

OCTOBER 28, 2020

# DWS GROUP – Q3 2020 RESULTS

# SET TO DELIVER MEDIUM-TERM TARGETS IN 2020



## Continued business strength and resilience in unprecedented times

### KEY ACHIEVEMENTS

#### EXPECTED TO DELIVER AGAINST PROMISES AHEAD OF SCHEDULE

- 9M adj. Cost-Income-Ratio of 64.3% below our medium-term target of 65%, expected to be achieved already in 2020

#### ESG MOMENTUM SUPPORTS STRONG NET FLOWS

- 9M 2020 net flows of ~€17bn incl. almost €11bn in Q3 leading to an annualized net flow rate of 2.9% ahead of last year despite COVID-19
- ESG-dedicated funds attracted more than 1/3 of net flows YTD 2020

#### STRATEGIC PARTNERSHIPS EXPANDED

- Long-term extension of the successful cooperation with Zurich until 2032
- New partnership with Northwestern Mutual Capital's private markets business

#### ORGANIZATIONAL CHANGES IMPLEMENTED

- Dedicated Product Division established and operational
- New holistic and globally integrated leadership team in place

# Q3 2020 KEY FINANCIAL HIGHLIGHTS



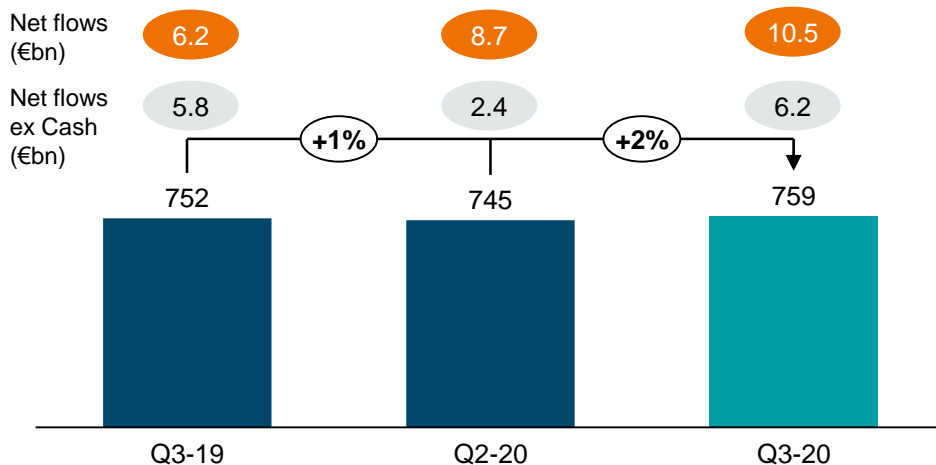
- \_ Adjusted profit before tax was €215m, 14% increase q-o-q driven by ongoing cost decline
- \_ Adjusted cost income ratio improved further to 61.4% in Q3
- \_ Strong net flows of €10.5bn in Q3 demonstrate the resilience of our diversified business model



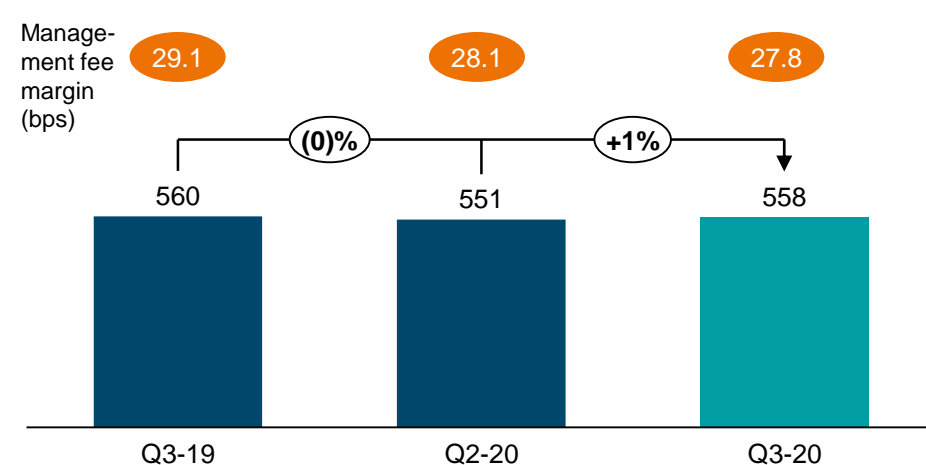
# FINANCIAL PERFORMANCE SNAPSHOT – Q3 2020



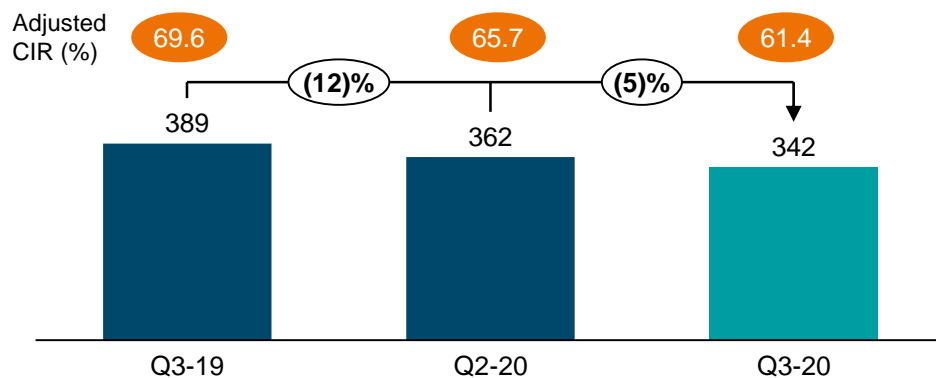
## AUM (€BN)



