DWS Group GmbH & Co KGaA

DWS Q3 2026 results with Investor & Analyst Conference Call

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Transcript

Speakers:

Stefan Hoops

Markus Kobler

Oliver Flade

Oliver Flade

Thank you very much, operator, and good morning to everybody from Frankfurt. This is Oliver Flade from Investor Relations, and a warm welcome to everybody to our earnings call for the third quarter of 2026.

Before we start, I would like to remind you that the upcoming Deutsche Bank analyst call will outline the Asset Management segment's results, which have a different perimeter basis to the DWS results we are presenting now.

I'm joined by Stefan Hoops, our CEO; and Markus Kobler, our CFO. Stefan will start with some opening as well as closing remarks, and Markus will take you through the main part of the presentation. For the Q&A afterwards, please could you limit yourself to the 2 most important questions so that we can give as many people a chance to participate as possible?

I would also like to remind you that the presentation may contain forward-looking statements, which may not develop as we currently expect. I therefore ask you to take note of the disclaimer and the precautionary warning on the forward-looking statements at the end of our materials.

And with that, I will now pass on to Stefan.

Stefan Hoops

Thank you, Oliver. Good morning, ladies and gentlemen, and welcome to our Q3 2026 earnings call. Greetings from Abu Dhabi, where I'm joining you from today. As many of you know, we consider ourselves paranoid optimists. We are confident in the direction of our business, but we are never complacent about where we stand or what still needs to improve.

This mindset also shapes how we look at our third quarter. I could spend time dwelling on our record inflows, record assets under management and our best ever 9 months financial performance. But to be fair, we are operating in a growing market where almost everyone seems to post about new records.

So today, rather than adding to this concert of records, I want to give you an honest assessment of what we like about the quarter, we were not yet satisfied and what we're doing about it.

Let me start with the numbers. Client momentum does look strong. Our total net flows were, in fact, our best ever. Total net flows reached EUR30.9 billion and assets under management rose to around EUR1.22 trillion.

We generated EUR16.6 billion of long-term net flows, up from EUR11.6 billion in the second quarter. Revenues

amounted to EUR784 million, with management fees increasing by 5% quarter-on-quarter. Total costs were EUR459 million, down 2% quarter-on-quarter, reflecting our continued cost discipline.

Overall, this translated into profit before tax of EUR325 million, up 6% quarter-on-quarter and earnings per share of EUR1.15. This brings EPS to EUR3.66 for the first 3 quarters of the year and moves us closer to our short-term target of 10% to 15% EPS growth per year.

Those are solid numbers, but headline figures alone do not provide the full picture. The more relevant question is what sits behind these numbers and how much they reflect our own execution. We'd like to think of this as a more distinct assessment of where we stand and where we believe we need to do better.

You may recall that at the beginning of the year, we mentioned continuing to grow revenues and improving the composition of our fees as our key challenges for this year. This meant that our recurring management fees needed to grow strongly to offset performance fees normalizing from last year's elevated level.

With an increase of management fees by 14% year-on-year to EUR745 million, we demonstrated the strength of our core business, enabling us to grow revenues despite the as-expected lower performance fee contribution.

We are also encouraged by the continued strong investment performance of several of our flagship Active Equity strategies. This positions us well to capture future retail flows, particularly in the German market, where long-term investment performance remains a key driver of client demand.

Turning to Xtrackers, we are pleased with the business's continued growth. While some may say that we simply benefited from a growing market, let me offer a different perspective. The European ETF market continues to grow and attract new providers. Yet despite this increasing competition, we have maintained our high market share.

In an increasingly crowded market, holding your position is not a given, which we see as evidence of the strength of the Xtrackers platform. We are also pleased with our continued cost discipline.

Our cost/income ratio improved by 1.9 percentage points quarter-on-quarter to 58.6%. And as I said last quarter, our controllable costs remained flat despite continued investment in our strategic growth initiatives. This means

that we remain on a good path towards our 2027 goal of a cost/income ratio below 55%.

Turning to areas where we are not yet satisfied. Our Institutional and Alternatives businesses continue to punch below their weight. We have strong capabilities in both areas, but we're not yet translating them into the scale and growth we believe should be possible.

We're working hard to change that, and the actions we took this quarter show how we are addressing both areas. From November, Deutsche Asset Management will become our new global brand identity. The new brand has immediate international recognition and clearly reflects what we want to be, the gateway to Europe for global investors.

This is particularly important as we continue to expand our international and institutional business, while DWS, Xtrackers, and RREEF remain our established product brands that our clients know and trust. As an important step in strengthening our Alternatives platform, we announced the acquisition of Peakside Capital Advisors earlier this month.

Peakside manages EUR1.7 billion, and it expands our value-add and opportunistic real estate capabilities, particularly in Germany and Central and Eastern Europe. Its founders and senior team will remain with the business, and we expect the transaction to close by the end of the year, subject to regulatory approvals.

We will also support Frankfurter Leben's planned acquisition of Athora Germany. The transaction would create a growing insurance platform with around EUR17 billion in assets and provide an opportunity to become the preferred partner for managing the group's alternative investments.

The strategic collaboration is another concrete step towards strengthening both our institutional insurance business and expanding our presence in alternatives, an area where, as I said, we are not yet where we want to be. These are concrete steps in the right direction, but we know there's more work to do.

After Markus has taken you through the financial results, I will come back to where we see further opportunities for growth and how we intend to capture them. But first, let me hand over to Markus in Frankfurt for a closer look at the numbers.

Markus Kobler

Thank you, Stefan, and I hope all is well in Abu Dhabi. And also good morning from my side, ladies and gentlemen. Highlighted, the headline figures tell only part of the story.

Let me turn to our financial snapshot and walk you through the key drivers of our third quarter results and the opportunities we see across our business.

Total Assets under Management increased by 16% year-on-year and 3% quarter-on-quarter to EUR1,221 billion. Total revenues stood at EUR784 million, representing a 4% increase year-on-year and 1% increase quarter-on-quarter. Total costs were EUR459 million, up 6% year-on-year and down 2% quarter-on-quarter. This resulted in a Cost-Income Ratio of 58.6% for the third quarter of 2026.

Our net income reached EUR230 million, up 5% year-on-year and down 3% quarter-on-quarter. The sequential decline reflects the positive one-off tax effect recorded in the second quarter. Our underlying operating performance improved with profit before tax increasing by 6% quarter-on-quarter.

Moving to our client dynamics during Q3. The third quarter was characterized by strong underlying client activities across the platform. We generated total net flows of EUR30.9 billion, including EUR16.6 billion of long-term net flows, making another strong quarter for DWS.

