

Advisory Council

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Wealth Management Americas

September 2024





Landscape of Deutsche Bank investment views

The separation of investment views across the Corporate Bank/Investment Bank (sell side) and the Private Bank/DWS (buy side)

Sell Side



Buy Side

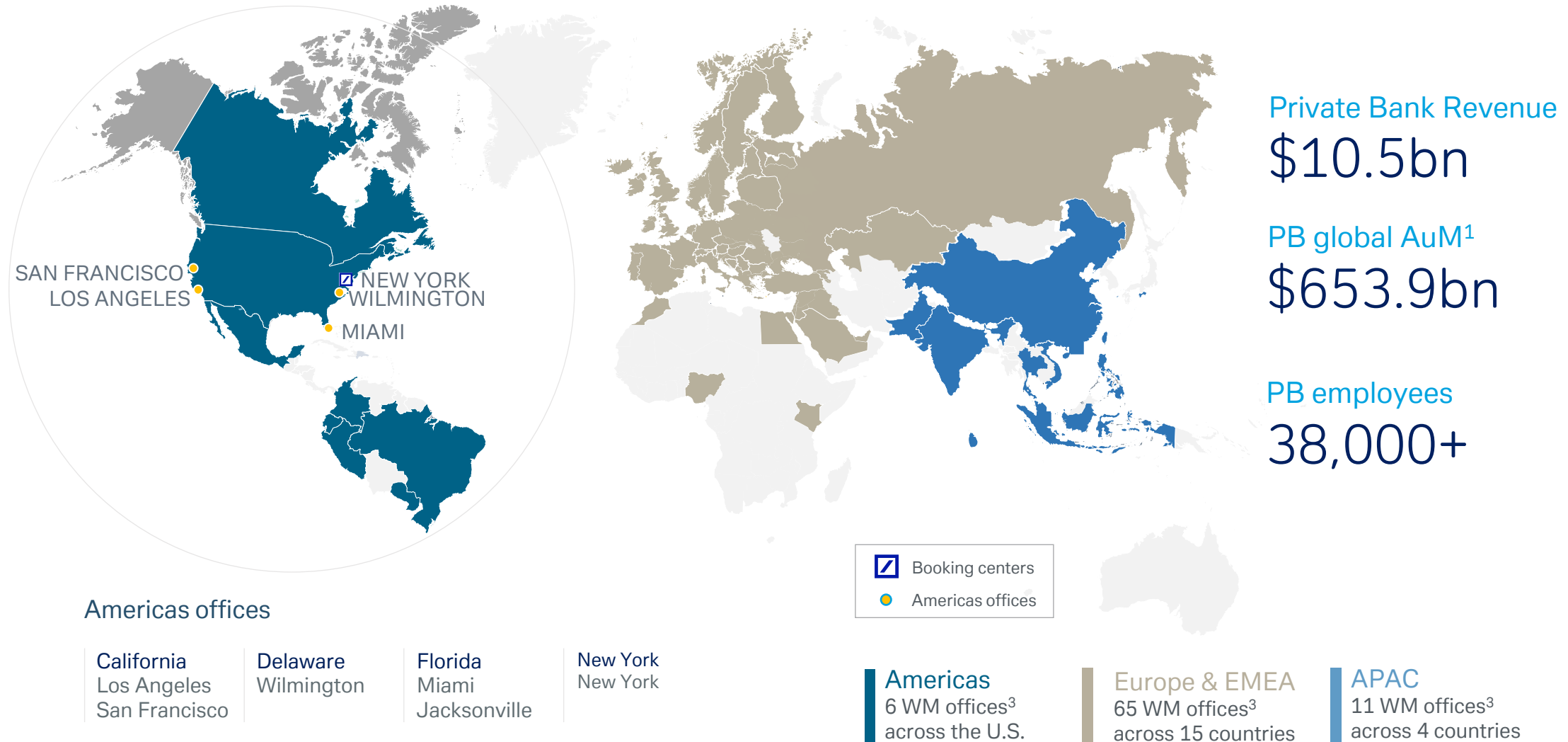


Source: Deutsche Bank AG



Our Global footprint

A global network for high-net-worth individuals, families and institutions with international needs



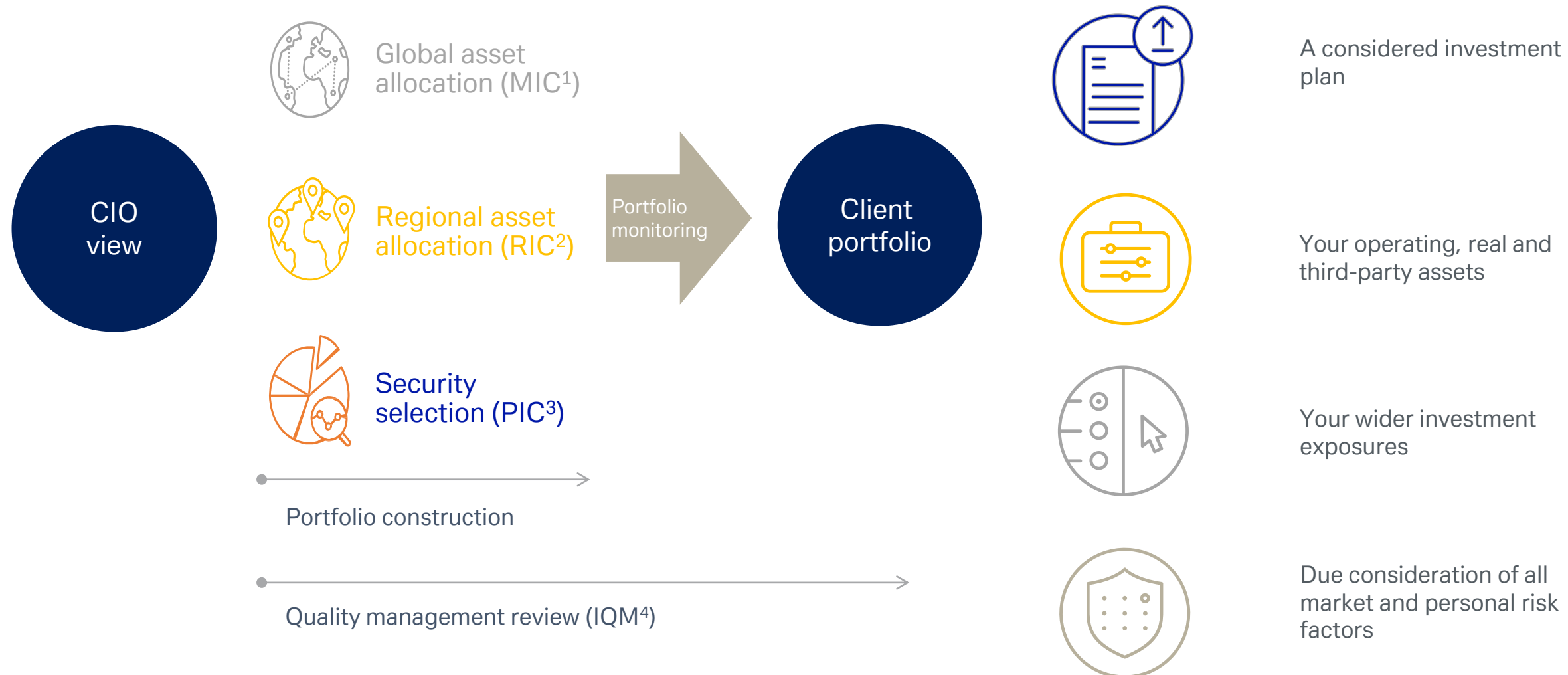
Source: Deutsche Bank AG. Data as of September 16, 2024



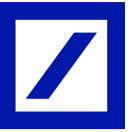
CIO view integrated into all investment portfolios

Cohesive investment portfolio construction: from global to local

Our investment advice is aligned with

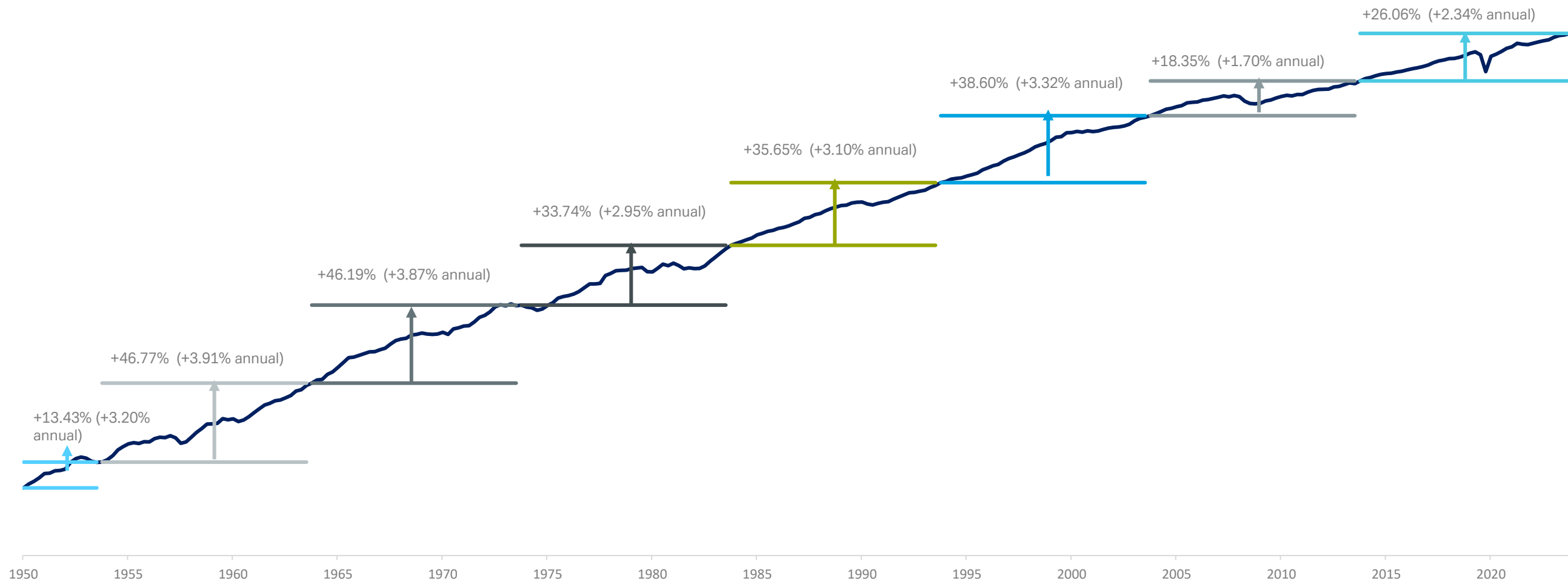


Source: LSEG Datastream, Deutsche Bank AG. Data as of September 2024



Where are we in the global structural cycle? Setting the stage – 80 years of growth

