Deutsche Asset & Wealth Management
db-X ETC – db Mean Reversion ETC

With more than EUR 950 billion in assets under management, Deutsche Asset & Wealth Management is one of the world's leading asset managers. The db X-trackers ETF platform, which was launched in 2010 sits alongside actively managed products and private wealth management as a core business area. In addition, Deutsche Asset & Wealth Management also offers db-X ETCs, which are exchange-traded commodities (ETCs). In a similar way to how ETFs are designed to facilitate the taking of market exposures via an exchange-traded security, db-X ETCs let investors gain exposure to the performance of commodities in a straight forward, transparent and efficient manner, and without having to trade the underlying futures contracts or commodities, or taking physical delivery. db-X ETCs are continuously quoted during exchange trading hours and can be bought or sold via any bank or broker on the relevant stock exchange on which they are listed.

db-X ETC Information	
db-X ETC Name	db Mean Reversion ETC
Underlying of the Index	db Mean Reversion USD Index
NSIN	A1E7BN (WKN)
ISIN	GB00B4N0QN94
Issuer	DB ETC Index plc
Currency	USD
Issuer date	28/10/2010
Maturity	2060
Upfont	0 % (via Exchange)
Management fee	0.45 % p.a.
Collateral fee	0.2806 % p.a.
Market Maker	Deutsche Bank AG, London Branch
Swap Counterparty	Deutsche Bank AG, London Branch

At a glance:

- Exposure to the db Mean Reversion USD Index.
- Exchange traded with intra-day liquidity provided by Deutsche Bank AG.
- The credit exposure to the swap counterparty (Deutsche Bank AG) is fully collateralised by allocated gold bars[1].
- Daily calculation of Net Asset Value.
- Weighting of index constituents by mean reversion method.

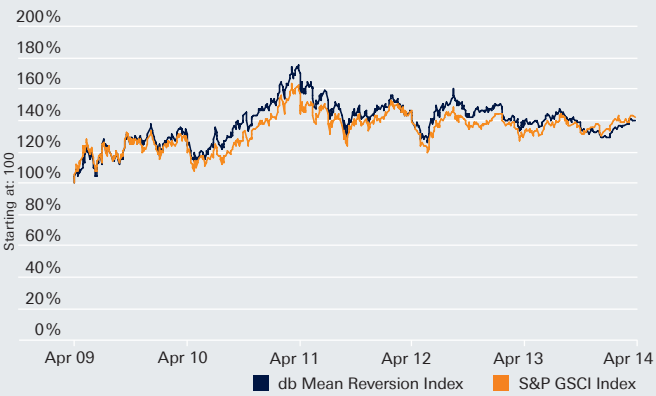
db Mean Reversion Index

The db Mean Reversion index is based on a selection of six commodities: WTI Crude oil, heating oil, gold, aluminum, wheat and corn. The weighting of the raw materials is based on the mean reversion principle. That is an overweight position in those raw materials which appear to be relatively cheap compared to their mean value combined with an underweight position in the relatively expensive commodities. The weight of each commodity in the index is calculated primarily based on their 365 days average price relative to their five year average price. In respect of energy commodities, the db Mean Reversion Index is invested in the first nearby month futures contract which is replaced by the second nearby month futures contract on a monthly basis. In respect of non energy commodities, it is invested in the futures contract expiring in the month of December which is replaced on an annual basis by the futures contract expiring in the month of December in the immediately following calendar year. The performance of the Index is calculated on a total return basis and includes the replication costs of 1.00 % per annum.

