REGULATION BEST INTEREST DISCLOSURE STATEMENT AND RELATED INFORMATION FOR RETIREMENT ACCOUNTS

December 31, 2021

For Customers of

CITI PRIVATE BANK

CITI PERSONAL INVESTMENTS INTERNATIONAL

CITI PERSONAL WEALTH MANAGEMENT

MATERIAL CHANGES TO THIS REGULATION BEST INTEREST DISCLOSURE STATEMENT AND RELATED INFORMATION FOR RETIREMENT ACCOUNTS:

The following material changes have been made to this Disclosure Statement since September 30, 2021:

Overall Structure:

We have updated this document to include additional important information and disclosures when we provide investment advice with respect to retirement accounts subject to Title I of ERISA or Section 4975 of the Code, each as defined herein, where we are a fiduciary within the meaning of Title I of ERISA and/or Section 4975 of the Code, as applicable, and where reliance on the Prohibited Transaction Exemption ("PTE") 2020-02 is necessary to avoid Conflict of Interest Prohibited Transactions (as herein defined).. Please note that the title of this Disclosure Document has been updated to "Regulation Best interest Disclosure Statement and Related Information for Retirement Accounts". References to the Disclosure Statement herein and in other Customer Documents (as defined herein) shall be deemed to be updated to reflect such new title of this Disclosure Statement.

In addition, material updates were made to the following Parts and sections of this Disclosure Statement:

INTRODUCTION

We introduced the addition to the scope of the document to address retirement accounts and the applicability of the Conflict of Interest Prohibited Transactions (as defined in such Introduction) and updated the definition of the term "Customer Documents".

PART ONE – BROKERAGE SERVICES

Types of Service and Standards of Care

These sections were updated to include a description of the standard of care required to avoid Conflict of Interest Prohibited Transactions and to include the potential to provide monitoring if agreed to in writing.

Additional Information for Retirement Accounts

This new section was added to set forth a summary of the key sections of the Disclosure Statement which set forth relevant information for Retirement Accounts.

Sales Channels and Customer Segments – CPWM – Traditional Offerings

We updated the description of Citi Self Invest, CPWM's self service offering including to add the sale of certain mutual funds.

Sales Channels and Customer Segments – CPWM – Other Digital Services

We updated the description of Citi Wealth Builder to add the sale of certain mutual funds.

We removed the description of the "Digital Wealth Platform" offering.

Compensation of Registered Representatives

We expanded the introduction of this section to include specific information regarding retirement accounts and ERISA plans.

About Recommendations

This section was updated to further describe when Citi deems a transaction to be unsolicited or when no recommendation has been made by Citi.

Capacity of Registered Representatives

This section was updated to reflect when a Registered Representative is acting as a fiduciary within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable.

No Monitoring

This section was updated to note that conditions under which we may undertake monitoring in order to avoid Conflict of Interest Prohibition Transactions.

PART THREE – KEY CONFLICTS OF INTEREST

Account Type

This section was updated to explicitly include references to brokerage services and to include an explanation regarding the potential for conflicts between brokerage accounts and services and fee-based investment advisory services.

Proprietary Products

We updated this section to refer to the mitigating practices in connection with proprietary products.

Agency vs. Principal Trading

This section was updated to describe the conflict of interest between agency transactions and principal transactions arising out of the limitations and restrictions imposed by PTE 2020-02 (defined herein).

Gifts, Gratuities and Nonmonetary Compensation

This section was updated to include a reference to when we act as fiduciary in respect of retirement accounts and ERISA plans.

PART FOUR — PRODUCT OFFERINGS/PRODUCT SUPPLEMENT

Please refer to the following Product sections which were updated to reference limitations and/or restrictions related to recommendations to purchase or hold such products in retirement accounts or ERISA plans.

Settlement and Sweep Options:

- Private Cash Management Funds

Traditional Brokerage Products

- Equities including:
  - US Listed Equities
  - Foreign listed Equities (non-ADR/GDR)
- Fixed Income Securities including:
  - Certain corporate bonds
  - Sovereign Bonds
  - Non-US Dollar Denominated Bonds
  - Collateralized Mortgage Obligations
- Packaged Products
  - Offshore Mutual Funds (including UCITS)
  - Closed End Funds
- Structured Products
- Wealth Transfer Products
  - Variable Insurance Products

Settlement and Sweep Options

We updated this section to remove references to the availability of BDP in investment advisory accounts.

Packaged Products — Mutual Funds and Exchange Traded Funds and Closed End Funds

In connection with the removal of the Digital Wealth Platform, the section entitled Compensation CGMI Receives from Third Parties was removed and changes were made to the Fees, Costs and Expenses and Conflicts of Interest sections for both product offerings.

Wealth Transfer Products — Exchange Funds

We updated the status of Exchange Funds offered by CGMI.

ABOUT THIS DOCUMENT

This Regulation Best Interest Disclosure Statement and Related Information for Retirement Accounts, which includes the CGMI Product Supplement ("Product Supplement") and the Appendix and, together with all documents and disclosures linked and referenced herein and therein (collectively, the "Disclosure Statement"), provides customers with information about Citigroup Global Markets Inc. ("CGMI") and the brokerage products and services CGMI offers to customers of Citi Private Bank ("CPB")[1], Citi Personal Wealth Management ("CPWM") and Citi Personal Investments International ("CPII"). This Disclosure Statement also provides customers with information about the products and services offered through CGMI's affiliate, Citi Private Advisory LLC ("CPA"). As more fully set forth below, CPA provides brokerage services related to the placement of private investment funds to CPB clients. In this Disclosure Statement, CPWM and CPII are referred to collectively as "Citi Wealth."

On January 13, 2021, Citi announced the creation of a single wealth management organization, Citi Global Wealth, which will be an integrated platform comprised of CPB and Citi Wealth. Please refer to upcoming communications from Citi including the *In The Know* booklets accompanying your account statement for information regarding this new organization and changes or revisions relating to CPB and the Citi Wealth lines of business appearing herein.

This Disclosure Statement expands upon the topics addressed in the Form CRS Relationship Summary for CGMI and/or CPA, a copy of which you have previously received. The Forms CRS are available online at:

• CPB and CPA: https://www.privatebank.citibank.com/home/cgmi-cpa-regulation-best-interest.information.html

• Citi Wealth: http://www.citi.com/investorinfo/

You should note that not all information in the CGMI Form CRS applies to a brokerage relationship with CPB, CPWM or CPII, nor does all of the information in the CPA Form CRS apply to a brokerage relationship with CPB. This Disclosure Statement should also be read in conjunction with, and is supplemented by, any and all other disclosure and other documents provided to you now or in the future (collectively, the "Customer Documents"). Customer Documents may include, but are not limited to, CGMI's Forms ADV; CPA's Form ADV; your customer agreements; your loan, security and/or control agreement and any supporting documentation; a term or demand note; disclosures and other documents provided to you in connection with the establishment of, or any transfer or rollover transaction involving, retirement accounts described herein, other account-related documents provided to you at the opening of your brokerage account—including the Important New Account Information ("INAI") component of your Welcome Kit for Citi Wealth customers and, for CPB customers, the consolidated account opening document covering brokerage and investment management services—and the product information (e.g., the prospectus and statement of additional information, descriptive brochure, offering memoranda) and similar documents for any products, services or securities purchased for, held in or used with your brokerage account. The Customer Documents also provide detailed information regarding services, fees, personnel, other business activities and financial industry affiliations and conflicts of interest. Please contact your Registered Representative (defined below) for additional information or to receive a copy of any of your Customer Documents.

The information in this Disclosure Statement applies to recommendations made to "retail customers," as defined in Regulation Best Interest. Employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and other retirement arrangements, such as Individual Retirement Accounts ("IRAs") covered under Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") (all such ERISA and other retirement arrangements being referred to herein as "retirement accounts"). Employee benefit plans subject to ERISA ("ERISA plans") will receive this Disclosure Statement in addition to disclosures made pursuant to Section 408(b)(2) of ERISA and regulation thereunder. Nothing in this Disclosure Statement should be understood to supersede the Section 408(b)(2) disclosures, and ERISA plans should consult such disclosures.

References in this Disclosure Statement and in the other Customer Documents to advisors, Advisors, Financial Advisors, Wealth Advisors, Citi Priority Advisors, Financial Advisor Associates, Financial Representatives, Private Bankers, Investment Counselors or Product Specialists, refer to the sales personnel who make recommendations to prospective customers and customers regarding securities-related brokerage activities of CGMI and CPA ("Registered Representatives").

References in this Disclosure Statement to "we," "us," "our" and "Citi" refer to CGMI, CPA, their affiliates and associated lines of business and/or their respective Registered Representatives, collectively or individually as the context requires, unless otherwise indicated.

The information in this Disclosure Statement has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority or any other authority.

[1] For purposes of this Disclosure Statement, CPB includes Citi Global Wealth at Work.

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

If you have any questions about the contents of this Disclosure Statement, please contact us at:

- CPA: (212) 559-1000
- CPB: (210) 677-3781 or (800) 870-1073 (toll free in the US)
- CPII: (210) 677-3793 or (877) 836-9141 (toll free in the US)
- CPWM: (210) 677-3782 or (800) 846-5200 (toll free in the US)
- Citi Wealth TTY: (800) 788-6775 (toll free in the US)

Citi Private Bank is a business of Citigroup Inc. ("Citigroup") that provides its customers access to a broad array of products and services available through bank and non-bank affiliates of Citigroup, including investment products and services through CGMI, member FINRA and SIPC. Not all products and services are provided by all affiliates or are available at all locations. In the U.S., investment products and services are provided by CGMI and CPA, member FINRA and SIPC.

Citi Personal Wealth Management ("CPWM") and Citi Personal Investments International ("CPII") are businesses of Citigroup Inc. CPWM and CPII offer investment products through Citigroup Global Markets Inc. ("CGMI"), member SIPC, an investment advisor and broker-dealer registered with the Securities and Exchange Commission. Insurance is offered through Citigroup Life Agency LLC ("CLA"). In California, CLA does business as Citigroup Life Insurance Agency, LLC (license number 0G56746).

Banking products and services are available through Citibank NA.

CGMI, CLA, and Citibank, N.A. are affiliated companies under the control of Citigroup Inc.

CPB and Citi Wealth customer CGMI accounts carried by Pershing LLC, member FINRA, NYSE, SIPC.

INTRODUCTION

This Disclosure Statement is being provided to you in connection with CGMI's obligation to act in your best interest when we make recommendations as your broker-dealer under SEC Regulation Best Interest ("Regulation BI"). This Disclosure Statement also addresses the brokerage services provided by CPA in acting as the placement agent or distributor of private investment funds to CPB clients. In addition, this Disclosure Statement also addresses when CGMI provides investment advice to your retirement account that is subject to Title I of ERISA or Section 4975 of the Code where CGMI is a fiduciary within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, and where reliance on Prohibited Transaction Exemption ("PTE") 2020-02 is necessary to avoid the application of the prohibited transaction rules of Section 406(b) of ERISA and/or Section 4975(c)(1)(D),(E) or (F) of the Code ("Conflict of Interest Prohibited Transactions").

This Disclosure Statement has four sections and an Appendix. The first section provides information about the scope and terms of your brokerage relationship with us. The second section describes the fees and expenses related to our brokerage accounts and services. The third section discusses the conflicts of interest between us and our customers. The fourth section provides information about the brokerage, insurance and securities-based lending products and services that we recommend to customers of CPB, CPWM and CPII and includes the Product Supplement which is incorporated by reference therein. The Appendix sets forth the schedule of fees, expenses and costs that apply to your brokerage account.

As described in this Disclosure Statement, the brokerage products and services that a customer is eligible to participate in differ depending on whether the customer is a customer of CPB or Citi Wealth. Furthermore, the products and services that a customer is eligible for may differ based on country of residence, and may determine whether the customer enters into a customer agreement with CGMI or Citibank or another affiliate.

In addition to the brokerage services described in this Disclosure Statement, CGMI also provides a variety of services designed to meet the investment advisory and related needs of customers. The investment advisory services and related programs are described in separate Forms ADV, which are available online at:

- CPB: https://www.privatebank.citibank.com/pdf/adv/FormADV-C.pdf
- Citi Wealth: http://www.citi.com/investorinfo/advisoryprivacy/

Likewise, in addition to the brokerage services described in this Disclosure Statement, CPA provides investment advisory services. The investment advisory services and related programs are described in CPA's Form ADV, which is available online at:

- CPA: https://www.privatebank.citibank.com/pdf/adv/cai_llc_adv_form_part_2.pdf

Insurance products are offered to Citi Wealth customers through CGMI's affiliate, CLA.

CPB and Citi Wealth customer CGMI accounts are carried by Pershing LLC.

Please refer to the Glossary at the end of this Disclosure Statement for definitions of certain terms used herein.

PART ONE | BROKERAGE SERVICES

Part One of this Disclosure Statement provides information about the scope and terms of your brokerage relationship with us. This Part One describes: (i) the types of services we offer; (ii) the standard of care under Regulation BI and to the extent that we act as a fiduciary with respect to accounts subject to Title I of ERISA or Section 4975 of the Code; (iii) differences between brokerage and investment advisory accounts; (iv) our sales channels and customer segments; (v) how our Registered Representatives are compensated; and (vi) other important information about our brokerage services and the limitations associated with them.

TYPES OF SERVICE

CGMI and CPA are both registered with the SEC as broker-dealers and investment advisers. The brokerage services provided by CGMI and CPA are separate and distinct from their investment advisory services. Brokerage and investment advisory services are governed under different laws, are subject to different standards of care and are provided under separate contracts. Whether acting in a brokerage or investment advisory capacity, we must act in your best interest and observe high standards of commercial honor and just and equitable principles of trade, but we want you to be informed of the differences between those types of services.

With respect to brokerage services provided by CGMI and CPA to retirement accounts subject to Title I of ERISA or Section 4975 of the Code that require reliance on PTE 2020-02 to avoid Conflict of Interest Prohibited Transactions, CGMI and CPA must (i) meet a professional standard of care when making investment recommendations (give prudent advice); (ii) never put our financial interests ahead of yours when making recommendations (give loyal advice); (iii) avoid misleading statements about conflicts of interest, fees, and investments; (iv) follow policies and procedures designed to ensure that we give advice that is in your best interest; (v) charge no more than is reasonable for our services; and (vi) give you basic information about conflicts of interest. When CGMI or CPA acts as a fiduciary to such accounts, other prohibited transaction exemptions may be utilized to avoid Conflict of Interest Prohibited Transactions (and other prohibited transactions), but whenever we act as a fiduciary to an account subject to Title I of ERISA, we are required under Federal law to act in accordance with a professional standard of care when making investment recommendations and adhere to other prescribed duties in addition to those required by Regulation Best Interest. We would generally have similar duties of care when we act as a fiduciary with respect to accounts, such as IRAs, that are subject to Section 4975 of the Code (but not subject to Title I of ERISA), as may be prescribed under applicable State or other law.

The table that follows below summarizes CGMI's traditional brokerage services and contrasts them against the investment advisory services offered by CGMI. CPA is a limited purpose broker-dealer that does not provide traditional brokerage services or accounts. Rather, in its role as broker-dealer, CPA acts as a placement agent of certain private investment funds in episodic transactions. In that respect, Registered Representatives, acting in their capacity as representatives of CPA, make recommendations by and on behalf of that entity. CPA complies with Regulation BI through policies and procedures that are substantially similar to those of CGMI, and the conflicts of interest that apply to CGMI's business are substantially similar to those of CPA. Like CGMI, CPA also acts as an investment adviser with respect to certain businesses. In that capacity, CPA applies a fiduciary standard to its client interactions. CGMI and CPA follow substantially similar fiduciary and Regulation BI standards.

CGMI'S BROKERAGE AND ADVISORY SERVICES

	Brokerage	Investment Advisory
Scope:	Brokerage services are primarily transactional and involve assisting clients with the purchase and sale of securities.	Investment advisory services are provided on an ongoing basis and primarily involve providing investment advice or financial planning services designed to meet clients' comprehensive long-term financial goals.
Securities-related transactions governed by:	The SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules adopted under the Exchange Act. CGMI also is a member of the Financial Industry Regulatory Authority ("FINRA") and other self-regulatory entities and is required to comply with the rules of those organizations. In addition, CGMI is subject to regulation by state authorities.	The SEC under the Investment Advisers Act of 1940, as amended, and the rules adopted under the Advisers Act.

	Brokerage	Investment Advisory
Discretion:	We make recommendations about buying, selling, and holding securities in brokerage accounts, but you make the final investment decision.	In most investment advisory programs, a client grants us or a third party discretion to buy or sell investments. This permits us or the third party to make investments for the client's account without asking the client in advance. Some investment advisory accounts are non-discretionary and the client makes the final investment decisions for the account.
Monitoring:	We do not accept any responsibility to monitor your brokerage account(s) on an ongoing or periodic basis for any purpose. However, with respect to certain retirement accounts subject to Title I of ERISA or Section 4975 of the Code, to the extent necessary to comply with PTE 2020-02 (or any other applicable prohibited transaction exemption) to avoid Conflict of Interest Prohibited Transactions, we may agree in writing to certain monitoring associated with certain investment recommendations relating to such accounts.	Unless the relationship is limited in scope, like financial planning, the investment adviser for the account typically provides ongoing monitoring services for the account as provided for in the relevant investment advisory contract.
Fees:	Brokerage fees are generally transaction-based. We are compensated each time we execute a transaction via commissions, mark-ups, mark-downs and similar payments. For example, if you contact your Registered Representative to buy shares of a stock, you will pay a commission to us based upon various criteria such as the dollar value of the trade and the type of stock. In addition to what you pay us, we are sometimes compensated by the products that you buy or the service providers to those products. Those payments and the resulting conflicts of interest are described in detail in Parts Three and Four of this Disclosure Statement. You should also review the information and descriptions of the terms of our compensation in your other Customer Documents.	Investment advisory fees are typically paid for by the client based on a percentage of the value of the assets in a client's account at a given time. For example, a client with $100,000 in his or her account might pay 2% or $2,000 per year for the advice and services provided to an investment advisory account. Although the primary purpose of investment advisory programs is to provide clients with investment advice and guidance, investment advisory programs combine both brokerage and investment advisory services, and the single asset-based fee that clients pay for investment advisory programs generally covers brokerage and investment advisory services, along with clearing and custody services and certain other services described in CGMI's Form ADV.

STANDARDS OF CARE

Regulation BI is an SEC regulation that applies to CGMI, CPA and our Registered Representatives when we act as a broker-dealer and provide brokerage services to "retail customers." A retail customer is someone who uses the recommendations we make primarily for personal, family or household purposes. Regulation BI requires us to act in your best interest, and not place our financial or other interests ahead of yours, when recommending any securities transaction, an investment strategy involving securities, account types, and individual retirement and plan account rollovers.

To comply with the standard of conduct established under Regulation BI, we must meet four separate, component obligations:

- The **Disclosure Obligation** requires us to disclose fully and fairly in writing, at or before the time of the recommendation, all material facts about conflicts of interest relating to the recommendation (including how we and our Registered Representatives are compensated) and about the scope and terms of the relationship with the retail customer.
- The **Care Obligation** requires us to exercise reasonable diligence, care and skill when making a recommendation to a retail customer. The Care Obligation extends to recommendations of individual securities and investment strategies as well as to

recommendations regarding specific account types, including individual retirement account rollovers.

- The **Conflict of Interest Obligation** requires us to establish, maintain, and enforce written policies and procedures reasonably designed to identify and at a minimum disclose (pursuant to the Disclosure Obligation) or eliminate all conflicts of interest associated with recommendations to retail customers.
- The **Compliance Obligation** requires us to establish, maintain and enforce written policies and procedures reasonably designed to achieve compliance with Regulation BI.

When providing investment advisory services, the law generally requires that we act as a fiduciary, which means that we must serve the best interest of our investment advisory clients and not subordinate our investment advisory clients' interests to our own. Although similar to our obligations under Regulation BI and other laws, rules and regulations that apply to us as a broker-dealer, the fiduciary duties that apply to investment advisers impose a different standard of care. There are a number of consequences that result from the different regulatory treatment of broker-dealers and investment advisers. Among other things, you should understand that:

- Laws relating to brokerage services permit a broker-dealer to trade as principal with brokerage customers and act as agent for two customers in the same trade without first obtaining customer consent, so long as the broker-dealer discloses this capacity on trade confirmations sent to customers;
- A broker-dealer's duties do not extend beyond a particular recommendation or series of recommendations, meaning that a broker-dealer does not have a continuous duty to a customer;
- A broker-dealer is not subject to a duty to monitor customer accounts absent an express agreement to monitor; and
- The duties under Regulation BI do not apply to self-directed or otherwise unsolicited transactions by a customer.

Whether we provide brokerage services or investment advisory services, we are required to provide you information regarding material facts relating to conflicts of interest that are associated with our recommendations to you. There are other facts concerning our duties and services that may be material to your decision to establish an account with us or make an investment that we recommend. Whether you decide to open an investment advisory account or a brokerage account, we will provide you with more information in the Customer Documents regarding these services including conflicts of interest. For example, additional information is contained in our Form CRS and is provided in this Disclosure Statement for brokerage services and in our Form ADV for investment advisory services.

To the extent that we act as a fiduciary with respect to accounts subject to Title I of ERISA or Section 4975 of the Code, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice); and
- Avoid misleading statements about conflicts of interest, fees, and investments.

We must also under PTE 2020-02:

- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge you no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

This additional fiduciary standard of care will be our additional commitment to you in respect of recommendations made to or in respect of your retirement accounts beginning on December 20, 2021, or such other date that the U.S. Department of Labor extends any initial enforcement date for Prohibited Transaction Exemption 2020-02.

BROKERAGE VS. INVESTMENT ADVISORY ACCOUNTS

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

- Your preference for an investment advisory or brokerage relationship, a discretionary or a non-discretionary relationship, a fee-based or commission-based relationship and access to a dedicated financial advisor;
- The types of investment vehicles and solutions that are available in each investment advisory program;
- Whether a particular investment solution offered in an investment advisory program is available through another CGMI investment advisory program or by another financial services firm at a lower or higher cost or whether such solution can be achieved in a brokerage account;
- How much trading activity you expect to take place in your account;
- How much of your assets you expect to be allocated to cash or cash equivalents;

- Whether a particular investment product is available from CGMI and in what type of account;
- Whether you prefer the frequency and type of client profiling reports, performance reporting and account reviews that are available in an investment advisory account;
- Whether you prefer ongoing account monitoring, as is typically provided in an investment advisory account, or deem acceptable the lack of monitoring services available in a brokerage account; and
- The scope of ancillary services that may be available to you through a brokerage account, but which may not available through an investment advisory account, such as trading online or securities-based lending within the account.

Please feel free to discuss with your Registered Representative, or with a manager whose name and telephone number can be provided by your Registered Representative, any questions about the differences between investment advisory accounts and brokerage service accounts, including the extent of our obligations to disclose conflicts of interest and to act in your best interest, and your rights and our obligations to you.

ADDITIONAL INFORMATION FOR RETIREMENT ACCOUNTS

This Disclosure Statement also provides information and disclosures when CGMI provides investment advice to your retirement account that is subject to Title I of ERISA or Section 4975 of the Code where CGMI is a fiduciary within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable. When that investment advice requires reliance on PTE 2020-02 to avoid Conflict of Interest Prohibited Transactions, CGMI must meet certain standards and obligations as more fully described in the section of this Part One entitled "Standards of Care". Generally, this Disclosure Statement includes a description of offerings, products and services provided by each of CPB, CPWM, CPII and CPA. In addition, information regarding fees and commissions charged by each line of business are described in Part Two of this Disclosure Statement entitled "Fees, Commissions and Other Costs". For basic information regarding CGMI's Conflicts of Interest, please refer to Part Three of this Disclosure Statement entitled "Conflicts of Interest". In addition, the Product Supplement incorporated by reference in Part Four provides further information about product specific conflicts of interest including compensation to Registered Representatives, and fees, commissions and other expenses related to each product. The Product Supplement also identifies product specific limitations and restrictions on such products including those products that are not available in retirement accounts.

SALES CHANNELS AND CUSTOMER SEGMENTS

CPWM

TRADITIONAL OFFERINGS:

CPWM offers both traditional brokerage investment products and services and investment advisory accounts to customers across the following segments:

- Citigold Private Client: The Citigold Private Client ("CPC") segment is intended to serve customers with greater than $1,000,000 in total combined eligible assets at Citi. In addition to all of the Citigold benefits, CPC customers also enjoy access to an expanded wealth team, advanced wealth planning strategies, premier investing services, research, lifestyle and global travel benefits, segment pricing and fee waivers, and a ThankYou® rewards program. Customers also have access to a Citigold Private Client Servicing Team (call center support).
- Citigold: The Citigold segment is aimed at customers with between $200,000 and $1,000,000 in total combined eligible assets at Citi. Citigold customers enjoy premier banking benefits, comprehensive wealth management, lifestyle and global travel benefits, segment pricing and fee waivers, and a rewards program. Customers also have access to a Citigold Servicing Team (call center support).
- Citi Priority: Citi Priority clients have total combined eligible assets at Citi of between $50,000 and $200,000. Citi Priority Advisors are available to offer brokerage and investment advisory products and services. Customers in this channel are also entitled to: support and service from a Personal Banker for banking and a Citi Priority Servicing Team (call center support), global travel benefits, segment pricing and fee waivers, and a rewards program.
- National Investor Center ("NIC"): The NIC is CPWM's "virtual" advisor group, providing investment services and advice upon request. The NIC offers a more limited group of brokerage and investment advisory products and services.
- Self Service offerings: CPWM offers a digital, self-directed brokerage account free of transaction and account fees called Citi Self Invest. Citi Self Invest offers clients the online ability to buy and sell ETFs, equities and certain mutual funds with no access to a Registered Representative. All trades are unsolicited and directed by the customer.

There are no brokerage account minimums, but fees based upon balances and other factors apply. For more information about the account fees, please see "CPWM" in Part Two of this Disclosure Statement. Certain products described herein that CPWM offers require a client to have a Citibank relationship. Currently, a Citibank checking account in the same name is required in order to open a Citi Wealth Builder account. Similarly, a Citibank account may be required to create a Citi Wealth Advisor financial plan.

OTHER DIGITAL SERVICES:

- Citi Wealth Builder: CPWM's automated "robo"-advisory services offering. For a low fee and minimal initial investment threshold, customers can have cash invested and allocated among certain exchange traded funds (ETFs) or mutual funds based on algorithms that match the customer's investment profile.
- Wealth Planning Services (Citi Wealth Advisor): CPWM customers are offered no-fee financial planning services through Registered Representatives supported by digital planning tools and CPWM planning specialists. Planning activities can range from a very simple investment asset allocation calculator to a comprehensive plan that considers key customer life events such as retirement and child education planning. CGMI acts as a registered investment adviser when finalizing and delivering a comprehensive plan. Your investment advisory relationship terminates upon delivery of the plan. To the extent you elect to make any investments recommended by a plan, those investments can be made by CPWM Registered Representatives acting as brokers or by entering into a new investment advisory relationship.
- Online and Mobile Access: Once an account is opened, CPWM customers may also transact certain business online either through the customer website that is accessible through the Citibank Online web site (accessible for customers with Citibank accounts), a CPWM-branded stand-alone web site, or through the Citibank Mobile App.

CPB

CPB offers brokerage and investment advisory solutions to its customers through CGMI and CPA in the North America and Latin America regions. A Private Banker is at the center of each customer relationship. The Private Banker develops and coordinates investment strategies and solutions for individual customer needs, with support from Investment Counselors, Product Specialists and others within the Private Bank, across multiple private office locations covering the following customer segments:

- Ultra High Net Worth: This segment caters to customers typically with upwards of $50 million in net worth, including CEOs, entrepreneurs, real estate investors, large family offices and others.
- High Net Worth: This segment caters to customers typically with between $10 million and $50 million in net worth, including senior executives, business owners, family offices, and others.
- Professional Services: This segment caters to large national and international law firms and other professional services firms, including accounting firms and consulting firms, as well individuals who are partners and associates at those firms.

CPB customers are not required to maintain a minimum balance in their CPB brokerage accounts but fees and commissions apply. For more information, please see "CPB" in Part Two of this Disclosure Statement.

CPII

CPII offers traditional brokerage investment products and services primarily to offshore customers and investors across the below segments and channels. To open a brokerage account with CPII, a client must have a bank account with Citibank, N.A. A bank client may have a certain status with respect to banking or other activities based on assets held at Citi or other factors. Eligibility for each segment or channel depends on the amount of depository assets you have and banking fees may vary per channel. Although such status may entitle a client to certain privileges and benefits with respect to banking or other activities, the investment products and brokerage services offered by CPII generally are made available to each CPII client on the same terms. Bank accounts are governed by the terms of your agreements with Citibank, N.A.

- Citigold® Private Client International ("CPCI")
- Citigold® International ("CI")
- Citi International Personal Account ("CIPA")
- Citi Global Executive and Citi Global Executive Preferred ("GEB" and "GEB Preferred")

Once an account is opened, CPII customers may also transact certain business online either through the customer website that is accessible through the Citibank Online web site (accessible for customers with Citibank accounts), or through the Citibank Mobile App. For more information, please see "CPII" in Part Two of this Disclosure Statement.

COMPENSATION OF REGISTERED REPRESENTATIVES

A Registered Representative's compensation varies depending on the particular line of business with which he or she is associated.

Please see below for details on how each line of business compensates its Registered Representatives. Consistent with Regulation BI, and, where applicable, PTE 2020-02, Registered Representatives do not participate in sales contests, sales quotas, bonuses, and non-cash compensation based on the sales of specific securities or types of securities within a limited period of time, and, when Citi relies on PTE 2020-02, it does not use performance standards if it believes a reasonable person would conclude that the incentives are likely to encourage Registered Representatives to make recommendations that are not in retirement investors' best interest. This prohibition does not apply to compensation practices based on total products sold, asset growth or accumulation, or customer satisfaction, and Registered Representatives may receive compensation based on those factors. In addition, we may sponsor travel for training or education meetings, provided that the meetings are not based on the sale of specific securities or types of securities within a limited time period. These practices, and related conflicts of interest, are discussed in more detail in Part Three of this Disclosure Statement.

CITI WEALTH

Citi Wealth Registered Representatives receive a monthly salary plus quarterly variable compensation credits allocated to the extent they exceed a quarterly hurdle established by Citi Wealth based on the Registered Representative's annual base salary divided by 4. The credits are based primarily upon brokerage and investment advisory revenue to the firm from customers serviced by the Registered Representative. In addition, to a lesser extent, other components are considered in the determination of credits including, but not limited to, revenue derived from securities based lending (including non purpose loans and margin loans). Registered Representatives are also eligible to receive a quarterly discretionary bonus, which is based on an evaluation of the Registered Representative's performance over the quarter. Components considered in determining the discretionary bonus, include, but are not limited to, activities related to mortgage referrals, deposit revenue, financial planning, client growth, client servicing satisfaction and the Registered Representative's adherence to Citi's risk management and compliance requirements. In addition, as part of certain compensation arrangements, newly hired Registered Representatives may be entitled to receive at a specified future time additional compensation based on specified eligible investment and/or deposit balances.

CPB

CPB Registered Representatives, including the Bankers, Investment Counselors and Product Specialists who provide recommendations in connection with your brokerage account(s), receive a fixed base salary plus a discretionary annual bonus, which evaluates the employee's performance over the entire year. To determine the bonus, CPB has established a balanced assessment model that incorporates a qualitative assessment based on Citi's Leadership Standards, a quantitative assessment of each Registered Representative's contributions, as well as an evaluation of responsible financial management. Registered Representatives are subject to a scorecard, which equally weighs each Representative's qualitative performance with quantitative measurements, including financial performance. The financial performance assessment is focused primarily on revenue growth, new customer acquisition, brokerage assets growth and investment advisory account (managed investments) assets under management ("AUM") growth.

Note that while these financial performance measures are taken into account, Registered Representatives do not receive any direct percentage of the brokerage or other revenue they generate. In addition, Registered Representatives are not directly compensated for referring customers to CGMI's affiliates or other Citi lines of business to obtain other products or services (such as a mortgage or auto loan) and they do not participate in any sales contests. Other core factors on the scorecard include qualitative assessments of talent management, partnership, leadership, participation in corporate initiatives, and adherence to Citi's risk management and compliance requirements. CPB management measures overall performance against the Registered Representatives goals and relative performance against peers in similar roles to determine final performance rating. The ultimate decision to grant the bonus, and the value and form it takes, are in the sole discretion of management, and depends on factors such as Citi's overall performance, CPB's performance, the Registered Representative's business or functional group's performance, as well as the individual's final performance rating.

OTHER IMPORTANT INFORMATION ABOUT BROKERAGE SERVICES

ABOUT RECOMMENDATIONS

Depending on your customer segment or channel, CGMI and our Registered Representatives may, during the course of our relationship with you, make recommendations to you or your authorized agents regarding account types, investment strategies involving securities and/or particular securities or other investments to be purchased or sold in brokerage accounts. Each of those recommendations must be approved by you or your authorized agent before they can be implemented. Our recommendations will be explicitly stated to you, including any recommendation with respect to the type of account selected, including, but not limited to, rollover recommendations, or the decision to continue to hold any or all existing investments.

Prior to making a recommendation to you, we develop the recommendation through our internal processes and reviews, starting at the firm level and down to the Registered Representative level and ultimately to you as our customer. As described in "Types of Service" in this Part One, CPA is a limited purpose broker-dealer that does not provide traditional brokerage services or accounts. Rather, in its role as broker-dealer, CPA acts as a placement agent of certain private investment funds in episodic transactions. For a description of the product approval process used by CPA, please see "Private Equity and Real Estate Platform" and "Hedge Fund Platform" under "Alternative Investments" in the Product Supplement portion of Part Four of this Disclosure Statement.

Product Approval Process

Starting at the firm level, dedicated internal committees review and approve new investment and variable insurance and annuity products and services available to customers. Only those products approved by the committees are available to be recommended and purchased on our product platform.

These committees are responsible for, among other things, evaluating, reviewing and approving investment and variable insurance products, including those that are manufactured by CGMI for distribution via either internal Citi distribution channels or third-party distribution channels. The review includes the product's structure and strategy, conflicts of interest, product level suitability, fees and economics, quantitative analysis, marketing materials, target market appropriateness and franchise/reputational risks.

Investment Decision Framework

In seeking to make a recommendation to a customer or prospective customer, Registered Representatives are guided by an investment decision framework. The investment decision framework requires Registered Representatives to assess relative risks, rewards, and costs to the customer of the recommendation and the reasonably available alternatives to the recommendation.

The factors considered by Registered Representatives include, as applicable, the relevant sales channel, Registered Representative training and certification requirements, the customer's investment profile and goals, the investments and services available to your Registered Representative to recommend, specific limitations on the available investments and services (e.g., income thresholds and geographic limitations) and product-specific factors, such as leverage, liquidity, tenor, volatility and the likely performance in a variety of market and economic conditions.

When recommending relatively complex or costly products, a Registered Representative will consider whether less complex or less costly products could achieve the same objectives for the customer. While cost is always an important factor and must always be considered when making a recommendation, customers should understand that a Registered Representative is not required to recommend that you invest in the least expensive product among available options.

Explicit Recommendations Only

If your Registered Representative does not make an explicit recommendation to you about any of your existing investments, investment strategies or your account type, you should not assume that he or she is making a recommendation, implied or otherwise, that you should continue to hold the investments in your brokerage account(s), pursue the same investment strategies or that you should continue to maintain the same account type(s). Where your Registered Representative does not make any such recommendation, you should assume that no recommendation has in fact been made that is subject to Regulation BI (or, if applicable, no investment advice has been provided, and that Citi has not otherwise acted as a fiduciary under ERISA or Section 4975 of the Code).

Transactions Not Recommended by Us

If you ask us to implement an investment that we did not recommend to you, you should understand that our interactions with you regarding the implementation of the investment are not subject to Regulation BI or Title I of ERISA or Section 4975 of the Code. Such transactions shall be recorded and treated for all relevant purposes as unsolicited transactions.

CAPACITY OF REGISTERED REPRESENTATIVES

All recommendations will be made in a broker-dealer capacity unless otherwise expressly stated at the time of the recommendation or unless the recommendation was made under a separate investment advisory agreement. As indicated above, with respect to retirement accounts subject to Title I of ERISA or Section 4975 of the Code, when investment advice is provided to you regarding your retirement plan account or individual retirement account, CGMI is a fiduciary within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable.

NO MONITORING

As set forth in the Customer Documents, CGMI does not have any responsibility to monitor your brokerage account(s) on an ongoing or periodic basis for any purpose. CGMI may, however, from time to time and in our sole discretion, review your brokerage account(s) for the purpose of determining whether to make a recommendation to you, but any such voluntary review of your brokerage account(s) does not constitute our agreement to undertake responsibility for monitoring your brokerage account(s). You are reminded that you bear the responsibility to monitor your brokerage account(s) to ensure the activity and holdings remain consistent with your investment profile. Please promptly contact us or your Registered Representative if any activity or holdings no longer meet your needs or objectives. Notwithstanding the foregoing, with respect to any retirement account subject to Title I of ERISA or Section 4975 of the Code, to the extent necessary to comply with PTE 2020-02 (or another applicable prohibited transaction exemption) to avoid Conflict of Interest Prohibited Transactions, we may agree in writing to certain monitoring associated with certain investment recommendations relating to such accounts.

BROKERAGE ACCOUNT TYPES

Agreement Type	Purpose
Brokerage Account Client Agreement	Full service brokerage agreement for all account types (other than ERISA plans and Individual Retirement Accounts ("IRAs" or "retirement accounts"))
Qualified Retirement Plan and IRA Client Agreement	Full service brokerage account for ERISA plans and IRAs only
Trade Execution Account Agreement	Brokerage account for deliver-versus-pay trade execution
Executing Broker Client Agreement	Establishes prime brokerage clearance services

LINKED BANK ACCOUNTS

In certain instances, customers may be entitled to link their brokerage account to bank accounts, whether as a settlement and sweep option or for other purposes. Other bank account links are governed by the terms of your agreements with Citibank. For more information about using your Citibank account as a settlement and sweep option, please see "Settlement and Sweep Options" in the Product Supplement portion of Part Four of this Disclosure Statement.

ADDITIONAL INFORMATION AND LIMITATIONS

PRODUCT INFORMATION AND LIMITATIONS

For important information about our product offerings, including applicable fees, expenses, costs, qualifications, limitations and conflicts of interest, please refer to Part Four of this Disclosure Statement and the Product Supplement, which is incorporated by reference therein.

Products and services offered by Citi and its affiliates are subject to the applicable local laws and regulations of the jurisdiction where they are booked and offered. Not all accounts, products and services, as well as pricing, are available in all jurisdictions or to all customers. Your country of citizenship, domicile, or residence may have laws, rules, and regulations that govern or affect your application for and use of our accounts, products and services, including laws and regulations regarding taxes, exchange and/or capital controls.

General Data Protection Regulation (GDPR) Disclosure

The products and services mentioned in this document are not recommended to individuals who are non-U.S. residents subject to European Union's GDPR, including individuals resident in the European Union, European Economic Area, Switzerland, Guernsey, Jersey, Monaco, Isle of Man, San Marino and Vatican. Your eligibility for a particular product and service is subject to a final determination by us. This document is not, and should not be construed as, an offer, invitation or solicitation to buy or sell any of the products and services mentioned herein to such individuals.

ACCOUNT INFORMATION AND LIMITATIONS

A brokerage account will be established for customers subject to and upon the execution and delivery of all required Customer Documents. The Customer Documents set forth the terms and conditions governing the customer's relationship with us, including regarding amendment and changes to the Customer Documents, termination of the brokerage relationship, delivery (including by electronic delivery) of notices and amendments to such terms and required arbitration provisions. Acceptance of brokerage accounts is also subject to our policies and procedures regarding anti-money laundering and "know your customer" related laws, rules and regulations.

In unusual circumstances, an inadvertent trade error may occur in a customer's brokerage account. Citi has adopted error policies aimed at ensuring the prompt and proper detection, reporting and correction of errors involving the accounts of clients. In the event that an executed trade is erroneous and requires a correction, customers will not bear any losses resulting from a trade error correction. If the trade error correction results in a gain, then Citi businesses will retain this financial benefit, unless the correction was in relation to a trade or trades that had already settled in a retirement account, in which case the gains will be retained by the client (i.e., for trade errors in retirement accounts that are addressed post-settlement, any resulting gains will remain in the customer's retirement account and any losses incurred will be restored to the customer's retirement account).

We do not provide tax or legal advice. To the extent that this Disclosure Statement, any Customer Document or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

REGISTERED REPRESENTATIVE INFORMATION AND LIMITATIONS

To engage in securities-related brokerage and investment advisory activities, Registered Representatives must be qualified by examination and registered with FINRA and in relevant states to sell investments and/or receive transaction-based compensation for sales of investments. Similarly, for those lines of business that offer variable insurance or annuity products, Registered Representatives are required to be state insurance licensed.

You may obtain information about your Registered Representative by speaking with him or her and by using BrokerCheck, which is available online at:

- https://brokercheck.finra.org/

PART TWO | FEES, COMMISSIONS AND OTHER COSTS

GENERAL

Customers pay the fees and costs for a particular product or account type referred to in this Disclosure Statement or asset based fees payable in connection with an investment advisory program as described in the Form ADV. In addition, customers may pay other fees or charges in connection with their accounts or certain securities transactions. These include (but are not limited to): commissions and other charges for transactions that are executed other than through CGMI or Pershing LLC, our clearing firm (the "Clearing Firm"); interest on any debit balances; dealer mark-ups, mark-downs and spreads; auction fees; certain odd-lot differentials; exchange fees; transfer taxes; electronic fund and wire transfer fees; charges imposed by custodians other than CGMI or Clearing Firm; certain fees in connection with custodial, trustee and other services rendered by a CGMI affiliate; termination fees with respect to individual retirement and plan accounts; SEC fees on securities trades; other charges mandated by law; and certain fees in connection with the establishment, administration or termination of retirement or profit sharing plans or trust accounts. Furthermore, there may be additional fees when trading in foreign securities and ADRs.

