

## Item 1. Cover Page

**Part 2A of Form ADV: Firm Brochure**  
**CITIGROUP GLOBAL MARKETS INC.**  
**Financial Planning Service**  
**For**  
**Citi Personal Wealth Management**  
**Clients**

**388 GREENWICH STREET**  
**NEW YORK, NEW YORK 10013**

**210-677-3782 or**

**800-846-5200 (toll-free in the U.S.)**

**<https://investments.citi.com/web/cpwm/login>**

*(Citi Personal Wealth Management clients)*

**March 30, 2023**



This firm brochure ("Brochure") provides information about the qualifications and business practices of Citigroup Global Markets Inc. . If you have any questions about the contents of this Brochure, please contact us at 210-677-3782 or 800-846-5200 (toll-free in the U.S.). 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 Citigroup Global Markets Inc. also is available on the SEC's website at <https://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 Personal Wealth Management is a business of Citigroup Inc. which offers investment products and services through Citigroup Global Markets Inc. ("CGMI"), member FINRA and SIPC. Investment management services (including portfolio management) are available through CGMI, Citibank, N.A. and other affiliated advisory businesses. Insurance products are offered through Citigroup Life Agency LLC ("CLA"). In California, CLA does business as Citigroup Life Insurance Agency, LLC (License Number 0G56746). CGMI accounts are carried by Pershing LLC, member FINRA, NYSE, and SIPC. CGMI, Citibank, N.A., and CLA are affiliated companies under the common control of Citigroup Inc.

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## **Item 2. Material Changes**

Since our annual update filed on March 30, 2022, the following material changes were made:

### *Item 8. Methods of Analysis, Investment Strategies and Risk of Loss*

We added risk factors related to the financial services industry and tax-loss harvesting.

In addition, we have made other changes that we do not consider to be material including the use of different font sizes, the consequent reduction of the number of pages and the related revision of the page numbers in the Table of Contents in Item 3 and other minor changes.

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## Item 3. Table of Contents

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## Item 4. Advisory Business

### General Description

Citigroup Global Markets Inc. ("CGMI") is a wholly-owned subsidiary of Citigroup Inc. Citigroup Inc. is a publicly held company. CGMI commenced operations in February 1964. CGMI's principal activities include retail and institutional private client services, such as advice with respect to financial markets, securities and commodities, and executing securities and commodities transactions as broker or dealer; securities underwriting and investment banking; investment management (including fiduciary and administrative services); and trading and holding securities and commodities for its own account.

CGMI is registered as an investment adviser, a securities broker-dealer, a futures commission merchant, and as a U.S. Commodity Futures Trading Commission ("CFTC") swap dealer. CGMI is a member of all principal securities and commodities exchanges in the United States and the Financial Industry Regulatory Authority ("FINRA"). In addition, it is a member of several principal foreign securities and commodities exchanges. Citi Personal Wealth Management ("CPWM") is a business of Citigroup Inc., which offers investment products and services through CGMI.

### Services Provided: Financial Planning

CGMI offers a wide range of investment advisory services and brokerage services. This Brochure primarily describes an investment advisory service, the Citigroup Global Markets Inc. Financial Planning Service offered through CPWM (hereinafter referred to as "Financial Planning" or the "Financial Planning Program").

**Clients should read and consider carefully the information contained in this Brochure. While CGMI believes that its professional investment advice can work to benefit many clients, there is no assurance that the objectives of any client in any of the programs described herein will be achieved.**

Financial Planning is a self-contained investment advisory service, not a brokerage service, and is designed to provide a client with a written financial plan that considers the client's individual financial circumstances (hereinafter referred to as the "Plan" or "Financial Plan"). Financial Planning helps a client to identify his or her financial objectives, analyzes the client's current financial situation, and creates a Plan that provides recommendations regarding the client's objectives.

This advisory service is limited solely to the preparation and delivery of a Financial Plan to the client, and terminates either when CGMI delivers a Financial Plan to the client or as otherwise described upon notice or information received from CGMI. Once the Financial Plan is delivered, there is no further obligation on the part of the client or CGMI to implement the Financial Plan.

