OUTLOOK | **2020**

Staying positive in a negative (yielding) world

FINDINGS & OPPORTUNITIES

Private Bank

citi®

Nine steps to strengthen portfolios for 2020 and beyond

1. **Assess your portfolio now.** Request your Outlook Watchlist and discuss opportunities with your Investment Counselor. Seek our Global Investment Lab's insights.

2. **Understand your risk profile.** Adjust your portfolio if your circumstances or risk tolerance has changed.

3. **Don't try and time the markets** - it's a fool's game.

4. **Preserve your portfolio's value** by diversifying globally and adding higher quality assets.

5. **Have a discretionary manager who will rebalance your portfolio** as events unfold.

6. **Manage your cash** - all of it - more wisely.

7. **Explore risk management tools** as well as strategies with different risk-return characteristics.

8. **Create an opportunistic element within your portfolio** to allow you to invest during unusual events and short-term market dislocations.

9. **Seek our advice more frequently**, and let us help you understand the data and interpret the guideposts.

Start today with step one

OUTLOOK | **2020**

Watchlist

Make sure your portfolio is strong. Compare your holdings to our Outlook recommendations.

Failing to follow a disciplined long-term investment plan poses many risks to your wealth.

To help keep your portfolio aligned to your recommended allocation and to our investment themes, we can provide you with a detailed report showing how your portfolio compares to key benchmarks.

Your relationship team can then recommend ways for you to address any issues identified.

More than 3,435 clients received their personalized Outlook Watchlist report in 2019.* Why not request yours from your relationship team today?

*As of 25 Nov 2019. Recommended allocation is the reference allocation that reflects our understanding of your investment objectives and risk tolerance.


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Contents

Staying positive in a negative (yielding) world

DAVID BAILIN, CHIEF INVESTMENT OFFICER

Our goal is to help you stay positive in today's world of negativity and negative rates by looking beyond the daily news

Negative yields and cautious sentiment persist as we enter 2020. We expect global growth to rise from just under 3% in 2019 to somewhat over 3% in 2020.

Consumer demand remained resilient as the downturn that manufacturers expected never came. We expect a modest rebound in both industrial activity and international trade.

Global and US corporate earnings in 2020 may grow 7%+ if policymakers simply choose to avoid escalating the trade war.

The equity rebound will likely continue in early 2020, so look beyond the initial 'snapback'.

By the end of 2020, we see global equity returns of 6% to 8% and fixed income returns of 1% to 2%.[1]

We advise staying fully invested and modifying portfolios to include dividend growers to capture long-term upside. Market timing attempts will likely prove as costly in 2020 as they did in 2019.

1 The forecasts above are as of Nov 2019 and are provided for information purposes only. The investor should not base a decision to enter into a trade solely on the basis of the forecasts. Actual results may vary from the forecast rates provided herein. Forecast rates should not be construed as providing any assurance or guarantee as to future rates.

OUTLOOK 2020: ACTIONS TO TAKE

AVOID NEGATIVE AND EXTREMELY LOW YIELDING BONDS

SHIFT FIXED INCOME HOLDINGS TOWARDS BONDS WITH RELATIVELY ATTRACTIVE YIELDS

SEEK PORTFOLIO INCOME FROM EQUITIES OF FIRMS WITH GROWING EARNINGS AND DIVIDENDS

FAVOR CYCLICAL AND VALUE-ORIENTED EQUITIES AS THE YIELD CURVE STEEPENS IN EARLY 2020

FOR QUALIFIED INDIVIDUALS, CONSIDER SELECT PRIVATE EQUITY AND REAL ESTATE STRATEGIES THAT MAY BENEFIT FROM LOW RATES IN THE LONG TERM

SEEK OUT ACTIVE MANAGERS – INCLUDING HEDGE FUNDS – WHO TRY TO EXPLOIT INEFFICIENCIES IN NON-US MARKETS

ADD CORE AND OPPORTUNISTIC EXPOSURE TO SUSTAINABLE GROWTH SOURCES, INCLUDING OUR UNSTOPPABLE TRENDS

Alternative investments are speculative and entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in the fund, potential lack of diversification, absence of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and advisor risk.

Avoiding the madness of crowds

STEVEN WIETING, CHIEF INVESTMENT STRATEGIST AND CHIEF ECONOMIST

Politics and trade fears caused many investors to miss out in 2019, something we would like them to avoid doing in 2020

Just as politics stoked investor fear in 2019, the same may be in store for 2020. We expect intensifying crowd 'noise', especially around the US election and global political events.

