



Press Release

Hong Kong

5 June 2014

Deutsche Asset & Wealth Management to become the largest provider of physical ETFs in Hong Kong

Deutsche Asset & Wealth Management (DeAWM), the world's only ETF provider offering RQFII products to investors in both Europe and the US, is switching a number of its Asia-listed exchange-traded funds (ETFs) from synthetic to physical replication. The switch in ETF replication methodology mainly cover exposures to the equity markets of countries in the Asia-Pacific region, with 12 Asia-listed ETFs being converted, 10 of which are listed in Hong Kong.

Any immediate administrative or legal costs associated with implementing the switch in investment policy shall not impact the performance of the ETF as such costs will not be borne by the ETFs and/or their investors.

Hong Kong-listed ETF	Stock code
db x-trackers MSCI TAIWAN INDEX UCITS ETF*	3036
db x-trackers MSCI KOREA INDEX UCITS ETF*	2848
db x-trackers FTSE CHINA 25 UCITS ETF*	3007
db x-trackers MSCI BRAZIL INDEX UCITS ETF*	3048
db x-trackers MSCI PACIFIC EX JAPAN INDEX UCITS ETF*	3043
db x-trackers MSCI CHINA INDEX UCITS ETF*	3055
db x-trackers MSCI MALAYSIA INDEX UCITS ETF*	3082
db x-trackers MSCI THAILAND INDEX UCITS ETF*	3092
db x-trackers MSCI PHILIPPINES IM INDEX UCITS ETF*	3016
db x-trackers MSCI SINGAPORE IM INDEX UCITS ETF*	3065

(*This is a synthetic ETF)

With 35 listings on the Hong Kong Stock Exchange, DeAWM is Hong Kong's largest ETF provider, offering a comprehensive range of emerging market ETFs. Meanwhile, DeAWM has launched a number of innovative "first-ever" ETFs in Hong Kong, including ETFs tracking frontier markets and money markets.

With the latest switches in place, DeAWM will further add to its existing wide and global range of direct replication ETFs, providing exposure to Chinese equities covering A-Shares and H-Shares indices.

Marco Montanari, DeAWM's Head of Passive Asset Management for Asia-Pacific, commented: "With the conversion of these funds, alongside our European and US launch of physical China A-Shares ETFs, DeAWM is moving to become a significant provider of direct, physical replication ETFs in Hong Kong."



Arne Noack, DeAWM's Head of ETF Product Development Europe, added: "Following this switch, our ETFs will maintain the same high standards of transparency, tracking and operational efficiency investors have come to expect from db X-trackers products."

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Deutsche Asset & Wealth Management

With US\$1.29 trillion of assets under management (as of March 31, 2014), Deutsche Asset & Wealth Management¹ is one of the world's leading investment organizations. Deutsche Asset & Wealth Management offers individuals and institutions traditional and alternative investments across all major asset classes. It also provides tailored wealth management solutions and private banking services to high-net-worth individuals and family offices.

¹ Deutsche Asset & Wealth Management is the brand name of the Asset Management and Wealth Management division of the Deutsche Bank Group. The legal entities offering products or services under the Deutsche Asset & Wealth Management brand are listed in contracts, sales materials and other product information documents.

Important: Investors should not make investment decisions based only on this document.

- *db X-trackers* (*This is a synthetic ETF) is an umbrella fund with a series of different sub-funds (each a "Sub-Fund") which are exchange-traded funds ("ETFs") tracking different underlying indices with different risk profiles.*
- *Each Sub-Fund adopts a "synthetic replication" investment strategy by investing in swap transaction(s), which is a financial derivative instrument, linked to an underlying index. Currently, Deutsche Bank AG ("DB") is the only swap counterparty of all Sub-Funds. Investors in a Sub-Fund are therefore subject to the counterparty and credit risk of DB.*
- *Each Sub-Fund either puts in place a collateral arrangement where collateral securities are pledged in favour of such Sub-Fund or invests in a portfolio of securities ("invested assets"), both with a view to ensure that the net exposure of such Sub-Fund to DB is limited to no more than 0% of its net asset value ("NAV") at the end of a trading day. The collateral securities and invested assets generally are not constituents of the underlying index. These arrangements are subject to risks, including failure on the part of DB to fulfil its obligations under the swap or collateral arrangements, a substantial drop in market value of the invested assets or collateral securities, settlement risk, or the insolvency or default of DB.*
- *Insolvency or default of DB may lead to dealing in the shares of the Sub-Funds being suspended, and the Sub-Funds may suffer significant losses and may even be terminated.*
- *Both the management company and the swap counterparty of the Sub-Funds belong to DB Group. Furthermore, DB acts as swap counterparty and swap calculation agent in respect of all the Sub-Funds to which the Hong Kong Prospectus relates. DB is also the Index Sponsor for the underlying indices of some of the Sub-Funds. All of these may give rise to potential conflicts of interest.*



- *The shares of the Sub-Funds which invests in a single country or sector are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in that single country or sector.*
- *The shares of the Sub-Funds may trade at a discount or premium to their NAV.*
- *An investment in the shares of the Sub-Funds may directly or indirectly involve exchange rate risk.*
- *Investment involves risks. The Sub-Funds may not be suitable for all investors. Prospective investors should carefully read the Hong Kong Prospectus for further details on product features and risks, and should consider seeking independent professional advice in making their assessment.*

Emerging market ETFs

- *The investment objective of certain Sub-Funds is to track the performance of certain emerging markets and as such, the Sub-Funds are subject to a greater risk of loss than investments in a developed market due to, among other factors, greater political, economic, foreign exchange, liquidity and regulatory risks.*

Disclaimer

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 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*. Copies of the Hong Kong Prospectus and the semi-annual and annual reports are available at www.etf.db.com/hk and may be obtained from the registered office of db X-trackers*, 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.)*