



Capital Offence

Authors: Colin McKenzie, Virginie Galas, Dirk Schlueter, Mital Parekh, Jay Joshi, Ramnarayan Ramesh

2025 will perhaps be remembered for the increasing mercantilism of the United States, as it imposed the highest tariffs in over a century in its explicit pursuit of a production economy. The dollar was down 10% against a basket of major currencies, in one of its weakest annual performances in 50 years. Amongst this radical resetting of policy, inflation has remained sticky with some economists estimating that tariffs and wider protectionism have added more than 0.5 percentage points in the US, leaving at around 2.7%.

Meanwhile 2026 starts with one of the most stretched equity valuation backdrops in modern history. Global markets have delivered extraordinary returns over the last three years, but those gains increasingly rest on unusually high cash flow margins, extremely low implied risk premia, and an AI driven capex boom that is accelerating faster than the revenues expected to justify it. Our analysis highlights an equity market where profitability appears robust on the surface—but where the underlying drivers are weakening, and the dispersion especially across sectors and styles is widening meaningfully.

Our work suggests that the multi-year dominance of growth and US mega caps might be approaching an inflection point, so investors should consider reintroducing value into their core portfolio allocation. Three arguments underpin this view:

1. The AI capex cycle is nearing a phase where expectations run ahead of actual adoption and associated revenues. The US mega-caps are doubling investment commitments at a pace not seen since the dot com years. But unlike in 1999, today's tech leaders already operate at peak margins. With asset lives shortening, reinvestment cycles compressing, and data-driven scaling laws approaching physical limits, investors face a future where returns could fade even without an overt macro shock.

2. Market implied risk appetite appears unsustainably high in the current environment. Valuations look very high

compared to the long term—global equities trade on an economic PE of over 33x. Before the period of ultra-loose monetary policy, markets traded closer to 20x than 30x. The implied real cost of capital—the true barometer of market risk aversion—is at its lowest level since 1989. History suggests strong mean reversion tendencies. A sharp fade in profitability has often been associated with such a rise in risk premium. If that happened today, it would reverse 15 years of almost monotonic decline. Sticky inflation, declining profitability and increased protectionism could all contribute to any such decline in risk appetite. A normalisation toward the century long average would imply either a sharp correction or several years of below trend returns.

3. The valuation gap across sectors and styles has quietly re-opened. Healthcare, Consumer Staples, parts of Utilities, and select industrials offer high cash returns and strong balance sheet quality, looking attractively positioned for investors seeking resilience and genuine economic value. Conversely, the most expensive decile of global equities trades at levels that embed near perfect execution.

On top of that, style dynamics remain historically skewed: value exposure is at decade long lows in investor portfolios, even as conditions for a rotation are falling into place. We have investigated in Section 3.1 what economic elements could support the continued outperformance of value and examine whether quality value is likely to take over from a period of strong performance of low price-to-book companies as it generally has in previous cycles. We also note that there is still widespread dispersion in market valuations allowing judicious stock picking to careful investors.

Finally, Section 3.2 discusses how investors can successfully access growth strategies even in a market that is nervous about AI expenditure, focusing especially on innovation which can be found in numerous industries.

Important Information

This paper is intended for Professional Investors only, who understand the strategies and views introduced in this paper and can form an independent view of them. CROCI represents one of many possible ways to analyse and value stocks. Potential investors must form their own view of the CROCI methodology and evaluate whether CROCI and investments associated with CROCI are appropriate for them.

Please see Glossary A for a brief introduction to CROCI and for definitions of key terms used throughout this piece and for risk considerations. Please see Glossary B for the definition of Real Value.

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Simulated returns have many inherent limitations. No representation is made that actual returns will be similar to those shown. There are frequently significant material differences between simulated and actual returns. Simulated returns are developed with the benefit of hindsight and often do not take into account actual financial, economic, transaction or market risk. Simulated returns are therefore not necessarily a reliable guide to actual returns.

In the data and charts presented throughout this document, "E" refers to financial years that are not yet reported. Forecasts of accounting data for these years are based on market's consensus estimates as reported by Bloomberg Finance L.P. CROCI metrics for the forecast years are calculated by applying the CROCI model to these consensus estimates. The CROCI team does not make any forecasts or projections of accounting data. Data for historical years are derived from company reports and other publicly available sources.

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17 February 2026

Summary View

Navigating the key topics across this paper

1.1 Bottom-up equity market valuation (p 9)

In the first section, we look at where we currently stand in the broader equity market cycle, including: **how the market is pricing earnings, risk and growth** (1.1) and **the capex cycle over the long term** (1.2).

The price of earnings shows that the aggregate valuation is beyond or close to the dot-com peak, depending on whether we look at yearly averages or intra-year levels. Meanwhile the **price of growth based on the largest twenty stocks by market cap suggests that the valuation of the mega-caps has not quite reached the peak level that it reached during the dot-com bubble**. That said, timing the peak of the price of growth is not as straightforward as comparing today's growth levels to their level during the dot-com bubble. What can be said is that capex growth levels in the current top twenty are not dissimilar to equivalent levels during the dot-com period, at around 20% CAGR. Second, **margins are at their peak in the United States across large caps, but asset productivity has fallen**—and is likely to continue falling based on capex expectations. **Unless the mega-caps generate the revenues to justify their high capex levels, their cash returns are at high risk of fading**—and with that price of growth may well fade simultaneously. Such a scenario could also see an increase in the risk premium, similar to what took place briefly around the announcement of DeepSeek.

1.2 The AI-driven capex cycle (p 15)

The scale of today's AI related capex boom ensures that trillions of dollars invested may inevitably ripple across the broader value chain—potentially benefiting semiconductor and memory manufacturers, networking and power equipment suppliers, Utilities, and a wide range of infrastructure providers. Yet the **key question is not whether the ecosystem gains; it is whether the investors funding the buildout ultimately earn an attractive return**. That will depend on the industry's ability to monetise AI applications at scale rather than on the magnitude of capex alone.

2.1 Health Care (p 23)

History suggests that the current valuation of the pharmaceuticals segment is potentially rather attractive. Regionally, the United States stands out as being the most profitable. However, European pharma's economic valuation is nearly a fifth cheaper than that of United States, along with a dividend yield pick-up. Japan is at the same valuation as Europe but shows significantly worse profitability profile compared to Europe.

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2.2 Consumer Sector (p 25)

Section 1.1 showed that current valuations are elevated even though they are based on higher earnings than their long-term history (particularly in the United States). In this context, **the defensiveness of Staples could prove useful to investors**. Within the broad Staples sector, European Beverages and US Packaged Food are two sub-sectors where economic value might be easier to find. These two sub-sectors also offer attractive dividend yield.

2.3 Utilities (p 27)

The sector currently is in a heavy expansionary mode, with overall investments significantly ahead of its maintenance capex requirements. Nevertheless, sector valuations remain broadly within historical norms, with economic price-to-book anchored around levels not materially above 1x. Only time will determine whether this conservatism compared to potential growth in capital proves warranted, **at present the sector appears to be trading within a valuation range that would be of interest to value investors**. This is supported by solid growth visibility that does not appear to dilute the sector's underlying CROCI.

3.1 Time to diversify into value (p 30)

There are various economic environments in which value stocks tend to outperform growth stocks. At the same time, there generally needs to be a driver pushing markets away from the prevailing investment style, which has been growth and momentum for much of the past decade or more. We look in this section at what conditions would support the outperformance of both the value and quality factors over the course of 2026 and beyond. We also show **how underweight equity investors remain towards value and the need for them to diversify their style exposures to prepare for the possibility of an environment led by value and quality**.

3.2 A cleaner take on Quality & Growth using CROCI (p 36)

Our approach both to quality-led growth and purer growth, addresses weaknesses in traditional growth and GARP approaches. Inflation-adjusted, economically consistent data allows growth on a comparable basis to be assessed across companies. The **CROCI Innovation Leaders Strategy** represents CROCI's quality-growth approach. It **focuses on companies with sustained investment in intangible assets** such as R&D and brands, with durable competitive advantages and strong balance sheets. This approach leads to resilience, consistency of returns, and downside protection across market cycles. By contrast, the **CROCI Growth Strategy** targets purer growth opportunities. It identifies companies with strong, **multi-dimensional expansion in revenues, cash flows and operating assets**. Together, the two strategies allow investors to **separate quality-driven compounding from higher-beta growth exposure within a coherent CROCI framework**.

Contributors

Virginie Galas

Head of CROCI Company Research

Ramnarayan Ramesh

CROCI Company Research

Venkat Bijjaram

CROCI Company Research

Krithika Ekambaram

CROCI Company Research

Yogendar Khairari

CROCI Company Research

Janamejay Kumar

CROCI Company Research

Colin McKenzie

Head of CROCI Intelligence & CROCI Product Specialist

Dirk Schlueter

Head of CROCI Investment Strategies

Jay Joshi

DWS Research Institute

Mital Parekh

CROCI Investment Strategies

Pragya Patwari

CROCI Investment Strategies

Vikash Sonika

CROCI Investment Strategies

Figure 1: Global Equities P&L and Valuation

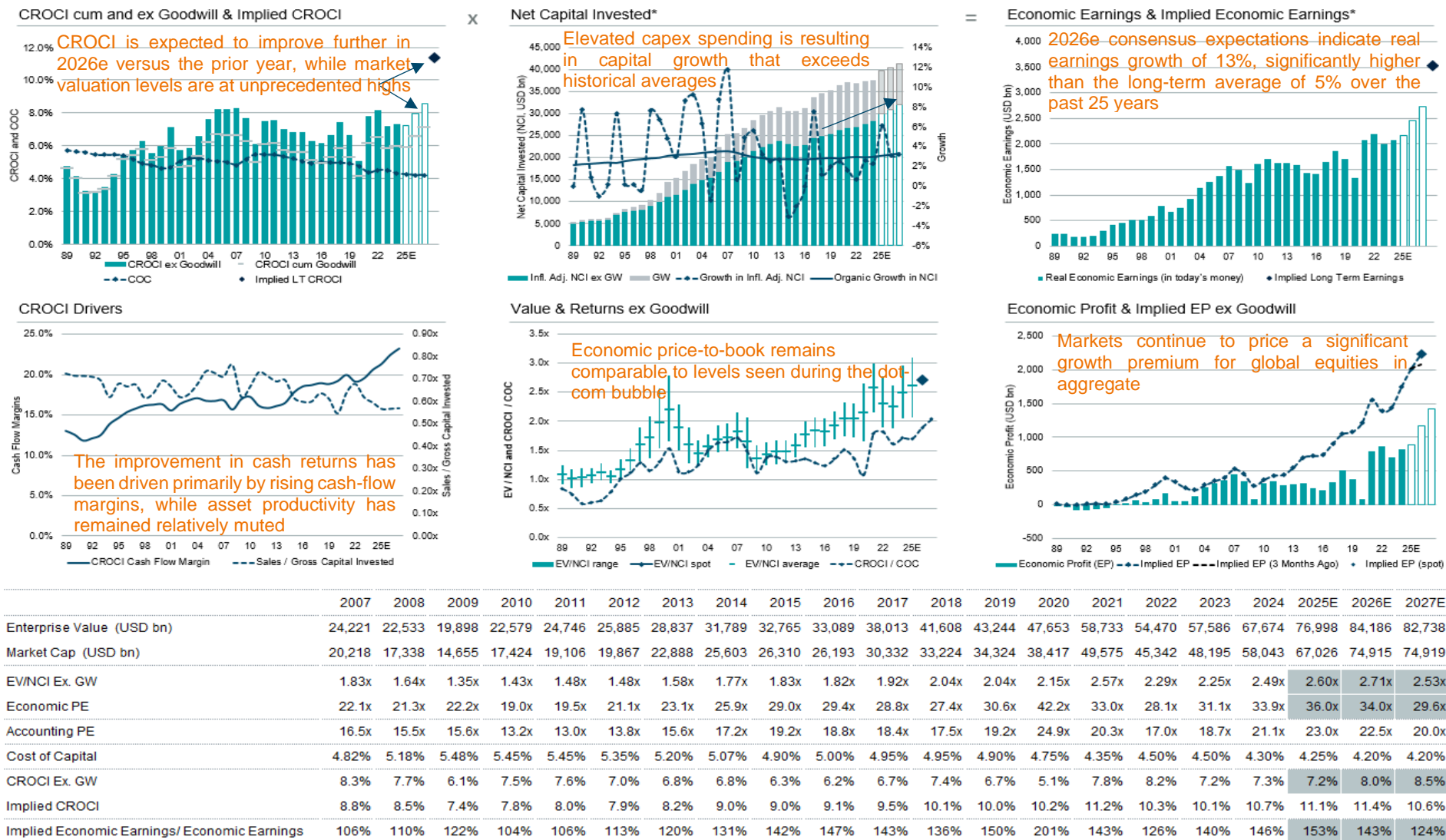
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Economic P / E (x)	28.8	27.4	30.6	42.2	33.0	28.1	31.1	33.9	36.0	34.0	29.6
Accounting P / E (x)	18.4	17.5	19.2	24.9	20.3	17.0	18.7	21.1	23.0	22.5	20.0
Yield (%)	2.6	2.5	2.3	2.1	1.9	2.2	2.1	1.8	1.6	1.5	1.6
P / BV (x)	2.7	2.9	2.9	3.2	3.7	3.3	3.4	4.0	4.1	4.0	3.5
EV / Sales (%)	182.3	183.1	195.2	228.8	236.4	200.2	214.8	249.0	273.6	284.8	265.0
EV / Adj. EBDIT (x)	10.1	10.2	10.5	12.4	11.8	10.3	10.9	12.1	12.9	12.7	11.4
EV / Adj. EBIT (x)	14.8	14.7	16.2	20.4	17.0	14.4	15.5	17.1	18.4	17.8	15.8
EV / Free Cash Flow (x)	27.1	27.1	27.8	28.4	29.4	28.8	27.5	32.0	32.9	30.8	26.2
EV / Capital Employed (x)	1.8	1.9	1.9	2.0	2.4	2.2	2.2	2.5	2.7	2.8	2.6
Avg. Market Cap. (bn)	30,332	33,224	34,324	38,417	49,575	45,342	48,195	58,043	67,026	74,915	74,919
Enterprise Value (bn)	36,032	39,495	42,037	46,394	57,347	53,075	56,107	66,098	75,275	82,377	80,826
Key Ratios	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Revenue Growth	8.7	9.1	-0.2	-5.8	19.6	9.3	-1.5	1.6	3.6	5.1	5.4
Revenue Growth (Median, local ccy)	6.9	5.5	2.1	-3.5	13.8	12.0	2.6	2.6	2.9	3.8	4.3
Adj. Net Profit Pre-Min. Growth	11.3	14.4	-5.5	-13.6	57.3	9.0	-3.4	6.8	5.9	14.3	12.2
Adj. EBDIT Mgn	18.0	17.9	18.5	18.4	20.1	19.5	19.6	20.5	21.2	22.4	23.3
Adj. EBIT Mgn	12.3	12.4	12.0	11.2	13.9	13.9	13.8	14.5	14.9	16.0	16.8
Adj. Net Prof. Pre-Min. Mgn	8.7	9.1	8.6	7.9	10.4	10.4	10.2	10.7	10.9	11.9	12.6
Tax Rate	30%	28%	28%	32%	26%	27%	27%	26%	24%	23%	23%
Depreciation / Sales	6.1	5.8	6.9	8.2	6.5	5.8	6.2	6.3	6.4	6.4	6.5
Capex / Sales	7.8	7.7	8.7	9.0	8.4	8.2	8.9	9.5	10.1	10.2	10.0
Free Cash-Flow / Sales (Post-Tax)	6.7	6.8	7.0	8.1	8.0	6.9	7.8	7.8	8.3	9.3	10.1
Dividends / Sales	4.0	4.4	4.3	4.1	4.2	4.0	4.1	4.1	4.2	3.8	3.8
Interest Cover (x)	10.7	11.1	8.9	7.4	11.2	12.5	11.5	11.1	10.7	12.0	13.9
Net Debt (-) Cash (+) / Equity	-44.4	-48.5	-59.2	-58.6	-53.6	-54.0	-53.9	-53.8	-49.9	-37.1	-24.7
Return on Stated Equity	13.9	14.5	13.4	9.9	17.5	17.6	16.4	17.1	17.3	18.2	18.0
Return on Cap. Employed (Post-Tax)	9.4	10.1	9.2	7.7	10.9	11.6	11.1	11.5	11.6	12.4	13.3
P&L (USD bn)	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Turnover	19,764	21,571	21,534	20,280	24,256	26,510	26,125	26,549	27,510	28,926	30,501
Adjusted EBDIT	3,559	3,872	3,986	3,732	4,875	5,173	5,129	5,449	5,820	6,476	7,105
Depreciation	1,196	1,243	1,492	1,657	1,569	1,547	1,608	1,669	1,765	1,855	1,985
Net Interest Result	-226	-242	-291	-307	-301	-295	-315	-346	-382	-386	-367
Pre-Tax Profit	1,943	2,123	1,933	1,388	2,824	3,037	2,876	3,139	3,441	4,105	4,637
Income Tax	586	589	542	444	723	812	773	806	839	944	1,052
Adj. Net Profit Pre-Min.	1,718	1,966	1,857	1,605	2,525	2,752	2,657	2,838	3,006	3,436	3,854
Cash Flow (USD bn)	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
EBIT before stock options	2,428	2,702	2,557	2,155	3,425	3,773	3,659	3,947	4,253	4,877	5,395
Depreciation	1,196	1,243	1,492	1,657	1,569	1,547	1,608	1,669	1,765	1,855	1,985
NWC and Provisions	-257	-249	-123	46	-274	-544	-206	-237	-45	-38	-47
...Operating Cash Flow	3,367	3,696	3,927	3,858	4,720	4,777	5,061	5,379	5,974	6,694	7,333
Proceeds from Share Issues	-121	-353	-329	-139	-500	-744	-744	-683	-593	12	0
Dividends Paid	-793	-948	-934	-839	-1,011	-1,063	-1,070	-1,097	-1,165	-1,105	-1,152
Capex	-1,538	-1,664	-1,874	-1,826	-2,027	-2,171	-2,314	-2,519	-2,781	-2,942	-3,064
Net Other Investments	-489	-582	-1,468	-501	-435	-220	-247	-478	-248	-45	6
Change in Net Debt (-) Cash (+)	-443	-550	-1,463	-229	66	-223	-278	-300	-187	1,344	1,740
Balance Sheet (USD bn)	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Net Working Capital	428	435	396	111	177	404	316	303	289	308	330
Net Financial Debt (-) Cash (+)	-5,259	-5,853	-7,318	-7,577	-7,526	-7,755	-8,041	-8,340	-8,535	-7,191	-5,451
Gross Tangible Fixed Assets	21,066	21,439	23,892	25,320	25,597	25,738	26,804	27,746	30,076	31,757	33,562
Net Tangible Fixed Assets	9,904	10,065	11,371	11,818	11,965	12,166	12,784	13,411	14,775	15,831	16,900
Other LT Assets	1,618	1,709	1,799	1,988	2,201	2,267	2,458	2,570	2,656	2,673	2,705
Stated Shareholder's Equity	11,175	11,391	11,665	12,167	13,272	13,587	14,125	14,706	16,262	18,543	21,234
Minorities	672	677	704	760	776	778	791	799	834	846	860

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data in USD as on 14 January 2026. "E" after a year indicates that the numbers are based on consensus forecasts. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

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- A. Consensus revenue growth expectations for 2026 (median, in local currency) begin on a notably optimistic footing compared with the realised sales growth of the past few years.
- B. Most earnings metrics—EBDIT, Net Income, Free Cash Flow—already showed strong performance in 2025. Consensus anticipates 2026 to improve further, supported by continued margin expansion.
- C. As a result, valuations (both Economic P/E and traditional Accounting P/E) currently sit broadly in line with recent history, though they appear somewhat elevated when measured against long-term averages.
- D. Capital expenditure surged in 2025 and is set to remain elevated through 2026 and 2027, as companies accelerate the build-out of large-scale physical infrastructure required to support the AI boom.
- E. At the aggregate level, corporate balance sheets remain largely unlevered; however, absolute interest expense continues to rise.

Figure 2: Global Equities CROCI



Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data in USD as on 14 January 2026. "E" after a year indicates that the numbers are based on consensus forecasts. *Displayed in today's money. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

Section 1:

Where are we in the cycle?

1.1 Bottom-up equity market valuation

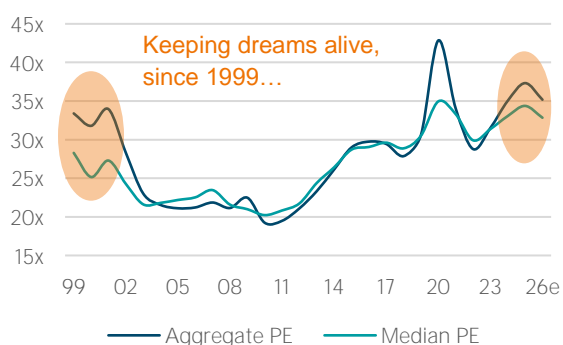
Global equity markets have delivered another strong year in 2025, extending a rally that has now spanned multiple years, even if the market was range-bound in the second half of the year and gains petered out amid macroeconomic and policy uncertainty. On a three-year rolling basis, the MSCI World index posted a compounded annual growth rate above 20%¹ – a milestone achieved only twice before since 1990: in 1999 and again in 2021, both episodes followed by sharp corrections in subsequent year. This historical context raises an important question: can markets buck this trend, or are they setting themselves up for a familiar reversal?

In the first section, we look at where are we in the broader equity market cycle, including: **how the market is pricing earnings, risk and growth** (1.1) and **the capex cycle over the long term** (1.2).

Market pricing of earnings

We focus on CROCI’s economic PE for our Developed Market coverage universe, whose market capitalization represents around 80% of the MSCI World index. **The 2026e multiple trades at a premium of nearly 25% to its long-term average.** Since 1999, valuations have only been higher during the pandemic. Looking at an annual timeseries (based on the average price in historical years), current valuations are certainly ahead of the dot-com bubble. While the monthly series of economic PE only goes back as far as 2003, the Shiller PE monthly series shows that, although markets are in expensive territory, they are about 8% cheaper than at the peak of the dot-com bubble.

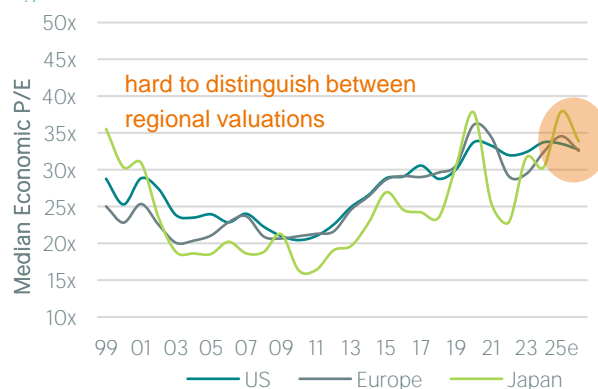
Figure 3: Global annual economic PE since 1999



Source: DWS, CROCI. Aggregate and median data of companies in CROCI’s global developed market coverage excluding banks. Data as available on 14 January 2026. Median PE is calculated based on median of companies after removing the companies with negative CROCI.

Current valuations are high despite cash return levels which are already elevated compared to their long-term history (particularly in the United States).

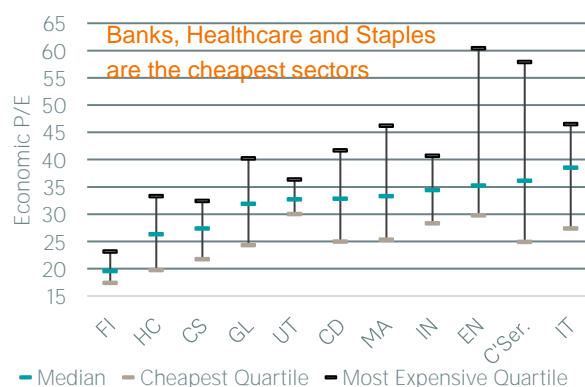
Figure 4: Historical annual economic PE – median by region



Source: DWS, CROCI. Aggregate and median data of companies in CROCI’s global developed market coverage excluding banks. Data as available on 14 January 2026. Median PE is calculated based on median of companies after removing the companies with negative CROCI.

There is only a cigarette paper between the valuations of the United States, Europe and Japan, despite the received wisdom that the United States is expensive relative to Europe. Although it is true that median valuations are higher than their long-term trends in each region.

Figure 5: 2026e Economic PE by sector (median)



Source: DWS, CROCI. Data as available on 14 January 2026. Median PE is calculated based on median of companies after removing the companies with negative CROCI, and includes banks. For Financials, the COC is adjusted to reflect the higher long term risk in the sector.

By contrast, there is a broader spread by sector (Figure 5), with several sectors offering value even if the broader market appears expensive. **Financials (mostly banks), Healthcare and Consumer Staples are the three sectors which trade at**

¹Net Total Return in USD

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a discount to the global median. Within global banks, we continue to see the best value in Europe, despite the sector's solid outperformance last year. While valuations have run up across the three regions and European banks are no longer cheap compared to their own historical valuation, they continue to offer better value than those in other two regions.

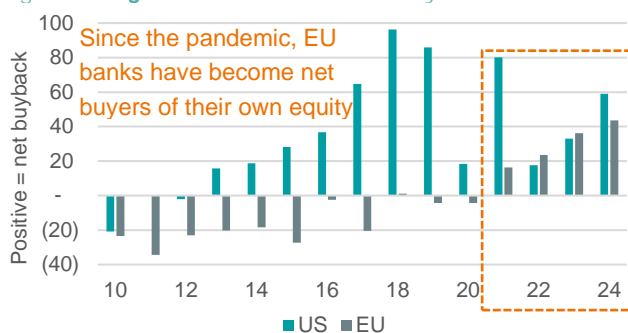
Figure 6: Regional Banks Valuation (Aggregate)

	US		Europe		Japan	
	2026E	5Y Avg	2026E	5Y Avg	2026E	5Y Avg
EV/Adj. Tier 1 Cap.	2.1x	1.7x	1.5x	0.9x	1.5x	0.8x
Inf. Adj. ROC	12.8%	11.2%	12.6%	10.2%	8.5%	6.7%
Adj. PE ratio	15.7x	15.1x	12.2x	8.9x	17.1x	15.6x
COC Adj. PE ratio	21.5x	21.4x	16.9x	14.1x	23.5x	23.2x
Dividend Yield	2.1%	2.6%	4.4%	6.5%	2.6%	3.8%
Core Tier 1 Ratio	12.8%	11.2%	15.0%	13.7%	14.8%	13.1%

Source: DWS, CROCI. Aggregate values for Banks under CROCI Coverage. Historical average represents median values from 2021 to 2025e. Data as on 14 January 2026. No assurance can be given that any forecast, target or opinion will materialize.

European banks are shifting from being net issuers to net reducers of equity for the first time since the financial crisis. Improved profitability and elevated CET1 ratios now support higher buybacks alongside already superior dividend yields versus the US and Japan. This reduction in share count enhances capital efficiency and pushes up tangible book value per share across the group.

Figure 7: Regional banks' shares net buyback or issuance



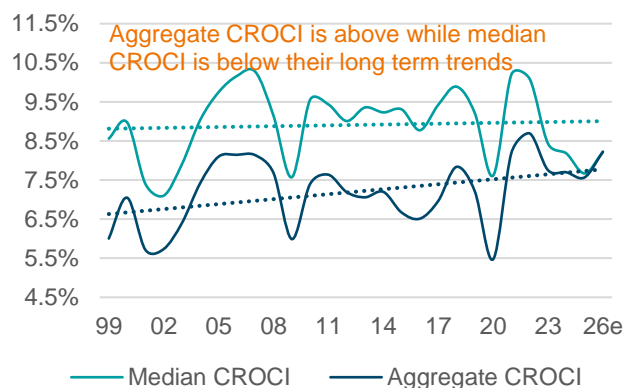
Source: DWS, CROCI. Data until the end of the year 2024. The aggregate values are in USD bn for the US and in EUR bn for the EU region.

Current profitability of global equities in the historical context

The 2026e aggregate global CROCI cash return² is 8.2%, 90 basis points higher than the long-term average. The median cash returns for 2026e are also 8.2%, lower than the long-term average of 9.1%. This suggests that aggregate cash returns are much higher than the long-term level, even

though median cash return is worse. This can in large part be explained by the behaviour of regional returns.

Figure 8: Aggregate and Median CROCI

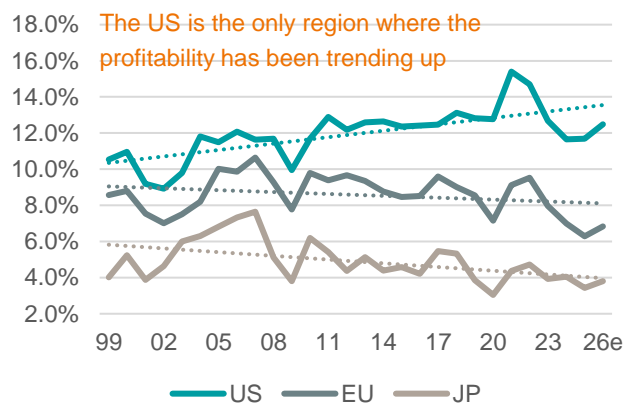


Source: DWS, CROCI. Data as available on 14 January 2026. The median CROCI refers to the median reading of our non-financial Developed Markets coverage universe for each year from 1999 to 2026e.

Median CROCI cash returns for the United States are about 30 bps higher than their long-term trend, whilst for Europe and Japan they are below their historical average by around 180 bps and 80 bps respectively (Figure 9).

The steady rise of the highly profitable mega-caps in the United States, along with their ever-higher weights in the aggregate numbers, substantially flattens the aggregate returns and makes them appear better than the long-term trend. The aggregate cash return levels may be skewed by the improving profitability of the mega caps, but there is still a pattern in the underlying drivers that is worth examining.

Figure 9: Median CROCI across regions



Source: DWS, CROCI. Data as available on 14 January 2026. The median CROCI refers to the median reading of our non-financial coverage universe under the respective region for each year from 1999 to 2026e.

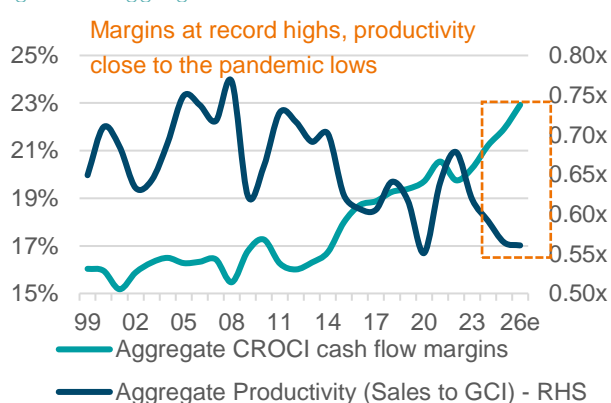
²For CROCI's developed market non-financial coverage

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A clear divergence in the drivers of cash returns

Global cash flow margins³ have seen a meaningful expansion, despite the recent period of high inflation. This trend is consistent with the early 1980s, when margins also rose despite a prolonged phase of high and consistent inflation during the preceding decade. In fact, high inflation does not really tend to impair the ability of companies to pass on higher operating costs. On the other hand, asset productivity⁴ has been compressed across the board. Persistent high inflation gradually finds its way into the capital employed, which only crystallises fully when considering assets in terms of their real replacement value.

Figure 10: Aggregate CROCI drivers



Source: DWS, CROCI. Data as available on 14 January 2026.

The worsening productivity can be understood by looking at the capital expenditure cycle over the long term (we cover this in detail in section 1.2).

“Security prices fluctuate much more than do the intrinsic value and prospects of the underlying companies, and the main reason for this is the extreme volatility in the way people feel about risk.” - Howard Marks

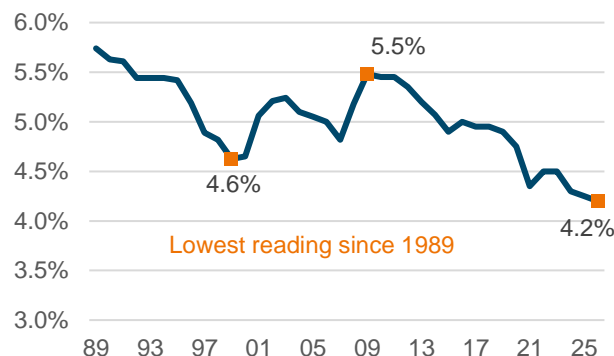
Market price of risk

The market-implied real cost of capital naturally reflects real interest rates, but there is a latent risk barometer within this metric as well. The debt and other liabilities represent about 15% of the enterprise value within global equities, meaning that the impact of the cost of equity is far higher than the cost of debt. So, when the cost of capital is low (as it is now), this indicates that the market’s mood is generally buoyant: there is optimism about growth both in the near-term and the more distant future; investors at large have a large risk appetite.

By extension, **when the implied cost of capital is low, investors at large can expect similarly low returns from an**

average equity portfolio. The expectations are at their lowest level since our first measurement for 1989 (Figure 11). The academic literature, based on more than a century of data, suggests that over the very long term there is very strong mean reversion tendency for the market-implied cost of capital to return to around 5.4% in real terms.

Figure 11: Implied Real Cost of capital for Global Equities



Source: DWS, CROCI. Aggregate of companies in CROCI’s global non-financial coverage. Data as available on 14 January 2026.

While the risks related to higher inflation continue to loom, the progress of AI seems likely to be the key to the direction of travel of the cost of capital relative to the long-term average. Either way, the cost of capital tends to have a larger impact on equity markets than underlying earnings do (Figure 12).

A correction of the cost of capital to around 5% would mean either a quick and significant correction, or several years of low returns for equities—both scenarios have been seen in previous market environments.

Figure 12: Sensitivity of global equity values to the changes in cost of capital (COC)

COC	EV/NCI	EV move	MV move
5.00%	1.28x	-37.2%	-41.7%
4.75%	1.45x	-28.7%	-32.3%
4.50%	1.67x	-17.9%	-20.1%
4.20%	2.03x	0.0%	0.0%
4.10%	2.19x	7.6%	8.5%
4.00%	2.36x	16.2%	18.2%
3.80%	2.79x	37.5%	42.2%

Source: DWS, CROCI. Sensitivity is calculated using agglomerated data of companies in CROCI’s coverage globally. EV is Enterprise Value; MV is Market Value. The EV/NCI values refer to the 2025E cum Goodwill NCI. Data as available on 14 January 2026. No assurance can be given that any forecast, target or opinion will materialize.

³ for the non-financial Developed Market Universe

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⁴ Defined as the ratio of sales to gross capital invested

The market’s price of growth

A common theme amongst investors today is whether markets are in a similar position to the dot-com bubble of 1999-2000. At that time, valuations were stretched to extremes in certain sectors, with technology and telecom companies in particular trading at unprecedented multiples despite unexceptional profitability. The Nasdaq 100 peaked on March 27, 2000, amid investor euphoria, only to collapse by nearly 80% over the following two years.

Before looking at the underlying numbers, we provide a quick reminder of the regional and sectoral structures of the global equity markets. In Figure 13, we look at the Enterprise Value split of CROCI’s global non-financial coverage universe. The insights that flow from this comparison include:

- a) The **United States** has strengthened its dominance, increasing its share from **51% in 2015 to 68% in 2025**. In contrast, all other regions have seen declines, with **Europe experiencing the sharpest drop—from 29% to 18%**

- b) In 2015, capital allocation across sectors was relatively balanced, with Global Industrials leading the pack. Information Technology (IT) was not even among the top five sectors. Today, IT has emerged as the single largest sector globally, commanding a share that surpasses the combined weight of Energy, Materials, Consumer Staples, and Utilities.
- c) The surge in IT is almost entirely driven by the United States’ market. **The enterprise value of the US IT sector alone now exceeds the combined value of all sectors in Europe and Japan**, underscoring the region’s unparalleled influence in technology.

Given the sheer dominance of the United States’ IT and Communication Services sectors, we focus on these two sectors to measure the price of growth for the companies which have exhibited the strongest growth (which we then compare with the peak of the dot-com bubble). Our comparison spans March 27, 2000—the Nasdaq peak then—and October 29, 2025, the recent high.

Figure 13: Regional and sectoral breakdown of global enterprise value

2015	EN	MA	IN	CD	CS	HC	IT	C'Serv	UT	
USA	4%	2%	7%	6%	7%	8%	8%	6%	3%	51%
Europe	2%	2%	4%	5%	5%	5%	1%	3%	2%	29%
Japan	0%	0%	2%	2%	1%	1%	0%	1%	1%	7%
ROW	3%	1%	2%	1%	1%	0%	1%	3%	1%	13%
	9%	6%	15%	14%	13%	13%	11%	12%	7%	100%
2025	EN	MA	IN	CD	CS	HC	IT	C'Serv	UT	
USA	2%	2%	6%	9%	5%	7%	25%	9%	3%	68%
Europe	1%	1%	4%	3%	2%	3%	1%	1%	2%	18%
Japan	0%	0%	2%	1%	0%	1%	1%	0%	0%	6%
ROW	1%	1%	1%	1%	1%	0%	2%	1%	0%	9%
	4%	4%	13%	14%	8%	10%	29%	12%	5%	100%

Source: DWS, CROCI. Data as available on 14 January 2026.

