

# S&P 500 EPS TRACKER: 1Q25

## Americas CIO View

June 2025

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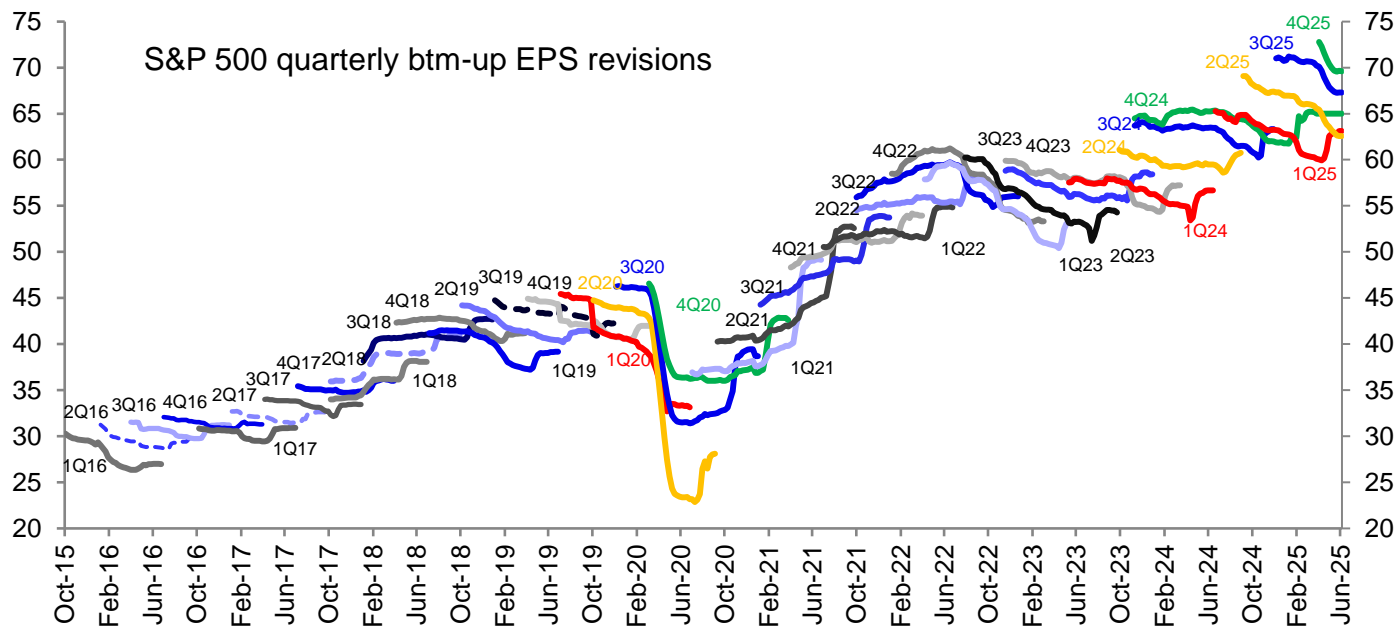
# 1Q 2025 EARNINGS SEASON OBSERVATIONS



- This data reflects the 492 S&P 500 companies or 98% of index earnings that have reported as of Monday Jun 2<sup>nd</sup>.
- Bottom-up blended 1Q earnings per share (EPS) is \$63.12 (actual results for companies reported and consensus estimates for the rest), +13.3% year-over-year (y/y). Our estimate for 1Q is \$62. Blended sales growth is +3.8% y/y. Blended pro-forma net margin is 13.3%, vs. 13.0% in 4Q24 and 12.1% a year ago.
- Bottom-up 1Q EPS y/y growth is 28.9% at the Great 8 (AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA) and 8.9% at the S&P ex. the Great 8. Bottom-up 1Q sales growth is 12.7% at the Great 8 and 2.7% at the S&P ex. the Great 8.
- S&P 500 ex the Great 8's 2025 consensus EPS have been cut by 9.4% since 2024 start (cut by 4.6% since 2025 start). The Great 8's 2025 consensus EPS have been raised by 17.4% since 2024 start (flat since 2025 start).
- 71% of reporting companies beat on EPS and 25% missed (the rest in-line), with an aggregate surprise of +5.8%, +6.1% ex Financials. Historic average EPS beat is +3.3% (2011-2019 average). 41% beat on sales and 29% missed, with an aggregate surprise of +0.8%, +0.7% ex Financials. Our measures of beat / miss ratios and magnitudes are based on analysts' consensus estimates at the end of the fiscal quarter for each company.
- Bottom-up consensus estimate for 2025 S&P EPS is now \$265.47. Our estimates is \$260 (\$260=\$62+\$64+\$65+\$69), up 6% y/y. This assumes soft manufacturing persists into 2025 and very strong EPS growth from Tech and Communications.
- By sector, 1Q blended EPS y/y growth is strongest at Health Care (+45% y/y), Communication Services (31%), Tech (17%), Industrials (9.5%), Consumer Discretionary (9.3%) and Financials (6.8%). EPS y/y growth is weakest at Energy (-19% y/y), Consumer Staples (-5.1%), Materials (-3.0%) and Real Estate (-0.9%).
- 1Q blended sales y/y growth is strongest at Tech (+13% y/y), Utilities (12%), Health Care (8.8%), Communication Services (5.8%), Real Estate (4.0%) and Energy (2.2%). Sales y/y growth is weakest at Financials (-4.7% y/y), Materials (-2.4%) and Industrials (0.2%).
- Valuations came down from their highs last year, but still demanding at both the Great Eight and S&P 492, particularly relative to real interest rate. S&P 500 excluding the Great 8 price-to-earnings (P/E) on 2025 consensus EPS is 20.2x, PE of the Great 8 is 30.0x. Overall S&P PE is 22.6x.
- We see the Great 8 at risk to overly demanding PEs, we see the rest of the S&P 500 at risk to a cyclical downturn. Both are at risk to higher Treasury yields.

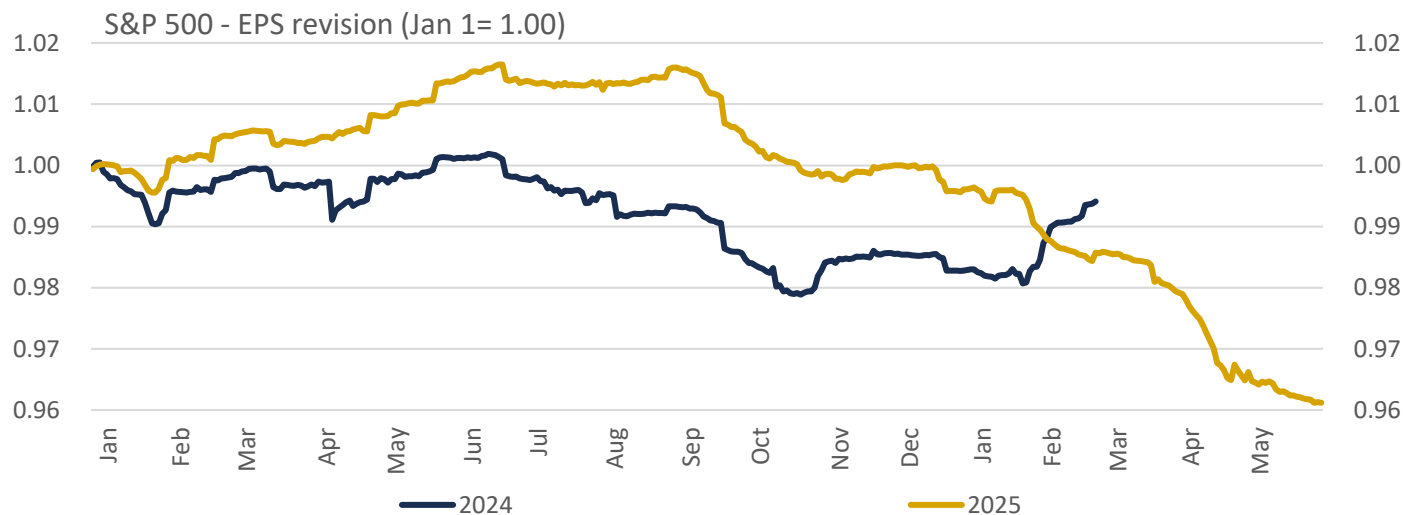
Source: DWS Investment GmbH as of 6/22/2025. For illustrative purposes only. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. This information should not be construed as a recommendation of any specific security.

# S&P 500 QUARTERLY EPS REVISION



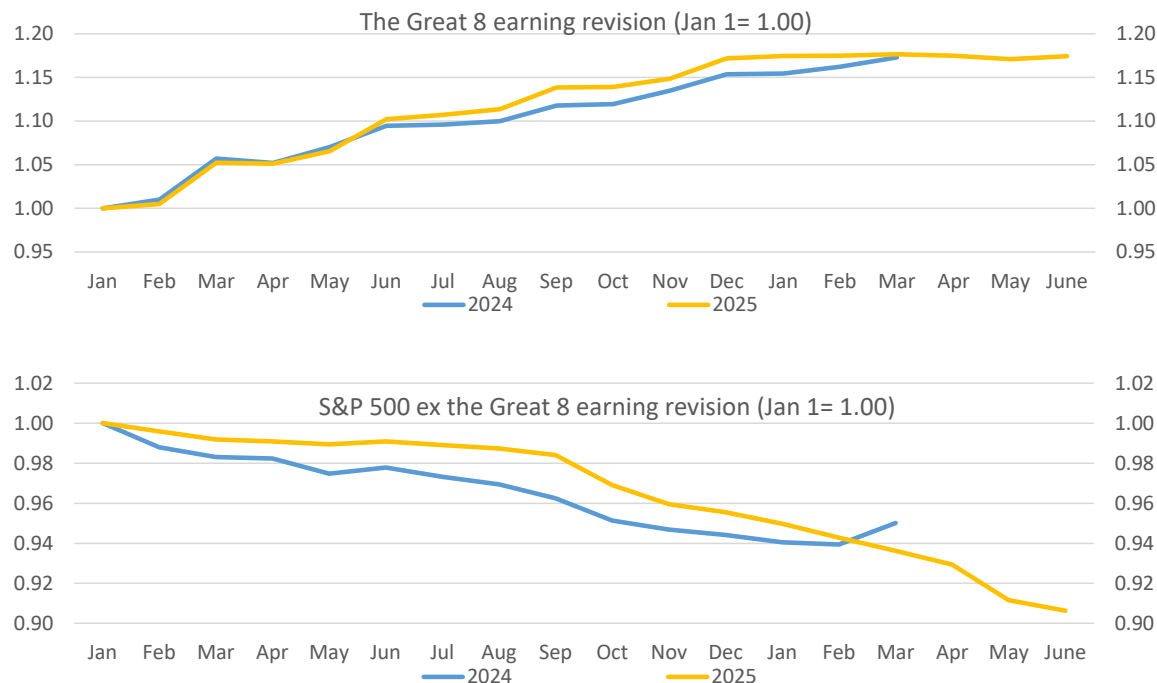
Source: Factset, DWS Investment GmbH as of 6/2/2025. For illustrative purposes only. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

# S&P 500 EPS REVISION



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# S&P 500 AND THE GREAT 8 EPS REVISIONS



The Great 8: AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA.

