

Xtrackers II

Investment Company with Variable Capital
Registered office: 49, avenue J.F. Kennedy, L-1855 Luxembourg,
R.C.S. Luxembourg B-124.284
(the “Company”)

Announcement - Important Notice to Shareholders of Xtrackers II Singapore Government Bond UCITS ETF (the “Sub-Fund”)

Adoption of the International Central Securities Depository Model of Settlement

2 September 2022

Dear Shareholder,

The board of directors of the Company (the “**Board of Directors**”) hereby informs the shareholders of the Company (the “**Shareholders**”) that it has resolved to centralise the settlement of trading in shares of the Sub-Fund (“**Shares**”) in an International Central Securities Depository (“**ICSD**”) structure, as detailed below (the “**ICSD Settlement Model**”) with effect from 10 October 2022 (the “**Effective Date**”).

Capitalised terms used in this notice shall have the same meaning ascribed to them in the latest version of the Singapore prospectus of the Company (the “**Singapore Prospectus**”), unless the context otherwise requires.

Current Settlement Model

Currently, the existing settlement model (the “**Current Settlement Model**”) of the Sub-Fund involves settlement on multiple local central securities depositories (“**CSDs**”) reflecting where the Sub-Fund is listed and traded. Each exchange typically operates its own CSD for settlement functions. Trading and settling Shares in the Sub-Fund under this structure involves having to move the Shares between various CSDs, which is complex, costly and inefficient. In Singapore, the Shares in the Sub-Fund which are listed and traded on the SGX-ST (the “**Singapore Shares**”) are settled by The Central Depository (Pte) Limited (“**CDP**”) and the Singapore Shares are currently held by the CDP through its account with Clearstream Banking, Société Anonyme, Luxembourg (“**Clearstream**”). The Current Settlement Model of the Sub-Fund will no longer be operational as of close of business on 7 October 2022.

The ICSD Settlement Model

The key difference between the Current Settlement Model and the ICSD Settlement Model is that the ICSD Settlement Model provides centralised settlement in Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream (together with Euroclear, the “**International Central Securities Depositories**”) for Shares traded across multiple stock exchanges.

Benefits of the ICSD Settlement Model

There are number of anticipated benefits to the Company in transitioning to the ICSD Settlement Model, as follows:

- enhanced liquidity for investors and less liquidity fragmentation;
- improved settlement performance, due to inventory in the Sub-Fund being pooled in the ICSD structure, which offers a longer window of time for settlement of transactions and minimises the need to manually move the relevant Shares between multiple local CSDs;
- enhancement of settlement process efficiency through longer operating hours of the ICSD, thus increasing the time in which trades can match and settle, and by minimising the operational complexity in the Current Settlement Model of having to arrange for Shares to be re-aligned between CSDs, which is complex, costly and time-consuming;
- reduction in inventory requirements and lower capital charges and overheads for market makers and broker dealers, which could ultimately support reduced trading costs for end investors;
- improved foreign exchange functionality on dividend payments; and
- assisting in the creation of a more efficient securities lending market for Shares.

Accordingly, the Board of Directors are of the view that the ICSD Settlement Model provides a more streamlined centralised settlement structure, which they expect will result in improved liquidity and spreads for investors and reduce risk in the settlement process relating to the Company and the Sub-Fund.

Impact on Registered Shareholders

For the Company, the main difference between the Current Settlement Model and the ICSD Settlement Model relates to the shareholders of record registered on the register of shareholders of the Company (the “**Shareholders Register**”).

Under the Current Settlement Model, only certain CSDs or their nominees are registered as Shareholders in the Shareholders’ Registers. As a result, the Shareholders’ Register consists of a mix of nominees of Authorised Participants (including Singapore Authorised Participants) who maintain accounts with CSDs, as well as CSDs themselves or their nominees. Under the ICSD Settlement Model, all investors will be represented through a common depositary (the “**Common Depositary**”) and the sole registered holder of all Shares in the Sub-Fund will be the common depositary nominee (the “**Common Depositary Nominee**”). The Common Depositary has been appointed by the ICSD and its holding will represent the aggregate holdings of the investors through the ICSD.

Under the Current Settlement Model, investors who do not have accounts with, and are not CSDs, hold their interests in Shares in the Sub-Fund through nominees and other intermediaries. Such investors are beneficial owners who do not hold legal title in the Shares. Investors who are not currently registered as Shareholders on the Shareholders’ Register and have a beneficial entitlement to Shares will continue to hold a beneficial interest in the same number of Shares in the Sub-Fund as they currently hold under the Current Settlement Model upon the adoption of the ICSD Settlement Model.

