



## Deutsche Bank Securities Inc.

### Investment Management Services

60 Wall Street  
New York, NY 10005 (212) 250-2500  
[www.db.com](http://www.db.com)

August 17, 2016

This brochure provides information about the qualifications and business practices of Deutsche Bank Securities Inc. and offers details about investment management services that are offered to certain clients of the Private Client Services division of Deutsche Bank Securities Inc. who are transferring their accounts to Raymond James & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at (212) 250-2500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Deutsche Bank Securities Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Deutsche Bank Securities Inc. is an SEC-registered investment adviser. This registration does not imply any level of skill or training.

## Item 2 – Material Changes

This is the first edition of the brochure relating to the advisory services described herein, and as such, there are no material changes.

## Item 3 – Table of Contents

Item 2 – Material Changes.....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Services .....	4
Item 5 – Fees and Compensation.....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	8
Item 7 – Types of Clients .....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9 – Disciplinary Information.....	16
Item 10 – Other Financial Industry Activities and Affiliations .....	18
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	21
Item 12 – Brokerage Practices .....	24
Item 13 – Review of Accounts .....	25
Item 14 – Client Referrals and Other Compensation .....	26
Item 15 – Custody.....	27
Item 16 – Investment Discretion .....	28
Item 17 – Voting Client Securities.....	29
Item 18 – Financial Information .....	30
Item 19 – Requirements for State-Registered Advisers.....	31

## Item 4 – Advisory Services

### Introduction

Deutsche Bank Securities Inc. (“DBSI”, “we”, “our” or “us”) is a Delaware corporation formed in 1971. DBSI is a wholly-owned subsidiary of Deutsche Bank US Financial Markets Holding Corporation, and indirectly a wholly-owned subsidiary of DB USA Corp. DB USA Corp. is a direct, wholly-owned subsidiary of Deutsche Bank AG, the German corporation. DBSI is registered as a broker-dealer and investment adviser with the US Securities and Exchange Commission (SEC) and as a futures commission merchant with the US Commodities Futures Trading Commission (CFTC). DBSI is principally engaged in the businesses of providing securities brokerage and investment advisory services to domestic and international private clients and institutions. DBSI is also a primary dealer in US government securities as designated by the Federal Reserve.

On December 3, 2015, DBSI entered into a definitive agreement to sell its Private Client Services business (“PCS”), which includes investment advisory accounts at DBSI, to Raymond James Financial, Inc. (“RJFI”). In connection with this transaction, DBSI will provide investment management services to certain eligible clients of PCS who will transfer their accounts to Raymond James & Associates, Inc. (“RJA”), an affiliate of RJFI, upon the closing of this transaction, which is expected to occur in September 2016.

The information in this disclosure brochure has not been approved or verified by any governmental or regulatory authority. The advisory services described in this disclosure statement are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency and involve risk, including the possible loss of principal.

DBSI personnel providing the services described in this brochure are associated persons of DBSI in its capacity as an investment adviser and registered representatives of DBSI in its capacity as a broker-dealer.

### Description of Advisory Services

This brochure deals solely with discretionary investment management services that are provided to PCS clients who are enrolled in the following services within DBSI’s Charter Select wrap fee program, who transfer to and elect to maintain their accounts at RJA, enroll in RJA’s Outside Manager (“OSM”) wrap fee program, and select DBSI as a discretionary third-party investment manager of their accounts with the OSM program:

- (1) DB Dynamic ETF Portfolio
- (2) DB Dynamic ETF Aggressive Growth Portfolio
- (3) DB CIO Select

For clients who select DBSI as the discretionary investment manager for their wrap fee account in RJA’s OSM program, DBSI will manage the client’s account in accordance with the same strategy or investment style that is employed by DBSI for such client’s Charter Select account immediately prior to the client’s account transferring to RJA’s OSM program, or such as may be subsequently selected by Client and accepted by DBSI, in its sole discretion. Below are general descriptions of DBSI’s DB Dynamic ETF Portfolio, DB Dynamic ETF Aggressive Growth Portfolio and DB CIO Select services, which will continue to be provided to these eligible clients. The services are also described in greater detail in Item 8 of this brochure.

- *DB Dynamic ETF Portfolio and DB Dynamic ETF Aggressive Growth Portfolio.* Under DB Dynamic ETF Portfolio and DB Dynamic ETF Aggressive Growth Portfolio, DBSI manages the client’s account on a discretionary basis through tactical asset allocation decisions based upon DBSI’s short- to medium-term assessments of the financial markets. The manager will establish a baseline allocation and return to the baseline, in whole or in part, when short-term profits are targeted. A short-term investment horizon spans from one day to one quarter, and a medium term horizon spans from one quarter to one year. DB Dynamic ETF Portfolio and DB Dynamic ETF Aggressive Growth Portfolio services are tactical in nature and are designed to capture short- to medium-term investment opportunities.
- *DB CIO Select.* Under DB CIO Select, DBSI provides discretionary account management services to clients. DBSI offers several investment styles from which clients can select in order to meet their asset allocation and style diversification needs. Each client receives discretionary account management services based upon one of four investment strategies selected by the client: Income; Growth and Income; Growth; and Maximum Growth.

Clients should be aware that the advisory services described in this brochure are intended to be transitional services and that DBSI expects to provide the services for a period of approximately one year following the closing of the sale of the PCS division and related transfer of accounts to RJA, provided that DBSI may terminate its services for any client at an earlier point in time in accordance with the terms of client’s investment management agreement. Further, DBSI may in its sole discretion restrict or prohibit clients from depositing additional funds in their accounts after the initial funding of the

accounts in connection with the closing of the sale of the PCS division and related transfer of accounts to RJA, subject to exceptions granted by DBSI in its sole discretion.

Securities utilized by DBSI in connection with the services described in this brochure may include, but are not limited to: listed and over-the-counter ("OTC") equity securities, American Depositary Receipts and ordinary shares of foreign issuers, corporate debt (including high yield and emerging market debt securities), commercial paper, convertible securities, structured notes, preferred securities, mutual funds, municipal securities, auction rate preferred securities, U.S. government securities, exchange-traded products such as ETFs, exchange-traded vehicles ("ETVs") and exchange-traded notes ("ETNs"), money market fund shares, exchange-traded limited partnership interests. DBSI or an affiliate may be the issuer, sponsor, dealer, underwriter, investment adviser, investment manager of, or may have a beneficial interest in, certain of these securities, and DBSI and/or its affiliates may earn additional compensation in connection with such arrangements, as further described below.

DBSI also provides other types of advisory programs and services that are described in separate disclosure brochures. DBSI provides discretionary, non-discretionary and consultative investment advisory services through certain wrap fee advisory programs through PCS, for which DBSI receives a portion of the wrap fees for such services. DBSI may also provide to its institutional clients proprietary published research that is not specially tailored for particular clients, as well as access to the research analysts who prepare that research. These services, which are paid for in cash by clients, may be offered to non-wealth management clients of DBSI and do not include any securities trading activity on a discretionary basis or otherwise.

### **Availability of Tailored Advisory Services; Investment Restrictions**

DBSI will follow reasonable restrictions on investments in certain securities and types of securities that are communicated by a client to RJA or DBSI and accepted by DBSI, and DBSI will incorporate any restrictions that are in effect with respect to a client's Charter Select account at DBSI prior to the client's account transferring to RJA's OSM program. In the event that DBSI does not believe that it can implement particular restrictions, it will notify the client and the client may terminate DBSI's services. Client restrictions may cause DBSI to deviate from investment decisions it would otherwise make in managing client assets, and restrictions may therefore affect account performance. While DBSI will follow clients' investment restrictions, DBSI will not otherwise tailor its investment services to the investment objectives or needs of individual clients. Clients should consult with RJA regarding whether the strategy or investment style utilized by DBSI meets the client's objectives or needs.

### **Wrap Fee Programs**

The investment management services described in this brochure are only provided to clients with wrap fee accounts at RJA. DBSI does not charge clients directly for the services described in this brochure. Instead, RJA charges clients a wrap fee equal to a portion of the assets managed by RJA, as agreed with each client, and RJA separately pays to DBSI an amount equal to 0.15% per annum of the value of the assets managed for the client by DBSI and held in custody with RJA. DBSI is paid this 0.15% asset-based fee by RJA quarterly in advance. The fee paid to DBSI by RJA is not negotiable by clients.

