

# MARKET ESSENTIALS

AMERICAS CIO VIEW

MAY - JUNE

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## KEY VIEWS FOR 2025 UPON TRUMP'S FIRST 100 DAYS IN OFFICE AS KEY POLICIES ARE UNVEILED



- A long-lasting US economic expansion could be disrupted as Trump's tariff policies overshadow pro-growth policies and previously solid growth trends.
- US likely slows to about 1% real growth in 2025 & 2026 as new tariffs on imports raise costs and slow domestic production and consumption.
- Outside of recession, it's unlikely the Fed will achieve 2.0% inflation. DWS revised its 2025 & 2026 U.S. inflation forecast up to 3.2% from about 2.5%.
- We expect aggregate US tariff rate to be 10-15%. At least 10% tariffs on all trading partners, except Canada & Mexico where USMCA compliant, and higher when sectoral tariffs are included such as on steel/aluminum, cars, chips, pharmaceuticals, etc. Markets still expect more deregulation and some tax cuts.
- Monetary policy is expected to normalize by 2026 end with the Fed Funds rate expected to be between 3.5-4.0% and the 10yr Treasury yield at roughly 4.5%.
- US deficits are too high with a roughly 7% of GDP outlook. Fiscal policy dynamics will also affect the speed and magnitude of monetary policy normalization.
- Risks to the longevity of the US expansion include geopolitical and other external shocks, risks which appear elevated, but secularly upward bond yields on rising inflation and long-term deficit risks are probably the greatest domestic or homemade threat to the health of the US economy and asset values.
- Artificial Intelligence (AI) is expected to keep US productivity at a healthy 2% trend, despite the challenges of demographics and slowed globalization.
- AI and related investment spending and innovation should sustain S&P EPS growth, but tariffs hurt EPS growth. We assume that S&P 500 companies absorb a third of realized tariff duties causing a 3.5% after-tax hit to S&P EPS or about \$10 per share. Our revised 2025 & 2026 S&P EPS estimates of \$260 & \$285 assumes slow growth and weak manufacturing, but no US recession. We include a foreign currency translation benefit to S&P EPS of \$5 from a weaker dollar.
- We expect AI to boost economic growth and productivity and improve the quality of life in many difficult to measure ways, but much of AI will be free.
- Because AI is so important, we expect intensifying competition among chip makers and for AI service providers to seek more cost-efficient architectures.
- Tech and digital business likely AI winners. But other perhaps more under appreciated winners include Health Care, Financials and Electric Utilities.
- The S&P 500 is a digital business dominated index. Neither US nor global GDP are its key growth drivers. We expect muted but decent returns from the S&P's Tech titans over the next few years, given high expectations in valuations, but we see undervalued growth and innovation potential at Health Care.

Source: DWS Investment GmbH as of April 2025. Past performance may not be indicative of future results. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

# DWS GLOBAL MACRO FORECASTS



## GDP Growth Rate

% year-on-year average

	2024A	2025F	2026F	Consensus 2025 (BBG)
World	3.2	2.8 (3.2)	2.9 (3.1)	2.9
U.S.*	2.8	1.2 (2.0)	1.1 (2.2)	1.7 (2.3)
EUZ	0.7	0.8 (1.0)	1.3 (1.5)	0.9
GER	-0.20	0.1 (0.4)	1.4 (1.6)	0.3
UK	0.9	0.9	1.4	1.1
Japan	0.1 (-0.1)	0.9 (1.2)	0.7 (0.7)	1.2
China	5.0	4.0 (4.5)	3.8 ( 4.0)	4.5

## Inflation (CPI)

% year-on-year average

	2024A	2025F	2026F	Consensus 2025 (BBG)
World				3.8
U.S.**	3.0	3.2 (2.6)	3.2 (2.4)	3.0 (2.8)
EUZ	2.4	2.1 (2.3)	2.0 (2.3)	2.1
GER	2.3	2.3 (2.6)	2.1 (2.6)	2.3
UK	2.5	3.0 (3.1)	2.2 (2.3)	2.7
Japan	2.5	2.0 (2.6)	2.0	2.4
China	0.2	0.5	1.2 (1.4)	0.7

## Unemployment Rate (Annual average)

%

	2024A	2025F	2026F	Consensus 2025 (BBG)
U.S. (EOP)	4.0	4.4 (4.2)	4.7 (4.2)	4.3 (4.2)
EUZ	6.4	6.3	6.3	6.4
GER	6.0	6.1	5.8	6.3
UK	4.3	4.4 (4.5)	4.4 (4.5)	4.5
Japan	2.5	2.4	2.4	2.4
China***	5.2	5.3 (5.0)	5.1 (5.0)	5.1

## Fiscal Balance

% of GDP

	2024A	2025F	2026F	Consensus 2025 (BBG)
U.S.	-6.9	-6.8	-6.5	-6.5
EUZ	-2.9	-3.4	-4.0	-3.0
GER	-2.5	-2.5	-3.7	-2.0
UK	-4.4 (-4.5)	-3.8 (-3.7)	-4.1 (-3.5)	-3.7
Japan	-4.6 (-6.0)	-3.5	-3.0	-3.6
China****	-7.4	-10 (-6.9)	-8 (-7.7)	-5.5

(\*\*\*) Urban unemployment rate (end of period), not comparable to consensus data, (\*\*\*\*) China fiscal deficit refers to augmented fiscal balance (widest definition) and refers to IMF, latest IMF estimate from March 2025. E – Estimate, F – Forecast, BBG – Bloomberg. As of May 2025.

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.

Source: Bloomberg Finance LP, DWS Macro Research.



# DWS STRATEGIC CIO FORECASTS



## Fixed Income

		Strategic Forecast Mar-25	Current level	12m forwards	Strategic Forecast Apr-25	Forecast change	Expected 12m Total Return	Expected 10yr Total Return (p.a.) <sup>4</sup>
Market Index		Target Mar-26	22-Apr-25	22-Apr-25	Target Mar-26			
Forecasts - US								
UST 2yr	US 2y yield	3.95%	3.82%	3.73%	3.95%	➔	3.51%	4.19%
UST 10yr	US 10y yield	4.50%	4.40%	4.55%	4.30%	⬇️	5.44%	4.96%
UST 30yr	US 30y yield	4.70%	4.88%	4.93%	4.60%	⬇️	9.66%	5.16%
Municipals	Taxable Muni Index OAS	70	81		85	⬆️	4.69%	3.94%
US IG Corp	BarCap US Credit	90 bp	102 bp		110 bp	⬆️	5.85%	5.14%
US HY (1)	Barclays US HY	325 bp	397 bp		450 bp	⬆️	4.97%	5.91%
Securitized / MBS	MBS Index OAS	125 bp	137 bp		125 bp	➔	5.57%	4.84%
Forecasts - Europe								
Schatz 2yr	GER 2y yield	2.25%	1.66%	1.72%	1.60%	⬇️	1.67%	1.94%
Bund 10yr	GER 10y yield	2.90%	2.44%	2.59%	2.50%	⬇️	2.72%	2.46%
Bund 30yr	GER 30y yield	3.40%	2.86%	2.92%	3.00%	⬇️	0.55%	3.23%
Gilt 10yr	UK 10y yield	4.00%	4.55%	4.67%	4.00%	➔	8.60%	4.81%
EUR IG Corp	ICE BofA Bond Index	80 bp	111 bp		90 bp	⬆️	4.40%	3.20%
EUR HY (1)	ML EUR Non-Fin HY Constr. Index	360 bp	401 bp		400 bp	⬆️	5.09%	4.56%
Securitized / Covered	iBoxx Covered	45 bp	54 bp		50 bp	⬆️	2.25%	2.82%
Italy 10yr (3)	GTITL10Y Corp - GTDEM10Y Corp	110 bp	117 bp	126 bp	110 bp	➔	4.37%	n/a
Forecasts - AsiaPac								
JGB 2yr	JPN 2y yield	1.20%	0.67%	0.78%	1.00%	⬇️	0.49%	0.74%
JGB 10yr	JPN 10y yield	1.70%	1.32%	1.54%	1.70%	➔	-0.95%	0.83%
Asia Credit	JACI Index	125 bp	214 bp		145 bp	⬆️	10.20%	-
Forecasts - Global								
EUR vs USD	EUR/USD	1.15	1.14		1.18	⬆️	1.14%	-
USD vs JPY	USD/JPY	140	142		135	⬇️	-1.34%	-
EUR vs JPY	EUR/JPY	161	162		162	⬆️	1.30%	-
EUR vs GBP	EUR/GBP	0.83	0.86		0.84	⬆️	-4.11%	-
GBP vs USD	GBP/USD	1.38	1.33		1.40	⬆️	4.99%	-
USD vs CNY	USD/CNY	7.45	7.3		7.50	⬆️	4.06%	-
EM Sovereign (1)	EMBIG Div.	350 bp	365 bp		410 bp	⬆️	6.15%	

## Benchmark Rates

		Strategic Forecast Mar-25	Current Level	Strategic Forecast Apr-25	Forecast change	Expected 12m Total Return	Expected 10yr Total Return (p.a.) <sup>4</sup>
Market Index		Target Mar-26	22-Apr-25	Target Mar-26			
Forecasts – Benchmark rates							
United States	Federal funds rate	3.75-4.00	4.25-4.50	3.50-3.75	⬇️		
Eurozone	Deposit rate	2.00	2.25	1.75	⬇️		
United Kingdom	Repo rate	3.75	4.50	3.75	➔		
Japan	O/N Call Rate	1.00	0.50	0.75	⬇️		
China	1 year lending rate	2.75	3.10	2.60	⬇️		

## Equities

Forecasts – Equity							
US	S&P 500	6,300	5,288	5,800	⬇️	11.39%	5.90%
Germany	DAX	24,000	21,294	23,500	⬇️	10.36%	4.83%
Eurozone	Eurostoxx 50	5,600	4,961	5,400	⬇️	12.24%	5.48%
Europe	Stoxx 600	570	508	550	⬇️	12.03%	6.50%
Japan	MSCI Japan	1,780	1,534	1,690	⬇️	12.84%	4.42%
SMI	SMI	13,350	11,646	12,500	⬇️	10.63%	6.76%
UK	FTSE 100	8,800	8,329	8,700	⬇️	8.26%	8.05%
Emerging Markets	MSCI EM	1,200	1,074	1,160	⬇️	11.13%	7.14%
Asia ex Japan	MSCI AC Asia ex Japan	770	691	750	⬇️	11.55%	7.29%
Australia	MSCI Australia	1,650	1,563	1,600	⬇️	6.14%	7.79%

## Alternatives

Forecasts – Commodities							
Gold - Spot	Gold Spot	3,250	3,381	3,600	⬆️	-	n/a
Gold - Futures	Gold 12m Futures	-	3,553	-		1.31%	0.61%
Oil - Spot <sup>2</sup>	Brent Spot	69	67	63	⬇️	-	n/a
Oil - Futures <sup>2</sup>	Brent 12m Futures	-	64	-	-	-2.14%	8.67%
Carbon	Carbon 12m Futures	85	64	75	⬇️	17.81%	
Real Estate & Infrastructure							
Listed US RE (LC)						8.50%	5.08%
Non-Listed US RE (LC)						5.00%	4.71%
Listed Global RE (LC)						8.00%	4.66%
Non-Listed European RE (LC)						6.75%	4.25%
Non-Listed APAC RE (LC)						5.00%	4.05%
Non-Listed Global RE (LC)						5.70%	4.40%
Listed Infrastructure (LC)						8.50%	7.08%
Non-Listed Infrastructure (LC)						11.00%	13.59%

Source: Bloomberg Finance L.P., DWS Investment GmbH as of April 2025. Alternative investment may be speculative and involve significant risks including illiquidity, heightened potential for loss and lack of transparency. No assurance can be given that any forecast or target will be achieved. DWS expectations/forecasts as of December 1, 2024. 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.

# DWS DECEMBER 2025 EQUITY INDEX TARGETS

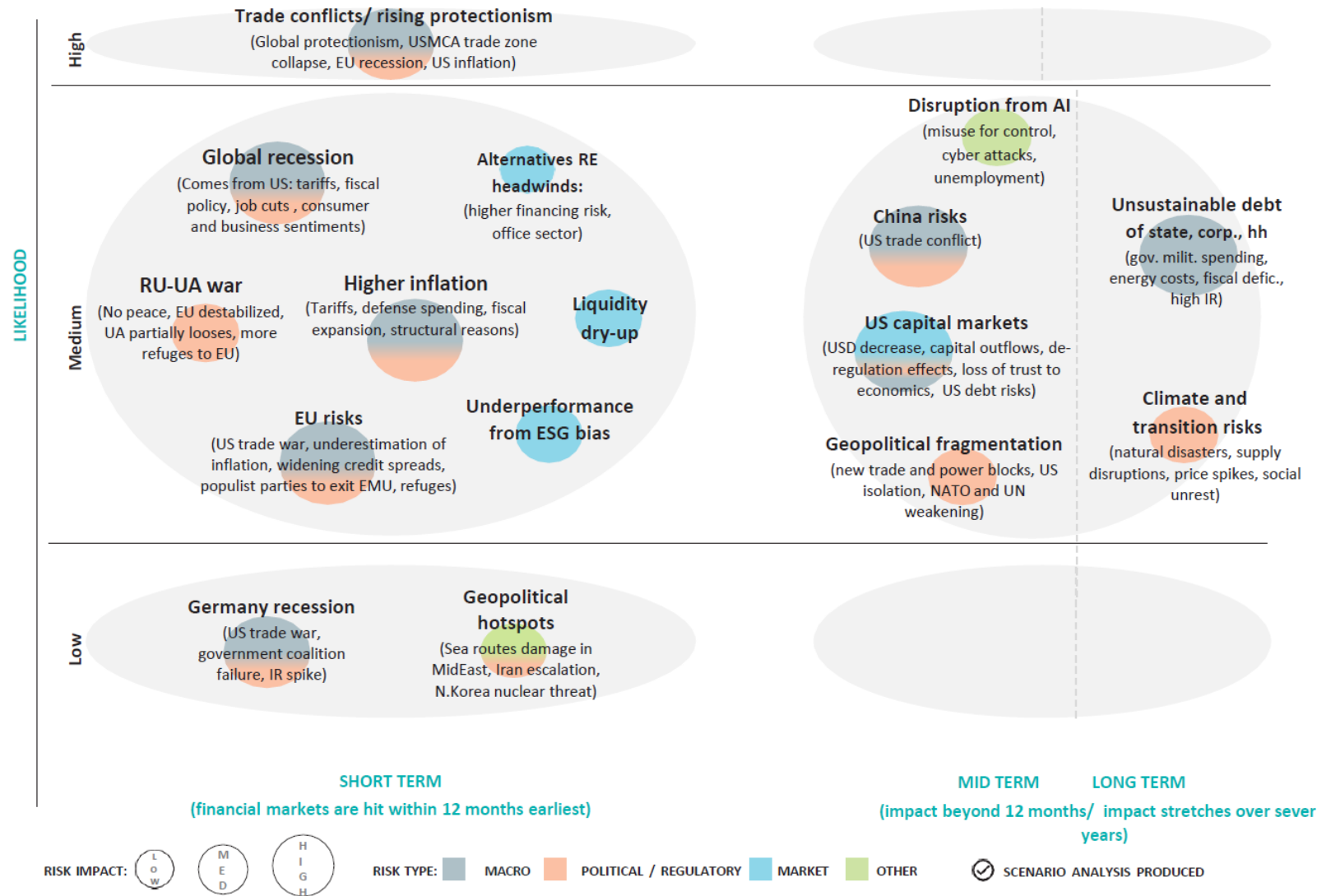


Index	3M relative View	Current Level	Previous Target CIO Day	Target Mar 26	Chg in Target	Expected Total Return Mar 26	----- thereof -----		Assumptions					
									EPS growth NTM*	LTM multiple impact	Dividend Yield	EP S NTM* (e)	EPS NTM DWS vs. Cons.	Target LTM P/E in Mar 26
		23/04/2025		(rounded)										
S&P 500		5,401	6,300	5,800	-8%	9.0%	USD	7.0%	0%	1.7%	266	-3.8%	21.7x	
Stoxx 600		517	570	550	-4%	10.0%	EUR	3.5%	3%	3.6%	37.2	-2.7%	14.7x	-32%
EuroStoxx 50		5,099	5,600	5,400	-4%	9.2%	EUR	3.5%	2%	3.3%	358	-2.4%	15.0x	-31%
DAX40		21,962	24,000	23,500	-2%	7.0%	EUR	12.9%	-8%	2.9%	1488	-1.9%	15.3x	-29%
SMI		11,809	13,350	12,500	-6%	9.1%	CHF	4.8%	1%	3.3%	721	-1.2%	17.3x	-20%
FTSE 100		8,403	8,750	8,700	-1%	7.3%	GBP	2.3%	1%	3.8%		-4.1%	13.0x	-40%
MSCI EM		1,096	1,200	1,160	-3%	9.0%	USD	8.3%	-2%	3.1%	85.0	-6.9%	13.7x	-37%
MSCI AC Asia xJ		706	770	750	-3%	9.1%	USD	7.5%	-1%	2.9%	52.9	-5.1%	14.2x	-34%
MSCI Japan		1,570	1,780	1,690	-5%	10.3%	YEN	4.0%	3%	2.6%	114.3	-5.7%	14.7x	-32%
MSCI Australia		1,586	1,600	1,600	0%	4.7%	AUD	0.0%	2%	3.8%	89.8	0.3%	18.0x	-17%

Cons – Consensus, LTM – Last twelve month, NTM – Next twelve month, EPS – Earnings per share, Chg – Change, P/E – Price to earnings ratio

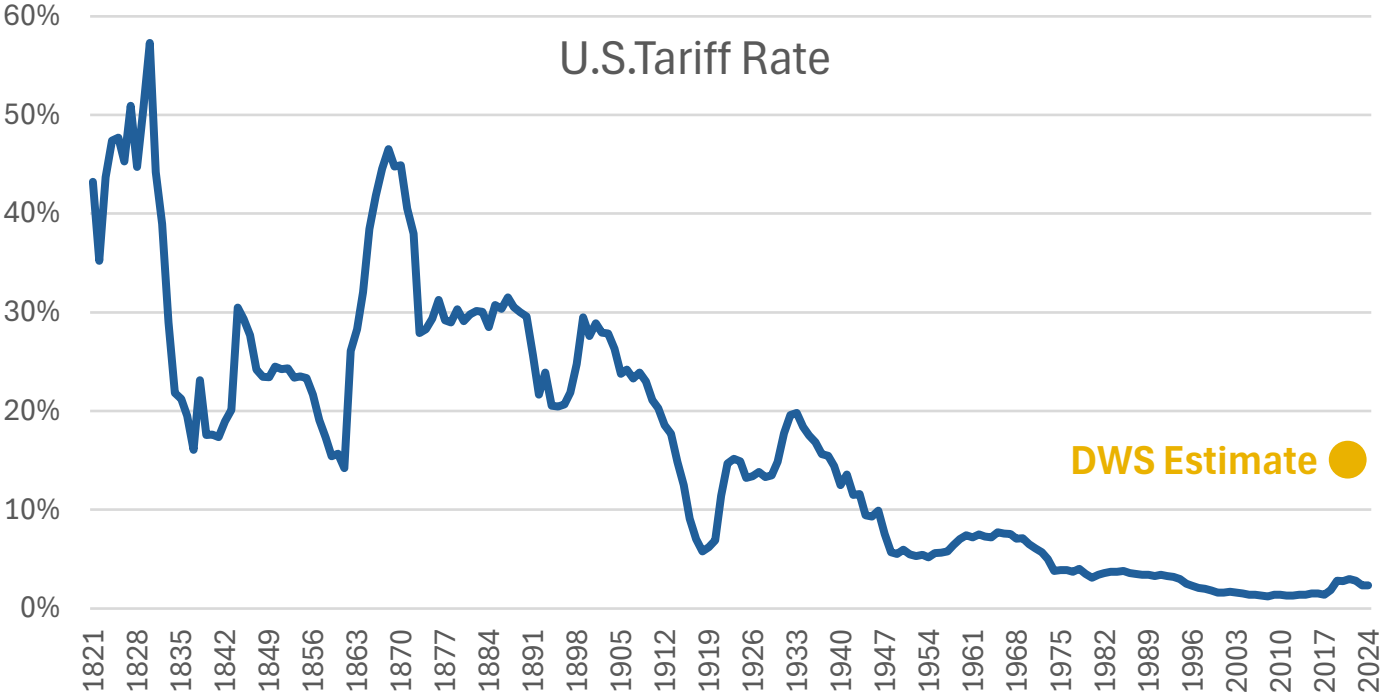
Source: DWS Investment GmbH as of April 2025, for illustrative purposes only. This material is for informational purposes only and sets forth our views as of this date. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. The underlying assumptions and these views are subject to change without notice. Past performance is not indicative of future returns.

# KEY INVESTMENT RISKS



Source: DWS Risk Management, DWS Macro Research, as of April 2025. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

U.S. TARIFF RATE



Source: Census Bureau, U.S. International Trade Commission, DWS Investment Management GmbH as of April 2025. 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%
		2025E dividend payout ratio	32%	2024E end S&P 500 book value per share	\$1,100	Components of estimated fair S&P 500 return:	
DWS "normal 2025" S&P 500 EPS	\$260.00	DWS "normal 2025E" S&P 500 DPS	\$84.00	DWS "normal 2025E" S&P 500 aggregate ROE	22.3%	+ Long-term real risk free interest rate	2.00%
"Normal 2025E" EPS / 2025 EPS	100%	Normal dividend payout ratio	34%			+ Long-term fair S&P 500 equity risk premium*	3.25%
Accounting quality adjustment to pro forma EPS	-\$15.00	EPS directed to net share repurchases	\$74.00	S&P EPS retained for operating reinvestment	36%	= Long-term real S&P 500 cost of equity	5.25%
		Normal share repurchase payout ratio	30%	Estimated ROE on reinvested S&P EPS	9.00%	+ Long-term inflation forecast	2.50%
Normal 2025E S&P 500 EPS fair to capitalize	\$245	Total payout of S&P 500 EPS	\$158.00	Economic margin (EM) or ROE-CoE	1.25%	= S&P 500 nominal cost of equity	7.75%
Key principle: steady-state value = normal EPS / real CoE		Total payout ratio of normal and quality adj. EPS	64%	Sources of long-term earnings growth:		* S&P 500 ERP history 300-400bps, w/ real CoE @ 5% - 6%	
S&P 500 EPS Capitalization Valuation		S&P 500 DPS Discount Model		+ Long-term inflation forecast	2.50%	Fair S&P 500 Market Value and Book Value Multiple	
Normal EPS / (real CoE - (EM/payout) - EM):		Normal DPS / (nominal CoE - DPS growth):		+ Fair return on operating reinvestment	1.86%	2024E end S&P 500 book value per share	\$1,100
S&P 500 intrinsic value at 2025 start	5371	S&P 500 intrinsic value at 2025 start	5371	+ Value added earnings growth on op. reinvestment	0.44%	Fair PB = Fair PE * normal aggregate ROE	4.88
S&P 500 intrinsic value at 2025 end	5703	S&P 500 intrinsic value at 2025 end	5703	= Long-term earnings growth	4.81%	Fair PE =(inc ROE-g)/(inc real ROE*(real CoE-real g))	20.66
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%	+ Growth from net share repurchases	1.38%	Implied S&P 500 fair value of book at 2025 start	5371
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%	= Long-term S&P 500 EPS/DPS growth	6.19%	Steady-state PB = normal agg. ROE / real CoE	4.24
				+ Fair normal dividend yield	1.56%	Confirmed by fair steady-state PE = 1 / real CoE	19.0
				= Total long-term return at constant PE	7.75%		
Normal EPS / (real CoE - value added EPS growth)	5413	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

## 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	

S&P PE		17	18	19	20	21	22
270		4590	4860	5130	5400	5670	5940
2025	260	4420	4680	4940	5200	5460	5720
S&P EPS	250	4250	4500	4750	5000	5250	5500
	240	4080	4320	4560	4800	5040	5280

Source: DWS Investment Management GmbH as of April 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. For illustrative purposes only. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.



# 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	4,561	19.3	236.0	99%	234.7	82%	-7%	218.3	11%	0.83	5.10%	4,280	15%	4,922	0.9%	5,250	22.4	15%	14%
Consumer Discretionary	4,882	27.8	175.5	105%	183.4	88%	-6%	172.4	10%	0.76	5.25%	3,284	29%	4,221	0.8%	4,516	24.6	-7%	-8%
<i>Automobiles</i>	877	39.9	22.0	110%	24.2	75%	-10%	21.8	32%	0.99	5.75%	379	35%	511	0.3%	552	22.8	-37%	-38%
<i>Broadline (Internet) Retail</i>	1,734	30.1	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	10%	9%
<i>ex. Auto &amp; Broadline (Internet) Retail</i>	2,271	23.7	96.0	100%	96.0	90%	-6%	90.6	13%	0.78	5.24%	1,727	12%	1,943	1.5%	2,063	21.5	-9%	-10%
Consumer Staples	3,273	25.3	129.5	100%	129.5	84%	-5%	123.0	14%	0.84	5.00%	2,461	5%	2,584	2.2%	2,721	21.0	-17%	-17%
Energy	1,673	16.7	100.0	100%	100.0	97%	-5%	95.0	14%	0.90	5.75%	1,652	-15%	1,404	3.3%	1,474	14.7	-12%	-12%
Financials	6,879	17.2	400.0	99%	394.1	98%	-7%	365.5		1.11	5.75%	6,356	0%	6,356	1.5%	6,787	17.2	-1%	-2%
<i>Banks</i>	1,741	12.5	139.5	100%	139.5	95%	-7%	129.7		1.11	6.00%	2,162	-10%	1,946	2.7%	2,060	14.8	18%	18%
Health Care	5,067	17.8	285.0	98%	280.0	64%	-10%	252.0	10%	1.14	5.20%	4,846	10%	5,331	1.8%	5,643	20.2	11%	11%
Industrials	4,043	24.5	165.0	104%	171.5	84%	-5%	162.9	15%	0.88	5.25%	3,103	10%	3,414	1.4%	3,629	21.2	-10%	-11%
Information Technology	14,197	26.3	540.0	100%	540.0	89%	-3%	523.8	2%	0.95	5.10%	10,271	35%	13,865	0.7%	14,821	27.4	4%	4%
Materials	1,018	21.9	46.5	98%	45.5	80%	-7%	42.3	16%	0.90	5.50%	769	10%	846	1.9%	898	19.7	-12%	-12%
Real Estate	1,013	18.8	54.0	99%	53.4	80%	-12%	47.0	35%	1.79	5.25%	895	5%	940	3.6%	979	18.3	-3%	-4%
Utilities	1,184	17.8	66.5	110%	73.4	78%	-7%	68.2	79%	-0.81	5.25%	1,299	0%	1,299	3.0%	1,361	18.6	15%	14%
S&P 500 (\$ bn)	47,790	21.7	2198.0	100%	2205.4	84%	-6.1%	2070.4			5.26%	39,217	15.2%	45182	1.4%	48,079	21.8	1%	0%
S&P 500 Index (\$/sh)	5604	21.6	260.0	100%	260.0	84%	-5.8%	245.0	10%	0.93	5.25%	4667	15.1%	5371	1.4%	5703	21.9	2%	0%

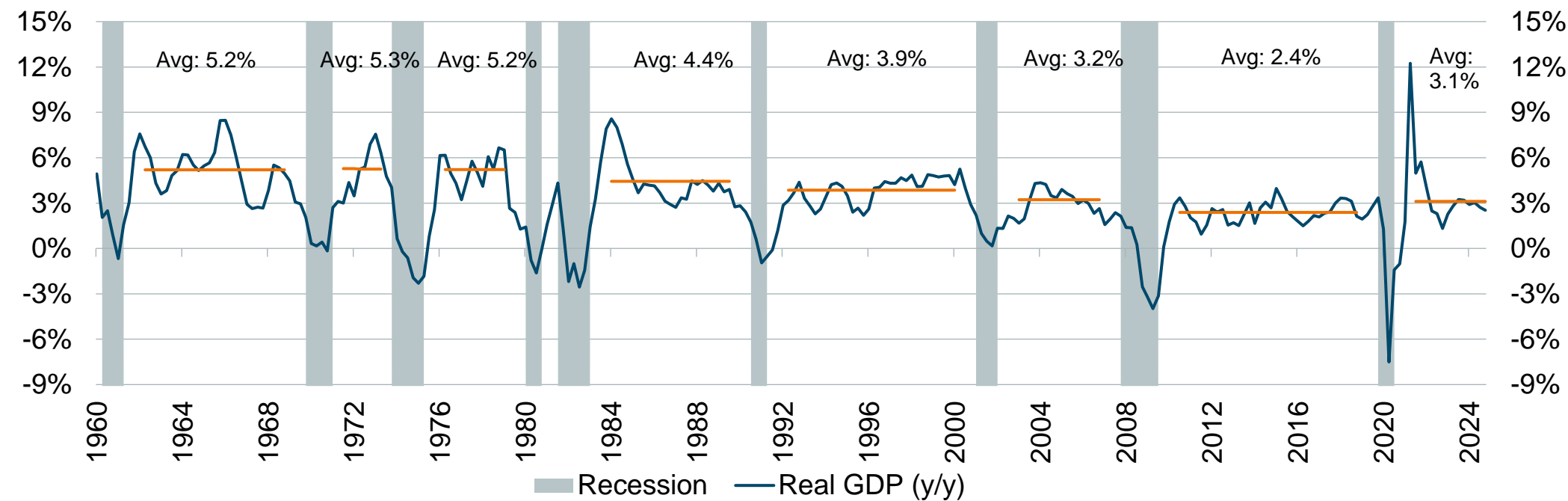
	>5%		Bigger upside vs. S&P 500
	between -5% and 5%		Same upside as S&P 500
	<-5%		Smaller upside vs. S&P 500

Source: IBES, DWS Investment GmbH as of 5/1/2025. 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. 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 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.

