



---

## Citadel Advisors Europe Limited

**TCFD entity report**

31 December 2023

### **Compliance statement**

On behalf of Citadel Advisors Europe Limited, I confirm that the disclosures in this report comply with the requirements set out in section 2.2 of the FCA's Environmental, Social and Governance Sourcebook.

Steven Atkinson  
Director

## Introduction

Citadel Advisors Europe Limited ('CAEU' or the 'firm') is an investment firm regulated by the Financial Conduct Authority ('FCA'). The firm provides portfolio management services to its affiliate, Citadel Advisors LLC ('CALC'). CALC is a Delaware limited liability company and a US SEC registered investment advisor that manages the assets of a number of investor-facing multi and single strategy funds (the 'Citadel Funds').

This report is prepared solely to comply with chapter 2 of the FCA's Environmental, Social and Governance ('ESG') Sourcebook that requires the firm to publish entity level disclosures consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD').

As a sub-advisor within the global structure of the Citadel investment management business, CAEU manages assets through a multi-strategy investment approach to meet the objective of generating superior long-term returns for our investors. CAEU manages portfolios within the investment mandate of the Citadel Funds, which do not have any specific ESG focus. These disclosures have been prepared to reflect CAEU's role within the Citadel Group. CAEU does not have any direct relationship with any external investors in the Citadel Funds and acts solely under delegation from CALC, the portfolio manager of the Citadel Funds, as a sub-manager.

## Governance

As CAEU is a sub-advisor for CALC, it is the Portfolio Committee of CALC that is responsible for setting the group-wide business and investment strategy. The Portfolio Committee of CALC is responsible for investment management activity on behalf of the Citadel Funds and therefore has oversight for the analysis of material risks and opportunities, including, as relevant, climate-related risks and opportunities.

CAEU is governed by the CAEU Board of Directors (the 'Board'). The purpose of the Board is to locally direct, implement and oversee the business of CAEU in line with group-wide strategy, within a framework of prudent and effective controls. Such controls enable risk to be assessed and managed and to provide oversight of the business. In particular, the Board has responsibility for oversight of CAEU's operations to ensure: competent and prudent management; sound planning; an adequate and effective system for managing risks; an adequate and effective system of internal controls; it is appropriately resourced; adequate accounting and other records; and compliance with statutory and regulatory obligations.

Senior portfolio managers, working for CAEU, are responsible for delivery of the Citadel Group's investment strategy, including management of risks and opportunities within the broader CAEU and Citadel Group risk management framework. They have reporting lines to business heads that are members of the Portfolio Committee of CALC.

## Strategy

Citadel deploys capital across a range of asset classes and geographies, seeking to combine fundamental analysis with a portfolio construction and risk management discipline. Citadel generally employs proprietary investment techniques, taking both long and short positions in a broad range of investment instruments (including securities, options, futures, currencies,

derivatives and other assets). Citadel currently manages investments across five core investment strategies: Equities, Fixed Income and Macro, Commodities, Credit and Quantitative Strategies. Across each strategy, Citadel employs quantitative modelling (including scenario analysis) to assess risks and opportunities across short, medium and long-term horizons to identify and capture investment opportunities. Where appropriate, Citadel considers aspects of climate-related risks such as weather risks as an input to or guideline within the investment decision-making process though it is not specifically required to do so.

### **Risk management**

As an asset manager, the Citadel Group uses a range of information which may include market data, company data and/or scenario modelling, among other factors, to identify exposure to risks. Such risks may include climate-related risks such as weather risks, across certain of its investment strategies, if appropriate. The weighting and relative importance of risk factors within the risk management process will depend on the nature of the investment strategy, the underlying investment, its time horizon and the strategic risk assessment, among other factors.

Citadel Group has established a Portfolio Construction Group ('PCG') to administer risk oversight within Citadel. PCG functions independently of front office investment and trading businesses and reports directly to Citadel's CEO. It works closely with business heads and senior management across all core investment strategies as well as the Portfolio Committee to administer risk oversight. For example, PCG seeks to ensure that portfolios are appropriately constructed to optimize risk and reward given each portfolio's investment strategy. PCG focuses on: (i) identifying key risk exposures and performance drivers, (ii) monitoring risk tolerance levels to ensure consistency between our risk taking and portfolio objectives; (iii) developing a strong risk management culture across the organization, and (iv) refining the analytics and technology platform to provide Citadel with robust risk analysis. PCG strives for effective day-to-day measurement and management of risk to assist in identifying material risk exposures.

### **Metrics and targets**

CAEU notes that all investments it may undertake for CALC involve some form of risk. Whilst some climate-related risks such as weather risks may be considered and used as inputs to the investment decision-making process by certain strategies, Citadel has not set any targets for such metrics. This approach provides the firm with the flexibility to achieve its primary objective of generating superior long-term returns.