### **Assets Under Management**

As of June 30, 2016, DBSI had approximately \$3,785,000,000 of aggregate regulatory assets under management that were managed on a discretionary basis and approximately \$1,794,800,000 of aggregate regulatory assets that were managed on a non-discretionary basis, which includes assets relating to advisory services not described in this brochure. As of June 30, 2016, for the DB Dynamic ETF Portfolio, DB Dynamic ETF Aggressive Growth Portfolio and DB CIO Select services offered through DBSI's Charter Select program, DBSI had approximately \$452,600,000 of regulatory assets under management that are managed on a discretionary basis and \$0 of assets that are managed on a non-discretionary basis. Those services are similar to the discretionary investment advisory services that are described in this brochure and will be offered to clients who, in connection with the closing of the sale of PCS to RJFI, elect to transfer their accounts to RJA, enroll in the OSM wrap fee program and select DBSI as their discretionary investment manager within the OSM program. Because the sale of PCS had not closed as of June 30, 2016, however, DBSI did not have any regulatory assets under management with respect to the services described in this brochure, as of such date.

## Item 5 – Fees and Compensation

DBSI does not charge clients directly for the services described in this brochure. Instead, RJA charges clients a wrap fee equal to a percentage of the value of the assets managed by RJA, as agreed with each client, and RJA separately pays to DBSI an amount equal to 0.15% per annum of the value of the assets managed for the client by DBSI and held in custody with RJA. DBSI is paid this 0.15% asset-based fee by RJA quarterly in advance, except that with respect to the quarter in which the PCS business is sold to RJFI, this fee may be paid in arrears. As this fee is paid to DBSI by RJA, DBSI does not deduct this fee from the client's account, and the fee is not negotiable by the client.

### Other Costs

The 0.15% asset-based fee that is paid to DBSI by RJA covers the investment management services performed by DBSI that are described herein. The fee paid to DBSI by RJA and the wrap fee that is collected by RJA do not cover commissions and similar transaction charges on trades effected through or with broker-dealers other than RJA, mark-ups or mark-downs charged by any broker-dealers, certain odd-lot differentials, transfer taxes, exchange fees, electronic fund and wire fees and any other charges not contemplated under the services described in this brochure. Clients may bear certain additional fees, including charges and taxes imposed by governmental authorities, self-regulatory bodies, transfer agents and other outside entities with respect to securities transactions, including, but not limited to, redemption fees, transfer fees and any other charges mandated by law, regulation or organizations or exchanges.

Please see Item 12 of this brochure for a description of DBSI's brokerage practices.

### Mutual Funds, ETFs and ETNs

DBSI may invest a client's assets in (1) unaffiliated mutual funds, ETFs and other ETVs, and ETNs or (2) to the extent permitted by applicable law, mutual funds, ETFs and other ETVs, and ETNs that are affiliated with DBSI because those products are managed, administered or issued by an affiliate of DBSI. With respect to all mutual funds, ETFs and other ETVs, and ETNs, clients will pay RJA the agreed-upon wrap fee and, in addition, will also indirectly pay to the mutual fund, ETF or ETV or its advisers, administrators or issuer (as applicable), which may include affiliates of DBSI, their pro rata share of any fees associated with the management, operations or distribution of the mutual fund, ETF or ETV, including but not limited to 12b-1 distribution fees, shareholder servicing fees, finder's fees, fund management fees and custodial fees. All or a portion of any of these fees may be earned by or shared with DBSI or its affiliates without Client receiving any corresponding reduction in the client's wrap fee. The client is also responsible for all other expenses and fees associated with mutual funds, ETFs, ETVs and ETNs, whether affiliated or unaffiliated. Expenses and fees vary with the fee structure of each mutual fund, ETF, ETV or ETN, but may be significant (including fees earned by affiliates of DBSI) and may directly or indirectly reduce the performance of a client's account.

### Prepayment of Fees

The investment management agreement entered into by a client with DBSI may be cancelled by either party at any time and for any reason upon receipt of written notice. DBSI does not charge clients fees directly in connection with the services described in this brochure and, thus, will not refund any fees to client upon termination of the client's agreement with DBSI, but if client also terminates their investment advisory agreement with RJA, client may be eligible for pro rata reimbursement of prepaid fees from RJA in accordance with the terms of their investment advisory agreement with RJA.

### Additional Compensation and Conflicts of Interest

As described above, DBSI may invest all or a portion of the assets in client accounts in mutual funds, ETFs and other ETVs, and ETNs advised, managed, sponsored or issued by affiliates of DBSI and that result in additional compensation to such affiliates. This may create an incentive for DBSI to favor and select investments that are advised, managed, sponsored or issued by affiliates of DBSI over similar products that would result in lower aggregate compensation to DBSI and its affiliates. DBSI has attempted to limit the potential conflicts of interest associated with selecting between the affiliated and unaffiliated mutual funds, ETFs, ETVs, and ETNs by implementing a compensation structure where the compensation paid to the personnel responsible for investing clients' accounts does not vary based on whether the accounts invest in products that generate additional compensation for DBSI and its affiliates. Further, DBSI will not invest client accounts in an affiliated product unless DBSI has determined that such product is in the client's best interest after considering factors such as the strategy that DBSI is implementing, whether similar non-affiliated products can be used to achieve that strategy, and the combined managements fees and other expenses of such non-affiliated products. Clients may revoke their consent to DBSI investing their assets in affiliated products at any time by notifying DBSI in writing.

Certain issuers of structured notes and/or their affiliates may pay upfront or ongoing revenue sharing payments to DBSI in connection with structured notes purchased for client accounts. These revenue sharing payments may create an incentive for DBSI to favor and select these structured notes for client accounts over other structured notes or securities whose issuers do not have revenue sharing arrangements with DBSI. DBSI has attempted to limit the potential conflicts of interest

associated with these revenue sharing payments by implementing a compensation structure where the compensation paid to the personnel responsible for investing clients' accounts does not vary based on whether the accounts invest in structured notes for which these revenue sharing payments are made.

If a client has elected to participate in a bank sweep program offered by RJA, client's cash may be swept to a deposit account at a bank affiliated with DBSI, and the affiliated bank may earn revenue with respect to such cash deposits.

### **Availability of Securities and Other Investments**

Certain of the securities and other investments that DBSI or selects for clients' accounts may be available for purchase through a brokerage account. Clients who purchase securities and investments in a brokerage rather than advisory account do not incur the advisory fees described in this brochure. In those circumstances, however, such clients do not receive the investment management and other services that DBSI provides to clients enrolled in the services described in this brochure.

### **Fee Offset for Execution Charges**

DBSI does not reduce its advisory fees to offset any commissions or mark-ups that it receives, except to the extent required by applicable law.

## Item 6 – Performance-Based Fees and Side-By-Side Management

Item 6 is not applicable because DBSI and its supervised persons do not accept performance-based fees with respect to the services described in this brochure.



## Item 7 – Types of Clients

The client must sign an investment management agreement with DBSI in order to receive any of the services described in this brochure. In addition, the client must separately sign an advisory agreement with RJA pursuant to which RJA provides its own services to the client. Clients receiving the services described in this brochure may include individuals, corporations, defined benefit plans, defined contribution plans, partnerships, trust accounts, charitable institutions, governmental entities, pooled investment vehicles and Taft-Hartley Plans.

Eligibility for the services described in this brochure is limited to clients of DBSI's PCS division who are enrolled in the DB Dynamic ETF Portfolio, DB Dynamic ETF Aggressive Growth Portfolio and DB CIO Select services within DBSI's Charter Select program and who transfer their accounts to RJA and enroll in RJA's OSM program. The minimum account sizes for these services within Charter Select are:

(1)	DB Dynamic ETF Portfolio	\$100,000
(2)	DB Dynamic ETF Aggressive Growth Portfolio	\$100,000
(3)	DB CIO Select	\$1 million

In each case, the minimum account size is subject to negotiation with DBSI. Under limited circumstances, accounts of immediate family members, affiliated organizations or related clients may be aggregated to satisfy the total asset minimum standard. Multiple accounts of a single client may also be aggregated to satisfy the total asset minimum standard.

DBSI may in its sole discretion restrict or prohibit clients from depositing additional funds in their accounts after the initial funding of the accounts in connection with the closing of the sale of the PCS division and related transfer of accounts to RJA, subject to exceptions granted by DBSI in its sole discretion.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

### DB Dynamic ETF Portfolio

The DB Dynamic ETF Portfolio is a proprietary product where tactical allocation decisions are implemented centrally and on a discretionary basis by Deutsche Bank Wealth Management Chief Investment Strategist and his portfolio management team. The DB Dynamic ETF Portfolio utilizes Deutsche Bank's third party research and input from our Global Multi Asset Investment Committee, and may also utilize research from Deutsche Asset Management, which is an affiliate of DBSI. The Chief Investment Strategist is responsible for the day-to-day management of the portfolio and is bound by certain standards of business conduct, guidelines for personal investing and other business activity and code of ethics requirements. The Chief Investment Strategist is subject to an annual review and evaluation which includes an evaluation of the DB Dynamic ETF Portfolio performance.

