Real Estate Research

June 2025

Europe Real Estate Debt Market Report 2025

Mid-Year 2025

IN A NUTSHELL

- European CRE debt sentiment remains resilient despite volatility and macroeconomic headwinds, but solid real estate fundamentals should support the long-term investment rationale and rising attractiveness of Europe.
- Lending conditions remain favorable despite competition leading to higher debt liquidity and tighter margins.
- We see the best opportunities in whole loan strategies across the UK, Germany, France and Southern Europe, filling the gap from traditional banks, but also like junior loans as the financing gap still appears to offer opportunities.
- On sector level, we have a wide focus, including office, retail and niche sectors, which are partially overlooked and appears to be catching up in relative attractiveness.

Tariff Turmoil

Robust real estate market

The start of 2025 has been characterized by heightened volatility and uncertainty. Germany's fiscal spending announcement initially triggered sharp movements in the bond market. This was followed by U.S. tariff measures and retaliatory actions from other countries, which intensified financial market turbulence, dampened growth expectations, and elevated risk levels—ultimately driving interest rates lower. Credit spreads widened sharply across the curve in the short term but have since retraced. While real estate spreads were not immune to the broader market turbulence, they significantly outperformed other sectors, exhibiting only modest widening. The sector appeared relatively resilient from tariffs possessive impact and benefits from lower interest rates, making the real estate debt investments highly attractive in our view. As global trade and geopolitical uncertainties start to fade, we believe that investing in Europe will look more attractive, especially with rising uncertainties in other parts of the world.

Real estate debt attractive again

The less restrictive interest rate environment provided a much-needed boost to financing conditions and liquidity in 2024. Transaction volume across Europe is gaining momentum and turning the corner albeit from a low level. Also important, debt rates being accretive again may provide positive leverage across most sectors and locations. With the compression of margins and base rates over past months, debt may be favourable for investors looking to enhance returns through leverage. Despite the expectation of more interest rate cuts to come, total cost of debt still appears attractive from a lender perspective.

Additionally, higher entry yields, strong fundamentals and completed price corrections add further support on asset level and may provide opportunities for real estate debt investments across the capital structure.

Rising transaction volume to provide new opportunities

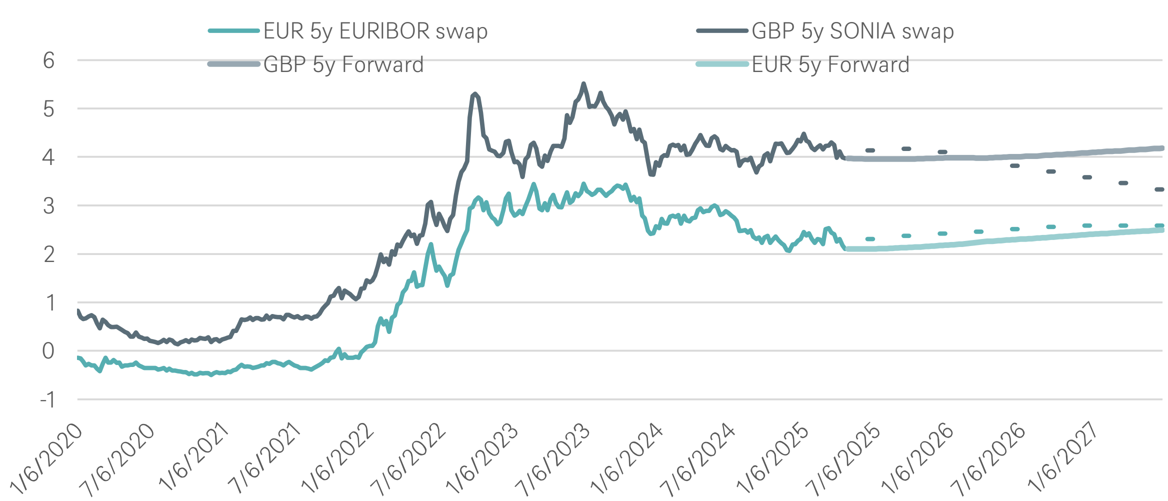
Investment volumes across Europe have been trending upward, opening new avenues for commercial real estate lenders. However, geopolitical uncertainty weighed on Q1 2025, with deal activity falling short of Q1 2024 levels—particularly among major U.S. institutions. Domestic acquisitions reached their lowest point since 2013, driven by a sharp pullback from U.K. institutions, which have been net sellers since Q3 2020—offloading over €78 billion in assets. In contrast, German domestic investment rose nearly 40% year-on-year, albeit from a low base. Going forward, we expect European transaction volume to trend upwards on the back of lower rates strong fundamentals again. Especially office, retail and data centers could see a relatively increase compared to residential and logistics, thus creating new opportunities for lending across different sectors.

