



# S&P 500 EPS TRACKER: 3Q24

## Americas CIO View

November 2024

**David Bianco**  
Americas Chief Investment Officer  
Tel. +1 (212) 454 8527  
E-Mail: [david.bianco@dws.com](mailto:david.bianco@dws.com)

**Ju Wang**  
Equity Portfolio Manager  
Tel. +1 (212) 454 8572  
E-Mail: [ju.wang@dws.com](mailto:ju.wang@dws.com)

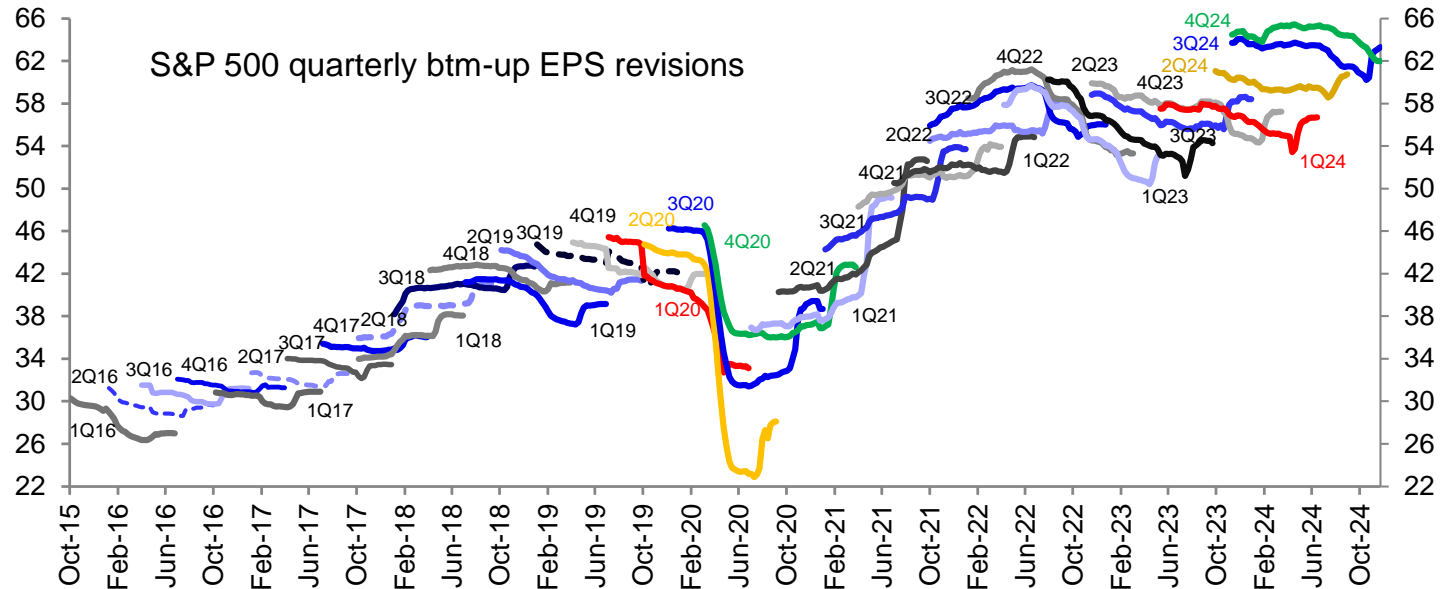
# 3Q 2024 EARNINGS SEASON OBSERVATIONS



- This data reflects the 474 S&P 500 companies or 97% of index earnings that have reported as of Thursday Nov 21<sup>st</sup>.
- Bottom-up blended 3Q earnings per share (EPS) is \$63.30 (actual results for companies reported and consensus estimates for the rest), +7.0% year-over-year (y/y). Our estimate for 3Q since the start of the quarter was \$62, but we will now take the actual result and likely reduce 4Q estimate by the same. Blended sales growth is +4.4% y/y. Blended pro-forma net margin is 13.3%, vs. 12.5% in 2Q24 and 12.6% a year ago.
- Bottom-up 3Q EPS y/y growth is 32.5% at the Great 8 (AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA) and 1.2% at the S&P ex. the Great 8. Bottom-up 3Q sales growth is 15.4% at the Great 8 and 3.0% at the S&P ex. the Great 8.
- S&P 500 ex the Great 8's 2024 consensus EPS have been cut by 5.5% year-to-date (ytd) (cut by 11.8% since 2023 start). The Great 8's 2024 consensus EPS have been raised by 13.1% ytd (raised by 28.9% since 2023 start).
- 70% of reporting companies beat on earnings per share (EPS) and 26% missed (the rest in-line), with an aggregate surprise of +3.8%, +3.4% ex Financials. Historic average EPS beat is +3.3% (2011-2019 average). 43% beat on sales and 32% missed, with an aggregate surprise of +1.2%, +0.9% ex Financials. Our measures of beat / miss ratios and magnitudes are based on analysts' consensus estimates at the end of the fiscal quarter for each company.
- Bottom-up consensus estimate for 2024 S&P EPS is now \$243.60. Our estimate is \$245 ( $\$245 = \$58 + \$60 + \$62 + \$65$ ), up 10.0% y/y. This assumes a manufacturing recession with very strong EPS growth from Tech and Communications.
- By sector, 3Q blended EPS y/y growth is strongest at Communication Services (+26% y/y), Tech (18%), Utilities (16%), Health Care (15%), Consumer Discretionary (11%) and Financials (7.7%). EPS y/y growth is weakest at Energy (-41% y/y), Industrials (-2.8%), Materials (-2.2%) and Real Estate (0.6%).
- 3Q blended sales y/y growth is strongest at Tech (+13% y/y), Health Care (10%), Communication Services (7.3%), Real Estate (5.7%), Consumer discretionary (5.6%) and Utilities (3.8%). Sales y/y growth is weakest at Energy (-3.8% y/y), Financials (-1.1%), Materials (-0.9%) and Industrials (-0.7%).
- Valuations are demanding at both the Great Eight and S&P 492, particularly relative to real interest rate. S&P 500 excluding the Great 8 price-to-earnings (P/E) on 2024 consensus EPS is 20.9x, PE of the Great 8 is 33.0x. Overall S&P PE is 23.4x.
- We see the Great 8 at risk to overly demanding PEs, we see the rest of the S&P 500 at risk to a cyclical downturn. Both are at risk to higher Treasury yields.

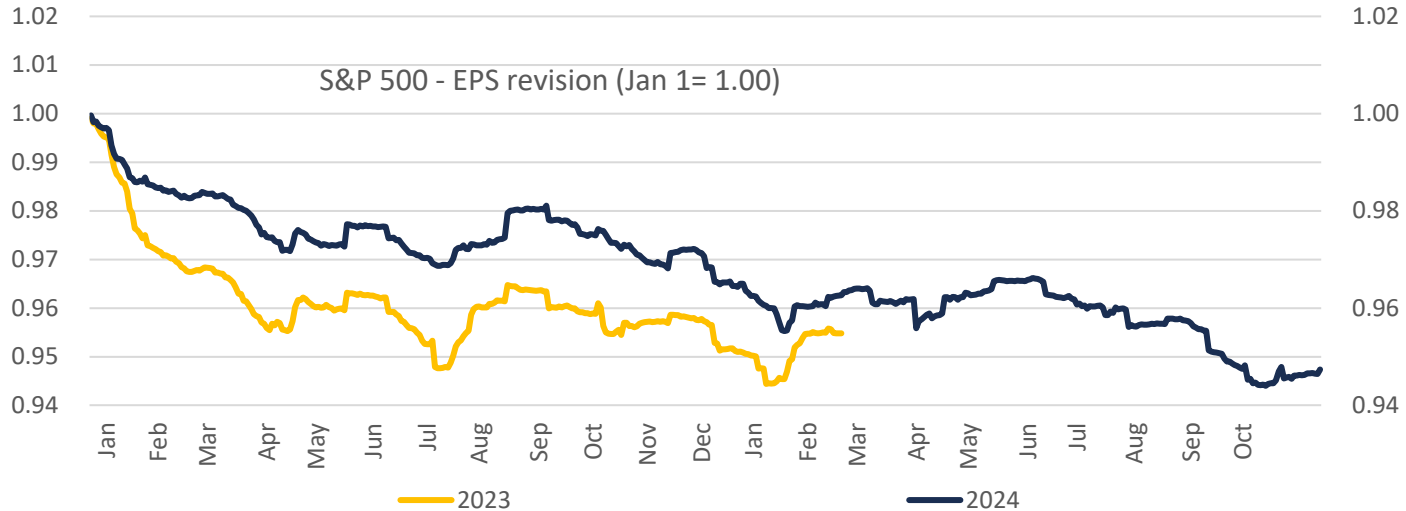
Source: DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. This information should not be construed as a recommendation of any specific security.

# S&P 500 QUARTERLY EPS REVISION



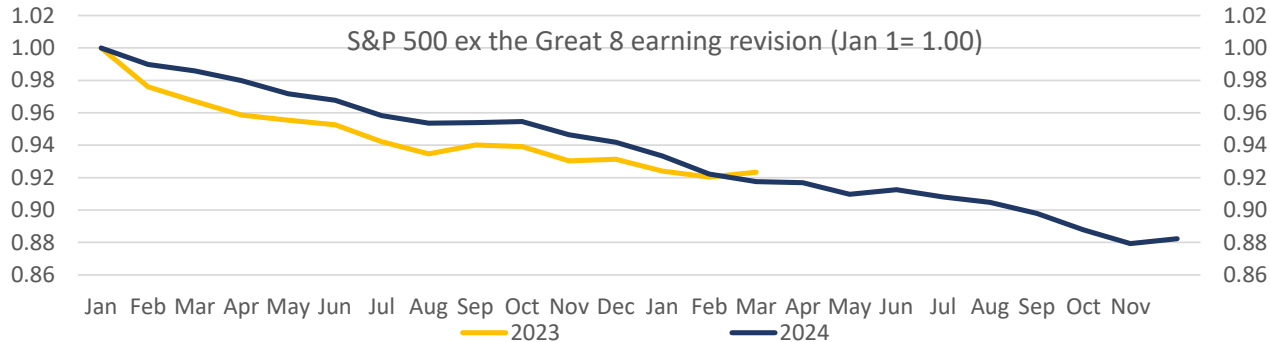
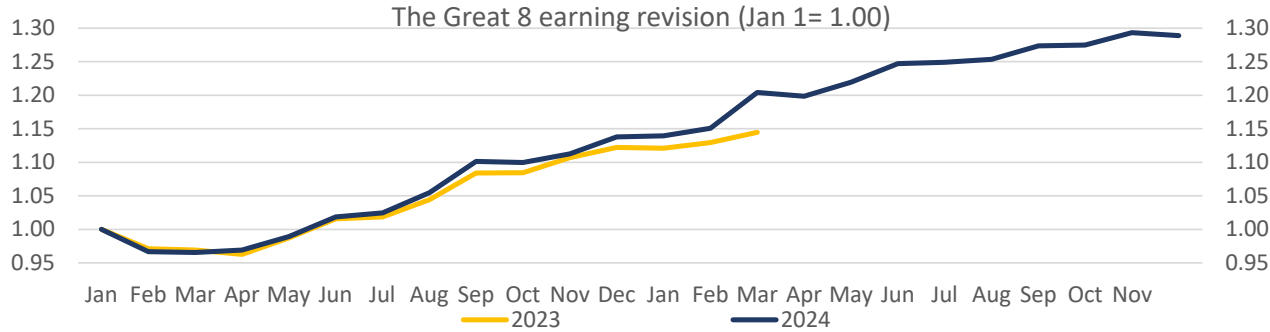
Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

# S&P 500 EPS REVISION



Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

# S&P 500 AND THE GREAT 8 EPS REVISIONS



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

Source: IBES, Factset, DWS Investment GmbH as of 11/21/2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index. This information should not be construed as a recommendation of any specific security.