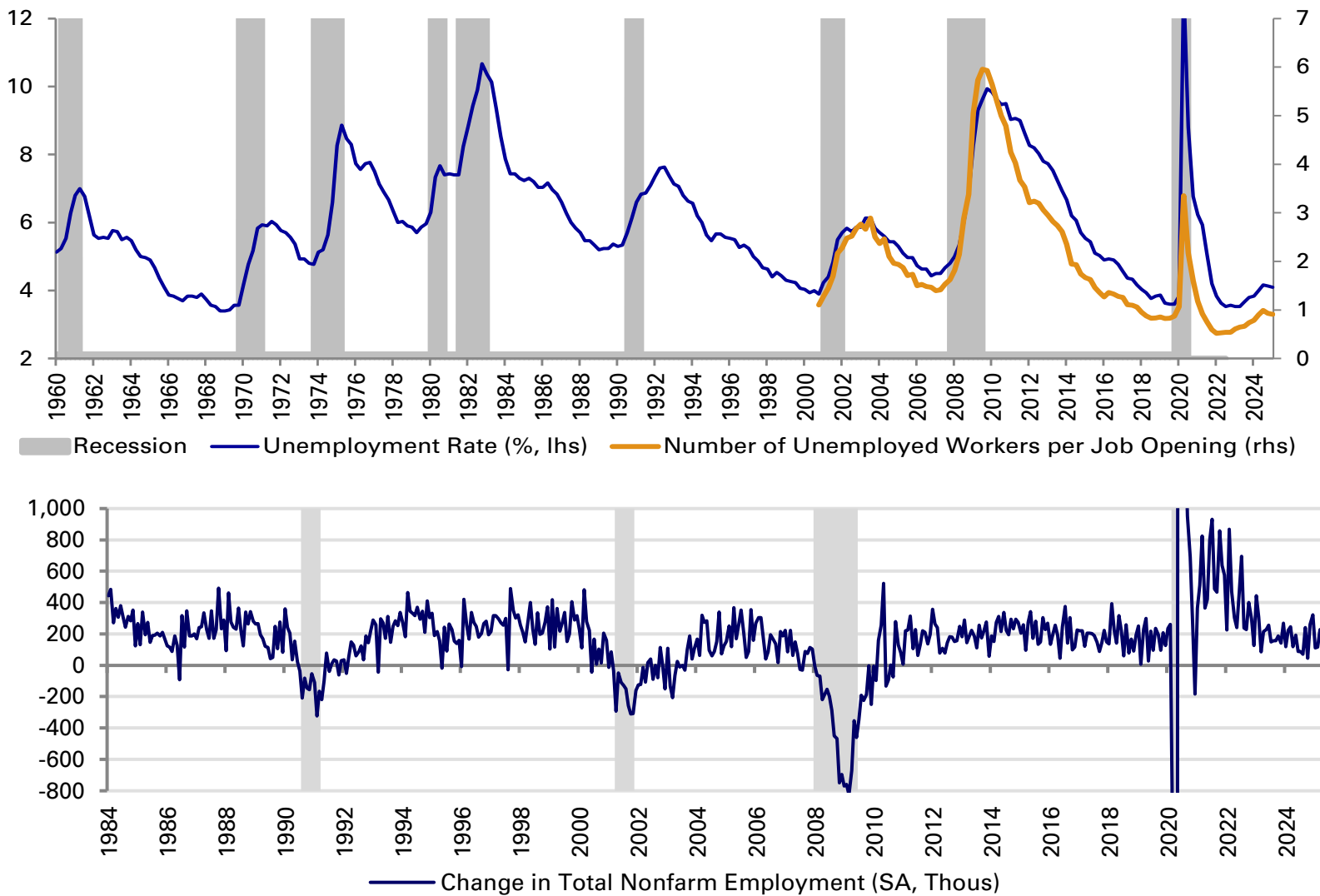
The estimated 2025 year end upside is on absolute valuation basis of each sector, not on relative sector valuation basis.

# U.S. GDP GROWTH



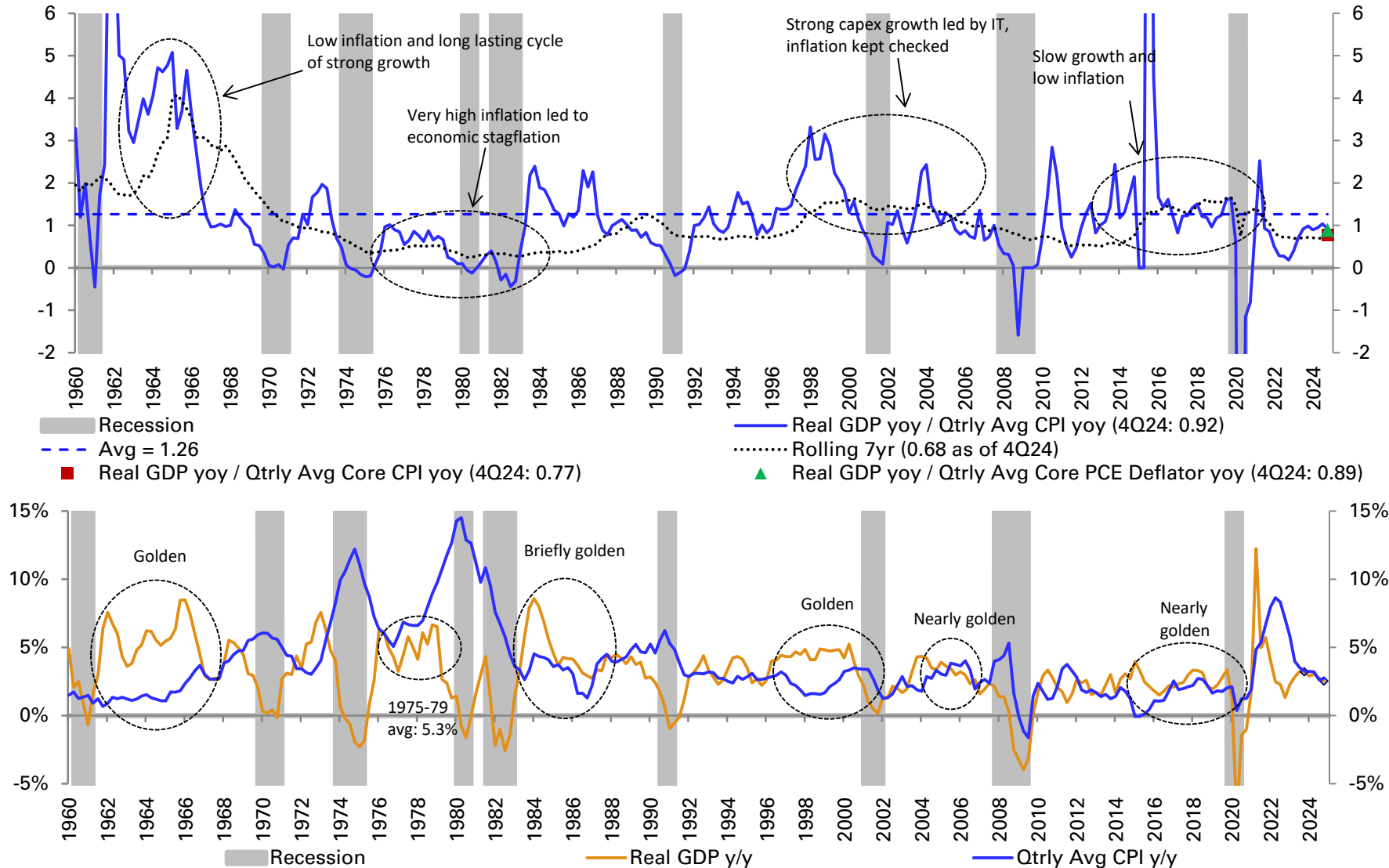
Source: Haver, DWS Investment GmbH as of 4Q2024. Past performance may not be indicative of future results.

# U.S. LABOR MARKET



Source: Haver, DWS Investment GmbH as of April 2025. Past performance may not be indicative of future results.

# S&P 500 GOLDEN RATIO: REAL GDP / CPI

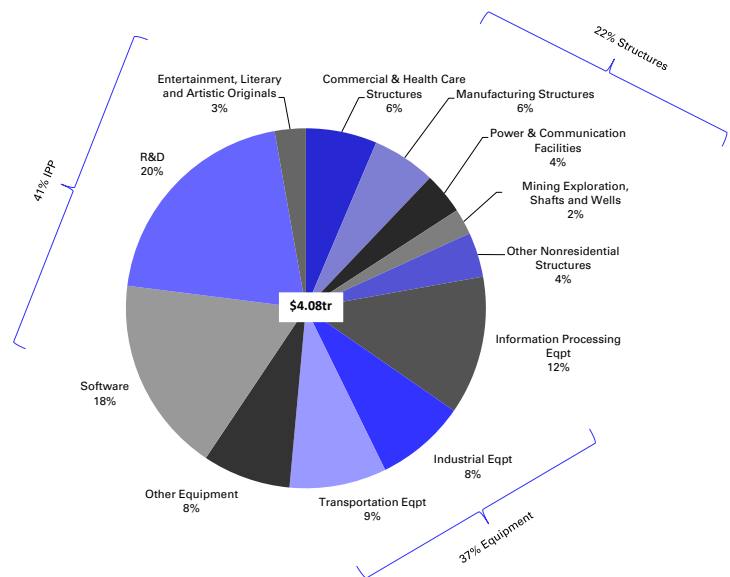


Source: Haver, DWS Investment GmbH as of 4Q2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

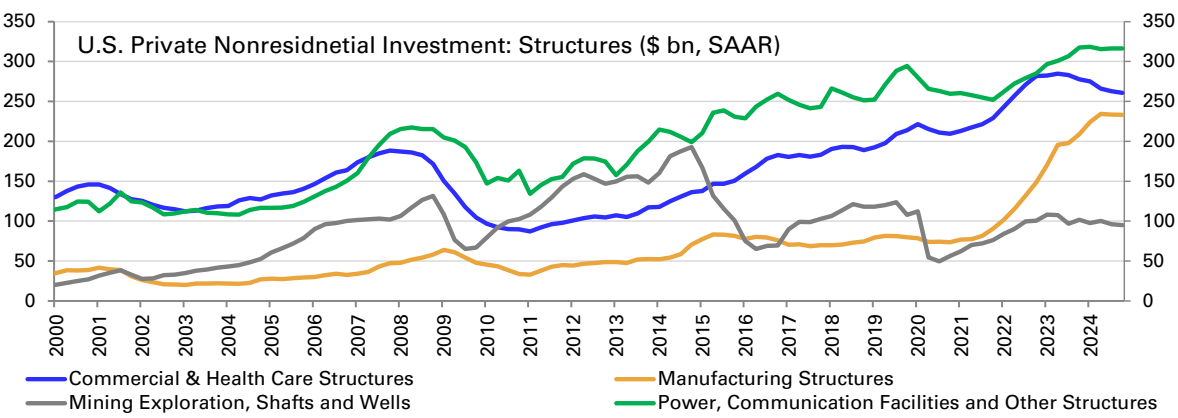
# U.S. PRIVATE NONRESIDENTIAL INVESTMENT



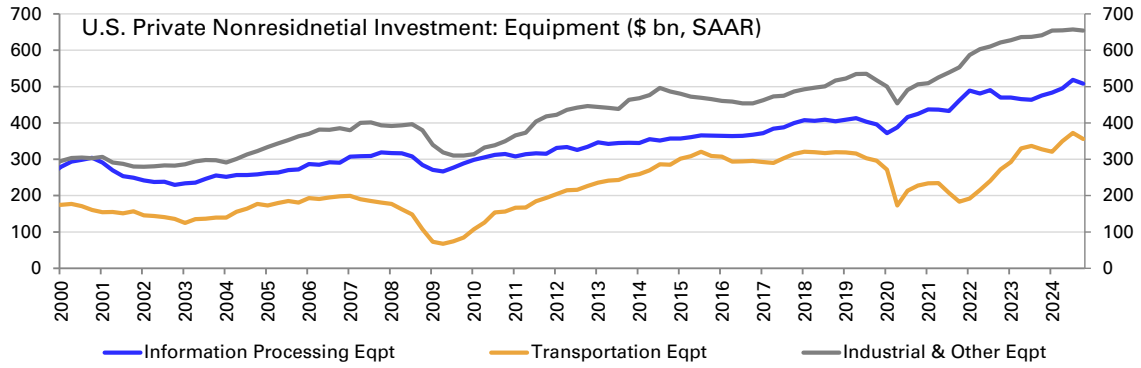
## U.S. PRIVATE NON-RES FIXED INVESTMENT BY CATEGORY



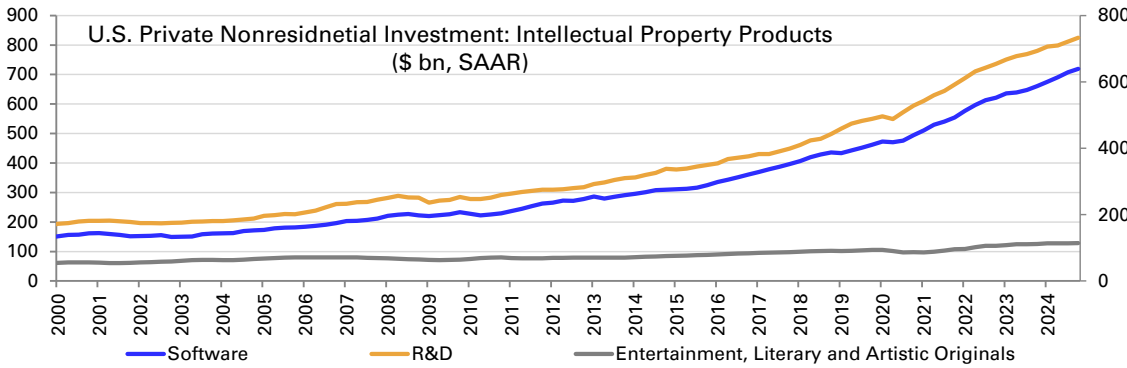
## STRUCTURES



## EQUIPMENT



## INTELLECTUAL PROPERTY PRODUCTS

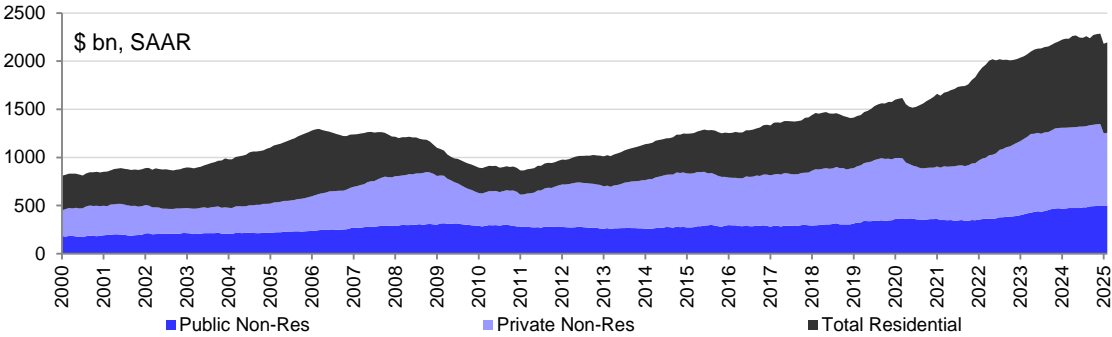




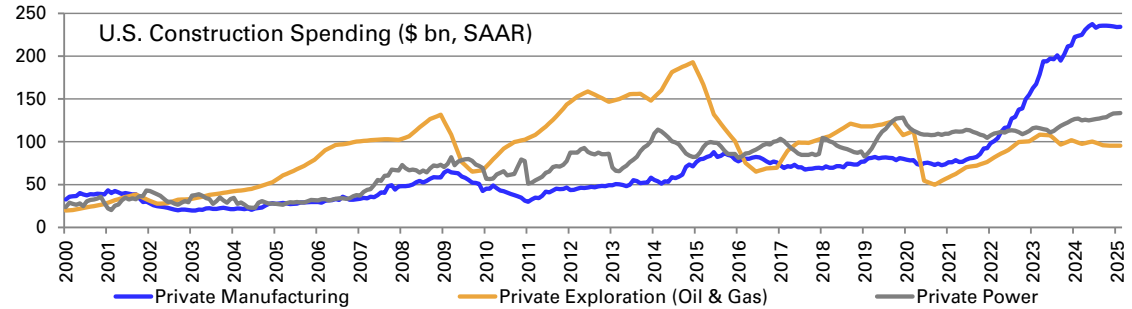
# U.S. CONSTRUCTION SPENDING



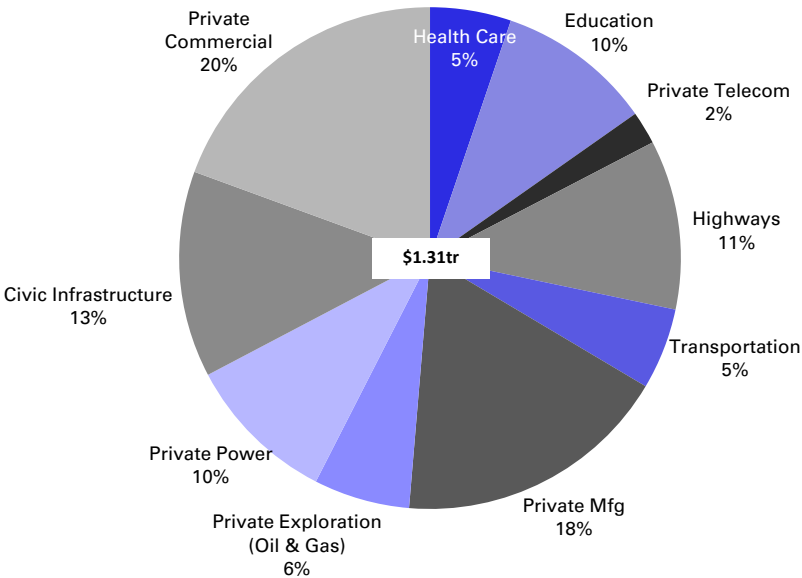
## U.S. CONSTRUCTION SPENDING



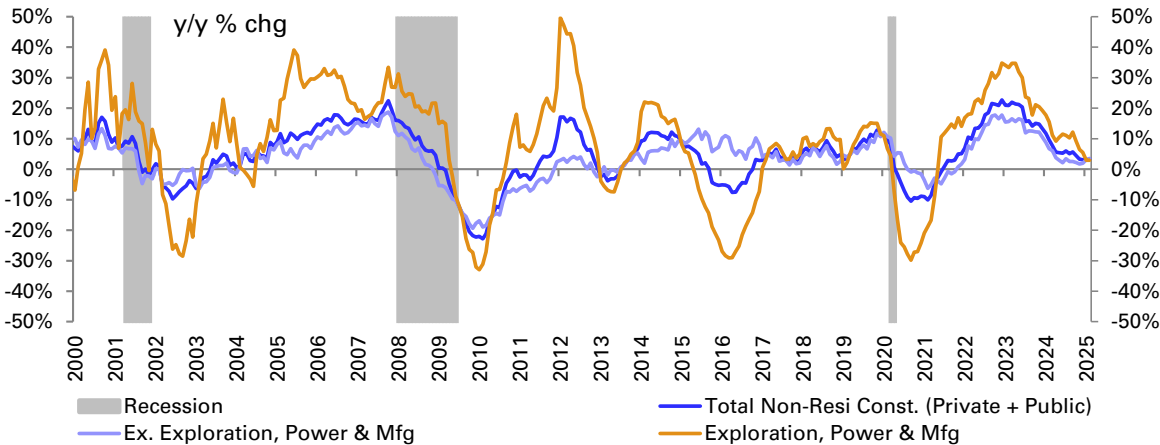
## U.S. PRIVATE CONSTRUCTION SPENDING: TOP THREE CATEGORIES



## U.S. NON-RESIDENTIAL CONSTRUCTION BY CATEGORY



## U.S. NON-RESIDENTIAL CONSTRUCTION GROWTH

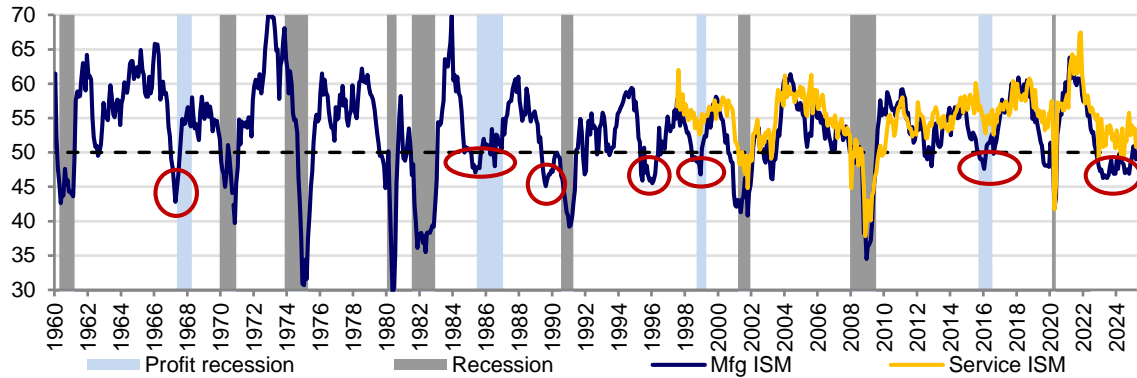


Source: Haver, DWS Investment GmbH as of February 2025, for illustrative purposes only. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

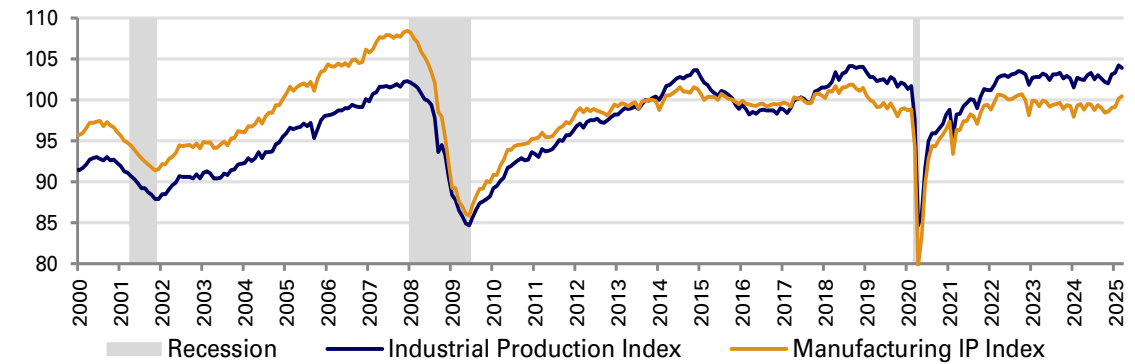
# U.S. MANUFACTURING



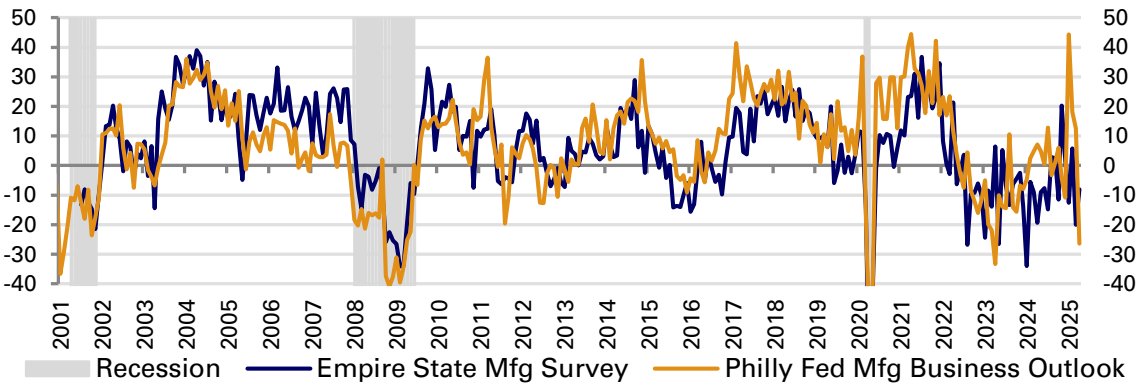
## U.S. MANUFACTURING AND SERVICE ISM



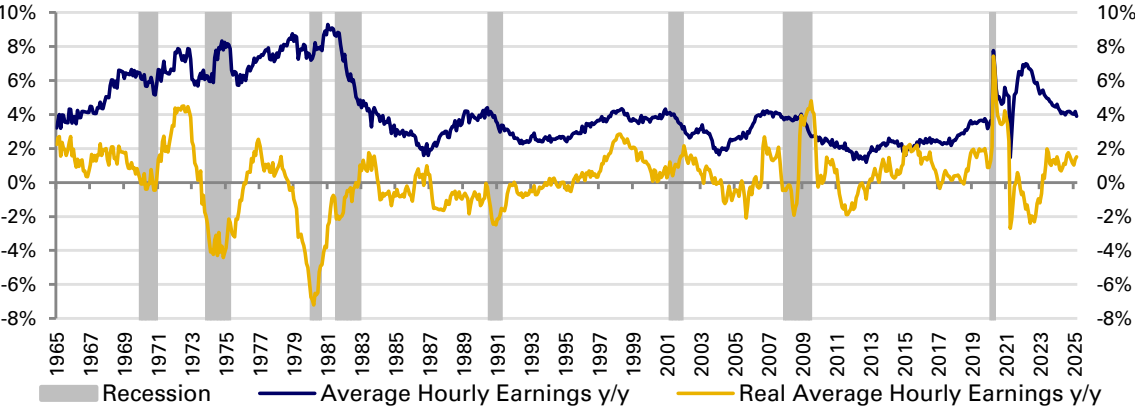
## INDUSTRIAL PRODUCTION: WHEN WILL THE U.S. MANUFACTURING RENAISSANCE BEGIN?