Please refer to the Appendix at the end of this Disclosure Statement for a summary of certain of the fees, commissions and other costs that apply to your brokerage account.

Fee minimums and account minimums may vary as a result of the application of prior schedules depending upon the customer account inception date. Some products and services permit aggregating the accounts of members of the same household. Minimum account sizes also may be waived under certain circumstances. From time to time, the fees and costs for certain of the products and services described herein may be reduced in our discretion. For more information regarding the above, please contact your Registered Representative.

Generally, interest will be charged to a customer's account if the account has a debit balance as a result of the customer's activity. For more information, please see "Regulation T Securities-Based Credit Products" in the Product Supplement portion of Part Four of this Disclosure Statement.

CPWM

CPWM brokerage accounts are subject to the service-related fees set out in CPWM's current fee schedule (the "CPWM Fee Schedule"). Likewise, transactions are subject to the commissions set out in CPWM's current commission schedule (the "CPWM Commission Schedule"). If your account(s) is a CPWM brokerage account, the CPWM Fee Schedule and the CPWM Commission Schedule can be found in the Appendix and are also available online at:

- http://www.citi.com/investorinfo/

Both the CPWM Fee Schedule and the CPWM Commission Schedule may be modified from time to time with prior notice to you. For more information regarding fees and commissions, including applicable exemptions, please consult your Registered Representative.

CPB

CPB Brokerage accounts are subject to the service related fees set out in CPB's current fee schedule (the "CPB Fee Schedule"). Likewise, transactions are subject to the commissions set out in CPB's current commission schedule (the "CPB Commission Schedule"). If your account(s) is a CPB brokerage account, the CPB Fee Schedule and the CPB Commission Schedule can be found in the Appendix and are also available online at:

- https://www.privatebank.citibank.com/ivc/docs/CPBCommissionsandAccountFees.pdf

Both the CPB Fee Schedule and the CPB Commission Schedule may be modified from time to time with prior notice to you. For more information regarding fees and commissions, including applicable exemptions, please consult your Registered Representative.

CPII

CPII brokerage accounts are subject to the service-related fees, and transactions are subject to the commissions, in each case set out in CPII's current fee and commission schedule (the "CPII Fees and Commissions Schedule"). If your account(s) is a CPII brokerage account, the CPII Fees and Commissions Schedule can be found in the Appendix and is also available online at:

- http://www.citi.com/investorinfo/Fees-and-Commissions-for-CPII_EN.pdf

The CPII Fees and Commissions Schedule may be modified from time to time with prior notice to you. For more information regarding fees and commissions, including applicable exemptions, please consult your Registered Representative.

PART THREE | CONFLICTS OF INTEREST

In the course of a brokerage relationship, a customer's interests may conflict from time to time with our interests and/or the interests of your Registered Representative. When presented with conflicts of interest, we and our Registered Representatives are guided by our legal obligations, including any relevant contractual terms, and our good faith judgment as to a customer's best interests in light of the surrounding circumstances. We have established a conflicts management framework that enables us to identify, manage, mitigate, monitor and escalate or report conflicts of interest. We manage conflicts through various policies, procedures and/or processes. Depending upon the conflict, management measures may include disclosing the conflict and facts related to the conflict and/or mitigating or eliminating the conflict. We mitigate or eliminate conflicts by establishing information barriers, changing compensation incentives, and/or restructuring transactions, products or processes. In addition, our governance committees oversee and review certain matters involving potential conflicts. If the conflict cannot be appropriately managed and/or mitigated, we may decline to engage in the activity giving rise to the potential conflict.

This Part Three describes conflicts of interest concerning our business and the way we and our Registered Representatives earn compensation. Not every conflict disclosed below will apply to each customer. In some instances, we have described below the controls implemented to address a particular conflict. This Part Three should be read in conjunction with our Form CRS and the other Customer Documents provided to you. Conflicts of interest regarding our investment advisory business are described in our Form ADV Part 2A brochures. For more information about product-specific conflicts, please refer to the appropriate product description in Part Four of this Disclosure Statement, as supplemented by the Product Supplement, and any product-specific materials, such as prospectuses, offering memoranda and marketing materials.

KEY CONFLICTS OF INTEREST

Account Type

We offer both brokerage and investment advisory accounts and services. Compensation for brokerage accounts and brokerage services is transaction-based. Compensation for investment advisory accounts or services is fee-based. Because of those differences, it is difficult to compare in advance the compensation received for brokerage and investment advisory accounts or services, but we may receive more or less compensation depending on the account type or service you select. However, there may be circumstances where a given account type, such as retirement accounts, may result in greater or lesser compensation, including within different products or strategies involved. We have a financial incentive to recommend accounts and services based on the amount of compensation we will receive. For example, a high level of trading activity could generate more compensation to your Registered Representative in a brokerage account than in an investment advisory account. In the alternative, a long-term buy and hold strategy might generate more compensation for your Registered Representative in a fee-based investment advisory arrangement than for brokerage services. In addition, fee rates, and thus the compensation payable to Citi and to any Registered Representative, may vary among fee-based investment advisory services, depending upon the investment strategy involved and the assets subject to the arrangement, among other factors. For example, certain investment strategies may charge higher fees on a relative basis to others.

Transaction-Based Compensation

When a customer purchases or sell securities in a brokerage account, the customer pays us transaction-based compensation in the form of a commission, sales load, mark-up or mark-down. The amount of such compensation varies based on the volume of trading. We have an incentive to recommend that you trade more frequently in your brokerage account, rather than buy and hold investments long-term or open an investment advisory account.

Third-Party Compensation

We receive compensation from third parties in several forms. We are compensated in the form of commissions and other fees for providing traditional brokerage services (e.g., research and advisory support, purchases and sales of securities for fund portfolios) to certain mutual funds, annuity providers, alternative investments (e.g., hedge funds) and similar products. In addition, we receive payments for administration, custody, transfer agency, fund accounting and administration, print mail services and distribution, and other services provided to investment products, their investors and product sponsors. Common types of third-party compensation from investment products include annual 12b-1 fees, platform fees, sales charges and shareholder servicing fees. Compensation out of the assets of product sponsors commonly is paid as a revenue sharing payment and are based on aggregate customer holdings. The forms and amounts of these types of third-party compensation vary, sometimes significantly, depending on the product and other factors, including in some cases, account type. We have a financial incentive to recommend the products offered by third parties who pay us more. However, no portion of the revenue sharing payments to us is made by means of brokerage commissions generated by a product's own investment activities. We do not pay additional compensation to your Registered Representative as a result of revenue sharing payments. We negotiate from time to time with clearing firms, investment managers and other service providers to achieve cost savings or other improved terms for services covered by the fees and charges incurred by customers. Any cost savings or other advantages achieved may differ by product line or distribution channel, and we sometimes do not pass along the savings or other benefits to customers.

Lending Income

We earn interest income through our lending activity, and this income is in addition to commissions or other compensation earned from related securities transactions. We may use the cash balance in your account to fund certain lending activity. In general, we and your Registered Representative earn more income as the amount borrowed (or the amount outstanding) increases.

Proprietary Products

Certain investment products are "proprietary," meaning they are issued, sponsored and/or managed by us. Like other product sponsors, issuer and/or managers, we charge fees, costs and expenses for our proprietary products. These product-based fees, costs and expenses are in addition to any transaction-based fees or costs that may be incurred. In some cases, proprietary products may be more expensive than similar products from third parties. Because our compensation may be greater for proprietary products than non-proprietary products, we have an incentive to recommend proprietary products over non-proprietary products. We have adopted practices designed to mitigate the risk that we and our Registered Representatives subordinate the interests of investors to these objectives, including by assuring that we not put our interest ahead of yours.

Agency vs. Principal Trading

When effecting your securities transactions, we may act in the capacity as an "agent" or "broker," meaning that we purchase or sell your securities through a counterparty (i.e., with another customer or outside buyer or seller). We also may act as a "principal" or "dealer" and complete your trade using our own inventory. Trading on a principal basis presents a conflict because the transaction involves a Citi entity's own book of securities, and we have a direct interest in the pricing and profitability (or loss) from the trade; specifically, we have an interest as buyer to buy from you at the lowest possible price and as seller to sell to you at the highest possible price. We may also be incentivized to use principal transactions to sell you securities that we no longer want, or that others in the market will not purchase, or buy from you securities that are in high demand, in each case at prices that are advantageous to us. We must disclose whether we are acting in an agency or principal capacity for each transaction (including in customer trade confirmations), and we have a number of other obligations, policies, and procedures to ensure the quality and fairness of customer trades. Among the obligations is a best execution obligation that requires us to seek the best execution reasonably available under the circumstances for our customers' orders. We are required to evaluate the orders we receive from all customers in the aggregate and periodically assess which competing markets, market makers, or electronic communications networks offer the most favorable terms of execution. In seeking best execution of customer orders, we must consider certain factors, including the opportunity to get a better price than is currently quoted, the speed of execution, and the likelihood that the trade will be executed. In certain circumstances, we have a policy of outright prohibition against engaging in principal transactions. When making recommendations to retirement accounts in reliance on PTE 2020-02 to avoid Conflict of Interest Prohibited Transactions, we may have an incentive to act as "agent" or "broker" (or "riskless principal") capacity as opposed to "principal" or "dealer" capacity, because of certain limitations and restrictions imposed by PTE 2020-02 on transactions effected on a principal basis.

We also underwrite new and secondary securities offerings. As an underwriter or syndicate member, we seek to maximize the success of an offering for the issuer and ourselves, as well as any other syndicate members. We have an incentive to sell underwritten securities at a higher price and in greater amounts to increase the amount we make. Similarly, we have an incentive to recommend underwritten securities to you to fulfill our underwriting obligations or to avoid losses.

Recommendations and Services to Others

Citigroup is a large corporate conglomerate consisting of many affiliated entities. CGMI and its affiliates provide a wide range of services within the financial industry for various parties, such as financial advisory activities, merchant banking, lending, arranging securitizations and other financings, sponsoring and managing private investment funds, engaging in broker-dealer activities and other activities. The provision of these services creates incentives for us to recommend certain products over others based on our relationship with those who receive our services. Therefore, a customer may hold the securities of issuers for which we perform services. For example, customer holdings may include products for which we provide services as trustees or custodians.

We may recommend securities in which we directly or indirectly have a financial interest, and we may buy and sell securities that are recommended to other customers for purchase and sale. Thus, a customer may hold securities in which we make a market or in which we, our officers or employees also have positions. When Registered Representatives purchase or sell securities for their own or certain family members' accounts in close time proximity to transactions in such securities that are solicited for their customers' accounts, the price paid or realized by the Registered Representative (or family member) generally may not be more advantageous than the price at which the customer transactions are effected.

We also may make a recommendation to a customer that differs from a recommendation provided to other customers and take action for ourselves that differs than action taken on behalf of customers. For example, we may recommend securities to customers who hold different parts of the capital structure of the same issuer. Our recommendations to customers who hold one class of securities may differ from, or conflict with, recommendations to customers who hold a different class of securities. Particular customers may be negatively affected by these decisions while other customers may be positively affected. For instance, a customer whose objective is income may be invested in a company's bonds while a customer whose objective is capital appreciation may be invested in the same company's equity. Bondholders and shareholders represent two categories of a company's capital structure with potentially opposing interests. Shareholders with unlimited upside on their equity investment in a company may want the company to undertake higher risks that can potentially benefit the equity owners, whereas the bondholders who are creditors of the company may want the company to minimize risks enough to pay the debt owed to the bondholders. As creditors of the company, bondholders receive priority over the company's assets if a company liquidates while the shareholders are the equity owners who receive last priority. Bondholders who hold debt securities may seek a liquidation of an issuer whereas shareholders who hold equity securities may prefer a reorganization of the company.

Registered Representative Compensation

Because Registered Representatives receive compensation that is tied, directly or indirectly, to the sales he or she generates, Registered Representatives have incentives that can conflict with a customer's interest. In general, Registered Representatives are incentivized to recommend that you open an account, purchase or sell an investment or insurance product or borrow using a CGMI brokerage account or other accounts held with us as collateral. For example, Registered Representatives that advise customers regarding rollovers from employer-sponsored retirement plans earn additional compensation if the customers roll amounts into IRAs at CGMI. These incentives have the potential to affect the recommendations made by Registered Representatives.

In some cases, Registered Representatives receive greater compensation in connection with certain recommendations than for other recommendations. For example, Registered Representatives may receive greater compensation for selling a variable annuity than for selling a fixed annuity. Thus, Registered Representatives have a financial incentive to recommend the investments that will pay higher compensation. In addition, when fees and other forms of compensation are shared directly with Registered Representatives, Registered Representatives have a further incentive to recommend the investment or insurance products that pay those fees and to favor those that pay them in greater amounts.

As part of an overall internal compliance program, we have adopted policies and procedures designed to avoid misaligning our financial interests and those of your Registered Representative with your financial interests and to prevent and detect, among other things, any improper or abusive conduct when conflicts arise. In designing our compensation structures, we have put in place policies and procedures and incentive practices that, as a whole, a reasonable person would conclude do not create incentives for Registered Representatives to place their interests ahead of your interest.

For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

ADDITIONAL CONFLICTS OF INTEREST

Marketing Support, Conferences, Sales Meetings, and Similar Activities; Registered Representative Access

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

We coordinate with certain product sponsors in developing marketing, training and educational plans and programs, and this coordination might be greater with some sponsors than others, depending on relative size, quality and breadth of product offerings, customer interest and other relevant factors. Representatives of approved sponsors—whether sponsors remit these payments or not—are typically provided access to our branch offices and Registered Representatives for educational, marketing and other promotional efforts subject to the discretion of our managers. Although all approved sponsors are provided with such access, some sponsors devote more staff or resources to these activities and therefore may have enhanced opportunities to promote their products to

Registered Representatives. These enhanced opportunities could, in turn, lead Registered Representatives to focus on those products when recommending investments to customers over products from sponsors that do not commit similar resources to educational, marketing and other promotional efforts.

Gifts, Gratuities and Nonmonetary Compensation

From time to time, certain third parties (such as investment product distributors and providers, mutual fund companies, investment advisers, insurance and annuity companies, broker-dealers, wholesalers, etc.) provide Registered Representatives or CGMI or its affiliates with non-monetary gifts and gratuities, such as promotional items (e.g., coffee mugs, calendars or gift baskets), meals, invitations to events, and access to certain industry-related conferences or other events. Without limiting the immediately preceding sentence, when acting as a fiduciary in respect of retirement accounts subject to Title I of ERISA, we will not provide or receive nonmonetary compensation that we believe would result in any breach of our fiduciary duty or result in a nonexempt prohibited transaction under ERISA or the Code. We have implemented policies and procedures intended to ensure that we avoid actual or perceived conflicts when giving to or receiving gifts and entertainment and other nonmonetary compensation from relevant parties by limiting the maximum value that any individual is permitted to receive in any calendar year. Gifts and entertainment must be appropriate, customary and reasonable and clearly not meant to influence our business or serve as a "quid pro quo" for it to be accepted.

Payment for Order Flow

CGMI, in its efforts to seek best execution, routes customer orders to national securities exchanges and venues. Certain venues, from time to time, may offer cash credits or rebates for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books. Certain other venues, from time to time, may be inverted, meaning they offer cash credits or rebates for orders that remove liquidity from their books and charge explicit fees for orders that provide liquidity to their books. CGMI routes orders to exchanges that provide these programs and may be eligible for these benefits under the relevant exchange rules. CGMI's routing decisions are based on a number of factors, including but not limited to, price, liquidity, venue reliability, cost of execution, and likelihood of execution.

CGMI has entered into certain arrangements with Pershing LLC, a broker dealer and one of Citi's clearing firms, to route most retail customer orders in equity securities and exchange-traded options to Pershing. CGMI does not receive payment for order flow for these orders.

In accordance with SEC Rule 606, CGMI makes available a quarterly report which identifies the significant market centers to which customer orders were routed for execution and other important information concerning those market centers and our relationship with them. Further information is online at:

- https://www.citi.com/icg/about/assets/docs/SEC-Rule-606-Disclosure.pdf

The latest report is available online at:

- http://public.s3.com/rule606/citi/

CGMI provides information regarding our order flow practices in accordance with SEC Rule 607. This information is available online at:

- https://www.citi.com/icg/about/assets/docs/SEC-Rule-607-Disclosure.pdf

Customers may request that we identify the venue where their transactions have been executed, and advise whether CGMI netted a rebate from the venue during the relevant time period. For more information about our order flow practices, please contact your Registered Representative.

Ownership Interests in Trading Venues

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

Clearinghouse Revenue

In connection with the services provided to its customers, CGMI or its affiliate may from time to time use a clearinghouse for certain types of transactions entered into on behalf of a customer. Among the types of transactions for which a clearinghouse may be used are certain types of foreign exchange trades and derivative trades (such as interest rate swaps, credit default swaps, and commodity futures and options). CGMI or its affiliate may have an agreement with, or an ownership interest in, a clearinghouse. In certain circumstances, we receive compensation or an economic benefit for trades cleared through such a clearinghouse due to our ownership interest or agreement with the clearinghouse. The compensation received generally is based on formulas that take into account a number of factors, such as the number of total trades cleared by the clearinghouse and the clearinghouse's profitability, and is not directly related to any fees paid by a customer for clearing with the particular clearinghouse. In certain instances, CGMI may receive a reduction in the cost of clearing transactions through the clearinghouse or a rebate of the cost, the amount of which may be based, in part, on the number of transactions entered into by CGMI or its affiliate with that clearinghouse. While Registered Representatives do not receive additional compensation as a result of these ownership interests, we have an incentive to encourage the use of the trading venues in which we hold an interest or with which we have an agreement.

PART FOUR | PRODUCT OFFERINGS

Part Four of this Disclosure Statement, which includes the Product Supplement that follows, provides information about the brokerage products and services that we recommend to customers (each, a "product"). Below is a list of the products and services described in the Product Supplement. Our product platform includes a variety of investment and variable insurance products that present unique risks, rewards and costs, as described in the Product Supplement.

- Settlement and Sweep Options
  - Citibank Checking or Money Market Account
  - Bank Deposit Program
  - Money Market Mutual Funds
  - Private Cash Management Funds
- Traditional Brokerage Products
  - Equity Investment
  - Fixed Income Securities
  - Options Strategies
- Packaged Products
  - Mutual Funds
  - Exchange-Traded Funds
  - Closed-End Funds
  - Unit Investment Trusts
- Lending Products
  - Regulation T Securities-Based Lending
  - Regulation U Loans
  - Fully Paid Securities Lending
- Structured Products
  - Structured Notes
  - Market-Linked Certificates Of Deposit
  - Equity Warrants
  - Trust Certificates
- Alternative Investments
  - Private Equity and Real Estate Funds
  - Hedge Funds
- Capital Markets Offerings
- Wealth Transfer Products
  - Variable Insurance Products
  - Annuities
  - 529 Plans
  - Donor-Advised Funds
  - Exchange Funds

For an overview of the process used to review and approve a product before it is offered on our platform and the framework used by a Registered Representative to formulate a recommendation to a customer, please see "About Recommendations" under "Other Important Information About Brokerage Services" in Part One of this Disclosure Statement.

The types and amounts of fees and expenses associated with the products we offer vary. Fees and expenses include, but are not limited to, transaction-based fees, asset-based fees, administrative fees, margin costs, sales charges, redemption or surrender charges, interest, and fund fees and expenses. Fund fees and expenses may include, but are not limited to, management fees, incentive fees, shareholder servicing fees, 12b-1 fees, recordkeeping and sub-transfer agency fees, and organizational and operational expenses. Certain fees and expenses may be waived or reduced under certain conditions. You can find more information about the types of fees and expenses associated with a product in the Product Supplement and in its prospectus, offering memorandum, marketing materials and/or other product-specific materials.

All investments are subject to certain risks, including the risk of loss. Moreover, some products involve significant risks and are not appropriate for everyone. Risks may relate, for example, to investment strategies or techniques, to the structure and terms of the investment, or to geographic, political, economic, or market conditions, among others. Some of risks associated with the products we offer are described in the Product Supplement, but each investment has unique and specific risks that are described in its prospectus, offering memorandum, marketing materials and/or other product-specific materials. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents when evaluating whether to make an investment.

The products we offer are subject to qualifications and limitations specific to those products. Depending on your profile, you may or may not be eligible for certain products, may receive more or less favorable terms in connection with a product, or may be subject to certain limitations. We also limit investment in certain industries and sectors categorically. The qualifications and limitations applicable vary by the type of product, and more information about them can be found in the Product Supplement.

The fees and other revenue derived by CGMI from the products we offer contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

The Product Supplement further describes the products and services on our platform, including more detailed product descriptions, further information about fees, charges and compensation, additional product specific conflicts of interest and product specific limitations and restrictions related to such products. We may offer, and customers may hold in or receive through their account, products and services that are not discussed in this Disclosure Statement or the Product Supplement.

CGMI PRODUCT SUPPLEMENT

This CGMI Product Supplement ("Product Supplement") provides information about the brokerage products and services that we recommend to customers (each, a "product"). Our product platform includes a variety of investment and variable insurance products that present unique risks, rewards and costs. For an overview of the process used to review and approve a product before it is offered on our platform and the framework used by a Registered Representative to formulate a recommendation to a customer, please see "About Recommendations" under "Other Important Information About Brokerage Services" in Part One of this Disclosure Statement.

The descriptions below summarize the types of brokerage, insurance and securities based lending products and services that we recommend to customers in our capacity as broker-dealer. We may offer, and customers may hold in or receive through their account, products and services that are not discussed in this Disclosure Statement. Each description sets out important information about the relevant product type, including the costs associated with the product type and the relevant conflicts of interest. It is important to note, however, that each individual product has its own unique risks, rewards and costs, as well as conflicts of interest, that are detailed more fully in its prospectus, offering memorandum, marketing materials and/or other product-specific materials. As noted below, certain product types impose certain qualifications or limitations on investment and may not be recommended by all lines of business that operate through CGMI.

SETTLEMENT AND SWEEP OPTIONS

PRODUCT DESCRIPTION

Cash balances in your account (from securities transactions, dividend and interest payments, as well as other activities) are invested/deposited in the settlement option you select. Similarly, payments for securities transactions are automatically sold/withdrawn from your settlement option. Subject to account eligibility requirements and the options you are given when you open your account, your settlement choices (collectively, "cash sweeps") may include a Citibank account insured by the Federal Deposit Insurance Corporation ("FDIC"), FDIC-insured Bank Deposit Program (the "BDP"), or certain money market mutual funds made available through CGMI. Please note that available cash sweep elections may be amended from time to time at our discretion upon notice to you.

Citibank Checking or Money Market Account
Cash balances are swept into an eligible Citibank checking or money market account you select. If you choose this option your investment account will be linked to the eligible Citibank account and to your associated Citibank Banking Card. Your investment account and linked bank account must have identical titles. Additionally, your eligible investment balances will be aggregated for purposes of relationship pricing of your eligible Account Package with Citibank and you will have access to your investment account through Citibank Online. A summary of your investment balance information will be shown on your Citibank statement.

Bank Deposit Program
Through the BDP, available cash balances in your CGMI securities accounts are automatically deposited in a select list of depository institutions, including Citibank (each, a "Program Bank"), and are insured by the FDIC within applicable limits. The current list of Program Banks is available online at::

- https://www.privatebank.citibank.com/pdf/marketing/Bank-Deposit-Program-Priority-List.pdf

The BDP makes available to you a transaction account and a money market deposit account (collectively, the "Deposit Accounts") at the Program Banks. Customers that participate in the BDP authorize CGMI each business day to automatically invest all cash balances in their accounts in excess of $0.01 into the Deposit Accounts. You may obtain information about your Deposit Accounts, including balances, the current interest rate and the names and priority of the Program Banks at which Deposit Accounts are currently available by contacting your Registered Representative.

The BDP is made available to eligible accounts through the Clearing Firm. The Clearing Firm has appointed Promontory Interfinancial Network ("Promontory") to provide certain services with respect to the operation of the BDP. More detailed information about the BDP is provided as part of the Customer Documents in the section titled "Bank Deposit Program Disclosure Statement."

Each Program Bank pays interest based upon prevailing economic and market conditions. Interest paid by the Program Banks is tiered ("Interest Rate Tiers") based on the value of eligible assets in your CGMI accounts. Generally, the Deposit Account balances of investors in higher Interest Rate Tiers receive higher interest than investors in lower Interest Rate Tiers. Fees are paid indirectly to the Clearing Firm by the Program Banks, and a portion of the Clearing Firm's compensation is shared with CGMI. The amount of fees paid to the Clearing Firm and shared with CGMI will affect the interest rate available to you on balances in your Deposit Accounts. You may contact your Registered Representative to obtain the current interest rate on Deposit Accounts, your account balances in the Deposit Accounts at each Program Bank and other account information. The Program Banks are not obligated to pay different rates of interest on different tiers and the Interest Rate Tiers may be changed at any time without notice. Interest Rate Tiers also may vary depending on the Citigroup business through which you opened your CGMI account.

You can aggregate the assets in eligible CGMI accounts to determine your Interest Rate Tier using the Select Link statement package ("Select Link Balance"). By enrolling in Select Link, you can link different CGMI accounts with the same mailing address and receive one statement package. In order to enroll in Select Link, you must sign the Select Link agreement and select the CGMI accounts you want to include. Neither CGMI nor the Clearing Firm has any responsibility to link or let the investor know they can link eligible accounts.

The Interest Rate Tiers are as follows:

- $10,000,000 or greater based upon your Select Link Balance
- $1,000,000 to $9,999,999.99 based upon your Select Link Balance
- $500,000 to $999,999.99 based upon your Select Link Balance
- $250,000 to $499,999.99 based upon your Select Link Balance
- $50,000 to $249,999.99 based upon your Select Link Balance
- Less than $50,000 based upon your Select Link Balance

Money Market Mutual Funds

Investors may elect to have cash balances in an account automatically invested or "swept" into an eligible money market mutual fund. Customers who elect to have assets swept into a money market mutual fund authorize CGMI each business day to automatically invest all cash balances in the account in excess of $0.01 into the designated Sweep Fund. In cases where CGMI has discretion, the customer authorizes CGMI or his or her Registered Representative to select the Sweep Fund for the account in the event that the customer itself has not selected a Sweep Fund.

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

Private Cash Management Funds

As an alternative to traditional cash sweep options, CGMI offers certain customers access to private funds that seek to generate income through investments in repurchase agreements and securities lending activities. These funds are offered on a privately-placed basis and are generally limited to customers that are "qualified purchasers," as defined in the Investment Company Act of 1940, as amended (the "1940 Act"). These funds are not available to retirement clients or ERISA plan clients. More information about the risks, conflicts and fees associated with these funds can be obtained by contacting your Registered Representative.

FEES, COSTS AND EXPENSES

Citibank Checking Account and BDP

Other than applicable fees imposed on securities or bank accounts, there will be no charge, fee or commission imposed on your account with respect to the BDP or Citibank account, including if you withdraw funds.

Money Market Funds

With respect to money market mutual funds, you may indirectly bear ongoing 12b-1 fees, advisory fees and other expenses as described in the relevant prospectus.

Third-Party Compensation

Each Program Bank pays Promontory a services fee, which is between 15 and 150 basis points of the average daily deposit balance held by the Program Bank in deposit accounts established by the Clearing Firm at that Program Bank. Promontory provides the Clearing Firm a portion of this indirect compensation, which in turn, provides part of its share of the compensation to CGMI.

The services fee provides compensation to Promontory, the Clearing Firm and CGMI for administering the BDP and making the program available. The services fee may be higher or lower depending upon prevailing interest rates affecting the Program Banks. CGMI's portion of this fee ranged between 8 and 33 basis points between 2011 and 2020. Should prevailing interest rates increase in 2021 or later, the fee earned by CGMI will increase beyond 33 basis points. There is no direct compensation paid from customer accounts that use BDP as a sweep option.

CGMI and its affiliates receive fees from and a share of revenue earned by the issuers of the money market mutual funds. These fees include ongoing 12b-1 fees, as well as recordkeeping and sub-transfer agency fees (which include shareholder sub-accounting and networking fees) for recordkeeping and sub-transfer agency services provided to the funds or their service providers by CGMI, its affiliates, or Clearing Firm, as applicable.

ADDITIONAL INFORMATION

Key Risks

Cash sweep options are subject to certain risks. Some of those risks are described below, but each sweep option has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents when evaluating which sweep option to select.

Depending on interest rates and other market factors, the interest or income earned from a cash sweep program may be lower than the aggregate fees and expenses incurred in maintaining the account. As a result, you may experience a negative overall investment return on assets in a cash sweep program. Interest rates under a cash sweep program may be lower than the interest rates available if you make deposits directly with a bank other than Citibank or invest in a money market mutual fund or other cash equivalent not offered by us. You should compare the terms, interest rates, required minimum amounts and other features of the cash sweep programs with other types of accounts and investments for cash.

Registered Representative Compensation

For a brokerage account, the fees and other revenue derived by CGMI from the available settlement options—other than BDP related lending income and the fees paid or revenue shared by money market mutual funds—contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Customer Eligibility

For CPB customers, information about eligibility for sweep options is available online at:

- https://www.privatebank.citibank.com/ivc/docs/CPBCommissionsandAccountFees.pdf

Citibank Account

Selection of an eligible Citibank account as a sweep option is limited to non-retirement, brokerage accounts. Retirement accounts and investment advisory accounts are not eligible. Other account types may also be restricted.

The BDP

Investment advisory and non-US customer accounts are not eligible for the BDP. Also, any account in the name of a profit or nonprofit corporation, limited liability company, a partnership or other business entity, 403(b) qualified plan or a government agency, is not eligible for the BDP sweep feature. If you fall into one of these categories, you may elect to have your cash balances swept into another eligible product. Please ask your Registered Representative or contact the CPWM National Investor Center for details of eligibility.

Money Market Mutual Funds

Your eligibility to select a money market mutual fund as a cash sweep is determined by your account type or the type of customer establishing the account, including, among other factors, whether you are a business or an individual. If you're not eligible for a money market mutual fund as a cash sweep, you will be provided with other options. Please ask your Registered Representative or contact the CPWM National Investor Center for details of eligibility.

FDIC Coverage Monitoring for BDP

The customer is responsible for monitoring the total amount of deposits, including BDP deposits, the customer has at each Program Bank to determine the extent of available FDIC insurance coverage available to the customer. Citigroup, CGMI, Clearing Firm and their affiliates are not responsible for any insured or uninsured portion of the customer's deposits at any of the Program Banks.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by cash sweep options generally, but conflicts are particular to each cash sweep. Customers should give careful consideration to the conflict disclosures found in the Customer Documents when evaluating a cash sweep option.

BDP Lending Income
The BDP creates financial benefits for Citibank, an affiliate of CGMI, and the other Program Banks. The Program Banks may use the cash balances in their Deposit Accounts to fund certain lending activity. As with other depository institutions, the profitability of the Program Banks is determined in large part by the difference between the interest paid and other costs incurred by them on the Deposit Accounts, and the interest or other income earned on their loans, investments and other assets. Deposits in Deposit Accounts at Program Banks provide a stable source of lendable funds for the Program Banks. Registered Representatives do not receive any of the BDP-related lending income.

Priority vs. Other Program Banks
Citibank is the first listed Program Bank in the BDP for CGMI customers, and therefore, Citibank receives the first $250,000 of the cash a customer deposits into the BDP. Citibank also is the last Program Bank listed, so that a customer who has exceeded the deposit limits at the other Program Banks will have those excess deposits flow to Citibank. Citibank earns revenue from loans it makes from the cash deposited in the BDP, giving CGMI an incentive to offer BDP.

Money Market Mutual Fund Income
CGMI and its affiliates receive fees from, and a share of revenue earned by advisers to, money market mutual funds. These fees include ongoing 12b-1 fees, as well as recordkeeping and sub-transfer agency fees (which include shareholder sub-accounting and networking fees) for recordkeeping and sub-transfer agency services provided to the funds or their service providers by CGMI, its affiliates, or Clearing Firm, as applicable. CGMI has an incentive to recommend money market mutual funds that pay such fees or share revenue with us. However, Registered Representatives do not receive any of this compensation.

In non-retirement investment advisory accounts, CGMI, its affiliates, or Clearing Firm, as applicable, receive from certain money market mutual funds shareholder service fees at an annual rate of up to 0.25% of the amount of assets invested in each fund. These fees, along with other fund-level expenses (e.g., fund management fees), are separate from, and in addition to, the investment advisory fees customers pay to CGMI directly. The amounts and types of these fees may change over time and vary depending upon your account type and investment program. Information about a particular money market mutual fund's expenses and the compensation that CGMI receives can be found in the product prospectus.

BDP vs. Money Market Funds
The amount of revenue earned by CGMI and the Program Banks through BDP is usually significantly greater than through money market mutual funds. The difference in revenue earned incentivizes CGMI to promote BDP over other cash sweep options.

TRADITIONAL BROKERAGE PRODUCTS

EQUITY INVESTMENTS

PRODUCT DESCRIPTION

An equity investment generally refers to the buying of shares of stock in a corporation or other legal entity. Typically, customers who purchase equity investments seek capital appreciation, which occurs when the shares rise in value. Customers may have a secondary goal of income from a distribution of some of the company's earnings to shareholders, called dividends. In addition, equity holders may, depending on the type of shares they own, receive voting rights with respect to the company's initiatives put up for a shareholder vote, and may recover some of the company's assets in the event the company is dissolved. However, equity shareholders generally have the lowest priority in recovering their investment during the dissolution process.

Common Stock
Common stock is a type of equity investment in which holders exercise control by electing a board of directors and voting on corporate policy. Common stockholders have the lowest claim on the issuer's assets and earnings in the issuer's capital structure. CGMI offers both common stock traded in the United States on public exchanges and over the counter ("OTC"), as well as common stock traded in non-US exchanges, which may trade or settle in currency other than US dollars and be subject to additional fees and risks, including currency exchange risk. CGMI permits customers to take both "long" and "short" positions in common stock. Holders of long positions buy and own the shares and believe that the value of the common stock will generally increase over time. Holders of short positions, on the other hand, believe that the stock will decrease. A holder of a short position (also known as a "short seller") does not own the shares, but instead borrows the shares in anticipation of a price decline and sells them to a third party. The short seller is required to return an equal number of shares to the lender at some point in the future. If the price drops, the short seller can buy the stock back at a lower price. When the short seller returns the repurchased stock to the lender, he or she will make a profit on the difference in price. If the price of

the stock rises, when the short seller buys the stock back, the customer will incur a loss on the difference in price. For this reason, short selling is typically for more experienced customers with a higher risk tolerance. When the short seller returns the repurchased stock to the lender, he or she will make a profit on the difference in price. If the price of the stock rises, when the short seller buys the stock back, the customer will incur a loss on the difference in price. For this reason, short selling is typically for more experienced customers with a higher risk tolerance.

Preferred Securities

Preferred securities are investments with both equity and fixed income characteristics. Preferred securities include:

- **Preferred Stock —** Preferred stock pays quarterly dividends at a fixed rate, floating rate or fixed to floating rate (i.e., pays a fixed rate for a specific period of time and then switches to a floating rate) and ranks ahead of common stock in any claim on the issuer's income and assets. These securities are perpetual, noncumulative and typically non-callable for five years. Unlike common stocks, preferred stocks generally do not carry voting rights in the issuer.
- **Senior Notes —** Senior notes, also known as "baby bonds," pay interest quarterly or semiannually. Should the issuer declare bankruptcy, holders of these securities have the same rights as other senior debt holders—i.e., their claims are repaid ahead of junior creditors.
- **Trust Preferred and Enhanced Trust Preferred Securities —** Trust preferred and enhanced trust preferred securities have fixed, long-term maturities—typically 30 to 60 years. They generally pay quarterly interest and have payment priority over equities and traditional preferred stock of the issuer. Trust preferred securities and enhanced trust preferred securities are non-callable for five years. Trust preferred securities and enhanced trust preferred securities are "cumulative" should an issuer suspend dividend payments, meaning that a holder will accrue interest on the value of the accumulated unpaid dividends.

Convertible Securities

Convertible securities are often referred to as "hybrid" securities because they combine the traits of common stocks and bonds. Like other bonds or preferred securities, convertible securities pay a set amount of interest or dividends every year and may have similar rights and characteristics as preferred securities. Unlike other fixed-income securities, however, convertible securities can also be exchanged for a predetermined number of shares of the company's common stock at the holder's option. As a result, convertible securities often have a lower interest or dividend payment than comparable securities without the conversion feature.

American Depository Receipts ("ADRs") and Global Depository Receipts ("GDRs")

ADRs are instruments issued by US banks and trade on US exchanges. ADRs represent ownership of a given number of a foreign corporation's shares. ADRs can represent a one-for-one exchange with the foreign shares, a fraction of a share, or multiple shares. As a result, it is important to consider the ADR's "conversion ratio", which indicates the number of shares of the underlying foreign security that are equivalent to one ADR share. In addition, customers pay additional fees and taxes that traditional stocks do not charge, including periodic service fees or "pass-through fees" charged per share (and found in the ADR's prospectus) that compensate the depository bank for providing custodial services. ADRs may also be subject to foreign government taxes, including a withholding of a certain percentage of dividends paid by the foreign company. Even though they trade on US exchanges, ADRs are subject to the same currency risk as the underlying foreign shares to which they relate, so an ADR's value is influenced by the exchange rate between the foreign currency and the US dollar, not just the value of the US dollar. This may make ADRs generally more volatile.

GDRs are bank certificates issued in more than one country and, like ADRs, represent ownership of a given number of a foreign corporation's shares. Unlike ADRs, however, GDRs are not issued publicly in US markets nor traded on US securities exchanges. GDRs are issued only by foreign bank branches (outside of the United States), and only trade on foreign exchanges (e.g., London, Hong Kong, Luxembourg) or on a private placement basis. In most cases, the underlying foreign issuer to which a GDR relates is a foreign corporation that has not registered its securities with the SEC. As with ADRs, customers in GDRs are advised to pay close attention to the GDR's conversion ratio to determine the number of shares in the foreign company to one GDR share, and may be subject to additional fees, taxes, and currency risks than traditional US stocks.

Real Estate Investment Trusts ("REITs")

A REIT is a company that owns, and in most cases, operates income-producing real estate. REITs typically own many types of commercial real estate, ranging from office and apartment buildings to warehouses, hospitals, shopping centers, hotels, and timberland. REITs are often publicly traded on major exchanges, including the New York Stock Exchange and NASDAQ, and pay dividends plus offer potential capital appreciation. REITS usually pay out all of their taxable income to their shareholders, who are responsible for paying taxes on the dividends and any capital gains they receive in connection with their investment. Customers are strongly advised to consult with their accountants or tax advisors prior to investing in REITs as the dividends that REITS pay to their shareholders may be taxed as ordinary income, rather than the reduced tax rates to which other types of corporate dividends are subject.

Warrants

Warrants are securities that grant the holder the right, but not the obligation, to buy the underlying stock of the issuing company at a fixed exercise price until the stated expiration date. Warrants are frequently issued in connection with an offering of bonds or preferred stock, allowing the issuer to pay lower interest rates or dividends to customers. Warrants can be used to enhance the yield of the bond and make them more attractive to potential customers. Frequently, warrants are "detachable" and can be sold independently of the bond or preferred stock. Warrants are issued and guaranteed by the company, and the lifetime of a warrant is often measured in years. Warrants may be purchased on exchanges as well as over the counter.

FEES, COSTS AND EXPENSES

CGMI generally charges customers transaction-based fees in the form of brokerage commissions each time customers buy or sell equities. CGMI's lines of business have standard equity commission schedules that are set forth in the Appendix at the end of this Disclosure Statement as well as below in the hyperlinked documents. Please note that actual commissions charged may vary and discounts may be available.

- **CPB:** https://www.privatebank.citibank.com/ivc/docs/CPBCommissionsandAccountFees.pdf
- **CPWM:** http://www.citi.com/investorinfo/
- **CPII:** http://www.citi.com/investorinfo/Fees-and-Commissions-for-CPII_EN.pdf

ADDITIONAL INFORMATION

Key Risks

Equity investments, like other investments, are subject to certain risks. Some of those risks are described below, but each equity security has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents when evaluating whether to make an equity investment.

Returns are not guaranteed, price may be volatile, and a customer could lose the entire amount of his or her investment. There may be additional risks associated with international investing, including economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks often are magnified in emerging markets.

Registered Representative Compensation

The fees and other revenue derived by CGMI from equities transactions contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Low Priced Securities ("Penny Stocks")

Low priced securities, also known as "penny stocks," generally includes stocks that trade at less than $5.00 per share, are not traded on a national stock exchange, and have relatively low market capitalization (i.e., the value of the company is comparatively small). Penny stocks are typically quoted on Pink OTC Markets Inc. ("Pink Sheets") and OTC Bulletin Board ("OTCBB" or "Bulletin Board"). Penny stocks tend to have greater risks (including the lack of readily available information about them or an established record of accomplishment) and lower liquidity (i.e., many are thinly traded and have small daily trading volumes). Penny stocks are also more susceptible to market manipulation, including pump-and-dump schemes, where brokers who own penny stocks attempt to boost the price through recommendations to unsuspecting customers based on false, misleading, or greatly exaggerated statements. These brokers then sell their positions after their efforts have led to inflated share prices. Customers who are unaware of the scheme and purchase shares at higher prices are generally harmed when the price subsequently drops. CGMI generally does not accept receipt of penny stocks when presented in physical form. CGMI also does not generally permit its Registered Representatives to solicit or recommend penny stocks, and CGMI reserves the right to decline to process unsolicited customer orders for penny stocks, as well as transfers of penny stocks into CGMI customer accounts.

