflict with the interests of clients holding different classes of securities. Some advisory accounts can be negatively affected by these decisions while other advisory accounts can be positively affected. The negative effects are generally more pronounced in connection with transactions in, or advisory accounts utilizing, small capitalization, emerging market, distressed or less liquid strategies.

CGMI does not render legal advice to clients in connection with the bankruptcy or reorganization of an issuer.

### ***Special Considerations Regarding Investments in Alternatives***

Alternative investments offered through the Programs can be highly illiquid, are speculative and are not suitable for all investors. Investing in alternative investments is intended only for experienced and sophisticated investors who are willing to bear the high economic risks of the

investment. Investors should carefully review and consider potential risks before investing. Risks include but are not limited to, loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; lack of liquidity where there is no secondary market for the alternative investment and none expected to develop; volatility of returns; restrictions on transferring interests in the alternative investment; potential lack of diversification and resulting higher risk due to concentration of trading authority when a single adviser is used; absence of information regarding valuations and pricing; complex tax structures and delays in tax reporting; less regulation and higher fees than traditional investment funds; and adviser risk.

Each alternative investment offering materials contain confidential material information relevant to making a decision to subscribe to the investment including, but not limited to the investment strategy's liquidity terms, fees and expenses, risks and conflicts of interest, as well as other important matters relating to the investment, its investment adviser, and their operations. Clients should read these documents carefully in determining whether an alternative investment is suitable in light of, among other things, the client's financial circumstances, need for liquidity, tax situation and other investments.

### ***Reasonable Investment Restrictions***

A client may request in writing that a particular security or category of securities not be purchased or sold for an account. If CGMI determines that the client's requested restrictions are reasonable, CGMI will use its best efforts to honor such restrictions. CGMI will reject any restriction it believes cannot be effectively implemented or monitored. Clients should understand that restrictions can have an adverse effect on the account's investment performance, asset diversification, and the achievement of investment goals and objectives, compared with an account that is fully invested in the securities recommended for the account. In the event a category of securities is restricted, CGMI, Clearing Firm, the Overlay Manager or the investment manager responsible for implementing transactions for the account, as applicable, will have sole discretion to determine the specific securities in the restricted category. In making this determination, such parties may rely on outside sources, such as standard industry codes and categories provided by Clearing Firm. Compliance with any restrictions will be as of the date of recommendation of the restricted investment only, based on the characteristics of such investment on that date, as determined by the relevant party in its discretion. Restrictions will not be applied retroactively or deemed to be violated due to changes in the characteristics of an investment following the purchase or recommendation of an investment. Restrictions imposed on the management of the account will not apply to or affect the internal management or underlying investments held by a mutual fund or ETF purchased for the account. Consequently, clients who participate in a Program that invests primarily in mutual funds and ETFs will have limited ability to impose restrictions on the management of their account. If an investment restriction is deemed reasonable, the party with responsibility for implementing investments for the account will allocate the assets that would have been invested in the security(ies) impacted by the investment restriction: (1) pro-rata across other investments recommended for the account; (2) to one or more substitute securities, which might include ETFs; or (3) to cash or cash equivalents.

### **B. Investment Advisory and Brokerage Services Compared; Relative Costs of CGMI Asset-Based Fee Programs and Services Relative to Non-Asset Based Fee and Other Alternatives**

#### ***Investment Advisory Services and Brokerage Services Compared***

CGMI is registered with the SEC as a broker-dealer and an investment adviser. The brokerage services provided by CGMI are separate and distinct from its investment advisory services, and CGMI provides services in both capacities in connection with the Programs described in this brochure. Brokerage and investment advisory services are governed under different laws, are

subject to different standards of care and are provided under separate contracts. Whether acting in a brokerage or investment advisory capacity, CGMI must act in clients' best interests and observe high standards of commercial honor and just and equitable principles of trade, but clients should be informed of the differences between those types of services.

The table that follows summarizes CGMI's investment advisory services and contrasts them against the brokerage services offered by CGMI.

	<b>Investment Advisory</b>	<b>Brokerage</b>
<b>Scope:</b>	Investment advisory services are provided on an ongoing basis and primarily involve providing investment advice or financial planning services designed to meet clients' comprehensive long-term financial goals.	Brokerage services are primarily transactional and involve assisting clients with the purchase and sale of securities.
<b>Governed by:</b>	The SEC under the Investment Advisers Act of 1940, as amended and the rules adopted under the Advisers Act.	The SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules adopted under the Exchange Act. CGMI also is a member of the Financial Industry Regulatory Authority ("FINRA") and other self-regulatory entities and is required to comply with the rules of those organizations. In addition, CGMI is subject to regulation by state authorities.
<b>Discretion:</b>	In most investment advisory programs, a client grants us or a third party discretion to buy or sell investments. This permits us or the third party to make investments for the client's account without asking the client in advance. Some investment advisory accounts are non-discretionary and the client makes the final investment decisions for the account.	CGMI makes recommendations about buying, selling, and holding securities in brokerage accounts, but clients make the final investment decision.
<b>Monitoring:</b>	Unless the relationship is limited in scope, like financial planning, the investment adviser for the account typically provides ongoing monitoring services for the account as provided for in the relevant investment advisory contract.	CGMI does not accept any responsibility to monitor brokerage account(s) on an ongoing or periodic basis for any purpose.

<b>Fees:</b>	<p>Investment advisory fees are typically paid for by the client based on a percentage of the value of the assets in a client's account at a given time. For example, a client with \$100,000 in his or her account might pay 2% or \$2,000 per year for the advice and services provided to an investment advisory account. Although the primary purpose of investment advisory programs is to provide clients with investment advice and guidance, investment advisory programs combine both brokerage and investment advisory services, and the single asset-based fee that clients pay for investment advisory programs generally covers brokerage and investment advisory services, along with clearing and custody services and certain other services described in this document.</p>	<p>Brokerage fees are generally transaction-based. CGMI is compensated each time it executes a transaction via commissions, mark-ups, mark-downs and similar payments. For example, if a client contacts his or her financial adviser to buy shares of a stock, the client will pay a commission to us based upon various criteria such as the dollar value of the trade and the type of stock. In addition to what the client pays us, we are sometimes compensated by the products that clients buy or the service providers to those products. Those payments and the resulting conflicts of interest are described in detail in Parts Three and Four of our Regulation Best Interest ("Regulation BI") Disclosure Statement and Related Information for Retirement Accounts. Clients should also review the information and descriptions of the terms of our compensation in the other documents provided by their financial adviser.</p>
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Whether we provide investment advisory or brokerage services, we are required to provide to clients information regarding material facts relating to conflicts of interest that are associated with our recommendations. There are other facts concerning our duties and services that may be material to a client's decision to establish an account with us or make an investment that we recommend. Whether a client decides to open an investment advisory account or a brokerage account, we will provide clients with more information regarding these services including conflicts of interest. For example, additional information is contained in our Form CRS, in our Regulation BI Disclosure Statement and Related Information for Retirement Accounts for brokerage services, and in this document for investment advisory services.

In addition to the different regulations that apply to brokerage and investment advisory accounts, a number of other factors should inform clients' decision about which account type is most appropriate for them. Those factors include the type and scope of available brokerage and investment advisory products and services, and their respective fees, costs and expenses, in addition, but not limited, to the following:

- the client's preference for an investment advisory or brokerage relationship, a discretionary or a non-discretionary relationship, a fee-based or commission-based relationship and access to a dedicated financial adviser;
- the types of investment vehicles and solutions that are available in each Program;

- whether a particular investment solution offered in a Program is available through another CGMI investment advisory program or by another financial services firm at a lower or higher cost or whether such solution can be achieved in a brokerage account;
- how much trading activity the client expects to take place in its account;
- how much of the client's assets are expected to be allocated to cash or cash equivalents;
- whether a particular investment products is available from CGMI and in what type of accounts;
- the frequency and type of client profiling reports, performance reporting and account reviews that are available in each Program;
- whether the client prefers ongoing account monitoring, as is typically provided in a Program account, or deems acceptable the lack of monitoring services available in a brokerage account; and
- the scope of ancillary services that may be available to the client through a brokerage account, but which may not be available through a Program, such as trading online or securities-based lending within the account.

Please discuss with your CGMI financial adviser any questions about the differences between investment advisory accounts and brokerage service accounts, including the extent of our obligations to disclose conflicts of interest and to act in your best interest, and your rights and our obligations to you. Each client should discuss the Program services with his or her CGMI financial adviser to determine whether a Program is appropriate.

***Cost of CGMI Asset-Based Fee Programs and Services Relative to Non-Asset-Based Fee Alternatives; Relative Costs of CGMI Asset-Based Fee Program Alternatives***

Although the primary purpose of the Programs is to provide clients with investment advice and guidance, the Programs combine both brokerage and investment advisory services, and the single asset-based fee that clients pay for the Programs generally covers CGMI's brokerage and investment advisory services, along with clearing and custody services and certain other services described above. Services that are not covered by the single asset-based fee are described below.

Clients should understand that they may be able to obtain some or all of the services described in this brochure from CGMI without participating in a Program. In that case, a client's total cost would be lower or higher than the fees charged in connection with the Programs. Clients also may be able to obtain the same or similar services or types of investments through other advisory programs or brokerage (including self-directed) platforms offered by CGMI and/or its affiliates. Such other investment advisory programs or brokerage (including self-directed) platforms are offered at a lower or higher overall cost than the Programs.

In particular, and as more fully described in "Item 4.A – Types of Advisory Services Offered – Multi-Asset Class Solutions Program" and "Item 4.A – Types of Advisory Services Offered – Model Allocations Program" clients participating in MACS UMA, MACS Citi Active Allocation, or MAP should understand that the services provided through those Programs are similar to the services provided through CGMI's CWB Programs. The CWB Programs are automated "robo"-advisory programs that are offered exclusively through a web-based application (and in the case of CWB Plus, through Program Advisors) and is described in a separate brochure, available at <https://adviserinfo.sec.gov/firm/brochure/7059>. The fees applicable to the CWB Programs are substantially lower than the fees applicable to MACS UMA, MACS Citi Active

Allocation, and MAP. Clients who do not desire to interact face-to-face with a dedicated CGMI financial adviser, but seek services that are similar to those provided through MACS UMA, MACS Citi Active Allocation, or MAP should consider investing through the CWB Programs.

Moreover, certain investment managers that participate in the Programs and other unaffiliated financial services firms offer to the public other investment products such as mutual funds with similar investment styles and holdings as those investments offered through the Programs. The fees and charges associated with these products may be higher or lower than the fees imposed by CGMI under a Program. In addition, because the fees for the Programs are negotiable, a client participating in one Program may pay higher or lower fees than a similarly situated client participating in the same Program.

### **C. Additional Information Regarding Fees and Charges**

In addition to the asset-based fees payable in connection with the Programs, clients pay additional fees or charges in connection with their accounts or certain securities transactions. These include (but are not limited to): commissions and other charges for transactions that are executed other than through CGMI or Clearing Firm; interest on any debit balances; dealer mark-ups, mark-downs and spreads; auction fees; certain odd-lot differentials; exchange fees; transfer taxes; electronic fund and wire transfer fees; account transfer fees; lending fees and interest; charges imposed by custodians other than CGMI or Clearing Firm; certain fees in connection with custodial, trustee and other services rendered by a CGMI affiliate; termination fees with respect to individual retirement and plan accounts; SEC fees on securities trades; other charges mandated by law; and certain fees in connection with the establishment, administration or termination of retirement or profit sharing plans or trust accounts. In addition, if CGMI is a member of the underwriting syndicate from which a security is purchased, CGMI will benefit from such purchase. Furthermore, there may be additional fees when trading in foreign securities and ADRs.

CGMI (either directly or through its affiliates) will from time to time negotiate with clearing firms, investment managers, or other service providers to achieve cost savings or other improved terms for services covered by a client's asset-based fee or other fees and charges. Any cost savings or other advantages achieved may differ by product line or distribution channel, and CGMI and its affiliates are under no obligation to pass along the savings or other benefits to clients. In such cases, only CGMI and/or one of its affiliates will benefit.

Fees or commissions may be negotiable based upon a number of factors, including, but not limited to, the type and size of the account, the historical and/or expected size or number of trades for the account, the number and range of supplemental advisory and client-related services to be provided to the account, and the type of client groups or organizations. Moreover, fee minimums and account minimums vary as a result of the application of prior schedules depending upon the client account inception date. Minimum account sizes also may be waived under certain circumstances. CGMI does not charge a performance-based fee in connection with the Programs, but certain investment managers or investment funds in which a client invests charge a performance fee in addition to management fees. From time to time, the fees for certain of the advisory services described herein are reduced for employees of CGMI or its affiliates. For more information regarding the above, contact your CGMI financial adviser.

Clearing Firm does not charge CGMI for wire transfer services. CGMI charges clients of Citi Wealth \$25 per wire transfer. In addition, Clearing Firm charges CGMI \$25 for outgoing account transfer services, and CGMI marks up that amount by \$70 and charges clients \$95. CGMI's portion of these fees is intended to compensate CGMI for its part in providing the services and frequently constitutes a majority (or all) of CGMI's charge to the client for the service. Revenue from these services is not shared with registered representatives. The

standard fee schedule for account services is posted at <https://www.citi.com/investorinfo/>. CGMI reserves the right to reduce or waive such fees in its sole discretion.

To the extent that a client invests in a mutual fund or an ETF through the client's Program account, the client will pay a pro rata share of the fund's investment advisory fees and other expenses, such as distribution or servicing fees. These fees and expenses are payable to the fund's manager and other service providers (which service providers may be affiliated with CGMI). CGMI or its affiliates also provide other services to mutual funds or ETFs such as a administrator, trustee and custodian. Fees and expenses charged by mutual funds and ETFs are in addition to the asset-based fee charged in the Programs, except as described below. Furthermore, CGMI or its affiliates effect transactions for certain of the mutual funds and ETFs in which clients invest, and compensation paid to CGMI or such affiliate in connection with such transactions will be in addition to asset-based Program fees. Clients can purchase shares of some of the mutual funds and ETFs used in the Programs directly from the funds, their agents, or through CGMI without enrolling in a Program. Clients who invest in funds other than through a Program will not pay the asset-based Program fees in respect of such investments. However, clients who invest in mutual funds other than through the Program may not be eligible to purchase the same share classes that are made available through a Program, and the purchase of a different share class will generally be subject to higher sales charges and other expenses.