The Financial Planning Program consists of the following elements:

- **The Financial Profile.** With the assistance of a CGMI financial advisor ("Financial Advisor"), the client will complete a personal financial profile (referred to as the "Financial Profile" or "Profile"). The Financial Profile is designed to provide the Financial Advisor with comprehensive information about each client's financial situation. Generally, the Financial Profile contains information about the client's current assets, liabilities, income sources, and expenditures, current tax status and future tax objectives, educational, retirement and other long-term financial goals, insurance requirements, and estate planning.
- **The Plan.** Based on the information disclosed in the Financial Profile, CGMI will prepare a Financial Plan. Each Plan is tailored to the individual needs of each client, but generally the Plan includes an analysis of the client's current financial position, a summary of the client's financial objectives that were identified in the Financial Profile (e.g., education, retirement, estate planning, and other long-term financial goals), and recommendations and an analysis regarding each of these financial objectives. Each of CGMI's and its affiliates' advisory plans may be based on a different model or methodology, and as a result, asset allocation or other advice may differ from plan to plan. Further, the Plan may use planning and analysis software, models and programs licensed or obtained for use by CGMI from vendors or other third parties.

Once the Plan is delivered, while a Financial Advisor is available to assist the client, the client has the ultimate authority and responsibility for determining whether, when and how to implement any part of the Plan. Neither CGMI nor CPWM or its affiliates has any authority or obligation to implement the recommendations contained in the Plan unless the client engages CGMI through

CPWM separately to do so, and the client has no obligation to implement the Plan through CGMI or CPWM. If the client chooses to implement any portion of the Plan through CGMI or CPWM, the client may choose to affect the transactions in an advisory account, a brokerage account, or a combination of both types of accounts. Clients should consult their Financial Advisor to discuss these differences because they may be material to the type of service or relationship the client seeks to obtain with CGMI or CPWM.

CGMI relies on the client's care, completeness and clarity in responding to the Financial Profile questionnaire, as the client's responses will form the factual basis for preparing the Plan. The Financial Profile questionnaire may call for the client to disclose assets managed or maintained with other financial services firms. CGMI is a full-line financial services firm, and the client's Financial Advisor may recommend that the client switch to using comparable or competitive services available through CGMI, for which CGMI would be compensated. If the client chooses to engage CGMI for other services, a portion of the fees or commissions charged by CGMI for those other services are paid to the Financial Advisor for introducing accounts as well as providing supplemental and other client-related services. These payments may be made for the duration of the client accounts. See "Item 5 Fees and Compensation."

There are several fundamental differences between brokerage services and advisory services, which may vary depending upon the characteristics of a particular service. CGMI is registered as both a broker-dealer and as an investment adviser under federal and state securities laws, and provides services in both capacities.

Brokerage services are transactional and primarily involve assisting a customer with purchases and sales of securities. We make recommendations to customers about buying, selling, and holding securities in brokerage accounts, but the customer makes final investment decisions for the account. We do not monitor any investments in brokerage accounts. For brokerage services, a customer pays a transaction-based fee, sometimes called a commission or a "load," each time the customer buys or sells an investment. If a customer buys or sells an investment directly from CGMI, CGMI earns a profit on that transaction that sometimes is called a spread or mark-up or mark-down.

Investment advisory services are provided on an ongoing basis and typically involve providing investment advice or financial planning services to meet a client's comprehensive long-term financial goals. In most investment advisory account programs, clients grant CGMI or a third-party discretion to buy and sell investments without asking the client in advance. Other investment advisory accounts are non-discretionary and the client makes the final investment decisions for the account. The investment adviser for an account typically provides ongoing monitoring services for the account unless the relationship is limited in scope, like financial planning. For investment advisory services, CGMI typically charges an ongoing fee based on the value of the assets in the account.

