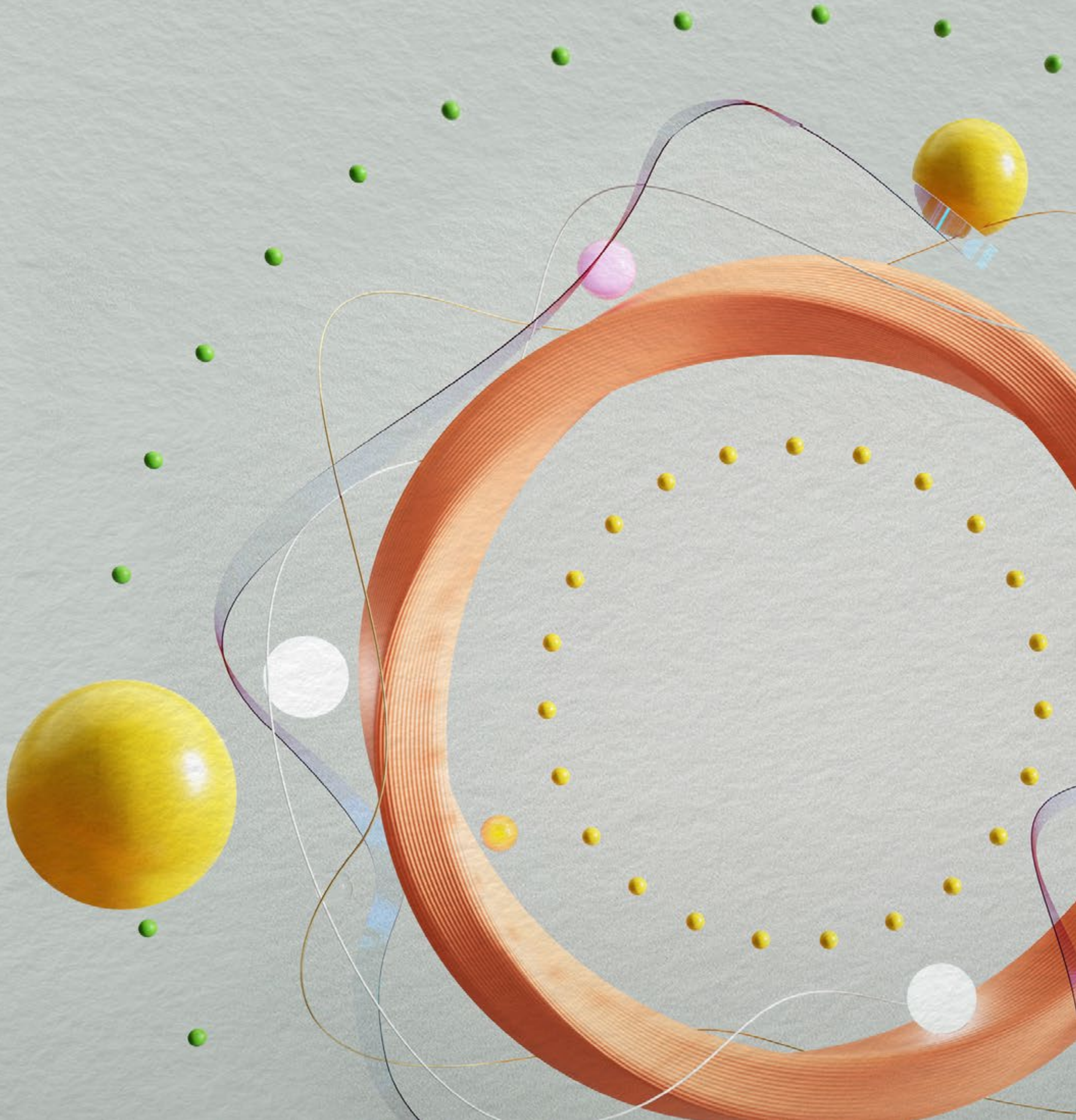
Private Bank

# Family Office Investment Report

## Q4 2023 CAPITAL FLOWS & INSIGHTS



This analysis is based on investment assets held by single family office clients at Citi Private Bank. Citi Private Bank's Global Family Office Group considers a single family office to have US $250mm+ net worth and one or more dedicated professionals covering i. portfolio of assets/investments & liabilities; ii. legal matters; iii. finance and accounting; iv. trusts & tax planning; and/or v. philanthropy & foundations.

Data is taken from more than 1,200 single family office clients globally and filtered for size and allocation characteristics. This publication presents a general snapshot of how Citi Private Bank's single family office clients are positioned and provides insight into regional flows. The data provided is not representative of and should not be deemed to be attributable to any particular family office client. Please refer to page 22 for methodology information.

Investment assets that single family office clients hold at Citi Private Bank were captured on September 30 and December 31, 2023. The asset classes included align with Citi Private Bank's Global Investment Committee definitions and nomenclature. Please refer to pages 23-24 for index definitions and page 25 for asset class definitions.

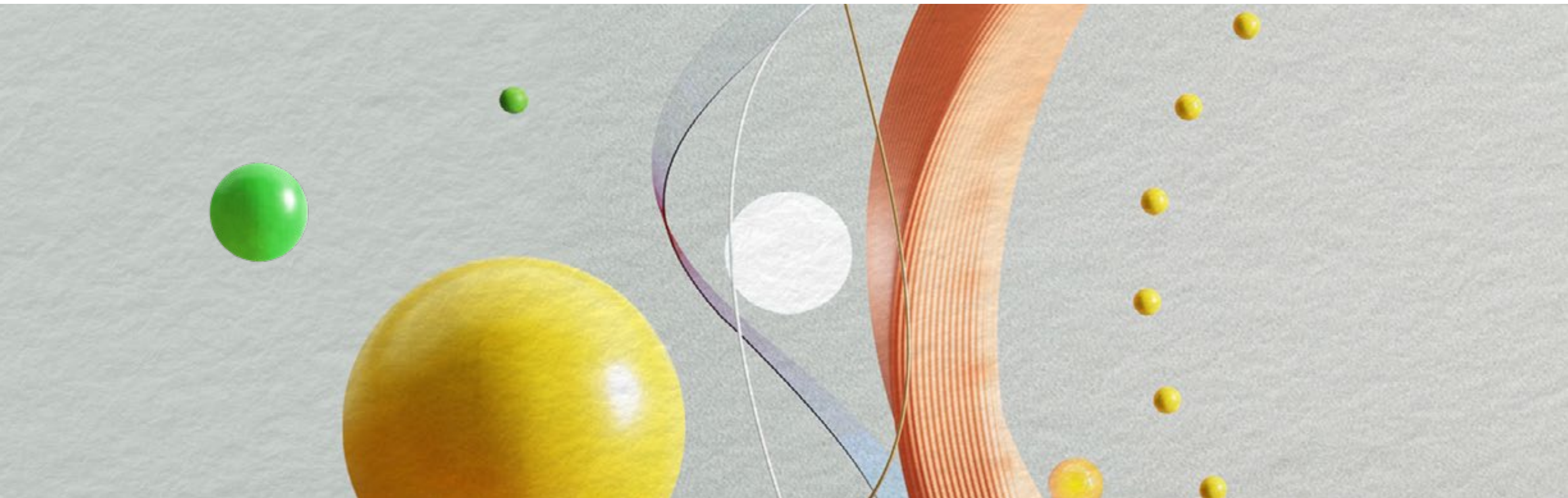
All information presented in this publication is for informational purposes only, is based on past activity, is not intended to represent investment advice nor any projection of forward-looking performance, and is not the product of Citi's Research Department.

You are solely responsible for consulting your own independent advisors as to the legal, tax, accounting and related matters concerning the information herein and nothing in this document or in any communication, whether or not in writing, between you and Citibank/Citigroup or any of their affiliates constitutes legal, tax or accounting advice.

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

# Contents





# Foreword

Systematically observing other investors' activities can be a useful exercise. Whether you are a trend follower, a contrarian or simply seeking a sense check, important insights may be gained from analyzing how your peers are positioning their portfolios. The Family Office Investment Report presents a detailed snapshot of the allocations and activities at Citi Private Bank of a large sample of sophisticated investors globally — family office clients.

In aggregate, these family offices showed tenacity and wisdom in their portfolio positioning last year. We noted in the previous edition how they had resisted the temptation to retreat more into cash amid a tumultuous third quarter for both equities and fixed income. Instead, they continued to put their liquid resources to work as they had done all year. They favored Fixed Income – particularly high-quality instruments – as well as Developed Large Cap Equities to a lesser extent.