Certain investment managers manage separately managed accounts that invest in the same underlying investments in which one or more mutual fund or ETFs invest. Because the underlying expenses and fees of a separately managed account generally are lower and the performance of a separately managed account may be higher than the comparable mutual fund, it may be to the client's benefit to select the separately managed account as the investment product so long as the client meets the applicable investment minimum.

Additional assets received into an account during any billing period will be charged a pro-rata fee based on the number of days remaining in the billing period. No adjustments will be made to the fee for appreciation or depreciation in the market value of securities held in the account, or for partial withdrawals by client, during any billing period for which such fee is charged. In the event the Program Agreement is terminated by either party prior to the end of a billing period, a pro-rata refund of the fee will be made.

Generally, interest will be charged to a client's account if the account has a debit balance as a result of the client's activity. The "net equity" value of assets, calculated as total assets less debit balance, will be used for the purpose of calculating the advisory or consulting fee due to CGMI. When Clearing Firm has custody of the client's assets, it credits interest and dividends to the account. All client billing for fee-based Programs will be based on the statement value including the accrued interest portion of fixed income securities.

With respect to the Programs in which an investment manager executes transactions on behalf of client accounts, the investment manager is obligated to seek the best net results (price, research, and execution) for transactions undertaken for each client. In seeking best execution for equity securities and other instruments traded in the "agency" markets (typically those executed through an exchange, to which orders are directed by a broker-dealer acting as agent for a client), the investment manager may direct orders to CGMI or Clearing Firm. The client will not pay CGMI or Clearing Firm any commissions in connection with these transactions. Alternatively, the investment manager in its discretion will direct agency trades to other broker-dealers that are unaffiliated with CGMI or Clearing Firm, in which case the unaffiliated broker-dealers will "step-out" the trades to CGMI or Clearing Firm (as applicable) for clearance and settlement. This practice is sometimes referred to as "trading away." In these instances, the client will generally bear the cost of any commissions, mark-ups, or mark-downs charged by the executing broker-dealer. Although the investment managers in

Programs described above are likely to execute a substantial percentage of such transactions for clients with CGMI or Clearing Firm, such investment managers are permitted to, in seeking to achieve best execution, determine to trade away.

In the selection of brokers-dealers to effect transactions, an investment manager will consider a number of different factors, including, among other things, the value of research services provided by a broker-dealer, and/or a broker-dealer's execution capability, execution speed, execution efficiency, confidentiality, familiarity with potential purchasers or sellers, commission rates, financial responsibility, or responsiveness. The investment manager may select broker-dealers that provide the investment manager with research or other transaction-related services and cause a client to pay commissions or other transaction-related fees in excess of those that other broker-dealers would have charged, including CGMI and Clearing Firm, as compensation for such research or services. To the extent permitted by applicable law, the investment managers utilize such research and services for purposes of managing accounts in advisory programs other than those offered by CGMI or its affiliates ("Other Accounts"). Investment managers that specialize in fixed income, international, small-cap or exchange-traded product disciplines will be more likely to trade away due to market dynamics, liquidity, exchange availability, institution specialty or other factors they consider relevant in satisfying their best execution obligations to clients. Clients should understand that CGMI does not evaluate whether an investment manager is meeting its best execution obligations to clients when trading away, as it is not a party to such transactions and is not in a position to negotiate the price or transaction related charges with the executing broker. CGMI does not discourage or restrict an investment manager's ability to trade away from CGMI or Clearing Firm, as the responsibility to determine whether to trade away arises out of the investment manager's individual fiduciary duty to clients and trading expertise.

CGMI has collected information about the trade away practices of the investment managers that participate in the Programs. This information is available at <https://www.privatebank.citibank.com/adv.htm>. Clients should review this information and carefully consider any additional trading costs that may be incurred as part of the client decision in selecting or continuing to retain an investment manager. Information about trade away practices is based solely upon information provided to CGMI by the investment managers. Such information has not been independently verified by CGMI and CGMI does not make any representations as to its accuracy.

Investment managers also have arrangements with one or more broker-dealers that are not affiliated with the investment manager, CGMI or Clearing Firm (the "Step-Out Broker"), pursuant to which (i) the investment manager may direct a block of trades (which block may include trades for Program accounts and Other Accounts) to the Step-Out Broker, (ii) the Step-Out Broker will execute these blocks of trades at no commission, and (iii) the Step-Out Broker will "step-out" the trades for Program accounts to CGMI or Clearing Firm for clearance and settlement. Similarly, the investment manager may direct a block of trades (which block may include trades for Program accounts and Other Accounts) to CGMI or Clearing Firm for execution, in which event CGMI or Clearing Firm may execute these blocks of trades at no commission and "step-out" the Other Account trades to other broker-dealers for clearance and settlement. Even where Step-Out Brokers, CGMI and Clearing Firm execute these trades at no commission, they obtain a benefit from executing the block trades, as a result of the increased trading volume attributable to these blocks. An investment manager that places block trades at or about the same time the investment manager (or any subadviser responsible for the underlying investment decision) places block or other trades for the same securities on behalf of mutual funds, institutional separate accounts or other investment management clients of such investment manager or subadviser, could result in a market impact for the securities traded. The investment manager will engage in these "step-out" transactions, but only where the investment manager has determined that doing so is consistent with its obligation to seek best execution for clients.



Certain securities, such as over-the-counter (including NASDAQ-traded) stocks and fixed income securities, are primarily traded in “dealer” markets. In such markets, securities are directly purchased from or sold to a financial institution acting as a dealer or “principal.” Principal trades are executed on a “net” basis, with the net price paid or received by the client reflecting any trading profit retained or loss incurred by the dealer executing the transaction as well as any mark-up or mark-down over or under the reported execution price.

#### **D. Compensation**

A CGMI financial adviser’s compensation varies depending on the particular line of business with which he or she is associated.

##### ***Citi Wealth Financial Advisers***

Citi Wealth financial advisers receive monthly salary plus variable compensation credits allocated to the extent they exceed monthly salary. The credits are based upon certain revenue to CGMI from clients serviced by the financial advisers. Credits are based largely upon brokerage and investment advisory revenue as well as investment advisory assets under management. In addition, to a lesser extent, other components are considered, including, but not limited to, credits related to mortgage referrals, securities-based lending including non-purpose loans and margin loans, client servicing satisfaction and the financial adviser’s adherence to Citi’s risk management and compliance requirements.

##### ***CPB and WaW Financial Advisers***

CPB and WaW financial advisers, including the bankers, investment counselors and product specialists who provide services in connection with clients’ advisory account(s), receive a fixed base salary plus a discretionary annual bonus, which evaluates the employee’s performance over the entire year. To determine the bonus, CPB and WaW have established a balanced assessment model through a scorecard that incorporates a qualitative assessment based on talent management, partnership, leadership, participation in corporate initiatives, and adherence to Citi’s risk management and compliance requirements and a quantitative assessment based on various financial metrics described below.

Quantitative financial performance assessment is focused primarily on revenue growth, new client acquisition, asset growth, investment advisory account (managed investments) assets under management growth and net product sales (which subtracts client redemptions from gross sales). The scorecard also considers internal referral activity. The way CPB and WaW compensate financial advisers creates a conflict of interest because financial advisers receive compensation that is influenced by the revenue, asset growth and product sales that he or she generates. This conflict incentivizes financial advisers to generally recommend the purchase of additional products and services, and that clients increase their existing investment advisory account assets. These metrics, as they are based in part on net sales, also disincentivize recommendations to redeem products. Moreover, the scorecard weighs more heavily certain types of investment products and services over others, which creates an incentive to sell such products or services. For example, the conflict of interest arises because financial advisers earn more for selling products and services that generate ongoing revenue, such as the Program accounts described in this brochure. This compensation arrangement also provides financial advisers with an incentive to recommend that you open an advisory account instead of a brokerage account because advisory programs generally generate higher ongoing fee revenue than a brokerage relationship. Finally, the consideration of internal referral activity as a scorecard metric creates a conflict of interest because financial advisers are incentivized to recommend that clients purchase products and services from CGMI affiliates.

While these financial performance measures are taken into account, financial advisers do not receive any direct percentage of the brokerage or advisory revenue they generate. Other core

factors on the scorecard include a measure of overall performance against the financial adviser's goals and relative performance against peers in similar roles to determine final performance rating. The ultimate decision to grant the bonus, and the value and form it takes, are in the sole discretion of management, and depends on factors as Citi's overall performance, CPB and WaW's performance, the financial adviser's business or functional group's performance, as well as the individual's final performance rating.

### ***CGMI, All Financial Advisers, and Employees of CGMI Affiliates***

The amount of the fees received by CGMI, CGMI financial advisers, and employees of CGMI affiliates are greater, depending upon (among other factors) (i) whether the client participates in an asset-based fee Program instead of paying separately for investment advice, brokerage, and other services, (ii) whether the client's portfolio is managed by an investment manager affiliated with CGMI rather than an unaffiliated investment manager and/or (iii) the advisory Program, investment managers, and the investment styles selected by the client. Furthermore, based, among other things, on the potential for an increase in the amount of assets under management of CGMI and its affiliates, CGMI will have an incentive to treat affiliated investment managers more favorably than unaffiliated investment managers, which will result in CGMI recommending affiliated investment managers more frequently than unaffiliated investment managers. Because fees are negotiable, Clients should understand that if they retained an affiliated manager to manage assets outside of a Program, they could negotiate the affiliated manager's fees directly with the affiliated manager and possibly obtain services at a lower cost than retaining the affiliated manager through a Program. In addition, clients should understand that the financial incentives that CGMI has to recommend affiliated investment managers may be outweighed by cost savings from appointing unaffiliated investment managers.

Because of these factors, CGMI, CGMI financial advisers and employees of CGMI affiliates will have a financial incentive: (i) to recommend one Program (such as a CGMI Program using a CGMI-affiliated investment manager) over another Program (such as a CGMI Program using an unaffiliated or third-party investment manager); (ii) to recommend one unaffiliated investment manager whom CGMI pays less over another unaffiliated investment manager whom CGMI pays more; (iii) to recommend one investment strategy that charges a higher fee over another that charges less; (iv) to recommend an affiliated investment manager over an unaffiliated investment manager; and (v) in certain circumstances to recommend an unaffiliated investment manager over an affiliated investment manager.

CGMI earns fees or other income for services other than investment advisory services, including, among other things, permitting qualifying clients to take out loans that are secured by the assets in the client's account (for more information, see "Item 9.A.2. – Lending Against Advisory Accounts"). CGMI financial advisers also offer products and services other than investment advisory services. The amount of compensation they receive for advisory services is either more or less than compensation received for non-advisory products and services. These arrangements present conflicts of interest because CGMI and CGMI financial advisers have a financial incentive to offer clients non-advisory products and services that increase the overall compensation received.

### ***Block Trades May Benefit CGMI or its Affiliates***

As explained in "Item 4.C–Additional Information Regarding Fees and Charges," where an investment manager directs some block trades to CGMI or Clearing Firm for execution, the block can include trades for Program accounts as well as for Other Accounts. Although CGMI and Clearing Firm executes these block trades at no commission, CGMI obtains a benefit from executing these block trades, as a result of the increased trading volume attributable to these blocks.

## **Item 5. Account Requirements and Types of Clients**

Detailed below are the general account minimums for each of the Programs, but account minimums vary depending on the investment managers and investment strategy that the client selects.

Fiduciary Services Program – \$50,000

Manager Selection Program – \$50,000

Citi Advisor Program – \$100,000

Consulting and Evaluation Services Program

- CPB and WaW clients – \$1,000,000
- Citi Wealth clients – \$100,000

Multi-Asset Class Solutions Program

- Discretionary Investment Bespoke – \$25,000,000 (minimum amount of assets subject to the Discretionary Bespoke agreement)
- Multi-Asset Class Solutions Umbrella Portfolios Program – \$100,000 (Tax Aware – ETF only), \$250,000 (Standard), \$250,000 (Sustainable Opportunities and Citi Unstoppable Trends), \$1,000,000 (Core), \$500,000 (Active/Passive blend), \$750,000 (Tax Aware – SMAs and ETFs) and \$10,000,000 (Custom)
- MACS Citi Active Allocation – \$100,000 (Standard), \$100,000 (Tax Aware – ETF only, Sustainable Opportunities and Citi Unstoppable Trends), \$750,000 (Tax Aware – SMAs and ETFs) \$1,000,000 (Core), and \$10,000,000 (Custom)

Advisory Portfolios Program

- Advisory Portfolios Custom – \$25,000,000 (minimum amount of assets subject to the AP Custom agreement)
- Advisory Portfolios Core – \$250,000

Citi Portfolio Manager Program – \$25,000

Model Allocations Portfolios Program – \$25,000

Dynamic Allocation Portfolios – UMA Program – \$25,000, \$100,000 (custom model)

CGMI has discretion to waive certain account minimums listed above. Additionally, investment manager minimums may vary at the discretion of the manager. CGMI is authorized to freeze accounts under certain circumstances, including in connection with regulatory requirements, as provided under the terms of the Program Agreements, and other special circumstances in accordance with its internal policy. Under appropriate circumstances, fees will continue to be charged on the frozen accounts.

CGMI reserves the right to terminate the client's Program Agreement upon notice to the client.

Clients eligible to participate in the Programs include individuals, multi-family offices, corporations, trusts, endowments, foundations, charitable organizations, pension and profit sharing plans, other businesses, and governmental entities.

CPB WaW client accounts that are employee benefit plans and retirement plans, including IRAs, (collectively, "Retirement Accounts") are permitted to open new accounts only in the Multi-Asset Class Solutions and Advisory Portfolios Programs. Citi Wealth client accounts that

are Retirement Accounts are permitted to open new accounts in all of the eligible Programs except the Fiduciary Services Program. Notwithstanding the foregoing, Retirement Accounts that were already enrolled, as of February 1, 2022, in any of the Programs described in this brochure will be permitted to remain in such Programs from and after such time, and will continue to be permitted to contribute new assets or funds to their accounts.