The trade war may become a theme in the 2020 US election campaign, but noise and news require discernment.

Politics has much less of a lasting impact on markets than investors believe. The rebound of manufacturing will be the story in the first half of 2020 and then the focus will shift to 2021's economic prospects.

Timing market entries and exits based on political events is therefore a fool's game. Escalating trade frictions are the biggest risk to our views, as these could derail manufacturing's rebound.

Maintain positively positioned, globally diversified core portfolios for the year ahead – **see opposite**.

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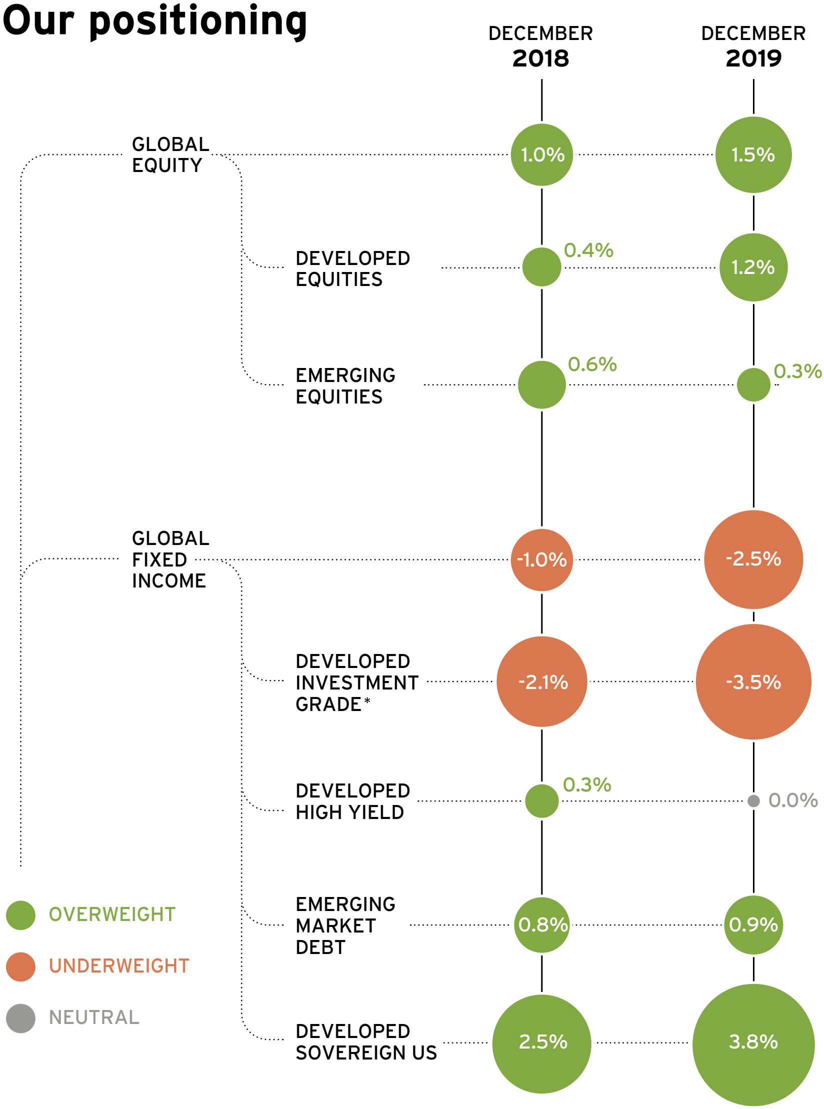
Our positioning



* FACTORS IN NON-US DEVELOPED INVESTMENT GRADE UNDERWEIGHT

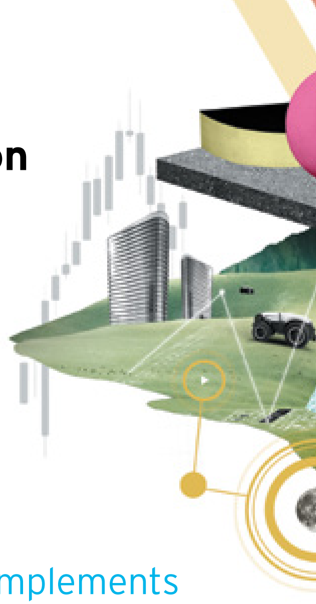
Sources: 1 Citi Research, Citi Private Bank Office of the Chief Investment Strategist 20 Nov 2019; 2 Factset as of 20 Nov 2019; 3 The Yield Book as of 20 Nov 2019. Indices are unmanaged. An investor cannot invest directly in an index. Opinions expressed herein may differ from the opinions expressed by other businesses or affiliates of Citigroup, Inc., and are not intended to be a forecast of future events, a guarantee of future results for investment advice, and are subject to change based on market and other conditions. There may be additional risk associated with international investing, including foreign, economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in emerging markets. International investing may not be for everyone.

