

## **Xtrackers MSCI Innovation UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to Xtrackers MSCI Innovation UCITS ETF (the “**Fund**”), a sub-fund of Xtrackers (IE) plc (the “**Company**”) an umbrella type open-ended investment company with segregated liability between sub-funds and with variable capital governed by the laws of Ireland and authorised by the Central Bank of Ireland (the “**Central Bank**”).

**This Supplement forms part of, may not be distributed unless accompanied by (other than to prior recipients of the prospectus of the Company dated 15 June 2023 (the “Prospectus”)), the first addendum to the Prospectus dated 1 December 2023 and must be read in conjunction with, the Prospectus.**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Xtrackers (IE) plc**

**Dated 1 December 2023**

---

**IMPORTANT INFORMATION**

**The Fund is an ETF. The Shares of this Fund are fully transferable to investors and will be listed for trading on one or more stock exchanges.**

## TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

---

### Investment Objective

The investment objective of the Fund is to track the performance before fees and expenses of an index which is designed to reflect the performance of the shares of large, medium, and small-capitalisation companies that derive significant revenues from technological innovation and which promote, among other characteristics, environmental and social characteristics.

### Investment Policy

In order to seek to achieve the investment objective, the Fund will adopt a Direct Investment Policy and will aim to replicate or track, before fees and expenses, the performance of the MSCI ACWI IMI Innovation Select ESG Screened 200 Index (the "**Reference Index**"), by holding a portfolio of equity securities that comprises all, or a substantial number of, the securities comprised in the Reference Index (the "**Underlying Securities**"). Further information on the Reference Index is contained under "General Description of the Underlying Asset".

The Fund is managed according to a passive approach and is a Full Replication Fund (as described in the Prospectus under the heading "*Direct Investment Funds following a passive approach*"). The Investment Manager reserves the right to exclude from the portfolio of the Fund any securities from the Reference Index that do not comply with the Investment Manager's policies or standards (examples of which are described in the Prospectus under the heading "*Direct Investment Funds following a passive approach*"). Full disclosure on the composition of the Fund's portfolio will be available on a daily basis at [www.Xtrackers.com](http://www.Xtrackers.com).

There is no assurance that the investment objective of the Fund will actually be achieved.

The Underlying Securities are listed or traded on markets and exchanges which are set out at Appendix I of the Prospectus, with the Underlying Securities being bought by the Fund from any broker or counterparty who trades on the markets and exchanges listed at Appendix I of the Prospectus. Underlying Securities may include direct investment in China A Shares through Stock Connect as further described below.

As further described in the 'Efficient Portfolio Management and Financial Derivative Instruments' section below and in the Prospectus, the Fund may also invest in securities which are not constituents of the Reference Index and/or financial derivative instruments ("**FDIs**") related to a constituent or constituents of the Reference Index, for efficient portfolio management purposes, where such securities and/or FDIs would achieve a risk and return profile similar to that of the Reference Index, a constituent of the Reference Index or a sub-set of constituents of the Reference Index.

The Fund may invest in ancillary liquid assets which will include secured and/or unsecured deposits, and/or units or shares of other UCITS or other collective investment schemes which pursue a money market/cash strategy or which are related to the Reference Index or constituents of the Reference Index.

The investments and liquid assets the Fund may hold on an ancillary basis will, together with any fees and expenses, be valued by the Administrator on each Valuation Day in order to determine the Net Asset Value of the Fund in accordance with the rules set out in the Prospectus.

The value of the Fund's Shares is linked to the Reference Index, the performance of which may rise or fall. Hence, investors should note that the value of their investment could fall as well as rise and they should accept that there is no guarantee that they will recover their initial investment. The return that the Shareholder may receive will be dependent on the performance of the Reference Index.

The Fund will have no Final Repurchase Date. However, the Directors may decide to terminate the Fund in accordance with the terms set out in the Prospectus and/or the Articles of Association.

### Stock Connect

Under Stock Connect, overseas investors (including the Fund) may be allowed, subject to rules and regulations issued/amended from time to time, to directly trade certain eligible A-shares through the so-called Northbound Trading Links (see below).

Stock Connect currently comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock

Connect. The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), China Securities Depository and Clearing Corporation Limited ("**ChinaClear**") and the Shanghai Stock Exchange ("**SSE**"), with an aim to achieve mutual stock market access between Shanghai and Hong Kong. Similarly, the Shenzhen-Hong Kong Stock Connect is a securities trading clearing links program developed by HKEx, ChinaClear and the Shenzhen Stock Exchange ("**SZSE**"), with an aim to achieve mutual stock market access between Shenzhen and Hong Kong.

Stock Connect comprises two Northbound Trading Links (for investment in A-shares), one between SSE and The Stock Exchange of Hong Kong Limited ("**SEHK**"), and the other between SZSE and SEHK. Investors may place orders to trade eligible A-shares listed on SSE (such securities, "**SSE Securities**") or on SZSE (such securities, "**SZSE Securities**", and SSE Securities and SZSE Securities collectively, "**Stock Connect Securities**") through their Hong Kong brokers, and such orders will be routed by the relevant securities trading service company established by the SEHK to the relevant trading platform of SSE or SZSE, as the case may be, for matching and execution on SSE or SZSE, as the case may be.

The SSE Securities include all the constituent stocks of the SSE 180 Index and the SSE 380 Index, and all the SSE-listed A-shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except (i) those SSE-listed shares which are not traded in Renminbi ("**RMB**") and (ii) those SSE-listed shares which are under "risk alert".

The SZSE Securities include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion and all the SZSE-listed A-shares which have corresponding H-Shares listed on SEHK, except (i) those SZSE-listed shares which are not traded in RMB and (ii) those SZSE-listed shares which are under "risk alert".

The list of eligible securities may be changed subject to the review and approval by the relevant regulators in the People's Republic of China ("**PRC**") from time to time.

Further information about Stock Connect is available online at the website: [https://www.hkex.com.hk/mutual-market/stock-connect?sc\\_lang=en](https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en)

### **Efficient Portfolio Management and Financial Derivative Instruments**

The Fund may employ techniques and instruments relating to transferable securities under the conditions and within the limits laid down by the Central Bank from time to time and the conditions set out in the Prospectus and this Supplement for efficient portfolio management purposes. The Fund may enter into securities lending transactions for efficient portfolio management purposes only in accordance with the conditions and limits set down by the Central Bank from time to time and the conditions set out in the Prospectus.

