

Foreign investors rethink US assets, but the S&P 500 is global and digital



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Trade affects Treasury demand: Less US debt and dollar demand likely abroad

Many investors are troubled by Trump's push to establish new trade norms with costly tariffs of activity altering significance, thus, likely to affect optimum long-term US productivity potential. They are also bothered by the elevated US fiscal deficit, likely to chronically push debt/GDP higher, which is increasingly difficult for any politician or party to reign-in given entitlements/demographics and a less secure world. Investors are especially troubled by the combination of these two trends, which economists generally see as incompatible and unsustainable given the intertwined relationship of trade deficits, which help feed foreign Treasury demand, and fiscal deficits. Thus, some foreign investors are not just troubled by US tariffs and deficits, but will likely have less dollars at their disposal, desire aside, to buy Treasuries under new trade norms.

US Reshoring & Thrift?: 7% deficit paid with 4% domestic savings + 3% foreign*

* Simplification of a complex dynamic, asset appreciation and equity-to-debt conversion also fund total US investment and debt issuance

The US savings rate of households and non-profit entities was about 4% in 2024. The federal deficit was about 7%, likely to continue despite tariff revenue, and the trade or current account deficit was about 3%. We don't expect the current account deficit to disappear, but if it shrinks, it suggests that domestic savings must rise to fund the deficit. As redirecting corporate savings from higher return private investment opportunities is neither likely nor desirable. Posing the question, what interest rate will it take to adequately boost the US savings rate? American propensity for consumption over savings vs. that of foreigners is well-known. There are also tax issues to consider as many Americans pay tax on Treasury interest and some foreigners don't.

Dollars: Less foreign supply=less demand? Consider dollar lands and industries

It's difficult to disentangle foreign dollar demand from Treasury demand and also trade activity, however, there is another dynamic that could affect the value of the dollar beyond the usual fundamental forces of purchasing power parity, shorter-term real interest rate differentials, and other current and capital account dynamics like trade balances and often related structural or foreign "policy" Treasury buying. This often underappreciated albeit difficult to quantify dynamic stems from the value of a currency related to its ability to access the resources of non-US economies and facilitate transactions in multinational industries such as commodities, semiconductors, etc. Saudi Arabia's commitment to sell oil for dollars is historically an important part of dollar land. If a country has a trade surplus with the US, it can buy oil for dollars from Saudi or chips for dollars from Taiwan. These dollar receiving countries might buy US goods, or Treasuries, equities, real estate or greenfield US investment. Disrupting such arrangements or the emergence of good alternatives threatens the dollar. An example, before the financial crisis, when oil supply/demand was tight, euro assets presented a fresh alternative to dollar assets to oil exporters. This helped boost the EUR/USD FX rate and exacerbated the USD oil price spike.

DWS CIO Day: S&P 1yr target up to 6100, "just 30%" on China, digital delivers

The tariff situation remains very volatile, and much can change after the 90 day reprieves elapse. Markets took great relief in mid-April when reciprocal tariffs were cut to only the 10% base now in effect until July 9th for all countries except China. Investors gained further confidence when the China tariff was reduced to 30% until July 9th. Last week's sudden announcements of a 50% tariff on EU imports (suspended until July 9th) and potential tariffs on a major US company keep the risks very high. We expect the 10% base tariff to stay long-term on all countries, except USMCA compliant imports. After deals are made, we think tariffs do not exceed 15% on imports in aggregate. Yet, we think China tariffs have up/down sensitivity to geopolitical issues at play. The US is applying high pressure tactics to the EU, exploring special bilateral deals with EU states and/or select industries to avoid higher US tariffs on broad EU imports. Because recent reprieves lower the risk of dangerously damaged relations between the US and other countries, especially China, and provide US importers more time to adapt, we raised our S&P target PE to about 22x trailing and 20.5x forward EPS as estimated in June 2026. We didn't change our EPS estimates, but confidence improved given delivery of strong results and encouraging outlooks by digital firms like the Great Eight with over 30% y/y 1Q25 EPS growth. Also, a weaker dollar, DWS expects euro to \$1.18, should boost 12-month S&P EPS growth by 2%, all else the same.

A summer better for spectating than speculating: We position cautiously for now

Upon publication, the US International Trade Court ruled that reciprocal and fentanyl related tariffs are illegal, issuing an injunction to cease 10 days after May 28th. While in some ways a positive, it introduces further uncertainty as appeals are in progress and it might be, "out with the old and in with new tariffs," with narrower scope, but higher sector tariff rates. Summer equity seasonality is for historically flat or negative returns two-thirds of the time. We think tariff, deficit, dollar risks remain high and we are sticking with the most digital and intellectual property/service enterprises with cautious stances on goods manufacturing/components and goods retailing.

Contributor: Ju Wang, Equity Portfolio Manager

Global Equity Index Forecasts: 12-months

Index	Jun 2026F	NTM EPS Growth	Target PE
S&P 500	6,100	7.9%	22.3
EuroStoxx 50	5,600	4.0%	15.4
Stoxx 600	570	4.0%	15.1
MSCI Japan	1,720	4.0%	14.9
MSCI Asia xJ	790	8.0%	14.6
MSCI EM	1,220	8.5%	14.0

S&P 500 Outlook at Yearend

	2024	2025E	2026E
S&P 500	5882	6000	6300
Dividend Yield	1.28%	1.40%	1.40%
S&P EPS	\$245	\$260	\$285
Trailing PE	24.0	23.1	22.1
DPS	\$75	\$82	\$87

Next 5%+ Price Move

(Up / Balanced Risk / Down)

Taxable U.S. Investor Asset Allocations

Asset Class	Long-term	Current
Fixed Income/cash	31.5%	31.5%
Equities	58.5%	57.5%
US Equities	41%	40.5%
S&P 500	37%	37%
Small Caps	4%	3.5%
Foreign DM	12.5%	12%
Foreign EM	5%	5%
Alternatives	10%	11%

Key CIO Views

Macro signal:	May 2025	Jun 2026F
U.S. Fed Funds rate	4.25%-4.50%	3.25%-3.50%
10yr Treasury yield	4.50%	4.50%
US IG Corp Spreads	100bp	90bp
US High Yield Spreads	325bp	350bp
Crude Oil (WTI) \$/bbl	62	60
EUR / USD FX rate	1.14	1.18

GDP Forecasts

Region	2024	2025F	2026F
US	2.8%	1.2%	1.1%
World	3.2%	2.8%	2.9%
Euro area	0.7%	0.8%	1.3%
China	5.0%	4.0%	3.8%
Japan	0.1%	0.9%	0.7%

* Q4/Q4 GDP growth.
EPS = Earnings Per Share; GDP = Gross Domestic Product
FX = Foreign Exchange

Source: DWS Investment Management GmbH. All opinions and claims are based upon data on 5/30/2025 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. All foreign asset exposures are not FX hedged unless otherwise noted. For illustrative purposes only. Past performance may not be indicative of future results. Diversification neither assures a profit nor guarantees against loss. Forecasts are not a reliable indicator of future returns.



