CIO View

Multi Asset

June 18th, 2025

Marketing material

CIO View Portfolio: Perspectives

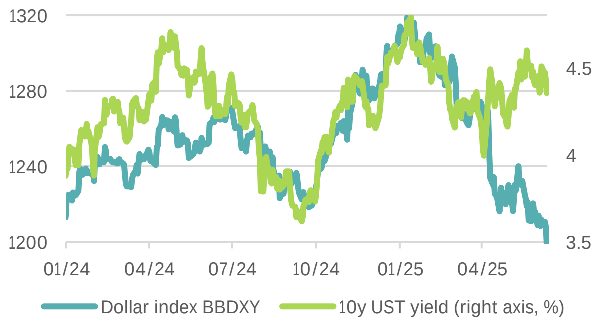
Vincenzo Vedda
Chief Investment Officer

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

Idea of the month

Even though the ten-year U.S. Treasury yield and the U.S. dollar very briefly moved in tandem again recently – following the publication of the latest U.S. inflation figures – it must be noted that "Liberation Day" caused a structural break. The "sell-America" thesis has since been reflected in the respective yield and price trends, which are now moving in opposite directions. A critical look at U.S. assets appears to be the new course of action, and the bond market is always a particularly sensitive barometer in such phases. Therefore, caution regarding Treasuries seems appropriate to us. Only time will tell, however, whether this recent trend is here to stay.

Dollar and Treasury yields no longer moving in tandem



Source: Bloomberg Finance L.P., DWS Investment GmbH as of 6/12/25

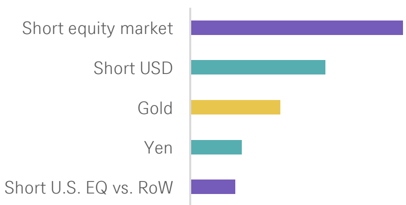
Our take on Duration & Risk

Risk

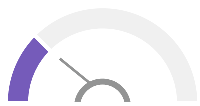
Although economic uncertainty remains high, valuations of U.S. stocks have moved towards pre-'Liberation Day' levels, despite the low visibility surrounding tariffs, which could lead to an increased risk of recession or stagflation. Considering the low expectations for GDP growth, EPS estimates, especially for U.S. equities, still seem too high. From a technical/sentiment perspective, a more positive outlook on the equity markets is warranted, although the seasonality of the equity markets worsens in May/June. Given the strong upward movement in May, we remain cautious about risk.

We reiterate our -1 risk preference stance

Top 5 active risks



Overall risk

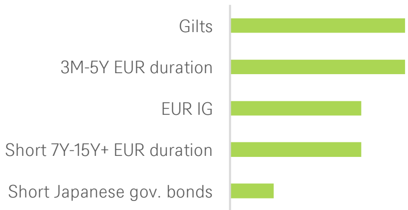


remaining -1

Source: DWS Investment GmbH as of 6/12/25

We stick to our neutral duration stance

Active rates risk contribution



Overall duration

remaining neutral

Source: DWS Investment GmbH as of 6/12/25

Duration

We see risk-reward mostly balanced at current yield levels. We maintain our preference for a steeper curve, particularly at the long end. Bunds seem to be relatively more shielded from the ongoing trade war, and supported by disinflationary trends, the ECB having more scope to cut rates if necessary and the potential for further diversification away from the U.S. Regarding USD duration, we remain biased towards selling Treasury rallies close to 10-year yield levels ~4.25%, as we are concerned about the rest of the world's willingness to continue financing larger and larger external deficits.

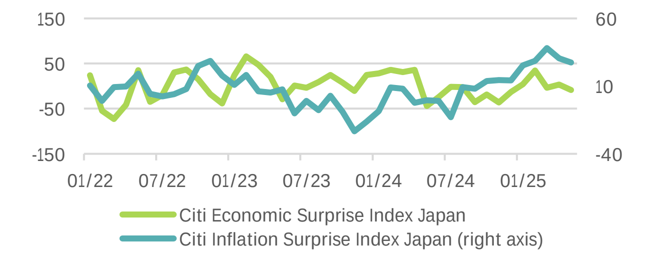
What's up in the segments?

