



Group Annual General Meeting 2021

Wednesday, 9th June 2021

Q&A

Karl von Rohr: Ladies and gentlemen, we will now turn to the questions you have submitted in the run up to the Annual General Meeting and the answers to these questions. The General Partner has decided, with the consent of the Supervisory Board, that shareholders must submit their questions to the company by means of electronic communication at the latest by 7th June 2021, pursuant to the Act to Mitigate the Repercussions of the COVID-19 Pandemic for this year. Where shareholders have granted their consent, we may mention their names in answering their questions. The company may decide to cluster several answers to answer questions referring to related issues.

Before we start with the Q&A session, let me briefly remind you that if you have properly registered for the Annual General Meeting and furnished evidence of your share ownership, you will probably have time to cast your vote via postal vote or grant proxies, and instructions to the company's proxies, until about 10 minutes after the end of the Q&A session via the shareholder portal, access to which is protected. Until then, shareholders will be able to change any instructions already granted or postal votes already cast. If you wish to use the portal, please use the access dates shown on the voting card sent to you. I will specify the timeframe in greater detail once I'm in a better position to assess the duration of the Q&A session. However, I would like to ask you, at this point, to start entering any follow-up questions in the shareholder portal early on in order to be able to avoid being impacted by any potential disturbances of the internet.

As already mentioned at the outset, duly registered shareholders and shareholder representatives will have the opportunity at this Annual General Meeting to ask follow-up questions to any questions duly submitted in the run-up to this AGM. In order to submit follow-up questions, you can use the timeframe I will shortly specify in greater detail via the access-protected shareholder portal. In order to be able to answer any follow-up questions in due time during the Annual General Meeting, we have limited the number to two follow-up questions per shareholder and the length to 500 keystrokes, including blanks, per follow-up question. Please bear in mind that follow-up questions will only be admissible if they relate to one of the questions submitted in the run-up to the Annual General Meeting; it is therefore not permitted to submit any new questions. In entering a follow-up question, please briefly indicate the topic your question is referring to.

We will now start to answer your questions. In order to ensure a smooth answering of your questions, our facilitator, Anita Schneider, will read out the questions. Frau Schneider's main profession is Investor Relations Consultant and we're delighted she is supporting us again here this year. Ms Schneider, I would now like to ask you to start by reading out the first question.

Anita Schneider: Thank you Mr von Rohr, thank you for the kind words of welcome and introduction, and also warm welcome to DWS's AGM 2021 from me. Let me suggest that we should start with the Q&A without any further ado, at this point.

The first question is for Mr Woehrmann. The question is from Andreas Schmidt from SdK, Schutzgemeinschaft der Kapitalanleger. The question is as follows. Regarding the cost-income ratio, DWS achieved an excellent ratio of 60.7% in Q1 2021, far below its target of 65%. He emphasises the fact that he wishes to congratulate DWS for cutting the cost-income ratio this quickly. Do you expect this ratio to rise again and, if so, why? Was this success, perhaps, delivered at the expense of volumes in net new inflows or do you have to set new targets, for example of below 60%? Mr Woehrmann.

Asoka Woehrmann: Thank you. Mr Schmidt, thank you very much for congratulating us on the successful start of phase two of our corporate history as a listed company. In Q1 2021, we benefitted from tailwinds regarding our revenues, partly driven by the positive development of the markets. This had a positive impact on our cost-income ratio. In addition, we also benefitted from a number of special one-off effects that are not expected to repeat in the rest of the year.

As already outlined in my speech, we will continue to exercise and maintain strict cost discipline. At the same time, we are investing in the transformation and growth of DWS. This will result in non-linear development of our cost-income ratio. In the medium term, we maintain our target of achieving a cost-income ratio of 60% by the end of 2024. This is a sustainable target and we consider it to be very challenging and ambitious. The increase in net inflows and improvement in our cost-income ratio are not conflicting goals.

Anita Schneider: Thank you, Mr Woehrmann. A similar question regarding the same topic is addressed to Mr von Rohr. As the cost-income ratio of 65% has been anchored in the compensation system, does this not mean that it's basically just a walk in the park for management?

Karl von Rohr: Thank you, Mr Schmidt. Well, the compensation system for the management of DWS Group is based on a large number of different indicators and components, including both long-term but also short-term objectives, and that are in line with the interests of our shareholders. The cost-income ratio is one of many components of this system and, Mr Schmidt, we will continue to work hard to continue to deliver this cost-income ratio as scheduled.

Anita Schneider: Thank you, Mr von Rohr. The next question is for you again, Mr Woehrmann. It's a question from Klaus Nieding from Deutsche Schutzvereinigung für Wertpapierbesitz. The question is as follows. What is your cost-income ratio in comparison to your peers?

