



Investors for a new now

# DWS Group – Q2 2023 results

July 26, 2023

# Q2 2023 key financial highlights

Quarterly increase in AuM and revenues leading to lower adjusted CIR



» Net flows excluding Cash of €10.4bn driven by Xtrackers and Alternatives

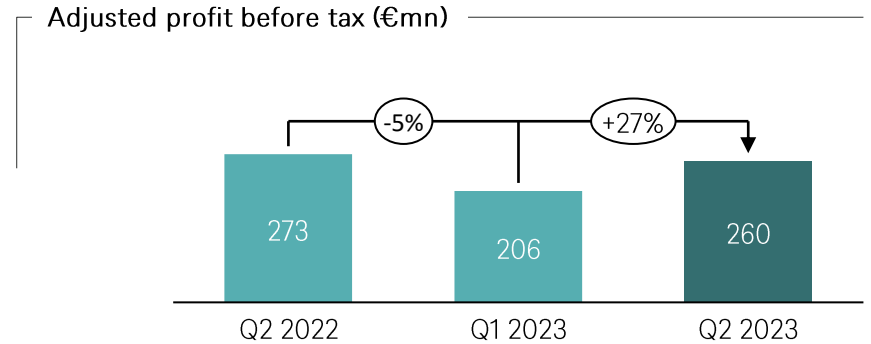
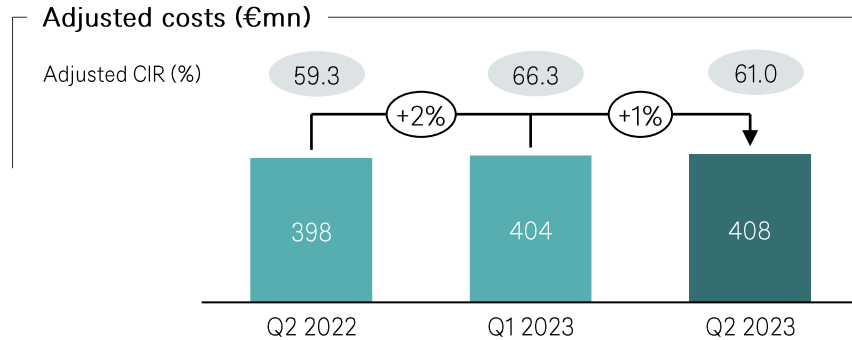
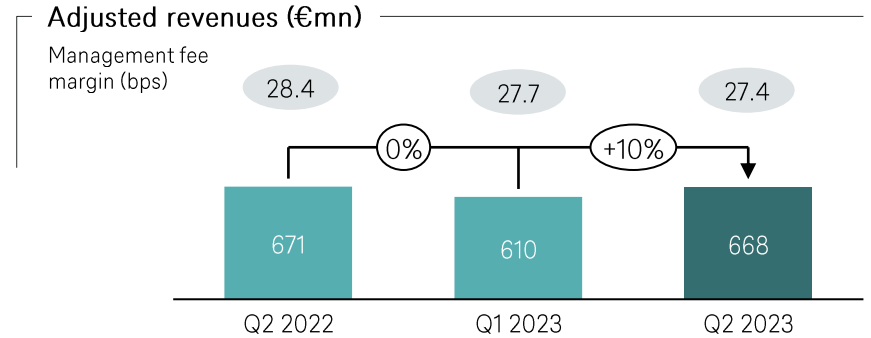
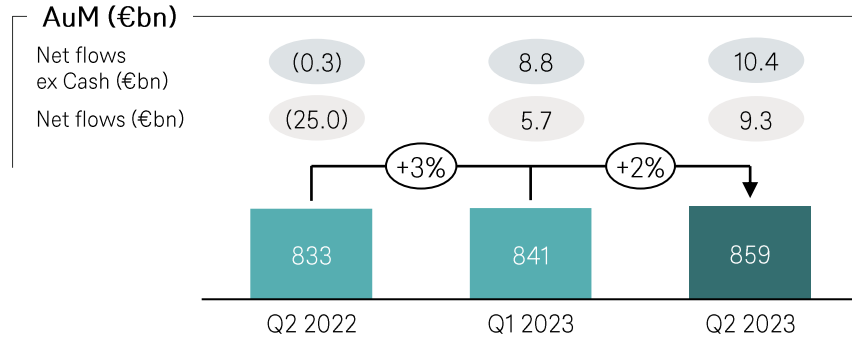
» Adjusted cost income ratio of 61.0%, on track to achieve FY 2023 guidance