We are particularly encouraged by the breadth of these flows as client demand became more diversified. Looking at our client segments. Private Wealth contributed net flows of EUR21.9 billion, continuing its strong development. Xtrackers remained the key growth driver.

Digital distribution continued to scale as an important channel with cash solutions also gaining traction through digital platforms. Institutional clients contributed EUR8.9 billion of net flows with momentum improving compared with previous quarters. Mandate wins across insurance clients and renewed demand for Fixed Income was partly offset by anticipated redemptions.

The client sentiment remained constructive, supported by ongoing demand for liquidity and income-oriented solutions. Clients remain selective and decision-making cycles stayed extended. At the same time, discussions around strategic asset allocation increased.

Turning to the regional picture. Germany, U.K. and EMEA reported net flows of EUR18.2 billion. Private Wealth remains the main source of growth with strong ETF momentum more than offsetting outflows in the institutional business.

Americas contributed EUR10.5 billion of net inflows. Flows were driven by institutional clients with particularly strong

allocation to cash solutions alongside continued interest in passive and alternative strategies.

APAC delivered net flows of EUR2.2 billion, supported by sustained ETF net flows across both client segments and continued institutional commitments to alternative investment capabilities.

Moving to the quarterly highlights within our active business. Active Assets under Management decreased to EUR484 billion, mainly reflecting adverse market movements in fixed income. Flow trends were mixed across asset classes. SQI maintained its momentum, generating net flows of EUR1.1 billion.

Flows remained primarily driven by retail-oriented products, including DWS Vorsorge Premium and StepIn Global High Conviction, while institutional demand benefited from several mandate wins across Europe and the U.S.

Multi Asset generated net flows of EUR0.2 billion. Mandate wins across Europe were the main driver alongside continued demand for Concept Kaldemorgen. Fixed income reported net outflows of EUR0.3 billion, including EUR1 billion of anticipated client redemptions.

Excluding these redemptions, client demand was positive, particularly in Private Wealth, where DWS Floating Rate Notes attracted around EUR0.9 billion of net inflows. Active Equity net outflows amounted to EUR1 billion.

The underlying business remained resilient with continued inflows into retail products in Germany, supported by good investment performance. This was more than offset by specific institutional mandate redemption and moderate outflows in U.S. Private Wealth.

Moving to our Xtrackers business. Xtrackers delivered another record quarter with net flows of EUR15.8 billion and Assets under Management increasing to EUR475 billion. One observation; at the current growth pace, Xtrackers is approaching Active in terms of Assets under Management. This demonstrates the successful scaling of the platform and the increasingly balanced composition of our business.

Turning to our flow picture. Starting with our European ETP business, which generated net flows of EUR13 billion. Demand remained high for core portfolio building blocks. Clients allocated to broad equity exposures such as the S&P 500, World ex U.S., and emerging markets, while demand for euro overnight products remains strong.

Within Mandates & Solutions, which generated solid inflows of EUR1.4 billion from both new and existing mandates. This business line is complemented by ETF as a Service, which is an important growth area for us. We continue to see interest from partners across both institutional and Private Wealth channels.

Our current pipeline also reflects the opportunities we see from the upcoming implementation of the German pension reform. Our U.S.-domiciled ETFs delivered another positive quarter with EUR1.2 billion of inflows. Demand was primarily driven by high-yield and ESG products.

We continued to build our active ETF franchise. It still remains a relatively small part of the business with around EUR3 billion of Assets under Management and EUR0.2 billion of inflows. However, targeted distribution initiatives and a broader product range are supporting its development.

We further expanded our digital distribution partnerships across EMEA, strengthening our access to European retail investors. The digital distribution channel is already a meaningful contributor to flows and continues to grow in importance. We now have 46 partnerships and a strong pipeline to support further growth through the remainder of the year.

At the same time, we defended our position as the number 3 provider in the highly competitive European ETP market where we maintained a market share of 10.1%. Record inflows demonstrate the strength of the Xtrackers franchise and the relevance of our product range.

Let me turn to our Q3 highlights for our Alternatives platform. In the third quarter, Assets under Management remained stable at EUR105 billion. The business generated net flows of EUR0.8 billion. Looking at the asset classes in more detail. Infrastructure generated net flows of EUR1.3 billion, reflecting strong demand across both equity and debt strategies.

Fundraising for PEIF IV is progressing well and continues to target the final close in Q4. On the debt side, we continue to see strong interest in our infrastructure debt opportunities fund franchise, particularly in the U.S., highlighting the breadth and attractiveness of our infrastructure debt offering.

The interest rate environment continued to weigh on Liquid Real Assets and Real Estate. Liquid Real Assets recorded net outflows of EUR0.1 billion with outflows from our Real

Estate products being partly offset by allocations into more defensive products, including precious metals.

Real Estate reported net outflows of EUR0.4 billion, primarily driven by the grundbesitz funds. The interest rate environment continued to weigh on Real Estate transaction activity and investor demand. For one of the grundbesitz funds, grundbesitz Europa, we have decided to implement a temporary redemption restriction.

While this was not a decision taken lightly, we believe this measure is necessary to support orderly portfolio management and to safeguard investors' interests over the longer term. At the same time, we are mindful of the impact this measure can have on investors.

On the other hand, we continue to see attractive opportunities in selected parts of the market. Our value-add strategy remains well positioned, supported by continued investor interest in our affordable housing-focused direct Real Estate strategy.

The recently announced Peakside acquisition is intended to strengthen our capabilities and broaden our offering in this market segment. In private credit, our focus remains on fundraising, and we expect the first closings and deployment of capital in the fourth quarter.

With that, let me now move on to our revenue development. Total revenues reached EUR784 million, up 4% year-on-year and up 1% quarter-on-quarter. Management fees increased to EUR745 million, representing a 5% increase quarter-on-quarter and a 14% increase year-on-year, mainly driven by higher average Assets under Management and strong organic growth.

Performance and transaction fees amounted to EUR7 million. This reflects the anticipated cyclicality as well as lower transaction volumes in real estate. Let me reiterate some key statements around our performance fees. For 2026, we continue to expect performance fees at the upper end of our 4% to 8% guidance.

The main fourth quarter contribution is expected from Concept Kaldemorgen. As of Q3, Concept Kaldemorgen had accrued approximately EUR50 million in performance fees. For 2027, we expect performance fees to be at the low to mid-end of our guidance range.

This reflects the maturity profile of our infrastructure fund cycle, including the last asset sale of PEIF II. Other revenues contributed EUR32 million. The quarter-on-

quarter decline mainly reflects the elevated harvest contribution recorded in the second quarter.

