Citi Global Wealth Investments

OUTLOOK **2022**

The expansion will endure:
Seeking sustained returns

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ECONOMIC VIEWS FOR 2022

- We expect 2022 to be unlike 2020 or 2021: no boom, no bust. While large COVID-related distortions in the economy remain, wave after wave of COVID infections have seen diminishing impact
- In 2022, we expect global real GDP growth to decelerate from 5.6% to 3.8%, US growth to slow from 5.5% to 3.5%. With energy costs likely to peak this winter, we expect headline US inflation to slow from 4.5% to 3%
- A 45% gain in global EPS in 2021 should slow to +7-8% in 2022-2023. We expect 10-year US Treasuries to rise to 2.1% in yield by end 2022, though COVID may slow the normalization in yields
- Our broad global equity return estimate is centered on 8% in 2022, with global fixed income -1%-0%. We see opportunity by focusing on sustainable income creation, private markets and using capital markets to enhance yield

THEMATIC VIEWS FOR 2022 AND BEYOND

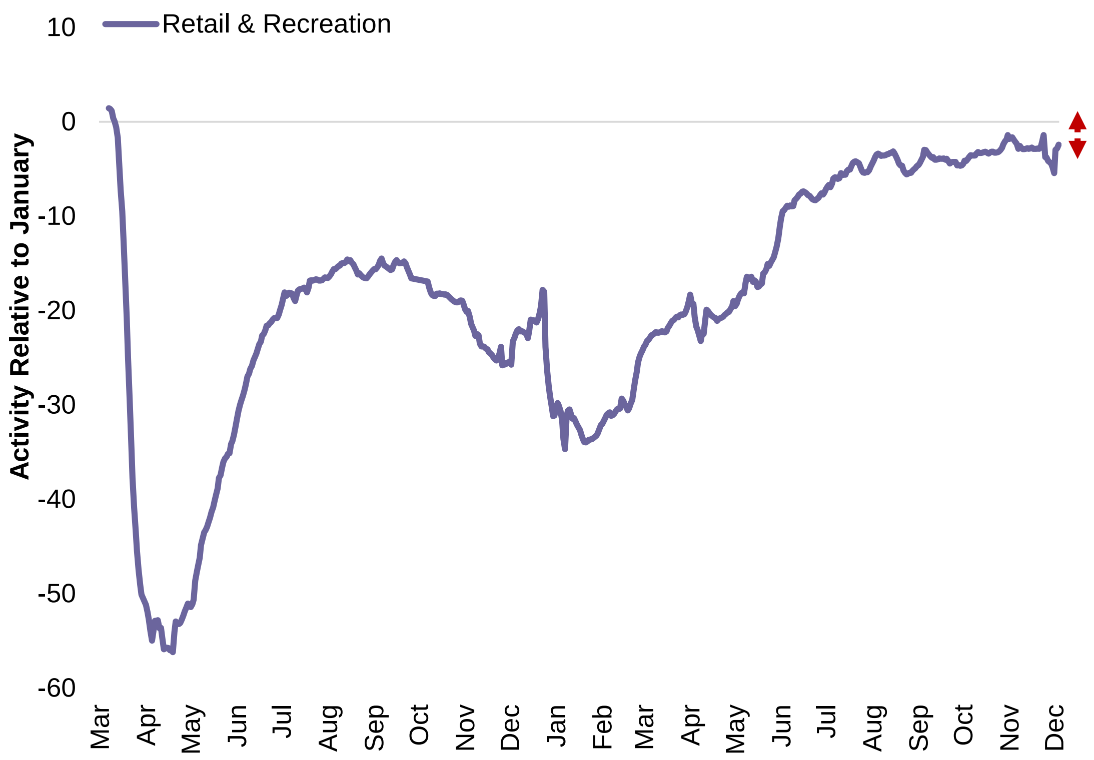
- The time to simply focus on COVID-depressed industries and companies has largely passed. One needs to seek income and growth by focusing on **long-term leaders**
- **Unstoppable trends |** Despite turmoil in energy markets and struggles to absorb costs, we see governments committed to "greening the world" by harnessing technology. The COVID era has highlighted and pulled forward the transformative power of "digitization." The US and China represent the world's G-2. Their dis-integration leaves growth and diversification opportunities for "Asian development." As ever, humanity strives to increase "longevity"
- It will take different long-term portfolio allocations to "**beat the cash thief**," as central banks keep real policy interest rates negative to ease debt levels close to WWII-era highs

Source: Citi Global Wealth Investments ("CGWI") Office of the Chief Investment Strategist ("OCIS"); 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 returns. Real results may vary.

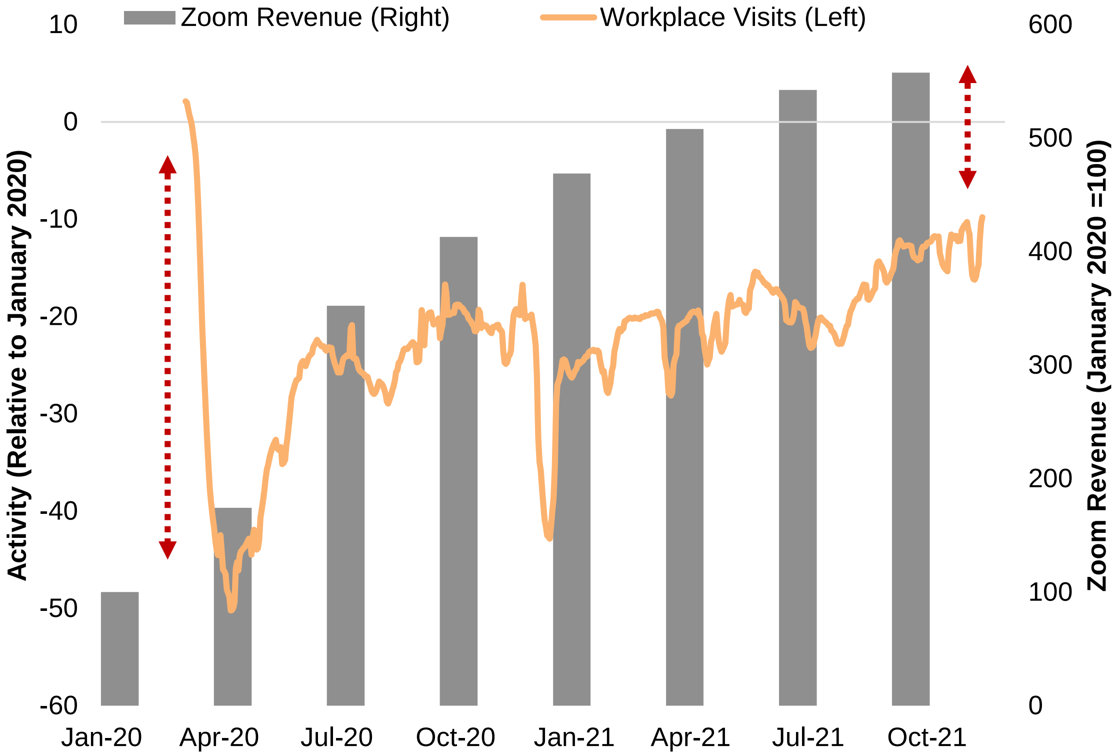
COVID is diminishing as a negative or positive driver of the economy

Expect lasting change in the economy. We won't repeat the collapse and recovery even as COVID persists.

Global mobility at retail and recreation sites



Zoom meetings vs workplace visits in person

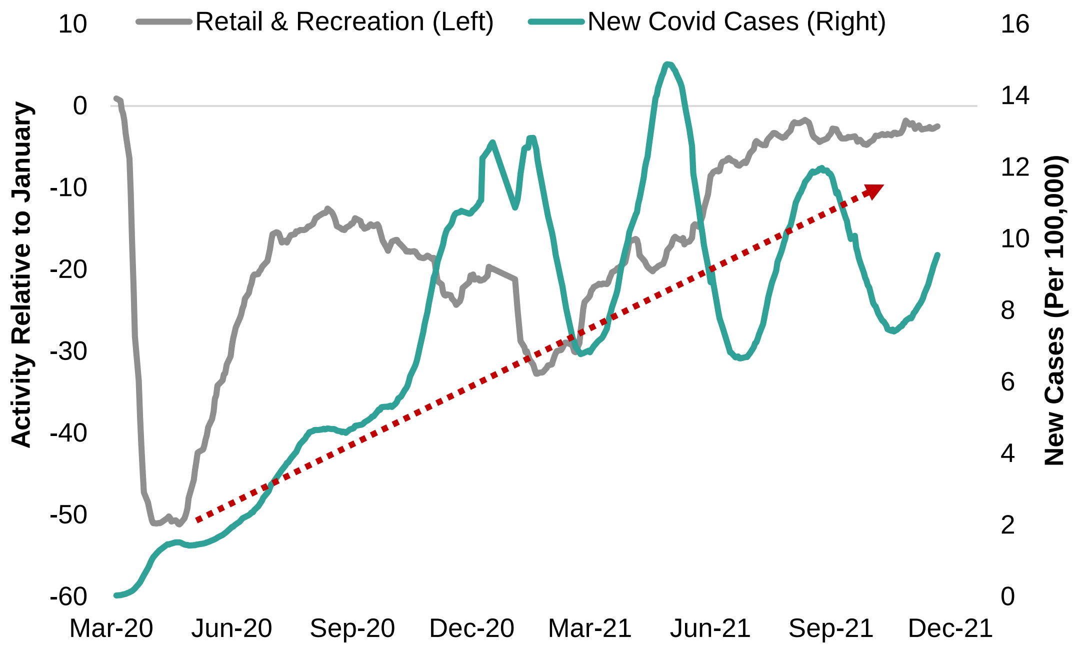


Source: Haver Analytics, OCIS as of December 4, 2021

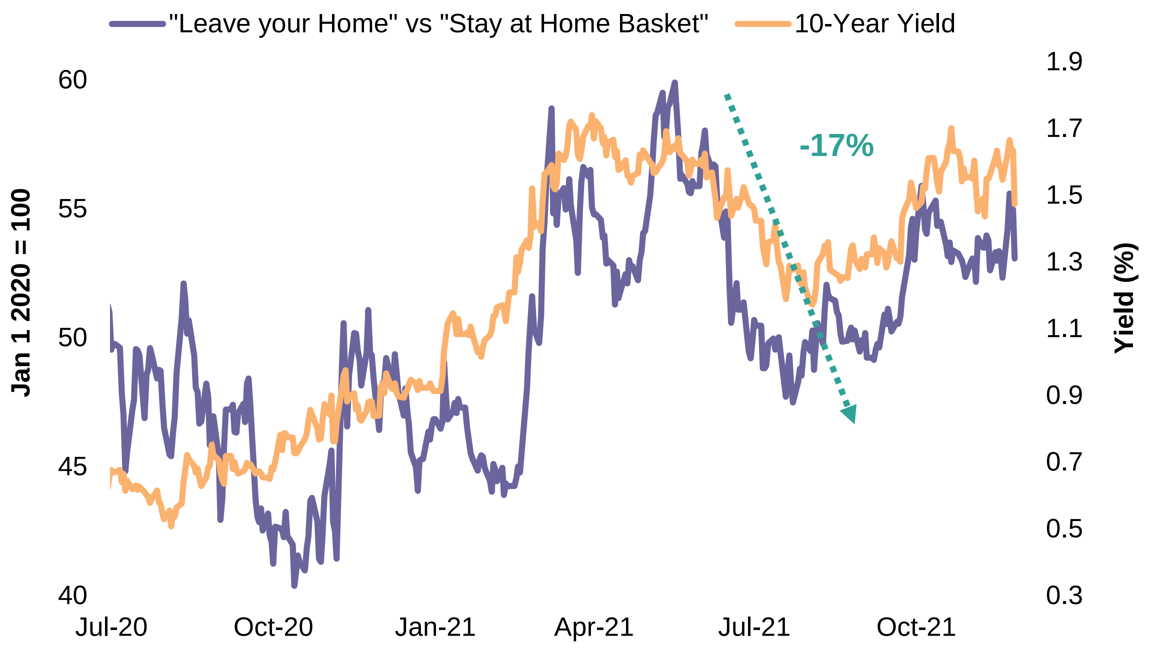
Impact of COVID variants is waning, but still a driver of particular industries

Economic composition still pivots on COVID restrictions. Omicron is likely to drive another wave of restraint on travel and tourism to the benefit of “stay at home” technologies and “home-bound” goods, DM economies over certain EMs.

Global mobility at retail and recreation sites vs global new infection rate (%)



Citi 'Stay at Home Basket' relative performance to 'Leave your Home Basket' and 10Yr US Treasury Yield %



Source: Haver Analytics, OCIS as of November 26, 2021. “Stay at Home” basket includes names identified to benefit from COVID-related disruptions and a shift to working from home “Leave Your Home” basket includes Buy and Neutral Rated US names in the following sub-industries: Banks, Industrial Conglomerate, Machinery, Oil Gas & Consumable Fuel, Textiles Apparel & Luxury Goods, Energy Equipment & Services, Hotels Restaurants & Leisure, Building Products, Retail REITs, Construction & Engineering, Leisure Products, Airlines, Multiline Retail. 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.

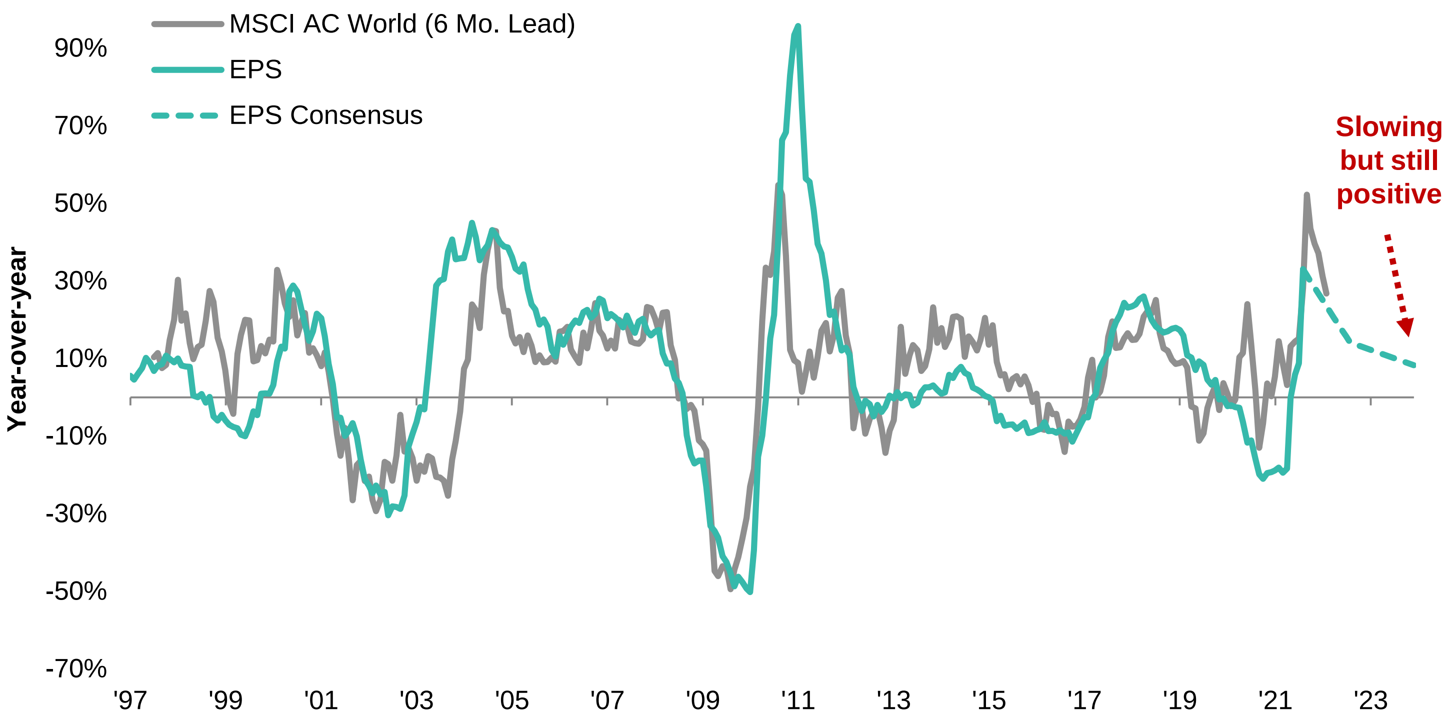
No boom, no bust | 2022 will be unlike either 2020 or 2021

Diminished gains in financial markets: we expect global equities total return of 8% overall, fixed income -1%-0%. We see focused potential investment opportunities with lower risks and similar or higher returns.

Citi Global Wealth GDP growth assumptions (%)

	2020	2021	2022	2023
China	2.4	8.0	4.5	5.0
US	-3.4	5.5	3.5	2.6
EU	-5.9	4.8	3.9	2.4
UK	-9.7	6.0	4.2	2.5
Global	-3.2	5.6	3.8	3.5

Expect global EPS to rise 7-8% in 2022-2023 after 45% rise in 2021

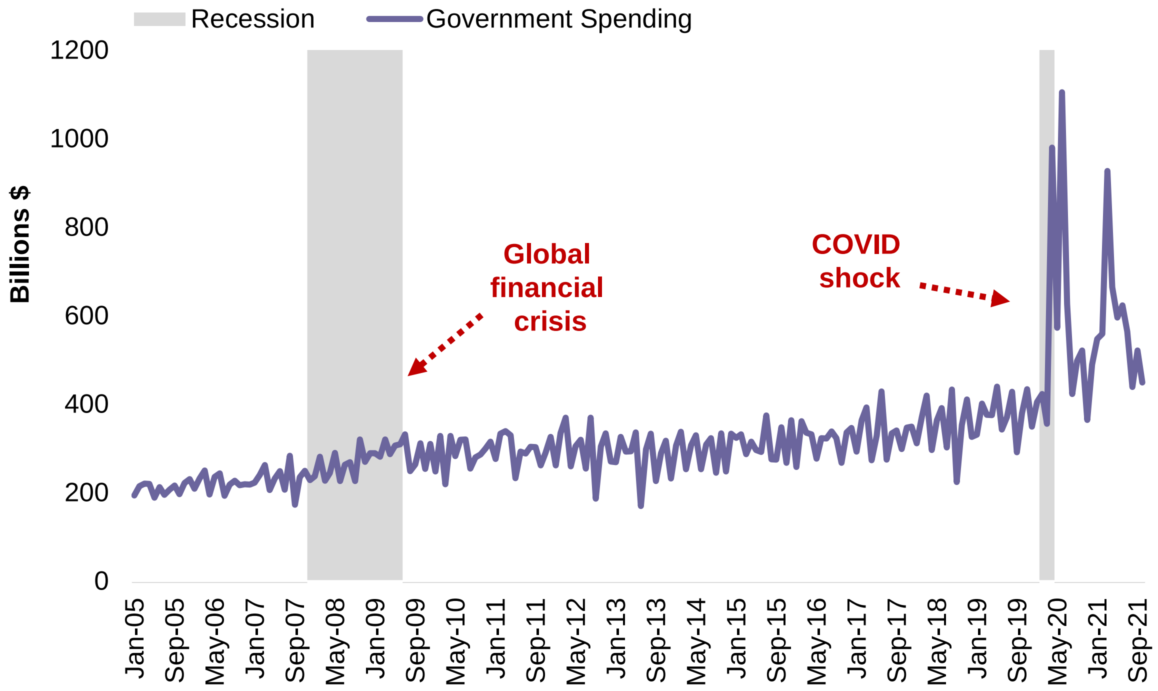


Source: Haver Analytics, OCIS as of November 1, 2021; 6 Mo. Lead: Equity prices tend to anticipate actual earnings releases, MSCI AC World index shows leading earnings by 6 months. All forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee 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.