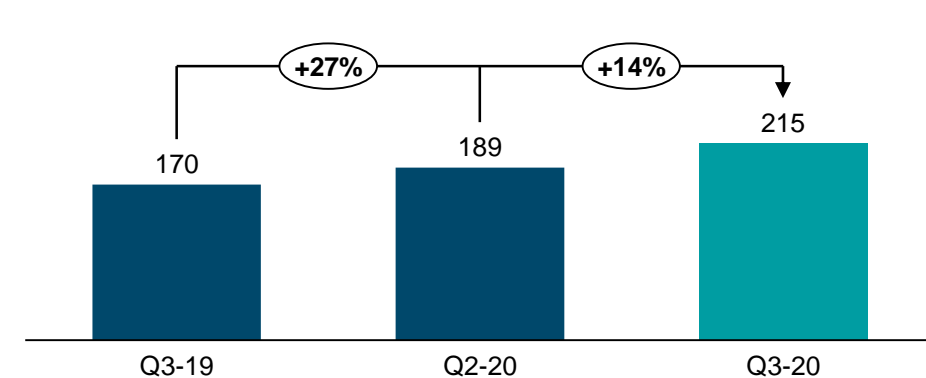
## ADJUSTED REVENUES (€M)



## ADJUSTED COSTS (€M)



## ADJUSTED PROFIT BEFORE TAX (€M)

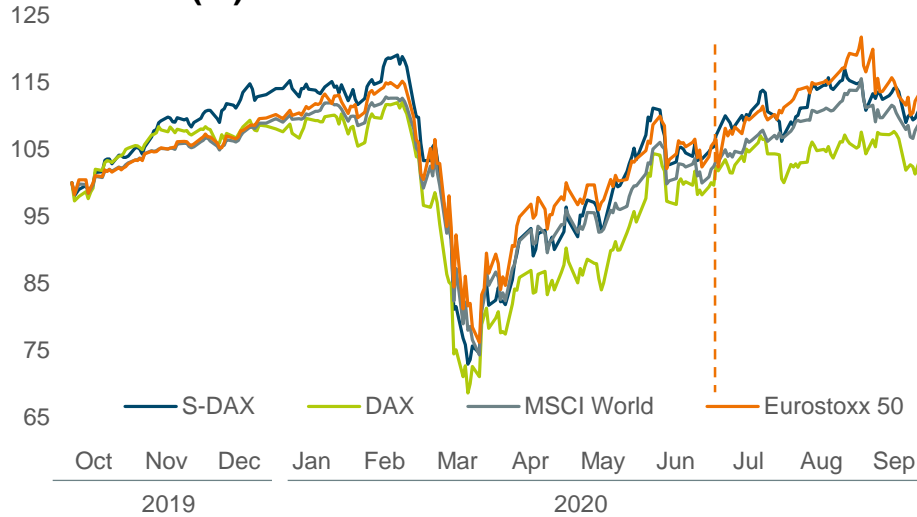


Note: Throughout this presentation totals may not sum due to rounding differences