Asoka Woehrmann: Dear Mr Nieding, as already outlined in my presentation, DWS managed to reduce its adjusted cost base by 11% year-on-year. As a result, our adjusted cost-income ratio for 2020 was 64.5%. This means that we managed to achieve our original target of less than 65% one year ahead of schedule. Now, in order to compare our position with that of our peers, I'd like to refer to an average of the results of global, listed asset managers for 2020. Here our profitability is better than the average, it's above average. For the next few years we will continue to work towards generating a competitive cost-income ratio, and we are aiming to achieve further improvement to 60% by the end of 2024.

Anita Schneider: Thank you, Mr Woehrmann. Before continuing, I'd like to give the floor back to you, Mr von Rohr.

Karl von Rohr: Yes. I'd like to point out that, from now on, you will also be able to submit follow-up questions via the shareholder portal. So, if you want to use this opportunity, please do so, this option is now open.

Anita Schneider: Thank you. This takes us to the next question. It's a question for you, Mr Bauer. Schutzgemeinschaft der Kapitalanleger has noted that we should be happy with the development of DWS, in particular with regard to the challenging environment DWS had to operate in in 2020. Nevertheless, in the light of high net inflows in the sector in general, SdK believes that the €1 billion inflow in Q1 2021 is somewhat disappointing. Do you agree, or are there any special factors that explain this moderate growth rate? Mr Bauer.

Manfred Bauer: Well, in the first quarter of the current financial year, we managed to continue the positive development of last year, although there were some outflows from cash products with very low margins in the first quarter as their function as a safe haven became less important for many institutional investors in the light of improving market conditions and stability. But excluding cash products, net inflows actually improved to almost €10 billion in the first three months of this year. This is the second highest figure in a quarter since our IPO.

Anita Schneider: Thank you, Mr Bauer. Over to you, Mr Woehrmann. Mr Schmidt from SdK has raised another question regarding net inflows, new inflows. Was this mainly from new clients or have existing clients simply invested more? How can you achieve both goals? Do you believe that your annual growth target of 4% is perhaps not a little ambitious in the light of a changed investment behaviour among the young generation of investors?

Asoka Woehrmann: Thank you. As I already explained in my presentation, net inflows of around €30 billion in 2020 came both from existing client relationships, but also new clients. This success was driven by service, fund performance, our innovative power and our broad range of products and product portfolio that offers tailored, customised solutions to different client groups. In 2021 and beyond, we believe that these components are key for the future distribution success of DWS. With our ambition of delivering more than 4% annual net inflows on average by 2024, we are at the upper end of the growth forecast for the global asset management sector.

Anita Schneider: Thank you, Mr Woehrmann. Back to you, Mr Bauer, Mr Schmidt has another question for you. How has your market share developed in 2020; for example, for ESG investments or for passive products?

Manfred Bauer: Thank you. 2020 was a successful year for DWS. In particular, sustainable investments, but also passive products were the focus of our client investments. For sustainable products, there are clear differences in classification between asset managers, regions and data providers. Based, for example, on the data of the Broadridge provider, our market share of our globally managed ESG assets in mutual funds in 2020 managed to increase over 2020/19, and this has taken us from rank 13 to rank 11. In the European business, with ETF products, we are the number two and managed to continue to expand our market share.

Anita Schneider: Thank you. Another question for you, Mr Woehrmann. SdK also wants to know what the percentage of new monies is that are currently invested in ETFs. When do you

believe that ETFs will account for more than 50% of all assets in your portfolio? Do you have the requisite cost structures or will the cost-income ratio rise again as a result?

Asoka Woehrmann: Thank you for your question. Our passive business was very successful in financial year 2020 and generated total net new inflows of €17 billion. Exchange-traded funds, that is ETFs, accounted for the largest proportion of these inflows. Here too, we are observing a sustained positive development, with additional net new inflows in passive investments of €7.4 billion in Q1 2021. As part of our corporate strategy, we will invest in further growth in this segment and we're expecting to see an increase in the percentage of passive assets over the next few years. Due to a number of factors that are beyond our control, such as market development, however, it is difficult for us to assess whether and when our passive business will exceed the threshold of 50% in terms of its proportion in assets under management.

Regarding our cost structure, the development we have observed over the last few years has shown very clearly that passive investments and profitability are not contradictory, these are not conflicting goals. And even while the percentage of passive assets has risen strongly in DWS, we have, nevertheless, managed to cut our CIR significantly.

Anita Schneider: There's another question by Mr Schmidt from SdK, who says, are the margins of active ESG investments rather above or below the Group's average? How much of the net inflows is accounted for by ESG investments and do you have a target for this that you want to achieve?