The Fund may also invest in FDIs subject to the conditions and limits laid down by the Central Bank for efficient portfolio management purposes and as described in the Prospectus. For details of any FDIs the Fund may use, please refer to the section entitled "Use of Derivatives by Direct Investment Funds" set out in the Prospectus.

The Company employs a risk management process which enables it to accurately measure, monitor and manage at any time the risks attached to the Fund's FDI positions and their contribution to the overall risk profile of the portfolio of assets of the Fund. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments in respect of the relevant Fund.

### **Calculation of Global Exposure**

The Fund will employ the commitment approach to assess the Fund's global exposure and to ensure that the Fund's use of derivative instruments is within the limits specified by the Central Bank. Global exposure will be calculated daily. While the Fund may be leveraged through the use of the FDIs, any such leverage will not be in excess of 100% of the Fund's Net Asset Value.

### **Investment Restrictions**

The general investment restrictions set out under "Investment Restrictions" in the Prospectus apply to the Fund.

Further, the Fund will not invest more than 10% of its assets in units or shares of other UCITS or other collective

investment schemes in order to be eligible for investment by UCITS governed by the UCITS directive.

The Directors may from time to time impose such further investment restrictions as shall be compatible with or in the interests of Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are located. Such investment restrictions will be included in an updated Supplement.

### **Borrowing**

The Company may only borrow, for the account of the Fund, up to 10% of the Net Asset Value of the Fund and provided that such borrowing is for temporary purposes only. The assets of the Fund may be charged as security for any such borrowings.

### **Specific Risk Warning**

Investors should note that the Fund is not capital protected or guaranteed and that the capital invested is not protected or guaranteed and investors in this Fund should be prepared and able to sustain losses up to the total amount of capital invested.

#### *Emerging Markets*

Investors in the Fund should be aware of the following risks associated with an investment in emerging markets:

- (a) *Emerging Market Risk:* Investments in the market to which the Reference Index relates are currently exposed to risks pertaining to emerging markets generally. These include risks brought about by investment ceiling limits where foreign investors are subject to certain holding limits and constraints imposed on trading of listed securities where a registered foreign investor may only maintain a trading account with one licensed securities company in the relevant market. These may contribute to the illiquidity of the relevant securities market, as well as create inflexibility and uncertainty as to the trading environment.
- (b) *Legal Risk:* The economies of most emerging markets are often less developed than those of other geographic regions such as the United States and Europe. The laws and regulations affecting these economies are also in a relatively early stage of development and are not as well established as the laws and regulations of developed countries. Such countries' securities laws and regulations may still be in their development stages and not drafted in a very concise manner which may be subject to interpretation. In the event of a securities related dispute involving a foreign party, the laws of these countries would typically apply (unless an applicable international treaty provides otherwise). The court systems of these nations may not be as transparent and effective as court systems in more developed countries or territories and there can be no assurance of obtaining effective enforcement of rights through legal proceedings and generally the judgements of foreign courts are often not recognised.
- (c) *Regulatory Risk:* Foreign investment in emerging economies' primary and secondary securities markets is often still relatively new and much of the relevant securities laws may be ambiguous and/or have been developed to regulate direct investment by foreigners rather than portfolio investment. Investors should note that because of a lack of precedent, securities market laws and the regulatory environment for primary and secondary market investments by foreign investors can be in the early stages of development, and may, in some jurisdictions, remain untested. The regulatory framework of the emerging economies' primary and secondary securities markets is often in the development stage compared to many of the world's leading stock markets, and accordingly there may be a lower level of regulatory monitoring of the activities of the emerging economies' primary and secondary securities markets.
- (d) *Foreign Exchange Risk:* Some currencies of emerging markets are controlled. Investors should note the risks of limited liquidity in certain foreign exchange markets.
- (e) *Trading Volumes and Volatility:* Often emerging market stock exchanges are smaller and have lower trading volumes and shorter trading hours than most OECD exchanges and the market capitalisations of listed companies are small compared to those on more developed exchanges in developed markets. The listed equity securities of many companies on such exchanges are accordingly materially less liquid, subject to greater dealer spreads and experience materially greater volatility than those of OECD countries. Many such exchanges have, in the past, experienced substantial price volatility and no assurance can be given that such volatility will not occur in the future. The above factors could negatively affect the Net Asset Value of the Fund.

- (f) *Taxation risk*: The Fund may invest in jurisdictions where the tax regime is not fully developed or is not sufficiently certain, and as such changes to the tax policies may be implemented without any prior notice and may also apply retrospectively. Any changes in tax policies may reduce the after-taxation returns of the underlying assets to which the performance of the Fund is linked to.
- (g) *Restricted markets risk*: The Fund may invest in markets in respect of which the local government imposes limitations or restrictions on foreign ownership or holdings. In order to access such markets, the Fund may use instruments such as ADRs, GDRs, NVDRs or P-Notes in order to gain exposure to equity securities instead of using physical securities where, due to such local restrictions or quota limitations, it is not possible to hold these directly. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Fund holdings as compared to the performance of the Reference Index. This may increase the risk of tracking error and, at worst, the Fund may not be able to achieve its investment objective and/or the Fund may have to be closed to further subscriptions.
- (h) *Liquidity Risk*: Primary market-investors should be aware that it may take up to ten Settlement Days following the Transaction Day to receive the proceeds of redemptions requests.

