Deutsche
Asset Management

CIO | VIEW

Quarterly December 2016

Outlook 2017

A year of more surprises?

Marketing Material

Political ignorance is no option

Before looking ahead, let's first take a look at what happened in 2016. There is still no solution to the Syrian conflict and ISIS problem, the threat of Russia's and China's foreign policy ambitions is growing, and populism is on the rise in Europe. We also had the Brexit vote and Donald Trump's election win. In light of these events, you could say that markets held up fairly well. Does this mean political stock markets are essentially short-lived and that investors should turn their attention elsewhere? Hasn't it always been said that markets loathe uncertainty? The outcome of the Brexit process is still open, and it may take several months before we know which political agenda can and will be implemented in the United States. Not much proof of this uncertainty can be seen on the markets thus far, particularly on the U.S. stock markets.

Stefan Kreuzkamp,
Chief Investment Officer

On the contrary, U.S. markets are trading at record levels. Investors have been showering Trump with premature praise, expecting him to be a game changer. In this type of environment, investors can't afford to forego a political analysis. Especially when it comes to the United States, whose currency, interest rates and stock markets set the pace for the rest of the world. Investors need to make sure they have a clear idea of some aspects such as who decides, when do they decide and with or against whom, and who has veto power? Where are the monetary and fiscal boundaries, and which international ties should be considered? Those with a clear idea in the case of the Brexit vote and the U.S. election were and are already well ahead of most politicians and market players.

" We are keeping a close eye on the positive and negative surprise potential brought on by the coming U.S. President. "

For the time being, however, markets are playing the "higher growth with a controllable rise in inflation" scenario. We also expect to see the kind of positive momentum that can be sparked by hopes of a stimulus package. At best, this euphoria takes on a dynamic all of its own and is reflected in economic data even before government measures take hold. If not, then U.S. markets are presently setting themselves up for a great potential disappointment. Should the new administration take longer than anticipated to accept the realities of governing, the market's enthusiasm may come to an abrupt end. The reverse is taking place on Europe's stock markets. These markets price in political risk, demonstrated by their valuation gap relative to the United States. Given the promising signs coming out of countries such as Spain, and even France where reformer Francois Fillon has won the conservative primaries, the potential for positive surprises could indeed lie in Europe. Nevertheless, we have chosen to enter the new year without any strong regional preferences. This decision, as well as all of our positions, will be reviewed regularly in view of U.S. political developments. We are keeping a close eye on the positive and negative surprise potential brought on by the coming U.S. President. After all, politics moves markets.

Important terms are explained in our glossary. All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

CIO | VIEW

Quarterly December 2016

Focus

The end of quantitative easing in the Eurozone may be getting nearer, but the European Central Bank still has other monetary-policy instruments at its disposal to limit any interest-rate rise.

Macro

Lower taxes and deregulation could provide a modest boost to the U.S. economy. Political uncertainty ahead of key elections may harm growth in the Eurozone.

Commodities

In early 2016, fossil fuels and industrial metals started their road to recovery and we remain modestly positive on oil, gold and silver. The outlook is mixed for industrial metals.

Fixed Income

Over the next twelve months, we expect only a mild net increase in interest rates, but plenty of volatility along the way. The interest-rate differential between the United States and the Eurozone may reach its peak in 2017.

Currencies

We expect the upward trend in the U.S. dollar to continue for now, as investors seem to remain enthralled with the new U.S. administration. We expect the British pound to remain weak, however.

Equities

We see a volatile sideways market. Our focus remains on dividend-yielding stocks, as well as attractive sectors such as technology, healthcare and energy, plus on any tactical opportunities along the way.

Infrastructure Debt

Investing in a liquid portfolio of large, high-quality, investment-grade infrastructure bonds can potentially lead to interesting risk-adjusted returns.

Hedge-Fund Strategies

We live in uncertain times. Portfolios are in need of protection from the hidden risks that can build up when seeking alpha.

Multi Asset

Given the low-interest-rate environment in many developed markets and political uncertainties, it should remain critical to diversify across both asset classes and regions.

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Where now for euro yields?

» The European Central Bank has made key monetary-policy decisions. Will investors see rising yields in 2017? «

A report published by Bloomberg in early October electrified the market.[1] It said that a consensus had formed within the European Central Bank (ECB) on the gradual phasing-out (tapering) of the bond-purchase program. This sparked memories of May 2013, when U.S. Federal Reserve Chairman Ben Bernanke informed Congress that the U.S. central bank was considering reducing its bond purchases. This resulted in enormous fluctuations in bond prices and a rise in yields. In the Eurozone, in contrast, the bond-market response in early October was brief and cautious. It soon became clear that the ECB did not want a rapid and sharp rise in interest rates. The reasons for this appear obvious.

The Eurozone's recovery from the consequences of the financial and economic crisis has been slower than in the U.S. For example, the Eurozone was not able to overcome the 2008/2009 decline in gross domestic product (GDP) until a year ago in 2015. The U.S. economy had achieved this in 2011 and introduced tapering just two years later. The core inflation rate in the U.S. at the time of the tapering announcement in May 2013 was 1.7 percent, 0.9 percentage points higher than in the Eurozone today. So the ECB could continue to take its time. Factors in favor of beginning tapering in 2017 include an increase in inflation as well as actual growth exceeding the Eurozone's potential growth. The profitability of the banking sector, which is reduced by quantitative easing (QE), low interest income for insurers and savers, as well as shifts between equity and debt in companies are additional arguments for tapering.

Limits are within reach

There is another reason why the ECB needs to think about tapering. There may not be enough German government bonds available given the existing purchase rules. So far, the ECB can only buy bonds with yields above the deposit rate of -0.4 percent and can only hold 33 percent of the individual government bonds' volume. A change in these levels may only provide a temporary solution to the bond shortage because the ECB has to weight its government-bond purchases based on its ownership structure. With a share of 26 percent, Germany is the main owner of the ECB, which only exacerbates the shortage of German government bonds.

This may make tapering inevitable. However, the central bank has to keep in mind the high debt levels in the peripheral countries. A sharp rise in interest rates could place new economic burdens on Italy, Spain and Portugal. Unemployment would likely rise again after governments had successfully reduced the high levels seen in these countries since 2013. At the same time, the ECB's inflation target of two percent would grow more distant. This makes countermeasures necessary to prevent a taper tantrum, i.e. a sharp rise in interest rates in response to lower bond purchases.

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Monetary toolkit

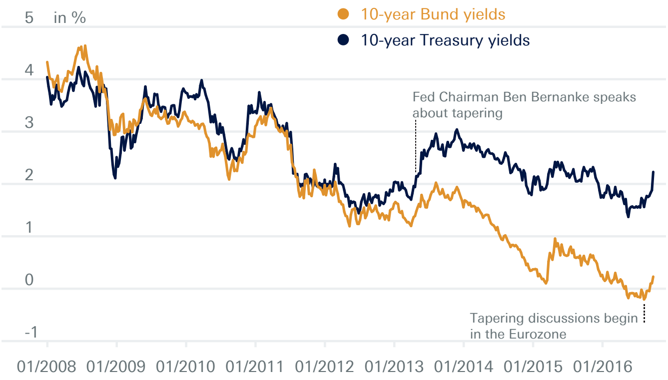
In choosing countermeasures, the key interest rate has traditionally been the first place to look. But this rate is negative. Even more negative key interest rates mean rising penalty payments for banks that keep excess reserves at the ECB. This could ultimately weaken the banks' equity base and thus their scope for lending, something that is not desirable. A more promising approach is the allocation of additional tenders to banks at favorable conditions (TLTROs). These long-term low-interest loans provided by the ECB are aimed at promoting lending to companies. But banks could also use the TLTRO funds to buy government bonds, which could limit the rise in interest rates as QE expires.

These are not the only tools the ECB has at its disposal. If, contrary to our expectations, economic activity in the Eurozone should weaken, the ECB could re-start its securities purchases, with a focus on bank bonds, structured bonds or equities instead of scarce government bonds. After the start of tapering, the ECB still has many options to manage interest rates in the money and capital markets. Given moderate growth and low inflation, we assume that the ECB is likely to continue to ensure just moderate interest-rate increases in 2017.

[1] Bloomberg Finance L.P.; as of 10/4/16

Diverse responses

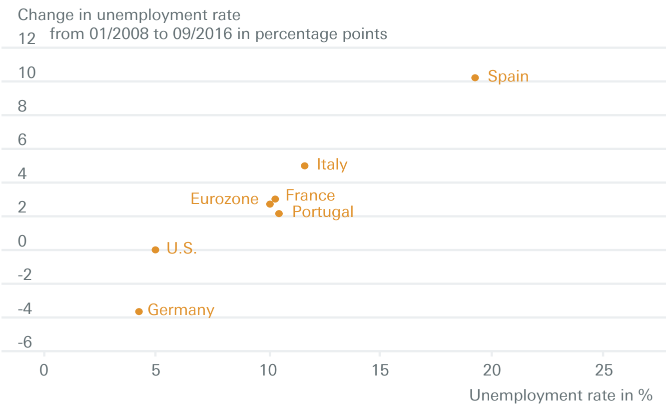
In the U.S., the May 2013 announcement of tapering resulted in an increase in yields. In the Eurozone, a discussion about tapering began in October 2016. Yields rose only slightly.



Source: Thomson Reuters Datastream; as of 11/9/16

Labor market keeping yields low

In many countries, unemployment rates are currently above their pre-crisis levels of 2008. This has led to expectations that the ECB may continue to keep yields low.



Sources: European Commission, Thomson Reuters Datastream; as of 11/9/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Year of surprises

» A campaign slogan from the past helped Donald Trump win the U.S. presidency. Will he also resort to the winning formulas of the 1980s? «

Phil Poole,
Global Head of Research

Our expectations in a nutshell

- The outcome of the U.S. election is nurturing hopes of deregulation
- It is still unclear as to whether the U.S. will impede access to its markets
- Upcoming elections within the Eurozone cause uncertainty

In 1980, Ronald Reagan banked on the slogan "Let's make America great again" and won. Donald Trump crossed out the "Let's" part and also won. The slogan inspired people. However, the recipes that he proclaimed also found resonance. Trump was particularly able to score points due to his critical stance on immigration and globalization. This distinguishes him from Reagan, who propagated free trade at the time. Commonalities with his predecessor exist in terms of his belief in the free market economy and free entrepreneurship.

