



MINIS | INSTALMENTS | SELF FUNDING INSTALMENTS | TURBOS | TRADING WARRANTS

An Introduction to trading CitiFirst Australian Index MINIs

For more information and to subscribe to our market newsletter

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CitiFirst

OPPORTUNITY

CitiFirst is the brand name for Citi's suite of investment and trading products.

CitiFirst Opportunity investments in Australia cover a broad selection of ASX and Cboe listed Warrants including:

- Instalments
- Self Funding Instalments
- MINIs
- Turbos
- Trading Warrants

With the investor in mind, CitiFirst MINIs provide leveraged exposure to either rising or falling markets.

For only a fraction of the cost of trading the underlying Index directly, CitiFirst MINIs are an ASX and Cboe listed trading tool for the Australian market.

“I want to make my money work for me”

CitiFirst Australian Index MINIs are leveraged trading tools that make your money work harder for you. For only a fraction of the cost of trading the index directly, investors can benefit from movements in the index as if they were holding it directly. As a result, they offer the potential for much leveraged returns.

I want the potential to profit in rising or falling markets

There are two types of CitiFirst Australian Index MINIs: CitiFirst Australian Index MINI Longs provide investors with exposure to a rising market and CitiFirst Australian Index MINI Shorts provide investors with exposure to a falling market. Investors may therefore profit in both bull and bear markets.

I want transparent pricing

The price of a CitiFirst Australian Index MINI is straightforward and transparent. The value is determined by the price of the Underlying Index Futures Contract* (which tracks the underlying index), the index multiplier** and the Strike Price***. As such, CitiFirst Australian Index MINIs are not exposed to factors such as option volatility and dividend assumptions that affect the valuations of traditional derivatives.

Value is calculated as follows:

Value of Index MINI Long = (Index Level – Strike Price) x Index Multiplier

Value of Index MINI Short = (Strike Price – Index Level) x Index Multiplier

* The Underlying Index Futures Contract is the SPI 200TM Index Futures Contract (SPI).

**The index multiplier is used to convert the Index Futures Level into a dollar amount. The multiplier for CitiFirst Australian Index MINIs is 0.01.

***Where the Strike Price is the portion of the Index level that Citi funds on behalf of investors



Example of an S&P/ASX200 Index MINI Long Pricing:

Action	Number	Index Futures Level	Strike level	MINI Price / Value Return	
Investor Buys 2,000 Index MINI Longs	2,000	7,400	6,900	\$5.00	
Index Futures Level rises to 7,450					
Sell (same day)	2,000	7,450	6,900	\$5.50	10%
Index Futures Level falls to 7,350					
Sell (same day)	2,000	7,350	6,900	\$4.50	-10%

Example of an S&P/ASX200 Index MINI Short Pricing:

Action	Number	Index Futures Level	Strike level	MINI Price / Value Return	
Investor Buys 2,000 Index MINI Shorts	2,000	7,400	8,000	\$6.00	
Index Futures Level falls to 7,300					
Sell (same day)	2,000	7,300	8,000	\$7.00	16.67%
Index Futures Level rises to 7,500					
Sell (same day)	2,000	7,500	8,000	\$5.00	-16.67%

I want to hedge my portfolio

CitiFirst Australian Index MINI Shorts can be used to hedge existing share portfolios over the short and long term. To determine the number of MINI shorts required for portfolio hedging use the following formula:

Number of MINI Shorts Required = Portfolio Value / (Index Level x Index Multiplier)

Where Index Level is the current SPI level

Example of using CitiFirst Index MINI Shorts to hedge a \$150,000 portfolio

Number of Index MINI Shorts Required = \$150,000 / (Index Level of 7,400 x 0.01) = 2,027 Index MINI Shorts

Example of an Index MINI Short							
Action	Units	Index Futures Level	Strike Price	Index MINI Price (per unit)	Profit / (Loss) MINI	Profit / (Loss) Portfolio	Total Return
BUY	2,027	7,400	8,200	\$8.00			
Index Future Falls 1% to 7,326							
SELL (same day)	2,027	7,326	8,200	\$8.74	+\$1,500	(\$1,500)	0
Index Future Rise 1% to 7,474							
SELL (same day)	2,027	7,474	8,200	\$7.26	(\$1,500)	+\$1,500	0

Based on the above example, CitiFirst Australian Index MINI Shorts can be used to effectively neutralise market movements.