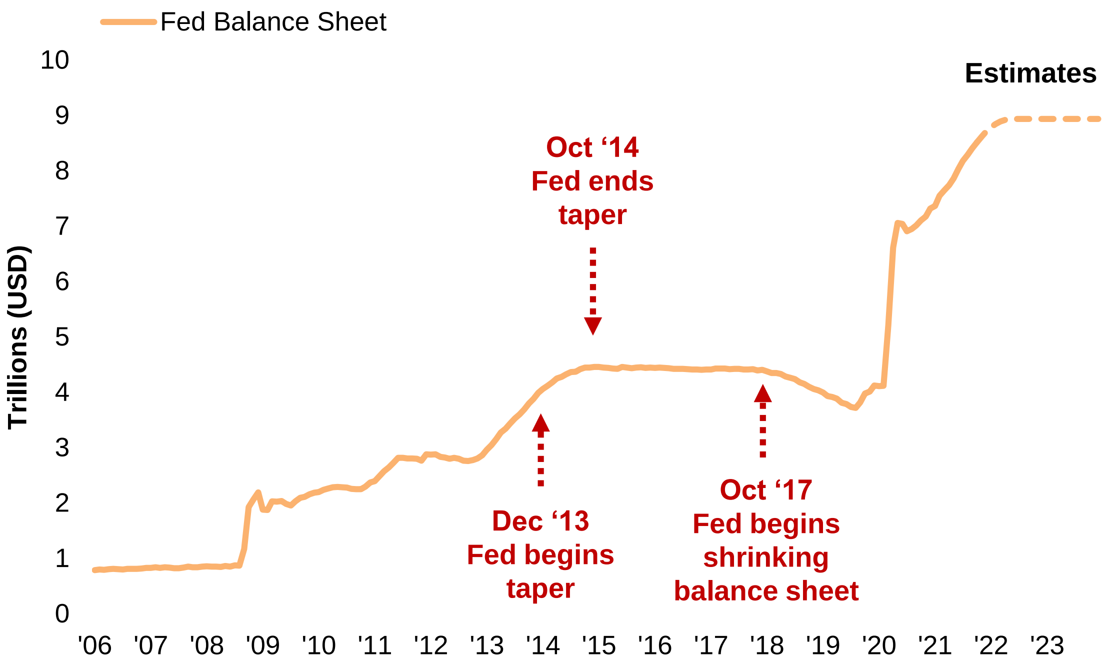
Why will growth slow? Macro-policy transitioning away from crisis stimulus

- Historically large fiscal and monetary “offsets“ to the COVID impact are already history
- Developed market central banks are slowing QE with the Fed likely to raise rates modestly in the next two years, only slowed by Omicron
- Fiscal policy is mildly “relaxed,” but tax/spend plans are minimal relative to the scope of the money-financed COVID spending boom

US federal government spending ($M)



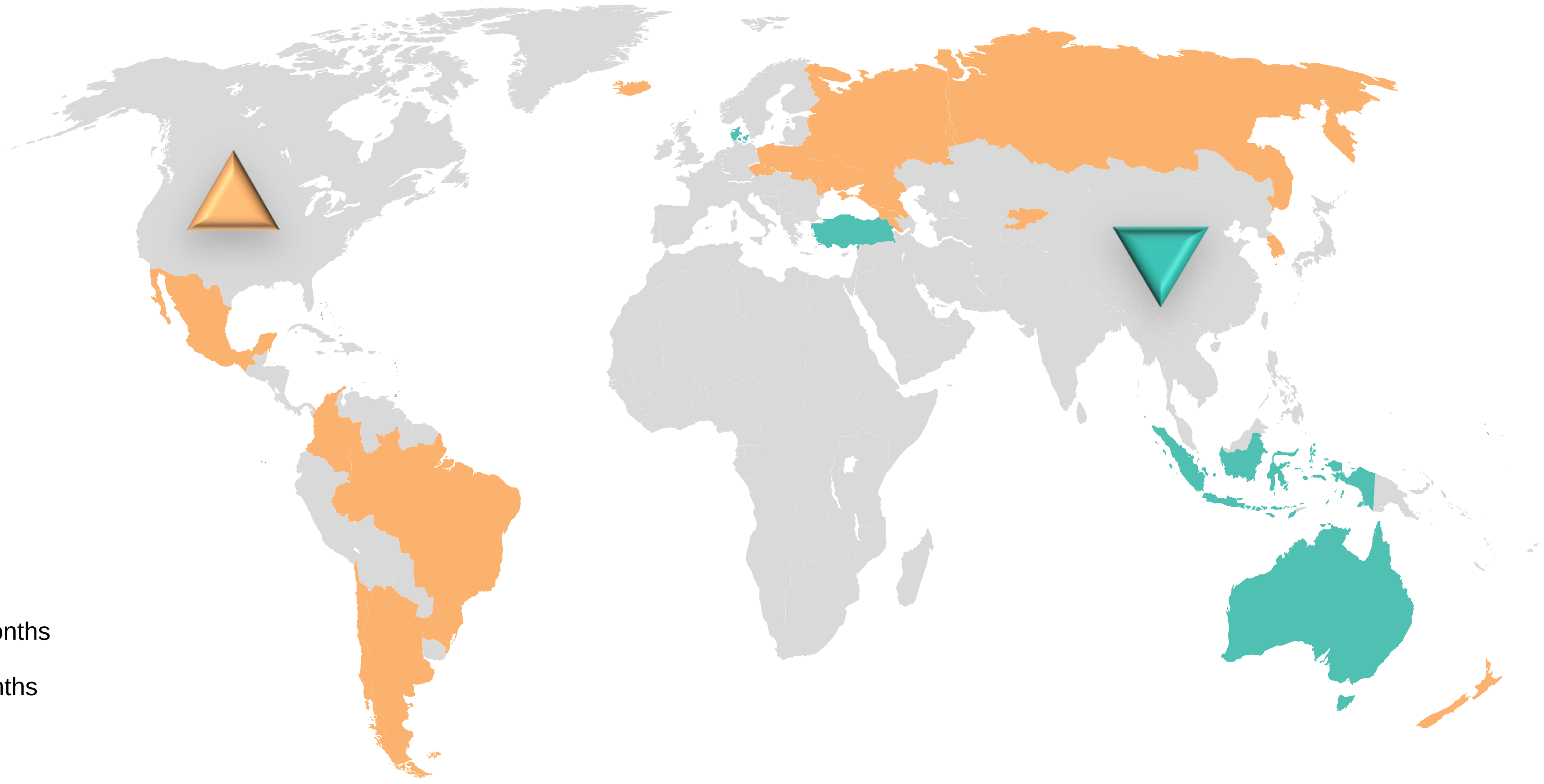
Federal reserve credit outstanding with Fed projection



Source: Haver Analytics, OCIS as of October 31, 2021; 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.

World is transitioning to tighter monetary policy, led by emerging markets

Fed likely to raise interest rates within coming year, China likely to cut.



Rate hike in last 12 months

Rate cut in last 12 months

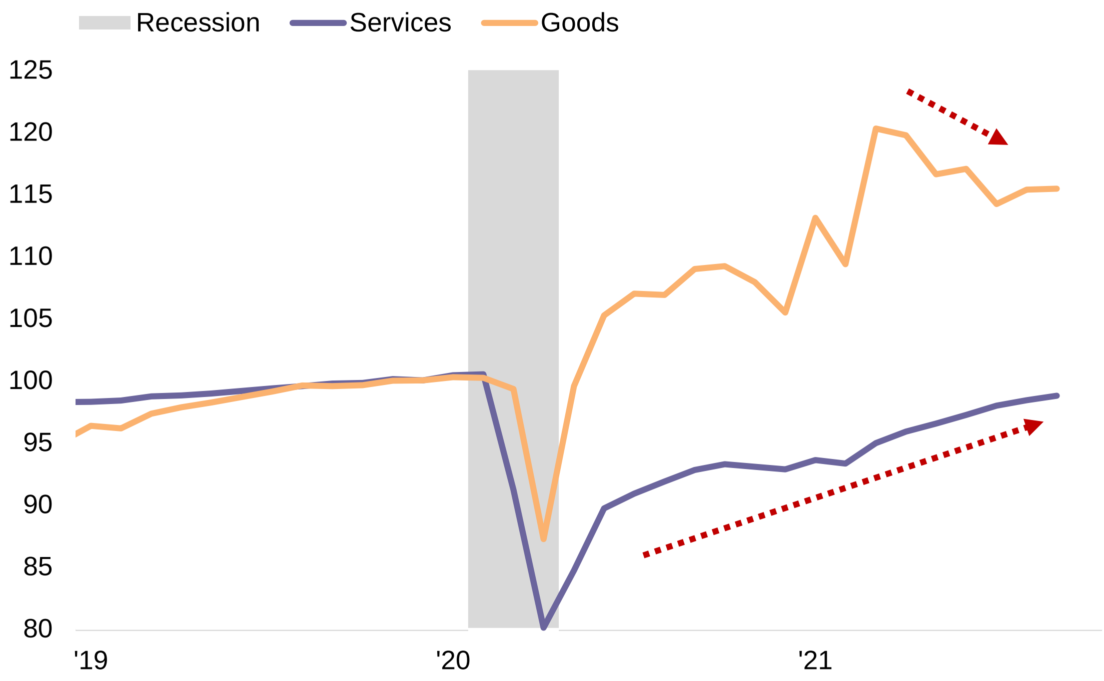
No change

Source: cbrates.com, OCIS as of October 28, 2021. OECD and G20 central bank actions: Pink = interest rate rise, green = interest rate cut, grey = no change

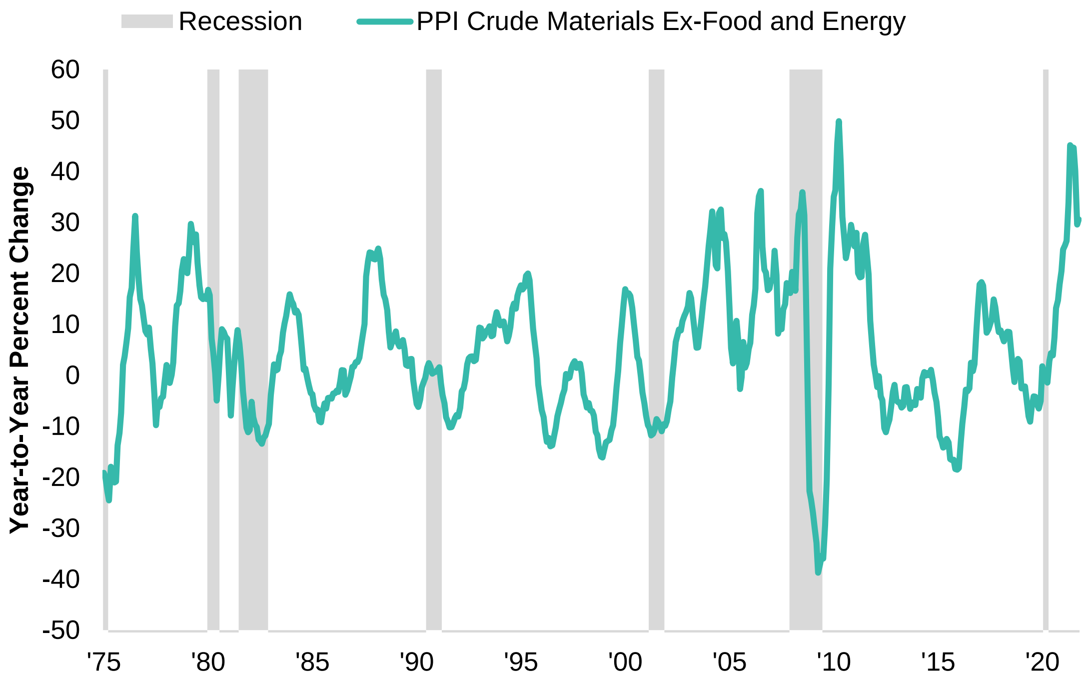
Inflation to be moderately higher in the long run, but COVID distortions abound

Unpredictable and unprecedented demand swings between goods and services won't go on forever.

US goods consumption vs services (real USD)



Raw material inputs for manufacturing (ex-food energy) Y/Y%



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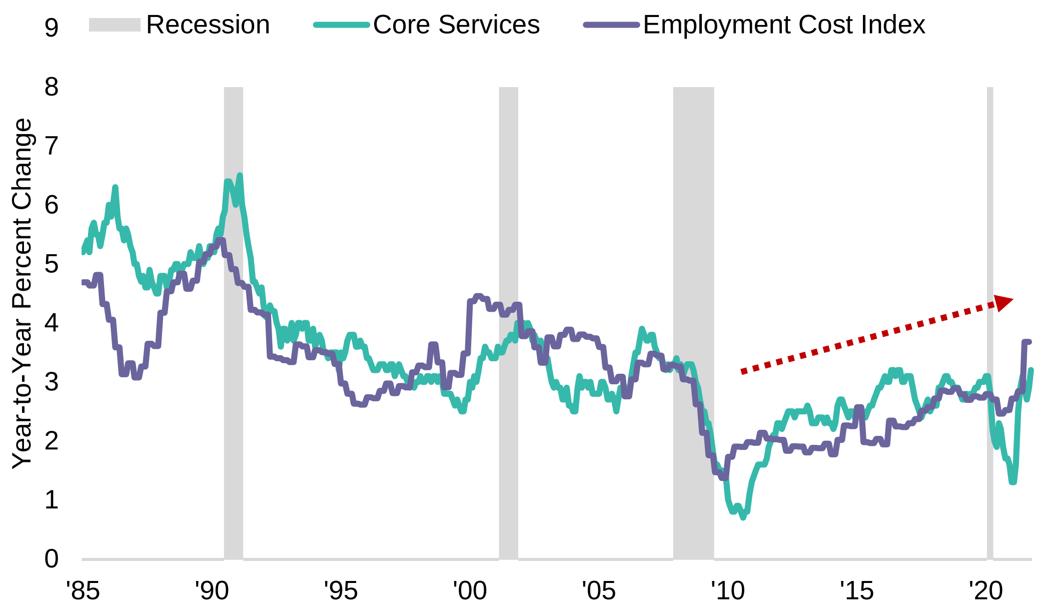
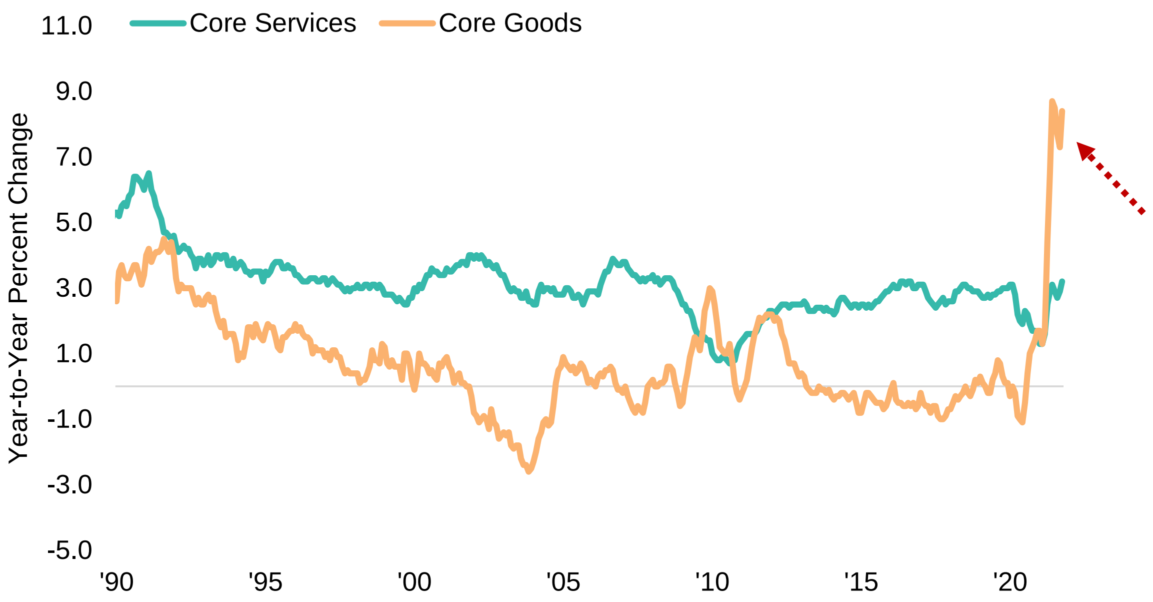
Central banks aim to deliver slightly higher inflation, not hyper-inflation, in coming decade. Spikes in inflation in 2021 have little to do with this

- We expect higher inflation rate in next 10 years than last 10 years
- Government spending and income supports have shown to be inflation drivers. However, the spur has largely ended
- Composition of inflation still points to COVID distortions as the primary driver of 2021's inflation spike

Wages are now accelerating, but related prices and wage growth rates are in historically normal bounds overall



If wage acceleration is now the inflation story, why are imported goods surging in price while services are only firming mildly?

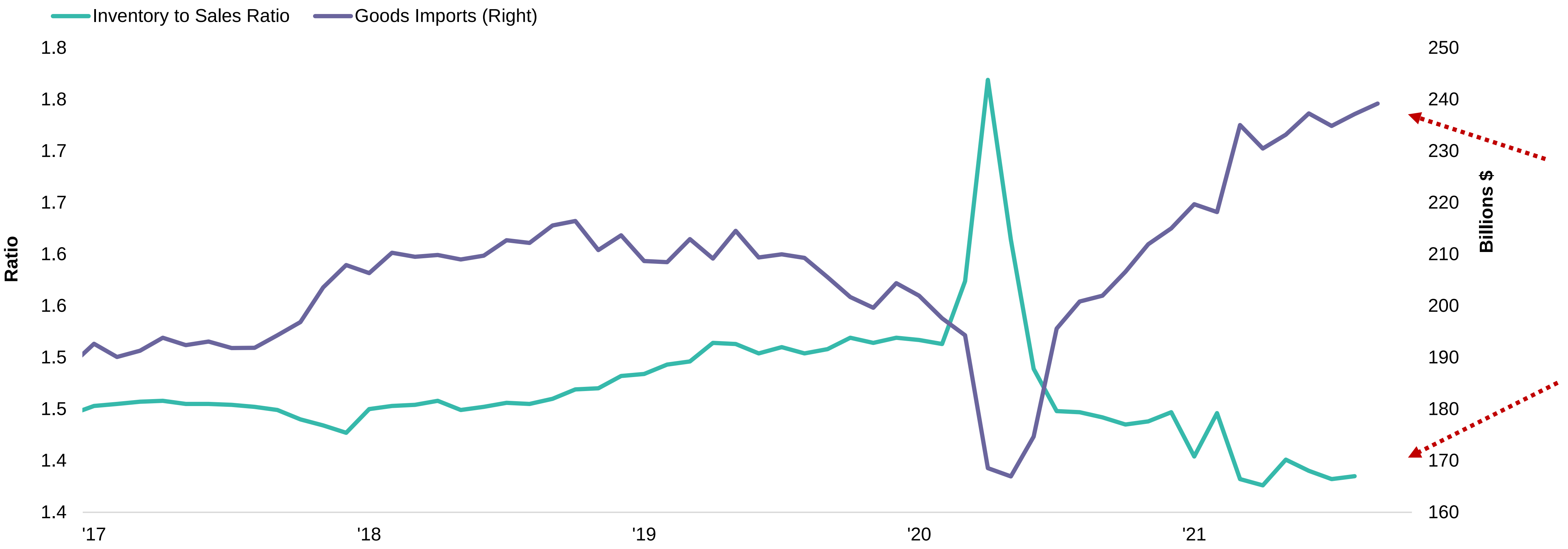


Source: OCIS, National sources, Haver Analytics and FactSet as of October 19, 2021. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary. All views/forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events.

Services recovery is strong. Manufacturing still has a “tailwind”

Manufactured goods inventories are undesirably low, leaving global trade growth and production solid into 2022. Demand growth should moderate as stimulus is not repeated, and goods demand is satisfied.

