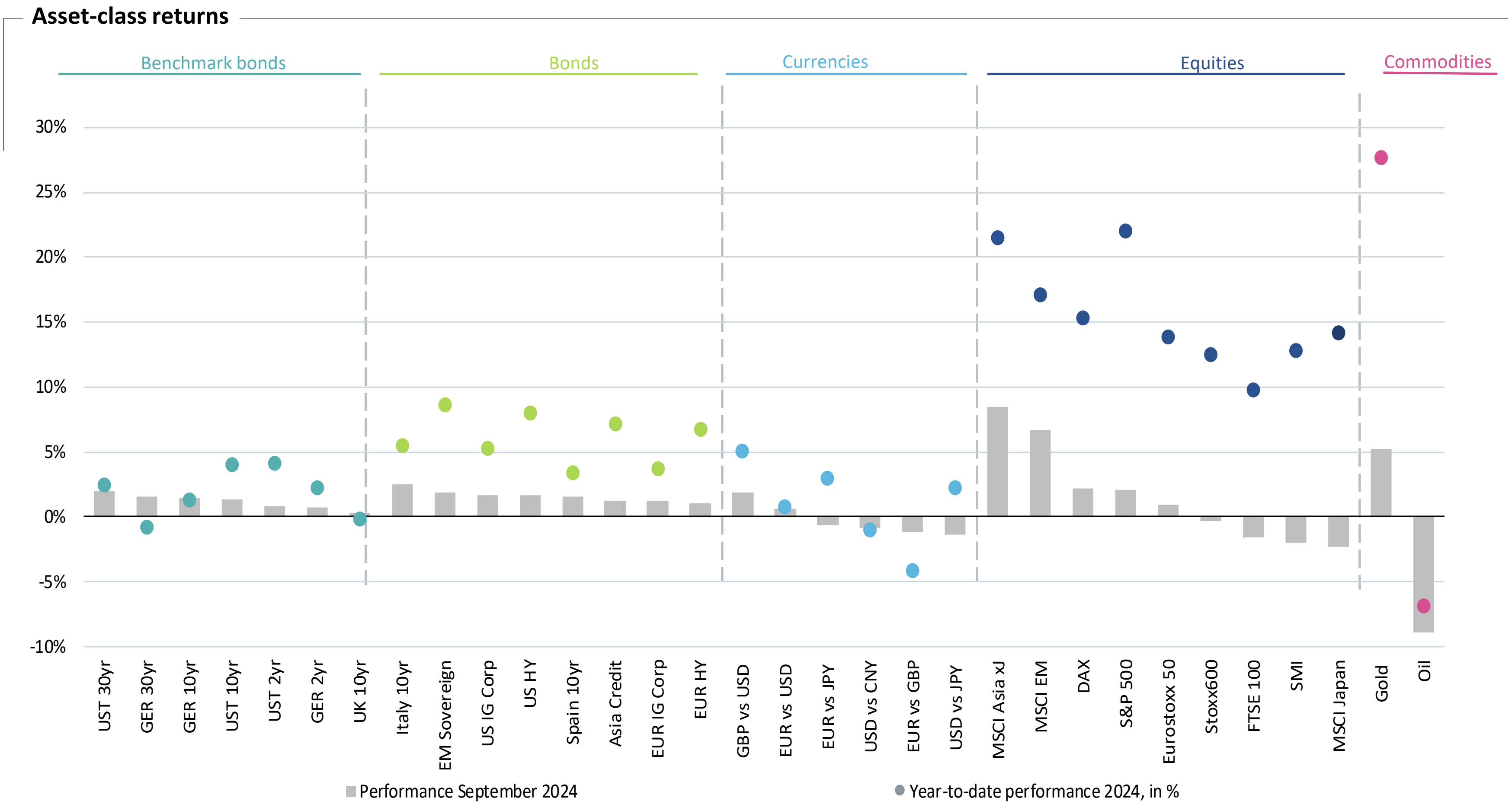
Market Outlook Slides

Strategic CIO View

October 2024

Review

Asset-class performance



Past performance is not indicative of future returns.
Source: Bloomberg Finance L.P., DWS Investment GmbH as of September 30, 2024

Overview of strategic forecasts

Executive summary U.S.

