

# Clear for landing: Coming in steep, adjusting monetary and fiscal thrusters



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**Disinflation and slower hiring open reentry window: Adj. policy mix to land softly**  
We still expect an economic soft landing for the US with slowing growth through mid-2025 and then moderate re-acceleration to trend in late 2025. With the right balance of monetary and fiscal adjustments over the coming quarters, we see high chances for an extended healthy economic expansion of several more years. But now is the time for the pilots and flight control to carefully configure the use and sequence of their maneuvering thrusters.

The first maneuver will be rolling monetary policy. Our economists expect the first Fed rate cut later this month to be 25bp, followed by further cuts over the coming 12-months to lower the top-end of the range Fed Funds rate to 4.0%. The second maneuver should be pitching to slower fiscal policy to prevent overheating upon reentry as the Fed aims to normalize rates. Substituting Harris for Biden improved Democrat's chances this election and hence raises the chances of fiscal tightening after the election primarily in the form of tax hikes. Optimizing the balance between monetary loosening and fiscal tightening, particularly not overdoing either, is crucial to maximizing the chances for a healthy long-lasting expansion.

**2024 is an election year amidst Fed pivoting: The election will be consequential**  
Vice President Harris is campaigning on the back of many Biden policies, including tax hikes; albeit more moderate tax hikes than previously proposed by Biden, yet he never aggressively pursued. Biden's fiscal policy was basically borrow to spend and Trump's was borrow to cut taxes; of course both saw their borrowing as investments for growth. The fiscal situation today and trajectory, call for a slower pace of borrowing and addressing the spending vs. tax tradeoff. Both US politics and difficult to control secular trends suggest that counting on spending cuts is mere long-shot optimism, especially for the bond market and monetary policy setters. Thus, it might be that a proper soft landing of monetary policy with no recession near-term and also with inflation returning to and being well anchored at 2% requires some tax hikes. We don't see this as the best possible path, but it might be the safer path ahead, bringing slow growth with benign inflation and benign interest rates. Harris proposes a 28% US corporate tax rate from 21%, which would likely hit S&P EPS by about 7%. She also calls for an increase in the top capital gains rates to 28% from 20% and an increase in the Affordable Care Act's tax on investment income from 3.8% to 5%. When Trump personal tax rates sunset, Harris will push for a more progressive structure.

**Slow global growth ahead: What if the US sneezes or catches a cold?**

Beyond the US, economic activity is muted but not falling off the cliff. Unlike the past 20 years, China is no longer the locomotive for the global economy; quite the opposite: hit by its housing downturn and weak domestic demand. China is exporting its manufacturing overcapacities into Europe and worldwide. Weak China construction, coupled with soft global manufacturing and goods demand, suggests that commodities and goods will not be major inflation risks barring no further geopolitical shocks. Services remain the lingering inflation risk for the developed world and especially the US. Key service spending categories like healthcare, insurance, education/childcare, etc. Also, ongoing utilities and local tax hikes make cost of shelter an issue beyond monthly rent or home price/mortgages payments. Investors remain optimistic about profitable and productivity driving AI to help.

**DWS CIO Day strategic 12-month targets: S&P 500 to 5800, 10yr Tsy Yld to 4%**

We raise our S&P 500 target to 5800 from 5600 primarily on lower nominal and real interest rate expectations across the curve, while still expecting soft landing scenarios to prevail. We lowered our 10yr Treasury yield target to 4.05% from 4.25% and thus lowered our S&P real cost of equity to 5.4% from 5.5%. We did not change our S&P EPS forecasts: \$245 in 2024, \$270 in 2025, \$300 in 2026. However, our S&P targets do not ignore the potential for tax hikes hitting our EPS estimates or affecting our interest rate outlook which is uncertain. Inside are our profit and valuation models for the S&P 500 down to industries.

**Cautious on stocks into election, afterward moderate gains and better breadth**

Our preferences remain for large caps and balanced style exposure. While we expect better breadth beyond the magnificent seven, we do not see either an economic acceleration or commodity or banking outlook that would justify a rotation to cyclical value. Our preferences remain Health Care, big Banks and Insurance, Utilities and select Capital Goods. We're still under-weight Tech, but mostly at Semiconductors. We are broadly more cautious on Consumer Discretionary upon slower growth, jobs and likely tax hikes ahead.

Contributor: Ju Wang, Equity Portfolio Manager

Global Equity Index Forecasts: 12-months			
Index	Sep 2025F	NTM EPS Growth	Target PE
S&P 500	5,800	10.7%	21.6
EuroStoxx 50	5,100	4.1%	13.7
Stoxx 600	540	4.9%	14.2
MSCI Japan	1,760	8.4%	15.4
MSCI Asia xJ	740	12.7%	14.2
MSCI EM	1,140	13.0%	13.2

S&P 500 Outlook at Yearend			
	2022	2023	2024F
S&P 500	3840	4770	5400
Dividend Yield	1.75%	1.50%	1.50%
S&P EPS	\$222	\$223	\$245
Trailing PE	17.3	21.5	21.6
DPS	\$67	\$70	\$76

S&P 500 Outlook at Yearend			
	2022	2023	2024F
S&P 500	3840	4770	5400
Dividend Yield	1.75%	1.50%	1.50%
S&P EPS	\$222	\$223	\$245
Trailing PE	17.3	21.5	21.6
DPS	\$67	\$70	\$76

**Next 5%+ Price Move**  
( Up / Balanced Risk / **Down** )  
**Risk of 10%+ correction within 12-months**  
( Low / Moderate / **High** )

Taxable U.S. Investor Asset Allocations		
Asset Class	Long-term	Current
<b>Fixed Income/cash</b>	<b>31.5%</b>	<b>30%</b>
<b>Equities</b>	<b>58.5%</b>	<b>58%</b>
US Equities	41%	38.5%
S&P 500	37%	36%
Small Caps	4%	2.5%
Foreign DM	12.5%	14.5%
Foreign EM	5%	5%
<b>Alternatives</b>	<b>10%</b>	<b>12%</b>

Key CIO Views		
Macro signal:	Sep 2024	Sep 2025F
U.S. Fed Funds rate	5.25%-5.50%	3.75%-4.00%
10yr Treasury yield	3.75%	4.05%
US IG Corp Spreads	120bp	85bp
US High Yield Spreads	380bp	375bp
Crude Oil (WTI) \$/bbl	68	80
EUR / USD FX rate	1.11	1.08

GDP Forecasts			
Region	2023	2024F	2025F
US	2.5%	2.4%	1.7%
World	3.2%	3.1%	3.2%
Euro area	0.5%	0.7%	1.0%
China	5.2%	4.8%	4.4%
Japan	1.7%	0.0%	1.2%

\* Q4/Q4 GDP growth.  
EPS = Earnings Per Share; GDP = Gross Domestic Product  
FX = Foreign Exchange; TIPs –Treasury Inflation Protected Securities  
Source: DWS Investment Management GmbH. All opinions and claims are based upon data on 9/9/2024 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. All foreign asset exposures are not FX hedged unless otherwise noted. For illustrative purposes only. Past performance may not be indicative of future results. Diversification neither assures a profit nor guarantees against loss. Forecasts are not a reliable indicator of future returns.



# DWS Strategic CIO View: Overview of strategic forecasts – Fixed Income, FX, Equity & Commodities

## Overview of Strategic 12-Month Forecasts

Fixed Income		Strategic Forecast Jun-24	Current level	12m forwards	Strategic Forecast Sep-24	Forecast change	Expected 12m Total Return	10yr Total Return (p.a.) <sup>4</sup>
Market Index	Target Jun-25	4-Sep-24	4-Sep-24	Target Sep-25				
<b>Forecasts - US</b>								
UST 2yr	US 2y yield	4.15%	3.84%	3.41%	3.60%	↘	3.70%	4.20%
UST 10yr	US 10y yield	4.25%	3.82%	3.83%	4.05%	↘	2.81%	4.76%
UST 30yr	US 30y yield	4.55%	4.11%	4.09%	4.15%	↘	3.77%	4.94%
Municipals	Taxable M uni Index OAS	75	70		75	→	2.42%	3.81%
US IG Corp	BarCap US Credit	80 bp	91bp		85 bp	↗	3.72%	5.16%
US HY <sup>1</sup>	Barclays US HY	400 bp	316 bp		375 bp	↘	3.93%	6.08%
Securitized / MBS	MBS Index OAS	120 bp	141bp		120 bp	→	4.11%	4.63%
<b>Forecasts - Europe</b>								
Schatz 2yr	GER 2y yield	2.50%	2.34%	184%	2.00%	↘	2.25%	2.50%
Bund 10yr	GER 10y yield	2.60%	2.23%	2.22%	2.25%	↘	2.91%	2.22%
Bund 30yr	GER 30y yield	2.80%	2.47%	2.46%	2.50%	↘	2.10%	3.19%
Gilt 10yr	UK 10y yield	4.20%	3.95%	3.95%	4.00%	↘	4.24%	4.47%
EUR IG Corp	ICE BofA Bond Index	95 bp	116 bp		95 bp	→	4.90%	3.55%
EUR HY <sup>1</sup>	M L EUR Non-Fin HY Constr. Index	400 bp	367 bp		400 bp	→	4.56%	5.25%
Securitized / Covered	iBoxx Covered	50 bp	62 bp		50 bp	→	4.07%	3.15%
Italy 10yr <sup>3</sup>	GTITL10Y Corp - GTDEM 10Y Corp	180 bp	144 bp	158 bp	180 bp	→	1.64%	n/a
<b>Forecasts - AsiaPac</b>								
JGB 2yr	JPN 2y yield	0.70%	0.38%	0.45%	0.70%	→	0.20%	0.69%
JGB 10yr	JPN 10y yield	1.40%	0.88%	1.09%	1.40%	→	-2.42%	0.85%
Asia Credit	JACI Index	200 bp	132 bp		125 bp	↘	5.62%	-
<b>Forecasts - Global</b>								
EUR vs USD	EUR/USD	108	111		108	→	-3.61%	-
USD vs JPY	USD/JPY	160	145		140	↘	0.47%	-
EUR vs JPY	EUR/JPY	162	160		157	↘	0.56%	-
EUR vs GBP	EUR/GBP	0.85	0.84		0.84	↘	-1.86%	-
GBP vs USD	GBP/USD	1.27	1.31		1.34	↗	2.37%	-
USD vs CNY	USD/CNY	7.35	7.1		7.15	↘	2.17%	-
EM Sovereign <sup>1</sup>	EM BIG Div.	390 bp	397 bp		390 bp	→	6.88%	7.37%

Benchmark Rates		Strategic Forecast Jun-24	Current Level	Strategic Forecast Sep-24	Forecast change	Expected 12m Total Return	10yr Total Return (p.a.) <sup>4</sup>
Market Index	Target Jun-25	4-Sep-24	Target Sep-25				
<b>Forecasts – Benchmark rates</b>							
United States	Federal funds rate	4.50-4.75	5.25-5.50	3.75-4.00	↘		
Eurozone	Deposit rate	3.00	3.75	2.50	↘		
United Kingdom	Repo rate	4.25	5.00	3.75	↘		
Japan	O/N Call Rate	0.50	0.25	0.75	↗		
China	1year lending rate	3.10	3.35	3.10	→		

