DWS | Investors for a new now

Market Outlook Slides

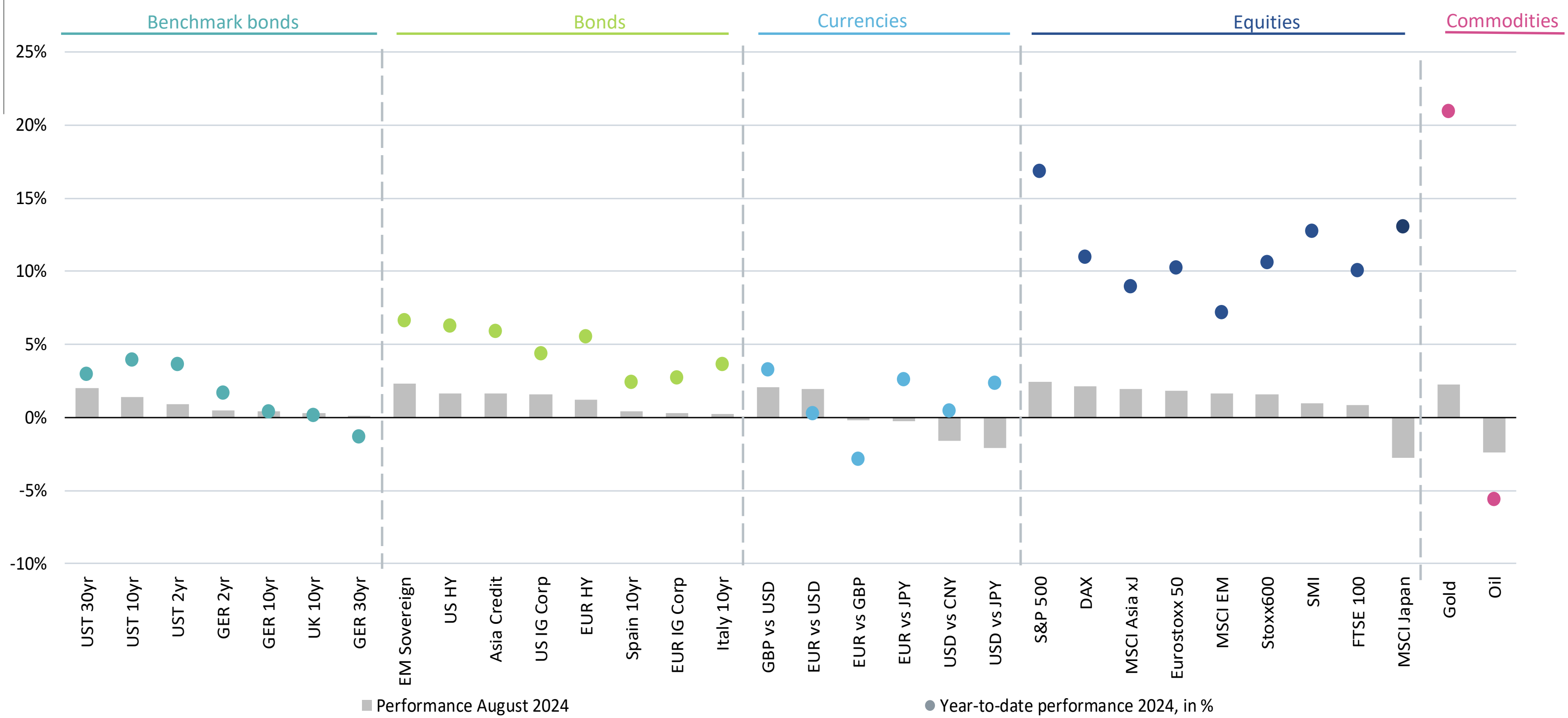
Strategic CIO View

September 2024

Review

Asset-class performance

Asset-class returns



Past performance is not indicative of future returns.
Source: Bloomberg Finance L.P., DWS Investment GmbH as of August 31, 2024

Overview of strategic forecasts

Executive summary U.S.

DWS

Macro

		'24 | '25
GDP*	**Robust economy with slowdown over '24** We upgrade our '24 growth outlook. Meanwhile, risk of a recession increased, which could impact '25 growth. Industrial production remains muted while demand in service sector is supportive	2.4% I 1.7%
Inflation*	**Disinflation proceeds, some risks remain** Inflation is moving in the right direction, which supports rate cuts expected to start in September. Non-durables such as energy prices remain wildcard amid geo-political uncertainty.	2.9% I 2.3%
		Q3 '25
Monetary Policy	**Fed is ready to cut rates** Strong indication of willingness to cut in September based on supporting labor market data and supportive inflation direction. We expect cuts at every meeting in '24 and 3 in '25 until Sep.	3.75% - 4.00%

RISKS

Economic slowdown: Growth momentum to weaken quicker than expected because of lagging effects from restrictive monetary policy. Visible when labor market weakens. This might lead to a front-loading of the rate cuts, which in turn, could stir further uncertainty

Financial stability can be impacted by higher interest rates, what might result in a more severe recession putting stress on financial system.

Geo-political shocks are still a risk, especially in the middle-east, so are the trade relations with China

Asset classes

		Q3 '25
Fixed Income	**Continued dis-inversion of curve with Fed rate cuts ahead** **USTs:** Yield curve expected to normalize over the course of Sep '25 **U.S. IG:** Yields attractive on long-term horizon. Technicals should support	4.05% 10y UST; 85bps US IG
Currencies	**EUR/USD: Unchanged expections** USD with potential downside as econ. outlook has taken a hit. But do not expect sharp recovery in G10 either	1.08 EUR/USD
Equity	**Outlook flat. Historical high multiples** We expect earnings to continue to grow. Multiples should normalize. An increased recession prob. But strong earnings growths leads us to have a moderately positive outlook	5,800 S&P 500
Commodities	**Mixed picture in commodities** **Oil:** Exposed to key risks of a U.S. slowdown & geopolitical confrontation **Gold:** We remain bullish on gold based on elevated geopolitical uncertainty and potentially decreasing yields	80$ Oil; 2,810$ Gold
Real Estate & Infrastructure**	**Real Estate:** With multiple potential rate cuts pushing down UST 10Y we are cautiously optimistic. But outlook remains dependent on econ. outlook **Infrastructure:** See potential but need to watch stocks that get expensive amid slower economic growth	6.00% Non-listed U.S. RE; 11.10% Non-listed Global Infra

*GDP & inflation forecasts are Y/Y averages (Q4/Q4 GDP growth is expected at 1.5% in 2024 & 2.1% in 2025; Y/Y Dec/Dec core PCE at 2.3% in 2024 & 2.2% in 2025) **Real Estate and Infrastructure forecasts are expected 12m total return. Past performance is not indicative of future returns. DWS expectations/forecast as of September 5, 2024. // 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.
Source: Bloomberg Finance L.P., DWS Investment GmbH as of August 31, 2024

Overview of strategic forecasts

Executive summary ex-U.S.