I want to know my maximum potential trading loss

Each CitiFirst Index MINI has a stop loss feature. The effect of this stop loss feature, combined with the limited recourse nature of the leverage for a CitiFirst Index MINI, means that regardless of the movements of the Underlying Index Futures as measured by the Index Futures Level or the leverage costs incurred in relation to a CitiFirst Index MINI, the price of a CitiFirst Index MINI cannot be negative and a Holder cannot lose more than their initial Purchase Price.

For Index MINI Longs the Stop Loss Trigger Level is set at a certain distance above the Strike Price, whereas for Index MINI Shorts the Stop Loss Trigger Level is set below the Strike Price.

The Stop Loss Trigger Level is outlined in the summary table of the Product Disclosure Statement (PDS) prior to listing. Thereafter, the Stop Loss Trigger Level will be updated on the first trading day of every month to reflect the movement in the Strike Price.

What happens if a Stop Loss Trigger Level is reached

If a Stop Loss Trigger Level is reached Citi will halt trading in the MINI, determine the remaining value and provide a bid price (equal to the remaining value) in the MINI on the ASX and Cboe so holders can close out of their position. This market will be available from 2:00pm on the following trading day until the end of the next trading day.

Should investors not sell their position on the ASX or Cboe, they will receive the remaining value back via cheque or directly in to their nominated bank account within 10 business days.

Example of Stop Loss Trigger – Index MINI LONG

	Index Futures	Index Futures Level	Strike Price	Stop Loss Level	MINI Price
	SPI 200TM Index Futures Contract	7,400	7,000	7,220	\$4.00
Day 1:	Negative news is released to the market causing the SPI 200TM Futures Level to fall below the Stop Loss Trigger Level of 7220. Index MINI Long trading is halted. Citi unwinds its hedge by selling units in SPI Index Futures at an average level of 7210 (the Stop Loss Termination Level).				
Day 2, 2:00pm	Trading in Index MINI Long recommences, but holders can only sell them to Citi at the Remaining Value.				
Day 3, 4:00pm	Trading in Index MINI Long ceases.				
	Index Futures	Strike Price	Stop Loss Termination Level	Remaining Value	Loss on Trade
Close out	SPI 200TM Index Futures Contract	7,000	7,210	\$2.10	-\$1.90

Example of Stop Loss Trigger – Index MINI SHORT

	Index Futures	Index Futures Level	Strike Price	Stop Loss Level	MINI Price
	SPI 200TM Index Futures Contract	7,400	7,900	7,640	\$5.00
Day 1:	Positive news is released to the market causing the SPI 200TM Futures Level to rise above the Stop Loss Trigger Level of 7640. Index MINI Short trading is halted. Citi unwinds its hedge by buying units in SPI 200TM Index Futures Contract at an average level of 7645 (the Stop Loss Termination Level).				
Day 2, 2:00pm	Trading in Index MINI Short recommences, but holders can only sell them to Citi at the Remaining Value.				
Day 3, 4:00pm	Trading in Index MINI Short ceases.				
	Index Futures	Strike Price	Stop Loss Termination Level	Remaining Value	Loss on Trade
Close out	SPI 200TM Index Futures Contract	7,900	7,645	\$2.55	-\$2.45



”I want to keep my costs to a minimum”

Investors who trade CitiFirst MINIs do not incur any funding costs if they buy and sell the MINI on the same trading day. Where a MINI is held to the next trading day, investors are charged a Funding Cost, which covers the cost of holding the stock position overnight. This Funding Cost is added to the Strike Price for Index MINI Longs or subtracted from the Strike Price for Index MINI Shorts before trading opens the following morning. As such, the Strike Price will change each trading day.

Calculating the Funding Cost

Funding costs are calculated by reference to the interest rate p.a. and are not charged to investors who buy and sell a MINI within the same day. Citi will announce a new interest rate via the ASX or Cboe Company Announcement Platform and on our website: www.citifirst.com.au/minis. In addition, investors can call the CitiFirst sales desk on 1300 30 70 70 to find out the current interest rate.

The Funding Cost per day is equal to:
(Interest Rate x Strike Price) / 365

I want to keep paperwork to a minimum

CitiFirst Australian MINIs are open-ended, meaning there is no need for maturity notices, paperwork or excess brokerage as they have no expiry date.