S&P 500 Sector and Industry views

	Market	Allocated	Sector	2024	2025	Overweight	2024	2025	Equal weight	2024	2025	Underweight	2024	2025
Over-weight	14.3%	18.7%	Financials	18.4	17.9	Banks	13.7	13.4	Financial Services	26.6	26.1	Consumer Finance	15.4	15.9
						Capital Markets	21.1	19.5						
						Insurance	15.8	15.3						
	9.5%	13.8%	Health Care	18.2	17.1	Biotechnology	21.3	17.9				Health Care Providers & Services	13.3	12.6
						Health Care Equipment & Supplies	27.5	27.1				Life Sciences Tools & Services	21.0	21.2
						Pharmaceuticals	15.7	14.8						
	2.5%	4.2%	Utilities	19.2	18.1	Electric Utilities	19.0	18.0	Gas Utilities	21.8	19.8			
Under-weight						Multi-Utilities	19.8	18.4	Independent Power & Renewable E	16.5	15.7			
									Water Utilities	27.1	24.7			
	9.6%	11.2%	Communication Services	22.9	20.8	Entertainment	83.5	38.7	Wireless Telecommunication Servi	25.8	23.3	Diversified Telecommunication Servi	10.7	11.2
						Interactive Media & Services	23.9	22.1				Media	9.8	10.1
	31.7%	32.3%	Information Technology	33.3	28.4	Software	36.3	32.3	Technology Hardware Storage & P	27.9	26.4	Communications Equipment	19.9	19.7
						IT Services	24.4	23.9				Electronic Equipment	26.9	26.9
												Semiconductors	38.8	28.0
	3.0%	3.4%	Energy	15.3	16.9	Energy Equipment & Services	10.4	11.5				Oil Gas & Consumable Fuels	15.8	17.4
	1.9%	1.2%	Materials	21.8	22.6				Construction Materials	23.0	32.8	Chemicals	23.8	23.9
									Metals & Mining	15.2	16.5	Containers & Packaging	22.5	22.2
	2.1%	0.4%	Real Estate	18.1	18.7				Hotel & Resort REITs	7.8	8.4	Health Care REITs	18.4	17.3
									Industrial REITs	19.9	20.3	Residential REITs	17.5	17.2
									Office REITs	9.8	10.9	Specialized REITs	19.8	21.5
									Real Estate Mgmt. & Development	37.8	35.9			
									Retail REITs	12.1	12.6			
	8.7%	5.9%	Industrials	26.4	26.2	Aerospace & Defense	50.9	33.3	Construction & Engineering	38.1	33.0	Building Products	25.9	28.7
						Air Freight & Logistics	13.3	14.3	Passenger Airlines	10.2	10.2	Commercial Services & Supplies	38.9	37.0
						Electrical Equipment	36.5	32.0				Ground Transportation	19.8	25.0
												Industrial Conglomerates	22.0	24.1
												Machinery	19.6	21.6
												Professional Services	31.5	31.8
												Trading Companies & Distributors	21.1	22.2
	5.8%	3.0%	Consumer Staples	24.2	25.5	Beverages	20.2	20.5	Personal Care Products	22.8	16.5	Consumer Staples Distribution & Re	34.2	37.0
												Food Products	14.3	16.2
												Household Products	24.3	26.0
												Tobacco	20.2	19.2
	10.7%	5.8%	Consumer Discretionary	29.1	30.2	Automobile Components	10.1	10.4	Distributors	16.1	17.5	Automobiles	42.3	49.6
						Broadline Retail	35.3	33.2	Leisure Products	16.5	17.2	Hotels Restaurants & Leisure	27.3	25.8
			Automobiles	42.3	49.6				Textiles Apparel & Luxury Goods	20.5	26.7	Household Durables	10.2	13.0
			Broadline Retail	34.5	32.4							Specialty Retail	24.2	26.7
			CD ex Auto & Broadline Retail	22.9	24.5									
Aggregate PE: DWS View						Overweight	24.2	22.3	Equalweight	24.4	23.6	Underweight	23.6	23.0
	S&P 500								2024 & 2025 EPS	245.00	260.00	2024 & 2025 PE	24.0	22.6
									Bottom-up Consensus EPS	245.19	265.87	Bottom-up Cons. PE	24.0	22.1
												2024 & 2025 Ex Energy PE	24.5	23.1
												Btm-up Cons. Ex Energy PE	24.7	22.5

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%

More details on sector earnings forecast and sector intrinsic valuation can be found towards the back of this note.

Price as of 5/28/2025

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

Source: DWS Investment Management GmbH. Past performance may not be indicative of future results. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

DWS Strategic CIO View: Overview of strategic forecasts – Fixed Income, FX, Equity & Commodities

Fixed Income

		Strategic Forecast Apr-25	Current level	12m forwards	Strategic Forecast May-25	Forecast change	Expected 12m Total Return	10yr Total Return (p.a.) ⁴
Market Index	Target Mar-26	27-May-25	27-May-25	Target Jun-26				
Forecasts - US								
UST 2yr	US 2y yield	3.95%	3.98%	3.84%	3.75%	↘	4.14%	3.86%
UST 10yr	US 10y yield	4.30%	4.47%	4.57%	4.50%	↗	5.02%	4.65%
UST 30yr	US 30y yield	4.60%	4.98%	5.00%	4.70%	↗	9.80%	4.84%
Municipals	Taxable Muni Index OAS	85	75		70	↘	6.41%	4.12%
US IG Corp	BarCap US Credit	110 bp	91bp		90 bp	↘	5.98%	4.98%
US HY (1)	Barclays US HY	450 bp	330 bp		350 bp	↘	6.13%	6.14%
Securitized / MBS	MBS Index OAS	125 bp	158 bp		130 bp	↗	6.19%	4.42%
Forecasts - Europe								
Schatz 2yr	GER 2y yield	1.60%	1.78%	1.84%	1.60%	→	1.98%	2.24%
Bund 10yr	GER 10y yield	2.50%	2.54%	2.69%	2.50%	→	3.60%	2.89%
Bund 30yr	GER 30y yield	3.00%	3.02%	3.07%	3.00%	→	3.96%	3.68%
Gilt 10yr	UK 10y yield	4.00%	4.66%	4.76%	4.20%	↗	8.08%	5.20%
EUR IG Corp	ICE BofA Bond Index	90 bp	103 bp		90 bp	→	4.50%	3.42%
EUR HY (1)	M L EUR Non-Fin HY Constr. Index	400 bp	336 bp		360 bp	↘	4.22%	4.94%
Securitized / Covered	iBoxx Covered	50 bp	51bp		50 bp	→	2.50%	2.98%
Italy 10yr (3)	GTITL10Y Corp - GTDEM 10Y Corp	110 bp	101bp	108 bp	110 bp	→	3.84%	n/a
Forecasts - AsiaPac								
JGB 2yr	JPN 2y yield	1.00%	0.74%	0.92%	1.00%	→	0.67%	1.05%
JGB 10yr	JPN 10y yield	1.70%	1.47%	1.70%	1.80%	↗	-0.41%	1.34%
Asia Credit	JAPACAPT Index	145 bp	142 bp		150 bp	↗	6.27%	-
Forecasts - Global								
EUR vs USD	EUR/USD	1.18	1.13		1.18	→	1.64%	-
USD vs JPY	USD/JPY	135	144		130	↘	-6.19%	-
EUR vs JPY	EUR/JPY	162	163		153	↘	-5.18%	-
EUR vs GBP	EUR/GBP	0.84	0.84		0.84	→	-2.04%	-
GBP vs USD	GBP/USD	1.40	1.35		1.40	→	3.33%	-
USD vs CNY	USD/CNY	7.5	7.2		7.30	↘	3.13%	-
EM Sovereign (1)	EMBIG Div.	410 bp	332 bp		360 bp	↘	6.16%	6.61%

Benchmark Rates

		Strategic Forecast Apr-25	Current Level	Strategic Forecast May-25	Forecast change	Expected 12m Total Return	10yr Total Return (p.a.) ⁴
Market Index	Target Mar-26	27-May-25	Target Jun-26				
Forecasts – Benchmark rates							
United States	Federal funds rate	3.50-3.75	4.25-4.50	3.25-3.50	↘		
Eurozone	Deposit rate	1.75	2.25	1.75	→		
United Kingdom	Repo rate	3.75	4.25	3.50	↘		
Japan	O/N Call Rate	0.75	0.50	1.00	↗		
China	1year lending rate	2.60	3.00	2.60	→		

Equities

Forecasts – Equity							
US	S&P 500	5,800	5,881	6,100	↗	5.23%	6.30%
Germany	DAX	23,500	24,197	25,600	↗	5.80%	4.16%
Eurozone	Eurostoxx 50	5,400	5,422	5,600	↗	6.49%	5.45%
Europe	Stoxx 600	550	554	570	↗	6.43%	6.39%
Japan	MSCI Japan	1,690	1,683	1,720	↗	4.71%	4.87%
SMI	SMI	12,500	12,372	12,500	→	4.23%	6.14%
UK	FTSE 100	8,700	8,816	8,800	↗	3.52%	7.69%
Emerging Markets	MSCI EM	1,160	1,170	1,220	↗	7.16%	7.43%
Asia ex Japan	MSCI AC Asia ex	750	761	790	↗	6.52%	7.68%
Australia	MSCI Australia	1,600	1,662	1,600	→	-0.13%	8.15%

Alternatives

Forecasts – Commodities							
Gold - Spot	Gold Spot	3,600	3,297	3,700	↗	-	n/a
Gold - Futures	Gold 12m Futures	-	3,513	-		5.32%	1.61%
Oil - Spot ²	Brent Spot	63	65	63	→	-	n/a
Oil - Futures ²	Brent 12m Futures	-	64	-	-	-1.15%	9.04%
Carbon	Carbon 12m Futures	75	72	75	→	4.70%	
Real Estate & Infrastructure							
Listed US RE (LC)						8.50%	5.31%
Non-Listed US RE (LC)						5.00%	5.01%
Listed Global RE (LC)						8.00%	4.63%
Non-Listed European RE (LC)						6.75%	4.05%
Non-Listed APAC RE (LC)						5.00%	3.76%
Non-Listed Global RE (LC)						5.70%	4.40%
Listed Infrastructure (LC)						8.50%	6.57%
Non-Listed Infrastructure (LC)						11.00%	13.49%

