Investment Ideas

June 2026

Xtrackers by DWS

Anatomy of Successful Equity and Fixed Income ETF Block Trades

Author: Alan Rubenfeld

IN A NUTSHELL

- We demonstrate how investors can effectively trade in ETFs with limited trading activity and low AUM, while minimizing market impact.
- The implied liquidity available in many ETFs is often significantly larger than what appears on the screen, allowing market makers to execute large block trades successfully.
- Clients should collaborate with the ETF issuer, who can coordinate with ETF market makers to access the necessary liquidity for successful transactions.

It's the Liquidity That Matters!

At Xtrackers, we believe that access to liquidity remains the key factor in successfully executing an ETF block trade, especially when aiming to minimize market impact. It is common to see ETF trades 3x, 4x, or even 20x their average daily volume, often within the bid/ask spread. These trades are not isolated events, but are usually carefully coordinated between the client, the ETF issuer, and the ETF market makers. Let's review two successful examples of Xtrackers ETF block trades.

Example 1: $39 Million Equity Purchase of CRTC

A $5 billion RIA decided to incorporate the **Xtrackers US National Critical Technology ETF (CRTC)** into one of its asset allocation models. CRTC Invests in companies identified by the U.S. Department of Defense in 2022 as critical to America's future technological and economic security.

After several months of extensive due diligence, the RIA determined that CRTC was a strategic fit for their clients' portfolios. At the time, CRTC had approximately $50 million in AUM and an average daily trading volume (ADV) of about 13,800 shares. The RIA decided to invest nearly $40 million into CRTC, creating a 1.277 million share trade.

So, how did we successfully execute a trade that:

1. Nearly doubles the ETF's AUM
2. Trades *92 times* its average daily volume
3. Typically trades on a 5-10 cent bid/ask spread

…. all while minimizing market impact?

Let's walk through the process...

1. Due Diligence: DWS held multiple meetings with the RIA and J.H. Whitney, the firm behind the creation of the CRTC strategy, to outline the ETF's methodology and core allocation within their opportunistic portfolio sleeve.

2. Capital Markets Consultation: The DWS Capital Markets team partnered with the RIA to devise an execution strategy for this seemingly illiquid transaction while aiming to minimize market disruption and optimize trade execution.

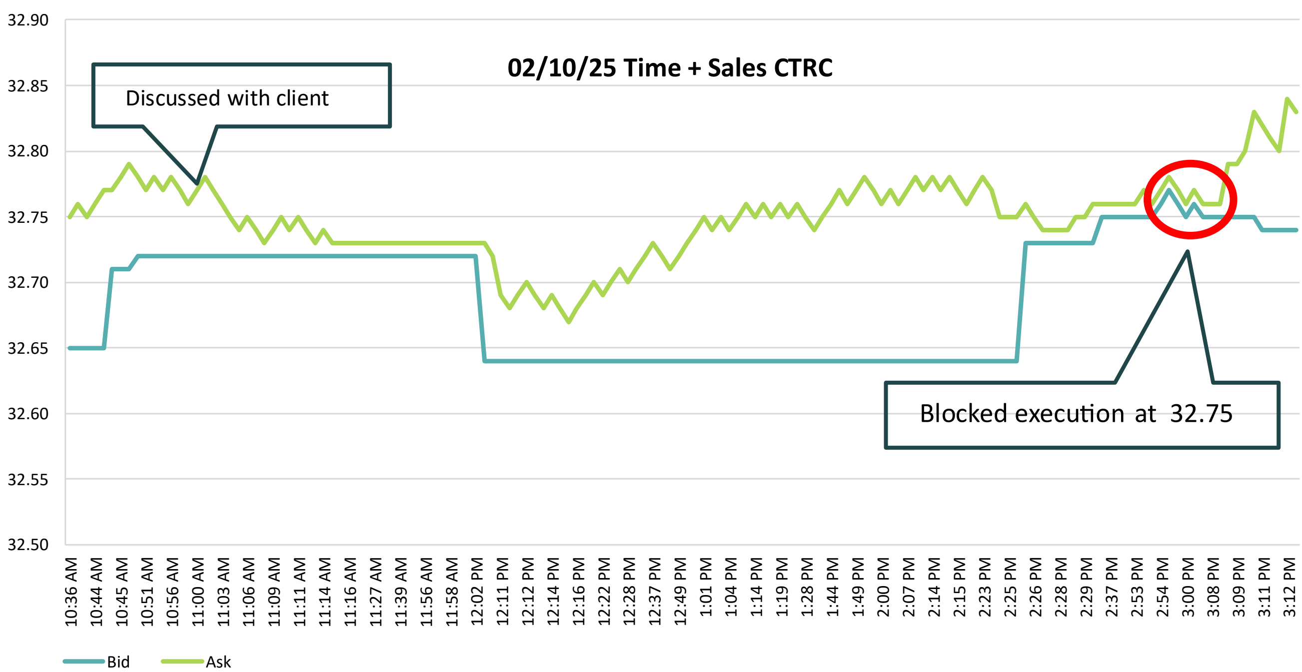
3. Implied Liquidity: One significant factor in the RIA's favor was the implied liquidity of CRTC, which measures the potential trading volume of an ETF based on the liquidity of its underlying assets. Because the stocks in CRTC are primarily large-cap equities with significant average daily volume, market makers are often willing to commit sufficient capital to facilitate these types of transactions and thus minimize market impact.