# 3Q 2024 EARNINGS SEASON SUMMARY STATISTICS



	3Q24 Summary (Based on reported companies)										
	% of EPS reported	# Cos reported	EPS (% of co's)		EPS surprise (%)	EPS y/y (%)	Sales (% of co's)		Sales surprise (%)	Sales y/y (%)	
			% beat	% miss			% beat	% miss			
<b>S&amp;P 500</b>	<b>97.0%</b>	<b>474</b>	<b>70%</b>	<b>26%</b>	<b>3.8%</b>	<b>6.8%</b>	<b>43%</b>	<b>32%</b>	<b>1.2%</b>	<b>4.2%</b>	
S&P ex. Tech	99.1%	417	68%	29%	3.8%	4.3%	41%	35%	1.1%	3.4%	
S&P 500 ex. Financials & Real Est	96.2%	372	70%	27%	3.4%	6.9%	44%	34%	0.9%	5.0%	
S&P 500 ex. Energy	96.8%	451	73%	24%	4.5%	11.6%	43%	30%	1.4%	5.0%	
S&P ex. Energy, Financials & Real Est	96.0%	349	74%	23%	4.3%	13.0%	44%	33%	1.1%	6.0%	
Communication Services	100.0%	22	91%	5%	11.9%	25.6%	50%	27%	0.5%	7.3%	
Consumer Discretionary	98.3%	45	69%	36%	9.6%	11.3%	47%	40%	1.6%	5.7%	
Consumer Staples	94.9%	31	71%	19%	2.5%	4.2%	39%	48%	0.3%	1.4%	
Energy	100.0%	23	17%	74%	-8.6%	-40.7%	39%	61%	-1.7%	-3.8%	
Financials	100.0%	71	79%	21%	6.0%	7.7%	49%	27%	3.4%	-1.1%	
Health Care	99.1%	60	78%	18%	3.1%	14.5%	63%	12%	3.4%	10.4%	
Industrials	99.6%	75	69%	25%	-6.3%	-2.8%	21%	45%	-1.5%	-0.7%	
Information Technology	89.3%	57	91%	7%	3.6%	18.2%	60%	7%	1.6%	12.0%	
Materials	96.8%	28	46%	50%	-3.9%	-5.3%	32%	46%	-0.7%	-1.0%	
Real Estate	100.0%	31	55%	29%	0.1%	0.6%	23%	13%	0.3%	5.7%	
Utilities	100.0%	31	65%	35%	9.7%	16.1%	39%	55%	-1.6%	3.8%	
Great 8 *	100.0%	9	100%	0%	10.5%	32.5%	78%	11%	1.3%	15.4%	
S&P ex Great 8	96.1%	468	69%	26%	1.8%	0.8%	42%	32%	1.1%	2.8%	

\* # Beat, # miss and weighted surprise % is based on EPS and sales estimate as of 9/30/2024 (as of 9/1/2024 for pre-season reporters)

EPS is considered beat or miss when the difference between actual and estimate as of 9/30/2024 is more than \$0.01 (9/1/2024 for pre-season reporters)

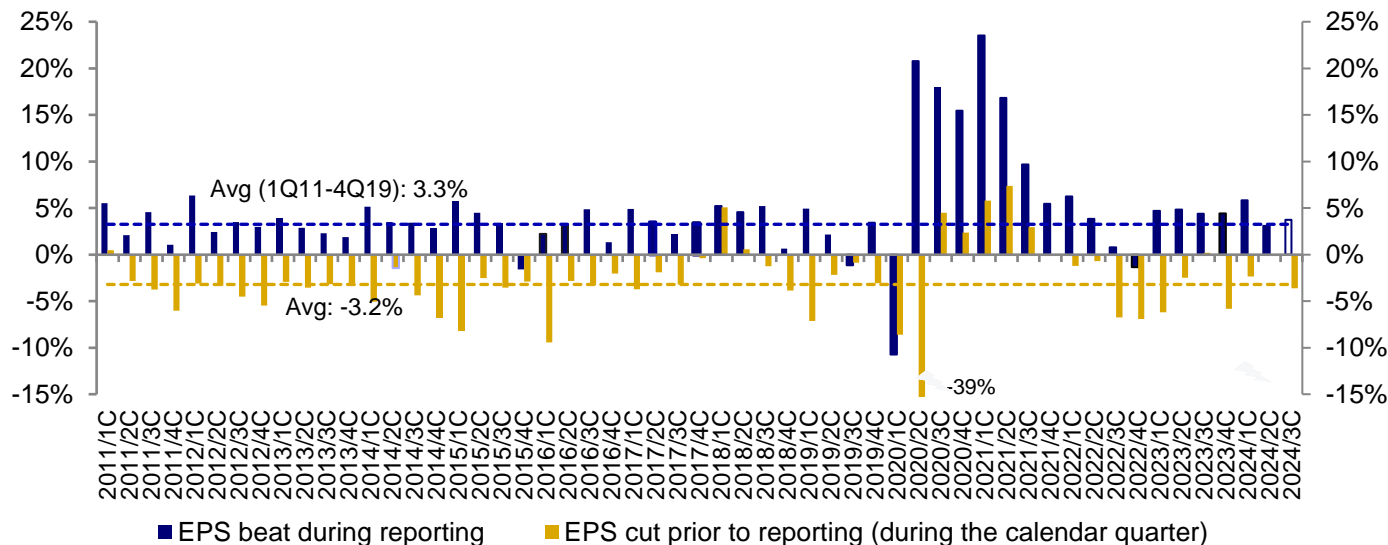
Sales is considered beat or miss when the difference between actual and estimate as of 9/30/2024 is more than \$20 million (9/1/2024 for pre-season reporters)

Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 QUARTERLY EPS REVISION AND SURPRISE



**S&P 500: EPS CUT DURING THE CALENDAR QUARTER VS. EPS BEAT DURING EARNINGS SEASON**



Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 EPS GROWTH BY SECTOR



3Q24 is blended with actual for reported and consensus for the rest

EPS growth (y/y)	2021					2022					2023					2024		
	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24
<b>S&amp;P 500</b>	<b>49.8%</b>	<b>89.1%</b>	<b>40.1%</b>	<b>32.1%</b>	<b>55.3%</b>	<b>10.5%</b>	<b>8.0%</b>	<b>4.8%</b>	<b>-3.1%</b>	<b>1.0%</b>	<b>-0.4%</b>	<b>-2.8%</b>	<b>6.3%</b>	<b>8.6%</b>	<b>2.6%</b>	<b>7.6%</b>	<b>12.6%</b>	<b>7.0%</b>
S&P 500 ex. Tech	49.3%	100.7%	40.1%	34.7%	52.2%	9.9%	10.0%	6.4%	-1.1%	6.0%	1.6%	-4.6%	4.3%	4.1%	2.0%	3.3%	10.5%	4.4%
S&P 500 ex. Financials & Real Est	38.3%	77.9%	42.3%	38.5%	55.2%	17.7%	14.3%	8.7%	-2.0%	4.0%	-1.9%	-5.4%	3.6%	9.7%	1.0%	6.6%	11.7%	7.0%
S&P 500 ex. Energy	51.0%	75.6%	32.8%	24.5%	48.4%	5.1%	-2.3%	-2.8%	-7.3%	-5.7%	-2.5%	3.7%	11.8%	12.1%	5.9%	10.7%	13.4%	11.6%
S&P ex. Energy, Fin & Real Est	39.4%	62.0%	32.9%	28.4%	46.4%	10.6%	1.1%	-0.9%	-7.4%	-4.5%	-4.7%	2.5%	9.9%	14.4%	5.0%	10.6%	12.7%	13.0%
Communication Services	53.7%	67.9%	41.4%	17.5%	39.4%	-4.1%	-13.5%	-21.9%	-27.2%	-17.3%	-10.7%	14.3%	45.6%	53.0%	24.2%	42.9%	7.8%	25.6%
Consumer Discretionary	169.2%	356.1%	18.9%	90.6%	96.1%	-25.9%	-7.9%	20.1%	-13.9%	-4.9%	55.0%	52.7%	36.6%	34.4%	43.0%	26.8%	14.6%	11.1%
<i>Cons. Disc. ex. Auto</i>	105.9%	213.2%	37.0%	110.3%	95.1%	-36.7%	-18.5%	13.7%	-26.8%	-12.8%	82.6%	60.1%	48.6%	65.3%	61.0%	42.2%	20.0%	9.2%
<i>Cons. Disc. ex. Broadline Retail</i>	168.6%	1550.2%	39.7%	90.5%	118.8%	15.3%	25.4%	23.4%	34.1%	28.4%	21.6%	24.7%	21.7%	4.4%	17.4%	7.0%	0.7%	1.5%
<i>Cons. Disc. ex. Auto &amp; Broadline Retail</i>	82.1%	493.9%	78.3%	127.7%	123.9%	19.0%	16.9%	16.7%	26.3%	27.8%	28.2%	23.9%	30.7%	24.0%	26.1%	16.7%	3.2%	-2.9%
Consumer Staples	19.6%	16.3%	6.6%	7.1%	12.5%	4.2%	-3.7%	-0.9%	-2.5%	-4.1%	-2.2%	4.2%	3.7%	2.9%	7.3%	6.1%	3.2%	3.8%
Energy	10.2%	245%	1958%	9287%	-1202%	249.5%	301.9%	147.4%	62.7%	158.1%	26.0%	-47.9%	-33.2%	-22.8%	-25.5%	-24.6%	0.4%	-40.7%
Financials	115.6%	161.9%	34.4%	12.4%	62.3%	-13.3%	-15.5%	-12.1%	-9.5%	-12.5%	6.8%	9.5%	22.1%	4.6%	10.4%	12.1%	18.6%	7.7%
Health Care	27.2%	25.0%	27.4%	26.8%	27.5%	17.4%	9.0%	0.4%	-3.4%	6.9%	-14.6%	-26.4%	-18.0%	-14.5%	-19.7%	-24.8%	19.1%	14.5%
Industrials	7.9%	245.2%	59.7%	30.8%	63.8%	23.4%	18.3%	13.9%	36.8%	18.0%	17.8%	19.9%	15.5%	9.0%	20.3%	6.8%	2.6%	-2.8%
<i>Industrials ex. Aerospace &amp; Defense</i>	6.9%	170.3%	69.2%	41.5%	71.7%	27.1%	27.0%	23.5%	20.8%	21.0%	17.3%	19.6%	9.9%	8.1%	19.0%	3.9%	3.0%	5.7%
<i>Industrials ex. Transportation</i>	21.7%	108.0%	22.6%	2.0%	29.8%	9.7%	7.9%	6.1%	38.0%	13.8%	16.5%	15.8%	22.3%	11.6%	17.1%	11.7%	4.0%	-10.1%
Information Technology	51.6%	52.7%	40.4%	24.2%	65.8%	13.1%	-0.5%	-1.7%	-9.7%	-14.9%	-8.1%	5.2%	15.2%	25.1%	4.8%	25.9%	20.9%	17.5%
Materials	52.5%	146.4%	100.1%	77.8%	95.0%	51.3%	20.4%	-8.5%	-21.7%	7.9%	-22.5%	-26.5%	-17.5%	-17.9%	-21.9%	-18.8%	-5.3%	-2.2%
Real Estate	9.2%	30.1%	18.8%	10.3%	15.3%	16.9%	10.8%	10.6%	9.1%	12.1%	-2.3%	-0.1%	-0.9%	0.2%	0.3%	3.9%	-1.9%	0.6%
Utilities	-21.5%	6.7%	6.7%	7.6%	-4.0%	43.0%	-16.4%	-3.3%	-13.1%	1.5%	-20.2%	12.1%	5.2%	27.4%	8.2%	23.2%	15.6%	16.1%

Note: Based on S&P 500 current index constituents compiled as of 3/31/2024.

Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.



# S&P 500 SALES GROWTH BY SECTOR



3Q24 is blended with actual for reported and consensus for the rest

Sales growth (y/y)	2021					2022					2023					2024		
	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24
<b>S&amp;P 500</b>	<b>9.5%</b>	<b>21.8%</b>	<b>13.9%</b>	<b>15.2%</b>	<b>15.0%</b>	<b>13.6%</b>	<b>12.2%</b>	<b>13.0%</b>	<b>9.0%</b>	<b>11.9%</b>	<b>9.1%</b>	<b>7.1%</b>	<b>5.0%</b>	<b>6.2%</b>	<b>6.8%</b>	<b>4.5%</b>	<b>4.7%</b>	<b>4.4%</b>
S&P 500 ex. Tech	10.5%	25.0%	15.8%	15.7%	17.0%	13.5%	12.3%	12.4%	9.1%	11.7%	9.2%	6.9%	5.0%	6.5%	7.0%	4.6%	4.7%	3.4%
S&P 500 ex. Financials & Real Est	11.9%	26.6%	17.4%	16.5%	19.0%	15.4%	13.3%	12.5%	8.0%	11.6%	7.0%	4.8%	4.0%	6.1%	6.0%	4.2%	5.0%	5.2%
S&P 500 ex. Energy	12.4%	20.7%	13.6%	11.6%	14.2%	10.4%	6.7%	8.6%	7.1%	8.1%	9.0%	10.7%	7.1%	8.2%	8.9%	5.7%	5.0%	5.1%
S&P ex. Energy, Fin & Real Est	12.7%	22.2%	13.8%	11.8%	15.8%	11.9%	7.4%	8.7%	7.3%	8.1%	8.2%	9.9%	6.7%	7.9%	9.1%	5.1%	4.7%	6.2%
Communication Services	8.4%	22.3%	13.2%	22.7%	19.8%	8.0%	7.6%	5.6%	4.5%	2.4%	5.0%	3.3%	5.9%	6.5%	5.0%	6.7%	5.9%	7.3%
Consumer Discretionary	22.7%	39.0%	12.4%	12.4%	14.3%	10.7%	12.7%	15.8%	11.2%	11.4%	8.9%	9.7%	7.1%	5.7%	8.1%	5.7%	5.0%	5.6%
<i>Cons. Disc. ex. Auto</i>	27.6%	33.2%	18.6%	14.7%	15.9%	10.6%	9.5%	11.5%	7.8%	8.1%	6.6%	6.4%	6.7%	6.7%	7.1%	6.6%	4.7%	5.7%
<i>Cons. Disc. ex. Broadline Retail</i>	16.5%	44.5%	11.4%	13.8%	11.8%	12.2%	14.8%	16.4%	12.4%	12.3%	8.7%	9.4%	5.2%	2.5%	6.8%	3.3%	3.3%	3.6%
<i>Cons. Disc. ex. Auto &amp; Broadline Retail</i>	20.8%	37.1%	20.3%	18.0%	13.2%	12.6%	10.8%	10.3%	7.5%	7.7%	5.3%	4.3%	3.9%	2.6%	4.7%	3.5%	2.0%	2.9%
Consumer Staples	5.7%	13.0%	11.8%	10.8%	11.2%	10.3%	9.4%	9.3%	6.0%	6.6%	4.9%	2.6%	3.3%	2.5%	1.3%	0.4%	4.1%	1.6%
Energy	3.6%	107.8%	70.8%	89.1%	65.5%	56.1%	77.6%	49.9%	14.4%	47.5%	-3.1%	-28.7%	-15.8%	-9.9%	-16.5%	-3.7%	8.0%	-3.8%
Financials	11.3%	12.4%	11.9%	9.8%	5.0%	1.1%	1.7%	7.6%	6.2%	7.6%	14.6%	16.1%	9.8%	9.9%	8.2%	9.7%	7.2%	-1.1%
Health Care	10.0%	19.4%	15.9%	14.4%	15.2%	15.6%	10.6%	5.9%	4.7%	8.9%	3.6%	5.0%	6.2%	7.3%	4.0%	6.7%	7.7%	10.4%
Industrials	1.6%	27.3%	16.4%	13.2%	17.4%	12.8%	13.1%	13.1%	11.0%	10.5%	6.3%	3.5%	3.3%	5.5%	4.3%	3.7%	2.8%	-0.7%
<i>Industrials ex. Aerospace &amp; Defense</i>	6.6%	35.3%	22.7%	20.9%	24.0%	19.2%	18.9%	16.6%	10.6%	13.0%	9.2%	4.9%	4.4%	6.0%	4.0%	2.3%	2.3%	-1.1%
<i>Industrials ex. Transportation</i>	2.6%	21.0%	9.3%	5.6%	14.1%	6.0%	6.3%	10.1%	11.9%	7.0%	7.3%	7.1%	6.8%	8.0%	6.3%	4.5%	2.5%	-2.3%
Information Technology	22.9%	21.1%	24.0%	15.7%	17.5%	13.6%	8.4%	7.2%	-2.3%	7.3%	-2.4%	-0.4%	2.4%	7.4%	0.4%	7.7%	10.8%	13.0%
Materials	16.3%	39.6%	36.8%	42.1%	30.0%	24.1%	17.3%	5.9%	-4.5%	12.1%	-6.8%	-11.3%	-9.5%	-4.0%	-20.1%	2.3%	1.9%	-0.9%
Real Estate	2.9%	19.2%	16.6%	18.4%	12.6%	20.7%	17.1%	14.3%	8.0%	14.6%	6.1%	6.5%	6.5%	8.2%	6.7%	7.4%	5.4%	5.7%
Utilities	9.2%	5.5%	4.8%	51.0%	20.6%	19.1%	29.8%	32.5%	20.1%	11.0%	12.5%	-2.8%	-6.3%	-8.1%	-1.3%	-8.2%	3.9%	3.8%

Note: Based on S&P 500 current index constituents compiled as of 3/31/2024.

Source: Factset, DWS Investment GmbH as of 11/21/2024 . For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 NET MARGINS BY SECTOR



