Research Institute
DWS Long View
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Marketing material

Long View Q2: How sensitive are forecasts to prices?

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– Equity forecasts for the next decade are lower from the end of Q1, driven by strong price returns which has driven equity valuations further into strategically demanding levels.
– Despite tight spreads across credit markets, higher real yields in sovereign bond curves continue to make fixed income strategically compelling, both versus the previous decade and relative to equities. US High Yield forecasts continue to compare favorably to US equities
– Outsized moves in equities markets impact the weight of valuations on the long-term outlook, although income contribution can also be meaningfully impacted all else equal. After a market selloff, the strategic outlook for income may improve as earnings recover relative to a temporarily depressed price denominator.
– In aggregate, the return outlook for strategic investors is somewhat underwhelming, reflecting historically demanding valuations for risk assets but robust compensation for inflationary risks on healthy sovereign bond yields.

Summary

In this report, we present the DWS long-term capital market assumptions for major asset classes as of the end of Q2 2025 while exploring the risks to these forecasts.

As we enter the midpoint of 2025, risk markets continue to melt higher despite uncertainty around global trade policy and continued geopolitical tensions in the Middle East and Ukraine. While peak uncertainty around protectionist tariff policy is arguably behind us, projections around the endpoint for country-specific trade tariffs remain largely unknown, which has made it quite difficult for the economist community to accurately model the potential impact and for the investment community to fully grasp the impact on corporate profitability. Nonetheless, global equity markets remain unfazed, making new highs following a brief bout of high volatility in early April.

For the first half of the year, global equities as measured by the MSCI All Country World ("ACWI") index returned a robust 10.1%, having rallied more than 24% from their April trough. Looking across equity regions, the S&P 500 returned 6.2% but was outpaced by strong international equity returns: international developed markets and emerging markets were up 19.5% and 15.3% in USD, respectively, bolstered by growth optimism but also aided by a significant positive revaluation in the majority of non-dollar currencies. In local currency terms, MSCI Europe, Australasia and Far East.("EAFE") and MSCI Emerging Markets ("EM") were up a more modest 7.8% and 10.8%, respectively, which still outpaced US markets that reached demanding valuation levels.

As global growth has been unexpectedly resilient and inflation has continued above many central bank target levels, global bond yields have not experienced the trajectory of interest rate cuts that had been expected coming into 2025. Real yields remain robust across regions, with the 10-year US Treasury ending June at 4.23% and the 2-year US Treasury yield trading at 3.72%. This strong carry has helped to generate strong income-driven returns across core bonds, with the Bloomberg US Treasury Index returning 3.79% through the first half of the year. The Bloomberg Global Aggregate Bond Index returned 2.81% over the same frame, as European interest rates climbed modestly higher in Q1 on the back of economic optimism around increased fiscal impulse. Within credit markets, spreads remain tight with US High Yield and US Investment Grade corporate bond spreads trading at 2.90% and 0.82%, respectively, both well below long-term averages.

Our models now forecast an annual local currency return of 5.7% for the MSCI All Country World Index ("ACWI") over the next decade, versus 6.1% three months prior as well as our forecast for the Global Aggregate Bond Index which is unchanged at 3.6%. At an aggregate level, we estimate the forecasted rate of return on a diversified strategic asset allocation at 5.5%*, down from 5.7% at the end of Q1.

*Source: Bloomberg as of 30 June 2025. DWS Calculations for a strategic asset allocation that targets volatility of 10%.

Table 1: DWS Ten-year annualized forecasted local currency returns

	As of 30 Jun 2025	Δ since 31 Mar 2025
MSCI ACWI	5.7%	-0.4%
MSCI World	5.7%	-0.4%
MSCI Emerging Markets	5.9%	-0.4%
S&P 500	5.9%	-0.4%
MSCI Europe	6.2%	-0.2%
MSCI Germany	4.0%	-0.1%
MSCI UK	7.4%	-0.3%
MSCI Japan	4.9%	0.0%
Bloomberg Barclays Euro Treasury	2.7%	-0.2%
Bloomberg Barclays Euro Aggregate Corporate	3.3%	-0.1%
Bloomberg Barclays Pan-European High Yield	4.8%	-0.2%
Bloomberg Barclays US Treasury	4.2%	0.0%
Bloomberg Barclays US Corporate	4.9%	-0.1%
Bloomberg Barclays US High Yield	5.7%	-0.4%
Bloomberg Barclays Emerging Markets USD Sovereign	6.3%	-0.3%
S&P Developed REIT	4.3%	-0.3%
S&P USA REIT	5.3%	0.0%
DJ Brookfield Global Infra. Equity	6.6%	0.0%
DJ Brookfield US Infra. Equity	6.8%	0.3%
NFI-ODCE Value Weighted US Private Real Estate Equity	5.1%	0.1%
Private Infra (EDHEC Private Infra 300 Equal Weighted Equity)	13.5%	0.0%
Markit iBoxx EUR Infrastructure	3.5%	-0.1%
Private Infra Debt (Markit iBoxx EUR Infrastructure)	4.9%	-0.1%
Bloomberg All Hedge Fund	5.2%	0.2%
Bloomberg Commodity	5.0%	0.4%