» Adjusted profit before tax of €260m driven by strong revenue generation

# Financial performance snapshot – Q2 2023



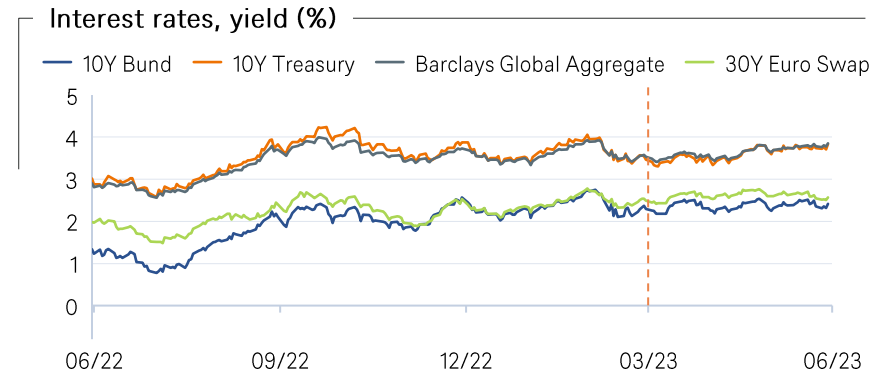
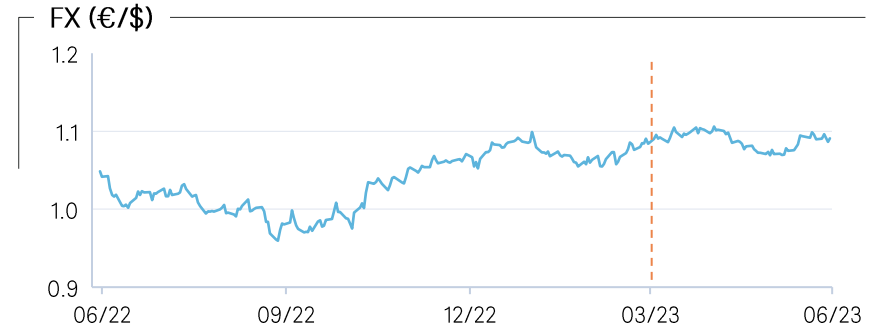
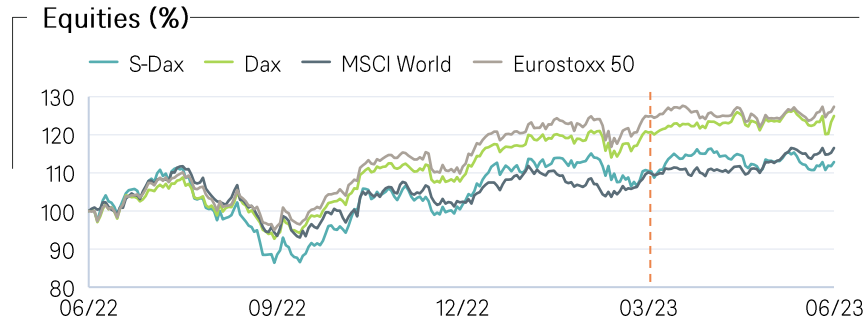
Quarterly increase in AuM, net flows, revenues and profit before tax



Note: Throughout this presentation totals may not sum due to rounding differences.