Light and shade

During the election campaign, Trump announced that he wants to scrap the Trans-Pacific Partnership (TPP). In addition, he intends to renegotiate various terms of the North American Free Trade Agreement (NAFTA). He has also threatened that the United States may leave the World Trade Organization (WTO). Any of these positions could negatively impact global trade and economic growth. Whether Trump will really rely on protectionism remains to be seen. If so, this could ultimately hit the supply chains of U.S. businesses, increase their production costs and reduce competitiveness. The result could be a decline in U.S. growth, leading us to believe that the new U.S. administration is likely to proceed cautiously on this issue.

Domestically, the incoming U.S. government appears to be set on deregulating the financial and pharmaceutical sectors, reducing corporate taxation and increasing minimum-wage flexibility. This could stimulate investment activity. We also expect increased spending on infrastructure and the military. This could lead to a higher budget deficit. The question remains open as to whether the U.S. Congress will approve such actions. As the Republicans have won the majority, the chances are pretty good. The measures could possibly boost the U.S. economy by 2018. However, any trade restrictions and rapidly rising yields due to the increased deficit could somewhat soften this upswing. For 2017, we expect only a slight acceleration in growth and inflation. Accordingly, we expect the U.S. Federal Reserve (Fed) to introduce two further interest-rate hikes in the coming year.

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Politics as a risk factor

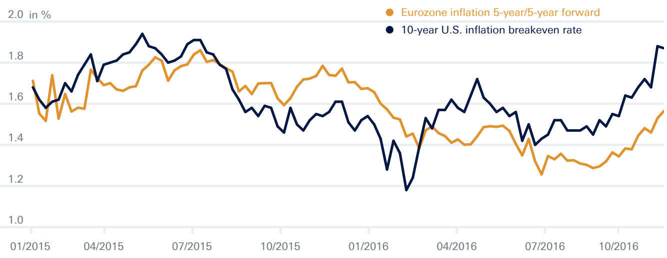
The economy is also on the up in the Eurozone. We expect real gross-domestic-product (GDP) growth of 1.6 percent for this year and a slight slowdown to 1.3 percent for 2017. Consumption is likely to be the main driver. However, governments and businesses should also make a positive contribution with additional expenditure and investments. The peripheral countries are making slow but sure progress in implementing structural reforms. We consider the higher oil price and political uncertainty to be the main reasons for somewhat slower growth in 2017.

The outcome of the Brexit referendum came as a surprise. The upcoming parliamentary elections in Germany, France and the Netherlands appear just as significant. Critics of the European Union (EU) have gained increasing support over the past three years. The concern is that opponents of the EU may receive an even greater percentage of the vote in 2017. The parties that are critical of the EU are continuing to benefit from the fact that the Eurozone recovered rather slowly from the economic crisis of 2008 and 2009 and that unemployment in some countries has remained at high levels.

For Japan, our forecasts are not very rosy. Consumer-goods prices are stagnating despite the Bank of Japan's enormous securities-purchase scheme. We expect an inflation rate of -0.2 percent for 2016 and of 0.2 percent for 2017. The central bank moved the goalpost for reaching its inflation target to 2018. >

Increase in inflation expectations

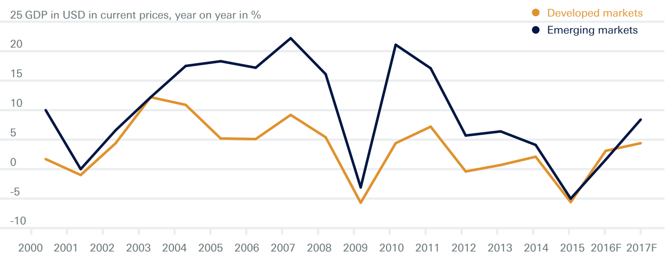
Inflation expectations spiked after Donald Trump announced his intentions to increase government spending.



Source: Thomson Reuters Datastream; as of 11/22/16

Nominal growth on the up

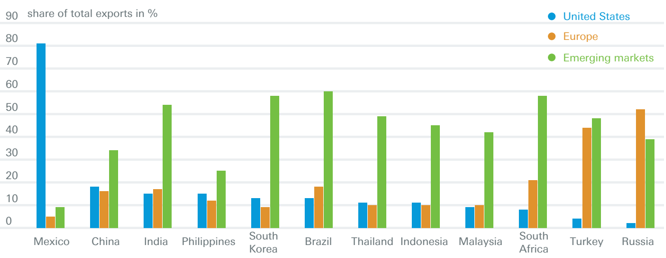
The trend looks encouraging in emerging and developed economies. Both the price component and real growth are increasing.



F=forecast. Source: International Monetary Fund; as of 10/2016

Ratio of U.S. exports to total exports

Many emerging markets are less dependent on the U.S. market than often thought. Trade between emerging markets appears more important.



Calculation based on 2015 data; Source: International Monetary Fund; as of 11/15/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Our forecasts

» Inflation expectations in the United States rose rapidly following the election, but only moderately in the Eurozone due to lower growth. «

It is not just monetary policy but also fiscal policy that is playing a major role in the United States. The incoming U.S. administration intends to increase infrastructure and military spending and reduce taxes. If implemented, inflation rates will likely rise. We have therefore moderately increased our 2017 growth and inflation forecasts. It may be likely that this expansionary impetus will not yet reach beyond the U.S. borders. However, even without the tailwind from the United States, early indicators in all major industrial countries signal positive economic development. This suggests that the Fed will increase its key interest rates in two steps in the coming year and that the European Central Bank (ECB) may consider tapering.

GDP growth rate (in %)

Region	2016F		2017F
United States	1.8	↗	2.2
Eurozone	1.6	↘	1.3
United Kingdom	2.0	↘	1.1
Japan	0.5	↗	0.7
China	6.5	↘	6.3
World	3.1	↗	3.5

Fiscal deficit (in % of GDP)

Region	2016F		2017F
United States	3.2	↗	3.5
Eurozone	1.9	→	1.9
United Kingdom	3.5	↗	4.0
Japan	6.0	↘	5.2
China	2.4	↗	2.5

Current-account balance (in % of GDP)

Region	2016F		2017F
United States	-2.7	↘	-2.9
Eurozone	2.9	↘	2.7
United Kingdom	-5.5	↗	-4.5
Japan	2.8	↘	2.5
China	2.5	→	2.5

Consumer price inflation (in %)

Region	2016F		2017F
United States[1]	1.6	↗	1.9
Eurozone	0.2	↗	1.6
United Kingdom	0.7	↗	2.5
Japan	-0.2	↗	0.2
China	2.0	↘	1.5

F refers to our forecasts as of 12/15/16.
[1] core rate, personal consumption expenditure Dec/Dec in % (no average as for the other figures)
Source: Deutsche Asset Management Investment GmbH; as of 12/16/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

> It appears unlikely that this will be achieved with monetary policy alone. Japan's government will likely need to rely more heavily on public projects for support. Given the high level of debt and the mounting social cost of an ageing society, however, there is limited room for maneuver. What's important is for the political leadership to focus on structural reforms to strengthen economic growth. The courage to do so seems to be lacking at the moment. We expect only moderate growth of 0.7 percent for 2017.

In the emerging markets, the economic situation is brightening up. Most of the emerging markets are again in a cyclical upswing, while the recessions in Brazil and Russia are slowly petering out. Both real growth and producer prices are increasing – particularly in Asia. In the meantime, in many emerging markets, corporate debt has passed its peak. Unchanged robust economic growth in China was additionally supported in 2016 by credit-financed investments by state-owned enterprises. China's leadership knows that this is likely to have a positive effect only in the short term. Reforms to the market economy are necessary so as to also achieve high growth rates in the future.

Benchmark rates in %

Region	Current*		Dec 2017F
United States	0.50-0.75	↗	1.00-1.25
Eurozone	0.00	→	0.00
United Kingdom	0.25	→	0.25
Japan	0.00	→	0.00
China	4.35	→	4.35

Commodities

The oil price moved sideways amid fluctuations in the second half of 2016 after bouncing back in the first half of the year. The disagreement of the oil-producing countries regarding cutbacks in production looks set to cause volatility in 2017. Demand for oil is likely to remain on a stable trend. We therefore expect a rise in the price of oil (WTI) to 58 U.S. dollars a barrel by the end of 2017. Rising U.S. interest rates and a stronger U.S. dollar led to a decline in the price of gold in 2016. It is likely, however, that inflation may also rise in sync with nominal interest rates. The real interest rate, meanwhile, remains low in the industrial countries. Gold appears still interesting. We expect gold prices to rise by the end of 2017. Silver has recently had a weaker performance compared to gold. Investors who are looking for "safe havens" may therefore look more closely on silver.

Our forecasts

	Current*		Dec 2017F
Crude oil (WTI)	51	↗	58
Gold	1,129	↗	1,200
Silver	16	↗	20
Copper (LME)	5,732	↘	4,500
Aluminum (LME)	1,736	↘	1,500

WTI = West Texas Intermediate
LME = London Metal Exchange

F refers to our forecasts as of 12/15/16.
* Source: Bloomberg Finance L.P.; as of 12/15/16
Source: Deutsche Asset Management Investment GmbH; as of 12/16/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Trump reshuffles bond market

» The Republican victory may have sparked a transition from a phase of rock-bottom interest rates to a phase of merely low interest rates. «

Joern Wasmund,
Global Head of Fixed Income

Our expectations in a nutshell

- We foresee an end to interest-rate lows but no sustainable interest-rate rally
- In the near term, the spread between interest rates in the Eurozone and the United States should continue to expand
- As long as the market is celebrating a U.S. fiscal package, the dollar should continue to climb

Investors certainly can't accuse Trump of failing to leave an impression. Trump's election has driven the trade-weighted U.S. dollar index to a 13-year high and pushed the yield on 10-year U.S. Treasuries past the 2.5% threshold last seen in 2014. Investors are showering the future president with premature praise and placing their bets on a fiscal package. The current increase in yields, however, is not only the result of higher growth expectations, but almost half of the rise is due to higher inflation expectations. Still, after fearing the specter of deflation for such a long time, any increase in yield is welcome. At least as long as inflation rates refrain from shooting towards three percent, which we do not expect in 2017. Nor do we expect Trump's economic policy to have much of an impact on gross domestic product (GDP) next year. The triad of tax cuts, deregulation and infrastructure projects certainly has what it takes to provide crucial stimulus to the U.S. economy. However, the presence of debt critics not only in Congress but also among Trump's own cabinet nominees means that implementing this package will probably not be easy. Especially in light of our forecast for a budget deficit for 2017 of 3.5 % of GDP. It would also be the first major fiscal package to be implemented at a time when the United States is almost at full employment and not in a recessionary environment. These are just a few arguments against a further sweeping rise in yields. We will be sure to update our forecasts as the new administration progresses.