Source: DWS Investments UK Limited. 10Y Forecast as of 30 June 2025. Due to various risks, uncertainties and assumptions made in our analysis, actual events or results or the actual performance of the markets covered may differ materially from those described.
This information is intended for informational and educational purposes only and does not constitute investment advice, a recommendation, an offer or solicitation. The opinions and forecasts expressed are those of the authors of this report as of the date of this report and may not actually come to pass. This information is subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any specific security or investment strategy.
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, [actual or simulated], is not a reliable indication of future performance.
Any hypothetical results presented in this report may have inherent limitations. Among them are the sharp differences which may exist between hypothetical and actual results which may be achieved through investment in a particular product or strategy. Hypothetical results are generally prepared with the benefit of hindsight and typically do not account for financial risk and other factors which may adversely affect actual results of a particular product or strategy.

1 / Sensitivity of forecasts to market moves

With historical market returns and volatility, we can get a reasonable sense of the magnitude of market movements we can expect in both normal and non-normal periods. Over the long term, equity and, to a similar extent, bond market volatility have exhibited mean-reverting tendencies, with long-term empirical equity market volatility averaging around 15%, depending on the window of observation.

Over time, as markets have experienced increasingly frequent periodic bouts of volatility, investors have begun to accept that risk assets in particular can experience statistically outsized selloffs far more frequently and with a far greater magnitude than what might be considered "normal". A combination of correlations between equities[1] and sentiment-driver negative momentum are among two explanations for why market returns have exhibited these peculiarities.

While one can attempt to "look through" some of this noise when investing over a long-term time horizon (where market returns can be forgiving as they are driven more by the accumulation of growth and income than valuation), the structure of market risk and volatility can meaningfully impact the strategic outlook for an asset class. Higher structural volatility or bigger tail risks may also demand higher risk premia from investors to find equilibrium between risk and return[2].

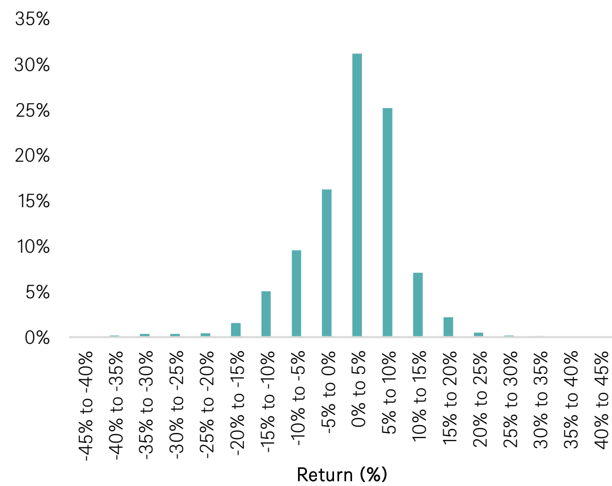
We maintain, however, that over a strategic 10-year time horizon, markets have maintained to a great extent a relatively constant relationship between risk (volatility and fundamental impairment) and return (growth, income, and volatility around prices/valuations/risk premia), where changes in the equilibrium or "fair value", if they exist, are gradual in their nature. For many strategic investors, understanding the potential impact of short-term volatility on their investment strategy can help inform strategic portfolio expectations.

1.1 How volatile are equity markets?

Looking back since the turn of the century, the average 3-month total return for MSCI ACWI has been roughly 1.5% (or roughly 6% annualized), with the quarterly volatility of about 8.6% (or roughly 17.1% per annum). As these returns are indicative of the time period within our sample (capturing the outsized negative returns and high volatility from both the 2000 Tech Bubble and the 2008 Global Financial Crisis), we can use the volatility and distribution of returns to inform our strategic outlook for market risk and return distribution.

Simply measuring the standard deviation of returns, however, does not capture the full picture. As investors have better understood in recent decades, observed equity returns are not normally distributed, instead exhibiting significant skew and kurtosis (or fatter tails), reflecting the tendency for sentiment-driven momentum as well as the impact of inter-equity correlations on market risk (see Figure 1).

Figure 1: Distribution of 3-month rolling returns (%)



Source: Bloomberg Finance LP., DWS Investments UK Limited. Data from 31 December 1999 to 30 June 2025.

1.2 How much do these moves impact forecasts?

For strategic investors, it is important to understand how moves in market prices in the short term might impact their risk and return expectations over the long term. One of the central goals of strategic asset allocation is to look through the short-term noise and construct portfolios based on fundamental building blocks that align with these longer-term portfolio objectives. Understanding how short-term volatility can impact this outlook becomes an important consideration for adjusting strategic views and investment goals. Figure 2 shows how our forecasts change, all else equal, based on changes in market prices:

[1] Loretan, Mico and English, William B. Evaluating changes in correlations during periods of high market volatility. BIS Quarterly Review (2000)
[2] Merton, Robert C. On estimating the expected return on the market : An exploratory investigation (1980).

