

Investment Strategy Group

Important Information

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Emerging markets may be in transitional or formative stages and thus may be significantly less stable than developed markets. Changes in emerging markets government structures or other political instability may result in nationalization, expropriation, ad hoc regulation, or foreign investment restrictions. Emerging market investments are at risk for currency devaluation, as well as convertibility, liquidity and transparency constraints. The high volatility and speculative nature of emerging market investments may result in both significant losses or profits.

Foreign Exchange/Currency - Such transactions involve multiple risks, including currency risk and settlement risk. Economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments may substantially and permanently alter the conditions, terms, marketability or price of a foreign currency. Profits and losses in transactions in foreign exchange will also be affected by fluctuations in currency where there is a need to convert the product's denomination(s) to another currency. Time zone differences may cause several hours to elapse between a payment being made in one currency and an offsetting payment in another currency. Relevant movements in currencies during the settlement period may seriously erode potential profits or significantly increase any losses.

Commodities - The risk of loss in trading commodities can be substantial. The price of commodities (e.g., raw industrial materials such as gold, copper and aluminum) may be subject to substantial fluctuations over short periods of time and may be affected by unpredicted international monetary and political policies. Additionally, valuations of commodities may be susceptible to such adverse global economic, political or regulatory developments. Prospective investors must independently assess the appropriateness of an investment in commodities in light of their own financial condition and objectives. Not all affiliates or subsidiaries of Deutsche Bank Group offer commodities or commodities-related products and services.

Ownership in an exchange traded fund does not provide investors with entitlements to the underlying security. Rather investors own a "creation unit" in a portfolio of stocks, bonds, or other securities. ETFs are subject to market risk and will fluctuate in value based on movements in the underlying security. Investors should realize that redemption values of ETFs are based upon the market value at the time of order and not at the net asset value as is the case for mutual funds. Investments in ETFs are subject to commission charges and management fees.

Direct Participation Program Securities (e.g. partnerships, limited liability companies, and real estate investment trusts ("REITS")), which are not listed on a national securities exchange or on The Nasdaq Stock Market, Inc. are generally illiquid. No formal trading market exists for these securities and their values will be different than the purchase price. Unless otherwise indicated, the values shown herein for such securities have been provided by the management of each program and are updated quarterly. These values represent management's estimate of the investor's interest in the net assets of the program. Therefore, the estimated values shown herein may not necessarily be realized upon sale of the securities. Such investments may be or become nonperforming after acquisition for a wide variety of reasons. Nonperforming real estate investments may require substantial workout negotiations and/or restructuring. Environmental liabilities may pose a risk such that the owner of real property may become liable for the costs of removal or remediation of certain hazardous substances released on, about under or in its property. Additionally, to the extent real estate investments are made in foreign countries, such countries may prove to be politically or economically unstable. Finally, exposure to fluctuations in currency exchange rates may affect the value of a real estate investment.

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REIT Class Explanation:

Class A: These properties represent the highest quality buildings in their market and area. They are generally newer properties built within the last 15 years with top amenities, high-income earning tenants and low vacancy rates. Class A buildings are well located in the market and are typically professionally managed. Additionally, they typically demand the highest rent with little or no deferred maintenance issues.

Class B: One step down from Class A, these properties are generally older than Class A, tend to have lower income tenants and may or may not be professionally management. Rental income is typically lower than Class A along with some deferred maintenance issues. Mostly, these buildings are well maintained and many investors see this as a "value-add" investment opportunity because through renovation and common area improvements, the property can be upgraded to Class A or a Class B+. Buyers are generally able to acquire these properties at a higher CAP Rate than a comparable Class A property because these properties are viewed as riskier than Class A.

Class C: Class C properties are typically more than 20 years old and located in less than desirable locations. The property is generally in need of renovation, including updating the building infrastructure to bring it up to date. As a result, Class C buildings tend to have the lowest rental rates in a market with other Class A or Class B properties. Some Class C properties need significant reposting to get to steady cash flows for investors.
<https://www.realtymogul.com/blog/what-is-class-a-class-b-or-class-c-property>