Source: IBES, Factset, DWS Investment GmbH as of 6/2/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index. This information should not be construed as a recommendation of any specific security. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

# 1Q 2025 EARNINGS SEASON SUMMARY STATISTICS



	1Q25 Summary (Based on reported companies)									
	% of EPS reported	# Cos reported	EPS (% of co's)		EPS surprise (%)	EPS y/y (%)	Sales (% of co's)		Sales surprise (%)	Sales y/y (%)
<b>S&amp;P 500</b>	<b>98.3%</b>	<b>492</b>	<b>71%</b>	<b>25%</b>	<b>5.8%</b>	<b>13.1%</b>	<b>41%</b>	<b>29%</b>	<b>0.8%</b>	<b>3.7%</b>
S&P ex. Tech	99.6%	428	69%	26%	7.1%	12.3%	40%	33%	0.7%	2.6%
S&P 500 ex. Financials & Real Est	97.8%	389	73%	24%	6.1%	15.2%	45%	29%	0.7%	5.0%
S&P 500 ex. Energy	98.2%	469	72%	24%	6.3%	15.1%	41%	29%	0.8%	3.8%
S&P ex. Energy, Financials & Real Est	97.7%	366	74%	23%	6.7%	18.1%	45%	28%	0.7%	5.3%
Communication Services	100.0%	22	82%	18%	23.3%	30.8%	59%	14%	0.6%	5.8%
Consumer Discretionary	99.2%	48	65%	31%	8.9%	9.3%	46%	42%	0.5%	1.7%
Consumer Staples	95.2%	34	68%	29%	1.7%	-5.0%	29%	53%	-0.9%	1.0%
Energy	100.0%	23	52%	39%	-3.2%	-18.7%	48%	43%	0.4%	2.2%
Financials	100.0%	72	65%	28%	5.2%	6.8%	29%	38%	1.7%	-4.7%
Health Care	100.0%	62	81%	18%	5.8%	45.0%	44%	26%	1.0%	8.8%
Industrials	100.0%	76	76%	20%	6.1%	9.5%	34%	30%	0.3%	0.2%
Information Technology	93.9%	64	84%	13%	1.5%	16.1%	50%	6%	1.3%	12.6%
Materials	100.0%	29	62%	34%	7.5%	-3.0%	34%	34%	1.0%	-2.4%
Real Estate	100.0%	31	68%	23%	1.6%	-0.9%	23%	16%	1.0%	4.0%
Utilities	100.0%	31	61%	39%	-1.8%	5.7%	74%	26%	5.1%	11.6%
Great 8 *	100.0%	9	78%	22%	10.1%	28.9%	78%	11%	0.8%	12.7%
S&P ex Great 8	97.7%	486	71%	24%	4.5%	8.6%	40%	29%	0.8%	2.5%

\* # Beat, # miss and weighted surprise % is based on EPS and sales estimate as of 3/31/2025 (as of 3/1/2025 for pre-season reporters)

EPS is considered beat or miss when the difference between actual and estimate as of 3/31/2025 is more than \$0.01 (3/1/2025 for pre-season reporters)

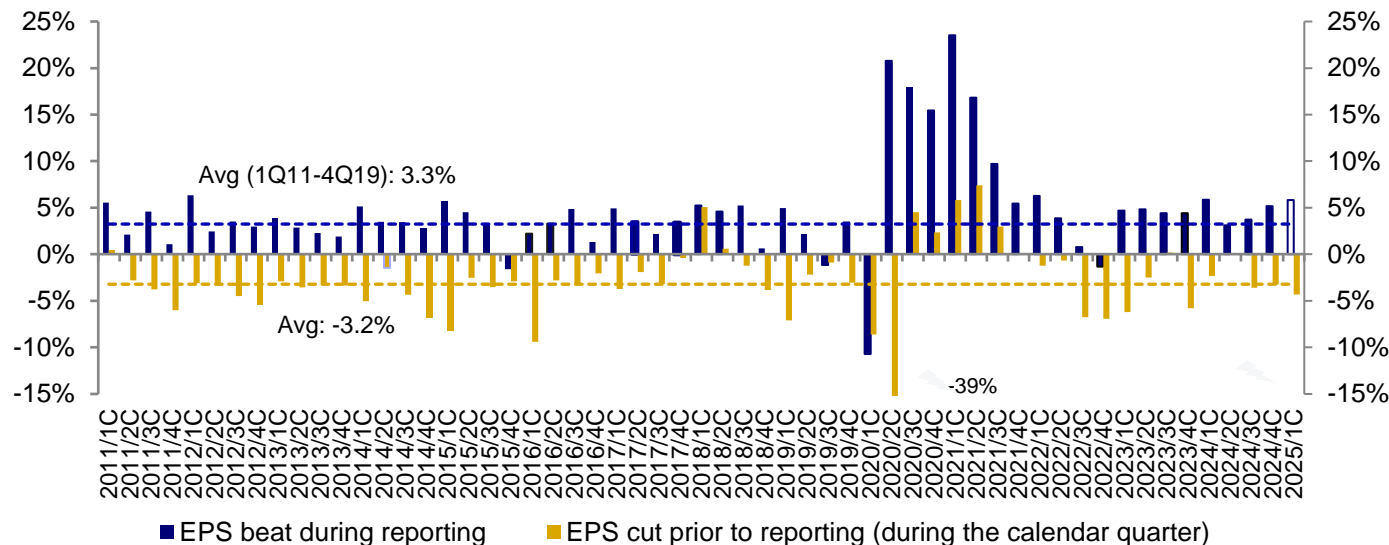
Sales is considered beat or miss when the difference between actual and estimate as of 3/31/2025 is more than \$20 million (3/1/2025 for pre-season reporters)

Source: Factset, DWS Investment GmbH as of 6/2/2025. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 QUARTERLY EPS REVISION AND SURPRISE



**S&P 500: EPS CUT DURING THE CALENDAR QUARTER VS. EPS BEAT DURING EARNINGS SEASON**



Source: Factset, DWS Investment GmbH as of 6/2/2025. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.



# S&P 500 EPS GROWTH BY SECTOR



1Q25 is blended with actual for reported and consensus for the rest

EPS growth (y/y)	2021					2022					2023					2024					2025
	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25
<b>S&amp;P 500</b>	<b>49.8%</b>	<b>88.9%</b>	<b>40.0%</b>	<b>31.9%</b>	<b>54.9%</b>	<b>10.4%</b>	<b>7.9%</b>	<b>4.7%</b>	<b>-3.1%</b>	<b>1.2%</b>	<b>0.1%</b>	<b>-2.1%</b>	<b>7.1%</b>	<b>9.3%</b>	<b>2.9%</b>	<b>7.9%</b>	<b>12.7%</b>	<b>9.1%</b>	<b>16.2%</b>	<b>11.4%</b>	<b>13.3%</b>
S&P 500 ex. Tech	49.4%	100.3%	39.9%	34.4%	51.8%	9.6%	9.9%	6.4%	-1.0%	6.4%	2.3%	-3.8%	5.2%	5.0%	2.4%	3.8%	10.7%	6.7%	15.4%	9.2%	12.2%
S&P 500 ex. Financials & Real Est	38.3%	77.6%	42.1%	38.2%	54.7%	17.5%	14.2%	8.6%	-2.0%	4.3%	-1.3%	-4.5%	4.4%	10.6%	1.4%	6.9%	11.7%	9.6%	13.1%	10.3%	15.4%
S&P 500 ex. Energy	51.0%	75.6%	32.7%	24.3%	48.1%	5.0%	-2.3%	-2.8%	-7.3%	-5.4%	-1.9%	4.5%	12.5%	12.9%	6.2%	11.0%	13.5%	11.8%	19.6%	14.0%	15.3%
S&P ex. Energy, Fin & Real Est	39.3%	61.9%	32.8%	28.2%	46.0%	10.4%	1.1%	-0.9%	-7.3%	-4.1%	-4.0%	3.5%	10.8%	15.3%	5.4%	10.9%	12.8%	13.2%	17.1%	13.4%	18.3%
Communication Services	53.9%	68.0%	41.5%	17.6%	39.5%	-4.1%	-13.5%	-21.8%	-27.1%	-17.3%	-10.7%	14.3%	45.6%	52.9%	24.3%	42.9%	8.0%	25.7%	31.5%	25.9%	30.8%
Consumer Discretionary	168.5%	380.3%	19.0%	90.4%	93.0%	-25.7%	-7.8%	20.5%	-13.5%	-4.9%	57.0%	54.6%	37.8%	35.8%	44.5%	26.9%	14.9%	11.4%	25.3%	18.9%	9.3%
Cons. Disc. ex. Auto	105.1%	224.4%	37.4%	110.4%	91.6%	-36.5%	-18.4%	14.1%	-26.3%	-12.8%	85.9%	62.6%	50.1%	67.1%	63.0%	42.2%	20.4%	9.9%	25.5%	21.7%	16.5%
Cons. Disc. ex. Broadline Retail	168.0%	2148.5%	39.8%	90.3%	113.7%	15.5%	25.7%	23.8%	34.4%	28.1%	23.5%	26.5%	23.1%	6.1%	19.0%	7.5%	1.3%	1.6%	5.2%	4.1%	-8.3%
Cons. Disc. ex. Auto & Broadline Retail	81.2%	561.8%	79.1%	128.0%	117.4%	19.5%	17.3%	17.2%	26.7%	27.5%	31.0%	26.1%	32.6%	26.3%	28.3%	17.3%	3.9%	-2.3%	1.3%	3.9%	-2.8%
Consumer Staples	21.1%	16.1%	6.7%	7.0%	12.8%	2.2%	-3.4%	-0.7%	-1.6%	0.7%	3.5%	10.1%	8.3%	8.7%	7.5%	7.1%	3.6%	4.4%	1.8%	2.7%	-5.1%
Energy	9.2%	244%	1932%	7749%	-1172%	252.3%	304.3%	147.5%	63.4%	159.1%	26.4%	-47.7%	-32.8%	-22.8%	-25.4%	-24.7%	0.0%	-26.8%	-30.5%	-20.7%	-18.7%
Financials	115.9%	162.2%	34.5%	12.5%	62.4%	-13.3%	-15.6%	-12.1%	-9.5%	-12.6%	6.9%	9.6%	22.5%	5.1%	10.7%	12.6%	19.0%	7.9%	33.9%	18.0%	6.8%
Health Care	27.3%	24.9%	27.3%	26.4%	27.4%	17.3%	9.0%	0.4%	-3.3%	7.0%	-14.3%	-26.1%	-17.5%	-14.3%	-19.4%	-24.7%	19.1%	14.2%	14.5%	5.3%	45.0%
Industrials	7.7%	246.2%	59.7%	31.0%	63.7%	23.7%	18.6%	14.1%	36.4%	18.3%	18.4%	20.3%	16.0%	9.6%	20.7%	6.9%	2.6%	-2.6%	10.0%	4.3%	9.5%
Industrials ex. Aerospace & Defense	6.7%	172.1%	69.3%	41.8%	71.6%	27.6%	27.3%	23.7%	20.8%	21.3%	18.1%	20.2%	10.6%	8.9%	19.5%	4.1%	3.1%	7.3%	20.4%	8.2%	7.6%
Industrials ex. Transportation	21.5%	107.8%	22.6%	2.3%	29.7%	9.8%	8.4%	6.5%	37.8%	14.0%	16.7%	16.8%	23.1%	12.4%	17.1%	12.3%	4.8%	-10.7%	-9.7%	0.0%	2.0%
Information Technology	51.6%	52.7%	40.3%	24.0%	65.7%	13.3%	-0.8%	-2.1%	-10.2%	-15.3%	-8.3%	5.6%	15.9%	25.9%	4.9%	26.0%	20.7%	18.7%	18.8%	20.0%	17.0%
Materials	52.6%	146.4%	100.4%	78.1%	95.2%	51.6%	20.6%	-8.3%	-21.7%	8.1%	-22.6%	-26.6%	-17.5%	-18.0%	-22.0%	-16.1%	-3.6%	-6.6%	7.4%	-3.7%	-3.0%
Real Estate	9.2%	30.3%	18.8%	10.3%	15.4%	16.9%	10.8%	10.6%	9.1%	12.1%	-2.3%	-0.1%	-0.9%	0.2%	0.3%	3.9%	-1.9%	1.6%	3.6%	1.7%	-0.9%
Utilities	-22.4%	7.0%	7.1%	7.6%	-4.0%	44.7%	-17.3%	-3.8%	-13.3%	1.4%	-20.8%	12.6%	5.1%	28.3%	8.2%	24.1%	15.9%	16.8%	7.0%	17.3%	5.7%