4. Coordinate with the Market Makers: Each ETF has a Lead Market Maker (LMM), responsible for quoting bid and ask prices for ETF shares. Immediately before the order was going to market, the DWS Capital Markets team communicated with the LMM, requesting it to tighten CRTC's bid/ask spread. The LMM obliged, moving the spread from 10 cents to just a penny-wide (Figure 1).

5. Request For Quote (RFQ): The RIA's trading desk solicited two-sided RFQs from multiple market makers to secure competitive pricing for the block trade.

6. Execution: The transaction was executed on the bid side of the market, creating virtually zero market impact (Figure 2). Post trade analysis estimated that the RIA saved its clients at least $75,000 through carefully executing this trade in conjunction with the DWS Capital Markets desk.

Figure 1: Bid/Ask Spread Compressing Before Execution



Source: Bloomberg: Feb. 10, 2025

Figure 2: Execution on the Bid Side with a Penny-Wide Market

Time& Sales	Ticker	Size(x100)	Price	Bid	Ask	Value
15:08:47	CRTC	3	32.76	32.76	32.77	$ 9,828.00
15:08:47	CRTC	10	32.76	32.76	32.77	$ 32,760.00
15:08:47	CRTC	1	32.765	32.765	32.77	$ 3,276.50
15:08:47	CRTC	1	32.765	32.765	32.77	$ 3,276.50
15:08:48	**CRTC**	**11970**	**32.75**	**32.75**	**32.77**	**$ 39,201,750.00**
15:09:34	CRTC	15	32.75	32.75	32.76	$ 49,125.00
15:13:56	**CRTC**	**427.82**	**32.72**	**32.72**	**32.80**	**$ 1,399,827.04**
15:13:56	CRTC	55.5	32.72	32.72	32.80	$ 181,596.00

Source: Bloomberg: Feb. 10, 2025

Example 2: $14 Million Fixed Income Purchase of TRSY

Xtrackers launched its most recent ETF product, the Xtrackers US 0-1 Year Treasury ETF (TRSY) in late 2024. This ETF can potentially serve as a cash management alternative to traditional money market accounts while also offering a hedge against interest rate fluctuations.

Our client, a Midwest RIA managing $1.1 billion in AUM, decided to initiate a risk-off position in one of its model portfolios by moving $15 million into short-term Treasuries. The anticipated holding period for this position was expected to be approximately six months. At the time, TRSY had $3.6 million in AUM. However, our client was confident in the underlying liquidity of short-term U.S. Treasury securities and comfortable being the primary holder of the ETF, given TRSY's competitive expense ratio of 0.06%.

Similar to the approach taken with CRTC, our Capital Markets team engaged in an in-depth discussion with the client to devise a successful execution strategy. The team consulted with the Lead Market Maker (LMM) for TRSY, who, despite concerns about market volatility, committed significant depth to the TRSY market while maintaining a tight bid/ask spread to support the trade.

Within a 90-second execution window, the RIA successfully traded over $14 million in TRSY on the offer side of the spread, seamlessly increasing the ETF's AUM from $3.6 million to $18 million with no discernible market disruption.