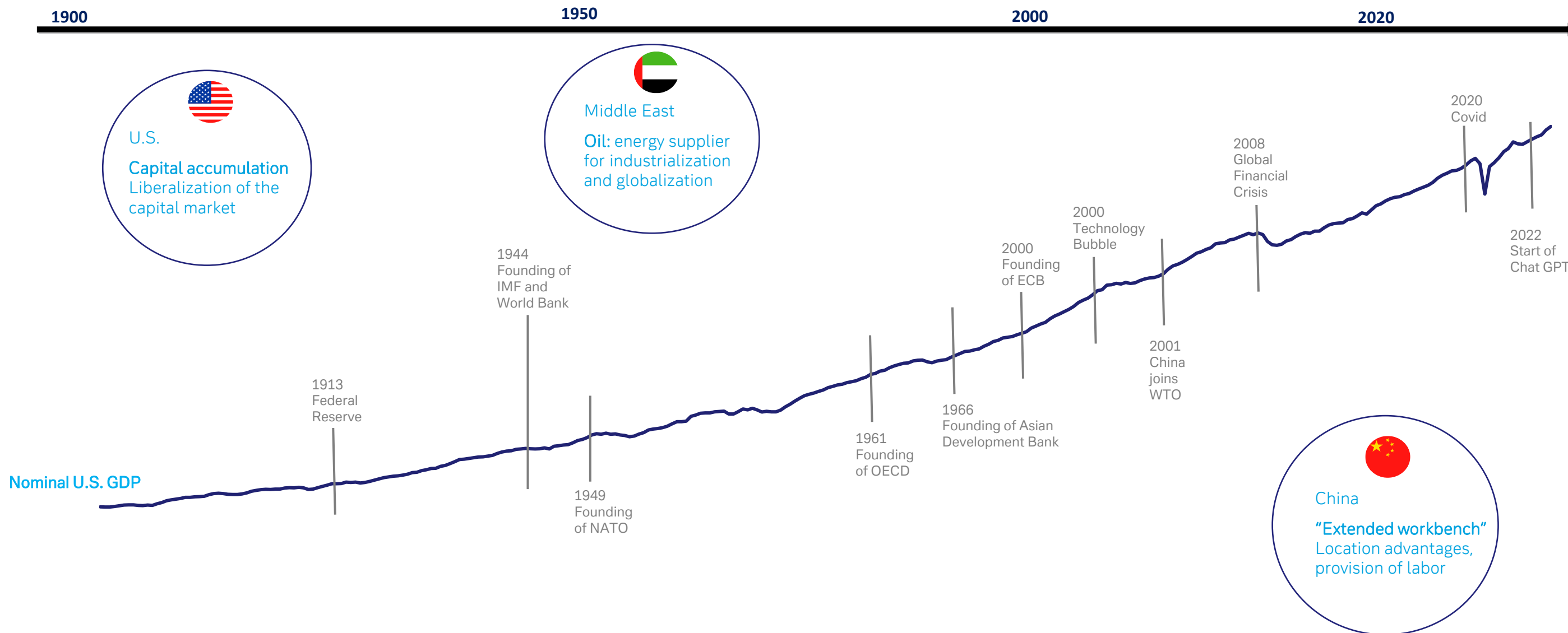
Six strong decades of growth since WWII, two decades of anemic growth thereafter (GFC, COVID)



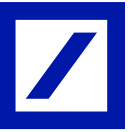
Source: LSEG Datastream, LSEG Eikon, Deutsche Bank AG. Data as of September 04, 2024.