Note: Based on S&P 500 current index constituents compiled as of 9/30/2024.

Source: Factset, DWS Investment GmbH as of 6/2/2025. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.



# S&P 500 SALES GROWTH BY SECTOR



1Q25 is blended with actual for reported and consensus for the rest

Sales growth (y/y)	2021					2022					2023					2024					2025
	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25
<b>S&amp;P 500</b>	<b>9.5%</b>	<b>21.8%</b>	<b>13.9%</b>	<b>15.2%</b>	<b>15.0%</b>	<b>13.6%</b>	<b>12.2%</b>	<b>13.0%</b>	<b>9.0%</b>	<b>11.9%</b>	<b>9.1%</b>	<b>7.1%</b>	<b>5.0%</b>	<b>6.2%</b>	<b>6.8%</b>	<b>4.5%</b>	<b>5.8%</b>	<b>7.0%</b>	<b>3.0%</b>	<b>5.1%</b>	<b>3.8%</b>
S&P 500 ex. Tech	10.5%	25.0%	15.8%	15.7%	16.9%	13.5%	12.3%	12.5%	9.2%	11.7%	9.2%	6.9%	5.0%	6.4%	6.7%	4.6%	5.8%	7.4%	3.0%	4.8%	2.7%
S&P 500 ex. Financials & Real Est	11.9%	26.6%	17.4%	16.5%	18.1%	15.4%	13.3%	12.5%	8.0%	12.5%	7.0%	4.8%	4.0%	6.1%	5.2%	4.2%	6.2%	8.0%	3.5%	5.0%	5.1%
S&P 500 ex. Energy	12.4%	20.7%	13.5%	11.6%	14.5%	10.4%	6.7%	8.7%	7.1%	8.2%	9.0%	10.7%	7.1%	8.2%	8.6%	5.7%	6.2%	9.1%	4.6%	6.4%	3.9%
S&P ex. Energy, Fin & Real Est	12.7%	22.2%	13.8%	11.8%	15.2%	11.9%	7.4%	8.8%	7.3%	9.1%	8.2%	9.9%	6.7%	7.9%	7.8%	5.0%	6.0%	9.5%	4.2%	5.7%	5.4%
Communication Services	8.4%	22.3%	13.3%	22.7%	15.5%	8.0%	7.6%	5.6%	4.4%	6.5%	5.0%	3.3%	5.9%	6.5%	5.2%	6.7%	5.9%	7.5%	7.1%	13.1%	5.8%
Consumer Discretionary	22.5%	39.4%	12.3%	12.4%	18.9%	10.8%	12.7%	16.0%	11.2%	12.9%	8.9%	9.8%	7.1%	5.8%	8.1%	5.7%	5.0%	6.2%	6.1%	10.7%	1.5%
Cons. Disc. ex. Auto	27.4%	33.5%	18.6%	14.7%	20.9%	10.7%	9.5%	11.6%	7.8%	10.1%	6.6%	6.4%	6.8%	6.8%	7.0%	6.6%	4.7%	5.7%	5.9%	12.1%	3.6%
Cons. Disc. ex. Broadline Retail	16.2%	45.0%	11.4%	13.7%	17.9%	12.2%	14.9%	16.6%	12.4%	14.4%	8.8%	9.4%	5.2%	2.7%	6.8%	3.3%	3.3%	4.5%	4.2%	10.6%	-1.2%
Cons. Disc. ex. Auto & Broadline Retail	20.5%	37.6%	20.4%	18.1%	20.5%	12.7%	10.9%	10.4%	7.4%	10.7%	5.3%	4.3%	3.9%	2.8%	4.5%	3.6%	2.1%	2.9%	3.0%	12.8%	0.9%
Consumer Staples	5.2%	11.4%	10.8%	9.3%	8.8%	9.2%	9.3%	9.2%	6.1%	7.7%	5.3%	3.0%	3.6%	3.0%	3.7%	1.2%	4.2%	2.0%	1.4%	-30.1%	1.8%
Energy	3.6%	108.2%	71.3%	89.0%	60.5%	56.6%	77.4%	49.4%	14.5%	47.7%	-3.4%	-28.6%	-15.7%	-9.8%	-14.7%	-3.7%	7.9%	-5.4%	-4.0%	-1.7%	2.2%
Financials	11.3%	12.4%	11.9%	9.8%	10.6%	1.1%	1.7%	7.6%	6.2%	2.2%	14.5%	16.1%	9.8%	9.8%	14.4%	9.7%	7.3%	7.3%	6.7%	11.1%	-4.7%
Health Care	10.0%	19.4%	15.9%	14.4%	13.6%	15.5%	10.6%	5.9%	4.7%	8.6%	3.6%	5.0%	6.2%	7.3%	6.1%	6.8%	7.4%	10.3%	8.9%	0.5%	8.8%
Industrials	1.5%	27.3%	16.4%	13.3%	13.2%	12.9%	13.2%	13.1%	11.0%	8.3%	6.3%	3.5%	3.3%	5.5%	5.1%	3.7%	2.4%	0.2%	-2.3%	14.4%	0.2%
Industrials ex. Aerospace & Defense	6.5%	35.3%	22.8%	20.9%	20.1%	19.2%	18.9%	16.6%	10.7%	13.1%	9.2%	4.9%	4.4%	6.0%	3.8%	2.4%	1.9%	-0.2%	0.8%	15.7%	-1.6%
Industrials ex. Transportation	2.6%	21.0%	9.3%	5.6%	8.3%	6.1%	6.3%	10.1%	11.9%	3.1%	7.3%	7.1%	6.8%	8.1%	7.9%	4.5%	2.0%	-1.5%	-4.8%	20.8%	-0.2%
Information Technology	22.7%	20.9%	24.0%	15.6%	17.8%	13.7%	8.3%	7.0%	-2.7%	6.5%	-2.5%	-0.2%	2.7%	7.7%	2.6%	7.7%	10.7%	12.6%	11.7%	14.5%	12.8%
Materials	16.2%	39.6%	36.8%	42.1%	31.9%	24.2%	17.4%	5.9%	-4.5%	9.1%	-6.9%	-11.4%	-9.6%	-4.0%	-5.3%	2.2%	1.8%	8.0%	3.0%	-7.9%	-2.4%
Real Estate	2.9%	19.2%	16.6%	18.4%	14.3%	20.7%	17.1%	14.3%	8.0%	13.8%	6.1%	6.4%	6.5%	8.2%	6.7%	7.4%	3.6%	6.9%	7.3%	7.5%	4.0%
Utilities	9.4%	5.4%	4.7%	52.1%	12.3%	19.5%	30.1%	32.8%	20.2%	16.8%	12.6%	-2.6%	-6.2%	-8.0%	0.2%	-8.2%	4.0%	4.0%	1.6%	3.3%	11.6%

Note: Based on S&P 500 current index constituents compiled as of 9/30/2024.

