

# DWS

**POSITIONED FOR THE FUTURE**

COMPANY PRESENTATION  
JANUARY 25, 2018



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**1** **Positioned for the future**

2 Investment platform and capabilities

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3 Distribution

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4 Operating platform

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5 Financial performance and targets

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6 Risk and control

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7 Governance

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8 Summary

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# DWS: POSITIONED FOR THE FUTURE

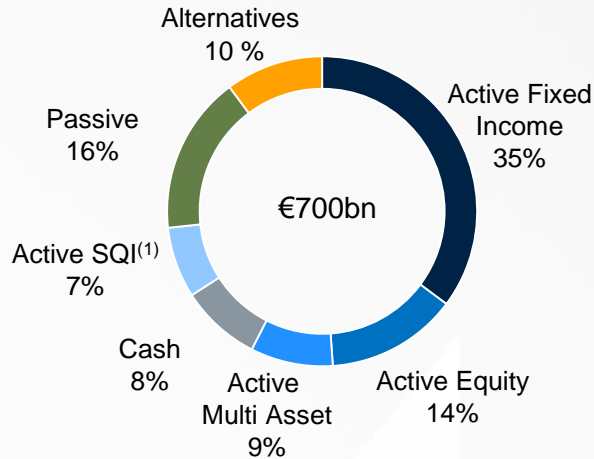


- 1 Excellent products and investment solutions designed to meet current and future client needs
- 2 Global and balanced distribution reach across multiple channels to support growth
- 3 Scalable operating platform with digital capabilities
- 4 Performance culture and experienced management team
- 5 DB plans for DWS supportive of strategy and delivery of profit growth
- 6 Positioned to deliver shareholder value through revenue growth, cost discipline and dividend distribution

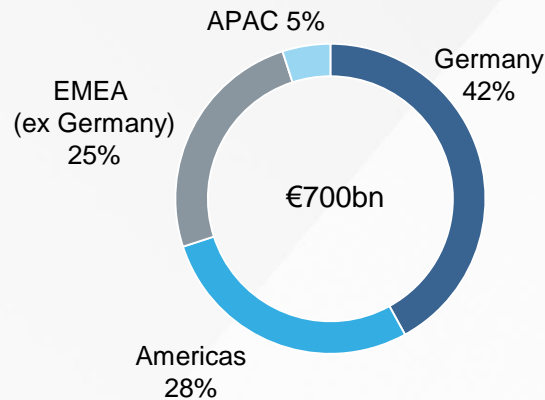
# DIVERSIFIED BUSINESS WITH LEADING POSITIONS IN KEY AREAS



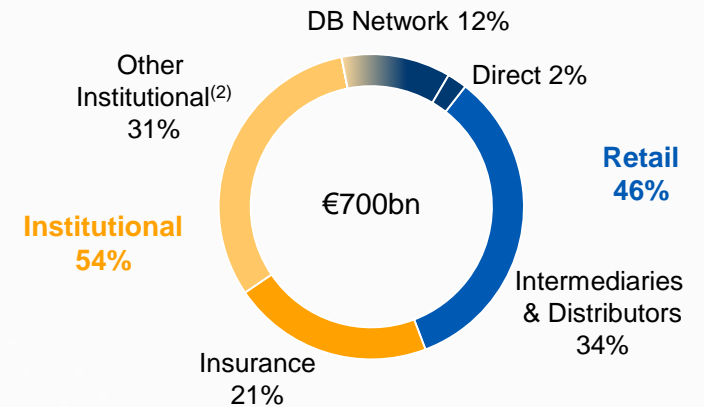
## AuM by asset class



## AuM by geography



## AuM by client type and channel



**#1**  
Retail AM Germany<sup>(3)</sup>

**#5**  
Retail AM Europe<sup>(4)</sup>

**#8**  
Institutional AM Europe<sup>(5)</sup>

**#2**  
Insurance AM Global<sup>(6)</sup>

**#2**  
ETPs Europe<sup>(7)</sup>

**#6**  
ETPs Global<sup>(7)</sup>

**#11**  
Real Estate Global<sup>(8)</sup>

**#3**  
Infrastructure Securities Global<sup>(9)</sup>

Note: AuM breakdown as at Dec 31, 2017. See detailed industry rankings in the appendix

(1) Systematic & Quantitative Investments, (2) Other Institutional includes Pensions, Financial Institutions, Corporates and Sovereigns & Non Profits, (3) BVI Statistics mutual funds (Nov 30, 2017), (4) Broadridge (Nov 30, 2017), (5) IPE (Dec 31, 2016), (6) Eager, Davies & Holmes – outsourced non-affiliate general account insurance assets (Dec 31, 2016), (7) ETFGI (Dec 31, 2017), (8) P&I Survey (Jun 30, 2017), (9) eVestment (Sep 30, 2017)

# DWS – DIVERSIFIED AND DIFFERENTIATED



Latest disclosed AuM mix

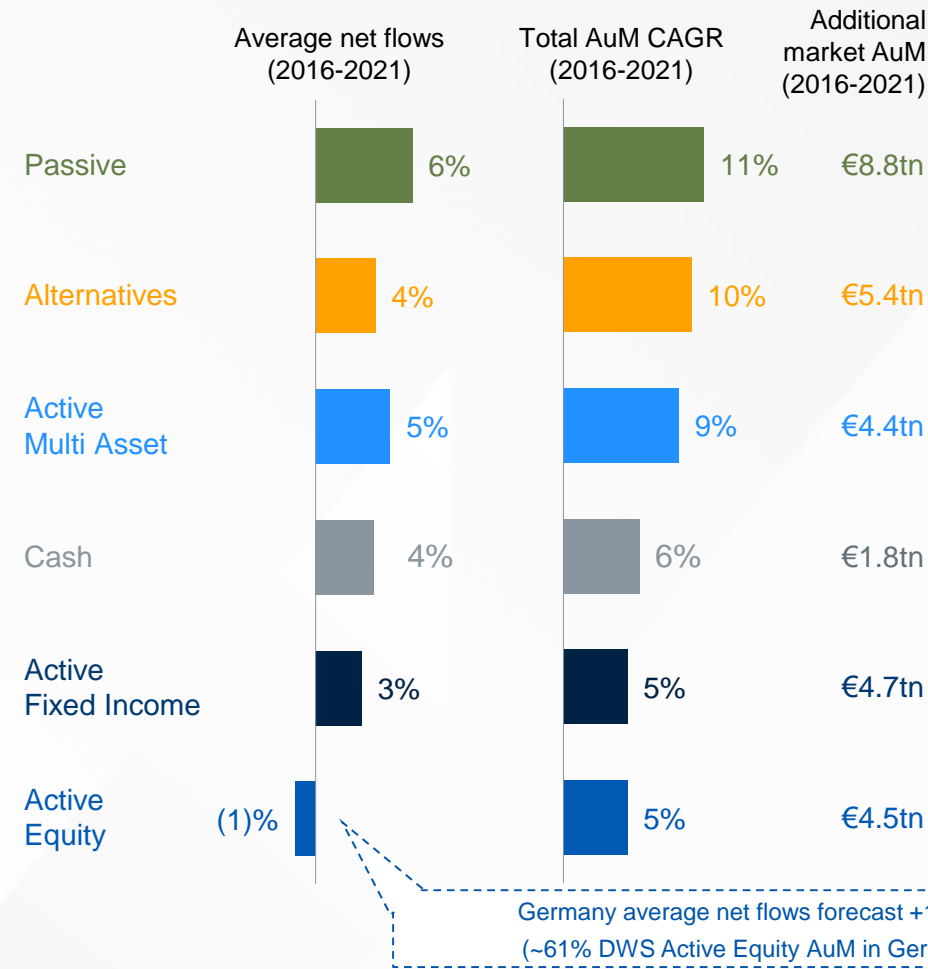
	Asset class	Channel	Geography	Captive %	Net flows (% of BoP AuM)	Mgmt fee margin (bps)	Adjusted CIR <sup>(1)</sup>
	Fixed income Alternatives Multi asset / Solutions	Equity Cash Other	Institutional Retail Other		Home country Other geographies		
				12%	2.3% 4.9% (ex Cash and Insurance GA)	32	68%
Peer 1				~40% <sup>(4)</sup>	5.9% <sup>(5)</sup> 3.1% (ex Cash) <sup>(5)</sup>	18	53%
Peer 2				n/m	6.8% 7.0% (ex Cash)	19	58%
Peer 3				n/m	0.4%	52	63%
Peer 4				n/m	1.4%	47	75%

Note: DWS as of 9M-17 (except AuM and net flows as of FY 2017), Peers 1, 2 & 4 as of 9M-17, Peer 3 as of H1-17. Net flows and Management fee margin annualized.

(1) As reported, (2) Passive Commodities is included in Alternatives, (3) Multi-asset / Solutions includes Multi-asset and Active SQI, (4) French network, captive insurance mandates and captive international networks, (5) Net flows including JVs, (6) ETF, not split between retail and institutional, (7) Wealth management, (Source: Companies' public information)

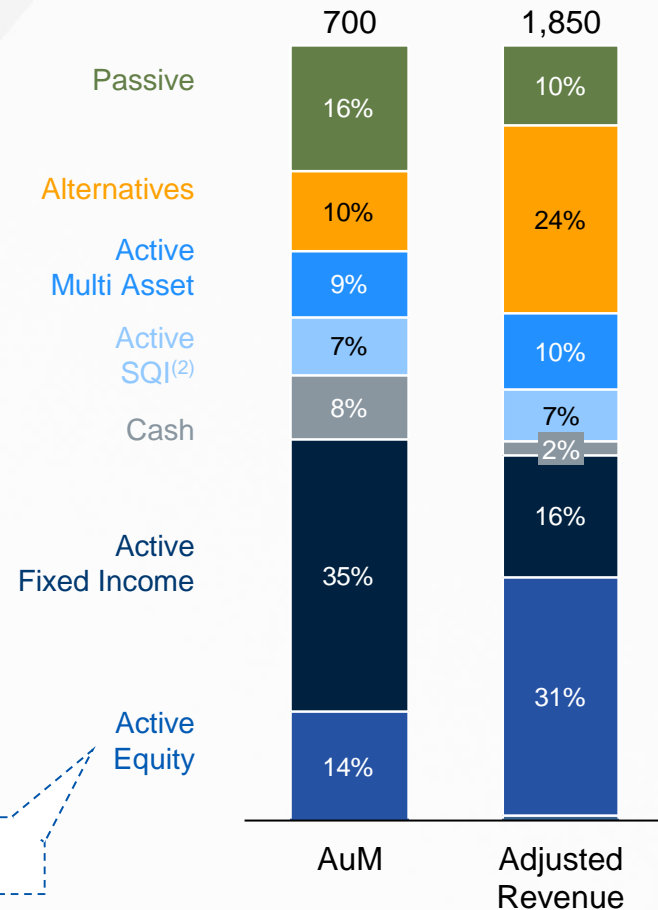
# CAPABILITIES ALIGNED WITH GROWTH OPPORTUNITIES

## Market forecast (global)<sup>(1)</sup>



## DWS

AuM (Dec-17, €bn) and Adjusted Revenue<sup>(3)</sup> (9M-17, €m)



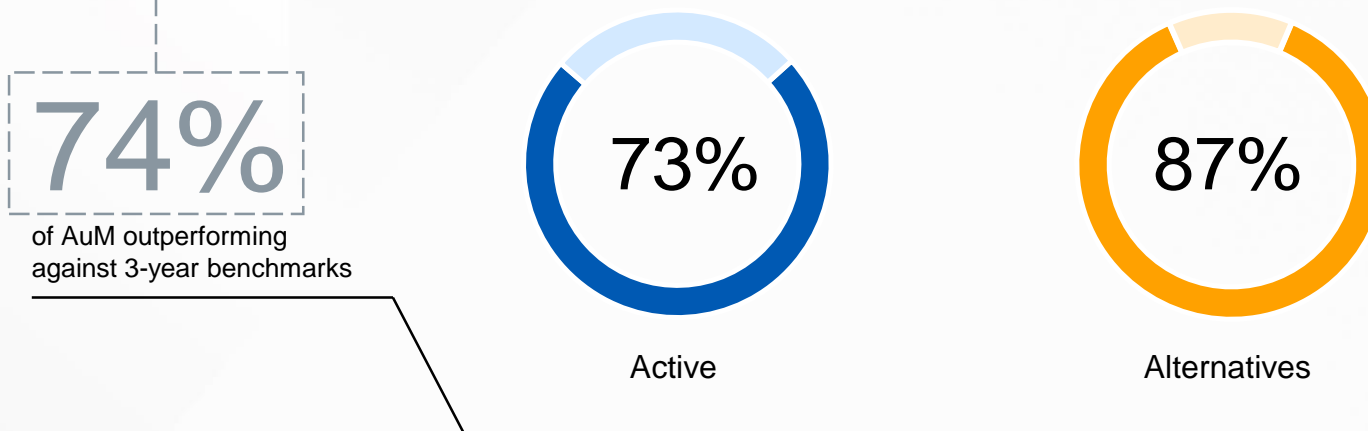
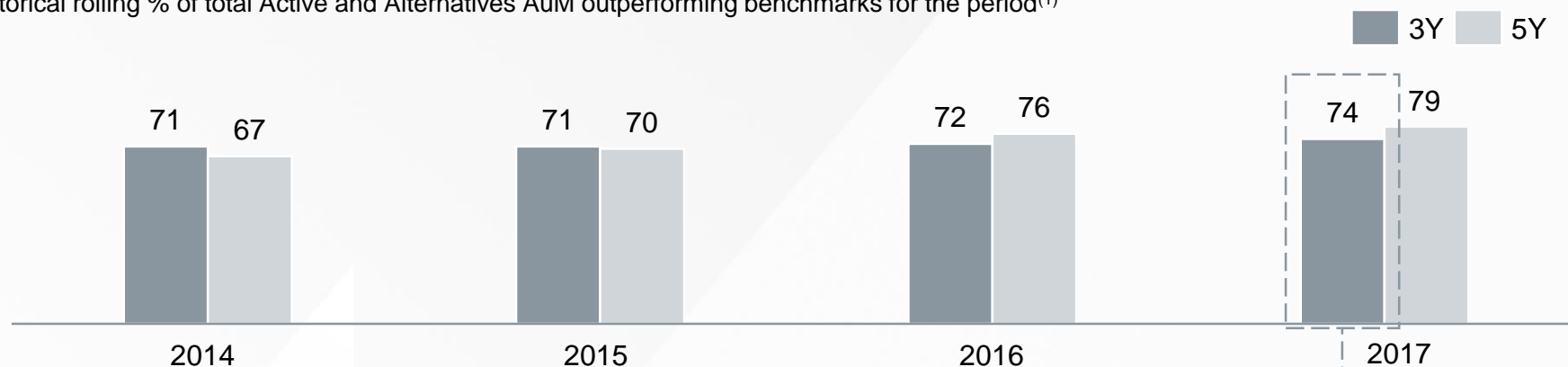
(1) McKinsey Growth Cube (as of Nov 27, 2017), (2) Systematic & Quantitative Investments, (3) Non-product related revenue of €8m excluded from breakdown

# STRONG AND CONSISTENT INVESTMENT PERFORMANCE



## Investment outperformance

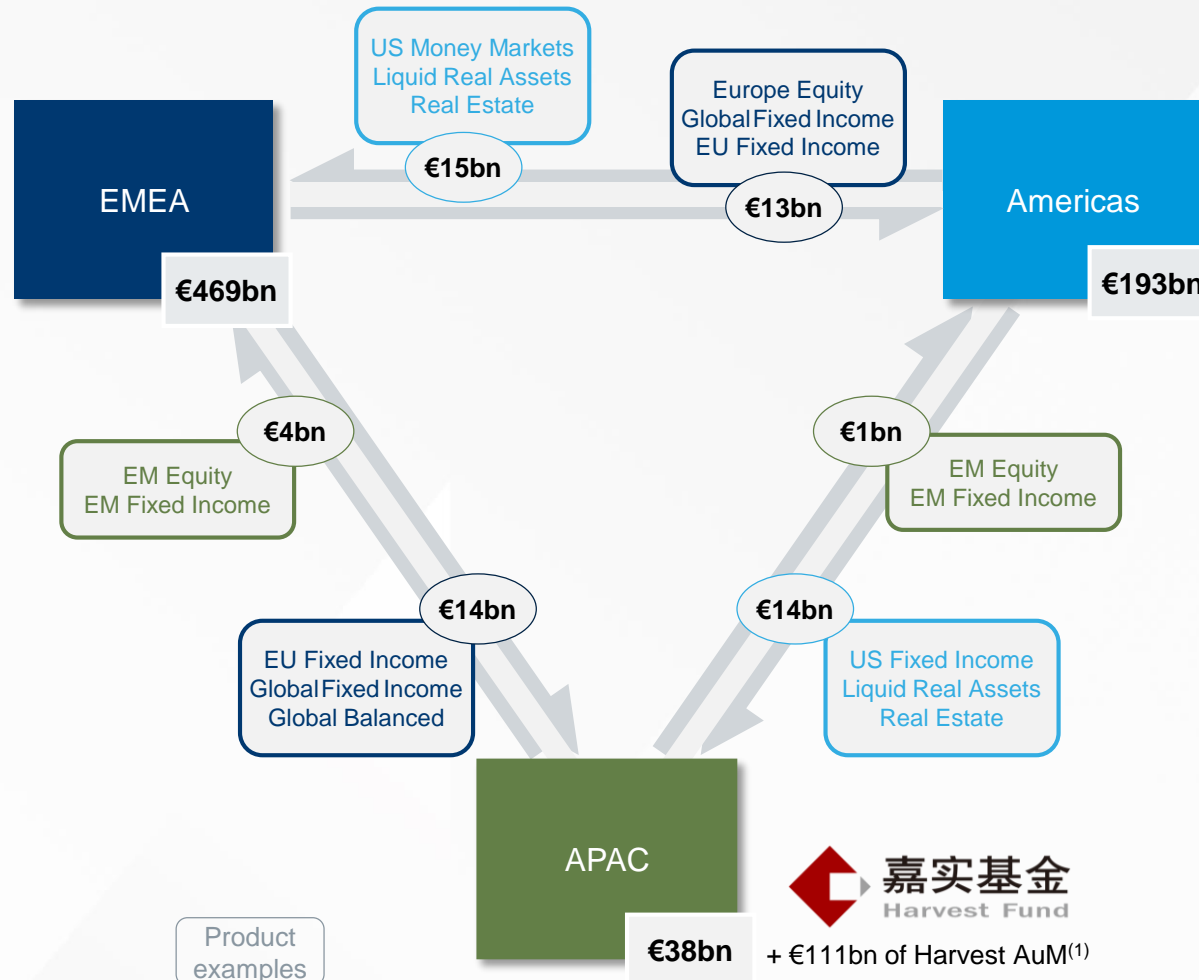
Historical rolling % of total Active and Alternatives AuM outperforming benchmarks for the period<sup>(1)</sup>



(1) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (Active as of Dec 31, 2017, Alternatives as of Sep 30, 2017)



# GLOBAL DELIVERY FROM REGIONAL CENTERS OF EXCELLENCE



### EMEA

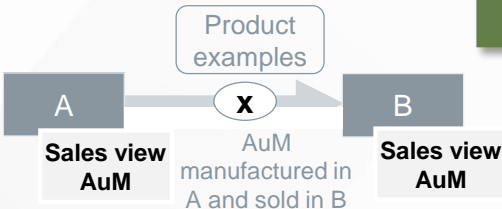
- Home market and headquarters with capabilities across asset classes and liquidity spectrum
- Leader in Germany with strong market position in EMEA. Strong equity presence in Germany and ETF in Europe

### Americas

- Investment center for US strategies and alternatives. Leverages global capabilities. Specialty ETF provider and strong real estate player
- “Multi-specialist” channel segmentation, and leading insurance asset manager

### APAC

- Foundation for distribution of global products. Investment center for emerging markets strategies
- Considerable Japanese client base for alternatives and growing fixed income platform

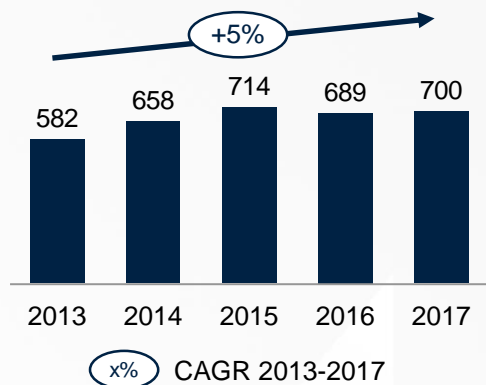


Note: All AuM figures as of Dec 31, 2017  
 (1) Reflects 100% of Harvest AuM (as of Dec 31, 2017); DWS stake is 30%

# STRONG PROFIT FROM REVENUE GROWTH AND COST DISCIPLINE

## AuM / Revenue growth

AuM (€bn)

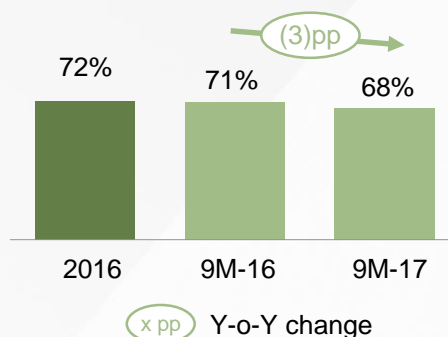


- Strong investment capabilities aligned to growth trends (across Passive, Alternatives, Next Generation Active and Multi Asset)
- Consistent investment outperformance
- Global distribution reach
- Digital distribution platforms and analytics in advanced development



## Cost discipline

Adjusted CIR

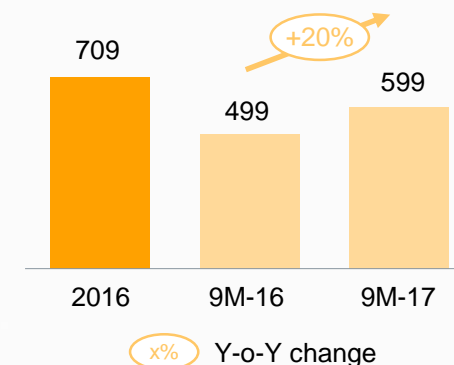


- Single scalable operating platform
- Various cost initiatives in place
- DB Group services provide further upside



## Profit growth

Adjusted Profit Before Tax (€m)



- High cash generative business
- Low capital consumption
- Attractive dividend payout ratio

# STRATEGY TO BE THE INVESTMENT PARTNER OF CHOICE



## Client coverage

- Further leverage leading positions in Germany and EMEA
- Focused growth as multi-specialist in Americas
- Expand coverage in APAC



## Investment solutions

- Continue delivering consistent investment outperformance
- Grow Multi Asset and Solutions offering, leveraging our full range of product capabilities
- Select investments in product capabilities (e.g. Alternative Credit, Real Asset Debt, ETFs and Systematic and Quant Investments)



## Operating platform

- Leverage operating platform to drive further efficiencies
- Use digital capabilities for enhanced client reach and servicing



