

MARKETING MATERIAL

Securities Lending Policy



db x-trackers*

(the "Company")

(*This includes synthetic ETFs)

Capitalised terms used in this document shall have the meaning ascribed to them in the current Hong Kong prospectus of the Company (the "Hong Kong Prospectus") unless the context otherwise requires.

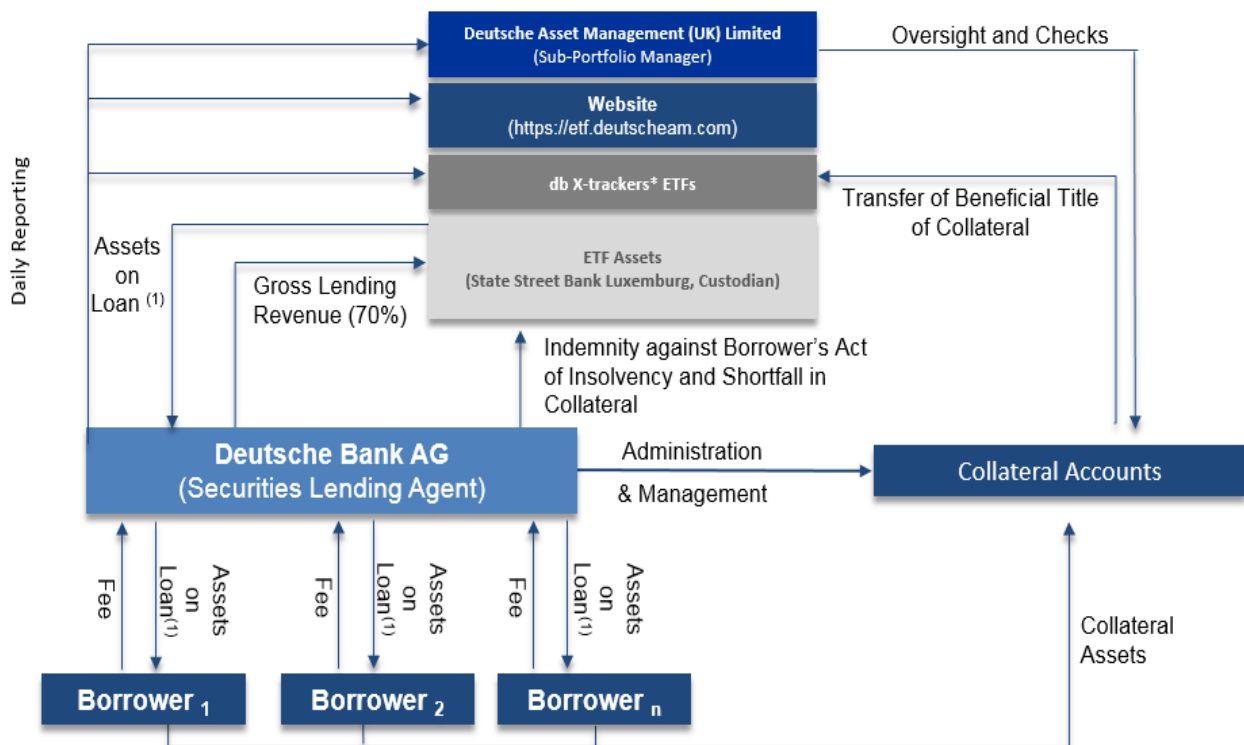
Securities Lending Arrangement in respect of Direct Replication Funds

As mentioned in the Company's announcement dated 4 June 2014, the Investment Policy of certain Sub-Funds will change from their current indirect investment policy (also known as synthetic replication) to a direct investment policy (the "Change"). After the Change, a Direct Replication Fund may engage in securities lending transactions. This guide aims to describe the securities lending arrangements in respect of the Direct Replication Funds. Investors should refer to the revised Hong Kong Prospectus (the "Revised Prospectus"), which will be available upon completion of the first Change of such Sub-Funds for further information regarding the securities lending transactions.

A. Securities Lending Policy

A Sub-Fund adopting a Direct Investment Policy may enter into securities lending transactions for up to 30% of its Net Asset Value at any one time to generate additional income and therewith offset part or all of its costs. Such transactions will only be carried out in the best interests of the Sub-Fund and in accordance with market practices as expected by the relevant regulators. The Sub-Fund is able to recall the securities lent out or terminate such transactions at any time.

Securities Lending Set-Up & Key Service Providers



¹ This website <https://etf.deutscheam.com/hk> has not been reviewed by the Hong Kong Securities and Futures Commission.



B. Selection Criteria for Borrower

A borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by European Union law. A list of borrowers will be available on the Company's website at <https://etf.deutscheam.com/hk>¹.

C. Collateral Policy

A Sub-Fund shall receive collateral to mitigate the counterparty risk in relation to securities lending transactions. The value of collateral during the duration of the securities lending agreement must be equal to at least 100% of the global valuation of the securities lent (interests, dividends and other eventual rights included) and will be marked-to-market on a daily basis. The Company will disclose the global valuation of the securities lent in the Annual and Semi-annual Reports and on the Company's website at <https://etf.deutscheam.com/hk>¹.