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 continues to support rate cuts after the 50bps cut in September. Non-durables such as energy prices remain wildcard amid geo-political uncertainty.	2.9% I 2.3%

		Q3 '25
Monetary Policy	**Fed frontloads rate cuts w/ 50bps in Sep.** Continuous cutting expected based on supporting labor market data and supportive inflation direction. We expect four rate cuts until Sep '25.	3.75% - 4.00%

RISKS

Economic slowdown: Growth momentum to weaken quicker than expected because of lagging effects from restrictive monetary policy. This could warrant further rate cuts when labor market weakens.

Financial stability can be impacted by inconsistent actions of the Fed, what might result in stress on the financial system.

Geo-political shocks are still a risk, especially in the middle-east and 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 expectations** USD with potential downside as econ. outlook has taken a hit. But we do not expect a 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 path 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 September 30, 2024

Overview of strategic forecasts

Executive summary ex-U.S.

Macro

Macro		'24 | '25
GDP	**EUZ:** Monetary policy effective but with uneven effect. Core countries lag.	0.7% | 1.0%
	China: Growth stabilization at close to 5% in 2H24. Recent stimulus expected to support	4.8% | 4.4%
	India: Growth to remain strong with >7% in 2024 and inflation under control	7.2% | 6.9%
Inflation	**EUZ:** Inflation moves into the target by the ECB of 2%, despite elevated 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 rate hike remains opaque, especially with tight election race	2.5% | 2.0%

		Q3 '25
Monetary Policy	**ECB:** We expect four gradual rate cuts each quarter until Sep 2025 if the inflation outlook remains supportive.	2.50%*
	BoE: We have seen first rate cut in August '24 and 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: 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

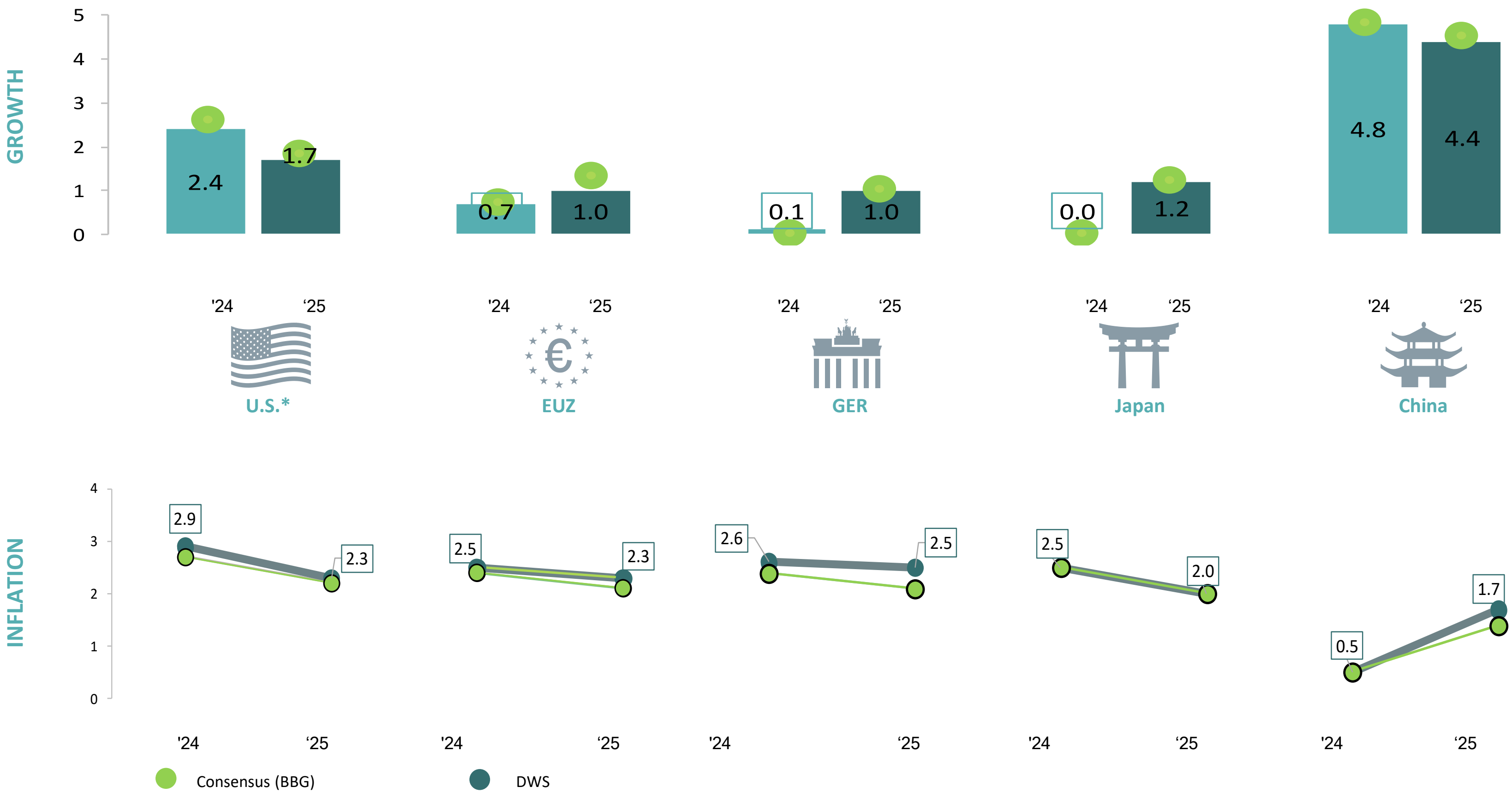
Asset classes		Q3 '25
Fixed Income	**10y Bunds:** ECB to cut rates without pause. Continued steepening of yield curve expected. Downside risk because of recession prob. in U.S.	2.25% 10y Bunds
	EUR IG: Further narrowing of spread expected. We keep our positive view	95bps EUR IG
Currencies	**GBP/USD:** 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: Remains to be seen how much Chinese stimulus pushes EQ	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 September 30, 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 September 30, 2024