CGMI uses a third-party algorithm to identify penny stocks meeting specific criteria that make them especially risky. Once flagged, these "high-risk penny stocks" will be unavailable for purchase or sale by clients through CGMI. The list of high-risk penny stocks will be updated frequently, so it is possible that any penny stock position held by you through CGMI will become unsellable. In order to preserve your ability to sell a penny stock position without restriction, CGMI strongly encourages clients to transfer their penny stock holdings to another brokerage firm. If you continue to hold penny stock positions at CGMI you assume the risk that you may be unable to sell such positions and CGMI disclaims any liability to you as a result.

Over-the-Counter ("OTC") Equity Securities

CGMI limits solicited purchases and short sale transactions of Pink Sheet and Bulletin Board securities priced below $50.00 per share unless one of the following exemptions applies:

- The issuer has at least $50 million in total assets and $10 million in shareholder equity, is a federal or state regulated bank, or is a state regulated insurance company;

- The customer's account qualifies as an "institutional account" as defined in FINRA Rule 4512(c); or
- The customer is a "qualified institutional buyer" ("QIB") as defined in Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), or a "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act.

Rule 144 Equities

Rule 144 equity securities are exempt from registration with the SEC. They include "restricted securities" or "control securities," such as securities a customer has acquired directly or indirectly from the issuer or an affiliate of the issuer in a transaction not involving a public offering, including shares issued to a corporate officer or director as part of his or her compensation package, as well as shares held by a large shareholder of a corporation. Restricted or control securities are nontransferable and must be traded in compliance with Rule 144 of the Securities Act. Restricted or control securities are subject to holding periods (when they cannot be sold) and normally contain a legend that restricts their transferability.

Equity Securities Subject to Regulation S ("Reg. S") and Rule 144A

Transactions in certain equity securities may be subject to other regulatory restrictions, including Reg. S and Rule 144A of the Securities Act, as well as special suitability considerations described below.

Reg. S securities are exempt from SEC registration if offered solely outside the United States to "non-US persons" and are otherwise marketed in compliance with Reg. S. Compliance with Reg. S includes, for example, restrictions on the offering or sale of Reg. S securities to "US persons," as defined in Rule 902(k)(1) under the Securities Act (e.g., any natural person resident in the United States), during the "distribution compliance period." The distribution compliance period ranges from a minimum of 40 calendar days from the date of initial issuance to one year, depending on factors related to the issuer and type of security being offered. Non-US persons are not subject to the offer and sale restriction during the distribution compliance period. Due to their nature, Reg. S securities carry specific risks that customers should consider prior to purchase, including: (i) limited financial transparency and reporting obligations; (ii) financial statements that may not conform to SEC rules,US accounting principles or International Financial Reporting Standards; and (iii) enhanced liquidity risk, country risk, and volatility risk. Once the applicable restriction period ends,US persons may transact in Reg. S securities.

Rule 144A equities are also exempt from SEC registration and are issued by both US and foreign companies for sale to QIBs. QIBs are institutions typically with at least $100 million under management or certain financial institutions with heightened holdings requirements. By definition, QIBs can never include "natural persons," irrespective of their sophistication level or amount of assets they may own or invest. QIBs may only initially purchase 144A securities for their own account or for the account of another QIB. Rule 144A securities typically have limited liquidity and are generally restricted for a minimum period of one year from initial issuance (but may be longer depending on the security profile), during which time they may only be resold to other QIBs unless additional exemptions from SEC registration are available.

Foreign Listed Equities (non-ADR/GDR)

These are non-US stocks that can be purchased in a non-US local market. Direct investing in these securities may involve enhanced risks to consider due to their nature including: (i) limited financial transparency and reporting obligations; (ii) financial statements that may not conform to SEC rules, US accounting principles or International Financial Reporting Standards; and (iii) enhanced liquidity risk, country risk, and volatility risk. Retirement accounts and ERISA plans may not be eligible to purchase such securities from us other than on an agency or riskless principal basis and we will not generally make recommendations for such accounts to purchase or hold them.

Securities Not Covered by Citi Research or Low-Rated by Standard & Poors ("S&P")

Pursuant to Citi's internal policy, a plan of solicitation ("POS") is required for any security that is either not rated by Citi Research or not rated B or better by S&P, if an aggregate amount of more than 60,000 shares of that stock is being solicited to CGMI's customers. Your CGMI Registered Representative is required to develop a POS based upon CGMI's guidelines, including that the POS is suitable for and in the customer's best interests, and, thereafter, which must be approved by a supervisor prior to implementation.

Cannabis-Related Securities

Certain companies that manufacture, sell, package, or distribute cannabis or cannabis-related products, packaging, or paraphernalia may issue equity securities, including stock, that trade on public exchanges or OTC (collectively, "cannabis-related securities"). Given the conflicting laws about the legality and permissibility of such businesses in the United States and outside of the United States, CGMI and the Clearing Firm, may elect not to accept existing cannabis-related securities that customers wish to transfer into their CGMI brokerage accounts from other firms. Likewise, CGMI and the Clearing Firm may elect not to accept orders to buy or sell positions in cannabis-related securities in the customers' CGMI brokerage accounts. CGMI strongly advises customers considering transferring or trading in cannabis-related securities to check in advance with their CGMI Registered Representative to determine whether CGMI and the Clearing Firm will approve the transaction.

Citi Restricted List

The Citi "Restricted List" is a compilation of securities that are restricted or prohibited for firm proprietary, employee, and solicited customer transactions. Citi maintains the Restricted List to avoid potential conflicts of interest, prevent the misuse of material non-public information, and impose legally mandated trading restrictions. The Restricted List is accessible to all CGMI employees as a non-public document intended for internal use only.

US Listed Equities

Retirement accounts and ERISA plans may not be eligible to effect secondary market purchases of US listed equities from us on a principal basis and we will not generally make recommendations for such accounts to purchase or hold them.

Citigroup Common Stock

Solicitation of Citigroup common stock (NYSE ticker symbol: C) is prohibited.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by equities transactions generally, but conflicts are particular to each transaction. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating an equities transaction.

Compensation

As described above, CGMI earns compensation (including commission revenues) from sales of securities. Your Registered Representative receives a benefit (directly or indirectly) from such revenues and, as a result, your Registered Representative is incentivized to encourage you to trade often, or trade certain equity investments, to maximize his or her compensation. For more information, please see "Transaction-Based Compensation" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Agency vs. Principal Trading

When effecting your securities transactions, CGMI may act in the capacity as an "agent" or "broker," meaning that we purchase or sell your securities through a counterparty (i.e., with another firm or outside buyer or seller). CGMI may also act as a "principal" or "dealer" and complete your trade using CGMI's or an affiliate's own inventory. Trading on a principal basis presents a conflict because the transaction involves a Citi entity's own book of securities and Citi has a direct interest in the pricing and profitability (or loss) from the trade. For more information on agency and principal trading, please see "Agency vs. Principal Trading" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Fixed Income vs. Equity Securities Ownership in Same Issuer

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

At times, CGMI will make recommendations to customers that hold different parts of the capital structure of the same issuer. CGMI's recommendations with respect to one customer holding one class of securities may differ from its recommendations with respect to another customer holding a different class of securities. As a consequence, CGMI's recommendations for one customer may conflict with the interests of customers holding different classes of securities. Some customers may be negatively affected by these recommendations while other customers may be positively affected. The negative effects may be more pronounced in connection with transactions in, or customers utilizing, small capitalization, emerging market, distressed or less liquid strategies.

Payments for Order Flow

CGMI routes orders to exchanges that provide certain programs and may be eligible for benefits under the relevant exchange rules. For more information, please see "Payments for Order Flow" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

Online vs. Broker-Assisted Trades

Customers may obtain online access to trade certain equities, including stocks listed on US exchanges, via Citi hosted websites. While not all equities are available to be traded online, transactions in equities that are available for online trading generally are subject to lower transaction-based charges than transactions that are effected by a Registered Representative on a customer's behalf.

FIXED INCOME SECURITIES

PRODUCT DESCRIPTION

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

US Government-Issued Securities

The United States Government, its agencies and sponsored enterprises raise money by issuing debt, commonly in the form of bills, notes and bonds. US Government-issued securities include:

Treasury Bills

Treasury Bills (or T-Bills) are short-term securities issued by the US Treasury that mature in a few days to 52 weeks. Standard T-bills have maturities of four, eight, thirteen, 26 or 52 weeks. Another type of T-Bill, the cash management bill, is issued in variable terms, usually of only a matter of days. T-Bills do not pay interest, but typically are sold at discount to their par amount (or face value). T-Bills are guaranteed by the full faith and credit of the US Government.

Treasury Notes

Treasury Notes (or T-Notes) are longer-term securities issued by the US Treasury that have maturities of two, three, five, seven or ten years. T-Notes pay interest at a fixed rate of interest every six months. T-Notes are guaranteed by the full faith and credit of the US Government.

Treasury and Agency Bonds

Treasury Bonds (or T-Bonds) are long-term securities issued by the US Treasury that have maturities of ten to thirty years. T-Bonds pay interest at a fixed rate every six months. Agency Bonds are similar to T-Bonds, except they are issued by US Federal agencies, such as the Federal Housing Administration and the Small Business Administration. T-Bonds and Agency Bonds are guaranteed by the full faith and credit of the US Government.

Treasury Inflation-Protected Securities

Treasury Inflation-Protected Securities (or TIPS) are inflation-indexed bonds issued by the US Treasury that have maturities of five, ten or thirty years. The principal of a TIPS is adjusted up or down based on changes in the Consumer Price Index, a common measure of inflation. TIPS pay interest at a fixed rate every six months. TIPS are guaranteed by the full faith and credit of the US Government.

More information on various Treasury securities is available online at:

https://www.treasurydirect.gov/indiv/products/products.htm

Government Sponsored Enterprise (GSE) Bonds

Government Sponsored Enterprise Bonds (or GSE Bonds) are issued by certain enterprises created by Congress to foster a public purpose, such as Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Bank and the Federal Farm Credit Banks Funding Corporation. GSE Bonds may have a fixed or variable interest rate, and their structure varies. The issuers are not government agencies, but receive certain government oversight and support. GSE Bonds are not guaranteed by the full faith and credit of the US Government and in some cases, and are callable by the issuer.

Municipal Bonds

Municipal bonds are debt securities issued by states, cities, counties and other government entities in the United States and its territories that have maturities that range from short term (2 to 5 years) to very long term (30 years). Interest payments from municipal bonds are exempt from federal taxes and from most state and local taxes, if the customer resides in the state in which the bond is issued. Municipal securities include:

General Obligation Bonds

General obligation bonds are not secured by any particular assets or revenues of the issuer, but are instead backed by the "full faith and credit" of the issuer, which has the power to tax residents to pay bondholders.

Revenue Bonds

Revenue bonds are backed by revenues from a specific project or source, such as highway tolls or other fees, rather than from taxes. Some revenue bonds are "non-recourse," meaning that if the revenue stream backing a non-recourse bond dries up, the bondholders do not have a claim on the underlying revenue source.

Conduit Bonds

Governments issue conduit bonds on behalf of private entities, including not-for-profit colleges and hospitals, to fund projects or development with a public purpose. These "conduit" borrowers typically agree to repay the government that issued the bonds, which in turn pays the interest and principal on the bonds. Note, however, that if the conduit borrower defaults on its repayment obligation, the issuer usually is not required to pay the bondholders.

Corporate Bonds

Like governments, public and private corporations also raise money by issuing bonds. Corporations use the proceeds of these offerings for a wide variety of purposes, such as financing an expansion, refinancing debt or funding new research and development. Corporations issue bonds with varying maturities, which range from short-term (1 to 3 years) to medium-term (3 to 10 years) to long-term (over 10 years). They also issue bonds at varying interest, or coupon, rates, which may be fixed (meaning that they stay the same throughout the term), floating (meaning that they reset at certain intervals) or zero coupon (meaning that they do not make periodic interest payments but instead make one "balloon" payment at the bond's maturity that exceeds the bond's original purchase price). Credit rating agencies (such as S&P, Moody's and Fitch, among others) evaluate certain factors related to the creditworthiness of corporations and assign credit ratings to issuers and their bonds. Based on those ratings, bonds are broadly classified as either investment or non-investment grade

Investment Grade

Investment-grade bonds are issued by corporations with a relatively low risk of default and generally include bonds rated Baa (by Moody's) or BBB (by S&P and Fitch) or above; or

Non-Investment Grade (or High-Yield)

Non-investment grade bonds, also known as high-yield or "junk" bonds, are issued by corporations with a lower credit rating and higher risk of default and, in return, generally offer higher interest rates to account for their increased risk.

Retirement accounts and ERISA plans may not be eligible to purchase certain corporate bonds and other fixed income debt securities from us on a principal basis and we will not generally make recommendations for such accounts to purchase or hold them. These include securities that we believe at the time of the purchase have greater than moderate credit risk or have insufficient liquidity that it could not be sold at or near carrying value within a reasonably short period of time, and bonds that are issued by non-U.S. issuers. In addition, we will not make recommendations to such accounts concerning the purchase or holding of notes or bonds or other fixed income obligations of or issued by CGMI or any affiliate, when reliance on PTE 2020-02 is required to avoid the application of Conflict of Interest Prohibited Transactions.

Sovereign Bonds

National governments outside of the US issue sovereign bonds, which can be denominated in the local currency or a foreign currency. Typically, sovereign bonds offer similar structures to US Government-issued securities, with interest paid semiannually at a fixed or floating rate (or sometimes with no interest payment). Sovereign bonds carry the risks associated with a nation's political, social, environmental and economic characteristics, with developed nations generally presenting less sovereign risk than countries in emerging or frontier markets. Accordingly, sovereign bonds tend to offer higher yields than US Government-issued securities to account for their greater default risk. Retirement accounts and ERISA plans may not be eligible to purchase such instruments from us on a principal basis and we will not generally make recommendations for such accounts to purchase or hold them.

Emerging Market Bonds

Bonds issued by national governments and corporations in developing economies are typically referred to as emerging market bonds. These bonds tend to have higher risks than domestic US Treasury and corporate bonds and, as a result, generally offer relatively high yields.

Non-US Dollar Denominated Bonds

Non-US dollar denominated bonds have either a fixed or floating interest rate, which may allow customers to hedge foreign currency risk or participate in favorable overseas interest rates. Customers may also use these structures to take a position on an expected movement in foreign exchange or interest rates. These bonds may be denominated in a currency other than US dollars, or they may have their interest rate payment linked to a non-dollar interest rate or to an exchange rate between two or more currencies. Interest can be payable in a foreign currency or in US dollars at applicable currency exchange rates. Retirement accounts and ERISA plans may not be eligible to purchase such instruments from us on a principal basis.

Brokered CDs (Certificates of Deposit or "CDs")

A CD is a time deposit offered by depository institutions, such as a commercial bank or savings and loan association. All CDs CGMI sells are FDIC insured up to a maximum amount of $250,000 (principal and accrued interest combined) if held to maturity, but must be aggregated with any other deposits at the depository institution held by the depositor in the same insurable capacity (e.g., individual, joint, IRA) for purposes of FDIC insurance limits. Brokered CDs are available in a range of time frames and structures, including non-callable, callable and step-rate CDs. In general, customers can purchase most brokered CDs with a minimum investment of $1,000, and thereafter in $1,000 increments.

Commercial Paper

Commercial paper is an unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Commercial paper typically is issued at a discount from face value and matures within several days up to 270 days.

Global Depositary Note ("GDN")

A GDN is a debt instrument created by a depositary bank, such as Citibank, that evidences ownership of a local currency-denominated debt security. GDNs emulate the terms (interest rate, maturity date, credit quality, etc.) of particular local currency-denominated bonds; however, they trade, settle and pay interest and principal in US dollars, and are eligible for settlement via Euroclear/Clearstream/DTC, unlike the underlying local currency-denominated bonds. Currently, GDNs are not subject to the registration requirements of US federal securities laws, and CGMI offers GDNs only to customer in certain Latin American countries in accordance with applicable US and international regulations. A GDN will not be created for a new issue of a local currency-denominated bond unless the bond has a credit rating of B- or higher.

Claim Elimination Securities ("CES")

CES (also known as Loss Absorbing Bank Capital Instruments) are forms of hybrid capital securities designed to meet Basel III requirements for qualifying as either "Tier 2" or Additional Tier 1 (AT1) bank capital, depending on the specific terms of the security. They are capital securities issued by banks, insurance companies and other financial institutions, the governing terms of which expressly provide for the elimination or substantial diminution of holders' economic claims, such as full or partial write-down of claims or conversion into equity, under pre-defined circumstances, such as the breach of a specified capital ratio trigger or a declaration of non-viability by the applicable regulator. These securities are designed to sit above common equity in a bank's capital structure and below subordinated debt, until and unless certain triggering events might alter the rights of their holders.

Collateralized Mortgage Obligations ("CMOs")

CMOs are a type of mortgage-backed security issued by special purpose entities in which principal repayments are organized according to their maturities. The issuing entities own mortgages from which they receive cash flows (called "pools"). The mortgages serve as collateral, and are organized into classes based on their risk profile. Income received from the mortgages is passed to customers based on a predetermined set of rules, and customers receive money based on the specific slice of mortgages invested in (called a tranche). CMOs can be issued by a private issuer or by an agency or government-sponsored enterprise. The latter are generally referred to as "Agency CMOs". Retirement accounts and ERISA plans may not be eligible to purchase such instruments from us on a principal basis or in an initial offering or initial placement where CGMI (or any affiliate) may have certain relationships in connection with the issuer, collateral manager, underwriters or placement agents, or other deal parties associated with the offering and we will not generally make recommendations for such accounts to purchase or hold them.

FEES, COSTS AND EXPENSES

In facilitating fixed income customer transactions, CGMI may act either as an "agent" (or broker) and purchase or sell your securities through another counterparty (that is, with another firm or outside buyer or seller) or CGMI may act as a "principal" (or dealer) and complete your trade using our own inventory or by purchasing a security from a counterparty for sale to you in a "riskless principal" transaction. CGMI acts as an agent and charges a commission with respect to certain fixed income securities, including: (i) USD denominated Corporate debt securities; (ii) US Agency debt securities; and (iii) Municipal Securities. Note that CGMI may offer discounts from its standard commission rates under certain circumstances (including market conditions) subject to negotiation and firm oversight.

When acting as a principal in a sales transaction, CGMI customarily charges a mark-up, which is the difference between the price CGMI paid to purchase the security and the higher price that CGMI charges to its customer; when CGMI sells a security for a customer, CGMI may mark-down the security and pay the customer less than it can sell the security for to another customer or third party. Please note that maximum mark-ups and mark-downs for fixed income products vary depending on multitude of factors, which include, but are not limited to:

- Product type;
- Time to maturity;
- Price of the security;
- Bid/offer side of trade;
- Call features; and
- Liquidity of the market for a security.

CGMI's lines of business have standard fixed income pricing schedules that are set forth in the Appendix at the end of this Disclosure Statement as well as below in the hyperlinked documents. Please note that actual mark-ups or mark-downs charged may vary and discounts may be available.

- **CPB:** https://www.privatebank.citibank.com/ivc/docs/CPBCommissionsandAccountFees.pdf
- **CPWM:** http://www.citi.com/investorinfo/
- **CPII:** http://www.citi.com/investorinfo/Fees-and-Commissions-for-CPII_EN.pdf

ADDITIONAL INFORMATION

Key Risks

Fixed income investments, like other investments, are subject to certain risks. Some of those risks are described below, but each fixed income security has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents when evaluating a new issue offering.

Default

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

Interest Rates

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

Fixed Income Markets

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

Call Features

"Callable" fixed income securities can be retired prior to their scheduled maturity date at the issuer's election. This may happen if interest rates fall and the issuer can issue new securities at a lower rate. If this occurs, the customer holding the retired securities receives repayment of principal owed, but would no longer receive the interest rate payment and would have to seek other options if the customer wishes to reinvest the proceeds.

Registered Representative Compensation

The fees and other revenue derived by CGMI from fixed income transactions contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business.

For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Emerging Market Bonds & Non-Investment Grade (High Yield) Corporate Debt

CGMI places limitations on recommendations of emerging market bonds and non-investment grade (high yield) corporate debt given the greater risks that these securities may carry. For example, such instruments must have S&P credit ratings of B- or higher (or equivalent ratings from another rating agency) to be recommended by a Registered Representative. Other qualifications and limitations apply to emerging market bonds and high yield corporate debt, and customers should consult their Registered Representative for more information.

CES

CES may be purchased under limited circumstances, via CPB's specially trained Registered Representatives, by more experienced and sophisticated customers, who agree to detailed CES disclosures and understand the unique nature and risks of these securities.

CMOs

Each line of business only permits transactions in Agency CMOs. No swaps or other derivative transactions may be executed by customers with Citibank in connection with such customers' CMO holdings.

Capital Contingency

CGMI's Registered Representatives cannot solicit the purchase of capital contingency notes. Certain corporate bonds, preferreds or hybrid securities may contain clauses in their indentures that allow issuers to write down the principal on the customer's bond if capital ratio thresholds on the issuer's balance sheet are not met.

Puerto Rico Municipal Bonds

CGMI does not currently offer Puerto Rico Municipal Bonds to its customers, either on a solicited or unsolicited basis.

Online Availability

Customers cannot complete fixed income trades (i.e., purchases and sales of Treasury, Government agency, Corporate, Municipal or Emerging Markets bonds) online and must complete them with the assistance of a Registered Representative.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by fixed income securities generally, but conflicts are particular to each fixed income security. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating a fixed income security.

Compensation

As described above, CGMI earns transaction-based compensation from the purchase and sale of fixed income securities, either in the form of a commission when acting as an agent or mark-up (or mark-down) when acting as a principal. Your Registered Representative receives a benefit (directly or indirectly) from such revenues and, as a result, your Registered Representative is incentivized to encourage you to trade often, or trade certain fixed income investments, to maximize his or her compensation. For more information, please see "Transaction-Based Compensation" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Principal Trading

When effecting your securities transactions, CGMI may act as a "principal" or "dealer" and complete your trade using CGMI's or an affiliate's own inventory. Trading on a principal basis presents a conflict because the transaction involves a Citi entity's own book of securities and Citi has a direct interest in the pricing and profitability (or loss) from the trade. For more information on principal trading, please see "Agency vs. Principal Trading" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Fixed Income vs. Equity Ownership in Same Issuer

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

OPTIONS STRATEGIES

PRODUCT DESCRIPTION

CGMI may recommend listed or exchange-traded options as part of a strategy for your brokerage account. An option is a contract that gives the options buyer (also known as the options "holder") the right to buy or sell an underlying asset or instrument at a specified strike price on or before a specified date. The options seller (also known as the options "writer") has the corresponding obligation to fulfill the transaction—that is to sell or buy—if the buyer "exercises" the option. The buyer pays a premium to the seller for this right. The total cost (the price) of an option is called the premium. This price is determined by factors including the stock price, strike price, time remaining until expiration (time value) and volatility.

A listed option is an option that is sold on a registered exchange, such as the Chicago Board Options Exchange ("CBOE") or Euronext. Listed options cover securities such as common stocks, ETFs or market indexes. All listed options have stated exercise prices and expiration dates. Listed options have standardized contract terms and are settled through a clearing house with fulfillment guaranteed by the Options Clearing Corporation ("OCC").

Call Options

Call options give the buyer the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of call options hope that the stock will increase substantially before the option expires.

Put Options

Put options give the buyer the right to sell an asset at a certain price within a specific period of time. Put options provide buyers economic exposure that is similar to having a short position on a stock. Buyers of put options hope that the price of the stock will fall before the option expires.

Long-Term Stock Options

Also called long-term equity anticipation securities ("LEAPS"), long-term stock options have expiration dates that are more long-term than traditional listed equity options. LEAPS typically expire two or more years after they are first written. Although they are not available on all stocks, LEAPS are available on most widely held issues.

Options Styles

American Options

The buyer of an American option has the right to exercise the option on or before the expiration date of the option; otherwise, the option will expire worthless and cease to exist as a financial instrument. At the present time, all exchange-traded stock options are American-style.

European Options

A European option can only be exercised at its specified expiration date. Most index options are European-style.

Capped Options

A capped option is automatically exercised prior to its expiration date if the options market on which the option is trading determines that the value of the underlying interest at a specified time on a trading day "hits the cap price" for the option. Capped options may also be exercised like European-style options, during a specified period before expiration.

FEES, COSTS AND EXPENSES

You will pay a commission on options transactions. The amount of the commission varies depending on the number of contracts and the principal amount of the trade, as well as the type of account you have with us. The principal amount is a function of the number of contracts and the premium. The premium is the price that the holder of an option pays and the writer of an option receives for the rights conveyed by the option. It is the price set by the holder and writer, or their brokers, in a transaction in an options market where the option is traded. To determine the amount of the commission you will pay for a particular options transaction, please refer to the commission schedule applicable to your brokerage account(s) set forth in the Appendix at the end of this Disclosure Statement.

You may incur margin costs on options transactions. In the options market, margin means the cash or securities that an options writer must deposit with his or her brokerage firm as collateral for the writer's obligation to buy or sell the underlying interest, or in the case of cash-settled options, to pay the cash settlement amount, if assigned an exercise. Minimum margin requirements are currently imposed by the Board of Governors of the Federal Reserve System, the options markets and other self-regulatory organizations; pursuant to our margin agreement CGMI and the Clearing Firm, may impose higher margin requirements. Uncovered writers may have to meet calls for substantial additional margin in the event of adverse market movements. Even if a writer has enough equity in his account to avoid a margin call, increased margin requirements on his option positions will make that equity unavailable for other purposes.

ADDITIONAL INFORMATION

Key Risks

Investing in options involves significant risks, and is not appropriate for everyone. Some of those risks are described below, but each situation has unique and specific risks. Commissions, taxes and margin costs will affect the outcome of any options transaction and can have a significant impact on the profitability of options transactions and should be considered carefully before entering into any options strategy. Because of the importance of tax considerations to all option transactions, an investor considering options should consult with his or her tax advisor as to how their tax situation is affected by the outcome of contemplated options transactions. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including "Characteristics and Risks of Standardized Options," when evaluating whether to enter into a transaction using listed options. Characteristics and Risks of Standardized Options and its supplements are available online at:

- https://www.theocc.com/components/docs/riskstoc.pdf

Margin Use

Certain options trades/strategies must be executed in a margin account. Transactions executed in a margin account can require the customer periodically to deposit additional collateral into the account to maintain the positions. As a result, options transactions executed in a margin account bear all of the additional risks related to the use of margin. For more information, please see "Regulation T Securities-Based Lending" in this Part Four.

Option Buyers

An option buyer runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset, meaning it becomes worthless when it expires. An option buyer who neither sells the option in the secondary market nor exercises it prior to its expiration will necessarily lose the entire investment in the option. The fact that options become worthless upon expiration means that an option buyer must not only be right about the direction of an anticipated price change in the underlying asset, but the buyer must also be right about when the price change will occur. If the price of the underlying interest does not change in the anticipated direction before the option expires to an extent sufficient to cover the cost of the option, the buyer stands to lose all or a significant part of the investment in the option. This contrasts with a customer who purchases the underlying asset directly and continues to hold the asset until such time as the customer is in a position to realize a profit.

Option Sellers

An options seller may be assigned an exercise at any time during the period the option is exercisable. Starting with the day it is purchased, an American-style option is subject to being exercised by the option buyer at any time until the option expires. This means that the option seller is subject to being assigned an exercise at any time until the option expires or the seller closes out the position in a closing purchase transaction. By contrast, the seller of a European-style or capped option is subject to assignment only when the option is exercisable or, in the case of a capped option, when the automatic exercise value of the underlying interest equals the cap price. An assigned seller may not receive notice of the assignment until one or more days after the assignment has been made by OCC. Once an exercise has been assigned to a seller, the seller may no longer close out the assigned position in a closing purchase transaction, whether or not the seller has received notice of the assignment. In that circumstance, an attempted closing purchase would be treated as an opening purchase transaction (i.e., the purchase of an option by the seller).

Covered and Uncovered Option Positions

There are both "covered" and "uncovered" option positions. A covered-call position involves taking a long position in the underlying security while simultaneously writing call options representing the same (or fewer) number of shares against it. In the event the option is exercised, the customer is covered because he has a corresponding position in the underlying security that must be bought or sold. Conversely, in an uncovered option position, the customer does not have a corresponding position in the underlying security.

Uncovered Option Writing

The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument. Uncovered option writing is thus suitable for only the knowledgeable customer who understands the risks, has the financial capacity and willingness to incur potentially substantial losses and has sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, CGMI may request significant additional margin payments. If the customer does not make such margin payments, CGMI may liquidate stock or option positions in the customer's account, with little or no prior notice in accordance with the customer's margin agreement.

Combination Writing

For combination writing where the customer writes both a put and a call on the same underlying instrument, the potential risk is unlimited.

Secondary Market Availability

If a secondary market in options were to become unavailable, customers could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.

Registered Representative Compensation

The fees and other revenue derived by CGMI from options transactions contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Customer Eligibility

To transact in options, a customer must first complete an options specific agreement and receive additional options-related disclosures and information. Eligibility to buy or sell options in a CGMI account is subject to a minimum net worth requirement that depends upon the option strategy (see chart below). Certain account types are ineligible to engage in certain options strategies. Those account types include but are not limited to, custodial, retirement accounts and ERISA plans, testamentary, foundation, not-for-profit, and charity.

Option Strategy	Income	Liq. Net Worth	Total Net Worth
Sell covered calls	at least $25,000		at least $50,000
Buy protective puts			
Buy options			
Spreads			
Uncovered Options	at least $50,000	at least $100,000	at least $200,000

Non-US Options, Currency Options and Debt Options

CGMI does not offer options on non-US securities or indices or options on currencies and debt. As a result, customers who wish to pursue options trading strategies in non-U.S. options or options on currency and debt should consider whether a CGMI account will meet their investment objectives.

Online Availability

Certain options transactions cannot be executed online. Customers seeking to transact in those options will be required to contact their Registered Representative directly to place those trades. That process may be less efficient that placing trades online and result in less efficient or timely execution of transactions in the options that are ineligible for online trading.

Recommended Transactions

The majority of listed options transactions recommended by CGMI are those available through the Clearing Firm's platform.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by options trading generally, but conflicts are particular to the circumstances at the time of a trade. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating whether to trade options.

Compensation

As described above, CGMI earns compensation (including commission revenues) from options transactions. Your Registered Representative receives a benefit (directly or indirectly) from such revenues and, as a result, your Registered Representative is incentivized to recommend options transactions over other types of transactions, or recommend certain options transactions that may be more risky, to maximize the commission. Commissions for options transactions in some cases may be higher than comparable trades in other securities or products, such as in the underlying securities. For more information, please see "Transaction-Based Compensation" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Agency vs. Principal Trading

When effecting your securities transactions, CGMI may act in the capacity as an "agent" or "broker," meaning that we purchase or sell your securities through a counterparty (i.e., with another firm or outside buyer or seller). CGMI may also act as a "principal" or "dealer" and complete your trade using CGMI's or an affiliate's own inventory. Trading on a principal basis presents a conflict because the transaction involves a Citi entity's own book of securities and Citi has a direct interest in the pricing and profitability (or loss) from the trade. For more information on agency and principal trading, please see "Agency vs. Principal Trading" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Payment for Order Flow

CGMI, in its efforts to seek best execution, routes customer orders to national securities exchanges and venues. Certain venues, from time to time, may offer cash credits or rebates for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books. Certain other venues, from time to time, may be inverted, meaning they offer cash credits or rebates for orders that remove liquidity from their books and charge explicit fees for orders that provide liquidity to their books. CGMI routes orders to exchanges that provide these programs and may be eligible for these benefits under the relevant exchange rules. CGMI's routing decisions are based on a number of factors, including but not limited to, price, liquidity, venue reliability, cost of execution, and likelihood of execution.

CGMI has entered into certain arrangements with Pershing LLC, a broker dealer and one of Citi's clearing firms, to route most retail customer orders in equity securities and exchange-traded options to Pershing. CGMI does not receive payment for order flow for these orders.

For more information, please see "Payments for Order Flow" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

Ownership Interests in Trading Venues
An affiliate of CGMI holds an ownership interest in BOX Exchange, LLC ("BOX Exchange"). Accordingly, CGMI stands to share in any profits that BOX Exchange derives from the execution of CGMI's customer orders on BOX Exchange. For more information, please see "Ownership Interests in Trading Venues" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

PACKAGED PRODUCTS

MUTUAL FUNDS

PRODUCT DESCRIPTION

A mutual fund is an investment company that allows investors to purchase an undivided interest in a portfolio of securities and other assets. A mutual fund's portfolio may consist of stocks, bonds, money market instruments, commodities, derivatives, and other financial assets to achieve the investment objectives stated in the mutual fund's prospectus. The following information pertains to mutual funds offered through CGMI brokerage accounts. Most mutual funds that CGMI offers are registered with the SEC as investment companies under the 1940 Act. CGMI also offers offshore mutual funds that are not registered with the SEC as investment companies, but are registered, if required, in other applicable jurisdictions.[1] Offshore mutual funds (including Undertakings for the Collective Investment in Transferable Securities or "UCITS") are available only to qualifying customers located outside the United States.

The investment features of a mutual fund vary from fund to fund. A mutual fund's prospectus and statement of additional information ("SAI") describe, among other things, the fund's investment objectives and principal strategy, the types of securities and other assets in which the fund invests, risks, share classes and expenses. The prospectus and SAI also describe how sales charges and expenses vary by share class, and how investors can qualify for sales-charge reductions and waivers based upon the amount of their investments or other circumstances. Depending on its objectives, a mutual fund may invest in securities or other assets that pay dividends or interest, and/or may invest in securities or other assets that the fund expects will rise in value. The value of the mutual fund's shares will appreciate if the securities and other assets in which it invests pay dividends or interest or increase in value. The value of the mutual fund's shares will decline if the securities and other assets decrease in value. A mutual fund's portfolio is structured and managed to match the stated investment objectives.

So-called "alternative mutual funds" are mutual funds that follow investment strategies that are more commonly found among hedge funds. Compared to a traditional mutual fund that invests in stocks and bonds, an alternative mutual fund typically holds more non-traditional investments such as private equity, real estate, derivatives and managed futures. Alternative mutual funds also employ more complex trading strategies, similar to those found in hedge funds, such as short selling and leverage.

CGMI does not offer proprietary mutual funds registered with the SEC under the 1940 Act. For more information on a specific mutual fund, please refer to the mutual fund's prospectus and, where applicable, its SAI. The prospectus and SAI contain important information on fees, charges, sales charge reductions or waivers, and investment objectives that you should consider carefully before investing. You can also find more information on a mutual fund by visiting the mutual fund sponsor's website. For information about understanding your customer statement and transaction confirmations, please refer to the INAI document that is part of your Customer Documents.

FEES, COSTS AND EXPENSES

All mutual funds charge investment management fees and ongoing operating expenses that you will pay as long as you are invested in the fund (described in more detail below). You will also pay sales charges and fees when you buy and sell mutual fund shares (described in more detail below). Mutual fund fees, expenses and costs vary from fund to fund and from share class to share class. More particularized disclosure about a mutual fund's fees, expenses, and costs are set forth in detail in the mutual fund's prospectus. Fees, expenses, and costs reduce the NAV of the mutual fund and affect the fund's performance and your investment return.

Customers may be entitled to a reduction or waiver of sales charges pursuant to a fund's prospectus. Options for reduced or waived sales charges include breakpoints, letters of intent, rights of accumulation, and sales charge waivers, including initial sales charge

[1] Please be advised that offshore mutual funds use different naming conventions for their share classes. Please refer to the offshore mutual fund's prospectus and, where applicable, it's SAI for complete information.

waivers, CDSC (defined below) waivers, repurchase/purchase waivers and net asset value transfer waivers. Sales charges and fees that apply to mutual fund transactions are summarized below and are more fully described in the INAI.

Mutual Fund Fees, Costs, and Expenses

Management Fees

Management fees are fees that are paid out of a mutual fund's assets to the mutual fund's investment adviser for managing the investment portfolio. Management fees may also include administrative fees payable to the investment adviser that are not included in the mutual fund's other operating expenses, as discussed below.

Ongoing Distribution and Service Charges

Ongoing distribution and service charges are charged by certain mutual funds on an ongoing basis as long as you hold shares in the mutual fund. These charges differ by mutual fund and share class and are set forth in the fund's prospectus. Distribution charges are also referred to as 12b-1 fees, trails, or trailer fees. 12b-1 fees are used to compensate market intermediaries, such as CGMI, for marketing, distribution, shareholder support services and other services. These fees are charged as a percentage of the mutual fund's total assets attributable to the applicable share class and therefore will reduce the investment return of the fund.

Fund Operating Expenses

Fund operating expenses are expenses not included as part of a fund's management fees or ongoing distribution and service charges. Fund operating expenses include shareholder service expenses that are not included as 12b-1 fees, custodial expenses, legal expenses, accounting expenses, brokerage expenses, transfer agent expenses, and other administrative expenses.

Front-End Sales Charge or "Loads"

A front-end sales charge is paid by the investor and included in the purchase price of the mutual fund shares. Front-end sales charges differ by mutual fund and share class and are set forth in the fund's prospectus. All or a portion of the front-end sales charge is paid to CGMI and shared with your Registered Representative. Front-end sales charges range from 0% to 5.75% of assets invested and can be subject to reduction or waiver, as discussed above. Certain offshore mutual funds do not impose sales charges. Instead, CGMI charges commissions in connection with transactions in such funds.

Back-End Sales Charge, Contingent Deferred Sales Charge ("CDSC") or Surrender Charge

A back-end sales charge, CDSC, or surrender charge is charged by a mutual fund when investors redeem mutual fund shares within a specified period as set forth in the fund's prospectus. The fund may also pay CGMI a selling fee at the time of sale a rate set by the fund, a portion of which is shared with your Registered Representative. Standard back-end sales charges are 1% of assets invested but these charges differ by mutual fund and are set forth in the mutual fund's prospectus.

Redemption and Exchange Fees

Redemption and exchange fees are charged by certain mutual funds upon redemption or exchange of shares depending on a specified holding period. These fees are typically equal to 1% or 2% of the NAV of the redeemed or exchanged shares and may vary depending on if a redemption or exchange occurs within a specific time period. The terms differ by mutual fund and share class and are set forth in the fund's prospectus.

Share Classes

Mutual funds offer different share classes that differ based on the sales charges and 12b-1 fees that apply. Class A share classes typically charge a comparatively higher front-end sales charge and lower ongoing 12b-1 fees and expenses, while Class C share classes typically charge a lower front-end sales charge and higher ongoing 12b-1 fees and expenses. Class B shares do not charge a front-end sales charge but are subject to a contingent deferred sales charge that is assessed upon withdrawals from the mutual fund as well as comparatively higher ongoing 12b-1 fees and expenses. Most mutual funds no longer offer Class B shares to new investors.

When choosing between share classes of a mutual fund, you should primarily consider the amount you plan to invest and your anticipated holding period. Over time, you will generally pay higher fees and expenses and will experience lower investment returns with Class C shares than you would with Class A shares as a result of the ongoing 12b-1 fees and expenses that Class C shares charge. As a result, you generally should purchase Class A shares if you expect to hold the investment for a period of time exceeding roughly 7 years, and you generally should purchase Class C shares if you expect to hold the investment for a period of time roughly spanning no longer than 7 years. Class A shares are also generally more appropriate than Class C shares for large investments because Class A shares often offer sales-charge reductions or waivers for investments in excess of certain thresholds.

You may be eligible for sales charge reductions or waivers ("breakpoints") based on the size of your investment in a mutual fund. You may also be eligible for "rights of accumulation," which apply if the amount you invest in a mutual fund family, combined with other assets you and your family have invested in the same mutual fund family, exceed certain thresholds. Breakpoints and rights of accumulation vary from fund to fund.

Certain of the share class information summarized herein including, but not limited to, available alternatives for reduced sales charges, may not relate to offshore mutual funds as offshore mutual funds may use different naming conventions for their share classes and may not offer such alternatives (please refer to offering material provided to you or contact your Registered Representative for more information).

Compensation CGMI Receives from Third Parties

Each time you purchase a mutual fund in a commission-based brokerage account, the mutual fund or its sponsor pays CGMI based upon the amount of your investment and the share class you have selected. Typically, for a share class with a front-end sales charge, the fund pays CGMI most of the front-end sales charge you pay. For share classes that have a back-end sales charge (or for very large share purchases of front-end loaded shares that qualify for a complete waiver of their front-end sales charge), the fund may pay CGMI a selling fee at the time of sale at a rate set by the fund or its sponsor.

Certain mutual funds that are registered with the SEC under the 1940 Act pay CGMI all or a portion of the 12b-1 fees that are charged against the mutual fund's assets on a continuing basis. You will bear your proportionate share of a mutual fund's 12b-1 fees for as long as you continue to own your shares and hold them in your CGMI account or, if CGMI acts as your "broker of record," for as long as you hold the shares directly at the fund. The prospectus describes the types of, and reasons for, these ongoing fees. The fees vary from fund to fund and, within the same fund from share class to share class. SEC-registered mutual funds may pay additional fees and expenses to CGMI such as for shareholder services not included as 12b-1 fees, networking, recordkeeping, and sub-transfer agency fees. In exchange, the mutual fund does not have to provide all or some of these services itself. For example, recordkeeping fees are paid to CGMI for maintaining the records of certain investors in a mutual fund, while sub-transfer agency fees are paid to CGMI to administer an omnibus account with the mutual fund, among other services. An omnibus account eliminates the need for the mutual fund to hold individual investor accounts, which reduces costs for the mutual fund.