# Market environment

Market trends beneficial in 2023



Source: Bloomberg

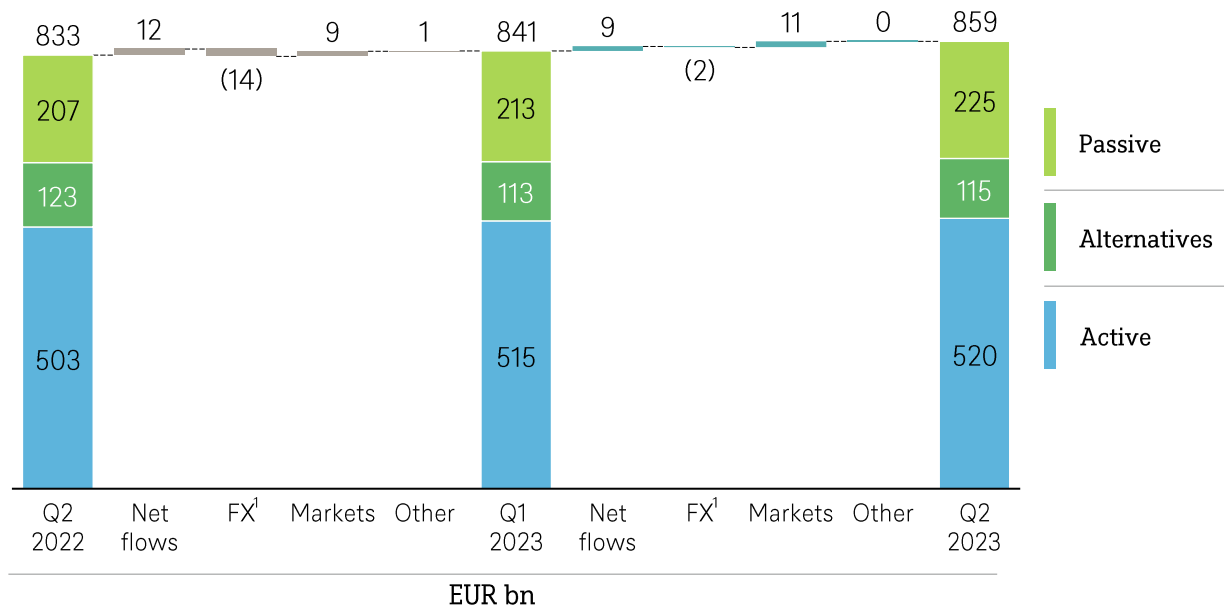
# AuM development

Net flows and supportive markets lead to AuM increase q-o-q

## Highlights

- AuM increased 2% q-o-q to €859bn in Q2 2023
- Positive market impact leading to €11bn AuM uplift in Q2
- €/\$ exchange rate movements had a €2bn negative effect on AuM
- €9bn of net flows support positive AuM development in Q2 2023

AuM development Q2 2022 – Q2 2023



<sup>1</sup> Represents FX impact from non-Euro denominated products; excludes performance impact from FX

# Net flows and AUM by asset class & region

Flow performance remained positive in almost all asset classes ex cash

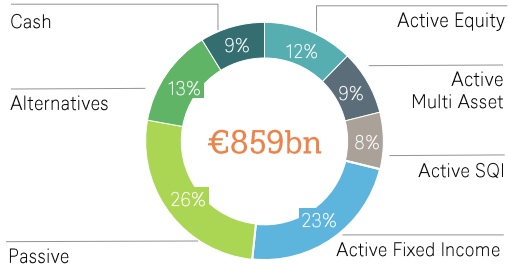
## Highlights

- Net inflows ex Cash of €10.4bn in all regions, mainly driven by our growth areas of Passive incl. Xtrackers and Alternatives
- Passive was supported by the Xtrackers ETF range and institutional mandates
- Alternatives benefitted from a significant US Real Estate mandate win
- Multi Asset supported by inflows into retail flagship fund Concept Kaldemorgen as well as institutional mandate wins
- ESG net inflows of €1.9bn, mainly driven by Passive including Xtrackers

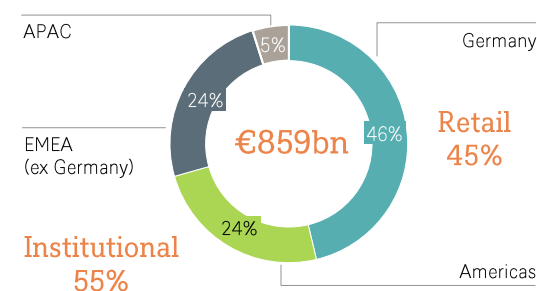
## Net flows breakdown, €bn

	Q2 2022	Q1 2023	Q2 2023
Active Equity	0.7	0.4	(0.6)
Active Multi Asset	0.6	5.6	0.5
Active SQI <sup>1</sup>	0.4	(0.8)	0.4
Active Fixed Income	(0.1)	0.5	0.0
Passive	(3.3)	4.4	6.2
Alternatives	1.6	(1.4)	3.9
<b>Total ex Cash</b>	<b>(0.3)</b>	<b>8.8</b>	<b>10.4</b>
Cash	(24.8)	(3.1)	(1.1)
<b>Total</b>	<b>(25.0)</b>	<b>5.7</b>	<b>9.3</b>