Tactical allocation decisions for the DB Dynamic ETF Portfolio are implemented through the use of index-linked or actively managed U.S. exchange-traded funds, which may include open-end funds, unit investment trusts, grantor trusts and limited partnerships (collectively, ETFs) and, ETFs are not available or not appropriate in the judgment of the portfolio management team, through the use of index-linked or actively managed mutual funds. ETFs may include both registered investment companies and commodity pools. Where possible, mutual funds will be no-load or load-waived funds, although when such funds are not available, load funds may be utilized.

Under DB Dynamic ETF Portfolio, the client's account portfolio is structured to provide exposure to a diversified group of asset classes comprised of the following:

- Global Equities & Alternatives asset class (U.S. Equities (publicly traded); Foreign Developed Equities; Emerging Markets Equities; Commodities; Hedge Funds; Real Estate); and
- Global Fixed Income asset class (Sovereign, Corporate, Municipal, Emerging Markets Debt and Cash)

Exposure to Commodities will occur through commodity-linked ETFs or mutual funds that may be diversified, non-diversified or index-linked. Exposure to Hedge Funds will be through ETFs or mutual funds that invest in hedge fund indices or are funds registered under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended (Investment Company Act). Such funds may in turn invest directly in hedge funds. Exposure to Real Estate will occur through ETFs and mutual funds providing broad-based real estate exposure, including indices or real estate investment trusts (REITs).

The DB Dynamic ETF Portfolio strategy opportunistically selects ETFs and mutual funds that offer exposure to particular sectors and markets and/or are themselves viewed as offering attractive investment opportunities (for example, because of pricing, fee levels, minimal capital gains or other benefits generated through the management of the ETF or mutual fund). Selection of ETFs relies on evaluation of a number of other factors including, but not limited to: tracking error versus the index (if applicable); trading price as compared to net asset value; ETF/mutual fund capitalization; trading volume and liquidity; composition of the underlying basket; performance compared to the underlying basket; and expense ratio.

The client's account is actively managed in a manner designed to shift asset class allocation within a dynamic range. The targeted allocation to Global Equities & Alternatives will not exceed 80% or fall below 20% of the total portfolio allocation and the targeted allocation to Global Fixed Income will not exceed 80% or fall below 20% of the total portfolio allocation. Due to the tactical nature of DB Dynamic ETF Portfolio, securities in the client's account may be traded frequently and as a result may generate individual taxable gains or losses that would be greater than would be experienced with an account experiencing less frequent trading activity.

Depending on the client's tax sensitivity, performance of DB Dynamic ETF Portfolio will be measured against a blended benchmark of 50% MSCI All Country World Index and 50% Barclays Capital U.S. Aggregate Bond Index, or against a blended benchmark of 50% MSCI All Country World Index and 50% Barclays Capital Municipal Managed Money Index, in each case based on the roughly equivalent risk between the DB Dynamic ETF Portfolio and the benchmark. Although each blended index is used as a proxy for a globally diversified "balanced product," which the DB Dynamic ETF Portfolio is designed to achieve, the blended benchmarks are not exact or even substantially similar replicas of the exposures provided by the DB Dynamic ETF Portfolio because they do not incorporate exposures to all components of the asset classes utilized by the portfolio manager.

The liquidity of certain securities held in DB Dynamic ETF Portfolio accounts may be limited, and consequently there may be limitations on the ability of DBSI to implement promptly portfolio changes for client accounts. Clients should speak with their tax advisors regarding the potential tax treatment associated with the securities held in DB Dynamic ETF Portfolio accounts. To the extent limited partnership structures are utilized for accounts, clients may receive a Schedule K-1 that may require clients to obtain extensions for filing their federal, state and local income tax returns.

As noted above, the Chief Investment Strategist for Deutsche Bank Wealth Management, is also the investment manager of the DB Dynamic ETF Portfolio. The Chief Investment Strategist establishes DBSI's broad investment strategies to

recommend to clients, including tactical and strategic asset allocation recommendations and views regarding broad economic and market trends (including but not limited to interest rates, inflationary trends and relative trading values of various markets). It is possible that strategy-based investment ideas incorporated into the DB Dynamic ETF Portfolio will be communicated to brokerage or other advisory clients who are not invested in the DB Dynamic ETF Portfolio and whose implementation of the strategy ideas may adversely affect the implementation of the DB Dynamic ETF Portfolio changes for advisory clients. In addition, the Chief Investment Strategist may communicate strategy ideas to brokerage and other advisory clients that he does not incorporate into the DB Dynamic ETF Portfolio.

## **DB Dynamic ETF Aggressive Growth Portfolio**

Under DB Dynamic ETF Aggressive Growth Portfolio, each client receives the same discretionary account management services as in the DB Dynamic ETF Portfolio except that this portfolio targets a higher equity allocation.

The client's account is actively managed in a manner designed to shift asset class allocation within a dynamic range. The targeted allocation to Global Equities & Alternatives will not fall below 75% of the total portfolio allocation and may be up to 100% of the portfolio allocation. The targeted allocation to Global Fixed Income will not exceed 25% of the total portfolio allocation. Due to the tactical nature of DB Dynamic ETF Aggressive Growth Portfolio, securities in the client's account may be traded frequently, and as a result may generate individual taxable gains or losses that would be greater than would be experienced with an account experiencing less frequent trading activity.

The performance of DB Dynamic ETF Aggressive Growth Portfolio will be measured against the MSCI All Country World Index based on the roughly equivalent risk between the DB Dynamic ETF Aggressive Growth Portfolio and the benchmark. Although the benchmark is used as a proxy for a global equity focused product which the DB Dynamic ETF Aggressive Growth Portfolio is designed to achieve from a performance perspective, the benchmark is not an exact or even substantially similar replica of the exposures provided by the DB Dynamic ETF Aggressive Growth Portfolio because it does not incorporate exposures to all components of the asset classes utilized by the portfolio manager.

## **DB CIO Select**

DB CIO Select is a proprietary, discretionary managed account program run by the Chief Investment Strategist for Deutsche Bank Wealth Management in the Americas. The DB CIO Select strategy utilizes internal research and the research it receives from a variety of sources, including third party research providers such as Compustat, Morningstar and IBES, industry conferences, street coverage, Bloomberg, ratings services and Deutsche Asset Management (DeAM), which is an affiliate of DBSI. Affiliates of DBSI have representation on Deutsche Bank AG's Global Multi Asset Investment Committee, which provides economic forecasts and themes that may be utilized by DBSI.

DBSI may utilize the services of affiliates with respect to, among other things, the provision of investment advice and the execution of securities transactions.

The Chief Investment Strategist is responsible for the day to day management of the portfolio, is bound by certain standards of business conduct, guidelines for personal investing, and other business activity and code of ethics requirements. In addition, the Chief Investment Strategist is subject to an annual review and evaluation which includes an evaluation of the DB CIO Select Strategy investment performance.

Under DB CIO Select, each client receives discretionary account management services based upon one of four investment strategies selected by the client: Income; Growth and Income; Growth; and Maximum Growth. Based upon the selected strategy, the client's account contains allocations of securities, including mutual funds, among the following asset classes: Equity; Fixed Income, and Alternative Investments and Cash. Each asset class in turn contains the following sub-categories, which may change at any time in the sole discretion of DBSI.

Equity asset class: The first sub-category is U.S. Large Cap Equity (with the choice of the following four portfolios, each representing a distinct style within the U.S. Large Cap Equity asset class):

- U.S. Quality Growth Equity—Disciplined growth style investing. Seeks to identify companies with strong future growth prospects and reasonable valuations. Benchmark is blend of 50% S&P 500 and 50% Russell 1000 Growth indices.
- U.S. Core Equity—Also called "style neutral," Core Equity is a blend of the growth and value investment styles. Benchmarked against the S&P 500 Index.
- U.S. Large Cap Value Equity—Seeks to identify companies that are trading at a discount to their actual value using key indicators such as value (free cash flow relative to industry and sub-industry), improving profitability, undervalued assets, sound capital structure and an improving level of profitability. Benchmarked against the Russell 1000 Value Index.
- Risk Managed Alpha—Core style benchmarked to the S&P 500 Index. This is a quantitative model with no fundamental overlay. The portfolio is risk managed by keeping the targeted portfolio tracking error below 4.5%.

The remaining equity asset class sub-categories are U.S. Small Cap Equity; European Equity; Japan Equity; Pacific ex-Japan Equity; and Emerging Market Equity.

Fixed Income asset class: The sub-categories are Municipal Bonds; Taxable Bonds; High Yield Bonds; International Bonds; Treasury Inflation-Protected Securities; and Emerging Market Debt.

