



# S&P 500 EPS TRACKER: 1Q24

## Americas CIO View

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**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)

# 1Q 2024 EARNINGS SEASON OBSERVATIONS



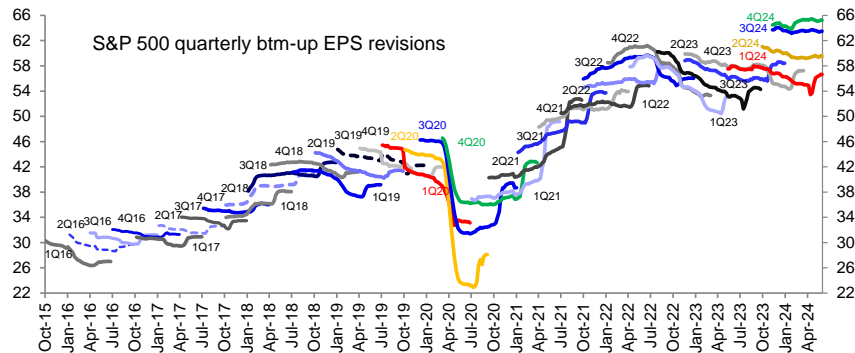
- This data reflects the 487 S&P 500 companies or 98.5% of index earnings that have reported as of Thursday May 30th.
- Bottom-up blended 1Q earnings per share (EPS) is \$56.65 (actual results for companies reported and consensus estimates for the rest). This includes a ~\$1.50 acquisition related charge from Bristol Myers Squibb (BMY) that was expected and always within the estimates. 1Q EPS growth is +10.5% year-over-year (y/y) excluding the acquisition charge from BMY. Our standing 1Q EPS estimate is \$57. Blended sales growth is +2.8% y/y. Blended pro-forma net margin is 12.9%, vs. 11.6% in 4Q23 and 11.8% a year ago.
- S&P 500 ex the Great 8's (AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA) 2024 consensus EPS have been cut by 9.2% since 2023 start (cut by 2.7% ytd). The Great 8's 2024 consensus EPS have been raised by 24.7% since 2023 start (raised by 9.4% ytd).
- S&P 500 has been in a profit recession in the last two years outside of the Great 8. S&P EPS growth was +2.1% in the last two years (4Q23 vs. 4Q21). S&P EPS ex the Great 8 was down by -0.9% 4Q23 vs. 4Q21. The Great 8 had a +12.4% EPS growth in the same period.
- 74% of reporting companies beat on earnings per share (EPS) and 21% missed (the rest in-line), with an aggregate surprise of +6.8%, +6.7% ex Financials. Historic average EPS beat is +3.3% (2011-2019 average). 43% beat on sales and 30% missed, with an aggregate surprise of +0.5%, -0.1% 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 \$247.55 (excluding the acquisition charge from BMY). Our estimate is \$245 (\$245 = \$58 + \$60 + \$62 + \$65), up about 10.2% y/y. This assumes a very "soft recession" with very strong EPS growth from Tech and Communications.
- By sector, 1Q blended EPS y/y growth is strongest at Communication Services (+43% y/y), Utilities (33%), Consumer Discretionary (26%), Tech (26%) and Financials (12%). EPS y/y growth is weakest at Energy (-24% y/y), Materials (-21%) and Health Care (-5.9% y/y, ex. acquisition charge from BMY).
- 1Q blended sales y/y growth is strongest at Tech (+8.3% y/y), Communication Services (6.5%), Real Estate (6.2%), Health Care (5.9%) and Consumer discretionary (4.1%). Sales y/y growth is weakest at Utilities (-8.4% y/y), Materials (-5.1%), Energy (-1.5%), and Industrials (0.2%).
- Valuations at the S&P are reasonable if excluding the Great 8. S&P 500 excluding the Great 8 price-to-earnings (P/E) on 2024 consensus EPS is 18.6x, PE of the Great 8 is 32.4x. Overall S&P PE is 21.6x.
- 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 5/30/2024. 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.

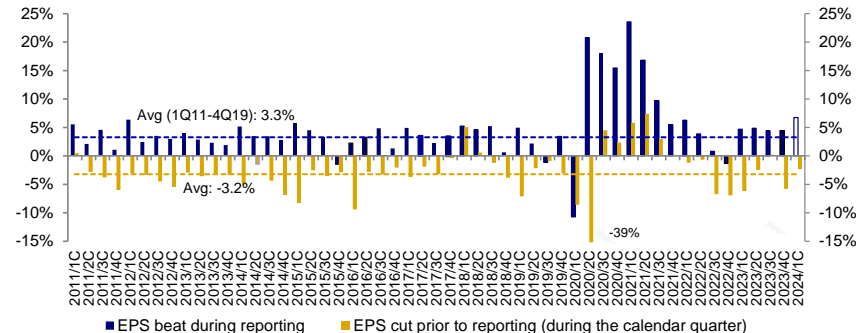
# S&P 500 QUARTERLY EPS REVISION



## S&P 500 QUARTERLY EPS REVISION

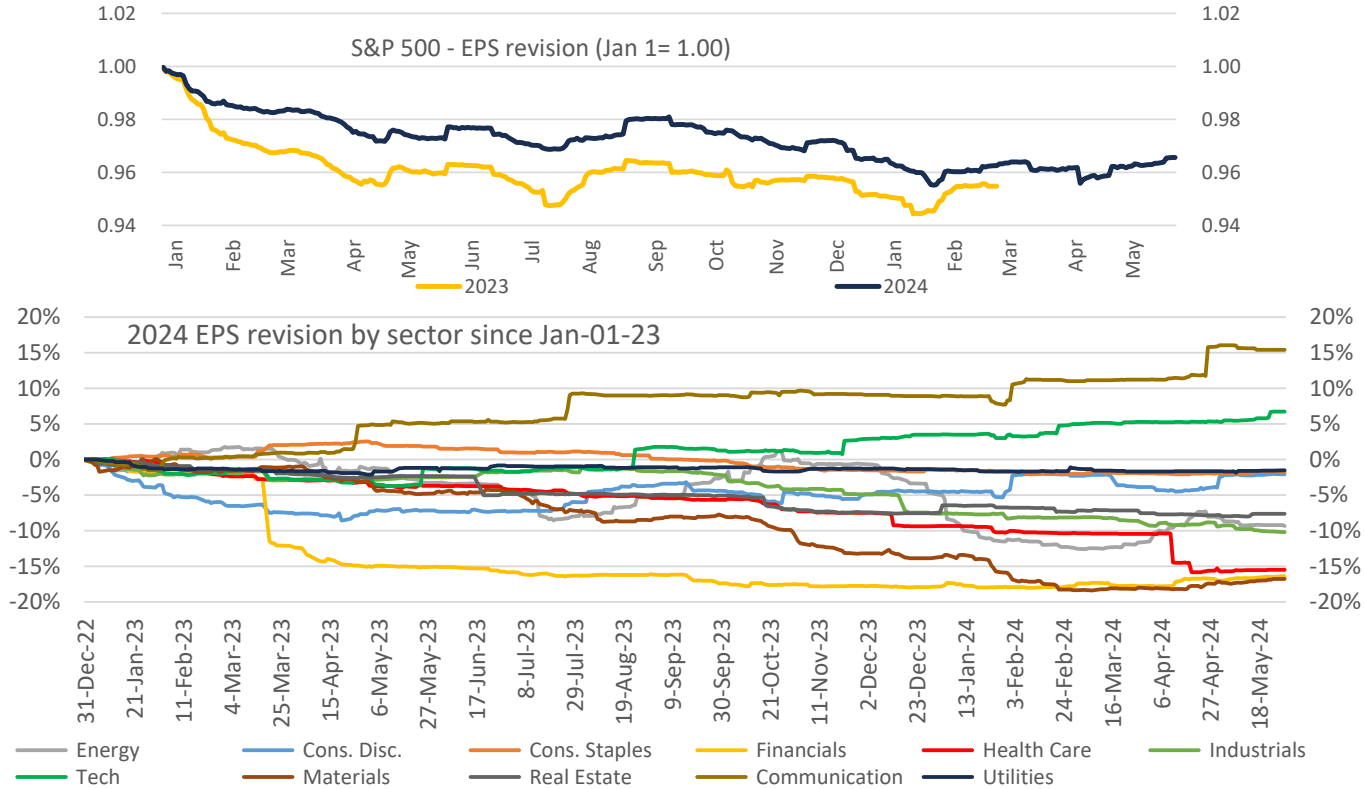


## S&P 500: EPS CUT DURING THE CALENDAR QUARTER VS. EPS BEAT DURING EARNINGS SEASON



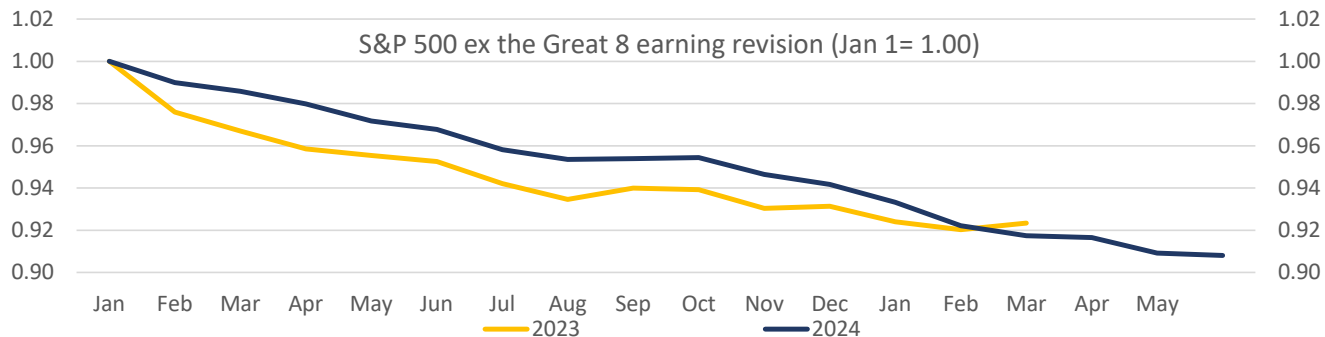
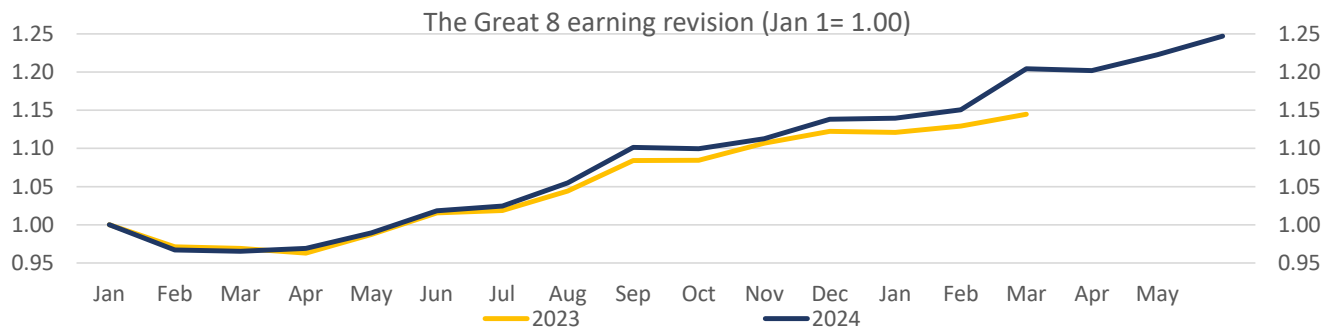
Source: Factset, DWS Investment GmbH as of 5/30/2024. For illustrative purposes only. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

# S&P 500 ANNUAL EPS REVISION



Source: Factset, DWS Investment GmbH as of 5/30/2024. 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 5/30/2024. 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.