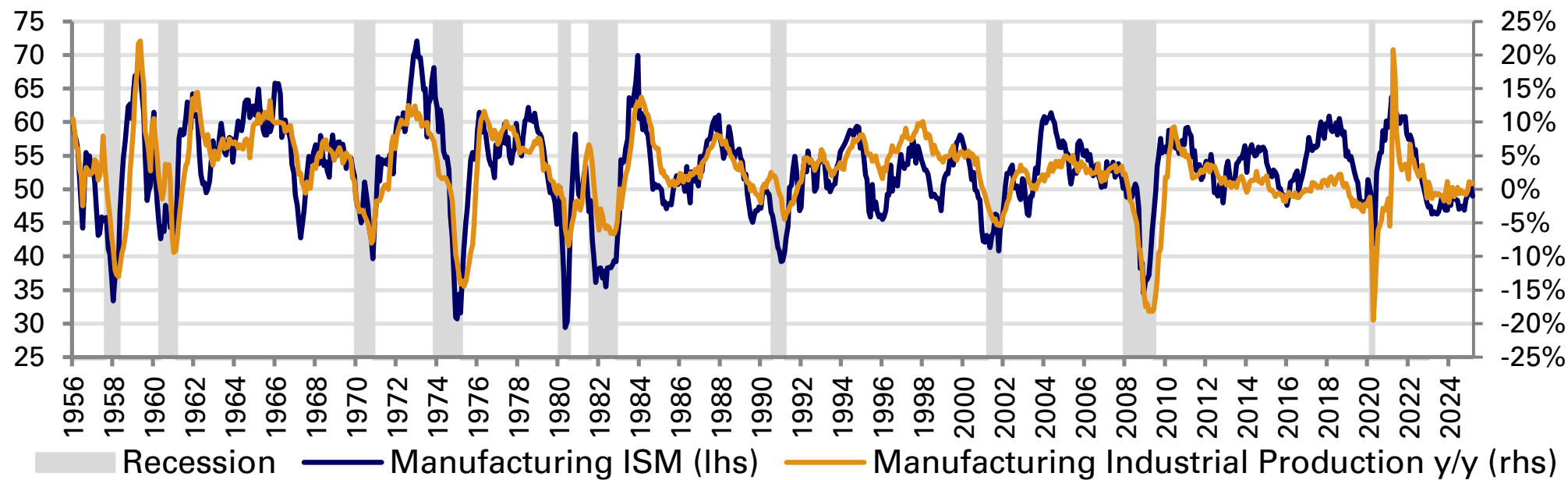
## EMPIRE STATE AND PHILLY FED MANUFACTURING SURVEY



## AVERAGE HOURLY EARNINGS GROWTH



# U.S. MANUFACTURING ISM VS. MANUFACTURING IP



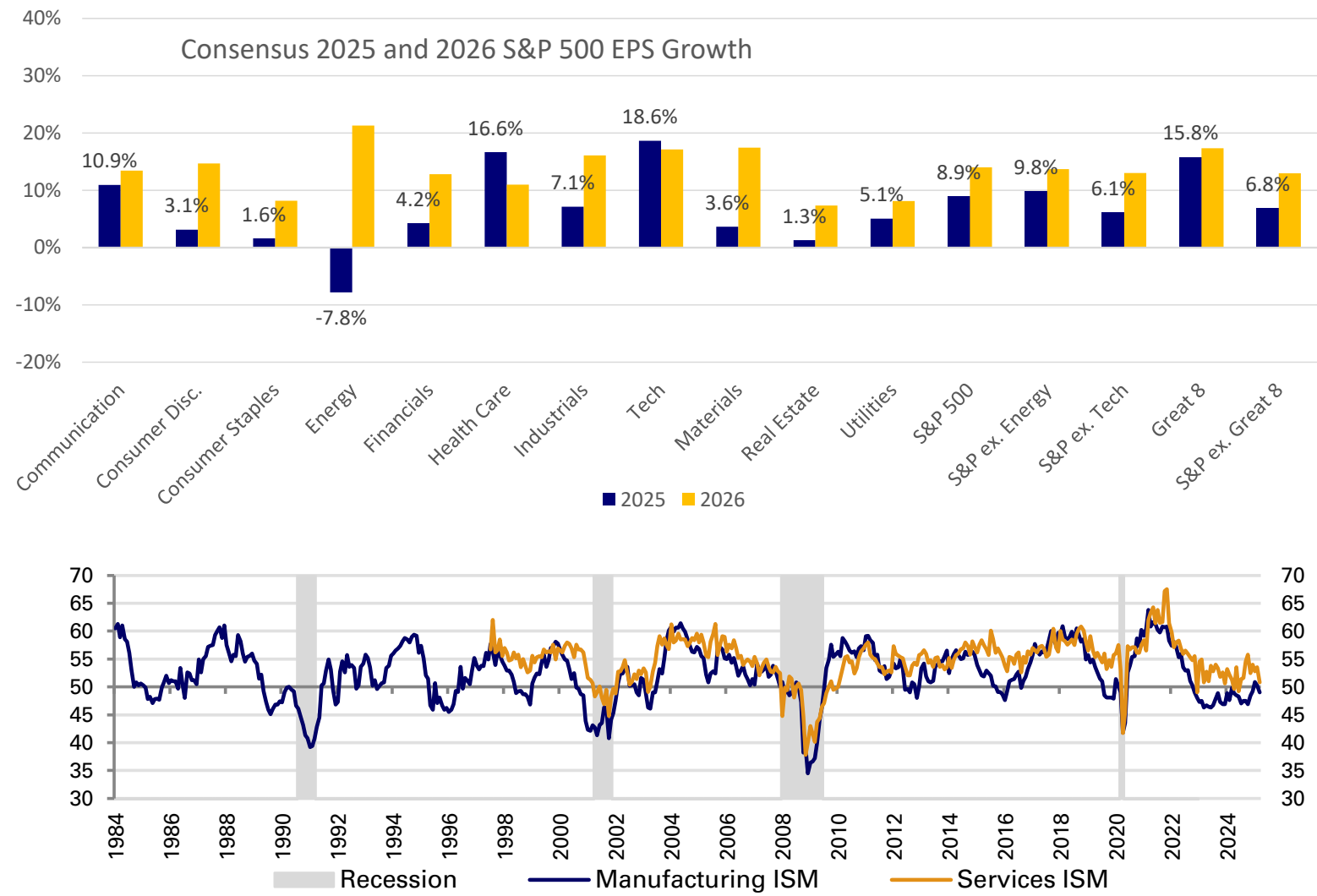
Manufacturing output has been weak, consistent with survey, but an upturn might be coming but led by capital goods related to A.I. technology and electrification.

ISM: Institute for Supply Management

IP: Industrial Production

Source: Haver, DWS Investment GmbH as of April 2025, for illustrative purposes only. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# CONSENSUS 2025 AND 2026 S&P 500 EPS GROWTH



Source: IBES, Factset, DWS Investment GmbH as of April 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.

# S&P 500 EPS MODEL



	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	y/y	2014-2024 CAGR	Bottom-up Consensus (IBES)				DWS View				Normalized 2025	
														2025E	y/y	2026E	y/y	2025E	y/y	2026E	y/y	(\$)	% of 2025
<b>S&amp;P 500 EPS (historical index)</b>	<b>\$118.82</b>	<b>\$117.46</b>	<b>\$118.10</b>	<b>\$132.00</b>	<b>\$161.93</b>	<b>\$162.93</b>	<b>\$139.72</b>	<b>\$208.12</b>	<b>\$218.09</b>	<b>\$221.36</b>	<b>\$242.73</b>	<b>9.7%</b>	<b>7.4%</b>										
<b>S&amp;P 500 EPS (current constituents)</b>	<b>\$116.94</b>	<b>\$117.28</b>	<b>\$117.85</b>	<b>\$131.21</b>	<b>\$157.97</b>	<b>\$159.48</b>	<b>\$143.22</b>	<b>\$217.85</b>	<b>\$218.24</b>	<b>\$222.05</b>	<b>\$245.17</b>	<b>10.4%</b>	<b>7.7%</b>	\$267	8.9%	\$303	13.4%	\$260	6.1%	\$285	9.6%	\$260	100%
<b>Sector (\$ bn)</b>																							
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%	247.6	15.3%	271.4	9.6%	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%	184.8	1.4%	211.8	14.6%	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%	137.7	1.1%	148.7	7.9%	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%	98.6	-10.6%	119.4	21.0%	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%	404.5	4.4%	455.7	12.7%	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%	294.9	16.4%	326.8	10.8%	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%	174.3	6.3%	202.4	16.1%	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%	545.2	18.6%	636.4	16.7%	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	48.3	-3.1%	7.0%	48.8	1.1%	57.1	17.1%	46.5	-3.6%	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	5.5%	9.7%	56.3	1.4%	60.4	7.2%	54.0	-2.8%	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%	65.7	5.2%	71.0	8.1%	66.5	6.4%	71.5	7.5%	73.4	110%
<b>S&amp;P 500</b>	<b>971.3</b>	<b>974.1</b>	<b>982.7</b>	<b>1103.8</b>	<b>1322.5</b>	<b>1322.7</b>	<b>1210.8</b>	<b>1878.7</b>	<b>1863.4</b>	<b>1881.6</b>	<b>2074.0</b>	<b>10.2%</b>	<b>7.9%</b>	<b>2258.4</b>	<b>8.9%</b>	<b>2561.0</b>	<b>13.4%</b>	<b>2198.0</b>	<b>6.0%</b>	<b>2437.5</b>	<b>10.9%</b>	<b>2205.4</b>	<b>100%</b>
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	1963.7	12.6%	8.4%	2159.8	10.0%	2441.7	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	1614.4	7.8%	7.2%	1713.2	6.1%	1924.6	12.3%	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 Trailing PE	Average	Stdev	3yr Avg High	3yr Avg Low
1960 – 2023	16.5	4.6	26.3	7.9
1985 – 2023	18.1	3.9	26.3	13.0
1995 – 2023	18.9	3.8	26.3	14.2
2005 – 2023	17.6	2.8	21.8	14.2
2005 – 2019 (pre-pandemic)	16.7	1.9	18.8	14.2

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.

Source: Factset, DWS Investment GmbH as of 5/1/2025. 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. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.



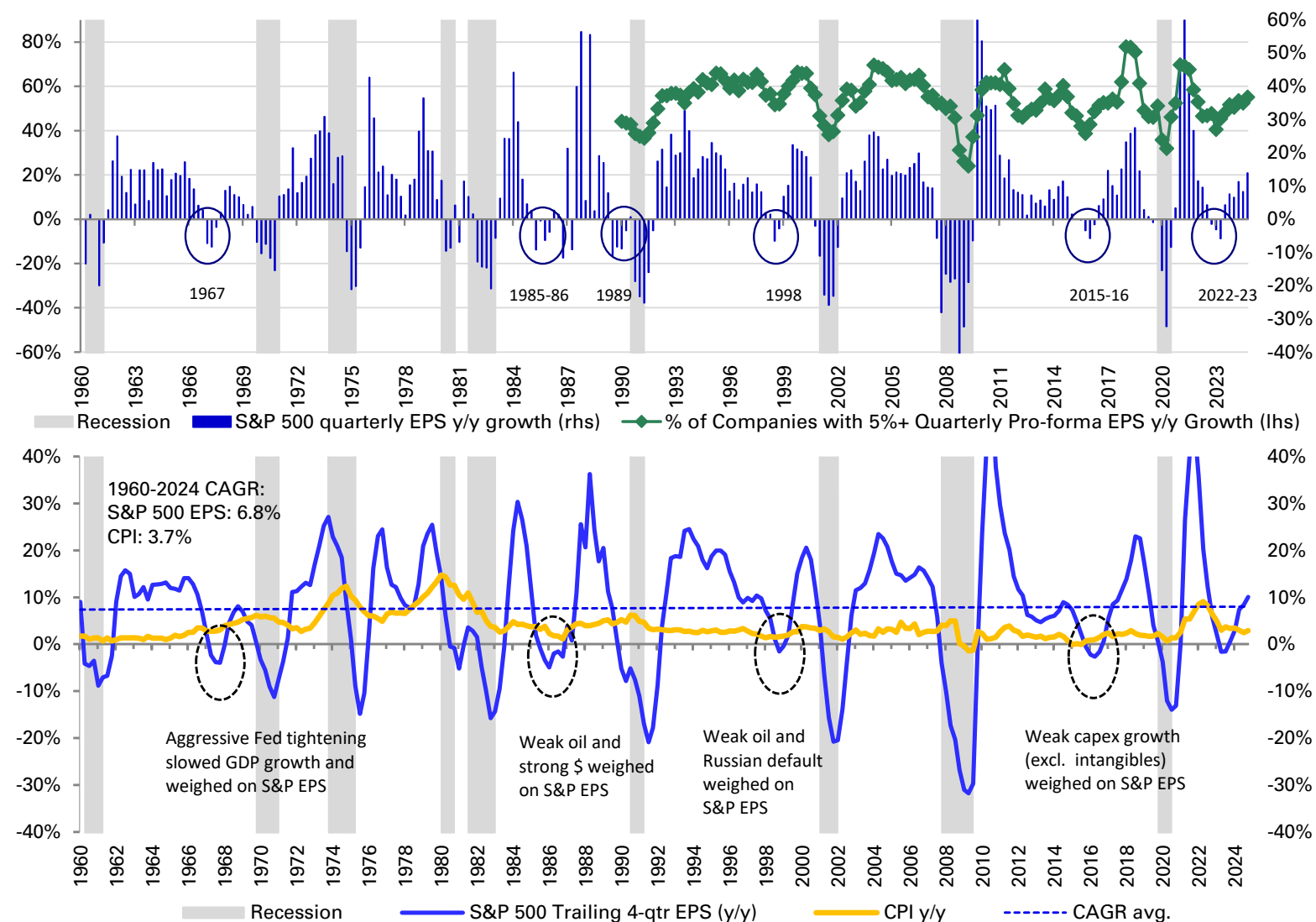
# S&P 500 EPS CYCLES



	Peak 4-qtr EPS (\$/sh)	Trough 4- qtr EPS (\$/sh)	PE on peak 4-qtr EPS, qtr-end price	PE on trough 4-qtr EPS, qtr-end price	Peak to trough EPS cycle			S&P low price	PE on S&P low & trough EPS
					EPS decline	Change in PE	S&P Price Return		
1902-04	\$4.94	\$3.81	13.4x	14.5x	-23%	8%	-16%		
1906-08	6.11	4.68	12.7	13.5	-23%	6%	-18%		
1909-11	6.20	4.76	12.7	15.6	-23%	23%	-6%		
1912-14	5.65	4.16	13.6	15.6	-26%	15%	-15%		
1916-21	12.43	2.33	6.2	25.2	-81%	308%	-24%		
1926-27	1.24	1.11	10.9	15.9	-10%	46%	31%		
1929-32	1.61	0.41	13.3	16.8	-75%	26%	-68%	4.4	10.7x
1937-38	1.22	0.62	11.3	19.7	-49%	75%	-11%	8.5	13.7
1941-46	1.19	0.84	8.6	21.9	-29%	156%	81%	13.55	16.1
1950-52	2.84	2.34	7.2	10.7	-18%	48%	22%	16.68	7.1
1956-58	3.69	2.88	13.1	17.4	-22%	32%	3%	38.98	13.5
1959-61	3.43	3.03	16.6	21.3	-12%	29%	14%	52.34	17.3
1969-70	5.89	5.13	15.8	18.0	-13%	14%	-1%	69.29	13.5
1974-75	9.11	7.76	7.0	10.8	-15%	55%	32%	62.28	8.0
1981-83	15.36	12.42	8.0	12.3	-19%	54%	25%	102.42	8.2
1989-91	25.53	18.48	12.5	22.6	-28%	81%	31%	295.46	16.0
2000-02	57.37	44.19	25.0	26.0	-23%	4%	-21%	1527.46	34.6
2007-09	92.15	50.84	16.3	20.8	-45%	27%	-30%	676.53	13.3
2019-20	164.38	141.00	18.0	23.9	-14%	33%	14%	2237.40	14.2
Avg (1900-2009)			12.7x	18.0x	-29%	55%	2%		14.3x
Avg (1950 - 2009)			13.9x	18.4x	-21%	38%	9%		14.6x
Avg ex. 1916-21 (WWI profits) & Great Depression			13.9x	17.7x	-23%	42%	8%		14.6x

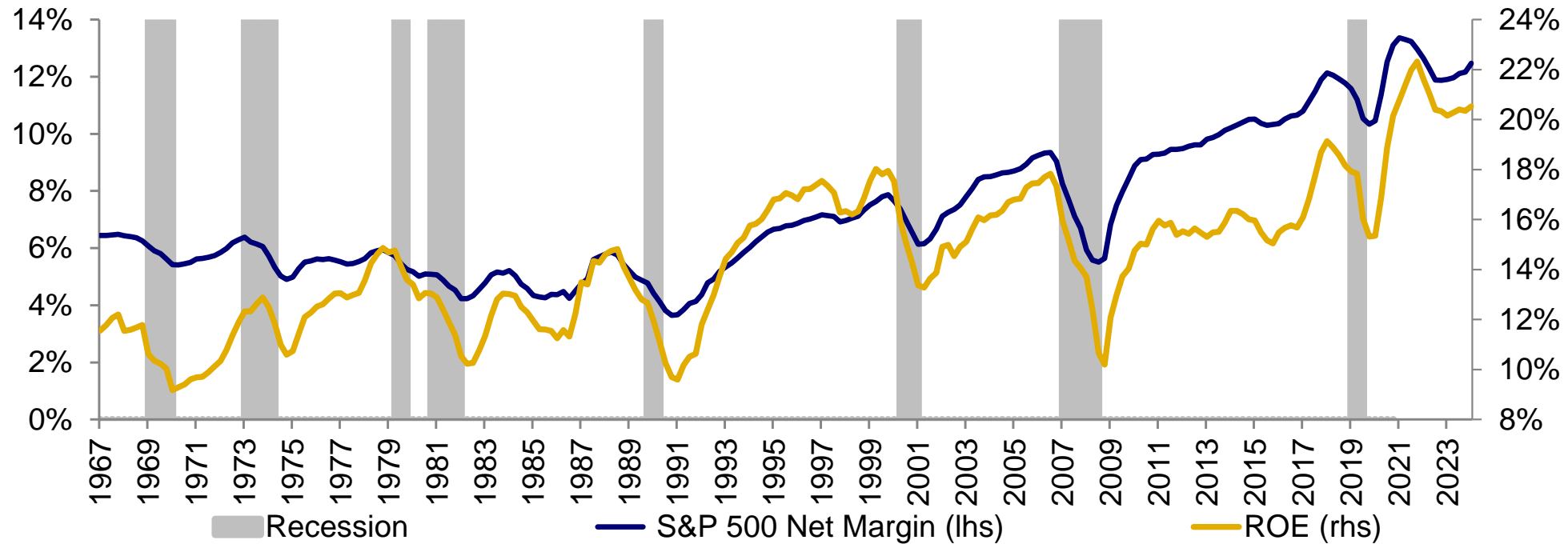
Source: Haver, S&P, DWS Investment GmbH as of April 2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# S&P 500 EPS GROWTH



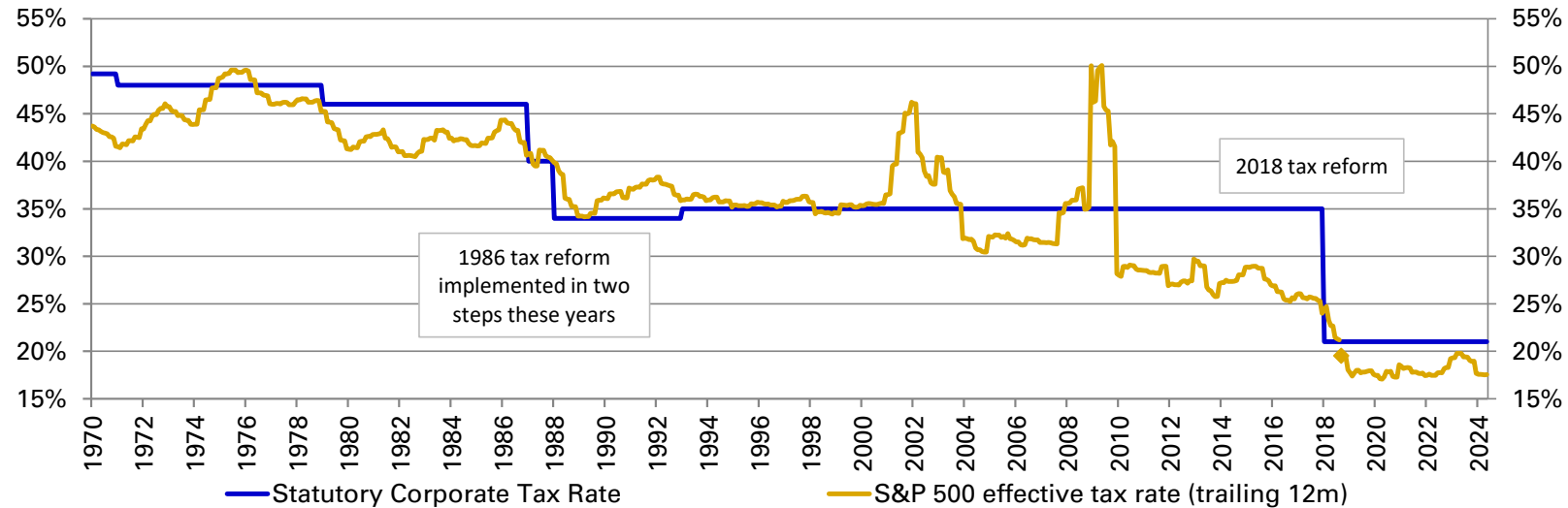
Source: Haver, IBES, Factset, DWS Investment GmbH as of April 2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# S&P 500 NET MARGIN AND ROE



Source: Factset, Clarifi, DWS Investment GmbH as of 4Q2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# S&P 500 CORPORATE TAX RATE



	Effective Tax Rate	Current Tax Rate	Cash Paid Tax Rate	US Effective Rate	Foreign Effective Rate	Pretax Domestic Income % of Total	Pretax Foreign Income % of Total	Domestic Pretax Margin	Foreign Pretax Margin
Consumer Discretionary	13.1%	25.3%	25.8%	13.8%	13.8%	66.5%	33.5%	8.5%	12.2%
Consumer Staples	22.8%	23.7%	23.1%	21.8%	28.6%	64.7%	35.3%	4.8%	11.3%
Energy	25.1%	21.3%	23.5%	22.8%	28.1%	50.0%	50.0%	11.2%	23.9%
Financials	17.8%	23.8%	15.9%	28.5%	8.0%	52.2%	47.8%	12.3%	44.5%
Health Care	17.1%	33.1%	37.8%	26.0%	10.2%	29.9%	70.1%	2.1%	33.5%
Industrials	20.2%	22.0%	24.6%	22.2%	17.5%	57.7%	42.3%	8.8%	14.9%
Information Technology	14.0%	22.1%	21.7%	14.1%	15.1%	47.7%	52.3%	27.5%	22.2%
Materials	18.0%	27.3%	25.7%	22.0%	17.8%	46.0%	54.0%	7.4%	11.8%
Communication Services	17.7%	21.9%	19.1%	28.1%	26.5%	88.0%	12.0%	26.3%	6.9%
Real Estate	5.1%	6.4%	6.0%	10.2%	-4.1%	88.0%	12.0%	20.1%	11.2%
Utilities	9.3%	4.2%	4.9%	35.0%	-78.7%	99.3%	1.4%	13.4%	7.7%
<b>S&amp;P 500</b>	<b>17.5%</b>	<b>23.2%</b>	<b>21.8%</b>	<b>23.2%</b>	<b>15.3%</b>	<b>58.1%</b>	<b>41.8%</b>	10.2%	20.4%
S&P 500 ex. Fin.	17.4%	23.1%	23.5%	22.0%	17.7%	59.8%	40.1%		

Source: Clarifi, S&P, DWS Investment GmbH as of April 2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# CORPORATE TAX RATE IMPACT ON S&P 500 EPS

	Pretax profits (2023)		Current Effective Tax Rate			Boost to EPS				
	US	Foreign	US	Foreign	Overall	10% US Tax	12% US Tax	15% US Tax	18% US Tax	21% US Tax (Current)
Consumer Discretionary	72%	28%	21%	20%	21%	10%	8%	5%	3%	0%
Consumer Staples	57%	43%	21%	20%	21%	8%	6%	4%	2%	0%
Energy	56%	44%	21%	35%	27%	9%	7%	5%	2%	0%
Financials	72%	28%	21%	15%	19%	10%	8%	5%	3%	0%
Health Care	42%	58%	21%	17%	19%	6%	5%	3%	2%	0%
Industrials	63%	37%	21%	17%	20%	9%	7%	5%	2%	0%
Information Technology	48%	52%	21%	15%	18%	6%	5%	3%	2%	0%
Materials	40%	60%	21%	22%	22%	6%	5%	3%	2%	0%
Real Estate	93%	7%	0%	0%	0%	0%	0%	0%	0%	0%
Communication Services	89%	11%	21%	30%	22%	13%	10%	7%	3%	0%
Utilities	99%	1%	10%	25%	10%	12%	10%	7%	3%	0%
<b>S&amp;P 500</b>	<b>65%</b>	<b>35%</b>	<b>21%</b>	<b>18%</b>	<b>20%</b>	<b>9%</b>	<b>7%</b>	<b>5%</b>	<b>2%</b>	<b>0%</b>

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



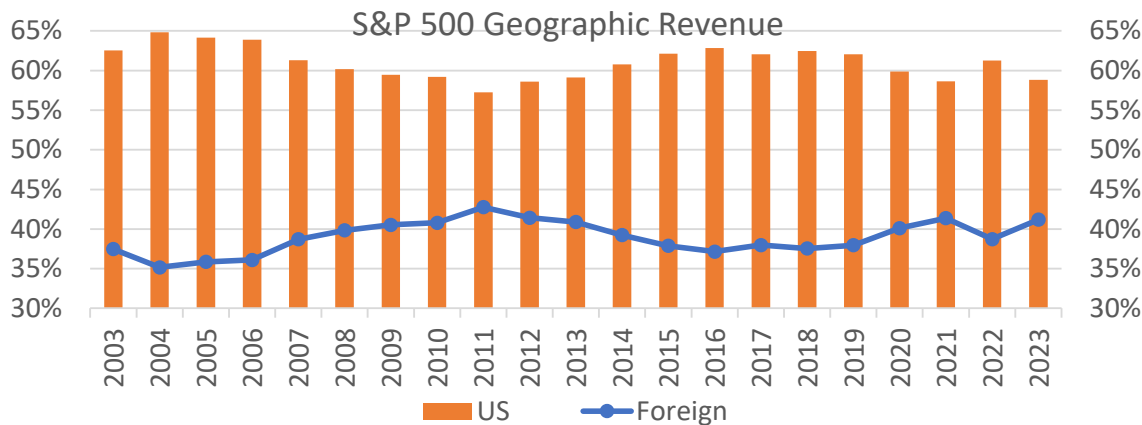
# S&P 500 REVENUE GEOGRAPHIC DISTRIBUTION