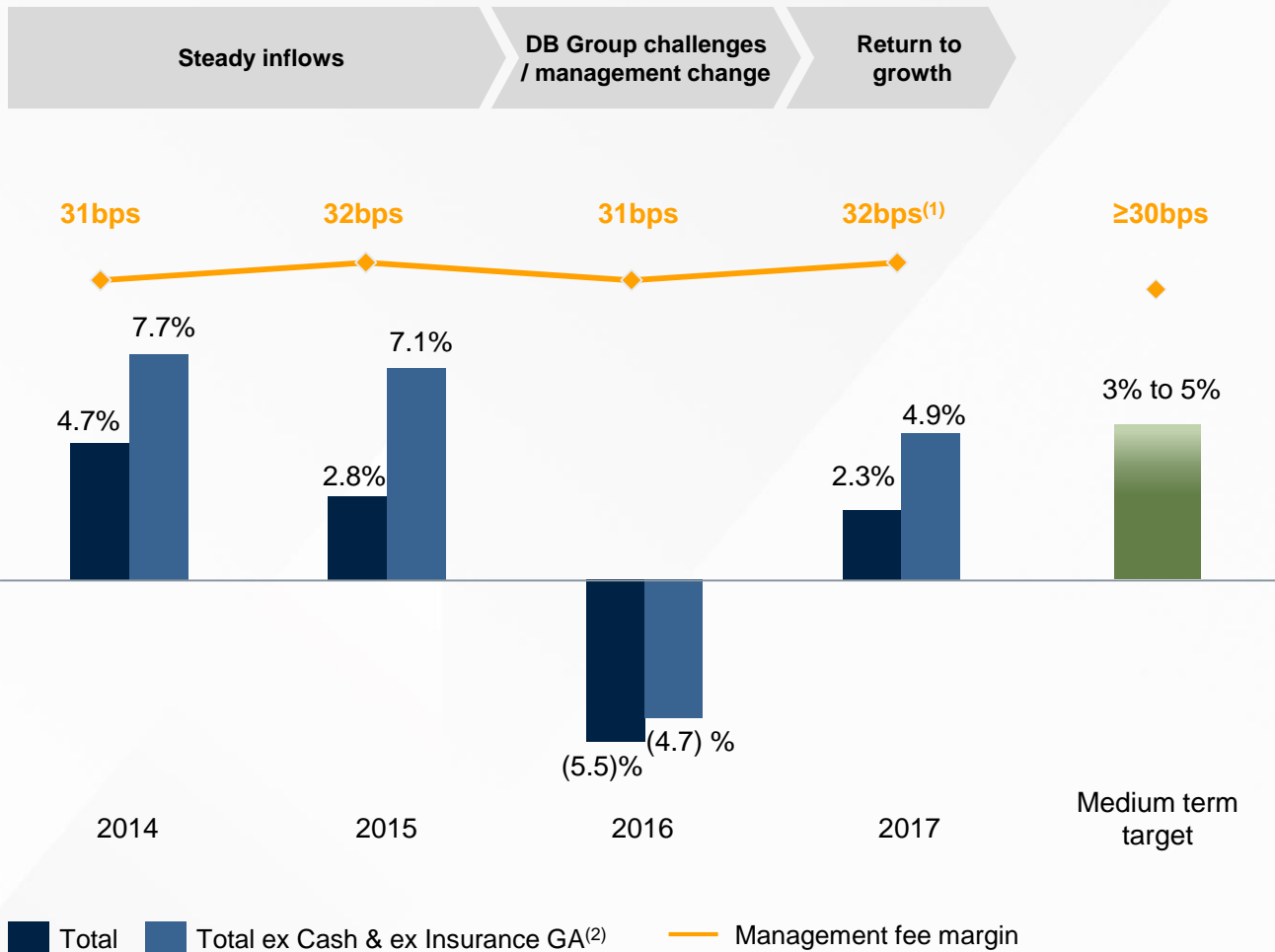
## Growth capital

- Disciplined allocation of capital for growth
- Deployment of seed capital and co-investment for growth
- Significant shareholder distributions

# DB PLANS FOR DWS SUPPORTIVE OF STRATEGY



## Track record of net flows and margin resilience

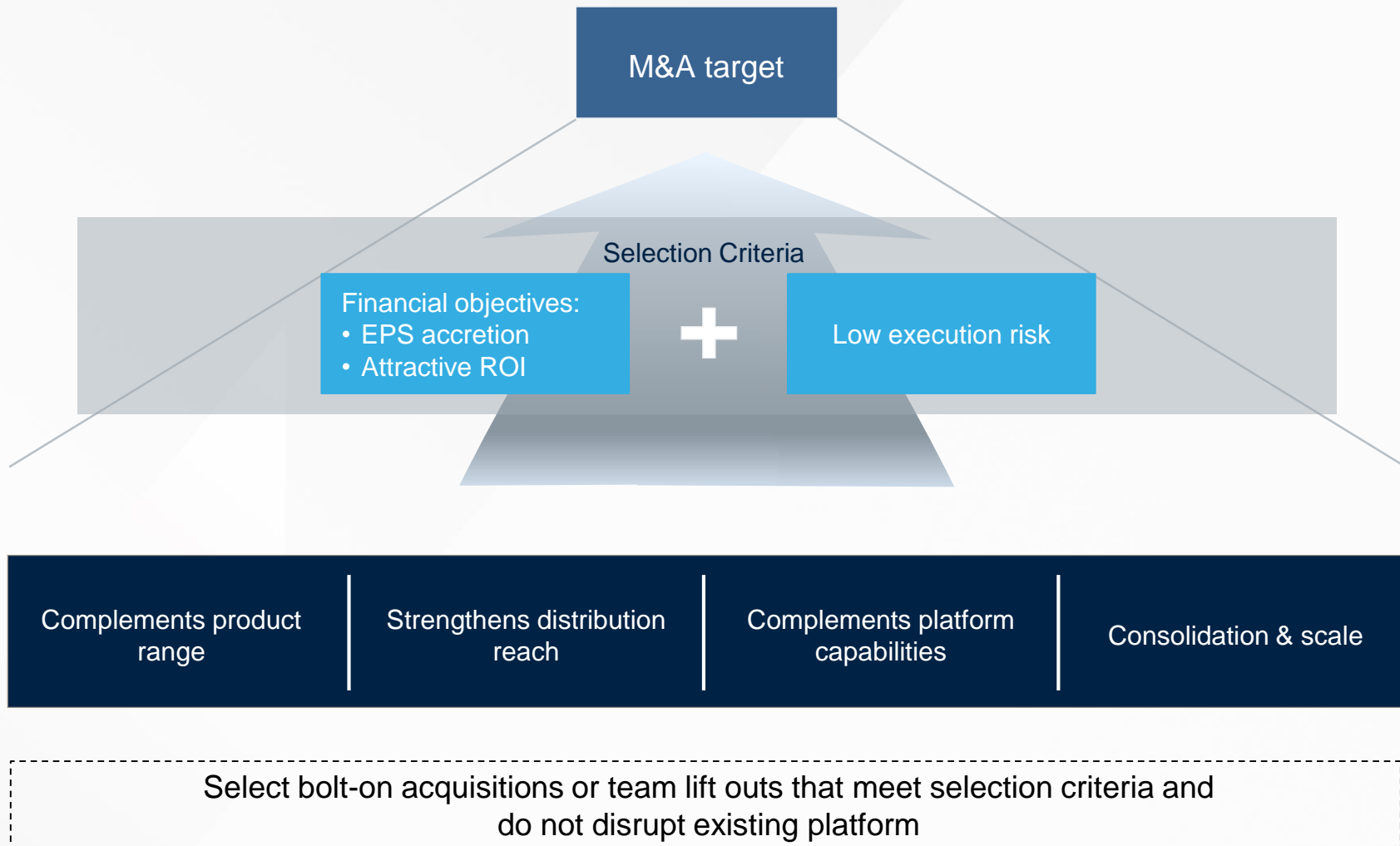


- ✓ Enhanced external profile for DWS
- ✓ Leaner decision making processes and further efficiency gain potential
- ✓ Streamlined operational processes to improve client experience
- ✓ Separate incentive model to attract and retain talent
- ✓ Increased flexibility for future growth opportunities
- ✓ DWS brand

Note: Net flows (% of BoP AuM)

(1) Annualized, as of 9M-17, (2) Insurance general account

# A DISCIPLINED APPROACH TO INORGANIC GROWTH OPPORTUNITIES



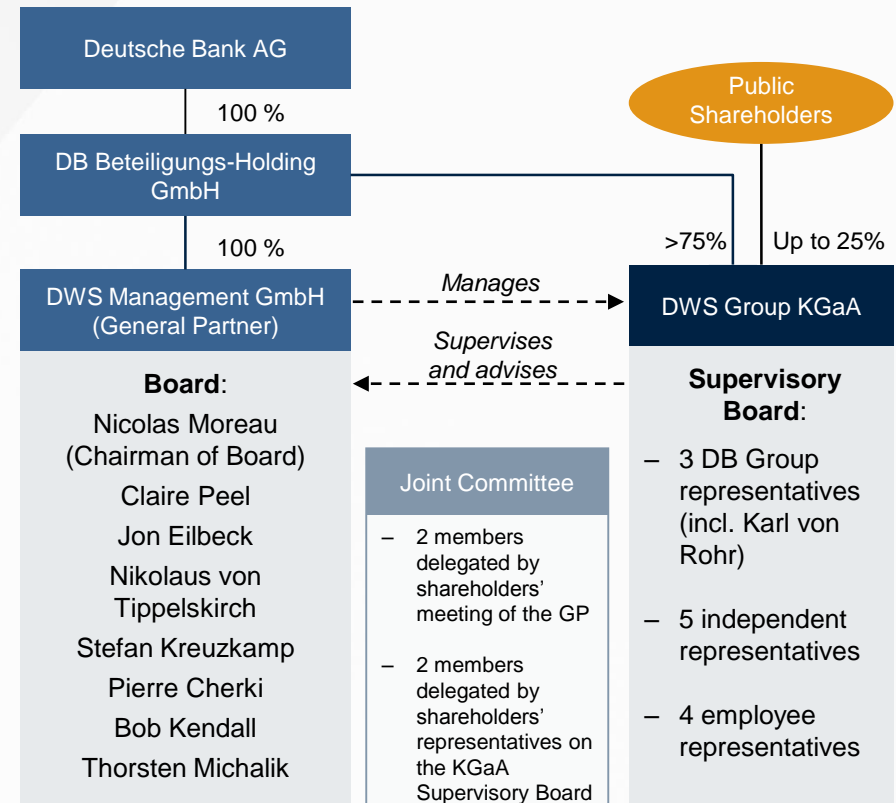
# RELATIONSHIP AGREEMENT AND KGAA STRUCTURE



## Key highlights of Relationship Agreement

- Supports a stable, long term relationship between both parties
- Addresses matters which are either of a strategic nature or which are fundamental to the relationship between the parties
- Recognizes DB's intention that DWS should remain a key part of the DB Group
- Recognizes that DWS should be free to pursue its own commercial objectives
- DWS integrated into DB Group from a financial, tax, risk management, other prudential matter reporting and governance perspective
- KGaA structure converts to AG and Relationship Agreement terminates if DB stake falls below 40%<sup>(1)</sup>

## KGaA structure – simplified overview



(1) Thereafter, Distribution Agreements and Master Service Agreement (MSA) remain in force (unless, in the latter case, either party chooses to terminate). Services entered into under the MSA prior to termination remain unaffected

# POSITIONED TO DELIVER SHAREHOLDER VALUE



Strategy	KPI	Current	Medium term financial targets
Positioned to capture net flows	Net flows (% of BoP AuM)	2.3% <sup>(1)</sup>	3% to 5%
Consistent margin resilience	Management fee margin	32bps <sup>(2)</sup>	≥30bps
Operational leverage and cost discipline	Adjusted CIR	68% <sup>(3)</sup>	<65%
To deliver strong earnings and dividend growth	Dividend payout ratio (% of net income)	n.a.	65% to 75%

(1) FY 2017, (2) 9M-17 annualized, (3) 9M-17

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1 Positioned for the future

**2 Investment platform and capabilities**

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5 Financial performance and targets

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8 Summary

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# A GLOBAL INTEGRATED PLATFORM

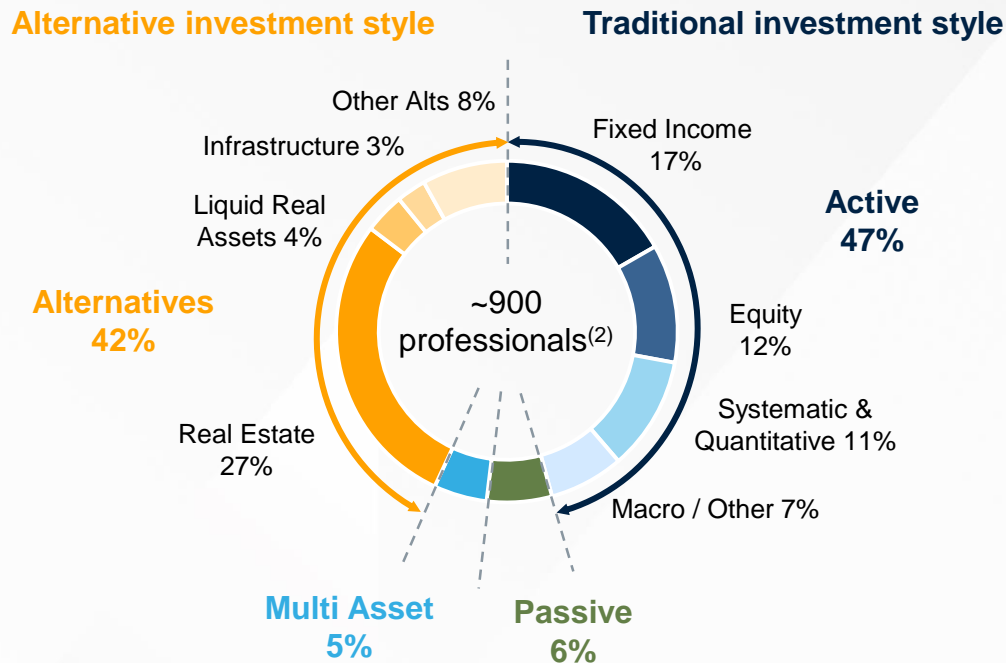
DWS: European origin with a global perspective



Note: Investment professionals are defined as employees (FTE) whose primary role contributes to the performance of DWS' investments (as of Dec 31, 2017)  
(1) EMEA ex Germany

## Thematic coverage across asset classes<sup>(1)</sup>

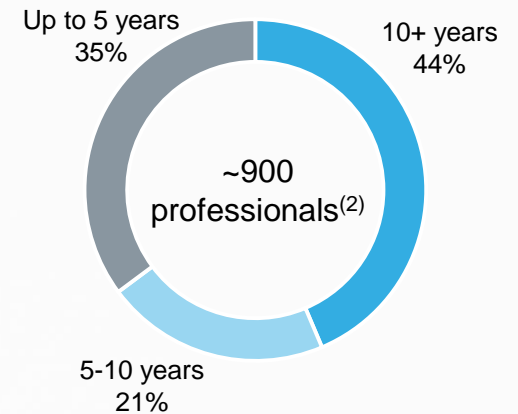
Business line view



- In-depth expertise in traditional and alternatives businesses
- Cross-asset interaction enables multi asset products and solutions

## Experienced team

Staff tenure



- 10-year average tenure of investment professionals
- 14-year average tenure for senior portfolio managers<sup>(3)</sup>

(1) Percentages as of Dec 31, 2017, (2) All employees (FTE) whose primary role contributes to the performance of DWS' investments (as of Dec 31, 2017), (3) Portfolio managers whose corporate title is Director or Managing Director

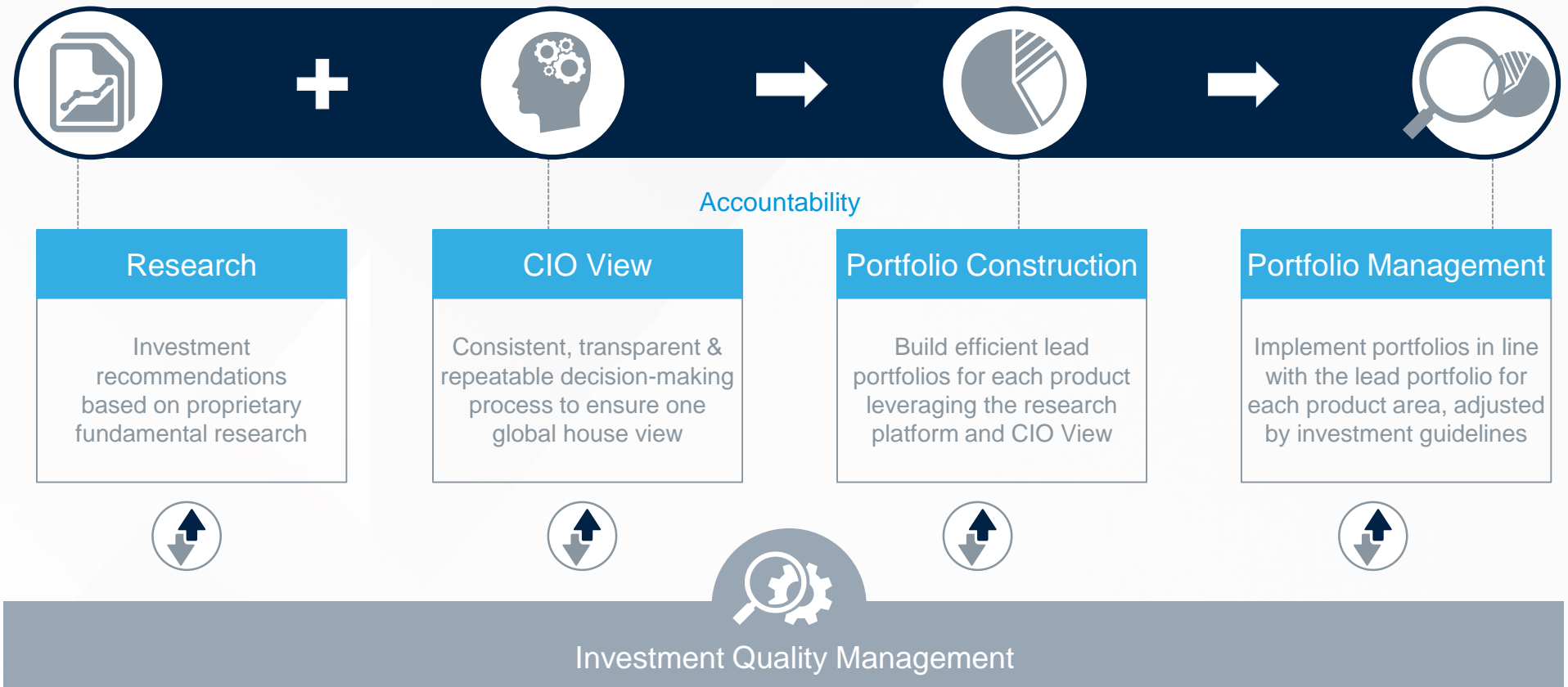
Investment capabilities across all major asset classes, styles and solutions



Note: AuM as of Dec 31, 2017

# INVESTMENT PROCESS: GLOBAL, CONSISTENT AND TRANSPARENT

Integrated, transparent & client-oriented



Ensure, evaluate and confirm or improve quality in terms of performance, risk and skill

# INVESTMENT QUALITY MANAGEMENT: IDENTIFY & REVIEW SOURCES OF RISK, SKILL AND PERFORMANCE



## Connecting performance, risk & investment process...

### Performance

- Review attribution of returns
- Evaluate research quality & recommendations



### Risk

- Evaluate risks
- Decompose risk factors

### Investment Process

- Review investment process
- Govern the investment process

... while considering liquidity, credit escalation, and market impact

#### Liquidity

Assessing marketability of investments to liquidity needs

#### Credit escalation

Global credit escalation process to protect our clients from significant issuer risk

#### Market impact

Ad-hoc performance impact analysis



## Key results & outcomes

### Cross-portfolio scan (XPS)

Positive and negative performance, as well as risk outliers

### Liquidity / scores

Analysis of portfolio liquidity & scores to detect and report liquidity issues

### Portfolio health check

Detailed performance attribution and risk contribution

### Action plan

Agreed actions for e.g. PM, style or benchmark change to ensure long term consistency

### Process health check

Effectiveness & rigor of implementing the investment process

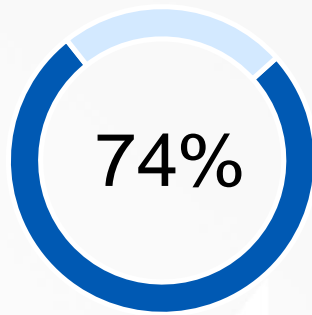
### Quality stamp report

Strategies, portfolio composition, performance, risk & process

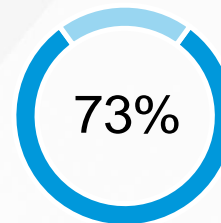
# STRONG AND CONSISTENT INVESTMENT PERFORMANCE ACROSS ASSET CLASSES

## Investment outperformance

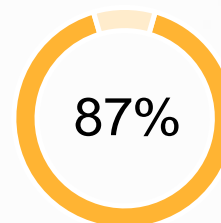
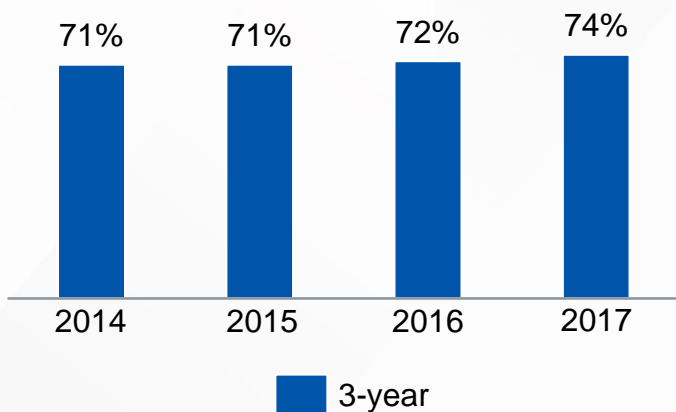
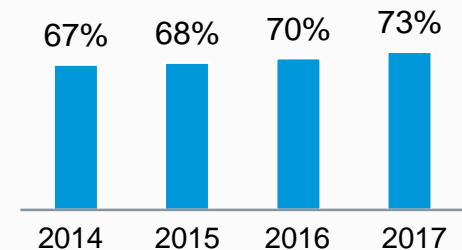
Historical rolling % of total Active and Alternatives AuM outperforming benchmarks for the period<sup>(1)</sup>



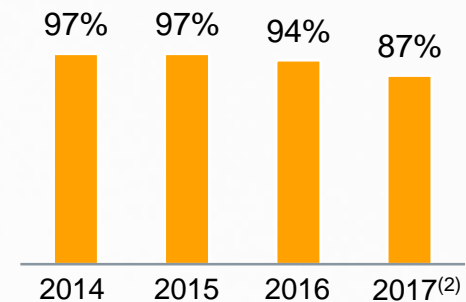
of AuM outperforming against 3-year benchmarks<sup>(1)</sup>



Active

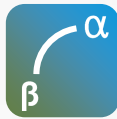


Alternatives



(1) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (Active as of Dec 31, 2017, Alternatives as of Sep 30, 2017)

(2) Alternatives as of Sep 30, 2017



# TRADITIONAL ASSET CLASSES: FROM REPLICATION TO ACTIVE SHARE



The investor's rationale: alpha & beta vehicles for every market trend

Easy market access, liquidity,  
cost-efficiency, replication



Smart beta  
Quant investing



Active share  
Stock & bond selection



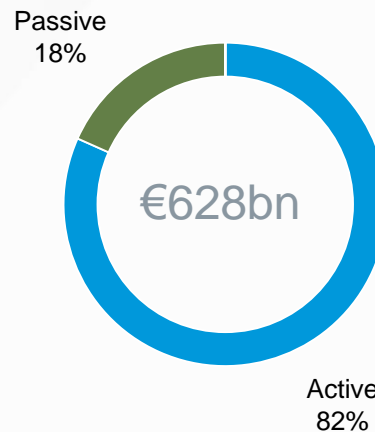
# €628bn

AuM<sup>(1)</sup>

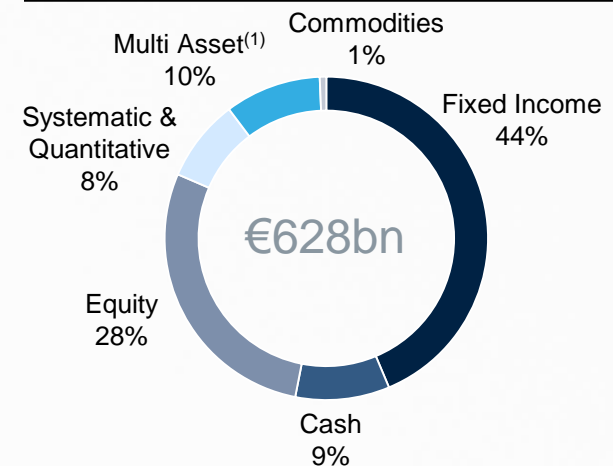
# ~500

investment professionals

### AuM by style



### AuM by asset class



Note: All AuM figures as of Dec 31, 2017

(1) Therein €60bn Active Multi Asset AuM (10%) that are covered in distinctive section *Multi Asset & Solutions capabilities*



