

# inMotion



## Robo 360, your first step to Robo Advisory Services

Guided | Diversified | Low Cost



### What is Robo 360 Advisory Services ("Robo 360")?

China CITIC Bank International is proud to be the pioneer bank in Hong Kong to offer robo advisory services. Robo 360 uses a quantitative approach to provide guidance to help you build your own portfolio, keep track of the portfolio performance, and give timely rebalancing advice online.

Within minutes, Robo 360 guides you to set up your customised and diversified portfolio. For each specific investment goals of yours, Robo 360 will advise you on asset allocation mix, and provide corresponding fund choices for you to construct the investment portfolio. Robo 360 gives you access to professional wealth management services at low cost in a user-friendly way anytime, anywhere.

### The Power of Robo 360



#### Guided investment at your fingertips

With Robo 360's forefront analytical capabilities, you are provided with guided advice to keep track of your investments throughout the investment horizon. Once the portfolio is constructed, its performance will be monitored with rebalancing alerts when required.

You can simply login to the inMotion app to start investing with Robo 360 – at your fingertips, anytime, anywhere. There is no more hassle of physical meetings.



#### Diversify your investments

Robo 360 assists and facilitates you to set your financial goals, make suitable investment decisions and build your own portfolio based on quantitative models. Robo 360 helps customers build a diversified portfolio by suggesting an asset allocation among various investment funds.



#### Low cost and minimum investment amount

Robo 360 does not require any subscription fees. You will only need to pay an all-inclusive Advisory Service Fee<sup>1</sup> for the all-round services provided by Robo 360. The minimum investment amount to start investing with Robo 360 is only HKD800. There is no lock-in period or withdrawal penalty.

## HOW Robo 360 works

Robo 360 Advisory Services uses quantitative methodologies, financial theories and algorithms to tailor model portfolios to customers' needs. Let's look at how Robo 360's algorithms work:

- Robo 360 collects information from the customer such as risk profile and investment horizon to pick a model-driven asset allocation for the customer's investment goal plan.
- Robo 360 calculates the projected values of the goal plan using models with assumptions based on historical data. The customer can proceed to create the goal plan if the probability of achieving the target amount is at least 50%, else it will recommend the customer to adjust his/her plan by changing the investment amount, investment horizon and/ or target amount.
- After setting the goal, the customer will be guided to construct a portfolio using investment funds as the underlying investments.
- Robo 360 selects the portfolio using an algorithmic asset allocation model. The model uses efficient frontiers<sup>2</sup> and glide path<sup>3</sup> in determining the asset classes and their respective weights that can achieve the highest expected returns for a defined level of risk under the model assumptions and constraints.