Interest income over price appreciation

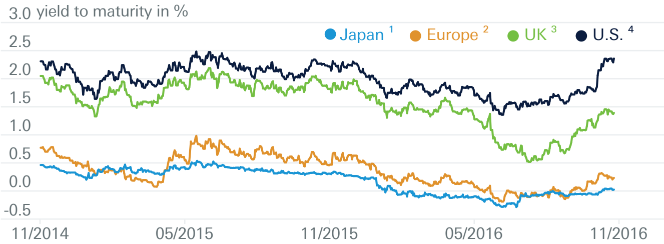
Our initial approach is not to bet against the current momentum. There were already ample signs of rising interest rates indicating 2016 could be the year of interest-rate lows even before the election. This is also the reason we are expecting the U.S. Federal Reserve to implement another two interest-rate increases in 2017. At the same time, the European Central Bank (ECB) has announced to continue quantitative easing at least until year-end 2017. Spread widening between U.S. and Eurozone bonds should be limited, however, by the growing discussion of ECB tapering as the year progres-

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

ses and inflation expectations in the Eurozone picking up. In terms of our investment strategy, we are shortening the portfolio's maturity and focusing on less interest-rate-sensitive securities. We continue to favor high-yield bonds, particularly those from the United States and the Eurozone, as well as emerging-market bonds, although in this category we are more selective. We also continue to favor fixed-income corporate credit from Europe and the United States, which benefit from low default rates, the economic environment and – in the case of European bonds – purchases by the ECB. Peripheral bonds in Europe are interesting again with the recent widening in the spreads. For Europe, especially core European countries, and the United States we see a threat in 2017 coming from negative total returns on government bonds. Only 2-year U.S. Treasuries offer protection from the repercussions of increasing yields. We believe investors will continue to play the reflation theme for a while. We do not, however, expect an end to the low-interest era in the medium term.

Government bonds: less deflation fears

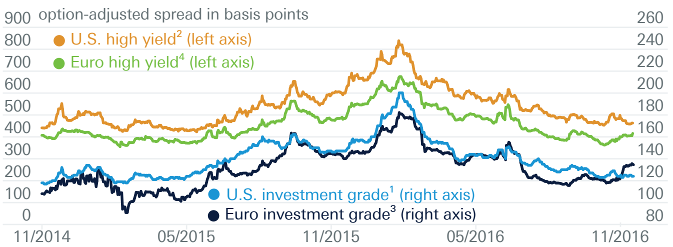
After Trump's win, investors have turned their focus to the anticipated, debt-financed U.S. fiscal package.



[1] Generic 10-year Japanese government-bond yield
[2] Generic 10-year Euro government-bond yield (Euro benchmark comprised of French and German government bonds)
[3] Generic 10-year UK government-bond yield
[4] Generic 10-year U.S. government-bond yield

Corporate credit: pay attention to maturities

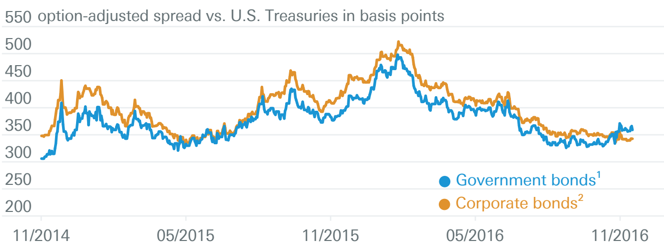
We continue to see fundamental support for corporate bonds and prefer shorter maturities in the current interest-rate environment.



[1] Barclays U.S. Aggregate Bond Index (vs. U.S. Treasuries)
[2] Barclays U.S. Corporate High Yield Index (vs. U.S. Treasuries)
[3] iBoxx € Corporate Index (vs. German Bunds)
[4] Bank of America Merrill Lynch Euro Non-Financial High Yield Constrained Index (vs. German Bunds)

Emerging markets under the spell of the U.S.

Be it a stronger U.S. dollar, higher U.S. interest rates or protectionist tones – emerging markets may have turbulent times ahead.



[1] J.P. Morgan Emerging Markets Bond Global Diversified Sovereign Spread Index
[2] J.P. Morgan Corporate Emerging Markets Bond Composite Blended Spread Index

Sources: Bloomberg Finance L.P., Deutsche Asset Management Investment GmbH; as of 11/30/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

The end of the era of ultra-low interest rates?

» The prospect of a more expansionary fiscal policy in the United States and a foreseeable moderation in the ECB's monetary policy should help counteract new interest-rate lows. «

	Current*		Dec 2017F
United States			
U.S. Treasuries (2-year)	1.27%	↗	1.80%
U.S. Treasuries (10-year)	2.60%	↗	3.00%
U.S. Treasuries (30-year)	3.16%	↗	3.65%
U.S. municipal bonds	96%	↘	93%
U.S. investment-grade corporates	120 bp	↘	110 bp
U.S. high-yield corporates	403 bp	↗	450 bp
Securitized: mortgage-backed securities[1]	89 bp	↗	105 bp
Europe			
German Bunds (2-year)	-0.78%	↗	-0.50%
German Bunds (10-year)	0.37%	↗	0.80%
German Bunds (30-year)	1.13%	↗	1.70%
UK Gilts (10-year)	1.49%	↗	1.75%
Euro investment-grade corporates[2]	128 bp	↘	100 bp
Euro high-yield corporates[2]	370 bp	→	375 bp
Securitized: covered bonds	10 bp	→	10 bp
Italy (10-year)[2]	146 bp	→	150 bp
Spain (10-year)[2]	105 bp	↗	130 bp
Asia-Pacific			
Japanese government bonds (2-year)	-0.19%	→	-0.20%
Japanese government bonds (10-year)	0.09%	→	0.00%
Asia credit	232 bp	↗	270 bp
Global			
Emerging-market sovereigns	339 bp	→	340 bp
Emerging-market credit	321 bp	↗	350 bp

COMMENT

We are positive on investment-grade corporate bonds on both sides of the Atlantic. Although spreads in Europe are again approaching record lows, we believe ECB purchases will continue to support the market and keep volatility to a minimum. We anticipate more volatility in the United States due to the interest-rate environment, but see investors being rewarded with higher yields.

Trump's election has had a noticeable impact on emerging-market bonds. We have raised our spread forecast slightly but remain positive in light of the continually improving fundamentals. Trump's anti-trade rhetoric coupled with rising U.S. interest rates could add some pressure, which we would consider as an opportunity.

* Source: Bloomberg Finance L.P.; as of 12/15/16
F refers to our forecasts as of 12/15/16; bp = basis points
[1] Current-coupon spread vs. 7-year U.S. Treasuries
[2] Spread over German Bunds
Source: Deutsche Asset Management Investment GmbH; as of 12/16/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Will Trump make the dollar great again?

» The U.S. election has created further tailwinds for the U.S. dollar based on expectations of higher interest rates. However, this does not imply a one-way street to parity. «

The U.S. dollar profits twofold from Trump's win: One, it is being propelled higher by the expectation that a Republican-dominated Congress could enable the new president to breathe life into the country's lukewarm growth. The slightly more optimistic growth and inflation expectations are already reflected by the rise in longer-term U.S. interest rates. Rates should also rise on the short end, given our expectations that the U.S. Federal Reserve (Fed) will raise interest rates two times in 2017. Such a move would further increase the divergence in monetary policies and interest-rate levels compared to other key regions. The second leg of political support for the dollar could be the hope of a tax-induced repatriation of U.S. assets invested abroad. Resistance to any further appreciation in the dollar, on the other hand, could come from verbal intervention by the Fed or the U.S. Treasury Department. A deterioration in the risk environment, for example, in the form of a sharp correction in the stock market, could also slow down the dollar and strengthen funding currencies such as the euro and the yen. We believe the dollar will remain strong and expect the EUR/USD to reach parity by the end of 2017. Our twelve-month view for the USD/JPY is 120.

Dirk Aufderheide,
Chief Currency Strategist

Dollar strength and pound weakness

We believe that both the British pound and the Chinese renminbi will remain weak.

	Current*		Dec 2017F
EUR vs. USD	1.04	↘	1.00
USD vs. JPY	118.18	↗	120
EUR vs. GBP	0.84	→	0.847
GBP vs. USD	1.24	↘	1.18
USD vs. CNY	6.95	↗	7.30

*Source: Bloomberg Finance L.P.; as of 12/15/16
F refers to our forecasts as of 12/15/16
Source: Deutsche Asset Management Investment GmbH; as of 12/16/16

Dollar's strength fueled by U.S. interest rates

Will the dollar soon rejoin the "high-interest" currencies of the G10?

[1] Orange: U.S. dollar among top-3 yielders; green: U.S. dollar among bottom-3 yielders; derived from nominal 10-year rates of the world's ten most heavily traded currencies
Sources: Bloomberg Finance L.P., Deutsche Asset Management Investment GmbH; as of 11/4/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

One Trump does not a summer rally make

» Trump took everyone by surprise and gave the stock market wings. We doubt this euphoria will last until the end of 2017 and therefore remain only moderately positive. «

Andre Koettner ...

... and Thomas Schuessler, designated Global Co-Heads of Equities

Is it really so surprising that U.S. shares were the big winner of the U.S. election? Investors should have seen this coming. After all, in his victory speech, Donald Trump not only repeatedly said he would make America great again, but he also promised to double domestic economic growth. This, in fact, is what U.S. companies desperately need because organic growth is still quite meager overall, as was demonstrated again by the latest quarterly reporting season. We currently expect U.S. gross domestic product to grow 2.2 percent in the coming year. We are not yet sure for which year we should raise our projection to over 4 percent. Trump owes this detail to investors and economists. He has been equally vague on the structuring and refinancing of the economic package that has done so well to fuel investor imaginations.

It would also help American companies' planning security if they could learn something more tangible about Trump's dream of a more American America. For example, which imported goods will be made more expensive by the new tariffs? How easy will it be for companies to hire qualified foreign personnel? And what type of production locations abroad may be sanctioned? Although Trump made an effort to tone down several of his promises just shortly after the election, it doesn't appear he's willing to back away from these issues. Here you can see some parallels to Great Britain where Prime Minister Theresa May quickly turned the attention from the Brexit vote to the issue of migration, at least on the domestic front. Trump will also have to deliver some hard facts to his core followers – and soon. Generally, we believe U.S. companies could stand to profit in the near term from a Trump presidency (lower foreign competition, tax relief, deregulation) but could suffer under this agenda in the long term (counter-attacks from trading partners, difficulty in recruiting personnel). The stronger U.S. dollar is an immediate headwind. However, we think the pieces of the program alluded to so far are too vague for building an investment strategy.

