



Investors for a new now

# DWS Group – Q2 2022 results

27 July 2022

# Stable and resilient performance in changing environment

Diversified business model and deep-rooted trust of clients reflected in H1 2022 results

## Secular regime shift to a “New Now”

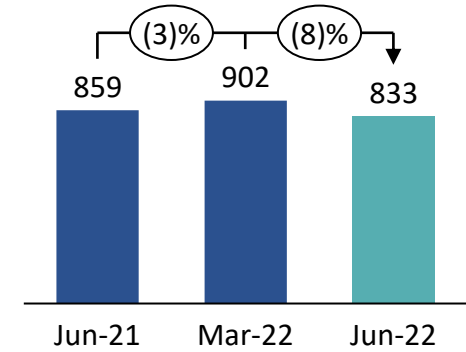
### Recent “unprecedented” simultaneous events...

- Record inflation rates
- Quantitative tightening
- Interest rate regime shift
- Geopolitical uncertainty
- Energy crisis
- Rise of populism

### ...impacting the Asset Management industry...

- Higher rates
- Wider spreads
- Lower equities valuation
- FX volatility
- More dispersion

### ...resulting in lower AuM



## Delivering profitable growth

1H 2022 vs 1H 2021

**+8%**

Adj. revenues

**+11%**

Adj. PbT

**59.4%**

Adj. CIR -  $\Delta(1.2)$  ppt

**78%**

5Y outperformance  
vs. benchmark

# Q2 2022 key financial highlights

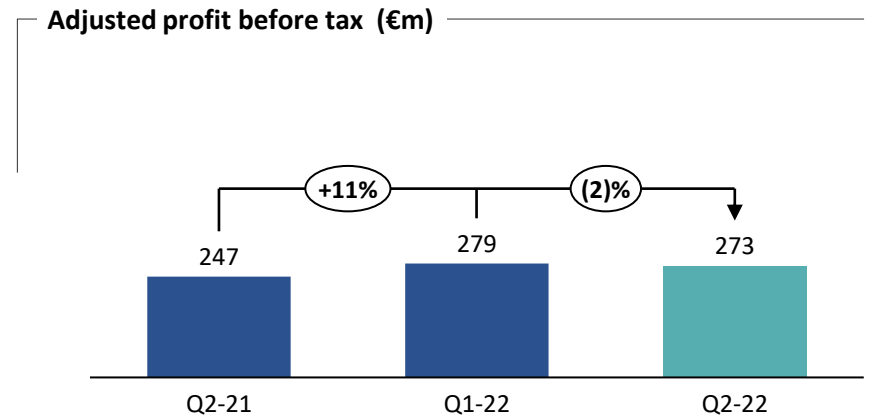
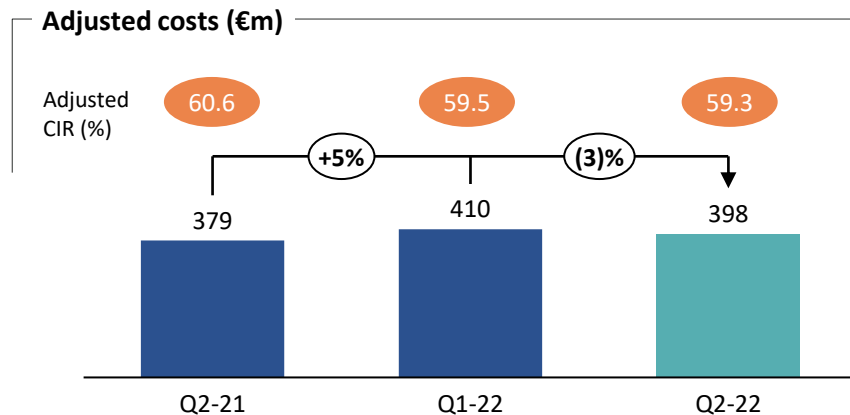
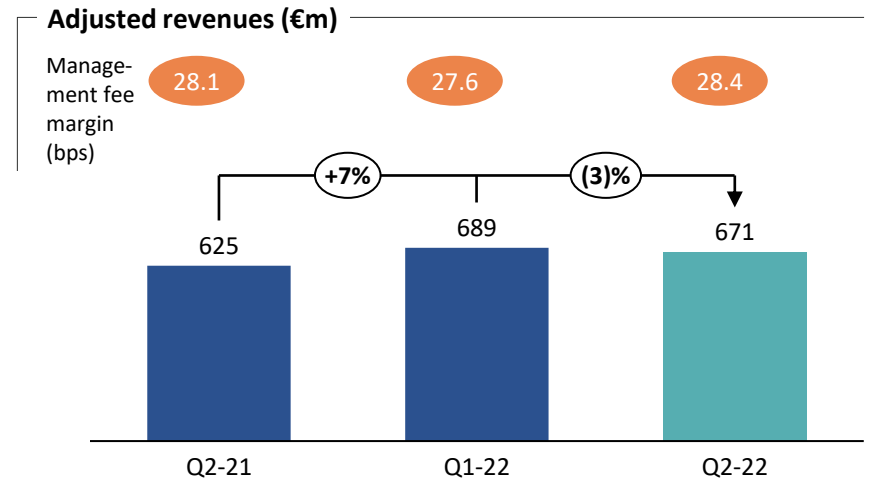
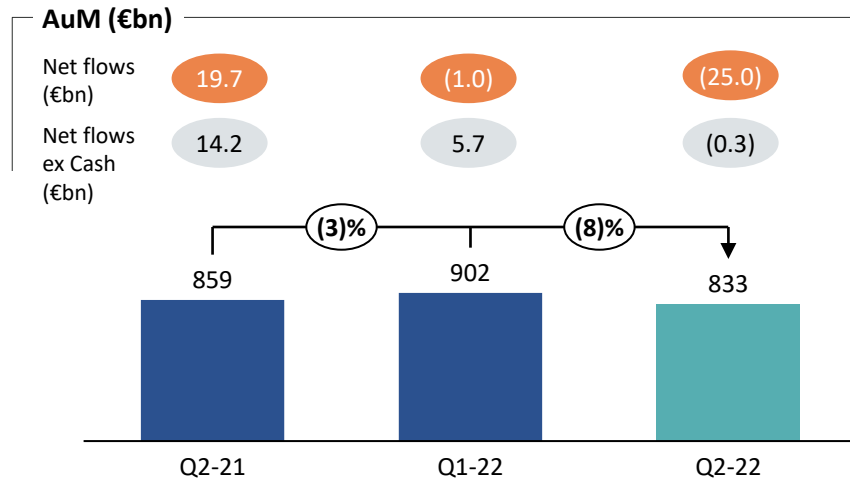
Resilient results supported by diversified business model



