



BONUS CERTIFICATES | INSTALMENTS | MINIS | TURBOS | TRADING WARRANTS

## An Introduction to CitiFirst Bonus Certificates

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## What are Bonus Certificates?

*“You want to be invested if the price goes up, but would also like to benefit from a sideways move in the underlying?”*

Then Bonus Certificates are the ideal investment product to implement this strategy. A Bonus Certificate enables the investor to receive an attractive Bonus Payment in slightly falling to flat markets, without having to forego the upside potential, as long as during the life of the certificate the underlying never trades at or below the lower Barrier. In a rising market, you will receive the performance of the underlying on a one-to-one basis. Investors may potentially be entitled to the Bonus Level if held till maturity.

If the underlying trades at or below the lower Barrier during the life of the product, the payoff is identical to that of a direct investment in the index or share, **except you will not receive any dividend payments**. These are used to finance the bonus mechanism.

CitiFirst Bonus Certificate Warrants may be used by both individuals and Self Managed Super Funds (SMSFs).

CitiFirst Bonus Certificates are listed and traded on the Australian Stock Exchange (ASX).

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 listed Warrants including:

- Bonus Certificates
- Instalments
- Instalment MINIs
- Self Funding Instalments
- MINIs
- GSL MINIs
- Turbos
- Trading Warrants

CitiFirst Bonus Certificates are issued by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832 and AFSL 240992).

# An Overview

## Key Features:

- Potential for Investor benefits from rising prices of an underlying instrument
- Receives a bonus payment as long as during the life of the instrument the barrier is not triggered
- If the barrier is triggered, the investor does not receive the bonus payment, in this case the investor receives the price of the underlying instrument at maturity

## How do bonus certificates react to...

### rising markets?

In rising markets, the investor receives the bonus payment at the end of maturity. The investor also participates on the upside of the underlying once the price of the underlying is above the bonus level (100% upside participation).

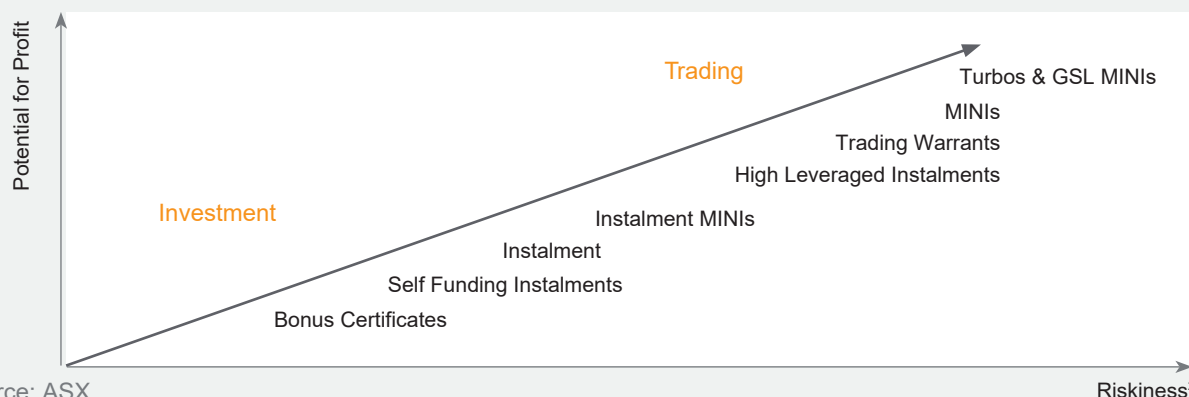
### flat markets?

In flat markets, the investor receives the bonus payment at the end of maturity.

### falling markets?

In falling markets, the investor receives the bonus payment at the end of maturity as long as the price of the underlying has not fallen to or below the barrier. In the case the barrier has been triggered, there is no bonus payment, and the certificate follows the performance of the underlying at maturity (i.e. losses are possible).