3Q24 is blended with actual for reported and consensus for the rest

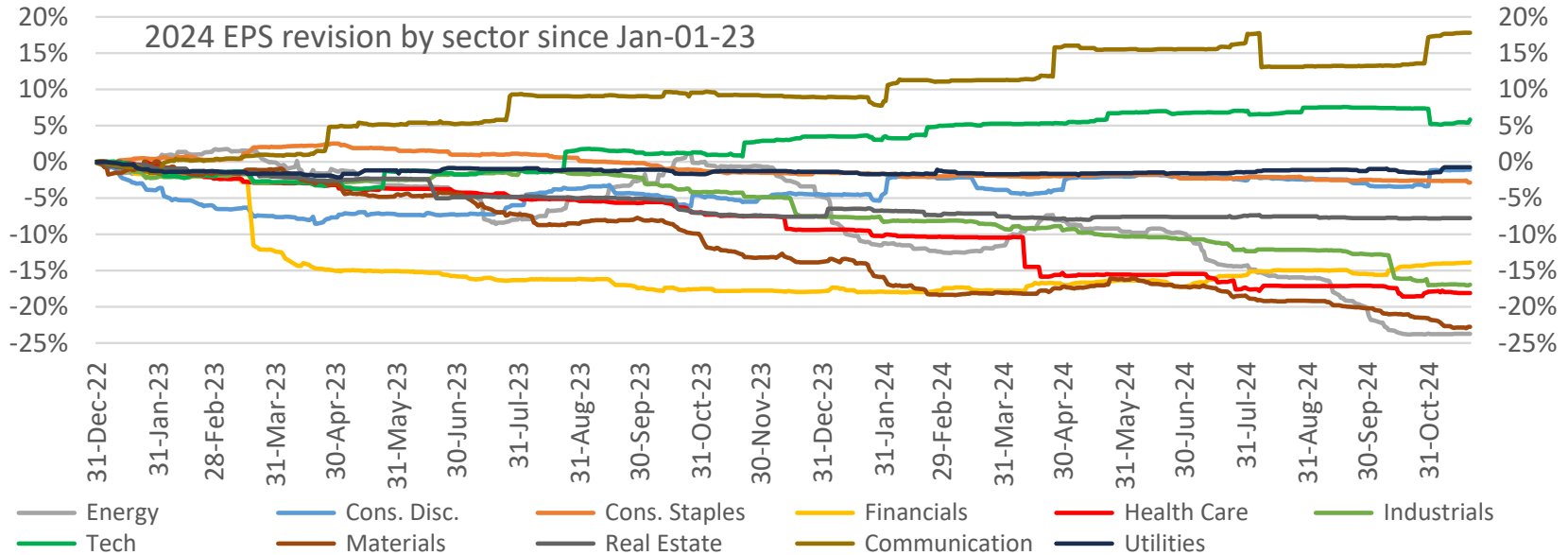
Net margins	2021					2022					2023					2024		
	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24
<b>S&amp;P 500</b>	<b>13.6%</b>	<b>13.9%</b>	<b>13.7%</b>	<b>13.2%</b>	<b>14.1%</b>	<b>13.1%</b>	<b>13.1%</b>	<b>12.6%</b>	<b>11.6%</b>	<b>12.6%</b>	<b>11.9%</b>	<b>11.8%</b>	<b>12.6%</b>	<b>11.7%</b>	<b>11.9%</b>	<b>12.0%</b>	<b>12.5%</b>	<b>13.3%</b>
S&P 500 ex. Tech	12.3%	12.6%	12.3%	11.6%	12.1%	11.7%	12.0%	11.4%	10.2%	11.3%	10.7%	10.6%	11.2%	9.9%	10.6%	10.4%	11.0%	11.7%
S&P 500 ex. Financials & Real Est	11.9%	12.3%	12.5%	12.1%	12.7%	12.0%	12.1%	11.8%	10.6%	11.6%	10.7%	10.8%	11.6%	10.9%	10.9%	10.9%	11.4%	12.3%
S&P 500 ex. Energy	14.3%	14.4%	14.1%	13.5%	14.7%	13.4%	12.9%	12.3%	11.4%	12.5%	11.8%	12.0%	12.7%	11.7%	12.0%	12.2%	12.8%	13.7%
S&P ex. Energy, Fin & Real Est	12.5%	12.8%	12.9%	12.3%	13.2%	12.2%	11.8%	11.4%	10.4%	11.4%	10.5%	10.9%	11.7%	10.9%	10.9%	11.0%	11.6%	12.6%
Communication Services	19.9%	19.8%	19.1%	18.0%	18.3%	17.4%	15.0%	13.2%	11.6%	14.0%	14.1%	15.9%	17.6%	16.3%	16.0%	18.5%	15.9%	20.2%
Consumer Discretionary	8.0%	8.3%	7.9%	8.3%	8.0%	5.1%	6.5%	7.9%	6.2%	6.5%	7.0%	8.9%	9.9%	7.7%	8.4%	8.2%	9.5%	10.3%
Cons. Disc. ex. Auto	7.7%	9.0%	8.2%	8.8%	8.0%	4.1%	6.3%	8.0%	5.7%	6.1%	6.6%	9.3%	11.0%	8.6%	9.0%	8.6%	10.4%	11.3%
Cons. Disc. ex. Broadline Retail	8.0%	8.7%	9.5%	7.3%	8.1%	7.9%	9.1%	9.7%	8.4%	9.0%	8.5%	10.1%	11.0%	8.3%	9.5%	8.5%	9.6%	10.4%
Cons. Disc. ex. Auto & Broadline Retail	7.5%	9.8%	10.6%	7.8%	8.3%	7.5%	9.8%	10.7%	8.6%	9.3%	8.6%	11.3%	13.1%	10.1%	10.8%	9.2%	11.1%	12.2%
Consumer Staples	7.4%	7.6%	7.4%	7.0%	7.1%	6.9%	6.6%	6.6%	6.3%	6.3%	6.7%	7.0%	6.9%	6.7%	6.9%	7.0%	6.9%	7.0%
Energy	4.5%	6.4%	8.9%	9.4%	7.4%	10.3%	14.4%	14.4%	12.8%	12.8%	12.7%	9.9%	10.8%	10.6%	10.8%	9.7%	9.2%	8.5%
Financials	23.4%	22.9%	20.4%	19.8%	22.8%	19.4%	18.3%	16.2%	16.5%	18.0%	17.8%	17.0%	17.7%	15.4%	18.0%	17.8%	18.4%	19.0%
Health Care	11.6%	11.4%	11.4%	10.4%	11.0%	11.7%	11.1%	10.7%	9.5%	10.6%	9.5%	7.7%	8.1%	7.4%	8.1%	6.6%	8.3%	8.3%
Industrials	8.3%	9.7%	9.7%	8.4%	8.6%	8.8%	9.8%	9.4%	10.0%	9.0%	9.5%	11.1%	10.4%	10.3%	10.2%	9.6%	10.9%	9.9%
Industrials ex. Aerospace & Defense	9.5%	10.6%	11.1%	10.6%	9.8%	9.9%	11.0%	11.3%	11.3%	10.2%	10.3%	12.3%	11.8%	11.4%	11.5%	10.2%	12.2%	12.5%
Industrials ex. Transportation	10.0%	10.7%	10.5%	8.6%	9.6%	10.2%	10.6%	9.7%	10.4%	10.0%	10.7%	11.3%	11.1%	10.8%	10.8%	11.3%	11.4%	9.9%
Information Technology	24.2%	24.5%	24.8%	25.1%	29.5%	23.9%	22.2%	22.4%	22.8%	23.1%	22.0%	23.2%	25.0%	26.3%	23.8%	25.7%	25.3%	25.9%
Materials	12.4%	15.6%	14.4%	14.2%	12.4%	14.7%	15.4%	12.0%	11.3%	11.5%	11.9%	12.5%	10.7%	9.6%	11.0%	9.5%	11.7%	10.0%
Real Estate	36.0%	36.9%	35.6%	33.6%	35.7%	36.4%	36.6%	36.1%	35.8%	36.4%	35.2%	35.9%	35.1%	34.2%	35.7%	35.5%	34.9%	34.6%
Utilities	12.5%	16.2%	18.9%	11.0%	12.2%	15.2%	10.7%	13.9%	8.2%	11.3%	10.9%	12.5%	15.7%	11.5%	12.5%	14.7%	13.9%	17.5%

S&P net margins surged to record high of 13.9% in 2021, led by digital firms, and consumer goods producers/retailers. We see some cyclical setbacks in net margins. S&P 500 net margins are cyclical, but not mean reverting, they have been rising since mid-1990s for structural reasons.

Note: Blue represents net margin expansion y/y, Orange represents net margin contraction y/y. Based on S&P 500 current index constituents compiled as of 3/31/2024.

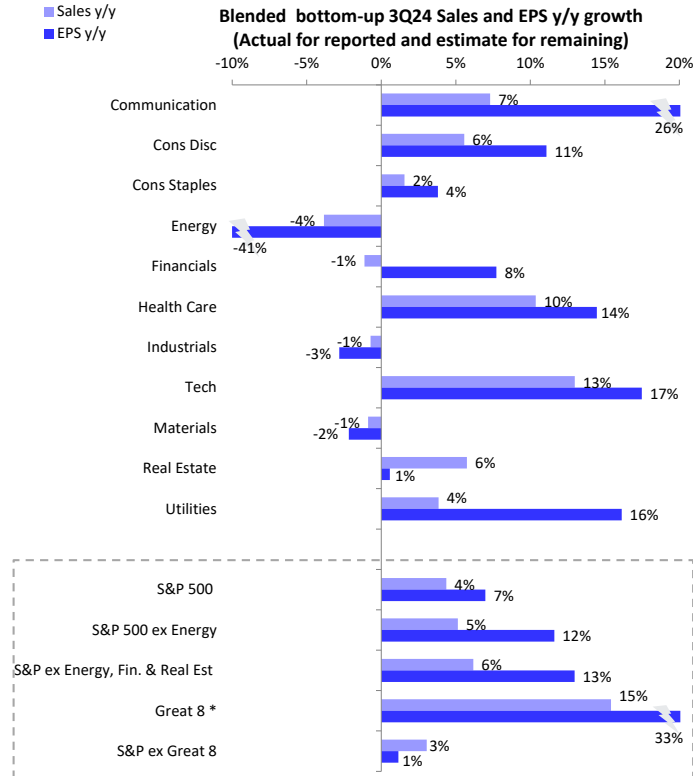
Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 2024 EPS REVISION BY SECTOR



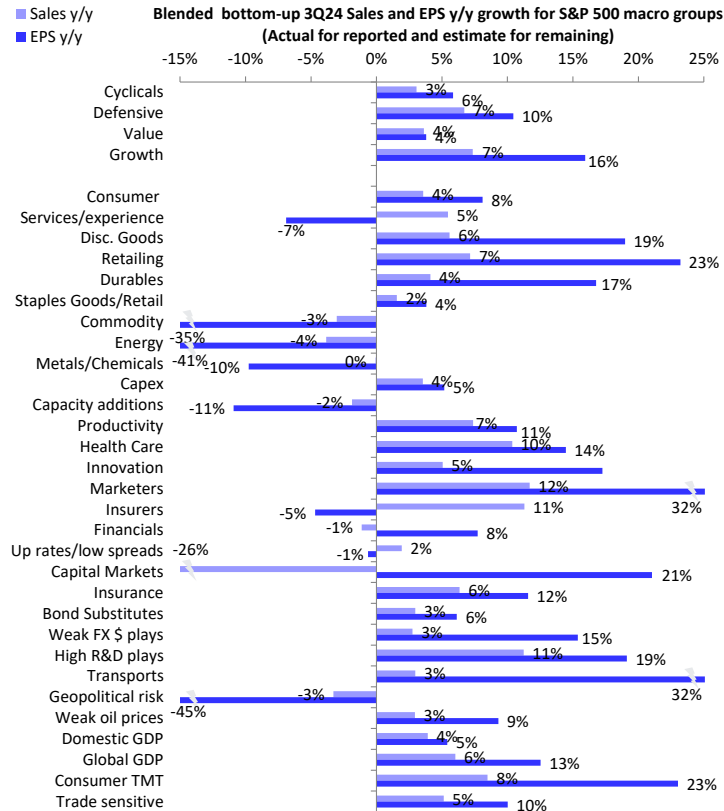
Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

# S&P 500 EPS AND SALES Y/Y GROWTH BY SECTOR



Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

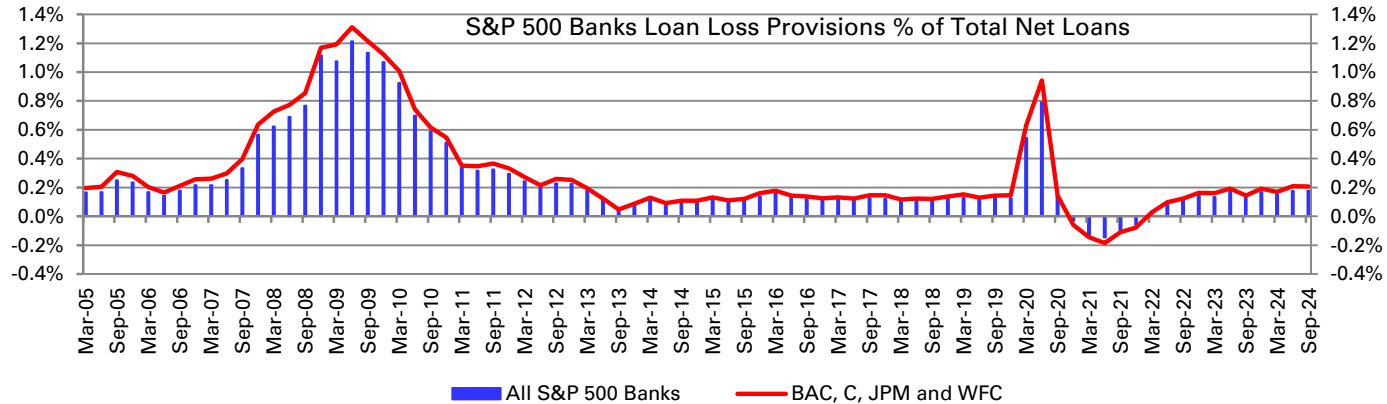
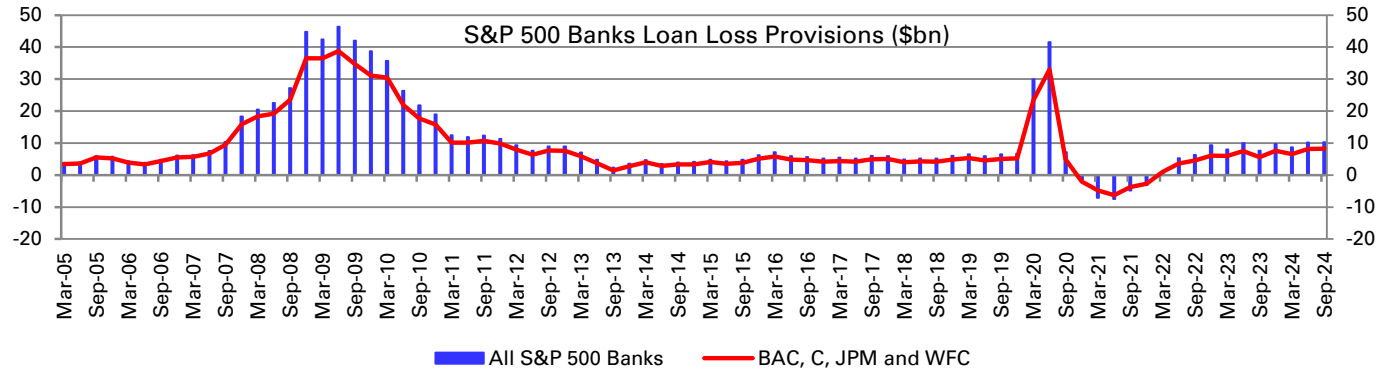
# S&P 500 EPS AND SALES Y/Y GROWTH FOR MACRO GROUPS



Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

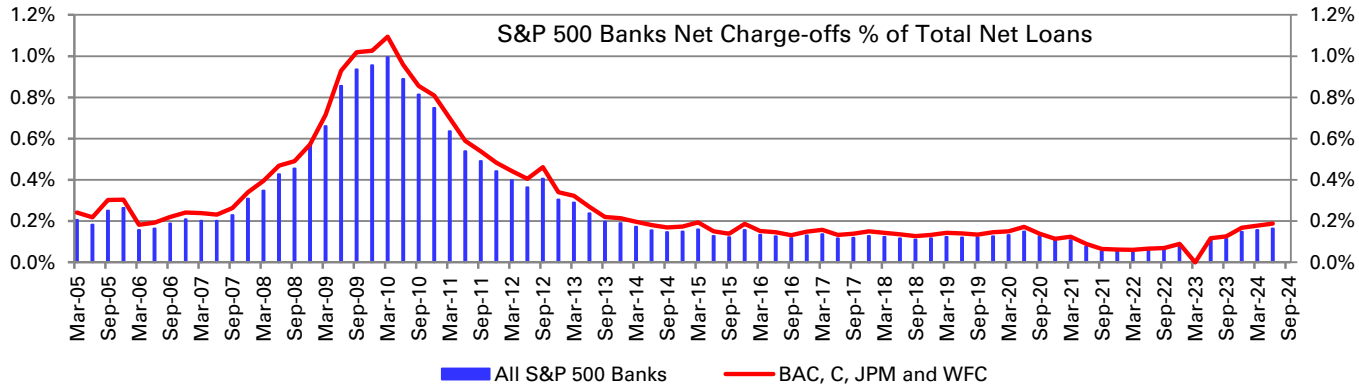
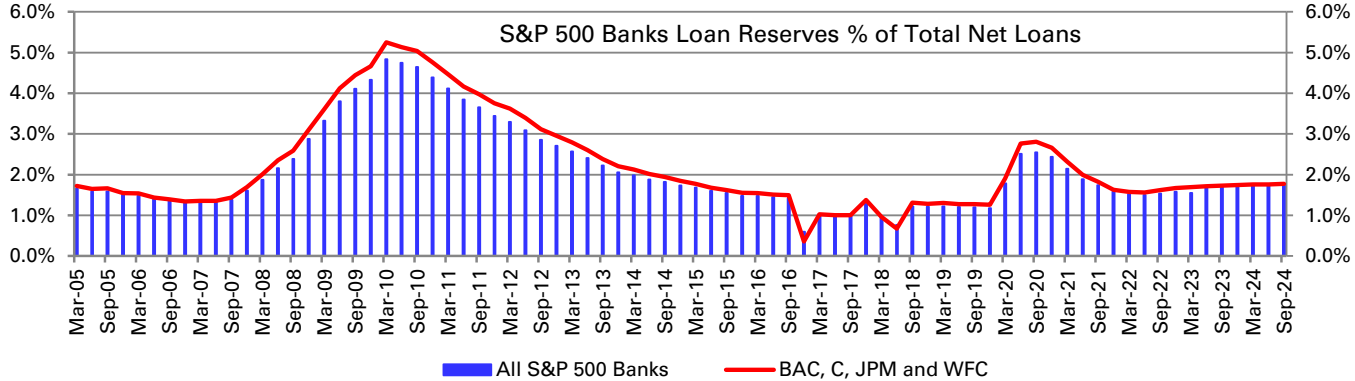
For institutional use and registered representative use only. Not for public viewing or distribution.

# S&P 500 BANKS LOAN LOSS PROVISIONS



Source: Factset, DWS Investment GmbH as of 11/21/2024 . For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 BANKS LOAN RESERVES AND CHARGE-OFFS



Source: Factset, DWS Investment GmbH as of 11/21/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 EPS MODEL



	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	y/y	2014-2023 CAGR	Bottom-up Consensus (IBES)				DWS View				Normalized 2025	
													2024E	y/y	2025E	y/y	2024E	y/y	2025E	y/y	(\$)	% of 2025
<b>S&amp;P 500 EPS (historical index)</b>	<b>\$118.82</b>	<b>\$117.46</b>	<b>\$118.10</b>	<b>\$132.00</b>	<b>\$161.93</b>	<b>\$162.93</b>	<b>\$139.72</b>	<b>\$208.12</b>	<b>\$218.09</b>	<b>\$221.36</b>	<b>1.5%</b>	<b>7.2%</b>										
<b>S&amp;P 500 EPS (current constituents)</b>	<b>\$116.65</b>	<b>\$116.91</b>	<b>\$117.56</b>	<b>\$131.11</b>	<b>\$157.84</b>	<b>\$159.30</b>	<b>\$143.13</b>	<b>\$217.76</b>	<b>\$217.69</b>	<b>\$221.46</b>	<b>1.7%</b>	<b>7.4%</b>	\$244	10.0%	\$276	13.4%	\$245	10.6%	\$275	12.2%	\$280	102%
<b>Sector (\$ bn)</b>																						
Communication Services	66.5	76.8	89.0	97.0	121.3	128.1	132.1	183.9	143.8	172.7	20.1%	11.2%	213.9	23.9%	245.7	14.8%	215.0	24.5%	245.0	14.0%	244.8	100%
Consumer Discretionary	56.8	67.2	74.8	79.0	94.1	92.4	62.7	121.7	111.2	155.4	39.7%	11.8%	179.4	15.5%	199.5	11.2%	178.8	15.1%	200.0	11.9%	209.7	105%
Consumer Staples	84.3	83.1	85.9	90.2	97.3	98.3	105.7	118.3	112.0	125.5	12.0%	4.5%	127.6	1.7%	134.6	5.5%	127.0	1.2%	132.5	4.3%	129.7	98%
Energy	94.9	40.0	10.8	37.2	69.3	48.1	-6.6	76.7	195.3	138.5	-29.1%	4.3%	111.9	-19.3%	117.2	4.7%	110.0	-20.6%	120.5	9.5%	120.5	100%
Financials	183.2	198.8	202.7	211.9	260.9	274.8	224.9	361.0	306.9	332.0	8.2%	6.8%	373.0	12.3%	405.2	8.6%	376.5	13.4%	405.0	7.6%	399.9	99%
Health Care	137.2	152.1	156.9	171.2	187.8	205.6	226.2	292.0	308.0	243.6	-20.9%	6.6%	269.0	10.4%	307.3	14.2%	272.0	11.7%	303.0	11.4%	297.8	98%
Industrials	96.2	97.5	94.6	104.3	128.2	111.0	70.4	116.8	134.3	158.5	18.1%	5.7%	161.8	2.1%	188.4	16.4%	163.5	3.1%	190.5	16.5%	195.9	103%
Information Technology	162.5	168.9	174.2	208.6	243.5	238.4	271.0	446.5	375.3	388.1	3.4%	10.2%	460.0	18.5%	558.0	21.3%	465.0	19.8%	560.0	20.4%	578.3	103%
Materials	24.5	23.0	22.0	28.7	35.8	33.6	32.0	62.1	64.5	49.6	-23.2%	8.1%	46.1	-7.1%	54.5	18.3%	46.0	-7.2%	51.5	12.0%	50.5	98%
Real Estate	22.1	23.8	27.7	31.1	34.9	36.4	36.3	43.2	50.6	52.9	4.5%	10.2%	54.0	2.0%	56.5	4.8%	53.5	1.1%	56.0	4.7%	56.1	100%
Utilities	32.9	33.1	35.7	37.5	40.8	45.8	47.5	48.1	49.5	54.0	9.0%	5.6%	61.3	13.5%	66.6	8.7%	61.5	13.9%	68.5	11.3%	76.1	111%
<b>S&amp;P 500</b>	<b>961.1</b>	<b>964.4</b>	<b>974.3</b>	<b>1096.7</b>	<b>1313.9</b>	<b>1312.6</b>	<b>1202.3</b>	<b>1870.4</b>	<b>1851.5</b>	<b>1870.9</b>	<b>1.0%</b>	<b>7.7%</b>	<b>2058.0</b>	<b>10.0%</b>	<b>2333.6</b>	<b>13.4%</b>	<b>2068.8</b>	<b>10.6%</b>	<b>2332.5</b>	<b>12.7%</b>	<b>2359.2</b>	<b>101%</b>
S&P ex. Energy (\$bn)	866.3	924.3	963.5	1059.5	1244.5	1264.5	1208.9	1793.7	1656.2	1732.3	4.6%	8.0%	1946.1	12.3%	2216.4	13.9%	1958.8	13.1%	2212.0	12.9%	2238.7	101%
S&P ex. Tech (\$bn)	798.6	795.5	800.1	888.1	1070.4	1074.2	931.2	1423.9	1476.2	1482.7	0.4%	7.1%	1598.0	7.8%	1775.6	11.1%	1603.8	8.2%	1772.5	10.5%	1780.9	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	6.8%	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%												

<b>2019A</b>	<b>163</b>	39	41	41	42
<b>2020A</b>	<b>140</b>	33	28	38	42
<b>2021A</b>	<b>210</b>	49	53	54	54
<b>2022A</b>	<b>222</b>	55	58	56	53
<b>2023A</b>	<b>223</b>	53.00	54.25	58.5	57.25
<b>2024E</b>	<b>245</b>	58.00	60.00	62.00	65.00

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 3/31/2024. FFO is used for REITs instead of EPS.

