

# DBEM

## Xtrackers MSCI Emerging Markets Hedged Equity ETF Analyst Report

This ETF offers exposure to emerging markets, making DBEM one of many products offering exposure to an asset class that is often a core component of long-term, buy-and-hold portfolios. This fund is similar to products such as EEM and VWO as far as the underlying portfolio; the overlap between these ETFs is nearly perfect. But DBEM is unique from other emerging markets ETFs because it hedges out the currency exposure that an investment in international equities entails. In addition to establishing a long position in international stocks, investors using most emerging markets ETFs are also going long the currencies of the underlying stocks (including the Brazilian real, Indian rupee, and Russian ruble) and short the U.S. dollar. DBEM uses short term forward contracts to neutralize the impact of exchange rate fluctuations, essentially isolating the local performance of the emerging market stocks as the driver of returns. While this difference may seem minor, the impact of currency movements on equities can be a significant source of return--both positive and negative--to U.S. based investors. Though DBEM's portfolio is nearly identical to those of EEM and VWO, the risk/return profiles of these products can vary significantly.

Investors who expect the U.S. dollar to strengthen relative to its developed market rivals may prefer DBEM as the optimal means of establishing exposure to the emerging markets region, as this fund should outperform EEM / VWO when the U.S. currency appreciates. Those with a bearish outlook for the greenback may prefer to leave currency exposure unhedged, utilizing a fund such as EEM instead. Those investors without a strong view in either direction might use a mix of both hedged and unhedged EAFE ETFs (eg 50% in DBEM and 50% in EEM).

Given the broad focus of this ETF, DBEM might be very useful to those building a long-term portfolio; the EAFE weighting in most I for establishing a this corner of the



### ESG Themes and Scores

6.49/10

ESG Rate

47.81%

Global Percentile

36.14%

Peer Percentile

### Performance Data

	DBEM	ETF Database Category Average	Factset Segment Average
1 Month	8.36%	6.61%	7.52%
3 Month	20.80%	15.32%	17.70%
YTD Return	32.73%	21.94%	25.17%
1 Year Return	60.72%	40.78%	45.41%
3 Year Return	24.74%	16.21%	14.78%
5 Year Return	10.11%	5.36%	4.79%

### Top 5 Holdings

Symbol	Holding	% Assets
2330	Taiwan Semiconductor Manufacturing Co., Ltd.	14.29%
005930	Samsung Electronics Co., Ltd.	8.45%
000660	SK hynix Inc.	7.38%
700	Tencent Holdings Ltd	2.64%
Other	U.S. Dollar	2.61%

### Vitals

Issuer	DWS
Brand	Xtrackers
Structure	ETF
Expense Ratio	0.66%
Inception	Jun 09, 2011
Index Tracked	MSCI EM US Dollar Hedged Index

### ETF Database Themes

Category	Emerging Markets Equities
Asset Class	Equity
Asset Class Size	Large-Cap
Asset Class Style	Blend
Region (General)	Emerging Markets
Region (Specific)	Broad

### FactSet Classifications

Segment	Equity: Emerging Markets - Total Market
Category	Size and Style
Focus	Total Market
Niche	Broad-based
Strategy	Vanilla
Weighting	Market Cap