The definition of the price of growth may feel intuitive to some readers familiar with CROCI’s approach. But we first attempt to clarify the concept. The CROCI model equips investors with:

- An inflation-adjusted measure of return (CROCI) on economic capital
- *An asset multiple (EV-to-NCI) which give the price that investors are willing to pay to own one unit of a company’s assets.*

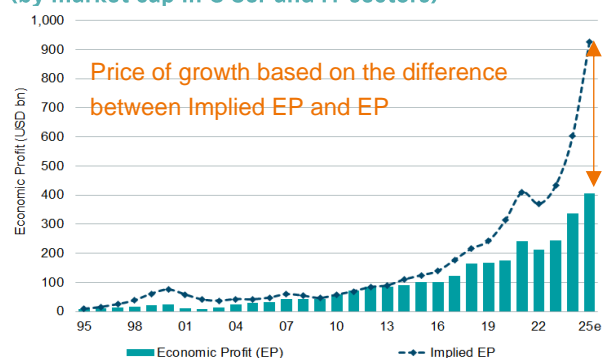
There is of course a strong relationship between the two. An asset returning, say, 6% in real terms should be worth less than an asset that can return twice as much. Further, a steady state company, with no growth in capital invested, should have a price-to-book equal to its real return on capital relative to its cost of capital, just as a fully paid bond with a 12% coupon will trade at 2x par if very long interest rates are 6%.

However, even in real terms, there is often not parity between the two ratios. The difference is non-linear and can depend on multiple variables, including:

- i) the period for which CROCI a- expands or b- remains above the cost of capital
- ii) the 'fade' rate, or the rate at which competitive forces drag returns down to the cost of capital
- iii) the growth rate of the asset base. The period during which this growth rate can be sustained and the rate of normalization of growth.

Realigning the relationship between EV-to-NCI and CROCI-to-COC, Economic Profits represent Economic Earnings after paying for the cost of capital and is defined as excess returns times operating assets (i.e. $(CROCI - COC) \times NCI$) and can be seen as the 'value added' each year. Whereas the Implied Economic Profit shows the average annual economic profits discounted by the market in each year, $(EV - NCI) \times COC$. If the Implied Economic Profit exceeds the Economic Profit, we can arrive at the market implied 'price of growth'.

Figure 14: Price of growth for the top 20 U.S. stocks (by market cap in C'Ser and IT sectors)



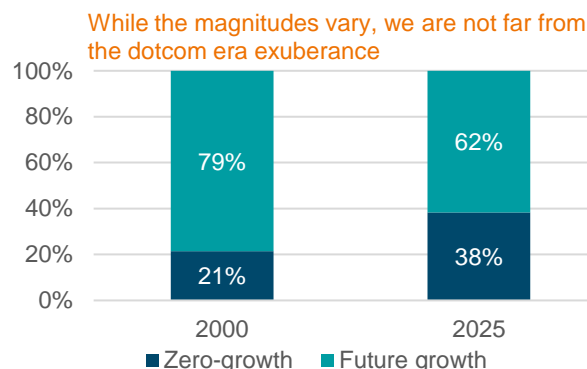
Source: DWS, CROCI. Data as available on 14 December 2025. The above chart is based on the aggregate of twenty largest IT and Communication Service companies currently. Past performance does not predict future returns.

Returning to our baskets of 20 largest IT and Communication Service companies both in 2000 and today. These 20 companies out of approximately 80 companies in both the sectors combined, represent around 90% of the current market capitalization. This is our motivation in restricting our study to the largest 20 companies and recreate a similar basket at the time of the dot-com bubble, including companies such as Yahoo!, Nortel Networks & Sprint, in order to avoid survivorship bias.

Based on the economic price-to-book and cash returns both now and during the dot-com period, we can see how much growth was priced in during the two periods (holding the cost of capital constant at 5.4%). To ensure a like-for-like comparison across both periods with different interest-rate environments, we normalise the analysis using a constant long-term cost of capital. This allows us to avoid distortions

in valuations due to short-term rate movements during two regimes.

Figure 15: Composition of EV (top 20 U.S. stocks by mkt cap in C'Ser and IT sectors)



Source: DWS, CROCI. The EV/NCI was 10.6x for the Dotcom period and 8.1x currently. The peak of the dotcom period was on March 27, 2000—the Nasdaq peak then—and October 29, 2025, was the recent high.

At the peak of the dot-com bubble, nearly four-fifths of the market value of the top twenty technology stocks by market cap in the United States was based on future growth. Based on the recent peak in 3Q of last year, the comparable value is about two-thirds. In part, this reflects the higher return being generated by these top twenty companies today.

As a result, looking at the large cap tech stocks, the price of growth (at least for the largest names in the market) has not quite reached the level seen during the dot-com peak.

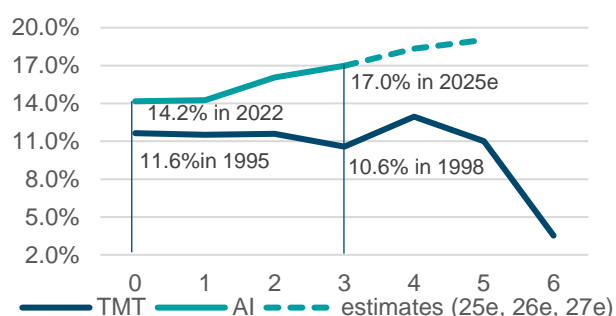
Drawing parallels to the dot-com period

The United States is clearly leading the current capital expenditure surge in AI infrastructure, and an apposite comparison is between the ongoing AI boom and the dot-com period.

For this analysis, we look at the years 1995 to 2001 because this timeframe captures the core of the dot-com cycle—from the early commercialization of the internet and rapid technological adoption to the peak of speculative investment and subsequent correction.

Similarly, the AI cycle from 2022 to 2027e represents a comparable phase of transformative innovation, aggressive capital deployment, and evolving business models.

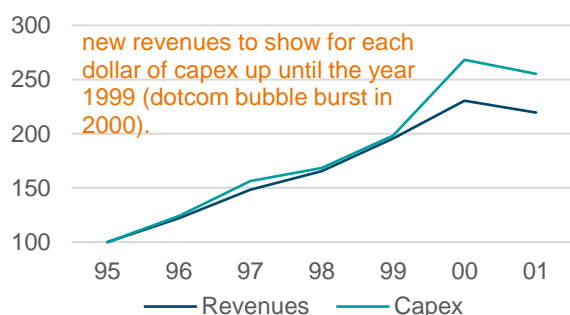
Figure 16: Aggregate CROCI for dot-com (1995-2001) and AI (2022-2027e) – (top 20 U.S stocks by mkt cap in Comms Services and IT sectors)



Source: DWS, CROCI. Data as available on 07 November 2025. Year 0 corresponds to 1995 and year 6 to 2001 for the dot-com period. Year 0 corresponds to 2022 and year 5 to 2027e for the AI period. Past performance does not predict future returns.

The CROCI cash return backdrop for today’s top twenty companies within Communication Services and IT is markedly different from the dot-com era. Current leaders enter the AI-driven capex cycle with margins close to historic highs, leaving limited room for expansion. During the dot-com boom, cash returns worsened by about 100 basis points during the initial three years. By contrast, consensus estimates that the current phase had delivered nearly 300bps of improvement by the end of 2025, with continuous expansion forecast until the end of 2027. The improvement in returns is expected to be driven by margin expansion, offset by the significantly worse asset productivity than during the dot-com period.

Figure 17: Aggregate revenues and capex growth – (top 20 U.S stocks by mkt cap in C’Ser and IT sectors)



Source: DWS, CROCI. Data as available on 07 November 2025. Capex includes capital expenditure on R&D/intangibles. Past performance does not predict future returns.

Field of dreams – if you build it will they come?

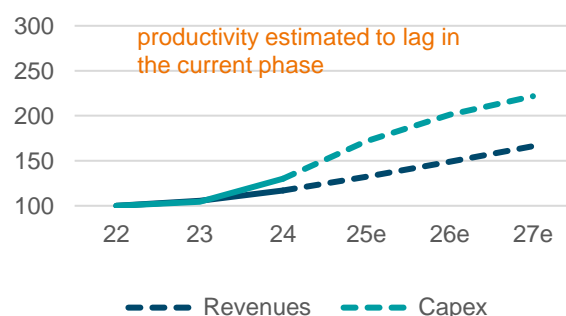
During the dot-com period, capex accelerated sharply. Up to the end of 1998, aggregate capex increased by 19% CAGR relative to 1995. Revenues moved in tandem (Figure 17) and

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there were clear new revenues to show for each dollar of capex up until the year 1999 (dotcom bubble burst in 2000).

Capital expenditure during the current AI boom between 2022-25e is comparable to that during the dot-com period between 1995-98, nearly identical at 20% CAGR (18.9% during the dot-com period and 19.8% during the AI period). However, revenue CAGR until the end of 2025 is a mere 10% compared to 2022 end. In fact, the gap between capex and revenues is expected to remain divergent. **As a result, even though the heavy spenders on AI have the comfort of significantly higher overall CROCI (relative to their earlier dot-com peers), the productivity of their money spent on AI is markedly on the wane.** In the Section 1.2, we focus on the long-term capital expenditure cycle.

Figure 18: Aggregate revenues and capex growth – (top 20 U.S stocks by mkt cap in C’Ser and IT sectors)



Source: DWS, CROCI. Data as available on 07 November 2025. Capex includes capital expenditure on R&D/intangibles.

Conclusion

The price of earnings shows that the aggregate valuation is beyond or close to the dotcom peak, depending on the frequency of our timeseries (annual or monthly). On the other hand, the price of growth based on the top twenty stocks, suggests that markets have not quite reached the peak level during the dot-com bubble. That said, **timing the peak of the price of growth is not as straightforward as comparing the future growth magnitudes to the dot-com bubble.**

What can be said, however, is that capex growth levels in the current top twenty are not dissimilar to levels during the dot-com period, at around 20% CAGR. Secondly, margins are at their peak in the United States across large caps, but asset productivity has fallen—and is likely to continue falling based on capex expectations.

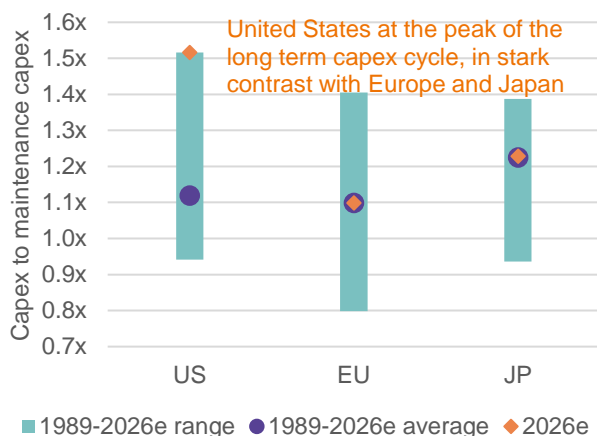
Unless the mega-caps generate the revenues to justify their high capex levels, their cash returns are at high risk of fading—and with that, the price of growth might also fade simultaneously. Such a scenario could also see an increase in the risk premium, similar to what took place briefly around the announcement of DeepSeek.

1.2 The AI-driven capex cycle

Growth over the maintenance capex

We have tracked capital expenditure trends for the past 30 years or more in many companies and can express them in relation to the maintenance capex required to continue the steady state of the enterprise. We condense this long history available for our developed market coverage in Figure 19. The current year's capex trends appear to be in line with long-term history in Europe and Japan, but in the United States the number is at the top of its historical range. Based on 2026 estimates, the incremental growth capex in the United States is a little over half of the region's maintenance capex.

Figure 19: Growth capex regional divergence apparent

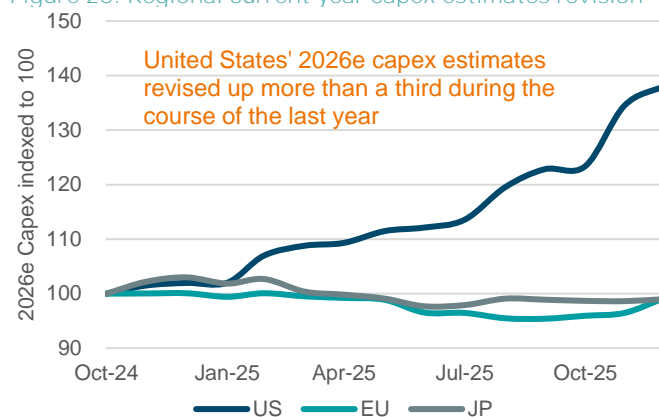


Source: DWS, CROCI. Data as available on 05 December 2025.

In fact, the change in expectations of the current year's aggregate capex over the past few months is also quite telling when we look at the three regions. Figure 20 shows that the 2026e capex estimates for the US saw a meaningful mark up over the past year. And it was during the fourth quarter of the last year when we saw the capex estimates for the US climb at a faster clip.

By contrast, the capex estimates for Europe and Japan has been markedly flat. Despite the significant European focus on infrastructure in 2025, especially on the green transition and defence spending in 2025, we are yet to see any meaningful impact on the capex plans of the listed companies within the region.

Figure 20: Regional current year capex estimates revision



Source: DWS, CROCI. Data as available on 31 December 2025.

Introducing the 'BIG5' and the Scaling Laws

To understand the drivers of the accelerated capex expectations within the US, we introduce the term BIG5: Microsoft, Alphabet, Amazon, Meta and Oracle are the five companies which are driving the capex boom in the country. (DWS' CIO team published a report on Artificial Intelligence at the end of 2025, which goes into the underlying themes in more detail⁵.) The BIG5 have embarked on an unprecedented spending spree, with their combined 2026 capex projected at USD 650 billion—nearly matching the aggregate capital expenditure of approximately 250 companies across the Energy, Materials, Consumer Discretionary, Consumer Staples, Health Care, and Industrials sectors. 2027e Capex for the BIG5 is even higher at USD 750 billion.

The underlying reasons for the high levels of capital expenditure are the Scaling Laws, which all follow a power law for producing better AI model results:

- **Model-size scaling law:** increasing the number of parameters (i.e. model size) generally reduces model loss
- **Data-size scaling law:** increasing the amount of training data typically results in consistent gains in performance when model size and compute are fixed.

⁵ AI—The Power of Large Numbers, DWS CIO Special, 12th December 2025

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- **Compute-budget scaling law:** allocating more compute resources (e.g. GPUs, training time) leads to better performance

These are all empirical laws confirmed by research at OpenAI, DeepMind and others; they form the foundation of modern model scaling strategies. They are empirical in the sense that they are not immutable laws, in which sense they are similar to Moore’s Law.

That empirical law started to break down in 2015-2016 after roughly five decades of successful predictive power, after transistors reached atomic scales and started to run into fundamental physical barriers like quantum tunnelling and leakage currents.

The Scaling Laws lead to the natural conclusion that the current accelerated AI capital investment approach is rational if and only if the laws continue to hold. In fact, players in AI-hyperscaler space have in effect a game theory problem, with no one daring to withdraw from the capex arms race first since to do so might present an existential risk. It is this conundrum or “Loop” that has so helped GPU infrastructure providers like Nvidia, as well as causing the capex boom with numbers such as USD 6.7 trillion cited by McKinsey⁶

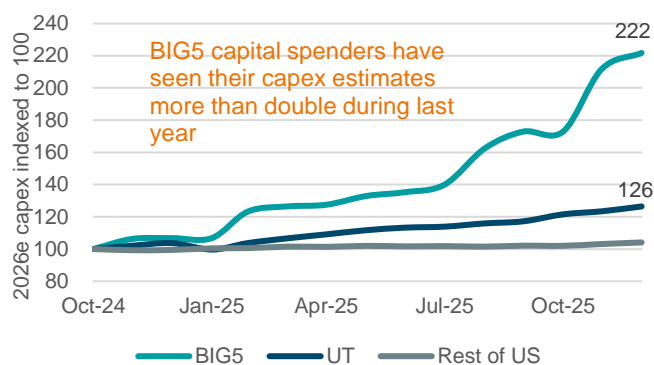
But Scaling Laws may soon reach an inflection point, perhaps due to data scarcity (as soon as this year according to some studies⁷) or diminishing returns from bigger models. There is also the increasing risk of producing circular reasoning if input data becomes increasingly made up of LLM outputs. The other external constraints are of course energy and capital. Across the US, data centres represent a combined capacity of about 51GW, which equates to 5 per cent of the country’s peak demand⁸. By 2028, an estimated 44GW of additional capacity will be required by new data centres, according to S&P Global Energy. To put this in context, a nuclear reactor has roughly 1GW of output. Jitters in capital markets about AI expenditure also started to become more palpable in the second half of 2025, with concerns about uncertainty of returns on investment amid oversupply of infrastructure.

Doubling of capital allocations

The scale of change in estimated capital allocations for these five companies means that their 2026e aggregate non-

financial capex has more than doubled (as per consensus expectations) in past year. Thanks to these substantial new power requirements, the Utilities sector saw their 2026e capex estimates revised up more than a quarter during the past year.

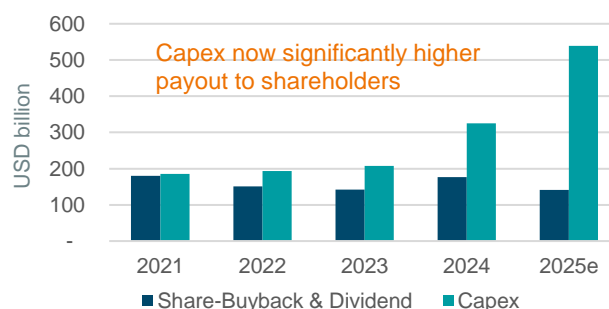
Figure 21: Drivers of the 2026e capex in the United States



Source: DWS, CROCI. Data as available on 31 December 2025. BIG5 includes Alphabet, Amazon, Microsoft, Meta and Oracle.

The remaining sectors have virtually no meaningful change in their 2026e capex estimates. We discuss the second order impact on Utilities in a separate Section 2.3. First, we look at the balance sheet impact on BIG5. The BIG5 have long been regarded as cash-rich, low capital-intensity businesses with strong cash-flow margins and aggressive share buybacks. That profile is changing, as they shift away from the asset-light, intangible-driven models toward owning and operating substantial physical infrastructure. As a result, a growing share of their cash flows is now being committed to building out large-scale capacity at an unprecedented pace.

Figure 22: BIG5 Return to Shareholders vs. Capex



Source: DWS, CROCI. Data as available on 16 December 2025. BIG5 includes Alphabet, Amazon, Microsoft, Meta and Oracle. Past performance does not predict future returns.

⁶ The Cost of Compute: A \$7 trillion race to scale data centres, McKinsey Quarterly, 28th April 2025 [The cost of compute power: A \\$7 trillion race | McKinsey](#)

⁷ See [What Happens When LLMs Run Out of Useful Data?](#), Forbes, 25th June 2025 [What Happens When LLM's Run Out Of Useful](#)

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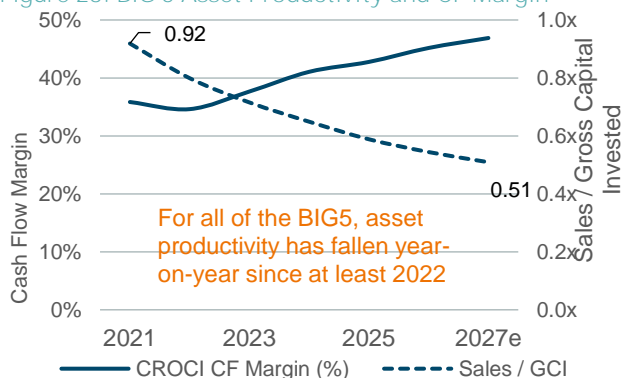
[Data?](#) and [The AI revolution is running out of data](#). What can researchers do?, Nature, 11th December 2024 [The AI revolution is running out of data. What can researchers do?](#)

⁸ The power crunch threatening America’s AI ambitions, FT, 8th December 2025, <https://ig.ft.com/ai-power/>

Capital productivity—measured as sales per unit of capital invested—is projected to decline by nearly 50% by 2027. On the positive side, margins are expected to remain stable or even improve, as consensus anticipates the BIG5 to sustain their dominant market positions. The key risk lies in the pace of technological evolution, which historically drives costs down rapidly. **The brief market tremor during the ‘DeepSeek’ episode in 2025 served as a stark reminder of how quickly industry dynamics can shift.** Companies often invest aggressively during the formative stages of new industries, only to face the reality of overcapacity later and the need to write those assets down.

For all of the BIG5, asset productivity has fallen year-on-year since at least 2022, bringing cash returns down with it, in an extreme version of this pattern as capex across the sector has risen. Based on our analysis, a further doubling of capex in the short term is likely to hurt Oracle the most. Further, it might nearly halve returns on capital for two other companies (Meta and Amazon) and potentially reduce profitability elsewhere (by up to a third for the other two).

Figure 23: BIG 5 Asset Productivity and CF Margin



Source: DWS, CROCI. Data as available on 16 December 2025. BIG5 includes Alphabet, Amazon, Microsoft, Meta and Oracle.

CROCI has, since its inception, always capitalised research & development in a consistent fashion for every company for which it is a genuine business investment. For this reason, CROCI’s metrics are especially well positioned to analyse the capital intensity of the big tech companies and the changing composition of a company’s operating assets.

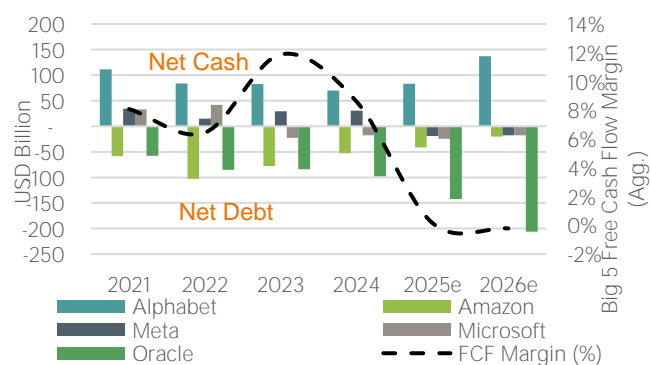
Railroaded

Railroads dominated the 19th century, but the U.S. built too many of them, particularly into the lightly populated West. Richard White wrote a whole book⁹ discussing the many ways in which that ambitious program, today generally lauded as a

great success of government funding for private infrastructure, was in fact a **costly and wasteful failure**. The costs began with the bankruptcies and repeated regional and national economic crisis that 19th-century Americans referred to as “railroad depressions”¹⁰.

Whether today’s AI driven investment cycle ultimately delivers meaningful economic returns remains uncertain. One constructive indicator for now is that, in four of the five BIG5 companies, the surge in capex has so far been funded through operating cash flows rather than a material increase in net debt, although that model does look likely to change. While buybacks may slow, leverage is not yet rising in any meaningful way, with only a single outlier tapping debt markets more visibly.

Figure 24: BIG 5 Net Debt



Source: DWS, CROCI. Data as available on 16 December 2025. BIG5 includes Alphabet, Amazon, Microsoft, Meta and Oracle. Free Cash Flow margin refers to the Aggregate Data for the BIG5.

An additional feature of this investment wave has been the use of several accounting and financing innovations—both on-balance-sheet and off-balance-sheet—ranging from special-purpose vehicles and committed future lease obligations to forms of circular financing. The CROCI methodology sets out to normalise these elements and bring them back into the capital invested and liabilities when assessing cash returns and fundamental valuation.

Depreciation Matters

The pace at which assets are depreciated becomes a critical variable in valuation. Depreciation not only reflects the need to replace assets as they wear out or become obsolete, but it also remains one of the most frequently stretched accounting estimates used to shape reported earnings. Amazon, for example, has adjusted the useful life of its servers four times

⁹ Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: WW Norton & Co, 2012)

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¹⁰ Source: US history shows spending on infrastructure doesn’t always end well

in the past five years—each revision shifting billions of dollars on the income statement.

Figure 25: Amazon (Depreciable life of Servers)

	2019	2020	2022	2024	2025
Useful life of servers	3	4	5	6	5*
Impact on depreciation (USD bn)		-2.7	-3.6	-3.2	+0.9
Impact on Net Income (USD bn)		+2.0	+2.8	+2.5	-0.7

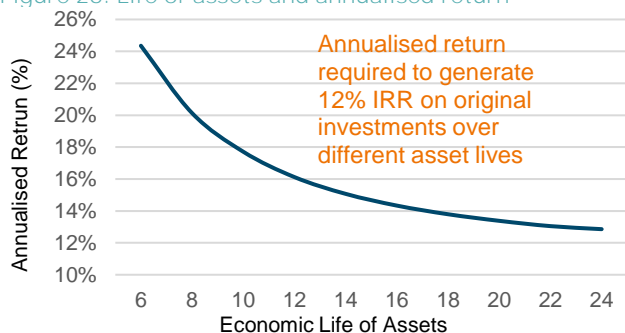
Source: Amazon Annual Reports for respective years. *Life revised only for a subset of servers.

The current capex boom across the BIG5 is creating a similar class of large-scale physical infrastructure whose true economic life is still evolving. As these assets mature, changes in accounting assumptions—particularly around useful life and depreciation schedules—are likely to introduce additional earnings volatility. This makes it even more important to rely on valuation frameworks that normalise these differences. CROCI uses the gross value of assets and applies consistent economic lives across companies, enabling a more comparable and economically grounded measure of returns despite the accounting noise.

Reinvestment Cycles

Reinvestment is a fundamental requirement for any going-concern business. During the railroad era, long-lived infrastructure such as tracks and rolling stock often provided more than 20 years of productive capacity, allowing returns to accrue over extended periods before meaningful reinvestment was required. **The AI-driven capex cycle is fundamentally different. Nearly 60% of current spending is directed toward servers and network hardware with economic lives of only six or seven years. This compresses the reinvestment cycle materially, leading to far more frequent capital outlays.**

Figure 26: Life of assets and annualised return



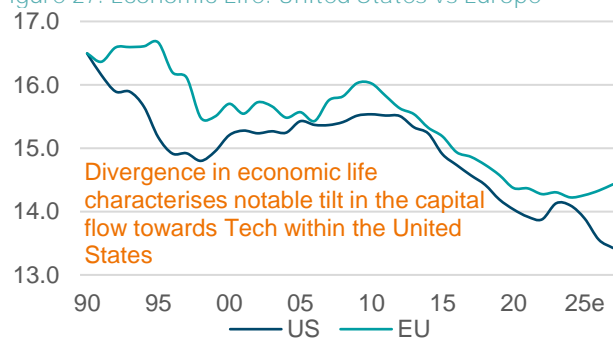
Source: DWS, CROCI.

Shorter-lived assets also demand higher annual returns to compensate for faster depreciation and more frequent capital replenishment. Figure 26 shows the relationship between life of assets and the annualised return requirement to generate 12% return on original investment and assuming no realizable value at the end of the economic life of the asset.

Diverging economic lives across the Atlantic

In the 2024 CROCI Outlook¹¹, we covered extensively the impact of increased penetration of intangible assets on economic lives (amongst other economic variables). Today's AI-driven capex perhaps accentuates this impact, especially in the U.S. While history shows periods of divergence between the U.S. and Europe—most notably around the late 1990s dot-com boom—the current phase is distinguished by heavy U.S. spending on generative AI infrastructure that shortens economic lives and accelerates reinvestment cycles. The result: aggregate U.S. economic lives are compressing, driven disproportionately by the BIG5 ramp up, underscoring that the valuation debate today hinges less on past cycles and more on how quickly AI hardware must be refreshed and how that cadence flows through cash flows, depreciation, and returns.

Figure 27: Economic Life: United States vs Europe



Source: DWS, CROCI. Data as available on 07 November 2025.

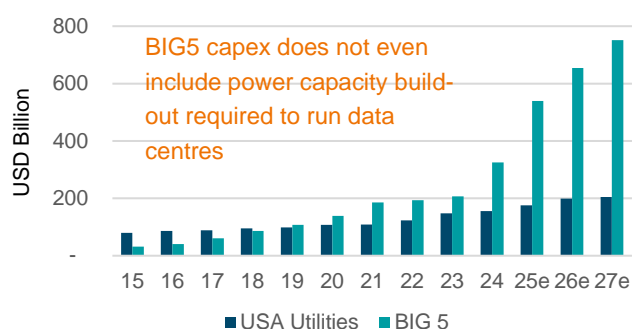
Capital flows towards assets with low economic lives

Going back to the BIG5 capital spenders, we compare them to the Utilities sector. The economic lives of the two are significantly different. The rate of technological progress logically implies that the economic life of the BIG5 in aggregate is low. On the other hand, infrastructure assets such as power plants or utilities providers are built for decades. In a comparison of the total capital invested in these two sets of distinct assets, one would expect a higher proportion of capital to be invested in assets with longer economic life.

¹¹ CROCI Outlook 2024: [The pendulum's swing back to value?](#)

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Figure 28: Capex spend by BIG5 and US Utilities



Source: DWS, CROCI. Data as available on 16 December 2025. BIG5 includes Alphabet, Amazon, Microsoft, Meta and Oracle.

However, the comparison becomes even starker when considering the broader system requirements of AI at scale. The capex of the BIG5 captures only the equipment and data-centre build-out on their own balance sheets. It does not include the substantial capital also needed to be deployed externally—most notably in new power-generation capacity, grid upgrades, and long-duration transmission infrastructure required to support AI-related electricity demand. These investments typically sit with utilities, independent power producers, or specialised capital providers through long-term power purchase agreements.

When viewed holistically, the AI ecosystem relies on extremely short-lived digital assets- built on top of very long-lived energy and grid assets, creating a structural mismatch in economic lives and magnifying the reinvestment burden across the value chain. The other risk is that these short-lived assets can also quickly be rendered obsolete by a new technological wave, such as next-generation AI and related hardware or semiconductors.

Conclusion

The scale of today’s AI related capex boom ensures that trillions of dollars invested inevitably ripple across the broader value chain—potentially benefiting semiconductor and memory manufacturers, networking and power equipment suppliers, utilities, and a range of infrastructure providers. Yet the key question for investors is not whether the ecosystem gains; it is whether the investors funding the build-out ultimately earn an attractive return. That will depend on the industry’s ability to monetise AI applications at scale rather than on magnitude of the capital expenditure alone.

Expectations around AI’s transformative potential—its role across industries, workflows, and productivity—remain high, but proof of its ultimate successful adoption will take several years to materialise. At this stage, the comfort for investors is that four of the BIG5 are financing the majority of their capex

through operating cash flows rather than incremental leverage, reducing balance-sheet risk should monetisation fall short. The more significant risk lies with the second-order beneficiaries whose revenues are tightly correlated with continued AI investment; if the expected demand fails to materialise, the downside for these suppliers and adjacent sectors could be far more pronounced.

Appendix: Use cases

As far as potential impact on profitability is concerned, we highlight two broad patterns: across B2B and B2C industries based on commentary from company management.

In B2B industries, AI is expected to act as a revenue accelerator in sectors where there is scope for AI to be embedded in their products. The global machinery and medical technology industries have little overlap in end-use even if both could benefit. For example, within the global machinery industry, manufacturers are embedding AI into equipment to boost efficiency, reduce fuel and maintenance costs, and enhance worker safety through automation and real-time insights. Within Medtech, application of AI is more prominent at the product enhancement level in groups like digital imaging, robotics and precision devices companies. Both industries could also benefit from AI using predictive analytics to reduce working capital requirements.

B2C industries such as Airlines, Hotels, Restaurants, Luxury Products have been deploying AI to enhance customer experiences, personalize offerings, and drive operational efficiency, whereas Consumer Staples—typically lower margin businesses—plan to use AI to deliver incremental gains in cost efficiency, supply chain optimization, and demand forecasting. Beyond efficiency improvements, there is the potential for Autos to push towards a “physical AI” platform company, through focus on end-to-end robotics value chain.

Companies and industries well beyond Silicon Valley are embracing AI’s transformational potential. It is thus more challenging to measure the possible benefits for the profitability of these industries, as they remain fragmented—most companies have so far realised only incremental gains.

Median cash returns have actually trended lower to the end of 2025 for the potential beneficiaries discussed above. The breadth of use cases and the clutch of positive early results in certain sectors suggests that AI may start to transition from experimentation toward fuller early operational integration. The pace at which these micro-level gains scale into macro-level earnings - evidence of which remains limited - will be critical to reconciling today’s elevated valuations and record capex intensity with the long-term return profile of the emerging AI economy.

Figure 29: A few examples of AI application across different sectors

Energy (Saudi Aramco)

One of the most concrete came from Amin Nasser, president and chief executive of Saudi Aramco, who described **how artificial intelligence has been integrated** across core operations at the company. Rather than treating AI as a standalone capability, the company embedded it into upstream and downstream systems – from reservoir modelling and geosteering to predictive maintenance, logistics, and supply-chain optimisation. Aramco

Source: World Economic Forum article titled "The hard part of innovation: How technologies diffuse – and why institutions matter" (27 Jan. 2026)

Industrials (John Deere)

AI-powered systems can also process visual information at speeds that allow effective operation at normal spraying speeds (10 to 15 mph), scanning and making spray decisions for thousands of plants per minute.

Precision ag spraying systems are using deep learning for crop recognition and identification in the field, with extensive comparison of YOLO (You Only Look Once) based models for crop detection.

Source: Growing Produce article "See and Spray: How AI-Powered Equipment Is Winning Over More Farmers" dated August 05, 2025

Retail (Walmart)

Retail & Consumer: Walmart's AI-driven supply chain automation has enabled up to a 30 per cent reduction in unit costs at fulfilment centres, allowing the company to grow its top line without adding headcount. In many retailers, AI is making employees more productive rather than redundant, reallocating labour to higher-value, customer-facing activities.

Source: Financial Times article "AI productivity is about to become visible and investable" (26 Jan. 2026)

Financials (JP Morgan)

"We have shown that for \$2 billion of expense, we have about \$2 billion of benefit. We did this, we reduced headcount, we saved this time and money... We know about \$2 billion of actual cost saves... It's the tip of the iceberg.

Source: Bloomberg TV. Comments by Jammie Dimon, CEO of JP Morgan Chase (7 Oct. 2025)

Automobiles (Hyundai Motors)

LAS VEGAS, Jan 5 (Reuters) - Hyundai Motor Group (005380.KS) plans to deploy humanoid robots at its U.S. manufacturing plant in Georgia starting in 2028, marking a step toward automating higher-risk and repetitive manufacturing tasks, the South Korean company said.

Hyundai unveiled the production version of the Atlas humanoid robot, developed by its unit Boston Dynamics, at the Consumer Electronics Show in Las Vegas on Monday, adding that it aims to build a factory capable of manufacturing 30,000 robot units annually by 2028.