Source: Factset, DWS Investment GmbH as of 11/21/2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index. 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. 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.



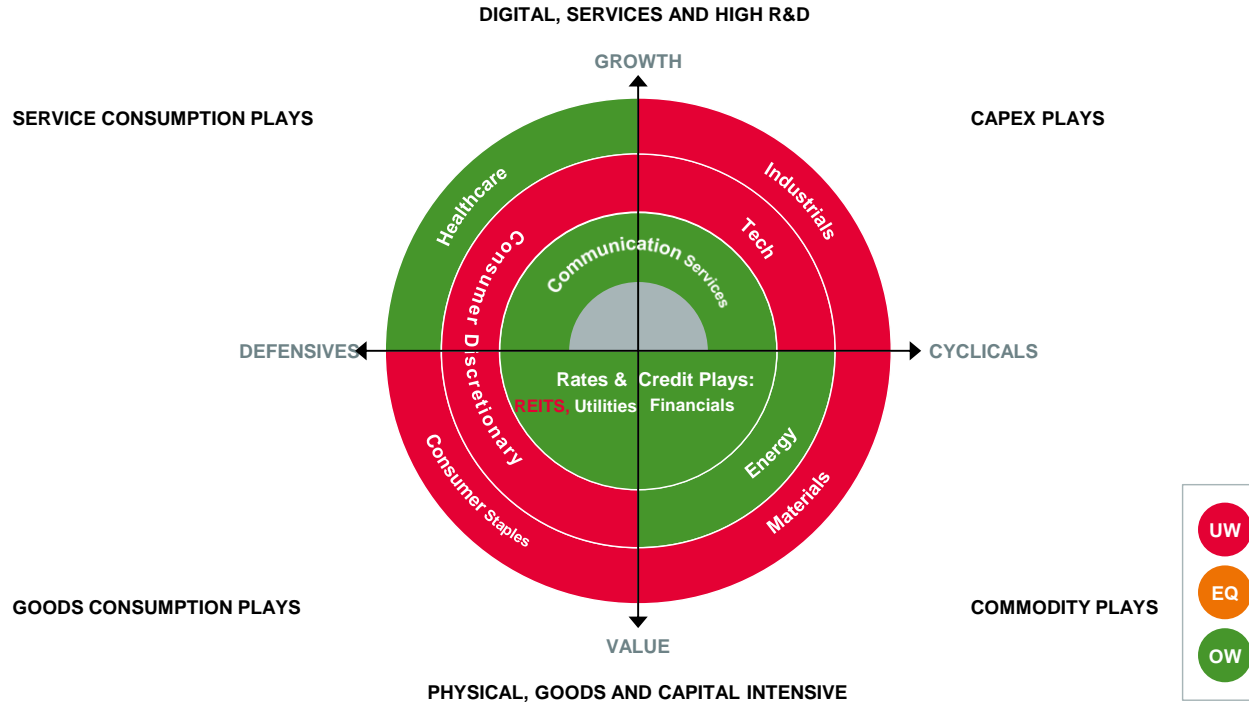
# S&P 500 SECTOR AND INDUSTRY ALLOCATION



	Market	Allocated	Sector	2022	2023	2024	Overweight	2022	2023	2024	Equal weight	2022	2023	2024	Underweight	2022	2023	2024	Sector OW	10.86%	
Over-weight	10.4%	15.2%	Health Care	17.5	21.8	19.8	Biotechnology Health Care Equipment & Supplies Pharmaceuticals	13.2 28.9 14.5	18.1 28.7 24.5	20.4 26.7 17.3	Health Care Providers & Services	17.8	16.7	16.8	Life Sciences Tools & Services	22.7	25.6	26.8	Sector OW	10.86%	
	13.9%	16.7%	Financials	23.2	20.8	18.9	Banks Insurance	16.5 24.1	14.0 19.7	14.4 16.0	Financial Services	33.8	29.9	26.4	Capital Markets Consumer Finance	25.9 16.2	26.7 18.5	21.9 16.2	Industry OW	-10.86%	
	3.5%	4.7%	Energy	9.8	12.9	17.4	Energy Equipment & Services	22.8	15.4	13.5	Oil Gas & Consumable Fuels	9.4	12.7	17.8					Industry UW	-18.01%	
	2.4%	3.6%	Utilities	25.0	22.9	20.1	Electric Utilities Multi-Utilities	24.3 20.8	21.9 21.8	19.4 20.4	Gas Utilities Independent Power & Renewable E Water Utilities	26.2 -413.6 31.3	23.7 64.5 28.0	21.3 25.8 25.2					Beta	0.90	
	9.0%	9.8%	Communication Services	32.4	25.5	21.7	Entertainment Interactive Media & Services	111.2 44.7	44.4 31.6	69.6 22.8	Diversified Telecommunication Ser Wireless Telecommunication Serv	8.6 114.8	9.3 32.6	10.0 25.83	Media	12.5	12.2	11.7	Tracking Error	275bp	
Under-weight	5.6%	5.2%	Consumer Staples	23.4	22.2	20.6	Beverages Personal Care Products	24.6 49.0	22.1 22.0	20.8 24.6	Consumer Staples Distribution & R Household Products	29.4 30.3	28.3 27.9	23.0 25.5	Tobacco Food Products	16.9 13.9	16.6 14.7	16.0 15.4	Macro tilts:		
	8.5%	8.0%	Industrials	31.0	26.1	25.5	Aerospace & Defense Electrical Equipment	43.4 35.2	39.8 35.1	38.6 26.9	Air Freight & Logistics Construction & Engineering Industrial Conglomerates Machinery Passenger Airlines	12.5 53.6 19.4 25.8 25.3	17.5 49.5 15.5 20.6 8.5	17.5 41.2 21.3 20.6 11.1	Building Products Commercial Services & Supplies Ground Transportation Professional Services Trading Companies & Distributors	27.0 41.5 62.6 36.8 34.1	33.2 36.9 30.5 32.3 28.4	25.6 34.0 25.4 29.5 27.0	Cyclicals	-4.62%	
	2.1%	1.5%	Materials	17.9	23.3	25.2				Chemicals Metals & Mining	18.1 9.9	22.8 14.9	25.0 18.9	Construction Materials Containers & Packaging	51.8 28.1	35.2 38.8	36.9 29.9	Defensive	4.65%		
	2.2%	1.3%	Real Estate	20.4	20.1	19.3	Specialized REITs	21.0	21.0	21.0	Hotel & Resort REITs Industrial REITs Office REITs Retail REITs	10.0 22.1 10.7 15.4	9.5 20.7 5.1 14.2	9.1 18.2 11.7 14.2	Health Care REITs Residential REITs Real Estate Mgmt. & Development	23.7 20.7 31.3	30.1 19.3 42.9	19.1 19.1 40.6	Value (Financial+Energy)	4.08%	
	10.7%	6.6%	Consumer Discretionary	47.4	33.3	29.5	Automobile Components	11	10.1	8.6	Distributors Leisure Products Textiles Apparel & Luxury Goods	14 13.9 23.3	14.6 21.5 25.8	16.9 16.1 22.2	Automobiles Household Durables Broadline Retail Hotels Restaurants & Leisure Multiline Retail Specialty Retail	36 13.2 -9082 69.4	38.6 13.3 63.4 26.2	39.3 13.7 36.1 26.9	Growth	1.62%	
	31.6%	27.2%	Information Technology	42.6	42.2	34.3	Software IT Services	47.6 28.2	41.2 26.0	35.1 24.9	Communications Equipment Technology Hardware Storage & P	23.7 34.9	21.5 38.4	21.5 32.0	Electronic Equipment Semiconductors	24.6 54.3	25.9 55.9	25.9 39.7	Growth ex Health Care	-3.16%	
	Aggregate PE: DWS View						Overweight	27.5	26.2	23.2	Equalweight	21.2	22.2	22.5	Underweight	36.1	33.4	28.3	Consumer	-4.55%	
	S&P 500							5949				2022, 2023& 2024 EPS	217.69	223.00	245.00	2022, 2023 & 2024 PE	27.3	26.7	24.3	Services/experience	-0.82%
												Bottom-up Consensus EPS	217.69	221.46	243.60	Bottom-up Cons. PE	27.3	26.9	24.4	Disc. Goods	-3.29%
																2022, 2023 & 2024 Ex Energy PE	27.9	27.9	24.8	Retailing	-1.35%
															Btm-up Cons. Ex Energy PE	29.4	27.7	25.0	Durables	-1.94%	
																			Staples Goods/Retail	-0.44%	
																			Commodity	1.01%	
																			Energy	1.24%	
																			Metals/Chemicals	-0.23%	
																			Capex	6.27%	
																			Capacity additions	2.77%	
																			Productivity	3.50%	
																			Health Care	4.78%	
																			Innovation	3.88%	
																			Marketers	1.79%	
																			Insurers	-0.12%	
																			Financials	2.84%	
																			Up rates/low spreads	0.96%	
																			Capital Markets	-0.21%	
																			Insurance	2.09%	
																			Bond Substitutes	0.06%	
																			Weak FX \$ plays	-0.25%	
																			High R&D plays	2.68%	
																			Transports	-0.70%	
																			Geopolitical risk	1.51%	
																			Weak oil prices	-0.70%	
																			Inflation shock	0.13%	
																			Stagflation Protection	4.23%	
																			Domestic GDP	-3.10%	
																			Global GDP	-6.13%	
																			Consumer TMT	-0.78%	
																			Trade sensitive	-3.51%	

Source: Factset, DWS Investment GmbH as of 11/21/2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# S&P 500 SECTOR STRATEGY: PER KEY MACRO PLAYS



Note: OW – Overweight; EQ – Equalweight; UW – Underweight.

Source: DWS Investment GmbH as of November 2024. It is not possible to invest directly in an index. 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. 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.