Some Retirement Accounts will be subject to restrictions, policies, and conditions that are different from those applicable to other accounts, and which will affect the types of investments available, the manner in which transactions are carried out, and the fees and expenses that are charged. Consequently, such accounts will perform differently, and potentially worse, than they would have in the absence of such restrictions, policies, and conditions.

With respect to certain Programs, a similar Program is available outside the U.S. for eligible clients with different fees, minimums, and terms.

## **Item 6. Portfolio Manager Selection and Evaluation**

### **A. Research in Advisory Programs**

CGMI and its affiliates (or a third party retained by CGMI or an affiliate) use two primary methods – CitiAccess or CitiFocus -- to evaluate third-party investment managers (other than private fund managers), mutual funds, and other types of products in the Programs (collectively, "Program Investment Products").

In addition, for the MACS Program and AP Custom, CGMI and its affiliates have established the FRAM to select a subset of Program Investment Products. The manner in which CitiAccess, CitiFocus and the FRAM-selected strategies are utilized is described under each Program and below.

In general, CitiFocus entails a more rigorous and thorough evaluation of a Program Investment Product than CitiAccess and fewer investment options will qualify under the CitiFocus standard than the CitiAccess standard. It is important to note that not all Program Investment Products available in the Programs are evaluated under the CitiFocus or CitiAccess standards. The Programs that limit Program Investment Products only to those that have been evaluated and approved through CitiFocus or CitiAccess are described herein or in the separate sales and disclosure materials related to those Programs.

CGMI may determine that a Program Investment Product no longer meets the CitiFocus standard, or will no longer be reviewed under the CitiFocus standard, but does meet the CitiAccess standard. In addition, CGMI may determine that a Program Investment Product no longer meets either research standard and therefore will no longer be made available in the Programs in the future. CGMI will notify clients in advance of removing a Program Investment Product from the applicable Programs, but Clients who participate in Programs in which CGMI retains investment discretion will not be notified in advance of such changes. In the event a client determines to remain invested in a Program Investment Product that is no longer approved for a Program, CGMI will (a) make no further representations concerning such Program Investment Product, (b) not assume any liability for any loss, claim, damage or expense attributable to client's determination, and (c) not continue to evaluate or make any representations regarding such Program Investment Product.

ETFs in MACS Sustainable Opportunities Portfolio and MACS Core Portfolio with ESG portfolio allocations only must meet the CitiFocus standard. ETFs in other Programs are evaluated in accordance with CGMI's due diligence procedures, which key evaluation criteria for ETFs include market value of the ETF, presence of leverage, the ETF sponsor's total assets under management, and the sponsor's length of experience in managing ETFs. Certain ETFs that do

not meet these criteria may be approved subject to alternative procedures. In general, ETFs that either meet CGMI's due diligence criteria or that do not meet the criteria but have been individually approved according to the alternative procedures may be included in certain Programs described herein.

### ***CitiFocus***

Under the CitiFocus standard, CGMI evaluates various qualitative and quantitative factors for each Program Investment Product, including, without limitation, biographies of key investment personnel, the investment philosophy, investment process, past performance information and marketing literature. On a case-by-case basis CGMI personnel will also interview the investment manager and its key personnel and examine its operations. Program Investment Products are presented to CGMI's Traditional Investment Committee for approval, and Program Investment Products that are approved under the CitiFocus standard are then included on the "CitiFocus List" for Programs.

A subset of Program Investment Products approved under the CitiFocus standard are identified as Investing with Purpose "IwP" CitiFocus Program Investment Products and included on the "IwP CitiFocus List." In order for a Program Investment Product to be included on the IwP CitiFocus List, CGMI evaluates whether the Program Investment Product meets one of the sustainability style classifications under the Global Wealth Management Sustainable Investing (IwP) Standard. CGMI's determination that a Program Investment Product satisfies minimum criteria under the IwP Standard is based on, among other things, the various qualitative and quantitative factors evaluated under the CitiFocus standard, the investment manager's responses to a sustainability related survey or supplemental research conducted by CGMI.

CGMI periodically reviews whether a Program Investment Product continues to meet the criteria for the CitiFocus standard. In conducting these reviews, CGMI considers a broad range of qualitative and quantitative factors including investment performance, staffing, operational issues and financial condition. Among other things, CGMI personnel interview each investment manager periodically to discuss these matters. CGMI tends to emphasize quantitative analysis with respect to Program Investment Products with which CGMI has previously conducted personal interviews. In addition, in certain instances CGMI will review the collective performance of a composite of the CGMI accounts being managed by an investment manager, compare that information to the overall performance data provided by the manager, and then investigate any material deviations.

### ***CitiAccess***

Under the CitiAccess standard, CGMI reviews Program Investment Products based on various quantitative factors. The Program Investment Products are evaluated according to various performance metrics, including absolute return, volatility, and risk-adjusted return. Not all Program Investment Products evaluated under the CitiAccess standard will be evaluated based on this rules-based approach.

When a Program Investment Product is evaluated under the rules-based approach, analysts review the completeness and consistency of the data and will, to the extent necessary, follow-up with the Program Investment Product's manager or sponsor with additional information requests. However, information provided by managers or sponsors of Program Investment Products in connection with the review process are not independently verified by CGMI. Program Investment Products that satisfy this rules-based approach are approved under the CitiAccess standard. Program Investment Products that meet the CitiAccess standard are reviewed periodically by CGMI to evaluate whether they continue to meet this standard.

### ***Forum for the Review and Approval of Managers***

The FRAM selects a subset of investment managers and investment funds for the MACS Program and AP Custom. Program Investment Products that are on the CitiFocus List are automatically approved by the FRAM for inclusion in its approved list for the MACS Program and the AP Custom. In addition, a Program Investment Product that meets the CitiFocus standard may be presented to the FRAM for its approval to be used in the MACS Program, AP Custom, and the DAP Program, even though the Program Investment Product is not on the CitiFocus List.

The investment managers and funds selected for the MACS Program and AP Custom include those which are affiliated or unaffiliated with CGMI. The FRAM has developed various criteria that are used to screen affiliated and unaffiliated portfolio managers and investment funds. These criteria are subject to change from time to time.

In the case of affiliated managed strategies offered by CIM, an investment manager affiliated with CGMI, the FRAM must approve each CIM managed strategy before it is made available to clients wishing to participate in such strategy as part of the MACS Program or Advisory Portfolios Program. The FRAM's approval of CIM managed strategies is based on due diligence (including performance) conducted by an independent third-party consultant retained by a CGMI affiliate. The independent third-party's due diligence of CIM managed strategies is a separate process from the due diligence process undertaken for the CitiFocus standards, and while similar, it will not necessarily be subject to the same requirements as the CitiFocus. The FRAM considers whether CIM managed strategy's performance is competitive to that of third-party strategies before approving it. Additionally, as part of on-going review of client accounts, CGMI reviews and evaluates CIM managed strategies' performance and compliance with clients' investment policy statement or investment guidelines.

In the case of unaffiliated alternative investment managers (and unaffiliated alternative investments funds), an alternative investment oversight committee and an alternative investment portfolio oversight committee (collectively, "AI Committees," and both established within CPB) review them before they become available as a Program Investment Product in the MACS Program or Advisory Portfolios Program.

From the universe of such approved unaffiliated alternative investment funds, CGMI or its affiliate can construct a proprietary fund of funds or a portfolio of alternative investment funds, which can be made available for clients in the MACS Program or AP Custom. The FRAM periodically reviews and approves such proprietary fund of funds based on their performance, costs, and investment processes compared to third-party funds of funds. The AI Committees approve the investment funds available and review construction of such portfolios of alternative investment funds and the performance of such portfolios.

Where clients enter into a separate advisory agreement with a CGMI affiliated investment manager to invest in alternative investments but such alternative investments are included in the MACS asset allocation guidelines, the FRAM will not review the affiliated investment manager (including the affiliated investment manager's investment performance, staffing, operational issues, and financial condition). The review of the affiliated investment manager's performance and processes will be subject to the affiliated investment manager's own internal procedures. However, CGMI will review the allocation to the asset category to determine whether the allocation aligns with the client's investment statement policy or investment guidelines under MACS or AP Custom.

The FRAM can select an investment manager or investment fund for an asset class that invests in securities outside of such asset class so long as the FRAM determines that such manager's or fund's primary focus is on securities within such asset class.

### ***On Watch Policy***

Most of the covered Program Investment Products are subject to a review and an “on watch” policy. A Program Investment Product is designated with an “on watch” status when CGMI identifies specific areas of the investment manager’s business that (a) merit further evaluation by CGMI and (b) may, but are not certain to, result in the Program Investment Product being reclassified or terminated as an investment option in one or more Programs. The duration of an “on watch” status will vary according to the length of time necessary for CGMI to conduct its evaluation and for the Program Investment Product’s investment manager to address any areas of concern identified by CGMI.

### ***Portfolio Manager Performance***

CGMI does not use any industry standards, such as GIPS, to calculate performance of investment managers. Investment managers calculate their own performance.

### ***Review of Performance Information***

Neither CGMI, its affiliates, nor any third party reviews investment manager or fund performance information to determine or verify its accuracy or its compliance with industry standards.

CGMI can include in a Program investment managers and funds that have no prior performance in particular investment strategies. In such cases, CGMI screens these candidates for all other applicable criteria described above and may evaluate past performance achieved in other strategies.

For additional information on performance reports or assessments, see Program descriptions in Item 4.A.

## **B. Portfolio Manager for Wrap Fee Programs**

See “Item 6.C--Additional Information Related to Wrap Fee Programs” for Programs in which CGMI, its supervised persons, or its affiliates serve as portfolio managers on behalf of client accounts.

Additionally, in connection with AP Custom, CGMI may recommend, and a client may retain, an investment manager that is affiliated with CGMI to act as an investment manager with respect to the client account. In that case, the client will enter into an investment advisory contract directly with the affiliated investment manager that will set forth the terms and conditions (including, without limitation, any fees) applicable to the relationship. Similarly, in connection with Discretionary Bespoke or the Custom Portfolio option of MACS UMA, CGMI may retain an investment manager that is affiliated with CGMI to act as an investment manager with respect to a client account.

Based, among other things, on the potential for an increase in the amount of assets under management of CGMI and its affiliates, CGMI has an incentive to treat affiliated investment managers more favorably than unaffiliated investment managers, resulting in CGMI recommending affiliated investment managers more frequently than unaffiliated investment managers. In addition, the amount of compensation received by CGMI or an affiliate will be greater if a client’s account is managed by an affiliated investment manager rather than an unaffiliated investment manager. In other cases, CGMI has a financial incentive to recommend unaffiliated investment managers over affiliated investment managers. For example, in the Discretionary Bespoke where CGMI’s fee is a single “bundled” fee that includes services provided by CIM and, if applicable, alternative investments affiliated with CGMI, CGMI has an incentive to recommend unaffiliated investment managers so that CGMI can earn fees without

its affiliate actually providing any services and incurring associated costs. See “Item 4.D–Compensation” regarding how CGMI addresses these conflicts of interest.

### **C. Additional Information Related to Wrap Fee Programs**

#### ***Advisory Business***

CGMI or its affiliates act as portfolio manager in connection with the following Programs: DAP, MACS, Citi Advisor, Citi Portfolio Manager Program, and Advisory Portfolios Program. Please see “Item 4.A.4–Types of Advisory Services Offered” for a full description of each of these Programs.

#### ***Performance-Based Fees and Side-By-Side Management***

CGMI does not charge a performance-based fee in connection with the Programs, but certain investment managers or investment funds in which a client invests may charge a performance fee in addition to management fees.

#### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Please see “Item 6.A–Research in Advisory Programs” and “Item A.4. Types of Advisory Services” for a description of the methods of analysis and investment strategies used in the Programs.

Set forth below is a summary description of risks related to the Programs and certain investment products in which clients invest. The risks and investment products discussed below are not comprehensive, and clients should review all investment materials available from their financial adviser about their investments, including prospectuses and other offering materials produced by issuers and sponsors of investment products.

#### **General Risks Associated with Investments**

Investing in securities and other financial instruments involves risk of loss that clients should be prepared to bear, including potential loss of the entire investment, including the principal. The investment performance and success of any particular investment cannot be predicted or guaranteed. Potential risks that affect the value of client accounts include, among others, losses caused by adverse market conditions, market volatility, limited liquidity, currency fluctuations, political risks, and other market action. Past performance of investments is not indicative of future performance. The investment advisory programs described in this brochure are not insured by any agency.

#### **Cybersecurity Risks**

CGMI, its affiliates, service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. They rely on computer programs to evaluate certain securities and other investments, to monitor their portfolios, to trade, clear and settle securities transactions, and to generate asset, risk management and other reports that are utilized in the oversight of their activities, among other things. In addition, certain of their operations interface with or depend on systems operated by third parties and they will not always be in a position to verify the risks or reliability of such third-party systems. These systems are susceptible to operational, informational security, and related risks that could adversely affect CGMI and the clients. Cyber incidents can result from deliberate or unintentional events and may arise from external or internal sources. Like other financial services firms, CGMI experiences malicious cyber activity directed at its computer systems, software, networks and its users on a daily basis. This malicious activity includes attempts at unauthorized access, implantation of computer viruses or malware, and denial-of-service attacks. CGMI also experiences large volumes of phishing and other forms of social engineering attempted for the purpose of perpetrating fraud



against CGMI, its associates, or its clients. Attacks also may be carried out by causing denial-of-service attacks on websites (making network services unavailable to intended users). Cyber incidents could cause disruptions and affect business operations, potentially resulting in financial losses, the inability to transact business or trade (including failure of trade settlements, inaccurate recording or processing of trades, inaccurate client records, inability to monitor investments and risks), destruction to equipment and systems, loss or theft of investor data, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation or liability costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting the investments in which the Programs invest, including those affecting other investment managers, issuers of securities and other interests, brokers, dealers, exchanges, and other financial institutions and market operators.

