

OUR MONTHLY MARKET ANALYSIS AND POSITIONING

In August, the bond market was bursting with records. The low-interest environment is likely to stay with us for some time. The joy of equity investors is not unspoiled, fears of recession are spreading.

MARKET OVERVIEW

August does not like to be considered a dull summer month. And people in the markets should not be too surprised. Because it is not the first time. In August 2007, the interbank money market collapsed – an early warning of the approaching financial crisis. In August 2015 the month's bit of fun was the so-called "black Monday": the sudden depreciation of the Chinese yuan shocked financial markets, Chinese stocks plunged and so did markets in the United States. All very lively. And this time? The bond markets are knocking off new records with such ease that you wonder quite what it is going on – and whether it is going to end nastily soon?

August's record-breaking feats are just too impressive. In the United States, the yield curve (of 2- and 10-year government bonds) inverted for the first time since 2007. Yields on 30-year U.S. government bonds slipped below 2% for the first time in history. And, in Italy, 10-year bonds slipped below 1% for the first time. In Germany, 10-year German government bonds closed at -0.71%, their lowest level ever, and 30-year bonds plunged into negative yield territory for the first time in history. This means that you cannot buy any German government bond with a positive yield. Those, however, who bought 100-year bonds from a large German state in March were 75% ahead in August. Finally, in a sign of just how "positive" August has been, 17 trillion dollars (USD) in bonds were trading negatively across the globe by late summer. You might call it global warming in bonds – and perhaps just as worrying a sign as the climate version of something going fundamentally wrong.

Stock markets, perhaps fortunately, could not match the bond markets' historic performance. But they have not been quiet. The S&P 500 moved by more than 1% on more days than not: a rollercoaster ride within a range of about 4%. But the volatility was not enough to jeopardize the strong annual performance of stocks. European banks were almost the only ones not to enjoy the past year. They fell as resuscitated low interest rates did nothing at all for them.

Commodities too had a negative August, except for precious metals. Gold broke through the 1500 dollar mark per troy ounce, the highest it traded since the beginning of

2013. We see this as reflecting not only increased political risk but also declining U.S. real yields, with which the gold price is negatively correlated. In euro terms gold hit an all-time high in August. In dollars it is still 300 USD below its 2011 peak.

A bit of history also happened in currencies. For the first time since 2008, it was necessary to pay more than seven Chinese yuan for a dollar. Chinese exporters have been pleased, as this devaluation compensates for the rise in U.S. tariffs. Less pleased was the U.S. President. To make America even greater he wants a weak dollar.¹ Instead the dollar is now trading 15% above its 20-year average against a broad basket of currencies.

What may be August's message? The U.S. yield curve inversion and the renewed decline in global-bond yields reflect very dovish central banks and darker economic clouds. Germany is a new disappointment. Its economy contracted in the second quarter, taking the Eurozone's quarter-on-quarter growth down by half to just 0.2% – hardly growing at all. In China the numbers from the labor market and industrial production were poor, while lending increased again: growth was weaker and there was more debt. In the United States the declining profit margins of companies² have been attracting attention. Globally the Manufacturing Purchasing Managers' Index (PMI) was below the 50 mark in September for the fourth month in a row, suggesting contraction. But the services index PMI remains above 50 – and even continued on the recovery path in the summer. As it has been the case for a long time, not all the signals are aligned.

Politics, for its part, has been highly unsettled – and unsettling. The Italians probably have a government coalition again, with one populist party less than in the previous coalition. That sounds good. But both partners still do not like each other. In two East German states the traditional parties held on to power but the increased vote for the far-right Alternative for Germany (AfD) was nevertheless worrying. In the UK Boris Johnson's anti-parliamentary maneuvers have been proving successful in welding the anti-no-deal ranks together. But the UK remains sharply divided on Brexit. In global trade, talks are still continuing between China and

¹ See for example Presidential Tweets from August 19 and 30.

² As expressed by pre-tax profits according to NIPA (National Income and Product Account) as percentage of GDP.

