

DWS

Xtrackers

ETF LUPE | UNSICHER ODER NICHT?
PHYSISCH HINTERLEGT, WERTPAPIERLEIHE, SWAPS?

19. Juli 2022

Sebastian Wielert

THINKETF.THINK X.



XTRACKERS IN A NUTSHELL

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DWS IN A NUTSHELL

Diversified business with leading market positions

WHO WE ARE

- DWS founded in 1956 in Germany
- Roots in the US dating back almost a century¹
- Asian footprint since 1987
- ~3,500 employees with an average tenure of 10 years
- +60 years experience in Active / +20y in Passive / +45y in Alternatives

RESPONSIBLE INVESTING

- Proud pioneer in responsible investing
- Early PRI signatory since 2008
- Dedicated ESG Research
- Committed to shape ESG investment landscape
- 12 years since the integration of ESG into our investment process

MARKET POSITIONING



GERMANY

#1 Retail AM² **#2** AM by pension assets³



EUROPE

#3 ETF/ETP⁴ **#6** Active Retail AM⁵

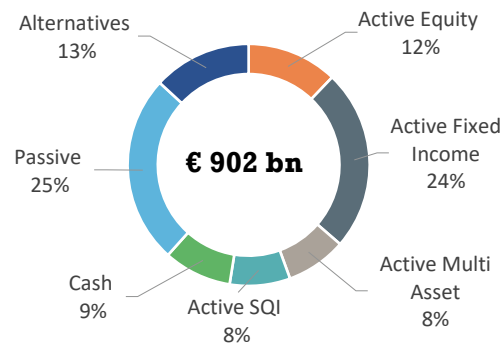


GLOBAL

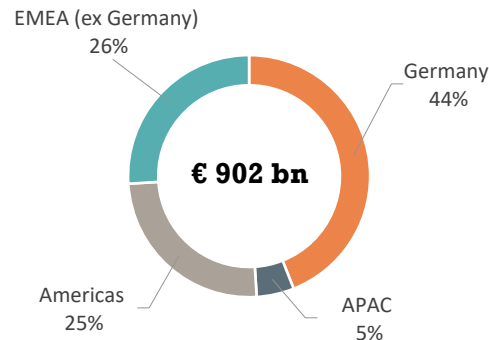
#3 Insurance AM⁶

AuM by asset class

By client type: 54% Institutional, 46% Retail



AuM by geography

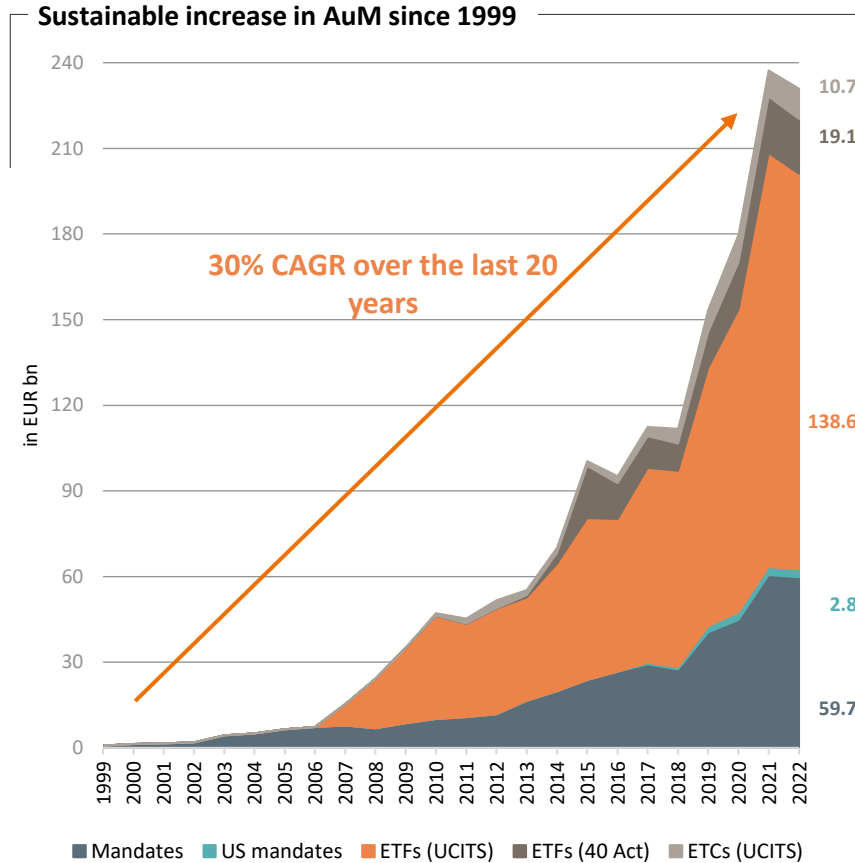


