

Summer portfolio: Strong sun with fading liquidity, apply sunscreen



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The dangers of summer to autumn markets, a seasonal history worth respecting. Markets are following seasonal norms in 2024, so far. The year started with strong gains that continued through spring, as the April showers brought May flowers. We think this is a year to respect seasonal norms, which was historically flat or down equities in summer and repeat dips or deeper corrections in autumn. This seasonal pattern was more common and pronounced in election years, but also when expectations or hopes were high for Fed cuts, without a recession looming, yet cuts didn't come or not until after an equity correction like in 1962, 1966, 1984. Other sunburn summers featured conflicts in 1973, 1990, 2006, 2022. Sovereign credit problems in 1998, 2010-2011. GDP soft patches or industrial/profit recessions in 1985, 1994, 2015 and recessions in 2008, 2001-02, 1991, 1982, 1974, 1970, 1960. Since 1960, 35% of summers to autumn were down, 35% flattish, 30% steadily up.

Summer 2024: Growth slows, Fed waits, conventions, conflicts, rich valuations

We expected an economic soft patch to hit the US following the Fed's last hike in July 2023 to 5.5% with the usual one year lag. While never expecting a recession, we thought real growth would be 0-1% for a couple of quarters as higher interest rates hit durable goods consumption, capex and construction. We predicted healthy service consumption growth, which we expect to continue, causing strong job gains over the past year. A tightened labor market combined with higher household living costs kept core inflation well above target in a price --> wage causality. 1H24 GDP is moderately exceeding our expectations owing mostly to a surge in capex and construction activity on data centers as discussed in our recent notes as well as bolstered household spending likely because of rising household wealth. Although initial 2Q indicators suggested a broad based acceleration in US GDP, we think it's become clear that growth slowed broadly, but AI related investment surged. From here, we think broad growth will continue to slow as the Fed waits longer to cut and the uncertainty from elections at home and conflicts abroad weigh on incremental activity. We think US GDP will trend at 1.5-2.5% growth well into 2026. No recession, but also no golden expansion as core inflation likely stays above real growth rather than well below it.

Summer macro risks and also valuations high at S&P 492, what about liquidity?

As detailed elsewhere, 1Q S&P EPS growth was 10% y/y, but up 55% at the Great Eight and up only 3% at the rest. Our and consensus estimates are for improved 6-8% growth y/y at the S&P 492 as the Great Eight stays over 20% to sustain 10% S&P EPS growth quarterly the rest of the year. But estimate revision trends suggest it might take longer for such healthy growth to come at the 492 and 8 or just 6 firms still do the heavy lifting. S&P 492 is at 18.5x 2024E EPS. Given short and long-term real interest rates, this is a high PE for subpar real EPS growth. However, some argue that liquidity supports these PEs, such as elevated money market balances. Exhibits inside show that the summation of money market and bank deposits, essentially M2, has been declining since 2022. Moreover, M2 relative to S&P market cap is at a 25 year low. Thus, while liquidity remains ample it's on the wane since its 2020-2021 surge and not a great support without better EPS growth. Furthermore, household equity allocation of total financial assets is near its 2000 record.

AI is so bright, got to wear shades: Sun can burn even with shades & sunscreen

The earnings growth and revision trends remain encouraging at the Great Eight stocks, albeit downward at Tesla and merely stable at Apple. We are constructive on most of these stocks, but concerned about very demanding valuations and intensifying competition for electric vehicles and semiconductors worldwide. These are not industries with histories of sustaining high margins and returns on capital or many years of economic profit growth that the observed valuations imply. Whereas, the others are in industries with superior profit histories and have led such growth and profitability of industries and end markets that they essentially created. This group is at 30x 2024E EPS on 20% EPS growth through 2026. These stocks are 35% of S&P 500 market cap and 55%+ of the Russell 1000 Growth index.

Summer portfolio sunscreen: Reduce risk and diversify from Magnificent Seven

In preparation for the summer, we favor short duration fixed income over equities and within equities a small under-weight of US stocks in favor of Japan & Europe (EAFE). Within US equity allocation, we favor large over small caps (large, not T. caps) and efforts to diversify away from the Magnificent 7 or Great 8-12 leadership. Our sector strategy is most overweight Health Care, Capital Goods, big Banks, Insurance, Oil Services and Utilities. We are most underweight Semiconductors, Auto, Retailers (goods), Capital Markets, Transports (OW Airlines), Materials. See strategy exhibits inside.

Contributor: Ju Wang, Portfolio Manager Equity

Global Equity Index Forecasts: 12-months			
Index	Mar 2025F	NTM EPS Growth	Target PE
S&P 500	5,300	8.2%	21.5
EuroStoxx 50	5,000	3.5%	13.5
Stoxx 600	515	4.7%	13.9
MSCI Japan	1,740	11.2%	15.8
MSCI Asia xJ	675	15.3%	14.0
MSCI EM	1,050	11.9%	13.0

S&P 500 Outlook at Yearend			
	2022	2023	2024F
S&P 500	3840	4770	5200
Dividend Yield	1.75%	1.50%	1.50%
S&P EPS	\$222	\$223	\$245
Trailing PE	17.3	21.5	21.5
DPS	\$67	\$70	\$76

S&P 500 Outlook at Yearend			
	2022	2023	2024F
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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
Fixed Income/cash	31.5%	29.0%
Equities	58.5%	60.5%
US Equities	41%	40%
S&P 500	37%	36%
Small Caps	4%	4%
Foreign DM	12.5%	15.5%
Foreign EM	5%	5%
Alternatives	10%	10.5%

Key CIO Views		
Macro signal:	Dec 2023	Mar 2025F
U.S. Fed Funds rate	5.25%-5.50%	4.5%-4.75%
10yr Treasury yield	4.20%	4.20%
US IG Corp Spreads	140bp	85bp
US High Yield Spreads	420bp	400bp
Crude Oil (WTI) \$/bbl	69	84
EUR / USD FX rate	1.06	1.10

GDP Forecasts			
Region	2023	2024F	2025F
US	2.5%	1.8%	1.6%
World	3.1%	3.0%	3.1%
Euro area	0.5%	0.7%	1.1%
China	5.2%	4.8%	4.4%
Japan	1.9%	0.5%	1.1%

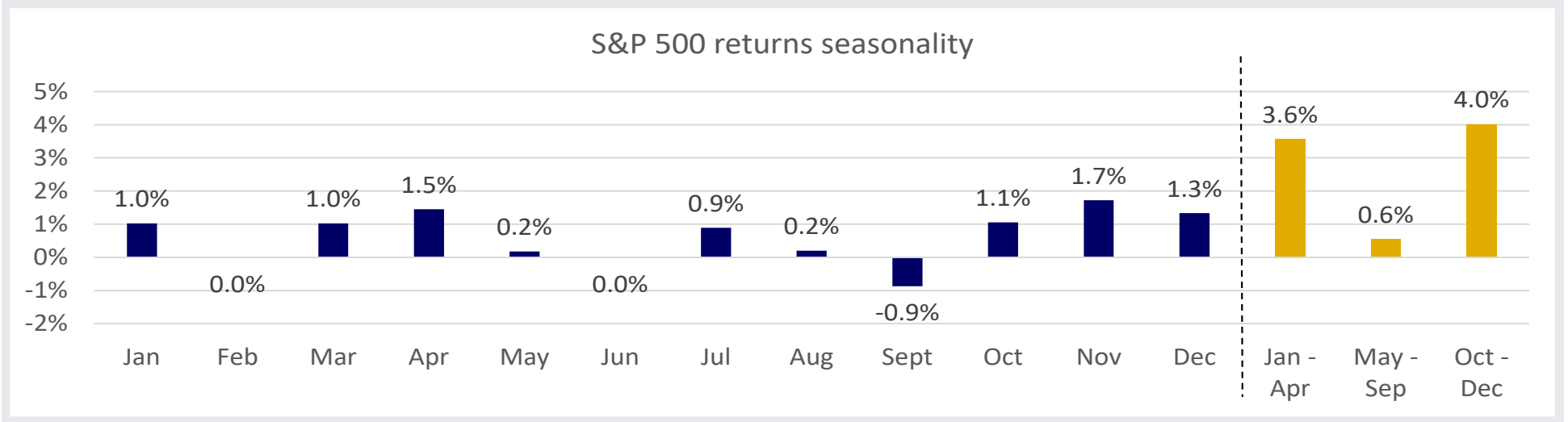
* Q4/Q4 GDP growth.
EPS = Earnings Per Share
GDP = Gross Domestic Product
FX = Foreign Exchange
TIPs – Treasury Inflation Protected Securities
Source: DWS Investment Management GmbH. All opinions and claims are based upon data on 6/6/2024 and may not come to pass. This information is subject to change 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. Forecasts are not a reliable indicator of future returns.

S&P 500 returns seasonality since 1960

Time Period	Years with 10%+ Jan-Apr Returns				All Years				Non-recession Years				Election Years				Non-recession Election Years (Presidential and Mid-term)			
	Avg	Std Dev	Max	Min	Avg	Std Dev	Max	Min	Avg	Std Dev	Max	Min	Avg	Std Dev	Max	Min	Avg	Std Dev	Max	Min
Jan	5.9%	4.1%	13.2%	0.2%	1.0%	5.0%	13.2%	-8.6%	1.0%	4.6%	13.2%	-7.1%	-0.7%	4.6%	11.8%	-7.6%	0.3%	4.2%	11.8%	-6.2%
Feb	2.6%	3.5%	7.1%	-2.9%	0.0%	3.8%	7.1%	-11.0%	0.3%	3.4%	7.1%	-9.2%	0.5%	3.3%	7.1%	-6.1%	0.9%	3.3%	7.1%	-3.9%
Mar	3.2%	1.0%	5.3%	2.1%	1.0%	3.8%	9.7%	-12.5%	1.5%	3.4%	9.7%	-12.5%	0.6%	3.7%	9.7%	-10.2%	1.5%	3.4%	9.7%	-4.6%
Apr	2.1%	2.9%	7.5%	-1.4%	1.5%	4.1%	12.7%	-9.0%	1.3%	3.8%	12.7%	-8.8%	0.2%	3.9%	8.5%	-9.0%	0.5%	3.5%	8.5%	-6.2%
May	0.3%	3.7%	5.0%	-6.3%	0.2%	3.7%	9.2%	-8.6%	0.2%	3.6%	9.2%	-8.6%	-0.8%	4.2%	9.2%	-8.6%	-1.3%	3.7%	5.0%	-8.6%
Jun	1.4%	3.1%	4.8%	-4.8%	0.0%	3.6%	6.9%	-8.6%	0.1%	3.5%	6.9%	-8.4%	-0.6%	3.7%	4.3%	-8.6%	-0.1%	3.6%	4.3%	-8.2%
Jul	0.6%	4.6%	8.8%	-6.8%	0.9%	4.1%	9.1%	-7.9%	0.7%	4.0%	9.1%	-7.9%	-0.1%	4.1%	7.3%	-7.9%	-0.1%	3.8%	6.9%	-7.9%
Aug	0.7%	5.0%	7.1%	-14.6%	0.2%	4.7%	11.6%	-14.6%	0.4%	4.1%	10.6%	-14.6%	0.5%	5.8%	11.6%	-14.6%	0.5%	5.4%	10.6%	-14.6%
Sept	-0.1%	3.7%	6.2%	-8.5%	-0.9%	4.4%	8.8%	-11.9%	0.1%	3.9%	8.8%	-11.0%	-0.8%	5.3%	8.8%	-11.9%	0.2%	4.8%	8.8%	-11.0%
Oct	-0.8%	7.1%	8.0%	-21.8%	1.1%	5.8%	16.3%	-21.8%	0.9%	5.1%	10.8%	-21.8%	1.6%	5.9%	16.3%	-16.9%	1.6%	3.7%	8.6%	-9.2%
Nov	0.5%	3.7%	5.9%	-8.5%	1.7%	4.5%	10.8%	-11.4%	1.5%	4.0%	10.8%	-8.5%	1.9%	4.6%	10.2%	-8.0%	1.8%	4.1%	10.2%	-8.0%
Dec	3.1%	4.0%	11.2%	-2.8%	1.3%	3.4%	11.2%	-9.2%	1.7%	3.5%	11.2%	-9.2%	1.0%	3.0%	6.5%	-6.0%	0.8%	3.0%	6.5%	-6.0%
Q1	12.2%	4.6%	21.6%	5.5%	2.3%	7.7%	21.6%	-12.1%	2.9%	6.4%	20.5%	-8.4%	0.5%	6.9%	13.9%	-9.9%	2.6%	6.5%	13.9%	-6.5%
Q2	3.8%	5.0%	14.2%	-3.3%	1.4%	7.4%	16.9%	-21.3%	1.6%	6.7%	16.9%	-21.3%	-1.1%	8.0%	11.9%	-21.3%	-0.8%	7.4%	10.4%	-21.3%
Q3	1.1%	6.8%	9.8%	-11.9%	0.2%	8.3%	15.8%	-26.1%	1.1%	6.6%	15.0%	-17.6%	-0.3%	9.4%	15.8%	-26.1%	0.5%	6.9%	10.7%	-17.6%
Q4	2.8%	9.3%	20.9%	-23.2%	4.0%	7.7%	20.9%	-23.2%	4.3%	6.8%	20.9%	-23.2%	4.5%	8.1%	20.9%	-22.6%	4.3%	6.3%	20.9%	-8.1%
Jan - Apr	14.5%	4.5%	27.3%	10.6%	3.6%	7.9%	27.3%	-11.4%	3.8%	7.0%	19.1%	-9.4%	0.6%	7.0%	14.6%	-11.4%	3.1%	6.2%	14.6%	-8.8%
May - Sep	2.6%	6.6%	13.5%	-8.5%	0.6%	9.7%	21.1%	-29.6%	1.0%	8.2%	18.2%	-24.3%	-1.8%	10.2%	18.0%	-29.6%	-0.9%	8.1%	5.9%	-24.3%
Oct - Dec	2.8%	9.3%	20.9%	-23.2%	4.0%	7.2%	20.9%	-23.2%	4.5%	6.3%	20.9%	-23.2%	4.5%	8.1%	20.9%	-22.6%	4.3%	6.3%	20.9%	-8.1%
Whole Year	20.4%	8.6%	34.1%	2.0%	8.4%	16.3%	34.1%	-38.5%	10.7%	9.6%	34.1%	-23.4%	3.6%	16.1%	26.7%	-38.5%	6.5%	12.6%	26.7%	-23.4%