#### *Stock Connect Risks*

Investors in the Fund should be aware of the following risks associated with an investment in through Stock Connect:

- (a) *Quota limitations risk*: Stock Connect is subject to daily quota limitations on investment, which may restrict the Fund's ability to invest in A-shares through Stock Connect on a timely basis, and the Fund may not be able to effectively pursue its investment policy.
- (b) *Suspension risk*: SEHK, SSE and SZSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which would adversely affect the Fund's ability to access the PRC market.
- (c) *Differences in trading day*: Stock Connect operates on days when both the relevant PRC market and the Hong Kong market are open for trading and when banks in the relevant PRC market and the Hong Kong market are open on the corresponding settlement days. It is possible that there are occasions when it is a normal trading day for the relevant PRC market but Hong Kong and overseas investors (such as the Fund) cannot carry out any A-shares trading via Stock Connect. As a result, the Fund may be subject to a risk of price fluctuations in A-shares during the time when Stock Connect is not trading.
- (d) *Restrictions on selling imposed by front-end monitoring*: PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE (as the case may be) will reject the sell order concerned. SEHK will carry out pre-trade checking on A-shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.
- (e) *Clearing, settlement and custody risks*: The Hong Kong Securities Clearing Company Limited (the "**HKSCC**", which is a wholly owned subsidiary of HKEx) and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of a ChinaClear default are considered to be remote. Should the event of a ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

A-shares are issued in scripless form, so there will be no physical certificates of title representing the interests of the Fund in any A-shares. Hong Kong and overseas investors, such as the Fund, who have acquired Stock Connect Securities through Northbound Trading Links should maintain Stock Connect Securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to Stock Connect is available upon request at the registered office of the Management Company.

- (f) *Operational risk*: Stock Connect provides a channel for investors from Hong Kong and overseas, such as the Fund, to access the China stock market directly. The securities regimes and legal systems of the two markets

differ significantly and in order for the platform to operate, market participants may need to address issues arising from the differences on an on-going basis.

Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. an order routing system ("**China Stock Connect System**") set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The Fund's ability to access the A-share market (and hence to pursue its investment strategy) will be adversely affected.

- (g) *Nominee arrangements in holding A-shares*: HKSCC is the "nominee holder" of the Stock Connect Securities acquired by overseas investors (including the Fund) through Stock Connect. The CSRC Stock Connect Rules expressly provide that investors enjoy the rights and benefits of the Stock Connect Securities acquired through Stock Connect in accordance with applicable laws. CSRC has also made statements dated 15 May 2015 and 30 September 2016 that overseas investors that hold Stock Connect Securities through HKSCC are entitled to proprietary interests in such securities as shareholders. However, it is still possible that the courts in the PRC may consider that any nominee or custodian as registered holder of Stock Connect Securities would have full ownership thereof, and that even if the concept of beneficial ownership is recognized under PRC law those Stock Connect Securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the Fund and the Depositary cannot ensure that the Fund's ownership of these securities or title thereto is assured in all circumstances.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the Stock Connect Securities in the PRC or elsewhere. Therefore, although the relevant Fund's ownership may be ultimately recognised, the Fund may suffer difficulties or delays in enforcing their rights in A-shares.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Fund suffers losses resulting from the performance or insolvency of HKSCC.

As a beneficial owner the Fund will not have the right to attend shareholder meetings or appoint proxies to do so on its behalf.

- (h) *Investor compensation*: Investments of the Fund through Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since Northbound trading via Stock Connect does not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, such trading will not be covered by the Investor Compensation Fund. On the other hand, since the Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund in the PRC.

- (i) *Trading costs*: In addition to paying trading fees and stamp duties in connection with A-share trading, the Fund may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock trades which are yet to be determined by the relevant authorities.
- (j) *Regulatory risk*: Stock Connect is relatively novel in nature and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that Stock Connect will not be abolished. The Fund which may invest in the PRC markets through Stock Connect may be adversely affected as a result of such changes.

#### *Concentration of the Reference Index*

The market which the Reference Index seeks to represent is concentrated to certain emerging sectors. Therefore, investors should be aware, any specific regulatory, legal, or economic changes and or changes in the conditions affecting the concentrated sectors may have an adverse impact on the performance of the Reference Index and the portfolio of transferable securities or other eligible assets held by the Fund.

#### *Environmental, Social and Governance Standards*

The Reference Index's environmental, social and governance standards limit the number of securities eligible for inclusion in the Reference Index. As a result, the Reference Index, and as such the Fund, may be more heavily weighted in securities, industry sectors or countries that underperform the market as a whole or underperform other funds screened for environmental, social and governance standards, or which do not screen for such standards.

Investors should note that the determination that the Fund is subject to the disclosure requirements of a financial product under Article 8(1) of SFDR is made solely on the basis that the Reference Index promotes environmental and social characteristics. The Company is relying on the activities conducted by and information provided by the Index Administrator or other data providers (as further described under the heading "General Description of the Underlying Asset", where applicable) to make this determination. Neither the Company, nor any of its service providers, makes any representation or otherwise as to the suitability of the Reference Index and the Fund in meeting an investor's criteria on minimum environmental, social and governance ("**ESG**") standards or otherwise. Investors are advised to carry out their own review as to whether the Reference Index and the Fund accords with their own ESG criteria. Information on how the Reference Index is consistent with environmental, social and governance characteristics is contained under "General Description of the Underlying Asset".

Investors should note that whilst the Fund and the Reference Index seek to ensure compliance with the criteria outlined under "General Description of the Underlying Asset" at each rebalance or review date, between these reviews or rebalances, securities which no longer meet these criteria may remain included in (i) the Reference Index until they are removed at the subsequent rebalance or review or, (ii) the portfolio of the Fund until it is possible and practicable to divest such positions.

#### *Sustainability Data Risks*

Investors should note that the Reference Index solely relies on analysis from the Index Administrator or other data providers (as applicable) in relation to sustainability considerations. Neither the Company, nor any of its service providers, makes any representation with respect to the accuracy, reliability, correctness of the sustainability related data or the way that these are implemented.

It should also be noted that analysis of companies' ESG performance may be based on models, estimates and assumptions. This analysis should not be taken as an indication or guarantee of current or future performance.

ESG information from third-party data providers may be incomplete, inaccurate or unavailable. As a result, there is a risk that the Index Administrator or other data providers (as applicable) may incorrectly assess a security or issuer, resulting in the incorrect inclusion or exclusion of a security in the Reference Index and therefore the portfolio of the Fund.

Investors will also bear some other risks as described under the section "Risk Factors" in the Prospectus.

