

Stablecoins have the potential to transform the payment infrastructure

Regulated euro stablecoins set the standard for efficiency, liquidity and institutional acceptance

In recent years, stablecoins have evolved from a niche product into a vital component of the digital financial landscape. With a market capitalization exceeding USD 250bn and transaction volumes surpassing those of Visa and Mastercard combined, stablecoins have long transcended their role as a tool for crypto traders. Notably, stablecoins such as USDT (Tether) and USDC (USD Coin) have become liquid, globally tradable and price-stable instruments. These characteristics make them increasingly attractive to private and institutional investors.

Stablecoins' appeal lies in their function as a bridge between the traditional financial world and the blockchain economy. They provide fast and cost-effective access to global markets around the clock, eliminating the need for intermediaries. For investors this potentially leads to high liquidity, tight spreads and ease of trading, which is particularly relevant in periods of market volatility.

Both transaction volumes and market capitalization are growing substantially and in tandem



Sources: Artemis Terminal, CoinMarketCap, DWS Investment GmbH as of 8/1/25.

Regulation is a key factor in the growing acceptance of stablecoins. With the introduction of MiCAR (Markets in Crypto-Assets Regulation), the EU has established a transparent legal framework intended to foster confidence

among institutional investors and retail customers alike. Against this background, AllUnity developed its EURAU euro stablecoin. It is fully regulated, backed one-to-one by euros and subject to financial supervision by the German financial regulator BaFin. This offers investors greater transparency and protection from regulatory risks, as well as providing a reliable alternative to other unregulated stablecoins.

However, regulation alone cannot account for the success of stablecoins. Liquidity is also a key factor that influences price stability and scalability, which can be measured via central exchanges, decentralized platforms and cross-chain solutions. For investors, liquidity is a measure of market quality and an indicator of potential returns. After all, one may only take advantage of opportunities when quick and efficient action is feasible to begin with.

Another driver is the increasing interoperability. Stablecoins are being integrated into an increasing number of banks, treasury systems, and B2B payment processes. Connecting blockchain infrastructures to traditional payment systems creates new opportunities, including mass payments, automated settlements, and integration to digital business models. These new ecosystems may have significant upside potential as they generate network effects for investors.

Of course, there are still risks, such as liquidity bottlenecks and the possibility of regulatory intervention. This is where regulated stablecoins, such as EURAU, come in, offering new perspectives that we believe may be of particular interest to more risk-averse investors.

"Stablecoins exemplify the transformation of the financial system by combining stability with innovation, as well as efficiency with security," says Alexander Bechtel, Global Head of Digital Strategy, Products and Solutions at DWS. "They are opening up new ways for investors to participate in the digital transformation." Although stablecoins currently have limited use cases, we see a good chance they will appear in many more areas in the future – some of which are undoubtedly beyond our current imagination.

This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Alternative investments may be speculative and involve significant risks including illiquidity, heightened potential for loss and lack of transparency. Alternatives are not suitable for all clients. Source: DWS Investment GmbH.

Glossary

A **blockchain** is a chain of blocks of data that are immutably chained together via cryptography and stored on a distributed and decentralized database.

Federal Financial Supervisory Authority, better known as **BaFin**, is Germany's integrated financial regulatory authority.

A **stablecoin** is a digital token that is pegged to an asset, like a national currency or gold.

USDC (USD Coin) is a stablecoin designed to maintain a value of 1 US dollar. It is issued by the Circle company and is fully backed by U.S. dollars and dollar-denominated assets, ensuring a 1:1 value relationship.

USDT stands for Tether, a cryptocurrency that is pegged to the U.S. dollar, meaning it maintains a stable value of approximately 1:1 with the dollar. Tether was created in 2014 and has become the largest stablecoin by market capitalization.

Important information – EMEA, APAC, LATAM & MENA

DWS is the brand name of DWS Group GmbH & Co. KGaA and its subsidiaries under which they do business. The DWS legal entities offering products or services are specified in the relevant documentation. DWS, through DWS Group GmbH & Co. KGaA, its affiliated companies and its officers and employees (collectively "DWS") are communicating this document in good faith and on the following basis.

This document is for information/discussion purposes only and does not constitute an offer, recommendation or solicitation to conclude a transaction and should not be treated as investment advice.

This document is intended to be a marketing communication, not a financial analysis. Accordingly, it may not comply with legal obligations requiring the impartiality of financial analysis or prohibiting trading prior to the publication of a financial analysis.

This document contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models and hypothetical performance analysis. No representation or warranty is made by DWS as to the reasonableness or completeness of such forward looking statements. Past performance is no guarantee of future results.

The information contained in this document is obtained from sources believed to be reliable. DWS does not guarantee the accuracy, completeness or fairness of such information. All third party data is copyrighted by and proprietary to the provider. DWS has no obligation to update, modify or amend this document or to otherwise notify the recipient in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Investments are subject to various risks. Detailed information on risks is contained in the relevant offering documents.

No liability for any error or omission is accepted by DWS. Opinions and estimates may be changed without notice and involve a number of assumptions which may not prove valid. DWS does not give taxation or legal advice.

This document may not be reproduced or circulated without DWS's written authority.

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, including the United States, where such distribution, publication, availability or use would be contrary to law or regulation or which would subject DWS to any registration or licensing requirement within such jurisdiction not currently met within such jurisdiction. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions.

© 2025 DWS Investment GmbH

Issued in the UK by DWS Investments UK Limited which is authorised and regulated in the UK by the Financial Conduct Authority.
© 2025 DWS Investments UK Limited

In Hong Kong, this document is issued by DWS Investments Hong Kong Limited. The content of this document has not been reviewed by the Securities and Futures Commission.
© 2025 DWS Investments Hong Kong Limited

In Singapore, this document is issued by DWS Investments Singapore Limited. The content of this document has not been reviewed by the Monetary Authority of Singapore.
© 2025 DWS Investments Singapore Limited

In Australia, this document is issued by DWS Investments Australia Limited (ABN: 52 074 599 401) (AFSL 499640). The content of this document has not been reviewed by the Australian Securities and Investments Commission.
© 2025 DWS Investments Australia Limited

For institutional / professional investors in Taiwan:

This document is distributed to professional investors only and not others. Investing involves risk. The value of an investment and the income from it will fluctuate and investors may not get back the principal invested. Past performance is not indicative of future performance. This is a marketing communication. It is for informational purposes only. This document does not constitute investment advice or a recommendation to buy, sell or hold any security and shall not be deemed an offer to sell or a solicitation of an offer to buy any security. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. Certain data used are derived from various sources believed to be reliable, but the accuracy or completeness of the data is not guaranteed and no liability is assumed for any direct or consequential losses arising from their use. The duplication, publication, extraction or transmission of the contents, irrespective of the form, is not permitted.

as of 9/29/25; 107595_1 (09/2025)