US goods imports vs US business inventory/sales ratio



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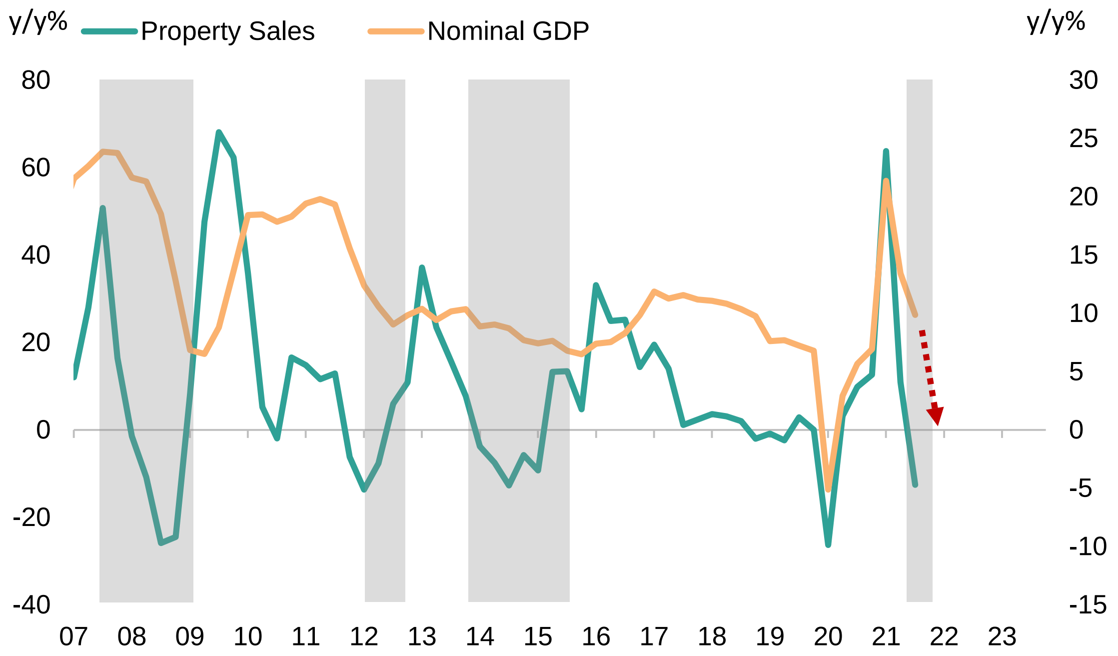
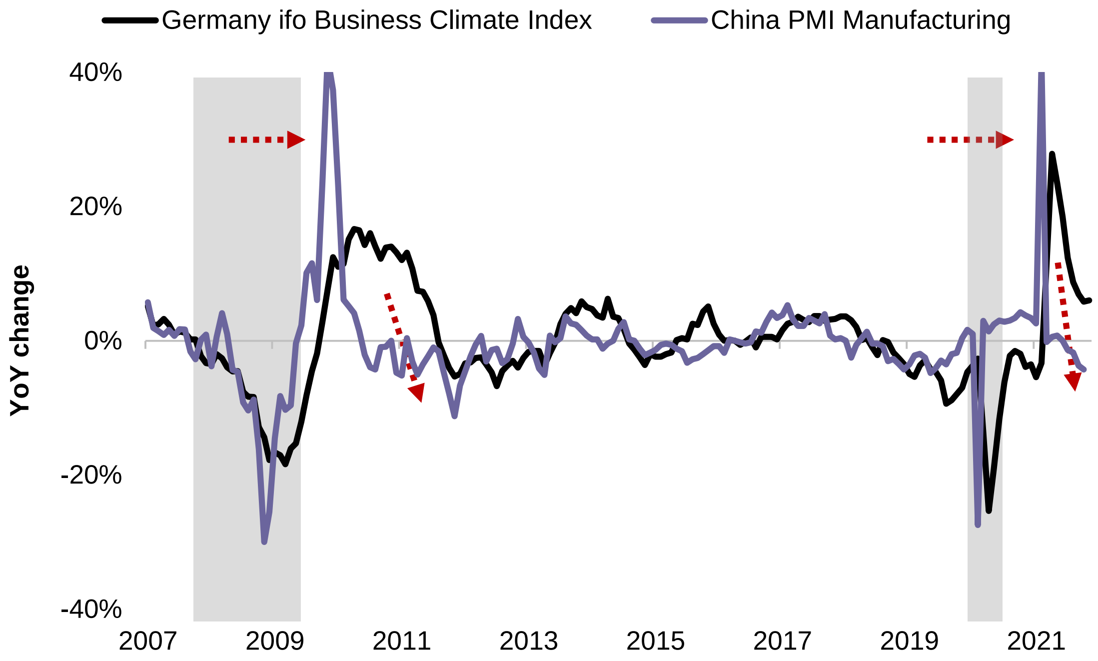
Against larger positives, China's property sector downturn may be sizeable growth depressant through 1H 2022, impacting some exporters to China and commodities

Forthcoming easing steps are likely to boost China's economy, but a sizeable growth acceleration will take until 2H 2022. Omicron is a notable risk for China.

Property sales plunge pointing to further slowing in China's GDP growth



China manufacturing PMI vs German IFO trade and industry confidence Y/Y%

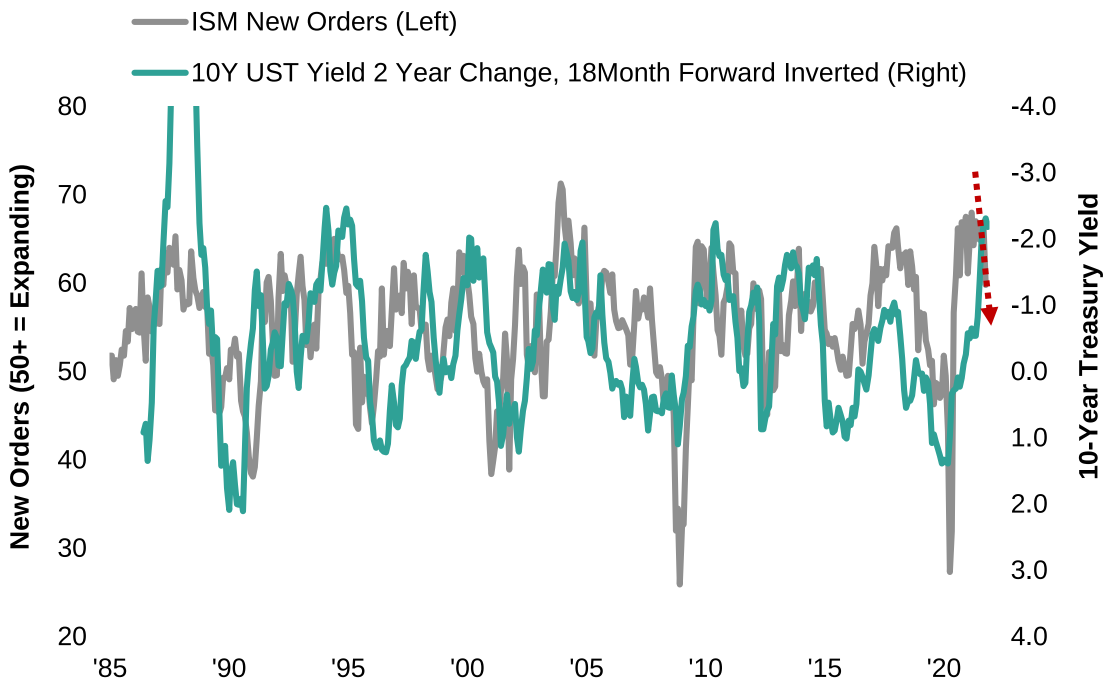


Source: Haver Analytics, Bloomberg as of October 14, 2021. Shaded areas denote recessions. All forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events. Indices are unmanaged. An investor cannot invest directly in an index. 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.

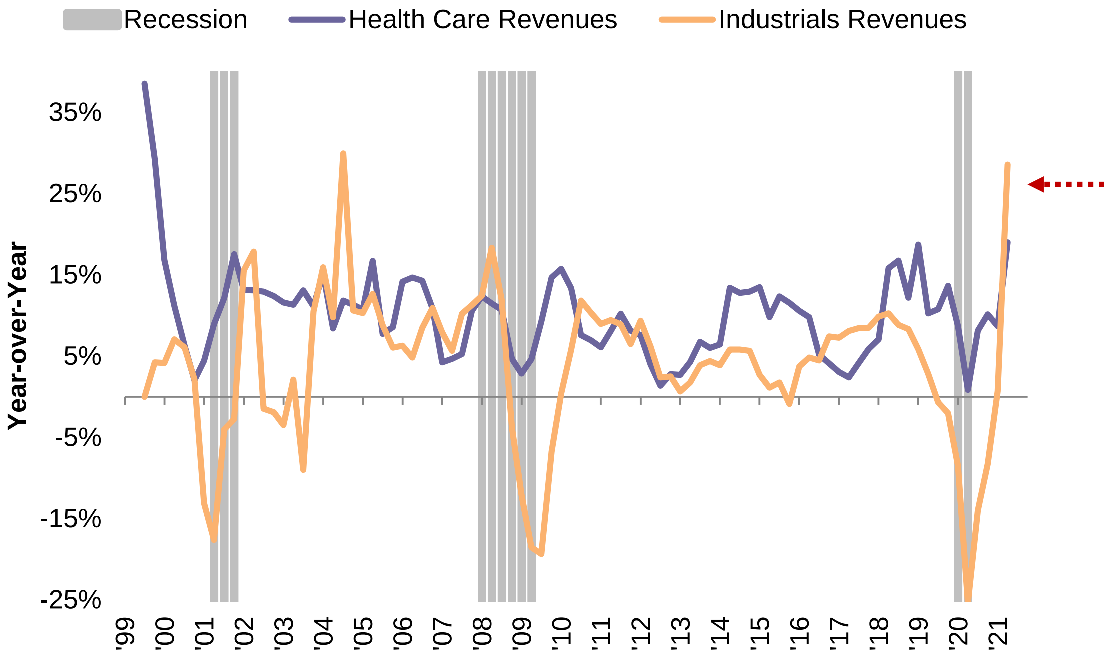
We see cyclical industries at their peak growth rates now

- Bond market anticipates the course of monetary policy, which is itself responding to a peak acceleration in growth
- Combination of rising yields and “catch up” growth in manufacturing point to a moderation in economic growth ahead

Two-year change in US 10-year Treasury yield leading US manufacturing orders PMI



S&P 500 healthcare and industrials sector revenues Y/Y%



Source: Haver Analytics as of October 18, 2021. Gray shaded areas are periods of US recession. 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. For illustrative purposes only. Past performance is no guarantee of future results. Real results may vary.

What has happened when manufacturing growth slowed early in an expansion?

In subsequent 12 months, S&P averaged:

10.8% TOTAL RETURN

positive 8 of 9 times

(excluding new recession periods)

In the two cases when new recessions occurred, S&P averaged:

7.0% TOTAL RETURN

11 cases

-9.7% average in two periods

WHAT GENERATED THE TWO RECESSIONS?

OPEC Oil Embargo | October 1973

Fed pushing policy rate to 14% | June 1981

WHAT WORKED WELL?

Defensive industry sectors routinely outperform cyclicals (ex. healthcare and staples vs industrials and materials)

Large caps routinely outperform small cap equities

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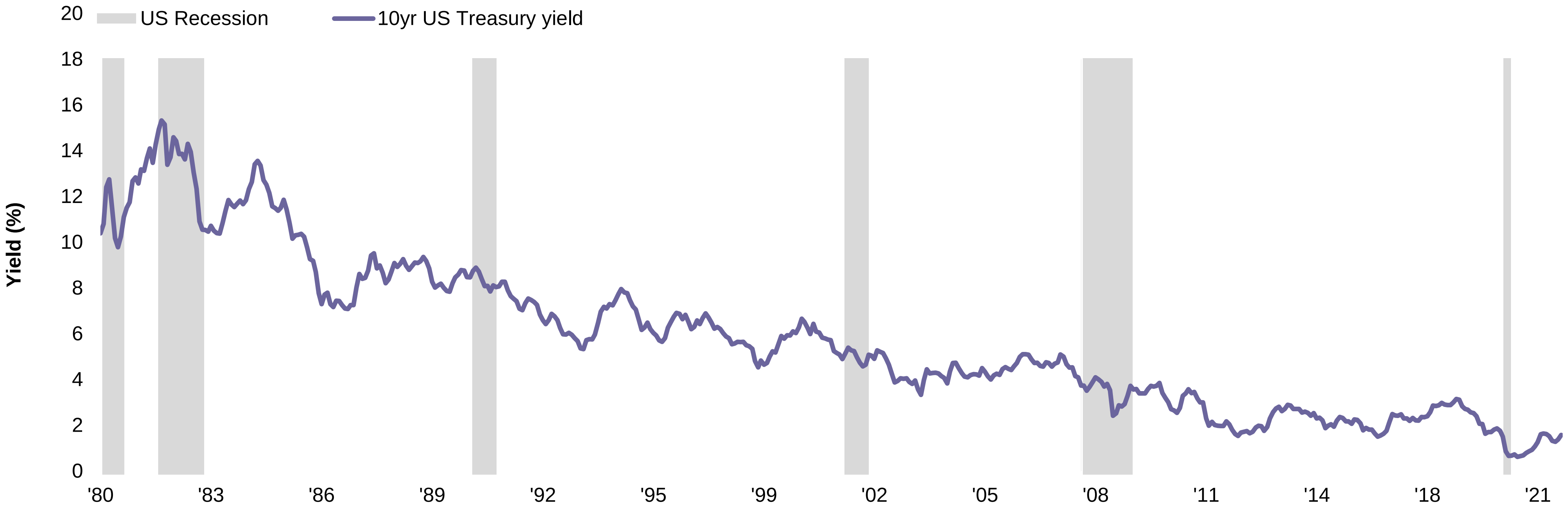
Since 1985, long-term US government bond yields haven't sustained more than a 150 bp rise in a new recovery

- We see 10-year UST yields at 2.1% by end 2022, but any letdown in global growth could prevent the rise
- Coming decade may finally see an end to the secular bull market in bonds, but not rapidly given excess savings globally

Global equities vs US 5-Year Treasury total return Y/Y%
1/4th the volatility, negative return correlation (-44%)

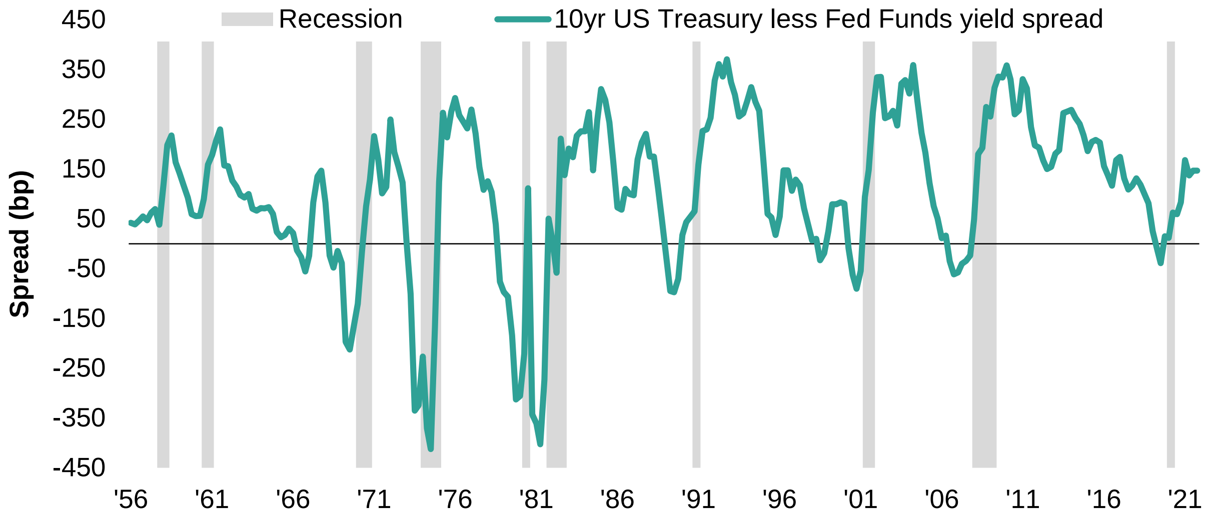


Source: Haver Analytics, Factset as of October 31, 2021. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

As the cycle ages and the yield curve flattens, certain equities benefit more

- Rejoice or recoil as the yield curve steepens?
- As the policy easing cycle ends, and returns moderate, there isn't scope for all assets to rally together
- Groups like banks and fintech, energy and clean energy should trade with negative correlation

US 10-year Treasury less Fed funds rate (%)



Groups and styles share price performance, correlation to movements in the US yield curve

Index	Q1 '21 Performance	Implied YC Sensitivity (% of EPS after 2023)	Correlation to 3m10y	Rank
Banks	15%	70%	0.39	1
Energy	18%	71%	0.00	2
Diversified Financials	9%	81%	0.37	3
Autos	5%	78%	0.16	4
Capital Goods	9%	84%	0.15	5
Insurance	7%	73%	0.23	6
Materials	6%	75%	0.08	7
Real Estate	6%	82%	-0.33	8
Russell Value	11%	81%	0.21	9
Global High Dividend	6%	71%	-0.10	10
Semis	11%	86%	0.09	11
Telecommunication Services	4%	75%	-0.07	12
Consumer Durables & Apparel	2%	86%	0.02	13
Div. Growers	9%	83%	0.04	14
Media & Entertainment	7%	88%	0.02	15
Transportation	7%	84%	0.09	16
Consumer Services	5%	91%	-0.10	17
Food Beverage & Tobacco	0%	83%	-0.29	18
Health Care Equip & Svcs	2%	87%	-0.07	19
Com & Prof Services	2%	89%	-0.28	20
Food & Staples Retailing	0%	86%	-0.01	21
Pharma Biotech & Life Sc	0%	83%	-0.12	22
Utilities	1%	82%	-0.36	23
HH & Personal Prod	-2%	88%	-0.20	24
Tech Hardware & Equipment	-2%	85%	0.04	25
Retailing	1%	89%	-0.03	26
Fintech	3%	89%	-0.15	27
Software & Services	0%	91%	-0.17	28
Russell Growth	1%	90%	-0.09	29
Clean energy	-14%	88%	-0.07	30

Outperform when yield curve steepens

Find balance or stay sane in the middle

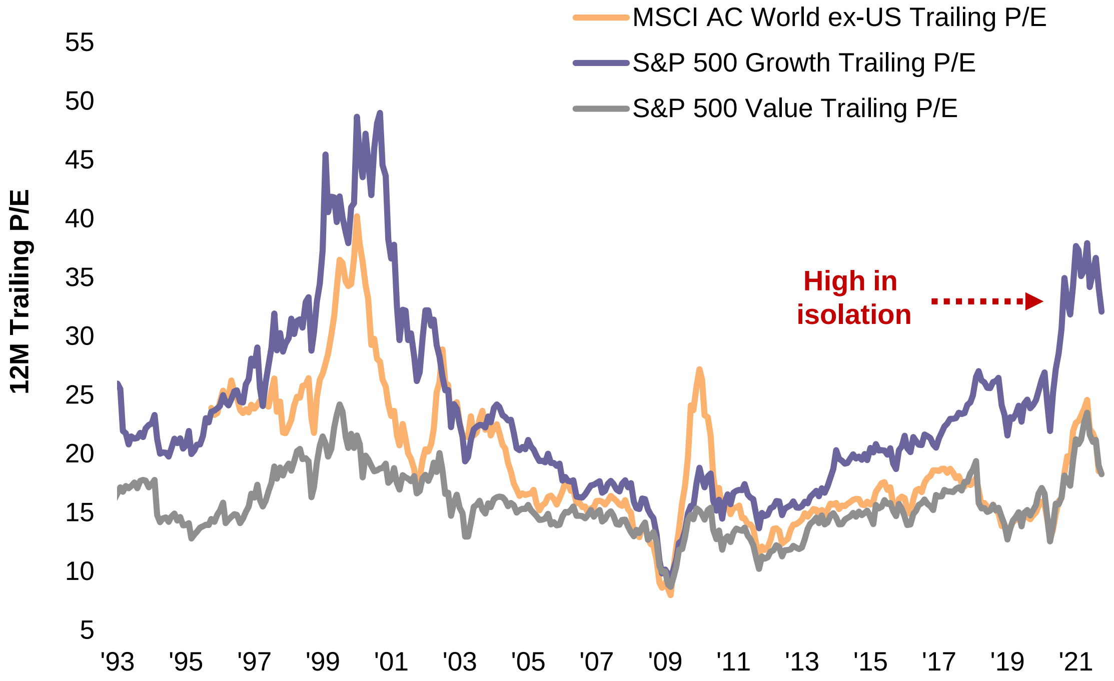
Outperform when yield curve flattens

Source: Bloomberg, Factset, and Haver as of September 23, 2021; Dividend Growers: S&P Dividend Aristocrats. MSCI AC World Industry Groups and the following thematic indices: S&P Global Clean Energy Index, S&P Dividend Aristocrats, MSCI World High Dividend, Factset Global Fintech Index. Implied discount rate sensitivity is calculated as the share of each index price not reflected in 2021-2023 EPS. 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. All forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events.