Source: Factset, DWS Investment GmbH as of 6/2/2025 . For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 NET MARGINS BY SECTOR



1Q25 is blended with actual for reported and consensus for the rest

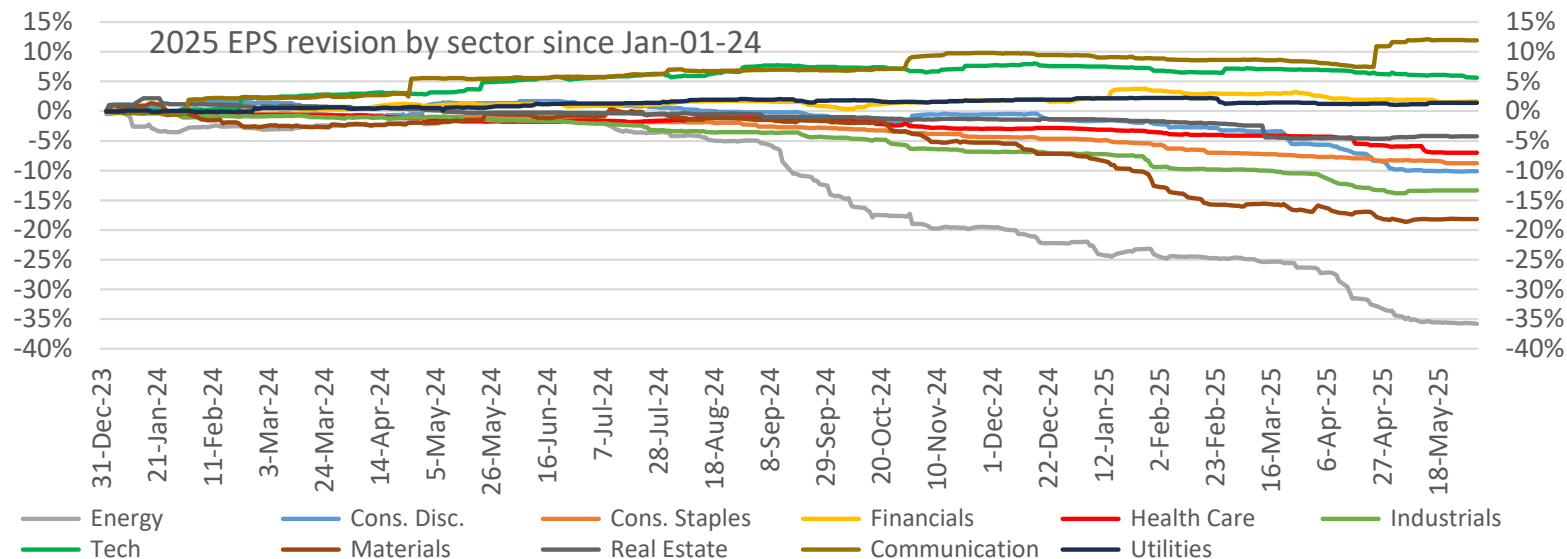
Net margins	2021					2022					2023					2024					2025
	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25
<b>S&amp;P 500</b>	<b>13.7%</b>	<b>13.9%</b>	<b>13.7%</b>	<b>13.2%</b>	<b>14.2%</b>	<b>13.1%</b>	<b>13.1%</b>	<b>12.6%</b>	<b>11.6%</b>	<b>12.6%</b>	<b>11.9%</b>	<b>11.9%</b>	<b>12.7%</b>	<b>11.7%</b>	<b>12.0%</b>	<b>12.1%</b>	<b>12.4%</b>	<b>12.6%</b>	<b>13.0%</b>	<b>12.5%</b>	<b>13.3%</b>
S&P500 ex. Tech	12.4%	12.6%	12.4%	11.6%	12.2%	11.8%	12.1%	11.5%	10.3%	11.3%	10.8%	10.7%	11.3%	10.0%	10.6%	10.5%	11.0%	11.0%	11.1%	11.0%	11.6%
S&P500 ex. Financials & Real Est	11.9%	12.3%	12.5%	12.1%	12.8%	12.0%	12.2%	11.8%	10.7%	11.7%	10.8%	10.9%	11.6%	11.0%	11.0%	10.9%	11.3%	11.7%	11.9%	11.5%	12.1%
S&P500 ex. Energy	14.4%	14.5%	14.2%	13.6%	14.7%	13.4%	13.0%	12.4%	11.5%	12.6%	11.8%	12.1%	12.8%	11.8%	12.1%	12.3%	12.7%	13.0%	13.4%	12.8%	13.7%
S&P ex. Energy, Fin & Real Est	12.6%	12.9%	12.9%	12.4%	13.4%	12.2%	11.9%	11.5%	10.4%	11.5%	10.6%	11.0%	11.7%	11.0%	11.0%	11.1%	11.5%	12.0%	12.3%	11.7%	12.5%
Communication Services	19.9%	19.8%	19.1%	18.0%	19.1%	17.4%	15.0%	13.2%	11.6%	14.0%	14.1%	15.9%	17.6%	16.3%	16.0%	18.5%	15.9%	20.2%	19.7%	17.5%	22.5%
Consumer Discretionary	8.0%	8.3%	7.9%	8.4%	8.0%	5.1%	6.5%	8.0%	6.2%	6.5%	7.1%	9.0%	10.1%	7.9%	8.5%	8.3%	9.5%	10.3%	9.1%	8.9%	8.7%
Cons. Disc. ex. Auto	7.7%	9.0%	8.3%	8.9%	8.2%	4.1%	6.3%	8.1%	5.7%	6.1%	6.8%	9.4%	11.2%	8.8%	9.1%	8.7%	10.4%	11.2%	10.2%	9.8%	9.9%
Cons. Disc. ex. Broadline Retail	8.0%	8.7%	9.5%	7.4%	8.2%	7.9%	9.1%	9.8%	8.5%	8.9%	8.6%	10.2%	11.2%	8.5%	9.6%	8.6%	9.6%	10.4%	8.4%	8.6%	7.6%
Cons. Disc. ex. Auto & Broadline Retail	7.5%	9.8%	10.6%	7.8%	8.5%	7.5%	9.8%	10.7%	8.7%	9.3%	8.8%	11.5%	13.3%	10.4%	11.0%	9.5%	11.1%	12.0%	9.9%	9.9%	9.1%
Consumer Staples	6.9%	7.0%	6.8%	6.4%	6.7%	6.3%	6.1%	6.1%	5.8%	6.2%	6.1%	6.5%	6.3%	6.1%	6.3%	6.5%	6.4%	6.4%	6.1%	9.2%	5.9%
Energy	4.4%	6.3%	8.8%	9.3%	7.6%	10.1%	14.3%	14.3%	12.7%	13.1%	12.6%	9.9%	10.7%	10.5%	10.9%	9.6%	9.2%	8.5%	7.9%	8.8%	8.0%
Financials	23.4%	22.9%	20.4%	19.8%	21.6%	19.4%	18.3%	16.2%	16.5%	18.0%	17.8%	17.0%	17.8%	15.5%	17.1%	17.9%	18.5%	17.5%	19.0%	17.8%	19.6%
Health Care	11.6%	11.4%	11.4%	10.4%	11.2%	11.7%	11.1%	10.6%	9.5%	10.9%	9.5%	7.7%	8.1%	7.4%	8.1%	6.6%	8.4%	8.3%	7.7%	8.4%	8.7%
Industrials	8.2%	9.7%	9.7%	8.4%	9.0%	8.8%	9.8%	9.4%	10.1%	9.6%	9.5%	11.2%	10.4%	10.3%	10.8%	9.6%	11.0%	9.9%	11.3%	9.6%	10.4%
Industrials ex. Aerospace & Defense	9.5%	10.6%	11.2%	10.7%	10.2%	9.9%	11.1%	11.4%	11.3%	10.7%	10.3%	12.4%	11.8%	11.4%	12.0%	10.3%	12.3%	12.3%	13.3%	11.1%	11.2%
Industrials ex. Transportation	10.0%	10.7%	10.5%	8.7%	10.2%	10.2%	10.6%	9.8%	10.4%	11.0%	10.7%	11.3%	11.1%	10.8%	11.7%	11.3%	11.5%	9.9%	10.1%	9.4%	11.5%
Information Technology	24.2%	24.4%	24.7%	25.1%	30.2%	23.9%	22.2%	22.4%	22.7%	23.7%	22.0%	23.1%	25.0%	26.3%	23.9%	25.7%	25.2%	26.2%	27.9%	25.0%	26.4%
Materials	12.4%	15.6%	14.4%	14.2%	12.2%	14.7%	15.4%	12.0%	11.3%	11.7%	11.9%	12.5%	10.7%	9.6%	9.4%	9.8%	11.9%	9.4%	10.1%	10.0%	9.6%
Real Estate	36.0%	36.9%	35.6%	33.6%	35.1%	36.4%	36.6%	36.1%	35.8%	36.1%	35.2%	35.9%	35.1%	34.2%	35.4%	35.5%	35.5%	34.5%	34.0%	34.7%	34.5%
Utilities	12.5%	16.4%	19.0%	11.1%	13.1%	15.3%	10.7%	13.8%	8.2%	11.6%	10.8%	12.4%	15.6%	11.5%	12.6%	14.7%	13.9%	17.5%	12.3%	14.3%	14.1%

S&P net margins surged to record high of 13.9% in 2021, led by digital firms, and consumer goods producers/retailers. We see some cyclical set-backs in net margins. S&P 500 net margins are cyclical, but not mean reverting, they have been rising since mid-1990s for structural reasons.

Note: Blue represents net margin expansion y/y, Orange represents net margin contraction y/y. Based on S&P 500 current index constituents compiled as of 9/30/2024.