# 1Q 2024 EARNINGS SEASON SUMMARY STATISTICS



	1Q24 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>98.4%</b>	<b>487</b>	<b>74%</b>	<b>21%</b>	<b>6.8%</b>	<b>10.7%</b>	<b>43%</b>	<b>30%</b>	<b>0.5%</b>	<b>2.8%</b>
S&P 500 ex. Financials & Real Est	97.9%	384	77%	20%	6.7%	10.6%	43%	32%	-0.1%	3.1%
S&P 500 ex. Energy	98.2%	464	75%	21%	7.0%	14.2%	42%	30%	0.4%	3.2%
S&P ex. Tech	99.4%	427	72%	22%	7.0%	7.1%	43%	31%	0.4%	2.3%
S&P ex. Energy, Financials & Real Est	97.7%	361	78%	19%	7.0%	15.3%	42%	32%	-0.3%	3.6%
Communication Services	100.0%	22	73%	18%	13.3%	42.8%	27%	41%	0.2%	6.5%
Consumer Discretionary	98.2%	48	77%	25%	9.1%	26.7%	46%	31%	-0.3%	4.6%
Consumer Staples	94.6%	33	85%	9%	8.2%	6.6%	58%	24%	0.5%	2.1%
Energy	100.0%	23	65%	26%	3.2%	-23.8%	65%	26%	2.0%	-1.5%
Financials	100.0%	72	64%	29%	7.5%	12.3%	46%	24%	4.7%	0.9%
Health Care	99.7%	63	83%	14%	5.6%	-5.9%	51%	25%	0.3%	5.9%
Industrials	100.0%	77	79%	17%	2.0%	5.8%	39%	29%	-2.1%	0.2%
Information Technology	94.6%	60	87%	13%	5.7%	27.7%	43%	22%	1.2%	7.8%
Materials	100.0%	28	68%	29%	3.2%	-20.6%	39%	54%	-0.4%	-5.1%
Real Estate	100.0%	31	58%	26%	3.2%	3.4%	32%	16%	0.3%	6.2%
Utilities	100.0%	30	57%	40%	9.6%	32.8%	20%	63%	-7.9%	-8.4%
Great 8 *	100.0%	9	89%	11%	9.7%	52.6%	78%	11%	0.5%	14.4%
S&P ex Great 8	97.9%	481	73%	21%	6.0%	3.1%	42%	30%	0.5%	1.5%

\* # Beat, # miss and weighted surprise % is based on EPS and sales estimate as of 3/31/2024 (as of 3/1/2024 for pre-season reporters)

EPS is considered beat or miss when the difference between actual and estimate as of 3/31/2024 is more than \$0.01 (3/1/2024 for pre-season reporters)

Sales is considered beat or miss when the difference between actual and estimate as of 3/31/2024 is more than \$20 million (3/1/2024 for pre-season reporters)

Source: Factset, DWS Investment GmbH as of 5/30/2024. 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



1Q24 is blended with actual for reported and consensus for the rest

EPS growth (y/y)	2019					2020					2021					2022					2023					2024
	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24
<b>S&amp;P 500</b>	1.5%	-0.8%	1.1%	3.5%	1.4%	-11.6%	-30.6%	-7.5%	3.0%	-9.2%	48.6%	92.5%	41.7%	32.6%	49.0%	9.5%	9.1%	4.7%	-2.4%	6.1%	0.7%	-3.2%	6.6%	8.1%	2.9%	10.5%
S&P 500 ex. Financials & Real Est	-0.3%	-3.8%	0.2%	1.9%	-0.7%	-5.0%	-25.9%	-8.6%	-0.6%	-7.1%	36.6%	81.6%	44.4%	39.3%	47.1%	16.5%	15.9%	8.5%	-1.2%	10.9%	-0.6%	-5.9%	3.9%	9.2%	1.4%	10.4%
S&P 500 ex. Energy	2.7%	-0.2%	3.4%	6.4%	3.2%	-11.2%	-24.5%	-3.6%	6.5%	-5.2%	49.7%	78.6%	34.1%	24.8%	42.0%	3.8%	-1.5%	-3.1%	-6.8%	-1.0%	-1.1%	3.5%	12.1%	11.6%	6.4%	13.9%
S&P 500 ex. Tech	3.5%	0.4%	2.1%	1.4%	1.2%	-16.2%	-37.3%	-10.1%	-0.6%	-14.8%	50.4%	105.2%	42.0%	35.0%	53.9%	8.6%	11.2%	6.3%	-0.3%	6.6%	3.0%	-5.0%	4.7%	3.9%	1.9%	7.0%
S&P ex. Energy, Fin & Real Est	1.2%	-3.2%	3.1%	5.4%	1.5%	-4.1%	-17.4%	-3.7%	3.7%	-1.6%	37.6%	65.1%	34.6%	28.9%	38.1%	9.0%	2.2%	-1.2%	-6.6%	1.9%	-3.1%	2.2%	10.4%	13.8%	5.6%	14.8%
S&P ex. Energy, Fin, Real Est, Healthcare	-1.0%	-6.9%	1.8%	4.3%	-0.6%	-6.7%	-23.4%	-6.7%	2.9%	-4.3%	40.9%	81.4%	36.9%	29.7%	41.5%	6.5%	0.3%	-1.6%	-7.5%	0.5%	0.9%	11.3%	19.0%	21.9%	13.7%	20.8%
Communication Services	9.2%	6.9%	1.2%	9.2%	2.8%	-9.2%	-17.8%	-0.9%	9.7%	3.7%	53.9%	68.4%	41.5%	17.8%	39.6%	-3.9%	-13.6%	-21.8%	-27.1%	-17.3%	-10.6%	14.5%	45.8%	53.0%	24.4%	42.8%
Consumer Discretionary	12.0%	4.8%	2.9%	3.0%	1.5%	-48.5%	-71.7%	-3.4%	-19.0%	-30.4%	167.3%	370.7%	20.7%	91.2%	97.5%	-25.3%	-7.2%	15.9%	-13.8%	-5.4%	56.3%	53.5%	41.6%	35.2%	45.2%	26.0%
Cons. Disc. ex. Auto	14.8%	6.7%	3.8%	14.9%	4.8%	-38.4%	-58.9%	-15.7%	-33.8%	-31.4%	105.0%	225.7%	37.8%	108.4%	96.1%	-35.5%	-18.1%	9.1%	-26.0%	-13.2%	83.0%	61.2%	54.6%	64.4%	63.2%	39.9%
Cons. Disc. ex. Broadline Retail	3.3%	4.4%	5.6%	2.4%	-0.4%	-53.8%	-92.8%	-18.8%	-38.8%	-46.1%	165.6%	1985.9%	42.2%	92.3%	121.7%	16.2%	26.3%	22.6%	33.0%	28.6%	23.3%	25.9%	22.8%	6.1%	18.8%	6.6%
Cons. Disc. ex. Auto & Broadline Retail	4.4%	6.6%	7.1%	16.4%	3.1%	-42.4%	-81.6%	-35.3%	-56.9%	-49.7%	80.6%	569.0%	78.9%	125.0%	126.0%	20.1%	17.0%	16.2%	25.3%	27.8%	30.2%	25.6%	31.7%	25.1%	27.6%	15.3%
Consumer Staples	-0.3%	-0.1%	3.2%	3.7%	1.7%	4.4%	1.9%	9.5%	9.4%	7.9%	19.6%	16.4%	6.6%	7.1%	12.6%	4.3%	-3.6%	-0.9%	-2.5%	-3.9%	-2.4%	4.0%	3.5%	2.8%	6.7%	5.7%
Energy	-24.6%	-13.1%	-37.3%	-42.7%	-30.5%	-22.4%	-169.3%	-109.9%	-102.1%	-113.1%	10.0%	248%	1883%	12514%	-1228%	255.9%	303.1%	144.7%	61.7%	157.9%	22.4%	-48.0%	-32.6%	-22.6%	-25.8%	-23.8%
Financials	7.4%	10.6%	4.3%	11.4%	9.6%	-35.4%	-49.7%	-3.3%	18.0%	-17.5%	117.5%	163.4%	34.5%	12.4%	62.8%	-13.6%	-15.7%	-12.1%	-9.4%	-12.6%	7.0%	9.5%	22.0%	4.5%	10.4%	12.3%
Health Care	10.0%	12.2%	8.7%	10.0%	9.9%	4.6%	2.8%	8.0%	7.1%	7.9%	27.5%	25.7%	27.3%	26.1%	27.5%	16.9%	8.7%	0.1%	-3.5%	6.6%	-14.6%	-26.3%	-17.7%	-14.5%	-19.7%	-5.9%
Industrials	-4.0%	-30.9%	-1.0%	-12.7%	-11.9%	-19.7%	-76.3%	-47.4%	-28.8%	-45.7%	4.8%	442.5%	84.3%	42.0%	83.1%	9.8%	24.7%	18.1%	43.3%	24.5%	52.5%	21.6%	14.6%	7.4%	21.2%	5.8%
Industrials ex. Aerospace & Defense	-9.4%	-24.5%	-0.6%	-5.2%	-7.4%	-16.8%	-75.9%	-53.3%	-31.3%	-43.2%	2.1%	320.7%	103.6%	55.9%	98.1%	9.7%	34.7%	28.1%	27.0%	29.0%	60.1%	21.3%	8.6%	5.5%	20.1%	2.3%
Industrials ex. Transportation	9.1%	-15.0%	1.6%	-11.2%	-7.0%	-14.2%	-37.0%	-12.9%	5.1%	-20.8%	24.3%	108.9%	26.0%	6.3%	30.2%	17.1%	10.0%	7.1%	37.4%	14.0%	17.6%	16.0%	22.1%	11.3%	16.9%	11.3%
Industrials ex. Aerospace & Defense and T	7.1%	3.2%	3.4%	3.1%	2.9%	-7.5%	-29.9%	-7.8%	12.3%	-6.4%	27.4%	51.8%	23.9%	11.3%	29.0%	18.9%	17.6%	17.4%	14.4%	16.6%	16.2%	14.1%	14.6%	9.9%	14.4%	8.3%
Information Technology	-7.1%	-6.0%	-3.4%	11.9%	2.5%	11.4%	2.9%	4.4%	16.3%	16.7%	41.7%	52.6%	40.3%	24.8%	32.2%	13.3%	-0.4%	-1.8%	-9.9%	4.0%	-8.3%	5.0%	15.3%	24.1%	7.0%	25.9%
Materials	-12.7%	-20.5%	69.7%	-13.0%	-10.7%	-7.8%	-35.0%	-13.4%	14.2%	-5.9%	50.6%	142.3%	96.9%	71.9%	91.1%	51.9%	21.5%	-7.9%	-20.7%	8.6%	-22.7%	-26.9%	-18.6%	-19.7%	-22.5%	-20.6%
Real Estate	3.4%	1.4%	3.5%	-0.9%	1.5%	-1.8%	-12.7%	-6.1%	1.7%	-4.1%	8.7%	29.7%	18.6%	10.2%	15.1%	16.8%	10.7%	10.5%	9.2%	12.3%	-2.2%	-0.1%	-0.7%	0.4%	0.4%	3.4%
Utilities	-0.2%	1.2%	7.2%	16.4%	6.0%	3.5%	6.3%	-2.6%	-5.6%	-1.6%	-4.7%	8.9%	11.1%	-0.5%	0.5%	25.8%	-4.2%	-8.5%	-4.5%	1.8%	-28.3%	-4.8%	6.4%	28.3%	2.1%	32.8%