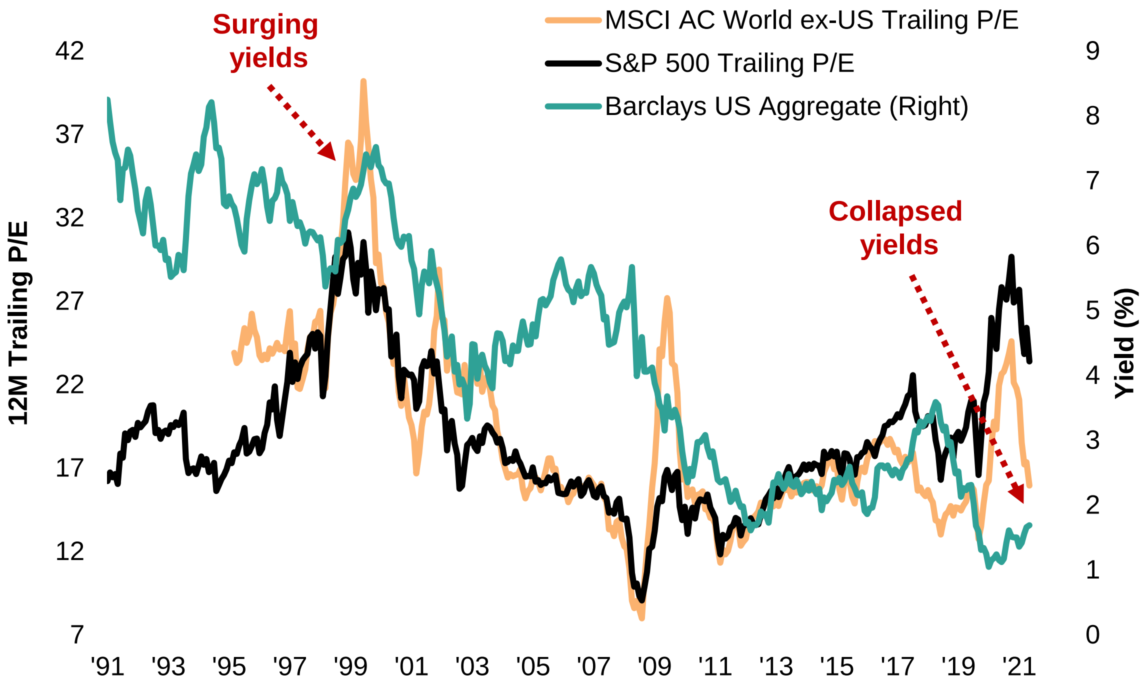
US growth stocks and bonds have high valuations, but only in isolation

If the equity market is in a bubble like 1999, why is it minding bond yields at all? High and rising yields in the late 1990s didn't matter for several years.

**Trailing price/earnings:
US growth, US value and non-US equities**



**Trailing price/earnings:
US, non-US equities vs US bond yield**



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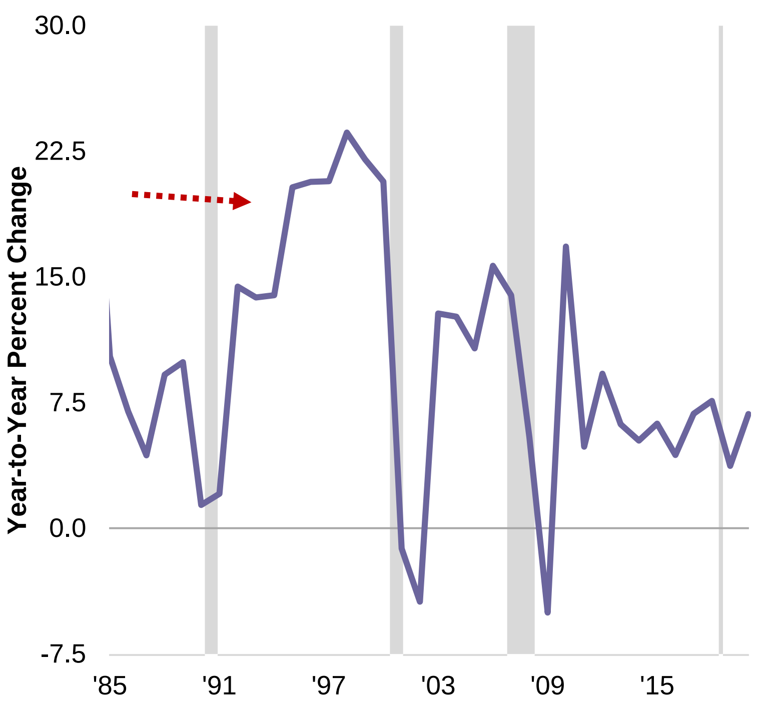
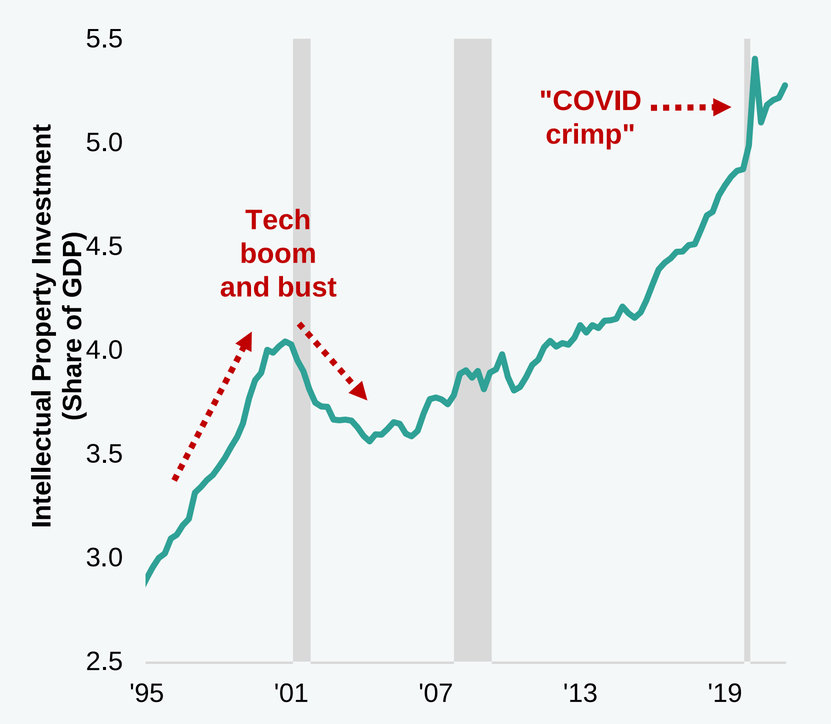
Will tech spending fall in 2022? Not likely

- We do not believe tech-related spending is excessive like 1999
- What we call “tech investment spending” today is simply “investment spending”
- Innovation spending is ubiquitous in most industries. Railroads were once “new technology”

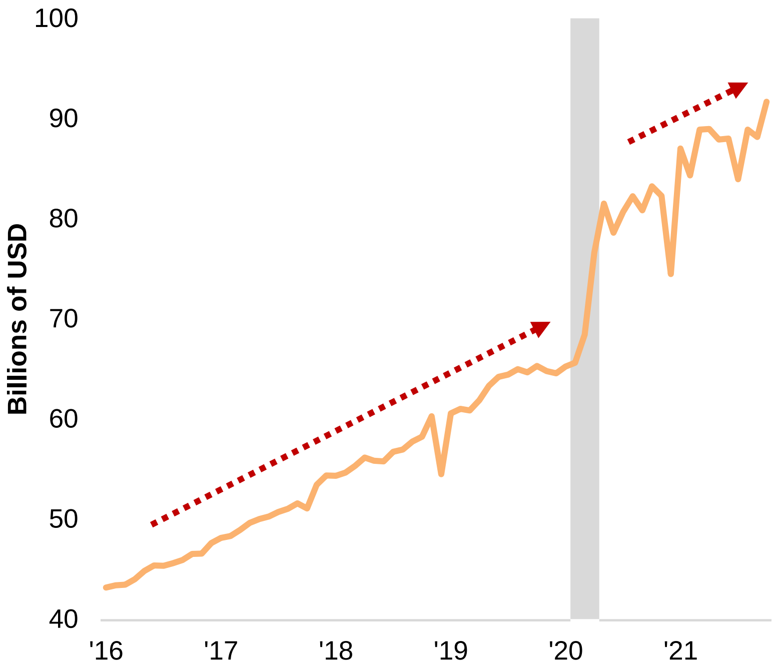
Real investment in IT equipment, annual Y/Y%



Intellectual property investment as % of US GDP



US e-commerce retail sales



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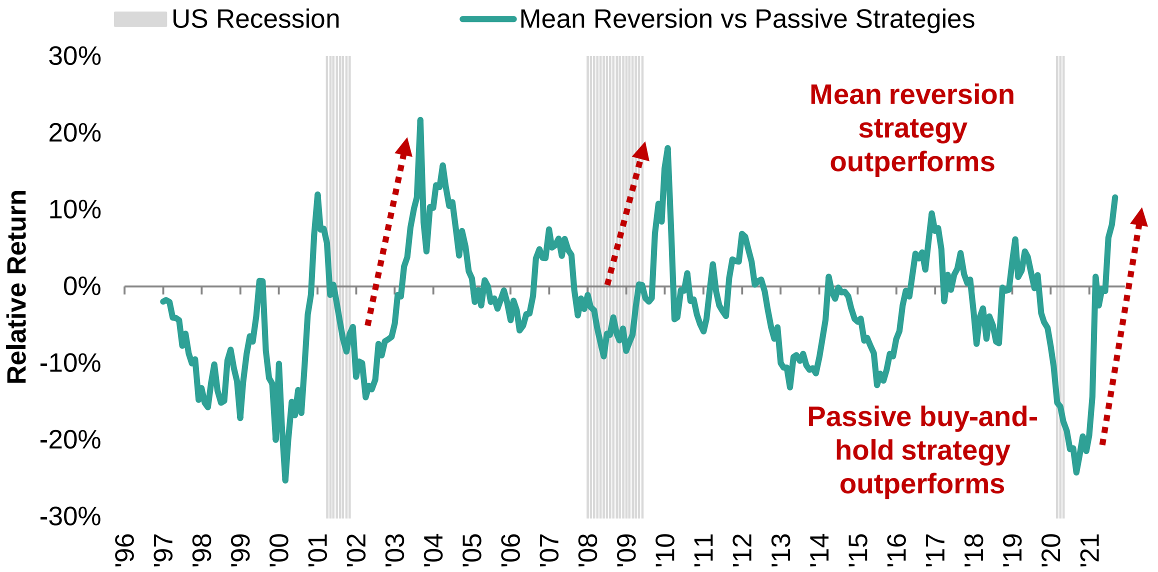
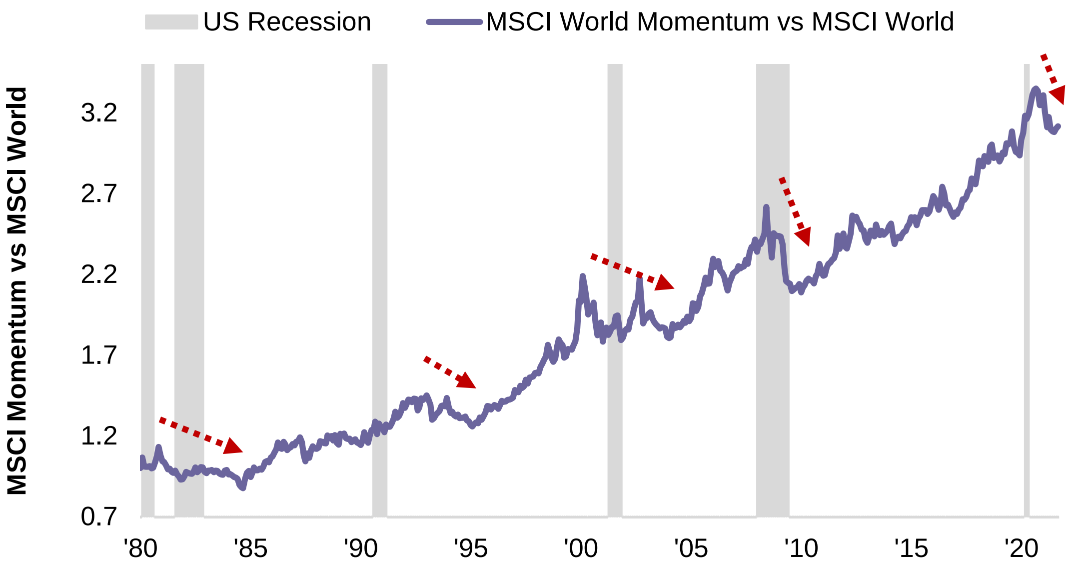
The “mean reversion” theme of 2021 has been retired. COVID cyclicals rebounded

- First year of recovery following recession is very different from other expansion years
- Most beaten down sectors tend to outperform simply by “surviving to see recovery”
- Mean reversion strategy predicted outperformance for energy, financials, small caps and cyclical emerging markets
- We have reduced our weightings in SMID and many EMs for a start
- COVID-depressed industries such as airlines should still recover in 2022, but don’t deserve a large share of portfolio capital

Mean reversion | Relative returns of strategy overweight the prior year’s worst performing equities



Trend-following | Relative returns of strategy overweight the prior year’s best performing equities



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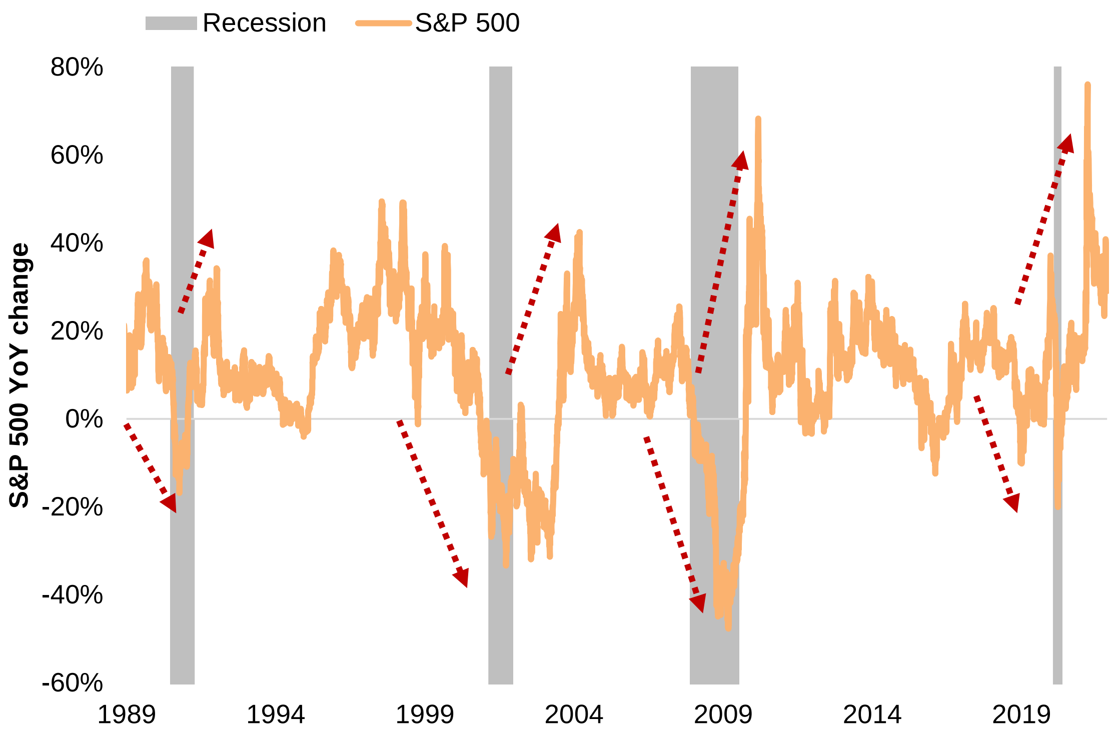
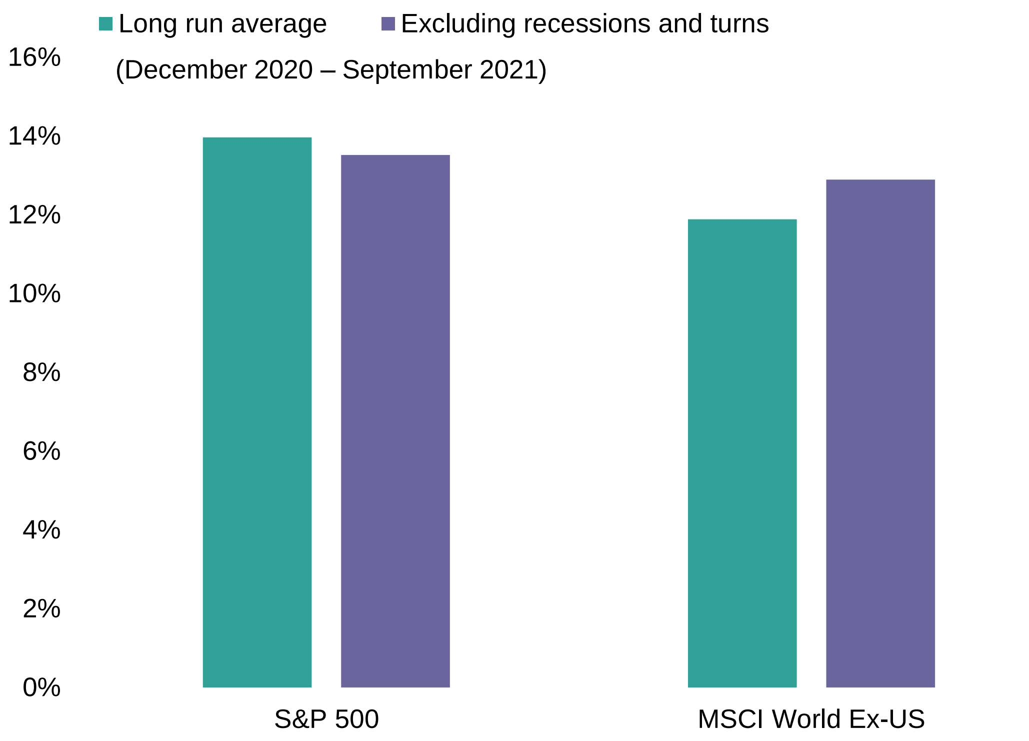
Global equity returns were positive 9 of 11 years following the recovery of 2009

Mid-cycle returns can be quite attractive if recent history is a guide.