For certain offshore mutual funds, the mutual fund's investment manager, distributor and/or other service providers may pay CGMI or an affiliate (i) a portion of the management fee, and where, applicable, (ii) all or a portion of the distribution fee, fees related to shareholder servicing or similar fees, or (iii) a portion of these combined fees, on an ongoing basis for marketing, distribution, and shareholder support servicing and similar services and support. For certain other offshore mutual funds, CGMI currently receives: (i) up to 70% of the management fee with respect to the assets of customers of CGMI invested in the applicable fund and (ii) up to 100% of the fees related to the distribution and servicing of customers.

The fees and expenses that are shared with CGMI or our affiliates may be significant depending on the fund and share class. You are encouraged to review carefully the prospectus or offering document for each fund in which you are considering making an investment.

CGMI also receives revenue sharing payments from the investment advisers, distributors, and fund sponsors of the mutual funds CGMI offers. Revenue sharing payments can be based on sales or on the aggregate customer holdings across CGMI customer accounts. The amount CGMI and its affiliates receive can vary significantly from fund company to fund company and from share class to share class. Currently, CGMI receives from fund families, including some offshore mutual funds, revenue-sharing fees up to a maximum per fund family of 0.12% per year ($12 per $10,000) on mutual fund assets held by customers in brokerage accounts, subject to a minimum charge of up to $50,000 per fund family, per year. CGMI's revenue sharing arrangements and other compensation arrangements with fund families change from time to time. CGMI makes the most current information, as well as a list of revenue-sharing fund families organized by size of payment, available online at:

- http://www.citi.com/investorinfo

For more information on the fees discussed in this section, please refer to the section entitled "Mutual Fund Share Classes and CGMI Compensation" of the INAI.

ADDITIONAL INFORMATION

Key Risks

Mutual funds, like other investments, are subject to certain risks. Some of those risks are described below, but each mutual fund has unique and specific risks. Customers should give careful consideration to the risk disclosures and other considerations involving purchases of mutual funds found in the relevant Customer Documents, including the applicable prospectus and SAI, when evaluating whether to invest in a mutual fund.

Returns are not guaranteed, NAVs may be volatile and an investor in a mutual fund could lose the entire amount of his or her investment. Investing in mutual funds that invest in international, aggressive growth stocks, or less liquid securities may only be appropriate for customers whose investment profile allows them to assume the risks associated with those funds.

Registered Representative Compensation

The fees and other revenue derived by CGMI from mutual funds—including sales charges and 12b 1 fees, or similar fee revenues for offshore mutual funds—contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. However, CGMI does not pay additional compensation to your Registered Representative as a result of revenue-sharing payments received by CGMI.

Some funds impose higher sales charges, 12b-1 fees, or similar fees than others, and the higher the sales charge and other fees the greater the amount that contributes to, or is factored into, your Registered Representative's compensation. In addition, because funds' sales charges are different for different share classes, the choice of share class can significantly affect the compensation your Registered Representative receives.

For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement. Additional information also may be found in the section entitled "How CGMI and Your Advisor Are Compensated for Mutual Fund Sales" of the INAI for additional information.

Qualifications and Limitations

Customer Eligibility

All CGMI account types are eligible to purchase SEC registered mutual fund shares, including retirement accounts and qualified benefit plans. Retirement accounts and ERISA plans may not be eligible to purchase Offshore mutual funds (including UCITS) and we will not generally make recommendations for such accounts to purchase or hold them. Fund families may have available share classes only for specified account types, like retirement accounts, that feature favorable pricing or other features. There is no minimum net worth or customer asset level requirement to purchase mutual fund shares. The minimum purchase amount may vary by fund and is set forth in the mutual fund's prospectus.

Online Availability

Mutual fund shares are available for purchase online.

Distribution Agreements

CGMI only offers mutual funds for which we have entered into a distribution agreement with the mutual fund's sponsor or distributor. The distribution agreement outlines the terms of the relationship between us and the fund.

Availability

CGMI reviews and evaluates on a periodic basis each fund family whose mutual funds we offer based upon various factors, including but not limited to:

- Number and variety of funds offered;
- Length of track record and historical appeal to our customers and Registered Representatives;
- Short- and long-term performance of the funds offered;
- Size of assets under management;
- Ability to support our Registered Representatives and customers through training, education and sales literature; and
- Level of interest and demand among our customers and Registered Representatives.

CGMI has implemented due diligence policies and procedures reasonably designed to avoid giving preferential treatment to any product sponsor or any given product they may offer.

When CGMI determines to remove a mutual fund offered on a platform, customers may continue to hold the mutual fund shares but will not be able to purchase additional shares. Registered Representatives are not permitted to solicit a customer to purchase shares in a mutual fund that was removed from the platform.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by mutual funds generally, but conflicts are particular to each mutual fund (or fund complex). Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents, including the applicable prospectus and SAI, when evaluating a mutual fund.

Customer-Based Conflicts

Customers can choose between different types of mutual fund investments. Mutual funds can vary greatly in terms of cost, investment strategy, and suitability. For specific details on a fund's strategy, customers should refer to the applicable sponsor's website and fund's prospectus. Different funds are available to CGMI customers through different products and CGMI lines of business. The costs of investing in funds through certain products or CGMI lines of business may be less than investing in funds through your brokerage account.

Compensation

Registered Representative compensation can vary and is dependent upon the account type, amount of investment and/or the fees charged by the mutual fund such as sales loads, CDSCs, 12b-1 fees, shareholder servicing fees, networking fees, and sub-transfer agency fees. The amount of that compensation also varies based on applicable waivers and whether the transaction occurs in an investment advisory or brokerage account. Registered Representatives are compensated for funds traded in an investment advisory account based on the managed and fee based account agreement. As a result of this compensation structure, a Registered Representative has an incentive to recommend fund transactions that pay him or her higher compensation. As described here and in the applicable mutual fund's prospectus and SAI, CGMI and its affiliates receive compensation from mutual fund sponsors and service providers in the form of revenue sharing and other types of fees, charges and payments. This compensation can vary and is dependent upon the mutual fund sponsor and service provider. Certain mutual fund sponsors and service providers pay CGMI and its affiliates more than others. As a result of this compensation structure, CGMI and its affiliates have a financial incentive to recommend investments in mutual funds offered by mutual fund sponsors and service providers that pay CGMI and its affiliates higher compensation. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Services to Others

CGMI and its affiliates provide a variety of services for various mutual funds and fund sponsors, including funds and fund sponsors that CGMI may recommend for purchase or sale by customers. CGMI performs a wide range of investment banking and other services for various customers, and it is likely that CGMI customer holdings will include the securities of issuers for which CGMI performs investment banking and other services. For example, customer holdings may include funds where CGMI or its affiliates provide services as trustees or custodians. Customer holdings may also include securities in which CGMI makes a market or in which CGMI, its officers or employees have positions. For more information, please see "Recommendations and Services to Others" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Marketing Support, Conferences, Sales Meetings and Similar Activities; Registered Representative Access

CGMI receives marketing and training support payments, conference subsidies, and other types of financial and non-financial compensation and incentives from certain mutual fund companies to support the sale of their products and services to CGMI customers. CGMI or its affiliates also coordinate with certain fund families in developing marketing, training and educational plans and programs, and this coordination might be greater with some fund companies or providers than others, depending on relative size, quality and breadth of fund or product offerings, customer interest and other relevant factors. Although all approved fund companies are provided with access to branch offices and Registered Representatives, some fund companies devote more staff or resources to these activities. For more information, please see "Marketing Support, Conferences, Sales Meetings and Similar Activities; Registered Representative Access" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

Gifts, Gratuities and Nonmonetary Compensation

From time to time, certain third-party vendors (such as investment product distributors and providers, mutual fund companies, wholesalers, etc.) provide Registered Representatives or CGMI or its affiliates with non-monetary gifts and gratuities. For more information, please see "Gifts, Gratuities and Nonmonetary Compensation" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

EXCHANGE TRADED FUNDS AND CLOSED-END FUNDS

PRODUCT DESCRIPTION

Exchange Traded Funds

An exchange-traded fund ("ETF") is an investment company that allows investors to purchase an individual, proportionate interest in a portfolio of stocks, bonds and/or other securities. ETFs are typically bought and sold by investors via trades on stock exchanges, although they can be purchased and redeemed directly from the ETF's sponsor in certain circumstances. ETFs, like other types of investment companies, are sold by prospectus.

An ETF's sponsor chooses the ETF's benchmark index, determines the "basket" of underlying securities used to create and redeem ETF shares, and decides how many ETF shares will be offered to investors. ETFs, like mutual funds, expose investors to a discrete, segregated pool of assets. Certain ETFs employ derivatives to leverage their portfolios. CGMI currently does not offer any proprietary ETFs registered with the SEC under the 1940 Act.

Like individual equity securities, ETFs are traded on a stock exchange and can be bought and sold throughout the day through a broker-dealer. The price of an ETF share is continuously determined by the activity of buyers and sellers of the ETF on a stock exchange (generally for smaller trades) or off-exchange (for larger block trades) and is influenced by the forces of supply and demand in the marketplace. Unlike traditional mutual funds, ETFs do not sell or redeem their individual shares to investors at a NAV that is determined once a day; rather, financial institutions purchase and redeem large aggregations of ETF shares called "creation units" directly from the ETF. The market price of an ETF share at any time should approximately reflect the NAV of a proportionate interest in the ETF's underlying portfolio of assets. ETFs are structured to minimize the difference between the price of an ETF's shares and the ETF's NAV. Third parties calculate and disseminate an Intraday Indicative Value ("IIV") on a regular basis throughout the trading day (generally, every 15 seconds). The IIV is a real-time estimate of an ETF's NAV.

Information about a specific ETF can be found in the ETF's prospectus and statement of additional information. The ETF's prospectus contains important information on its fees, expenses, and investment objectives that should be considered carefully before investing. You may also find more information about an ETF on the ETF's sponsor's website. Retirement accounts and ERISA plans may not be eligible to purchase CEFs on an initial offering and we will not generally make recommendations for such accounts to purchase or hold them.

Closed-End Funds

A closed-end fund ("CEF") is a type of investment company that has a fixed number of shares that are generally not redeemable from the fund. Unlike open-end investment companies (i.e., mutual funds), shares of a CEF can be purchased only as part of an initial public offering or purchased and sold through secondary market transactions. CEFs have managers who oversee each fund's portfolio and purchase and sell the fund's portfolio investments. CGMI currently does not offer any proprietary CEFs registered with the SEC under the 1940 Act.

CEFs sold publicly must be registered under both the Securities Act and the 1940 Act. CEFs that are listed on public stock exchanges can be bought and sold on those exchanges. The price per share of a CEF fluctuates and is determined by market forces. The price per share is usually different from the underlying NAV per share of the investments held by the fund. The price is said to trade at a discount when it is below the NAV or at a premium to the NAV when it is above the NAV.

CEFs are permitted to, and many CEFs do, employ leverage. To employ leverage, CEFs may borrow from third-party lenders like banks or issue senior securities that have preferential terms. Specifically, CEFs are allowed to issue debt in an amount up to 50% of net assets and preferred shares in an amount up to 100% of net assets.

Most CEFs charge expenses against total assets, including leveraged assets. CEFs typically pay distributions to investors on a monthly or quarterly basis. Depending on a CEF's underlying holdings, its distributions can include interest income, dividends, capital gains or a combination of these types of payments. In some cases, distributions also include a return of principal.

Information about a specific CEF can be found in the CEF's prospectus and statement of additional information. The CEF's prospectus contains important information on its fees, expenses, and investment objectives that should be considered carefully before investing. You may also find more information about a CEF on the CEF's sponsor's website. Retirement accounts and ERISA plans may not be eligible to purchase CEFs on an initial offering and we will not generally make recommendations for such accounts to purchase or hold them.

FEES, COSTS AND EXPENSES

When you buy and sell ETF and CEF shares, you will generally pay a brokerage commission. Unlike for mutual fund shares, you will not pay a sales charge. Commissions and fees that apply to ETF and CEF transactions are summarized below. More particularized disclosure about an ETF's and CEF's fees, expenses and costs is set forth in detail in the applicable fund's prospectus and annual or semi-annual report. Fees, expenses and costs reduce the NAV of the fund and therefore affect the fund's investment performance and your investment return.

Commissions

A commission is paid at the time of purchase and differs by ETF and CEF. The commissions for ETFs and CEFs that we offer are set forth in the commission schedule for the applicable CGMI line of business with which you maintain a relationship. Please refer to the Appendix at the end of this Disclosure Statement to determine the commission rate that you will pay for a particular transaction. All or a portion is shared with your Registered Representative. Commissions are negotiable and can be subject to reduction or waiver based on various factors.

Operating Expenses

Operating expenses are ongoing costs such as marketing and distribution expenses, as well as custodial, transfer agency, legal, and accounting fees. Operating expenses are regular and recurring expenses that are typically paid out of fund assets, which means that investors indirectly pay these costs as long as they hold the fund's shares. Operating expenses are charged by the fund based on a percentage of the fund's average daily net assets. Operating expenses differ by fund and are set forth in each fund's prospectus and annual or semi-annual report.

Shareholder Servicing Fees

Shareholder servicing fees are fees paid to fund intermediaries to respond to investor inquiries and provide investors with information about their investments. The fees are incurred by the fund, and investors indirectly pay these expenses as long as they hold the fund's shares. Shareholder servicing fees differ by fund and are set forth in each fund's prospectus and annual or semi-annual report.

Management Fee

The management fee is paid by the fund to the fund's investment adviser or its affiliates for managing the fund's portfolio, any other management fee payable to the fund's investment adviser or its affiliates, and any administrative fee payable to the investment adviser that are not included in the fund's "Other Expenses." The fee is based on a percentage of the fund's average daily net assets and are reflected in the fund's NAV. Investors indirectly pay management fees as long as they hold the fund's shares. Management fees differ by fund and the amount and components are set forth in each fund's prospectus and annual or semi-annual report.

ADDITIONAL INFORMATION

Key Risks

ETFs and CEFs, like other investments, are subject to certain risks. Some of those risks are described below, but each ETF and CEF has unique and specific risks. Customers should give careful consideration to the risk disclosures and other considerations involving purchases of ETFs and CEFs found in the relevant Customer Documents, including the applicable prospectus and SAI, when evaluating whether to invest in an ETF or CEF.

Returns are not guaranteed, prices may be volatile and an investor in an ETF and CEF could lose the entire amount of his or her investment. Investing in ETFs and CEFs that invest in international, aggressive growth stocks, or less liquid securities may only be appropriate for customers whose investment profile allows them to assume the risks associated with those funds.

Registered Representative Compensation

The commissions derived by CGMI from ETFs and CEFs contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Customer Eligibility

All CGMI account types are eligible to purchase ETF and CEF shares except that retirement accounts and ERISA plans may not be eligible to purchase CEFs on an initial offering and we will not generally make recommendations for such accounts to purchase or hold them. There is no minimum net worth or customer asset level requirement to purchase ETF or CEF shares, and funds generally do not have minimum purchase amounts if purchased through CGMI.

Online Availability

ETF and CEF shares are available for purchase online.

ETFs Ineligible for Solicitation

Registered Representatives are not permitted to solicit (i.e., recommend) customers to invest in marijuana-related funds; single commodity funds; bank loan or contingent convertible funds or daily reset leverage, inverse or inverse leverage ETFs.

CEFs Ineligible for Solicitation

Registered Representatives are not permitted to solicit (i.e., recommend) customers to invest in CEFs that do not meet Citi's criteria (e.g. minimum AUM, diversification, leverage, expenses, frequency of reporting of NAV, or premium/discount to NAV).

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by ETFs and CEFs generally, but conflicts are particular to each fund. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating an ETF or CEF.

Customer-Based Conflicts

Customers can choose between different types of ETF and CEF investments. ETFs and CEFs can vary greatly in terms of cost, investment strategy and suitability. For specific details on a fund's strategy, customers should refer to the applicable sponsor's website and fund's prospectus and annual or semi-annual report. Different funds are available to CGMI customers through different products and CGMI lines of business. The costs of investing in funds through certain products or CGMI lines of business may be less than investing in funds through your brokerage account.

Compensation

Registered Representative compensation can vary and is dependent upon the account type, amount of the investment and/or the commission charged. Your Registered Representative receives a benefit (directly or indirectly) from commission revenues. The compensation that a Registered Representative receives for a customer's investment in a fund also depends on whether the transaction occurs in an investment advisory or brokerage account. As a result, a Registered Representative has an incentive to recommend fund transactions that pay him or her higher compensation. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Services to Others

CGMI and its affiliates provide a variety of services for various ETFs, CEFs, and fund sponsors, including funds and fund sponsors that CGMI may recommend for investment by customers. CGMI performs a wide range of investment banking and other services for various customers, and it is likely that customer holdings will include the securities of issuers for which CGMI performs investment banking and other services. For example, customer holdings may include funds where CGMI or its affiliates provide services as trustees or custodians. Customer holdings may also include securities in which CGMI makes a market or in which CGMI, its officers or employees have positions. For more information, please see "Recommendations and Services to Others" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Marketing Support, Conferences, Sales Meetings, and Similar Activities; Registered Representative Access
CGMI receives marketing and training support payments, conference subsidies, and other types of financial and non-financial compensation and incentives from certain fund companies to support the sale of their products and services to CGMI customers. CGMI or its affiliates also coordinate with certain fund families in developing marketing, training and educational plans and programs, and this coordination might be greater with some fund companies or providers than others, depending on relative size, quality and breadth of fund or product offerings, customer interest and other relevant factors. Although all approved fund companies are provided with access to branch offices and Registered Representatives, some fund companies devote more staff or resources to these activities and therefore are likely to have enhanced opportunities to promote their products to Registered Representatives.

For more information, please see "Marketing Support, Conferences, Sales Meetings, and Similar Activities; Registered Representative Access" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

Receipt of Gifts, Gratuities and Nonmonetary Compensation by Advisors and CGMI
From time to time, certain third-party vendors (such as investment product distributors and providers, mutual fund companies, wholesalers, etc.) provide Registered Representatives or CGMI or its affiliates with non-monetary gifts and gratuities. For more information, please see "Gifts, Gratuities and Nonmonetary Compensation" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

UNIT INVESTMENT TRUSTS

PRODUCT DESCRIPTION

A unit investment trust (a "UIT") is an investment company registered with, and regulated by, the SEC under the 1940 Act. UITs buy and hold a generally fixed portfolio of stocks, bonds or other securities. "Units" in the trust are sold to investors who receive a share of the trust's principal and dividends. UITs have a stated date for termination and trust maturity, and are sold by prospectus. CGMI offers two main types of UITs: equity UIT and fixed income UITs. CGMI does not offer proprietary UITs registered with the SEC under the 1940 Act. More information about each UIT, including any minimum purchase amount, can be found in the individual UIT's prospectus or on the corresponding UIT sponsor's website.

Equity UITs
Equity UITs are fixed portfolios of domestic and/or international stocks selected for their potential to provide total return (the full amount an investment earns over time, which includes income from dividends and interest, as well as capital gains distributions and the increase or decrease in the investment's NAV). Investors may receive dividend income monthly, quarterly or semi-annually, or capitalize on any long-term capital appreciation the trust may accrue following its dissolution. These trusts generally follow a buy-and-hold strategy and typically have stated termination dates that range from 13 months to 5 years. The three most common types of equity UITs are strategy trusts, sector trusts and index trusts.

Fixed Income UITs
Fixed income UITs are divided into taxable and tax-free trusts that are designed to provide current income and stability of principal. Many fixed income UITs pool bonds with the same maturity date as the termination date of the trust. A UIT investing in long-term bonds may remain outstanding for 20 to 30 years. Investors who choose fixed-income UITs typically receive periodic income, usually monthly.

FEES, COSTS AND EXPENSES

Sales Charges
UIT sales charges paid to sponsors consist of two types of fees: a transactional sales fee and a creation and development fee. Your total sales charges will be equal to 1.85% to 3.95% of assets invested, depending on the UIT maturity period. Generally, the longer the maturity period, the higher the sales charges. UIT sales charges are not negotiable or waivable. More specific disclosure about UIT fees, expenses and costs are set forth in detail in the UIT's prospectus.

> **Transactional Sales Fee**
> The transactional sales fee is a deferred sales charge that is deducted in installments (usually monthly) from the NAV of the UIT after the end of the initial offering period, as set forth in the UIT's prospectus. The amount of the deferred sales charge in the aggregate will equal 1.35% to 3.45% of assets invested, depending on the UIT's maturity period.
>
> **Creation and Development Fee**
> The creation and development fee is a fee for the sponsor's creation and development of, and administration and services to, the UIT that is deducted from the NAV of the UIT at the end of the initial offering period, as set forth in the UIT's prospectus. The amount of the creation and development fee is 0.50% of assets invested.

Other Fees and Expenses
Other fees and expenses include fees to cover expenses for portfolio supervision, bookkeeping, administration, trustee duties, operating costs, the cost of liquidating securities to meet redemptions and organization costs. These fees and how they are assessed can vary by sponsor and UIT and are set forth in the UIT's prospectus. Organization costs reimburse the sponsor for all or a portion of the costs of establishing a UIT. These fees and expenses vary by each UIT. Investors do not bear these fees and expenses directly; instead they are paid by the UIT itself and reflected in the calculated NAV of the UIT.

Third-Party Compensation
CGMI receives a portion of the sales charges that investors pay to the UIT sponsor (known as a "dealer concession") based on a schedule that is described in each UIT prospectus. The amount CGMI receives ranges from 1.25% to 3.00% of the transaction.

ADDITIONAL INFORMATION

Key Risks
UITs, like other investments, are subject to certain risks. Some of those risks are described below, but each UIT has unique and specific risks. Customers should give careful consideration to the risk disclosures and other considerations involving purchases of UITs found in the relevant Customer Documents, including the applicable prospectus, when evaluating whether to invest in a UIT.

Returns are not guaranteed, prices may be volatile and an investor in a UIT could lose the entire amount of his or her investment. Certain UITs that hold international or more aggressive growth stocks may only be appropriate for aggressive investors that are aware of the risks of investing in these products.

Registered Representative Compensation
The commissions derived by CGMI from UITs contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Minimum Purchase Amounts
Minimum required purchase amount may vary by fund and is set forth in the UIT's prospectus.

Selling Agreements
CGMI only offers UITs pursuant to a selling agreement with the UIT's sponsor outlining the terms of the relationship between CGMI and the sponsor.

CONFLICTS OF INTEREST

The following paragraph discusses the conflicts of interest presented by UITs generally, but conflicts are particular to each UIT. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents, including the applicable prospectus, when evaluating a UIT.

Compensation
You can choose between different lengths of trust maturity for UIT investments. A dealer concession is paid to CGMI based upon the sale of a UIT to you. The dealer concession is factored into or contributes to the compensation received by Registered Representatives. Therefore, your Registered Representative has an incentive to recommend a UIT that has a higher sales charge or dealer concession. Given that sales charges and dealer concessions are higher the longer the maturity of the UIT, your Registered Representative has an incentive to recommend a UIT with a longer maturity. Each UIT prospectus outlines the applicable sales charges and dealer concession applicable to it. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

LENDING

REGULATION T SECURITIES-BASED CREDIT PRODUCTS

PRODUCT DESCRIPTION

CGMI makes available extensions of credit through the Clearing Firm in its role as clearing broker for your account. The credit products include margin loans, short sale, and short options, all secured by marginable securities or cash. These products allow you to borrow funds using the value of eligible securities in your account at CGMI as collateral. Credit products available through the Clearing Firm are subject to the requirements of Federal Reserve Regulation T ("Reg. T").

Potential borrowers should carefully review and understand the relevant Customer Documents, including the Customer Agreement, the INAI, the Margin Disclosure Statement, the loan agreement and other product-specific materials. The Customer Documents contain important terms and conditions regarding the key requirements and obligations, including repayment terms, how interest is calculated and charged, product risk disclosures and how and under what circumstances the Clearing Firm may collect on its loan, including if the borrower defaults on his or her repayment obligations.

Margin Loan

A margin loan (or Reg. T loan) is secured by collateral consisting of certain eligible market securities in the customer's CGMI brokerage account, including equity securities registered on a national exchange (such as NYSE), convertible and non-convertible bonds, brokered CDs and mutual funds. Margin loans typically are extended on a "demand" basis, where the borrower pays interest periodically and may repay the principal at any time but must repay the principal upon the Clearing Firm's demand. Margin loans are referred to as either "purpose" or "non-purpose" depending on how the borrower intends to use the loan proceeds:

- A purpose loan may be used for any purpose, but is typically used to purchase securities. A purpose loan must be secured by the pledge of eligible securities in the borrower's CGMI brokerage account. Securities serving as purpose loan collateral can only be sold or transferred in accordance with the terms of your loan documents. Purpose loans must adhere to margin requirements. Currently, margin requirements provide that the minimum amount of credit extended under a purpose loan cannot exceed fifty percent (50%) of value of the margin stock securing the loan. Higher contractual margin requirements may be imposed for certain securities and under certain market conditions. Certain investment strategies like short sales and short options can only be pursued using Reg. T purpose loans.
- A non-purpose loan may be used for any purpose except to purchase securities or to refinance a loan that was used to purchase securities. A non-purpose loan may be secured by the pledge of eligible cash, cash equivalents and marketable securities held in the borrower's CGMI account. Securities serving as non-purpose loan collateral can only be sold or transferred from your CGMI brokerage account in accordance with the terms of your loan documents. Non-purpose loans are not subject to any regulatory margin requirements, but are subject to contractual requirements.

Short Sale

A short sale is the sale of a security not owned by the customer, or if owned, not held at the Clearing Firm. It does not include covered short positions. Short sales normally are settled by delivery of the security borrowed from the Clearing Firm. The Clearing Firm lends securities to customers to engage in short sales, using the firm's own inventory, the margin account of another of the firm's customers, or another lender. A short position typically is closed out when a customer buys the borrowed security in the open market and returns it to the Clearing Firm. As with buying securities on margin, short sellers are subject to the margin rules for collateral, and other fees and charges apply, including paying interest on the borrowed securities. If the borrowed stock pays a dividend, the short seller is responsible for paying the dividend to the person or firm making the loan.

Short Option

A short option is the writing of (i.e., a customer sells) a put or call option. The writer of an option receives a premium for accepting the obligation to purchase (in the case of a put) or to sell (in the case of a call) the underlying security at a pre-determined (strike) price within a specific timeframe. Customers also can purchase or write option spreads. Writers of options, other than covered calls, must comply with applicable margin requirements and maintain sufficient collateral in his or her account to secure the option's obligations. Failure to retain sufficient collateral will result in a margin call. If a customer fails to meet a margin call, the Clearing Firm has discretion to take any action with respect to the customer's account for the Clearing Firm's own protection. For put options, such action may include hedging positions by selling short or buying an offsetting option. For call options, such action may include borrowing the securities subject to the call or buying those securities into the customer's account at the current market price or buying an offsetting option. Customers are subject to all of the fees, expenses, commissions, interest charges, and losses incurred as a result of any of these transactions.

FEES, COSTS AND EXPENSES

Margin Loans

Margin borrowers are obligated to repay the principal balance of any outstanding loan amounts, plus all interest accrued on the outstanding loan balance. Borrowers do not pay origination costs. Depending on the terms of the loan, payments of interest (and principal, if applicable) may be due monthly, quarterly or semi-annually. Margin borrowers may pay the outstanding loan balance, including interest due, at any time without incurring a prepayment or early termination fee or other penalty.

Generally, interest accrues monthly, in arrears, and the applicable rate and interest charged for the period are set forth on the borrower's statement or the applicable Customer Documents. Interest on most margin loans is calculated based on a Reference Rate plus a spread. Depending on the Citi business line, the Reference Rate can be the Citi Base Rate (which is CGMI's proprietary interest rate based on CGMI's blended short- and long-term funding costs, as determined by CGMI and provided to the Clearing Firm), Fed Funds Target Rate (which is the target interest rate set by the Federal Open Market Committee (FOMC) at which commercial banks borrow and lend their excess reserves to each other overnight), or Secured Overnight Financing Rate (which is a benchmark interest rate for dollar-denominated derivatives and loans based on transactions in the Treasury repurchase market that is replacing the London Inter-bank Offered Rate (LIBOR)).

For margin loans, the interest rate charged (the "Citi Loan Rate") equals the Reference Rate plus or minus an incremental amount. The amount of the increment decreases in tiers as the amount borrowed increases. The increment generally is a fixed amount for each tier but is negotiable based on household balances and other considerations, such as the expected debit balance. Loans based on the Citi Base Rate are available only in US dollars.

For CPII margin and non-purpose loans, the interest rate charged (the client's "Total Cost") equals Cost of Funds plus a Citi Spread. In certain circumstances, exceptions to the standard pricing may be made for CPII customers. Loans are available only in US dollars.

To obtain your current Reference Rate and schedule of overall Margin loan charges, please speak to your Registered Representative or refer to the Appendix at the end of this Disclosure Statement or click the links immediately below.

For CPB customers, the schedule of fees associated with purpose and non-purpose margin loans is available online at:

- https://www.privatebank.citibank.com/ivc/docs/CPBCommissionsandAccountFees.pdf

For CPWM customers, the schedule of fees associated with purpose and non-purpose margin loans is available online at:

- http://www.citi.com/investorinfo/

For CPII customers, the schedule of fees associated with purpose and non-purpose margin loans is available online at:

- http://www.citi.com/investorinfo/

Subject to CGMI's approval, customers may select an alternative rate of interest for certain loans, computed using a different benchmark interest rate, as described in the Pershing Disclosure Statement portion of the INAI under the "Interest Rates" portion of the section entitled "FINRA Rule 2264, Credit and Margin Disclosures." In addition, pursuant to the Servicemembers Civil Relief Act, CGMI caps the interest rate at 6% per annum for US military personnel on active duty, their spouses and dependents and certain other persons.

Short Selling
Customers engaged in short selling incur borrowing costs. To carry out a short sale for a customer, the Clearing Firm may borrow securities and collateralize that loan with the proceeds of the short sale. The expenses that the Clearing Firm incurs that are associated with securities-based borrowing may be passed on to a customer. Customers may be charged a fee for locating "hard to borrow" securities to sell short. In addition, if a customer is short shares of stock on the record date of a dividend or other distribution, the customer's margin account will be charged the amount of the dividend or other distribution on the following business day.

The amount used to collateralize a short sale increases or decreases proportionately with the market value of the securities that were sold. The value of the securities in a margin account is assessed daily to ensure that the account is in compliance with maintenance requirements. Transfers are made between a customer's margin account and short account to keep the accounts in balance. These transfers are calculated daily and posted to the accounts weekly as a mark-to-market entry. The Clearing Firm and CGMI retain the right to require a customer to deposit any additional collateral or cover and close out a short position as deemed necessary by either the Clearing Firm or CGMI in its sole discretion.

Interest is charged on the value of securities sold short while the position remains open. If a security sold short appreciates in market price over the sale price, interest is charged (in the appropriate currency) on the appreciation in value. Conversely, if the security sold short depreciates in market price, the interest charged is reduced since the average debit balance will decline. Each week, a closing price is used to determine any appreciation or depreciation of the security sold short. The interest rate charged typically is the same as described above for purpose loans.

Short Options
Customers who write options do not pay interest or fees other than commissions. Rather, a customer who writes an uncovered option must maintain sufficient collateral in his or her account to secure the option's obligations. Customers who write options must maintain minimum equity levels in their margin accounts. The equity level for equity options must be the greater of $10,000 Net Asset Value or Net Asset Value of $350 per contract. The equity level for index options must be the greater of $50,000 Net Asset Value or Net Asset Value of $5,000 per contract. If a customer fails to meet a margin call, the customer will be subject to all of the fees, expenses, commissions, interest charges, and losses incurred as a result of transactions taken to cure the default.

Third-Party Compensation
CGMI does not receive compensation from the Clearing Firm when a customer or writes options. CPWM does not receive compensation when a customer sells securities short, but CPB does receive compensation from such activities. CGMI receives compensation from the Clearing Firm when a customer takes out a margin loan. CGMI receives a portion of the interest you pay to the Clearing Firm on the loan. The amount that CGMI receives equals the difference between the Citi Loan Rate and the Clearing Firm's funding costs, plus a spread or additional amount provided to CGMI from time to time. CGMI also receives a portion of the interest that the Clearing Firm earns by investing your cash awaiting reinvestment or by lending it to other customers, in compliance with the rules governing the protection of customer funds.

ADDITIONAL INFORMATION

Key Risks

Borrowing against securities—whether through a loan, short sale or short option—involves significant risks and is not appropriate for everyone. Some of those risks are described below, but each product has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including the Margin Disclosure Statement, when evaluating whether to borrow against securities.

Investment Returns and Interest

The return on your investments serving as collateral for a securities-based credit product may be less than the interest and other costs that you incur. For example, customers who sell stock short typically believe the price of the stock will fall and hope to buy the stock at the lower price and make a profit. If the price of the stock rises, short sellers who buy it at the higher price will incur a loss equal to the price difference plus the interest accrued on the borrowed securities. The potential for loss is significant. Similarly, the return on stocks purchased with a purpose loan may be less than the cost of the loan. Depending on your tax and other financial situation and the return on investments, it may be more financially advantageous to sell securities to generate cash proceeds rather than borrow using those securities as collateral for non-purpose loans.

Leverage

In general, borrowing tends to magnify the risks associated with an investment or investment strategy, as the borrower not only faces potential investment losses, but is also required to repay the amount borrowed at interest, repurchase securities sold short and/or fulfill its obligations under short options. As a result, borrowing can lead to greater returns and losses relative to the cash value of an account and increased volatility compared to non-leveraged investments or strategies.

Collateral

Securities-based credit products, as described above, are secured by assets held by a CGMI brokerage account. It is important to understand that using your securities as collateral for borrowing can have adverse consequences. A lien will be placed on assets held by CGMI and, upon an uncured event of default, the Clearing Firm has the right to sell those assets. Moreover, if securities used as collateral decline in value below a minimum level, you may be required to deposit additional cash or securities. If you cannot do so, all or a portion of your collateral could be liquidated without further notice to you. CGMI or the Clearing Firm, in its sole discretion, can select the securities to be liquidated. A forced liquidation could create tax consequences.

The SEC and FINRA provide additional resources to learn more about securities-based borrowing:

- **Investor Alert:** https://www.finra.org/investors/alerts/investing-borrowed-funds-no-margin-error
- **Investor Bulletin:** https://www.sec.gov/oiea/investor-alerts-bulletins/ib_shortsalesintro.html

Registered Representative Compensation

The fees and other revenue derived by CGMI from the Clearing Firm's credit products—including interest revenue from margin loans and the fees and other revenues attributable to short sales, short options and securities transactions using the proceeds of purpose loans—contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Collateral Limits and Requirements

For Reg. T purpose loans, lenders are restricted in the amount of credit they can extend to finance the purchase or carrying of margin stock where that margin stock also serves as collateral for the loan. Reg. T limits the maximum loanable value of margin stock pledged as collateral for purpose loans to 50% of the current market value of such margin stock. While Reg. T does not place a comparable limit on the maximum loanable value of the margin stock pledged as security for non-purpose loans, the amount of credit extended cannot exceed the maximum loanable value of the collateral securing the loan, based on the lender's good faith margin requirements. In any event, CGMI or the Clearing Firm may impose stricter collateral requirements based upon, among other factors, the collateral's quality and liquidity, market conditions, and size and outstanding balance of the loan.

Retirement, ERISA and Advisory Accounts

Retirement accounts and ERISA plans are not eligible for either purpose or non-purpose loans. Investment advisory accounts are not eligible for purpose loans, but assets in investment advisory accounts are potentially eligible as collateral for non-purpose loans. None of these accounts is eligible for short sales or short uncovered options.

Opt-in vs. Opt-out

Except for retirement accounts, ERISA plans and certain other accounts, each brokerage account has margin capabilities unless the customer checks the relevant box to opt out of such capabilities on the initial brokerage account application. The terms applicable to purpose loans can be found in your Customer Agreement under the "Additional Terms for Margin Accounts" section. If a customer opts for a cash account, the customer will not be eligible for these activities.

For a non-purpose loan, additional loan documentation and a review of the assets held in the customer's accounts are required to determine the eligibility of potential collateral as well as its loanable value. The terms and conditions applicable to a non-purpose loan are set forth in separate Non-Purpose Loan documents, which include the Portfolio Line of Credit Lending Agreement between the customer and the Clearing Firm as lender, the Portfolio Line of Credit Interest Rate Acknowledgment and Restricted/Control Stock Disclosure (Alternative Rate) and the Statement Of Purpose For an Extension of Credit By a Creditor (Federal Reserve Form T-4).

Please contact your Registered Representative for more information.

Credit Balances in Short Accounts

A customer's short account contains all the proceeds from short sales. The credit balance in the short account is not considered when determining the margin balance in a margin account until the short position is covered. Such credit is disregarded even if a customer is long in the same position in his or her margin account (for instance, in a "short sale against the box").

Other Forms of Securities-Based Borrowing

In addition to the securities-based credit products described above, CGMI customers have access to other securities-based lending options.

Regulation U

Regulation U lending is offered through CGMI's bank affiliate, Citibank. The terms and conditions of Regulation U loans may be more advantageous depending on your individual circumstances and objectives, including the interest rate charged on your securities-based loan. For more information, including details with respect to the current interest rates, please see "Regulation U Loans" in this Part Four and consult your Registered Representative.

Other Lenders

CGMI customers also may obtain loans secured by the assets in their brokerage accounts from other lenders. The terms and conditions of such loans are determined by the lender. To be used as collateral, assets held in a CGMI brokerage account must be subject to a control agreement among CGMI, the Clearing Firm, the borrower and the lender. Please consult "Regulation U Loans" in this Part Four for more information.

Portfolio Margin

CPB customers also may be eligible for a portfolio margin account. A portfolio margin account utilizes a methodology developed by OCC to calculate the account's margin requirement. This methodology can result in higher degrees of leverage than ordinarily permitted under Reg. T. Minimum account qualifications apply. Please consult your Registered Representative for more information about portfolio margin accounts.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by securities-based credit products generally, but conflicts are particular to each product. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating whether to borrow.

Compensation

When CGMI and your Registered Representative are paid based on borrowing activity undertaken by you:

- CGMI and your Registered Representative receive more compensation as you commit more of your assets as collateral and purchase more securities using margin or write more options;
- The amount of compensation CGMI and your Registered Representative receives varies based on the outstanding balances of such borrowings; and
- CGMI and your Registered Representative also receive compensation based on the purchase and sale of securities in your brokerage account using borrowed amounts.

Thus, CGMI and your Registered Representative have financial incentives to recommend that you incur debt collateralized by the assets in your brokerage account. Those incentives include: (i) a share of the interest on any borrowing; (ii) commissions and other revenue from existing account securities that might be liquidated absent the ability to borrow against them; and (iii) for purpose loans, the compensation earned from investing the proceeds of those loans. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

REGULATION U LOANS

PRODUCT DESCRIPTION

As a bank, Citibank offers loans pursuant to Federal Reserve Regulation U ("Reg. U"), and CGMI makes these loans available to customers of CPB and CPII. More specifically, if a CGMI customer elects to borrow from Citibank under a Reg. U loan, the customer's loan will be secured by collateral consisting of certain eligible market securities or cash or cash equivalents in the customer's CGMI brokerage account, namely, equity securities registered on a national exchange (such as NYSE), OTC securities, debt securities that can be converted to common stock and most mutual funds. A customer borrowing through a Reg. U loan also can pledge cash and fully paid for securities held directly with Citibank as collateral.

Potential Reg. U loan borrowers should carefully review and understand the relevant Customer Documents, including the Citibank term or demand note, security agreement, control agreement and any additional supporting loan documentation. The Customer Documents contain important terms and conditions regarding the key loan requirements and obligations, including repayment terms, how interest is calculated and charged, product risk disclosures and how and under what circumstances Citibank may collect on its loan, including if the borrower defaults on his or her repayment obligations.

Reg. U loans can either be "single draw" or "multi-draw." A single draw loan is one in which the borrower receives the total principal upon initiation of the loan and agrees to repay the principal and interest as determined in the recourse documents. A multi-draw loan is one in which the borrower can take multiple distributions of the principal amount of the loan up to an approved amount. Reg. U loans typically are extended on a "demand" basis, where the borrower pays interest periodically and may repay the principal at any time but must repay the principal upon Citibank's demand.

Reg. U loans are referred to either as either "purpose" or "non-purpose" depending on how the borrower intends to use the loan proceeds.

- A purpose loan may be used for any purpose, but is typically used to purchase securities. A purpose loan must be secured by the pledge of eligible securities as well as cash and cash equivalents in the borrower's CGMI brokerage account. Securities serving as purpose loan collateral can only be sold or transferred in accordance with the applicable loan documents. Purpose loans must adhere to margin requirements. Currently, margin requirements provide that the minimum amount of credit extended under a purpose loan cannot exceed fifty percent (50%) of value of the margin stock securing the loan. Higher contractual margin requirements may be imposed for certain securities and under certain market conditions. Please note that customers of CPII may only use funds from the loan to purchase securities.
- A non-purpose loan may be used for any purpose **except** to purchase securities or to refinance a loan that was used to purchase securities. A non-purpose loan may be secured by the pledge of eligible cash, cash equivalents and fully paid for marketable securities held in the borrower's CGMI account. Securities serving as non-purpose loan collateral can only be sold or transferred from your CGMI brokerage account in accordance with your loan documents. Non-purpose loans are not subject to any regulatory margin requirements, but are subject to Citibank contractual requirements.

FEES, COSTS AND EXPENSES

Reg. U borrowers are obligated to repay the principal balance of any outstanding loan amounts, as well as any and all interest accrued on the outstanding loan balance. Borrowers do not pay origination costs. Depending on the terms of the loan, payments of interest (and principal, if applicable) may be due monthly or quarterly; CPB customers may have the option to pay semi-annually. The outstanding balance if paid on a day other than the last of day of an interest period will incur a breakage fee as described in the resource documents. Prepayment minimums may apply.

