

# ERISA Section 408(b)(2) Disclosure Document

## Citi Private Bank Investor Accounts

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### Introduction

This disclosure document (“Disclosure Document”) provides an overview of the fees and other compensation charged for or otherwise related to the services provided by Citibank, N.A., acting through Citi Private Bank (“CPB”) or other Citigroup Inc. businesses (collectively “Citi”), with respect to certain employee benefit plans that have opened a CPB Investor Account at Citi (“Account”). This document is intended to include the information required by the Department of Labor regulation under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), which is commonly known as the service provider fee disclosure rules (referred to herein as the “408(b)(2) Regulation”). You may access the full text of the Department of Labor’s final 408(b)(2) Regulation at <https://www.gpo.gov/fdsys/pkg/FR-2012-02-03/pdf/2012-2262.pdf>.

This Disclosure Document should be read in conjunction with your account/client agreement, including the CPB Investor Account Agreement, product information (e.g., the prospectus and statement of additional information (“prospectus”), descriptive brochure, offering memoranda) or similar documents for any products or securities purchased for or held in your Account (collectively referred to as “Client Documents”). The Client Documents provide detailed information regarding services, fees, personnel, other business activities and financial industry affiliations, as well as potential conflicts of interest.

The following information reflects our current arrangements for services that may be provided to or offered to your plan in connection with its Account at CPB. Your plan may also receive services from other Citi affiliated businesses and non-affiliated service providers, such as a third party administrator. To the extent that your plan receives services from Citi that are outside of the scope of the services covered by this Disclosure Document, please refer to the disclosure documents specifically relating to those services. For services and related fees and expenses associated with services provided by parties that are not affiliated with Citi, please refer to the disclosure documents provided by that service provider or contact them directly.

**Explanation of Services:** Citi provides you with an account for the safekeeping of securities and other investments that you purchase and sell through Citi based on your own investment decisions and instructions. For more information regarding the services Citi makes available, please review your Client Documents.

**Explanation of Status/Capacity:** In providing the services contemplated under the Client Documents, Citi operates solely in the capacity of a custodian, and is not acting as a fiduciary to your plan.

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### Explanation of types of compensation:

- **Direct Compensation** means payments made directly by the plan for services rendered to the plan. Direct compensation disclosed in this Disclosure Document are dollar amounts earned and retained by Citi on a cash basis.
- **Indirect Compensation** means compensation received from sources other than directly from the plan or plan sponsor in connection with the services provided to the plan. In certain circumstances, the payment of indirect compensation to Citi may depend on several factors, including the elapsed time period during which assets are held at Citi.

### Direct Compensation

No direct fees are charged to or for the Account by Citibank. However, your Account may be charged for third-party expenses, disbursements and assessments incurred or charged in connection with your Account, such as placement fees, which will be reported on your monthly account statement.

### Indirect Compensation Paid from Sources Other than the Plan

***Mutual Fund Investments:*** Citi may receive compensation from mutual funds and their affiliates in connection with CPB client investments in such mutual fund shares. The types of payments are:

- **12b-1 Fees/Selling Fees** – These fees are charged against the assets of the mutual fund on a continuing basis as compensation for providing certain administrative services. These fees are described in the mutual fund’s prospectus.
- **Shareholder Servicing Fees/Trailers** – These fees are charged against the assets of the mutual fund on a continuing basis as compensation for providing certain shareholder services, such as maintaining call centers, keeping shareholder records and responding to shareholder requests. These fees are described in the mutual fund’s prospectus as “other expenses”.

***Mutual Fund Support Fees/Revenue Sharing:*** From each mutual fund family offering, Citi seeks to collect a mutual fund support fee, or what has come to be called a revenue-sharing payment. These revenue-sharing payments are in addition to the 12b-1 fees, applicable redemption fees and contingent deferred sales charges, and other fees and expenses disclosed in

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the mutual fund's prospectus fee table. Revenue-sharing payments are paid out of the investment adviser's (or other mutual fund affiliate's) revenues or profits and not from the mutual fund's assets. However, mutual fund affiliate revenues or profits may in part be derived from fees earned for services provided to and paid for by the mutual fund. No portion of these revenue sharing payments is made by means of brokerage commissions generated by the mutual fund.

Currently, the revenue-sharing fee, calculated monthly, charged to mutual fund families by Citi, may be from 0.05% to 0.20% with respect to the assets of clients of CPB invested in the applicable mutual fund, payable to Citi from the mutual fund management company. *For more information regarding fees associated with mutual fund investments, please refer to the "Charges and Expenses" section of the CPB Investor Account Agreement and the prospectus for such mutual fund.*

***Investments in Alternatives, Including Hedge Funds:*** Citi may receive compensation from and with respect to client investments in alternative investments, including hedge funds and other types of non-registered investment funds or products. These include investments in HedgeForum hedge funds (a program offered by Citi), certain hedge fund of funds, certain private equity and real estate investments funds (REITs), and certain co-investment transactions. These fees are specified in the investment's applicable offering documents (e.g., the "red herring", offering memorandum, prospectuses, partnership agreement, subscription agreement and related documents) and may include placement fees, distribution/investor servicing fees, management and advisory fees, incentive fees, referral fees and co-investment fees. *For more information regarding these fees and how they may apply to a specific investment fund, please review the offering documents for the particular investment.*

***Benefits from Bank Deposits:*** Citi obtains financial benefits attributable to the Account's cash balances invested in Citi deposits. This is because Citi may invest these cash balances or use them to fund certain of its business activities, whereby Citi keeps the difference between any interest paid to the Account and other costs incurred by it with respect to these cash balances and the interest or other income earned on its loans, investments and other assets obtained with the use of these cash balances.