Alternative Investments asset class: The sub-categories are REITs; Commodities (via investments in securities); and Cash. The securities in the majority of the asset class sub-categories will be represented by top-quartile proprietary and third party mutual funds, REITs and ETFs.

The primary DBSI employee with investment management responsibility over the DB CIO Select Accounts is also the Chief Investment Strategist for Deutsche Bank Wealth Management in the Americas. The Chief Investment Strategist sits on the Global Multi Asset Investment Committee, providing input on the U.S. economy and capital markets. The Chief Investment Strategist may communicate investment strategy ideas to clients of DBSI or its affiliates that do not receive DB CIO Select services before those ideas are implemented for clients receiving DB CIO Select services. In addition, the Chief Investment Strategist may communicate strategy ideas to brokerage and other advisory clients of DBSI or to clients of affiliates of DBSI that he does not incorporate into the DB CIO Select program.

## Material Risks

Prior to entering into an investment management agreement with DBSI, you should carefully consider the following:

- Investing in securities involves risk of loss which you should be prepared to bear; securities markets experience varying degrees of volatility; and
- Over time the value of your assets may fluctuate and at any time be worth more or less than the amount you invested.

Investments made pursuant to services described in this brochure are not insured by the Federal Deposit Insurance Corporation. Such investments are not deposits or obligations of a bank, nor are such investments guaranteed by any bank. Client assets are subject to investment risk, including the possible loss of principal amounts invested. DBSI does not guarantee a minimum level of investment performance.

Below is a summary of the other materials risks associated with the services described in this brochure.

**Active Management Risk.** Clients' accounts are actively managed. The success of a client's account that is actively managed depends upon the investment skills and analytical abilities of the portfolio manager to develop and effectively implement strategies that achieve the client's investment objective. Subjective decisions made by the portfolio manager may cause a client portfolio to incur losses or to miss profit opportunities on which it may have otherwise capitalized.

**Credit Risk.** Debt obligations are subject to the risk of non-payment of scheduled principal and interest. Changes in economic conditions or other circumstances may reduce the capacity of the party obligated to make principal and interest payments on such instruments and may lead to defaults. Such non-payments and defaults may reduce the value of, or income distributions from, a client portfolio, even if the client's exposure to the debt instrument is achieved through an investment in a mutual fund or ETF. The value of a fixed income security also may decline because of concerns about the issuer's ability to make principal and interest payments. In addition, the credit ratings of debt obligations may be lowered if the financial condition of the party obligated to make payments with respect to such instruments changes. Credit ratings assigned by rating agencies are based on a number of factors and do not necessarily reflect the issuer's current financial condition or the volatility or liquidity of the security. In the event of bankruptcy of the issuer of debt obligations, a client portfolio could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing the instrument that the client owns or that underlies a mutual fund or ETF in which the client is invested. In order to enforce its rights in the event of a default, bankruptcy or similar situation, to the extent the client directly owns the debt instrument, the client may be required to retain legal or similar counsel at their own expense.

**Debt Market Risk.** Economic and other events (whether real or perceived) can reduce the demand for certain fixed income securities or for investments generally, which may reduce market prices and cause the value of a client portfolio to fall. The frequency and magnitude of such changes cannot be predicted. Certain securities and other investments can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market. An imbalance in supply and demand in the market may result in valuation uncertainties and greater volatility, less liquidity, wider trading spreads and a lack of price transparency in the market. No active trading market may exist for certain investments, which may impair the ability of DBSI to sell or to realize the full value of such investments. Adverse market conditions may impair the liquidity of some actively traded investments.

**Duration Risk.** Duration measures the expected life of a fixed-income security, which can determine its sensitivity to changes in the general level of interest rates. Securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. A portfolio of fixed-income securities or a mutual fund or ETF holding fixed-

income securities with a longer dollar-weighted average duration can be expected to be more sensitive to interest rate changes than a portfolio with a shorter dollar-weighted average duration. Duration differs from maturity in that it considers a security's coupon payments in addition to the amount of time until the security matures. As the value of a security changes over time, so will its duration.

**ETF Risk.** Investing in an ETF exposes a client portfolio to all of the risks of that ETF's investments and subjects it to a pro rata portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares may exceed the cost of investing directly in its underlying investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. ETFs may be purchased at prices that exceed the net asset value of their underlying investments and may be sold at prices below such net asset value. Because the market price of ETF shares depends on market demand, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track, including because of a lack of liquidity in the shares of the ETF. A client account may not be able to liquidate ETF holdings at the time and price desired, which may impact performance.

**Equity Risk.** Portfolios may be sensitive to stock market volatility and some stocks within a client's portfolio or held by an ETF owned by the client may be more volatile than the market as a whole. The value of stocks and related instruments may decline in response to conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations, as well as issuer or sector specific events. Market conditions may affect certain types of stocks (such as large-cap or growth stocks) to a greater extent than other types of stocks. If the stock market declines, the value of a portfolio will also likely decline and, although stock values can rebound, there is no assurance that values will return to previous levels.

**Fixed-Income Securities Risk.** Fixed-income securities include traditional debt securities issued by corporations, such as bonds and debentures and debt securities that are convertible into common stock and interests. The market value of fixed-income securities is sensitive to changes in interest rates. In general, when interest rates rise, the fixed-income security's market value declines and when interest rates decline, its value rises. Normally, the longer the remaining maturity of a security, the greater the effect of interest rate changes on the market value of the security. Fixed income securities are subject to the credit risk of the issuer. Changes in the ability of an issuer to make payments of interest and principal and in the market's perception of an issuer's creditworthiness affect the market value of fixed-income securities of that issuer.

Fixed-income securities may also be subject to yield curve risk. When the yield curve shifts, the price of a bond, which was initially priced based on the initial yield curve, will change. Keeping the duration of the bond portfolio relatively short reduces yield curve risk.

Fixed-income securities may also be subject to call risk. When interest rates are low, issuers will often repay the obligation underlying a "callable security" early, in which case the strategy may have to reinvest the proceeds in an investment offering a lower yield and may not benefit from any increase in value that might otherwise result from declining interest rates.

Additionally, fixed-income securities are subject to inflation risk, liquidity risk and reinvestment risk. Inflation risk is the risk that inflation will erode the purchasing power of the cash flows generated by debt securities held under this strategy. Fixed-rate debt securities are more susceptible to this risk than floating rate debt securities. Liquidity risk is the risk that certain fixed income securities may be difficult to sell at the time and at the price the strategy would like, which may cause the strategy to hold these securities for longer than it would like or to forego other investment opportunities. Reinvestment risk is the risk that when interest income from debt securities is reinvested, interest rates will have declined so that income must be reinvested at a lower interest rate. A decline in income could affect a strategy's overall return.

**Foreign, Emerging and Frontier Markets Risk.** The value of a client portfolio may be adversely affected by changes in currency exchange rates and political and economic developments across multiple borders. In emerging or less developed countries, these risks can be more significant than in major markets in developed countries. Generally, investment markets in emerging and frontier countries are substantially smaller, less liquid and more volatile, and as a result, the value of a portfolio investing in emerging or frontier markets may be more volatile. Emerging and frontier market investments often are subject to speculative trading, which typically contributes to volatility. Emerging and frontier market countries also may have relatively unstable governments and economies. Trading in foreign, emerging and frontier markets usually involves higher expenses than trading in the U.S. A client portfolio with exposure to these markets may have difficulties enforcing its legal or contractual rights in a foreign country. Depositary receipts are subject to many of the risks associated with investing directly in foreign securities, including political and economic risks.

**Increased Regulations.** Events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend, credit or restrict trading activities could adversely impact profit potential.

**Interest Rate Risk.** As interest rates rise, the value of a client portfolio invested primarily in fixed-income securities or similar instruments, including mutual funds or ETFs that hold fixed income instruments, is likely to decline. Conversely,

when interest rates decline, the value of such a client portfolio is likely to rise. Securities with longer maturities are more sensitive to changes in interest rates than securities with shorter maturities, making them more volatile. A rising interest rate environment may extend the average life of mortgages or other asset-backed receivables underlying mortgage-backed or asset-backed securities. This extension increases the risk of depreciation due to future increases in market interest rates. In a declining interest rate environment, prepayment of certain types of securities may increase. In such circumstances, the portfolio manager, or manager of a mutual fund or ETF, may have to reinvest the prepayment proceeds at lower yields. A strategy that is managed toward an income objective may hold securities with longer maturities and therefore be more exposed to interest rate risk than a strategy focused on total return.

**Lower Rated Securities.** Lower-rated bonds or non-investment grade bonds are commonly referred to as "junk bonds" or "high-yield/high-risk securities". Lower rated securities are defined as securities rated below the fourth highest rating category by a nationally recognized statistical rating organization. Such obligations are speculative and may be in default.

