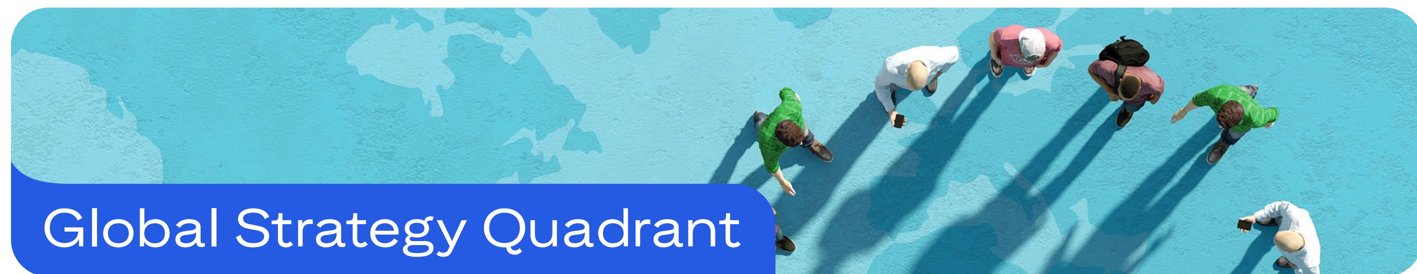

Global Strategy Quadrant

September 20, 2024

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US Policy Uncertainty, Intact Expansion

In early August, we raised our US equity allocation after a double-digit decline in technology shares. Corporate profits have risen to record highs and we see further gains to come through 2025.

After a 50 basis point easing step from the Fed that marks the start of a cycle, markets embed nearly 200 basis points of additional Fed rate cuts over the coming year. This reflects an unusual circumstance of a softening labor market and rising GDP (this is an outcome close to our base case view coming into the year, please see our Wealth Outlook 2024).

Investors will find themselves uncertain again over the size of coming rate cuts in both November and December. Markets are split again on “25 or 50” for the remaining two FOMC meetings of 2024.

There’s risk that investors push bullish expectations too far. However, we are comfortable maintaining our overweight in diversified global equities led by the US. Bond strategies will have to adapt following sharp US Treasury yield declines across maturities. Structured securities, preferred securities and loans remain yield-enhancing overweights that we expect to outperform.

Markets approached the Fed’s first easing step in four years with greater-than-usual uncertainty. They will similarly feel suspense over coming US election results before reconciling with the decision.

A pattern of higher volatility into combined US Presidential/Congressional election results every four years is a routine phenomenon. Cyclical industry equities and credit tend to weaken on the margin while defensive equities and US Treasuries historically rally before reversing on the settled results.

We would avoid making long-term portfolio decisions influenced by short-term noise. While not evident so far, September is a notoriously bad month for equities on average. This extends to October in US election years.

Portfolios won’t “mature” on November 5th. We believe investors should position portfolios for a balance of US policy risks that will be clearer after the election results.

The world is waiting on the US election to understand its foreign policy and trade course which will take a very different turn under Harris or Trump. G2 polarization – a division of alliances around the US and China – seems to be significantly steering Chinese economic policy.

China’s concern with security and self-sufficiency is likely driving a less robust domestic stimulus approach. This allows deflationary dynamics to fester. In contrast, tight fiscal policy is far off from the US political agenda.

INVESTMENT PRODUCTS: NOT FDIC INSURED · NOT CDIC INSURED · NOT GOVERNMENT INSURED · NO BANK GUARANTEE · MAY LOSE VALUE

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The “25 or 50” Agony Will Continue...

Steven Wieting
Chief Investment Strategist and Chief Economist

The Fed chose to end the monumental suspense over “25 or 50” basis points for its first rate cut of the easing cycle with the more decisive action. Wisely, it chose not to make us wait all year for a “meager 25.”

The Fed “broke the internet” as investors braced for “25 or 50,” a tactical decision that merely marks the start of the Fed’s easing cycle.

Whatever the Fed’s decision this week, further declines in US policy rates have always been just a matter of time. Almost comically, it seemed as though the world saw the decision akin to a “guilty or innocent” verdict at a suspense-filled trial. So many viewed Fed Chair Powell’s televised press conference that various data services had bandwidth shortages. Powell and company “broke the internet.”

Is the Fed uncertainty all out of the way now? The Fed’s decisiveness actually left markets less clear in some respects. Short-term fixed income markets are now roughly split 50/50 on the chance of 25 or 50 basis point rate cuts at both the November and December FOMC meetings. The “25 or 50” agony will continue.

Most important is the question ‘what will the Fed achieve?’

Of course, the more important question for most investors is what the Fed will achieve. As **FIGURE 1** shows, the Fed’s growth and inflation forecasts are steady and have barely changed. In line with updates to data since June, the unemployment rate forecast is a tad higher. But the Fed has roughly doubled the speed of its expected rate cuts. This is far closer to bond market pricing than the Fed’s previous forecast and closer to historic experience. If the Fed wants to protect the expansion, it needs to get out of the way.

The Fed sees removing restrictive monetary policy as consistent with continued economic expansion. We agree.

While we indeed expect the US labor market to continue slowing, it’s most notable that output data continue to remain firm. On a year/year basis, US real GDP growth exceeded 3% in 1H 2024 and tracking data suggest a roughly 2.5% pace this quarter. Strong labor markets didn’t mean strong corporate profits in 2023. Similarly, a slower labor market hasn’t inhibited a broadening profits recovery in 2024 (see **FIGURE 2-3**).

FIGURE 1: Fed Forecasts from Summary of Economic Projections (SEP) – June vs September

Fed September 2024 Summary of Economic Projections (%)				
	2024	2025	2026	2027
Federal Funds Rate	4.4	3.4	2.9	2.9
GDP	2.0	2.0	2.0	2
Inflation (PCE)	2.3	2.1	2.0	2.0
Unemployment	4.4	4.4	4.3	4.2
(June Projections)				
Federal Funds Rate	5.1	4.1	3.1	
GDP	2.1	2.0	2.0	
Inflation (PCE)	2.6	2.3	2.0	
Unemployment	4.0	4.2	4.1	

Source: Federal Reserve as of September 18, 2024. All forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events. Past performance is no guarantee of future results. Real results may vary.

FIGURE 2: US corporate profits and employee compensation

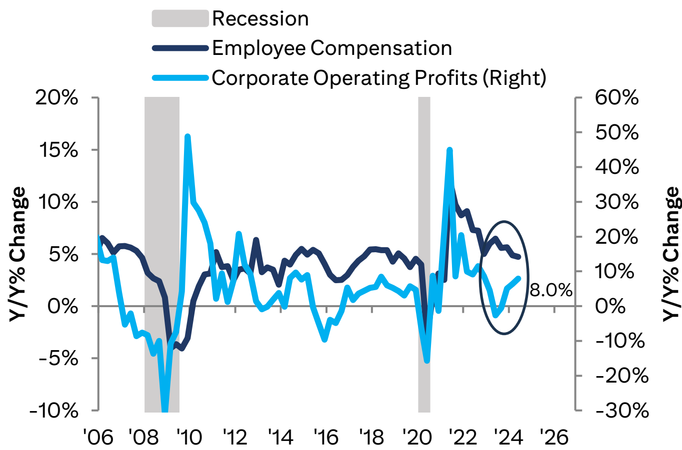
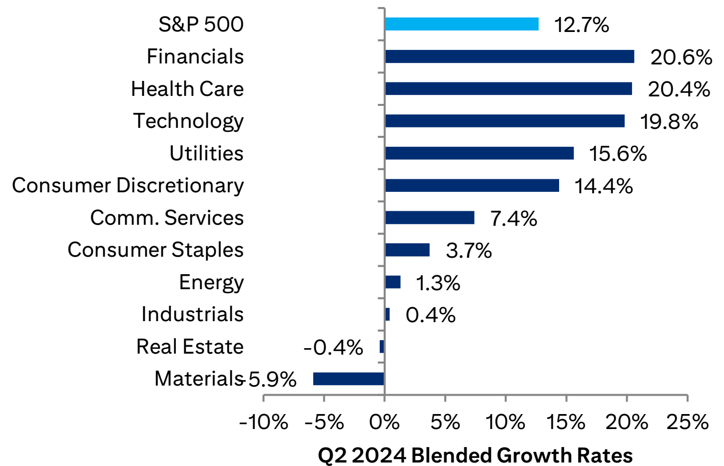


FIGURE 3: S&P 500 EPS by sector through 2Q 2024



Source: Haver Analytics and Bloomberg as of September 18, 2024. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

US Outperformance: Here Now, An Uncertain Future

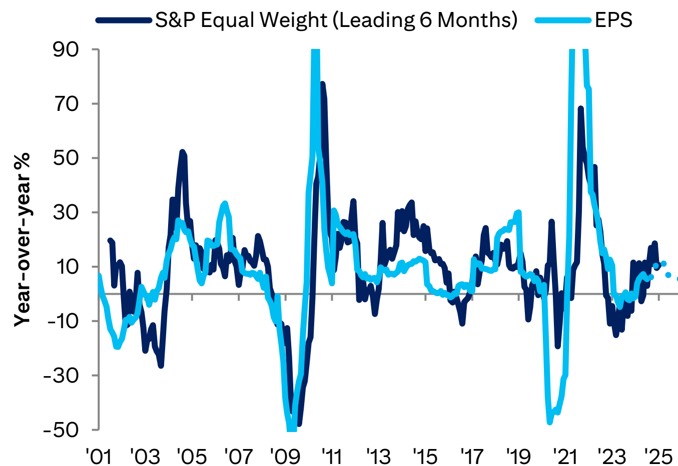
A key question for global investors is "how disruptive (or helpful) will US policy be?"

For non-US assets, the differences between Harris and Trump's trade and fiscal policies may be decisive.

US corporate profits reached a record high level in 2Q 2024. As we discussed in our August 31st CIO Bulletin, we've raised estimates for S&P 500 EPS for both 2024-2025, anticipating new record highs for profits in the coming year.

There's a chance investors and analysts will extrapolate the good news too far. However, the rise in the "average stock" hasn't been profound since the market bottom of late 2023. Barring some new shock, our conservative estimates imply further, if more moderate, gains in 2025 after this year's rally (see **FIGURE 4**).

FIGURE 4: S&P 500 Equal Weight index vs EPS Y/Y% with CGWI EPS forecasts



Source: Factset and CGWI as of September 18, 2024. All forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

Meanwhile, US policy is a critical question for the world. As this past week showed, the Fed has moved decisively in a more friendly direction for global asset prices (please see our August 24th CIO Bulletin). Foreign policy, US fiscal policy and tariff policy could be a different story. There, the question is "how disruptive might US policy be?"

These questions weighed on our Global Investment Committee as we held our allocations steady this week. We maintained overweights in equities centered in US "broadening strategies" aimed at softening tech concentration risk. In the long run, we will need to carefully assess any changes in the drivers of US outperformance, which has been profound in the past 15 years (see **FIGURE 5**). Potential policies of the upcoming US administration could potentially shock, strengthen or weaken that trend (see **FIGURE 6**).

