

Citi's AutoFX Passive Hedge

A flexible and transparent passive currency hedging solution

As a natural extension of our existing AutoFX offering, Citi's AutoFX Passive Hedge provides you with a highly flexible and transparent currency-hedging solution that reduces the currency risk associated with international investments in today's volatile markets.

Advantages

Passive solution

To smooth out fluctuations in currency valuations, Citi's AutoFX Passive Hedge uses a pre-agreed standing instruction to execute forward or swap foreign exchange (FX) contracts based on a portfolio's assets under custody (AUC). In addition, our trigger functionality executes additional hedge requests based upon pre-agreed thresholds to adjust your hedge back in line with your desired hedge ratio, achieving an active passive solution.

Currency risk

By locking in the future FX price of the portfolio, you can reduce the currency risk associated with your international investment strategy.

Operational efficiency and risk reduction

The seamless integration of Citi's Custody and FX systems delivers a complete straight-through processing (STP) solution, from FX execution and payment processing, through to confirmation via MT300 and online reporting via CitiDirect® for Securities (CDS) and CitiFX Pulse. This passive solution maximises efficiency through an automated calculation of your FX requirement based upon a pre-agreed hedging strategy, with third-party settlement risk eliminated and a full audit trail provided online.

Flexibility

Citi's AutoFX Passive Hedge can be tailored to meet a specific hedging strategy.

For example, you can set:

- Asset type, including equities, fixed income or both
- Hedging ratio to meet your risk strategy (0-100 per cent of AUC)
- Hedge based upon settled basis
- Hedging ratio can be set at asset-type level
- All, multiple or individual currencies
- Hedge option of using forward and spot FX combination or FX swap
- Trigger thresholds to align ratio off-cycle
- Tenor, from one week to one year
- Fixed or floating spreads
- Transparent benchmark rates with more than 18 fixing times each day
- Confirmations by MT300
- Online Reporting via CDS consolidated custody FX reporting or via CitiFX® Pulse

Competitive FX rates

Using fixed or floating spreads, you can gain access to competitive rates sensitive to deal size and volume with the option of using benchmarking for complete transparency.

Benefits at a glance

- Passive solution
- Transparency using CitiFX benchmark rates or WMR benchmark rates
- Risk reduction and operational efficiency
- Flexibility through tailored solutions
- Competitive FX rates
- Extensive scope
- Cost-effective with no set-up or maintenance fees



Transparency

Reducing the performance discrepancy associated with currency-rate movements, Citi AutoFX Passive Hedge gives you transparency in the performance of the underlying investment.

Extensive scope

Citi AutoFX Passive Hedge is available in over 60 markets with benchmarking available in more than 50.

Cost-effective

This service is provided with no set-up or maintenance fees.

Backed by Citi

Citi's AutoFX Passive Hedge is supported by, and built around, the same technology and service level that has helped transform the way many of our clients do business. The range of AutoFX solutions covering the whole investor lifecycle includes:

- AutoFX Settlement
- AutoFX Share Class Hedging
- AutoFX Passive Hedging
- AutoFX Execution

Benchmark

The CitiFX Benchmark rates are determined with the most liquid data sources for each currency that calculate an independent mid-rate. At each fixing time, a snapshot of all sources is taken. These are compared to determine any statistical outliers, and the most accurate are used to reflect the true market rate.

CitiFX

A market leader in FX, Citi offers you round-the-clock trading and coverage, in-depth analysis, responsive and innovative solutions, competitive pricing and fast execution in spot, forward, SWAP and options transactions. We also offer a complete suite of active currency-management solutions – dealing across an extensive global network, 24 hours a day.

CitiFX Pulse

Citi's AutoFX Passive Hedge uses the CitiFX Pulse application for FX pricing. CitiFX Pulse serves as the electronic interface between the securities-processing platform and the dealing desk. In addition, you can

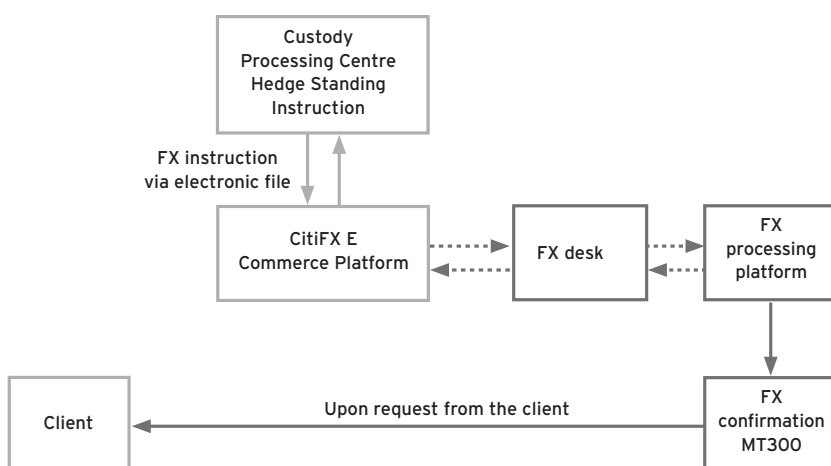
gain direct access to manually instruct individual FX transactions or multiple transactions via its file upload functionality, and/or view those initiated through Citi's AutoFX Passive Hedge route. CitiFX Pulse issues dealing instructions, logs each step in the dealing process and maintains a data file of past transactions for audit purposes.

Taking investor services to the next level

Citi has the experience, scale and technology to meet the complex needs of global investors. Our unmatched global presence and scale, create efficiencies and reduce operational costs. Because institutional investors demand more from their investor services provider, we provide superior core services and a complement of value-added capabilities to support the growing sophistication of our clients and complexity of the market.

For more information, please contact your Citi representative or visit www.transactionservices.citi.com.

Citi's AutoFX Passive Hedge: The Process



Global Transaction Services
www.transactionservices.citi.com

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