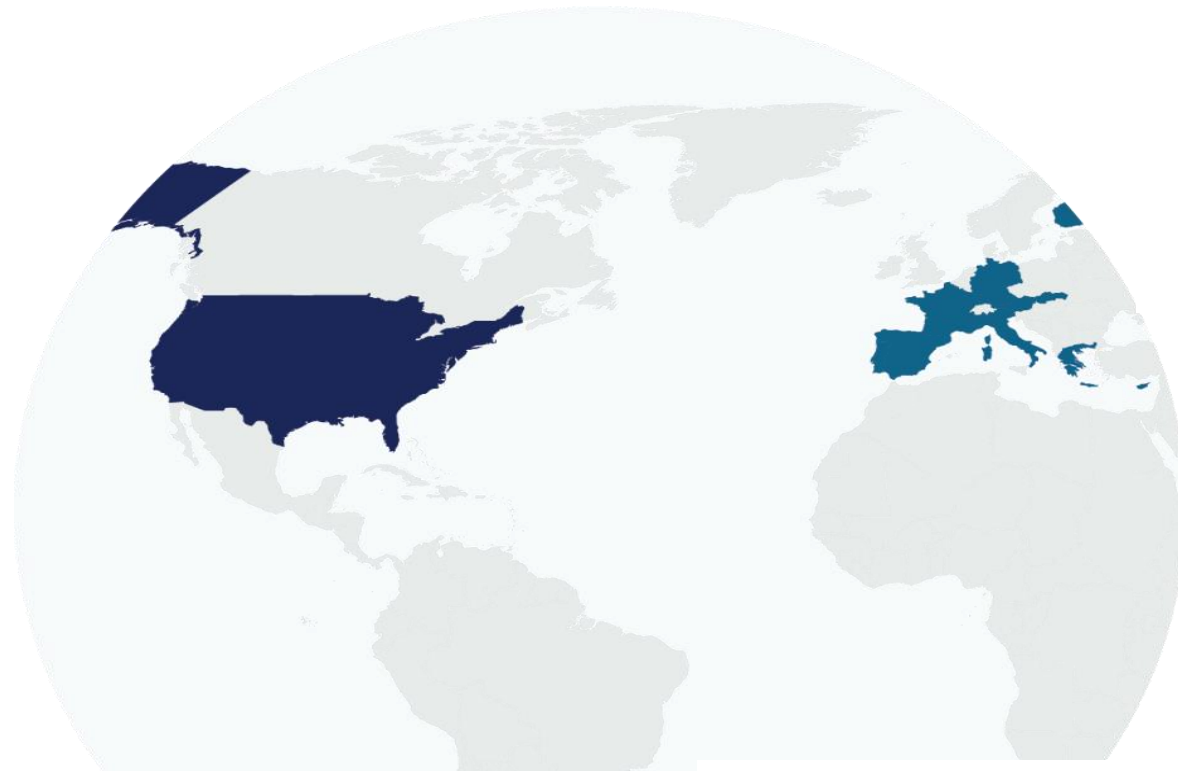
Economic drivers since the 20th century



Source: Bloomberg L.P, Deutsche Bank AG. Data as of September 2024

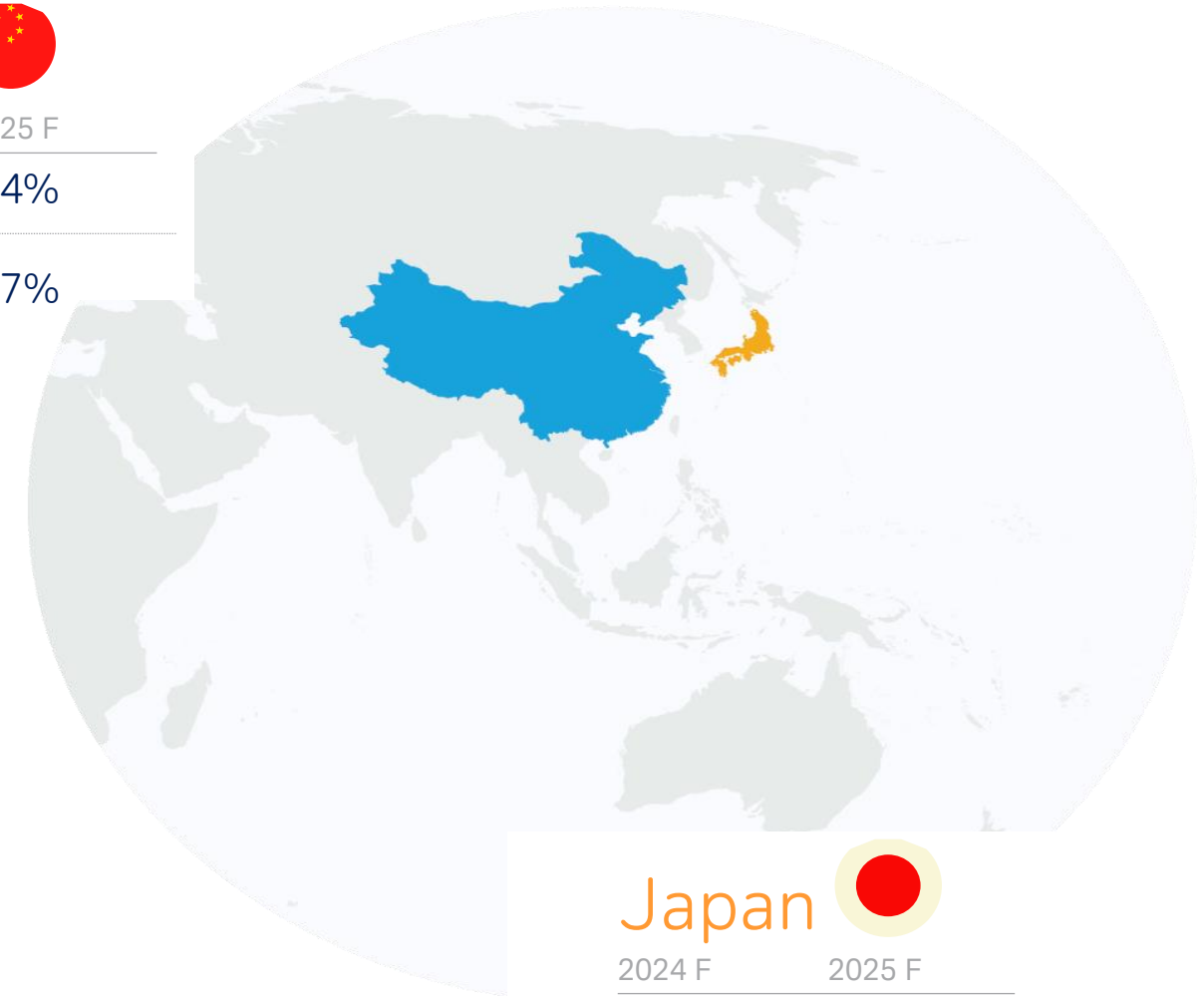


Global growth forecasts



China

	2024 F	2025 F
GDP	4.8%	4.4%
CPI	0.5%	1.7%



Japan

	2024 F	2025 F
GDP	0.0%	1.2%
CPI	2.5%	2.0%

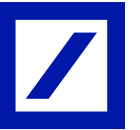
U.S.

	2024 F	2025 F
GDP	2.4%	1.7%
CPI	2.9%	2.3%

Eurozone

	2024 F	2025 F
GDP	0.7%	1.0%
CPI	2.5%	2.3%

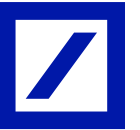
Source: Deutsche Bank AG. Data as of September 2024.



Monetary tightening cycle now shifting to cuts

Country	Central Bank	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
	Fed		Pause	Pause	Pause		Pause		Pause	Pause	Pause		Cut
	ECB	Pause		Pause	Pause		Pause			Cut			Cut
	BOJ	Pause		Pause	Pause		Hike	Pause		Pause	Hike		Pause
	BOE		Pause	Pause	Pause	Pause	Pause	Pause	Pause	Pause	Pause	Cut	Cut
	BOC	Pause	Pause	Pause	Pause		Pause			Cut	Cut		Cut
	RBA	Pause	Hike	Pause		Pause	Pause	Pause	Pause	Pause	Pause		Pause
	SNB			Pause			Cut			Cut			
	BdeM		Pause	Pause		Pause	Cut		Pause	Pause		Cut	
	BCN		Cut	Cut	Cut		Cut	Cut	Cut	Pause	Pause	Pause	Hike
	RBI	Pause		Pause		Pause		Pause		Pause		Pause	
	PBoC	Pause	Pause	Pause	Pause	Pause	Pause	Pause	Pause	Pause	Cut	Pause	

Source: Federal Reserve, Deutsche Bank Wealth Management. Data as of September 2024.



Recessions have defined Presidential elections, will 2024 be the same?

No recession two years before an election

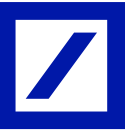
President	Recession?	Re-elected?
Obama	No	Yes
Bush II	No	Yes
Clinton	No	Yes
Reagan	No	Yes
Nixon	No	Yes
LBJ	No	Yes
Eisenhower	No	Yes
Truman	No	Yes
FDR	No	Yes
FDR	No	Yes
FDR	No	Yes

Recession two years before an election

President	Recession?	Re-elected?
Trump	Yes	No
Bush I	Yes	No
Carter	Yes	No
Ford	Yes	No
Hoover	Yes	No
Taft	Yes	No







Some recent economic actions to keep the U.S. out of a recession
More borrowing on the short-end of the treasury curve to minimize liquidity drain
U.S. oil production is at a record high to keep gasoline prices low
Tranches of student loan cuts
Accelerating fiscal spending on infrastructure related items from IRA

Source: Strategas, Deutsche Bank AG. Data as of September 2024.

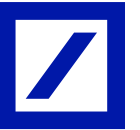


Political divide will create significant differences in policy approach – Trade and taxes will be the key policy issues

Policy implications by possible election scenario

Issue	Republicans	Democrats
	Trump 2.0	Kamalanomics
 Macro	<ul style="list-style-type: none"> • Deregulate the economy • Positive fiscal impulse from tax extension • Unpredictable Fed policy shift from possibly replacing Powell 	<ul style="list-style-type: none"> • Negative fiscal impulse from tax cut expiration • Status quo Fed policy • Build Back Better Act 2.0 (Child Tax Credits, Universal Pre-K etc.)
	<ul style="list-style-type: none"> • No major action to reduce deficits 	
 Tax Cuts	<ul style="list-style-type: none"> • Full extension (\$3.3tn) of 2017 Tax Cuts and Jobs Act (TCJA) • Partial fiscal offsets 	<ul style="list-style-type: none"> • Partial extension • Partial offsets from modest high-end taxes
 IRA Energy Repeal	<ul style="list-style-type: none"> • ~50% change, greatest risk to EVs + batteries 	<ul style="list-style-type: none"> • Continuation of IRA initiatives, emphasis on climate change being the basis for retaining 'fundamental freedoms' in the global economy
 ACA Repeal	<ul style="list-style-type: none"> • Modest risk of repeal; driven only by fiscal offset needs 	<ul style="list-style-type: none"> • Retention of ACA initiatives, potential for additional funding to be allocated to the life science sectors
 Medicaid Cuts	<ul style="list-style-type: none"> • Moderate risk of repeal; proposed cuts ~\$2tn (~30%) 	<ul style="list-style-type: none"> • Potential push for Medicaid expansion
 Trade/Tariffs	<ul style="list-style-type: none"> • Significant risk of 60% China tariff, modest risk of 10% of global tariff 	<ul style="list-style-type: none"> • Maintain current China tariffs, possible further targeted export controls on Chinese strategic sectors

Source: Wolfe DC Policy, Deutsche Bank Wealth Management. Data as of September 2024.



Sector preferences based on possible election outcomes



Democrats win



Consumer Discretionary

Potential for additional student loan forgiveness proposals, status quo on tariffs, increase in child tax credit and tax cuts to lower income brackets



Healthcare

Medicaid expansion benefitting Medicaid based HMOs and facilities, increased funding for the NIH, competitive IRA drug price negotiations



Renewable Energy

Increased protection of IRA initiatives, focus on domestic manufacturing of solar and battery technologies fueling growth of industries



Electric Vehicles

Possible continuation of EV tax credit and EV Infrastructure development, confidence for foreign automakers to invest in the US



Republicans win



Financials

Favorable regulatory outlook, lower risk of additional capital requirements (Basel III endgame pushback), lower consumer protections and legislative action



Energy

Increased probability of higher US crude oil production, lower regulatory uncertainty, increased amount of oil and gas lease sales



Technology/Telecom

Milder executive actions on data privacy, lower risk of harsh regulatory and antitrust crackdowns



Telecom

GOP may not be in support of expanded broadband funding and may also reverse rules on broadband Net Neutrality



Democrats or Republicans



Defense

Potential for escalating US-China tensions leading to increased naval and submarine buildup; common issue to both Democrats and GOP



Protectionist Trade

Potential for import tariffs against China and Europe, boosting import-competitive manufacturing. Steel and Lumber may also be impacted.



Utilities

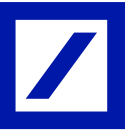
State level regulatory and political actions surrounding clean energy and investment plans to impact Utilities more than the outcome of the presidential election



Agriculture/Farming

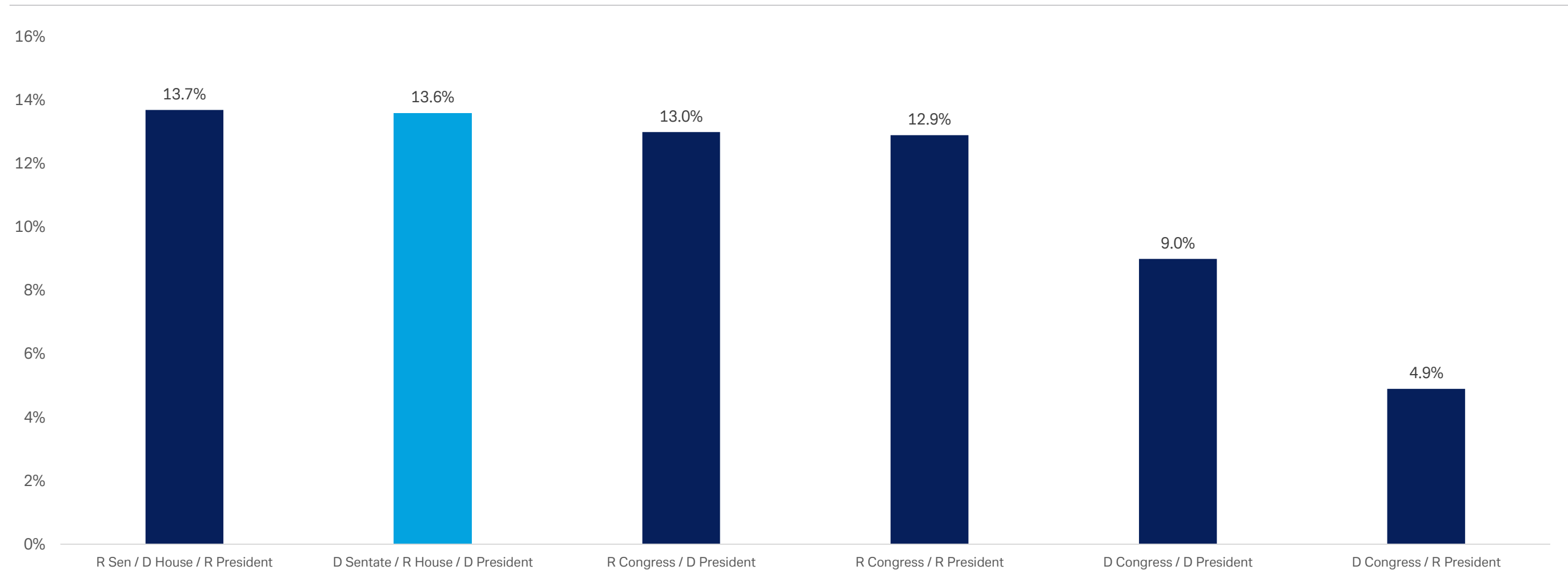
Despite variations in the farm bill, both parties are largely in support of high-tech precision agriculture, funding for research and conservation programs

Source: Deutsche Bank AG.