FIGURE 5: US equity market cap as % of world and inflation-adjusted trade-weighted US dollar index

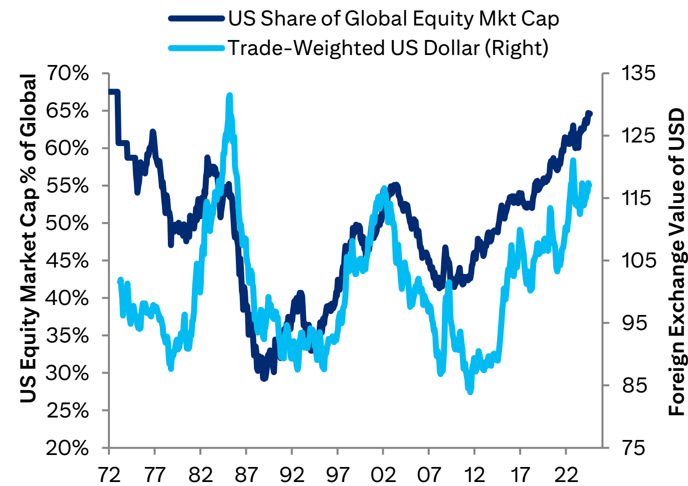
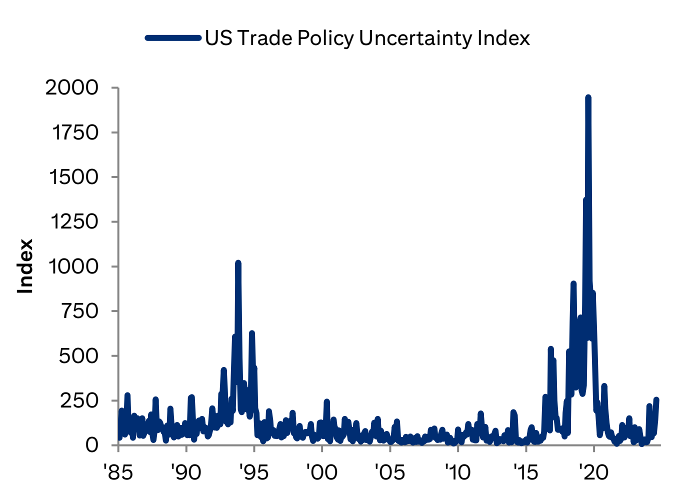


FIGURE 6: US trade policy uncertainty index



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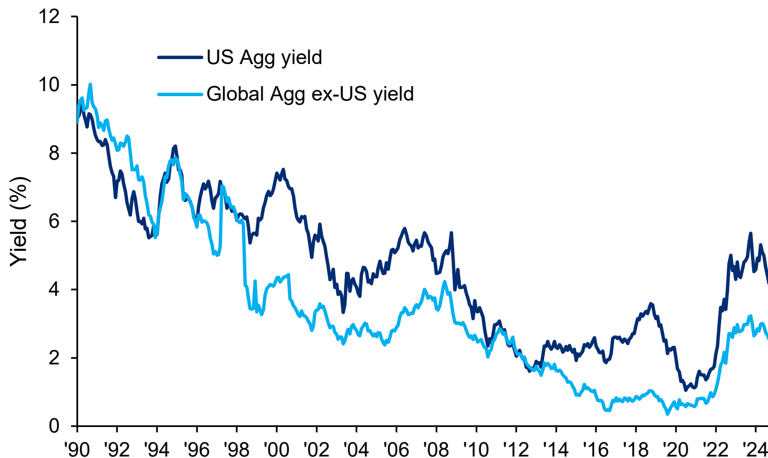
We've also maintained overweights in US bonds while underweighting global bonds given the US yield advantage (see **FIGURE 7**). Even so, the declines in US Treasury yields across all maturities represents a new investor challenge. It requires us to focus on segments of the bond market where yields have remained high on a risk-adjusted basis (see **FIGURES 8-9**).

With cuts in cash deposit rates and plunging T-bill yields, investors now know the days of 5% for "naught risk" are over. As the US Treasury yield curve steepens – as it has in every Fed easing cycle in history – fixed income strategies need to move beyond merely "extending duration" to taking wise credit risks.

FIGURE 7: US and non-US investment grade yield (%)



Source: Bloomberg as of September 10, 2024. Indices for the chart are Bloomberg US Aggregate Index and Bloomberg Global Aggregate ex-US Index. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

FIGURE 8: US intermediate duration investment grade corporate vs structured securities yields

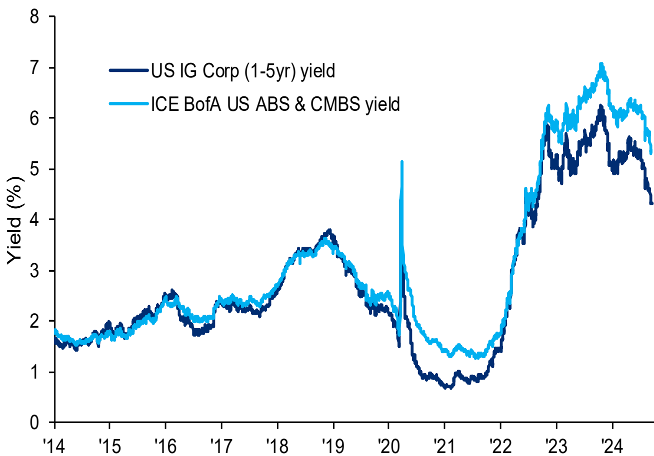
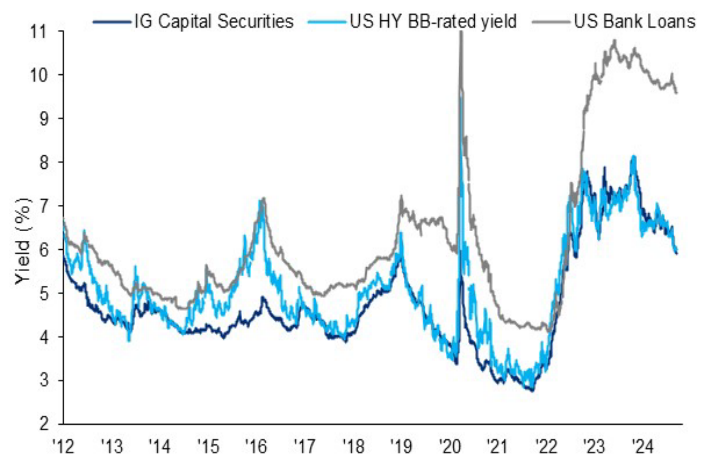


FIGURE 9: US investment grade preferred securities vs high yield bonds and loans yield



Source: Bloomberg as of September 16, 2024. Indices for the left chart are Bloomberg US Corporate Bond 1-5 Year Index and ICE BofA US ABS & CMBS Index. Indices for the right chart are the Bloomberg US BB-rated Corporate Bond Index, ICE BofA US Investment Grade Institutional Capital Securities Index, and the Morningstar/LSTA US Leveraged Loan Index. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

Awaiting a Much Larger Decision from US Voters

Like the FOMC voters' choice, investors just can't know the results of the Nov. 5 US elections and will have to live with the uncertainty for now. Who will be the US President? Which party will control the House and Senate? A key prediction market now prices a 32% chance that Republicans under Trump will control all three bodies. The same markets show a 20% chance of a "blue sweep" giving Democrats complete control. Barring a truly contested election, the uncertainty will lift in seven or eight weeks.

We are not averse to making changes in our asset allocation when clear, sizable risks or opportunities arise as August's changes show. However, we think the markets of the coming two months bear a good chance of deviating from their underlying trends in a way that could be misleading.

As **FIGURE 10** shows, "defensive assets" within equities and bonds tend to outperform prior to US election results only to falter after. The extensive drop in US Treasury yields and rally in "bond proxy" utility shares since July fits this pattern (see **FIGURE 11**). This means that some equity and fixed income assets will likely face disappointment in November, while other rise anew. With this backdrop, we see a good chance that investors (and asset allocators) could be misled by a short-term, distorted period.

FIGURE 10: Equities and bonds historically showed defensive bias into US elections, recoveries thereafter (election years since 1990)

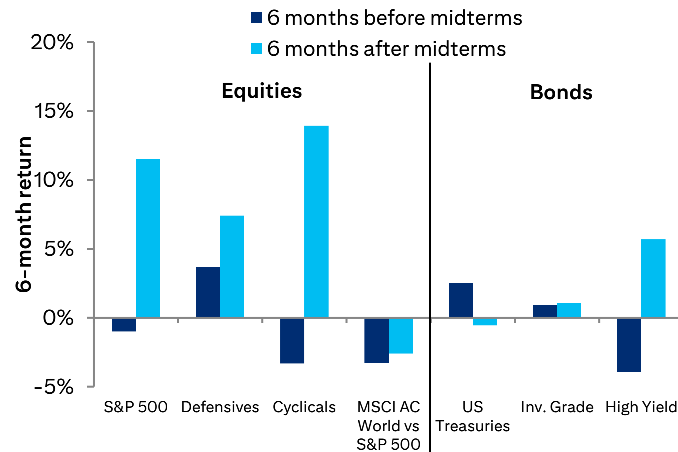
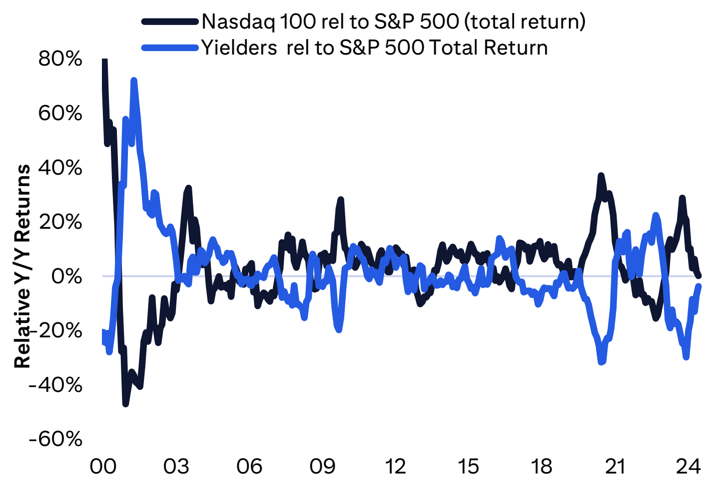


FIGURE 11: Nasdaq 100 and Dow Jones Select Dividend Yield Index return vs S&P 500



Source: Haver Analytics as of September 5, 2024. Note within the S&P 500, Defensive sectors include Consumer Staples, Health Care, Communication Services and Utilities; Cyclical sectors include Consumer Discretionary, Energy, Financials, Real Estate, Industrials, Information Technology and Materials. US Treasuries are measured by Bloomberg US Aggregate Government – Treasury Index, Investment Grade by Bloomberg US Corporate Investment Grade Index, and High Yield by Bloomberg US High Yield – Corporate Index. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

How Does 2024 Differ From 2020 and 2016?

In matters such as foreign policy and regulation, the differences between candidates Harris and Trump shouldn't be minimized. Yet for investors, we believe it is important to understand legislative constraints on certain US policies. These will likely narrow the differences in economic outcomes compared with the two sides' campaign vision statements. A lack of enthusiasm to constrain the US fiscal stance is also quite bipartisan, despite a big contrast in how the two parties deliver large US budget deficits.

First, let's repeat the background conditions and key constraining factors that exist now compared to four and eight years ago. Following those two elections, conditions allowed for big fiscal changes including a sharp cut in the US corporate tax rate from 35% to 21% and a massive fiscal response to COVID (please see our July 27th CIO Bulletin).

Today's electoral/policy backdrop

- Even after the Harris/Trump debate, current US presidential polling shows a close race. The much larger number of Senate Democrats facing re-election in November than Republicans (roughly 3 to 1) suggests a higher probability of a Republican "red sweep" if Trump wins the presidency than if Harris wins for Democrats. One prediction market shows an 80% chance of a Republican Senate win. However, polling data also suggests a solid chance that the closely divided House of Representatives swings to Democrats. **In short, we see the**

chance of a divided government of some sort (with either house of Congress or the Presidency differing in party) at slightly above 50%. A divided government would be forced to compromise on US fiscal issues that demand attention, limiting the scope for aspirational changes. Compromise, they must.[1]

- US personal income tax rates will increase at the end of calendar 2025 automatically (see **FIGURE 12**). This is because of "sunset provisions" used to scale back the projected cost of tax cuts in 2017. It will take an act of Congress to prevent various increases. Either divided or unified, we expect Congressional action to prevent the bulk of the tax increases from taking place by end 2025. US politicians have very faint market pressure to tighten fiscal policy and no political constituents demanding tax increases (see **FIGURE 13-14**). Only a "red sweep" could deliver on proposals for new tax cuts, but with limited timing and scope in our view.
- It would take an act of Congress to raise corporate taxes, dividend income taxes or put new wealth taxes into place. Using so-called "reconciliation procedures," a unified government could approve such changes without a filibuster-proof super-majority of 60 Senate votes. Yet since the chance of a Democrat "blue sweep" seems quite low even if Harris wins the Presidency (see above), we see the probability of any new forms of taxation or radically higher tax rates as low.