## S&P 500 REVENUE GEOGRAPHIC DISTRIBUTION

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
US	62.5%	64.8%	64.1%	63.9%	61.3%	60.2%	59.5%	59.2%	57.2%	58.6%	59.1%	60.8%	62.1%	62.8%	62.0%	62.5%	62.0%	59.9%	58.6%	61.3%	58.8%
Foreign	37.5%	35.2%	35.9%	36.1%	38.7%	39.8%	40.5%	40.8%	42.8%	41.4%	40.9%	39.2%	37.9%	37.2%	38.0%	37.5%	38.0%	40.1%	41.4%	38.7%	41.2%
Europe	16.7%	15.6%	15.6%	15.5%	17.0%	17.7%	16.7%	16.0%	15.9%	15.0%	15.2%	14.6%	13.9%	13.4%	13.6%	13.9%	13.8%	14.5%	14.5%	13.3%	13.8%
UK	2.9%	2.9%	2.7%	2.7%	3.0%	2.9%	2.7%	2.7%	2.8%	2.6%	2.7%	2.6%	2.8%	2.6%	2.3%	2.4%	2.4%	2.5%	2.4%	2.3%	2.3%
Asia	12.3%	11.6%	11.6%	11.1%	11.8%	11.4%	12.9%	13.5%	14.3%	14.1%	13.7%	13.4%	13.6%	14.0%	14.9%	14.8%	15.3%	17.0%	18.3%	16.2%	18.0%
China	2.1%	2.1%	2.2%	2.2%	2.6%	2.8%	3.4%	3.8%	4.5%	4.3%	4.6%	4.7%	5.3%	5.3%	5.8%	5.9%	5.9%	6.8%	7.9%	6.9%	7.5%
Japan	4.8%	4.4%	4.2%	3.6%	3.5%	3.4%	3.9%	4.1%	4.0%	3.7%	3.2%	2.9%	2.6%	2.9%	2.9%	2.8%	2.9%	3.1%	3.1%	2.6%	2.6%
LatAm	3.0%	3.2%	3.4%	3.5%	3.7%	3.9%	4.0%	4.3%	4.8%	4.6%	4.6%	4.2%	3.9%	3.5%	3.6%	3.4%	3.4%	3.1%	3.2%	3.4%	3.7%

## S&P 500 REVENUE GEOGRAPHIC DISTRIBUTION



## S&P 500 2023 REVENUE GEOGRAPHIC DISTRIBUTION BY SECTOR

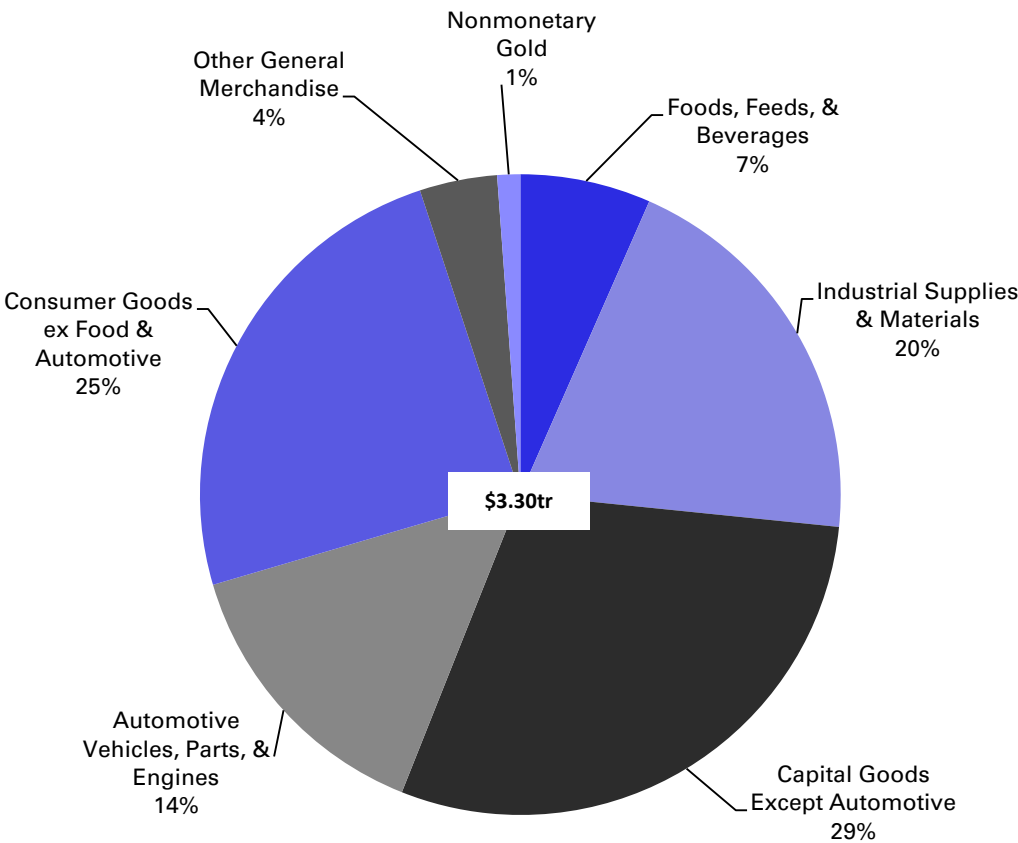
	US	Foreign	Europe	UK	Asia	China	Japan	LatAm
<b>S&amp;P 500</b>	<b>58.6%</b>	<b>41.4%</b>	<b>13.6%</b>	<b>2.2%</b>	<b>17.9%</b>	<b>7.4%</b>	<b>2.6%</b>	<b>4.0%</b>
Communication	51.9%	48.1%	16.5%	2.1%	14.6%	4.5%	2.3%	8.3%
Cons. Disc.	66.8%	33.2%	14.9%	3.6%	11.9%	5.5%	2.3%	2.1%
Cons. Staples	60.2%	39.8%	13.6%	1.6%	12.3%	4.3%	2.2%	5.2%
Energy	61.0%	39.0%	12.6%	3.9%	14.1%	5.6%	0.8%	4.1%
Financials	71.9%	28.1%	11.1%	2.4%	9.8%	3.0%	1.8%	2.1%
Health Care	65.7%	34.3%	15.7%	1.7%	12.4%	4.5%	2.6%	2.2%
Industrials	66.8%	33.2%	11.2%	2.0%	10.7%	3.3%	1.8%	5.4%
Tech	42.6%	57.4%	14.8%	1.7%	34.1%	14.9%	4.0%	2.0%
Materials	48.1%	51.9%	19.0%	5.1%	20.1%	6.0%	3.0%	6.2%
Real Estate	82.5%	17.5%	6.4%	2.5%	4.5%	1.6%	0.7%	2.6%
Utilities	98.7%	1.3%	0.1%	0.0%	0.0%	0.0%	0.0%	1.2%

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

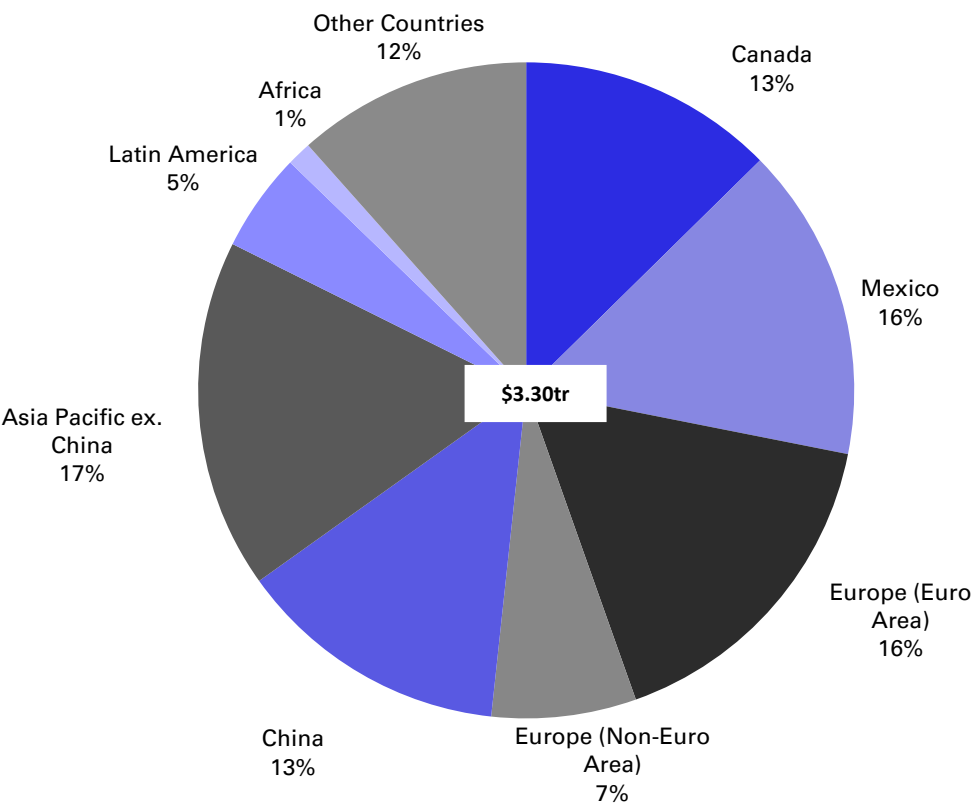
# U.S IMPORTS OF GOODS



U.S. IMPORTS OF GOODS BY CATEGORY  
(TRAILING 4-QUARTER 1Q2024-4Q2024)

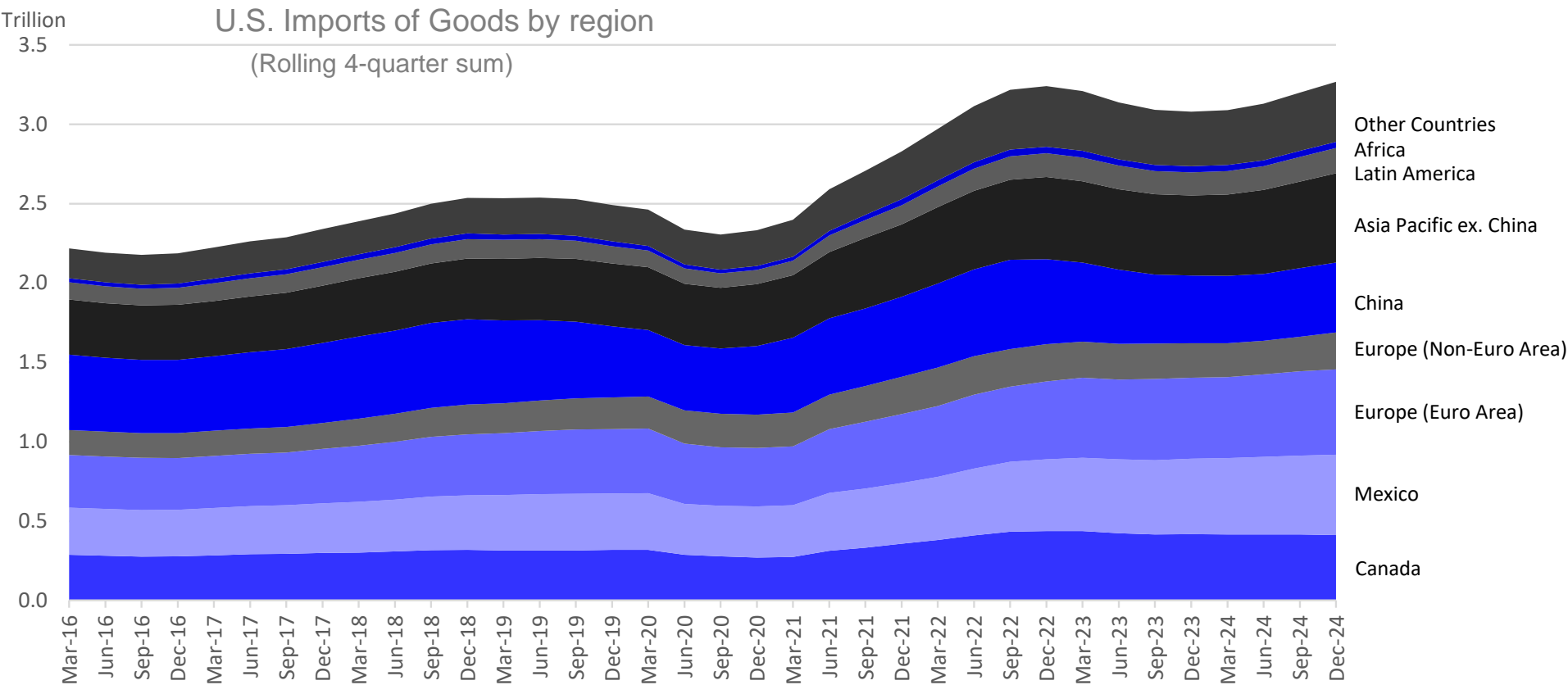


U.S. IMPORTS OF GOODS BY REGION  
(TRAILING 4-QUARTER 1Q2024-4Q2024)



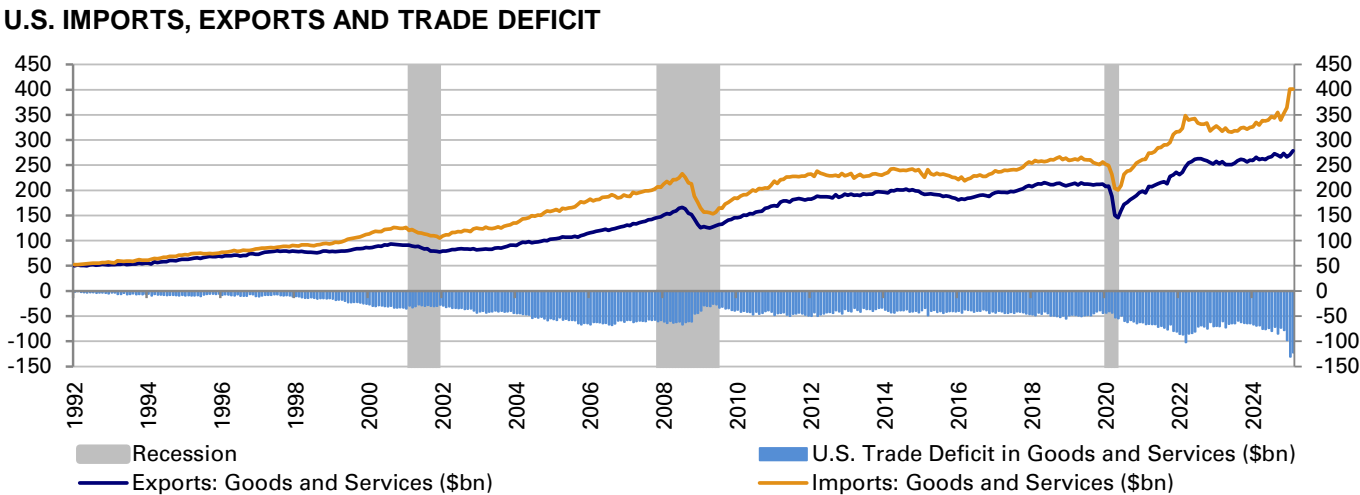
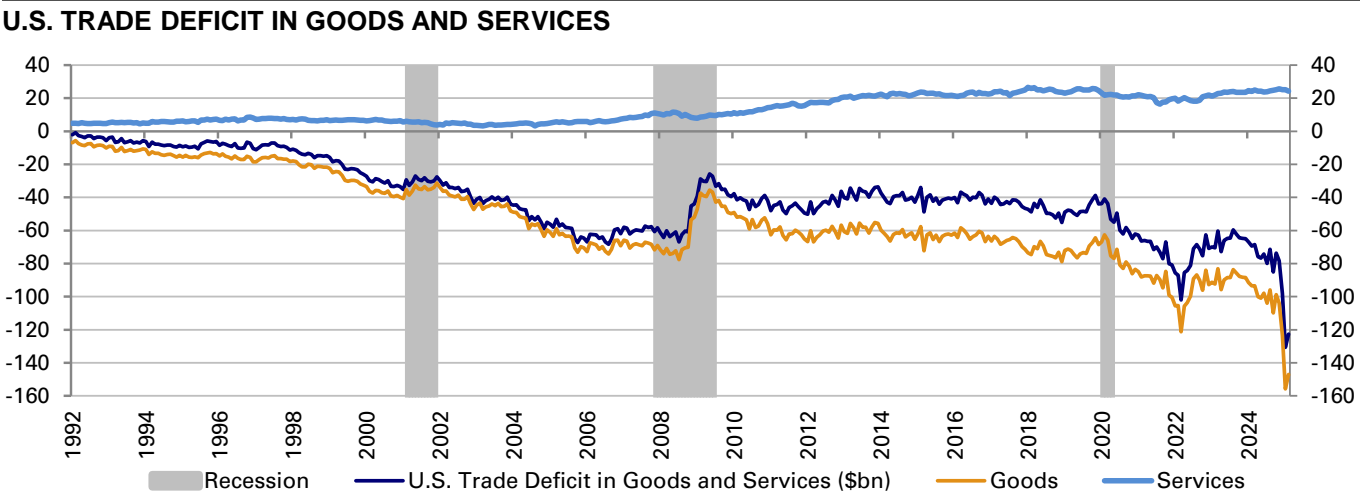
Other Countries: India, Israel, Saudi Arabia, Thailand, Vietnam and Other  
Source: Haver, DWS Investment GmbH as of April 2025, for illustrative purposes only.

# U.S IMPORTS OF GOODS



Other Countries: India, Israel, Saudi Arabia, Thailand, Vietnam and Other  
Source: Haver, DWS Investment GmbH as of April 2025, for illustrative purposes only.

# U.S TRADE DEFICIT

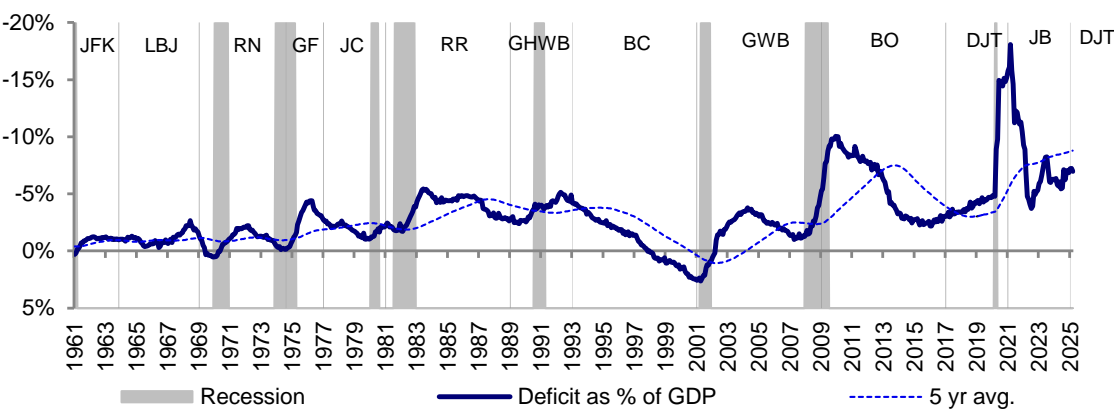


Source: Haver, DWS Investment GmbH as of April 2025, for illustrative purposes only.

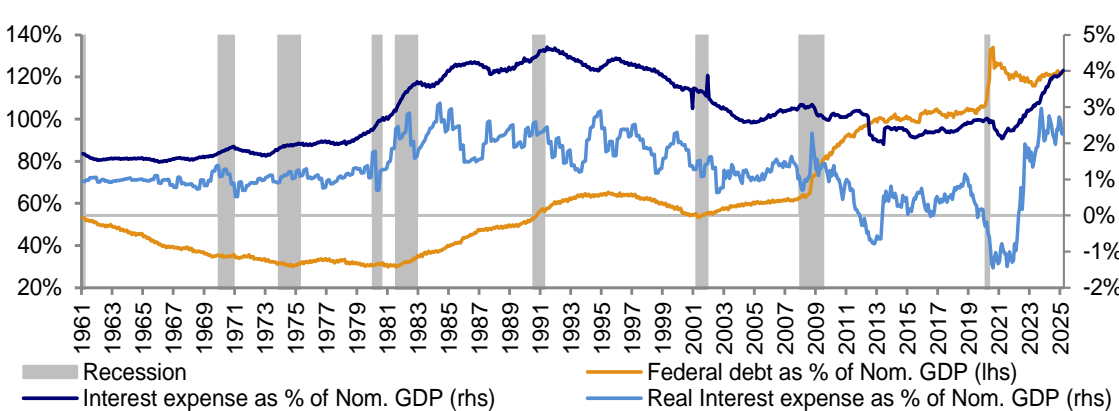
# U.S. FISCAL AND FED BALANCE SHEET



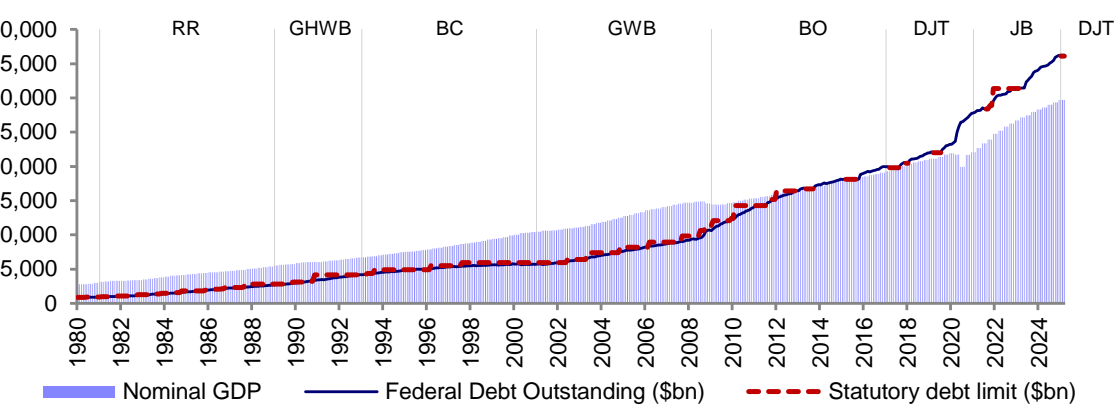
## U.S. GOVERNMENT DEFICIT



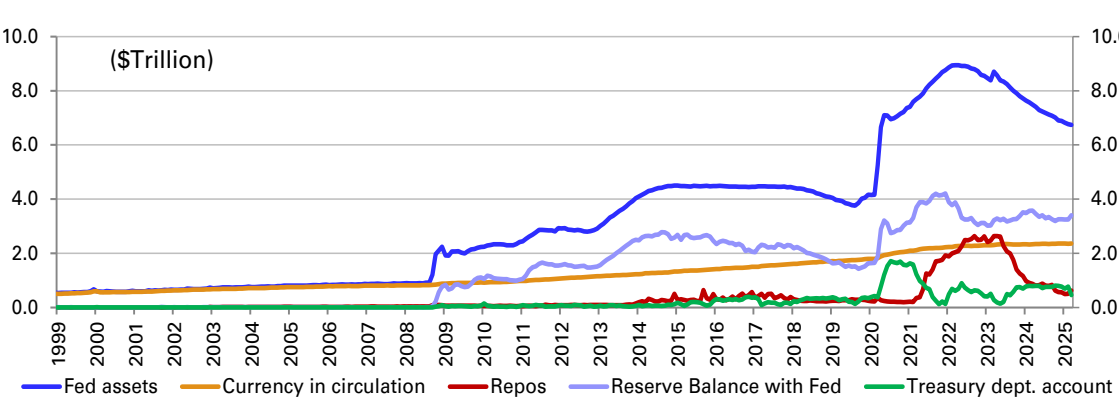
## U.S. FEDERAL GOVERNMENT DEBT / GDP, INTEREST / GDP



## DEBT CEILING



## FEDERAL RESERVE ASSETS & LIABILITIES



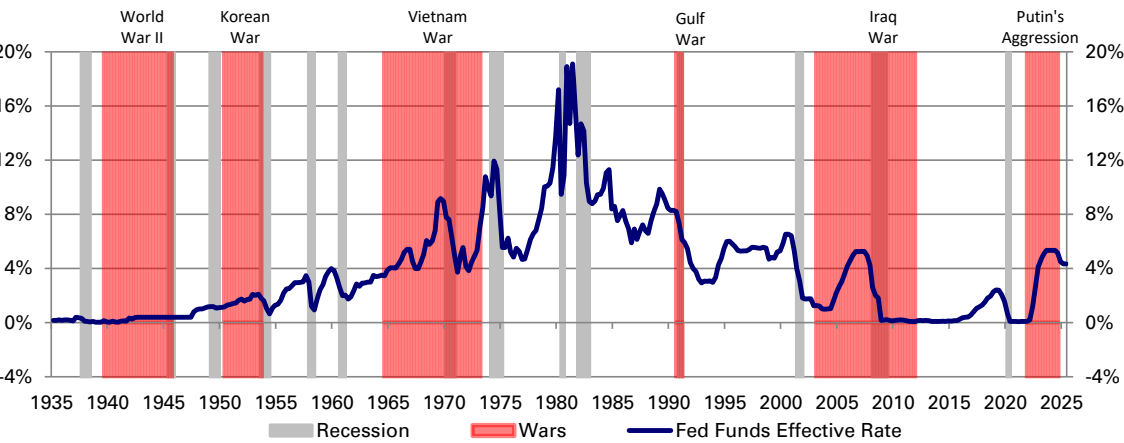
Source: Haver, DWS Investment GmbH as of April 2025, for illustrative purposes only.