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Equity strategy 2017

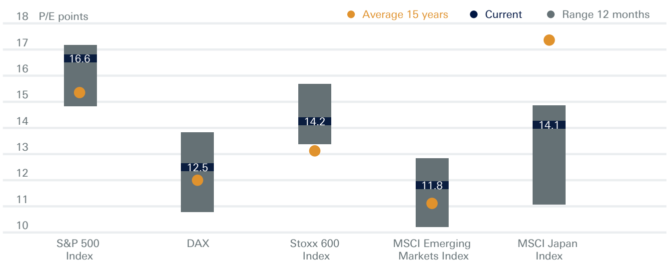
Even though the new U.S. government's urge for immediate action will almost certainly be broadly supported by a Republican-dominated Congress and boost the U.S. economy, in our view, this should not be nearly enough to continue to fuel the markets in 2017. The U.S. stock markets are trading close to historical highs. We see little potential for margins to expand further whether because of wage pressures or the stronger U.S. dollar. In addition, refinancing costs should increase as a result of rising interest rates. We therefore see no reason to increase our valuation parameters, which means the U.S. stock market, like almost all markets, is already close to our target levels. We believe returns will once again be generated largely through dividends. At the same time, we continue to see better opportunities in individual stocks and sectors. We have raised our outlook for the healthcare and energy sectors, which places them among our preferred sectors next to the technology sector. We are skeptical when it comes to utilities and defensive consumer-goods stocks. With two more anticipated interest-rate increases from the U.S. Federal Reserve on the horizon, a reduction in bond purchases by the European Central Bank from April 2017 onwards and a persistently high level of political uncertainty on both sides of the Atlantic, we expect to see volatile stock markets that should continue to provide enough of a window for tactical positioning.

> *"Based on the high expectations attached to the United States and the comparatively low expectations for Europe, we believe the surprise potential in 2017 could lie in Europe."*

Thomas Schuessler, designated Global Co-Head of Equities

Looking at multiples, the U.S. is already great again

There are some good reasons why U.S. equities are more expensive than those in the emerging markets; low volatility is one. We believe that valuation spreads are largely justified.



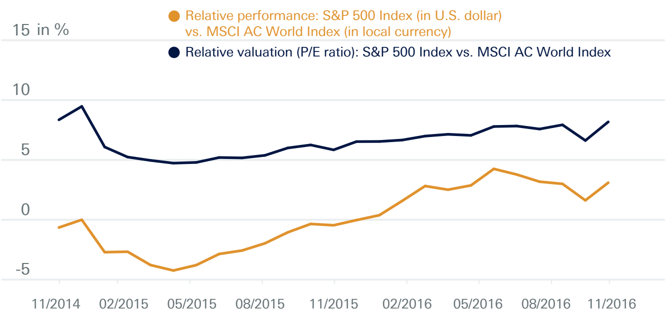
Sources: FactSet Research Systems Inc., Bloomberg Finance L.P., Deutsche Asset Management Investment GmbH; as of 11/2016

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Valuations overview

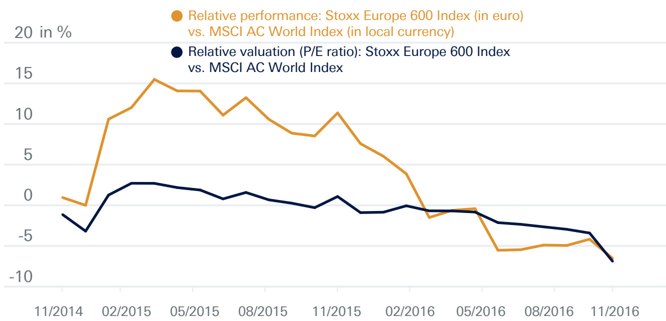
Equities United States

Even though Donald Trump's election victory has caused some turbulence for U.S. equities, particularly at the sector level, we consider it premature to significantly adjust our forecasts. Although the repatriation of U.S. profits held abroad could again inspire share buybacks, this should, at the same time, be countered by rising interest rates.



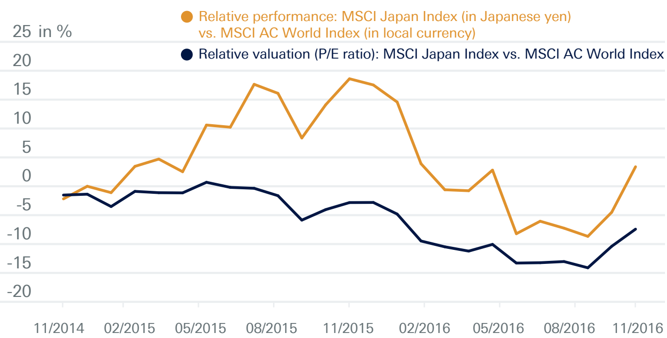
Equities Europe

European equities profited from the improving economic environment and subsiding concerns about the health of the financial sector. However, political risks continue to exist and export dependency could in turn at least dampen sentiment in light of the anti-globalization rhetoric of Donald Trump.



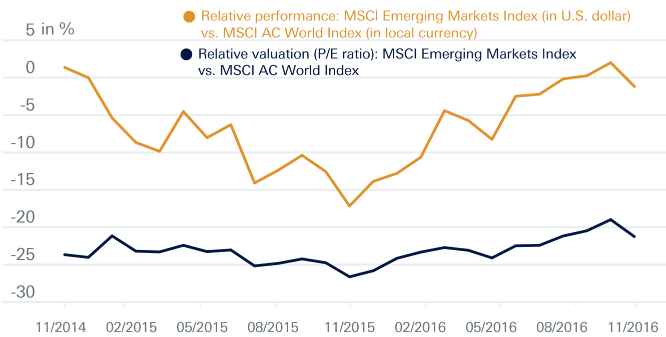
Equities Japan

We are retaining our positive view of Japanese equities due to the long-term improvement in corporate governance and the ability to finance increasing payouts from profits and liquidity reserves. The end to the yen strength may give further impetus to Japan's exporters.



Equities Emerging Markets

The progressing economic recovery in the emerging markets as well as the prospect of seeing profit growth for the first time in four years are factors in favor of this region. However, we also see a risk that either the implementation of Donald Trump's anti-trade plans or rising U.S. yields could have negative effects in the region.



Sources: FactSet Research Systems Inc., Deutsche Asset Management Investment GmbH; as of 11/30/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

We do not fear an interest-rate reversal

» 2017 to offer moderate upside potential. Our earnings forecasts are below market expectations. Politically driven volatility opens up sector opportunities. «

The hope of an extensive fiscal package tied to Trump's victory drove U.S. yields higher in a matter of days and set off a procyclical sector rotation. We believe these trends could reverse in the course of the year. Altogether, we consider the rumored economic plans emerging from Trump's entourage to be too vague to use as a basis for our investment strategy. Still, our initial approach is to not bet against the market; we expect the U.S. economy to experience positive overall momentum.

On a sector level, we are raising the energy sector to overweight. The supply-demand profile in the oil market has improved significantly, and oil producers have reduced their cost base to the extent that sustainable dividends already appear to be on the horizon. Healthcare is the second sector we have raised to overweight, after underperforming for close to a year. The relative valuation parameters have improved as a result. The sector's political risk has also declined with Clinton's defeat.

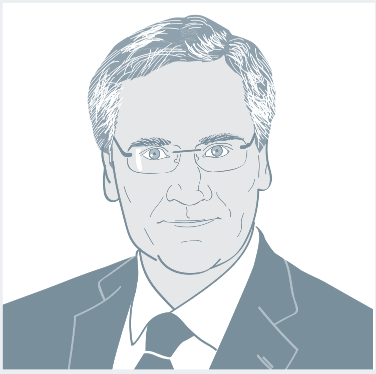
Equity markets (index value in points)	Current*		Dec 2017F	Total Return (expected)**			
			Forecast	in %	Expected earnings growth	P/E impact	Dividend yield
United States (S&P 500 Index)	2,262	↗	2,350	5.5	8%	-4%	2.1%
Europe (Stoxx Europe 600 Index)	359	↗	370	7.0	6%	-3%	3.5%
Eurozone (Euro Stoxx 50 Index)	3,250	↗	3,300	5.6	9%	-6%	3.6%
Germany (Dax)[1]	11,366	↗	11,800	4.6	5%	-3%	3.0%
United Kingdom (FTSE 100 Index)	6,999	↗	7,000	3.8	16%	-14%	3.3%
Switzerland (Swiss Market Index)	8,214	↗	8,250	4.4	6%	-5%	3.3%
Japan (MSCI Japan Index)	931	↗	950	4.7	10%	-6%	2.3%
MSCI Emerging Markets Index (USD)	859	↗	890	4.3	11%	-9%	2.7%
MSCI AC Asia ex Japan Index (USD)	519	↗	550	6.9	9%	-5%	2.6%
MSCI EM Latin America Index (USD)	2,255	↗	2,350	3.5	19%	-16%	2.9%

* Source: Bloomberg Finance L.P., FactSet Research Systems Inc.; as of 12/15/16
** Expected total return includes interest, dividends and capital gains where applicable
F refers to our forecasts as of 12/15/16
[1] Total-return index (includes dividends)
Source: Deutsche Asset Management Investment GmbH; as of 12/16/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Another way to think about infrastructure

» With infrastructure funding needs rising globally, it's time to take a closer look at infrastructure debt. «



Mark G. Roberts,
Head of Research & Strategy,
Alternatives

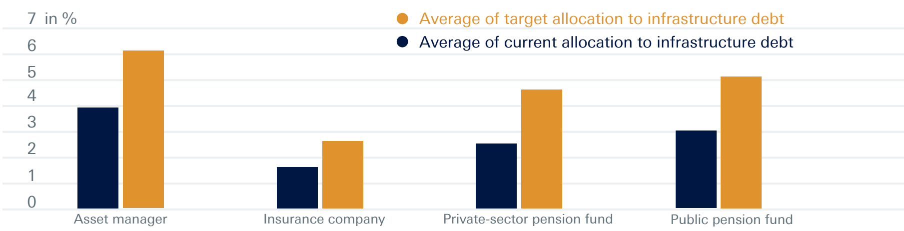
A lot is still uncertain, when it comes to future U.S. policy-making. However, infrastructure is emerging as a key priority of the Trump administration. Investors are likely to pay close attention. Capital markets play an increasingly critical role in funding infrastructure, reflecting budgetary pressures on governments in the U.S. and elsewhere.