## AuM by asset class



## AuM by region & client type

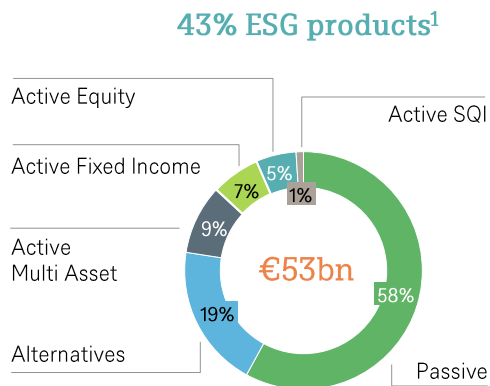


<sup>1</sup>Systematic and Quantitative Investments

# New fund launches and product pipeline

Good level of inflows in 2023 from new funds launches across all asset classes of our franchise

## Cumulative flows since IPO as of Q2 2023



Management fee margin of new funds (bps)

~35

## Product strategy highlights H1 2023

- Growth in Active fixed maturity products
- Expansion of Xtrackers climate solutions range
- Publication of “Solutions to drive Europe’s transformation” research paper
- Setting up of cryptocurrency ETC platform in Switzerland

## Fund Launches Pipeline H2 2023<sup>2</sup>

- |   |              |
|---|--------------|
| – Xtrackers MSCI World Momentum ESG UCITS ETF | Passive      |
| – Xtrackers Crypto Currency ETCs              |              |
| – US logistics strategy                       | Alternatives |
| – DWS Invest Conservative Sustainable Bonds   | Active       |

Note: Not all DWS products and services are offered in all jurisdictions and availability is subject to local regulatory restrictions and requirements

<sup>1</sup> See Cautionary Statement for ESG product classification framework explanation on p. 17. <sup>2</sup> Examples, subject to demand assessments, approvals and successful transaction execution.

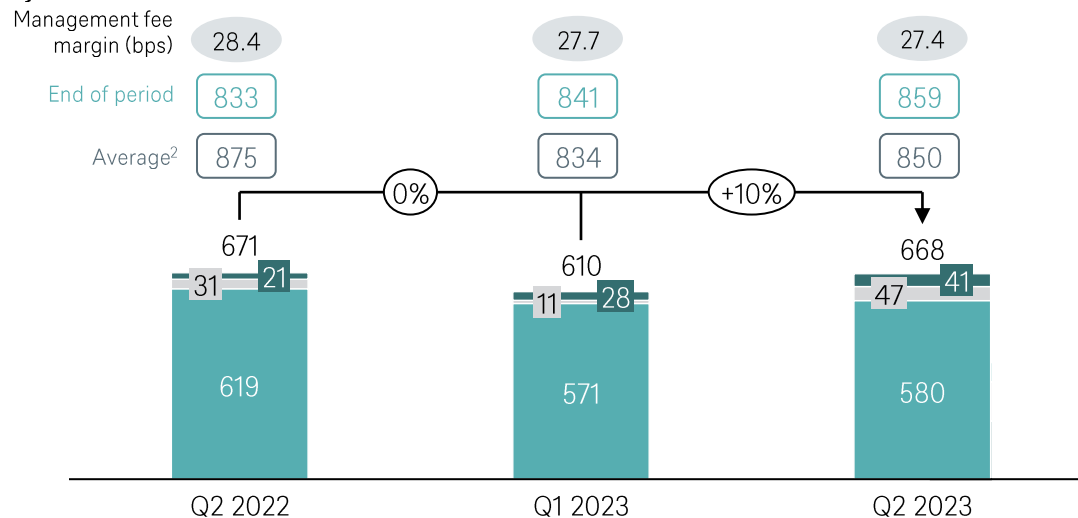
# Revenue development

Total revenue increase supported by all revenue lines

## Highlights

- Adjusted revenues increased by 10% q-o-q with management fees benefiting from higher average AuM
- Adjusted Performance and transaction fees increased q-o-q, mainly due to higher Alternatives performance fees
- Other revenues increased to €41mn mainly due to higher net interest income and favorable Harvest contribution of €16mn

## Adjusted revenues<sup>1</sup>



EUR mn

xx AuM (€bn) Management fees and other recurring revenues Performance & transaction fees Other revenues

<sup>1</sup>Other revenues adjusted for material sales gain (Q1 2023: €14m) <sup>2</sup>Monthly Average