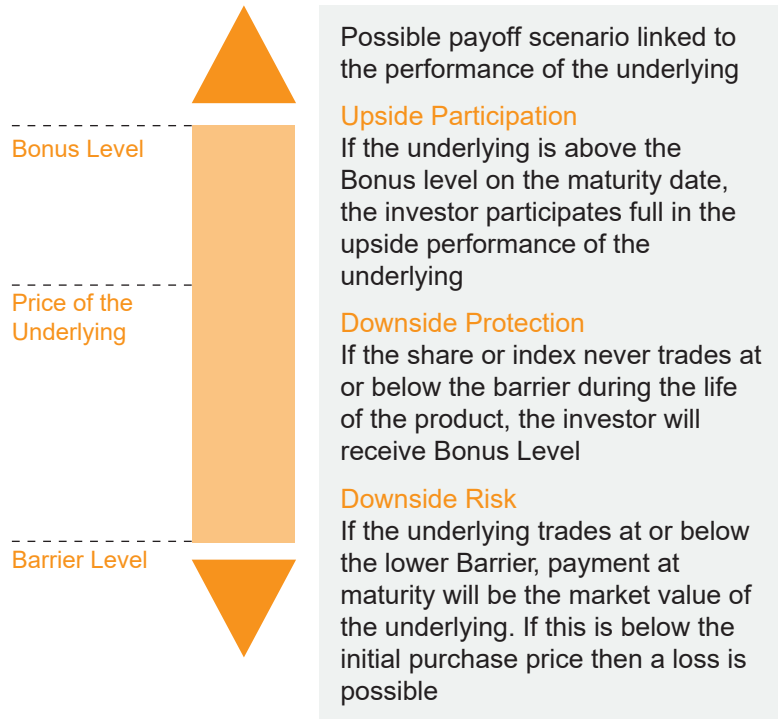
Investors should understand the terms and risks associated with each type and style of Warrant before investing. Investors should seek their own independent financial advice based on their own circumstances before making a decision. Each type of warrant has different risks and the terms of each warrant are also non-standardised. As a broad rule of thumb, the relative potential for profit and “riskiness”<sup>2</sup> of each type of warrant is outlined below:



1. A 'High Leveraged Instalment' is one with gearing of over 70%.
2. 'Riskiness' as measured by the likelihood and magnitude of loss. Of course, specific terms pertaining to each warrant - such as time to maturity, volatility, strike levels, etc – should be evaluated by individual investors prior to making a trading decision.

# How do Bonus Certificates Work?

## Bonus Certificate – Payoff Profile



## Bonus Certificate – Example

On 20th February 2023 the price of Commonwealth Bank Shares (CBA) is \$100

<b>Maturity</b>	8th February 2024
<b>Bonus Level</b>	\$106.25 (6.25%)
<b>Barrier Level</b>	\$80 (80%)

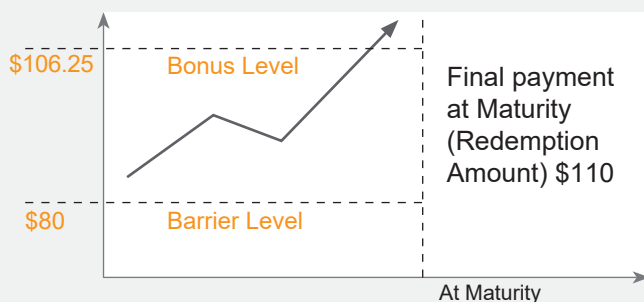
An investor receives a Bonus of \$6.25 or a return of 6.25%, as long as the share does not trade at or below \$80 during the term of the product or above the Bonus Level on the maturity date.

If the underlying share trades above the Bonus Level the investor will receive the market value of the underlying at maturity, i.e. participate in the upside.

Holders of Bonus Certificates do not receive any dividends or franking credits

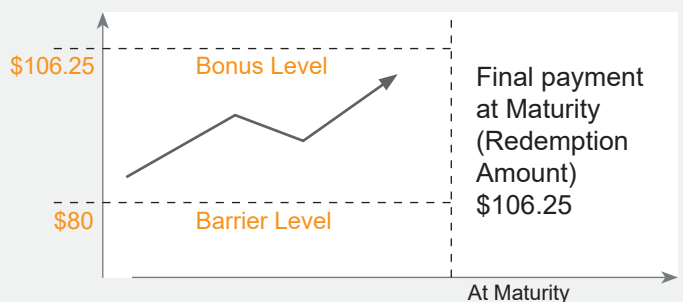
### Scenario: Underlying price rises

The underlying does not trade at or below the Barrier Level during the term of the product and the share is above the Bonus Level at maturity (e.g. CBA at \$110):



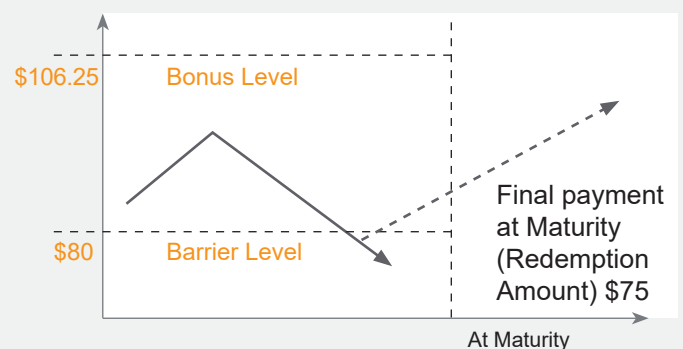
### Scenario: Underlying moves sideways

The underlying does not trade at or below the Barrier Level during the term of the product and the share is below the Bonus Level at maturity (e.g. CBA at \$90):