Our family office clients' resolve proved correct. Fixed Income performed strongly in the fourth quarter of 2023, including the US dollar denominated quality segments that our Global Investment Committee had overweighted. Developed Large Cap Equities also registered powerful gains during the period. Against this backdrop, family offices continued to add to their Fixed Income holdings, although not generally increasing exposure to Global Equities. Nevertheless, they were constructively positioned overall entering 2024. We will closely observe their ongoing adjustments as this year unfolds.

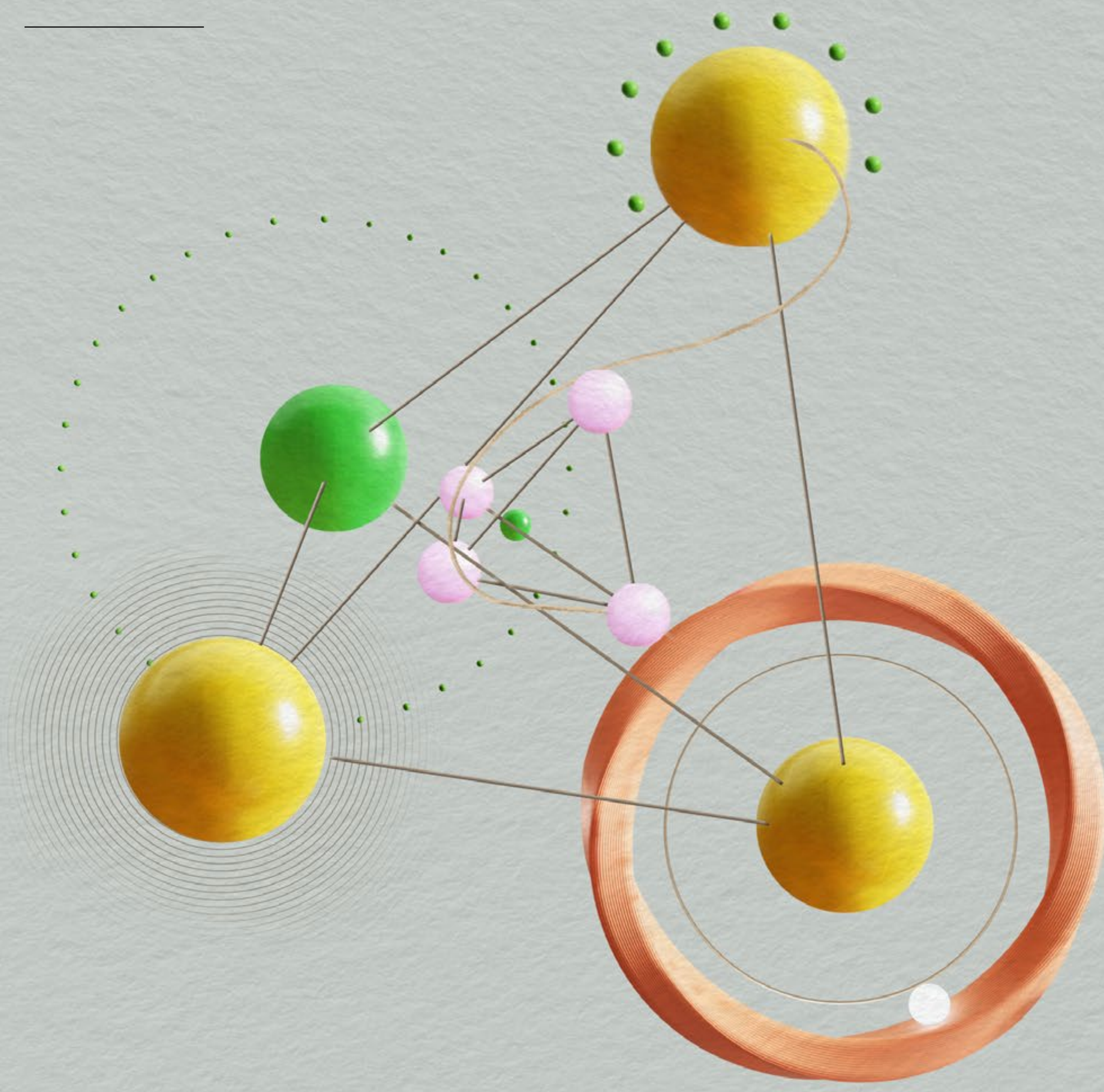
Since we launched this publication last year, many of you have engaged with us about the issues raised and have volunteered your feedback. Your insights and suggestions are vital to the ongoing evolution of the Family Office Investment Report. We look forward to discussing these latest findings.

It is our privilege to serve you.

**Hannes Hofmann**
Head
Global Family Office Group

**Shu Zhang**
Head
Global Investment Lab

# Asset allocation



## ASSET ALLOCATION

Our family office clients worldwide broadly maintained their allocations to Equities in the final quarter of 2023. They did so amid rallying markets and with many large-cap indices hitting all-time highs.

At the same time, they raised allocations to Fixed Income. The motivation for this may have been to lock in higher yields on high-quality bonds ahead of expected interest rate cuts from leading developed central banks this year.

Family offices in Europe, the Middle East and Africa and North America led the way in putting cash to work, while those elsewhere kept Cash allocations steady.

### FIGURE 1: ASSET ALLOCATIONS (EQUAL-WEIGHTED)*

| | GLOBAL | APAC | EMEA | LATAM | NAM |
|---|---|---|---|---|---|
| CASH | 30.3% | 26.5% | 31.4% | 32.7% | 29.9% |
| FIXED INCOME | 22.5% | 22.2% | 21.8% | 25.0% | 21.8% |
| EQUITIES | 33.6% | 39.4% | 30.1% | 30.7% | 34.9% |
| HEDGE FUNDS | 2.8% | 4.2% | 2.7% | 3.2% | 2.1% |
| PRIVATE EQUITY | 6.4% | 4.2% | 6.7% | 4.6% | 8.3% |
| REAL ESTATE | 3.5% | 3.0% | 5.8% | 3.2% | 2.3% |
| COMMODITIES | 0.9% | 0.5% | 1.6% | 0.6% | 0.7% |

An equal–weighted average of family office client allocations as of December 31, 2023.
In the 'equal–weighted' methodology, each account included in the analysis is given the same weight (1/Number of Accounts).

### FIGURE 2: ASSET ALLOCATIONS (CAPITAL-WEIGHTED)*

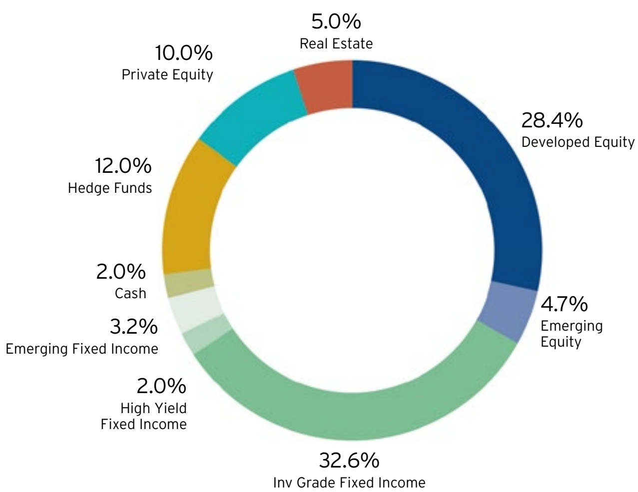
| | GLOBAL | APAC | EMEA | LATAM | NAM |
|---|---|---|---|---|---|
| CASH | 21.0% | 17.5% | 20.8% | 21.0% | 22.5% |
| FIXED INCOME | 17.0% | 22.4% | 16.2% | 18.1% | 15.2% |
| EQUITIES | 56.0% | 55.8% | 51.3% | 56.1% | 59.3% |
| HEDGE FUNDS | 1.8% | 1.5% | 3.1% | 2.0% | 1.0% |
| PRIVATE EQUITY | 2.3% | 1.7% | 4.0% | 2.0% | 1.5% |
| REAL ESTATE | 1.2% | 0.8% | 2.8% | 0.6% | 0.5% |
| COMMODITIES | 0.6% | 0.2% | 1.7% | 0.3% | 0.1% |

A capital–weighted average of family office client allocations as of December 31, 2023.
In the 'capital–weighted' methodology, each account's weight is proportional to its market value (Weight of Account A = Market Value of Account A / Market Value of Family Office Client Universe Holdings).

