

CIO View Portfolio: Perspectives



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In our monthly Multi-Asset update we show the implementation of our CIO View in the CIO View model portfolio.

Idea of the month

After a period of relative weakness, utilities are moving back into the spotlight. Valuations have eased meaningfully, opening up more attractive entry points. At the same time, rising energy demand driven by AI, data centers, and electrification is creating powerful structural tailwinds. Reliable energy supply is increasingly emerging as a bottleneck - and, in turn, a key driver of growth for the sector. Against the backdrop of more stable interest rates, predictable cash flows and dividends are regaining importance. Utilities thus could offer a compelling blend of stability and structural growth - a combination that, in our view, is particularly appealing in the current environment.

Utilities may offer attractive entry points



Source: Bloomberg Finance L.P., DWS Investment GmbH as of 5/26/26 (indexed, 5/3/21=100)

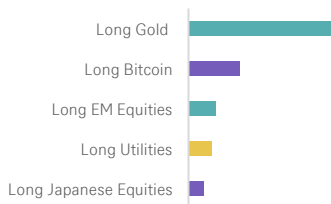
Our take on Duration & Risk

Risk

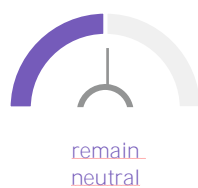
Risks and opportunities appear broadly balanced in the short term. Global equities rallied amid easing Iran tensions, but near-term upside seems limited now. Geopolitical risks remain high, and the inflation-growth dynamic has deteriorated. The earnings season, especially in the U.S., was strong but concentrated in tech and energy, posing forward-looking risks. Interest rates now make fixed income relatively attractive in our view. Seasonality and election cycles suggest lower upside. As, technically, upside is limited, and sentiment is neutral to slightly elevated, we stay on the sidelines.

We stick to our risk preference at neutral

Top 5 active risks



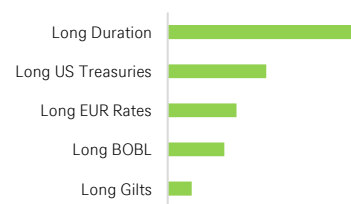
Overall risk



Source: DWS Investment GmbH as of June 1, 2026

We remain +1 on duration

Active fixed income risk contribution



Overall duration



Source: DWS Investment GmbH as of June 1, 2026

Duration

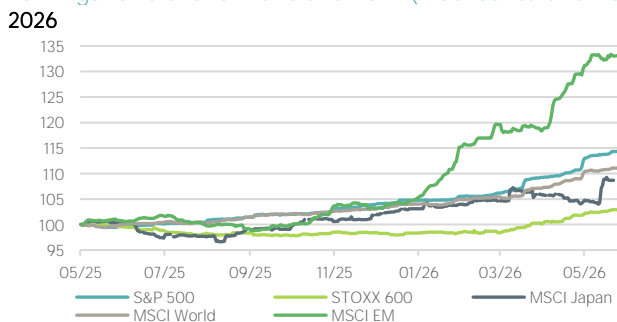
Unlike equities, the recovery in the rates segment has been less pronounced, as markets focused more on inflation than growth risks. In our view, the risk-reward now looks more attractive for duration. We maintain our steepening view, especially in 5s30s. In EUR, we keep tactical Bund +1, as yields are at the top of the range, offering attractive risk-reward, also for Gilts. Middle East risks pushed pricing toward higher inflation and yields, but much seems priced in already; higher oil would also weigh on growth. In USD, we upgrade 10y USTs to +1. We think growth risks from an oil shock and tighter conditions are underpriced, making the yield spike overdone. We now slightly prefer USD over EUR duration.

What's up in the segments?

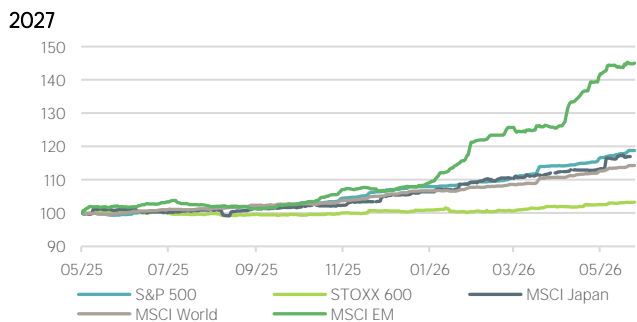
AI-driven energy demand and duration characteristics support a +1 for utilities.