DWS

Macro

		'24 | '25
GDP	**EUZ:** Monetary policy effective but with uneven effect. Core countries lag.	0.7% | 1.0%
	China: Expect growth stabilization at close to 5% in 2H24. Consumption remains lower	4.8% | 4.4%
	India: Growth to remain strong and inflation under control	7.2% | 6.9%
Inflation	**EUZ:** Core inflation remains elevated due to high wage growth, i.e., higher service prices	2.5% | 2.3%
	UK: Continued service price dynamics and persistence in wage growth are key risks	2.6% | 2.4%
	Japan: Outlook after surprising rate hike in July remains opaque.	2.5% | 2.0%
		Q3 '25
Monetary Policy	**ECB:** We expect five gradual rate cuts each quarter until Sep 2025 if the inflation outlook remains supportive.	2.50%*
	BoE: We have seen the first rate cut in August '24; expect 5 more until Sep 2025.	3.75%

RISKS

EUZ: Potential risks to the macroeconomic outlook for the Eurozone include a delayed recovery in private consumption, weaker global demand, geopolitical tensions, and repercussions from the ongoing US-China trade war.
UK: It remains critical for the BoE to monitor economic data closely. Revival of inflation dynamics would hurt economy and credibility.
Emerging Markets: Potential further U.S. measures to weaken global trade would harm in particular EM Asia. In Latin America, the main risks stem from domestic political events and changes.

Asset classes

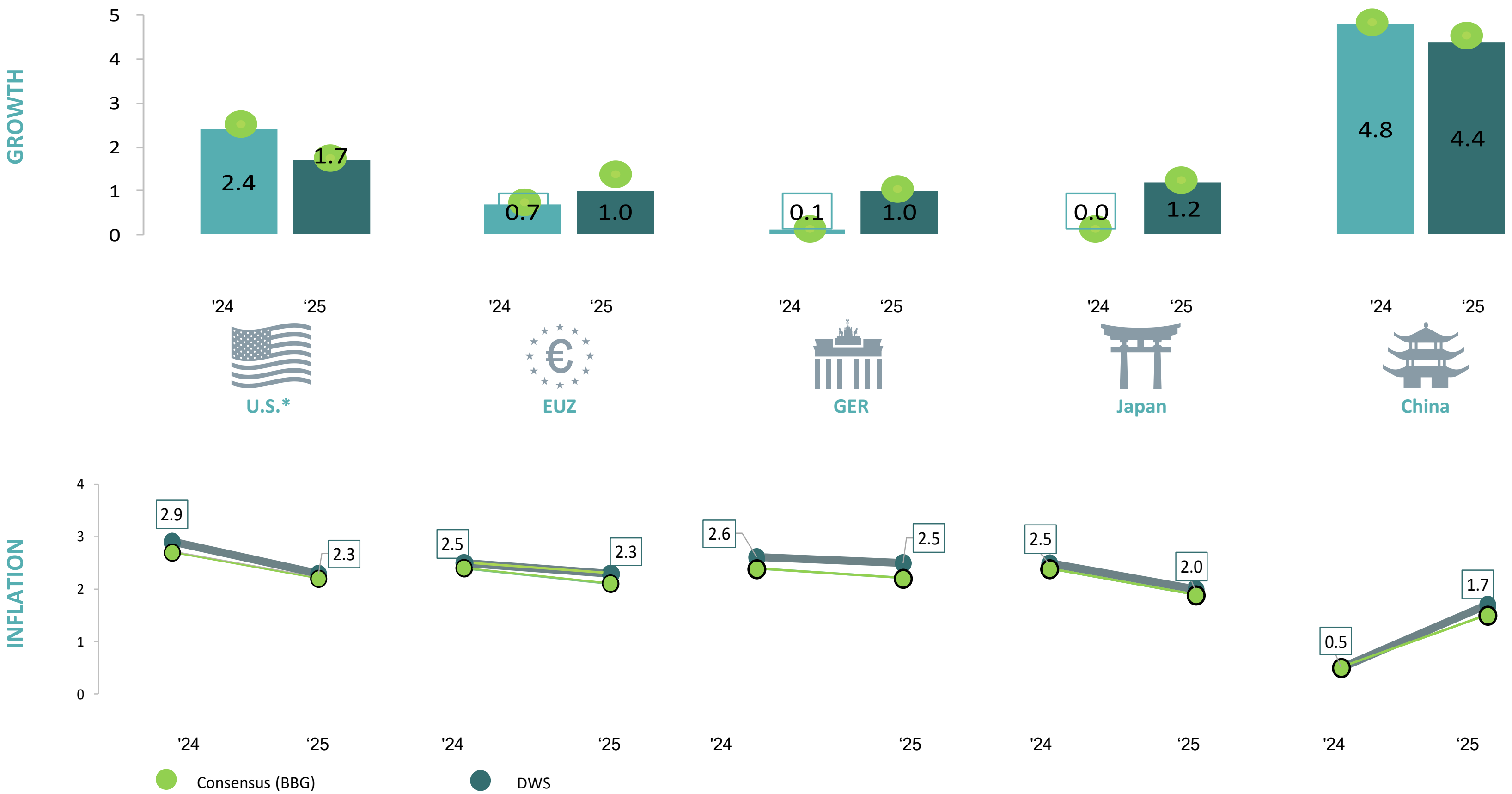
		Q3 '25
Fixed Income	**10y Bunds:** ECB to cut rates without longer pause. Continued steepening of yield curve expected. Downside risk because of recession prob. in U.S.	2.25% 10y Bunds
	EUR IG: Further narrowing of spread expected. We keep our positive view	95bps EUR IG
Currencies	**GBP/USD:** BoE expected to be highly data dependent and not cutting rates rapidly. Could support GBP	1.29 GBP/USD
	USD/JPY: Yield differential to narrow with BoJ rate hike and multiple potential Fed cuts ahead	140 USD/JPY
Equity	**Germany:** Despite continued discount to U.S. stock, sluggish growth remains key risk	20,000 DAX
	MSCI EM: Cautious on China as structural issues persist	1,140 MSCI EM
Real Estate**	**Positive view with short-term concerns about U.S. economy** With multiple potential rate cuts pushing down UST 10Y, we are cautiously optimistic. Nevertheless, dependent on economic outlook	8.00%** Non-Listed European RE
Infrastructure**	**Potentially slowing growth drives up relative price of certain stocks** Driven by stock-level fundamentals and relative valuations with defensive tilt. Need to keep a close look on stocks that get expensive in face of potentially slower econ. growth	11.10%** Non-listed global Infra

