

Equities

Index Factsheet and Performance Update – August 2021

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.

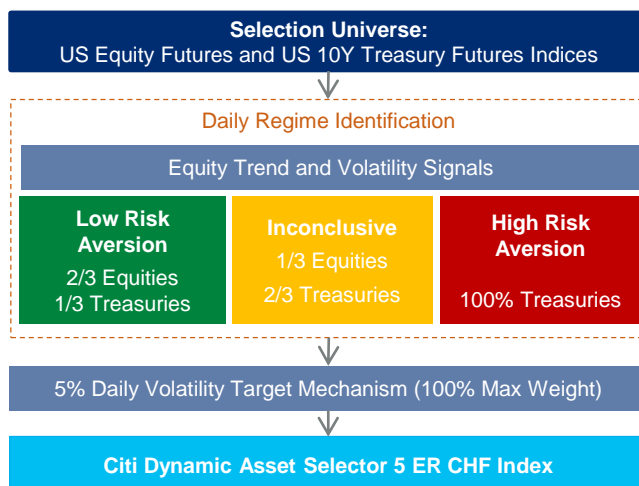
A daily volatility targeting mechanism (with a 10% buffer) is applied to the Index which seeks to maintain Index volatility close to 5% annualised.



## 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

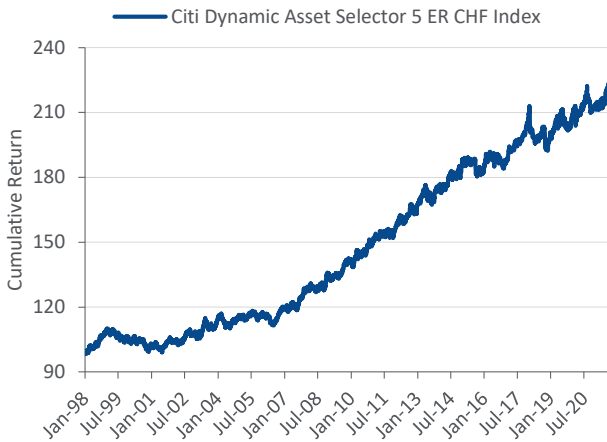
These are not all of the risks with respect to the Index and they should be considered in conjunction with the general risk factors and further information found in the Index documentation, available upon request.

- 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-Aug-16 to 31-Aug-17	31-Aug-17 to 31-Aug-18	31-Aug-18 to 30-Aug-19	30-Aug-19 to 31-Aug-20	31-Aug-20 to 31-Aug-21
3.9%	3.2%	1.7%	6.6%	1.9%

## Additional Past Performance Chart



## Additional Past Performance Statistics

Citi Dynamic Asset Selector 5 ER CHF Index	
Last 1 Month	1.6%
Last 3 Months	4.3%
Year-to-Date	5.1%
Last 1 Year	1.9%
Since Base Date	
Cumulative Return	124.3%
Annualised Return	3.5%
Annualised Volatility	5.2%
Sharpe Ratio	0.67
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
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%	0.4%	1.0%	0.2%	1.6%	2.0%	-1.9%	-2.9%	0.8%	1.0%	2.9%
2021	-1.0%	0.4%	-0.2%	1.6%	0.0%	1.1%	1.4%	1.6%					5.1%

Data for all charts, graphs and tables are as of 31-Aug-21. 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.

## Index Disclaimer

This communication has been prepared by individual sales and/or trading personnel of Citigroup Inc. or its subsidiaries or affiliates (collectively Citi). In the United Kingdom: Citigroup Global Markets Limited ("CGML") is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (together, the UK Regulator) and has its registered office at Citigroup Centre, Canada Square, London E14 5LB. Amongst its affiliates, (i) Citibank, N.A., London Branch is authorised and regulated by Office of the Comptroller of the Currency (USA), authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority and has its UK establishment office at Citigroup Centre, Canada Square, London E14 5LB and (ii) Citibank Europe plc, UK Branch is authorised by the Central Bank of Ireland and by the Prudential Regulation Authority and subject to regulation by the Central Bank of Ireland, and limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority and has its UK establishment office at Citigroup Centre, Canada Square, London E14 5LB. Outside the UK: (i) Citibank Europe plc ("CEP") is Licensed by the European Central Bank and regulated by the Central Bank of Ireland and the European Central Bank under the Single Supervisory Mechanism and has its registered office at 1 North Wall Quay, Dublin 1, (ii) Citibank Europe plc branches located in the EEA are subject to regulation by the respective host country regulator and the Central Bank of Ireland (iii) Citigroup Global Markets Europe AG ("CGME"), authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and has its registered office at Reuterweg 16, D-60323 Frankfurt am Main, Germany. This communication is directed at persons (i) who have been or can be classified by Citi as eligible counterparties or professional clients in line with the applicable rules, (ii) Persons in the United Kingdom, who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and (iii) other persons to whom it may otherwise lawfully be communicated. No other person should act on the contents or access the products or transactions discussed in this communication.

To the extent that this communication/these materials has/have been produced in the UK by CGML or Citibank N.A. London branch, it is/they are intended for distribution solely to clients of Citi in jurisdictions where such distribution is permitted and the recipient shall not provide or distribute such materials to any person located in a jurisdiction where it would otherwise trigger a financial services licensing requirement.

To the extent that this communication/these materials has/have been produced by CGME, it is/they are intended for distribution solely to clients of Citi in jurisdictions where such distribution is permitted and the recipient shall not provide or distribute such materials to any person located in a jurisdiction where it would otherwise trigger a financial services licensing requirement.