Generally, interest is charged monthly, in arrears, and the applicable rate and interest charged for the period are set forth on the borrowers' statement or in the applicable Resource Documents. Interest rates vary based on the Citi line of business with which a customer maintains a relationship. The interest rate charged is typically calculated as our cost to borrow—that is, the interest rate that we pay based on the London Inter-Bank Offered Rate ("LIBOR")—plus a spread (i.e., a mark-up over our borrowing cost). For CPB customers, the amount of the spread is determined on a case-by-case basis based on multiple factors, including, but not limited to, the size of the loan, tenor (length) of the loan, diversification of the collateral pool, liquidity of the collateral pool, and credit rating/ quality of the collateral. For CPII customers, the interest rate charged (the "Citi Loan Rate") equals the Reference Rate plus a Citi Spread. Citi Spread decreases in tiers as the amount borrowed increases. The Citi Spread generally is a fixed amount for each tier but is negotiable based on household balances and other considerations, such as loan amount.

For CPB and CPII: LIBOR, the current reference rate on Reg U loans will be replaced with a new benchmark interest rate beginning January 1, 2022.

Citibank Compensation

As the Reg. U lender, Citibank directly receives a borrower's principal and interest payments on a Reg. U loan. Citibank does not share such revenue with CGMI. CGMI receives its customary compensation, such as a commission, when a borrower purchases a security with the proceeds of a purpose loan or sells a security, for example, to meet margin requirements.

ADDITIONAL INFORMATION

Key Risks

Borrowing against securities involves significant risks and is not appropriate for everyone. Some of the risks common to Reg. U loans, but each loan has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the Resource Documents when evaluating whether to borrow against securities.

Investment Returns and Interest

The return on your investments serving as collateral for a loan may be less than the interest that you pay on the loan. Depending on your tax and other financial situation and the return on investments, it may be more financially advantageous to sell securities to generate cash proceeds rather than borrow using those securities as collateral.

Leverage

In general, borrowing tends to magnify the risks associated with an investment or investment strategy, as the customer not only faces potential investment losses, but is also required to repay the amount borrowed at interest and must pledge his or her fully owed securities as collateral. As a result, borrowing can lead to greater returns and losses and increased volatility compared to non-leveraged investments or strategies.

Collateral

Securities-based loans, as described above, are secured by assets held by a CGMI brokerage account. It is important to understand that using your securities as collateral for borrowing can have adverse consequences. A lien will be placed on assets held by CGMI and, upon an uncured event of default, Citibank would have the right to sell such assets. Moreover, if securities used as collateral decline in value below a minimum level, you may be required to deposit additional cash or securities. If you cannot do so, all or a portion of your collateral could be liquidated without further notice to you. Citibank, in its sole discretion, can select the securities to be liquidated. A forced liquidation could create tax consequences.

Registered Representative Compensation

The fees and other revenue derived by Citibank and CGMI from Reg. U borrowing—including interest revenue from margin loans and the fees and other revenues attributable to securities transactions using the proceeds of purpose loans—contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Collateral Limits and Requirements

For Reg. U purpose loans, lenders are restricted in the amount of credit they can extend to finance the purchase or carrying of margin stock where that margin stock also serves as collateral for the loan. Reg. U limits the maximum loanable value of margin stock pledged as collateral for purpose loans to 50% of the current market value of such margin stock. While Reg. U does not place a comparable limit on the maximum loanable value of the margin stock pledged as security for non-purpose loans, the amount of credit extended cannot exceed the maximum loanable value of the collateral securing the loan, based on the lender's good faith margin requirements. In any event, Citibank may impose stricter collateral requirements based upon, among other factors, the collateral's quality and liquidity, market conditions, and size and outstanding balance of the loan.

Retirement Accounts and ERISA Plans

Retirement accounts and ERISA plans are not eligible for Reg. U loans.

Other Forms of Securities-Based Borrowing

In addition to Reg. U loans through Citibank, CGMI customers have access to other securities-based borrowing options.

Reg. T

Reg. T lending is offered through the Clearing Firm, which is not an affiliate of CGMI. The terms and conditions of any such loans may be more advantageous depending on your individual circumstances and objectives, including the interest rate charged on your securities-based loan. Please consult "Regulation T Securities-Based Credit Products" in this Part Four and your Registered Representative for more information, including details with respect to the current interest rates.

Unaffiliated Lenders

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

The following assets and accounts are not eligible to be subject to a control agreement:

- Alternative investments that are not held in a brokerage account;
- Annuities or insurance products;
- Margin accounts;
- DVP/RVP accounts (as defined in FINRA Rule 2430(b));
- Options accounts; and
- Retirement accounts.

The following features and functions are not permitted for accounts subject to a control agreement:

- Debit balances (including short sales);
- "Links" to any other loans or credit facilities, meaning that the account cannot be used as collateral for any other loan unless the original lender agrees;
- "Links" to checking accounts;
- Margin; and
- Options trading.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by Reg. U loans generally, but conflicts are particular to each loan. Customers should give careful consideration to the conflict disclosures found in the relevant Resource Documents when evaluating whether to borrow.

Citi Entities as Lender and Broker-Dealer
As the Reg. U lender, CGMI's affiliate, Citibank, benefits directly from the interest that a CGMI customer pays when taking out and repaying a Reg. U loan, which is secured by the assets held in borrower's brokerage account. CGMI, therefore, has an incentive to refer a customer to Citibank to obtain a Reg. U loan, while correspondingly benefitting from its ongoing brokerage relationship with the customer. In addition, the compensation that Citibank and CGMI receive increases as the amount borrowed increases.

CGMI and Citibank may receive separate compensation when a CGMI customer takes out a Reg. U purpose loan. The customer may, and often will, use some or all of the proceeds of that loan to purchase securities on margin in his or her CGMI brokerage account. When a customer purchases securities using funds borrowed (at interest) from Citibank, CGMI receives its customary transaction-based compensation (e.g., a commission) for effecting the purchase. Accordingly, CGMI has a financial incentive to encourage you to obtain a Reg. U loan. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Registered Representatives Benefits
Because Registered Representatives receive benefits from Reg. U purpose and non-purpose loans that they recommended, Registered Representatives have an incentive to recommend such loans. Registered Representatives also benefit when the proceeds of a purpose loan are used to purchase securities. Registered Representatives, therefore, are subject to similar financial incentives as CGMI when recommending Reg. U loans. For more information, please see "Registered Representative Compensation" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

FULLY PAID SECURITIES LENDING

PRODUCT DESCRIPTION

The Fully Paid Securities Lending ("FPSL") program, currently only offered through CPB, allows CPB customers with CGMI brokerage accounts holding fully paid for securities to make those securities available to the Clearing Firm, to borrow. More specifically, the Clearing Firm may use the borrowed securities for any purpose permitted under Reg. T, including using the borrowed securities to complete delivery obligations, cover short sales, satisfy customer possession and control requirements, or re-lend them to other broker-dealers (who must also meet the Reg. T requirements). In return, the Clearing Firm pays enrolled program customers a lending fee when it borrows their securities. The Clearing Firm calculates its lending fee based on the following revenue sources: (i) interest the Clearing Firm earns on the cash collateral the Clearing Firm must post when it borrows the securities; and (ii) fees that the Clearing Firm receives from the other broker-dealers to whom it re-lends the securities, which fees are based on the then-current market conditions applicable to each of the loaned securities. Enrolled customers typically receive at least of 70% of the revenue earned from those two sources on each securities position that the Clearing Firm borrows, while CGMI and the Clearing Firm split the remainder (typically 15% each). Given that the Clearing Firm's revenue varies in connection with each loaned position based on the unique and constantly changing market conditions for each position, the lending fees that enrolled customers ultimately receive from the Clearing Firm will vary.

CGMI serves as introducing broker with respect to the FPSL program and may recommend that customers enroll in the program, if appropriate, based upon their account holdings and investment profile. The Clearing Firm borrows the securities and manages all of the lending activities, customer payments and other operational aspects of the program. Customers wishing to enroll in the FPSL must review and sign a separate Fully Paid Master Securities Loan Agreement with the Clearing Firm, which sets forth the features and risks of the program, as well as important information regarding the customer's rights and the Clearing Firm's obligations. Enrolled customers can continue transact as they normally would in their brokerage accounts—buying and selling their securities at any time without prior notice to the Clearing Firm—and may exclude the Clearing Firm from borrowing any particular account holding(s) from their accounts.

FEES COSTS AND EXPENSES

There is no direct cost to customers to enroll or participate in the FPSL program. Instead, as discussed above, to the extent that the Clearing Firm borrows any of a customer's securities, the Clearing Firm pays the customer a lending fee, which is not negotiable. Enrolled customers may, however, indirectly bear certain costs, most notably higher tax rates on payments made in lieu of distributions while their positions are on loan as well as adverse tax consequences should they receive cash collateral from the Clearing Firm, instead of their shares back, if the Clearing Firm were to default in its obligation to return their borrowed shares. Please carefully read the "Risks" section below for more information on these potential indirect costs. In addition, while customers typically receive at least 70% of the revenue that the Clearing Firm earns in connection with borrowing customers' securities, the Clearing Firm typically retains 30% of that revenue, which it evenly splits (15% each) with CGMI.

Compensation Received From Third Parties

As discussed above, the Clearing Firm typically pays CGMI a share of the revenue earned in connection with borrowing customer securities.

ADDITIONAL INFORMATION

Key Risks

Participation in the FPSL program is subject to certain risks and is not appropriate for every CPB customer. Some of those risks are described below, but each situation has unique and specific risks. The FPSL program generally is appropriate for customers who have relatively stable cash securities portfolios, holdings of individual stocks (especially in-demand or hard to borrow positions due to short selling, which the Clearing Firm is more likely to borrow) and at least moderate knowledge and experience with equities, fixed income and the implications of lending and borrowing securities. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including the Fully Paid Master Securities Loan Agreement, when evaluating whether to enroll in the FPSL program.

No Guarantee of Borrowing or Income

Once a customer enrolls in the FPSL program, there is no guarantee that the Clearing Firm in fact will borrow shares or that the customer's portfolio will generate lending fee income.

Tax

To the extent that a customer is entitled to receive distributions, such as dividends, interest payments or securities pursuant to a stock split, on any security that is on loan, the Clearing Firm will post cash distributions on the date of the distribution and will hold any non-cash distributions as part of the loan until the end of the loan. These distributions will be substitute payments subject to special rules under the Internal Revenue Code requiring higher tax rates, and generally will not be subject to the more advantageous tax treatment that dividends receive. Customers should consult their account or tax advisor regarding treatment of substitute payments under their state's tax laws, as well as at the federal level under the Internal Revenue Code.

Default

Customers enrolled in the FPSL program face the risk that the Clearing Firm could default on its obligations under Fully Paid Master Securities Loan Agreement, including that the Clearing Firm may become insolvent and unable to return their borrowed shares. If that were to occur, impacted customers may not be entitled to the protections of the Securities Investor Protection Act and instead receive the cash held as collateral for their loaned securities in lieu of the shares themselves. The cash payment to the impacted customers may cause adverse tax consequences.

Voting Rights

When the Clearing Firm borrows the customer's shares, the customer forfeits the customer's proxy voting rights if the position is on loan at the time of the proxy event.

Registered Representative Compensation

The fees and other revenue derived by the Clearing Firm and shared with CGMI from the FPSL Program contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Customer Eligibility

To be eligible to participate in the FPSL program, a CPB customer must have one or more CGMI cash brokerage accounts with an overall $250,000 or higher net equity balance.

Ineligible Accounts

CGMI brokerage accounts approved for margin trading, retirement asset brokerage accounts (such as ERISA and IRA accounts), as well as accounts enrolled in CGMI's, CPA's and Citibank's managed account programs, are all ineligible to participate in the FPSL program.

Securities Eligibility

Once a customer enrolls in the FPSL program, the customer's holdings are subject to eligibility requirements for the Clearing Firm to borrow them. Those requirements include that each position must be fully paid for, may not be pledged as collateral for any securities-based loans (such as a Reg. U or Reg. T loan), and cannot be restricted or control shares or otherwise not freely sellable (such as a Rule 144 stock).

CONFLICTS OF INTEREST

The following paragraph discusses the conflicts of interest presented by the FPSL program generally, but conflicts are particular to individual circumstances. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating whether to enroll in the FPSL program.

Compensation

As discussed above, both CGMI and its CPB Registered Representatives benefit from enrolling customers in the FPSL program. The Clearing Firm typically pays CGMI a portion of the fee revenue generated in connection with the Clearing Firm's borrowing of the customer securities. CPB's Registered Representatives also benefit as the Clearing Firm's fee revenues count toward the quantitative performance metrics that CPB utilizes, among other factors, in determining their annual discretionary bonuses. Accordingly, both CGMI and CPB's Registered Representatives have financial incentives to enroll customers in the FPSL program. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

STRUCTURED PRODUCTS

PRODUCT DESCRIPTION

Structured products are instruments issued by financial institutions that offer the potential to earn returns based on the performance of one or more underlying assets, such as equities, currencies, interest rates, commodities, fixed-income securities or derivatives, mutual funds or some combination thereof. CGMI offers proprietary structured products that are issued by an affiliate of CGMI. CGMI also offers third-party structured products that are issued by unaffiliated financial institutions. Structured products are offered in a number of formats, including: (i) structured notes; (ii) market-linked certificates of deposit; (iii) equity warrants; and (iv) trust certificates.

Structured products often have features, such as a cap on returns, that are not applicable to an investment in a structured product's underlying asset(s). The returns of a structured product may vary throughout the term of the product, may be subject to certain conditions and/or may be paid on certain specified dates during the term of the product and/or at maturity.

Structured products generally are intended to be used as a part of a customer's overall portfolio construction. Portfolios with structured products may become concentrated in a product, issuer, sector and underlying asset or asset class. Customers should consider the percentage of the their account, liquid net worth and total worth that is committed to any one structured product as well as the overall amount committed to structured products as a product class. In considering portfolio concentration, customers should be mindful of their overall investment objectives as well as their risk tolerance, time horizon and liquidity needs.

The federal securities laws govern the offering of many structured products. New issuances of structured products may be offered to customers as public offerings of securities registered under the Securities Act or unregistered offerings in reliance on Reg. D or Reg. S under the Securities Act. Secondary sales of structured products may be offered pursuant to Rule 144 under the Securities Act. Offerings and secondary sales of certain structured products are not be subject to federal or state securities laws.

The specific terms, features and risks associated with investing in a particular structured product are outlined in the prospectus or offering document for the structured product and should be carefully reviewed before investing. Customers should consult with their investment, legal, tax and accounting advisors before making a decision to invest.

Structured Notes

Structured notes are senior unsecured debt obligations issued by a financial institution that mature at a certain date. Unlike conventional corporate bonds, the return and value of a structured note is based on the performance of one or more underlying assets. Structured notes offer different return profiles, which are described in the prospectus or offering document for each offering. The issuer of a structured note may be permitted to redeem the note prior to its maturity.

Market-Linked Certificates of Deposit

Market-linked certificates of deposit ("MLDs") are CDs issued by a financial institution. CGMI offers proprietary MLDs issued by Citibank. Unlike conventional CDs, the return and value of an MLD is based on the performance of one or more underlying assets. MLDs offer different return profiles, which are described in the prospectus or offering document for each offering. Offerings of MLDs are not registered under the Securities Act or state securities laws. The principal amount of any MLD is insured by the FDIC to the maximum allowable amount per depositor in each insurable capacity (e.g., individual, joint account, etc.). To determine coverage please visit www.fdic.gov.

Equity Warrants

Equity warrants are securitized equity options that have features similar to traditional warrants and stock options. Like exchange-traded listed and OTC equity options, equity warrants provide a means of gaining equity exposure without holding the underlying asset. Principal loss for an equity warrant is limited to the amount invested upfront, but, like structured notes, payment at maturity of an equity warrant is subject to the creditworthiness of the issuer.

Trust Certificates

Trust certificates are debt instruments that are backed, or collateralized, by other assets. The assets collateralizing a trust certificate vary, but typically include shares of stock or physical equipment. The return of a trust certificate equals the positive return of the collateral multiplied by a participation rate. The maximum rate of return for a trust certificate may be capped. Trust certificates offer different return profiles, which are described in the prospectus or offering document for each offering.

Underlying Assets

Structured products earn returns based on the performance of one or more underlying assets, including the following:

- **Currencies.** A pair of currencies or basket of currency pairs measured relative to one another.
- **Interest Rates.** A benchmark interest rate or the spread between interest rates (e.g., the 2-year and 10-year swap rates).
- **Equities.** A stock, ETF, equity index or basket of underlying equities or equity indices.
- **Commodities.** A commodity, ETF, a commodity index or basket of underlying commodities or commodity indices.
- **Fixed Income Security or Derivatives.** A fixed income security, credit default swap or basket of fixed income securities or credit default swaps.
- **Mutual Funds.** A mutual fund or basket of mutual funds.
- **Multi-Asset (Hybrid).** Based on a combination of the above asset classes multiple.

FEES, COSTS AND EXPENSES

Each structured product that CGMI offers is different. More detailed information about a structured product's fees, costs and expenses are set forth in detail in the relevant prospectus, offering document or other product-specific material for initial offerings and for secondary market transactions as described below and in the Appendix at the end of this Disclosure Statement.

Initial Offerings

In an initial offering of a structured product, customers pay the initial offering price at the time of purchase, as set forth in the prospectus or offering document. Pricing varies depending upon the structured product's complexity, size, tenor (i.e., time until maturity), liquidity and the volatility of the underlying asset. The initial offering price represents an "all-in" price that includes a selling concession. CGMI receives the selling concession, which will not exceed 5% of a customer's total invested amount. For proprietary structured products, CGMI serves as calculation agent and receives the calculation agent fees paid by the issuer.

The estimated value of a structured product on the pricing date is based on the issuer's proprietary pricing models and its internal funding rate and will be less than the initial offering price. The difference is attributable to certain costs associated with selling, structuring and hedging the securities that are included in the initial offering price. These costs include (i) any selling concessions or other fees paid in connection with the offering of the securities, (ii) hedging and other costs incurred by the issuer and its affiliates in connection with the offering of the securities and (iii) the expected profit (which may be more or less than actual profit) to the issuer or its affiliates in connection with hedging its obligations under the securities. These costs adversely affect the economic terms of the securities because, if they were lower, the economic terms of the securities would be more favorable to customers.

Secondary Market Transactions

Most structured products are not actively traded in the secondary market and few structured products are listed on an exchange. Secondary transactions in structured products are effected by CGMI on a principal or agency basis. In principal secondary transactions, customers pay CGMI an all-in price that includes a mark-up not exceeding 5% of the principal value for purchases or a mark-down not exceeding 1% of the principal value for sales. In agency secondary transactions, customers pay CGMI a trade commission not exceeding 5% of the principal value for purchases or 1% of the principal value for sales.

ADDITIONAL INFORMATION

Key Risks

Structured products involve significant risks, complex structures and are not appropriate for everyone. Some of those risks are described below, but each product has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including the prospectus or offering document, when evaluating a structured product offering.

Issuer Creditworthiness

A structured product is an obligation of the structured product's issuer. Any payments due under the terms of a structured product, including any repayment of principal, are subject to the creditworthiness of the issuer. If the issuer is unable to pay its obligations as they come due, investors may lose some or all of their investment in the structured product.

Risk of Loss

Many structured products subject customers to the downside market risk of an underlying asset. Depending on the product, customers may lost some or all of their investment if the underlying asset declines in value.

Return Caps

The potential return from a structured product may be limited or "capped." Customers may not participate in the appreciation of an underlying asset beyond a certain limit or at all depending on the structured product. The effective yield of a structured product may be less than that of a conventional fixed-rate debt security of the same issuer with comparable maturity.

Performance Prior to Maturity

Proprietary pricing models are used to establish estimated values for proprietary structured products. The estimated value of a structured product is directly correlated to the price that customers pay when purchasing the structured product: the greater the value, the greater the price. The models rely on certain inputs that are subject to calculation agent's discretionary judgment. The calculation agent's views on these inputs may differ from those of other market participants. Both the models and model inputs may prove to be incorrect and therefore may not serve as reliable or accurate reflection of the value of a structured product. Moreover, the estimated value of a structured product may differ from the value that the calculation agent assigns to the product for other purposes, including for accounting purposes. In addition to the performance of its underlying asset, a structured product's fees, expenses and costs, as well as market factors, also influence the value of the structured product prior to maturity. Therefore, the value of a structured product prior to maturity may be more or less than its initial price and may be substantially different from the payment expected at maturity. Customers generally must hold a structured product to maturity to receive the stated payout, including any repayment of principal. Customers should not purchase structured products based on a view of the estimated value of the securities. Instead, investors should be willing to hold structured products to maturity regardless of the estimated value.

Liquidity

Structured products rarely are listed on exchanges and no active secondary market exists for most issuances. Typically, any available liquidity is provided by the issuer as a service to investors, but the issuer is not obligated to provide such liquidity. If an issuer is making a secondary market for its structured product, the product may be offered at a significant discount to its fair value. As a result, customers should be prepared to hold a structured product to maturity.

Call Risk

Some structured products allow the issuer, at its sole discretion, to redeem or "call" the product before it matures at a price that may be above, below or equal to its face value. If the issuer calls the structured product, customers may not be able to reinvest their money at the same rate of return provided by the structured product that the issuer redeemed.

No Dividends or Voting Rights

Investors give up certain rights and benefits associated with direct ownership by investing in a structured product rather than investing directly in its underlying asset. If an underlying asset pays a dividend, that dividend typically will not be paid out to customers holding a structured product linked to that asset. Customers also do not have voting rights that direct investors in an underlying asset may have.

Issuer Conflicts

The issuer of a structured product and the issuer's affiliates may play a variety of roles in connection with the structured product, including acting as calculation agent. Issuers and their affiliates also typically hedge their respective obligations under the structured product. In performing these duties, the economic interests of the calculation agent and other affiliates of the issuer may be adverse to the interests of customers holding in the structured product.

Taxation

The tax treatment of a structured product may be very different from that of its underlying asset. Each structured product's prospectus or offering document will contain a tax disclosure discussing the expected federal income tax consequences of investing in the product, but significant aspects of the tax treatment of a structured product may be uncertain. CGMI and its Registered Representatives do not provide tax advice. Customers should seek their own tax advice before investing in a structured product.

In-kind Settlement

Structured products are typically settled in cash upon maturity, but may be settled on an in-kind basis (i.e., through a distribution of a structured product's underlying assets) in lieu of, or in combination with, cash in certain circumstances. A customer who receives full or partial settlement in-kind takes on the risks associated with holding the structured product's underlying assets received and bears any costs associated with holding or disposing of such assets.

Additional Disclosures Regarding MLDs

MLDs are deposit obligations of the applicable issuing bank. In the event the issuing bank fails, the principal amount of the MLD will be insured by the FDIC up to applicable statutory limits. To the extent this amount, combined with all other deposits a customer holds in the same capacity at the same bank, exceeds FDIC insurance limits; the customer will be subject to the credit risk of the issuer to the extent of the excess. FDIC insurance does not apply to any market-linked return, and customers may not receive market-linked returns if the MLD's issuing bank fails. The rules and regulations regarding the limit and applicability of FDIC insurance coverage can change. The FDIC also has the right to terminate the deposit insurance of a bank under certain limited circumstances, which could potentially result in the loss of FDIC insurance for a CD prior to maturity. For the latest information regarding FDIC insurance coverage, visit www.fdic.gov.

Additional Disclosure Regarding Equity Warrants

Equity warrants are different than standardized options like those issued by OCC. Purchasers of standardized options benefit from guarantees and margin and collateral deposits by OCC clearing members. In contrast, customers holding equity warrants can look only to the issuer for performance of its obligation to pay cash or deliver underlying assets upon the equity warrant's maturity.

Registered Representative Compensation

The fees and other revenue derived by CGMI from structured products—such as the selling concession or the revenue from an initial sale and the fees and other revenues attributable to secondary market transactions involving structured products—contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Customer Eligibility

To invest in structured products, customers are required to meet specified minimum levels of investment knowledge, investing experience and liquid net worth to purchase structured products. Depending on the type of structured product, a minimum liquid net worth level will apply. Customers may be required to qualify as an "accredited investor" under Reg. D of the Securities Act. Subject to certain exceptions, retirement accounts and ERISA plans are not generally eligible for structured products issued by CGMI or any affiliate, or any structured product issued by a person unrelated to CGMI (or any affiliate) sold by CGMI on a principal basis. Additional restrictions or limitations may also apply on our ability to make recommendations on these and similar products to the extent we determine that the transaction would result in a Conflict of Interest Prohibited Transaction.

Concentration Limitations

CGMI, in its discretion, may limit the percentage of a customer's portfolio that is invested in structured products generally and/or in a particular structured product based on a consideration of issuer risk and the customer's liquidity needs. Exceptions may be reviewed on a case-by-case basis.

CONFLICTS OF INTEREST

Compensation

CGMI receives a selling concession when a structured product is sold to a customer in an initial offering, and the amount that CGMI receives increases as the amount invested increases. This compensation gives CGMI an incentive to recommend structured products to customers. Registered Representatives share directly or indirectly in the selling concessions received by CGMI, and therefore have an incentive to recommend structured products to customers. Moreover, the amount of the selling concession varies depending on the offering, which provides an incentive to recommend structured products that pay a higher selling concession. Selling concessions generally are higher the longer the tenor (i.e., time until maturity) of the structured product. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Proprietary vs. Third-Party Products

Proprietary structured products present conflicts of interest not present for third-party structured products. Third-party structured products may have more favorable terms than comparable proprietary structured products. In particular, as compared with proprietary structured products, third-party structured products may have:

- More favorable pricing or terms of the offering;
- Issuers with more favorable credit ratings; and
- A different variety of underlying assets.

When selling proprietary structured products, CGMI receives greater revenue than for third-party structured products. Registered Representatives, who share directly or indirectly in the revenue received by CGMI, also have an incentive to favor proprietary structured products over comparable or more favorable third-party structured products.

CGMI also receives fees for its services as calculation agent for proprietary structured products. Calculation agent fees are paid out of the issuer's assets, and CGMI makes important determinations with respect to the structured product and its estimated value when serving as calculation agent. If certain events occur during the term of the structured product, such as market disruption events and other events with respect to the product's underlying assets, CGMI, as calculation agent, will be required to make discretionary judgments that could significantly affect the return on the product. In making these judgments, the interests of CGMI (in its capacity as calculation agent) could be adverse to the interests of customers.

For more information, please see "Proprietary Products" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Investment Activities

The value of a proprietary structured product's underlying asset may be adversely affected by CGMI's or its affiliates' hedging and other trading activities. CGMI and its affiliates expect to hedge their respective obligations under proprietary structured products. In doing so, CGMI or such affiliates may take positions in a structured product's underlying assets or in financial instruments related to the underlying assets and may adjust such positions during the term of the structured product. CGMI and its affiliates also regularly take positions in the underlying assets of a structured product (including proprietary as well as third-party structured products) and in financial instruments related to such underlying assets on a regular basis (taking long or short positions or both), for their accounts, for other accounts under their management or to facilitate transactions on behalf of customers. These activities could affect the value of the underlying assets in a way that negatively affects the value of and the return on a structured product. Hedging activities could also result in substantial returns for CGMI or its affiliates even in cases where the value of a structured product declines.

Other Business Activities

CGMI and its affiliates engage in business activities with a wide range of companies. These activities include extending loans, making and facilitating investments, underwriting securities offerings and providing advisory services. These activities could involve or affect a structured product's underlying assets in a way that negatively affects the value of and the return on the structured product. Such activities could also result in substantial returns for CGMI or its affiliates even in cases where the value of a structured product declines. In addition, in the course of their business activities, CGMI and its affiliates may acquire non-public information about an underlying asset, and such information will not be disclosed to you.

ALTERNATIVE INVESTMENTS

PRIVATE EQUITY AND REAL ESTATE PLATFORM

PRODUCT DESCRIPTION

Private Equity Funds

Private equity funds ("PE Funds") are limited partnerships, limited liability companies or other investment vehicles that typically acquire non-publicly traded interests in operating companies that they may hold for extended periods of time. These portfolio securities often are acquired in management buyouts or in connection with company growth or restructurings and may take the form of common equity, preferred equity, debt or other similar instruments. The capital provided by a PE Fund's investments may be used in the early or intermediate stages of an enterprise or may fund the expansion of an established business.

Real Estate Funds:
Real estate funds ("RE Funds") may be limited partnerships, limited liability companies and other investment vehicles that typically invest, directly or indirectly, in real estate and real estate-related investments. RE Funds typically acquire interests in real estate properties that they may hold for extended periods of time. A RE Fund may also acquire: (i) publicly-traded shares of Real Estate Investment Trusts; (ii) shares in other companies that own, develop, operate or finance real estate as their primary business; (iii) Commercial Mortgage-Backed Securities; or (iv) other debt instruments, both publicly and privately traded. Certain RE Funds (and the related Feeders (defined below) created to invest in such funds) may also enable certain eligible investors to invest in a specified property or transaction (either directly or through an investment in another vehicle managed by the Portfolio Manager (defined below)), and each such opportunity may be referred to as a "RE Co-investment Vehicle."

CGMI and CPA offer customers access to PE Funds and RE Funds (collectively, "PERE Products") via the structures or methods described below. Each of CGMI and CPA serve as distributors or placement agents for PERE Products. For certain PERE Products (as noted below), CPA also serves as an investment manager or investment adviser to the relevant vehicle.

Feeders
CPA, in its role as an investment manager or investment adviser, provides investment advice to private investment funds (each, a "Feeder") that are organized to invest primarily in a particular PE Fund or RE Fund (each, a "Master Company"). Each Master Company is managed and advised by a third-party (i.e., non-Citi) manager (a "Portfolio Manager"). The Feeders enable certain investors, who generally could not invest directly in certain Master Companies because of high minimum investment levels and for other reasons, to invest indirectly in the Master Companies.

Funds of Funds
CPA, in its role as an investment manager or investment adviser or sub-adviser, provides investment advice to private investment funds of funds (each, a "Fund of PERE Funds") that are organized to invest primarily in a portfolio of PE Funds, RE Funds and RE Co-investment Vehicles or Feeders (each, an "Underlying Fund"). CPA determines the initial allocation of Underlying Funds in the portfolio based on the criteria set forth in the relevant Fund of PERE Funds offering materials and governing documents. Such criteria include portfolio-level investment guidelines relating to strategy or geographic limits.

Direct Investments
Customers may invest directly into a PE Fund, RE Fund or RE Co-investment Vehicle (i.e., not via a Feeder or Fund of PERE Funds vehicle for which CPA serves as an investment manager). Typically, the investment minimums for such "direct" investment opportunities are substantially higher than the Feeder investment minimums.

Club Investments
Club investments are opportunities for very sophisticated investors to enter into arrangements with a particular Portfolio Manager whereby each investor can elect to participate or not participate in a particular investment opportunity in accordance with the procedures set forth in the relevant vehicle's offering and constituent documents. Such investment opportunities are often referred to as "investment clubs." Similar to the Direct Investment Model described above, customers invest or contract directly with a Portfolio Manager, depending on the relevant terms and structure of the particular "club," and there is no Feeder involved in the structure.

FEES, COSTS AND EXPENSES

The typical fees, expenses and costs related to PERE Products generally are described below, but the actual fees, expenses and costs incurred by a customer depend on the particular offering. Information about a particular PERE Product's fees, expenses and costs is set forth in detail in the relevant offering memorandum, prospectus, governing documents and/or marketing materials. While all of the fees described below are subject to reduction or waiver, reductions or waivers are uncommon (except for the Placement Fee (described below)). Customers will be notified if any such waivers or reductions are applicable.

Feeders and Funds of PERE Funds
There are two levels of fees, expenses and costs charged in these structures: (i) Feeder/Fund of PERE Funds Level Fees and (ii) Master Company/Underlying Fund Level Fees.

Feeder/Fund of PERE Funds Level Fees
Some of the fees, costs and expenses described below are paid directly or indirectly by investors in PERE Products while other fees, costs and expenses are paid by Portfolio Managers and not borne by investors in PERE Products:

- **Placement Fee.** The Placement Fee is typically 0% to 3% of the aggregate amount committed by the investor (as reflected in such investor's subscription documentation) typically calculated at the time of the subscription and paid soon thereafter or in connection with initial or subsequent capital calls for a Feeder or Fund of PERE Funds. The amount of the fee varies by share class, and share classes are categorized according to subscription size (i.e., the aggregate amount committed by the investor). The Placement Fee is paid directly by investors to CPA or CGMI (as applicable) for their placement activities. The fee may be reduced or waived by the relevant placement agent (CPA or CGMI), and any such reductions or waivers will be reflected in the investor's subscription documentation. The Placement Fee is in addition to an investor's capital commitment to the relevant fund. This fee may be referred to either as a "placement fee" or a "distribution fee."

- **Investment Management Fee.** The Investment Management Fee is typically 0% to 1% per annum of the amount committed (as reflected in the investor's subscription documentation) during the fund's commitment period and on invested capital thereafter. The amount of the fee varies by class, and classes are categorized according to subscription size, (i.e., the aggregate amount committed by the investor). This fee is paid by a Feeder or Fund of PERE Fund to CPA for serving as investment manager, and investors bear the portion of this fee attributable to their investment in such a fund. The Investment Management Fee is typically paid on a quarterly basis for the term of the fund. CPA may share all or a portion of the Investment Management Fee with Citi-affiliated distributors, including CGMI, for their placement activities. This fee may be referred to as either an "investment management fee" or "investment advisory fee."
- **Upfront Fee.** The Upfront Fee is typically 1% to 2% of the amount committed or total amount invested by the relevant Feeder or Fund of PERE Funds. Investors do not pay the Upfront Fee directly. Rather, this fee is paid by the relevant Master Company, Underlying Funds included in a Fund of PERE Funds or the relevant Portfolio Managers to CPA or CGMI (as applicable) for their placement activities. The aggregate amount of the Upfront Fee is determined at closing (i.e., when investors' subscriptions are accepted by the relevant fund) but then is typically paid in installments. This fee may be referred to as either an "upfront fee" or "referral fee."
- **Investor Relations Fee.** The Investor Relations Fee is typically 0.20% to 0.40% per annum of the amount committed during the fund's commitment period and on invested capital thereafter. Investors do not pay the Investor Relations Fee directly. Rather, this fee is paid by the relevant Portfolio Managers to CPA or CGMI as compensation for CPA or CGMI (as applicable) providing certain investor services (such as investor reporting) to investors. This fee may be referred to as either an "investor relations fee" or "investor servicing fee."
- **Carried Interest/Incentive Fee.** A portion (typically ranging from 10% to 20%) of the incentive compensation earned by a Portfolio Manager or related affiliates of a Master Company or Underlying Fund (described below) may be paid to CPA or CGMI as compensation for their placement services. Investors and Feeders do not pay this fee directly, and CPA currently does not charge incentive fees or allocations at the level of the Feeders, Funds of PERE Funds, or RE Co-investment Vehicles.
- **Feeder and Fund of PERE Funds Organizational and Operating Expenses.** Each Feeder and Fund of PERE Funds bears the organizational and offering expenses related to its formation and the offering of its interests. Such expenses include legal fees and could also include travel, accounting, tax, consulting, filing fees, printing costs and other expenses. In addition, each Feeder and Fund of PERE Funds bears its ongoing expenses (such as audit and filings costs) and bears its pro rata share of any ongoing expenses of the relevant Master Company or Underlying Fund. Investors indirectly bear a portion of these costs and expenses in proportion to their investment in the Feeder and Fund of PERE Funds.

Master Company/Underlying Fund Level Fees

In addition to the fees, costs and expenses above, each investor in a Feeder or Fund of PERE Funds also indirectly bears the following fees, costs and expenses at the Master Company or Underlying Fund level:

- **Management Fee.** The Management Fee is typically 1% to 2% per annum on committed or invested capital paid by the Master Company or Underlying Fund to the relevant Portfolio Manager.
- **Carried Interest/Incentive Fee.** The Carried Interest/Incentive Fee is typically 15% to 20% per annum of the profits from a Master Company's or Underlying Fund's investments. The fee is paid to the relevant Portfolio Manager or a related affiliate based on realized (or unrealized) profits for the relevant period. Receipt of the Carried Interest/Incentive Fee often is subject to specific terms and conditions. For example, receipt of the fee often is subject to a preferred return of 8% to 10%, with a catch up and claw back provision to address variations in performance over time.
- **Master Company or Underlying Fund Organizational and Operating Expenses.** Each Master Company and Underlying Fund bears its organizational and offering expenses related to its formation and the offering of its interests. Such expenses include legal fees and could also include travel, accounting, tax, consulting, filing fees, printing costs and other expenses. In addition, such funds bear their ongoing expenses (such as audit, travel and filings costs).

Direct Investments

Typically, direct investors in a PE Fund, RE Fund or RE Co-investment Vehicle pay CPA or CGMI (as applicable) the Placement Fee as set forth above under "Feeder/Fund of PERE Funds Level Fees." CPA and CGMI also typically receive an Upfront Fee, Investors Relations Fee and Carried Interest as described above under "Feeder/Fund of PERE Funds Level Fees." Because investors are not investing via a vehicle advised by CPA, the Investment Management Fee payable to CPA for a Feeder or Fund of PERE Funds as described above is not charged.

The relevant fund also charges the Management Fee, Carried Interest/Incentive Fee and Organization and Operating Expenses described under "Master Company/Underlying Fund Level Fees."

Club Investments

Typically, investors pay CPA or CGMI (as applicable) Placement Fees as set forth above under "Feeder/Fund of PERE Funds Level Fees." Such fees are typically paid at the time an individual club investment is made rather than when a commitment is made by the investor to the club. CPA and CGMI also typically receive an Upfront Fee, Investor Relations Fee and Carried Interest as described above under "Feeder/Fund of PERE Funds Level Fees." Because investors are not investing via a vehicle advised by CPA, an Investment Management Fee payable to CPA in respect of a Feeder or Fund of PERE Funds as described above is not charged.

The relevant investment vehicles or special purpose vehicles related to each investment opportunity also charge the Management Fee, Carried Interest/Incentive fee and Organization and Operating Expenses similar to those described under "Master Company/Underlying Fund Level Fees." Additional expenses could be payable in connection with the establishment of the "club," including expenses relating to offering materials and relevant constituent documents relating to the establishment of the club, such as a club-level limited partnership agreement.

ADDITIONAL INFORMATION

Key Risks

PERE Products involve significant risks and are not appropriate for everyone. Some of those risks are described below, but each PERE Product has unique and specific risks. Returns are not guaranteed, and an investor in a PERE Product could lose the entire amount of his or her investment. Investors should give careful consideration to the risk disclosures found in the relevant Customer Documents, including the applicable offering memorandum, when evaluating a PERE Product.

Investment Strategies

Investments in PERE Products are speculative, and the investment strategies used by PERE Products typically involve a substantial degree of risk. For example, PERE Products may use high degrees of leverage to fund portfolio investments, which tends to magnify other risks associated with such portfolio investments.

Portfolio Investment Risks

In general, a PERE Product is exposed to the risks associated with its portfolio investments, such as geographic, economic and industry/sector risks.

Illiquid Portfolio Investments

The portfolio investments of a PERE Product are illiquid compared to other assets like publicly-traded stocks. There may be no readily available market for a PERE Product's portfolio investments, and an asset may not be disposed of at a desired time or at the price that the relevant Portfolio Manager believes an asset to be worth. In certain market conditions, investors may be required to accept a distribution "in-kind" of securities or other instruments in lieu of cash proceeds.

Lack of Liquidity

Investment in PERE Products are illiquid compared to other investment products like mutual funds. No public market exists for interests in PERE Products, and opportunities may be limited to dispose of them in private transactions. A PERE Product's governing documents generally impose substantial restrictions on transferring an interest in the PERE Product and require the relevant fund and/or Portfolio Manager to consent. Accordingly, an investment in a PERE Product is suitable only for certain sophisticated investors who do not need liquidity in their investment.

Registered Representative Compensation

The fees and other revenue derived by CPA and CGMI from PERE Products contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Customer Eligibility

PERE Products are intended for high net worth individuals who meet eligibility and suitability requirements for investment in the private equity and real estate asset classes. PERE Products have minimum investment amounts that vary, but typically are at least $250,000. While most offerings are made available to qualified customers of both CPB (via CPA) and CPWM (via CGMI), some offerings are only available to CPB customers as a result of suitability and other considerations. Other customer limitations or suggested guidelines, such as enhanced training requirements for Registered Representatives, may be imposed for a particular Portfolio Manager or fund offering as determined via the product selection and approval process described below.

Legal and regulatory requirements affect eligibility to invest in PERE Products. To make an investment, a customer must be an "accredited investor" under Regulation D ("Reg. D") of the Securities Act and a "qualified purchaser" under Section 2(a)(51) of the 1940 Act in addition to any applicable eligibility requirements of the jurisdiction where an offering is made. Requirements relating to anti-money laundering, customer identification and local regulations in some jurisdictions also may affect a customer's eligibility for offerings.

Concentration Limitations

A customer's investment in a PERE Product is subject to certain ownership caps intended to limit the concentration of a customer's investments in any one product or Portfolio Manager. CPA and CGMI typically impose a maximum of (i) 2.5% of a customer's net investible assets for a single-asset offering, such as a RE Co-investment Vehicle, (ii) 5% of a customer's net investible assets for any single PERE Product, and (iii) 10% of a customer's net investible assets for all PERE Products from a single Portfolio Manager. Any breach of these guidelines would require approval by the general marketing manager in the region.