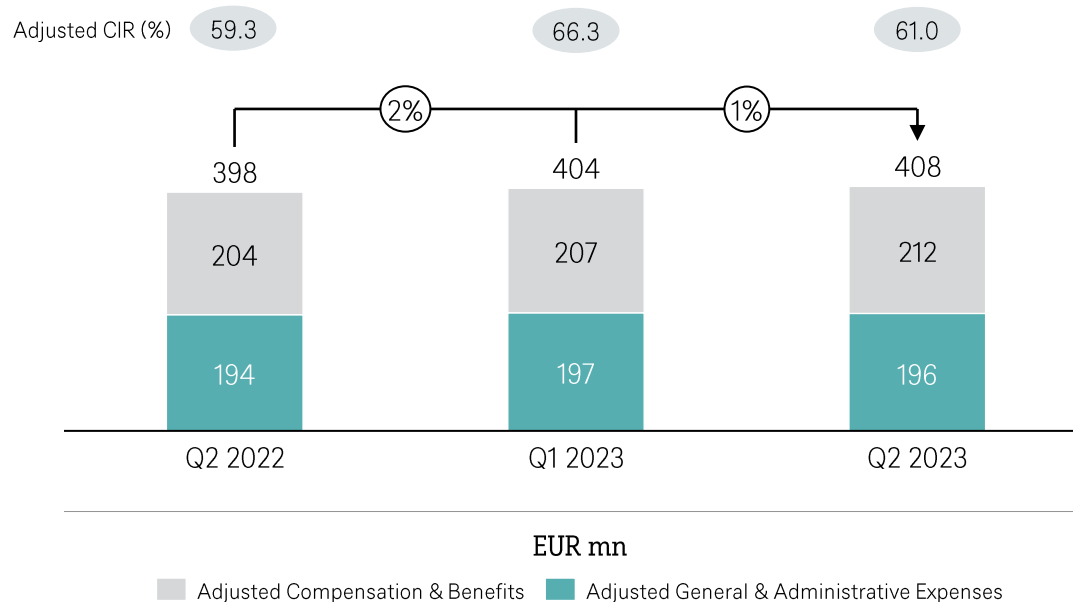
# Cost development

Active action on the cost base to help offset inflation

## Highlights

- Total adjusted costs of €408mn slightly increased by 1% q-o-q
- Slight increase in adjusted compensation & benefits, mainly driven by change in share price
- Adjusted G&A stayed essentially flat
- The adjusted cost base excludes i.a. €25mn of investments into our infrastructure platform transformation

## Adjusted costs<sup>1</sup>



<sup>1</sup>Non-interest expenses adj. for severance payments, restructuring activities, impairments of goodwill & other intangible assets, material non-recurring expenses, transformational charges and litigation

# Financial Outlook 2023

On track to achieve our guidance for 2023



## Adjusted CIR

– Adjusted CIR is expected to increase in 2023, but will stay below 65%

## Revenues

– Adjusted revenues are expected to stay essentially flat versus 2022

## Flows

– Positive net flows continue to be driven by our growth areas of Passive including Xtrackers and Alternatives

Note: Subject to geopolitical uncertainty and if economic conditions normalize

# Strategic Outlook H2 2023

Fully focused on strategy implementation



## Our strategy to punch our weight: Disciplined portfolio optimization

Reduce

Re-allocating resources to priority growth areas

- Maintain cost discipline and ensure continued active action on cost base to create savings that can be invested into growth

Value

Maintaining leadership in mature markets

- Connect dots between variety of topics, incl. geopolitics, real economy data, investor sentiment, impact of AI
- Cultivate even stronger collaboration across entire investment platform to drive client outperformance

Growth

Expanding true areas of strength

- Further strengthen profile and capabilities in Alternatives, incl. European Transformation
- Continued expansion of Xtrackers internationally, incl. range of thematic and ESG ETFs

Build

Seed-funding areas with high potential

- Ambition to grow in digital assets space, incl. first cryptocurrency ETCs launch by Q4 2023
- Lay foundation of next phase in digital assets strategy to issue Euro Stablecoin

The background features a large, light grey triangle pointing towards the top right. Overlaid on this is a series of thin, parallel, light grey diagonal lines that run from the bottom left towards the top right, creating a textured effect.