Source: Citi Private Bank, December 2023.

* This analysis takes holdings data from over 1,200 relationships globally and requires a minimum of 50 relationships in each region (APAC, EMEA, LATAM or NAM) to conduct this analysis.

FIGURE 3: GLOBAL ALLOCATION IN US DOLLARS WITH HEDGE FUNDS AND 15% ILLIQUIDS (PRIVATE EQUITY & REAL ESTATE) AT RISK LEVEL 3




Source: Citi Global Wealth Investments Quant Research & Global Asset Allocation teams, data as of December 31, 2023

### Fixed Income

- Family offices added to allocations except in Latin America, both on an equal and capital methodologies. The increase – which followed two previous quarterly rises – may reflect growing conviction that central banks globally are nearing the end of their rate hiking cycle.
- Latin America remains the region with the highest allocation to this asset class on an equal-weighted basis at 26.3%, with Europe, the Middle East & Africa having the lowest at 21.3%.
- There was a marked preference for high-quality assets, such as Investment Grade Corporate Bonds, Municipal Bonds and US Treasuries.
- For Emerging Market Debt, the trend was mixed. A net dollar outflow in Asia Pacific contrasted with a net dollar inflow in Europe, the Middle East & Africa.
- Family offices continued to extend the duration of their holdings beyond two years to lock in yields for longer.

### Equities

- Allocation trends were mixed. In Latin America and Europe, the Middle East & Africa, family offices kept Equities exposure broadly steady, whereas family offices in North America reduced allocations. Only Asia Pacific saw increased allocations.
- Globally, allocations stood at 33.6%. Asia Pacific had the highest at 39.4% and Europe, the Middle East & Africa the lowest at 30.1%.
- Within this asset class, Developed Small/Mid Cap Equities saw increased allocations, with buying likely motivated by the lower valuations on offer.
- Within Emerging Market Equities, reduced allocations were in evidence except for in Asia Pacific, where inflows were somewhat positive.

### Alternatives and Commodities

- Private Equity and Real Estate allocations were mostly flat to modestly higher.
- Commodities allocations were flat to mildly down, apart from in North America, where a modest increase was seen.

*Please refer to Citi Global Wealth Investments' Global Investment Committee's Portfolio Allocations for information on portfolios at each risk level.

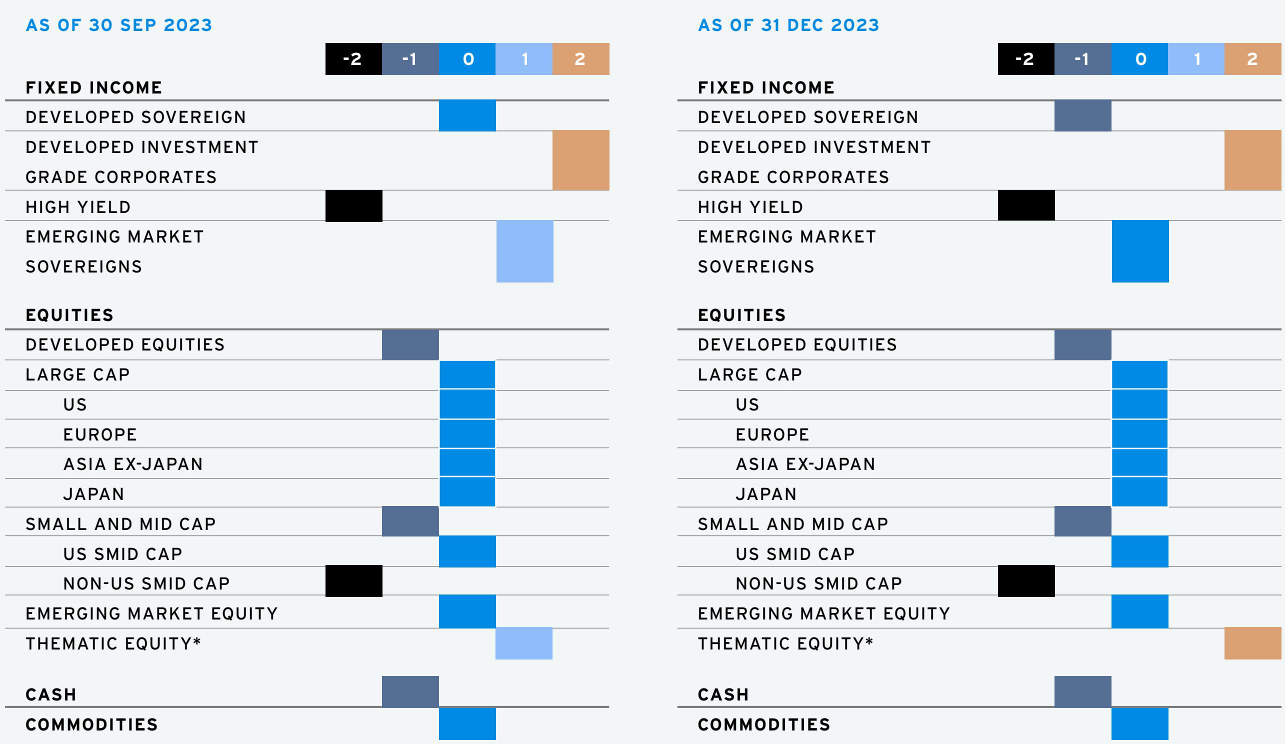
## CITI GLOBAL WEALTH'S TACTICAL POSITIONING AND SHIFTS

Our Global Investment Committee's (GIC) overall tactical asset positioning shifted bullishly in the final quarter of 2023. In October, the GIC went overweight Global Equities for the first time since 2020, raising its position from neutral. At the end of the period, it was thus 2% overweight Global Equities and 1% underweight both Cash and Fixed Income.

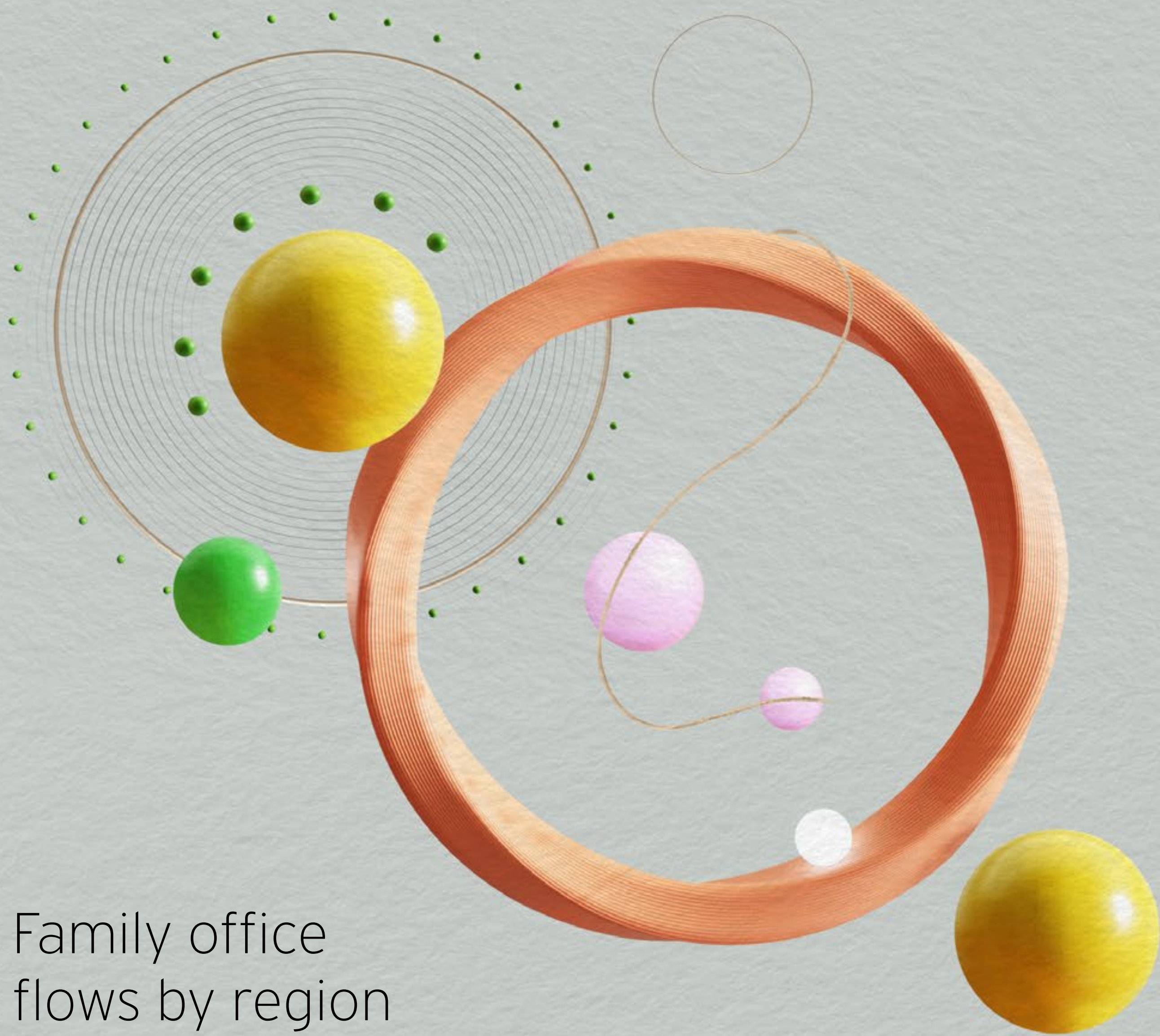
Within Global Equities, a 2.5% thematic overweight was added to profitable small- and mid-cap US growth shares. Large-cap Eurozone equities were lowered to neutral. The positive move reflected the GIC's view that the global economy would slow by less than many expected in 2024. It also believes that last year's equity rally is set to broaden out from US large-cap stocks.