# 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	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	4,658	19.0	245.0	100%	244.8	-5%	232.6	11%	0.83	5.10%	4,560	20%	5,472	0.8%	5,845	23.9	25%	20%
Consumer Discretionary	5,271	26.4	200.0	105%	209.7	-6%	197.1	10%	0.76	5.25%	3,755	39%	5,200	0.9%	5,556	26.5	5%	0%
<i>Automobiles</i>	1,061	34.8	30.5	110%	33.6	-10%	30.2	32%	0.99	5.75%	525	50%	788	0.3%	851	25.4	-20%	-25%
<i>Broadline (Internet) Retail</i>	1,807	30.6	59.0	110%	64.9	-5%	61.7	0%	0.18	5.10%	1,209	75%	2,116	0.0%	2,276	35.1	26%	21%
<i>ex. Auto &amp; Broadline (Internet) Retail</i>	2,404	21.8	110.5	101%	111.3	-5%	105.3	13%	0.78	5.21%	2,021	14%	2,297	1.4%	2,443	22.0	2%	-4%
Consumer Staples	2,618	19.8	132.5	98%	129.7	-5%	123.2	14%	0.84	5.00%	2,464	5%	2,587	2.7%	2,711	20.9	4%	-2%
Energy	1,913	15.9	120.5	100%	120.5	-10%	108.5	14%	0.90	5.75%	1,886	-15%	1,603	1.6%	1,710	14.2	-11%	-16%
Financials	7,121	17.6	405.0	99%	399.9	-7%	370.8	11%	1.11	5.75%	6,449	0%	6,449	1.5%	6,882	17.2	-3%	-9%
<i>Banks</i>	1,871	13.7	136.5	100%	136.5	-7%	126.9	11%	1.11	6.00%	2,116	-10%	1,904	2.2%	2,025	14.8	8%	3%
Health Care	5,385	17.8	303.0	98%	297.8	-8%	274.0	10%	1.14	5.20%	5,269	13%	5,928	1.3%	6,306	21.2	17%	12%
Industrials	4,166	21.9	190.5	103%	195.9	-5%	186.1	15%	0.88	5.25%	3,544	10%	3,899	1.4%	4,148	21.2	0%	-6%
Information Technology	15,972	28.5	560.0	103%	578.3	-2%	566.7	2%	0.95	5.10%	11,111	40%	15,556	0.7%	16,630	28.8	4%	-1%
Materials	1,157	22.5	51.5	98%	50.5	-7%	46.9	16%	0.90	5.50%	853	10%	938	1.2%	1,002	19.9	-13%	-19%
Real Estate	1,032	18.4	56.0	100%	56.1	-10%	50.5	35%	1.79	5.25%	961	5%	1,009	3.3%	1,054	18.8	2%	-3%
Utilities	1,237	18.1	68.5	111%	76.1	-7%	70.8	79%	-0.81	5.25%	1,348	0%	1,348	2.9%	1,413	18.6	14%	9%
S&P 500 (\$ bn)	50,531	21.7	2332.5	101%	2359.2	-5.6%	2227.1			5.27%	42,201	18.5%	49990	1.2%	53,257	22.6	5%	0%
S&P 500 Index (\$/sh)	5949	21.6	275.0	102%	280.0	-5.4%	265.0	10%	0.93	5.25%	5048	18.5%	5982	1.2%	6361	22.7	7%	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 11/21/2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index. 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.

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 3/31/2024.

The estimated 2024 year-end upside is on absolute valuation basis of each sector, not on relative sector valuation basis. 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.

# 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	\$275.00	DWS 2025E S&P 500 DPS	\$85.00	DWS 2025E S&P 500 aggregate ROE	25.0%	Fair long-term nominal return on S&P 500 index	7.75%
DWS "normal 2025" S&P 500 EPS "Normal 2025E" EPS / 2025 EPS	\$280.00	DWS "normal 2025E" S&P 500 DPS Normal dividend payout ratio	\$85.00	2024E end S&P 500 book value per share DWS "normal 2025E" S&P 500 aggregate ROE	\$1,100 24.1%	Components of estimated fair S&P 500 return: + Long-term real risk free interest rate	2.00%
Accounting quality adjustment to pro forma EPS	-\$15.00	EPS directed to net share repurchases Normal share repurchase payout ratio	\$75.00 28%	S&P EPS retained for operating reinvestment Estimated ROE on reinvested S&P EPS Economic margin (EM) or ROE-CoE	40% 9.00% 1.25%	+ Long-term fair S&P 500 equity risk premium* = Long-term real S&P 500 cost of equity	3.25% 5.25%
Normal 2025E S&P 500 EPS fair to capitalize Key principle: steady-state value = normal EPS / real CoE	\$265	Total payout of S&P 500 EPS Total payout ratio of normal and quality adj. EPS	\$160.00 60%	Sources of long-term earnings growth: + Long-term inflation forecast + Fair return on operating reinvestment + Value added earnings growth on op. reinvestment = Long-term earnings growth	2.50% 2.08% 0.50% 5.08%	+ Long-term inflation forecast + Long-term real S&P 500 cost of equity	2.50% 7.75%
S&P 500 EPS Capitalization Valuation Normal EPS / (real CoE - (EM/payout) - EM): S&P 500 intrinsic value at 2025 start	5982	S&P 500 intrinsic value at 2025 end	6361	+ Growth from net share repurchases	1.25%	Fair S&P 500 Market Value and Book Value Multiple 2024E end S&P 500 book value per share	\$1,100
S&P 500 intrinsic value at 2025 end	6361	S&P 500 intrinsic value at 2025 end	6361	= Long-term S&P 500 EPS/DPS growth	6.33%	Fair PB = Fair PE * normal aggregate ROE	5.44
Implied fair fwd PE in early 2025 on 2025E \$275 EPS	21.8	Implied fair forward yield on 2025E DPS of \$85.0	1.42%	+ Fair normal dividend yield	1.42%	Fair PE =(inc ROE-g)/(inc real ROE*(real CoE-real g))	21.75
Implied fair trailing PE at 2025 end on 2025E \$275 EPS	23.1	Implied fair trailing yield on 2025E DPS of \$85.0	1.34%	= Total long-term return at constant PE	7.75%	Implied S&P 500 fair value of book at 2025 start	5982
Normal EPS / (real CoE - value added EPS growth)	6361	DPS discount model using true DPS (all payout)	6361	Value added growth premium in fair value est.	18.5%	Steady-state PB = normal agg. ROE / real CoE	4.59
						Confirmed by fair steady-state PE = 1 / real CoE	19.0
							\$207.25

## 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				
	\$270	\$275	\$280	\$285	\$290
4.75%	6739	6941	7147	7358	7573
5.00%	6353	6540	6731	6925	7123
5.25%	6010	6184	6361	6541	6724
5.50%	5703	5866	6031	6199	6369
5.75%	5427	5579	5734	5891	6051

Index	3M relative View	Current Level	Previous Target CIO Day Sep	Target Dec 25	Chg in Target	Expected Total Return Dec 25	Assumptions						
							thereof	EPS growth NTM*	LTM multiple impact	Dividend Yield	EPS NTM* (e)	EPS NTM DWS vs. Cons.	Target LTM P/E in Dec 25
S&P 500		5,984	5,800	6,500	12%	10.0%	USD	12.2%	-4%	1.3%	275	0.1%	23.5x
Stoxx 600		502	540	525	-3%	8.2%	EUR	6.0%	-2%	3.6%	37.9	-2.5%	13.9x
EuroStoxx 50		4,745	5,100	4,950	-3%	7.9%	EUR	6.0%	-2%	3.5%	366	-1.8%	13.6x
DAX40		19,034	20,000	20,500	2%	7.7%	EUR	6.6%	-3%	3.0%	1450	-4.0%	13.7x
SMI		11,712	12,350	12,050	-2%	6.3%	CHF	9.0%	-6%	3.4%	736	-0.1%	16.4x
FTSE 100		8,026	8,350	8,150	-2%	5.6%	GBP	4.0%	-2%	4.0%	87.7	-2.9%	11.8x
MSCI EM		1,103	1,140	1,150	1%	7.1%	USD	11.0%	-4%	2.9%	87.7	-6.0%	13.2x
MSCI AC Asia xJ		718	740	750	1%	7.1%	USD	11.0%	-4%	2.6%	53.3	-5.9%	14.1x
MSCI Japan		1,687	1,760	1,770	1%	7.3%	YEN	7.0%	-1%	2.4%	115.6	-0.9%	15.3x
MSCI Australia		1,652	1,550	1,650	6%	3.5%	AUD	2.0%	-1%	3.6%	89.8	0.1%	18.6x

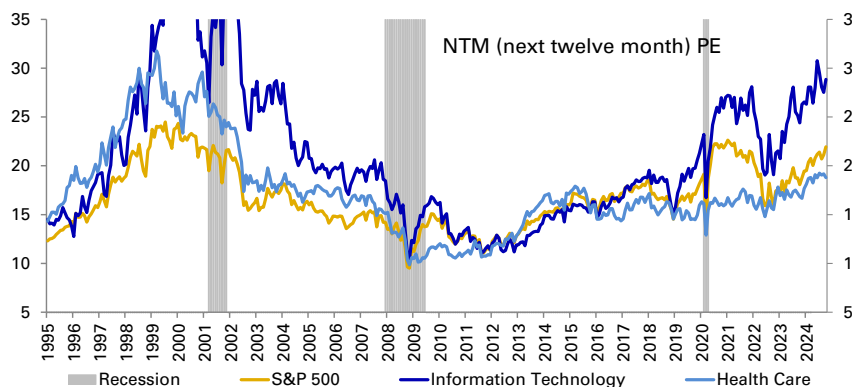
Source: DWS Investment Management GmbH. It is not possible to invest directly in an index. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. No representation or warranty is made by DWS as to the reasonableness or completeness of the forward-looking statements or to any other financial information contained herein.

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

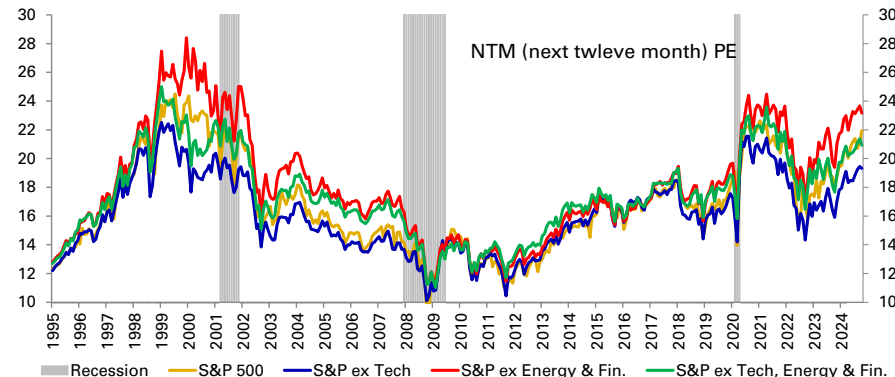
# S&P 500 PRICE-TO-EARNINGS (P/E) RATIO



## S&P 500, TECH AND HEALTH CARE FORWARD PE



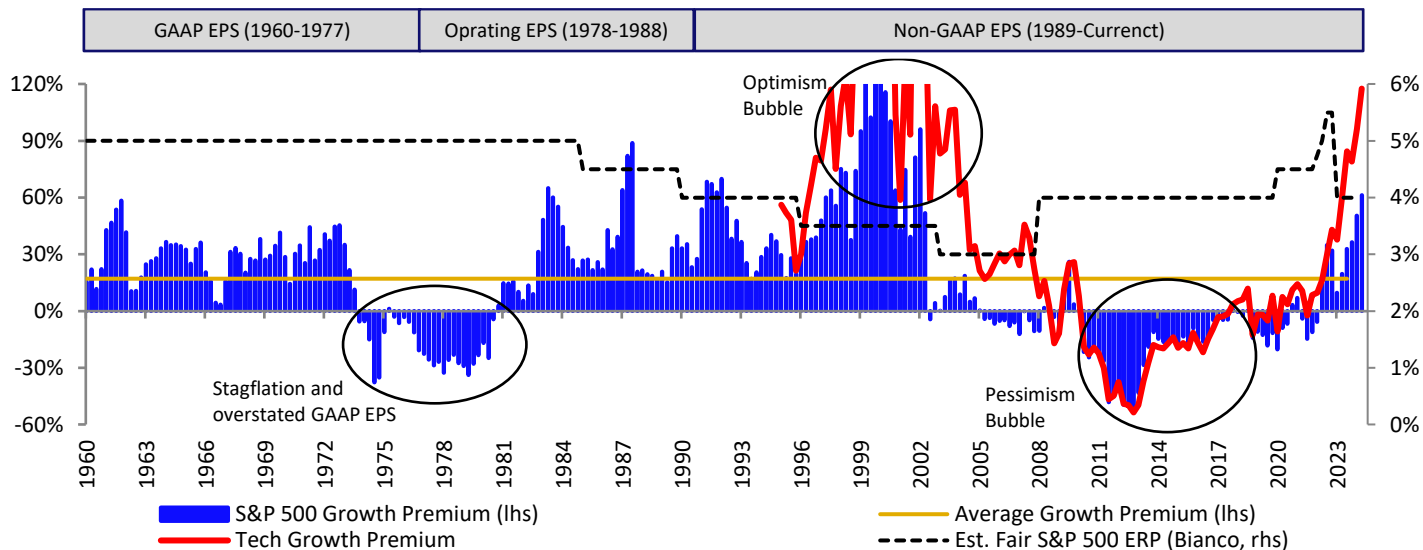
## S&P 500 EX TECH ENERGY & FINANCIALS FORWARD PE



Note: NTM – next twelve month. Forward PE is the price divided by consensus next twelve month EPS.