Manfred Bauer: Of the total of €30 billion of net inflows in 2020, about €9 billion were in sustainable investments, which corresponds to a share of about 30%. For the full year 2020, the margin for actively managed ESG products, excluding cash products, was at 32 base points. This is slightly higher than our average managed fee margin of 28 base points for the year 2020. The trend of 2020 is also – has also been confirmed in the first months of 2021, also after the introduction of new industry standards in Europe in the context of the so-called Disclosure Regulation. In the first quarter, we have registered about €4 billion of net inflows in ESG investments. Our objective is to significantly increase the number of Article 8 and 9 funds, in accordance with the so-called Disclosure Regulation, as well as the share of ESG assets in the total assets managed by DWS. This will be achieved by issuing new and innovative ESG products, on the one hand, and by converting traditional products into ESG strategies.

Anita Schneider: Well, thank you very much Mr Bauer. There's another question for you. Andreas Schmidt really likes the ESG focus of DWS. However, with the neutral look from outside, he feels that there is – the brand core of DWS is missing. Do you now focus on ESG or do you focus on long-term and solid performance, or do you focus on tailor-made funds? Now, how do you want to sharpen your profile?

Manfred Bauer: While long-term solid performance and ESG do not contradict each other, we rather want to promote sustainable action and, at the same time, offer our customers the best performance possible. The performance data of many of our actively managed funds demonstrate that this is possible. The brand core of DWS as a fiduciary asset manager is based upon strong investment expertise in three product lines, and sustainability adds to this

core; that's the basis for our action as an institutional investor in the dialogue with the companies that we invest in.

Anita Schneider: Well, thank you very much Mr Bauer. Dr Woehrmann, it's up to you again. The SdK shareholders' association feels that competitors of DWS have a clearer positioning in terms of ESG. Now, shouldn't you set your own standards which are so high that most of the competitors cannot even reach up to them, and shouldn't you then not also aggressively communicate these standards to the outside world? How could this be achieved?

Asoka Woehrmann: Thank you very much. We want to make ESG the standard and the core of everything we do as a fiduciary agent, as a company. And, of course, we're not only going to do what is required by the law, but we want to make sure that we're doing the right thing. And even if we have to go beyond what the regulators require. For that reason, we have initiated the following measures, amongst others.

Now, we joined the Net Zero Asset Manager initiative as a founding member and we have committed ourselves to the objective of bringing CO₂ emissions down to zero. In order to maximise our input influence for more sustainability, we further enhance our active engagement with companies. We systematically transform our investment process to the inclusion of ESG criteria, and development of new product initiatives in 2021 will, by default, be aligned and focused on ESG. At present, the picture in the market is very heterogeneous. So far, the regulations in some cases are hardly specific at all. In future, we are expecting tighter regulatory requirements, and that's why we are defining our ESG standards in a conservative manner already today.

Anita Schneider: Well, thank you very much, Mr Woehrmann. This brings us once again to you, Mr Kreuzkamp. Tilman Massa from the Association of Ethical Shareholders would like to know to what extent and with which approaches and criteria ESG criteria are taken into account in the selection of equity, and to what extent artificial intelligence is used for support?

Stefan Kreuzkamp: Well, Mr Massa, thank you very much for the question. In the first quarter of 2021, we have launched the first funds product which uses artificial intelligence in the selection of stocks. For this fund, we're using the – we're implementing the DWS ESG investment standards and for that purpose, we're using our internal ESG database, which relies on internal and external data sources.

Anita Schneider: There's another question for Dr Woehrmann. A shareholder who doesn't want his name to be disclosed is asking several questions on the situation of human rights in the Far East. How do you assess the situation of human rights in China? How do you assess the influence which exists unto German companies due to the violation of human rights? What are the possibilities of German companies to positively influence the situation in China? To what extent do you exercise that influence; do you do enough from your point of view? How do you assess the influence of German companies unto the German European politics in matters related to China? To what extent do you take the attitude and the action of companies into account in the investment decisions, similar to what you do when you take environmental aspects into account? Well, could you explain this, maybe, on the example of Adidas?

Asoka Woehrmann: Well, thank you very much. In our evaluation of the human rights situation in China, DWS follows the official assessment of our foreign office. Furthermore, we

analyse the topic of ESG in all its layers and also on a global basis. Severe and most severe violations of human rights, environmental offences and also cases of objectionable governance are definitely the reason for us to specifically review planned or existing investments. Only if DWS sees the real opportunity to noticeably improve the situation through an active dialogue with companies will we stick to that investment. Now, if such a linkage does not exist or if our dialogue does not result in improvement, then that company will be excluded from our investment universe.

The large number of corporate company dialogues which DWS is having on human rights, for example, has been published in the active ownership report on our website, which is an annual publication. Unfortunately, we cannot comment on individual dialogues with the individual companies and we ask for your understanding in this regard.