As to Global Fixed Income, the GIC reduced an overweight to hard currency EM debt, also trimming an overweight in short-term US Treasuries. The bulk of the overall fixed income underweight remained in markets with negative real yields, such as Japan and Europe, while US Treasuries and other Investment Grade US debt was favored.

### FIGURE 4: GLOBAL INVESTMENT COMMITTEE'S TACTICAL POSITIONING




Source: Citi Global Wealth Investments Global Strategy Quadrant, September 30, 2023 and December 31, 2023.
* Thematic Equities include Cyber Security. Please refer to the Portfolio Allocations for a comprehensive breakdown of the portfolios at each risk level.
−2 = very underweight | −1 = underweight | 0 = neutral | 1 = overweight | 2 = very overweight.
Arrows indicate changes from previous Global Investment Committee meeting.



# Family office flows by region

How have family office clients' portfolios evolved in the fourth quarter of 2023?

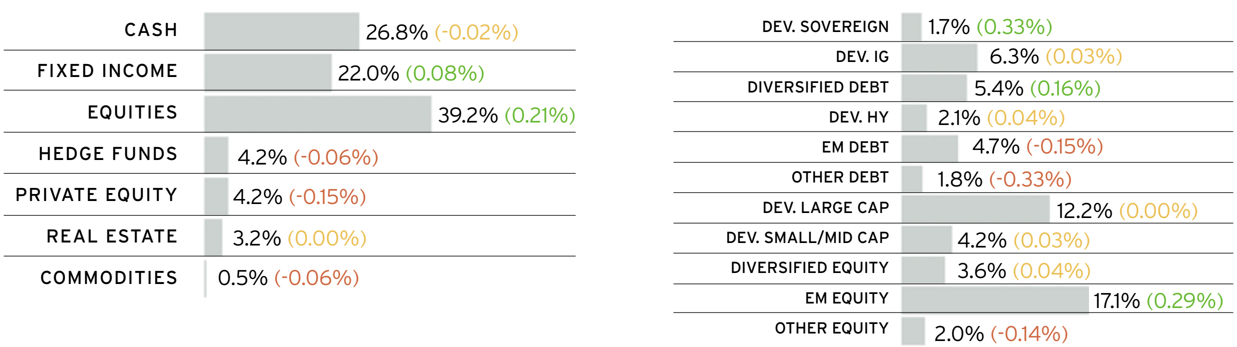
In this section, we break down portfolio flows by region. Key trends observed include:

- Continued increases in Fixed Income allocations across most regions
- Fixed Income buying focused on high quality once more
- No clear trend in Equities between regions
- Private Equity in favor in two regions

## ASIA PACIFIC

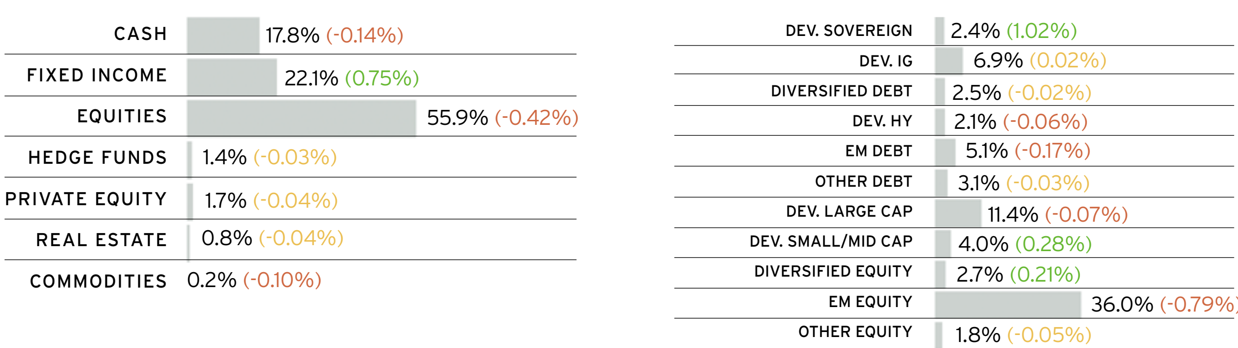
Family offices on average added to their Equities and Fixed Income holdings on an equal-weighted basis. Allocations to Fixed Income rose 0.1% to 21.9% and those to Equity 0.2% to 39.2% – the latter remaining the highest of any region. This was accompanied by a reduction in Private Equity, Hedge Funds and Commodities.

### FIGURE 5: ASSET ALLOCATIONS (EQUAL-WEIGHTED)*




An equal–weighted average of family office client allocations; December 31, 2023 vs. September 30, 2023.

### FIGURE 6: ASSET ALLOCATIONS (CAPITAL-WEIGHTED)*




An equal–weighted average of family office client allocations; December 31, 2023 vs. September 30, 2023.

DECREASED ALLOCATION AS COMPARED TO PRIOR PERIOD

NO CHANGE TO ALLOCATION AS COMPARED TO PREVIOUS PERIOD

INCREASED ALLOCATION AS COMPARED TO PREVIOUS PERIOD

Source: Citi Private Bank, December 2023. The changes in asset allocation are based on trading activity. Holdings are normalized to September 30, 2023 valuations for consistency and, as such, are not impacted by price action. Detailed methodology is available on page 22.

* Two weighting methodologies are used in this analysis: equal–weighted and capital–weighted. In the 'equal–weighted' methodology, each account included in the analysis is given the same weight (1/Number of Accounts). In the 'capital–weighted' methodology, each account's weight is proportional to its market value (Weight of Account A = Market Value of Account A / Market Value of Family Office Client Universe Holdings). This analysis takes holdings data from over 1,200 relationships globally and requires a minimum of 50 relationships in each region (APAC, EMEA, LATAM or NAM) to conduct this analysis.

## Fixed Income

- Net dollar flows were positive for a fourth quarter running, with allocations rising on both an equal-weighted (0.08% to 21.9%) and capital-weighted basis (0.7% to 22.1%). Preferences at the sub-asset class level were mixed. High-quality debt such as Developed Corporate Investment Grade and Developed Sovereign remained in demand. However, Emerging Market Debt and, to a lesser extent, Developed Corporate High Yield saw net dollar outflows.

- Within Developed Investment Grade and Developed Sovereign, buy trades outnumbered sells by approximately one-and-a-half times. Buying activity mostly centered on US Treasuries and high-quality financial credits. Interest in longer-dated bonds grew this quarter, with continued appetite for short- to intermediate-duration bonds.

- There was also positive net dollar flow into Diversified Fixed Income, albeit less so than into Developed Investment Grade and Developed Sovereign.

- Emerging Market Debt saw negative net dollar flows, but at a reduced rate from previous quarters. The reductions related to certain bonds maturing. Excluding these, buying and selling was broadly diversified across sectors. We also observed moderate buying interest in Emerging Market sovereign bonds.