Financing Environment

Rates have eased but stay attractive

Swap rates in the eurozone and the U.K. remained volatile over the past few months. The 10-day average of the 5-year EURIBOR swap rate almost approached the 2% threshold in December– the lowest level since 2022. It then rose by 50 basis points to reach 2.50% in March, before easing back to settle just below 2.30% by the end of May. The initial increase was largely driven by the announcement of Germany's €500 billion military and infrastructure package, which included debt reforms allowing for increased borrowing. However, lower growth prospects stemming from geopolitical uncertainty and tariffs have subsequently led to a decline in long-term rates. Both forecast and forward rates appear to point to a modest increase looking forward.

Euro Area and UK Swap Rates (%)



Sources: DWS, Oxford Economics, Deutsche Bank Tradefinder, Macrobond, April 2025

In the U.K., the 10-day average of 5-year SONIA swap rates climbed above 4.4% in January, before declining to 3.9% by May 2025. Looking ahead, we expect the spread to narrow as UK swap rates are anticipated to moderate. With a slightly more optimistic outlook on inflation, we foresee further rate cuts that could surpass market expectations, potentially narrowing the swap spread to euro rates. Currently, the swap yield curve suggests that forward rates remain elevated for both EUR and GBP swap rates.

Over the past 15 years, United Kingdom 10-year government bonds (0.894) have exhibited a significantly higher correlation to US rates compared to Germany (0.776) and other EU countries such as France (0.739) and Italy (0.493). This heightened correlation suggests that current uncertainties in the U.S. may have a more pronounced impact on UK rates, potentially contributing to the widened spread between UK and European swap rates.

Real Estate Lending Market

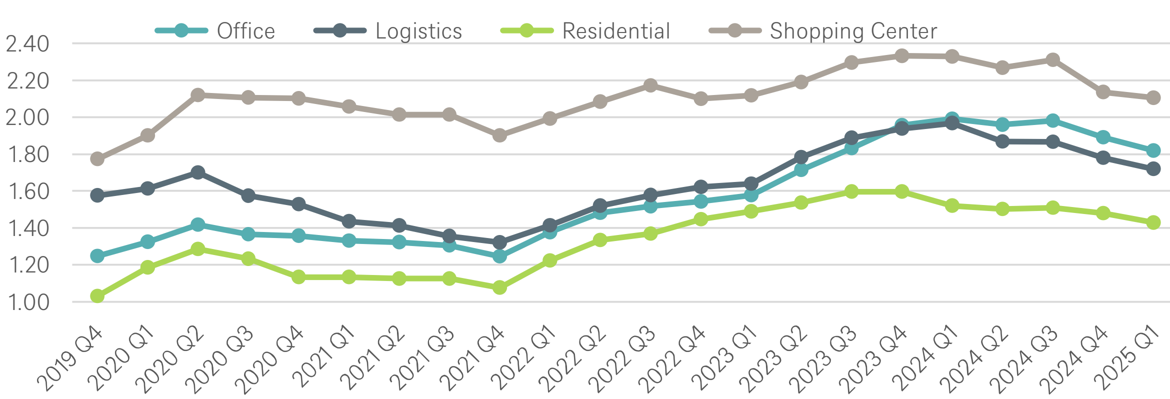
Rising liquidity puts margins under pressure

Borrowing costs rose sharply in recent years amid falling capital values, rising rates, and tighter capital requirements. This led banks to scale back real estate lending, raise margins, and reduce leverage–focusing primarily on loan extensions. Since early 2024, however, we've seen a reversal: Senior loan margins have compressed across European sectors, driven by strong competition for prime assets despite muted transaction volumes. A decline in long-term rates and tighter spreads have lowered all-in debt costs by an average of 23 bps over the past six months.