- Adjusted profit before tax reached €273m, stable q-o-q despite significant market downturn
- Adjusted cost income ratio at 59.3% in Q2 and 59.4% in H1
- Net outflows primarily in low margin products with solid demand in high margin retail strategies

# Financial performance snapshot – Q2 2022

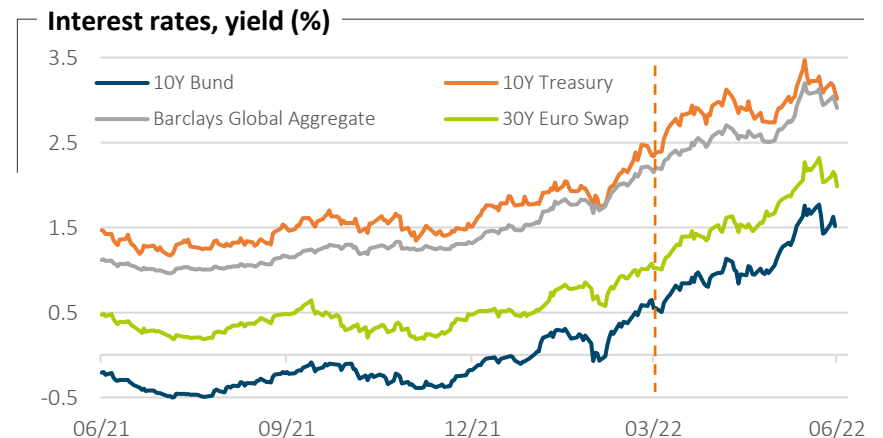
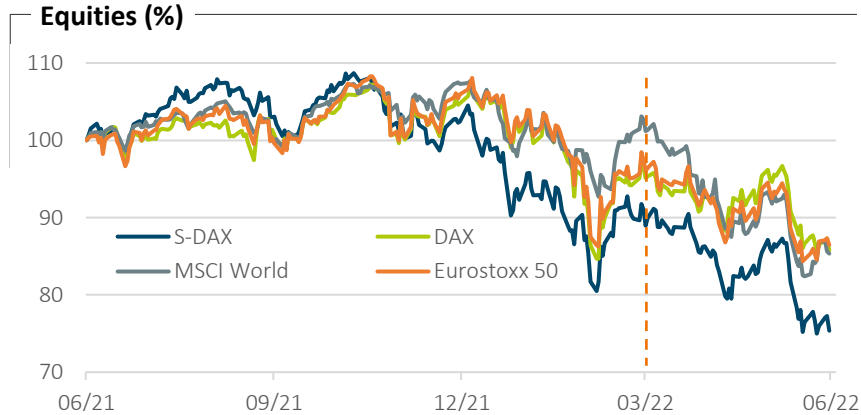
Continued solid financial results in the second quarter



Note: Throughout this presentation totals may not sum due to rounding differences