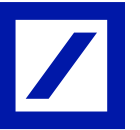


Markets appear to take divided government in its stride

Average annual S&P 500 total returns based on control of White House & Congress, 1933-2022

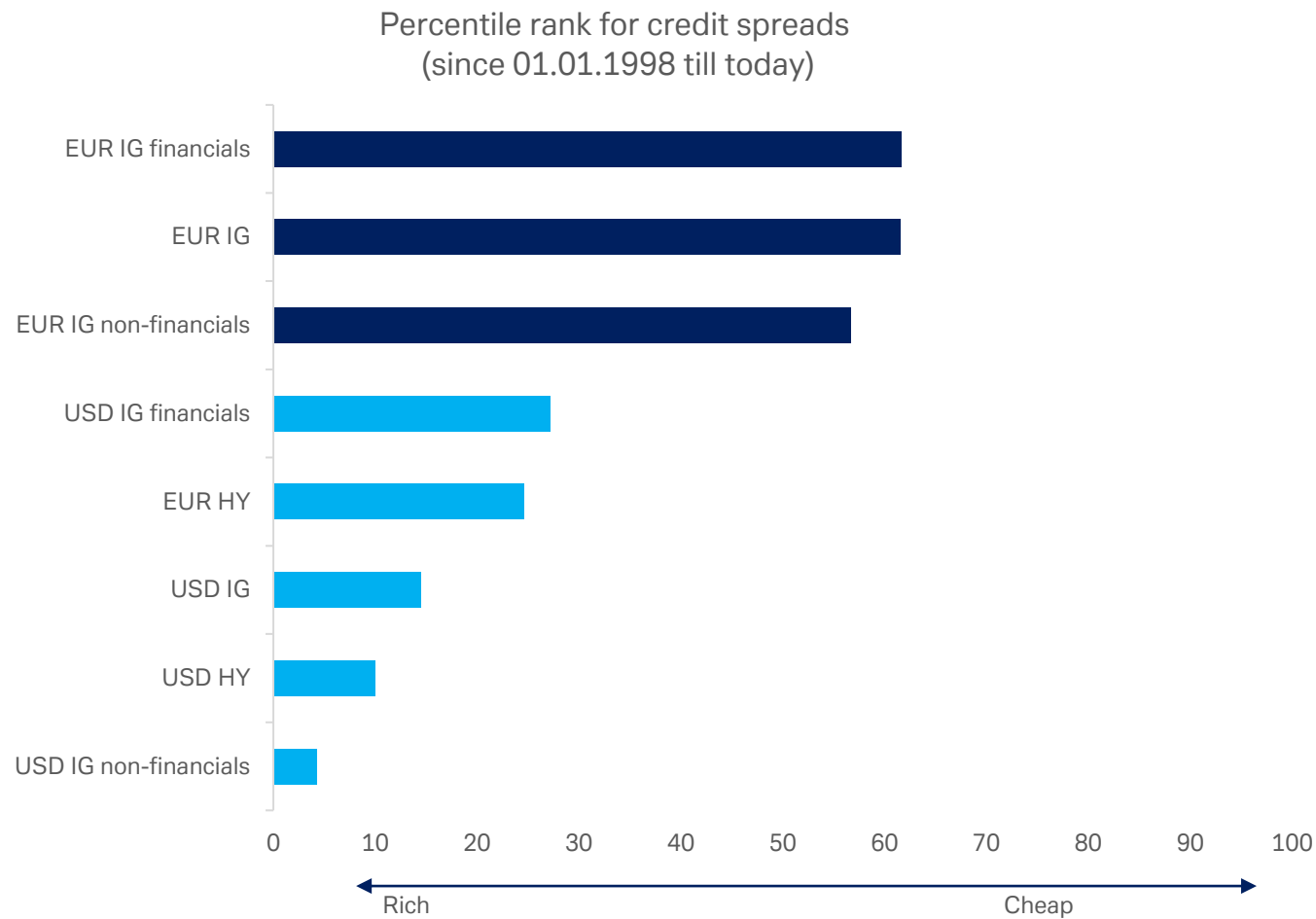


Source: Strategas, Deutsche Bank AG. *Data excludes 2001 – 2002 due to Senator Jeffords changing party mid-2001. Data as of July 19, 2024.

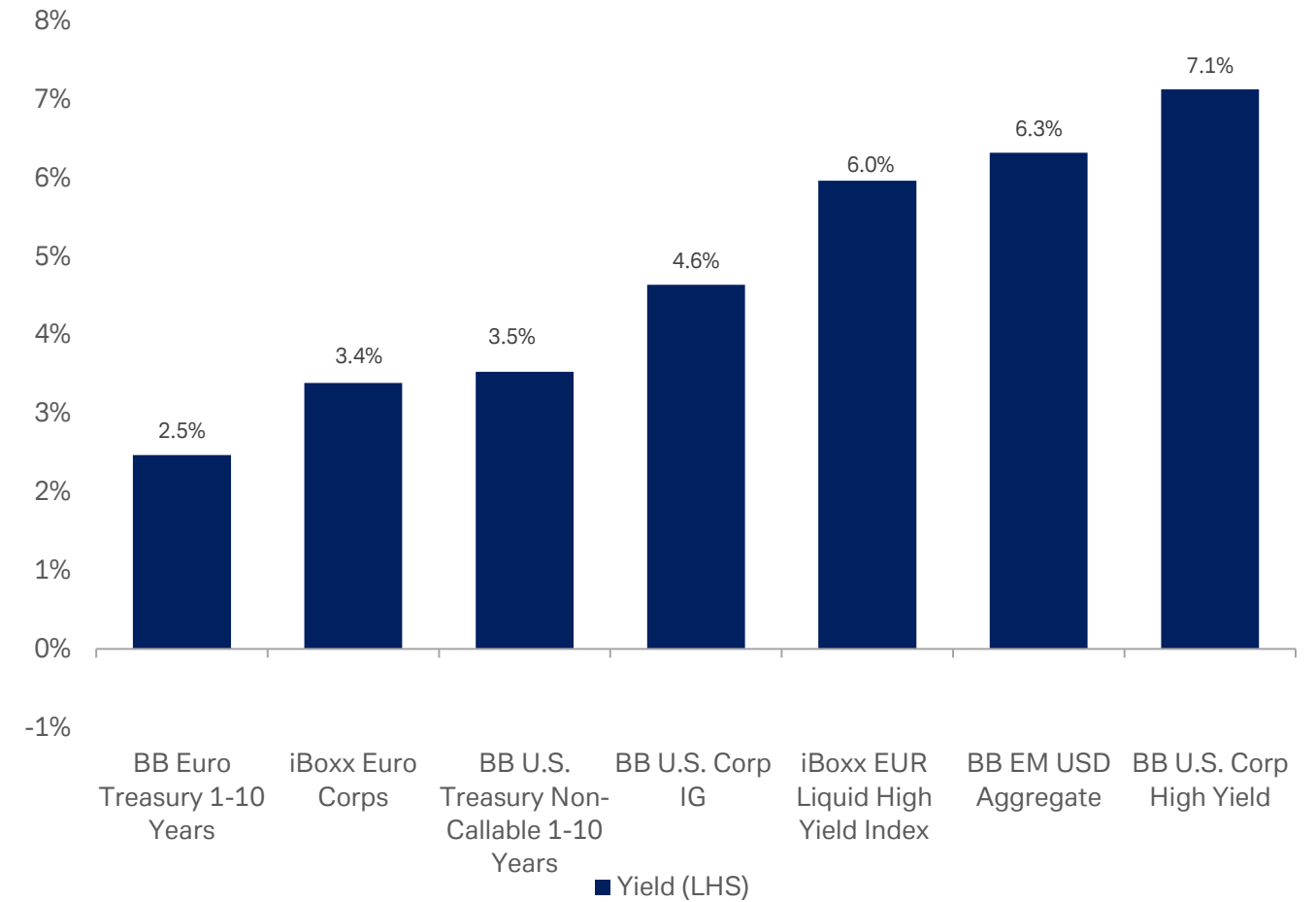


Investment Grade remains the most appealing

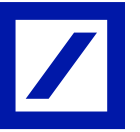
EUR credit is still not expensive relative to history