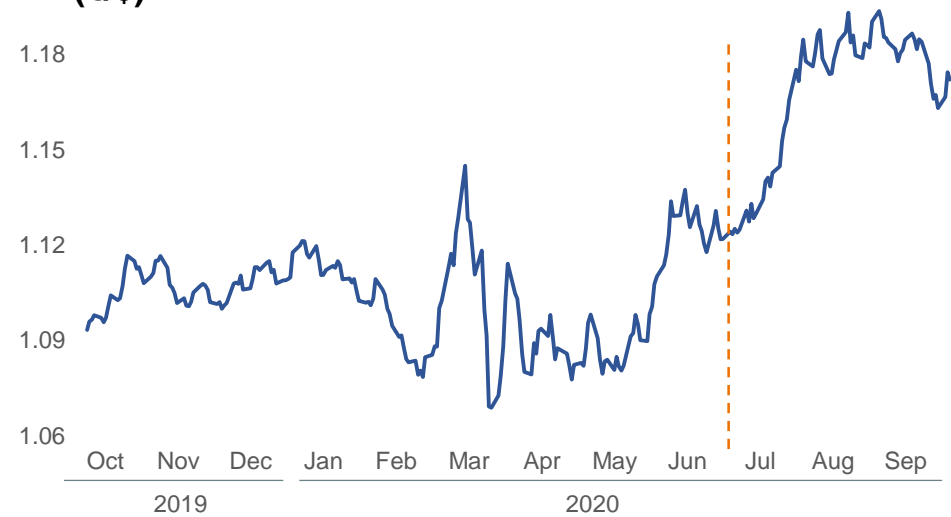
# MARKET ENVIRONMENT



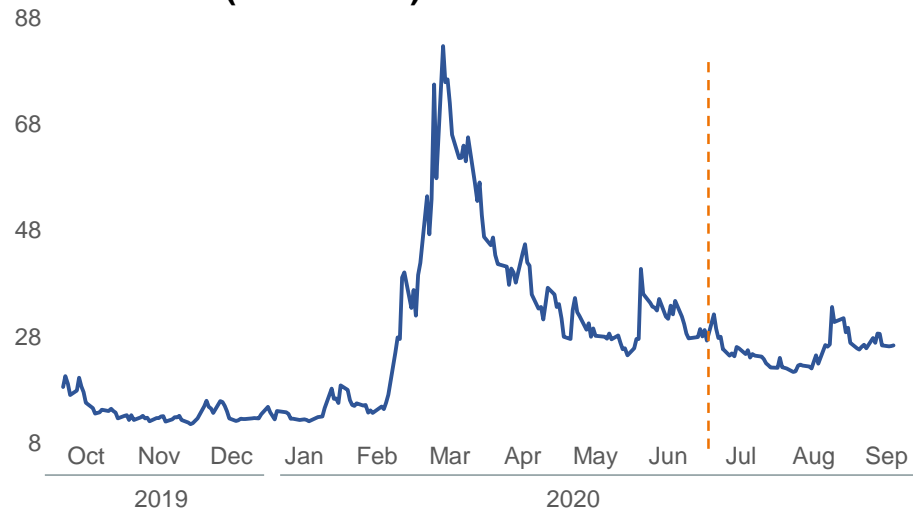
## EQUITIES (%)



## FX (€/\$)



## VOLATILITY (VIX INDEX)



## INTEREST RATES, YIELD (%)

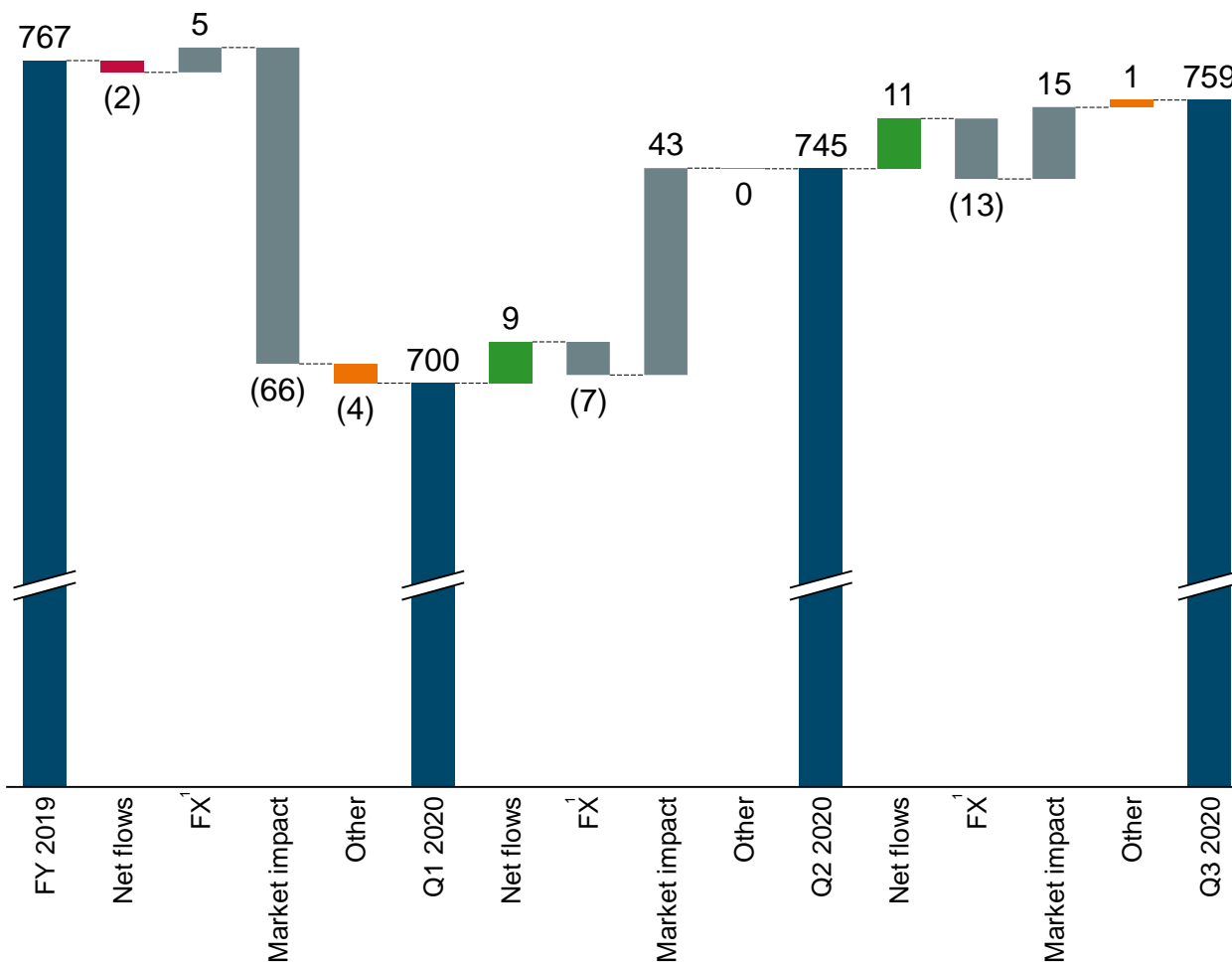


Source: Bloomberg

# AUM DEVELOPMENT



## AUM DEVELOPMENT DETAIL (€BN)



## Q3 HIGHLIGHTS

AuM increased by €14bn to €759bn in Q3

- Main driver has been positive net flows of €10.5bn
- Positive market performance of €15bn, almost offset by unfavorable €/€ exchange rate