# Appendix

# Our Financial Targets 2025

	Guidance 2023	Refined Targets 2025
Earnings per share		EUR 4.50
Adjusted CIR	<65%	<59%
Passive AuM Growth <sup>1</sup>		>12% (CAGR 2022-2025)
Alternatives AuM Growth		>10% (CAGR 2022-2025)

Note: Targets assuming stable market conditions <sup>1</sup> Including Xtrackers brand

## Profit & Loss and other key performance measures, €mn, unless stated otherwise

	Q2 2023	Q1 2023	Q2 2022	H1 2023	H1 2022	Q2 2023 vs Q1 2023	Q2 2023 vs Q2 2022	H1 2023 vs H1 2022	
Profit & Loss	Management fees and other recurring revenues	580	571	619	1,150	1,238	2%	(6)%	(7)%
	Performance and transaction fees	47	11	31	58	58	325%	48%	(0)%
	Other revenues	41	42	21	84	65	(3)%	96%	29%
	Net revenues	668	624	671	1,292	1,360	7%	(0)%	(5)%
	Revenue adjustments	0	14	0	14	0	N/M	N/M	N/M
	Adjusted revenues	668	610	671	1,278	1,360	10%	(0)%	(6)%
	Adjusted Compensation & Benefits	212	207	204	419	426	2%	4%	(2)%
	Adjusted General & administrative expenses	196	197	194	393	382	(0)%	1%	3%
	Adjusted cost base	408	404	398	812	808	1%	2%	0%
	Litigation	21	(1)	12	19	12	N/M	71%	63%
	Restructuring activities	0	0	0	0	0	133%	95%	(44)%
	Severance costs	9	6	8	15	8	59%	19%	79%
	Transformational charges	25	18	15	42	22	41%	69%	91%
	Other material non-recurring expenses	5	0	9	5	14	N/M	(48)%	(64)%
	Total noninterest expenses	467	427	442	894	865	9%	6%	3%
	Profit before tax	201	197	230	398	496	2%	(13)%	(20)%
Adjusted profit before tax	260	206	273	466	552	27%	(5)%	(16)%	
Net income	145	138	155	283	341	5%	(7)%	(17)%	
Other Key Performance Measures	Reported CIR	69.9%	68.4%	65.8%	69.2%	63.6%	1.5 ppt	4.1 ppt	5.6 ppt
	Adjusted CIR	61.0%	66.3%	59.3%	63.5%	59.4%	(5.3) ppt	1.8 ppt	4.1 ppt
	FTE (#)	4,296	4,280	3,508	4,296	3,508	0%	22%	22%
	AuM (in €bn)	859	841	833	859	833	2%	3%	3%
	Net flows (in €bn)	9.3	5.7	(25.0)	15.0	(26.1)			
	Net flows ex Cash (in €bn)	10.4	8.8	(0.3)	19.2	5.5			
	Management fee margin (bps - annualized)	27.4	27.7	28.4	27.5	28.0			

# Historical net flows and AuM development



## Net flow and AUM detail, €bn

	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023
<b>Net flows by asset class</b>								
Active Equity	(0.7)	0.3	0.7	(2.1)	0.3	(0.8)	0.4	(0.6)
Active Multi Asset	3.8	6.8	0.6	(0.5)	(1.0)	5.9	5.6	0.5
Active SQI <sup>1</sup>	2.3	(0.1)	0.4	(0.4)	(0.3)	(0.3)	(0.8)	0.4
Active Fixed Income	4.6	(2.7)	(0.1)	(4.1)	(5.2)	(12.2)	0.5	0.0
Passive	25.9	0.5	(3.3)	(3.8)	(0.5)	(7.1)	4.4	6.2
Alternatives	6.0	1.0	1.6	1.0	(2.9)	0.6	(1.4)	3.9
<b>Total ex Cash</b>	<b>41.7</b>	<b>5.7</b>	<b>(0.3)</b>	<b>(9.8)</b>	<b>(9.6)</b>	<b>(13.9)</b>	<b>8.8</b>	<b>10.4</b>
Active Cash	5.9	(6.8)	(24.8)	17.6	8.0	(6.0)	(3.1)	(1.1)
<b>DWS Group</b>	<b>47.7</b>	<b>(1.0)</b>	<b>(25.0)</b>	<b>7.7</b>	<b>(1.6)</b>	<b>(19.9)</b>	<b>5.7</b>	<b>9.3</b>

### Net flows by region

Americas	7.5	(3.7)	(20.8)	17.4	(5.9)	(13.1)	(3.8)	6.6
EMEA excl. Germany	15.7	(4.4)	(2.7)	(7.6)	5.2	(9.6)	1.1	(3.9)
Germany	24.3	8.5	(0.3)	(1.5)	(0.6)	6.1	8.9	5.0
Asia Pacific	0.1	(1.4)	(1.2)	(0.5)	(0.2)	(3.4)	(0.5)	1.7
<b>DWS Group</b>	<b>47.7</b>	<b>(1.0)</b>	<b>(25.0)</b>	<b>7.7</b>	<b>(1.6)</b>	<b>(19.9)</b>	<b>5.7</b>	<b>9.3</b>