Snapshot of the yield landscape

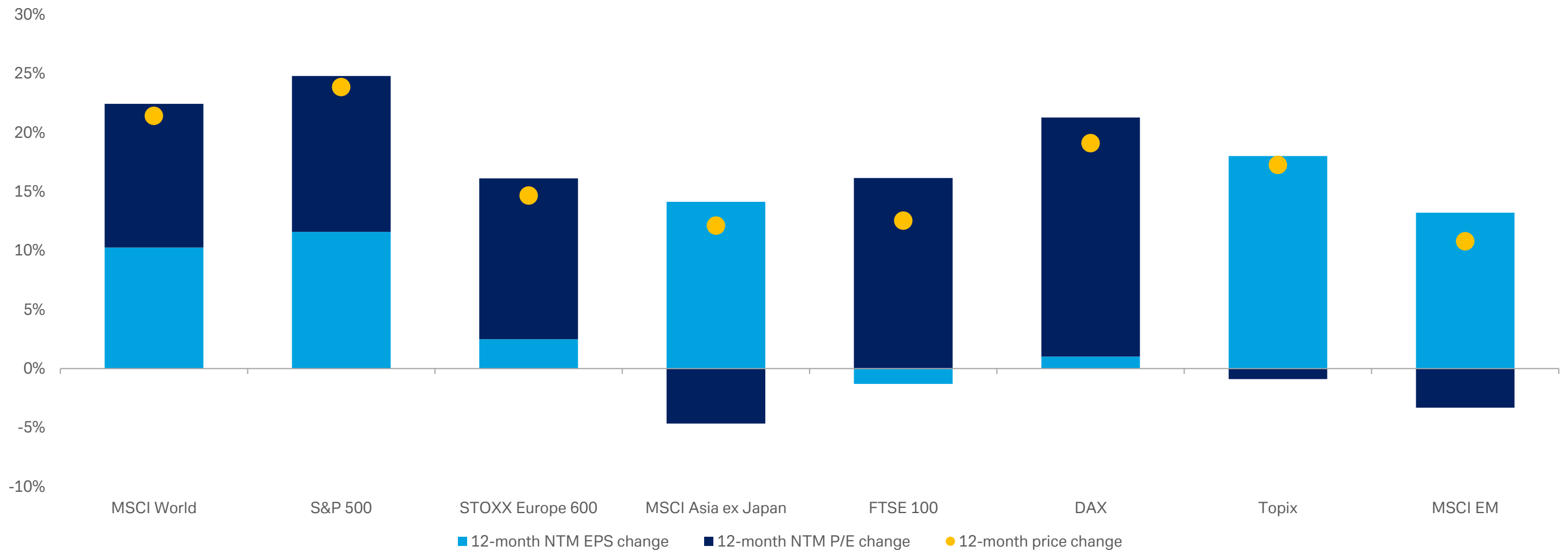


Source: LSEG Datastream, Deutsche Bank AG. Data as of August 30, 2024

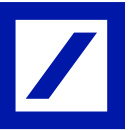


Limited expected return potential for broader equity markets

12-months NTM EPS, NTM P/E and price change

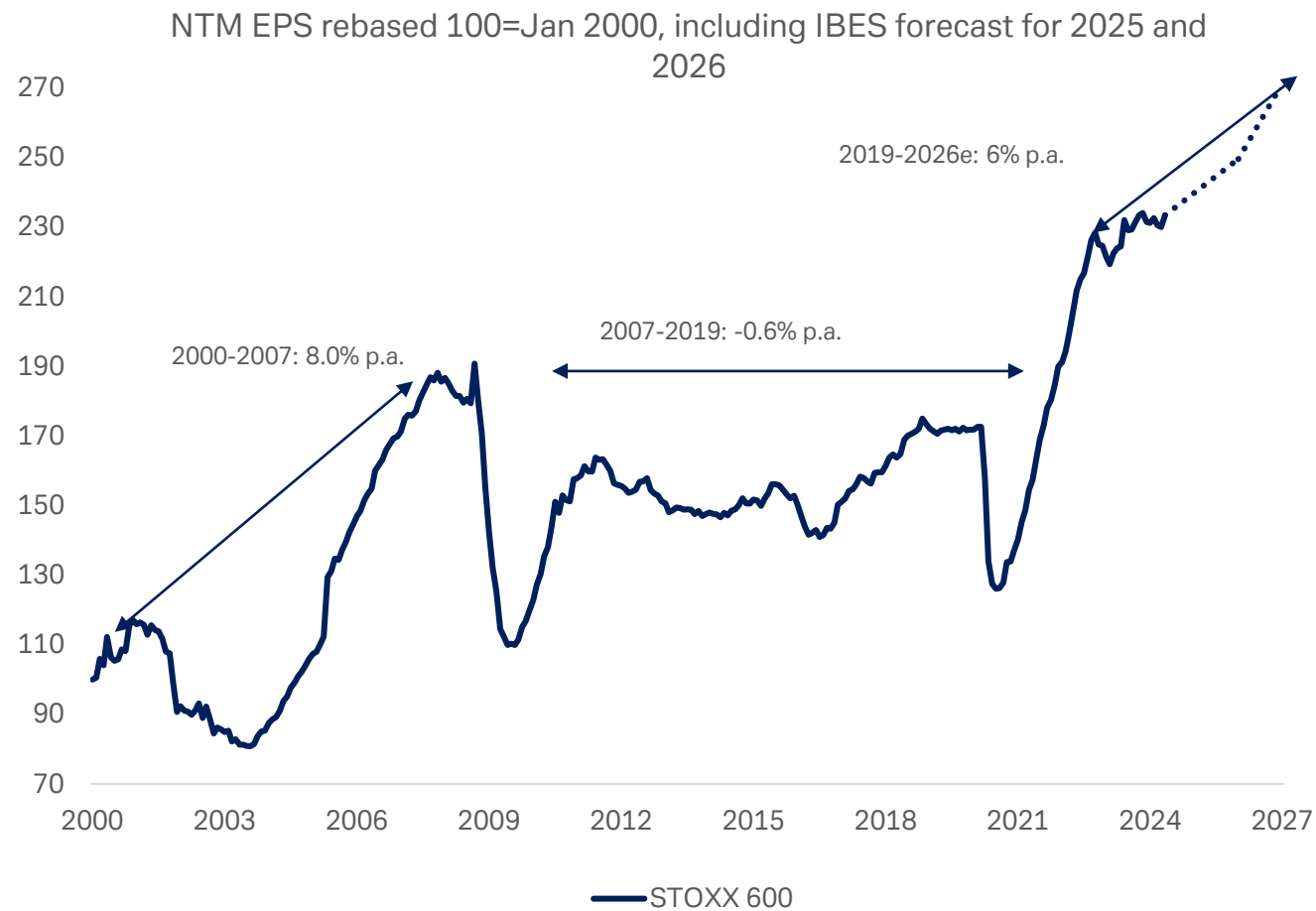


Source: Bloomberg Finance L.P., Deutsche Bank AG. Data as of August 30, 2024.

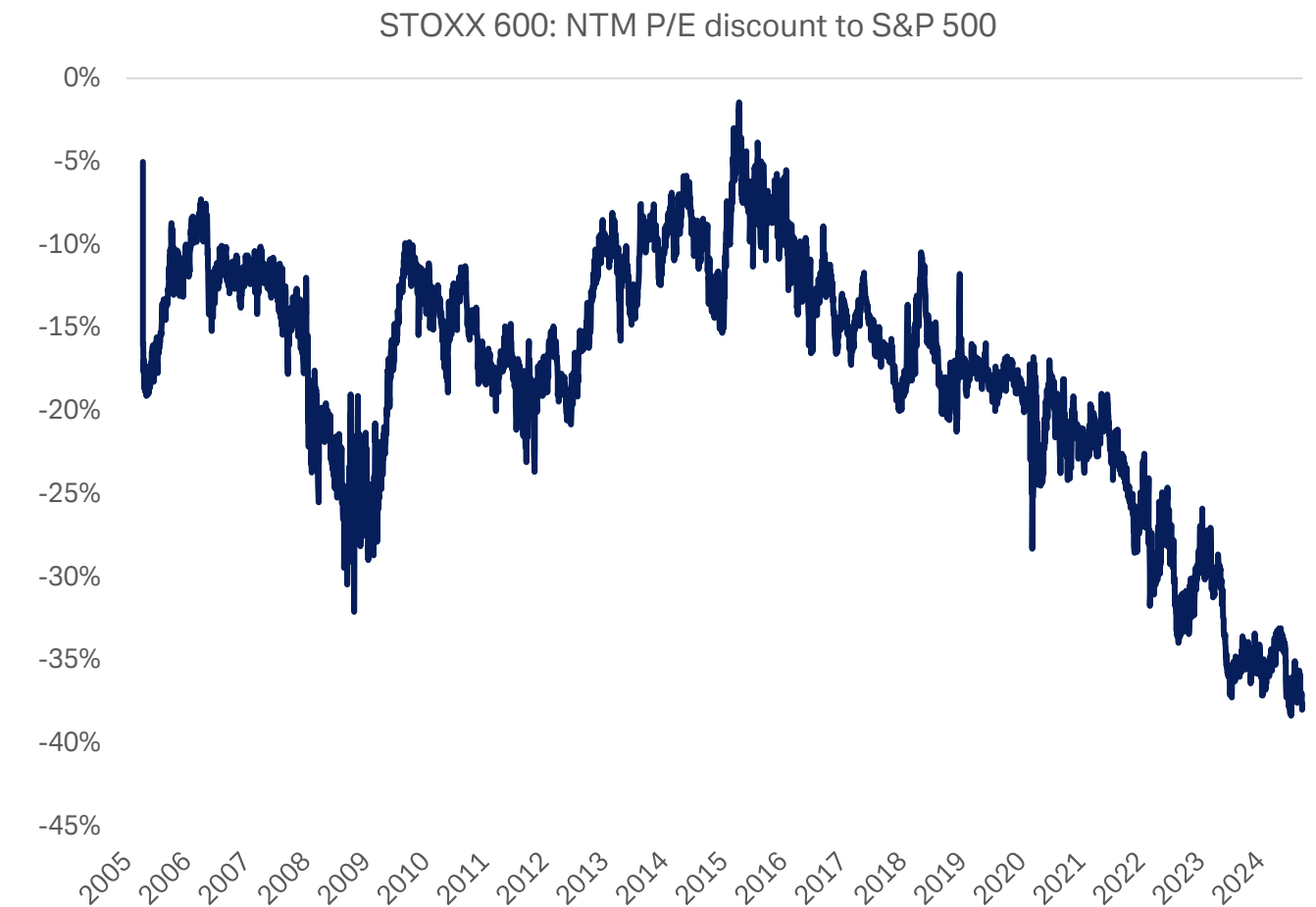


Europe – The bull case

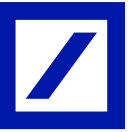
High earnings growth – „Lost decade“ a distant memory



European equities trade at a record discount to the U.S.