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

Source: Factset, DWS Investment GmbH as of 5/30/2024. 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



1Q24 is blended with actual for reported and consensus for the rest

Sales growth (y/y)	2019					2020					2021					2022					2023					1Q24
	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023	
<b>S&amp;P 500</b>	5.8%	5.2%	4.0%	7.8%	5.7%	-1.8%	-10.3%	-2.3%	-0.5%	-3.7%	9.5%	21.8%	13.9%	15.2%	15.0%	13.6%	12.2%	13.0%	9.0%	11.9%	9.1%	7.1%	5.0%	6.2%	6.8%	2.8%
S&P 500 ex. Financials & Real Est	3.2%	2.9%	1.9%	6.2%	3.6%	-2.8%	-11.9%	-2.5%	1.4%	-4.0%	11.9%	26.6%	17.4%	16.5%	19.0%	15.4%	13.3%	12.5%	8.0%	11.6%	6.8%	4.6%	4.0%	6.1%	6.0%	3.1%
S&P 500 ex. Energy	3.7%	3.4%	3.5%	7.7%	4.5%	-1.6%	-6.7%	0.3%	4.0%	-1.0%	12.3%	20.6%	13.5%	11.6%	14.2%	10.3%	6.7%	8.7%	7.2%	8.1%	9.1%	10.7%	7.1%	8.2%	8.9%	3.2%
S&P 500 ex. Tech	3.8%	3.4%	2.5%	6.5%	4.2%	-3.0%	-12.3%	-2.8%	0.1%	-5.1%	10.5%	24.9%	15.8%	15.7%	16.9%	13.5%	12.3%	12.4%	9.0%	11.6%	9.2%	6.8%	4.9%	6.4%	7.1%	2.2%
S&P ex. Energy, Fin & Real Est	3.5%	3.3%	3.2%	7.6%	4.4%	-2.0%	-7.4%	0.7%	4.7%	-1.1%	12.6%	22.1%	13.7%	11.8%	15.7%	11.8%	7.4%	8.8%	7.3%	8.1%	8.1%	9.7%	6.7%	7.9%	9.1%	3.6%
S&P ex. Energy, Fin, Real Est, Healthcare	0.6%	0.4%	0.0%	6.1%	1.5%	-5.3%	-10.4%	-2.0%	2.5%	-4.5%	13.5%	23.0%	12.9%	10.9%	16.0%	10.6%	6.3%	9.9%	8.3%	7.8%	9.5%	11.6%	6.9%	8.1%	11.3%	2.8%
Communication Services	13.3%	15.9%	11.8%	4.4%	9.9%	4.1%	-7.7%	0.0%	-7.2%	-1.1%	8.4%	22.4%	13.2%	22.6%	19.9%	8.0%	7.5%	5.6%	4.5%	2.4%	5.0%	3.3%	5.9%	6.5%	5.0%	6.5%
Consumer Discretionary	4.7%	5.6%	6.0%	3.5%	4.5%	-3.2%	-14.7%	4.6%	10.8%	6.4%	23.0%	38.9%	12.9%	12.8%	14.4%	10.8%	12.8%	15.5%	11.0%	11.3%	9.0%	9.4%	7.1%	5.6%	8.1%	4.1%
Cons. Disc. ex. Auto	7.3%	6.9%	8.5%	8.2%	7.2%	-1.2%	-4.2%	5.0%	11.9%	12.0%	27.7%	33.6%	18.7%	14.9%	15.9%	10.7%	9.5%	11.5%	7.8%	8.1%	6.9%	6.1%	6.7%	6.5%	7.0%	5.4%
Cons. Disc. ex. Broadline Retail	2.4%	3.0%	2.6%	-0.7%	1.3%	-9.4%	-26.6%	-3.0%	1.3%	-1.2%	16.9%	44.4%	12.1%	14.3%	11.8%	12.2%	15.0%	16.0%	12.2%	12.1%	9.0%	8.9%	5.2%	2.5%	6.8%	1.2%
Cons. Disc. ex. Auto & Broadline Retail	4.6%	3.6%	4.4%	3.9%	3.4%	-9.6%	-17.7%	-5.5%	-0.9%	3.3%	20.9%	37.6%	20.4%	18.3%	13.2%	12.7%	10.9%	10.2%	7.5%	7.7%	5.7%	3.9%	3.9%	2.4%	4.7%	1.9%
Consumer Staples	2.7%	2.1%	3.3%	3.0%	2.7%	6.1%	1.6%	3.5%	6.4%	7.9%	5.7%	13.1%	11.9%	10.8%	11.2%	10.2%	9.4%	9.2%	6.0%	6.6%	5.0%	2.7%	3.3%	2.5%	1.2%	1.9%
Energy	0.6%	-0.5%	-8.8%	-6.1%	-3.7%	-10.8%	-54%	-34%	-32%	-33%	4.1%	110.1%	72.7%	90.0%	66.0%	57.3%	77.1%	48.7%	14.2%	47.3%	-3.9%	-28.8%	-15.7%	-9.6%	-16.5%	-1.5%
Financials	4.9%	3.4%	5.1%	8.3%	5.3%	0.1%	-2.6%	-2.1%	0.0%	-0.6%	11.4%	12.3%	11.9%	9.8%	5.0%	1.0%	1.7%	7.6%	6.2%	7.6%	16.1%	17.8%	9.7%	9.9%	8.1%	0.9%
Health Care	14.5%	14.7%	15.5%	13.1%	15.6%	9.2%	2.7%	9.8%	12.1%	10.3%	10.1%	19.6%	15.9%	14.4%	14.9%	15.5%	10.6%	5.6%	4.4%	8.9%	4.0%	4.3%	6.1%	7.2%	2.6%	5.9%
Industrials	5.2%	-0.2%	1.0%	2.0%	2.9%	-6.9%	-23.2%	-15.4%	-8.9%	-10.2%	0.0%	29.6%	18.4%	15.0%	15.5%	14.4%	14.7%	14.0%	11.6%	12.2%	7.5%	3.9%	1.1%	3.2%	4.2%	0.2%
Industrials ex. Aerospace & Defense	4.3%	3.3%	2.7%	4.3%	3.2%	-6.3%	-26.6%	-15.4%	-8.6%	-12.3%	4.0%	38.3%	25.4%	23.2%	21.1%	21.1%	20.6%	17.6%	11.6%	15.4%	8.2%	2.7%	1.4%	2.8%	3.9%	0.5%
Industrials ex. Transportation	5.9%	-1.4%	0.5%	2.4%	1.7%	-7.1%	-16.5%	-10.2%	-5.3%	-5.3%	2.6%	21.2%	9.5%	5.9%	10.6%	6.2%	6.4%	10.0%	11.8%	7.7%	7.9%	7.6%	3.6%	5.0%	5.8%	0.0%
Industrials ex. Aerospace & Defense and T	5.0%	3.5%	3.1%	6.7%	1.5%	-6.3%	-17.7%	-6.2%	-2.1%	-5.3%	11.0%	28.2%	14.2%	12.0%	15.8%	11.4%	10.9%	13.6%	11.8%	10.1%	9.2%	7.6%	5.5%	5.5%	6.2%	0.4%
Information Technology	0.3%	-0.4%	0.7%	5.7%	0.2%	3.6%	5.6%	0.2%	10.7%	11.2%	22.8%	21.5%	24.6%	15.9%	17.9%	13.6%	8.4%	7.2%	-2.1%	7.8%	-2.7%	0.1%	2.9%	7.9%	-0.7%	8.3%
Materials	0.2%	-16.2%	-13.8%	-15.1%	0.8%	-16.3%	-15.1%	-6.9%	-5.3%	-3.3%	10.7%	36.9%	33.6%	39.4%	28.8%	27.2%	19.3%	7.7%	-3.7%	11.9%	-7.6%	-12.7%	-10.4%	-5.2%	-19.6%	-5.1%
Real Estate	5.2%	5.4%	6.4%	4.8%	5.5%	5.1%	-6.1%	-3.5%	2.0%	-1.5%	2.9%	19.1%	16.6%	18.4%	12.6%	20.8%	17.2%	14.4%	8.1%	14.7%	6.1%	6.6%	6.6%	8.2%	6.8%	6.2%
Utilities	1.0%	0.7%	0.5%	0.1%	7.0%	-5.7%	-5.2%	-2.4%	-23.5%	-9.8%	10.1%	6.0%	5.3%	51.9%	21.7%	15.6%	27.9%	27.0%	16.1%	11.0%	12.9%	-5.9%	-5.7%	-7.7%	-1.6%	-8.4%

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

Source: Factset, DWS Investment GmbH as of 5/30/2024 . 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