Portfolio Manager Selection and Approval Process

Overview of Selection and Approval Process

The Portfolio Manager selection and approval process followed by Citi's Private Equity and Real Estate Research and Management team (the "Citi PERE Team") is used to determine the PERE Products made available to CPA and CGMI customers. The approval process is designed to identify and test for the existence of two core tenets: (i) investment differentiation, and (ii) attractive risk-adjusted investment performance. The Citi PERE Team uses a systematic, global approach to develop a broad range of fundamental insights about the risks and merits relating to potential Portfolio Managers and the strategies that they employ. In selecting a Portfolio Manager, the Citi PERE Team considers among other criteria whether the Portfolio Manager has a sound, differentiated investment philosophy and process and employs rigorous quantitative and qualitative analytic capabilities. The Citi PERE Team utilizes its broad network of manager contacts and leverages its tactical views on thematic trends as well as its views on market opportunities that exploit these thematic trends. The key elements of the Portfolio Manager selection and approval process are described below, but may be modified or changed in our sole discretion.

Development of Investment Themes

Depending on a variety of macroeconomic factors, portfolio diversification needs and customer demand, the Citi PERE Team periodically, in concert with overarching themes established by other internal groups, develops a set of investment themes. In addition to internal resources, the Citi PERE Team also utilizes several external resources to develop these themes, which include publicly-available market data, proprietary research databases, and conversations with the Citi PERE Team's network of market experts and participants. These themes serve as the basis for the Citi PERE Team's investment theses and influence the characteristics of the Portfolio Managers that the Citi PERE Team engages. Themes are revised on an ongoing basis as market conditions change.

Portfolio Manager Sourcing

Based on the then-current investment themes, the Citi PERE Team sources Portfolio Managers through proactive and reactive efforts. The Citi PERE Team typically meets with several hundred potential Portfolio Managers per year. The Citi PERE Team's sourcing activities generally fall within two categories: pro-active sourcing and reactive sourcing.

- **Pro-active Sourcing.** The Citi PERE Team proactively sources opportunities that they believe are strong matches for identified strategies or themes. The Citi PERE Team researches potential Portfolio Managers that employ strategies that are in line with internally developed views. After narrowing down the universe of potential Portfolio Managers in a certain space or region, the Citi PERE Team initiates discussions with such Portfolio Managers. The Citi PERE Team's sourcing resources include contacts with investment managers, placement agents, academics, personal networks, Citi's global network, conferences and seminars, contacts with other alternatives allocators, academic journals, and database research.
- **Reactive Sourcing.** In addition to proactive sourcing process described above, the Citi PERE Team develops and maintains a database of opportunities on a reactive basis. Potential Portfolio Managers may approach the Citi PERE Team through a variety of channels, subject to internal policies. If a potential Portfolio Manager, or investment opportunity, does not fit within the Citi PERE Team's then-current themes, then information about that Portfolio Manager or opportunity is recorded for future reference.

Initial Assessment of Portfolio Managers

After narrowing the universe of potential Portfolio Managers, an initial assessment is conducted of each Portfolio Manager identified. Such assessment typically includes review of certain requested data including marketing slides, private placement memoranda ("PPMs"), limited partnership agreements and any other relevant materials. If the Citi PERE Team determines that the particular Portfolio Manager or investment opportunity falls within the parameters of the Citi PERE Team's then-current themes, the Citi PERE Team arranges a follow-up call or in-person introductory meeting to acquaint the Citi PERE Team more thoroughly with the Portfolio Manager's strategy and process and also to communicate to the Portfolio Manager certain essential commercial and process driven terms relating to Citi's platform and offering process, such as timing, capacity, and fee arrangements.

Investment Due Diligence
Throughout the diligence stage, the Citi PERE Team meets iteratively to discuss the different investment merits and risks relating to each Portfolio Manager, and otherwise conducts the diligence in accordance with its established research guidelines. The work performed during due diligence varies depending on the specific opportunity, but the process broadly encompasses both qualitative and quantitative analyses of the Portfolio Manager and investment opportunity. Qualitative diligence is primarily conducted through the review of documentation, reference calls and onsite due diligence meetings in the Portfolio Manager's primary operational location. Quantitative diligence is primarily conducted through the review and analysis of reports, presentations, spreadsheets and questionnaires received from the Portfolio Manager and/or derived from third-party sources. Such guidelines are reviewed at least annually by certain internal Citi committees and functions, including compliance and risk.

Operational Due Diligence
In addition to the investment due diligence discussed above, a separate Operational Due Diligence team within CPA (the "ODD Team") conducts reviews on each new Portfolio Manager and related products before they are made available. With respect to each Portfolio Manager, the operational due diligence review includes, but is not limited to, the following:

- Conducting background checks of key personnel;
- Assessing a Portfolio Manager's operations onsite;
- Reviewing processes and procedures of the Portfolio Manager, which includes valuations, operations and accounting, investment processes, systems and information technology, as well as legal, regulatory and compliance;
- Meeting key back-office staff and assess competency;
- Evaluating affiliations, and relationships with critical service providers/counterparties; and
- Reviewing critical documentation including audited financial statements and regulatory filings (e.g., Form ADV) as well as the Portfolio Manager's governing and constituent documents.

Approval of Internal Committees
Once the selection process is complete, the Citi PERE Team and ODD Team present their findings and recommendations to several internal Citi committees for approval before a Portfolio Manager's PERE Product may be made available to customers. Members of such committees typically include senior representatives from various areas of Citi and CPB, including risk, compliance and legal.

Ongoing Diligence Reviews
For a PERE Product to remain available to customers (prior to the final closing), the initial approvals described above must not be withdrawn. Ongoing investment and operational due diligence is conducted in accordance with the relevant internal guidelines. If certain criteria are met, a Portfolio Manager and/or its funds could be deemed as higher risk, which could subject such Portfolio Manager and funds to more frequent review by diligence teams and the relevant internal Citi committees and functions.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by PERE Products generally, but conflicts are particular to each PERE Product. Investors should give careful consideration to the conflict disclosures found in the relevant offering memorandum and other product-specific materials when evaluating an offering. Additional discussion of the conflicts of interest related to PERE Products may be found in CPA's Form ADV Part 2A, with a more comprehensive discussion of the conflicts of interest specific to each individual PERE Product found in the relevant offering materials (including the offering memorandum).

Fees from Investors and Citi-Advised Funds
As described above, the Placement Fee owed to CPA and CGMI varies depending on the amount you invest in a PERE Product. CPA also receives the management fee from a PERE Product based on its assets under management. Therefore, each of these fees gives us an incentive to offer the PERE Products to you and to encourage you to invest greater amounts in a PERE Product.

Fees from Portfolio Managers and Portfolio Investments
As described above, CPA and CGMI receive the Upfront Fee, Investor Relations Fee and Carried Interest/Incentive Fee from Portfolio Managers, Master Companies and Underlying Funds, and the amount of such fees generally increases as the amount invested in a PERE Product increases. Citigroup affiliates also receive fees or other compensation for services (including but not limited to financial advisory, prime brokerage, lending, investment banking and custodian services) rendered to Portfolio Managers or to issuers of any securities in which such Portfolio Managers invest. These forms of compensation generally gives us an incentive to offer the PERE Products. In addition, CPA and/or CGMI may earn higher fees or compensation for services rendered to certain PERE Products by the Portfolio Managers, which may give us an incentive to allocate additional capacity to certain Portfolio Managers in determining the composition of a Fund of PERE Funds. CPA has established a separate internal committee to consider the allocation decisions related to the Funds of PERE Funds, including, without limitation, the investment criteria set forth in the relevant offering documents.

Selection of Service Providers
Certain Portfolio Managers and other service providers, or their affiliates, (including, without limitation, accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents) to the PERE Products (or to Master Companies or Underlying Funds) may also provide goods or services to or have business, personal, political, financial or other relationships with CPA or its affiliates. These relationships may influence CPA in deciding whether to select or recommend such a service provider to perform services for a PERE Product, Master Company and/or Underlying Fund (the cost of which generally is borne directly or indirectly by the PERE Product). In certain circumstances, Portfolio Managers and other service providers, or their affiliates, may charge different rates or have different arrangements for services provided to PERE Products, Master Companies or Underlying Funds, CPA and/or each of their affiliates, which may result in more favorable rates or arrangements than those payable by the PERE Products.

Side Letters and Other Agreements
A PERE Product may enter into separate agreements with certain investors, such as those affiliated with the Portfolio Manager or CPA or those deemed to involve a significant or strategic relationship, to waive or modify certain terms, or to allow such investors to invest in separate classes of interests or separate vehicles with different terms than those of the other investors, including, without limitation, with respect to fees, liquidity or depth of information provided to such investors concerning the PERE Product. Under certain circumstances, these agreements could create preferences or priorities for such investors with respect to other investors of the PERE Product.

Some PERE Products also offer certain investors additional or different information and reporting than that offered to other investors. Such information may provide the recipient greater insights into the PERE Product's activities than is included in standard reports to investors, thereby enhancing the recipient's ability to make investment decisions with respect to the PERE Product.

Investment in PERE Products by Citi Employees
Employees of CPA, CGMI and their affiliates, immediate family members of such employees, and directors of Citi (collectively, "Citi Employee Investors") may be permitted to invest in a PERE Product subject to certain regulatory requirements. Citi Employee Investors may be permitted to invest at a lower minimum subscription amount and at a lower fee level than other investors, but generally must meet all other customer qualification requirements for non-employee customers. The terms available to Citi Employee Investors are disclosed in the relevant offering memorandum if materially different from those offered to non-employee customers. The Citi PERE Team also may negotiate with a Portfolio Manager to reserve capacity for all qualified Citi Employees Investors to invest directly into a Master Fund at a pre-determined minimum investment. Because the subscription capacity available for an offering of a PERE Product usually is limited, the interests of Citi Employee Investors and non-employee customers may conflict when seeking the same investment opportunity. To the extent there is limited subscription capacity for a particular PERE Product, Citi Employee Investors generally are permitted to invest once non-employee customer capacity has been satisfied.

Participation and Interest in Customer Transactions
Citigroup and its affiliates, including CPA in its capacity as an investment adviser, from time to time recommend securities in which they directly or indirectly have a financial interest and may buy and sell securities that are recommended to customers for purchase and sale. They also may provide advice and take action in the performance of their duties to customers which differs from advice given, or the timing and nature of action taken, for other customers' accounts. Moreover, CPA or any of its affiliates may advise or take action for itself or themselves differently than for customers. In addition, CPA, its affiliates, and employees, may invest with any Portfolio Manager. Citigroup and certain of its affiliates manage a number of affiliated funds and investment products for their own account that may invest in PERE Products.

Allocation of Investment Opportunities
From time to time, an investment opportunity in a potential Master Company or Underlying Fund may be suitable for one or more PERE Products and/or customer accounts but the available capacity for the investment opportunity is limited. CPA has discretion to allocate such opportunities among these funds and accounts, which provides an incentive to favor funds and accounts that generate more compensation or that are otherwise favored (e.g., high profile customers or customers with performance fee accounts). As a matter of policy, no fund or account may receive preferential treatment over any other fund or account. This allocation policy provides that funds and accounts with a substantially similar investment strategy should be treated fairly and equitably over time and receive equivalent treatment to the extent possible. Typically, funds and accounts receive allocations in proportion to their relative assets under management. However, other considerations, such as potentially adverse tax consequences, may result in allocations on a non-pro rata basis. In addition, certain accounts may be allowed to invest ahead of other existing investors and thereby reduce the future capacity available with respect to a Portfolio Manager or investment opportunity.

Conflicts Among Fund Investors
Investors in the PERE Products are expected to include entities and persons located in various jurisdictions, who may have conflicting investment, tax and other interests with respect to their various investments. As a result, with respect to a particular PERE Product, conflicts of interest may arise in connection with decisions made by CPA or its affiliates that may be more beneficial for one type of

investor than another type of investor. Any such conflicts are resolved according to the investment objective and standards for resolving such conflicts set forth in relevant fund's governing documents—e.g., by focusing on the pre-tax investment objectives of a fund as a whole.

Business Activities of Affiliates

As an indirect subsidiary of Citigroup, each of CPA and CGMI is a member of a large corporate conglomerate consisting of many affiliated entities. As described throughout this Disclosure Statement, Citigroup and its affiliates engage in a broad spectrum of activities, including financial advisory activities, merchant banking, lending, arranging securitizations and other financings, sponsoring and managing private investment funds, engaging in broker-dealer activities, and other activities, and they have extensive investment activities that are independent from the PERE Products. Citigroup and its affiliates take on roles or provide services in relation to an investment product, its sponsor, its underlying investments or their affiliates in the regular course of its business that present conflicts between the interests of Citigroup and its affiliates on the one hand, and the interests of a PERE Product and/or its investors on the other hand. In addition, Citigroup and its affiliates have existing and potential relationships with a significant number of institutions and individuals. For more information, please see "Recommendations and Services to Others" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Competing Funds and Investors

CPA affiliates may provide services to, invest in, advise, sponsor and/or act as investment manager to investment vehicles and other persons or entities that may have similar structures and investment objectives and policies to those of the PERE Products, Master Companies and/or Underlying Funds and that may compete with the Master Companies and/or Underlying Funds for investment opportunities. CPA and its affiliates may give advice and take action in the performance of their duties to customers and certain PERE Products that may differ from the timing and nature of actions taken with respect to investments made by other PERE Products (or their Master Companies or Underlying Funds). In addition, CPA and its affiliates, principals, directors, officers, employees and customers may themselves invest in securities that are investments of, or that would be appropriate for, the Master Companies or Underlying Funds and may compete with the Master Companies and Underlying Funds for investment opportunities. It is possible that such persons or entities will take positions either similar or opposite to positions taken in respect of PERE Products (or the Master Companies or Underlying Funds).

Financial Advisor for Portfolio Investment Transactions

Citigroup and its affiliates may act as a financial advisor in connection with the offering, sale or purchase of investments in a current or potential investment made by a PERE Product. Citigroup and its affiliates also may provide lending and other related financing services in connection with such transactions. The compensation for such activities is usually based upon realized consideration contingent, in substantial part, upon closing. Because such compensation is in many cases payable at, and contingent upon, the closing of such investments, the interests of Citigroup and its affiliates may conflict with those of the PERE Product to the extent that the PERE Product purchases such investments. In addition, the potential for such compensation may incentivize Citigroup and its affiliates to engage in the offering, sale or purchase of investments that compete with the investments of the PERE Products.

HEDGE FUND PLATFORM

PRODUCT DESCRIPTION

Hedge funds ("Hedge Funds" or "HF Products") are professionally managed, pooled investment vehicles that use sophisticated investment techniques, such as active trading, short selling, arbitrage and leverage, to pursue one or more investment strategies. Typically, a Hedge Fund engages in leveraged transactions directly or by borrowing against its assets to effect such transactions. A Hedge Fund also may borrow money for cash management purposes, to fund redemption of its shares or for temporary or emergency purposes.

The investment manager or investment adviser of a Hedge Fund (a "Portfolio Manager") may invest and trade a wide range of financial instruments. Portfolio Managers primarily invest in quoted common and preferred stocks, warrants, debt securities and convertible securities but also may invest in securities that are not publicly traded. Portfolio Managers also may purchase and sell puts, calls, other option instruments and other derivatives in seeking leveraged market exposure to certain investments and to attempt to increase overall returns. In addition, Portfolio Managers may invest in various commodity interests, futures and forward contracts and engage in foreign exchange arbitrage. Furthermore, a Portfolio Manager may seek to hedge the exposure of certain investments.

CGMI and CPA offer customers access to HF Products via the structures or methods described below. Each of CGMI and CPA serve as distributors or placement agents for HF Products. For certain HF Products (as noted below), CPA also serves as an investment manager or investment adviser to the relevant vehicle.

Feeders

CPA, in its role as an investment manager or investment adviser, provides investment advice to private investment funds (each, a "Feeder") that are organized to invest primarily in a particular Hedge Fund (each, a "Master Company"). Most Master Companies available on the Citi platform are managed and advised by third-party (i.e., non-Citi) Portfolio Managers. The Feeders enable certain investors, who generally could not invest directly in certain Master Companies because of high minimum investment levels and for other reasons, to invest indirectly in the Master Companies.

Funds of Funds

CPA, in its role as an investment manager or investment adviser or sub-adviser, provides investment advice to private investment funds of funds (each, a "Fund of Hedge Funds") that are organized to invest primarily in a portfolio of Hedge Funds (each, an "Underlying Fund"). CPA determines the initial allocation of Underlying Funds in the portfolio based on the criteria set forth in the relevant Fund of Hedge Funds offering materials and governing documents. CPA rebalances each Fund of Hedge Fund's allocation to Hedge Funds periodically in accordance with such Fund of Hedge Funds relevant offering materials and governing documents.

Direct Investments

Investors may invest directly into a Hedge Fund (i.e., not via a Feeder or Fund of Hedge Funds vehicle for which CPA serves as an investment manager). Typically, the investment minimums for such "direct" investment opportunities are higher than the Feeder investment minimums.

FEES, COSTS AND EXPENSES

The typical fees, costs and expenses related to HF Products generally are described below, but the actual fees, expenses and costs incurred by a customer depend on the particular offering. Information about a particular HF Product's fees, expenses and costs is set forth in detail in the relevant offering memorandum, prospectus, governing documents and/or marketing materials. While all of the fees described below are subject to reduction or waiver, reductions or waivers are uncommon (except for the Placement Fee (described below)). Investors will be notified if any such waivers or reductions are applicable.

Feeders and Funds of Hedge Funds

There are two levels of fees, costs and expenses charged in these structures: (i) Feeder/Fund of Hedge Funds Level Fees and (ii) Master Company/Underlying Fund Level Fees.

Feeder/Fund of Hedge Funds Level Fees

Some of the fees, costs and expenses described below are paid directly or indirectly by investors in HF Products while other fees, costs and expenses are paid by Portfolio Managers and not borne by investors in HF Products:

- **Placement Fee.** The Placement Fee is typically 0% to 2% of the aggregate amount invested by the investor (as reflected in such investor's subscription documentation) typically calculated at the time of the subscription and paid soon thereafter. The amount of the fee varies according to subscription size (i.e., the aggregate amount invested by the investor). The Placement Fee is paid directly by investors to CPA or CGMI (as applicable) for their placement activities. The fee may be reduced or waived by the relevant placement agent (CPA or CGMI), and any such reductions or waivers will be reflected in the investor's subscription documentation. The Placement Fee is in addition to an investor's subscription amounts to the relevant fund. This fee may be referred to either as a "placement fee" or a "distribution fee."
- **Investment Management Fee.** The Investment Management Fee is typically 0% to 1.25% per annum of the net asset value of each class of fund shares or interests. The amount of the fee varies by class, and classes are categorized according to subscription size, (i.e., the aggregate amount invested by the investor). This fee is paid by a Feeder or Fund of Hedge Funds to CPA for serving as investment manager, and investors bear the portion of this fee attributable to their investment in such a fund. The Investment Management Fee typically is calculated and payable monthly, on the last business day of each month, in arrears. CPA may share all or a portion of the Investment Management Fee with Citi-affiliated distributors, including CGMI, for their placement activities. This fee may be referred to as either an "investment management fee" or "investment advisory fee."
- **Investor Relations Fee.** The Investor Relations Fee is typically up to 0.50% per annum of the fund's net asset value. Investors do not pay the Investor Relations Fee directly. Rather, this fee is paid by the relevant Portfolio Managers to CPA or CGMI as compensation for CPA or CGMI (as applicable) providing certain investor services (such as investor reporting) to investors. This fee may be referred to as either an "investor relations fee" or "investor servicing fee." This fee is not paid in respect of any Fund of Hedge Funds and is paid only for certain Feeders.
- **Feeder and Fund of Hedge Funds Organizational and Operating Expenses.** Each Feeder and Fund of Hedge Funds bears the organizational and offering expenses related to its formation and the offering of its interests. Such expenses include legal fees and could also include travel, accounting, tax, consulting, filing fees, printing costs and other expenses. In addition, each Feeder and Fund of Hedge Funds bears its ongoing expenses (such as audit and filings costs) and bears its pro rata share of any ongoing expenses of the relevant Master Company or Underlying Fund. Investors indirectly bear a portion of these costs and expenses in proportion to their investment in the Feeder and Fund of Hedge Funds.

Master Company/Underlying Fund Level Fees

In addition to the fees, expenses and costs above, each investor in a Feeder or Fund of Hedge Funds also indirectly bears the following fees, costs and expenses at the Master Company or Underlying Fund level:

- **Management Fee.** The Management Fee is typically 1% to 2% per annum on the net asset value of the Master Company or Underlying Fund and paid by such fund to the relevant Portfolio Manager.
- **Carried Interest/Incentive Fee.** The Carried Interest/Incentive Fee is typically 10% to 20% per annum of the profits from a Master Company's or Underlying Fund's investments. The fee is paid to the relevant Portfolio Manager or a related affiliate based on realized (or unrealized) profits for the relevant period. Receipt of the Carried Interest/Incentive Fee often is subject to specific terms and conditions. For example, receipt of the fee often is subject to a high water mark to address variations in performance over time.
- **Master Company or Underlying Fund Organizational and Operating Expenses.** Each Master Company and Underlying Fund bears its organizational and offering expenses related to its formation and the offering of its interests. Such expenses include legal fees and could also include travel, accounting, tax, consulting, filing fees, printing costs and other expenses. In addition, such funds bear their ongoing expenses (such as audit, travel and filings costs).

Direct Investments

Typically, direct investors in a Hedge Fund pay CPA or CGMI (as applicable) the Placement Fee as set forth above under "Feeder Vehicle/Fund of Hedge Funds Level Fees." For certain Hedge Funds, CPA and CGMI also receive the Investor Relations Fee (see "Feeder Vehicle/Fund of Hedge Funds Level Fees" above), Carried Interest/Incentive Fee and Upfront Fee. Because investors are not investing via a vehicle advised by CPA, the Investment Management Fee payable to CPA for a Feeder or Fund of Hedge Funds as described above is not charged.

- **Upfront Fee:** The Upfront Fee is typically 0.5% to 2% of the amount invested by customers in a Hedge Fund. This fee is paid by Hedge Fund or its manager or affiliates to CPA or CGMI (as applicable) for their placement activities. The amount of the Upfront Fee in respect of each customer is determined at the time of such customer's investment, but then is typically paid in installments. This fee may be referred to as either an "upfront fee" or "referral fee."
- **Carried Interest/Incentive Fee:** A portion (typically ranging from 10% to 20%) of the incentive compensation earned by a Portfolio Manager or related affiliates of a Hedge Fund may be paid to CPA or CGMI as compensation for their placement services. Investors do not pay this fee directly and bear the portion of this fee attributable to their investment.

The relevant fund also charges the Management Fee, Carried Interest/Incentive Fee and Organization and Operating Expenses described under "Master Company or Underlying Fund Level Fees."

ADDITIONAL INFORMATION

Key Risks

HF Products involve significant risks and are not for appropriate for everyone. Some of those risks common are described below, but each HF Product has unique and specific risks. Returns are not guaranteed, and an investor in a HF Product could lose the entire amount of his or her investment. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including the applicable offering memorandum, when evaluating a HF Product.

Investment Strategies

Investments in HF Products are speculative, and the investment strategies used by HF Products typically involve a substantial degree of risk. For example, HF Products may use high degrees of leverage to fund portfolio investments, which tends to magnify other risks associated with such portfolio investments. HF Products may make margin purchases of securities and, in connection with these purchases, borrow money from brokers and banks (i.e., through credit facilities, lines of credit, or other margin or borrowing arrangements) for investment purposes. Trading equity securities on margin involves posting an initial cash amount representing at least a percentage of the underlying security's value. Borrowings to purchase equity securities typically will be secured by the pledge of those securities. The financing of securities purchases may also be effected through reverse repurchase agreements with banks, brokers and other financial institutions. The interest expense and other costs incurred in connection with borrowings may not exceed the amount of appreciation in the investments for which borrowings were incurred.

Portfolio Investment Risks

In general, a HF Product is exposed to the risks associated with its portfolio investments, such as geographic, economic and industry/sector risks.

Illiquid Portfolio Investments

Certain of the portfolio investments of a HF Product also are illiquid compared to other assets like publicly-traded stocks. There may be no readily available market for a HF Product's portfolio investments, and an asset may not be disposed of at a desired time or at the price that the relevant Portfolio Manager believes an asset to be worth. In certain market conditions, investors may be required to accept a distribution "in-kind" of securities or other instruments in lieu of cash proceeds.

Limited Liquidity

Investment in HF Products are less liquid than investments in other investment products like mutual funds. No public market exists for interests in HF Products, and opportunities may be limited to dispose of them in private transactions. A HF Product's governing documents generally impose substantial restrictions on transferring an interest in the HF Product and require the relevant fund and/or Portfolio Manager to consent. The only source of liquidity typically lies in an investor's right to redeem from the HF Product. Unlike with mutual funds, redemptions from the HF Products are available only at certain defined times, such as on a quarterly or less frequent basis. Redemptions from the HF Products also may be subject to various restrictions, including prior notice and minimum redemption requirements, lock-up periods of one year or more, side-pocketed investments and the right of the HF Products to limit the amount of redemptions or temporarily suspend redemptions in accordance with a so-called redemption gate. In addition, redemption payments from certain HF Products may be based on inaccurate/or estimated data, and investors may be required to a return any overpayments. In the event of a complete or partial redemption from an HF Product, a portion of the redemption proceeds may be retained by such HF Product until the completion of such HF Product's annual audit. In this circumstance, the HF Product may have discretion to further defer payment of redemption proceeds, to suspend redemptions indefinitely and/or to satisfy redemptions in kind. Accordingly, an investment in an HF Product is suitable only for certain sophisticated investors who do not need immediate liquidity in their investment.

Registered Representative Compensation

The fees and other revenue derived by CGMI from HF Products contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Customer Eligibility

HF Products are intended for high net worth individuals who meet eligibility and suitability requirements for investment in the hedge fund asset class. HF Products have minimum investment amounts that vary, but typically are at least $100,000. While most offerings are made available to qualified customers of both CPB (via CPA) and CPWM (via CGMI), some offerings are only available to CPB customers as a result of suitability and other considerations. Other customer limitations or suggested guidelines, such as enhanced training requirements for Registered Representatives, may be imposed for a particular Portfolio Manager or fund offering as determined via the product selection and approval process described above.

Legal and regulatory requirements also affect eligibility to invest in HF Products. To make an investment, a customer must be an "accredited investor" under Reg. D of the Securities Act and generally must also be a "qualified purchaser" under Section 2(a)(51) of the 1940 Act in addition to any applicable eligibility requirements of the jurisdiction where an offering is made. Requirements relating to anti-money laundering, customer identification and local regulations in some jurisdictions also may affect a customer's eligibility for offerings.

Concentration Limitations

A customer's investment in a HF Product is subject to certain ownership caps intended to limit the concentration of a customer's investments in any one product or Portfolio Manager. CPA and CGMI typically impose a maximum of: (i) 5% of a customer's net investible assets for any single HF Product, and (ii) 10% of a customer's net investible assets for all HF Products from a single Portfolio Manager. Any breach of these guidelines would require approval by the General Marketing Manager in the region.

Portfolio Manager Selection and Approval Process

Overview of Selection and Approval Process

The Portfolio Manager selection and approval process followed by Citi's Hedge Fund Research and Management team (the "Citi HF Team") is used to determine the HF Products made available to CPA and CGMI customers. The approval process is designed to identify and test for the existence of two core tenets: (i) investment differentiation, and (ii) attractive risk-adjusted investment performance. The Citi HF Team uses a systematic, global approach to develop a broad range of fundamental insights about the risks and merits relating to potential Portfolio Managers and the strategies that they employ. In selecting a Portfolio Manager, the Citi HF Team considers among other criteria whether the Portfolio Manager has a sound, differentiated investment philosophy and process and employs rigorous quantitative and qualitative analytic capabilities. The Citi HF Team utilizes its broad network of manager contacts and leverages its tactical views on thematic trends as well as its views on market opportunities that exploit these thematic trends. The key elements of the Portfolio Manager selection and approval process are described below, but may be modified or changed in our sole discretion.

CPA believes that the viability of a Portfolio Manager's infrastructure is essential to long term performance regardless of the viability of the strategy or the Portfolio Manager's skill in implementing the particular strategy. As such, the Citi HF Team generally focuses on the following items in conducting its initial and ongoing due diligence of a Portfolio Manager:

- A Portfolio Manager's organization, including qualifications of key personnel;
- Alignment of interests of such key personnel;
- Management's personal commitment to their strategy;
- Overall integrity of operational processes;
- Qualifications of service providers such as auditors, prime brokers, administrators, etc.; and
- Presence and adequacy of systems and disaster contingency plans.

CPA also employs a robust and proprietary risk management platform specifically designed for a breadth of complex strategies within the Hedge Fund universe. Risk management for Hedge Funds entails an understanding of market risk and leverage at the Portfolio Manager level. Risk management is applied both in the due diligence process and through ongoing monitoring. CPA's monitoring process may include performance monitoring and adherence to risk and other trading guidelines limits, regulatory requirements and investment guidelines. CPA's monitoring of a Portfolio Manager may also include the use of various statistical techniques to test risk factors, and assessment in analyzing the Portfolio Manager's use of leverage.

Development of Investment Themes

Depending on a variety of macroeconomic factors, portfolio diversification needs and customer demand, the Citi HF Team periodically, in concert with overarching themes established by other internal groups, develops a set of investment themes. In addition to internal resources, the Citi HF Team also utilizes several external resources to develop these themes, which include publicly-available market data, proprietary research databases, and conversations with the Team's network of market experts and participants. These themes serve as the basis for the Team's investment theses and influence the characteristics of the Portfolio Managers that the Team engages. Themes are revised on an ongoing basis as market conditions change.

Portfolio Manager Sourcing

Based on the then-current investment themes, the Citi HF Team sources Portfolio Managers through proactive and reactive efforts. The Citi HF Team typically meets with several hundred potential Portfolio Managers per year. The Team's sourcing activities generally fall within two categories: pro-active sourcing and reactive sourcing.

- **Pro-active Sourcing.** The Citi HF Team proactively sources opportunities that they believe are strong matches for identified strategies or themes. The Citi HF Team researches potential Portfolio Managers that employ strategies that are in line with internally developed views. After narrowing down the universe of potential Portfolio Managers in a certain space or region, the Citi HF Team initiates discussions with such Portfolio Managers. The Citi HF Team's sourcing resources include contacts with investment managers, placement agents, academics, personal networks, Citi's global network, conferences and seminars, contacts with other alternatives allocators, academic journals, and database research.
- **Reactive Sourcing.** In addition to the proactive sourcing process described above, the Citi HF Team develops and maintains a database of opportunities on a reactive basis. Potential Portfolio Managers may approach the Citi HF Team through a variety of channels, subject to internal policies. If a potential Portfolio Manager, or investment opportunity, does not fit within the Citi HF Team's then-current themes, then information about that Portfolio Manager or opportunity is recorded for future reference.

Initial Assessment of Portfolio Managers

After narrowing the universe of potential Portfolio Managers, an initial assessment is conducted of each Portfolio Manager identified. Such assessment typically includes review of certain requested data including marketing slides, PPMs, limited partnership agreements and any other relevant materials. If the Citi HF Team determines that the particular Portfolio Manager or investment opportunity falls within the parameters of the Citi HF Team's then-current themes, the Citi HF Team arranges a follow-up call or in-person introductory meeting to acquaint the Citi HF Team more thoroughly with the Portfolio Manager's strategy and process and also to communicate to the Portfolio Manager certain essential commercial and process driven terms relating to Citi's platform and offering process, such as timing, capacity, and fee arrangements.

Investment Due Diligence

Throughout the diligence stage, the Citi HF Team meets iteratively to discuss the different investment merits and risks relating to each Portfolio Manager, and otherwise conducts the diligence in order to address key questions about the investment merits of each Portfolio Manager. Some of the topics considered during the diligence phase include, but are not limited to:

- **Portfolio Manager Background.** Key bios; compensation and alignment; historical turnover in personnel; firm ownership; investor base; AUM history;

- **Investment Analysis.** Market opportunity; investment strategy; investment process; performance analysis; portfolio construction and position sizing;
- **Risk Management.** Philosophy; risk systems; hedging capabilities; leverage and exposure guidelines;
- **Competitive Analysis.** Peer grouping; and
- **Investment Terms.** Master Company terms, such as a key-man provision and the Management and Incentive Fees/Carried Interest.

Operational Due Diligence

In addition to the investment due diligence discussed above, the ODD Team conducts reviews on each new Portfolio Manager and related products before they are made available. With respect to each Portfolio Manager, the operational due diligence review includes, but is not limited to, the following:

- Conducting background checks of key personnel;
- Assessing a Portfolio Manager's operations onsite;
- Reviewing processes and procedures of the Portfolio Manager, which includes valuations, operations and accounting, investment processes, systems and information technology, as well as legal, regulatory and compliance;
- Meeting key back-office staff and assess competency;
- Evaluating affiliations, and relationships with critical service providers/counterparties; and
- Reviewing critical documentation including audited financial statements and regulatory filings (e.g., Form ADV) as well as the Portfolio Manager's governing and constituent documents.

Approval of Internal Committees

Once the selection process is complete, the Citi HF Team and ODD Team present their findings and recommendations to several internal Citi committees for approval before a Portfolio Manager's HF Product may be made available to customers. Members of such committees typically include senior representatives from various areas of Citi and CPB, including risk, compliance and legal.

Ongoing Diligence Reviews

For a HF Product to remain available to customers, the initial approvals described above must not be withdrawn. Ongoing investment and operational due diligence is conducted in accordance with internal guidelines, which include monthly or quarterly telephonic meetings, onsite meetings, review of Portfolio Manager investor communications and risk reports, ongoing analysis of absolute and relative performance, and monitoring of portfolio exposures to measure current positioning versus stated and written investment mandates and philosophies.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by HF Products generally, but conflicts are particular to each HF Product. Investors should give careful consideration to the conflict disclosures found in the relevant offering memorandum and other product-specific materials when evaluating an offering. Additional discussion of the conflicts of interest related to HF Products may be found in CPA's Form ADV Part 2A, with a more comprehensive discussion of the conflicts of interest specific to each individual HF Product found in the relevant offering materials (including the offering memorandum).

Fees from Investors and Citi-Advised Funds

As described above, the Placement Fee owed to CPA and CGMI varies depending on the amount you invest in a HF Product. CPA also receives the management fee from a HF Product based on its assets under management. Therefore, each of these fees gives us an incentive to offer the HF Products to you and to encourage you to invest greater amounts in a HF Product.

Fees from Portfolio Managers and Portfolio Investments

As described above, CPA and CGMI may with respect to certain Hedge Funds receive the Investor Relations Fee, Carried Interest/Incentive Fee and Upfront Fee from certain Portfolio Managers, Master Companies and Underlying Funds, and the amount of such fees generally increases as the amount invested in a HF Product increases. Citigroup affiliates also receive fees or other compensation for services (including but not limited to financial advisory, prime brokerage, lending, investment banking and custodian services) rendered to Portfolio Managers or to issuers of any securities in which such Portfolio Managers invest. These forms of compensation generally gives us an incentive to offer the HF Products. In addition, CPA and/or CGMI may earn higher fees or compensation for services rendered to certain HF Products by the Portfolio Managers, which may give us an incentive to allocate additional capacity to certain Portfolio Managers in determining the composition of a Fund of Hedge Funds. CPA has established a separate internal committee to consider the allocation decisions related to the Funds of Hedge Funds, including, without limitation, the investment criteria set forth in the relevant offering documents.

Selection of Service Providers

Certain Portfolio Managers and other service providers, or their affiliates, (including, without limitation, accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents) to the HF Products (or to Master Companies or Underlying Funds) may also provide goods or services to or have business, personal, political, financial or other relationships with CPA or its affiliates. These relationships may influence CPA in deciding whether to select or recommend such a service provider to perform services for a HF Product, Master Company and/or Underlying Fund (the cost of which generally is borne directly or indirectly by the HF Product). In certain circumstances, Portfolio Managers and other service providers, or their affiliates, may charge different rates or have different arrangements for services provided to HF Products, Master Companies or Underlying Funds, CPA and/or each of their affiliates, which may result in more favorable rates or arrangements than those payable by the HF Products.

Side Letters and Other Agreements

A HF Product may enter into separate agreements with certain investors, such as those affiliated with the Portfolio Manager or CPA or those deemed to involve a significant or strategic relationship, to waive or modify certain terms, or to allow such investors to invest in separate classes of interests or separate vehicles with different terms than those of the other investors, including, without limitation, with respect to fees, liquidity or depth of information provided to such investors concerning the HF Product. Under certain circumstances, these agreements could create preferences or priorities for such investors with respect to other investors of the HF Product. In addition, CPA or the relevant the Portfolio Manager may specifically allocate capacity with respect to some of the HF Product's investments to customers or investors who desire increased exposure to such investments. New classes of interests of the HF Product may be established without the approval of the existing investors.

Some HF Products also offer certain investors additional or different information and reporting than that offered to other investors. Such information may provide the recipient greater insights into the HF Product's activities than is included in standard reports to investors, thereby enhancing the recipient's ability to make investment decisions with respect to the HF Product.

Investment in HF Products by Citi Employees

Citi Employee Investors may be permitted to invest in a HF Product subject to certain regulatory requirements. Citi Employee Investors may be permitted to invest at a lower minimum subscription amount and at a lower fee level than other investors, but generally must meet all other customer qualification requirements for non-employee customers. The terms available to Citi Employee Investors are disclosed in the relevant offering memorandum if materially different from those offered to non-employee customers. Because the subscription capacity available for an offering of a HF Product usually may be limited, the interests of Citi Employee Investors and non-employee customers may conflict when seeking the same investment opportunity. To the extent there is limited subscription capacity for a particular HF Product, Citi Employee Investors generally are permitted to invest once non-employee customer capacity has been satisfied.

Participation and Interest in Customer Transactions

Citigroup and its affiliates, including CPA in its capacity as an investment adviser, from time to time recommend securities in which they directly or indirectly have a financial interest and may buy and sell securities that are recommended to customers for purchase and sale. They also may provide advice and take action in the performance of their duties to customers which differs from advice given, or the timing and nature of action taken, for other customers' accounts. Moreover, CPA or any of its affiliates may advise or take action for itself or themselves differently than for customers. In addition, CPA, its affiliates, and employees, may invest with any Portfolio Manager. Citigroup and certain of its affiliates manage a number of affiliated funds and investment products for their own account that may invest in HF Products.

Allocation of Investment Opportunities

From time to time, an investment opportunity in a potential Master Company or Underlying Fund may be suitable for one or more HF Products and/or customer accounts but the available capacity for the investment opportunity is limited. CPA has discretion to allocate such opportunities among these funds and accounts, which provides an incentive to favor funds and accounts that generate more compensation or that are otherwise favored (e.g., high profile customers or customers with performance fee accounts). As a matter of policy, no fund or account may receive preferential treatment over any other fund or account. This allocation policy provides that funds and accounts with a substantially similar investment strategy should be treated fairly and equitably over time and receive equivalent treatment to the extent possible. Typically, funds and accounts receive allocations in proportion to their relative assets under management. However, other considerations, such as potentially adverse tax consequences, may result in allocations on a non-pro rata basis. In addition, certain accounts may be allowed to invest ahead of other existing investors and thereby reduce the future capacity available with respect to a Portfolio Manager or investment opportunity.

Proprietary Assets

A substantial percentage of a HF Product's assets may be indirectly held by Citigroup and its affiliates, including entities for which CPA, CGMI or their affiliates have provided loans for the purpose of making such investments. These investments are not subject to any lock-up provisions beyond those imposed by the relevant Master Company, Underlying Funds or HF Products, as applicable. There can be no assurance that the assets of Citigroup will remain invested in a HF and Citigroup and its affiliates reserve the right to redeem at any time (subject to the terms of the applicable HF Product). It is the intention of Citigroup and its affiliates to withdraw or redeem the Citigroup assets once sufficient assets (as determined by Citigroup) have been raised by the Feeder from investors not affiliates with Citigroup. Any negative impact on performance relating to the liquidation of positions to meet any withdrawal or redemption of the Citigroup assets will be borne by the investors.

Conflicts Among Fund Investors

Investors in the HF Products are expected to include entities and persons located in various jurisdictions, who may have conflicting investment, tax and other interests with respect to their various investments. As a result, with respect to a particular HF Product, conflicts of interest may arise in connection with decisions made by CPA or its affiliates that may be more beneficial for one type of investor than another type of investor. Any such conflicts are resolved according to the investment objective and standards for resolving such conflicts set forth in relevant fund's governing documents—e.g., by focusing on the pre-tax investment objectives of a fund as a whole.

Business Activities of Affiliates

As an indirect subsidiary of Citigroup, each of CPA and CGMI is a member of a large corporate conglomerate consisting of many affiliated entities. As described throughout this Disclosure Statement, Citigroup and its affiliates engage in a broad spectrum of activities, including financial advisory activities, merchant banking, lending, arranging securitizations and other financings, sponsoring and managing private investment funds, engaging in broker-dealer activities, and other activities, and they have extensive investment activities that are independent from the HF Products. Citigroup and its affiliates take on roles or provide services in relation to an investment product, its sponsor, its underlying investments or their affiliates in the regular course of its business that present conflicts between the interests of Citigroup and its affiliates on the one hand, and the interests of a HF Product and/or its investors on the other hand. In addition, Citigroup and its affiliates have existing and potential relationships with a significant number of institutions and individuals. For more information, please see "Recommendations and Services to Others" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Competing Funds and Investors

CPA, CGMI and their affiliates may provide services to, invest in, advise, sponsor and/or act as investment manager to investment vehicles and other persons or entities that may have similar structures and investment objectives and policies to those of the HF Products, Master Companies and/or Underlying Funds and that may compete with the Master Companies and/or Underlying Funds for investment opportunities. CPA, CGMI and their affiliates may give advice and take action in the performance of their duties to customers and certain HF Products that may differ from the timing and nature of actions taken with respect to investments made by other HF Products (or their Master Companies or Underlying Funds). In addition, CPA, CGMI and their affiliates, principals, directors, officers, employees and customers may themselves invest in securities that are investments of, or that would be appropriate for, the Master Companies or Underlying Funds and may compete with the Master Companies and Underlying Funds for investment opportunities. It is possible that such persons or entities will take positions either similar or opposite to positions taken in respect of HF Products (or the Master Companies or Underlying Funds).

