

Tariff Disturbances: More uncertainty on trade and to what end?

S&P 500 corrects: What's the plan for the future of American international trade? Investors are nervous about tariffs. Nervous about how high and long they might go and last. But not just nervous about tariffs as a means, but increasingly uncertain as to what end. On Thursday last week, the S&P 500 closed at 5522 or 10.1% below its Feb. 19 record high of 6144. The first correction since the 2022 bear market upon Russia's aggression, a notable disturbance. The correction came as additional steel and aluminum tariffs took effect on March 12th with retaliatory tariffs by Canada announced and a general escalation of tit-for-tat rhetoric. Fighting with Canada put a spotlight on the question, "to what end or goal are tariffs being enacted?" We expected that tariffs would be used to achieve geopolitical goals and secure borders. And once some wrinkles were ironed out between friends, a unified North American free trade block would be a tool to sway the rest of the world toward shared democratic world order security goals.

Economic strength and security of allies as the main goal would boost confidence Business manager and consumer confidence are being hit hard by pending tariffs and some investors think that if these tariffs aren't deescalated soon that the economy could stall and the stock market fall further. We share some of this concern, as we are doubtful that the threat and rising use of tariffs by President Trump is going to deescalate in the near-term. However, we think that with greater clarity expressed that the main purpose of seeking fair and reciprocal free trade with our allies is to help ensure peace by further strengthening our allied economies and also managing access to our combined economies as deterrence to any challengers and an incentive to align. If this is the main objective and it is better communicated, we think investors will stay confident and the economy resilient through this transition and the transition will also be smoother and quicker, particularly with our friends north and south as well as those in Europe.

Dear Mr. President: America profits from free market resultant trade deficits

The trade deficit is measured based on the sales value of exports less imports. US imports more than exports, yet US exports are generally high margin and much more profitable products. This keeps US industries and workers at their highest and best paid use. When foreign nations earn net dollars from trade, often from heavily deploying their resources with only low returns to their capital and labor, their dollar earnings are usually invested in dollar assets. Most such capital account investments are in low returning Treasury bonds. In effect, many countries toil away and deplete their resources just to buy US government debt. Who's the winner and loser here? Well, it's not zero sum, as it brings relative improvement for all when free market based, but those that embrace free trade and foster innovative economies are the ones that stay on top. If we restrict trade and push our economy toward lower return on capital and worker pay industries, then inflation and slower real growth are likely. It might also drive up real interest rates as domestic capital is redirected and foreign savings from trade surpluses aren't recycled into the US. Thus, better ways exist to raise tax revenue or help prior manufacturing towns than tariffs. Dear Mr. President, please tear down all trade walls between our closest and most trusted allies.

DWS CIO Day Strategic Views: S&P 500 12-month target cut to 6300 from 6500

Our 12-month scenarios across global equity markets benchmarks are supported by DWS economic forecasts for decent US and global GDP growth in 2025 and 2026 and even an expected acceleration in Europe on greater fiscal spending. We forecast 10%+ global equity returns in local FX over the next 12-months, as some or the adverse or scare scenarios should be sorted out by "deal-making" a year from now; however, these "deals" and clarity in purpose would be welcome soon, because global consumer and investor confidence has started to deteriorate. Nevertheless, the global economy has remained surprisingly resilient during the past 15 years despite a lake full of black-swans-events (Euro-crisis, Brexit, Chinese housing-bubble, Covid, Ukraine, Israel-Gaza). This might justify optimism in healthy economic and profits growth despite the current trade disturbances. Our targets for March 2026 assign slightly lower multiples in US and Asia, while we lift the European PE by 0.5 to reflect improved GDP forecasts. Europe's latest commitments to defense, energy security and other infrastructure spending has an invest in peace purpose that equity investors cheer, but should also help bolster European business and consumer confidence despite higher government bond yields and a stronger Euro since.

S&P EPS 500 estimates trimmed: 2025E cut to \$270 from \$275, 2026E at \$295

We trim our S&P EPS estimates as we raise expected US imposed tariffs from about 5% in aggregate to 5-10% by yearend or between \$150-300bn annually. This is 0.5-1.0% of US GDP; which roughly about half could add to inflation and half subtract from real growth. Thus, we lower 2026E US GDP to 2.0% from 2.2% and see potential for slower growth in 2025 if tariffs climb quickly to \$300bn and are simultaneously in effect on Canada, Mexico, China and Europe. The cut to our S&P EPS outlook is small because it affects mostly goods manufacturers and retailers, whereas most S&P EPS stems from Tech/digital firms, Financials and Health Care. We cut S&P EPS by \$1.50 at Industrials, \$1.50 at Energy/Materials, \$1 at Consumer Discretionary and slightly at Tech and Health Care. Estimate changes net of final 2024 results and outlooks. Inside, we include our latest S&P EPS and valuation models, but also many of our EPS quality charts. Overall non-GAAP 2024 S&P EPS quality is in-line with history, but we note inappropriate addbacks of stock option expense and questionable addbacks of amortization expense.

S&P 500 likely volatile, but add slowly, favor Health Care, Financials, mega-caps

Contributor: Ju Wang, Equity Portfolio Manager

Global Equity Index Forecasts: 12-months			
Index	Mar 2026F	NTM EPS Growth	Target PE
S&P 500	6,300	10.4%	22.6
EuroStoxx 50	5,600	6.5%	15.0
Stoxx 600	570	5.9%	14.9
MSCI Japan	1,780	7.0%	15.1
MSCI Asia xJ	770	11.0%	14.1
MSCI EM	1,200	11.0%	13.3

S&P 500 Outlook at Yearend			
	2024	2025E	2026E
S&P 500	5882	6250	6600
Dividend Yield	1.28%	1.30%	1.40%
S&P EPS	\$245	\$270	\$295
Trailing PE	24.0	23.1	22.4
DPS	\$75	\$84	\$90

Next 5%+ Price Move
(Up / **Balanced Risk** / Down)

Taxable U.S. Investor Asset Allocations		
Asset Class	Long-term	Current
Fixed Income/cash	31.5%	30%
Equities	58.5%	58.5%
US Equities	41%	41%
S&P 500	37%	37%
Small Caps	4%	4%
Foreign DM	12.5%	12.5%
Foreign EM	5%	5%
Alternatives	10%	11.5%

Key CIO Views		
Macro signal:	Mar 2025	Mar 2026F
U.S. Fed Funds rate	4.25%-4.50%	3.75%-4.00%
10yr Treasury yield	4.30%	4.50%
US IG Corp Spreads	95bp	90bp
US High Yield Spreads	285bp	325bp
Crude Oil (WTI) \$/bbl	67	69
EUR / USD FX rate	1.08	1.15

GDP Forecasts			
Region	2024	2025F	2026F
US	2.8%	2.0%	2.0%
World	3.2%	3.2%	3.1%
Euro area	0.7%	1.0%	1.5%
China	5.0%	4.5%	4.0%
Japan	0.1%	1.2%	0.7%

* 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 3/17/2025 and may not come to pass. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. All foreign asset exposures are not FX hedged unless otherwise noted. For illustrative purposes only. Past performance may not be indicative of future results. Diversification neither assures a profit nor guarantees against loss. Forecasts are not a reliable indicator of future returns.