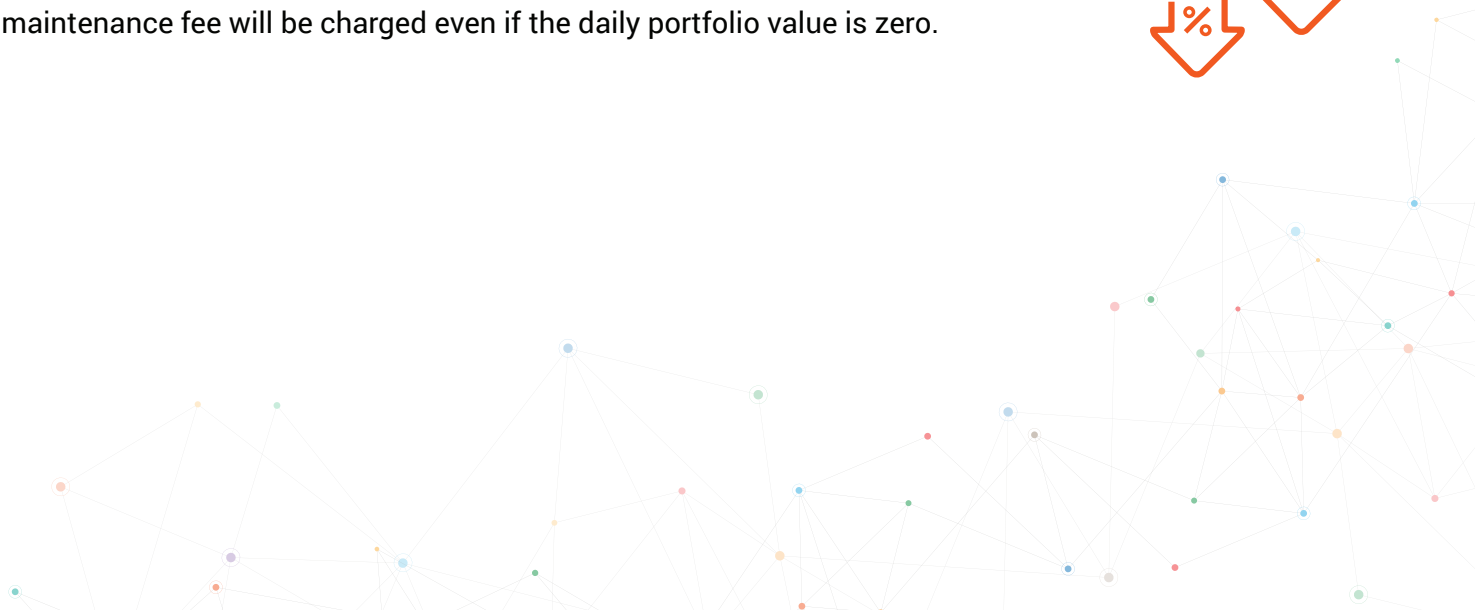
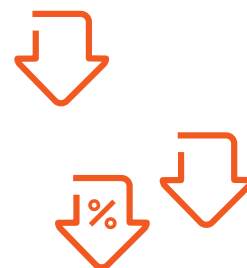
### How Robo 360 monitors my portfolio and provides rebalancing advice?

Robo 360 will monitor the portfolio and offer rebalancing advice when necessary. Customers will receive a rebalancing alert if any one of the following scenarios arises:

- 1 the portfolio has drifted from its target allocation;
- 2 your risk profile has changed;
- 3 the existing investment fund holding is no longer suitable for you due to reasons such as changed product risk rating;
- 4 the projected returns have become "below target" or "above target".

### Robo 360 manages your investments for a low fee

Based on the daily portfolio value, a low Asset Under Advice Fee<sup>1</sup> will be charged. The fee is calculated on each calendar day based on the day-end balance of asset under management and is charged monthly. There is no subscription fee, withdrawal fee or account closure fee. Further, no minimum account maintenance fee will be charged even if the daily portfolio value is zero.



## Start investing with Robo 360:

### 1 Registration

Register for Robo 360 via inMotion or i-banking in a few clicks.

### 2 Goal planning

Input a few parameters of your investment profile such as initial investment amount, investment horizon, target goal, risk tolerance and financial situation, based on which a tailored asset allocation mix will be suggested to you.

### 3 Start investment

Select your funds and start investing. Choices of fund will be provided with recommended funds<sup>4</sup> for each asset class. Alternatively, you can pick other fund choices for each asset class.

### 4 Portfolio monitoring

Robo 360 will start to do the work for you.

## Limitations of the algorithms in Robo 360

The algorithms in Robo 360 are subject to limitations. The algorithms may include performance data and statistics that are derived on the basis of historical data and methodologies formulated on various assumptions. Below are the key limitations of the modelling methodologies:

- Extreme events such as drastic market declines are not explicitly modelled.
- Model inputs are based on historical data.
- Model allocation is based on representative benchmark data and not investment fund data. Fund performance can deviate significantly from benchmarks.
- Short, medium and long-term projections are based on the same assumptions and parameters.
- Asset returns are assumed to have the same distribution and yet in reality asset return distribution can vary in different market conditions.

