

Buy international equities
Get international equities

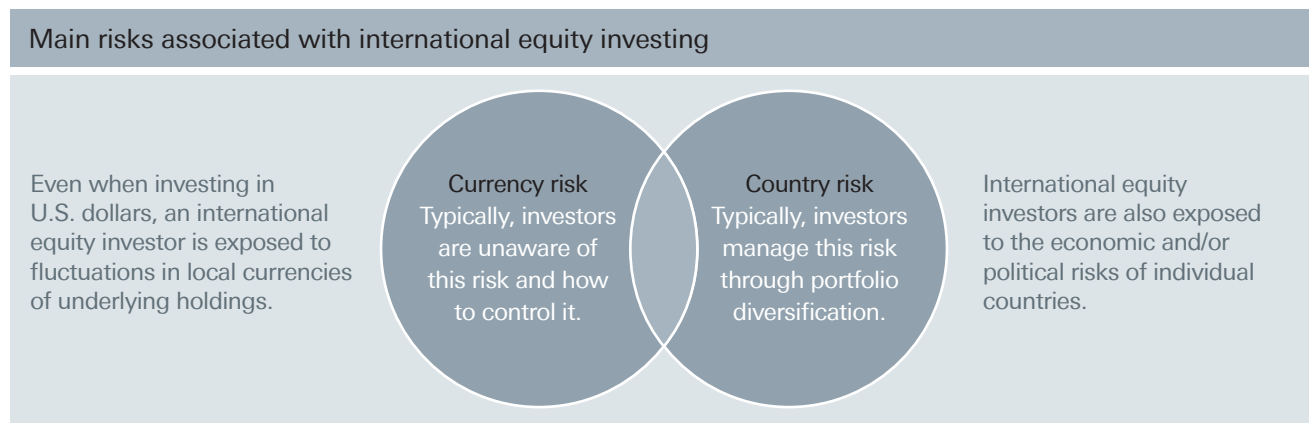
Deutsche X-trackers MSCI international
currency-hedged equity ETFs



Do you know what risks lurk inside your international equity allocation?

The two main risks associated with international equity investing include currency risk and country risk.

- **Currency risk**, which investors may be unaware of how to control, occurs when an international equity investor is exposed to fluctuations in the local currencies of underlying holdings, even when investing in U.S. dollars.
- **Country risk**, in which international equity investors are exposed to the economic and/or political risk of individual countries, is typically managed through portfolio diversification.



Hedged products are designed to mitigate the exposure to fluctuations between the value of the U.S. dollar and non-U.S. currencies while allowing purer exposure to equity markets.

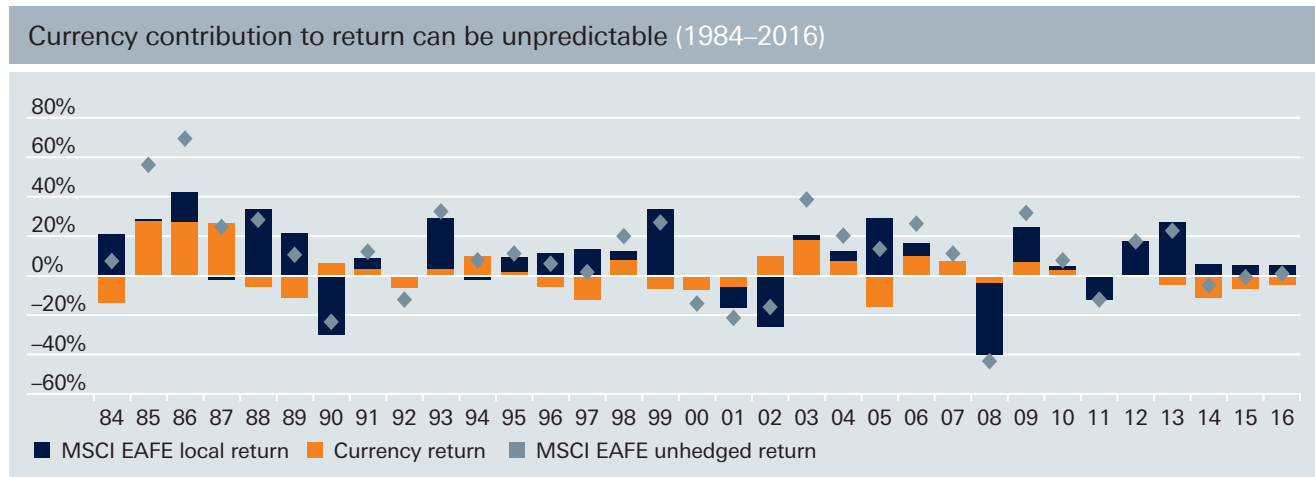
What about ADRs?

