



## **DWS Survey Reveals Pandemic-Driven Changes Insurance Clients Made to Fixed Income Allocations**

*Institutional client survey conducted with Greenwich Associates finds 15 percent and 25 percent of clients increased their allocations to municipal bonds and investment grade credit, among other changes*

NEW YORK – July 22, 2020 – DWS, one of the world's leading asset managers, today announced the findings of a joint survey with Greenwich Associates of its institutional insurance client base to better understand how COVID-19 might be influencing their investment strategies and asset class allocations. While the majority of insurance clients surveyed indicated that they plan to maintain their existing investment programs, the findings revealed a number of changes to fixed income allocations within their portfolios.

Of the five fixed income sectors examined, 15 percent and 25 percent of clients increased their allocations to municipal bonds and investment grade credit, respectively, versus only 5 percent of clients who decreased their allocation to both sectors. Additional fixed income portfolio re-allocations among sectors include:

- 15 percent decrease and 5 percent increase to high yield/bank loan sector allocation
- 10 percent decrease and 5 percent increase to CMBS/ABS sector allocation
- 10 percent decrease and 10 percent increase to CLO allocation

“While the pandemic has yet to result in major portfolio construction changes, the changes we are beginning to see among asset classes, and particularly fixed income, are certainly noteworthy, and are likely indicative of larger shifts to come,” said Rob McCollum, Head of Portfolio Management, Fixed Income Solutions. “Additionally, the changes we saw investors make in the short-term underscore trends that were already emerging pre-COVID-19, most notably an increased search for yield among insurance portfolios. As the pandemic and the economic crisis progress, we anticipate allocation shifts towards higher yielding asset classes to continue as investors look to capture alpha while minimizing risk.”

Among those who indicated that they have altered their investment strategy as a result of the global pandemic, many are focused on reducing overall portfolio risk, with 20 percent indicating so versus only 5 percent indicating an increase to overall risk. Similarly, 10 percent of clients plan to decrease exposure to public equities with 5 percent increasing exposure. Finally, the responses indicated a slight uptick in private credit exposure.

The survey was conducted among insurance companies across the Life, Healthcare and P&C sectors in the Americas, with the majority having general account portfolio sizes from \$1 billion to greater than \$20 billion.

For more information about DWS' Insurance Asset Management business, please visit: [dws.com/InsuranceAM](https://dws.com/InsuranceAM).

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### **About DWS Group**

DWS Group (DWS) is one of the world's leading asset managers with USD \$772bn of assets under management (as of 31 March 2020). Building on more than 60 years of experience and a reputation for excellence in Germany, and across Europe and the Americas, DWS has come to be recognized by clients globally as a trusted source for integrated investment solutions, stability and innovation across a full spectrum of investment disciplines.

We offer individuals and institutions access to our strong investment capabilities across all major asset classes and solutions aligned to growth trends. Our diverse expertise in Active, Passive and Alternatives asset management – as well as our deep environmental, social and governance focus – complement each other when creating targeted solutions for our clients. Our expertise and on-the-ground-knowledge of our economists, research analysts and investment professionals are brought together in one consistent global CIO View, which guides our investment approach strategically.

DWS wants to innovate and shape the future of investing: with approximately 3,500 employees in offices all over the world, we are local while being one global team. We are investors – entrusted to build the best foundation for our clients' future

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