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Marketing Material

FORCED COOPERATION

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IN A NUTSHELL

_ Any resolution of the extreme disruption created by the pandemic appears distant, so we expect the volatility in commodity prices to persist for now. We do, however, expect a recovery once the outbreak and its economic dislocations are contained.
_ This unprecedented demand disruption brought OPEC and other oil-producing countries back to the negotiation table sooner than expected.
_ Negative sentiment in global demand continues to weigh on base metals and is unlikely to abate until there is more clarity on the path of recovery for the global economy.

Commodities are one of the asset classes most affected by COVID-19, with prices showing marked sensitivity to headline news. We expect the volatility to persist as any resolution of the extreme disruption created by the pandemic appears distant, but we do expect recovery once the outbreak and its economic dislocations are contained. The longer, however, that dominates the global economic picture, the more likely it is that deferred demand will turn into destroyed demand. The "phase-one" trade agreement between the United States and China was positive for global trade and we believe that China is likely to act in good faith to fulfill its purchase commitments. The outcome of the U.S. presidential election will also have major implications for global trade. Fundamentally, we believe supply growth will be limited for most commodities and, in the absence of serious destruction in global demand, we believe the supply-demand balance should improve for commodities as a whole over the long term.

With China appearing to be on the mend from the COVID-19 epidemic in March, the rest of the world began to succumb to it, with a significant reduction in business activity, travel and demand for fuel. At the beginning of March, negotiations between OPEC and Russia came to an abrupt end without any agreement on additional cuts and Saudi Arabia turned to a policy of protecting market share [for more details: DWS CIO Commodity Commentary as of 3/20/20]. In mid-month, President Trump offered markets some relief as he promised major steps would be taken to support the U.S. economy. This boost, however, was short-lived as it became clear that the measures would be insufficient to alter the large build-up of crude-oil stockpiles. As oil-price volatility picked up and storage capacity became scarce, U.S. oil producers cut their capital spending, dividend payments, and share-buyback programs while hoping for a global deal.

This turmoil brought OPEC and the other oil-producing countries back to the negotiation table sooner- than-expected. They agreed to cut 10 million barrels a day in May and June in an extraordinary OPEC and non-OPEC Ministerial Meeting. However, both the Saudis and the Russians have stressed the importance of the United States and rest of the world participation in supply cuts. The weakness in global oil demand is now visible in U.S. inventory data, with the Department of Energy reporting a larger-than-expected 13 million barrel build-up in U.S. inventories. We also see very large gains in product (gasoline / diesel / petrochemical) inventories, with more expected as demand continues to wane in the United States as more locations adopt shelter-in-place policies. We expect more volatility for oil prices ahead. In our opinion, the cuts will not change the short-term negative dynamic for the oil price, but should lead to better pricing for oil in 2021 if OPEC and non-OPEC oil-producing countries do not revert back to a market-share-maintenance policy.

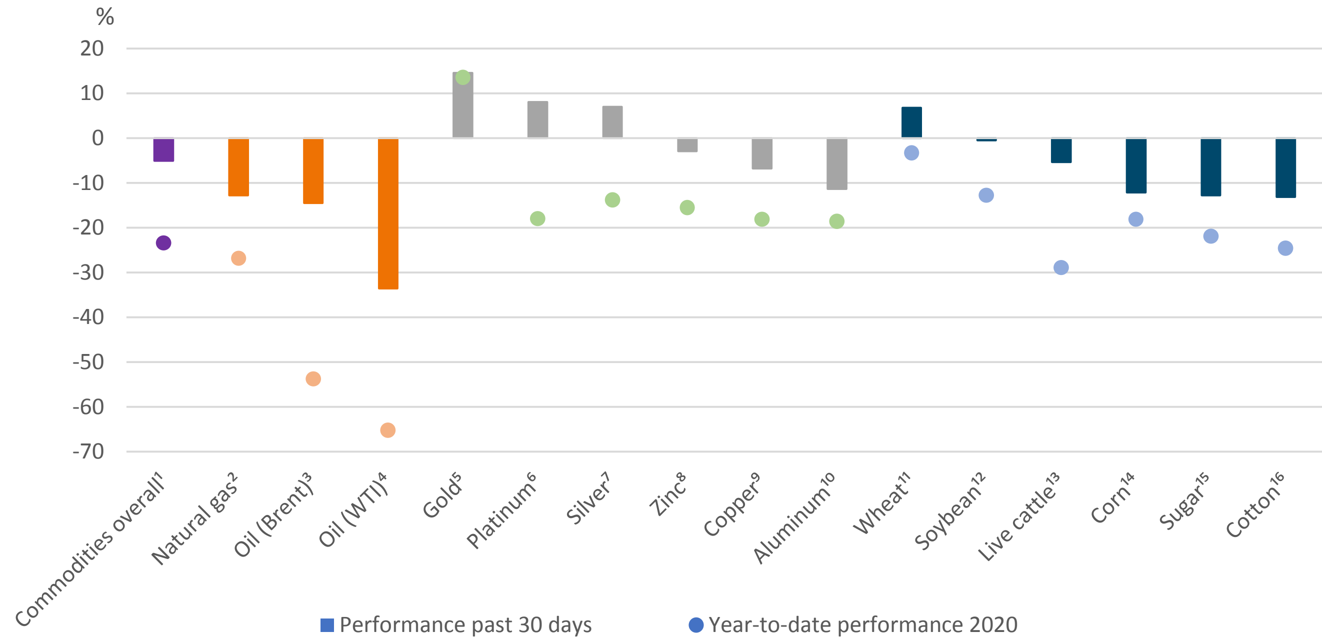
The natural-gas market is experiencing the same demand concerns as oil due to COVID-19, but the supply dynamic is different. U.S. natural-gas production is likely to decline, helping to support prices. That being said, should the economic impacts of the pandemic extend into summer, prices might experience further declines.