## Equities

Forecasts – Equity		Strategic Forecast Jun-24	Current Level	Strategic Forecast Sep-24	Forecast change	Expected 12m Total Return	10yr Total Return (p.a.) <sup>4</sup>
Market Index	Target Jun-25	4-Sep-24	Target Sep-25				
<b>Forecasts – Equity</b>							
US	S&P 500	5,600	5,516	5,800	↗	6.55%	6.10%
Germany	DAX	19,600	18,607	20,000	↗	7.48%	5.44%
Eurozone	Eurostoxx 50	5,100	4,852	5,100	→	8.52%	5.49%
Europe	Stoxx 600	530	515	540	↗	8.33%	6.31%
Japan	M SCI Japan	1,760	1,686	1,760	→	6.70%	3.96%
SMI	SMI	11,900	12,184	12,350	↗	4.36%	6.85%
UK	FTSE 100	8,200	8,264	8,350	↗	4.85%	7.74%
Emerging Markets	M SCI EM	1,100	1,090	1,140	↗	7.47%	7.60%
Asia ex Japan	MSCI AC Asia ex Japan	710	698	740	↗	8.58%	7.73%
Australia	MSCI Australia	1,500	1,626	1,550	↗	-0.97%	7.88%

## Alternatives

Forecasts – Commodities		Strategic Forecast Jun-24	Current Level	Strategic Forecast Sep-24	Forecast change	Expected 12m Total Return	10yr Total Return (p.a.) <sup>4</sup>
Market Index	Target Jun-25	4-Sep-24	Target Sep-25				
<b>Forecasts – Commodities</b>							
Gold - Spot	Gold Spot	2,600	2,484	2,810	↗	-	n/a
Gold - Futures	Gold 12m Futures	-	2,589	-	-	8.54%	1.19%
Oil - Spot <sup>2</sup>	Brent Spot	80	73	80	→	-	n/a
Oil - Futures <sup>2</sup>	Brent 12m Futures	-	71	-	-	12.09%	8.17%
Carbon	Carbon 12m Futures	80	67	80	→	19.53%	
<b>Real Estate &amp; Infrastructure</b>							
Listed US RE (LC)						8.50%	5.32%
Non-Listed US RE (LC)						6.00%	4.23%
Listed Global RE (LC)						8.00%	4.88%
Non-Listed European RE (LC)						8.00%	4.12%
Non-Listed APAC RE (LC)						4.75%	3.89%
Non-Listed Global RE (LC)						6.55%	4.12%
Listed Infrastructure (LC)						8.50%	7.92%
Non-Listed Infrastructure (LC)						11.10%	13.17%

<sup>1</sup>US HY default rate: 2.75%, 40% recovery, CCC average price of 80 used (instead of par); EUR HY default rate: 2.75%, 40% recovery; EM Sov default rate 2%, 50% recovery; <sup>2</sup>Oil-Futures used to calculate expected TR; forecasts are made on Brent-Spot <sup>3</sup>Total return. Excess return for Italy 10yr is -1.26% <sup>4</sup>LTCMA forecasts for Gold and Oil based on futures

Source: Factset, DWS Investment GmbH as of September 2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

## DWS Global Macro Forecasts

### GDP Growth Rate

% year-on-year average

	2023	2024F	2025F	Consensus 2024 (BBG)
World	3.2	3.1	3.2	3.0
U.S.	2.5	2.4 (2.0)	1.7 (1.6)	2.5 (2.3)
EUZ	0.5	0.7	1.0 (1.1)	0.7
GER	-0.1	0.1 (0.4)	1.0 (1.2)	0.1 (0.2)
UK	0.1	1.0 (0.7)	1.2 (1.3)	1.0 (0.5)
Japan	1.7	0.0 (0.0)	1.2 (1.4)	0.1 (0.6)
China	5.2	4.8 (5.0)	4.4	4.9

### Inflation (CPI)

% year-on-year average

	2023	2024F	2025F	Consensus 2024 (BBG)
World				4.1
U.S.	4.1	2.9 (3.0)	2.3	3.0 (3.2)
EUZ	5.5	2.5	2.3	2.4
GER	6.1	2.6	2.5	2.4
UK	7.3	2.6 (2.5)	2.4 (2.3)	2.6
Japan	3.2	2.5 (2.3)	2.0 (2.0)	2.4
China	0.2	0.5 (0.6)	1.7	0.5 (0.7)

### Unemployment Rate (Annual average)

%

	2023	2024F	2025F	Consensus 2024 (BBG)
U.S. (EOP)	3.6	4.3 (4.0)	4.1	4.2 (4.1)
EUZ	6.6	6.6	6.6 (6.5)	6.5 (6.6)
GER	5.7	6.0 (5.9)	5.9	6.0
UK	4.0	4.4 (4.4)	4.5 (4.6)	4.4
Japan	2.6	2.5 (2.4)	2.4 (2.4)	2.5
China***	5.2	5.0	5.0	5.1

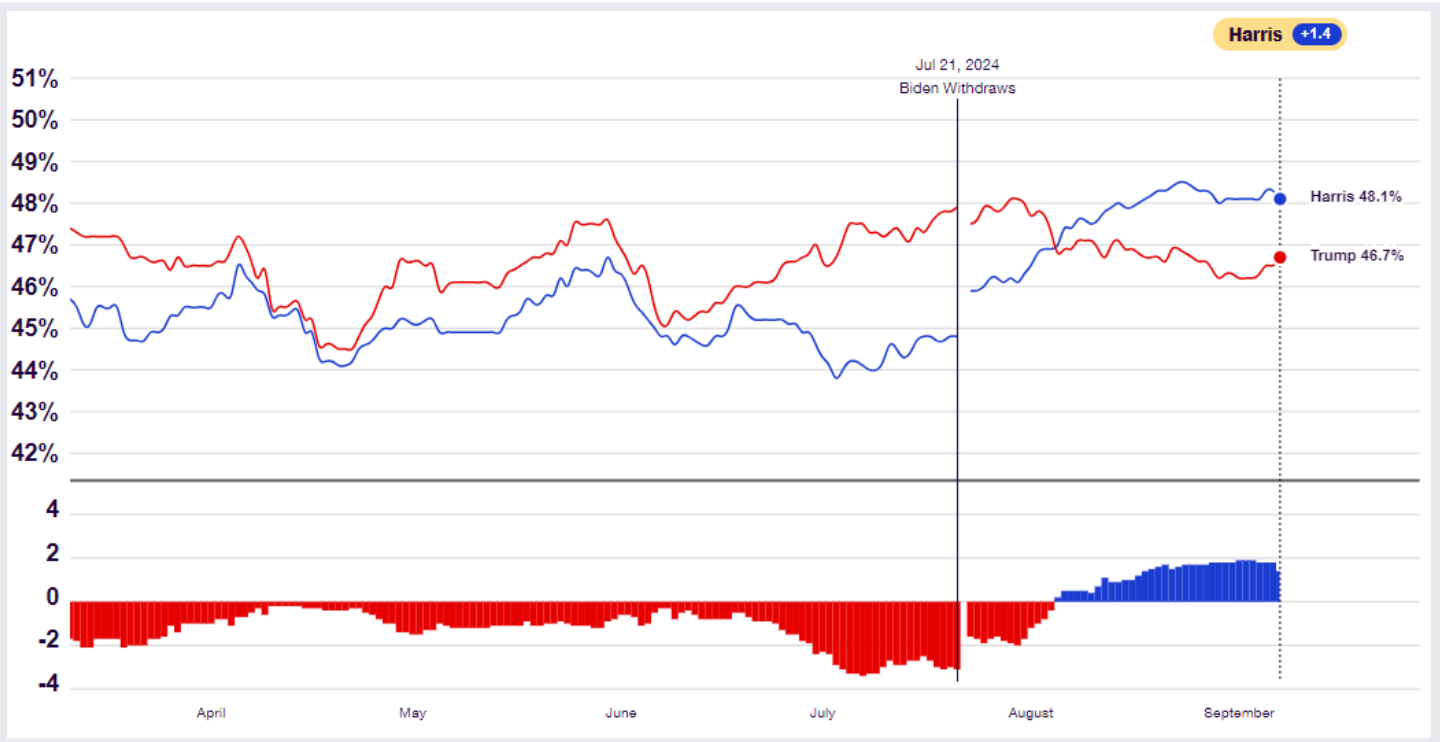
### Fiscal Balance

% of GDP

	2023	2024F	2025F	Consensus 2024 (BBG)
U.S.	-6.5	-6.0	-5.9	-6.5 (-5.8)
EUZ	-3.7	-2.8	-2.7	-3.0
GER	-2.1	-1.5	-1.0	-1.7
UK	-4.5	-4.0 (-4.5)	-3.7 (3.5)	-3.8
Japan	-5.3	-4.5 (-5.0)	-3.0 (3.0)	-4.2
China**	-13.6	-13.3	-13.0	-4.8

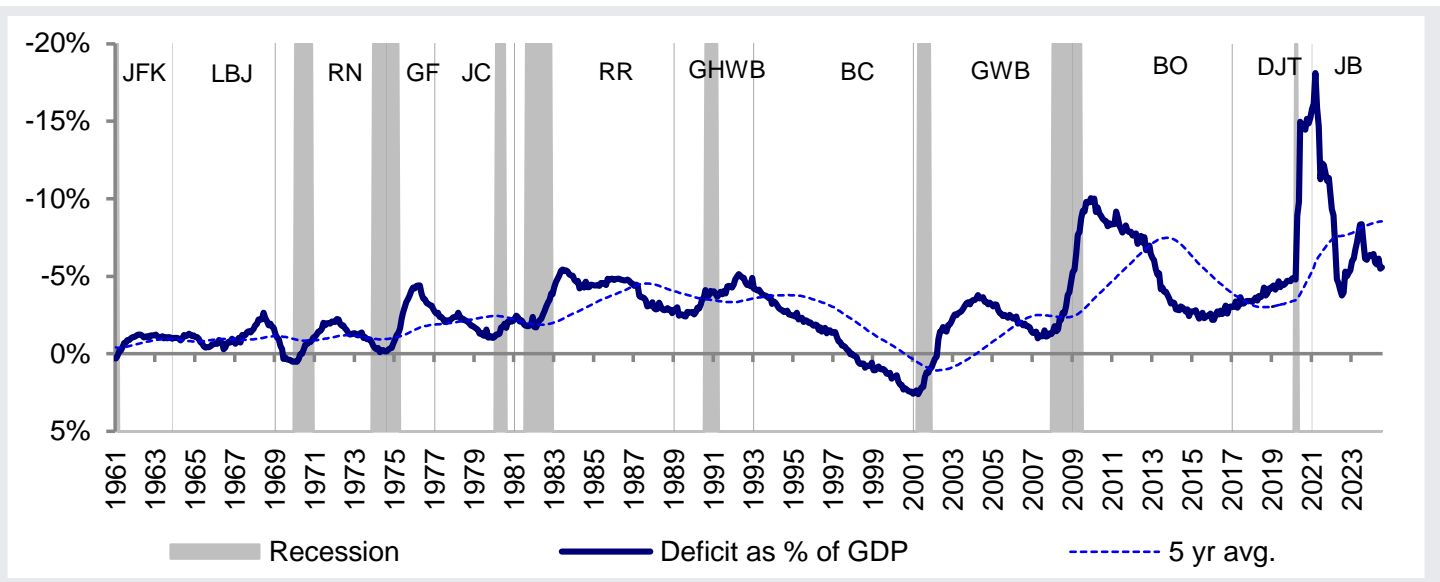
Source: DWS Macro Research. (\*) For the U.S., GDP growth Q4/Q4 % is 1.5% in 2024 and 2.1% in 2025, (\*\*) Measure is average CPI, other measures for the US see in the respective part of the presentation, (\*\*\*) Urban unemployment rate (end of period), not comparable to consensus data, (\*\*\*\*) China fiscal deficit refers to augmented fiscal balance (widest definition) and refers to IMF. It's not comparable with the consensus. As of August 2024. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