FIGURE 12: Summary of estimated key federal tax rates for calendar 2025 vs 2026

Married Filing Jointly Brackets		
Taxable Income	Current	Tax Cuts Expire
$0-$24,000	10%	10%
$24,001-$97,000	12%	15%
$97,001-$196,000	22%	25%
$196,001-$206,000	22%	28%
$206,001-$299,000	24%	28%
$299,001-$393,000	24%	33%
$393,001-$499,000	32%	33%
$499,001-$533,000	35%	33%
$533,001-$602,000	35%	35%
$602,001-$749,000	35%	39.6%
Above $749,001	37%	39.6%

Standard Deduction	
Current	Tax Cuts Expire
$27,700	$12,700

Corporate Tax Rate	
Current	Tax Cuts Expire
21%	21%

State and Local Tax Deduction	
Current	Tax Cuts Expire
$10,000	Full deductibility

Estate and Gift Tax Exemption	
Current	Tax Cuts Expire
$27.2 million	$14.5 million

Source: Haver Analytics and CGWI as of September 12, 2024. All forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events.

[1] The last bi-partisan compromise to extend tax rates from sunset provisions took place with a 2 am vote by the Senate on January 1, 2013, technically after the "cliff" had been breached but before the tax rate changes took effect.

FIGURE 13: Federal interest payments as % of revenue and average interest rate

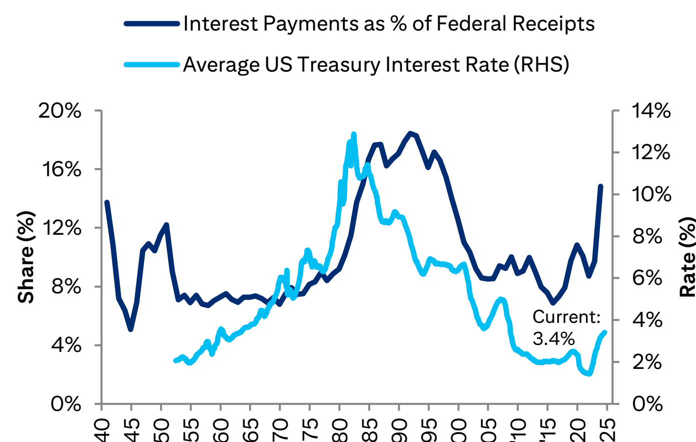
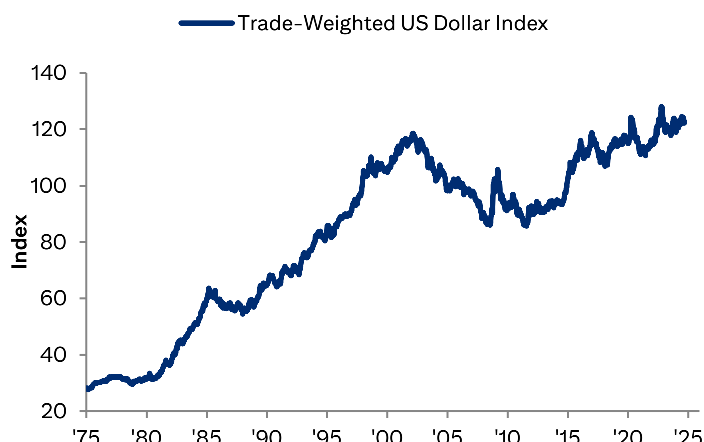


FIGURE 14: How does the US compare to others? US nominal trade-weighted dollar index



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Why do we expect the US to avoid a late 2025 "fiscal cliff?" Both US parties have expanded federal spending programs either passively or actively over the decades, particularly programs to support the healthcare needs of an ever-larger share of the population. With Federal Reserve interest rate cuts coming and a very strong US dollar as a starting point, the pressure to "absorb pain" is absent. And once feared as a "ticking time bomb," China's holdings of US Treasuries have diminished to less than 3% of US borrowing (see **FIGURE 15**).

The optimal size of US government is a grand and subjective question. Financing government budget deficits absorbs scarce savings. These might find more productive uses in the economy to invest in productive capacity. **But left to choose, historically Republicans have preferred larger tax cuts and smaller spending cuts over deficit reduction whereas Democrats have preferred smaller tax hikes and larger spending increases over deficit reduction.**

Growth is imperative for national debt sustainability

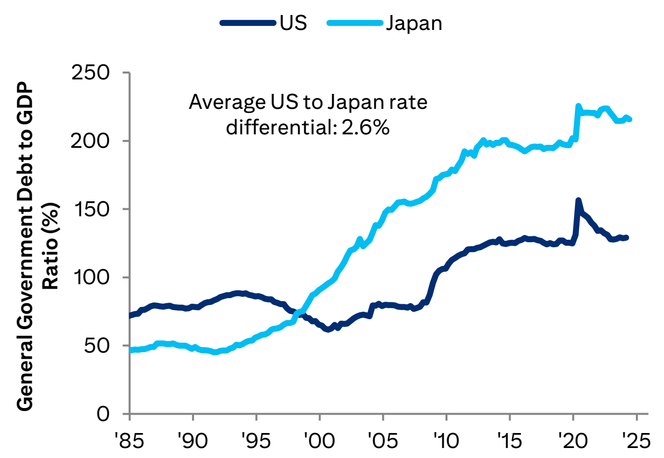
We routinely get questions over when US debt will collapse markets and the economy (please see our February 18th CIO Bulletin). At 5% US Treasury yields last year, many saw room for yields only to rise further. Conversely, low yields and low deficits don't ensure economic success.

As a best example of this, Japan's budget deficits in the past four decades differed little from the US's (both averaged near 4.5% of GDP). Japan's interest rates have been dramatically lower than the US's, by roughly 3 percentage points over the same forty years. Despite the lower yield "advantage" for Japan, its debt to GDP ratio has risen to about double that of the US over the same period as a result of weak nominal growth (see **FIGURE 16**).

In short, economic growth is imperative for macro-level debt sustainability. Reducing US deficits – if such a policy ever becomes a reality – should be gradual and long-term structural in nature, to coexist with economic growth. These are questions China faces in its longer-term economic outlook.

FIGURE 15: China's holdings of US Treasuries as % of total

FIGURE 16: Japan's debt to GDP ratio doubled vs US despite an interest rate averaging almost three percentage points lower than the US



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Understanding China's View of "Success"

Ken Peng
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Steven Wieting
Chief Investment Strategist and Chief Economist

Understanding China's economic policy and market outlook became fraught beginning around 2021. After initial successes in containing the COVID pandemic and attracting greater confidence from global investors, China took a variety of steps that trampled on its perceived "national champions" in the technology sector and among many industries attractive to domestic and foreign investors. After decades of rapid growth in property investment, China demanded changes that burst its property bubble, and recovery is still elusive.

Yet China's economy remains the world's first or second largest depending on the form of measurement. While its financial linkages to the world remain very limited relative to its size, its impact on global trade and corporate profits remains enormous (see **FIGURES 17-18**). With this in mind, we address several key questions from regional and global clients on China's outlook below.

FIGURE 17: China's share of global exports (%)

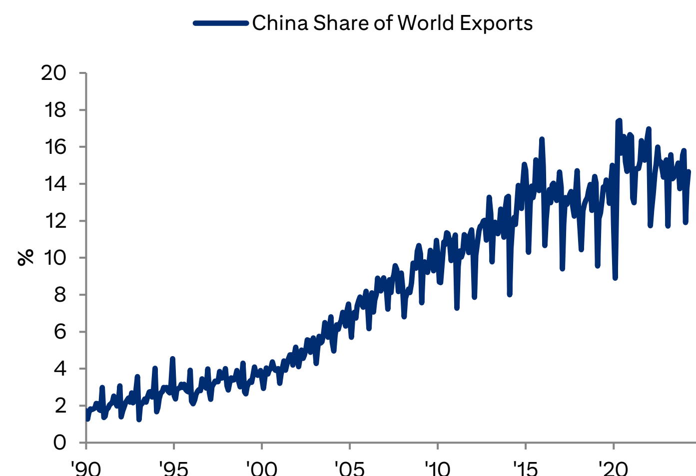


FIGURE 18: China's export price index Y/Y%

Source: Haver Analytics as of September 11, 2024. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

Will China's central government restore consumer confidence and local demand growth?

We see China's economy needing two things to begin a more robust recovery, but neither seems to be in the cards.

1. **Massive policy rate cuts toward zero (the level of policy rates in much of the developed world during the past two recessions):** This would help remove any financing cost constraints to existing investment projects (such as mortgages and new infrastructure) and government policies (such as the local government property-buying scheme). The risk of such a policy is it could destabilize the currency and hurt bank margins, which authorities fear will destabilize the financial system. Ideally, this systemic risk can be mitigated with deposit insurance and government guarantees on banks. But Chinese authorities have little experience with deposit insurance and loathe to increase government guarantees on banks. They prefer to help by keeping a healthy profit margin for banks even as economic growth is constrained.
2. **Substantial fiscal stimulus**: In essence, a tangible recovery for China's economy would be more likely if it followed past steps from developed governments like the US and EU with a policy of monetary-financed deficits, welfare spending and subsidies worth at least 2% of GDP. A policy of income support for new parents would cost dramatically less than government infrastructure spending. In our view, compensating businesses for hiring new college graduates would be helpful. Replenishing public elderly care and healthcare programs would likely support confidence, but the Chinese government appears to see technology and global competitiveness as more important economic objectives. The current emphasis on investing in infrastructure or high-tech industries is unlikely to produce a widespread, positive demand impact, and is hence ineffective so far.

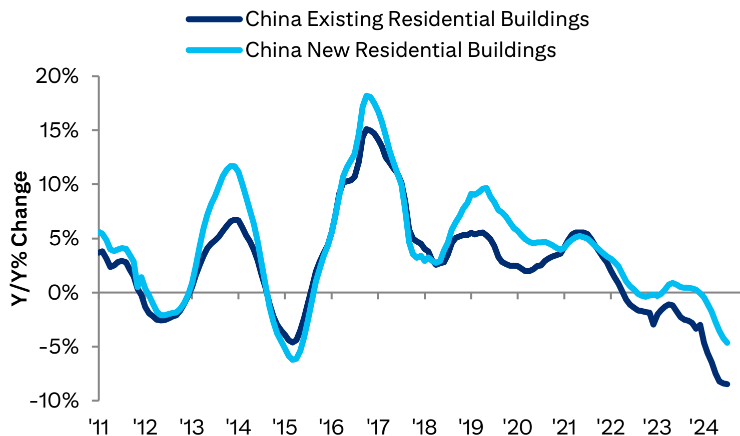
Notably, China's population shrank in 2023 by 2 million, and is on track to shrink by 100 million in the coming 15 years[2]. This will drag demand massively, but also reduce the pressure to create jobs. Substantially subsidizing childbirth could slow down this decline but not reverse it. This has become a policy priority, but it has ranked low compared to security, tech self-sufficiency, and financial stability concerns amid US "containment" policies centered, for now, around high-tech exports to China.

[2] Source: United Nations "World Population Prospects 2024"

Will China continue to take insufficiently small steps to move past its property bubble?

China's property-related policies remain focused on preventing a large-scale financial crisis, rather than to restore real estate sector stability. As a result, we cannot expect a quick solution. However, there are signs that the market is adjusting. Property prices were previously not allowed to fall, as price stability was a local government (LG) goal, with the intention to avoid social unrest and banking instability. But since spring 2024, more and more LGs are allowing prices to fall. For example, Beijing property prices have fallen 25% since the 2021 peak. Nationwide, we estimate the average decline is 30% or more. This type of price adjustment brings us much closer to a market equilibrium than the official data that showed only an 8% drop (see **FIGURE 19**).