Anita Schneider: Thank you very much Dr Woehrmann. It's now back to you again, Mr Kreuzkamp. Mr Massa from the Association of Ethical Shareholders refers to Asoka Woehrmann's address, where he stated that the direct exchange with companies is essential for the sustainable action of DWS, and he asks, how many corporate dialogues are you currently having and what's your lessons learned and results so far? Based upon your new ESG evaluation systems and the dialogue with companies, have you, therefore, already excluded companies from your investment universe?

Stefan Kreuzkamp: Well, the exchange with companies that we invest in is part and parcel of our investment process. We assess companies individual and try to improve them with regard to various sustainability aspects through an active dialogue. In addition to the regular exchange of our portfolio managers with the boards of the companies we're investing in, we held a total of 454 engagements focusing on environmental, social and corporate governance with 353 companies in the year 2020. Since the beginning of this year, we have already held more than 170 of such engagements with more than 140 companies. Most of our portfolio of companies respond positively and are open-minded in having a critical and constructive exchange with us. In those cases where we cannot see any progress, we use our voting rights correspondingly or also speak out publicly at the respective annual general meetings to criticise the lack of change. If all of these efforts are in vain, then we exclude such companies from our investment universe.

Up to and including the month of May 2021, there were individual cases only where we decided that the sustainability risks outweigh these investments, and that's why we decided to sell the existing shareholders in mutual funds, which are subject to the Smart Integration process. In these cases, DWS did not see a real potential in improving sustainability factors through corporate dialogue. These decisions were, amongst others, based upon the assessments of the DWS investment experts, investment of our ESG database or also findings from the dialogues with such companies. These companies mainly came from the sectors oil and gas, mining, energy and general supply. Further information on our experience and results can also be found in our publicly available active ownership report.

Anita Schneider: Mr Kreuzkamp, thank you very much. And it's still another question for you on the same topic. Mr Massa continues. How many companies in your investment universe are currently facing a potential exclusion? Which are these companies and by when do they have to demonstrate their improvement?

Stefan Kreuzkamp: Thank you very much. Now, we have already made respective adjustments in our investment universe in the context of the introduction of the Smart Integration process and have already excluded companies. And for that reason there are currently only 10 companies under review due to business risks related to climate change and related to possible violations of international sustainability standards.

Anita Schneider: Well, thank you very much Mr Kreuzkamp. Another question for you. Mr Massa also would like to know whether, within the context of your new ESG criteria, you also intend to make the specific amendment regarding defence companies. And, if so, what changes?

Stefan Kreuzkamp: Now, DWS has published its company policy on how to deal with controversial weapons on our website. Our ESG funds already now exclude companies who have a share of more than 5% of revenues in defence activities. For that reason, we do not intend to change this policy. In general, we demand, from all companies, that they appropriately disclose this information, that they show increased transparency, that they have a clear strategy regarding controversial weapon systems, also against the background of the agreement on the ban of nuclear weapons of January 2021.

Anita Schneider: Another question from Mr Nieding from DSW for you, Mr Kreuzkamp. How far have you progressed in your efforts to introduce a scorecard for sustainable investment and how are you going to handle with future potential investments in companies of the oil, carbon and defence industry? In your investments in the automotive sector, do you, for example, also make a differentiation as to whether the company is still manufacturing combustion engines or already relies on electric engines or hydrogen engines?

Stefan Kreuzkamp: Now, the answer is earlier this year, we decided to align all of our product initiatives in a sustainable manner by default. For that purpose, we're using external ESG data providers in order to measure the sustainability of such companies; these data are then incorporated into our internal ESG database. The resulting assessment then also includes, amongst others, business risk from climate change. We pay close attention to the extent companies have already started investing in renewable energy, so have started changing their product portfolio to new technologies.

In 2020 and 2021, as already mentioned, a standardised review process was introduced for a large number of publicly managed mutual funds, which thoroughly analyses the issuers with a high business risk from climate change in order to determine whether we can have a dialogue with them and convince them to take more sustainable action, or whether we need to exclude them from our investment universe. For ESG funds, we have reduced the limits for carbon-related revenues as of 1st January 2021 from 25% to 15%. And, as mentioned above, companies who generate more than 5% of their revenues from business in the defence industry are not available for investment for our dedicated ESG funds.

Anita Schneider: Thank you very much, Mr Kreuzkamp, and back to Mr Woehrmann again. The association of critical shareholders would like to know whether you've got a specific plan as to how and by when you want to have restructured your investment universe towards carbon – to net zero carbon.

Asoka Woehrmann: Now, in order to achieve our net zero goal we have launched, across DWS, an initiative. In the first step, our operational CO₂ starting base was identified in order

to identify important findings related to carbon-intensive sectors investments. Our net zero interim targets for 2030 will be published even before the end of this year, and from then on in our annual Climate Report. Now, even if this seems to be a somewhat far-fetched timeframe, but we are also aware of the fact that we have already act today in order to contribute to the net zero target of the overall economy.