The increased use of mobile and cloud technologies, including as a result of the shift to work-from-home arrangements as a result of the COVID-19 pandemic has heightened these and other operational risks, and any failure by CGMI's mobile or cloud technology service providers to adequately safeguard the systems CGMI uses and prevent or quickly detect and remediate cyber attacks could disrupt CGMI's operations and result in misappropriation, corruption or loss of confidential or proprietary information.

#### *Global and Regional Events Risks*

Global and regional events such as war, terrorist attacks, political unrest, climate change, natural disasters, public health crises, and pandemics may cause substantial losses by, among other things: causing disruptions in global economic conditions; decreasing investor confidence; disrupting financial markets and the ability to conduct business activities; causing loss or displacement of employees; triggering large-scale technology failures or delays; and requiring substantial capital expenditures and operating expenses to remediate damage and restore operations.

Public health crises, pandemics and epidemics, such as those caused by new strains of viruses including, most recently, COVID-19, are expected to increase as international travel continues to rise. For example, COVID-19 adversely affected a wide variety of clients' investments, in material respects, by creating significant volatility in financial markets, interrupting business activities, supply chains and transactional activities, disrupting travel and negatively impacting the economies of affected countries, which include both developed and developing nations throughout the world. COVID-19 also resulted in particularly devastating consequences for certain industries, such as transportation, hospitality and entertainment. Defaults under financing agreements and breaches of commercial agreements between issuers and their counterparties occurred as the pandemic continued. COVID-19 thus presented material uncertainty as to an issuer's ability to raise and deploy capital and presented material uncertainty as to investment performance.

Inflation in the U.S. could continue or reaccelerate in the near- to medium-term. Further, heightened competition for workers, supply chain issues and rising energy and commodity prices have contributed to increasing wages and other inputs. Higher inflation and rising costs present material uncertainty with respect to investment performance.

Current Russian military activities within Ukraine, resulting in international economic sanctions and other restrictive actions against Russia, and associated mounting tensions, are expected to result in material market volatility, have a materially negative impact on the economy and business activity globally, and therefore could materially adversely affect investment performance. Furthermore, the rapid and uncertain development of the current conflict between the two nations and the varying involvement of other countries, including the U.S. and other members of NATO, makes the ultimate adverse impact on global economic and market conditions difficult to predict. Any of the above factors, including sanctions, export

controls, tariffs, trade wars and other governmental actions and impacts on the markets for certain commodities, such as oil and natural gas, present material uncertainty and risk and could have a material adverse effect on issuers of securities and their respective businesses, financial conditions, cash flows and results of operations and may cause the market value of such issuers to decline materially.

### Equity Securities Risks

An investment in equity securities generally refers to the buying of shares of stock in a corporation or other legal entity. Typically, clients who purchase equity securities seek capital appreciation, which occurs when the shares rise in value. Clients may have a secondary goal of income from a distribution of some of the company's earnings to shareholders, called dividends. In addition, holders of equity securities may, depending on the type of shares they own, receive voting rights with respect to the company's initiatives put up for a shareholder vote, and may recover some of the company's assets in the event the company is dissolved. However, equity shareholders generally have the lowest priority in recovering their investment during the dissolution process. The returns on equity securities are not guaranteed, prices may be volatile, and a client could lose the entire amount of his or her investment. There may be additional risks associated with international investing, including economic, political, monetary and legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks often are magnified in emerging markets.

### Fixed Income Securities Risks

Fixed income securities are debt obligations issued by a company, government, municipality, agency or other entity. A client who purchases a fixed income security lends money to the issuer of the security. In return, the issuer makes a legal commitment to pay the client interest on the principal (at a fixed or floating rate) and, in most cases, to return the principal when the security comes due, or matures, at a certain date. Fixed income securities can provide a regular income stream from the interest paid prior to maturity but are also subject to certain unique risks, some of which are described below. Clients commonly use fixed income securities to diversify their portfolios and balance their exposure to other types of investments, including equities. Fixed income securities are subject to the following risks:

**Default:** The issuer of a fixed income security may default on its repayment obligations by not making interest or principal payments. Issuers have varying degrees of credit risk that depend on factors related to the issuer specifically, such as its existing debt obligations, and factors related to external circumstances, such as events that affect a particular industry or the political, social, economic and environmental circumstances where the issuer is located or does business.

**Interest Rates:** Fixed income securities also are subject to changes in value resulting from fluctuations in market interest rates if sold prior to maturity. Typically, a fixed income security's price declines when interest rates rise and rises when interest rates fall. Therefore, a fixed income security's yield will rise as its price declines and vice-versa. Inflation may reduce the effective return of a fixed income security with a fixed interest rate.

**Fixed Income Markets:** Fixed income securities are commonly traded "over the counter" rather than on centralized exchanges, and pose a greater risk than common stocks that a client will not be able to purchase or sell a fixed income security at a desired time or price. The markets for certain fixed income securities can be thin, and reliable and current price quotations may not be available.

**Call Features:** "Callable" fixed income securities can be retired prior to their scheduled maturity date at the issuer's election. This may happen if interest rates fall and the

issuer can issue new securities at a lower rate. If this occurs, the client holding the retired securities receives repayment of principal owed, but would no longer receive the interest rate payment and would have to seek other options if the client wishes to reinvest the proceeds.

#### *Small-Capitalization Companies Risks*

Investing in small-capitalization companies involves greater risk than typically is associated with investing in securities of larger companies. Small-capitalization companies tend to be more sensitive to changing market conditions, as well as adverse business or economic developments, than large- and mid-capitalization companies. Small-capitalization companies may have a limited operating history, more limited product lines and markets, less experienced management, and fewer financial resources. In addition, the securities of small-capitalization companies may be more volatile and may be thinly traded, making it difficult to buy and sell them at desired times or at desired prices.

#### *Emerging Markets Risks*

Investments in companies incorporated or principally engaged in business in emerging markets often carry greater risk than investments in securities of companies operating in developed markets. The risks of investing in companies operating in emerging markets are magnified because of, among other things, political uncertainties and the relative instability of their developing financial markets and economies. Moreover, many emerging market countries do not have fully developed or clear legal, judicial, regulatory or settlement infrastructures. Consequently, making investments in companies operating in these markets involves significant risks that may not be present in more developed markets. Such risks include (a) potential price volatility in and relative liquidity of some emerging markets securities; (b) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less government supervision and regulation; and (c) certain economic and political risks, including potential exchange control regulations and potential restrictions on foreign investment and repatriation of capital. Many emerging markets securities are denominated in foreign currencies. The weakening of a country's currency relative to the U.S. dollar or other benchmark currency will negatively affect the dollar/other benchmark value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly. It is important to note that some emerging markets countries have foreign exchange controls that may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency.

#### *Concentrated Strategy and Sector Risks*

Strategies that invest in a concentrated number of securities, a specific sector, or geographic region can be more volatile and present a greater risk of loss than a more diversified strategy and the stock market more generally. For example, when a strategy invests in a concentrated number of securities, a decline in the value of these securities would cause your overall account value to decline to a greater degree than that of a less concentrated portfolio. Similarly, when a strategy invests primarily in a specific industry sector, an account invested in the strategy will perform poorly during an economic downturn in that sector. A strategy with investments concentrated in a particular country or region are more exposed to the risk of loss associated with adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region than more diversified strategies. In each case, account performance may deviate significantly from broad market indexes.

### Options Risks

An option is a contract that gives the options buyer (also known as the options "holder") the right to buy or sell an underlying asset or instrument at a specified strike price on or before a specified date. The options seller (also known as the options "writer") has the corresponding obligation to fulfill the transaction—that is to sell or buy—if the buyer "exercises" the option. The buyer pays a premium to the seller for this right. The total cost (the price) of an option is called the premium. This price is determined by factors including the stock price, strike price, time remaining until expiration (time value) and volatility. Investing in options involves significant risks, and is not appropriate for everyone. An options buyer runs the risk of losing the entire amount paid for the option in a relatively short period of time, and an options seller runs the risk that the option may be exercised at any time during the period the option is exercisable. If clients write both a put and a call on the same underlying instrument, or if clients write uncovered options, their potential loss is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Uncovered option writing is suitable for only the knowledgeable client who understands the risks, has the financial capacity and willingness to incur potentially substantial losses and has sufficient liquid assets to meet applicable margin requirements.

Commissions, taxes and margin costs will affect the outcome of any options transaction and can have a significant impact on the profitability of options transactions and should be considered carefully before entering into any options strategy. Because of the importance of tax considerations to all option transactions, an investor considering options should consult with his or her tax advisor as to how their tax situation is affected by the outcome of contemplated options transactions.

### Mutual Funds Risks

A mutual fund is an investment company that allows investors to purchase an undivided interest in a portfolio of securities and other assets. A mutual fund's portfolio may consist of stocks, bonds, money market instruments, commodities, derivatives, and other financial assets to achieve the investment objectives stated in the mutual fund's prospectus. Mutual funds, like other investments, are subject to certain risks. Returns are not guaranteed, NAVs may be volatile and an investor in a mutual fund could lose the entire amount of his or her investment. Investing in mutual funds that invest in international, aggressive growth stocks, or less liquid securities may only be appropriate for clients whose investment profile allows them to assume the risks associated with those funds.

### Exchange-Traded Funds Risks

An exchange-traded fund ("ETF") is an investment company that allows investors to purchase an individual, proportionate interest in a portfolio of stocks, bonds, and other assets. ETFs are structured as funds and provide exposure to a diversified collection of assets but trade on exchange like a security. An ETF's price will fluctuate with the value of the underlying securities or financial instruments to which it provides exposure. The trading price of an ETF may differ from the value of the underlying assets. Returns are not guaranteed, prices may be volatile and the ETF will be subject to market, political, economic, currency and other risks related to the underlying securities or financial instruments to which it provides exposure, including the possible loss of principal. Changes in market conditions may affect the price of the underlying assets, leading to a change in the price of the ETF. Foreign exchange risks could arise when the currency of the assets held by the ETF differs from the denomination currency of the ETF or when the trading currency of the ETF differs from the denomination currency of the ETF. ETFs are also subject to liquidity risk if active trading of the ETF is not maintained when authorized participants or designated market makers cease to perform their obligations to provide continuous quotes in the ETF.

#### *Closed-End Funds Risks*

A closed-end fund ("CEF") is a type of investment company that has a fixed number of shares that are generally not redeemable from the fund. Unlike open-end investment companies (i.e., mutual funds), shares of a CEF can be purchased only as part of an initial public offering or purchased and sold through secondary market transactions. CEFs have managers who oversee each fund's portfolio and purchase and sell the fund's portfolio investments. CEFs, like other investments, are subject to certain risks. Returns are not guaranteed, prices may be volatile and an investor in a CEF could lose the entire amount of his or her investment. Investing in CEFs that invest in international, aggressive growth stocks, or less liquid securities may only be appropriate for clients whose investment profile allows them to assume the risks associated with those funds.

#### *Money Market Fund Risks*

An investment in a money market mutual fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. A money market mutual fund seeks income by investing in short-term debt securities. Money market mutual funds may have a floating net asset value or may seek to maintain a constant net asset value of \$1 per share. For all money market mutual funds, including those that seek to maintain a constant NAV of \$1 per share, it is possible to lose money. Furthermore, certain money market mutual funds subject investors to restrictions on the ability to redeem an investment in times of market stress, by imposing liquidity fees and/or temporary bans on redemptions. If the liquidity fees or bans on redemptions are triggered, then clients could be prevented from withdrawing some or all of their cash for investment purposes or for other liquidity needs. In addition, if money market mutual funds are forced to cease operations and their holdings must be liquidated or distributed in kind to the fund's shareholders, then clients could be prevented or delayed from accessing their cash.

#### *Environmental, Social and Governance ("ESG") Investing Risks*

An ESG investment strategy is limited in the types and number of investment opportunities available and, as a result, an ESG investment strategy may underperform other investment strategies that do not have an ESG focus. An ESG investment strategy may invest in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards. Frameworks for ESG investing vary among investment advisers and funds. Therefore, the companies selected by an index provider or investment adviser as demonstrating ESG characteristics may not be the same companies selected by other index providers or investment advisers that use similar ESG screens. Further, an index provider or investment adviser may select companies based on a particular ESG factor or factors rather

than a holistic assessment of a company's ESG characteristics. In addition, companies selected by an index provider or investment adviser may not exhibit the ESG characteristics the index provider or investment adviser seeks to identify.

### Financial Services Industry Risks

National and regional banks, financial institutions and other participants in the U.S. and global capital markets are closely interrelated as a result of credit, trading, clearing, technology and other relationships. A significant adverse development (such as a bank run, insolvency, bankruptcy or default) with one or more national or regional banks, financial institutions or other participants in the financial or capital markets may spread to others and lead to significant concentrated or market-wide problems (such as defaults, liquidity problems, impairment charges, additional bank runs and/or losses) for other participants in these markets. Future developments, including actions taken by the U.S. Department of the Treasury, FDIC, Federal Reserve Board, and systemic risk in the U.S. and global banking sectors and broader economies in general, are difficult to assess and quantify, and the form and magnitude of such developments or other actions of the U.S. Department of the Treasury, FDIC and Federal Reserve Board may remain unknown for significant periods of time and could have an adverse effect on investments.

For example, during 2023, in response to the rapidly declining financial condition of regional banks Silicon Valley Bank ("SVB") and Signature Bank ("Signature"), the California Department of Financial Protection and Innovation and the New York State Department of Financial Services closed SVB and Signature and the FDIC was appointed as receiver for SVB and Signature. In response, the Department of the Treasury, the Federal Reserve and the FDIC stated that all depositors of SVB and Signature would have access to all their deposits. In addition, UBS acquired Credit Suisse, New York Community Bank agreed to acquire a majority of the deposits and some of the loan portfolios from Signature and First Republic Bank was purchased by JP Morgan Chase after being seized by the FDIC. Although the U.S. Department of the Treasury, the Federal Reserve, the FDIC, the Swiss National Bank and other financial institutions undertook measures to stabilize the financial system, uncertainty and liquidity concerns in the broader financial services industry could resurface, due in part to the current higher interest rate environment. Additionally, should there be additional systemic pressure on the financial system and capital markets, there is no assurance the response of any government, regulator or market participant will be as favorable to industry participants as the measures described above. Highly publicized issues related to the U.S. and global capital markets in the past have led to significant and widespread investor concerns and volatility. The events that occurred in 2023 may lead to further rules and regulations for banks, financial institutions and other participants in the U.S. and global capital markets, and complying with the requirements of any such rules or regulations may be burdensome. The recent bank closings gave rise to significant liquidity concerns in the broader financial services industry and market volatility. Liquidity problems in the financial services industry could have an adverse effect on investment returns.