Over the past few months, we've observed a notable uptick in deal activity, with a broader spectrum of opportunities emerging compared to the previous year, which remained largely centered on refinancing transactions. There has been a marked increase in demand for development financing across Europe, spanning a variety of asset classes. This shift signals renewed confidence in forward-looking projects and a more dynamic investment landscape. Financing requests from Southern Europe–particularly Italy–have grown significantly, reflecting both regional recovery and investor appetite for Mediterranean markets. Bridge financing solutions continue to be a popular tool, supporting transitional strategies and asset repositioning efforts. Straight senior loans backing core assets remain highly competitive. Margins have continued to tighten as lenders vie for exposure to top-tier properties. Despite a gradual increase in deal flow, investment financing remains a competitive space, with pricing pressure persisting amid cautious optimism.

The polarization by asset quality remains evident. Lenders are increasingly willing to finance prime standing stock, while banks remain selective with non-prime assets. In response, alternative lenders are becoming more innovative, forming joint ventures with asset managers to repurpose these assets. Overall, we observed the trend of increasing LTV ratios across many regions as focus shifte more on ICR given the backdrop of stabilized capital values.This shift indicates growing market confidence and a readiness to support higher leverage for prime assets. This means up to 60% for high quality senior deals in the UK from the previous 50–55% range. In Core Europe we see increases up to 55% for prime assets. Margins tightenend the most in the residential and logistics sector on a relative basis. In contrast, office and retail assets show greater volatility, reflecting shifting fundamentals and investor sentiment.

Senior Loan Margins (%)



Sources: DWS, Deloitte, Chatham, April 2025

Overall, we have observed improved availability of liquidity across sectors while the competition among lenders has increased. Last year, new business was lower than expected, and it remained significantly subdued in the first quarter of 2025. Commercial banks have closed fewer new deals, while new private lenders such as funds and insurance companies have entered the market. Some lenders did not deploy as much capital as they had intended last year but are determined to make up for it this year.

Increasing back leverage and rising activity in the CMBS market are also evidence for higher liquidity in the European debt market. While the European CMBS market opened 2025 with exceptional momentum and is expected to grow, back leverage is gaining traction in the current environment. This is driven by tighter banking regulation and the need to achieve higher loan-to-value ratios in light of declining capital values. Banks seem to focus on back leverage, finding it more efficient than direct loan-on-loan treatment. However, its acceptance and successful deployment vary significantly depending on the capital source and the investor's familiarity with the structure. We hold a balanced view on back leverage, recognizing both its potential benefits and associated risks.

While some investors view back leverage primarily as a return-enhancement mechanism, often underestimating the embedded risks, others remain cautious–highlighting concerns around synthetic junior exposure and potential downside amplification. The structure can offer portfolio diversification benefits by enabling a greater number of transactions per unit of equity. Yet, it also introduces elevated risk at the portfolio level, where underperformance in a single transaction can adversely affect the broader loan book.

Although there is growing liquidity in the debt market, margins haven't returned to levels observed in 2019 and are expecetd to remain attractive. The outlook for deal activity is becoming more optimistic, with investor engagement projected to increase over the year–driven by recovering capital values and a downward trend in base rates. This situation is expected to generate appealing opportunities, and margins should stabilize as transaction activity strengthens.

While we are certainly seeing distress in the market, the level of which is digestible. While the most risky positions have been restructured or are in a restructuring process (includes credit losses for mezzanine lenders), the problem for some riskier loan positions have been delayed via extensions. The degree to which this will lead to more distress will depend on whether interest rates and more transaction activity will support capital values.

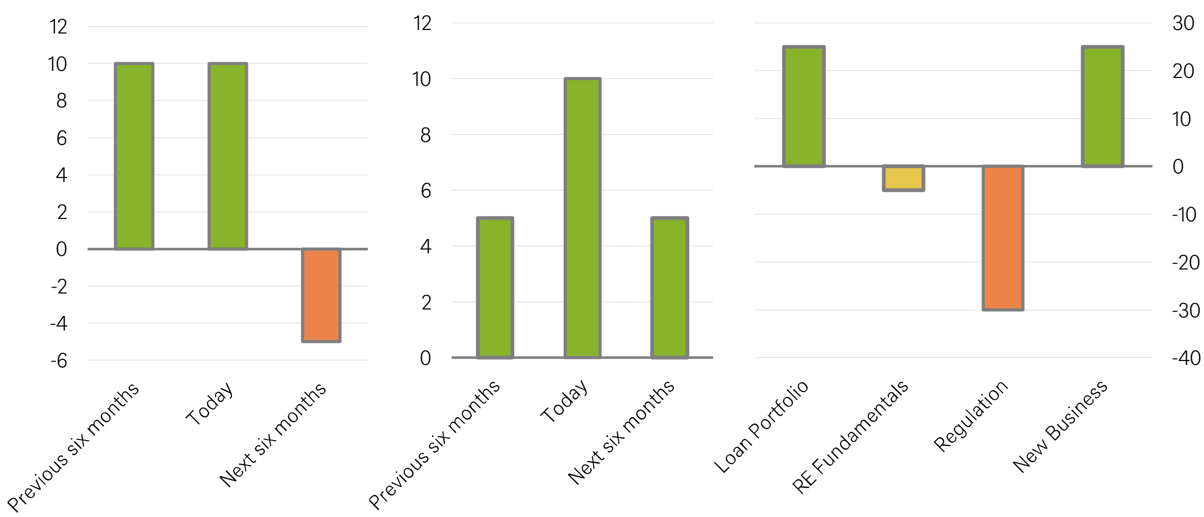
European Real Estate Debt Market Sentiment