Many investors believe currency risk can be avoided or mitigated through the use of American Depositary Receipts (ADRs), which are U.S.-dollar-denominated certificates, issued by U.S. banks, representing a specified number of shares in a foreign stock traded on a U.S. exchange. But ADRs are still exposed to currency risk. An ADR share tracks a stock in a foreign country—and if that country’s currency is devalued, the devaluation will trickle down to the ADR.¹

¹ Currency devaluation is a reduction in the value of a currency with respect to the goods, services or other monetary units that currency can be used to purchase.

Are you choosing to take on currency risk?

Since 1983, a significant portion of international equity return has come from currency moves, which can be positive or negative. Many investors and advisors take on currency risk inadvertently. They think they're getting pure returns of the MSCI EAFE stocks; in reality, they're getting currency risk as well.



Source: Bloomberg as of 12/31/16. Performance is historical and does not guarantee future results.

Currency relationship between developed-market indices

Investors began to feel the pain of negative currency movements. In fact, most hedged indexes have outperformed their unhedged counterparts over the past one-, three-, five- and 10-year periods, outperformance that may be enhanced by longer-term bull U.S. dollar cycles.

3-year index returns (as of 3/31/17)

	Hedged return	Unhedged return	Difference
MSCI ACWI Ex USA Index	6.27%	0.56%	5.71%
MSCI EAFE Index	7.43%	0.50%	6.94%
MSCI Europe Index	7.48%	-1.51%	8.99%
MSCI Japan Index	8.45%	6.02%	2.43%

Source: Morningstar as of 3/31/17. Past performance is no guarantee of future results. Performance for other time periods may not have been as favorable. Index returns do not include dividend distributions and do not reflect fees or expenses. It is not possible to invest directly in an index. Volatility is measured by standard deviation, which depicts how widely an investment's returns vary from its average return over a certain period. Shorting is borrowing and then selling a security with the expectation that the security will fall in value. The security can then be purchased and the borrower repaid at a lower price. These charts are for illustrative purposes only and do not represent any Deutsche Asset Management product. Hedged indexes are designed to mitigate the exposure to fluctuations between the value of the U.S. dollar and non-U.S. currencies, potentially allowing for purer exposure to international equity markets.

Currency risk: very real, very volatile

Many investors aren't aware of the potentially damaging effects of currency risk. Currency moves:

- are often sharp and unpredictable, as the chart below illustrates;
- can reduce gains on international portfolios or turn them into losses; and
- can add to portfolio volatility.