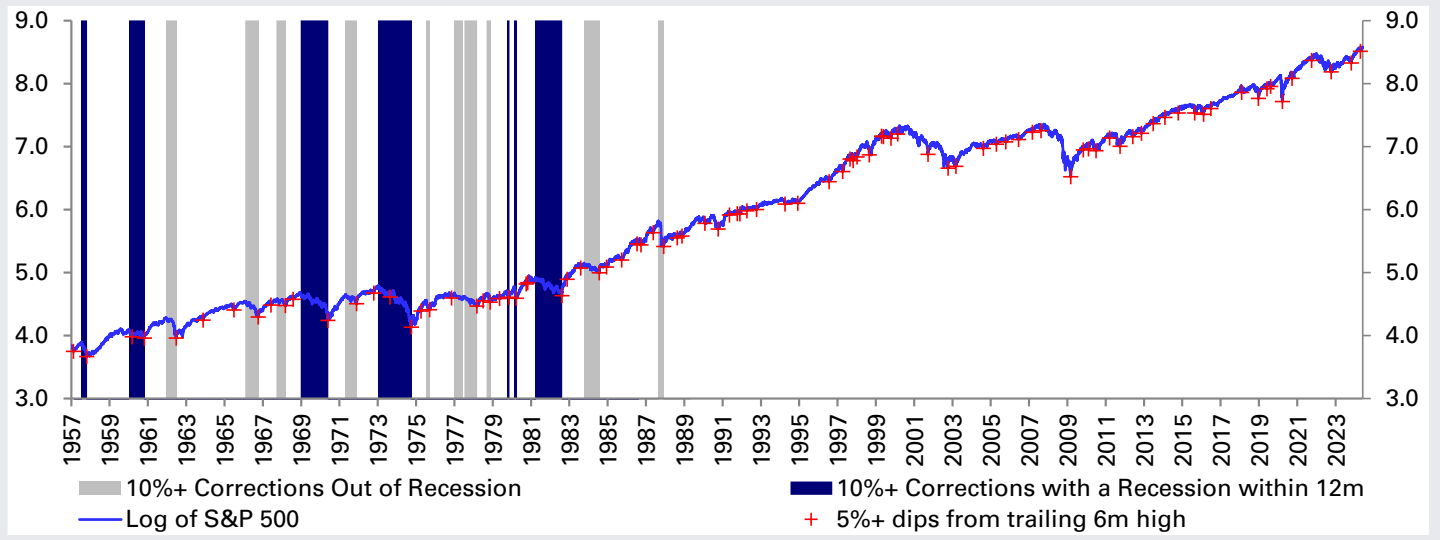
Source: S&P, DWS Investment GmbH as of June 2024. Past performance may not be indicative of future results.

S&P 500 returns seasonality since 1960



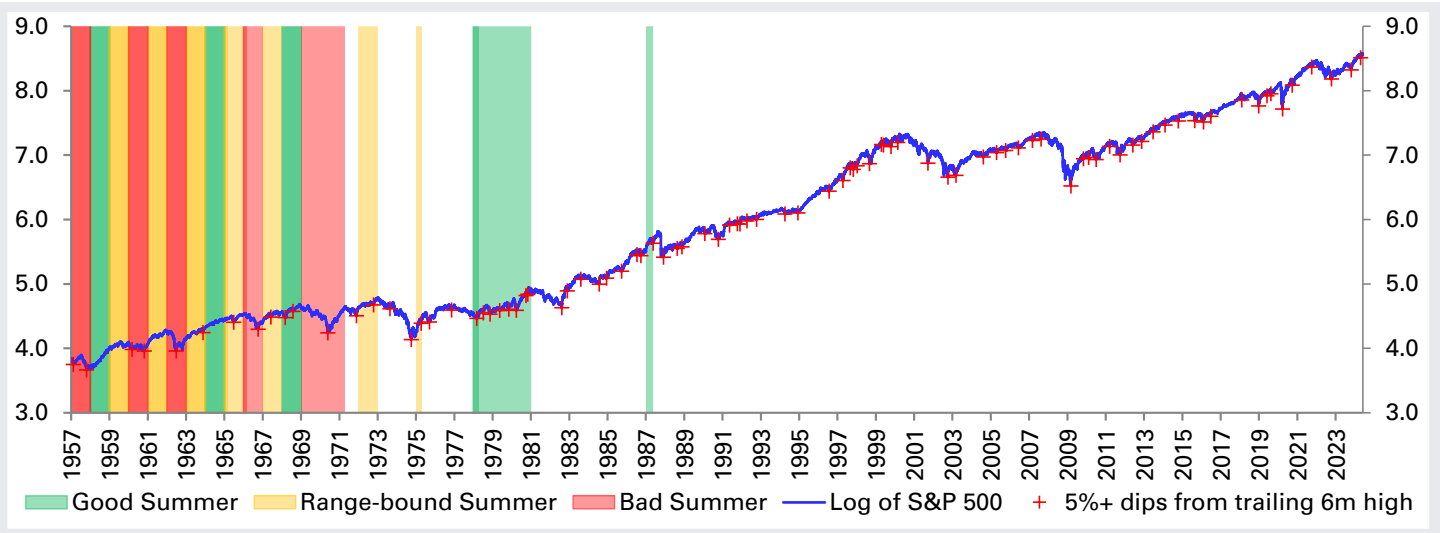
Source: S&P, DWS Investment GmbH as of June 2024. Past performance may not be indicative of future results.

S&P 500 dips and corrections



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

S&P 500 returns during the summer (May-September)



Note: Good summers are those with S&P 500 rising 5%+, bad summers are those with S&P 500 declining 5%+, all other summers are range-bound.

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

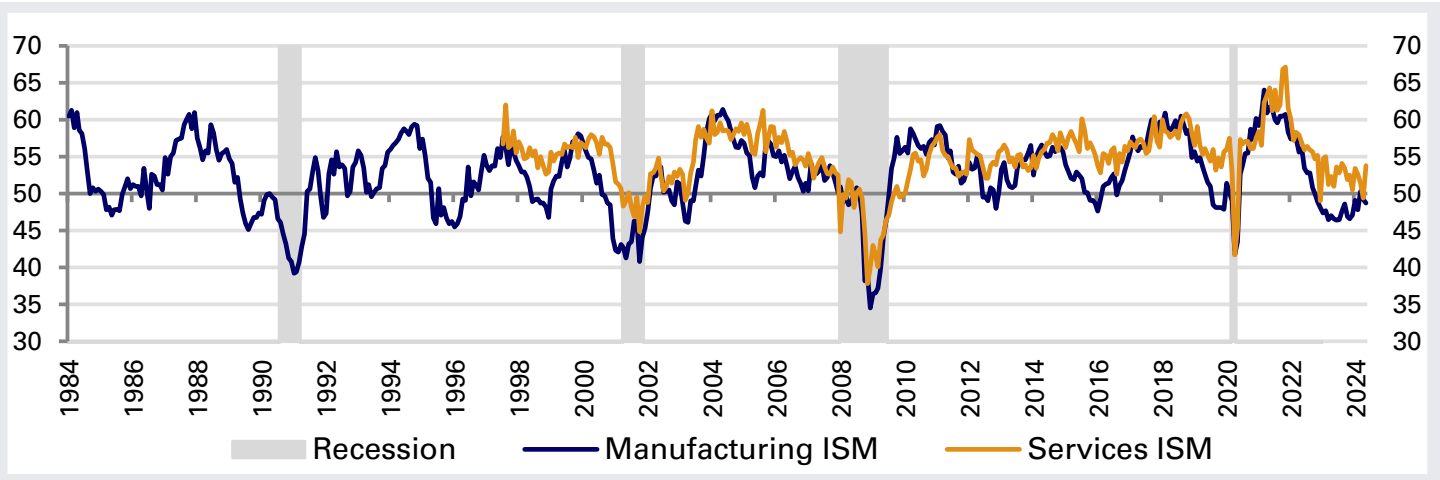
S&P 500 dips and corrections

From high of:	All time	3yr high	1yr high	6mos high
5% Dips	68	84	94	91
10% Corrections	29	34	35	35
15% Swoons	21	22	22	24
20% Bears	14	11	15	15
25%+ Crash	13	8	8	8

	Count	Avg Sell-off	Avg 3m Return	Avg 6m Return	Avg 12m Return
5%+ Sell-offs	91	-12.2%	11.4%	14.8%	20.1%
5%+ Sell-offs Leading to a 10%+ Correction	33	-20.6%	15.4%	20.5%	27.7%
5%+ Sell-offs not Leading to a 10%+ Correction	58	-7.4%	9.1%	11.5%	15.6%
5% sell-offs without recession in 12m	70	-10.6%	11.0%	14.5%	20.7%
5% sell-offs leading to 10%+ & no recession in 12m	22	-17.7%	14.8%	19.3%	26.1%
5% sell-offs not leading to 10%+ & no recession in 12m	48	-7.3%	9.2%	12.2%	18.1%
10%+ Corrections with a Recession within 12m	11	-26.4%	16.6%	22.9%	31.0%
10%+ Corrections out of Recession	22	-17.7%	14.8%	19.3%	26.1%
10%+ Corrections out of Recession (ex 1987 Crash)	21	-16.9%	14.6%	19.4%	26.3%
10% Corrections Leading to a 20%+ Bear Market	10	-33.9%	19.2%	24.3%	34.4%
10% Corrections not Leading to a 20%+ Bear Market	22	-14.0%	12.6%	17.6%	22.5%

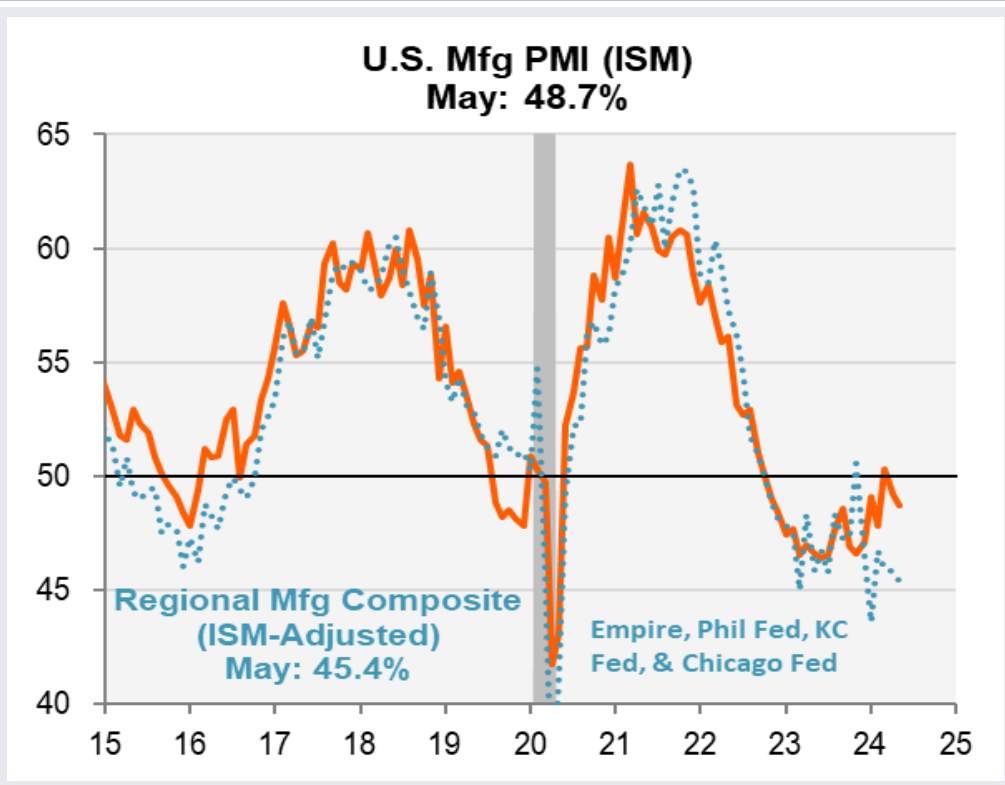
Source: Haver, DWS Investment GmbH as of June 2024. Past performance may not be indicative of future results.

