

Citi's AutoFX Share Class Hedging

Flexible, cost-effective and efficient currency-hedging solution

Citi's AutoFX Share Class Hedging solution provides a highly flexible, transparent, currency-hedging solution that reduces the currency risk associated with investment in nonfund base currency share classes.

Advantages

Citi's solution allows fund managers to concentrate on day-to-day portfolio management, leaving the process of share-class hedging to Citi, the fund administrator.

The solution includes hedging individual fund share classes in isolation, to eliminate foreign exchange (FX) movements from base currency performance in a multicurrency fund share class. Citi's AutoFX Share Class Hedging solution uses pre-agreed parameters to execute forward FX contracts based on the net asset value (NAV) of your fund share class.

Currency risk

By locking in the future FX price of the fund share-class, you can reduce the currency risk associated with fund share-classes in non-base currencies.

Operational efficiency and risk reduction

The seamless integration of Citi's fund accounting and FX systems delivers a complete straight-through processing solution, from the capturing of transfer agent activity and exposure, through share-class currency and the execution of FX and payment processing, to confirmation via MT300 or online reporting via CitiDirect® for Securities. This passive solution maximises efficiency through an automated calculation of your FX

requirement based on a pre-agreed hedging strategy, with third-party settlement risk eliminated.

Core processes in the deal determination and execution solution include:

- FX spot transactions arising from transfer agent (TA) activity (subscriptions/redemptions)
- FX hedging transactions arising from TA activity and NAV movements
- Periodic rollover of fund share class

Flexibility

Citi's AutoFX Share Class Hedging solution is highly flexible and can be tailored to meet your specific requirements including:

- Setting a pre-agreed target hedge ratio/benchmark
- Adding a trigger threshold
- Setting a minimum deal-size threshold
- Selecting a tenor
- Fixed or floating rate
- Transparent CitiFX® Benchmark rates
- Reporting via MT300 confirmations or online via CDS
- Hedging settlement date-selection (i.e. the last business day of the month, last business day of the quarter or any specific calendar day of the month)

Benefits at a glance

- Passive solution allowing fund managers to concentrate on day-to-day portfolio management
- Operational efficiency and risk reduction
- Flexibility through tailored solutions, allowing full or partial share-class hedging
- Cost-effective solution
- Daily monitoring of the hedged position and daily adjustment of the forward position



Transparency

Reducing the performance discrepancy associated with currency-rate movements, Citi's AutoFX Share Class Hedging gives you transparency in the performance of the share-class NAV.

Extensive scope

This solution is available for all major currency pairs.

Backed by Citi

Citi's AutoFX Share Class Hedging 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 using the most liquid data sources for each currency to 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

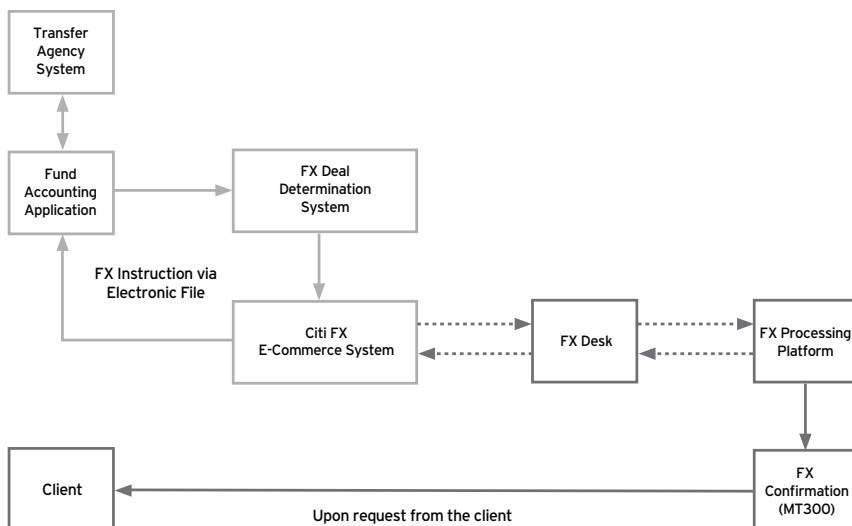
A market leader in FX, Citi offers round-the-clock trading and coverage, in-depth analysis, responsive and innovative solutions, competitive pricing and fast execution in spot, forward, swap and options transactions. We also offer a complete suite of active currency-management solutions – dealing across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

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 the complexity of the market.

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

Citi's AutoFX Share Class Hedging: The Process



Global Transaction Services
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