

“Mastering the curves while staying on course”

Investing with a cool, steady hand. That’s the approach of DWS funds manager Klaus Kaldemorgen. A discussion about risks, opportunities – and motorcycling.

- DWS Concept Kaldemorgen uses specially developed strategies to minimize investment risks.
- The fund is designed to address today’s uncertain economic climate by offering worry-free investment while simultaneously providing good returns.
- The fund management has the freedom and flexibility to combine unrelated asset classes and thereby diversify the portfolio.

Time to read: 3 minutes

Mr. Kaldemorgen, you’ve been with DWS since 1982. The Asian crisis, the rise and fall of the New Market, the financial and economic upheavals since 2007 – all these events took place in this time frame. With these in mind, how do you view the current market with its trade disputes and Brexit?

In a nutshell: The globalization dividend is at risk.

What do you mean by that?

The term refers to the fact that we have all reaped the economic benefits of globalization. This long-term trend began back in the 1980s, but things are now changing. Many voices are now calling for more government intervention and less free market economics. People increasingly feel that globalization only benefits a select few. As a fund manager, I surmise that global trade will suffer as a result. I've therefore become increasingly cautious regarding any company that depends on global trade for its survival. Companies that serve domestic demand offer an alternative.

DWS Concept Kaldemorgen bears your name: How closely do you personally identify with the fund's development?

Naturally, it's hard not to identify with something that includes your name. I bear the responsibility, and my reputation rests on its trustworthiness.



Klaus Kaldemorgen
fund manager



Gold – what percentage of this precious metal's global reserves do Germans currently possess?

6.5 percent

4.2 percent

1.7 percent

Source: <https://www.faz.net/aktuell/finanzen/neue-studie-zu-wertanlagen-deutsche-besitzen-so-viel-gold-wie-nie-16143327.html>

Around 20 years ago, you once said that you would like to have complete freedom in managing a fund. Concept Kaldemorgen gives you this freedom. Are you still convinced that this is a good choice?

Yes, I am, because I still have grave doubts about relying too heavily on benchmarks alone. What about investors, though? What do they want? Investors desire a sensible balance between opportunity and risk. To achieve this, a fund manager needs the freedom and flexibility to combine unrelated asset classes and thereby diversify the portfolio.

You work together with a multi-asset team. How important is good teamwork to investment success?

It's very important, especially when the strategy involves complex investment vehicles. You need differing viewpoints and assessments, for example with regard to ascertaining risk. Specialists are also needed. Our team includes these, and we all share the same investment philosophy. This philosophy was mutually developed by the core team. We try to answer the question: What risks is an investor willing to accept and what is his risk budget? Developing a strategy that answers this question is what our team strives to do.



Can you please tell us more about exactly how DWS Concept Kaldemorgen handles risk management? For example, how important is gold to the portfolio?

Many asset managers pursue a one-size-fits-all risk management strategy – we don't. Risk management plays a role in every one of our team's investment decisions. This includes, for example, ensuring that the portfolio is correctly diversified. It's not enough to just have it encompass a variety of regions and industry sectors; it must also include investment classes such as currencies and/or gold. In addition, it has to reflect style factors such as dividend and/or growth strategy. To answer your question, gold currently constitutes around 8 percent of our portfolio, where it serves as a form of financial buffer.

Have you written off bonds as a form of investment? Key interest rates are currently at historic lows, and bonds offer very little return.

To some extent, you're right. Many of the corporate bonds I see these days really don't offer any advantage over stocks. Government bonds issued by countries considered safe can deliver a decent return, however. Especially because these are in demand during troubled times.

DWS Concept Kaldemorgen

Choosing the right vehicle and keeping an eye on the risks, the Deutsche Concept Kaldemorgen combines both.

Do you currently see any special investment opportunities?

It's hard to say at the moment. The market overall is experiencing slower growth rates, and even the IMF recently lowered its prognosis. We expect this trend to continue. While this doesn't necessarily indicate a recession, it does have an impact on the economic environment. Monetary policy remains very loose, but much of its effect has already been squandered. Our current plan is to proceed cautiously and stay within our range of vision.

Range of vision is a good analogy because you're an enthusiastic biker. Long, straight roads without any exhilarating curves, mountains or valleys – the lament of any motorcyclist. Does the same apply to managing a fund?

To a certain extent, yes. The person sitting behind me on the bike would probably prefer a few less curves though. It's my job to make the curves feel like a straightaway. So, yes, the analogy is quite appropriate to the challenges of managing a fund – investors are owed a comfortable ride with few worries.

More articles

MSCI investigates: What are the real advantages of sustainable investing?

Everyone knows that sustainability benefits the environment. But does it also provide financial benefits? Current studies indicate yes.

Bonds – five mistakes fixed-income investors should avoid

Interest rates are low, but bonds still belong in a balanced portfolio. Investors should be aware of certain issues.

Houses made of paper, building in fast motion – how much do you know?

How much do you know about real estate? Take the DWS quiz!

Contact

Find the business and country specific DWS website that is suitable for your needs.

<<https://dws.com/service/Contact/>>

DWS on Social Media



Important Information

All statements of opinion reflect the current assessment of DWS International GmbH and are subject to change without notice.

Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical performance analysis, therefore actual results may vary, perhaps materially, from the results contained here.

Past performance, [actual or simulated], is not a reliable indication of future performance.

DWS International GmbH. As of: 08/16/2019