#### **Profile of a Typical Investor**

Prospective investors in the Fund should ensure that they understand fully the nature of the Fund, as well as the extent of their exposure to risks associated with an investment in the Fund and should consider the suitability of an investment in the Fund.

Investment in the Fund may be appropriate for investors who have knowledge of, and investment experience in this type of financial product and understand and can evaluate the strategy and characteristics in order to make



an informed investment decision. Further, they may have free and available cash for investment purposes and are looking to gain exposure to the securities making up the Reference Index. As the Net Asset Value per Share of the Fund will fluctuate and may fall in value, investment in the Fund should be viewed as suitable for investors who seek a return over the medium to long term. However, prospective investors should be prepared and able to sustain losses up to the total amount of capital invested.

The Prospectus sets out statements on taxation regarding the law and practice in force in the relevant jurisdiction at the date of the Prospectus. The statements are by way of a general guide to potential investors and Shareholders only and do not constitute legal or tax advice to Shareholders or potential investors. Shareholders and potential investors are therefore advised to consult their professional advisers concerning any investment in the Fund particularly as the tax position of an investor and the rates of tax may change over time.

## Dividend Policy

The Fund does not intend to make dividend payments.

## General Information Relating to the Fund

<b>Base Currency</b>	USD
<b>Cut-off Time</b>	Means 4:30 p.m. Dublin time on the Business Day before the relevant Transaction Day
<b>Fund Classification (InvStG)</b>	Equity Fund, target minimum percentage of 70%.
<b>Minimum Fund Size</b>	USD 50,000,000
<b>Settlement Day</b>	Means up to nine Settlement Days following the Transaction Day <sup>1</sup>
<b>Securities Lending</b>	Yes. Where the Fund enters into Securities Lending Transactions, the collateral received in relation to such transactions shall comply with ESG standards as determined by the relevant Investment Manager, Sub-Portfolio Manager and/or Securities Lending Agent, in accordance with and within the limits set forth in the agency securities lending and repurchase agreement and in addition to the criteria defined under the sections “Eligible Collateral in relation to Securities Lending” and “Efficient Portfolio Management” of the Prospectus. Equity collateral conforming to such ESG standards shall be identified by reference to an appropriate developed market ESG equity index, as determined from time to time by the relevant Investment Manager, Sub-Portfolio Manager and/or Securities Lending Agent and will incorporate as a minimum ESG screens substantially similar to those of the Reference Index. The securities held as collateral in respect to Securities Lending Transactions is available on the website of the Company <a href="http://www.Xtrackers.com">www.Xtrackers.com</a> .
<b>Securities Lending Agent</b>	Deutsche Bank AG, acting through its Frankfurt head office and its London and New York branches.
<b>Securities Lending Fee Allocation</b>	The Securities Lending Agent shall receive a fee for the services provided in respect of any Securities Lending Transactions.
<b>Securities Lending Revenue</b>	To the extent the Fund undertakes securities lending to reduce costs, the Fund will ultimately be allocated 70% of the associated revenue generated, the Sub-Portfolio Manager will be allocated 15%, and the Securities Lending Agent will be allocated 15%. To facilitate this, the Fund will initially receive 85% of the associated revenue generated from which the Sub-Portfolio Manager will receive their allocation. The Securities Lending Agent acts as the Company's agent in

<sup>1</sup> In the case that a Significant Market is closed for trading or settlement on any Settlement Day during the period between the relevant Transaction Day and the expected settlement date (inclusive), and/or settlement in the base currency of the Fund is not available on the expected settlement date, there may be corresponding delays to the settlement times indicated in this Supplement subject to the regulatory limit on settlement periods of 10 Business Days from the Cut-off Time. Earlier or later times may be determined by the Management Company at its discretion, whereby notice will be given on [www.Xtrackers.com](http://www.Xtrackers.com)

relation to securities lending transactions and the Sub-Portfolio Manager provides risk monitoring services to the Company in relation to securities lending transactions. As securities lending revenue sharing does not increase the costs of running the Fund, this has been excluded from the figures set out under "Fees and Expenses" below.

**Transparency under SFDR** The Fund promotes, among other characteristics, environmental and social characteristics and is subject to the disclosure requirements of a financial product under Article 8(1) of SFDR. Information on how the Reference Index is consistent with environmental, social and governance characteristics is contained under "General Description of the Reference Index". Please also refer to "Environmental, Social and Governance Standards" under "Specific Risk Warning" above, to the section entitled "Sustainability-related disclosures under SFDR and EU Taxonomy Regulation" set out in the Prospectus and the annex to this Supplement.

**Significant Market** Means a Direct Replication Significant Market.

#### Description of the Shares

<b>Class</b>	<b>"1C"</b>
<b>ISIN Code</b>	IE0006FFX5U1
<b>German Security Identification Number (WKN)</b>	DBX0R4
<b>Currency</b>	USD
<b>Launch Date</b>	12 July 2022
<b>Minimum Initial Investment Amount</b>	USD 50,000
<b>Minimum Additional Investment Amount</b>	USD 50,000
<b>Minimum Redemption Amount</b>	USD 50,000
<b>Currency hedged Share class</b>	No

#### Fees and Expenses

<b>Class</b>	<b>"1C"</b>
<b>Management Company Fee</b>	Up to 0.15% per annum
<b>Platform Fee</b>	Up to 0.15% per annum
<b>All-in Fee</b>	Up to 0.30% per annum
<b>Primary Market Transaction Costs</b>	Applicable
<b>Transaction Costs</b>	Applicable
<b>Anticipated Tracking Error</b>	Up to 1.00% per annum

This section headed "Fees and Expenses" should be read in conjunction with the section headed "Fees and Expenses" in the Prospectus.

---

## GENERAL DESCRIPTION OF THE UNDERLYING ASSET

---

This section is a brief overview of the Reference Index. It contains a summary of the principal features of the Reference Index and is not a complete description of the Reference Index. In case of inconsistency between the summary of the Reference Index in this section and the complete description of the Reference Index, the complete description of the Reference Index prevails. Information on the Reference Index appears on the website identified below in "Further Information". Such information may change from time to time and details of the changes will appear on that website.

