

Equities

Index Factsheet and Performance Update – March 2020

FOR PROFESSIONAL CUSTOMERS AND ELIGIBLE COUNTERPARTIES IN EMEA ONLY – NOT FOR DISTRIBUTION TO RETAIL CUSTOMERS

Citi Dynamic Asset Selector 5 ER CHF Index

Navigating equity market regimes in a volatility controlled framework.

Strategy Rationale

Risky asset classes such as equities can sometimes be characterized into different market ‘regimes’; e.g. periods of relatively low volatility with rising prices or periods of elevated volatility but falling prices. A simple buy-and-hold strategy may expose investors to large drawdowns during the latter of these periods.

In addition, elevated volatility and falling equity prices are often associated with a ‘flight-to-quality’, during which perceived ‘safe-haven’ assets, such as US Treasuries, typically increase in demand causing prices to rise.

A strategy that seeks to effectively identify different market regimes and adjust its allocation between equities and US Treasuries accordingly may generate an improved risk-return profile versus a standalone investment in either of the two asset classes.

Key Features

- Multi-asset dynamic strategy targeting stable returns
- Identifies market ‘regimes’ using equity trend and volatility signals
- Adjusts exposure between US equity and US treasury future indices according to the identified regime
- Annualised volatility target of 5%

Index Description

The Index splits its exposure between two constituents:

1. S&P 500® Futures ER Index in CHF (“Equities”)
2. S&P® 10Y US Treasury Note Futures ER Index in CHF (“Treasuries”)

On a daily basis the Index identifies one of three market ‘regimes’ – Low Risk Aversion, High Risk Aversion or Inconclusive – using the direction and strength of the 21-day Equities trend and the level of 63-day Equities volatility:

- **Low Risk Aversion:** Upward Trend + Volatility <15%
- **High Risk Aversion:** Downward Trend + Volatility >15%
- **Inconclusive:** Other scenarios

The Index allocation is adjusted based on the market regime identified (see right). If there is no change, the allocation remains the same until the next regime is identified.

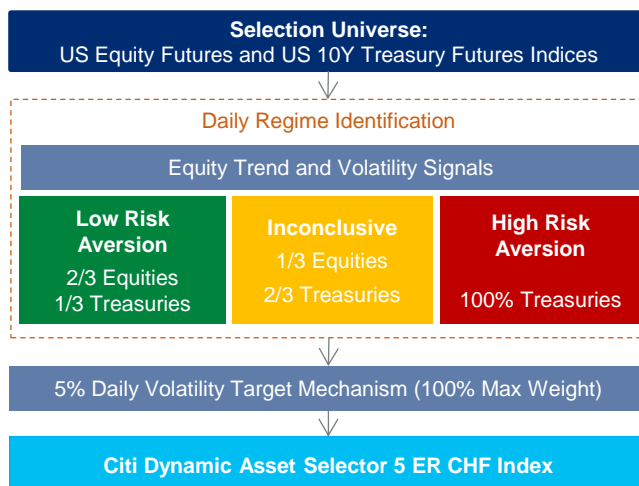
A daily volatility targeting mechanism (with a 10% buffer) is applied to the Index which seeks to maintain Index volatility close to 5% annualised.



Index Attributes

Strategy Type	Smart Beta
Bloomberg Ticker	CIMADASC Index
Currency	CHF
Return Type	Excess Return
Live Date	07-Sep-17
Base Date	12-Jan-98
Index Universe	US Equity Futures & US 10y Treasury Futures
Rebalancing Frequency	Up to Daily
Index Sponsor	Citigroup Global Markets Limited
Index Calculation Agent	Citigroup Global Markets Limited

Index Schematic



Certain Risks

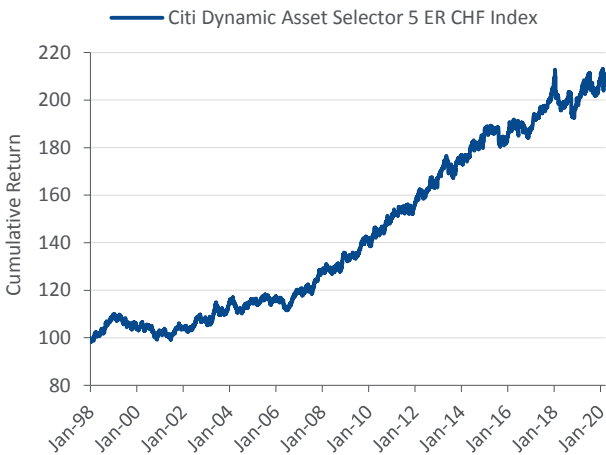
These are not all of the risks with respect to the Index and they should be considered in conjunction with the general risk factors and further information found in the Index documentation, available upon request.

