THE SHORT AND LONG

Weekly Bulletin

Strong U.S. earnings and capex, central bank divisions, and shifting inflation assessments

MAY 5, 2026

AUTHOR

Conrad Dequadros
Head of Economics

CONTRIBUTORS

Kate Moore
Chief Investment Officer

JP Coviello
Head of Portfolio Strategy

Olaolu Aganga
Head of Portfolio Construction & Analytics

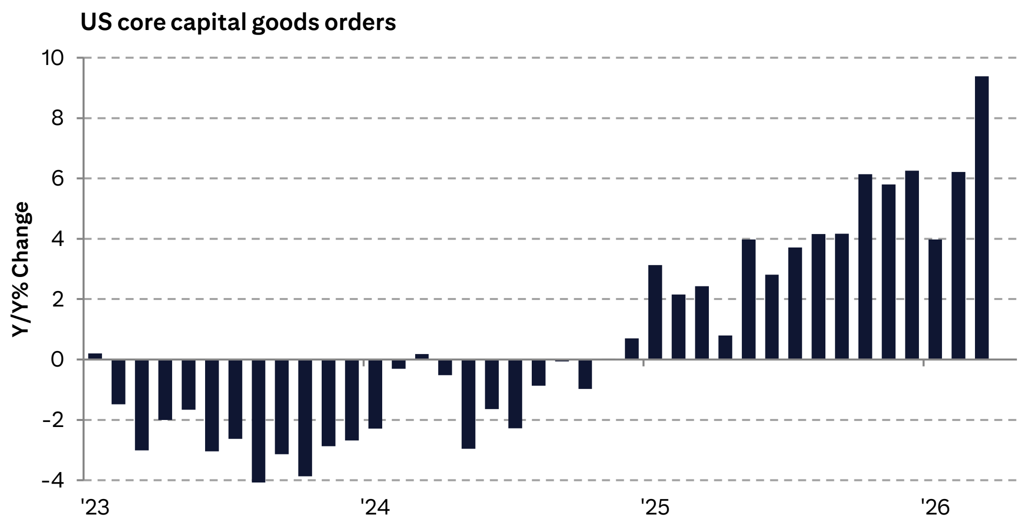
Jeff Puckette
Macro Portfolio Strategist

TAKEAWAYS

- Technology-related investments fueled a surge in U.S. capital spending during the first quarter, though the gains were broad-based across sectors. Robust core capital goods orders suggest continued capex gains in the months ahead.
- Last week's central bank meetings showed more internal divisions at some central banks and disparate policy rate guidance by country. Rate hikes in the coming months seem more likely for some major economies (Eurozone, Japan) than others (U.S.). In the U.S., Fed Chair nominee Kevin Warsh highlighted a broader assessment of underlying inflation developments, including a more dynamic approach to excluding outliers in the price indices.
- Current earnings reports and central bank developments support our view to maintain higher U.S. equity exposure in portfolios and remain underweight duration.

This week in charts

FIGURE 1: Core capital goods orders growth points to continued expenditure ahead



Source: Haver Analytics as of April 30, 2026.

Looking closer

Capital goods orders excluding defense and aircraft, an important measure of core business equipment orders, rose 9.5% in the final quarter of 2025. These core orders rose a stronger 11.2% in the first quarter of 2026, capped by a surge at the end of the quarter.

Strong U.S. earnings growth underpins business investments in capital equipment

In addition to stronger-than-expected U.S. earnings growth, a feature of the current earnings cycle is robust capital expenditures (capex), particularly hyperscalers investing in AI infrastructure. This is also apparent in U.S. government economic data reports. For example, inflation-adjusted spending on data centers was 24% higher than year-ago levels in the first quarter, while real business spending on information processing equipment soared at a quarterly annualized rate of 43% in Q1[1].

Meanwhile, the first quarter's capex increase was broad-based, as spending on medical instruments, industrial equipment, construction machinery, office furniture and equipment, and mining and oilfield machinery all rose. Encouragingly, core capital goods order growth points to continued expenditure growth potential ahead (Figure 1).

Bottom line: Strong business investment signals business optimism in the economic outlook. This optimism is being driven in part by solid earnings growth, which in turn helps enable the expenditures on equipment. Investments in equipment that enhance productivity can also help boost the longer-run trend growth rate of the economy. We believe this argues for maintaining U.S. equity exposure in portfolios.

Divided central banks and differing policy rate outlooks

Last week brought unchanged policy rates for the Federal Reserve (Fed), European Central Bank (ECB), Bank of England (BoE), Bank of Japan (BoJ), and Bank of Canada (BoC). Brazil's Banco Central do Brazil (BCB) cut rates but highlighted firmer underlying inflation and stronger growth, which implies a risk to expectations for potential future easing. Both the ECB and BoE stated an intention to be attentive to second-round effects on prices from oil, or the pass-through of high energy prices in underlying inflation. The BoE noted the risks to the economic outlook and the tightening in financial conditions. The ECB cited upside risks to inflation but also intensifying downside risks to growth. Nonetheless, markets imply high odds of rate hikes in June by the ECB.

The BoJ delivered a hawkish hold, suggesting policymakers are leaning toward a June rate hike. The BoJ lowered its growth forecast but raised projections for both overall and core inflation with pass-through expected given "a labor shortage continuing to be strong." The BoJ also described its inflation forecast as being "significantly higher." The vote to leave rates unchanged was six-to-three, with all three dissenters voting for a hike. BoJ Governor Kazuo Ueda told reporters after the vote: "as chair, I take that seriously." This was the highest number of dissents at a BoJ policy meeting in ten years.

Similarly at the Fed, there were four dissenting votes, the highest since 1992. One dissenter argued for a rate cut, while three voters did not support inclusion of an easing bias at this time[2].

At the previous Federal Open Market Committee (FOMC) meeting in March, Fed Chair Jerome Powell suggested, "some participants judged that there was a strong case for a two-sided description of the Committee's future interest rate decisions in the post-meeting statement." He added there were even more participants wanting two-sided guidance this week. Powell and other colleagues may have been concerned that two-sided guidance would start the process of markets pricing in Fed rate hikes, which does not appear to be the guidance most policymakers are ready to deliver at this point.

On his future, Powell said last week's press conference was his last as chair, but he will continue to serve as a governor, "for a period of time, to be determined."