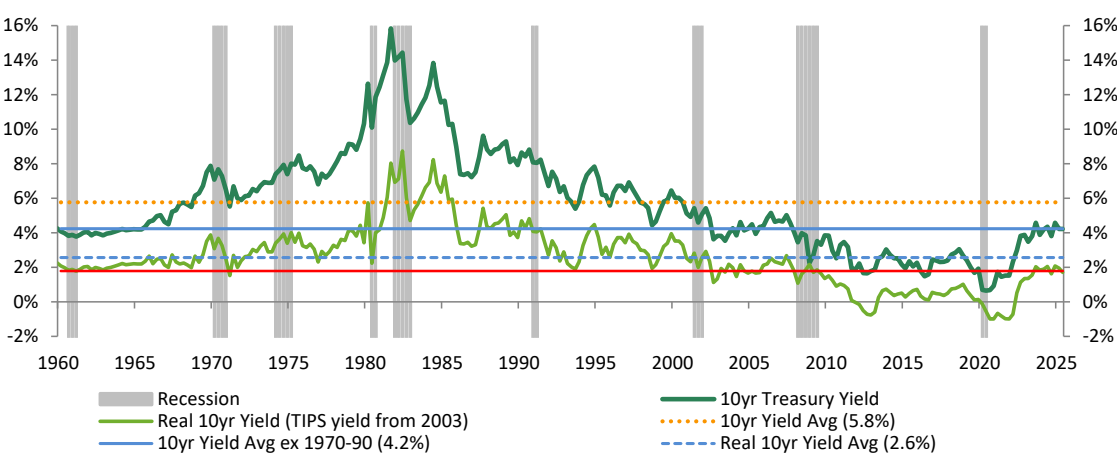
# INTEREST RATES



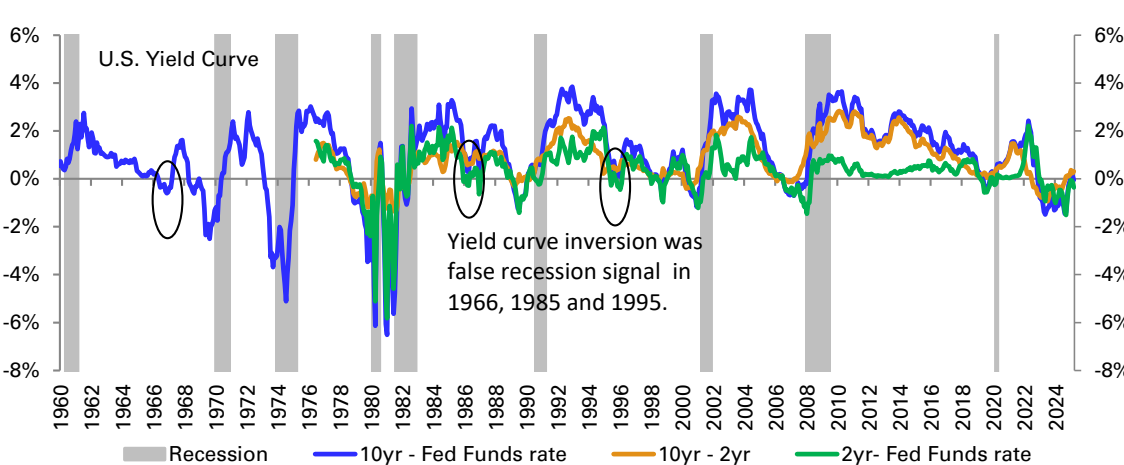
## FED FUNDS RATE



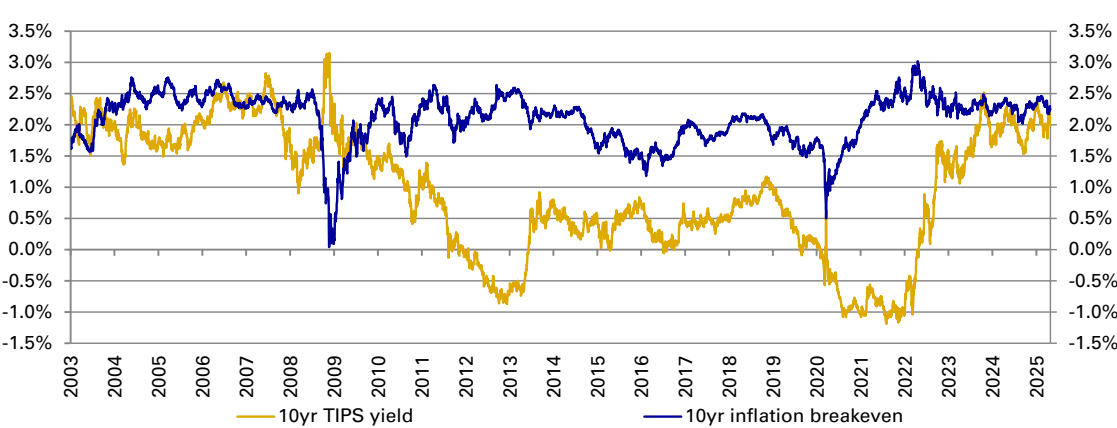
## 10-YEAR TREASURY YIELDS



## YIELD CURVE

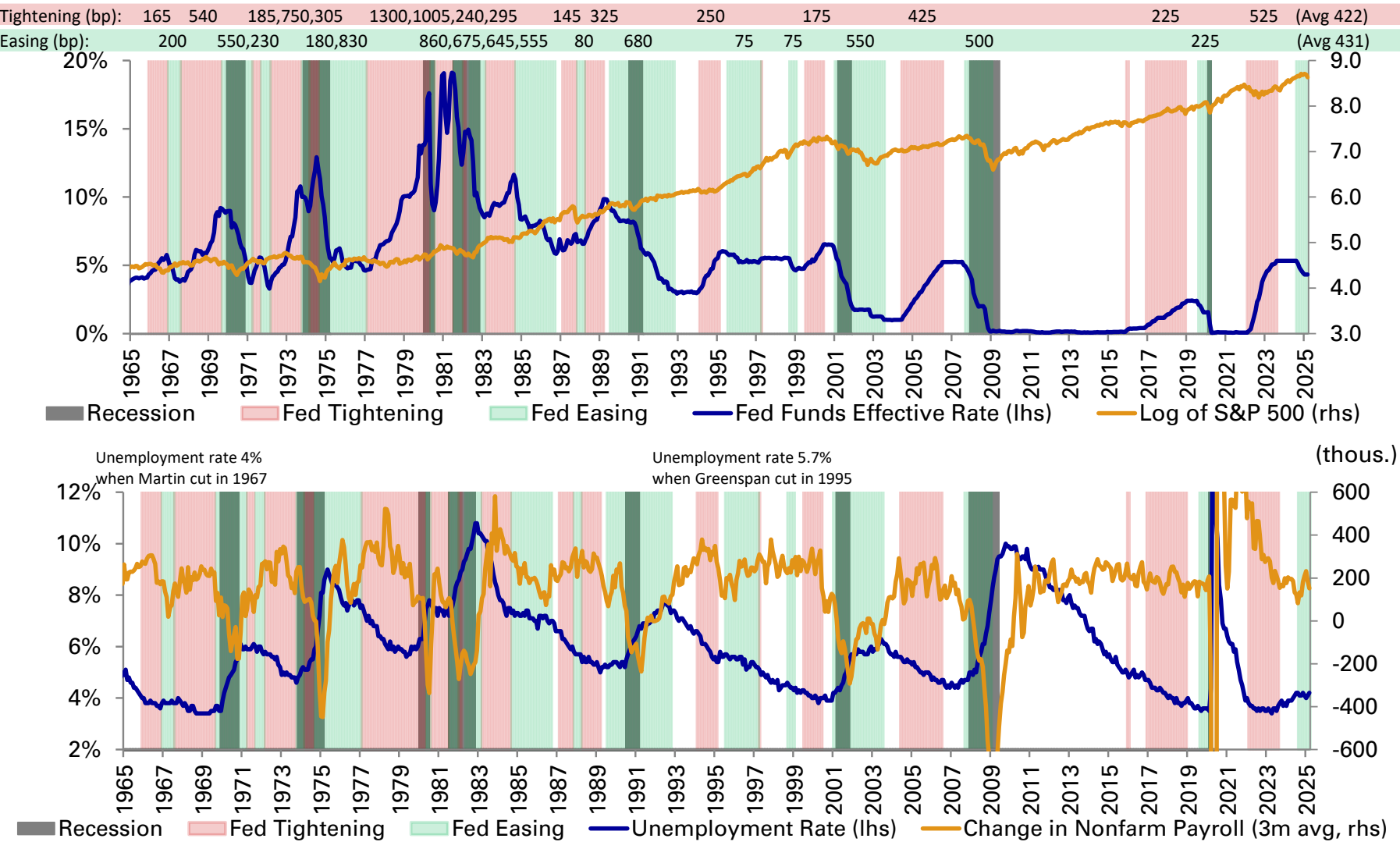


## TREASURY INFLATION-PROTECTED SECURITIES (TIPS) YIELDS AND BREAKEVENS



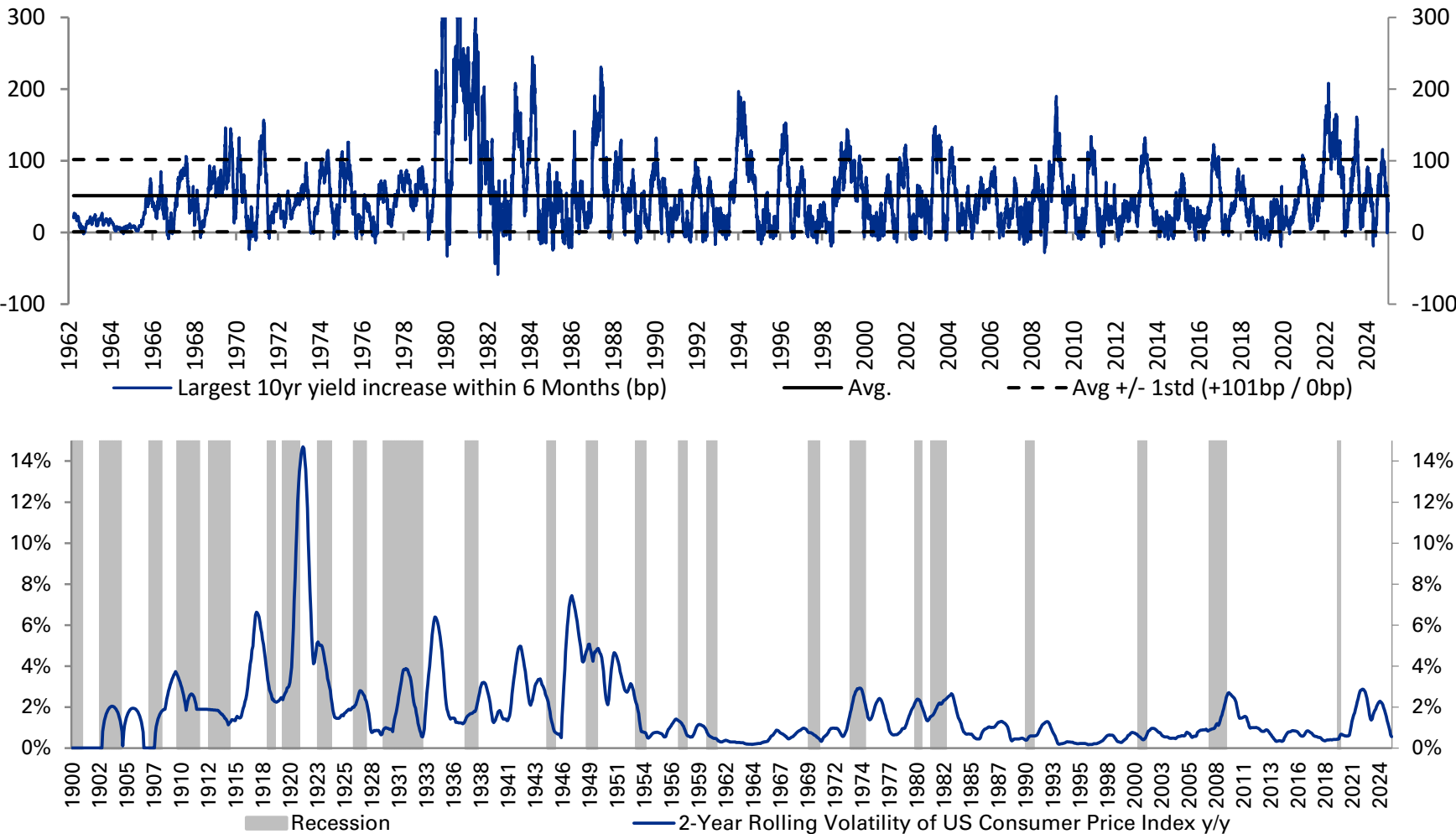
Source: Haver, Factset, DWS Investment GmbH as of April 2025, for illustrative purposes only. Past performance may not be indicative of future results.

# FED TIGHTENING AND EASING CYCLES SINCE 1960



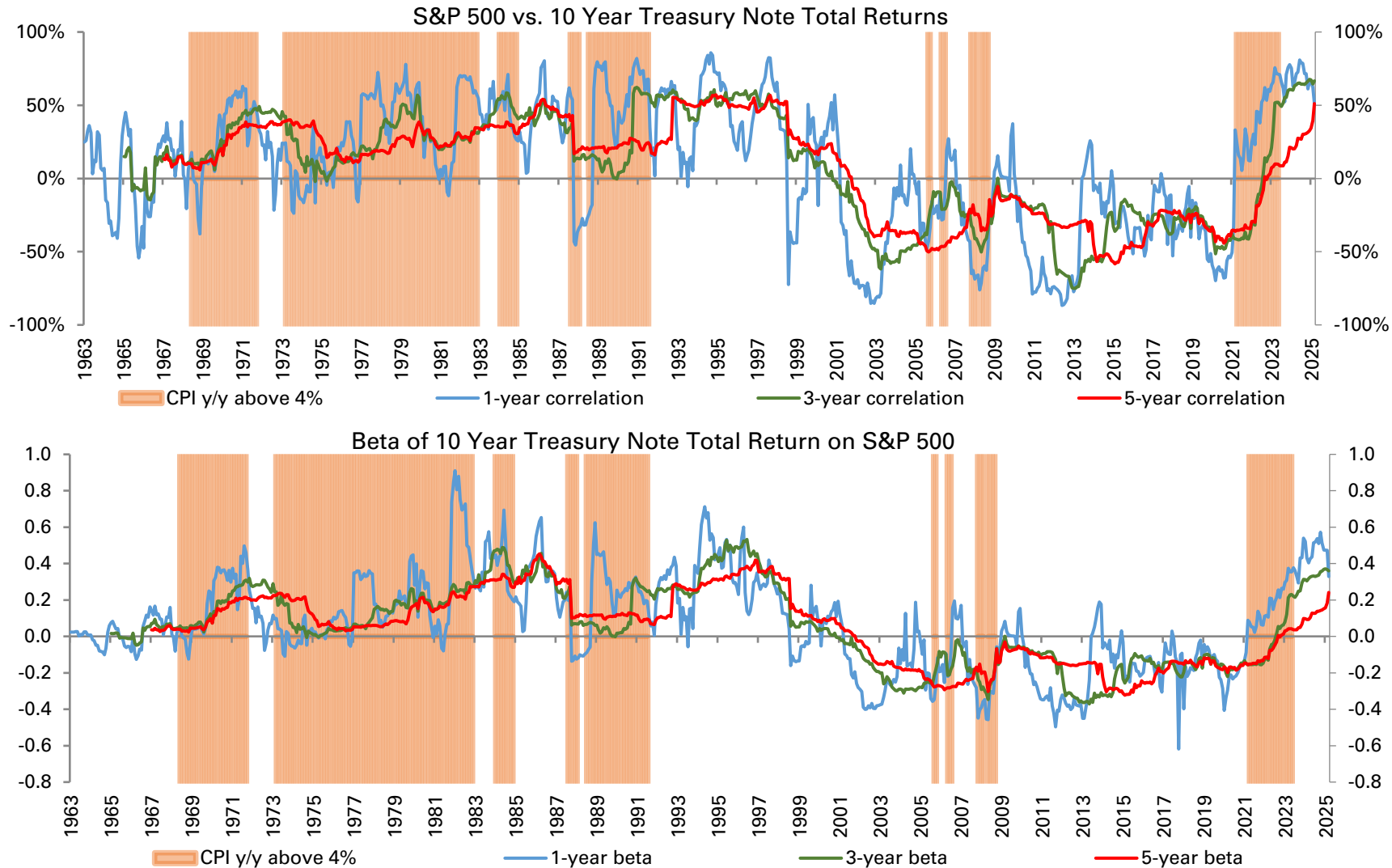
Source: Haver, Factset, DWS Investment GmbH as of April 2025, for illustrative purposes only. Past performance may not be indicative of future results.

# INTEREST RATE AND INFLATION VOLATILITY



Source: Haver, DWS Investment GmbH as of April 2025, for illustrative purposes only.

# S&P 500 VS. 10Y TREASURY NOTE: CORRELATION & BETA

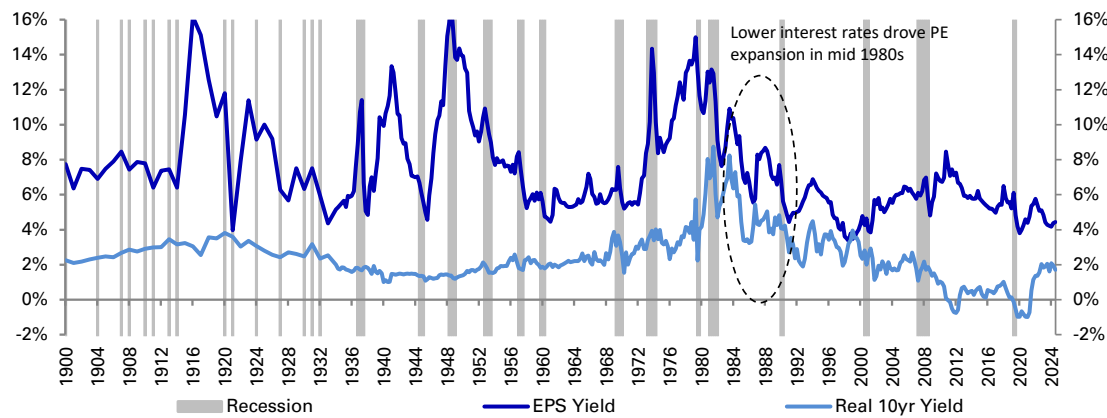


Source: Haver, DWS Investment GmbH as of April 2025, for illustrative purposes only. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

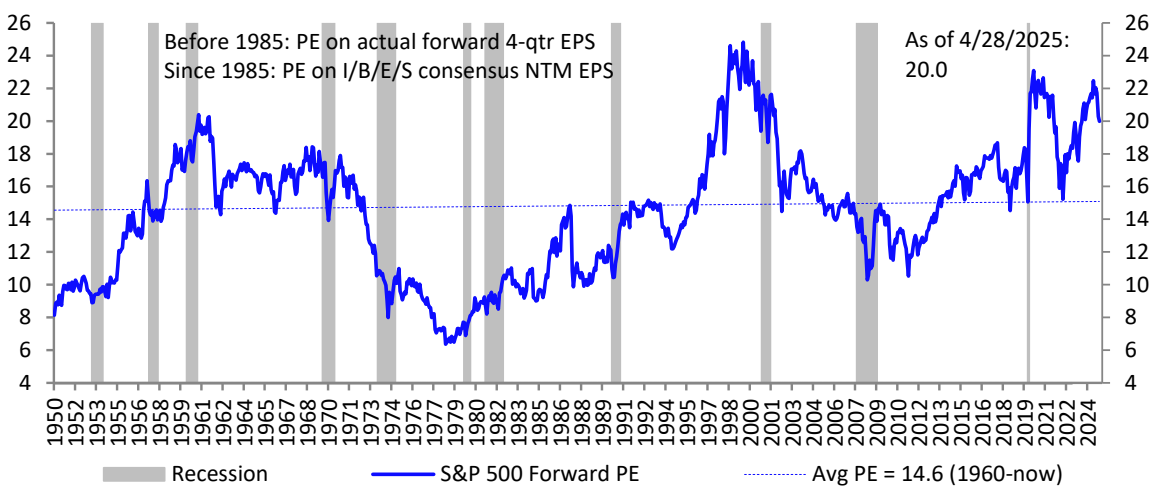
# EQUITY



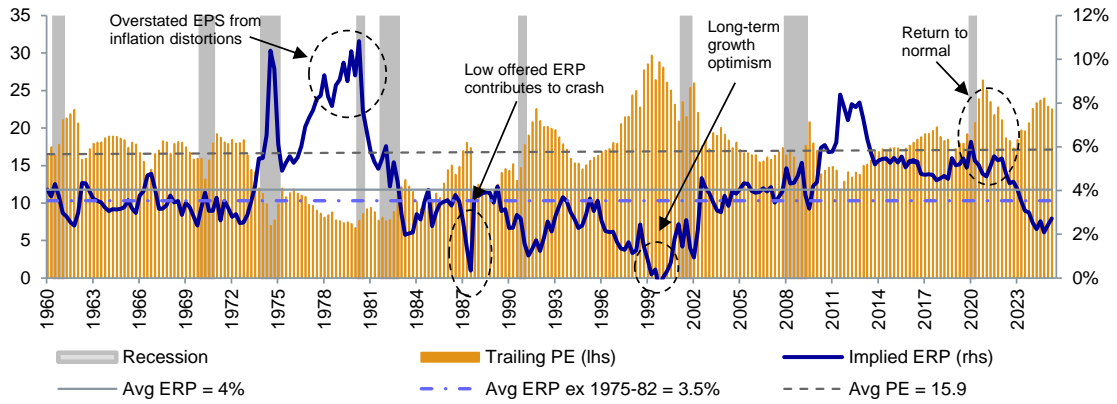
## S&P 500 EARNINGS PER SHARE (EPS) YIELD



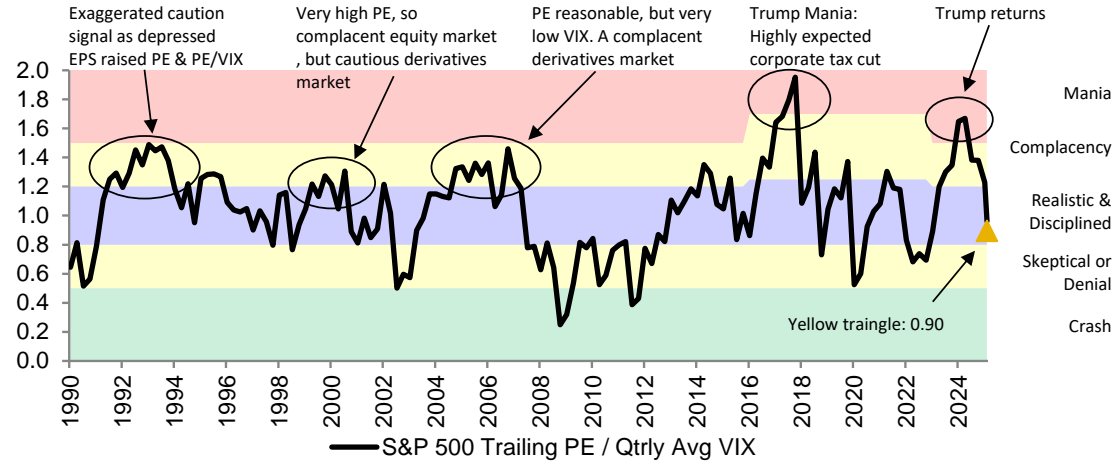
## S&P 500 FORWARD PRICE-TO-EARNINGS (P/E) RATIO



## S&P 500 IMPLIED EQUITY RISK PREMIUM (ERP)



## S&P 500 PE / VIX (CBOE VOLATILITY INDEX)



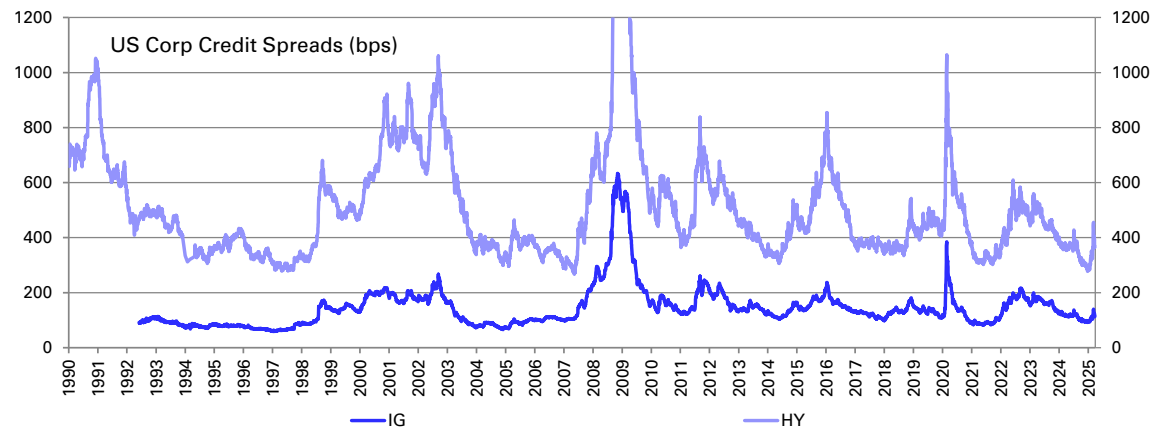
Yellow triangle: Trailing PE as of Apr 28 2025 divided by VIX on Apr 28 2025.

Source: Haver, Compustat, Clarifi, DWS Investment GmbH as of April 2025, for illustrative purposes only. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# FIXED INCOME

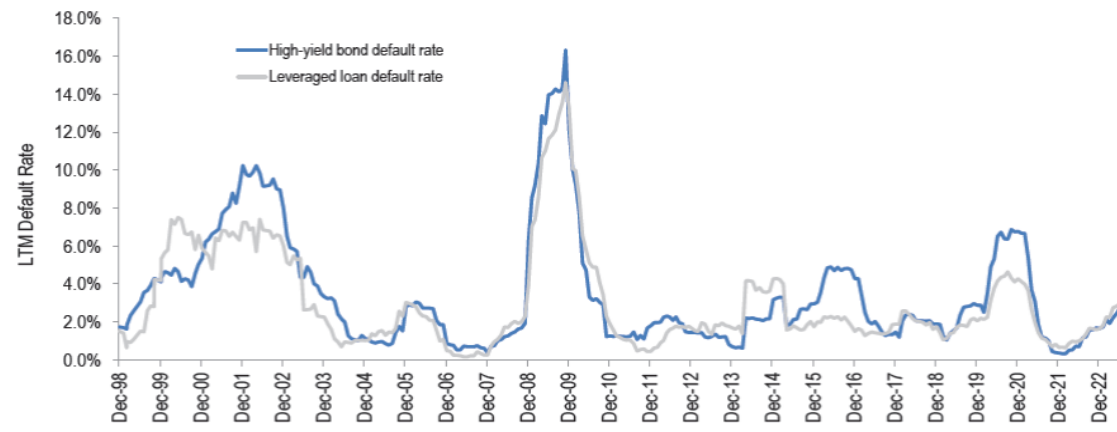


## INVESTMENT GRADE (IG) AND HIGH YIELD (HY) SPREADS

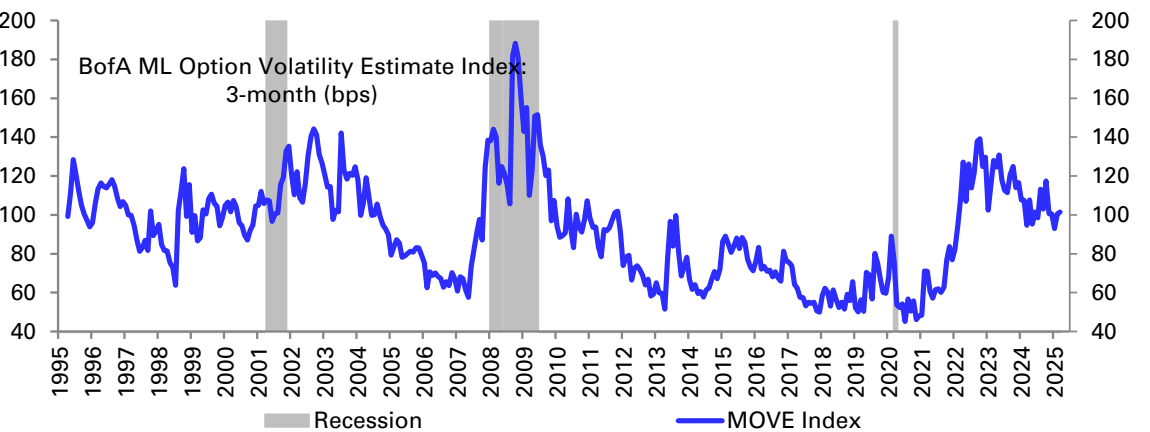


## HIGH YIELD BOND AND LEVERAGED LOAN DEFAULT RATES

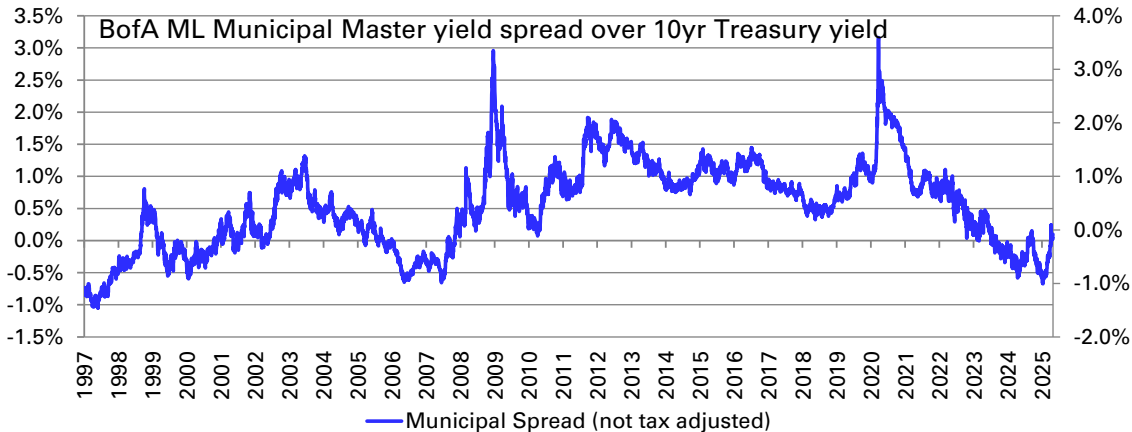
### High-yield bond and loan par-weighted default rates