- The Index is ultimately exposed to US equity futures and US 10Y Treasury futures, hence is subject to all the risks associated with these instruments
- Investors should familiarise themselves with the constituent third-party indices; the S&P 500® Futures ER Index and the S&P® 10Y US Treasury Note Futures Index
- There is no assurance that the signals will be effective at capturing market regimes which may lead to an underperformance of the Index versus its components
- A downward Equities trend signal may only be determined after a market decline; conversely, determination of an upward trend may lag an upturn in Equities
- The Index may become concentrated wholly into Treasuries
- The Signal-based methodology may be overly conservative, resulting in exposure to the High Risk Aversion Portfolio at time when the Low Risk Aversion Portfolio is facing large appreciation
- There is no assurance that the historically complementary relationship between the two assets will persist
- The Index may fail to preserve the 5% annual volatility target due to the time lag associated to the Volatility Targeting mechanism or the minimum exposure change buffer. The Index may underperform an index without such a mechanism
- The 1% p.a. running fee will act as a drag on the Index performance

Standardised Past Performance Information

31-Mar-15 to 31-Mar-16	31-Mar-16 to 31-Mar-17	31-Mar-17 to 29-Mar-18	29-Mar-18 to 29-Mar-19	29-Mar-19 to 31-Mar-20
1.5%	0.7%	3.7%	2.7%	2.1%

Additional Past Performance Chart



Additional Past Performance Statistics

Citi Dynamic Asset Selector 5 ER CHF Index	
Last 1 Month	2.5%
Last 3 Months	0.8%
Year-to-Date	0.8%
Last 1 Year	2.1%
Since Base Date	
Cumulative Return	109.1%
Annualised Return	3.4%
Annualised Volatility	5.2%
Sharpe Ratio	0.65
Max Drawdown	-10.0%
Worst Month	-4.4%
Best Month	4.1%

Index Performance Statistics - Month by Month

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011	1.3%	1.3%	-0.5%	1.8%	-0.2%	-0.8%	-0.2%	1.2%	-0.4%	0.0%	-1.3%	2.0%	4.1%
2012	1.9%	0.9%	1.4%	0.1%	-1.3%	0.7%	0.9%	0.7%	1.6%	-1.2%	0.6%	0.1%	6.5%
2013	1.7%	0.7%	1.6%	1.0%	-0.1%	-2.0%	0.8%	-1.9%	1.1%	2.0%	1.2%	0.5%	6.7%
2014	-1.6%	1.4%	0.0%	0.1%	1.7%	1.1%	-1.2%	1.7%	-1.3%	1.6%	1.2%	-0.9%	3.8%
2015	2.3%	0.5%	-0.4%	-0.5%	0.5%	-0.7%	1.1%	-3.8%	0.8%	0.6%	-0.4%	-0.4%	-0.5%
2016	2.7%	0.9%	0.9%	-0.6%	0.1%	-1.0%	1.1%	-0.3%	-0.3%	-1.3%	-0.9%	0.8%	2.0%
2017	1.0%	2.6%	-0.5%	0.8%	0.8%	0.0%	0.9%	-0.1%	0.5%	1.2%	1.6%	0.5%	9.7%
2018	2.9%	-4.2%	-1.0%	-1.6%	1.1%	-0.6%	0.8%	2.1%	-0.2%	-4.4%	0.8%	2.0%	-2.6%
2019	0.8%	0.5%	1.7%	1.8%	-2.2%	2.7%	0.2%	-1.5%	-1.2%	-0.5%	0.9%	1.3%	4.3%
2020	0.6%	-2.2%	2.5%										0.8%

Data for all charts, graphs and tables are as of 31-Mar-20. Data source for all charts, graphs and tables: Citigroup Global Markets Limited and Bloomberg. Simulated past performance data from 12-Jan-98 to 07-Sep-17. Live past performance data from 07-Sep-17. Simulated past performance data are provided for illustrative purposes only. Past performance data should not be regarded as an indication of future results. Any upward or downward trend in the past performance data should not be regarded as an indication of the future performance of the index. Future performance of the index may be positive or negative. Index performance takes into account deductions for fees and/or costs as specified in the index methodology. Further details are available on request. Any transaction or instrument linked to the index may bear additional fees which would reduce overall returns compared with the performance illustrated here. The return on the index may increase or decrease as a result of currency fluctuations.

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