Bottom line: The Middle East conflict prompted a sharp repricing of global policy rate outlooks. Interest rate futures markets initially placed high odds on April rate hikes by the ECB and BoE, which we felt were highly unlikely. Meanwhile, markets priced out Fed rate cuts, an appropriate adjustment to pricing given inflation risks from higher energy prices. Rate decisions going forward will likely be determined by policymakers' judgement of the risks to inflation and growth.

[1] U.S. Bureau of Economic Analysis as of April 30, 2026.
[2] When the Fed had a tightening bias in 2022 and 2023, the statement referenced "ongoing increases in the target range" and "additional policy firming." This changed to "additional adjustments" in January 2024 which, while providing no indication of direction ("adjustment" could refer to cuts or hikes) has come to imply cuts.

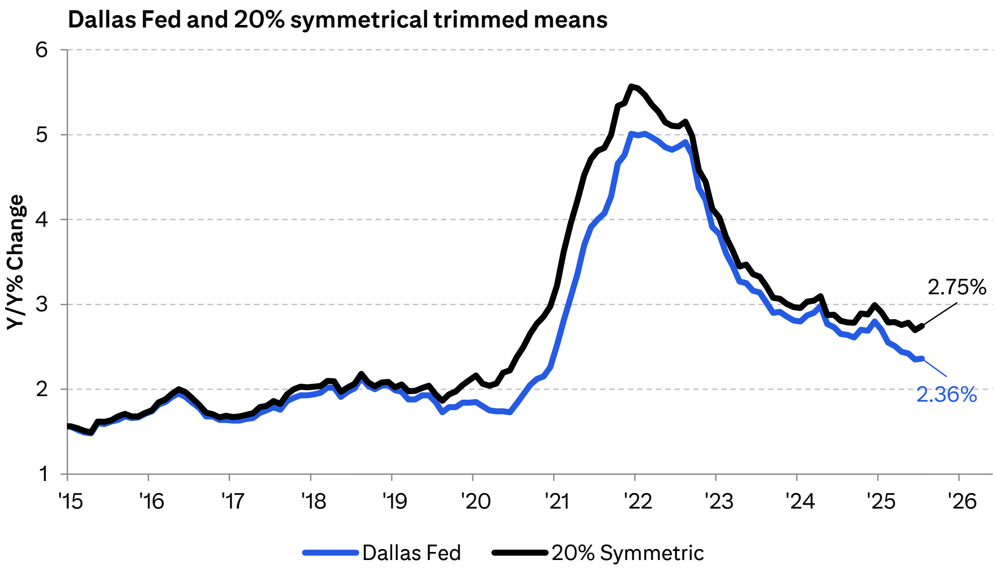
A leadership change at the Fed may revamp inflation assessment methods

In his confirmation hearing, Fed Chair nominee Kevin Warsh advocated for the use of "trimmed mean" inflation measures[3], presumably in place of the "core" inflation measures currently emphasized by many policymakers. Core inflation in the U.S. excludes food and energy prices. With trimmed mean inflation, changes for individual components of the price index are ranked, and parts of the most extreme observations at both ends of the range are excluded to better capture the central trend. Trimmed mean Personal Consumption Expenditures (PCE) inflation is reported by the Federal Reserve Bank of Dallas.

Trimmed mean measures of inflation may be preferable to "core" measures, as they exclude outliers dynamically, rather than excluding food and energy every month (or energy and unprocessed food in the Eurozone; energy, food, alcoholic beverages and tobacco in the U.K.; and fresh foods in Japan). While other regions also report trimmed mean inflation rates, these metrics are generally not a central focus for policymakers outside Canada, but even there the Consumer Price Index (CPI)-trim measure has been somewhat de-emphasized recently by the BoC. Nonetheless, closer attention from the Fed might stimulate greater emphasis by other central banks.

Trimmed mean inflation measures have their detractors, who point to these indicators being slow to signal rising inflation pressures resulting from COVID[4] and the government's response to the pandemic, in part because it trims the high-price components more than the low-price components[5].

FIGURE 2: A balanced approach to trimmed means



Source: Haver Analytics as of April 30, 2026. The Trimmed Mean PCE inflation rate, calculated by the Dallas Fed, is a measure of core inflation that filters out extreme price movements (outliers) from the overall PCE data. It provides a more stable, less "noisy" signal of underlying inflation trends than traditional core PCE by trimming the most volatile components, typically resulting in a better predictor of future inflation.

We utilize a 20% symmetrical trimmed mean inflation scale, which seeks to improve on the Dallas Fed measure using three methods. First, it excludes 20% of the outliers on both ends of the spectrum (Figure 2). Second, it focuses on the momentum of price gains by tracking three-month and six-month inflation rates, in addition to year-over-year gains. Third, it assesses the breadth of rapid price gains based on the share of PCE components reporting one-month annualized gains faster than 5%.

Bottom line: Symmetric trimmed mean inflation, and measures of the momentum and breadth of price increases may gain traction at the Fed and other central banks as tools to assess underlying inflation trends. Our assessment of underlying inflation is less favorable than that indicated by the Dallas Fed trimmed mean measure, supporting our preference to remain underweight duration.

[3] Trimmed Mean PCE inflation rate, calculated by the Dallas Fed, is a measure of core inflation that filters out extreme price movements (outliers) from the overall PCE data. It seeks to provide a more stable, less "noisy" signal of underlying inflation trends than traditional core PCE by trimming the most volatile components.
[4] The COVID-19 pandemic began in 2019. The World Health Organization ended the public health emergency declaration in 2023.
[5] One reason for this is that the Dallas Fed trimmed mean inflation measure uses asymmetric trims, excluding 31% of the high-price components and 24% of the low-price components. Thus, Dallas Fed trimmed mean was slow to signal rising underlying inflation with more of the high-price components being excluded.