Short-term dip but long-term recovery

The European financing sentiment has steadily and markedly improved over the past two years from the lows in 2022 but it is still challenging, given the current noise in the market. However, perceived (geopolitical) risks are often overpriced and risk premia collapses as investors typically desensitize when conflicts and risks normalize. Despite increased uncertainty regarding global market trends, we expect the sentiment improvement over the mid-term to continue.

European Debt Sentiment

Overall Financing Conditions (Net Balance) | Lending Market Sentiment (Net Balance) | Aspects of Lending market (Net Balance)



Source: DWS, March 2025.
This is a non-representative market feedback conducted among approximately 40 real estate lenders. The majority of respondents are based in Germany and the United Kingdom. Green= Positive, Yellow = Neutral, Orange= Negative

Debt Market Outlook: Refinancing Risk and Sentiment Diverge

Scope Rating projects elevated refinancing risk for securitised loans maturing in 2025, with 60% of loans facing high or very high risk due to declining asset values and compressed debt yields. Despite the ongoing challenges, we expect medium-term sentiment to recover as geopolitical risk premiums normalize and recent volatility subsides. Near-term sentiment has weakened sharply, though we view this as a temporary correction. The CREFC Board of Governors' Q1 2025 survey–conducted shortly after the announcement of sweeping U.S. tariffs–recorded a 30.5% quarter-on-quarter drop in its sentiment index to 87.9, the second-largest decline since Q1 2020.[1] Overall market sentiment can be highly volatile at certain points during the survey, influenced by external events and the overall market mood.

The DWS Real Estate Debt Market Feedback, conducted in early March 2025, reflects a more nuanced view: lenders anticipate moderate tightening in financing conditions over the next six months, driven by regulatory pressure and macro uncertainty. Regulation was cited as the most negative influence on CRE lending (net balance: -30), while loan portfolios and new business pipelines were viewed more positively. Most respondents remain focused on senior lending, with asset valuations and liquidity costs seen as broadly neutral.

[1] CREFC Board of Governors (BOG), Q1 2025.

The German Real Estate Financing Index (Difi) echoed this cautious tone, falling 8.4 points in the first quarter of 2025 to 5.2 points. Financing remains most accessible for residential and logistics assets, while demand is strongest for data centers and residential. Financing remains most accessible for residential and logistics assets, while offices and shopping centers face greater hurdles. Loan demand is strongest for data centers and residential, with growth expected across nearly all segments—except retail, where sentiment remains flat.

The findings largely align with the results of our own DWS Real Estate Debt survey. In summary, we expect the medium-term trend of recovering sentiment to continue, when recent uncertainties caused by the trade war, heightened risks and market volatility have calmed down and geopolitcial risk premiums have normalized.