# PASSIVE OVERVIEW



# €115bn

AuM

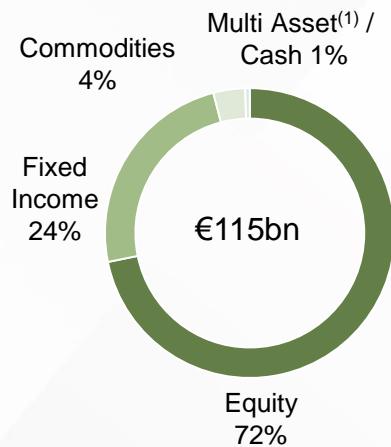
# 18 years

of index replication experience

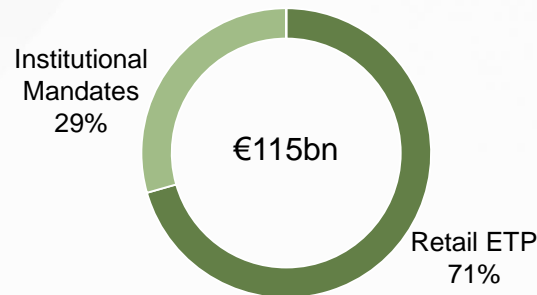
# ~60

investment professionals

## AuM by asset class



## AuM by product type



## Key highlights

# #2

ETF / ETP in Europe<sup>(2)</sup>

# #6

ETF / ETP globally<sup>(2)</sup>

# 66

Funds with 4&5 MS stars<sup>(3)</sup>

# 76%

Physical replication<sup>(4)</sup>

Note: All AuM figures as of Dec 31, 2017

(1) Multi Asset capabilities covered in distinctive section *Multi Asset & Solutions capabilities*, (2) ETFGI (as of Dec 31, 2017), (3) Morningstar (as of Dec 31, 2017), (4) Combined weighted physical replication of 74% for Equity and 85% for Fixed Income targeted at Dec 31, 2017





# PASSIVE TRACKING ACCURACY



## Process to strive for best in class tracking products

### Index analysis

- Ex-ante analysis of the benchmark
- Assessing potential sources of tracking error

### Portfolio construction & trading

- Replication methodologies (synthetic & physical)
- Portfolio construction aiming to minimize tracking error
- Pre / post trade analysis determining optimal trading strategies

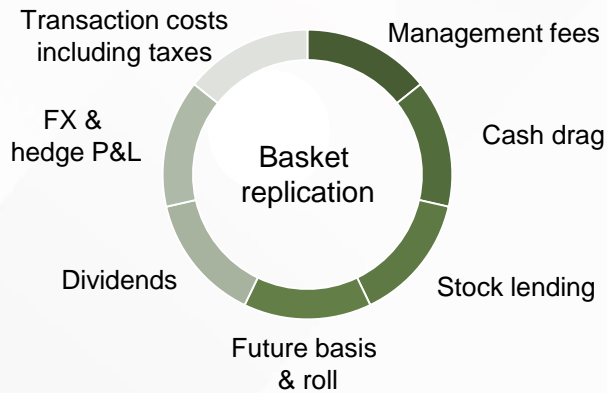
### Portfolio & index monitoring

- Index monitoring
- Corporate actions monitoring
- Daily performance attribution
- Ex-post tracking error and competitors analysis

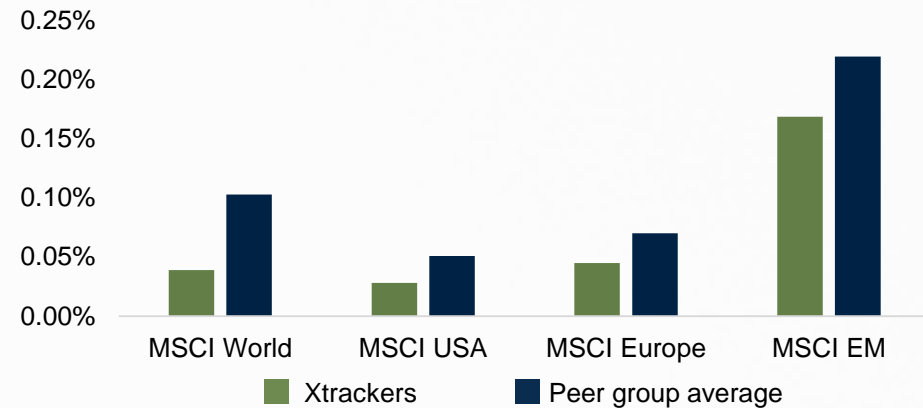
Continuous risk monitoring & performance review

## Sources of tracking error

Illustrative



## Xtrackers vs. average peers' tracking error<sup>(1)</sup>



(1) DWS analysis: Xtrackers ex-post tracking error vs. average peers' tracking error 10M-17 in equity (peer group that offers all four products: HSBC, BlackRock, UBS)



# WELL POSITIONED AGAINST PASSIVE INDUSTRY TRENDS



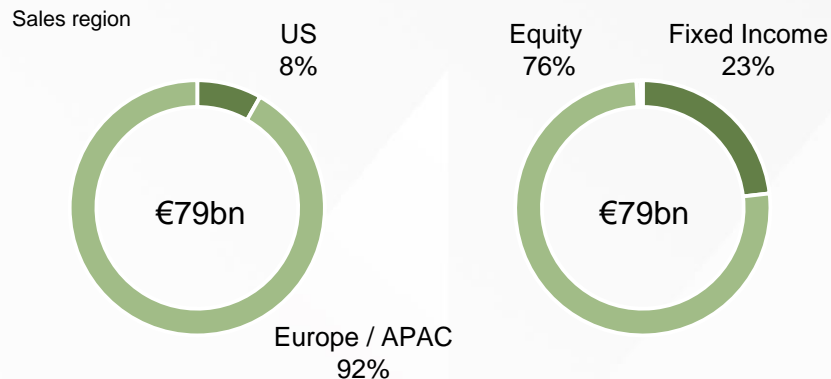
Full-range offering, differentiating through innovation and specialties

Product type	Description	Cumulative net flows 14-16 in €bn	Net flows 2017 in €bn	AuM Dec-17 in €bn	Europe / APAC	US
Core Beta	Replication of traditional equity or bond indices	11.7	10.6	79.2		Differentiate with product innovations
Beta Plus	Enhanced index returns by small intended benchmark deviations	0.6	(1.0)	7.1		
Strategic Beta	Weighting traditional indices with factor, quality or systematically	(1.6)	1.0	5.8		
Specialities	Commodities & overlays (ESG, FX hedged, short / leveraged)	14.9	0.8	23.0		

## Key facts

- Core ETFs: Major benchmarks, physical replication
- Customized mandate solutions
- ~250 benchmarks accessible via ETFs
- ★ 47 Funds with 4&5 Morningstar stars<sup>(1)</sup>

## AuM by contracted region & asset class



## Product highlights

Name	AuM (€bn)	Morningstar <sup>(1)</sup>
MSCI USA Index ETF (DR)	3.6	★★★★★
Euro Stoxx 50® UCITS ETF (DR)	5.8	★★★
Eurozone Government Bond UCITS ETF (DR)	1.8	★★★★

Note: All AuM figures as of Dec 31, 2017  
 (1) Morningstar (as of Dec 31, 2017)

## Capabilities



### OUR STRENGTHS

- EQ indices (global, regional, emerging markets and REITs)
- Fixed income indices (sovereigns, inflation-linked & EM)
- Customization (e.g. ESG overlay, FX hedge, factor weighting)



### ALMOST THERE

- Extend fixed income corporates range (i.e. US higher yielding)
- Continue to invest in automation to improve straight-through-processing rates



### WORK IN PROGRESS

- Increase fixed income range (local EM debt, short duration)

## Growth initiatives

- Complete Core Beta range (US higher yielding corporates, local EM debt, short duration ETFs)
- Capitalize on scalable platform to participate in market growth outside mature markets
- New online advice models (robos) are well suited for ETF / ETP structures



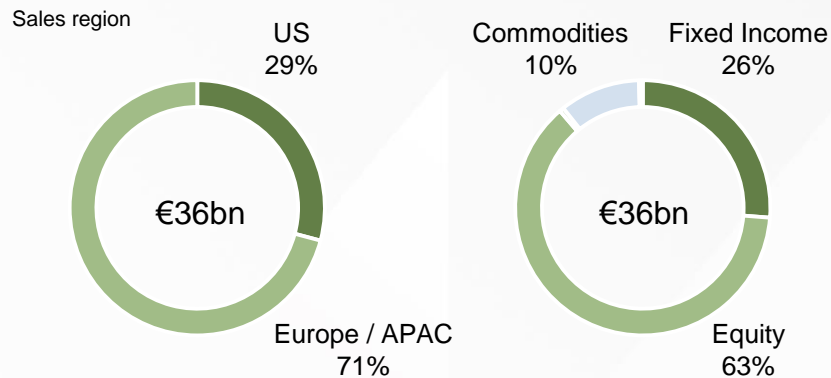
# BETA PLUS, STRATEGIC BETA AND SPECIALITIES



## Key facts

- Development of innovative Strategic Beta products
- Thought leadership: Passive Insights
- ★ 19 Funds with 4&5 Morningstar stars<sup>(1)</sup>

## AuM by contracted region & asset class



## Product highlights

Name	AuM (€bn)	Morningstar <sup>(1)</sup>
MSCI EAFE Hedged Equity ETF (DR)	5.8	★★★★★
EUZ Gov Bond Yield Plus 1-3 UCITS ETF (DR)	0.4	★★★★
iBoxx Sov EUZ Yield Plus UCITS ETF	0.9	★★★★★

Note: All AuM figures as of Dec 31, 2017  
 (1) Morningstar (as of Dec 31, 2017)

## Capabilities



### OUR STRENGTHS

- Broad offering of factor ETFs benchmarked to MSCI factor indices
- Deutsche.4C quality weighting approach & yield plus concept



### ALMOST THERE

- Thematic ETFs such as artificial intelligence, electric / autonomous drive and cyber security



### WORK IN PROGRESS

- Differentiate with product innovation and specialist (niche) products

## Growth initiatives

- Leverage joint venture relationships and local presence to expand in China, Hong Kong, Japan and Australia
- Increase penetration in key institutional client segments: public and private pension plans, insurance companies, corporates and central banks
- Build on increased demand for multi-factor, smart beta, multi asset and ESG



# ACTIVE OVERVIEW



## €513bn

AuM<sup>(1)</sup>

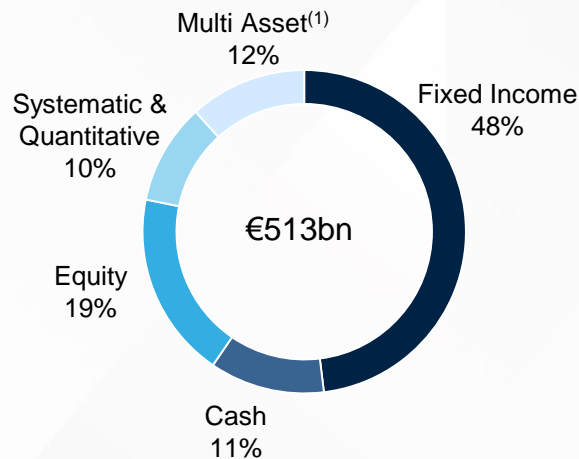
## >60 years

investment heritage

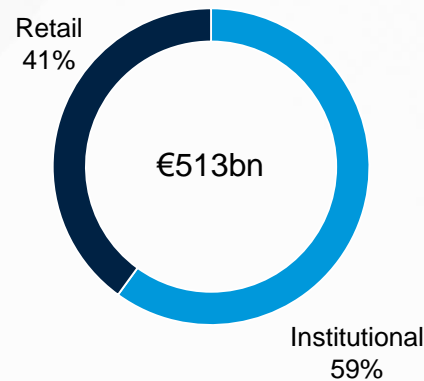
## ~450

investment professionals

### AuM by asset class



### AuM by distribution channel



### Key highlights

# #1

Retail Germany<sup>(2)</sup>

# #5

Retail Europe<sup>(3)</sup>

# 27%

Market share retail Germany<sup>(2)</sup>

# 103

Funds with 4&5 MS stars<sup>(4)</sup>

Note: All AuM figures as of Dec 31, 2017

(1) Therein €60bn Active Multi Asset that are covered in distinctive section *Multi Asset & Solutions capabilities*, (2) BVI statistics mutual funds by AuM (as of Nov 30, 2017), (3) Broadridge by AuM (as of Nov 30, 2017), (4) Morningstar (as of Dec 31, 2017), including Multi Asset funds



# WELL POSITIONED AGAINST ACTIVE INDUSTRY TRENDS



Quality of flows is improving, strategy to focus on Multi Asset is delivering

Product type	Key strategies	Cumulative net flows 14-16 in €bn	Net flows 2017 in €bn	AuM Dec-17 in €bn	Management fee margin 9M-17 in bps <sup>(2)</sup>
Fixed Income	<ul style="list-style-type: none"> <li>– Core fixed income</li> <li>– Corporate credit</li> <li>– Speciality fixed income</li> </ul>	(28.2)	(2.8)	246.7	14
Cash	<ul style="list-style-type: none"> <li>– Money market funds</li> <li>– Constant NAV funds</li> <li>– Segregated accounts</li> </ul>	(7.9)	0.5	59.0	8
Equity	<ul style="list-style-type: none"> <li>– Equity income</li> <li>– Global / European equity</li> <li>– Small / Mid cap equity</li> </ul>	(7.8)	(2.2)	95.7	76
Systematic & Quantitative	<ul style="list-style-type: none"> <li>– CROCI systematic long-only equity</li> <li>– SOP Quant dynamic multi-factor</li> <li>– Individualized pension products</li> </ul>	1.2	(2.5)	51.8	28
Multi Asset <sup>(1)</sup>	<ul style="list-style-type: none"> <li>– Multi Asset total return</li> <li>– Multi Asset income</li> <li>– Tailored / bespoke mandates</li> </ul>	18.7	10.9	60.1	42

(1) Multi Asset capabilities covered in detail in the distinctive section *Multi Asset & Solutions capabilities*, (2) Annualized

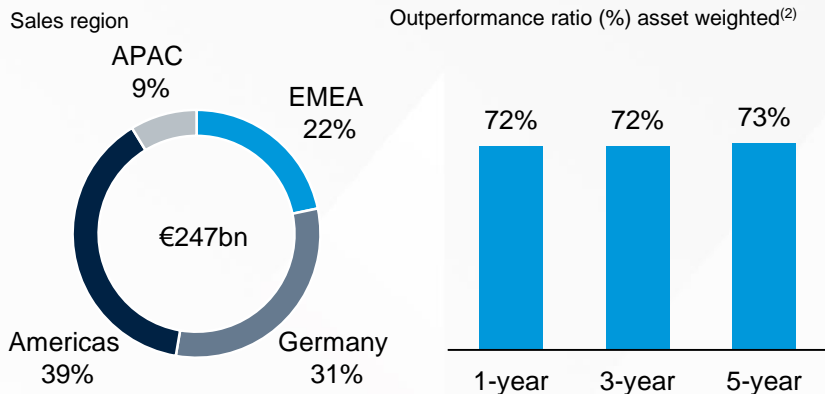


## Key facts

- Global team of >200 research & investment professionals
- Research universe: >1,750 issuers >1,400 structured finance transactions

★ 25 Funds with 4&5 Morningstar stars<sup>(1)</sup>

## AuM and investment performance



## Product highlights

Fund name	AuM (€bn)	Morningstar <sup>(1)</sup>
Deutsche Floating Rate Notes LC	9.2	★★★
Deutsche Invest I Euro Corporate Bonds LC	1.9	★★★★
Deutsche Managed Municipal Bond S	4.2	★★★★

Note: All AuM figures as of Dec 31, 2017

(1) Morningstar (as of Dec 31, 2017), (2) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods as of Dec 31, 2017

## Capabilities



### OUR STRENGTHS

- Euro Government bonds, covered bonds,
- US Municipals bonds, China bonds
- Corporate credit: IG (Euro, US, Global), HY (Euro, US), Asian credit, EM credit, corporate hybrids



### ALMOST THERE

- Global unconstrained
- EM hard currencies



### WORK IN PROGRESS

- Illiquid fixed income (structured finance, loans, CLOs)
- EM local currencies

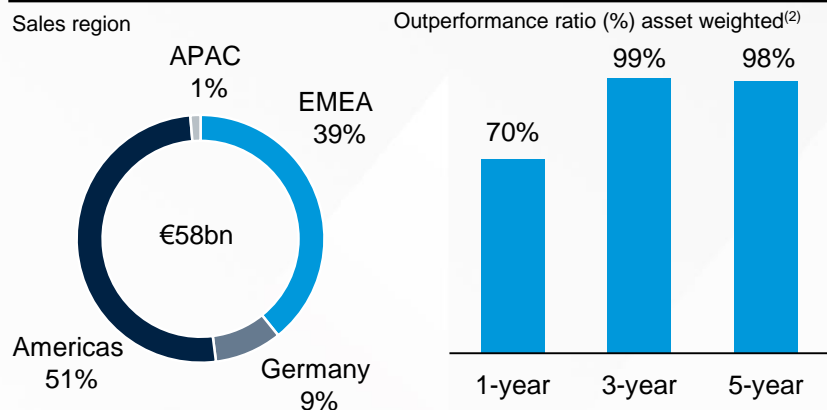
## Growth initiatives

- Money market enhanced solutions (capturing rising interest rate environment): short duration credit, floating rate notes
- Expand offering in illiquid fixed income investing: monetize illiquidity / complexity premium
- Develop ESG-compliant corporate credit offering for institutional clients

## Key facts

- Global team of >20 research and investment professionals
- Research universe: >400 issuers<sup>(1)</sup>, company limit control system

## AuM and investment performance



## Product highlights

Fund name	AuM (€bn)	Rating
DGLS Deutsche Managed Euro Fund	6.3	AAA-mf
DGLS Deutsche Managed Dollar Fund	9.0	AAA-mf
Government Cash Management Portfolio (US)	14.0	AAA-mf

Note: All AuM figures as of Dec 31, 2017; DGLS: Deutsche Global Liquidity Series plc

(1) Universe with overlaps to Fixed Income, coverage without overlaps is >200, (2) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods as of Dec 31, 2017

## Capabilities



### OUR STRENGTHS

- ESMA compliant money market funds (short term & regular)
- Constant NAV funds (EUR / USD / GBP)
- Segregated account offering



### ALMOST THERE

- Official fund rating of product range by rating agencies



### WORK IN PROGRESS

- Trade receivables as a new money market instrument

## Growth initiatives

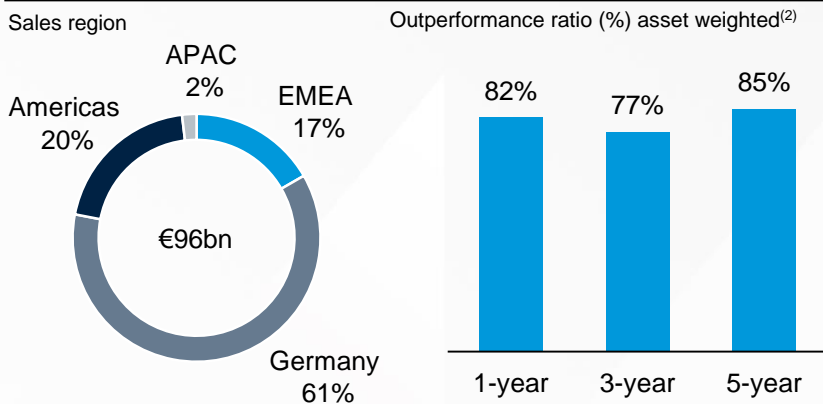
- Well positioned to capture market-dependent growth in times of moderate rising interest rates (Fed hiking, ECB tapering)
- Expand 'segregated account offering' for cash mandates
- Corporate Cash Management: growth potential with multinational companies through switch potential in major currencies



## Key facts

- Global team of >100 research and investment professionals
- Research universe: >800 issuers
- ★ 32 Funds with 4&5 Morningstar stars<sup>(1)</sup>

## AuM and investment performance



## Product highlights

Fund name	AuM (€bn)	Morningstar <sup>(1)</sup>
DWS Top Dividende LC	19.2	★★★★
DWS Deutschland LC	7.6	★★★★★
Deutsche Core Equity Fund (US) S	3.0	★★★★★

Note: All AuM figures as of Dec 31, 2017

(1) Morningstar (as of Dec 31, 2017), (2) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods as of Dec 31, 2017

## Capabilities



### OUR STRENGTHS

- Global equity income: dividend strategies
- Dominance in home market: European & German equity
- Small / mid cap equity Europe



### ALMOST THERE

- Income product suite: US & Japan dividend strategies
- Emerging Market equity



### WORK IN PROGRESS

- ESG equity offering

## Growth initiatives

- **Environmental, Social & Governance:** development of ESG offering for institutional clients, strengthen offering with ESG overlay for retail flagship strategies
- Grow regional income product suite: US & Japan dividend strategies
- Diversification: Optimize US equity products with model driven investment strategies



# SYSTEMATIC & QUANTITATIVE INVESTMENTS

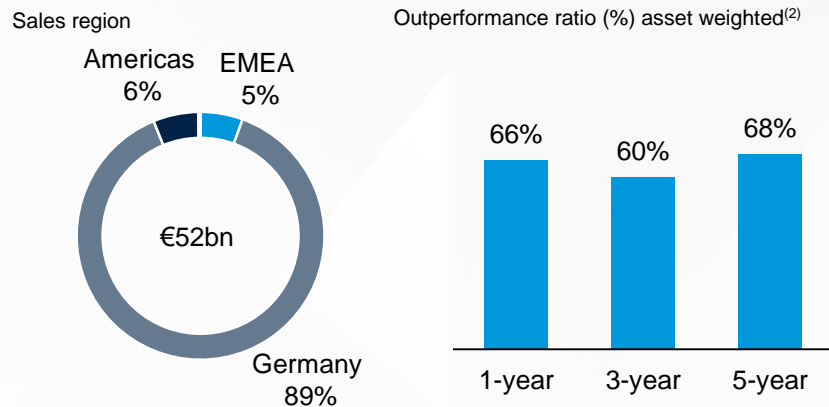


## Key facts

- Global team of >60 research and investment professionals
- 3 distinctive quantitative investment processes with 19 proprietary models (i.e. optimizer, selection)

★ 30 Funds with 4&5 Morningstar stars<sup>(1)</sup>

## AuM and investment performance



## Product highlights

Fund name	AuM (€bn)	Morningstar <sup>(1)</sup>
DWS Vorsorge Premium	1.1	★★★★
DB Platinum CROCI Sectors Fund I2C	0.5	★★★★
Deutsche Quant Equity Europe SC	0.1	★★★★

## Capabilities



### OUR STRENGTHS

- CROCI: systematic long-only equity strategy, focus on real earnings weight
- SOP Quant dynamic multi-factor (equity)
- Individualized pension products (ICPPI engine)



### ALMOST THERE

- Risk-factor investing: absolute return & tailored offering



### WORK IN PROGRESS

- SOP Quant dynamic multi-factor investing (fixed income)