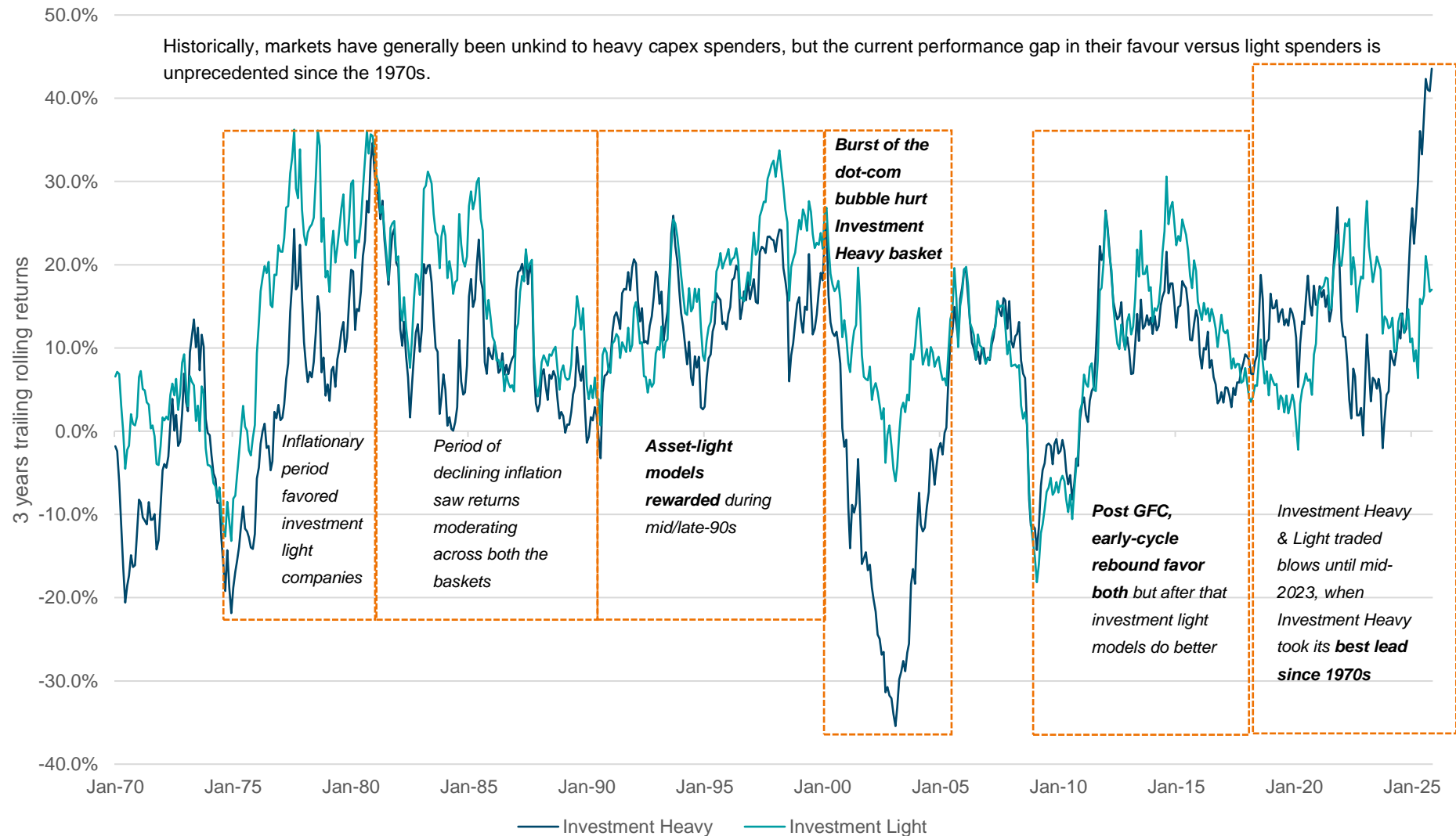
Source: Reuters article titled "Hyundai Motor Group plans to deploy humanoid robots at US factory from 2028"

Healthcare (Siemens Healthineers)

Siemens Healthineers is launching artificial intelligence (AI)-enabled services to help healthcare providers address a range of challenges, from hands-on image interpretation to complex scenario planning for entire healthcare environments. The company's new radiology services suite¹ is designed to span the imaging chain from scheduling to image generation to reporting. It bundles existing services and new ones like the AI-Enablement Services that can provide radiologists with custom-built summaries of clinically relevant observations, saving time in annotation of images and creation of reports. In addition, the company is enhancing its advisory services with AI to simulate

Source: Company press release titled "Siemens Healthineers Presents New AI-enabled Radiology Services and Simulations to Improve Hospital Operations"

Figure 30: Performance of heavy capex vs light capex companies over the years (within United States)



Source: Fama French investment factor, 3 years trailing rolling return of top vs. bottom decile stocks based on trailing 1-year capital expenditure growth. Average value-weighted and rebalanced monthly. Universe consists of top U.S. stocks summing to 99% of total market cap. No transaction or financing costs. From January 31, 1970 to November 30, 2025. Past performance does not predict future returns.

Section 2: Sector Insights

2.1 Health Care

Where is the love?

The health care sector has not performed strongly in recent years despite generally buoyant global equity markets. Over the past three years, the global sector has delivered an annualized total return of just 6.4%, a stark contrast to the 21.1% achieved by the MSCI World Index over the same period (net returns, in USD). In fact, performance would have been even weaker if not for a recent shift in sentiment, allowing a substantial recovery in the fourth quarter of 2025.

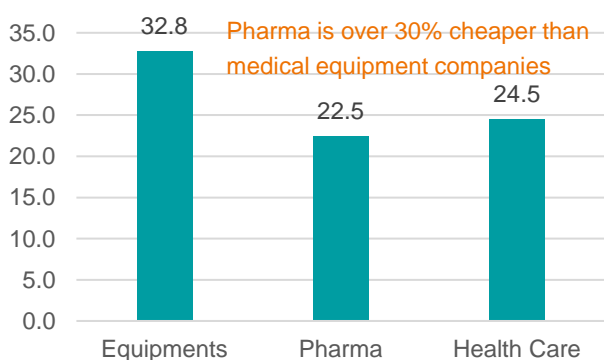
This raises two critical questions:

1. Is the market's lack of enthusiasm toward healthcare justified?
2. Does the sector offer genuine value to which investors should pay attention?

Not as homogeneous as it would appear

The sector might appear fairly homogeneous at first sight, but there are some meaningful divergences in valuation. The first point of divergence is between the valuation of Pharmaceuticals, Biotechnology & Life Sciences (Pharma Group) vs. Healthcare Equipment & Services (Equipment Group). **Pharma companies, which account for roughly three-quarters of the aggregate market value of the Health Care sector, are over 30% cheaper than the Medical Equipment companies.** Given their large weight in the sector, the health care sector's valuation is naturally sensitive to that of the pharmaceutical companies.

Figure 31: Aggregate economic PE within HC sector



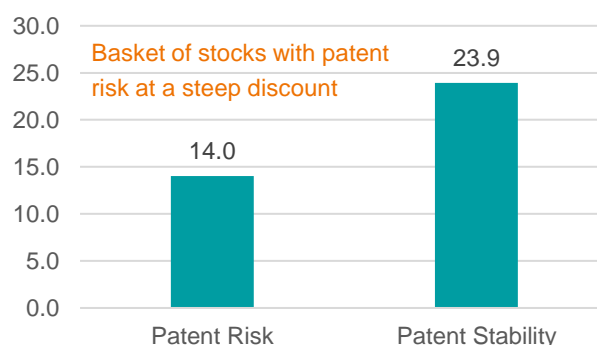
Source: CROCI data of health care sector from developed markets in CROCI's coverage universe. Data as on 14 January 2026.

The Pharma subsector can be split further into two distinct baskets, defined by exposure to patent expiry. When a drug's patent expires, generic competition pushes the drug's high profits sharply down. We define the baskets as follows:

1. companies which have more than half of their revenues in FY24 subject to patent expiry by 2030 (we name this basket as 'Patent Risk'); and
2. companies which have less than half of their revenues in FY24 subject to patent expiry ('Patent Stability').

The economic PE of the two baskets is presented below.

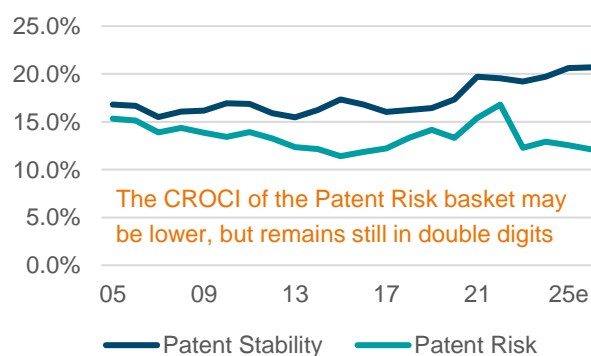
Figure 32: Agg. economic PE within pharma



Source: CROCI data of Health Care sector from developed markets in CROCI's coverage universe. Data as on 14 January 2026. The two pharma baskets add up to about 85% of the total market cap of the CROCI global pharma coverage universe. There are 16 companies in the Patent Risk and 12 in the Patent Stability basket.

The Patent Risk basket has a lower cash return than the Patent Stability basket. The divergence has widened somewhat in recent periods, reflecting the unwinding of a single company's COVID-19 vaccine overcapacity. Elevated inventory levels and weaker vaccine demand weighed on profitability of this basket, as shown in the chart below.

Figure 33: Aggregate cash returns for pharma baskets



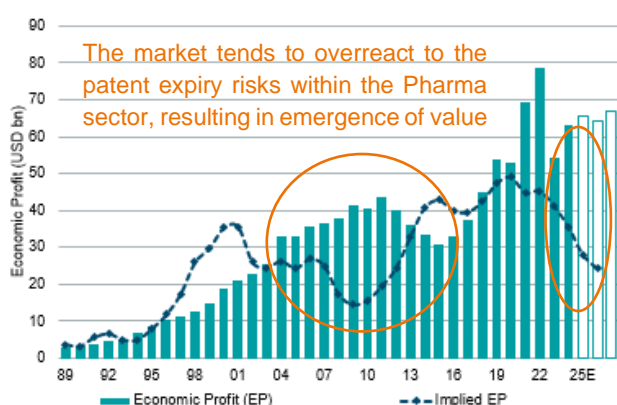
Source: CROCI data of Health Care sector from developed markets in CROCI's coverage universe. Data as on 14 January 2026.

There is not much difference between the CROCI cash flow margins for the two baskets (both at around 50%). Asset productivity, however, has been diverging since the pandemic, resulting in the differing cash returns.

Peak pessimism déjà vu?

Despite declining cash returns, the basket of stocks with patent risk continue to generate healthy economic profits, well in excess of the cost of capital. But the market is pricing a substantial decline in economic profits. This pessimism has strong precedents in previous cycles.

Figure 34: Economic profit (EP) and implied EP of the 'Patent Risk' basket



Source: CROCI data of health care sector from developed markets in CROCI's coverage universe. Data as on 14 January 2026.

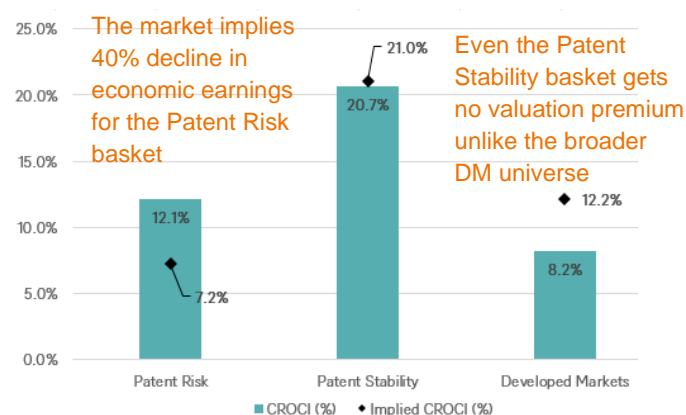
Blockbuster drugs were big drivers of pharma cash returns in the mid-1990s and continued to push returns up until the early 2000s, as more of the global population were able to access these drugs. Market fears of patent cliffs began to impact the valuation multiple from around 2003 and continued until 2010. After that, the multiple expanded, converging with the sector's economic profitability. **The chart above shows that the market priced the earnings of the Patent Risk basket to decline by 36% between 2003 to 2010; in reality, the actual earnings improved significantly from the start of our history in 1989 until 2010. Over the whole period in question, the patent basket was repeatedly materially mispriced by the market.**

"To us, investing is the equivalent of going out and betting against the pari-mutuel system. We look for a horse with one chance in two of winning and which pays you three to one. You're looking for a mispriced gamble. That's what investing is. And you have to know enough to know whether the gamble is mispriced. That's value investing." – Charlie Munger.

What is in the price

The current market price for the Patent Risk basket implies a 40% decline in earnings. Over the previous patent cliff period, peak to trough economic earnings declined by 24% between 2011 to 2015, but then soon reached a new peak in 2019 (before the pandemic) suggesting that very rapid recovery from patent expiries is possible. Consensus estimates imply that economic earnings will recover next year after being flat this year. The market has form for underestimating the resilience of the pharma companies towards patent expiries within their product suite.

Figure 35: 2026e CROCI cash returns (%) and implied CROCI (%) within the Pharma sector



Source: CROCI data of health care sector from developed markets in CROCI's coverage universe. Data as on 14 January 2026.

Within the broader pharma space, the Patent Stability basket also compares favourably to the broader developed market universe. History suggests that the current valuation of the pharmaceuticals segment is potentially rather attractive, and certainly worth investigating. Regionally, United States stands out as being the most profitable. However, European pharma's economic valuation is nearly a fifth cheaper than that of United States, along with a dividend yield pick-up. Japan is at the same valuation as Europe but shows a significantly worse profitability profile compared to Europe.

Figure 36: Regional pharma – aggregate picture

2026E	CROCI	Economic PE	FCF yield	Dividend Yield
United States Pharma	16.7%	23.7x	4.9%	2.1%
European Pharma	13.7%	19.1x	5.6%	2.7%
Japan Pharma	9.7%	19.1x	5.5%	2.5%

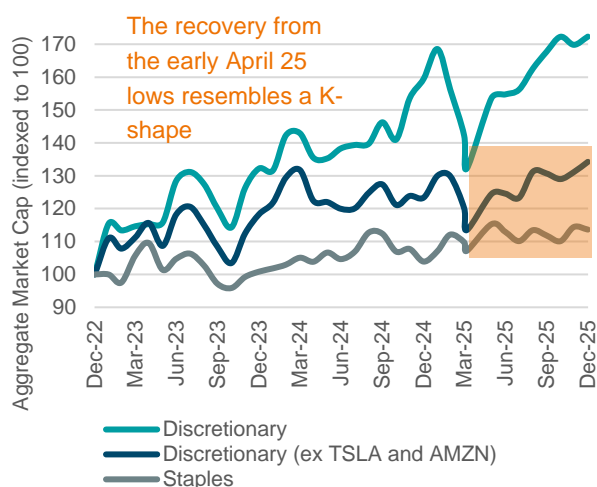
Source: CROCI data of health care sector from developed markets in CROCI's coverage universe. Data as on 14 January 2026.

2.2 Consumer Sector

Look for the bare necessities...

There was a sharp contrast in the behaviour of the different parts of the consumer space in 2025. Discretionary has produced meaningful outperformance over Staples since the market rebound after “Liberation Day” around the start of the second quarter. In reality, this divergence had already been building slowly since the correction in 2022 (not just for Discretionary but for the broader market—the performance of both have been almost identical). Removing the US mega-caps mutes the divergence somewhat, but the K-shape remains, especially in 2025. Perhaps this shouldn’t come as a surprise, given that Staples tends to outperform when the overall market is more defensive and risk averse. Given this background, we examine: 1) how the market prices the defensiveness of the Staples’ underlying cash flow, i.e. the current valuation premium to the broader market in the long historical context and 2) which sub-sectors within Staples appear attractively priced at the moment.

Figure 37: Discretionary vs Staples – performance



Source: CROCI data of Consumer Discretionary and Staples from developed markets in CROCI’s coverage universe. Data as on 31 December 2025.

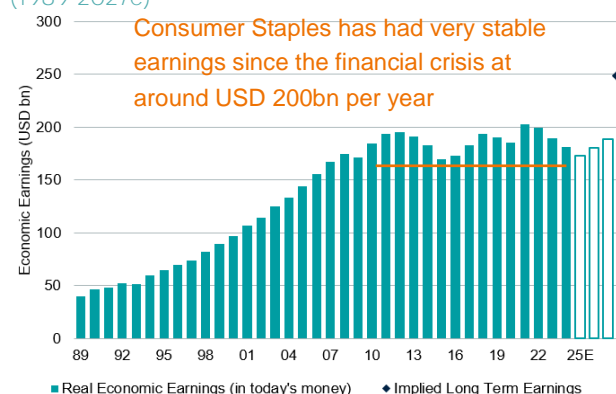
Valuation premium comparable to the dot-com period

Consumer Staples has had very stable earnings since the financial crisis at around USD 200bn per year. Its returns benefited from the pandemic, but after 2021 they quickly normalized to more long-term levels. We compare the rolling six-year economic earnings growth of the non-financial GICS sectors to that of CROCI’s DM coverage from 1989 to 2026e to get a sense of the defensiveness of earnings over the long term (a total sample set of 32 rolling economic growth periods for each sector).

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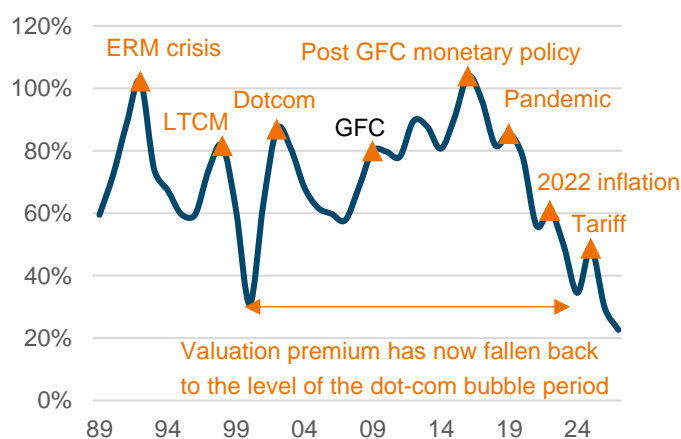
The lowest beta compared to the broader universe was that of the Staples sector, at 0.44 (Health Care being second at 0.69). This merely confirms the great stability, and therefore defensiveness, of the sector’s profitability. In other words, **there is reliable performance from the sector during more challenging environments, which tends to translate into a valuation premium for the sector during market crises.**

Figure 38: Consumer Staples – Economic earnings (1989-2027e)



Source: CROCI data of Staples from developed markets in CROCI’s coverage universe. Data as on 14 January 2026.

Figure 39: EV/NCI premium of the Staples over DM



Source: CROCI data. The chart shows EV/NCI valuation premium of Staples over DM (excluding Staples). Data as of January 14, 2026. Past performance does not predict future returns.

Figure 39 shows that the peaks of Staples’ valuation premium coincide with more challenging markets. **Over more than thirty-five years of history, the average premium has been 73%. By comparison, the current valuation premium is close to 20%, close to the lows during the dot-com bubble.**

Looking under the hood of the Consumer Staples

There are three distinct elements within Consumer Staples, as can be seen in the table below. Although the broader Staples sector might be cheap, parts of the sector are expensive. For example, it might be difficult to find value amongst the Retailers, which in aggregate appear expensive. The market seems to be giving them rewarding them with a valuation premium because of the aggressive private label¹² strategy of the retailers driving topline growth. Value-seeking, price-sensitive consumers—indifferent towards brands—have aggressively been targeted by retailers positioning their private labels against established brands.

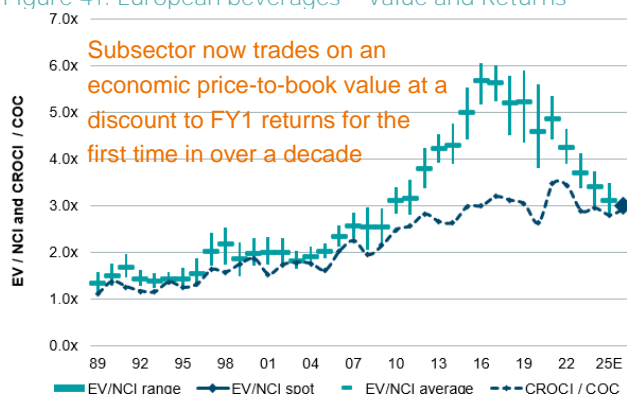
Figure 40: Staples’ sub-sectors (aggregate)

2026E	As % of EV of Consumer Staples	Economic PE
Food, beverage and Tobacco	47%	26.1x
Retailers	33%	50.8x
Household & personal product	20%	29.7x
Consumer Staples	100%	32.1x

Source: CROCI data of Staples from developed markets in CROCI’s coverage universe. Data as on 14 January 2026.

By contrast, the premium-seeking brand conscious consumers are leading premiumization, demonstrating their willingness to pay a premium and maintaining brand loyalty. This trend benefits the Food and Beverage segment, which along with Tobacco account for nearly 50% of the sector in terms of EV. There are pockets within this segment which offer interesting value.

Figure 41: European beverages – Value and Returns



Source: DWS, CROCI. Data as available on 14 January 2026.

Beverage companies make up one of the more stable subsectors: CROCI cash returns have held up relatively well and currently stand at 12.4% vs a 10-year average of 13.4%.

European Beverages look especially interesting, having been the laggards of the European sector. **European Beverage companies now trade on an economic price-to-book value at a discount to FY1 returns for the first time in over a decade.**

The mark down of their economic asset multiple by the broader market is more evident relative to the returns, suggesting that the market is pricing in a decline in the economic earnings for these companies. This is in contrast to consensus expectations of a recovery in economic earnings.

A similar pattern can be seen for US packaged food companies, whose returns have moved back to levels closer to their pandemic-era bonanza. The economic asset multiple of this segment is also close to a discount to 2026E forecast levels of cash return, historically a rare occurrence.

Why is the sector worth looking at now

Section 1.1 showed that current market valuations are elevated even though they are based on higher earnings than their long-term history (particularly in the United States). In this context, the defensiveness of Staples may well prove useful to investors. Within the broad Staples sector, European Beverages and US Packaged Food are two sub-sectors where economic value might be easier to find. These two sub-sectors also offer attractive dividend yields.

Figure 42: Breakdown of Staples into sub-sectors

2026E	CROCI	Economic PE	FCF yield	Dividend Yield
European Beverages	12.3%	24.3x	5.5%	3.0%
US Packaged Food	12.4%	25.7x	5.5%	4.3%
DM Retailers	6.3%	50.8x	2.4%	1.2%
DM Consumer Staples	10.9%	32.1x	4.0%	2.6%

Source: CROCI data of Staples from developed markets in CROCI’s coverage universe. Data as on 14 January 2026.

On the other hand, value hunting within the Discretionary basket is difficult. As we have shown in Figure 5, the valuation of the top decile for the Staples is comparable to the median valuation of the Discretionary. Nevertheless, selective pockets of value may be emerging, particularly across segments such as Leisure, Luxury, and Apparel—areas that provide exposure to experiential and aspirational demand drivers.

¹² “Private label” is the preferred industry term for retailers’ own brand version of premium brands, often referred to as generic brands or store brands.

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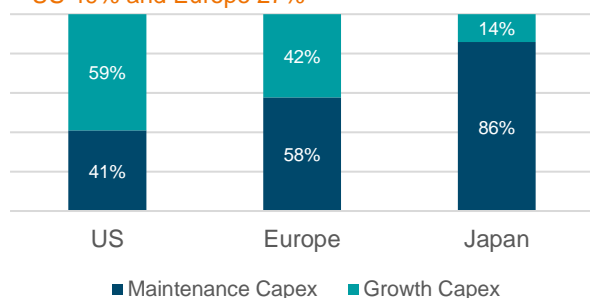
2.3 Utilities

In the DCs of shining lights...

Figure 21 highlighted that the AI-capex wave is not confined to semiconductors and the cloud. Utilities have also been pulled into the same investment super-cycle, revising capital-spending plans sharply higher. With computing demand for data centres rising exponentially, the resulting strain on power systems has started to transform Utilities from traditional defensive, slow-growth assets into central enablers of the AI infrastructure build-out. This section explores the implications: how accelerating data centre electrification is reshaping the sector’s economics, and whether these changes are creating a meaningful value opportunity for equity investors.

Utilities capex trends vary sharply by region: Japan remains predominantly maintenance-led, but the US and Europe are firmly in expansion mode, directing significantly larger capital outlays toward accommodating new demand. The growth component in Figure 43 is significantly higher than the long-term trend. For example, in the US, the median growth component between 2005 to 2020 was 49% and for Europe 27%. Japan’s capital expenditure remains structurally lower and largely flat with minimum spending for growth, reflecting its unique challenges such as nuclear power uncertainties and resource limitations.

Figure 43: Maintenance and Growth Capex (2021-27e)
 Median growth component between 2005 to 2022:
 US 49% and Europe 27%



Source: Utilities from developed markets in CROCI coverage. Data as on 14 January 2026. Maintenance capex is calculated by dividing inflation-adjusted depreciable fixed assets by their economic life. Growth capex is total capex minus the maintenance capex

Economic earnings growth a reflection of the capex

Given the capital-intensive nature and the long economic lives of the underlying assets, the sector is one of the only suppliers of an essential product whose pricing is regulated at a level that generates an acceptable return on capital employed. As a result, the CROCI cash return has largely remained stable around its long-term median of 3.7% (the 2026e CROCI for the U.S. is 3.5% and 3.1% for Europe). Therefore, the economic

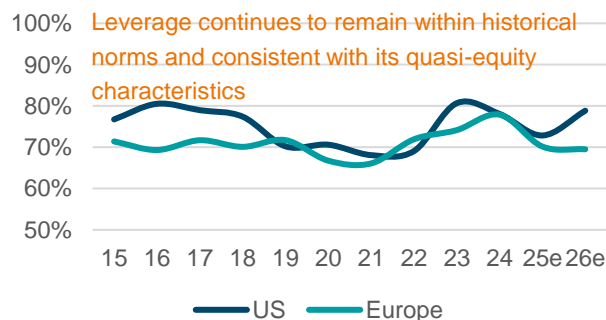
earnings divergence between the two regions has largely been a function of their net capital investments. Figure 45 shows that US real economic earnings have been largely on an uptrend, driven by consistently rising net capital investment. Moreover, inflation-adjusted returns for the region have declined by roughly 100 basis points—from about 4% to 3%—reflecting a reduction in the overall cost of capital, which has been passed through to customers via regulated rates. Returns now appear to have stabilised in the 3.0%–3.5% range. Importantly, there are no indications that elevated capex has materially diluted the profitability of US Utilities.

On the other hand, European Utilities have experienced negative real economic earnings growth over the past decade, driven by a lack of incremental investments. Crucially, the recent capex build-up appears to be benefiting European Utilities, as indicated by the recovery in earnings.

Funding of the Investments

The elevated capital-spending cycle that began in 2021 is projected to persist, with utilities preparing to invest over the five years between 2025 and 2029 an amount nearly equal to their total capital expenditure for the ten years between 2015 and 2024. Even though the scale is immense, the sector’s debt coverage and leverage metrics continue to remain within historical norms and consistent with its quasi-equity characteristics. Beyond meeting debt obligations, maintaining a stable dividend stream is essential for delivering regular income to equity investors—in the utility sector both interest and dividend payments can be seen as essential capital servicing costs. This combined cost accounts for 40% of operating cash flows, within the historical range.

Figure 44: Net debt to Market Cap



Source: CROCI data of Utilities from developed markets in CROCI’s coverage universe. Data as on 14 January 2026.

Figure 45: US vs Europe Utilities – Drivers of economic earnings



Source: CROCI data of Utilities from developed markets in CROCI’s coverage universe. Data as on 21 November 2025. *Displayed in today’s money. Past performance does not predict future returns.

Economic valuation across the two regions

In terms of valuation, the aggregate economic PE for the sector stands at around 33x (2026E) versus a 10-year average of 32x, and economic price-to-book at 1.04x (2026E) versus a 10-year average of 1.03x, suggesting the rally has not pushed the sector materially outside its historical valuation range. Regionally, the US trades at a small discount to Europe in PE terms but also has a lower dividend yield. So, while the US offers significantly better growth, the European region offers better value (particularly in terms of its higher dividend) and lower leverage.

Figure 46: Breakdown of Utilities into regions

2026E aggregate values	US	Europe
CROCI	3.5%	3.1%
EV to NCI	1.1x	1.0x
Economic PE	31.9x	33.0x
FCF Yield	-2.4%	-0.5%
Dividend Yield	2.9%	4.1%
Economic earn. growth (2025e-27e)	9.8%	1.7%
Interest coverage ratio	4.4x	6.9x
Net debt to market cap (%)	79%	70%

Source: CROCI data of DM utilities in CROCI’s coverage universe. Data as on 14 January 2026. Interest coverage ratio is Operating Cash Flow (before interest cost) divided by interest cost.

Tying it all in...

With the CROCI model, one can either infer the long-term return embedded in today’s equity prices for a given investment base, or conversely the level of investment growth implied by an assumed long-term return. Utilities’ returns tend

to be stable and largely governed by regulatory frameworks, so valuations predominantly reflect expectations for growth in capital. Therefore, a steady state business like a utility should trade close to an asset multiple of 1x.

Thus, the current US Utilities asset multiple of 1.12x implies roughly a 12% growth premium, broadly in line with the next two years of expansionary capex suggested by consensus. The modest premium assigned to this visible growth reflects the sector’s (limited) ability to expand its low but stable returns, compounded by its long-standing role as a bond proxy. European Utilities trade at roughly 1.05x economic price-to-book, so maintain their historical discount to US peers.

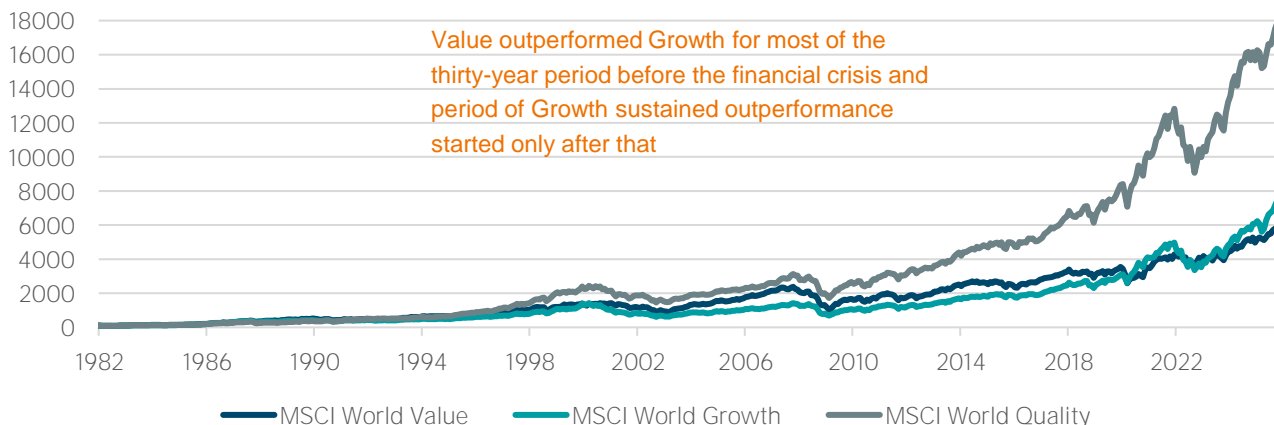
Nevertheless, at this valuation the sector sits comfortably within its long-term valuation range, supported by solid visibility on capital growth that does not appear to erode returns. Whether this comparatively conservative pricing ultimately proves justified will depend on how the capex cycle and returns evolve. During the pandemic, US Utilities reached an asset multiple of 1.30x—the highest level in more than two decades—highlighting how sharply the sector can re-rate when interest rates fall and its defensive attributes are prized.

The key unknown is whether power demand will ultimately materialise at the scale currently expected. For Utilities, this risk is partially mitigated by long-term Power Purchase Agreements (PPAs), which secure contracted volumes and pricing through the early years of asset operation.

Section 3: Investment Insights

3.1 Time to diversify into value

Figure 47: Cumulative performance of factors (Global, 1982-2025)



Source: DWS, CROCI, MSCI. Performance reflects gross returns in USD. Data as available on 31 December 2025. Past performance does not predict future returns.

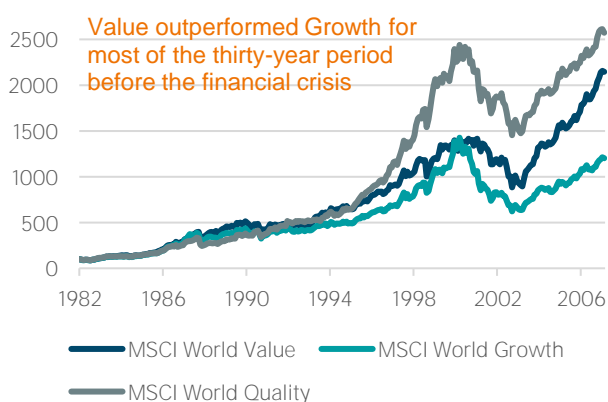
Strong signs of revival in value, despite weak quality

There are various economic environments in which value stocks tend to outperform growth stocks. At the same time, there generally needs to be a driver pushing markets away from the prevailing investment style, which has been growth and momentum for much of the past decade or more.

We look in this section at what conditions would support outperformance of both the value and quality factors over the course of 2026 and beyond. We also show how underweight equity investors remain towards value and the need for them to diversify their style exposures to prepare for a more value friendly environment.

Many investors working today have likely not witnessed a period of prolonged outperformance in value, and perhaps believe it is no longer a relevant style in today's equity markets. It is therefore worth explaining that value investing should always be relevant in one form or another. It is also worth showing that value outperformed growth for most of the thirty-year period before the financial crisis (Figure 47 and detail in Figure 48).

Figure 48: Cum. perf. of factors (Global, 1982-2006)



Source: DWS, CROCI, MSCI. Performance reflects gross returns in USD. Data as available on 31 December 2025. Past performance does not predict future returns.

Figure 49: Cum. perf. of factors (Global, 2006-2025)



Source: DWS, CROCI, MSCI. Performance reflects gross returns in USD. Data as available on 31 December 2025. Past performance does not predict future returns.

Markets are neither completely efficient nor are they totally irrational. Most likely they lie somewhere in between, so value investing should always be of interest as it helps quantify the difference between the market price of an asset and some measure of what that asset is worth. An investment philosophy based on valuation may have been out of fashion for many years given the abnormal economic environment

since the great financial crisis (Figure 49), and the associated ultra-low interest rates which favoured one part of the market over much of the rest. But in the end history remains a sound guide. Even if memories are short, it is seldom the case that “this time is different”—and dominant style factors tend to rotate sooner or later, as we perhaps started to see in the middle of the second half of 2025.

Timing style shifts in advance is generally a fool’s errand. But there were already strong signs of a shift towards value in the second half of 2025. Whilst this was more prominent in some

regions than others, the pattern was consistent across developed markets.

The other striking feature of last year was the underperformance of quality as a factor, which had one of its worst ever years since in its measured history. Globally it has been weak for several years but substantially underperformed value last year, especially in Japan and Europe. This has otherwise been amongst the most stable factors since the early 1980s or before (Figure 47). Historically, however, there is good evidence for factor regimes typically mean reverting after extreme underperformance.

Figure 50: Equity market factor performance since 2022 for Global, US, Europe and Japan

Global	2022	1Q	2Q	3Q	4Q	2023	1Q	2Q	3Q	4Q	2024	1Q	2Q	3Q	4Q	2025
Quality	-12%	6%	5%	-2%	8%	15%	7%	0%	7%	-1%	15%	1%	4%	4%	4%	14%
Value	0%	3%	5%	4%	6%	18%	10%	-2%	3%	0%	12%	5%	4%	9%	7%	27%
Dividends	1%	4%	4%	1%	9%	16%	6%	1%	8%	-2%	13%	7%	3%	7%	3%	20%
Growth	-27%	12%	7%	-2%	10%	26%	8%	-2%	3%	2%	12%	-4%	11%	7%	0%	15%
Momentum	-10%	1%	8%	-2%	7%	12%	14%	1%	5%	3%	24%	2%	10%	9%	6%	30%

US	2022	1Q	2Q	3Q	4Q	2023	1Q	2Q	3Q	4Q	2024	1Q	2Q	3Q	4Q	2025
Quality	-13%	2%	6%	-3%	11%	14%	7%	-2%	9%	-2%	12%	0%	6%	4%	2%	11%
Value	-4%	-5%	3%	-1%	12%	7%	10%	-4%	9%	-2%	13%	2%	4%	7%	3%	15%
Dividends	1%	-1%	0%	-3%	14%	7%	5%	0%	15%	-3%	16%	4%	0%	5%	1%	9%
Growth	-20%	12%	10%	-3%	14%	31%	8%	-3%	5%	4%	14%	-5%	12%	6%	1%	14%
Momentum	-8%	-1%	9%	-6%	14%	12%	14%	-1%	7%	1%	22%	-4%	8%	8%	1%	11%

EU	2022	1Q	2Q	3Q	4Q	2023	1Q	2Q	3Q	4Q	2024	1Q	2Q	3Q	4Q	2025
Quality	-16%	9%	0%	-2%	11%	16%	8%	2%	5%	-3%	13%	7%	4%	2%	4%	19%
Value	-5%	7%	2%	3%	6%	18%	7%	1%	3%	-2%	10%	9%	8%	6%	7%	37%
Dividends	-5%	5%	2%	3%	7%	17%	5%	3%	3%	-3%	10%	11%	7%	3%	5%	32%
Growth	-33%	10%	0%	-3%	9%	15%	2%	-3%	3%	-4%	-1%	-2%	8%	4%	3%	15%
Momentum	-15%	4%	3%	-2%	5%	8%	11%	2%	5%	-2%	17%	6%	8%	6%	9%	34%

JP	2022	1Q	2Q	3Q	4Q	2023	1Q	2Q	3Q	4Q	2024	1Q	2Q	3Q	4Q	2025
Quality	-2%	8%	10%	1%	5%	25%	11%	1%	-1%	1%	16%	-3%	6%	9%	5%	20%
Value	11%	12%	11%	12%	2%	40%	18%	2%	-8%	3%	17%	4%	2%	21%	10%	45%
Dividends	17%	12%	11%	10%	3%	40%	15%	2%	-5%	3%	17%	2%	2%	15%	8%	33%
Growth	-5%	7%	8%	-1%	2%	17%	11%	-1%	-4%	-2%	6%	-2%	6%	10%	2%	19%
Momentum	2%	7%	12%	6%	1%	26%	19%	0%	-6%	1%	17%	-3%	7%	13%	8%	30%

Source: DWS CROCI, Bloomberg Finance LP. Performance reflects gross returns in JPY. Data as available on 31 December 2025. Past performance does not predict future returns.

Quality value vs aggressive value

There is also, of course, more than one type of value investing. We label as “quality value” an approach which takes the profitability of companies into account and as “aggressive value” an approach which focuses principally on the valuation of companies’ assets (where some kind of price-to-book is the key metric).

If quality as a factor underperforms materially, then it is likely that aggressive value will substantially outperform quality value. The reverse is more often true in the more normal market environment where quality is outperforming.