All opinions and claims are based upon data on 9/3/19 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH

the United States. But in August Trump announced a 10% penalty duty on goods worth 270 billion USD and another 5% on goods worth 520 billion USD. Chinese retaliation is becoming bolder – even as it dithers over how to deal with unrest in Hong Kong. Beijing might not have everything under control.

The widespread political uncertainty must be borne in mind. Untested governments may have to deal with the risk of global economic weakening. And quite how the U.S. administration may behave in the run-up to the presidential election in autumn 2020 remains a big and troubling question for many.

OUTLOOK AND CHANGES

Our quarterly strategy conference reflected on the rapid decline in interest rates, the economic slowdown and the trade war. The view that emerged remained relatively optimistic on economic prospects but potential returns in almost all asset classes look very limited.

We expect global economic growth of 3.3% for 2019 and 3.4% for 2020. But we believe current slowdown in growth needs to be overcome before the end of the year – by which time the trade dispute may begin to have a negative influence. The recent turnaround in central banks' monetary policy could support this stabilization in growth. Bond markets have already, for some time, priced in the accommodating policy steps expected in September. The U.S. Federal Reserve (Fed), we believe, will cut interest rates by 25 basis points (bps) and by the same amount again by September 2020. We expect the European Central Bank (ECB) to implement a package of measures consisting of a reduction in the deposit rate from -0.4% to -0.6%, the introduction of a tiering system and the resumption of bond purchases – to the tune of 35 billion euros per month from October.

For interest rates we would see this as meaning, again, lower for longer. But we also expect inflation to rise slightly and believe that the portfolio shifts out of equities and into bonds that we saw in the summer are not likely to continue to the same extent. We therefore expect government bonds in Europe and the United States to move only slightly over the next 12 months, and interest rates to rise only a little. The environment for corporate bonds therefore remains correspondingly supportive.

In our opinion, most of the return on equities is likely to come from dividends. Although equities usually benefit from a low-interest-rate environment, their outlook is currently dampened by growth and profit-margin concerns. Earnings estimates have been revised further down after the most recent reporting season. Regionally, we prefer the United States, whose growth stocks could further outperform the remaining equity markets. Technology stocks, in particular, have been doing well, delivering impressive quarterly results in many cases. Financial stocks are finding it more difficult in the low-interest environment and we remain underweight in real estate and industry. We believe gold should continue

to appreciate over the next 12 months, while we expect oil to trade sideways with a slight downward bias.

From a tactical point of view we are a little more cautious about U.S. equities and can envisage further corrections, in part because earnings expectations in some sectors look too high. We believe both the United States and other equity markets, however, have the potential to surprise either negatively or positively. The markets might react quickly to progress in the trade dispute, a mild Brexit, or simply the realization that services and consumption can more than compensate for the weakness in manufacturing.

In bonds, after the recent rally and given continuing political and economic uncertainties, we have reduced risk. Both the emerging-markets (credit and sovereign) and developed-markets corporate bonds have been downgraded to neutral, and we will await better entry levels before returning to them. For government bonds, we still see some potential at the short end in the United States. For 10-year German government bonds we expect falling prices in the short term – in part because we believe the ECB will not be able to deliver a positive surprise to a market that is already expecting a very dovish September meeting.

We expect the Chinese yuan to weaken further against the dollar and have raised our target rate to 7.10 yuan per dollar. We stick with our yen position, expecting it to appreciate further against the euro. We retain our neutral euro-dollar position. At rates below 1.10 dollars per euro, we think the dollar is more likely to weaken than rise against the euro.