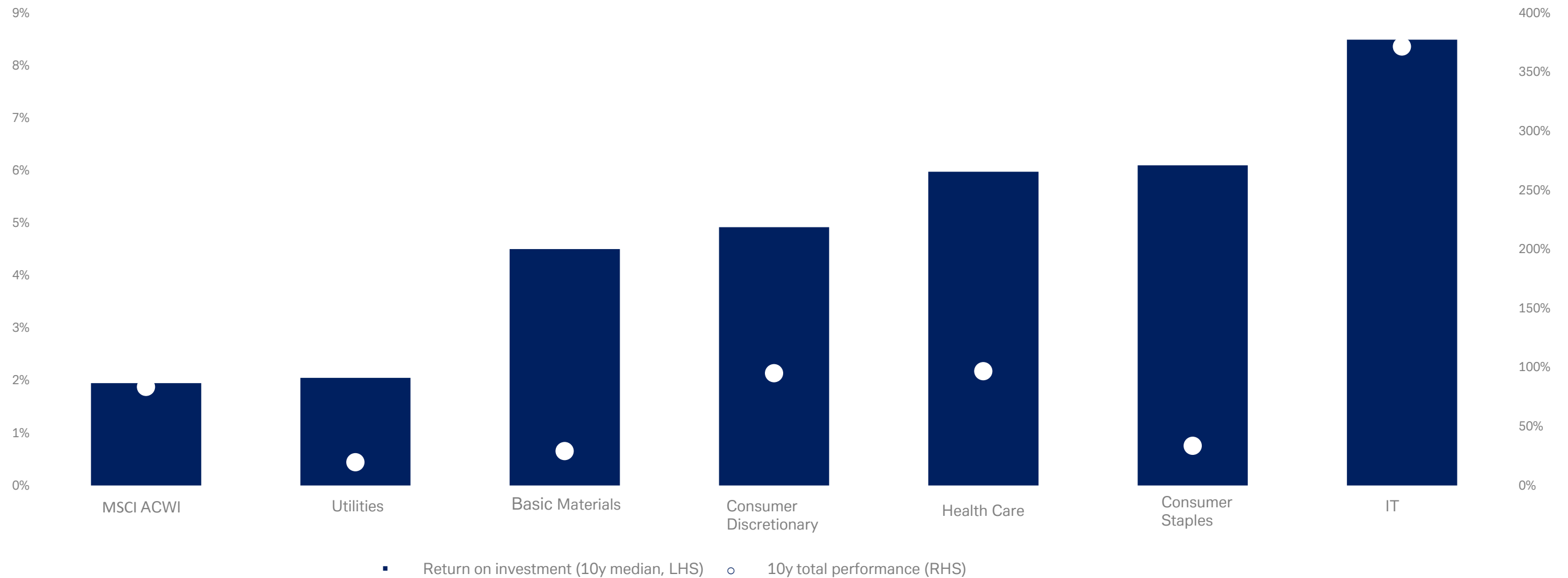


Source: LSEG Datastream, Deutsche Bank AG. Data as of September 2024



Capital accumulation: return on capital important for performance

IT with the highest return on assets and performance

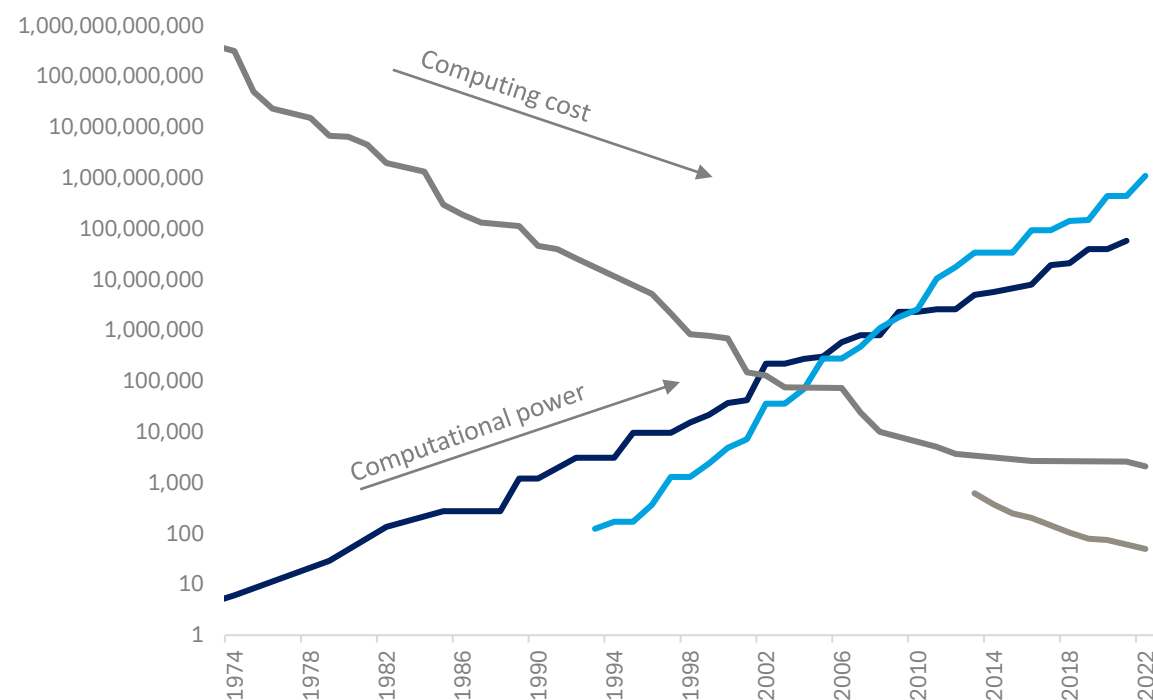


Source: LSEG Datastream, Deutsche Bank AG. Data as of September 16, 2024.



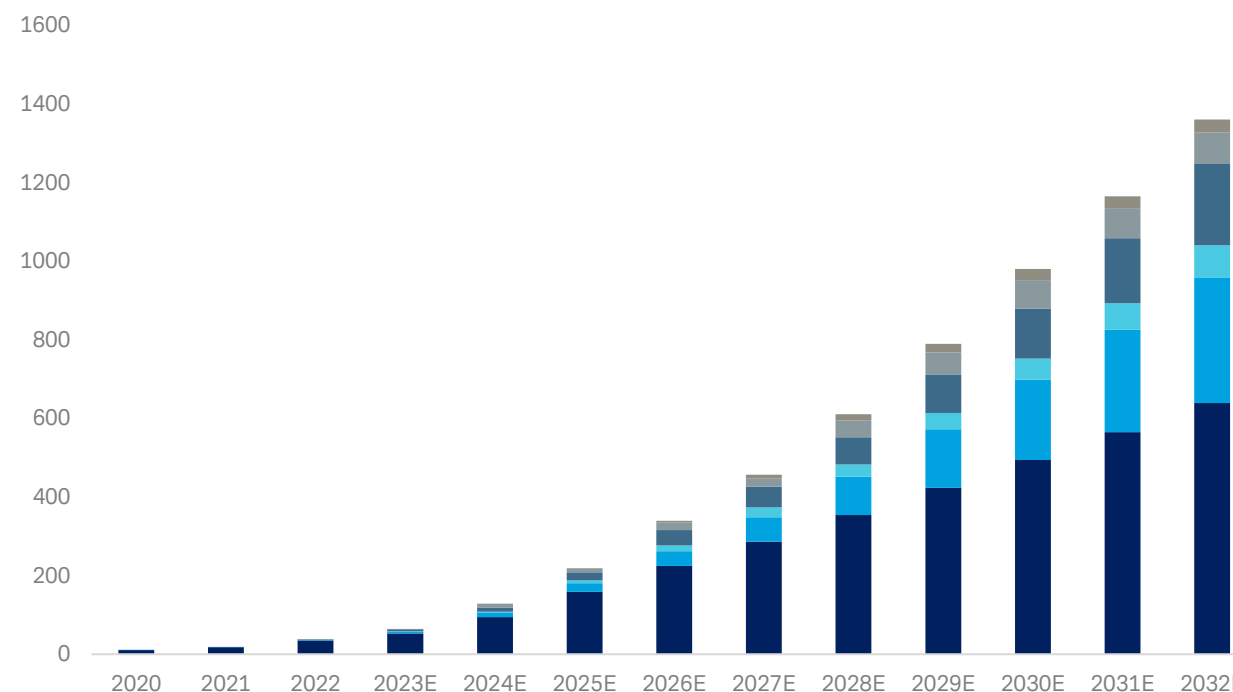
Secular driver for growth – Digitization everywhere

Moore’s Law: Continuously improving power and cost



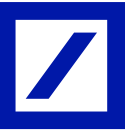
- Transistors per microprocessor (Thousands, lhs)
- Supercomputer computational capacity (GFLOPS, lhs)
- Memory (USD/TB, rhs)
- SSD (USD/TB, rhs)