U.S. manufacturing and services ISM



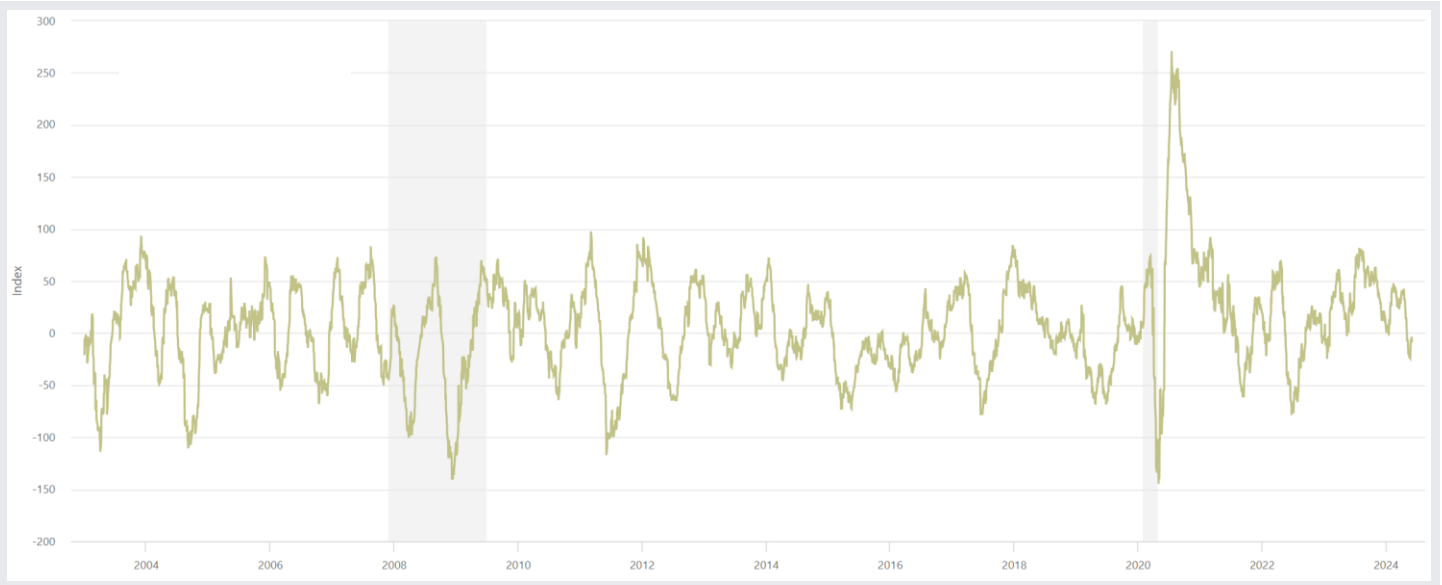
Source: Haver, DWS Investment GmbH as of June 2024. Past performance may not be indicative of future results.

U.S. manufacturing ISM vs. regional manufacturing composite



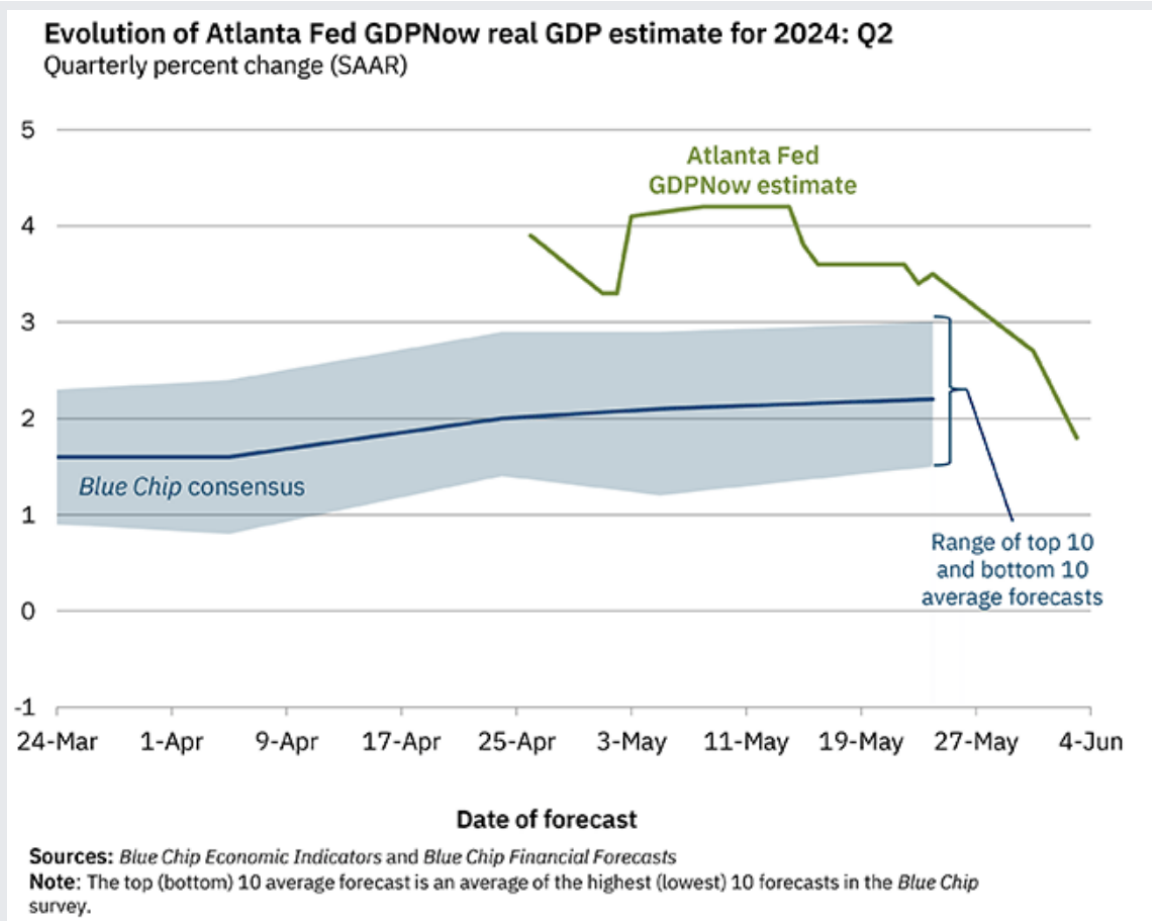
Source: Piper Sandler & Co., DWS Investment GmbH as of June 2024. Past performance may not be indicative of future results.

Citigroup Economic Surprise Index: U.S.



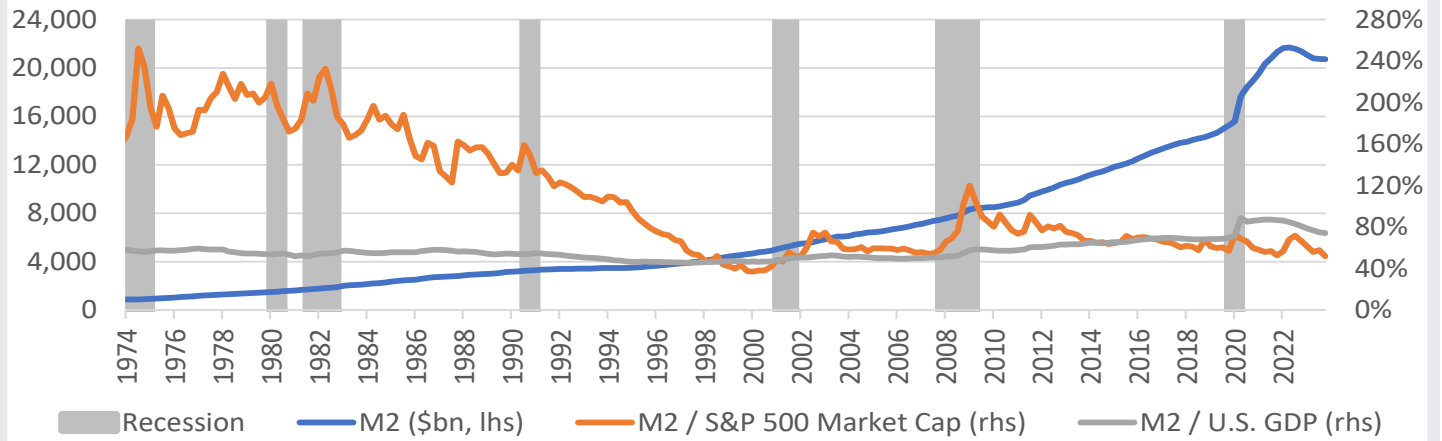
Source: Citigroup, DWS Investment GmbH as of June 2024. Past performance may not be indicative of future results.

Atlanta Fed GDP Now real GDP estimate for 2Q2024



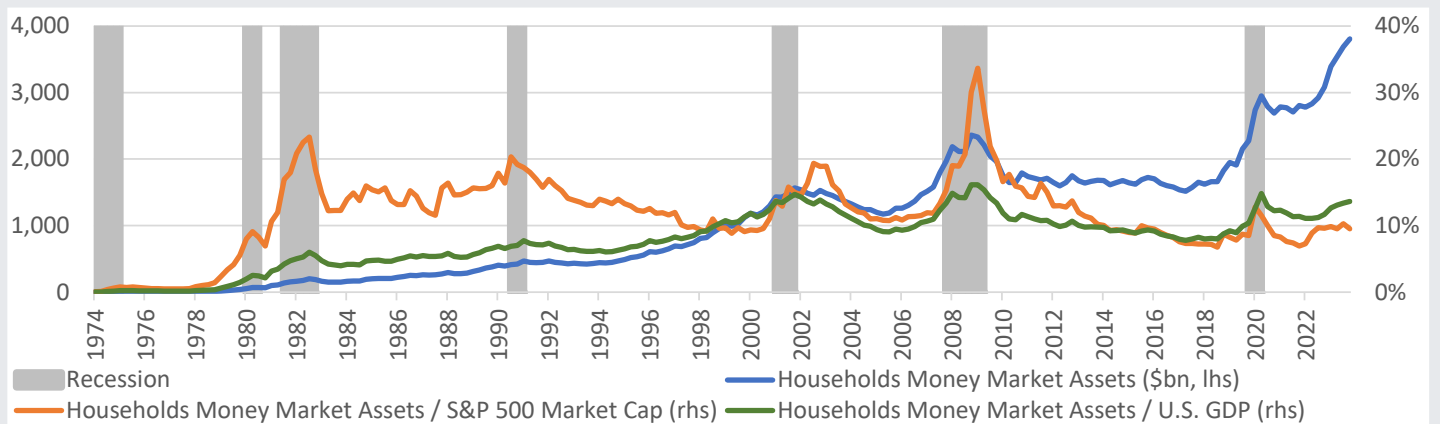
Source: Federal Reserve Bank of Atlanta, DWS Investment GmbH as of June 2024. Past performance may not be indicative of future results.