S&P 500 Sector and Industry views

	Market	Allocated	Sector	2024	2025	Overweight	2024	2025	Equal weight	2024	2025	Underweight	2024	2025
Over-weight	10.3%	15.1%	Health Care	20.0	18.1	Biotechnology	23.9	19.3	Health Care Providers & Services	15.5	14.1	Life Sciences Tools & Services	25.1	24.2
						Health Care Equipment & Supplies	26.6	24.4						
						Pharmaceuticals	17.7	16.3						
	14.0%	16.8%	Financials	17.6	16.9	Banks	12.6	12.1	Capital Markets	19.6	18.0	Consumer Finance	13.7	13.9
						Insurance	16.0	15.4	Financial Services	26.1	25.3			
Under-weight	2.3%	3.5%	Utilities	18.7	17.3	Electric Utilities	18.6	17.2	Gas Utilities	21.3	19.3			
						Multi-Utilities	19.8	18.4	Independent Power & Renewable E	13.5	12.5			
									Water Utilities	27.8	25.3			
	3.2%	4.1%	Energy	16.0	16.0	Energy Equipment & Services	12.6	11.9	Oil Gas & Consumable Fuels	16.3	16.4			
	9.8%	10.9%	Communication Services	21.5	18.8	Entertainment	67.8	31.4	Wireless Telecommunication Servi	27.4	24.3	Diversified Telecommunication Servi	10.6	10.7
Under-weight						Interactive Media & Services	22.8	20.3				Media	9.7	9.3
	5.7%	5.4%	Consumer Staples	23.0	22.6	Beverages	20.6	20.0	Consumer Staples Distribution & R	30.6	30.6	Tobacco	17.9	17.0
									Household Products	24.5	23.6	Food Products	14.8	15.2
									Personal Care Products	22.3	16.0			
	2.0%	1.5%	Materials	21.6	21.7				Chemicals	23.8	23.1	Containers & Packaging	22.2	21.9
Under-weight									Construction Materials	20.1	26.2			
									Metals & Mining	15.2	16.0			
	8.2%	8.1%	Industrials	24.5	22.5	Aerospace & Defense	45.4	27.9	Air Freight & Logistics	15.2	14.5	Building Products	22.6	22.2
						Electrical Equipment	30.4	26.0	Construction & Engineering	29.2	25.3	Commercial Services & Supplies	36.1	33.9
									Industrial Conglomerates	21.2	21.2	Ground Transportation	18.6	21.3
Under-weight									Machinery	19.2	19.6	Professional Services	28.7	26.5
									Passenger Airlines	9.8	8.8	Trading Companies & Distributors	22.4	22.1
	2.1%	1.3%	Real Estate	18.1	17.9				Hotel & Resort REITs	7.6	7.6	Health Care REITs	19.2	18.1
									Industrial REITs	20.6	20.2	Residential REITs	18.0	17.8
									Office REITs	9.5	10.5	Retail REITs	12.1	12.2
Under-weight									Real Estate Mgmt. & Development	39.2	35.3			
									Specialized REITs	19.3	19.3			
	31.5%	27.4%	Information Technology	31.0	25.7	Software	31.6	27.8	Technology Hardware Storage & P	29.5	26.2	Communications Equipment	19.0	17.9
						IT Services	24.0	22.6				Electronic Equipment	23.2	20.6
												Semiconductors	35.1	25.3
Under-weight	10.9%	6.0%	Consumer Discretionary	26.6	25.6	Automobile Components	9.2	8.9	Broadline Retail	34.1	30.7	Automobiles	30.8	31.8
									Distributors	16.5	17.2	Hotels Restaurants & Leisure	25.7	23.4
			Automobiles	30.9	31.8				Household Durables	11.0	12.3	Specialty Retail	23.0	22.6
			Broadline Retail	33.4	30.0				Leisure Products	14.9	15.5			
			CD ex Auto & Broadline Retail	22.0	21.5				Textiles Apparel & Luxury Goods	21.7	22.5			
Aggregate PE: DWS View						Overweight	22.4	20.0	Equalweight	22.1	21.1	Underweight	25.1	22.3
S&P 500									2024 & 2025 EPS	245.00	270.00	2024 & 2025 PE	23.0	20.9
									Bottom-up Consensus EPS	245.21	271.46	Bottom-up Cons. PE	23.0	20.8
												2024 & 2025 Ex Energy PE	23.4	21.2
												Btm-up Cons. Ex Energy PE	23.6	21.2

Sector OW	10.67%
Sector UW	-10.67%
Industry OW	17.70%
Industry UW	-17.70%
Beta	0.90
Tracking Error	275bp

Macro tilts:	
Great 8	-2.35%
Tech + Communications	-2.44%
Cyclicals (ex. Tech/Comm)	-2.44%
Non-Cyclicals	4.84%
Value (Financial+Energy)	3.78%
Growth Industries	5.34%
Growth ex Health Care	0.30%
Consumer	-5.14%
Services/Experience	-1.39%
Disc. Goods/Retail	-1.47%
Durable Goods	-2.01%
Staples Goods/Retail	0.05%
Commodity	-0.35%
Energy Ex. Services	-0.17%
Metals/Chemicals	-0.18%
Capex	5.46%
Capacity additions	2.27%
Productivity	3.19%
Health Care	5.04%
Medicine	3.50%
Devices/Equip./Tools	1.72%
Insurers/Facilities	-0.18%
Financials	3.02%
Bond Substitutes	-1.84%
Weak FX \$ plays	-0.11%
High R&D plays	5.85%
Transports	-0.69%
Geopolitical risk	1.10%
Weak oil prices	-0.47%
Inflation shock	-0.21%
Stagflation protection	2.05%
Trade sensitive	0.12%
Domestic GDP	0.31%
Global GDP	-0.33%

More details on sector earnings forecast and sector intrinsic valuation can be found towards the back of this note.

Price as of 3/14/2025

Great 8: AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA

Source: DWS Investment Management GmbH. Past performance may not be indicative of future results. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

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

Overview of Strategic 12-Month Forecasts

Fixed Income

		Strategic Forecast Nov-24	Current level	12m forwards	Strategic Forecast Mar-25	Forecast change	Expected 12m Total Return	10yr Total Return (p.a.) ⁴
	Market Index	Target Dec-25	12-Mar-25	12-Mar-25	Target Mar-26			
Forecasts - US								
UST 2yr	US 2y yield	4.20%	3.99%	3.94%	3.95%	↘	3.99%	4.19%
UST 10yr	US 10y yield	4.50%	4.31%	4.41%	4.50%	→	3.44%	4.96%
UST 30yr	US 30y yield	4.65%	4.63%	4.66%	4.70%	↗	3.79%	5.16%
Municipals	Taxable Muni Index OAS	70	71		70	→	2.40%	3.94%
US IG Corp	BarCap US Credit	85 bp	89 bp		90 bp	↗	4.29%	5.14%
US HY (1)	Bardays US HY	325 bp	313 bp		325 bp	→	6.01%	5.91%
Securitized / MBS	MBS Index OAS	120 bp	137 bp		125 bp	↗	4.27%	4.84%
Forecasts - Europe								
Schatz 2yr	GER 2y yield	175%	2.23%	2.33%	2.25%	↗	2.32%	194%
Bund 10yr	GER 10y yield	2.20%	2.88%	3.00%	2.90%	↗	3.16%	2.46%
Bund 30yr	GER 30y yield	2.50%	3.17%	3.22%	3.40%	↗	-0.85%	3.23%
Gilt 10yr	UK 10y yield	4.00%	4.72%	4.81%	4.00%	→	14.20%	4.81%
EUR IG Corp	ICE BofA Bond Index	95 bp	84 bp		80 bp	↘	3.81%	3.20%
EUR HY (1)	M L EUR Non-Fin HY Constr. Index	400 bp	316 bp		360 bp	↘	3.93%	4.56%
Securitized / Covered	iBoxx Covered	45 bp	44 bp		45 bp	→	3.24%	2.82%
Italy 10yr (3)	GTITL 10Y Corp - GTDEM 10Y Corp	150 bp	111 bp	120 bp	110 bp	↘	4.36%	n/a
Forecasts - AsiaPac								
JGB 2yr	JPN 2y yield	0.80%	0.85%	1.05%	1.20%	↗	0.71%	0.74%
JGB 10yr	JPN 10y yield	1.40%	1.52%	1.70%	1.70%	↗	0.53%	0.83%
Asia Credit	JACI Index	125 bp	133 bp		125 bp	→	5.84%	-
Forecasts - Global								
EUR vs USD	EUR/USD	102	109		1.15	↗	3.72%	-
USD vs JPY	USD/JPY	145	148		140	↘	-2.21%	-
EUR vs JPY	EUR/JPY	148	161		161	↗	1.21%	-
EUR vs GBP	EUR/GBP	0.82	0.84		0.83	↗	-3.23%	-
GBP vs USD	GBP/USD	1.25	1.30		1.38	↗	6.62%	-
USD vs CNY	USD/CNY	7.45	7.2		7.45	→	4.51%	-
EM Sovereign (1)	EM BIG Div.	360 bp	330 bp		350 bp	↘	5.30%	

Benchmark Rates

		Strategic Forecast Nov-24	Current Level	Strategic Forecast Mar-25	Forecast change	Expected 12m Total Return	10yr Total Return (p.a.) ⁴
	Market Index	Target Dec-25	12-Mar-25	Target Mar-26			
Forecasts – Benchmark rates							
United States	Federal funds rate	3.75-4.00	4.25-4.50	3.75-4.00	→		
Eurozone	Deposit rate	2.00	2.50	2.25	↗		
United Kingdom	Repo rate	3.00	4.50	3.75	↗		
Japan	O/N Call Rate	1.00	0.50	1.25	↗		
China	1year lending rate	2.75	3.10	2.60	↘		

Equities

Forecasts – Equity							
US	S&P 500	6,500	5,599	6,300	↘	14.11%	5.90%
Germany	DAX	20,500	22,676	24,000	↗	5.84%	4.83%
Eurozone	Eurostoxx 50	4,950	5,359	5,600	↗	7.79%	5.48%
Europe	Stoxx 600	525	541	570	↗	8.81%	6.50%
Japan	MSCI Japan	1,770	1,649	1,780	↗	10.53%	4.42%
SMI	SMI	12,050	12,868	13,350	↗	6.84%	6.76%
UK	FTSE 100	8,150	8,541	8,800	↗	6.93%	8.05%
Emerging Markets	MSCI EM	1,150	1,111	1,200	↗	11.20%	7.14%
Asia ex Japan	MSCI AC Asia ex Japan	750	725	770	↗	9.13%	7.29%
Australia	MSCI Australia	1,650	1,552	1,650	→	10.10%	7.79%

Alternatives

Forecasts – Commodities							
Gold - Spot	Gold Spot	2,800	2,935	3,250	↗	-	n/a
Gold - Futures	Gold 12m Futures	-	3,081	-	-	5.50%	0.61%
Oil - Spot ²	Brent Spot	69	71	69	→	-	n/a
Oil - Futures ²	Brent 12m Futures	-	68	-	-	2.07%	8.67%
Carbon	Carbon 12m Futures	75	68	85	↗	24.62%	
Real Estate & Infrastructure							
Listed US RE (LC)						8.50%	5.08%
Non-Listed US RE (LC)						6.00%	4.71%
Listed Global RE (LC)						8.00%	4.66%
Non-Listed European RE (LC)						7.00%	4.25%
Non-Listed APAC RE (LC)						5.00%	4.05%
Non-Listed Global RE (LC)						6.30%	4.40%
Listed Infrastructure (LC)						8.50%	7.08%
Non-Listed Infrastructure (LC)						11.00%	13.59%