- As in the third quarter, Developed Corporate High Yield saw net dollar outflows, with sell trades twice outnumbering buys.

## Equities

- In a reversal of the previous quarter's trend, Equities saw positive net dollar flow on an equal-weighted basis, with allocations rising 0.21% to 39.2%. This was spread across all sub-asset classes.

- While net dollar flows were also positive on a capital-weighted basis, allocations nonetheless decreased 0.42% to 55.9%. This was because net dollar inflows across other asset classes were greater, leading to a relative shrinkage of the percentage in Equities.

- Within Developed Large Cap Equities, there was buying interest in select financial and technology names. Selling activities were more broadly distributed across sectors.

- Net dollar flows for Emerging Market Equities were also positive, although less so than for Developed Market Equities. By contrast, allocation on a capital-weighted basis saw a decline this quarter as percentage growth of Emerging Market Equities from net dollar inflow for the quarter was less than the overall percentage growth across all assets.

- Excluding a handful of large trades, Emerging Market Equities buying and selling was spread widely across sectors and geographies. We observed moderate selling of China-focused ETFs and active strategies as well as moderate buying of select India-focused funds.

- Developed Small/Mid Cap Equities saw a third consecutive quarter of net dollar inflow, being the largest contributor to Equity dollar inflows overall. However, this resulted from a few large trades.

- Diversified Equities experienced a net dollar inflow, with buying centered on select financial- and healthcare-focused funds, active and passive. This marked a reversal of the previous two quarters of negative net dollar outflows from this sub-asset class.

## Alternatives and Commodities

- Allocation to Hedge Funds remained largely unchanged at 4.2%. Below the surface, there was buying interest in multi-strategy, long-short, small-mid cap focused equities strategies and a relative value fixed income strategy.

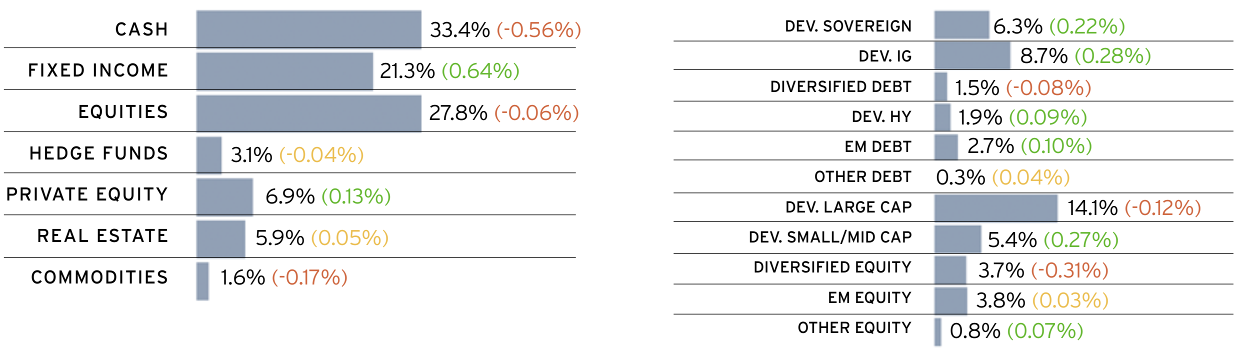
- Commodities activity was also muted, with allocations staying roughly flat 0.5% on an equal-weighted basis.

The changes in asset allocation are based on trading activity. Holdings are normalized to September 30, 2023 valuations for consistency and, as such, are not impacted by price action. Detailed methodology is available on page 22. This page summarizes changes observed in Citi Private Bank's single family office clients' portfolio asset allocations in Q4 2023. The summary on this page is for informational purposes only, based on past activity, not intended to represent investment advice, nor any projection of forward–looking performance.

## EUROPE, THE MIDDLE EAST & AFRICA

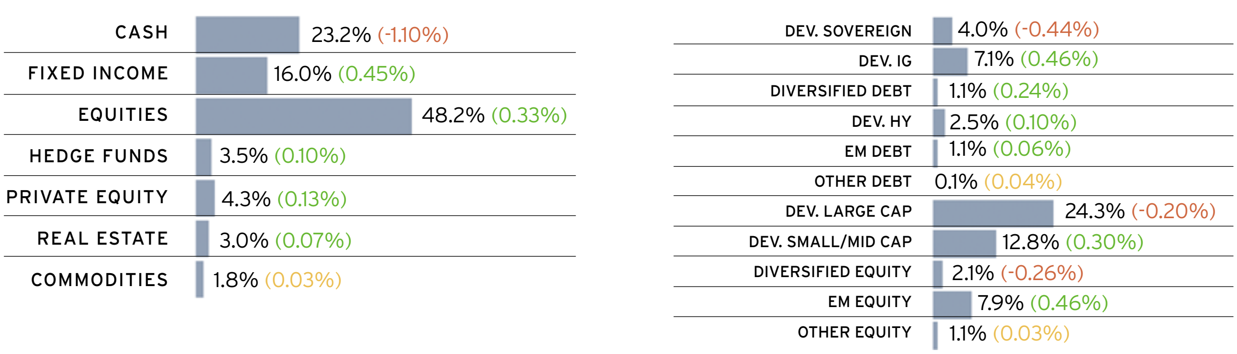
Family offices in Europe, the Middle East & Africa put significant amounts of Cash to work, with allocations to this asset class dropping 0.56% to 33.4% on an equal-weighted basis. Fixed Income (up 0.64% to 21.3%) and Private Equity (up 0.13% to 6.9%) were the main destinations for the shift.

### FIGURE 7: ASSET ALLOCATIONS (EQUAL-WEIGHTED)*




An equal–weighted average of family office client allocations; December 31, 2023 vs. September 30, 2023.

### FIGURE 8: ASSET ALLOCATIONS (CAPITAL-WEIGHTED)*




An equal–weighted average of family office client allocations; December 31, 2023 vs. September 30, 2023.

DECREASED ALLOCATION AS COMPARED TO PRIOR PERIOD

NO CHANGE TO ALLOCATION AS COMPARED TO PREVIOUS PERIOD

INCREASED ALLOCATION AS COMPARED TO PREVIOUS PERIOD

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### Fixed Income

- On average, the allocation to fixed income increased during the final quarter of 2023.
- High-quality bonds continued to account for most of the Fixed Income trading activity.
- US and UK investment grade debt saw the highest inflows within the asset class, mostly in the five-year maturity range. This aligns to our Global Investment Committee's stance of extending duration.
- Emerging Market debt saw a net dollar inflow during the period, in part thanks to purchases of Indian bonds.

### Equities

- Equity allocations remained broadly steady at 27.8% on an equal-weighted view. On a capital-weighted basis – where larger family office accounts have a greater bearing on the average calculations – allocations rose slightly to 48.2%.
- Developed Large Cap Equities accounted for about 60% of overall Equities trading volume. Within this sub-asset class, family offices were net sellers of the financial and materials sectors.
- In Small and Mid Cap Equities, exposure to consumer discretionary increased, while communication services saw a decrease.
- Trading in Emerging Market Equities was muted.

### Alternatives and Commodities

- Allocations to Private Equity and Real Estate increased on an equal-weighted basis, 0.13% to 6.9% and 0.05% to 5.9%, respectively.*
- On the other hand, allocations to Commodities fell during the period as family offices trimmed their gold exposure.

*Allocations to an asset class could change due to shifts in allocations to other asset classes. For example, an inflow of funds to one asset class while all others saw zero flows would register as negative flows for the latter. Private Equity & Real Estate do not record flows unless it is the first capital call of a new fund or retirement of an existing fund.