1Q24 is blended with actual for reported and consensus for the rest

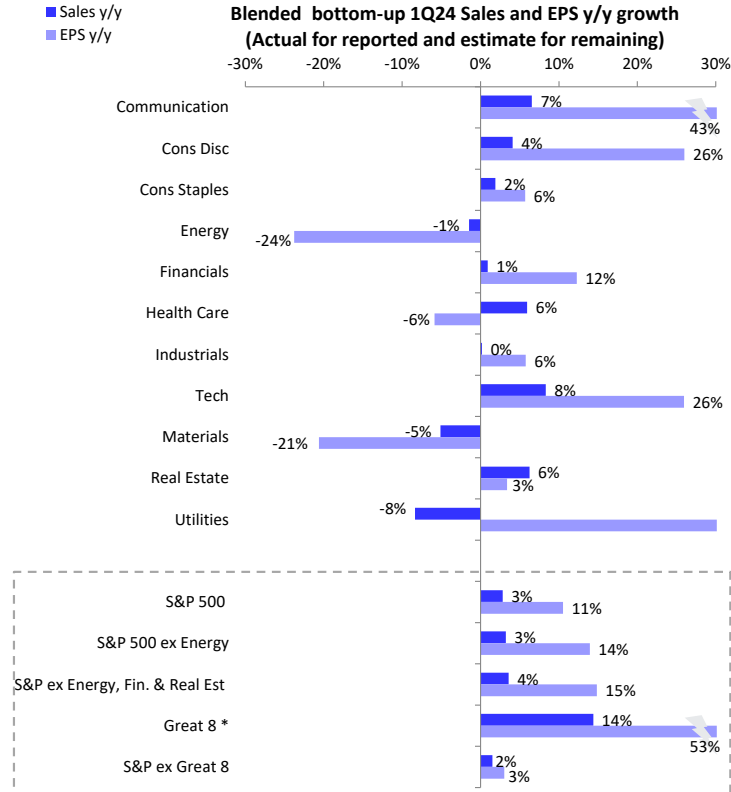
Net margins	2019				2020				2021				2022				2023				2024					
	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022		1Q23	2Q23	3Q23	4Q23	2023
<b>S&amp;P 500</b>	<b>11.3%</b>	<b>11.4%</b>	<b>11.9%</b>	<b>11.3%</b>	<b>11.2%</b>	<b>10.2%</b>	<b>8.9%</b>	<b>11.2%</b>	<b>11.5%</b>	<b>10.5%</b>	<b>13.6%</b>	<b>13.8%</b>	<b>13.7%</b>	<b>13.1%</b>	<b>13.4%</b>	<b>12.9%</b>	<b>13.2%</b>	<b>12.5%</b>	<b>11.6%</b>	<b>12.5%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>12.6%</b>	<b>11.6%</b>	<b>11.9%</b>	<b>12.9%</b>
S&P 500 ex. Financials & Real Est	9.9%	10.1%	10.8%	10.2%	9.9%	9.6%	8.4%	10.1%	10.0%	9.5%	11.8%	12.2%	12.5%	11.9%	11.8%	11.7%	12.2%	11.7%	10.6%	11.5%	10.7%	10.8%	11.6%	10.8%	10.8%	11.7%
S&P 500 ex. Energy	11.9%	12.0%	12.5%	11.9%	11.7%	10.6%	9.7%	11.9%	12.2%	11.1%	14.2%	14.4%	14.1%	13.4%	13.8%	13.1%	13.0%	12.3%	11.4%	12.4%	11.7%	12.0%	12.7%	11.7%	12.0%	13.2%
S&P 500 ex. Tech	10.3%	10.5%	10.8%	9.9%	10.2%	8.9%	7.5%	10.0%	9.9%	9.1%	12.2%	12.5%	12.3%	11.5%	12.1%	11.5%	12.1%	11.4%	10.2%	11.3%	10.7%	10.6%	11.2%	9.9%	10.5%	11.4%
S&P ex. Energy, Fin & Real Est	10.4%	10.6%	11.3%	10.8%	10.4%	10.1%	9.4%	10.8%	10.7%	10.3%	12.4%	12.7%	12.8%	12.2%	12.2%	11.9%	11.8%	11.3%	10.3%	11.3%	10.5%	10.9%	11.6%	10.8%	10.8%	11.9%
S&P ex. Energy, Fin, Real Est, Healthcare	10.4%	10.5%	11.6%	11.1%	10.5%	10.2%	8.9%	10.9%	11.1%	10.4%	12.6%	13.1%	13.2%	12.8%	12.6%	11.9%	12.1%	11.5%	10.6%	11.5%	10.8%	11.9%	12.7%	11.9%	11.6%	13.2%
Communication Services	16.1%	16.2%	15.5%	16.1%	15.2%	14.0%	14.3%	15.3%	19.0%	15.8%	19.9%	19.8%	19.1%	18.1%	18.4%	17.5%	15.0%	13.2%	11.6%	14.0%	14.1%	16.0%	17.7%	16.4%	16.1%	18.6%
Consumer Discretionary	7.3%	7.9%	8.4%	7.2%	7.4%	3.7%	2.5%	7.4%	5.1%	4.7%	8.0%	8.3%	8.0%	8.4%	8.0%	5.1%	6.5%	7.7%	6.3%	6.5%	7.1%	9.0%	10.1%	7.9%	8.6%	8.3%
Cons. Disc. ex. Auto	8.2%	9.0%	9.4%	8.9%	8.6%	4.9%	3.7%	7.1%	5.1%	5.0%	7.7%	9.0%	8.3%	8.9%	8.0%	4.1%	6.3%	7.8%	5.8%	6.1%	6.7%	9.4%	11.1%	8.8%	9.1%	8.9%
Cons. Disc. ex. Broadline Retail	7.4%	8.5%	9.5%	8.0%	8.1%	3.6%	0.6%	7.5%	4.7%	4.2%	7.9%	8.6%	9.5%	7.4%	8.1%	7.8%	9.1%	9.8%	8.5%	9.0%	8.5%	10.2%	11.2%	8.6%	9.7%	8.6%
Cons. Disc. ex. Auto & Broadline Retail	8.6%	10.3%	11.3%	10.8%	9.9%	5.2%	2.0%	7.1%	4.4%	4.4%	7.4%	9.7%	10.6%	7.9%	8.2%	7.4%	9.8%	10.7%	8.7%	9.3%	8.6%	11.4%	13.2%	10.3%	10.9%	9.6%
Consumer Staples	6.7%	7.3%	7.5%	7.1%	7.0%	6.6%	7.3%	7.8%	7.3%	7.0%	7.4%	7.6%	7.4%	7.0%	7.1%	6.9%	6.6%	6.7%	6.3%	6.3%	6.7%	7.0%	6.9%	6.7%	6.9%	6.9%
Energy	4.8%	5.8%	5.5%	4.7%	5.3%	4.1%	-8.7%	-0.8%	-0.1%	-1.0%	4.6%	6.5%	9.0%	9.5%	7.6%	10.6%	14.7%	14.6%	13.0%	13.1%	12.9%	10.1%	11.0%	10.7%	11.1%	9.7%
Financials	18.8%	18.8%	17.6%	16.9%	18.1%	12.0%	9.8%	17.1%	19.9%	14.9%	23.5%	22.9%	20.4%	19.8%	22.8%	19.4%	18.3%	16.3%	16.5%	18.0%	17.6%	16.7%	17.7%	15.4%	18.0%	19.2%
Health Care	10.4%	10.6%	10.3%	9.7%	9.9%	9.9%	10.8%	10.4%	9.5%	9.9%	11.7%	11.5%	11.5%	10.5%	11.1%	11.8%	11.2%	10.7%	9.6%	10.7%	9.5%	7.8%	8.2%	7.5%	8.3%	8.3%
Industrials	8.2%	7.0%	10.0%	8.5%	8.7%	7.1%	2.2%	5.8%	6.4%	5.2%	7.3%	9.1%	9.3%	7.9%	8.3%	6.6%	9.7%	9.3%	9.9%	8.9%	9.2%	11.1%	10.3%	10.2%	10.2%	9.5%
Industrials ex. Aerospace & Defense	8.8%	8.7%	11.4%	10.3%	9.3%	8.1%	3.2%	6.1%	7.4%	5.7%	8.0%	9.9%	10.5%	9.9%	9.3%	7.0%	10.7%	11.0%	11.0%	10.1%	10.1%	12.5%	11.6%	11.3%	11.5%	10.2%
Industrials ex. Transportation	9.0%	7.6%	9.4%	7.9%	9.7%	8.3%	6.1%	8.7%	8.4%	8.2%	9.6%	10.5%	10.4%	8.7%	10.0%	10.1%	10.7%	9.8%	10.5%	10.3%	10.7%	11.3%	11.4%	11.1%	11.1%	11.8%
Industrials ex. Aerospace & Defense and T	10.6%	10.9%	11.4%	10.6%	11.3%	10.9%	10.3%	11.0%	11.6%	11.1%	12.3%	12.6%	13.2%	12.5%	12.6%	12.5%	13.1%	13.1%	12.7%	13.1%	13.0%	13.7%	14.2%	13.5%	13.9%	14.1%
Information Technology	20.7%	21.1%	22.2%	23.4%	21.1%	21.6%	20.0%	22.7%	24.2%	21.6%	24.6%	25.0%	25.3%	25.6%	24.0%	24.3%	22.7%	22.9%	23.2%	22.9%	22.5%	23.5%	25.4%	26.5%	24.3%	26.0%
Materials	7.6%	11.2%	10.4%	9.4%	8.4%	8.9%	8.6%	9.6%	11.3%	8.2%	12.1%	15.1%	14.0%	13.5%	12.1%	14.0%	14.7%	11.4%	10.6%	11.3%	11.3%	12.0%	10.2%	8.9%	10.6%	9.5%
Real Estate	34.7%	34.2%	33.8%	33.8%	33.7%	33.2%	33.2%	34.2%	35.2%	34.0%	36.3%	37.2%	35.9%	34.0%	35.9%	36.8%	36.9%	36.4%	36.1%	36.8%	35.6%	36.2%	35.5%	34.6%	36.0%	36.1%
Utilities	13.2%	12.7%	16.6%	11.0%	12.8%	15.0%	14.4%	17.2%	15.1%	14.8%	14.6%	16.2%	19.0%	10.1%	12.9%	16.0%	12.2%	13.8%	8.5%	11.9%	10.4%	12.5%	15.7%	11.9%	12.5%	15.1%

S&P net margins surged to record high of 13.8% 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.