Figure 3: $14 Million Purchase of TRSY While Limiting Market Impact

Time	Ticker	Size(x100)	Price	Bid	Ask	Value
9:30:00	TRSY	1.01	30.1	30.06	30.1	$ 3,040.10
11:58:52	**TRSY**	**1843.85**	**30.09**	**30.06**	**30.09**	**$ 5,548,144.65**
12:00:13	TRSY	5	30.09	30.06	30.09	$ 15,045.00
12:00:13	TRSY	5	30.09	30.06	30.09	$ 15,045.00
12:00:13	TRSY	50	30.09	30.06	30.09	$ 150,450.00
12:00:13	TRSY	5	30.09	30.06	30.1	$ 15,045.00
12:00:13	TRSY	5	30.09	30.06	30.1	$ 15,045.00
12:00:13	**TRSY**	**2761.17**	**30.1**	**30.06**	**30.1**	**$ 8,311,121.70**
12:03:38	TRSY	1.31	30.0899	30.06	30.09	$ 3,941.78
12:03:38	TRSY	1.31	30.09	30.06	30.09	$ 3,941.79
12:35:44	TRSY	0.99	30.09	30.06	30.09	$ 2,978.91

Source: Bloomberg: April 9, 2025

Lessons Learned

Our clients successfully executed two significant block trades in what on the surface appeared to be two "illiquid" ETFs, nearly doubling the AUM in one trade and increasing the AUM by nearly fivefold in the second. These transactions highlight several critical factors that investors should consider when attempting to execute an outsized ETF transaction:

1. **Hidden Liquidity**: The liquidity available in many ETFs is often much larger than what appears on the screen. In most cases, volume in ETFs is more of a function of popularity rather than liquidity. Many ETFs that have low trading volume can still be traded in large size while creating minimal market impact, given the abundant liquidity of its underlying holdings.

2. **Effective Communication:** The importance of effective communication between an ETF issuer and its clients cannot be overstated. ETF issuer capital markets desks can help facilitate large trades more efficiently and effectively for clients than their simply "pushing a button." These small extra steps can often save clients thousands if not hundreds of thousands of dollars.

Benefit From Xtrackers' Trading Experience and Capabilities

As these two examples demonstrate, don't let an ETF's low AUM or limited trading volume deter you from investing in a strategy that fits your investment objectives.

Our Xtrackers representatives and Capital Markets team have the experience and knowledge to enable you to successfully transact across our entire suite of Xtrackers ETFs. Contact us at Xtrackers.capitalmarkets@list.db.com and learn how Xtrackers can support your organization's ETF investment agenda.

Glossary

Bid/Ask Spread: A stock price quote that indicates the highest price a buyer is currently willing to pay for a share (bid) and the lowest price a seller will accept for it (ask).

Market Maker: A firm or individual who actively quotes two-sided markets in a particular security, providing bids and asks, along with the market size of each.

Registered Investment Advisor (RIA): A financial professional firm that advises clients on securities investments and may manage their financial portfolios. RIAs are registered with either the Securities and Exchange Commission (SEC) or state securities administrators.

Xtrackers.com

The Xtrackers brand represents all systematic investment solutions. Xtrackers ETFs ("ETFs") are managed by DBX Advisors LLC (the "Adviser"), and distributed by ALPS Distributors, Inc. ("ALPS"). The Adviser is a subsidiary of DWS Group GmbH & Co. KGaA, and is not affiliated with ALPS.

Shares are not individually redeemable, and owners of Shares may acquire those Shares from the Fund, or tender such Shares for redemption to the Fund, in Creation Units only.

Carefully consider the fund's investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the fund's prospectus, which may be obtained by calling 1-844-851-4255, or by viewing or downloading a prospectus from www.Xtrackers.com. Read the prospectus carefully before investing.

War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led and, in the future, may lead to significant disruptions in U.S. and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund and its investments.

Investing involves risk, including possible loss of principal. Stocks may decline in value. Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Foreign investing involves greater and different risks than investing in US companies, including currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Funds investing in a single industry, country or in a limited geographic region generally are more volatile than more diversified funds. Performance of a fund may diverge from that of an underlying index due to operating expenses, transaction costs, cash flows, use of sampling strategies or operational inefficiencies. There are additional risks associated with investing in high-yield bonds, aggressive growth stocks, non-diversified/concentrated funds and small- and mid-cap stocks which are more fully explained in the prospectuses, as applicable. An investment in any fund should be considered only as a supplement to a complete investment program for those investors willing to accept the risks associated with that fund. Please read the applicable prospectus for more information.

