

# Marketing Material – Introduction of Swing Pricing

## Introduction of Swing Pricing for Luxembourg domiciled DWS SICAVs

DWS will introduce Partial Swing Pricing as an anti-dilution technique to provide existing long-term shareholders protection against significant redemption activities of other investors in the same fund. Swing Pricing allows to pass on the trading costs which can be elevated within a volatile market environment and/or low market liquidity.

### What is Swing Pricing?

Swing Pricing is a technique of billing the portfolio trading costs on the causation principle. The fund's NAV is adjusted upwards by a predetermined factor for significant net inflows or downwards for significant net outflows.

As a consequence the remaining investors do not indirectly bear the trading costs of a subscribing or redeeming shareholder with a substantial trading volume in respect to the fund size.

### DWS will apply Swing Pricing only in cases of significant redemptions.

The swung Net Asset Value (NAV) will be published on DWS's website and is basis for all performance and volatility figures.

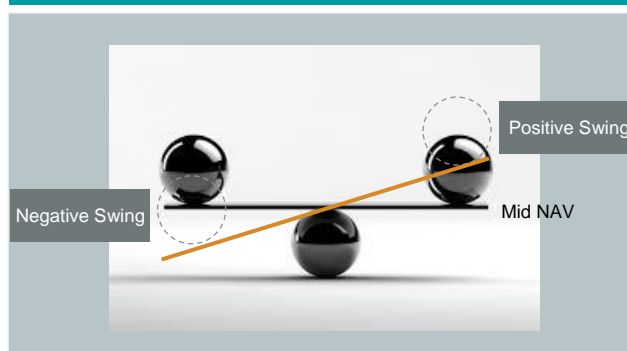
Where a performance fee applies to the respective fund, the calculation will be based on the "unswung" NAV.

### How does the Swing Pricing mechanism work?

Swing pricing will be applied once a certain threshold has been exceeded. In general a swing can mean an upward or downward adjustment of the NAV which is based on mid prices:

- |                |   |
|----------------|---|
| Positive Swing | Net inflows > threshold $\Rightarrow$ price is adjusted <b>upwards</b> by the swing factor to a notional offer price  |
| Negative Swing | Net outflows > threshold $\Rightarrow$ price is adjusted <b>downwards</b> by the swing factor to a notional bid price |

### SWING PRICING MECHANISM



DWS will predefine thresholds for the application of the Swing Pricing Mechanism, based – amongst others – on the current market conditions, given market liquidity and estimated dilution costs. In accordance with these thresholds, the adjustment itself will be initiated automatically. The adjusted net asset value will be applied to all redemptions of this trading day equally.

Swing Factors are determined on the basis of the investment strategy and the respective liquidity in the asset class. The costs taken into account primarily include transaction fees and liquidity costs (bid/ask spread).

The Swing Pricing adjustment will not exceed 2% of the original NAV. The adjustment to the NAV is available on request from DWS. Since the mechanism is only executed when significant outflows are expected, it is assumed that the NAV adjustment will only be executed occasionally.

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#### How are the swing factors monitored?

DWS established a Swing Pricing committee which is monitoring and reviewing the applicability of the swing pricing factors according to the current market conditions.

The committee meets on a quarterly and either more frequently or on an ad hoc basis in case of extraordinary market movements.

#### Benefits of Swing Pricing

Swing Pricing counteracts the decreased liquidity in the market caused by increased regulation on the one hand and by an extreme market environment on the other. Especially the latter situation leads to increased investor activity in the fund of which existing investors with a long-term interest would suffer the cost of trading without Swing Pricing.

The fund's investment return is preserved and the investor movements do not impact the performance.

#### Important Notes

Please note that the downwards adjustments of the NAV during a swing may increase the Synthetic Risk and Reward Indicator (SRRI) and the Summary Risk Indicator (SRI). Nevertheless this does not mean that the portfolio risk is increased by the mechanism.

In addition the implementation of Swing Pricing has no effect on the security selection process nor will DWS deviate from its best execution, liquidation management and fund valuation practice.

Transaction costs stated on the DWS website reflect all transaction costs that a fund experienced. Although the investor leaving the fund carries the burden of the trading costs in case of a redemption causing a swing, those costs will be included in the transaction costs. Hence, this cost figure is higher than what remaining investors have experienced in practice.

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