I want to trade on a supervised exchange

CitiFirst Index MINIs are listed and trade on the ASX and Cboe. You can place orders through an approved broker, financial advisor or directly via an online broker. Unlike unlisted Contracts for Difference (CFDs), CitiFirst MINIs are traded on a supervised exchange.

”I want to know who I’m dealing with”

Citi MINIs are issued by Citigroup Global Markets Australia Pty Limited (CGMA). CGMA is a wholly owned subsidiary of Citigroup Inc. and a member of the Citigroup Inc. group of companies (“Group”).

As part of one of the world's largest financial services companies with a presence in nearly 100 countries, Citi Australia has been providing financial services to Australian corporations, institutions and governments for nearly a century. Recognised for its innovative range of global products and services, Citi today counts more than one thousand local corporate and institutional clients as valued customers.

Citi Australia provides a comprehensive range of services including banking, capital markets and advisory, markets and securities services, treasury and trade solutions, and the commercial bank. It is one of the few financial groups in Australia with a full range of services and the ability to tap capital and expertise around the world for its institutional, corporate, and government clients.

With more than 800 employees based in Sydney and Melbourne, Citi is committed to supporting the Australian community in which we live and work. Our support, including Citi Foundation grants, employee volunteering and fundraising, is focused on providing pathways to progress for disadvantaged youth.

What does this mean?

When you buy and sell Citi MINIs you have the comfort of knowing you are dealing with one of the largest financial services companies in the World. In addition, because Citi MINIs are listed on the ASX and Cboe, CGMA, as Issuer is required to comply with ASX and Cboe Listing Rules.

This means you are trading within a regulated and transparent environment.

Benefits of CitiFirst Australian Index MINIs

CitiFirst Australian Index MINIs have the following key features:

- Pricing that is straightforward and transparent
- Potential to profit in rising or falling markets
- Exposure to an underlying index for a fraction of the cost of trading that index directly
- CitiFirst Australian Index MINIs can be used to hedge existing portfolios over the long and short term
- Funding costs are only charged overnight, as a result there are no funding costs for clients who wish to day trade
- Limited recourse investment means that an investor is unable to lose more than their original investment. This comes at no additional cost to the investor.
- Investors won't receive margin calls or be asked to lodge collateral.
- CitiFirst Australian Index MINIs are traded on the ASX and Cboe, therefore investors can buy and sell MINIs in the same way as they buy and sell shares
- Unlike CFDs, CitiFirst Australian Index MINIs are traded on a supervised exchanged
- Knowledge that you are trading with a leading institution in Citi
- The potential for greater returns than the equivalent investment in the Underlying index

What are some of the risks of CitiFirst Australian Index MINIs?

As with any investment that offers the potential for profit, there is a corresponding potential for loss. The relevant CitiFirst Australian Index MINI Product Disclosure Statement details all risks associated with investing in CitiFirst Australian Index MINIs. These include, but are not limited to the following:

- CitiFirst Australian Index MINIs may decrease in value at a greater rate than an investment in the underlying index
- If a stop loss is reached, the MINI will automatically terminate and investors may receive significantly less than their original investment or they may expire worthless
- Possible market illiquidity in the CitiFirst MINI or the underlying index
- Performance of the obligations by Citi and the Guarantor Investors should read the relevant Product Disclosure Statement which details all risks associated with CitiFirst Australian Index MINIs. Investors should also consult their approved stockbroker or financial advisor to ascertain the suitability of investing in CitiFirst Australian Index MINIs as part of their particular investment strategy.

How do I recognise a CitiFirst MINI?

CitiFirst MINIs are classified as a Warrant by the ASX and Cboe and therefore, in line with other Warrants listed on the market, have a six letter code. MINIs are instantly recognised by the fourth letter in the code being a K and Citi issued MINIs will always have O or C as the fifth letter.