### General Description of the Reference Index

The Reference Index is based on the MSCI ACWI IMI Innovation Index (the "**Parent Index**"), which is in turn based on the MSCI ACWI IMI Index (the "**Ultimate Parent Index**"), each of which is administered by MSCI Limited (the "**Index Administrator**"). The Ultimate Parent Index includes large, medium, and small-capitalisation companies across developed and emerging markets globally. Constituents of the Ultimate Parent Index, which are assessed to have high exposure to business activities associated with the themes of: autonomous technology and industrial innovation, genomic innovation, fintech innovation, and next generation internet innovation are eligible for inclusion in the Parent Index. Constituents of the Parent Index, which meet certain criteria, including ESG screening criteria, are eligible for inclusion in the Reference Index.

#### Thematic Selection

The thematic selection of the Parent Index is derived from the composition of four indices composed of securities from the Ultimate Parent Index which are associated with single themes (each a "**Component Index**"), namely:

- (i) MSCI ACWI IMI Autonomous Technology & Industrial Innovation Index. This index aims to represent the performance of a set of companies that are expected to derive significant revenues from the development of new products and services as a result of technological innovation in fields including, but not limited to: industrial automation, manufacturing, transportation, energy usage, energy storage, energy production, and artificial intelligence, and machine learning;
- (ii) MSCI ACWI IMI Genomic Innovation Index. This index aims to represent the performance of a set of companies that are expected to derive significant revenues from the development of new products and services in fields including, but not limited to: genomic sequencing, synthesis, analysis or instrumentation, enable bio computing, bioinformatics, molecular diagnostics, and agricultural biotechnology;
- (iii) MSCI ACWI IMI Fintech Innovation Index. This index aims to represent the performance of a set of companies that are expected to derive significant revenues from the development of new products and services as a result of technological innovation in the financial sector; and
- (iv) MSCI ACWI IMI Next Generation Internet Innovation Index. This index aims to represent the performance of a set of companies that are expected to derive significant revenues from the development of new products and services in fields including, but not limited to: the migration of technology infrastructure to the cloud, the increased use of shared technology, infrastructure and services, the increased adoption of internet-based products and services, new payment methods, big data, the internet of things, and social media.

For each Component Index, the Index Administrator, in collaboration with ARK Invest, defines and assesses the exposure of constituents of the Ultimate Parent Index to business activities associated with the relevant single theme. ARK Invest provides expert input and insight on a consultative basis that may or may not be implemented by the Index Administrator at its sole discretion. ARK Invest is a global investment manager, specialising in analysing disruptive innovation in the public markets. By researching across sectors, geographies, and market capitalisations, ARK Invest seeks to provide a deeper understanding of innovation themes and how they will develop over time. A broad set of relevant words and phrases associated with the themes is defined for each Component Index with a range of company data then analysed for references to such relevant words and phrases to construct the eligible universe of the Component Indices, following which identified company business segments are assigned Standard Industry Classification (**SIC**) codes. Examples of such company data includes:

- Business segment information and related revenue from company annual reports and third-party data sources; and
- Descriptions of companies' activities from publicly available sources.

A relevance score is calculated for all securities in the eligible universe of each Component Index, taking into account the portion of a company's revenue which is derived from relevant business segments, and filtered by SIC code.

An intermediate universe of securities is then constructed from each Component Index, comprised of the securities in the top 50% of the respective Component Index according to their relevance score (each an **"Intermediate Universe"**). The weight of selected securities in each Intermediate Universe is based on the weighting of the security in its respective Component Index, being a product of its relevance score and its free float adjusted market capitalisation. The weights of selected securities in each Intermediate Universe are then normalised to sum to 100%.

### ESG Exclusions

The Reference Index applies an ESG screening approach where all of the companies from the Parent Index which breach the following ESG standards, are excluded:

- Are unrated by MSCI ESG Research;
- Are assigned an MSCI ESG Rating of CCC;
- Have any involvement in controversial weapons;
- Are classified by MSCI in their Business Involvement Screening Research as breaching certain revenue thresholds in controversial activities, including, but not limited to: tobacco, conventional weapons, nuclear weapons, civilian firearms, thermal coal, and oil sands extraction; and
- Fail to comply with the United Nations Global Compact principles.

The Reference Index uses company ratings and research provided by MSCI ESG Research. In particular, the following three components are utilised:

### *MSCI ESG Ratings*

MSCI ESG Ratings provide research, data, analysis, and ratings of how well companies manage environmental, social and governance risks and opportunities. MSCI ESG Ratings provides an overall company ESG rating.

### *MSCI ESG Controversies*

MSCI ESG Controversies provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services.

### *MSCI ESG Business Involvement Screening Research*

MSCI ESG Business Involvement Screening Research (BISR) aims to enable institutional investors to manage ESG standards and restrictions.

### Selection and Weighting

The Reference Index excludes securities from the Parent Index which are traded on certain local exchanges in a select number of emerging market countries in order to aid replication of the Reference Index and the tradability of eligible securities.

Securities remaining from the Parent Index after the exclusions are ranked by their full market capitalisation and the top 200 are selected for inclusion. If the number of eligible securities is less than 200, then all securities are selected for inclusion.

Final eligible securities are then weighted in the Reference Index at 25% of their weight in the respective Intermediate Universe, these weights are then normalized to sum to 100%. The Reference Index includes an issuer capping component, limiting the weight of each issuer to 4.5% at each quarterly index rebalance.

The Reference Index is reviewed on a semi-annual basis and rebalanced on a quarterly basis and may also be

rebalanced at other times in order to reflect corporate activity such as mergers and acquisitions. The set of relevant words and phrases associated with the themes of each Component Index are reviewed on an annual basis.

The Reference Index is a total return net index. A total return net index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested net of applicable withholding tax.

The Reference Index is calculated in US Dollars on a daily basis.

### **Further Information**

MSCI Limited has been granted authorisation by the UK FCA as a UK administrator for all MSCI equity indices under the UK's Benchmarks Regulation and is listed on the FCA's register for administrators.

Additional information on the Reference Index, its composition, ESG criteria, calculation and rules for periodical review and re-balancing and on the general methodology behind the MSCI indices can be found on <http://www.msci.com>.