FIGURE 19: China residential property prices Y/Y%



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The missing piece of the puzzle is demand. And clearly, at the current price, housing demand is still not recovering (top 100 developer sales fell 27% over the year through August[3]). The government launched a program for LGs to buy excess inventory for affordable housing, but the financing cost is not low enough and developers are unwilling to sell at the price that LGs are offering. We believe this program needs to be adjusted to create real additional demand.

Ultimately, households need to come back to the market. This would require restoring employment and income expectations, which would require restoring business confidence.

Would a re-elected Trump take even stronger tariff steps and other trade restrictions?

Most likely yes. But the tariff regime is unlikely to be 60%+ across the board on China out of concern to minimize disruptions to the US farming and retail markets. But significant increases in tariffs for many product groups are still likely.

The key is how China might respond. Direct responses could include countervailing tariffs (particularly agriculture), export limitations on rare earths and tighter regulatory action against US companies in China. These are likely to have limited impact on markets outside the directly affected industries/companies. However, allowing the CNY to depreciate could have wider consequences similar to the 2015 global growth scare. If it were the case, markets that directly compete with China or export to China would likely be most impacted. This would include Korea, Taiwan and many in Southeast Asia. If this is done at the same time as potential equalization tariffs on all US trading partners away from China, it could be a more notable negative for global growth. It would create safe-haven demand for the USD and US Treasuries and would be disruptive to markets. Yet apart from the fainter possibility of a US-led global trade shock,

[3] Source: Bloomberg and China Real Estate Information Corp. as of August 31, 2024.

it is notable that exporters in Asia have shifted supply chains away from China to access the US market. This is likely to diminish the impact of another US/China "tariff war" similar to 2018.

Conclusions

China's economy may now be performing worse than official data suggest. Survey data suggest that industrial production is slower than the reported 5%. Deep property declines and weak manufacturing suggest fixed investment might be negative, rather than the 2% pace reported. Retail sales growth at 2.7% also seems high compared to the unemployment rate and confidence measures. This could also mean that we're closer to action from officials. Real GDP growth of 4.7% Y/Y in 2Q shows weak momentum with more action needed to restore growth to meet the 5% target.

But it is important to understand why China has taken the policy steps that it has over the past few years. It's been a reaction to perceived domestic social threats to stability and external concerns about security. A side effect of China's priority shifts is US and broader western disapproval of China's direction. This has clearly accelerated as China became more assertive in foreign policy. In terms of polarization, it appears the US may not accept a compromise that the Chinese government is willing to make as sufficient to de-escalate.

With the above understanding, it is easy to see why China had chosen industrial capacity building as a way to both ensure self-sufficiency and to counteract western containment (see **FIGURE 20**). This does nothing to alleviate deflationary pressure in China's economy, which it is exporting (if marginally) to the world.

FIGURE 20: China fixed investment in equipment and instruments Y/Y%

Source: Haver Analytics as of September 10, 2024. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

GIC | September 18

Ahead of the Federal Reserve's first easing step in four years and looming US election uncertainty, the Global Investment Committee kept its asset allocation unchanged. Our Global Equity overweight remains at +4.5% and our Global Fixed Income and Cash allocation remains 4.5% underweight. Our weightings are higher for US assets in both equities and bonds vs non-US.

Early last month, following double-digit declines in large cap US technology shares, we raised our weighting for the S&P 500 while reducing US Treasuries (please see our August GIC Statement). However, with large cap technology shares still highly valued and EPS gains broadening across US industries, we continue to believe the S&P 500 Equal Weight index offers a stronger risk-reward opportunity (please see our September 7th CIO Bulletin). We remain overweight even as the equal weight S&P 500 is making new record highs in conjunction with record high corporate profits. Our "broadening" trades also include overweight positions in US small and mid-cap growth shares with quality fundamentals and relatively low valuations.

The course of US policy following Presidential and Congressional elections is a great uncertainty for global markets, with perhaps greater impact away from the US. The extent and timing of any new US tariffs will impact exchange rates, US dollar returns, and the fundamentals of foreign economies and US exporters.

A Republican sweep of Congress and the White House could result in new tax cuts that could mean less monetary easing from the Fed. In contrast, while we see a Democrat sweep of Congress and the White House as unlikely given Senate race dynamics, the US might see a slightly tighter fiscal policy outlook and a weaker dollar in a "blue sweep." Along with a focus on international cooperation, a Harris administration may generate relief for many non-US asset markets that have lagged the US.

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

	SAA	TAA	Active Weight	Chg
FIXED INCOME	**37.0**	**33.5**	**-3.5**	
Developed Sovereign	18.8	11.2	-7.6	
US	8.8	10.4	1.6	
Non-US	10.0	0.8	-9.2	
US Securitized	6.1	8.1	2.0	
Developed IG Corporates	6.9	7.6	0.7	
High Yield	2.0	0.5	-1.5	
Emerging Market Sovereigns	3.1	2.1	-1.0	
Thematic: Preferreds	0.0	2.0	2.0	
Thematic: US Bank Loans	0.0	2.0	2.0	
EQUITIES	**61.0**	**65.5**	**4.5**	
Developed Equities	52.2	54.4	2.2	
Large Cap	46.3	48.6	2.3	
US	33.1	34.6	1.5	
S&P 500	33.1	33.1	0.0	
Thematic: Equal-weight S&P 500	0.0	1.5	1.5	
Canada	1.5	1.5	0.0	
UK	1.9	1.4	-0.5	
Europe ex-UK	5.4	6.4	1.0	
Asia ex-Japan	1.4	1.2	-0.2	
Japan	3.0	3.5	0.5	
Small and Mid Cap	5.9	5.8	-0.1	
Core Global SMID	5.9	3.3	-2.6	
Thematic: US SMID Growth	0.0	2.5	2.5	
Emerging Market Equity	8.7	9.0	0.3	
Thematic: Healthcare Equipment and Supplies	0.0	2.0	2.0	
CASH	**2.0**	**1.0**	**-1.0**	
COMMODITIES	**0.0**	**0.0**	**0.0**	
Level 3 Global USD Portfolio	**100**	**100**		

Please refer to the Portfolio Allocations for a comprehensive breakdown of the portfolios at each risk level.
Note: numbers may not sum exactly due to rounding.
Arrows indicate changes from previous GIC meeting.

As we noted in our September 14th CIO Bulletin, the outcome of the coming US election – particularly Congressional elections – is highly unpredictable. We see greater constraints on US fiscal policy compared to election periods of the past eight years, regardless of which party emerges victorious. Even so, it is routine for global markets to feel greater uncertainty in the months leading up to US elections with "defensive assets" such as US Treasuries and "bond poxy" equities outperforming until results are clear. Following such periods, it is typical for markets to feel relief from election apprehension and uncertainty.

With these potential market distortions in mind, we have not made new asset allocation changes on US election forecasts. Rather, we've held to a bit more conservative stance on non-US assets. In doing so, we continue to hold overweights on particular US fixed income segments with yields well above the global average. These include US structured securities such as mortgaged backed debt, high yield loans, and investment grade preferred securities.

As discussed in our September 14 CIO Bulletin, China's concern with security and self-sufficiency is likely driving a less robust domestic stimulus approach. This is impacting global markets, restraining performance in Europe among other regions. When the course of US politics is clearer, we will reassess opportunities.

Portfolio allocations

This section shows the strategic and tactical asset allocations. The Global Asset Allocation (GAA) team creates strategic asset allocations (SAAs) using the CPB Adaptive Valuations Strategy (AVS) methodology on an annual basis. Global Investment Committee (GIC) provides underweight and overweight decisions to AVS's Global USD without Hedge Funds Risk Level 1 through Level 5 portfolios. GAA team then creates tactical allocations for all other profiles or subprofiles such as Global USD with Hedge Funds and Illiquids PE & RE Level 2 through Level 5 portfolios. These sample portfolios included below reflect 2024 SAAs and the tactical over/under weights expressed at the September 18, 2024 GIC meeting.

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

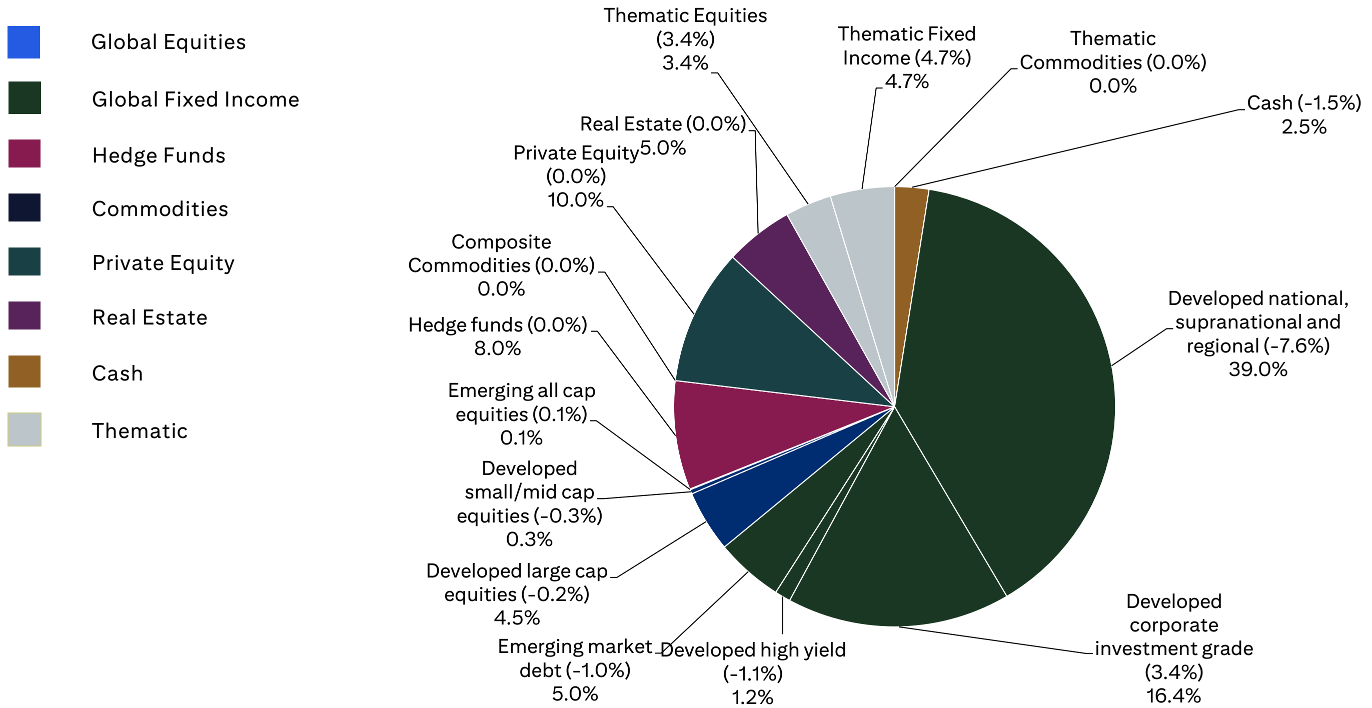
Risk Level 2 is designed for investors who emphasize capital preservation over return on investment, but who are willing to subject some portion of their principal to increased risk in order to generate a potentially greater rate of return on investment.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	4.0	2.5	-1.5
FIXED INCOME	67.7	66.2	-1.5
Developed Investment Grade	**59.6**	**55.4**	**-4.2**
US	36.7	44.0	7.3
Government	16.5	17.0	0.4
Inflation-Linked	2.2	2.4	0.2
Short	4.9	4.9	0.0
Intermediate	6.9	7.1	0.2
Long	2.6	2.6	0.0
Securitized	11.4	14.2	2.8
Credit	8.7	12.8	4.1
Short	1.6	0.8	-0.8
Intermediate	4.9	9.8	4.9
Long	2.3	2.3	0.0
Europe	18.2	10.3	-8.0
Government	14.0	6.7	-7.3
Credit	4.2	3.6	-0.7
Australia	0.4	0.4	0.0
Government	0.4	0.4	0.0
Japan	4.3	0.7	-3.5
Government	4.3	0.7	-3.5
Developed High Yield	**2.2**	**1.2**	**-1.1**
US	1.7	1.2	-0.5
Europe	0.6	0.0	-0.6
Emerging Market Debt	**5.9**	**5.0**	**-1.0**
Asia	0.9	1.1	0.1
Local currency	0.5	0.5	0.0
Foreign currency	0.5	0.6	0.1
EMEA	3.0	1.9	-1.1
Local currency	1.5	0.7	-0.8
Foreign currency	1.5	1.2	-0.3
LatAm	1.9	2.0	0.1
Local currency	1.0	1.0	0.0
Foreign currency	1.0	1.0	0.1
Thematic Fixed Income	**0.0**	**4.7**	**4.7**
US Bank Loans	0.0	2.0	2.0
Preferreds	0.0	2.7	2.7
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	5.3	8.3	3.0
Developed Equities	**5.3**	**4.8**	**-0.5**
Developed Large Cap Equities	**4.7**	**4.5**	**-0.2**
US	3.4	3.2	-0.1
Canada	0.2	0.1	-0.0
UK	0.2	0.1	-0.1
Switzerland	0.1	0.2	0.0
Europe ex UK ex Switzerland	0.4	0.4	0.0
Asia ex Japan	0.1	0.1	-0.1
Japan	0.3	0.4	0.1
Developed Small/ Mid Cap Equities	**0.6**	**0.3**	**-0.3**
US	0.3	0.3	-0.0
Non-US	0.3	0.0	-0.3
Emerging All Cap Equities	**0.0**	**0.1**	**0.1**
Asia	0.0	0.1	0.1
China	0.0	0.0	0.0
Asia (ex China)	0.0	0.0	0.0
EMEA	0.0	0.0	0.0
LatAm	0.0	0.0	0.0
Brazil	0.0	0.0	0.0
LatAm ex Brazil	0.0	0.0	0.0
Thematic Equities	**0.0**	**3.4**	**3.4**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	1.2	1.2
US Mid-Cap Growth	0.0	0.7	0.7
US Small-Cap Growth	0.0	0.5	0.5
Healthcare Equipment	0.0	1.0	1.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
HEDGE FUNDS	8.0	8.0	0.0
PRIVATE EQUITY	10.0	10.0	0.0
REAL ESTATE	5.0	5.0	0.0
Total	**100.0**	**100.0**	**0.0**