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

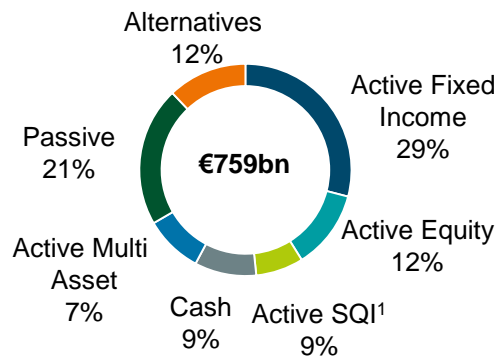
# Q3 2020 NET FLOWS



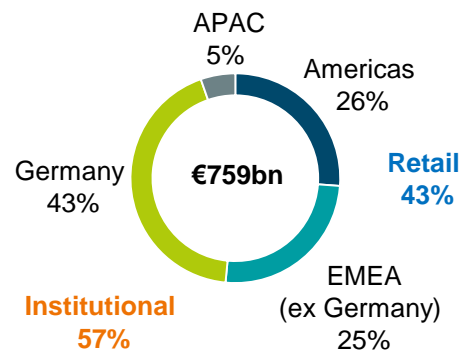
## NET FLOWS BREAKDOWN

By asset class (€bn)	Q3-19	Q2-20	Q3-20
Active Equity	(1.1)	1.0	(1.1)
Active Multi Asset	3.4	(0.6)	(1.2)
Active SQI <sup>1</sup>	(0.1)	(0.2)	(1.0)
Active Fixed Income	(1.3)	(4.4)	2.5
Passive	3.2	6.5	6.3
Alternatives	1.6	0.0	0.8
<b>Total ex Cash</b>	<b>5.8</b>	<b>2.4</b>	<b>6.2</b>
Cash	0.4	6.3	4.3
<b>Total</b>	<b>6.2</b>	<b>8.7</b>	<b>10.5</b>

## AUM BY ASSET CLASS



## AUM BY REGION & CLIENT TYPE



## Q3 HIGHLIGHTS

- Strong net flows of €10.5bn in Q3 with more than €2bn of net flows into ESG-dedicated funds
- Passive continued strong flows in equity related products as well as fixed income ETFs supporting our #2 ranking in European ETPs with over 14% market share YTD
- Fixed Income turned positive, reflecting institutional mandate wins
- Strong inflows in Cash, particularly in the US
- Alternatives flows were driven by Real Estate and Liquid Real Asset classes
- SQI and Multi Asset were dominated by single institutional mandate redemptions
- Active Equity outflows were mainly driven by mutual funds partly offset by inflows into ESG products

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

# POSITIVE CONTRIBUTION OF NEW FUND LAUNCHES

## PRODUCTS ARE JOINTLY DEVELOPED WITH CLIENTS AND PARTNERS

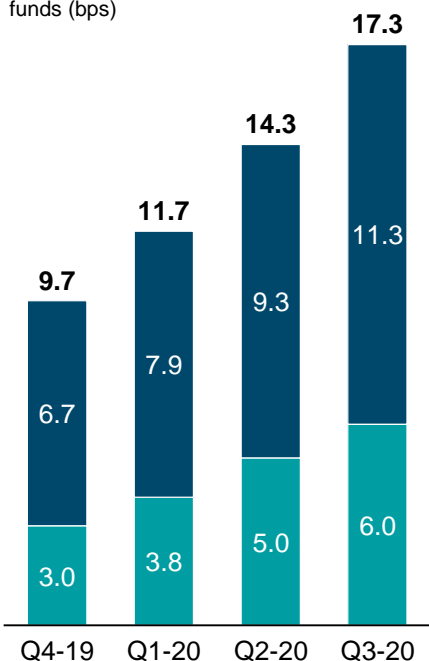


### CUMULATIVE FLOWS OF NEW FUNDS IN THE PERIOD FROM Q2 2018 ONWARDS (IN €BN)<sup>2</sup>

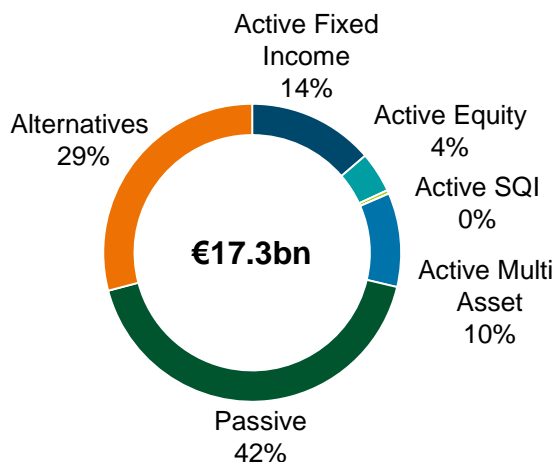
■ Non-ESG products ■ ESG products

Overall management fee margin of new funds (bps)

~39



### Cumulative flows by asset class



### Q4 2020 FUND LAUNCHES PIPELINE<sup>1</sup>

EXAMPLES

- DWS Invest II Euro Bonds Conservative **Fixed Income**
- DWS Invest Short Duration Income
- AL Global Dynamik **Multi-Asset**
- Xtrackers S&P 400 ESG ETF
- Xtrackers S&P 600 ESG ETF **Passive**
- Several Xtrackers MSCI and S&P Swap UCITS Funds