Specific advisory programs and brokerage accounts may differ in other ways, so it is important that the client read carefully the agreements and disclosures CGMI provides with respect to each CGMI product or service the client may consider in implementing its Financial Plan. By providing a Financial Plan through this Financial Planning service, neither CGMI, CPWM, nor your Financial Advisor is acting as a fiduciary for purposes of Employee Retirement Income Security Act of 1974, as amended ("ERISA") or the Internal Revenue Code of 1986, as amended, (the "Code") with respect to any ERISA-covered employee benefit plan, any other type of retirement plan (such as a SEP or a SIMPLE), or any individual retirement account in either the planning, execution or provision of this Financial Planning service. You acknowledge that, by providing a Financial Plan through this Financial Planning service, CGMI, CPWM, its affiliates and their respective employees, agents and representatives, including your Financial Advisor: (a) do not have discretionary authority or control with respect to the assets in any ERISA-covered employee benefit plan, any other type of retirement plan, or any individual retirement account included in this Financial Plan, (b) will not be deemed an "investment manager" as defined under ERISA, or otherwise have the authority to act as a "fiduciary" (as defined under ERISA) with respect to such assets, and (c) will not provide "investment advice," as defined by ERISA and/or the Code, as amended, with respect to such assets and does not have a responsibility to do so.

For more information about the Financial Planning Program and other investment advisory programs or brokerage accounts offered by CGMI, as well as assistance in determining which service may best be suited to your needs and objectives, the differences between investment advisory accounts and brokerage accounts, including potential conflicts of interest and your rights and CGMI's obligations to you, please contact your Financial Advisor. Upon request, your Financial Advisor will provide you with a copy of Citigroup Global Markets Inc.'s Investment Advisory Programs Brochure regarding products offered to clients of CGMI and CPWM.

CGMI, CPWM and/or the Financial Advisor also may provide to the client other services that are unrelated to the Plan during and after the client's involvement in the Financial Planning Program. Any additional services will be provided under a separate agreement between CGMI or CPWM and the client.

## **CGMI's Advisory Services**

Clients may choose to implement their Financial Plans by opening an advisory account with CGMI. CGMI recommends and employs various investment strategies in providing investment management services, depending upon the services to be rendered and the objectives and guidelines of the client. Not all of these strategies are appropriate for all clients, however, and only those strategies believed to be suitable will be recommended in any given client account or advisory program. CGMI's and its affiliates' advisory programs may be based on a different methodology, and as a result, asset allocation or recommendations can differ from program to program. Please consult CGMI's Investment Advisory Programs Brochure for more information.

## **CGMI Brokerage and Research Services**

Clients may choose to implement their Financial Plans by opening a brokerage account with CGMI. As a registered broker-dealer, CGMI regularly advises clients about, and executes transactions in, a wide variety of securities and other investments. It 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, CGMI also provides advice on commodities and commodity related products.

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 generate commission or other business for CGMI. However, certain research services may be provided on a hard-dollar, fixed-fee basis and/or, in the case of firms that may re-sell such services, on a hard-dollar, royalty-fee basis. The amount or rate of any hard-dollar fee generally is negotiable.

## **Particular Investment Restrictions**

CGMI provides Financial Planning services tailored to the specific needs of individual clients. Because the asset allocation in a Plan does not recommend specific securities or holdings, CGMI does not ask clients for security-specific investment restrictions.

## **Wrap Fee Programs**

The Financial Planning Program is not offered as a wrap fee program.

## **Assets Under Management**

While this information does not apply to the Financial Planning services described in this Brochure, as of December 31, 2022, client assets managed on a discretionary basis totaled \$19,969,944,794 and client assets managed on a non-discretionary basis totaled \$14,894,038,011.

# **Item 5. Fees and Compensation**

## **Fees Charged & Method of Payment of Fees**

No fee is charged for participation in the Financial Planning Program. CGMI and CPWM do not receive any compensation from third parties in connection with preparing Financial Plans or in connection with providing services under the Financial Planning Program. However, if a client chooses to engage CGMI for other advisory or brokerage services (or CGMI affiliates for insurance services), CGMI will pay a portion of the service fees or commissions it charges (or that it captures through its affiliates for insurance services) to the Financial Advisor for introducing accounts and providing client-related services. CGMI may make these payments for the duration of the client accounts.

Generally, Financial Advisors earn some combination of salary, incentive compensation, and/or in certain circumstances, a discretionary bonus.

# **Item 6. Performance-Based Fees and Side-By-Side Management**

CGMI does not charge any fees, including performance-based fees, in the Financial Planning Program.

## Item 7. Types of Clients

Clients generally are individuals with \$200,000 or more in net worth and other individuals who are clients or prospective clients of CPWM.

## Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis & Strategies

Investing in securities involves risk of loss that clients should be prepared to bear. Investors should give careful consideration to the following risk factors detailed in this Item 8 and other product-specific information provided by the product or CGMI in evaluating the merits and suitability of any Investment Advisory products.