Our Investment Philosophy

DAVID BAILIN, CHIEF INVESTMENT OFFICER

Our Investment Philosophy is founded upon certain principles that have enabled some families to remain among the world's wealthiest for generations:

- Most of your non-business assets should be invested in a core portfolio, with the rest of your non-business assets in a complementary opportunistic portfolio
- Your core portfolio should follow a customized plan built upon global multi-asset class diversification
- Your core portfolio should be fully invested for the long term - market timing and cash hoarding are a fool's game
- Your core portfolio should be regularly rebalanced to keep it in line with your customized plan and with current market opportunities
- Your opportunistic portfolio can complement your core portfolio's performance, if pursued in a disciplined way



Putting our principles into action

DAVID BAILIN, CHIEF INVESTMENT OFFICER

Our investment process implements the vital principles of our Investment Philosophy in your portfolio

We customize a long-term plan - or strategic asset allocation - for your core portfolio. We do so via our differentiated methodology, allocating more to asset classes whose current valuations point to higher long-term returns - overleaf.

To help realize your plan, we give you access to discretionarily managed investments, individual securities, and capital markets strategies. Based on your risk level, we determine your opportunistic portfolio's appropriate size.

Drawing on intelligence from our global network, we suggest opportunistic ideas to complement your core portfolio's exposures. Our investment process integrates seamlessly with that of your family office and other advisors.

Citi Trust's Wealth Planners create structures to help you safeguard your family and assets for the long term.

Using valuations to estimate future returns

FIGURE 1. STRATEGIC RETURN ESTIMATES

GLOBAL DEVELOPED EQUITY	5.1%
GLOBAL EMERGING EQUITY	10.9%
GLOBAL DEVELOPED INVESTMENT GRADE FIXED INCOME	2.1%
GLOBAL HIGH YIELD FIXED INCOME	3.4%
GLOBAL EMERGING FIXED INCOME	4.7%
US CASH	1.8%
HEDGE FUNDS	5.3%
PRIVATE EQUITY	12.7%
REAL ESTATE	9.8%
COMMODITIES	1.6%

Source: Citi Private Bank Asset Allocation team, preliminary estimates as of 31 Oct 2019. Strategic Return Estimates are Citi Private Bank's forecast of annualized returns for specific asset classes over a ten-year time horizon. Strategic Return Estimates in US dollars; All estimates are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events. Strategic Return Estimates are no guarantee of future performance. For further information, please consult Adaptive Valuation Strategies 2020, due for publication in Feb 2020.

Realigning income portfolios

Escaping the negative yield trap

Stocks for bond people: Go for growers

Where the bonds still have yield

Borrow cheaply and seek income

Escaping the negative yield trap

STEVEN WIETING, CHIEF INVESTMENT STRATEGIST AND CHIEF ECONOMIST

Very low and negative bond yields pose an unprecedented challenge for investors. The time to realign your income seeking portfolio is now

Fixed income yields hit record lows in 2019 and further monetary easing is likely to keep them down. We estimate that some $12 trillion of global debt trades on negative yields as of 1 December 2019.

Bond income has been vital to core portfolios over time, contributing to total returns, stability, and liquidity.

In this unprecedented environment, we strongly recommend a realignment of portfolios. Opportunities include income equities with a consistent history of earnings and dividend growth.

For qualified clients, certain capital markets strategies offer the potential to generate income from market volatility.

Low rates can enable cheap borrowing to invest in higher yielding assets. Some private equity and real estate investments generate cash distributions over the long term.[2] In fixed income, there are still bonds that offer reasonable yields.

2 Alternative investments are speculative and entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in the fund, potential lack of diversification, absence of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and advisor risk.

Stocks for bond people: Go for growers

WIETSE NIJENHUIS, GLOBAL HEAD OF EQUITY STRATEGY

Dividend grower equities could help replace certain low and negative yielding bonds in your portfolio

'Dividend growers' are equities of firms with long, consistent records of growing dividends. These firms have strong balance sheets that power their long-term performance. We believe dividend growers can replace certain bonds in your portfolio.