## INTEREST RATE VOLATILITY – MOVE INDEX



## MUNICIPAL BOND SPREAD (NOT TAX ADJUSTED)

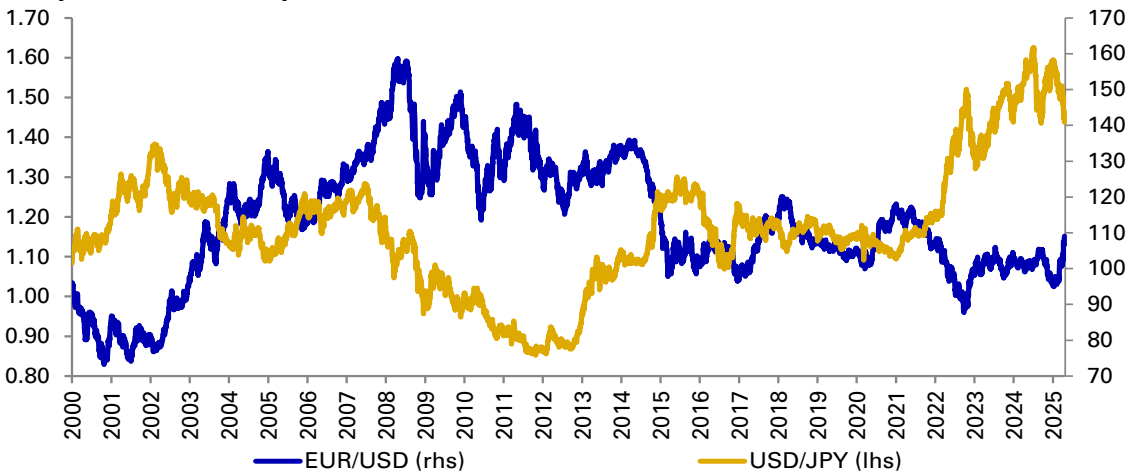


Source: Haver, J.P.Morgan, DWS Investment GmbH as of April 2025, for illustrative purposes only. Past performance may not be indicative of future results

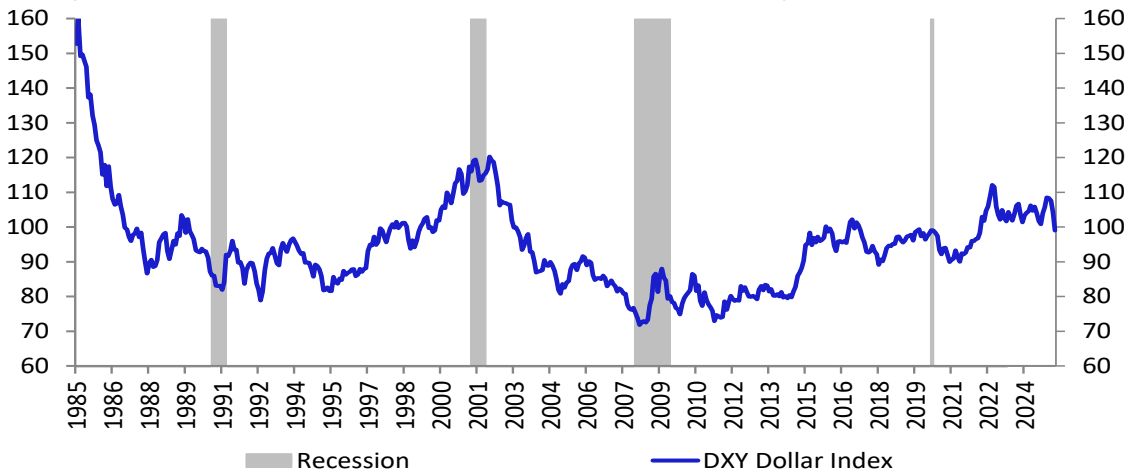
# CURRENCY



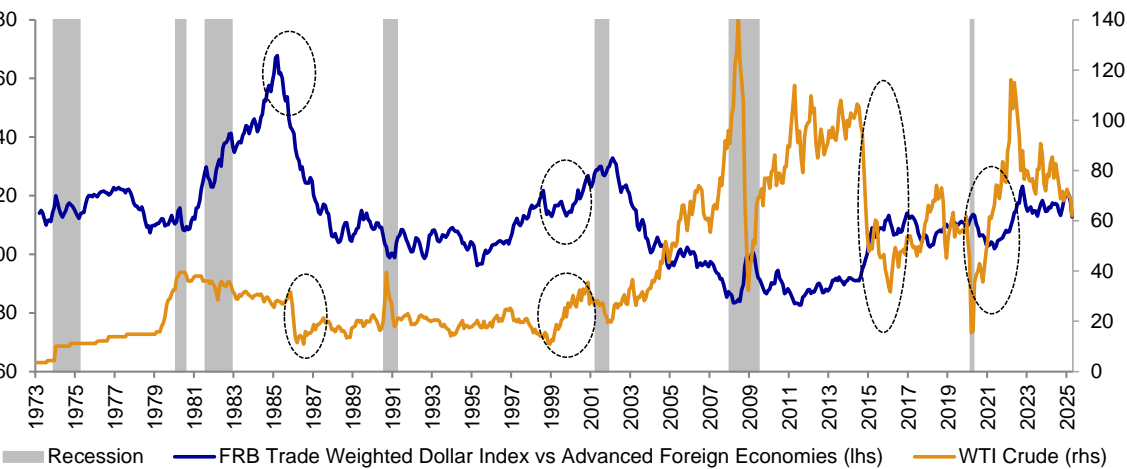
EUR/USD AND USD/JPY



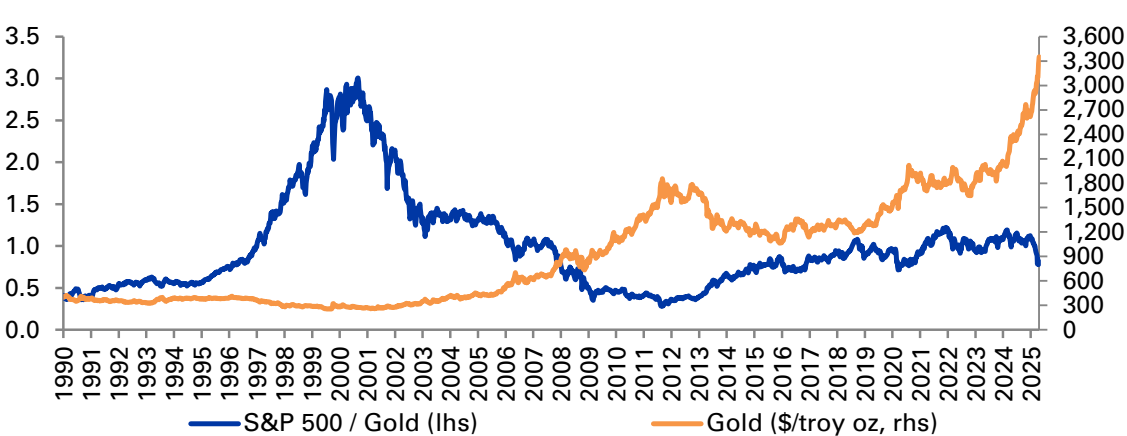
DXY (BLOOMBERG DOLLAR VS. MATURE CURRENCIES) INDEX



U.S. DOLLAR VS. OIL



GOLD



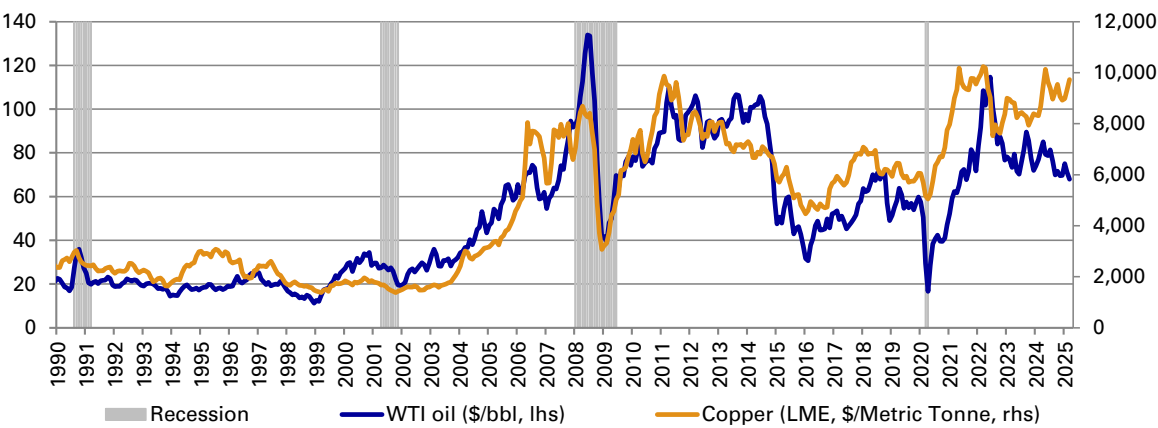
Source: Haver, DWS Investment GmbH as of April 2025, for illustrative purposes only. Past performance may not be indicative of future results.



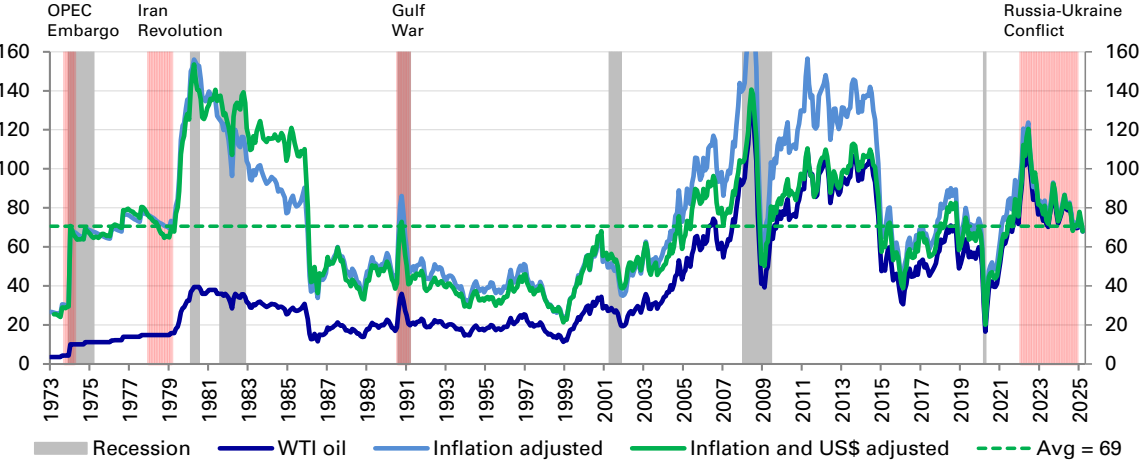
# COMMODITY



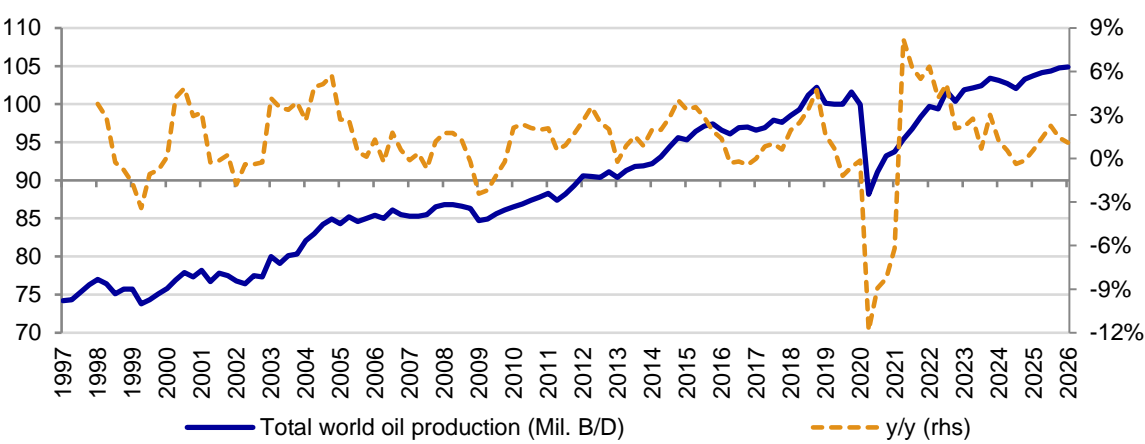
## WEST TEXAS INTERMEDIATE (WTI) CRUDE OIL AND COPPER



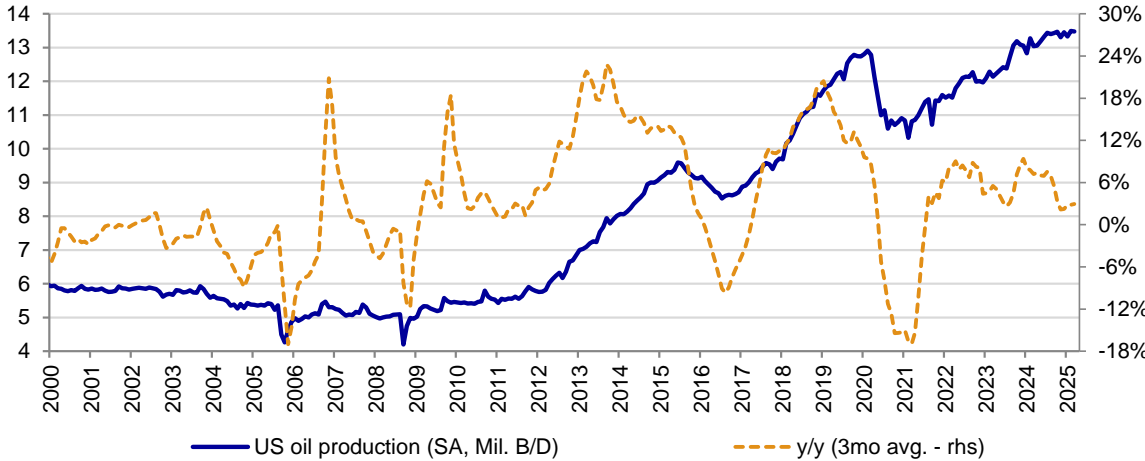
## INFLATION AND U.S. DOLLAR ADJUSTED WTI OIL PRICE



## GLOBAL OIL PRODUCTION



## U.S. OIL PRODUCTION

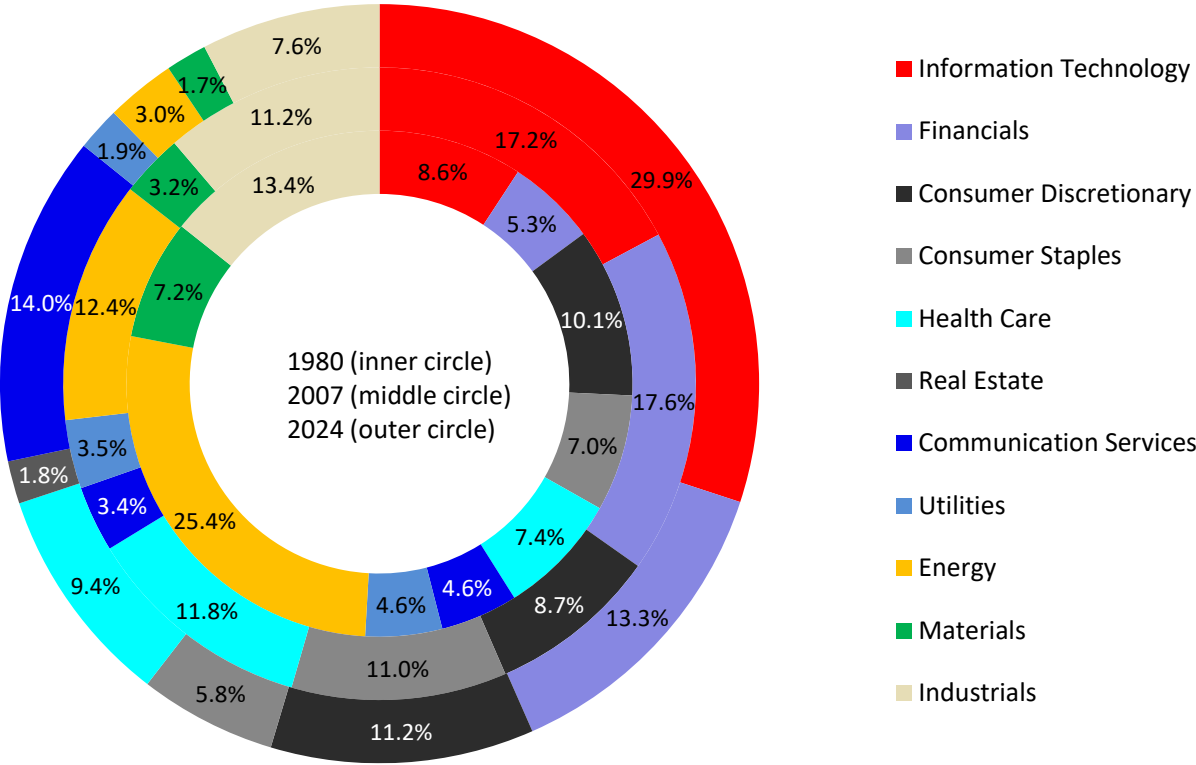


Source: Haver, EIA, DWS Investment GmbH as of April 2025, for illustrative purposes only.

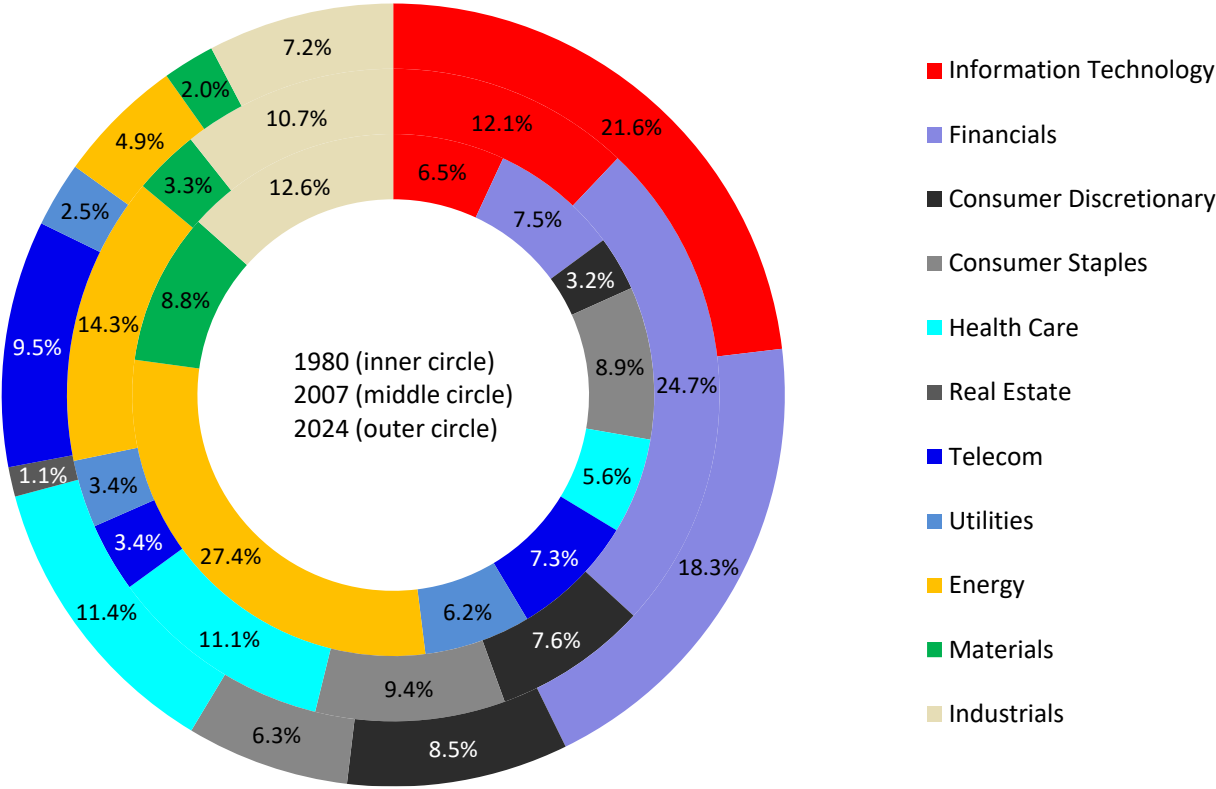
# S&P 500 SECTOR COMPOSITION



S&P 500 SECTOR COMPOSITION BY MARKET CAP

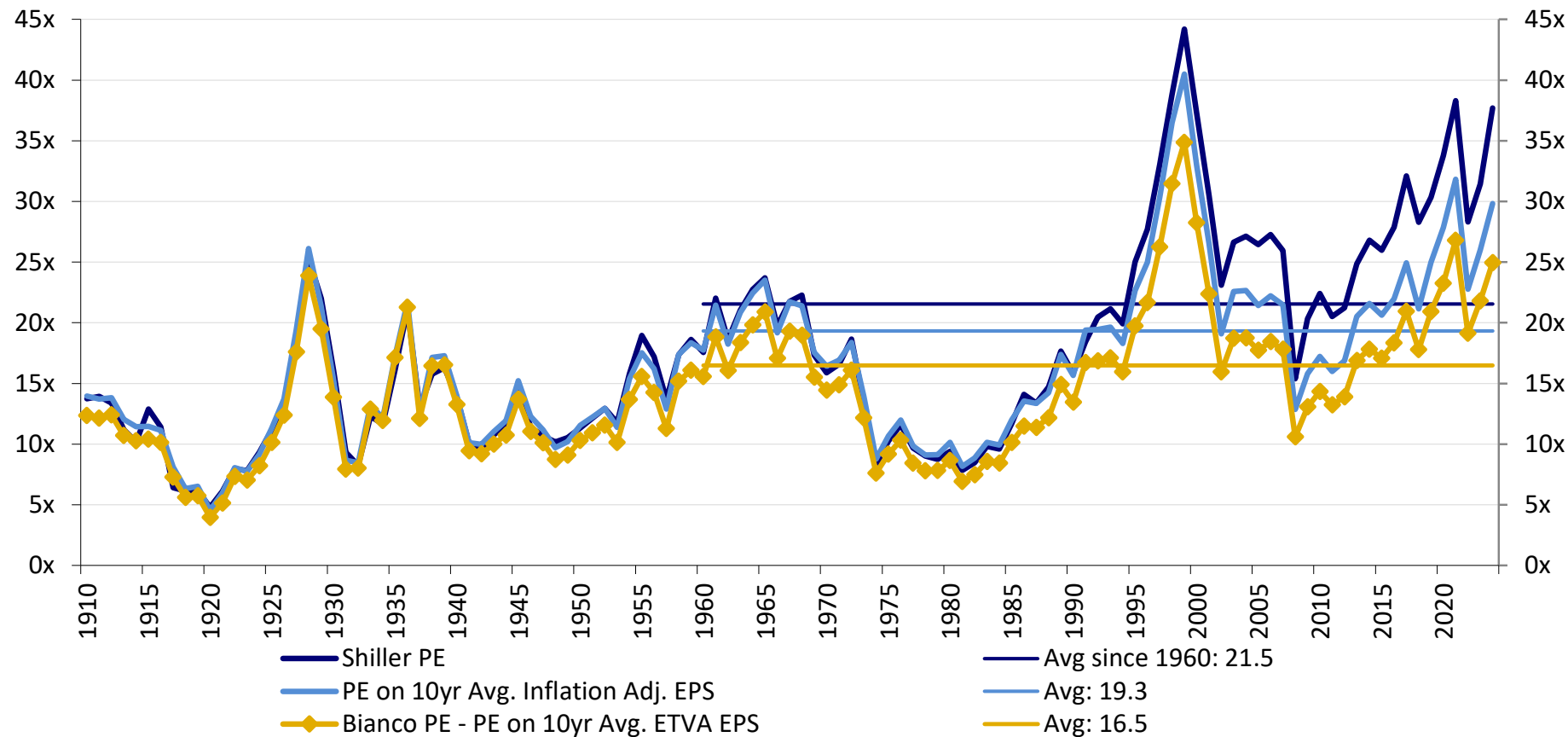


S&P 500 SECTOR COMPOSITION BY EARNINGS



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

# BIANCO PE: PE ON EQUITY TIME VALUE ADJUSTED EPS



Current premium to average since 1960:  
Shiller PE: 75%  
PE on Inflation adj non-GAAP S&P EPS: 54%  
Bianco PE: 51%

Note: Bianco PE is the PE multiple based on the trailing 10-year average EPS adjusted by inflation and earnings retention ratio.  
Shiller PE is the price earnings ratio based on average inflation-adjusted earnings from the previous 10 years, known as the Cyclically Adjusted PE Ratio (CAPE Ratio). It's developed by Robert J. Shiller.  
Source: IBES, Shiller, Factset, Haver, DWS Investment GmbH as of 12/31/2024 for illustrative purposes only. Past performance may not be indicative of future results.