Figure 51: Rel. perf. of Agg. vs Quality Value since 2004



Source: DWS, CROCI, Company Reports. Aggressive value is made up of the 30 companies with lowest Ec. P/BV globally. Quality Value is made of up 30 cheapest companies globally based on Economic PE after filtering out the worst profitability, highest financial leverage and highest 12m price volatility by decile.. The returns are daily total gross returns in USD. Past performance does not predict future returns.

Here we use economic price-to-book (a kind of company level Tobin’s Q) to represent aggressive value and economic price-earnings to be the underlying driver of quality value. Typically, aggressive value outperforms in market inflection points, at the very time when the market is not confident it understands sufficiently well what the future holds for profitability and when lower earnings visibility hampers the quality factor’s performance.

In normal economic environments, quality value tends to generate better returns (outperforming aggressive value by over 300bps per annum until the pandemic). But since 2021, there has been a strong period of relative outperformance of aggressive value thanks to the underperformance of quality. This coincides with the sharp increase in interest rates.

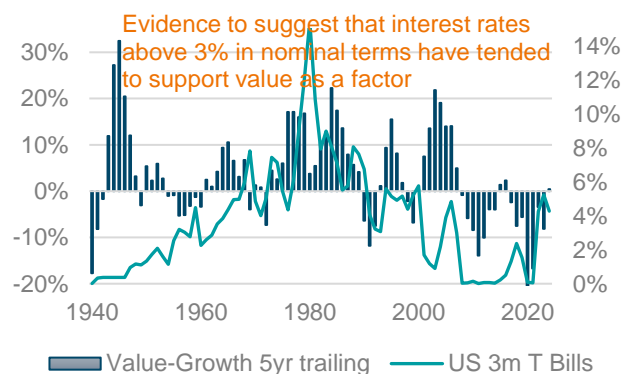
What could support a value-led market?

We identify some conditions that appear to have started falling into place, where at least one supportive condition in play has in the past tended to lead to value outperformance.

- **Falling interest rates:** there is evidence to suggest that interest rates above 3% in nominal terms have tended to support value as a factor. But falling from

a relatively high (nominal) level, they are able to reduce borrowing costs especially in more mature value sectors and thereby lift earnings; this has already helped drive a value rally at the back end of 2025. President Trump is certainly pushing hard for cuts to continue, and consensus supports this. DWS’s forecast is for a 50bp cut over 2026.

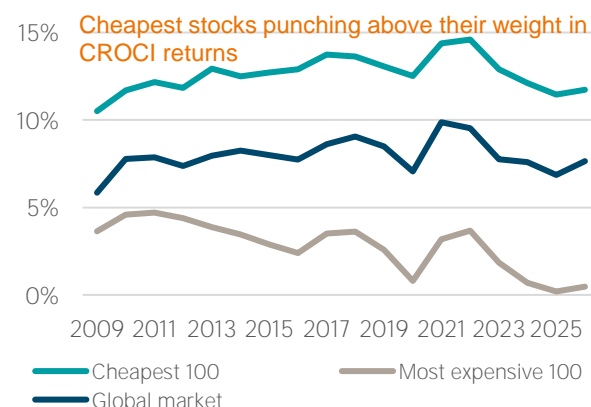
Figure 52: US Interest Rates against Value-Growth



Source: DWS, CROCI, Federal Reserve Economic Data, Fama French Three Factor Asset Pricing Method. Value is the bottom decile, and growth is the top decile in price to book ratios of US stocks, examined over a 5yr rolling period. Past performance does not predict future returns.

- **Economic slowdowns** tend to support quality value, as value stocks’ stabler cash flows should support their performance; in the past even modest but steady economic growth has helped quality value.

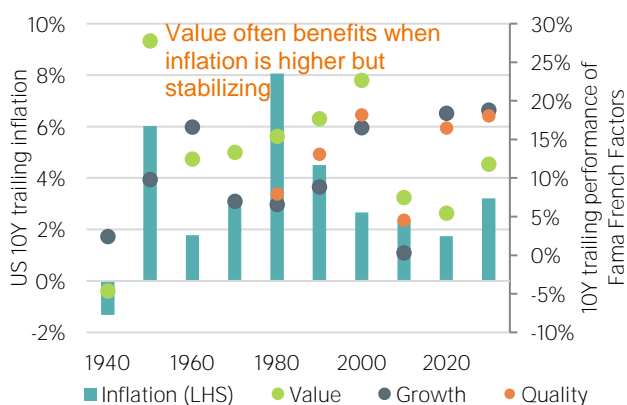
Figure 53: Cash returns higher and more stable for value stocks



Source: DWS, CROCI, Company Reports. 100 cheapest and most expensive stocks from CROCI’s global coverage universe based on FY1 Economic PE. Past performance does not predict future returns.

- **Stabilisation of inflation:** value often benefits when inflation is higher but stabilizing, and forecasts show sticky inflation near 3% in the U.S. in 2026, creating a supportive backdrop for sectors common in value indices.

Figure 54: Inflation and Value vs Growth



Source: DWS, CROCI, Federal Reserve Economic Data, Fama French Three Factor Asset Pricing Method. Value is the bottom decile, and growth is the top decile in price to book ratios, of US stocks. Quality is the top decile in terms of ROE. Period on the x axis refers to the preceding decade. 1940 refers to 1931 to 1940 and so on. Years covered 1931 to 2025.

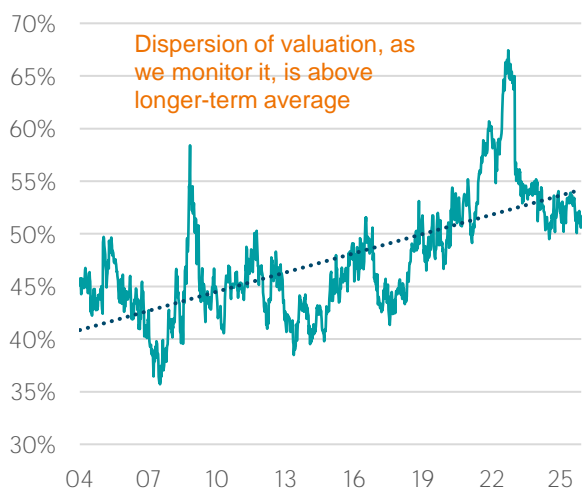
specific tech themes into value sectors [see Section 1.2]

What about quality?

Quality Value has historically tended to be the more stable performer of the two types of value that we consider here, as it can be driven by both attractive valuation and strong fundamentals (typically good balance sheets, higher return on capital and stabler revenues).

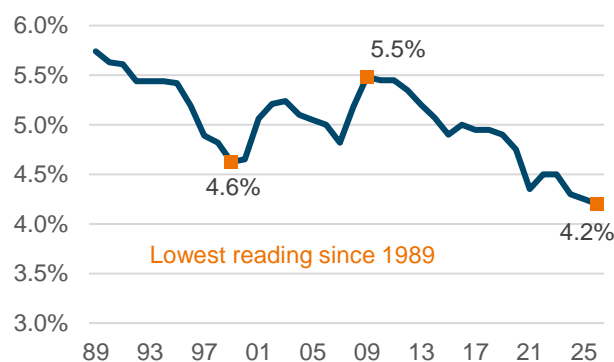
- **It should perform better as risk appetite falls.** Cost of capital as we measure it is at an all-time low. (Its long-term average has strong mean-reversion to 5.4% based on academic papers looking back a century or so.) If speculative momentum-led rallies die out to be replaced by more fundamentally driven performance, then that would naturally support quality.

Figure 55: Global dispersion of valuation since 2004



Source: DWS and CROCI. Charts show the percentage difference between the median valuation for the region and cheapest fifth percentile based on CROCI Economic PE, subject to CROCI's coverage universe in the region.

Figure 56: Global Cost of Capital since 1989, annual



Source: DWS, CROCI. Cost of capital is a market-implied ex-ante measure of market risk aversion, based on CROCI's coverage universe. Past performance does not predict future returns.

- **Attractive valuation itself should be a strong tailwind, given the current high valuation gaps between value and growth:** growth trades on around 40x economic PE, while value trades on 20x¹³. We find in general that dispersion of valuation, as we monitor it (Figure 55), is above average in all regions, and significantly higher in certain places.
- Lastly, more specifically to the current environment, when rising discomfort over AI mega-cap concentration may encourage rotation out of

- **Heightened tension or trade frictions** should favour quality, as defensive companies should generally come to the fore.
- **Higher earnings predictability** is desirable in a more volatile political environment as well, which also favours quality. Quality value strategies also tend to have strong downside capture ratios, so have historically been able to protect investors in periods where there are market drawdowns.

Note on downside capture ratios It is worth noting that the CROCI valuation-driven strategies have downside capture ratios of below 100% over the long-term (i.e. measured at 5 years or even longer) compared to their broad market benchmarks. In most cases and over most periods, this is also true when compared to their value

¹³ Based on FY1 Economic PE of CROCI Global Growth and CROCI World Value strategies as of end of December 2025

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. Unless stated this data is as of December 2025.

benchmarks. The most consistent examples include CROCI US Dividends, CROCI Euro, CROCI Japan and CROCI Sectors Plus.

Figure 57: Annualised returns for selected CROCI strategies over various periods

	<i>Pre-Crisis Market</i> 2004-2007	<i>Financial Crisis</i> 2008-2009	<i>Rising Liquidity</i> 2010-2017	<i>Growth/ Momentum</i> 2018-2021	<i>Post-pandemic years</i> 2022-2024	<i>Entire time period</i> 2004-2025
CROCI US	14.64%	-6.02%	12.82%	11.63%	8.90%	10.36%
Rel. to S&P 500	6.09%	5.34%	-0.37%	-5.38%	0.49%	0.29%
Rel. to MSCI USA Value	5.09%	7.50%	0.98%	1.91%	4.30%	2.83%
CROCI US Dividends	15.21%	0.92%	16.35%	13.00%	7.19%	12.24%
Rel. to S&P 500	6.66%	12.28%	3.16%	-4.00%	-1.23%	2.18%
Rel. to MSCI USA HDY	7.41%	9.50%	2.61%	3.71%	3.43%	4.10%
CROCI Euro	19.70%	-12.06%	10.43%	6.47%	-1.04%	7.94%
Rel. to Stoxx 50	4.55%	2.84%	5.23%	-1.25%	-8.12%	1.65%
Rel. to MSCI EMU Value	1.80%	4.75%	5.52%	3.67%	-7.92%	1.91%
CROCI Japan	13.26%	-17.95%	12.29%	7.93%	17.20%	9.50%
Rel. to TOPIX 100	3.32%	3.80%	2.23%	1.38%	1.15%	2.12%
Rel. to MSCI Japan Value	-0.40%	-1.55%	3.00%	5.53%	-4.30%	0.89%
CROCI World	21.63%	-0.83%	10.44%	10.97%	6.06%	11.11%
Rel. to MSCI World	8.40%	11.37%	0.60%	-2.28%	-0.26%	2.29%
Rel. to MSCI World Value	7.81%	12.25%	1.71%	4.01%	0.94%	3.99%
CROCI Global Dividends	20.33%	-1.97%	11.17%	4.87%	4.75%	9.73%
Rel. to MSCI World	7.10%	10.22%	1.32%	-8.38%	-1.57%	0.90%
Rel. to MSCI World HDY	5.36%	11.10%	2.57%	-2.28%	0.84%	2.67%
CROCI Sectors Plus*	23.39%	-3.95%	12.54%	13.68%	4.21%	11.34%
Rel. to MSCI World*	8.96%	8.24%	2.70%	0.43%	-2.11%	2.62%
Rel. to MSCI World Value	9.86%	9.13%	3.82%	6.72%	-0.91%	4.64%

Source: DWS CROCI, Bloomberg Finance LP; Data as of 31 December 2025. The returns for CROCI World, CROCI Global Dividends and Global Sector Plus strategies are in USD terms. For other strategies, returns are in respective region's local currency. The Live Date for each of the strategies: CROCI US, CROCI Euro, CROCI Japan - 02 February 2004; CROCI World - 29 November 2010; CROCI US Dividends - 13 March 2012; CROCI Global Dividends - 15 March 2012; CROCI Sectors Plus - 18 November 2015. *From 31 March 2005 for CROCI Sectors Plus;

Past performance does not predict future returns. Performance before the live date of strategies is simulated. The simulations apply an investment strategy retrospectively to data that was in part reconstructed and not necessarily available at the time. As a consequence, there may be instances when realised returns would have shown variation from those simulated and the latter may have had the advantage of hindsight. HDY stands for High Dividend Yield.

Low investment in value funds requires diversification

The recovery of quality value strategies typically follows a rapid early relative rebound, meaning that investors expecting an increased probability of such a rebound should be invested in advance, as part of their general equity style diversification. And it is worth noting that such diversification has yet to take place, certainly in the EMEA universe of funds.

There are many ways of looking at the investment universe split between value and growth, especially with the increase in flows to index funds and ETFs. In this section, we focus on

funds with European domicile, given that that is the allowable set of funds for most of our readers.

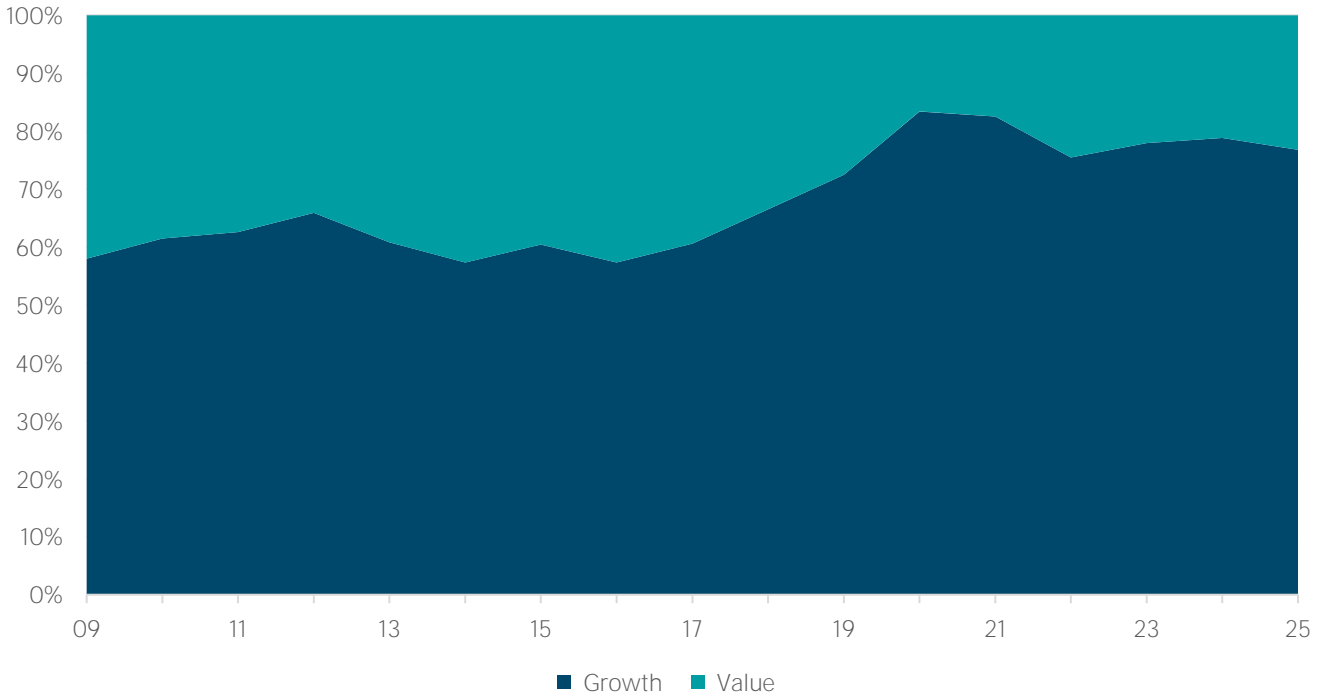
First of all, the overall AUM split enormously favours growth funds, with a rising trend since the financial crisis. In 2009, growth funds represented 58% of the Value/Growth split, rising to a peak of 82% at the end of 2020. The last time that value had a higher proportion of the pie was before the financial crisis. Today growth's share has moderated very slightly down to 77%. (The numbers do not change much when excluding index funds and ETFs. Perhaps surprisingly,

the distribution is a little more balanced in the US where the number is closer to 60% across all investment vehicles.)

Flows have been negative for both categories in the past couple of years, favouring blend funds as well as flows into ETFs, but somewhat larger out of growth than out of value since the pandemic, especially in 2025. There is still quite

some way to go until a more genuinely diversified holding of value strategies is achieved. Given what we have said above, we would expect to see some correction of this imbalance over the coming year or so. We would expect this also to be a positive driver of value funds in the short- to medium term.

Figure 58: AUM breakdown of Growth vs Value funds domiciled within Europe (Dec-2009 to Oct-2025)



Source: DWS, Morningstar. Data as of 31 December 2025

3.2 The power of CROCI to express high conviction views extends beyond value to quality and growth

Value is, and remains, our heritage

For more than 20 years, CROCI has concentrated on creating value-focused investment strategies, using our clean and comparable company data to construct concentrated baskets of the cheapest stocks globally and in each major region. While there have been some variants (such as our sector rotation approach and the dividend strategies seeking to give investors exposure to income while reducing the risk of being exposed to dividend cuts), the strategies shown in [Figure 57](#) continue to seek value (with a quality tilt), using CROCI's economic valuation approach to take a holistic view of companies' financial structure, assets and cash flows. In many ways, CROCI's approach to equity investing over these past two decades could be described as "**Graham and Dodd with clean data**": rooted in the principles of "Security Analysis" (1934) and "The Intelligent Investor" (1949), applied in a systematic manner. The clean data seeks to overcome the inconsistencies of accounting standards, the shortfalls of accounting data from an economic investment point of view, and applied using a thorough, well-rehearsed process to nearly 900 companies globally, providing a fertile ground for systematically constructing high conviction portfolios.

We constantly strive to improve how we give investors access to high-conviction value portfolios based on the power of our economic PE valuation tool. Historically, CROCI's concentrated value strategies (see [Figure 57](#)) have been built benchmark-agnostic, based on pure bottom-up stock selection and typically equal-weighted. While this brings many advantages for long-term buy-and-hold investors who are indifferent to volatility of active performance and care about long-term total returns, we do recognise that in today's investment world, active strategies typically need to justify their added-value proposition regularly against passive alternatives. As we enter 2026, we are therefore looking to enhance some of the concentrated CROCI value strategies by **focusing a greater proportion of their active risk on single-stock contributions which are "specific" or residual** in the language of multifactor attributions (i.e. not explainable by systematic risk factors such as industry exposures or styles). In particular, our traditional equal-weighted CROCI strategies have sometimes taken large active risks in terms of sector exposures or underweights in factors such as momentum and size relative to benchmark indices. One step towards

remedying this was the introduction of banks to our strategies in mid 2025.

We are looking to go further in 2026 in mitigating unintended risk exposures for investors sensitive to this. One illustration of what is possible in this regard (certainly in bespoke strategy form) is [Figure 59](#) showing the simulated performance attribution of a concentrated global value basket, built by portfolio optimisation, with economic PE as the key alpha driver (i.e. predictor of single-stock excess returns) while mitigating systematic (non-stock-specific) risk factor exposures relative to MSCI World Value as much as possible. Crucially, achieving this outcome is still possible while maintaining high concentration (around 50 stocks globally) and high active share (87% vs MSCI World Value).

Figure 59: Simulated performance (in USD) and contributors of a risk-neutralised concentrated global CROCI value strategy

31/07/2015 – 30/06/2025	Risk-neutralised CROCI Value Strategy	MSCI World Value	Active return & risk
Valuation			
CAGR	10.4%	8.3%	2.11%
Annualised Daily Volatility	15.0%	14.9%	
Active Risk / Tracking Error			3.63%
Information Ratio			0.58
CROCI vs benchmark: Multifactor performance attribution			
Currency factors		-0.01%	} 2.11%
Country factors		0.07%	
Industry factors		0.21%	
Style risk factors		-0.13%	
Specific / residual contribution		1.97%	

Source: DWS and CROCI. The table shows simulated performance, risk characteristics of an optimised strategy seeking concentrated exposure to the cheapest companies on economic P/E while neutralising systematic / diversifiable risk factors (industries, countries, currencies and styles) vs MSCI World Value as much as possible. All figures are based on simulation for the period 31 July 2015 – 30 June 2025. Data as available on 11 February 2026. All performance figures are gross of fees. Past performance is not a reliable indicator of future results.

...but CROCI is a powerful stock selection tool beyond value!

CROCI as a concept and investment approach, however, is about more than value: **at its heart is the idea that we offer a full and thorough due diligence of global large cap equities.** A universe of nearly 900 stocks represents a much larger number than traditional stock pickers cover and a much more careful analysis of individual stocks than quant approaches afford, and this allows us to build systematic high-conviction strategies that can represent many different investment theses and styles. In no way does this mean that we turn our back on value – ultimately, we believe that patient long-term investors are served well by value approaches through the market cycle, but we do recognise that investment styles can go out of (and back into!) fashion for many years at a time (section 3.1 discusses the long-term benefits of value investing, but also the historical context for periods of value performance). Just as we are convinced that our economic perspective on corporate value creation (taking a cashflow-based approach, working out the cash return that a company generates for those who provide it with capital) has improved value investing, we firmly believe that we can also improve on other investment styles (particularly quality and growth) with our unparalleled wealth of data and knowledge about our global coverage universe. In short, CROCI’s key expertise lies in this deep understanding of global listed large cap equities and in the wealth of associated comparable data. This lends itself to **high-conviction concentrated portfolios capable of reflecting any investment style based on company fundamentals.**

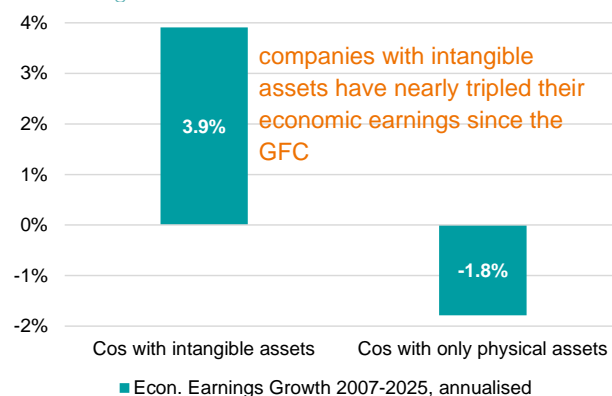
How to invest in quality companies with competitive advantage and mitigate the capex risks around AI: the CROCI Innovation Leaders strategy

A first step in this direction was our launch of the CROCI Innovation Leaders Strategy in 2019: this uses one of CROCI’s key strengths (the capitalisation of intangibles such as R&D and brands in companies where these form material economic assets) for a thematic investment strategy with a focus on quality. By investing in companies with intangible assets, we restrict the investment universe to roughly half the overall companies in our coverage, excluding some industries almost entirely (Utilities, most of Energy, Miners, Professional Services, Discretionary Retail and others) but capturing more than just a single narrow theme (such as artificial intelligence, biotechnology, luxury brands, or access to EM consumer): instead, we combine these into an overarching idea, based on a very simple observation: in our coverage universe, **companies with intangible assets have nearly tripled their economic earnings since the great financial crisis (GFC), while companies without intangible assets have barely achieved any earnings growth** (see Figure 60). This dramatically illustrates that competitive advantage (or

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. Unless stated this data is as of December 2025.

“having a moat” in Warren Buffet’s words) no longer derives simply from having a huge physical capital base which is difficult to replicate quickly (as tended to be the case decades ago): **in today’s economy, competitive advantage typically derives from brands and R&D—in short: from innovation.**

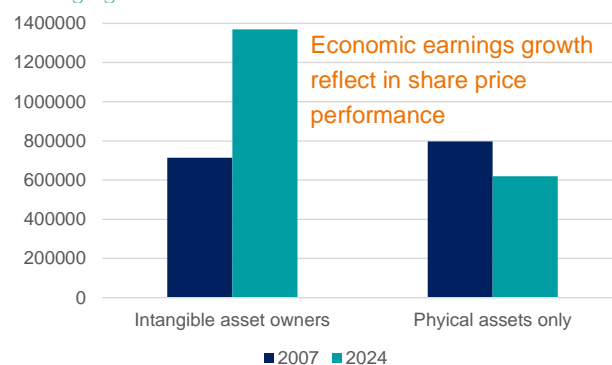
Figure 60: Earnings growth has come from companies with intangible assets



Source: DWS, CROCI, Aggregate of companies in CROCI coverage universe with history back to 1989. Data as available on 1 July 2025.

This is equally reflected in the relative share price performance of these two groups, with market cap having doubled for the ‘innovators’ (where at least part of their capital base resides in intangible assets), but having gone (at best) sideways since the GFC for those companies relying solely on physical capital (Figure 61):

Figure 61: Share price performance has followed earnings growth



Source: DWS, CROCI, Aggregate market value data of companies with comparable data going back to 2007. Data as available on 1st July 2025.

Why is CROCI relevant here? Identifying R&D and brands (which do constitute meaningful economic assets), bringing them back onto the balance sheet by consistently capitalising

these in the relevant¹⁴ industries, and making the data comparable by carefully analysing the economic life of such assets has been at the core of the CROCI company analysis approach for thirty years. **This places CROCI in a unique position to identify not only companies with intangible assets, but also to measure whether such innovation has actually led to cash returns for investors:** ultimately, the profitability (measured by CROCI cash return) is the true measure of whether a company really has derived a competitive advantage from its innovation, and its balance sheet strength (measured by total financial leverage according to CROCI, i.e. taking into account all off-balance sheet components which we re-integrate into the enterprise value) determines a company’s ability to keep innovating and investing in its intangible capital. Thus, these are the two metrics which we use to narrow down the universe of companies with intangible assets when we seek true “Innovation Leaders”. The final portfolio also reflects the earnings power of these companies, providing an extra quality component and marrying the approach with CROCI’s value legacy: while valuation is not an exclusion criterion in the CROCI Innovation Leaders Strategy, it does impact the portfolio weights, anchoring the position size in each company to its fundamentals rather than chasing possibly exaggerated market valuations.

What are the results of this approach? Before we consider the performance, it is worth analysing the exposures, both in terms of sectors and in terms of fundamental characteristics. As **Figure 62** illustrates, **the universe of companies with intangible capital demonstrates far superior profitability (measured by CROCI cash return) and lower financial leverage** than companies which rely solely on physical economic assets – and this is even before we apply the corresponding filters (which sharpen the quality profile further) in the construction of the CROCI Innovation Leaders portfolio. While these features may not come as a surprise, given the previous discussion of the drivers of competitive advantage, we also observe that companies with intangible assets have managed to grow their sales and assets at higher rates than “purely physical” companies over a 5Y cycle. No wonder then that these companies with intangible assets trade on higher valuations (although the gap is far smaller on our economic PE measure than on accounting metrics – thanks to the recognition of their superior cash generation and the capitalisation of intangible assets by the CROCI process). However, once we move to the final CROCI Innovation Leaders portfolio of 100 innovators from global developed and emerging markets (weighted by a CROCI measure of economic earnings), its valuation is lower by

around 20% than the economic PE for the overall selection universe.

Figure 62: Operational and Valuation characteristics

2025e	Company universe with IC	Company universe without IC (ex Fin.)	Global CROCI coverage (ex Fin.)
Valuation			
Accounting PE	23.8	15.9	21.0
Economic PE	34.2	33.7	33.9
Adj. CROCI P/B	3.9	1.4	2.5
1Y Growth			
Sales Growth	5.2%	3.3%	4.2%
Real Econ. Earnings	5.6%	0.3%	4.0%
Profitability and Cash Flow			
CROCI cash return	11.3%	4.1%	7.4%
FCF / Sales (Post-Tax)	10.6%	5.1%	7.8%
Leverage			
Net Fin. Liab. / M. Cap	11.1%	43.0%	19.1%

Source: DWS, CROCI. Aggregated data for CROCI’s coverage of companies with and without intangible assets. Data as on 1 August 2025

In light of our discussion in **section 1.2** regarding the risks to profitability of the BIG5 hyperscalers stemming from their enormous capex expansion, readers may be surprised to find us advocate an investment strategy that inevitably has a lot of exposure to the AI enablers and core investors among the large cap universe. However, a key benefit of this approach is that CROCI Innovation Leaders maintains exposure to the core AI theme, while also investing in other innovative companies, including many that may reap the benefits of future applications of AI. Put bluntly: **even if AI turns out to be a transformative technology for the modern economy, it may not necessarily be today’s AI leaders (including the hyperscalers) that reap the biggest future benefits.** If indeed the productivity gains (and excess profitability) accrue primarily to companies applying AI in areas such as pharmaceutical research, fintech, consumer goods and services or many others, then CROCI Innovation Leaders would allow investors to benefit from such a second and third wave of AI in future.

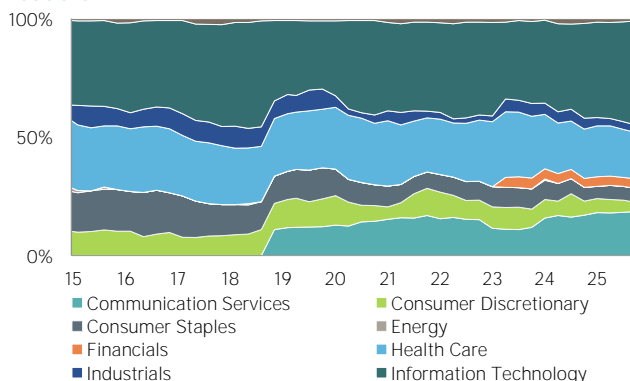
More broadly, the **CROCI Innovation Leaders approach gives investors exposure to a more diversified quality portfolio than just investing in Technology companies:** while IT is the largest sector exposure, there are significant allocations to

¹⁴ Not all R&D expense or advertising and brand building is capitalised by CROCI – only in those industries and companies where these are deemed to constitute real economic assets – i.e. where they 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. Unless stated this data is as of December 2025.

have an economic life of longer than one year and do not just impact current year sales.

Health Care, Consumer Staples, parts of Industrials, Communication Services and Consumer Discretionary, and even selected companies from sectors traditionally associated with physical, not intangible capital (such as Chemicals companies and Oil Drillers, representing the Materials and Energy sectors, respectively). Overall, this results in a well-diversified portfolio giving access to true Innovation Leaders in any industry (see Figure 63):

Figure 63: Sector allocation of CROCI Innovation Leaders



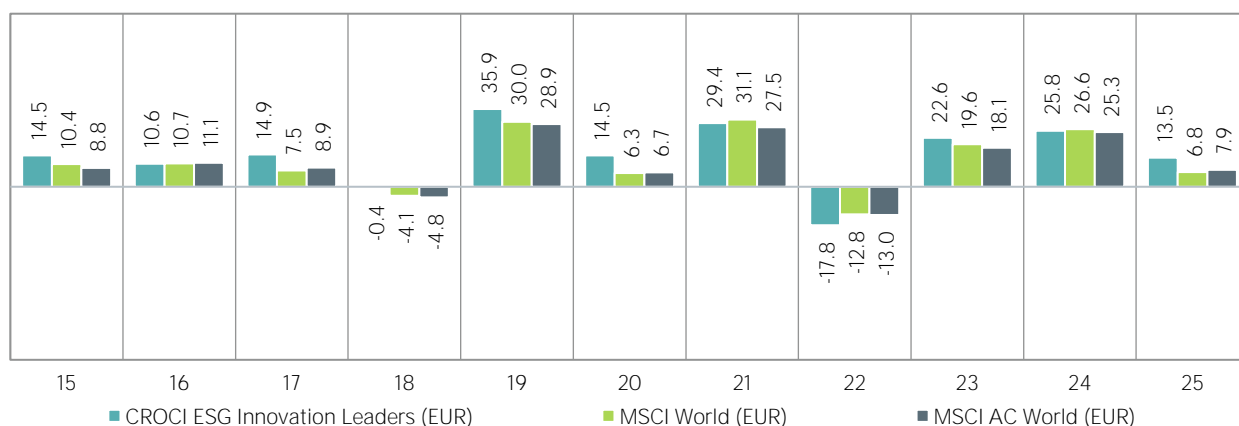
Source: DWS, CROCI. Sector allocations are derived by applying the ESG CROCI Innovation Leaders Strategy model retroactively. Past performance is not a reliable indicator of future results. Data as of 31 December 2025

So, has it worked? In the six years since we launched this strategy, it certainly has: with gross total annualised EUR return of 14.4% for the period 15th Apr. 2019 – 31st Dec. 2025, the strategy has outperformed the MSCI World by 2.1% p.a. and the MSCI ACWI by 2.8% p.a. (note that the selection universe for CROCI Innovation Leaders includes EM companies). Moreover, the longer-term track record including the simulated history speaks for itself: 2022 (with its strong Tech underperformance) was the only year with material underperformance in the past 10 years.

Moreover, CROCI Innovation Leaders has a relatively conservative performance profile, more than readers might expect for a quality-growth tilted strategy with exposure to many of the leading AI companies. Over the ten years to 31 December 2025, the strategy has had a downside capture ratio of 96% vs MSCI ACWI (and an upside capture ratio of 117%). This profile is driven by its broader exposure to more than a single narrow theme, and we have seen this play out in Q4 2025: just as the market seemed to express some doubts about AI and the associated capex commitments of some of the leading Technology stocks, Health Care started performing significantly better, which helped contribute to an outperformance of CROCI Innovation Leaders by 1.3% vs MSCI ACWI during the quarter.

In summary, CROCI Innovation Leaders provides a blue-chip strategy for the 21st century: while it also holds some (but not all) of the MAG7 names, it provides a more rounded exposure to innovators – and some diversification in case AI becomes a more commoditized business than markets currently anticipate. In fact, as discussed in section 1.2, we have seen clear signs of market anxiety about the rapid increase in capex by the AI hyperscalers, and one might even provocatively ask whether “Data is the new Oil” is true in more than one way: are the hyperscalers repeating some of the historical mistakes of Big Oil by diluting their own profitability through overinvestment? In such a scenario, the CROCI Innovation Leaders strategy would ultimately drop these names (and in fact, it has already done so for some of the companies in question) thanks to its quality filters. On the flipside, the strategy provides exposure to some of the blue-chip Staples, Health Care and Fintech names which might yet turn out to be highly growth-relevant in the long run.

Figure 64: Performance of CROCI Innovation Leaders Strategy (EUR Annual returns in %)



Source: DWS, CROCI, data as available on 31 December 2025. The CROCI Innovation Leaders Strategy has been run on a live basis since 15th Apr. 2019. Performance data before this date is simulated and was calculated by means of retroactive application of the Strategy model. Past performance, whether live or simulated, is not a reliable indicator of future results. All returns include reinvested dividends (net of withholding tax) but do not include fees that might be charged on an investment product. It is not possible to invest directly in a strategy. The performance shown here is for model portfolios. The performance of any actual investment products may differ significantly. The CROCI team does not provide investment advice, stock recommendations or act in any other fiduciary capacity.

In defence (!) of Growth investing – when done right

The next step in the CROCI story is our first growth-focused investment strategy. Cynical readers may question the timing of this (given the large outperformance of Growth vs Value in recent years – as discussed in [section 3.1](#)), but **we have long been interested in this topic**: the CROCI Outlook 2013 introduced a “Sustainable Growth” screen, for example. More to the point, we have not launched a growth-focused strategy up until now because institutional investors have never quite accepted Growth as a legitimate investment factor in its own right (as demonstrated by the dearth of growth-factor ETFs). In part, this may be a consequence of Fama-French rejecting Growth: while they expanded their original 3-factor model of “Value” (represented by Book/Price in their thinking), “Size” (Small Cap) and “Beta” over time to include two more factors (Quality, measured by them as high vs low operating profitability, and an Investment factor, measured by conservative vs. aggressive investment), Growth never made the cut. Worse, their framework was (mis)interpreted later on as having implicitly defined Growth to be the opposite of Value (i.e. as high Price/Book companies) – and this tarnished the name of Growth as a legitimate factor (when thought of as the short side of the very factor, namely long/short Value, which Fama-French did recognise as a bona fide alpha generator over the long term, compensating investors for the risk taken by investing in low Price/Book companies).

Arguably, this has resulted in **decades of confusion about how to think of Growth ‘properly’ as a factor**: we still see this legacy in the common dichotomy between Growth and Value indices as defined by many benchmark providers: even those who have moved away from defining Growth companies as “high Price/Book” and instead directly consider metrics such as sales growth or cash flow growth still muddy the waters by defining Value and Growth indices as a pair (which are supposed to divide up and jointly cover the entire market cap-based parent index)¹⁵. This has the somewhat perverse effect of **polluting both the standard Value and Growth indices**: a company can end up in the Value index not because it is cheap (on accounting metrics) but simply because its growth metrics are very underwhelming; conversely a company may end up in the Growth index not because it is growing, but simply because it is very expensive. Worst of all, it suppresses exposure to what are arguably the

most interesting companies: those with a good growth profile but an attractive valuation¹⁶ (such companies tend to end up in both Value and Growth indices, but with lower weight than they might deserve). Ultimately, this is driven by the insistence that Value and Growth are polar opposites and that 50 dollars investment in Value and 50 dollars investment in Growth must equal 100 dollars in the market cap weighted parent index – no wonder that Growth factor investing has a bad name!