M2 % of S&P 500 market cap and U.S. GDP



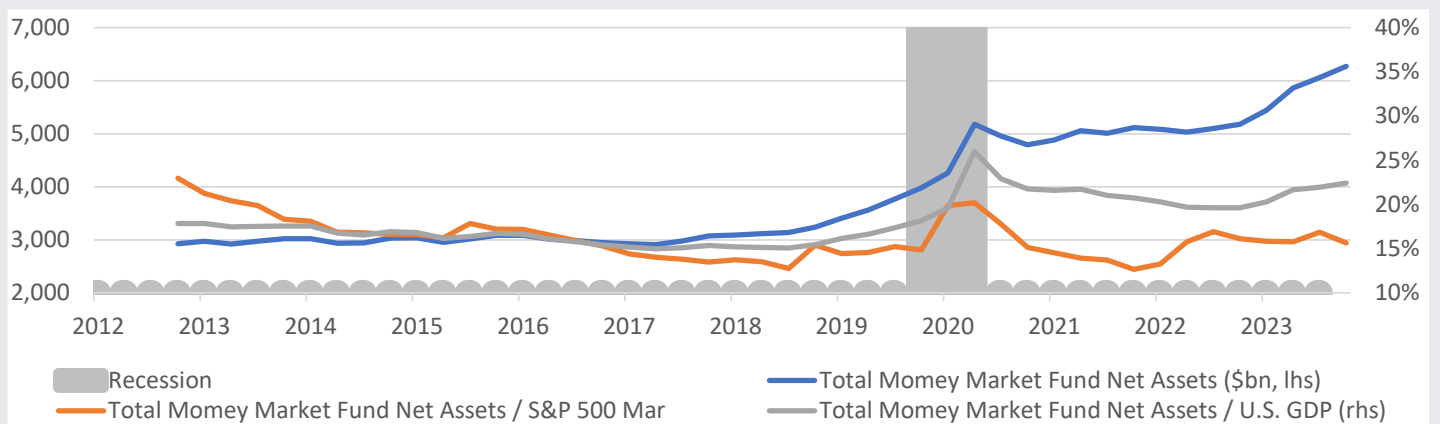
Source: Haver, DWS Investment GmbH as of 1Q2024. Past performance may not be indicative of future results.

Household money market assets as % of S&P 500 market cap and U.S. GDP



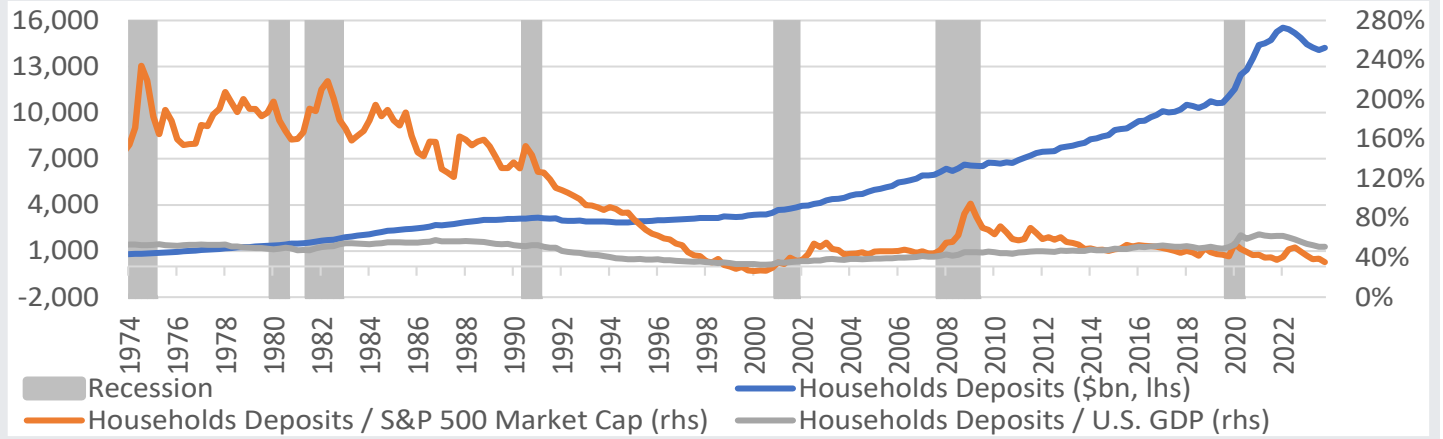
Source: Haver, DWS Investment GmbH as of 4Q2023. Past performance may not be indicative of future results.

Total money market fund net assets as % of S&P 500 market cap and U.S. GDP



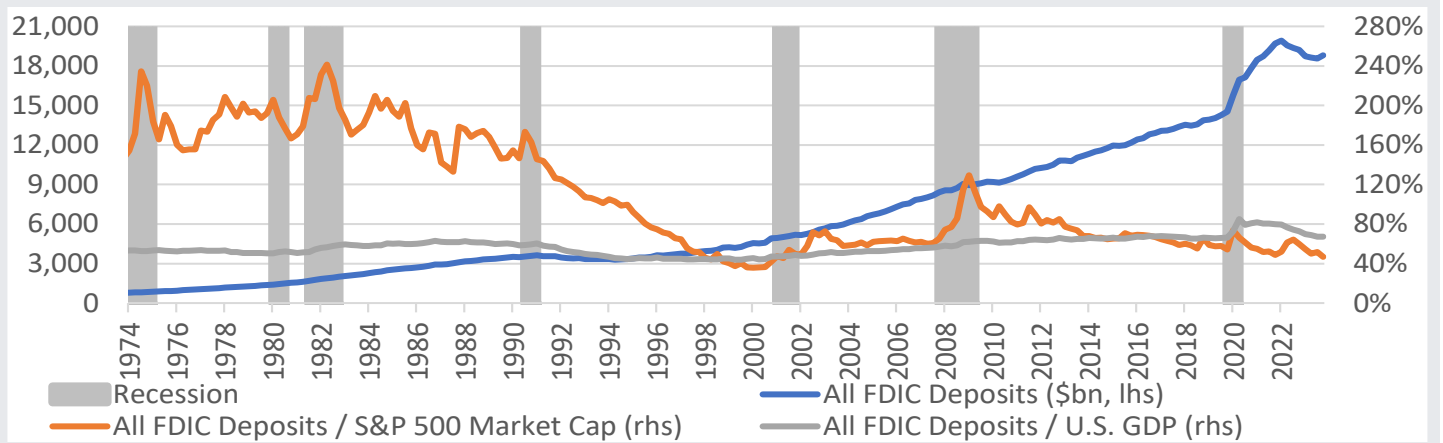
Source: Haver, DWS Investment GmbH as of 1Q2024. Past performance may not be indicative of future results.

Household deposits as % of S&P 500 market cap and U.S. GDP



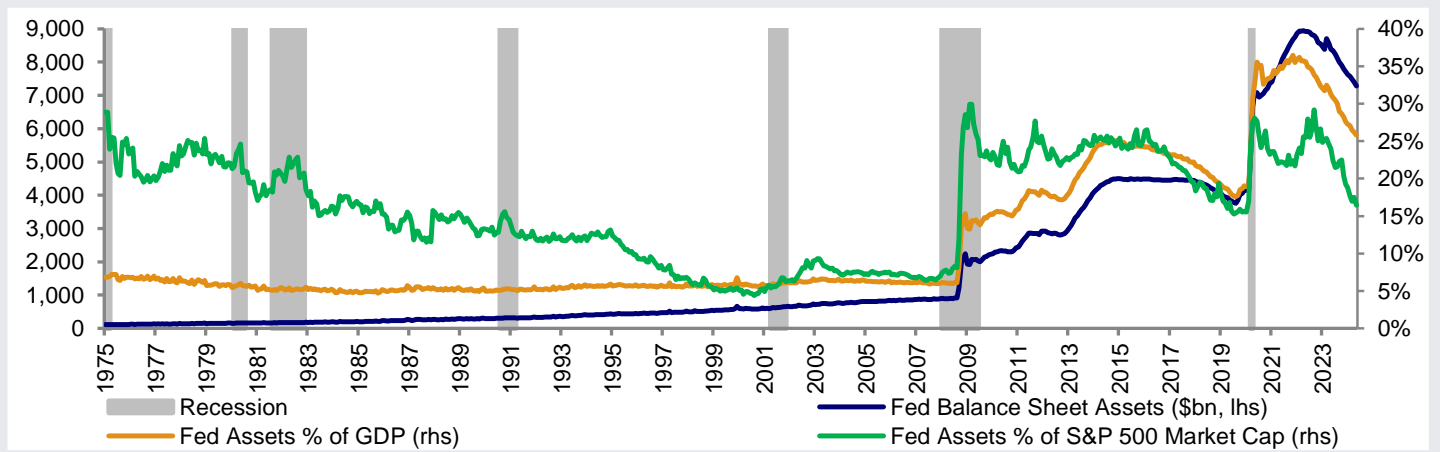
Source: Haver, DWS Investment GmbH as of 4Q2023. Past performance may not be indicative of future results.

All FDIC deposits as % of S&P 500 market cap and U.S. GDP



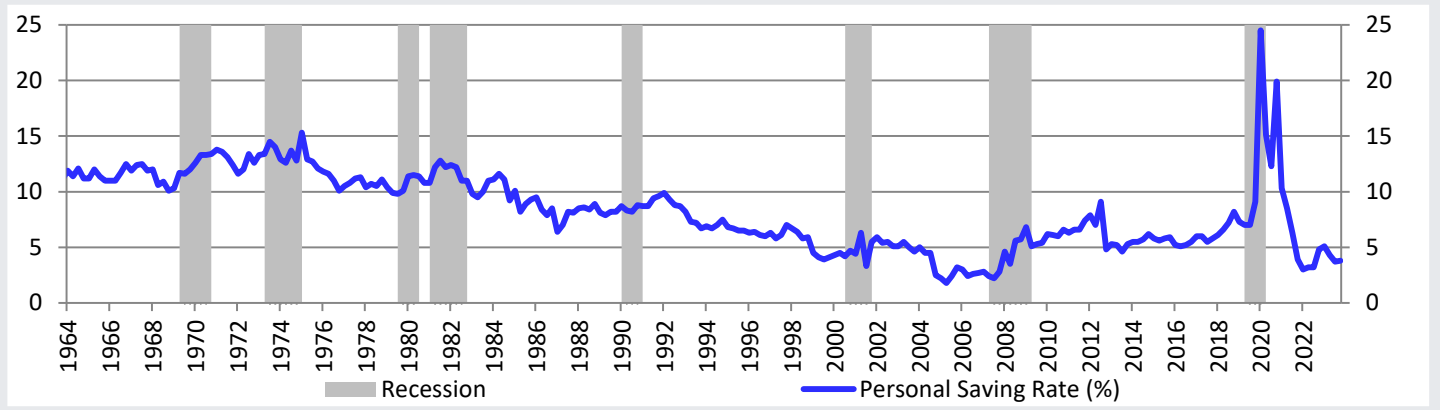
Source: Haver, DWS Investment GmbH as of 1Q2024. Past performance may not be indicative of future results.

U.S. Federal Reserve assets as % of U.S. GDP and S&P 500 market cap



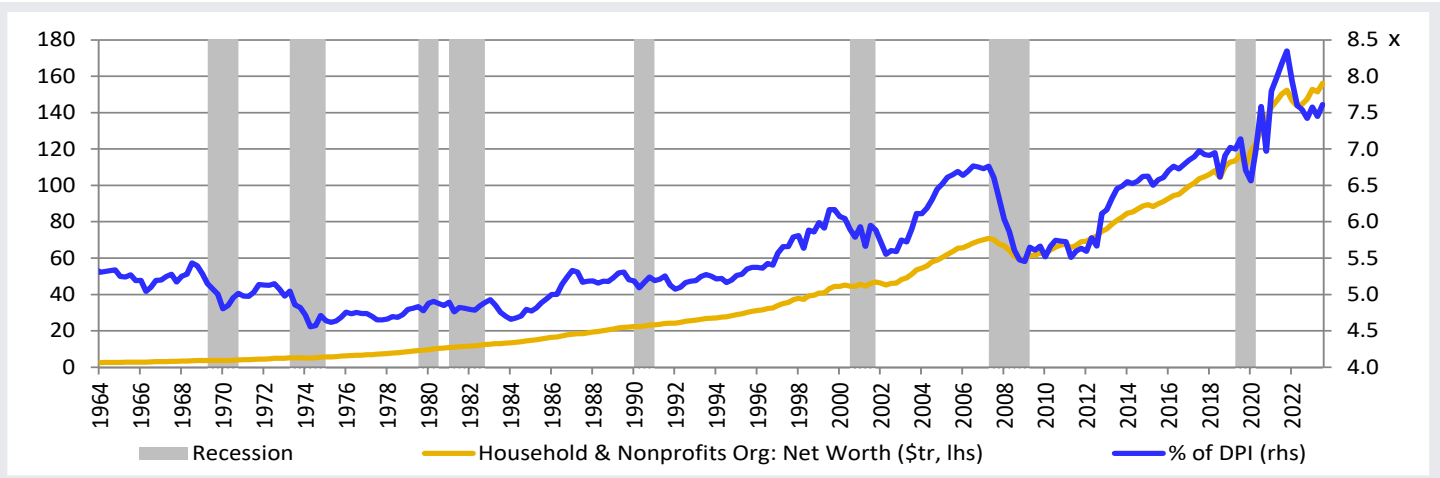
Source: Haver, DWS Investment GmbH as of 5/31/2024. Past performance may not be indicative of future results.