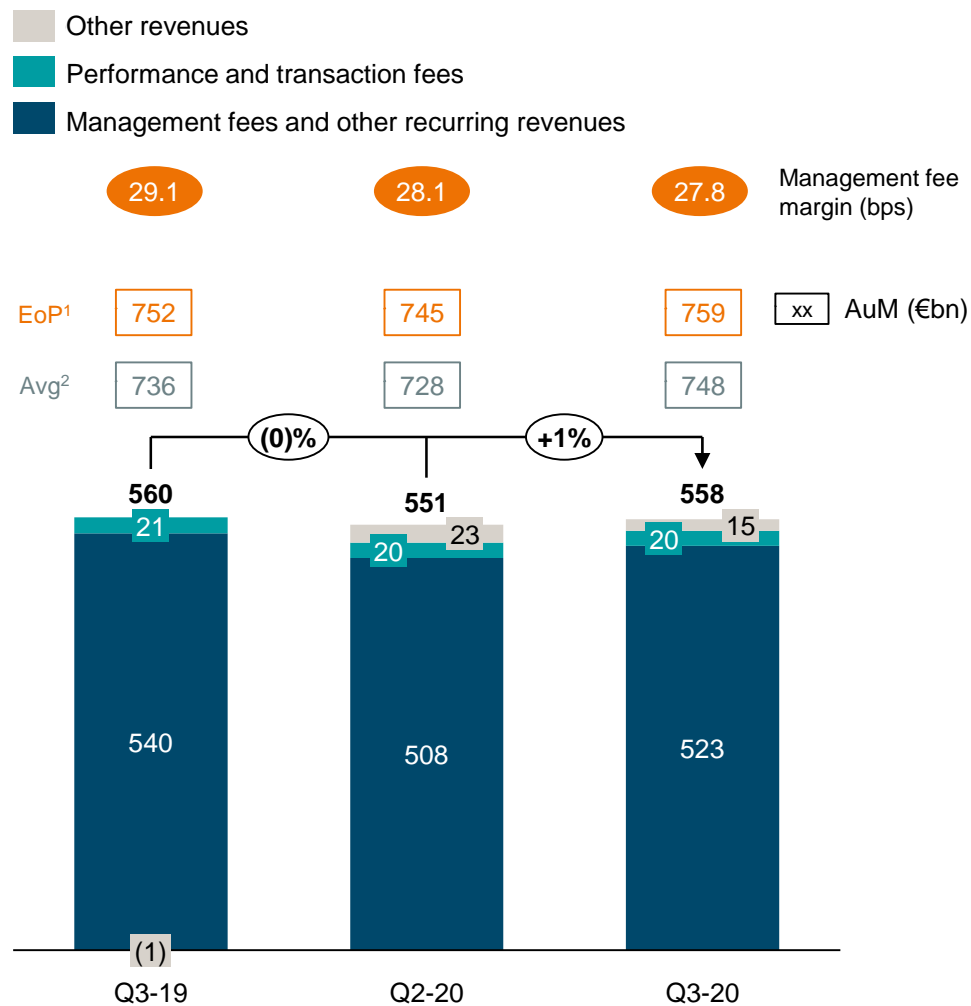
Note: Not all DWS products and services are offered in all jurisdictions and availability is subject to local regulatory restrictions and requirements

1 Subject to demand assessments, approvals and successful transaction execution 2 Excluded ESG converted funds



# REVENUE DEVELOPMENT

## ADJUSTED REVENUES (€M)



## Q3 HIGHLIGHTS

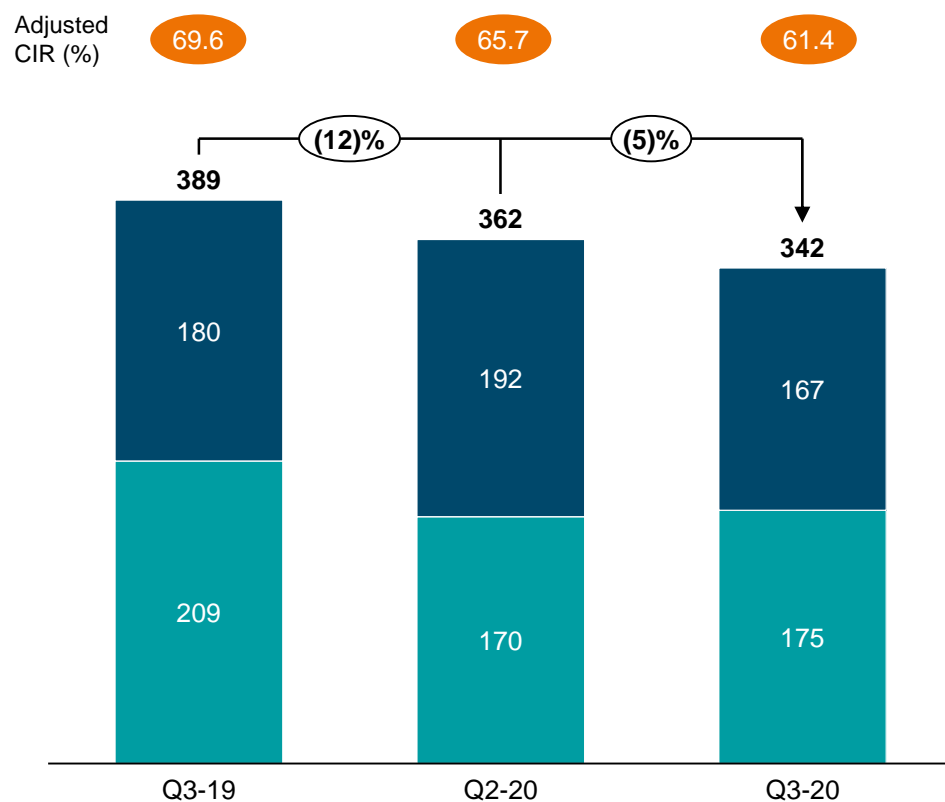
- Total adjusted revenues increased 1% q-o-q to €558m
- Management fees and other recurring revenues increased 3% q-o-q as a result of higher average AuM during the quarter
- Management fee margin slightly declined to 27.8bps mainly driven by asset class mix
- Harvest contributed €15m in Q3 and €46m YTD 2020 to Other revenues