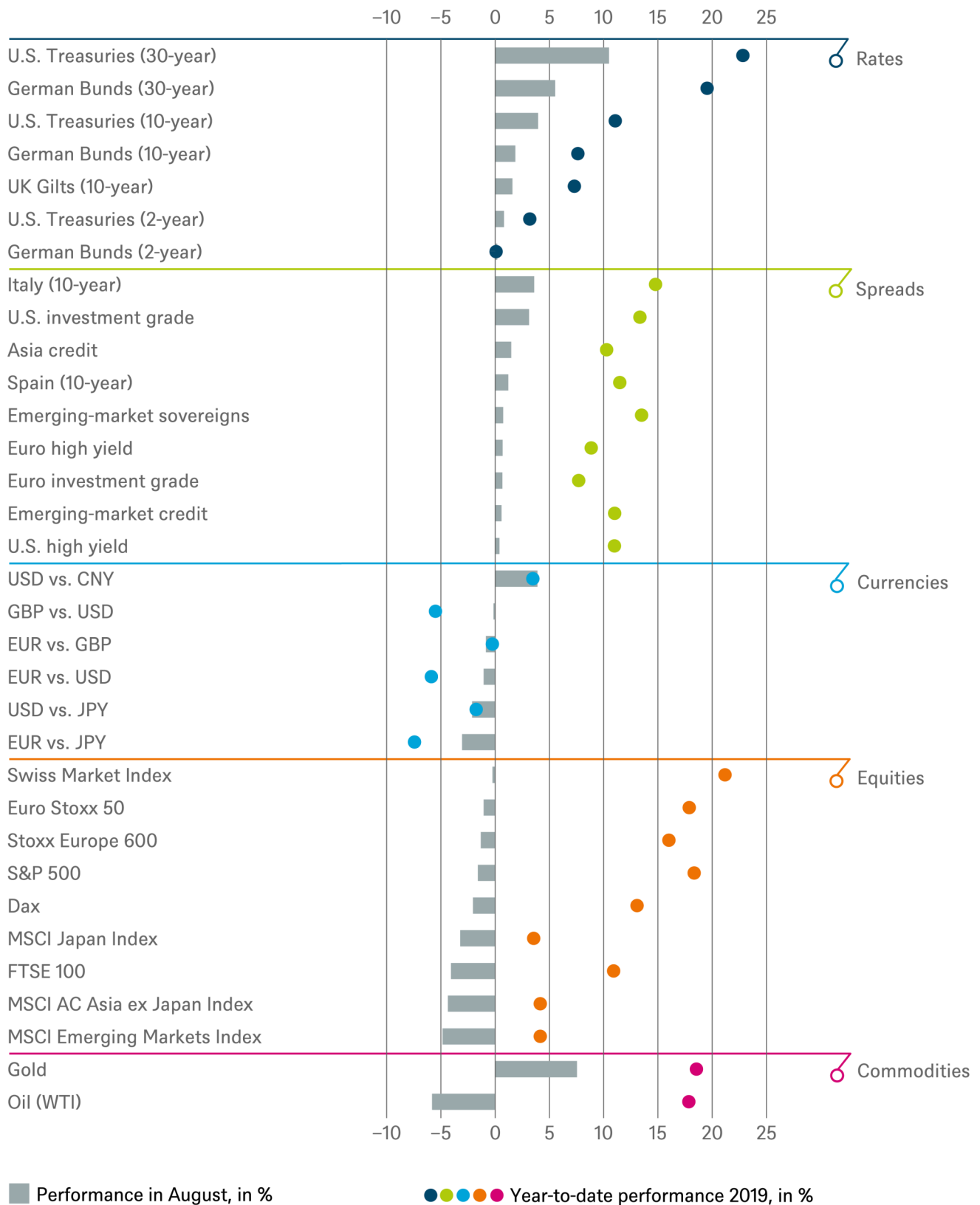
THE MULTI-ASSET PERSPECTIVE

From a portfolio perspective, we feel the massive reallocation of global funds from equities to bonds in August is of particular importance. We expect the low-interest-rate environment to remain with us for some time to come. We prefer, however, to call it a low-yield environment: we do not expect total returns in any asset class to rise much above the lower single-digit range in the medium term. We are therefore placing greater focus on short-term market distortions and will act more tactically. In this environment, equities will remain an important part of the portfolio in the medium term. Following the corrections in most stock markets in August, we have again raised their weighting a little. The mixture of accommodative central-bank policy, a pause in the trade conflict and a slowing pace in downward earnings revisions outside the United States leaves some potential for short-term rallies. In the medium term, however, we would expect to reduce equity positions again after these rallies. We are also holding U.S. government bonds with longer maturities as well as gold and yen as a potential hedge against further market turbulence. Otherwise, hard-currency government bonds from emerging markets remain our favorite. For corporate bonds, we prefer euro to dollar bonds.