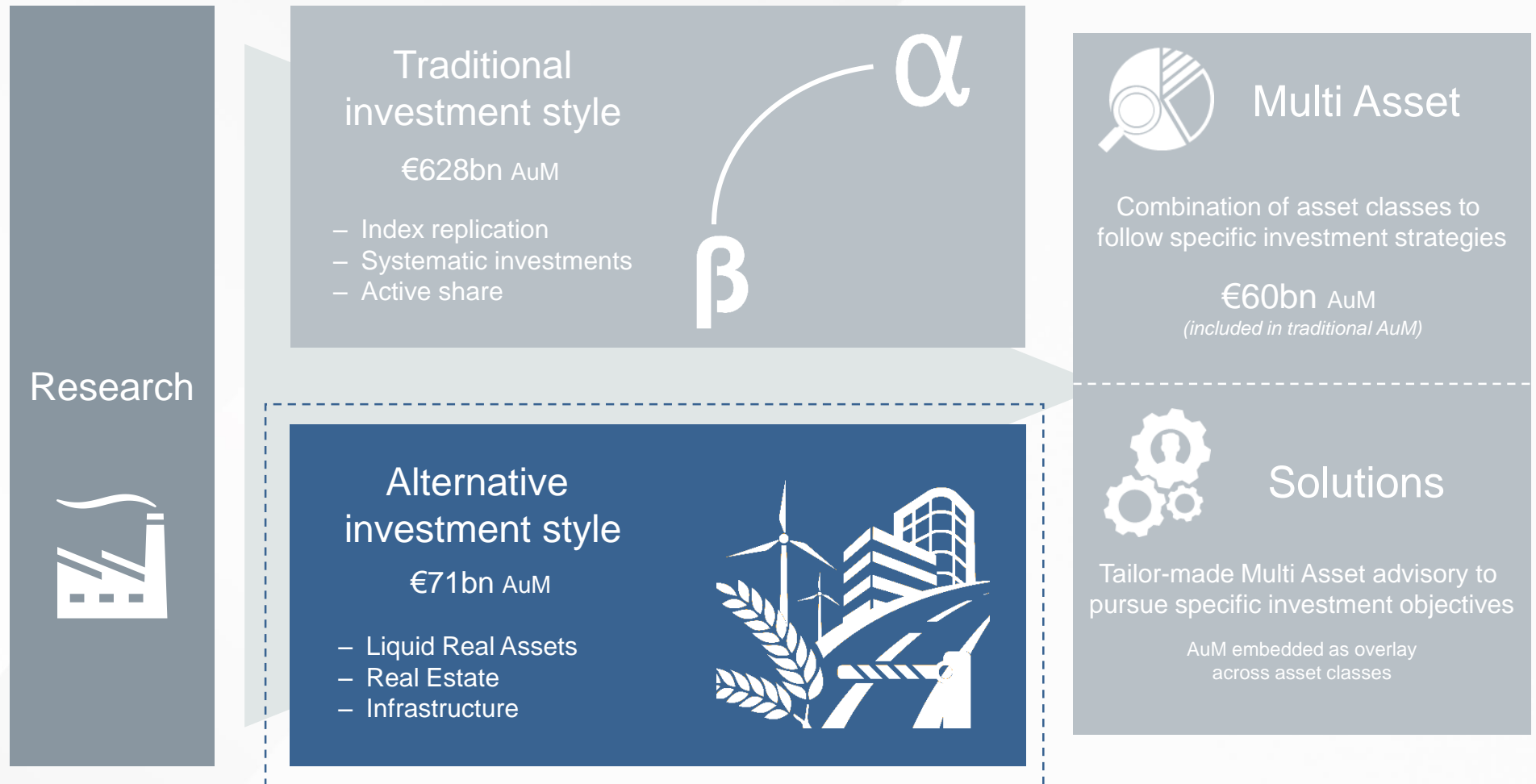
## Growth initiatives

- Enhance quant offering: develop equity strategies (EM / ESG overlay) and build fixed income (FX / credit)
- CROCI: broadening research universe (including financials), strengthen CROCI RiskPremia long / short and focus on US mid cap, deep value and intellectual capital
- Leveraging individualization expertise for next generation retirement products and for our digitalization effort (iLifeCycle)

Note: All AuM figures as of Dec 31, 2017

(1) Morningstar (as of Dec 31, 2017), (2) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods as of Dec 31, 2017

## Investment capabilities across all major asset classes, styles and solutions



Note: All AuM figures as of Dec 31, 2017



# ALTERNATIVES OVERVIEW



## €71bn

AuM

## 45+ years

Investment heritage

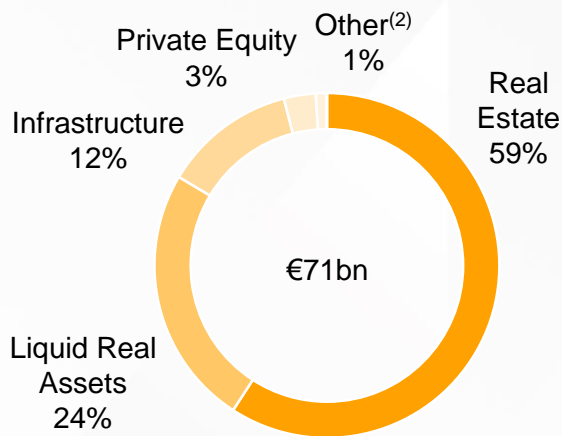
## #11

Global Real Estate platform<sup>(1)</sup>

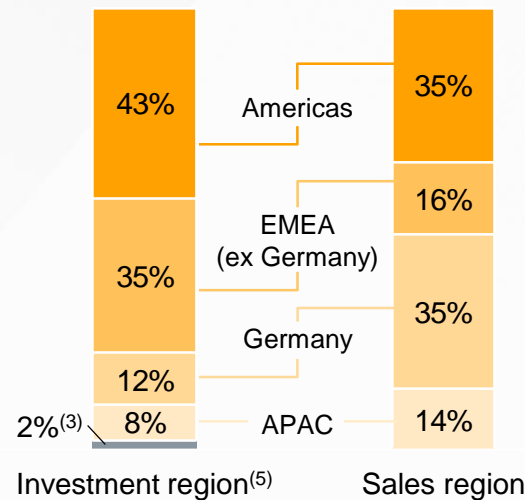
## 87%

Global Alternatives AuM outperforming<sup>(4)</sup>

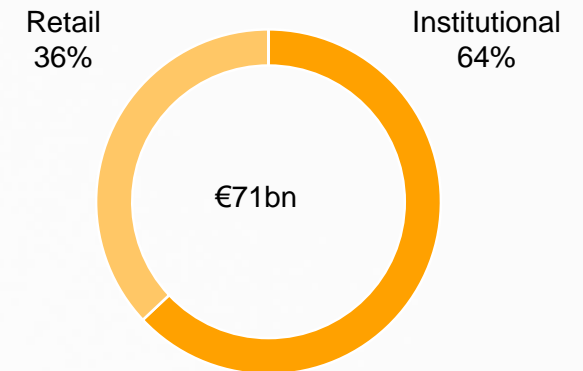
### AuM by asset class



### AuM by region



### AuM by client type



Note: All AuM figures as of Dec 31, 2017 unless otherwise noted

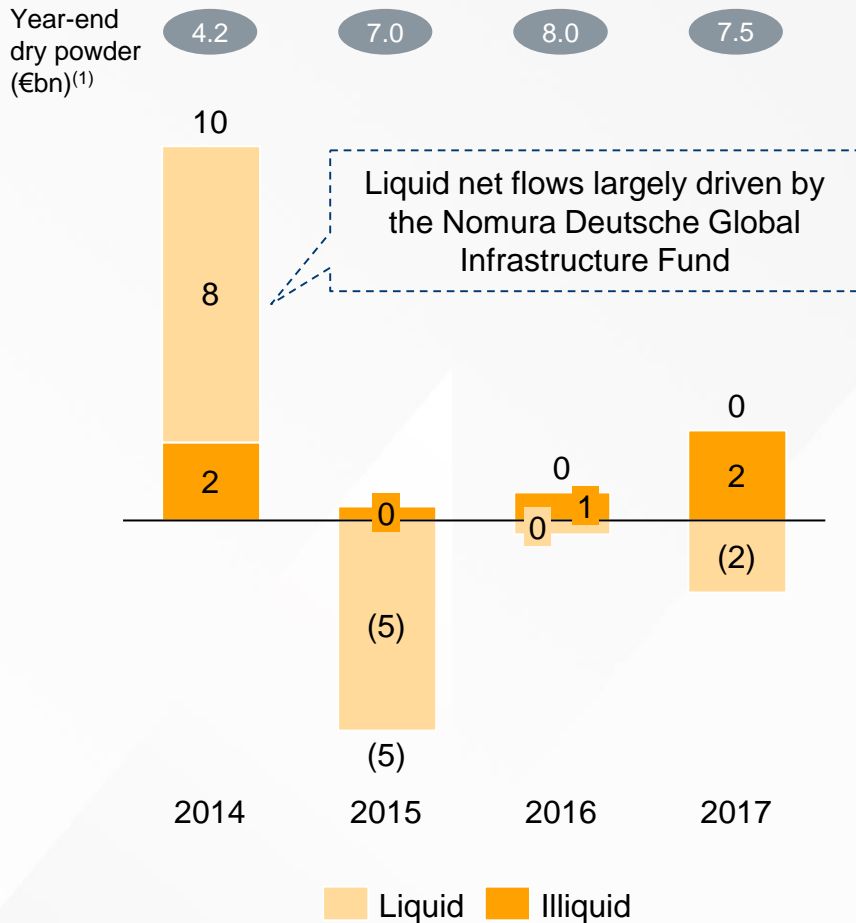
(1) P&I Survey (as of Jun 30, 2017), (2) Includes Hedge Funds and Sustainable Investments, (3) Includes swaps and fee earning committed capital with no investment geography (~2% of AuM), (4) 3-year aggregate asset-weighted gross outperformance of products that have benchmark spreads available as of Sep 30, 2017, (5) Investment region breakdown as of Sep 30, 2017



# NET FLOWS STRONG IN ILLIQUID PRODUCTS, STABILIZING IN LIQUID PRODUCTS



## Alternatives net flows detail (€bn)



## Highlights

- Illiquid products continue to generate consistent positive net inflows
- Following ~€6bn of net inflows from Japanese retail investors in 2014, the Nomura Deutsche Global Infrastructure Fund experienced ~€(6)bn of net outflows from 2015-2017 – expect flows to stabilize in 2018
- The APAC business experienced net inflows from institutional clients each year, primarily driven by insurance and sovereigns & non-profits
- Net flows in Europe remain consistently strong led by growth in Grundbesitz Europa, one of the largest open-end real estate funds in Germany
- Gaining momentum in the Americas as new product initiatives mature
- Dry powder remains at an elevated level (€7.5bn) which will convert to inflows and AuM if invested

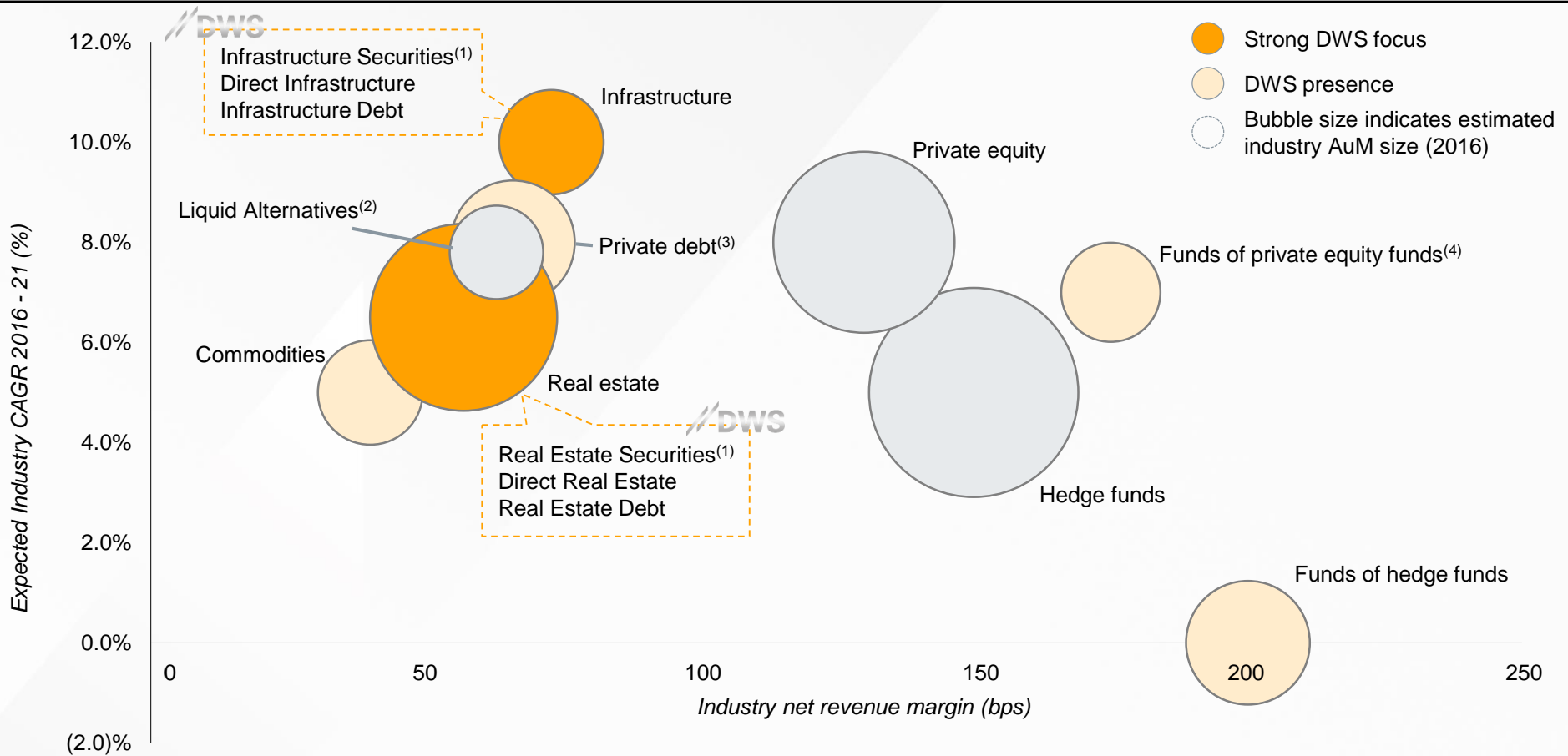
(1) Represents equity commitments, typically into discretionary funds. When invested, such equity commitments together with leverage convert into AuM and net flows



# STRONGEST FOCUS ON HIGH GROWTH AND STABLE REVENUE AREAS



## Alternatives landscape



(1) Liquid Real Assets, (2) Includes absolute return, long and short, market-neutral, and volatility mutual funds, (3) Includes privately placed debt, bank loans, distressed debt, and mezzanine debt, (4) Includes secondaries

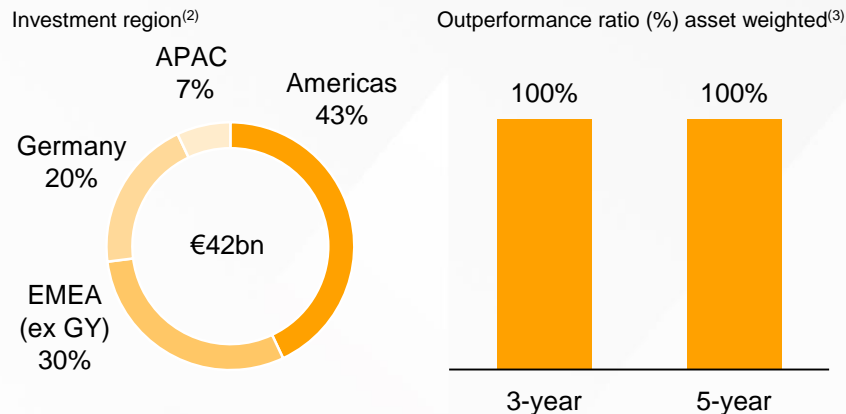
Source: The Innovators Advantage, BCG 2017



## Key facts

- #11 global real estate manager<sup>(1)</sup>
- 45 years of fiduciary experience
- 1,000+ properties and 13m+ square meters
- 365+ institutional clients across 20 countries

## AuM and investment performance



## Product highlights

Fund name	AuM (€bn)	3 Year CAGR <sup>(4)</sup>
RREEF America REIT II	10.2	12.2%
Grundbesitz Europa	6.9	11.3%

Note: All AuM figures as of Dec 31, 2017

(1) P&I Survey (as of Jun 30, 2017), (2) Investment region breakdown as of Sep 30, 2017, (3) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods as of Sep 30, 2017, (4) As of Sep 30, 2017, (5) Global Real Estate Sustainability Benchmark, (6) Core Plus Industrial Fund, (7) Asia Core Real Estate Fund, (8) RREEF Property Trust

## Capabilities



### OUR STRENGTHS

- Equity: Core real estate investing
  - Americas: Flagship REIT II, top quartile performer
  - Europe: Grundbesitz Funds and Europe II
- ESG: Achieved Green Star recognition from GRESB<sup>(5)</sup> in 2017 on more than 60% of real estate AuM



### ALMOST THERE

- Americas: CPIF<sup>(6)</sup> launched to meet investor demand for industrial assets
- Expand institutional foothold
  - ACREF<sup>(7)</sup> to complete regional line-up
- Debt: Expanding real estate debt platform



### WORK IN PROGRESS

- Americas:
  - Building core real estate defined contribution fund
  - Expanding retail presence for RPT<sup>(8)</sup> strategy
- Scaling target real estate portfolio allocation based on Alts Research strategic outlook

## Growth initiatives

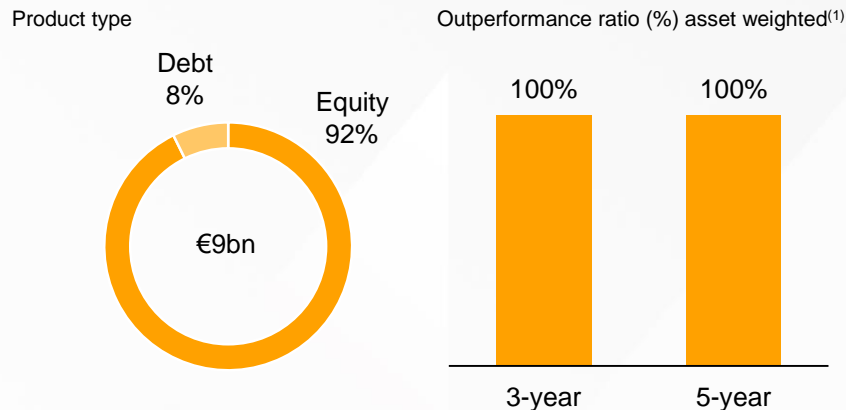
- Grow newly launched US Core Plus Industrial Fund into flagship sector specific offering
- Leverage existing institutional separate account relationships for growth across real estate strategies
- Bring new hybrid private / public real estate vehicle to market to access fast-growing defined contribution market segment



## Key facts

- Regional strategies in both infrastructure equity and debt
- 84 direct infrastructure acquisitions since 1994
- 44 assets currently under management
- Teams of dedicated professionals in London and New York

## AuM and investment performance



## Product highlights

Fund name	AuM (€bn)	SI Return (Gross) <sup>(2)</sup>
Pan European Infrastructure Fund	5.9	12.5%
Pan European Infrastructure Fund II	2.3	NEW

Note: All AuM figures as of Dec 31, 2017

(1) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods as of Sep 30, 2017, (2) As of Sep 30, 2017, (3) Pan European Infrastructure Fund, (4) Rated Infrastructure Notes

## Capabilities



### OUR STRENGTHS

- Equity: Core infrastructure investing:
  - Europe:
    - PEIF I<sup>(3)</sup> flagship, top-quartile performer
    - PEIF II launched with PEIF I investors comprising ~42% of committed capital
  - Debt: Launched first of its kind infra. debt structured credit fund (RIN)<sup>(4)</sup>



### ALMOST THERE

- US: Expanding investment grade infrastructure debt platform
- Europe: Building investment grade infrastructure debt platform



### WORK IN PROGRESS

- US: Gaining core infrastructure exposure in US by leveraging European client base seeking regional allocation

## Growth initiatives

- Expand regional offering with US and global equity infrastructure funds to complement highly successful European business
- Build on recent momentum in infrastructure debt in the US and Europe, including infrastructure debt campaign for the Insurance channel
- Highlight bespoke infrastructure solution capabilities by adding new separately managed accounts





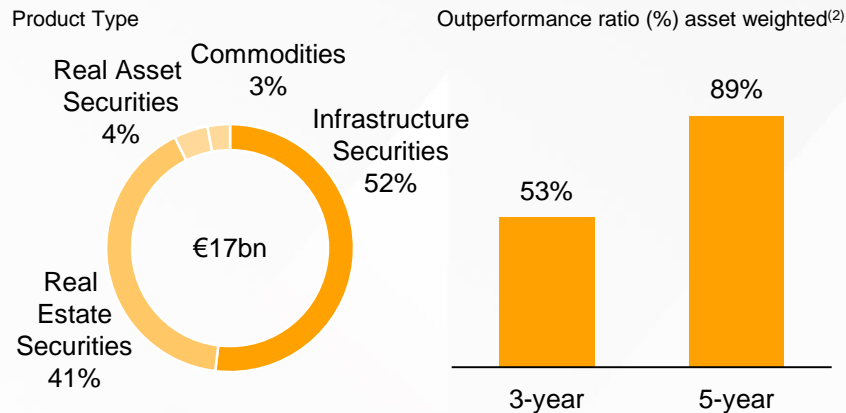
# LIQUID REAL ASSETS



## Key facts

- With €17 billion AuM, one of the world's largest liquid real asset managers
- #3 infrastructure securities and #8 global real estate securities manager<sup>(1)</sup>
- Newly launched Global Real Assets strategy attracting strong interest from both retail and institutional investors

## AuM and investment performance



## Product highlights

Fund name	AuM (€bn)	Morningstar <sup>(3)</sup> (Share Class)
Deutsche Real Estate Securities Fund	1.1	★★★★ (Instl)
Deutsche Invest I Global Infrastructure	0.7	★★★★ (FC)

Note: All AuM figures as of Dec 31, 2017

(1) eVestment (as of Sep 30, 2017), (2) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods as of Sep 30, 2017,

(3) Morningstar overall rating as of Sep 30, 2017

## Capabilities



OUR STRENGTHS

- Global real estate securities investing
- Global infrastructure securities investing



ALMOST THERE

- Growing real asset securities offering



WORK IN PROGRESS

- Refining commodities product offering

## Growth initiatives

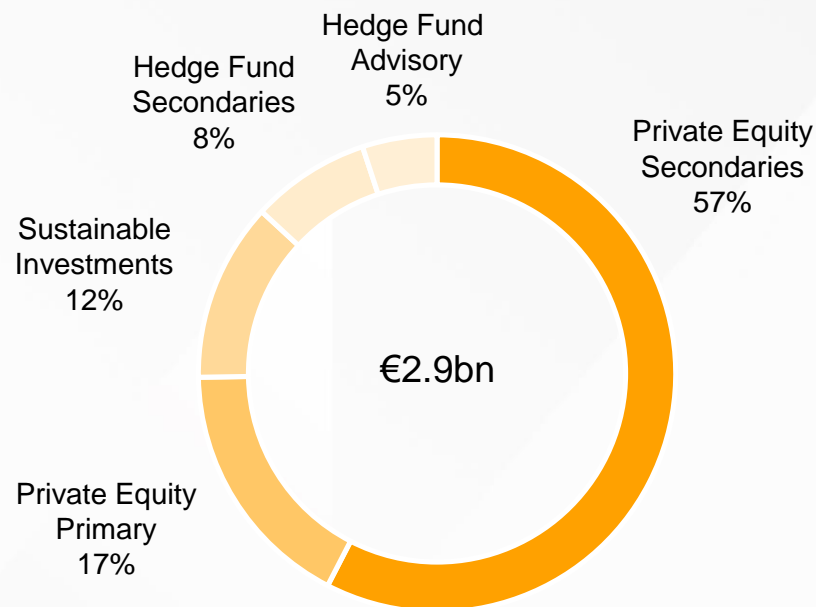
- Broaden global real asset securities offering
- Develop competitively priced vehicles for US-based defined contribution plans
- Further develop multi asset and income solutions capabilities
- Tailor bespoke solutions based on specific client needs



# FOCUSED GROWTH BUSINESSES WITHIN ALTERNATIVES

## Sustainable Investments, Hedge Funds and Private Equity

AuM breakdown by business as of Dec 31, 2017



### Sustainable Investments

- Private debt and equity investment solutions with emphasis on social and environmental impact investing
- 20 years of sustainable investing activities from dedicated global teams
- Global expertise: sustainable and impact funds, covering 23 low and lower-middle income countries
- Opportunity to leverage growing institutional investor interest in impact investing