Eligible collateral to be received by a Sub-Fund will be subject to applicable rules and regulations under the UCITS Directive. It may comprise common stock, preference shares, government bonds, supranational bonds, corporate bonds and cash and will be subject to a prudent collateral management policy in respect of, amongst others, margin (i.e. the collateral amount is required to be 100% to 110% of the exposure to provide an additional buffer) and concentration limits. Please refer to the "Eligible collateral" and "Securities lending transactions" sub-sections in the Revised Prospectus for further information in this regard.

The collateral will be safekept by State Street Bank Luxembourg S.A., the Custodian of the Company, or any sub-custodian appointed by the Custodian of the Company.

Indemnification will be provided by the Securities Lending Agent (as defined in section D below) to a Sub-Fund in the event of an act of insolvency in respect of a borrower and if there is any shortfall in the value of the collateral held for the relevant Sub-Fund.

The Sub-Funds will not engage in any reinvestment of collateral.

D. Securities Lending Agent and Fee Arrangement

Deutsche Bank AG, acting through its Frankfurt head office and its London and New York branches (the "Securities Lending Agent") is appointed as the securities lending agent for a Sub-Fund. The Securities Lending Agent is authorised to enter into securities lending transactions on behalf of the Company.

Any income generated by securities lending transactions, reduced by any applicable costs and fees, will be payable to the relevant Sub-Fund. Unless otherwise specified in the relevant Product Annex, each Sub-Fund will receive 70% of the associated revenue generated and the remaining 30% will be split between the Securities Lending Agent and the Sub-Portfolio Manager.

E. Risk of Securities Lending Transactions

Counterparty risk: Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a Sub-Fund engaged in securities lending transactions may suffer a loss and there may be a delay in recovering the lent securities. Any delay in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery or payment obligations arising from redemption requests and may trigger claims.

Collateral risk: Although as part of its securities lending transactions, a Sub-Fund must receive collateral, the value of which, during the duration of the securities lending agreement, must be equal to at least 100% of the global valuation of the securities lent, if the borrower of securities lent by a Sub-Fund fails to return these, there

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is a risk that the collateral received may be realised at a value lower than the value of the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements in the value of the collateral, intra-day increase in the value of the securities lent, a deterioration in the credit rating of the collateral issuer, or the illiquidity of the market in which the collateral is traded.

Limited nature of indemnity from Securities Lending Agent: Although the Securities Lending Agent provides the Sub-Funds with an indemnity under the securities lending agreement (for details please refer to section C above), such indemnity does not fully cover the borrower's default because the Securities Lending Agent's contractual obligation to indemnify the Company for shortfalls is limited to the event of an act of insolvency in respect of a borrower. In the event of a borrower's default that is not covered by such indemnity and a simultaneous shortfall of collateral value, the Sub-Fund will suffer a loss.

Operational risk: Securities lending entails operational risks such as settlement failures or delays in the settlement of instructions. Such failures or delays may restrict the ability of a Sub-Fund to meet delivery or payment obligations arising from redemption requests and may trigger claims.

Conflict of interests: Deutsche Bank AG, acting through its Frankfurt head office and its London and New York branches, will be the Securities Lending Agent for a Sub-Fund. Both the Securities Lending Agent and the Sub-Portfolio Manager belong to Deutsche Bank Group. The functions which the Securities Lending Agent and the Sub-Portfolio Manager will perform in connection with the Company may give rise to potential conflicts of interest. The Sub-Portfolio Manager will vigorously manage any such conflicts in the best interest of investors. Please refer to the "Potential Conflicts of Interest" subsection of the Revised Prospectus for further information in this regard.

Please refer to the "Risk Factors" section of the Revised Prospectus for other risks relating to securities lending transactions.



Disclaimer

A Sub-Fund which adopts a direct replication investment strategy may display a greater tracking error due to various factors such as fees and expenses, concentration limits and liquidity of the index constituents.

A Sub-Fund which adopts a direct replication investment strategy may engage in securities lending transactions. An insolvency or default by a counterparty, or if the collateral received is realised at a value lower than the value of the securities lent, may result in a reduction in the value of the Sub-Fund.

Both the Sub-Portfolio Manager and the securities lending agent of the Sub-Funds belong to DB Group. This may give rise to potential conflicts of interest.

Investment involves risks. Past performance is not indicative of future results. The above information is for general reference only. Before making any investment decision, investors should understand the details of the investment and to consult an independent financial adviser.

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A complete description of each db x-trackers* ETF (*This includes synthetic ETFs) listed on The Stock Exchange of Hong Kong Limited is included in the latest version of the Hong Kong Prospectus issued by db x-trackers*(*This includes synthetic ETFs). Copies of the Hong Kong Prospectus and the semi-annual and annual reports are available at www.etf.deutscheam.com/hk and may be obtained from the registered office of db x-trackers*(*This includes synthetic ETFs), located at 49, avenue J.F. Kennedy, L-1855 Luxembourg, R.C.S. Luxembourg B-119 899, or at the registered office of the Hong Kong Representative (RBC Investor Services Trust Hong Kong Limited) located at 51/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Alternatively, prospective investors may contact Deutsche Bank AG, Hong Kong Branch, Level 52, International Commerce Centre, 1 Austin Road West Kowloon, Hong Kong SAR – China (Hotline: +852 2203 6886, e-mail: info.dbx-trackers@db.com.)

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