### 2024 presidential election poll: Trump vs. Harris



Source: RealClearPolitics, DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

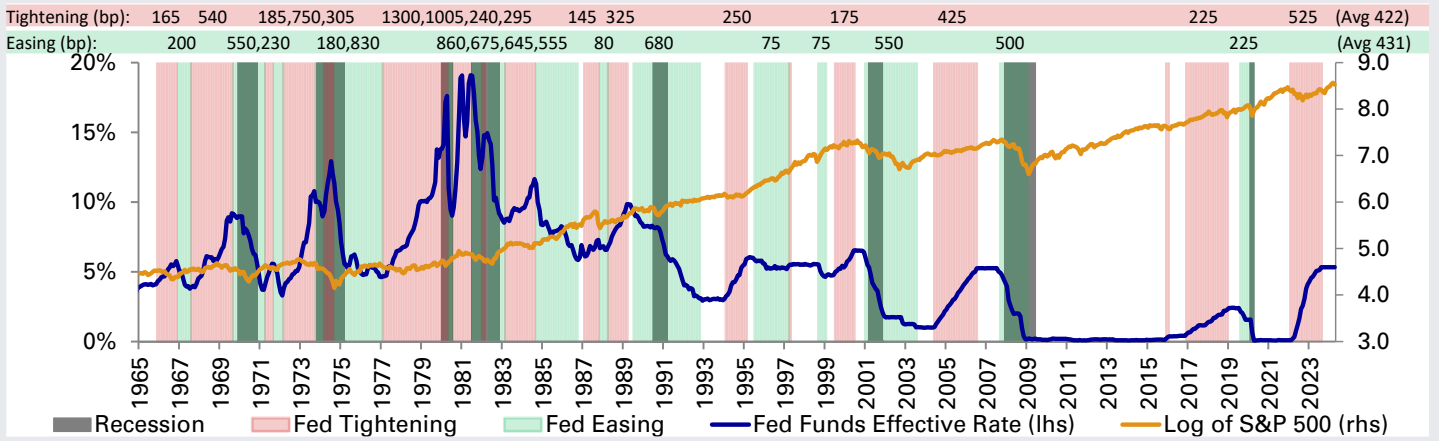
### U.S. government deficit



Source: Haver, DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

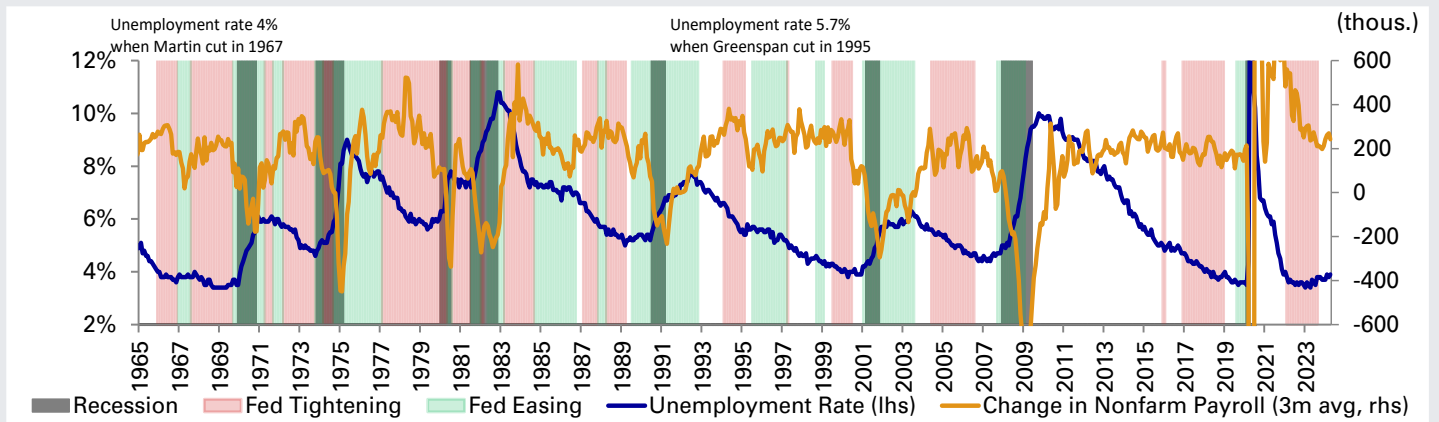


### Fed tightening and easing cycles since 1960



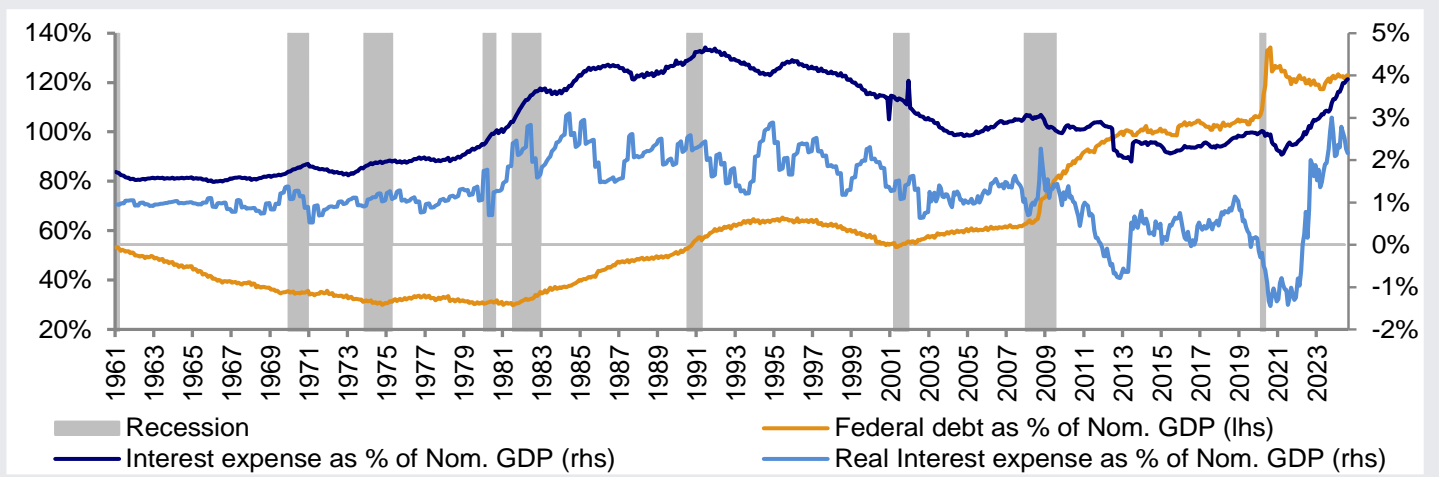
Source: Haver, DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

### Fed tightening and easing cycles since 1960



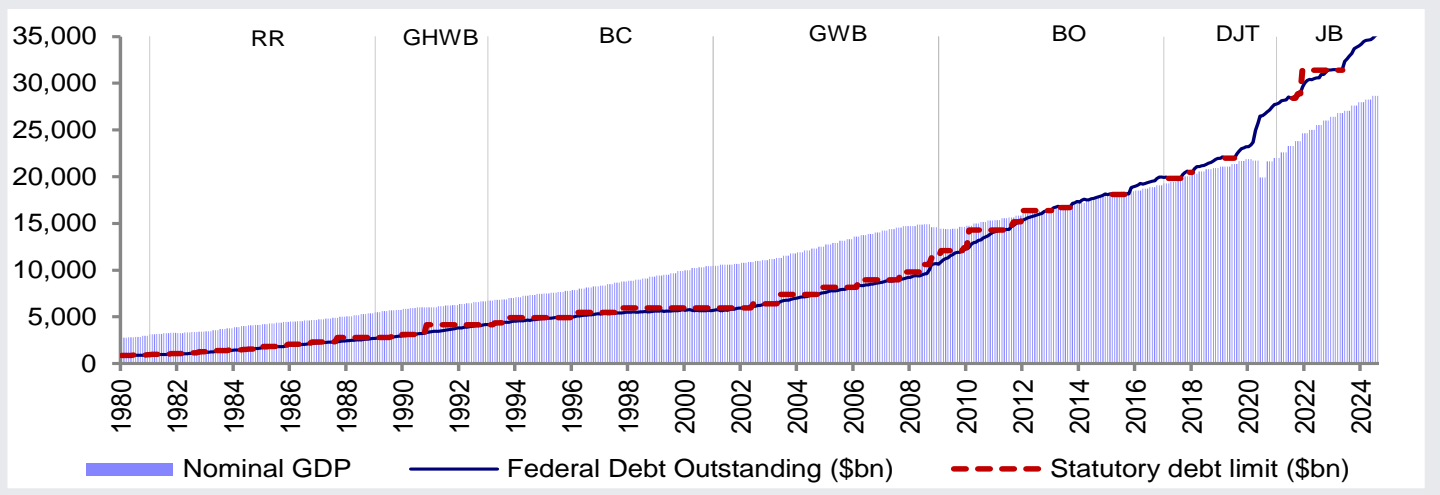
Source: Haver, DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

### U.S. Fed debt / GDP, interest / GDP



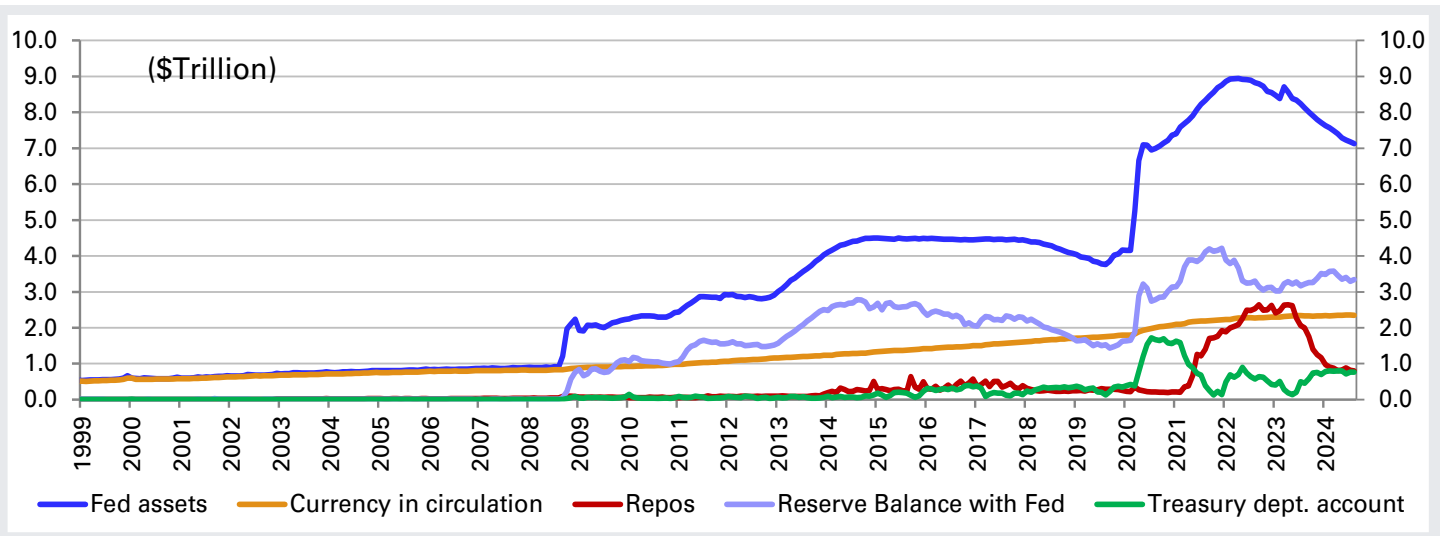
Source: Haver, DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