Source: Bloomberg Finance L.P., DWS Investment GmbH as of May 2025. Past performance may not be indicative of future results. 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. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

DWS Global Macro Forecasts

GDP Growth Rate

% year-on-year average

	2024	2025F	2026F	Consensus 2025 (BBG)
World	3.2	2.8 (3.2)	2.9 (3.1)	2.8
U.S.*	2.8	1.2	1.3 (1.1)	1.4 (1.7)
EUZ	0.8	1.1 (0.8)	1.4 (1.3)	0.8
GER	-0.2	0.3 (0.1)	1.6 (1.4)	0.0
UK	0.9	0.9	1.4	0.9
Japan	0.1	0.9	0.7	1.0
China	5.0	4.0 (4.0)	3.8 (3.8)	4.2

Unemployment Rate (Annual average)

%

	2024A	2025F	2026F	Consensus 2025 (BBG)
U.S. (EOP)	4.0	4.4	4.7	4.4 (4.3)
EUZ	6.4	6.3	6.3	6.4
GER	6.0	6.1	5.8	6.3
UK	4.3	4.4	4.4	4.6
Japan	2.5	2.4	2.4	2.5
China***	5.1	5.3 (5.3)	5.1 (5.1)	5.1

Inflation (CPI)

% year-on-year average

	2024A	2025F	2026F	Consensus 2025 (BBG)
World				4.3
U.S.**	3.0	3.3 (3.2)	3.2	3.2 (3.0)
EUZ	2.4	2.1	2.0	2.1
GER	2.3	2.3	2.1	2.2
UK	2.5	3.0	2.2	3.0
Japan	2.5	3.0 (2.0)	2.0	2.7
China	0.2	0 (0.5)	1 (1.2)	0.4

Fiscal Balance

% of GDP

	2024A	2025F	2026F	Consensus 2025 (BBG)
U.S.	-6.9	-6.8	-6.8 (-6.5)	-6.5
EUZ	-2.9	-3.4	-4.0	-3.3
GER	-2.5	-2.5	-3.2	-2.9
UK	-4.4 (-4.5)	-3.8 (-3.7)	-4.1 (-3.5)	-4.1
Japan	-4.6 (-6.0)	-3.5	-3.0	-3.6
China****	-7.3	- 9 (-10)	-8 (-8.5)	-5.6

Source: Bloomberg Finance LP, DWS Macro Research. Last CIO Day's forecasts are in parentheses. (*) For the U.S., GDP growth Q4/Q4 % is 2.2% in 2025 and 1.7% in 2026, (**) Measure is average CPI, other measures for the US see in the respective part of the presentation, (***) Urban unemployment rate (end of period), not comparable to consensus data, (****) China fiscal deficit refers to IMF general public sector deficit, it's not comparable with the consensus. As of May 15, 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. Past performance is not a guarantee of future results. Forecasts are based on assumptions, estimates, opinions and hypothetical models or analysis which may prove to be incorrect.

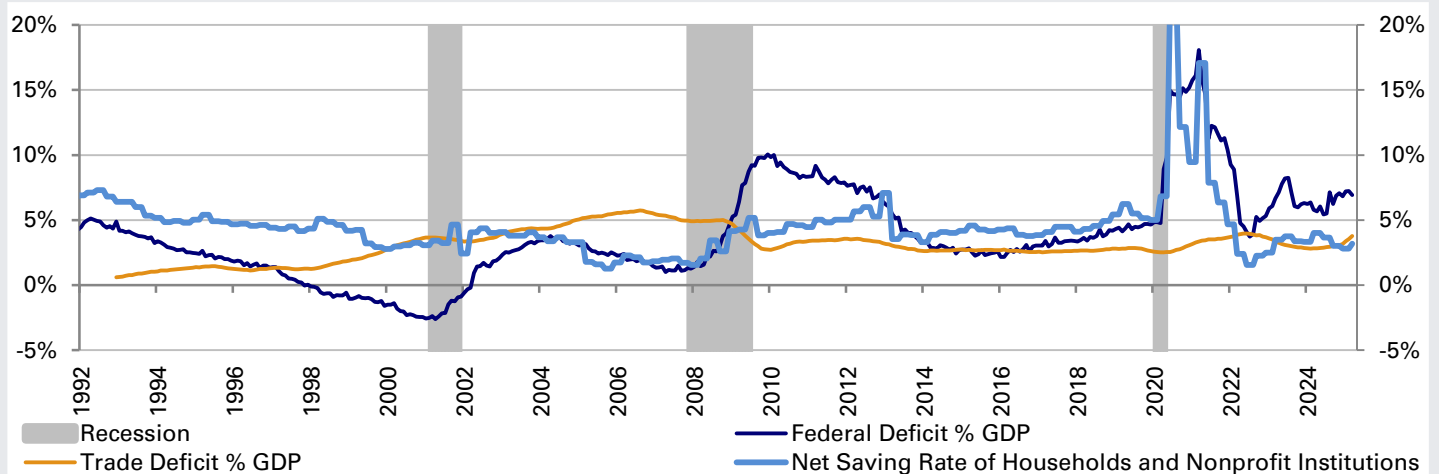
Trade and Treasury demand go hand in hand

Dear Mr. President: America profits from free market resultant trade deficits

The trade deficit is measured based on the sales value of exports less imports. US imports more than exports, yet US exports are generally high margin and much more profitable products. This keeps US industries and workers at their highest and best paid use. When foreign nations earn net dollars from trade, often from heavily deploying their resources with only low returns to their capital and labor, their dollar earnings are usually invested in dollar assets. Most such capital account investments are in low returning Treasury bonds. In effect, many countries toil away and deplete their resources just to buy US government debt. Who's the winner and loser here? Well, it's not zero sum, as it brings relative improvement for all when free market based, but those that embrace free trade and foster innovative economies are the ones that stay on top. If we restrict trade and push our economy toward lower return on capital and worker pay industries, then inflation and slower real growth are likely. It might also drive up real interest rates as domestic capital is redirected and foreign savings from trade surpluses aren't recycled into the US. Thus, better ways exist to raise tax revenue or help prior manufacturing towns than tariffs.

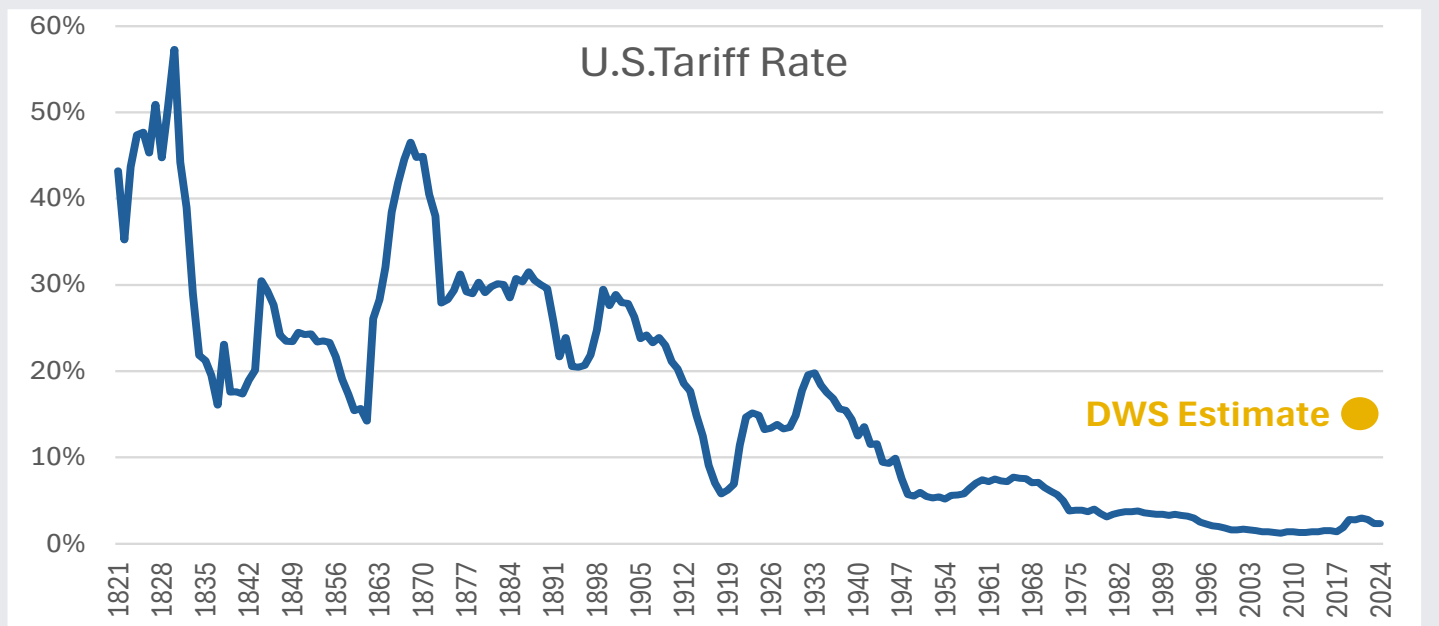
Dear Mr. President, please tear down all trade walls between our closest and most trusted allies.