# Market environment

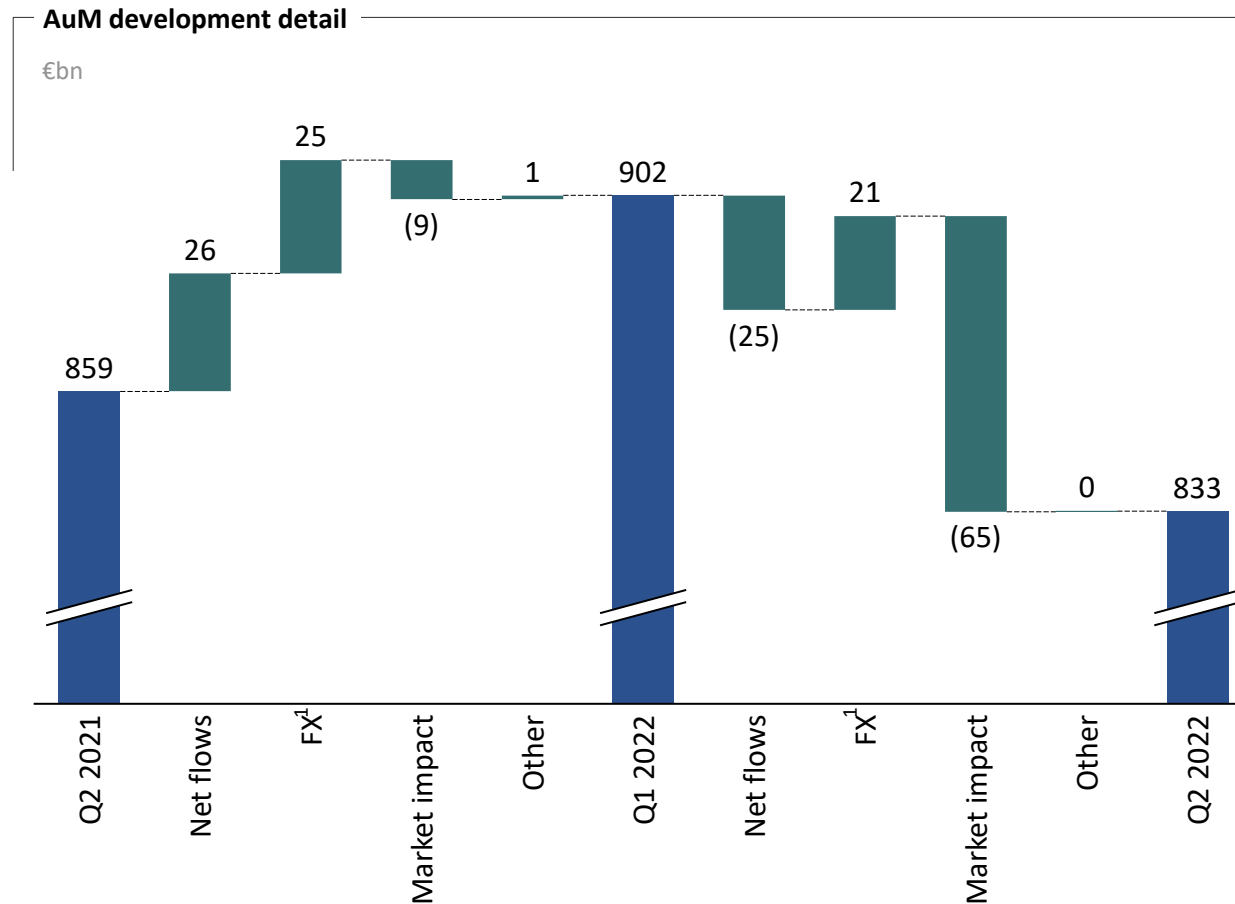
Challenging market conditions in Q2



Source: Bloomberg

# AuM development

Negative market impact and net outflows lead to decline in AuM



## Q2 Highlights

AuM decreased by €69bn to €833bn in Q2

- Negative market performance of €65bn partly offset by favourable €/€ exchange rate developments
- Increase in interest rates and downturn in global equity markets are the main drivers of the negative market impact

<sup>1</sup> Represents FX impact from non-Euro denominated products; excludes performance impact from FX

# Q2 2022 net flows

Positive net inflows into high margin asset classes



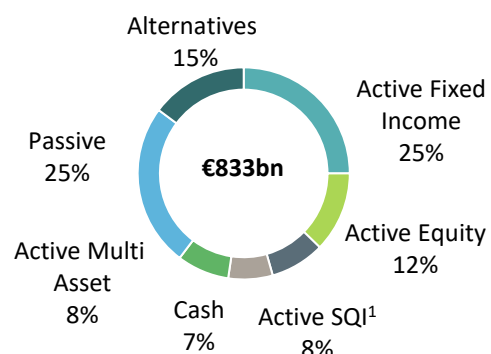
## Net flows breakdown

By asset class (€bn)	Q2-21	Q1-22	Q2-22
Active Equity	(0.3)	0.3	0.7
Active Multi Asset	2.0	6.8	0.6
Active SQI <sup>1</sup>	1.1	(0.1)	0.4
Active Fixed Income	1.7	(2.7)	(0.1)
Passive	7.9	0.5	(3.3)
Alternatives	1.8	1.0	1.6
<b>Total ex Cash</b>	<b>14.2</b>	<b>5.7</b>	<b>(0.3)</b>
<i>Cash</i>	<i>5.4</i>	<i>(6.8)</i>	<i>(24.8)</i>
<b>Total</b>	<b>19.7</b>	<b>(1.0)</b>	<b>(25.0)</b>