Throughout this presentation totals may not sum due to rounding differences; ¹ Through the Scudder business, established in 1919 and acquired by Deutsche Bank/Deutsche Asset Management in 2002; ² BVI November 2021, by AuM; ³ IPE, April 2020 edition, data as of FY19; ⁴ ETFGI ETF and ETP industry insights, March 2022 by AuM; ⁵ Broadridge data, by active MF (excl FoFs) assets, December 2021; ⁶ Insurance Investment Outsourcing Report 2021 as of FY20.

Source: DWS International GmbH. As of 31/03/2022.

DWS PASSIVE

Longstanding experience in index tracking



Passive highlights

23

Years of experience in physical index replication

100+

Passive investment professionals

No. 2

Global ETF provider based in Europe¹

300+

Tracked benchmarks

231 bn

EUR AuM across ETFs, ETCs and segregated mandates

66

Funds with 4&5 MS stars²

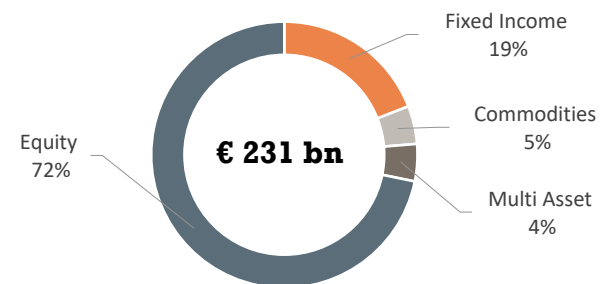


“Critical but constructive”
A European view on good governance, aligned to global standards



Institutional clients in EMEA, Asia, Australia and the Americas

Asset class breakdown



¹ Based on AuM, ETFGI ETF and ETP industry insights, March 2022. ² Morningstar as of December 2021. © 2022 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

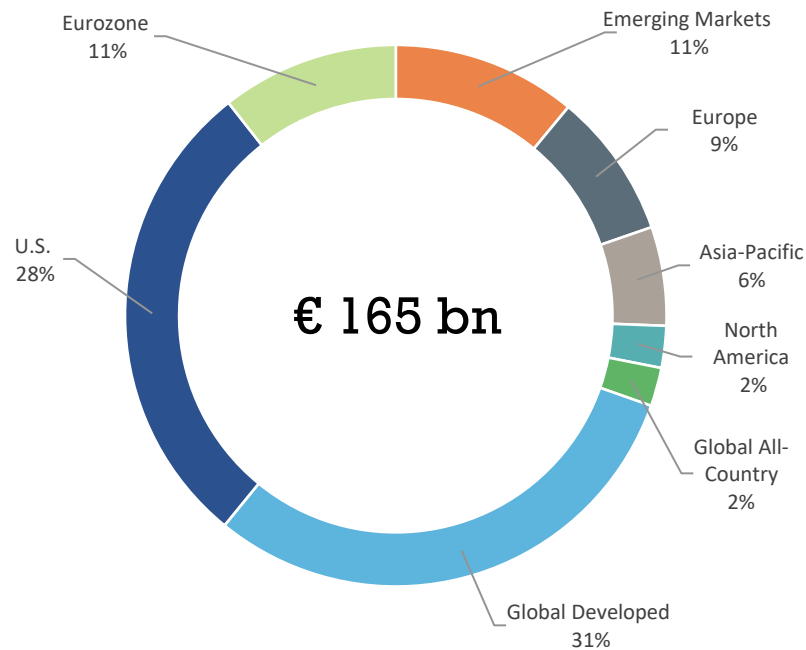
Source: DWS International GmbH. As of 31/03/2022.