To the extent that this communication/these materials has/have been produced by Citibank Europe plc, it is/they are intended for distribution solely to clients of Citi in jurisdictions where such distribution is permitted and the recipient shall not provide or distribute such materials to any person located in a jurisdiction where it would otherwise trigger a financial services licensing requirement.

This communication is provided for information purposes only with respect to each index discussed herein (each an "Index") and does not constitute (i) a recommendation, an offer or a solicitation to deal in any financial product, enter into any transaction or adopt any investment strategy, or (ii) legal, tax, regulatory, financial or accounting advice. Neither the entity establishing and sponsoring any Index (each, an "Index Sponsor"), nor the entity acting as calculation agent for any Index (each, an "Index Calculation Agent"), nor any of their respective directors, officers, employees, representatives, delegates or agents (together with each Index Sponsor and each Index Calculation Agent, each a "Relevant Person") makes any express or implied representation or warranty as to (i) the advisability of purchasing or entering into any financial product the performance of which is linked, in whole or in part, to any Index (an "Index Linked Product"), (ii) the levels of any Index at any particular time on any particular date, (iii) the results to be obtained by the issuer of, the counterparty to, or any investor in any Index Linked Product, or any other person or entity, from the use of any Index or any data included therein for any purpose, (iv) the merchantability or fitness for a particular purpose of any Index, or (v) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to any Index and any information contained in this communication. No Relevant Person shall have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages. Neither any Index Sponsor nor any Index Calculation Agent is under any obligation to continue the calculation, publication and dissemination of any Index nor shall any of them have any liability for any error, omission, interruption or delay relating to any Index. Each Index Sponsor and each Index Calculation Agent shall each act as principal and not as agent or fiduciary of any other person.

During the normal course of its business, any Relevant Person may enter into or promote, offer or sell transactions or investments (structured or otherwise) linked to any Index and/or any of its constituents. In addition, any Relevant Person may have, or may have had, long or short principal positions and/or actively trade, by making markets to its clients, positions in or relating to any Index or any of its constituents, or may invest or engage in transactions with other persons, or on behalf of such persons relating to any of these items. Relevant Persons may also undertake hedging transactions related to the initiation or termination of financial products or transactions, which may adversely affect the market price, rate or other market factor(s) underlying any constituent or any Index. Relevant Persons may have an investment banking or other commercial relationship with and access to information from the issuer(s) of constituents. Such activity may or may not have an impact on the level of any Index, but potential investors and counterparties should be aware that a conflict of interest could arise where anyone is acting in more than one capacity, and such conflict may have an impact (either positive or negative) on the level of any Index.

Each Index reflects the performance of notional investment positions in its constituents. There is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. Each Index merely identifies certain hypothetical investment positions, the performance of which will be used as a reference point for the purpose of calculating the level of the relevant Index.

Past performance is not indicative of future performance. Any numbers or figures presented as past performance in this communication may include performances calculated from back-testing simulations. Any back-testing information provided herein is illustrative only and derived from proprietary models based on certain historic data and assumptions and estimates. Such back-testing information should not be considered indicative of the actual results that might be obtained from an investment or participation in an Index Linked Product. Any scenario analysis is for illustrative purposes only and does not represent the actual performance of the relevant Index nor does it purport to describe all possible performance outcomes for the relevant Index.

Any trade or strategy ideas included in this communication are provided by our Sales and Trading department. Such material is therefore not a direct recommendation from our Research department and the directives on the independence of research, and rules prohibiting dealing ahead of dissemination, do not apply. On the occasions where the information provided includes extracts or summary material derived from research reports published by our Research department, you are advised to obtain and review the original piece of research to see the research analyst's full analysis. Any opinions attributed to us constitute our judgment as of the date of the relevant material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Although all information has been obtained from, and is based upon, sources believed to be reliable, it may be incomplete or condensed and its accuracy cannot be guaranteed.

Each Index is described in full in the applicable Index Conditions, which are available upon request from us. Any decision to invest in an Index Linked Product should be based upon the information contained in the associated prospectus, offering document or other legal document, together with the applicable Index Conditions.

Each Index and the information contained in this communication are the applicable Index Sponsor's proprietary and confidential material. No person may use any Index in any way or reproduce or disseminate the information contained in this communication without the prior written consent of the applicable Index Sponsor. This communication is not intended for distribution to, or use by any person in, a jurisdiction where such distribution is prohibited by applicable law or regulation. No Index is in any way sponsored, endorsed or promoted by the issuer or sponsor, as applicable, of any of its constituents.

In addition, Citi may submit prices, rates, estimates or values to data sources that publish indices or benchmarks, which may be referenced in products, transactions or an Index discussed in this communication. Such submissions may have an impact on the level of the relevant index or benchmark and consequently on the value of the products, transactions or relevant Index. Citi will make such submissions without regard to your interests under a particular product, transaction or Index. Citi has adopted policies and procedures designed to mitigate potential conflicts of interest arising from such submissions and our other business activities. In light of the different roles performed by Citi you should be aware of such potential conflicts of interest.

Further information on Citi and its terms of business for professional clients and eligible counterparties are available at: [http://icg.citi.com/icg/global\\_markets/uk\\_terms.jsp](http://icg.citi.com/icg/global_markets/uk_terms.jsp).

© 2021 Citigroup Global Markets Limited. Citi, Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.