Now, we are facing a comprehensive transformation process which we can only shoulder together with our clients, the companies we are investing in and the regulators. And that is our contribution to green industrialisation.

Anita Schneider: Thank you very much Mr Woehrmann. It's still the same topic, but now a question for Mr Kreuzkamp. Mr Massa asks, how do you translate your ambition to achieve a carbon neutral investment universe into specific requirements for companies or even into divestments? Which criteria and targets have you especially set for companies of the carbon, oil and gas industry? Mr Kreuzkamp.

Stefan Kreuzkamp: Thank you very much. Well, as a custodian, we select capital investments not only on the basis of financial criteria, but also on the basis of non-financial criteria. In general, our investment decision is influenced by various parameters, and one of them, of course, and a very important one, is climate change. Companies of the industries you just mentioned are facing the tremendous challenge of converting their business models into a carbon-neutral company. Specifically, we demand plans to be shown to us to reduce greenhouse gas emissions, to increase low carbon activities or climate solutions, as well as the specific incorporation of these targets into the compensation of managers and executives.

Anita Schneider: Thank you very much Mr Kreuzkamp. It's back to you, Mr Woehrmann. It's another question from Mr Massa. In the new net zero emission scenario of the IEA, it presents a global path towards decarbonisation. According to the IEA, in this net zero path, there is no need for further fossil fuel supply. Is DWS willing to tag along when it comes to such a step?

Asoka Woehrmann: Thank you very much. In May, the International Energy Agency, IEA, published the long-awaited 1.5°C scenario; we welcomed this expressly. As I already mentioned, the transformation connected to climate change is one of the most urgent requirements for our generation. We, as asset managers, are in a key position to accompany economy and business on this – in this green industrialisation.

Anita Schneider: Mr Kreuzkamp, we remain in the same type of topic, but get back to Mr Kreuzkamp. The umbrella Association of Ethical Shareholders wants to know by when do you want to fix a clear end date for investments in coal, oil and gas when it comes to funds that are actively managed by you?

Stefan Kreuzkamp: As I've already mentioned, we are in a direct dialogue with those issuers. We do not exclude entire sectors of industry right from the start, but we analyse individual companies in order to identify improvement potential. Thus, a clear end date for investments in the sectors mentioned cannot be stipulated. Now, however, we are very diligently working on concrete steps and targets, and our ESG funds already exclude company which generate a share of their sales from coal extraction or the use of coal for thermal energy.

Anita Schneider: Okay. We're staying in that realm. A question to Mr Woehrmann. Tilman Massa also states that the IEA warns against investments in new coal mining project or expansions, and the exploration of new oil and gas fields. Will DWS include the scenarios, these scenarios, in its climate risk analysis?

Asoka Woehrmann: Thank you very much Ms Schneider, thank you very much Mr Massa. In our Climate Report 2020, we already analysed our portfolios along several climate-relevant methods, also on behalf of the well-below 2°C scenario of the IEA. We will continue to further develop this analysis on a continuous basis in order to reflect the latest scientific insights appropriately.

Anita Schneider: Thank you very much. We come back to Mr Kreuzkamp and a very comprehensive question. The umbrella Organisation of Ethical Shareholders ask a whole host of questions with regard to the Russian group Norilsk Nornickel, who is claimed to infringe – to be responsible for several catastrophes and the violation of indigenous rights. So, in which – how far is DWS invested in Nornickel? Which risks of Nornickel were known to DWS? What were the arguments saying that Nornickel was a responsible and trustworthy company? What were the concrete measures and researches taken by DWS when it comes to international, social and ecological standards? Because Nornickel is active in an ecologically sensitive area. What measures has DWS taken after the catastrophic environment and human rights impact of the activities of Nornickel in the Arctic Circle in order to avoid or mitigate further damage done by Nornickel? Is there an engagement dialogue with Nornickel on ESG and sustainability, or are there plans to have such a dialogue? If yes, which concrete topics are part of the dialogue? If no, why don't you think a dialogue is not important? Are there clear criteria when or under which concrete conditions DWS would sell the shares of Nornickel if the company does not speedily improve its eco-balance and the respect of indigenous rights speedily and comprehensively?

Stefan Kreuzkamp: Well, in the framework of the Smart Integration process that I already mentioned, we have been in a dialogue with Nornickel for two years now. In very concrete terms, we addressed the management of ecological risk. Because there is no discernible progress, we clearly reduced our inventory in Nornickel. Impassive investment vehicles, however, where we reproduce a benchmark or index, this is not possible. In our engagement database, we take stock of the status and also report on this in our active ownership report. Please bear with us that DWS cannot give you any further details on individual companies.

Anita Schneider: Thank you very much Mr Kreuzkamp. Now, next question to Mr Woehrmann, which is casting a glance into the future. Mr Nieding from DSW asked what the trends are when it comes to future investments and which strategies will be followed? Please give us a two-year forecast when it comes to the further development of your industry.