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

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



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

Core Positions

Global equities have an overweights of +3.0%, global fixed income has an underweights of -1.5%, cash has an underweight of -1.5%.

Within equities, developed large cap equities have an underweight of -0.2% and developed small/mid cap equities have an underweight of -0.3%. Emerging market equities have an overweights of +0.1% and Thematic equities have an overweight of +3.4%.

Within fixed income, developed investment grade has an underweight position of -4.2%; developed high yield has an underweight position of -1.1% and emerging market debt has an underweight position of -1.0%. Thematic fixed income has an overweight of +4.7%.

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

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

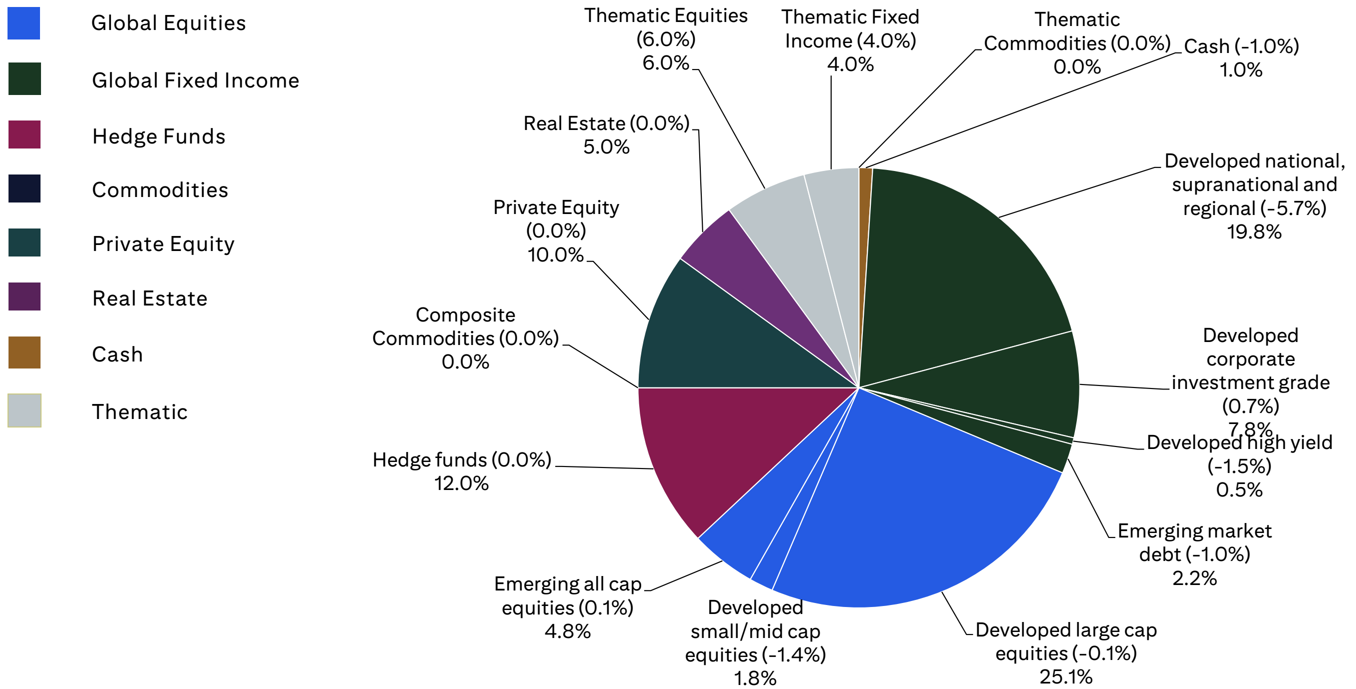
Risk Level 3 is designed for investors with a blended objective who require a mix of assets and seek a balance between investments that offer income and those positioned for a potentially higher return on investment. Risk Level 3 may be appropriate for investors willing to subject their portfolio to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

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	2.0	1.0	-1.0
FIXED INCOME	37.8	34.3	-3.5
Developed Investment Grade	**32.6**	**27.7**	**-4.9**
US	20.1	25.6	5.5
Government	9.0	10.7	1.7
Inflation-Linked	1.2	2.2	1.0
Short	2.7	1.3	-1.4
Intermediate	3.8	5.8	2.1
Long	1.4	1.4	0.0
Securitized	6.3	8.3	2.1
Credit	4.8	6.5	1.7
Short	0.9	0.0	-0.9
Intermediate	2.7	5.2	2.6
Long	1.2	1.2	0.0
Europe	10.0	2.1	-7.9
Government	7.7	0.8	-6.9
Credit	2.3	1.3	-1.0
Australia	0.2	0.0	-0.2
Government	0.2	0.0	-0.2
Japan	2.3	0.0	-2.3
Government	2.3	0.0	-2.3
Developed High Yield	**2.0**	**0.5**	**-1.5**
US	1.5	0.5	-1.0
Europe	0.5	0.0	-0.5
Emerging Market Debt	**3.2**	**2.2**	**-1.0**
Asia	0.5	0.3	-0.3
Local currency	0.3	0.0	-0.3
Foreign currency	0.3	0.3	0.0
EMEA	1.6	0.9	-0.8
Local currency	0.8	0.0	-0.8
Foreign currency	0.8	0.8	0.0
LatAm	1.1	1.1	0.0
Local currency	0.5	0.5	0.0
Foreign currency	0.5	0.5	0.0
Thematic Fixed Income	**0.0**	**4.0**	**4.0**
US Bank Loans	0.0	2.0	2.0
Preferreds	0.0	2.0	2.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	33.2	37.7	4.5
Developed Equities	**28.4**	**26.9**	**-1.6**
Developed Large Cap Equities	**25.2**	**25.1**	**-0.1**
US	18.0	17.6	-0.4
Canada	0.8	0.8	-0.0
UK	1.1	0.8	-0.3
Switzerland	0.7	0.9	0.3
Europe ex UK ex Switzerland	2.3	2.5	0.2
Asia ex Japan	0.8	0.7	-0.1
Japan	1.6	1.8	0.2
Developed Small/ Mid Cap Equities	**3.2**	**1.8**	**-1.4**
US	1.8	1.8	-0.0
Non-US	1.4	0.0	-1.4
Emerging All Cap Equities	**4.7**	**4.8**	**0.1**
Asia	4.0	4.3	0.3
China	1.4	1.5	0.1
Asia (ex China)	2.7	2.9	0.2
EMEA	0.3	0.1	-0.2
LatAm	0.4	0.4	-0.0
Brazil	0.3	0.3	-0.0
LatAm ex Brazil	0.2	0.2	-0.0
Thematic Equities	**0.0**	**6.0**	**6.0**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	1.5	1.5
US Mid-Cap Growth	0.0	1.5	1.5
US Small-Cap Growth	0.0	1.0	1.0
Healthcare Equipment	0.0	2.0	2.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
HEDGE FUNDS	12.0	12.0	0.0
PRIVATE EQUITY	10.0	10.0	0.0
REAL ESTATE	5.0	5.0	0.0
Total	**100.0**	**100.0**	**-0.0**

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

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



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

Core Positions

Global equities have an overweight of +4.5%, global fixed income has an underweight of -3.5%, cash has an underweight of -1.0%.

Within equities, developed large cap equities have an underweight of -0.1% and developed small/mid cap equities have an underweight of -1.4%. Emerging market equities have an overweight of +0.1%. Thematic equities have an overweight of +6.0%.

Within fixed income, developed investment grade has an underweight position of -4.9%; developed high yield has an underweight position of -1.5% and emerging market debt has an underweight position of -1.0%. Thematic fixed income has an overweight of +4.0%.