Take for example :

XJOKOA

A = indicates the MINI Series, where A-O = MINILong and P-Z = MINIShort

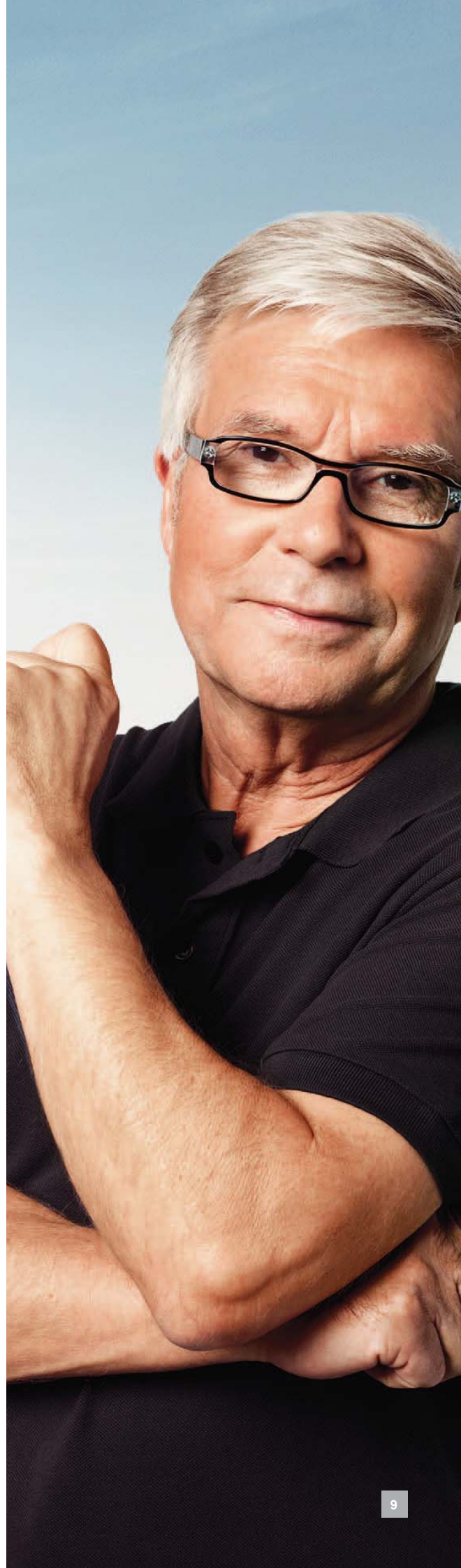
O = indicates the Issuer of the Warrant. All Citi issued Warrants have O or C as the fifth letter

K = indicates what type of Warrant it is. All MINIs have K or Q as the fourth letter

XJO = indicates the underlying index, in this case this MINI is over S&P/ASX 200

How to trade

CitiFirst MINIs are listed on the ASX and Cboe, and like Shares, can be traded via an approved broker, financial advisor or directly via an online broker. MINIs are characterised as a Warrant, and most brokers will require some additional documentation before you are able to trade. This may differ depending on the broker, but will generally include completing the ASX- and Cboe-required 'Warrant Client Agreement Form'. For further information, speak to your broker or contact the Citi Warrants Sales Desk on 1300 30 70 70.



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The ultimate decision to proceed with any transaction rests solely with you. We are not acting as your advisor or agent. Therefore prior to entering into the proposed transaction you should determine, without reliance upon us or our affiliates, the economic risks and merits, as well as the legal, tax and accounting characterizations and consequences of the transaction, and independently determine that you are able to assume these risks. In this regard, by acceptance of these materials, you acknowledge that you have been advised that (a) we are not in the business of providing legal, tax or accounting advice, (b) you understand that there may be legal, tax or accounting risks associated with the transaction, (c) you should receive legal, tax and accounting advice from advisors with appropriate expertise to assess relevant risks, and (d) you should apprise senior management in your organization as to the legal, tax and accounting advice (and, if acceptable, risks) associated with this transaction and our disclaimers as to these matters. If you are acting as a financial adviser or agent, you should evaluate these considerations in light of the circumstances applicable to your principal and the scope of your authority. If you believe you need assistance in evaluating and understanding the terms or risks of a particular derivative transaction, you should consult appropriate advisers before entering into the transaction.

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As a leading global financial services partner, Citi delivers an unrelenting drive towards success for consumers, corporations, governments and institutions. As a global leader in banking, capital markets and transaction services, across an unrivalled scale and reach, Citi enables clients to achieve their strategic financial objectives.

CitiFirst is a full-service model for Citi's offering of structured investments. These can be designed to suit all levels of risk appetite across the full range of asset classes, utilising various issuance solutions and product wrappers, to satisfy any investment objective.

To learn more about CitiFirst, log onto www.citifirst.com. This exclusive website offers access to CitiFirst products, analytics and educational resources (requiring log-in).

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