Globally, demand for infrastructure debt continues to grow. Interest rates remain low by historic standards. This is causing investors driven by long-duration strategies to look for alternatives to government bonds. Investors are looking at options that can potentially offer better risk-return profiles without diverging significantly from a low-risk proposition.

Infrastructure-bond investment strategies offer the opportunity for diversification. Investing in a liquid portfolio of large, high-quality, investment-grade infrastructure assets can potentially lead to interesting risk-adjusted returns. Moreover, cash flows generated by infrastructure assets tend to be predictable in nature and visible in the long term, which may also help to lower default rates. And, if there is a default, the hard-asset-backed nature of infrastructure assets, and relative stability of asset valuations tend to translate into higher recovery rates for creditors. Keeping track of the performance of senior infrastructure bonds can be difficult. This is why we have developed the recently published iBoxx Infrastructure Debt Index family, transparent benchmarks designed to help measure asset-class performance.

Allocation to infrastructure debt by investor type

The investment criteria of key current holders of infrastructure debt typically suggest an even larger target allocation.



Source: Deutsche AM estimates based on Preqin database as of 9/30/16; includes only North America and Western Europe.

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Alternative investments may be speculative and involve significant risks including illiquidity, heightened potential for loss and lack of transparency. Alternatives are not suitable for all clients. Deutsche Asset Management Investment GmbH.

Hedging our bets

» We live in uncertain times. How do we aim to protect our portfolios as we head into 2017? «

Tim Gascoigne,
Head of Hedge Fund Advisory

Recent political upsets have served as a reminder, if any was needed, that one needs to pay particular attention to the hidden risks which can build up within alpha-seeking portfolios.

Our current overall positioning has a defensive look to it. We have reinforced our underweight view of risk-centric equity long/short allocations. In contrast, our view on the outlook for CTAs has moved to outright positive based on our central case of an increase in asset-price volatility going into year-end as capital markets cope with a probable U.S. interest-rate hike and digest continuing political uncertainty.

In such times, discretionary macro and CTAs require further disaggregation to zoom in on approaches that have fared better in policy-driven markets. In particular, our CTA book is biased towards shorter-term trend-following strategies. These have shown themselves more agile at rotating exposure quickly as trends changed or new trends emerged. For example, shorter-term and counter-trend CTA strategies have done a good job at registering outsized positive gains during the January selloff and the immediate aftermath of Brexit. In contrast, we feel that it is part of our mandate to steer our portfolios away from consensus-type positions that are currently popular within longer-duration CTA strategies.

Mindful of the need to reduce correlation with traditional credit investing, we have also focused in on some of the more esoteric and less liquid strategies in this space. These include areas such as litigation finance where the returns achievable may be both interesting and less aligned with the ever more policy-driven traditional credit markets. All this has served us well in 2016. It may also help us to avoid or even profit from the surprises we may encounter on an all too regular basis, as we head into 2017.

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Alternative investments may be speculative and involve significant risks including illiquidity, heightened potential for loss and lack of transparency. Alternatives are not suitable for all clients. Deutsche Asset Management Investment GmbH.

Go global
and focus on income

» A lot has changed in the last few weeks. But by heralding a new era, markets may have gotten ahead of themselves. «

Christian Hille,
Head of Multi Asset

What a difference a few weeks can make. Since the U.S. elections, we have had to re-examine many familiar assumptions. The biggest change, from a multi-asset perspective, is that we have seen a clear trend reversal in sovereign yields that puts a question mark on potential diversification and return benefits moving forward. Bond prices fell and U.S. Treasury yields rose, reflecting market concerns on inflationary pressures and policy uncertainty. Equity markets took a rosier view on the prospects of policy-driven growth boosting corporate earnings. It remains to be seen who may be right in the longer term – which makes portfolio diversification all the more important.

Another interesting trend is that interest-rate volatility in bond markets has risen sharply, but has remained subdued in equity markets. Central-bank bond purchases have contained capital-market volatility globally in recent years, not just directly but also indirectly (e.g. for higher-yielding fixed-income segments). Especially given the low-interest-rate environment in Europe and political uncertainties ahead, it should remain critical to diversify both across asset classes and across regions globally.

The new realities require focusing on income

Fixed income faces headwinds from low and rising yields. We maintain our cautious stance towards sovereigns and have reduced allocations to investment grade. The remaining yield is less attractive but we expect ongoing diversification benefits, provided sovereign yields do not overshoot substantially. Strategically, we have a bias towards shorter duration, by actively managing interest-rate sensitivity, and continue to take risk in fixed-income credit (but to a lesser extent). We remain invested in high-yield (HY) and emerging-markets hard-currency debt from an income perspective.

Overall, the risk/reward profile for equities clearly seems to have become more favorable compared to fixed income. For now, we prefer to take more risks via equities and are increasing exposure to equities. However, we also have to acknowledge we are at the late-cycle stage in equities. Fiscal stimulus in the U.S. may extend this for another year or so. Still, we are likely to see only mid-single-digit returns in equities on average. This is why it is even more important to focus on the different components of total return,

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Deutsche Asset Management Investment GmbH.

most notably income via coupons on fixed-income credit and dividends on the equity side. Following recent volatility, there are plenty of opportunities to build up positions. In our view, careful selection remains critical.

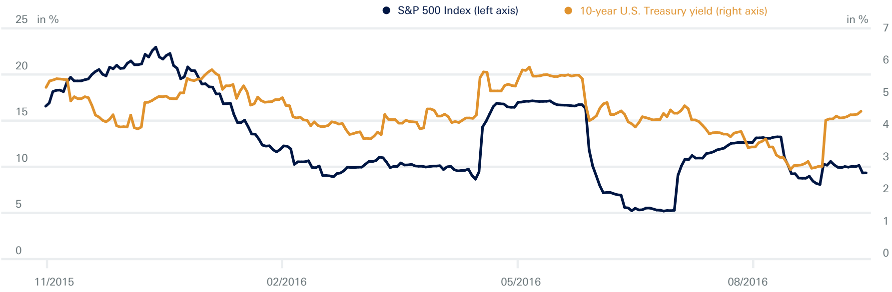
Within equities, we prefer the U.S. and Japan over Europe. Despite stabilizing commodity prices and the continued earnings recovery in selected emerging markets, they may also be exposed to further fall-out from Trump's victory. This is why we prefer developed markets for now.

Currencies, alternatives and active risk management

Currency movements are another critical consideration. We see the U.S. dollar trending higher against the euro, reaching parity by the end of 2017, and also expect it to gain ground against the Japanese yen. Alternative investments, particularly in certain infrastructure segments, are other key elements worth considering. Gold may struggle to make gains from its current price but could serve as a better diversifier than sovereigns going forward. This late in the cycle, active risk management should remain more critical than ever.

Volatility is up in bond markets, but not in equity markets

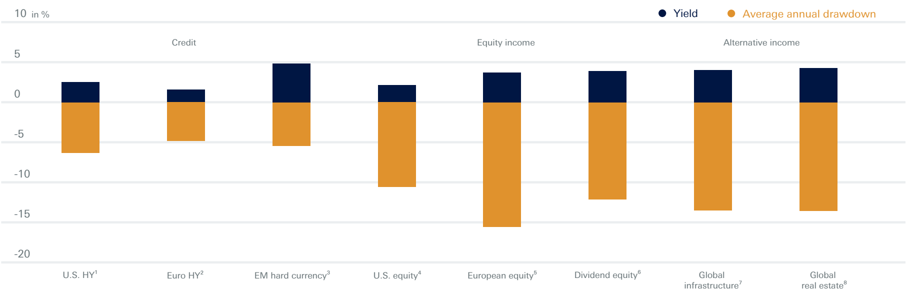
For now, concerns about increasing underlying policy uncertainty appear fairly limited.



Source: Bloomberg Finance L.P.; as of 11/23/16

Expected yields – and the risks involved

All assets carry risks, as historic drawdowns show. Diversifying globally is key.



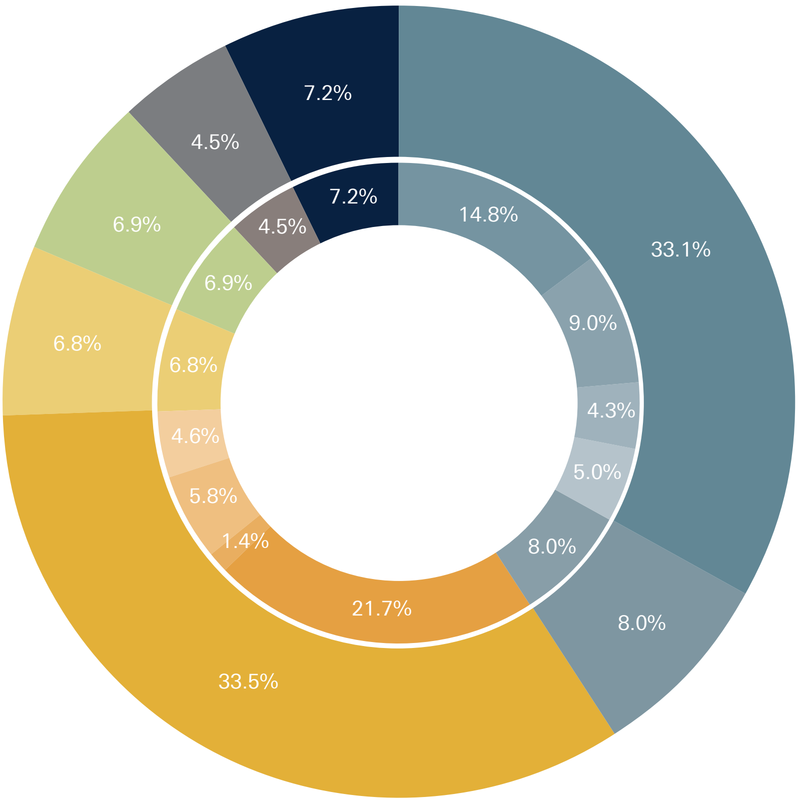
[1] Barclays U.S. High Yield Index
[2] Merrill Lynch EUR Non-Financial High Yield Constrained Index
[3] JPMorgan EMBI Global Diversified Index
[4] S&P 500 Index
[5] Stoxx 600 Index
[6] MSCI World High Dividend Index
[7] Dow Jones Brookfield Global Infrastructure Index
[8] EPRA/NAREIT Global Index
Sources: Bloomberg Finance L.P., Deutsche Asset Management Investment GmbH; as of 11/2016

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Deutsche Asset Management Investment GmbH.

