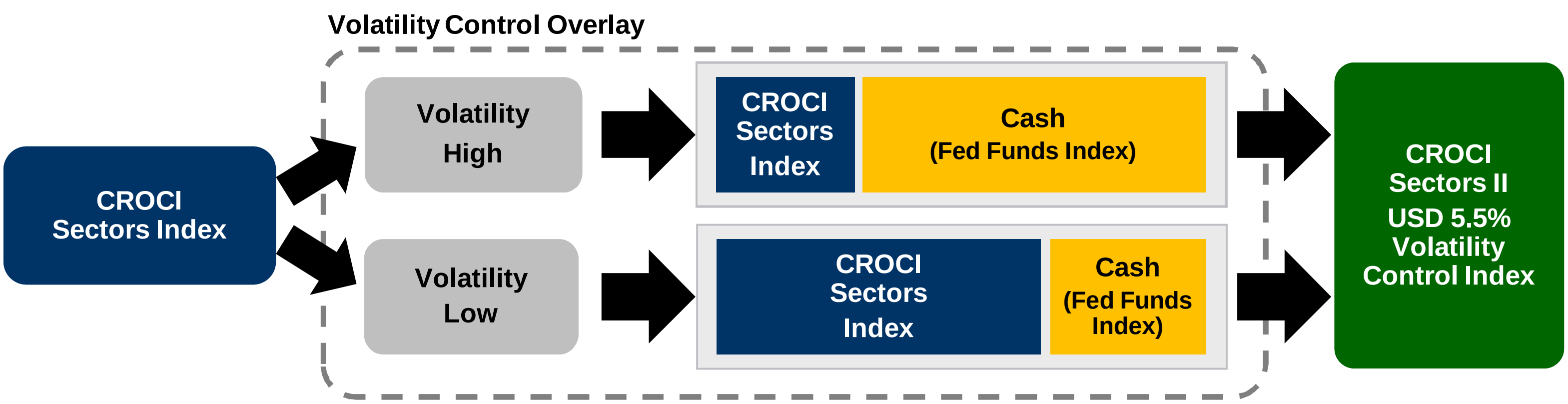
Deutsche Bank

CROCI Sectors II USD 5.5% Volatility Control Index

Overview of the Volatility Control Mechanism

CROCI Sectors II USD 5.5% Volatility Control Index (the “Index”) provides a way for purchasers to gain exposure to the CROCI Sectors II Index (the “CROCI Sectors Index”) while aiming to maintain a pre-determined level of volatility. Using the realized volatility of the CROCI Sectors Index, the Volatility Control mechanism dynamically adjusts the exposure between the CROCI Sectors Index and the Fed Funds Effective Rate Total Return Index (the “Fed Funds Index”) to achieve the Index’s target volatility.



How does a Volatility Control mechanism work?

- The Volatility Control mechanism dynamically adjusts its notional exposure between two underlying indices:
    1. CROCI Sectors Index; and
    2. Cash, represented by the Fed Funds Index.
- The Index’s calculation agent determines the realized volatility of the CROCI Sectors Index using the higher of the 20- and 40-day realized volatility of such index (each annualized).
- As realized volatility of the CROCI Sectors Index increases, the Volatility Control mechanism decreases the Index’s exposure to the CROCI Sectors Index and increases the Index’s exposure to cash.
- Conversely, as realized volatility of the CROCI Sectors Index decreases, the Volatility Control mechanism increases the Index’s exposure to the CROCI Sectors Index and decreases the Index’s exposure to cash.
- The Index adjusts its notional exposure between the CROCI Sectors Index and cash with the aim of maintaining a fixed target volatility level of 5.5%.
- To reduce turnover, the reallocation between CROCI Sectors Index and cash each day cannot be more than 10%.
- The min and max exposure to the CROCI Sectors Index is 0% and 100%, respectively. The exposure to cash is the difference between 100% and the exposure to the CROCI Sectors Index.

What is volatility?

- Volatility is a statistical measure of how much an asset’s return varies from the mean of such asset’s returns over a period of time; the more variable the asset's returns, the higher its volatility, and the higher the perceived riskiness of such asset (all other things being equal).
- Realized volatility is a calculation of this amount of movement historically from levels of the asset observed periodically in the market over a set period of time.
- Higher realized volatility means that an asset’s historical levels fluctuated over a wider range of values in a set period of time.
- Lower realized volatility means that an asset’s historical levels fluctuated in a narrower range of values in a set period of time.

While volatility controls may result in less fluctuation in rates of return as compared to indices without volatility controls, they may also reduce the overall rate of return as compared to products not subject to volatility controls.

SELECTED RISK CONSIDERATIONS

Before purchasing a financial product linked to the Index, potential purchasers should carefully consider the following selected risk factors as well as the matters set forth in the relevant disclosure documents, including the risk disclosure for such financial product.