	What happened	What's ahead
ECONOMIC DATA	**U.S.** • Real GDP rose below expectations at a 2% pace in Q1 as consumer spending slowed and capex led underlying demand. • Core PCE prices were in line with March at 0.3% but trends are hot. • Institute for Supply Management (ISM) Manufacturing was unchanged at 52.7 as new orders and prices index rose while employment and production fell. **Global** • Eurozone GDP grew just 0.1% Q/Q and 0.8% Y/Y, confirming the conflict's drag on Europe's import-heavy economy. Inflation rose to 3.0% Y/Y, up from 2.6% last month and the highest since 2022.	**U.S.** • April Non-Farm Payrolls (NFP) set to release Friday (5/8). • April ISM Services set to release Thursday (5/7). • April Challenger Job Cuts report set to release Thursday (5/7). **Global** • Eurozone retail sales for March and manufacturing PMI for April set to release Thursday (5/7).
POLICY	**U.S.** • Fed holds rates unchanged with Stephen Miran again voting for 25 bps cut and three dissents opposing easing bias. • President Trump maintains naval blockade on assumption it will collapse Iran's economy. **Global** • The ECB, BoE, and BoJ all held rates steady this week as weak growth and hotter inflation pull officials in opposite directions.	**U.S.** • Treasury Quarterly Refunding Announcement • Chair Powell will continue as a Fed governor until Justice Department probe is "well and truly over." **Global** • ECB debated on rate hikes at this meeting. BoE signaled rates may need to rise if energy supply disruptions continue. BoJ had three dissents and a report more cautious toward inflation than growth.
MARKETS	**U.S.** • Megacap Tech earnings beat estimates on the top and bottom lines highlighting massive AI compute and infrastructure demand and raised capex guidance. Price action was mixed as investors are being more discerning of how spending translates to tangible revenue growth. **Global** • Oil prices reached a four-year high, pushing yields higher. • So far in earnings season, consumer resilience has supported pricing power and higher margins and seeing minimal impact from the Middle East conflict.	**U.S.** • Second busiest week of earnings season by number of firms reporting (130 of S&P 500) representing 11% of market cap. **Global** • Markets price in ECB hike in June, tilting towards BoE and BoJ hikes as well. • After strong April, we enter a period of historically middling equity returns in May.

Source: Bloomberg as of May 5, 2026. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Past performance is no guarantee of future results. Real results may vary.

RELATED READING

April 28, 2026 | Markets Roar Back: Why Earnings, Consumers, and Fundamentals Are Driving the Rally

In last week's Bulletin, we looked at how markets have staged a remarkable recovery since the start of the Middle East conflict due to resilient earnings and strong corporate fundamentals. On the macro side, we analyzed expectations around central bank policy meetings and signals from ongoing Q1 earnings.

April 20, 2026 | The Short and Long Podcast

Hosted by Kate Moore, Chief Investment Officer of Citi wealth, the inaugural episode "AI Through an Investor's Lens: Looking Beyond the Hype" addresses AI – the most transformative technology of our lifetime. Watch on **YouTube**, **Apple,** or **Spotify,** and subscribe for future episodes.

April 8, 2026 | The Short and Long: Q2 Macro Investment View

Citi Wealth's quarterly report is designed to offer global, data-driven guidance to help investors navigate increasingly complex markets with confidence and clarity. The latest report states global shocks to markets are driving higher volatility and rapid risk repricing, while the U.S. economy remains relatively resilient.

April 2, 2026 | Global Investment Council

The Citi Wealth Global Investment Council met April 2, 2026, and reallocated equity exposure from Europe to the U.S. The move maintains equity allocation while shifting risk toward more resilient markets. European fundamentals were already weakening prior to the Middle East conflict, and the U.S. offers more durable earnings with less geopolitical vulnerability.

IMPORTANT INFORMATION

For European resident clients this communication is considered marketing material.

In any instance where distribution of this communication ("Communication") is subject to the rules of the US Commodity Futures Trading Commission ("CFTC"), this communication constitutes an invitation to consider entering into a derivatives transaction under US CFTC Regulations §§ 1.71 and 23.605, where applicable, but is not a binding offer to buy/sell any financial instrument.

This Communication is prepared by Citi Wealth Investments ("CWI") which is comprised of the investments and capital markets capabilities that are provided to Citi Private Bank, Citi Global Wealth at Work, and Citi Personal Wealth Management.

Citi Private Bank, Citi Global Wealth at Work, and Citi Personal Wealth Management are businesses of Citigroup Inc. ("Citigroup"), which provide 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. In the U.S., investment products and services are provided by Citigroup Global Markets Inc. ("CGMI"), member FINRA and SIPC, Citi Private Alternatives, LLC ("CPA"), member FINRA and SIPC. CPA acts as distributor of certain alternative investment products to certain eligible clients' segments. CGMI accounts are carried by Pershing LLC, member FINRA, NYSE, SIPC. Investment management services (including portfolio management) are available through CGMI, Citibank, N.A. and other affiliated advisory businesses. Insurance is offered through Citigroup Life Agency LLC ("CLA"). In California, CLA does business as Citigroup Life Insurance Agency, LLC (license number 0G56746). CGMI, CPA, CLA and Citibank, N.A. are affiliated companies under the common control of Citigroup.

Outside the U.S., investment products and services are provided by other Citigroup affiliates. Investment Management services (including portfolio management) are available through CGMI, Citibank, N.A. and other affiliated advisory businesses. These Citigroup affiliates will be compensated for the respective investment management, advisory, administrative, distribution and placement services they may provide.

CWI personnel are not research analysts, and the information in this Communication is not intended to constitute "research," as that term is defined by applicable regulations. Unless otherwise indicated, any reference to a research report or research recommendation is not intended to represent the whole report and is not in itself considered a recommendation or research report.

This Communication is provided for information and discussion purposes only, at the recipient's request. The recipient should notify CWI immediately should it at any time wish to cease being provided with such information. Unless otherwise indicated, (i) it does not constitute an offer or recommendation to purchase or sell any security, financial instrument or other product or service, or to attract any funding or deposits, and (ii) it does not constitute a solicitation if it is not subject to the rules of the CFTC (but see discussion above regarding communication subject to CFTC rules) and (iii) it is not intended as an official confirmation of any transaction.

Unless otherwise expressly indicated, this Communication does not take into account the investment objectives, risk profile or financial situation of any particular person and as such, investments mentioned in this document may not be suitable for all investors. Citi is not acting as an investment or other advisor, fiduciary or agent. The information contained herein is not intended to be an exhaustive discussion of the strategies or concepts mentioned herein or tax or legal advice. Recipients of this Communication should obtain advice based on their own individual circumstances from their own tax, financial, legal, and other advisors about the risks and merits of any transaction before making an investment decision and only make such decisions on the basis of their own objectives, experience, risk profile and resources.