Recessions/recoveries drive the big swings down and up…



…but "mid-cycle" returns are roughly the same as long-term returns

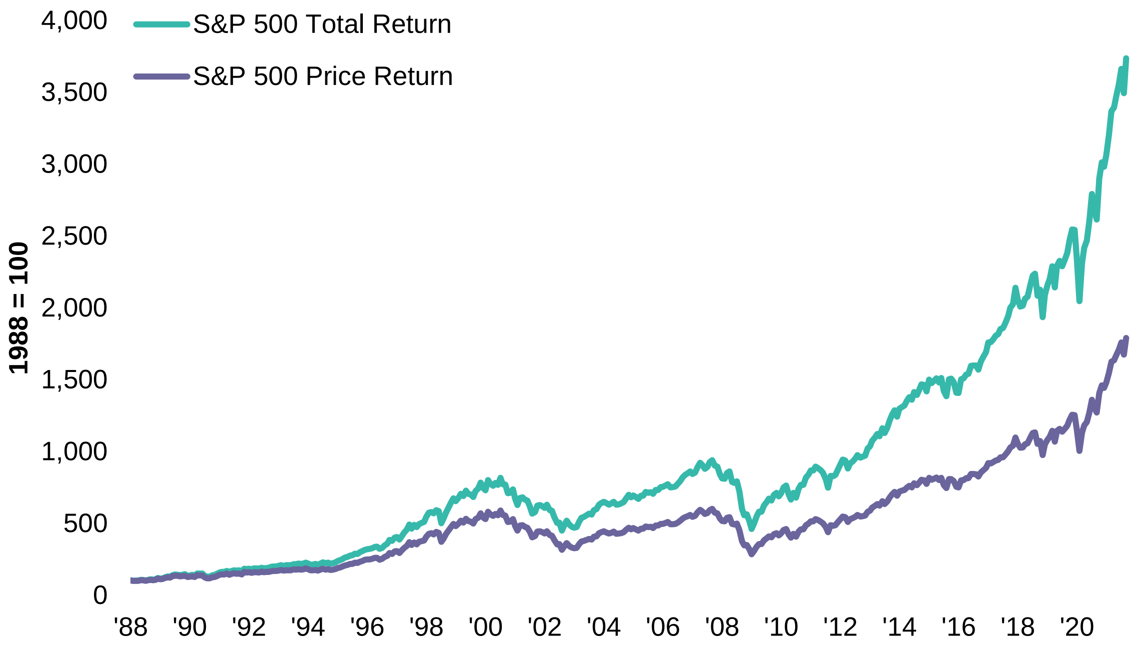


Source: Haver as of September 30, 2021. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

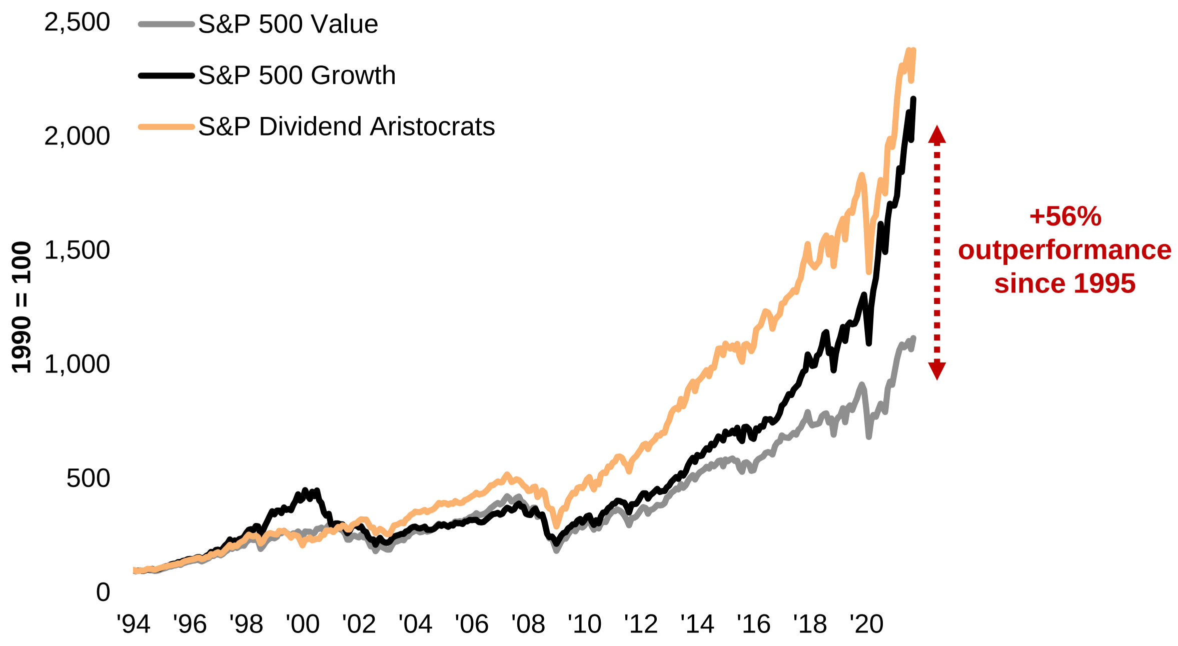
How to potentially outperform broad markets…

1) Consistent dividend growth
2) Good stock selection within growing industries

S&P 500 price return vs total return including reinvested dividends



Quality equity index returns and volatility vs MSCI USA (1995-present)



Source: FactSet as of September 9, 2021. Quality: MSCI US Quality Index. Dividend Growers: S&P Dividend Aristocrats. 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. For illustrative purposes only. This should not be construed as an offer of, or recommendation of companies discussed.

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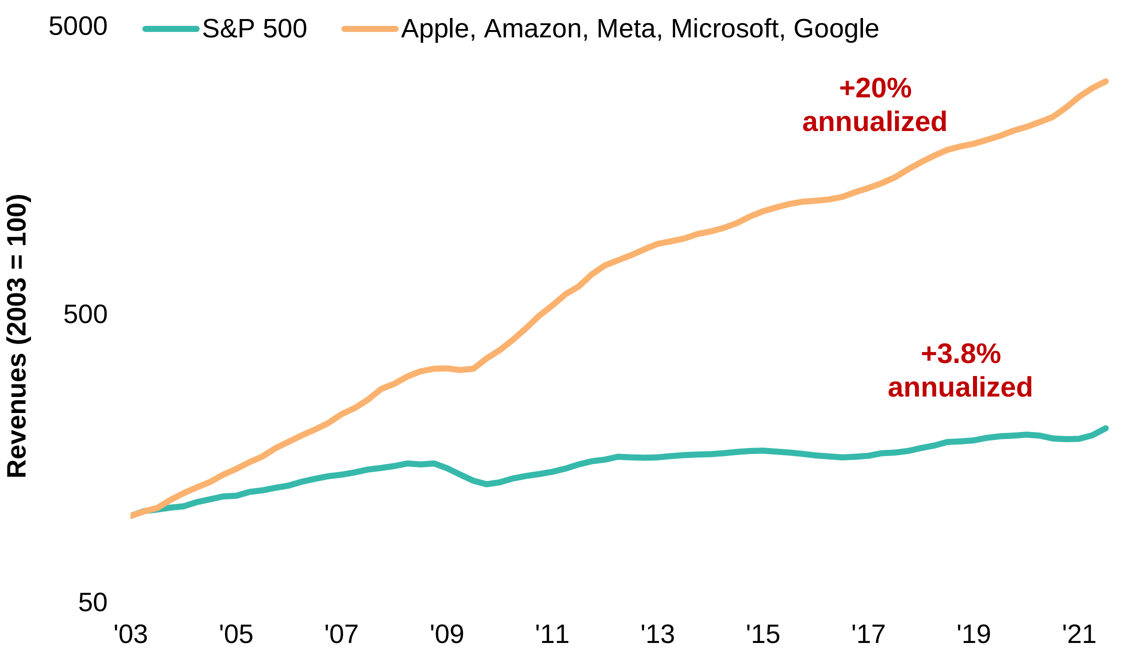
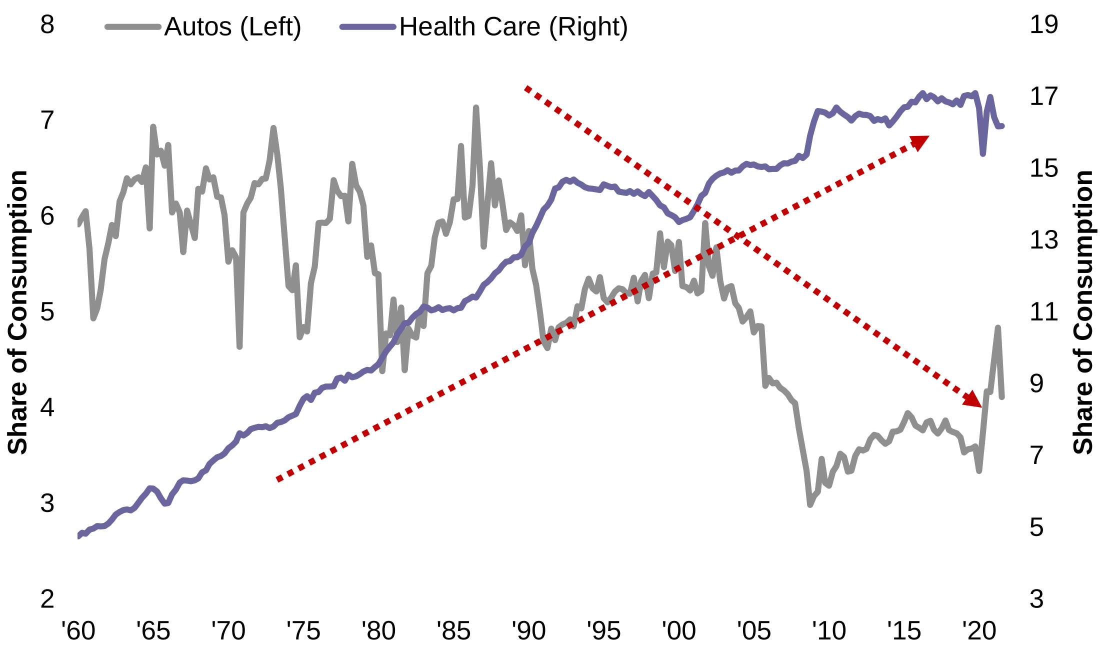
1) Consistent dividend growth
2) Good stock selection within growing industries

S&P 500 revenues vs FAAMG revenues



US healthcare vs autos spending as a % of total consumer outlays



Source: Bloomberg as of November 12, 2021. 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. For illustrative purposes only. This should not be construed as an offer of, or recommendation of companies discussed.

Global Investment Committee asset allocation

Portfolios transitioning to seek sources of sustainable income growth in “mid-cycle” conditions.

DECEMBER 2020

LARGEST OVERWEIGHTS	
+2.0%	Developed equities (non-US)
+2.8%	Emerging markets
+2.7%	Developed SMID
+1.0%	Global equity REITS
+1.0%	US mortgage REITS
+9.5%	**Total equities and REITS**
+1.5%	Gold
+1.0%	US Treasury Inflation Protected Securities (“TIPS”)

LARGEST UNDERWEIGHTS	
-6.5%	European government bonds
-3.2%	Japan government bonds
-2.5%	Cash, short-term US treasuries
-11.0%	**Total fixed income and cash**

DECEMBER 2021

LARGEST OVERWEIGHTS		
+3.0%	Global healthcare	▼
+1.7%	Developed large equities ex-US	▼
+1.5%	US Large Cap Equities	▲
+1.0%	US mortgage REITS	
+0.5%	China equities	
+6.0%	**Total equities and REITS**	▼
+4.0%	US TIPS, intermediate treasuries, IG corporates	▲
+3.0%	High yield debt (loans) and emerging market debt	▲

LARGEST UNDERWEIGHTS		
-6.5%	European government bonds	
-3.2%	Japan government bonds	
-2.9%	Cash, short-term US treasuries	
-1.0%	Global SMID	
-6.0%	**Total fixed income and cash (vs -8% prev)**	▲

10% of total asset allocation in US/non-US dividend growth strategy

Source: OCIS; 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 returns. Real results may vary.

Theme 1

Long-term leaders

Shifting from “rebound investing” to sustain returns

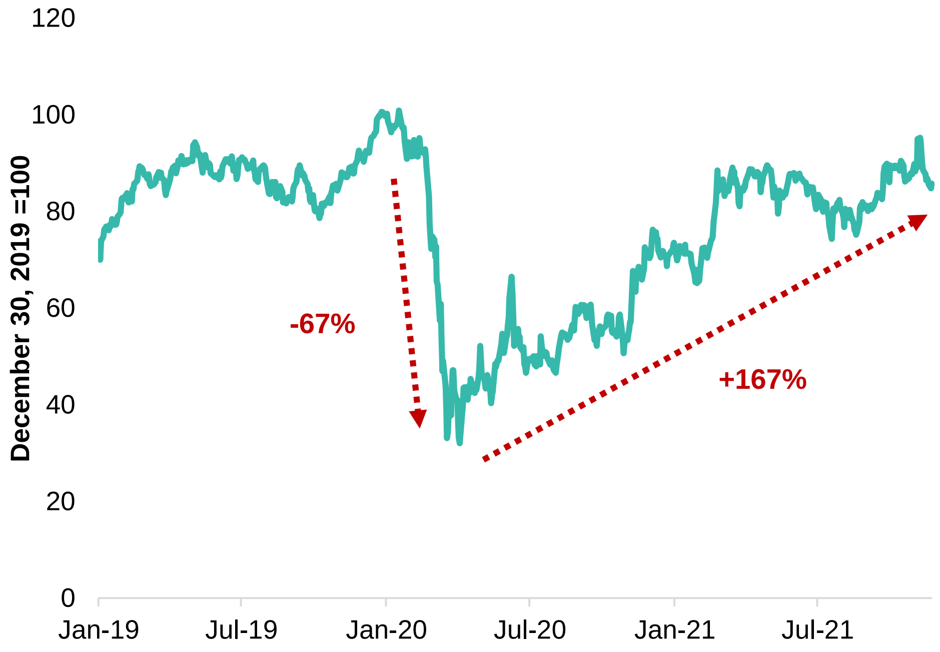
Which industries have the most consistent growth and profits?

- Many industries with strongest returns in 2021 were simply rebounding from the pandemic crash
- After a bust and boom, look for industry leaders who can sustainably return greater capital to shareholders
- No single sector captures this, but IT, healthcare and staples generate ROE and dividends most consistently

"Quality" index attributes and the relative rank of sectors

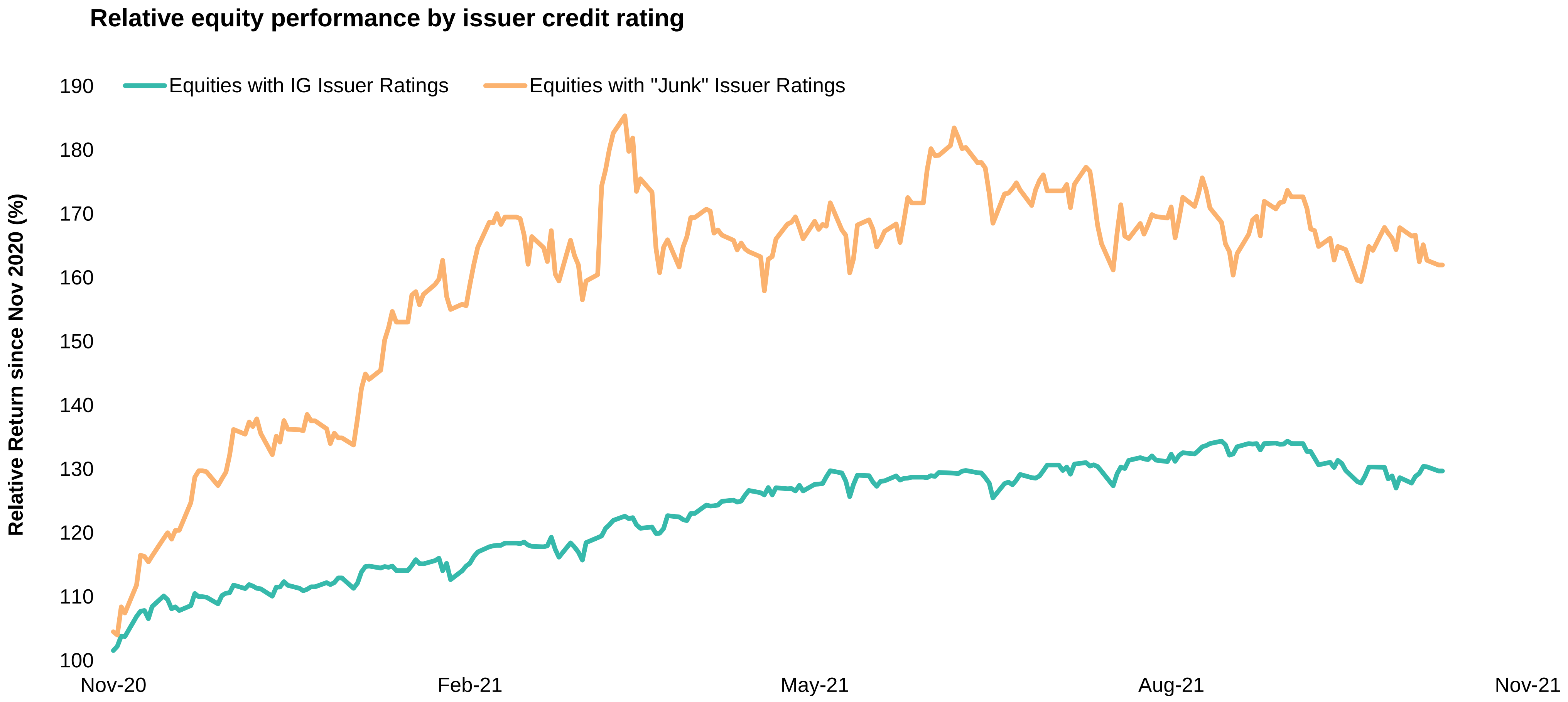
Region	ROE ('22E, %)	Region	Oper. Margin ('22E)	Region	Net Debt to EBITDA (ex-Fin)	Region	Earnings Stability (Std. Dev.)	Region	10yr Div. Growth (CAGR)
IT	25.9	Financials	26.4	IT	-0.21	Healthcare	4.3	IT	14%
Healthcare	22.4	IT	21.7	Cons. Discr	0.51	Cons. Stap	7.2	Healthcare	7%
Cons. Stap	20.7	Comm. Svcs	20.6	Materials	0.77	Utilities	8.2	Cons. Stap	6%
Cons. Discr	16.6	Materials	18.1	Healthcare	1.12	Industrials	18.4	Cons. Discr	5%
Industrials	16.1	Utilities	16.2	Comm. Svcs	1.41	Comm. Svcs	19.4	Materials	5%
Materials	15.9	Healthcare	15.6	Energy	1.44	IT	21.9	Industrials	5%
Comm. Svcs	15.1	Energy	12.0	Cons. Stap	1.70	Financials	25.0	Financials	3%
Energy	11.8	Industrials	11.4	Industrials	1.80	Cons. Discr	28.8	Utilities	0%
Utilities	10.6	Cons. Stap	10.5	Utilities	4.47	Materials	32.0	Energy	3%
Financials	10.1	Cons. Discr	9.9			Energy	45.0		

S&P 500: Hotels, resorts, and cruise lines



Source: Haver Analytics as of November 23, 2021. Green, orange, purple boxes shown to highlight IT, healthcare and staples sectors. 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.