Source: Factset, DWS Investment GmbH as of 10/31/2024. It is not possible to invest directly in an index. Past performance is not a guarantee of future results. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. 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.

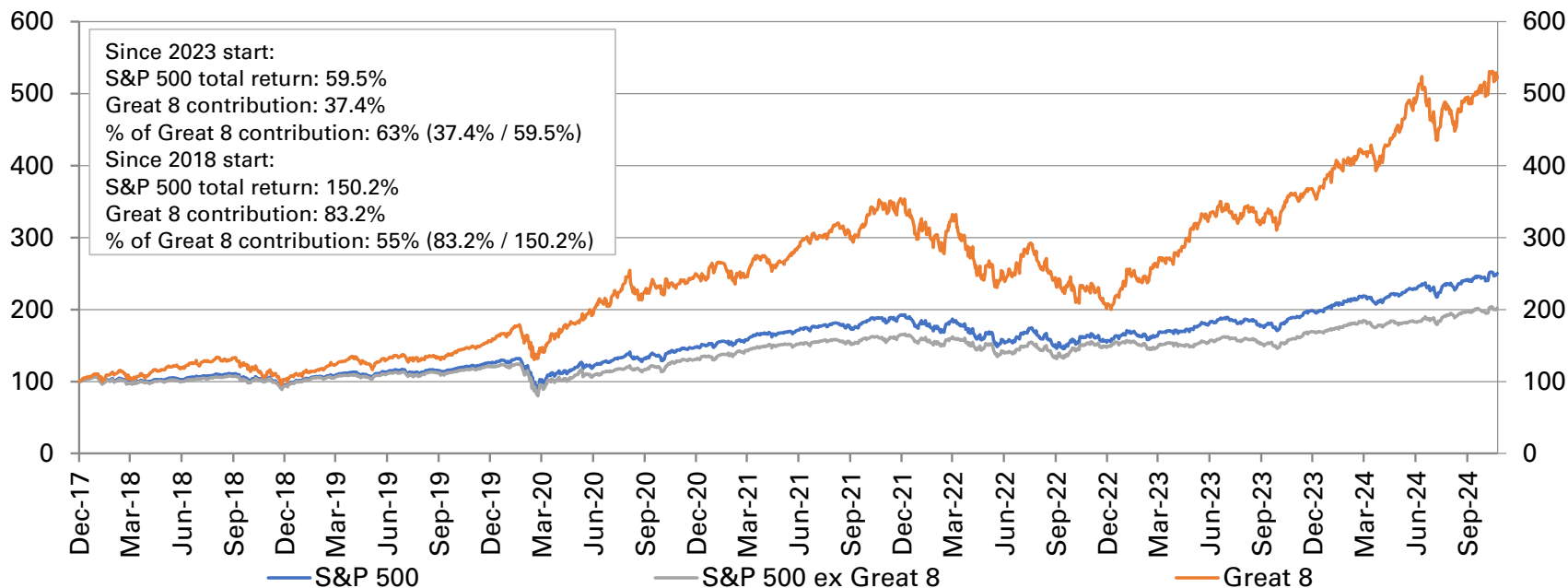
# S&P 500 AND TECH SECTOR GROWTH PREMIUM



Note: lhs – left hand side; rhs – right hand side. ERP – equity risk premium.

Source: IBES, Haver, DWS Investment GmbH as of 2Q2024. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

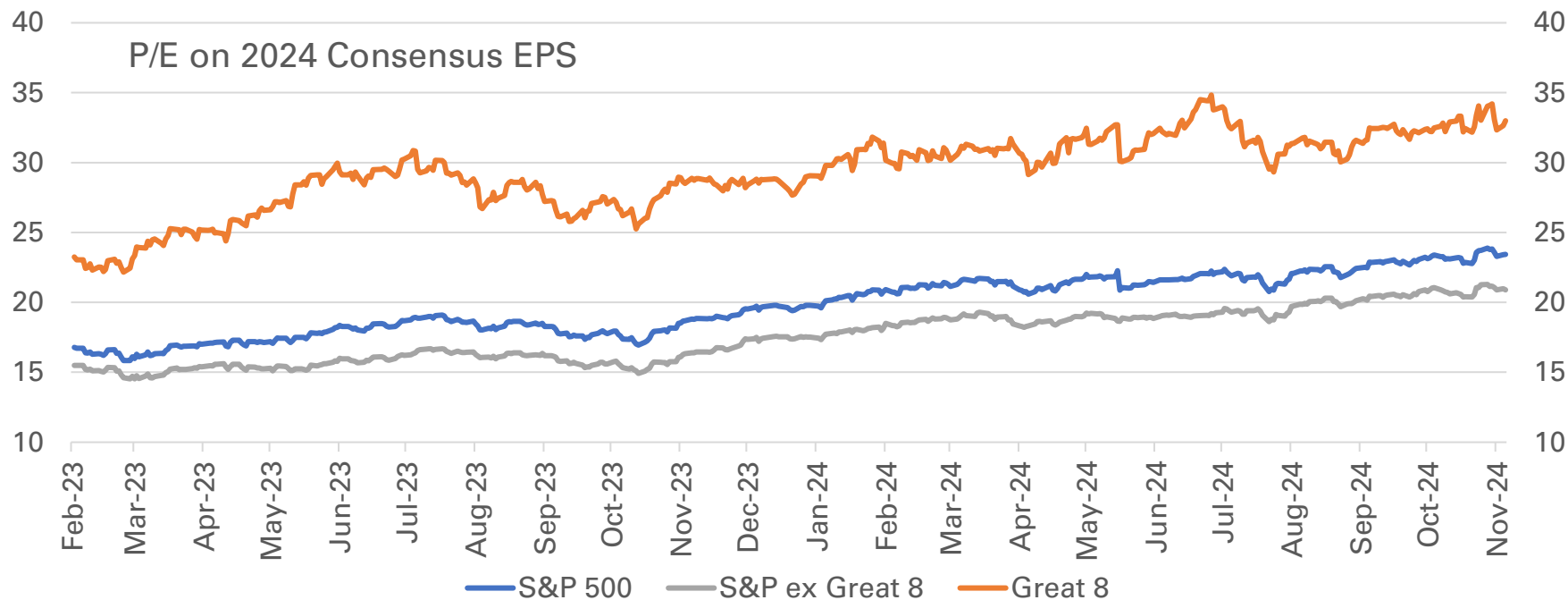
# S&P 500 AND THE GREAT 8 TOTAL RETURN



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

Source: IBES, Factset, DWS Investment GmbH as of 11/21/2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index. Any mentions of specific properties or securities are for illustrative purposes only and should not be considered as recommendations.

# S&P 500 AND THE GREAT 8 P/E RATIO



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

Source: IBES, Factset, DWS Investment GmbH as of 11/21/2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index. Any mentions of specific properties or securities are for illustrative purposes only and should not be considered as recommendations.



# GLOSSARY



**Amortization** is an accounting term which refers to the periodical reduction of the book value of intangible assets (such as patents) or bank loans.

**Bottom-up** is an approach which focuses on approaching a problem through the smallest elements (e.g. individual corporate results).

**Capital expenditure (Capex)** are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

**Cyclical** is something that moves with the cycle.

**Depreciation** refers to an accounting method used to allocate the cost of a tangible or physical asset over its useful life. Depreciation represents how much of an asset's value has been used. It allows companies to earn revenue from the assets they own by paying for them over a certain period of time.

**Dividend per share (DPS)** is the sum of declared dividends issued by a company for every ordinary share outstanding.

**Earnings per share (EPS)** is calculated as a company's net income minus dividends of preferred stock, all divided by the total number of shares outstanding.

**EBITDA** (earnings, before interest expenses, taxes, depreciation and amortization) is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted.

**Generally accepted accounting principles, or GAAP,** are a set of rules that encompass the details, complexities, and legalities of business and corporate accounting.

**Leverage** attempts to boost gains when investing through the use of borrowing to purchase assets.

**Mean reversion** is a theory that prices and returns eventually move back toward the mean, or average.

**Operating Cash Flow** is an accounting term that measures the amount of cash generated by a company through its usual business activities.

**Price-to-book (P/B)** ratio or multiple compares a stock's market value with its book value.

The **price-to-earnings (P/E) ratio** compares a company's current share price to its earnings per share.

**Pro forma** financials are not computed using generally accepted accounting principles (GAAP) and usually leave out one-time expenses that are not part of normal company operations, such as restructuring costs following a merger.

**Profit Margin,** or net margin is an accounting figure which describes profit in relation to revenue in percent.

A **recession** is, technically, when an economy contracts for two successive quarters but is often used in a looser way to indicate declining output.

The **risk premium** is the expected return on an investment minus the return that would be earned on a risk-free investment.

The **S&P 500** is an index that includes 500 leading U.S. companies capturing approximately 80% coverage of available U.S. market capitalization.

A **share buyback** involves a company buying back its own shares.

**Stagflation** is the combination of the words "stagnation" and "inflation," referring to a period where inflation is high while the economy is stagnating.

# IMPORTANT INFORMATION



The comments, opinions and estimates contained herein are based on or derived from publicly available information from sources that we believe to be reliable. We do not guarantee their accuracy. This material is for informational purposes only and sets forth our views as of date of this presentation and it is not intended to be a solicitation or recommendation. The underlying assumptions and these views are subject to change without notice.

Past performance is not indicative of future returns.

Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

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.

All investments involve risks, including potential loss of principal.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas Inc. and RREEF America L.L.C. which offer advisory services, in addition to the regional entities in the DWS Group.

© 2024 DWS Group GmbH & Co. KGaA. All rights reserved. I- 103785\_1 (11/24)