Beyond “Growth at a reasonable price”: Growth, but not at all costs

We have thought long and hard in the past few years about what CROCI can bring to the table when it comes to Growth investing. It is tempting to jump to the conclusion that GARP (growth at a reasonable price) is the obvious meeting point, given CROCI’s heritage in and expertise for valuation and value investing. However, we believe this in part repeats the mistakes of Growth factor investing as defined above and results in a muddle between Growth and Value. As we have argued in [section 3.1](#), Value remains a convincing option for patient long-term equity investors who do not wish to be caught in a bubble (and stand to benefit when share prices go through a weaker period and bargains are available). However, as [section 3.1](#) also shows, there are clearly market environments (including much of the last few years) where true Growth investing has its place – and just like CROCI’s Value strategies avoid style drift and seek to ensure exposure to “true Value” at all times, our starting point for a Growth strategy was that it should **consistently give investors exposure to a high-conviction portfolio of “true Growth” companies**.

From this premise, CROCI’s knowledge of and comprehensive data on about 900 companies globally can really make difference in Growth investing in three aspects. First, taking a **holistic view of Growth**, considering more dimensions than just sales growth (including cash flow growth and asset growth which are far harder to compare across sectors and regions using accounting data) – ensuring that we select **“growth but not at all costs”**, i.e. companies growing without unduly diluting their profitability. Second, using the clean and comparable data for such a large investment universe to seek the fastest growing companies in any industry, without any

¹⁵ See for example MSCI’s Value-Growth index methodology which places each company on a “Value-Growth spectrum” based on its distance from being “purely Value” and “purely Growth” and correspondingly distributes its market cap to the Value and Growth indices.

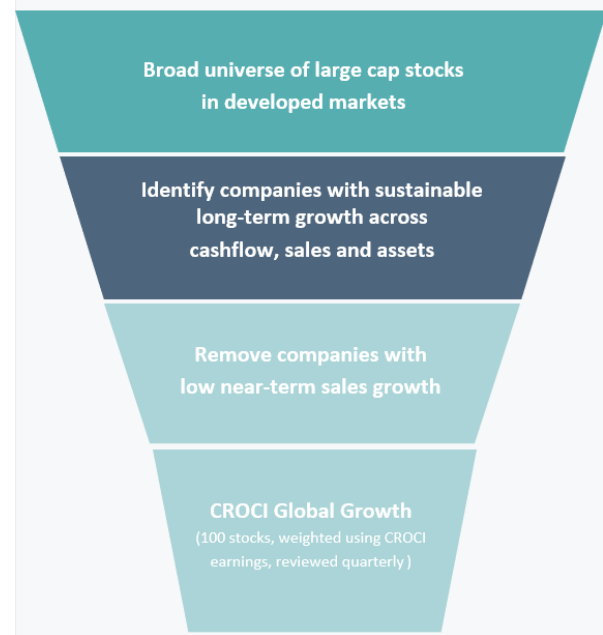
¹⁶ Once again, we can count Warren Buffet on our side of this argument: “Typically, [value] connotes the purchase of stocks having attributes such as a low ratio of price to book value, a low price-earnings ratio, or a high dividend yield. Unfortunately, such characteristics, even if they appear in combination, are far from 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. Unless stated this data is as of December 2025.

determinative as to whether an investor is indeed buying something for what it is worth and is therefore truly operating on the principle of obtaining value in his investments. Correspondingly, opposite characteristics - a high ratio of price to book value, a high price-earnings ratio, and a low dividend yield - are in no way inconsistent with a ‘value’ purchase.” “Growth benefits investors only when the business in point can invest at incremental returns that are enticing - in other words, only when each dollar used to finance the growth creates over a dollar of long-term market value.” Warren Buffet’s Letter to Shareholders (1992)

favourite industries or themes that a traditional stock picker would likely focus on, and with the ability to find growth stocks in more surprising areas (including in more capital-intensive “Old Economy” type stocks in certain stages of the cycle). Third, using CROCI’s long and comparable data series to take a comprehensive look through the cycle for each company, searching for companies that have a **proven track record of growth and do not show signs of significant deceleration in growth**.

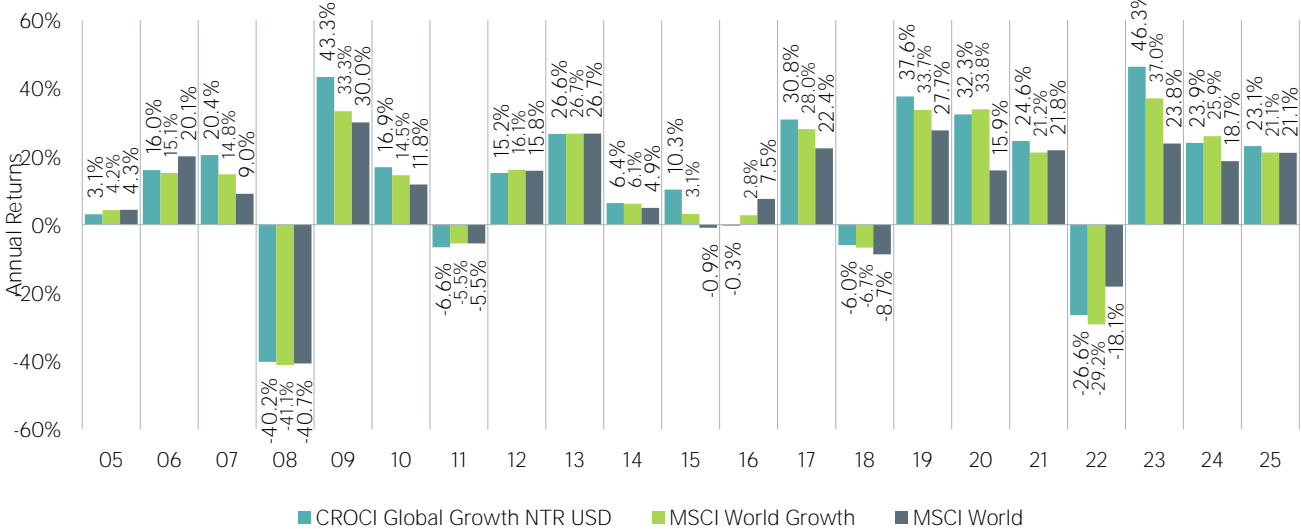
These are the ingredients we use for constructing a global growth portfolio: revenue growth, CROCI cash flow growth, and CROCI asset (NCI) growth over a five-year period (involving the last three years with stated financial accounts and the next two as-yet incomplete financial years), excluding from this long list the companies whose near-term sales growth puts them at the bottom of the table, and weighting the final portfolio of 100 global companies by a CROCI measure of earnings to anchor portfolio sizes in earnings power and to avoid chasing after possibly exuberant market valuations (without giving up on such companies entirely if their growth profile justifies their inclusion in the portfolio).

Figure 65: CROCI Global Growth Strategy



Source: DWS, CROCI. The CROCI team does not provide investment advice, stock recommendations or act in any other fiduciary capacity. No assurance can be given that any forecast, target or opinion will materialize.

Figure 66: Simulated gross total returns of the CROCI Global Growth Strategy (Annual returns in %)

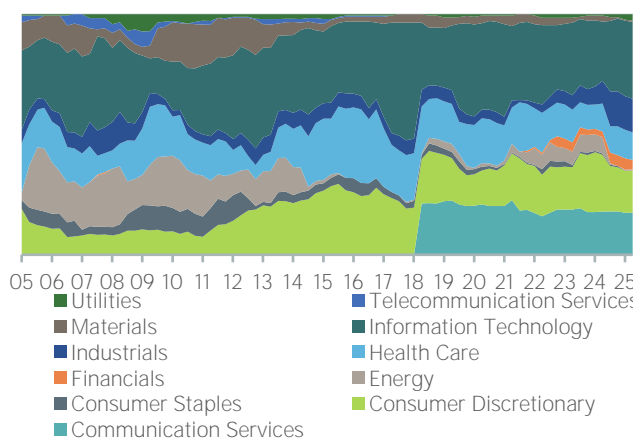


Source: DWS, CROCI, data as available on 31 December 2025. The CROCI Global Growth Strategy is not live; all performance data is simulated and was calculated by means of retroactive application of the Strategy model. Past performance, whether live or simulated, is not a reliable indicator of future results. All returns include reinvested dividends (net of withholding tax) but do not include fees that might be charged on an investment product. It is not possible to invest directly in a strategy. The performance shown here is for model portfolios. The performance of any actual investment products may differ significantly. No assurance can be given that any forecast, target or opinion will materialize

The CROCI Global Growth Strategy: companies with a proven track record and continuing prospects for growth

We defined this CROCI Global Growth Strategy in 2024. Our simulation going back to mid-2005 until 31 Dec 2025 shows 12.2% gross total USD return p.a., outperforming MSCI World Growth by 1.9% p.a. and MSCI World by 3.6% p.a., and this is also validated by the out-of-sample performance of the strategy so far (in 2025, the strategy beat MSCI World Growth and MSCI World by 1.9% and 2.0% respectively). The sector composition of this strategy is bit more balanced than our thematic quality CROCI Innovation Leaders Strategy discussed earlier in this section: CROCI Global Growth is less dominated by Technology and Health Care, with larger exposures to Discretionary, and historically even Energy and Materials.

Figure 67: Sector allocation of CROCI Global Growth Strategy



Source: DWS, CROCI, data as available on 31 December 2025. All portfolio allocations are simulated. The Communication Services sector was created in the GICS classification change in 2018. Financials exposure relates to payment providers which were classified as part of the Technology sector prior to 2023. No assurance can be given that any forecast, target or opinion will materialize. The full form of each of the acronyms of the sectors have been discussed in section 1.1 of this report, except FN which stands for Financials and TS which stands for Telecommunication.

On the other hand, the CROCI Global Growth strategy currently has bigger exposure to the MAG7 than the CROCI Innovation Leaders strategy discussed before (five of the seven stocks are currently in Global Growth with the maximum permissible weight of 7.5%). This is in part a function of the factor that the CROCI Innovation Leaders Strategy has a bit more of a Blue Chip / Large Cap bias than CROCI Global Growth (where 71 of the 100 companies in the current simulated portfolio are held with the minimal weight of 0.5% each).

Figure 68: Operational and Valuation characteristics

2026e	MSCI World (ex Fin.)	MSCI World Growth (ex Fin.)	CROCI Innov. Leaders	CROCI Global Growth
Valuation				
Accounting PE	34.9x	37.1x	31.7x	34.0x
Economic PE	43.1x	45.7x	37.8x	39.3x
Adj. CROCI P/B	9.9x	12.9x	9.8x	8.9x
1Y Growth				
Sales Growth	13.7%	16.5%	16.0%	18.8%
Real Econ. Earnings	18.3%	20.3%	18.0%	23.2%
Profitability and Cash Flow				
CROCI cash return	22.9%	28.3%	26.0%	22.7%
FCF / Sales (Post-Tax)	16.7%	18.5%	20.1%	12.7%
Leverage				
Net Fin. Liab. / M. Cap	0.9%	0.1%	0.3%	0.7%

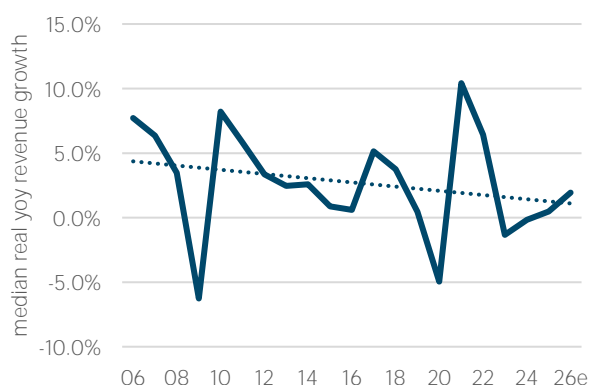
Source: DWS and CROCI. The table shows selected operational and valuation characteristics of the CROCI Global Growth Strategy and its benchmark indices, apart from CROCI Innovation Leaders Strategy. Values are weighted average (using the strategy weights of CROCI Global Growth, Innov. Leaders and market cap weighting for the two benchmark universes). Data as available on 31 December 2025.

This is also reflected in the operational characteristics of the Global Growth Strategy: valuations are richer than for Innovation Leaders (albeit still below MSCI World Growth and MSCI World). On the growth metrics (both revenue growth and economic earnings growth), our Growth Strategy comes out well ahead of both benchmarks (Figure 68).

Finally, readers might ask “why now” – why consider a growth strategy now when we just spent all of section 3.1 arguing why it is important to consider value, both in the current economic context and from a long-term historical perspective. The answer is that the long outperformance of growth since the GFC has coincided not only with macro factors that have largely dissipated by now (zero interest rates, QE and high liquidity flooding financial markets), but also with **one fundamental driver which still seems unbroken: the sheer scarcity of companies managing to grow their revenues in real terms.** Figure 69 shows that median real revenue growth has been negative in 2023 and 2024, and despite a bounce-back in 2025e according to consensus, the long-term trend since the GFC has been down (other than the years of catch-up growth after the GFC and the pandemic). This hints at a basic paradox at heart of the performance of growth as a factor: **the fewer companies genuinely manage to achieve growth, the more markets seem to be willing to pay**

valuation premia for such companies, bidding their shares up further and leading to their outperformance.

Figure 69: Median real yoy revenue growth of developed-market companies (CROCI universe ex Fin.)



Source: DWS, CROCI, data as available on 31 December 2025. The chart shows the median real (inflation-adjusted) year-on-year revenue growth of developed market companies (ex Fin.) in CROCI coverage. No assurance can be given that any forecast, target or opinion will materialize.

The future: the CROCI factors library as a foundation for bespoke design of institutional investment strategies

So are quality and growth the limits of CROCI’s ambition to widen its investment lens? Not at all: we have been studying closely the performance, behaviour, allocation, fundamental characteristics and correlations of around 25 factors (mostly based on fundamental company data) for several years. In the design of bespoke investment strategies (particularly in an institutional context), our vision is to be a highly flexible provider of concentrated, high-conviction strategies expressing different market views or styles in systematic strategies. Our rich data set (with hundreds of data points for each of the nearly 900 companies we cover) allows us a unique 360-degree view of corporate balance sheets, value chains and drivers of profitability and valuation. One application of this would be a set of model portfolios organised around a core investment objective (e.g. global developed market equity exposure with no more than 50 stocks, up to 6% active risk, and specified concentration limits), while offering a choice along different dimensions (whether it be certain economic scenarios expressed in different screening rules for portfolio construction, a different balance of stock selection vs bottom-up sector allocation, or a desired level of dividend distributions). CROCI data provides huge flexibility for the construction of high-conviction portfolios (where a high degree of confidence in the underlying fundamental data is required), and we are excited to build out these applications further in future: watch this space!

Section 4:

Market Valuation

4.1 Regional & Sector Valuations

Figure 70: Regional Valuations

		2025E	2026E	2027E
USA	Sales Growth	5.9%	6.7%	7.0%
	CROCI	10.9%	11.7%	12.5%
	EV/FCF	36.9	34.7	29.3
	Economic PE	37.5	35.3	30.3
	Accounting PE	26.6	25.6	22.5
Europe	Sales Growth	-2.6%	1.1%	4.0%
	CROCI	4.7%	5.0%	5.4%
	EV/FCF	26.2	25.0	21.9
	Economic PE	35.7	34.0	29.8
	Accounting PE	18.6	18.5	16.6
Japan	Sales Growth	0.2%	2.7%	2.7%
	CROCI	3.0%	3.3%	3.4%
	EV/FCF	36.4	30.6	26.0
	Economic PE	44.3	38.7	35.5
	Accounting PE	19.6	17.8	16.5
Emerging Markets	Sales Growth	1.7%	6.7%	4.8%
	CROCI	5.3%	6.3%	6.6%
	EV/FCF	22.4	21.3	17.9
	Economic PE	24.4	24.8	22.1
	Accounting PE	14.3	15.8	14.4

Source: DWS CROCI. Data as on 14 January 2026. Regional Aggregates excluding Financial Companies. Past performance is not a reliable indicator of future returns.

Figure 71: Global Sector Valuation 2026E

		EV/NCI	CROCI	Ec PE
Communication Services (8.8% weight in MSCI World)	Current	2.39x	7.1%	33.4x
	5Y	2.01x	6.3%	38.1x
	10Y	1.93x	6.0%	40.2x
	20Y	1.73x	5.8%	41.5x
Consumer Discretionary (10.0%)	Current	2.20x	5.2%	42.4x
	5Y	2.04x	4.8%	45.8x
	10Y	1.88x	5.0%	43.7x
	20Y	1.60x	5.3%	41.7x
Consumer Staples (5.3%)	Current	3.44x	10.9%	31.4x
	5Y	3.55x	12.1%	28.5x
	10Y	3.79x	12.4%	27.8x
	20Y	3.51x	11.9%	28.8x
Energy (3.3%)	Current	0.92x	2.2%	42.7x
	5Y	0.93x	3.9%	23.8x
	10Y	0.92x	2.8%	32.5x
	19Y	0.97x	4.4%	21.1x
Financials* (17.1%)	Current	1.85x	12.4%	14.9x (20.4x)
	5Y	1.40x	10.6%	17.4x (26.1x)
	10Y	1.35x	10.0%	18.6x (27.1x)
	20Y	1.49x	9.8%	18.9x (26.7x)
Health Care (9.8%)	Current	3.76x	15.3%	24.5x
	5Y	4.01x	15.2%	24.8x
	10Y	3.76x	14.9%	25.2x
	20Y	3.39x	14.8%	25.4x
Industrials (11.1%)	Current	2.66x	7.4%	36.0x
	5Y	2.34x	7.2%	36.8x
	10Y	2.13x	7.0%	38.1x
	20Y	1.92x	7.1%	37.5x
Information Technology (27.1%)	Current	7.29x	21.1%	34.6x
	5Y	6.33x	17.3%	42.1x
	10Y	5.14x	15.8%	46.1x
	20Y	3.06x	14.7%	49.7x
Materials (3.2%)	Current	1.64x	4.7%	35.1x
	5Y	1.47x	4.6%	36.0x
	10Y	1.45x	4.5%	36.2x
	20Y	1.38x	5.0%	33.0x
Utilities (2.6%)	Current	1.64x	4.7%	35.1x
	5Y	1.47x	4.6%	36.0x
	10Y	1.45x	4.5%	36.2x
	20Y	1.38x	5.0%	33.0x
COC	4.20%		Banks COE	5.75%

Glossary:

EV/NCI: An economically adjusted measure of the price-to-book. Similar to Tobin's Q, this is a ratio of market value of assets to replacement value of assets. An EV/NCI greater than 1 implies that the market expects value creation (in equilibrium, EV/NCI = CROCI/COC). *Financials: The Financial sector includes Banks and Diversified Financials but excludes Insurance. Note that the PE of Financials is not comparable to Industrials as we estimate that they have a different Cost of Equity due to the higher leverage. Numbers in brackets are risk adjusted Economic PE.

Source: DWS CROCI, MSCI. Data as on 14 January 2026. MSCI index weights do not add up to 100% because 1) rounding-off and 2) Real Estate is not covered.

Figure 72: Regional Sector Valuation 2026E

		US	Europe	Japan	A-Pac	GEMs	Value
Communication Services	EV/NCI	2.90	1.12	1.07	1.42	1.36	US
	CROCI	10.1%	1.7%	0.7%	4.4%	4.5%	
	Ec PE	28.7	64.0	145.1	32.4	29.9	
Consumer Discretionary	EV/NCI	4.01	1.20	1.11	1.21	1.00	GEMs
	CROCI	8.7%	2.6%	3.4%	5.4%	5.0%	
	Ec PE	45.9	45.3	33.0	22.4	19.9	
Consumer Staples	EV/NCI	4.26	2.96	1.84	2.11	2.66	GEMs
	CROCI	12.0%	10.9%	6.8%	7.6%	11.3%	
	Ec PE	35.5	27.1	26.9	27.9	23.5	
Energy‡	EV/NCI	1.23	0.70	0.65	0.67	0.67	GEMs
	CROCI	2.6%	0.9%	1.5%	2.6%	2.8%	
	Ec PE	48.2	79.0	42.5	25.7	24.2	
Financials	P/B	2.01	1.33	1.55	2.03	NA	Europe
	Inf. Adj. ROC	14.0%	12.6%	7.9%	11.7%	NA	
	PE	15.1	10.7	19.8	17.5	NA	
	PE (risk adj)†	21.4	15.0	27.9	24.7	NA	
Health Care	EV/NCI	4.75	2.76	2.12	2.62	NA	Europe
	CROCI	18.0%	13.0%	9.8%	10.1%	NA	
	Ec PE	26.4	21.3	21.6	25.9	NA	
Industrials	EV/NCI	4.06	2.79	1.58	0.95	0.94	GEMs
	CROCI	10.6%	7.9%	3.9%	4.0%	4.1%	
	Ec PE	38.2	35.1	40.9	24.0	23.0	
Information Technology	EV/NCI	9.71	5.76	2.54	3.04	3.04	GEMs
	CROCI	26.7%	14.3%	5.7%	12.6%	12.6%	
	Ec PE	36.3	40.2	45.0	24.1	24.1	
Materials	EV/NCI	2.38	1.33	0.75	1.43	1.97	A-Pac
	CROCI	6.7%	2.9%	1.5%	5.4%	7.1%	
	Ec PE	35.4	46.0	49.9	26.5	27.6	
Utilities	EV/NCI	1.12	1.03	0.55	0.77	0.73	GEMs
	CROCI	3.5%	3.1%	0.6%	3.5%	3.4%	
	Ec PE	31.9	33.0	95.8	22.2	21.4	

Source: DWS CROCI. Data as on 14 January 2026.

† Reflects PE adjusted for relative differential in cost of capital.

‡ Japan Energy Sector consists of one company

Figure 73: Benchmark Indices Valuation

	Acct. PE	Ec. PE	Div. Yield	FCF Yield	EV/NCI	CROCI	CROCI	CROCI	NCI Growth	Earnings Growth	Market Cap/EV
	2026E	2026E	2026E	2026E	2026E	2026E	5YA	Implied		2016-2026E	2026E
Benchmarks											
DJ Global Titans	26.7	34.0	0.9%	2.6%	5.6	16.5%	15.4%	23.6%	88.9%	195.0%	98.5%
S&P 500	25.6	35.2	1.1%	2.9%	4.2	11.9%	11.2%	17.6%	57.5%	108.0%	92.0%
NASDAQ-100 Index	29.0	36.0	0.5%	2.5%	6.9	19.2%	17.7%	29.1%	194.4%	239.6%	98.4%
DJ Industrial Average	26.4	35.1	0.8%	3.0%	6.0	17.0%	14.6%	25.0%	77.9%	151.3%	97.4%
TOPIX 100	18.2	37.1	1.9%	3.4%	1.4	3.8%	3.8%	6.0%	61.7%	58.6%	91.0%
STOXX 600	18.5	33.5	2.7%	4.0%	1.7	5.1%	5.8%	7.2%	14.9%	13.8%	78.2%
Euro STOXX	18.9	36.8	2.5%	3.8%	1.5	4.2%	4.6%	6.5%	20.4%	12.5%	74.9%
Germany DAX	17.3	35.0	2.3%	4.0%	1.3	3.7%	3.6%	5.4%	26.5%	-1.0%	65.1%
France CAC 40	20.3	34.0	2.5%	4.1%	2.1	6.0%	7.1%	8.6%	24.4%	44.4%	85.1%
FTSE 100	16.1	33.0	3.1%	4.5%	1.6	5.0%	6.4%	6.9%	-6.5%	11.2%	79.0%
Switzerland SMI	20.5	26.4	2.7%	4.4%	3.2	12.0%	13.2%	13.3%	6.6%	19.9%	91.6%
China & Hong Kong	14.7	23.8	3.5%	5.1%	1.2	5.0%	5.1%	5.0%	34.9%	102.0%	91.1%
CROCI Global	22.5	34.0	1.5%	3.2%	2.7	8.0%	7.6%	11.4%	35.5%	74.5%	89.0%
CROCI Developed Markets	23.4	35.2	1.4%	3.1%	2.9	8.2%	8.0%	12.2%	35.2%	70.8%	88.7%
CROCI Emerging Markets	15.8	24.8	2.5%	4.7%	1.6	6.3%	5.1%	6.6%	37.1%	103.4%	92.4%

Source: DWS CROCI: represents a bottom-up aggregation of the CROCI coverage of the stated benchmark. The numbers reflect CROCI coverage within each of the Indices (excluding financials). Data as on 14 January 2026.

4.2 Regional & Industry Group Valuations

The 2026e global median valuation expanded by 18% to 32.9x over the course of 2025. Over the same period, median global CROCI expanded from 8.0% to 8.5%. Four of the five cheapest industry groups (at the global level) have double digit CROCI. Pharma continues to feature amongst the cheapest three sectors for the fourth year in a row. Pharma is also amongst the cheapest industry groups across all major DM regions, despite significant variations in the underlying cash return profile across the three regions.

At the other end of the spectrum, Telecommunication Services is the most expensive industry group, at the global level and also amongst the three most expensive for United States and Japan.

Figure 74: Global median equity valuations by industry group (GICS Level 2)

	Economic PE				CROCI			
	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
Global	33.1	34.4	32.9	29.4	8.4%	7.8%	8.5%	9.1%
Pharma Biotech & Life Sci.	26.2	21.4	21.8	20.3	14.5%	14.5%	14.1%	14.3%
Food Beverage & Tobacco	27.7	25.4	25.0	23.1	12.8%	12.2%	13.0%	13.4%
Media & Entertainment	27.3	27.2	27.1	21.4	18.4%	22.1%	22.5%	21.6%
Household & Personal Products	34.9	31.2	29.3	26.5	12.0%	9.9%	10.4%	10.7%
Consumer Durables & Apparel	29.0	35.8	29.3	26.2	5.6%	4.4%	5.7%	6.9%
Health Care Equip. & Services	38.2	34.3	29.6	26.5	13.3%	14.3%	15.2%	16.5%
Consumer Services	32.0	34.4	29.8	26.2	12.5%	11.9%	13.3%	14.0%
Utilities	30.2	32.3	32.7	30.9	3.1%	3.2%	3.1%	3.2%
Transportation	30.5	30.7	33.0	29.3	5.4%	4.4%	4.0%	3.9%
Materials	37.4	36.9	33.4	30.3	4.3%	3.8%	4.4%	4.9%
Food & Staples Retailing	29.9	36.1	33.4	31.2	5.4%	4.9%	4.8%	4.7%
Com. & Professional Services	42.2	40.9	33.5	30.0	20.8%	20.2%	22.2%	23.8%
Retailing	34.1	39.6	33.7	30.0	12.7%	12.4%	10.8%	12.6%
Software & Services	42.4	38.8	34.2	28.7	23.7%	22.1%	22.8%	24.8%
Capital Goods	32.4	35.9	35.1	31.3	13.2%	12.6%	13.3%	14.2%
Automobiles & Components	39.6	46.3	35.2	29.0	2.2%	2.0%	2.5%	2.8%
Energy	32.1	34.3	35.3	32.9	3.1%	2.9%	2.6%	2.7%
Tech. Hardware & Equipment	36.2	38.7	39.0	32.5	10.1%	13.1%	14.0%	14.9%
Semis & Semi Equipment	33.5	44.5	43.9	31.8	15.1%	18.8%	21.4%	23.2%
Telecommunication Services	54.1	50.7	53.5	56.9	0.6%	1.1%	1.3%	1.3%

Source: DWS, CROCI. The table shows the median numbers by sector within CROCI developed market coverage universe. Data as available on 14 January 2026.

Consistent with what we saw in [Section 1.1](#), on median valuation, the United States and Europe converge, and are about 5% cheaper than Japan. At the same time, the median US CROCI is almost twice that of Europe and more than three times Japan.

Figure 75: US equity median valuations by industry group (GICS Level 2)

	Economic PE				CROCI			
	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
US	33.7	33.5	32.7	28.9	11.8%	11.9%	12.8%	13.9%
Food Beverage & Tobacco	28.7	25.3	24.3	23.1	18.2%	15.7%	15.7%	16.1%
Pharma., Biotech. & Life Sci.	31.2	25.7	26.3	23.9	18.7%	18.3%	18.4%	19.2%
Health Care Equip. & Services	35.6	31.7	27.8	24.6	16.7%	16.6%	17.2%	18.0%
Media & Entertainment	26.6	27.2	28.0	21.4	17.5%	21.8%	19.2%	16.6%
Consumer Services	29.4	29.7	28.6	26.7	11.5%	11.0%	11.6%	12.3%
Com. & Professional Services	35.1	33.0	29.7	27.2	13.4%	12.3%	12.5%	13.3%
Household & Personal Products	35.1	33.0	29.7	27.2	13.4%	12.3%	12.5%	13.3%
Automobiles & Components	32.2	31.3	29.9	23.8	3.8%	2.7%	3.0%	3.7%
Consumer Durables & Apparel	28.8	35.8	31.7	28.0	8.3%	6.0%	7.4%	8.9%
Utilities	32.6	33.0	31.8	29.8	3.3%	3.3%	3.3%	3.4%
Energy	30.4	32.4	33.1	30.7	4.2%	3.9%	3.7%	3.8%
Transportation	35.9	33.1	34.0	30.5	5.9%	5.6%	5.9%	6.1%
Retailing	35.9	33.1	34.0	30.5	5.9%	5.6%	5.9%	6.1%
Capital Goods	33.9	32.6	34.2	31.1	18.9%	18.9%	20.5%	21.8%
Software & Services	44.8	36.0	34.7	29.1	23.9%	26.9%	29.3%	31.4%
Materials	33.0	40.6	34.7	32.2	5.9%	5.5%	6.3%	7.0%
Food & Staples Retailing	33.0	40.6	34.7	32.2	5.9%	5.5%	6.3%	7.0%
Tech. Hardware & Equipment	36.2	40.0	39.0	33.2	12.1%	15.3%	19.6%	22.4%
Telecommunication Services	45.9	49.5	43.0	37.9	1.5%	1.6%	1.7%	1.8%
Semis & Semi Equipment	43.6	46.1	43.1	30.7	15.1%	19.6%	22.6%	25.4%

Source: DWS, CROCI. The table shows the median numbers by sector within CROCI developed market coverage universe. Data as available on 14 January 2026.

Figure 76: European equity valuations by industry group (GICS Level 2)

	Economic PE				CROCI			
	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
Europe	32.4	34.6	32.6	29.2	7.0%	6.3%	6.8%	7.5%
Pharma., Biotech. & Life Sci.	21.3	20.7	20.3	18.6	11.9%	12.3%	13.1%	12.9%
Transportation	15.9	17.5	23.1	24.6	7.2%	6.2%	5.2%	4.9%
Consumer Durables & Apparel	35.5	36.7	23.3	23.8	5.4%	3.9%	5.2%	6.5%
Retailing	35.5	36.7	23.3	23.8	5.4%	3.9%	5.2%	6.5%
Tech. Hardware & Equipment	25.5	25.5	24.8	21.2	6.7%	6.4%	6.5%	7.5%
Household & Personal Products	26.0	24.7	24.9	23.0	13.7%	12.8%	12.6%	13.0%
Food Beverage & Tobacco	26.6	26.7	25.0	22.9	12.3%	12.2%	12.9%	13.7%
Consumer Services	31.6	30.2	28.2	23.0	19.8%	21.1%	21.5%	22.6%
Software & Services	43.3	38.4	28.9	25.4	24.8%	22.4%	23.8%	26.6%
Health Care Equip. & Services	40.2	36.1	30.6	26.7	10.8%	10.8%	11.0%	11.9%
Food & Staples Retailing	28.4	31.5	32.8	34.3	3.4%	3.3%	3.1%	3.0%
Utilities	28.4	31.5	32.8	34.3	3.4%	3.3%	3.1%	3.0%
Materials	45.2	37.3	33.1	30.5	2.8%	2.2%	3.5%	3.7%
Capital Goods	32.1	36.1	34.7	31.3	10.2%	10.1%	11.1%	12.6%
Semis & Semi Equipment	30.8	37.8	51.0	27.5	7.7%	5.7%	6.6%	8.9%
Telecommunication Services	96.8	48.9	52.5	49.5	0.5%	1.6%	1.6%	1.6%
Automobiles & Components	49.0	70.1	53.0	32.7	1.2%	0.6%	1.1%	1.9%
Energy	49.9	52.5	57.0	50.1	1.3%	1.0%	0.8%	0.8%
Com. & Professional Services	46.7	62.2	63.7	48.1	42.1%	38.4%	38.0%	38.5%
Media & Entertainment	46.7	62.2	63.7	48.1	42.1%	38.4%	38.0%	38.5%

Source: DWS, CROCI. The table shows the median numbers by sector within CROCI developed market coverage universe. Data as available on 14 January 2026.

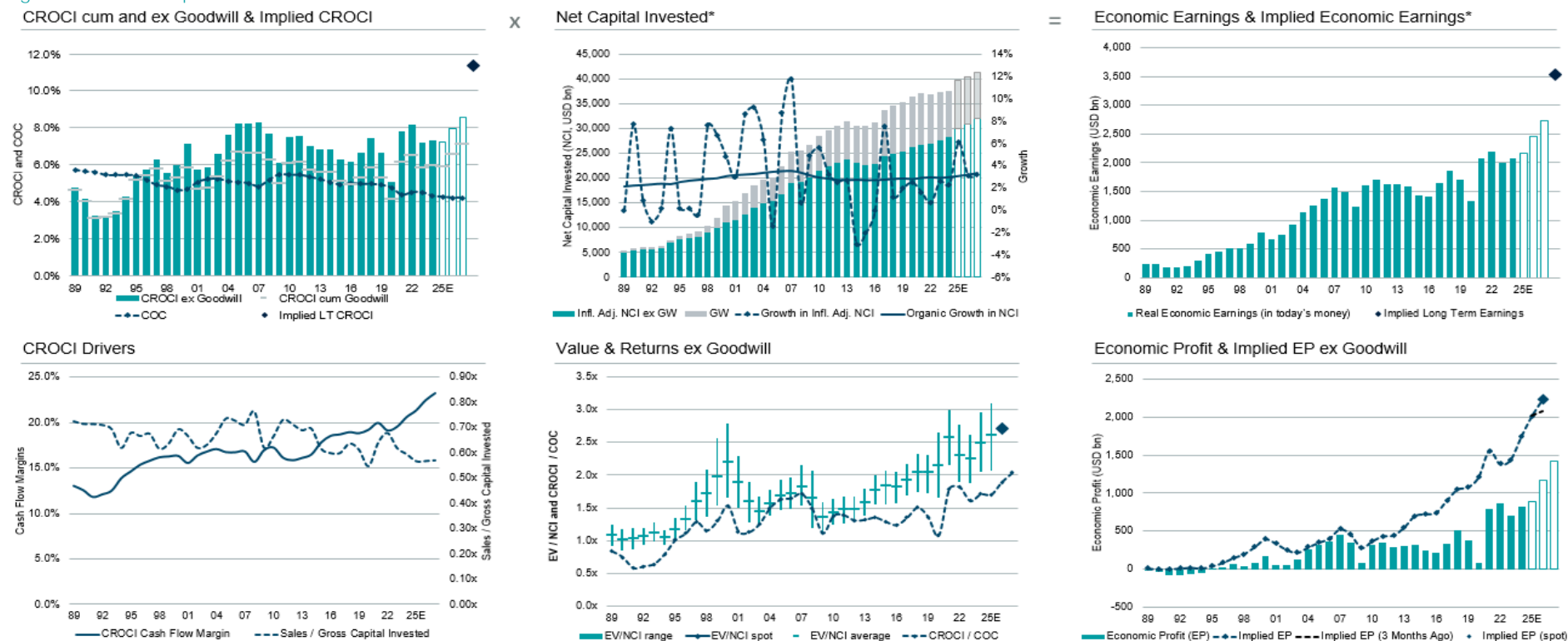
Figure 77: Japanese equity valuations by industry group (GICS Level 2)

	Economic PE				CROCI			
	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
Japan	30.3	37.9	33.9	30.2	4.1%	3.4%	3.8%	3.6%
Pharma., Biotech. & Life Sci.	15.0	16.3	16.0	17.9	10.4%	9.5%	9.9%	8.9%
Media & Entertainment	26.6	27.3	25.9	23.5	17.3%	22.1%	22.5%	25.7%
Com. & Professional Services	22.0	23.2	28.4	28.9	2.6%	1.1%	2.5%	3.0%
Consumer Durables & Apparel	22.0	23.2	28.4	28.9	2.6%	1.1%	2.5%	3.0%
Food & Staples Retailing	40.1	35.0	32.5	29.9	9.5%	7.4%	7.7%	7.7%
Health Care Equip. & Services	40.1	35.0	32.5	29.9	9.5%	7.4%	7.7%	7.7%
Utilities	28.4	27.5	33.7	34.6	1.6%	1.8%	1.4%	1.3%
Household & Personal Products	80.9	36.2	34.0	29.3	4.0%	4.6%	5.0%	5.3%
Food Beverage & Tobacco	29.1	34.7	34.0	28.3	7.4%	7.4%	7.9%	8.1%
Transportation	17.8	31.7	34.5	30.4	2.7%	2.6%	2.9%	3.0%
Materials	33.4	34.4	36.8	29.8	1.0%	1.2%	1.7%	1.6%
Automobiles & Components	22.2	28.7	38.8	30.0	2.5%	2.3%	2.8%	2.9%
Energy	44.3	67.3	80.0	42.5	0.8%	0.9%	1.5%	1.5%
Retailing	33.8	32.3	44.1	36.5	6.4%	8.7%	9.9%	10.8%
Software & Services	33.8	32.3	44.1	36.5	6.4%	8.7%	9.9%	10.8%
Consumer Services	90.4	61.7	46.0	41.2	8.8%	8.0%	8.2%	8.1%
Capital Goods	31.6	31.1	48.1	41.2	4.3%	4.4%	4.8%	5.0%
Semis & Semi Equipment	33.3	29.2	58.8	50.2	24.1%	18.5%	20.4%	20.1%
Tech. Hardware & Equipment	41.7	46.4	62.7	47.4	1.8%	1.7%	2.1%	2.6%
Telecommunication Services	56.8	54.1	70.0	67.2	0.3%	0.1%	0.0%	-0.2%

Source: DWS, CROCI. The table shows the median numbers by sector within CROCI developed market coverage universe. Data as available on 14 January 2026.