Figure 2: Change in LTCMA pillars and forecasted return based on magnitude of MSCI ACWI market return

Change	Dividend Yield	BuyBacks & Dilution	Inflation	Earning Growth	Valuation Adjustment	LTCMA Expected Return
-50%	3.60%	1.08%	2.38%	1.49%	2.44%	10.98%
-45%	3.27%	1.07%	2.38%	1.49%	1.97%	10.18%
-40%	3.00%	1.07%	2.38%	1.49%	1.55%	9.48%
-35%	2.77%	1.07%	2.38%	1.49%	1.15%	8.85%
-30%	2.57%	1.07%	2.38%	1.49%	0.78%	8.28%
-25%	2.40%	1.06%	2.38%	1.49%	0.44%	7.77%
-20%	2.25%	1.06%	2.38%	1.49%	0.12%	7.29%
-15%	2.12%	1.06%	2.38%	1.49%	-0.18%	6.86%
-10%	2.00%	1.05%	2.38%	1.49%	-0.47%	6.45%
-5%	1.89%	1.05%	2.38%	1.49%	-0.74%	6.07%
0%	1.80%	1.05%	2.38%	1.49%	-1.00%	5.71%
5%	1.71%	1.05%	2.38%	1.49%	-1.25%	5.38%
10%	1.63%	1.04%	2.38%	1.49%	-1.48%	5.06%
15%	1.56%	1.04%	2.38%	1.49%	-1.71%	4.76%
20%	1.50%	1.04%	2.38%	1.49%	-1.93%	4.48%
25%	1.44%	1.04%	2.38%	1.49%	-2.14%	4.21%
30%	1.38%	1.03%	2.38%	1.49%	-2.34%	3.95%
35%	1.33%	1.03%	2.38%	1.49%	-2.53%	3.70%
40%	1.28%	1.03%	2.38%	1.49%	-2.72%	3.46%
45%	1.24%	1.03%	2.38%	1.49%	-2.90%	3.24%
50%	1.20%	1.02%	2.38%	1.49%	-3.07%	3.02%

Source: DWS Investments UK Limited. Data as of 30 June 2025..

Looking at the sensitivity of return forecasts to the magnitude of 3-month returns, we can see that a hypothetical -50% price drop would increase the 10-year annualized return forecast for global equities by about 5.3% per annum, nearly doubling the forward-looking strategic return outlook. Note however, that this simple sensitivity analysis assumes that such a steep price drop were purely triggered by risk aversion without any change in fundamentals (i.e. assuming that none of the growth, inflation, dividend or earnings outlook had changed). Realistically, such a large market move would be caused by at least a partial re-evaluation of fundamentals by the market. However, as we have described elsewhere[3], large equity market sell-offs *are* primarily driven by spikes in risk aversion and equity risk premia (since even the most severe earnings downturns over 1-2 years usually don't justify the observed size of market moves). In fact, if we were to take a conservative assumption and completely wiped out the assumed 10-year earnings growth and buybacks (1.49% and 1.08% in the above table, respectively), then the 10-year annualized return forecast would still stand at 8.4% p.a. in the -50% scenario (some 2.7% p.a. higher than current estimates).

For historical reference, during the Global Financial Crisis, the worst 3-month period, point-to-point, for equity returns was about -45%, whereas the more severe negative 3-month return during the COVID-19 crisis was around -30% (with the severity limited in part by historically fast recovery in risk asset prices)

[3] *CROCI Focus: History Lessons 2025 – why do markets sell off*, May 2025, DWS publication