U.S. Savings & Trade Deficit fund Fiscal Deficit



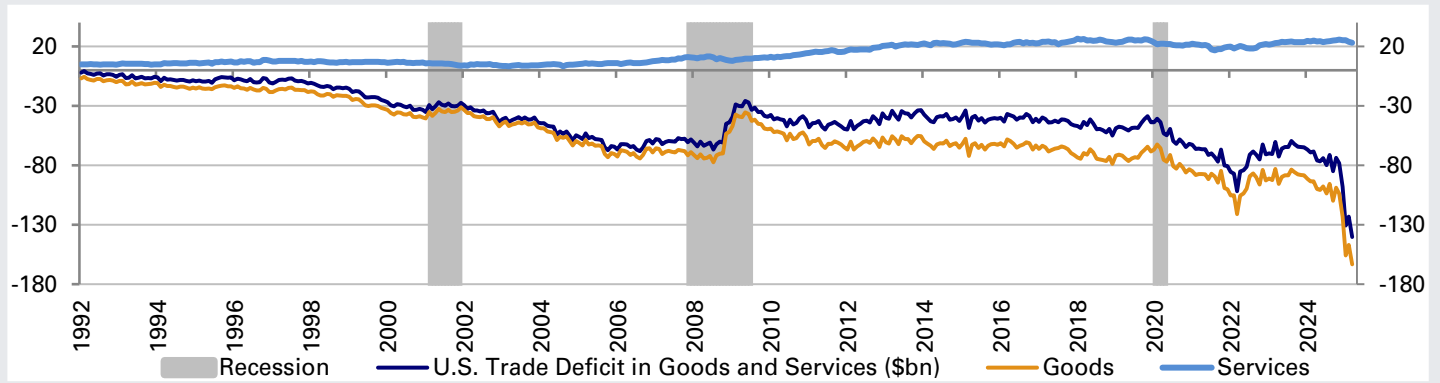
Source: Haver, Investment Management GmbH as of May 2025. Past performance may not be indicative of future results. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

U.S. tariff rate history and future estimate



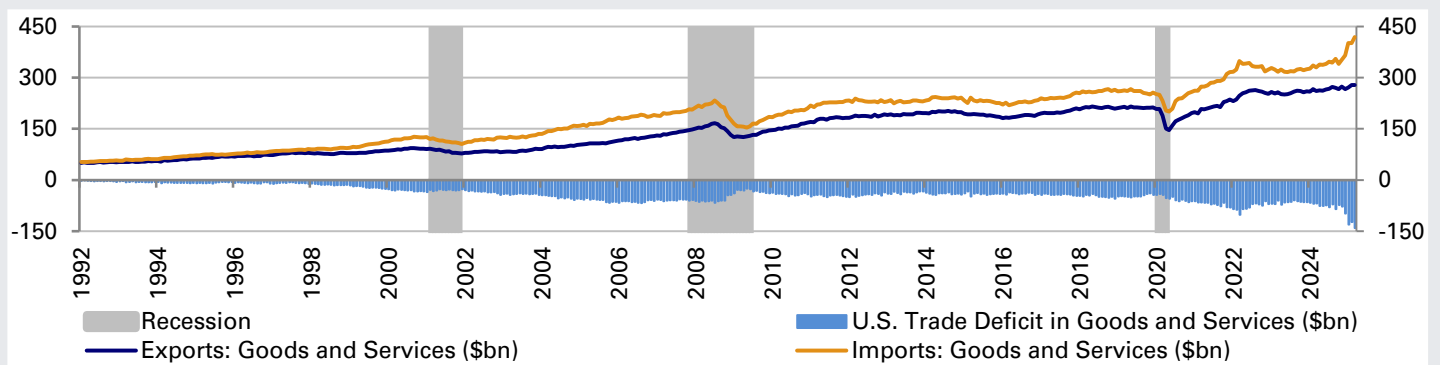
Source: Census Bureau, U.S. International Trade Commission, DWS Investment Management GmbH as of May 2025. Past performance may not be indicative of future results. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

U.S. Trade Deficit: Goods vs. Services



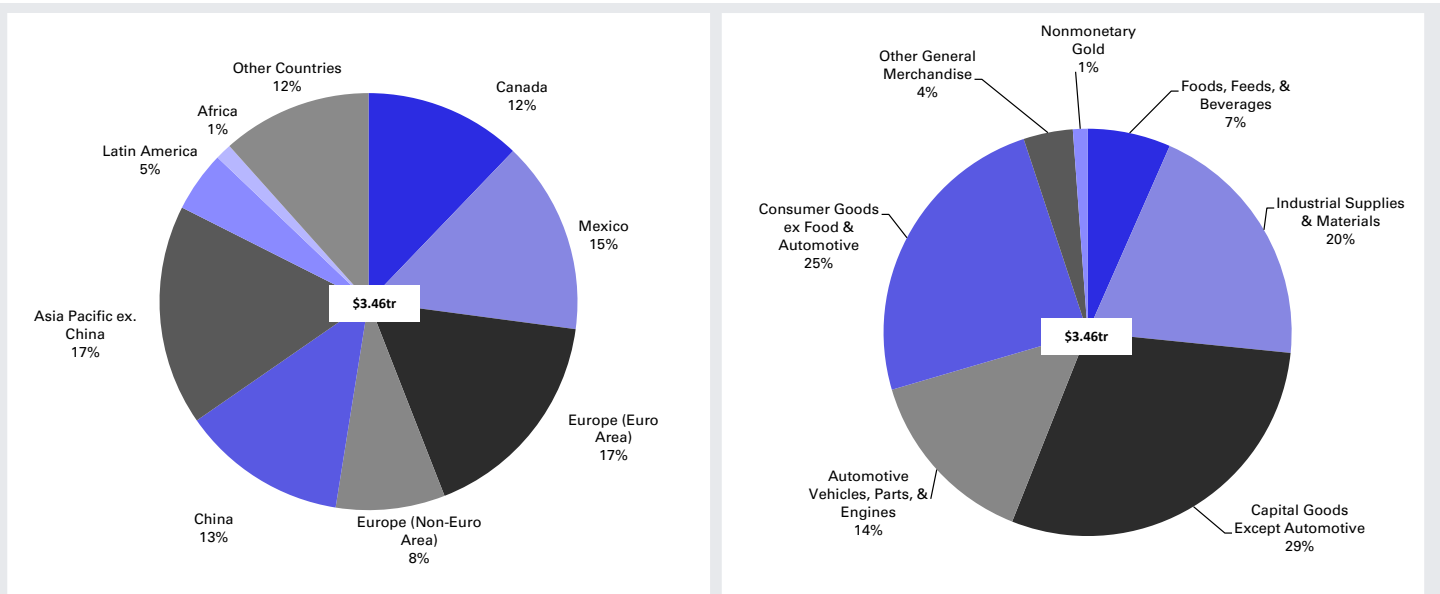
Source: Haver, Investment Management GmbH as of May 2025. Past performance may not be indicative of future results. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

U.S. Exports vs. Imports



Source: Haver, Investment Management GmbH as of May 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.