1 End of period    2 Monthly average

# COST DEVELOPMENT

## ADJUSTED COSTS (€M)<sup>1</sup>

- Compensation & Benefits
- General & Administrative Expenses



## Q3 HIGHLIGHTS

- Total adjusted costs of €342m, down 5% compared to Q2
- Adjusted compensation & benefits were positively impacted by a decrease in value of formally granted deferred compensation as well as declining fixed compensation costs
- Adjusted general & administrative expenses slightly above prior quarter due to higher technology and volume related costs
- YTD 2020 adj. CIR at 64.3%

<sup>1</sup> Non-interest expenses adjusted for severance payments, restructuring activities and litigation

- Strong financial performance in Q3, with adj. profit before tax increasing by 14% q-o-q
- Efficiency gains as part of €150m cost initiatives firmly on track and delivery of YTD adj. CIR of 64.3%
- Positive flow momentum in Q3 supported by our diversified business model and intense client engagement, with strong ESG contribution

# OUTLOOK



## Initiating the next phase of our corporate journey towards standalone

### CONTINUE TO DELIVER...

**CONFIDENT WE WILL  
ACHIEVE OUR MEDIUM-  
TERM TARGETS AHEAD  
OF SCHEDULE**

- despite volatile markets and pandemic-induced environment

**COMMITTED TO  
SUSTAINING  
COMPETITIVE COST-  
INCOME-RATIO**

- at least at achieved levels

**MANAGE COVID-19  
ENVIRONMENT FOR  
CLIENTS AND STAFF**

### ... AND TRANSFORM TO CAPTURE FUTURE GROWTH OPPORTUNITIES

- Establish an AM-focused core platform and framework

- Enrich investment platform and processes with Artificial Intelligence

- Develop market-leading ESG product suite

- Invest in leadership position in growth areas and segments

- Assess new opportunities in APAC, especially in China



APPENDIX



# NEWLY ESTABLISHED PRODUCT DIVISION

SETUP ACROSS THE ENTIRE PRODUCT VALUE CHAIN ENSURES SUPERIOR PRODUCT QUALITY AND FASTER TIME-TO-MARKET



## POSITION OUR PRODUCT SUITE AS THE KEY DIFFERENTIATOR

- Product innovation an even stronger core component of DWS' DNA
- More proficient and agile delivery in our entire product value chain
- Speed up time-to-market and adapt to evolving active fund flows
- Stringently align product strategy with the investment and client strategy
- Accelerate focus on ESG criteria and client solutions

## PRODUCTS ARE PART OF DWS DNA

**2,339** TOTAL PRODUCTS  
Including institutional & retail funds

**30**<sup>1</sup> # OF NEW LAUNCHED FUNDS  
YTD 2020

thereof:  
**10** NEW ESG FUNDS  
YTD 2020

## 2020 EXTENDED PARTNERSHIPS

**arabesque**

*Joint development of innovative investment products and services that use the AI engine*  
– January 2020



*Strategic partnership to identify and develop private market opportunities*  
– July 2020

**EUROVITA**

*Strengthening opportunities in the unit-linked and life insurance business in Italy*  
– October 2020



*Continue their cooperation in fund sales and development of unit-linked insurance products*  
– September 2020