Real Estate Debt Market Feedback

Country and Sector Scoring

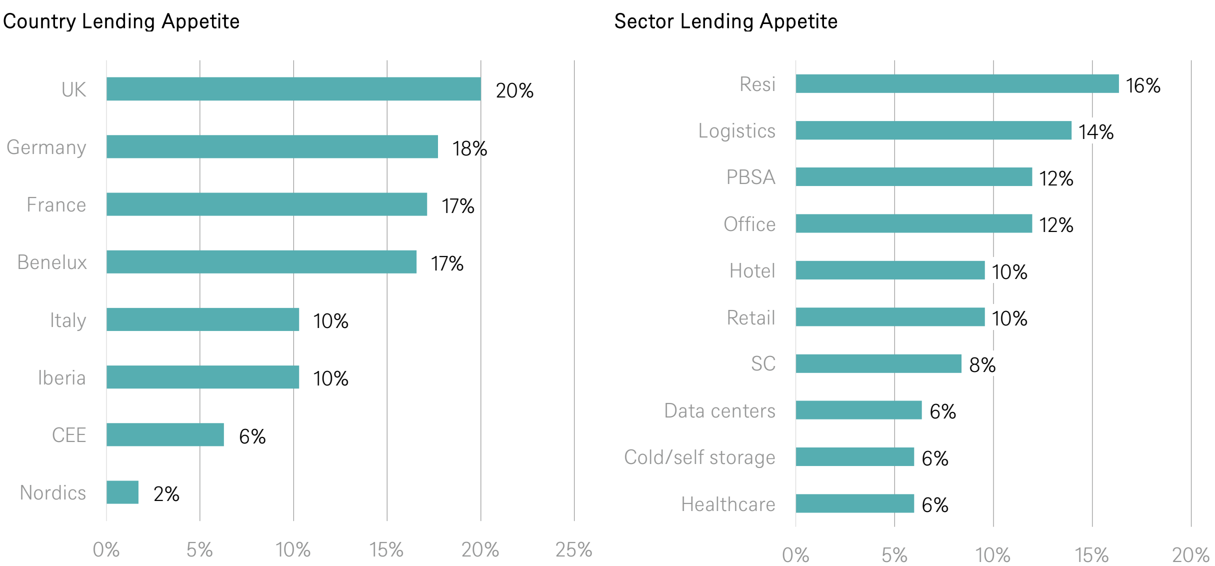
Our recent market feedback evaluated the approval ratings and popularity scale of lenders across various countries and sectors, offering valuable insights into current market preferences and perceptions. We specifically inquired about regional and sector preferences.

Regional Preferences: The survey results indicate that lenders currently favor the UK as the most preferred location for business. The UK received the highest approval ratings, followed closely by Germany, France, and Benelux. Conversely, lenders in the Nordics received the lowest approval ratings, suggesting a less favorable perception in this region.

Not surprisingly, sector preferences align with our expectations: residential, logistics, and Purpose-Built Student Accommodation (PBSA) continue to be the most sought-after segments, driven by their perceived stability, defensive characteristics, and steady cash flows. Offices are also regaining attention, followed closely by hotels.

Strategic Focus: This lack of focus on niche sectors is precisely another reason to consider them. The low margins in the residential sector and the crowded demand for logistics show increasing competition. From this perspective, we increasingly like niche sectors relative to market sizes, as they often present unique opportunities in the current market environment. As such, we also like next generation offices in core markets and Student Housing assets while we tend to avoid the UK due to relatively high supply level.

DWS Real Estate Debt Survey: Lending Appetite



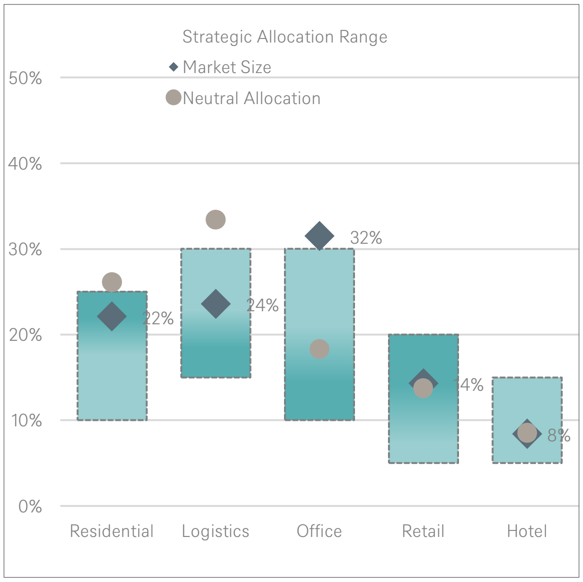
Source: DWS, March 2025.

Neutral Market Allocation

Sector Allocation

We developed a theoretical framework for investing in the real estate debt space, grounded in the current market environment. Theoretically, the neutral market allocations seek to achieve balanced exposure across various market factors, aiming to minimize the impact of market volatility while maximizing returns. The neutral portfolio is constructed using key metrics that include Market Liquidity, Investment Momentum, Investment Sentiment, Expected Value Change, Long-term Covid Impact, Debt Sentiment, and Debt Margins.