U.S. imports by region and by type (4-quarter sum, 2Q24-1Q25)

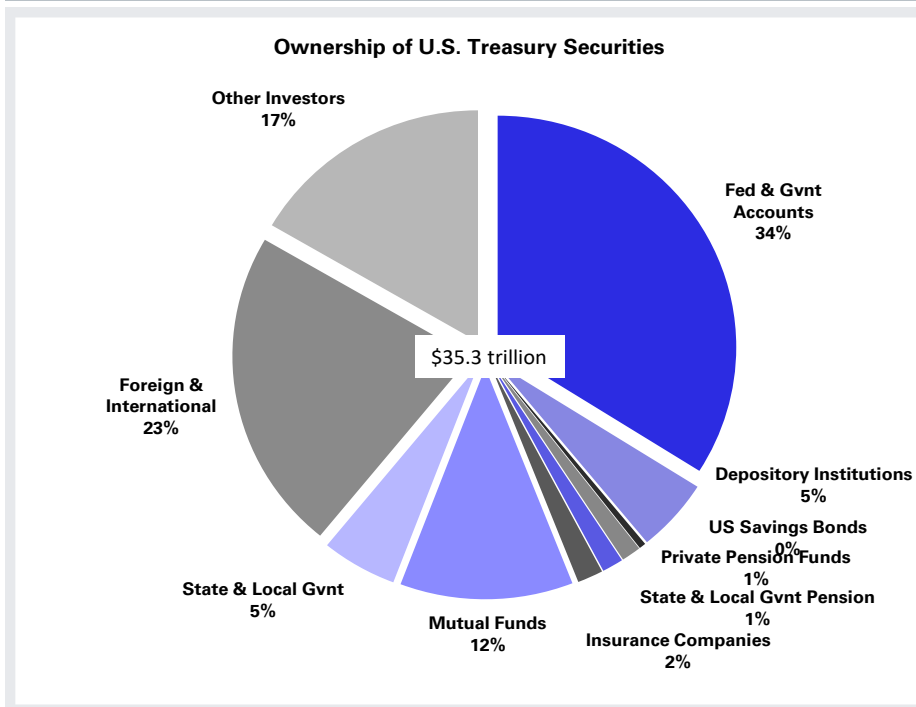


Source: Haver, Investment Management GmbH as of May 2025. Past performance may not be indicative of future results. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

Owing to the complexities of how the US saves and the high returns private investment typically earns in the US, we are not of the view that the US economy overall is facing a savings shortage. We just think the federal government might be looking at a structurally higher cost of borrowing, than during the recent decades of strong trade with high savings rate economies, if its draw from foreign savings pools diminishes.

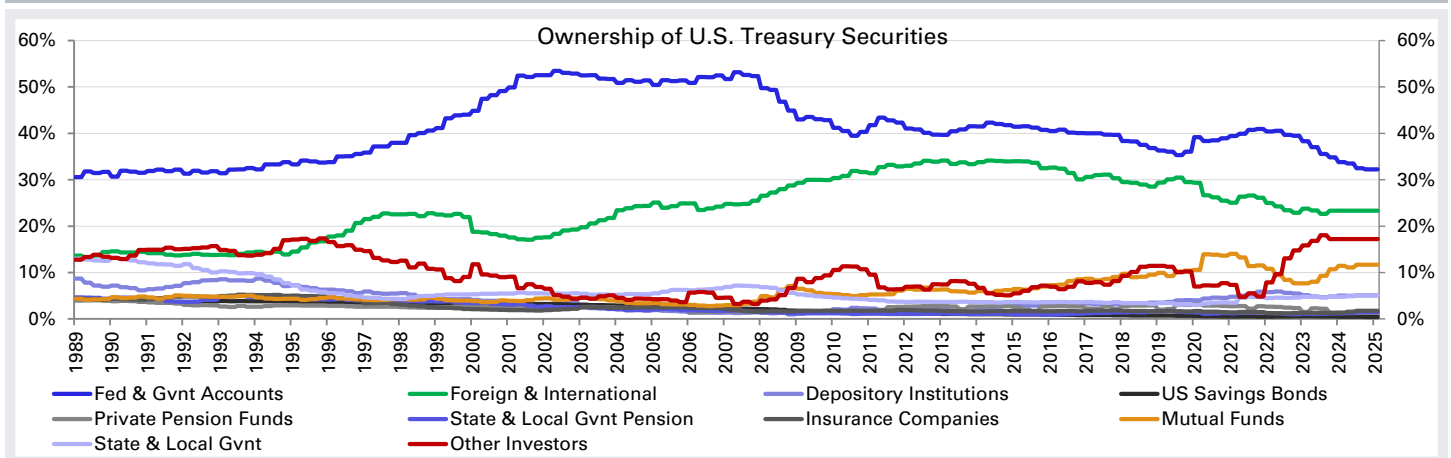
The I in $GDP=C+I+G+NX$ is gross investment, not net, whereas savings measures of income are net income based. Thus, much of gross I is funded by depreciation and amortization expense, which lower net income measures. That said, more complication comes from measuring private domestic savings given asset appreciation, particularly of real estate and enterprises that can be sold or borrowed against. When such appreciated assets are bought in part with debt, such as with mortgages, the equity value of the asset is converted into a debt claim on the asset and the seller gets proceeds to save back into financial assets, including into the financial asset just created or expanded pool of such. Thus, usually mortgage bond issuance is more about monetizing real estate appreciation than funding new real estate construction. Corporate savings, net profits less dividends and share buybacks, is usually directed to real economy investment and right now AI related investment is booming. Stock and option issuance is another complication in corporate savings measurement, as part of employee income is delivered in the form of ownership claims that provide companies more cash flow to invest relative to net income measures.

Ownership of U.S. Treasury Securities



Source: Haver, Investment Management GmbH as of May 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.

Ownership of U.S. Treasury Securities



Source: Haver, Investment Management GmbH as of May 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.

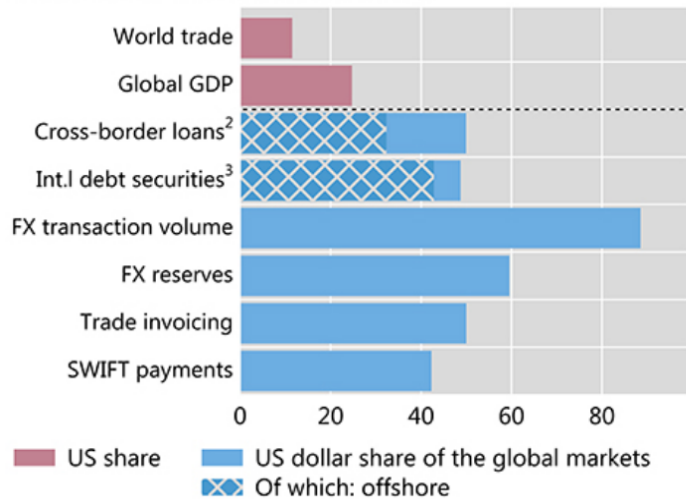
For institutional use and registered representative use only. Not for public viewing or distribution.

Dollar land: Use of dollars outside the U.S. enhances its value

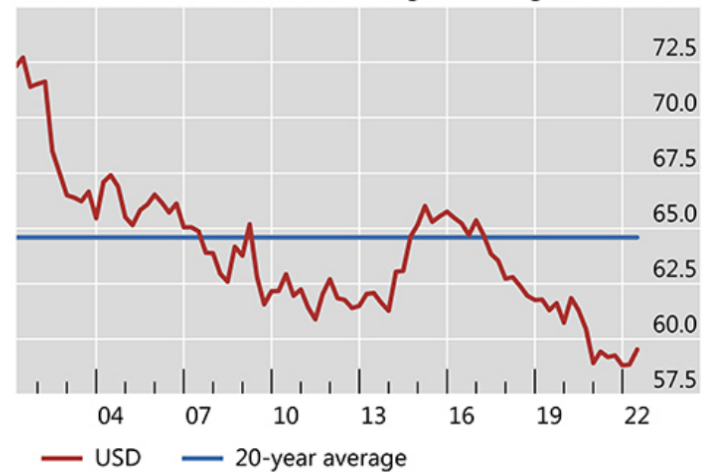
The international role of the U.S. Dollar