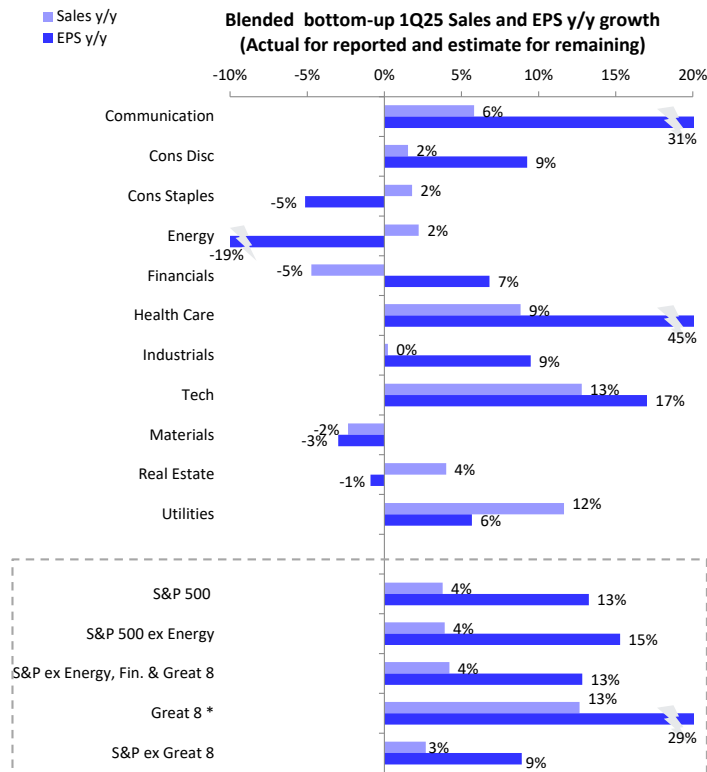
Source: Factset, DWS Investment GmbH as of 6/2/2025. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 2025 EPS REVISION BY SECTOR



Source: Factset, DWS Investment GmbH as of 6/2/2025. For illustrative purposes only. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

# S&P 500 EPS AND SALES Y/Y GROWTH BY SECTOR



\*Great 8: AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA

Source: Factset, DWS Investment GmbH as of 6/2/2025. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 EPS MODEL



														Bottom-up Consensus (IBES)				DWS View				Normalized 2025	
														2025E	y/y	2026E	y/y	2025E	y/y	2026E	y/y	(\$)	% of 2025
S&P 500 EPS (historical index)	\$118.82	\$117.46	\$118.10	\$132.00	\$161.93	\$162.93	\$139.72	\$208.12	\$218.09	\$221.36	\$242.73	9.7%	7.4%										
S&P 500 EPS (current constituents)	\$116.94	\$117.28	\$117.85	\$131.21	\$157.97	\$159.48	\$143.22	\$217.85	\$218.24	\$222.05	\$245.19	10.4%	7.7%	\$265	8.3%	\$301	13.4%	\$260	6.0%	\$285	9.6%	\$260	100%
Sector (\$ bn)																							
Communication Services	66.7	77.1	89.2	97.3	121.7	128.5	132.5	184.6	144.4	173.6	214.7	23.6%	12.4%	248.0	15.5%	270.6	9.1%	236.0	9.9%	259.0	9.7%	234.7	99%
Consumer Discretionary	57.9	68.2	75.8	80.2	95.6	94.0	63.9	121.9	111.3	157.2	182.2	15.9%	12.2%	183.0	0.4%	208.8	14.1%	175.5	-3.7%	195.0	11.1%	183.4	105%
Consumer Staples	92.0	90.1	92.3	96.6	104.1	105.0	113.0	126.8	126.0	133.9	136.2	1.8%	4.0%	136.8	0.4%	147.3	7.7%	129.5	-4.9%	138.0	6.6%	129.5	100%
Energy	94.3	39.9	10.6	36.9	69.0	48.0	-6.7	76.1	194.2	137.9	110.3	-20.0%	1.6%	95.0	-13.8%	114.2	20.1%	100.0	-9.3%	115.0	15.0%	100.0	100%
Financials	184.7	200.3	204.2	213.4	262.6	276.7	226.3	363.5	308.8	335.3	387.5	15.6%	7.7%	404.0	4.2%	455.8	12.8%	400.0	3.2%	430.0	7.5%	394.1	99%
Health Care	137.2	152.1	156.9	171.1	187.9	205.7	226.2	291.7	307.9	243.9	253.3	3.9%	6.3%	291.6	15.2%	322.4	10.6%	285.0	12.5%	316.0	10.9%	280.0	98%
Industrials	96.8	98.1	95.3	105.1	129.1	112.1	71.1	118.0	135.8	160.3	163.9	2.3%	5.4%	174.0	6.1%	201.5	15.8%	165.0	0.7%	187.0	13.3%	171.5	104%
Information Technology	162.8	169.0	173.7	206.8	241.8	237.4	269.4	443.3	370.9	384.0	459.5	19.7%	10.9%	542.4	18.0%	637.6	17.5%	540.0	17.5%	619.0	14.6%	540.0	100%
Materials	24.6	23.1	22.1	28.8	35.9	33.7	32.2	62.3	64.9	49.8	48.4	-2.9%	7.0%	49.0	1.4%	57.3	16.8%	46.5	-3.8%	50.0	7.5%	45.5	98%
Real Estate	22.0	23.7	27.5	31.0	34.8	36.3	36.2	43.1	50.4	52.7	55.6	5.6%	9.7%	56.3	1.2%	60.3	7.2%	54.0	-2.9%	57.0	5.6%	53.4	99%
Utilities	32.3	32.5	34.9	36.7	40.0	45.2	46.8	47.4	48.7	53.1	62.5	17.7%	6.8%	65.6	5.0%	70.9	8.1%	66.5	6.4%	71.5	7.5%	73.4	110%
S&P 500	971.3	974.1	982.7	1103.8	1322.5	1322.7	1210.8	1878.7	1863.4	1881.6	2074.1	10.2%	7.9%	2245.8	8.3%	2546.7	13.4%	2198.0	6.0%	2437.5	10.9%	2205.4	100%
S&P ex. Energy (\$bn)	876.9	934.2	972.1	1067.0	1253.5	1274.7	1217.5	1802.6	1669.2	1743.7	1963.9	12.6%	8.4%	2150.7	9.5%	2432.5	13.1%	2098.0	6.8%	2322.5	10.7%	2105.4	100%
S&P ex. Tech (\$bn)	808.5	805.1	809.0	897.0	1080.7	1085.3	941.3	1435.4	1492.5	1497.5	1614.6	7.8%	7.2%	1703.4	5.5%	1909.2	12.1%	1658.0	2.7%	1818.5	9.7%	1665.4	100%
S&P 500 Sales/Share (historical index)	\$1,163	\$1,127	\$1,151	\$1,232	\$1,339	\$1,415	\$1,362	\$1,567	\$1,753	\$1,872	\$1,967	5.1%	5.4%										
S&P 500 Non-GAAP Net Margin	10.2%	10.4%	10.3%	10.7%	12.1%	11.5%	10.3%	13.3%	12.4%	11.8%	12.3%												
S&P 500 EPS	Whole Year	1Q	2Q	3Q	4Q																		
2019A	163	39	41	41	42																		
2020A	140	33	28	38	42																		
2021A	210	49	53	54	54																		
2022A	222	55	58	56	53																		
2023A	223	53.00	54.25	58.5	57.25																		
2024A	245	56.50	60.50	63.00	65.00																		
2025E	260	62.00	64.00	65.00	69.00																		

S&P 500 EPS historical constituents represents the earnings per share (EPS) of S&P 500 index constituents at the time, while S&P 500 EPS current constituents represents the earnings per share of index constituents as of the date the data was compiled 9/30/2024. FFO is used for REITs instead of EPS.

Source: Factset, DWS Investment GmbH as of 6/2/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. No representation or warranty is made by DWS as to the reasonableness or completeness of the forward-looking statements or to any other financial information contained herein.

# S&P 500 SECTOR AND INDUSTRY ALLOCATION



	Market	Allocated	Sector	2024	2025	Overweight	2024	2025	Equal weight	2024	2025	Underweight	2024	2025
Over-weight	14.3%	18.7%	Financials	18.6	18.0	Banks Capital Markets Insurance	13.7 21.1 16.2	13.4 19.5 15.7	Financial Services	26.7	26.2	Consumer Finance	15.5	16.0
	9.5%	13.8%	Health Care	18.4	17.2	Biotechnology Health Care Equipment & Supplies Pharmaceuticals	21.3 27.5 16.1	18.0 27.2 15.2				Health Care Providers & Services Life Sciences Tools & Services	13.4 20.9	12.8 21.1
	2.5%	4.2%	Utilities	19.6	18.4	Electric Utilities Multi-Utilities	19.4 20.2	18.3 18.8	Gas Utilities Independent Power & Renewable E Water Utilities	21.9 17.0 27.4	19.9 16.2 24.9			
	9.6%	11.2%	Communication Services	23.1	21.0	Entertainment Interactive Media & Services	84.1 24.0	39.0 22.3	Wireless Telecommunication Servi	26.0	23.5	Diversified Telecommunication Servi	10.9 9.7	11.4 9.9
	31.7%	32.3%	Information Technology	33.7	28.7	Software IT Services	36.5 24.5	32.5 24.0	Technology Hardware Storage & P	28.0	26.6	Communications Equipment Electronic Equipment Semiconductors	19.9 27.0 39.4	19.7 27.0 28.5
	3.0%	3.4%	Energy	15.6	17.2	Energy Equipment & Services	10.5	11.5				Oil Gas & Consumable Fuels	16.1	17.8
Under-weight	1.9%	1.2%	Materials	22.0	22.8				Construction Materials Metals & Mining	22.8 16.0	32.6 17.5	Chemicals Containers & Packaging	23.8 22.4	23.9 22.1
	2.1%	0.4%	Real Estate	18.3	18.9				Hotel & Resort REITs Industrial REITs Office REITs Real Estate Mgmt. & Development Retail REITs	7.9 20.1 9.8 37.8 12.2	8.5 20.5 10.8 35.8 12.7	Health Care REITs Residential REITs Specialized REITs	18.6 17.8 20.0	17.6 17.5 21.7
	8.7%	5.9%	Industrials	26.3	26.2	Aerospace & Defense Air Freight & Logistics Electrical Equipment	51.9 13.3 36.1	34.0 14.3 31.7	Construction & Engineering Passenger Airlines	38.7 10.4	33.5 10.4	Building Products Commercial Services & Supplies Ground Transportation Industrial Conglomerates Machinery Professional Services Trading Companies & Distributors	25.7 39.2 19.3 22.0 19.4 31.5 20.7	28.4 37.3 24.4 24.0 21.4 31.8 21.8
	5.8%	3.0%	Consumer Staples	24.7	25.9	Beverages	20.3	20.6	Personal Care Products	22.9	17.5	Consumer Staples Distribution & Ret Food Products Household Products Tobacco	35.2 14.5 24.4 20.6	38.1 16.4 26.1 19.6
	10.7%	5.8%	Consumer Discretionary	29.0	30.2	Automobile Components Broadline Retail	9.7 35.7	10.1 33.5	Distributors Leisure Products Textiles Apparel & Luxury Goods	16.2 16.3 20.5	17.6 17.0 26.7	Automobiles Hotels Restaurants & Leisure Household Durables Specialty Retail	40.7 27.4 10.2 24.4	47.8 25.9 13.0 26.9
			Automobiles	40.7	47.8									
			Broadline Retail	34.9	32.8									
			CD ex Auto & Broadline Retail	23.0	24.6									
Aggregate PE: DWS View						Overweight	24.4	22.5	Equalweight	24.5	23.7	Underweight	23.8	23.2
S&P 500									2024 & 2025 EPS	245.00	260.00	2024 & 2025 PE	24.2	22.8
									Bottom-up Consensus EPS	245.19	265.47	Bottom-up Cons. PE	24.2	22.4
									2024 & 2025 Ex Energy PE			24.7	23.3	
									Bin-up Cons. Ex Energy PE			24.9	22.7	

