



China Balanced Fund

Important Risk Information:

- The Fund invests in equity and fixed income securities issued by companies which are headquartered in or have significant business exposure to China. Investing in China-related companies involves certain risks and considerations not typically associated with investment in more developed markets. The concentration of the Fund's investments in China-related companies may result in greater volatility than portfolios which comprise global investments.
- The Fund primarily obtains access to the A Share market by investing into access products which are derivative instruments linked to A Shares. The Fund is subject to the counterparty risk associated with the issuers of the access products. Access products are issued on the basis of China's QFII system. The current QFII policy and rules are subject to change and any such change could adversely impact the Fund's investment into access products.
- Fixed income instruments are subject to the credit risk of the issuers. The Fund may invest in non-investment grade or unrated instruments, which are generally subject to a higher degree of credit risk. The quantity of offshore RMB bonds is currently limited which may impact the allocation within and/or the performance of the Fund, and as there may not be an active secondary market for offshore RMB bonds there may be some liquidity constraints.
- RMB is currently not freely convertible and is subject to exchange controls and restrictions. There is no guarantee that RMB will not depreciate.

FOR IMMEDIATE RELEASE

Citigroup Inc. (NYSE: C)

14 November 2011

Citi and Bosera International Partner to Launch the 'China Balanced Fund'

First SFC-authorized Bosera International sub-managed fund offering balanced exposure to both offshore and onshore China equities and bonds

Hong Kong – Citigroup First Investment Management (“CFIM”), part of Citigroup’s Global Markets division, and Bosera Asset Management (International) Co., Ltd (“Bosera International”) today announced the launch of the ‘China Balanced Fund’ (“the Fund”), an investment fund designed to provide dynamically balanced exposure to China-related equities and bonds traded in both offshore and onshore markets. The Fund is open for subscription on November 14, 2011.

The Fund invests in China-related equities, including onshore China A Share exposure of up to 30 percent (primarily via access products), and China-related debt securities, including onshore debt securities of up to 20 percent. The Fund is sub-managed by Bosera International, the international arm of Bosera Asset Management Co., Ltd. (“Bosera”), one of China’s leading fund management companies and the largest onshore balanced fund manager by assets under management. The Fund’s investment strategy is similar to Bosera’s onshore flagship balanced fund.

Speaking at the launch, Jeremy Collard, Head of CFIM Asia Pacific commented that previously Hong Kong retail investors had few opportunities to gain this type of exposure to Mainland China.

“In partnering with Bosera International to launch the China Balanced Fund, we are creating a compelling opportunity for investors to access local onshore expertise through international fund infrastructure,” said Collard. “The multi-asset approach and objective of stable, balanced returns is particularly relevant in the current investment climate and in light of the expected internationalization of RMB.”

“Many investors believe that the global economy is slowly recovering, and Asia, particularly China, is a key source of economic growth. However, some uncertainty remains and investors are seeking China exposure with lower volatility and higher growth potential. Income is important too, so the China Balance Fund aims to provide a quarterly dividend,” said Joey Tang, Director of Fund Marketing at Citigroup Global Markets Asia Limited.

The China Balanced Fund will invest 40-70 percent of its assets into Chinese Equities, including A Shares, H Shares, Red Chips and other China-related equities. The Fund will also invest 30-60 percent of assets into onshore and offshore RMB debt securities. The allocation between equities, debt securities and cash will be determined by Boser International and prevailing market conditions.

“With China continuing to be a dominant investment theme into 2012, we expect investors will continue to demand access to China’s economic story. Given the fast investment cycles and market volatility, an active asset allocation can help the fund fit-in various market conditions, which offers relatively higher potential returns with lower potential risks .” said Keith Li, Chief Executive Officer of Boser International.

“The Fund will leverage the vast investment and research resources of our parent group, Boser. Similar to our flagship balanced fund in China, the China Balanced Fund has been designed to generate returns from asset allocation, sector allocation, and securities selection,” Li added.

Josephine Lee, Director of Wealth Management, Citibank Global Consumer Group, and one of the distributors of the Fund also commented: "We're very excited to be one of the distributors of the China Balanced Fund. In the volatile markets we have seen in recent months, there is a clear demand for this type of investment product that taps into China's growth potential via onshore and offshore China equities and debt securities, while offering flexible asset allocation. We believe the China Balanced Fund will be very welcomed by our clients."

The Fund is available through various intermediaries, including Citibank, Convoy, Sun Hung Kai Financial, Noble Apex Advisors and Core Pacific – Yamaichi.