### Hedge Fund Advisory

- Traditional multi-manager hedge fund solutions
- Strategy advice on asset allocation, manager selection and portfolio management
- Expertise in illiquid niche credit strategies and risk premia investing

### Hedge Fund Secondaries

- Distressed fund interests

### Private Equity

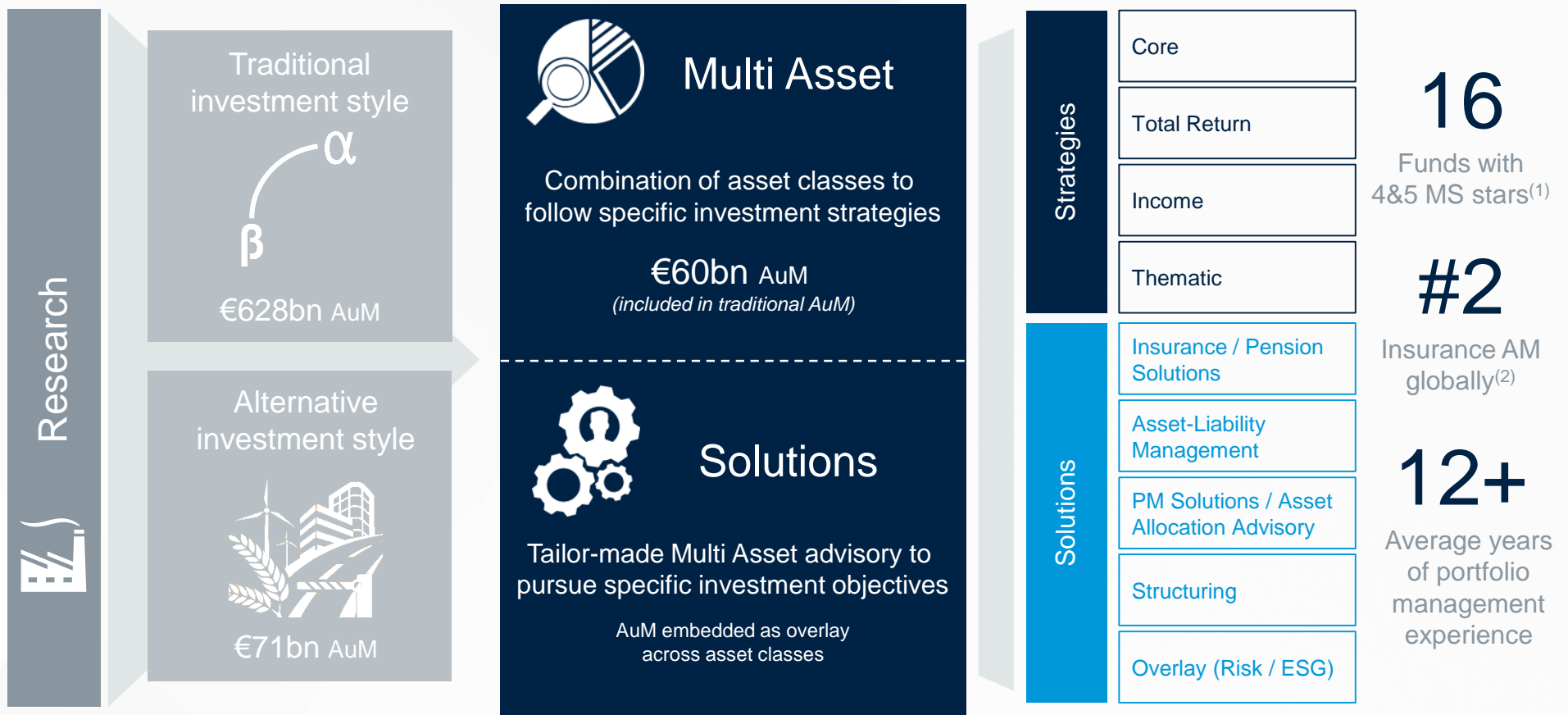
- Primary fund of funds and secondary opportunities



# MULTI ASSET & SOLUTIONS



Leveraging capabilities across the global investment platform - well set up to compete for growth



Note: All AuM figures as of Dec 31, 2017

(1) Morningstar (as of Dec 31, 2017), (2) Eager, Davies & Holmes – outsourced non-affiliate general account insurance assets (as of Dec 31, 2016)



# MULTI ASSET

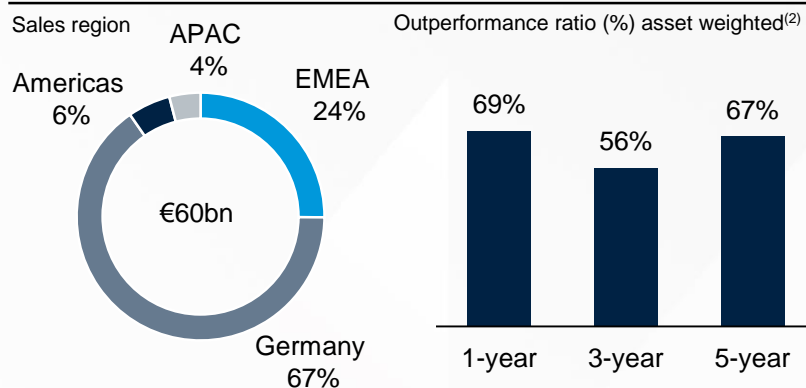


## Key facts

- Global team of >50 research and investment professionals
- Dedicated cross-asset strategy based on CIO View single-asset class research

★ 16 Funds with 4&5 Morningstar stars<sup>(1)</sup>

## AuM and investment performance



## Product highlight

Fund name	AuM (€bn)	Morningstar <sup>(1)</sup>
Deutsche Concept Kaldemorgen	7.5	not rated
Deutsche Multi Opportunities	2.6	★★★★
DWS Stiftungsfonds (ESG compliant)	1.8	★★★

## Capabilities



### OUR STRENGTHS

- Multi Asset total return: unconstrained
- Multi Asset income: constrained (i.e. fixed maturity)



### ALMOST THERE

- Multi Asset income: unconstrained
- Convertibles: global convertibles



### WORK IN PROGRESS

- Multi Asset total return: multi strategy (i.e. low volatility)

## Growth initiatives

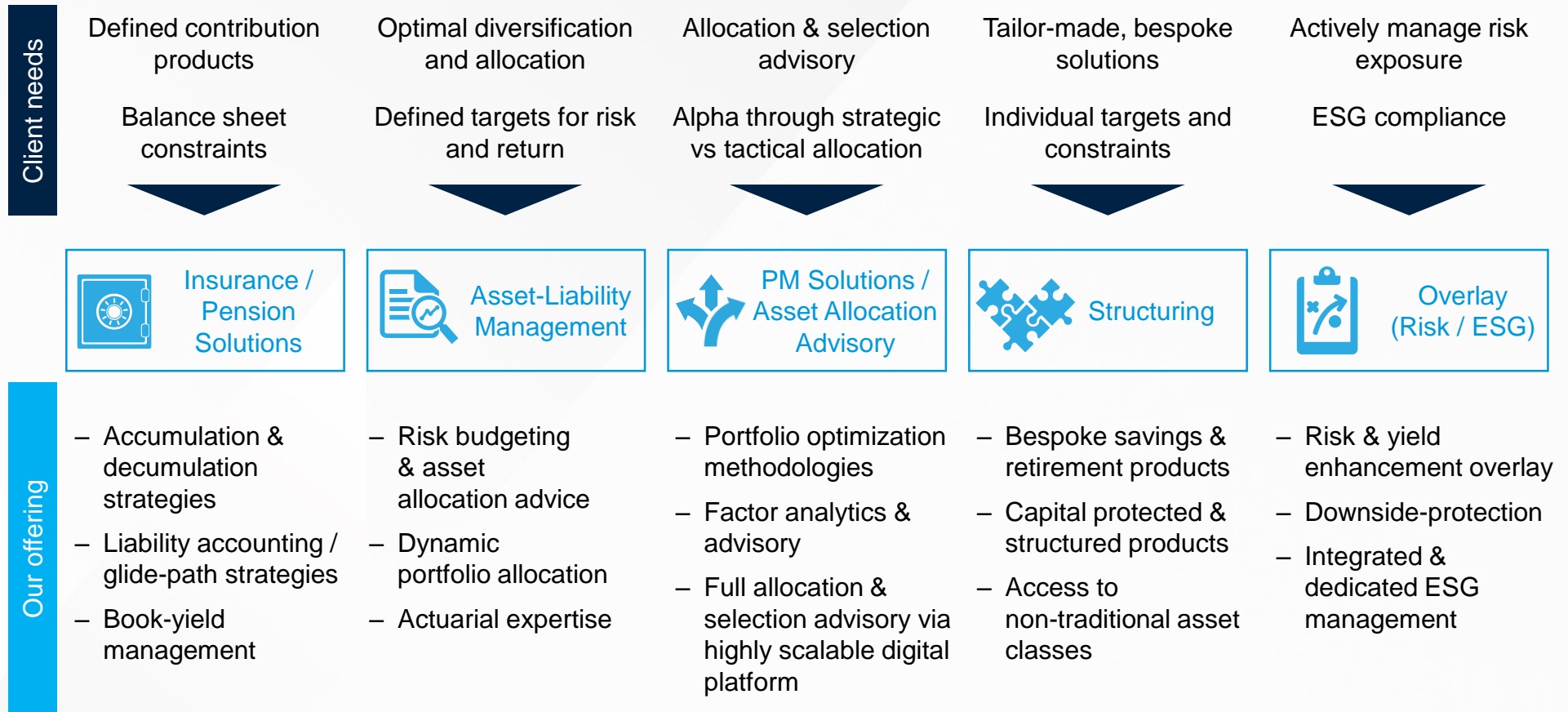
- Leverage strength in total return to expand growth in multi strategy offering (i.e. low volatility) and globalize successful European strategies (i.e. Concept Kaldemorgen)
- Move to next stage Multi Asset income to expand from constrained (fixed maturity) to unconstrained strategies
- Leverage power of CIO platform for scalable Multi Asset allocation advisory, delivered through digital distribution platforms (eMAPS)

Note: All AuM figures as of Dec 31, 2017; eMAPS: efficient Multi Asset Portfolio Solutions

(1) Morningstar (as of Dec 31, 2017), (2) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods as of Dec 31, 2017



## Solution strategies for client needs that traditional asset classes do not address



# KEY TAKEAWAYS



- **Global integrated investment platform:**  
60+ years Active track record, 18+ years index replication experience and 45+ years Alternatives heritage
- **Investment capabilities positioned for the future:**  
Alternatives, Passive, Next Generation Active and Solutions / Multi Asset capabilities
- **Long term proven track record with strong investment performance:**  
74% of AuM outperforming 3-year benchmark and 170 funds with 4&5 Morningstar Stars
- **Scalable investment platform:**  
High level of automation delivering consistent, transparent and repeatable process
- **Stable and experienced investment team:**  
10-year average tenure of investment professionals

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1 Positioned for the future

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2 Investment platform and capabilities

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**3 Distribution**

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4 Operating platform

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5 Financial performance and targets

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6 Risk and control

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7 Governance

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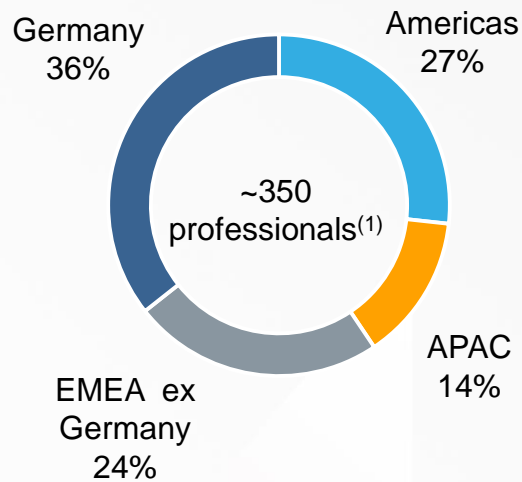
8 Summary

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# GLOBAL DISTRIBUTION NETWORK OVERVIEW

## Global network

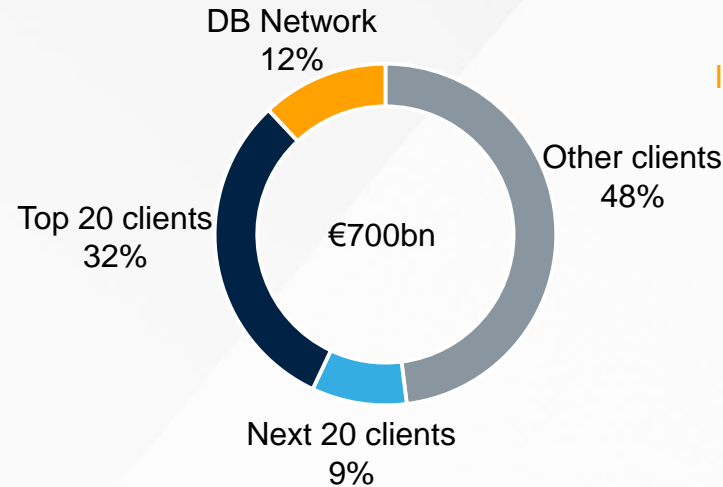
Regional view, FTE



- Global distribution network built on local presence
- German home market strength, a European market leader, strong Americas foothold, promising Asia positioning
- FTE alignment by channel:  
Institutional 35%; Retail 65%

## Client concentration<sup>(2)</sup>

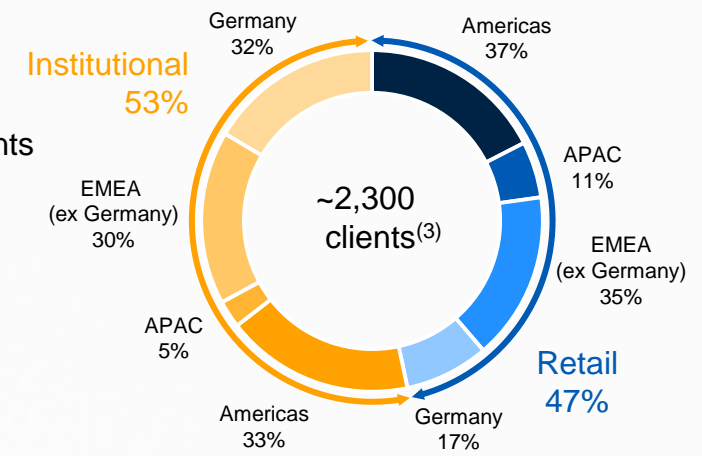
AuM view



- AuM base is diversified across a broad range of clients without significant concentration
- Positioned to withstand unanticipated changes given less than 1/3 of total AuM is held across our top 20 clients

## Diversified client base<sup>(3)</sup>

Channel view, number of clients >€1m AuM



- Well balanced retail / institutional mix
- Global footprint, with scaled presence in key markets

(1) All employees aligned to client facing roles within distribution structure (as of Dec 31, 2017), (2) Retail intermediary partner relationships counted as one client (as of Dec 31, 2017), (3) Retail clients defined as intermediary partners; some ETF clients excluded from count (as of Sep 30, 2017)

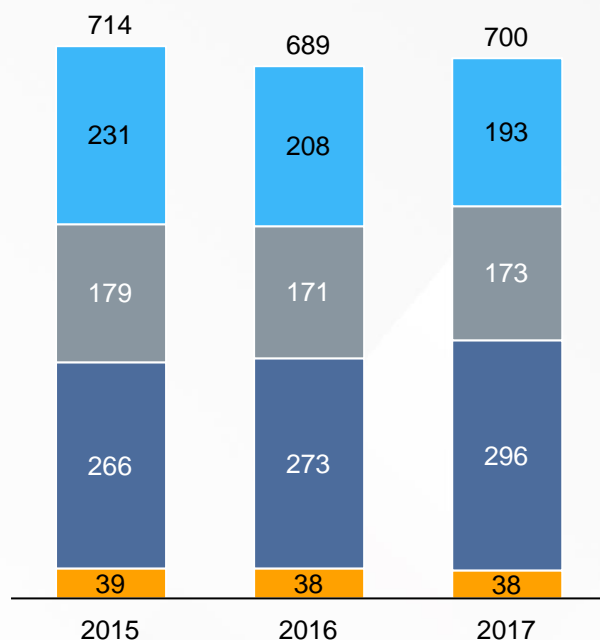


# WELL DIVERSIFIED BY REGION, DISTRIBUTION CHANNEL AND ASSET CLASS



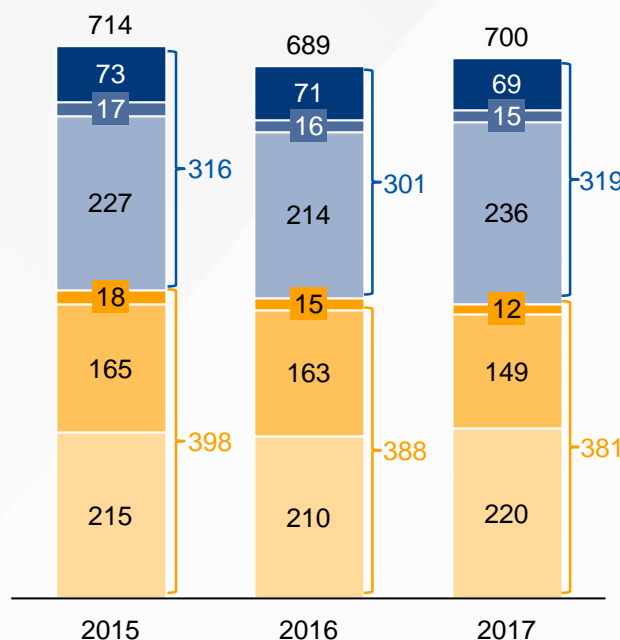
## Regional

AuM in €bn



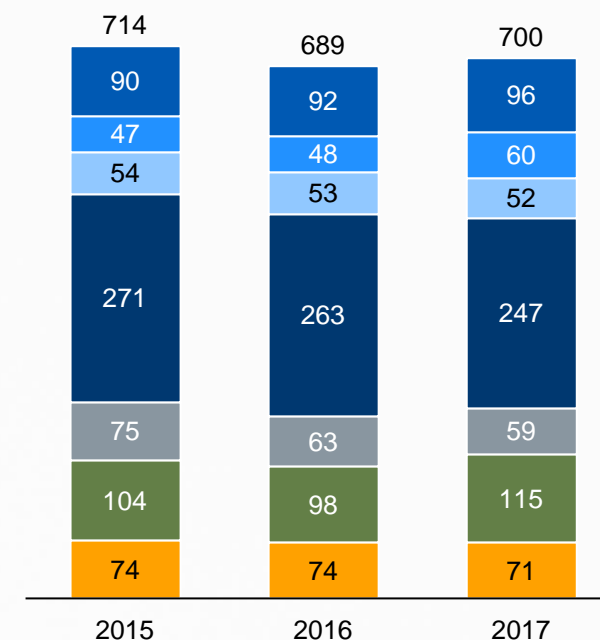
## Distribution channel

AuM in €bn



## Asset class

AuM in €bn



- Americas
- Germany
- EMEA ex Germany
- Asia-Pacific

- Retail**
  - DB Network (Retail)
  - Direct
  - Intermediaries
- Institutional**
  - DB Network (Inst)
  - Insurance
  - Other Institutional

- Active Equity
- Active Multi Asset
- Active SQI
- Active Fixed Income
- Cash
- Passive
- Alternatives

# Q4 2017 AND FY 2017 NET FLOWS

## 2017 net flows breakdown

By asset class (in €bn)	9M17	Q4 2017	FY 2017
Active Equity	(1.5)	(0.3)	(1.9)
Active Fixed Income	4.6	0.6	5.3
Active Multi Asset	10.8	0.4	11.1
Active SQI	(2.1)	(0.5)	(2.6)
Passive	5.6	5.9	11.5
Alternatives	(0.3)	(0.2)	(0.5)
<b>Total (ex Cash ex Insurance GA)</b>	<b>17.0</b>	<b>5.8</b>	<b>22.9</b>
<i>Cash ex Insurance GA</i>	<i>(0.6)</i>	<i>1.0</i>	<i>0.4</i>
<i>Insurance GA</i>	<i>(1.7)</i>	<i>(5.8)</i>	<i>(7.5)</i>
<b>Total</b>	<b>14.8</b>	<b>1.0</b>	<b>15.8</b>

By region (in €bn)	9M17	Q4 2017	FY 2017
Americas	(0.3)	0.4	0.1
EMEA ex Germany	1.4	(1.5)	(0.1)
Germany	11.0	2.6	13.5
APAC	2.7	(0.4)	2.3
<b>Total</b>	<b>14.8</b>	<b>1.0</b>	<b>15.8</b>

~€(7)bn UK Insurance GA outflows in 2017 (of which ~€(4)bn in 4Q 2017) offset strong inflows in EMEA

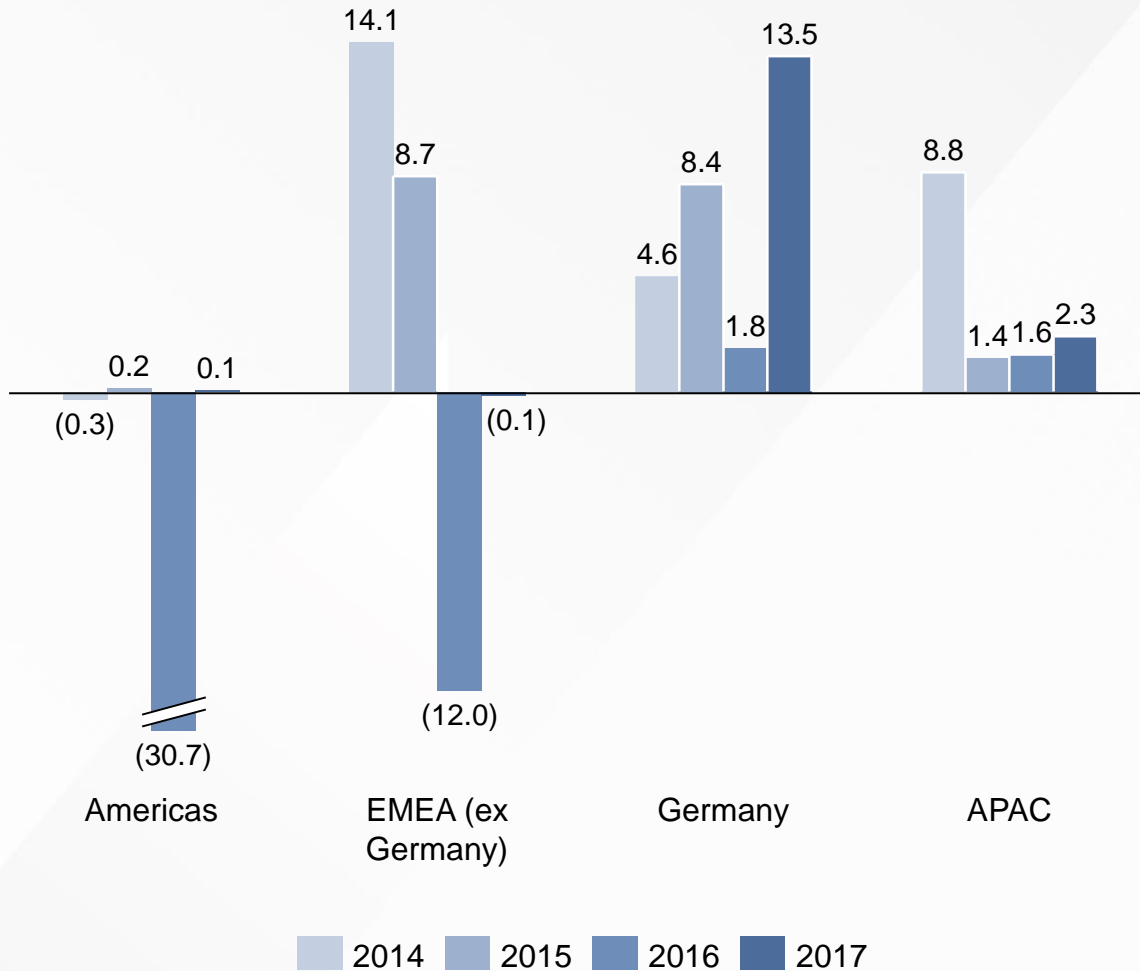
## Highlights

- 1 FY 2017 Net Flows / AUM was 2.3%; excl. Cash & Insurance GA it was 4.9%
- 2 Multi Asset net inflows continued in Q4 2017, contributing to FY net flows of €11.1bn excl. Insurance GA
- 3 Passive Q4 2017 net flows of €5.9bn excl. Insurance represents accelerating momentum of the business, especially in EMEA
- 4 Insurance GA net flows negative in 2017 with €(7.5)bn, almost exclusively from Fixed Income
- 5 EMEA ex Germany was impacted by Insurance outflows, but otherwise enjoyed strong inflows of €11.7bn excl. Cash & Insurance GA in FY 2017
- 6 German home market drove strong net flows, €13.5bn, with rapidly expanding APAC region contributing €2.3bn of net flows