Section 5: CROCI charts

Figure 78: Global Equities CROCI

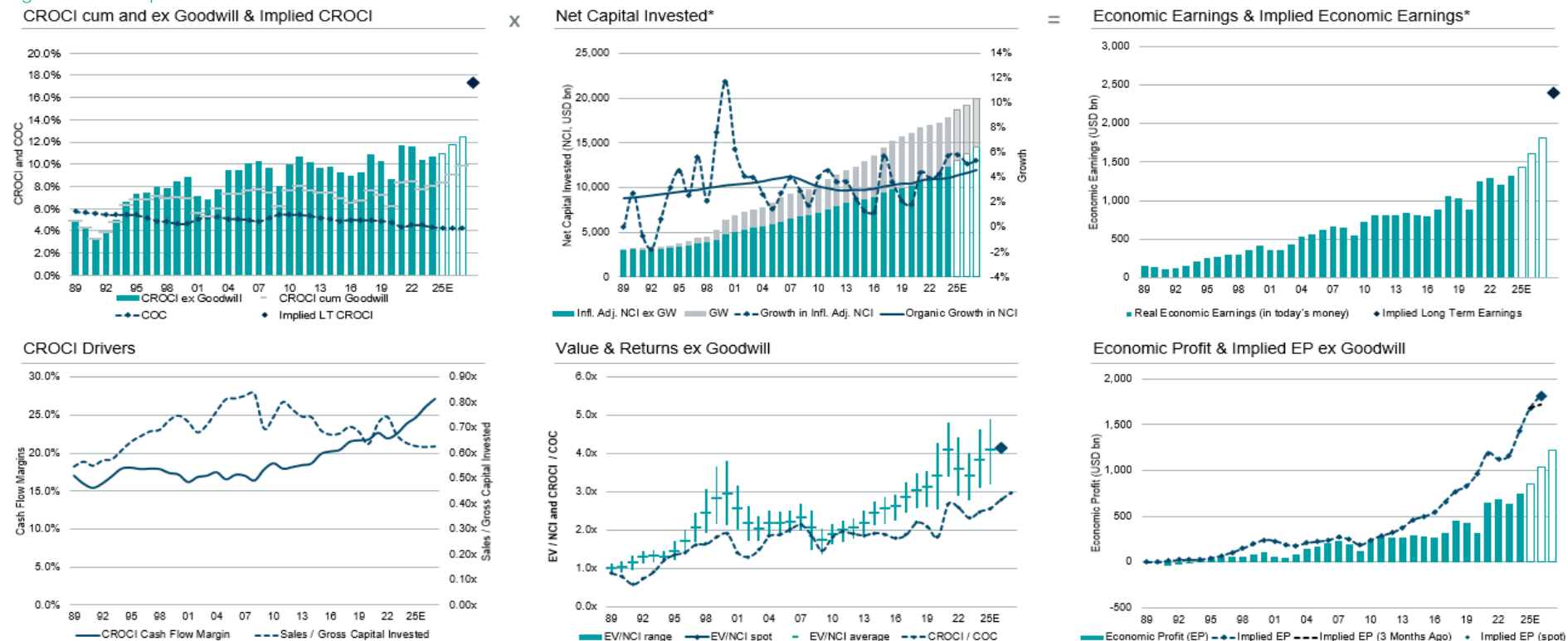


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	24,221	22,533	19,898	22,579	24,746	25,885	28,837	31,789	32,765	33,089	38,013	41,608	43,244	47,653	58,733	54,470	57,586	67,674	76,998	84,186	82,738
Market Cap (USD bn)	20,218	17,338	14,655	17,424	19,106	19,867	22,888	25,603	26,310	26,193	30,332	33,224	34,324	38,417	49,575	45,342	48,195	58,043	67,026	74,915	74,919
EV/NCI Ex. GW	1.83x	1.64x	1.35x	1.43x	1.48x	1.48x	1.58x	1.77x	1.83x	1.82x	1.92x	2.04x	2.04x	2.15x	2.57x	2.29x	2.25x	2.49x	2.60x	2.71x	2.53x
Economic PE	22.1x	21.3x	22.2x	19.0x	19.5x	21.1x	23.1x	25.9x	29.0x	29.4x	28.8x	27.4x	30.6x	42.2x	33.0x	28.1x	31.1x	33.9x	36.0x	34.0x	29.6x
Accounting PE	16.5x	15.5x	15.6x	13.2x	13.0x	13.8x	15.6x	17.2x	19.2x	18.8x	18.4x	17.5x	19.2x	24.9x	20.3x	17.0x	18.7x	21.1x	23.0x	22.5x	20.0x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	8.3%	7.7%	6.1%	7.5%	7.6%	7.0%	6.8%	6.8%	6.3%	6.2%	6.7%	7.4%	6.7%	5.1%	7.8%	8.2%	7.2%	7.3%	7.2%	8.0%	8.5%
Implied CROCI	8.8%	8.5%	7.4%	7.8%	8.0%	7.9%	8.2%	9.0%	9.0%	9.1%	9.5%	10.1%	10.0%	10.2%	11.2%	10.3%	10.1%	10.7%	11.1%	11.4%	10.6%
Implied Economic Earnings/ Economic Earnings	106%	110%	122%	104%	106%	113%	120%	131%	142%	147%	143%	136%	150%	201%	143%	126%	140%	146%	153%	143%	124%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

*Displayed in today's money. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

Figure 79: US Equities CROCI

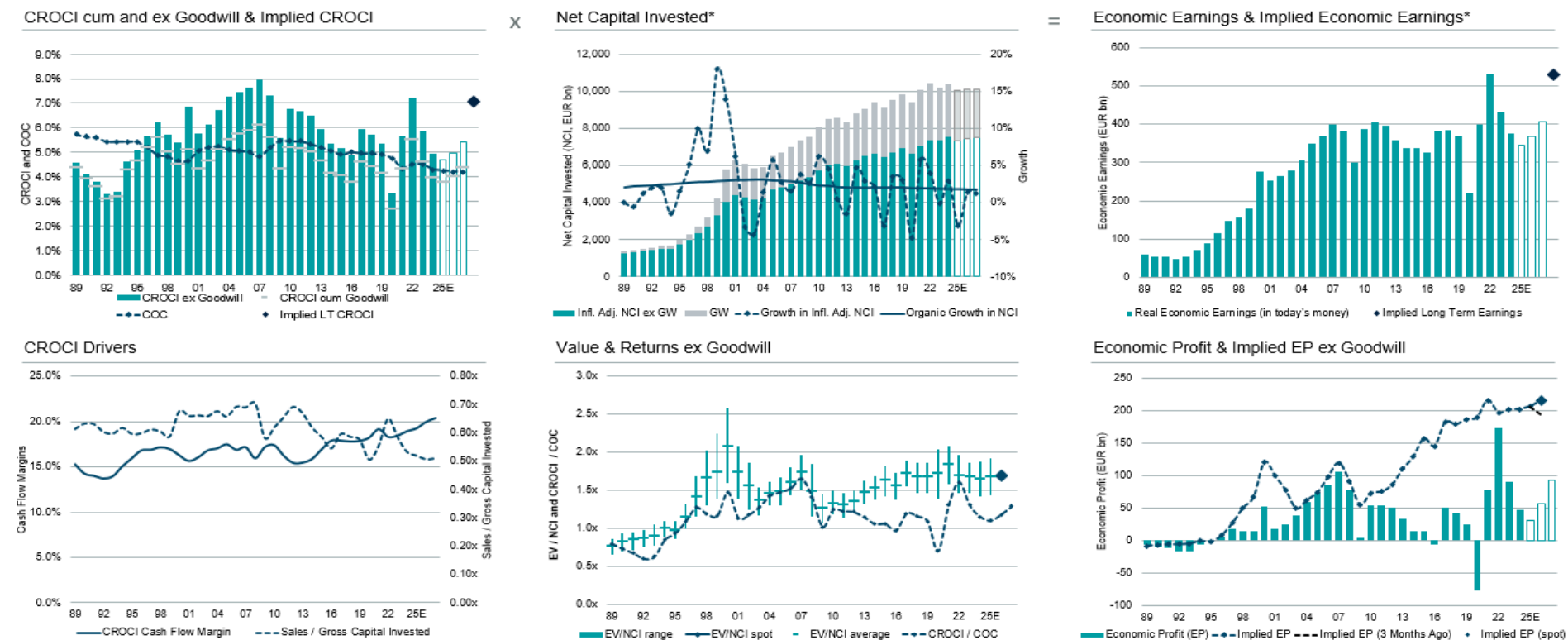


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	9,883	9,344	8,103	9,382	10,613	11,672	13,330	15,434	16,670	17,658	20,618	23,271	24,930	28,676	36,199	34,564	36,555	45,130	52,362	57,010	55,994
Market Cap (USD bn)	8,665	7,665	6,445	7,810	8,794	9,727	11,398	13,270	14,144	14,683	17,038	19,152	20,497	24,027	31,581	29,824	31,582	39,958	47,112	52,290	52,290
EV/NCI Ex. GW	2.33x	2.07x	1.72x	1.88x	1.99x	2.04x	2.19x	2.43x	2.55x	2.61x	2.84x	3.03x	3.10x	3.42x	4.09x	3.59x	3.40x	3.82x	4.09x	4.13x	3.79x
Economic PE	22.6x	21.4x	21.5x	18.8x	18.7x	20.1x	22.6x	24.9x	27.5x	29.2x	30.6x	27.9x	30.2x	39.8x	35.0x	31.0x	32.7x	35.8x	37.5x	35.3x	30.3x
Accounting PE	17.2x	15.6x	16.1x	13.9x	13.3x	14.3x	16.4x	17.9x	19.5x	20.2x	20.7x	19.3x	20.7x	26.9x	24.2x	20.5x	21.8x	24.7x	26.6x	25.6x	22.5x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	10.3%	9.6%	8.0%	10.0%	10.7%	10.2%	9.7%	9.8%	9.3%	8.9%	9.3%	10.9%	10.3%	8.6%	11.7%	11.6%	10.4%	10.7%	10.9%	11.7%	12.5%
Implied CROCI	11.2%	10.7%	9.4%	10.3%	10.8%	10.9%	11.4%	12.3%	12.5%	13.0%	14.1%	15.0%	15.2%	16.3%	17.8%	16.2%	15.3%	16.4%	17.4%	17.4%	15.9%
Implied Economic Earnings/ Economic Earnings	109%	111%	118%	103%	102%	108%	117%	126%	135%	146%	151%	138%	148%	189%	152%	139%	147%	154%	159%	148%	127%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

*Displayed in today's money. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

Figure 80: Europe Equities CROCI

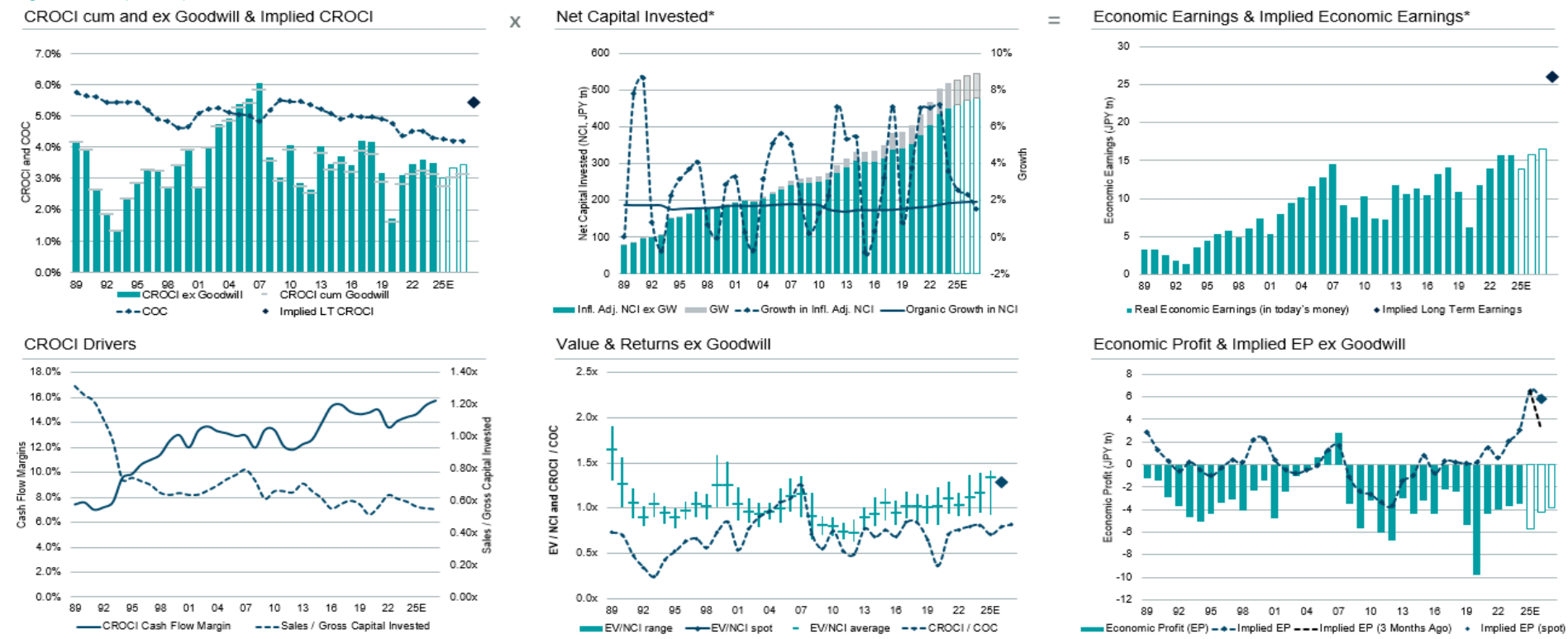


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (EUR bn)	5,871	5,387	4,802	5,454	5,810	6,121	6,621	7,335	8,226	8,112	8,774	8,968	9,427	9,449	10,917	10,722	11,134	11,925	12,060	12,597	12,439
Market Cap (EUR bn)	4,572	3,718	3,099	3,755	3,985	4,203	4,777	5,330	6,055	5,756	6,388	6,509	6,741	6,660	8,151	7,999	8,404	9,088	9,165	9,866	9,869
EV/NCI Ex. GW	1.73x	1.49x	1.26x	1.32x	1.31x	1.35x	1.47x	1.53x	1.64x	1.56x	1.72x	1.67x	1.68x	1.73x	1.83x	1.69x	1.67x	1.65x	1.67x	1.69x	1.61x
Economic PE	21.7x	20.3x	22.5x	19.6x	19.6x	20.8x	24.6x	28.5x	31.6x	31.9x	29.0x	29.1x	31.3x	51.6x	32.4x	23.3x	28.5x	33.3x	35.7x	34.0x	29.8x
Accounting PE	14.7x	13.1x	13.9x	12.2x	11.7x	12.6x	15.7x	17.9x	20.0x	18.7x	17.3x	16.9x	17.8x	26.6x	17.1x	12.3x	14.9x	17.3x	18.6x	18.5x	16.6x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	8.0%	7.3%	5.6%	6.8%	6.7%	6.5%	6.0%	5.4%	5.2%	4.9%	5.9%	5.7%	5.4%	3.3%	5.7%	7.2%	5.9%	5.0%	4.7%	5.0%	5.4%
Implied CROCI	8.3%	7.7%	6.9%	7.2%	7.1%	7.2%	7.6%	7.8%	8.0%	7.8%	8.5%	8.3%	8.2%	8.2%	8.0%	7.6%	7.5%	7.1%	7.1%	7.1%	6.8%
Implied Economic Earnings/ Economic Earnings	105%	105%	124%	107%	107%	112%	128%	144%	155%	160%	144%	144%	153%	245%	141%	105%	128%	143%	152%	143%	125%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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Figure 81: Japan Equities CROCI

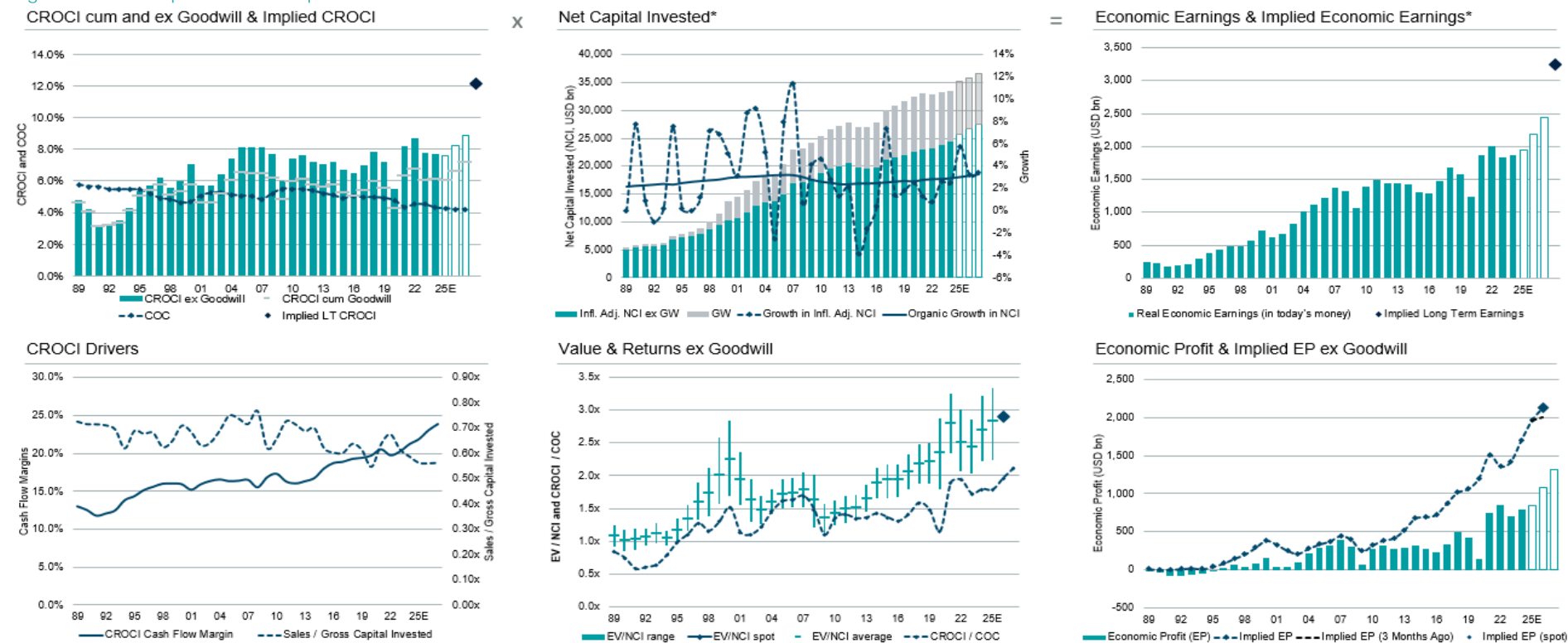


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (JPY tn)	264	212	188	186	173	178	228	251	288	262	294	312	313	330	386	388	453	509	616	621	610
Market Cap (JPY tn)	214	149	125	129	114	115	169	193	225	204	240	251	246	265	320	316	382	433	540	550	550
EV/NCI Ex. GW	1.15x	0.91x	0.81x	0.80x	0.74x	0.72x	0.89x	0.93x	1.06x	0.94x	1.02x	1.02x	1.01x	1.02x	1.10x	1.03x	1.11x	1.16x	1.33x	1.29x	1.22x
Economic PE	19.1x	24.8x	26.9x	19.5x	25.7x	27.5x	22.1x	26.9x	28.6x	27.4x	24.4x	24.4x	31.7x	58.6x	35.5x	30.1x	30.9x	33.2x	44.3x	38.7x	35.5x
Accounting PE	16.8x	27.1x	20.7x	13.4x	16.2x	14.3x	13.9x	14.2x	16.3x	14.2x	13.3x	13.3x	14.7x	17.9x	13.7x	12.6x	13.0x	14.5x	19.6x	17.8x	16.5x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	6.0%	3.7%	3.0%	4.1%	2.9%	2.6%	4.0%	3.5%	3.7%	3.4%	4.2%	4.2%	3.2%	1.7%	3.1%	3.4%	3.6%	3.5%	3.0%	3.3%	3.4%
Implied CROCI	5.5%	4.7%	4.4%	4.3%	4.0%	3.9%	4.6%	4.7%	5.2%	4.7%	5.1%	5.0%	4.9%	4.8%	4.8%	4.7%	5.0%	5.0%	5.7%	5.4%	5.1%
Implied Economic Earnings/ Economic Earnings	92%	128%	147%	106%	140%	147%	115%	136%	140%	137%	121%	121%	155%	279%	155%	135%	139%	143%	188%	163%	149%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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Figure 82: Developed Markets Equities CROCI

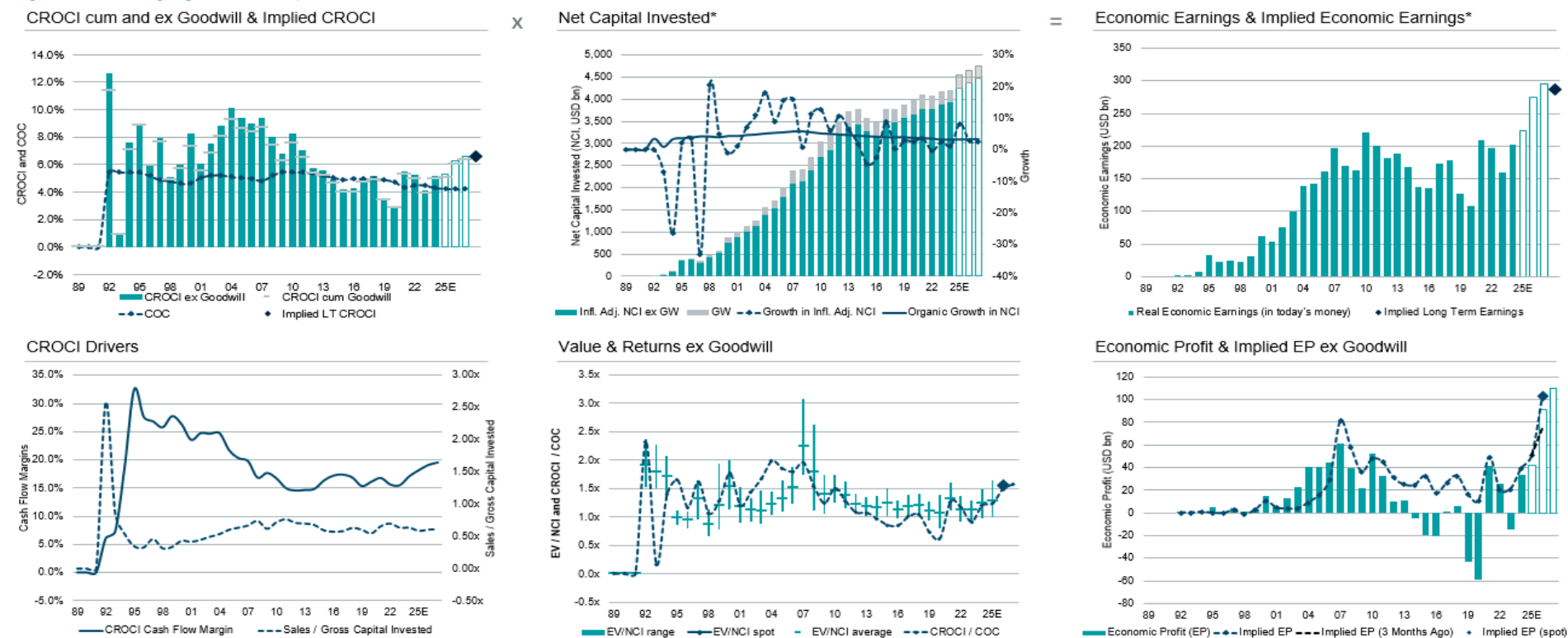


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	21,198	19,994	17,570	19,815	21,808	22,830	25,653	28,475	29,350	30,044	34,504	37,887	39,712	44,106	54,110	50,443	53,359	62,919	71,577	77,354	76,069
Market Cap (USD bn)	17,514	15,165	12,705	15,084	16,627	17,388	20,348	22,959	23,535	23,732	27,374	30,067	31,360	35,261	45,397	41,858	44,550	53,863	62,197	68,601	68,604
EV/NCI Ex. GW	1.78x	1.62x	1.35x	1.42x	1.49x	1.52x	1.65x	1.88x	1.93x	1.94x	2.05x	2.18x	2.21x	2.34x	2.79x	2.50x	2.44x	2.70x	2.82x	2.89x	2.70x
Economic PE	21.9x	21.1x	22.5x	19.2x	19.5x	21.1x	23.3x	26.1x	29.0x	29.7x	29.4x	27.9x	30.6x	42.8x	34.1x	28.8x	31.5x	35.0x	37.3x	35.2x	30.5x
Accounting PE	16.1x	15.2x	15.6x	13.2x	12.9x	13.8x	15.9x	17.5x	19.4x	19.1x	18.8x	17.9x	19.3x	25.6x	21.0x	17.5x	19.1x	22.0x	24.1x	23.4x	20.8x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	8.1%	7.7%	6.0%	7.4%	7.6%	7.2%	7.1%	7.2%	6.7%	6.5%	7.0%	7.8%	7.2%	5.5%	8.2%	8.7%	7.8%	7.7%	7.6%	8.2%	8.9%
Implied CROCI	8.6%	8.4%	7.4%	7.8%	8.1%	8.1%	8.6%	9.5%	9.5%	9.7%	10.1%	10.8%	10.8%	11.1%	12.1%	11.3%	11.0%	11.6%	12.0%	12.2%	11.3%
Implied Economic Earnings/ Economic Earnings	105%	110%	123%	105%	106%	113%	121%	132%	142%	149%	146%	138%	150%	204%	148%	130%	142%	151%	159%	148%	128%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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Figure 83: Emerging Markets Equities CROCI

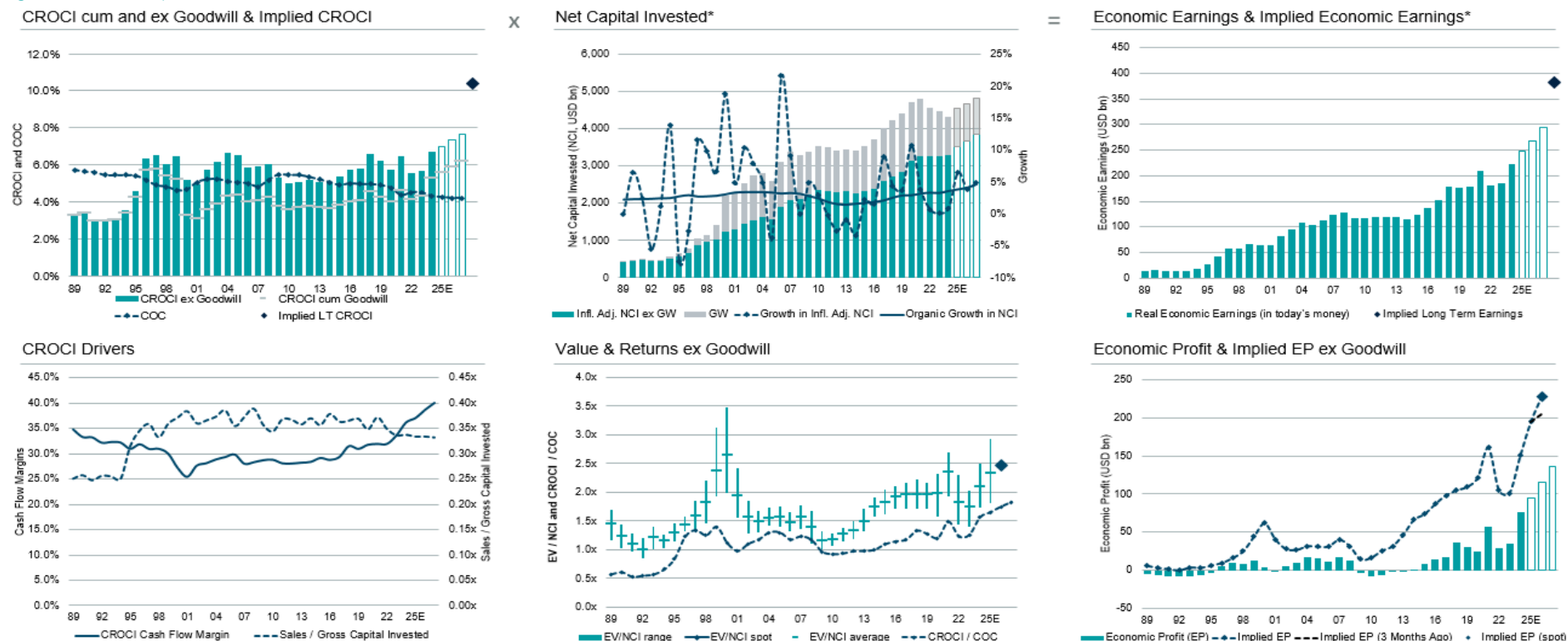


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	3,023	2,539	2,328	2,765	2,938	3,055	3,184	3,314	3,414	3,045	3,509	3,722	3,532	3,548	4,624	4,027	4,228	4,755	5,421	6,831	6,670
Market Cap (USD bn)	2,705	2,174	1,950	2,340	2,479	2,479	2,540	2,644	2,775	2,461	2,958	3,156	2,964	3,156	4,178	3,484	3,645	4,180	4,829	6,314	6,314
EV/NCI Ex. GW	2.25x	1.78x	1.40x	1.46x	1.39x	1.23x	1.18x	1.17x	1.24x	1.13x	1.18x	1.21x	1.10x	1.07x	1.32x	1.13x	1.12x	1.24x	1.28x	1.56x	1.46x
Economic PE	23.9x	22.4x	20.5x	17.8x	19.8x	21.4x	21.0x	23.8x	29.5x	26.5x	23.7x	23.6x	31.0x	35.9x	23.9x	21.5x	27.3x	23.9x	24.4x	24.8x	22.1x
Accounting PE	19.8x	18.9x	15.4x	13.2x	13.9x	13.9x	13.5x	14.7x	18.1x	16.5x	15.3x	14.4x	17.3x	18.7x	14.8x	12.7x	15.1x	13.8x	14.3x	15.8x	14.4x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	9.4%	8.0%	6.8%	8.2%	7.0%	5.8%	5.6%	4.9%	4.2%	4.2%	5.0%	5.1%	3.6%	3.0%	5.5%	5.2%	4.1%	5.2%	5.3%	6.3%	6.6%
Implied CROCI	10.9%	9.2%	7.6%	8.0%	7.6%	6.6%	6.1%	5.9%	6.1%	5.6%	5.8%	6.0%	5.4%	5.1%	5.8%	5.1%	5.1%	5.3%	5.4%	6.6%	6.1%
Implied Economic Earnings/ Economic Earnings	115%	116%	112%	97%	108%	114%	109%	121%	144%	133%	117%	117%	152%	171%	104%	97%	123%	103%	104%	104%	93%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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Figure 84: Developed Markets Communication Services CROCI

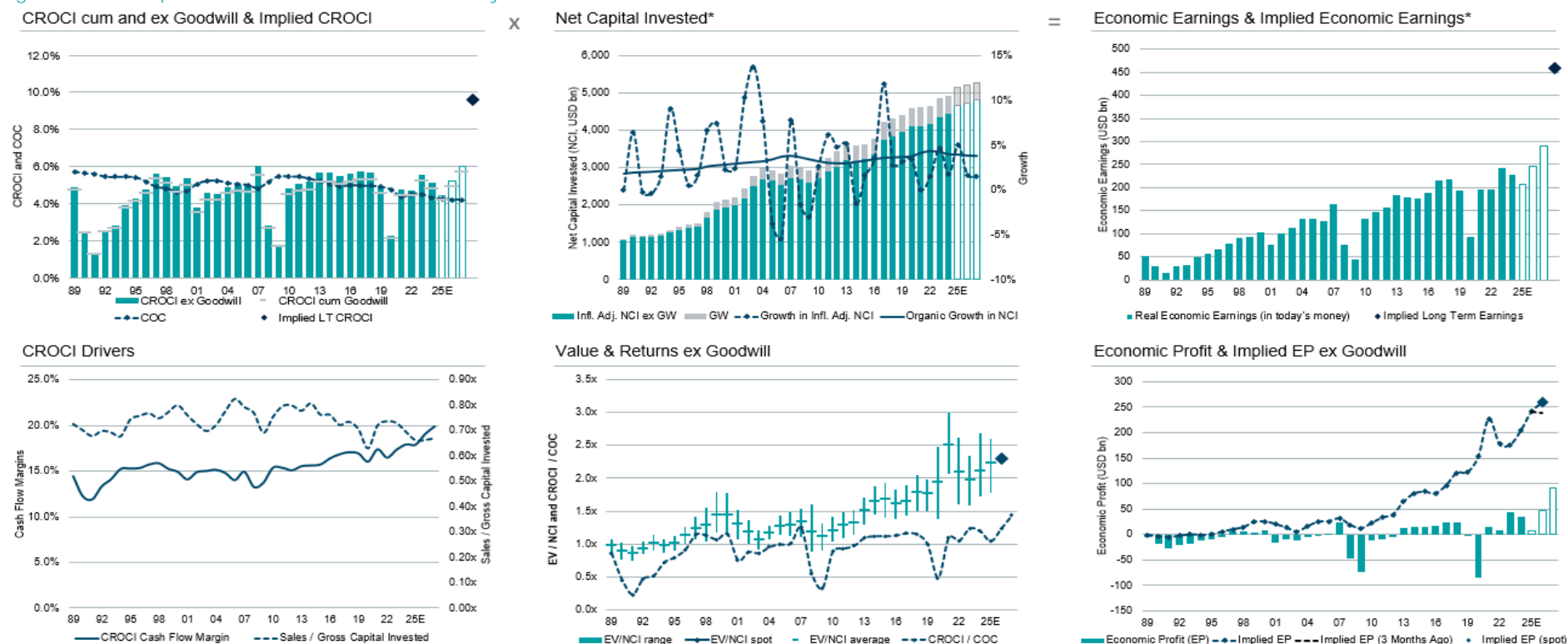


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	2,316	2,148	1,906	2,060	2,231	2,328	2,680	3,046	3,310	3,621	4,063	4,316	4,554	5,165	6,433	5,170	5,258	6,649	8,040	9,080	8,919
Market Cap (USD bn)	1,686	1,383	1,161	1,317	1,433	1,527	1,803	2,201	2,405	2,648	3,000	3,121	3,330	3,799	5,034	3,840	3,934	5,343	6,709	7,863	7,864
EV/NCI Ex. GW	1.56x	1.40x	1.16x	1.17x	1.27x	1.34x	1.50x	1.75x	1.83x	1.92x	1.95x	1.96x	1.96x	1.98x	2.35x	1.82x	1.75x	2.10x	2.33x	2.47x	2.27x
Economic PE	26.3x	23.1x	21.9x	23.4x	24.9x	25.7x	29.5x	34.4x	34.1x	33.5x	33.6x	29.8x	31.5x	34.7x	36.4x	32.9x	30.9x	31.4x	33.2x	33.7x	29.7x
Accounting PE	17.7x	13.6x	11.7x	12.6x	13.1x	13.7x	16.6x	20.1x	20.6x	19.2x	19.8x	18.3x	18.8x	20.1x	20.8x	17.8x	16.8x	18.7x	21.1x	22.5x	20.3x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	5.9%	6.0%	5.3%	5.0%	5.1%	5.2%	5.1%	5.1%	5.4%	5.7%	5.8%	6.6%	6.2%	5.7%	6.5%	5.5%	5.7%	6.7%	7.0%	7.3%	7.7%
Implied CROCI	7.5%	7.2%	6.3%	6.4%	6.9%	7.2%	7.8%	8.9%	9.0%	9.6%	9.7%	9.7%	9.6%	9.4%	10.2%	8.2%	7.9%	9.1%	9.9%	10.4%	9.5%
Implied Economic Earnings/ Economic Earnings	127%	120%	120%	127%	135%	138%	154%	175%	167%	167%	167%	148%	154%	165%	158%	148%	139%	135%	141%	142%	125%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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Figure 85: Developed Markets Consumer Discretionary CROCI