Personal saving rate: Personal saving as a percentage of disposable personal income



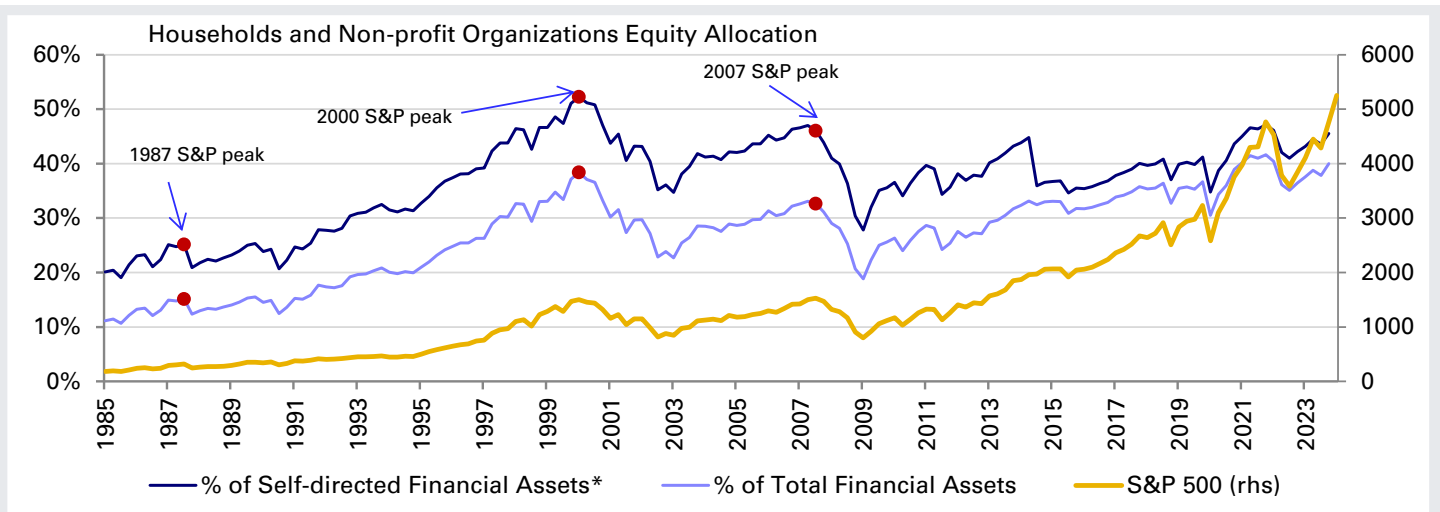
Source: Haver, DWS Investment GmbH as of 1Q2024. Past performance may not be indicative of future results.

Household net worth as a multiple of disposable personal income



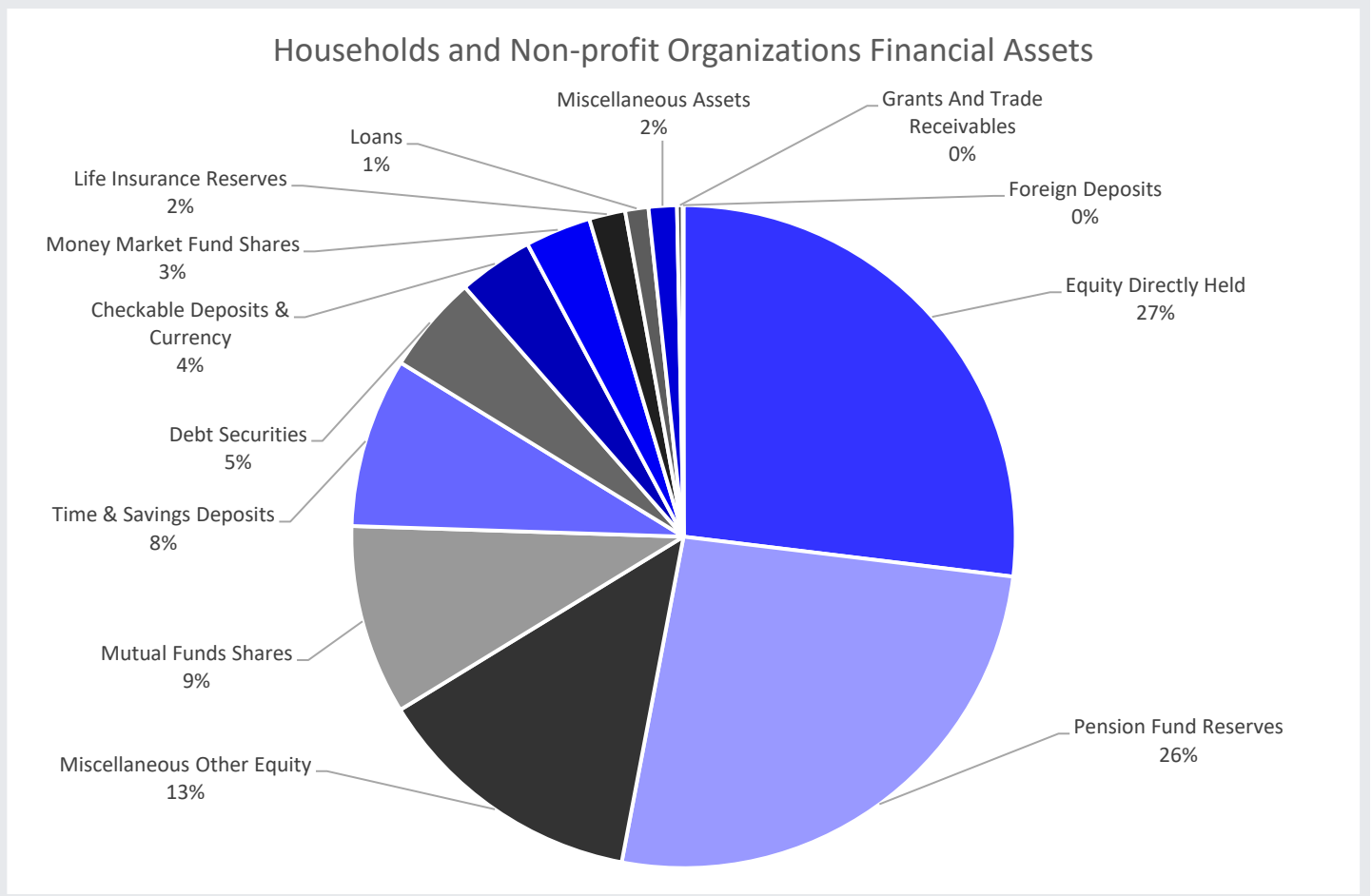
Source: Haver, DWS Investment GmbH as of 4Q2023. Past performance may not be indicative of future results.

Household equity allocation



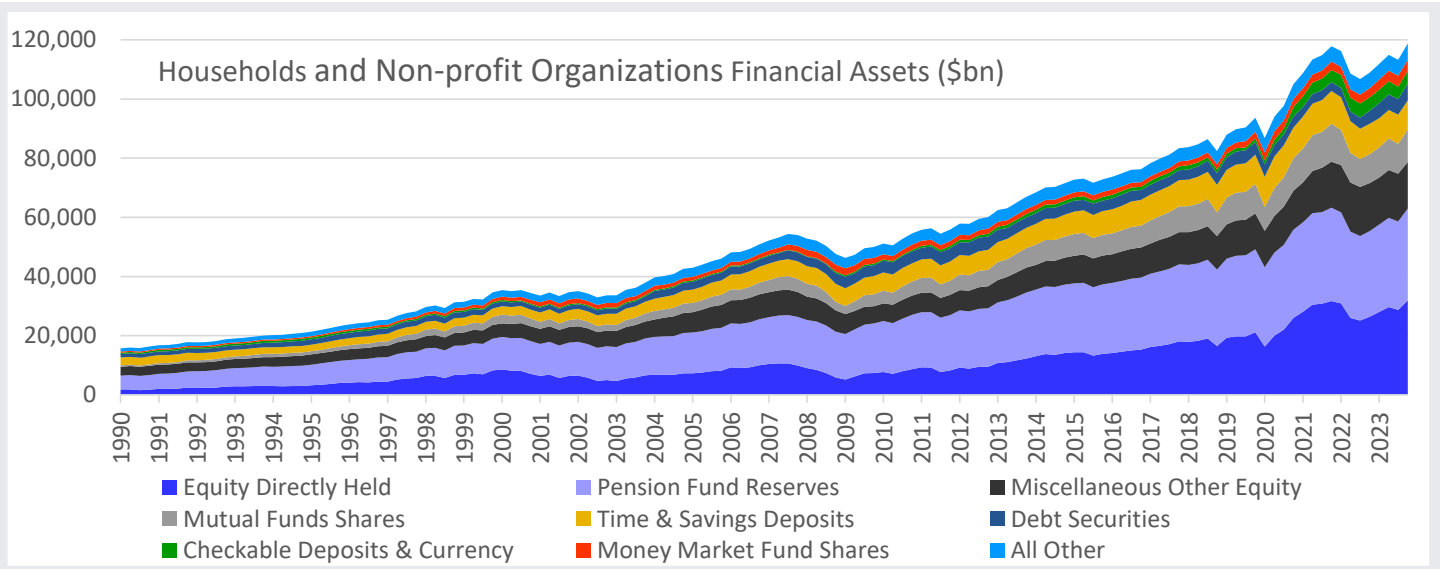
Source: Haver, DWS Investment GmbH as of 4Q2023. Past performance may not be indicative of future results.

Household financial assets by category



Source: Haver, DWS Investment GmbH as of 4Q2023. Past performance may not be indicative of future results.

Household financial assets by category



Source: Haver, DWS Investment GmbH as of 4Q2023. Past performance may not be indicative of future results.