While share price development remained positive in Q3, the increase was less pronounced than in the strong second quarter, leading to a lower contribution from the share price hedge. Before moving to costs, let me highlight a crucial development in our revenue mix.

In 2025, total revenues benefited from record performance fees and exceptionally strong other revenues. As contributions from our infrastructure fund family and fair value of guarantees are not expected to repeat at the same level in 2026 and 2027, growth in recurring management fees becomes increasingly important.

We delivered management fee growth of 5% quarter-on-quarter and 14% year-on-year, supported by strong organic growth and market appreciation. This growth helped us further expand our overall revenue base and demonstrates our ability to drive earnings growth from more predictable revenue sources, and this supports our ambition to deliver annual EPS growth of 10% to 15%.

Let me move on to our cost development. In the third quarter, total costs were EUR459 million, down 2% quarter-on-quarter and up 6% year-on-year. Compensation and benefits decreased to EUR229 million, down 1% quarter-on-quarter, mainly reflecting lower share-price-related retention costs.

General and administrative expenses were EUR230 million, down 2% quarter-on-quarter. I am particularly pleased that our general and administrative expenses declined despite higher volume-related costs. This reflects our ongoing efforts to proactively manage discipline-based costs. At the same time, these efforts help fund investments in our growth areas while maintaining strong cost discipline and efficiency.

This supports our expectation that the full year 2026 cost base will remain broadly in line with 2025. Our Cost-Income Ratio improved to 58.6% in Q3 and amounted to 57.7% for the first 9 months. Therefore, we continue to target a Cost-Income Ratio between 55% and 57% in 2026.

With that, let me hand over to Stefan.

Stefan Hoops

Thank you, Markus. Let me provide you with an update on one of our core growth levers and certainly the one most within our own control. Our partnership with Deutsche Bank is already a significant source of value creation.

Today, we collaborate successfully across a range of areas, including the private bank's role as our number 1 distribution partner and joint product initiatives related to Germany's pension reform agenda. At the same time, we should be candid. For a number of years, much of our focus was on establishing DWS as a stand-alone asset manager.

As a result, we have not yet fully leveraged the unique strengths that come from being part of Deutsche Bank Group. Looking ahead, we have an opportunity to combine the strength of a leading European asset manager with the capabilities of one of Europe's premier banking franchises.

We have all the key ingredients in place, a leading European asset manager, a leading European corporate bank with a global network, the leading European FICC franchise globally and the largest global private bank in the Eurozone.

Taken together, these strengths provide a powerful foundation to deepen collaboration, close capability gaps and unlock additional growth opportunities across Deutsche Bank Group and specifically for DWS. We are already actively progressing on several opportunities.

Firstly, creating a more integrated institutional client coverage model, combining DWS and Deutsche Bank capabilities to deliver a coordinated approach for key client segments such as insurance companies, pension funds and sovereign wealth funds.

Second is building a Deutsche Bank private markets hub, bringing together origination capabilities, investment expertise and distribution strength across the group to provide clients with enhanced access to private market opportunities while improving the scale and reach of our Alternatives platform. This is where we are most advanced and are expecting our first fund closings in Q4.

A third opportunity is the creation of a portfolio solutions platform within DWS. By bringing together portfolio construction, product capabilities and investment solutions from across DWS and the Private Bank, we are building a single investment and product engine for Deutsche Bank Group while enabling the Private Bank to fully focus on client relationships, advisory and distribution.

We are also exploring a centralized fiduciary overlay solutions capability, bringing together expertise from DWS, the Private Bank and the FICC franchise to deliver institutional-grade fiduciary overlay solutions for clients. Collectively, these initiatives have the potential to expand our addressable market, enhance our product offering and

strengthen our competitive positioning across key client segments.

By broadening our solutions capabilities, providing institution clients a more comprehensive product offering and creating a much closer link between the Private Bank and DWS, we can generate additional client flows, support revenue growth and create long-term value for both DWS and Deutsche Bank. Importantly, the opportunity today is different from the period prior to the IPO.

The increasing relevance of private markets, portfolio solutions and overlay management has made the benefits of closer collaboration between Asset Management and banking more compelling than in the past. At the same time, our history demonstrates that combining capabilities across Deutsche Bank and Asset Management can create substantial value.

An example is Xtrackers, which originated within Deutsche Bank's equities franchise before evolving into one of Europe's leading ETF platforms. The opportunity is significant. Deutsche Bank already possesses a number of highly competitive businesses. By connecting these strengths more closely, we can create a powerful growth flywheel that benefits clients, DWS and Deutsche Bank alike.

To conclude, the key message from the third quarter is straightforward. Our record total net flows, growing management fees and continued cost discipline demonstrate the strength and momentum of our core business.

At the same time, we see many opportunities for additional growth. One of the most significant is the closer connection between DWS and Deutsche Bank. As paranoid optimists, we remain fully focused on creating long-term value for clients and shareholders alike. Thank you. We're now happy to take your questions.

Oliver Flade

Thank you very much, Stefan. And operator, we are ready for Q&A now. May I please remind everybody to limit yourself to two questions, please? Thank you very much.

Operator

Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and then one on their telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue you may press star and two. Anyone who has a question may press star and two at this time.

And we have the first question comes from Hubert Lam from Bank of America. Please go ahead.

Hubert Lam

Hi, good morning. Thanks for taking my questions. I've got two of them. Firstly, can you give us your latest thoughts on the German pension reform opportunity, especially now that we've seen the pricing of new pension -- new private pension products at the platforms where fees are -- seem to be pretty low. So how should we think about the potential revenue contribution from this?

Second question is on passives. Stefan, you mentioned that flows have picked up dramatically over the last couple of quarters, which is showing strong momentum. Like what have you done differently? Have there been any changes on the sales process, teams, use of rebates or discounts? So what's changed since the start of the year? Thank you.

Stefan Hoops

Perfect. Thank you, Hubert. Hopefully, everyone can probably hear. As you've heard, I'm in Abu Dhabi, so I feel lonely. Typically, I have Markus next to me. So, hopefully, it's going to be okay. Hubert, on your two questions. So starting with the pension reform, our view hasn't changed that it's going to be substantial from a volume perspective, but less unclear how this is going to translate into revenues in the first couple of years.

So what you will have seen is that for the standard offering where you simply have two funds, there's really a race to the bottom. So that's where the neo brokers, the platforms are fully focused. People have been offering it at zero fees, at least in the beginning of the first few years.

And I would imagine that this is going to lead to substantial inflows and potentially revenues down the line, but not in the first few years. Now then there's also what people call comfort or more advisory-related insurance wraps. Not everyone just wants to have ETFs, but there's plenty of people that also want to have an insurance wrapper.

