Xtrackers by DWS

Marketing Material | Investments are subject to risk

Target Maturity ETFs combine single bond investing with the established ETF fund wrapper.

Xtrackers Target Maturity solutions give investors access to ETFs with a fixed maturity date. They invest in a diversified portfolio of bonds with similar maturities, offer the potential for regular income payments, and have a specific maturity – combining the low-cost benefits of ETFs with traditional bonds. Investors can choose from a range of maturities that best suit their needs.

The best of both worlds: Single Bond and ETF

Liquidity
A bond portfolio that still trades like a share, thanks to the ETF market structure.

Potential for Yield
Corporate bond yields have risen – ETFs make it easier for investors to access the corporate bond market.

Diversification
Rather than a single bond, ETFs offer access to a large number of bonds maturing in the same year.

Simplicity
Regular cash flows and a fixed maturity may be suitable for investors with specific objectives and investment.

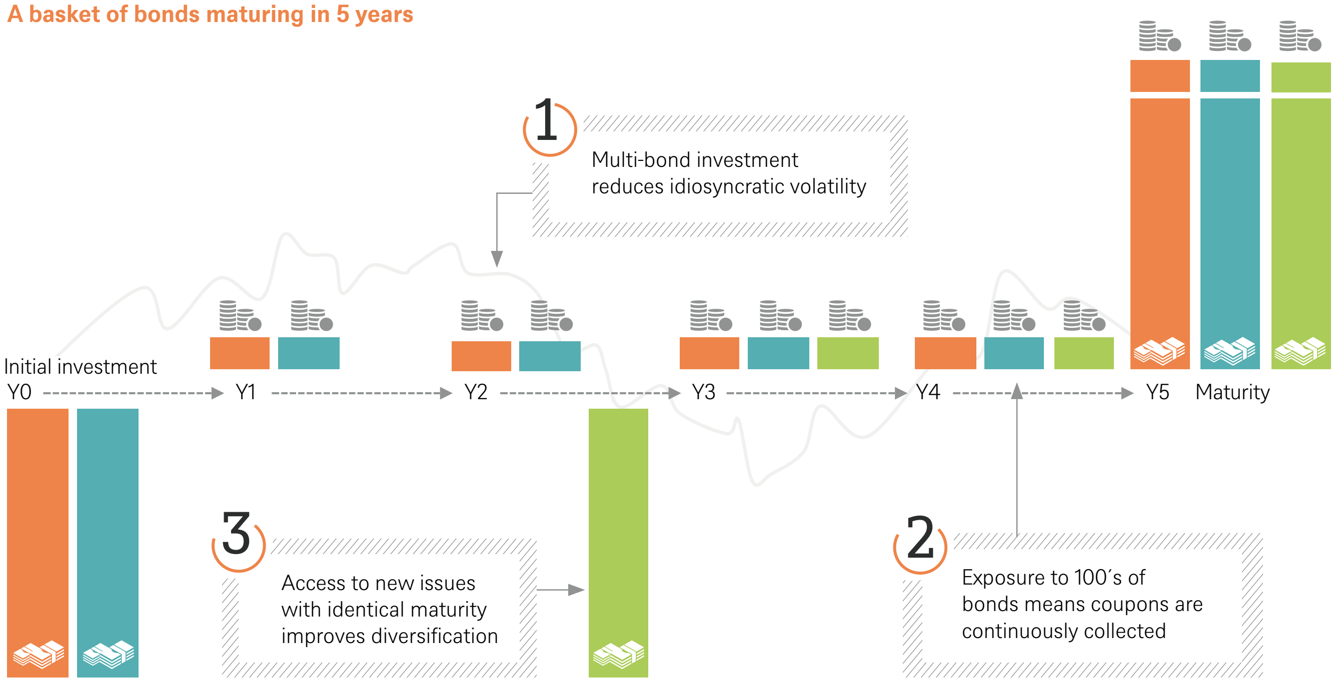
How Xtrackers Target Maturity ETFs work

During the holding period of an Xtrackers Target Maturity ETF:

Broad exposure: These funds are designed to mature on a specific defined "maturity date"; September of a given year, as indicated in the fund's name. Each ETF is composed of a diversified basket of individual bonds maturing within the twelve months prior to the maturity date. Bonds must mature on or between 1 October of the penultimate year and 30 September of the target maturity year.