* Deposit rate; **Real Estate and Infrastructure forecasts are expected 12m total return // 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. DWS expectations/forecasts (F) as of September 5, 2024. Source: Bloomberg Finance L.P., DWS Investment GmbH as of August 31, 2024

Macro view: global economy 2024/2025

Inflation is becoming less of a topic, while growth concerns are increasing

Our growth and inflation forecasts for 2024 and 2025 vs. consensus, in %



*GDP & inflation forecasts are Y/Y averages. The information herein reflects our current views only, are subject to change, and are not intended to be promissory or relied upon by the reader. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might be incorrect. DWS expectations/forecasts as of September 5, 2024. Source: Bloomberg Finance L.P., DWS Investment GmbH as of August 31, 2024

Macro view: global economy

Purchasing Managers Indices (PMI)

Indices for the manufacturing industry*

	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
U.S.	47.6	48.6	46.9	46.6	47.1	49.1	47.8	50.3	49.2	48.7	48.5	46.8	47.2
Germany	39.1	39.6	40.8	42.6	43.3	45.5	42.5	41.9	42.5	45.4	43.5	43.2	42.4
France	46.0	44.2	42.8	42.9	42.1	43.1	47.1	46.2	45.3	46.4	45.4	44.0	43.9
Italy	45.4	46.8	44.9	44.4	45.3	48.5	48.7	50.4	47.3	45.6	45.7	47.4	49.4
UK	43.0	44.3	44.8	47.2	46.2	47.0	47.5	50.3	49.1	51.2	50.9	52.1	52.5
Sweden	45.9	43.8	46.3	49.2	49.0	47.2	49.8	50.3	51.7	54.1	53.2	49.2	52.7
Japan	49.6	48.5	48.7	48.3	47.9	48.0	47.2	48.2	49.6	50.4	50.0	49.1	49.8
Singapore	49.9	50.1	50.2	50.3	50.5	50.7	50.6	50.7	50.5	50.6	50.4	50.7	50.9
Taiwan	44.3	46.4	47.6	48.3	47.1	48.8	48.6	49.3	50.2	50.9	53.2	52.9	51.5
South Korea	48.9	49.9	49.8	50.0	49.9	51.2	50.7	49.8	49.4	51.6	52.0	51.4	51.9
China (HSBC)	51.0	50.6	49.5	50.7	50.8	50.8	50.9	51.1	51.4	51.7	51.8	49.8	50.4
India	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5
Brazil	50.1	49.0	48.6	49.4	48.4	52.8	54.1	53.6	55.9	52.1	52.5	54.0	50.4
Global													
Manufacturing Ind.	49.0	49.2	48.8	49.3	49.0	50.0	50.3	50.6	50.3	51.0	50.8	49.7	49.5
Non-manufacturing	51.0	50.7	50.4	50.7	51.6	52.3	52.4	52.4	52.7	54.0	53.1	53.3	53.3
Global Composite	50.6	50.5	50.0	50.5	51.0	51.8	52.1	52.3	52.3	53.7	52.9	52.5	52.5

* Values above 50 indicate an improving business development of the industry compared to the previous month, values below 50 indicate shrinking businesses.
Source: Bloomberg Finance L.P., DWS Investment GmbH as of August 31, 2024

Macro view: central banks & politics

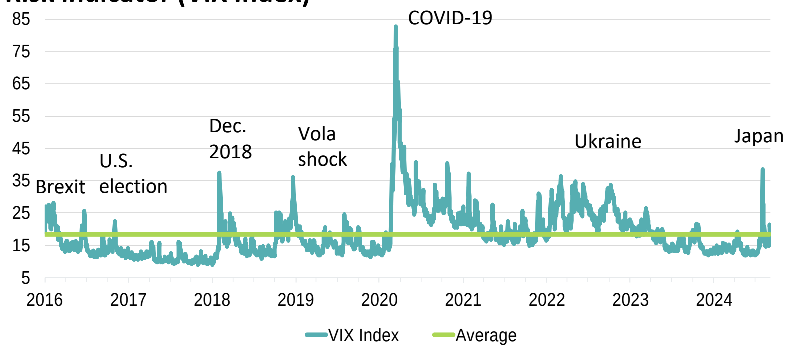
DWS

Over a 12M further rate cuts expected while decisions remain data dependent

Central-bank outlook

Institution		Current policy rate	Expectation Q3 2025	Comment
	Fed	5.25-5.50	**3.75-4.00**	We expect the first rate cut in September on the back of weakening labor markets and solid inflation figures. We raise our expectations to six rate cuts until end of forecast horizon.
	ECB	3.75*	**2.50**	We expect further cuts at each projection meeting, five in total until Sep ’25.
	BoE	5.00	**3.75**	Despite the risk of persistent inflation, we have seen the first rate cut in August 2024 and expect five more cuts within 12 months.
	BoJ	0.25	**0.75**	Despite the rate hike in July, the stance and the communication of BoJ remains opaque. We expect two more hikes until Sep ’25.