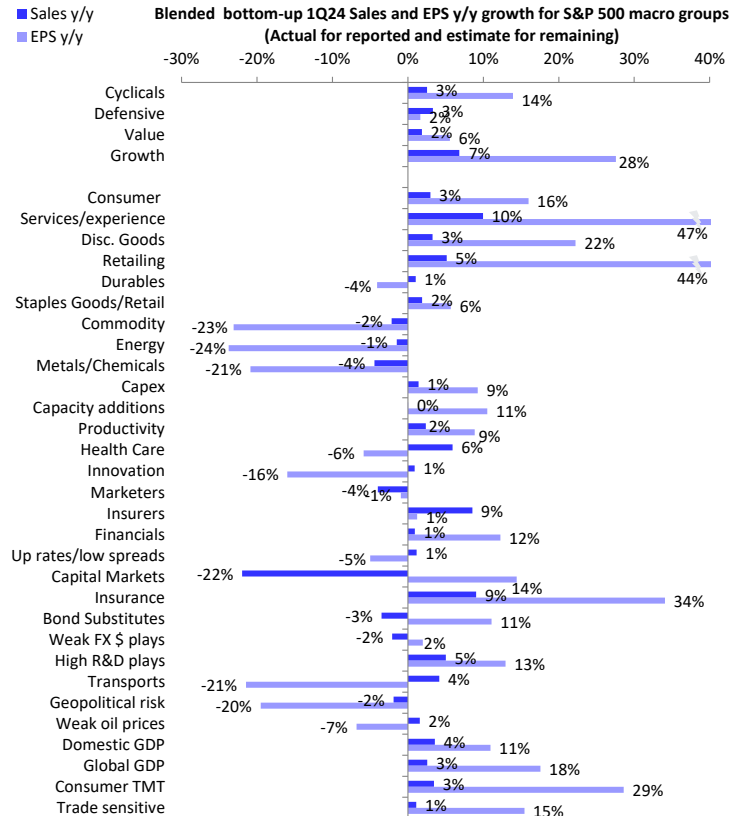
Source: Factset, DWS Investment GmbH as of 5/30/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

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



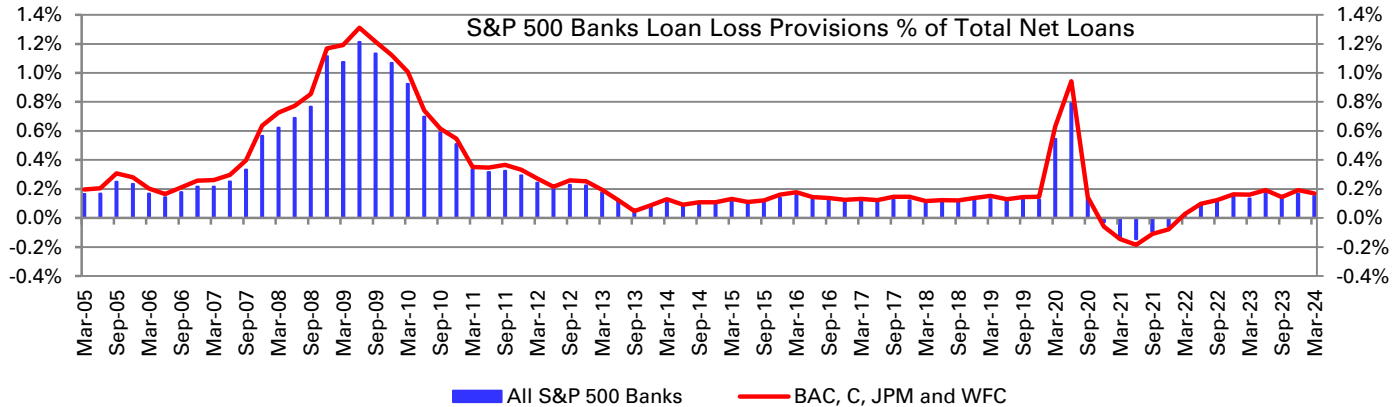
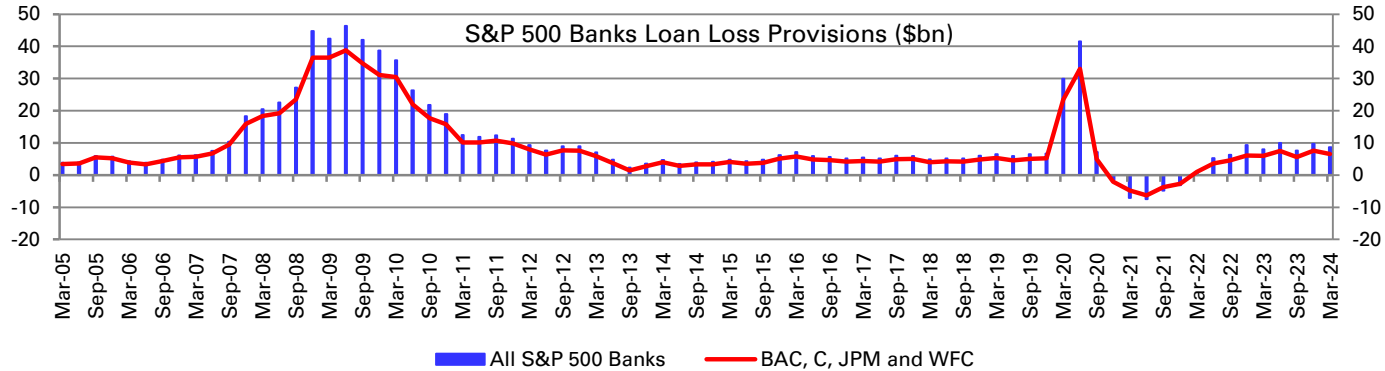
Source: Factset, DWS Investment GmbH as of 5/30/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

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



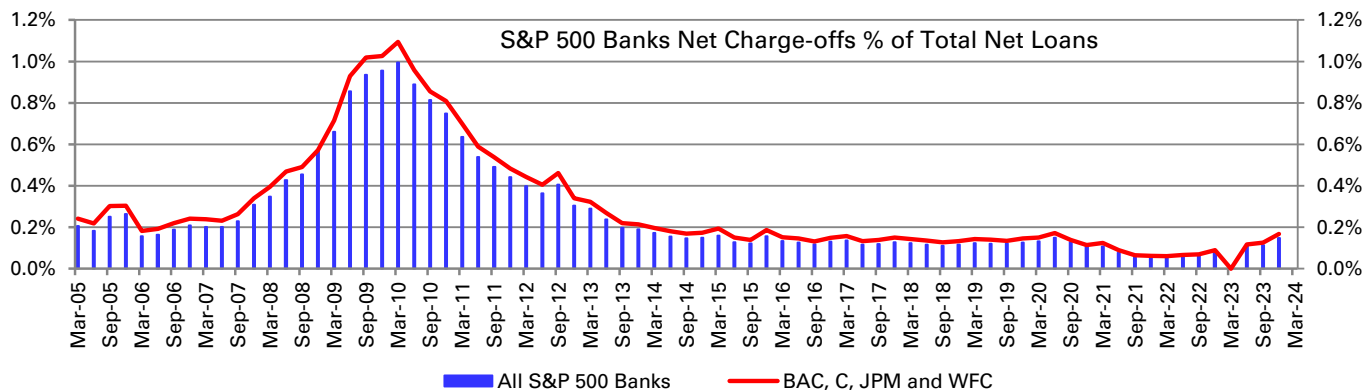
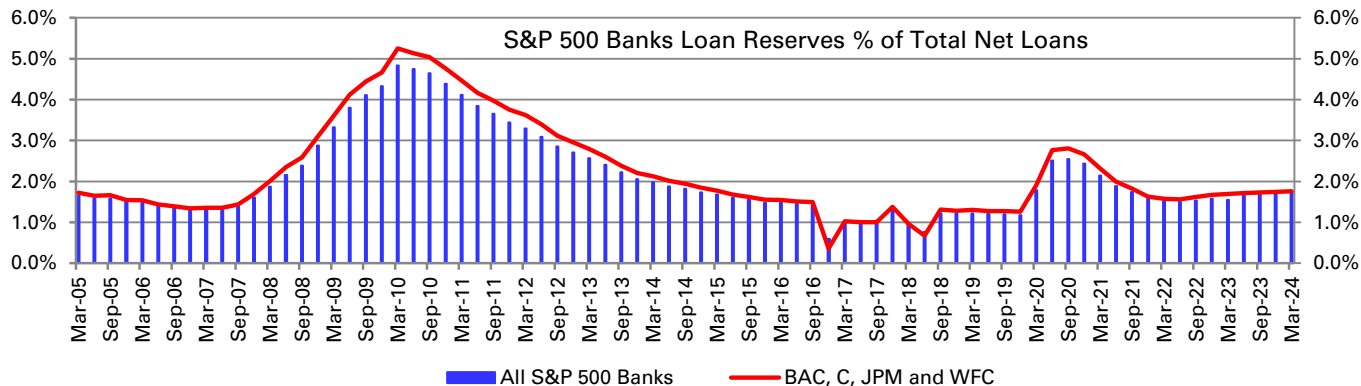
Source: Factset, DWS Investment GmbH as of 5/30/2024. For illustrative purposes only. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

# S&P 500 BANKS LOAN LOSS PROVISIONS



Source: Factset, DWS Investment GmbH as of 5/30/2024 . 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 5/30/2024 5/7/2024. 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	Bottom-up Consensus (IBES)				DWS View				Normalized 2024	
												2024E	y/y	2025E	y/y	2024E	y/y	2025E	y/y	(\$)	% of 2023
<b>S&amp;P 500 EPS</b> (historical index)	<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>S&amp;P 500 EPS</b> (current constituents)	<b>\$116.65</b>	<b>\$117.00</b>	<b>\$117.29</b>	<b>\$129.20</b>	<b>\$155.28</b>	<b>\$159.34</b>	<b>\$141.80</b>	<b>\$206.93</b>	<b>\$217.33</b>	<b>\$222.24</b>	<b>2.3%</b>	\$248	11.4%	\$280	13.1%	\$245	10.2%	\$265	8.2%	\$245	100%
<b>Sector (\$ bn)</b>																					
Communication Services	66.3	76.8	88.9	96.9	121.2	127.9	131.9	183.9	143.9	173.1	20.3%	211.2	22.0%	237.5	12.5%	213.0	23.0%	230.0	8.0%	210.4	99%
Consumer Discretionary	57.7	67.6	75.3	79.6	94.8	93.1	62.3	121.6	110.5	156.8	41.9%	177.6	13.3%	203.3	14.5%	174.2	11.1%	188.0	7.9%	178.7	103%
Consumer Staples	84.0	82.8	85.5	89.8	96.9	98.0	105.3	118.0	111.9	124.5	11.3%	128.5	3.3%	138.5	7.8%	125.0	0.4%	131.2	5.0%	123.4	99%
Energy	94.2	39.5	10.4	36.9	69.5	49.1	-6.6	78.7	200.4	141.5	-29.4%	135.1	-4.5%	148.4	9.8%	135.0	-4.6%	142.5	5.6%	136.0	101%
Financials	184.3	200.0	203.8	213.3	262.6	276.6	225.6	363.2	308.5	333.7	8.2%	366.0	9.7%	402.0	9.8%	357.0	7.0%	381.5	6.9%	346.6	97%
Health Care	137.9	152.9	157.8	172.2	189.0	207.0	227.0	293.1	308.5	244.0	-20.9%	277.2	13.6%	312.8	12.8%	278.5	14.1%	302.0	8.4%	277.3	100%
Industrials	100.6	104.1	98.1	107.1	130.8	113.9	61.2	112.2	135.9	161.5	18.8%	171.3	6.1%	196.9	15.0%	172.3	6.7%	183.3	6.4%	173.9	101%
Information Technology	162.2	168.2	176.4	206.4	237.4	231.9	264.1	345.5	355.2	375.1	5.6%	448.6	19.6%	533.3	18.9%	445.0	18.6%	500.5	12.5%	466.0	105%
Materials	24.6	23.4	22.5	28.7	36.2	34.1	32.5	61.5	63.9	48.4	-24.3%	47.7	-1.4%	55.2	15.8%	47.5	-1.8%	49.5	4.2%	46.6	98%
Real Estate	22.9	24.2	28.4	31.7	35.7	37.1	37.0	44.0	51.6	54.0	4.6%	55.0	1.9%	58.2	5.8%	54.7	1.3%	56.0	2.3%	53.2	97%
Utilities	32.9	33.1	35.7	37.1	40.9	45.0	46.9	49.6	50.9	52.6	3.3%	59.1	12.4%	63.9	8.1%	59.5	13.1%	63.5	6.8%	61.5	103%
<b>S&amp;P 500</b>	<b>967.7</b>	<b>972.4</b>	<b>982.8</b>	<b>1099.8</b>	<b>1314.9</b>	<b>1313.6</b>	<b>1187.3</b>	<b>1771.3</b>	<b>1841.1</b>	<b>1865.1</b>	<b>1.3%</b>	<b>2077.4</b>	<b>11.4%</b>	<b>2350.1</b>	<b>13.1%</b>	<b>2061.7</b>	<b>10.5%</b>	<b>2228.0</b>	<b>8.1%</b>	<b>2073.6</b>	<b>101%</b>
S&P ex. Energy (\$bn)	873.5	932.9	972.4	1062.8	1245.4	1264.6	1193.8	1692.5	1640.7	1723.6	5.1%	1942.3	12.7%	2201.8	13.4%	1926.7	11.8%	2085.5	8.2%	1937.6	101%
S&P ex. Tech (\$bn)	805.5	804.2	806.4	893.3	1077.5	1081.7	923.2	1425.7	1485.9	1489.9	0.3%	1628.8	9.3%	1816.8	11.5%	1616.7	8.5%	1727.5	6.9%	1607.6	99%
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%										
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%											