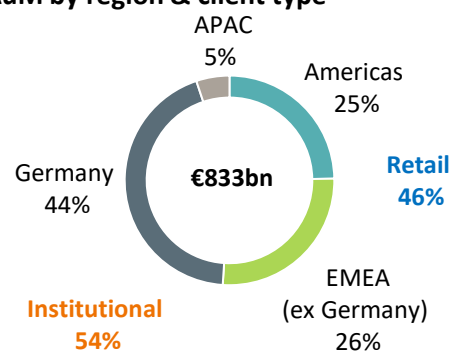
## Q2 Highlights

- Net flows ex Cash of €(0.3)bn in Q2 with strong net flows into high margin Retail products in Europe
- Strong Alternatives net flows into Liquid Real Assets and Infrastructure products
- Equity continues to attract positive net flows into Flagship fund Top Dividende and ESG products
- Multi Asset net inflows were strongly supported by retail flagship strategies
- Fixed Income almost flat despite rising interest rates supported by institutional mandate wins
- Passive flows continuing to be challenged by defensive client behavior as a result of macro and market uncertainties
- Large cash outflows driven by redemptions from US institutional clients

## AuM by asset class



## AuM by region & client type



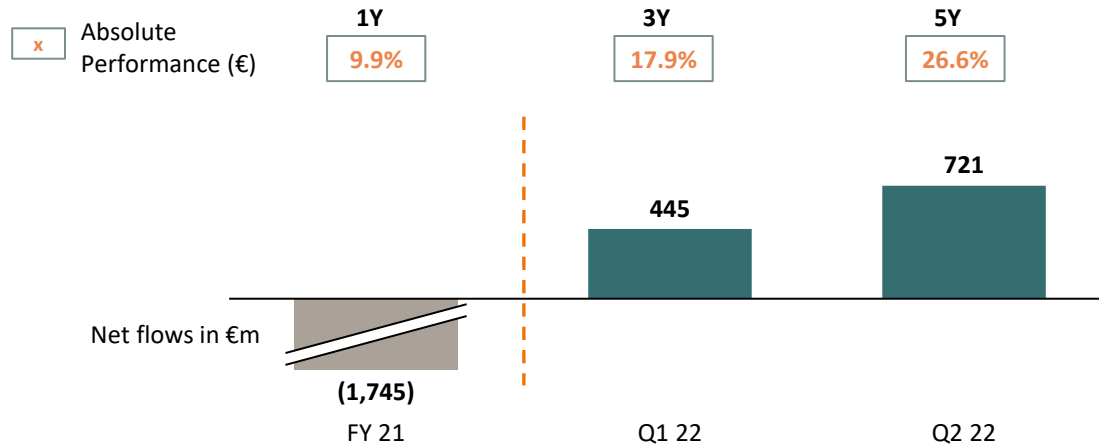
<sup>1</sup> Systematic and Quantitative Investments

# Deep dive: DWS Flagship Funds



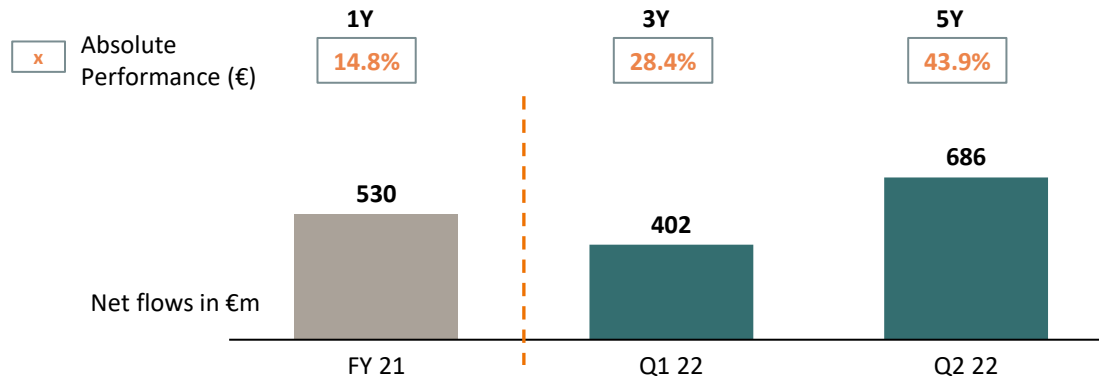
Strong net flows & performance in flagship products despite regime shift in equity markets and inflation rise

## DWS TOP DIVIDENDE<sup>1</sup>



- Strong recovery in performance of equity income product range in relative and absolute terms since Q4 2021
- Demand for value-oriented income strategies in order to compensate the overweight in growth within asset allocations
- Relative performance vs market<sup>2</sup>: 1y: +12.3%

## DWS INVEST GLOBAL INFRASTRUCTURE



- Strong performance due to pure-play infrastructure approach and different types of inflation pass through among invested companies
- Net flows of more than €1bn in the first half of the year
- Relative performance vs market<sup>2</sup>: 1y: +17.2%

<sup>1</sup> Flows incl. DWS Top Dividende and DWS Invest Top Dividende <sup>2</sup> MSCI World-Index (€)