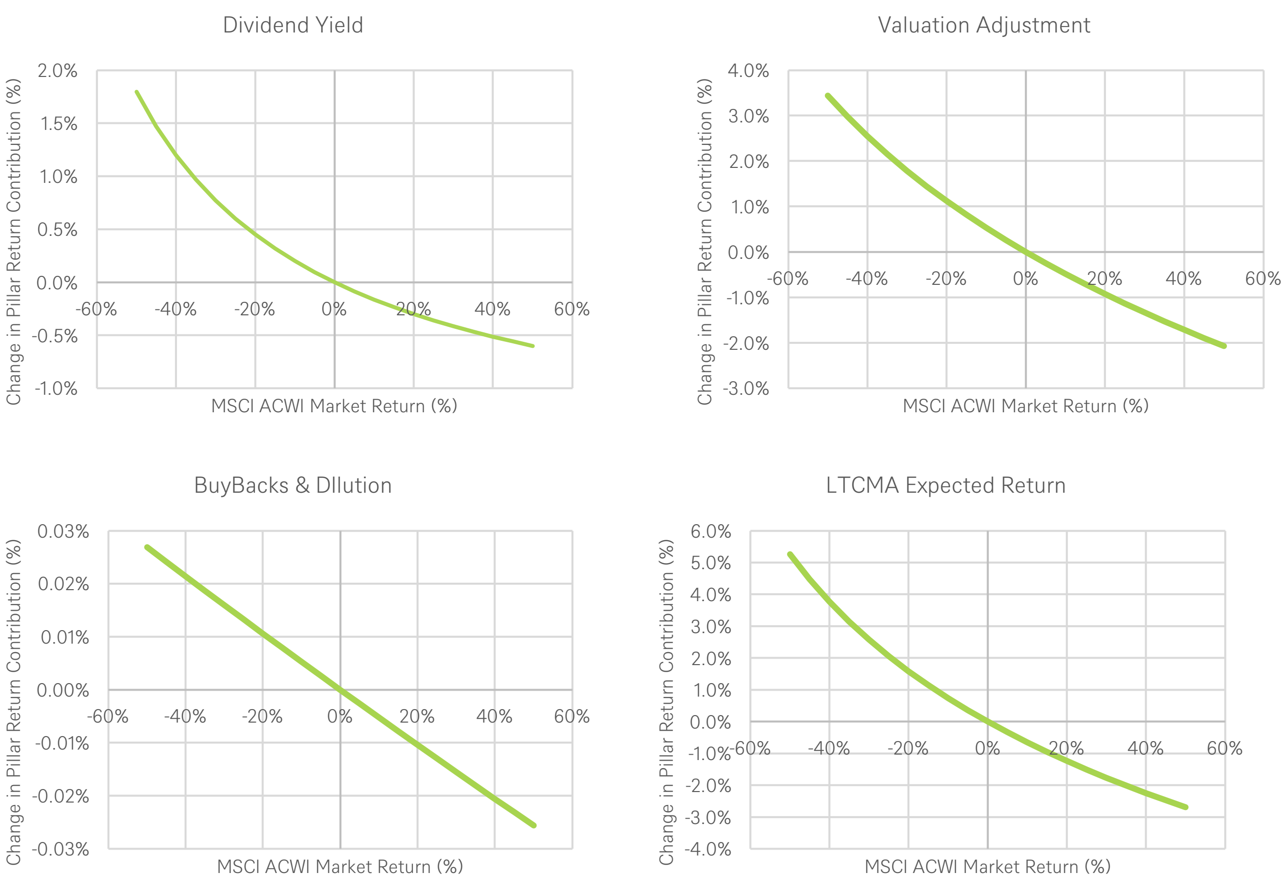
1.3 How are the equity return pillars affected?

Looking at the impact of market moves on changes to forecasts in Figure 2, valuations are unsurprisingly the biggest driver of changes in the strategic return outlook. Short-term market fluctuations are typically almost entirely driven by changes in valuations, while long-term fundamentals remain quite stable at the aggregate market level.

While quarterly earnings across equity markets may exhibit cyclicality and negative momentum in a sharp market correction (to a lesser extent, some earnings recovery is to be expected in a sharp rebound), so long as the fundamental drivers of long-term returns remain consistent and the macroeconomic growth outlook (as a function of demographics and productivity) do not drastically change, the aggregate 10-year equity earnings outlook should remain relatively stable at the total market level. Absent fundamental impairment, we might reasonably expect prices to revert to earnings-based dividend payouts rather than for dividends to fall to keep yields constant over a strategic time frame.

Looking at the sensitivity of the individual return building blocks highlights a non-linear relationship between changes in dividend yield, buyback & dilution, and valuation adjustment contribution to global equity returns. This positive convexity of return forecasts is a result of the denominator effect (a 50% decline in the price numerator results in a doubling versus a 50% increase in the price numerator reduces the value by only 1/3), particularly at more dramatic moves in markets. In a sharp selloff at a -45% return, for example, valuation adjustment increases by nearly 3% per annum, whereas a 45% positive return would correspond to a -1.89% decline in per annum valuation adjustment contribution to the strategic return outlook as shown in Figure 8.

Figure 3: MSCI USA: Expected contribution to 10-year forecasted hypothetical annualized returns



Source: DWS Investments UK Limited. Data as of 30 June 2025.

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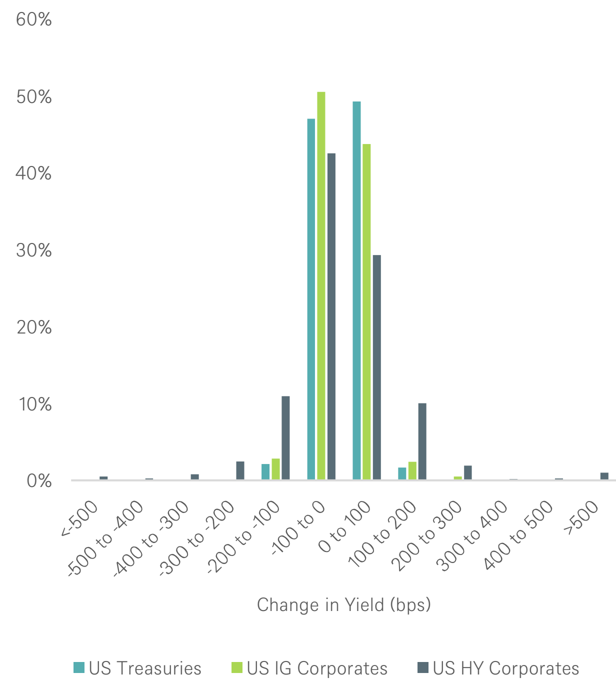
1.4 How much would fixed income forecasts change?