And we will also contribute to that market. You may have seen that we just extended our partnership with Zurich until 2042, so for quite some time. And we will also be a product provider for Zurich and other insurance companies. So I think that we will be contributing quite broadly to the whole pension reform, really across channels and across types of products.

But unfortunately, it's too early to really be specific on revenue contribution. Again, I'm not worried that it's not worth it. I expect this to be substantial from flow, but not initially substantial from a revenue perspective. Now on

Passive, a couple of things, and thank you for praising our improved flows. We've actually just grown with the market in Q3.

So, I just want to be honest fact-based. A couple of observations that I found interesting. So when you look at the market, the market has been growing substantially. So last year, we had, I think about 330 billion in the European UCITS market. So let's call it, 30 billion, just under 30 billion a month. And this year, it has been 40 billion to 50 billion a month.

So it's a substantially growing market. Now at the same time, you have a bunch of new entrants. So year-to-date, it seems that we have about 25 new providers. So it's a great market growing faster than the past, but also more competition.

Now when you look at the like top seven, so those providers with more than 5% of market share, our share has dropped from about 82% to 80%. So that means that there's a 2%, let's say, leakage or of flow from the larger providers to some of the new entrants.

Now when you look at within the top seven, there are some -- let me just mention the one that's not publicly traded, Vanguard, which is phenomenal in FTSE All-World, which has been a big success last couple of months.

So within the top seven, there's always a little bit of, I wouldn't call it randomness, but company-specific strength that then contribute to relative flows. So that's just market background. Now when you look at our performance, we grew with market in Q3, much better than market in July and sort of in line with the market in August, a bit slower in September.

And some of that is simply luck that the respective campaigns work out better than others. In some cases, it was improvement, some fee cuts that we spoke about last quarter that played out in early Q3. So it's a variety of things.

But I think as I said in my prepared remarks, I'm actually quite pleased that we've been able to keep our market share in a massively growing market, meaning that the new market entrants are sort of growing at the expense of other folks. And so therefore, quite comfortable with our position and full confidence in the team continuing to deliver.

Hubert Lam — Great. Thank you.

Stefan Hoops — Thank you, Hubert.

Operator

The next question comes from Oliver Carruthers from Goldman Sachs. Please go ahead.

Oliver Carruthers

Morning, team. Thanks for the presentation. I have got two questions, please. So I guess first question, just broadly on capital allocation, including the potential return of excess capital through the extraordinary dividend next year. Just how are you thinking about that also alongside any opportunities for inorganic growth here?

Any kind of new larger opportunities that you're thinking about in this context? And then the second question, really to pick up on the comment that you made, Markus, in your prepared remarks. You talked about how cash solutions were gaining traction with digital platforms.

I think this is a really interesting development. Broadly in the market, I think there's quite a strong debate at the moment as to just the future of how retail investors are behaving with rising rates, but also as financial literacy improves with AI, what they're going to do with some of their deposits and uninvested balances.

So could you maybe -- I don't know if you want any more color around kind of what particular cash solutions that you're seeing kind of a pickup in traction with? I noticed the flows were really strong in 3Q, but just any more color around that remark that you made would be very helpful? Thank you.

Stefan Hoops

Perfect. Thank you, Oliver. I suspect you're asking the first question on behalf of the excellent bankers at Goldman Sachs that are showing us interesting opportunities. However, so far, nothing which is, let's say, transformative and, therefore, would deplete our excess capital.

I think you've seen us do pretty much exactly what we've outlined, meaning if there are capabilities that we think would be a good fit and would be credible for us to have them and we cannot do it organically, then we are adding it inorganically.

So that was the acquisition of Peakside. If anyone has questions that we want to detail, you will potentially see us do similar things where we add capabilities, but these are acquisitions, which don't break the bank. I think when it comes to transformative, I just don't see massive consolidation in the market. I mean this would be me speculating, but I don't see anything substantial.

And it seems that every one of a certain size would potentially be willing to combine, but wouldn't want to sell. So I cannot see any insurance company selling, I cannot

see any bank selling, meaning when it comes to, well, potentially transformative things, I don't think that it would actually cost capital would just be some sort of other structure, which is why I think so far, we remain committed to potentially having an extraordinary dividend unless we see better use over the next few months.

Now secondly, on cash, that is an interesting question that we spent quite some time on over the last couple of weeks. I would say that there are probably three sort of key observations.

Number one, I think that we will have structurally higher inflows and cash balances because folks that previously would have put deposits into banks are now leaving deposits with neo brokers and platforms, but they don't just keep it on their balance sheet.

They put it into money market funds because there's sort of nothing else that they can do with it, right, because they're not in the lending business. So therefore, a portion of normal deposits where folks think, well, I'm leaving a deposit with somebody, is now showing up in money market funds and that's structurally higher, and I think that this will continue.

Second, there are certain aspects which I would say are cyclical. Right now, the yield is actually quite attractive. Therefore, I think people -- if there's a choice between buying fixed income and just putting it into a money market fund, given the curve isn't that steep, it's cyclically interesting, which I think is also going to prevail for some time.

And then thirdly, we will always have people that are just parking it waiting to deploy, for which you probably need some market correction or some other maybe piece in some of the more problematic parts of this great planet, which I think you've always had maybe more now because there's some nervousness than in the past.

But I definitely think the structural and cyclical increases because of what you just described will lead to higher money market balances for us in the future.

By the way, it's a great scalable business, right? The fees are 5 basis points. So obviously, among the lowest parts of our product offering, but highly scalable. So the marginal Cost-Income Ratio is very close to zero which is why we still view it as a good business, and we'll try to grow as much as we can.

Oliver Carruthers — Got it. Thank you. Thanks a lot. Cheers.

Operator

The next question comes from Jacques-Henri Gaulard from Kepler Cheuvreux. Please go ahead.

Jacques-Henri Gaulard

Yes. Good morning, gentlemen. I had many questions, but I'll limit myself to two. I get the message on the flows, and it's indeed remarkable, but it's the second quarter in a row you're missing on earnings versus consensus really. And obviously, the market was not exactly there on your 10%, 15% EPS growth. It's unlikely it's going to be there further on the back of the results you published this morning.

Is it really the flows and the sheer volume of assets making you confident that you will basically get there essentially? Or if you can run you why you really feel that comfortable so that you have Slide 10 to show for it? First question. And the second question, I was actually quite surprised and actually pleased because they are great professional people about your love letter to your parent company.