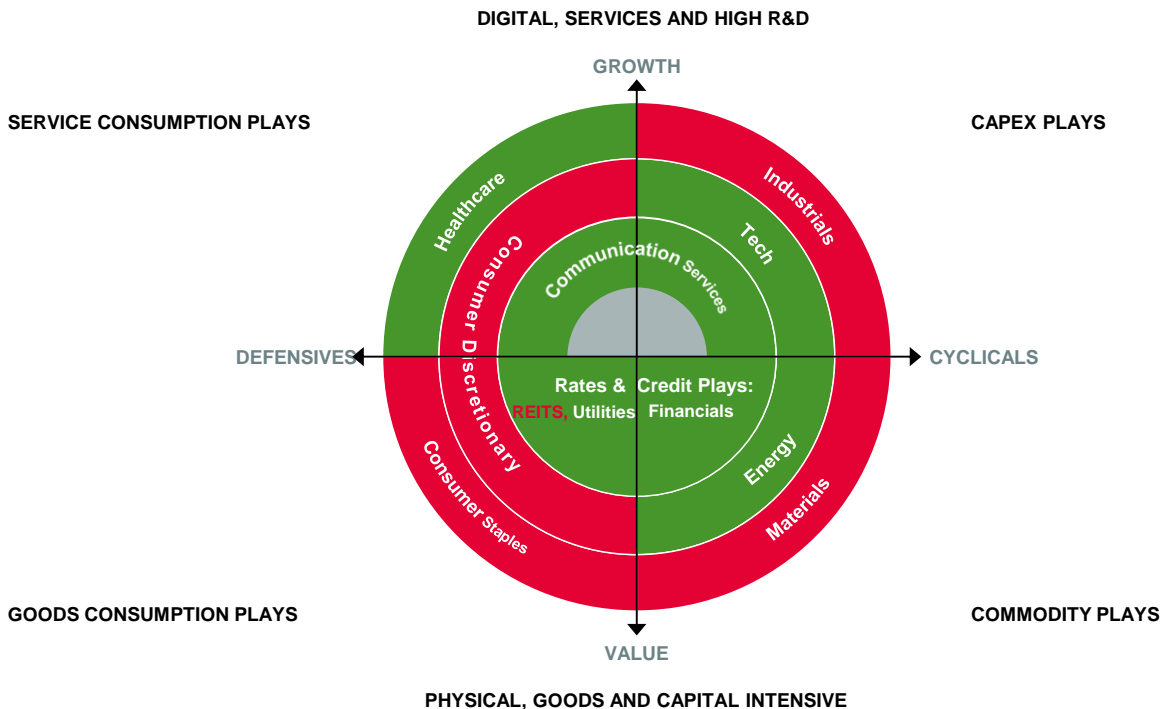
Sector OW	12.96%
Sector UW	-12.96%
Industry OW	19.71%
Industry UW	-19.71%
Beta	0.89
Tracking Error	255bp

Macro tilts:	
Great 8	0.67%
Tech + Communications	2.21%
Cyclicals (ex. Tech/Comm)	-3.55%
Non-Cyclicals	1.34%
Value (Financial+Energy)	4.84%
Growth Industries	8.97%
Growth ex Health Care	4.71%
Consumer	-7.76%
Services/Experience	-1.37%
Disc. Goods/Retail	-1.35%
Durable Goods	-2.21%
Staples Goods/Retail	-1.08%
Commodity	-0.66%
Energy Ex. Services	-0.34%
Metals/Chemicals	-0.32%
Capex	3.62%
Capacity additions	0.12%
Productivity	3.50%
Health Care	4.26%
Medicine	3.68%
Devices/Equip./Tools	1.54%
Insurers/Facilities	-0.96%
Financials	4.42%
Bond Substitutes	-2.69%
Weak FX \$ plays	-1.16%
High R&D plays	6.71%
Transports	-0.56%
Geopolitical risk	0.46%
Weak oil prices	-2.88%
Inflation shock	-0.32%
Stagflation protection	2.59%
Trade sensitive	-0.99%
Domestic GDP	1.78%
Global GDP	-2.05%

Great 8: AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA

Source: Factset, DWS Investment GmbH as of 6/2/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# S&P 500 SECTOR STRATEGY: PER KEY MACRO PLAYS



Note: OW – Overweight; EQ – Equalweight; UW – Underweight.

Source: DWS Investment GmbH as of June 2025. It is not possible to invest directly in an index. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. No representation or warranty is made by DWS as to the reasonableness or completeness of the forward-looking statements or to any other financial information contained herein.



# S&P 500 FAIR VALUE BY SECTOR



Assuming a ~5.25% real cost of equity (CoE) for overall S&P 500

	Market Value (\$bn)	Current 2025 PE	2025E Earnings (\$bn)	Normal Ratio	Normal 2025E Earnings	GAAP/Non-FAAP EPS 5yr Avg	Accounting Quality Adjustment	Fully Adjusted Earnings	Net Debt / Market Cap	FCF / EPS	Real CoE	Steady State Value	Growth Premium	2025 Start Fair Value (\$bn)	2025E Dividend Yield	2025 End Fair Value (\$bn)	Fair PE on Normal 2025 EPS	2025 End Upside %	2025 End Upside vs. S&P 500
Communication Services	4,952	21.0	236.0	99%	234.7	82%	-7%	218.3	11%	0.83	5.10%	4,280	15%	4,922	0.9%	5,254	22.4	6%	11%
Consumer Discretionary	5,293	30.2	175.5	105%	183.4	88%	-6%	172.4	10%	0.76	5.25%	3,284	29%	4,221	0.7%	4,519	24.6	-15%	-10%
<i>Automobiles</i>	1,051	47.8	22.0	110%	24.2	75%	-10%	21.8	32%	0.99	5.75%	379	35%	511	0.3%	552	22.8	-47%	-43%
<i>Broadline (Internet) Retail</i>	1,884	32.8	57.5	110%	63.3	98%	-5%	60.1	0%	0.18	5.10%	1,178	50%	1,767	0.0%	1,901	30.1	1%	6%
<i>ex. Auto &amp; Broadline (Internet) Retail</i>	2,358	24.6	96.0	100%	96.0	90%	-6%	90.6	13%	0.78	5.24%	1,727	12%	1,943	1.5%	2,064	21.5	-12%	-8%
Consumer Staples	3,359	25.9	129.5	100%	129.5	84%	-5%	123.0	14%	0.84	5.00%	2,461	5%	2,584	2.1%	2,722	21.0	-19%	-14%
Energy	1,722	17.2	100.0	100%	100.0	97%	-5%	95.0	14%	0.90	5.75%	1,652	-15%	1,404	3.2%	1,475	14.8	-14%	-9%
Financials	7,203	18.0	400.0	99%	394.1	98%	-7%	365.5		1.11	5.75%	6,356	0%	6,356	1.4%	6,789	17.2	-6%	-1%
<i>Banks</i>	1,873	13.4	139.5	100%	139.5	95%	-7%	129.7		1.11	6.00%	2,162	-10%	1,946	2.5%	2,063	14.8	10%	15%
Health Care	4,916	17.2	285.0	98%	280.0	64%	-10%	252.0	10%	1.14	5.20%	4,846	10%	5,331	1.9%	5,640	20.1	15%	20%
Industrials	4,319	26.2	165.0	104%	171.5	84%	-5%	162.9	15%	0.88	5.25%	3,103	10%	3,414	1.4%	3,632	21.2	-16%	-11%
Information Technology	15,484	28.7	540.0	100%	540.0	89%	-3%	523.8	2%	0.95	5.10%	10,271	35%	13,865	0.7%	14,829	27.5	-4%	1%
Materials	1,059	22.8	46.5	98%	45.5	80%	-7%	42.3	16%	0.90	5.50%	769	10%	846	1.9%	898	19.7	-15%	-10%
Real Estate	1,021	18.9	54.0	99%	53.4	80%	-12%	47.0	35%	1.79	5.25%	895	5%	940	3.5%	980	18.3	-4%	1%
Utilities	1,226	18.4	66.5	110%	73.4	78%	-7%	68.2	79%	-0.81	5.25%	1,299	0%	1,299	2.9%	1,362	18.6	11%	16%
S&P 500 (\$ bn)	50,553	23.0	2198.0	100%	2205.4	84%	-6.1%	2070.4			5.26%	39,217	15.2%	45182	1.3%	48,100	21.8	-5%	0%
S&P 500 Index (\$/sh)	5936	22.8	260.0	100%	260.0	84%	-5.8%	245.0	10%	0.93	5.25%	4667	15.1%	5371	1.3%	5703	21.9	-4%	0%

	>5%	Bigger upside vs. S&P 500
	between -5% and 5%	Same upside as S&P 500
	<-5%	Smaller upside vs. S&P 500

Source: IBES, DWS Investment GmbH as of 6/2/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index. No representation or warranty is made by DWS as to the reasonableness or completeness of the forward-looking statements or to any other financial information contained herein.

S&P 500 EPS historical constituents represents the earnings per share (EPS) of S&P 500 index constituents at the time, while S&P 500 EPS current constituents represents the earnings per share of index constituents as of the date the data was compiled 9/30/2024.

The estimated 2024 year-end upside is on absolute valuation basis of each sector, not on relative sector valuation basis. Forecasts are not a reliable indicator of future returns.

Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

# S&P 500 INTRINSIC VALUATION MODEL



S&P 500 Capitalized EPS Valuation		S&P 500 Dividend Discount Model		S&P 500 Long-term EPS & DPS Growth		S&P 500 Cost of Equity & Fair Book Multiple	
DWS 2025E S&P 500 EPS	\$260.00	DWS 2025E S&P 500 DPS	\$84.00	DWS 2025E S&P 500 aggregate ROE	23.6%	Fair long-term nominal return on S&P 500 index	7.75%
DWS "normal 2025" S&P 500 EPS	\$260.00	DWS "normal 2025E" S&P 500 DPS	\$84.00	2024E end S&P 500 book value per share	\$1,100	Components of estimated fair S&P 500 return:	
"Normal 2025E" EPS / 2025 EPS	100%	Normal dividend payout ratio	34%	DWS "normal 2025E" S&P 500 aggregate ROE	22.3%	+ Long-term real risk free interest rate	2.00%
Accounting quality adjustment to pro forma EPS	-\$15.00	EPS directed to net share repurchases	\$74.00	S&P EPS retained for operating reinvestment		+ Long-term fair S&P 500 equity risk premium*	3.25%
Normal 2025E S&P 500 EPS fair to capitalize	\$245	Normal share repurchase payout ratio	30%	Estimated ROE on reinvested S&P EPS		= Long-term real S&P 500 cost of equity	5.25%
Key principle: steady-state value = normal EPS / real CoE		Total payout of S&P 500 EPS	\$158.00	Economic margin (EM) or ROE-CoE		+ Long-term inflation forecast	2.50%
S&P 500 EPS Capitalization Valuation		Total payout ratio of normal and quality adj. EPS	64%	Sources of long-term earnings growth:		= S&P 500 nominal cost of equity	7.75%
Normal EPS / (real CoE - (EM/payout) - EM):		S&P 500 DPS Discount Model		+ Long-term inflation forecast		* S&P 500 ERP history 300-400bps, w/ real CoE @ 5% - 6%	
S&P 500 intrinsic value at 2025 start	5371	Normal DPS / (nominal CoE - DPS growth):		+ Fair return on operating reinvestment		Fair S&P 500 Market Value and Book Value Multiple	
S&P 500 intrinsic value at 2025 end	5703	S&P 500 intrinsic value at 2025 start	5371	+ Value added earnings growth on op. reinvestment		2024E end S&P 500 book value per share	\$1,100
Implied fair fwd PE in early 2025 on 2025E \$260 EPS	20.7	Implied fair forward yield on 2025E DPS of \$84.0	1.56%	= Long-term earnings growth		Fair PB = Fair PE * normal aggregate ROE	4.88
Implied fair trailing PE at 2025 end on 2025E \$260 EPS	21.9	Implied fair trailing yield on 2025E DPS of \$84.0	1.47%	+ Growth from net share repurchases		Fair PE =(inc ROE-g)/(inc real ROE*(real CoE-real g))	20.66
				= Long-term S&P 500 EPS/DPS growth		Implied S&P 500 fair value of book at 2025 start	5371
				+ Fair normal dividend yield		Steady-state PB = normal agg. ROE / real CoE	4.24
				= Total long-term return at constant PE		Confirmed by fair steady-state PE = 1 / real CoE	19.0

Normal EPS / (real CoE - value added EPS growth)	54.1%	DPS discount model using true DPS (all payout)	5703	Value added growth premium in fair value est.	15.1%	Normal 2025E economic profit per share	\$187.25
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## S&P 500 EPS discount model 5 steps to value:

- 1) Estimate normalized S&P 500 EPS
- 2) Adjust normalized EPS for pro forma accounting quality
- 3) Estimate a fair long-term real return on S&P 500 ownership (CoE)
- 4) Capitalize normalized and accounting quality adj. EPS at real CoE
- 5) Consider long-term potential for value added growth opportunities

2025E S&P 500 Normalized EPS					
	\$250	\$255	\$260	\$265	\$270
4.75%	6003	6192	6385	6582	6783
5.00%	5669	5845	6024	6207	6393
5.25%	5372	5536	5703	5873	6046
5.50%	5105	5259	5415	5574	5735
5.75%	4864	5009	5156	5305	5456

Index	3M relative view	Current Level	Previous Target CIO Day	Target Mar 26	Chg in Target	Expected Total Return Mar 26	Assumptions					
							thereof	EPS growth NTM*	LTM multiple impact	Dividend Yield	EPS NTM* (e)	Target LTM P/E in Mar 26
S&P 500		5,401	6,300	5,800	-8%	9.0%	USD	7.0%	0%	1.7%	266	-3.8%
Stoxx 600		517	570	550	-4%	10.0%	EUR	3.5%	3%	3.6%	37.2	-2.7%
EuroStoxx 50		5,099	5,600	5,400	-4%	9.2%	EUR	3.5%	2%	3.3%	358	-2.4%
DAX40		21,962	24,000	23,500	-2%	7.0%	EUR	12.9%	-8%	2.9%	1488	-1.9%
SMI		11,809	13,350	12,500	-6%	9.1%	CHF	4.8%	1%	3.3%	721	-1.2%
FTSE 100		8,403	8,750	8,700	-1%	7.3%	GBP	2.3%	1%	3.8%		-4.1%
MSCI EM		1,096	1,200	1,160	-3%	9.0%	USD	8.3%	-2%	3.1%	85.0	-6.9%
MSCI AC Asia xJ		706	770	750	-3%	9.1%	USD	7.5%	-1%	2.9%	52.9	-5.1%
MSCI Japan		1,570	1,780	1,690	-5%	10.3%	YEN	4.0%	3%	2.6%	114.3	-5.7%
MSCI Australia		1,586	1,600	1,600	0%	4.7%	AUD	0.0%	2%	3.8%	89.8	0.3%

Our S&P 500 intrinsic valuation model above uses an ERP of 3.25%, which suggests 5700 as fair S&P value at 2025 end.

If tariff, deficit, dollar and other macro risks diminish into yearend, then 3.0% might be more appropriate, which suggests 6000 as fair S&P 500 value at 2025 end.

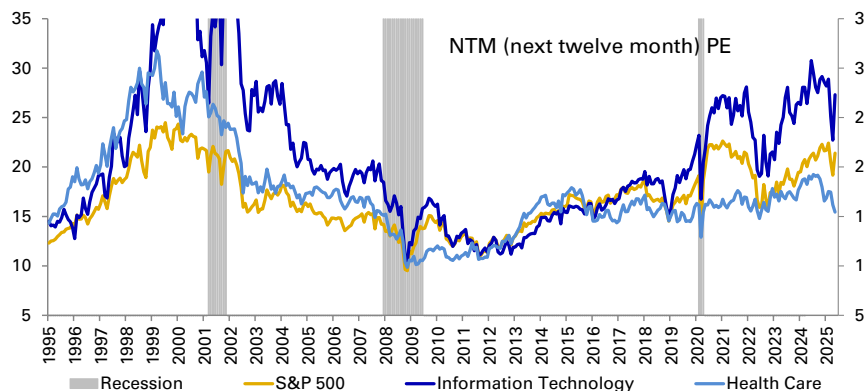
Source: DWS Investment Management GmbH as of June 2025. It is not possible to invest directly in an index. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. No representation or warranty is made by DWS as to the reasonableness or completeness of the forward-looking statements or to any other financial information contained herein.

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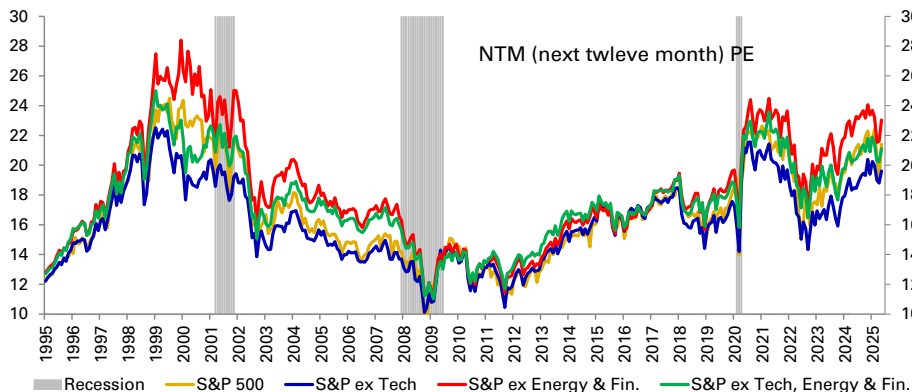
# S&P 500 PRICE-TO-EARNINGS (P/E) RATIO



## S&P 500, TECH AND HEALTH CARE FORWARD PE



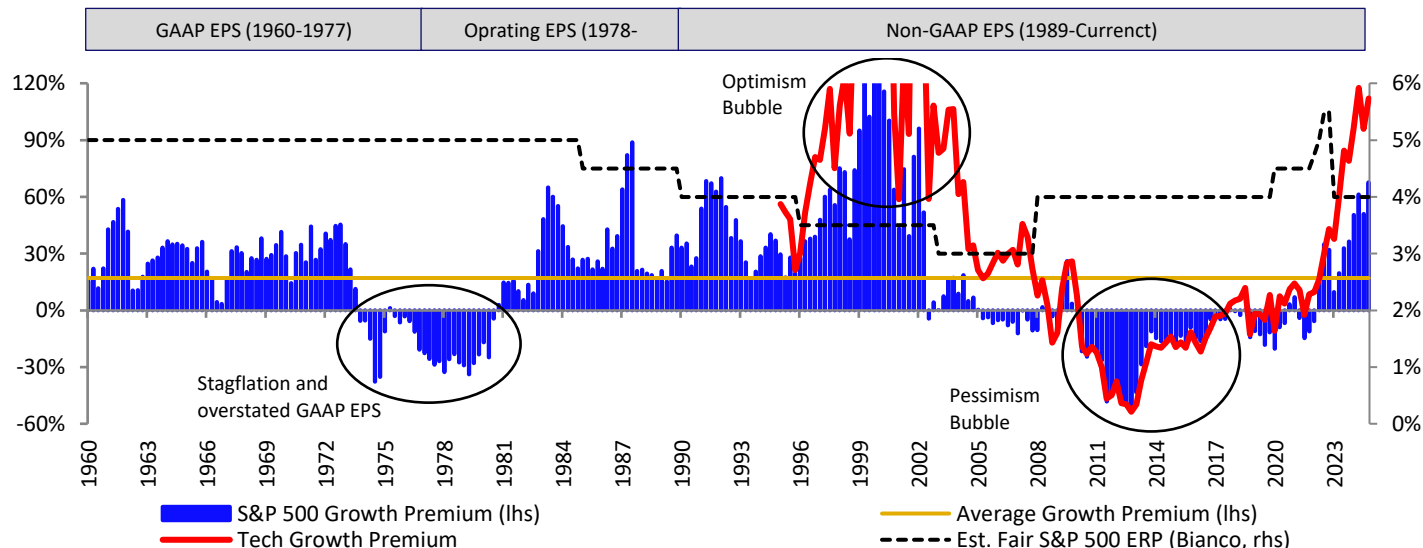
## S&P 500 EX TECH ENERGY & FINANCIALS FORWARD PE



Note: NTM – next twelve month. Forward PE is the price dividend by consensus next twelve-month EPS.