# NET FLOWS DEVELOPMENT BY REGION



## Regional net flows detail (€bn)

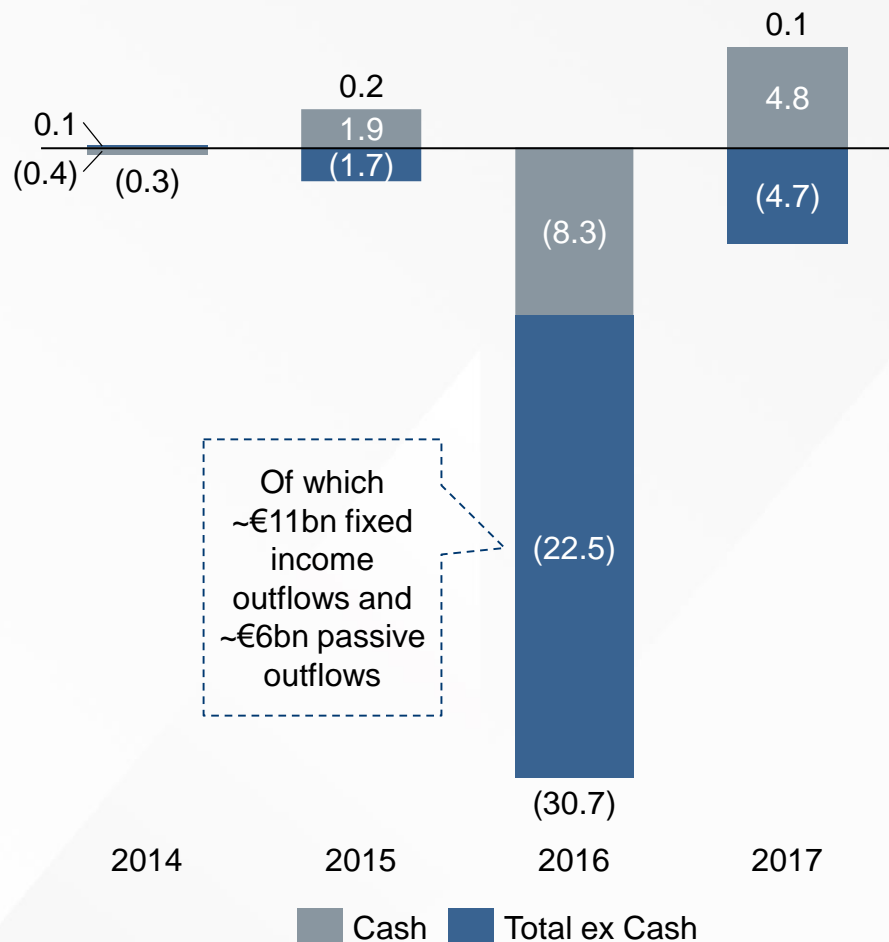


## Highlights

- Americas stabilized in 2014-15 following decision to retain business after a strategic review. 2016 proved extremely challenging driven by DB Group issues. 2017 saw positive net flows
- EMEA ex Germany had strong growth before 2016 outflows related to broader DB Group challenges
- Germany inflows have been steady in the last 4 years and driven by our strong home country retail brand
- Steady APAC net flow growth with the region providing significant future opportunity

# STABILIZED AMERICAS FLOWS

## Americas net flows detail (€bn)



## Highlights

- Flows across the Americas stabilized in 2014 and 2015 following decision to retain the business after a strategic review
- Passive significant net inflows in 2015 helped by success of currency-hedged products, partially reversed in 2016
- Industry and organizational challenges significantly challenged flows in 2016
  - Outflows highly concentrated in cash and short duration fixed income with generally low margin led to limited impact on revenue
- 2016 refocusing efforts leading to a momentum shift in 2017 with return to positive flows
- The region is now positioned to deliver value with “multi-specialist” channel segmentation enabling breadth and depth of client relationships

# AMERICAS RETAIL



## Highlights

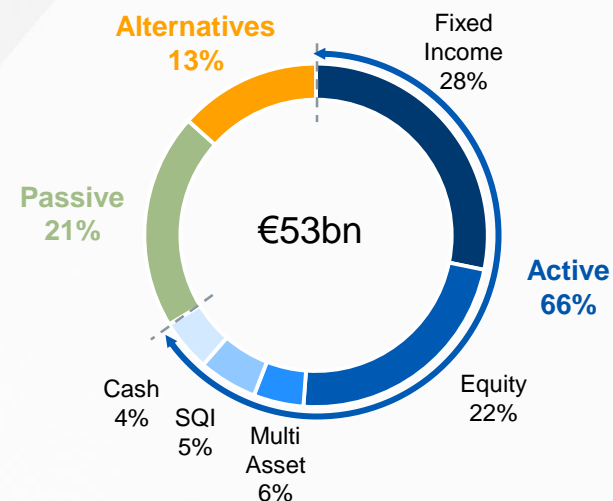
A multi-specialist provider in Americas retail AM



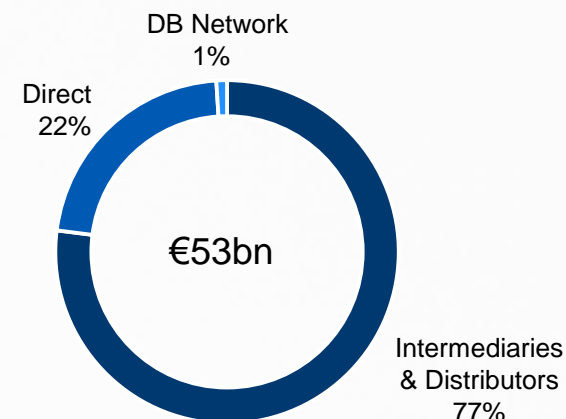
## Growth opportunities

- **Wealth Advisors:** Emphasize clients that operate on an ‘advisor as portfolio manager’ basis; focus on Private Banks with ETFs and alternatives
- **Registered Investment Advisors:** Rapidly growing sector; presents largest opportunity in ETFs and alternatives, aligns with core strengths
- **Professional Buyers:** In light of DoL regulations, focus on discretionary models and fiduciaries that outsource investment decisions
- **Mass Affluent Advisors:** Align cost to serve in mass affluent advisory; leverage scalable solutions and technology

## AuM



## Client base



Note: AuM as of Dec 31, 2017. Client figures as of Sep 30, 2017. FTE figures as of Dec 31, 2017. Office count excludes field sales professionals working outside of DB premises  
 (1) Employees aligned to client facing roles within distribution structure, (2) Morningstar Direct as of H1-17 (LRA includes Commodity Broad Basket, Precious Metals, Global RE, US RE, Industrials, Infrastructure, Natural Resources categories), (3) ETFGI (Dec 31, 2017), (4) Clients with >€1m AuM; Retail clients defined as intermediary partners; some ETF clients excluded from count

## Highlights

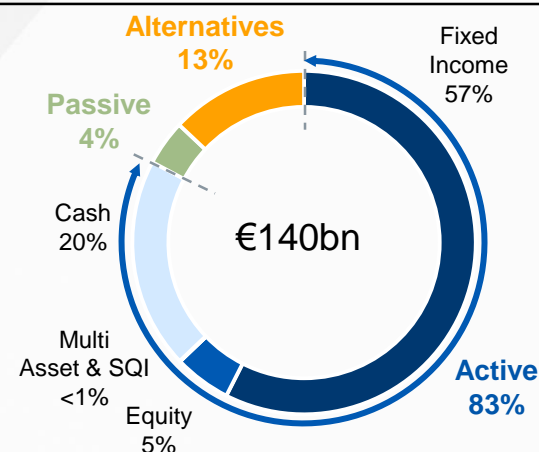
An established solutions provider in Americas institutional AM



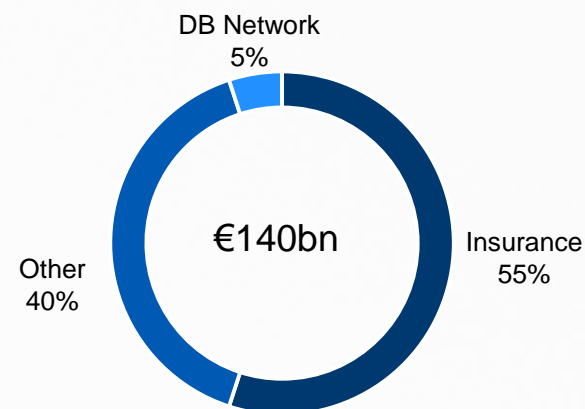
## Growth opportunities

- **Insurance:** Expand product offering beyond fixed income to improve margin mix while continuing to support relationships with strong solutions and servicing capabilities
- **Pensions:** Relationship expansion into additional alternative and passive capabilities; grow consultants and institutional Direct Contribution plan coverage
- **Corporates:** Recapture cash flows via established client base following money market funds reform; extend cash relationships into additional asset classes

## AuM



## Client base



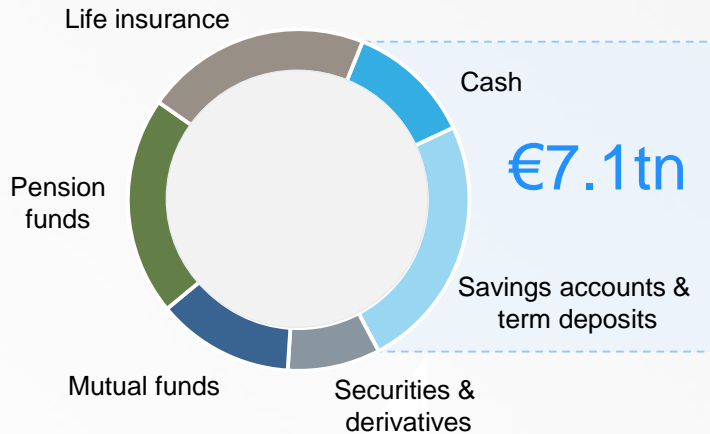
Note: AuM as of Dec 31, 2017. Client figures as of Sep 30, 2017. FTE figures as of Dec 31, 2017

(1) FY 2017 net flows for Americas Institutional €6bn, (2) Employees aligned to client facing roles within distribution structure, (3) Investment Outsourcing Report 2017, North America domiciled non-affiliated general account insurance assets, (4) INREV / ANREV Real Estate Fund Manager Survey (Dec 31, 2016), (5) Clients with >€1m AuM

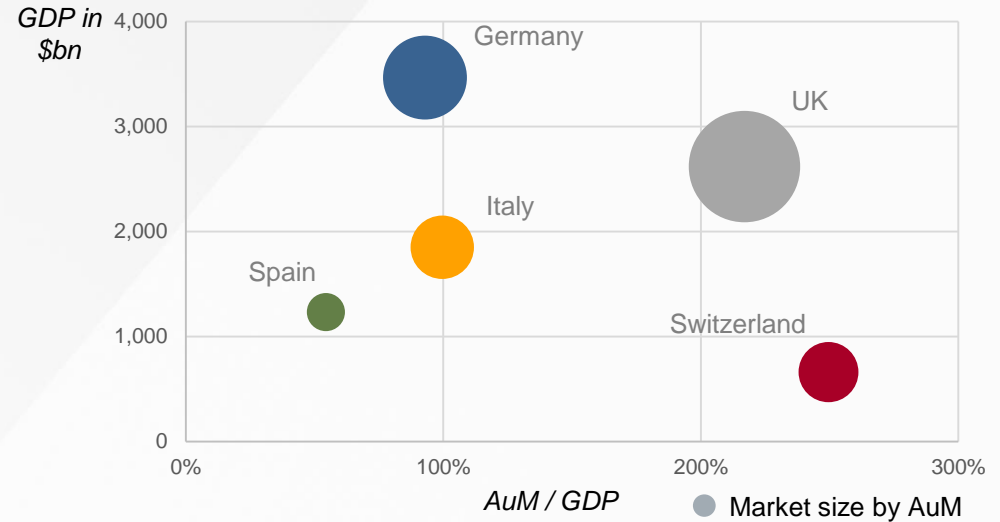
# EUROPEAN AM INDUSTRY: LARGE UNTAPPED GROWTH POTENTIAL



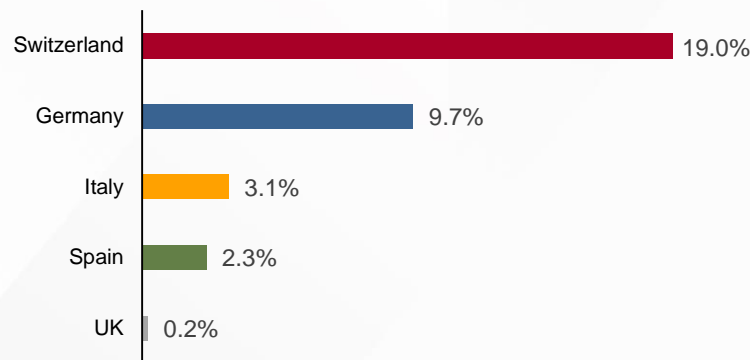
## Amount of non-invested assets<sup>(1)</sup>



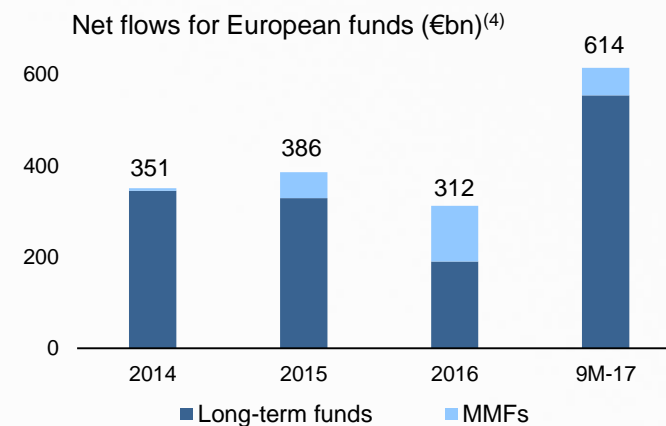
## Continental European industry is still relatively small<sup>(2)</sup>



## High saving rates<sup>(3)</sup> in Europe



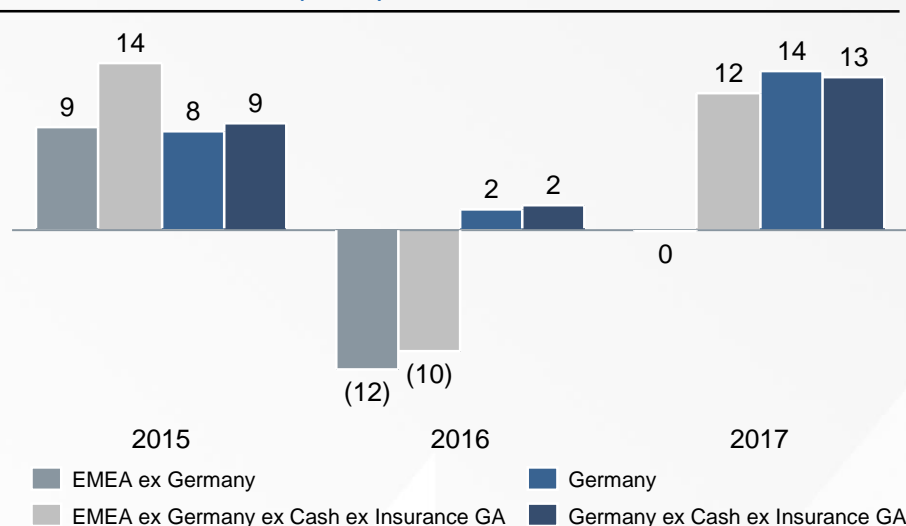
## Business within industry is picking up



(1) McKinsey assessment (2016), (2) World Bank – GDP (2016); McKinsey Growth Cube 2017 – AuM (2016), (3) OECD - Percentage of household disposable income (2015), (4) Thomson Reuters Lipper; Net flows for European mutual funds and ETFs

# EMEA FLOWS OVERVIEW

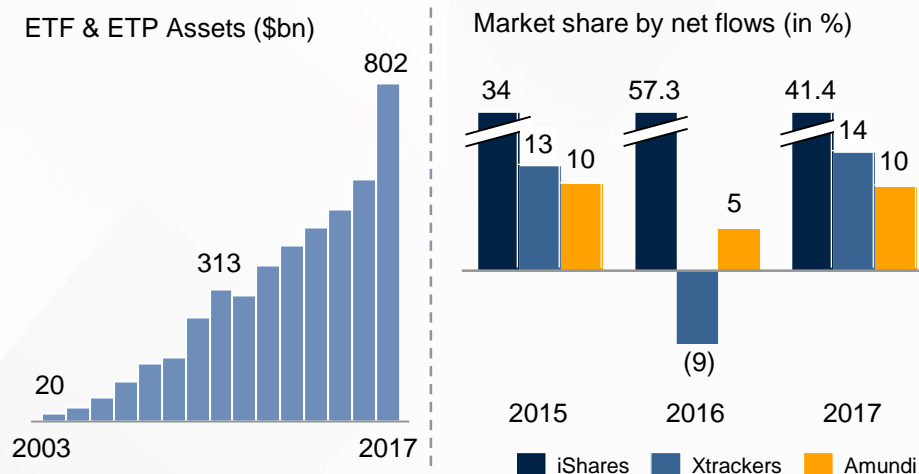
## DWS net flows (€bn)



## Cross-border fund distribution in Europe (€bn)<sup>(1)</sup>

		Net sales <sup>(2)</sup>	Total assets <sup>(3)</sup>
1.	Italy	33.9	282
2.	Spain	13.1	101
3.	Germany	9.4	172
4.	Switzerland	8.9	178
...	...		
8.	United Kingdom	3.4	95
...	...		
10.	France	2.1	57

## European ETF / ETP market development<sup>(4)</sup>



## DWS' key strengths

- **Active products:** Inflows into high margin products
- **Passive:** Ranked #2 in ETF / ETP in Europe<sup>(4)</sup>
- **Cross-border fund distribution:** Well positioned in top markets:
  - Spain: Ranked #1 amongst foreign asset managers by net flows in 6M-17<sup>(5)</sup>
  - Italy: Ranked #6 amongst foreign asset managers by net flows<sup>(6)</sup>
- **Germany:** Ranked #1 on a continuous basis<sup>(7)</sup>

(1) Ignites Europe (Nov 27, 2017), Source: Broadridge SalesWatch, (2) Net Sales for YTD Aug-17, (3) Assets as of Aug 31, 2017, (4) ETFGI (Dec, 2017), (5) Inverco (Sep 30, 2017), (6) Assogestioni (Sep 30, 2017). (7) BVI fund industry statistics (2013 – 2017)



# EMEA (EX GERMANY) RETAIL



## Highlights

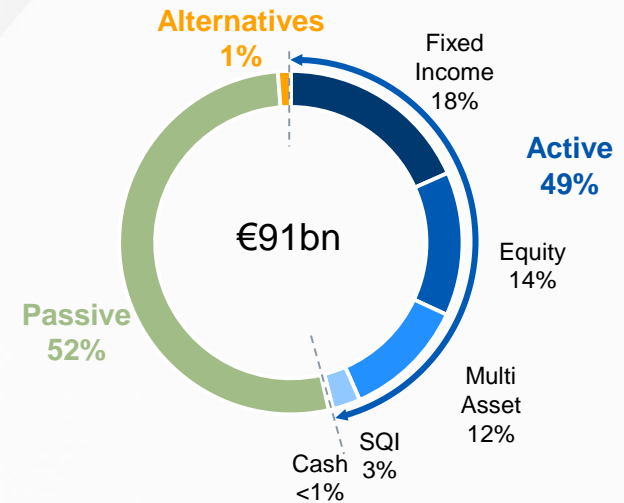
A market leader in EMEA (ex Germany) retail AM



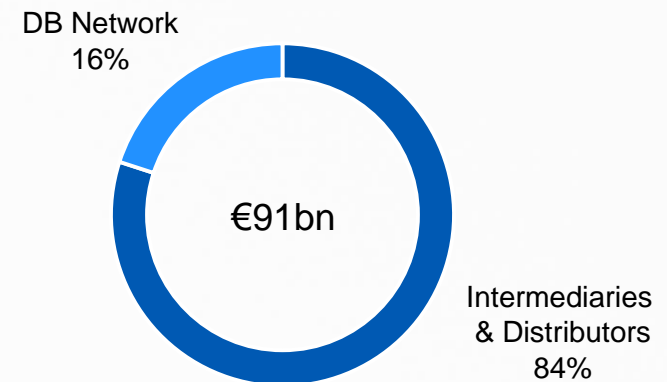
## Growth opportunities

- **Focus countries:** Targeted initiatives to address core EMEA markets, i.e. Switzerland, Italy and Spain
- **Private banks<sup>(5)</sup>:** Benefit from €5.1tn deposits opportunity in EMEA (ex Germany)<sup>(6)</sup> and establish ESG as a retail theme
- **Third party banks:** Shift to open architecture - become the provider of choice by leveraging broad product offering
- **Technology:** Great potential of collaborations in Europe (ex Germany) within the next 5 years for our robo advisory platform technology

## AuM



## Client base



Note: AuM as of Dec 31, 2017. Client figures as of Sep 30, 2017. FTE figures as of Dec 31, 2017

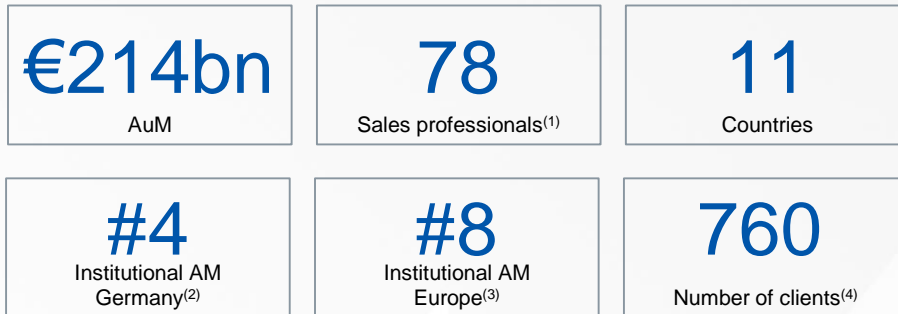
(1) Employees aligned to client facing roles within distribution structure, (2) Broadridge (Oct 31, 2017) by AuM, EMEA including International (i.e. cross-border) data, (3) ETFGI (Dec 31, 2017) by AuM, (4) Clients with >€1m AuM; Retail clients defined as intermediary partners; some ETF clients excluded from count, (5) For EMEA: Multi-national Distributors, (6) McKinsey assessment (2016)