# New fund launches and product pipeline

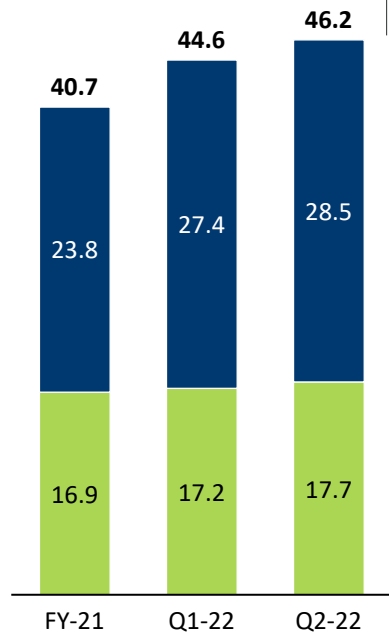
## New funds attract strong net flows in Passive and Alternatives



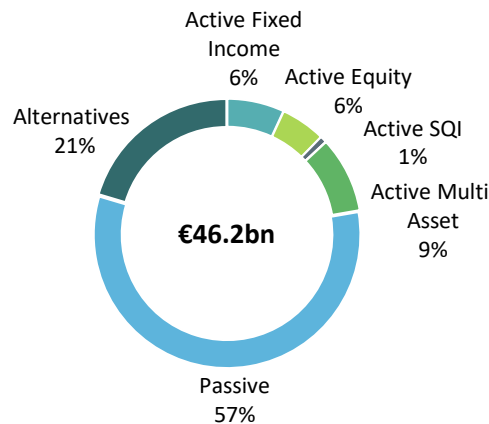
### Cumulative flows of new funds since IPO onwards (€bn)

Overall management fee margin of new funds (bps)

~38



### Cumulative flows by asset class as of Q2 2022



■ Non-ESG products  
■ ESG products<sup>1</sup>

### 2<sup>nd</sup> HY 2022 Fund Launches Pipeline<sup>2</sup>

#### EXAMPLES

- Xtrackers USA Net Zero Pathway Paris Aligned UCITS ETF
- Xtrackers Europe Net Zero Pathway Paris Aligned UCITS ETF
- Xtrackers MSCI Fintech Innovation UCITS ETF
- Xtrackers MSCI Innovation UCITS ETF
- Xtrackers MSCI Next Generation Internet Innovation UCITS ETF

**Passive**

- Junior capital strategy – rated notes structure

- Sustainable infrastructure strategy

**Alternatives**

- German open-ended infrastructure retail strategy

Note: Not all DWS products and services are offered in all jurisdictions and availability is subject to local regulatory restrictions and requirements

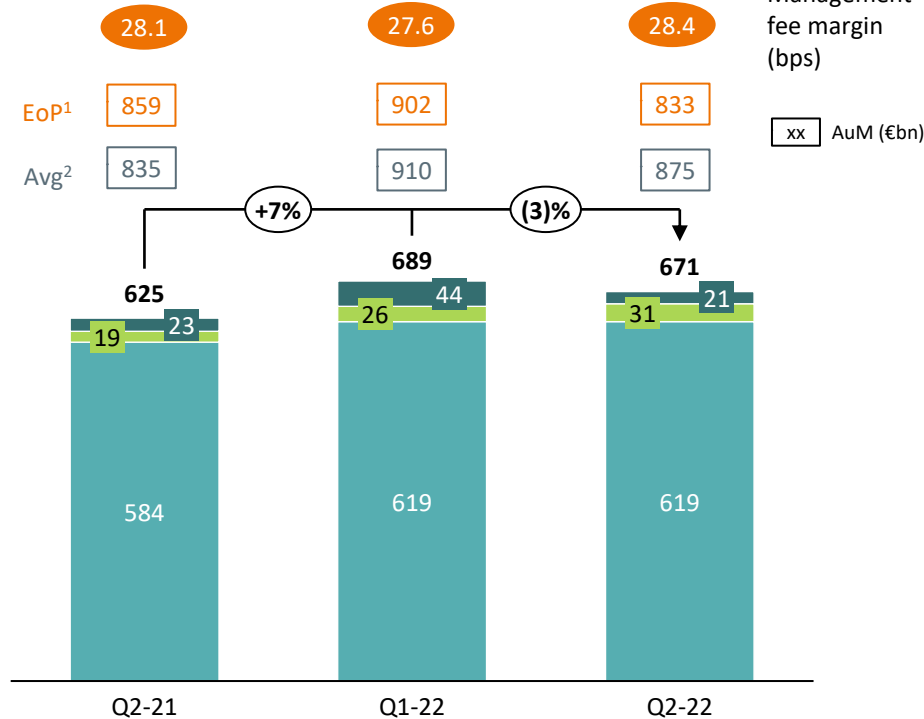
<sup>1</sup> See Cautionary Statement for ESG product classification framework explanation on p. 20 <sup>2</sup> Subject to demand assessments, approvals and successful transaction execution

# Revenue development

Resilient management fees despite challenging equity markets

## Adjusted revenues (€m)

- Other revenues
- Performance and transaction fees
- Management fees and other recurring revenues



## Q2 Highlights

- Management fees remain resilient, fee margin increased q-o-q despite equity market downturn
- Performance and transaction fees increased by 20% q-o-q due to larger Alternatives performance fee recognition
- Other revenues impacted by lower Harvest contribution of €15m and less favorable change in fair value of guarantees