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

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

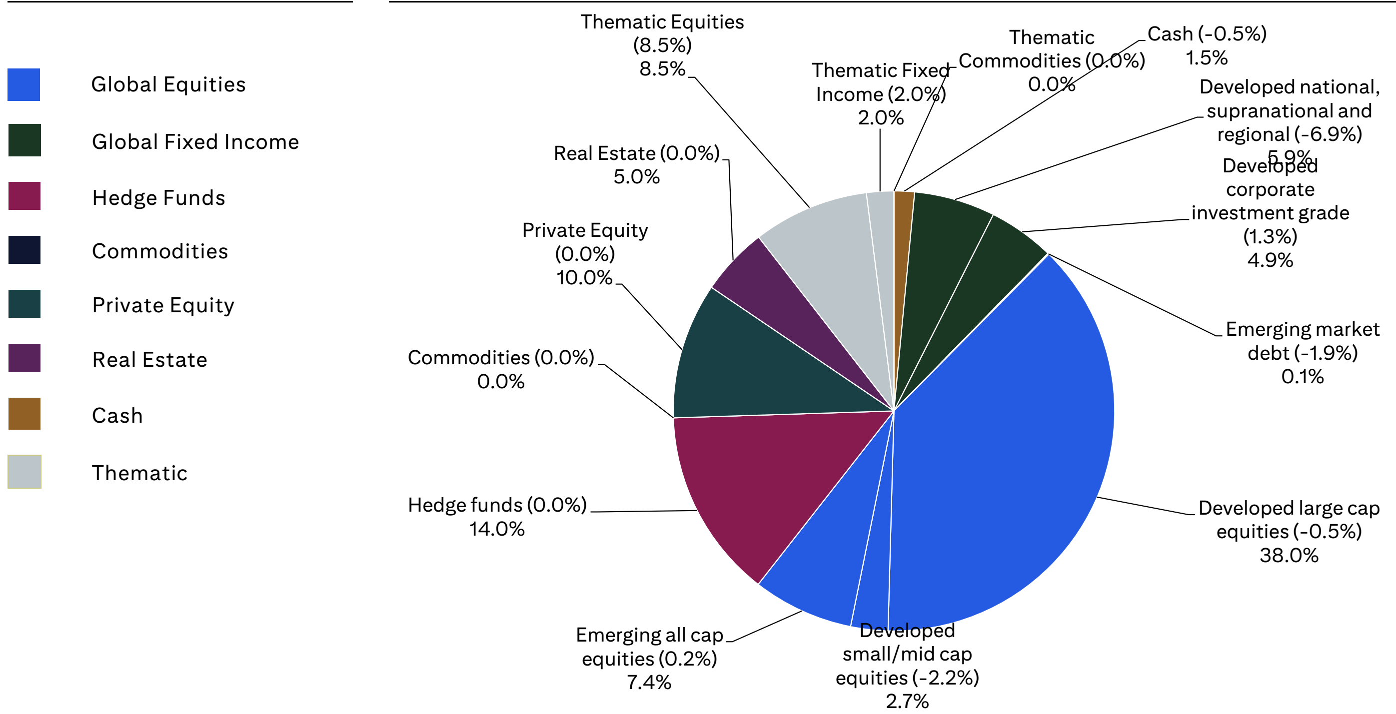
Risk Level 4 is designed for investors with a blended objective who require a mix of assets and seek a balance between investments that offer income and those positioned for a potentially higher return on investment. They are willing to subject a large portion of their portfolio to greater risk and market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

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	2.0	1.5	-0.5
FIXED INCOME	18.4	12.9	-5.5
Developed Investment Grade	**16.4**	**10.8**	**-5.6**
US	10.1	10.3	0.3
Government	4.5	3.6	-0.9
Inflation-Linked	0.6	0.6	-0.0
Short	1.3	0.0	-1.3
Intermediate	1.9	2.4	0.5
Long	0.7	0.7	-0.0
Securitized	3.1	2.0	-1.1
Credit	2.4	4.7	2.3
Short	0.4	0.0	-0.4
Intermediate	1.3	4.6	3.2
Long	0.6	0.1	-0.5
Europe	5.0	0.4	-4.6
Government	3.8	0.3	-3.6
Credit	1.2	0.2	-1.0
Australia	0.1	0.0	-0.1
Government	0.1	0.0	-0.1
Japan	1.2	0.0	-1.2
Government	1.2	0.0	-1.2
Developed High Yield	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Europe	0.0	0.0	0.0
Emerging Market Debt	**2.0**	**0.1**	**-1.9**
Asia	0.3	0.0	-0.3
Local currency	0.2	0.0	-0.2
Foreign currency	0.2	0.0	-0.2
EMEA	1.0	0.0	-1.0
Local currency	0.5	0.0	-0.5
Foreign currency	0.5	0.0	-0.5
LatAm	0.7	0.1	-0.6
Local currency	0.3	0.1	-0.3
Foreign currency	0.3	0.0	-0.3
Thematic Fixed Income	**0.0**	**2.0**	**2.0**
US Bank Loans	0.0	1.0	1.0
Preferreds	0.0	1.0	1.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	50.7	56.7	6.0
Developed Equities	**43.4**	**40.8**	**-2.7**
Developed Large Cap Equities	**38.6**	**38.0**	**-0.5**
US	27.5	26.5	-1.0
Canada	1.3	1.2	-0.0
UK	1.6	1.1	-0.5
Switzerland	1.0	1.5	0.4
Europe ex UK ex Switzerland	3.5	3.9	0.4
Asia ex Japan	1.2	1.0	-0.2
Japan	2.5	2.9	0.4
Developed Small/ Mid Cap Equities	**4.9**	**2.7**	**-2.2**
US	2.7	2.7	-0.1
Non-US	2.1	0.0	-2.1
Emerging All Cap Equities	**7.2**	**7.4**	**0.2**
Asia	6.1	6.7	0.5
China	2.1	2.3	0.2
Asia (ex China)	4.0	4.4	0.4
EMEA	0.4	0.1	-0.4
LatAm	0.7	0.7	-0.0
Brazil	0.4	0.4	-0.0
LatAm ex Brazil	0.3	0.2	-0.0
Thematic Equities	**0.0**	**8.5**	**8.5**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	2.0	2.0
US Mid-Cap Growth	0.0	2.0	2.0
US Small-Cap Growth	0.0	1.5	1.5
Healthcare Equipment	0.0	3.0	3.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
HEDGE FUNDS	14.0	14.0	0.0
PRIVATE EQUITY	10.0	10.0	0.0
REAL ESTATE	5.0	5.0	0.0
Total	**100.0**	**100.0**	**-0.0**

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

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



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

Core Positions

Global equities have an overweight of +6.0%, global fixed income has an underweight of -5.5%, cash has an underweight of -0.5%.

Within equities, developed large cap equities have an underweight of -0.5% and developed small/mid cap equities have an underweight of -2.2%. Emerging market equities have an overweight of +0.2%. Thematic equities have an overweight of +8.5%.

Within fixed income, developed investment grade has an underweight position of -5.6%; developed high yield has a neutral position and emerging market debt has an underweight position of -1.9%. Thematic fixed income has an overweight of +2.0%.

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

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

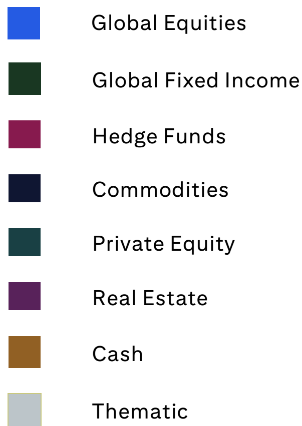
Risk Level 5 is designed for investors who emphasize return on investment. They are willing to subject their entire portfolio to greater risk and market value fluctuations in anticipation of a potentially greater return on investments. Investors may have a preference for investments or trading strategies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

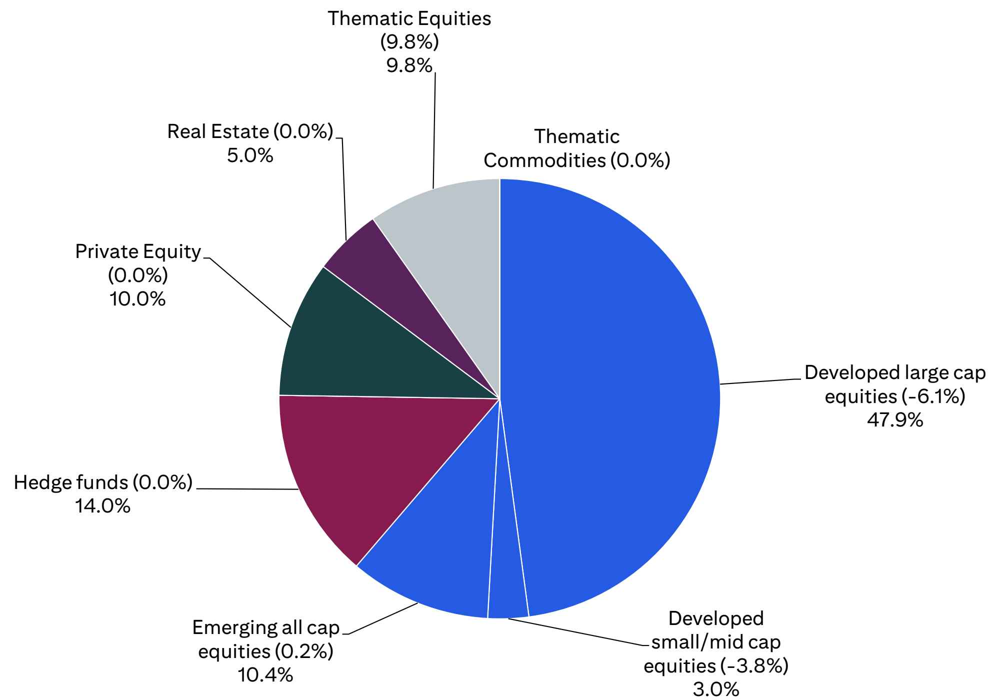
Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	0.0	0.0	0.0
FIXED INCOME	0.0	0.0	0.0
Developed Investment Grade	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Government	0.0	0.0	0.0
Inflation-Linked	0.0	0.0	0.0
Short	0.0	0.0	0.0
Intermediate	0.0	0.0	0.0
Long	0.0	0.0	0.0
Securitized	0.0	0.0	0.0
Credit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

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

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

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





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

Core Positions

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

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

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

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

Global USD without Hedge Funds: Risk Level 1

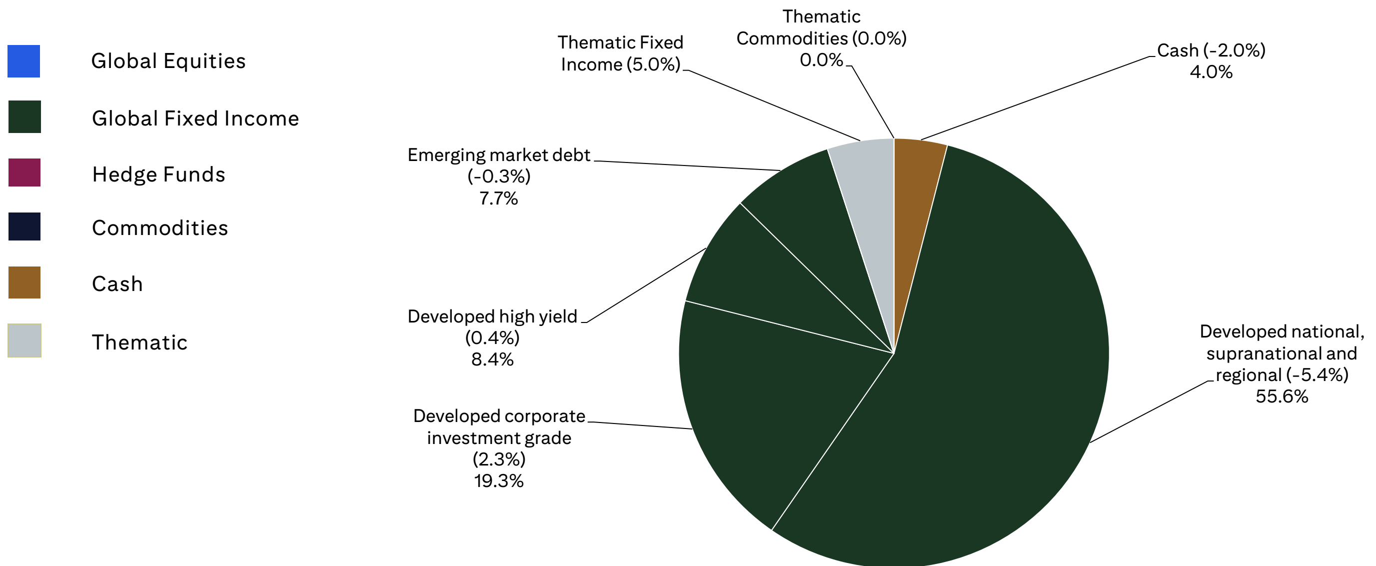
Risk Level 1 is designed for investors who have a preference for capital preservation and relative safety over the potential for a return on investment. These investors prefer to hold cash, time deposits and/or lower risk fixed income instruments.