CROCI METHODOLOGY STRATEGY RISK — The Deutsche Bank proprietary CROCI methodology aims to identify underpriced companies by making the valuations of various companies more comparable. However, no assurance can be given that the CROCI methodology will in fact be able to identify underpriced companies. For example, the CROCI Economic P/E ratio is calculated by reference to publicly available information, but is adjusted on assumptions made by the CROCI Investment Strategy and Valuation Group that subsequently may prove to have been incorrect. Furthermore, the CROCI Economic P/E ratio is determined based on historical information and therefore does not guarantee future results. It is possible that the CROCI methodology may not be successful at choosing underpriced companies.

THE VOLATILITY CONTROL MECHANISM MAY NOT ALWAYS SUCCESSFUL MAINTAIN THE TARGET VOLATILITY — The Index is intended to reflect the performance of a dynamic allocation strategy that adjusts the Index's notional exposure between the CROCI Sectors Index and the Fed Funds Index (together with the CROCI Sectors Index, the "Underlying Indices"), with the aim of maintaining a fixed target volatility level of 5.5% each day, calculated be reference to the higher of the twenty- and forty-day realized volatility of the CROCI Sectors Index (the "Realized Volatility"). The Index is subject to a maximum notional exposure of 100% to the CROCI Sectors Index and will not adjust its exposure to the CROCI Sectors Index by more than 10% on any day. Due to these limitations, the Index may not be able to maintain a fixed target volatility level of 5.5% each day. For example, if the Realized Volatility increases or decreases significantly on any day, due to the 10% daily adjustment limit, the Index may not be able to reduce or increase its exposure to the CROCI Sectors Index sufficiently to keep a target volatility level of 5.5% on such day. Furthermore, if the Realized Volatility is less than 5.5%, the Index may have a 100% exposure to the CROCI Sectors Index, but a target volatility level less than 5.5%. Because the Index's exposure to the CROCI Sectors Index on each day is calculated based on the historical realized volatility the CROCI Sectors Index, the realized volatility of the Index could differ significantly from the target volatility level in a volatile market. This could have an adverse effect on the level of the Index, and consequently the return on a financial product linked to the Index. Even if the strategy of the Index is successful, the Index may decline or underperform the S&P 500® Index, the EURO STOXX® Large Index or the TOPIX 100 Index, which may adversely affect your return on a financial product linked to the Index.

THE CROCI SECTORS INDEX IS SUBJECT TO STRATEGY RISK — The CROCI Sectors Index is intended to reflect the performance of thirty stocks selected from three industry sectors in a selection pool of large capitalization stocks included in (i) approximately the top half (measured by largest market capitalization) of the S&P 500® Index, (ii) the stocks constituting the EURO STOXX® Large Index and (iii) the stocks constituting the TOPIX 100 Index, in each case excluding restricted stocks, financial stocks and stocks not covered by the CROCI Investment Strategy and Valuation Group. The three industry sectors with the lowest median CROCI Economic P/E ratios are identified and ten stocks with the lowest positive CROCI Economic P/E ratios are selected from each of these three identified sectors. However, there is no assurance that (i) the three industry sectors with the lowest median CROCI Economic P/E ratios will outperform the other industry sectors or (ii) the ten stocks with the lowest CROCI Economic P/E ratios from each of these three sectors will outperform the remaining stocks in the S&P 500® Index, the EURO STOXX® Large Index or the TOPIX 100 Index. If the strategy of the CROCI Sectors Index is not successful, the level of the CROCI Sectors Index, and consequently the level of the Index and the return on a financial product linked to the Index, may be adversely affected. Even if the strategy of the CROCI Sectors Index is successful and it outperforms the S&P 500® Index, the EURO STOXX® Large Index or the TOPIX 100 Index, the level of the CROCI Sectors Index and the level of the Index may decline, which may adversely affect your return on a financial product linked to the Index.

THE INDEX IS SUBJECT TO CURRENCY EXCHANGE RATE RISK — Because the CROCI Sectors Index may consist of stocks denominated in non-U.S. dollar currencies that are converted into U.S. dollars for purposes of calculating the level of the CROCI Sectors Index, the Index is subject to currency exchange rate risk with respect to each of the non-U.S. dollar currencies represented in the CROCI Sectors Index. The net exposure to the currency exchange rate risk will depend on the extent to which the non-U.S. dollar currencies represented in the CROCI Sectors Index strengthen or weaken against the U.S. dollar and the relative weight of each non-U.S. dollar currency represented in the CROCI Sectors Index. If, taking into account such weighting, the U.S. dollar strengthens against the component currencies as a whole, the level of the CROCI Sectors Index, and thus the level of the Index, will be adversely affected.

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