1 End of period 2 Monthly average

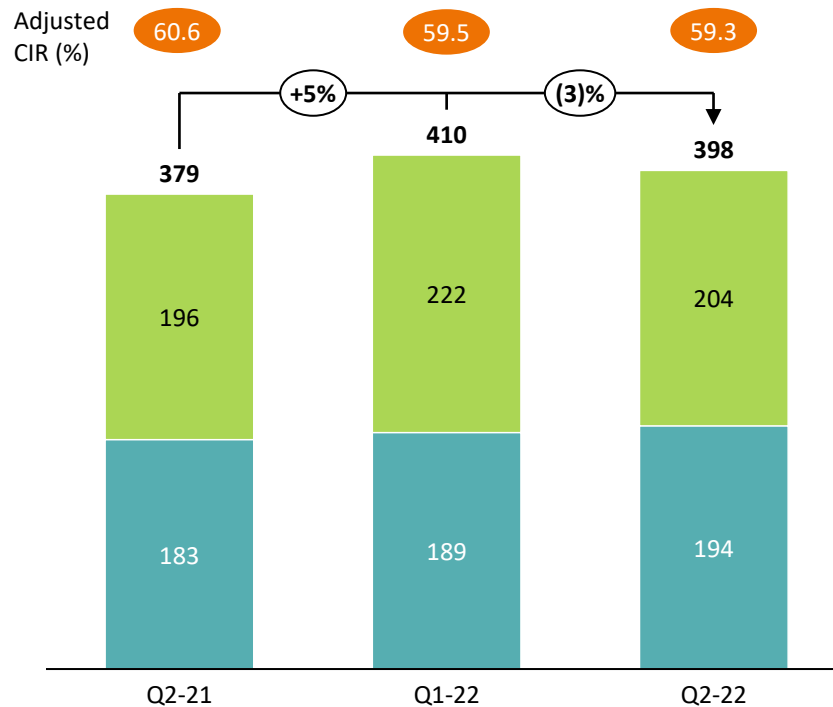
# Cost development

Sustained cost discipline while investing into growth



## Adjusted costs (€m)<sup>1</sup>

- Adjusted Compensation & Benefits
- Adjusted General & Administrative Expenses<sup>1</sup>



## Q2 Highlights

- Total adjusted costs of €398m declined 3% q-o-q mainly driven by significantly lower carried interest
- Adjusted general and admin expenses 3% above prior quarter, driven by an increase in marketing and travel activities as well as continued investments into growth
- Adjusted cost base excludes €15m of investments into our infrastructure platform transformation

<sup>1</sup> Non-interest expenses adjusted for severance payments, restructuring activities, material non-recurring costs, transformational charges and litigation

## Q2 2022 conclusion

### Resilient results in Q2



- Resilient financial performance in Q2 despite challenging markets
- Strong generation of net new revenues as well as fee margin increase due to favourable mix of net flows
- Net flows into high margin strategies
- Strong 3 and 5 year investment outperformance at 75% and 78% respectively

# Outlook

Paving the way forward for DWS in the current “New Now”

## DWS approach

### Clear commitment to creating shareholder value:

- Focusing on clients, navigating markets and investing money
- Maintaining our focus on cost discipline
- Concentrating on product innovation and investment performance
- Continuing to advance our sustainability agenda
- Taking an active role in market consolidation

### Additional growth opportunities:

- Digital assets and currencies
- Alternative investment strategies
- “Renaissance” of Active asset management
- Relationship with Deutsche Bank
- Transformation capital for Europe

 Further details: **DWS Capital Markets Day on December 7th, 2022**

# 01 Appendix

## Profit & Loss and other key performance measures

In €m, unless stated otherwise

	Q2 2022	Q1 2022	Q2 2021	H1 2022	H1 2021	Q2 2022 vs Q1 2022	Q2 2022 vs Q2 2021	H1 2022 vs H1 2021	
Profit & Loss	Management fees and other recurring revenues	619	619	584	1,238	1,132	(0)%	6%	9%
	Performance and transaction fees	31	26	19	58	58	20%	69%	(1)%
	Other revenues	21	44	23	65	69	(52)%	(7)%	(6)%
	Net revenues	671	689	625	1,360	1,259	(3)%	7%	8%
	<i>Revenue adjustments</i>	-	-	-	-	-			
	Adjusted revenues	671	689	625	1,360	1,259	(3)%	7%	8%
	Adjusted Compensation & Benefits	204	222	196	426	402	(8)%	4%	6%
	Adjusted General & administrative expenses	194	189	183	382	362	3%	6%	6%
	Adjusted cost base	398	410	379	808	764	(3)%	5%	6%
	Severance & Restructuring	8	1	1	9	6	N/M	N/M	38%
	Transformational charges	15	7	7	22	13	97%	124%	75%
	Other cost adjustments	21	4	1	26	1	N/M	N/M	N/M
	Total noninterest expenses	442	423	387	865	783	4%	14%	10%
	Profit before tax	230	266	239	496	476	(14)%	(4)%	4%
	Adjusted profit before tax	273	279	247	552	496	(2)%	11%	11%
Net income	155	186	172	341	340	(17)%	(10)%	0%	
Other Key Performance Measures	Reported CIR	65.8%	61.4%	61.9%	63.6%	62.2%	4.4 ppt	4.0 ppt	1.4 ppt
	Adjusted CIR	59.3%	59.5%	60.6%	59.4%	60.6%	(0.3) ppt	(1.3) ppt	(1.2) ppt
	FTE (#)	3,508	3,459	3,342	3,508	3,342	1%	5%	5%
	AuM (in €bn)	833	902	859	833	859	(8)%	(3)%	(3)%
	Net flows (in €bn)	(25.0)	(1.0)	19.7	(26.1)	20.7			
	Net flows ex Cash (in €bn)	(0.3)	5.7	14.2	5.5	23.9			
	Net flows (% of BoP AuM – annualized)	(11.1)%	(0.5)%	9.6%	(5.7)%	5.3%			
	Management fee margin (bps - annualized)	28.4	27.6	28.1	28.0	28.0			

