**Introduction and Business Problem**

ABC LLC is a professional asset manager investing in multitude of asset classes ranging from real estate, public equities, private equity and fixed income securities globally. The firm has recently raised an amount of USD500mn with the mandate to invest globally and is expected to allocate predetermined proportions of the portfolio to clusters of global financial cities that corresponds with their risk profiles. This identification of clusters of global financial cities would help determine the risk premiums to be taken into account when deciding upon an adequate expected return per each cluster. The determination of such expected returns are crucial in assessing the performance of ABC LLC as an asset manager and would eventually cascade to remain/exit decisions from certain geographies altogether.