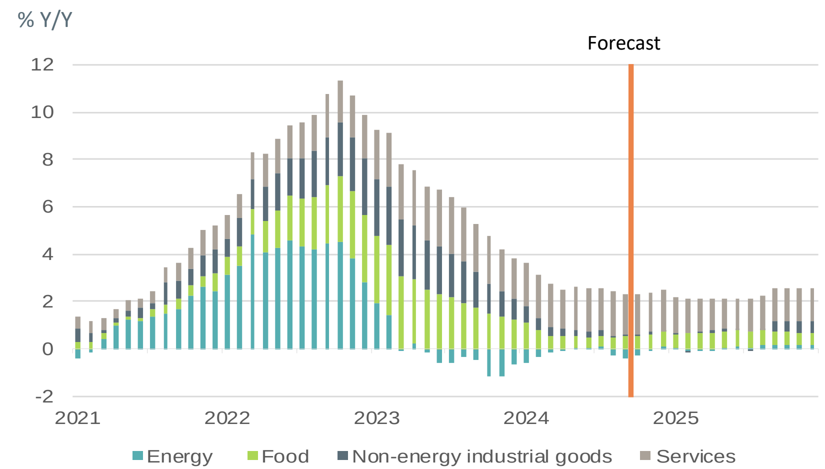
Risk indicator (VIX Index)



Financial conditions

Index points

Eurozone inflation outlook



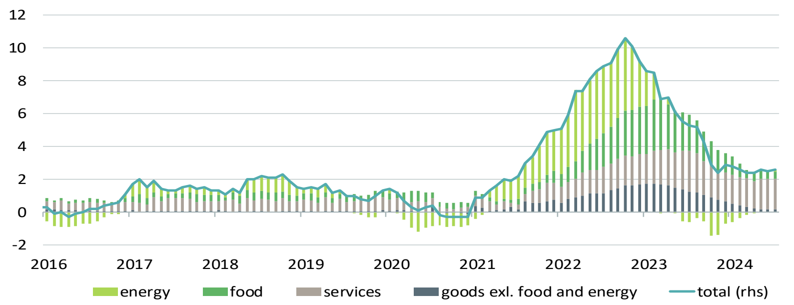
*Deposit rate for ECB. **Financial conditions impulse on growth shows how financial conditions which is driven by monetary policy impacts the economic growth. The information herein reflects our current views only, are subject to change, and are not intended to be promissory or relied upon by the reader. There can be no certainty that events will turn out as we have opined herein. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, opinions and hypothetical models or analysis which may prove to be incorrect. DWS expectations/forecasts as of September 5, 2024. // Source: Bloomberg Finance L.P., DWS Investment GmbH as of August 31, 2024

Inflation: Eurozone & U.S.