### Net flows by client channel

Retail	31.7	4.6	3.5	(5.9)	(2.2)	0.0	3.1	1.1
Institutional	16.0	(5.7)	(28.5)	13.6	0.6	(19.9)	2.6	8.2
<b>DWS Group</b>	<b>47.7</b>	<b>(1.0)</b>	<b>(25.0)</b>	<b>7.7</b>	<b>(1.6)</b>	<b>(19.9)</b>	<b>5.7</b>	<b>9.3</b>

### Change in AuM

Total net flows	47.7	(1.0)	(25.0)	7.7	(1.6)	(19.9)	5.7	9.3
FX	25.8	8.7	20.7	22.8	(30.4)	21.9	(6.6)	(1.9)
Markets	60.1	(33.3)	(65.1)	(31.1)	21.4	(108.2)	18.8	11.2
Other	1.5	0.4	0.2	0.6	(1.1)	0.1	1.2	0.1
<b>Total change in AuM</b>	<b>135.0</b>	<b>(25.2)</b>	<b>(69.3)</b>	<b>0.0</b>	<b>(11.6)</b>	<b>(106.1)</b>	<b>19.1</b>	<b>18.7</b>

	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023
<b>AuM by asset class</b>								
Active Equity	116	112	102	97	99	99	103	106
Active Multi Asset	70	74	69	67	68	68	75	76
Active SQI <sup>1</sup>	77	72	66	64	64	64	64	66
Active Fixed Income	227	215	208	205	194	194	196	196
Passive	238	230	207	198	199	199	213	225
Alternatives	115	120	123	126	118	118	113	115
<b>Total ex Cash</b>	<b>843</b>	<b>824</b>	<b>777</b>	<b>756</b>	<b>741</b>	<b>741</b>	<b>764</b>	<b>783</b>
Active Cash	84	79	56	77	80	80	77	76
<b>DWS Group</b>	<b>928</b>	<b>902</b>	<b>833</b>	<b>833</b>	<b>821</b>	<b>821</b>	<b>841</b>	<b>859</b>

### AuM by region

Americas	230	226	206	229	209	209	204	209
EMEA excl. Germany	245	235	219	209	204	204	210	210
Germany	405	396	365	354	368	368	385	398
Asia Pacific	48	46	43	41	41	41	41	42
<b>DWS Group</b>	<b>928</b>	<b>902</b>	<b>833</b>	<b>833</b>	<b>821</b>	<b>821</b>	<b>841</b>	<b>859</b>

### AuM by client channel

Retail	421	414	387	371	367	367	381	388
Institutional	507	489	446	463	454	454	460	471
<b>DWS Group</b>	<b>928</b>	<b>902</b>	<b>833</b>	<b>833</b>	<b>821</b>	<b>821</b>	<b>841</b>	<b>859</b>

<sup>1</sup> Systematic and Quantitative Investments

# Reconciliation from IFRS to Economic View

## Balance Sheet as of June 30, 2023, €m

	IFRS consolidated	Consolidated Funds	DB Vita	Economic view
Cash and bank balances	1,738	9		1,729
Financial assets at FVPL	4,235	1,374	483	2,378
Financial assets at FVOCI	79			79
Equity method investments	396			396
Property and equipment	143			143
Tax assets	219			219
Intangible assets	3,691			3,691
Remaining assets	804			804
<b>Total assets</b>	<b>11,304</b>	<b>1,383</b>	<b>483</b>	<b>9,438</b>
Other short-term borrowings	16			16
Tax liabilities	248			248
Financial liabilities at FVPL	619		483	136
Remaining liabilities	2,830	1,383		1,446
<b>Total liabilities</b>	<b>3,713</b>	<b>1,383</b>	<b>483</b>	<b>1,847</b>
Total Equity	7,591			7,591
<b>Total Liabilities and Equities</b>	<b>11,304</b>	<b>1,383</b>	<b>483</b>	<b>9,438</b>

### Key take-aways

€1.9bn adjustments comprise:

Consolidated Funds (€1.4bn)