When evaluating the sensitivity of our 10-year fixed income forecasts to market returns, much like equity returns, our calculations rely on an assumption that the move is driven by price only, and there is no fundamental deterioration in the other drivers of return. As a result, we keep our LTCMA sensitivity analysis intentionally simple, as a means to illustrate the impact of duration on 10-year forecasts at different changes in yields. We define our range of yield moves for this analysis by using empirical yield changes across sovereign, investment grade corporate, and high yield corporate indices since the turn of the century as shown in Figure 4. As we empirically observe, the largest moves in US Treasury and US IG Corporate index yields were bounded to roughly 200 basis points higher or lower within a 3-month rolling period. Only when looking at the spread-dominant US High yield segment did we observe much larger yield changes.

By applying a consistent basis points "shock" to the yields across different fixed income asset classes, we can get a sense of how impactful these short-term moves would be on per annum strategic returns as we show in Figure 5. While the results are relatively straightforward, one interesting observation is that the is modest asymmetry in the change in forecasts, where selloffs in yields result in slightly larger increase in the 10-year return outlook relative an equivalent basis points rally in yields. This is a function of convexity and duration.

Figure 4: Distribution of 3-month rolling yield change (bps)



Source: Bloomberg Finance LP., DWS Investments UK Limited. Data from 31 December 1999 to 30 June 2025.

Figure 5: Change in LTCMA forecasted return based on one-time change in yield (bps)

Price Shock(bps)	US Treasury	US Corporate	US High Yield	EUR Treasury	EUR Corporate	EUR High Yield
-500	1.5%	1.8%	4.1%	-0.4%	1.2%	3.4%
-250	2.8%	3.3%	4.9%	1.0%	2.2%	4.1%
-100	3.6%	4.2%	5.4%	2.0%	2.8%	4.5%
-50	3.9%	4.6%	5.5%	2.4%	3.1%	4.6%
-25	4.1%	4.7%	5.6%	2.5%	3.2%	4.7%
0	4.2%	4.9%	5.7%	2.7%	3.3%	4.8%
25	4.4%	5.1%	5.8%	2.9%	3.4%	4.9%
50	4.5%	5.3%	5.9%	3.1%	3.5%	4.9%
100	4.8%	5.7%	6.0%	3.5%	3.8%	5.1%
250	5.9%	6.9%	6.6%	4.8%	4.6%	5.6%
500	7.9%	9.5%	7.6%	7.4%	6.0%	6.4%

Source: DWS Investments UK Limited. Data as of 30 June 2025..

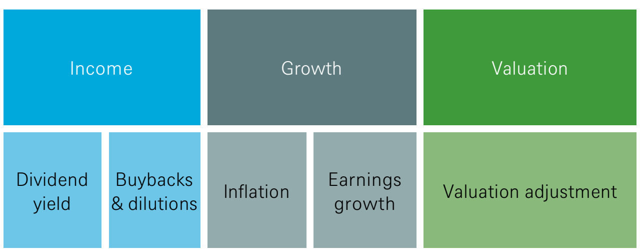
2 / Long View Forecasts

2.1 Equity Forecasts

For our equity return forecasts, Figure 7 illustrates the changes to our return pillars for our 10-year MSCI All Country World ("ACWI") local currency return forecast. Forecasted returns for global equities decreased to 5.7% as of the end of June from 6.1% at the end of March.

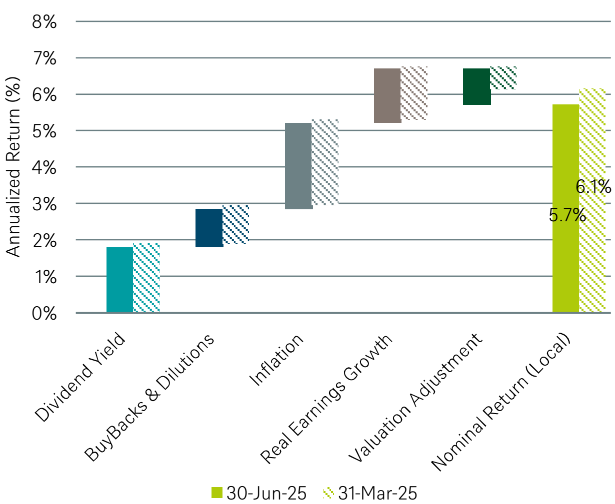
The strong recovery in global equities in Q2 has driven valuations back toward historically demanding levels, with the valuation adjustment component of the global equity return forecast decreasing from -0.6% to -1.0% per annum in nominal return contribution. Dividend yield contribution decreased very modestly from 1.9% to 1.8%, whereas inflation increased incrementally from 2.3% to 2.4% over the course of Q2.

Figure 6: Pillar decomposition for equities



Source: DWS Investments UK Limited.