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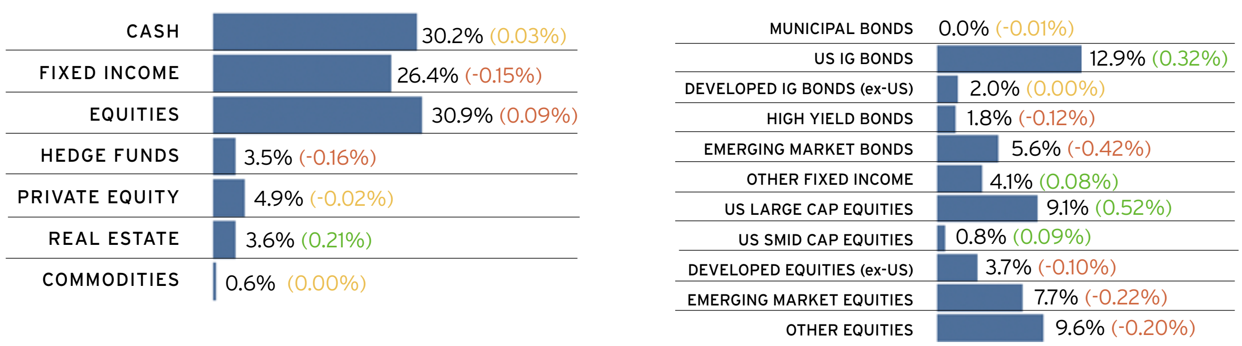
## LATIN AMERICA

Compared to family office allocations in Europe, the Middle East and Africa and North America, those in Latin America saw little movement on an equal-weighted basis in the last three months of 2023.

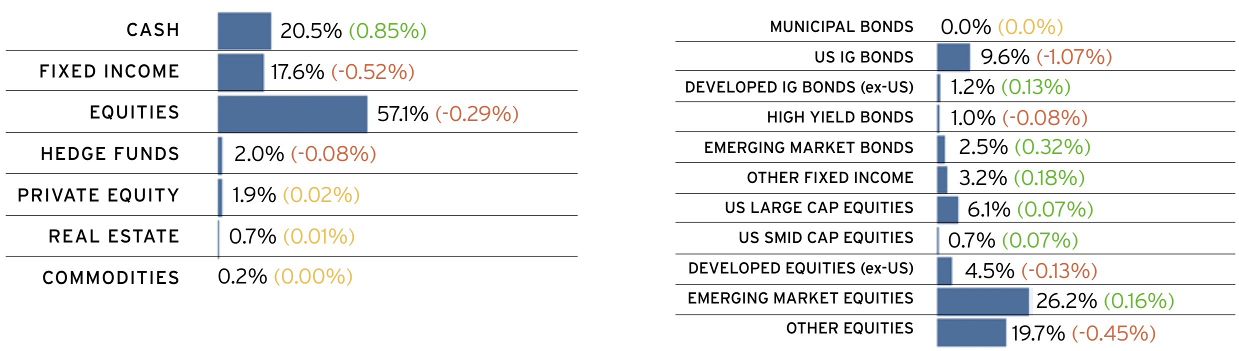
However, on a capital-weighted basis – where larger family office accounts have a greater bearing on the calculation – exposure to Cash increased by 0.85% to 20.5%, largely at the expense of Fixed Income (down 0.52% at 17.6%) and Equities (down 0.29% to 57%).

### FIGURE 9: ASSET ALLOCATIONS (EQUAL-WEIGHTED)*




An equal–weighted average of family office client allocations; December 31, 2023 vs. September 30, 2023.

### FIGURE 10: ASSET ALLOCATIONS (CAPITAL-WEIGHTED)*




An equal–weighted average of family office client allocations; December 31, 2023 vs. September 30, 2023.

DECREASED ALLOCATION AS COMPARED TO PRIOR PERIOD

NO CHANGE TO ALLOCATION AS COMPARED TO PREVIOUS PERIOD

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### Fixed Income

- In a period of little overall change for allocations in Latin America on average, Fixed Income exposure declined on an equal-weighted basis by 0.15% to 26.3%.

- On a capital-weighted view, Fixed Income allocations declined somewhat more, by 0.52% to 17.6%.

- For those family offices with larger investment holdings at Citi Private Bank, exposure to Developed Investment Grade bonds declined. This was contrary to the trend in other regions.

- A strong preference for US Investment Grade remains in evidence, with some 35% of Latin America Fixed Income exposure coming from US Treasury notes and bonds.

### Equities

- Equities exposure was steady on average — at around 30.9% on an equal-weighted basis.

- On a capital-weighted basis – where larger family office accounts have a greater bearing on the average calculations – allocations to Equities fell 0.29% to 57% but remained their largest asset class exposure.

### Alternatives and Commodities

- Half of Latin America family offices had an allocation to Private Equity and/or Real Estate held with Citi Private Bank.

- Diversified strategies accounted for 75% and 55% of their Private Equity and Real Estate exposure respectively.*

*Allocations to an asset class could change due to shifts in allocations to other asset classes. For example, an inflow of funds to one asset class while all others saw zero flows would register as negative flows for the latter. Private Equity & Real Estate do not record flows unless it is the first capital call of a new fund or retirement of an existing fund.

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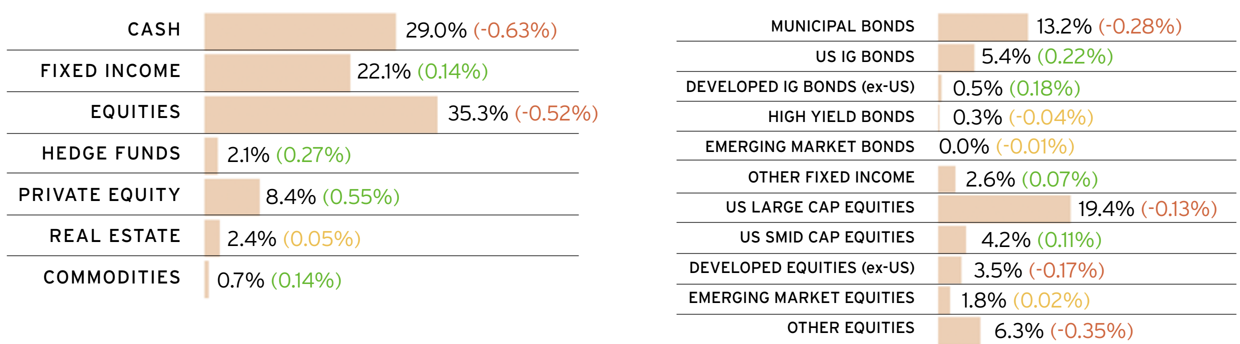
## NORTH AMERICA

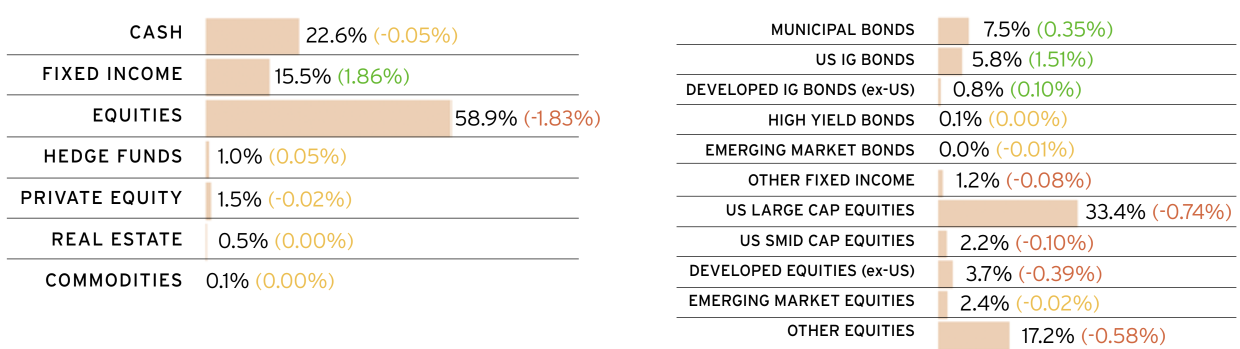
On an equal-weighted view, allocations saw wider movements than in any other region. North America family offices shifted away from Cash, with exposure dropping 0.63% to 28.9%. Fixed Income saw increased allocations, while Equities experienced a decrease.

### FIGURE 11: ASSET ALLOCATIONS (EQUAL-WEIGHTED)*




An equal-weighted average of family office client allocations; December 31, 2023 vs. September 30, 2023.

### FIGURE 12: ASSET ALLOCATIONS (CAPITAL-WEIGHTED)*




A capital-weighted average of family office client allocations; December 31, 2023 vs. September 30, 2023.

DECREASED ALLOCATION AS COMPARED TO PRIOR PERIOD

NO CHANGE TO ALLOCATION AS COMPARED TO PREVIOUS PERIOD

INCREASED ALLOCATION AS COMPARED TO PREVIOUS PERIOD

Source: Citi Private Bank, December 2023. The changes in asset allocation are based on trading activity. Holdings are normalized to September 30, 2023 valuations for consistency and, as such, are not impacted by price action. Detailed methodology is available on page 22.