### U.S. debt ceiling



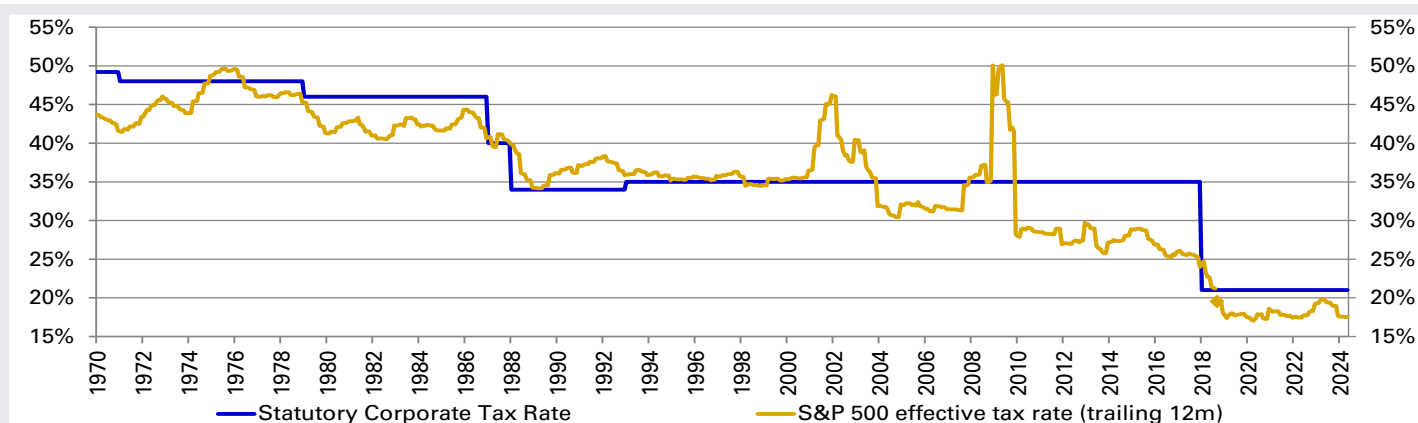
Source: Haver, DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

### Fed assets & Liabilities



Source: Haver, DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

### S&P 500 corporate tax rate



Source: Haver, Clarifi, DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

### S&P 500 corporate tax rate

	Effective Tax Rate	Current Tax Rate	Cash Paid Tax Rate	US Effective Rate	Foreign Effective Rate	Pretax Domestic Income % of Total	Pretax Foreign Income % of Total	Domestic Pretax Margin	Foreign Pretax Margin
Consumer Discretionary	13.1%	25.3%	25.8%	13.8%	13.8%	66.5%	33.5%	8.5%	12.2%
Consumer Staples	22.8%	23.7%	23.1%	21.8%	28.6%	64.7%	35.3%	4.8%	11.3%
Energy	25.1%	21.3%	23.5%	22.8%	28.1%	50.0%	50.0%	11.2%	23.9%
Financials	17.8%	23.8%	15.9%	28.5%	8.0%	52.2%	47.8%	12.3%	44.5%
Health Care	17.1%	33.1%	37.8%	26.0%	10.2%	29.9%	70.1%	2.1%	33.5%
Industrials	20.2%	22.0%	24.6%	22.2%	17.5%	57.7%	42.3%	8.8%	14.9%
Information Technology	14.0%	22.1%	21.7%	14.1%	15.1%	47.7%	52.3%	27.5%	22.2%
Materials	18.0%	27.3%	25.7%	22.0%	17.8%	46.0%	54.0%	7.4%	11.8%
Communication Services	17.7%	21.9%	19.1%	28.1%	26.5%	88.0%	12.0%	26.3%	6.9%
Real Estate	5.1%	6.4%	6.0%	10.2%	-4.1%	88.0%	12.0%	20.1%	11.2%
Utilities	9.3%	4.2%	4.9%	35.0%	-78.7%	99.3%	1.4%	13.4%	7.7%
<b>S&amp;P 500</b>	<b>17.5%</b>	<b>23.2%</b>	<b>21.8%</b>	<b>23.2%</b>	<b>15.3%</b>	<b>58.1%</b>	<b>41.8%</b>	10.2%	20.4%
S&P 500 ex. Fin.	17.4%	23.1%	23.5%	22.0%	17.7%	59.8%	40.1%		

Source: Haver, Clarifi, DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

### Corporate tax rate impact on S&P 500 EPS

	Pretax profits (2023)		Current Effective Tax Rate			Boost/Hit to EPS						
	US	Foreign	US	Foreign	Overall	15% US Tax	18% US Tax	21% US Tax (Current)	25% US Tax	28% US Tax	30% US Tax	35% US Tax
Consumer Discretionary	72%	28%	21%	20%	21%	5%	3%	0%	-4%	-6%	-8%	-13%
Consumer Staples	57%	43%	21%	20%	21%	4%	2%	0%	-3%	-5%	-6%	-10%
Energy	56%	44%	21%	35%	27%	5%	2%	0%	-3%	-5%	-7%	-11%
Financials	72%	28%	21%	15%	19%	5%	3%	0%	-4%	-6%	-8%	-13%
Health Care	42%	58%	21%	17%	19%	3%	2%	0%	-2%	-4%	-5%	-7%
Industrials	63%	37%	21%	17%	20%	5%	2%	0%	-3%	-5%	-7%	-11%
Information Technology	48%	52%	21%	15%	18%	3%	2%	0%	-2%	-4%	-5%	-8%
Materials	40%	60%	21%	22%	22%	3%	2%	0%	-2%	-4%	-5%	-7%
Real Estate	93%	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Communication Services	89%	11%	21%	30%	22%	7%	3%	0%	-5%	-8%	-10%	-16%
Utilities	99%	1%	10%	25%	10%	7%	3%	0%	-4%	-8%	-10%	-15%
<b>S&amp;P 500</b>	<b>65%</b>	<b>35%</b>	<b>21%</b>	<b>18%</b>	<b>20%</b>	<b>5%</b>	<b>2%</b>	<b>0%</b>	<b>-3%</b>	<b>-6%</b>	<b>-7%</b>	<b>-11%</b>

Source: DWS Investment GmbH as of 9/9/2024. Past performance may not be indicative of future results.

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## DWS Investment GmbH S&P 500 Annual EPS Outlook

	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	y/y	Bottom-up Consensus (IBES)				DWS View				Normalized 2024	
												2024E	y/y	2025E	y/y	2024E	y/y	2025E	y/y	(\$)	% of 2023
<b>S&amp;P 500 EPS (historical index)</b>	<b>\$118.82</b>	<b>\$117.46</b>	<b>\$118.10</b>	<b>\$132.00</b>	<b>\$161.93</b>	<b>\$162.93</b>	<b>\$139.72</b>	<b>\$208.12</b>	<b>\$218.09</b>	<b>\$221.36</b>	<b>1.5%</b>										
<b>S&amp;P 500 EPS (current constituents)</b>	<b>\$116.83</b>	<b>\$117.25</b>	<b>\$117.72</b>	<b>\$131.12</b>	<b>\$157.95</b>	<b>\$159.55</b>	<b>\$141.97</b>	<b>\$218.02</b>	<b>\$218.85</b>	<b>\$222.68</b>	<b>1.7%</b>	\$246	10.3%	\$281	14.5%	\$245	10.5%	\$270	9.9%	\$250	102%
<b>Sector (\$ bn)</b>																					
Communication Services	66.5	76.9	89.1	97.2	121.5	128.3	132.4	184.7	144.6	173.9	20.3%	207.3	19.2%	241.7	16.6%	207.0	19.0%	238.5	15.2%	210.2	102%
Consumer Discretionary	58.1	68.3	76.6	80.7	95.9	93.8	63.0	122.3	111.3	157.0	41.1%	177.6	13.1%	200.2	12.8%	177.0	12.7%	194.5	9.9%	181.3	102%
Consumer Staples	84.2	83.0	85.6	90.0	97.1	98.2	105.5	118.2	112.2	124.8	11.3%	128.0	2.5%	136.4	6.6%	126.5	1.4%	132.5	4.7%	123.8	98%
Energy	94.9	39.9	10.5	37.3	70.1	49.5	-6.7	79.3	202.3	142.8	-29.4%	126.1	-11.7%	143.3	13.6%	130.0	-9.0%	141.0	8.5%	118.0	91%
Financials	185.1	200.5	204.4	213.9	263.3	277.3	226.0	364.0	309.0	334.4	8.2%	369.3	10.4%	406.0	9.9%	368.0	10.0%	390.0	6.0%	357.3	97%
Health Care	138.4	153.5	158.5	172.8	189.8	208.0	228.2	294.6	309.8	245.3	-20.8%	274.3	11.8%	316.4	15.3%	276.5	12.7%	305.0	10.3%	277.7	100%
Industrials	101.0	104.4	98.5	107.5	131.3	114.3	61.4	112.6	136.3	162.2	19.0%	168.6	4.0%	194.4	15.3%	169.5	4.5%	188.0	10.9%	173.3	102%
Information Technology	159.5	165.5	170.8	204.6	237.0	231.5	263.8	437.1	363.8	374.7	3.0%	451.4	20.5%	547.1	21.2%	450.5	20.2%	510.0	13.2%	495.6	110%
Materials	24.5	23.4	22.4	28.6	36.2	34.0	32.2	61.3	64.0	48.3	-24.4%	45.8	-5.3%	53.8	17.4%	46.5	-3.8%	49.8	7.1%	45.9	99%
Real Estate	22.5	23.9	28.0	31.3	35.2	36.6	36.4	43.4	50.8	53.1	4.5%	54.1	1.9%	56.9	5.3%	55.0	3.7%	56.0	1.7%	53.1	97%
Utilities	32.8	32.9	35.5	37.0	40.7	44.8	46.7	49.3	50.7	52.4	3.4%	58.9	12.3%	63.7	8.2%	59.5	13.5%	65.0	9.3%	63.7	107%
<b>S&amp;P 500</b>	<b>967.4</b>	<b>972.2</b>	<b>980.0</b>	<b>1100.8</b>	<b>1318.0</b>	<b>1316.3</b>	<b>1189.0</b>	<b>1866.9</b>	<b>1854.7</b>	<b>1868.9</b>	<b>0.8%</b>	<b>2061.2</b>	<b>10.3%</b>	<b>2359.9</b>	<b>14.5%</b>	<b>2066.0</b>	<b>10.5%</b>	<b>2270.3</b>	<b>9.9%</b>	<b>2099.8</b>	<b>102%</b>
S&P ex. Energy (\$bn)	872.5	932.3	969.5	1063.6	1247.9	1266.8	1195.8	1787.6	1652.4	1726.1	4.5%	1935.1	12.1%	2216.6	14.5%	1936.0	12.2%	2129.3	10.0%	1981.8	102%
S&P ex. Tech (\$bn)	808.0	806.7	809.2	896.3	1081.1	1084.8	925.2	1429.7	1490.9	1494.2	0.2%	1609.8	7.7%	1812.8	12.6%	1615.5	8.1%	1760.3	9.0%	1604.2	99%
S&P 500 Sales/Share (historical index)	\$1,163	\$1,127	\$1,151	\$1,232	\$1,339	\$1,415	\$1,362	\$1,567	\$1,753	\$1,872	6.8%										
S&P 500 Non-GAAP Net Margin	10.2%	10.4%	10.3%	10.7%	12.1%	11.5%	10.3%	13.3%	12.4%	11.8%											