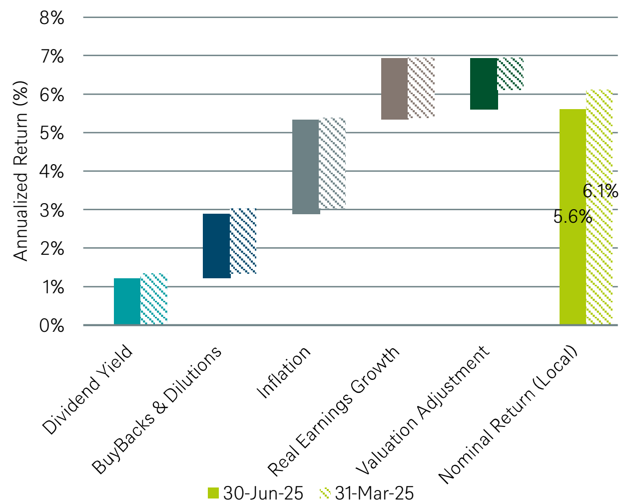
Figure 7: MSCI All Country World: Expected contribution to 10-year forecasted hypothetical annualized returns



Source: DWS Investments UK Limited. Data as of 30 June 2025.

Our US equity forecasts reflect a similar dynamic, with strong returns driving more challenging strategic valuations relative to the end of March. Our 10-year return forecasts for MSCI USA decreased from 6.1% to 5.6%, driven by the valuation adjustment pillar going from -0.8% to -1.3%, as shown in Figure 8.

Figure 8: MSCI USA: Expected contribution to 10-year forecasted hypothetical annualized returns

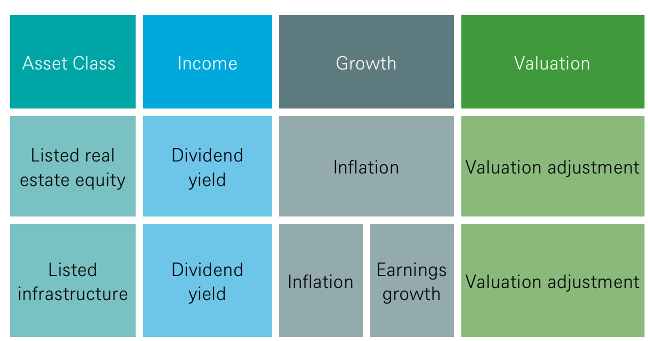


Source: DWS Investments UK Limited. Data as of 30 June 2025.

2.2 Liquid Real Assets Forecasts

While REITs and Infrastructure both leverage very similar pillars to equities (see Figure 9), returns are derived largely from income via dividend distributions as shown in Figure 10 and Figure 11.

Figure 9: Pillar decomposition for REITs and Infrastructure



Source: DWS Investments UK Limited.

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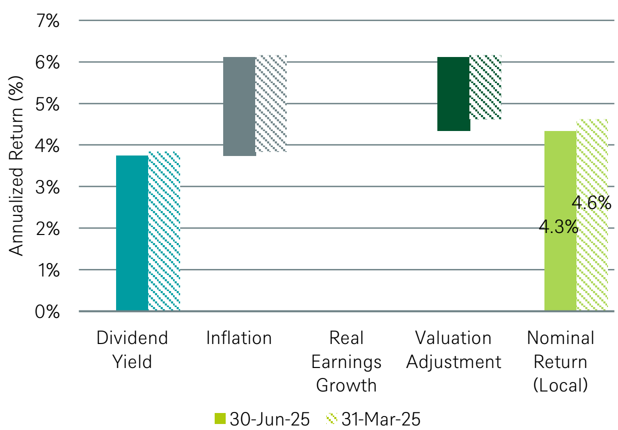
Across liquid real assets, our return forecasts are comparable to our return forecasts for traditional markets. Global REIT returns are expected to provide less incremental yield spread given higher real interest rates while our Infrastructure equity outlook provides a potential return outlook modestly above traditional public equity markets.

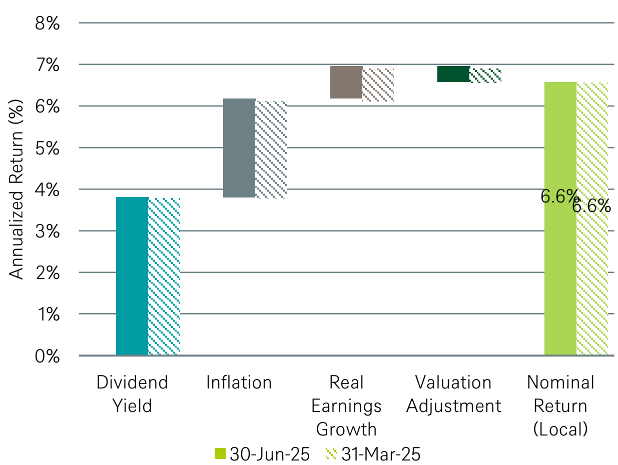
Relative to the previous quarter, our 10-year return forecast for Global REITs decreased alongside global equities, from 4.6% to 4.3%, driven by a larger drag from valuations (from -1.5% to -1.8%). Global Infrastructure forecasted returns was unchanged from 6.6%, with slightly more expensive valuations being offset by slightly higher inflation contribution.

Figure 10: Global REITs: Expected contribution to 10-year forecasted hypothetical annualized returns



Source: DWS Investments UK Limited. Data as of 30 June 2025.

Figure 11: Global Infrastructure: Expected contribution to 10-year forecasted hypothetical annualized returns



Source: DWS Investments UK Limited. Data as of 30 June 2025.