After strong Q1 earnings and positive revisions, equity markets lack direction amid the Middle East crisis and rising yields. Earnings growth expectations for 2026 and beyond appear optimistic, while seasonality and U.S. midterm elections may pose temporary headwinds. Earnings momentum remains strong but is becoming harder, with S&P 500 growth expected at +19% in Q2 and +22% in Q3. We favor Emerging Markets (+1) and Japan (+1), this view is supported by attractive relative valuations and a stronger earnings outlook compared to developed markets, while maintaining a neutral stance on the U.S. and Europe. Japan remains a moderate overweight, given slowing revisions and emerging momentum risks. At the sector level, strong AI-driven performance in IT has led us to downgrade it to neutral. We also reduced Healthcare to neutral, while upgrading utilities (+1), supported by AI-related energy demand and duration characteristics. Value remains attractive in our view, but following strong outperformance (+24%), profit-taking leads to a neutral positioning. In fixed income, we think markets remain overly focused on inflation risks while underestimating growth headwinds. Credit spreads are tight and close to cycle lows, limiting further compression; we therefore prefer investment grade over high yield, while maintaining an overall neutral stance given elevated geopolitical uncertainty. In currencies, we expect the USD to trade within a close range in the near term, with a more cautious medium-term outlook.

Earnings revisions for 2026 and 2027 (indexed: 5/1/25=100)



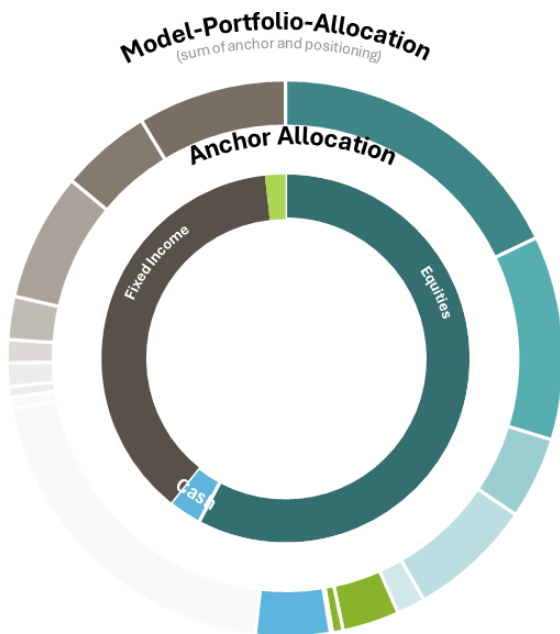
Source: Bloomberg Finance L.P., DWS Investment GmbH as of 5/26/26



Source: Bloomberg Finance L.P., DWS Investment GmbH as of 5/26/26

CIO View Model Portfolio positioning vs. anchor

This allocation shows how we implement the above-mentioned CIO View into a Multi-Asset portfolio of liquid securities.



	Anchor	Positioning
Equities	57.8%	1.6%¹
U.S. equities	29.2%	-4.8%
European equities	18.0%	-1.7%
Japanese equities	3.8%	2.7%
Emerging market equities	6.8%	3.1%
World Utilities	0.0%	2.3%
Fixed Income	37.5%	0.7%²
European government bonds	11.3%	0.6%
U.S. Treasuries	7.3%	-0.1%
EUR IG corporate bonds	10.4%	-0.2%
USD IG corporate bonds	3.8%	-0.4%
EUR high yield bonds	1.9%	-0.1%
USD high yield bonds	1.9%	-0.1%
Asia credit		0.9%
Global emerging market bonds	0.9%	0.0%
Fixed income derivatives	0.0%	27.8%
Commodities	1.8%	3.7%
Gold	1.8%	2.7%
Bitcoin	0.0%	0.9%
Ethereum	0.0%	0.2%
Cash & currency	2.9%	3.0%

This allocation may not be suitable for all investors and can be changed at any time without notice. Source: DWS Investment GmbH, as of June 1, 2026. The anchor allocation refers to the strategic asset allocation, while the portfolio positioning refers to the tactical asset allocation. Rounded figures. Including equity derivatives.¹ Total excluding interest rate derivatives² (derivatives are included in the positioning figures at a subordinate level).

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