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
S&P 500 EPS (historical index)	\$118.82	\$117.46	\$118.10	\$132.00	\$161.93	\$162.93	\$139.72	\$208.12	\$218.09	\$221.36	1.5%										
S&P 500 EPS (current constituents)	\$116.65	\$117.00	\$117.29	\$129.20	\$155.28	\$159.34	\$141.80	\$206.93	\$217.33	\$222.24	2.3%	\$248	11.4%	\$280	13.2%	\$245	10.2%	\$265	8.2%	\$245	100%
Sector (\$ bn)																					
Communication Services	66.3	76.8	88.9	96.9	121.2	127.9	131.9	183.9	143.9	173.1	20.3%	211.3	22.1%	237.6	12.5%	213.0	23.0%	230.0	8.0%	210.4	99%
Consumer Discretionary	57.7	67.6	75.3	79.6	94.8	93.1	62.3	121.6	110.5	156.8	41.9%	177.6	13.3%	203.5	14.6%	174.2	11.1%	188.0	7.9%	178.7	103%
Consumer Staples	84.0	82.8	85.5	89.8	96.9	98.0	105.3	118.0	111.9	124.5	11.3%	128.6	3.3%	138.6	7.8%	125.0	0.4%	131.2	5.0%	123.4	99%
Energy	94.2	39.5	10.4	36.9	69.5	49.1	-6.6	78.7	200.4	141.5	-29.4%	135.1	-4.5%	149.0	10.3%	135.0	-4.6%	142.5	5.6%	136.0	101%
Financials	184.3	200.0	203.8	213.3	262.6	276.6	225.6	363.2	308.5	333.7	8.2%	366.0	9.7%	402.1	9.9%	357.0	7.0%	381.5	6.9%	346.6	97%
Health Care	137.9	152.9	157.8	172.2	189.0	207.0	227.0	293.1	308.5	244.0	-20.9%	277.1	13.5%	312.6	12.8%	278.5	14.1%	302.0	8.4%	277.3	100%
Industrials	100.6	104.1	98.1	107.1	130.8	113.9	61.2	112.2	135.9	161.5	18.8%	171.1	5.9%	196.8	15.1%	172.3	6.7%	183.3	6.4%	173.9	101%
Information Technology	162.2	168.2	176.4	206.4	237.4	231.9	264.1	345.5	355.2	375.1	5.6%	448.9	19.7%	533.8	18.9%	445.0	18.6%	500.5	12.5%	466.0	105%
Materials	24.6	23.4	22.5	28.7	36.2	34.1	32.5	61.5	63.9	48.4	-24.3%	47.7	-1.3%	55.2	15.7%	47.5	-1.8%	49.5	4.2%	46.6	98%
Real Estate	22.9	24.2	28.4	31.7	35.7	37.1	37.0	44.0	51.6	54.0	4.6%	55.1	1.9%	58.2	5.7%	54.7	1.3%	56.0	2.3%	53.2	97%
Utilities	32.9	33.1	35.7	37.1	40.9	45.0	46.9	49.6	50.9	52.6	3.3%	59.1	12.4%	63.9	8.0%	59.5	13.1%	63.5	6.8%	61.5	103%
S&P 500	967.7	972.4	982.8	1099.8	1314.9	1313.6	1187.3	1771.3	1841.1	1865.1	1.3%	2077.5	11.4%	2351.3	13.2%	2061.7	10.5%	2228.0	8.1%	2073.6	101%
S&P ex. Energy (\$bn)	873.5	932.9	972.4	1062.8	1245.4	1264.6	1193.8	1692.5	1640.7	1723.6	5.1%	1942.4	12.7%	2202.3	13.4%	1926.7	11.8%	2085.5	8.2%	1937.6	101%
S&P ex. Tech (\$bn)	805.5	804.2	806.4	893.3	1077.5	1081.7	923.2	1425.7	1485.9	1489.9	0.3%	1628.6	9.3%	1817.5	11.6%	1616.7	8.5%	1727.5	6.9%	1607.6	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	Year	1Q	2Q	3Q	4Q
2019A	163	39	41	41	42
2020A	140	33	28	38	42
2021A	210	49	53	54	54
2022A	222	55	58	56	53
2023A	223	53	54.25	58.5	57.25
2024E	245	58	60	62	65

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.

Source: Factset, DWS Investment GmbH as of 6/5/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns.

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)	PE on Normal 2024E EPS	2024 End Upside %	2024 End Upside vs. S&P 500
Communication Services	4,347	20.4	213.0	99%	210.4	-7%	195.6	11%	0.83	5.50%	3,557	20%	4,268	0.8%	4,574	21.7	5%	10%
Consumer Discretionary	4,464	25.6	174.2	103%	178.7	-6%	168.0	10%	0.76	5.50%	3,054	33%	4,072	1.1%	4,355	24.4	-2%	2%
<i>Automobiles</i>	588	23.5	25.0	95%	23.8	-8%	21.9	32%	0.99	6.50%	336	40%	471	0.5%	511	21.5	-13%	-9%
<i>Broadline (Internet) Retail</i>	1,638	38.5	42.5	120%	51.0	-5%	48.5	0%	0.18	5.25%	923	75%	1,615	0.0%	1,740	34.1	6%	11%
<i>ex. Auto & Broadline (Internet) Retail</i>	2,238	21.0	106.7	97%	104.0	-6%	97.7	13%	0.78	5.44%	1,795	11%	1,987	1.5%	2,115	20.3	-6%	-1%
Consumer Staples	2,516	20.1	125.0	99%	123.4	-6%	116.0	14%	0.84	5.25%	2,210	5%	2,320	2.8%	2,436	19.7	-3%	1%
Energy	1,728	12.8	135.0	101%	136.0	-10%	122.4	14%	0.90	6.20%	1,974	-18%	1,619	2.2%	1,724	12.7	0%	4%
Financials	5,841	16.4	357.0	97%	346.6	-7%	320.6		1.11	6.00%	5,344	-3%	5,184	1.8%	5,532	16.0	-5%	-1%
<i>Banks</i>	1,511	12.1	125.0	95%	118.8	-7%	110.4		1.11	7.00%	1,578	-10%	1,420	2.7%	1,516	12.8	0%	5%
Health Care	5,448	19.6	278.5	100%	277.3	-8%	255.1	10%	1.14	5.40%	4,725	15%	5,433	1.3%	5,790	20.9	6%	11%
Industrials	3,762	21.8	172.3	101%	173.9	-7%	161.8	15%	0.88	5.50%	2,941	10%	3,235	1.6%	3,442	19.8	-8%	-4%
Information Technology	14,246	32.0	445.0	105%	466.0	-3%	452.0	2%	0.95	5.25%	8,610	35%	11,623	0.7%	12,437	26.7	-13%	-8%
Materials	1,034	21.8	47.5	98%	46.6	-7%	43.3	16%	0.90	5.75%	753	10%	828	1.4%	885	19.0	-14%	-10%
Real Estate	914	16.7	54.7	97%	53.2	-5%	50.6	35%	1.79	5.60%	903	5%	948	3.8%	989	18.6	8%	13%
Utilities	1,036	17.4	59.5	103%	61.5	-7%	57.2	79%	-0.81	5.50%	1,040	5%	1,092	3.4%	1,142	18.6	10%	15%
S&P 500 (\$ bn)	45,336	22.0	2061.7	101%	2073.6	-6.3%	1942.7			5.49%	35,111	15.7%	40624	1.4%	43,308	20.9	-4%	0%
S&P 500 Index (\$/sh)	5354	21.9	245.0	100%	245.0	-6.1%	230.0	10%	0.93	5.50%	4182	16.6%	4878	1.4%	5192	21.2	-3%	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 6/5/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns.

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)	PE on Normal 2024 EPS	2024 End Upside %	2024 End Upside vs. S&P 500
CONSUMER DISCRETIONARY	4,464	25.6	174.2	103%	178.7	-6.0%	168	10%	0.76	5.50%	3,054	33.3%	4,072	1.1%	4,355	24.4	-2%	2%
Automobile Components	30,013	11.5	2,600	100%	2,600	-7%	2,418	26%	1.00	6.75%	35,822	0%	35,822	0.3%	39,015	15.0	30%	34%
Automobiles	587,785	23.5	25,000	95%	23,750	-8%	21,850	32%	0.29	6.50%	336,154	40%	470,615	0.5%	510,708	21.5	-13%	-9%
Distributors	46,222	15.4	3,000	95%	2,850	-7%	2,651	17%	0.93	5.50%	48,191	0%	48,191	2.3%	50,933	17.9	10%	15%
Hotels Restaurants & Leisure	906,688	23.2	39,000	100%	39,000	-5%	37,050	18%	0.79	5.25%	705,714	15%	811,571	1.3%	864,263	22.2	-5%	0%
Household Durables	170,565	12.6	13,500	90%	12,150	-15%	10,328	0%	0.99	6.75%	153,000	0%	153,000	0.9%	165,824	13.6	-3%	2%
Broadline Retail	1,638,109	38.5	42,500	120%	51,000	-5%	48,450	0%	0.89	5.25%	922,857	75%	1,615,000	0.0%	1,739,610	34.1	6%	11%
Leisure Products	7,629	17.0	450	90%	405	-7%	377	35%	1.00	5.50%	6,848	-20%	5,479	4.8%	5,655	14.0	-26%	-21%
Specialty Retail	869,228	22.0	39,500	97%	38,315	-5%	36,399	13%	0.91	5.25%	693,319	10%	762,651	1.7%	808,434	21.1	-7%	-3%
Textiles Apparel & Luxury Goods	207,773	24.0	8,650	100%	8,650	-6%	8,131	-2%	0.97	5.50%	147,836	15%	170,012	1.1%	181,673	21.0	-13%	-8%
CONSUMER STAPLES	2,516	20.1	125.0	99%	123.4	-6%	116	14%	0.84	5.25%	2,210	5%	2,320	2.8%	2,436	19.7	-3%	1%
Beverages	624,241	21.8	28,700	100%	28,700	-5%	27,265	14%	0.85	5.25%	519,333	15%	597,233	2.7%	627,229	21.9	0%	5%
Consumer Staples Distribution & Retail	673,977	22.1	30,500	100%	30,500	-6%	28,670	8%	0.65	5.25%	546,095	10%	600,705	1.6%	637,758	20.9	-5%	-1%
Food Products	346,982	15.4	22,500	100%	22,500	-7%	20,925	28%	0.87	5.25%	398,571	-10%	358,714	3.1%	375,444	16.7	8%	13%
Household Products	564,322	25.5	22,100	100%	22,100	-6%	20,774	8%	0.98	5.25%	395,695	15%	455,050	2.4%	479,318	21.7	-15%	-11%
Personal Care Products	61,396	22.7	2,700	110%	2,970	-7%	2,762	16%	0.93	5.50%	50,220	25%	62,775	3.2%	65,758	22.1	7%	12%
Tobacco	245,323	13.3	18,500	90%	16,650	-8%	15,318	29%	1.01	5.20%	294,577	-25%	220,933	6.1%	224,449	13.5	-9%	-4%
Energy	1,728	12.8	135.0	101%	136.0	-10%	122	14%	0.90	6.20%	1,974	-18%	1,619	2.2%	1,724	12.7	0%	4%
Energy Equipment & Services	122,674	12.3	10,000	110%	11,000	-10%	9,900	13%	0.91	6.50%	152,308	5%	159,923	2.5%	170,384	15.5	39%	43%
Oil Gas & Consumable Fuels	1,605,592	12.8	125,000	100%	125,000	-10%	112,500	14%	0.90	6.25%	1,800,000	-20%	1,440,000	3.1%	1,520,793	12.2	-5%	-1%
FINANCIALS	5,841	16.4	357.0	97%	346.6	-7%	321	0%	1.11	6.00%	5,344	-3%	5,184	1.8%	5,532	16.0	-5%	-1%
Capital Markets	1,253,666	19.0	66,000	95%	62,700	-10%	56,430	2%	1.09	6.00%	940,500	0%	940,500	2.1%	1,001,035	16.0	-20%	-16%
Banks	1,510,901	12.1	125,000	95%	118,750	-7%	110,438	N/A	1.14	7.00%	1,577,679	-10%	1,419,911	2.8%	1,514,545	12.8	0%	5%
Consumer Finance	246,005	13.7	18,000	95%	17,100	-15%	14,535	N/A	1.15	6.25%	232,560	-10%	209,304	1.5%	224,537	13.1	-9%	-4%
Financial Services	1,864,843	23.3	80,000	100%	80,000	-5%	76,000	0%	1.00	5.10%	1,490,196	10%	1,639,216	0.4%	1,757,870	22.0	-6%	-1%
Insurance	965,926	14.2	68,000	100%	68,000	-7%	63,240	N/A	1.14	5.75%	1,099,826	-10%	989,843	1.5%	1,056,776	15.5	9%	14%
Health Care	5,448	19.6	278.5	100%	277.3	-8%	255	10%	1.14	5.40%	4,725	15%	5,433	1.3%	5,790	20.9	6%	11%
Biotechnology	866,544	19.3	45,000	105%	47,250	-10%	42,525	13%	1.33	5.50%	773,182	20%	927,818	2.3%	981,059	20.8	13%	18%
Health Care Equipment & Supplies	1,072,173	24.9	43,000	105%	45,150	-7%	41,990	8%	1.14	5.00%	839,790	25%	1,049,738	1.0%	1,117,450	24.7	4%	9%
Health Care Providers & Services	1,175,293	15.2	77,500	95%	73,625	-7%	68,471	10%	1.06	5.50%	1,244,932	5%	1,307,178	1.4%	1,392,829	18.9	19%	23%
Life Sciences Tools & Services	617,218	29.4	21,000	105%	22,050	-5%	20,948	10%	1.18	5.50%	380,864	20%	457,036	0.3%	492,316	22.3	-20%	-16%
Pharmaceuticals	1,716,960	18.7	92,000	97%	89,240	-10%	80,316	11%	1.27	5.50%	1,460,291	15%	1,679,335	2.3%	1,774,920	19.9	3%	8%
INDUSTRIALS	3,762	21.8	172.3	101%	173.9	-7%	162	15%	0.88	5.50%	2,941	10%	3,235	1.6%	3,442	19.8	-8%	-4%
Aerospace & Defense	861,430	27.8	31,000	115%	35,650	-7%	33,155	17%	1.09	5.50%	602,809	10%	663,090	1.3%	707,744	19.9	-18%	-13%
Air Freight & Logistics	192,537	16.7	11,500	95%	10,925	-7%	10,160	15%	0.71	5.75%	176,700	0%	176,700	3.3%	185,431	17.0	-4%	1%
Passenger Airlines	75,187	7.2	10,500	90%	9,450	-20%	7,560	71%	0.07	10.0%	75,600	0%	75,600	0.9%	84,360	8.9	12%	17%
Building Products	239,044	22.8	10,500	95%	9,975	-7%	9,277	15%	1.07	5.50%	168,668	5%	177,102	1.3%	189,055	19.0	-21%	-16%
Commercial Services & Supplies	257,327	33.9	7,600	100%	7,600	-5%	7,220	10%	0.86	5.25%	137,524	10%	151,276	0.9%	161,677	21.3	-37%	-33%
Construction & Engineering	39,812	33.2	1,200	110%	1,320	-7%	1,228	8%	1.18	5.25%	23,383	10%	25,721	0.1%	27,681	21.0	-30%	-26%

Source: IBES, DWS Investment GmbH as of 6/5/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns.