The Financial Planning Program begins with a Financial Profile, which is completed by the client with the assistance of a Financial Advisor. The Profile contains information such as the client's current assets, liabilities, income sources, and expenditures, current tax status and future tax objectives, educational, retirement and other long-term goals. The client's risk tolerance is also determined through a Profile questionnaire in which the client answers questions such as the client's time horizon, knowledge of investments, investment objectives, intended use of the funds, tolerance with respect to fluctuations in value, and alternative investments. Based upon a client's answers, a model asset allocation portfolio is created for the client. The type of model portfolio can range from traditional asset allocation models (e.g., Cash, Fixed Income, Equities) to asset allocation models which include Alternatives (e.g., Hedge Funds, Private Equity, Real Estate Investments and Commodities). Upon completion of a client's Profile including, as applicable, a risk tolerance questionnaire, the Plan is created. The Plan is tailored to the individual needs of each client, but generally includes a current financial position, a summary and analysis of financial objectives, a proposed asset allocation model and recommended solutions to help clients achieve their goals.

### Material Risks Related to Investment Strategies

The following does not purport to be a comprehensive summary of all the risks and conflicts of interest associated with products that a client may use in implementing a Financial Plan. Not all types of securities and strategies are suitable for every client. Investing in securities involves risk that the client should be prepared to bear, including potential loss of the entire investment, including the principal. The Financial Planning Program described in this brochure is not insured by any agency.

#### Equity Risks

*Large-Cap Stocks:* Stocks of large capitalization companies are subject to the basic market risk that a particular security, or securities in general, may decrease in value over short or even extended time periods. Large capitalization companies also face the risk that they may not be able to adapt to changing market conditions whether caused by changes in the industry, technology, consumer tastes or the regulatory environment.

*Mid-Cap Stocks:* Investing in mid-cap stocks may involve greater risks than investing in larger, more established companies, including the risk of more volatile trading than with large-cap stocks. Mid-cap stocks are subject to market risks as are all equities.

*Small-Cap Stocks:* Stocks of small-cap companies carry greater risk than investments in larger, more established companies. Asset classes based on small capitalization companies may be influenced by the companies' lack of financial resources, product diversification and competitive strength versus larger companies. The securities of small capitalization companies may not trade as readily as, and may be subject to higher volatility than, those of larger, more established companies.

#### Fixed Income Risks

Asset classes based on fixed income securities are affected by fluctuations in interest rates, credit risk and prepayment risk. Fixed income investments are subject to interest rate risk. As interest rates rise, the price of fixed income securities falls. Fixed income securities face credit risk if a decline in an issuer's credit rating, or creditworthiness, causes a bond's price to decline. High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. Finally, bonds can be subject to prepayment risk. When interest rates fall, an issuer may choose to borrow money at a lower interest rate, while paying off its previously issued bonds. As a consequence, underlying

bonds will lose the interest payments from the investments and will be forced to reinvest in a market where prevailing interest rates are lower than when the initial investment was made.

Bonds can be subject to default risk, the possibility that a bond issuer will fail to pay principal or interest when due. Defaults can also occur for failure to meet nonpayment obligations, such as reporting requirements, or when a material problem occurs for the issuer, such as bankruptcy.

### **Mutual Funds**

Mutual Funds investors should carefully consider the fund(s) investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other information about the fund(s). Read the prospectus carefully before you invest or send money. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

### **International Risks**

*International Investing:* International investing may not be for everyone. There may be additional risks associated with international investing, including foreign, economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. There is the possibility that adverse political events, financial problems, or natural disasters in a country or region will cause investments in that country or region to lose value. The risks of investing in emerging or developing markets can be substantially greater than the risks of investing in developed markets.

### **Emerging Markets**

The risks of investing in emerging or developing markets can be substantially greater than the risks of investing in developed markets. There may be additional risk associated with international investing, including foreign, economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in emerging markets.