Macro view: global economy

Purchasing Managers Indices (PMI)

Indices for the manufacturing industry*

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
U.S.	48.6	46.9	46.6	47.1	49.1	47.8	50.3	49.2	48.7	48.5	46.8	47.2	47.2
Germany	39.6	40.8	42.6	43.3	45.5	42.5	41.9	42.5	45.4	43.5	43.2	42.4	40.6
France	44.2	42.8	42.9	42.1	43.1	47.1	46.2	45.3	46.4	45.4	44.0	43.9	44.6
Italy	46.8	44.9	44.4	45.3	48.5	48.7	50.4	47.3	45.6	45.7	47.4	49.4	48.3
UK	44.3	44.8	47.2	46.2	47.0	47.5	50.3	49.1	51.2	50.9	52.1	52.5	51.5
Sweden	44.2	46.4	49.2	49.1	47.2	49.7	50.3	51.6	54.0	53.1	49.2	52.6	51.3
Japan	48.5	48.7	48.3	47.9	48.0	47.2	48.2	49.6	50.4	50.0	49.1	49.8	49.7
Singapore	50.1	50.2	50.3	50.5	50.7	50.6	50.7	50.5	50.6	50.4	50.7	50.9	50.9
Taiwan	46.4	47.6	48.3	47.1	48.8	48.6	49.3	50.2	50.9	53.2	52.9	51.5	50.8
South Korea	49.9	49.8	50.0	49.9	51.2	50.7	49.8	49.4	51.6	52.0	51.4	51.9	51.9
China (HSBC)	50.6	49.5	50.7	50.8	50.8	50.9	51.1	51.4	51.7	51.8	49.8	50.4	49.3
India	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5
Brazil	49.0	48.6	49.4	48.4	52.8	54.1	53.6	55.9	52.1	52.5	54.0	50.4	50.4
Global													
Manufacturing Ind.	49.2	48.8	49.3	49.0	50.0	50.3	50.6	50.3	51.0	50.8	49.7	49.5	49.5
Non-manufacturing	50.7	50.4	50.7	51.6	52.3	52.4	52.4	52.7	54.0	53.1	53.3	53.8	53.8
Global Composite	50.5	50.0	50.5	51.0	51.8	52.1	52.3	52.3	53.7	52.9	52.5	52.8	52.8

* 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 September 30, 2024

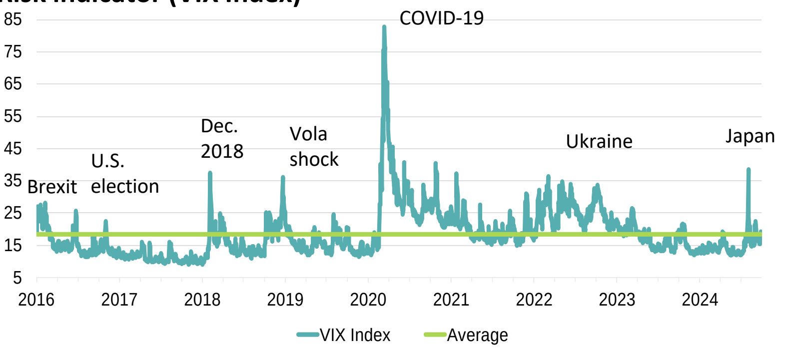
Macro view: central banks & politics

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

Central-bank outlook

Institution	Current policy rate	Expectation Q3 2025	Comment
Fed	4.75-5.00	**3.75-4.00**	We expect further rate cuts on the back of weakening labor markets and solid inflation figures. We raise our expectations to four rate cuts until end of forecast horizon.
ECB	3.50*	**2.50**	We expect further cuts at each projection meeting. Four 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.