Income distribution: Like many other Xtrackers ETFs distributing income, Xtrackers Target Maturity ETFs aim to distribute a quarterly income stream from the accrued coupon payments of the underlying bond investments.

A basket of bonds maturing in 5 years



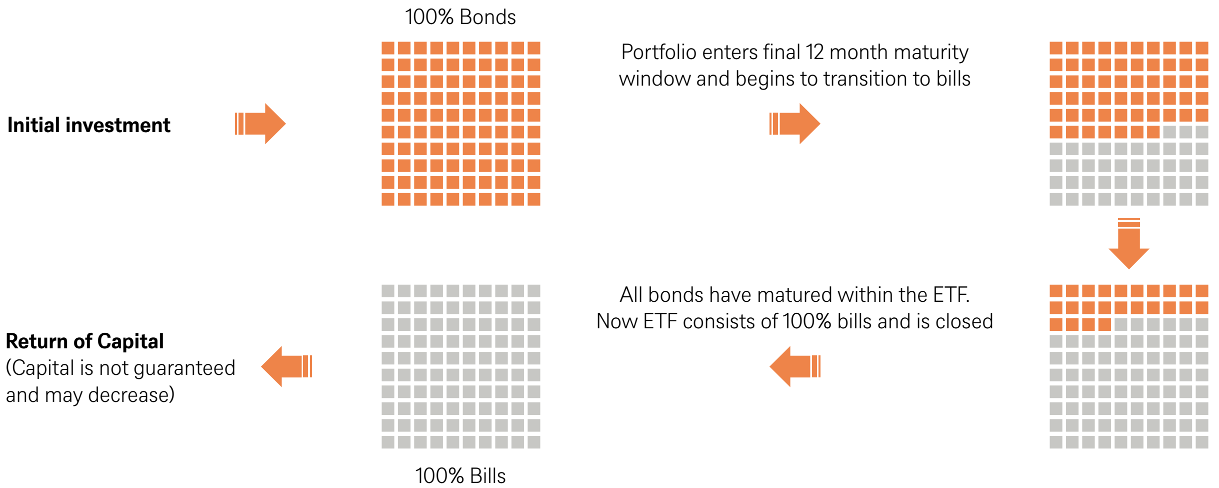
Source: DWS International GmbH, Bloomberg, as of 03.05.2024.
There is no guarantee that investment objectives will be achieved. The chart shows an example of an investment in several bonds with comparable maturities. As with an investment in individual bonds, the bonds are purchased first, then the coupon payments are received and at the end the nominal amount is repaid. The bars show these cash flows and are for illustrative purposes only. (1) The unsystematic or idiosyncratic risk (e.g. insolvency risk of a company) can be minimised by diversification within the market, in contrast to the systematic risk to which the entire market is exposed (e.g. interest rate risk). Idiosyncratic volatility relates to individual bonds and the various drivers of credit fluctuations. There is no guarantee that any specific redemption amount will be returned to investors at maturity, the redemption amount may be below the initial purchase amount, and investors should be able to sustain losses up to the total investment amount.

When the Xtrackers Target Maturity ETF matures:

The final months of the ETF: During the twelve months prior to the maturity date, bonds begin to mature. The cash received from the maturing bonds is reinvested in lower risk Euro Treasury bills at the month end rebalance to prepare for the final pay-out. This maintains liquidity and has a lower opportunity cost than holding cash.

Final distribution: Once all bonds have matured, the ETF is liquidated, and investors receive all remaining fund assets as a distribution.

What happens as the ETF approaches maturity?



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How to use Xtrackers Target Maturity ETFs