### Tax-Loss Harvesting Risks

Tax-loss harvesting involves a variety of risks. During certain market conditions, such as lower volatility periods and periods of strong economic growth, the manager's ability to generate capital losses to offset capital gains may be limited, which would limit the account's ability to implement its tax-loss harvesting strategy. In addition, because tax-loss harvesting continuously decreases the cost-basis of the account's portfolio, there is a risk that opportunities to realize losses may decrease over time. Tax-loss harvesting may result in significant deviation from the model portfolio and may increase the account's portfolio turnover rate. You should confer with your personal tax advisor regarding the tax consequences of investing with the Program prior to engaging in any tax-loss harvesting strategy, based on your particular circumstances.

Neither CGMI nor any third-party investment manager assumes any responsibility to you for the tax consequences of any transaction. No tax-loss harvesting strategy is intended as tax advice, and neither CGMI nor any third-party investment manager represents in any manner that the tax consequences described will be obtained or that a "tax aware" investment strategy will result in any particular tax consequence. The tax consequences of tax-loss harvesting strategies are complex and may be subject to challenge by the IRS. No tax-loss harvesting strategy available in the Programs was developed to be used by, and it cannot be used by, any investor to avoid penalties or interest. You and your personal tax advisors are responsible for how the transactions in your account are reported to the IRS or any other taxing authority.

You should be aware that if you and/or your spouse have other taxable or non-taxable accounts, and you hold in those accounts any of the securities (including options contracts) held in your account, you cannot trade any of those securities 30 days before or after the Program account trades those same securities as part of the tax-loss harvesting strategy to avoid possible wash sales and, as a result, a nullification of any tax benefits of the strategy. It is your responsibility to monitor transactions across all of your accounts.

When CGMI or a third-party investment manager replaces investments with "similar" investments as part of the tax-loss harvesting strategy, such investments are not guaranteed to perform similarly to the initial investment or lower an investor's tax liability. Expected returns and risk characteristics are no guarantee of actual performance.

#### Structured Products Risks

Structured products are instruments issued by financial institutions that offer the potential to earn returns based on the performance of one or more underlying assets, such as equities, currencies, interest rates, commodities, fixed-income securities or derivatives, mutual funds or some combination thereof. Structured notes, for example, are senior unsecured debt obligations issued by a financial institution that mature at a certain date. Unlike conventional corporate bonds, the return and value of a structured note are based on the performance of one or more underlying assets.

Structured products involve significant risks and complex structures and are not appropriate for everyone. Structured products often have features that are not applicable to an investment in a structured product's underlying asset(s). For example, the potential return from a structured product may be limited or "capped," meaning that customers do not participate in the appreciation of an underlying asset beyond a certain limit or at all depending on the structured product. Investors in structured products also give up certain rights and benefits associated with direct ownership, such as voting rights, by investing in a structured product rather than investing directly in its underlying asset. Structured products involve additional risks relating to:

- issuer creditworthiness;
- tax treatment;
- reliance on the calculation agent and its models to determine the estimated value of a structured product;
- the issuer's ability to redeem or "call" a product before it matures at a price that may not equal its face value;
- the possibility of in-kind settlement upon maturity; and
- conflicts of interest due to the variety of roles, including acting as calculation agent, that an issuer and its affiliate may play in connection with a structured product.

The returns of a structured product may vary throughout the term of the product, may be subject to certain conditions and/or may be paid on certain specified dates during the term of the product and/or at maturity. Portfolios with structured products may become concentrated in an issuer, sector or underlying asset or asset class. In addition to the performance of its

underlying asset, a structured product's fees, expenses and costs, as well as market factors, also influence the value of the structured product prior to maturity. Therefore, the value of a structured product prior to maturity may be more or less than its initial price and may be substantially different from the payment expected at maturity.

Most structured products are not actively traded in the secondary market and few structured products are listed on an exchange. If an issuer is making a secondary market for its structured product, the product may be redeemed from a holder at a significant discount to the product's fair value. Investors generally must hold a structured product to maturity to receive the stated payout, including any repayment of principal.

#### *Hedge Funds Risks*

Hedge funds are professionally managed, pooled investment vehicles that use sophisticated investment techniques, such as active trading, short selling, arbitrage and leverage, to pursue one or more investment strategies. Hedge funds involve significant risks and are not appropriate for everyone. Investments in hedge funds are speculative, and the investment strategies typically involve a substantial degree of risk, such as the use of leverage. Hedge fund investments are illiquid compared to other assets, such as mutual funds. No public market exists for interests in hedge funds, and opportunities may be limited to dispose of them in private transactions. Unlike with mutual funds, redemptions from hedge funds are available only at certain defined times, such as on a quarterly or less frequent basis. Redemptions from hedge funds may also be subject to various restrictions, including prior notice and minimum redemption requirements and lock-up periods of one year or more. An investment in a hedge fund is suitable only for certain sophisticated investors who do not need immediate liquidity in their investment.

#### *Private Equity and Real Estate Funds Risks*

Private equity funds are limited partnerships, limited liability companies or other investment vehicles that typically acquire non-publicly traded interests in operating companies that they may hold for extended periods of time. Real estate funds may be limited partnerships, limited liability companies and other investment vehicles that typically invest, directly or indirectly, in real estate and real estate-related investments. Private equity and real estate funds involve significant risks and are not appropriate for everyone. Investments in private equity and real estate funds are speculative and the investment strategies typically involve a substantial degree of risk, such as the use of leverage. Private equity and real estate fund investments are illiquid compared to other assets, such as mutual funds. No public market exists for interests in these products, and opportunities may be limited to dispose of them in private transactions. Private equity and real estate funds generally impose substantial restrictions on transferring an interest in the fund and require the relevant fund manager to consent. An investment in a private equity or real estate fund is suitable only for certain sophisticated investors who do not need immediate liquidity in their investment.

#### ***Voting Client Securities***

When investing in AP Custom, FS, MSP, CES, and MACS UMA and MACS Citi Active Allocation (Tax Aware only), clients have the option to elect to have the investment manager vote proxies on the client's behalf. If a client elects this option, the investment manager will vote proxies related to all securities held in the account managed by the investment manager.

When investing in MACS UMA or MACS Citi Active Allocation (except as described above), Discretionary Bespoke, Citi Portfolio Manager Program, or MAP, clients have the option to delegate all proxy voting authority to CGMI, which then further delegates such authority to Institutional Shareholder Services ("ISS") or another proxy voting service (the "Proxy Voting Service") satisfactory to CGMI. If a client elects this option, CGMI's designee will vote proxies



related to all securities held in the account in accordance with the Proxy Voting Service's recommendations. In cases where the Proxy Voting Service does not generate a recommendation for a proxy vote, the Proxy Voting Service will vote proxies in proportion to the votes of the other holders of the security for which the proxy vote is requested.

When investing in DAP, clients have the option to delegate proxy voting authority to CGMI's designee, or the Overlay Manager, as applicable, and to instruct them to follow the recommendations of the Proxy Voting Service. If a client elects this option, CGMI's designee, or the Overlay Manager, as applicable, will vote proxies related to all securities held in the managed account in accordance with the Proxy Voting Service's recommendations. In cases where the Proxy Voting Service does not generate a recommendation for a proxy vote, the Proxy Voting Service or the Overlay Manager, as applicable, will vote proxies in proportion to the votes of the other holders of the security for which the proxy vote is requested.

In providing the services, the investment manager, CGMI's designee or the Overlay Manager, as applicable, will vote proxies in accordance with applicable fiduciary obligations as set forth in its proxy voting policies and procedures. These proxy voting policies and procedures (i) contain general guidelines that the party must follow to ensure that it votes proxies in a manner consistent with the best interests of clients and (ii) are designed to ensure that material conflicts of interest are avoided and/or resolved in a manner that is consistent with fiduciary obligations. A client may obtain copies of applicable proxy voting policies and procedures from its CGMI financial adviser. A client also can obtain information regarding how CGMI's designee or the Overlay Manager, as applicable, voted a specific proxy on behalf of a client's account by submitting a written request to its CGMI financial adviser.

If a client no longer wishes to delegate proxy voting authority to the investment manager, CGMI's designee or the Overlay Manager, the client can cancel the proxy waiver election by contacting the client's CGMI financial adviser, in which case, the investment manager, CGMI's designee or the Overlay Manager, as applicable, will cease voting proxies for any securities in the client's account, including securities over which CGMI's designee or the Overlay Manager has investment discretion, and all such proxies will be delivered directly to the client for consideration. If a client no longer wishes to delegate proxy voting authority to the investment manager, CGMI's designee or the Overlay Manager with respect to non-discretionary assets in an account, but would like the investment manager, CGMI's designee or the Overlay Manager to continue voting proxies for discretionary assets in an account, the client should contact the CGMI financial adviser and arrange to transfer the non-discretionary assets to another non-discretionary account.

Clients participating in Citi Advisor (unless part of Discretionary Bespoke) and AP Core do not have the option to delegate proxy voting authority to CGMI.

## **Item 7. Client Information Provided to Portfolio Managers**

In connection with various Programs described herein, CGMI or an affiliate will provide a client's information to the investment manager selected to manage the account. Clients can update or change information at any time by contacting the client's CGMI financial adviser. Any changed information will be transmitted promptly to the investment manager selected to manage the client's account.

For CES, if a client elects to retain an investment manager that is no longer approved for the Program, the client will not be asked by CGMI to fill out a client information form.

## **Item 8. Client Contact with Portfolio Managers**

There are no restrictions on a client's ability to contact and consult with its investment managers. However, as a general matter, clients are encouraged to contact their CGMI financial advisers to facilitate any discussions with the portfolio managers.

## **Item 9. Additional Information**

### **A.1. Disciplinary Information**

Below are summaries of certain legal and disciplinary events that may be material to clients and prospective clients. Additional information about legal and disciplinary events is available in Item 11 of our Form ADV, Part 1A, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### **FINRA Claims Related to Research and Investment Banking.**

On November 20, 2014, CGMI entered into a settlement with FINRA. FINRA alleged that CGMI, during certain periods from 2010 through 2013, failed to supervise communication between its equity research analysts and clients, including to adequately supervise "idea dinners" hosted or attended by equity research analysts; to prevent disclosure of nonpublic research information in December 2012 by individuals employed by Citigroup Global Markets Taiwan Securities Co Ltd.; to adequately enforce its policies concerning communications by equity research analysts; and to have written supervisory procedures reasonably designed to ensure that its equity research analysts did not participate in investment banking road show presentations, and that an equity research analyst indirectly participated in investment banking road show presentations for two companies. Without admitting or denying the allegations, CGMI consented to a censure, a fine in the amount of \$15,000,000 and an undertaking to conduct a comprehensive review of the adequacy and implementation of its policies, procedures, and training.

#### **FINRA and NYSE Claims Related to Prospectus Delivery.**

On December 11, 2014, CGMI entered into a settlement with both FINRA and NYSE. FINRA and NYSE alleged that, from 2009 through April 2011, CGMI failed to deliver prospectuses to customers in connection with sales of certain exchange traded funds ("ETFs"); failed to design and implement an adequate supervisory system to achieve compliance with the securities laws, regulations, and rules governing ETF prospectus delivery; and failed to establish, maintain, and enforce supervisory control policies and procedures that tested and verified that its ETF prospectus delivery procedures were in compliance with applicable laws, regulations, and rules. Without admitting or denying the allegations, CGMI consented to a censure and a fine in the amount of \$3,000,000 (paid jointly to FINRA and NYSE).

#### **SEC Claims Related to ASTA/MAT and Falcon Funds**

On August 17, 2015, the SEC announced that Citigroup Alternative Investments LLC ("CAI") and CGMI (collectively with CAI, the "Respondents") agreed to a settlement of allegations that, in connection with the offer and sale of securities in two now-defunct hedge funds, (1) the Respondents willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 ("Securities Act"), (2) CGMI willfully violated Section 206(2) of the Investment Advisers Act of 1940 ("Advisers Act"), and (3) CAI willfully violated Section 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 promulgated thereunder (the "Order"). The SEC alleged that the Respondents violated the law in misrepresenting the hedge funds' risks and performance.

Without admitting or denying the findings contained in the Order, with the exception of the Commission's jurisdiction over them and the subject matter of the proceedings, the Respondents agreed to the following sanctions: (a) Respondents to cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and

17(a)(3) of the Securities Act, (b) CGMI to cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act, (c) CAI to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 promulgated thereunder, (d) Respondents to be censured, and (e) Respondents to pay disgorgement of \$139,950,239 and prejudgment interest of \$39,612,089.

### **SEC Claims Related to Surveillance of Principal Trading**

On August 19, 2015, the SEC and CGMI entered into a settlement in which the SEC found, and CGMI neither admitted nor denied, that CGMI was in violation of Section 15(g) of the Securities Exchange Act of 1934 and Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, in connection with CGMI's surveillance of principal trading against certain restricted trading lists and principal trading by an affiliated market maker Automated Trading Desk Financial Services LLC ("ATD") in managed accounts. The SEC found that CGMI failed to adopt and comply with adequate related policies and procedures.

Pursuant to the settlement, CGMI agreed to (1) cease and desist from certain conduct, (2) a censure, (3) pay a civil penalty of \$15 million and (4) comply with certain undertakings, including to continue to retain a consultant to conduct a comprehensive assessment of CGMI's trade surveillance program and order handling in relation to transactions for which CGMI acts as an investment adviser. In determining to accept the settlement offer, the SEC considered the cooperation of, and certain remedial measures undertaken by CGMI, including (a) voluntarily retaining a consultant to conduct a comprehensive review of CGMI's trade surveillance practices and to recommend improvements regarding CGMI's policies and procedures and (b) voluntarily paying \$2.5 million – representing ATD's total profits from the principal transactions – to the affected advisory client accounts.