In per cent

A. International role of the US dollar¹



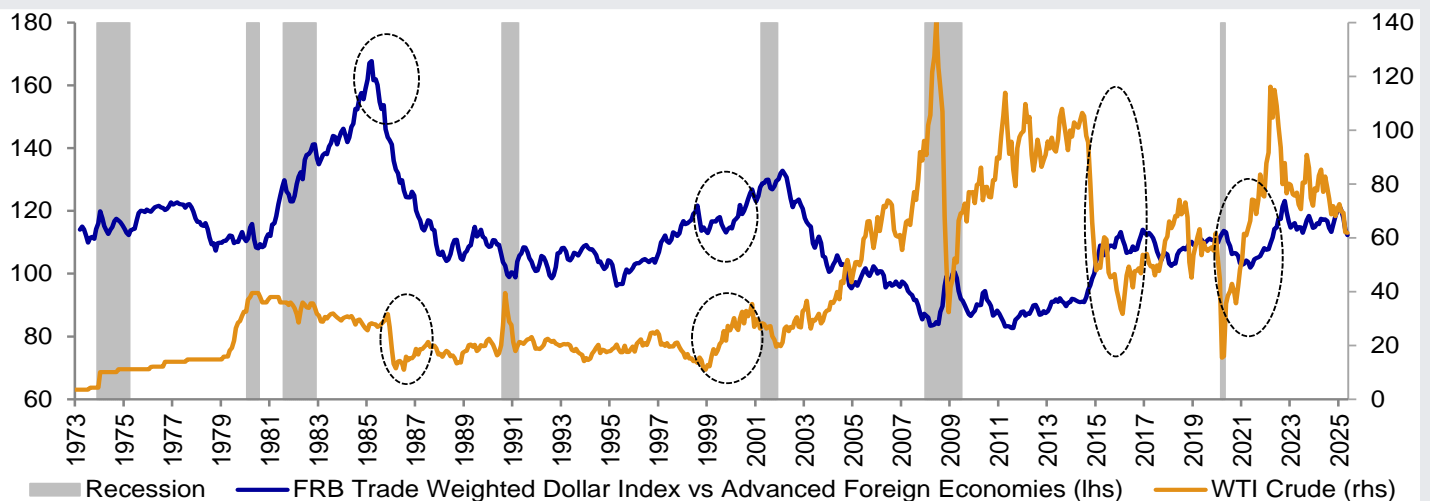
B. US dollar share of official foreign exchange reserves



¹ Data refer to latest available value. ² USD-denominated cross-border loans by banks to counterparties in all countries (excluding inter-office claims but including interbank claims on account of loans and deposits). Offshore refers to cross-border loans excluding loans from United States and on United States. ³ USD-denominated international debt securities by all issuers; these securities are issued outside the local market of the country where the borrower resides (eg eurobonds or foreign bonds). Offshore refers to USD-denominated loans/debt issued outside United States.

Source: Bank for International Settlements, DWS Investment Management GmbH as of May 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.

U.S. Dollar vs. crude oil price: How much oil exporters recycle their dollar earnings into dollar assets affects the value of the dollar

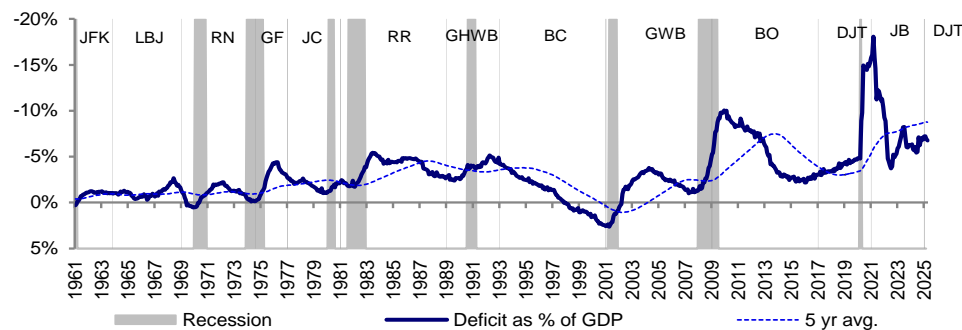


Source: Haver, Investment Management GmbH as of 5/28/2025. Past performance may not be indicative of future results. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

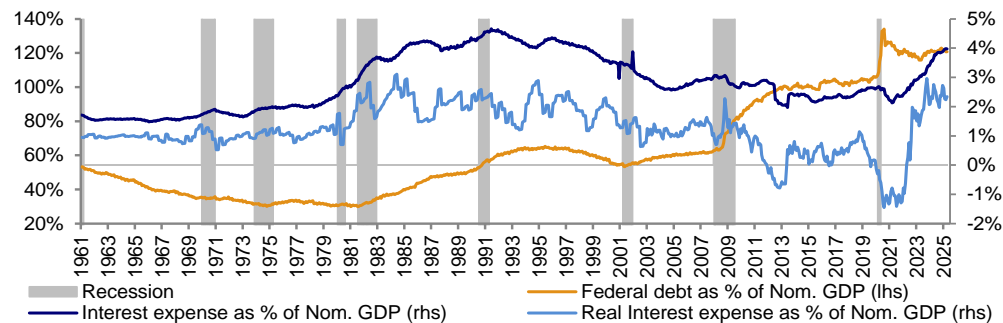
The current account and the capital account balance. It's an accounting identity. Because if a trade partner with a trade surplus against the US doesn't use dollars to buy US financial assets they would still be holding additional dollars, which are a U.S. asset too. Thus, for FX rate impact purposes, it's not about whether the trade partners buy U.S. financial assets versus holding dollars, but rather whether they exchange dollar holdings to buy back their own currency from the world market or buy other currencies.

U.S. Fiscal overview and Fed balance sheet

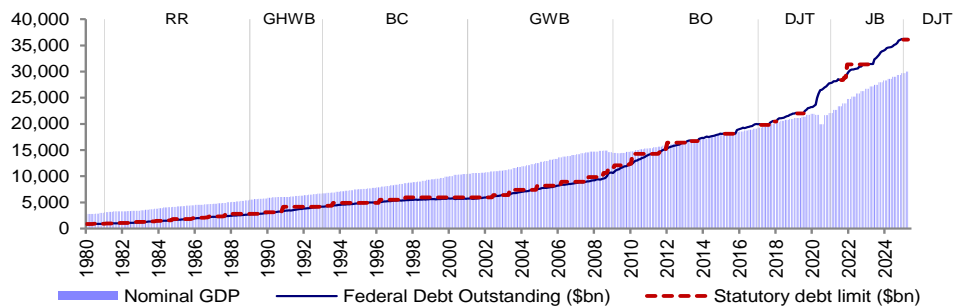
U.S. government deficit



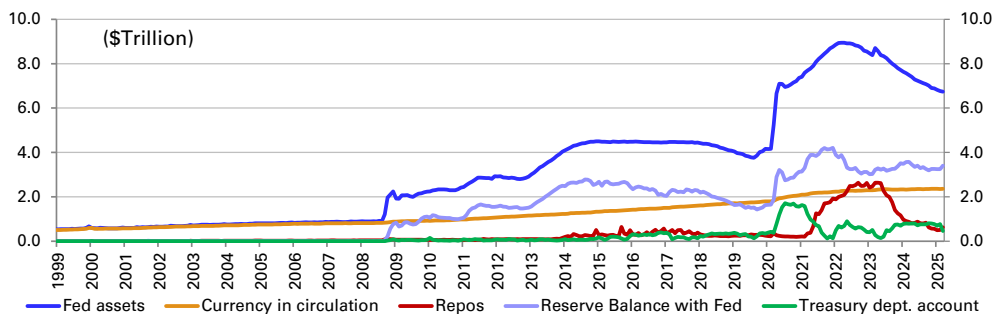
U.S. federal government debt / GDP, interest / GDP



Debt ceiling



Federal reserve assets & liabilities



Source: Haver, Investment Management GmbH as of May 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 Investment GmbH S&P 500 Annual EPS Outlook

														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%	\$266	8.4%	\$301	13.1%	\$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%	248.1	15.6%	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%	182.9	0.4%	208.7	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%	94.9	-13.9%	114.3	20.3%	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%	404.2	4.3%	456.3	12.9%	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%	291.7	15.2%	322.6	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%	173.9	6.1%	201.4	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%	545.7	18.8%	633.8	16.1%	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	1.3%	57.2	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%	56.2	1.1%	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	8.0%	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%	2249.1	8.4%	2543.4	13.1%	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%	2154.1	9.7%	2429.1	12.8%	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%	1909.6	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 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. FFO is used for REITs instead of EPS.

Source: Factset, DWS Investment GmbH as of 5/28/2025. Past performance may not be indicative of future results. 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. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.