**Termination Fee:** None.

**Additional disclosures regarding compensation that may be received by Citi or related parties**

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Citi or a related party may receive other forms of compensation not described above. Generally, these payments are not attributable to any individual account or client.

**Marketing Support, Conferences, Sales Meetings, and Similar Activities:** Citi may receive marketing and training support payments, conference subsidies, and other types of financial and non-financial compensation and incentives from mutual fund companies, insurance and annuity companies and other investment product distributors, investment advisors, broker-dealers and other vendors to support the sale of their products and services to Citi clients. These payments may include reimbursement for Citi's 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 Citi in sponsoring conferences, meetings and similar activities. These payments are received by Citi in connection with all of its client accounts and are not dependent on or related to the amount of assets invested in your Account. Because they are based on all of Citi's client accounts that may invest in such product, they cannot reasonably be allocated to any particular account. The providers independently decide what they will spend on these types of activities and do not share this information with Citi subject to regulatory guidelines and Citi policies. The amount of any expense reimbursement or payment to Citi is dependent on which activities Citi participates in or sponsors, the amount of that participation, prior sales and asset levels and other factors and is determined by the provider.

#### **Other compensation paid to Citi affiliates**

Citi provides a wide range of services within the financial industry. Citi businesses, including but not limited to, Citi Transaction Services, may receive from certain mutual funds, providers of annuities, sponsors of alternative investments (e.g., hedge funds) or similar products, compensation in the form of commissions and other fees for providing traditional brokerage services (e.g., transaction fees, research and advisory support, purchases and sales of securities for fund portfolios), and payments for administration, custody, transfer agency, fund accounting and administration, print mail services and distribution, and other services provided directly to such mutual funds, annuity provider, alternative investment or similar product. Citi may also provide other administrative services through one or more businesses for client investments in private equity and other alternative investments. These services are provided pursuant to agreements entered into by the Citi business and the mutual fund, annuity provider (or their sponsor or affiliate), sponsor of a private equity vehicle or alternative investment, or similar party that are unrelated to the Account or the products or securities held therein. These fees and expenses paid for these services are reflected in the product's expense ratio and investment return, or as otherwise determined by the mutual fund, annuity provider (or their sponsor affiliate), sponsor of a private equity or alternative investment, or

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similar party. Citi believes these fees and expenses are ordinary and necessary expenses incurred by the mutual fund, annuity provider (or their sponsor or affiliate), sponsor of a private equity vehicle or alternative investment, or similar person themselves and do not constitute direct or indirect fees subject to disclosure under the 408(b)(2) Regulation or because no indirect compensation is received by Citi in connection with the provision of these services. Citi (either directly or indirectly through its affiliates) will from time to time negotiate with service providers to achieve cost savings or other improved terms for services covered by a client's fees and charges. Any cost savings or other advantages achieved may differ by product line or distribution channel, and Citi or its affiliate sometimes will not pass along the savings or other benefits to clients. In such cases, only Citi and/or one of its affiliates will benefit. *For more information, refer to the prospectus (and SAI), offering memoranda or similar document for such mutual fund, annuity or similar security or product.*

#### **Receipt of Gifts, Gratuities and Nonmonetary Compensation by Citi**

From time to time, third-party vendors (such as investment product distributors and providers, mutual fund companies, broker-dealers, wholesalers, etc.) may provide Citi with non-monetary gifts and gratuities, such as promotional items (i.e., coffee mugs, calendars or gift baskets), meals, entertainment and access to certain industry related conferences or other events (collectively, "gifts"). Citi has implemented policies and procedures to help ensure compliance with all applicable laws and regulations (including the U.S. Bank Bribery Act and the U.S. Foreign Corrupt Practices Act). These are intended to ensure that Citi and its employees worldwide avoid actual or perceived conflicts of interest when giving or receiving gifts and entertainment from relevant parties. The policies and procedure limit the maximum value that may generally be received by an individual to (i) \$100.00 in any calendar year for a gift, and (ii) \$250.00 for meals and entertainment (sporting events, theater, or other comparable entertainment), in each case (subject to preapproval), per vendor, per day, and an aggregate maximum of \$1,000.00 per calendar year per vendor. The foregoing must be appropriate, customary and reasonable and clearly not meant to influence Citi business or serve as a "quid pro quo" for it to be accepted by Citi. To the extent any gift, gratuity or non-monetary compensation is paid to or received by CPB, we believe it is insubstantial with respect to any particular account or client.

#### **Referral/Solicitor Fees**

If your account was referred to us by a third party, please refer to the applicable disclosure letter/document provided to you at the time of the referral for information regarding any fees that may have been paid by Citi to the referring party.

The foregoing are the services, transactions and fees that may be offered to plan clients. Certain services or transactions referenced or discussed herein or otherwise provided with respect to your Account may not require an ERISA prohibited transaction exemption

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or may be covered by an exemption other than Section 408(b)(2) of ERISA and as such, are not covered by this Disclosure Document. You should refer to your Client Documents (or disclosure document provided by Citi or other service provider) for information on any fee not specifically referenced herein that could be charged to your Account.

If you have any questions concerning this 408(b)(2) Disclosure Document or the information provided to you concerning our Account services and compensation, or need a copy of the Client Documents, please contact your Citibank representative.

**INVESTMENT AND INSURANCE PRODUCTS: NOT FDIC INSURED • NOT A BANK DEPOSIT • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NO BANK GUARANTEE • MAY LOSE VALUE**

Citi Private Bank is a business of Citigroup Inc. ("Citigroup"), which provides its clients access to a broad array of products and services available through bank and non-bank affiliates of Citigroup. Not all products and services are provided by all affiliates or are available at all locations. Neither Citigroup nor any of its affiliates provide tax or legal advice.

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