Global and US dividend growers[3] have outperformed the broader equity indices in recent decades. They have performed well in periods of modestly bullish markets, which is what we expect in 2020.

US dividend growers have been less volatile and have had smaller drawdowns than the broader market. To avoid low yields, also seek income producing capital markets strategies.

3 Global and US dividend growers represented by S&P Global and S&P 500 Dividend Aristocrats Indices respectively. See Glossary for definitions.

Where the bonds still have yield

KRIS XIPPOLITOS, GLOBAL HEAD OF FIXED INCOME STRATEGY

Despite an acute yield shortage across global fixed income, there is still yield potential in certain places

Very low and negative yielding debt may not provide the expected diversification benefits in the positive economic environment we expect in 2020.

We believe income seeking core portfolios should look beyond bonds, but not replace them altogether. We are deeply underweight low and negative yielding debt, but have material overweights in high quality US dollar fixed income.

Extending duration in high quality bonds makes sense.

Seek out our favored fixed income assets that we believe have sustainable positive yields:

- US Treasuries and US Investment Grade
- Longer-term municipal bonds
- High yield bonds and bank loans
- European preferred stocks
- External emerging market debt

Borrow cheaply and seek income

DAN O'DONNELL, GLOBAL HEAD OF CITI INVESTMENT MANAGEMENT ALTERNATIVES
KEN PENG, HEAD - ASIA INVESTMENT STRATEGY
JEFFREY SACKS, HEAD - EUROPE INVESTMENT STRATEGY
KRIS XIPPOLITOS, HEAD - GLOBAL FIXED INCOME STRATEGY

The low and negative yield environment enables cheap borrowing to invest in higher yielding assets

Today's low interest rate environment poses a major challenge for bondholders. But while global yields are low, ways to generate high levels of income still exist.

For borrowers,[4] low yields mean low borrowing costs, making it possible to borrow cheaply and invest the proceeds in investments that may generate materially higher yields.

We see a variety of ways in which investors can pursue 'positive carry' – the difference between low or even negative borrowing costs and higher portfolio returns.

They include:

- US dollar hedged Euro credit
- Asian government and investment grade corporate debt in US dollars
- Asian high yield credit in US dollars
- Opportunistic private corporate credit managers
- Real estate secured credit

4 All credit is subject to approval.

Unstoppable trends

What makes a trend unstoppable
and why you should care

Cybersecurity: Safeguarding the data revolution

Fintech: Disrupting financial services

The future of energy

Reinforcing our unstoppable trends from 2019

What makes a trend unstoppable and why you should care

STEVEN WIETING, CHIEF INVESTMENT STRATEGIST AND CHIEF ECONOMIST

Unstoppable trends are transforming the world, with profound long-term implications for your portfolio

Unstoppable trends are powerful multi-year forces that are shaping the world around us.

Unstoppable trends have deep and enduring drivers, including demographic developments, technological progress, and new behaviors.

Many of them have been building up gradually for many years, but are now reaching a tipping point. We identify ‘investible' trends, whose likely beneficiaries add resilient growth potential to portfolios.

By contrast, failing to position for unstoppable trends risks missing out and having excessive exposure to likely victims.

Our newest unstoppable trends are cybersecurity, fintech, and the future of energy. We also reiterate unstoppable trends introduced last year including the **Rise of Asia**, **Increasing longevity**, and **Digital disruption**. We explore their performance since we wrote about them and why we believe they will be sustained for the long term.

Cybersecurity: Safeguarding the data revolution

WIETSE NIJENHUIS, GLOBAL HEAD OF EQUITY STRATEGY

With the digital revolution set to intensify, protecting data from cybercriminals is critical and becoming more so

A rapidly growing proportion of information about our lives and business is now being created and stored digitally.

This process is likely to accelerate as 5G networks roll out, with much of the new data being stored on cloud-based technology.

Cyberattacks – targeting the theft, distortion, or destruction of data – are increasing globally in number and sophistication.

Breaches of data can do enormous practical, financial, and reputational harm, with financial losses to business of $1.5 trillion in 2019.

Investment spending on cybersecurity is estimated to be running around $124bn a year in 2019 according to research firm Gartner,[5] up from $114bn in 2018 and $102bn in 2017.