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

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

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

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



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

Core Positions

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

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

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

Global USD without Hedge Funds: Risk Level 2

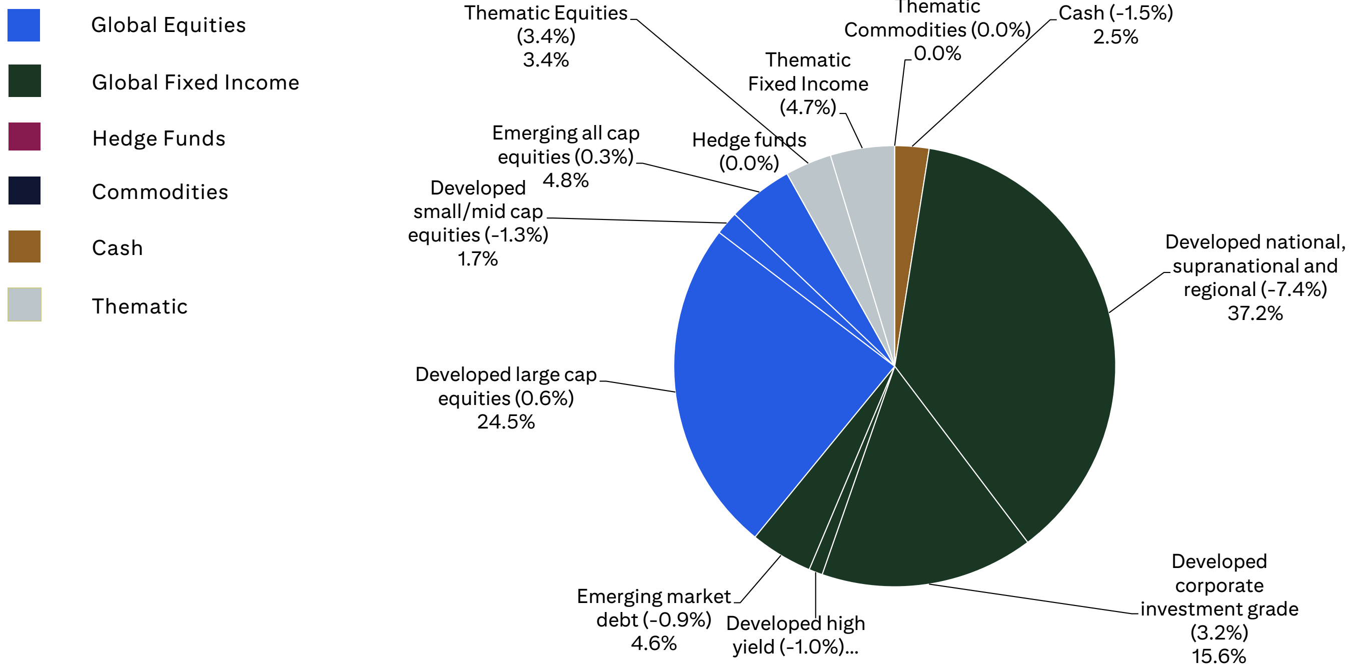
Risk Level 2 is designed for investors who emphasize capital preservation over return on investment, but who are willing to subject some portion of their principal to increased risk in order to generate a potentially greater rate of return on investment.

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	4.0	2.5	-1.5
FIXED INCOME	64.6	63.1	-1.5
Developed Investment Grade	**57.1**	**52.8**	**-4.3**
US	35.2	42.0	6.8
Government	15.8	16.2	0.4
Inflation-Linked	2.1	2.3	0.2
Short	4.7	4.7	0.0
Intermediate	6.6	6.8	0.2
Long	2.5	2.5	0.0
Securitized	10.9	13.5	2.6
Credit	8.4	12.2	3.9
Short	1.5	0.7	-0.8
Intermediate	4.7	9.3	4.7
Long	2.2	2.2	0.0
Europe	17.5	9.8	-7.7
Government	13.4	6.4	-7.0
Credit	4.1	3.4	-0.7
Australia	0.4	0.4	0.0
Government	0.4	0.4	0.0
Japan	4.1	0.7	-3.4
Government	4.1	0.7	-3.4
Developed High Yield	**2.0**	**1.0**	**-1.0**
US	1.5	1.0	-0.5
Europe	0.5	0.0	-0.5
Emerging Market Debt	**5.5**	**4.6**	**-0.9**
Asia	0.9	1.0	0.1
Local currency	0.4	0.4	-0.0
Foreign currency	0.4	0.5	0.1
EMEA	2.8	1.7	-1.1
Local currency	1.4	0.6	-0.8
Foreign currency	1.4	1.1	-0.3
LatAm	1.8	1.9	0.0
Local currency	0.9	0.9	-0.0
Foreign currency	0.9	1.0	0.0
Thematic Fixed Income	**0.0**	**4.7**	**4.7**
US Bank Loans	0.0	2.0	2.0
Preferreds	0.0	2.7	2.7
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	31.4	34.4	3.0
Developed Equities	**26.9**	**26.2**	**-0.7**
Developed Large Cap Equities	**23.9**	**24.5**	**0.6**
US	17.0	17.5	0.5
Canada	0.8	0.8	0.0
UK	1.0	0.5	-0.5
Switzerland	0.6	0.9	0.3
Europe ex UK ex Switzerland	2.2	2.4	0.2
Asia ex Japan	0.7	0.5	-0.2
Japan	1.5	1.9	0.4
Developed Small/ Mid Cap Equities	**3.0**	**1.7**	**-1.3**
US	1.7	1.7	0.0
Non-US	1.3	0.0	-1.3
Emerging All Cap Equities	**4.5**	**4.8**	**0.3**
Asia	3.8	4.3	0.5
China	1.3	1.4	0.1
Asia (ex China)	2.5	2.9	0.4
EMEA	0.3	0.0	-0.2
LatAm	0.4	0.4	0.0
Brazil	0.3	0.3	0.0
LatAm ex Brazil	0.2	0.2	0.0
Thematic Equities	**0.0**	**3.4**	**3.4**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	1.2	1.2
US Mid-Cap Growth	0.0	0.7	0.7
US Small-Cap Growth	0.0	0.5	0.5
Healthcare Equipment	0.0	1.0	1.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
Total	**100.0**	**100.0**	**0.0**

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

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



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

Core Positions

Global equities have an overweight of +3.0%, global fixed income has an underweight of -1.5% and cash has an underweight of -1.5%.

Within equities, developed large cap equities have an overweight position of +0.6% and developed small/mid cap equities have an underweight of -1.3%. Emerging market equities have an overweight of +0.3%. Thematic equities have an overweight of +3.4%.

Within fixed income, developed investment grade has an underweight position of -4.3%; developed high yield has an underweight position of -1.0% and emerging market debt has a underweight position of -0.9%. Thematic fixed income has an overweight position of +4.7%.

Global USD without Hedge Funds: Risk Level 3

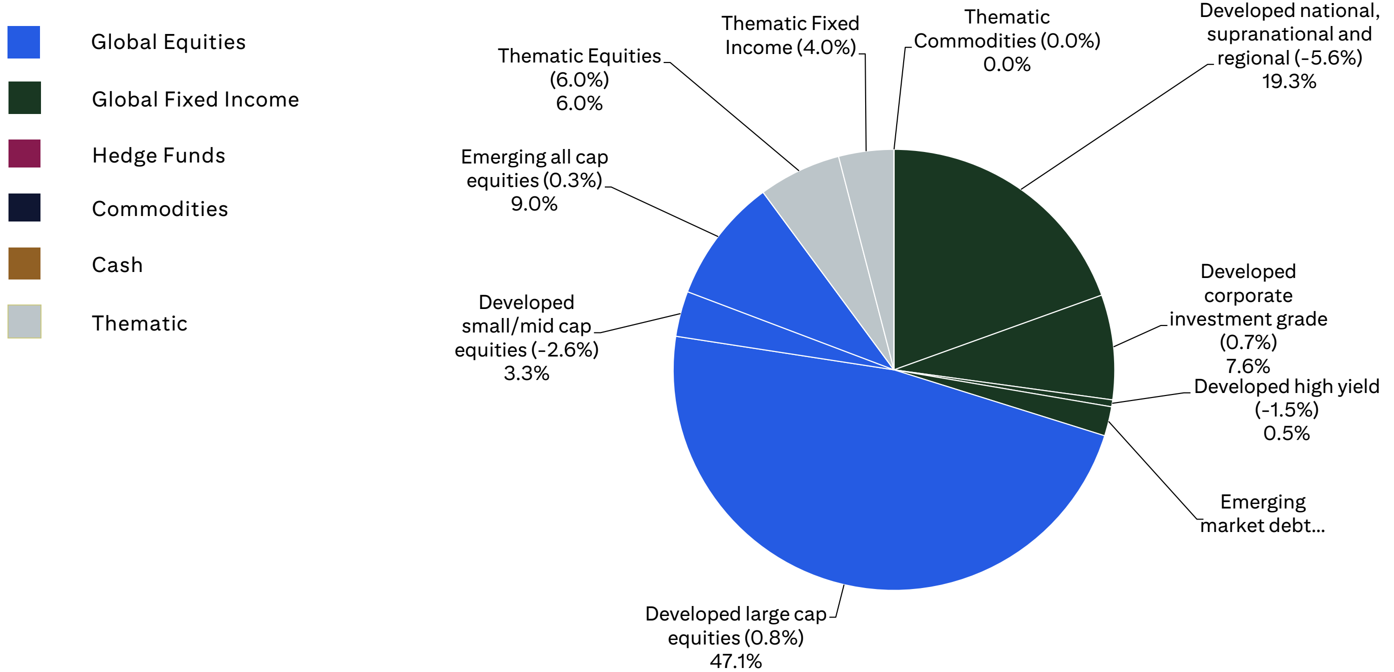
Risk Level 3 is designed for investors with a blended objective who require a mix of assets and seek a balance between investments that offer income and those positioned for a potentially higher return on investment. Risk Level 3 may be appropriate for investors willing to subject their portfolio to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

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	2.0	1.0	-1.0
FIXED INCOME	37.0	33.5	-3.5
Developed Investment Grade	**31.9**	**26.9**	**-5.0**
US	19.6	24.9	5.2
Government	8.8	10.4	1.6
Inflation-Linked	1.2	2.2	1.0
Short	2.6	1.2	-1.4
Intermediate	3.7	5.7	2.0
Long	1.4	1.4	0.0
Securitized	6.1	8.1	2.0
Credit	4.7	6.3	1.6
Short	0.9	0.0	-0.9
Intermediate	2.6	5.1	2.5
Long	1.2	1.2	0.0
Europe	9.8	2.0	-7.7
Government	7.5	0.7	-6.7
Credit	2.3	1.3	-1.0
Australia	0.2	0.0	-0.2
Government	0.2	0.0	-0.2
Japan	2.3	0.0	-2.3
Government	2.3	0.0	-2.3
Developed High Yield	**2.0**	**0.5**	**-1.5**
US	1.5	0.5	-1.0
Europe	0.5	0.0	-0.5
Emerging Market Debt	**3.1**	**2.1**	**-1.0**
Asia	0.5	0.3	-0.3
Local currency	0.3	0.0	-0.3
Foreign currency	0.3	0.3	-0.0
EMEA	1.6	0.8	-0.8
Local currency	0.8	0.0	-0.8
Foreign currency	0.8	0.8	-0.0
LatAm	1.0	1.0	-0.0
Local currency	0.5	0.5	-0.0
Foreign currency	0.5	0.5	-0.0
Thematic Fixed Income	**0.0**	**4.0**	**4.0**
US Bank Loans	0.0	2.0	2.0
Preferreds	0.0	2.0	2.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	61.0	65.5	4.5
Developed Equities	**52.2**	**50.4**	**-1.8**
Developed Large Cap Equities	**46.4**	**47.1**	**0.8**
US	33.1	33.1	0.0
Canada	1.5	1.5	0.0
UK	1.9	1.4	-0.5
Switzerland	1.2	1.7	0.5
Europe ex UK ex Switzerland	4.2	4.7	0.5
Asia ex Japan	1.4	1.2	-0.2
Japan	3.0	3.5	0.5
Developed Small/ Mid Cap Equities	**5.9**	**3.3**	**-2.6**
US	3.3	3.3	0.0
Non-US	2.6	0.0	-2.6
Emerging All Cap Equities	**8.7**	**9.0**	**0.3**
Asia	7.4	8.1	0.7
China	2.5	2.7	0.2
Asia (ex China)	4.9	5.4	0.5
EMEA	0.5	0.1	-0.4
LatAm	0.8	0.8	-0.0
Brazil	0.5	0.5	-0.0
LatAm ex Brazil	0.3	0.3	-0.0
Thematic Equities	**0.0**	**6.0**	**6.0**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	1.5	1.5
US Mid-Cap Growth	0.0	1.5	1.5
US Small-Cap Growth	0.0	1.0	1.0
Healthcare Equipment	0.0	2.0	2.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
Total	**100.0**	**100.0**	**-0.0**

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

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



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

Core Positions

Global equities have an overweight of +4.5%, global fixed income has an underweight position of -3.5% and cash has an underweight position of -1.0%.