And hearing you, Stefan, I was really wondering whether it made sense to keep DWS or Deutsche Asset Management as a stand-alone listed company, considering also the fact that the -- I would say, the free float is also one of the big impediment when you want to broker the stock. So I know I might as well ask that to your parents, but is there a very strong pitch to keep DWS as a stand-alone listed entity? Thank you.

Stefan Hoops

Thank you, Jacques-Henri. I think I will spend more time answering the first than the second question for obvious reasons. So look, I think everyone likes to read headlines, which are, well, a great job, you beat consensus. So obviously, that's preferred to missing consensus headlines.

However, to some extent, when you look at what we can control and what we cannot control, I'm quite pleased with us delivering on the stuff we can control, right? So on cost, we have absolute cost discipline. I think we can reconfirm that we expect cost to be flat to last year, which I don't think you guys are believing us yet, but you will see it in three months, right?

So on cost, we hit consensus, and I'm more optimistic than consensus for the full year. On management fees, which we can sort of control because there's momentum and inflows, obviously, there's some market appreciation. But that's also something which we view as controllable. We are bang on consensus and quite pleased with the growth, and I'll come back to how we look at it in a second.

Now the things which are more difficult to control are other revenues, because it includes stuff like accounting items for

our Riester product hedges, which are exposed to swap spread, and it's very difficult for us to influence the spread between, I don't know, 30-year bunds and 30-year swaps. So there's some randomness in the other income.

And performance fees, I think we've been consistent in saying that this year we would expect substantial performance fees in Q1 and Q4, but not in Q2 and Q3. And I think you saw that low-teens is very low, and it was still higher than what we ultimately delivered.

But I think when you look at where we missed and where we hit what we promised, hopefully, you would agree that everything in our control and the more substantial numbers, meaning management fees and costs, we sort of have done exactly what we've told you.

Now on EPS, I don't know on what level of detail I should go at this point in time. So maybe I will just leave it with what I just said. If one of you has more specific questions on outlook for next year, then please ask the question, but I don't want to be accused of like running out of time by taking all the time to answer questions. So if there's a question on next year, then please ask it, but that would be my answer on the missed earnings or sort of headlines.

Now the second question, it's my 17th earnings call, and I don't want it to be my last. So, therefore, this is obviously a question which Deutsche Bank would have to answer if there's any answer. There's nothing at all that would lead me to believe that we would change our status as a listed company. But that's probably all I can say. Otherwise, it's a question for the majority shareholder.

Jacques-Henri Gaulard — Thanks a lot, Stefan.

Stefan Hoops — Thanks, Jacques-Henri.

Operator — The next question comes from Arnaud Giblat from BNP Paribas. Please go ahead.

Arnaud Giblat — Yeah, good morning. So two questions, please. Firstly, if we focus on management fees, there's a 20 to 30 basis points reduction quarter-on-quarter. I'm just wondering, I mean, clearly, there's a bit of a mix shift. But even if I look at constant mix, there seems to be a bit of a decline within categories.

I'm just wondering if there are specific categories to call out here where you're seeing a bit of margin pressure. Second question is you've highlighted during the call your capital-raising efforts happening in private credit. Just any more

color you can give around that in terms of like fund launches and potential sizing? Thank you.

Stefan Hoops

Thanks, Arnaud. So the reduction in average margin is entirely because of flow mix. So if you dig in, so if you actually go through asset classes, then in equities, fixed income and alternatives, the margin is flat, right? So there's been no dilution.

When you look at equities, for example, we've had EUR600 million of inflows year-to-date in Top Dividende, one of our highest fee products. And also when you look at equities flows in Q3, we had outflows in lower margin and inflows at a higher margin. So therefore, for equities, fixed income alternatives, it's completely flat.

For Multi Asset and SQI, we've actually seen an increase in average margin because we've had some outflows in lower-margin institutional mandates. But for example, we have seen EUR400 million of inflows year-to-date into Concept Kaldemorgen. So Multi Asset SQI up in average margin.

Passive is flattish, between 15 and 16 basis points. But therefore, when you look at our long-term AUM and the average fee, it is solely because of the dilution of strong Xtrackers inflows, but not because of any margin reduction in the other asset classes.

And then I just made a comment about more inflows in money markets. That is obviously then leading to an overall dilution when you look at total assets. But again, we don't see, at this point in time, margin pressure with the exception of some ETF asset classes, which we covered last quarter. But otherwise, we don't see margin pressure in the other underlying asset classes.

Arnaud Giblat

And just since you bring up Money Market, I'm a bit surprised. I mean, when I look at the mix in regions, it seems like a lot of the Money Market funds come from German retail. I would have expected that to be at a slightly higher margin actually. And yes, if you could also talk about the fundraising efforts in Private Credit? Thank you.

Stefan Hoops

Yeah. Sorry, I just wanted to see if that was finished on the first one. Yes, but I mean, you will always see some mix in between the regions. But really, when you break it down by asset class, we didn't see -- I mean, where we see outflows is fortunately in the U.S. retail, but this is not fee- or margin-related, but just because of shift from active into passive, but again, for the underlying asset classes, very little compression. It's really more the dilution because of the inflows into Xtrackers and cash.

Now for Private Credit, we expect the closings of two funds in Q4. One is a direct lending collaboration with Deutsche Bank's Investment Bank, our European Direct Lending Fund II, and that's looking very promising. So we expect a first close in November.

And then something which I'm actually quite excited about, which is a growth debt fund, which is German companies, German mid-caps that have developed like first-of-a-kind technology and have scaled enough that after Series A and Series B, they now need proper growth capital.

So we're setting up a fund in collaboration with KfW, where we're lending essentially growth capital, so mezzanine financing with warrants to German mid-caps that Germany considers the champions of tomorrow. And that is in collaboration with Deutsche Bank's Corporate Banking and Investment Bank, so first two.

On asset-based finance, that's something, which I would expect the first close maybe probably more Q2 than Q1, so -- but before the summer next year. So overall, that thesis, which arguably took us some time, right, in collaboration with Deutsche Bank, gets people over, having agreements, doing fundraising and so on.

It took a while, but it looks promising, but part of the reason why I'm here in Abu Dhabi is because of a bunch of meetings on these funds and PEIF IV and other things. And feedback is quite promising because people are still optimistic on at least Germany and parts of Continental Europe and feel that we have pretty differentiating origination capabilities in that region.

Arnaud Giblat — Okay. Thank you.

Operator — The next question comes from Pierre Chédeville from CIC. Please go ahead.