Core inflation in the U.S. & Eurozone moderating but still above target

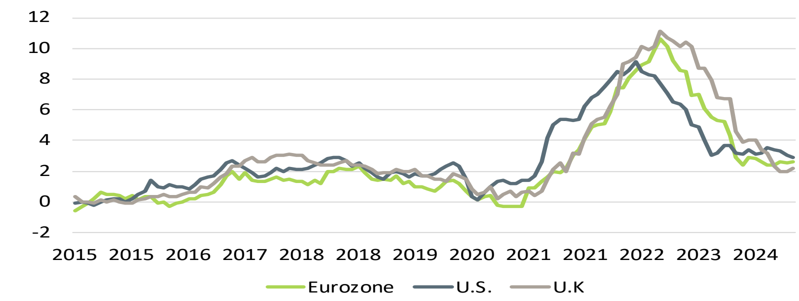
Eurozone: components of inflation rates

EUZ headline inflation in %



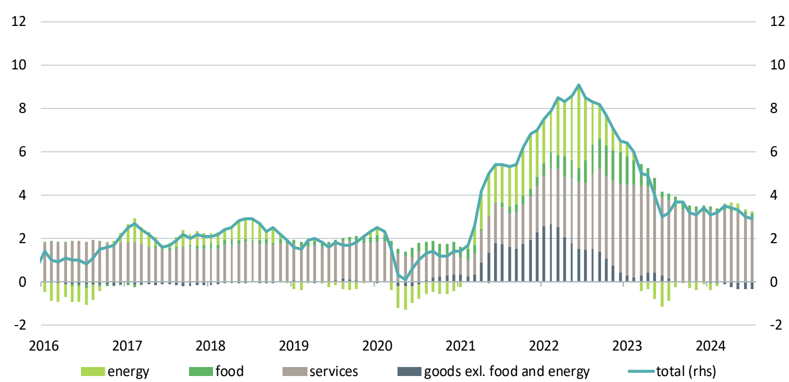
Inflation rates in the EUZ, U.S. and UK

% Y/Y



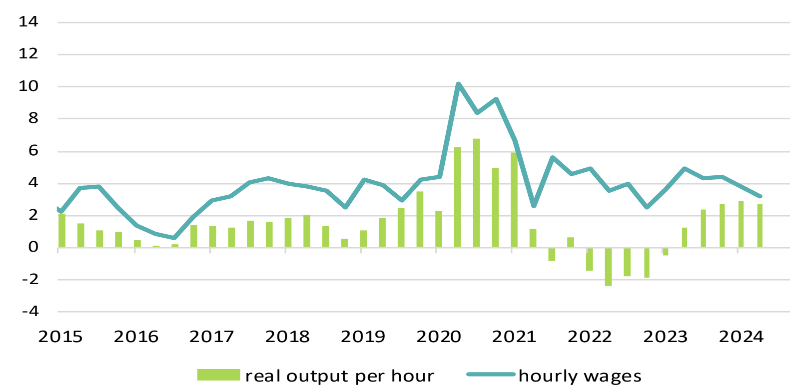
Inflationary pressure is slowly fading

U.S. inflation (CPI) in %



U.S.: hourly wages

% Y/Y



 Sources: Haver Analytics Inc., DWS Investment GmbH as of August 31, 2024

Asset Allocation

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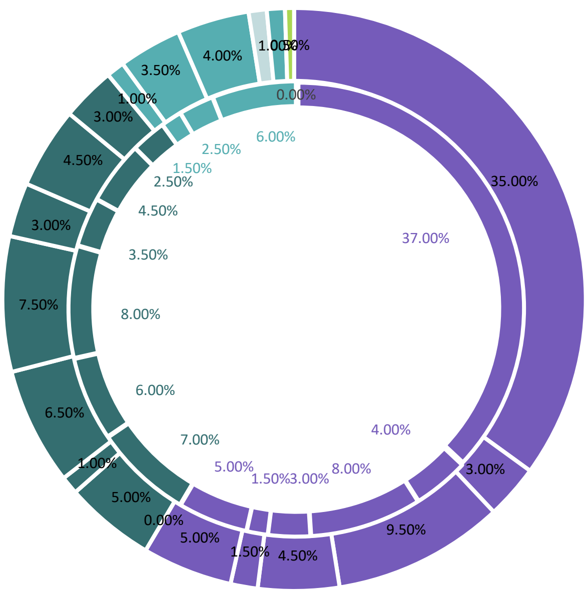
U.S. moderate portfolio allocations (outside) vs. Benchmark allocation (inside)



Equity	DWS	Benchmark
Equity	**58.5%**	**58.5%**
U.S. large caps	36.0%	37.0%
U.S. small caps	3.0%	4.0%
European equities	8.0%	8.0%
Japanese equities	5.0%	3.0%
Asia-Pacific ex-Japan equities	1.5%	1.5%
Emerging market equities	5.0%	5.0%
Emerging market Asia equities	0.0%	0.0%

Fixed Income	DWS	Benchmark
Fixed Income	**29.5%**	**31.5%**
U.S. Treasuries	5.5%	7.0%
U.S. TIPS	0.0%	0.0%
U.S. securitized bonds	6.5%	6.0%
U.S. IG corporates	7.5%	8.0%
U.S. HY bonds	3.0%	3.5%
Global ex-U.S. developed bonds	4.5%	4.5%
Global emerging markets bonds	2.5%	2.5%

Alternatives	DWS	Benchmark
Alternatives	**11.5%**	**10.0%**
Natural Resources	1.0%	0.0%
Commodities	1.0%	1.5%
Infrastructure	3.5%	2.5%
REITs	3.0%	0.0%
Developed real estate	3.0%	6.0%

Cash	DWS	Benchmark
Cash	**0.5%**	**0.0%**

We choose to slightly underweight both US Large Cap and US Small Cap equities in favor of Japanese equities. While Q2 S&P 500 total earnings surpassed $60, we see the upcoming US rate cuts being accompanied by a weaker US economic environment as opposed to euphoria in the financial markets. We remain cautious on a US equities market that rebounded from it's early August drop to once again test all-time highs.

The time horizon for this portfolio is 3 to 6 month. Allocations are subject to change. 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. DWS expectations / U.S. MIC moderate portfolio allocations as of September 6, 2024
Source: DWS Investment GmbH as of August 31, 2024

DWS Dashboard

As of July 31, 2024

Macro Risk Trends (12-month forward outlook)

	Current View	Comments
Economic		Economic momentum moderated in 2024, with Q1 showing some disappointment. Consumption remained robust; however, it is expected to gradually slow further as consumers continue to benefit from robust and slowly easing labor markets. Labor demand also moderated, while labor supply increased somewhat. Overall, the labor market appears to be converging toward a better balance, similar to pre-pandemic levels. From a top-down perspective, consumer finances seem sound, but we acknowledge that lower-income households may feel increasing pressures from higher rates and prices. The delay in Federal Reserve rate cuts poses a risk of potentially impacting economic momentum more than currently anticipated.
Inflation		In the second quarter, disinflation appears to have returned, with inflation prints for April and May indicating that temporary upside pressures have waned. Looking ahead, we anticipate the disinflationary process to continue, although perhaps not at the rapid pace observed in May. Overall, this process is expected to be somewhat volatile. This could be one reason for the Federal Reserve's decision to remain hawkish and most likely defers the first rate cut until December this year. Fed officials are likely aiming to prevent from exaggerated rate cut expectations, as seen in the last quarter of 2023, which could undermine their efforts to further lower inflation.
Interest Rates		The economic surprise index continues its march lower, pacing the Fed to begin rate cuts this year, as the '24 SEP goal-posts have already been reached for PCE & UE. While the Fed is only projecting 1 cut in 2024 they show 100bps worth of cuts in both 2025 and 2026. That keeps the total number of cuts across 2024-2026 unchanged at 225bp. Other central banks (ECB & BOC) have begun their easing cycles and September will be a live meeting for global Central Banks (including the US). The Fed will continue to talk tough to guard against inflation plateauing/reaccelerating, given the Jan-Feb economic resilience. That said, there is a growing dispersion of potential global election outcomes & geopolitical risk, as such volatility will remain elevated even if trading ranges begin to be narrower and lower. The BOJ is complicating matters given their potential intervention of USDJPY >160 and large foreign treasury holdings. We believe Real Rates above 2% speak to the current restrictiveness of policy and the bar to raise rates has moved significantly higher. Our call on 2/10Y yields has been profitable, however, we would continue to express duration bets through 2-5 buckets and add 10Y duration only on pullbacks > 4.50%, as Fiscal will become a larger issue in 2025.
Risk/Credit		The outlook for USD IG Credit remains positive on a 12 month horizon. Technicals should be supportive for the asset class over this period with the expectation that Fed policy will keep Treasury yields elevated. Asset class flows have been strong YTD and should continue given attractive overall yield levels for Credit on a historical basis. The supply picture is also reasonable for the remainder of 2024 after heavy 1H issuance. Valuations and fundamentals remain neutral factors. In terms of fundamentals, we continued to see rating upgrades far outpace downgrades YTD from both a quantity and market cap perspective. We believe the upgrade cycle is running out of steam but we are also not concerned with widespread downgrades given our expectation of a mild slowdown in the economy, balance sheets that are in decent shape and consumer/employment data which remains supportive.
Stability of Curve	Bull steepener	Continue to advocate a bull steepener, as the front end seems to be the area of the curve with the largest magnitude of potential movement given the 225bps worth of cuts projected over the next 2+ years. There are risks of a which may not take hold until the 1st cut is underway. There is risk to bear steepeners if fiscal/supply becomes a larger issue and Fed isn't able to deliver as many cuts.

