



Press Release

London

July 14, 2015

Deutsche Asset & Wealth Management launch market's first China sovereign bond ETF

Deutsche Asset & Wealth Management has launched the first exchange-traded fund (ETF) on the European market to provide investors with exposure to China's domestic sovereign bond market.

The db x-trackers II Harvest CSI China Sovereign Bond UCITS ETF (DR) is a physical replication ETF that tracks the performance of an index of 35 onshore renminbi-denominated bonds issued by the Chinese government. The yield-to-maturity for the underlying index is currently 3.38% with approximately five-year duration (Source: CSI and Deutsche AWM, July 7, 2015). By comparison, the yield on five-year UK government bonds is 1.49% (Source: Bloomberg, July 7, 2015).

The ETF listed this morning on the Deutsche Börse, with a London Stock Exchange listing to follow on July 20, 2015. It has an annual All-in Fee of 0.55%. The investment manager of the ETF is Harvest Global Investments Limited.

"China's domestic sovereign bonds provide a high yield relative to equivalent sovereign bonds of countries with similar credit ratings, so we anticipate demand for this ETF should be high. Investors will also be interested in the historically low correlation China's domestic sovereign debt has to international fixed income and equity markets," said Marco Montanari, Deutsche AWM's Head of Passive Investments, Asia-Pacific.

"We are pleased to further our collaboration with Deutsche Asset & Wealth Management. As China's market develops and opens further to foreign investors, we will continue to be at the forefront of creating new products to provide investors with access to the world's second-largest economy," said Peng Wah Choy, Chief Executive Officer of Harvest Global Investments Limited.

China is currently rated AA- by Standard & Poor's, Aa3 by Moody's, and A+ by Fitch, the rating agencies. Chinese authorities are implementing a series of economic reforms designed to turn the country into a fully-fledged market economy, including financial liberalisation (Source: China Market Perspectives: Shaping up the new financial market, Deutsche Bank Research, May 16, 2015) – see the notes to editors section below for more details.

The launch of the ETF follows the January 2014 launch of the db x-trackers Harvest CSI300 Index UCITS ETF (DR), which was Europe's first physical replication ETF tracking China's domestic CSI300 A-shares equity index.

For further information please contact:

John Ferry
Deutsche Asset & Wealth Management
Tel: +44 (0) 7989726985
Email: john.ferry@db.com



Notes to Editors

- Deutsche AWM's Chief Investment Office has a growth forecast for China for 2015 of 6.8%, and believes that over the medium-term monetary policy is not loose and could loosen further. (Source: CIO Flash, Chinese Equities; what happens next? July 8, 2015; and CIO Flash, China: Politics looking after markets, June 30, 2015, Deutsche AWM CIO Office).
- Deutsche Bank Research expects that China's economy will decelerate gradually while retaining one of the strongest growth rates in the world. It also expects further monetary and fiscal policy easing, alongside aggressive privatisation programmes. (Source: China Market Perspectives: Shaping up the new financial market, Deutsche Bank Research, May 16, 2015)
- China's economic reform programme is intended to boost internal demand, evolve the economy away from state owned enterprises in favour of the private sector, improve the allocation of capital, increase efficiency and turn the renminbi into an international reserve currency (Source: China Market Perspectives: Shaping up the new financial market, Deutsche Bank Research, May 16, 2015).

Product Details

Name of ETF:	db x-trackers II Harvest CSI China Sovereign Bond UCITS ETF (DR)
BBG Code:	CGB GY/ CGB LN
ISIN:	LU1094612022
Fund Currency:	USD
Listing Currency:	EUR/USD
Annual All-in Fee:	0.55%
Physical/synthetic:	Physical
Underlying Index:	CSI Gilt-Edged Medium Term Treasury Note Index
UCITS compliant:	Yes

About Deutsche Asset & Wealth Management

With EUR 1.16 trillion of assets under management (as of March 31, 2015), 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 & 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.



Key risks

Investors should note that the db X-trackers UCITS ETFs are not capital protected or guaranteed and investors should be prepared and able to sustain losses of the capital invested up to a total loss.

Shares in db X-trackers UCITS ETFs which are purchased on the secondary market cannot usually be sold directly back to the relevant fund. Investors must purchase and redeem such shares on the secondary market with the assistance of an intermediary (e.g. a market maker or a stock broker) and may incur fees for doing so (as further described in the applicable prospectus). In addition, investors may pay more than the current net asset value of a share in a db X-trackers UCITS ETF when buying shares on the secondary market, and may receive less than the current net asset value when selling such shares on the secondary market.

Investments in funds involve numerous risks including, among others, general market risks, credit risks, foreign exchange risks, interest rate risks and liquidity risks. The value of an investment in a db X-trackers UCITS ETF may go down as well as up and investors may not get back the full amount of their original investment.

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