All opinions and claims are based upon data on 9/3/19 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH

PAST PERFORMANCE OF MAJOR FINANCIAL ASSETS

Total return of major financial assets year-to-date and past month



Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 8/31/19

All opinions and claims are based upon data on 9/3/19 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH

FIXED INCOME

Rates	1 to 3 months	until September 2020	Spreads	1 to 3 months	until September 2020
U.S. Treasuries (2-year)	●	●	Spain (10-year) ⁴	●	●
U.S. Treasuries (10-year)	●	●	Italy (10-year) ⁴	●	●
U.S. Treasuries (30-year)	●	●	U.S. investment grade	●	●
German Bunds (2-year)	●	●	U.S. high yield	●	●
German Bunds (10-year)	●	●	Euro investment grade ⁴	●	●
German Bunds (30-year)	●	●	Euro high yield ⁴	●	●
UK Gilts (10-year)	●	●	Asia credit	●	●
Japan (2-year)	●	●	Emerging-market credit	●	●
Japan (10-year)	●	●	Emerging-market sovereigns	●	●
Securitized / specialties			Currencies		
Covered bonds ⁴	●	●	EUR vs. USD	●	●
U.S. municipal bonds	●	●	USD vs. JPY	●	●
U.S. mortgage-backed securities	●	●	EUR vs. JPY	●	●
			EUR vs. GBP	●	●
			GBP vs. USD	●	●
			USD vs. CNY	●	●

EQUITIES

Regions	1 to 3 months ¹	until September 2020	Sectors	1 to 3 months ¹
United States	●	●	Consumer staples	●
Europe	●	●	Healthcare	●
Eurozone	●	●	Communication services	●
Germany	●	●	Utilities	●
Switzerland	●	●	Consumer discretionary	●
United Kingdom (UK)	●	●	Energy	●
Emerging markets	●	●	Financials	●
Asia ex Japan	●	●	Industrials	●
Japan	●	●	Information technology	●
			Materials	●
			Real estate	●
			Style	
			U.S. small caps ²	●
			European small caps ³	●

¹ Relative to the MSCI AC World Index² Relative to the S&P 500³ Relative to the Stoxx Europe 600⁴ Spread over German Bunds

All opinions and claims are based upon data on 9/3/19 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Alternative investments may be speculative and involve significant risks including illiquidity, heightened potential for loss and lack of transparency. Alternatives are not suitable for all clients. Past performance is not indicative of future returns. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH

ALTERNATIVES

Alternatives	1 to 3 months	until September 2020
Commodities ¹	●	●
Oil (WTI)	●	●
Gold	●	●
Infrastructure	●	●
Real estate (listed)	●	●
Real estate (non-listed) APAC	●	●
Real estate (non-listed) Europe	●	●
Real estate (non-listed) United States	●	●

LEGEND

Tactical view (1 to 3 months)

_ The focus of our tactical view for fixed income is on trends in bond prices.

- _ ● Positive view
- _ ● Neutral view
- _ ● Negative view

Strategic view until September 2020

_ The focus of our strategic view for sovereign bonds is on bond prices.

_ For corporates, securitized/specialties and emerging-market bonds in U.S. dollars, the signals depict the option-adjusted spread over U.S. Treasuries. For bonds denominated in euros, the illustration depicts the spread in comparison with German Bunds. Both spread and sovereign-bond-yield trends influence the bond value. For investors seeking to profit only from spread trends, a hedge against changing interest rates may be a consideration.

_ The colors illustrate the return opportunities for long-only investors.

- _ ● Positive return potential for long-only investors
- _ ● Limited return opportunity as well as downside risk
- _ ● Negative return potential for long-only investors

¹ Relative to the Bloomberg Commodity Index

All opinions and claims are based upon data on 9/3/19 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Alternative investments may be speculative and involve significant risks including illiquidity, heightened potential for loss and lack of transparency. Alternatives are not suitable for all clients. Past performance is not indicative of future returns. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS Investment GmbH

GLOSSARY

Accommodative

The aim of an **accommodative** monetary policy is to support the economy by means of monetary expansion.