We believe that our cautious approach to global equities is still appropriate

We maintain our cautious approach to global equities ahead of the typically subdued summer period. We stick to our risk rating of -1. A better-than-expected Q1 earnings season and more 'constructive' developments in U.S. trade policy led to a recovery in global equities in May. Despite low visibility on the tariffs front, which could lead to weaker economic fundamentals and growing recession/stagflation risks, the valuation of U.S. stocks is moving towards pre 'Liberation Day' levels. A prolonged market correction in 2025 is not unlikely in our view. We also maintain our 'defensive' sector positioning. Healthcare still looks attractive to us in terms of valuation, and EPS revisions seem to be stabilising. Positive news around tariffs should support the sector. Due to the positive underlying long-term trends, we are maintaining our +1 rating for healthcare. Regarding styles, we still anticipate an overall volatile market environment for equities, especially following the recent trend. We therefore remain cautious and maintain our +1 rating for MinVol. Within rates, our core bias remains the long-end steepener trade. Our relative rates preference is currently structured as follows: Gilts > Bunds > USTs > JGBs. Despite tight spreads and expensive valuations across the board, we still prefer EUR investment grade, as fundamentals and demand remain strong, and our total-return outlook remains relatively more attractive versus EUR sovereigns and USD investment grade. We maintain a neutral position on USD and EUR high yield and USD investment grade. We have cut our +1 signal on the Italy-Bund spread and return to neutral.

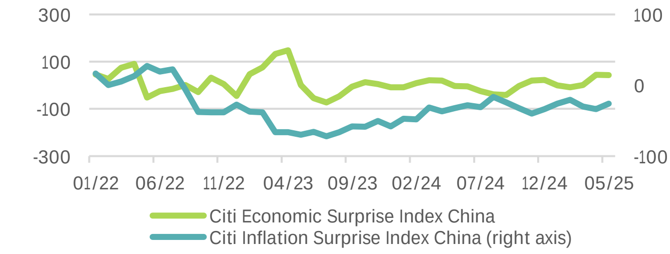
Economic and inflation surprise indices for Japan and China

Inflation is playing an increasingly important role in Japan ...



Source: Bloomberg Finance L.P., DWS Investment GmbH as of 6/12/25

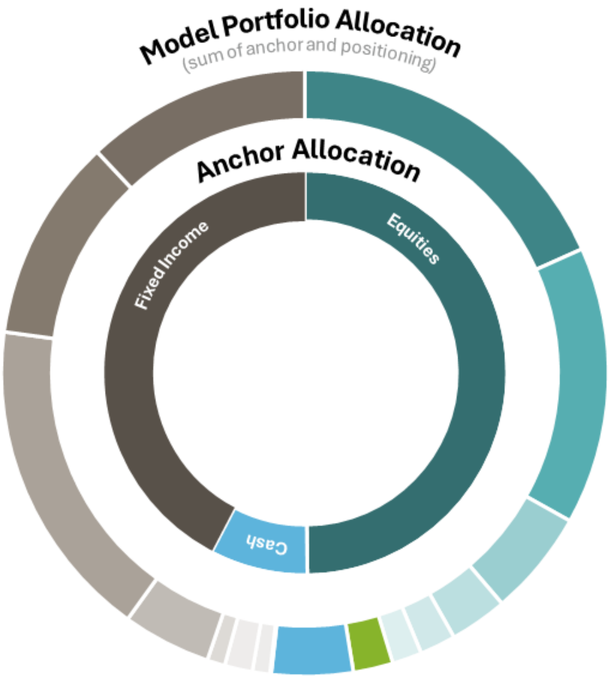
... while price pressure in China remains moderate



Source: Bloomberg Finance L.P., DWS Investment GmbH as of 6/12/25

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	Allocation[1]
Equities	**49.8%**	**-4.5%**	**45.3%**
U.S. equities	24.2%	-5.9%	18.3%
European equities	17.0%	-2.2%	14.8%
Japanese equities	4.0%	1.7%	5.6%
Emerging market equities	4.6%	-1.5%	3.1%
World Healthcare	0.0%	1.9%	1.9%
World Minimum Volatility	0.0%	1.6%	1.6%
Fixed income	**42.3%**	**5.9%**	**48.2%**
European government bonds	11.9%	0.1%	12.0%
U.S. Treasuries	10.8%	0.0%	10.8%
EUR IG corporate bonds	11.4%	5.8%	17.2%
USD IG corporate bonds	4.9%	-0.2%	4.7%
EUR high yield bonds	1.0%	-0.1%	1.0%
USD high yield bonds	1.4%	0.1%	1.5%
Asia credit	0.0%	0.9%	0.9%
Global emerging market bonds	0.9%	-0.8%	0.1%
Fixed income derivatives	0.0%	-3.5%	-3.5%
Commodities	**0.0%**	**2.1%**	**2.1%**
Gold	0.0%	2.1%	2.1%
Ethereum	0.0%	0.0%	0.0%
Cash & currency[2]	**7.9%**	**5.0%**	**12.9%**