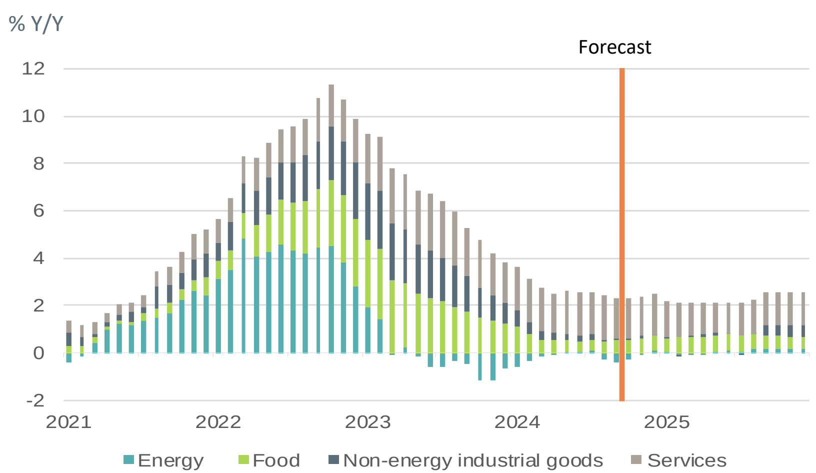
Risk indicator (VIX Index)



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 September 30, 2024

Inflation: Eurozone & U.S.

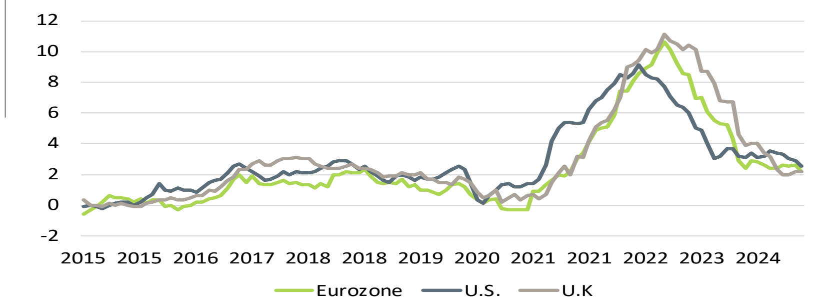
Core inflation in the U.S. & Eurozone moderating but still above target