### **Alternative Investments**

*Hedge Funds and Private Equity.* Alternative investments such as Hedge Funds and Private Equity can be highly illiquid, speculative and not suitable for all investors. Investing in alternative investments is for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include, loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; lack of liquidity in that there may be no secondary market for the fund and none is expected to develop; volatility of returns; restrictions on transferring interests in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; absence of information regarding valuations and pricing; complex tax structures and delays in tax reporting; less regulation and higher fees than mutual funds; and manager risk. Some examples of alternative investments are hedge funds, private equity, structured products, mortgage/asset backed securities and managed futures.

*Real Estate Investment Trusts.* Real Estate Investment Trusts (REITs) are subject to special risk considerations similar to those associated with the direct ownership of real estate. Real estate valuations may be subject to factors such as changing general and local economic, financial, competitive, and environmental conditions. REITs may not be suitable for every investor. A REIT is not a guaranteed investment. Its value can go either up or down based on such factors as: the quality and income-generating potential of the properties held by the trust, interest rates and management. Real estate is sensitive to interest rates so the value of REITs can be affected by the interest rate outlook. Additionally, the properties held by a trust need to be managed effectively if they are to generate good income.

### **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 propriety 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. The ongoing pandemic caused by the novel coronavirus (COVID-19) is currently having materially adverse effects on financial markets and the global economy. The pandemic presents material uncertainty as to the investment performance of client accounts. Risks associated with COVID-19 are discussed in further detail below.

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. COVID-19 directly and indirectly adversely affects 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, and may further result, 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 are expected to occur as the pandemic continues. COVID-19 thus presents material uncertainty as to an issuer's ability to raise and deploy capital and presents material uncertainty as to the investment performance.

Inflation in the U.S. continues to show meaningful signs of acceleration and is likely to continue 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.

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

An ESG 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, 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 has agreed to acquire 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 has received \$30 billion in deposits from other financial institutions. Although the U.S. Department of the Treasury, the Federal Reserve, the FDIC, the Swiss National Bank and other financial institutions have taken measures to stabilize the financial system, uncertainty and liquidity concerns in the broader financial services industry remain. 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 current measures. 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 current banking situation 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 has given 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**

Certain investment managers offer “tax aware” investment strategies that seek to outperform a benchmark index on an after-tax basis by employing tax-loss harvesting strategies. 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 also may increase the account's portfolio turnover rate. You should confer with your personal tax advisor regarding the tax consequences of investing 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 CGMI investment advisory 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 an investment advisory account, you cannot trade any of those securities 30 days before or after the investment advisory 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.

**The foregoing list of risk factors is not a complete explanation of the risks involved in an investment in securities. Investing in securities involves risk of loss that clients should be prepared to bear. Investors should give careful consideration to the risk factors detailed in this Item 8 and other product-specific information.**

## **Item 9. 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).

### Massachusetts Settlement Related to Research (2013)

On October 2, 2013, CGMI entered into a settlement with the MSD. As part of that settlement, CGMI consented to an order where it admitted to the MSD's statement of facts in the order and neither admitted nor denied the allegations or the conclusions of law. The MSD alleged that CGMI violated Massachusetts laws, FINRA rules, and its own policies and procedures, as well as the 2012 Consent Order with the MSD, by failing to prevent or detect the written dissemination by one research analyst employed by Citigroup Global Markets Taiwan Securities Co Ltd. of confidential, non-public research information. As part of the order, CGMI agreed to permanently cease and desist from violating the laws of the State of Massachusetts, be censured by the MSD, pay a civil penalty in the amount of \$30,000,000, and perform undertakings involving the review of written policies and procedures related to the CGMI research department and provide education and training for CGMI research analysts who publish equities research.

### 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 pre-judgment 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.

## **Item 10. Other Financial Industry Activities and Affiliations**

### ***Registrations***

CGMI is registered as an investment adviser and as a securities broker-dealer with the SEC and as a futures commission merchant and a swap dealer with the 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 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 has arrangements that are material to its advisory business or its clients with related persons who are broker-dealers, investment companies, other investment advisers and banking or thrift institutions. 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 11- 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.

Through its divisions, CGMI offers a wide variety of investment advisory services and 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 advisor 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 our 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 may recommend for purchase or sale by clients. In addition, CGMI performs a wide range of investment banking 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. CGMI client portfolios may 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 potential conflicts of interest may exist for a customer or client. In addition, Citibank, an affiliate of CGMI, may serve as an investment manager and qualified custodian in certain programs. In serving as a qualified custodian, Citibank may utilize certain back office services of its affiliates.