Fixed income securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Lower rated or unrated (*i.e.*, high yield) securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Yields and market values of high yield securities will fluctuate over time, reflecting not only changing interest rates but the market's perception of credit quality and the outlook for economic growth. When economic conditions appear to be deteriorating, medium to lower rated securities may decline in value due to heightened concern over credit quality, regardless of prevailing interest rates. Clients should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

Adverse economic developments can disrupt the market for high yield securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. In addition, the secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities. As a result, it may be more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were highly liquid. Furthermore, a portfolio may experience difficulty in valuing certain securities at certain times. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating a portfolio's value. Prices for high yield securities may also be affected by legislative and regulatory developments.

Lower rated or unrated fixed income obligations also present risks based on payment expectations. If an issuer calls the obligations for redemption, a portfolio may have to replace the security with a lower yielding security, resulting in a decreased return for clients.

**Market Risk.** Economic and other events (whether real or perceived) can reduce the demand for certain securities or for investments generally, which may reduce market prices and cause the value of a client portfolio to fall. The frequency and magnitude of such changes cannot be predicted. Certain securities can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market. An imbalance in supply and demand in the market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. No active trading market may exist for certain investments, which may impair the ability of the portfolio manager, or manager of a mutual fund ETF, to sell or to realize the full value of such adverse market conditions may impair the liquidity of some actively traded investments.

**Maturity Risk.** Interest rate risk will generally affect the price of a fixed income security more if the security has a longer maturity. Fixed income securities with longer maturities will therefore be more volatile than other fixed income securities with shorter maturities. Conversely, fixed income securities with shorter maturities will be less volatile but generally provide lower returns than fixed income securities with longer maturities. The average maturity of a client portfolio's investments will affect the volatility of the portfolio's rate of return.

**Model Risk.** To the extent a strategy uses or implements investment models, such as asset allocation models, performance will be largely influence on the success of implementing and managing the investment models that assist in allocating assets. Models that have been formulated on the basis of past market data may not be predictive of future price movements. Models may not be reliable if unusual or disruptive events cause market moves, the nature or size of which are inconsistent with the historic correlation and volatility structure of the market. Models also may have hidden biases or exposure to broad structural or sentiment shifts. In the event that actual events fail to conform to the assumptions underlying such models, losses could be incurred.

**Municipal Securities.** The municipal securities market could be significantly affected by adverse political and legislative changes, as well as uncertainties in the municipal securities market related to taxation or the rights of security holders. Municipal securities backed by current or anticipated revenues from a specific project or specific asset may be adversely impacted by declines in revenue collection from the project or asset. Changes in the financial health of a municipality may make it difficult for it to make interest and principal payments when due.

**Real Estate Industry Risk.** Securities of companies principally engaged in the real estate industry may be subject to the risks associated with direct ownership of real estate. Risks commonly associated with the direct ownership of real estate, including through investment in a mutual fund or ETF that invests in real estate, include fluctuations in the value of underlying properties, defaults by borrowers or tenants, changes in interest rates and risks related to general or local economic conditions.

**Tax Risk.** The tax treatment of investments held in a client portfolio may be adversely affected by future tax legislation, Treasury Regulations and/or guidance issued by the Internal Revenue Service that could affect the character, timing, and/or amount of taxable income or gains attributable to an account. Income from tax-exempt municipal obligations could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or non-compliant conduct of a bond issuer.

**Tracking Error Risk.** Tracking error risk refers to the risk that the performance of a mutual fund or ETF may not match or correlate to that of the index it attempts to track, either on a daily or aggregate basis. Factors such as fees and trading expenses, imperfect correlation between the mutual fund or ETF portfolio's investments and the index, changes to the composition of the index, regulatory policies, high portfolio turnover and the use of leverage all contribute to tracking error. Tracking error risk may cause the performance of a client portfolio to be less or more than expected.

**Use of Quantitative Investment Processes.** To the extent that DBSI utilizes quantitative investment processes in connection with its advisory offerings, those processes rely on proprietary quantitative models in seeking to exploit short-term and long-term relationships among securities prices and volatility. The models employed may not be well-suited to prevailing market conditions or may be unreliable, where unusual events specific to particular corporations or major events external to the operation of markets may cause extreme market moves that are inconsistent with the historic correlation and volatility structure of the market. The models may be formulated based on past market data which may not be indicative of future price movements. Models also may have hidden biases or exposure to broad structural or sentiment shifts. In the event actual events fail to conform to the assumptions underlying the models, losses could be incurred.

## Item 9 – Disciplinary Information

### Investment Banking Engagement

In December 2014, FINRA alleged that DBSI violated NASD and FINRA rules in that in an effort to win investment banking business from a specific company, DBSI's equity research analyst participated in the firm's solicitation efforts and the firm offered favorable research coverage to the company to induce the company to award the firm its investment banking business. The company and its private equity owners (sponsors) asked DBSI to provide a firm-wide valuation that the firm, including its analyst, would be expected to support after the company awarded its IPO business. DBSI complied and the company and its sponsors selected the firm as an underwriter and co-bookrunner for the company's IPO. The company eventually decided not to proceed with the offering. DBSI was censured and paid a monetary fine of \$4,000,000.

### Vonage Directed Share Program

In September 2009 FINRA found that DBSI, one of three lead underwriters for the May 2006 initial public offering of the common stock of Vonage LLC, failed to establish supervisory procedures and systems reasonably designed to supervise the activities of a third party company to whom DBSI outsourced communications with DBSI's customers through a website developed by the third party company to administer Vonage's directed share program. While neither admitting nor denying FINRA's findings, DBSI will, among other things, provide restitution to eligible customers who provide DBSI with certain executed certifications.

### Auction Rate Securities

In June 2009, the SEC brought an action in the U.S. District Court for the Southern District of New York. The SEC's complaint (Complaint) alleged that DBSI misled its customers about the fundamental nature and increasing risks associated with auction rate securities (ARS) that it underwrote, marketed and sold. The Complaint further alleged that DBSI, through client advisers, third party marketing materials and account statements, misrepresented ARS to its customers as safe, highly liquid investments comparable to cash or money market instruments, and that DBSI reinforced this perception by committing its own capital to support ARS auctions for which it served as the lead manager to ensure that those auctions did not fail. Without admitting or denying the allegations in the Complaint, DBSI consented to the entry of an injunction permanently enjoining it from engaging in violations of Section 15(c) of the Exchange Act. In addition, DBSI must offer to buy back ARS that were purchased from DBSI and that have failed since February 13, 2008 from retail customers, legal entities forming investment vehicles for family members, charities and certain small and medium -sized businesses. DBSI made such an offer to eligible customers, which offer ended on June 30, 2009. In addition, DBSI is required to make its best efforts to provide liquidity solutions to institutions and other customers not covered by the buyback. DBSI is also obligated, by June 30, 2009, to reimburse certain customers who took out loans secured by ARS for any interest paid in excess of the interest or dividends received on the ARS, or who sold their ARS below par. DBSI will submit progress reports until the end of 2009 detailing its progress with respect to these undertakings. Finally, DBSI agreed, until December 31, 2009, not to liquidate its own inventory of a particular ARS without making that liquidity opportunity available to its institutional and other customers holding the same ARS in their accounts and that have placed a limit order to sell such securities at the same price or better, or otherwise have informed DBSI of their intention or willingness to sell such securities at the same price or better.

### Prospectus Delivery

In October 2007, the NYSE censured and fined DBSI \$1.25 million in connection with DBSI's failure to ensure delivery of prospectuses to customers who purchased securities and mutual funds, to deliver product descriptions to customers who acquired exchange-traded funds, and to establish and maintain appropriate procedures of supervision and control with respect to these activities. As part of the settlement DBSI agreed to certify that its current policies and procedures are reasonably designed to ensure compliance with current federal securities laws and NYSE rules in these areas. DBSI neither admitted nor denied the NYSE's findings.

### Market Timing Settlement

In December 2006, the SEC and DBSI agreed to a settlement in connection with allegations by the SEC that a registered representative (RR) of DBSI engaged in market-timing and late trading of mutual funds, and that DBSI had no procedures and systems to prevent and detect the RR's fraudulent conduct. The SEC alleged that the RR violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The SEC also alleged that DBSI violated Rule 22c-1, as adopted under Section 22(c) of the Investment Company Act of 1940, the RR aided and abetted DBSI's violations of Rule 22c-1 and DBSI failed reasonably to supervise the RR, with a view to preventing his violations of the antifraud provisions and Rule 22c-1 of the federal securities laws, pursuant to Section 15(b)(4) of the Exchange Act.