# EMEA INSTITUTIONAL



## Highlights

A tier 1 solutions provider in EMEA institutional AM



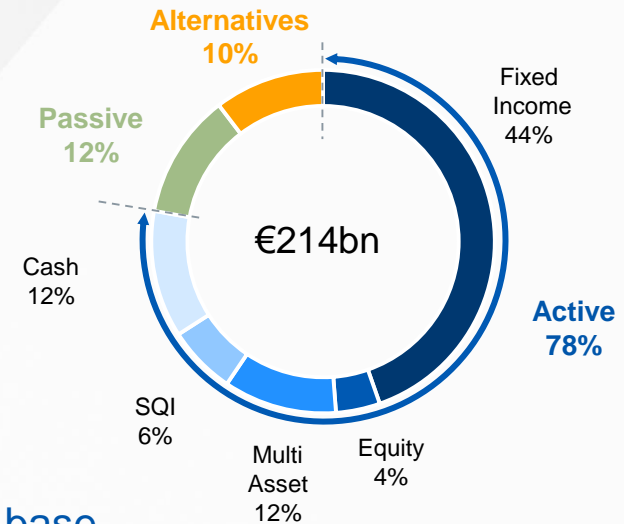
## Growth opportunities

- **Insurance:** Leverage #2 global ranking to cross-sell passive, alternatives and new active products and solutions
- **Pensions:** Target opportunities due to switch from defined benefit to defined contribution plans, e.g. by digital solutions via robo platform
- **Responsible investments:** Provide dedicated ESG products and solutions, and leverage our ESG engine
- **Central banks:** Offering solutions for large FX reserves beyond classical fixed income, i.e. passive instruments and alternatives
- **Consultants:** Strategic opportunity to re-open the consultant channel to serve institutional and insurance clients

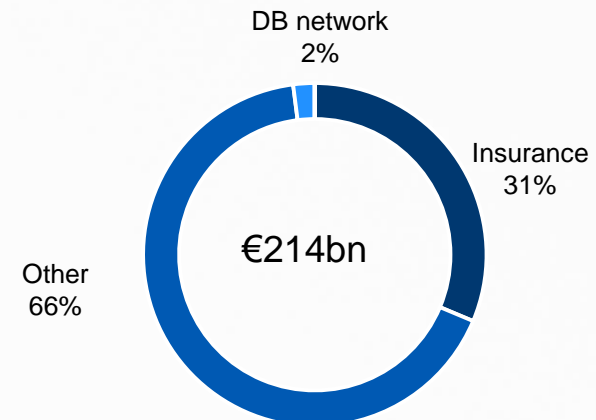
Note: AuM as of Dec 31, 2017. Client figures as of Sep 30, 2017. FTE figures as of Dec 31, 2017

(1) Employees aligned to client facing roles within distribution structure, (2) BVI analysis, as of Aug-17, (3) IPE (Dec 31, 2016), (4) Clients with >€1m AuM; Retail clients defined as intermediary partners; some ETF clients excluded from count

## AuM



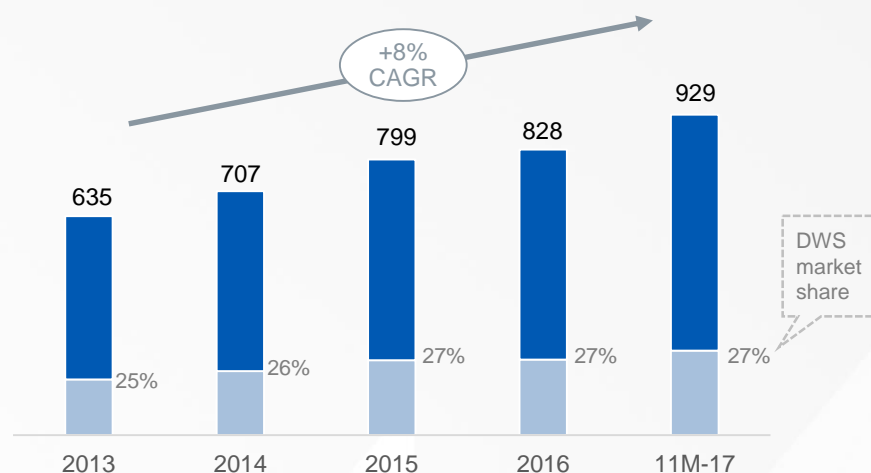
## Client base



# GERMAN RETAIL INDUSTRY



## Market development (€bn)<sup>(1)</sup>



## DWS' key strengths

- **Unit linked business:** ~42% of all German products use DWS funds as an underlying<sup>(2)</sup>
- **Saving plans:** Xtrackers account for ~21% of the ETF assets executed by the six largest discount brokers<sup>(3)</sup>
- **Brand and marketing:** #1 in quality of marketing<sup>(4)</sup> as well as #1 for brand awareness<sup>(5)</sup>
- **Partnerships:** A set of exclusive or preferred as well as strategic partnerships with key retail distributors
- **Flagship products:** DWS Top Dividende and DWS Deutschland #2 and #3 most sought-after funds in Germany<sup>(6)</sup>

## Consistent top ranking in Germany<sup>(7)</sup>

2013	AuM share (%)	Net flows (€bn)	2014	AuM share (%)	Net flows (€bn)	2015	AuM share (%)	Net flows (€bn)	2016	AuM share (%)	Net flows (€bn)	11M-17	AuM share (%)	Net flows (€bn)
1 DWS	25.4	0.5	1 DWS	26.2	10.8	1 DWS	26.6	17.7	1 DWS	26.5	(12.5)	1 DWS	26.5	16.9
2 Deka	15.1	(3.0)	2 Deka	14.8	1.0	2 AGI	14.3	14.6	2 AGI	15.3	9.7	2 Union	15.4	11.8
3 Union	14.5	(2.0)	3 Union	14.7	7.3	3 Union	14.2	9.9	3 Union	14.8	4.5	3 AGI	15.3	15.4
4 AGI	12.2	6.6	4 AGI	14.0	15.7	4 Deka	14.1	8.3	4 Deka	14.3	2.7	4 Deka	13.5	3.4
5 BlackRock	5.9	1.4	5 BlackRock	4.5	(6.4)	5 BlackRock	5.0	6.5	5 BlackRock	4.9	(1.1)	5 BlackRock	5.0	3.6

(1) BVI fund industry statistics, excludes real estate, (2) FondsProfessionell (Mar 31, 2017), (3) As of Sep 30, 2017, (4) Fund Buyer Focus Survey, (5) Finanzen.net, (6) Morningstar analysis, (7) BVI statistics mutual funds: 2013-2017

# STRONG AND DIVERSIFIED RETAIL DISTRIBUTION NETWORK

## Key distribution partner

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- Retail banking network with 2,656 branches in total, of which 1,776 in Germany<sup>(1)</sup>
- 10-year agreement as preferred provider or primary provider depending on product type
- Overall access to 20m clients across Deutsche Bank and Postbank
  - Deutsche Bank: €63.1bn AuM vs. Postbank: €5.4bn AuM

€68.5bn



- Leading German financial advisory firm with 14,000 financial advisers and 6m clients has been a key retail distribution partner in Germany since 2002
- Exclusive long term strategic cooperation agreement was recently extended

€16.8bn



- Exclusive longstanding and mutually beneficial relationship with a major Swiss insurance firm
- DWS is managing assets for the client's three core business segments

€10.0bn



- Strategic partnership with leading German retail bank
- Preferred partnership with Italian commercial bank featuring broad retail branch network in Italy, Austria and Germany

€6.8bn  
€5.2bn

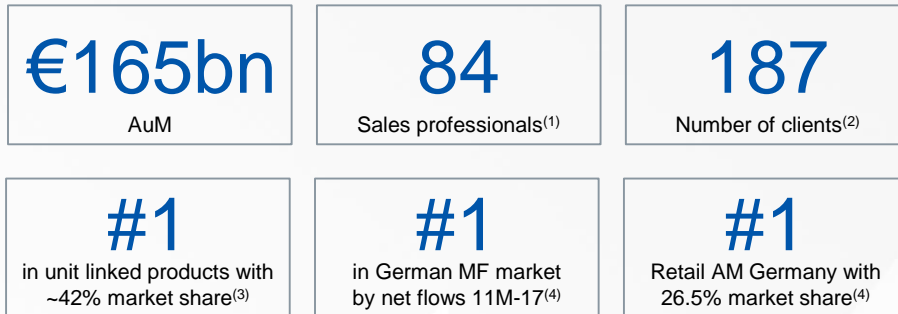
Note: All AuM figures as of Dec 31, 2017  
(1) Including Postbank (as of Dec 31, 2016)

# GERMANY RETAIL



## Highlights

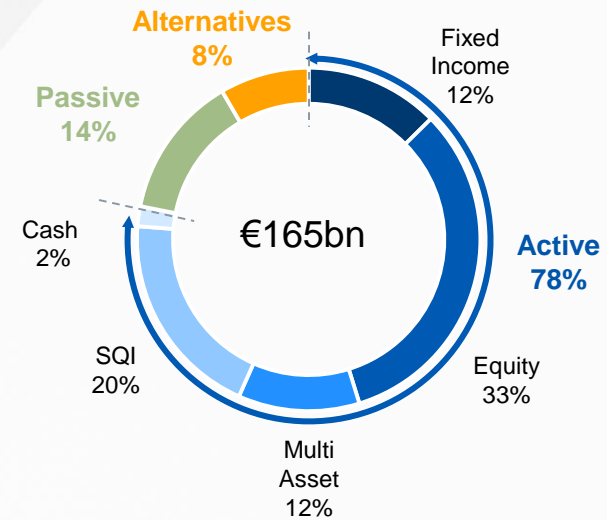
The market leader in German retail AM



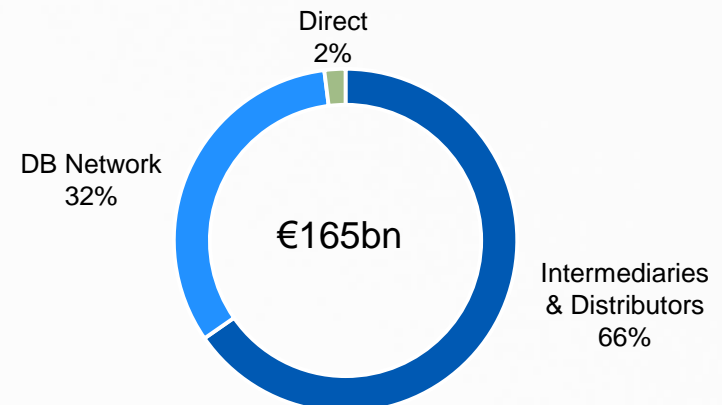
## Growth opportunities

- **Private banks:** Targeted marketing campaigns to tap €2tn of non-invested assets<sup>(5)</sup> amongst German population
- **Third party banks:** Shift to open architecture: become the provider of choice by leveraging broad product offering to savings & local cooperative banks
- **Regulatory:** Providing distribution partners with the full product range, e.g. ETF portfolios and MiFID-compliant services
- **Technology:** Great potential of collaborations in Germany within the next 5 years for our robo advisory platform technology

## AuM



## Client base



Note: AuM as of Dec 31, 2017. Client figures as of Sep 30, 2017. FTE figures as of Dec 31, 2017

(1) Employees aligned to client facing roles within distribution structure, (2) Clients with >€1m AuM; retail clients defined as intermediary partners; some ETF clients excluded from count, (3) FondsProfessionell (Mar 31, 2017), (4) BVI analysis (Nov 30, 2017), (5) Deutsche Bundesbank (Jan 17, 2018)

# EMBRACING THE PLATFORM ECONOMY

## Value opportunity

### DWS fund platform

- Offering account & custody services
- Self-developed, scalable modern client server platform with high level of automation
- Serves institutional clients, distribution partners and retail end clients
- Provides a MiFID-compliant way for IFAs to interact with end clients

€100bn AuA	1.5m End client accounts
430 Distribution partners	100k IFA agents
#1 Platform in Germany <sup>(1)</sup>	#5 Platform in Europe <sup>(1)</sup>

### EDISON (Investment application)

- New digital front-end experience for retail end clients and distribution partners, incl. IFAs
- Transformation of manual processes into digital
- Extended fund offering & investment solutions
- Launch foreseen for Q1-18

### WISE (White-label Robo platform)

- Enables distribution partners to provide digital discretionary portfolio management services (EU) and advice (Asia) to clients
- MiFID-compliant vehicle for non-regulated entities
- Offers a flexible product universe
- Partners to date:

- Currently an operating cost center
- Transformation into a fee based platform in line with market standards in Europe
- Positioning as the partner of choice for the IFA community
- Catering for the long term paradigm shift in AM industry towards platform & technology solutions

- Increased distribution resulting in improved net flows / AuM fees
- Revenues generated through:
  - Discretionary portfolio management fee (~76bps)<sup>(2)</sup>
  - Incremental product fees - depending on underlying funds model

Note: All figures as of Sep 30, 2017

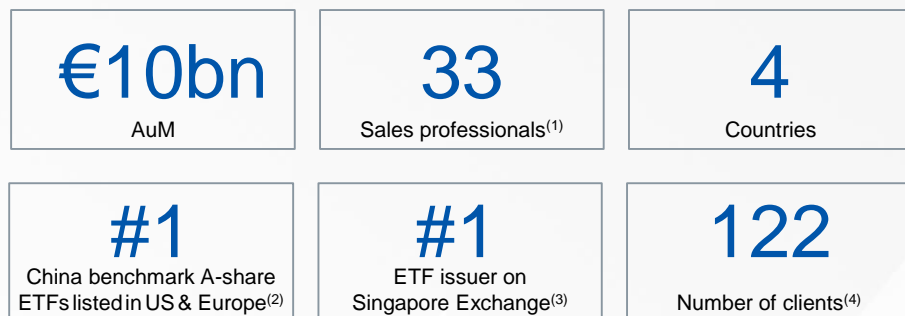
(1) Platform (Jun 30, 2016), (2) Shared between DWS and partner

# APAC RETAIL



## Highlights

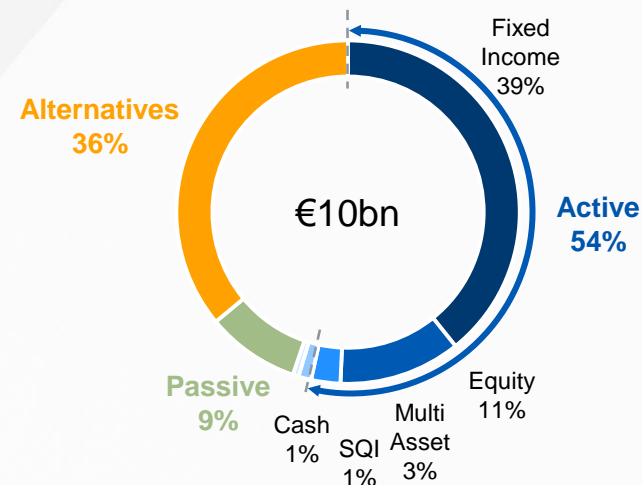
Targeted approach utilizing intermediary partners to penetrate key segments



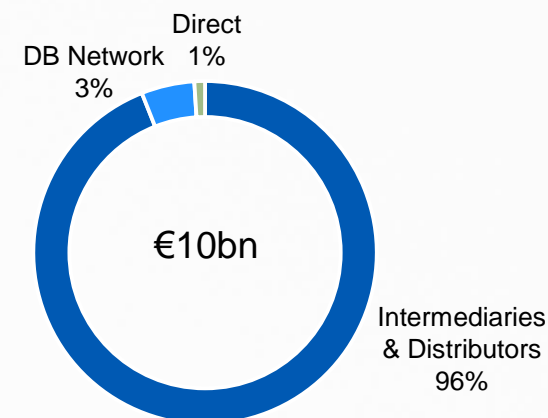
## Growth opportunities

- **Private banks:** Large majority of billionaires in Asia are first generation and ~120 people will hand over \$400bn to their heirs<sup>(5)</sup>
- **Private banks:** Establish global account managers for selected PB accounts, capture ETF growth in DPM and further expand advisory channels
- **Asset managers:** Export flagship European and US active funds to Asia as underlying for master feeder structures (Japan, Thailand, Malaysia)
- **Technology:** Provide our digital offering, especially the robo advisory and social media, to address changing investor buying behavior

## AuM



## Client base



Note: AuM as of Dec 31, 2017. Client figures as of Sep 30, 2017. FTE figures as of Dec 31, 2017

(1) Employees aligned to client facing roles within distribution structure, (2) Morningstar (Oct 31, 2017), (3) By total number of listings (Nov 30, 2017), (4) Clients with >€1m AuM; Retail clients defined as intermediary partners; some ETF clients excluded from count, (5) PwC / UBS Billionaires Report 2017

## Highlights

Provider of a comprehensive suite of solutions to serve a diverse client base



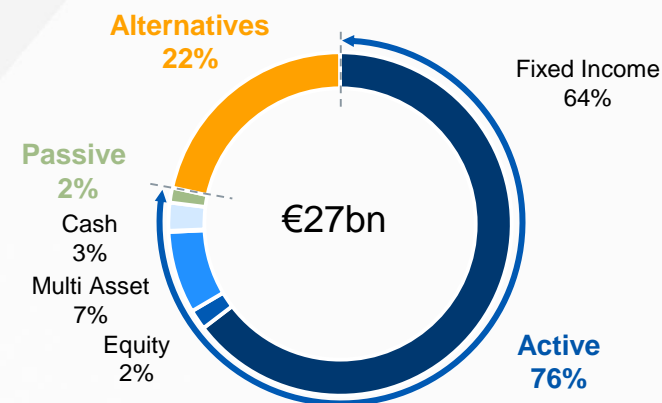
## Growth opportunities

- **Insurance:** Leverage #2 global ranking in insurance to cross-sell passive, alternatives & new active products and solutions
- **Institutional:** Benefit from \$4.5tn of institutional assets that are expected to be outsourced by 2021
- **Pensions:** Target largest pension funds in China, Korea, Japan, Taiwan and SEA via our ESG Engine and factor overlays
- **Corporates:** Capture opportunities in corporate pension schemes due to changes in regulatory requirements and the shift to DC
- **Central banks:** Offer solutions for large FX reserves beyond classical fixed income, i.e. mandates in passive instruments and alternatives

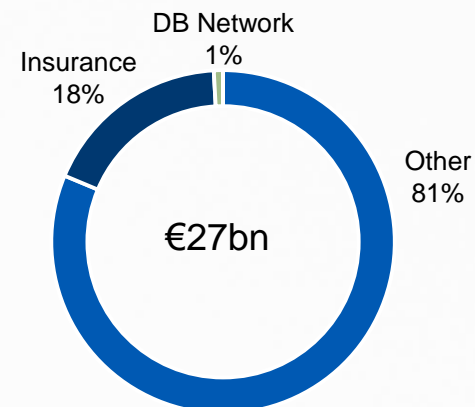
Note: AuM as of Dec 31, 2017. Client figures as of Sep 30, 2017. FTE figures as of Dec 31, 2017

(1) Employees aligned to client facing roles within distribution structure, (2) Z-Ben Advisors China Rankings score by onshore, offshore and inbound businesses, (3) Asia Asset Management (AAM), 2017, (4) Clients with >€1m AuM; Retail clients defined as intermediary partners; some ETF clients excluded from count

## AuM



## Client base





## Harvest profile

- 9<sup>th</sup> largest mutual fund manager in China<sup>(1)</sup>
- 4<sup>th</sup> largest mutual fund manager both by long term assets and by management fee income in China<sup>(1)</sup>
- One of two sino-foreign managers with top 20 positions across active equity, bond and ETFs<sup>(1)</sup>
- Strong asset gathering with €111bn<sup>(2)</sup> AuM and fundraising of €2.6bn in 9M-17 from 26 new MF launches
- DWS equity pick-up of ~€33m in 9M-17 and ~€40m in 2016<sup>(3)</sup>
- Jointly owned by DWS (30%), China Credit Trust and Lixin
- Capabilities across Active, Passive and Alternatives asset management, with a focus on Chinese assets
- Extensive onshore retail distribution network (including electronic / mobile platforms) and institutional client relationships

## Focus of collaboration

Mutually beneficial for DWS and Harvest:

### Distribution

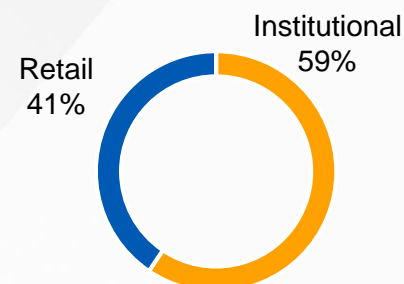
- Joint institutional client conference
- Client introductions
- Offshore distribution arrangements for selected funds

### Product development

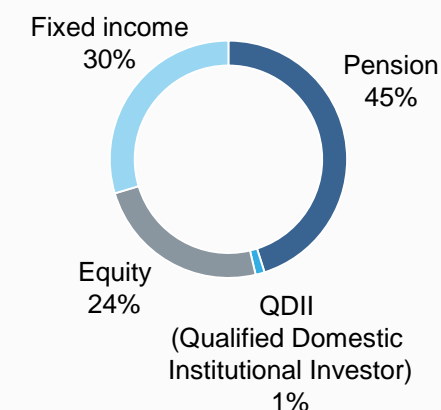
- Sub-advisory arrangements for ETFs products
- Co-branded A-share ETFs listed in US & Europe

## AuM breakdown (€bn)<sup>(4)</sup>

Channel view

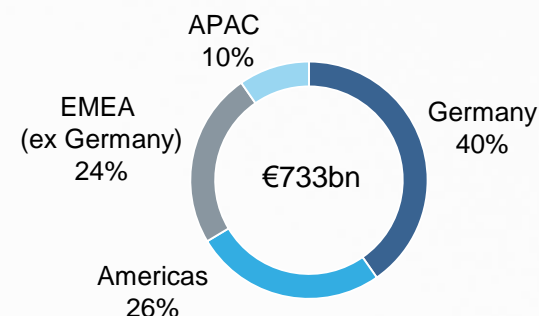


Product view



## DWS pro-forma AuM by geography (Dec-17)

DWS AuM adding 30% of Harvest AuM



(1) Z-Ben Advisors – AuM ranking as of Sep 30, 2017 (ETF ranking excludes MMF and QDII ETF products); management fee ranking as of 6M-17; long term assets exclude MMF and short term wealth management products, (2) As of Dec 31, 2017, (3) Equity pick-up includes a true-up adjustment for prior year e.g. €33m in equity pick-up includes an adjustment for 2016 of €(1)m, following receipt of Harvest audited 2016 accounts, (4) As of Sep 30, 2017

# KEY TAKEAWAYS

- German home market strength, a European market leader, strong Americas foothold and promising APAC positioning
- Very strong retail brand in Europe where 2017 net flows were 7% of AuM
- A broad product offering across Active, Passive and Alternatives to serve a well diversified client base and balanced retail / institutional mix
- Global business with ~60% of assets outside of Germany and 12% of assets with DB Network
- Prepared for upcoming digital challenge via robo advisory service, fund platform and social media set-up

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1 Positioned for the future

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2 Investment platform and capabilities

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3 Distribution

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**4 Operating platform**

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5 Financial performance and targets

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6 Risk and control

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7 Governance

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8 Summary

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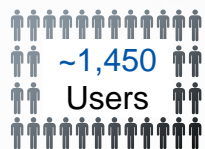
# WE HAVE ALREADY BUILT A ROBUST AND SCALABLE OPERATING PLATFORM...