#### Notes:

- (1) Please note that "Advisory Service Fee" will be charged based on the Asset Under Advice value. Please refer to Investment Products Service Fees & Charges schedule for details.
- (2) The Bank applies the Black-Litterman asset allocation model, a quantitative mean-variance optimization technique that is an industry-standard approach to portfolio construction. The model is used to derive efficient frontiers representing a combination of risk-return pairs, which allows for the determination of asset weights leading to the highest expected return for a given level of risk.
- (3) After efficient frontiers are constructed across risk profiles, the Bank utilizes another quantitative function called glide path to select a portfolio on the efficient frontier. The glide path is a function that returns the desired volatility (risk) of a portfolio given a goal's investment timeframe (i.e. time-to-target). The glide paths are calibrated using a statistical simulation to recommend the optimal volatility to the portfolio for each investment timeframe.
- (4) The fund for each asset class category is ranked according to a scoring method by taking into consideration of each fund's performance and tracking error against respective asset class benchmark indices. The fund with the highest score within each asset class will be shown as the recommended fund.

#### Risk disclosure specific to Robo 360 Advisory Services:

##### 1. Investment Risks

There can be no guarantee that the Selected Portfolio will produce the desired pre-defined investment objectives, strategies and/or themes (as applicable) or results. In addition, there is no guarantee that a strategy based on historical information will produce the desired pre-defined investment objectives, strategies and/or themes (as applicable) or results in the future, and if market dynamics change, the effectiveness of the strategy may be limited.

##### 2. Market Risks

The price of Securities may move up or down, or Securities may become valueless due to adverse market conditions, suspension of stocks from trading, termination of funds, etc. The Securities in which a Selected Portfolio seeks investment exposure can perform differently from each other at any given time (as well as over the long term). Any fluctuations in value of one or more Securities comprising the Selected Portfolio could affect the

overall value of the Selected Portfolio. In the worst-case scenario, the Securities comprising the Selected Portfolio could become valueless. This will also affect the ability of the Selected Portfolio to meet the desired pre-defined investment objectives, strategies and/or themes (as applicable) or results, and the Selected Portfolio may become no longer suitable for me/us.

### 3. Rebalancing Risks

In order to achieve the pre-defined investment objectives, strategies and/or themes (as applicable) of a Selected Portfolio, the Selected Portfolio will be subject to review, and if necessary, Rebalancing or adjustments of the composition and/or weighting of the Securities or asset classes. Whilst the Bank may provide Rebalancing Alerts as it may determine appropriate after its review or upon occurrence of specific events, the Bank will not execute any Rebalancing Instruction automatically. If I/we do not provide Rebalancing Instructions to the Bank or there is any delay in providing such Rebalancing Instructions, the Selected Portfolio may become no longer suitable for me/us and I/we shall bear such consequences. When I/we receive Rebalancing Alerts, I/we shall take into consideration such implications and make my/our own risk assessment, seek professional advice where necessary and make my/our own decision. Also, I/we shall inform the Bank promptly if there are any changes to my/our information provided to the Bank (including the information provided in my/our Investor Risk Analysis forms), and I/we agree that the Bank shall not be liable or responsible for any losses that result or arise from my/our failure or delay in providing correct, accurate or up-to-date information.

When the Bank process my/our Rebalancing Instruction, whilst the intention is to keep the market value of the Selected Portfolio unchanged by having estimated proceeds from selling and buying Securities largely the same, the actual execution can deviate from the intention. This can result in an increase or decrease of market value of the Selected Portfolio. Where the actual sales proceeds are insufficient to fund the purchase of Securities, additional funding will be required from me/us. If I/we fail to provide additional funding, some or all of the Securities may not be purchased.

The purchase of Securities will take place as soon as possible after the sale of Securities has been processed. It may be possible that market conditions have changed when the purchase of Securities takes place.