The information contained in this Communication is based on generally available information and, although obtained from sources believed by Citi to be reliable, its accuracy and completeness cannot be assured, and such information may be incomplete or condensed. Any assumptions or information contained in this Communication constitute a judgment only as of the date of this document or on any specified dates and is subject to change without notice. Insofar as this Communication may contain historical and forward-looking information, past performance is neither a guarantee nor an indication of future results, and future results may not meet expectations due to a variety of economic, market and other factors. Further, any projections of potential risk or return are illustrative and should not be taken as limitations of the maximum possible loss or gain. Any prices, values or estimates provided in this Communication (other than those that are identified as being historical) are indicative only, may change without notice and do not represent firm quotes as to either price or size, nor reflect the value Citi may assign a security in its inventory. Forward-looking information does not indicate a level at which Citi is prepared to do a trade and may not account for all relevant assumptions and future conditions. Actual conditions may vary substantially from estimates which could have a negative impact on the value of an instrument.

Views, opinions and estimates expressed herein may differ from the opinions expressed by other Citi businesses or affiliates and are not intended to be a forecast of future events, a guarantee of future results, or investment advice, and are subject to change without notice based on market and other conditions. Citi is under no duty to update this document and accepts no liability for any loss (whether direct, indirect or consequential) that may arise from any use of the information contained in or derived from this Communication.

None of the financial instruments or other products mentioned in this Communication (unless expressly stated otherwise) is (i) insured by the Federal Deposit Insurance Corporation or any other governmental authority, or (ii) deposits or other obligations of, or guaranteed by Citi or any other insured depository institution.

Citi often acts as an issuer of financial instruments and other products, acts as a market maker and trades as principal in many different financial instruments and other products, and can be expected to perform or seek to perform investment banking and other services for the issuer of such financial instruments or other products. The author of this Communication may have discussed the information contained therein with others within or outside Citi, and the author and/or such other Citi personnel may have already acted on the basis of this information (including by trading for Citi's proprietary accounts or communicating the information contained herein to other customers of Citi). Citi, Citi's personnel (including those with whom the author may have consulted in the preparation of this communication), and other customers of Citi may be long or short the financial instruments or other products referred to in this Communication, may have acquired such positions at prices and market conditions that are no longer available, and may have interests different from or adverse to your interests.

IMPORTANT INFORMATION

Citi and its employees are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside Citi. Any statement in this Communication regarding tax matters is not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Neither Citi nor any of its affiliates can accept responsibility for the tax treatment of any investment product, whether or not the investment is purchased by a trust or company administered by an affiliate of Citi. Citi assumes that, before making any commitment to invest, the investor and (where applicable, its beneficial owners) have taken whatever tax, legal or other advice the investor/beneficial owners consider necessary and have arranged to account for any tax lawfully due on the income or gains arising from any investment product provided by Citi.

This Communication is for the sole and exclusive use of the intended recipients and may contain information proprietary to Citi which may not be reproduced or circulated in whole or in part without Citi's prior consent. The manner of circulation and distribution may be restricted by law or regulation in certain countries. Persons who come into possession of this document are required to inform themselves of, and to observe such restrictions. Citi accepts no liability whatsoever for the actions of third parties in this respect. Any unauthorized use, duplication, or disclosure of this document is prohibited by law and may result in prosecution.

Other businesses within Citigroup Inc. and affiliates of Citigroup Inc. may give advice, make recommendations, and take action in the interest of their clients, or for their own accounts, that may differ from the views expressed in this document. All expressions of opinion are current as of the date of this document and are subject to change without notice. Citigroup Inc. is not obligated to provide updates or changes to the information contained in this document.

The expressions of opinion are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future results. Real results may vary.

Although information in this document has been obtained from sources believed to be reliable, Citigroup Inc. and its affiliates do not guarantee its accuracy or completeness and accept no liability for any direct or consequential losses arising from its use. Throughout this publication where charts indicate that a third party (parties) is the source, please note that the attributed may refer to the raw data received from such parties. No part of this document may be copied, photocopied or duplicated in any form or by any means, or distributed to any person that is not an employee, officer, director, or authorized agent of the recipient without Citigroup Inc.'s prior written consent.

Citigroup Inc. may act as principal for its own account or as agent for another person in connection with transactions placed by Citigroup Inc. for its clients involving securities that are the subject of this document or future editions of the document.

RISKS

Investments in financial instruments or other products carry significant risk, including the possible loss of the principal amount invested. Financial instruments or other products denominated in a foreign currency are subject to exchange rate fluctuations, which may have an adverse effect on the price or value of an investment in such products. This Communication does not purport to identify all risks or material considerations which may be associated with entering into any transaction.

Structured products can be highly illiquid and are not suitable for all investors. Additional information can be found in the disclosure documents of the issuer for each respective structured product described herein. Investing in structured products is intended only for experienced and sophisticated investors who are willing and able to bear the high economic risks of such an investment. Investors should carefully review and consider potential risks before investing.

OTC derivative transactions involve risk and are not suitable for all investors. These instruments are not traded on an exchange and may lack standardisation, reducing pricing transparency and liquidity. OTC derivatives are subject to amongst other risks, counterparty risk – the risk that the other party may default on its obligations. Market volatility, interest rate shifts, and credit events can significantly affect valuations. Leverage inherent in OTC derivatives structures may amplify losses. Prior to entering into any OTC derivative, investors should ensure they fully understand the product structure, underlying assumptions, potential exposures and risks involved. Before entering into these transactions, you should: (i) ensure that you have obtained and considered relevant information from independent reliable sources concerning the financial, economic and political conditions of the relevant markets; (ii) determine that you have the necessary knowledge, sophistication and experience in financial, business and investment matters to be able to evaluate the risks involved, and that you are financially able to bear such risks; and (iii) determine, having considered the foregoing points, that capital markets transactions are suitable and appropriate for your financial, tax, business and investment objectives.

This material may mention options regulated by the US Securities and Exchange Commission. Before buying or selling options you should obtain and review the current version of the Options Clearing Corporation booklet by clicking this link, Characteristics and Risks of Standardized Options. A copy of the booklet can be obtained upon request from Citigroup Global Markets Inc., 390 Greenwich Street, 3rd Floor, New York, NY 10013.