### Scenario: Underlying price falls

The underlying trades at or below the Barrier Level during the Term. Payment at maturity is the value of the underlying. If the underlying recovers and is above the initial purchase price at maturity the investor will make a profit despite the barrier being touched. However, if the share price is below the price of the certificate at maturity, the investor will suffer a loss.



# Benefits of CitiFirst Bonus Certificates

CitiFirst Bonus Certificates have the following key features:

- Potential to profit in rising, flat or slightly falling market
- Better risk/reward profile than a direct investment
- Attractive Bonus Payment in flat to slightly falling markets
- Full upside potential: The investor benefits 100% from rising markets
- Liquid secondary market. CitiFirst Bonus Certificates are traded on the ASX, therefore investors can buy and sell Bonus Certificates in the same way as they buy and sell shares
- Knowledge that you are trading with a leading institution in Citi

# Risks of CitiFirst Bonus Certificates

- You may not get the benefit of the Bonus Level. If you still hold your Bonus Certificates at the Maturity (Termination Date), and if the underlying share price, ETF price or index has fallen to, or below, the Barrier Level at any time during the Term, you will not get the benefit of the Bonus Level.
- The Redemption Amount may be less than (including significantly less than) the price you paid for your Bonus Certificates if the underlying share price, ETF unit price or index has fallen to, or below, the Barrier Level at any time during the Term, and the price or level is, at the Termination Date, less than the price you paid.
- You may lose some of or all of your original investment including if you decide to sell your Bonus Certificates before the Termination Date.
- You are exposed to the risk of Citi not paying some or all of the Redemption Amount at the Termination Date or some or all of the Early Redemption Amount if the end of the Term is brought forward.
- The price at which a Bonus Certificate may be bought or sold on ASX is expected to be dependent upon such factors as movements in the underlying share price, ETF price or index, the Barrier Level, the Bonus Level, the time remaining to the Termination Date, interest rates and risks applicable to stock markets generally.
- An investment in Bonus Certificates is speculative. Holders may lose money or sustain a total loss on their investment.
- If the underlying share price, ETF price or index for a Bonus Certificate approaches and/or reaches the Barrier Level, the Bonus Certificate's value may fall significantly. The fall in the Bonus Certificate's value may well exceed the fall in the underlying share price, ETF price or index. However, if the Bonus Certificate is held to the end of the Term, the Redemption Amount will be determined by the underlying share price, ETF price or index at that time.
- CitiFirst Bonus Certificate Warrants may decrease in value at a greater rate than an investment in the underlying
- Possibly market illiquidity in the CitiFirst Warrant or the underlying
- Performance of the obligations by Citi
- Market factors, including severe market volatility may impact the ability of CGMA to provide liquid markets in the CitiFirst Warrant

*Before making an investment, investors should read the Product Disclosure Statement which details all risks associated with the specific CitiFirst Warrant.*

# Frequently asked questions

## “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 Bonus Certificates you have the comfort of knowing you are dealing with one of the largest financial services companies in the World. In addition, because Citi Bonus Certificates are listed on the ASX, Citi, as Issuer is required to comply with ASX Listing Rules.

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

## “How do I recognise a Citi Bonus Certificate?”

Citi Bonus Certificates are classified as a Warrant by the ASX and therefore, in line with other Warrants listed on the market, have a six letter code. Bonus Certificates are instantly recognised by the fourth letter in the code being a B and Citi issued Bonus Certificates will always have O as the fifth letter.

Take for example: BHPBOA

BHP = indicates the underlying share, in this case this Bonus Certificate is over BHP

B = indicates what type of Warrant it is. Bonus Certificates have B as the fourth letter

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

A = indicates the Bonus Certificate Series

## “How do I trade?”

CitiFirst Bonus Certificates are listed on the ASX, and like Shares, can be traded via an approved broker, financial advisor or directly via an online broker. Bonus Certificates 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-required ‘Warrant Client Agreement Form’. For further information, speak to your broker or for general information contact the Citi Warrants Sales Desk on 1300 30 70 70.



# Disclaimer

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