

Xtrackers II

Investment Company with Variable Capital
Registered office: 49, avenue J.F. Kennedy, L-1855 Luxembourg
R.C.S. Luxembourg B-124.284
(the "**Company**")

Important Notice to the Shareholders of

Xtrackers II iBoxx Eurozone Government Bond Yield Plus Swap UCITS ETF

(the "**Sub-Fund**")

Share class 1C (ISIN: LU0524480265)

Share class 1D (ISIN: LU0962071741)

(collectively referred to as the "**Share Classes**" and individually a "**Share Class**")

For the avoidance of doubt, this notice does not apply to the other Share Class of the Sub-Fund, namely Share Class 2C – Duration Hedged. However, other changes will be implemented in relation to Share Class 2C – Duration Hedged, which are described in more detail in a separate notice dated 8 May 2018 available on the website of the Company, www.Xtrackers.com.

Luxembourg, 8 May 2018

The board of directors of the Company (the "**Board of Directors**") hereby informs the shareholders of the Sub-Fund (the "**Shareholders**") that it has resolved to make certain changes to the Sub-Fund, as detailed below under section A) OVERVIEW OF THE CHANGES (such changes in relation to the Sub-Fund referred to as the "**Changes**").

The Changes in relation to the Sub-Fund will be carried out on a date between 12 June 2018 and 12 December 2018 (the "**Effective Date**"). Once the Changes in relation to the Sub-Fund have been implemented, a notice will be published on the website of the Company, <http://www.Xtrackers.com> (the "**Company's Website**"), confirming the Effective Date.

Capitalised terms not defined herein shall have the meaning given to them in the prospectus of the Company (the "**Prospectus**").

A) OVERVIEW OF THE CHANGES

1) Switch of Investment Policy

The Board of Directors has resolved to switch the investment policy of the Sub-Fund from its current Indirect Investment Policy to a Direct Investment Policy with Optimised Index Replication (the "**DR Switch**").

Currently the Sub-Fund is exposed to the performance of its Reference Index by way of derivative transactions such as individually negotiated (OTC) swap transactions. Once the DR Switch is effective, the Sub-Fund will carry out its investment objective by directly buying a

portfolio of debt securities that may comprise the constituents of its Reference Index, or unrelated transferable securities or other eligible assets, as determined by the Investment Manager and Sub-Portfolio Manager.

Shareholders' attention is specifically drawn to:

- the "*Investment Objectives and Policies*" and "*Risk Factors*" sections (including "*Risks in relation to the tracking of indices*", "*Taxes on transactions (financial transaction tax)*" and "*Securities lending, sale with right of repurchase transactions and repurchase and reverse repurchase agreement transactions*") of the main part of the Prospectus as well as to the Sub-Fund's Product Annex;
- the fact that, depending on market conditions, for a short period of time (the "**Switch Period**"), the portfolio of the Sub-Fund may be partially exposed to swap transactions as well as direct investments in fixed income securities relating to the Reference Index. The Investment Manager and the Sub-Portfolio Manager will seek to minimise the duration of the Switch Period whilst taking into account prevailing market conditions and acting in the best interests of investors;
- the fact that, following the DR Switch, the Sub-Fund may enter into securities lending transactions as more fully described in the Prospectus. In this context, investors' attention is drawn to the fact that in cases where cash collateral is permitted and accepted, it may be reinvested subject to the Investment Restrictions;
- the fact that, following the DR Switch, in relation to subscriptions or redemptions on the primary market in respect of the Sub-Fund, the Minimum Initial Subscription Amount, the Minimum Subsequent Subscription Amount and the Minimum Redemption Amount (when applicable) may be changed or may be introduced (such terms defined in and as more fully described in the Prospectus and the Sub-Fund's Product Annex);
- the fact that, following the DR Switch, in relation to subscriptions or redemptions on the primary market in respect of the Sub-Fund, the applicable Significant Market will change from Indirect Replication Significant Market to Direct Replication Significant Market.
- the fact that, following the DR Switch, Transaction Costs, including any taxes, may be incurred by the Sub-Fund and Primary Market Transaction Costs may be charged to Authorised Participants.
- the fact that, following the DR Switches, the Sub-Fund will bear any financial transaction taxes that may be payable by them.