Asoka Woehrmann: Thank you very much. As I already explained in my speech, we are at the beginning of a century of transformation. Low interest rates, digitalisation, the global world shift towards Asia, and the continuation of the green industrialisation will also have an impact and mark the asset management industry.

Our strategy to remain successful and to continue to play a leading role in global asset management is very much based on the continued renewal and innovation of DWS, and focused investment into growth. This includes organic initiatives as well as, whenever there's

an added value for our shareholders, using inorganic options when they present themselves – if and when they present themselves. Though, of course, when it comes to these options, clear criteria must be fulfilled, and are – which means – and they must expand our existing product offer and sales network, and they must be compatible with our culture. After the end of the global pandemic, the consolidation wave in the asset management industry should gain momentum again.

Anita Schneider: Thank you very much Asoka Woehrmann. We're staying with you, casting a glance into the passive sphere. Mr Schmidt from SdK still considers that there's a consolidation and it will go on in terms of passive. Now, if you take the purchase of Lyxor as a yardstick, which value would you attach to this passive business? At such high prices, would you think about buying other companies or would you favour organic growth? Would you buy additional volume, or rather technology and market access?

Asoka Woehrmann: Thank you very much. Please bear with us that we cannot say anything about the assessment of individual parts of our integrated and diversified company. Our passive business is marked by enormous product strengths and innovational strengths, in particular when it comes to ETFs. On these spaces, we see strong momentum in our passive business, with net new assets of about €17 billion in 2020 and €7.4 billion in the first quarter of this year alone.

With both values that I just mentioned, our share of net new assets in the European ETF market is above our market share in assets under management in ETF. This organic growth in the passive business is a core part of our strategic orientation and alignment. When it comes to the consolidation in the asset management industry as a whole, we always emphasise that we want to be an active player in that field and this still applies, this still holds true, just as the criteria that I already mentioned, according to which we are assessing inorganic options.

Anita Schneider: Thank you very much Mr Woehrmann, thank you very much. Stay with you. Another question from SdK, filling question. Now, can you have two cultures under the same roof, work-intensive on the one hand and very lean on the other hand? Wouldn't it be meaningful and possible to separate them into two completely different companies?

Asoka Woehrmann: Thank you very much. A global approach with a comprehensive product offer across all asset classes, with active/passive and alternative strategies, actually makes it possible for us, enables us to offer tailor-made solutions to our customers. This is pretty close to a USP which sets us apart from any peers.

However, inside DWS we define clear functions and roles along the entire value chain. We define what we have in common, but we're also well aware what differs from business to business. Now, this puts us in a position where we can effectively and efficiently control our global operations under a joined roof.

Anita Schneider: Thank you very much Mr Woehrmann. Staying with you, the German association for equity shareholders asks you, should there be another global crisis, such as a war or yet another pandemic, how have you prepared for such a situation? Have you reviewed your business model again in that context and, if so, what was the result of this review?

Asoka Woehrmann: Thank you very much. Corona pandemic was a major challenge, economically and for society as a whole. DWS, in a very short time, managed to equip nearly 100% of its people with the necessary IT infrastructure and enabled them to work from home, and also to live up to our fiduciary mandate and duties without any interruption. Over and above this, our crisis management plans have proven their value. Irrespective of this, we, of course, continuously evaluate and update our crisis management strategy. On the basis of this, we also evaluate potential and necessary adjustments of operations in case of crises.

Now, against a backdrop of digitalisation we will, of course, also consider new technologies, also when it comes to our operations; for example, when it comes to the interaction with the institutional clients, sales partners and portfolio companies.

Anita Schneider: Thank you very much Mr Woehrmann. This gets us to you, Mr Bauer. DSW asked a question as to whether the digitalisation cyberattacks can lead to technology disruptions, security leaks, unauthorised access, loss or damage of data or a loss of service. How do you live up to the increased demands and risks in that?

Manfred Bauer: Well, we would take cyberattacks and the risk attached to them very seriously, and we cooperate continuously with our most important service providers for IT and information security in order to guarantee the resiliency of DWS against cyberattacks. We observe and analyse the actual threats in cooperation with national and international organisation, global IT and information service providers, and adapt our security concepts on a continuous basis. This also includes the modernisation of the technology we use. Further measures for the aversion and the limitation of potential threats and impact, for example, have clear rules and processes, training of people, security and other concepts, and also look-back exercises, in case anything happened.

Anita Schneider: Mr Woehrmann, Andreas Schmidt from SdK asked, how far have you already separated from Deutsche Bank? Are you already independent when it comes to your IT? So far, you've been paying €101 million per year as a service fee to Deutsche Bank. Do you think that you can make clear savings if you do all of this internally? And when will you be there? Does Deutsche Bank agree? Because Deutsche Bank will be losing important income from that.