Without admitting or denying the SEC's findings, DBSI agreed to be censured, agreed to cease and desist from committing or causing any violations and any future violations of Rule 22c-1(a), and agreed to pay \$202,835 in disgorgement and \$37,284 in prejudgment interest, plus a civil money penalty in the amount of \$202,835, for a total payment of \$442,954.

### **Research Analyst Settlement**

In August 2004, the SEC, the NYSE, NASD Regulation (now FINRA) and DBSI agreed to a settlement in connection with a joint investigation into research analyst conflicts of interest at DBSI and several other large investment banking firms. The SEC filed a complaint (the "Complaint") against DBSI in the United States District Court for the Southern District of New York (the "District Court") in a civil action captioned Securities and Exchange Commission v. Deutsche Bank Securities Inc.

DBSI executed a consent and undertaking in which DBSI neither admitted nor denied any of the allegations in the Complaint, except as to jurisdiction, but consented to the entry of a final judgment against DBSI by the District Court (the "Final Judgment"). The Final Judgment, among other things, enjoined DBSI, directly or through its officers, directors, agents and employees, from violating Section 17(b) of the Securities Act of 1933 (the "Securities Act") Section 17(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), NASD Rules 2110 and 3010 and NYSE Rules 342, 401, 472 and 476. Additionally, the Final Judgment ordered DBSI to make payments of: (a) \$50 million, offset in the amount of \$25 million paid by DBSI pursuant to its agreements with state regulators in related proceedings, (b) \$25 million to fund the provision of independent research to investors, (c) \$5 million to promote investor education, and (d) \$7.5 million in connection with allegations concerning Section 17(b) of the Exchange Act.

### **Initial Public Offerings**

In July 2004, DBSI reported to the SEC, the NYSE and the NASD that it had experienced problems with its collection and processing of research report conflict disclosures. Specifically, during the period of July 2002 through July 2004, DBSI failed to include conflict disclosures on its published reports in violation of NYSE Rule 472(k). DBSI also violated NYSE Rule 476(a)(6) by engaging in conduct inconsistent with just and equitable principles of trade by publishing research reports without required conflict of interest disclosures and violated NYSE Rule 342 in failing to establish and maintain appropriate procedures and systems and establish separate systems of follow-up and review to adequately supervise the inclusion of required conflict of interest disclosures on published research reports and in connection with research public appearances. DBSI was censured and paid a monetary fine in connection with such activities amounting to \$950,000.

In May 2004, DBSI paid a fine of \$481,000 and disgorged \$4.81 million in profits in connection with allegations that DBSI violated NASD Conduct Rule 2110 in connection with its allocation and sale of initial public offerings (IPOs) from September 1999 through March 2000. The NASD found that DBSI received without inquiry \$4.81 million in unusually high agency commissions on listed agency trades from ten customers within one day of allocating IPO shares to such customers. DBSI received commissions set by these customers of up to \$1 per share to execute institutional-sized agency trades in listed securities. By receiving these payments from certain customers without inquiry while providing the customers with IPO allocations the NASD found that DBSI failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of NASD Rule 2110. DBSI neither admitted nor denied the NASD's findings. Conflicts of Interest Disclosures in Research.

## Item 10 – Other Financial Industry Activities and Affiliations

### General

DBSI's principal business is that of a full service broker. DBSI is a registered broker-dealer under the Exchange Act, and is a member of the New York Stock Exchange and other principal exchanges in the United States. As such, it executes orders to buy and sell securities as agent; purchases and sells securities as principal; acts as a primary dealer in U.S. Government securities; structures, underwrites and deals in money market instruments, commercial paper, and municipal, asset-backed and corporate debt and equity securities; arranges private placements of securities; renders investment banking and other financial advice to corporate clients; and acts as an agent in the origination and sale of loans.

DBSI and investment managers may perform advisory and/or brokerage services for various clients and may give advice or take actions for other clients that differs from the advice given or the timing or nature of any action taken for any account.

Clients should be aware that, when serving in the capacity of broker, DBSI may have an incentive to recommend investment products to the client based on commissions to be paid to DBSI or an affiliate rather than the needs of the client. Moreover, as a registered broker-dealer and market maker, DBSI may hold, as inventory or otherwise, securities owned by or recommended to clients, and may, consistent with DBSI's policies and procedures and applicable law, and as described below, engage, as principal, in transactions with such clients or act as agent for one or more clients, including in respect to transactions where DBSI (or an affiliate) recommended the transaction or executed the transaction pursuant to a grant of discretionary authority. Accordingly, clients should be aware that they have the option to purchase investment products recommended by DBSI through other brokers or agents not affiliated with DBSI.

DBSI and its affiliates offer a wide range of investment services to hedge funds, money market funds and other mutual funds. These funds and their affiliates may utilize brokerage or other services of, or pay referral fees to, DBSI or an affiliate thereof. DBSI or the investment managers may recommend and exercise discretion with respect to securities, including interests in hedge funds and mutual funds, in which DBSI, its associated persons and/or its affiliates may have a position or beneficial interest, or for whom it or its affiliates provide other services.

In connection with the provision of investment advisory services, DBSI and/or its affiliates may receive licensing fees from the ETFs or their affiliates in connection with indices underlying the ETFs. They may also receive fees from the ETFs and/or the mutual funds or their affiliates in connection with the promotion, marketing and distribution of the funds. DBSI may elect to use ETFs or mutual funds advised by affiliates of DBSI. Affiliates of DBSI will earn management and other fees and other benefits (such as the ability to grow the size of assets under management, which may increase the attractiveness of the fund to other potential investors) through the use of affiliated ETFs and mutual funds in connection with the investment advisory services provided to clients. DBSI and its affiliates also act or may act as authorized participants and market makers for a number of the ETFs that may be used in connection with the investment advisory services provided to clients. In these roles, DBSI and such affiliates earn transaction-based compensation in connection with the trading of the instruments. These affiliations may create an incentive for DBSI to recommend these ETFs.

### CFTC Registrations

DBSI is registered as a Commodity Pool Operator and Futures Commission Merchant with the CFTC. A list of DBSI's principals is available on DBSI's National Futures Association registration page (NFA ID: 0210600).

### Other Affiliations

DBSI is a wholly-owned, indirect subsidiary of Deutsche Bank AG, a publicly traded company on the Frankfurt and New York Stock Exchanges. Among Deutsche Bank AG's internationally held direct and indirect affiliates and related persons are various other broker-dealers, investment companies, investment advisers and banking organizations. A complete list of the affiliates of Deutsche Bank AG is available upon request.

Since Deutsche Bank AG, its affiliates, directors, officers and employees (the "Firm") are engaged in business and have interests other than advising DBSI clients, such other activities involve real, potential or apparent conflicts of interest in engaging in these activities outside of investment management, these parties may act in their own interest or in the interests of third parties other than DBSI's clients. Present and future activities of the Firm in addition to those described herein may also result in conflicts of interest that may be disadvantageous to DBSI's clients.

Described below are related persons that DBSI has arrangements with that may be material to its advisory business. Employees of DBSI may be authorized to act on behalf of one or more of these entities. Additionally, employees of DBSI related persons may be authorized to act on behalf of DBSI. DBSI may utilize, suggest or recommend other services of any of its affiliates. The services involved will depend upon the services offered by the affiliate. The arrangements between DBSI and its affiliates may involve revenue sharing or joint compensation based upon each entity's activities for the client.

DBSI has established a variety of policies, procedures and disclosures designed to address conflicts of interest arising between advisory accounts and the Firm's businesses. It is DBSI's policy that DBSI personnel involved in decision making for advisory accounts must act in the best interests of their advisory clients and generally (but not exclusively) without knowledge of the interests of proprietary trading and other operations of the Firm and/or personnel of the Firm. Where advisory personnel do know of conflicts or potential conflicts among advisory accounts or between advisory accounts and the Firm and/or personnel of the Firm, it is DBSI's policy to disclose their existence in general form through this Form ADV or directly to clients.

DBSI acts as a fiduciary with respect to its advisory activities and owes its clients a duty of undivided loyalty. As a fiduciary, DBSI is required to act solely in the best interests of the clients whose assets it manages. On occasion, other entities within the Firm may have engagements and responsibilities which could give the appearance of a conflict with DBSI's duty of loyalty. To minimize these conflicts, as a general matter, DBSI employees associated with the investment process (including portfolio managers, research analysts and traders) have no contact with employees of the Firm outside of DBSI regarding specific clients, business matters or initiatives, unless permissible by internal procedures, or approved by DBSI Compliance.

### **Broker-Dealers**

DBSI has material arrangements with the following related persons that are U.S.-registered broker-dealers and may utilize their services to effect securities transactions for clients.