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### Fixed Income

- Allocations rose 0.14% to 22.1% on an equal-weighted basis.
- On a capital-weighted view, allocations saw a bigger rise of 1.86% to 15.5%.
- The broad-based appetite for Fixed Income comes amid growing conviction that central banks may be nearing the end of their rate-hiking cycle.
- At the sub-asset class level, allocation increases were focused on high quality: US Investment Grade Bonds and Developed IG Bonds (ex-US). On a capital-weighted basis, Municipal Bond exposure also rose.
- High-quality bonds accounted for 95% of the traded volume within the asset class.
- Within US Investment Grade, allocation increases were US Treasuries with weighted maturity of just under two-years.

### Equities

- Allocation to Equities was down across both weighting methodologies, potentially driven by profit taking as markets hit all-time highs. The reduction was greater on a capital-weighted basis compared to an equal-weighted basis.
- US Large Cap Equities accounted for 44% of the trading volume within Equities. Clients primarily cut exposure through Financials followed by Energy.
- US Small and Mid-Cap, on an equal-weighted basis, was the only sub-asset class where family offices added exposure within Equities. This potentially represents family offices taking advantage of low valuations.
- In Developed Equities (ex-US) and Other Equities, we saw reduction in exposure of broad-based ETFs across both weighting methodologies. Together these sub asset classes accounted for 33% of the traded volume.

### Alternatives and Commodities

- Robust subscriptions to alternative strategies saw allocations to Hedge Funds, Private Equity and Commodities increase on an equal-weighted basis.
- Private Equity allocations (up 0.55% to 8.4% on an equal-weighted basis) were higher than for any other region.*

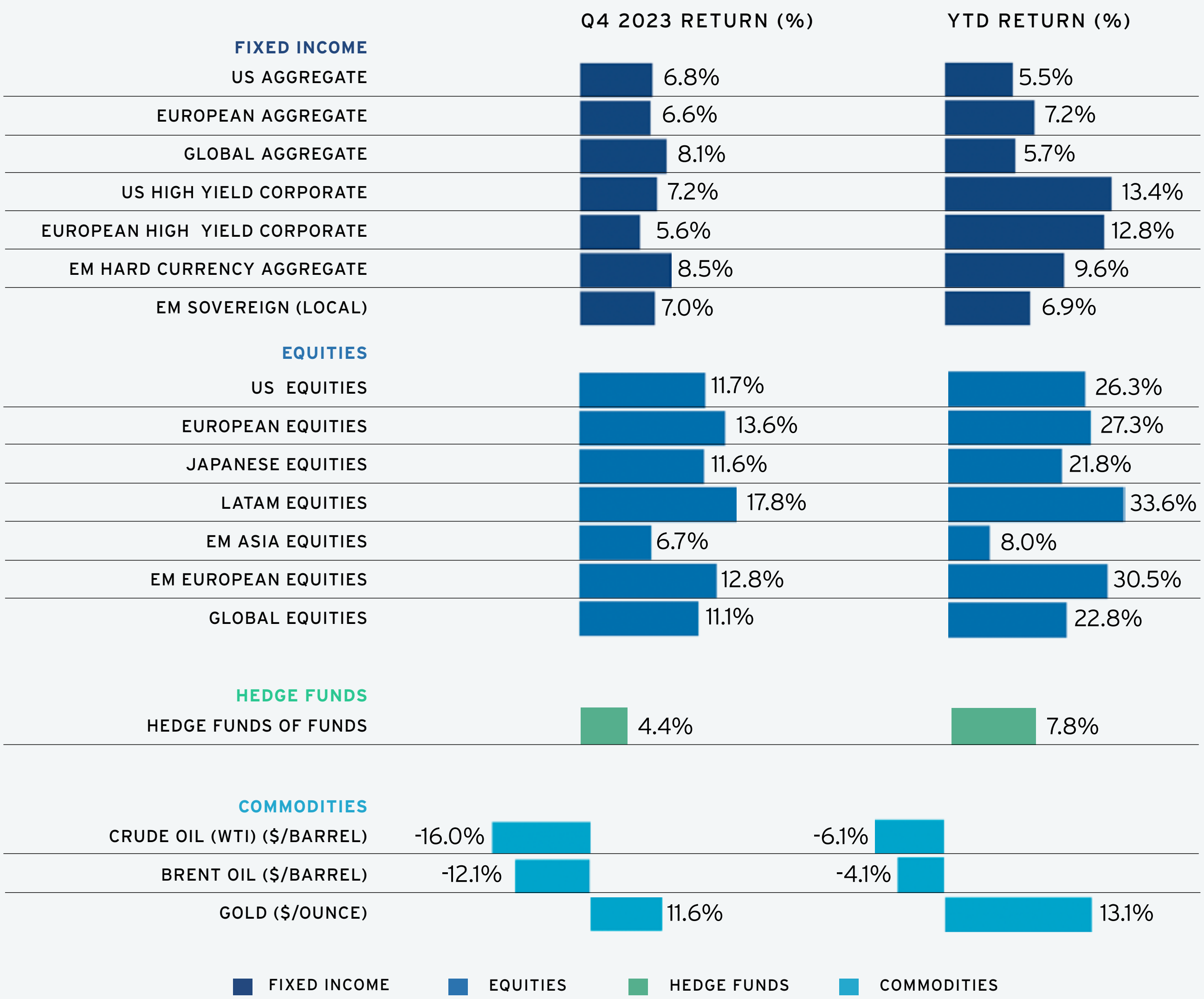
*Allocations to an asset class could change due to shifts in allocations to other asset classes. For example, an inflow of funds to one asset class while all others saw zero flows would register as negative flows for the latter. Private Equity & Real Estate do not record flows unless it is the first capital call of a new fund or retirement of an existing fund.

The changes in asset allocation are based on trading activity. Holdings are normalized to September 30, 2023 valuations for consistency and, as such, are not impacted by price action. Detailed methodology is available on page 22. This page summarizes changes observed in Citi Private Bank's single family office clients' portfolio asset allocations in Q4 2023. The summary on this page is for informational purposes only, based on past activity, not intended to represent investment advice, nor any projection of forward—looking performance.

## RECAP AND OUTLOOK

World markets closed out 2024 strongly. In the final quarter, Global Equities and Global Fixed Income both registered decent gains – **figure 13**. What is more, the upside was broad-based, with all the sub-asset classes shown below participating. Of course, this followed a weak third quarter in which losses were seen almost across the board. We noted in the previous edition that the last three months of the year have often been seasonably favorable for Global Equities, and so it was to prove once more. Our Global Investment Committee went overweight this asset class in October and indicated the potential for further increases to its allocation this year.

### FIGURE 13: MARKET PERFORMANCE




Source: Bloomberg, as of December 31, 2023, OCIS December 2023. Q4 2023 Total Return Analysis Period: October 2023 – December 2023. Note: Return is in USD terms and is total returns. Past performance is not indicative of future returns. The indices are unmanaged and are not investable. Index data is provided for comparative purposes only. Please refer to page pages 23–24 for index definitions. Diversification does not ensure profit or protection against loss.

# More key reads for family offices

## ANNUAL FAMILY OFFICE SURVEY REPORT


Initiated during the seventh annual Family Office Leadership Program last June, the 2023 Family Office Survey collected responses from over 268 family office clients over a month-long period.

The findings and analysis in the resulting report offer exclusive insights into the thinking of some of the world's most sophisticated family offices.

VIEW THE 2023 REPORT

We regularly publish topical insights on the most important topics for family offices.

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A guide to establishing a family office

Executive reward and retention strategies for family offices

Family learning and education initiatives: Building a foundation for the future

When hope is not a strategy: Preparing children for significant wealth

Investment management best practices for family offices

# About the Global Family Office Group

Citi Private Bank's Global Family Office Group serves single family offices, private investment companies and private holding companies, including family-owned enterprises and foundations, around the world.

We offer clients comprehensive private banking and family office advisory services, institutional access to global opportunities and connections to a community of like-minded peers.

For more information, please contact your Private Banker or the group head in your region.

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The Global Investment Lab is a dedicated, institutional-calibre analytical team within Citi Global Wealth that is focused on customized portfolio construction, risk management and investment strategy.

We understand the complex needs of family offices and are committed to helping clients identify opportunities and make well-informed investment decisions. From liquidity events to direct investment to strategic portfolio realignment, we put our analytical minds and deep experience with portfolio construction to work, identifying the appropriate investment portfolio opportunities for your family office.