Weaker/spread widening → Neutral ← Stronger/spread tightening/lower vol

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DWS Dashboard

As of July 31, 2024

Risk Metrics – Trends (1–3-month forward outlook)

Sectors

	Rel-Val	Liquidity	Spread	Volatility	Comments
Treasuries					The Fed Outlook and risks are better balanced as the market now prices in < 2 cuts for 2024. The goalposts to begin cuts in the US have inched closer as PCE and UE are already at FED SEP projections for YE '24. That said, the late spring rally in yields has taken much of the value out of the 10Y and the market may see a technical back-up this Summer given: potential BOJ intervention in the Yen, geopolitical risks, continuous supply/auctions and bloated broker balance sheets. Yield Error (a liquidity gauge) has continually worsened and is a sign of large deviations from expected FV. That said, the front end + belly of the curve will remain attractive on such back-ups, as the Fed nears cuts and would seek to engage 10Y meaningfully above 4.50%
IG Credit					Neutral on a tactical basis. Spreads have been remarkably resilient given the rate volatility experienced in Q2. The Corporate index is 9bps wide of the 2-year tights on OAS of 85bps reached on 5/6/24. Any minor backups in spread have been viewed as buying opportunities as the technical environment (asset class inflows) and attractive overall yield levels supported the sector. While spreads do not look particularly attractive on a long-term basis, investors have been content to book the 5-6% yield available in the market. The 10yr average on the IG Corporate index yield is 3.54%, therefore the current level of 5.39% was attractive. We remain cautious on spreads and therefore have not moved to an overweight as overall yields have moved lower due to rates. On a 1-year basis, the average yield is 5.58% and the market currently is at 5.39%. We believe IG Credit will trade in a relatively tight spread band given risks seem balanced at this time. Inflows continue into the asset class and issuance should slow which remain positive catalysts balanced by less attractive yields in combination with tight spread levels.
HY Credit					The HY market continues to trade at tight spreads, but attractive all-in yields and eventual rate cuts have provided supportive technicals to the asset class. The new issue calendar remains solid with YTD volumes nearly twice the year-ago period. Approximately 80% of the use of proceeds for new issues have been dedicated toward refinancing, which is positive for credit. We continue to be neutral on HY, have an a slight up in quality bias within BB/Bs, and given the high compression/low dispersion in these rating buckets. We are focused on removing tail risks we are no longer being compensated for. We remain UW CCCs (particularly stressed CCCs) as we expect them to struggle under both "higher for longer" and a macro slowdown. We prefer to stay modestly underweight duration. Key risk are inflows driving a strong risk-on rally or a rally in the 10-year treasury without decompression.

Weaker/spread widening → Neutral ← Stronger/spread tightening/lower vol

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DWS Dashboard

As of July 31, 2024

Risk Metrics – Trends (1–3-month forward outlook)

Sectors

	Rel-Val	Liquidity	Spread	Volatility	Comments
MBS					Year to date, the current coupon spread has traded in a 10~15bp range, directional with rates and rate volatility. Spreads are well policed by money managers and hedge funds who have replaced banks as the dominant investors in the sector. The recent spike in volatility following the political turmoil in France and subsequent events has pushed the current coupon spread close to the upper end of the trading range. Announcements of portfolio repositioning from banks, both domestic and overseas, also have put pressure on spreads. We are monitoring this closely and feel that any sustained breach higher through the upper end of the prevailing range will be an opportunity to turn positive on the sector. MBS still looks cheap to other credit sectors historically and we believe the next leg tighter through the lower end of the range would be driven by clarity on Fed policy path and/or a finalization of Basel 3 regulations. MBS remains a carry trade till then and hold our neutral stance for now.
Structured Finance					Record ABS and CLO supply have been well absorbed YTD. In addition, we've seen a strong comeback in CMBS and RMBS issuance. Spreads, after a very strong Q1, have been mostly sideways in Q2 with esoterics and mezz outperforming high quality. Looking forward, we do expect the deluge of supply to dissipate over the 2H, however tight spreads and weak seasonal trends suggest a more neutral bias. We recommend moving up in quality and shortening spread duration in higher beta sectors like CMBS and CLOs. In ABS, we recommend extending duration into defensive subsectors like credit cards and rate reduction bonds. Expect continued headlines in the commercial real estate sector which may pressure spreads over time.
TE Munis					

Weaker/spread widening → Neutral ← Stronger/spread tightening/lower vol

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Equity view: spotlight

Sector performance

Relative sector performance vs. MSCI AC World

■ = Performance YTD 2024, on relative basis compared to MSCI ACWI Index, in %

● ● = previous month's performance on relative basis compared to MSCI ACWI Index, in %

Past performance is not indicative of future returns. Source: Bloomberg Finance L.P., DWS Investment GmbH as of August 31, 2024

Currency view

Strategic outlook

DWS

USD has slightly weakened

€/$

- Although the possibility of a U.S. recession and the weaker economic outlook has increased, we except a solid USD
- This could be disrupted by the end of the U.S. “exceptionalism”, which would result in flows to other “safe-haven” currencies. Those flows, however, will be highly dependent of the action of the central banks going forward