<sup>1</sup> Share class launches are not considered

## PROFIT & LOSS STATEMENT AND KEY PERFORMANCE INDICATORS (€M, UNLESS STATED OTHERWISE)

	Q3 2020	Q2 2020	Q3 2019	9M 2020	9M 2019	Q3 2020 vs Q2 2020	Q3 2020 vs Q3 2019	9M 2020 vs 9M 2019	
Profit & Loss	Management fees and other recurring revenues	523	508	540	1,584	1,585	3%	(3)%	(0)%
	Performance and transaction fees	20	20	21	57	97	(2)%	(5)%	(41)%
	Other revenues	15	23	(1)	(9)	19	N/M	N/M	N/M
	<b>Net revenues</b>	<b>558</b>	<b>551</b>	<b>560</b>	<b>1,632</b>	<b>1,702</b>	<b>1%</b>	<b>(0)%</b>	<b>(4)%</b>
	<i>Revenue adjustments</i>								
	<b>Adjusted revenues</b>	<b>558</b>	<b>551</b>	<b>560</b>	<b>1,632</b>	<b>1,702</b>	<b>1%</b>	<b>(0)%</b>	<b>(4)%</b>
	Compensation & Benefits	(170)	(200)	(185)	(535)	(596)	(15)%	(8)%	(10)%
	General & administrative expenses	(175)	(173)	(210)	(530)	(607)	1%	(16)%	(13)%
	Restructuring activities	0	(7)	(2)	(10)	(31)	N/M	(124)%	(68)%
	<b>Total noninterest expenses</b>	<b>(345)</b>	<b>(380)</b>	<b>(396)</b>	<b>(1,076)</b>	<b>(1,234)</b>	<b>(9)%</b>	<b>(13)%</b>	<b>(13)%</b>
	<i>Cost adjustments</i>	3	18	7	27	40			
	<b>Adjusted cost base</b>	<b>(342)</b>	<b>(362)</b>	<b>(389)</b>	<b>(1,049)</b>	<b>(1,194)</b>	<b>(5)%</b>	<b>(12)%</b>	<b>(12)%</b>
	<b>Profit before tax</b>	<b>213</b>	<b>171</b>	<b>163</b>	<b>556</b>	<b>468</b>	<b>24%</b>	<b>30%</b>	<b>19%</b>
<b>Adjusted profit before tax</b>	<b>215</b>	<b>189</b>	<b>170</b>	<b>583</b>	<b>508</b>	<b>14%</b>	<b>27%</b>	<b>15%</b>	
<b>Net income</b>	<b>151</b>	<b>122</b>	<b>116</b>	<b>394</b>	<b>330</b>	<b>25%</b>	<b>31%</b>	<b>19%</b>	
Other Key Performance Measures	<b>Reported CIR</b>	<b>61.9%</b>	<b>69.0%</b>	<b>70.8%</b>	<b>65.9%</b>	<b>72.5%</b>	<b>(7.1)ppt</b>	<b>(8.9)ppt</b>	<b>(6.6)ppt</b>
	<b>Adjusted CIR</b>	<b>61.4%</b>	<b>65.7%</b>	<b>69.6%</b>	<b>64.3%</b>	<b>70.1%</b>	<b>(4.4)ppt</b>	<b>(8.2)ppt</b>	<b>(5.9)ppt</b>
	FTE (#)	3,290	3,333	3,415	3,290	3,415	(1)%	(4)%	(4)%
	AuM (in €bn)	759	745	752	759	752	2%	1%	1%
	Net flows (in €bn)	10.5	8.7	6.2	16.7	12.9			
	Net flows (% of BoP AuM – annualized)	<b>5.6%</b>	<b>5.0%</b>	<b>3.4%</b>	<b>2.9%</b>	<b>2.6%</b>			
	Management fee margin (bps - annualized)	27.8	28.1	29.1	28.3	29.8			

# RECONCILIATION FROM IFRS TO ECONOMIC VIEW



## Q3 2020 BALANCE SHEET (€BN)

	IFRS consolidated	Consolidated Funds	DB Vita and pending	Economic View
Cash and bank balances	2.4			2.4
Financial assets at FVPL	2.9	1 1.2	2 0.5	1.1
Financial assets at OCI	0.2			0.2
Other investments	0.3			0.3
Property and equipment	0.2			0.2
Tax assets	0.2			0.2
Intangible assets	3.6			3.6
Other assets	1.0		3 0.4	0.6
<b>Total assets</b>	<b>10.8</b>	<b>1.2</b>	<b>0.9</b>	<b>8.6</b>
<b>Liabilities</b>				
Other short-term borrowings	0.1			0.1
Tax liabilities	0.3			0.3
Financial liabilities at FVPL	0.7		2 0.5	0.2
Other liabilities	2.7	1 1.2	3 0.4	1.1
<b>Total liabilities</b>	<b>3.8</b>	<b>1.2</b>	<b>0.9</b>	<b>1.6</b>
<b>Equity</b>	<b>7.0</b>			<b>7.0</b>
<b>Total liabilities and equities</b>	<b>10.8</b>	<b>1.2</b>	<b>0.9</b>	<b>8.6</b>

## HIGHLIGHTS

### €2.1bn adjustments comprise:

- 1 Consolidated Funds (€1.2bn)
  - DWS reports individual assets and liabilities of mainly guaranteed funds that it controls under IFRS
  - 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
- 2 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
- 3 Pending Items (€0.4bn)
  - Settlement balances driven by investments for institutional clients in DWS Investment S.A.

# HISTORICAL NET FLOWS AND AUM DEVELOPMENT



in € bn

Net flows by asset class	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Active Equity	(7.3)	(0.2)	(0.7)	(1.1)	0.3	(1.6)	1.7	1.0	(1.1)
Active Multi Asset	(3.8)	0.5	0.0	3.4	3.3	7.2	(0.7)	(0.6)	(1.2)
Active SQI <sup>1</sup>	0.2	(0.1)	(0.8)	(0.1)	2.5	1.5	(1.5)	(0.2)	(1.0)
Active Fixed Income	(16.5)	(1.6)	(3.7)	(1.3)	(1.2)	(7.8)	(5.1)	(4.4)	2.5
Active Cash	(3.2)	(4.9)	3.6	0.4	(1.6)	(2.5)	3.6	6.3	4.3
Passive	7.5	6.2	3.5	3.2	6.2	19.1	(2.0)	6.5	6.3
Alternatives	0.8	2.6	2.2	1.6	3.7	10.2	1.5	0.0	0.8
<b>DWS Group</b>	<b>(22.3)</b>	<b>2.5</b>	<b>4.2</b>	<b>6.2</b>	<b>13.2</b>	<b>26.1</b>	<b>(2.5)</b>	<b>8.7</b>	<b>10.5</b>