DWS Investment GmbH View: 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	4,916	20.8	236.0	99%	234.7	82%	-7%	218.3	11%	0.83	5.10%	4,280	15%	4,922	0.9%	5,253	22.4	7%	11%
Consumer Discretionary	5,306	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%	-11%
Automobiles	1,092	49.6	22.0	110%	24.2	75%	-10%	21.8	32%	0.99	5.75%	379	35%	511	0.3%	552	22.8	-49%	-45%
Broadline (Internet) Retail	1,866	32.4	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	2%	6%
ex. Auto & Broadline (Internet) Retail	2,349	24.5	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	3,303	25.5	129.5	100%	129.5	84%	-5%	123.0	14%	0.84	5.00%	2,461	5%	2,584	2.2%	2,722	21.0	-18%	-13%
Energy	1,689	16.9	100.0	100%	100.0	97%	-5%	95.0	14%	0.90	5.75%	1,652	-15%	1,404	3.2%	1,475	14.7	-13%	-9%
Financials	7,145	17.9	400.0	99%	394.1	98%	-7%	365.5		1.11	5.75%	6,356	0%	6,356	1.4%	6,788	17.2	-5%	-1%
Banks	1,863	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	11%	15%
Health Care	4,867	17.1	285.0	98%	280.0	64%	-10%	252.0	10%	1.14	5.20%	4,846	10%	5,331	1.9%	5,639	20.1	16%	20%
Industrials	4,322	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%	-12%
Information Technology	15,339	28.4	540.0	100%	540.0	89%	-3%	523.8	2%	0.95	5.10%	10,271	35%	13,865	0.7%	14,828	27.5	-3%	1%
Materials	1,050	22.6	46.5	98%	45.5	80%	-7%	42.3	16%	0.90	5.50%	769	10%	846	1.9%	898	19.7	-14%	-10%
Real Estate	1,009	18.7	54.0	99%	53.4	80%	-12%	47.0	35%	1.79	5.25%	895	5%	940	3.6%	979	18.3	-3%	1%
Utilities	1,202	18.1	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	13%	17%
S&P 500 (\$ bn)	50,149	22.8	2198.0	100%	2205.4	84%	-6.1%	2070.4			5.26%	39,217	15.2%	45182	1.3%	48,094	21.8	-4%	0%
S&P 500 Index (\$/sh)	5889	22.6	260.0	100%	260.0	84%	-5.8%	245.0	10%	0.93	5.25%	4667	15.1%	5371	1.3%	5703	21.9	-3%	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 5/28/2025. Past performance may not be indicative of future results. 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. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

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.

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%	
				+ Long-term inflation forecast	2.50%		
				+ Fair return on operating reinvestment	1.86%	Fair S&P 500 Market Value and Book Value Multiple	
S&P 500 EPS Capitalization Valuation		S&P 500 DPS Discount Model		+ Value added earnings growth on op. reinvestment	0.44%	2024E end S&P 500 book value per share	\$1,100
Normal EPS / (real CoE - (EM/payout) - EM):		Normal DPS / (nominal CoE - DPS growth):		= Long-term earnings growth	4.81%	Fair PB = Fair PE * normal aggregate ROE	4.88
S&P 500 intrinsic value at 2025 start	5371	S&P 500 intrinsic value at 2025 start	5371	+ Growth from net share repurchases	1.38%	Fair PE =(inc ROE-g)/(inc real ROE*(real CoE-real g))	20.66
S&P 500 intrinsic value at 2025 end	5703	S&P 500 intrinsic value at 2025 end	5703	= Long-term S&P 500 EPS/DPS growth	6.19%	Implied S&P 500 fair value of book at 2025 start	5371
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%	+ Fair normal dividend yield	1.56%	Steady-state PB = normal agg. ROE / real CoE	4.24
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%	= Total long-term return at constant PE	7.75%	Confirmed by fair steady-state PE = 1 / real CoE	19.0
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

DWS June 2026 equity index targets

Index	3M relative View	Current Level	Previous Target CIO Day	Target Jun 26	Chg in Target	Expected Total Return Jun 26	thereof		Assumptions				
							EPS growth	LTM multiple impact	Dividend Yield	EPS NTM* (e)	EPS NTM DWS vs. Cons.	Target LTM P/E in Jun 26	Target PE discount to US
		28/05/2025		(rounded)			NTM*						
S&P 500		5,922	5,800	6,100	5%	4.5%	USD	7.9%	-5%	1.5%	273	-3.5%	22.3x
Stoxx 600		551	550	570	4%	6.9%	EUR	4.0%	0%	3.4%	37.7	-2.8%	15.1x
EuroStoxx 50		5,399	5,400	5,600	4%	6.9%	EUR	4.0%	0%	3.2%	362	-2.0%	15.4x
DAX40		24,154	23,500	25,600	9%	6.0%	EUR	12.0%	-8%	2.7%	1525	-2.4%	16.4x
SMI		12,236	12,500	12,500	0%	5.4%	CHF	5.5%	-3%	3.2%	733	-2.1%	17.0x
FTSE 100		8,765	8,700	8,800	1%	4.1%	GBP	3.5%	-3%	3.7%		-2.9%	12.9x
MSCI EM		1,165	1,160	1,220	5%	7.6%	USD	8.5%	-3%	2.9%	87.0	-8.5%	14.0x
MSCI AC Asia xJ		757	750	790	5%	7.2%	USD	8.0%	-3%	2.8%	54.1	-7.0%	14.6x
MSCI Japan		1,694	1,690	1,720	2%	4.1%	YEN	4.0%	-2%	2.5%	115.4	-5.1%	14.9x
MSCI Australia		1,668	1,600	1,600	0%	-0.6%	AUD	0.0%	-3%	3.5%	88.6	-0.5%	18.3x

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 5/28/2025. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. 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. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

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S&P 500 industry monitor (1 of 2)

Sector	Industry	PE on 2024 Consensus EPS	PE on 2025 Consensus EPS	2024 Consensus EPS Growth	2025 Consensus EPS Growth	2025 EPS 3m Revision	3m Total Return Momentum	2025 End Upside (Intrinsic Valuation)	Combined Signal
Consumer Discretionary		29.9	29.6	19.3%	1.1%	-6.8%	1.5%	-14.8%	0
	Automobile Components	10.8	9.6	28.8%	13.0%	-13.3%	3.7%	-3.1%	1
	Automobiles	44.4	58.6	1.2%	-24.3%	0.4%	24.4%	-49.4%	1
	Household Durables	10.2	12.3	8.5%	-17.0%	6.8%	-7.8%	9.4%	0
	Leisure Products	16.5	15.8	59.8%	4.3%	-7.2%	2.5%	-17.1%	0
	Textiles Apparel & Luxury Goods	20.6	23.0	-8.3%	-10.5%	5.5%	-17.0%	-25.8%	-1
	Hotels Restaurants & Leisure	28.4	25.6	7.4%	10.9%	-11.6%	-2.3%	-10.6%	0
	Distributors	15.9	16.4	-11.8%	-2.6%	-1.0%	-3.0%	-1.2%	-1
	Broadline Retail	36.1	32.4	85.5%	11.5%	-12.3%	-1.7%	1.9%	0
	Specialty Retail	23.7	23.3	1.5%	1.6%	-4.3%	-3.3%	-18.8%	0
Consumer Staples		23.1	23.0	4.0%	0.7%	-3.1%	0.4%	-17.6%	0
	Consumer Staples Distribution & Retail	33.1	32.8	2.3%	0.9%	-5.7%	-0.1%	-40.0%	0
	Food Products	14.2	15.7	-4.4%	-9.4%	8.0%	-2.4%	9.7%	0
	Beverages	19.9	19.7	7.1%	0.7%	-3.2%	-2.8%	8.1%	0
	Tobacco	20.0	18.2	6.5%	9.9%	-6.2%	15.0%	-14.1%	0
	Household Products	24.5	24.0	13.1%	2.1%	-5.8%	-1.9%	-12.8%	0
	Personal Care Products	22.8	23.2	-19.0%	-1.8%	0.5%	-0.5%	-11.5%	0
Energy		13.8	15.8	-20.2%	-12.9%	-2.2%	-7.9%	-12.7%	-1
	Energy Equipment & Services	10.4	11.3	14.4%	-8.4%	-0.9%	-18.0%	39.4%	0
	Oil Gas & Consumable Fuels	14.1	16.2	-22.4%	-13.3%	-2.3%	-7.1%	-21.6%	-1
Financials		18.3	17.5	17.4%	4.6%	-5.5%	-0.5%	-5.0%	0
	Banks	13.0	12.5	5.9%	3.9%	-4.9%	-1.3%	9.9%	0
	Financial Services	25.8	25.0	20.7%	3.3%	-2.2%	-1.0%	-16.1%	1
	Consumer Finance	15.7	15.4	21.0%	1.5%	-8.7%	-0.9%	-21.7%	0
	Capital Markets	21.3	19.7	29.8%	8.2%	-10.5%	1.3%	-23.2%	0
	Insurance	15.9	15.3	24.4%	4.2%	-3.5%	-0.6%	11.0%	1
Health Care		19.0	16.5	5.8%	15.1%	-15.6%	-10.3%	15.9%	-1
	Health Care Providers & Services	12.8	12.9	0.7%	-0.2%	-7.1%	-12.1%	44.9%	-1
	Health Care Equipment & Supplies	27.9	25.9	11.3%	7.5%	-8.3%	-2.5%	-6.3%	0
	Life Sciences Tools & Services	20.8	20.2	0.7%	2.7%	-4.4%	-15.9%	5.0%	0
	Biotechnology	21.3	16.2	-14.3%	31.6%	-25.4%	-8.5%	5.9%	-1
	Pharmaceuticals	18.1	14.2	23.6%	27.9%	-22.7%	-14.3%	20.6%	-1
Industrials		27.1	25.1	3.4%	8.0%	-11.0%	5.3%	-16.0%	0
	Aerospace & Defense	62.3	32.9	-26.6%	89.6%	-48.1%	13.6%	-24.1%	-1
	Building Products	25.8	25.0	3.5%	3.3%	-6.4%	12.4%	-31.0%	0
	Trading Companies & Distributors	24.9	24.1	4.6%	3.4%	-4.4%	10.7%	-5.7%	0
	Electrical Equipment	36.3	30.7	18.6%	18.4%	-15.0%	4.6%	8.3%	1
	Construction & Engineering	37.9	32.9	25.3%	15.5%	-12.4%	31.3%	-25.0%	1