2) Change of Investment Manager

The Board of Directors has resolved to change the Investment Manager of the Sub-Fund (the "**IM Change**"). Currently, Deutsche Asset Management (UK) Limited ("**DeAM (UK)**") acts as Investment Manager of the Sub-Fund. DeAM (UK) shall be replaced by Deutsche Asset Management Investment GmbH ("**DeAM GmbH**") as the Investment Manager of the Sub-Fund.

DeAM GmbH, was established in the Federal Republic of Germany as a private limited liability company (Gesellschaft mit beschränkter Haftung), having its registered office at Mainzer Landstraße 11-17, D-60329 Frankfurt am Main, Germany and is authorized and regulated by the Federal Financial Supervisory Authority in Germany (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin). It is registered with the commercial register of the local court of Frankfurt am Main under number HRB 9135.

DeAM GmbH will sub-delegate certain of its portfolio management functions to DeAM (UK) under the terms of a Sub-Portfolio Management Agreement as more fully described in the Prospectus.

The IM Change has been decided in order to optimise and rationalise the portfolio management set-up of the Sub-Funds.

3) Change of Name

The Board of Directors has resolved to change the name of the Sub-Fund from Xtrackers II iBoxx Eurozone Government Bond Yield Plus Swap UCITS ETF to **Xtrackers II iBoxx Eurozone Government Bond Yield Plus UCITS ETF** from the Effective Date.

B) GENERAL INFORMATION

Any costs or expenses associated with the implementation of the Changes, will not be borne by the Sub-Fund or their Shareholders.

Shareholders who subscribe or redeem Shares in the Sub-Fund on the primary market and who do not agree with the Changes that are applicable to the Sub-Fund in which they hold such Shares, are entitled to redeem their Shares in the Sub-Fund in accordance with the Prospectus. Such redemptions shall be free of any Redemption Charge from the date of this notice until 3:30 (Luxembourg time) on 11 June 2018. The Company does not charge any Redemption Charge in relation to the Sub-Fund. Orders to sell Shares through a stock exchange can be placed via an authorised intermediary or stockbroker. Shareholders should note that orders in the secondary market may incur costs over which the Company has no control and to which the above exemption of Redemption Charge does not apply. On the Effective Date, requests for subscriptions for and redemptions of Shares in any Share Class in the primary market cannot be made.

Further information regarding the Changes, including more detailed information regarding the Direct Investment Policy in relation to the Sub-Fund and the new Investment Manager, will be contained in the revised Prospectus, which will be available on the Company's Website on or around the date of this document, and a copy of which may be obtained free of charge at the Company's registered office or at the foreign representatives' offices.

The updated key investor information documents for the Sub-Fund will be available on the Company's Website on or around the relevant Effective Date, and a copy of which may be obtained free of charge at the Company's registered office or at the foreign representatives' offices.

If you have any queries or if any of the above is not clear, you should seek advice from your stockbroker, bank manager, legal adviser, accountant or other independent financial advisor. **All shareholders are strongly advised to consult their tax advisor to assess (1) the impact of the Changes and any potential tax consequences thereof and (2) any potential changes between the current and / or future taxation of their investment under the laws of the countries of their nationality, residence, domicile or incorporation.**

Further information in relation to the Changes may also be obtained from the legal entities mentioned under 'Contact information' below, the offices of foreign representatives or by sending an email to Xtrackers@db.com.

Xtrackers II
The Board of Directors

C) CONTACT INFORMATION

Xtrackers II
49, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

Deutsche Asset Management S.A.
2, boulevard Konrad Adenauer, L-1115 Luxembourg, Grand Duchy of Luxembourg

Annex – Summary of changes

Current Sub-Fund name	Switch of investment policy	New Sub-Fund name	Share class / ISIN
Xtrackers II iBoxx Eurozone Government Bond Yield Plus Swap UCITS ETF	From Indirect Investment Policy to Direct Investment Policy (Optimised Index Replication)	Xtrackers II iBoxx Eurozone Government Bond Yield Plus UCITS ETF	Share class 1C (LU0524480265)
			Share class 1D (LU0962071741)