Theoretical Sector Allocation



Source: DWS, April 2025

Sector Adjustments	Residen-tial	Logistics	Office	Retail	Hotel /Other
Market Size	**22.1%**	**23.6%**	**31.5%**	**14.3%**	**8.4%**
Market Liquidity	◀▶	▼	◀▶	▲▲	▼
Investment Momentum	◀▶	▲▲	▼▼	◀▶	◀▶
Investment Sentiment	▲	▲	▼▼	▼▼	▲
Expected Value Change	◀▶	▲	◀▶	▼▼	◀▶
Long-term Covid Impact	▲	▲	▼▼	◀▶	◀▶
Debt Sentiment	▲▲	◀▶	▼	◀▶	▼
Debt Margins	▼▼	◀▶	◀▶	▲▲	◀▶
Neutral Allocation	**26.1%**	**33.4%**	**18.3%**	**13.7%**	**8.5%**

▲▲	▲	◀▶	▼	▼▼
Positive	Moderately Positive	Neutral	Moderately Negative	Negative

Market Liquidity helps to ensures assets can be traded swiftly and at stable prices. Investment Momentum highlights trends using historical data, while Investment Sentiment captures market psychology through surveys and reports. Expected Value Change leverages in-house forecasts to guide strategy. Long-term Covid Impact evaluates sector resilience post-pandemic. Debt Sentiment reflects credit risk via ratings and rates. Debt Margins assess yield spreads to optimize returns.

The office sector continues to show the greatest divergence between market size and neutral allocation, largely due to negative signals from investment momentum and market sentiment. However, our outlook is gradually improving from a debt perspective, supported by sustained demand for high-quality space, solid fundamentals, and the return-to-office trend. We also anticipate more attractive opportunities emerging in the sector, which is why the theoretical allocation remains above the neutral level.

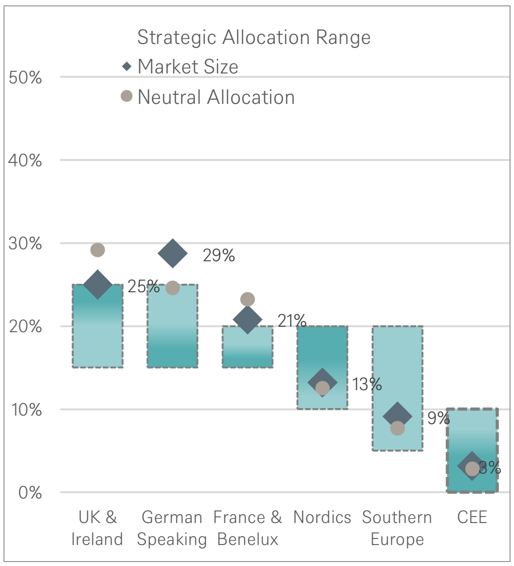
Sector adjustments remain most positive for Logistics and Residential, while residential is downgraded from the extraordinary low margins in the sector. That's why we increasingly like operational subsegments within the living sector. The theoretical allocation remains slightly underweight in logistics and residential sectors. Logistics lending continues to offer compelling risk-adjusted returns; however, we emphasize a selective approach, focusing on tenant quality and location due to increasing supply in the sector.

Retail typically benefits from elevated debt margins and improving market liquidity. Hotel also saw less divergence between markets size and the neutral allocation. Given the broad appeal of multiple sectors from a debt perspective, the theoretical allocation ranges remain intentionally wide to reflect this diversity. This should help to avoid overcommitting too early and offer flexibility to potentially seize the most promising opportunities.

Neutral Market Allocation

Geographical Allocation

Theoretical Geographic Allocation



Country Adjustments	UK & Ireland	German Speaking	France & Benelux	Nordics	Southern Europe	CEE
Market Size	**25.0%**	**28.7%**	**20.8%**	**13.2%**	**9.1%**	**3.2%**
Market Liquidity	▲	▼▼	◀▶	▼	▲▲	◀▶
Investment Momentum	◀▶	▼▼	◀▶	▼	◀▶	◀▶
Economic Growth	◀▶	▼	▼	◀▶	▼▼	▲
CRE Transparency	▲▲	◀▶	▲▲	◀▶	▼	▼
Country Risk	◀▶	▲▲	◀▶	▲▲	▼▼	▼▼
Institutional Risk	◀▶	▲	◀▶	▲▲	▼	▼▼
Ease of Doing Business	▲	◀▶	▼	▲	▼▼	▼▼
Neutral Allocation	**29.2%**	**24.6%**	**23.2%**	**12.5%**	**7.7%**	**2.8%**