Pierre Chédeville — Yes, good morning. First question asked for -- asked by a French analyst on the banking industry. We can see that French banks and particularly Credit Agricole and BNP are very aggressive regarding German markets in the future and particularly on the savings side, where they say that there are a lot of opportunities in Germany to capture some savings that are unemployed in this market. And I wanted to know, how do you see this new competition? And if you feel that it could be something that you have to consider or if it's just anecdotal? First question.

Second question is, I would like to come back a little bit on Peakside, even if you have already talking a little bit. But we

can be quite surprised by your increase in the Real Estate activity considering the global environment on this.

And arguably, we could have think that you wanted to develop in private debt, which is a little bit more or private equity, which is probably also more challenging, but we can see that we have a jumbo funds that are working very well, I think, of Invest fund -- funds to invest, for instance, or Ardian that are very successful.

So I wanted to know a little bit better what is your reason why increasing your share in Real Estate business for the current times? Thank you very much.

Stefan Hoops

Thank you, Pierre. So I did have high school French. I have always liked France. And therefore, I think on behalf of Germany, we welcome any French competitors doing business in Germany. So like, the more products and the better for the German client base.

Look, I would say that BNP has been in Germany for a long period of time. Amundi has a strong standing in Germany, if you refer to the asset management arms of both. So therefore, I don't think that they have just woken up to the opportunity set in Germany.

But there are some other foreigners that are new to the market. I don't think it applies to the 2 of them. And they are formidable competitors, just like we are trying to compete with them in France. They're doing a great job in Germany. And I think that's good for the Germany economy.

Pierre Chédeville

Stefan, if I may, I was not talking about Amundi or BNP AM. I was talking about the banks and not in the asset management business, but in the term deposit business. And I wanted to know if the competition from term deposit business in which they want to develop is something that you see. I was not talking about the competition from other asset managers, but from banks trying to capture term deposits.

Stefan Hoops

Understood. Okay. Now I get it. And specific to retail, I suspect, because both -- I mean, BNP has a really strong corporate bank, where they obviously also compete for term deposits. Look, I'm not quite as familiar with essentially how private banks think about it.

What I noticed is that people seem more worried about chase market entrants, what the neobrokers are doing. I think the French are viewed as pretty sensible, experienced folks that are not trying to buy market share with like unprofitable offerings.

But otherwise, my suggestion would be clear that then we get back to you via Investor Relations after having spoken to the right folks at Deutsche Bank Private Bank. I want to go on record with having like a big picture knowledge only. On Peakside, look, when we look at the Real Estate market, it's quite interesting because you actually have quite strong fundamentals, meaning you have big demand for real estate overall and very little new supply for a variety of reasons.

But then at the same time, it is a complete buyers' market, which we suffered from in our open-ended retail funds. But at the same time, we're benefiting from 4 institutional mandates. So one anecdote or one point -- case in point is that when you look at our outflows in real estate in Q3, they're entirely because of the open-ended retail funds, we've actually seen inflows in some institutional mandates.

Now when you look at Peakside specifically, they are a great addition. They are very complementary skills. We didn't have value-add and like opportunistic capabilities to the same extent they do. So they're a great complement for our European Real Estate platform. They're really good in Germany, in Central and Eastern Europe.

We've known the founding partners for a while; they've been doing it for 20 years. And I think, as I mentioned in prior calls, for a few quarters, we assessed how we can build those capabilities organically, hiring teams, buying somebody.

But in the end, we find the market so attractive that we really want to compete for the playoffs from day 1, which you can only do if you buy somebody and benefit from their track record. And that's why we've done it. Again, we like the fundamentals in the market and I think it's a great buying opportunity for specifically institutional clients that are putting money to work.

Pierre Chédeville — Thank you very much.

Operator — The next question comes from Nicholas Herman from Citi. Please go ahead.

Nicholas Herman — Yes good morning. Thanks for the presentation and taking my questions. Two for me as well, please. Firstly, just circling back on the targets and then the second one on Peakside.

So on the targets, my understanding is that your EPS growth targets were intended as in-year growth. But would you still see the targets being met if you delivered the 10% plus on a compound basis, even if it meant dipping below that in a particular year?

Secondly, I mean, on Peakside, we obviously talked about your intention to acquire in value-add Real Estate last quarter. You've done that now. So that's pleasing. But I guess my question here is, why was Peakside the right acquisition? I mean you clearly do need to pivot your business more towards value-add. That's clear.

But given its scale, I'm just not sure I see how this deal achieves that. And I guess, relatedly, they've been doing this for 20 years, but equally given their size, what gives you the confidence that they'll be able to deploy at the scale that I'm sure you want and need?

Stefan Hoops

Perfect. Thank you, Nicholas. And just to be clear, the first question was on our 10% CAGR alternative target that we mentioned at our Capital Markets Day in '22. Was it the first question?

Nicholas Herman

Sorry, apologies for not being clear. The 10% EPS CAGR. So my question is, would you be happy if you achieved 10% plus EPS CAGR on a compound basis rather than in every single year?

Stefan Hoops

Yes. Okay. So no, for EPS, we want to get to 10% to 15% every year. So there will be years in which we will be at the upper end. This year is probably going to be with a tax benefit mid of that range and maybe there's a year in which is at the lower part.

But to sort of for record, if we only achieved what's currently the consensus for '27-'28, I would be disappointed. I think -- and it's always dangerous to debate the market, right? You guys have done a job for many years. So therefore, who are we to challenge consensus.

But I think where we are probably more optimistic than you is on costs. So I don't think that costs will go up next year. We actually -- because there was a question last earnings call, we are approving every sensible growth investment. So don't worry about us starving anyone.

There are plenty of businesses that have a carte blanche of hiring any good person that we can get on our platform. But at the same time, we see plenty of levers to continue getting costs down. Our internal fill rate outside of India is up 20 percentage points year-on-year. So Markus and the team continue to come up with new things. So we feel on costs, we are more optimistic.

And obviously, on management fees, I think our logic is in order to get to 10% EPS growth next year, we would probably -- Investor Relations can break it down in more

detail, but we probably need to get to EUR3.1 billion of management fees.

And then you can have assumptions low to mid part of the range for performance fees, EUR40 million a quarter for other EUR40 million to EUR45 million. But we probably need EUR3.1 billion of management fees at the current margin of low 24 basis point range, which would require AUM of roughly EUR1.275 billion on average in the course of 2027.

Being at EUR1.235 billion today, so it went up a little bit in October, we feel quite comfortable that if you believe our flow targets that we will then reach that average AUM, which would get us into this like EUR5.60 EPS for next year.

So therefore, no, I wouldn't -- every year, we want to get to at least 10% and then to the upper end of the range if markets are better, certain things play out better, or performance fees are higher. On Peakside, look, I do not pretend that we spoke to every single boutique out there, but we spoke to quite a few.