# S&P 500 PE BY SECTOR



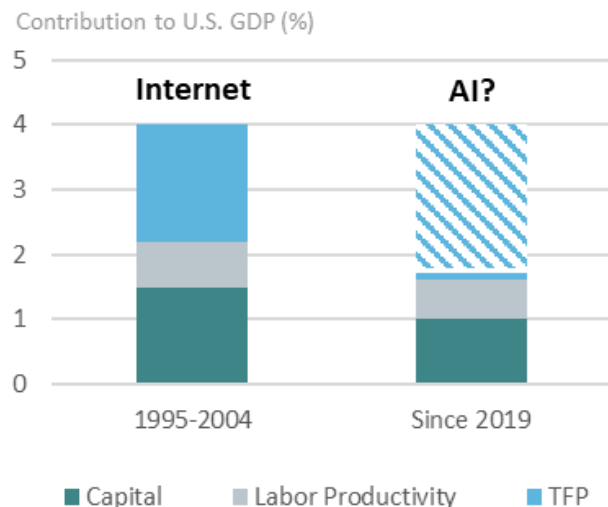
	Financials	Energy	Materials	Industrials	Tech	Cons. Disc.	Cons. Staples	Health Care	Utilities	Communication Services	Real Estate	S&P 500
1991	14.8	18.0	22.3	30.1	42.8	23.0	20.7	25.3	17.9	31.9	N/A	25.6
1992	14.7	18.6	42.0	106.9	164.2	36.2	20.9	19.6	15.1	16.3	N/A	23.1
1993	10.9	20.2	31.7	27.7	112.5	16.9	21.6	20.5	20.6	23.8	N/A	21.3
1994	9.4	18.4	18.8	15.6	19.2	11.0	17.2	16.7	13.1	14.9	N/A	15.0
1995	12.3	17.6	11.7	16.5	16.4	16.3	19.6	21.8	13.3	16.4	N/A	16.3
1996	13.8	17.8	18.2	18.8	23.7	17.3	22.0	22.5	12.7	15.1	N/A	18.2
1997	18.2	19.2	19.4	20.9	24.3	20.9	26.2	28.7	15.3	22.1	N/A	21.5
1998	18.9	28.9	20.3	22.7	42.1	28.9	28.7	35.9	17.4	33.5	N/A	27.5
1999	16.0	30.4	23.8	25.3	62.6	29.7	22.8	28.1	14.3	32.8	N/A	29.0
2000	18.2	16.6	15.9	24.1	30.3	22.7	23.9	35.2	19.6	21.9	N/A	23.4
2001	18.0	14.1	33.4	25.3	57.1	34.2	20.9	27.6	12.1	24.6	N/A	24.7
2002	13.2	19.2	25.5	18.5	37.7	20.0	17.6	20.6	10.0	15.7	N/A	18.3
2003	14.5	14.8	31.6	22.9	37.0	23.9	20.5	21.3	14.4	16.5	N/A	20.4
2004	13.7	12.6	18.8	21.9	25.5	21.5	19.8	19.3	16.7	18.1	N/A	18.2
2005	13.6	10.9	15.7	18.3	21.9	19.8	18.5	18.8	16.2	15.3	N/A	16.4
2006	13.2	10.7	14.1	17.6	22.6	20.6	19.5	18.5	17.1	16.3	N/A	16.2
2007	12.8	13.5	16.7	17.2	22.6	18.7	19.5	16.7	17.9	16.3	N/A	16.5
2008	46.6	7.1	9.5	10.1	11.9	23.4	13.8	11.7	11.8	11.3	N/A	12.3
2009	30.7	18.7	29.8	17.9	20.4	20.6	15.0	12.8	13.2	15.8	N/A	18.4
2010	14.5	14.7	19.0	17.5	14.8	16.9	15.4	11.8	12.4	18.1	N/A	14.9
2011	11.8	10.4	12.4	13.9	12.6	15.3	15.7	11.9	14.3	18.0	N/A	12.9
2012	13.1	11.6	15.8	14.2	12.7	17.0	16.4	13.4	14.4	20.5	N/A	13.9
2013	14.8	14.7	19.1	18.3	16.0	20.7	18.8	18.0	15.4	16.2	N/A	16.9
2014	16.7	13.2	18.3	17.8	17.5	21.5	20.3	19.0	17.8	14.1	N/A	17.7
2015	14.4	25.5	17.2	16.1	17.3	20.7	21.1	17.4	16.0	12.6	N/A	17.5
2016	15.6	146.0	20.0	18.6	18.3	19.8	20.6	15.5	17.2	14.6	18.5	19.1
2017	17.4	35.6	22.4	21.3	21.1	23.0	21.4	17.7	18.2	13.5	19.1	20.6
2018	11.4	14.6	14.5	15.0	16.1	20.0	17.6	15.9	17.0	16.6	17.1	15.7
2019	14.0	21.3	20.8	19.2	23.8	25.0	21.5	17.5	20.9	20.9	21.0	20.1
2020	18.1	-174.6	27.4	42.7	31.6	48.8	22.4	18.2	19.7	26.5	21.5	27.4
2021	13.4	14.0	17.7	28.2	30.9	40.3	23.2	18.5	21.4	22.0	26.2	23.4
2022	13.7	8.4	14.5	20.6	20.8	27.0	21.8	16.8	20.2	15.0	16.8	17.6
2023	15.6	11.0	19.9	21.5	31.2	28.4	20.3	21.0	17.1	20.0	18.0	21.9
2024	17.9	14.0	21.4	25.6	34.8	31.8	21.8	20.0	18.7	22.2	17.8	24.7
3/31/2025	17.6	15.7	21.3	25.0	28.9	26.4	22.7	20.2	18.7	19.9	18.1	22.8
Avg	16.1	14.9	20.6	23.2	32.8	23.6	20.2	19.8	16.2	19.1	19.6	19.6
Avg (ex. 97-00, 08-09)	14.2	13.8	20.7	23.8	33.0	23.4	19.9	18.6	16.4	18.3	19.6	19.1

Source: Factset, IBES, DWS Investment GmbH as of 3/31/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# Artificial Intelligence: A new source of growth? How to play?

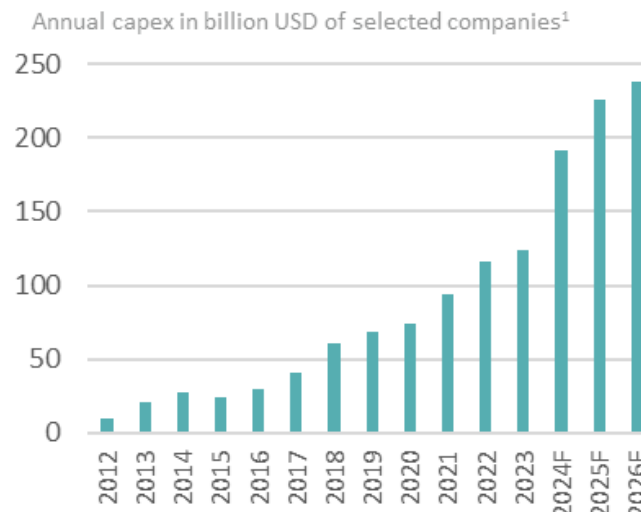
## The lifecycle of new innovations

### Economic perspective



- **Total factor productivity<sup>2</sup>** as proxy for innovation
- TFP spiked after WWII & introduction of internet
- AI might bring the **next GDP boost** (innovation)

### R&D surge unleashed



- **Massive investments** within the AI-space
- Research for innovations is happening **now**
- But winners might **not** even be **founded** yet

### Outlook

#### 1<sup>st</sup> Focus lies on enablers

In the early days of new innovations, winners are often enabler of the respective technology



#### 2<sup>nd</sup> Reality check

First wave of optimism wanes, long-term benefits are re-assessed / spending adapts



#### 3<sup>rd</sup> Long-term beneficiaries

Long-term winners are companies able to implement profitable business models



“The winners of the AI technology might not even be founded yet”

1) Amazon Web Services, Alphabet, Meta, Microsoft, 2) TFP // Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.  
Source: Bloomberg Finance L.P., DWS Investment GmbH; as of: November 2024.

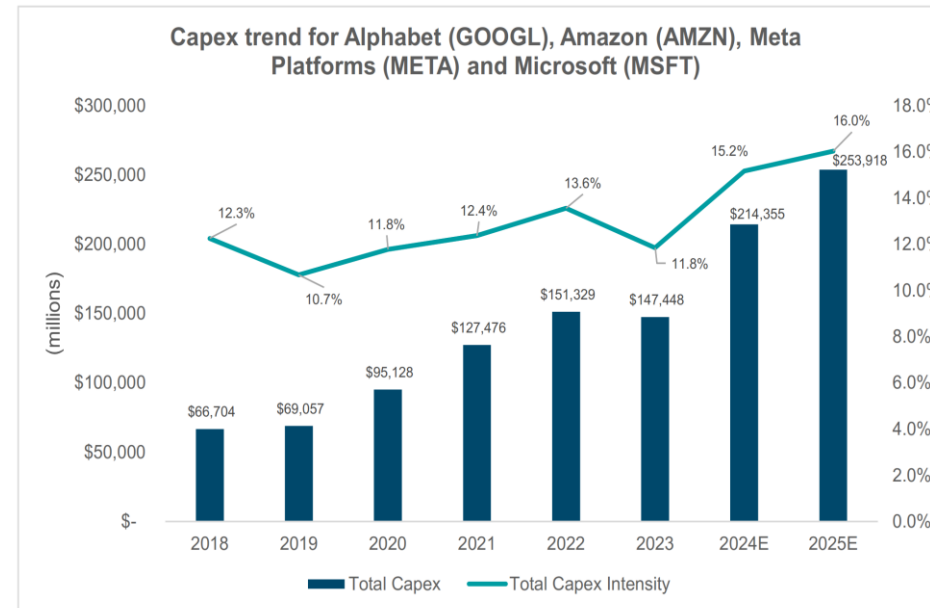
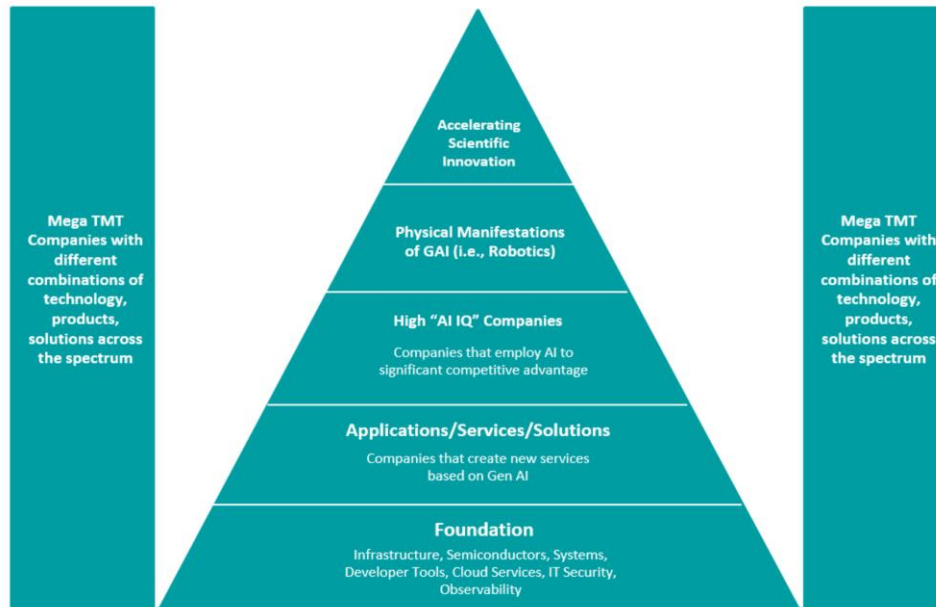
# Intelligence Everywhere



Dan Fletcher  
Senior Portfolio  
Manager, Growth  
Equities

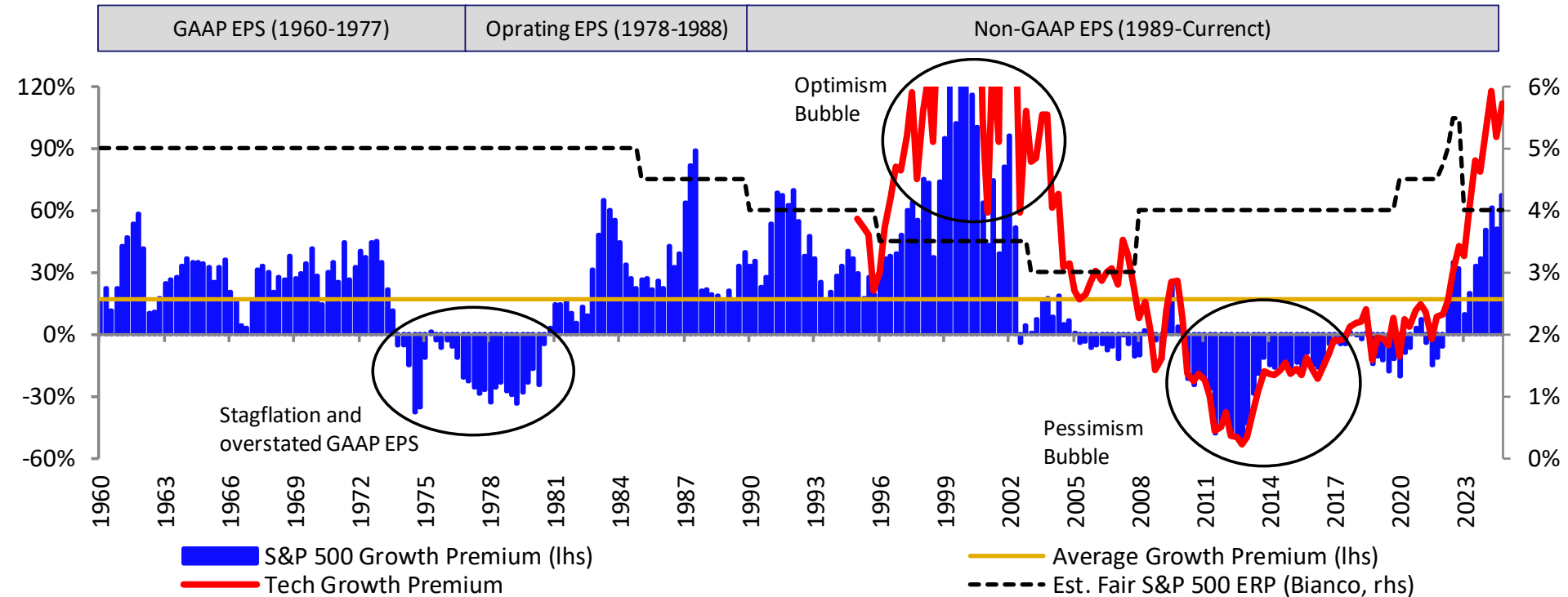
## IN A NUTSHELL

- As AI begins to gradually permeate our digital lives, the investment opportunity likely will start to move towards the software and services companies best integrating AI capabilities into their services.
- True “no code” software may offer opportunity but of course disruption potential.
- Gen AI is existential for the big companies, and they are therefore not likely to slow spending near term.
- Investing roadmap/implications



Source: Bloomberg Finance L.P., DWS Investment GmbH; as of: February 2025.

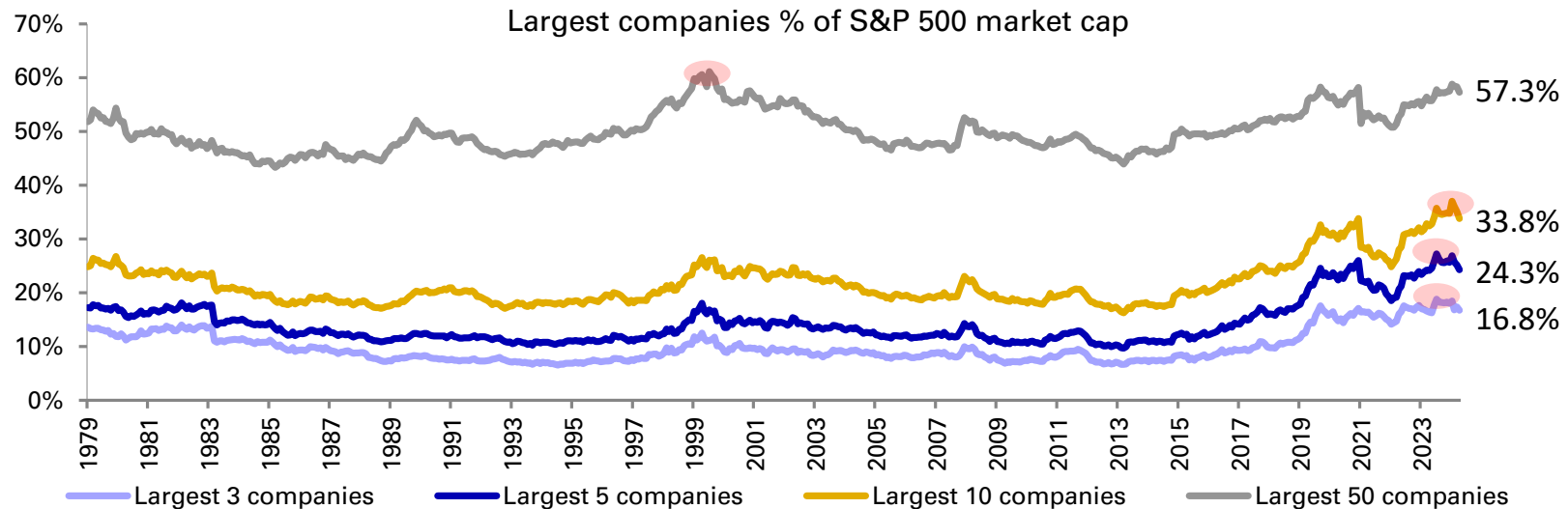
# S&P 500 AND TECH SECTOR GROWTH PREMIUM



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

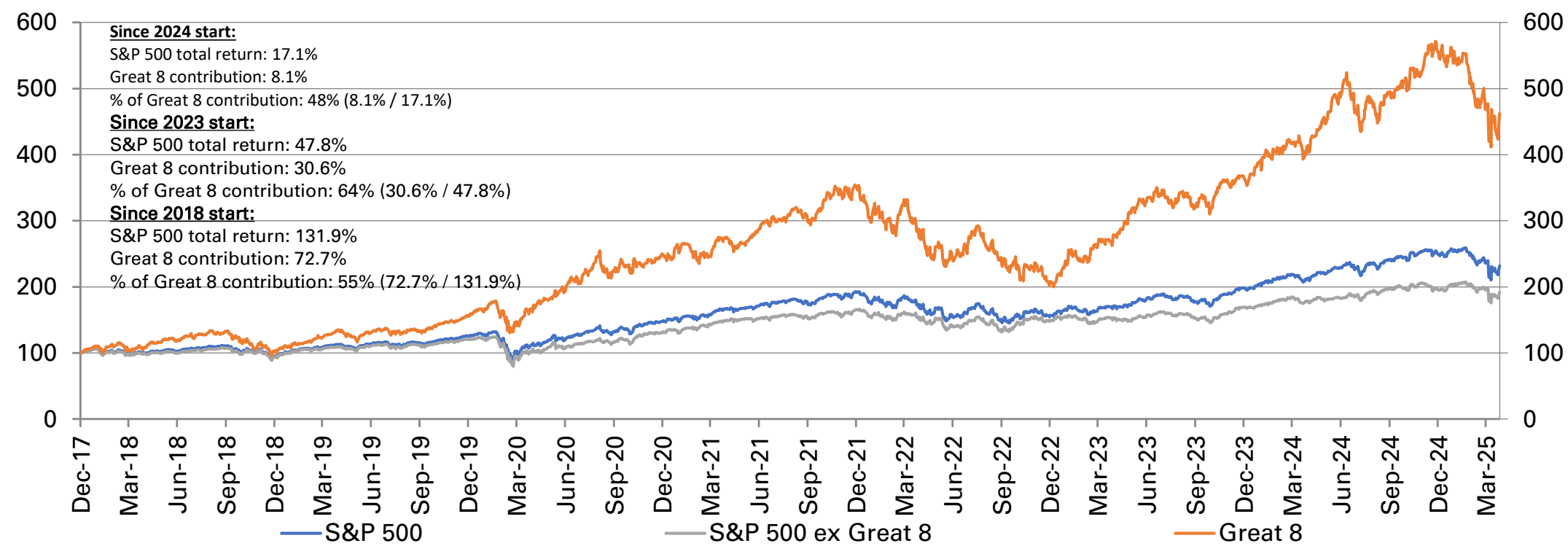


# S&P 500 CONCENTRATION



Source: Clarifi, DWS Investment GmbH as of 3/31/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

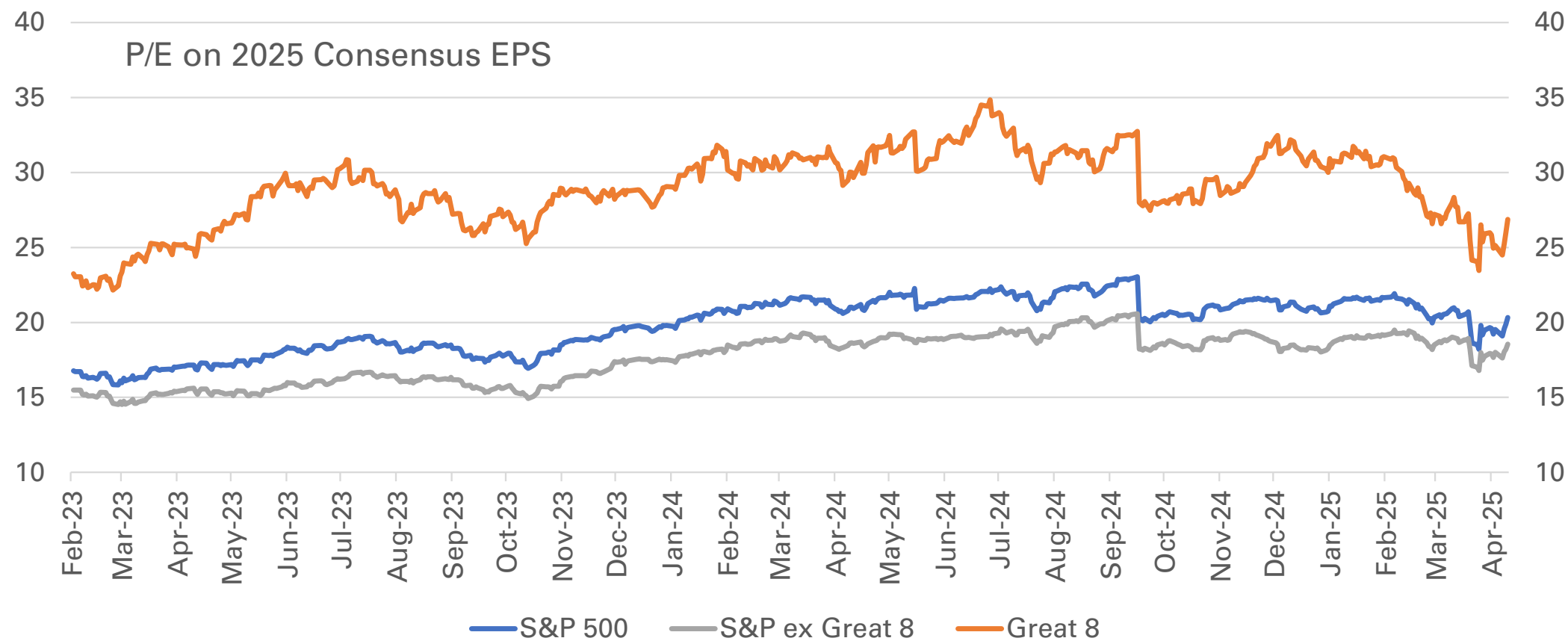
# S&P 500 AND THE GREAT 8 TOTAL RETURN



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

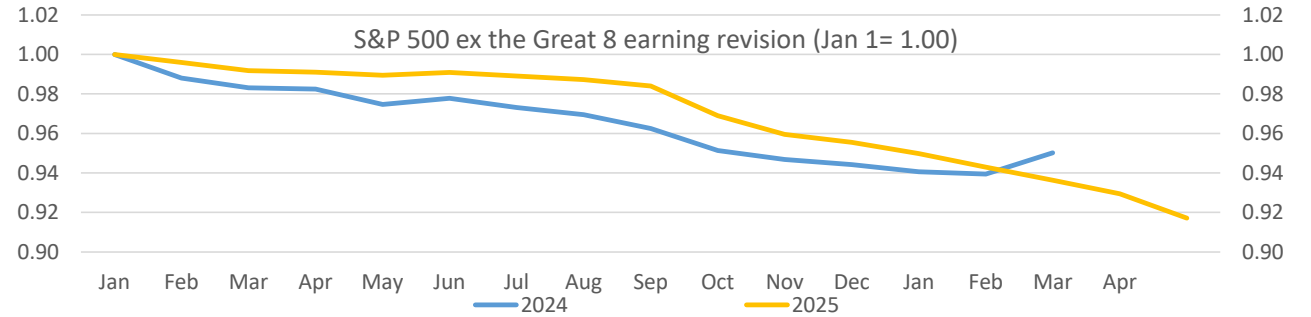
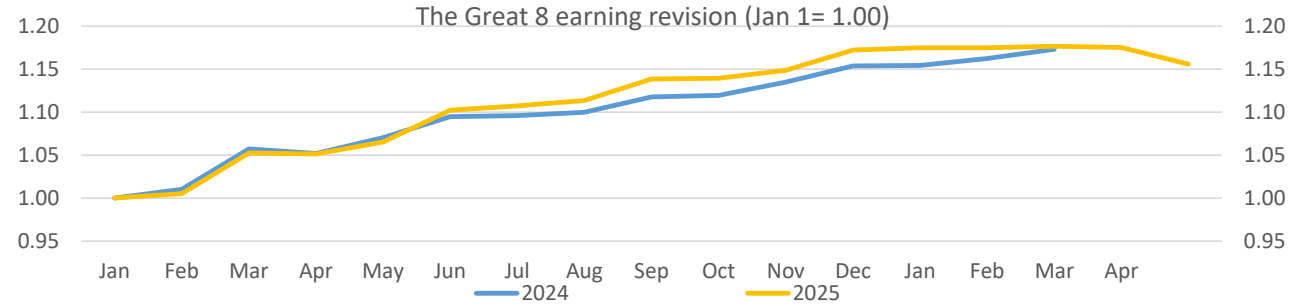
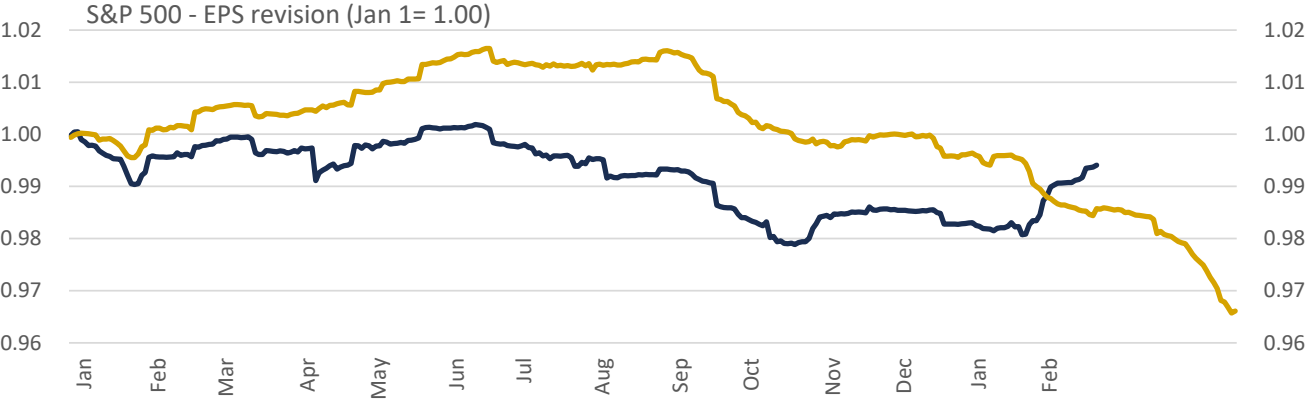
Source: IBES, Factset, DWS Investment GmbH as of 4/24/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

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



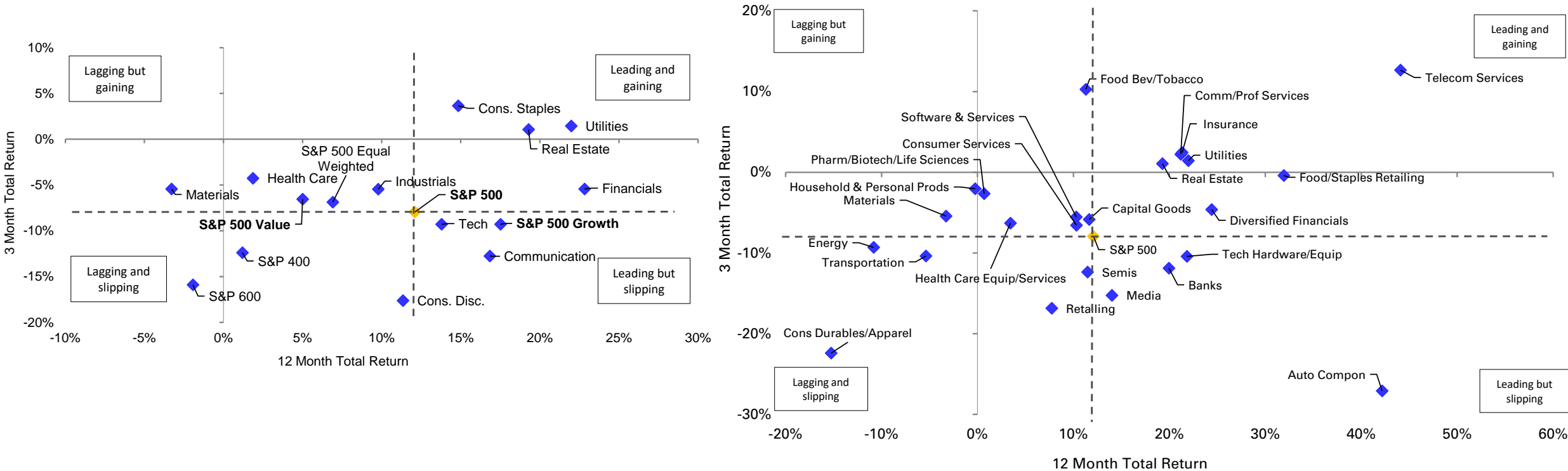
The Great 8: AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA  
Source: IBES, Factset, DWS Investment GmbH as of 4/24/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# S&P 500 EPS REVISION



