

# db x-trackers 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**")

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## IMPORTANT NOTICE TO THE SHAREHOLDERS OF

db x-trackers II EMERGING MARKETS LIQUID EUROBOND UCITS ETF

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

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4 September 2017

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 *A) OVERVIEW OF THE CHANGES* (collectively referred to as the "**Changes**").

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) Change of Reference Index and change of Reference Currency**

The Board of Directors has resolved to change the investment objective of the Sub-Fund as follows (the "**IO Change**"):

Currently, the investment objective of the Sub-Fund is to reflect the performance of the *Deutsche Bank Emerging Markets Liquid Eurobond Index*<sup>®</sup> (the "**Current Reference Index**") and the investment objective of share class 1C of the Sub-Fund (ISIN: LU0321462953, the "**Share Class**") is to reflect the performance of a currency index linked to the Current Reference Index and hedged into the Denomination Currency of the Share Class (the *Deutsche Bank Emerging Markets Liquid Eurobond EUR Hedged Index*<sup>®</sup>).

Once the IO Change is effective, the investment objective of the Sub-Fund will be to reflect the performance of the *Citi Emerging Markets USD Government and Government-Related Bond Select Index, Currency-Hedged in EUR terms* (the "**New Reference Index**").

The transition from the Current Reference Index to the New Reference Index will be effected over a period of 20 days (the "**Index Switch Period**"), such that on each such day during the Index Switch Period 1/20<sup>th</sup> of the initial portfolio adjusted for the Current Reference Index performance will be transitioned to the New Reference Index. The Index Switch Period commences on 6 October 2017 and will conclude on 6 November 2017, excluding certain local bank holidays, as shown in the table set out below:

Day during the Index Switch Period	Date	Calendar Day	Comment	Current Reference Index exposure	New Reference Index exposure
	05/10/2017	Thursday		100%	0%
01	06/10/2017	Friday		95%	5%
	09/10/2017	Monday	US holiday	95%	5%
02	10/10/2017	Tuesday		90%	10%
03	11/10/2017	Wednesday		85%	15%
04	12/10/2017	Thursday		80%	20%
05	13/10/2017	Friday		75%	25%
06	16/10/2017	Monday		70%	30%
07	17/10/2017	Tuesday		65%	35%
08	18/10/2017	Wednesday		60%	40%
09	19/10/2017	Thursday		55%	45%
10	20/10/2017	Friday		50%	50%
11	23/10/2017	Monday		45%	55%
12	24/10/2017	Tuesday		40%	60%
13	25/10/2017	Wednesday		35%	65%
14	26/10/2017	Thursday		30%	70%
15	27/10/2017	Friday		25%	75%
16	30/10/2017	Monday		20%	80%
17	31/10/2017	Tuesday		15%	85%
	01/11/2017	Wednesday	Luxembourg holiday	15%	85%
18	02/11/2017	Thursday		10%	90%
19	03/11/2017	Friday		5%	95%
20	06/11/2017	Monday		0%	100%

Please note the above transition schedule assumes the same index performance for the Reference Index and the New Reference Index for illustrative purposes.

Similarly to the Current Reference Index, the New Reference Index is designed to reflect the performance of emerging market debt with investment grade and non-investment grade rating issued by governments, regional governments and government related entities. Differences between the Current Reference Index and the New Reference Index include, but are not limited to, the following: (i) the New Reference Index is a broader measure of emerging market government debt market, (ii) the New Reference Index applies a lower minimum credit rating and as such may include constituents representing higher risk than the Current Reference Index, and (iii) the New Reference Index will only include USD denominated issuances.

As a result of the fact that the New Reference Index will only include USD denominated issuances, the Board of Directors has resolved to change the Reference Currency of the Sub-Fund to USD.

The Denomination Currency of the Share Class, however, will remain EUR.

The New Reference Index is a hedged version of the Citi Emerging Markets USD Government and Government-Related Bond Select Index and intends to mitigate the currency risk deriving from the exchange rate fluctuations between EUR which is the Denomination Currency of the 1C Share Class and the currency of the debt securities included in the New Reference Index. Shareholders should note that the Sub-Fund may therefore use derivatives to try to reduce the currency fluctuations between the Denomination Currency of the Share Class and the currency of the investments held by the Sub-Fund. This may not be effective and may prevent the Sub-Fund from benefitting from an increase in value of (or expose the Sub-Fund to the decrease in value of) a particular currency.

## **2) 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**") on 7 November 2017 (the "**Effective Date**"), ie the first Business Day after the Index Switch Period.