CRTC: Critical technologies are technologies that are deemed to be vital to maintaining the national security of the U.S. now and in the future. Companies involved in critical technologies may be subject to a significant amount of governmental regulation, and changes in governmental policies and the need for regulatory approvals may have a material adverse effect on the critical technologies and the companies involved with them. Critical technologies companies are heavily dependent on patent and intellectual property rights which may be difficult to protect. Investing involves risk, including the possible loss of principal. Stocks may decline in value. This fund is non-diversified and can take larger positions in fewer issues, increasing its potential risk. An investment in the fund should be considered only as a supplement to a complete investment program for those investors willing to accept the risks associated with the fund. Please read the prospectus for more information.

Solactive AG ("Solactive") is the licensor of the Solactive Whitney U.S. Critical Technologies Index (the "Index"). The Index has been developed in cooperation with J.H. Whitney Data Services, LLC ("J.H. Whitney"). The financial instruments that are based on the Index are not sponsored, endorsed, promoted or sold by Solactive or J.H. Whitney in any way and Solactive or J.H. Whitney make no express or implied representation, guarantee or assurance with regard to: (a) the advisability of investing in the financial instruments; (b) the quality, accuracy and/or completeness of the Index; and/or (c) the results obtained or to be obtained by any person or entity from the use of the Index. Solactive or J.H. Whitney do not guarantee the accuracy and/or the completeness of the Index and shall not have any liability for any errors or omissions with respect thereto. The Index has not been designed to achieve positive returns and neither Solactive nor J.H. Whitney is acting as a fiduciary or investment adviser for any user of the Index or investor in any financial instrument based on the Index. Notwithstanding Solactive's obligations to its licensees, Solactive reserves the right to change the methods of calculation or publication with respect to the Index and Solactive or J.H. Whitney shall not be liable for any miscalculation of or any incorrect, delayed or interrupted publication with respect to the Index. Solactive or J.H. Whitney shall not be liable for any damages, including, without limitation, any loss of profits or business, or any special, incidental, punitive, indirect or consequential damages suffered or incurred as a result of the use of (or inability to use) the Index.

TRSY: The fund is not a money market fund and is not subject to the strict rules that govern the quality, maturity, liquidity and other features of securities that money market funds may purchase. Under normal circumstances, the fund's investments may be more susceptible than a money market fund's investments to credit risk, interest rate risk, valuation risk and other risks relevant to the fund's investments. U.S. Treasury obligations are backed by the "full faith and credit" of the U.S. government. The "full faith and credit" guarantee of the US government applies to the timely repayment of interest and does not eliminate market risk. Because of the rising US government debt burden, it is possible that the US government may not be able to meet its financial obligations or that securities issued by the US government may experience credit downgrades. An investment in this fund should be considered only as a supplement to a complete investment program for those investors willing to accept the risks associated with the fund. Please read the prospectus for more information.

ICE Data Indices, LLC, is used with permission. "ICE®" is a trademark of ICE Data Indices, LLC or its affiliates and BofA® is a registered trademark of Bank of America Corporation licensed by Bank of America Corporation and its affiliates ("BofA") and may not be used without BofA's prior written approval. These trademarks have been licensed, along with the [ICE BofA BB-B Non-FNCL Non-Distressed US HY Constrained Index ("Index") for use by DBX Advisors LLC in connection with Xtrackers USD High Yield BB-B ex Financials ETF (the "Product") [or use ICE AMT-Free Broad Liquid California Municipal Index and Xtrackers California Municipal Bond ETF]. Neither Advisor, DBX ETF Trust (the "Trust") nor the Product, as applicable, is sponsored, endorsed, sold or promoted by ICE Data Indices, LLC, its affiliates or its Third-Party Suppliers ("ICE Data and its Suppliers"). ICE Data and its Suppliers make no representations or warranties regarding the advisability of investing in securities generally, in the Product particularly, the Trust or the ability of the Index to track general market performance. Past performance of an Index is not an indicator of or a guarantee of future results.

ICE DATA AND ITS SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY INFORMATION INCLUDED IN, RELATED TO, OR DERIVED THEREFROM ("INDEX DATA"). ICE DATA AND ITS SUPPLIERS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES AND THE INDEX DATA, WHICH ARE PROVIDED ON AN "AS IS" BASIS AND YOUR USE IS AT YOUR OWN RISK.

Investment products: No bank guarantee I Not FDIC insured I May lose value

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc., which offers investment products, or DWS Investment Management Americas, Inc. and RREEF America L.L.C., which offer advisory services.

DWS

[Privacy Notice]