### **SEC Claims Related to CitiFX Alpha Sold to MSSB Clients**

On January 24, 2017, CGMI entered into a settlement with the SEC related to a foreign exchange trading program known as "CitiFX Alpha," which was sold to certain brokerage customers and advisory clients of Morgan Stanley Smith Barney LLC ("MSSB") during 2010 and 2011. At the time, CGMI held a 49% ownership interest in MSSB. The SEC alleged that CGMI omitted material information from investor presentations, including failure to disclose that a substantially higher leverage could be used than was disclosed and that mark-ups on trades would be charged, that caused the investors to suffer significant losses. Without admitting or denying the findings, CGMI agreed to cease and desist from violating Section 17(a)(2) of the Securities Act and pay disgorgement of \$624,458.27, prejudgment interest of \$89,277.34, and a civil money penalty of \$2,250,000.00.

### **TRAK Fund Solution Settlements**

CGMI settled two matters relating to overcharges in certain advisory client accounts. The overcharges related primarily to the TRAK Fund Solution program, which CGMI offered between 1991 and 2011.

On January 26, 2017, the SEC issued an Order finding that CGMI violated various provisions of the Investment Advisers Act of 1940 by overcharging or causing to be overcharged approximately 60,000 advisory client accounts in the amount of \$18 million and by failing to keep proper books and records with respect to maintenance of client contracts. Those overcharges had, at the time of the Order, been reimbursed with interest, to the extent they could be identified. Pursuant to the Order, CGMI agreed to pay disgorgement and prejudgment interest in the amount of \$4,000,000, pay a civil money penalty in the amount of \$14,300,000 and undertake certain reporting obligations to the SEC and remedial actions to

the extent not already implemented. Copies of the Order can be obtained at [www.sec.gov/litigation/admin/2017/34-79882.pdf](http://www.sec.gov/litigation/admin/2017/34-79882.pdf) or from your CGMI representative.

On January 12, 2017, the New York Attorney General's Office ("NYAG") and CGMI entered into a settlement in which the NYAG found that CGMI had violated the Martin Act and Executive Law § 63(12) by overcharging certain advisory client accounts. CGMI agreed to pay a monetary penalty in the amount of \$1,000,000 and undertake certain reporting obligations to the NYAG.

#### FINRA Claims Related to Research Ratings

On December 28, 2017, CGMI entered into a settlement with FINRA. As part of that settlement, FINRA alleged that for a period of time, CGMI displayed (both internally and externally) inaccurate research ratings for certain equity securities. FINRA alleged that this inaccuracy, which resulted from errors in the electronic feed of ratings data that the firm provided to its clearing firm, caused CGMI to display the wrong rating for some covered securities (e.g., "buy" instead of "sell"), display ratings for other securities that CGMI was not actively covering at the time, and not display ratings for securities that CGMI, in fact, rated. FINRA also alleged that CGMI failed to establish and maintain a supervisory system and written supervisory procedures designed to ensure the accurate and complete dissemination of research ratings. Without admitting or denying the allegations, CGMI consented to a censure, a fine of \$5.5 million, and an undertaking to pay compensation of at least \$6 million to customers who were solicited to purchase or sell securities affected by the ratings display issues.

## **A.2. Other Financial Industry Activities and Affiliations**

### ***Registrations***

CGMI is registered as an investment adviser, broker-dealer and security-based swap dealer with the SEC and is registered as a futures commission merchant and a swap dealer with the U.S. Commodity Futures Trading Commission ("CFTC"). Affiliates of CGMI are registered as investment advisers and broker-dealers and security-based swap dealers with the SEC, as well as with the CFTC as commodity pool operators and/or commodity trading advisers. CGMI is a member of all principal securities and commodities exchanges in the United States and the Financial Industry Regulatory Authority ("FINRA"). In addition, CGMI holds memberships or associate memberships on several principal foreign securities and commodities exchanges.

### ***Material Relationships or Arrangements With Certain Related Persons.***

CGMI acts as a broker (*i.e.*, agent) and as a dealer (*i.e.*, principal) for corporate, institutional, governmental and private clients in the purchase and sale of a wide variety of securities and other investment products, including equity and debt securities traded on exchanges or in the over-the-counter market, mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts, and options. CGMI and its affiliates also act in a partnership capacity in a number of limited partnerships in which its clients may invest. As a futures commission merchant and swap dealer, CGMI also provides advice on commodities and commodity related products and deals in swaps and other derivative instruments. Below is a description of such relationships and some of the conflicts of interest that arise from them. CGMI has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest that may arise between CGMI and its affiliates. See also "Item 9.B.1- Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading" for additional information on conflicts of interest and related policies and procedures of CGMI.

CGMI provides a wide range of research services to its clients, including reports, analyses, charts, and graphs relating to various facets of the investment spectrum in equity and fixed

income products. Research services generally are provided to clients on the assumption that the services will generate commission or other business for CGMI. However, certain research services are provided for a fixed fee and/or, in the case of firms that re-sell such services, in exchange for royalties. Such so-called "hard-dollar" fees generally are negotiable.

Through its divisions, CGMI offers a wide variety of investment advisory services and investment advisory programs. CGMI's investment advisory services are available to individuals, multi-family offices, corporations, trusts, endowments, foundations, charitable organizations, pension and profit sharing plans, other businesses, and governmental entities. The investment adviser affiliates of CGMI include, among others: Citi Global Alternatives, LLC; Citibank (Switzerland) A.G.; Citibank Canada Investment Funds Limited; Citigroup Alternative Investments LLC; Citigroup Global Markets Asia Limited, Cititrust (Bahamas) Ltd.; Cititrust (Cayman) Ltd.; Cititrust (Jersey) Ltd.; Citigroup First Investment Management Limited; and Citibank Europe PLC. Additional information about CGMI's affiliates is disclosed in response to Item 7.A of CGMI's Form ADV, Part 1A, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Citigroup Life Agency LLC ("CLA") is an affiliate of CGMI, through which CGMI representatives can function as insurance representatives to sell various insurance products. In California, CLA does business as Citigroup Life Insurance Agency, LLC (License Number 0G56746).

CGMI and its affiliates provide a variety of services for various clients, including issuers of securities that CGMI recommends for purchase or sale by clients. CGMI performs a wide range of investment banking and other services for various clients, and CGMI client holdings will include the securities of issuers for whom CGMI performs investment banking and other services. For example, CGMI client holdings include ETFs where CGMI or its affiliates provide services as administrator, trustee and custodian. CGMI client holdings also include securities in which CGMI makes a market or in which CGMI, its officers or employees have positions. CGMI and its affiliates receive compensation and fees in connection with the provision of the foregoing services. As part of an overall internal compliance program, CGMI has adopted policies and procedures imposing certain conditions and restrictions on transactions for CGMI's own account or the accounts of its employees. Such policies and procedures are designed to prevent, among other things, any improper or abusive conduct when conflicts of interest exist for a customer or client.

In addition, Citibank, an affiliate of CGMI, serves as an investment manager and custodian for certain Programs described in this brochure. Please see "Item 4.A.4–Types of Advisory Services Offered" for more information on CIM managed strategies available in MACS and the Advisory Portfolios Program. In serving as a custodian, Citibank utilizes certain back office services of its affiliates. Citibank is a "qualified custodian" within the meaning of Rule 206(4)-2 under the Advisers Act, also known as the "Custody Rule." Please see "Item 4.A.3–Clearing and Custody Services" for more information on custody.

### ***Compensation from Investment Managers***

CGMI and its affiliates have trading, investment banking, prime brokerage, fund administrator, trustee, custody, and other business relationships with many investment managers, including certain of the investment managers that participate in the Programs. In some cases, CGMI has more than one business relationship with an investment manager. In addition, some CGMI financial advisers receive financial benefits from investment managers in the form of compensation for trade executions for the accounts of investment managers or their clients, or through their referrals of brokerage or investment advisory accounts to CGMI financial advisers.

In determining an investment manager's eligibility for the Programs, CGMI does not consider the extent to which an investment manager directs or is expected to direct trades to CGMI for execution, including whether such investment manager is a prime brokerage client of CGMI or

its affiliates. Absent a client's direction to the contrary, each investment manager has discretion to direct trades to the broker-dealers of its choosing; however, in doing so, an investment manager is obligated at all times to seek best execution.

### ***Lending Against Advisory Accounts***

*The Citibank Lending Program.* CPB and WaW clients who have an advisory account with CGMI may, at their election, borrow funds from Citibank or its affiliates. Such loans may be purpose or non-purpose loans. This commercial lending relationship with a client may from time to time include, but not be limited to, a loan, line of credit, or borrowing in connection with off-exchange market (commonly referred to as over-the counter or OTC) derivatives trading, via the execution of an ISDA Master Agreement and related Credit Support Annex or other security agreement. For the avoidance of doubt, to secure the repayment of the loan and payment of any such lending, including interest due on the lending, Citibank or its affiliates will treat assets in the advisory account as collateral to support the loan (the "Lending Program"). CPB and WaW clients may use borrowed funds as they see fit, including to fund investments in their advisory accounts. CPB and WaW clients are responsible to repay all funds they borrow from Citibank or its affiliates. If there is a debit in a client's account after a margin call or the sale of assets, the client is responsible to cover the shortfall. Any non-purpose loans arranged through the Clearing Firm are not included as part of the Lending Program. These borrowings are separate relationships from an investment advisory relationship. Citibank or its affiliates do not actively solicit clients to borrow using advisory account as collateral.

- Risks of Participating in the Lending Program and Conflicts of Interest. Participation in the Lending Program carries significant risks and presents conflicts of interest for CGMI and Citibank. The decision to use leverage in a client account rests with the client and should be made only if the client understands the risks of margin borrowing, the impact of the use of borrowed funds on an account, and how the use of margin can affect the client's ability to achieve the client's investment objectives.
- Borrowing to Invest Increases Risk of Loss. Positive or negative performance of a leveraged account, net of interest charges and other account fees, will be enhanced by virtue of using borrowed money. Gains or losses in a leveraged account relative to the net value of the account will be greater than would be the case with an unleveraged account. As a result, borrowing money to invest creates a greater degree of risk of loss than investments in an unleveraged account.
- Returns May Be Insufficient to Cover the Cost of Borrowing. Participation in the Lending Program will result in losses to the client if the client invests the proceeds in the advisory account and the revenue or returns from the advisory account are not sufficient to cover the interest Citibank charges on the amount the client borrowed.
- Suitable Investments for Borrowed Funds Generally May Be Riskier. CGMI has an incentive to select investments to secure sufficient revenue or returns to cover interest payments on Citibank's loans. This incentive may cause CGMI to recommend investments for a leveraged account with a greater potential for higher returns, and a corresponding higher potential for volatility and risk of loss, than would be the case in an unleveraged account.
- Performance Reports or Account Statements Will Not Show the Effect of Leverage. Reports or account statements showing investment performance of any advisory account will not reflect the cost or effect of leverage on the performance of any investment funded with borrowed money from Citibank or from any third party. The use of leverage to conduct investment activity increases client's exposure to risk. Using leverage increases volatility and therefore small movements in notional value may

materially impair the value of the investment. Further, the cost of leverage will reduce income and gains on investments funded with loan proceeds.

- CGMI and its Personnel Have a Financial Incentive to Recommend Participation in the Lending Program. Participation in the Lending Program benefits CGMI and/or its employees. Since CGMI receives advisory fees based on the level of assets in an account, CGMI receives higher fees from clients that increase the size of their accounts through participation in the Lending Program. Citibank also collects interest from clients who participate in the Lending Program. Since participation in the Lending Program will result in interest payments to an affiliate and/or increased advisory fees to CGMI, CGMI and/or its employees have a financial incentive to recommend that advisory clients participate in the Lending Program and invest those borrowed amounts in the advisory account (thus incurring the risks described in this brochure).
- CGMI Will Put Its Affiliate's Interest as a Creditor First. As a client's investment adviser, CGMI is required to put a client's interests ahead of the interests of CGMI and its employees. If a client participates in the Lending Program, however, Citibank will have a proprietary interest in the client's advisory account assets as a result of the pledging of the assets for the loan and interest due, and will be the client's creditor. As an affiliate of the client's creditor, CGMI's duty to act in the client's best interest will conflict with CGMI's incentive to act in the best interest of Citibank, its affiliate. Any determination by CGMI to act on behalf of Citibank's interests may be adverse to the client's interests.
- Clients May Be Required to Deposit Additional Amounts in Client Accounts to Cover Losses. If the assets in a client's advisory account lose value, the value of the collateral supporting the client's loan and interest payments also decreases. If this happens, Citibank will ask the client to meet collateral obligations (a "margin call"). To maintain adequate collateral, the client may need to deposit additional assets into the advisory account. If the client is unable or unwilling to deposit additional amounts, Citibank may sell or assign assets in the client's advisory account to repay the loan.
- The Margin Call Process May Inflict Substantial Harm to the Client's Account. During the margin call process, CGMI and/or Citibank will act in its/their sole discretion to protect its/their interests and may act in a manner that is not in the client's best interests. CGMI and/or Citibank may sell assets in the client's account without notifying the client, and the client's consent is not required for CGMI and/or Citibank to sell assets. CGMI and/or Citibank may decide, in its/their sole discretion, which assets to sell and the timing and venue of the sales. In these circumstances, securities often are sold into a market that is declining, so the prices obtained for the securities may be less than favorable and losses will be realized.
- CGMI Will Not Act as Investment Adviser to the Client With Respect to the Liquidation of Securities Held in an Account to Meet a Margin Call. As a result of margin sales, clients may be left with an account that has more concentrated positions, including in illiquid securities, than would be the case if CGMI were managing the sales of securities to protect the interests of the client rather than Citibank's interests as lender. The resulting account investments may not be suitable for the client or otherwise meet the requirements for participation in the Program, and the account may be terminated from the Program as a result. Citibank may, at any time and without notice, increase margin requirements for the Lending Program or change terms of the Lending Program.

Clients will receive a separate margin disclosure document, which they should read carefully and retain for future reference.