### 4. Partial Execution Risks

Due to market conditions, suspension of trades, drastic movements of prices, temporary suspension of Robo 360 Advisory Services, etc., it may be possible that the Bank cannot fully execute an instruction to purchase or sell all the Securities comprising a Selected Portfolio. In such a case, I/we may only have a partially executed Selected Portfolio which may not achieve the pre-defined investment objectives, strategies and/or themes (as applicable) set for such Selected Portfolio, and my/our holding of Securities comprising the partially executed Selected Portfolio may not be suitable for me/us. I/We shall take into consideration such implications and make my/our own risk assessment and seek professional advice, where necessary.

### 5. Termination/Suspension of Robo 360 Advisory Services

The Bank has the sole and absolute discretion to terminate or suspend the Robo 360 Advisory Services. If the Robo 360 Advisory Services are terminated or suspended, upon termination or during the period of suspension, the Bank will not be obliged to provide any Robo 360 Advisory Services (including the provision of any Selected Portfolio on the Platform, provision of any Rebalancing Alerts, and receiving, processing or executing any instructions in relation to any Selected Portfolio). Also, after I/we dispose of the entire Selected Portfolio, the Bank will not, and shall be released from any obligation to, provide further Rebalancing Alert to me/us in respect of such Selected Portfolio. I/We understand and agree with the risks and consequences that arise there from, including that the Selected Portfolios may no longer be suitable for me/us and may not achieve or maintain the pre-defined investment objectives, strategies and/or themes (as applicable) of such Selected Portfolio.

### 6. Regulatory Risks

If my/our holding of Securities comprising the Selected Portfolio may result in any actual or potential non-compliance with any Applicable Regulations, subject to Applicable Regulations, the Bank may sell any of my/our Securities, which will result in the Selected Portfolio no longer achieving the pre-defined investment objectives, strategies and/or themes (as applicable) of such Selected Portfolio. In such a case, the Selected Portfolio may no longer be suitable for me/us.

### 7. Investment Strategy Risks

I/We understand that the investment strategy risk of the Selected Portfolio generated by the Platform may vary according to my/our risk profile. The more aggressive my/our risk profile is, the more likely the Selected Portfolio will contain larger weights in riskier Securities or classes of Securities.

### 8. Diversification Risks

Depending on market conditions, there may be times where diversified Portfolios perform worse than less diversified Portfolios.

### 9. Performance Risks and Limitation of Historical Data

I/We acknowledge and agree that the information provided on the Platform may include performance data and statistics, which are derived based on historical data and methodologies which are formulated based on various assumptions. I/We understand that there are limitations on such performance information displayed on the Platform (including that past performance is not an indicator of future performance, and there could be deviations from the actual performance results). The Bank does not provide any assurance or guarantee on the performance of any Securities or Portfolios.

### 10. Model Risks

Portfolios construction and rebalancing are generated by a model-driven process according to the portfolio construction and methodologies set out by the Bank. The model is algorithm- and rule-based instead of attempting to recommend position taking with respect to the direction of markets. The performance of the Selected Portfolio is highly dependent on the performance of the individual underlying Securities. There is no assurance that the portfolio construction and methodologies will be successful and that the investment objectives, strategies and or themes of the Portfolio will be achieved.

### Important Notes to Investment Funds:

Investment funds are investment products and some may involve derivatives. The investment decision is yours but you should not invest unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives.

### Risk Disclosure specific to Investment Funds:

1. Investment funds are not equivalent to time deposits or their substitutes and provide no guarantee of return or yield on investment.
2. Investors should note that investment involves risk and past performance is not indicative of future performance. The price of investment funds may go down as well as up and may become valueless. It is as likely that losses will be incurred rather than profits made as a result of investing in investment funds. In the worst case scenario, the value of investment funds may be substantially less than your investment amount.
3. You should not invest in investment funds based on this promotion page alone. Investors should consider their own investment objectives, financial resources and relevant circumstances, and read the relevant offering documents, terms and conditions and risk disclosure statements before making any investment decision.
4. Investors should carefully read the relevant fund's offering documents (including the investment policy and risk factors stated therein) in detail before making any investment decision. If needed, investors should seek independent professional advice.

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