¹US HY default rate: 2.25%, 40% recovery, CCC average price of 80 used (instead of par); EUR HY default rate: 3.00%, 50% recovery; EM Sov default rate 0%, 50% recovery; // ²Oil-Futures used to calculate expected TR; forecasts are made on Brent-Spot // ³Total return. Excess return for Italy 10yr is -0.60% // ⁴LTCA forecasts for Gold and Oil based on futures

Source: Factset, DWS Investment GmbH as of March 2025. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

DWS Global Macro Forecasts

GDP Growth Rate

% year-on-year average

	2024A	2025F	2026F	Consensus 2025 (BBG)
World	3.2	3.2	3.1	2.9
U.S.*	2.8	2.0 (2.0)	2.0 (2.2)	2.3 (1.9)
EUZ	0.7	1.0 (0.9)	1.5 (1.0)	0.9
GER	-0.20	0.4 (0.6)	1.6 (0.9)	0.3
UK	0.9	0.9 (1.2)	1.4 (1.1)	1.1
Japan	0.1 (-0.1)	1.2	0.7	1.2
China	5.0	4.5(4.2)	4.0 (4.0)	4.5

Unemployment Rate (Annual average)

%

	2024A	2025F	2026F	Consensus 2025 (BBG)
U.S. (EOP)	4.0	4.2	4.2	4.2
EUZ	6.4	6.3	6.3	6.4
GER	6.0	6.1	5.8	6.3
UK	4.3	4.4	4.4	4.5
Japan	2.5	2.4	2.4	2.4
China***	5.2	5.0	5.0	5.1

Inflation (CPI)

% year-on-year average

	2024A	2025F	2026F	Consensus 2025 (BBG)
World				3.8
U.S.**	3.0	2.6 (2.5)	2.4	2.8 (2.3)
EUZ	2.4 (2.3)	2.3	2.3	2.1
GER	2.3 (2.5)	2.6	2.6	2.3
UK	2.5	3.1 (2.5)	2.3	2.7
Japan	2.5	2.6 (2.0)	2.0(1.8)	2.4
China	0.5	0.5 (1.3)	1.4	0.7

Fiscal Balance

% of GDP

	2024A	2025F	2026F	Consensus 2025 (BBG)
U.S.	-6.9	-6.8	-6.5	-6.5
EUZ	-2.8	-3.4 (-3.0)	-4.0 (-3.0)	-3.0
GER	-2.7	-2.5	-3.7 (-2.5)	-2.0
UK	-4.4 (-4.5)	-3.8 (-3.7)	-4.1 (-3.5)	-3.7
Japan	-4.6 (-6.0)	-3.5 (-4.0)	-3.0	-3.6
China****	-7.4	-6.9	-7.7	-5.5

Source: DWS Macro Research. (*) For the U.S., GDP growth Q4/Q4 % is 2.2% in 2025 and 1.7% in 2026, (**) Measure is average CPI, other measures for the US see in the respective part of the presentation, (***) Urban unemployment rate (end of period), not comparable to consensus data, (****) China fiscal deficit refers to IMF general public sector deficit, it's not comparable with the consensus. As of March 5, 2025. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

Market Review

The world is in flux. Fiscal budgets are moving from welfare to warfare, international relations from cooperation to confrontation, and the transatlantic relationship from shared values towards the pursuit of national interests. Puzzled by the incoming news equity investors have started to rebalance their portfolios, reducing risk positions where they have accumulated the highest profits. The increased uncertainty has hit the most expensive market segments most - US equities and global growth stocks.

Base-case Outlook March 2026

Admittedly, we struggle to derive a high-conviction base case scenario. In our assumptions we exclude geopolitical escalation and policy errors (e.g. German overspending or US over-protecting and rising inflation). Our 12-month equity scenario is supported by DWS economic forecasts, which predict US GDP growth of 2.0% in 2025/26 and even an acceleration in Europe due to expected rise in fiscal spending.

We forecast approx. +13% equity returns for global equities in local fx over the coming 12-months:

- Some of the scare scenarios might be sorted out by “deal-making” over the coming twelve months; however, these “deals” would have to come rapidly, because global consumer and investor confidence has already started to deteriorate.
- We assume that a “Trump put” exists: the new US administration maintains a positive US equity market performance as KPI. This should help to self-limit potential damage.
- Our bottom-up analysis predicts **robust EPS growth** for the next 12 months across regions: Double-digit in the US, Germany and EM; mid-to high single digit elsewhere. We highlight the rising share of structural growth within S&P 500 earnings from tech and health care and the falling share cyclical components.
- The global **economy has remained surprisingly resilient** during the past 15 years despite a lake full of black-swans-events (Euro-crisis, Brexit, Chinese housing-bubble, Covid, Ukraine, Israel-Gaza). This might justify some mid-term optimism despite the current uncertainties.

Our updated equity targets for March 2026 assume growing earnings with EPS forecasts for 25 & 26 broadly unchanged lowered since last CIO Day. We assume, slightly lower multiples in US and Asia, while we lift the European PE by 0.5x reflecting our improved GDP forecasts.

March 2026 Targets: S&P: 6300 / Stoxx: 570 / DAX40 24000 / EM 1200

- We like a global equity portfolio, diversified across regions, styles and sectors
- Magnificent 7 (AAPL, AMZN, GOOG/GOOGL, META, MSFT, NVDA, TSLA) market dominance should have come to an end
- Overweight European banks for EPS upgrades
- Overweight European Small and Mid-caps for cyclical European exposure
- Overweight Chinese equities within EM due to tech EPS upgrades and stabilizing macro indicators
- Overweight Global Health Care as preferred defensive sector

Index	3M relative View	Current Level	Previous Target CIO Day	Target Mar 26	Chg in Target	Expected Total Return Mar 26	thereof			Assumptions			
		14/03/2025		(rounded)			EPS gro wth NTM*	LTM multiple impact	Dividend Yield	EPS NTM* (e)	EPS NTM DWS vs. Cons.	Target LTM P/E in Mar 26	Target PE discount to US
S&P 500		5,522	6,500	6,300	-3%	15.8%	USD 10.4%	3%	1.7%	278	-1.1%	22.6x	
Stoxx 600		543	550	570	4%	8.5%	EUR 6.3%	-1%	3.5%	38.4	-3.6%	14.8x	-35%
EuroStoxx 50		5,364	5,350	5,600	5%	7.7%	EUR 6.5%	-2%	3.3%	373	-1.3%	15.0x	-34%
DAX40		22,656	22,500	24,000	7%	5.9%	EUR 14.3%	-10%	2.9%	1508	-3.4%	15.5x	-32%
SMI		12,818	12,650	13,350	6%	7.3%	CHF 9.3%	-5%	3.2%	754	-1.6%	17.7x	-22%
FTSE 100		8,575	8,500	8,750	3%	5.9%	GBP 4.5%	-2%	3.9%		-2.1%	12.3x	-46%
MSCI EM		1,116	1,200	1,200	0%	10.8%	USD 11.0%	-3%	3.2%	90.1	-2.1%	13.3x	-41%
MSCI AC Asia xJ		726	770	770	0%	9.0%	USD 11.0%	-4%	2.9%	54.7	-2.3%	14.1x	-38%
MSCI Japan		1,661	1,770	1,780	1%	9.7%	YEN 7.0%	0%	2.6%	117.6	-3.4%	15.2x	-33%
MSCI Australia		1,547	1,650	1,600	-3%	7.4%	AUD 2.5%	2%	3.9%	90.7	-1.1%	17.9x	-21%