DWS PASSIVE

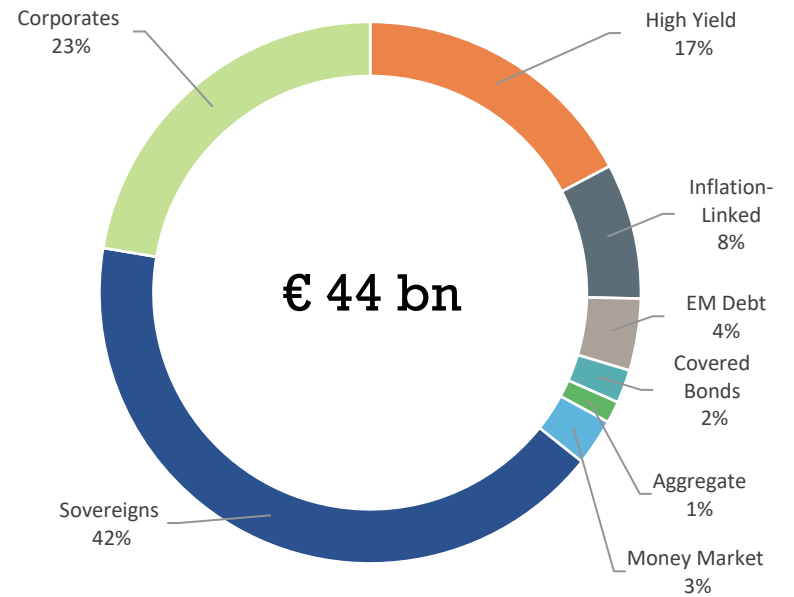
Passive Equities and Fixed Income breakdown



Passive Equities



Passive Fixed Income



XTRACKERS USP_s

One of the largest providers with a broad range of passive investment solutions

Structure



- Long-lasting experience in passive and strong index tracking capabilities
- Broad-based sales force around the globe with over 20 offices across 15 countries in Europe, Asia and Americas
- High liquidity through a broad network of trading partners, counterparty risk mitigation, multi brokers, multi swap
- Customization to meet individual client requirements & guidelines
- Proxy Voting and Engagement: actively exercising proxy voting rights to address E, S and G topics at companies

Innovation



- ESG ETFs since 2017 & broad range of various ESG solutions from light to dark green, including ESG screened, SRI, Net Zero, and Green Bonds; transparency pursuant to article 6/8/9*
- Passive mandates competence and successful track record of implementing mandates into portfolios, also in terms of integrating ESG criteria (e.g. decarbonisation)
- Thought Leadership: publication of research on relevant topics in the investment industry & model portfolio construction and replication

Investment Universe



- Large number of indices and all asset classes covered
- Broad range of thematic, smart beta, short and multi asset ETFs
- Everything from global blue chip to single country, sector and factor exposures
- Dynamic hedging share classes

Core ETFs



- Major equity and fixed income benchmarks
- Cost efficiency
- Physical replication
- Low TE & domicile optimisation

Performance



- Robust investment process and risk management with detailed attribution analysis
- Aim at best-in-class TE
- Cost efficient exposures
- Domicile and swap-based enhancements

Source: DWS International GmbH. As of 31/03/2022. * In the context of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