DWS Investments Distributors, Inc. (DIDI) is a registered broker-dealer under the Exchange Act and is a principal underwriter for the DWS Funds, supporting the DeAM retail distribution channel. DIDI also supports the DeAM institutional distribution channel, Absolute Return Strategies and RREEF America (real estate investment management) groups.

### **Investment Companies**

DeAM acts in an advisory or sub-advisory capacity to a variety of U.S. and non-U.S. investment companies for which DeAM or an affiliate acts as adviser, manager or distributor. In connection with these investment companies, certain DeAM employees may serve as directors, trustees or officers. Arrangements with respect to the sale of US-registered investment companies are disclosed in each mutual fund's prospectus in accordance with the disclosure requirements under the Investment Company Act. The sale and distribution of other pooled investment vehicles not subject to the Investment Company Act is made in accordance with applicable law.

### **Investment Advisers**

With respect to arrangements with a related person who is another investment adviser, DBSI has investment advisory affiliates in Australia, England, Germany, Hong Kong, Ireland, Italy, Japan, Singapore, Canada, Luxembourg, Poland and the United States. The following DBSI investment advisory affiliates are registered with the SEC as investment advisers: Deutsche Asset Management International GmbH, DB Investment Managers, Inc., Deutsche Investments Australia Limited, RREEF America LLC, Deutsche Asset Management (Japan) Limited, Deutsche Asset Management (Asia) Limited, Deutsche Asset Management (Korea) Company Limited, Deutsche Asset Management (Hong Kong) Limited and Deutsche Alternative Asset Management (Global) Limited.

The following DBSI investment advisory affiliates are not registered with the SEC as investment advisers: Deutsche Asset Management (Australia) Limited, DWS Investment GmbH, Deutsche Asset Management Investment GmbH, DWS Investment S.A., Deutsche Investment Trust Managers Limited, Deutsche Asset Management (India) Private Limited, DWS Polska TFI SA, Deutsche Asset Management Canada LTD, Deutsche Investments (Luxembourg) S.A., Deutsche Asset Management Schweiz AG, Deutsche Bank Trust Company Americas, Gordon Knott, Far Eastern Asset Management Limited, Harvest Fund Managements, Deutsche Asset Management SA and Deutsche Asset Management (UK) Limited.

DBSI may have co-advisory, sub-advisory or participating affiliate relationships with affiliated advisers as required for proper management of particular client accounts and in accordance with applicable law. In addition, DBSI may participate in sub-advisory, co-advisory or other joint projects related to investment companies with institutions not a part of the Deutsche Bank group of affiliates, provided such relationships comply with applicable law.

DBSI is an affiliate of Deutsche Investment Management Americas Inc., which serves as the administrator and/or adviser of several mutual funds, including the DWS Family of Funds and the Cash Reserves Fund Institutional. These funds may be offered to the brokerage and advisory clients of DBSI. These funds also may utilize the brokerage services of DBSI in connection with their portfolio investments

### **Banking Institutions**

The following banking institutions are related persons of DBSI:

Deutsche Bank AG is a publicly traded international commercial and investment banking concern listed on the Frankfurt and New York Stock Exchanges and is the indirect parent of DBSI and its affiliates. Deutsche Bank AG New York Branch, New York, NY is a branch office of Deutsche Bank AG.

Deutsche Bank Trust Company Americas, is a New York chartered bank and member of the Federal Reserve.

## **Partnerships**

From time to time, DBSI or its affiliates may act as general partner, managing member or other controlling entity in private investment vehicles that may invest in securities, commodities, real estate or other investments in which DBSI's clients may be solicited to invest. Absent specific authority, DBSI does not exercise any discretionary authority with respect to client decisions to invest in such vehicles.

## Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### Code of Ethics

Pursuant to the requirements of the Advisers Act of 1940, as amended (the “Advisers Act”), DBSI has implemented a code of ethics (the “Code of Ethics”), which is available to clients at any time upon request, and is designed, among other things, to manage potential conflicts of interest arising in connection with personal trading and to ensure that employee personal trading and knowledge of client transactions does not impermissibly disadvantage any client’s account. Pursuant to the Code of Ethics, employees of DBSI working in connection with DBSI’s investment advisory programs must, among other things:

- Receive prior supervisory approval before purchasing any securities in a private placement;
- Receive prior supervisory approval to serve on a board of directors of a publicly traded company;
- Receive prior supervisory approval to engage in certain other outside activities that may conflict with DBSI obligations to its clients;
- Pre-clear all of their personal securities transactions in securities that are not exempt from the Code of Ethics;
- Not purchase a security pursuant to an initial public offering; and
- Disclose their securities accounts to DBSI upon hire and annually thereafter.

Any employee who violates the Code of Ethics may be subject to disciplinary actions, including possible dismissal. In addition, any securities transactions executed in violation of the Code of Ethics, such as short-term trading or trading during blackout periods, may subject the employee to sanctions, ranging from warnings to trading privilege suspensions, including but not limited to, unwinding the trade and/or disgorging the profits as well as additional disciplinary action. Violations and suspected violations of criminal laws will be reported to the appropriate authorities as required by applicable laws and regulations.

### Participation or Interest in Client Transactions and Personal Trading

#### *Principal and Agency Cross Transactions*

Subject to DBSI’s duty to seek best execution, and in accordance with applicable law, including any obligations to provide disclosures to clients and to obtain clients’ consent, DBSI and its related persons may, as principal, sell securities to, or purchase securities from, its advisory clients, as well as perform brokerage services for those clients. In connection with any such principal transaction, DBSI and its supervised persons may earn compensation in the form of a mark-up or mark-down, which will be separate from and in addition to the wrap fee that the client pays to RJA. When acting in the capacity of principal, DBSI and its related persons may be deemed to have a conflict of interest between the firm’s financial interests and that of the client. DBSI generally addresses this potential conflict by obtaining client consent to principal transactions.

Subject to DBSI’s duty to seek best execution, DBSI may effect agency cross transactions for advisory clients, meaning it may act as agent for the investment advisory client on the one hand and for the non-advisory brokerage client on the other hand. In acting in the capacity as agent, DBSI may be deemed to have a potentially conflicting division of loyalties between DBSI’s financial interests and that of the investment advisory client. In order to mitigate this potential conflict, DBSI will not receive any commission, and no mark-up or spread will be charged or earned for such transactions. A minimal fee may be charged for the re-registration of the security from the non-advisory brokerage client. All such transactions will be executed in accordance with applicable regulatory consent and disclosure procedures, and any clients who have consented to agency cross trades may revoke this consent at any time, without penalty, by sending written notice to DBSI.

#### *Affiliated Products*

See the Additional Compensation and Conflicts of Interest section in Item 5 of this Brochure for information about conflicts of interest associated with client investments in products affiliated with DBSI or with which DBSI otherwise has a financial interest.

#### *Investments in Securities that DBSI Recommends to Clients or Buys/Sells for Clients*

DBSI and its affiliates may act as investment adviser to numerous client accounts. DBSI, DBSI’s employees and DBSI’s affiliates may invest in securities they also recommend to clients and may give advice and take action with respect to client accounts they manage, or for their own accounts, that may differ from action taken by DBSI or its affiliates or employees on behalf of other client accounts. As these situations may represent a potential conflict of interest, DBSI and its affiliates have adopted restrictive policies and procedures wherever deemed appropriate to detect and mitigate or prevent potential conflicts of interest, including policies and procedures relating to accounts in which DBSI employees have a personal financial interest, a legal right to effect transactions or otherwise influences or exercises control over the account (“Employee-Related Account”). DBSI employees with discretionary trading authority over client accounts are prohibited

from effecting the purchase or sale of a security for an Employee-Related Account within a certain time period before or after the same security is traded in a discretionary client account. DBSI employees are also subject to certain restrictions regarding the purchase or sale of securities when clients have purchase or sale orders for such securities. Further, DBSI employees with access to information about securities being removed from or added to a DBSI model portfolios, internal ratings changes for securities, and the initiation of research coverage for a security, are restricted from trading the relevant securities in any Employee-Related Account within a certain time period before or after the occurrence of such events. The Code of Ethics also generally restricts employees from “front running” or buying or selling securities in their Employee-Related Accounts so as to benefit from their knowledge of DBSI’s or a client’s trading positions, plans or strategies, or forthcoming research recommendations.

All employees are subject to personal securities reporting obligations. Employees are also required to disclose their securities accounts to the DBSI upon hire and maintain them with designated brokers.

## **Gifts and Entertainment**

DBSI has policies and procedures in place which prohibit DBSI employees from accepting or offering gifts, entertainment and other things of material value that may create a conflict of interest or give the appearance of a conflict of interest. In general, the policies dictate that giving and receiving gifts or participating in entertainment cannot occur if the value and/or the frequency of the gift or entertainment is excessive or extravagant. The policies impose specific restrictions and require supervisory approval of certain gifts and entertainment.