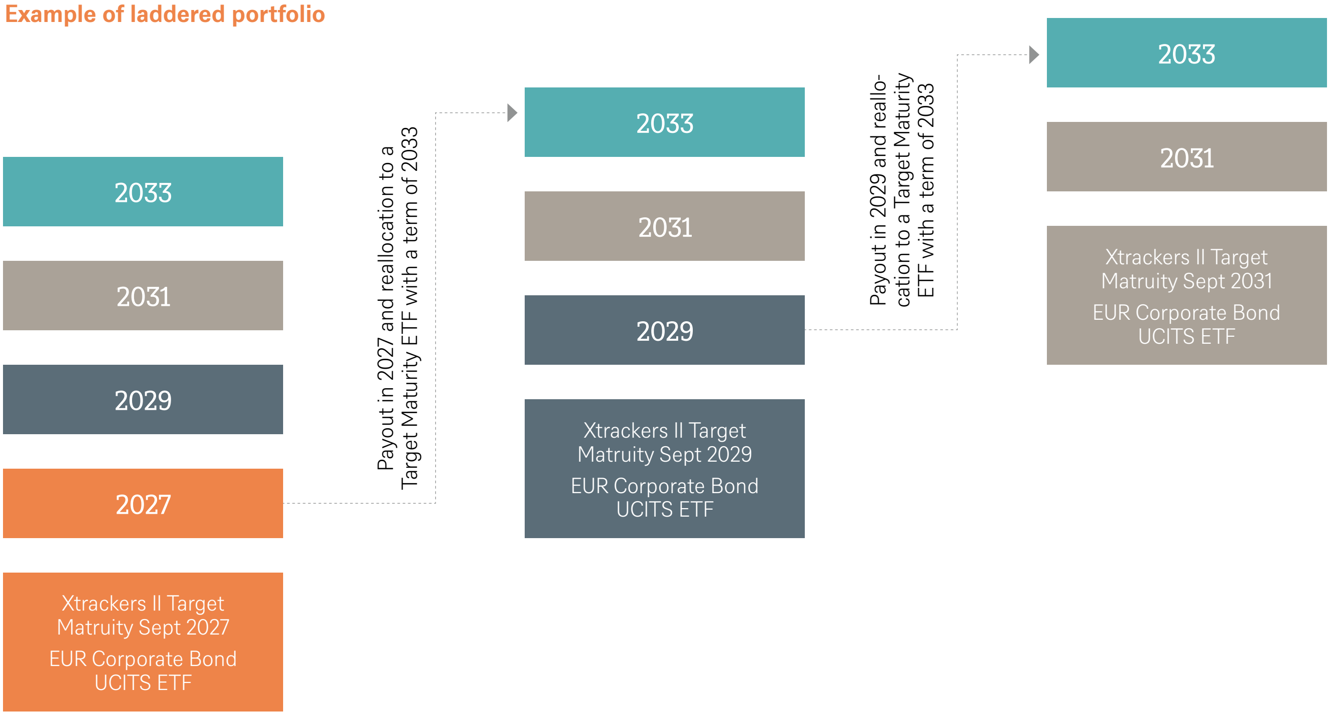
Xtrackers Target Maturity ETFs combine the simplicity of individual bonds with the liquidity and diversification of ETFs. They can be used for a variety of investment strategies, depending on investors' needs, objectives and financial circumstances:

Potential to generate income: As interest rates have risen after years of near-zero, Target Maturity ETFs can potentially offer investors a comparatively lower-risk options to generate income. They can offer the opportunity to access higher yields for up to 10 years while avoiding reinvestment risk.

Life-cycle planning: Target Maturity ETFs can help with life cycle planning due to their defined maturity dates and can help facilitate the funding of anticipated future expenses, such as retirement needs.

Bond Laddering: In combination, Target Maturity ETFs can become a useful toolkit for investing over time. Investors can build bond ladders using Target Maturity ETFs due to their defined maturity dates. Rolling their investment from one fund to the next gives investors flexibility and allows them to plan ahead across discrete time periods. Reinvestment risk can also be managed further.

Example of laddered portfolio



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Xtrackers Target Maturity ETFs can be a useful tool to address new challenges in fixed income portfolios. In particular, given the recent changes in the interest rate environment, access to corporate bond yields can be appealing. Fixed-term ETFs can be used to save and manage around future goals, ambitions and liabilities. For more information, please refer to Xtrackers.com

Risks:

– Investment risk – capital is not protected or guaranteed, capital invested is at risk up to a total loss
– Interest rate risk – the value of your investment may go down as well as up due fluctuation in interest rates
– Credit risk – possibility that the issuer will not be able to repay, which may affect the value of your investment
– Maturity date risk – no guarantee the scheduled maturity date will be met and any specific redemption amount will be returned at maturity
– Investments are subject to risk

Disclaimer

This document is intended as marketing communication. Please read the fund prospectus and KID before making a final investment decision.

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