

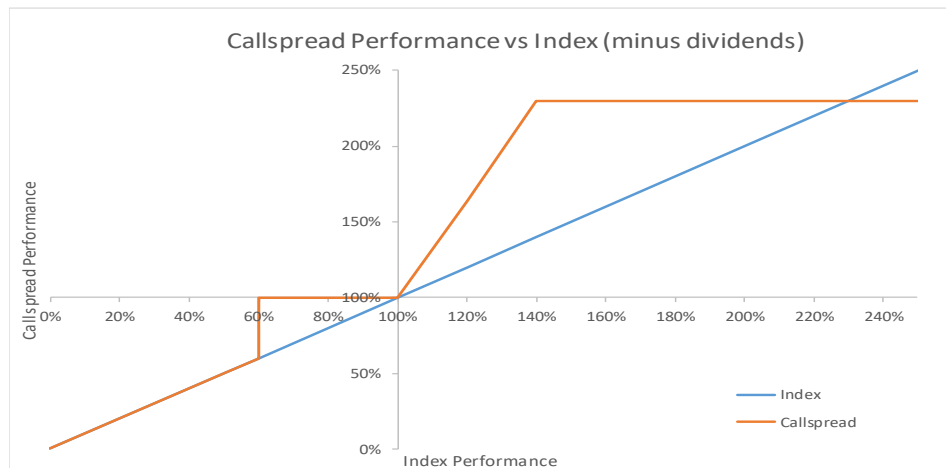
## Japanese Equity Currency Hedged Investment

**Launch Date: 8<sup>th</sup> December**

### An explanation

This investment provides exposure to the GBP Currency Hedged<sup>1</sup> Topix Capital Return Index (the Index) and is suitable for investors looking for a geared return while accepting potentially capped equity returns, in exchange for contingent capital preservation. In simple terms, this investment provides a geared return of **[325]% participation from 100%, and up to 140%** of the Index's initial level, thereafter capping the return. In the event of negative markets, the product benefits from capital preservation unless the market falls below 60% of strike. It is therefore appropriate for investors who are somewhat bullish on Japan and wish to be currency hedged into GBP, while not taking the view that the Topix will double over the investment timeframe. Importantly, the final level is calculated as the average closing level of the GBP currency hedged<sup>1</sup> index, taken monthly, over the final year of the investment's life. There will be 13 observations in total.

1. See below for a more detailed explanation of the Index



Typically GBP denominated Structured Investments which reference non-GBP equities can be fully currency hedged, a measure known as a "Quanto". However, on the Japanese Yen this can be particularly expensive (please see the currency hedging document on Japan in the presentation for more information on the reasons behind this). Therefore, to garner the greatest level of participation in this particular product, Citigroup will operate a daily rolling fx forward mechanism, whereby each day JPY is sold one day forward in exchange for GBP, for a JPY amount equivalent to the JPY value of the equity for that day. Hence any change in the value of your JPY equity

### Contact:

General: T 020 8050 2900 E enquiries@fortemcapital.com  
 Sales: T 020 8050 2903 E sales@fortemcapital.com

Trading: T 020 8050 2901 E trading@fortemcapital.com  
 Research: T 020 8050 2902 E research@fortemcapital.com

**9<sup>th</sup> December 2016**

	Rates (bps)	
	Current	Week Chge
GBP 1yr	56.80	-0.20
GBP 3yr	74.80	1.90
GBP 5yr	96.40	4.40

	Equity Indices (%)	
FTSE 100	6945.75	3.19%
S&P 500	2246.19	2.47%
Nikkei 225	18996.37	3.10%
Eurostoxx 50	3195.21	5.97%

	Currencies (%)	
GBPUSD	1.2599	-1.02%

	5yr Credit Spreads (bps)	
Citigroup	78.62	-1.93
Credit Suisse	132.15	-12.95
Deutsche	201.59	-18.66
GS	93.00	-3.71
HSBC	69.87	-7.27
JPM	63.00	-0.41
MS	88.48	-3.57

	Commodities (%)	
Gold	1165.42	-1.02%
Oil	51.25	-0.83%

	3m Implied (vol pts)	
FTSE 100	12.62%	-3.09%
S&P 500	12.55%	-3.78%
Nikkei 225	19.33%	-0.22%
Eurostoxx 50	16.61%	-3.64%

	5yr Implied (vol pts)	
FTSE 100	18.91%	-1.03%
S&P 500	20.87%	-0.25%
Nikkei 225	19.17%	-0.48%
Eurostoxx 50	20.07%	-0.20%

Source Bloomberg / Partner Banks  
 Data as at 9<sup>th</sup> December, 12.00pm

	Upcoming events
12 <sup>th</sup> Dec	European Parliament Meets
13 <sup>th</sup> Dec	CPI % y/y
14 <sup>th</sup> Dec	OPEC Monthly Oil Report
14 <sup>th</sup> Dec	FOMC – Fed Funds Rate %
15 <sup>th</sup> Dec	BoE MPC Base Rate %

## FRIDAY NIGHT 'LIGHTS

investment over that day is exposed to JPY|GBP currency movements. This is very similar to the FX hedging strategy many funds utilise, albeit they tend to operate a monthly hedging policy.

The maximum return for this product over a 6 year term is 130.00%. The table beneath illustrates Product value at any given time, assuming no change in the underlying bank credit. Delta is a measure of how sensitive the investment is to an immediate change in price of the underlying indices. For example if the index fell by 1%, all other inputs remaining unchanged, the investment would be expected to fall by approximately 1.035%. Vega is a measure of how sensitive the investment is to an immediate change in the relevant level of implied volatility of the underlying indices. For example if the implied volatility of the index increased by 1%, all other inputs remaining unchanged, the investment would be expected to decrease by approximately 0.65%.

Market Move	-40%	-20%	-10%	0%	10%	20%	40%	60%
3 months	59.31%	81.10%	91.41%	101.26%	110.76%	119.74%	136.62%	151.43%
1 year	59.67%	81.75%	92.72%	103.70%	114.20%	124.20%	141.81%	156.94%
2 years	60.97%	84.35%	95.82%	107.19%	118.37%	129.02%	148.99%	165.80%
3 years	62.07%	86.08%	98.10%	110.44%	123.01%	135.55%	158.39%	177.23%
4 years	63.87%	87.60%	99.82%	113.43%	128.15%	143.31%	170.78%	191.51%
5 years	66.93%	88.41%	98.82%	112.87%	130.99%	151.20%	187.32%	209.15%
At maturity (6yr)	100.00%	100.00%	100.00%	100.00%	132.50%	165.00%	230.00%	230.00%

For information relating to the USD version and a proper look under the hood, please continue to the presentation.

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