And what we liked about Peakside is, firstly, their client base, actually a decent overlap with our client base. So we are able to check, obviously, with their permission, but check with people beforehand. We know the key players for quite some time.

They live in our neighborhoods, meaning their office isn't far away from ours, at least one of the offices. So there was a lot of being simply familiar with the folks. Now every time you integrate a boutique, that's difficult. I can tell you that I was in a town hall an hour after we signed the contract, like a town hall in Peakside, and it was like the warmest reception I've received in my life because people had just been told that they would now be part of a larger organization. But I think when we explain why we like them and why we like their DNA, their history, their approach to business, I think people got comfort.

So we are quite excited and think that we can scale the business better than they could have done themselves. And it was obviously a thesis both for them and for us.

Nicholas Herman

Do you want to -- can I ask if you are willing to provide a bit more color on scaling ambitions? I mean considering the current flagship fund is EUR400 million. I mean what -- how quickly can you scale that?

Stefan Hoops

Honestly, let me – we will spend more time on Alternatives in the next quarterly earnings call, right? We still need regulatory approval. I think they will be part of our franchise

as of Jan 1. But I think it probably wouldn't be good style if I already gave some targets before they are officially part of our franchise. So allow me to do that next quarter, please.

Nicholas Herman — That's a good point. Thank you.

Stefan Hoops — Thank you.

Operator — The next question comes from Laura Gris Trillo from Jefferies.

Laura Gris Trillo — Good morning. Thank you for taking my questions. Just one from my side, please, on the Deutsche Bank collaboration. Could you help us understand a bit better how should we think about the scale and the timing of the opportunity on this?

And across the different areas that you mentioned before, including the integrated institutional coverage, private markets, and portfolio solutions, which initiatives do you see already as being already operational and which remain to develop and which one should we expect to contribute first?

And can you help us understand how should we think about the revenues and commercial implications of deepening this relationship with Deutsche Bank? Thank you,

Stefan Hoops — Perfect. Thank you, Laura. So let me just see quickly how -- so if you just go through it, I think Deutsche Bank, and I looked after sales in the Investment Bank globally and looked after the corporate bank before I joined DWS, I feel I have decent understanding of the divisions.

However, one of the constant challenges that everyone is sensing is to get everyone to collaborate, frankly, in line with what some other banks are doing, right? So there's still lots of areas for improvement, which Christian Sewing is also constantly pointing out, right, so in line with what everyone is saying.

Now to be specific, when you compare our setup with that of, let's say, a Goldman Sachs Asset Management, JPMorgan Investment Management or some of the other bank-owned competitors, they have a much, much closer collaboration between the respective wealth management and asset management.

So that's one key part of what we currently focus on. We currently have similar capabilities. So we do third-party manager selection. Private Bank does that actually the Investment Bank has it to some extent. So we have basically 3 parts of Deutsche Bank Group having similar capabilities.

Now if you combine that in DWS, obviously, you need to go through a bunch of compliance questions, it becomes a fiduciary offering.

But many other competitors are doing a very good job in having the product engine sit in asset management and then the rest of the firm distributing it. So that's one. That would include people moving over. And we wouldn't be speaking about it if this wasn't imminent, right?

So this will be -- these are things that are in the working. And for institutional clients, if you -- let me just speak about Abu Dhabi, like the sovereign wealth funds, they view us as being part of Deutsche Bank. So they would be surprised if they have different coverage for us.

So when it comes to sovereign wealth funds, large insurance companies, large pension funds, whether it's the Supers in Australia, Canadian pension funds and so on, we haven't had an integrated coverage for them, something which I tried when I went in sales globally, back in whatever, 2017, 2018.

And we are now making proper progress, which I think is going to help us simply have better access to parts of the world where now coverage -- institutional coverage could have been better. When it comes to overlay, so far, Deutsche Bank doesn't really offer a fiduciary overlay capability or product.

Again, something which we are now combining across different structuring functions. And based on the first closings, which we expect for Private Markets in Q4, we can materially deepen the collaboration with Deutsche Bank's Investment Bank.

Deutsche Bank is a big issuer of SRTs, for example, which they are currently doing with our competitors, but there's no reason why that should be the case. So I think that the 4 things I mentioned, they are very specific and things which are in motion. And I would expect us to be able to give specific targets probably in 3 months or 6 months after those things have been completed.

But they are substantial. I mean I think when I look at our growth levers, then I think that this could be bigger in the next couple of years than the German pension reform and probably bigger actually making -- bringing to life the Gateway to Europe.

That we have discussed in the past, where you have global investors that want to invest in Europe, want to invest in Infrastructure, in Real Estate and Private Credit and some

of those origination channels sit in Deutsche Bank. And by combining, we can now deliver on that promise.

Laura Gris Trillo — Thank you. That was very clear.

Stefan Hoops — Thank you, Laura.

Operator — The next question comes from Russell Quelch from Morgan Stanley.

Russell Quelch — Okay. Good morning. So 2 questions. Firstly, one on the growth opportunities in Fixed Income, and second on the gatings in the open-ended real estate business. So firstly, Stefan, you mentioned in your opening remarks further potential synergies with Deutsche Bank and their strength in fixed income.

And obviously, with the higher rate environment, this asset class is now more in focus for product development in asset management. There has been a few mentions of this on the call already. So can you elaborate more on the product outlook for DWS here in fixed income?

Are you thinking about expanding into new solutions such as like retirement accumulation and Active Fixed Income ETFs? And if so, what would be the expected timing and the impact of that product innovation on the fixed income flows and the revenue margin? That's my first question.

My second question is, -- do you see any risk that you need to gate other open-ended Real Estate funds? And if you do, what does this mean or what would be the impact, I guess, on your relationship with distributors?

I know some of our other alternative asset managers where they have had gating issues have talked about that impacting their relationship with their distributors. So just wondering if you have seen that same change in the relationship.

Stefan Hoops — Perfect. Thank you, Russell, and welcome to this earnings call in the sense of you just having taken over.

Russell Quelch — Thank you.

Stefan Hoops — So on Fixed Income, I think my reference was more to, generally speaking, the Fixed Income business of Deutsche Bank rather than specific what we would consider the Fixed Income asset class.

So what I mean by that is Private Credit -- Deutsche is part of the Fixed Income and Currencies Franchise. We just covered that the overlay business that is currently offered in a non-fiduciary format by the investment bank, by the fixed

income franchise that we could do a better job in coordinating.

So that was also related to that franchise. You just asked an interesting question on ETFs and wrapping. Yes, there seems to be a trend from going to what investment banks previously did as structured product certificates to make it ETF-able.