Combined signal rules: Green – at least 2 of the following 3 must be green: EPS growth, EPS revision, price momentum

Red – at least 2 of the following 3 must be red: EPS growth, EPS revision, price momentum

Source: Factset, DWS Investment GmbH as of 5/28/2025. Past performance may not be indicative of future results. 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. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

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S&P 500 industry monitor (2 of 2)

Sector	Industry	PE on 2024 Consensus EPS	PE on 2025 Consensus EPS	2024 Consensus EPS Growth	2025 Consensus EPS Growth	2025 EPS 3m Revision	3m Total Return Momentum	2025 End Upside (Intrinsic Valuation)	Combined Signal
	Industrial Conglomerates	21.8	20.8	-5.3%	5.0%	-5.3%	4.0%	-21.6%	0
	Machinery	19.1	21.0	0.1%	-8.7%	3.2%	-1.1%	-10.1%	0
	Commercial Services & Supplies	38.6	35.8	14.1%	8.0%	-7.3%	4.8%	-34.5%	0
	Professional Services	31.4	29.0	12.1%	8.1%	-7.6%	6.1%	-24.3%	0
	Air Freight & Logistics	13.3	13.6	-4.3%	-2.3%	-6.5%	-14.0%	21.4%	-1
	Passenger Airlines	9.5	10.1	-2.9%	-5.8%	-21.3%	-12.0%	0.8%	-1
	Ground Transportation	19.9	23.4	49.9%	-15.1%	16.8%	2.6%	-20.1%	1
Information Technology		34.0	28.6	24.0%	18.7%	-16.2%	4.3%	-3.3%	1
	IT Services	24.4	23.4	4.5%	4.4%	-4.4%	-3.5%	-1.8%	0
	Software	37.8	33.5	24.5%	12.8%	-10.6%	12.8%	0.0%	1
	Communications Equipment	21.3	20.2	1.3%	5.5%	-4.1%	-0.1%	0.0%	0
	Technology Hardware Storage & Peripherals	27.5	25.4	14.5%	8.2%	-11.1%	-14.9%	1.2%	-1
	Electronic Equipment Instruments & Components	27.1	23.5	7.5%	15.6%	-10.4%	11.2%	-23.4%	0
	Semiconductors & Semiconductor Equipment	39.1	28.5	43.5%	37.4%	-27.1%	11.0%	-11.5%	1
Materials		21.8	21.3	-3.8%	2.6%	-5.9%	-1.6%	-14.4%	0
	Chemicals	24.1	24.2	-9.3%	-0.4%	-6.0%	-2.9%	-15.0%	-1
	Construction Materials	23.0	30.1	41.3%	-23.7%	30.3%	10.7%	-51.4%	1
	Metals & Mining	16.7	15.3	-7.8%	9.1%	-1.6%	5.4%	-13.7%	1
	Containers & Packaging	19.3	16.3	16.6%	18.6%	-22.0%	-9.4%	-17.1%	-1
Real Estate		29.8	18.7	-35.3%	59.4%	-39.1%	-2.9%	-3.0%	-1
	Industrial REITs	19.4	18.9	-1.1%	3.1%	-3.3%	-11.3%	8.1%	-1
	Hotel & Resort REITs	7.8	8.1	2.1%	-3.7%	1.0%	-2.4%	7.3%	0
	Office REITs	9.5	9.9	-2.3%	-3.2%	2.3%	-1.8%	5.2%	0
	Health Care REITs	21.3	19.8	9.6%	7.7%	-6.1%	-5.1%	22.1%	0
	Residential REITs	20.6	17.3	-12.2%	18.7%	-16.1%	-5.9%	8.5%	-1
	Retail REITs	20.8	13.1	-34.6%	58.3%	-37.6%	-5.2%	20.3%	-1
	Specialized REITs	68.1	21.0	-69.9%	224.3%	-71.1%	2.0%	-7.9%	-1
	Real Estate Management & Development	38.1	32.4	8.0%	17.7%	-19.3%	-6.7%	-28.5%	-1
Communication Services		22.7	19.6	25.8%	15.7%	-10.9%	2.5%	6.9%	0
	Diversified Telecommunication Services	10.7	11.0	-4.3%	-3.1%	3.5%	2.3%	-9.3%	0
	Wireless Telecommunication Services	25.0	22.6	39.4%	10.4%	-9.2%	-8.2%	-7.4%	0
	Media	9.6	9.5	9.7%	1.0%	-0.3%	0.6%	15.4%	0
	Entertainment	85.7	35.9	-14.3%	139.0%	-58.5%	15.1%	-32.5%	-1
	Interactive Media & Services	23.6	20.6	45.9%	14.5%	-8.4%	0.3%	17.5%	0
Utilities		19.3	18.4	16.4%	5.0%	-5.5%	3.9%	13.2%	1
	Multi-Utilities	19.9	18.6	10.2%	7.4%	-8.9%	1.6%	12.0%	0
	Water Utilities	26.6	24.7	4.7%	7.8%	-7.2%	5.7%	-3.3%	0
	Gas Utilities	22.3	20.8	13.0%	7.0%	-5.9%	3.3%	5.6%	0
	Electric Utilities	19.1	18.2	16.5%	4.9%	-4.6%	3.7%	23.5%	1
	Independent Power and Renewable Electricity Producers	15.9	16.7	58.1%	-4.6%	0.6%	20.8%	4.5%	1
S&P 500		24.5	22.3	11.1%	10.0%	-11.1%	0.8%	-3.2%	0

Combined signal rules: Green – at least 2 of the following 3 must be green: EPS growth, EPS revision, price momentum

Red – at least 2 of the following 3 must be red: EPS growth, EPS revision, price momentum

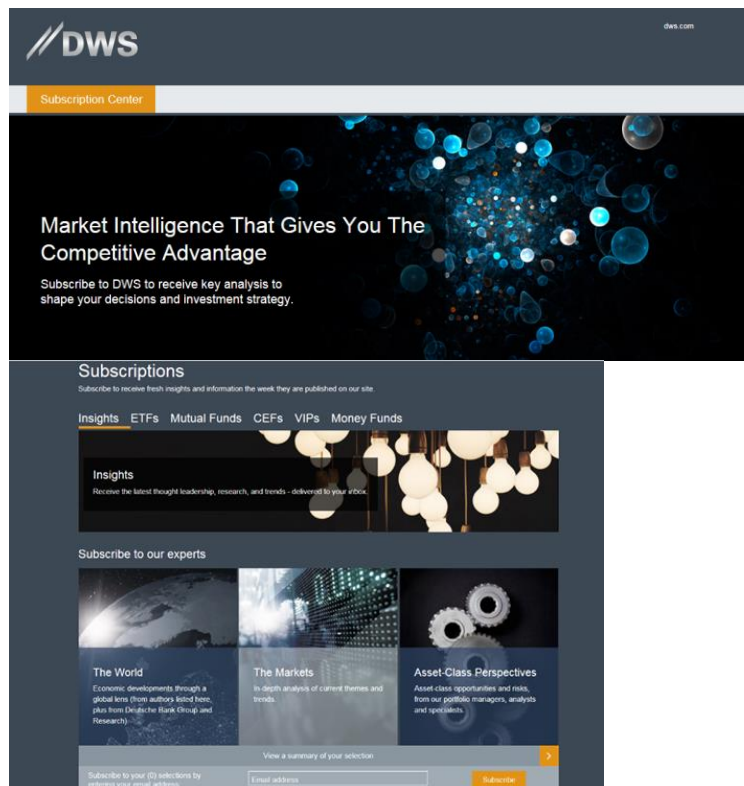
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