# Historical net flows and AuM development



## Net flow and AUM detail, €bn

	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
<b>Net flows by asset class</b>								
Active Equity	1.8	0.1	(0.3)	(0.6)	0.1	(0.7)	0.3	0.7
Active Multi Asset	(1.8)	(0.5)	2.0	1.1	1.3	3.8	6.8	0.6
Active SQI <sup>1</sup>	(3.1)	0.6	1.1	0.7	(0.2)	2.3	(0.1)	0.4
Active Fixed Income	(6.8)	1.0	1.7	0.8	1.0	4.6	(2.7)	(0.1)
Active Cash	19.5	(8.6)	5.4	1.9	7.2	5.9	(6.8)	(24.8)
Passive	16.6	7.4	7.9	6.6	3.9	25.9	0.5	(3.3)
Alternatives	4.0	1.0	1.8	1.4	1.7	6.0	1.0	1.6
<b>DWS Group</b>	<b>30.3</b>	<b>1.0</b>	<b>19.7</b>	<b>12.0</b>	<b>15.0</b>	<b>47.7</b>	<b>(1.0)</b>	<b>(25.0)</b>
<b>Net flows by region</b>								
Americas	8.8	(3.3)	5.5	4.5	0.9	7.5	(3.7)	(20.8)
EMEA excl. GY	12.1	(0.9)	4.1	3.7	8.8	15.7	(4.4)	(2.7)
Germany (GY)	7.5	3.9	9.9	4.3	6.2	24.3	8.5	(0.3)
Asia Pacific	1.9	1.3	0.2	(0.5)	(0.8)	0.1	(1.4)	(1.2)
<b>DWS Group</b>	<b>30.3</b>	<b>1.0</b>	<b>19.7</b>	<b>12.0</b>	<b>15.0</b>	<b>47.7</b>	<b>(1.0)</b>	<b>(25.0)</b>
<b>Net flows by client channel</b>								
Retail	11.4	5.1	11.2	7.9	7.5	31.7	4.6	3.5
Institutional	18.9	(4.1)	8.5	4.1	7.5	16.0	(5.7)	(28.5)
<b>DWS Group</b>	<b>30.3</b>	<b>1.0</b>	<b>19.7</b>	<b>12.0</b>	<b>15.0</b>	<b>47.7</b>	<b>(1.0)</b>	<b>(25.0)</b>
<b>Total net flows</b>								
FX impact	(26.1)	12.8	(3.3)	7.9	8.3	25.8	8.7	20.7
Performance	23.7	13.5	21.9	0.9	23.7	60.1	(33.3)	(65.1)
Other	(2.8)	0.6	0.4	(0.2)	0.7	1.5	0.4	0.2
<b>Total change in AuM</b>	<b>25.1</b>	<b>27.9</b>	<b>38.8</b>	<b>20.6</b>	<b>47.8</b>	<b>135.0</b>	<b>(25.2)</b>	<b>(69.3)</b>

	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
<b>AuM by asset class</b>								
Active Equity	97	105	110	110	116	116	112	102
Active Multi Asset	59	60	64	67	70	70	74	69
Active SQI <sup>1</sup>	69	71	74	75	77	77	72	66
Active Fixed Income	220	221	223	225	227	227	215	208
Active Cash	75	68	73	76	84	84	79	56
Passive	179	197	213	221	238	238	230	207
Alternatives	93	99	103	107	115	115	120	123
<b>DWS Group</b>	<b>793</b>	<b>820</b>	<b>859</b>	<b>880</b>	<b>928</b>	<b>928</b>	<b>902</b>	<b>833</b>
<b>AuM by region</b>								
Americas	198	203	211	220	230	230	226	206
EMEA excl. GY	206	211	221	227	245	245	235	219
Germany (GY)	346	361	380	386	405	405	396	365
Asia Pacific	43	46	47	46	48	48	46	43
<b>DWS Group</b>	<b>793</b>	<b>820</b>	<b>859</b>	<b>880</b>	<b>928</b>	<b>928</b>	<b>902</b>	<b>833</b>
<b>AuM by client channel</b>								
Retail	343	363	386	396	421	421	414	387
Institutional	449	457	473	484	507	507	489	446
<b>DWS Group</b>	<b>793</b>	<b>820</b>	<b>859</b>	<b>880</b>	<b>928</b>	<b>928</b>	<b>902</b>	<b>833</b>