We have high confidence that such spending to counteract the threats will remain high and accelerate.

For portfolio exposure to this unstoppable trend, we favor companies in endpoint and cloud security.

5 Gartner, Forecast: Information Security, Worldwide, 2016-2022, 2Q18 Update, as of Aug 2018.

Fintech: Disrupting financial services

WIETSE NIJENHUIS, GLOBAL HEAD OF EQUITY STRATEGY

We advise building portfolio exposure to some fintech innovators, while avoiding potential victims

For the first time, financial services are facing genuine and sustained disruption from financial technology or ‘fintech’ firms.

Disruptors include payment platforms, digital lenders, micro-loan providers, compliance software makers, and cryptocurrency providers.

Those at greatest risk from the disruptors are traditional financial services providers.

The threat comes not only from startups, but also from established internet retailers and giant tech companies.

Over the last decade, fintech firm revenues have grown at an annualized rate of 12.1%, compared to 4.2% for S&P 500 companies overall.

We expect this strong growth to continue, now that this industry has reached a tipping point.

We see the most attractive potential in the payments space, while seeking to reduce or avoid exposure to traditional providers most at risk of fintech disruption.

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The future of energy

STEVEN WIETING, CHIEF INVESTMENT STRATEGIST AND CHIEF ECONOMIST
MALCOLM SPITTLER, GLOBAL INVESTMENT STRATEGIST

Technological advances are set to drive solar energy adoption and battery storage globally, while fossil fuels gradually fade

Advances in alternative energy technology are accelerating the energy sector's deep recent underperformance. A tipping point has been reached: Alternative energy is slowly making oil obsolete.

Even without any environmental preference for cleaner sources, the economics of alternative energy production – whether solar, hydro or wind – will displace fossil fuels.

Global solar energy costs are now below the cost of coal per kilowatt of electricity produced. Improving battery technology has meant rapid growth rates for electric cars and hybrids. This will increasingly cut into the growth rate of gasoline and diesel fuel consumption.

The weakening utilization of fossil fuels will take decades, but we see a declining perpetuity value for fossil fuel energy sources. With energy so unloved and oversold, a strong countertrend rally may occur in 2020.

We expect the ongoing technological disruption of energy and for investors to shift their portfolios away from fossil fuels.

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Reinforcing our unstoppable trends from 2019

STEVEN WIETING, CHIEF INVESTMENT STRATEGIST AND CHIEF ECONOMIST

The trends we highlighted last year have since performed strongly and we reiterate their longer-term significance for portfolios

We highlighted the **Rise of Asia**, **Increasing longevity**, and **Digital disruption** as unstoppable trends in Outlook 2019. Related investments have since performed strongly - **see opposite**. We continue to make the case for having exposure to these multi-year phenomena:

Rise of Asia

Asia is the world's engine of growth: innovation, population, and urbanization are the drivers. Most global investors are underweight Asia, despite its attractive growth prospects.

Increasing longevity

Demand for healthcare is being driven by rapidly aging populations and technology. Selective global healthcare investments will bolster both portfolio growth and safety.

Digital disruption

Robotics, artificial intelligence, and blockchain are still in their relatively early days, creating significant investment potential. 5G technology will revolutionize data-driven businesses.

HOW OUR UNSTOPPABLE TRENDS DID IN 2019

Rise of Asia

CHINA CSI 300: +29.3%
MSCI EM ASIA: +13.9%
S&P 500: +25.0%

Increasing longevity

MSCI GLOBAL HEALTHCARE: +14.5%

Digital disruption

FAANG EQUITIES +(10 LEADING IT FIRMS)[4]: +26.1%

Source: Bloomberg as of 11 Nov 2019. Total returns in US dollars. Past performance is no guarantee of future returns. Real results may vary. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only. This is neither a recommendation to buy nor sell equities of the companies mentioned.
4 Equal weighted-members: E-Commerce: Amazon, Alibaba, Social Media: Facebook, Twitter, Search: Google, Baidu, Content: Netflix, Equipment: Apple, NVDIA, Tesla

Implementing our themes

Our themes can be customized to your specific needs, as part of your core portfolio holdings or opportunistically. They span multiple asset classes and can be implemented by proprietary or third-party managers, as well as via capital markets strategies.

Here we present a selection of the implementation possibilities that we currently see. Your relationship team and our product specialists stand ready to customize them to your requirements.