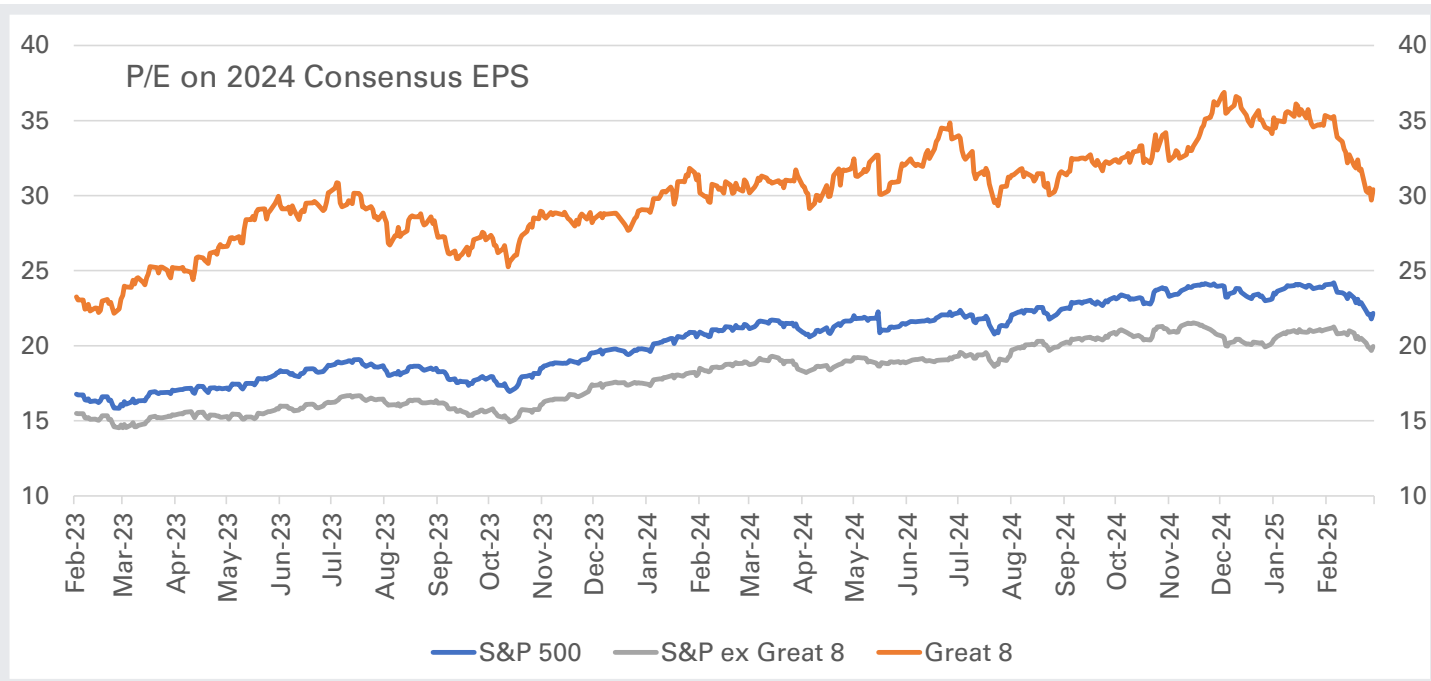
Downgrading Consumer Discretionary to neutral as global trade war risks souring consumer sentiment further.

Source: DWS Investment Management GmbH as of 3/14/2025. Past performance is not a guarantee of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index. Diversification neither assures a profit nor guarantees against loss.

Risks

The radical changes in US policies could be dramatic with strong negative impacts on the global economy. The looming tariffs risk the unwinding of wealth effects that have been created by the global division of labor over the past decades. This is nowhere more apparent than in North America, where supply chains in Mexico, Canada and the USA are highly intertwined. We fear that tariffs are inflationary and could rapidly hurt consumer as well as corporate investment sentiment which could eventually lead the global economy into recession. Elevated VIX levels and dropping 10y US bond-yields would probably be the most pro visible precursors to such a path.

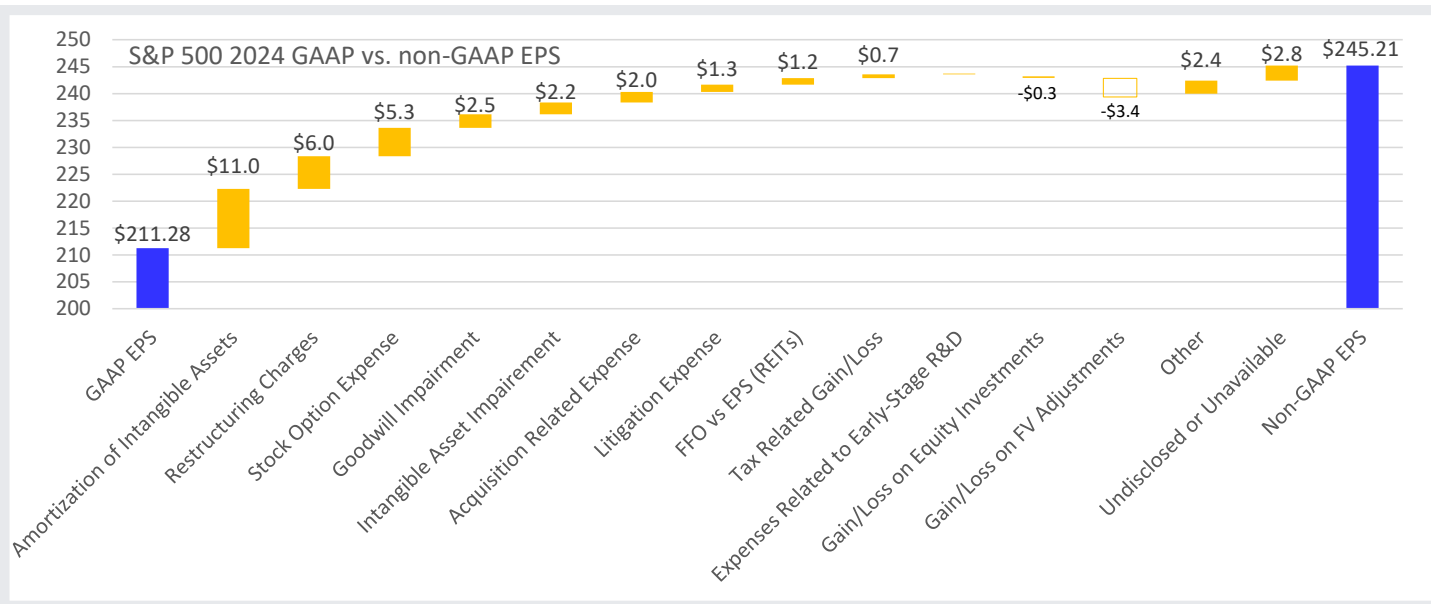
PE of the Great 8 and the rest of S&P 500



Great 8: AAPL, AMZN, GOOG/GOOGL, META, MSFT, NFLX, NVDA, TSLA

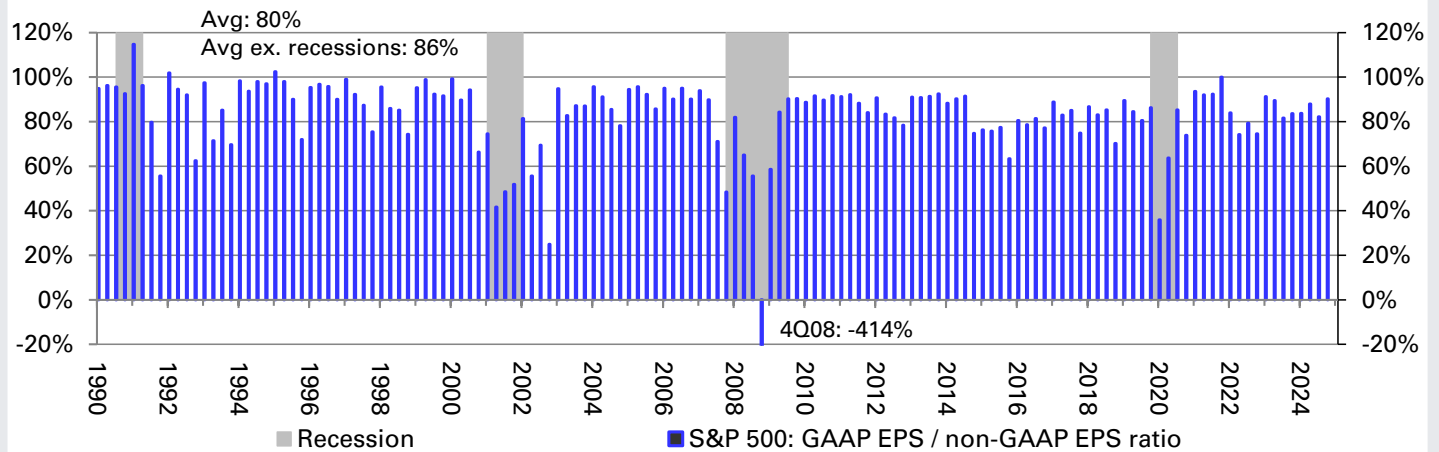
Source: Factset, DWS Investment GmbH as of 3/14/2025. Past performance may not be indicative of future results. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

S&P 500 GAAP vs. non-GAAP 2024 EPS



Source: Factset, DWS Investment GmbH as of 3/14/2025. Past performance may not be indicative of future results.