Alternative for Germany (AfD)

The **Alternative for Germany (AfD)** is a nationally-conservative and right-wing political party in Germany.

Appreciation

In relation to currencies, **appreciation** refers to a gain of value against another currency over time.

Basis point

One **basis point** equals 1/100 of a percentage point.

Bloomberg Commodity Index

The **Bloomberg Commodity Index (BCOM)** traces 23 commodities and reflects commodity futures price movements.

Brexit

Brexit is a combination of the words "Britain" and "Exit" and describes the exit of the United Kingdom of the European Union.

Bunds

Bunds is a commonly used term for bonds issued by the German federal government with a maturity of 10 years.

Central bank

A **central bank** manages a state's currency, money supply and interest rates.

Chinese yuan (CNY)

The **Chinese yuan (CNY)** is legal tender on the Chinese mainland and the unit of account of the currency, Renminbi (RMB).

Corporate bond

A **corporate bond** is a bond issued by a corporation in order finance their business.

Correction

A **correction** is a decline in stock market prices.

Correlation

Correlation is a measure of how closely two variables move together over time.

Dax

The **Dax** is a blue-chip stock-market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange.

Depreciation

In relation to currencies, **depreciation** refers to a loss of value against another currency over time.

Devaluation

Devaluation is the forced reduction of the value of a currency against other currencies.

Developed Markets (DM)

A **developed market (DM)** is a country fully developed in terms of its economy and capital markets.

Dividend

A **dividend** is a distribution of a portion of a company's earnings to its shareholders.

Dove

Doves are in favor of an expansive monetary policy.

Emerging markets (EM)

Emerging markets (EM) are economies not yet fully developed in terms of, amongst others, market efficiency and liquidity.

Euro (EUR)

The **euro (EUR)** is the common currency of states participating in the Economic and Monetary Union and is the second most held reserve currency in the world after the dollar.

Euro Stoxx 50

The **Euro Stoxx 50** is an index that tracks the performance of blue-chip stocks in the Eurozone.

European Central Bank (ECB)

The **European Central Bank (ECB)** is the central bank for the Eurozone.

Eurozone

The **Eurozone** is formed of 19 European Union member states that have adopted the euro as their common currency and sole legal tender.

Financial crisis

The **financial crisis** refers to the period of market turmoil that started in 2007 and worsened sharply in 2008 with the collapse of Lehman Brothers.

FTSE 100

The **FTSE 100** is an index that tracks the performance of the 100 major companies trading on the London Stock Exchange.

Gilts

Gilts are bonds that are issued by the British Government.

Government (sovereign) debt/bonds

Government (sovereign) debts/bonds are debt/bonds issued and owed by a central government

Hard currency

A **hard currency** is any globally traded currency that is considered as historically stable and can be exchanged easily.

High Yield (HY)

High-yield bonds are issued by below-investment-grade-rated issuers and usually offer a relatively high yield.

Inflation

Inflation is the rate at which the general level of prices for goods and services is rising and, subsequently, purchasing power is falling.

Investment grade (IG)

Investment grade (IG) refers to a credit rating from a rating agency that indicates that a bond has a relatively low risk of default.

ISM Purchasing Managers Index

The ISM Purchasing Manager Index, published by the Institute for Supply Management, measures economic activity by assessing the sentiment among purchasing managers. It is an important indicator of the economic health.

Japanese yen (JPY)

The **Japanese yen (JPY)** is the official currency of Japan.

JGB

Japanese Government Bond (JGB) is issued by the government of Japan.

Monetary policy

Monetary policy focuses on controlling the supply of money with the ulterior motive of price stability, reducing unemployment, boosting growth, etc. (depending on the central bank's mandate).

MSCI ACWI Communication Services Index

The **MSCI ACWI Communication Services Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Communications Services sector.