Eurozone: components of inflation rates

EUZ headline inflation in %

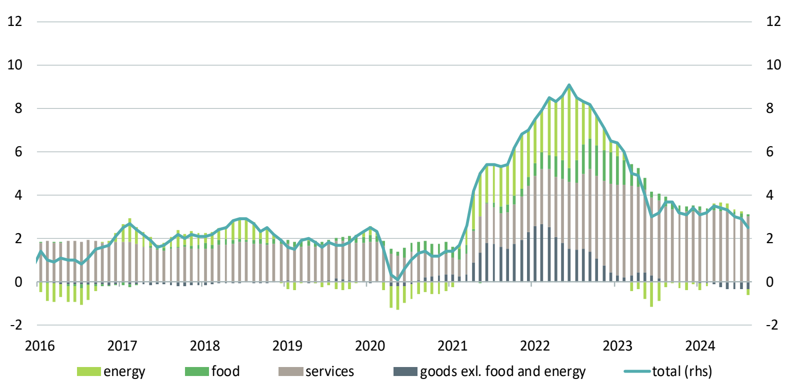
Inflation rates in the EUZ, U.S. and UK

% Y/Y



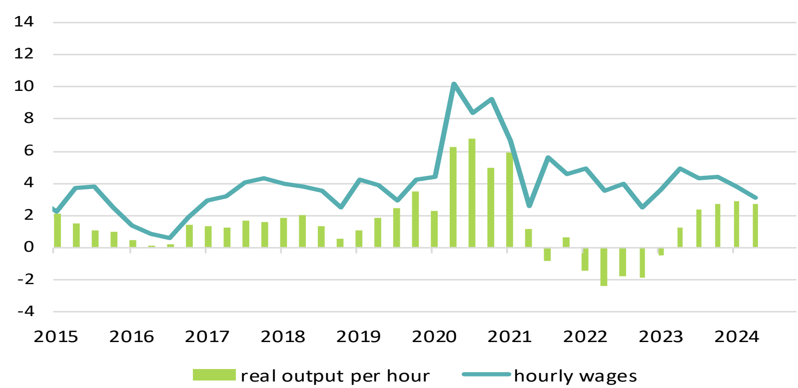
Inflationary pressure is slowly fading

U.S. inflation (CPI) in %



U.S.: hourly wages

% Y/Y



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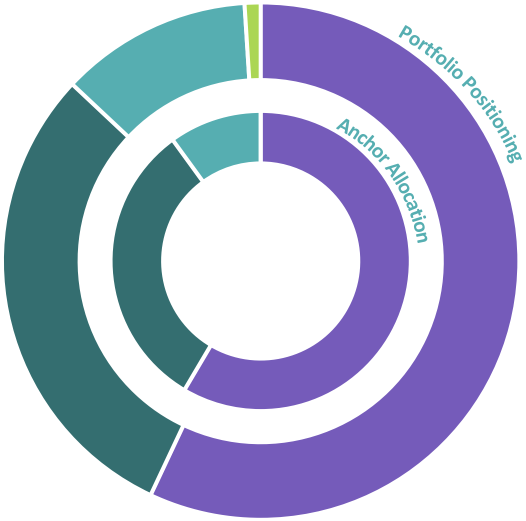
Asset Allocation

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

	DWS	Benchmark
Equity	**57.0%**	**58.5%**
U.S. large caps	36.0%	37.0%
U.S. small caps	2.5%	4.0%
European equities	8.0%	8.0%
Japanese equities	4.0%	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%

	DWS	Benchmark
Alternatives	**12.0%**	**10.0%**
Natural Resources	1.0%	0.0%
Commodities	1.0%	1.5%
Infrastructure	4.5%	2.5%
REITs	2.5%	0.0%
Developed real estate	3.0%	6.0%



	DWS	Benchmark
Fixed Income	**30.0%**	**31.5%**
U.S. Treasuries	4.5%	7.0%
U.S. TIPS	1.0%	0.0%
U.S. securitized bonds	6.5%	6.0%
U.S. IG corporates	8.0%	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%

	DWS	Benchmark
Cash	**1.0%**	**0.0%**

We remain cautious on US equities, particularly US Small Caps ahead of the upcoming US elections in November 2024. A 50bps rate cut and dovish sentiment from the Fed's September 18th FOMC meeting spurred a rally in short-term US treasuries and US equities. While S&P 500 valuations remain demanding at 22x P/E, these multiples may soon become more justifiable as treasury yields work their way down throughout the Fed's rate cutting cycle and create a more supportive cost of equity environment for stocks.

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 30, 2024
Source: DWS Investment GmbH as of September 30, 2024

DWS Dashboard

As of September 16, 2024

DWS

Macro Risk Trends (12-month forward outlook)

	Current View	Comments
Economic		Headline growth rebounded in Q2, but the details still point to ongoing moderation as support came from volatile components. Labor market developments took on greater importance as income gains continue to lag consumption gains, keeping the savings rate low. Recent soft labor market data have rebounded somewhat, but still suggest that a slowing trend remains in place at a time when income is becoming more important to households. The Fed's monetary easing should support growth: we expect three 25bp cuts by the end of 2024 and three more by September 2025.
Inflation		Disinflation has continued, but CPI data for August showed some resilience in housing and a rebound in volatile transportation services. Together with some robustness in wage developments in August, this suggests that the fight against inflation is not yet over. Looking ahead, we expect disinflation to continue. This is likely to be more evident in PCE inflation than in the CPI, supporting the Fed's case for a gradual pace of rate cuts.
Interest Rates		This is the first time we've moved to a more neutral position on Rates in quite some time. The Yen-Carry trade unwind & early Aug Labor scare pushed treasury yields materially lower and increased rate cut bets through December 2025. There has been follow through on the move and despite mixed data (with the services segment of the economy still largely in-tact) 3/6 month economic trendlines (including inflation) are headed lower. Post-Jackson Hole, the Fed is squarely focused on labor and the continued movement of the unemployment rate higher would be unwelcome. There is still interplay between a 25bps or 50bps cut at the September meeting, but we struggle with a "soft landing" narrative and markets still pricing in 10 rate cuts through December 2025, which would take the policy rate below neutral. We would expect the Fed to remain attentive to labor and growth slowdowns, but also any reacellerations. The Fed may front-load cuts, but will be more patient finding neutral and there will be signficantly volatility and fiscal overhang post-election that will steepen the curve (which is finally disinverted after 2 years).
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 on the intermediate and long portions of the curve. 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 and balance sheets that are in decent shape.
Stability of Curve	Bull steepener	The curve has finally disinverted as rate cuts are on the horizon. The front end of the curve as already moved significantly (as we predicted) and we would expect some additional steepening in the near-term, eventually giving way to a Bear flattener, if the Fed isn't able to cut as quickly or aggressively as the market is pricing in. There is also risk to Bear steepeners if fiscal/supply becomes a larger issue post-election and with a debt ceiling suspension expiry in early January