We favor equities over credit

» It remains critical to diversify both across asset classes and across regions globally. «

As we head into 2017, equities look likely to possibly offer better risk-reward characteristics than fixed income. Within equities, we favor Japan. U.S. equities likewise look well-positioned, given the potential of a looming fiscal stimulus lifting corporate earnings. Emerging markets have been unsettled by the U.S. election results and may take a while yet to settle down. Within fixed income, we continue to prefer "carry" assets (i.e. those offering appreciable yields). We remain cautious on sovereigns and seek to reduce interest-rate sensitivity to mitigate the risk from rising yields. We also expect the U.S. dollar to strengthen against the Japanese yen and the euro. The environment for commodities remains challenging, not least due to the strong U.S. dollar. Gold may gain in attractiveness, however, because of its role as a potential diversifier.



Developed-market equities	
United States	14.8%
Europe	9.0%
Japan	4.3%
Global Equity Style	5.0%
Emerging-market equities	
Emerging-market equities	8.0%
Fixed Income: Credit	
Euro investment grade	21.7%
U.S. investment grade	1.4%
Euro high yield	5.8%
U.S. high yield	4.6%
Fixed Income: Sovereigns	
Eurozone sovereigns	0.0%
U.S. Treasuries	0.0%
Fixed Income: Emerging markets	
Emerging-markets (hard-currency) bonds	6.8%
Convertibles (euro-hedged)	
Convertibles	6.9%
Cash	
Cash	0.0%
Commodities	
Commodities	4.5%
Alternatives	
Alternatives	7.2%

The chart shows how we would currently design a balanced, euro-denominated portfolio for a European investor taking global exposure. This allocation may not be suitable for all investors. Alternatives are not suitable for all clients. Source: Multi Asset Group, Deutsche Asset Management Investment GmbH; as of 11/28/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Deutsche Asset Management Investment GmbH.

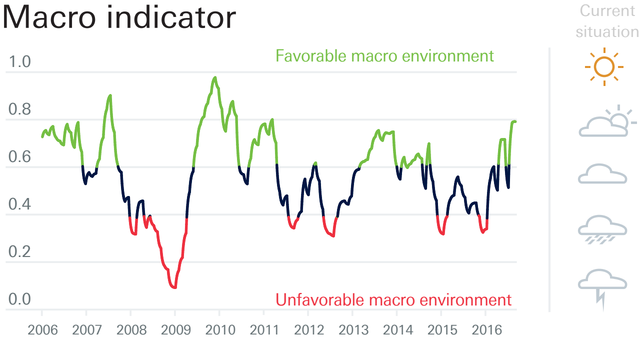
Still an overhang of political uncertainty

» Except for our risk indicator, the overall picture is rather positive. «

The current market environment is characterized by positive as well as negative factors. This is reflected in the three multi-asset indicators. On the one hand, the fundamental macroeconomic data is solid, which is reflected by the macro indicator. In addition to encouraging global economic-growth data, the U.S. labor market stands out. The surprise indicator also presents a fairly reassuring picture, with mostly positive data being reported in all major regions. On the other hand, the risk indicator shows the uncertainty prevailing as a result of political events, in particular, the U.S. elections. For the most part, this indicator signaled a neutral risk environment since September, which then deteriorated in November and has just recently started to improve. Should political uncertainties soon disappear, the overall picture would turn distinctly positive, paving the way for an improvement in all three multi-asset indicators.

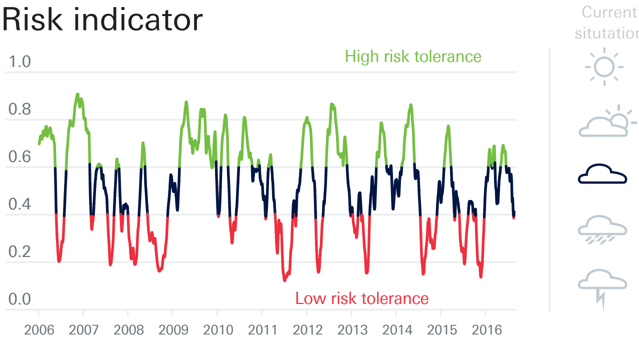
Source: Deutsche Asset Management Investment GmbH; as of 11/29/16

Macro indicator



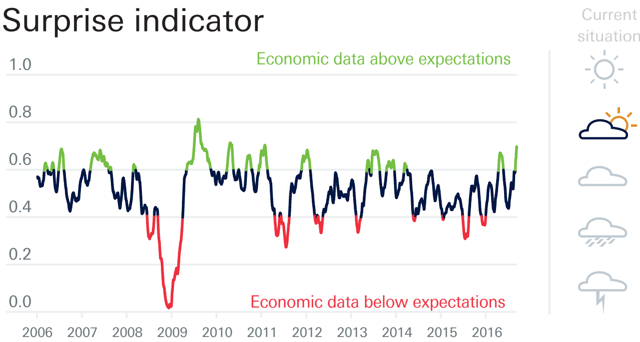
The macro indicator condenses a wide range of economic data, including consumer confidence, trade and employment numbers.

Risk indicator



Our risk indicator depicts the risk environment in the markets.

Surprise indicator



The surprise indicator tracks economic data relative to consensus expectations.

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Deutsche Asset Management Investment GmbH.

Macro | Under the political spell

GDP growth in % (year-on-year)

Region	2016F		2017F
United States	1.8	↗	2.2
Eurozone	1.6	↘	1.3
United Kingdom	2.0	↘	1.1
Japan	0.5	↗	0.7
China	6.5	↘	6.3
World	3.1	↗	3.5

Fiscal deficit (in % of GDP)

Region	2016F		2017F
United States	3.2	↗	3.5
Eurozone	1.9	→	1.9
United Kingdom	3.5	↗	4.0
Japan	6.0	↘	5.2
China	2.4	↗	2.5

Consumer price inflation (in %)

Region	2016F		2017F
United States[1]	1.6	↗	1.9
Eurozone	0.2	↗	1.6
United Kingdom	0.7	↗	2.5
Japan	-0.2	↗	0.2
China	2.0	↘	1.5

Current-account balance (in % of GDP)

Region	2016F		2017F
United States	-2.7	↘	-2.9
Eurozone	2.9	↘	2.7
United Kingdom	-5.5	↗	-4.5
Japan	2.8	↘	2.5
China	2.5	→	2.5

Benchmark rates in %

Region	Current*		Dec 2017F
United States	0.50-0.75	↗	1.00-1.25
Eurozone	0.00	→	0.00
United Kingdom	0.25	→	0.25
Japan	0.00	→	0.00
China	4.35	→	4.35

Commodities in U.S. dollars

	Current*		Dec 2017F
Crude oil (WTI)	51	↗	58
Gold	1,129	↗	1,200
Silver	16	↗	20
Copper (LME)	5,732	↘	4,500
Aluminum (LME)	1,736	↘	1,500

F= refers to our forecasts as of 12/15/16.
Source: Deutsche Asset Management Investment GmbH; as of 12/15/16
[1] core rate, personal consumption expenditure Dec/Dec in % (no average as for the other figures)
* Source: Bloomberg Finance L.P.; as of 12/16/16
WTI = West Texas Intermediate, LME = London Metal Exchange

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

Fixed Income | Goodbye ultra-low yields?

	Current*		Dec 2017F
United States			
U.S. Treasuries (2-year)	1.27%	↗	1.80%
U.S. Treasuries (10-year)	2.60%	↗	3.00%
U.S. Treasuries (30-year)	3.16%	↗	3.65%
U.S. municipal bonds	96%	↘	93%
U.S. investment-grade corporates	120 bp	↘	110 bp
U.S. high-yield corporates	403 bp	↗	450 bp
Securitized: mortgage-backed securities[1]	89 bp	↗	105 bp
Europe			
German Bunds (2-year)	-0.78%	↗	-0.50%
German Bunds (10-year)	0.37%	↗	0.80%
German Bunds (30-year)	1.13%	↗	1.70%
UK Gilts (10-year)	1.49%	↗	1.75%
Euro investment-grade corporates[2]	128 bp	↘	100 bp
Euro high-yield corporates[2]	370 bp	→	375 bp
Securitized: covered bonds	10 bp	→	10 bp
Italy (10-year)[2]	146 bp	→	150 bp
Spain (10-year)[2]	105 bp	↗	130 bp
Asia-Pacific			
Japanese government bonds (2-year)	-0.19%	→	-0.20%
Japanese government bonds (10-year)	0.09%	→	0.00%
Asia credit	232 bp	↗	270 bp
Global			
Emerging-market sovereigns	339 bp	→	340 bp
Emerging-market credit	321 bp	↗	350 bp

*Source: Bloomberg Finance L.P.; as of 12/15/16
F refers to our forecasts as of 12/15/16; bp = basis points
[1] Current-coupon spread vs. 7-year U.S. Treasuries
[2] Spread over German Bunds
Source: Deutsche Asset Management Investment GmbH; as of 12/16/16

Currencies

	Current*		Dec 2017F
EUR vs. USD	1.04	↘	1.00
USD vs. JPY	118.18	→	120
EUR vs. GBP	0.84	→	0.847
GBP vs. USD	1.24	↘	1.18
USD vs. CNY	6.95	↗	7.30

*Source: Bloomberg Finance L.P.; as of 15/12/16
F refers to our forecasts as of 15/12/16
Source: Deutsche Asset Management Investment GmbH; as of 16/12/16