Remember, much of the post-vaccine rally has favored “junk” issuers



Source: Bloomberg as of November 16, 2021. 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. Please refer to the Appendix for additional information and risks regarding options

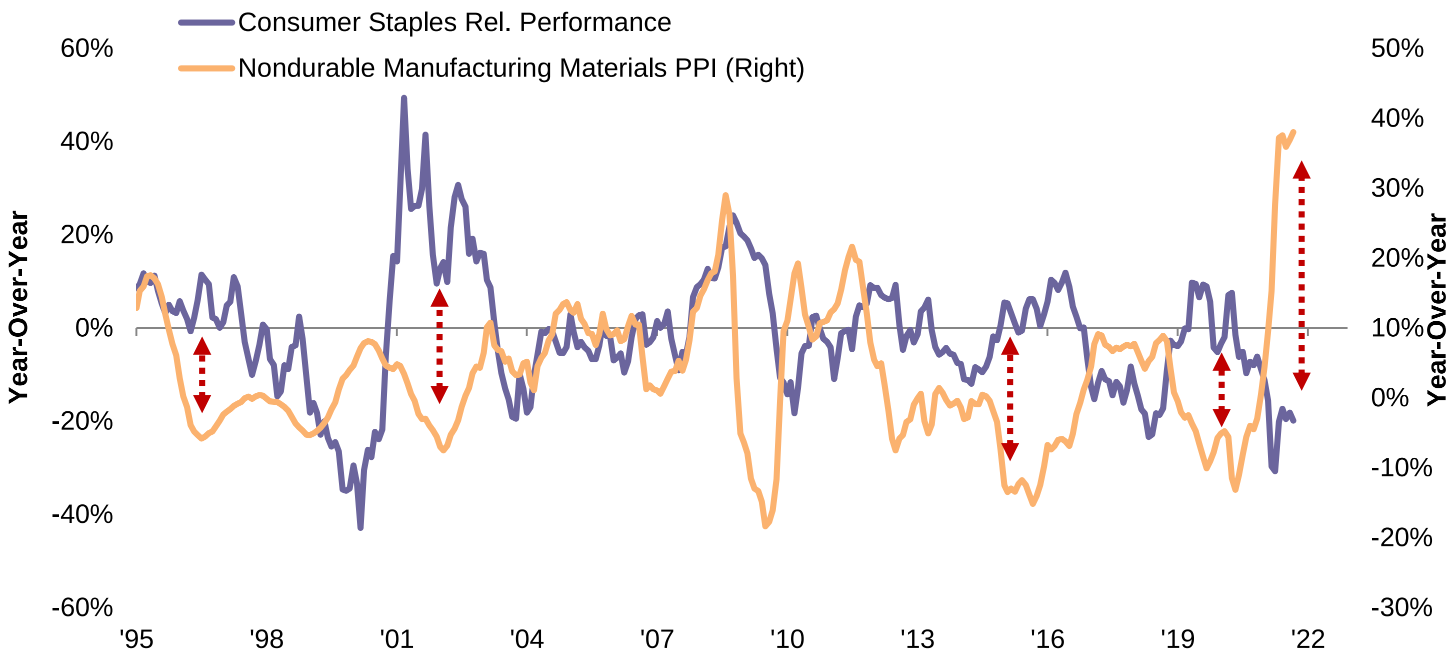
Consumer staples are a large source of consistent growing dividends in US market

Staples are heavily represented in dividend growth indices, which we recommend as a way to potentially boost portfolio quality in a mid-cycle environment.

S&P Dividend Aristocrats Index sector weights

Sector	Weights (%)
Consumer staples	20.8
Industrials	17.9
Materials	13.2
Healthcare	10.1
Financials	9.9
Consumer discretionary	7.6
Technology	6.1
Real estate	4.7
Utilities	4.6
Energy	3.4
Communications	1.4

Global staples dividend relative to global equities



Source: Bloomberg and Haver as of October 28, 2021. 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.

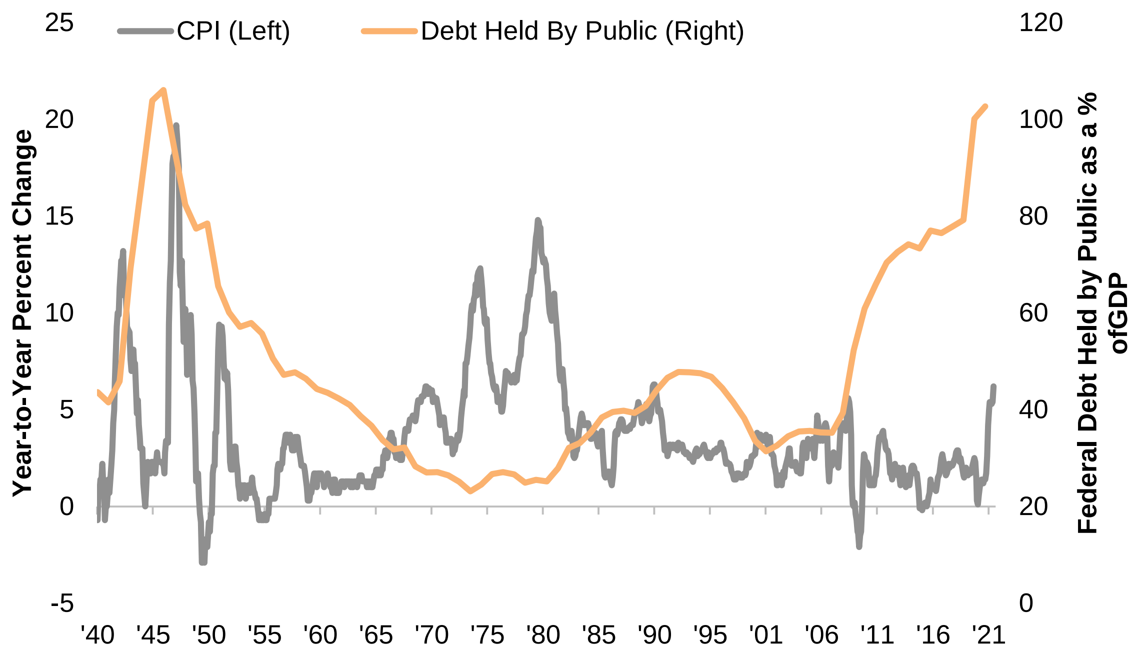
Theme 2

Beat the cash thief!

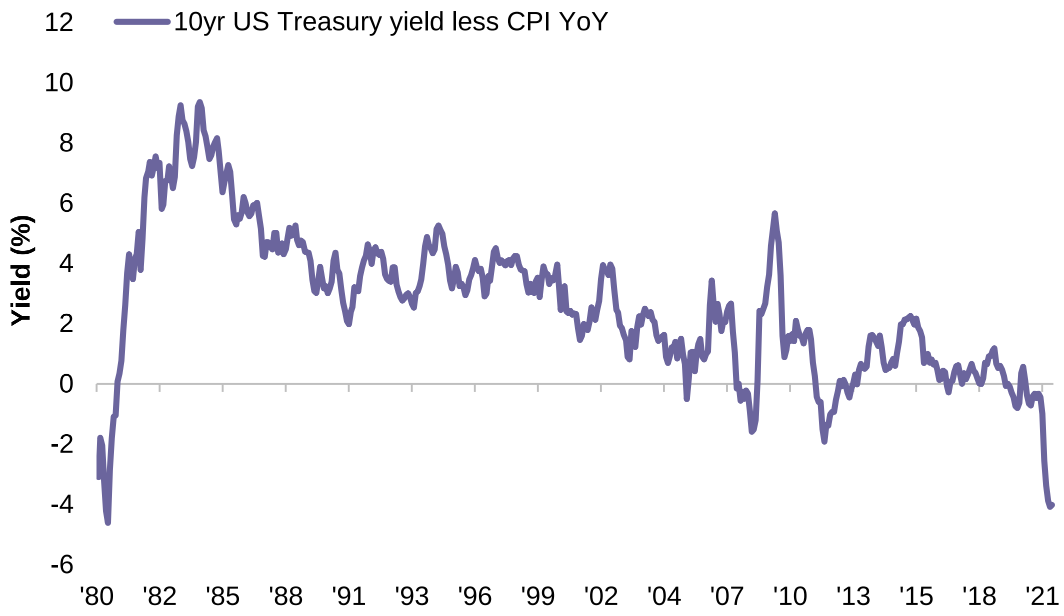
Financial repression occurred after WWII and is reappearing now to manage high debt burdens due to COVID

Central banks will keep real interest rates low to ensure a full recovery post-COVID. This, however, does not mean rates are held at absolute zero forever.

US federal debt as % of GDP and inflation Y/Y%

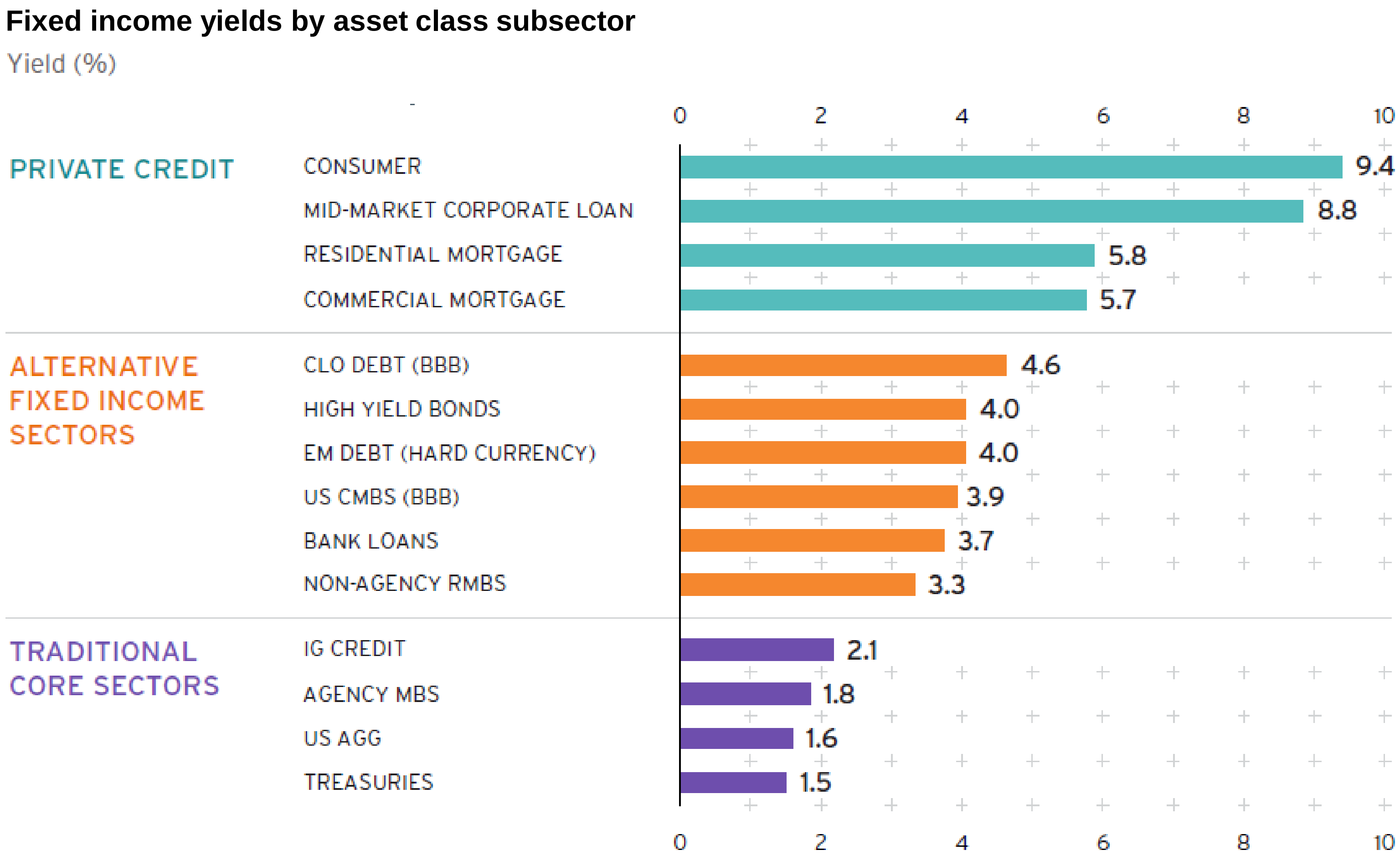


Deepest real yield declines in a generation



Source: Haver Analytics as of October 31, 2021; 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. Past performance is no guarantee of future results. Real results may vary. All forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events.

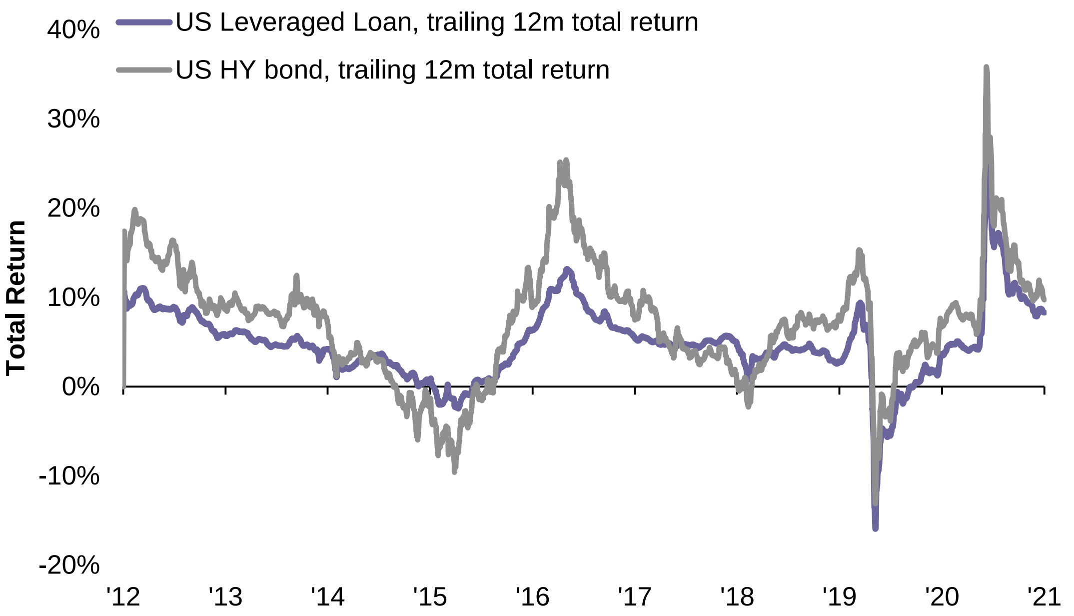
Vast yield differences in fixed income segments, regions, public/private markets



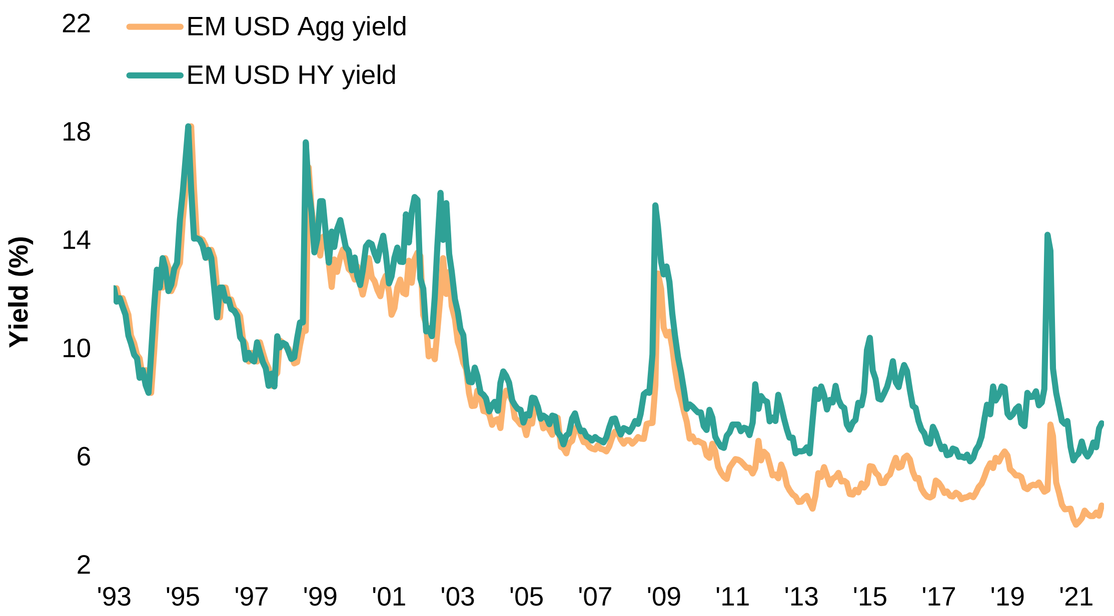
Sources: US-CRE Senior, US Resi Senior and US Corp First Lien data as of June 30, 2021. Consumer data as of August 31, 2021. All other data as of September 30 2021. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Past performance is no guarantee of future results. Real results may vary. All forecasts are expressions of opinion, are subject to change without notice, and are not intended to be a guarantee of future events; Hypothetical example for illustrative purposes only.

Fixed income we like: variable rate loans, TIPS, EM debt
Fixed income we dislike: Europe, Japan, negative nominal yield debt

High yield loans: 4 ½% yield, zero duration, variable rate, just 2/3 the volatility of high yield bond market



Warming up to emerging market debt as yield premia increase

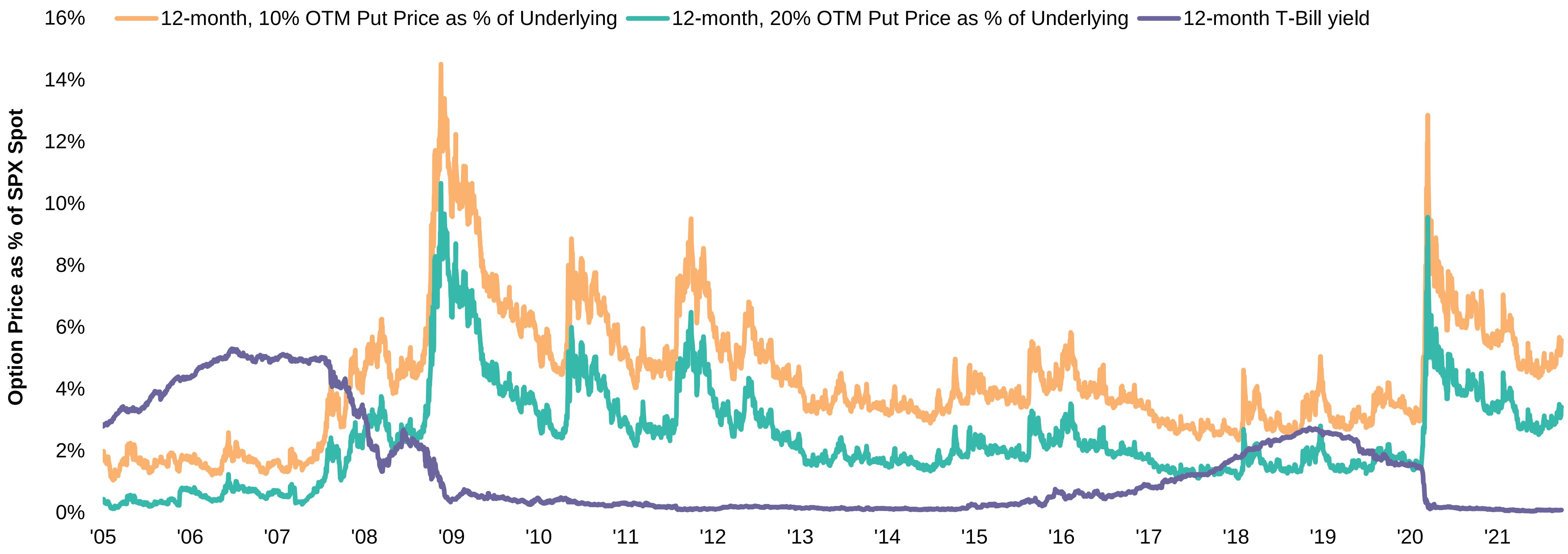


Source: Haver Analytics as of October 19, 2021; Past performance is not indicative of future returns. Real results may vary. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only.