Options involve significant risk and are not suitable for all investors. Buyers of options may lose the entire premium paid if the option expires worthless. Sellers of options face potentially unlimited losses (in the case of uncovered calls) or significant losses (in the case of puts). Options are leveraged instruments, and small price movements may result in substantial gains or losses. Liquidity risk may also arise in fast-moving markets, affecting exit pricing. Investors should understand the mechanics of options, including expiry, strike price, and underlying volatility, before engaging in such transactions. The prices used herein are historical and may not be available when your order is entered. Commissions and other transaction costs are not considered in these examples. Option trades in general and these trades in particular may not be appropriate for every investor. Unless noted otherwise, the source of all graphs and tables in this report is Citi. Because of the importance of tax considerations to all option transactions, the investor considering options should consult with his/her tax advisor as to how their tax situation is affected by the outcome of contemplated options transactions.

IMPORTANT INFORMATION

Investments in bonds are subject to various risks, including but not limited to: Interest rate risk - Bond prices generally fall when prevailing interest rates rise. Credit risk – a deterioration in the issuer's credit rating or financial condition may lead to a decline in bond value or a default on payment obligations. Prepayment and reinvestment risk: Certain bonds may be repaid early, forcing reinvestment at potentially lower yields. Liquidity risk: Some bonds may be difficult to sell in adverse market conditions without significant price concessions. - High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. Investors should note that past yield levels are not indicative of future returns, and bonds may trade below par value depending on market conditions.

Bond rating equivalence

Alpha and/or numeric symbols used to give indications of relative credit quality. In the municipal market, these designations are published by the rating services. Internal rating are also used by other market participants to indicate credit quality.

Bond credit quality ratings	**Rating agencies**		
Credit risk	**Moody's [1]**	**Standard and Poor's [2]**	**Fitch Rating [2]**
Investment Grade			
Highest quality	Aaa	AAA	AAA
High quality (very strong)	Aa	AA	AA
Upper medium grade (Strong)	A	A	A
Medium grade	Baa	BBB	BBB
Not Investment Grade			
Lower medium grade (somewhat speculative)	Ba	BB	BB
Low grade (speculative)	B	B	B
Poor quality (may default)	Caa	CCC	CCC
Most speculative	Ca	CC	CC
No interest being paid or bankruptcy petition filed	C	D	C
In default	C	D	D

1 The ratings from Aa to Ca by Moody's may be modified by the addition of a 1, 2, or 3, to show relative standing within the category.
2 The rating from AA to CC by Standard and Poor's and Fitch Ratings may be modified by the addition of a plus or a minus to show relative standings within the category.

(MLP's) - Energy Related MLPs May Exhibit High Volatility. While not historically very volatile, in certain market environments Energy Related MLPS may exhibit high volatility.

Changes in Regulatory or Tax Treatment of Energy Related MLPs. If the IRS changes the current tax treatment of the master limited partnerships included in the Basket of Energy Related MLPs thereby subjecting them to higher rates of taxation, or if other regulatory authorities enact regulations which negatively affect the ability of the master limited partnerships to generate income or distribute dividends to holders of common units, the return on the Notes, if any, could be dramatically reduced. Investment in a basket of Energy Related MLPs may expose the investor to concentration risk due to industry, geographical, political, and regulatory concentration.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk).

Additionally, the underlying collateral supporting non-Agency MBS may default on principal and interest payments. In certain cases, this could cause the income stream of the security to decline and result in loss of principal. Further, an insufficient level of credit support may result in a downgrade of a mortgage bond's credit rating and lead to a higher probability of principal loss and increased price volatility. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. Default risk may be pronounced in cases where the MBS security is secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans.

MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements. Price volatility may also occur from other factors including, but not limited to, prepayments, future prepayment expectations, credit concerns, underlying collateral performance and technical changes in the market.

IMPORTANT INFORMATION

An investment in alternative investments can be highly illiquid, is speculative and not suitable for all investors. Investing in alternative investments is for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;
- lack of liquidity in that there may be no secondary market for the fund and none is expected to develop;
- volatility of returns;
- restrictions on transferring interests in the Fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;
- absence of information regarding valuations and pricing;
- complex tax structures and delays in tax reporting;
- less regulation and higher fees than mutual funds; and
- manager risk.

Individual funds will have specific risks related to their investment programs that will vary from fund to fund.

Asset allocation does not assure a profit or protect against a loss.

Diversification does not guarantee a profit or protect against loss. Different asset classes present different risks.

The indexes are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance.

Past performance is no guarantee of future results.

International investing entails greater risk, as well as greater potential rewards compared to US investing. These risks include political and economic uncertainties of foreign countries as well as the risk of currency fluctuations. These risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less established markets and economics.

Investing in smaller companies involves greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity.

Factors affecting commodities generally, index components composed of futures contracts on nickel or copper, which are industrial metals, may be subject to a number of additional factors specific to industrial metals that might cause price volatility. These include changes in the level of industrial activity using industrial metals (including the availability of substitutes such as manmade or synthetic substitutes); disruptions in the supply chain, from mining to storage to smelting or refining; adjustments to inventory; variations in production costs, including storage, labor and energy costs; costs associated with regulatory compliance, including environmental regulations; and changes in industrial, government and consumer demand, both in individual consuming nations and internationally. Index components concentrated in futures contracts on agricultural products, including grains, may be subject to a number of additional factors specific to agricultural products that might cause price volatility. These include weather conditions, including floods, drought and freezing conditions; changes in government policies; planting decisions; and changes in demand for agricultural products, both with end users and as inputs into various industries.

The information contained herein is not intended to be an exhaustive discussion of the risks, strategies or concepts mentioned herein or tax or legal advice. Readers interested in the strategies or concepts should consult their tax, legal, or other advisors, as appropriate.

Environmental, Social and Governance (ESG) and sustainable investing may limit the type and number of investment opportunities, and, as a result may affect performance relative to other approaches that do not impose similar sustainability criteria. Sustainable investment products are subject to availability. Certain sustainable investment opportunities may not be available in all regions or not available at all. No guarantee is provided regarding the financial or sustainability performance of such products and the products may not meet their investment or sustainability objectives.

There is currently no globally accepted framework or definition (legal, regulatory or otherwise) nor market consensus as to what constitutes, an "ESG", "sustainable", "impact" or an equivalently labelled product, or regarding what precise attributes are required for a particular investment, product or asset to be defined as such. Different persons may arrive at varied conclusions when evaluating the sustainability attributes of a product or any of its underlying investments. Certain jurisdictional laws and regulations require classifications of investment products against their own sustainability definitions and as such there is likely to be a degree of divergence as to the meaning of such terms. For example, the term "sustainable investing" where used in this disclosure is by reference to CWI's internal framework rather than any defined meaning under jurisdictional laws and regulations. There is no guarantee that investing in these products will have a sustainability impact.