The Fund offers a balanced approach to addressing investors’ two key objectives: growth and income. The growth potential comes from the active and dynamic selection of the underlying portfolio, and investors can enjoy the possibility of a dividend, which may be paid quarterly at the manager’s discretion.

The Fund is an open-ended unit trust with multiple share classes (USD and HKD are authorized for HK retail investors) with a minimum initial investment of \$1,000 in each of the currencies. There is no lock-up on the investment and redemptions can be made daily.

The Fund is approved to be distributed to the Hong Kong public.

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About Citi

Citi, the leading global financial services company, has approximately 200 million customer accounts and does business in more than 140 countries. Through Citicorp and Citi Holdings, Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management. Additional information may be found at www.citigroup.com or www.citi.com.

About CFIM

Citigroup First Investment Management Ltd (CFIM) is a global asset management business established within Citigroup Global Markets. Incorporated in Hong Kong, CFIM is regulated by the Hong Kong Securities and Futures Commission (SFC). CFIM manufactures investment funds that leverage Citi's institutional expertise in research, trading, structuring and risk management. CFIM funds are tailored to institutional, retail and wealth management clients and individual investors.

About Bosera International and Bosera

Bosera International was established in Hong Kong on 14 March 2010, and is a wholly owned subsidiary of Bosera. Founded on 13 July 1998, Bosera is one of the first and the largest fund companies in China and has been qualified for asset management of segregated accounts and as a qualified domestic institutional investor (QDII). Its headquarters are in Shenzhen with branches in Beijing, Shanghai, Zhengzhou, Shenyang and Chengdu. Bosera manages 25 open-ended funds, 2 closed-ended funds, National Social Security Fund (NSSF) portfolios, corporate pension funds and segregated accounts. As at 30 September 2011, Bosera has assets under management (AUM) exceeding USD 28.2 billion and its AUM of the national pension mandate ranked in top-tier in China at USD 10.5 billion. Bosera manages the largest AUM of balanced funds as categorised by Morningstar China as of 30 September 2011.

Investment involves risk. Past performance is not indicative of future performance. Please refer to the Explanatory Memorandum and the Key Facts Statement of the Fund for details of the Fund, including the risk factors.

The Fund has been authorised by the Securities and Futures Commission (SFC) but such authorisation is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This material has not been reviewed by the Securities and Futures Commission.

Issued by Citigroup First Investment Management Limited.

China Balanced Fund Details

Fund's Legal Name	China Balanced Fund	
Type	A sub-fund of an open-ended unit trust domiciled in the Cayman Islands, Citi Investment Trust (Cayman) II	
Manager	Citigroup First Investment Management Limited	
Sub-Manager	Bosera Asset Management (International) Co., Limited	
Investment Objective and Strategy	<p>To provide moderate long term capital appreciation and an income stream by primarily investing in equity and fixed income securities that are available both onshore and offshore China, and are related to the growth or development of the Chinese economy. The allocation of the Fund according to asset class is expected to be as follows:</p> <p>China equities: 40-70%</p> <p>A Shares (primarily through Access Products) 0-30%</p> <p>H Shares and other China-related listed shares 20-50%</p> <p>Fixed income: 30-60%</p> <p>RMB debt securities – offshore 10-30%</p> <p>RMB debt securities – onshore (through investment in other funds) 0-20%</p> <p>Other debt securities 0-30%</p> <p>Cash: 0-30%</p> <p>The equity portfolio is expected to be diversified between growth and value equity investment styles according to a blend approach. The fixed income portfolio is expected to be allocated across a wide range of available debt securities with various maturities and credit spectrum.</p> <p>The Fund aims to diversify its asset allocation between equity and fixed income components and will employ an active asset allocation approach. During the asset allocation and portfolio construction process, the Sub-Manager aims to maintain risk at a medium level expected to be represented by a volatility of the portfolio of around or lower than 15% on an annualized basis under normal market conditions.</p>	
Dividend Policy	Currently on a quarterly basis (i.e. Mar, Jun, Sep and Dec each year), subject to the Sub-Manager's discretion and the Manager's consent. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed.	
Base Currency	USD	
Share Classes Offered in Hong Kong	USD	HKD
Minimum Investment	USD1,000	HKD1,000
Bloomberg Ticker	CBALUSD KY	CBALHKD KY
Management Fee	1.5% p.a.	
Subscription Fee	Up to 5% of the amount bought	
Redemption Fee	Nil	
Dealing Frequency	Daily subscription / redemption	
Trustee & Custodian	Cititrust (Cayman) Limited and Citibank, N.A (HK branch)	