Ranking of major currency performances from best to worst performers since 2002 (% change vs. the USD)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Best performers vs. USD	ZAR 40.1%	AUD 34.0%	ZAR 18.3%	BRL 13.6%	SEK 16.0%	BRL 20.0%	JPY 22.9%	BRL 32.7%	JPY 14.5%	JPY 5.5%	KRW 9.0%	EUR 4.2%	KRW -4.0%	JPY -0.5%	BRL 21.7%
	NOK 29.1%	ZAR 28.0%	KRW 15.2%	MXN 4.8%	GBP 13.8%	CAD 16.9%	CHF 6.2%	ZAR 27.7%	AUD 13.7%	AUD 0.2%	MXN 8.4%	CHF 2.5%	SGD -4.7%	CHF -0.8%	ZAR 12.6%
	NZD 25.8%	NZD 25.0%	NOK 9.8%	CAD 3.5%	EUR 11.5%	NOK 14.7%	SGD 0.8%	AUD 26.8%	ZAR 12.0%	NZD -0.1%	NOK 7.4%	GBP 1.9%	NZD -5.0%	GBP -5.4%	CAD 3.0%
	SEK 20.4%	BRL 22.3%	NZD 9.7%	KRW 2.7%	BRL 9.5%	AUD 11.0%	EUR -4.2%	NZD 24.1%	CHF 10.9%	GBP -0.4%	NZD 6.4%	KRW 1.3%	GBP -5.9%	SGD -6.5%	JPY 2.9%
	CHF 20.1%	CAD 21.2%	CHF 9.0%	SGD -1.8%	SGD 8.4%	EUR 10.6%	SEK -17.3%	NOK 19.9%	SGD 9.6%	CHF -0.4%	SGD 6.2%	SEK 1.0%	AUD -8.4%	KRW -7.0%	NOK 2.3%
	EUR 17.9%	SEK 20.7%	BRL 8.9%	NZD -4.9%	KRW 8.4%	NZD 8.9%	CAD -18.1%	CAD 15.7%	NZD 7.6%	SGD -1.1%	SEK 6.0%	NZD -0.9%	CAD -8.6%	SEK -7.7%	NZD 1.7%
	JPY 10.9%	EUR 19.9%	SEK 8.1%	AUD -6.2%	NOK 8.2%	CHF 7.5%	AUD -19.2%	GBP 10.4%	SEK 6.7%	CAD -2.2%	GBP 4.6%	MXN -1.3%	ZAR -9.7%	EUR -10.2%	AUD -0.9%
	GBP 10.8%	CHF 11.4%	CAD 7.8%	NOK -9.9%	CHF 7.8%	JPY 6.9%	MXN -20.2%	SEK 9.1%	MXN 5.7%	SEK -2.6%	CAD 2.7%	SGD -3.3%	CHF -10.2%	AUD -10.9%	CHF -1.6%
	KRW 10.7%	GBP 10.8%	EUR 7.7%	GBP -10.3%	AUD 7.6%	SGD 6.4%	NOK -21.7%	KRW 8.5%	CAD 5.5%	NOK -2.6%	CHF 2.4%	CAD -6.6%	BRL -11.1%	NZD -12.4%	SGD -2.1%
	AUD 9.9%	JPY 10.6%	GBP 7.5%	ZAR -10.6%	NZD 3.2%	SEK 5.9%	BRL -23.1%	MXN 4.5%	BRL 5.0%	EUR -3.2%	EUR 1.9%	NOK -8.3%	MXN -11.6%	MXN -14.2%	KRW -2.6%
	SGD 6.5%	NOK 3.9%	JPY 4.8%	EUR -12.7%	CAD -0.2%	ZAR 2.2%	NZD -23.9%	CHF 3.0%	KRW 3.9%	KRW -3.3%	AUD 1.6%	AUD -13.3%	EUR -12.0%	NOK -15.5%	EUR -3.2%
	CAD 1.2%	SGD 2.1%	AUD 4.0%	JPY -13.1%	JPY -0.9%	GBP 1.3%	KRW -25.9%	EUR 2.4%	NOK -0.5%	BRL -10.9%	ZAR -4.6%	BRL -14.2%	JPY -12.0%	CAD -16.0%	SEK -7.3%
	MXN -11.7%	KRW -0.5%	SGD 4.0%	CHF -13.4%	MXN -1.6%	KRW -0.7%	GBP -26.3%	SGD 1.8%	GBP -3.4%	MXN -11.4%	BRL -9.0%	JPY -17.6%	SEK -17.4%	ZAR -25.2%	GBP -16.3%
Worst performers vs. USD	BRL -34.7%	MXN -7.7%	MXN 0.9%	SEK -16.2%	ZAR -9.8%	MXN -0.9%	ZAR -27.5%	JPY -2.5%	EUR -6.6%	ZAR -18.2%	JPY -11.3%	ZAR -19.1%	NOK -18.8%	BRL -32.9%	MXN -17.1%

■ AUD=Australian dollar
 ■ BRL=Brazilian real
 ■ CAD =Canadian dollar
 ■ CHF =Swiss franc
 ■ EUR=Euro
■ GBP =British pound
■ JPY=Japanese yen
■ KRW=South Korean won
■ MXN=Mexican peso
■ NOK=Norwegian krone
■ NZD =New Zealand dollar
■ SEK=Swedish krona
■ SGD =Singapore dollar
■ ZAR =South African rand

Source: Deutsche Bank and, EcoWin as of 12/31/16. Performance is historical and does not guarantee future results.