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

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DWS Dashboard

As of September 16, 2024

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

Sectors

	Rel-Val	Liquidity	Spread	Volatility	Comments
Treasuries					The Fed is embarking on a cutting cycle starting at their September meeting to move from restrictive policy towards a more neutral stance. While they are on-target for their '24 economic projections, the balance of risks has moved higher for a labor slowdown and threatens their dual-mandate. Market expectations for rate cuts have gone beyond neutral and prior Fed Dot Plots. Powell has enjoyed unanimity at prior meetings but would expect stronger opinions to emerge on the need for front-loading 50bps cuts and the real durability of the US economy, as growth is already challenged in Europe and China. The effects of Seasonality and an election season are at-play, and we'd expect volatility to pick up in the coming months. It's hard to envisage rates moving materially lower from here (if a soft landing were to occur). The Fed will release updated economic projections, which will give us a better idea on the path of rate cuts and how high an UE rate they're willing to accept, before becoming more aggressive on cuts. Auctions and liquidity have been fairly well received thus far, but would expect fiscal to become a larger issue post-election
IG Credit					Neutral on a tactical basis. US corporate spreads ended August unchanged from July month-end at an index OAS level of 93bps. As in previous updates this year, spreads do not appear attractive on a long-term basis however, investors continue to focus on yield over spread. The Corporate Index yield at August month-end was 4.94% with a 10-year average of 3.59%. We will continue to be tactical with the IG Corporate positioning as risks to the downside have increased. Economic data while indicating inflation is slowing is also pointing to some weakening signals including US unemployment rising and weak ISM manufacturing data. We believe IG Credit will trade in a relatively tight spread band given risks are more balanced at this point in the economic cycle. Inflows continue into the asset class and issuance should slow which remain positive catalysts balanced by less attractive yields (below 5%) in combination with tight spread levels.
HY Credit					The HY market continues to trade at tight spreads, but attractive all-in yields and 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 are -1 on HY, have an a slight up in quality bias being neutral BBs and overweight Bs. Given the compression and tight spreads, we are focused on removing tail risks we are no longer being compensated for. We remain UW CCCs (particularly stressed CCCs). We are neutral duration. Key risk are inflows driving a strong risk-on rally in CCCs.

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

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DWS Dashboard

As of September 16, 2024

DWS

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

Sectors

	Rel-Val	Liquidity	Spread	Volatility	Comments
MBS					Mortgages are now trading on the tighter side of the trading range that we've seen in the past months, particularly after being buoyed by dovish remarks from the Fed as well as the ensuing curve movements. With the current coupon nominal spread to 10/5 blend now in the mid to high 130s, we're now at tights of the year. So, we remain tactically neutral with a slight negative lean, although we do not in the base case see spreads widening by a large margin in the short term.
Structured Finance					The YTD record pace of ABS and CLO issuance continued to be well absorbed. In addition, we've seen a strong comeback in CMBS and RMBS issuance. Structured spreads widened since June on growing macro concerns and high supply technicals. ABS spreads widened more as the consumer continued to weaken and investors looked to extend duration. For the remainder of the year, expect supply to normalize leading up to the US election, with full year issuance just below the record pace from 2021. There might be positive momentum in moving up in quality and shortening spread duration in higher beta sectors like CMBS and CLOs. In ABS, we see potential in extending duration, though remaining cautious on down in credit subprime and esoterics. Expect continued headlines in the commercial real estate sector which may pressure spreads over time.
TE Munis					Muni/Treasury ratios are at year-to-date highs in 10 year and longer maturities due to elevated new issue supply. New issue volume through August was $334 billion which was 34% higher than the same period in 2023. Mutual funds have received over $21 billion in flows which has helped absorb the higher levels of supply. We expect municipals will likely underperform though October as supply will remain heavy and seasonal factors are less favorable. However, fund inflows are likely to accelerate as the Fed cuts rates which should put downward pressure on ratios by the end of the year.