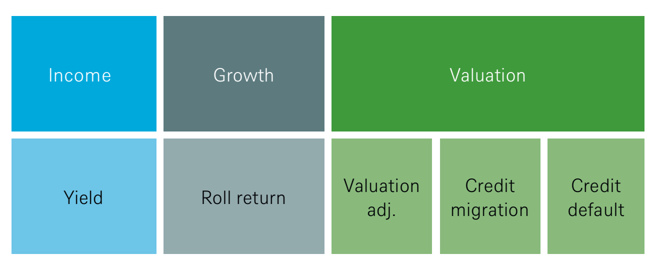
2.3 Fixed Income Forecasts

Our outlook for global bonds was relatively unchanged from the end of Q2, as yields were relatively unchanged point-to-point despite some noise around the direction of global monetary policy in early May. Noise around Fed policy continues to focus on whether the Federal Reserve should begin cutting rates or remain data dependent as labor markets have shown modest signs of softening but inflation data remains above target levels.

Throughout the quarter, the 10-year US Treasury went from 4.21% to 4.23%, basically unchanged despite some intra-quarter volatility. The 10-year German Bund rallied modestly over the same period from 2.74% to 2.61%, fading a bit of the optimism around fiscal spending-driven European reflation. In Japan, 10-year Japanese Government Bond yields were also largely unchanged in Q2, going from 1.49% to 1.43% as the Bank of Japan has shown hesitancy to tighten monetary policy as previously anticipated, perhaps in fear of derailing currency-related tailwinds in an uncertain global trade and tariff policy environment.

Over a strategic horizon, the outlook for fixed income investors is still quite favorable, both in absolute terms and relative to equities. Despite an elevated inflation outlook across most nations relative to central bank targets, sovereign bond yields–real yields in particular, are compensating investors for these risks as reflected in higher yield contributions to our strategic return outlook for both core and speculative fixed income asset classes. Starting yield is by far the most important driver of return contribution in our building blocks shown in Figure 12.

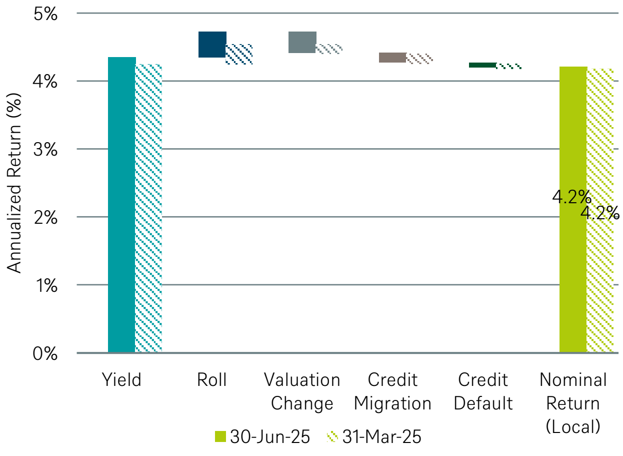
Figure 12: Pillar decomposition for Fixed Income



Source: DWS Investments UK Limited.

Our Bloomberg US Treasury Bond Index forecast was unchanged at 4.2% from the end of March, reflecting a de minimis move in US Treasury yields, with the 10-year increasing just 2bps over the course of Q2. Our US Treasury Bond index return forecast is shown in Figure 13.

Figure 13: US Treasury Bond Index: Expected contribution to 10-year forecasted hypothetical annualized returns

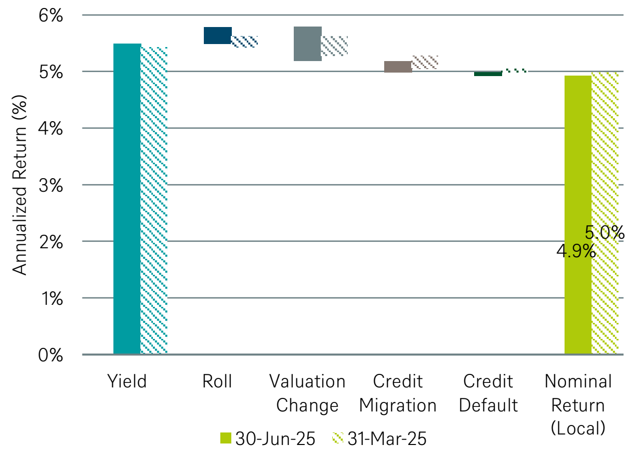


Source: DWS Investments UK Limited. Data as of 30 June 2025.

Return forecasts across corporate credit markets were modestly lower as spreads continued to tighten toward historical levels. For US Investment Grade bonds, spreads rallied from 94bps to just 83bp at the end of June, just 10bps away from multi-decade tights. US High Yield bonds experienced a more extensive spread rally from 3.47% at the end of march to just 2.90% at the end of June. Despite near historically tight credit spreads, the fundamental outlook for corporate credit markets looks healthy, and nominal yields continue to be well supported by robust sovereign bond yields.