*Bank Loans.* Qualifying Citi Wealth clients may take out bank loans from Citibank that are secured by assets in the clients' accounts. Clients can represent to Citibank how they intend to use the proceeds of the loans which may include purchasing securities other than securities in their managed accounts. These bank loans are separate relationships from an investment advisory relationship. Citibank earns fees and other income for services provided in connection with the bank loans, which are in addition to any asset-based fees that clients pay for managed accounts. Before taking out a bank loan, the client should consider (i) the alternative of liquidating part of the account and (ii) the possibility that the return on the collateral can be lower than the interest paid on the bank loan (especially if the collateral is a low-producing asset class). The client should be aware that CGMI and Clearing Firm, acting on instructions provided by Citibank, client's creditor, will have the authority to liquidate all or part of the account at any time to repay any portion of the bank loan, even if the timing of the liquidation will be disadvantageous to the client. Additionally, Citibank will have an interest in preserving the value of the collateral, which will present a conflict of interest in connection with CGMI's management of the account. Bank loans taken out by Citi Wealth clients from Citibank generally are subject to the risks and conflicts of interest described above for the Citibank Lending Program.

*Non-Purpose Loans through Clearing Firm.* CGMI, through Clearing Firm, also may permit qualifying CPB, WaW and Citi Wealth clients to obtain loans on a non-purpose basis secured by the pledge of eligible cash, cash equivalents and marketable securities held in the client's account (such loans referred to as "Non-Purpose Loans"). A Non-Purpose Loan may be used for any purpose except to purchase securities or to refinance a loan that was used to purchase securities. Securities serving as Non-Purpose Loan collateral can only be sold or transferred from a client's CGMI account in accordance with the terms of the client's loan documents. These Non-Purpose Loans are separate relationships from an investment advisory relationship. CGMI earns fees and other income for services provided in connection with the Non-Purpose Loans, which are in addition to the asset-based fee that CGMI earns through the Program for managing the collateral securing the Non-Purpose Loans.

Clients that obtain Non-Purpose Loans are charged an interest rate on the amount of money borrowed. The interest rate for clients and how the charge is calculated are described in the applicable loan documents and disclosures. The interest rate charged to CGMI by Pershing is based on the prevailing Overnight Bank Funding Rate plus 1.04%. CGMI causes Clearing Firm to mark up the interest rate charged to clients for Non-Purpose Loans and receives a portion of the interest charged on Non-Purpose Loans. The amount of the mark-up varies by client and historically is, up to, but not capped at, 3.75% of the total interest rate charged. Interest paid on these loans is shared between Pershing and CGMI as described above, and in certain circumstances, with registered representatives who receive a portion of, or credit for, interest paid. This additional income earned by CGMI and its registered representatives through Non-Purpose Loans represents a conflict of interest and creates a financial incentive to encourage brokerage customers to borrow against assets in Program accounts. It also incentivizes CGMI to continue to use Pershing as the clearing firm for the Programs. Before taking out a Non-Purpose Loan, the client should consider (i) the alternative of liquidating part of the account and (ii) the possibility that the investment return earned on the collateral can be lower than the interest paid on the Non-Purpose Loan (especially, if the collateral is a low-producing asset class). The client should be aware that CGMI or Clearing Firm, acting as client's creditor, will have the authority to liquidate all or part of the account at any time to repay any portion of the Non-Purpose Loan, even if the timing of the liquidation will be disadvantageous to the client. CGMI, through Clearing Firm, does not provide margin loans for managed accounts that may increase performance (with the resulting increased risk of loss) of a client's Program account. Additionally, CGMI will have an interest in preserving the value of the collateral, which will present a conflict of interest in connection with its management of the account. More detailed information about Non-Purpose Loans is provided to clients in the Regulation BI Disclosure



Statement and Related Information for Retirement Accounts and is available at <https://www.citi.com/investorinfo/>.

*Unaffiliated Lenders.* CGMI customers also may obtain loans secured by the assets in their Program accounts from unaffiliated lenders. The terms and conditions of such loans are determined by the unaffiliated lender. To be used as collateral, assets held in a CGMI Program account must be subject to a control agreement among CGMI, the Clearing Firm, the borrower and the lender. The control agreement restricts the movement of the collateral. The collateral will remain restricted until the borrower and the lender instruct otherwise. You should be aware that CGMI and the Clearing Firm, acting on instructions provided by the lender, will have the authority to liquidate all or part of the account at any time to repay any portion of the loan, even if the timing of the liquidation will be disadvantageous to you. CGMI does not charge fees for its services under such a control agreement.

### ***Acting as Adviser to Funds***

CGMI affiliates act as an administrator for a wide range of open-end and closed-end investment companies registered under the Investment Company Act of 1940, as amended. CGMI affiliates serve as an administrator, trustee and custodian to ETFs and mutual funds. CGMI affiliates also serve as investment advisers to a number of investment funds domiciled and sold outside the United States. In addition, CGMI affiliates act as investment adviser to unregistered investment funds (including hedge “fund of funds”).

## **B.1. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

### ***Employee Personal Trading and Fiduciary Code of Ethics***

Employees and certain other persons who perform services that support the investment advisory business of CGMI are bound by the Personal Trading and Investment Policy (“PTIP Policy”) and the Fiduciary Code of Ethics (“Code of Ethics”). The Code of Ethics is designed to comply with applicable regulatory requirements including Rule 204A-1.

Both the PTIP Policy and the Code of Ethics govern the trading of employees who support the investment advisory business of CGMI and the family members’ or related persons’ accounts over which the employee has investment discretion.

Certain representatives within CGMI are considered covered persons under the PTIP Policy. The PTIP Policy governs the manner in which covered persons’ trading account information is made available to the firm’s compliance department and defines instances where pre-clearance or supervisory pre-approval may be appropriate. Covered persons are subject to a number of restrictions including: 1) prohibition on conduct of personal trades in securities for which they are in possession of material, non-public information; 2) prohibition on securities noted on the firm’s restricted list; and 3) prohibition on trading in securities where new and material research has been published. Other restrictions exist with respect to “new issue”/public offerings and trading of Citigroup shares.

Covered persons are further prohibited from engaging in market timing strategies with respect to mutual fund transactions in covered accounts.

Certain supervisory staff are responsible for reviewing all personal trading activity of their covered employees for indications of improper trading activity and insider trading.

When CGMI personnel purchase or sell certain securities for their own accounts on the same day that transactions in these securities are effected for client accounts, the price paid or realized by advisory personnel generally may not be more advantageous than the price at which the client transactions are effected. Managed accounts in which CGMI personnel have an

interest may be aggregated with orders for other accounts so long as their accounts are treated in the same manner as other accounts.

The Code of Ethics describes the standards of business conduct for CGMI's investment advisory business, including the fiduciary obligations owed to clients and the obligation to comply with applicable laws. The Code of Ethics incorporates and is supplemented by other Citi policies and procedures, including policies and procedures designed to protect the flow of material non-public information and the confidentiality of client information and those imposing personal trading and investment restrictions, maintenance of personal securities trading accounts at CGMI, and reporting of personal securities holdings and transactions. The purposes of the Code of Ethics and the related policies and procedures include minimizing conflicts of interest between employees and investment advisory clients and assuring compliance with applicable laws and regulations. Each person covered under the Code of Ethics receives a copy of the Code of Ethics upon being designated as a covered person and annually thereafter. They must sign an attestation that indicates that they have read and understand such Code of Ethics. In conjunction with this attestation, all covered persons are required to report any violation or potential violation of which they might become aware.

A copy of CGMI's Code of Ethics will be provided to any client or prospective client who mails a written request to:

Citigroup Global Markets Inc.  
750 Washington Blvd., 8th Floor  
Stamford CT 06901

Attention: Dana L. Platt, Chief Compliance Officer, Citigroup Global Markets Inc., Investment Adviser

### ***Participation and Interest in Client Transactions***

CGMI or an affiliate could recommend securities in which CGMI or such affiliate directly or indirectly has a financial interest, and CGMI or an affiliate can also buy and sell securities that are recommended to clients for purchase and sale. Thus, a client can hold securities in which CGMI or an affiliate makes a market or in which CGMI or an affiliate, or officers or employees of CGMI or such affiliate also have positions. CGMI also provides advice and takes action in performing its duties to certain Program clients which differs from advice given, or the timing and nature of action taken, for other clients' accounts. Moreover, CGMI and its affiliates advise or take action for themselves differently than for CGMI clients. In addition, CGMI and its affiliates and employees, including CGMI financial advisers, invest with the investment managers that participate in the Programs.

From time to time, CGMI imposes restrictions to address the potential for self-dealing by CGMI and conflicts of interest that arise in connection with CGMI's broker-dealer and investment banking businesses. CGMI has adopted various procedures to guard against insider trading that include an "Information Barrier" procedure, pursuant to which information known within one area of CGMI (e.g., investment banking) is not permitted to be distributed to other areas (e.g., investment advisory), and use of a restricted list and various other monitoring lists. These investment banking or other activities will from time to time compel CGMI, Overlay Manager or their affiliates to forgo trading in the securities of companies with which these relationships exist. This has the potential to adversely impact the investment performance of a client's account.

### ***Principal Transactions***

CGMI generally does not act as principal in executing trades in connection with the Programs (except for CES as described below), even if the terms and conditions of the Programs permit CGMI to act as principal under certain circumstances. If CGMI receives trade orders for

securities traded in the dealer markets, it normally executes those orders as agent through a dealer unaffiliated with CGMI. Although CGMI receives no commissions or other compensation in connection with such trades, dealers executing such trades may include a commission, markup (on securities it sells) markdown (on securities it buys) or a spread (the difference between the price it will buy or "bid" for the security and the price at which it will sell or "ask" for the security) in the net price at which the trades are executed, and the client will bear any such transaction costs. Clients should be aware that in some cases it will be disadvantageous not to trade on a principal basis with CGMI to the extent that CGMI otherwise would provide a price more favorable than the price available from an unaffiliated dealer or have inventory for sale not available through an unaffiliated dealer.

In CES, CGMI may execute trades as principal in orders received from unaffiliated investment managers that manage accounts through CES. This will result in CGMI realizing customary dealer profits or losses on the trades. Any profits or losses CGMI realizes on principal trades are separate from and additional to the asset-based fees that CGMI earns as the sponsor of CES. As a result, CGMI has an incentive to recommend investment managers who tend to execute trades through CGMI. CGMI addresses this conflict by providing appropriate disclosure to clients. Investment managers in CES also may direct principal trades to dealers unaffiliated with CGMI. In these circumstances, the dealer to which the trade is directed will realize a profit or loss on each trade and may also charge a mark-up or mark-down.

#### Agency Cross Transactions

Agency cross transactions (*i.e.*, transactions in which CGMI or an affiliate acts as broker for the parties on both sides of the transaction) may be effected for customer accounts to the extent permitted by law. CGMI may receive compensation from parties on both sides of such transactions (the amount of which vary) and in that case, CGMI will have a conflicting division of loyalties and responsibilities. Any compensation CGMI receives in connection with agency cross transactions will be in addition to the asset-based fee that the clients pays CGMI for its participation in a Program. In the Program Agreements, clients generally consent to and authorize CGMI to engage in agency cross transactions for the client's account, except where prohibited by law. Client consent to agency cross transactions may be revoked at any time by written notice to CGMI.

### **B.2. Review of Accounts**

Accounts are generally monitored on an on-going basis by the investment manager or CGMI (including by financial advisers subject to supervision (either by the branch or a supervisory principal), the FOG, review committees and other units which vary depending upon the Program). The investment manager's review of discretionary accounts includes a review of each purchase or sale, as well as monthly position reports. Clients whose assets are held in custody with Clearing Firm also periodically receive a written Performance Review if requested by the client, which is a statistical review and analysis of the account. Clients whose assets are not held in custody with Clearing Firm also may obtain a Performance Review, if requested by the client.

### **B.3. Client Referrals and Other Compensation**

#### ***CGMI, its Affiliates and its Employees Receive Additional Compensation from the Investment Managers They Recommend***

CGMI and its affiliates have trading, investment banking, prime brokerage and other business relationships with investment managers. These relationships are discussed in "Item 9.A.2– Compensation from Investment Managers."

We receive marketing and training support payments, conference subsidies, and other types of financial and non-financial compensation and incentives from certain mutual fund

companies, insurance and annuity companies and other investment product sponsors, distributors, investment advisers, broker-dealers and other vendors to support the sale of their products and services to our clients. These third parties pay vendors directly for these services on our behalf. These payments sometimes include reimbursement for our participation in sales meetings, seminars and conferences held in the normal course of business. These payments also include reimbursements for costs and expenses incurred by us in sponsoring conferences, meetings and similar activities. We receive these payments in connection with our overall relationship with the relevant third party, and the payments are not dependent on or related to the amount of assets invested in any individual account. The providers independently decide what they will spend on these types of activities and do not share this information with us, subject to regulatory guidelines and our policies. The amount of any expense reimbursement or payment to us is dependent on which activities we participate in or sponsor, the amount of that participation, prior sales and asset levels and other factors, and is determined by the provider.

We coordinate with certain product sponsors in developing marketing, training and educational plans and programs, and this coordination might be greater with some sponsors than others, depending on relative size, quality and breadth of product offerings, client interest and other relevant factors. Representatives of approved sponsors—whether sponsors remit these payments or not—are typically provided access to our branch offices and financial advisers for educational, marketing and other promotional efforts subject to the discretion of our managers. Although all approved sponsors are provided with such access, some sponsors devote more staff or resources to these activities and therefore have enhanced opportunities to promote their products to financial advisers. These enhanced opportunities could, in turn, lead financial advisers to focus on those products when recommending investments to clients over products from sponsors that do not commit similar resources to educational, marketing and other promotional efforts.

Various affiliates and affiliated business units of Citigroup receive compensation for providing administrative, custody, trustee, transfer agent, prime brokerage and back office services to investment managers, mutual funds, ETFs, and hedge funds. These investment managers include investment managers recommended through the Programs.

CGMI and Citibank have entered into agreements under which CGMI shares revenue with Citibank for referring clients to CGMI, among other services. Under CGMI's agreements with Citibank, the revenue that CGMI shares with Citibank is based on the revenue that CGMI earns from providing products or services to referred clients. Citibank also compensates certain of its representatives based on business such representatives refer to CGMI. Similarly, CGMI financial advisers refer clients to affiliates, including Citibank, for financial products and services that they provide. These arrangements present conflicts of interest because CGMI, Citibank, and their respective representatives, have a financial incentive to refer clients for product and services that provide CGMI, Citibank and their affiliates additional compensation.