Artificial Intelligence – More than just a passing fad



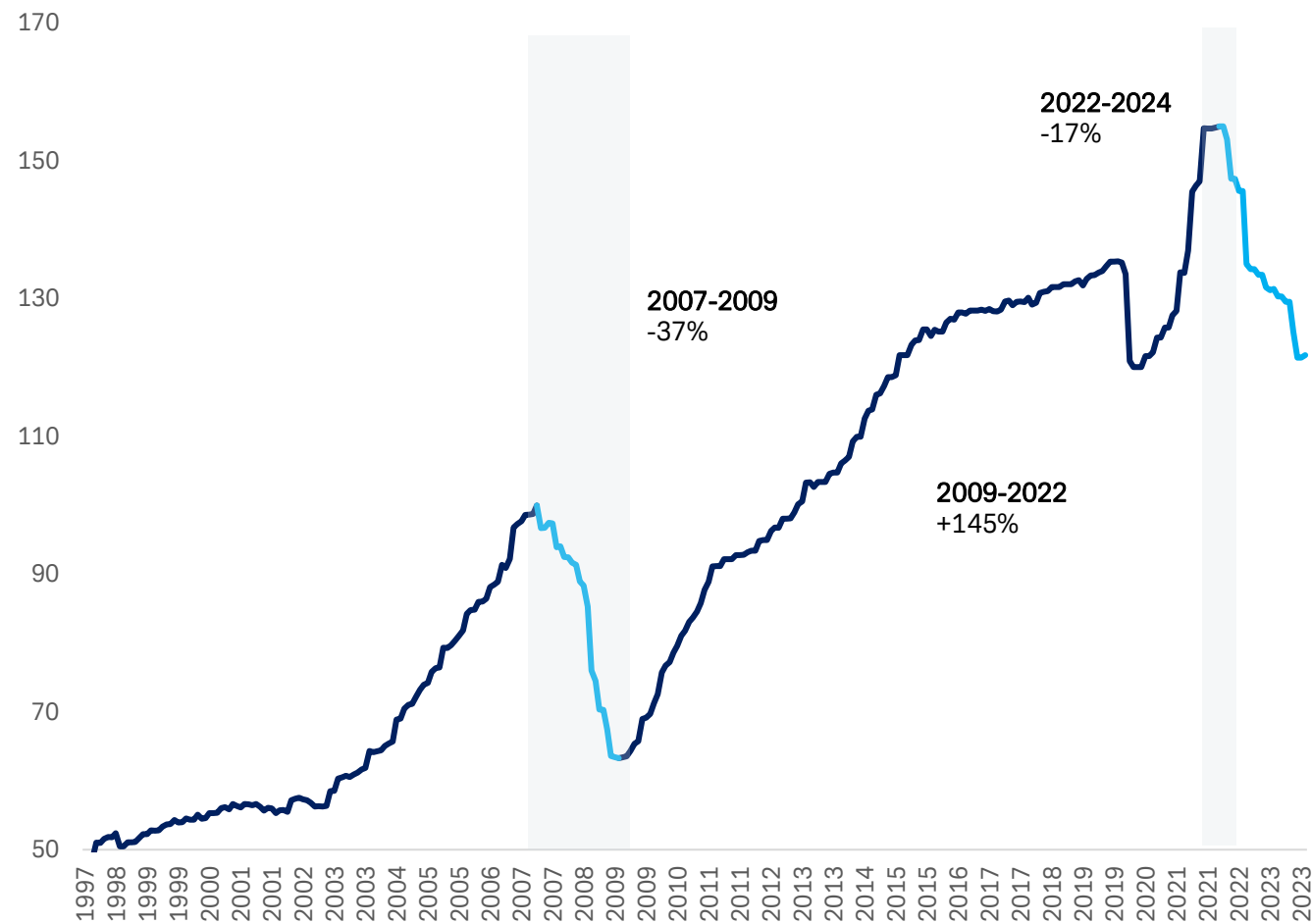
- Hardware
- Generative AI Based Gaming Spending
- Generative AI Focused IT Services
- Generative AI Driven Ad Spending
- Generative AI Based Business Services

Source: RHS - J. C. McCallum, K. Rupp, Microprocessor Trend Data, TOP500 SCDB. Data as of 2022. LHS - Statista, eMarketer, IDC, Bloomberg Finance L.P., Data as of September 16, 2024.

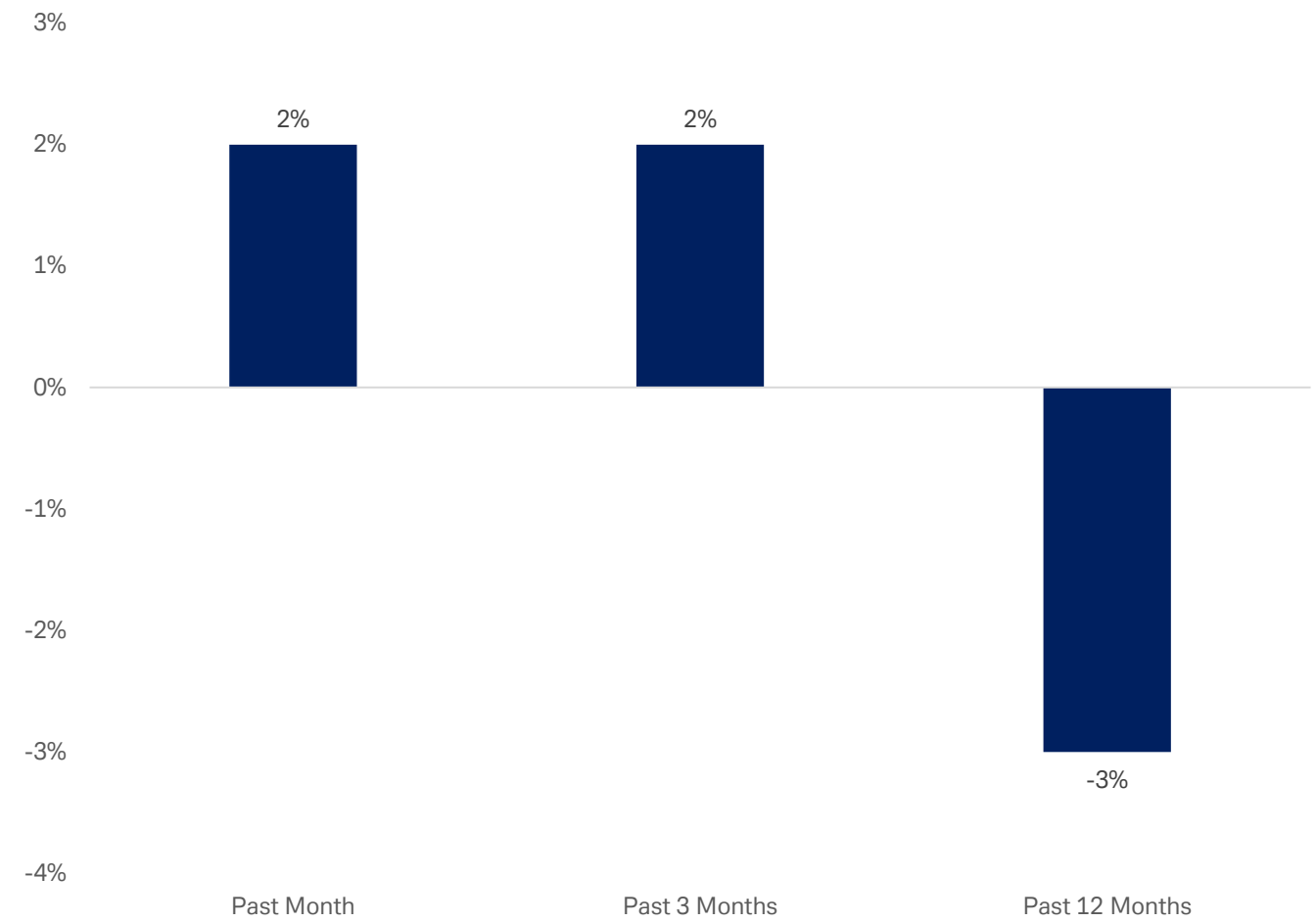


Economic uncertainty has put pressure on the commercial sector

Green Street Commercial Property Price Index

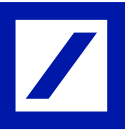


Change in commercial property values (%)

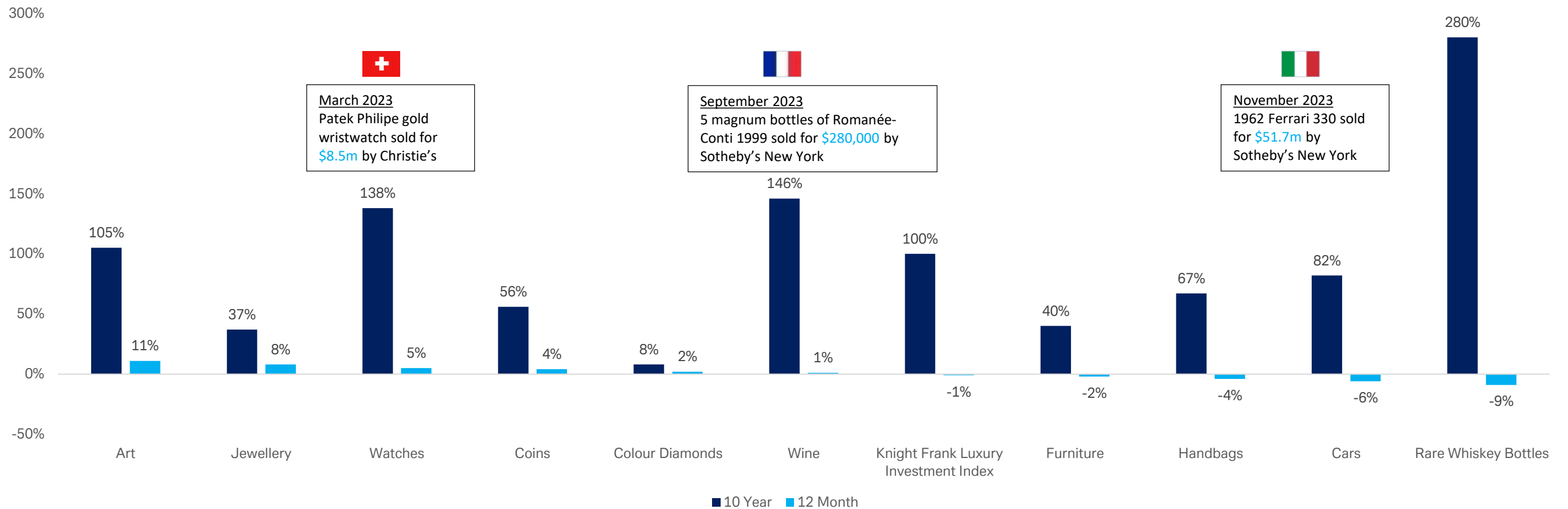


Source: Green Street Commercial Property Index. Data as of September 2024. All Property CPPI weights: retail (20%), office (17.5%), apartment (15%), health care (15%), industrial (10%), lodging (7.5%), net lease (5%), self-storage (5%), manufactured home park (2.5%), and student housing (2.5%). Retail is mall (50%) and strip retail (50%). Core Sector CPPI weights: apartment (25%), industrial (25%), office (25%), and retail (25%).