Under the ICSD Settlement Model, Authorised Participants (including Singapore Authorised Participants) will continue to generate and instruct trades directly with the Company (as is the case under the Current Settlement Model).

Impact on End Investors

Under the ICSD Settlement Model, the Common Depositary Nominee, together with the Common Depositary and the ICSDs, will be subject to contractual obligations to pass the beneficial interest and all associated rights of the registered Shareholder (i.e. the Common Depositary Nominee) in all Shares in the Sub-Fund to participants in the ICSD (who may be themselves underlying investors in the Sub-Fund or CSDs, brokers or intermediaries holding directly or indirectly on behalf of underlying investors in the Sub-Fund).

The Common Depositary Nominee will be subject to a contractual obligation to relay any notices of the Company (or the Sub-Fund) (such as shareholders meetings) and associated documentation issued by the Company to the Common Depositary, which will further be obliged to pass on such notices and documentation to the ICSDs. The applicable ICSD will in turn relay notices and associated documentation received from the Common Depositary to its participants in accordance with its rules and procedures. Similarly, each ICSD will be contractually bound to collate and transfer all votes received from its participants to the Common Depositary and the Common Depositary will in turn be contractually bound to collate and transfer all votes received from the applicable ICSDs to the Common Depositary Nominee, which will be contractually obliged to vote in accordance with such instructions.

The Common Depositary Nominee, the Common Depositary and the ICSDs will also be contractually bound to pass any distributions received from the Company downstream to participants and/or their relevant nominees. In particular, upon instruction of the Common Depositary Nominee, any redemption proceeds and any dividends declared that are payable by the Company to the Common Depositary Nominee as Shareholder may be paid by the Company or its authorised agent directly to the applicable ICSD. If the Common Depositary Nominee receives any redemption proceeds or dividends from the Company or its authorised agent, the Common Depositary Nominee will arrange for such payments to be passed on to the relevant ICSD. The relevant ICSD will in turn pay any redemption proceeds and dividends received to the relevant participants of the ICSD.

Under the ICSD Settlement Model, investors who are not participants in the ICSD will need to use a broker, nominee, custodian bank or other intermediary which is, directly or indirectly, a participant in the ICSD to trade and settle Shares, similar to the way investors under the Current Settlement Model use a broker or other intermediary which is a participant in the CSD for the market in which the investor intends to trade and settle. Investors are advised to consult with the entity relevant to them for further information in this regard. In Singapore, the Singapore Shares traded on the SGX-ST are settled by CDP and the Singapore Shares are currently held by the CDP through its account with Clearstream. As CDP is a participant in the ICSD, Shareholders in Singapore can continue to trade and settle Singapore Shares using a broker or other intermediary which is a participant in the CDP.

Adoption of the ICSD Settlement Model will not change the manner in which investments in the Sub-Fund are managed or any rights of investors other than those described herein.

General Information

Shareholders who subscribe for Singapore Shares in the Sub-Fund on the primary market and who do not agree with the Changes, are entitled to redeem their Singapore Shares in the Sub-Fund in accordance with the Singapore Prospectus. Such redemptions shall be free of any Redemption Charge from the date of this notice until 4.00 p.m. (Singapore time) on 4 October 2022. Please note that the Company does not charge any redemption fee for the sale of Singapore Shares through the SGX-ST. Orders to sell the Singapore Shares through the SGX-ST can be placed via a member firm or stockbroker. Shareholders should note that orders through the SGX-ST to sell Singapore Shares may incur costs or be subject to such fees or

charges as may from time to time be imposed by the relevant stockbroker and/or the CDP over which the Company has no control and to which the above exemption on redemption charges does not apply.

Copies of the revised Singapore Prospectus and the product highlight sheet of the Sub-Fund (including detailed disclosures regarding settlement under the ICSD Settlement Model, together with a summary of the interaction between the Common Depositary and underlying investors) reflecting the Changes will be made available on the website of the Company (www.Xtrackers.com) once available.

Shareholders who have any queries or to whom any of the above is not clear should seek advice from their stockbroker, bank manager, legal advisor, accountant or other independent financial advisor.

In particular, Shareholders should consult their own professional advisors as to the specific tax implications under the laws of the countries of their nationality, residence, domicile or incorporation and as to any cost or fee implications that may be applicable to them as a result of the Company's implementation of the ICSD Settlement Model.

Further information in relation to the implementation of the ICSD Settlement Model may be obtained from the legal entities mentioned under *Contact information* below or by sending an email to Xtrackers@dws.com. Shareholders may also wish to contact the Singapore Representative at telephone number (65) 6238 8868.

Xtrackers II
The Board of Directors

Contact information

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