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 September 30, 2024

Currency view

Strategic outlook

USD has slightly weakened

€/$

- Although the possibility of a U.S. recession and the weaker economic outlook has increased, we do not except too much volatility in the 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

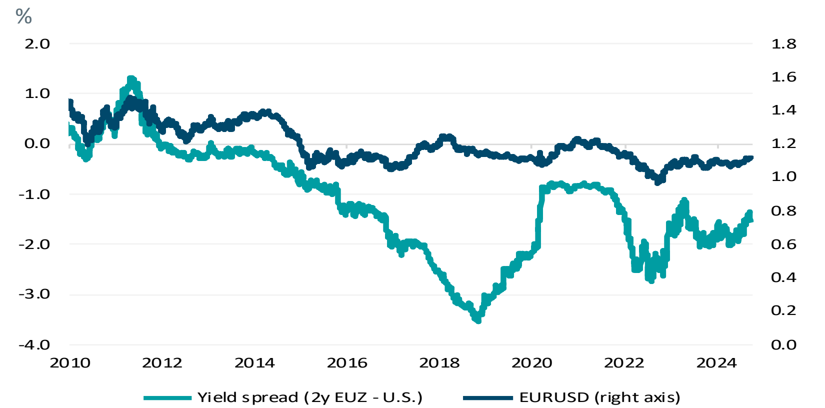
$/¥

- 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 JPY

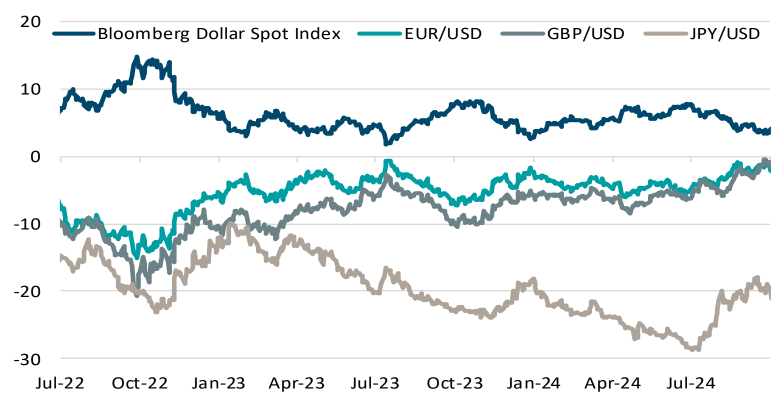
EM

- 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

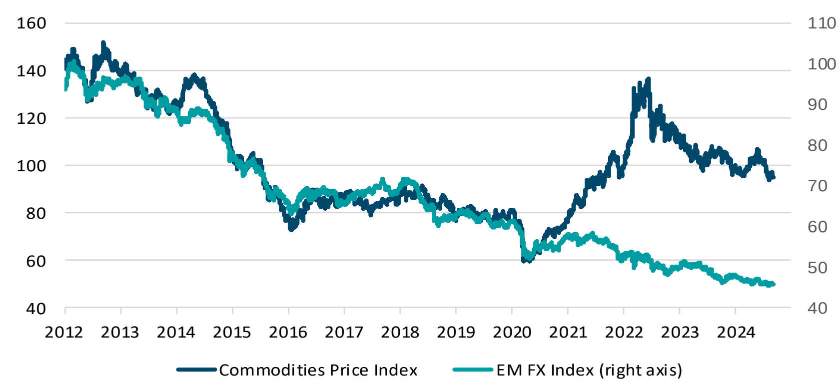
EUR/USD vs. yield spread



DM currencies vs. USD



EM currencies vs. commodities index



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Alternatives view – Real Estate & Infrastructure