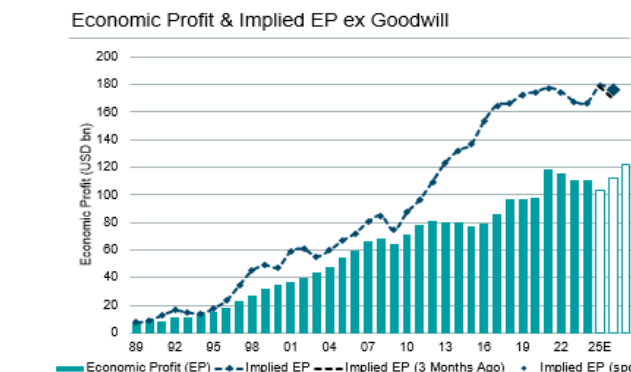
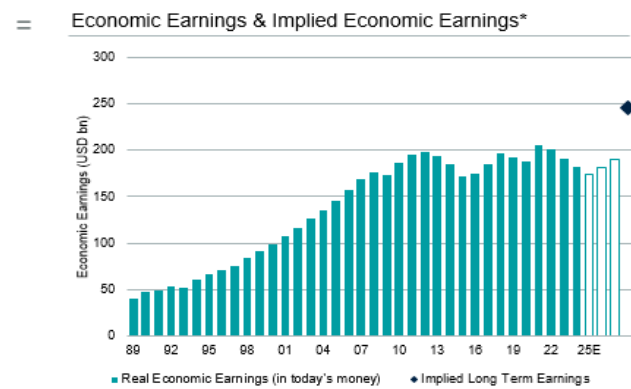
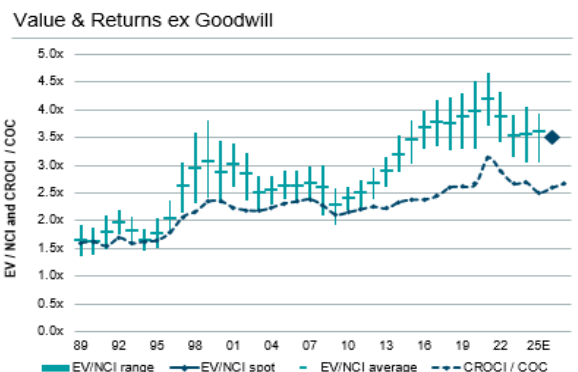
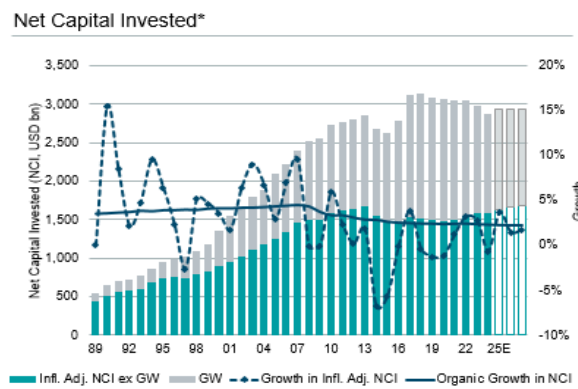
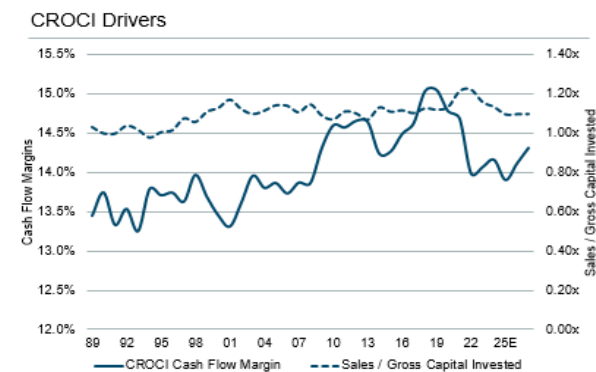
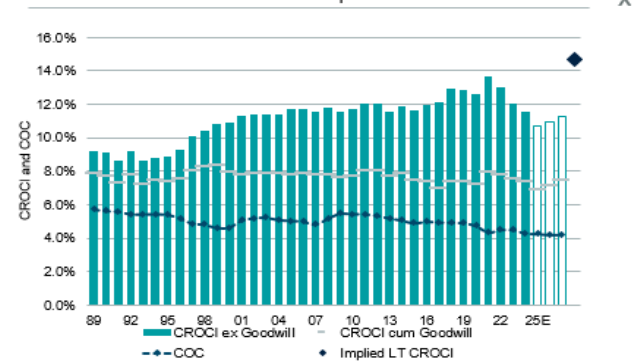


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	2,632	2,338	2,174	2,467	2,806	3,036	3,690	4,030	4,231	4,268	4,952	5,564	5,763	6,641	8,708	7,590	7,907	8,994	10,263	10,928	10,788
Market Cap (USD bn)	1,875	1,411	1,290	1,701	1,972	2,131	2,761	3,047	3,204	3,154	3,693	4,209	4,290	5,141	7,311	6,127	6,371	7,414	8,614	9,322	9,322
EV/NCI Ex. GW	1.33x	1.18x	1.11x	1.20x	1.28x	1.32x	1.50x	1.65x	1.68x	1.61x	1.65x	1.79x	1.77x	1.93x	2.50x	2.09x	1.98x	2.11x	2.24x	2.29x	2.19x
Economic PE	22.1x	41.8x	63.6x	24.7x	25.2x	25.4x	26.5x	29.1x	30.6x	28.5x	28.7x	31.4x	36.1x	84.8x	52.2x	44.1x	35.5x	41.1x	50.5x	44.1x	36.3x
Accounting PE	17.0x	42.1x	49.6x	14.5x	14.9x	15.0x	16.6x	17.4x	18.1x	16.7x	17.2x	18.7x	20.9x	38.0x	26.8x	22.0x	18.8x	21.9x	28.5x	26.0x	22.8x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	6.0%	2.8%	1.8%	4.9%	5.1%	5.2%	5.7%	5.7%	5.5%	5.6%	5.8%	5.7%	4.9%	2.3%	4.8%	4.7%	5.6%	5.1%	4.4%	5.2%	6.0%
Implied CROCI	6.4%	6.1%	6.1%	6.5%	7.0%	7.0%	7.8%	8.4%	8.2%	8.0%	8.2%	8.8%	8.6%	9.2%	10.9%	9.4%	8.9%	9.1%	9.5%	9.6%	9.2%
Implied Economic Earnings/ Economic Earnings	107%	216%	348%	135%	137%	136%	138%	147%	150%	142%	142%	156%	177%	403%	227%	198%	160%	177%	214%	185%	152%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

*Displayed in today's money. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

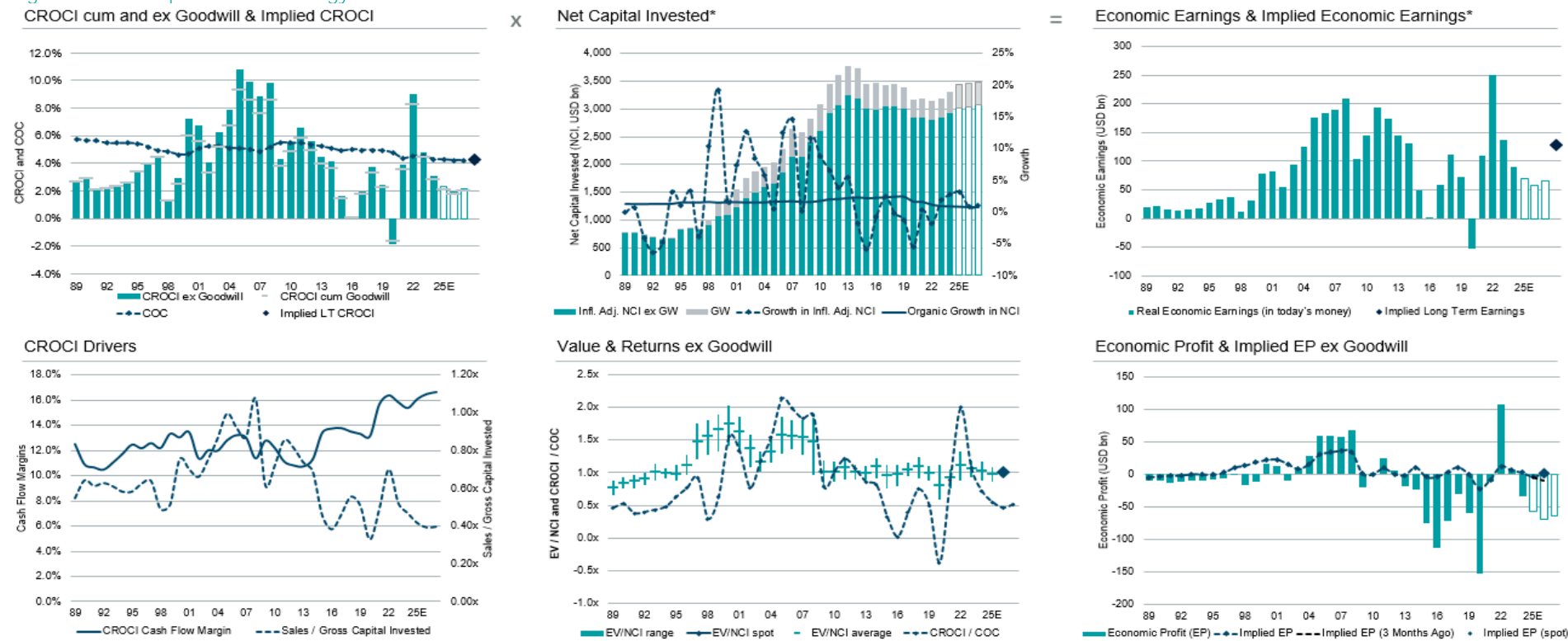
Figure 86: Developed Markets Consumer Staples CROCI
CROCI cum and ex Goodwill & Implied CROCI



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	2,666	2,681	2,423	2,741	2,956	3,267	3,629	3,792	3,925	4,210	4,536	4,578	4,753	4,906	5,351	5,232	5,194	5,392	5,824	5,864	5,781
Market Cap (USD bn)	2,256	2,087	1,887	2,195	2,352	2,649	3,011	3,153	3,310	3,520	3,710	3,685	3,885	4,062	4,514	4,350	4,333	4,530	4,984	5,067	5,069
EV/NCI Ex. GW	2.68x	2.59x	2.27x	2.40x	2.49x	2.68x	2.89x	3.20x	3.45x	3.67x	3.76x	3.75x	3.87x	3.97x	4.20x	3.87x	3.54x	3.55x	3.60x	3.50x	3.33x
Economic PE	23.3x	21.9x	19.7x	20.5x	20.7x	22.3x	25.0x	27.0x	29.6x	30.8x	31.1x	29.1x	30.2x	31.4x	30.7x	29.7x	29.4x	30.7x	33.7x	32.1x	29.7x
Accounting PE	18.7x	17.0x	14.4x	15.3x	14.9x	16.2x	18.3x	20.1x	21.6x	22.0x	21.9x	20.0x	21.0x	21.6x	21.3x	21.0x	20.1x	20.3x	22.3x	21.1x	19.6x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	11.5%	11.8%	11.6%	11.7%	12.0%	12.1%	11.6%	11.9%	11.7%	11.9%	12.1%	12.9%	12.8%	12.6%	13.7%	13.0%	12.0%	11.6%	10.7%	10.9%	11.2%
Implied CROCI	12.9%	13.4%	12.5%	13.1%	13.6%	14.3%	15.0%	16.2%	16.9%	18.3%	18.6%	18.6%	18.9%	18.8%	18.3%	17.4%	15.9%	15.3%	15.3%	14.7%	14.0%
Implied Economic Earnings/ Economic Earnings	112%	114%	108%	112%	113%	119%	130%	137%	145%	154%	154%	144%	148%	149%	134%	134%	132%	132%	143%	135%	125%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.
*Displayed in today's money. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

Figure 87: Developed Markets Energy CROCI

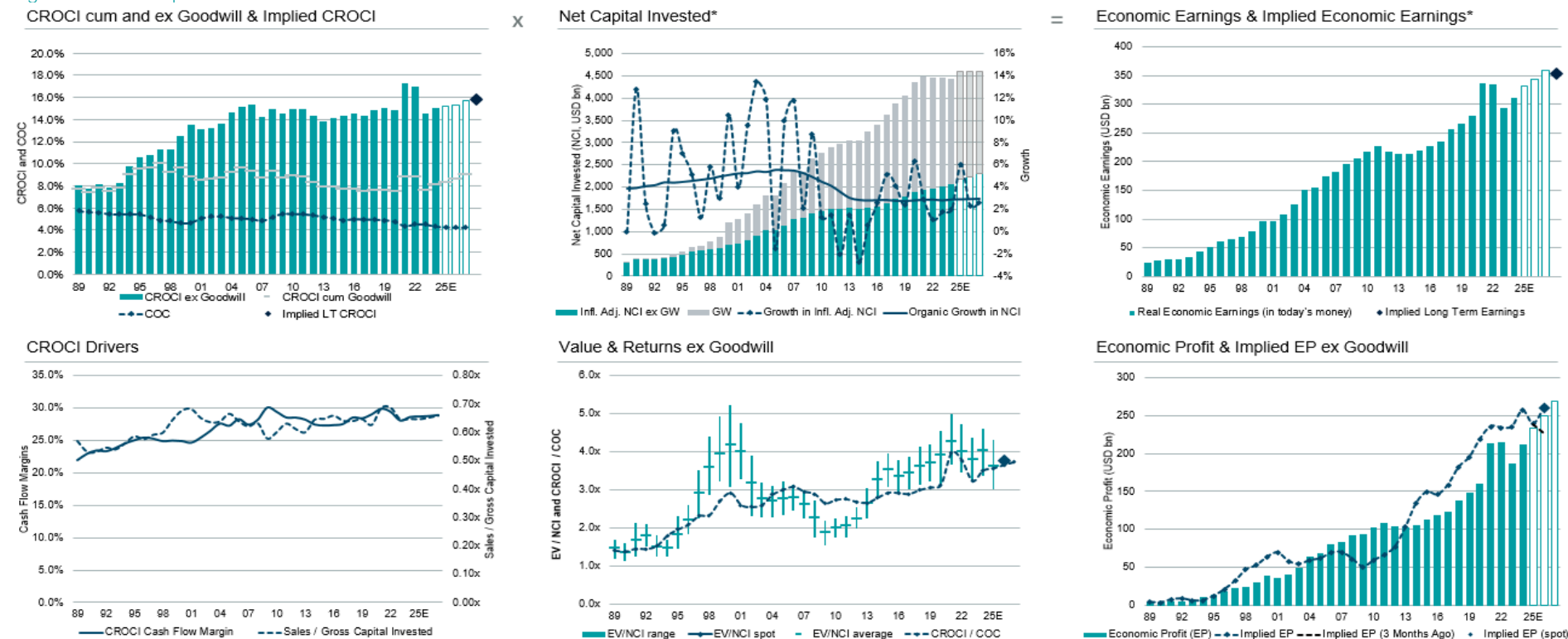


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	2,179	2,135	1,692	1,841	2,268	2,246	2,378	2,607	2,196	2,206	2,440	2,620	2,407	1,859	2,166	2,691	2,757	2,849	2,860	3,068	3,014
Market Cap (USD bn)	2,149	2,015	1,525	1,658	2,010	1,976	2,111	2,298	1,876	1,802	2,024	2,227	1,984	1,325	1,692	2,320	2,398	2,428	2,375	2,620	2,620
EV/NCI Ex. GW	1.53x	1.46x	1.01x	1.00x	1.08x	1.00x	0.99x	1.09x	0.96x	0.97x	1.03x	1.09x	0.99x	0.80x	0.92x	1.12x	1.05x	1.02x	0.97x	1.01x	0.96x
Economic PE	17.4x	15.0x	23.5x	18.1x	16.4x	17.8x	22.1x	26.6x	60.0x	nm	53.9x	29.6x	40.6x	nm	23.7x	12.4x	21.9x	33.2x	41.6x	52.2x	44.7x
Accounting PE	10.6x	9.6x	13.8x	11.0x	9.3x	10.1x	12.8x	15.2x	29.0x	57.8x	21.7x	15.3x	17.5x	nm	10.3x	6.4x	9.8x	13.1x	14.0x	15.6x	14.3x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	8.8%	9.8%	4.3%	5.5%	6.6%	5.6%	4.5%	4.1%	1.6%	0.1%	1.9%	3.7%	2.4%	-1.8%	3.9%	9.0%	4.8%	3.1%	2.3%	1.9%	2.2%
Implied CROCI	7.4%	7.6%	5.5%	5.5%	5.9%	5.4%	5.1%	5.5%	4.7%	4.8%	5.1%	5.4%	4.9%	3.8%	4.0%	5.0%	4.7%	4.4%	4.1%	4.2%	4.0%
Implied Economic Earnings/ Economic Earnings	84%	77%	129%	98%	89%	95%	115%	135%	294%	nm	267%	146%	199%	nm	103%	56%	99%	143%	177%	219%	188%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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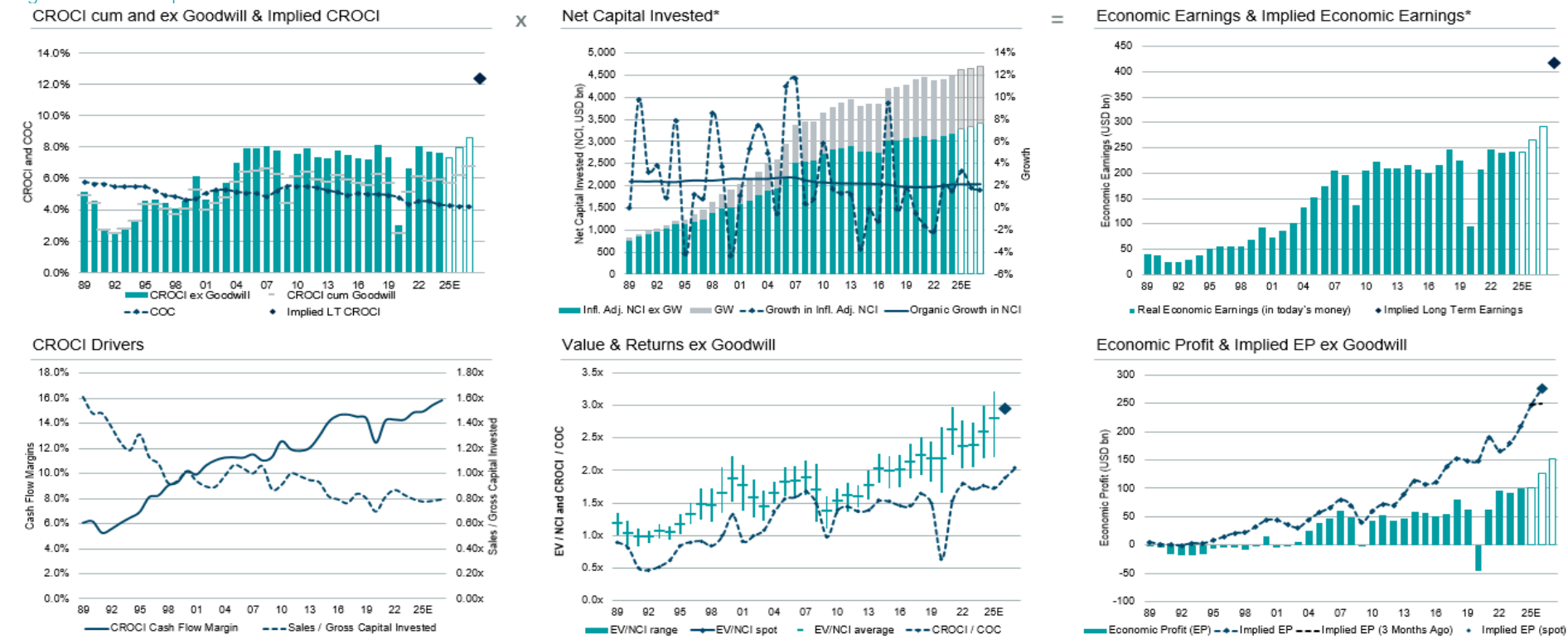
Figure 88: Developed Markets Healthcare CROCI



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	2,340	2,111	1,960	2,164	2,351	2,593	3,167	3,817	4,241	4,150	4,523	5,076	5,441	6,192	7,060	6,922	7,087	7,935	7,763	8,432	8,168
Market Cap (USD bn)	2,232	1,950	1,748	1,935	2,067	2,279	2,879	3,448	3,775	3,587	3,861	4,274	4,560	5,215	6,053	6,002	6,147	6,985	6,823	7,696	7,696
EV/NCI Ex. GW	2.62x	2.25x	1.89x	2.00x	2.06x	2.24x	2.66x	3.27x	3.54x	3.35x	3.43x	3.62x	3.71x	3.91x	4.28x	4.01x	3.80x	4.02x	3.62x	3.76x	3.49x
Economic PE	18.4x	15.0x	13.0x	13.4x	13.8x	15.6x	19.2x	23.1x	24.7x	23.0x	24.0x	24.4x	24.7x	26.4x	24.8x	23.6x	26.2x	26.7x	23.9x	24.5x	22.3x
Accounting PE	17.7x	14.2x	12.7x	12.3x	12.3x	13.7x	16.9x	19.3x	20.3x	18.1x	18.4x	18.5x	18.6x	19.9x	18.3x	17.6x	19.7x	20.4x	18.1x	19.1x	17.5x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	14.2%	15.0%	14.5%	14.9%	15.0%	14.3%	13.8%	14.1%	14.3%	14.6%	14.3%	14.8%	15.0%	14.8%	17.3%	17.0%	14.5%	15.1%	15.2%	15.3%	15.7%
Implied CROCI	12.6%	11.7%	10.3%	10.9%	11.2%	12.0%	13.8%	16.6%	17.3%	16.7%	17.0%	17.9%	18.2%	18.6%	18.6%	18.1%	17.3%	17.3%	15.4%	15.8%	14.7%
Implied Economic Earnings/ Economic Earnings	89%	78%	71%	73%	75%	84%	100%	117%	121%	115%	119%	121%	121%	125%	108%	106%	118%	115%	102%	103%	94%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026. *Displayed in today's money. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

Figure 89: Developed Markets Industrials CROCI

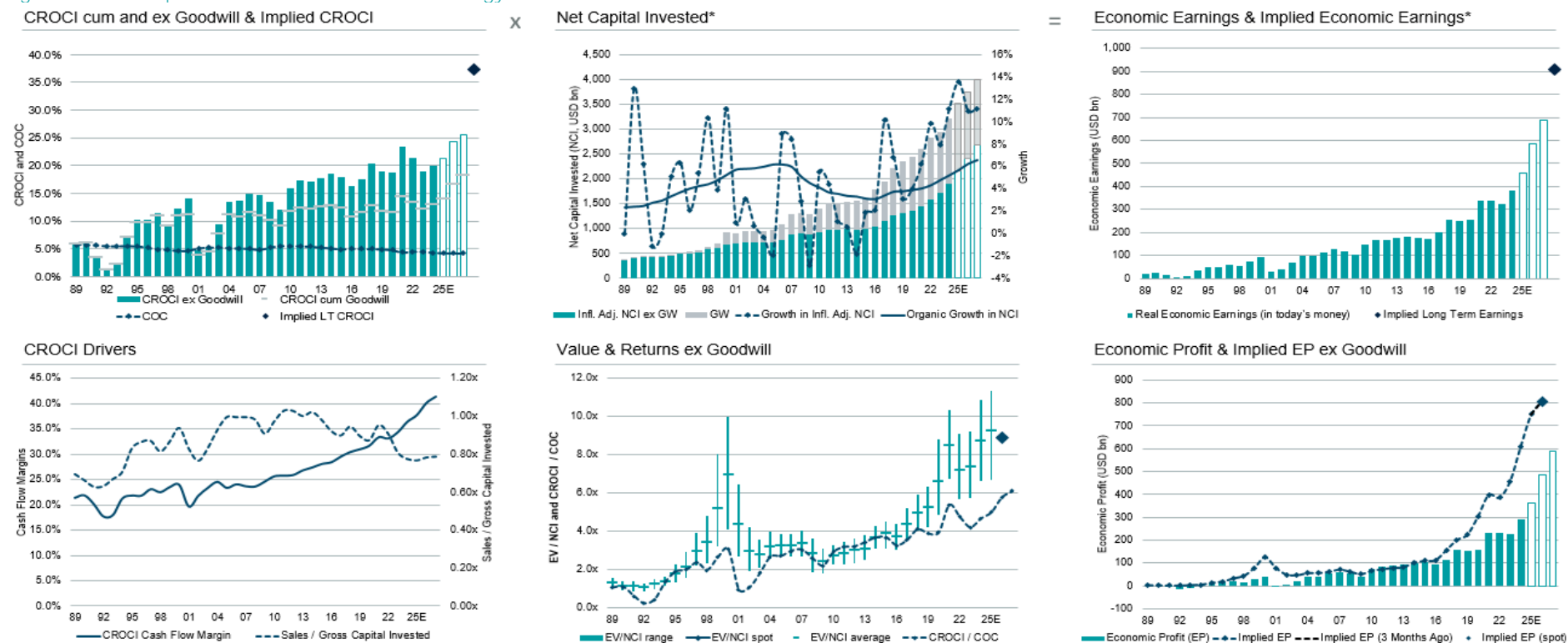


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	3,515	3,247	2,685	3,179	3,491	3,523	3,974	4,415	4,403	4,442	5,224	5,566	5,620	5,772	7,032	6,383	6,839	7,898	9,042	9,927	9,766
Market Cap (USD bn)	2,757	2,243	1,699	2,201	2,459	2,436	2,984	3,414	3,327	3,318	3,936	4,184	4,191	4,290	5,596	5,000	5,424	6,462	7,547	8,537	8,538
EV/NCI Ex. GW	1.89x	1.71x	1.37x	1.52x	1.61x	1.59x	1.76x	2.02x	1.99x	2.00x	2.13x	2.23x	2.18x	2.18x	2.62x	2.37x	2.38x	2.59x	2.79x	2.95x	2.80x
Economic PE	23.4x	22.0x	25.6x	20.2x	20.4x	21.8x	24.3x	26.0x	26.6x	27.4x	29.7x	27.5x	29.8x	72.1x	39.3x	29.4x	31.0x	34.0x	38.1x	37.2x	32.7x
Accounting PE	16.9x	15.5x	18.2x	13.9x	13.4x	13.4x	16.1x	16.7x	17.0x	16.8x	18.2x	16.8x	17.5x	34.4x	20.8x	15.7x	17.4x	19.9x	23.3x	23.6x	21.0x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	8.1%	7.7%	5.4%	7.5%	7.9%	7.3%	7.3%	7.8%	7.5%	7.3%	7.2%	8.1%	7.3%	3.0%	6.7%	8.1%	7.7%	7.6%	7.3%	7.9%	8.6%
Implied CROCI	9.1%	8.8%	7.5%	8.3%	8.8%	8.5%	9.2%	10.3%	9.7%	10.0%	10.6%	11.1%	10.7%	10.4%	11.4%	10.7%	10.7%	11.1%	11.9%	12.4%	11.8%
Implied Economic Earnings/ Economic Earnings	113%	114%	140%	110%	111%	116%	126%	132%	131%	137%	147%	136%	146%	342%	171%	132%	139%	146%	162%	156%	137%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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Figure 90: Developed Markets Information Technology CROCI

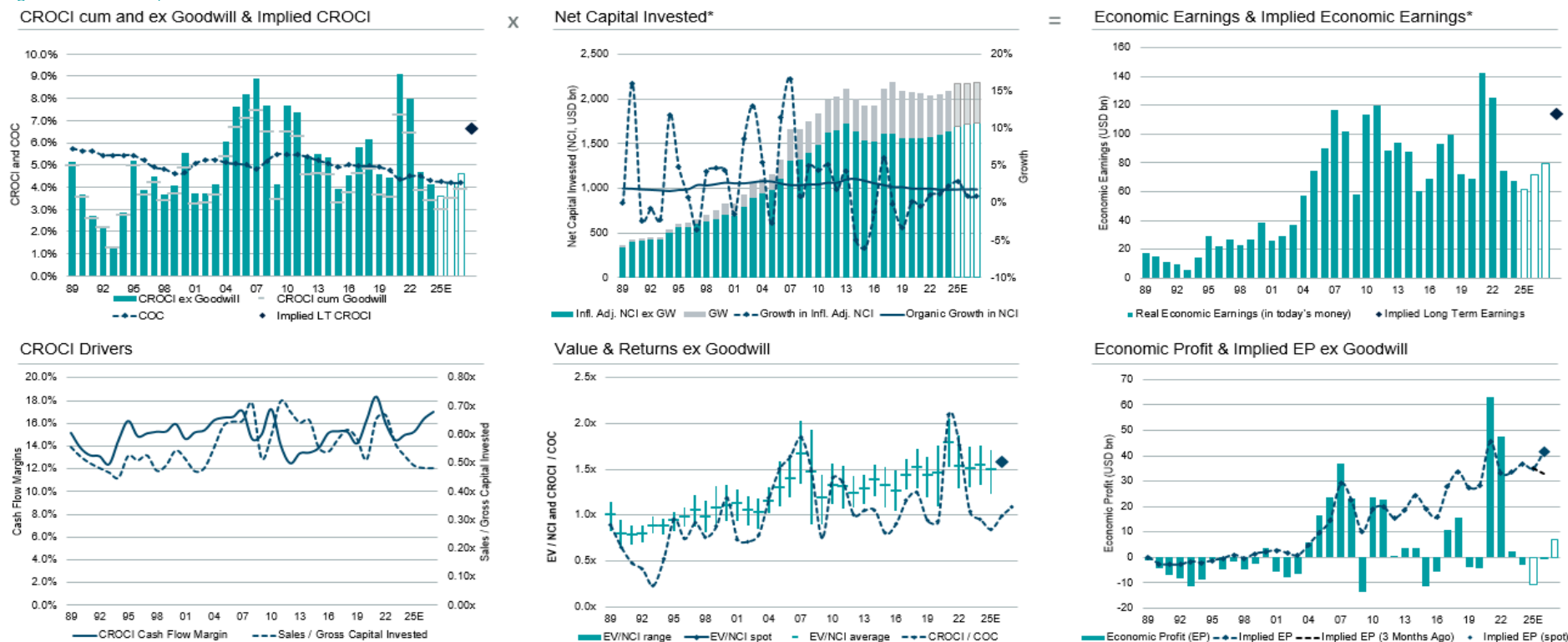


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	2,107	1,855	1,593	1,907	2,081	2,213	2,318	2,752	3,013	3,092	4,062	5,083	5,658	7,556	10,386	9,991	11,732	16,001	19,817	21,599	21,126
Market Cap (USD bn)	2,124	1,797	1,583	1,936	2,098	2,245	2,413	2,808	3,031	3,059	3,955	4,787	5,257	7,139	9,975	9,535	11,237	15,462	19,304	21,317	21,317
EV/NCI Ex. GW	3.35x	2.81x	2.44x	2.72x	2.84x	2.97x	3.07x	3.66x	3.87x	3.71x	4.38x	4.95x	5.25x	6.61x	8.46x	7.17x	7.36x	8.69x	9.23x	8.87x	7.67x
Economic PE	23.0x	21.0x	20.4x	17.2x	16.5x	17.4x	17.3x	19.7x	21.5x	22.8x	25.0x	24.4x	27.7x	35.5x	36.2x	33.6x	38.9x	43.4x	43.6x	36.7x	30.0x
Accounting PE	19.6x	18.7x	16.7x	13.7x	13.2x	13.8x	14.5x	15.7x	16.4x	17.0x	18.4x	18.0x	20.0x	25.4x	26.6x	24.7x	27.6x	32.2x	33.2x	28.8x	24.3x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	14.6%	13.4%	12.0%	15.9%	17.2%	17.1%	17.8%	18.6%	18.0%	16.3%	17.5%	20.3%	19.0%	18.6%	23.4%	21.4%	18.9%	20.0%	21.2%	24.2%	25.6%
Implied CROCI	16.1%	14.6%	13.4%	14.8%	15.5%	15.9%	16.0%	18.5%	19.0%	18.6%	21.7%	24.5%	25.7%	31.4%	36.8%	32.3%	33.1%	37.4%	39.2%	37.3%	32.2%
Implied Economic Earnings/ Economic Earnings	111%	109%	112%	93%	90%	93%	90%	100%	105%	114%	124%	121%	136%	168%	158%	151%	175%	186%	185%	154%	126%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI’s global coverage. Data as on 14 January 2026.