### **Compensation from Investment Managers**

CGMI and its affiliates have trading, investment banking, prime brokerage, trustee, custody, and other business relationships with investment managers. These investment managers may include the investment advisers for one of the investment advisory programs recommended to clients by CGMI, in its capacity as an investment adviser. However, CGMI does not recommend or select investment managers and does not receive any direct or indirect compensation from any investment managers in connection with Financial Planning services.

## **Item 11. 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 for Citi Brokerage and the Advisory Persons ("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.

The Code of Ethics describes the standards of business conduct for CGMI's investment advisory business, including the fiduciary obligations owed to the 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 Codes of Ethics and the related policies and procedures include minimizing potential conflicts of interests 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. Floor  
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 and its affiliates may recommend securities in which they directly or indirectly have a financial interest and may buy and sell securities that are recommended to clients for purchase and sale, at the same time or at different times. They also may provide advice and take action in the performance of their duties to CGMI or clients that differs from advice given, or the timing and nature of action taken, for other clients' Financial Plans or CGMI's and its affiliates' own accounts. In addition, CGMI, its affiliates, employees, including Financial Advisors, may invest with any investment management firm.

From time to time, CGMI imposes restrictions to address the potential for self-dealing by CGMI and conflicts of interest that may 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) may not 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 may from time to time compel CGMI, its affiliates, or an overlay manager that provides portfolio implementation and overlay services in connection with the management of client accounts 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.

## **Item 12. Brokerage Practices**

As part of the Financial Planning Program, CGMI does not execute trades for client accounts. CGMI does not utilize client agency commission dollars to purchase research and other services (i.e., soft dollars).

## **Item 13. Review of Accounts**

The Financial Planning Program is limited solely to the preparation and delivery of a Financial Plan to the client, and terminates either when CGMI delivers a Financial Plan to the client or as otherwise described upon notice or information received from CGMI. Once the Financial Plan is delivered, there is no obligation on the part of either the client or CGMI to review, update or implement the Financial Plan. A delivered Financial Plan may be updated or reviewed at the client's request only if CGMI and the client agree to perform such requested update or review within the Financial Planning Program.

## **Item 14. Client Referrals and Other Compensation**

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)-3 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 potential 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 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.

From time to time, CGMI offers certain incentives for select clients or prospective clients. Such incentives may include but not be limited to discounts, cash bonus payments, or other offers ("Incentive"). Incentives may be offered to limited groups of clients or prospective clients who CGMI determines, in its sole discretion, meet specific conditions of an offered Incentive. For example, Incentive conditions could include but not be limited to opening a new or specific account type with required funding, completing a

Financial Plan with CGMI (a "Financial Plan"), responding to surveys, verified locations or residence, or continuous account maintenance for a specified time. CGMI currently offers an Incentive to Citi clients with a qualifying Citibank checking account who complete their first Financial Plan. Eligible clients will receive a cash bonus credited to their qualifying Citibank checking account after completing a Financial Plan. The amount credited for the Incentive will vary according to the terms of the Incentive offered to different types of clients. Clients or prospective clients will not be offered or receive an Incentive to complete a Financial Plan unless CGMI expressly and directly offers the Incentive to the client or prospective client and CGMI determines, in its sole discretion, that the client or prospective client has met all the conditions of an offered Incentive. The specific terms of an Incentive will be described in the offer.

## **Item 15. Custody**

As part of the Financial Planning Program, CGMI does not have custody of client assets and will not send account statements of any kind. In the event that clients open accounts with CGMI or a third party to implement their Financial Plans, they will receive account statements from their broker-dealer, bank or other qualified custodian. Clients should carefully review those statements and if they open an account with CGMI, compare account statements received from CGMI to those received from the qualified custodian.

## **Item 16. Investment Discretion**

As part of the Financial Planning Program, CGMI does not have investment discretion.

## **Item 17. Voting Client Securities**

As part of the Financial Planning Program, CGMI does not have authority to vote client shares.

## **Item 18. 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 of its most recent fiscal year. CGMI is not aware of any financial condition that is reasonably likely to impair its ability meet its contractual commitments to clients, nor has CGMI been the subject of a bankruptcy petition at any time during the past ten years.

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.