S&P 500 EPS	Year	1Q	2Q	3Q	4Q
2019A	163	39	41	41	42
2020A	140	33	28	38	42
2021A	210	49	53	54	54
2022A	222	55	58	56	53
2023A	223	53	54.25	58.5	57.25
2024E	245	58	60	62	65

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.

Source: Factset, DWS Investment GmbH as of 5/30/2024. 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.

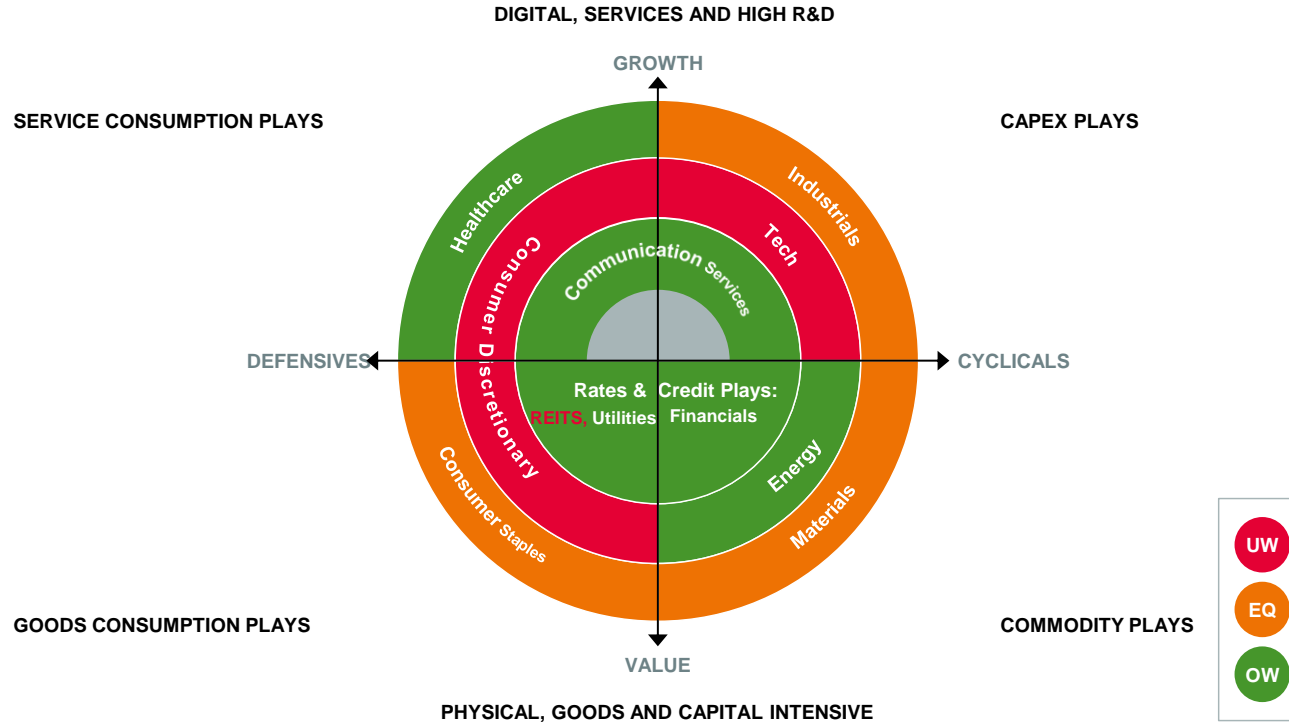
# S&P 500 SECTOR AND INDUSTRY ALLOCATION



	Market	Allocated	Sector	2022	2023	2024	Overweight	2022	2023	2024	Equal weight	2022	2023	2024	Underweight	2022	2023	2024	Sector OW	8.99%	
Over-weight	12.1%	15.9%	Health Care	17.1	21.4	19.0	Biotechnology Health Care Equipment & Supplies Pharmaceuticals	13.3 26.2 14.8	18.2 26.4 25.0	18.2 24.5 18.2	Health Care Providers & Services	16.3	15.2	14.6	Life Sciences Tools & Services	24.9	29.1	29.1	Sector UW	-8.89%	
	13.1%	14.7%	Financials	18.7	16.9	16.2	Banks Insurance	13.0 20.2	11.2 16.7	12.0 14.0	Financial Services	28.3	24.7	23.0	Capital Markets Consumer Finance	20.2 12.3	20.9 14.1	18.7 13.7	Industry OW	18.05%	
	9.3%	10.4%	Communication Services	29.7	23.3	20.0	Entertainment Interactive Media & Services	86.4 43.1	34.6 30.6	28.7 23.8	Diversified Telecommunication Ser Wireless Telecommunication Servi	7.1 82.0	7.7 24.1	8.3 19.5	Media	10.6	10.3	10.3	Industry UW	-18.05%	
	2.5%	3.6%	Utilities	20.0	18.9	17.1	Electric Utilities	21.4	19.3	17.4	Gas Utilities Independent Power & Renewable E Multi-Utilities Water Utilities	19.4 12.6 17.4 28.0	17.5 12.1 18.1 25.1	15.7 10.4 16.9 22.6							
	4.0%	5.0%	Energy	8.7	11.7	12.9	Energy Equipment & Services	21.6	14.6	12.8	Oil Gas & Consumable Fuels	8.3	11.5	12.9							
Equal-weight	8.8%	8.8%	Industrials	27.3	23.2	21.5	Aerospace & Defense Electrical Equipment Passenger Airlines	40.8 30.9 18.5	36.4 30.9 6.9	27.0 24.7 6.9	Construction & Engineering Industrial Conglomerates Machinery	43.8 16.2 22.1	40.1 13.1 17.4	33.4 18.0 17.5	Air Freight & Logistics Building Products Commercial Services & Supplies Ground Transportation Professional Services Trading Companies & Distributors	11.7 22.4 40.6 56.7 29.3 26.2	16.3 28.1 41.9 27.8 27.5 21.7	16.3 22.8 33.1 25.3 25.1 20.6	Macro tilts:		
	6.1%	6.1%	Consumer Staples	22.0	20.8	19.7	Beverages Personal Care Products	24.9 48.6	22.4 21.7	21.3 22.5	Consumer Staples Distribution & R Food Products Household Products	26.8 14.3 28.3	25.7 15.0 26.1	21.6 15.3 24.8	Tobacco	13.1	12.9	12.7	Value (Financial+Energy) Growth Growth ex Health Care Consumer	-4.57% 4.57% 2.59% -0.32% -4.15% -3.45%	
	2.4%	2.4%	Materials	16.1	20.7	21.6					Chemicals Metals & Mining	17.2 10.9	21.6 16.8	22.1 19.1	Construction Materials Containers & Packaging	47.9 15.5	32.7 18.6	27.4 20.1	Services/experience Disc. Goods Retailing Durables Staples Goods/Retail	0.02% -3.53% -2.27% -1.26% 0.06%	
	2.2%	1.8%	Real Estate	17.1	17.1	16.1	Specialized REITs	17.7	17.6	16.9	Hotel & Resort REITs Office REITs Retail REITs	9.9 10.9 12.6	9.4 11.0 13.0	9.1 11.0 11.8	Health Care REITs Industrial REITs Residential REITs Real Estate Mgmt. & Development	20.2 20.3 17.6 25.7	20.7 19.0 16.5 34.8	17.5 16.7 16.2 37.0	Commodity Energy Metals/Chemicals Capex	1.13% 1.02% 0.11% 6.71%	
Under-weight	10.3%	6.8%	Consumer Discretionary	39.8	27.8	25.3	Automobile Components	15	13.7	11.6	Distributors Hotels Restaurants & Leisure Leisure Products Textiles Apparel & Luxury Goods	15 64.0 13.5 25.0	15.6 23.7 20.9 32.5	15.1 22.5 17.4 23.3	Automobiles Household Durables Broadline Retail Multiline Retail Specialty Retail	21 11.3 -2128 20.7	21.3 11.4 57.7 21.7	23.4 12.3 38.7 21.4	Health Care Innovation Marketers Insurers	3.83% 3.45% 1.86% -0.10%	
	29.4%	24.7%	Information Technology	39.5	37.0	31.5	Communications Equipment IT Services	18.4 21.8	16.6 19.7	16.6 18.9	Software Technology Hardware Storage & P	44.6 29.8	38.5 30.3	33.7 27.8	Electronic Equipment Semiconductors	22.9 54.0	26.9 50.9	23.9 37.2	Financials Up rates/low spreads Capital Markets Insurance	1.57% 0.66% -0.53% 1.44%	
				21.7	20.9	18.7	Overweight	21.7	20.9	18.7	Equalweight	22.2	22.2	21.5	Underweight	32.0	30.1	26.2	Bond Substitutes Weak FX \$ plays High R&D plays Transports	0.73% 0.15% 1.80% -0.78%	
				24.2	23.6	21.3		24.2	23.6	21.3		24.2	23.6	21.3		24.2	23.6	21.3	Geopolitical risk Weak oil prices Inflation shock Stagflation Protection	1.89% -0.12% -0.04% 4.08%	
	24.6	24.6	22.2		24.6	24.6	22.2		24.6	24.6	22.2		24.6	24.6	22.2		Domestic GDP Global GDP Consumer TMT Trade sensitive	-3.04% -5.74% -0.28% -2.38%			
Aggregate PE: DWS View						Overweight	21.7	20.9	18.7	Equalweight	22.2	22.2	21.5	Underweight	32.0	30.1	26.2				
S&P 500							5267				2022, 2023& 2024 EPS	217.33	223.00	245.00	2022, 2023 & 2024 PE	24.2	23.6	21.5			
											Bottom-up Consensus EPS	217.33	223.42	247.55	Bottom-up Cons. PE	24.2	23.6	21.3			
															2022, 2023 & 2024 Ex Energy PE	24.6	24.6	22.2			
															Bottom-up Cons. Ex Energy PE	26.1	24.6	22.1			

Source: Factset, DWS Investment GmbH as of 5/30/2024. 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.