Source: DWS, April 2025

▲▲	▲	◀▶	▼	▼▼
Positive	Moderately Positive	Neutral	Moderately Negative	Negative

Geographic Allocation Level

The United Kingdom and Germany remain our preferred core markets, underpinned by their depth, liquidity, and resilience. However, Southern Europe stands out from a market-neutral perspective, supported by strong economic fundamentals and the accelerating nearshoring trend. Structural supply-demand imbalances and robust tourism further enhance the region's appeal. Within Southern Europe, we like logistics and retail assets.

The United Kingdom remains one of our preferred markets, with loan origination volumes reaching £36 billion in 2024—an 11% increase year-over-year. Despite muted transaction activity, competition among lenders for high-quality refinancing opportunities remains intense, as they seek to secure the most attractive financing terms.[2] North American banks have significantly retreated, with other international and UK banks filling the gap. UK banks are particularly active in residential and development finance, where they are most competitive. Commercial development relies more on debt funds and international corporate banks. From a market perspective, we favour Core and Core+ properties in prime, central locations, with a clear focus on long-term occupier demand.

[2] Bayes, Commercial Real Estate Lending Report 2024, April 2025.

We like strategies with a slightly elevated risk profile involving short WAULTs or light refurbishment strategies that align with evolving user needs. While high-quality office assets remain appealing, we also see strong investment potential in the industrial, retail, and hospitality sectors. We take a more cautious view on older assets or those in peripheral locations, as they often underperform in terms of operational resilience and investment fundamentals.

In Germany, the senior loan market is mainly dominated by traditional bank lenders. Particularly in low-risk financing with low LTVs and competitive margins. According to the German Federal Financial Supervisory Authority (BaFin), real estate loans in Germany with a volume of around €100bn are due for refinancing in 2025 and 2026, many of which were concluded at historically low interest rates. This could provide some opportunities for higher levered loans like whole loans and junior financings given tightening regulatory requirements. Thus, we increasingly favour whole loans and mezzanine financing. We also like niche segments and refurbishments which demand greater flexibility and a higher risk appetite.

Southern Europe continues to be weighed down by long-term structural challenges, leading to a negative adjustment in country allocations. However, our short- to mid-term outlook is more optimistic. Spain, in particular, stands out due to strong fundamentals, a resilient economy, and the nearshoring trend–prompting us to maintain a more positive view relative to market size and neutral allocation.

Investment Strategy

Focus on strong underlying fundamentals

We share Mario Draghi's view that alternative financing sources are becoming increasingly crucial to address the financing gap and the rising need for capital due to huge capital needs and more restrictive banking regulations. With banks facing stricter regulations and Europe requiring funds to tackle challenges such as rising defense costs, the climate crisis, and a weak economy, debt funds may present a viable alternative to bridge the gap in the sector.

We favor whole loan strategies, particularly as we believe property values have reached their cyclical low. This approach presents a compelling set of advantages in our view. It allows for enhanced leverage and greater structuring flexibility, potentially enabling higher loan-to-value ratios and more tailored terms than traditional senior debt. Execution is typically faster, with streamlined underwriting and funding processes that improve transaction certainty. The structure is simplified, as the financing is provided by a single lender, eliminating the need for intercreditor agreements. Investors also benefit from full control over the capital stack, allowing for more effective risk and return management. Finally, whole loan strategies appear well-positioned to capture opportunities created by the retreat of traditional lenders, particularly in refinancing scenarios. We are currently seeing financing terms for whole loan maturities of up to 80% LTV and internal rates of return (IRR) between 6% and 11%, depending on the asset class and situation.

Mezzanine and junior loan strategies continue to offer compelling return potential in our view, supported by the persistent refinancing gap across European markets. While the gap has not materialised to the extent initially anticipated–partly due to cooperative extensions by traditional lenders–we have observed select situations where alternative lenders have successfully capitalised on dislocations in the current environment. That said, there should be a strong emphasis on asset location and tenant quality, as market polarisation continues to intensify. While prime assets are showing signs of value stabilisation or even recovery, secondary properties are facing increasing pressure.