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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)	PE on Normal 2024 EPS	2024 End Upside %	2024 End Upside vs. S&P 500
Electrical Equipment	292,588	24.4	12,000	110%	13,200	-7%	12,276	6%	#DIV/0!	5.25%	233,829	20%	280,594	1.3%	298,701	22.6	2%	7%
Industrial Conglomerates	198,554	18.9	10,500	100%	10,500	-7%	9,765	13%	1.05	5.25%	186,000	10%	204,600	2.2%	215,927	20.6	9%	13%
Machinery	766,336	17.6	43,500	95%	41,325	-7%	38,432	19%	0.96	5.50%	698,768	10%	768,645	1.4%	819,071	19.8	7%	11%
Professional Services	294,569	25.6	11,500	100%	11,500	-5%	10,925	6%	1.09	5.25%	208,095	15%	239,310	1.7%	253,795	22.1	-14%	-9%
Ground Transportation	421,737	25.6	16,500	100%	16,500	-7%	15,345	16%	0.65	5.00%	306,900	10%	337,590	1.3%	358,374	21.7	-15%	-11%
Trading Companies & Distributors	122,980	20.5	6,000	100%	6,000	-7%	5,580	11%	0.78	5.50%	101,455	10%	111,600	1.4%	119,010	19.8	-3%	1%
INFORMATION TECHNOLOGY	14,246	32.0	445.0	105%	466.0	-3%	452	2%	0.95	5.25%	8,610	35%	11,623	0.7%	12,437	26.7	-13%	-8%
Communications Equipment	348,462	16.6	21,000	100%	21,000	-5%	19,950	-4%	1.07	5.50%	362,727	5%	380,864	2.1%	403,206	19.2	16%	20%
Technology Hardware Storage & Peripherals	3,120,640	28.6	109,000	100%	109,000	-2%	106,820	2%	1.03	5.00%	2,136,400	25%	2,670,500	0.5%	2,856,131	26.2	-8%	-4%
Electronic Equipment Instruments & Components	275,979	24.0	11,500	100%	11,500	-7%	10,695	9%	1.07	5.50%	194,455	15%	223,623	0.9%	239,435	20.8	-13%	-9%
IT Services	443,653	18.9	23,500	100%	23,500	-3%	22,795	8%	1.18	5.00%	455,900	15%	524,285	2.2%	551,854	23.5	24%	29%
Semiconductors & Semiconductor Equipment	5,439,502	38.9	140,000	110%	154,000	-5%	146,300	2%	0.92	5.75%	2,544,348	35%	3,434,870	0.5%	3,699,849	24.0	-32%	-28%
Software	4,617,290	33.0	140,000	105%	147,000	0%	147,000	1%	0.90	5.00%	2,940,000	50%	4,410,000	0.6%	4,714,007	32.1	2%	7%
MATERIALS	1,034	21.8	47.5	98%	46.6	-7%	43	16%	0.90	5.75%	753	10%	828	1.4%	885	19.0	-14%	-10%
Chemicals	686,925	22.5	30,500	100%	30,500	-5%	28,975	17%	0.81	5.50%	526,818	15%	605,841	1.9%	643,038	21.1	-6%	-2%
Construction Materials	68,207	27.3	2,500	100%	2,500	-10%	2,250	7%	0.82	6.00%	37,500	0%	37,500	0.6%	40,452	16.2	-41%	-36%
Containers & Packaging	103,044	20.6	5,000	100%	5,000	-10%	4,500	31%	1.12	6.00%	75,000	0%	75,000	2.6%	79,443	15.9	-23%	-18%
Metals & Mining	175,511	18.5	9,500	90%	8,550	-10%	7,695	7%	0.62	6.50%	118,385	0%	118,385	1.6%	127,135	14.9	-28%	-23%
REAL ESTATE	914	16.7	54.7	97%	53.2	-5%	51	35%	1.79	5.60%	903	5%	948	3.8%	989	18.6	8%	13%
Health Care REITs	99,510	22.1	4,500	100%	4,500	-5%	4,275	36%	7.80	5.25%	81,429	0%	81,429	3.8%	84,676	18.8	-15%	-10%
Hotel & Resort REITs	12,940	9.2	1,400	90%	1,260	-10%	1,134	25%	1.98	7.00%	16,200	0%	16,200	4.4%	17,032	13.5	32%	36%
Industrial REITs	86,703	17.3	5,000	95%	4,750	-5%	4,513	28%	1.81	5.25%	85,952	5%	90,250	4.1%	93,551	19.7	8%	12%
Office REITs	8,614	3.7	2,300	85%	1,955	-7%	1,818	63%	4.27	7.00%	25,974	0%	25,974	6.6%	26,734	13.7	210%	215%
Residential REITs	126,333	17.1	7,400	90%	6,660	-5%	6,327	33%	1.81	5.25%	120,514	0%	120,514	3.8%	125,265	18.8	-1%	4%
Retail REITs	117,656	12.4	9,500	100%	9,500	-5%	9,025	48%	2.03	6.25%	144,400	0%	144,400	5.6%	148,902	15.7	27%	31%
Specialized REITs	403,769	17.6	23,000	100%	23,000	-4%	22,080	36%	1.23	5.50%	401,455	10%	441,600	3.9%	459,864	20.0	14%	18%
Real Estate Management & Development	58,414	36.5	1,600	100%	1,600	-3%	1,552	0%	0.95	5.25%	29,562	10%	32,518	-	35,038	21.9	-40%	-36%
COMMUNICATION SERVICES	4,347	20.4	213.0	99%	210.4	-7%	196	11%	0.83	5.50%	3,557	20%	4,268	0.8%	4,574	21.7	5%	10%
Diversified Telecommunication Services	309,778	8.9	35,000	75%	26,250	-15%	22,313	94%	-0.28	5.50%	405,682	-25%	304,261	6.2%	309,823	11.8	0%	4%
Entertainment	556,937	28.9	19,300	110%	21,230	-8%	19,532	15%	1.59	5.50%	355,120	40%	497,168	0.3%	535,548	25.2	-4%	1%
Interactive Media & Services	3,116,583	24.2	129,000	105%	135,450	-3%	131,387	-4%	0.69	5.25%	2,502,600	30%	3,253,380	0.4%	3,491,882	25.8	12%	17%
Media	265,482	10.6	25,000	90%	22,500	-10%	20,250	69%	0.99	7.00%	289,286	-15%	245,893	2.4%	263,360	11.7	-1%	4%
Wireless Telecommunication Services	97,956	20.8	4,700	105%	4,935	-8%	4,540	39%	1.41	5.50%	82,549	5%	86,677	1.4%	92,409	18.7	-6%	-1%
UTILITIES	1,036	17.4	59.5	103%	61.5	-7%	57	79%	-0.81	5.50%	1,040	5%	1,092	3.4%	1,142	18.6	10%	15%
Electric Utilities	704,371	17.6	40,100	105%	42,105	-7%	39,158	80%	1.15	5.50%	711,957	7%	761,794	3.2%	798,649	19.0	13%	18%
Gas Utilities	16,232	16.2	1,000	100%	1,000	-7%	930	43%	-1.16	5.25%	17,714	0%	17,714	3.0%	18,557	18.6	14%	19%
Independent Power and Renewable Electric	14,375	10.3	1,400	100%	1,400	-15%	1,190	80%	-4.16	8.00%	14,875	0%	14,875	3.2%	15,959	11.4	11%	15%
Multi-Utilities	277,301	17.3	16,000	100%	16,000	-7%	14,880	79%	-1.06	5.50%	270,545	0%	270,545	3.7%	282,152	17.6	2%	6%
Water Utilities	23,930	23.9	1,000	100%	1,000	-5%	950	51%	-0.97	5.00%	19,000	0%	19,000	2.5%	19,952	20.0	-17%	-12%

Source: IBES, DWS Investment GmbH as of 6/5/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns.

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.

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	8.00%
		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	\$245.00	DWS "normal 2024E" S&P 500 DPS	\$76.00	DWS "normal 2024E" S&P 500 aggregate ROE	20.9%	+ Long-term real risk free interest rate	1.75%
"Normal 2024E" EPS / 2024 EPS	100%	Normal dividend payout ratio	33%			+ Long-term fair S&P 500 equity risk premium*	3.75%
						= Long-term real S&P 500 cost of equity	5.50%
Accounting quality adjustment to pro forma EPS	-\$15.00	EPS directed to net share repurchases	\$75.00	S&P EPS retained for true reinvestment	34%	+ 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	\$230	Total payout of S&P 500 EPS	\$151.00	Economic margin (EM) or ROE-CoE	1.50%	= S&P 500 nominal cost of equity	8.00%
Key principle: steady-state value = normal EPS / real CoE		Total payout ratio of normal and quality adj. EPS	66%	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 true reinvestment	1.89%	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 return on true reinvestment	0.52%	2023E end S&P 500 book value per share	\$1,100
S&P 500 intrinsic value at 2024 start	4878	S&P 500 intrinsic value at 2024 start	4878	= Long-term earnings growth	4.90%	Fair PB = Fair PE * normal aggregate ROE	4.43
S&P 500 intrinsic value at 2024 end	5192	S&P 500 intrinsic value at 2024 end	5192	+ Growth from net share repurchases	1.54%	Fair PE =(inc ROE-g)/(inc real ROE*(real CoE-real g))	19.91
Implied fair fwd PE in early 2024 on 2024E \$245 EPS	19.9	Implied fair forward yield on 2024E DPS of \$76.0	1.56%	= Long-term S&P 500 EPS/DPS growth	6.44%	Implied S&P 500 fair value of book at 2024 start	4878
Implied fair trailing PE at 2024 end on 2024E \$245 EPS	21.2	Implied fair trailing yield on 2024E DPS of \$76.0	1.46%	+ Fair normal dividend yield	1.56%	Steady-state PB = normal agg. ROE / real CoE	3.80
				= Total long-term return at constant PE	8.00%	Confirmed by fair steady-state PE = 1 / real CoE	18.2
Normal EPS / (real CoE-value added EPS growth)	4614	DPS discount model using true DPS (all payout)	4878	Value added growth premium in fair value est.	17%	Normal 2024E economic profit per share	\$169.50

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					
	\$235	\$240	\$245	\$250	\$255
5.00%	5405	5595	5790	5989	6192
5.25%	5117	5294	5474	5659	5847
5.50%	4859	5024	5192	5364	5539
5.75%	4626	4781	4938	5099	5263
6.00%	4415	4561	4709	4860	5014

DWS March 2025 equity index targets

Index	3M relative View	Current Level	Previous Target CIO Day Nov	Target Mar 25	Chg in Target	Expected Total Return Mar 25	thereof		Assumptions							
							EPS growth NTM*	LTM multiple impact	Dividend Yield	EPS NTM* (e)	DWS vs. Cons.	Target LTM P/E in Mar 25	Target PE discount to US	Payout ratio	chg of LTM target PE	
S&P 500		5,153	4,700	5,300	13%	4.3%	USD	8.2%	-5%	1.5%	247	-2.3%	21.5x		31%	2.1x
Stoxx 600		506	465	515	11%	5.0%	EUR	4.7%	-3%	3.3%	37.0	-1.5%	13.9x	-35%	45%	1.1x
EuroStoxx 50		4,993	4,350	5,000	15%	3.3%	EUR	3.5%	-3%	3.2%	370	-1.0%	13.5x	-37%	43%	1.6x
DAX40		17,942	16,600	18,700	13%	4.2%	EUR	4.1%	-3%	3.2%	1458	-1.1%	12.4x	-42%	40%	1.2x
SMI		11,721	10,950	11,450	5%	0.7%	CHF	9.1%	-11%	3.0%	673	-1.2%	17.0x	-21%	52%	0.8x
FTSE 100		7,743	7,400	7,600	3%	2.1%	GBP	-0.6%	-1%	3.9%		-1.4%	11.2x	-48%	45%	0.8x
MSCI EM		1,047	1,010	1,050	4%	3.2%	USD	11.9%	-10%	2.9%	80.7	-6.5%	13.0x	-40%	37%	-0.4x
MSCI AC Asia xJ		661	640	675	5%	4.8%	USD	15.3%	-11%	2.6%	48.3	-5.3%	14.0x	-35%	36%	-0.7x
MSCI Japan		1,643	1,520	1,740	14%	8.2%	YEN	11.2%	-5%	2.3%	109.9	2.5%	15.8x	-27%	34%	0.5x
MSCI Australia		1,547	1,400	1,500	7%	0.9%	AUD	-0.3%	-3%	3.9%	93.0	-0.9%	16.1x	-25%	66%	1.7x

Source: DWS Investment Management GmbH. Forecasts are not a reliable indicator of future returns. No representation or warranty is made by DWS as to the reasonableness or completeness of the forward-looking statements or to any other financial information contained herein.