1 Systematic and Quantitative Investments



# Reconciliation from IFRS to Economic View

Balance Sheet as of June 30, 2022, €m						Highlight
	IFRS consolidated	Consolidated Funds	DB Vita	Held for sale	Economic View	
<b>Assets</b>						<b>€2.4bn adjustments comprise:</b> <b>1</b> Consolidated Funds (€1.4bn) – DWS reports individual assets and liabilities of mainly guaranteed funds that it controls under IFRS 10 – Fund assets and P&L still belong solely to the investors, not DWS – DWS does not consolidate where third party investors hold > 50% of units  <b>2</b> DB Vita (€0.5bn) – Investment contract related financial assets held to back unit linked contracts offered by DB Vita S.A. (which is our specialist entity for unit-linked insurance products) – Offset with financial liabilities due to investors holding the unit linked insurance contracts  <b>3</b> Held for sale (€0.6bn) – Assets and liabilities related to the transfer of our digital investment platform into a joint venture as long-term strategic partnership with DWS maintaining a stake of 30 percent only – Closing of the transaction is expected for second half of 2022
Cash and bank balances	2,129	<b>1</b> 110			2,019	
Financial assets at FVPL	3,693	<b>1</b> 1,245	<b>2</b> 494		1,954	
Financial assets at OCI	91				91	
Other investments	354				354	
Property and equipment	154				154	
Tax assets	161				161	
Intangible assets	3,873				3,873	
Remaining assets	1,309			<b>3</b> 565	744	
<b>Total assets</b>	<b>11,764</b>	<b>1,355</b>	<b>494</b>	<b>565</b>	<b>9,350</b>	
<b>Liabilities</b>						
Other short-term borrowings	32				32	
Tax liabilities	333				333	
Financial liabilities at FVPL	618		<b>2</b> 494		124	
Remaining liabilities	3,104	<b>1</b> 1,355		<b>3</b> 565	1,185	
<b>Total liabilities</b>	<b>4,087</b>	<b>1,355</b>	<b>494</b>	<b>565</b>	<b>1,674</b>	
<b>Equity</b>	<b>7,676</b>				<b>7,676</b>	
<b>Total liabilities and equities</b>	<b>11,764</b>	<b>1,355</b>	<b>494</b>	<b>565</b>	<b>9,350</b>	

## Q2 2022 detailed investment outperformance



### Investment performance, in %<sup>1</sup>

		1Y	3Y	5Y
Active Retail	Equity	56%	67%	68%
	Multi Asset <sup>2</sup>	77%	23%	23%
	SQI <sup>2</sup>	49%	63%	76%
	Fixed Income	30%	66%	70%
	Cash <sup>2</sup>	0%	100%	100%
	<b>Total</b>	<b>45%</b>	<b>69%</b>	<b>71%</b>
Active Institutional	Equity <sup>2</sup>	35%	58%	56%
	Multi Asset	41%	58%	49%
	SQI	59%	65%	72%
	Fixed Income	55%	78%	81%
	Cash <sup>2</sup>	9%	54%	95%
	<b>Total</b>	<b>51%</b>	<b>73%</b>	<b>77%</b>
Active Total	Equity	53%	66%	67%
	Multi Asset	44%	55%	47%
	SQI	57%	64%	73%
	Fixed Income	52%	76%	79%
	Cash	5%	71%	97%
	<b>Total</b>	<b>49%</b>	<b>72%</b>	<b>75%</b>
Alternatives	Direct Real Estate	88%	88%	89%
	Liquid Real Assets	76%	97%	98%
	Other Alternatives <sup>2</sup>	100%	64%	64%
	<b>Total</b>	<b>85%</b>	<b>89%</b>	<b>89%</b>
<b>Total DWS</b>	<b>56%</b>	<b>75%</b>	<b>78%</b>	

<sup>1</sup> Aggregate asset-weighted gross outperformance of Active and Alternatives products that have benchmark spreads (gross and net) available over respective periods (Active and Liquid Real Assets as of June 30, 2022, Direct Real Estate and Other Alternatives as of Mar 31, 2022) <sup>2</sup> <10bn AuM with BM and hence ratios not representative

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# Cautionary statements



This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of DWS Group GmbH & Co. KGaA. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks.

Our ESG Product Classification Framework (“ESG Framework”) was introduced in 2021, taking into account relevant legislation (including SFDR), market standards and internal developments and was further described in our Annual Report 2021. For Q2 2022, there is no change in the ESG Framework described in the Annual Report 2021. We will continue to develop and refine our ESG Framework in accordance with evolving regulation and market practice. The aforementioned definitions apply to the entire presentation.

This document contains alternative performance measures (APMs). For a description of these APMs, please refer to the Q2 2022 Financial Data Supplement, which is accompanying this presentation and available at <https://group.dws.com/ir/reports-and-events/financial-results/>. Copies of the Annual Report 2021 are readily available upon request or can be downloaded from <https://group.dws.com/ir/reports-and-events>