S&P 500 EPS	Whole Year	1Q	2Q	3Q	4Q
<b>2019A</b>	<b>163</b>	39	41	41	42
<b>2020A</b>	<b>140</b>	33	28	38	42
<b>2021A</b>	<b>210</b>	49	53	54	54
<b>2022A</b>	<b>222</b>	55	58	56	53
<b>2023A</b>	<b>223</b>	53.00	54.25	58.5	57.25
<b>2024E</b>	<b>245</b>	58.00	60.00	62.00	65.00

S&P 500 Trailing PE	Average	Stdev	3yr Avg High	3yr Avg Low
1960 – 2023	16.5	4.6	26.3	7.9
1985 – 2023	18.1	3.9	26.3	13.0
1995 – 2023	18.9	3.8	26.3	14.2
2005 – 2023	17.6	2.8	21.8	14.2
2005 – 2019 (pre-pandemic)	16.7	1.9	18.8	14.2

S&P 500 EPS historical constituents represents the earnings per share (EPS) of S&P 500 index constituents at the time, while S&P 500 EPS current constituents represents the earnings per share of index constituents as of the date the data was compiled 3/31/2024. FFO is used for REITs instead of EPS.

Source: Factset, DWS Investment GmbH as of 9/6/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

DWS Investment GmbH View: S&P 500 fair value by sector: Assuming a ~5.50% real cost of equity (CoE) for overall S&P 500

	Market Value (\$bn)	Current 2024 PE	2024E Earnings (\$bn)	Normal Ratio	Normal 2024E Earnings	Accounting Quality Adjustment	Fully Adjusted Earnings	Net Debt / Market Cap	FCF / EPS	Real CoE	Steady State Value	Growth Premium	2024 Start Fair Value (\$bn)	2024E Dividend Yield	2024 End Fair Value (\$bn)	Fair PE on Normal 2024E EPS	2024 End Upside %	2024 End Upside vs. S&P 500
Communication Services	4,115	19.9	207.0	102%	210.2	-5%	199.7	11%	0.83	5.30%	3,768	20%	4,521	0.9%	4,835	23.0	18%	19%
Consumer Discretionary	4,469	25.3	177.0	102%	181.3	-7%	168.6	10%	0.76	5.40%	3,122	34%	4,194	1.1%	4,481	24.7	0%	1%
<i>Automobiles</i>	691	27.6	25.0	100%	25.0	-10%	22.5	32%	0.99	6.00%	375	40%	525	0.4%	567	22.7	-18%	-17%
<i>Broadline (Internet) Retail</i>	1,544	34.3	45.0	110%	49.5	-5%	47.0	0%	0.18	5.20%	904	75%	1,583	0.0%	1,704	34.4	10%	11%
<i>ex. Auto &amp; Broadline (Internet) Retail</i>	2,234	20.9	107.0	100%	106.8	-7%	99.1	13%	0.78	5.38%	1,843	13%	2,087	1.5%	2,219	20.8	-1%	0%
Consumer Staples	2,678	21.2	126.5	98%	123.8	-6%	116.3	14%	0.84	5.00%	2,327	5%	2,443	2.6%	2,562	20.7	-4%	-3%
Energy	1,672	12.9	130.0	91%	118.0	-10%	106.2	14%	0.90	6.00%	1,770	-15%	1,505	2.2%	1,600	13.6	-4%	-3%
Financials	6,269	17.0	368.0	97%	357.3	-7%	330.6		1.11	6.00%	5,510	-2%	5,400	1.7%	5,767	16.1	-8%	-7%
<i>Banks</i>	1,573	12.3	128.0	95%	121.6	-7%	113.1		1.11	7.00%	1,616	-10%	1,454	2.6%	1,554	12.8	-1%	0%
Health Care	5,803	21.0	276.5	100%	277.7	-8%	255.5	10%	1.14	5.25%	4,866	15%	5,596	1.2%	5,960	21.5	3%	4%
Industrials	3,855	22.7	169.5	102%	173.3	-5%	164.7	15%	0.88	5.45%	3,021	10%	3,323	1.5%	3,536	20.4	-8%	-7%
Information Technology	13,768	30.6	450.5	110%	495.6	-2%	485.7	2%	0.95	5.20%	9,340	35%	12,609	0.8%	13,480	27.2	-2%	-1%
Materials	1,021	21.9	46.5	99%	45.9	-7%	42.7	16%	0.90	5.60%	763	10%	839	1.4%	896	19.5	-12%	-11%
Real Estate	1,028	18.7	55.0	97%	53.1	-10%	47.8	35%	1.79	5.30%	902	0%	902	3.4%	942	17.7	-8%	-7%
Utilities	1,105	18.6	59.5	107%	63.7	-7%	59.2	79%	-0.81	5.40%	1,096	5%	1,151	3.2%	1,205	18.9	9%	10%
S&P 500 (\$ bn)	45,784	22.2	2066.0	102%	2099.8	-5.9%	1976.9			5.40%	36,484	16.4%	42,482	1.4%	45,264	21.6	-1%	0%
S&P 500 Index (\$/sh)	5408	22.1	245.0	102%	250.0	-6.0%	235.0	10%	0.93	5.40%	4,352	16.9%	5,086	1.4%	5,408	21.6	0%	0%

>5%	Bigger upside vs. S&P 500
between -5% and 5%	Same upside as S&P 500
<-5%	Smaller upside vs. S&P 500

Source: IBES, DWS Investment GmbH as of 9/6/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

S&P 500 EPS historical constituents represents the earnings per share (EPS) of S&P 500 index constituents at the time, while S&P 500 EPS current constituents represents the earnings per share of index constituents as of the date the data was compiled 3/31/2024.

The estimated 2024 year end upside is on absolute valuation basis of each sector, not on relative sector valuation basis.

DWS Investment GmbH View: S&P 500 fair value by sector and industry: Assuming a ~5.50% real cost of equity (CoE) for overall S&P 500 (1 of 2)