Negative sentiment in global demand continues to weigh on base metals and is unlikely to abate until there is more clarity on the path of recovery for the global economy. Copper has suffered as expectations of falling demand drove prices lower. Likewise, aluminum prices have declined as China resumes production. Although lower energy prices helped aluminum producers to maintain their margins and keep producing. Nickel prices, too, benefitted as coronavirus-related supply disruption has effectively shut down production in Indonesia and the Philippines.

Fiscal support from China could have meaningful positive implications for industrial metals were it to materialize. But our current view is that industrial metals' prices will remain under pressure as the COVID-19 impact on the economy continues to worsen, with more and more areas suffering from restrictions on travel and activity.

Food demand is little affected by macro developments in general, but COVID-19 contagion could spill over to agriculture through currency developments and weaker energy demand: a strong dollar, for example, is a headwind for U.S. exports and less demand for ethanol would lead to demand destruction for corn. In addition, containment measures may delay "phase-one" trade-deal buying by China. Our view is that agriculture should continue to tolerate COVID-19's impact better than energy and metals, though downside pressure due to demand disruption is likely to persist. Commodities which benefit from Chinese buying (such as soybeans and wheat) will likely perform better than energy- or emerging-market-currency-linked commodities such as sugar.

PAST 30-DAY AND YEAR-TO-DATE PERFORMANCE OF MAJOR COMMODITY CLASSES



Past performance is not indicative of future returns.
Sources: Bloomberg Finance L.P., DWS Investment Management Americas Inc. as of 4/15/20

[1] Bloomberg Commodity Index, [2] Bloomberg Natural Gas Subindex, [3] Bloomberg Brent Crude Subindex, [4] Bloomberg WTI Crude Oil Subindex, [5] Bloomberg Gold Subindex, [6] Bloomberg Platinum Subindex, [7] Bloomberg Silver Subindex, [8] Bloomberg Zinc Subindex, [9] Bloomberg Copper Subindex, [10] Bloomberg Aluminum Subindex, [11] Bloomberg Wheat Subindex, [12] Bloomberg Soybeans Subindex, [13] Bloomberg Live Cattle Subindex, [14] Bloomberg Corn Subindex, [15] Bloomberg Sugar Subindex, [16] Bloomberg Cotton Subindex

GLOSSARY

A dividend is a distribution of a portion of a company's earnings to its shareholders.

Emerging markets (EM) are economies not yet fully developed in terms of, amongst others, market efficiency and liquidity.

Fiscal policy describes government spending policies that influence macroeconomic conditions. Through fiscal policy, the government attempts to improve unemployment rates, control inflation, stabilize business cycles and influence interest rates in an effort to control the economy.

The Organization of the Petroleum Exporting Countries (OPEC) is an international organization with the mandate to ”coordinate and unify the petroleum policies“ of its meanwhile 12 members.

The U.S. dollar (USD) is the official currency of the United States and its overseas territories.

Volatility is the degree of variation of a trading-price series over time. It can be used as a measure of an asset's risk.

APPENDIX: PERFORMANCE OVER THE PAST 5 YEARS (12-MONTH PERIODS)

	03/15 - 03/16	03/16 - 03/17	03/17 - 03/18	03/18 - 03/19	03/19 - 03/20
Bloomberg Commodity Index	-19.7%	8.3%	2.5%	-7.3%	-23.7%
Bloomberg WTI Crude Oil Subindex	-42.2%	9.7%	24.2%	-6.9%	-66.1%
Bloomberg Brent Crude Subindex	-40.3%	15.7%	28.9%	-1.1%	-53.5%
Bloomberg Natural Gas Subindex	-47.3%	16.5%	-29.4%	-3.5%	-51.4%
Bloomberg Gold Subindex	3.9%	-0.3%	4.0%	-4.9%	20.0%
Bloomberg Silver Subindex	-8.1%	15.5%	-13.0%	-9.9%	-9.3%
Bloomberg Platinum Subindex	-14.9%	-3.7%	-3.7%	-10.5%	-16.4%
Bloomberg Copper Subindex	-21.2%	19.0%	10.7%	-5.6%	-25.1%
Bloomberg Aluminum Subindex	-19.8%	26.3%	-1.2%	-4.6%	-23.8%
Bloomberg Zinc Subindex	-15.0%	49.9%	18.3%	-6.4%	-32.6%
Bloomberg Corn Subindex	-15.9%	-5.6%	-7.0%	-19.6%	-13.5%
Bloomberg Wheat Subindex	-10.6%	-22.9%	-12.3%	-10.7%	20.4%
Bloomberg Soybeans Subindex	-5.4%	1.8%	4.9%	-21.6%	-8.4%
Bloomberg Sugar Subindex	17.1%	4.0%	-29.7%	-6.8%	-24.4%
Bloomberg Cotton Subindex	-9.6%	29.6%	5.8%	-6.1%	-36.4%
Bloomberg Live Cattle Subindex	-15.9%	-0.6%	-8.1%	14.7%	-24.9%

Past performance is not indicative of future returns.
Sources: Bloomberg Finance L.P., DWS Investment Management Americas Inc. as of 4/16/20

IMPORTANT INFORMATION: EMEA

IMPORTANT INFORMATION: UK

Publisher: DWS Investment GmbH, Mainzer Landstraße 11-17, 60329 Frankfurt am Main, Germany

IMPORTANT INFORMATION – APAC

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