There are numerous ESG data providers that evaluate companies on their ESG performance and provide reports, ratings, and benchmarks. Report, rating and benchmark methodology, scope, and coverage, vary greatly among providers. ESG data may not be available for all companies, securities, or geographies and as such, may not necessarily be reliable or complete. Such data will also be subject to various limitations, including (inter alia): i) limitations in the third-party data provider's methodologies; ii) data lags, data coverage gaps or other issues impacting the quality of the data; iii) the fact that there are divergent views, approaches, methodologies and disclosure standards in the market, including among data providers, with respect to the identification, assessment, disclosure or determination of "ESG" factors or indicators and which precise attributes are required for a particular investment, product or asset to be defined as such; iv) the fact that ESG information, including where obtained from third-party data providers, may be based on qualitative or subjective assessment, and any one data source may not in itself represent a complete 'picture' for the ESG metric that it represents; v) the fact that such data may be subject to change without any notice of this to CWI by the third-party data provider or other source. Furthermore, some of the data CWI obtains from third-party providers is not obtained directly from investee companies but rather represents estimated / proxy data that the third-party data provider has prepared using its own proprietary methodologies (e.g. because there is no actual investee company data). Such proprietary methodologies are also subject to various limitations of their own, acknowledging that estimates / proxies are in and of themselves an inexact science. CWI does not make any representation or warranty as to the completeness or accuracy of any such third-party data (whether actual or estimated), or of data that is generated using this third-party data. CWI shall have no liability for any errors or omissions in the information where such information has been obtained from third parties or not.

IMPORTANT INFORMATION

CITI PRIVATE BANK COUNTRY SPECIFIC DISCLOSURES

Hong Kong /Singapore: Citibank, N.A., Hong Kong / Singapore organized under the laws of U.S.A. with limited liability. This communication is distributed in Hong Kong by Citi Private Bank operating through Citibank N.A., Hong Kong Branch, which is registered in Hong Kong with the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities with CE No: (AAP937) and is distributed in Singapore by Citi Private Bank operating through Citibank, N.A., Singapore Branch which is regulated by the Monetary Authority of Singapore. Any questions in connection with the contents in this communication should be directed to registered or licensed representatives of the relevant aforementioned entity. The contents of this communication have not been reviewed by any regulatory authority in Hong Kong or any regulatory authority in Singapore. Investors should exercise caution in relying on this material. This communication contains confidential and proprietary information. It is strictly intended for and may only be distributed to (i) an investor who qualifies as an "accredited investor" in Singapore (as defined under the Securities and Futures Act 2001 of Singapore if the investor is in Singapore or (ii) an investor who qualifies as a "professional investor" in Hong Kong (as defined under the Hong Kong Securities and Futures Ordinance and its subsidiary legislation) if the investor is in Hong Kong.

For regulated asset management services, any mandate will be entered into only with Citibank, N.A., Hong Kong Branch and/or Citibank, N.A. Singapore Branch, as applicable. Citibank, N.A., Hong Kong Branch or Citibank, N.A., Singapore Branch may sub-delegate all or part of its mandate to another Citigroup affiliate or other branch of Citibank, N.A. Any references to named portfolio managers are for your information only, and this communication shall not be construed to be an offer to enter into any portfolio management mandate with any other Citigroup affiliate or other branch of Citibank, N.A. and, at no time will any other Citigroup affiliate or other branch of Citibank, N.A. or any other Citigroup affiliate enter into a mandate relating to the above portfolio with you. To the extent this communication is provided to clients who are booked and/or managed in Hong Kong: No other statement(s) in this communication shall operate to remove, exclude or restrict any of your rights or obligations of Citibank under applicable laws and regulations. Citibank, N.A., Hong Kong Branch does not intend to rely on any provisions herein which are inconsistent with its obligations under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, or which mis-describes the actual services to be provided to you.

In Singapore, investment products are not insured under the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act of Singapore and are not eligible for deposit insurance coverage under the Deposit Insurance Scheme.

In Hong Kong, investments are not deposits, are not protected by the Deposit Protection Scheme in Hong Kong and are subject to investment risk including the possible loss of the principal amount invested.

Citibank, N.A. is incorporated in the United States of America and its principal regulators are the US Office of the Comptroller of Currency and Federal Reserve under US laws, which differ from Australian laws. Citibank, N.A. does not hold an Australian Financial Services License under the Corporations Act 2001 as it enjoys the benefit of an exemption under ASIC Class Order CO 03/1101 (remade as ASIC Corporations (Foreign Financial Services Providers) Instrument 2025/798).

In the United Kingdom, Citibank N.A., London Branch (registered branch number BR001018), Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, is authorized and regulated by the Office of the Comptroller of the Currency (USA) and authorized by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. The contact number for Citibank N.A., London Branch is +44 (0)20 7508 8000.

Citibank Europe plc (UK Branch) is a branch of Citibank Europe plc, which is authorised and regulated by the Central Bank of Ireland and the European Central Bank. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. Citibank Europe plc, UK Branch is registered as a branch in the register of companies for England and Wales with registered branch number BR017844. Its registered address is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. VAT No.: GB 429 6256 29. Citibank Europe plc is registered in Ireland with number 132781, with its registered office at 1 North Wall Quay, Dublin 1. Citibank Europe plc is regulated by the Central Bank of Ireland. Ultimately owned by Citigroup Inc., New York, USA.

Citibank Europe plc, Luxembourg Branch, registered with the Luxembourg Trade and Companies Register under number B 200204, is a branch of Citibank Europe plc. It is subject to the joint supervision of the European Central bank and the Central Bank of Ireland. It is furthermore subject to limited regulation by the Commission de Surveillance du Secteur Financier (the CSSF) in its role as host Member State authority and registered with the CSSF under number B00000395. Its business office is at 31, Z.A. Bourmicht, 8070 Bertrange, Grand Duchy of Luxembourg. Citibank Europe plc is registered in Ireland with company registration number 132781. It is regulated by the Central Bank of Ireland under the reference number C26553 and supervised by the European Central Bank. Its registered office is at 1 North Wall Quay, Dublin 1, Ireland.