## IMPORTANT

XTRACKERS MSCI INNOVATION UCITS ETF (AN "MSCI SUB-FUND") IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. AND ITS SUBSIDIARIES (WHICH INCLUDES MSCI LIMITED) ("MSCI"), ANY OF ITS AFFILIATES, ANY OF ITS INFORMATION PROVIDERS OR ANY OTHER THIRD PARTY INVOLVED IN, OR RELATED TO, COMPILING, COMPUTING OR CREATING ANY MSCI INDEX (COLLECTIVELY, THE "MSCI PARTIES"). THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY DWS INVESTMENTS UK LIMITED. NONE OF THE MSCI PARTIES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE ISSUER OR OWNERS OF AN MSCI SUB-FUND OR ANY OTHER PERSON OR ENTITY REGARDING THE ADVISABILITY OF INVESTING IN FUNDS GENERALLY OR IN AN MSCI SUB-FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO AN MSCI SUB-FUND OR THE ISSUER OR OWNERS OF AN MSCI SUB-FUND OR ANY OTHER PERSON OR ENTITY. NONE OF THE MSCI PARTIES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUER OR OWNERS OF AN MSCI SUB-FUND OR ANY OTHER PERSON OR ENTITY INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NONE OF THE MSCI PARTIES IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF AN MSCI SUB-FUND TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY OR THE CONSIDERATION INTO WHICH AN MSCI SUB-FUND IS REDEEMABLE. FURTHER, NONE OF THE MSCI PARTIES HAS ANY OBLIGATION OR LIABILITY TO THE ISSUER OR OWNERS OF AN MSCI SUB-FUND OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF AN MSCI SUB-FUND.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES THAT MSCI CONSIDERS RELIABLE, NONE OF THE MSCI PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER OF AN MSCI SUB-FUND, OWNERS OF AN MSCI SUB-FUND, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE MSCI PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE MSCI PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

NO PURCHASER, SELLER OR HOLDER OF THIS SECURITY, PRODUCT OR AN MSCI SUB-FUND, OR ANY OTHER PERSON OR ENTITY, SHOULD USE OR REFER TO ANY MSCI TRADE NAME, TRADEMARK OR SERVICE MARK TO SPONSOR, ENDORSE, MARKET OR PROMOTE THIS SECURITY WITHOUT FIRST CONTACTING MSCI TO DETERMINE WHETHER MSCI'S PERMISSION IS REQUIRED. UNDER NO CIRCUMSTANCES MAY ANY PERSON OR ENTITY CLAIM ANY AFFILIATION WITH MSCI WITHOUT THE PRIOR WRITTEN PERMISSION OF MSCI.

## ANNEX

### Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Xtrackers MSCI Innovation UCITS ETF  
**Legal entity identifier:** 2549002978IBTMB2PC64

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 1% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The financial product promotes environmental and social characteristics and qualifies as a financial product subject to Article 8(1) SFDR by tracking the Reference Index (as defined below) which includes environmental and/or social considerations. The financial product holds a portfolio of equity securities that comprises all, or a substantial number of, the securities comprised in the Reference Index. The Reference Index selects companies from the Parent Index (as defined below) that meet certain minimum Environmental, Social and Governance

(“ESG”) standards, by excluding companies from the Parent Index which do not fulfil the following specific ESG criteria:

- Are unrated by MSCI ESG Research
- Are assigned an MSCI ESG Rating of CCC
- Have any involvement in controversial weapons
- Are classified by MSCI in their ESG Business Involvement Screening Research as breaching certain thresholds in controversial activities, including, but not limited to, tobacco, conventional weapons, nuclear weapons, civilian firearms, thermal coal, and oil sands extraction
- Have an MSCI ESG Controversies Score of 0 and/or fail to comply with the United Nations Global Compact principles

The Reference Index uses company ratings and research provided by MSCI ESG Research. In particular, the following three components are utilised:

#### **MSCI ESG Ratings**

MSCI ESG Ratings provide research, data, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities. MSCI ESG Ratings provides an overall company ESG rating.

#### **MSCI ESG Controversies**

MSCI ESG Controversies provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services.

#### **MSCI ESG Business Involvement Screening Research**

MSCI ESG Business Involvement Screening Research (“BISR”) aims to enable institutional investors to manage environmental, social and governance (“ESG”) standards and restrictions.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***
  - **Exposure to Very Severe Controversies:** The percentage of the financial product’s portfolio's market value exposed to companies facing one or more Very Severe controversies related to the environment, customers, human rights, labour rights and governance as determined by MSCI, including violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights
  - **Exposure to Worst-in-Class issuers:** The percentage of the financial product’s portfolio's market value exposed to companies with a rating of “CCC” as determined by MSCI.
  - **Controversial Weapons Involvement:** The percentage of the financial product’s portfolio's market value exposed to companies with ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments as determined by MSCI.
  - **Tobacco involvement:** The percentage of the financial product’s portfolio's market value exposed to companies flagged for involvement in tobacco as determined by MSCI, and



includes all tobacco producers as well as tobacco distributors, suppliers, and retailers with a combined revenue in these areas of more than, or equal to, 5%.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

While the financial product does not have sustainable investment as its objective, it will invest a minimum proportion of its assets in sustainable investments as defined by Article 2 (17) SFDR.

At least 1% of the financial product's net assets will be invested in sustainable economic activities that contribute to an environmental and/or social objective, in accordance with Article 2 (17) SFDR. Sustainable economic activities refer to the proportion of an issuer's economic activities that contribute to an environmental objective and/or a social objective, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices. The sustainability investment assessment uses data from one or multiple data providers and/or public sources to determine if an activity is sustainable. The environmental and/or social objectives are identified by activities that contribute positively to the United Nations Sustainable Development Goals ("UN SDGs"), which may include, but is not limited to, (i) Goal 1: No poverty, (ii) Goal 2: Zero hunger, (iii) Goal 3: Good health and well-being, (iv) Goal 4: Quality education, (v) Goal 5: Gender equality, (vi) Goal 6: Clean water and Sanitation, (vii) Goal 7: Affordable and clean energy, (viii) Goal 10: Reduced inequality, (ix) Goal 11: Sustainable cities and communities, (x) Goal 12: Responsible consumption, (xi) Goal 13: Climate action, (xii) Goal 14: Life below water, and (xiii) Goal 15: Life on land, are measured in terms of revenues, capital expenditure (CapEx) and/or operational expenditure (OpEx). The extent of contribution to individual UN SDGs will vary based on the actual investments in the portfolio.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

In accordance with Article 2 (17) SFDR, any such sustainable investments must not significantly harm any environmental or social objectives and such sustainable investment issuers must follow good governance practices. Any investment that fails to meet the do no significant harm ("DNSH") thresholds will not be considered towards the sustainable investment share of the financial product. Such DNSH thresholds will include, but not be limited to:

- Involvement in harmful business activities;
- Violation of international norms or involvement in very severe controversies; and
- Violation of certain principal adverse indicator thresholds.

— ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

As part of the DNSH assessment under article 2(17) SFDR, the sustainable investment assessment integrates certain metrics related to principle adverse indicators and the Reference Index of the financial product includes criteria to reduce exposure to or to

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

exclude securities which are negatively aligned with the following principal adverse indicators:

- Exposure to companies active in the fossil fuel sector (no. 4);
- Violation of UN Global Compact principles and OECD Guidelines for multinational enterprises (no. 10); and
- Exposure to controversial weapons (no. 14).

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Any securities violating the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are excluded by the financial product's Reference Index.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, the financial product considers the following principle adverse impacts on sustainability factors from Annex I of the draft Commission Delegated Regulation supplementing the SFDR (C(2022) 1931 final):

- Exposure to companies active in the fossil fuel sector (no. 4);
- Violation of UN Global Compact principles and OECD Guidelines for multinational enterprises (no. 10); and
- Exposure to controversial weapons (no. 14).

No



### **What investment strategy does this financial product follow?**

The investment objective of the financial product is to track the performance before fees and expenses of the "Reference Index", which is the MSCI ACWI IMI Innovation Select ESG Screened 200 Index. The Reference Index is based on the MSCI ACWI IMI Innovation Index (the

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

“Parent Index”) , which is in turn based on the MSCI ACWI IMI Index (the “Ultimate Parent Index”). The Ultimate Parent Index includes large, medium, and small-capitalisation companies across developed and emerging markets globally. Constituents of the Ultimate Parent Index, which are assessed to have high exposure to business activities associated with the themes of: autonomous technology and industrial innovation, genomic innovation, fintech innovation, and next generation internet innovation are eligible for inclusion in the Parent Index. Constituents of the Parent Index, which meet certain criteria, including ESG screening criteria, are eligible for inclusion in the Reference Index.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The investment objective of the financial product is to track the performance before fees and expenses of the Reference Index, which excludes companies from the Parent Index which do not fulfil specific ESG (environmental, social and governance) criteria:

- Are unrated by MSCI ESG Research;
- Are assigned an MSCI ESG Rating of CCC;
- Have any involvement in controversial weapons;
- Classified by MSCI in their Business Involvement Screening Research as breaching certain revenue thresholds in controversial activities, including, but not limited to, tobacco, conventional weapons, nuclear weapons, civilian firearms, thermal coal and oil sands extraction; and/or
- Have an MSCI ESG Controversies Score of 0 and/or fail to comply with the United Nations Global Compact principles.

Investors should note that whilst the financial product and the Reference Index seek to ensure compliance with such criteria at each rebalance or review date, between these reviews or rebalances, securities which no longer meet these criteria may remain included in (i) the Reference Index until they are removed at the subsequent rebalance or review or, (ii) the portfolio of the financial product until it is possible and practicable to divest such positions.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The financial product does not pursue a committed minimum rate to reduce the scope of investments considered prior to the application of the investment strategy.

- ***What is the policy to assess good governance practices of the investee companies?***

The investment objective of the financial product is to track the performance before fees and expenses of the Reference Index which excludes companies with very severe controversies (including governance controversies) using the MSCI ESG Controversies data, and companies that have an MSCI ESG Rating (which assesses, amongst other things, how well companies manage governance risks and opportunities) below a certain threshold or do not have an MSCI ESG Rating.

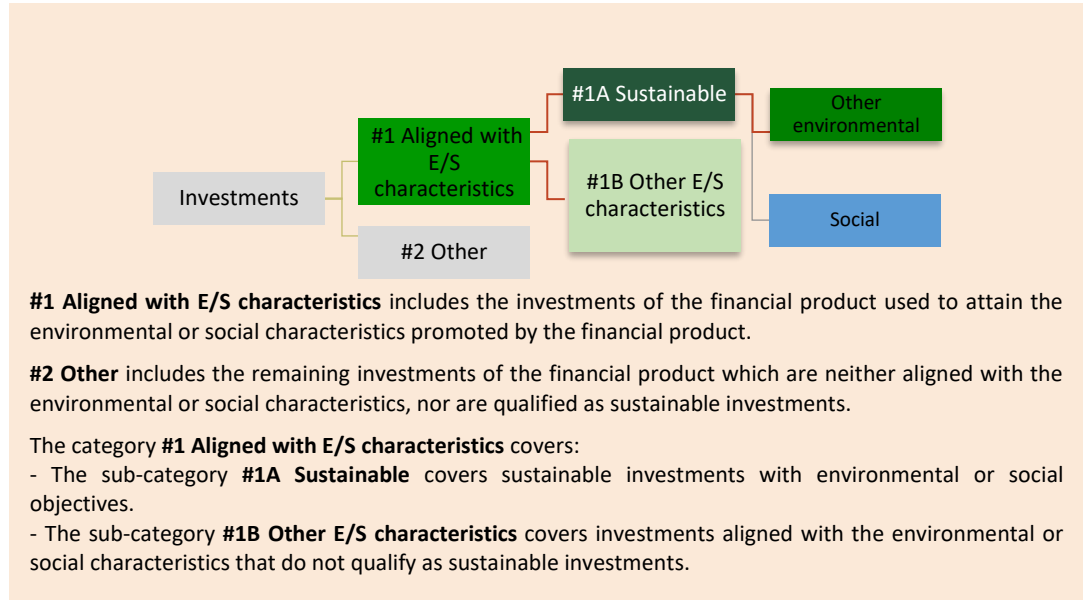
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

This financial product invests at least 90% of its net assets in investments that are aligned with the promoted environmental and social characteristics (#1 Aligned with E/S characteristics). Within this category, at least 1% of the financial product's assets qualify as sustainable investments (#1A Sustainable).