Deutsche X-trackers MSCI international currency-hedged equity ETFs

Deutsche X-trackers currency-hedged ETFs attempt to minimize the currency risk of investments that track MSCI international equity indices. They are: convenient, providing international investment and currency hedging in a single security; efficient, with simple construction rules; and transparent, with equity and currency positions disclosed daily.

Where does a currency-hedged product fit into your portfolio?

Adding a currency-hedged strategy to your international portfolio will give a mix of hedged and unhedged investments—which may help investors without a strong view of a currency’s future performance neutralize their currency exposure. One could then dial it up or down depending on a conviction in the direction of any future currency trend.

ETF	NYSE ticker	Expense ratio % ¹
Deutsche X-trackers MSCI Asia Pacific ex Japan Hedged Equity ETF	DBAP	0.60
Deutsche X-trackers MSCI All World ex U.S. Hedged Equity ETF	DBAW	0.40
Deutsche X-trackers MSCI Brazil Hedged Equity ETF	DBBR	0.60
Deutsche X-trackers MSCI EAFE Hedged Equity ETF	DBEF	0.35
Deutsche X-trackers MSCI Emerging Markets Hedged Equity ETF	DBEM	0.65
Deutsche X-trackers MSCI EAFE Small Cap Hedged Equity ETF	DBES	0.45
Deutsche X-trackers MSCI Europe Hedged Equity ETF	DBEU	0.45
Deutsche X-trackers MSCI Eurozone Hedged Equity ETF	DBEZ	0.45
Deutsche X-trackers MSCI Germany Hedged Equity ETF	DBGGR	0.45
Deutsche X-trackers MSCI Italy Hedged Equity ETF	DBIT	0.45
Deutsche X-trackers MSCI Japan Hedged Equity ETF	DBJP	0.45
Deutsche X-trackers MSCI South Korea Hedged Equity ETF	DBKO	0.58
Deutsche X-trackers MSCI Mexico Hedged Equity ETF	DBMX	0.50
Deutsche X-trackers MSCI Southern Europe Hedged Equity ETF	DBSE	0.45
Deutsche X-trackers MSCI United Kingdom Hedged Equity ETF	DBUK	0.45
Deutsche X-trackers MSCI All World ex U.S. High Dividend Yield Hedged Equity ETF	HDAW	0.45
Deutsche X-trackers MSCI Emerging Markets High Dividend Yield Hedged Equity ETF	HDEE	0.65
Deutsche X-trackers MSCI EAFE High Dividend Yield Hedged Equity ETF	HDEF	0.45
Deutsche X-trackers MSCI Eurozone High Dividend Yield Hedged Equity ETF	HDEZ	0.45

The Deutsche X-trackers MSCI international currency-hedged equity ETFs provide access to 45 different countries via the indices they track—countries with different economies and different market environments, which could provide a measure of diversification.²

¹ Expense information in the table reflects current fees as of 3/31/17.

² Diversification cannot protect against a loss.

Index definitions

The MSCI All Country World Index (ACWI) ex-USA tracks the performance of 22 developed and 23 emerging markets. The MSCI ACWI ex USA U.S. Dollar Hedged Index tracks the performance of 22 developed and 23 emerging markets, but is designed to mitigate exposure to fluctuations between the value of the U.S. dollar and non-U.S. currencies. The MSCI EAFE Index tracks the performance of stocks in select developed markets outside of the United States. The MSCI EAFE U.S. Dollar Hedged Index is calculated using the same methodology as the MSCI EAFE Index, but is designed to mitigate exposure to fluctuations between the value of the U.S. dollar and non-U.S. currencies. The MSCI Europe U.S. Dollar Hedged Index tracks the performance of 15 developed markets in Europe, but is designed to mitigate exposure to fluctuations between the value of the U.S. dollar and non-U.S. currencies. **The MSCI Japan Index is designed to measure the performance of the large and mid-cap segments of the Japanese market.** The MSCI Japan U.S. Dollar Hedged Index is designed to measure the performance of the large and mid-cap segments of the Japanese market, but is designed to mitigate exposure to fluctuations between the value of the U.S. dollar and non-U.S. currencies.

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Important risk information

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Indices are unmanaged and you cannot invest directly in an index.

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

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