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# S&P 500 FAIR VALUE BY SECTOR



Assuming a ~5.50% real cost of equity (CoE) for overall S&P 500

	Market Value (\$bn)	Current 2024 PE	2024E Earnings (\$bn)	Normal Ratio	Normal 2024E Earnings	Accounting Quality Adjustment	Fully Adjusted Earnings	Net Debt / Market Cap	FCF / EPS	Real CoE	Steady State Value	Growth Premium	2024 Start Fair Value (\$bn)	2024E Dividend Yield	2024 End Fair Value (\$bn)	PE on Normal 2024E EPS	2024 End Upside %	2024 End Upside vs. S&P 500
Communication Services	4,270	20.0	213.0	99%	210.4	-7%	195.6	11%	0.83	5.50%	3,557	20%	4,268	0.8%	4,574	21.7	7%	10%
Consumer Discretionary	4,403	25.3	174.2	103%	178.7	-6%	168.0	10%	0.74	5.50%	3,054	33%	4,072	1.1%	4,355	24.4	-1%	2%
<i>Automobiles</i>	585	23.4	25.0	95%	23.8	-8%	21.9	30%	0.99	6.50%	336	40%	471	0.5%	511	21.5	-13%	-10%
<i>Broadline (Internet) Retail</i>	1,644	38.7	42.5	120%	51.0	-5%	48.5	0%	0.18	5.25%	923	75%	1,615	0.0%	1,740	34.1	6%	9%
<i>ex. Auto &amp; Broadline (Internet) Retail</i>	2,174	20.4	106.7	97%	104.0	-6%	97.7	13%	0.75	5.44%	1,795	11%	1,987	1.5%	2,114	20.3	-3%	0%
Consumer Staples	2,458	19.7	125.0	99%	123.4	-6%	116.0	14%	0.84	5.25%	2,210	5%	2,320	2.8%	2,434	19.7	-1%	2%
Energy	1,744	12.9	135.0	101%	136.0	-10%	122.4	13%	0.91	6.20%	1,974	-18%	1,619	2.2%	1,725	12.7	-1%	2%
Financials	5,773	16.2	357.0	97%	346.6	-7%	320.6		1.10	6.00%	5,344	-3%	5,184	1.8%	5,531	16.0	-4%	-1%
<i>Banks</i>	1,505	12.0	125.0	95%	118.8	-7%	110.4		1.11	7.00%	1,578	-10%	1,420	2.7%	1,516	12.8	1%	4%
Health Care	5,289	19.0	278.5	100%	277.3	-8%	255.1	10%	1.14	5.40%	4,725	15%	5,433	1.4%	5,788	20.9	9%	12%
Industrials	3,706	21.5	172.3	101%	173.9	-7%	161.8	15%	0.88	5.50%	2,941	10%	3,235	1.6%	3,442	19.8	-7%	-4%
Information Technology	14,024	31.5	445.0	105%	466.0	-3%	452.0	2%	0.95	5.25%	8,610	35%	11,623	0.8%	12,436	26.7	-11%	-8%
Materials	1,026	21.6	47.5	98%	46.6	-7%	43.3	15%	0.89	5.75%	753	10%	828	1.4%	885	19.0	-14%	-11%
Real Estate	880	16.1	54.7	97%	53.2	-5%	50.6	34%	1.80	5.60%	903	5%	948	3.9%	988	18.6	12%	15%
Utilities	1,020	17.1	59.5	103%	61.5	-7%	57.2	80%	-0.64	5.50%	1,040	5%	1,092	3.4%	1,142	18.6	12%	15%
S&P 500 (\$ bn)	44,592	21.6	2061.7	101%	2073.6	-6.3%	1942.7			5.50%	35,111	15.7%	40624	1.4%	43,298	20.9	-3%	0%
S&P 500 Index (\$/sh)	5267	21.5	245.0	100%	245.0	-6.1%	230.0	10%	0.93	5.50%	4182	16.6%	4878	1.4%	5192	21.2	-1%	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 5/30/2024. 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 2024E S&P 500 EPS	\$245.00	DWS 2024E S&P 500 DPS	\$76.00	DWS 2024E S&P 500 aggregate ROE	22.3%	Fair long-term nominal return on S&P 500 index	8.00%
		2024E dividend payout ratio	31%	2023E end S&P 500 book value per share	\$1,100	Components of estimated fair S&P 500 return:	
DWS "normal 2024E" S&P 500 EPS	\$245.00	DWS "normal 2024E" S&P 500 DPS	\$76.00	DWS "normal 2024E" S&P 500 aggregate ROE	20.9%	+ Long-term real risk free interest rate	1.75%
"Normal 2024E" EPS / 2024 EPS	100%	Normal dividend payout ratio	33%			+ Long-term fair S&P 500 equity risk premium*	3.75%
Accounting quality adjustment to pro forma EPS	-\$15.00	EPS directed to net share repurchases	\$75.00	S&P EPS retained for true reinvestment	34%	= Long-term real S&P 500 cost of equity	5.50%
		Normal share repurchase payout ratio	33%	Estimated ROE on reinvested S&P EPS	9.50%	+ Long-term inflation forecast	2.50%
Normal 2024E S&P 500 EPS fair to capitalize	\$230	Total payout of S&P 500 EPS	\$151.00	Economic margin (EM) or ROE-CoE	1.50%	= S&P 500 nominal cost of equity	8.00%
Key principle: steady-state value = normal EPS / real CoE		Total payout ratio of normal and quality adj. EPS	66%	Sources of long-term earnings growth:		* S&P 500 ERP history 300-400bps, w/ real CoE @ 5% - 6.5%	
S&P 500 EPS Capitalization Valuation		S&P 500 DPS Discount Model		+ Long-term inflation forecast	2.50%	Fair S&P 500 Market Value and Book Value Multiple	
Normal EPS / (real CoE - (EM/payout) - EM):		Normal DPS / (nominal CoE - DPS growth):		+ Fair return on true reinvestment	1.89%	2023E end S&P 500 book value per share	\$1,100
S&P 500 intrinsic value at 2024 start	4878	S&P 500 intrinsic value at 2024 start	4878	+ Value added return on true reinvestment	0.52%	Fair PB = Fair PE * normal aggregate ROE	4.43
S&P 500 intrinsic value at 2024 end	5192	S&P 500 intrinsic value at 2024 end	5192	= Long-term earnings growth	4.90%	Fair PE = (inc ROE-g)/(inc real ROE*(real CoE-real g))	19.91
Implied fair fwd PE in early 2024 on 2024E \$245 EPS	19.9	Implied fair forward yield on 2024E DPS of \$76.0	1.56%	+ Growth from net share repurchases	1.54%	Implied S&P 500 fair value of book at 2024 start	4878
Implied fair trailing PE at 2024 end on 2024E \$245 EPS	21.2	Implied fair trailing yield on 2024E DPS of \$76.0	1.46%	= Long-term S&P 500 EPS/DPS growth	6.44%	Steady-state PB = normal agg. ROE / real CoE	3.80
				= Fair normal dividend yield	1.56%	Confirmed by fair steady-state PE = 1 / real CoE	18.2
				= Total long-term return at constant PE	8.00%		
Normal EPS / (real CoE-value added EPS growth)	4614	DPS discount model using true DPS (all payout)	4878	Value added growth premium in fair value est.	17%	Normal 2024E economic profit per share	\$169.50

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

	2024E Normal S&P 500 EPS				
	\$235	\$240	\$245	\$250	\$255
5.00%	5405	5595	5790	5989	6192
5.25%	5117	5294	5474	5659	5847
5.50%	4859	5024	5192	5364	5539
5.75%	4626	4781	4938	5099	5263
6.00%	4415	4561	4709	4860	5014

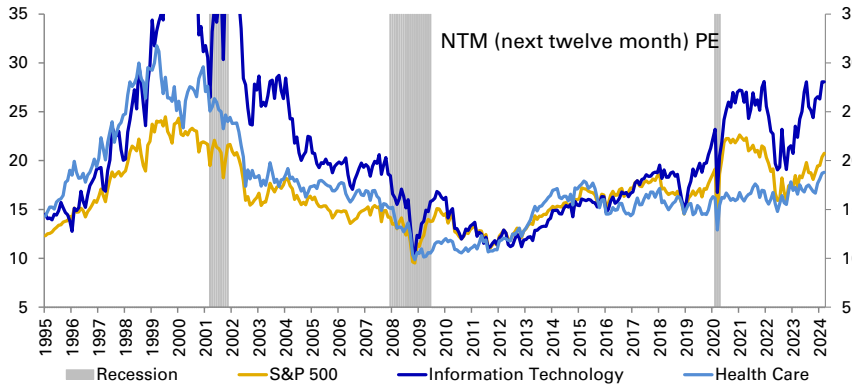
Index	3M relative View	Current Level	Previous Target CIO Day Nov	Target Mar 25	Chg in Target	Expected Total Return Mar 25	Assumptions									
							thereof	EPS growth NTM*	LTM multiple impact	Dividend Yield	EPS NTM* (e)	DWS vs. Cons.	Target LTM P/E in Mar 25	Target PE discount to US	Payout ratio	chg of LTM target PE
		14/03/2024														
S&P 500		5,153	4,700	5,300	13%	4.3%	USD	8.2%	-5%	1.5%	247	-2.3%	21.5x		31%	2.1x
Stoxx 600		506	465	515	11%	5.0%	EUR	4.7%	-3%	3.3%	37.0	-1.5%	13.9x	-35%	45%	1.1x
EuroStoxx 50		4,993	4,350	5,000	15%	3.3%	EUR	3.5%	-3%	3.2%	370	-1.0%	13.5x	-37%	43%	1.6x
DAX40		17,942	16,600	18,700	13%	4.2%	EUR	4.1%	-3%	3.2%	1458	-1.1%	12.4x	-42%	40%	1.2x
SMI		11,721	10,950	11,450	5%	0.7%	CHF	9.1%	-11%	3.0%	673	-1.2%	17.0x	-21%	52%	0.8x
FTSE 100		7,743	7,400	7,600	3%	2.1%	GBP	-0.6%	-1%	3.9%		-1.4%	11.2x	-48%	45%	0.8x
MSCI EM		1,047	1,010	1,050	4%	3.2%	USD	11.9%	-10%	2.9%	80.7	-6.5%	13.0x	-40%	37%	-0.4x
MSCI AC Asia xJ		661	640	675	5%	4.8%	USD	15.3%	-11%	2.6%	48.3	-5.3%	14.0x	-35%	36%	-0.7x
MSCI Japan		1,643	1,520	1,740	14%	8.2%	YEN	11.2%	-5%	2.3%	109.9	2.5%	15.8x	-27%	34%	0.5x
MSCI Australia		1,547	1,400	1,500	7%	0.9%	AUD	-0.3%	-3%	3.9%	93.0	-0.9%	16.1x	-25%	66%	1.7x