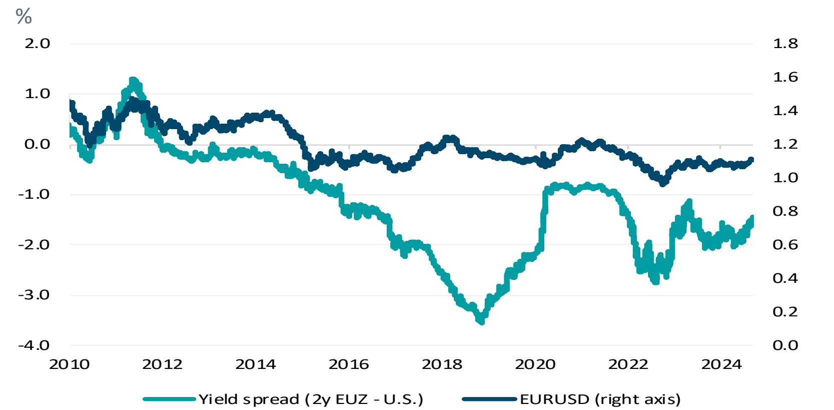
$/¥

- Contrary to the other major central banks, BoJ is expected raise rates further, which is undoubtedly positive for the Yen. More important for the potential appreciation of Yen is the rate cut speed of the US Fed.
- Investors are structurally underweighting the Yen. Any change of the sentiment could provide much stronger support for the Yen

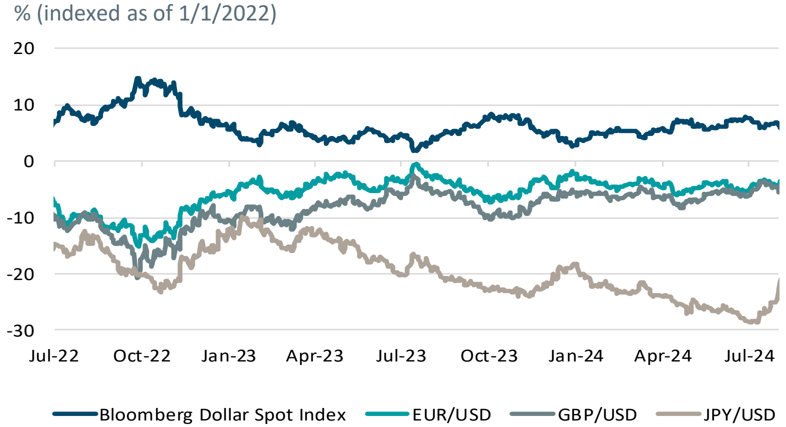
EM

- The big rate cuts in some EM countries are negative, thus EM currencies become increasingly idiosyncratic. Carry becomes less supportive.
- MXN: Inflation seems to bottom. Carry trade has come into a new environment – also due the turmoil in the Japanese Yen

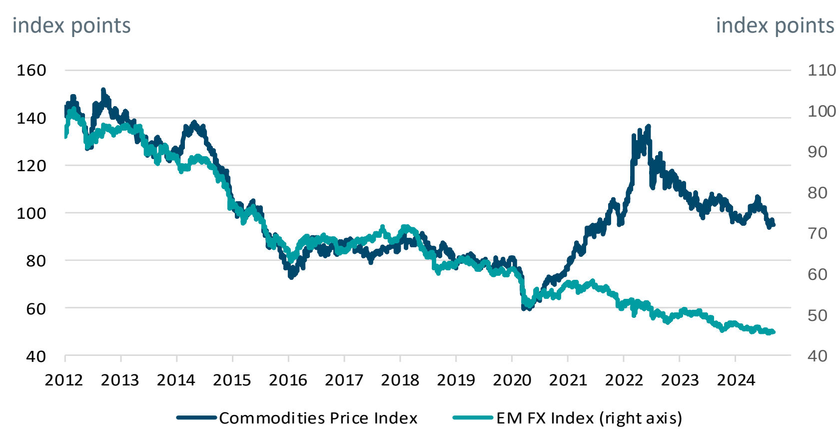
EUR/USD vs. yield spread



DM currencies vs. USD



EM currencies vs. commodities index



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Alternatives view – Real Estate & Infrastructure

Strategic outlook real estate & infrastructure

DWS

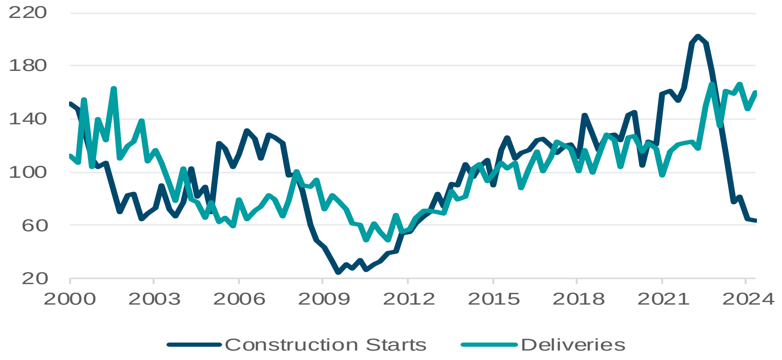
Real estate and infrastructure outlook influenced by U.S. economic path going forward

Real Estate: The soft-landing narrative in the U.S. has moved to shaky ground as weaker labor market statistics and manufacturing data point to a Fed that is suddenly behind the curve. The outlook for commercial real estate has been improving with the decline in U.S. 10-year Treasury yields that's started at the end of April providing optimism. The U.S. election brings a level of uncertainty, but this is being overshadowed by the outlook for Fed rate cuts. We maintain a slight defensive tilt in the near-term given the probability of a declining economy for 2H2024. Lastly, while broader sector-level themes may influence regional property market performance, we believe stock selection will be the key driver going forward in this market. A focus on real estate securities with high-quality assets and sustainable business models should provide the most favorable risk/return profile.