The appeal of senior lending has also increased, driven by a notable rise in achievable returns. From a market perspective, lending opportunities remain most prominent in the logistics and residential sectors. However, we like high-quality office assets in both core and emerging locations, particularly where upside potential aligns with our underwriting criteria. Our market view on retail assets has improved, with a preference for Southern Europe and the UK. In addition, we see growing appeal in niche segments such as self-storage, cold storage, data centres, and healthcare properties, driven by their attractive return profiles and structural demand tailwinds.

While sustainability-linked financing may currently be receiving less emphasis from a broader market perspective, we believe it offers a range of strategic, financial, and reputational benefits for both borrowers and lenders. We believe that ESG-linked financing not only aligns with long-term investment objectives but also plays a critical role in mitigating risk.

Logistics occupier market has been notably impacted by global trade tensions, which have weighed on corporate expansion plans. Although recent trade agreements have helped reduce near-term uncertainty, macroeconomic risks remain elevated. These risks continue to challenge corporate decision-making around leasing and capital investment. Moreover, even with trade deals in place, the likelihood of persistent or renewed tariff regimes remains high, potentially dampening sentiment further. We particularly favor urban logistics, supported by a compelling demand narrative and a potential shortfall in supply over the short to medium-term. In the current environment, development activity continues to offer compelling opportunities. Geographically, we increasingly like Southern European cities such as Barcelona, Marseille, and Madrid, which appear well-positioned to benefit from ongoing nearshoring trends. At the same time, we maintain a constructive view on select Benelux and Southern German cities, supported by constrained supply and supportive fiscal policy. Conversely, we remain more cautious on trade-exposed port locations like Rotterdam and Hamburg, where macroeconomic headwinds and trade-related risks warrant a more selective approach.

The living sector continues to be an outperformer and key sector. While lending margins in the Private Rented Sector (PRS) are among the tightest across real estate segments, elevated reference rates continue to support attractive return profiles in our view. However, yield compression in PRS has been less pronounced than in other sectors, resulting in relatively low interest coverage ratios. Other segments within the living universe–such as student housing–offer a notable margin premium of 50–60 basis points over PRS, alongside higher income returns. This is largely attributable to the smaller market scale and increased operational complexity. Structural demand fundamentals remain strong across the residential living spectrum, including multi-family, co-living, and student housing. A supportive supply backdrop further reinforces the long-term investment case. We see particularly attractive opportunities in Germany, key Spanish cities, and Copenhagen. The UK also remains on our radar; however, we suggest a more selective approach to PBSA given current market dynamics.

Office assets have re-emerged as a strategic focus, particularly in markets characterized by a structural undersupply of prime space in central locations. These conditions may present compelling opportunities for senior loans. From a market standpoint, prime locations continue to demonstrate superior fundamentals, while emerging submarkets should be evaluated more selectively, based on tenant composition, asset fundamentals, and local demand dynamics. We also see potential in light refurbishment opportunities that could unlock value. We continue to favour resilient office markets, where constrained new supply and growing market polarisation should support capital values. This trend is particularly evident in locations such as London City, Madrid, and select German cities.

Retail sector has an improved outlook, although structural headwinds persist. We believe the worst of the correction is likely behind us. A combination of rising real wages and constrained new supply could support performance at the prime end of the market, where we expect trophy assets to outperform. The sector's elevated property yields could offer a buffer against debt servicing costs, assuming stable occupancy and income profiles. However, shopping centres remain under pressure, with only the highest-quality assets showing resilience amid rising vacancy and a subdued demand outlook. The UK retail market appears further advanced in its structural repricing than Continental Europe, with valuations and rents having largely adjusted. As such, downside risk may be more limited. Across Europe, we maintain a moderately constructive view on supermarkets and retail parks, given their relative insulation from e-commerce disruption. Nonetheless, we favour conservative underwriting, with lower loan-to-value ratios, as current returns appear attractive without the need to assume elevated risk.

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Diversification neither assures a profit nor guarantees against loss.

Environmental, social, and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments: Environmental (how a company performs as a steward of nature); Social (how a company manages relationships with employees, suppliers, customers, and communities); Governance (company's leadership, executive pay, shareholder rights, etc.).Divesting in securities that meet ESG criteria may result in foregoing otherwise attractive opportunities, which may result in underperformance when compared to products that do not consider ESG factors.

Investments are subject to risk, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you might not get back the amount originally invested at any point in time.

An investment in real assets involves a high degree of risk, including possible loss of principal amount invested, and is suitable only for sophisticated investors who can bear such losses. The value of shares/ units and their derived income may fall or rise.

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.

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