And you do not have that many banking groups that have a strong ETF platform and a strong structured products business. So there's something to be done that we are exploring. So I think that you will see much closer collaboration across coverage, structuring and product between the fixed income business of DB run by Ram Nayak, reporting to Fabrizio and us.

On liquidating, so for reference, we have 3 open-ended Real Estate funds, total EUR7 billion in AUM. The largest roughly EUR5 billion is the one which we had to gate. Clearly, if we had to gate the other 2, we would have done it at this point in time, right? I cannot say that we won't have to do it in the future.

We are actively monitoring it. But needless to say, if there was a reason and you need to have certain triggers in order to do it, then we would have done it. Overall, it's incredibly painful to do. It exposes some of the retail clients to liquidity pressure that became unexpected. So we feel quite bad about what happened.

But at the same time, we think it's in the best interest as a fiduciary for all investors to not sell good assets into a very pronounced buyer's market, but to preserve value and then sell it over time. I think it's too recent to speak about any impact on the distribution partners.

We were not the first fund to have to gate. In the U.S., this has been a feature for the last couple of years. So therefore, I would hope that our very strong relationship with distribution partners won't be impacted.

But as you would imagine, it was a couple of difficult days because we're only able to inform people once the respective legal entity had taken a decision on Monday. So therefore, lots of phone calls over the last couple of days.

Russell Quelch — Thanks very much.

Stefan Hoops — Thanks, Russell.

Operator — The next question comes from Michael Sanderson from Barclays. Please go ahead.

Michael Sanderson

Good morning, Stefan. Thank you for taking the question. Just a couple of quick ones. So I suppose following on slightly from what Russell was just asking. The Active ETF outlook within your expectations for Xtrackers, etcetera. How important is that for the sort of maintaining the margin that's required to meet the various targets?

And how quickly does that need to scale from the EUR3 billion? Or is it not as important as, I guess, some might think? And then secondly, I suppose also sticking on the active side. Just understanding, I obviously, last quarter, you were quite pleased to see the return to Active Equity inflows.

And obviously, the performance has been good, and you're still talking about the piece on the Private side -- Private Wealth side. But these institutional mandates that keep turning up to be unhelpful and bring you a headwind. How comfortably are these kind of slow at any stage? Is there any comfort you can give us around those numbers?

Stefan Hoops

Thank you. Good questions, by the way. So needs to ask a tough question to Markus because the fact that you said Stefan implies that everyone is asking me tough questions. And I am much lower than Markus given that I am in different time zone. So please ask me tough questions.

Now on Active ETF, where Markus is actually also quite passionate. Firstly, I am not ecstatic by how late we have been to the party in Europe. And arguably, given then consider ourselves one of the pioneers in the European market, we also should have been a pioneer in that and shouldn't have left it to JPMorgan who has done a very good job in Europe.

Now I think as all of you know, the market is much smaller in Europe and will stay much smaller because you do not have the tax benefits that you have in the U.S. and lot of shift into Active ETF in the U.S., but simply because it gives you like tax benefit when you rebalance.

You do not have the same gimmick or advantage in Europe, which is why one big selling point simply isn't existent, which is why I would expect it to remain niche. I am, for obvious reasons, not a fan for like alternative Active ETF.

And I think the lesson learned from open-ended real estate funds is probably that you shouldn't be mixing long-term, long-duration, illiquid assets with the perception of liquidity, let alone daily liquidity.

But look, we would like to grow our Active ETF business in Europe and have a few things in the pipeline that we are launching. But I do not think that it's going to be a substantial

part of our business. It's still less than 1% to the point you've made.

Now on the Active ETF, we are quite pleased with the large funds. I mean, I mentioned earlier that we had EUR600 million of inflows into Top Dividend this year, in line with remarkable performance. And overall, the European or, specifically German retail franchise is holding up quite nicely.

So when you look at our Q3, and you mentioned the institutional mandate, which caused the outflow, almost the rest of the balance came from the U.S. retail business. Not quite, but the German retail business, for example, was marginally positive in Q3 in inflows into active equity, right?

So we feel that this trend is continuing. By the way, the much better flow picture in equities this year versus prior years has actually led to a quite interesting observation. We do not disclose it yet, but do track internally the Net New Revenues.

And the Net New Revenues from our flows are higher in the first 9 months of the year than '24 and '25 combined, specifically because of the much better flow picture in equities. So important part of the franchise. I would expect Q4 to be better than Q3.

Michael Sanderson — Thank you.

Operator — The next question comes from Michael Werner from UBS. Please go ahead.

Michael Werner — Thank you guys for the presentation. Two questions from me, please. First, Stefan, I think you mentioned earlier that this year with the tax benefit, you will be in the middle of the range of the 10% to 15% EPS growth. I know there were some tax benefits earlier this year.

I was just wondering if you are anticipating any in Q4. And then second, I guess maybe this ties to some of the recent questions on equities. But any indication in terms of the pipeline redemptions that you anticipate either in Q4 or as we migrate into early 2027 would be helpful.

Stefan Hoops — I almost tempted to have Markus answer the first one, but it's an easy no. So we do not expect any tax benefit in Q4. So it would be silly to hand over to Markus just for the one question. And yes, you got it right, Mike.

Markus Kobler — Thank you, Stefan.

Stefan Hoops — You got it right, that we would expect clean growth of 10% or maybe a little bit more of EPS this year, right? So we had

EUR4.64 last year. So EUR5.10 plus we would have achieved cleanly and then you have the tax benefit on top of our current expectation.

In terms of redemption, nothing specific comes to mind. As part of the PEIF II asset sale, there's one asset left, but I would expect that to be monetized next year, not this year. So I do not -- like right now, I do not see any larger redemption from any alternatives or other institutional mandate beyond sort of the typical flow that you have every quarter.

Michael Werner — Thanks, Stefan and Marcus.

Stefan Hoops — Yes, thank you, Michael.

Operator — There are no more questions at this time. I would now like to turn the conference back over to Oliver Flade for any closing remarks.

Stefan Hoops — Oliver, before you do it, I will count it as a vacation day for Markus. By the way, Markus, you didn't get to sing. I mean, you did go to Bloomberg this morning. But otherwise, it counts as a vacation day. Greetings from Abu Dhabi over to Oliver. At least we don't hear anything, Oliver.

Oliver Flade — Thank you very much for listening and all the great questions. As usual, the IR team stands ready in case there are any open questions left. And otherwise, we wish you all a fantastic day and talk to you very soon. Thank you very much, and bye-bye.

Stefan Hoops — Cheers, everybody. Bye-bye.