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

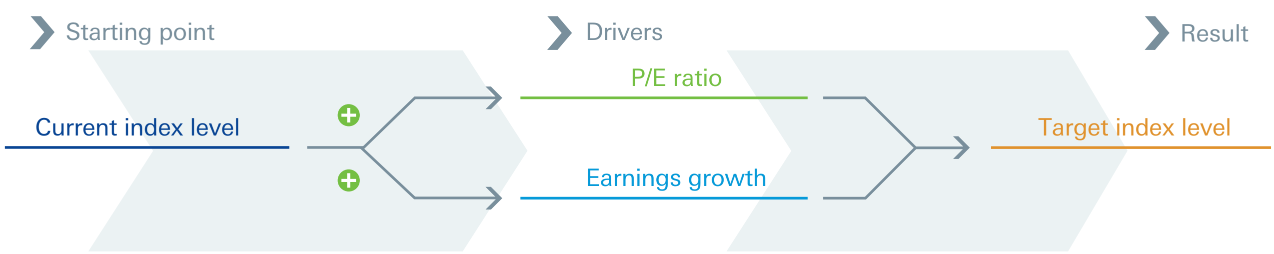
Equities | Embrace higher volatility

Equity markets (index value in points)	Current*		Dec 2017F	Total Return (expected)**			
			Forecast	in %	Expected earnings growth	P/E impact	Dividend yield
United States (S&P 500 Index)	2,262	↗	2,350	5.5	8%	-4%	2.1%
Europe (Stoxx Europe 600 Index)	359	↗	370	7.0	6%	-3%	3.5%
Eurozone (Euro Stoxx 50 Index)	3,250	↗	3,300	5.6	9%	-6%	3.6%
Germany (Dax)[1]	11,366	↗	11,800	4.6	5%	-3%	3.0%
United Kingdom (FTSE 100 Index)	6,999	↗	7,000	3.8	16%	-14%	3.3%
Switzerland (Swiss Market Index)	8,214	↗	8,250	4.4	6%	-5%	3.3%
Japan (MSCI Japan Index)	931	↗	950	4.7	10%	-6%	2.3%
MSCI Emerging Markets Index (USD)	859	↗	890	4.3	11%	-9%	2.7%
MSCI AC Asia ex Japan Index (USD)	519	↗	550	6.9	9%	-5%	2.6%
MSCI EM Latin America Index (USD)	2,255	↗	2,350	3.5	19%	-16%	2.9%

* Sources: Bloomberg Finance L.P., FactSet Research Systems Inc.; as of 12/15/16
** Expected total return includes interest, dividends and capital gains where applicable
F refers to our forecasts as of 12/15/16.
[1] Total-return index (includes dividends)

How we calculate our index targets

We base our index-target calculations on the current index level, on the expected development of the price-earnings (P/E) ratio and on corporate earnings growth forecasts. A rising P/E ratio and rising earnings of the index companies typically result in a higher price target, whereas a declining P/E ratio and declining earnings typically result in a lower price target. The P/E ratio depends, among other things, on the interest-rate environment, the growth outlook and market participants' risk assessments.



Source: Deutsche Asset Management Investment GmbH; as of 07/2016

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Deutsche Asset Management Investment GmbH

The Chief Investment Office …

… is headed by Stefan Kreuzkamp, Global CIO Deutsche Asset Management

… plays a central role in Deutsche Asset Management's investment process

… brings together the expertise of the global investment platform to create a consistent economic and market view

… serves as a point of contact between the portfolio management, the research teams and the distribution teams

… prepares our global investment outlook: the CIO | VIEW.

> *"Our broad geographic and thematic reach allows us to offer sector-leading assessment and analysis across all asset classes."*
>
> Stefan Kreuzkamp, Chief Investment Officer

Deutsche Asset Management[1]…

… is one of the world's leading investment management organizations with about EUR 715 billion of assets under management (as of September 30, 2016)

… offers individuals and institutions traditional and alternative investments across all major asset classes

… provides flexible products and solutions to a wide range of investment opportunities across all asset classes – from pooled funds to highly customized portfolios for a wide range of investors.

[1] Deutsche Asset Management is the brand name of the Asset Management division of the Deutsche Bank Group. The respective legal entities offering products or services under the Deutsche Asset Management brand are specified in the respective contracts, sales materials and other product information documents.

All opinions and claims are based upon data on 12/16/16 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. **Past performance is not indicative of future returns.** Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Deutsche Asset Management Investment GmbH

Glossary

» Here we explain central terms from the CIO | VIEW. «

(Euro) periphery – Periphery countries are less developed than the core countries of a specific region. In the Eurozone, the euro periphery consists of the economically weaker countries such as Greece, Portugal, Italy, Spain and Ireland.

(Euro) core – The core is a central or very important part of a region. In the context of the Eurozone, core refers to countries like Germany or France.

Alpha – Alpha is a measure of the active return on an investment. An investment's alpha is the excess return relative to the beta-adjusted market return.

Bank of Japan (BOJ) – The Bank of Japan (BOJ) is the central bank of Japan.

Brexit – Brexit is a combination of the words "Britain" and "Exit" and describes the possible exit of the United Kingdom from the European Union.

Carry (of an asset) – The carry (of an asset) is the cost or benefit from holding the asset.

Commodity trading advisor (CTA) – A commodity trading advisor (CTA) is an individual or organization providing advice and services related to trading in futures contracts, commodity options and/or swaps.

United States Congress – The United States Congress is the bicameral legislature of the federal government of the United States consisting of two houses: the Senate and the House of Representatives.

Default rate – The default rate refers to the proportion of borrowers who cannot service their loans.

Discretionary-macro strategy – Discretionary-macro strategy is the most flexible global macro trading strategy deploying directional positions at the asset-class level to exploit macroeconomic, policy or political changes.

Diversification – Diversification refers to the dispersal of investments across asset types, geographies and so on with the aim of reducing risk or boosting risk-adjusted returns.

Duration – Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates and is calculated on the basis of present value, yield, coupon, final maturity and call features.

Drawdown – A drawdown is the average, maximum loss in a given year.

Emerging markets (EM) – An emerging market (EM) is a country that has some characteristics of a developed market in terms of market efficiency, liquidity and other factors, but does not meet standards to be a developed market.

European Union (EU) – The European Union (EU) is a unique economic and political partnership between 28 European countries covering much of the continent, which developed from the European Economic Community (EEC), created in 1958 by six countries.

European Central Bank (ECB) – The European Central Bank (ECB) is the central bank for the Eurozone.

Funding currency – A funding currency is a currency in which investors borrow (often because of low interest rates) to finance investments in other currencies thought to offer higher carry.

Gross domestic product (GDP) – The gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Hard-currency bonds (debt) – Hard-currency bonds (debt) are bonds (debt) issued by legal entities in a hard currency such as the U.S. dollar, euro or Swiss franc.

High-yield (HY) bonds – High-yield (HY) bonds are issued by issuers with a below-investment-grade rating and often times offer a relatively high yield to compensate for the increased risk.

Investment Grade (IG) – An investment-grade (IG) rating by a rating agency such as Standard & Poor's indicates that a bond has a relatively low risk of default.

Islamic State – The self-proclaimed Islamic State is a militant movement that has conquered territory in western Iraq and eastern Syria.

Long/short equity strategies – Long/short equity strategies are investing strategies of taking long positions in stocks that are expected to appreciate and short positions in stocks that are expected to decline.

North American Free Trade Agreement (NAFTA) – The North American Free Trade Agreement (NAFTA) is a trade agreement signed by Canada, Mexico and the United States, creating a trilateral trade bloc in North America, which came into force on January 1st, 1994.

Quantitative easing (QE) – Quantitative easing (QE) is an unconventional monetary-policy tool, in which a central bank conducts broad-based asset purchases.

Recovery rate – The recovery rate is the extent to which principal and accrued interest on a debt instrument can be recovered in default, expressed as a percentage of the instrument's face value.

Spread – The spread is the difference between the quoted rates of return on two different investments, usually of different credit quality.

Trade-weighted U.S. dollar index – The trade-weighted U.S. dollar index is a measure of the value of the U.S. dollar relative to other currencies.

Trans-Pacific Partnership (TPP) – The Trans-Pacific Partnership is a proposed trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

Targeted longer-term refinancing operations (TLTROs) – The ECB's targeted longer-term refinancing operations (TLTROs), announced in June 2014, are designed to enhance the functioning of the monetary-policy transmission mechanism by supporting bank lending to the real economy.

U.S. Federal Reserve Board (Fed) – The U.S. Federal Reserve Board (Fed) is the board of governors of the Federal Reserve System, the U.S. central bank. It implements U.S. monetary policy.

Treasuries – Treasuries are fixed-interest U.S. government-debt securities with different maturities: Treasury bills (1 year maximum), Treasury notes (2 to 10 years), Treasury bonds (20 to 30 years) and Treasury Inflation Protected Securities (TIPS) (5, 10 and 30 years).

World Trading Organization (WTO) – The World Trade Organization (WTO) is an international organization based in Switzerland, which regulates commerce between nations through mutually agreed rules.

Risk warning

Investments are subject to investment risk, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you might not get back the amount originally invested at any point in time.

Investments in Foreign Countries – Such investments may be in countries that prove to be politically or economically unstable. Furthermore, in the case of investments in foreign securities or other assets, any fluctuations in currency exchange rates will affect the value of the investments and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency.

Foreign Exchange/Currency – Such transactions involve multiple risks, including currency risk and settlement risk. Economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments may substantially and permanently alter the conditions, terms, marketability or price of a foreign currency. Profits and losses in transactions in foreign exchange will also be affected by fluctuations in currency where there is a need to convert the product's denomination(s) to another currency. Time zone differences may cause several hours to elapse between a payment being made in one currency and an offsetting payment in another currency. Relevant movements in currencies during the settlement period may seriously erode potential profits or significantly increase any losses.

High Yield Fixed Income Securities – Investing in high yield bonds, which tend to be more volatile than investment grade fixed income securities, is speculative. These bonds are affected by interest rate changes and the creditworthiness of the issuers, and investing in high yield bonds poses additional credit risk, as well as greater risk of default.

Hedge Funds – An investment in hedge funds is speculative and involves a high degree of risk, and is suitable only for "Qualified Purchasers" as defined by the US Investment Company Act of 1940 and "Accredited Investors" as defined in Regulation D of the 1933 Securities Act. No assurance can be given that a hedge fund's investment objective will be achieved, or that investors will receive a return of all or part of their investment.

Commodities – The risk of loss in trading commodities can be substantial. The price of commodities (e.g., raw industrial materials such as gold, copper and aluminium) may be subject to substantial fluctuations over short periods of time and may be affected by unpredicted international monetary and political policies. Additionally, valuations of commodities may be susceptible to such adverse global economic, political or regulatory developments. Prospective investors must independently assess the appropriateness of an investment in commodities in light of their own financial condition and objectives. Not all affiliates or subsidiaries of Deutsche Bank Group offer commodities or commodities-related products and services.

Investment in private equity funds is speculative and involves significant risks including illiquidity, heightened potential for loss and lack of transparency. The environment for private equity investments is increasingly volatile and competitive, and an investor should only invest in the fund if the investor can withstand a total loss. In light of the fact that there are restrictions on withdrawals, transfers and redemptions, and the Funds are not registered under the securities laws of any jurisdictions, an investment in the funds will be illiquid. Investors should be prepared to bear the financial risks of their investments for an indefinite period of time.

Investment in real estate may be or become nonperforming after acquisition for a wide variety of reasons. Nonperforming real estate investment may require substantial workout negotiations and/ or restructuring.