Prefer a lower-risk hybrid strategy for equities and fixed income? Harnessing early cycle market volatility can potentially outperform fixed income

Just like early in the previous recovery, trend level of implied volatility is high with hedgers overpaying for realized volatility.

Yield on T-Bills and 1-year out of the money S&P 500 volatility

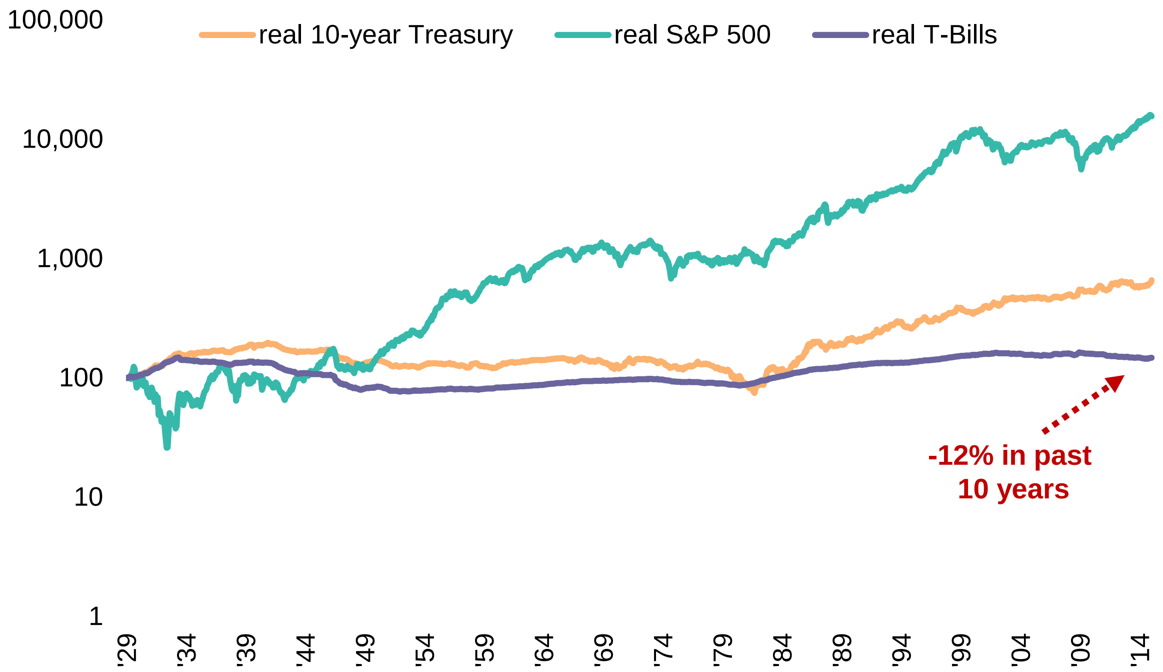


Source: Bloomberg as of September 29, 2021. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary. Please refer to the Appendix for additional information and risks regarding options.

Corporate equities (public/private) earn inflated dollars, unlike most fixed income

Earn income from the real economy and variable rates that can rise.

Real growth, inflation and dividends beat the global nominal bond yield of 1.5%



What if CPI inflation averages 2.5% in next 10 years?

Strategic Return Estimates (SRE) %

	Real SRE	Estimated 10-year cumulative inflation-adjusted
Global equities	1.7	18.4%
Developed IG debt	-0.7	-6.8
Global high yield debt	0.1	1.0
Global EM fixed income	1.1	11.6
US cash	-1.6	-14.9
Hedge funds	1.6	17.2
Private equity	9.1	138.9
Private real estate funds	6.3	84.2
Commodities	-1.0	-9.6

Source: Citi Private Bank Asset Allocation team, Haver Analytics, BLS, November 30, 2021; Inflation-adjusted subtracts estimated 10 year CPI rate of 2.5%. Strategic Return Estimates are in US dollars; all estimates are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events. Strategic Return Estimates are no guarantee of future performance. Past performance is not indicative of future returns. Real results may vary. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only. Please see full SRE disclosure in appendix.

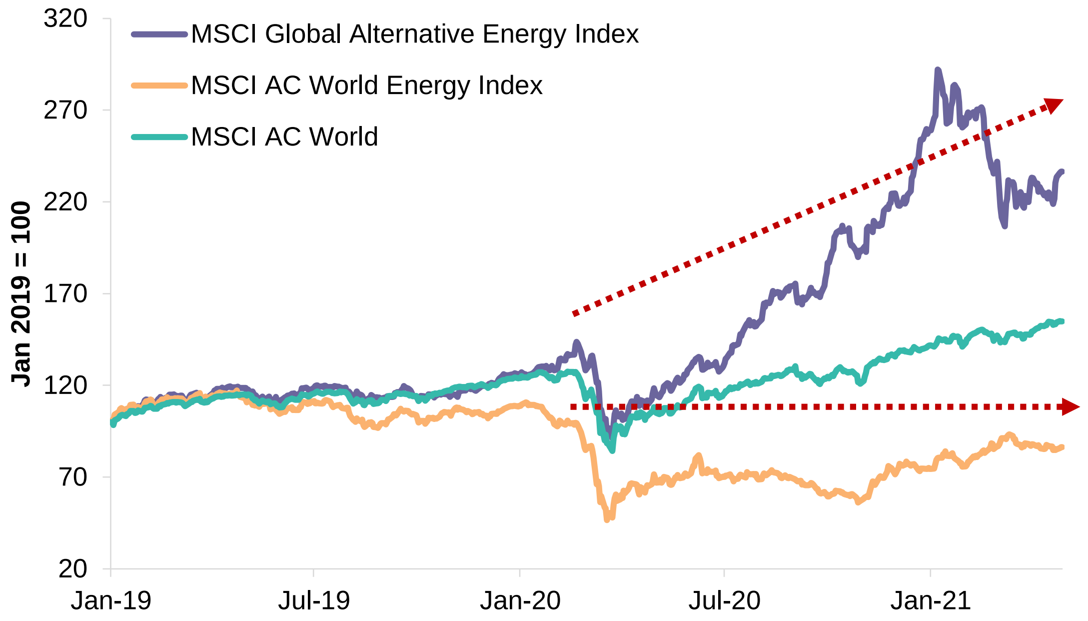
Theme 3

Unstoppable trends

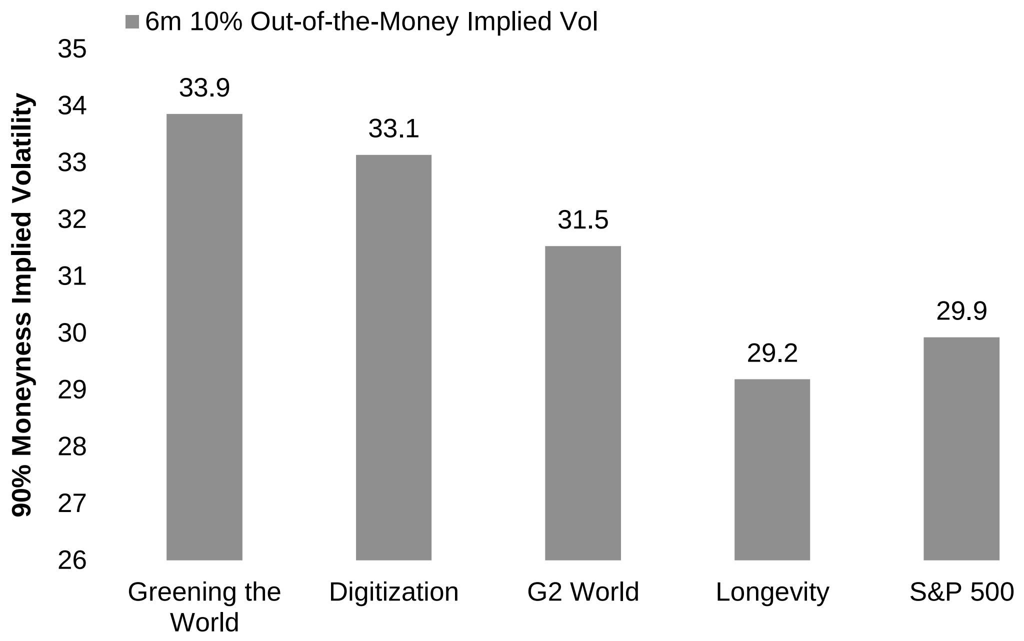
Lasting, long-term economic trends were victims of mean reversion in 2021

“Unstoppable trends” represent macroeconomic developments that we expect to grow and change the world over many years.

Greening the world
Energy vs alternative energy: long-term view



Immediate income to buy on a dip



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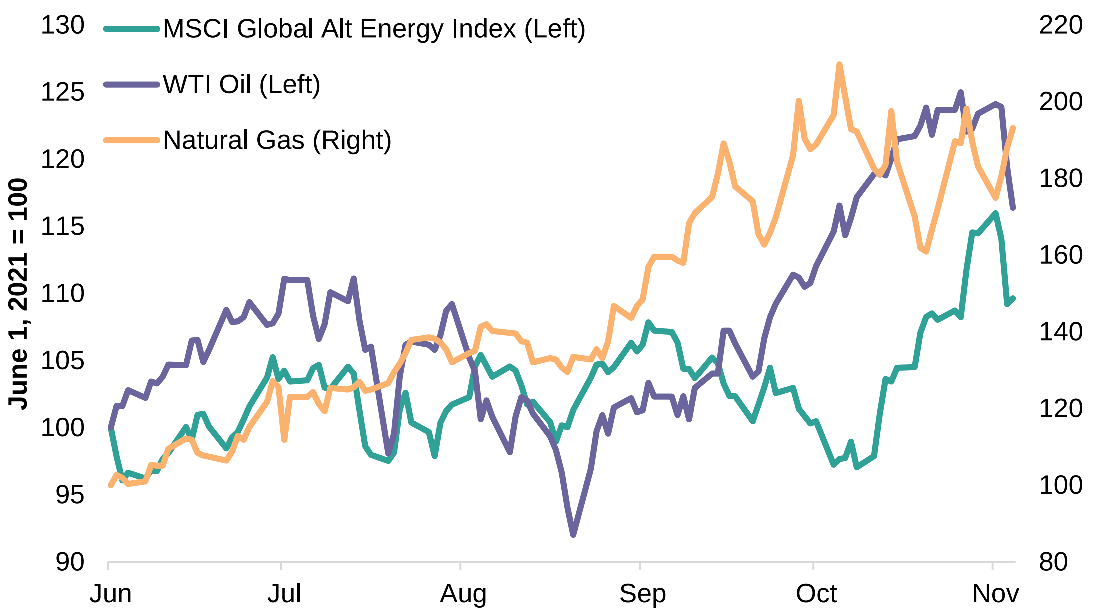
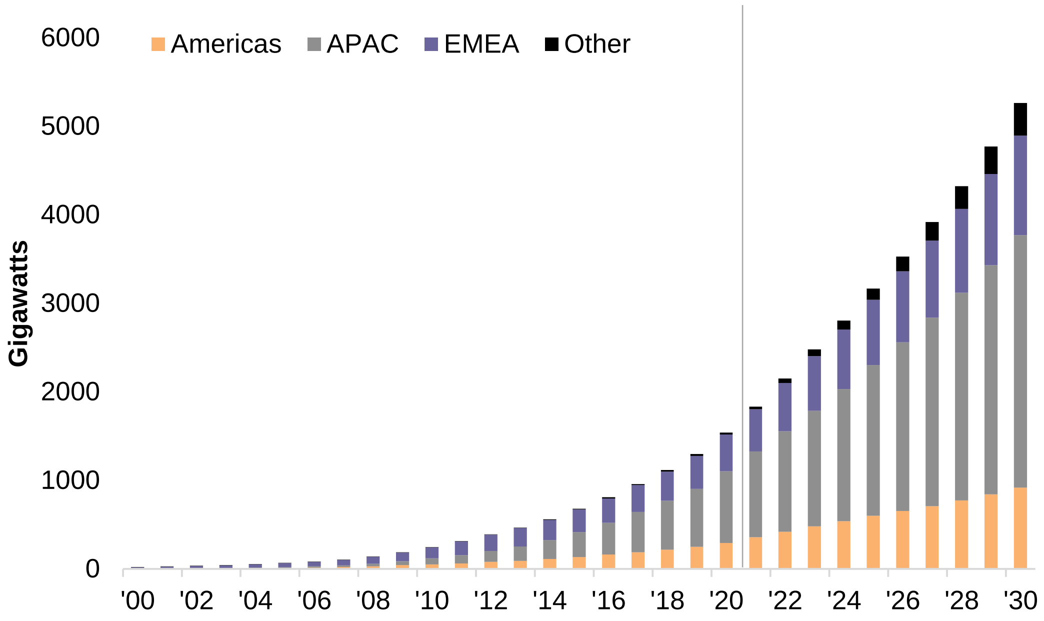
Higher prices for oil and natural gas mean better green economics

- Boom in energy prices at the end of 2021 has made the relative value proposition of green investment substantially more attractive
- Higher commodity prices coupled with regulated consumer costs is squeezing natural gas suppliers

Alt-energy gaining support from higher priced competition



Clean energy production expected to triple in next ten years



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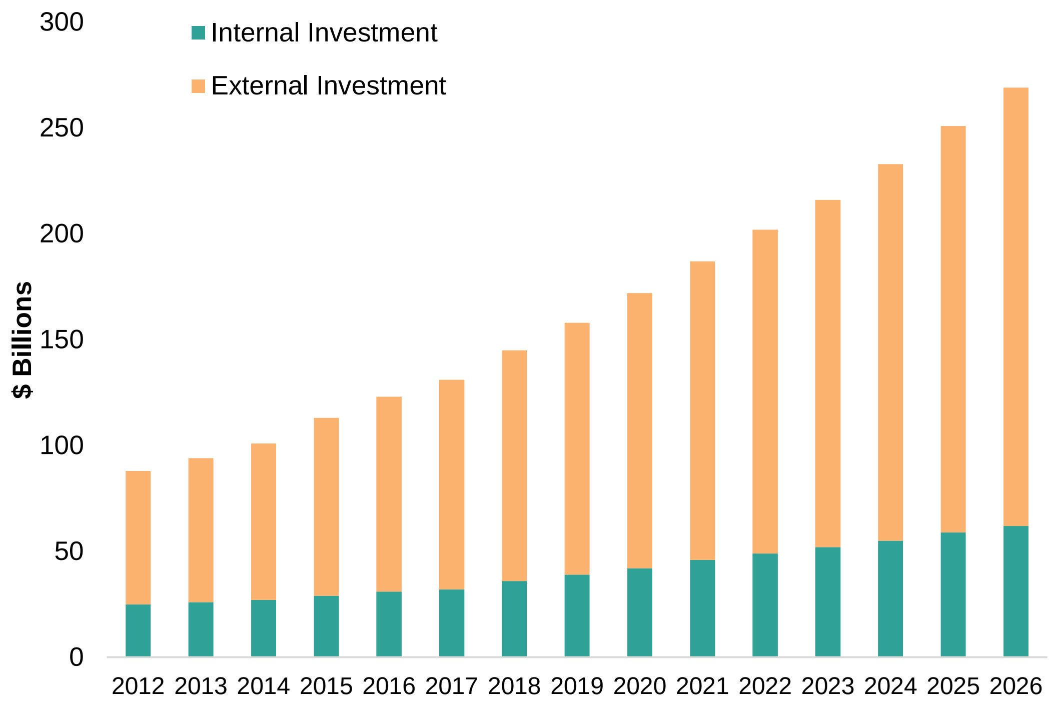
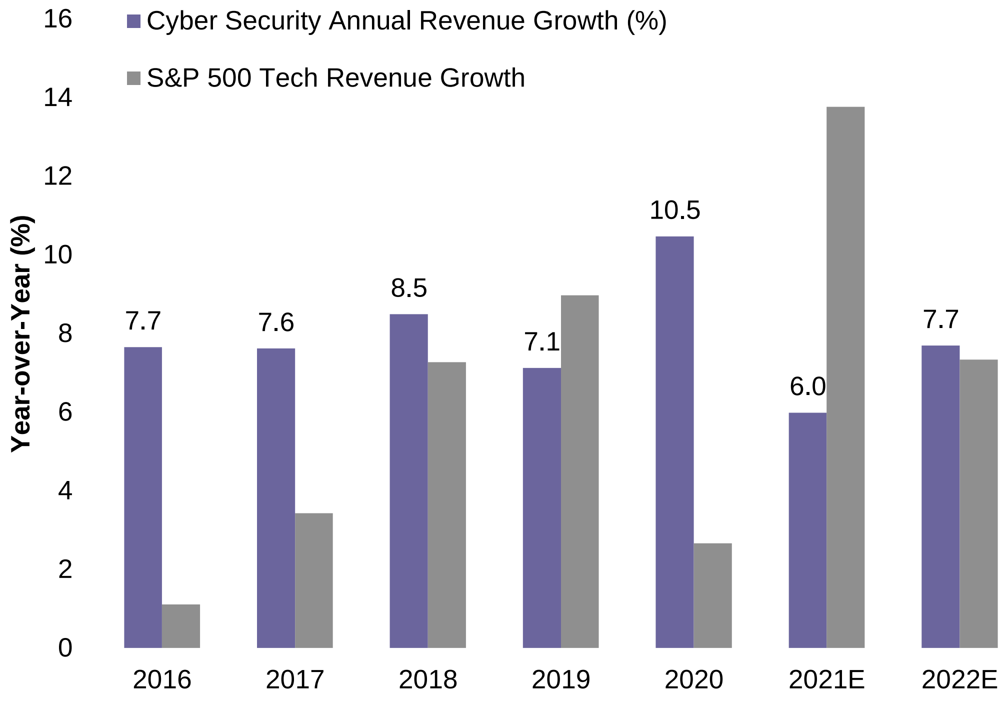
Digitization | Cyber security: the "healthcare" of the new economy