- DWS reports individual assets and liabilities of mainly guaranteed funds that it controls under IFRS 10
- Fund assets and P&L still belong solely to the investors, not DWS
- DWS does not consolidate where third party investors hold > 50% of units

DB Vita (€0.5bn)

- Investment contract related financial assets held to back unit linked contracts offered by DB Vita S.A. (which is our specialist entity for unit-linked insurance products)
- Offset with financial liabilities due to investors holding the unit linked insurance contracts



# Q2 2023 detailed investment outperformance

## Investment performance, in %<sup>1</sup>

		1Y	3Y	5Y
Active Retail	Equity	23%	30%	58%
	Multi Asset <sup>2</sup>	23%	23%	23%
	SQI <sup>2</sup>	56%	52%	63%
	Fixed Income	93%	96%	77%
	Cash <sup>2</sup>	0%	100%	100%
	<b>Total</b>		<b>38%</b>	<b>50%</b>
Active Institutional	Equity <sup>2</sup>	63%	54%	69%
	Multi Asset	29%	43%	52%
	SQI	68%	75%	73%
	Fixed Income	84%	75%	83%
	Cash <sup>2</sup>	69%	93%	92%
	<b>Total</b>		<b>77%</b>	<b>73%</b>
Active Total	Equity	28%	33%	59%
	Multi Asset	28%	42%	50%
	SQI	65%	69%	71%
	Fixed Income	85%	78%	82%
	Cash	42%	96%	96%
	<b>Total</b>		<b>63%</b>	<b>65%</b>
Alternatives	Direct Real Estate	34%	89%	88%
	Liquid Real Assets	39%	90%	98%
	Other Alternatives <sup>2</sup>	56%	56%	56%
	<b>Total</b>		<b>38%</b>	<b>86%</b>
<b>Total DWS</b>		<b>59%</b>	<b>68%</b>	<b>76%</b>

<sup>1</sup> Aggregate asset-weighted gross outperformance of Active and Alternatives products that have benchmark spreads (gross and net) available over respective periods (Active and Liquid Real Assets as of June 30, 2023, Direct Real Estate and Other Alternatives as of March 31)

<sup>2</sup> < 10bn AuM with BM and hence ratios not representative

# Investor relations

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# Cautionary statement (1/2)



This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of DWS Group GmbH & Co. KGaA. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update any of them publicly in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks.

Our ESG Product Classification Framework (“ESG Framework”) was introduced in 2021, taking into account relevant legislation (including SFDR), market standards and internal developments and was further described in our Annual Report 2021. Based on the further evolution of the regulatory environment, we incorporated some refinements into the ESG Framework in the fourth quarter of 2022. Besides liquid passively managed funds (ETFs) which apply a screen comparable to the “DWS ESG Investment Standard” filter or have a “sustainable investment objective”, as well as other liquid passively managed funds which have been labelled as ESG and/or seek to adhere to an ESG investment strategy, now also liquid passively managed funds (ETFs) which track indices that comply with the EU Benchmark regulation on EU Climate Transition Benchmark and EU Paris-Aligned Benchmark are considered as ESG. Further details can be found in our Annual Report 2022.

We will continue to develop and refine our ESG Framework in accordance with evolving regulation and market practice. The aforementioned definitions apply to the entire presentation.

This presentation contains alternative performance measures (APMs). For a description of these APMs, please refer to the Interim Report, which is available at

<https://group.dws.com/ir/reports-and-events/financial-results/>

## Cautionary statement (2/2)



To measure outperformance, each fund or mandate of DWS which has a benchmark and where both gross and net outperformance is available has its performance (gross of fees) measured against that benchmark. In certain cases, for Illiquid portfolios where no benchmark is available, but a target return is defined, we use this target return instead of a benchmark for outperformance calculation. Where a fund or mandate outperforms its benchmark, the AuM held by such fund or mandate is included in the total proportion of our AuM included in outperformance figures. Fund of Funds are counted as products, e.g. when showing the absolute or relative number of products but are accounted with zero AuM for the purpose of AuM-based outperformance figures. Performance data is based on our internal performance review database and measured gross of fees.

The outperformance ratio is defined as the AuM of all funds and mandates of DWS that outperformed their benchmark over the respective period divided by the AuM of all funds and mandates that have a benchmark assigned and performance data available.

Outperformance is only one factor among many that influences the levels of our AuM, and the levels of our AuM are only one factor that contributes to our results of operations and financial position. Historical outperformance statistics should not be considered a substitute for financial information and trends in outperformance do not correlate with changes in net income.