Within equities, developed large cap equities have an overweight position of +0.8% while developed small/mid cap equities have an underweight position of -2.6%. Emerging market equities have an overweight of +0.3%. Thematic equities have an overweight of +6.0%.

Within fixed income, developed investment grade debt has an underweight position of -5.0%; developed high yield has an underweight position of -1.5%; emerging market debt has an underweight position of -1.0%. Thematic fixed income has an overweight of +4.0%.

Global USD without Hedge Funds: Risk Level 4

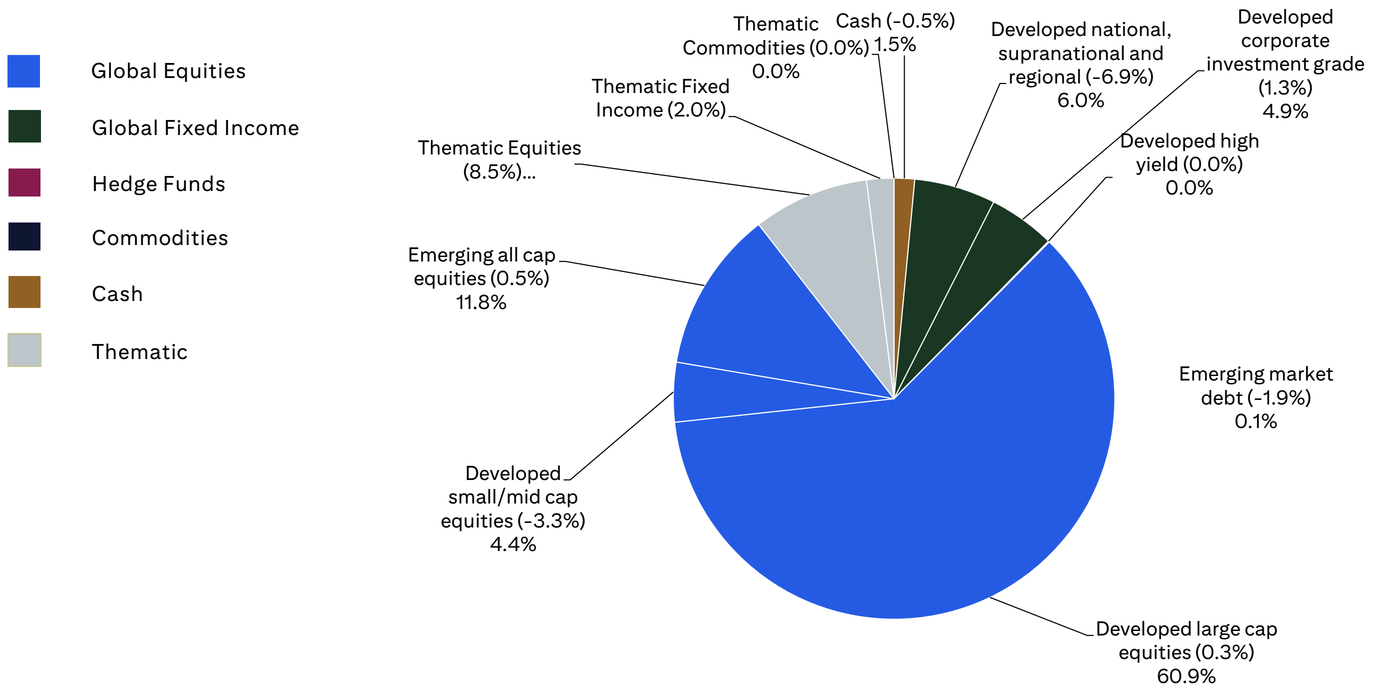
Risk Level 4 is designed for investors with a blended objective who require a mix of assets and seek a balance between investments that offer income and those positioned for a potentially higher return on investment. They are willing to subject a large portion of their portfolio to greater risk and market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

Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	2.0	1.5	-0.5
FIXED INCOME	18.4	12.9	-5.5
Developed Investment Grade	**16.4**	**10.8**	**-5.6**
US	10.1	10.4	0.3
Government	4.6	3.6	-0.9
Inflation-Linked	0.6	0.6	-0.0
Short	1.3	0.0	-1.3
Intermediate	1.9	2.4	0.5
Long	0.7	0.7	-0.0
Securitized	3.1	2.0	-1.1
Credit	2.4	4.7	2.3
Short	0.4	0.0	-0.4
Intermediate	1.3	4.6	3.2
Long	0.6	0.1	-0.5
Europe	5.0	0.4	-4.6
Government	3.9	0.3	-3.6
Credit	1.2	0.2	-1.0
Australia	0.1	0.0	-0.1
Government	0.1	0.0	-0.1
Japan	1.2	0.0	-1.2
Government	1.2	0.0	-1.2
Developed High Yield	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Europe	0.0	0.0	0.0
Emerging Market Debt	**2.0**	**0.1**	**-1.9**
Asia	0.3	0.0	-0.3
Local currency	0.2	0.0	-0.2
Foreign currency	0.2	0.0	-0.2
EMEA	1.0	0.0	-1.0
Local currency	0.5	0.0	-0.5
Foreign currency	0.5	0.0	-0.5
LatAm	0.7	0.1	-0.6
Local currency	0.3	0.1	-0.3
Foreign currency	0.3	0.0	-0.3
Thematic Fixed Income	**0.0**	**2.0**	**2.0**
US Bank Loans	0.0	1.0	1.0
Preferreds	0.0	1.0	1.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0

Classification	Strategic (%)	Tactical* (%)	Active (%)
EQUITIES	79.6	85.6	6.0
Developed Equities	**68.2**	**65.2**	**-3.0**
Developed Large Cap Equities	**60.6**	**60.9**	**0.3**
US	43.2	42.4	-0.8
Canada	2.0	2.0	-0.0
UK	2.5	1.7	-0.8
Switzerland	1.6	2.4	0.7
Europe ex UK ex Switzerland	5.5	6.2	0.7
Asia ex Japan	1.9	1.5	-0.4
Japan	3.9	4.6	0.7
Developed Small/ Mid Cap Equities	**7.7**	**4.4**	**-3.3**
US	4.3	4.3	-0.0
Non-US	3.4	0.1	-3.3
Emerging All Cap Equities	**11.4**	**11.8**	**0.5**
Asia	9.6	10.7	1.0
China	3.3	3.6	0.3
Asia (ex China)	6.3	7.0	0.7
EMEA	0.7	0.1	-0.5
LatAm	1.1	1.1	0.0
Brazil	0.7	0.7	0.0
LatAm ex Brazil	0.4	0.4	0.0
Thematic Equities	**0.0**	**8.5**	**8.5**
Global Equity REITs	0.0	0.0	0.0
US Mortgage REITs	0.0	0.0	0.0
Global Healthcare	0.0	0.0	0.0
Global Pharma	0.0	0.0	0.0
Cyber Security	0.0	0.0	0.0
Fintech	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0
Oil Services	0.0	0.0	0.0
Equal-Weighted S&P 500	0.0	2.0	2.0
US Mid-Cap Growth	0.0	2.0	2.0
US Small-Cap Growth	0.0	1.5	1.5
Healthcare Equipment	0.0	3.0	3.0
COMMODITIES	0.0	0.0	0.0
Composite Commodities	**0.0**	**0.0**	**0.0**
Thematic Commodities	**0.0**	**0.0**	**0.0**
Gold	0.0	0.0	0.0
Thematic 2	0.0	0.0	0.0
Thematic 3	0.0	0.0	0.0
Thematic 4	0.0	0.0	0.0
Thematic 5	0.0	0.0	0.0
Total	**100.0**	**100.0**	**-0.0**

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

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



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

Core Positions

Global equities have an overweight of +6.0%, global fixed income has an underweight position of -5.5% and cash has an underweight position of -0.5%.

Within equities, developed large cap equities have an overweight position of +0.3% and developed small/mid cap equities have an underweight position of -3.3%. Emerging market equities have an overweight of +0.5%. Thematic equities have an overweight position of +8.5%.

Within fixed income, developed investment grade debt has an underweight position of -5.6%; developed high yield has a neutral position and emerging market debt has an underweight position of -1.9%. Thematic fixed income has an overweight position of +2.0%.

Global USD without Hedge Funds: Risk Level 5

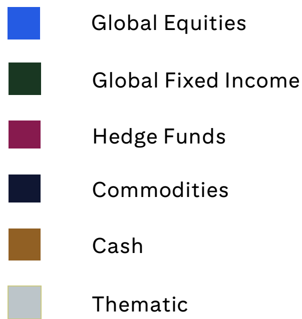
Risk Level 5 is designed for investors who emphasize return on investment. They are willing to subject their entire portfolio to greater risk and market value fluctuations in anticipation of a potentially greater return on investments. Investors may have a preference for investments or trading strategies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

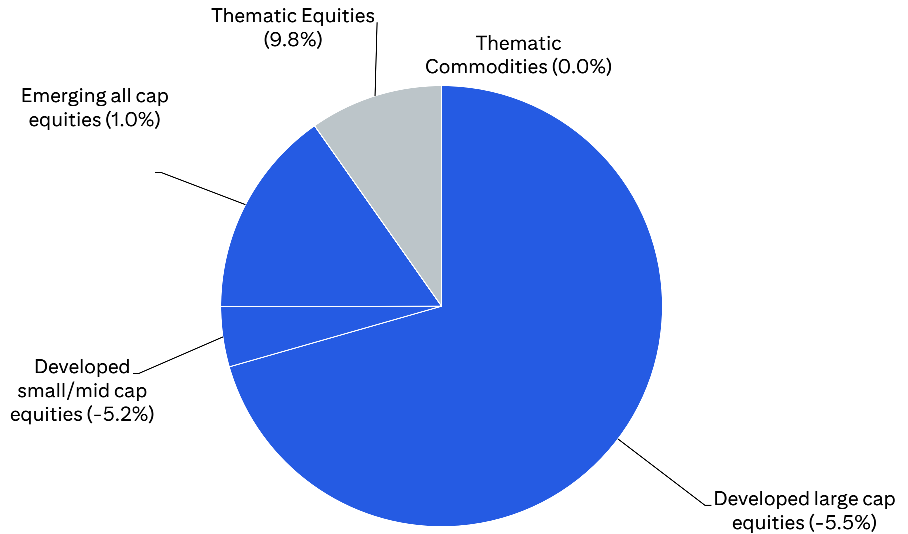
Classification	Strategic (%)	Tactical* (%)	Active (%)
CASH	0.0	0.0	0.0
FIXED INCOME	0.0	0.0	0.0
Developed Investment Grade	**0.0**	**0.0**	**0.0**
US	0.0	0.0	0.0
Government	0.0	0.0	0.0
Inflation-Linked	0.0	0.0	0.0
Short	0.0	0.0	0.0
Intermediate	0.0	0.0	0.0
Long	0.0	0.0	0.0
Securitized	0.0	0.0	0.0
Credit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

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

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

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





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

Core Positions

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

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

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

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

Bond rating equivalence

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

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

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

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

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

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

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

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

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

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

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

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