S&P 500 GAAP / non-GAAP EPS ratio (quarterly EPS)



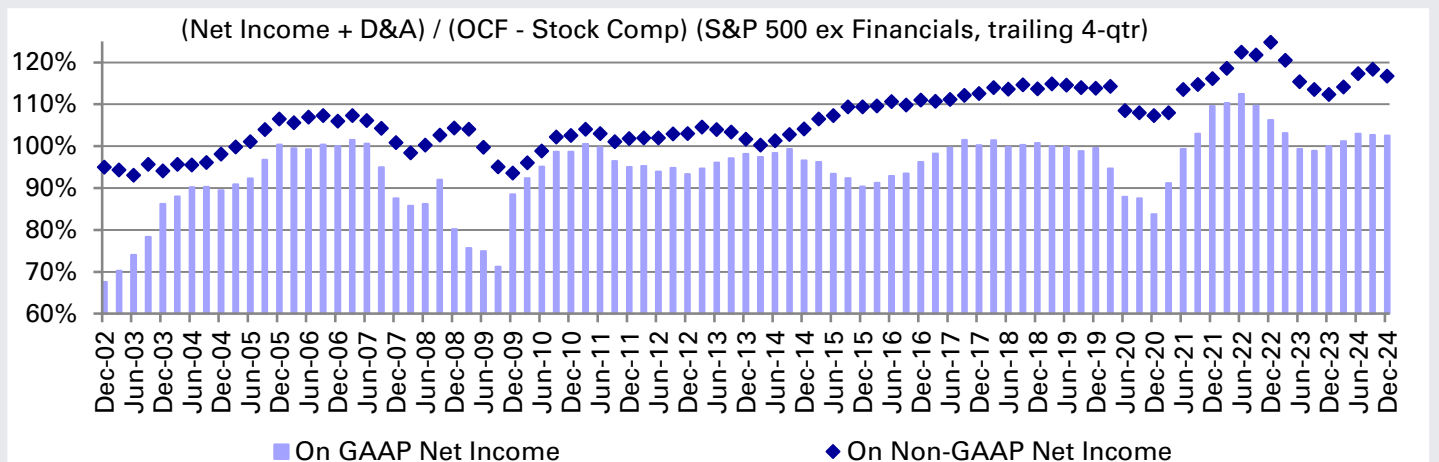
Source: S&P, IBES, Haver, DWS Investment GmbH as of 4Q2024. Past performance may not be indicative of future results.

S&P 500 GAAP vs. non-GAAP 2024 EPS by sector

(\$bn)	Restructuring Charges	Acquisition Related Expense	Amortization of Intangible Assets	Intangible Asset Impairment	Goodwill Impairment	Gain/Loss on FV Adjustments	Litigation Expense	Stock Option Expense	Gain/Loss on Equity Investments	Expenses Related to Early-Stage R&D	Tax Related Gain/Loss	FFO vs EPS (REITs)	Undisclosed or Unavailable
Cons Disc	8.3	0.0	0.9	0.2	1.0	0.1	0.0	1.1	-0.2	0.0	-0.8	0	1.9
Staples	3.9	-0.5	2.2	2.4	14.7	3.6	0.8	0.0	0.0	0.0	-1.5	0	-4.9
Energy	1.5	1.3	0.0	0.2	0.0	-0.3	0.6	0.9	0.0	0.0	-1.0	0	1.2
Financials	0.7	0.8	4.5	0.0	0.1	-34.5	0.7	0.5	0.0	0.0	2.5	0	5.7
Health Care	9.1	10.5	46.7	10.2	3.8	4.2	7.4	3.3	-0.6	1.2	-2.0	0	1.9
Industrials	3.8	-1.1	9.5	0.2	0.3	0.3	0.8	0.5	-0.4	0.0	2.2	0	2.0
Tech	12.2	3.2	23.0	0.0	0.3	-0.1	0.1	37.1	-1.5	0.0	8.4	0	8.9
Materials	3.3	1.3	0.6	0.0	0.1	0.4	0.2	0.0	0.0	0.0	0.0	0	0.6
Real Estate	0.3	0.3	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	10.2	0.1
Communication	6.4	0.0	2.9	5.1	-0.2	0.0	0.2	0.0	0.0	0.0	-2.1	0	0.1
Utilities	0.2	0.4	0.0	0.0	0.4	-1.7	0.3	0.1	0.0	0.0	-0.2	0	2.4
S&P 500	49.6	16.1	90.5	18.2	20.5	-27.9	10.9	43.5	-2.7	1.2	5.4	10.2	19.9

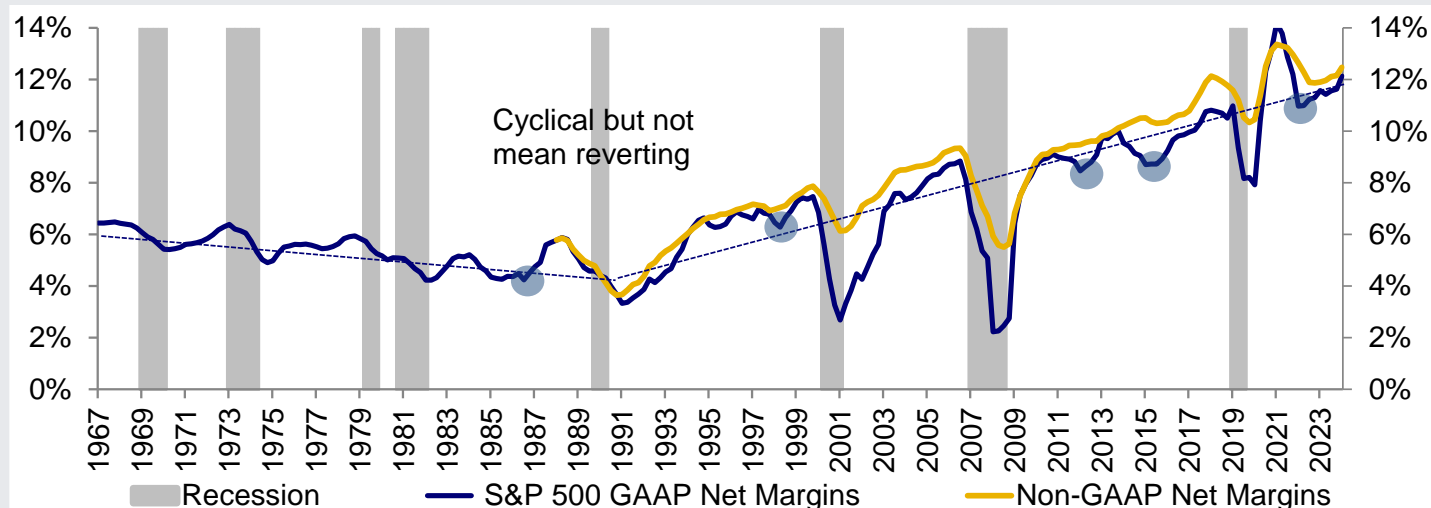
Source: Factset, DWS Investment GmbH as of 3/14/2025. Past performance may not be indicative of future results.

S&P 500 ex Financials: (Net Income + D&A) / (OCF - Stock Compensation)



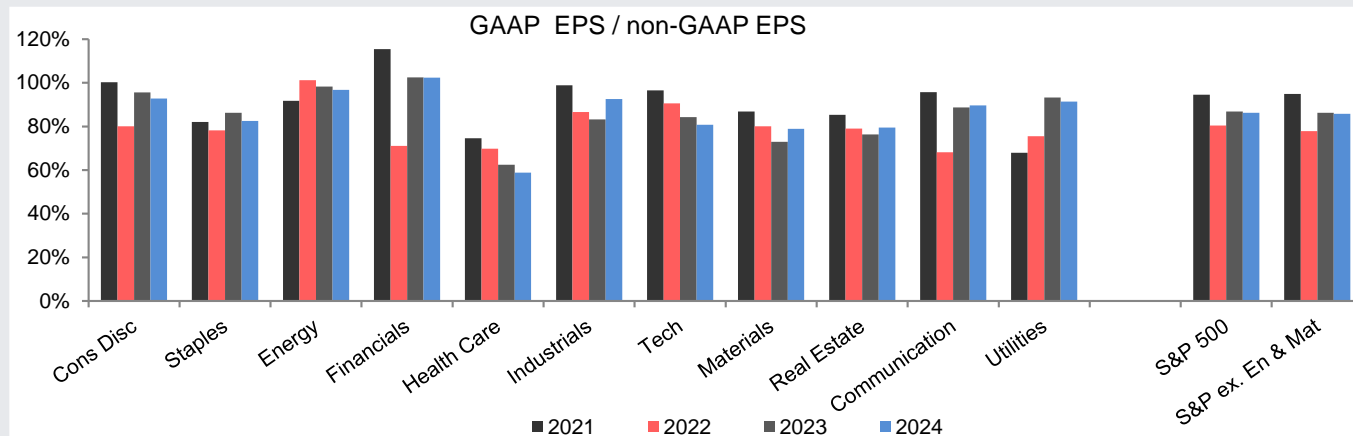
Source: Clarifi, DWS Investment GmbH as of 4Q2024. Past performance may not be indicative of future results.

S&P 500 net margin is cyclical, but not mean reverting (trailing 4-qtr net margins)



Source: IBES, Factset, Clarifi, DWS Investment GmbH as of 4Q2024. Past performance may not be indicative of future results.

GAAP / non-GAAP EPS ratio of S&P 500 by sector (based on current S&P 500 constituents)



Source: IBES, Factset, DWS Investment GmbH as of 4Q2024. Past performance may not be indicative of future results.