TRANSITION FROM SWAP TO PHYSICAL REPLICATION

First DR ETFs launched in 2012, wholesale transition from 2014



2012

AUM: € 37 bn

99.9% Indirect replication | 2010 Flow Share: 18%

Largest synthetic ETF Provider¹

Single swap provider

Single authorized participant & market maker

234 ETPs (share classes)

100% Portfolio Management outsourced

2022

AUM: € 158 bn

81% Direct | 19% Indirect Replication¹

Second largest physical ETP provider¹

Third largest multi-swap ETP provider¹

30 authorized participants

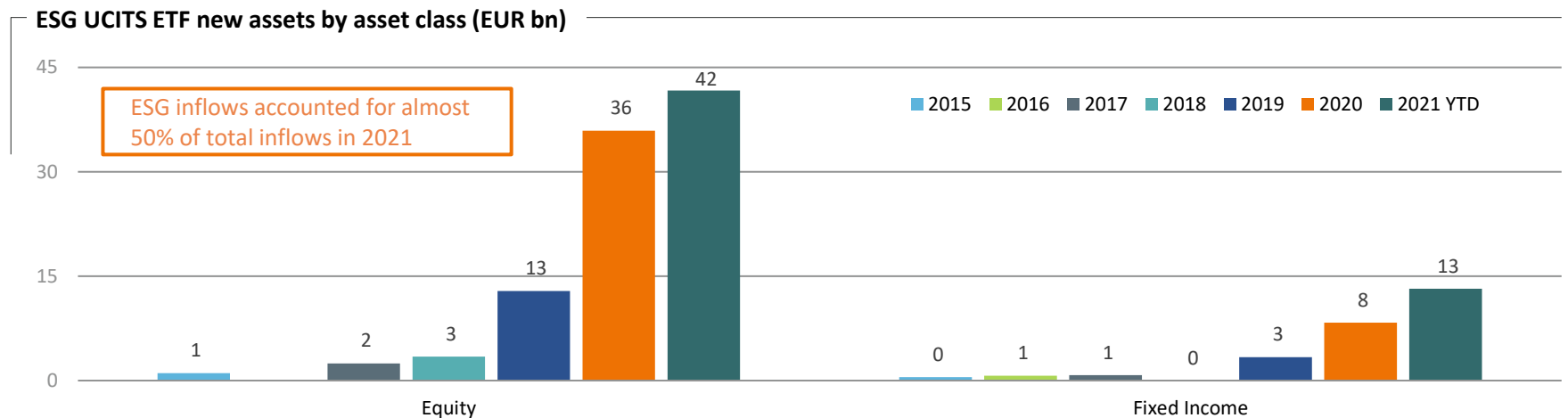
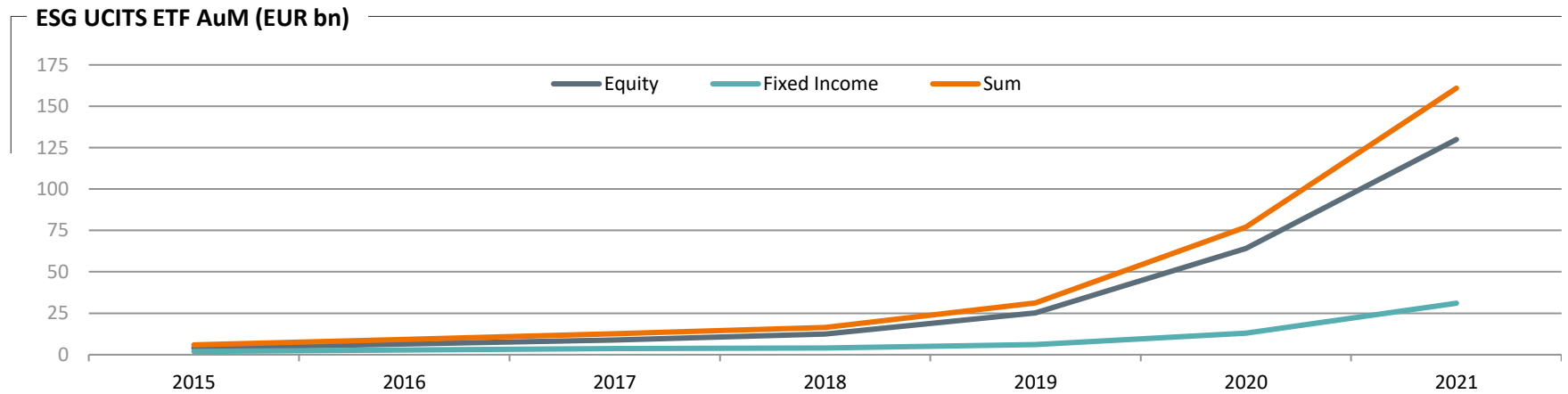
264 ETPs (share classes, 180 funds)