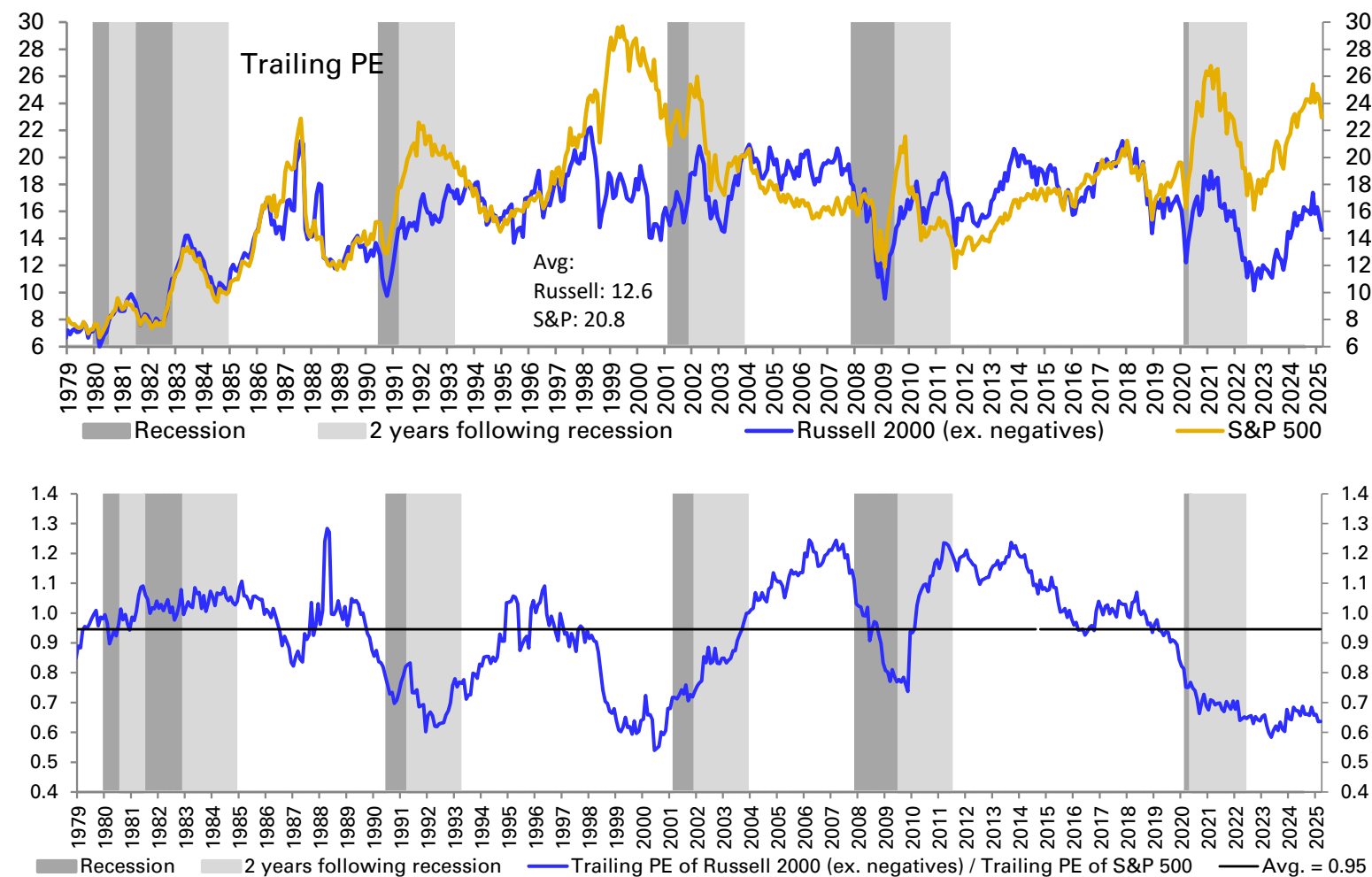
Source: IBES, Factset, DWS Investment GmbH as of 4/24/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# S&P 500 SECTOR/INDUSTRY GROUP PERFORMANCE



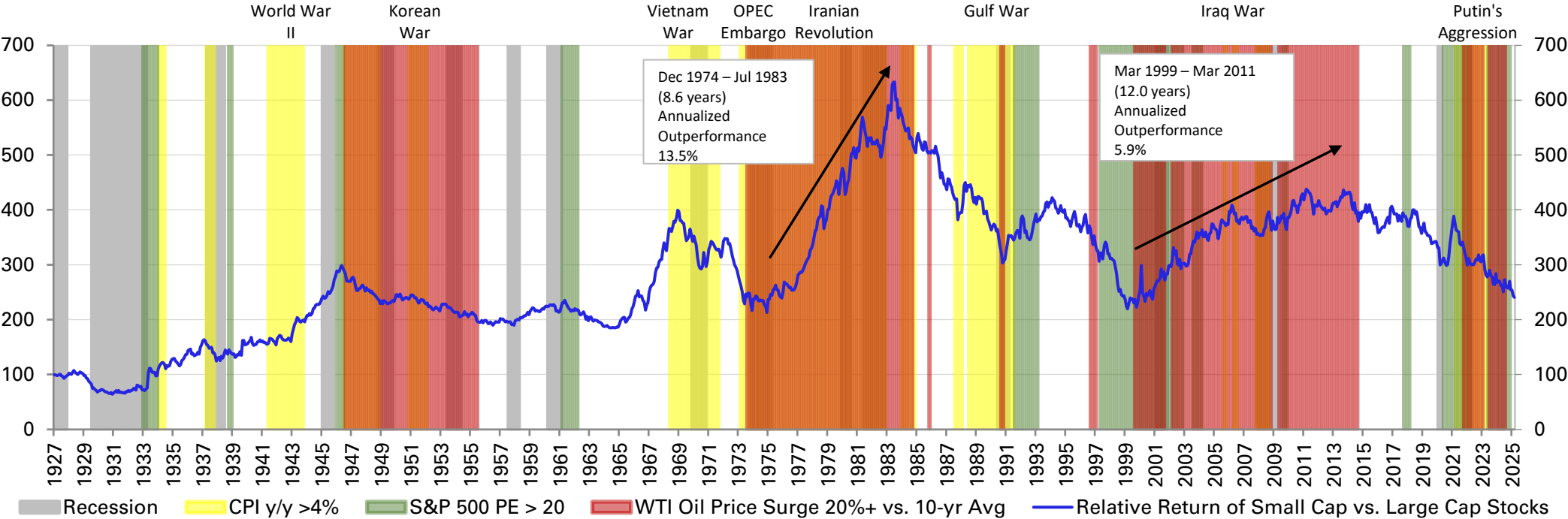
Source: IBES, Factset, DWS Investment GmbH as of 4/30/2025. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# RELATIVE PE OF RUSSELL 2000 VS. S&P 500



Source: Clarifi, Factset, Haver, DWS Investment GmbH as of 3/31/2025, for illustrative purposes only. Past performance may not be indicative of future results. Index returns do not reflect fees or expenses, and it is not possible to invest in an index.

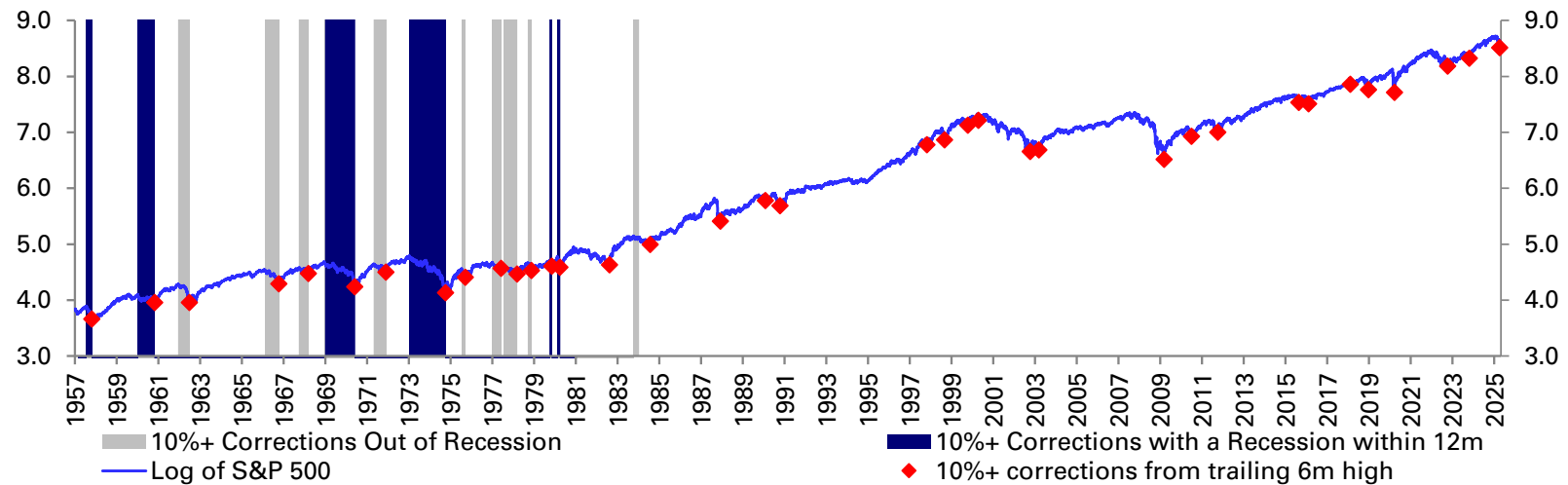
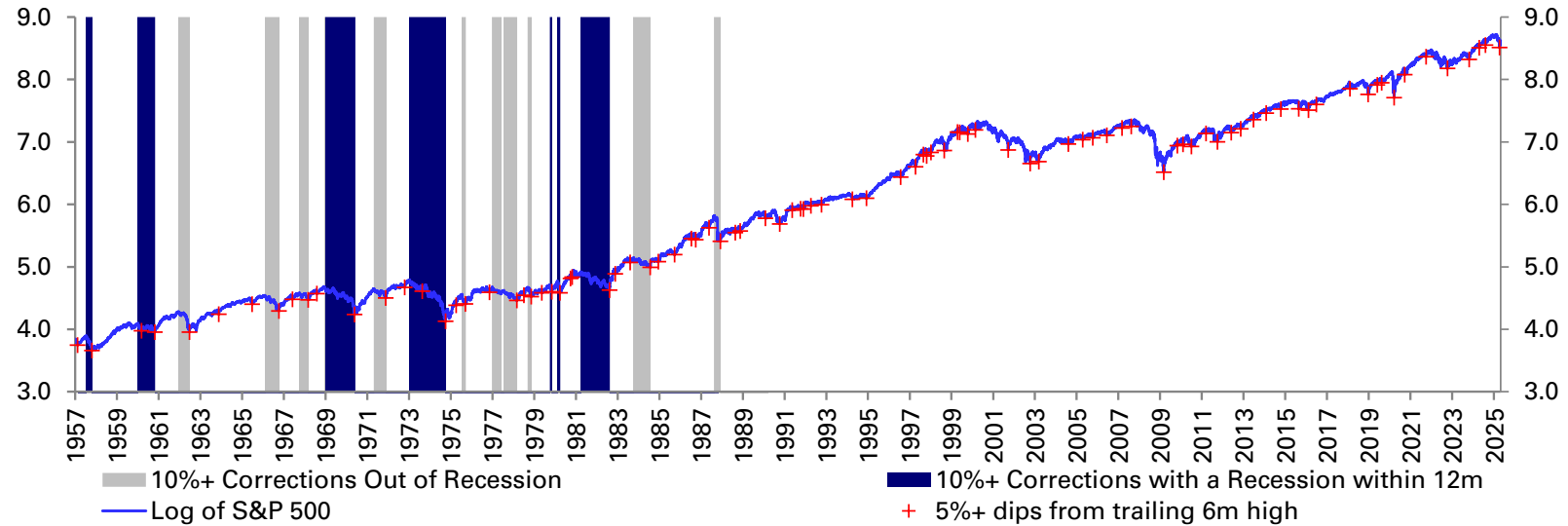
# RUSSELL 2000 VS. S&P 500



Source: IBES, Factset, Haver, DWS Investment GmbH as of 3/31/2025, for illustrative purposes only. Past performance may not be indicative of future results. Index returns do not reflect fees or expenses, and it is not possible to invest in an index.



# S&P 500 DIPS AND CORRECTIONS



Source: Haver, DWS Investment GmbH as of 4/30/2025, for illustrative purposes only. Past performance may not be indicative of future results. Index returns do not reflect fees or expenses, and it is not possible to invest in an index.

# S&P 500 DIPS AND CORRECTIONS



From high of:	All time	3yr high	1yr high	6mos high
5% Dips	75	87	98	93
10% Corrections	33	37	38	36
15% Swoons	24	24	24	25
20% Bears	17	13	17	15
25%+ Crash	15	9	9	8

	Count	Avg Sell-off	Avg 3m Return	Avg 6m Return	Avg 12m Return
<b>5%+ Sell-offs</b>	93	-12.2%	11.4%	14.9%	20.1%
<b>5%+ Sell-offs Leading to a 10%+ Correction</b>	33	-20.6%	15.4%	20.5%	27.7%
<b>5%+ Sell-offs not Leading to a 10%+ Correction</b>	60	-7.6%	9.2%	11.7%	15.8%
<b>5% sell-offs without recession in 12m</b>	72	-10.7%	11.0%	14.6%	20.7%
<b>5% sell-offs leading to 10%+ &amp; no recession in 12m</b>	25	-17.8%	14.7%	19.3%	26.4%
<b>5% sell-offs not leading to 10%+ &amp; no recession in 12m</b>	47	-6.9%	9.1%	12.2%	17.7%
<b>10%+ Corrections with a Recession within 12m</b>	11	-26.4%	16.6%	22.9%	31.0%
<b>10%+ Corrections out of Recession</b>	22	-17.7%	14.8%	19.3%	26.1%
<b>10%+ Corrections out of Recession (ex 1987 Crash)</b>	21	-16.9%	14.6%	19.4%	26.3%
<b>10% Corrections Leading to a 20%+ Bear Market</b>	10	-33.9%	19.2%	24.3%	34.4%
<b>10% Corrections not Leading to a 20%+ Bear Market</b>	22	-14.0%	12.6%	17.6%	22.5%

Source: IBES, Factset, Haver, DWS Investment GmbH as of 4/30/2025, for illustrative purposes only. Past performance may not be indicative of future results. Index returns do not reflect fees or expenses, and it is not possible to invest in an index.

# S&P 500 CORRECTIONS SINCE 1960: V-SHAPED VS. W-SHAPED RECOVERY



Peak Date	Trough Date	Size of Corrections	Duration of Corrections (trading days)	Bounce-up Date before Re-test	Date of Re-test Low	Size of Bounce-up	Drawdown from Bounce-up Peak to Re-test Low	Drawdown from Peak to Re-test Low	Drawdown from Peak to Re-test Low % of Original Correction	V-Shaped recovery	W-Shaped Recovery
03-Aug-59	08-Mar-60	-11.9%	150	18-Apr-60	02-May-60	5.8%	-4.3%	-10.8%	90.9%		x
12-Dec-61	26-Jun-62	-28.0%	135	22-Aug-62	23-Oct-62	14.3%	-10.5%	-26.4%	94.2%		x
09-Feb-66	07-Oct-66	-22.2%	167							x	
25-Sep-67	05-Mar-68	-10.1%	110	12-Mar-68	25-Mar-68	2.9%	-2.1%	-9.5%	93.8%		x
29-Nov-68	26-May-70	-36.1%	369	03-Jun-70	07-Jul-70	13.3%	-9.3%	-34.3%	95.0%		x
28-Apr-71	23-Nov-71	-13.9%	146							x	
11-Jan-73	22-Aug-73	-16.4%	154							x	
12-Oct-73	03-Oct-74	-44.1%	246	07-Nov-74	06-Dec-74	20.8%	-13.6%	-41.7%	94.4%		x
15-Jul-75	16-Sep-75	-14.1%	44	26-Sep-75	01-Oct-75	5.0%	-3.8%	-13.3%	93.8%		x
17-Mar-77	06-Mar-78	-14.9%	243	06-Jun-78	05-Jul-78	15.4%	-6.0%	-7.7%	51.4%		x
12-Sep-78	14-Nov-78	-13.6%	45	06-Dec-78	18-Dec-78	5.4%	-4.2%	-12.7%	93.4%		x
05-Oct-79	07-Nov-79	-10.2%	23	17-Dec-79	03-Jan-80	9.5%	-3.8%	-5.4%	53.1%		x
13-Feb-80	27-Mar-80	-17.1%	30	10-Apr-80	21-Apr-80	6.0%	-4.1%	-15.7%	92.2%		x
28-Nov-80	12-Aug-82	-27.1%	430							x	
10-Oct-83	24-Jul-84	-14.4%	199	17-Sep-84	09-Oct-84	14.2%	-4.3%	-6.4%	44.2%		x
25-Aug-87	04-Dec-87	-33.5%	71	07-Jan-88	20-Jan-88	16.6%	-7.1%	-28.0%	83.4%		x
09-Oct-89	30-Jan-90	-10.2%	78	15-Feb-90	23-Feb-90	3.7%	-3.2%	-9.9%	96.8%		x
16-Jul-90	11-Oct-90	-19.9%	62	22-Oct-90	29-Oct-90	6.5%	-4.1%	-18.2%	91.3%		x
07-Oct-97	27-Oct-97	-10.8%	14	05-Nov-97	12-Nov-97	7.5%	-3.9%	-7.8%	72.7%		x
17-Jul-98	31-Aug-98	-19.3%	31	23-Sep-98	08-Oct-98	11.4%	-10.0%	-19.2%	99.1%		x
16-Jul-99	15-Oct-99	-12.1%	64							x	
24-Mar-00	21-Sep-01	-36.8%	373							x	
04-Jan-02	09-Oct-02	-33.8%	192							x	
27-Nov-02	11-Mar-03	-14.7%	69	21-Mar-03	31-Mar-03	11.9%	-5.3%	-9.7%	65.7%		x
09-Oct-07	09-Mar-09	-56.8%	355							x	
23-Apr-10	02-Jul-10	-16.0%	49	09-Aug-10	26-Aug-10	10.3%	-7.1%	-14.0%	87.3%		x
29-Apr-11	03-Oct-11	-19.4%	108	28-Oct-11	25-Nov-11	16.9%	-9.8%	-15.0%	77.5%		x
21-May-15	25-Aug-15	-12.4%	66	16-Sep-15	28-Sep-15	6.8%	-5.7%	-11.7%	94.6%		x
20-Jul-15	11-Feb-16	-14.1%	143							x	
26-Jan-18	08-Feb-18	-10.2%	9	09-Mar-18	02-Apr-18	8.0%	-7.3%	-10.1%	99.7%		x
20-Sep-18	24-Dec-18	-19.8%	66							x	
19-Feb-20	23-Mar-20	-33.9%	23							x	
03-Jan-22	12-Oct-22	-25.4%	202	30-Nov-22	28-Dec-22	14.1%	-7.3%	-21.1%	83.1%		x
31-Jul-23	27-Oct-23	-10.3%	64							x	
19-Feb-25	08-Apr-25	-18.9%	34							?	?
Average		-20.6%				10.3%	-6.2%	-15.8%	84%	# of V-Shaped Recovery	# of W-Shaped Recovery
										12	22
										35%	65%

Source: Factset, Haver, DWS Investment GmbH as of 4/30/2025, for illustrative purposes only. Past performance may not be indicative of future results. Index returns do not reflect fees or expenses, and it is not possible to invest in an index.

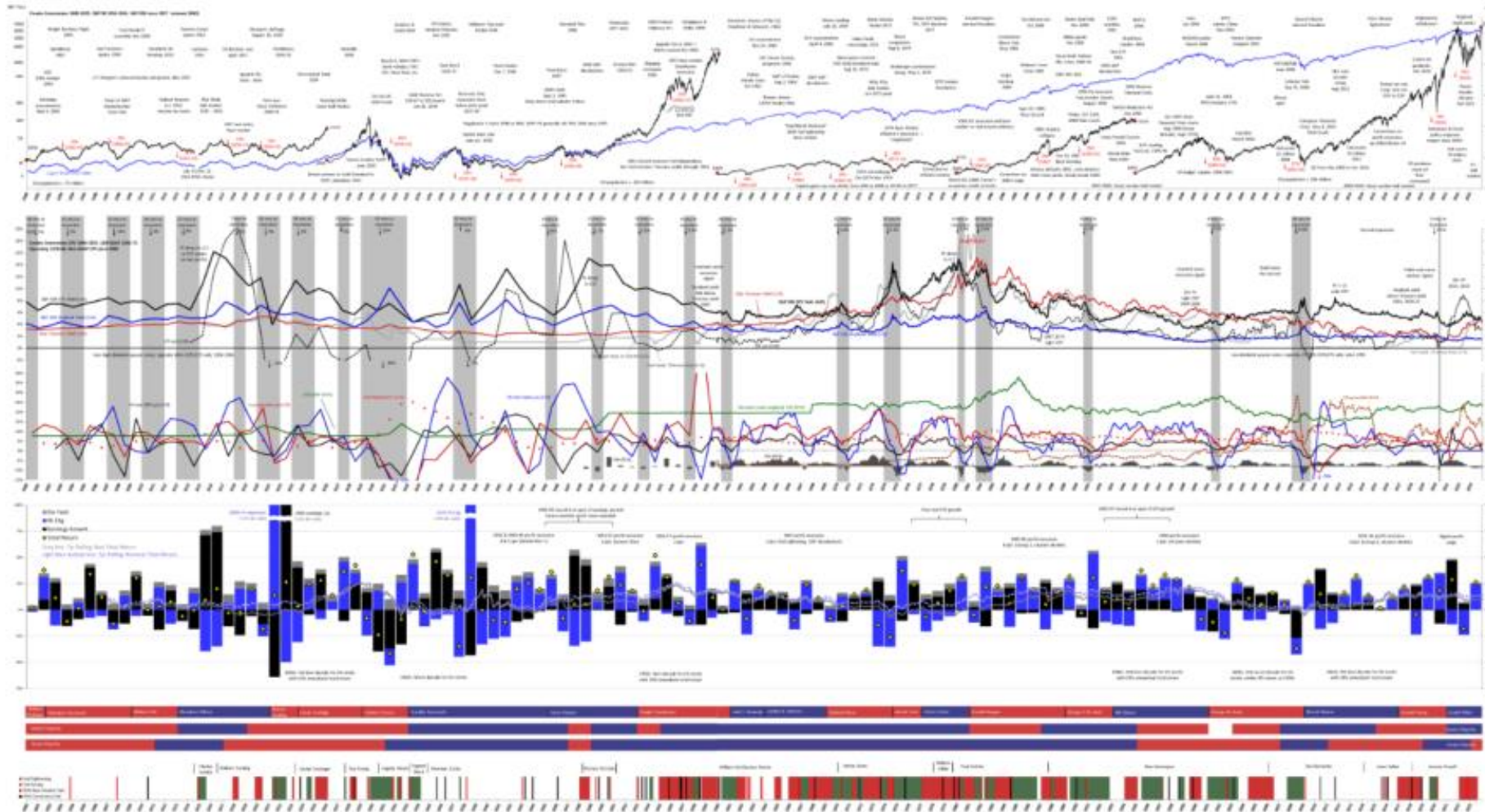
## 20 INVESTMENT STRATEGY PRINCIPLES



1. The value of a stock is the present value of all its future free cash flows. Do not rely on any valuation methodology that does not reconcile with this concept.
2. S&P is not U.S. GDP. Long-term S&P EPS growth  $\neq$  U.S. GDP growth. The S&P 500 differs regionally and by sector; it's global, digital and increasingly medical. EPS growth is a function of retained EPS and incremental returns.
3. Perception of normalized EPS can drive short-term S&P 500 performance, but actual EPS through the cycle will drive most S&P 500 long-term performance. S&P 500 margins exhibit cyclicity, but not secular mean reversion. Assess normal EPS with rigorous fundamental analysis, be leery of simple shortcuts.
4. True EPS is usually between generally accepted accounting principles (GAAP) and non-GAAP measures. True earnings will equal FCF when no investment is made for growth. At steady-state,  $\text{EPS} = \text{FCF/sh.} = \text{DPS}$ . Prefer EPS yield over FCF yield, unless a difference other than investment recurs.
5. Equities are real assets. Long-term growth will equal inflation when  $\text{EPS} = \text{DPS}$  (dividend per share). A fair PE on normalized steady-state  $\text{EPS} = 1 / \text{a fair long-term real stock return}$ . If expected long-term real EPS growth + dividend yield = fair real cost of equity (CoE), then a steady-state exists. EPS & DPS yields are real; compare to real interest rates.
6. A secular decline in yields is good for stocks, but a cyclical decline is bad. It can take hindsight to differentiate. Fed influence is secular like, if ahead-of-the-curve.
7. Risk is an outcome different than expected. Uncertainty (vol) is a very uncertain variable. Mean reversion is a fair assumption.
8. Only economic profit growth justifies a PE greater than  $1/\text{real CoE}$ . Consider long-term growth potential along with the investments required to support it.
9. GDP growth affects the fair PE only to the extent that it affects the ability of a company to earn returns above its cost of capital. Slow GDP growth often best.
10. Value investors seek stocks with normalized earnings greater than market expectations. Growth investors seek stocks with economic profit growth potential greater than market expectations. No rule against seeking both.
11. The market has predicted 9 of the last 5 recessions. Avoid panic selling. It usually takes a recession to stop a bull market (exceptions: 1966, 1987, 1998).
12. Natural disasters are less market damaging than manmade disasters. U.S. military strike preparations can pressure stocks, but typically rally on military action.
13. Investor panic subsides when policy setter panic begins. Respect the Fed's firepower, but its arsenal will be exhausted if inflation (Unit labor costs, or ULCs) is a problem.
14. Flows follow returns, not vice versa, so stay return focused and don't follow.
15. Lack of patience is the market's most reliable inefficiency.
16. Seek truth with scientific method: Theory first, then observation and experience.
17. Trends will continue until they don't. Valuation doesn't matter until it does.
18. Confront market/sector PE extremes vs. historical averages, but respect industry/stock PE extremes.
19. The market is an imperfect price mechanism, but superior to all others. Those who improve its function earn gains slowly, those who don't can lose suddenly.
20. Diversification comes from the correlation of stocks, not the number of stocks. Don't substitute diversification for diligence.

Source: DWS Investment GmbH. For illustrative purposes only.

# U.S. stock market since 1900



Contact your DWS representative for wall poster size prints.

David Bianco, Americas CIO  
david.bianco@dws.com

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Past performance is not indicative of future returns. Any mentions of specific securities are for illustrative purposes only and should not be considered a recommendation.

Diversification neither assures a profit nor guarantees against loss.

All investments involve risks, including the potential loss of principal.

Companies involved in artificial intelligence and big data face intense competition, may have limited product lines, markets, financial resources and personnel. Artificial intelligence and big data companies are also subject to risks of new technologies and are heavily dependent on patents and intellectual property rights and the products of these companies may face obsolescence due to rapid technological developments.

War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led, and, in the future, may lead to significant disruptions in US and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund and its investments.

Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and capital may be at risk. You might not get back the amount originally invested at any point in time.

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