Strategic outlook real estate & infrastructure

DWS

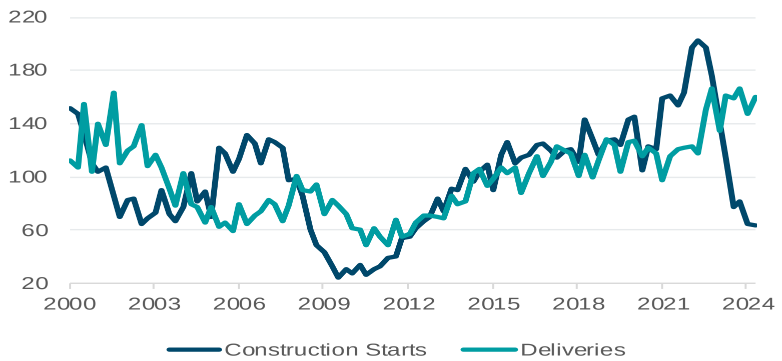
Real estate and infrastructure outlook influenced by U.S. economic path going forward

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 working to stay in control. 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 continued 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 remains key.

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. In the summer months 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

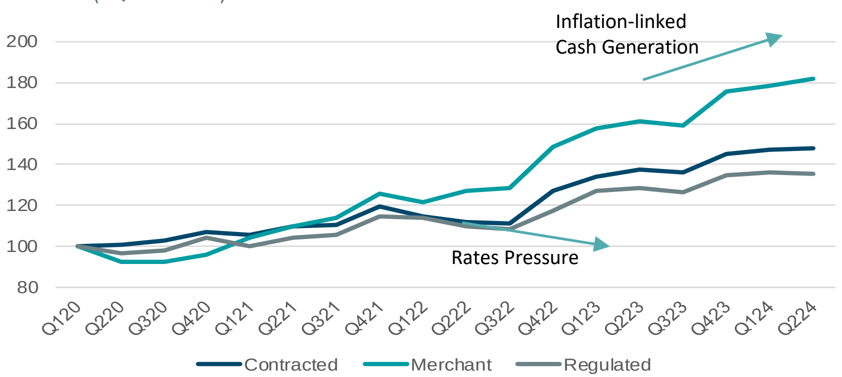
Construction starts continue to decline

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 September 30, 2024

Alternatives view - Commodities

Strategic outlook

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

Oil: Our forecast reflects ample supply in the near-term, with additional OPEC+ barrels potentially entering the market in 4Q2025, 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 the DWS global GDP path. Recent events in the Middle East have heightened geopolitical risk premiums, leading to increased volatility in global crude oil prices. Also, the possibility of a U.S. recession and a direct confrontation with Iran are two large risks to oil prices.

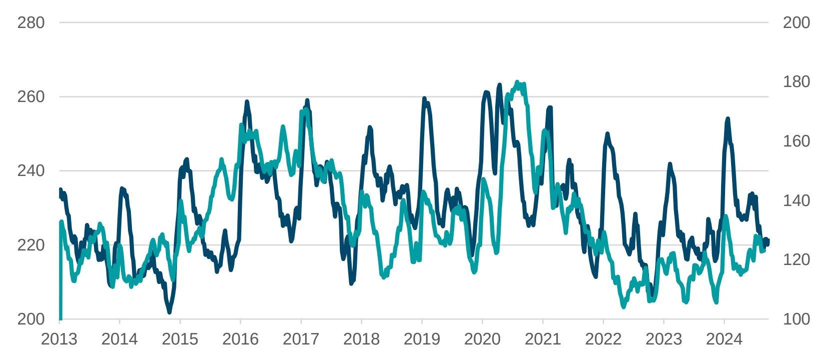
Gold continues to thrive, bolstered by ongoing geopolitical turmoil, increasing fiscal deficits, and robust purchases from central banks and retail investors in Asia. The 50bps Fed rate cut has further supported demand. While central bank purchases have slightly slowed, ETF buying has accelerated due to falling nominal yields, a weaker dollar, and equity market volatility.

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 are expected to support prices into 2025.

12-month forecast: Commodities

	Current (Sep '24)	End of Q4 2024	End of Q1 2025	End of Q2 2025	End of Q3 2025
Brent	72/bbl	79	78	80	80
Gold	2,634/oz	2,570/oz	2,630/oz	2,710/oz	2,810/oz
Copper	9,829/t	9,600/t	9,600/t	9,800/t	10,000/t
EU Carbon Allowances (EUA)	66/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

Investment & research professionals

931

Each specializing in specific alpha sources, to generate a broad set of value-adding ideas

Signal providers

~40

Give an independent investment recommendation on their respective CIO signal

Asset classes

4+1

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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