99.4% Portfolio Management in house¹

Source: DWS International GmbH. As of 31/03/2022. ¹ By assets under management.

ESG AND INVESTOR DEMAND

Rapid acceleration of ESG ETF assets



Source: Bloomberg L.P., DWS International GmbH. As of 31/03/2022.

XTRACKERS ESG FOCUS

Broad ESG product range

| Shade | Low-Medium Exclusion Rate* | High Exclusion Rate* | Climate Transition | Impact |
|-----------------------------|---|--|---|---|
| Range examples | ESG Screened | (Low Carb) SRI | Net Zero Pathway | Green Bonds |
| Investment rationale | Basic ESG Risk Mitigation with low Active Share | Distinct ESG integration and risk reduction | Achieve alignment with Paris Objectives: PAB or CTB | Have a significant contribution to sustainability through investments in solution providers |
| SFDR** / MIFID | Art 8 / not MIFID aligned | Art 8 / MIFID aligned | Art 9 / MIFID aligned | Art 9 / MIFID aligned |
| Investment policy | <ul style="list-style-type: none"> ESG screens on the most serious norm violations, the most controversial activities, and worst ESG ratings Control the impact of sector/regional biases | <ul style="list-style-type: none"> Stringent sustain. criteria Best in Class ESG ratings Additional Low carbon overlay (Equity ETFs) Additional Febelfin screens (EQ & FI) | <ul style="list-style-type: none"> Apply EU Paris-aligned Benchmarks rules from the EU delegated regulation 2020/1818 + any “gold plating” rule | <ul style="list-style-type: none"> Focus on use of bond proceeds consistent with Green Bond Principles Additional ESG screens to ensure good governance practises and consistency with Do No Significant Harm principle |
| ESG → USP | <ul style="list-style-type: none"> ESG rating filters for a 360° ESG approach Conventional weapons filter to ensure BVI compliance Controlled Tracking Error due to sector/region deviation caps | <ul style="list-style-type: none"> SRI business filters with more representativeness vs competition (50% vs 25% of traditional SRI methodology) Best carbon reduction results according to MSCI data Duration control (USD) | <ul style="list-style-type: none"> Climate Transition recommendations from IIGCC ISS ESG dataset Engagement framework | <ul style="list-style-type: none"> Natural fit into traditional fixed income portfolio allocation MSCI green bond methodology True “DNSH*” approach |

~10% active share

~50% active share

~40% active share

Bottom-up

Source: DWS International GmbH. As of 31/03/2022. * Low-medium exclusion rate includes funds with less than 50% active share versus their parent benchmark. High Exclusion rate includes funds with over 50% active share versus their parent benchmark, or apply revenue screens equivalent or consistent with the MSCI SRI methodology. ** Transparency pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

Xtrackers product menu

XTRACKERS EQUITY MENU



Legend:

SFDR Article 6*

SFDR Article 8*

SFDR Article 9*

| | Broad | | ESG Screened | ESG & Impact |
|-------------|-----------------------|-----------------------|---------------|--|
| All Country | | | MSCI AC World | MSCI AC Asia ex Japan |
| World | MSCI World | | MSCI World | MSCI World World Net Zero Pathway Paris Aligned |
| USA | S&P 500 | MSCI USA | MSCI USA | MSCI USA |
| | S&P 500 EW | Russell 2000 | | |
| Europe | MSCI Europe | MSCI Europe Small Cap | MSCI Europe | MSCI Europe |
| | Stoxx Europe 600 | S&P Europe ex UK | | |
| EMU | MSCI EMU | | MSCI EMU | MSCI EMU |
| | Euro Stoxx 50 | | | EMU Net Zero Pathway Paris Aligned |
| Japan | MSCI Japan | | MSCI Japan | MSCI Japan |
| | Nikkei 225 | | | |
| Other | MSCI Pacific ex Japan | | | MSCI UK |
| EM | MSCI EM | MSCI GCC Select | MSCI EM | MSCI EM |
| | MSCI Africa | S&P Select Frontier | MSCI EM Asia | MSCI EM EMEA MSCI EM Latam |

Source: DWS International GmbH as of 29/04/2022. * Transparency pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

XTRACKERS SECTORS, THEMATICS & ALTERNATIVES MENU



Legend:

SFDR Article 6* SFDR Article 8*

| | Comm. Serv. | Cons. Dis. | Cons. Stap. | Energy | Financials | Health Care | Industrials | Info. Tech. | Materials | Utilities | Real Estate |
|--------------------------|-------------|-----------------|-------------|--------|----------------|-------------|-------------|---------------|-----------|-----------------|--------------|
| MSCI World | Comm. Serv. | Cons. Dis. | Cons. Stap. | Energy | Financials | Health Care | Industrials | Info. Tech. | Materials | Utilities | |
| Other Global | | | | | Private Equity | | | | | Infra-structure | |
| MSCI USA | Comm. Serv. | Cons. Dis. | Cons. Stap. | Energy | Financials | Health Care | Industrials | Info. Tech. | Materials | Utilities | |
| | | | | | Banks | | | | | | |
| Other USA | | | | | | | | Nasdaq 100 | | | |
| MSCI Europe ESG Screened | Comm. Serv. | Cons. Dis. | Cons. Stap. | Energy | Financials | Health Care | Industrials | Info. Tech. | Materials | Utilities | |
| Other Europe | | | | | | | | | | | Europe |
| | | | | | | | | | | | Europe ex UK |
| Thematics | | Future Mobility | | | | | | AI & Big Data | | | |
| | | | | | | | | China Tech | | | |

Source: DWS International GmbH as of 29/04/2022. * Transparency pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

XTRACKERS FIXED INCOME MENU



Legend:

SFDR Article 6*

SFDR Article 8*

SFDR Article 9*

| | Global | USD | | EUR | | Other | |
|------------------|--------|--------------------|-----------------------------------|---------------------|-------------------------|-----------|-------------|
| Aggregate | Global | | | | | | |
| Overnight | | USD | | EUR | | GBP | |
| Government | Global | Treasuries | | Eurozone | Eurozone AAA | China | |
| | | Treasuries 1-3 | Treasuries Ultrashort | Eurozone 1-3 | Eurozone 3-5 | Germany | Germany 1-3 |
| | | | | Eurozone 5-7 | Eurozone 7-10 | Italy 0-1 | Australia |
| | Global | Emerging Markets | Emerging Markets Quality Weighted | Eurozone 15-30 | Eurozone 25+ | Japan | Singapore |
| | | | | Eurozone Yield Plus | Eurozone Yield Plus 1-3 | | |
| Inflation Linked | Global | | | Eurozone | | | |
| Corporate | | USD | USD | EUR | EUR | | |
| | | USD Short Duration | USD Green Bond | EUR Short Duration | EUR Green Bond | | |
| High Yield | | USD | | EUR | EUR 1-3 | | |

Source: DWS International GmbH as of 29/04/2022. * Transparency pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