This allocation may not be suitable for all investors and can be changed at any time without notice. Source: DWS Investment GmbH as of 6/12/25

[1] Deviation of portfolio allocation from 100% due to derivatives exposure.

[2] Including equity derivatives, which inflate cash position by 8.6%.

Important information – EMEA, APAC, LATAM & MENA

In EMEA for Professional Clients (MiFID Directive 2014/65/EU Annex II) only; no distribution to private/retail customers. In Switzerland for Qualified Investors (art. 10 Para. 3 of the Swiss Federal Collective Investment Schemes Act (CISA)). In APAC and LATAM for institutional investors only. In MENA: For professional Clients. Further distribution of this material is strictly prohibited. Australia and New Zealand: For Wholesale Investors only. In Qatar: For business customers only.

DWS is the brand name of DWS Group GmbH & Co. KGaA and its subsidiaries under which they do business. The DWS legal entities offering products or services are specified in the relevant documentation. DWS, through DWS Group GmbH & Co. KGaA, its affiliated companies and its officers and employees (collectively "DWS") are communicating this document in good faith and on the following basis.

This document is for information/discussion purposes only and does not constitute an offer, recommendation or solicitation to conclude a transaction and should not be treated as investment advice.

This document is intended to be a marketing communication, not a financial analysis. Accordingly, it may not comply with legal obligations requiring the impartiality of financial analysis or prohibiting trading prior to the publication of a financial analysis.

This document contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models and hypothetical performance analysis. No representation or warranty is made by DWS as to the reasonableness or completeness of such forward looking statements. Past performance is no guarantee of future results.

The information contained in this document is obtained from sources believed to be reliable. DWS does not guarantee the accuracy, completeness or fairness of such information. All third party data is copyrighted by and proprietary to the provider. DWS has no obligation to update, modify or amend this document or to otherwise notify the recipient in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Investments are subject to various risks. Detailed information on risks is contained in the relevant offering documents.

No liability for any error or omission is accepted by DWS. Opinions and estimates may be changed without notice and involve a number of assumptions which may not prove valid.
DWS does not give taxation or legal advice.

This document may not be reproduced or circulated without DWS's written authority.

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, including the United States, where such distribution, publication, availability or use would be contrary to law or regulation or which would subject DWS to any registration or licensing requirement within such jurisdiction not currently met within such jurisdiction. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions.

Issued in the UK by DWS Investments UK Limited which is authorised and regulated in the UK by the Financial Conduct Authority.

In Hong Kong, this document is issued by DWS Investments Hong Kong Limited. The content of this document has not been reviewed by the Securities and Futures Commission.

In Singapore, this document is issued by DWS Investments Singapore Limited. The content of this document has not been reviewed by the Monetary Authority of Singapore.

In Australia, this document is issued by DWS Investments Australia Limited (ABN: 52 074 599 401) (AFSL 499640). The content of this document has not been reviewed by the Australian Securities and Investments Commission.

For institutional / professional investors in Taiwan:
This document is distributed to professional investors only and not others. Investing involves risk. The value of an investment and the income from it will fluctuate and investors may not get back the principal invested. Past performance is not indicative of future performance. This is a marketing communication. It is for informational purposes only. This document does not constitute investment advice or a recommendation to buy, sell or hold any security and shall not be deemed an offer to sell or a solicitation of an offer to buy any security. The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. Certain data used are derived from various sources believed to be reliable, but the accuracy or completeness of the data is not guaranteed and no liability is assumed for any direct or consequential losses arising from their use. The duplication, publication, extraction or transmission of the contents, irrespective of the form, is not permitted.

as of 6/12/25; RBA 0058_104640_5 (06/2025)