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# Methodology

We use equal-weighted and capital-weighted methodologies in this analysis.

In the equal-weighted methodology, each account included in the analysis is given the same weight in the calculation of averages.

Equal-weighted calculation = 1/number of family office accounts.

In the capital-weighted methodology, larger transactions – which are often carried out by family offices with larger portfolios – have a greater bearing on the calculation.

Capital-weighted calculation = Account A's asset value / total value of family office client assets.

This analysis takes asset data from over 1,200 relationships globally, requiring a minimum of 50 relationships in each region (APAC, EMEA, LATAM or NAM) for that region to be included.

The analysis is only inclusive of assets for which Citi holds information (e.g., direct client investments are not captured).

**Asset allocation (pg. 5)**

Snapshot of asset allocation on a capital-weighted and equal-weighted basis, excluding:

a. Liabilities;

b. Client accounts valued at <USD 1MM; and

c. Clients who hold 90% (or more) of their assets in Cash & Cash Equivalents

**Regional flows (pgs. 10–18)**

Changes in the value of assets held, and the resultant impact on aggregate asset class weights, are entirely based on changing quantities and do not incorporate any price effects. Products with multiple asset classes and holdings traded within managed portfolios are excluded from this analysis, along with:

a. Negative positions and liabilities;

b. Unfunded derivatives positions;

c. Client accounts valued at <USD 1MM;

d. Client accounts opened or closed during the analysis period;

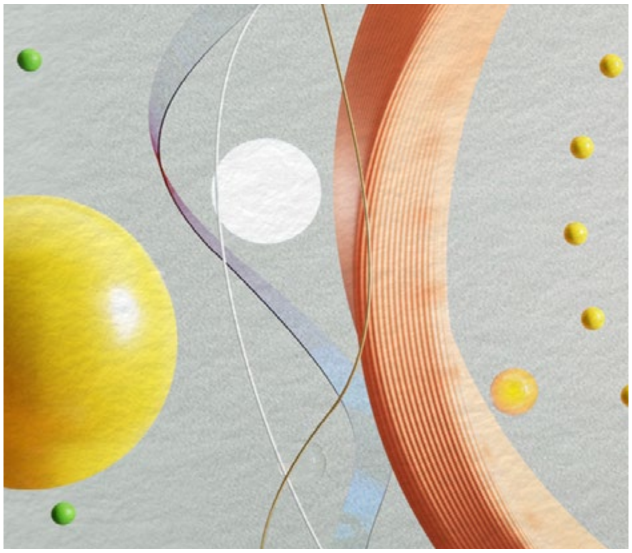
e. Clients who hold 90% (or more) of their assets in Cash & Cash Equivalents at both observation points; and

f. Client accounts whose total asset value has changed by >100%.

Allocations to an asset class could change due to shifts in allocations to other asset classes. For example, an inflow of funds to one asset class while all others saw zero flows would register as negative flows for the latter.

Private Equity & Real Estate do not record flows unless it is the first capital call of a new fund or retirement of an existing fund.

**Past performance is not indicative of future results.**



# Index definitions

**US Aggregate - Bloomberg Barclays U.S. Aggregate Bond Index**
The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. This includes Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and collateralized mortgage-backed securities.

**European Aggregate - Bloomberg Barclays Euro Agg Total Return Index**
The Bloomberg Barclays Euro Aggregate Bond Index includes fixed-rate, investment grade euro denominated bonds. Inclusion is based on the currency of the issue, and not the domicile of the issuer. The principal sectors in the index are the Treasury, corporate, government-related and securitized.

**Global Aggregate - Bloomberg Barclays Global Aggregate Bond**
The Index measures the performance of the global investment grade, fixed-rate bond markets. The benchmark includes government, government-related and corporate bonds, as well as asset-backed, mortgage-backed and commercial mortgage-backed securities from both developed and emerging markets issuers.

**US High Yield Corporate - Bloomberg Barclays US Corporate High Yield Total Return Index**
The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

**European High Yield Corporate - Bloomberg Barclays Pan-European High Yield Total Return Index**
The Bloomberg Barclays Pan-European High Yield Index measures the market of non-investment grade, fixed-rate corporate bonds denominated in the following currencies: euro, pounds sterling, Danish krone, Norwegian krone, Swedish krona and Swiss franc. Inclusion is based on the currency of issue, and not the domicile of the issuer.

**EM Hard Currency Aggregate - Bloomberg Barclays EM Local Currency Government TR Index**
The Bloomberg Barclays Emerging Markets Local Currency Government Index is a flagship index that measures the performance of local currency Emerging Markets (EM) debt. Classification as an EM is rules-based and reviewed annually using World Bank income group, International Monetary Fund (IMF) country classification and additional considerations such as market size and investability.

**US Equities - S&P 500 Index**
The S&P 500® is widely regarded as the best single gauge of Large-Cap U.S. Equities. There is over USD 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately USD 3.4 trillion of this total. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

**European Equities - EURO STOXX 50**
The EURO STOXX 50 Index, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the region. The index covers 50 stocks from 11 Eurozone countries. The index is licensed to financial institutions to serve as an underlying for a wide range of investment products such as exchange-traded funds (ETFs), futures, options and structured products.

**Japanese Equities - Nikkei 225**
The Nikkei 225 Stock Average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225.

**LatAm Equities - MSCI Emerging Markets Latin America Index**
Latin America Index captures large- and mid-cap representation across 6 Emerging Markets (EM) countries* in Latin America. With 118 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EM Asia Equities - MSCI Emerging Markets Asia Index**
The MSCI Emerging Markets (EM) Asia Index captures large- and mid-cap representation across 9 Emerging Markets countries. With 903 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EM European Equities - MSCI EMERGING MARKETS EUROPE INDEX**
The MSCI Emerging Markets Europe Index captures large- and mid-cap representation across 6 Emerging Markets (EM) countries in Europe. With 72 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Global Equities - MSCI All Country World Index (ACWI)**
The MSCI ACWI is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI ACWI is maintained by Morgan Stanley Capital International (MSCI) and is comprised of stocks from 23 developed countries and 24 emerging markets.

**Hedge Fund Research - HFRX Global Hedge Fund Index**
The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies falling within four principal strategies: Equity Hedge, event-driven, macro/CTA and relative value arbitrage.

# Asset class and other definitions

### Global Developed Market Equity
The asset class is composed of MSCI indices capturing large-, mid- and small-cap representation across 18 individual developed markets 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 Emerging Market Equity
The asset class is composed of MSCI indices capturing large- and mid-cap representation across 20 individual emerging-market countries. The composite covers approximately 85% of the free float-adjusted market capitalization in each country. For the purposes of supplemental long-term historical data, local-market country indices are used, wherever applicable.

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

### Global High Yield Fixed Income
The asset class is composed of Bloomberg Barclays indices measuring the non-investment grade, fixed rate corporate bonds denominated in USD, GBP and EUR. 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.

### Global Emerging Fixed Income
The asset class is composed of Bloomberg Barclays indices measuring performance of fixed and floating rate US dollar denominated emerging markets sovereign debt for 3 different regions including Latin America, EMEA and Asia.

### Cash
The asset class is represented by US 3-Month Government Bond TR, measuring the USD denominated active 3-month fixed-rate nominal debt issues by the US Treasury.

### Hedge Funds
The asset class 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; HFRI Credit: Positions in corporate Fixed Income securities; HFRI Event Driven: Positions in companies currently or prospectively involved in wide variety of corporate transactions; HFRI Relative Value: Positions based on a valuation discrepancy between multiple securities; HFRI Multi Strategy: Positions based on realization of a spread between related yield instruments; HFRI Macro: Positions based on movements in underlying economic variables and their impact on different markets; Barclays Trader CTA Index: The composite performance of established programs (Commodity Trading Advisors) with more than four years of performance history.

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

### Real Estate
The asset class contains index contains all Equity REITs (US REITs and publicly-traded Real Estate companies) not designated as Timber REITs or Infrastructure REITs: NAREIT US REIT Index, NAREIT Canada REIT Index, NAREIT UK REIT Index, NAREIT Switzerland REIT Index, NAREIT Euro zone REIT Index, NAREIT Japan REIT Index, NAREIT Hong Kong REIT Index, NAREIT Singapore REIT Index, NAREIT Australia REIT Index.

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