Up to 10% of the investments are not aligned with these characteristics (#2 Other).



### ● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Financial derivative instruments (“FDIs”) may be used for efficient portfolio management purposes. It is not intended to use FDIs for the attainment of the financial product's objective but rather as ancillary investments to, for example, invest cash balances pending rebalance or investment in constituents of the Reference Index. Any exposures obtained through the use of FDIs for these ancillary purposes will be aligned with the investment objective of the financial product and would conform to ESG standards substantially similar to those of the Reference Index, or would fall within the quoted percentage of the investments that are not aligned with the promoted environmental and social characteristics (#2 Other).



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the financial product promotes environmental characteristics, it is not intended that its underlying investments take into account the EU Taxonomy Regulation criteria for the environmentally sustainable economic activities of climate change mitigation and/or climate change adaptation (the only two of the six environmental objectives under the EU Taxonomy Regulation for which technical screening criteria have been defined through delegated acts). As a result, the financial product does not intend to make investments within the scope of the EU Taxonomy Regulation.

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

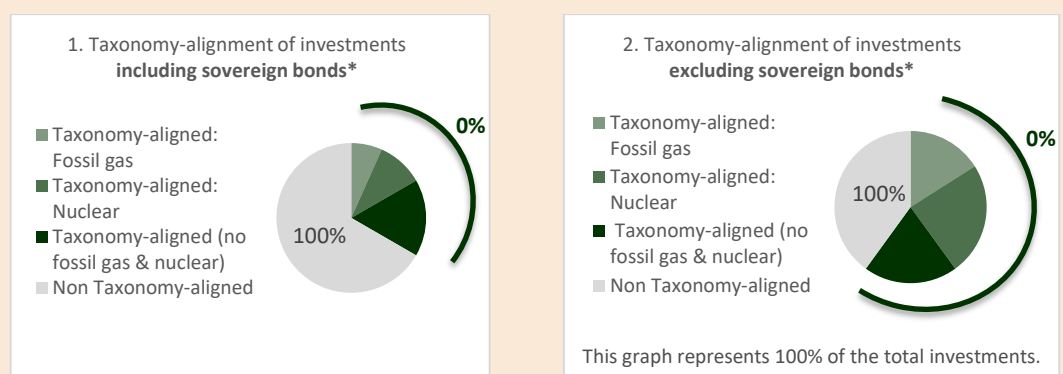
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>2</sup>?**

Yes:  
 In fossil gas       In nuclear energy

No. However, there is a lack of reliable data in relation to fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. On this basis, although it is considered that no relevant investments are made, it is possible the financial product may make some investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

The financial product does not have a minimum share of investments in transitional and enabling activities, as it does not commit to a minimum proportion of environmentally sustainable investments aligned with the EU Taxonomy.

● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The financial product does not intend to make a minimum allocation to sustainable economic activities that contribute to an environmental objective. However, the share of environmentally and socially sustainable investments will in total be at least 1%.

● **What is the minimum share of socially sustainable investments?**

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

<sup>2</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The financial product does not intend to make a minimum allocation to sustainable economic activities that contribute to a social objective. However, the share of environmentally and socially sustainable investments will in total be at least 1%.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The financial product predominantly promotes asset allocation in investments that are aligned with environmental and social characteristics (#1 Aligned with E/S characteristics).

Those investments included under “#2 Other”, may include ancillary liquid assets for the purpose of efficient portfolio management, which may include, secured and/or unsecured deposits and/or units or shares of other UCITS or other collective investment schemes which pursue a money market or cash strategy, or financial derivative instruments. It may also include securities which have been recently downgraded by the relevant ESG data provider but will not be removed from the Reference Index until the next Reference Index rebalance and may therefore not be removed from the portfolio until that time.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The financial product has designated the MSCI ACWI IMI Innovation Select ESG Screened 200 Index as the reference benchmark.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Reference Index promotes environmental and social characteristics by excluding companies from the Parent Index which do not fulfil the specific ESG criteria outlined above, as of each Reference Index rebalance.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

In order to seek to achieve the investment objective, the financial product will adopt a “Direct Investment Policy” which means that the financial product will aim to replicate or track, before fees and expenses, the performance of the Reference Index by holding a portfolio of equity securities that comprises all, or a substantial number of, the securities comprised in the Reference Index.

The financial product may enter into securities lending transactions for efficient portfolio management purposes. Where the financial product enters into securities lending transactions, the collateral received in relation to such transactions shall comply with ESG standards as determined by the relevant investment manager, sub-portfolio manager and/or securities lending agent. Equity collateral conforming to such ESG standards shall be identified by reference to an appropriate developed market ESG equity index and will incorporate as a minimum ESG screens substantially similar to those of the Reference Index.

- ***How does the designated index differ from a relevant broad market index?***

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The Reference Index is based on the Parent Index, which includes large, medium, and small-capitalisation companies across developed and emerging markets globally that derive significant revenues from technological innovation. The Reference Index applies an ESG screening approach where all of the companies from the Parent Index which breach the following ESG standards, are excluded:

- Are unrated by MSCI ESG Research
  - Are assigned an MSCI ESG Rating of CCC
  - Have any involvement in controversial weapons
  - Are classified by MSCI in their ESG Business Involvement Screening Research as breaching certain thresholds in controversial activities, including, but not limited to, tobacco, conventional weapons, nuclear weapons, civilian firearms, thermal coal, and oil sands extraction
  - Have an MSCI ESG Controversies Score of 0 and/or fail to comply with the United Nations Global Compact principles.
- ***Where can the methodology used for the calculation of the designated index be found?***

Additional information on the Reference Index, its composition, ESG criteria, calculation and rules for periodical review and re-balancing and on the general methodology behind the MSCI indices can be found on <http://www.msci.com>.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.xtrackers.com](http://www.xtrackers.com) as well as on your local country website.