	Market Value (\$bn)	Current 2024 PE	2024E Earnings (\$bn)	Normal Ratio	Normal 2024E Earnings	Accounting Quality Adjustment	Fully Adjusted Earnings	Net Debt / Market Cap	FCF / EPS	Real CoE	Steady State Value	Growth Premium	2024 Start Fair Value (\$bn)	2024E Dividend Yield	2024 End Fair Value (\$bn)	Fair PE on Normal 2024 EPS	2024 End Upside %	2024 End Upside vs. S&P 500
<b>CONSUMER DISCRETIONARY</b>	<b>4,469</b>	<b>25.3</b>	<b>177.0</b>	<b>102%</b>	<b>181.3</b>	<b>-7.0%</b>	<b>169</b>	<b>10%</b>	<b>0.76</b>	<b>5.40%</b>	<b>3,122</b>	<b>34.3%</b>	<b>4,194</b>	<b>1.1%</b>	<b>4,481</b>	<b>24.7</b>	<b>0%</b>	<b>1%</b>
Automobile Components	26,517	10.2	2,600	100%	2,600	-10%	2,340	26%	1.00	7.00%	33,429	0%	33,429	0.4%	36,479	14.0	38%	39%
Automobiles	690,846	27.6	25,000	100%	25,000	-10%	22,500	32%	0.29	6.00%	375,000	40%	525,000	0.4%	567,490	22.7	-18%	-17%
Distributors	43,902	14.6	3,000	100%	3,000	-10%	2,700	17%	0.93	5.50%	49,091	0%	49,091	2.4%	51,845	17.3	18%	19%
Hotels Restaurants & Leisure	831,472	21.3	39,000	100%	39,000	-5%	37,050	18%	0.79	5.20%	712,500	20%	855,000	1.4%	908,733	23.3	9%	10%
Household Durables	201,607	14.4	14,000	100%	14,000	-15%	11,900	0%	0.99	6.50%	183,077	0%	183,077	0.7%	198,199	14.2	-2%	-1%
Broadline Retail	1,544,468	34.3	45,000	110%	49,500	-5%	47,025	0%	0.89	5.20%	904,327	75%	1,582,572	0.0%	1,703,855	34.4	10%	11%
Leisure Products	8,649	17.3	500	90%	450	-8%	414	35%	1.00	5.40%	7,667	0%	7,667	4.1%	7,955	17.7	-8%	-7%
Specialty Retail	943,368	23.9	39,500	100%	39,500	-5%	37,525	13%	0.91	5.20%	721,635	10%	793,798	1.6%	842,230	21.3	-11%	-10%
Textiles Apparel & Luxury Goods	178,637	21.3	8,400	98%	8,232	-7%	7,656	-2%	0.97	5.35%	143,098	15%	164,563	1.3%	175,310	21.3	-2%	-1%
<b>CONSUMER STAPLES</b>	<b>2,678</b>	<b>21.2</b>	<b>126.5</b>	<b>98%</b>	<b>123.8</b>	<b>-6%</b>	<b>116</b>	<b>14%</b>	<b>0.84</b>	<b>5.00%</b>	<b>2,327</b>	<b>5%</b>	<b>2,443</b>	<b>2.6%</b>	<b>2,562</b>	<b>20.7</b>	<b>-4%</b>	<b>-3%</b>
Beverages	659,589	22.7	29,000	100%	29,000	-5%	27,550	14%	0.85	4.90%	562,245	15%	646,582	2.6%	677,822	23.4	3%	4%
Consumer Staples Distribution & Retail	685,131	22.5	30,500	100%	30,500	-6%	28,670	8%	0.65	5.20%	551,346	10%	606,481	1.6%	643,685	21.1	-6%	-5%
Food Products	376,506	16.9	22,300	95%	21,185	-7%	19,702	28%	0.87	5.10%	386,315	-5%	366,999	2.9%	384,157	18.1	2%	3%
Household Products	605,418	26.3	23,000	100%	23,000	-6%	21,620	8%	0.98	5.10%	423,922	15%	487,510	2.3%	513,584	22.3	-15%	-14%
Personal Care Products	59,596	22.1	2,700	110%	2,970	-7%	2,762	16%	0.93	5.30%	52,115	20%	62,538	3.4%	65,283	22.0	10%	11%
Tobacco	292,095	15.4	19,000	90%	17,100	-7%	15,903	29%	1.01	5.00%	318,060	-25%	238,545	5.2%	243,997	14.3	-16%	-15%
<b>Energy</b>	<b>1,672</b>	<b>12.9</b>	<b>130.0</b>	<b>91%</b>	<b>118.0</b>	<b>-10%</b>	<b>106</b>	<b>14%</b>	<b>0.90</b>	<b>6.00%</b>	<b>1,770</b>	<b>-15%</b>	<b>1,505</b>	<b>2.2%</b>	<b>1,600</b>	<b>13.6</b>	<b>-4%</b>	<b>-3%</b>
Energy Equipment & Services	117,091	11.7	10,000	100%	10,000	-10%	9,000	13%	0.91	6.75%	133,333	5%	140,000	2.5%	149,388	14.9	28%	29%
Oil Gas & Consumable Fuels	1,554,836	13.0	120,000	90%	108,000	-10%	97,200	14%	0.90	6.00%	1,620,000	-20%	1,296,000	3.0%	1,366,705	12.7	-12%	-11%
<b>FINANCIALS</b>	<b>6,269</b>	<b>17.0</b>	<b>368.0</b>	<b>97%</b>	<b>357.3</b>	<b>-7%</b>	<b>331</b>	<b>0%</b>	<b>1.11</b>	<b>6.00%</b>	<b>5,510</b>	<b>-2%</b>	<b>5,400</b>	<b>1.7%</b>	<b>5,767</b>	<b>16.1</b>	<b>-8%</b>	<b>-7%</b>
Capital Markets	1,342,500	19.7	68,000	95%	64,600	-10%	58,140	2%	1.09	6.00%	969,000	0%	969,000	2.0%	1,032,303	16.0	-23%	-22%
Banks	1,573,068	12.3	128,000	95%	121,600	-7%	113,088	N/A	1.14	7.00%	1,615,543	-10%	1,453,989	2.7%	1,552,212	12.8	-1%	0%
Consumer Finance	258,089	14.0	18,500	95%	17,575	-15%	14,939	N/A	1.15	6.25%	239,020	-10%	215,118	1.4%	231,005	13.1	-10%	-9%
Financial Services	2,027,827	24.3	83,500	100%	83,500	-5%	79,325	0%	1.00	5.10%	1,555,392	10%	1,710,931	0.3%	1,835,286	22.0	-9%	-8%
Insurance	1,067,185	15.2	70,000	100%	70,000	-7%	65,100	N/A	1.14	5.75%	1,132,174	-5%	1,075,565	1.3%	1,149,811	16.4	8%	9%
<b>Health Care</b>	<b>5,803</b>	<b>21.0</b>	<b>276.5</b>	<b>100%</b>	<b>277.7</b>	<b>-8%</b>	<b>255</b>	<b>10%</b>	<b>1.14</b>	<b>5.25%</b>	<b>4,866</b>	<b>15%</b>	<b>5,596</b>	<b>1.2%</b>	<b>5,960</b>	<b>21.5</b>	<b>3%</b>	<b>4%</b>
Biotechnology	918,813	23.0	40,000	107%	42,800	-10%	38,520	13%	1.33	5.50%	700,364	20%	840,436	2.1%	889,770	20.8	-3%	-2%
Health Care Equipment & Supplies	1,109,420	25.8	43,000	105%	45,150	-7%	41,990	8%	1.14	5.00%	839,790	25%	1,049,738	1.0%	1,117,727	24.8	1%	2%
Health Care Providers & Services	1,294,806	16.7	77,500	95%	73,625	-7%	68,471	10%	1.06	5.25%	1,304,214	0%	1,304,214	1.3%	1,388,160	18.9	7%	8%
Life Sciences Tools & Services	638,080	30.4	21,000	105%	22,050	-5%	20,948	10%	1.18	5.25%	399,000	20%	478,800	0.3%	514,603	23.3	-19%	-18%
Pharmaceuticals	1,842,006	19.4	95,000	99%	94,050	-10%	84,645	11%	1.27	5.25%	1,612,286	15%	1,854,129	2.1%	1,958,173	20.8	6%	7%
<b>INDUSTRIALS</b>	<b>3,855</b>	<b>22.7</b>	<b>169.5</b>	<b>102%</b>	<b>173.3</b>	<b>-5%</b>	<b>165</b>	<b>15%</b>	<b>0.88</b>	<b>5.45%</b>	<b>3,021</b>	<b>10%</b>	<b>3,323</b>	<b>1.5%</b>	<b>3,536</b>	<b>20.4</b>	<b>-8%</b>	<b>-7%</b>
Aerospace & Defense	894,489	29.8	30,000	115%	34,500	-5%	32,775	17%	1.09	5.20%	630,288	15%	724,832	1.2%	771,865	22.4	-14%	-13%
Air Freight & Logistics	195,212	17.0	11,500	95%	10,925	-5%	10,379	15%	0.71	5.60%	185,335	0%	185,335	3.3%	194,200	17.8	-1%	1%
Passenger Airlines	67,618	7.8	8,700	90%	7,830	-15%	6,656	71%	0.07	10.0%	66,555	0%	66,555	1.2%	74,076	9.5	10%	11%
Building Products	248,771	22.6	11,000	95%	10,450	-5%	9,928	15%	1.07	5.40%	183,843	10%	202,227	1.2%	215,792	20.6	-13%	-12%
Commercial Services & Supplies	267,266	35.2	7,600	100%	7,600	0%	7,600	10%	0.86	5.10%	149,020	10%	163,922	0.9%	174,957	23.0	-35%	-33%
Construction & Engineering	35,664	29.7	1,200	110%	1,320	-5%	1,254	8%	1.18	5.25%	23,886	15%	27,469	0.1%	29,558	22.4	-17%	-16%

Source: IBES, DWS Investment GmbH as of 9/6/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

S&P 500 EPS historical constituents represents the earnings per share (EPS) of S&P 500 index constituents at the time, while S&P 500 EPS current constituents represents the earnings per share of index constituents as of the date the data was compiled 3/31/2024.

The estimated 2024 year end upside is on absolute valuation basis of each sector, not on relative sector valuation basis.

DWS Investment GmbH View: S&P 500 fair value by sector and industry: Assuming a ~5.50% real cost of equity (CoE) for overall S&P 500 (2 of 2)

	Market Value (\$bn)	Current 2024 PE	2024E Earnings (\$bn)	Normal Ratio	Normal 2024E Earnings	Accounting Quality Adjustment	Fully Adjusted Earnings	Net Debt / Market Cap	FCF / EPS	Real CoE	Steady State Value	Growth Premium	2024 Start Fair Value (\$bn)	2024E Dividend Yield	2024 End Fair Value (\$bn)	Fair PE on Normal 2024 EPS	2024 End Upside %	2024 End Upside vs. S&P 500
Electrical Equipment	267,817	22.3	12,000	110%	13,200	-5%	12,540	6%	#DIV/0!	5.25%	238,857	20%	286,629	1.4%	304,813	23.1	14%	15%
Industrial Conglomerates	208,469	19.9	10,500	100%	10,500	-5%	9,975	13%	1.05	5.25%	190,000	5%	199,500	2.1%	210,852	20.1	1%	2%
Machinery	767,066	17.8	43,000	100%	43,000	-5%	40,850	19%	0.96	5.60%	729,464	5%	765,938	1.5%	816,604	19.0	6%	8%
Professional Services	319,049	27.7	11,500	100%	11,500	0%	11,500	6%	1.09	5.25%	219,048	15%	251,905	1.6%	267,476	23.3	-16%	-15%
Ground Transportation	454,431	27.5	16,500	100%	16,500	-9%	15,015	16%	0.65	5.00%	300,300	10%	330,330	1.3%	350,958	21.3	-23%	-22%
Trading Companies & Distributors	129,320	21.6	6,000	100%	6,000	-5%	5,700	11%	0.78	5.40%	105,556	10%	116,111	1.3%	123,770	20.6	-4%	-3%
<b>INFORMATION TECHNOLOGY</b>	<b>13,768</b>	<b>30.6</b>	<b>450.5</b>	<b>110%</b>	<b>495.6</b>	<b>-2%</b>	<b>486</b>	<b>2%</b>	<b>0.95</b>	<b>5.20%</b>	<b>9,340</b>	<b>35%</b>	<b>12,609</b>	<b>0.8%</b>	<b>13,480</b>	<b>27.2</b>	<b>-2%</b>	<b>-1%</b>
Communications Equipment	378,675	18.0	21,000	100%	21,000	-7%	19,530	-4%	1.07	5.25%	372,000	5%	390,600	1.9%	413,298	19.7	9%	10%
Technology Hardware Storage & Peripherals	3,488,630	31.1	112,000	105%	117,600	-1%	116,424	2%	1.03	5.00%	2,328,480	25%	2,910,600	0.5%	3,114,729	26.5	-11%	-10%
Electronic Equipment Instruments & Components	232,249	20.2	11,500	100%	11,500	-7%	10,695	9%	1.07	5.50%	194,455	15%	223,623	1.0%	239,222	20.8	3%	4%
IT Services	515,929	22.0	23,500	105%	24,675	-3%	23,935	8%	1.18	5.00%	478,695	20%	574,434	1.9%	606,525	24.6	18%	19%
Semiconductors & Semiconductor Equipment	4,571,666	32.1	142,500	120%	171,000	-5%	162,450	2%	0.92	5.60%	2,900,893	35%	3,916,205	0.4%	4,216,751	24.7	-8%	-7%
Software	4,580,639	32.7	140,000	107%	149,800	2%	152,796	1%	0.90	5.00%	3,055,920	50%	4,583,880	0.6%	4,899,910	32.7	7%	8%
<b>MATERIALS</b>	<b>1,021</b>	<b>21.9</b>	<b>46.5</b>	<b>99%</b>	<b>45.9</b>	<b>-7%</b>	<b>43</b>	<b>16%</b>	<b>0.90</b>	<b>5.60%</b>	<b>763</b>	<b>10%</b>	<b>839</b>	<b>1.4%</b>	<b>896</b>	<b>19.5</b>	<b>-12%</b>	<b>-11%</b>
Chemicals	700,984	23.2	30,200	100%	30,200	-5%	28,690	17%	0.81	5.50%	521,636	15%	598,882	1.8%	637,034	21.1	-9%	-8%
Construction Materials	62,233	27.1	2,300	95%	2,185	-10%	1,967	7%	0.82	5.75%	34,200	0%	34,200	0.7%	36,781	16.8	-41%	-40%
Containers & Packaging	103,421	21.1	4,900	100%	4,900	-10%	4,410	31%	1.12	5.50%	80,182	0%	80,182	2.2%	84,797	17.3	-18%	-17%
Metals & Mining	154,022	16.9	9,100	95%	8,645	-10%	7,781	7%	0.62	6.00%	129,675	0%	129,675	1.8%	138,377	16.0	-10%	-9%
<b>REAL ESTATE</b>	<b>1,028</b>	<b>18.7</b>	<b>55.0</b>	<b>97%</b>	<b>53.1</b>	<b>-10%</b>	<b>48</b>	<b>35%</b>	<b>1.79</b>	<b>5.30%</b>	<b>902</b>	<b>0%</b>	<b>902</b>	<b>3.4%</b>	<b>942</b>	<b>17.7</b>	<b>-8%</b>	<b>-7%</b>
Health Care REITs	111,732	18.6	6,000	100%	6,000	-6%	5,640	36%	7.80	4.80%	117,500	0%	117,500	3.5%	122,005	20.3	9%	10%
Hotel & Resort REITs	11,996	8.6	1,400	90%	1,260	-20%	1,008	25%	1.98	7.00%	14,400	0%	14,400	4.7%	15,091	12.0	26%	27%
Industrial REITs	98,907	19.8	5,000	95%	4,750	-7%	4,418	28%	1.81	5.25%	84,143	5%	88,350	3.6%	92,032	19.4	-7%	-6%
Office REITs	10,764	10.8	1,000	80%	800	-30%	560	63%	4.27	7.00%	8,000	0%	8,000	5.3%	8,340	10.4	-23%	-21%
Residential REITs	141,084	18.8	7,500	90%	6,750	-10%	6,075	33%	1.81	4.90%	123,980	0%	123,980	3.4%	128,992	19.1	-9%	-7%
Retail REITs	125,380	13.2	9,500	95%	9,025	-15%	7,671	48%	2.03	6.00%	127,854	0%	127,854	5.3%	131,890	14.6	5%	6%
Specialized REITs	461,779	20.1	23,000	100%	23,000	-7%	21,390	36%	1.23	5.20%	411,346	10%	452,481	3.4%	471,864	20.5	2%	3%
Real Estate Management & Development	66,759	41.7	1,600	95%	1,520	-3%	1,474	0%	0.95	4.75%	31,040	25%	38,800	-	41,613	27.4	-38%	-37%
<b>COMMUNICATION SERVICES</b>	<b>4,115</b>	<b>19.9</b>	<b>207.0</b>	<b>102%</b>	<b>210.2</b>	<b>-5%</b>	<b>200</b>	<b>11%</b>	<b>0.83</b>	<b>5.30%</b>	<b>3,768</b>	<b>20%</b>	<b>4,521</b>	<b>0.9%</b>	<b>4,835</b>	<b>23.0</b>	<b>18%</b>	<b>19%</b>
Diversified Telecommunication Services	328,564	9.4	35,000	75%	26,250	-15%	22,313	94%	-0.28	5.25%	425,000	-25%	318,750	5.9%	324,624	12.4	-1%	0%
Entertainment	539,112	53.9	10,000	110%	11,000	-8%	10,120	15%	1.59	5.25%	192,762	50%	289,143	0.3%	310,722	28.2	-42%	-41%
Interactive Media & Services	2,862,847	21.7	132,000	110%	145,200	-2%	142,296	-4%	0.69	5.20%	2,736,462	30%	3,557,400	0.4%	3,815,700	26.3	33%	34%
Media	278,323	11.1	25,000	90%	22,500	-10%	20,250	69%	0.99	6.25%	324,000	-15%	275,400	2.3%	293,235	13.0	5%	6%
Wireless Telecommunication Services	106,278	21.3	5,000	105%	5,250	-8%	4,830	39%	1.41	5.25%	92,000	5%	96,600	1.3%	102,879	19.6	-3%	-2%
<b>UTILITIES</b>	<b>1,105</b>	<b>18.6</b>	<b>59.5</b>	<b>107%</b>	<b>63.7</b>	<b>-7%</b>	<b>59</b>	<b>79%</b>	<b>-0.81</b>	<b>5.40%</b>	<b>1,096</b>	<b>5%</b>	<b>1,151</b>	<b>3.2%</b>	<b>1,205</b>	<b>18.9</b>	<b>9%</b>	<b>10%</b>
Electric Utilities	749,900	18.7	40,100	110%	44,110	-7%	41,022	80%	1.15	5.50%	745,860	7%	798,070	3.0%	838,324	19.0	12%	13%
Gas Utilities	18,277	18.3	1,000	100%	1,000	-7%	930	43%	-1.16	5.00%	18,600	0%	18,600	2.6%	19,503	19.5	7%	8%
Independent Power and Renewable Electric	10,499	7.5	1,400	110%	1,540	-15%	1,309	80%	-4.16	8.00%	16,363	0%	16,363	4.2%	17,392	11.3	66%	67%
Multi-Utilities	300,377	18.8	16,000	100%	16,000	-7%	14,880	79%	-1.06	5.25%	283,429	0%	283,429	3.4%	295,764	18.5	-2%	0%
Water Utilities	26,157	26.2	1,000	100%	1,000	-5%	950	51%	-0.97	4.50%	21,111	0%	21,111	2.3%	22,110	22.1	-15%	-14%

