Mutual Funds

The “Important New Account Information” section (“INAI”) contained in your Welcome Book or other disclosures provided to you in connection with your account contain important information about how Citigroup Global Markets Inc. (“CGMI”) and your advisor are compensated with respect to sales to you of mutual fund shares. This compensation includes charges paid at the time of purchase, as well as other distribution, service or support fees and compensation paid by a fund, its distributor or other service agents to CGMI or its affiliates so long as they are broker of record for your account.

The following sets forth the most current information regarding certain aspects of the compensation CGMI receives in connection with the sale of mutual funds and updates such information that appears in the INAI. This information is also available by calling your advisor. Please note the following relates to compensation received by CGMI or its affiliates and your advisor in connection with fund shares you purchase in a commission based brokerage account. In addition, please refer to the mutual fund’s prospectus for additional information on a particular fund’s payment and compensation practices, please refer to the fund’s Prospectus or, where applicable, the fund’s Statement of Additional Information (“SAI”). Fees will vary from fund to fund and for different share classes of the same fund.

The selection of mutual funds offered by CGMI and your advisor may change from time to time. If a fund is no longer offered, you may not be permitted to make additional purchases of the discontinued fund through your CGMI account. Your advisor will be able to assist you in determining whether a fund is available for purchase.

Registered Mutual Funds and Offshore Mutual Funds

Most mutual funds transacted through CGMI accounts are registered with the U.S. Securities and Exchange Commission and are referred to as “registered mutual funds”. If you are a qualifying customer located outside the United States, CGMI or your advisor might sell you mutual funds that are not registered with the U.S. Securities and Exchange Commission, but are registered (if required) in other applicable jurisdictions (referred to as “offshore mutual funds”). Please note, certain of the share class information appearing in your INAI for registered mutual funds may not relate to offshore mutual funds because offshore mutual funds use different naming conventions for their share classes. For example, share classes with front-end sales charges are called Class A shares for registered mutual funds, however, such share classes may be referred to with different names for offshore mutual funds. Please refer to your offshore mutual fund’s prospectus and, where applicable, it’s SAI for complete information.

Revenue-Sharing

CGMI offers clients a large selection of mutual funds. From each fund family whose registered mutual funds we offer, we seek to collect a mutual fund support fee, or what has come to be called a revenue-sharing payment from the fund family sponsor or affiliate. Currently, for registered mutual funds and for some offshore funds, CGMI is charging and receiving from fund families revenue-sharing fees up to a maximum per fund family 0.13% per year ($13 per $10,000) on mutual fund assets held by clients in brokerage accounts, subject to a minimum charge of up to $50,000 per fund family, per year. Because these payment are based on aggregate client holdings in brokerage accounts for all the funds of a fund company, the amount CGMI and its affiliates receive can vary significantly from fund company to fund company. The mutual fund support fee is subject to certain discounting, including volume discounting which means that, as the amount of assets increases, the basis point charge for those assets will decrease.

Mutual fund support fee payments are paid out of the investment advisor’s or other fund affiliate’s revenues or profits and not from the fund’s assets. However, the investment advisor or fund affiliate revenues or profits may be derived from fees earned for services provided to, and paid for, by the fund. No portion of these revenue-sharing payments to CGMI is made by means of brokerage commissions generated by the fund. CGMI does not pay additional compensation to your advisor as a result of these revenue-sharing payments. Citi’s revenue sharing arrangements and other compensation arrangements with fund families may change from time to time. Please check back at this website for the most current information as well as for a list of revenue-sharing
fund families organized by size of payment.

12b-1 Fees and Other Trailing Compensation

Fees (sometimes called trails or trailer fees) are charged against your mutual fund assets on a continuing basis for as long as you continue to own your shares and hold them in your CGMI account or directly at the fund if CGMI acts as your “broker of record”. The fees are for marketing, distribution, shareholder support services and similar service and support. For registered mutual funds, these fees are known as 12b-1 fees and take their name from the Securities and Exchange Commission rule that created them. Offshore mutual funds are charged fees that are akin to 12b-1 fees, although offshore mutual funds are not subject to that rule. Calculation of these fees may differ between registered mutual funds and offshore mutual funds.

