

Investment Ideas

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Xtrackers
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CRTC: Mitigate Portfolio Exposure to Growing Geopolitical Risks

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IN A NUTSHELL

- Geopolitical competition is increasingly being waged not only through traditional military and economic channels, but across technology, data, and supply chains.
- China remains a primary competitor in strategic technologies. While diplomatic engagement has led to periods of stabilization, tensions persist across trade, semiconductors, artificial intelligence, and Taiwan.
- Russia continues to challenge global stability through military engagement, cyber operations, and energy leverage, reinforcing its role as an asymmetric disruptor.
- The [Xtrackers US National Critical Technologies ETF \(CRTC\)](#) provides investors access to the companies driving and maintaining America's technological dominance and protecting national security.

Global Instability Escalates

As geopolitical tensions accelerate, the risks to America's national security and economy become more urgent. Geopolitical competition is increasingly being waged not only through traditional military and economic channels, but across technology, data, and supply chains. These dynamics are reshaping global leadership and national security priorities. Let's look at some of these flashpoints and the potential dangers they create.

China

China's evolving policy priorities across technology, trade, and national security are contributing to shifts in global supply chains, capital allocation, and competitive dynamics.

- **Supply Chain Realignment:** Ongoing efforts to achieve self-sufficiency in semiconductors may continue to reshape global supply chains and capital flows
- **State-Led Innovation:** Expansion of state-backed technology initiatives in areas such as AI, quantum computing, and telecommunications infrastructure
- **Trade and Investment Friction:** Increasing use of export controls, tariffs, and investment restrictions between China and Western economies
- **Taiwan Tensions:** Taiwan-related aggressions could contribute to heightened volatility in semiconductor supply chains
- **Critical Materials Competition:** Growing competition in rare earths and critical minerals, which are essential inputs for advanced technologies

Russia

Russia continues to operate as a major global antagonist, resisting U.S. geopolitical interests whenever possible. The country continues to operate as an asymmetric disruptor, leveraging military activity, cyber operations, and strategic alliances to influence global instability.

- **Hybrid Warfare Tactics:** Continued use of disinformation campaigns and cyber intrusions to target governments, institutions, and public sentiment, especially in Europe
- **Energy Leverage:** Energy exports remain a key geopolitical tool, influencing pricing dynamics and regional alliances
- **Cyber Activity:** Persistent cyber operations targeting financial institutions, infrastructure, and government networks
- **Strategic Partnerships:** Deepening ties with countries such as North Korea and Iran may expand access to military resources and asymmetric capabilities, while increasing the risk of broader regional instability

Cyber Security and AI

Cybersecurity is increasingly central to national security, with advances in artificial intelligence reshaping both the threat landscape and defensive capabilities.

- **AI-Driven Threats:** Rapid adoption of AI tools may increase the sophistication and scale of cyberattacks, including phishing and deepfake-enabled fraud
- **Expanded Attack Targets:** The cyber threat landscape continues to broaden across critical infrastructure, healthcare systems, and supply chains
- **National Security Priority:** The convergence of cyber risk and national security priorities is supporting increased investment across both public and private sectors

America's Strategic Response

The risks confronting American industry and global stability are not theoretical—they are real and have profound consequences. The United States is pursuing a coordinated strategic response, combining policy initiatives, public investment, and private-sector collaboration to strengthen leadership across critical technologies and national security priorities.

- **AI Infrastructure Buildout:** Significant investment in data centers, compute capacity, and energy resources—including large-scale initiatives such as the Stargate Project—to support growing demand for artificial intelligence applications
- **Public-Private Collaboration:** Greater coordination between government agencies and private industry—as seen in large-scale partnerships across AI, semiconductors, and energy—is supporting innovation, security, and supply chain resilience
- **Export Controls and Security Policy:** Implementation of export restrictions—including U.S. semiconductor and advanced computing export controls targeting China—designed to protect sensitive technologies and limit adversarial access
- **Cybersecurity Prioritization:** Increased focus on strengthening cyber defenses across critical infrastructure, financial systems, and government networks—supported by broader federal AI and security frameworks such as Executive Order 14110
- **Energy and Industrial Policy Support:** Large-scale investment in clean energy and infrastructure—including the Inflation Reduction Act and related programs—is helping support the power and energy demands required for advanced manufacturing and AI data center growth

CRTC – A Strategic Defensive Against Geopolitical Risk

The [Xtrackers US National Critical Technologies ETF \(CRTC\)](#) offers a systematic investment strategy by targeting companies operating in the critical technology categories identified by the U.S. Department of Defense as essential for the future health of the U.S. economy.



Emerging Opportunity Areas

- Biotechnology
- Quantum Science
- Advanced Materials
- Future Generation Wireless Technology



Effective Adoption Areas

- Advance Computing & Software
- Space Technology
- Renewable Energy & Storage
- Integrated Networks
- Microelectronics
- Trusted AI
- Human Machine Interfaces



Defense Specific Areas

- Hypersonics
- Directed Energy
- Cyber

Companies in the portfolio are at the forefront of these technologies, providing exposure to the industries crucial to national security and economic stability.

Geopolitical Risk Mitigation

CRTC's stock selection methodology is powered by J.H. Whitney's proprietary 10-factor model that assesses a company's vulnerability to geostrategic risk across governance, operations, and commercial categories. This methodology helps mitigate threats by avoiding investments in companies that could be impacted by global conflicts or foreign government actions. CRTC tracks the Solactive Whitney U.S. Critical Technologies Index, which identifies constituents based on their affiliation with the technology sectors prioritized by the U.S. government. This enables CRTC to focus on companies essential to America's economic and national security.

CRTC Portfolio Holdings – Investing in America's Future

CRTC invests in equities across a broad spectrum of sectors, including Technology, Health Care, Industrials, and Energy. The ETF includes a balanced mix of both large-cap growth and value stocks, offering diversified exposure to key industries.

To avoid single stock overconcentration, each holding is capped at 5% at the time of rebalance. Additionally, CRTC's gross/net expense ratio is a very competitive 0.35%.

In today's environment, leadership in critical technologies is increasingly synonymous with geopolitical influence. Investors may wish to consider strategies that align with these structural shifts. The [Xtrackers US National Critical Technologies ETF](#) provides investors with a focused approach to navigating uncertainty while capitalizing on America's technological strength.

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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.

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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.

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