Asoka Woehrmann: Well, thank you very much. The transformation of our platform is also about the implementation of DWS's own technology platform. The project is in full swing. It is a multi-year programme, which is designed and implemented in close cooperation with Deutsche Bank. A target of that is to create a technology platform which is suitable to support our strategy during the second phase of our journey as a listed company. In this phase, as I already mentioned in my speech, modern technology and digital developments will be of central importance. We reckon that it will be in 2024 that our platform transformation will generate net savings of up to €15 million.

Anita Schneider: Thank you, Mr Woehrmann. This takes us back to you, Mr Bauer. The next question is from shareholder Kurt Hay[?]. He's disappointed about DWS's online offering and he asks whether there is a digitalisation strategy and what it looks like. He also asks as to whether retention of existing clients and new clients acquisition, focusing on young people, are also taken into account in this regard.

Manfred Bauer: Thank you, Mr Hay. The focus of our digitalisation strategy is always on the best interests of our clients. Our strategy therefore comprises both solutions and applications that are directly visible to our clients, but also indirectly effective initiatives that will relate to our IT infrastructure, digitalisation of internal processes and the use of new technologies. The directly visible digital offering for our private clients includes, for example, our digital asset management. Here we combine our core competency, the expertise of our portfolio managers, with automation of a number of processes such as onboarding, portfolio management and transactions. Our focus is on modern user interfaces with simple – with ease of use, taking account of safety – our safety and security standards.

For our institutional clients, we are offering, for example, fully digitalised execution pathways, including digital authentication of all parties involved and the recently established streaming platform, DWS+, which enables our distribution partners and institutional clients to retrieve tailored videos any time. Other digital initiatives which, however, are more indirect in nature and more operating in the background include process automation but also, above all, as mentioned by Asoka Woehrmann, the creation of a DWS internal IT infrastructure, including the use of cloud technology. This also includes a strategy to use data, incorporating new technologies such as artificial intelligence.

Anita Schneider: Thank you, Mr Bauer. Over to you, Mr Kreuzkamp. Let's take a look at the future and future perspectives. Mr Nieding from DSW is asking the following questions. Renowned economists compare the current situation with zero hour after a profound change as a threshold to a new era. The next 10 years will be the most exciting period in our lives so far. New business opportunities will emerge from turning upside down existing markets and existing ways of engaging business. Are you – similarly, are you euphoric or what are the opportunities from your point of view?

Stefan Kreuzkamp: Thank you. Yes, indeed, we are at the beginning of a new decade – a decade of radical change that will be characterised by a low interest environment, digitalisation, global asset shifts and the beginning of green industrialisation. The pandemic has shown how adaptable and innovative both the economy and society can be if there is strong pressure to take action. In the short run, we're expecting to see two opposing trends. On the one hand, the desire for the old normal, for issues such as going out, culture, holidays or face-to-face teaching. And by contrast, there's also the wish to maintain and keep up a number of changes.

In the professional environment, work from home, video conferences, business travel will probably not go back to pre-crisis levels. And other features that have come to stay are meal delivery or online shopping in the private area. However, not all the Covid-19 related changes will increase efficiency. Global supply chains are scrutinised with greater scepticism, the production of critical products will be nationalised and warehousing along the supply chains will increase.

Anita Schneider: Thank you. Mr Kreuzkamp, let's cast another look into the future, because Mr Nieding from DSW also wants to know what the sectors are that you are planning to increasingly invest in. Is it still worthwhile investing in the pharmaceutical sector, for example, to push the fight against currently incurable diseases further ahead, or is that hype for the successful development of Covid-19 vaccines over, for the time being?

Stefan Kreuzkamp: Thank you. The pandemic has accelerated the digital transformation of society. In many areas, it is still in its infancy, if you just think of a network industry or public administration. In our view, this means that growth opportunities will continue to be big in these areas, therefore, and, therefore, we will continue to be strongly invested in the IT sector but also other digitalisation pioneers in other sectors.

Another focus of our investments is climate change. Our investments in sustainable companies and climate technologies will even be further expanded. Regarding the pharmaceutical sector, this sector has had a chance to prove just how innovative it is and how well it is able to take action. We have seen the strengths of both young biotech companies but also the established companies with a wealth of experience in processes. And this is also reflected in our portfolios, with [inaudible] and growth potential on the one hand and dividend strength on the other hand. In addition, the health sector is currently relatively attractively priced compared to the total market.

Anita Schneider: Thank you for your opinion, Mr Kreuzkamp. Mr Nieding is also interested in future forecasts. He wants to know how you have calculated the growth forecast for the next four – for the next few months of 4.2% for Europe and even 6.7% for the US, and what are the factors that you consider will be crucial for these developments.