REALIGNING INCOME PORTFOLIOS

Stocks for bond people: Go for growers

- Dividend yield and dividend growth equities
- Income paying capital markets strategies for qualified investors

Where the bonds still have yield

- US Treasuries and US investment grade bonds
- Longer-term municipal bonds
- High yield bonds and bank loans
- Preferred stocks
- External emerging markets debt
- US securitized debt

Borrow cheaply and seek income

- Asian high yield credit in US dollars
- Asian government and IG corporate debt in US dollars
- US dollar hedged Euro credit
- US and European private credit
- European event-driven and stressed/distressed credit
- US residential real estate and consumer debt
- US asset-backed commercial real estate

UNSTOPPABLE TRENDS

Cybersecurity: Safeguarding the data revolution

- Cybersecurity equities
- Cloud security and next gen endpoint security equities

Fintech: Disrupting financial services

- Fintech-related equities
- Asia technology equities

The future of energy

- Alternative energy equities
- Battery equities
- Opportunistic holdings in oversold oil equities

Rise of Asia

- Emerging Asia-focused managers
- Value-add and opportunistic real estate co-investments in select Asian cities
- Fundamental long/short pan-Asian equity strategy
- Hard currency Asian fixed income

Increasing longevity

- Long/short equity in healthcare
- Global healthcare innovators

Digital disruption

- Global pre-IPO tech companies globally
- Chinese next generation technologies
- Long/short enterprise software equity

The strategies and investments mentioned in this document may not be suitable for all investors. Products, strategies and services discussed herein may have eligibility requirements that must be met prior to investing. Each investor should carefully view the risks associated with the investment and make a determination based upon the investor's own particular circumstances, that the investment is consistent with the investor's objective.

Asset class definitions

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

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

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

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

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

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

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

Hedge Funds is composed of investment managers employing different investment styles as characterized by different sub categories – HFRI Equity Long/Short: Positions both long and short in primarily equity and equity derivative securities; HFRI Credit: Positions in corporate fixed income securities; HFRI Event Driven: Positions in companies currently or prospectively involved in wide variety of corporate transactions; HFRI Relative Value: Positions based on a valuation discrepancy between multiple securities; HFRI Multi Strategy: Positions based on realization of a spread between related yield instruments; HFRI Macro: Positions based on movements in underlying economic variables and their impact on different markets; Barclays Trader CTA Index: The composite performance of established programs (Commodity Trading Advisors) with more than four years of performance history.

High Yield Bank Loans are debt financing obligations issued by a bank or other financial institution to a company or individual that holds legal claim to the borrower's assets in the event of a corporate bankruptcy. These loans are usually secured by a company's assets, and often pay a high coupon due to a company's poor (non-investment grade) credit worthiness.

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

Index definitions

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

The **CSI 300** is a capitalization-weighted stock market index designed to replicate the performance of top 300 stocks traded in the Shanghai and Shenzhen stock exchanges. It was considered as a blue chip index for mainland China stock exchanges

The **MSCI Emerging Markets (EM) Asia Index** captures large and mid-cap representation across nine emerging markets countries. With 913 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI World Health Care Index** is designed to capture healthcare securities' performance in the large and mid-cap segments across 23 developed Markets countries*.

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

The **S&P Global Dividend Aristocrats** is designed to measure the performance of the highest dividend yielding companies within the S&P Global Broad Market Index (BMI) that have followed a policy of increasing or stable dividends for at least ten consecutive years.

The **S&P 500 Dividend Aristocrats** is designed to measure the performance of S&P 500 constituents that have increased dividends every year for at least 25 years.

Other terminology

Adaptive Valuations Strategies is Citi Private Bank's own strategic asset allocation methodology. It determines the suitable long-term mix of assets for each client's investment portfolio. Correlation is a statistical measure of how two assets or asset classes move in relation to one another. Correlation is measured on a scale of 1 to -1. A correlation of 1 implies perfect positive correlation, meaning that two assets or asset classes move in the same direction all of the time. A correlation of -1 implies perfect negative correlation, such that two assets or asset classes move in the opposite direction to each other all the time. A correlation of 0 implies zero correlation, such that there is no relationship between the movements in the two over time.

Volatility is a statistical measure of the variation of returns for a given security, market index, or asset class. It is most often measured by way of standard deviation. The higher the volatility, the riskier the underlying asset is considered to be.

Yield-to-Maturity (YTM) is the total return received on a bond or index of bonds when held to maturity. The total return includes both the payment of coupons and the return of the principal at maturity

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