This document is communicated by Citibank (Switzerland) AG, which has its registered address at Hardstrasse 201, 8005 Zurich, Citibank N.A., Zurich Branch, which has its registered address at Hardstrasse 201, 8005 Zurich, or Citibank N.A., Geneva Branch, which has its registered address at 2, Quai de la Poste, 1204 Geneva. Citibank (Switzerland) AG and Citibank, N.A., Zurich and Geneva Branches are authorised and supervised by the Swiss Financial Supervisory Authority (FINMA).

In Jersey, this document is communicated by Citibank N.A., Jersey Branch which has its registered address at PO Box 104, 38 Esplanade, St Helier, Jersey JE4 8QB. Citibank, N.A., Jersey Branch is regulated by the Jersey Financial Services Commission. Citibank N.A. Jersey Branch is a participant in the Jersey Bank Depositors Compensation Scheme. The Scheme offers protection for eligible deposits of up to £50,000. The maximum total amount of compensation is capped at £100,000,000 in any 5-year period. Full details of the Scheme and banking groups covered are available on the States of Jersey website www.gov.je/dcs, or on request.

Citi may offer, issue, distribute or provide other services in relation to certain unsecured financial instruments issued or entered into by BRRD Entities (i.e., EU entities within the scope of Directive 2014/59/EU (the BRRD), including EU credit institutions, certain EU investment firms and / or their EU subsidiaries or parents) (BRRD Financial Instruments).

IMPORTANT INFORMATION

In various jurisdictions (including, without limitation, the European Union and the United States) national authorities have certain powers to manage and resolve banks, broker dealers and other financial institutions (including, but not limited to, Citi) when they are failing or likely to fail. There is a risk that the use, or anticipated use, of such powers, or the manner in which they are exercised, may materially adversely affect (i) your rights under certain types of unsecured financial instruments (including, without limitation, BRRD Financial Instruments), (ii) the value, volatility or liquidity of certain unsecured financial instruments (including, without limitation, BRRD Financial Instruments) that you hold and / or (iii) the ability of an institution (including, without limitation, a BRRD Entity) to satisfy any liabilities or obligations it has to you. In the event of resolution, the value of BRRD Financial Instruments may be reduced to zero and or liabilities may be converted into ordinary shares or other instruments of ownership for the purposes of stabilisation and loss absorption. The terms of existing BRRD Financial Instruments (e.g., date of maturity or interest rates payable) could be altered and payments could be suspended.

There can be no assurance that the use of any BRRD resolution tools or powers by the BRRD Resolution Authority or the manner in which they are exercised will not materially adversely affect your rights as a holder of BRRD Financial Instruments, the market value of any investment you may have in BRRD Financial Instruments and/or a BRRD Entity's ability to satisfy any liabilities or obligations it has to you. You may have a right to compensation from the relevant authorities if the exercise of such resolution powers results in less favourable treatment for you than the treatment that you would have received under normal insolvency proceedings. By accepting any services from Citi, you confirm that you are aware of these risks.

Canada: 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.

In Canada, Citi Private Bank is a division of Citibank Canada, a Schedule II Canadian chartered bank. References herein to Citi Private Bank and its activities in Canada relate solely to Citibank Canada and do not refer to any affiliates or subsidiaries of Citibank Canada operating in Canada. Certain investment products are made available through Citibank Canada Investment Funds Limited ("CCIFL"), a wholly owned subsidiary of Citibank Canada. Investment Products are subject to investment risk, including possible loss of principal amount invested. Investment Products are not insured by the CDIC, FDIC or depository insurance regime of any jurisdiction and are not guaranteed by Citigroup or any affiliate thereof.

This document is for information purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities to any person in any jurisdiction. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially.

Citigroup, its affiliates and any of the officers, directors, employees, representatives or agents shall not be held liable for any direct, indirect, incidental, special, or consequential damages, including loss of profits, arising out of the use of information contained herein, including through errors whether caused by negligence or otherwise.

Citibank Canada Investment Funds Limited ("CCIFL") is not currently a member and does not intend to become a member of the Canadian Investment Regulatory Organization ("CIRO"); consequently, clients of CCIFL will not have available to them investor protection benefits that would otherwise derive from membership of CCIFL in the CIRO, including coverage under any investor protection plan for clients of members of the CIRO.

Bahrain: IN BAHRAIN, CITI PRIVATE BANK OPERATES UNDER SPECIFIC APPROVAL ISSUED ON THE BASIS OF CITIBANK, N.A., BAHRAIN BRANCH'S BANKING LICENSE

Marketing and distribution of Investment Funds to clients in Bahrain requires Notification to the Central Bank of Bahrain and will be limited to UHNWI as defined below. Minimum investment subscription criteria will apply for products for all subscriptions for Bahrain domiciled clients.

Ultra-high net worth investors are:

a) Individuals who have a minimum net worth (or joint net worth with their spouse) of USD 25 million or more
b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 25 million; or
c) Governments, supranational organisations, central banks or other national monetary authorities, and state organisations whose main activity is to invest in financial instruments (such as state pension funds).

Israel: This communication is directed at persons who are "Eligible Clients" as such term is defined in the Israeli Regulation of Investment Advice, Investment Marketing, and Investment Portfolio Management law, 1995 (the "Advisory Law"). This communication is not intended for retail clients and Citi will not make such products or transactions available to retail clients. The presenter is not licensed as investment advisor by the Israeli Securities Authority ("ISA"). The information contained herein may relate to matters that are not regulated by the ISA. Any securities which are the subject of this communication may not be offered or sold to any Israeli person except pursuant to an exemption from the Israeli public offering rules.

UAE CPB: In the UAE, Citibank N.A. UAE Branch is licensed by the Central Bank of the UAE as a branch of a foreign bank.

The private banking business operates under Citibank N.A. UAE Branch which is licensed with UAE Securities and Commodities Authority ("SCA") to undertake the financial activity of A) promotion under license number 20200000097 B) Trading broker in international markets under license number 20200000198 C) portfolios management license number 20200000240.

Mutual funds distributed by Citibank N.A. UAE Branch private banking business are registered with SCA.

The approval of SCA, in relation to the promotion of the investment products in the U.A.E. does not constitute a recommendation by SCA to purchase or invest in the respective investment products and SCA accepts no responsibility and shall not be held liable for the failure of any concerned parties to fulfil their obligations and duties in relation to the investment products or for the accuracy and integrity of the data contained in the relevant subscription prospectus.