Stefan Kreuzkamp: Yes, thank you. These growth rates have been calculated by adding the expected growth in private consumption, investments, state spending as well as exports, less imports and all of this is set in relationship to the prior year's economic performance. Our growth forecast is based on the following assumptions.

- Firstly, recovery of private consumption after a further loosening of Covid-19-related restrictions.
- Secondly, stronger investment in the corporate sector, in particular in digitalisation.
- Thirdly, resilient construction activity.
- Fourthly, strong public sector demand and spending.
- And fifthly, exports are expected to benefit from the brisk global economic recovery.

The growth rates for 2021 will be substantially higher than the growth rates of the past few years for mathematical reasons. This is driven by a strong basic effect, as the economic performance of the current year is compared with the significantly lower economic performance of 2020.

Economic recovery is expected to be much stronger in the US than in Europe, for two reasons. Firstly, the US started a vaccination programme against the Coronavirus much earlier, so that the recovery of the economy will start earlier as well. And secondly, the US administration has taken stronger fiscal policy measures, for example, by sending out cheques to private households.

Anita Schneider: Thank you, Mr Kreuzkamp. Another question regarding your forecast. Mr Nieding also wants to hear what the reasons for your forecast for the Asian area is, which is one of your preferred investment targets.

Stefan Kreuzkamp: Thank you. Yes, Asia currently remains one of our preferred regions for investments, both in shares but also bonds, for structural reasons. Firstly, the beneficial

demographics development. Secondly, the catching-up potential compared with western countries. Thirdly, the industry mix with a high – strong focus on technology and consumption. And fourthly, improved regulatory frameworks. We also believe that the growing number of domestic investors will further boost this trend, so that the local markets will be less susceptible to the vagaries of external investors.

Apart from these longer-term strengths, these countries have also managed to handle the pandemic in a better manner. The pandemic was curbed faster without major increases in public debt. In general, many Asian economies and many individual companies show better and more solid and robust financial indicators than most industrialised countries. In our view, the PE ratios also look better in this region. Asian shares have a PE ratio which is, on average, 12% better than those in – of the shares represented in the S&P500, so this is slightly less than over the 20 years, despite the structural change and improvement in Asia.

Anita Schneider: Thank you. This takes us to the last question, which is for you, Dr Woehrmann. It is a question from a shareholder who does not want his name to be mentioned here. He's asking for information about sport sponsorship expenses. How much were these expenses last year and how was your spending breakdown into different types of sports?

Asoka Woehrmann: Thank you. In 2020, DWS focused its sports sponsorship activities clearly on Frankfurt and its local partners, that is Eintracht, therefore the local football team, and the Lions for the ice hockey team. For confidentiality reasons, because we have significant corresponding clauses in our contracts, unfortunately, we're not able to give you any more detailed numbers at this point. We are asking you to bear with us.

Karl von Rohr: Thank you, ladies and gentlemen. This takes us to the end of the answers to the questions submitted prior to the annual general meeting. Should you not yet have been – have made use of the opportunity to submit follow-up questions to the extent outlined earlier today, you will now have until 12.22 to enter follow-up questions via the shareholder portal. That function will subsequently be closed in the portal.

Now, we will now enter into a break of probably around 30 minutes in order to be able to prepare the answers to the follow-up questions, so we will resume at 12.40. The AGM will be resumed at 12.40. Thank you very much.

[BREAK]

Karl von Rohr: Ladies and gentlemen, we are now going to continue our annual general meeting and in just a few minutes we will start answering your follow-up questions. Before that, however, I would like to let you know that the possibility to submit postal votes via the shareholders' portal to grant proxy rights or issue instructions to the voting proxies of the company, or to change postal votes already cast or instructions already given, now this possibility still exists until the end of the Q&A session for the follow-up questions. As soon as all of the follow-up questions has been answered, access to the respective functions of the shareholder portal will be closed and the data will be gathered to obtain the final results.

Now, Mr Veebick[] praised us very much and we would like to thank him for that. And apart from that, we have received only one follow-up question. For that, I would like to hand over to Ms Schneider.

Anita Schneider: Well, we have received a follow-up question for Mr Kreuzkamp and it's from the association of critical shareholders. Let me read this out to you. In your answer regarding the dialogue with Nornickel, you mentioned that you had significantly reduced your shareholding in active management. Now, does this also include a potential future full divestment or is there still a schedule for Nornickel to achieve improvements? Thank you very much.

Stefan Kreuzkamp: In the active mutual funds which are subject to the Smart Integration process, the stocks were sold – were fully sold due to lack of progress. For the remaining shareholdings in passive investments and the very low shareholdings in active investments which are not subject to a Smart Integration process, now, for them we will still try to remain in an active dialogue with the company in order to convince them to make more progress in the area of sustainability. As part of our engagement progress, of course, we reserve the right to take further escalation measures.