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## S&P 500 Intrinsic Valuation Model

S&P 500 Capitalized EPS Valuation		S&P 500 Dividend Discount Model		S&P 500 Long-term EPS & DPS Growth		S&P 500 Cost of Equity & Fair Book Multiple	
DWS 2024E S&P 500 EPS	\$245.00	DWS 2024E S&P 500 DPS	\$76.00	DWS 2024E S&P 500 aggregate ROE	22.3%	Fair long-term nominal return on S&P 500 index	7.90%
		2024E dividend payout ratio	31%	2023E end S&P 500 book value per share	\$1,100	Components of estimated fair S&P 500 return:	
DWS "normal 2024E" S&P 500 EPS	\$250.00	DWS "normal 2024E" S&P 500 DPS	\$80.00	DWS "normal 2024E" S&P 500 aggregate ROE	21.4%	+ Long-term real risk free interest rate	1.65%
"Normal 2024E" EPS / 2024 EPS	102%	Normal dividend payout ratio	34%			+ Long-term fair S&P 500 equity risk premium*	3.75%
						= Long-term real S&P 500 cost of equity	5.40%
Accounting quality adjustment to pro forma EPS	-\$15.00	EPS directed to net share repurchases	\$78.00	S&P EPS retained for operating reinvestment	33%	+ Long-term inflation forecast	2.50%
		Normal share repurchase payout ratio	33%	Estimated ROE on reinvested S&P EPS	9.50%		
Normal 2024E S&P 500 EPS fair to capitalize	\$235	Total payout of S&P 500 EPS	\$158.00	Economic margin (EM) or ROE-CoE	1.60%	= S&P 500 nominal cost of equity	7.90%
Key principle: steady-state value = normal EPS / real CoE		Total payout ratio of normal and quality adj. EPS	67%	Sources of long-term earnings growth:		* S&P 500 ERP history 300-400bps, w/ real CoE @ 5% - 6.5%	
				+ Long-term inflation forecast	2.50%		
S&P 500 EPS Capitalization Valuation		S&P 500 DPS Discount Model		+ Fair return on operating reinvestment	1.77%	Fair S&P 500 Market Value and Book Value Multiple	
Normal EPS / (real CoE - (EM/payout) - EM):		Normal DPS / (nominal CoE - DPS growth):		+ Value added earnings growth on op. reinvestment	0.52%	2023E end S&P 500 book value per share	\$1,100
S&P 500 intrinsic value at 2024 start	5086	S&P 500 intrinsic value at 2024 start	5086	= Long-term earnings growth	4.79%	Fair PB = Fair PE * normal aggregate ROE	4.62
S&P 500 intrinsic value at 2024 end	5408	S&P 500 intrinsic value at 2024 end	5408	+ Growth from net share repurchases	1.53%	Fair PE =(inc ROE-g)/(inc real ROE*(real CoE-real g))	20.76
Implied fair fwd PE in early 2024 on 2024E \$245 EPS	20.8	Implied fair forward yield on 2024E DPS of \$76.0	1.49%	= Long-term S&P 500 EPS/DPS growth	6.33%	Implied S&P 500 fair value of book at 2024 start	5086
Implied fair trailing PE at 2024 end on 2024E \$245 EPS	22.1	Implied fair trailing yield on 2024E DPS of \$76.0	1.41%	+ Fair normal dividend yield	1.57%	Steady-state PB = normal agg. ROE / real CoE	3.96
				= Total long-term return at constant PE	7.90%	Confirmed by fair steady-state PE = 1 / real CoE	18.5
Normal EPS / (real CoE - value added EPS growth)	5125	DPS discount model using true DPS (all payout)	5408	Value added growth premium in fair value est.	17%	Normal 2024E economic profit per share	\$175.60

### S&P 500 EPS discount model 5 steps to value:

- 1) Estimate normalized S&P 500 EPS
- 2) Adjust normalized EPS for pro forma accounting quality
- 3) Estimate a fair long-term real return on S&P 500 ownership (CoE)
- 4) Capitalize normalized and accounting quality adj. EPS at real CoE
- 5) Consider long-term potential for value added growth opportunities

2024E Normal S&P 500 EPS					
	\$240	\$245	\$250	\$255	\$260
5.00%	5746	5967	6196	6432	6675
5.25%	5298	5486	5679	5876	6079
5.40%	5062	5233	5408	5587	5770
5.50%	4916	5077	5242	5410	5581
5.75%	4586	4726	4868	5013	5160

## DWS September 2025 equity index targets

Index	3M relative View	Current Level	Previous Target CIO Day July	Target Sep 25	Chg in Target	Expected Total Return Sep 25	Assumptions							
							thereof			EPS NTM* (e)	EPS NTM DWS vs. Cons.	Target LTM P/E in Sep 25	Target PE discount to US	
							EPS growth NTM*	LTM multiple impact	Dividend Yield					
S&P 500		5,648	5,600	5,800	4%	4.1%	USD	10.7%	-8%	1.4%	268	-1.0%	21.6x	
Stoxx 600		524	530	540	2%	6.5%	EUR	4.9%	-2%	3.4%	37.9	-3.7%	14.2x	-34%
EuroStoxx 50		4,958	5,100	5,100	0%	6.3%	EUR	4.1%	-1%	3.4%	374	-3.7%	13.7x	-37%
DAX40		18,886	19,600	20,000	2%	5.9%	EUR	7.8%	-5%	3.2%	1505	0.0%	12.8x	-40%
SMI		12,394	11,900	12,350	4%	2.6%	CHF	9.7%	-9%	3.0%	721	-0.3%	17.1x	-20%
FTSE 100		8,369	8,200	8,350	2%	3.5%	GBP	2.4%	-3%	3.8%		-3.3%	12.0x	-44%
MSCI EM		1,096	1,100	1,140	4%	6.9%	USD	13.0%	-8%	2.9%	86.7	-7.5%	13.2x	-39%
MSCI AC Asia xJ		701	710	740	4%	8.1%	USD	12.7%	-7%	2.6%	52.0	-8.5%	14.2x	-34%
MSCI Japan		1,677	1,760	1,760	0%	7.3%	YEN	8.4%	-3%	2.3%	114.2	-1.1%	15.4x	-29%
MSCI Australia		1,628	1,500	1,550	3%	-1.1%	AUD	-0.9%	-5%	3.7%	90.0	-0.4%	17.0x	-21%

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S&P 500 industry monitor (1 of 2)