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
Consumer Discretionary		25.1	21.9	21.1%	14.7%	1.7%	-1.3%	-2.4%	0
	Automobile Components	11.7	9.5	9.8%	22.6%	5.1%	4.6%	30.0%	1
	Automobiles	22.6	20.9	-11.3%	8.4%	-0.9%	-0.4%	-13.1%	0
	Household Durables	11.9	11.0	6.7%	8.6%	2.5%	-0.1%	-2.8%	0
	Leisure Products	16.3	14.0	4.1%	16.3%	2.0%	15.4%	-25.9%	0
	Textiles Apparel & Luxury Goods	22.9	20.9	15.4%	10.0%	-1.3%	-8.1%	-12.6%	-1
	Hotels Restaurants & Leisure	22.7	19.6	29.8%	15.8%	-1.2%	-2.0%	-4.7%	-1
	Distributors	15.3	14.0	4.5%	9.6%	-2.6%	-11.0%	10.2%	-1
	Broadline Retail	38.3	30.5	99.6%	25.7%	9.6%	2.5%	6.2%	1
Specialty Retail	21.0	19.4	1.7%	8.2%	-1.5%	-6.7%	-7.0%	-1	
Consumer Staples		20.9	19.4	8.3%	7.8%	0.5%	4.0%	-3.2%	0
	Consumer Staples Distribution & Retail	26.5	24.3	8.4%	8.9%	1.4%	2.4%	-5.4%	0
	Food Products	15.2	14.3	-2.9%	6.1%	-0.3%	1.9%	8.2%	0
	Beverages	21.3	19.7	8.8%	7.8%	0.2%	5.0%	0.5%	0
	Tobacco	13.0	12.1	3.7%	6.9%	-0.3%	15.0%	-8.5%	0
	Household Products	24.4	22.8	12.4%	7.1%	1.1%	4.1%	-15.1%	0
	Personal Care Products	22.1	18.5	476.5%	19.4%	-0.7%	-9.9%	7.1%	0
Energy		12.3	11.2	-10.7%	10.5%	2.5%	3.1%	-0.2%	0
	Energy Equipment & Services	12.2	10.3	23.1%	18.6%	-0.2%	-8.5%	38.9%	0
	Oil Gas & Consumable Fuels	12.3	11.2	-12.7%	9.9%	2.7%	4.2%	-5.3%	0
Financials		15.6	14.2	11.3%	9.9%	2.7%	2.3%	-5.3%	0
	Banks	11.6	10.7	-4.1%	8.5%	3.0%	5.2%	0.2%	1
	Financial Services	22.5	20.6	13.9%	8.9%	1.8%	-0.6%	-5.7%	0
	Consumer Finance	13.0	11.5	11.9%	12.7%	1.7%	3.2%	-8.7%	0
	Capital Markets	17.8	15.9	20.0%	12.2%	3.6%	3.2%	-20.2%	1
	Insurance	13.6	12.3	38.4%	10.4%	2.7%	2.2%	9.4%	1
Health Care		20.5	17.3	3.8%	18.3%	-5.6%	-0.2%	6.3%	0
	Health Care Providers & Services	15.1	13.5	5.1%	12.0%	-2.0%	1.1%	18.5%	0
	Health Care Equipment & Supplies	25.1	22.7	17.7%	10.5%	3.1%	-4.4%	4.2%	0
	Life Sciences Tools & Services	29.2	25.7	-4.5%	13.7%	-0.6%	-3.7%	-20.2%	-1
	Biotechnology	19.3	16.4	-6.2%	17.7%	-8.6%	3.3%	13.2%	-1
	Pharmaceuticals	21.5	16.5	4.4%	30.3%	-12.3%	1.2%	3.4%	0
Industrials		22.0	19.1	8.6%	15.4%	-2.5%	0.6%	-8.5%	0
	Aerospace & Defense	27.8	22.1	27.9%	25.7%	-8.1%	10.5%	-17.8%	1
	Building Products	21.0	19.1	7.1%	10.3%	1.5%	3.8%	-20.9%	0
	Trading Companies & Distributors	20.3	18.7	10.0%	8.6%	1.0%	-9.5%	-3.2%	0
	Electrical Equipment	27.1	23.5	25.1%	15.5%	7.2%	1.5%	2.1%	1
	Construction & Engineering	32.7	28.4	23.8%	15.3%	0.9%	13.0%	-30.5%	0

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

Source: Factset, DWS Investment GmbH as of 6/5/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns.

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S&P 500 industry monitor (2 of 2)

Sector	Industry	PE on 2023	PE on 2024	2024	2025	2024 EPS	3m Total	2024 End	Combined
		EPS	Consensus EPS	Consensus EPS Growth	Consensus EPS Growth	3m Revision	Return Momentum	Upside (Intrinsic Valuation)	
	Industrial Conglomerates	18.3	16.6	-4.5%	10.1%	-11.1%	10.7%	8.7%	-1
	Machinery	17.9	16.7	0.5%	7.1%	0.0%	-1.7%	6.9%	-1
	Commercial Services & Supplies	33.4	30.2	31.4%	10.6%	2.7%	1.9%	-37.2%	1
	Professional Services	25.2	22.7	11.6%	11.2%	0.5%	-1.6%	-13.8%	0
	Air Freight & Logistics	15.9	13.7	-5.4%	16.5%	-0.5%	-4.1%	-3.7%	-1
	Passenger Airlines	7.8	6.5	-6.3%	20.3%	-4.2%	3.0%	12.2%	-1
	Ground Transportation	25.9	20.2	8.9%	28.3%	-6.3%	-13.6%	-15.0%	-1
Information Technology		31.4	26.4	25.3%	19.0%	3.2%	7.7%	-12.7%	1
	IT Services	19.8	18.4	5.2%	7.3%	-1.7%	-19.2%	24.4%	-1
	Software	32.5	28.5	19.1%	13.8%	0.4%	-0.6%	2.1%	0
	Communications Equipment	16.9	16.3	-6.3%	3.7%	-2.5%	-0.9%	15.7%	-1
	Technology Hardware Storage & Peripherals	27.8	24.9	14.6%	11.5%	1.3%	15.0%	-8.5%	0
	Electronic Equipment Instruments & Components	23.3	20.4	2.7%	14.4%	-1.9%	2.0%	-13.2%	-1
	Semiconductors & Semiconductor Equipment	37.4	28.0	59.6%	33.8%	10.1%	16.1%	-32.0%	1
Materials		21.2	18.3	-5.5%	15.8%	-0.7%	1.2%	-14.4%	0
	Chemicals	22.2	19.0	-5.8%	16.6%	-2.8%	-1.2%	-6.4%	-1
	Construction Materials	27.1	23.8	26.9%	13.9%	5.2%	-7.9%	-40.7%	1
	Metals & Mining	17.4	15.6	-12.2%	11.8%	4.9%	10.8%	-27.6%	1
	Containers & Packaging	20.6	17.2	-0.7%	20.0%	-1.1%	9.9%	-22.9%	-1
Real Estate		35.8	33.2	8.4%	7.7%	3.3%	-3.1%	8.2%	0
	Industrial REITs	44.2	37.6	-25.2%	17.6%	-3.8%	-17.4%	7.9%	-1
	Hotel & Resort REITs	16.3	15.6	5.5%	4.4%	16.6%	-12.1%	31.6%	0
	Office REITs	26.4	29.1	-12.5%	-9.4%	3.9%	-3.9%	210.4%	-1
	Health Care REITs	71.9	56.1	99.8%	28.1%	14.2%	10.8%	-14.9%	1
	Residential REITs	40.2	42.4	-11.0%	-5.2%	11.4%	6.5%	-0.8%	1
	Retail REITs	30.2	28.4	-5.2%	6.2%	-3.4%	2.8%	26.6%	-1
	Specialized REITs	32.2	30.9	26.5%	4.1%	5.6%	-5.6%	13.9%	1
	Real Estate Management & Development	36.4	26.3	-4.2%	38.4%	-13.2%	-7.8%	-40.0%	-1
Communication Services		20.1	17.9	35.1%	12.5%	3.9%	11.6%	5.2%	1
	Diversified Telecommunication Services	8.7	8.4	-7.4%	2.9%	0.4%	7.4%	0.0%	0
	Wireless Telecommunication Services	20.0	16.3	39.8%	22.9%	0.2%	10.1%	-5.7%	1
	Media	10.1	9.4	8.5%	6.5%	-1.0%	-2.5%	-0.8%	-1
	Entertainment	30.8	24.1	94.4%	27.4%	-5.5%	0.8%	-3.8%	0
	Interactive Media & Services	23.7	20.8	55.1%	13.8%	7.6%	15.8%	12.0%	1
Utilities		17.7	16.4	19.2%	8.2%	0.8%	13.8%	10.2%	1
	Multi-Utilities	17.5	16.0	5.2%	9.4%	-1.2%	6.9%	1.7%	0
	Water Utilities	25.1	23.2	8.1%	8.1%	1.0%	11.7%	-16.6%	0
	Gas Utilities	16.8	16.0	11.5%	5.1%	1.7%	0.2%	14.3%	0
	Electric Utilities	17.8	16.6	25.1%	7.5%	0.8%	15.7%	13.4%	1
		Independent Power and Renewable Electricity Producers	15.0	13.4	38.1%	12.6%	11.8%	42.9%	11.0%
S&P 500		22.2	19.4	13.3%	14.1%	1.0%	4.2%	-3.0%	0

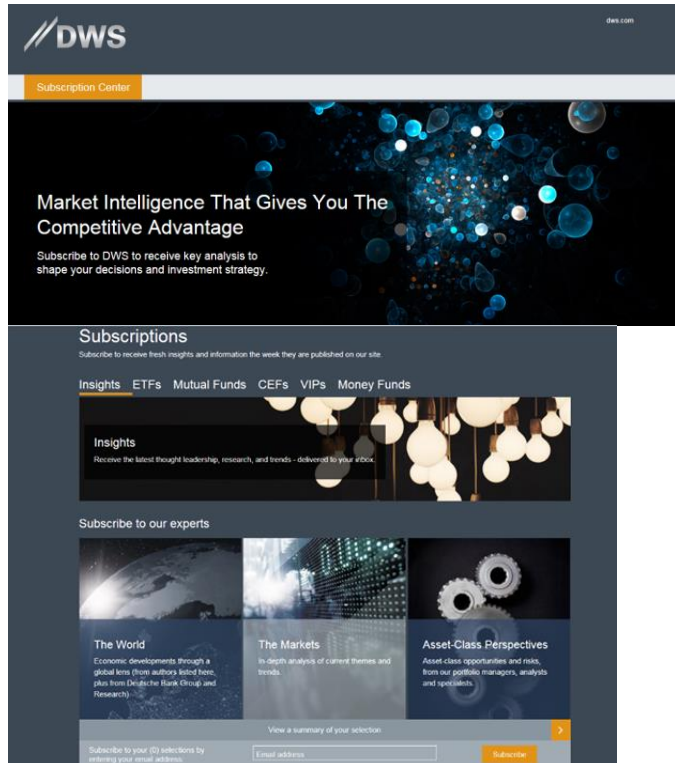
Source: Factset, DWS Investment GmbH as of 6/5/2024. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns.

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