IMPORTANT INFORMATION

CONSUMER, CITIGOLD AND CITIGOLD PRIVATE CLIENT COUNTRY SPECIFIC DISCLOSURES

Hong Kong: This communication is distributed in Hong Kong by Citibank (Hong Kong) Limited ("CHKL") and/or Citibank, N.A., Hong Kong Branch ("CBNA HK", Citibank, N.A. is organized under the laws of U.S.A. with limited liability). CHKL and CBNA HK provide no independent research or analysis in the substance or preparation of this communication. Although information in this communication has been obtained from sources believed to be reliable, CHKL and CBNA HK do not guarantee its accuracy or completeness and accept no liability for any direct or consequential losses arising from its use. The contents of this communication have not been reviewed by any regulatory authority in Hong Kong.

This communication is for general information only, is not intended as a recommendation or an offer or solicitation for the purchase or sale of any products or services and should not be relied upon as financial advice. The information herein has not taken account of the objectives, financial situation or needs of any particular investor. Any person considering an investment should consider the suitability of the investment having regard to their objectives, financial situation and needs, and should seek independent advice before making an investment decision. You should obtain and consider the relevant product terms and conditions and risk disclosure statement, and consider if it's suitable for your objectives, financial situation or needs before making any investment decision. Investors are advised to obtain independent legal, financial and taxation advice prior to investing. Investments are not deposits, are not protected by the Deposit Protection Scheme in Hong Kong and are subject to investment risk including the possible loss of the principal amount invested.

This communication does not constitute the distribution of any information in any jurisdiction in which it is unlawful to distribute such information to any person in such jurisdiction.

CHKL does not provide discretionary portfolio management services.

Singapore: This communication is distributed in Singapore by Citibank Singapore Limited ("CSL") to selected Citigold/Citigold Private Clients. CSL provides no independent research or analysis of the substance or in preparation of this communication. Please contact your Citigold/Citigold Private Client Relationship Manager in CSL if you have any queries on or any matters arising from or in connection with this communication. Investment products are not insured under the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 of Singapore and are not eligible for deposit insurance coverage under the Deposit Insurance Scheme. The contents of this communication have not been reviewed by the Monetary Authority of Singapore or any other regulatory authority in Singapore.

This communication is for general information only and should not be relied upon as financial advice. The information herein has no regard to the specific investment objectives, financial situation and particular needs of any specific person and is not intended to be an exhaustive discussion of the strategies or concepts mentioned herein or tax or legal advice. Any person interested in the strategies or concepts mentioned herein should consult their independent tax, legal, financial or other advisors, as appropriate. This communication does not constitute the distribution of any information or the making of any offer or solicitation by anyone in any jurisdiction in which such distribution or offer is not authorized or to any person to whom it is unlawful to distribute such information or make such an offer or solicitation.

Before making any investment, each investor must obtain the investment offering materials, which include a description of the risks, fees and expenses and the performance history, if any, which may be considered in connection with making an investment decision. Interested investors should seek the advice of their financial adviser about the issues discussed herein as appropriate. Should investors choose not to seek such advice, they should carefully consider 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 investment objectives and assess whether the investment product is suitable for themselves. Although information in this document has been obtained from sources believed to be reliable, CSL does not guarantee its accuracy or completeness and accepts no liability for any direct or consequential losses arising from its use.

The information provided herein does not constitute the marketing or offering of any products or services by CSL to individuals resident in the European Union, European Economic Area, Switzerland, Guernsey, Jersey, Monaco, San Marino, The Vatican, The Isle of Man, the UK, Brazil, New Zealand, Jamaica, Ecuador or Sri Lanka. The content herein 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.

CSL does not provide discretionary portfolio management services.

IMPORTANT INFORMATION

UAE CG/CPC: This document is distributed in UAE by Citibank, N.A. UAE.

Citibank N.A. UAE is licensed with UAE Securities and Commodities Authority ("SCA") to undertake the financial activity of A) Financial Consulting, Introduction and Promotion under license number 20200000097 B) Trading Broker in International Markets under license number 20200000198 C) Portfolios Management under license number 20200000240 D) Custody under license number 602003.

This is not an official statement of Citigroup Inc. and may not reflect all of your investments with or made through Citibank N.A. For an accurate record of your accounts and transactions, please refer to your official statement. Contents in this email are for general information only and should not be relied upon as financial advice. Such contents have no regard to the specific objectives, financial situation and particular needs of any specific person and are not intended to be an exhaustive discussion of the strategies or concepts mentioned herein or tax or legal advice. Any person interested in the strategies or concepts mentioned herein should consult their independent tax, legal, financial or other advisors, as appropriate. It is neither an offer nor a solicitation to purchase, nor endorsement or recommendation of, any products or services by Citigroup Inc. This email does not constitute the distribution of any information or the making of any offer or solicitation by anyone in any jurisdiction in which such distribution, offer or solicitation is not authorised or to any person to whom it is unlawful to distribute such information or make any offer or solicitation.

Citigroup Inc. makes no representation or warranty as to the accuracy, truth, adequacy, completeness, fitness for purpose, non-infringement of third-party rights or continued applicability of the contents of this email. Citigroup Inc. shall not be liable for any complaint, suit, action, claim, expense, loss or damages directly or indirectly arising out of or in connection with any person's viewing, reliance on or acting upon or use of any contents of this e-mail.

Interested investors should, before making any investment, obtain the investment offering materials, which include a description of the risks, fees and expenses and the performance history, if any, which may be considered in connection with making an investment decision. Each investor should carefully consider 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 investment objectives. At any time, Citigroup companies may compensate affiliates and their representatives for providing products and services to clients.

Jersey: This document is distributed in Jersey by Citibank N.A., Jersey Branch.

Citibank N.A., Jersey Branch is regulated by the Jersey Financial Services Commission. Citi International Personal Bank is registered in Jersey as a business name of Citibank N.A. The address of Citibank N.A., Jersey Branch is P.O. Box 104, 38 Esplanade, St Helier, Jersey JE4 8QB. Citibank N.A. is incorporated with limited liability in the USA. Head office: 399 Park Avenue, New York, NY 10043, USA.

THE
SHORT
AND
LONG

Weekly Bulletin