Environmental liabilities may pose a risk such that the owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on, about, under, or in its property. Additionally, to the extent real estate investments are made in foreign countries, such countries may prove to be politically or economically unstable. Finally, exposure to fluctuations in currency exchange rates may affect the value of a real estate investment.

Structured solutions are not suitable for all investors due to potential illiquidity, optionality, time to redemption, and the payoff profile of the strategy. We or our affiliates or persons associated with us or such affiliates may: maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation. Calculations of returns on the instruments may be linked to a referenced index or interest rate. In such cases, the investments may not be suitable for persons unfamiliar with such index or interest rates, or unwilling or unable to bear the risks associated with the transaction. Products denominated in a currency, other than the investor's home currency, will be subject to changes in exchange rates, which may have an adverse effect on the value, price or income return of the products. These products may not be readily realizable investments and are not traded on any regulated market.

Important Information – UK

In the UK this publication is considered a financial promotion and is approved by DB AG on behalf of all entities trading as Deutsche Asset Management in the UK.

Deutsche Asset Management is the brand name of the Asset Management division of the Deutsche Bank Group. The respective legal entities offering products or services under the Deutsche Asset Management brand are specified in the respective contracts, sales materials and other product information documents. Deutsche Asset Management, through Deutsche Bank AG, its affiliated companies and its officers and employees (collectively "Deutsche Bank") are communicating this document in good faith and on the following basis.

This document is a financial promotion and is for general information purposes only and consequently may not be complete or accurate for your specific purposes. It is not intended to be an offer or solicitation, advice or recommendation, or the basis for any contract to purchase or sell any security, or other instrument, or for Deutsche Bank to enter into or arrange any type of transaction as a consequence of any information contained herein. It has been prepared without consideration of the investment needs, objectives or financial circumstances of any investor.

This document does not identify all the risks (direct and indirect) or other considerations which might be material to you when entering into a transaction. Before making an investment decision, investors need to consider, with or without the assistance of an investment adviser, whether the investments and strategies described or provided by Deutsche Bank, are suitability and appropriate, in light of their particular investment needs, objectives and financial circumstances. We assume no responsibility to advise the recipients of this document with regard to changes in our views.

Past performance is no guarantee of future results.

The products mentioned in this document may be subject to investment risk including market fluctuations, regulatory change, counterparty risk, possible delays in repayment and loss of income and principal invested. Additionally, investments denominated in an alternative currency will be subject to currency risk, changes in exchange rates which may have an adverse effect on the value, price or income of the investment. The value of an investment can fall as well as rise and you might not get back the amount originally invested at any point in time.

We have gathered the information contained in this document from sources we believe to be reliable; but we do not guarantee the accuracy, completeness or fairness of such information and it should not be relied on as such. Deutsche Bank has no obligation to update, modify or amend this document or to otherwise notify the recipient in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Deutsche Bank does not give taxation or legal advice. Prospective investors should seek advice from their own taxation agents and lawyers regarding the tax consequences on the purchase, ownership, disposal, redemption or transfer of the investments and strategies suggested by Deutsche Bank. The relevant tax laws or regulations of the tax authorities may change at any time. Deutsche Bank is not responsible for and has no obligation with respect to any tax implications on the investment suggested.

No assurance can be given that any investment described herein would yield favorable investment results or that the investment objectives will be achieved. In general, the securities and financial instruments presented herein are not insured by the Federal Deposit Insurance Corporation ("FDIC"), and are not guaranteed by or obligations of Deutsche Bank AG or its affiliates. We or our affiliates or persons associated with us may act upon or use material in this report prior to publication. DB may engage in transactions in a manner inconsistent with the views discussed herein. Opinions expressed herein may differ from the opinions expressed by departments or other divisions or affiliates of Deutsche Bank.

This document contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models and hypothetical performance analysis. The forward looking statements expressed constitute the author's judgment as of the date of this material. Forward looking statements involve significant elements of subjective judgments and analyses and changes thereto and/or consideration of different or additional factors could have a material impact on the results indicated. Therefore, actual results may vary, perhaps materially, from the results contained herein. No representation or warranty is made by Deutsche Bank as to the reasonableness or completeness of such forward looking statements or to any other financial information contained in this document.

This document may not be reproduced or circulated without our written authority. The manner of circulation and distribution of this document may be restricted by law or regulation in certain countries, including the United States. This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, including the United States, where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Deutsche Bank to any registration or licensing requirement within such jurisdiction not currently met within such jurisdiction. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions.

Deutsche Bank conducts its business according to the principle that it must manage conflicts of interest fairly, both between itself and its clients and between one client and another.

As a global financial services provider, Deutsche Bank faces actual and potential Conflicts of Interest periodically. The Bank's policy is to take all reasonable steps to maintain and operate effective organisational and administrative arrangements to identify and manage relevant conflicts. Senior management within the Bank are responsible for ensuring that the Bank's systems, controls and procedures are adequate to identify and manage Conflicts of Interest.

Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority.

Deutsche Bank AG is a joint stock corporation with limited liability incorporated in the Federal Republic of Germany, Local Court of Frankfurt am Main, HRB No. 30 000; Branch Registration in England and Wales BR000005 and Registered Address: Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG, London Branch is a member of the London Stock Exchange. (Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available on request or from www.db.com/en/content/eu_disclosures.htm). Financial Services Registration Number 150018.

Deutsche Asset Management is a trading name of Deutsche Asset Management (UK) Limited. Registered in England & Wales No 5233891. Registered Office: Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority. Financial Services Registration Number 429806.

This document may not be distributed in Canada, Japan, the United States of America, or to any U.S. person.

© December 2016 Deutsche Asset Management Investment GmbH

Disclaimer – EMEA

Deutsche Asset Management is the brand name of the Asset Management division of the Deutsche Bank Group. The respective legal entities offering products or services under the Deutsche Asset Management brand are specified in the respective contracts, sales materials and other product information documents. Deutsche Asset Management, through Deutsche Bank AG, its affiliated companies and its officers and employees (collectively “Deutsche Bank”) are communicating this document in good faith and on the following basis.

This document has been prepared without consideration of the investment needs, objectives or financial circumstances of any investor. Before making an investment decision, investors need to consider, with or without the assistance of an investment adviser, whether the investments and strategies described or provided by Deutsche Bank, are appropriate, in light of their particular investment needs, objectives and financial circumstances. Furthermore, this document is for information/ discussion purposes only and does not constitute an offer, recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice.

Deutsche Bank does not give tax or legal advice. Investors should seek advice from their own tax experts and lawyers, in considering investments and strategies suggested by Deutsche Bank. Investments with Deutsche Bank are not guaranteed, unless specified. Unless notified to the contrary in a particular case, investment instruments are not insured by the Federal Deposit Insurance Corporation (“FDIC”) or any other governmental entity, and are not guaranteed by or obligations of Deutsche Bank AG or its affiliates.

Investments are subject to various risks, including market fluctuations, regulatory change, counterparty risk, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you may not recover the amount originally invested at any point in time. Furthermore, substantial fluctuations of the value of the investment are possible even over short periods of time.

This publication contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models and hypothetical performance analysis. The forward looking statements expressed constitute the author’s judgment as of the date of this material. Forward looking statements involve significant elements of subjective judgments and analyses and changes thereto and/ or consideration of different or additional factors could have a material impact on the results indicated. Therefore, actual results may vary, perhaps materially, from the results contained herein. No representation or warranty is made by Deutsche Bank as to the reasonableness or completeness of such forward looking statements or to any other financial information contained herein. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the Offering Documents. When making an investment decision, you should rely on the final documentation relating to the transaction and not the summary contained herein.

This document may not be reproduced or circulated without our written authority. The manner of circulation and distribution of this document may be restricted by law or regulation in certain countries, including the United States. This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, including the United States, where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Deutsche Bank to any registration or licensing requirement within such jurisdiction not currently met within such jurisdiction. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions.

Kingdom of Bahrain

For Residents of the Kingdom of Bahrain: This document does not constitute an offer for sale of, or participation in, securities, derivatives or funds marketed in Bahrain within the meaning of Bahrain Monetary Agency Regulations. All applications for investment should be received and any allotments should be made, in each case from outside of Bahrain. This document has been prepared for private information purposes of intended investors only who will be institutions. No invitation shall be made to the public in the Kingdom of Bahrain and this document will not be issued, passed to, or made available to the public generally. The Central Bank (CBB) has not reviewed, nor has it approved, this document or the marketing of such securities, derivatives or funds in the Kingdom of Bahrain. Accordingly, the securities, derivatives or funds may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law. The CBB is not responsible for performance of the securities, derivatives or funds.

State of Kuwait

This document has been sent to you at your own request. This presentation is not for general circulation to the public in Kuwait. The Interests have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Interests in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended) and Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Interests is being made in Kuwait, and no agreement relating to the sale of the Interests will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Interests in Kuwait.

United Arab Emirates

Deutsche Bank AG in the Dubai International Financial Centre (registered no. 00045) is regulated by the Dubai Financial Services Authority. Deutsche Bank AG – DIFC Branch may only undertake the financial services activities that fall within the scope of its existing DFSA license. Principal place of business in the DIFC: Dubai International Financial Centre, The Gate Village, Building 5, PO Box 504902, Dubai, U.A.E. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority.

State of Qatar

Deutsche Bank AG in the Qatar Financial Centre (registered no. 00032) is regulated by the Qatar Financial Centre Regulatory Authority. Deutsche Bank AG - QFC Branch may only undertake the financial services activities that fall within the scope of its existing QFCRA license. Principal place of business in the QFC: Qatar Financial Centre, Tower, West Bay, Level 5, PO Box 14928, Doha, Qatar. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Business Customers, as defined by the Qatar Financial Centre Regulatory Authority.

Kingdom of Saudi Arabia

Deutsche Securities Saudi Arabia LLC Company, (registered no. 07073-37) is regulated by the Capital Market Authority. Deutsche Securities Saudi Arabia may only undertake the financial services activities that fall within the scope of its existing CMA license. Principal place of business in Saudi Arabia: King Fahad Road, Al Olaya District, P.O. Box 301809, Faisaliah Tower – 17th Floor, 11372 Riyadh, Saudi Arabia.

This document may not be distributed in Canada, Japan, the United States of America, or to any U.S. person.

© December 2016 Deutsche Asset Management Investment GmbH

Publisher: Deutsche Asset Management Investment GmbH, Mainzer Landstraße 11-17, 60329 Frankfurt am Main, Germany