## **Effects of Certain Activities of DBSI and its Affiliates on Advisory Accounts**

DBSI and its affiliates are major participants in global financial markets and act as an investor, investment banker, investment manager, financier, advisor, market maker, trader, prime broker, lender, agent and principal in the global fixed income, currency, commodity, equity and other markets in which DBSI’s advisory accounts directly and indirectly invest. As permitted by and in conformity with applicable laws and regulations, DBSI’s advisory accounts will invest in, engage in applicable transactions with, or obtain services from entities for which DBSI performs or seeks to perform banking or other services. Additionally, it is likely that DBSI’s advisory accounts will undertake transactions in securities in which DBSI or its affiliates makes a market or otherwise has direct or indirect interests. DBSI makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts. As noted below, however, certain activities of DBSI or its affiliates may have a negative or detrimental effect on advisory accounts of DBSI.

DBSI may take investment positions in securities in which other clients or related persons within the Firm have different investment positions. There may be instances in which DBSI is purchasing or selling for its client accounts securities in which DBSI or an affiliate is undertaking the same or differing strategy in other businesses or other client accounts. Prices, availability, liquidity and terms of the investments may be negatively impacted by DBSI’s and its affiliates’ activities and the transactions for DBSI’s clients may, as a result, be less favorable than would otherwise be the case. The investment results for DBSI’s clients may differ from the results achieved by the DBSI and its affiliates and other clients of DBSI investing in similar securities. In addition, results among DBSI clients may differ.

For a summary of the restriction of the flow of certain information within DBSI and between DBSI and its affiliates, please see “Information Barriers” below. As noted, DBSI makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts independent of what decisions may be made by other parts of DBSI or its affiliates.

## **Information Barriers and Material Non-Public Information**

DBSI and its affiliates may come into possession of confidential, material non-public information particularly in connection with their commercial and investment banking activities. DBSI and its affiliates have internal procedures in place intended to limit the potential flow of any such non-public information.

Should DBSI come into any material, non-public information, DBSI has procedures that prohibit trading activities based on such information by DBSI for its clients and by DBSI employees. DBSI may not use material, non-public information obtained from any division of DBSI or its affiliates when making investment decisions for its clients. As a result of these procedures and prohibitions, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts. There may be instances in which senior management of DBSI or its affiliates, not involved in the investment process, may be privy to material, non-public information about transactions or securities due to discussions with senior personnel from other departments within DBSI and its affiliates. However, when in possession of material, non-public information, senior management may not participate or use that information to influence trading decisions or securities; nor may they pass that information along to personnel within DBSI or its affiliates involved in the investment process (e.g., portfolio managers, research analysts and traders) for use in investment activities.

## **Errors and Corrections**

In accordance with its policy, any error that affects a DBSI client account must be resolved promptly and fairly, and in accordance with legal/regulatory restrictions and guidelines. It is DBSI's policy to make the client whole with respect to any trade error losses incurred by the client and caused by DBSI. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. Any gains incurred when correcting a client account's trade error caused by DBSI are retained by the client.

## Item 12 – Brokerage Practices

### Selection of Brokers and Best Execution

DBSI has a duty to seek to obtain the best overall execution for client transactions. Consistent with this duty of best execution, DBSI expects to execute substantially all or a significant portion of transactions in equity securities through RJA, as clients will not pay commissions for trades executed by RJA because such commissions are included within the wrap fee charged by RJA. DBSI's decision to execute transactions through RJA will be based on DBSI's assessment of the overall quality of the execution capabilities of RJA versus other broker-dealers, taking into account that clients will not be charged commissions for trades executed through RJA. DBSI takes reasonable steps to ensure that RJA is complying with the duty of best execution and that DBSI's client orders are executed in a manner consistent with regulatory requirements.

DBSI may also, in its discretion, route certain trades for execution through third-party broker-dealers or DBSI's broker-dealer if, in accordance with DBSI's obligation to seek to obtain best execution, DBSI determines that clients will benefit from such execution notwithstanding any additional costs that they may bear. Clients may be charged a separate commission, spread, mark-up or mark-down for any transactions that DBSI routes for execution to broker-dealers other than RJA (including DBSI's broker-dealer), which separate costs will be payable by clients and in addition to the wrap fee.

Clients should be aware that certain securities, such as over-the-counter stocks and fixed income securities, are primarily traded in dealer markets. These securities are directly purchased from or sold to a financial services firm acting as a dealer or principal. Dealers executing principal trades typically include a markup/markdown and/or spread in the net price at which transactions are executed. For these transactions, in addition to the wrap fee, clients bear the cost (including any spread, markup or markdown) charged by the dealer. These additional costs also apply even if an order is executed through RJA, as RJA normally executes those orders as agent with an unaffiliated dealer that charges such spreads, markups or markdowns. Clients should be aware that, consistent with its duty of best execution, DBSI expects to execute most transactions in fixed income securities through broker-dealers other than RJA.

### Trade Aggregation

Accounts managed in similar styles often have similar investments and portfolio compositions and weightings. For this reason, DBSI may choose to acquire or dispose of the same securities for multiple accounts contemporaneously and may aggregate, into a single trade order, several individual contemporaneous orders for a single security (an "aggregated transaction").

Consistent with applicable law and relevant contractual arrangements, aggregated transactions may be used to facilitate best execution, including, as applicable, negotiating more favorable prices, obtaining more timely or equitable executions, or reducing overall commission charges. Aggregated transactions will be executed in a manner consistent with DBSI's duties to (i) seek best execution, (ii) treat clients in a fair and equitable manner over time and (iii) avoid systematically advantaging or disadvantaging any particular account. When aggregated orders are filled in their entirety, each participating account will participate at the average share price for the aggregated order, and transaction costs will be allocated based on participation. Partially filled bunched orders may be allocated on a pro rata, percentage or rotational basis. Reasonable adjustments may be made to the resulting allocation in order to satisfy certain requirements and market conventions (e.g., the need to maintain round lots, to fill specific percentages, to avoid crossing certain ownership thresholds or as necessary to maintain an account in conformity with its specific investment objectives, restrictions or guidelines).



## Item 13 – Review of Accounts

DBSI does not review investment performance with the client. Instead, RJA reviews that performance with the client. DBSI conducts its own periodic reviews of client accounts to ensure adherence to DBSI's stated investment objectives and client-specific investment restrictions.

DBSI does not provide any reports to clients. RJA provides all client statements and performance reporting to clients receiving the services described in this brochure.

## Item 14 – Client Referrals and Other Compensation

From time to time, DBSI may enter into arrangements with solicitors that refer investment advisory clients in accordance with requirements of Rule 206 (4)-3 under the Investment Advisers Act of 1940. Pursuant to written agreements which will require them to provide potential clients with disclosure regarding the terms of their arrangement with DBSI, the solicitors will be compensated, in amount generally based the amount of assets in the advisory accounts of the referred clients, for referring and developing potential investment advisory clients for DBSI.

## Item 15 – Custody

Client assets are held in custody by, and transactions are cleared through, RJA, which acts as DBSI's qualified custodian. RJA will provide Clients with transaction confirmations and account statements with respect to securities transactions executed for Client accounts. Clients should review these statements carefully.

## Item 16 – Investment Discretion

DBSI receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold without knowledge of the client prior to the transaction. Only upon receipt of an executed investment management agreement will DBSI begin discretionary management. DBSI investment discretion is limited by the terms of the client's investment management agreement and any investment restrictions agreed to with each respective client. DBSI's freedom of action with respect to a client's account may also be limited by legal investment restrictions imposed on such client. For example, DBSI will conduct all trades for accounts that are subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and individual retirement accounts that are subject to the Internal Revenue Code (the "Code") on an agency basis. With respect to such accounts, DBSI will not engage in principal trades, nor permit syndicate transactions or cross trades, nor permit the purchase of an affiliated investment fund or other product issued or sponsored by an affiliate unless DBSI determines, in its sole discretion, that such trade or purchase would not constitute a non-exempt "prohibited transaction" within the meaning of ERISA or the Code.

## Item 17 – Voting Client Securities

Generally, clients assume responsibility for voting proxies held in the client's account. DBSI, therefore, will not vote proxies for securities held in client accounts. In addition, clients assume responsibility for making all elections in connection with any merger, acquisition, tender offer, bankruptcy proceeding or similar corporate action relating to securities held in the account. DBSI will not act for a client in any other legal proceedings affecting that client's account, including class actions. Clients will receive proxies and other solicitations directly from RJA. Clients should contact RJA with questions with respect to respect to questions about a particular solicitation rather than DBSI.

## Item 18 – Financial Information

Not applicable.

## Item 19 – Requirements for State-Registered Advisers

Not applicable.