

- **Bottoms-up valuation** - DB CROCI Analyst team (60 people globally) assess each company in its global universe (800 stocks) from an Economic PE* perspective, adjusting balance sheets to reconcile operating cash flow across sectors for comparable stock-valuation
- **Quantitative selection** - stocks selected each month based on the lowest price-to-operating-earnings ratio, based on their valuation metrics (above)
- Stock universe is ex-financials
- Re-sets monthly
- Transparent - pull up the CROCI indices on Bloomberg for mark-to-market (ex: DBUSSDUT = CROCI US Dividends)
- Implementation can be customized via a separately managed account (SMA) of single stocks
- Tax-efficient, liquid, levered exposure can be achieved via total-return swap (TRS)
- 10 principal indices in the CROCI family: **US, UK, Japan, Germany, Euro, World, World Ex-Japan, Sectors III, Global Dividends and US Dividends**
- CROCI Dividends targets companies with sustainable dividends AND attractive valuations (performance below and p 7 of the attached)

Long only - TRS on CROCI US Dividends (DBUSSDUT):

Underlying: CROCI Div (DBUSSDUT)
 Client Pays: 3mLibor + 0.85% p.a., x Notional compounded quarterly
 Client Rcvs: Notional x [Final/Initial - 1]
 Initial Margin: 20%

Long/short US Only - Long CROCI US Dividends vs. Short S&P 500 (two swaps):

Underlying: CROCI Div (DBUSSDUT) and S&P 500 (SPTR)
 Client Pays: [SPTR Perf - (3mLibor + 0.20% p.a.)] x Notional
 Client Rcvs: [DBUSSDUT Perf - (3mLibor + 0.80% p.a.)] x Notional
 Initial Margin: 20%
 Index Perf = [(Final/Initial - 1)]

Indicative levels as of 4/8/14. Source: DB GM Equity Derivatives.

* (Enterprise Value/Net Capital Invested)/(Cash Return on Capital Invested)

5-Year History of CROCI US DIVIDENDS vs. S&P 500 Inedex (source: Bloomberg, as of close 4/7/14)