For registered mutual funds, the amount of the 12b-1 fee is charged as a percentage of the fund’s total assets attributable to the share class. For offshore mutual funds, your 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, to financial firms (such as CGMI) on an ongoing basis for marketing, distribution, and shareholder support servicing and similar service and support. The prospectus descriptions of the types of, and reasons for, these ongoing fees that are paid to firms such as CGMI vary from fund to fund and for different share classes of the same fund. For offshore mutual funds that are not being charged in the same manner as registered mutual funds, CGMI is currently charging fund families fees of: (1) up to 70% of the management fee with respect to the assets of clients of CGMI invested in the applicable fund and (2) where applicable, up to 100% of the applicable fees related to the distribution and servicing of clients. A fund also deducts certain other ongoing fees from its assets to pay firms that provide various services to the fund, such as the fund’s investment advisor, transfer agent, custodian and administrator. 12b-1 fees, other trailing compensation, investment management fees and other ongoing expenses are described in the mutual fund’s prospectus or, where applicable, its SAI Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. CGMI pays a portion of these trailing fees and compensation to your advisor.

Expense Reimbursements and Advisor Access

CGMI and other Citi affiliates receive expense reimbursements, which are more fully described below. These reimbursements may be viewed as a form of revenue-sharing but are not included in the data provided above. We may be reimbursed by funds or their affiliates or other service providers for the expenses we incur for various sales meetings, seminars, training programs and conferences held in the normal course of business. Funds or their affiliated service provider may pay vendors directly for these services on our behalf. Although fund companies independently decide what they will spend on these activities, some fund companies may make decisions on how they allocate their promotional budgets based upon prior sales and asset levels and that they work with our branch offices or advisors to plan promotional and educational activities on the basis of such budgets. We do not control fund companies’ determinations of how to allocate their promotional budgets or their spending decisions in this regard. CGMI or other Citi affiliates may coordinate with fund families in developing marketing, training and educational plans and programs, and this coordination might be greater with some fund companies than others, depending on relative size, quality and breadth of fund offerings, client interest, and other relevant factors.

Representatives of approved providers — whether they remit revenue-sharing payments or not — are typically provided access to our branch offices and advisors for educational, marketing and other promotional efforts subject to the discretion of our managers. Although all approved providers are provided with such access, some providers devote more staff and resources to these activities and therefore may have enhanced opportunities to promote their products to our advisors. These enhanced opportunities could, in turn, lead our advisors to focus on those funds when recommending mutual fund investments to customers instead of on funds from those fund families that do not commit similar resources to educational, marketing and other promotional efforts.

Compensation Citi Receives from Funds

CGMI and other Citi affiliates also receive from certain funds compensation in the form of commissions and other fees for providing traditional brokerage services, including related research and advisory support, and for purchases and sales of securities for fund portfolios. CGMI and other Citi affiliates also receive other compensation from
certain funds for financial services performed for the benefit of such funds. We prohibit linking the determination of the amount of brokerage commissions and service fees charged to a fund to the aggregate values of our overall fund-share sales, client holdings of the fund or to offset the revenue sharing or expense-reimbursement and administrative fees. Such commissions or other service fees are not paid to, or shared with, CGMI’s or its affiliates’ retail mutual fund distribution business units.

Pershing, LLC, CGMI’s clearing firm, receives and, in some cases, collects on CGMI’s behalf, certain revenues associated with the sale of mutual funds. Please see the section entitled Sales Charges, Breakpoints, Fees and Revenue Sharing Relating to Mutual Funds, FDIC-Insured Bank Products and Annuities in the Pershing Disclosure Statement section of the INAI for more information.

Revenue-Sharing Fund Families

- Legg Mason
- Franklin Templeton Offshore
- Franklin Templeton
- Oppenheimer
- MFS Offshore
- Lord Abbett
- PIMCO
- Federated Securities
- Blackrock
- Investec Offshore
- Pioneer Funds
- Columbia Management
- DWS
- JP Morgan Offshore
- Mainstay (NY Life)
- Pacific Life
- Virtus
- JP Morgan
- Prudential
- IVY Funds
- John Hancock
- Angel Oak
- Transamerica
- Janus Funds
- Henderson

For More Information

For additional information on a particular fund’s payment and compensation practices, please refer to the fund’s Prospectus and, where available, Statement of Additional Information. The various elements and terms of your mutual fund compensation arrangements with fund companies or distributors might change from time to time. The most current information regarding revenue sharing, the fund fees and expenses borne by you and how CGMI and your advisor are compensated when you purchase and hold mutual fund shares is available at this website or by calling your advisor.

Investments and Insurance Products: *Not FDIC insured *Not a deposit or obligation of any bank * Not insured by any federal government agency * No bank guarantee * Subject to investment risks, including possible loss of principal

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