GAAP / non-GAAP EPS ratio of S&P 500 by sector (based on current S&P 500 constituents)

	2011-2024														2011-2024	2011-2024
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Avg	Negatives
Cons Disc	124%	88%	104%	82%	97%	97%	98%	90%	91%	73%	100%	80%	96%	93%	94%	94%
Staples	92%	92%	91%	87%	86%	102%	90%	76%	76%	89%	82%	78%	86%	82%	87%	87%
Energy	75%	96%	111%	88%	137%	-127%	61%	93%	47%	-2836%	92%	101%	98%	97%	-151%	91%
Financials	102%	91%	89%	96%	99%	95%	95%	88%	116%	96%	115%	71%	103%	102%	97%	97%
Health Care	76%	74%	78%	67%	67%	72%	76%	64%	72%	53%	75%	70%	62%	59%	70%	70%
Industrials	97%	90%	110%	86%	93%	85%	94%	91%	91%	57%	99%	87%	83%	93%	89%	89%
Tech	90%	88%	81%	90%	85%	80%	89%	96%	96%	93%	97%	91%	84%	81%	89%	89%
Materials	95%	86%	116%	62%	65%	76%	70%	73%	66%	80%	87%	80%	73%	79%	79%	79%
Real Estate	52%	61%	61%	58%	65%	65%	79%	82%	90%	78%	85%	79%	76%	79%	72%	72%
Communication	-74%	-42%	105%	73%	89%	84%	85%	88%	84%	69%	96%	68%	89%	90%	63%	85%
Utilities	93%	82%	73%	66%	74%	126%	97%	66%	78%	62%	68%	76%	93%	91%	81%	81%
S&P 500	80%	79%	92%	83%	88%	85%	88%	85%	89%	70%	95%	80%	87%	86%	85%	85%
S&P ex. En & Mat	80%	76%	90%	83%	86%	88%	89%	85%	92%	78%	95%	78%	86%	86%	85%	85%

Source: IBES, Factset, DWS Investment GmbH as of 4Q2024. Past performance may not be indicative of future results.



DWS Investment GmbH S&P 500 Annual EPS Outlook

													Bottom-up Consensus (IBES)				DWS View				Normalized 2025	
													2024E	y/y	2025E	y/y	2024E	y/y	2025E	y/y	(\$)	% of 2025
2014A 2015A 2016A 2017A 2018A 2019A 2020A 2021A 2022A 2023A y/y 2014-2023 CAGR																						
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%	7.2%										
S&P 500 EPS (current constituents)	\$116.94	\$117.28	\$117.85	\$131.21	\$157.97	\$159.48	\$143.22	\$217.85	\$218.24	\$222.05	1.7%	7.4%	\$245	10.4%	\$271	10.7%	\$245	11.0%	\$270	10.2%	\$273	101%
Sector (\$ bn)																						
Communication Services	66.7	77.1	89.2	97.3	121.7	128.5	132.5	184.6	144.4	173.6	20.2%	11.2%	214.7	23.6%	240.3	11.9%	214.7	23.7%	245.0	14.1%	244.4	100%
Consumer Discretionary	57.9	68.2	75.8	80.2	95.6	94.0	63.9	121.9	111.3	157.2	41.2%	11.7%	182.2	15.9%	193.5	6.2%	182.3	16.0%	190.0	4.2%	198.5	104%
Consumer Staples	92.0	90.1	92.3	96.6	104.1	105.0	113.0	126.8	126.0	133.9	6.3%	4.3%	136.2	1.8%	139.3	2.2%	136.2	1.7%	138.5	1.7%	138.5	100%
Energy	94.3	39.9	10.6	36.9	69.0	48.0	-6.7	76.1	194.2	137.9	-29.0%	4.3%	110.3	-20.0%	110.6	0.3%	110.3	-20.0%	110.5	0.2%	110.5	100%
Financials	184.7	200.3	204.2	213.4	262.6	276.7	226.3	363.5	308.8	335.3	8.6%	6.9%	387.5	15.6%	407.7	5.2%	387.5	15.6%	405.0	4.5%	399.0	99%
Health Care	137.2	152.1	156.9	171.1	187.9	205.7	226.2	291.7	307.9	243.9	-20.8%	6.6%	253.3	3.9%	299.8	18.4%	267.8	9.8%	297.0	10.9%	291.9	98%
Industrials	96.8	98.1	95.3	105.1	129.1	112.1	71.1	118.0	135.8	160.3	18.0%	5.8%	163.9	2.3%	181.0	10.4%	164.0	2.3%	178.0	8.5%	184.8	104%
Information Technology	162.8	169.0	173.7	206.8	241.8	237.4	269.4	443.3	370.9	384.0	3.5%	10.0%	459.5	19.7%	550.8	19.9%	460.0	19.8%	555.0	20.7%	555.0	100%
Materials	24.6	23.1	22.1	28.8	35.9	33.7	32.2	62.3	64.9	49.8	-23.3%	8.2%	48.2	-3.1%	49.9	3.4%	48.2	-3.2%	48.0	-0.4%	47.0	98%
Real Estate	22.0	23.7	27.5	31.0	34.8	36.3	36.2	43.1	50.4	52.7	4.5%	10.2%	55.9	6.1%	57.8	3.3%	55.9	6.1%	56.5	1.1%	56.5	100%
Utilities	32.3	32.5	34.9	36.7	40.0	45.2	46.8	47.4	48.7	53.1	9.0%	5.7%	62.5	17.7%	65.7	5.2%	62.5	17.7%	67.5	8.0%	74.5	110%
S&P 500	971.3	974.1	982.7	1103.8	1322.5	1322.7	1210.8	1878.7	1863.4	1881.6	1.0%	7.6%	2074.3	10.2%	2296.4	10.7%	2089.4	11.0%	2291.0	9.6%	2300.5	100%
S&P ex. Energy (\$bn)	876.9	934.2	972.1	1067.0	1253.5	1274.7	1217.5	1802.6	1669.2	1743.7	4.5%	7.9%	1964.0	12.6%	2185.7	11.3%	1979.1	13.5%	2180.5	10.2%	2190.0	100%
S&P ex. Tech (\$bn)	808.5	805.1	809.0	897.0	1080.7	1085.3	941.3	1435.4	1492.5	1497.5	0.3%	7.1%	1614.8	7.8%	1745.5	8.1%	1629.4	8.8%	1736.0	6.5%	1745.5	101%
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%	5.4%										
S&P 500 Non-GAAP Net Margin	10.2%	10.4%	10.3%	10.7%	12.1%	11.5%	10.3%	13.3%	12.4%	11.8%												

S&P 500 EPS	Whole Year	1Q	2Q	3Q	4Q
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	53.00	54.25	58.5	57.25
2024A	245	56.50	60.50	63.00	65.00
2025E	270	63.00	67.00	69.00	71.00

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

S&P 500 EPS historical constituents represents the earnings per share (EPS) of S&P 500 index constituents at the time, while S&P 500 EPS current constituents represents the earnings per share of index constituents as of the date the data was compiled 9/30/2024. FFO is used for REITs instead of EPS.

Source: Factset, DWS Investment GmbH as of 3/14/2025. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

DWS Investment GmbH View: S&P 500 fair value by sector: Assuming a ~5.25% real cost of equity (CoE) for overall S&P 500

	Market Value (\$bn)	Current 2025 PE	2025E Earnings (\$bn)	Normal Ratio	Normal 2025E Earnings	Accounting Quality Adjustment	Fully Adjusted Earnings	Net Debt / Market Cap	FCF / EPS	Real CoE	Steady State Value	Growth Premium	2025 Start Fair Value (\$bn)	2025E Dividend Yield	2025 End Fair Value (\$bn)	Fair PE on Normal 2025 EPS	2025 End Upside %	2025 End Upside vs. S&P 500
Communication Services	4,607	18.8	245.0	100%	244.4	-5%	232.2	11%	0.83	5.10%	4,553	20%	5,464	0.9%	5,829	23.8	27%	20%
Consumer Discretionary	4,857	25.6	190.0	104%	198.5	-6%	186.6	10%	0.76	5.25%	3,554	33%	4,740	0.8%	5,072	25.6	4%	-2%
<i>Automobiles</i>	796	31.8	25.0	110%	27.5	-10%	24.8	32%	0.99	5.75%	430	40%	603	0.4%	650	23.6	-18%	-25%
<i>Broadline (Internet) Retail</i>	1,801	30.0	60.0	110%	66.0	-5%	62.7	0%	0.18	5.10%	1,229	60%	1,967	0.0%	2,116	32.1	17%	11%
<i>ex. Auto & Broadline (Internet) Retail</i>	2,259	21.5	105.0	100%	105.0	-6%	99.1	13%	0.78	5.23%	1,894	15%	2,171	1.5%	2,305	22.0	2%	-5%
Consumer Staples	3,135	22.6	138.5	100%	138.5	-5%	131.6	14%	0.84	5.00%	2,632	5%	2,763	2.2%	2,909	21.0	-7%	-14%
Energy	1,764	16.0	110.5	100%	110.5	-10%	99.5	14%	0.90	5.75%	1,730	-15%	1,470	3.1%	1,546	14.0	-12%	-19%
Financials	6,834	16.9	405.0	99%	399.0	-7%	370.0		1.11	5.75%	6,435	0%	6,435	1.4%	6,873	17.2	1%	-6%
<i>Banks</i>	1,712	12.1	142.0	100%	142.0	-7%	132.1		1.11	6.00%	2,201	-10%	1,981	2.6%	2,098	14.8	23%	16%
Health Care	5,365	18.1	297.0	98%	291.9	-8%	268.5	10%	1.14	5.20%	5,164	10%	5,681	1.7%	6,020	20.6	12%	5%
Industrials	4,010	22.5	178.0	104%	184.8	-5%	175.5	15%	0.88	5.25%	3,344	10%	3,678	1.4%	3,910	21.2	-2%	-9%
Information Technology	14,262	25.7	555.0	100%	555.0	-3%	538.4	2%	0.95	5.10%	10,556	40%	14,778	0.7%	15,798	28.5	11%	4%
Materials	1,041	21.7	48.0	98%	47.0	-7%	43.7	16%	0.90	5.50%	794	10%	874	1.9%	927	19.7	-11%	-18%
Real Estate	1,014	17.9	56.5	100%	56.5	-12%	49.8	35%	1.79	5.25%	948	5%	995	3.6%	1,036	18.3	2%	-5%
Utilities	1,171	17.3	67.5	110%	74.5	-7%	69.2	79%	-0.81	5.25%	1,319	0%	1,319	3.1%	1,381	18.5	18%	11%
S&P 500 (\$ bn)	48,059	21.0	2291.0	100%	2300.5	-5.9%	2165.0			5.26%	41,028	17.5%	48197	1.3%	51,300	22.3	7%	0%
S&P 500 Index (\$/sh)	5639	20.9	270.0	101%	273.0	-5.5%	258.0	10%	0.93	5.25%	4914	17.7%	5786	1.3%	6151	22.5	9%	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 3/14/2025. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

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 9/30/2024.