MSCI ACWI Consumer Discretionary Index

The **MSCI ACWI Consumer Discretionary Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Consumer Discretionary sector.

MSCI ACWI Industrials Index

GLOSSARY

The **MSCI ACWI Industrials Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Industrials sector.

MSCI ACWI Information Technology Index

The **MSCI ACWI Information Technology Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Information Technology sector.

MSCI ACWI Materials Index

The **MSCI ACWI Materials Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Materials sector.

MSCI ACWI Real Estate Index

The **MSCI ACWI Real Estate Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Real Estate sector.

MSCI ACWI Utilities Index

The **MSCI ACWI Utilities Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Utilities sector.

MSCI ACWI World Consumer Staples Index

The **MSCI ACWI World Consumer Staples Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Consumer Staples sector.

MSCI ACWI World Financials Index

The **MSCI ACWI World Financials Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Financials sector.

MSCI ACWI World Health Care Index

The **MSCI ACWI World Health Care Index** captures large- and mid-cap securities across 23 developed- and 26 emerging-markets classified in the Health Care sector.

MSCI Asia ex Japan Index

The **MSCI AC Asia ex Japan Index** captures large- and mid-cap representation across 2 of 3 developed-market countries (excluding Japan) and 8 emerging-market countries in Asia.

MSCI Emerging Markets Index

The **MSCI Emerging Markets Index** captures large- and mid-cap representation across 23 emerging-market countries.

MSCI Japan Index

The **MSCI Japan Index** is designed to measure the performance of the large- and mid-cap segments of the Japanese market.

MSCI World Energy Index

The **MSCI World Energy Index** captures large- and mid-cap securities across 23 developed-markets classified in the Energy sector.

Pound sterling (GBP)

The **pound sterling (GBP)**, or simply the pound, is the official currency of the United Kingdom and its territories.

Recession

A **recession** is, technically, when an economy contracts for two successive quarters but is often used in a looser way to indicate declining output.

Russell 2000

The **Russell 2000** is an index that captures the 2,000 smallest stocks of the Russell-3000 index, which again comprises 3,000 small- and mid-cap U.S. listed stocks.

S&P 500

The **S&P 500** is an index that includes 500 leading U.S. companies capturing approximately 80% coverage of available U.S. market capitalization.

Sovereign bonds

Sovereign bonds are bonds issued by governments.

Stoxx Europe 600

The **Stoxx Europe 600** is an index representing the performance of 600 listed companies across 18 European countries.

Stoxx Europe Small 200

The **Stoxx Europe Small 200** is an index representing the performance of 200 small capitalization companies across 17 European countries.

Swiss Market Index (SMI)

The **Swiss Market Index (SMI)** is Switzerland's most important equity index, consisting of the 20 largest and most liquid large- and mid-cap stocks.

Treasuries

Treasuries are fixed-interest U.S. government debt securities with different maturities: Treasury bills (1 year maximum), Treasury notes (2 to 10 years), Treasury bonds (20 to 30 years) and Treasury Inflation Protected Securities (TIPS) (5, 10 and 30 years).

U.S. dollar (USD)

The **U.S. dollar (USD)** is the official currency of the United States and its overseas territories.

U.S. Federal Reserve (Fed)

The **U.S. Federal Reserve**, often referred to as "**the Fed**", is the central bank of the United States.

Volatility

Volatility is the degree of variation of a trading-price series over time. It can be used as a measure of an asset's risk.

Yield curve

A **yield curve** shows the annualized yields of fixed-income securities across different contract periods as a curve. When it is inverted, bonds with longer maturities have lower yields than those with shorter maturities.

Yield-curve inversion

A **yield-curve inversion** is when the yields on bonds with shorter duration are higher than the yields on bonds that have a longer duration.