Projected global investment in cyber security



Projected revenue growth of cyber firms



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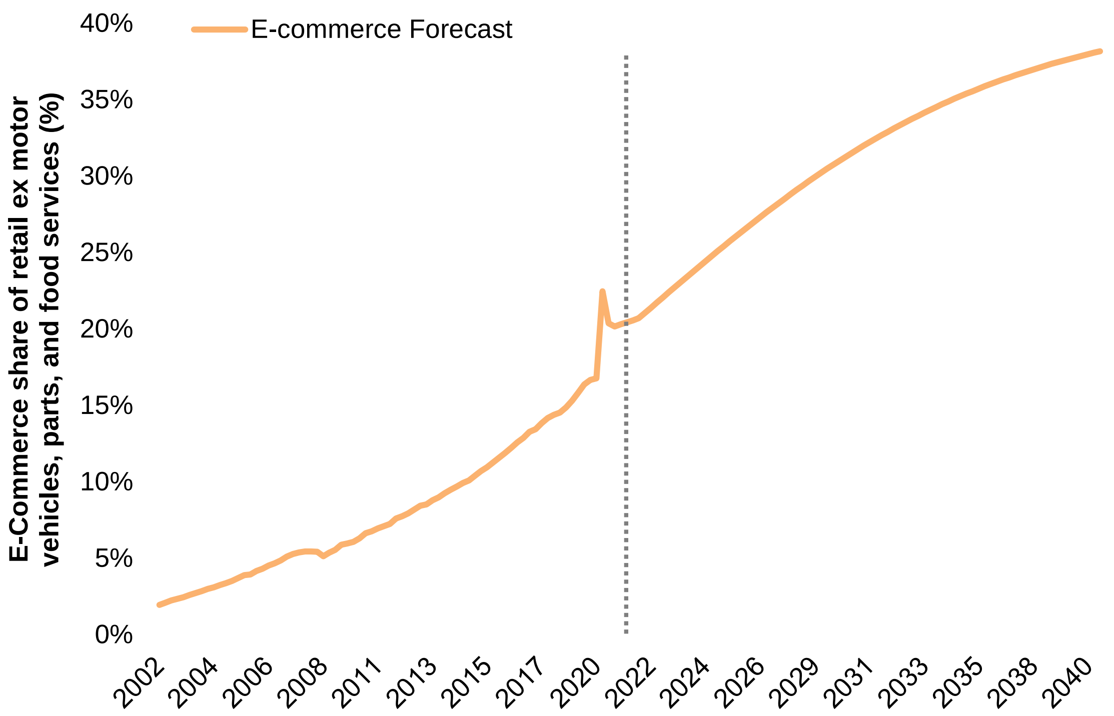
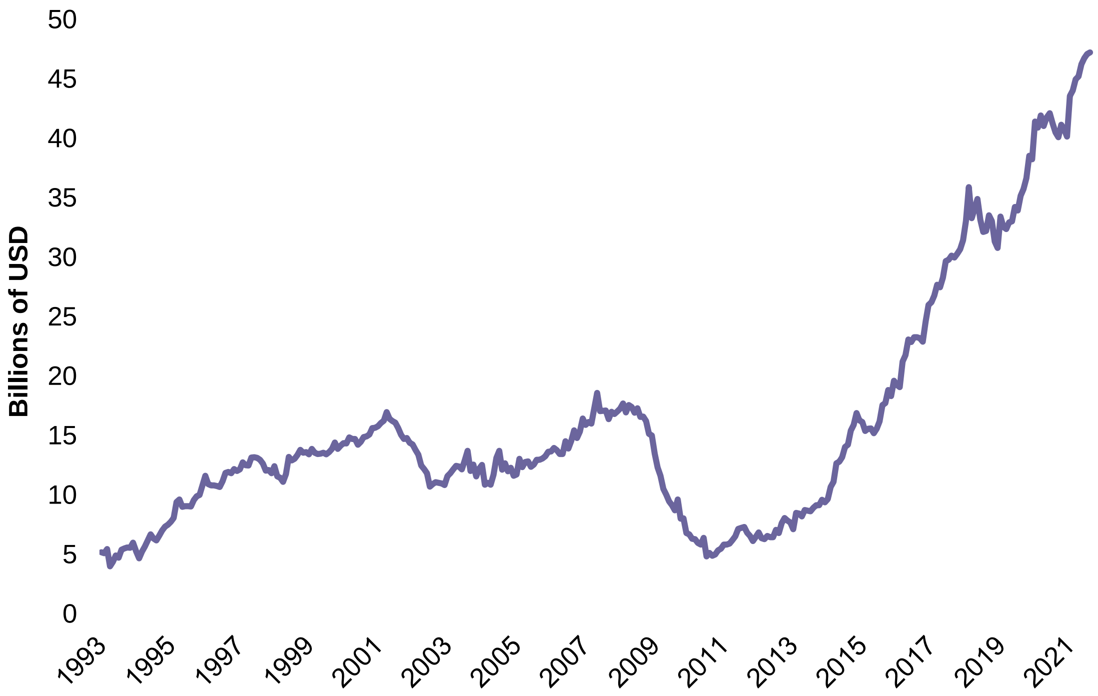
Digitization | E-commerce is still shaping the economy

- Transportation and warehousing employment growing twice as fast as broader US employment
- Automation is key investment and innovation goal

E-commerce as % of core retail sales with estimates

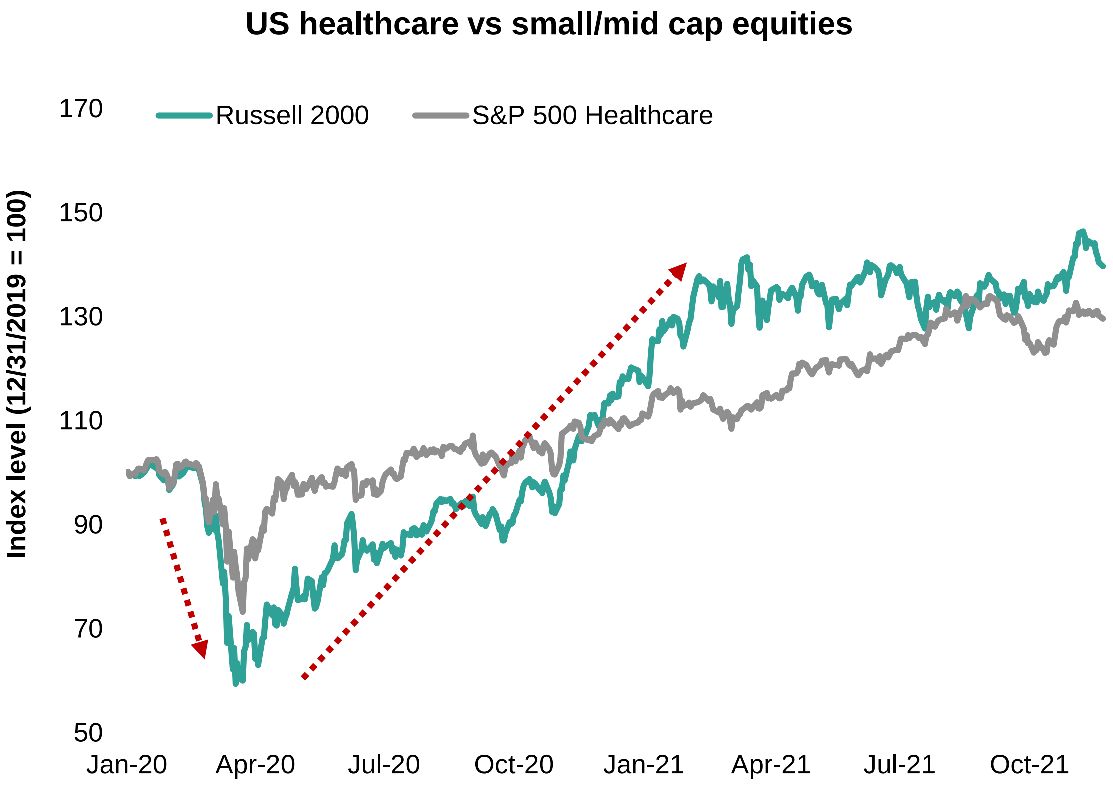


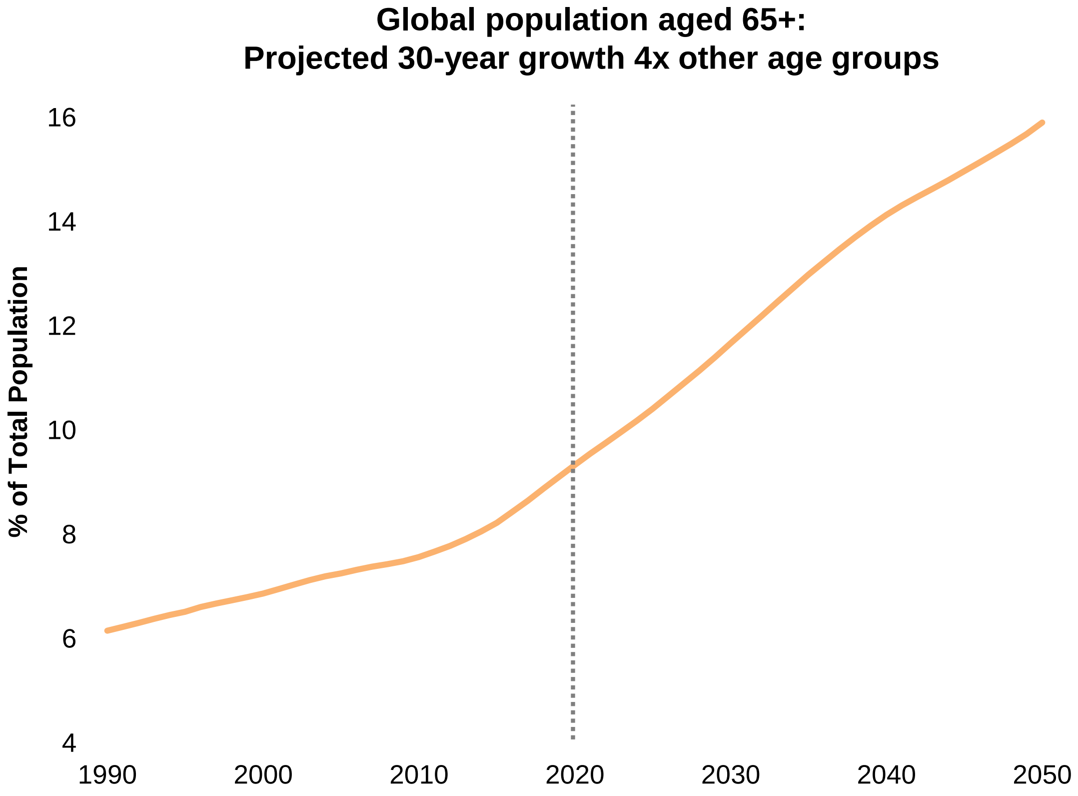
Warehouse construction spending



Source: Bloomberg, CBRE-Econometric Advisors, Clarion Partners Investment Research 2021 Q2 as of November 12, 2021; 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.

Invest in longevity | Healthcare has the most consistent history of growth and defense





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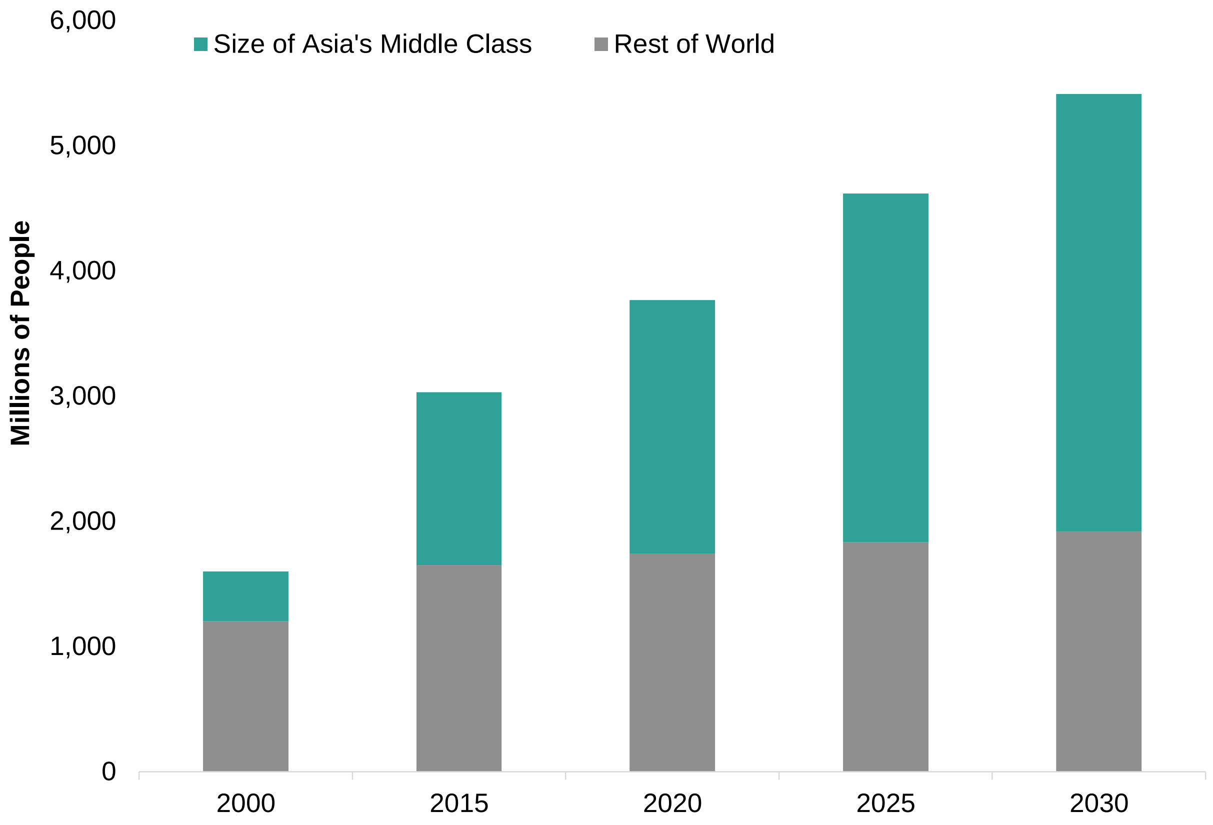
G2 world | The rise of Asia

REASONS WE LIKE ASIA

- Asia ex-Japan accounts for 27% of global consumption and rising
- 1.5bn more middle class in coming decade, 100 more cities of 1mn+ people
- Fast development and adaptation of technologies
- Home to the world's largest Free Trade Area: RCEP

Asia's middle class may grow by 150 million per year in the coming decade, fueling demand and building smart cities.



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Q&A

Glossary

ASSET CLASS DEFINITIONS

Commodities asset class contains the index composites — GSCI Precious Metals Index, GSCI Energy Index, GSCI Industrial Metals Index, and GSCI Agricultural Index — measuring investment performance in different markets, namely precious metals (e.g., gold, silver), energy commodity (e.g., oil, coal), industrial metals (e.g., copper, iron ore), and agricultural commodity (i.e., soy, coffee) respectively. Reuters/ Jeffries CRB Spot Price Index, the TR/CC CRB Excess Return Index, an arithmetic average of commodity futures prices with monthly rebalancing, is used for supplemental historical data.

Global Developed Market Corporate Fixed Income is composed of Bloomberg Barclays indices capturing investment debt from seven different local currency markets. The composite includes investment grade rated corporate bonds from the developed-market issuers.

Global Developed Market Equity is composed of MSCI indices capturing large-, mid- and small-cap representation across 23 individual developed-market countries, as weighted by the market capitalization of these countries. The composite covers approximately 95% of the free float-adjusted market capitalization in each country.

Global Developed Investment Grade Fixed Income is composed of Barclays indices capturing investment-grade debt from twenty different local currency markets. The composite includes fixed-rate treasury, government-related, and investment grade rated corporate and securitized bonds from the developed-market issuers. Local market indices for US, UK and Japan are used for supplemental historical data.

Global Emerging Market Fixed Income is composed of Barclays indices measuring performance of fixed-rate local currency emerging markets government debt for 19 different markets across Latin America, EMEA and Asia regions. iBoxx ABF China Govt. Bond, the Markit iBoxx ABF Index comprising local currency debt from China, is used for supplemental historical data.

Global High Yield Fixed Income is composed of Barclays indices measuring the non-investment grade, fixed-rate corporate bonds denominated in US dollars, British pounds and Euros. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Ibbotson High Yield Index, a broad high yield index including bonds across the maturity spectrum, within the BB-B rated credit quality spectrum, included in the below-investment-grade universe, is used for supplemental historical data.

Hedge Funds is composed of investment managers employing different investment styles as characterized by different sub categories – HFRI Equity Long/Short: Positions both long and short in primarily equity and equity derivative securities; **High Yield Bank Loans** are debt financing obligations issued by a bank or other financial institution to a company or individual that holds legal claim to the borrower's assets in the event of a corporate bankruptcy. These loans are usually secured by a company's assets, and often pay a high coupon due to a company's poor (non-investment grade) credit worthiness.

Private Equity characteristics are driven by those for Developed Market Small-Cap Equities, adjusted for illiquidity, sector concentration, and greater leverage.

INDEX DEFINITIONS

Bloomberg Barclays Global Aggregate Bond Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Euro Stoxx 600 represents large-, mid- and small cap companies across 17 countries across Europe including: Austria, Belgium, Czech Republic, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

Indxx Global Fintech Thematic Index is designed to track the performance of companies listed in developed markets that are offering technology-driven financial services which are disrupting existing business models in the financial services and banking sectors.

KBW Nasdaq Bank Index is designed to track the performance of the leading banks and thrifts that are publicly-traded in the U.S. The Index includes 24 banking stocks representing the large U.S. national money centers, regional banks and thrift institutions.

MSCI Emerging Markets Index captures large- and mid- cap representation across twenty-four Emerging Markets (EM) countries. With 837 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Emerging Markets (EM) Latin America Index captures large and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 113 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI World Index represents the performance of more than 1,600 large- and mid-cap stocks across 23 developed markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI World ex-USA Index represents the performance of large and mid-cap representation across 22 of 23 developed markets countries excluding the United States. With 1,005 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

S&P 500 Index is a capitalization-weighted index that includes a representative sample of 500 leading companies in leading industries of the US economy. Although the S&P 500 focuses on the large-cap segment of the market, with over 80% coverage of US equities, it is also an ideal proxy for the total market.

S&P Dividend Aristocrats Index measures the performance of S&P 500 companies that have increased dividends every year for the last 25 consecutive years. The Index treats each constituent as a distinct investment opportunity without regard to its size by equally weighting each company.

Glossary

OTHER TERMINOLOGY

Adaptive Valuations Strategies the strategic asset allocation methodology of Citi Global Wealth Investments. Strategic asset allocation attempts to define the appropriate combination of asset allocation attempts to define the appropriate combination of asset classes for a portfolio that may drive the portfolio to achieve the desired long-term goals of the investor.

Correlation is a statistical measure of how two assets or asset classes move in relation to one another. Correlation is measured on a scale of 1 to -1. A correlation of 1 implies perfect positive correlation, meaning that two assets or asset classes move in the same direction all of the time. A correlation of -1 implies perfect negative correlation, such that two assets or asset classes move in the opposite direction to each other all the time. A correlation of 0 implies zero correlation, such that there is no relationship between the movements in the two over time.

Digital disruptors are digital media content, e-commerce, and cybersecurity providers.

Dividend growers are companies that have consistently grown their dividend payments over time, demonstrating fiscal discipline to do so.

Human longevity explores how the aging of the world's population will impact demand patterns, especially for healthcare.

LIBOR is the London interbank offered rate is the rate of interest at which banks offer to lend funds to each other. It is used a reference rate for large amounts of financial contracts.

Price-earnings ratio (P/E) measures a company's or an index of companies' current share price relative to its earnings per share. A low P/E can indicate a lowly-valued company or index, while a high P/E can indicate high valuation.

Sharpe ratio is a measure of risk-adjusted return, expressed as excess return per unit of deviation, typically referred to as risk.

Strategic asset allocation is the process of creating a long-term investment plan by assembling an appropriate mix of equities, fixed income, cash and other investments. It can potentially enhance portfolio returns and help manage risk. Strategic Return Estimates are Citi Private Bank's forecast of returns for specific asset classes over a 10-year time horizon. The forecast for each specific asset class is made using a proprietary methodology that is appropriate for that asset class. Equity asset classes are forecast using a proprietary methodology based on the calculation of valuation levels with the assumption these valuation levels revert to their long-term trends over time. Fixed Income asset classes are forecast using a proprietary methodology based on current yield levels. Other asset classes have other specific forecasting methodologies. Please note that hedge funds, private equity, real estate, structured products and managed futures are generally illiquid investments and are subject to restrictions on transferability and resale. Each SRE is gross of actual client fees and expenses. Components of the methodology used to create the SREs include the rate of return for various asset classes based on indices. Termination and replacement of investments may subject investors to new or different charges. Past performance is not indicative of future results. Future rates of return cannot be predicted with certainty. Investments that pay higher rates of return are often subject to higher risk and greater potential loss in an extreme scenario. The actual rate of return on investments can vary widely over time, especially for long-term investments. This includes the potential loss of principal on your investment. It is not possible to invest directly in an index.

Tactical asset allocation looks to adjust the strategic asset allocation of a client's investment portfolio to incorporate shorter-term market insights.

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Bond credit quality ratings	Rating agencies		
Credit risk	**Moody's[1]**	**Standard and Poor's[2]**	**Fitch Ratings[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

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