## Net flows by region

Americas	(21.3)	(0.1)	3.2	2.0	(1.6)	3.5	1.8	(2.5)	8.0
EMEA excl. GY	(1.5)	1.9	1.7	(0.7)	3.7	6.5	(2.0)	9.5	(2.1)
Germany (GY)	3.0	1.2	1.1	2.4	8.9	13.6	(0.9)	0.9	3.0
Asia Pacific	(2.6)	(0.4)	(1.9)	2.5	2.2	2.4	(1.2)	0.7	1.6
<b>DWS Group</b>	<b>(22.3)</b>	<b>2.5</b>	<b>4.2</b>	<b>6.2</b>	<b>13.2</b>	<b>26.1</b>	<b>(2.5)</b>	<b>8.7</b>	<b>10.5</b>

## Net flows by client channel

Retail	(9.5)	(0.8)	0.9	0.4	4.6	5.1	(0.4)	5.0	2.1
Institutional	(12.8)	3.3	3.3	5.8	8.6	21.0	(2.1)	3.7	8.5
<b>DWS Group</b>	<b>(22.3)</b>	<b>2.5</b>	<b>4.2</b>	<b>6.2</b>	<b>13.2</b>	<b>26.1</b>	<b>(2.5)</b>	<b>8.7</b>	<b>10.5</b>

<b>Total net flows</b>	<b>(22.3)</b>	<b>2.5</b>	<b>4.2</b>	<b>6.2</b>	<b>13.2</b>	<b>26.1</b>	<b>(2.5)</b>	<b>8.7</b>	<b>10.5</b>
FX impact	12.6	6.1	(4.6)	13.2	(7.9)	6.9	5.2	(6.9)	(12.6)
Performance	(28.0)	34.8	14.9	13.2	12.2	75.1	(66.0)	43.2	15.0
Other	0.2	(1.0)	0.4	0.1	(2.2)	(2.8)	(4.1)	(0.1)	1.5
<b>Total change in AuM</b>	<b>(37.5)</b>	<b>42.3</b>	<b>14.9</b>	<b>32.7</b>	<b>15.3</b>	<b>105.2</b>	<b>(67.4)</b>	<b>44.8</b>	<b>14.3</b>

AuM by asset class	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Active Equity	77	88	90	91	96	96	79	91	91
Active Multi Asset	46	49	50	54	58	58	53	55	55
Active SQI <sup>1</sup>	63	67	68	70	71	71	63	66	67
Active Fixed Income	227	233	232	240	234	234	217	219	221
Active Cash	58	54	57	59	57	57	64	69	71
Passive	112	130	136	145	156	156	133	154	161
Alternatives	79	85	88	93	96	96	91	92	92
<b>DWS Group</b>	<b>662</b>	<b>704</b>	<b>719</b>	<b>752</b>	<b>767</b>	<b>767</b>	<b>700</b>	<b>745</b>	<b>759</b>

## AuM by region

Americas	177	188	192	205	199	199	194	195	199
EMEA excl. GY	164	175	180	185	191	191	168	202	192
Germany (GY)	286	305	312	323	335	335	302	308	328
Asia Pacific	35	37	35	39	41	41	37	40	41
<b>DWS Group</b>	<b>662</b>	<b>704</b>	<b>719</b>	<b>752</b>	<b>767</b>	<b>767</b>	<b>700</b>	<b>745</b>	<b>759</b>

## AuM by client channel

Retail	291	311	317	328	335	335	292	319	325
Institutional	372	394	402	424	433	433	408	426	434
<b>DWS Group</b>	<b>662</b>	<b>704</b>	<b>719</b>	<b>752</b>	<b>767</b>	<b>767</b>	<b>700</b>	<b>745</b>	<b>759</b>

# Q3 2020 DETAILED INVESTMENT PERFORMANCE



<i>All figures in %<sup>1</sup></i>		1Y	3Y	5Y
Active Retail	Equity	74%	69%	66%
	Multi Asset <sup>2</sup>	0%	9%	9%
	SQI <sup>2</sup>	57%	71%	72%
	Fixed Income	57%	71%	96%
	Cash <sup>2</sup>	93%	100%	100%
	<b>Total</b>	<b>68%</b>	<b>71%</b>	<b>75%</b>
Active Institutional	Equity <sup>2</sup>	75%	65%	62%
	Multi Asset	35%	40%	54%
	SQI	72%	76%	82%
	Fixed Income	76%	77%	79%
	Cash <sup>2</sup>	45%	94%	100%
	<b>Total</b>	<b>72%</b>	<b>75%</b>	<b>77%</b>
Active Total	Equity	74%	68%	65%
	Multi Asset	30%	35%	46%
	SQI	69%	75%	81%
	Fixed Income	73%	76%	82%
	Cash	69%	97%	100%
	<b>Total</b>	<b>70%</b>	<b>73%</b>	<b>76%</b>
Alternatives	Direct Real Estate	83%	81%	85%
	Liquid Real Assets	86%	98%	91%
	Other Alternatives <sup>2</sup>	0%	45%	0%
	<b>Total</b>	<b>67%</b>	<b>78%</b>	<b>74%</b>
<b>Total DWS</b>	<b>70%</b>	<b>74%</b>	<b>76%</b>	

1 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 Sep 30, 2020 and Direct Real Estate and Other Alternatives as of Jun 30, 2020) 2 <10bn AuM with BM and hence ratios not representative



# CONTACT DETAILS



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# CAUTIONARY STATEMENTS



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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.

This document contains alternative performance measures (APMs). For a description of these APMs, please refer to the Q3 2020 Financial Data Supplement, which is accompanying this presentation and available at <https://group.dws.com/ir/reports-and-events/financial-results/>

Copies of the financial report are readily available upon request or can be downloaded from <https://group.dws.com/ir/reports-and-events>