The estimated 2025 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 2025E S&P 500 EPS	\$270.00	DWS 2025E S&P 500 DPS	\$84.00	DWS 2025E S&P 500 aggregate ROE	24.5%	Fair long-term nominal return on S&P 500 index	7.75%
		2025E dividend payout ratio	31%	2024E end S&P 500 book value per share	\$1,100	Components of estimated fair S&P 500 return:	
DWS "normal 2025" S&P 500 EPS	\$273.00	DWS "normal 2025E" S&P 500 DPS	\$84.00	DWS "normal 2025E" S&P 500 aggregate ROE	23.5%	+ Long-term real risk free interest rate	2.00%
"Normal 2025E" EPS / 2025 EPS	101%	Normal dividend payout ratio	33%			+ Long-term fair S&P 500 equity risk premium*	3.25%
Accounting quality adjustment to pro forma EPS	-\$15.00	EPS directed to net share repurchases	\$74.00	S&P EPS retained for operating reinvestment	39%	= Long-term real S&P 500 cost of equity	5.25%
		Normal share repurchase payout ratio	29%	Estimated ROE on reinvested S&P EPS	9.00%	+ Long-term inflation forecast	2.50%
Normal 2025E S&P 500 EPS fair to capitalize	\$258	Total payout of S&P 500 EPS	\$158.00	Economic margin (EM) or ROE-CoE	1.25%	= S&P 500 nominal cost of equity	7.75%
Key principle: steady-state value = normal EPS / real CoE		Total payout ratio of normal and quality adj. EPS	61%	Sources of long-term earnings growth:		* S&P 500 ERP history 300-400bps, w/ real CoE @ 5% - 6%	
				+ Long-term inflation forecast	2.50%		
				+ Fair return on operating reinvestment	2.03%	Fair S&P 500 Market Value and Book Value Multiple	
S&P 500 EPS Capitalization Valuation		S&P 500 DPS Discount Model		+ Value added earnings growth on op. reinvestment	0.48%	2024E end S&P 500 book value per share	
Normal EPS / (real CoE - (EM/payout) - EM):		Normal DPS / (nominal CoE - DPS growth):		= Long-term earnings growth	5.02%	Fair PB = Fair PE * normal aggregate ROE	
S&P 500 intrinsic value at 2025 start	5786	S&P 500 intrinsic value at 2025 start	5786	+ Growth from net share repurchases	1.28%	Fair PE =(inc ROE-g)/(inc real ROE*(real CoE-real g))	
S&P 500 intrinsic value at 2025 end	6151	S&P 500 intrinsic value at 2025 end	6151	= Long-term S&P 500 EPS/DPS growth	6.30%	Implied S&P 500 fair value of book at 2025 start	
Implied fair fwd PE in early 2025 on 2025E \$270 EPS	21.4	Implied fair forward yield on 2025E DPS of \$84.0	1.45%	+ Fair normal dividend yield	1.45%	Steady-state PB = normal agg. ROE / real CoE	
Implied fair trailing PE at 2025 end on 2025E \$270 EPS	22.8	Implied fair trailing yield on 2025E DPS of \$84.0	1.37%	= Total long-term return at constant PE	7.75%	Confirmed by fair steady-state PE = 1 / real CoE	
Normal EPS / (real CoE - value added EPS growth)	5755	DPS discount model using true DPS (all payout)	6151	Value added growth premium in fair value est	17.7%	Normal 2025E economic profit per share	
						\$200.25	

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

2025E S&P 500 Normalized EPS					
	\$260	\$265	\$273	\$280	\$285
4.75%	6385	6582	6906	7197	7410
5.00%	6024	6207	6506	6775	6971
5.25%	5703	5873	6151	6400	6583
5.50%	5415	5574	5833	6066	6236
5.75%	5156	5305	5548	5766	5925

DWS December 2025 equity index targets

Index	3M relative View	Current Level	Previous Target CIO Day	Target Mar 26	Chg in Target	Expected Total Return Mar 26	Assumptions						
							----- thereof -----						
		14/03/2025		(rounded)			EPS growth NTM*	LTM multiple impact	Dividend Yield	EPS NTM* (e)	EPS NTM DWS vs. Cons.	Target LTM P/E in Mar 26	Target PE discount to US
S&P 500		5,522	6,500	6,300	-3%	15.8%	USD	10.4%	3%	1.7%	278	-1.1%	22.6x
Stoxx 600		543	550	570	4%	8.5%	EUR	6.3%	-1%	3.5%	38.4	-3.6%	14.8x
EuroStoxx 50		5,364	5,350	5,600	5%	7.7%	EUR	6.5%	-2%	3.3%	373	-1.3%	15.0x
DAX40		22,656	22,500	24,000	7%	5.9%	EUR	14.3%	-10%	2.9%	1508	-3.4%	15.5x
SMI		12,818	12,650	13,350	6%	7.3%	CHF	9.3%	-5%	3.2%	754	-1.6%	17.7x
FTSE 100		8,575	8,500	8,750	3%	5.9%	GBP	4.5%	-2%	3.9%		-2.1%	12.3x
MSCI EM		1,116	1,200	1,200	0%	10.8%	USD	11.0%	-3%	3.2%	90.1	-2.1%	13.3x
MSCI AC Asia xJ		726	770	770	0%	9.0%	USD	11.0%	-4%	2.9%	54.7	-2.3%	14.1x
MSCI Japan		1,661	1,770	1,780	1%	9.7%	YEN	7.0%	0%	2.6%	117.6	-3.4%	15.2x
MSCI Australia		1,547	1,650	1,600	-3%	7.4%	AUD	2.5%	2%	3.9%	90.7	-1.1%	17.9x

Source: DWS Investment Management GmbH as of 3/14/2025. Past performance may not be indicative of future results. 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. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

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S&P 500 industry monitor (1 of 2)

Sector	Industry	PE on 2024 Consensus EPS	PE on 2025 Consensus EPS	2024 Consensus EPS Growth	2025 Consensus EPS Growth	2025 EPS 3m Revision	3m Total Return Momentum	2025 End Upside (Intrinsic Valuation)	Combined Signal
Consumer Discretionary		26.7	25.1	18.9%	6.4%	-8.0%	-17.6%	4.4%	0
	Automobile Components	8.7	8.0	23.1%	9.7%	-9.1%	0.9%	42.2%	1
	Automobiles	30.8	31.0	2.4%	-0.6%	-6.9%	-39.9%	-18.3%	0
	Household Durables	10.8	11.7	9.6%	-7.5%	-3.8%	-13.0%	15.8%	0
	Leisure Products	14.9	14.2	59.8%	4.8%	-9.5%	-2.1%	14.3%	0
	Textiles Apparel & Luxury Goods	22.1	23.0	-9.6%	-3.8%	-5.7%	-14.2%	-7.8%	-1
	Hotels Restaurants & Leisure	25.0	22.5	6.0%	11.1%	-10.9%	-7.9%	-1.2%	0
	Distributors	16.3	16.4	-11.8%	-0.8%	-4.2%	-0.1%	0.8%	0
	Broadline Retail	34.8	30.5	85.4%	14.3%	-9.9%	-12.7%	17.5%	0
	Specialty Retail	22.7	22.2	1.1%	2.5%	-4.9%	-11.5%	0.2%	0
Consumer Staples		22.1	21.6	4.3%	2.2%	-5.4%	-1.9%	-7.2%	0
	Consumer Staples Distribution & Retail	29.5	28.5	3.1%	3.5%	-5.8%	-8.7%	-30.7%	0
	Food Products	14.7	16.0	-4.3%	-8.1%	-2.9%	-3.7%	17.6%	0
	Beverages	20.4	19.7	7.0%	3.2%	-5.2%	0.9%	16.0%	1
	Tobacco	17.8	16.7	6.5%	6.5%	-6.8%	17.2%	-3.9%	0
	Household Products	24.4	23.2	14.0%	5.2%	-6.0%	-0.9%	-3.6%	0
	Personal Care Products	22.4	22.4	-19.2%	-0.4%	-6.7%	-2.5%	-2.0%	0
Energy		14.9	14.9	-19.8%	0.3%	-4.8%	1.5%	-12.4%	1
	Energy Equipment & Services	12.5	12.4	14.4%	0.8%	-7.0%	-0.4%	35.0%	0
	Oil Gas & Consumable Fuels	15.2	15.2	-22.0%	0.2%	-4.6%	1.6%	-16.9%	1
Financials		17.4	16.5	17.2%	5.7%	-3.7%	-1.2%	0.6%	1
	Banks	12.0	11.5	5.9%	5.1%	0.0%	-5.6%	21.5%	0
	Financial Services	25.4	24.6	20.7%	3.1%	-2.5%	4.6%	-13.8%	1
	Consumer Finance	13.4	13.1	29.4%	2.1%	2.3%	-10.7%	-10.0%	1
	Capital Markets	19.7	17.5	26.7%	12.6%	-7.8%	-8.0%	-17.0%	0
	Insurance	16.1	15.5	24.2%	3.8%	-8.7%	7.1%	4.6%	1
Health Care		20.9	17.7	5.7%	18.3%	-16.5%	3.3%	12.2%	0
	Health Care Providers & Services	15.2	14.1	0.7%	7.8%	-8.5%	2.6%	30.3%	0
	Health Care Equipment & Supplies	26.8	24.6	11.1%	8.9%	-8.3%	1.0%	4.3%	0
	Life Sciences Tools & Services	24.8	23.7	0.7%	4.7%	-7.8%	-6.8%	-3.7%	0
	Biotechnology	23.9	17.9	-14.3%	33.7%	-25.5%	14.8%	7.6%	-1
	Pharmaceuticals	20.4	15.9	23.6%	28.7%	-23.6%	2.8%	14.9%	1
Industrials		25.0	22.3	3.1%	12.1%	-14.2%	-3.9%	-2.5%	0
	Aerospace & Defense	54.3	28.5	-26.1%	90.8%	-51.3%	4.5%	-5.5%	-1
	Building Products	22.8	21.5	3.4%	5.8%	-7.1%	-10.3%	-11.4%	0
	Trading Companies & Distributors	22.2	21.3	4.6%	4.5%	-8.0%	-13.2%	-4.9%	0
	Electrical Equipment	30.2	25.6	18.5%	17.9%	-16.5%	-11.8%	26.3%	-1
	Construction & Engineering	29.1	25.5	25.3%	14.0%	-11.9%	-22.7%	-2.1%	-1