### ***Gifts, Gratuities and Nonmonetary Compensation***

From time to time, certain third parties (such as investment product distributors and providers, mutual fund companies, investment advisers, insurance and annuity companies, broker-dealers, wholesalers, etc.) provide financial advisers or CGMI or its affiliates with non-monetary gifts and gratuities, such as promotional items (e.g., coffee mugs, calendars or gift baskets), meals, invitations to events, and access to certain industry-related conferences or other events. CGMI has implemented policies and procedures intended to ensure that we avoid actual or perceived conflicts when giving or receiving gifts and entertainment from relevant parties by limiting the maximum value that any individual is permitted to receive in any calendar year. Gifts and entertainment must be appropriate,

customary and reasonable and clearly not meant to influence CGMI business or serve as a "quid pro quo" for it to be accepted.

### ***Compensation from Funds***

Certain mutual funds available through the Programs provide, and such mutual funds' affiliates provide, compensation to CGMI or its affiliates in the form of 12b-1 or distribution fees, management fees, administrative fees, transfer agency fees, revenue sharing compensation, record keeping fees, shareholder servicing fees or any other fund related fees.

Except as described below regarding money market mutual funds, in each of these Programs, CGMI or its affiliates will not seek or retain any compensation from participating mutual funds and will credit the client's account in the amount of any such compensation as soon as possible after receipt by CGMI or its affiliates. Any compensation credited to a client's account, including retirement accounts, will be treated as additional income and reported as such.

Where Citibank, as the custodian of a client's mutual fund investments held outside of a Program, receives shareholder service fees, recordkeeping services fees, sub-transfer agency or similar fees from participating mutual funds, Citibank will retain such fees.

Where Clearing Firm, as the custodian of a client's mutual fund investments, receives shareholder service fees, recordkeeping services fees, sub-transfer agency or similar fees from participating mutual funds, Clearing Firm will retain such fees.

### ***Conflicts of Interest Pertaining to Cash Sweep Options***

Clients may elect to have cash balances in an account automatically invested or "swept" into an eligible money market mutual fund (each, a "Sweep Fund"). Clients who elect to have assets swept into a Sweep Fund authorize CGMI each business day to automatically invest all cash balances in the account in excess of \$0.01 into the designated Sweep Fund. In Programs where CGMI has discretion, the client authorizes CGMI or the client's CGMI financial adviser to select the Sweep Fund for the account in the event that the client itself has not selected a Sweep Fund. Clients who elect affirmatively not to use any of the available cash sweep options can be credited interest on cash by Clearing Firm at a rate determined by Clearing Firm. To the extent that Clearing Firm chooses to pay interest by setting this rate above zero, which it may do at any time, CGMI will earn a share (which can be up to 100%) of the revenue generated by client deposits, which could result in clients earning no interest.

CGMI receives compensation from Sweep Funds and BDP in connection with Program accounts in limited circumstances relating to account conversions. When a client converts an existing CGMI brokerage account to a Program account, CGMI, its affiliates, or Clearing Firm, as applicable, will continue to collect compensation generated by the account's existing cash sweep option until the account conversion process is completed.

Citibank's Bank Deposit Program ("BDP") is no longer offered as a cash sweep option to clients. However, clients who participate temporarily in BDP (in the circumstances described above) authorize CGMI each business day to automatically invest all cash balances in the account in excess of \$0.01 into a deposit account at one or more FDIC insured depository institutions, including Citibank ("Program Banks"). Each Program Bank pays an interest rate equal to a percentage of the average daily deposit balance in your deposit account at the Program Bank. The interest rate is variable and will be higher or lower based upon prevailing economic and market conditions. The interest revenue is paid to Clearing Firm and IntraFi Network LLC, the firm responsible for administering the BDP program ("IntraFi"), by the Program Banks, and shared with CGMI after the deduction of service fees that compensate IntraFi and Clearing Firm for administering BDP and making the BDP program available to CGMI. The amount of fees and proceeds retained by IntraFi, Clearing Firm and CGMI will affect

the interest rate available to clients on balances held in the BDP program and can result in no interest being paid to client accounts.

CGMI determines the interest rate to be paid to clients. Interest paid to client deposit accounts by the Program Banks is tiered ("Interest Rate Tiers") based on the value of eligible assets in your CGMI accounts. Generally, the deposit account balances of clients in higher Interest Rate Tiers receive higher interest than clients in lower Interest Rate Tiers. The amount of interest rate proceeds received by CGMI can exceed the amount paid to clients as interest on client deposit accounts held at that Program Bank. Citigroup, CGMI, Clearing Firm and their affiliates are not responsible for any insured or uninsured portion of the client's deposits at any of the Program Banks. More detailed information about the BDP is provided to clients in the Bank Deposit Program Disclosure Statement and is available at <https://www.citi.com/investorinfo>.

For Sweep Funds, prior to conversion, CGMI receives revenue sharing payments from Clearing Firm for distribution assistance at an annual rate of up to 0.72% of assets invested in a fund family. The amount of compensation payable by Sweep Funds and their affiliates changes from time to time. For BDP, in addition to the compensation described above, Citibank has the opportunity to earn income on BDP assets through lending activity, and that income usually is significantly greater than the asset-based fees earned by CGMI on cash balances invested in Sweep Funds.

The additional revenue received by CGMI from Sweep Funds and BDP during the account conversion process provides a financial benefit to CGMI and creates an incentive to continue to use Pershing as the clearing firm for the Programs. CGMI mitigates this conflict by only allowing Sweep Funds in Program accounts (following conversion) that do not pay distribution assistance.

For Programs in which client assets are held in custody by Clearing Firm, the asset-based fee charged in connection with a Program will be applied to cash balances in a client's account, including assets invested in a Sweep Fund or through BDP. Clients should understand that they will experience negative performance on the cash portion of their accounts if the applicable asset-based fee charged in respect of the cash is higher than the return the client receives from the cash sweep vehicle (i.e., the Sweep Fund or BDP).

At times, investment managers or CGMI will believe that it is in a client's interest to maintain assets in cash or cash equivalents (including money market mutual funds), particularly for defensive purposes in volatile markets. The BDP arrangements and compensation from money market mutual funds (and their affiliates) described above represent a conflict of interest and create an incentive for CGMI to recommend or select investment managers or investment strategies that favor cash balances. Clients consent to this conflict of interest in their Program Agreements.

CGMI financial advisers do not receive any of the BDP related income or compensation from money market mutual funds (and their affiliates) described above.

### ***Payments for Order Flow***

SEC rules require broker-dealers to disclose upon opening a new customer account and on an annual basis thereafter: (i) their policies regarding payment for order flow, including a statement as to whether any payment for order flow is received for routing customer orders and a detailed description of the nature of the compensation received, and (ii) their policies for determining, in the absence of specific customer instructions, where to route customer orders that are the subject of payment for order flow, including a description of the extent to which orders can be executed at prices superior to the National Best Bid / Offer.

CGMI has entered into certain arrangements with Clearing Firm to route most retail customer orders in equity securities, fixed income securities and exchange-traded options to Clearing

Firm. CGMI does not receive payment for order flow for these orders. As discussed above, however, CGMI receives financial benefits from its relationship with Clearing Firm.

***CGMI and Affiliates Maintain Business Relationships with Companies that May Be Selected or Recommended for Client's Portfolio***

Investment recommendations made through the Programs may be based in large measure on the fundamental research opinions of CGMI. CGMI does and seeks to do business with companies covered by its research and, as a result, CGMI has a conflict of interest that could affect the objectivity of its research reports. If such objectivity is affected, it might impact the underlying fundamental opinion upon which certain investment recommendations through the Program are made. In addition, CGMI usually provides bids and offers and may act as principal market maker in connection with transactions in the same securities that may appear in a client's portfolio. Also, CGMI client portfolios may include securities in which CGMI, its officers or employees have positions. CGMI is a regular issuer of traded financial instruments linked to securities that may be purchased. CGMI may hold a trading position (long or short) in the shares of the securities in a client's portfolio or in the shares of companies subject to its research. As noted above, CGMI uses several methods to evaluate whether an unaffiliated investment manager or investment product should participate (or should continue to participate) in the Programs. See "Item 6.A—Research in Advisory Programs".

CGMI and its affiliates provide a variety of services for various clients, including issuers of securities that CGMI recommends for purchase or sale by clients. CGMI performs a wide range of investment banking and other services for various clients, and it is likely that CGMI client holdings will include the securities of issuers for whom CGMI performs investment banking and other services. For example, CGMI client holdings include ETFs where CGMI's affiliate provides services as administrator, trustee and custodian. CGMI and its affiliates receive compensation and fees in connection with the provision of the foregoing services. As part of an overall internal compliance Program, CGMI has adopted policies and procedures imposing certain conditions and restrictions on transactions for CGMI's own account or the accounts of its employees. Such policies and procedures are designed to prevent, among other things, any improper or abusive conduct when conflicts of interest exist with a customer or client.

CGMI can use client lists when soliciting new clients but such list will not include any existing clients who requested confidentiality.

***Ownership Interests in Trading Venues***

In connection with the services provided to our clients, CGMI or an affiliate may execute trades through certain electronic communication networks, alternative trading systems and similar execution or trading venues in which an affiliated business has an ownership interest. Our affiliate receives compensation and economic benefits due to its ownership interest for trades executed through such a trading venue. The compensation received is based on a number of factors, such as the number of total trades executed through the trading venue and the profitability of the trading venue, and is not directly related to individual trades made on behalf of a client. In certain instances, we may receive a reduction in the cost of executing a trade through a trading venue or a rebate of the cost. While financial advisers do not receive additional compensation as a result of these ownership interests, we have an incentive to encourage the use of the trading venues in which we hold an interest.

***Clearinghouse Revenue***

In connection with the services provided to our clients, CGMI or an affiliate may from time to time use a clearinghouse for certain types of transactions entered into on behalf of a client. For example, transactions in options may use a clearinghouse. CGMI or an affiliate may have an agreement with, or an ownership interest in, a clearinghouse. In certain circumstances, we

receive compensation or an economic benefit for trades cleared through such a clearinghouse due to our ownership interest or agreement with the clearinghouse. The compensation received generally is based on formulas that take into account a number of factors, such as the number of total trades cleared by the clearinghouse and the clearinghouse's profitability, and is not directly related to any fees paid by a client for clearing with the particular clearinghouse. In certain instances, CGMI may receive a reduction in the cost of clearing transactions through the clearinghouse or a rebate of the cost, the amount of which may be based, in part, on the number of transactions entered into by CGMI or its affiliate with that clearinghouse. While financial advisers do not receive additional compensation as a result of these ownership interests, we have an incentive to encourage the use of the trading venues in which we hold an interest or with which we have an agreement.

#### ***Payment of Compensation to Third Parties for Client Referrals***

From time to time, CGMI makes cash payments for client referrals to persons other than CGMI's employees and our affiliates pursuant to applicable laws, including Rule 206(4)-1 under the Advisers Act. These payments may differ by referrer and are negotiated based on a range of factors, including but not limited to, target markets, nature and size of potential client relationships, quality of service and industry reputation. In general, a referrer will be compensated based on a fixed periodic fee that is not contingent upon any person referred by such referrer becoming a client of CGMI. These arrangements present conflicts of interest. In particular, the arrangements incentivize a referrer to refer a client to CGMI even though another investment adviser's services may be equally or more appropriate for the client's needs. CGMI addresses these conflicts through disclosure and not tying the compensation paid to a referrer to whether any person referred becomes a client of CGMI.

#### **B.4. Financial Information**

CGMI does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, CGMI has not included a balance sheet for its most recent fiscal year.

CGMI is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has CGMI been the subject of a bankruptcy petition at any time during the past ten years.

#### **B.5. Other Information**

CGMI has business continuity plans that provide for continuity of critical operations and other activities during a variety of disruptions. They include client support responses such as conducting operations from alternate sites in different locations, if necessary, operating across multiple power grids or operating with self-generating facilities while maintaining the firm's presence in the marketplace and servicing client accounts. Although these plans are designed to limit the impact on clients from such business interruptions, unforeseen circumstances may create situations where CGMI is unable to fully recover from a significant business interruption. CGMI believes its planning and implementation process reduces the risk in this area.

CGMI has adopted an error policy aimed at ensuring the prompt and proper detection, reporting and correction of errors involving the accounts of CGMI clients. A trade error is deemed to have occurred when CGMI has: (i) purchased or sold an incorrect financial instrument in a client account; (ii) purchased or sold an incorrect amount of a financial instrument in a client account; (iii) purchased or sold an unauthorized or client restricted security in a client account; (iv) not entered an order for a client account that should have been entered; (v) entered an order for a client account more than once when it should have been entered once (duplicate trade); (vi) misallocated a trade in one or multiple client accounts; or (vii) made an operational mistake that requires market action to correct. The



requirements of the error policy apply to the extent that CGMI and/or its affiliates has control of resolving errors for client accounts.

To correct a trading error, CGMI generally effects a trade with a client using an error account in order to place the client in the position the client would have been in if the error had not occurred. CGMI will receive no additional compensation and no other benefits from such trade. For all Programs, gains from trading errors corrected after settlement date are not retained by CGMI and are credited to the client's account at no expense to the client. Losses arising from pre- or post-settlement error corrections are closed out at no expense to the client. Losses arising from post-settlement error corrections in retirement accounts are credited to the client's account with interest at the federal tax penalty rate.

If an investment manager erroneously purchases a particular security for a client account and the error is discovered prior to settlement of the transaction, then, the erroneously purchased security generally will be transferred to a separate CGMI error account at no cost to the client. For all Programs, gains from trading errors attributable to an investment manager that are corrected prior to settlement date are credited against investment manager losses resulting from errors on a quarterly basis. At the end of each quarter, net gains, if any, from trading errors attributable to an investment manager that are corrected prior to settlement are remitted as a donation to a charity.

The error policy applies with equal force when CGMI acts as investment manager and Overlay Manager.