Currently the Sub-Fund is exposed to the performance of the Current 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 the New 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, the Sub Fund will switch from the Current Reference Index to the New Reference Index during the Index Switch Period while still using an Indirect Investment Policy. Please see section 1) Change of Reference Index of this Notice for further detail;
- 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, from the date of this Notice until the Effective Date the bid offer spreads quoted for the Sub Fund in the primary and secondary markets may widen due to the IO Switch and DR Switch;**

- 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, and the applicable Cut-off Time will be amended from 5.00 p.m. to 3.00 p.m. Luxembourg time on the relevant Transaction Day;
- 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 Switch, the Sub-Fund will bear any financial transaction taxes that may be payable by it; and
- the fact that, following the DR Switch, the anticipated level of Tracking Error for the New Reference Index will be “up to 2%”, rather than “up to 1%” due to the Transaction Costs which will be passed on fully to the Sub-Fund as part of managing the physical portfolio.

### **3) Change of Investment Manager**

The Board of Directors has resolved to change the Investment Manager of the Sub-Fund (the “**IM Change**”) on the Effective Date. Currently, State Street Global Advisors Limited (“**SSgA**”) acts as Investment Manager of the Sub-Fund. SSgA 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 Deutsche Asset Management (UK) Limited (“**DeAM (UK)**”) under the terms of a Sub-Portfolio Management Agreement as more fully described in the Prospectus. DeAM (UK) is a limited liability company incorporated on 16 September 2004 under the laws of England and Wales, having its registered office at Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom and is authorised and regulated by the Financial Conduct Authority in the conduct of its designated investment business (as defined in the FCA Handbook).

Investors should note that both on and after the Effective Date, SSgA shall continue to carry out certain functions for the Sub-Fund in order to facilitate the IM Change. Such functions would, for example, include the oversight of settlement of trades initiated before the Effective Date.

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

#### **4) Change of Name**

The Board of Directors has resolved to change the name of the Sub-Fund as detailed in the annex to this document as from the Effective Date.

#### **5) Reduction of Management Company Fee**

The Board of Directors has resolved to reduce the Management Company Fee for the Share Class with effect from the Effective Date from "up to 0.45% p.a." to "up to 0.30% p.a.". As a result, the All-In Fee applicable to the Share Class will be reduced from "up to 0.55% p.a." to "up to 0.40% p.a.".

### **B) GENERAL INFORMATION**

Any costs or expenses associated with the implementation of the Changes, will not be borne by the Sub-Fund or its Shareholders. However, for the avoidance of doubt, all re-balancing costs will continue to apply in the form of index level deductions until such time as the Changes have been completed. **However, for new subscriptions or redemptions in the Sub Fund from the date of this Notice until the Effective Date (being 7 November 2017) the bid offer spreads quoted for the Sub Fund in the primary and secondary markets may widen due to the IO Switch and DR Switch.**

Shareholders who subscribe or redeem Shares in the Sub-Fund on the primary market and who do not agree with the Changes, 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 5:00 p.m. (Luxembourg time) on 5 October 2017. Please note that the Company does not charge any redemption fee for the sale of Shares in the secondary market. 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.

Further information regarding the Changes, including more detailed information regarding the Direct Investment Policy, the new Investment Manager and Sub-Portfolio Manager and the New Reference Index, 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.

An updated key investor information document for the Share Class, reflecting the Index Switch Period, will be available on the Company's Website on or around the date of this document and a further updated key investor information document, reflecting the Changes, will be available on the Company's Website on or around the Effective Date, and copies 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.

**db x-trackers II**

The board of directors

**C) CONTACT INFORMATION**

**db x-trackers 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

	<b>Until the 5 October 2017</b>	<b>During the Index Switch Period (6 October 2017 to 6 November 2017)</b>	<b>From the Effective Date (7 November 2017)</b>
<b>Sub-Fund Name</b>	db x-trackers II EMERGING MARKETS LIQUID EUROBOND UCITS ETF	No Change (db x-trackers II EMERGING MARKETS LIQUID EUROBOND UCITS ETF)	db x-trackers II EMERGING MARKETS USD BOND UCITS ETF (DR)
<b>Sub-Fund Reference Index</b>	Deutsche Bank Emerging Markets Liquid Eurobond Index®	Combination of Deutsche Bank Emerging Markets Liquid Eurobond Index and Citi Emerging Markets USD Government and Government-Related Bond Select Index, Currency-Hedged in EUR terms, as outlined in the Product Annex in relation to the Sub-Fund in the Prospectus and section 1) of this Notice	Citi Emerging Markets USD Government and Government-Related Bond Select Index, Currency-Hedged in EUR terms
<b>Investment Policy</b>	Indirect Investment Policy	No Change (Indirect Investment Policy)	Direct Investment Policy (Optimised Index Replication)
<b>Investment Manager</b>	SSgA	No Change (SSgA)	DeAM GmbH (Sub-Portfolio Management delegated to DeAM (UK))
<b>Sub-Fund Reference Currency</b>	EUR	No Change (EUR)	USD
<b>All-In Fee in relation to the Share Classes (1C, ISIN: LU0321462953)</b>	Up to 0.55 % p.a.	No Change (Up to 0.55 % p.a.)	Up to 0.40 % p.a.