Mean Reversion

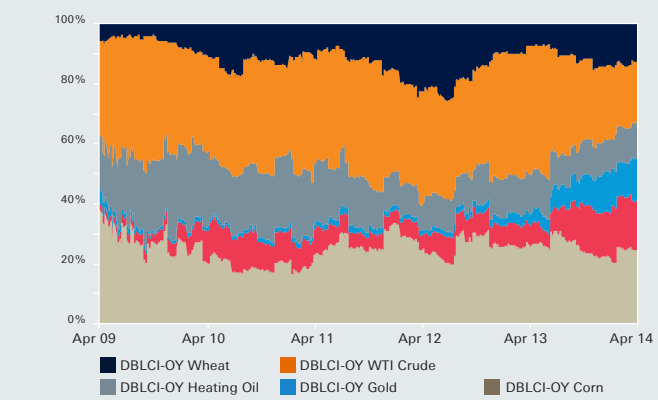
Commodities tend to fluctuate around a mean value based on their demand and supply cycle. When the price of a commodity falls, it may lead to a reduction in production and thus to a reduced supply. At the same time, the fall in price may lead to a higher usage of this raw material which would increase demand and subsequently could lead to higher prices again. Similarly, a rise in price of a commodity could lead to an increased supply as well as a substitution of that commodity through cheaper materials. Both these factors could lead to a fall in the price of the commodity. The rule based, transparent mechanism used in the index seeks to capture this mean reverting nature of commodities by over weighting commodities that are cheaper on a relative basis and vice versa.

Historical Performance of the db Mean Reversion Index against the S&P GSCI Index



Source: Bloomberg, as of 10 October 2014.
Past performance is not a reliable indicator of future results.

Index weight



Index Information	
Name	db Mean Reversion USD Index
Bloomberg	DBCMMRCU
Index Sponsor	Deutsche Bank AG, London
Roll optimised	No
Currency Hedged	No

Listing and trading Information

Exchange	ISIN	NSIN	Exchange Code	Trading Currency	Trading Hours	Settlement	Bloomberg ticker	Reuters RIC
London Stock Exchange	GB00B4N0QN94	A1E7BN (WKN)	XEM8	USD	8:00 am - 4:30 pm	t+2	XEM8 LN	XEM8.L
SWX USD	GB00B4N0QN94	A1E7BN (WKN)	XEM8	USD	9:00 am - 5:30 pm	t+2	XEM8 LN	XEM8.L

1 In exceptional circumstances, gold may be substituted with financial securities. Please refer to the risk factors.

db-X ETC – Simple. Secured. Liquid.

Key Advantages

- Convenience: An easy way to gain exposure to the commodity market.
- Liquidity of db-X ETC: Very liquid and traded intra-day on major European stock exchanges with Deutsche Bank AG providing intra-day market making.
- Minimal tracking error: The only divergence in returns of the db-X ETC and the Index derives from the annual security fee.
- Weighting of index: constituents done by mean reversion method.
- Gold as collateral: Credit exposure to the swap counterparty is fully collateralised using allocated gold which provides several benefits viz[1]:
  - Simple and Liquid: One form of collateral that is easy to liquidate in case of counterparty default.
  - Transparent to value: Gold prices are published daily in major newspapers, TV and other news sources.
  - Negatively correlated with financial distress: Historically, gold prices have tended to rise in periods of risk aversion, making it a more effective form of protection against bankruptcy of swap counterparties such as financial institutions than financial securities.
  - Segregated: Gold is stored in secure vaults and each product has a security over specific gold bars.
  - No gold price risk: Except in the event of swap counterparty default, investors are not exposed to gold price movements.

Key Risks

- db-X ETC are non-principal protected investments, therefore an investor's capital will be at risk up to a total loss.
- Replication of the benchmark index through futures contracts can lead to positive or negative roll return and thus investors in the Index may receive lower returns based on futures contracts' prices than those of the underlying spot commodity price. The spot prices of the Index constituents may outperform the Index.
- There will be a trading difference between db-X ETC and the relevant index due to the impact of annual fees.
- The value of db-X ETC may be affected by market volatility and the volatility of the Index and the value of any investment may go down as well as up.
- Commodities and futures are generally volatile and are not suitable for all investors.
- db-X ETC are exposed to swap counterparty risk. In the event of counterparty default e.g. as a result of insolvency, the db-X ETC will be redeemed at the relevant value per security which may be less than the value of investors' original investment. In addition, investors may lose more than any decline in the underlying index should the value of the collateral decline following a counterparty default. Therefore, investors should understand and evaluate the credit risk of Deutsche Bank AG as swap counterparty prior to making any investment.
- In exceptional circumstances, gold collateral may be substituted for financial securities collateral by giving 60 days' notice to security-holders.
- The mean reversion based weighting method used in the index may fail to generate positive returns or out perform other static weight based weighting methodology.

For a full description of relevant risk factors, please refer to the prospectus.

Further information

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Passion to Perform

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