Infrastructure: We remain focused on relative valuations and companies that can maintain and grow cash flows as we assess opportunities. Volatility will likely continue. Infrastructure should benefit given its continued inflation passthrough traits and necessity-based assets, and a lower cost of capital in the form of lower long-duration bond yields would also be a positive. We expect performance dispersion to continue, affording active managers alpha opportunities.Exposure continues to be driven by stock-level fundamentals and relative valuations, with a moderately defensive tilt. During July we leaned further into that defensive tilt by trimming stocks that we believed to be getting more expensive in the face of a slower economic growth outlook, while adding to more defensive names that we believed appeared more attractively valued

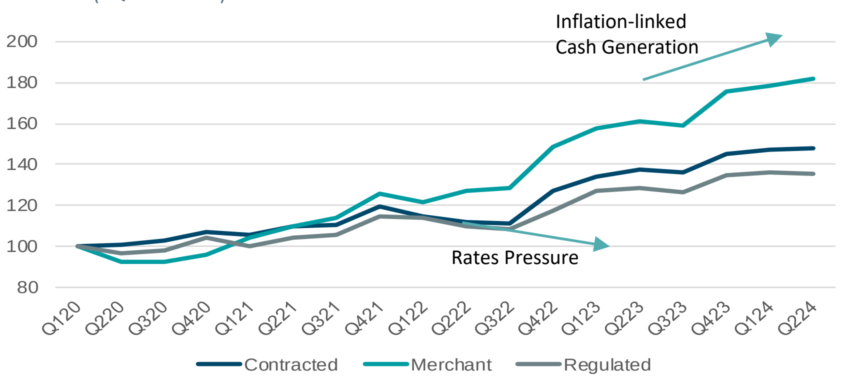
Construction starts continue to decline

Indexed (2000-1Q2024 average = 100)



Unlisted infrastructure equity total return*

Indexed (1Q2020 = 100)



*Higher frequency monthly EDHEC data is based on modelled estimates of the performance impact of market conditions such as interest rates. The information herein reflects our current views only, are subject to change, and are not intended to be promissory or relied upon by the reader. There can be no certainty that events will turn out as we have opined herein. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, opinions and hypothetical models or analysis which may prove to be incorrect. No assurance can be given that any forecast or target will be achieved. DWS expectations/forecasts as of September 5, 2024. // Sources: NAREIT (REITs); NCREIF (private real estate), Inframetrics, as of July 2024., DWS Investment GmbH as of August 31, 2024

Alternatives view - Commodities

Strategic outlook

We raise our gold forecast once again, after demand continues to increase

Oil: Our forecast reflects ample supply near-term supply, with additional OPEC+ barrels potentially entering the market in 4Q 2025, along with further production increases planned for 2025. Our base case assumes a very gradual increase in OPEC+ volumes, matching moderate growth in crude demand, consistent with DWS global GDP path. Recent events in the Middle East have heightened geopolitical risk premiums, leading to increased volatility in global crude oil prices. OPEC's decision to gradually increase production in October 2024 is based on expected stronger demand growth in the second half of this year. However, the possibility of a U.S. recession and a direct confrontation with Iran are two largest risks to oil prices.

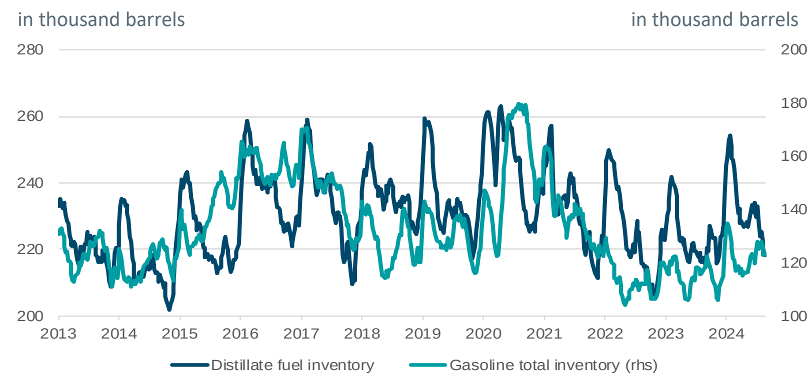
Gold: Gold has continued to perform well, boosted by persistent geopolitical turmoil, rising fiscal deficits, and strong purchases by both central banks and retail investors in Asia. Buying has been further supported by investor speculation on Fed rate cuts. Central bank purchases have slowed somewhat, but ETF buying has accelerated, boosted by falling real and nominal yields, a weaker dollar, and equity market volatility. Rising deficits necessitate easy monetary policy, which coupled with de-dollarization demand by foreign central banks.

Copper: Copper price reset from highs near $11,000/t in May to lows below $9,000/t in July, consistent with our previous bearish forecast. As expected, elevated inventories and weak Chinese demand have kept prices subdued. Our estimate of fair value in 3Q24 remains at ~$9,500/t. There are signs of improving demand with Chinese premiums once again elevated. Rising grid spending in China is a bullish factor. Monetary easing both in DM economies and China will support prices into 2025. We expect supply to continue to be disrupted in 2024 and into 2025. Low copper concentrate output, particularly from Chile and Peru will ultimately lead to lower refined copper output – a bullish risk.

12-month forecast: Commodities

	Current (Aug '24)	End of Q4 2024	End of Q1 2025	End of Q2 2025	End of Q3 2025
Brent	81/bbl	79	78	80	80
Gold	2,493/oz	2,570/oz	2,630/oz	2,710/oz	2,810/oz
Copper	9,000/t	9,600/t	9,600/t	9,800/t	10,000/t
EU Carbon Allowances (EUA)	74/t	80	85	87	80

Distillate fuel inventories remain below average



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Overview of the DWS investment process

CIO View at the center

RESEARCH

CIO VIEW

PORTFOLIO

931 **Investment & research professionals**
Each specializing in specific alpha sources, to generate a broad set of value-adding ideas

~40 **Signal providers**
Give an independent investment recommendation on their respective CIO signal

4+1 **Asset classes**
Fixed Income, Equities, Alternatives, Multi Asset + Macro

MACRO RESEARCH
Macro view and economic forecast

ASSET-CLASS SPECIALISTS
Investment views and strategic asset-class forecasts

CIO OFFICE
Investment orientation and mind-setting

TACTICAL VIEW
Short-term assessment & positioning

STRATEGIC VIEW
Long-term outlook & orientation

CONSTRUCTION
Building efficient lead portfolios for each product leveraging the research platform and CIO View

MANAGEMENT
Implementing portfolios in line with the lead portfolio for each product area

Seeking to deliver repeatable & risk-adjusted outperformance through integration, transparency, client-orientation and accountability

Source: DWS Investment GmbH as of June 03, 2024. No assurance can be given that any investment described herein would yield favorable investment results or that the investment objectives will be achieved.

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