Sector	Industry	PE on 2023 EPS	PE on 2024 Consensus EPS	2024 Consensus EPS Growth	2025 Consensus EPS Growth	2024 EPS 3m Revision	3m Total Return Momentum	2024 End Upside (Intrinsic Valuation)	Combined Signal
<b>Consumer Discretionary</b>		25.6	22.6	20.9%	13.1%	-0.1%	1.0%	-1.5%	0
	Automobile Components	9.9	8.1	11.7%	22.0%	2.4%	-13.4%	37.6%	0
	Automobiles	26.8	24.6	-12.7%	8.8%	-1.0%	14.9%	-17.9%	0
	Household Durables	13.8	12.7	8.6%	8.6%	1.7%	21.3%	-17.7%	1
	Leisure Products	17.7	15.5	8.6%	14.6%	4.7%	15.0%	-18.7%	1
	Textiles Apparel & Luxury Goods	20.6	20.1	8.8%	2.5%	-5.5%	-16.1%	-0.4%	-1
	Hotels Restaurants & Leisure	23.0	20.1	27.7%	14.3%	-1.5%	0.1%	8.3%	-1
	Distributors	15.8	14.4	-4.1%	9.4%	-8.3%	-4.1%	18.1%	-1
	Broadline Retail	34.9	28.5	108.3%	22.2%	4.1%	-6.8%	7.9%	1
Specialty Retail	23.2	21.7	-0.3%	7.1%	-1.9%	9.3%	-11.5%	-1	
<b>Consumer Staples</b>		22.5	21.1	7.7%	6.6%	-0.5%	7.8%	-10.7%	0
	Consumer Staples Distribution & Retail	28.3	26.4	5.8%	7.2%	-1.8%	5.1%	-6.9%	0
	Food Products	16.7	16.1	-4.0%	4.0%	-1.6%	8.8%	-5.1%	-1
	Beverages	22.4	20.9	8.9%	7.3%	0.1%	6.7%	-4.8%	0
	Tobacco	15.4	14.3	4.6%	7.1%	1.0%	20.8%	-21.6%	1
	Household Products	26.0	24.4	13.3%	6.5%	0.8%	7.6%	-24.7%	0
	Personal Care Products	22.7	20.1	455.0%	12.6%	-3.0%	2.3%	5.2%	0
<b>Energy</b>		12.8	11.3	-17.2%	13.9%	-8.0%	-3.1%	-3.4%	-1
	Energy Equipment & Services	11.7	10.1	22.3%	16.4%	-1.0%	-5.9%	34.0%	0
	Oil Gas & Consumable Fuels	12.9	11.4	-19.5%	13.7%	-8.6%	-2.9%	-11.9%	-1
<b>Financials</b>		16.5	15.2	14.1%	8.6%	2.5%	7.3%	-10.4%	0
	Banks	11.5	10.9	0.2%	5.6%	5.3%	4.1%	-2.5%	0
	Financial Services	23.8	22.1	16.7%	7.6%	2.7%	7.1%	-13.3%	0
	Consumer Finance	12.9	12.1	17.4%	7.0%	4.7%	4.1%	-12.9%	1
	Capital Markets	19.3	17.1	20.8%	13.1%	-0.2%	9.2%	-25.3%	1
	Insurance	15.3	13.7	37.9%	11.4%	-0.6%	11.2%	-1.6%	1
<b>Health Care</b>		22.0	18.2	1.9%	21.0%	-1.8%	5.5%	-0.1%	0
	Health Care Providers & Services	16.4	14.7	5.0%	11.8%	-0.1%	10.1%	3.5%	0
	Health Care Equipment & Supplies	26.0	23.6	18.5%	9.9%	0.8%	2.8%	0.7%	0
	Life Sciences Tools & Services	29.5	26.5	-5.1%	11.5%	-1.1%	3.0%	-19.4%	0
	Biotechnology	23.6	17.6	-18.5%	34.3%	-13.1%	6.2%	2.5%	-1
	Pharmaceuticals	22.3	16.9	6.0%	31.6%	1.3%	4.8%	-3.5%	0
<b>Industrials</b>		23.0	19.9	6.8%	15.7%	-2.3%	2.9%	-8.7%	0
	Aerospace & Defense	30.0	23.0	23.1%	30.3%	-4.7%	4.2%	-15.5%	0
	Building Products	22.3	20.4	6.5%	9.3%	-0.7%	7.3%	-22.9%	0
	Trading Companies & Distributors	21.5	19.9	8.7%	8.3%	-1.4%	5.5%	-5.9%	0
	Electrical Equipment	25.7	22.4	26.4%	14.5%	0.5%	-5.4%	18.6%	0
	Construction & Engineering	28.7	24.4	26.8%	17.6%	2.5%	-7.9%	-17.1%	1

Combined signal rules: Green – at least 2 of the following 3 must be green: EPS growth, EPS revision, price momentum

Red – at least 2 of the following 3 must be red: EPS growth, EPS revision, price momentum

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S&P 500 industry monitor (2 of 2)

Sector	Industry	PE on 2023 EPS	PE on 2024 Consensus EPS	2024 Consensus EPS Growth	2025 Consensus EPS Growth	2024 EPS 3m Revision	3m Total Return Momentum	2024 End Upside (Intrinsic Valuation)	Combined Signal
	Industrial Conglomerates	18.8	17.2	-3.0%	9.6%	2.1%	4.9%	1.1%	0
	Machinery	17.8	16.9	0.6%	4.9%	-0.7%	0.8%	5.0%	-1
	Commercial Services & Supplies	34.7	31.4	31.8%	10.5%	0.3%	4.3%	-34.5%	0
	Professional Services	27.3	24.7	14.4%	10.5%	0.8%	7.8%	-16.2%	0
	Air Freight & Logistics	16.9	14.4	-10.0%	17.0%	-4.9%	1.8%	-3.0%	-1
	Passenger Airlines	8.5	6.5	-22.9%	30.6%	-19.7%	-9.0%	32.2%	-1
	Ground Transportation	27.6	21.8	10.1%	26.3%	1.0%	5.9%	-22.8%	0
<b>Information Technology</b>		<b>30.2</b>	<b>24.9</b>	<b>26.4%</b>	<b>21.3%</b>	<b>1.9%</b>	<b>-3.0%</b>	<b>-4.2%</b>	<b>1</b>
	IT Services	22.9	21.5	8.3%	6.6%	0.6%	16.4%	12.7%	0
	Software	32.5	28.6	19.2%	13.7%	0.1%	-1.3%	7.0%	0
	Communications Equipment	18.2	17.5	-5.7%	4.0%	0.2%	8.7%	4.4%	0
	Technology Hardware Storage & Peripherals	30.2	26.5	17.2%	13.8%	2.3%	10.6%	-13.1%	1
	Electronic Equipment Instruments & Components	22.5	19.8	3.6%	13.3%	0.5%	-1.7%	3.0%	0
	Semiconductors & Semiconductor Equipment	31.4	22.5	60.3%	39.9%	4.2%	-14.5%	-11.6%	1
<b>Materials</b>		<b>22.4</b>	<b>19.1</b>	<b>-8.4%</b>	<b>17.3%</b>	<b>-2.8%</b>	<b>0.7%</b>	<b>-12.6%</b>	<b>-1</b>
	Chemicals	23.1	20.0	-8.1%	15.6%	-2.7%	2.9%	-8.2%	-1
	Construction Materials	28.2	23.7	10.9%	19.2%	-12.5%	-7.4%	-38.3%	-1
	Metals & Mining	16.9	14.1	-15.0%	20.0%	-0.6%	-5.0%	-13.0%	-1
	Containers & Packaging	27.2	22.4	-1.2%	21.5%	-3.0%	1.7%	-22.9%	-1
<b>Real Estate</b>		<b>40.3</b>	<b>37.4</b>	<b>10.4%</b>	<b>7.8%</b>	<b>2.1%</b>	<b>15.9%</b>	<b>-14.0%</b>	<b>1</b>
	Industrial REITs	44.8	35.6	-13.6%	25.6%	16.5%	16.3%	-7.0%	1
	Hotel & Resort REITs	16.9	17.3	-5.6%	-2.6%	-12.3%	-4.9%	25.8%	-1
	Office REITs	34.8	39.7	-17.4%	-12.1%	-1.8%	27.5%	67.1%	-1
	Health Care REITs	86.2	70.5	97.2%	22.3%	-2.6%	18.3%	-24.8%	1
	Residential REITs	43.1	47.0	-7.4%	-8.4%	10.4%	12.8%	-15.5%	1
	Retail REITs	32.5	31.5	-0.3%	3.2%	1.2%	14.9%	-2.4%	1
	Specialized REITs	37.6	35.5	24.8%	5.9%	-1.0%	16.9%	-3.1%	1
	Real Estate Management & Development	38.3	28.7	3.3%	33.2%	7.5%	15.6%	-43.3%	1
<b>Communication Services</b>		<b>19.4</b>	<b>16.6</b>	<b>31.8%</b>	<b>16.8%</b>	<b>-2.6%</b>	<b>-4.9%</b>	<b>17.0%</b>	<b>-1</b>
	Diversified Telecommunication Services	9.2	9.0	-8.0%	2.8%	-0.6%	8.7%	-5.5%	0
	Wireless Telecommunication Services	20.8	17.2	44.2%	20.7%	3.2%	7.7%	-12.9%	1
	Media	10.3	9.9	9.3%	4.8%	0.9%	4.9%	-5.3%	0
	Entertainment	55.1	23.6	5.0%	133.4%	-47.5%	-2.7%	-0.7%	-1
	Interactive Media & Services	21.1	18.6	59.0%	13.8%	2.6%	-7.9%	29.1%	1
<b>Utilities</b>		<b>18.8</b>	<b>17.3</b>	<b>18.8%</b>	<b>8.8%</b>	<b>0.1%</b>	<b>9.4%</b>	<b>6.9%</b>	<b>1</b>
	Multi-Utilities	19.1	17.4	4.7%	9.8%	-0.3%	11.3%	-5.8%	0
	Water Utilities	27.4	25.4	8.2%	8.2%	0.2%	12.8%	-23.6%	0
	Gas Utilities	19.1	18.1	11.9%	5.3%	0.3%	14.7%	1.9%	0
	Electric Utilities	19.0	17.7	24.4%	7.6%	0.2%	9.8%	11.8%	1
	Independent Power and Renewable Electricity Producers	11.4	9.5	42.4%	20.1%	0.9%	-14.6%	50.6%	0
<b>S&amp;P 500</b>		<b>22.6</b>	<b>19.6</b>	<b>12.7%</b>	<b>15.3%</b>	<b>-0.4%</b>	<b>3.3%</b>	<b>-1.8%</b>	<b>0</b>

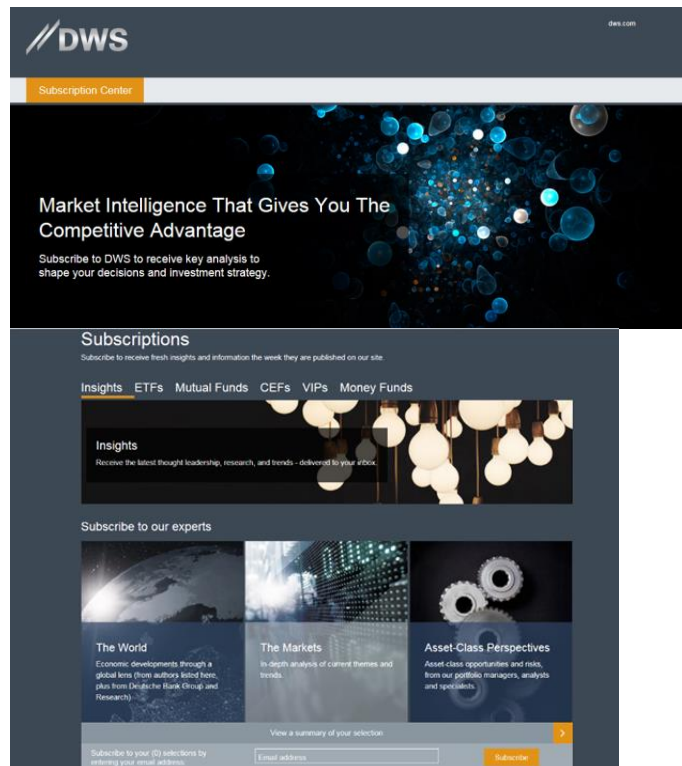
Source: Factset, DWS Investment GmbH as of 9/6/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

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