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Figure 91: Developed Markets Materials CROCI

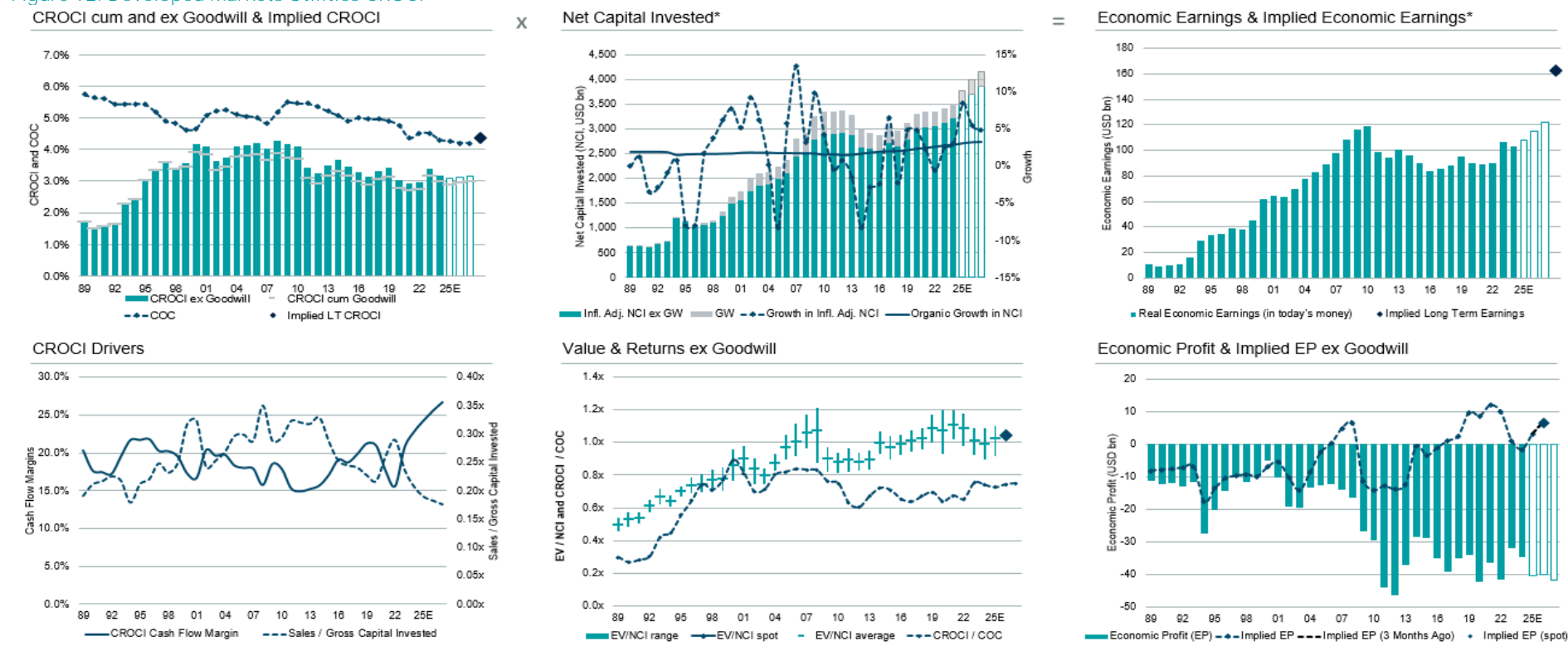


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	1,508	1,372	1,183	1,419	1,547	1,511	1,644	1,721	1,575	1,510	1,842	1,985	1,843	1,907	2,367	2,113	2,211	2,422	2,494	2,718	2,674
Market Cap (USD bn)	1,212	1,037	839	1,104	1,199	1,110	1,224	1,284	1,135	1,104	1,456	1,564	1,402	1,482	1,952	1,738	1,805	1,970	2,010	2,249	2,249
EV/NCI Ex. GW	1.67x	1.47x	1.18x	1.32x	1.31x	1.24x	1.28x	1.39x	1.32x	1.26x	1.44x	1.52x	1.44x	1.46x	1.79x	1.54x	1.51x	1.55x	1.49x	1.57x	1.50x
Economic PE	18.7x	19.1x	28.6x	17.2x	17.7x	23.0x	23.4x	25.9x	33.7x	27.9x	24.9x	24.7x	31.2x	33.0x	19.7x	19.3x	32.3x	37.6x	41.4x	37.7x	32.8x
Accounting PE	12.9x	13.3x	18.2x	11.7x	11.8x	14.9x	15.6x	16.3x	20.2x	16.1x	14.9x	14.5x	17.3x	17.9x	11.3x	11.0x	16.0x	19.3x	19.8x	19.0x	17.1x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	8.9%	7.7%	4.1%	7.7%	7.4%	5.4%	5.5%	5.4%	3.9%	4.5%	5.8%	6.2%	4.6%	4.4%	9.1%	8.0%	4.7%	4.1%	3.6%	4.2%	4.6%
Implied CROCI	8.0%	7.6%	6.5%	7.2%	7.1%	6.6%	6.7%	7.0%	6.5%	6.3%	7.1%	7.5%	7.0%	6.9%	7.8%	6.9%	6.8%	6.7%	6.3%	6.6%	6.3%
Implied Economic Earnings/ Economic Earnings	90%	99%	157%	94%	97%	123%	122%	131%	165%	139%	123%	122%	153%	157%	86%	87%	145%	162%	176%	158%	138%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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Figure 92: Developed Markets Utilities CROCI

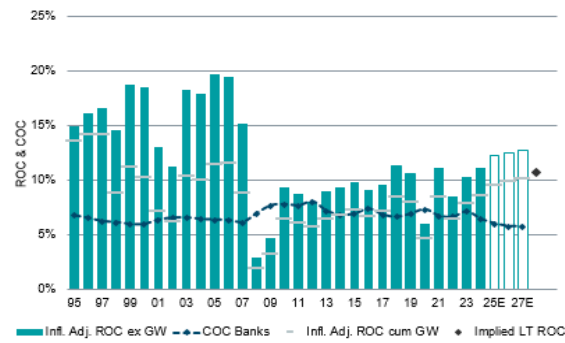


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	1,841	1,969	1,842	1,901	1,932	1,933	1,934	2,000	1,946	1,989	2,188	2,199	2,486	2,654	2,843	2,875	2,893	3,046	3,510	3,863	4,017
Market Cap (USD bn)	1,140	1,110	871	907	901	861	924	1,014	984	1,013	1,097	1,151	1,343	1,429	1,586	1,564	1,513	1,634	1,966	2,135	2,135
EV/NCI Ex. GW	1.06x	1.07x	0.90x	0.88x	0.89x	0.88x	0.89x	0.99x	0.96x	0.99x	1.01x	1.02x	1.09x	1.07x	1.11x	1.08x	1.01x	0.99x	1.02x	1.04x	1.01x
Economic PE	26.4x	24.9x	21.5x	21.5x	26.0x	27.3x	25.5x	27.2x	27.8x	30.3x	32.1x	30.9x	31.9x	35.3x	37.7x	36.8x	29.8x	31.1x	33.2x	33.4x	32.1x
Accounting PE	17.6x	16.3x	12.6x	12.6x	16.7x	15.7x	15.4x	16.4x	15.8x	16.8x	16.9x	17.2x	18.0x	19.5x	20.8x	18.9x	14.2x	15.6x	17.3x	17.5x	16.3x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	4.0%	4.3%	4.2%	4.1%	3.4%	3.2%	3.5%	3.7%	3.5%	3.3%	3.1%	3.3%	3.4%	3.0%	2.9%	2.9%	3.4%	3.2%	3.1%	3.1%	3.2%
Implied CROCI	5.1%	5.5%	4.9%	4.8%	4.9%	4.7%	4.6%	5.0%	4.7%	4.9%	5.0%	5.1%	5.3%	5.1%	4.8%	4.9%	4.5%	4.2%	4.3%	4.4%	4.3%
Implied Economic Earnings/ Economic Earnings	127%	129%	118%	117%	142%	146%	132%	138%	136%	151%	159%	153%	156%	168%	164%	166%	134%	134%	141%	140%	135%

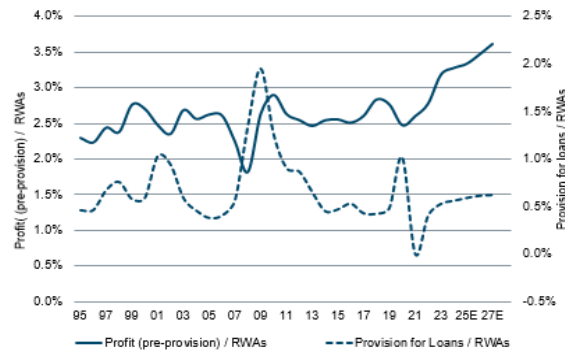
Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

*Displayed in today's money. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

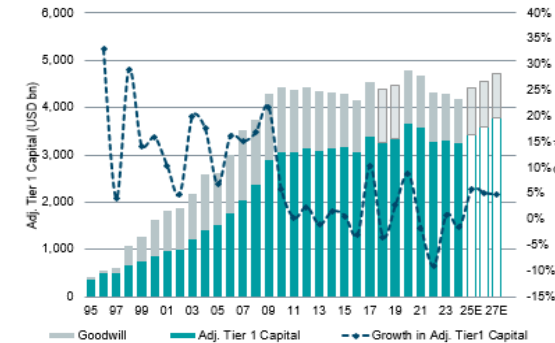
Figure 93: Developed Markets Financials CROCI
Inflation Adjusted ROC cum and ex Goodwill & Implied ROC



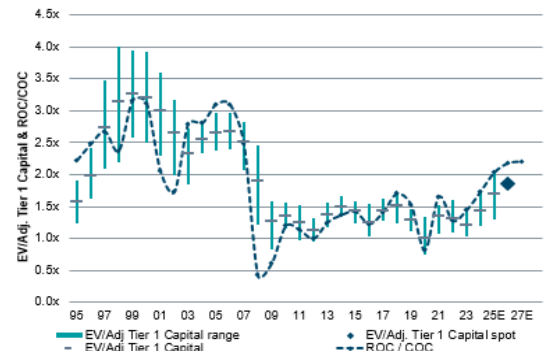
Return Drivers



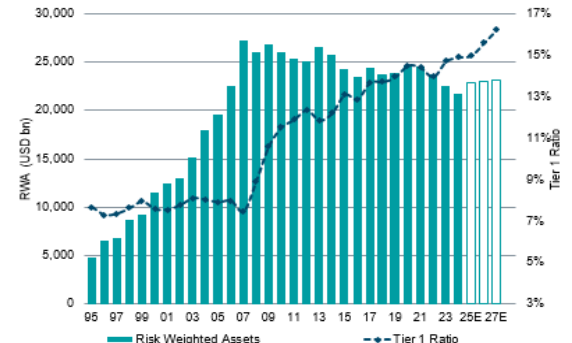
Adjusted Tier 1 Capital *



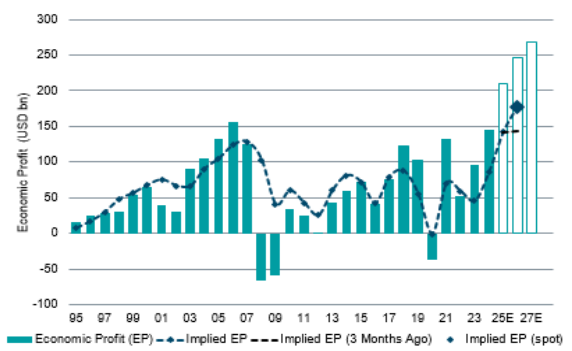
Value & Returns ex Goodwill



RWA * & Tier 1 Ratio



Economic Profit & Implied EP ex Goodwill

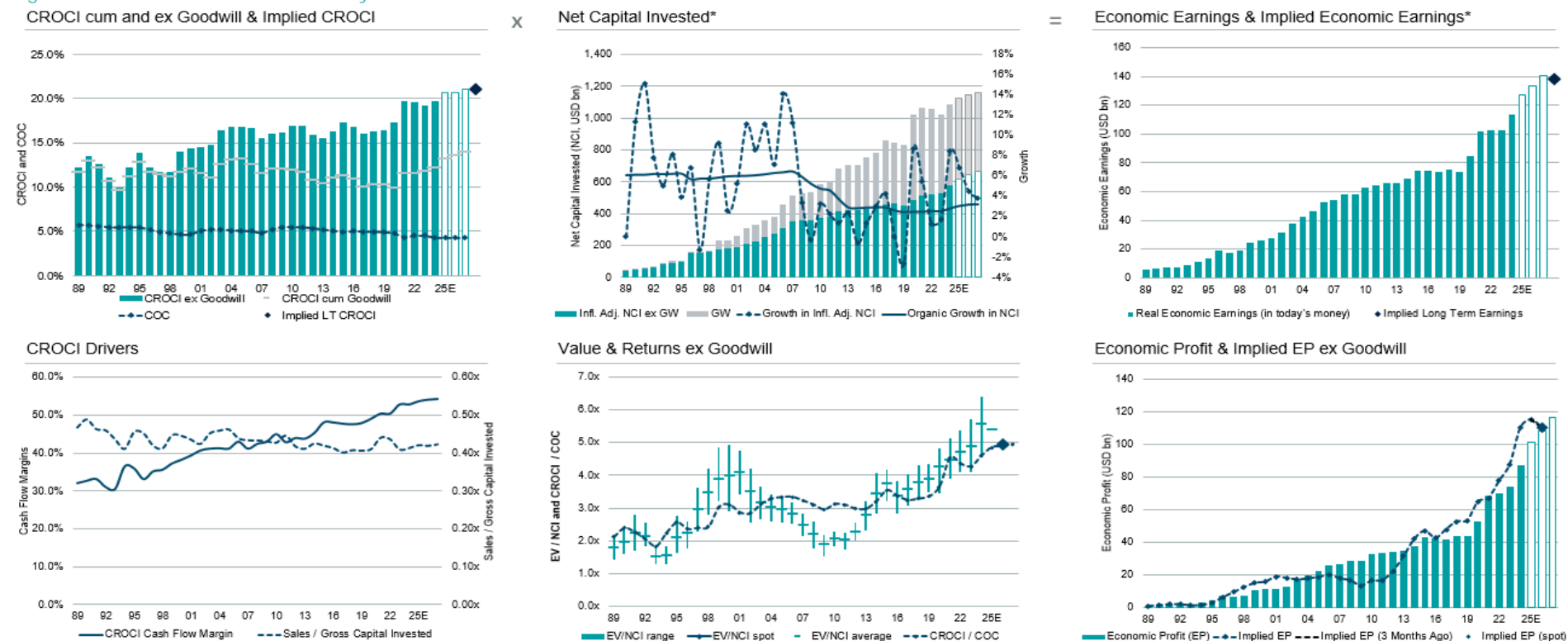


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	3476	3130	2578	2960	2783	2633	3176	3578	3474	2957	3840	3941	3549	3017	4064	3713	3650	4430	5722	6691	6623
Market Cap (USD bn)	3069	2345	1781	2399	2273	2192	2839	3224	3093	2660	3489	3577	3155	2604	3656	3340	3258	4037	5297	6256	6187
EV/Adjusted Tier 1 Capital	2.51x	1.90x	1.26x	1.35x	1.25x	1.14x	1.36x	1.50x	1.43x	1.24x	1.44x	1.50x	1.29x	1.00x	1.35x	1.31x	1.21x	1.44x	1.71x	1.85x	1.72x
Adjusted PE	16.5x	64.4x	26.6x	14.5x	14.3x	14.1x	15.3x	16.1x	14.5x	13.7x	14.9x	13.3x	12.2x	16.5x	12.1x	15.5x	11.8x	12.9x	13.9x	14.8x	13.5x
COC Adjusted PE	21.0x	86.3x	37.1x	20.7x	20.1x	21.1x	20.9x	21.6x	20.4x	20.1x	20.5x	17.8x	17.2x	25.3x	18.7x	22.7x	18.6x	19.2x	19.7x	20.2x	18.5x
Accounting PE	14.7x	45.6x	28.3x	12.0x	10.9x	11.1x	12.6x	12.2x	12.1x	11.5x	12.5x	11.2x	10.1x	12.7x	9.6x	9.3x	8.2x	9.7x	11.7x	12.8x	11.8x
Cost of Capital (COC) - Financials	6.12%	6.94%	7.66%	7.76%	7.66%	8.01%	7.12%	6.78%	6.90%	7.35%	6.80%	6.60%	6.90%	7.30%	6.70%	6.60%	7.10%	6.40%	6.00%	5.75%	5.75%
Inflation Adjusted ROC ex Goodwill	15.2%	3.0%	4.7%	9.3%	8.7%	8.0%	8.9%	9.3%	9.9%	9.1%	9.6%	11.3%	10.6%	6.0%	11.1%	8.5%	10.3%	11.1%	12.2%	12.6%	12.7%
Implied ROC	15.4%	13.2%	9.6%	10.5%	9.6%	9.1%	9.7%	10.2%	9.8%	9.1%	9.8%	9.9%	8.9%	7.3%	9.0%	8.7%	8.6%	9.2%	10.2%	10.7%	9.9%
Implied Economic Earnings/ Economic Earnings	101%	447%	203%	113%	109%	113%	109%	109%	100%	101%	101%	88%	84%	120%	81%	102%	84%	83%	84%	85%	78%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 26 January 2026.

*Displayed in today's money. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

Figure 94: Healthcare – Patent Stability Basket

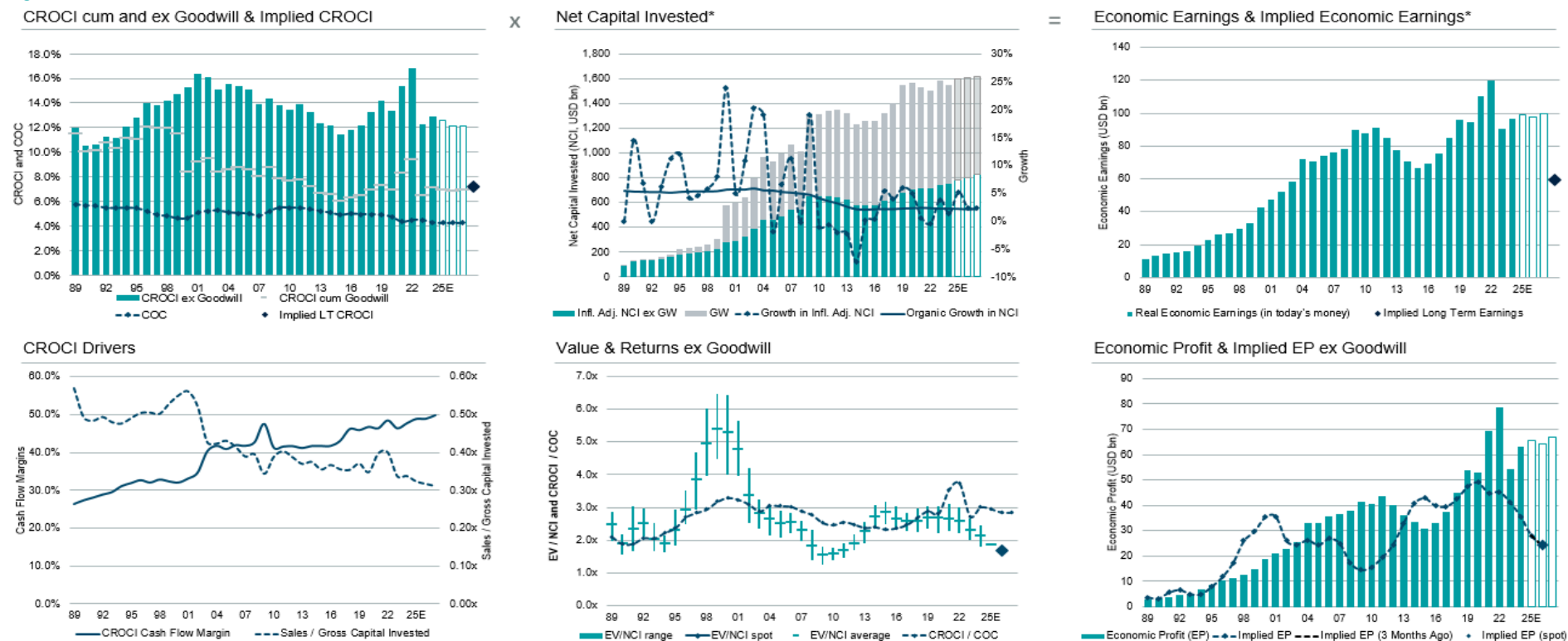


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	618	583	513	585	599	744	942	1,164	1,305	1,211	1,345	1,447	1,470	1,783	1,990	2,190	2,453	3,126	3,327	3,250	3,152
Market Cap (USD bn)	608	566	511	561	593	701	918	1,161	1,267	1,155	1,225	1,309	1,316	1,551	1,772	1,985	2,248	2,880	3,094	3,094	3,094
EV/NCI Ex. GW	2.49x	2.21x	1.90x	2.06x	2.04x	2.28x	2.78x	3.44x	3.75x	3.36x	3.55x	3.76x	3.87x	4.26x	4.45x	4.70x	4.88x	5.55x	5.39x	4.95x	4.55x
Economic PE	16.0x	13.7x	11.7x	12.1x	12.1x	14.3x	18.0x	21.2x	21.6x	20.0x	22.2x	23.2x	23.6x	24.6x	22.6x	24.0x	25.4x	28.1x	26.2x	23.9x	21.6x
Accounting PE	16.7x	13.8x	11.4x	11.2x	11.7x	13.1x	16.4x	18.3x	18.0x	16.2x	17.3x	17.6x	17.8x	18.1x	16.8x	18.5x	19.7x	22.4x	21.4x	19.7x	18.0x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.25%	4.25%
CROCI Ex. GW	15.5%	16.1%	16.2%	17.0%	16.9%	15.9%	15.5%	16.2%	17.3%	16.8%	16.0%	16.2%	16.4%	17.3%	19.7%	19.5%	19.2%	19.7%	20.6%	20.7%	21.0%
Implied CROCI	12.0%	11.4%	10.4%	11.2%	11.1%	12.2%	14.5%	17.4%	18.4%	16.8%	17.6%	18.6%	19.0%	20.2%	19.3%	21.1%	22.0%	23.9%	22.9%	21.0%	19.3%
Implied Economic Earnings/ Economic Earnings	77%	71%	64%	66%	66%	77%	93%	107%	106%	100%	110%	115%	115%	117%	98%	108%	114%	121%	111%	102%	92%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI’s global coverage. Data as on 14 January 2026.

*Displayed in today's money. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance does not predict future returns.

Figure 95: Healthcare – Patent Risk Basket

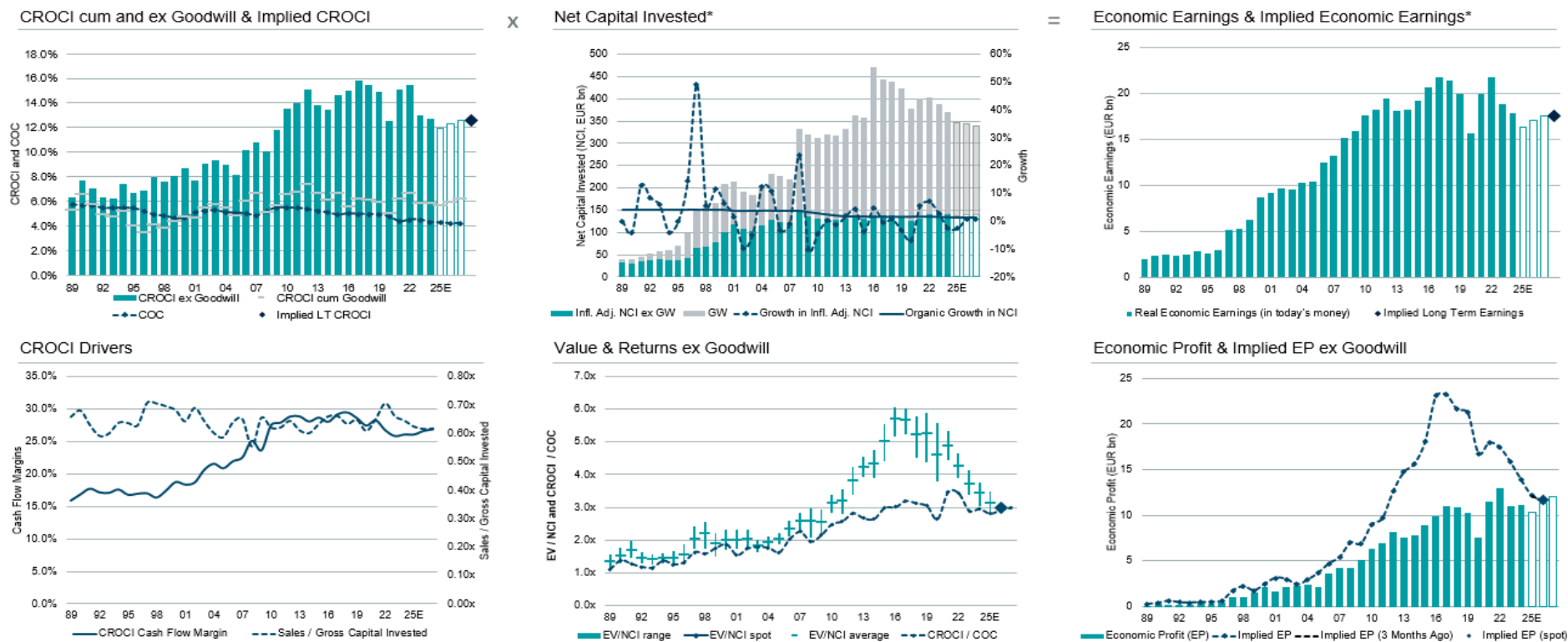


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	920	746	759	800	871	966	1,136	1,274	1,349	1,280	1,314	1,394	1,545	1,649	1,658	1,648	1,613	1,560	1,450	1,393	1,329
Market Cap (USD bn)	921	727	666	729	786	896	1,088	1,214	1,248	1,158	1,178	1,212	1,294	1,406	1,422	1,469	1,389	1,350	1,253	1,253	1,253
EV/NCI Ex. GW	2.29x	1.81x	1.54x	1.56x	1.70x	1.90x	2.26x	2.71x	2.83x	2.65x	2.56x	2.59x	2.67x	2.67x	2.64x	2.57x	2.31x	2.13x	1.84x	1.70x	1.56x
Economic PE	16.5x	12.6x	11.1x	11.7x	12.2x	14.3x	18.3x	22.3x	24.8x	22.4x	21.0x	19.4x	18.8x	20.1x	17.1x	15.3x	18.9x	16.5x	14.7x	14.0x	12.9x
Accounting PE	16.0x	11.9x	11.7x	11.3x	11.5x	13.4x	17.2x	19.7x	21.8x	18.8x	17.0x	15.3x	14.4x	16.2x	13.2x	12.1x	15.3x	13.2x	11.6x	11.3x	10.6x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.25%	4.25%
CROCI Ex. GW	13.9%	14.3%	13.8%	13.4%	13.9%	13.3%	12.4%	12.1%	11.4%	11.8%	12.2%	13.3%	14.2%	13.3%	15.4%	16.8%	12.3%	12.9%	12.5%	12.1%	12.1%
Implied CROCI	11.1%	9.4%	8.4%	8.5%	9.2%	10.2%	11.7%	13.7%	13.9%	13.3%	12.7%	12.8%	13.1%	12.7%	11.5%	11.6%	10.4%	9.2%	7.8%	7.2%	6.6%
Implied Economic Earnings/ Economic Earnings	80%	65%	61%	64%	66%	77%	95%	113%	122%	112%	104%	96%	92%	95%	74%	69%	85%	71%	62%	60%	55%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI’s global coverage. Data as on 14 January 2026.

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Figure 96: Europe Beverages CROCI

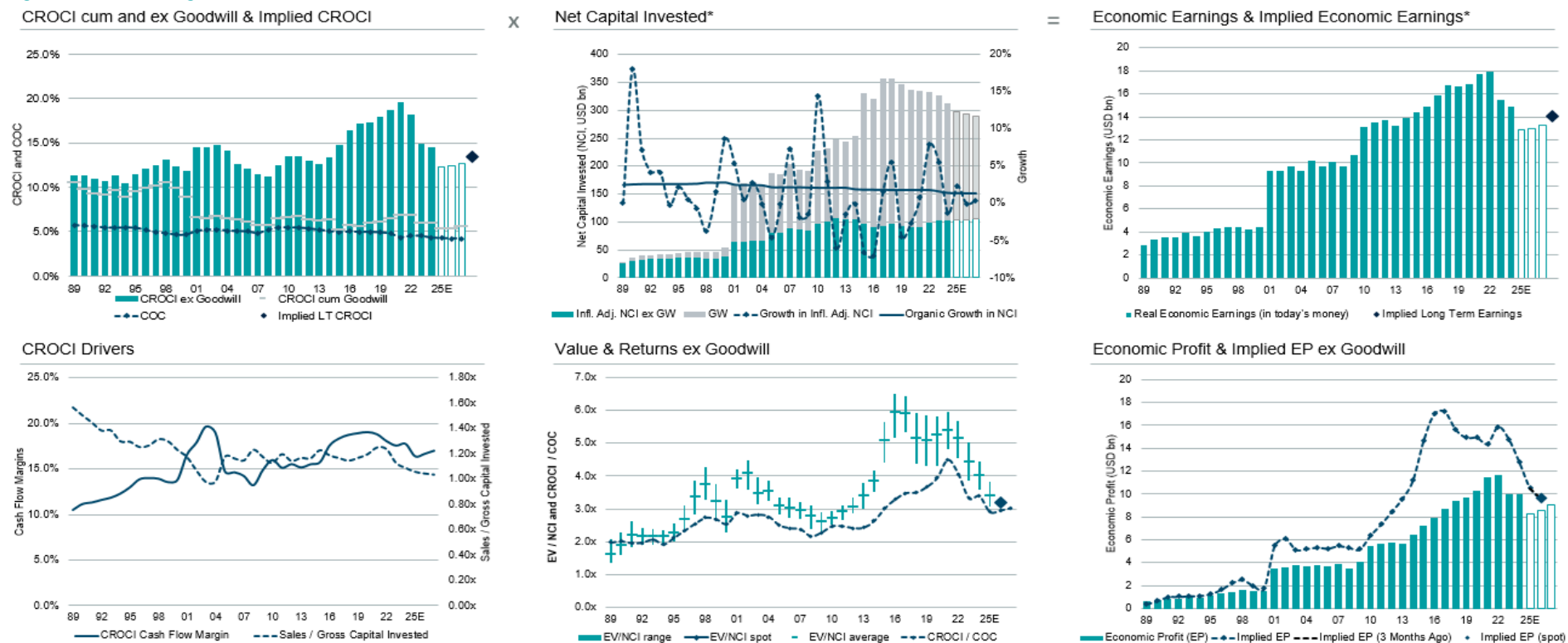


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (EUR bn)	184	221	207	243	259	320	371	403	461	560	570	540	536	452	520	507	481	456	420	417	409
Market Cap (EUR bn)	132	102	117	160	170	224	258	281	339	392	397	374	382	314	369	354	336	309	279	286	288
EV/NCI Ex. GW	2.57x	2.56x	2.55x	3.12x	3.18x	3.81x	4.24x	4.31x	5.01x	5.68x	5.66x	5.22x	5.24x	4.61x	4.87x	4.27x	3.72x	3.43x	3.12x	2.99x	2.84x
Economic PE	23.7x	25.4x	21.7x	23.0x	22.7x	25.3x	30.6x	32.1x	34.2x	37.8x	35.7x	33.7x	35.2x	36.8x	32.2x	27.6x	28.6x	27.0x	26.2x	24.3x	22.6x
Accounting PE	19.2x	18.4x	14.8x	16.4x	14.8x	17.5x	21.7x	21.3x	23.7x	27.1x	24.4x	22.4x	24.6x	27.6x	23.7x	19.6x	20.2x	17.5x	15.8x	15.2x	14.1x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	10.8%	10.1%	11.8%	13.5%	14.0%	15.1%	13.8%	13.4%	14.6%	15.0%	15.8%	15.5%	14.9%	12.5%	15.1%	15.5%	13.0%	12.7%	11.9%	12.3%	12.6%
Implied CROCI	12.4%	13.3%	14.0%	17.0%	17.3%	20.4%	22.0%	21.8%	24.5%	28.4%	28.0%	25.8%	25.7%	21.9%	21.2%	19.2%	16.7%	14.7%	13.3%	12.6%	11.9%
Implied Economic Earnings/ Economic Earnings	114%	132%	119%	125%	124%	135%	159%	163%	168%	189%	177%	167%	172%	175%	140%	124%	129%	116%	111%	102%	95%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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Figure 97: US Packaged Food CROCI



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Enterprise Value (USD bn)	171	161	153	185	206	235	261	299	373	409	418	392	379	388	406	438	425	394	350	334	328
Market Cap (USD bn)	132	115	110	133	150	171	205	227	297	335	327	288	285	304	327	356	336	306	262	249	249
EV/NCI Ex. GW	2.96x	2.76x	2.61x	2.72x	2.90x	3.07x	3.41x	3.85x	5.07x	5.92x	5.89x	5.14x	5.08x	5.24x	5.39x	5.16x	4.43x	4.03x	3.41x	3.18x	3.06x
Economic PE	25.8x	24.6x	20.8x	20.2x	21.5x	23.7x	27.0x	28.9x	34.4x	36.0x	34.2x	29.7x	28.3x	28.0x	27.6x	28.3x	29.7x	27.7x	27.7x	25.7x	24.2x
Accounting PE	19.0x	18.5x	14.0x	14.6x	15.7x	16.9x	18.9x	20.8x	24.9x	22.7x	20.5x	17.3x	16.9x	16.8x	16.8x	18.0x	18.3x	16.4x	16.2x	15.0x	14.1x
Cost of Capital	4.82%	5.18%	5.48%	5.45%	5.45%	5.35%	5.20%	5.07%	4.90%	5.00%	4.95%	4.95%	4.90%	4.75%	4.35%	4.50%	4.50%	4.30%	4.25%	4.20%	4.20%
CROCI Ex. GW	11.5%	11.2%	12.5%	13.5%	13.5%	12.9%	12.6%	13.3%	14.7%	16.4%	17.2%	17.3%	17.9%	18.7%	19.5%	18.2%	14.9%	14.5%	12.3%	12.4%	12.7%
Implied CROCI	14.2%	14.3%	14.3%	14.8%	15.8%	16.4%	17.7%	19.5%	24.8%	29.6%	29.1%	25.4%	24.9%	24.9%	23.4%	23.2%	19.9%	17.3%	14.5%	13.4%	12.9%
Implied Economic Earnings/ Economic Earnings	124%	127%	114%	110%	117%	127%	140%	146%	168%	180%	169%	147%	139%	133%	120%	127%	134%	119%	118%	108%	102%

Source: Company reports, Bloomberg Finance L.P., DWS and CROCI. The table shows aggregate data of companies in CROCI's global coverage. Data as on 14 January 2026.

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Glossary A: Introduction to CROCI

Cash Return on Capital Invested (CROCI) is a cash-flow-based analysis which, by making a series of economic adjustments to traditional accounting data, aims to make non-financial companies comparable - regardless of industry or domicile. The main areas where the “economic data” differ from accounting data are as follows:

- Accounting for “hidden” liabilities – CROCI Enterprise Value (EV) includes not only financial liabilities (such as debt) but also operational liabilities (such as operating lease commitments, warranties, pension funding, specific provisions etc).
- Depreciating similar assets in a similar manner - Adjusting depreciation to reflect “economic depreciation” and effective useful economic life.
- Replacement value of assets – Inflating the value of net assets using the relevant inflator (based on the real age of assets).
- Unreported assets – Systematically capitalizing real cash-generative assets that are left off the balance sheet. Research and development costs and advertising are examples of such assets. In the data and charts presented throughout this document, “E” refers to financial years that are not yet reported. Data for these years are calculated by applying the CROCI model to market’s consensus estimates of accounting data. The CROCI Group does not make any forecasts or projections of accounting data.

CROCI Disclaimer

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Risk Considerations

The CROCI Model: The analysis above has been built on the CROCI premise that stocks with lower CROCI Economic PE ratios may outperform stocks with higher CROCI Economic PE ratios over time. This premise may not be correct and prospective investors should evaluate this assumption prior to investing based on CROCI analysis. CROCI represents one of many possible ways to analyze and value stocks. Potential investors must form their own view of the CROCI methodology and evaluate whether CROCI and investment associated with CROCI are appropriate for them. The CROCI Group does not provide investment advice.

CROCI analysis: The discussion above is based on analysis of agglomerations of the companies in the CROCI universe, which consists of nearly 900 companies globally. These agglomerations of companies may not be representative of the countries, regions, and sectors which they are intended to reflect.

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PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS.

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Glossary B: CROCI & Real Value

Real Investor:

Definition: An investor whose investments are driven principally by the careful analysis of company fundamentals, including their economic cash returns and their economic valuation. Specifically, a Real Investor has two characteristics:

1. **Fundamental:** any investment is informed or driven by the interplay between the cash flow generation, the capital intensity and the valuation of that company;
2. **Skeptical of reported financial statements as a guide to investing:** Real Investors believe that the income statement and balance sheet in a company's accounts are not necessarily designed to be helpful to equity investors, and that a synthesis of all the notes to the accounts and diligent restatement of the accounts must happen in order to render valuations comparable and meaningful; and

Real Investors look to economic value to inform investment, and believe that the reported financial statement data may not be representative of the economic reality of a company.

Since CROCI makes adjustments to financial statements in order to include all relevant information in the notes to the accounts, and to restate the accounts in order to render economic valuations, which are meaningful and comparable, CROCI may be one valuable approach for the Real Investor.

Real Value:

Definition: Economic value as calculated by the CROCI process via the adjustments to and normalisations of reported financial statements, conducted by CROCI's team of company analysts.

Notes: The CROCI process seeks to make company financial data more consistent, comparable and economically meaningful through a series of reviews and adjustments. This contrasts with more conventional definitions of "Value" that tend to be based on accounting measures such as equity or profits.

The principal indicator of Real Value is CROCI's Economic PE. An attractive Economic PE ratio suggests that the market is undervaluing the cash flow being produced by the operating assets, all other things being equal. The term Real Value can therefore be used attributively to refer to companies with the lowest CROCI Economic PE.

Rolling 12 months performance as of 30 January 2026

Name	Currency	Live Date	01/25 - 01/26	01/24 - 01/25	01/23 - 01/24	01/22 - 01/23	01/21 - 01/22	01/20 - 01/21	01/19 - 01/20	01/18 - 01/19	01/17 - 01/18	01/16 - 01/17
CROCI US Strategy	USD	2 Feb. 2004	8.6%	17.4%	6.5%	4.6%	24.1%	13.1%	9.6%	-3.5%	29.3%	25.7%
CROCI US Dividends Strategy	USD	13 Mar. 2012	9.1%	16.8%	0.3%	5.4%	23.2%	13.3%	10.6%	2.1%	25.3%	25.3%
CROCI Euro Strategy	EUR	2 Feb. 2004	21.0%	-0.1%	7.1%	-4.0%	17.1%	2.0%	15.9%	-10.6%	23.3%	13.4%
CROCI Japan Strategy	JPY	2 Feb. 2004	24.8%	6.2%	42.6%	6.8%	10.7%	15.3%	13.8%	-8.9%	24.4%	16.1%
CROCI World Value EUR Strategy	EUR	29 Nov. 2010	4.2%	14.8%	6.9%	7.4%	31.1%	3.9%	17.5%	0.8%	10.8%	19.6%
CROCI World Value USD Strategy	USD	29 Nov. 2010	19.3%	9.9%	6.9%	4.0%	20.9%	13.9%	13.5%	-7.2%	27.8%	19.4%
CROCI Sectors Plus EUR Strategy	EUR	18 Nov. 2015	8.4%	7.4%	1.8%	9.4%	39.3%	27.4%	8.7%	-4.2%	11.1%	31.3%
CROCI Sectors Plus USD Strategy	USD	18 Nov. 2015	23.9%	2.9%	1.9%	6.0%	28.6%	39.7%	4.9%	-11.7%	28.1%	31.2%
CROCI Global Dividends EUR Strategy	EUR	15 Mar. 2012	5.5%	10.7%	8.1%	7.8%	21.8%	-9.7%	15.0%	1.2%	9.4%	21.5%
CROCI Global Dividends USD Strategy	USD	15 Mar. 2012	20.8%	6.0%	8.1%	4.5%	12.4%	-1.0%	11.1%	-6.8%	26.1%	21.3%
CROCI ESG Innovation Leaders EUR Strategy	EUR	15 Apr. 2019	11.5%	26.3%	19.7%	-8.3%	20.6%	17.0%	26.7%	4.8%	15.8%	17.5%
CROCI ESG Innovation Leaders USD Strategy	USD	15 Apr. 2019	27.6%	20.9%	19.7%	-11.2%	11.3%	28.3%	22.4%	-3.4%	33.5%	17.4%

Performance data before live date is simulated and was calculated by means of retroactive application of the Strategy/Index model. All returns in respective currency, include reinvested dividends (net of withholding tax) but do not include fees that might be charged on an investment product. It is not possible to invest directly in a strategy. The performance shown here is for model portfolios. The performance of any actual investment products may differ significantly. The CROCI team does not provide investment advice, stock recommendations or act in any other fiduciary capacity. This information is intended for informational purposes only and does not constitute investment advice, a recommendation, an offer or solicitation. No distribution is allowed into the USA. Source: DWS, Bloomberg, Factset

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UK 26-022

CRC 109167 / February 2026

Further Information:

CROCI Team

croci.valuations@dws.com