APPENDIX: PERFORMANCE OVER THE PAST 5 YEARS (12-MONTH PERIODS)

	08/14 - 08/15	08/15 - 08/16	08/16 - 08/17	08/17 - 08/18	08/18 - 08/19
S&P 500	0.5%	12.6%	16.2%	19.7%	2.9%
Stoxx Europe 600	9.4%	-1.9%	12.5%	5.7%	3.0%
Euro Stoxx 50	6.7%	-3.8%	17.0%	2.6%	4.8%
Dax	8.3%	3.2%	13.8%	2.6%	-3.4%
Swiss Market Index	5.0%	-3.7%	12.4%	4.0%	14.0%
FTSE 100	-5.0%	8.5%	9.6%	0.0%	-3.0%
MSCI Emerging Market Index	-22.9%	11.8%	24.5%	-0.7%	-4.4%
MSCI AC Asia ex Japan Index	-16.1%	12.9%	24.8%	2.8%	-6.3%
MSCI Japan Index	4.2%	2.9%	13.7%	9.0%	-5.6%
MSCI ACWI World Consumer Staples	-1.8%	11.5%	3.4%	-1.8%	7.9%
MSCI ACWI World Health Care Index	8.2%	-2.5%	8.8%	11.8%	-2.0%
MSCI ACWI Communication Services	-8.3%	2.5%	-0.9%	-8.3%	7.9%
MSCI ACWI Utilities Index	-11.0%	6.8%	10.1%	-4.3%	12.0%
MSCI ACWI Consumer Discretionary Index	1.5%	2.9%	13.5%	16.0%	-1.5%
MSCI World Energy Index	-35.8%	2.8%	-0.6%	17.7%	-18.6%
MSCI ACWI Financials Index	-9.5%	-2.0%	23.1%	2.3%	-7.9%
MSCI ACWI Industrials Index	-8.2%	9.7%	15.4%	6.9%	-3.4%
MSCI ACWI Information Technology Index	-2.8%	16.5%	30.5%	24.1%	2.1%
MSCI ACWI Materials Index	-24.1%	9.6%	22.1%	2.5%	-9.2%
MSCI ACWI Real Estate Index	-8.5%	12.8%	2.9%	-0.5%	7.4%
Russell 2000	0.0%	8.6%	14.9%	25.4%	-12.9%
STOXX Europe Small 200	14.5%	-0.3%	16.8%	9.9%	-1.9%
U.S. Treasuries (2-year)	0.8%	1.1%	0.5%	-0.1%	4.4%
U.S. Treasuries (10-year)	3.4%	7.0%	-1.4%	-3.1%	13.7%
U.S. Treasuries (30-year)	4.6%	16.7%	-5.4%	-2.8%	24.2%
UK Gilts (10-year)	5.4%	12.3%	-1.0%	-1.1%	9.2%
Italy (10-year)	4.7%	9.0%	-3.3%	-6.6%	22.1%
Spain (10-year)	2.4%	10.9%	-0.2%	2.4%	12.5%
German Bunds (2-year)	0.1%	0.3%	-0.5%	-0.7%	0.0%
German Bunds (10-year)	2.3%	8.0%	-2.0%	1.2%	8.5%
German Bunds (30-year)	5.4%	18.6%	-7.7%	3.2%	21.8%
Japanese government bonds (2-year)	0.3%	0.2%	-0.2%	-0.2%	0.2%
Japanese government bonds (10-year)	2.0%	3.8%	-0.4%	-0.5%	3.6%
U.S. investment grade	-0.4%	9.1%	1.9%	-1.0%	13.0%
U.S. high yield	-2.9%	9.1%	8.6%	3.4%	6.6%
Euro investment grade	0.4%	6.7%	0.6%	0.0%	6.7%
Euro high yield	2.0%	6.8%	6.4%	1.2%	4.9%
Asia credit	2.1%	10.2%	2.4%	-0.9%	10.9%
EM Credit	-1.4%	11.3%	5.6%	-1.6%	12.2%
EM Sovereigns	-1.1%	14.2%	5.0%	-3.4%	13.8%
Covered bonds	2.0%	3.8%	-0.9%	0.3%	4.9%
U.S. mortgage-backed securities	2.7%	3.9%	0.8%	-0.5%	7.1%

Past performance is not indicative of future returns.

Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 8/31/19

IMPORTANT INFORMATION

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries, such as DWS Distributors, Inc., which offers investment products, or DWS Investment Management Americas Inc. and RREEF America L.L.C., which offer advisory services.

This document has been prepared without consideration of the investment needs, objectives or financial circumstances of any investor. Before making an investment decision, investors need to consider, with or without the assistance of an investment adviser, whether the investments and strategies described or provided by Deutsche Bank, are appropriate, in light of their particular investment needs, objectives and financial circumstances. Furthermore, this document is for information/discussion purposes only and does not and is not intended to constitute an offer, recommendation or solicitation to conclude a transaction or the basis for any contract to purchase or sell any security, or other instrument, or for Deutsche Bank to enter into or arrange any type of transaction as a consequence of any information contained herein and should not be treated as giving investment advice. Deutsche Bank AG, including its subsidiaries and affiliates, does not provide legal, tax or accounting advice. This communication was prepared solely in connection with the promotion or marketing, to the extent permitted by applicable law, of the transaction or matter addressed herein, and was not intended or written to be used, and cannot be relied upon, by any taxpayer for the purposes of avoiding any U.S. federal tax penalties. The recipient of this communication should seek advice from an independent tax advisor regarding any tax matters addressed herein based on its particular circumstances. Investments with Deutsche Bank are not guaranteed, unless specified. Although information in this document has been obtained from sources believed to be reliable, we do not guarantee its accuracy, completeness or fairness, and it should not be relied upon as such. All opinions and estimates herein, including forecast returns, reflect our judgment on the date of this report, are subject to change without notice and involve a number of assumptions which may not prove valid.

Investments are subject to various risks, including market fluctuations, regulatory change, counterparty risk, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you may not recover the amount originally invested at any point in time. Furthermore, substantial fluctuations of the value of the investment are possible even over short periods of time. Further, investment in international markets can be affected by a host of factors, including political or social conditions, diplomatic relations, limitations or removal of funds or assets or imposition of (or change in) exchange control or tax regulations in such markets. Additionally, investments denominated in an alternative currency will be subject to currency risk, changes in exchange rates which may have an adverse effect on the value, price or income of the investment. This document does not identify all the risks (direct and indirect) or other considerations which might be material to you when entering into a transaction. The terms of an investment may be exclusively subject to the detailed provisions, including risk considerations, contained in the Offering Documents. When making an investment decision, you should rely on the final documentation relating to the investment and not the summary contained in this document.

This publication contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models and hypothetical performance analysis. The forward looking statements expressed constitute the author's judgment as of the date of this material. Forward looking statements involve significant elements of subjective judgments and analyses and changes thereto and/or consideration of different or additional factors could have a material impact on the results indicated. Therefore, actual results may vary, perhaps materially, from the results contained herein. No representation or warranty is made by DWS as to the reasonableness or completeness of such forward looking statements or to any other financial information contained herein. We assume no responsibility to advise the recipients of this document with regard to changes in our views.

No assurance can be given that any investment described herein would yield favorable investment results or that the investment objectives will be achieved. Any securities or financial instruments presented herein are not insured by the Federal Deposit Insurance Corporation ("FDIC") unless specifically noted, and are not guaranteed by or obligations of Deutsche Bank AG or its affiliates. We or our affiliates or persons associated with us may act upon or use material in this report prior to publication. DB may engage in transactions in a manner inconsistent with the views discussed herein. Opinions expressed herein may differ from the opinions expressed by departments or other divisions or affiliates of Deutsche Bank. This document may not be reproduced or circulated without our written authority. The manner of circulation and distribution of this document may be restricted by law or regulation in certain countries. 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 Deutsche Bank 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.

Past performance is no guarantee of future results; nothing contained herein shall constitute any representation or warranty as to future performance. Further information is available upon investor's request. All third party data (such as MSCI, S&P & Bloomberg) are copyrighted by and proprietary to the provider.

Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank and the BaFin, Germany's Federal Financial Supervisory Authority) and by the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request.

© 2019 DWS Investment GmbH, Mainzer Landstraße 11-17, 60329 Frankfurt am Main, Germany.

All rights reserved.