CREATE-RESEARCH REPORTS ON PASSIVE INVESTING

The 2022 report marks a significant change in approach



PASSIVE – 2018



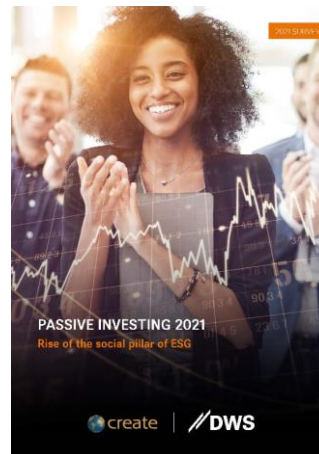
Reshaping the global Investment Landscape

ENVIRONMENT – 2020



Addressing Climate Change in Investment Portfolios

SOCIAL – 2021



Rise of the Social Pillar of ESG

GOVERNANCE – 2019



The Rise of Stewardship

NET ZERO – 2022



Going beyond the hype

PROXY VOTING ACTIVITIES

In 2021

Annual/special shareholder meetings voted



3242 annual general / extraordinary meetings voted (2355 in 2020)¹

89% of equity AuM voted (86% in 2020)²

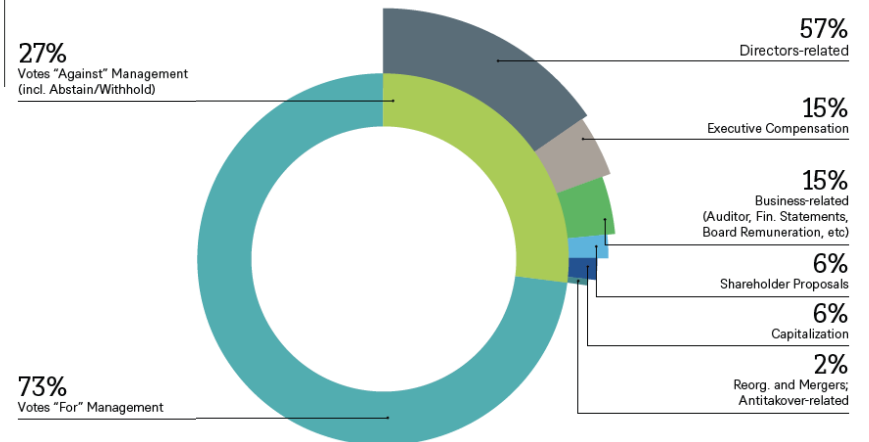


72% of all meetings voted had at least one vote Against, Withhold or Abstain (67% in 2020)



We sent our **questions** for the virtual AGMs of **40 investee companies** (24 investee companies in 2020)

Breakdown of votes “Against”/”Abstain”/”Withhold”



Source: DWS Investment GmbH. As of 31/12/2021. ¹ Funds of legal entities in scope: DWS Investment GmbH (with discretion to vote for certain assets under management of DWS International GmbH, DWS Investment S.A. (incl. SICAVs and PLCs) based on internal delegation agreements; ISS Proxy Exchange. ² Based on EUR equity exposure per end of December, 2021 for the funds and shares eligible for voting.

ENGAGEMENT ACTIVITIES

In 2021

Governance engagement in numbers



More than **1800 investee companies** received our pre-season engagement letter (1300 in 2020)



Our post-season letter was sent out to more than **660 investee companies** (390 in 2020)



More than **480 one-on-one engagements** with companies (450 in 2020)



More than **220 investee companies** received our thematic engagement letter on climate change (53 on 2020)

Engagement topics in numbers



In 375 of our total engagements* we discussed **environmental** topics



In 172 of our total engagements* we discussed **social** topics



In 430 of our total engagements* we discussed **governance** related topics

*581 total engagements (most engagements covered several topics across E, S and/or G).