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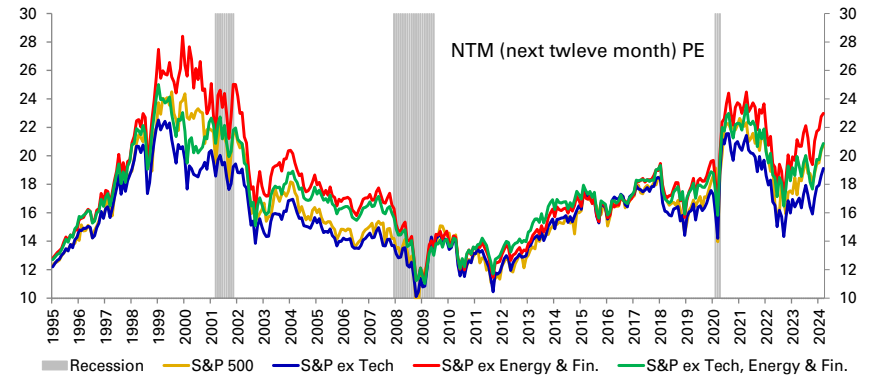
# S&P 500 PRICE-TO-EARNINGS (P/E) RATIO



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



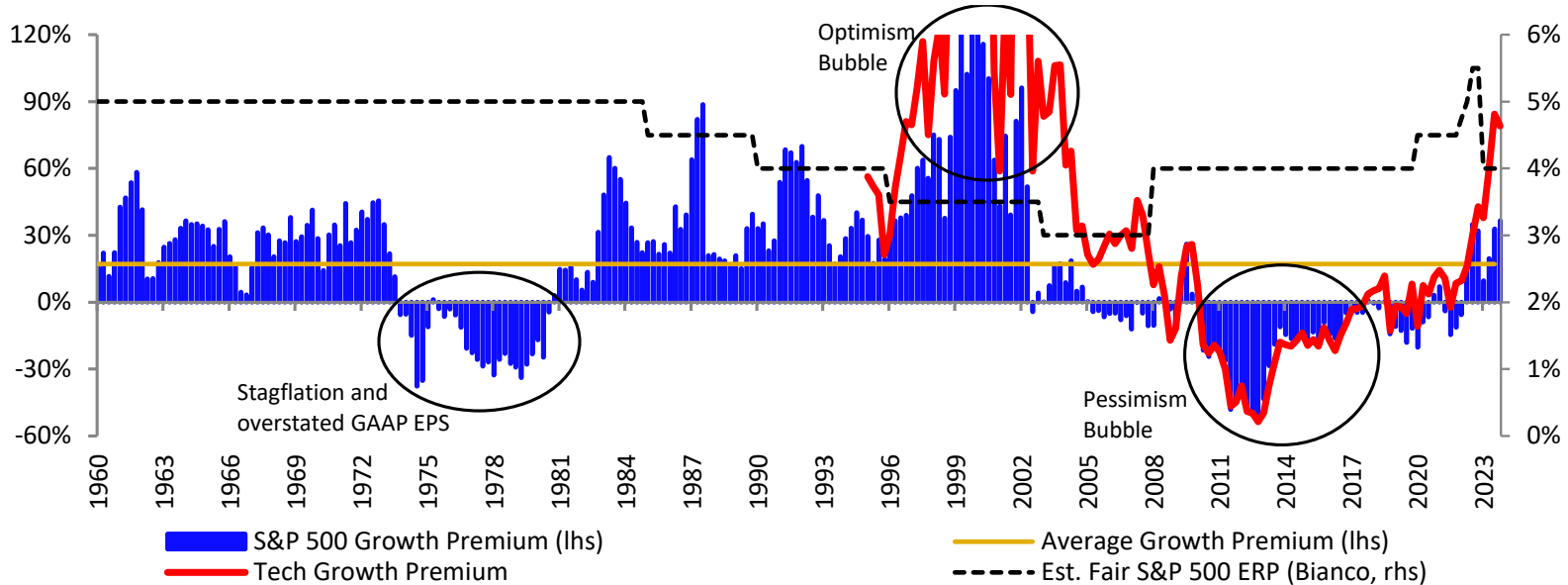
## S&P 500 EX TECH ENERGY & FINANCIALS FORWARD PE



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

Source: Factset, DWS Investment GmbH as of 4/30/2024. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

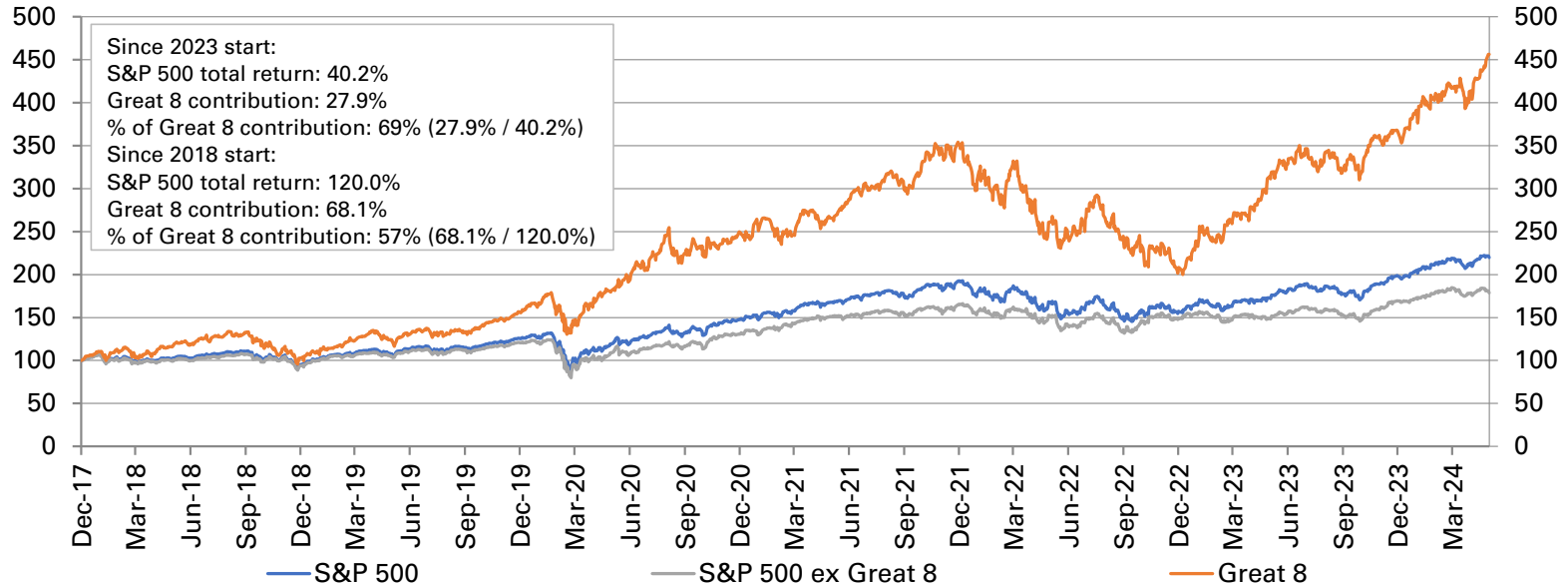
# S&P 500 AND TECH SECTOR GROWTH PREMIUM



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

Source: IBES, Haver, DWS Investment GmbH as of 4Q2023. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

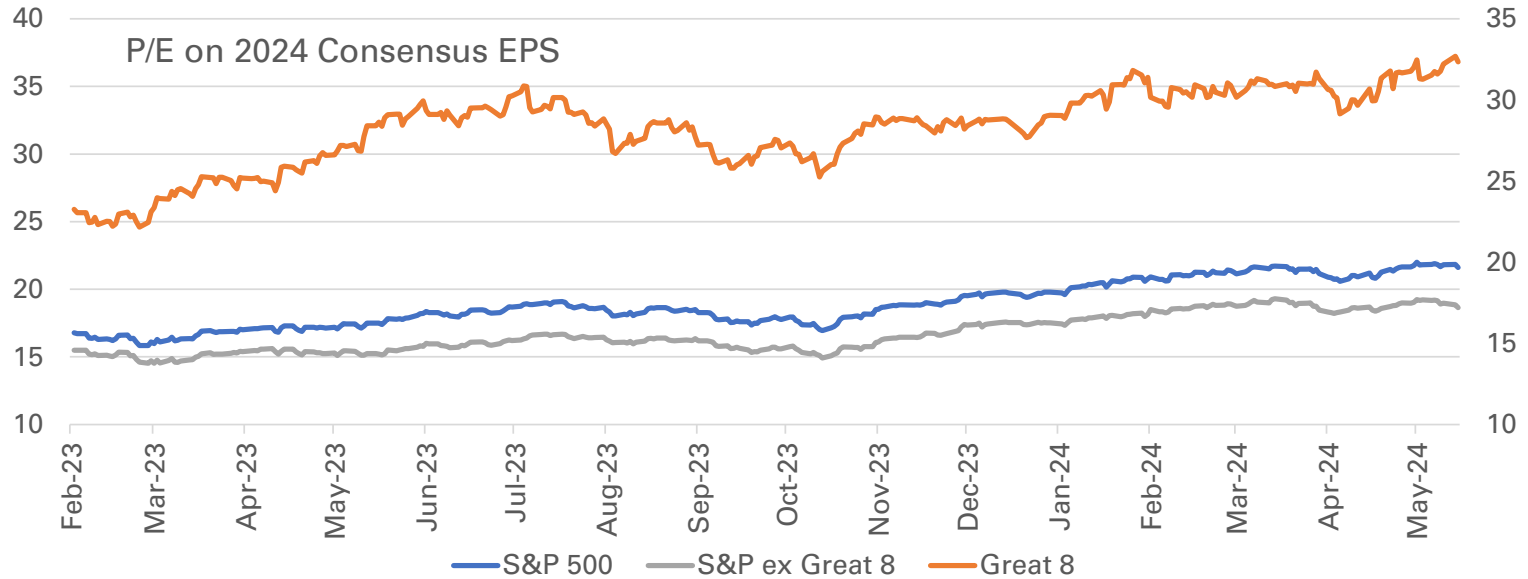
# S&P 500 AND THE GREAT 8 TOTAL RETURN



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

Source: IBES, Factset, DWS Investment GmbH as of 5/30/2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# 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 5/30/2024. Past performance may not be indicative of future results. It is not possible to invest directly in an index.

# 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.

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

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