Source: Factset, DWS Investment GmbH as of 5/31/2025. It is not possible to invest directly in an index. Past performance is not a guarantee of future results. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. No representation or warranty is made by DWS as to the reasonableness or completeness of the forward-looking statements or to any other financial information contained herein.

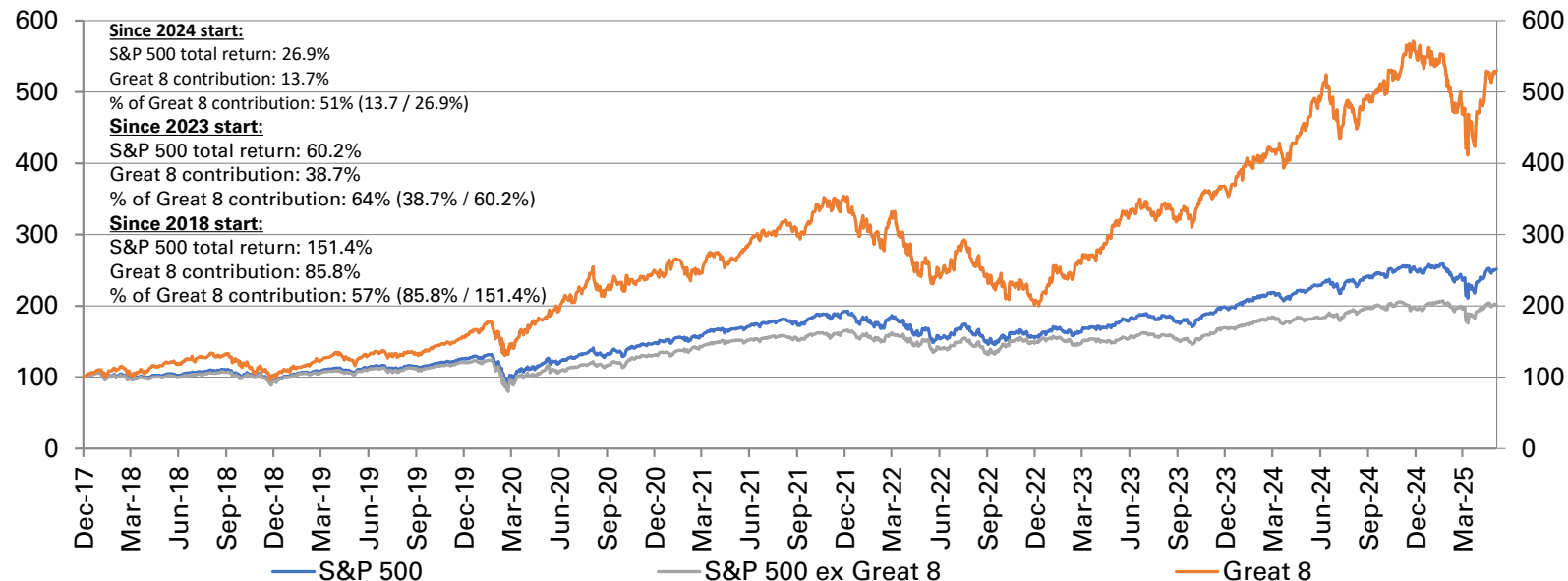
# S&P 500 AND TECH SECTOR GROWTH PREMIUM



Note: lhs – left hand side; rhs – right hand side. ERP – equity risk premium.

Source: IBES, Haver, DWS Investment GmbH as of 4Q2024. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

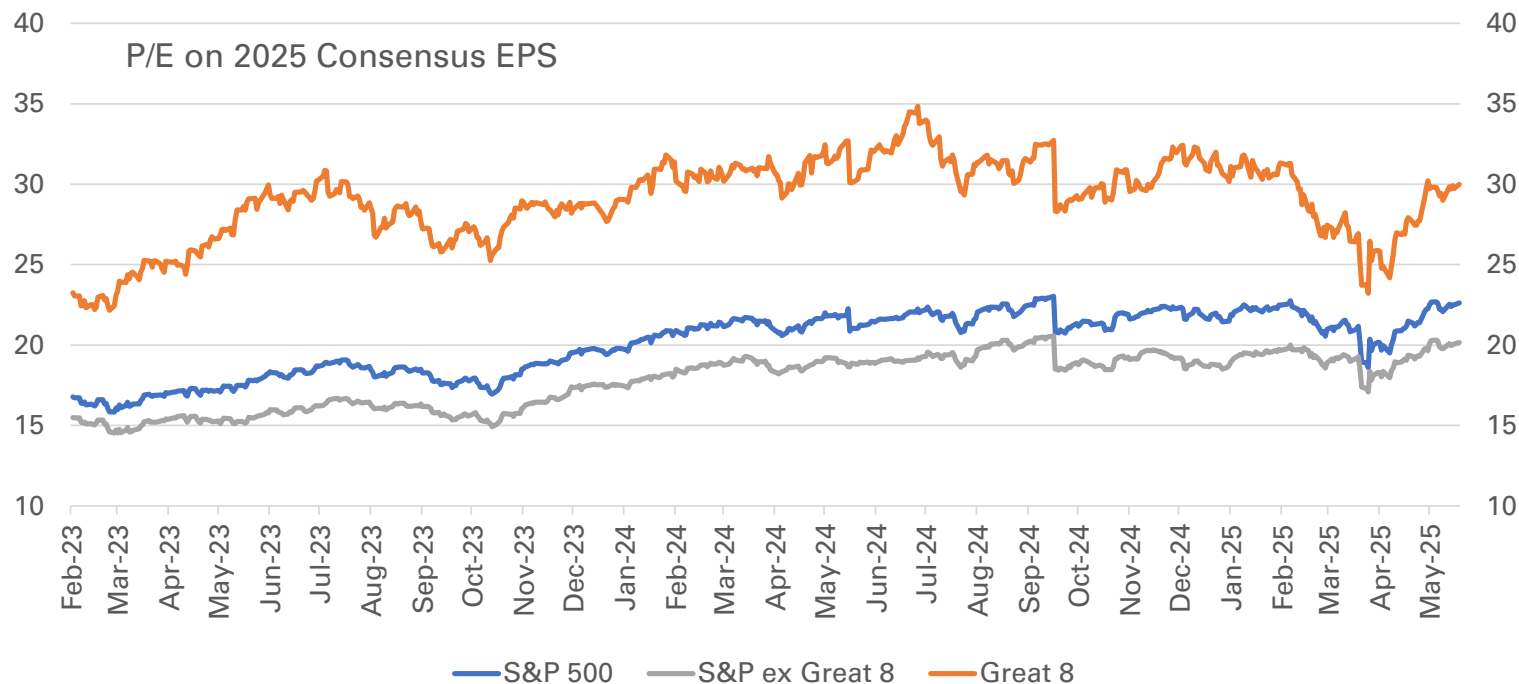
# S&P 500 AND THE GREAT 8 TOTAL RETURN



Great 8: AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA

Source: IBES, Factset, DWS Investment GmbH as of 6/2/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index. Any mentions of specific properties or securities are for illustrative purposes only and should not be considered as recommendations.

# S&P 500 AND THE GREAT 8 P/E RATIO



The Great 8: AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA

Source: IBES, Factset, DWS Investment GmbH as of 6/2/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index. Any mentions of specific properties or securities are for illustrative purposes only and should not be considered as recommendations.

# GLOSSARY



**Amortization** is an accounting term which refers to the periodical reduction of the book value of intangible assets (such as patents) or bank loans.

**Bottom-up** is an approach which focuses on approaching a problem through the smallest elements (e.g. individual corporate results).

**Capital expenditure (Capex)** are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

**Cyclical** is something that moves with the cycle.

**Depreciation** refers to an accounting method used to allocate the cost of a tangible or physical asset over its useful life. Depreciation represents how much of an asset's value has been used. It allows companies to earn revenue from the assets they own by paying for them over a certain period of time.

**Dividend per share (DPS)** is the sum of declared dividends issued by a company for every ordinary share outstanding.

**Earnings per share (EPS)** is calculated as a company's net income minus dividends of preferred stock, all divided by the total number of shares outstanding.

**EBITDA** (earnings, before interest expenses, taxes, depreciation and amortization) is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted.

**Generally accepted accounting principles, or GAAP**, are a set of rules that encompass the details, complexities, and legalities of business and corporate accounting.

**Leverage** attempts to boost gains when investing through the use of borrowing to purchase assets.

**Mean reversion** is a theory that prices and returns eventually move back toward the mean, or average.

**Operating Cash Flow** is an accounting term that measures the amount of cash generated by a company through its usual business activities.

**Price-to-book (P/B)** ratio or multiple compares a stock's market value with its book value.

The **price-to-earnings (P/E) ratio** compares a company's current share price to its earnings per share.

**Pro forma** financials are not computed using generally accepted accounting principles (GAAP) and usually leave out one-time expenses that are not part of normal company operations, such as restructuring costs following a merger.

**Profit Margin**, or net margin is an accounting figure which describes profit in relation to revenue in percent.

A **recession** is, technically, when an economy contracts for two successive quarters but is often used in a looser way to indicate declining output.

The **risk premium** is the expected return on an investment minus the return that would be earned on a risk-free investment.

The **S&P 500** is an index that includes 500 leading U.S. companies capturing approximately 80% coverage of available U.S. market capitalization.

A **share buyback** involves a company buying back its own shares.

**Stagflation** is the combination of the words "stagnation" and "inflation," referring to a period where inflation is high while the economy is stagnating.



# IMPORTANT INFORMATION



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