Engagements per E, S, G topics

Environment

| | |
|--|-----|
| Climate Change | 334 |
| Environmental Footprint of production process | 88 |
| Environmental Footprint of products | 75 |
| Green innovation (new products, circular economy, etc) | 41 |
| Water | 27 |
| Hazardous Waste/ Toxic Emissions | 9 |

Social

| | |
|--|----|
| Health & Safety (incl.) Product/ Service Safety | 64 |
| Society Relations (regulators, communities, etc.) | 37 |
| Human Rights | 23 |
| Employee Satisfaction and Human Capital Management | 22 |
| Diversity | 21 |
| Supply Chain/Contractors | 18 |

Governance

| | |
|--|-----|
| Board Composition | 276 |
| Executive Compensation | 270 |
| ESG Oversight & Risk Management (incl. COVID-19) | 188 |
| Disclosure with TCFD/ SASB/EU Taxonomy/SDGs | 153 |
| Board Independence | 147 |
| Overboarding | 95 |

Source: DWS Investment GmbH, 12/31/2021.

Disclaimer

DISCLAIMER

Clarification on All-in Fee:

Direct replication funds – Investors should be aware that in addition to the All-In Fee, other factors may negatively impact the performance of their investment relative to the underlying index. Examples include: Brokerage and other transaction costs, Financial Transaction Taxes or Stamp Duties as well as potential differences in taxation of either capital gains or dividend assumed in the relevant underlying index, and actual taxation of either capital gains or dividends in the fund. Investors should also note that currency hedging costs are not included within the All-In Fee.

The precise impact of these costs cannot be estimated reliably in advance as it depends on a variety of non-static factors. Investors are encouraged to consult the audited annual- and un-audited semi-annual reports for details.

Indirect replication funds – Investors should note that the All-In Fee does not cover any OTC Swap Transaction Costs, which are embedded in the OTC Swap Transaction of the ETF. OTC Swap Transaction Costs are index replication costs incurred by the Swap Counterparty and may impact the performance of the ETF negatively relative to the underlying index. Index replication costs can be broken down into various categories depending on the nature of the underlying index (long, short or leveraged). A detailed description of each scenario is available in the Prospectus under the heading "Investment Objectives and Policies - Sub-Funds with an Indirect Investment Policy". Investors can access <https://etf.dws.com/en-GB> for information regarding the applicable scenario and an indication for the latest OTC Swap Transaction Costs.

Key Risk Factors

- An investment in an Xtrackers ETF may not be suitable for all investors. Xtrackers UCITS ETFs are not capital protected, therefore investors should be prepared and able to sustain losses up to the total loss of the capital invested.
- Investors should be aware that DWS Investments UK Limited, any of its parents or any of its or its parents subsidiaries or affiliates may from time to time own interests in the funds which may represent a significant amount or proportion of the overall investor holdings in the Fund. Investors should consider what possible impact such holdings, or any disposal thereof, may have on them.
- Substantial fluctuations of the value of the investment are possible even over short periods of time.
- Investments in Xtrackers UCITS ETFs involve numerous risks including but not limited to general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the Xtrackers UCITS ETFs, possible delays in repayment, market fluctuations, counterparty risk, foreign exchange rate risks, interest rate risks, inflationary risks, liquidity risks, loss of income and principal invested and legal and regulatory risks.
- Movements in exchange rates can impact the value of your investment. If the currency of your country of residence is different from the currency in which the underlying investments of the fund are made, the value of your investment may increase or decrease subject to movements in exchange rates.
- Shares in Xtrackers UCITS ETFs which are purchased on the secondary market cannot usually be sold directly back to the fund. Investors must purchase and redeem such shares on the secondary market with the assistance of an intermediary (e.g. a market maker or a stock broker) and may incur fees for doing so (as further described in the prospectus). In addition, investors may pay more than the current net asset value of a share in a Xtrackers UCITS ETF when buying shares on the secondary market, and may receive less than the current net asset value when selling such shares on the secondary market.

The value of an investment in Xtrackers ETFs may go down as well as up. Past performance is not a reliable indicator of future performance.

For further information regarding risk factors, please refer to the risk factors section of the relevant prospectus and the Key Investor Information Document.

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