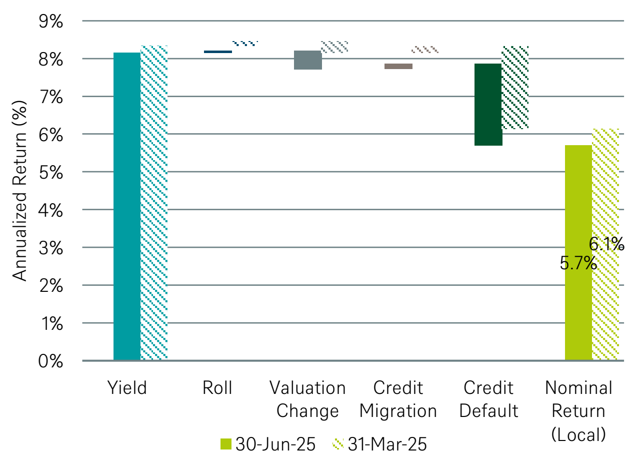
Reflecting this tightening in credit spreads, over the course of Q2, our total return forecast for US Investment Grade Corporate Bonds decreased slightly from 5.0% to 4.9% and our US High Yield Corporate Bond forecast decreased a bit more from 6.1% to 5.7%, reflecting a bigger move in more speculative credit spreads. Figure 14 and Figure 15 show US Investment Grade and US High Yield return forecasts, respectively. The high starting nominal yield for US High Yield in contrast with historically tight equity risk premia for US equities results in a very similar strategic return outlook between the S&P 500 and the Bloomberg US High Yield Index, a point we've continued to highlight in recent quarters.

Figure 14: US Investment Grade Corporate Bond Index: Expected contribution to 10-year forecasted hypothetical annualized returns



Source: DWS Investments UK Limited. Data as of 30 June 2025.

Figure 15: US High Yield Bond Index: Expected contribution to 10-year forecasted hypothetical annualized returns



Source: DWS Investments UK Limited. Data as of 30 June 2025.

3 / Conclusion

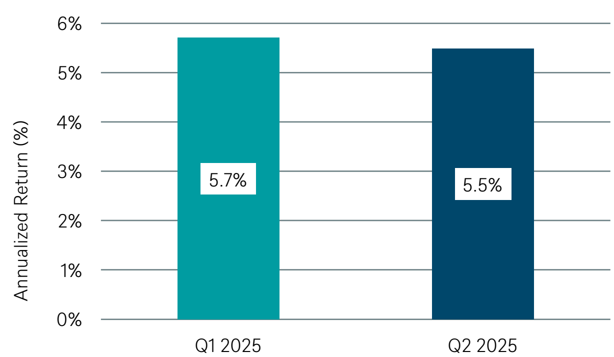
The strategic 10-year return outlook for investors is modestly lower as compared to the end of March. A strong global equity rally in Q2 further compressed valuations and risk premia, with the valuation adjustment pillar of our Long View forecasts now expected to drag on forward-looking global equity returns to the tune of about 1% per annum over the next decade. Demanding valuations have also weighed on the return outlook for credit asset classes within fixed income as well as most segments of alternatives.

Looking across fixed income asset classes, the strategic return outlook was relatively unchanged for most core fixed income asset classes, as sovereign bond yields were, for the most part, sideways in Q2. More risk-on, credit-sensitive fixed income asset classes such as US High Yield Corporates experienced a modest decline in the 10-year return outlook driven by a rally in credit spreads alongside strong equity returns. In aggregate, the nominal outlook for fixed income still looks quite robust, both relative to the past 15 years after the Global Financial Crisis and relative to equity asset classes. Even as inflation has remaining persistently above central bank targets across many developed countries, real yield compensation for inflation risk provides a buffer against the risk of rising inflation and bond yields, particularly over a strategic time horizon.

As we update our forecasts each quarter, it's important to understand the magnitude and significance of changes in forecasts and the individual building blocks of returns. Constructing long-term return forecasts necessitates discipline in looking through short-term noise and focusing on how, if at all, the pillars of intrinsic value are impacted by changing market or macro dynamics. More often than not, asset prices exhibit volatility based on short-term sentiment or momentum while fundamental return drivers remain intact. Our measure of valuation impact illustrates that in the most severe market corrections and rallies in recent decades, the valuation impact on forward-looking strategic returns can be quite significant; however, the building blocks of growth and inflation generally remain stable through these environments.

In summary, the strategic outlook for investors is modestly lower relative to the previous quarter. A strong 11.5% total return for the MSCI All Country World Index drove valuations to tighter levels, making the strategic outlook for equity valuations somewhat more challenging. Within fixed income markets, credit spreads rallied as well, modestly reducing the forecasted returns for more speculative asset classes such as US High Yield corporate bonds, while government bond yields were relatively unchanged, meaning sovereign and other core bond asset class return forecasts were relatively unchanged. As a result, our 10-year return forecasts shown in Figure 16 illustrates our 10-year return forecasts for a moderate strategic asset allocation[4], which have decreased by about 0.2 % over the most recent quarter.

Figure 16: 10-year forecasted hypothetical annualized returns of moderate strategic asset allocation in local currency



Source: DWS Investments UK Limited. Data as of 30 June 2025.

[4] Moderate strategic asset allocation refers to a strategic asset allocation that targets annualized volatility of roughly 10%

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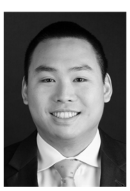

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