Financial Advisor for Portfolio Investment Transactions

Citigroup and its affiliates may act as a financial advisor in connection with the offering, sale or purchase of investments in a current or potential investment made by a HF Product. Citigroup and its affiliates also may provide lending and other related financing services in connection with such transactions. The compensation for such activities is usually based upon realized consideration contingent, in substantial part, upon closing. Because such compensation is in many cases payable at, and contingent upon, the closing of such investments, the interests of Citigroup and its affiliates may conflict with those of the HF Product to the extent that the HF Product purchases such investments. In addition, the potential for such compensation may incentivize Citigroup and its affiliates to engage in the offering, sale or purchase of investments that compete with the investments of the HF Products.

CAPITAL MARKETS

EQUITY OFFERINGS

PRODUCT DESCRIPTION

An equity syndicate (an "Equity Syndicate") is a group of underwriters who jointly underwrite equity securities (both initial public offerings and follow-on offerings). The Syndicate purchases the securities from the issuer or selling shareholder, and then resells the securities to investors. Numerous factors, both fundamental and technical, are taken into consideration by the Equity Syndicate when determining the price of the offering. CGMI offers its customers access to certain Equity Syndicate offerings that are distributed by its Equity Capital Markets unit ("ECM" or the "ECM Desk"). ECM typically makes available to customers only syndicate offerings where ECM is a bookrunner or co-manager. ECM generally underwrites two types of equity offerings to eligible customers as more fully described below.

Initial Public Offering

An initial public offering ("IPO") generally refers to the first time a company offers its shares of capital stock to the general public. Public companies are subject to strict rules and regulations prior to, during, and after an IPO, such as regular financial information reporting. Public companies have thousands of shareholders and a board of directors that oversees the operations of the company. In the United States, public companies report to the SEC.

Special Purpose Acquisition Company

A Special Purpose Acquisition Company ("SPAC") is created to raise money from investors on the premise that the sponsor of the SPAC will, in the future, identify and acquire another, usually privately-held, company. Before the target company is acquired, the SPAC acts as a pool of capital, and if a target company is not identified during a specific period of time, investors typically receive their money back. These investments may be appropriate for various types of retail investors, including as a component of a diversified portfolio. However, because of this "money back" feature, during times of heightened market volatility, retail investors may view SPACs as a relatively safe investment option, even though the structure and strategy of a SPAC may present complex risks. Those risks may include potential conflicts of interest caused by the compensation structure in itself and in combination with the "money back" feature. Retail investors should take any such risks into account in determining whether to invest in a SPAC or another type of structured investment vehicle.

Follow-On Offering

A follow-on offering is an issue of stock that occurs after a company is already public. As discussed in more detail below, a follow-on offering can be dilutive, meaning that the newly issued shares lower a company's earnings per share, or non-dilutive. A company looking to offer additional shares in a public offering will register the offering with regulators and provides a prospectus for the offering.

Unlike an IPO, for which there is no pre-existing market for the shares being sold in the offering, in a follow-on offering, the price per share of a follow-on offering is market-driven. The price per share of a company's stock in a follow-on offering is typically offered at a small discount from the closing market price per share on the day of the transaction.

A follow-on offering can be either dilutive or non-dilutive. A dilutive follow-on offering occurs when a company wants to raise additional funding in the public market. The company will issue additional shares, but the value of the company remains the same. This increases the amount of outstanding shares and, therefore, decreases the earnings per share. The capital raised from a dilutive follow-on offering can be allocated to pay down debt and change a company's capital structure, or used for other corporate purposes. A non-dilutive follow-on offering occurs when existing privately held shares, usually held by company founders, directors of the board or pre-IPO investors, are subsequently sold on the open market. The cash proceeds go directly to the shareholder selling the shares and not to the company itself. Since no new shares are issued, the company's earnings per share remain unchanged.

The marketing time periods for follow-on offerings vary. Some may be announced several days prior to the pricing, others may be announced only the night before pricing.

If you seek to participate in an Equity Syndicate offering, you will receive offering documents, including, but not limited to, a preliminary prospectus. The offering documents will contain the important information about the costs, risks, objectives and other material considerations about investing in the Equity Syndicate offering.

FEES, COSTS AND EXPENSES

Customer Transaction Fees

Investors purchasing securities in an Equity Syndicate offering will pay the offering price for an IPO or a secondary market purchase. There are no additional fees or commissions paid by the customer. The offering price is not negotiable.

Compensation Received From Third Parties

CGMI receives compensation in the form of an "underwriting spread" for participation in an IPO or follow-on offering. This compensation reflects the difference between amounts paid by the underwriters to the issuer or selling shareholder and the offering price paid by investors. This compensation is paid indirectly by investors when they pay for the shares they receive.

ADDITIONAL INFORMATION

Key Risks

Investing in IPOs, like other investments, is subject to certain risks. Some of those risks are described below, but each IPO has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including the applicable offering documents, when evaluating an IPO.

In general, the risks of investing in an IPO, include, but are not limited to:

- Increased potential for price volatility. By definition, IPOs involve newly issued securities with no prior track record of trading in liquid markets. It is entirely possible that the shares in an IPO are priced incorrectly and drop in value when public trading begins;
- The potential for delays in public offerings due to external factors; and

- Restrictions on the ability to sell shares bought in an IPO for a period of time as a result of contractual or regulatory restrictions.

Registered Representative Compensation

The fees and other revenue derived by CGMI from equity syndicate offerings contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Investor eligibility to purchase shares in an IPO is determined both by regulation and by CGMI policies designed to enforce compliance with those regulations and to help ensure a transaction is both suitable for and in the best interest of each investor.

Customer Eligibility

Pursuant to FINRA's rules, CGMI must determine whether a prospective purchaser is restricted from purchasing securities in an equity IPO before allowing the purchaser to buy securities in the IPO. Under FINRA Rule 5130, CGMI may not sell a new equity issue to any customer account in which a "Restricted Person" or his or her immediate family member has a beneficial interest, unless the account qualifies for a general exemption under the Rule. Rule 5130 "Restricted Persons" include securities industry entities and individuals, such as broker-dealers, broker-dealer personnel, persons owning a broker-dealer, finders and fiduciaries for the IPO (such as lawyers, accountants and financial consultants for the managing underwriter), and securities portfolio managers for banks, investment advisory firms, investment companies, insurance companies or collective investment accounts (such as hedge funds). Given their ties to CGMI, CGMI's employees and associated persons and their immediate family members may not receive allocations in an IPO (or follow-on offerings). In addition, under FINRA Rule 5131, CGMI may not allocate new equity issues to executive officers and directors of public companies or covered non-public companies, and their immediate family members. To comply with the FINRA Rule 5130 and 5131 requirements, CGMI requires all customers interested in participating in equity new issues to complete a Rule 5130/5131 Certification Form and vets their representations against its account records and other available information to assure that they meet the FINRA eligibility requirements. Customers thereafter must reconfirm their status annually on the Rule 5130/5131 Certification Form.

Deal Eligibility

For a CGMI customer deemed eligible to participate in new equity offerings, CGMI assesses the customer's investment profile to determine whether the customer's participation in particular new offerings is suitable. Each CGMI-approved Equity Syndicate offering is placed into one of four categories based on the nature of the deal and the issue's relative risks. In ascending order of risk, the categories for Equity Syndicate offerings are Equity Category 1 (E1), Equity Category 2 (E2), Equity Category 3 (E3) and Equity Category 4 (E4). Customers will either be eligible or ineligible for a particular category based upon their individual investment profile. For example, eligibility for E3 and E4 offerings requires, among other qualifications, an annual income of $200,000 or greater (or $300,000 or greater for joint accounts) or a liquid net worth greater than $1,200,000.

E-Delivery

A customer must enroll in e-delivery of documents to participate in equity IPOs, Registered Block Deals, Closed End Funds, Business Development Company Offerings, Special Purpose Acquisition Companies (SPACs) and follow-on offerings.

Equity Syndicate Prohibitions

The following account types are ineligible to participate in Equity Syndicate offerings:

- Any investment advisory accounts;
- Any Citi Trust accounts; and
- Retirement accounts.

Eligible customers must provide a conditional offer to buy each Equity Syndicate offering, as well as the number of shares they would like to purchase. Eligible customers are prohibited from submitting blanket orders to participate in all Equity Syndicate offerings.

Rule 105 of Regulation M prohibits a customer who effects a short sale in a security during the restricted period (generally the five trading days prior to pricing) for a secondary or follow-on offering in that security from indicating for or receiving an allocation of shares in that offering.

Allocation

There is no guarantee that eligible customers will receive Equity Syndicate shares for which they have expressed a conditional offer to buy. When there is more demand for shares in an Equity Syndicate offering than shares available to sell, CGMI uses a multi-factor process (based on a quantitative Equity Syndicate index algorithm and certain qualitative factors) to accommodate its customers. Factors include, among others, whether the customer or his or her Registered Representative is new to CGMI, the customer's overall participation in prior offerings, and, for cash accounts, whether the customer retained the shares sold to them in an IPO or sold them quickly.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by Equity Syndicates generally, but conflicts are particular to each Equity Syndicate. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating an Equity Syndicate offering.

CGMI and its affiliates are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research). Different businesses within Citi act independently of each other, both for their own account and for the accounts of customers. Accordingly, there will be situations where parts of Citi or its other customers or clients either now have or may in the future have interests, or take actions, that conflict with your interests. For more information, please see "Recommendations and Services to Others" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

CGMI participates in Equity Syndicate offerings both as principal for retail customers and as an underwriter or syndicate member seeking to maximize the success of the offering for itself, syndicate members, the issuer or selling shareholders. CGMI maintains separate lines of business for offering securities to its retail customers and for providing Equity Syndicate services to institutional clients. Each line of business seeks to fulfill its obligations without regard for the interests of other lines of business. For example, when participating as an underwriter or syndicate manager for Equity Securities offerings, ECM lines of business will earn more revenue for CGMI when more securities are sold in such transactions, and/or the higher the price at which such securities are sold. At the same time, CGMI has an obligation to make sure that the purchase of Equity Syndicate offerings are in the best interest of its customers. CGMI has policies and procedures designed to reduce the conflicts of interest created by filling different roles. Nevertheless, there exists an inherent conflict of interest from serving in these two capacities that cannot be mitigated fully. CGMI has a financial interest to ensure that it is able to sell the securities that it purchases as a syndicate member, both to avoid losses on those specific securities and to achieve success in its Equity Syndicate business so that it continues to have favorable syndication opportunities. Those financial interests create an incentive to recommend Equity Syndicate offerings to CGMI's retail customers. For more information, please see Part Three of this Disclosure Statement and "Equity Capital Markets Unit" in this Part Four.

FIXED INCOME OFFERINGS

PRODUCT DESCRIPTION

Municipal, governmental or corporate entities that need to raise money may issue new bonds into the primary market ("new issue offerings"), provided that they can find investors willing to act as lenders. Like other securities, new issue bond offerings can be sold publicly or placed privately. The issuers, which can be municipal, corporate or government entities, set prices and yields (often with the assistance of an underwriter or a financial advisor) through one of two methods:

1. **Competitive sale:** Prospective underwriters submit sealed bids to the issuer, and the bonds are awarded to the bidder who offers to pay the lowest interest. Underwriters may bid as part of a syndicate.
2. **Negotiated sale:** Before the public sale date, the issuer selects the lead underwriter who in turn manages the offering. The issuer's selection process includes writing a request for proposals, responding to those proposals, interviewing prospective underwriters, selecting the lead manager and selecting co-managers from competing firms. The managers purchase the bonds from the issuer at a price that will produce the lowest interest cost and then sell the bonds to investors.

If you seek to participate in a new issue offering, you will receive offering documents, including, but not limited to, a prospectus, for a publicly offered corporate issuance or an official statement for a municipal security, or other disclosure for private placements. The offering documents will contain the important information about the costs, risks, objectives and other material considerations about investing in the new issue offering.

FEES, COSTS AND EXPENSES

Customer Transaction Fees

Investors purchasing securities in a new issue offering will pay the offering price for the new issue securities. There are no additional fees or commissions paid by the customer. The offering price is not negotiable.

Compensation Received From Third Parties

CGMI receives compensation in the form of an "underwriting spread" for participation in a fixed income offering. This compensation reflects the difference between amounts paid to the issuer and the offering price paid by investors. This compensation is paid indirectly by investors when they pay for the securities they receive.

ADDITIONAL INFORMATION

Key Risks

Investing in fixed income new issues, like other investments, is subject to certain risks. Some of those risks are described below, but each new issue has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant

Customer Documents, including the applicable offering documents, when evaluating a new issue.

In general, the risks of investing in a fixed income new issue, include, but are not limited to:

- Loss of principal;
- Delayed payment or non-payment of interest;
- Risk of default of the securities or bankruptcy or insolvency of the issuer;
- Liquidity risk, making it difficult (or impossible) to sell the securities; and
- Price volatility.

From time to time, CGMI will act as an underwriter of fixed income securities that may not be rated or, alternatively, are rated but are below investment-grade, as they are rated below BBB- by Standard & Poor's or below Baa3 by Moody's. An investment in unrated or below-investment grade securities typically poses greater risks than an investment in securities with a higher rating.

Registered Representative Compensation
The fees and other revenue derived by CGMI from new issue offerings contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations
Investor eligibility to purchase new fixed income issues is determined both by regulation and by CGMI policies designed to enforce compliance with those regulations and to help ensure a transaction is both suitable for and in the best interest of each investor.

Deal Eligibility and Segmentation
CGMI assesses the customer's investment profile to determine whether the customer's participation in particular new offerings is suitable and in the customer's best interests. Each CGMI-approved new issue offering is placed into one of three categories, based on the nature of the deal and the issue's relative risks. In ascending order of risk, the categories for new issue offerings are Fixed Income Category 1 (F1), Fixed Income Category 2 (F2), and Fixed Income Category 3 (F3). Customers will either be eligible or ineligible for a particular category based upon their individual investment profile. For example, eligibility for F2 and F3 offerings requires, among other qualifications, an annual income of $200,000 or greater (or $300,000 or greater for joint accounts) or a liquid net worth greater than $1,200,000 (for F2 offerings) or $5,000,000 (for F3 offerings).

Fixed Income New Issue Offerings Prohibitions
The following account types are ineligible to participate in new issue offerings other than new issue Treasury securities:

- Any investment advisory accounts;
- Any Citi trust accounts; and
- Retirement accounts.

Eligible customers must provide a conditional offer to buy each new issue offering, as well as the quantity of securities they would like to purchase. Eligible customers are prohibited from submitting blanket orders to participate in all new issue offerings.

Allocation
There is no guarantee that eligible customers will receive new fixed income securities for which they have expressed a conditional offer to buy. When there is more demand for securities in a new issue offering than securities available to sell, CGMI uses a multi-factor process to accommodate its customers. Factors include, among others, whether the customer or his or her Registered Representative is new to CGMI and the customer's overall participation in prior offerings.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by new issue offerings generally, but conflicts are particular to each offering. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating a new issue offering.

CGMI and its affiliates are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research). Different businesses within Citi act independently of each other, both for their own account and for the accounts of customers. Accordingly, there will be situations where parts of Citi or its other customers or clients either now have or may in the future have interests, or take actions, that conflict with your interests. For more information, please see "Recommendations and Services to Others" under "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

CGMI and its affiliates may engage in several roles in respect of new issue offerings, which thereafter may be sold to CGMI's customers. CGMI participates in new issue offerings both as principal for retail customers and as an underwriter or syndicate member seeking to maximize the success of the offering for itself, syndicate members or the issuer. CGMI maintains separate lines of business for offering securities to its retail customers and for providing new issue offering services to institutional clients. Each line of business seeks to fulfill its obligations without regard for the interests of other lines of business. For example, when participating as an underwriter or syndicate manager for new issue offerings, Citi's lines of business will earn more revenue for CGMI when more securities are sold in such transactions, and/or lower the rate of interest the issuer has to pay on the securities. At the same time, CGMI has an obligation to make sure that the purchase of new issue offerings are in the best interest of its customers. CGMI has policies and procedures designed to reduce the conflicts of interest created by filling different roles. Nevertheless, there exists an inherent conflict of interest from serving in these two capacities that cannot be mitigated fully. CGMI has a financial interest to ensure that it is able to sell the securities that it purchases as an underwriter or syndicate member, both to avoid losses on those specific securities and to achieve success in its new issue offering business so that it continues to have favorable underwriting or syndication opportunities. Those financial interests create an incentive to recommend new issue offerings to CGMI's retail customers.

EQUITY CAPITAL MARKETS UNIT

TYPE AND SCOPE OF SERVICES OFFERED

The Equity Capital Markets unit (the "ECM Desk") within the Banking, Capital Markets and Advisory ("BCMA") division of CGMI works with employees in BCMA's Investment Banking unit (the ECM Desk, together with such other employees, the "IB/ECM Team") to originate, structure and execute public and private equity and equity-linked transactions. The types of transactions in which the IB/ECM Team engages on behalf of its clients include, among others, initial public offerings, follow-on offerings, secondary offerings, exchange offers, rights offerings, block trades and private placements.

The primary function of the IB/ECM Team is to assist its clients with capital raising and monetization needs. In connection with its activities, the IB/ECM Team typically works directly with company representatives, financial sponsors and/or other large selling shareholders, each of which are institutional entities or high net worth individual investors who have the wherewithal and investment knowledge to make informed decisions regarding primary and/or secondary market securities transactions. As part of the IB/ECM Team, the ECM Desk also serves as a bridge between issuer-side sellers and buy-side investors and gathers relevant information from potential investors to properly structure and price securities offerings. The ECM Desk does not, however, offer or provide particularized investment advice to either sell-side or buy-side clients. Neither the ECM Desk nor the IB/ECM Team provides access to all possible investment opportunities that may be available to clients or potential investors. Finally, neither the ECM Desk nor the IB/ECM Team monitors investments made or held in client or investor accounts, or renders advice regarding legal, accounting, regulatory, tax or other matters. You should consult your own financial, legal, accounting, regulatory, tax and other appropriate advisors regarding how these transactions or particular equity securities or other financial products may fit within your overall investment portfolio and financial plan.

FEES, EXPENSES AND COSTS

The IB/ECM Team typically earns revenue for CGMI either (i) for principal transactions, including when CGMI is acting as an underwriter or initial purchaser for a securities offering, through the underwriting discount or "spread" between what CGMI agrees to purchase the securities for from the issuer or selling shareholders, and the price at which CGMI sells the securities to purchasers in the offering or (ii) for agency transactions, including private placements under Reg. D of the Securities Act, through a placement fee, which typically is a specified percentage of the total value of the securities sold in the offering.

As noted above, in connection with securities offerings in which CGMI acts as principal, including underwritten public offerings and Securities Act Rule 144A offerings, the difference between the price at which we purchase securities from you and the price at which we resell such securities is commonly referred to as the underwriting discount or "spread." For the offerings in which we earn an underwriting spread, we may offer the securities we purchase from you for sale, from time to time, in one or more transactions on US national securities exchanges and alternative trading systems, on non-US exchanges or markets, or in US or non-US OTC markets. The transactions may take place at fixed or variable prices, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

The underwriting spread we may earn in a principal transaction or the placement fee we may charge in an agency transaction, and/or any other fees (if any) you may be charged, will typically vary depending on the type and complexity of the transaction. We will discuss the proposed fees you will be charged for a particular transaction in advance of the transaction. The fees will also be reflected in the underwriting or placement agreement (or similar documentation) entered into with you relating to the transaction, as well as in the transaction confirmation sent to you at or prior to the completion of the transaction. For principal transactions, we will discuss the price that we would be willing to purchase the securities from you in advance of reaching a definitive agreement, and the price that you agree to sell your securities to us will also be reflected in the applicable transaction documentation.

ADDITIONAL INFORMATION

Compensation

IB/ECM Team employees generally earn a salary and receive variable compensation. The amount of variable compensation is based on a variety of factors—such as the size of total annual revenue attributed to the employee as a member of the IB/ECM Team and CGMI's overall performance. As a result, IB/ECM Team employees have an incentive to encourage you to offer more securities for sale to third parties with or through the IB/ECM Team, to sell such securities at higher prices and/or to engage in other transactions with or through the IB/ECM Team or other divisions within CGMI.

CONFLICTS OF INTEREST

Compensation

As described above, CGMI earns revenue from transactions engaged in by the IB/ECM Team in the form of a spread (for principal transactions) or a placement fee (for agency transactions). As such, the more securities that are sold in such transactions, and/or the higher the price at which such securities are sold, the more revenue the IB/ECM Team will earn for CGMI. This gives the IB/ECM Team an incentive to encourage you to offer more securities for sale to third parties in connection with such transactions, to sell such securities at higher prices and/or to engage in other transactions with or through the IB/ECM Team or other divisions within CGMI.

Principal Transactions and Transactions with Other Clients

In connection with securities offerings in which the IB/ECM Team agrees on behalf of CGMI to act as underwriter or initial purchaser, such as SEC-registered public offerings or offerings conducted pursuant to Reg. S or Rule 144A under the Securities Act, CGMI acts as principal for its own account, meaning that it buys securities from you using its own capital and is at risk of loss if it is not able to place the securities with buy-side investors. The ECM Desk manages the "book building," pricing and allocation process and will attempt to balance, among other things, the natural desire of the sell-side to garner the highest price for the securities it is offering for sale against the price and terms that buy-side investors are willing to bear.

Moreover, in the pricing and allocation process, in addition to the price indications given by potential buy-side investors, the ECM Desk also takes into account, and will discuss with you, certain other considerations, including those relating to the qualities of potential investors. The qualities of potential investors that the ECM Desk considers include whether a potential investor tends to be a short-term or long-term holder, whether the ECM Desk reasonably believes that an investor has "over-stated" the true extent of its interest in the expectation that its allocation may be scaled down, and the investor's interest in, and past dealings in, securities of other issuers in the sector.

CGMI has in place policies and procedures designed to mitigate and manage potential conflicts of interest that are present when it acts as principal in connection with securities offerings, including policies and procedures concerning the book-building, pricing and allocation process.

Hedging Transactions

CGMI may, from time to time, take positions in relation to our principal transactions with you in order to hedge our financial risks relating to the transactions. We may also engage in hedging transactions on behalf of our other clients that may affect the price of the securities that you buy and sell.

Business Activities of Affiliates

CGMI and its affiliates are engaged in a wide range of financial services and businesses, including investment management, financing, securities trading, corporate and investment banking and research. Different businesses within Citi act independently of each other, both for their own account and for the account of clients. Accordingly, there may be situations where parts of Citi or its other clients either now have or may in the future have interests, or take actions, that may conflict with your interests.

SPECIAL EQUITY TRANSACTIONS GROUP

TYPE AND SCOPE OF SERVICES OFFERED

The Special Equity Transactions Group (the "SETG Desk") within CGMI assists clients with exploring and effecting specific transactions in listed equity securities, including the acquisition and sale of equity securities and equity derivative transactions. The SETG Desk does not offer a broad range of products, but rather focuses on a very limited range of potential execution strategies involving client-specified equity securities. The SETG Desk does not offer or effect transactions in debt securities or other non-equity related financial instruments.

The SETG Desk only engages with institutional entities or high net worth individual investors who have the wherewithal and investment knowledge to make informed decisions regarding their investments. The SETG Desk does not offer or provide access to all possible investment opportunities and does not provide any advice regarding investments in particular securities or potential transactions, other than to offer suggestions as to possible execution strategies to implement a client-dictated outcome involving client-specified equity securities. In particular, the SETG Desk does not provide personalized advice as to whether a client should make or continue to hold a particular investment or as to which particular type of investment may be better suited to a client. The SETG Desk also does not monitor investments made or held in client or investor accounts, nor does the SETG Desk render advice regarding legal, accounting, regulatory, tax or other matters. You should consult your own financial, legal, accounting, regulatory, tax and other appropriate advisors regarding how these transactions or particular equity securities or other financial products may fit within your overall investment portfolio and financial plan.

FEES, COSTS AND EXPENSES

The SETG Desk typically earns revenue for CGMI either (i) for principal transactions through the "spread" between what CGMI agrees to purchase the securities for from the selling shareholder, and the price at which CGMI sells the securities to purchasers or (ii) for agency transactions, through a fee, which typically is a specified percentage of the total value of the securities sold.

As noted above, in connection with securities offerings in which CGMI acts as principal, the difference between the price at which we purchase securities from you and the price at which we resell such securities is commonly referred to as "spread." For the transactions in which we earn a spread, we may offer the securities we purchase from you for sale, from time to time, in one or more transactions on US national securities exchanges and alternative trading systems, on non-US exchanges or markets, or in US or non-US OTC markets. The transactions may take place at fixed or variable prices, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

The fee we may charge in an agency transaction, and/or any other fees (if any) you may be charged, will typically vary depending on the type and complexity of the transaction. We will discuss the proposed fees you will be charged for a particular transaction in advance of the transaction. The fees will also be reflected in the transaction confirmation sent to you at or prior to the completion of the transaction. For principal transactions, we will discuss the price that we would be willing to purchase the securities from you in advance of reaching a definitive agreement.

ADDITIONAL INFORMATION

Compensation

SETG Desk employees generally earn a salary and receive variable compensation. The amount of variable compensation is based on a variety of factors — such as the size of total annual revenue attributed to the employee as a member of the SETG Desk and CGMI's overall performance. SETG Desk employees receive a portion of their compensation based on the fees earned by them for the SETG Desk. As a result, SETG Desk employees have an incentive to encourage you to effect transactions more frequently with them through the SETG Desk and/or with or through other divisions within the Firm.

CONFLICTS OF INTEREST

Compensation

As described above, CGMI earns revenue from transactions engaged in by the SETG Desk in the form of a spread (for principal transactions) or a placement fee (for agency transactions). As such, the more securities that are sold in such transactions, and/or the higher the price at which such securities are sold, the more revenue the SETG Desk will earn for CGMI. This gives the SETG Desk an incentive to encourage you to offer more securities for sale to third parties in connection with such transactions, to sell such securities at higher prices and/or to engage in other transactions with or through the SETG Desk or other divisions within CGMI.

Principal Transactions

CGMI may sometimes buy securities from you for our own account, sell securities to you from our own account or engage in derivative transactions with you for our own account. These transactions can lead to a conflict between our interests as a buyer or seller—to buy from you at the lowest price or sell to you at the highest possible price—and our responsibility to not put our interests ahead of yours. We may also be incentivized to use principal transactions to sell you securities that we no longer want or that others in the market won't purchase at prices that are advantageous to us. Because of these potential conflicts of interest we have policies and procedures in place to mitigate the risk that we could take advantage of you using principal transactions, including an outright prohibition against engaging in principal transactions in certain circumstances and limits on the mark-up, mark-down or other fees and costs that we may charge you for such transactions.

Transactions with Other Clients

CGMI, acting through the SETG Desk or other CGMI lines of business, represents other buyers and sellers of securities and may, from time to time, facilitate secondary market transactions between you and other clients. CGMI also represents issuers and may, from time to time, facilitate primary or secondary market transactions between you and the issuer clients. These transactions may lead to conflicts between CGMI's responsibilities to you and our other clients.

Hedging Transactions
The Firm, acting through the SETG Desk or other CGMI lines of business, may, from time to time, take positions in relation to our principal transactions with you in order to hedge our financial risks relating to such transactions, or we may engage in hedging transactions on behalf of our other clients. These hedging transactions may affect the price of the securities that you buy and sell.

Business Activities of Affiliates
CGMI and its affiliates are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research). Different businesses within Citi act independently of each other, both for their own account and for the account of clients. Accordingly, there may be situations where parts of Citi or its other clients either now have or may in the future have interests, or take actions, that may conflict with your interests.

WEALTH TRANSFER PRODUCTS

VARIABLE INSURANCE PRODUCTS

PRODUCT DESCRIPTION

The primary purpose of life insurance is to provide for dependents in the event of the insured's death. Estate planning strategies typically use life insurance as a tax efficient strategy to transfer wealth to the next generation or to provide liquidity for the payment of estate taxes and other estate settlement costs. The use of insurance policies, in conjunction with trust vehicles and a will, can help the insured party control both who will receive an inheritance and the size of that inheritance. Some life insurance policies have a cash value component that may be used to build funds on a tax-deferred basis. All or part of the cash value build up can be distributed on an income tax favored basis (either through loans or cash withdrawals) to help supplement retirement income or for other long-term financial objectives. This feature of life insurance also makes it an attractive funding option for non-qualified deferred compensation plans.

Insurance products are offered only through CPWM, and Registered Representatives who are licensed with our insurance affiliate, CLA, currently can recommend Variable Universal Life Insurance. A Variable Universal Life Insurance policy has a cash value that varies according to the premiums you pay, the policy's fees and expenses, and the performance of a menu of underlying investment options. The specific terms are set forth in the policy between you and the insurance company. You should review the insurance policy for important information on fees, expenses and investment options before purchasing a Variable Universal Life Insurance policy. You should also review the prospectus for the underlying investment options available through the policy.

FEES, COSTS AND EXPENSES

More specific disclosure about insurance policy fees, costs and expenses are set forth in detail in the insurance policy and illustration with the insurance carrier and the accompanying prospectus.

Insurance Premium and Charges
A customer who purchases an insurance policy is subject to a variety of fees and expenses. Those fees and expenses include the following:

Premiums
An insurance premium is the amount of money an individual pays to purchase an insurance policy. The amount of a premium is established by the insurance carrier and differs by insurance product. Premiums are set forth in the insurance policy and illustration. The amount of the premium depends on a number of factors, including the amount and type of insurance coverage, the age, health, lifestyle habits, and gender of the insured, and the death benefits and other riders, each as set forth in the insurance policy. The premium is paid at the time of purchase, and periodically thereafter, as set forth in the policy document. Premiums are not negotiable although in certain cases, premiums can be waived though riders.

Sales Charges
A sales charge is taken from your premium payment and reduces the amount of the premium payment applied to the policy. The sales charge typically compensates the insurance company for sales expenses, and a portion of the sales charges paid from your premium are shared by the insurance carrier with CGMI and your Registered Representative.

Surrender Charges
A surrender charge is a fee that you incur when you sell, cash-in, or cancel your insurance policy during a pre-set number of years known as a surrender period. Surrender charges function as a contingent deferred sales charge. The amount of a surrender charge and the duration of the surrender period differs by insurance product as set forth in the insurance policy. The amount of the surrender charge depends on various factors including the type of policy, surrender period, cash value, death benefits and other factors.

Investment Options

Each of the subaccounts or funds underlying a variable life insurance policy will be subject to its own fees and expenses. Those include a management fee paid to an investment adviser for the fund, fees paid to fund distributors, commissions and other transactional costs incurred by the fund to buy and sell securities, custodial expenses, and other fees and expenses. You should review the prospectus for the investment options you are considering before deciding to buy a variable life insurance policy.

In addition to those fees, you may also incur a variety of other fees and expenses, including mortality and expense risk fees, the cost of insurance, administrative fees, loan interest and transaction charges. The kinds of fees and expenses you will be charged and the amounts of those charges vary from policy to policy. You should review your specific insurance policy before purchasing it to understand all of the fees and expenses you will incur under the policy.

Third-Party Compensation

Each time an insurance product is purchased through a Registered Representative, the insurance company pays CLA compensation in the form of a commission based on the product and the amount of the customer purchase. CGMI receives a portion of the commission. Commissions vary by product and insurance company.

Life insurance products typically pay commissions equal to approximately 91% to 100% of premiums received up to the policy Target Premium in the first policy year. Commissions on premiums received in excess of the Target Premium and on renewal premiums during the second to tenth policy year range between 2% and 3%. Renewal commissions in years two through ten of the policy are 4%.

ADDITIONAL INFORMATION

Key Risks

Variable insurance products, like other investments, are subject to certain risks. Some of those risks are described below, but each product has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including the applicable policy documents and the prospectus for any underlying investment options, when evaluating a variable insurance product.

Not a Short-Term Savings Vehicle

A variable life insurance policy is designed to provide a death benefit or to help meet other long-term financial objectives. You should not purchase a variable life insurance policy unless you intend to own it for the long-term.

Policy Lapse

If you do not maintain sufficient cash value to pay your policy fees and expenses, your policy may lapse. That means it will terminate without value and your beneficiary will not receive any death benefit. A significant number of life insurance policies lapse. The cash value of your policy could diminish because of poor investment performance, payment of fees and expenses, or if you make a withdrawal or take a policy loan. You should monitor the investment performance of your policy and speak with your Registered Representative on a regular basis. CGMI has no duty to monitor the investments portion of the cash value of your policy.

Policy Fees and Expenses

Policy fees and expenses may be significant. These may include deductions from premium payments, surrender charges, and significant ongoing fees and expenses associated with owning a policy.

Risk of Loss

You can lose money in a variable life insurance policy, including potential loss of your initial investment. The value of your investment and any returns will depend on the performance of the investment options you choose. Each underlying fund may have its own unique risks. You should review the investment option's prospectus before making an investment decision. You should consider a variety of factors with respect to each fund option, including the fund's investment objectives and policies, management fees and other expenses that the fund charges, the risks and volatility of the fund, and whether the fund contributes to the diversification of your overall investment portfolio.

Insurance Company Risk

Certain variable insurance products may be appropriate for investors whose investment profile allows them to assume the risks associated with investing in international or more aggressive growth stocks; they may only be appropriate for aggressive investors that are aware of the risks of investing in these products.

The financial strength of the insurance company that issues the policy backs all guarantees, including the death benefit. If the insurance company experiences financial distress, it may not be able to meet its obligations to you.

Registered Representative Compensation

The fees and other revenue derived by CLA and shared with CGMI from insurance products contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. When an Insurance Specialist assists your Registered Representative with your purchase of an insurance product, the Insurance Specialist will receive a portion of the compensation for that purchase. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Other Limitations

Minimum Purchase Amounts
Minimum purchase amounts are set by insurance companies.

Ineligible Accounts
Non-taxable retirement accounts and investment advisory accounts are not eligible to purchase variable insurance policies.

State Limitations
Certain states impose additional limitations on the offering of insurance products to residents of its state. Those limitations include the imposition of additional standards of care and suitability considerations, limits on fees and premiums charged, and limits on the commissions payable to selling agents and Registered Representatives. Not all insurance products are offered in each state.

Offshore Availability
Not all insurance products are available for purchase by offshore customers.

Selling Agreements
CGMI only offers insurance products for which we and CLA have entered into a selling agreement with the insurance carrier outlining the terms of the relationship between CGMI and the carrier.

Other Types of Insurance Products
Licensed Registered Representatives can recommend other types of insurance products that are not described in this Disclosure Statement, including Term Life Insurance, Whole Life (including simplified issue single premium), Universal Life and Indexed Universal Life Insurance. For more information about these insurance products, please contact your Registered Representative.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by Variable Universal Life Insurance generally, but conflicts are particular to each insurance policy. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating an insurance policy.

Compensation
Registered Representatives have a financial incentive to recommend insurance products over other investment options available for your account. Each time an insurance product is purchased through a Registered Representative, the insurance company pays CLA compensation in the form of a commission based on the product. CGMI and the Registered Representative receive compensation derived from this commission. In general, the sales charge imposed on your premium payments, and the resulting compensation paid to CGMI and its Registered Representative, is higher for insurance products than for other potential investments you could purchase.

In choosing among insurance products, Registered Representatives also have a financial incentive to recommend an insurance product that pays higher commissions. An insurance policy and, for variable life insurance policies, the applicable prospectus, outline the costs for each insurance policy. Registered Representative compensation can vary for an insurance product sale and is dependent upon the account type, whether an account is a variable product, the total value and term of the policy and/or commission charged. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Marketing Support, Conferences, Sales Meetings, and Similar Activities; Registered Representative Access
CGMI receives marketing and training support payments, conference subsidies, and other types of financial and non-financial compensation and incentives from certain mutual fund companies and insurance carriers to support the sale of their products and services to CGMI customers. Insurance carriers, funds, or their affiliated service providers pay vendors directly for these services on CGMI's behalf. CGMI or its affiliates also coordinate with certain insurance carriers and fund families in developing marketing, training and educational plans and programs, and this coordination might be greater with some insurance carriers or fund companies or providers than others, depending on relative size, quality and breadth of fund or product offerings, customer interest and other relevant factors.

Representatives of approved insurance carriers or fund companies—whether they remit revenue sharing payments or not—are typically provided access to CGMI branch offices and Registered Representatives for educational, marketing and other promotional efforts subject to the discretion of CGMI managers. In addition, although all approved insurance carriers and fund companies are provided with access to branch offices and Registered Representatives, some insurance carriers and fund companies devote more staff or resources to these activities. For more information, please see "Marketing Support, Conferences, Sales Meetings, and Similar Activities; Registered Representative Access" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

Gifts, Gratuities and Nonmonetary Compensation
From time to time, certain third-party vendors (such as investment product distributors and providers, mutual fund companies, wholesalers, etc.) provide your Registered Representative or CGMI or its affiliates with non-monetary gifts and gratuities. For more information, please see "Gifts, Gratuities and Nonmonetary Compensation" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

ANNUITIES

PRODUCT DESCRIPTION

An annuity is a contract between you and an insurance company, under which the insurer agrees to make periodic payments to you beginning immediately or at some future date. You can purchase an annuity contract by making either a single purchase payment or a series of purchase payments, although certain products and the election of optional benefit guarantees may limit your ability to make a series of purchase payments. Designed to meet retirement and other long-range goals, annuities offer tax-deferred earnings and lifetime income options. All types of annuities have an insurance component. Some annuities, called variable annuities, also have an investment component. With a variable annuity, you can choose to invest your purchase payments from among a range of different investment options, such as stocks, bonds and other securities. CGMI does not offer proprietary annuity products, and only Citi Wealth offers annuity products.

Your annuity contract contains important information about the annuity's fees, expenses, and any investment options and objectives. After you purchase an annuity, you should carefully review the contract before the "free look" period ends (typically ten or more days during which you may terminate your annuity without paying any surrender charges). You should review the prospectus for the annuity contract and for any underlying investment options. Please refer to the applicable annuity carrier's website for additional information. You may also find additional information on annuities within the Overview of Annuities section in your INAI, or in other Customer Documents provided to you. The Overview of Annuities section also is provided to you as a separate booklet upon your purchase of an annuity and is available online at:

- http://www.citi.com/investorinfo/

All guarantees are backed by the claims paying ability of the issuing insurance company. If the purchase is qualified (i.e., purchased with pre-tax dollars), each payment received via annuitization is taxable as ordinary income. If the purchase of the annuity is non-qualified (i.e., purchased with after tax dollars), each payment received via annuitization is treated as part return of principal and part interest, and only the interest portion is subject to ordinary income tax.

Citi Wealth Registered Representatives licensed with CGMI's insurance affiliate, CLA, can recommend annuity products. This Disclosure Statement describes B-share variable annuities and buffer annuities, but other types of annuities not described in this Disclosure Statement exist.

B-Share Variable Annuity
A **B-share variable annuity (VA)** is a long-term investment vehicle that typically offers a wide range of fixed and variable-investment options with different objectives and strategies. The value of your variable annuity will vary depending on the performance of the investment options you choose. The investment options are professionally managed portfolios ("sub-accounts") that typically invest in various asset classes that may include stocks, bonds, and money market instruments. The sub-accounts within variable annuities are similar in many respects to mutual funds, but fees and expenses may differ from mutual funds. Like mutual funds, however, you bear all the investment risk for amounts allocated to the variable investment options. The annuity contract generally includes a variety of payout options including guaranteed lifetime income via annuitization. For an additional fee, optional riders can provide guaranteed lifetime income via withdrawals, guaranteed principal, and enhanced death benefits.

Buffer Annuity
A **Buffer annuity** provides a limited form of downside protection through segment options. The return of each segment is linked to the performance of one or more widely followed financial market indices, such as the S&P 500 Composite Stock Price Index™ ("S&P 500"), which tracks the performance of the 500 largest publicly traded securities. Each segment has a duration (typically 1 to 6 years) and a downside buffer, which is the maximum index-based performance loss that the insurance company will absorb (e.g., -10%, -20%, or -30%). Any positive change in the level of the index is limited to a performance cap rate while any negative performance up to the elected buffer will be absorbed by the carrier. The contract generally includes a variety of payout options including guaranteed lifetime income via annuitization.

FEES, COSTS AND EXPENSES

The typical fees, costs and expenses related to annuities are described in general below, but the actual fees, costs and expenses incurred by a customer vary depending on the particular annuity contract. Information about a particular annuity product's fees, costs and expenses is set forth in detail in the annuity contract, other resource documents identified above, and for variable and buffered annuities, the applicable product and underlying sub-account prospectus. Fees and expenses are not negotiable but may be reduced or waived by the annuity carrier for higher purchase payment amounts or contract values.

Contingent Deferred Sales Charge ("CDSC" or "Surrender Charge")

Most annuities do not have an initial sales charge. This means that 100% of your purchase payments are available for immediate investment. However, insurance companies usually assess a contingent deferred sales charge, known as a surrender charge, to an annuity owner who liquidates a contract, or makes a withdrawal in excess of a specified amount, in the first several years of the contract. Generally, the surrender charge is a percentage of the amount withdrawn, and declines gradually over a period of several years, known as the "surrender period." A typical surrender period ranges from 4 to 8 years, with the surrender charge ranging from 5% to 9% of the amount withdrawn and decreasing by 1% each year the contract is in force, until it reaches zero. The annuity contract, and product prospectus if applicable, will specify the terms of the surrender period. Deferred and immediate income annuities may not allow the contract to be surrendered beyond a "free look" period, but may provide an option that allows for a surrender value to be withdrawn based on the payment of a surrender charge or the present value of future payments remaining. Often, deferred annuity contracts will allow a free withdrawal each year that is typically around 10% of the account value but may be less. This provides you access to a portion of your investment without surrender charges, in the event you need to access your liquidity. However, withdrawals of taxable amounts are always subject to income tax, and if taken prior to age 59½, a 10% IRS penalty tax may also apply.