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

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

Source: Factset, DWS Investment GmbH as of 3/14/2025. Past performance may not be indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Index returns do not reflect fees or expenses, and it is not possible to invest directly in an index.

S&P 500 industry monitor (2 of 2)

Sector	Industry	PE on 2024 Consensus EPS	PE on 2025 Consensus EPS	2024 Consensus EPS Growth	2025 Consensus EPS Growth	2025 EPS 3m Revision	3m Total Return Momentum	2025 End Upside (Intrinsic Valuation)	Combined Signal
	Industrial Conglomerates	21.0	19.9	-5.3%	5.5%	-9.4%	0.3%	-6.3%	0
	Machinery	18.8	19.4	0.1%	-3.3%	-2.0%	-6.5%	-1.2%	0
	Commercial Services & Supplies	35.9	33.2	14.0%	8.2%	-8.7%	-1.2%	-28.6%	0
	Professional Services	28.5	26.5	12.1%	7.9%	-9.3%	-3.7%	-9.4%	0
	Air Freight & Logistics	15.1	14.2	-3.4%	5.7%	-11.5%	-9.8%	20.1%	-1
	Passenger Airlines	9.8	7.4	-9.3%	31.8%	-20.8%	-18.8%	16.3%	-1
	Ground Transportation	18.6	21.8	50.2%	-14.7%	14.5%	1.9%	-2.0%	1
Information Technology		31.4	26.2	23.8%	19.9%	-16.8%	-11.1%	10.8%	-1
	IT Services	24.0	23.1	4.6%	4.0%	-4.4%	-3.0%	8.5%	0
	Software	32.9	29.3	23.6%	12.3%	-11.2%	-12.7%	16.2%	-1
	Communications Equipment	20.3	19.4	0.7%	4.9%	-2.9%	-6.4%	14.8%	0
	Technology Hardware Storage & Peripherals	28.9	26.1	15.2%	10.8%	-11.6%	-13.9%	6.2%	-1
	Electronic Equipment Instruments & Components	23.3	20.8	7.3%	11.9%	-9.9%	-8.3%	0.0%	0
	Semiconductors & Semiconductor Equipment	35.4	25.3	43.1%	40.0%	-28.2%	-9.1%	-1.9%	-1
Materials		22.0	21.0	-6.4%	4.5%	-14.1%	-3.1%	-10.9%	-1
	Chemicals	23.4	22.4	-9.0%	4.4%	-14.5%	-2.2%	-8.1%	-1
	Construction Materials	20.1	26.5	41.3%	-24.2%	20.3%	-14.6%	-39.2%	1
	Metals & Mining	16.4	15.9	-7.8%	3.5%	-14.2%	3.9%	-11.3%	-1
	Containers & Packaging	26.7	20.8	-7.4%	28.5%	-26.1%	-10.7%	-16.5%	-1
Real Estate		29.9	18.2	-35.5%	63.9%	-39.7%	-2.1%	2.2%	-1
	Industrial REITs	20.2	19.5	-1.1%	3.5%	-5.1%	1.5%	8.6%	1
	Hotel & Resort REITs	7.6	7.9	2.1%	-4.2%	-2.0%	-18.1%	19.3%	0
	Office REITs	9.2	9.5	-2.3%	-2.8%	-0.7%	-16.8%	8.6%	-1
	Health Care REITs	21.9	20.5	9.5%	7.0%	-5.2%	10.7%	16.8%	0
	Residential REITs	21.2	17.9	-12.2%	18.9%	-16.8%	-1.9%	5.1%	-1
	Retail REITs	20.9	13.1	-34.7%	59.6%	-37.6%	-5.3%	17.7%	-1
	Specialized REITs	66.7	19.2	-70.1%	246.5%	-71.6%	-4.6%	7.4%	-1
	Real Estate Management & Development	39.2	32.1	8.3%	22.3%	-20.6%	-2.8%	-27.2%	0
Communication Services		21.2	18.9	25.9%	12.1%	-11.5%	-6.0%	26.5%	0
	Diversified Telecommunication Services	10.5	10.9	-4.3%	-3.6%	-1.2%	9.0%	-5.5%	1
	Wireless Telecommunication Services	26.5	24.0	39.4%	10.2%	-9.6%	10.7%	-10.9%	1
	Media	9.5	9.5	9.6%	0.3%	-1.9%	-7.8%	26.1%	0
	Entertainment	69.1	28.8	-13.5%	139.8%	-57.4%	-4.8%	8.9%	-1
	Interactive Media & Services	22.5	20.6	45.8%	9.1%	-8.6%	-8.3%	28.0%	0
Utilities		18.9	17.9	16.4%	5.2%	-5.2%	2.4%	17.9%	1
	Multi-Utilities	19.9	18.6	10.2%	7.3%	-8.9%	2.2%	12.2%	0
	Water Utilities	27.2	25.3	4.7%	7.7%	-7.0%	12.0%	-5.4%	0
	Gas Utilities	21.8	20.5	13.0%	6.3%	-5.3%	7.2%	8.2%	0
	Electric Utilities	18.7	17.9	16.5%	4.8%	-4.3%	3.2%	29.5%	1
	Independent Power and Renewable Electricity Producers	13.1	13.2	58.1%	-0.9%	2.5%	-12.8%	31.5%	1
S&P 500		23.4	20.8	11.0%	12.2%	-11.9%	-6.5%	9.1%	0

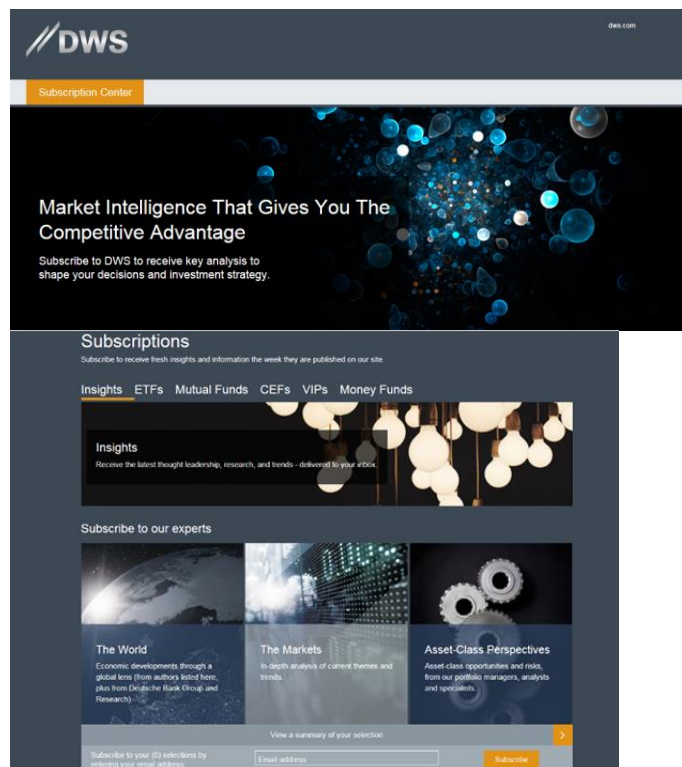
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