Luxury investment remains as diversified over the last 10 years



Knight Frank Luxury Investments Index 4Q 2023 Knight Frank Luxury Investments Index 4Q 2023



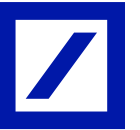
March 2023
Patek Philippe gold wristwatch sold for \$8.5m by Christie's

September 2023
5 magnum bottles of Romanée-Conti 1999 sold for \$280,000 by Sotheby's New York


November 2023
1962 Ferrari 330 sold for \$51.7m by Sotheby's New York

Source: Source: Knight Frank Research using data from Art Market Research (art, coins, furniture, handbags, jewelry and watches), Fancy Color Research Foundation (color diamonds), HAGI (cars), Rare Whiskey 101 and Wine Owners. Data as of July 19, 2024, Knight Frank Luxury Investment Index is a weighted average of individual asset performance


CIO View – Summary & long-term investment themes





Main Calls

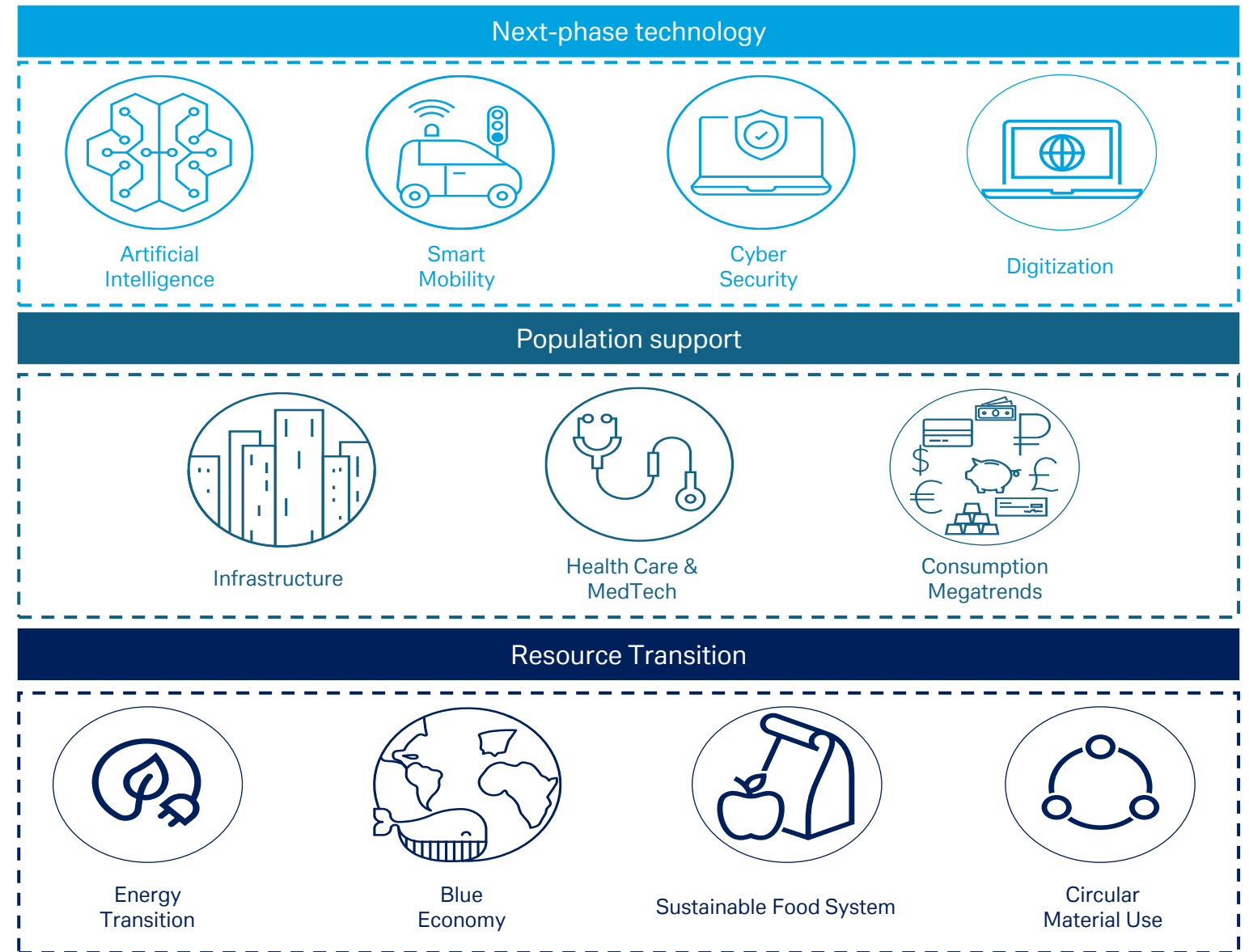
 **Growth and Inflation**
Not too cold, not too hot

 **Central Banks**
Mini cutting cycle, high(er) for longer

 **Equities**
Market cap barbell - Keep mega caps, add small caps

 **Equities**
Long Asia equities (including India, China and Japan) – focus on tech, industrials & consumer

 **Fixed Income**
Long IG corporates, focus on financials



Source: Deutsche Bank AG. Data as of September 2024.



Macroeconomic forecasts

GDP growth rate (%)¹

	2024 F	2025 F	Consensus 2024 (BBG*)
U.S.	2.4	1.7	2.5
EUZ	0.7	1.0	0.7
GER	0.1	1.0	0.1
Japan	0.0	1.2	0.1
China	4.8	4.4	4.9
World	3.1	3.2	3.0

Unemployment rate (%)

	2024 F	2025 F	Consensus 2024 (BBG*)
U.S.	4.3	4.1	4.2
EUZ	6.6	6.6	6.5
GER	6.0	5.9	6.0
Japan	2.5	2.4	2.5
China ³	5.0	5.0	5.1

CPI inflation (%)²

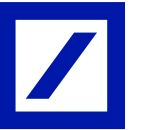
	2024 F	2025 F	Consensus 2024 (BBG*)
U.S.	2.9	2.3	3.0
EUZ	2.5	2.3	2.4
GER	2.6	2.5	2.4
Japan	2.5	2.0	2.4
China	0.5	1.7	0.5

Fiscal balance (% of GDP)

	2024 F	2025 F	Consensus 2024 (BBG*)
U.S.	-6.0	-5.9	-6.5
EUZ	-2.8	-2.7	-3.0
GER	-1.5	-1.0	-1.7
Japan	-4.5	-3.0	-4.2
China ⁴	-13.3	-13.0	-4.8

*Bloomberg consensus

Source: Deutsche Bank AG. (1) For the U.S., GDP growth Q4/Q4 % is 1.5% in 2024 and 2.1% in 2025, (2) Measure is average CPI, other measures for the U.S. see in the respective part of the presentation, (3) Urban unemployment rate (end of period), not comparable to consensus data, (4) China fiscal deficit refers to augmented fiscal balance (widest definition) and refers to IMF. It's not comparable with the consensus. Data as of September 5, 2024.

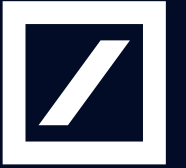


Asset class forecasts

	Current level	vs. current level	Strategic Forecast as of September 2024
	September 5, 2024*		Target September 2025
Capital market yields (sovereign bonds) in percent			
United States (2-year)	3.84	↘	3.60
United States (10-year)	3.82	↗	4.05
United States (30-year)	4.11	↗	4.15
Germany (2-year)	2.34	↘	2.00
Germany (10-year)	2.23	↗	2.25
Germany (30-year)	2.47	↗	2.50
United Kingdom (10-year)	3.95	↗	4.00
Japan (2-year)	0.38	↗	0.70
Japan (10-year)	0.88	↗	1.40
Benchmark rates in percent			
United States (federal funds rate)	5.25-5.50	↘	3.75 - 4.00
Eurozone (deposit rate)	3.75	↘	2.50
United Kingdom (repo rate)	5.00	↘	3.75
Japan (overnight call rate)	0.25	↗	0.75
China (1 year lending rate)	3.35	↘	3.10
Currencies			
EUR vs. USD	1.11	↘	1.08
USD vs. JPY	145	↘	140
EUR vs. JPY	160	↘	151
EUR vs. CHF	0.94	↗	0.98
EUR vs. GBP	0.84	→	0.84
GBP vs. USD	1.31	↗	1.34
USD vs. CNY	7.10	↗	7.15

	Current level	vs. current level	Strategic Forecast as of September 2024
	September 5, 2024*		Target September 2025
Equity indices			
United States (S&P 500)	5,516	↗	5,800
Germany (DAX)	18,607	↗	20,000
Eurozone (Eurostoxx 50)	4,852	↗	5,100
Europe (Stoxx 600)	515	↗	540
Japan (MSCI Japan)	1,686	↗	1,760
Switzerland (SMI)	12,184	↗	12,350
United Kingdom (FTSE 100)	8,264	↗	8,350
Emerging Markets (MSCI EM)	1,090	↗	1,140
Asia ex Japan (MSCI Asia ex Japan)	698	↗	740
Australia (MSCI Australia)	1,626	↘	1,550
Commodities in USD			
Gold	2,484	↗	2,810
Crude Oil (Brent Spot)	73	↗	80
Carbon	67	↗	80
Spreads (corporates & EM bonds) in bps			
EUR IG Corp	116	↘	95
EUR HY	367	↗	400
USD IG Corp	91	↘	85
USD HY	316	↗	375
Asia Credit	132	↘	125
EM Sovereign	397	↘	390

Source: Deutsche Bank AG, Bloomberg Finance L.P.; Data as of September 5, 2024.
*estimates as of most recent CIO Day on September 5, 2024



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