Variable Annuity Fees and Expenses

Base Contract Fee

The base contract fee (often referred to as Mortality & Expense Risk Charge ("M&E")) for a B-share variable annuity generally ranges from 0.95% to 1.45% of the value of the sub-accounts per year. This charge compensates the insurance company for insurance risks it assumes under the annuity contract. M&E charges are deducted from your account as a percentage of the value of the sub-accounts and do not result in the surrendering of units of the sub-accounts.

Administrative Fees

Administrative fees generally range from 0.10% to 0.15% of the value of the sub-accounts per year and are normally included in the M&E charge and assessed daily. These fees cover administrative costs associated with servicing the account, including the cost of transferring funds between sub-accounts, tracking deposits and issuing confirmations and statements, record keeping and customer service. Administrative fees are deducted from the value of the sub-accounts and do not result in the surrendering of units of the sub-accounts.

Contract Maintenance Fee

The contract maintenance fee (the "Annual Fee") is an annual flat fee, which typically ranges from $30 to $50 per year. The Annual Fee is paid to keep the contract in force and is automatically deducted from the balance of your account. The Annual Fee is assessed with respect to contracts that are under a pre-determined amount, such as $50,000, and is typically waived by the insurance company for contracts exceeding this amount.

Underlying Sub-Account Fees and Expenses

Underlying sub-account fees and expenses typically range from 0.28% to 3.26% of the value of the sub-accounts per year. These fees and expenses cover two aspects of the investment portion of the annuity: management fees and sub-account expenses. Management fees cover the costs of managing the portfolio in a sub-account. Sub-account expenses include the cost of buying and selling securities as well as administering the sub-account. These expenses are assessed against the value of the sub-accounts and do not result in the surrendering of units within the contract. Please refer to the prospectus of the applicable underlying sub-account to learn more about these fees.

Buffer Annuity Fees and Expenses

While the segments available for investment do not charge fees, the calculation of the "Interim Value" of a segment (i.e., the value of an accumulation in a segment prior to the end of the duration) is linked to the market value of the assets underlying the index, put/call options on the relevant index and/or the current index price. A pro-rata cap will apply to the Interim Value. For example, for a 1-year segment with a cap of 12%, the Interim Value cannot be more than 6% of the initial investment after 6 months. In addition, any amount allocated to a variable investment option, if applicable, is subject to the fees and expenses associated with a variable annuity.

Optional Benefit (Rider) Fees and Expenses

The following fees and expenses are assessed if you choose the corresponding optional benefit (rider) for your annuity product.

Guaranteed Minimum Accumulation Benefit ("GMAB")

This optional benefit is subject to an annual fee that generally ranges from 1.00% to 1.25% per year of the guaranteed amount of income from the annuity (the "benefit base").

Guaranteed Minimum Income Benefit ("GMIB")

This optional benefit is subject to an annual fee that generally ranges from 1.15% to 1.30% of the benefit base per year.

Guaranteed Minimum Withdrawal Benefit
This optional benefit is subject to an annual fee that generally ranges from 0.55% to 1.60% of the benefit base per year. The fee is generally higher for benefits that provide lifetime payments and even higher for those that provide payments for two lives.

Earnings Enhanced Death Benefit
This optional benefit is subject to an annual fee that generally ranges from 0.25% to 0.55% of the contract value per year.

Percent Roll-up Death Benefit
This optional benefit is subject to an annual fee that generally ranges from 0.55% to 0.90% of the benefit base per year.

Maximum Anniversary Value Death Benefit
This optional benefit is subject to an annual fee that generally ranges from 0.20% to 1.00% of the contract value per year depending on the frequency of potential step ups and how the benefit base is reduced by withdrawals.

Greater of Percent Roll-up and Maximum Anniversary Value Death Benefit
This optional benefit is subject to an annual fee that generally ranges from 0.65% to 1.30% of the benefit base per year.

Third-Party Compensation
CGMI receives compensation from annuity providers in the form of commissions, revenue sharing, and other types of fees, charges and payments as set forth here and in the Customer Documents. Certain annuity providers pay CGMI more compensation than others. In the case of revenue sharing, payments can be based on aggregate customer holdings across CGMI customer accounts and the amount CGMI and its affiliates receive can vary significantly from insurance company to insurance company. Please refer to the "How Citigroup Life Agency, LLC (which in California operates as Citigroup Life Insurance Agency, LLC), Citigroup Global Markets Inc. and Your Financial Advisor Are Compensated When You Buy an Annuity" section of the INAI.

ADDITIONAL INFORMATION

Key Risks
Annuity products may involve significant risks and are not appropriate for everyone. Some of those risks are described below, but each annuity product has unique and specific risks. With variable annuity products, returns are not guaranteed, and an investor could lose some or all of his or her investment. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including in the applicable annuity contract and prospectus, when evaluating an annuity product.

Insurance Company Risk
The financial strength of the insurance company that issues the annuity contract backs all guarantees of the annuity, including the death benefit, living benefits, and annuity payments. Annuity holders are exposed to the risk that the insurance company experiences financial distress and is unable to meet its contractual obligations to the holder.

Investment Risk
Buffer Annuities. The buffer annuity may be protected by a "buffer" or "shield" that is a set percentage of loss that the insurance company is willing to absorb before deducting value from the buffer annuity. Notwithstanding any buffer or shield, buffer annuity holders may lose money, including the potential loss of a substantial portion of their original investment. The value of the buffer annuity holder's investment and any returns will depend on the performance of the selected index or indices and any available investment options he or she chooses and is subject to market fluctuation and other investment risks.

Variable Annuities. Variable annuities are not a short-term investment product and are not appropriate for all investors. The potential to incur surrender charges, and the annuity tax deferral and living benefit protections, mean that variable annuities are typically most beneficial to investors with a long term investment time horizon. Variable annuity holders may lose money, including the potential loss of their original investment. The value of the annuity holder's investment and any returns will depend on the performance of the investment options he or she chooses and is subject to market fluctuation and other investment risks.

Optional Benefits (Riders) Risk
The optional benefits and riders discussed above may carry investment restrictions, or the benefits of the optional benefits (riders) may be significantly reduced if withdrawals over a certain amount are made or if withdrawals are taken before you reach a certain age.

Registered Representative Compensation
The fees and other revenue derived by CGMI from annuity products contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. Some annuity products that impose higher fees, costs and expenses than others may provide a greater amount that contributes to, or is factored into, your Registered Representative's compensation. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Customer Eligibility

There is no minimum net worth or customer asset level required to purchase annuity products, except that customers must have a minimum liquid net worth of $200,000 or greater to purchase a buffer annuity. The minimum purchase amount of an annuity product varies by product and is set forth in the marketing material, and if applicable, the prospectus. Investment advisory accounts are not eligible to purchase annuity products.

Offshore Availability

Not all annuity products are available for purchase by offshore customers.

Other Laws, Rules, or Regulations

Annuities are subject to regulation under state law (as with all insurance products). Certain states impose additional limitations on the offering of annuity products to residents of its state. Such limitations include imposition of additional standards of care and limits on fees and premiums charged as well as commissions payable to selling agents and Registered Representatives.

Variable and buffer annuities are also subject to regulation under state and federal securities law. Annuities also may be subject to the National Association of Insurance Commissioners Model Regulations, such as Senior Protection and Annuity Transactions, depending on the state. FINRA considers variable annuities to be complex products and provides guidance regarding the suitability of sales of these products, especially to seniors. FINRA also has specific suitability rules regarding annuities (including Rule 2330 – Members' Responsibilities Regarding Deferred Variable Annuities), requiring that Registered Representatives make an independent determination as to whether a recommended investment in a variable annuity is suitable for a particular customer, taking into account, among other things, the customer's investment objectives and financial needs.

Revenue Sharing

Neither CGMI nor CLA bases its decision to offer an annuity carrier or its variable products on whether the provider agrees to pay to CGMI or its affiliates any revenue sharing payments.

Other Types of Annuities

Registered Representatives can recommend other types of annuities that are not described in this Disclosure Statement, including fixed, income and indexed annuities. A fixed annuity offers tax-deferred accumulation of assets, through guaranteed fixed rates of return, flexibility to access money, a death benefit guarantee and a variety of payout options, including guaranteed lifetime income through annuitization. An income annuity provides a regular stream of guaranteed income for a specified number of years or for the life of one or two people. An indexed annuity typically seeks to provide the contract owner an investment return based on a formula linked to the change in the level of one or more widely followed financial market indices, such as the S&P 500. For more information about these annuity products, please contact your Registered Representative.

CGMI previously made available offshore investment products which were similar to variable annuities. Those offshore investment products are not registered with the SEC as investment companies, but are registered, if required, in other applicable jurisdictions. These offshore investment products were available only to qualifying customers located outside the United States. These products are no longer available for purchase or add-on payments. However, Registered Representatives can recommend sub-account reallocations to customers who already own these offshore investment products. These customers are encouraged to review carefully the prospectus or offering document for each sub-account in which they are considering making an investment.

CONFLICTS OF INTEREST

The following paragraphs discuss the conflicts of interest presented by variable annuities generally, but conflicts are particular to each annuity. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating a variable annuity.

Compensation

Each time an annuity product is purchased through a Registered Representative, the annuity provider pays CLA compensation in the form of a commission. As discussed above, the amount of compensation that contributes to or is factored into your Registered Representative's compensation varies by annuity product. As a result of this compensation structure, a Registered Representative has an incentive to recommend annuity products that maximize his or her compensation.

CGMI and its affiliates receive compensation from third parties, such as insurance companies that issue annuities, in the form of commissions, revenue sharing and other types of fees, charges and payments. Certain third parties pay CGMI more compensation than others. In the case of revenue sharing, payments can be based on aggregate customer holdings across CGMI customer accounts and the amount CGMI and its affiliates receive can vary significantly from insurance company to insurance company.

Payments received by CGMI in respect of your investments contribute to or are factored into your Registered Representative's overall compensation. As a result of this compensation structure, CGMI, its affiliates and, indirectly, your Registered Representative, have an incentive to recommend annuity products and investments in the products offered by third parties that maximize their compensation.

For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

Marketing Support, Conferences, Sales Meetings, and Similar Activities; Registered Representative Access
CGMI receives marketing and training support payments, conference subsidies, and other types of financial and non-financial compensation and incentives from certain mutual fund companies, annuity and insurance companies and other investment product distributors, broker-dealers and other vendors to support the sale of their products and services to CGMI customers. CGMI or its affiliates also coordinate with certain fund families, or insurance and annuity providers in developing marketing, training and educational plans and programs, and this coordination might be greater with some fund companies or insurance and annuity providers than others, depending on relative size, quality and breadth of fund or product offerings, customer interest and other relevant factors. Although all approved fund companies or insurance and annuity providers are provided with access to branch offices and Registered Representatives, some fund companies or providers devote more staff or resources to these activities. For more information, please see "Marketing Support, Conferences, Sales Meetings, and Similar Activities; Registered Representative Access" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

Receipt of Gifts, Gratuities and Nonmonetary Compensation by Registered Representatives and CGMI
From time to time, certain third-party vendors (such as investment product distributors and providers, mutual fund companies, wholesalers, etc.) provide Registered Representatives or CGMI or its affiliates with non-monetary gifts and gratuities. For more information, please see "Gifts, Gratuities and Nonmonetary Compensation" under "Additional Conflicts of Interest" in Part Three of this Disclosure Statement.

SECTION 529 QUALIFIED TUITION PLANS

PRODUCT DESCRIPTION

Section 529 Qualified Tuition Plans ("529 Plans") are tax-advantaged education savings plan trusts through which individuals are permitted to make investments for the purpose of accumulating savings for qualifying education costs for beneficiaries. Investments through a 529 Plan often receive favorable state tax treatment and other benefits offered by the state or local government entity establishing the 529 Plan for eligible residents. 529 Plans provide access to investments in various portfolio options, which often include various mutual funds and exchange-traded fund portfolios and a principal protected bank product. These portfolios also may include static fund portfolios and age-based portfolios (sometimes called target-date portfolios). Typically age-based portfolios automatically shift toward more conservative investments as the beneficiary gets closer to college age. 529 Plans have investment features similar to mutual funds and variable annuities. Certain 529 Plans are custodied at clearing firms like Pershing. Only CPWM offers 529 Plans, and CPWM currently offers only one 529 Plan—the College America Plan sponsored by the commonwealth of Virginia (the "Virginia Plan"). The Virginia Plan is managed by American Funds.

Information about the 529 Plan in which you invest can be found in the 529 Plan Program Documents and Supplement ("Plan Documents") and the prospectuses that correspond to the 529 Plan's underlying investments. You may also find information on the website of the 529 Plan's sponsor. More information about the Virginia plan is available online at:

- https://www.capitalgroup.com/individual/products/college-america-529.html

FEES, COSTS AND EXPENSES

Sales Charges
If you invest in a 529 Plan through Registered Representative, you will pay sales and distribution charges each time you make an investment in a fund offered through the 529 Plan. For certain 529 Plans, different share classes of underlying funds may be available. Sales charges generally range from 1.00% to 5.75% depending on the share class of the underlying fund.

Other Fees
You will pay other fees that differ by the 529 Plan and portfolio you choose. Costs and expenses typically include enrollment/application fees, underlying fund expenses, administration fees, annual distribution and servicing fees and account fees. Please refer to the 529 Plan Documents for the specific plan you choose to learn more about the current fees you will pay.

Management Fees and Expenses
Management fees and expenses are charged by the underlying investment fund in which you invest through the 529 Plan. They include management fees to compensate the manager of the underlying product as well as custodial, legal, accounting and transfer agent expenses associated with managing and administering the fund.

Administration Fees

Some 529 Plans charge an administration fee to cover expenses incurred by the sponsoring state in connection with the operation of the 529 Plan.

Distribution and Servicing Fees

These fees are charged by the underlying funds in which you invest through the 529 Plan. Distribution and servicing fees cover expenses related to the distribution and servicing of 529 Plan accounts. These fees also cover administrative costs, including the cost of transferring underlying funds between sub accounts, tracking deposits, issuing confirmations and statements, record keeping and customer service.

Account Fee (Annual Fee)

Some 529 Plans charge an initial account opening fee and an annual fee regardless of the balance of the account. These fees may be waived in certain 529 Plans.

Third-Party Compensation

CGMI receives a portion of the sales charges investors pay based on a schedule described in the Plan Documents. CGMI also receives a portion of the distribution fees, also known as 12b-1 fees (sometimes called "trails" or "trailer fees") that are charged on an ongoing basis by the underlying funds offered through a 529 Plan. You will bear your proportionate share of an underlying fund's 12b-1 fees for as long as you continue to own your shares. 12b-1 fees constitute compensation for marketing, distribution, shareholder support services and other services. Because 12b-1 fees are charged as a percentage of the fund's total assets attributable to the applicable share class, they reduce the investment return of the fund. 12b-1 fees vary from fund to fund and, within the same fund from share class to share class.

ADDITIONAL INFORMATION

Key Risks

529 Plans, like other investments, are subject to certain risks. Some of those risks are described below, but each 529 Plan has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including the applicable Plan Documents and prospectus, when evaluating a 529 Plan.

Switching Between Options

Many 529 Plans have certain pre-set investment options, but investors are generally limited in their ability to switch freely among the options.

Withdrawals and Tax Benefits

Furthermore, with limited exceptions, an investor can only withdraw money in a 529 Plan for qualified higher education expenses or tuition for elementary or secondary schools without incurring taxes and penalties. While each educational institution may treat assets held in a 529 account differently, investing in a 529 plan will generally impact a student's eligibility to receive need-based financial aid for college.

Many states offer tax benefits for contributions to a 529 plan. These benefits may include deducting contributions from state income tax or matching grants but may have various restrictions or requirements. In addition, you may only be eligible for these benefits if you invest in a 529 plan sponsored by your state of residence. If you use your 529 Plan account withdrawals for qualified higher education expenses or tuition for elementary or secondary schools, earnings in the account are not subject to federal income tax and, in many cases, state income tax. If, however, 529 account withdrawals are not used for qualified higher education expenses or tuition for elementary or secondary schools, they will be subject to state and federal income taxes and an additional federal tax penalty on earnings.

The tax benefits of investing in a 529 Plan vary. In addition, state and federal laws that affect 529 Plans could change. You should make sure you understand the tax implications of investing in a 529 plan and consider whether to consult a tax advisor.

Because investing in a 529 Plan sponsored by a state other than your state of residence can limit your tax benefits, favorable state tax treatment or other benefits may only be available through the 529 Plan sponsored by your or the beneficiary's state of residence.

Registered Representative Compensation

The fees and other revenue derived by CGMI from 529 Plans contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Virginia Plan

CGMI only offers 529 Plans custodied on the Clearing Firm's platform. Currently CGMI only offers the Virginia Plan. Before recommending a 529 Plan to you, your Registered Representative must have reasonable grounds to believe that the 529 Plan, the share class of the underlying fund(s), and the investment option selected are both suitable for you under applicable suitability rules and in your best interest under applicable SEC rules. Nevertheless, because only a single 529 Plan is available through CGMI, your Registered Representative may not evaluate whether another 529 Plan that may be available to you would be a more appropriate 529 Plan than the 529 Plan offered through CGMI. You should understand that other 529 Plans available to you may have more favorable tax treatment and/or costs and expenses than the 529 Plan offered by CGMI. In particular, many states offer direct-sold 529 Plans in which investors can participate without paying additional broker-charged fees like those CGMI charges. Some 529 Plans also offer fee waivers if the investor accepts electronic-only delivery of documents or enrolls online.

Customer Eligibility

The Virginia Plan and many other 529 Plans have a minimum investment amount, although there is no minimum net worth or asset level requirements. The required minimum purchase is set forth in the Virginia Plan's 529 Plan Documents.

Share Classes

529 Plans offer different share classes similar to the different share classes that are available when you invest directly in mutual funds. Share classes differ based on the sales charges and 12b-1 fees that apply. Class A share classes typically charge a comparatively higher front-end sales charge and lower ongoing 12b-1 fees and expenses, while Class C share classes typically do not charge a front-end sales charge but are subject to a contingent deferred sales charge that is assessed upon withdrawals from the 529 Plan and higher ongoing 12b-1 fees and expenses. Class B shares do not charge a front-end sales charge but are subject to a contingent deferred sales charge that is assessed upon withdrawals from the 529 Plan as well as comparatively higher ongoing 12b-1 fees and expenses. Most 529 Plans and mutual funds no longer offer Class B shares to new investments.

When choosing between share classes of a 529 Plan, you should primarily consider the amount you plan to invest and your anticipated holding period. Your holding period will generally be based on when you expect to use the 529 Plan investment to pay for qualified education expenses for the 529 Plan beneficiary. Over time, you will generally pay higher fees and expenses and will experience lower investment returns with Class C shares than you would with Class A shares as a result of the ongoing 12b-1 fees and expenses that Class C shares charge. As a result, you generally should purchase Class A shares if you expect to hold the investment for a period of time exceeding roughly 7 years, and Class C shares are generally more appropriate for investment periods roughly spanning no longer than 7 years. Class A shares are also generally more appropriate than Class C shares for large investments.

You may be eligible for sales charge reductions or "breakpoints" based on the size of your investment in a 529 Plan. You may also be eligible for "rights of accumulation," which apply if the amount you invest in a 529 Plan, combined with other assets you and your family have invested in the same 529 Plan and other funds managed by the 529 Plan's investment manager, exceed certain thresholds. Breakpoints and rights of accumulation vary from plan to plan.

CONFLICTS OF INTEREST

The following paragraph discusses the conflicts of interest presented by 529 Plans generally, but conflicts are particular to each 529 Plan. Customers should give careful consideration to the conflict disclosures found in the relevant 529 Plan Documents and other Customer Documents when evaluating a 529 Plan.

Compensation

CGMI receives compensation from 529 Plans that varies from fund to fund, and within funds from share class to share class. That compensation includes sales charges and 12b-1 fees. The amount of that compensation also varies based on applicable waivers and other factors like the amount that you invest. Because compensation to CGMI and your Registered Representative can vary and is dependent upon the fund and share class purchased and/or the amount of the investment, CGMI and your Registered Representative have an incentive to recommend a mutual fund family or share class within a 529 Plan that maximizes their compensation. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

DONOR-ADVISED FUNDS

PRODUCT DESCRIPTION

A donor-advised fund ("DAF") is a philanthropic vehicle established at a public charity. It allows you to make charitable contributions, receive an immediate tax benefit, and then recommend grants by the fund to charities over time. You contribute to the fund as frequently as you like and then recommend grants to your favorite charities when you are ready. Only CPB and CPWM offer DAFs.

CGMI has selected two sponsoring organizations for customers who wish to take advantage of a DAF for charitable giving and tax planning purposes. CPB customers are referred to National Philanthropic Trust ("NPT"), and CPWM customers are referred to American Endowment Foundation ("AEF"). CGMI does not receive a referral fee when customers open a DAF with either NPT or AEF.

How it works:

- You make an irrevocable contribution of personal assets to the DAF to which you are referred.
- You immediately receive the maximum tax deduction that the IRS allows.
- You can name your DAF account, CGMI Registered Representatives, and any successors or charitable beneficiaries, but the account and its assets are owned by the DAF.
- The DAF invests your contributions in an investment account where it can grow tax free.
- At any time afterward, you can recommend grants from the account to qualified charities.

AEF will invest the donations it receives from you through one or more managed accounts at CGMI. The approved investment advisory programs are:

- Citi Multi Asset Class Solutions ("MACS");
- Model Allocations Portfolios Program — Blackrock and Franklin Templeton strategies; and
- Fiduciary Services.

NPT will invest the donations it receives from you through the MACS program.

More information about NPT and AEF is available online:

- http://www.nptrust.org
- http://www.aefonline.org

FEES, COSTS AND EXPENSES

You, the donor, do not directly pay any fees to CGMI. Fees for the DAF's services are paid to the DAF according to a separate agreement established between you and the DAF. Please contact the DAF to confirm the current fee schedule.

ADDITIONAL INFORMATION

Key Risks

DAFs, like other investments, are subject to certain risks. Some of those risks are described below, but each DAF has unique and specific risks. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents when evaluating whether to establish a DAF.

Once you establish a donor-advised fund with a DAF, you relinquish ownership of those assets. While the DAF represents that you will be permitted to recommend charities to which the DAF can donate, your role is advisory only. The ultimate disposition of your donations is controlled by the DAF.

There is a risk that the tax deduction you hoped to receive for your donation is less than expected due to regulatory changes or unforeseen circumstances. CGMI does not provide tax advice, so you should consult with a tax advisor prior to making a donation to a DAF.

Registered Representative Compensation

The fees and other revenue derived by CGMI from DAFs—including fees with respect to investment advisory programs—contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Compensation of Registered Representatives" in Part One of this Disclosure Statement.

Qualifications and Limitations

Minimum Contribution

With AEF the minimum initial contribution is $10,000 and a $1,000 minimum applies for each additional contribution. With NPT, the minimum initial contribution is $500,000, but no minimum applies for additional contributions.

Offshore Availability

DAFs are offered to US resident customers only.

Referrals to NPT and AEF Only

CPB only makes referrals to NPT and CPWM only makes referrals to AEF, not to other donor-advised funds.

CONFLICTS OF INTEREST

The following paragraph discusses the conflicts of interest presented by DAFs generally, but conflicts are particular to each DAF. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating whether to establish a DAF.

Compensation

A DAF invests your charitable contributions in investment accounts managed through CGMI. A DAF pays investment advisory fees to CGMI in accordance with the applicable investment advisory program in which the assets of the DAF are invested. CGMI and its Registered Representatives benefit (directly or indirectly) from these fees, which incentivizes us to recommend NPT or AEF as a DAF. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

EXCHANGE FUNDS

PRODUCT DESCRIPTION

Exchange funds ("Exchange Funds") are special-purpose, privately offered equity funds designed to meet the diversification needs of investors holding concentrated positions in selected stocks. Sometimes the security that dominates a portfolio is that of a current or former employer. In other cases, the concentrated position results from a merger or acquisition. An investment in an Exchange Fund is made by making an in-kind contribution of shares of one or more acceptable stocks for an interest in the Fund. Contributions of appreciated stock to a properly structured Exchange Fund are not taxable under current federal law. The investor benefits from the ability to diversify a large concentrated equity position into a number of other equity holdings without selling and realizing capital gains taxes on the original position.

The Exchange Fund structure reduces overall exposure to the investor's concentrated position and may provide enhanced returns as compared to selling the concentrated position, incurring capital gains taxes on the proceeds, and then investing the after-tax proceeds. For the contribution of appreciated stock to an Exchange Fund to be nontaxable, not more than 80% of the assets of the Exchange Fund can consist of "stock and securities" as defined in the federal tax code. As a result, for each $80 of stock investments held in an Exchange Fund, the Fund must have at least $20 of so-called "qualifying assets." Qualifying assets are generally real estate investments financed with borrowings. The Fund acquires the real estate assets borrowing from a floating rate credit facility collateralized by the contributed equity positions.

For an investor to receive the full diversification benefit of an Exchange Fund, the investor's contributed stock position must be invested in the Exchange Fund for 7 years from the investor's last contribution to the Fund. The investor may withdraw contributions before the 7 year period. The investor will incur a 1% redemption fee for a withdrawal during the first 3 years. During the first 7 years following an investor's final Fund contribution, stocks contributed by a redeeming shareholder are generally distributed first. The investor will receive the lesser value of his or her contributed stock or the value of his or her Fund interests. In cases where the investor's contributed stock is less than the value of the Fund, the investor is entitled to his or her remaining interest in the Fund after the 7 year investment period.

After 7 years, a redeeming investor may elect to receive a diversified basket of the Fund's portfolio securities without incurring capital gains taxes for the exchange. Redemptions are based on the current NAV of the Exchange Fund strategy. Interests in the Exchange Fund may be redeemed in whole or in part.

Investors who choose to redeem after seven years typically receive between 25 to 35 equity positions. The investor may request more or fewer positions and may also request particular securities as part of this redemption, but ultimately the distributed positions are approved by the Exchange Fund Manager. The Manager is responsible for managing which positions are accepted and which will be distributed in redemptions. Distributed positions are typically those that are overweight in the Fund strategy, as compared to the applicable index benchmark. This allows capacity for those positions or positions from those sectors to be accepted in future subscription periods. The investor's initial tax basis in the Fund is transferred to the distributed securities.

The NAV of the Exchange Fund is calculated monthly to coincide with redemption periods for customers. The securities portion of the Fund is determined using the value of the underlying equities within the Exchange Fund strategy. The NAV of the portion held in real estate holdings is evaluated quarterly by an outside valuation agent. The initial value ascribed to a real estate asset is the acquisition price. Real estate assets are priced daily based on an amortization schedule and applied to the monthly NAV used for redemption calculations. The legal structure of Exchange Funds varies. The typical Exchange Fund is structured as a limited liability company or limited partnership. Exchange Funds' qualified assets are generally held by a private REIT.

Currently, the offering of Exchange Funds is closed to new investors. CPB and CPWM anticipate the ability to offer Exchange Funds during 2022. Investors are strongly encouraged to read the sales literature accompanying each Exchange Fund, as each Fund is different. In particular, review of the PPM is important to understanding the features, costs and potential benefits and risks of each particular Exchange Fund.

FEES, COSTS AND EXPENSES

Sales Charges

Sales charges and other fees apply to Exchange Fund transactions and may be charged directly to your investment or to the Exchange Fund itself, including subscription fees, placement fees and ongoing sales and service charges and potential penalties for selling before the recommended holding period. These fees and charges may differ between Exchange Funds. The following are examples of such fees and charges and do not represent the fees applicable to any particular Fund:

Subscription Fee

1.5%: Less than $2 million investment.

1.0%: At least $2 million, but less than $5 million.

None: More than $5 million.

Early Redemption Fee

Applies for three years (subject to certain exceptions).

1% of the NAV of the shares redeemed paid to the Exchange Fund manager.

Ongoing Fees and Expenses

Exchange Fund investors incur indirectly a proportionate share of the Fund fees and expenses. The types and amounts of fees and expenses vary from Fund to Fund and are described in the Exchange Fund PPM. The following are examples of Fund fees and expenses and do not represent the fees and expenses applicable to any particular Fund.

Advisory, Management, Administration and Distribution Fees

The fees for advisory, management, administration and distribution services are a set percentage of average daily gross assets, typically 0.60% to 0.70% charged annually.

Shareholder Servicing Fee

The shareholder servicing fee is an annual rate of 0.25% of average daily net assets.

Incentive Compensation

CGMI receives from the Exchange Fund Manager, as incentive compensation, one percent (1%) of the value of the shares purchased at a Closing by each customer, which is determined by the Exchange Value of the securities actually invested in the Fund by the customer as of the close of business on the business day immediately preceding the Closing.

ADDITIONAL INFORMATION

Key Risks

Exchange Funds, like other investments, is subject to certain risks. Some of those risks are described below, but each Exchange Fund has unique and specific risks. There can be no assurance that the offering of a Fund will not be discontinued without advance notice or that the Fund will continue to operate in the manner described in its PPM indefinitely. Customers should give careful consideration to the risk disclosures found in the relevant Customer Documents, including the applicable PPM, when evaluating an Exchange Fund.

Tax

The risk that the contribution of appreciated securities may be a taxable transaction. Changes to federal tax laws and regulations applicable to an investment in the Fund could affect the Fund's ability to accept shareholders. Such changes could also impact the ability of the Fund to operate in the manner described in the PPM.

Real Estate Investment

The risks of investing in the real estate investments and other "qualifying assets" (as further described in the PPM), including issues related to valuation and the acquisition of real estate investments from other funds sponsored by the Fund's affiliates.

Markets

Investments in securities are subject to market volatility, including the possible loss of principal. Also, the asset class in which the Fund is invested may not perform according to an investor's expectation.

Liquidity

The Risk that a loss may arise if a customer redeems an investment due to personal liquidity needs when the market is down. For an investor to receive the full diversification benefit of an Exchange Fund, the investor's contributed stock position must be invested in the Exchange Fund for 7 years from the investor's last contribution to the Fund. An investor will also incur a redemption charge if the investor redeems during the first 3 years following the contribution to the Fund. Large redemptions (more than 10% of the Fund value) from other Fund holders may suspend the NAV (as disclosed in the specific Fund PPM) of a Fund.

Active Management
Exchange Funds are actively managed and their performance largely depends in the investment decisions of the Manager. The performance of individual Funds will differ to some degree from the stated benchmark index, the Fund peer group, or the target absolute return. Individual Fund performance may fall short of the investor's expectation. Historical individual Fund performance is not an indicator of future performance.

Restricted Securities
Restricted Securities contributed by shareholders should generally be eligible for public resale by the portfolio pursuant to Rule 144 of the Securities Act of 1933 after a holding period of not more than six months. However, Restricted Securities may also be subject to contractual restrictions on resale, which may impose a longer period before such securities may be publicly sold.

Restrictions on the Transferability of Shares
Other than transfers to the Fund in a redemption, transfers of shares are expressly prohibited. Shares of the Fund have not been and will not be registered under the Securities Act of 1933.

Hedging
Changes in the value of investments in qualifying assets and hedging instruments used to fix or limit the cost of borrowings to acquire qualifying assets and other factors will likely cause the performance of the Fund to differ from the performance of the Fund's securities portfolio, and the performance differential may be significant.

Registered Representative Compensation
The fees and other revenue derived by CGMI from Exchange Fund sales contribute to or are factored into the compensation received by your Registered Representative, according to the standard compensation plan that applies to his or her line of business. For more information about the compensation plan that applies to your Registered Representative, please see "Registered Representative Compensation" in Part One of this Disclosure Statement.

Qualifications and Limitations Customer Eligibility
Investment in an Exchange Fund is limited to customers that meet the definition of an "accredited investor" under Reg. D of the Securities Act and a "qualified purchaser" in the 1940 Act. The product is not intended for retirement accounts or non-US based accounts.

Availability
The product is offered through a Registered Representative and is not available via the National Investor Center or online. CGMI offers only Exchange Funds that have been approved for sale to customers based upon our due diligence and product approval process. Other Exchange Funds are available outside of our platform.

Options for Reduced or Waived Sales Charges
Depending upon criteria that vary from Fund to Fund, investors may be entitled to a reduction of sales charges pursuant to a Fund's PPM. In some cases, you may be able to negotiate a reduction of the subscription fee at the discretion of your Registered Representative.

CONFLICTS OF INTEREST

The following paragraph discusses the conflicts of interest presented by Exchange Funds generally, but conflicts are particular to each Exchange Fund. Customers should give careful consideration to the conflict disclosures found in the relevant Customer Documents when evaluating an Exchange Fund.

Compensation
As described above, CGMI receives the incentive compensation, the subscription fee, and the shareholder servicing fee in connection with an investment in an Exchange Fund. The amount of such compensation increases as the amount invested increases and may result in greater compensation to CGMI or a Registered Representative than it could earn from the sale of other products or the provision of other services to the investor. Receipt of this compensation gives CGMI and your Registered Representative an incentive to recommend an Exchange Fund. For more information, please see "Key Conflicts of Interest" in Part Three of this Disclosure Statement.

GLOSSARY

1940 Act: The Investment Company Act of 1940, as amended

529 Plan: A Section 529 Qualified Tuition Plan

ADR: American Depository Receipt

AEF: American Endowment Foundation

Annual Fee: The contract maintenance fee for a variable annuity

AUM: Assets under management

BCMA: The Banking, Capital Markets and Advisory division of CGMI

BDP: The FDIC-insured Bank Deposit Program

Benefit base: The guaranteed amount of income from an annuity

BOX Exchange: BOX Exchange, LLC

Breakpoints: Sales charge reductions or waivers based on the size of your investment in a mutual fund

Cannabis-related securities: Equity securities of companies that manufacture, sell, package, or distribute cannabis or cannabis-related products, packaging, or paraphernalia

Cash sweeps: The settlement choices available to customers

CBOE: Chicago Board Options Exchange

CD: Certificate of deposit

CDMI: Citigroup Derivative Markets Inc.

CDSC or Surrender Charge: Contingent deferred sales charge

CEF: A closed-end fund

CES: Claim elimination securities

CGMI: Citigroup Global Markets Inc.

Citi Employee Investors: Employees of CPA, CGMI and their affiliates, immediate family members of such employees, and directors of Citi

Citi HF Team: Citi's Hedge Fund Research and Management team

Citi Loan Rate: The interest rate charged for margin loans

Citi PERE Team: Citi's Private Equity and Real Estate Research and Management team

Citi Wealth: CPWM and CPII

Citibank: Citibank, N.A.

Citigroup: Citigroup Inc.

CLA: Citigroup Life Agency LLC

Clearing Firm: Pershing LLC

CMOs: Collateralized Mortgage Obligations

CPA: Citi Private Advisory LLC

CPB Commission Schedule: CPB's current commission schedule

CPB Fee Schedule: CPB's current fee schedule

CPB: Citi Private Bank

CPC: Citigold Private Client

CPII Commission Schedule: CPII's current commission schedule

CPII Fee Schedule: CPII's current fee schedule

CPII: Citi Personal Investments International

CPWM Commission Schedule: CPWM's current commission schedule

CPWM Fee Schedule: CPWM's current fee schedule

CPWM: Citi Personal Wealth Management

Customer Documents: Any and all other disclosure and other documents provided to you now or in the future

DAF: A donor-advised fund

Dealer concession: The portion of the sales charges that investors pay to a UIT sponsor that is received by CGMI

Deposit Accounts: The transaction account and money market account made available at Program Banks

Disclosure Statement: This Regulation Best Interest Disclosure Statement and Related Information for Retirement Accounts

ECM or the ECM Desk: The Equity Capital Markets unit within BMCA

Equity Syndicate: A group of underwriters who jointly underwrite equity securities

ERISA plans: Employee benefit plans subject to ERISA

ERISA: The Employee Retirement Income Security Act of 1974, as amended

ETF: Exchange-traded fund

Exchange Act: The Securities Exchange Act of 1934, as amended

Exchange Funds: Special-purpose, privately offered equity funds designed to meet the diversification needs of investors holding concentrated positions in selected stocks

FDIC: Federal Deposit Insurance Corporation

Feeder: A private investment fund organized to invest primarily in a particular Master Company

FINRA: The Financial Industry Regulatory Authority

FPSL: Fully paid securities lending

Fund of Hedge Funds: A private investment fund of funds organized to invest primarily in a portfolio of Hedge Funds

Fund of PERE Funds: A private investment fund of funds organized to invest primarily in a portfolio of PE Funds, RE Funds and RE Co-investment Vehicles or Feeders

GDN: Global Depositary Note

GDR: Global Depository Receipt

GEB: Global Executive Banking

GMAB: Guaranteed Minimum Accumulation Benefit

GMIB: Guaranteed Minimum Income Benefit

HF Products: Hedge funds

IB/ECM Team: Employees in BCMA's Investment Banking unit, together with the ECM Desk,

IIV: Intraday Indicative Value

INAI: Important New Account Information

Interest Rate Tiers: The tiered amounts of interest paid by Program Banks

IPO: Initial public offering

IRA or retirement account: Individual Retirement Accounts

LEAPS: Long-term equity anticipation securities

LIBOR: The London Inter-Bank Offered Rate

Loads: Front-end sales charges

M&E: Mortality & Expense Risk Charge

MACS: Citi Multi Asset Class Solutions: an investment advisory program

Master Company: A Hedge Fund, PE Fund or RE Fund in which a Feeder primarily invests

MLDs: Market-linked certificates of deposit

NAV: Net asset value

New issue offerings: New bonds issued in the primary market

NPT: National Philanthropic Trust

OCC: The Options Clearing Corporation

ODD Team: The Operational Due Diligence team within CPA

OTC: Over-the-counter

OTCBB or Bulletin Board: OTC Bulletin Board

PE Funds: Private equity funds

Penny Stocks: Certain low priced securities

PERE Products: PE Funds and RE Funds

Pink Sheets: Pink OTC Markets Inc.

Plan Documents: Any 529 Plan Program Documents and Supplement

Portfolio Manager: The third-party investment manager or investment adviser of a Master Company or Underlying Fund

POS: Plan of solicitation

PPM: Private placement memorandum

Product: A brokerage product or service available to customers

Program Bank: A depository institution involved in the BDP

Promontory: Promontory Interfinancial Network

QIB: Qualified institutional buyer

RE Funds: Real estate funds

Reg. D: Regulation D under the Securities Act

Reg. S: Regulation S under the Securities Act

Reg. T: Federal Reserve Regulation

Reg. U: Federal Reserve Regulation U

Registered Representatives: The sales personnel who make recommendations to prospective customers and customers regarding securities-related brokerage activities of CGMI

Regulation BI: Regulation Best Interest under the Exchange Act

REIT: Real Estate Investment Trust

S&P 500: The S&P 500 Composite Stock Price Index™

S&P: Standard & Poors

SAI: Statement of additional information

SEC: The United States Securities and Exchange Commission

Securities Act: Securities Act of 1933, as amended

Select Link Balance: The aggregate of the assets in eligible CGMI accounts using the Select Link statement package

SETG Desk: The Special Equity Transactions Group

Sub-accounts: The professionally managed portfolios that are investment options for a variable annuity

UIT: A unit investment trust

Underlying Fund: A Feeder or a Hedge Fund, PE Fund, RE Fund, or RE Co-investment Vehicle in which a Fund of PERE Funds or a Fund of Hedge Funds primarily invests

Virginia Plan: A 529 Plan—the College America Plan—sponsored by the commonwealth of Virginia

USEFUL INFORMATION

More Information Available

CGMI makes available to customers and prospective customers additional information regarding our services, products and fees.

Below are links to additional disclosures and information referred to in this Disclosure Statement and in the Customer Documents.

Business-Specific	
CPB	ADV: https://www.privatebank.citibank.com/pdf/adv/FormADV-C.pdf CPB Important New Account Information: http://www.citi.com/investorinfo/advisoryprivacy/408b2disclosures/cpb_inai.pdf CPB Commissions and Account Fees: https://www.privatebank.citibank.com/ivc/docs/CPBCommissionsandAccountFees.pdf
CPII	ADV: https://www.privatebank.citibank.com/pdf/adv/FormADV-C.pdf CPII Fees and Equity Commission Schedules for Customers: http://www.citi.com/investorinfo/Fees-and-Commissions-for-CPII_EN.pdf CPII Important New Account Information: http://www.citi.com/investorinfo/assets/docs/INAI-CPII.pdf
CPWM	ADV: https://www.privatebank.citibank.com/pdf/adv/FormADV-C.pdf CPWM Important New Account Information: http://www.citi.com/investorinfo/advisoryprivacy/408b2disclosures/cpwm_inai.pdf CPWM Account and Lending Fees: http://www.citi.com/investorinfo/ CPWM Commissions: http://www.citi.com/investorinfo/
Product-Specific	
Bank Deposit Program	Bank Deposit Program: https://www.privatebank.citibank.com/pdf/adv/Citi_Bank_Deposit_Program.pdf
Annuities	Annuities: http://www.citi.com/investorinfo/advisoryprivacy/408b2disclosures/Annuity_Overview.pdf
Mutual Funds	Mutual Funds: Compensation and Revenue Sharing: http://www.citi.com/investorinfo/mutualfunds/MFCompRevenue.pdf Mutual Fund Share Classes and CGMI Compensation: http://www.citi.com/investorinfo/mutualfunds/MFShareCGMIComp.pdf Mutual Fund Share Transfer Restrictions: http://www.citi.com/investorinfo/mutualfunds/MFsharetransfer.pdf FINRA/SEC Links: http://www.citi.com/investorinfo/finra/index.html

APPENDIX

Please refer to the applicable summary of fees, commissions and other costs applicable to your brokerage account.