## Global investment platform



- Global investment and risk management

€636bn<sup>(1)</sup>  
AuM



20%  
Investment apps  
decommissioned<sup>(1)</sup>

130,000  
Average  
monthly orders

## Global customer management



- Globally standardized CRM platform for all institutional clients
- Allows timely adherence to regulations including MiFID II and KYC
- Built in-house development capability for additional functionality



500,000  
Client interactions  
logged<sup>(2)</sup>



1,500+  
Global users

## Global trading: top tier model



- Centralized trading activity out of portfolio management teams
- Consolidated activity in 3 regional hubs providing global access to liquidity
- Increased scalability and regulatory compliance, e.g. best execution
- Example: central equities trading<sup>(3)</sup>



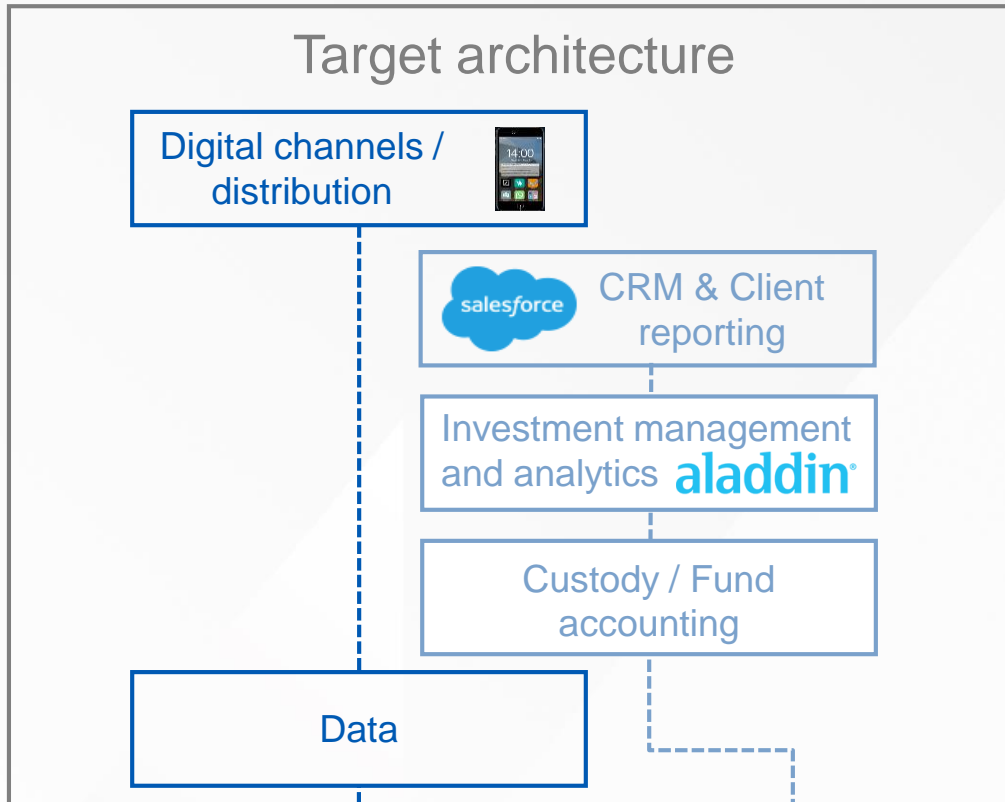
40%  
Reduced  
headcount



6x  
Volume  
increase

(1) As of Dec 29, 2017, (2) Since Jan 1, 2015, (3) Headcount and increase in Equities trading volume via centralized dealing desk between Jan 1, 2012 and Sep 30, 2017. Volume expressed in number of security settlements; volume increase reflective of (i) centralization efforts and (ii) internalization of ETF volumes previously traded by sub-investment managers

# ...HOWEVER, WE HAVE FURTHER ROOM TO OPTIMIZE AND INCREASE EFFICIENCY



**Build**  
"Build" differentiating capabilities in-house e.g. data, digital, analytics

**Buy**  
Leverage specialized and best-in-class providers for less differentiated functions e.g. fund accounting



# LEVER 1: OPERATING MODEL AND PROCESSES



## Accounting

- Standardize operating model
- Simplify accounting processes
- Increase straight through processing rates
- Ensure global standards across the value chain
- Optimize use of vendors

100

Targeted FTE smart sourcing<sup>(1)</sup>



## Reporting

- Enhance client experience via digital self-service
- Centralize reporting function within the organization
- Consolidate reporting obligation via standardized packs

40

Estimated FTE release from reporting tasks



## Data

- Consolidate data stores within a single platform, “Data Lake”
- Reduce time to market and enable AI for new initiatives
- Reduce cost of data acquisition and maintenance

>20

legacy data stores to reduce

(1) Targeted by 2020

# LEVER 2: ORGANIZATIONAL AND LOCATION STRATEGY



## Business support organization

- Implement a more efficient infrastructure organization with clear roles and responsibilities
- Automate manual processes especially in operations or administrative functions

**~2,400**

Internal FTE support professionals<sup>(1)</sup>

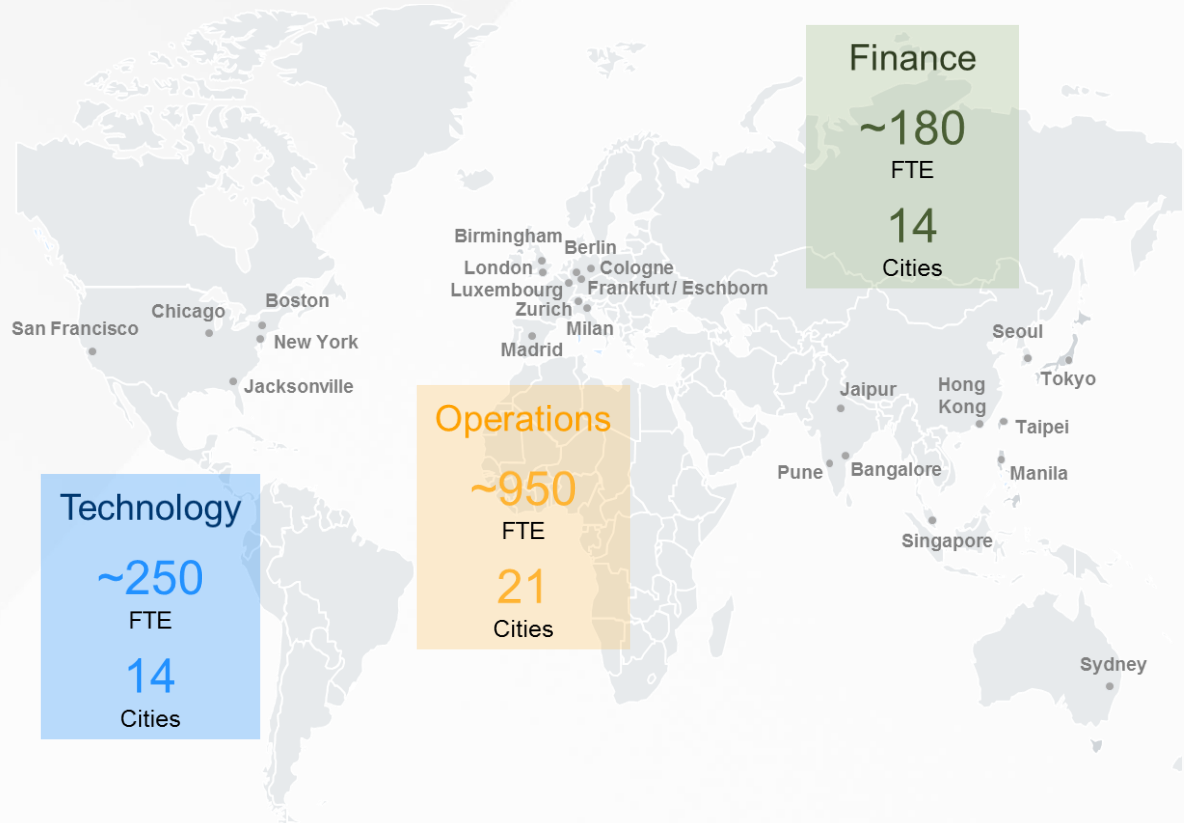
**~670**

FTE in near- and offshore locations<sup>(2)</sup>

**25**

Support offices<sup>(3)</sup>

## Location and real estate strategy



- Support functions distributed across multiple cities
- Proximity to business not always necessary, therefore further use of lower cost locations where appropriate
- Rationalize real estate footprint in line with operating model improvements

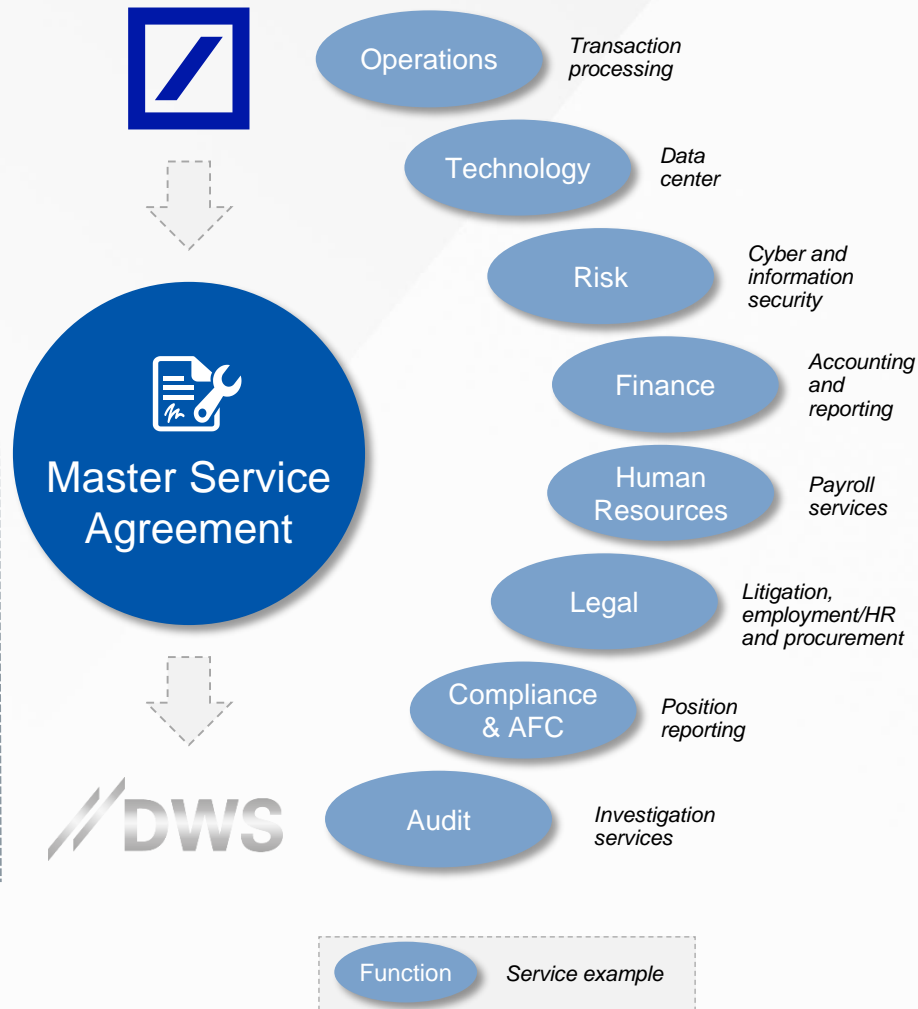
(1) Employees whose role is not portfolio management, research or client-facing, including Legal and Compliance professionals (Dec 31, 2017), (2) Bangalore, Berlin, Birmingham, Jacksonville, Jaipur, Manila, Mumbai and Pune (Dec 31, 2017), (3) Cities where more than 5 FTE support professionals are located

# LEVER 3: CONSUMPTION AND PRICING OF SERVICES

## Third party vendors

- Redesign vendor management model and process
- Rationalize number of vendors
- Internalize certain technology contractors at lower cost and in lower cost locations
- Savings may be partially offset by increased costs related to business growth

## DB Group as a vendor

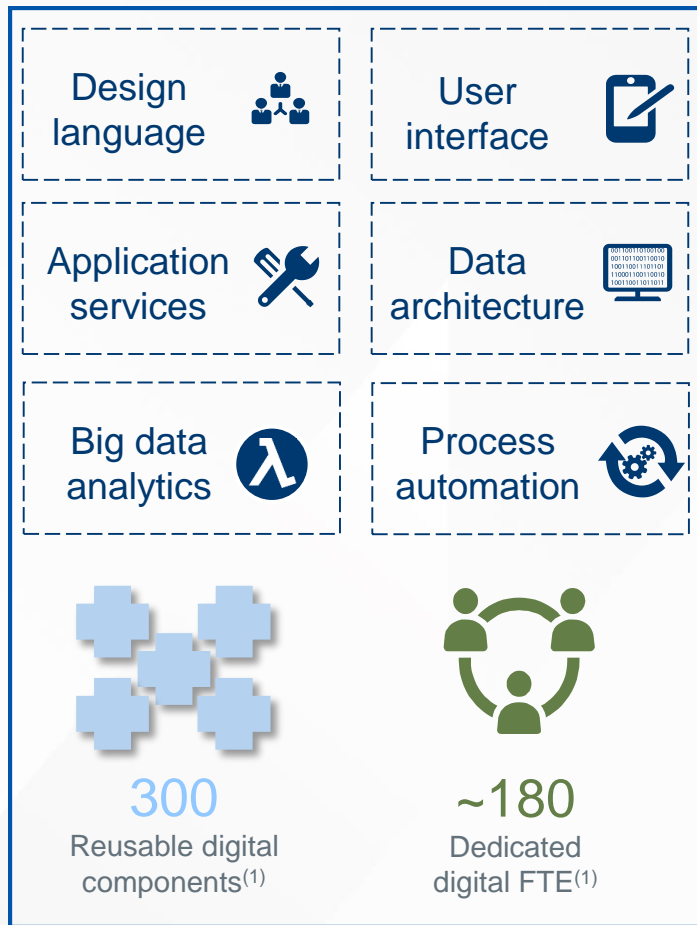


- 10-year initial minimum term
- Serves as the umbrella legal agreement for Deutsche Bank–DWS services
- Addresses general principles, legal provisions, pricing terms, as well as principles governing the relationship
- Service agreement costs to match consumption
- Reduction in cost targeted in medium term as service provision evolves and from impact of Group cost efficiency programs



# OUR INVESTMENT IN TECHNOLOGY POSITIONS US WELL FOR THE FUTURE

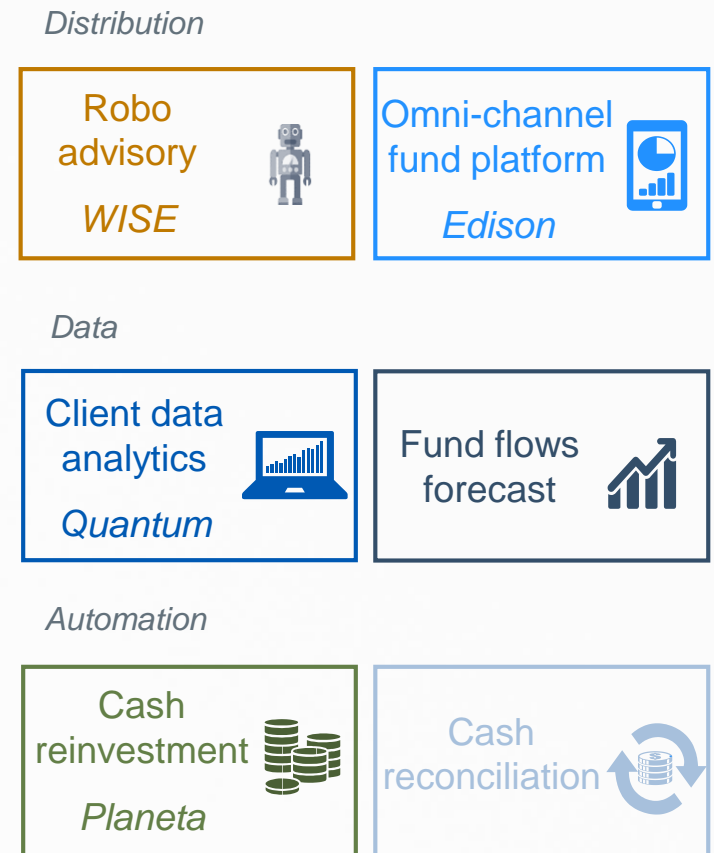
## Digital framework



## Third party providers



## Applications

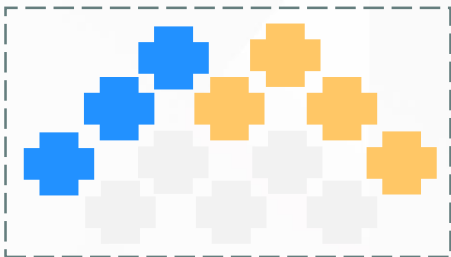


(1) As of Oct 31, 2017

# CASE STUDIES: HOW WE BENEFIT FROM OUR DIGITAL PLATFORM

## Automation: Cash reinvestment

- Automation of the cash reinvestment platform for the AM fund treasury to reduce operational risk
- Benefits of using the digital platform:
  - Use of standard components (55% of UI components available, 40% of backend components available)
  - Time to market reduced from months to weeks
  - Significant cost reduction



Increased agility due to reusable components

## Automation: Cash reconciliation

- Automation of the cash reconciliation process between DWS and custodian banks
- Realized benefits:
  - Reduction of 15 FTE
  - Improved client experience
  - Higher accuracy



Complementing our digital framework by integrating third party solutions

## Data: Predicting fund flows

- Data analytics tool being developed to forecast inflows and outflows in asset classes and success rates of launches
- Expected benefits:
  - Better steering of sales activities
  - Timely and more effective product launches
  - Proactive asset retention



Data → Knowledge → Action

Developing data-driven product and sales decisions

# KEY TAKEAWAYS

-  We have already built a robust and scalable operating platform...
-  ...but we have further room to optimize and increase efficiency
-  Our platform is an integral part of our business proposition – with investment in technology to drive a competitive advantage

---

1 Positioned for the future

---

2 Investment platform and capabilities

---

3 Distribution

---

4 Operating platform

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**5 Financial performance and targets**

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6 Risk and control

---

7 Governance

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8 Summary

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# KEY MESSAGES

- Steady net flows, except 2016, and well positioned to capture stronger net flows in the future
- Diversified asset base with higher margin products positioned for growth, providing resilience to margin compression and supporting revenue growth and profitability
- Limited reliance on one-off fees, enhancing revenue base stability
- Disciplined costs management with room for further efficiencies with a target adjusted CIR of <65%
- A solid capital position and targeted dividend payout ratio of 65% to 75%

# POSITIONED TO DELIVER SHAREHOLDER VALUE

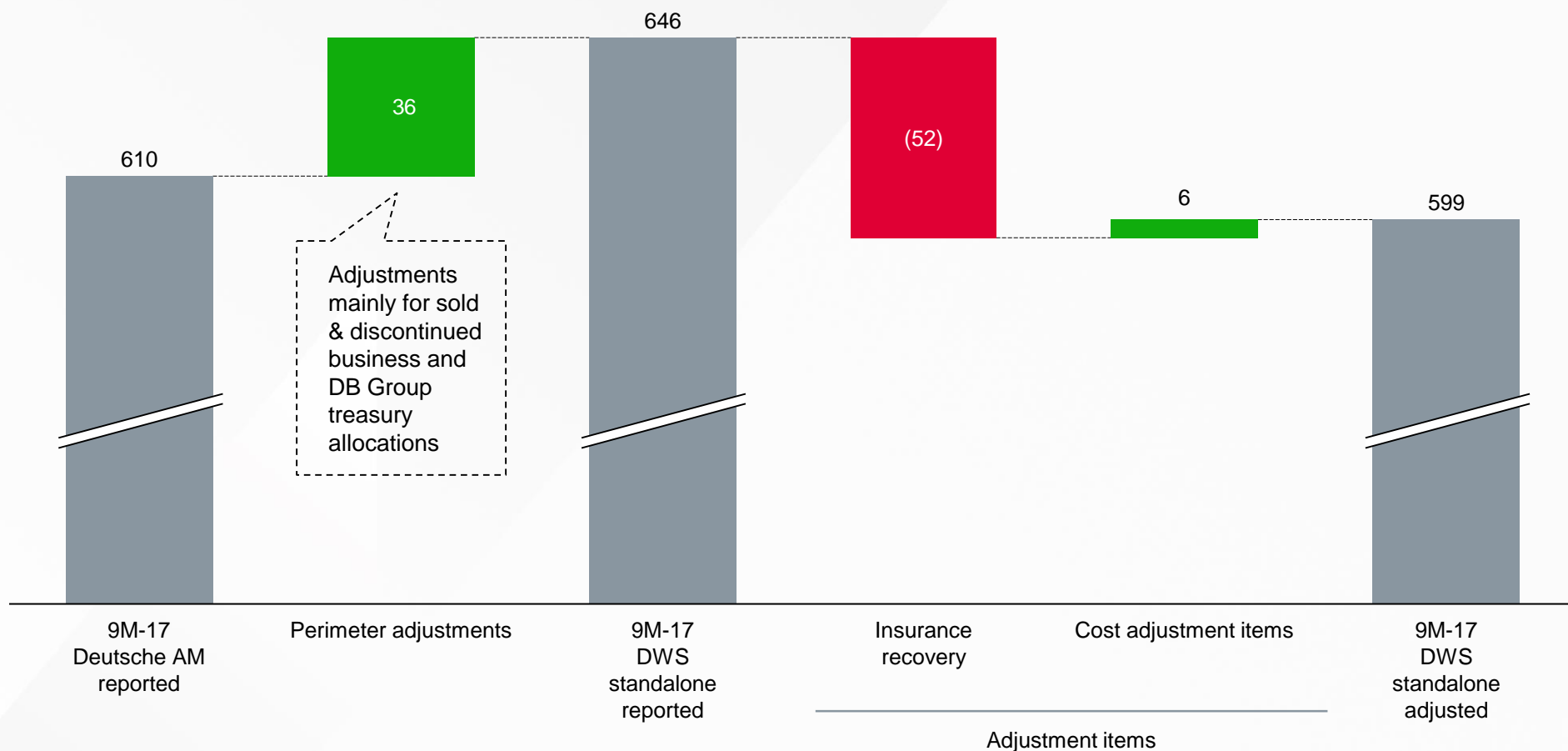


	Current	Medium term financial targets	Positioning to deliver targets
Net flows (% of BoP AuM)	2.3% <sup>(1)</sup>	3% to 5%	<ul style="list-style-type: none"> <li>– Product and distribution strength</li> <li>– Steady net flows (ex 2016)</li> </ul>
Management fee margin	32bps <sup>(2)</sup>	≥30bps	<ul style="list-style-type: none"> <li>– Diversified asset base</li> <li>– Recent flows concentrated in higher margin products growing revenues despite industry margin compression</li> </ul>
Adjusted CIR	68% <sup>(3)</sup>	<65%	<ul style="list-style-type: none"> <li>– Adjusted CIR improvement over last 2 years</li> <li>– Number of initiatives to improve cost efficiency</li> <li>– Scalable platform</li> <li>– Limited cost growth</li> </ul>
Dividend payout ratio (% of net income)	n.a.	65% to 75%	<ul style="list-style-type: none"> <li>– Highly cash generative business</li> <li>– Strong balance sheet and capital position</li> </ul>

(1) FY 2017, (2) 9M-17 annualized, (3) 9M-17

# ADJUSTED PBT INCLUDES A NUMBER OF ONE-OFF ADJUSTMENTS

Reconciliation from reported Deutsche AM to adjusted DWS standalone 9M-17 (€m)



# RECONCILIATION FROM DWS STANDALONE REPORTED TO ADJUSTED PBT



## PBT reconciliation (€m)

	FY-15	FY-16	9M-16	9M-17
<b>Profit before Tax (reported)</b>	<b>633</b>	<b>647</b>	<b>431</b>	<b>646</b>
<b>Revenue adjustment items</b>				
Sale of PowerShares fund	1 (42)	-	-	-
HETA	2 86	(58)	(53)	-
Insurance recovery	-	-	-	3 (52)
AM NCOU	(2)	-	-	-
<b>Total revenue adjustments</b>	<b>43</b>	<b>(58)</b>	<b>(53)</b>	<b>(52)</b>
<b>Cost adjustment items</b>				
Litigations	1	4 129	90	(1)
Restructuring activities	(1)	46	43	2
Severance costs	8	24	22	4
AM NCOU	1	2	(1)	-
Withholding tax refund	5 47	(45)	-	-
Insurance recovery	-	3 (35)	(35)	-
<b>Total cost adjustments</b>	<b>56</b>	<b>121</b>	<b>121</b>	<b>6</b>
<b>Adjusted PBT</b>	<b>732</b>	<b>709</b>	<b>499</b>	<b>599</b>

## Adjustments

- 1 Proceeds from the sale of the PowerShares fund in the Americas in 2015
- 2 Mark-to-market valuation impacts from the exposure of one of our guaranteed funds to HETA Asset Resolution AG ("HETA") in Austria. Position was exited in 2016. Financial impact in 2015 from a write-down
- 3 Insurance recovery from a legal matter related to a real estate fund (part of the former Non-Core Operations Unit) in 2017
- 4 Includes provision for settlement of a legal matter related to a real estate fund (part of former Non-Core Operations Unit) in 2016, excluded from adjusted general & administrative expenses
- 5 Inconsistencies in preparing and processing withholding tax reclaim applications relating to "Fokus Bank" case claims resulted in provisions of ~€47m for 2015. Based on the final fiduciary review in 2016, DWS compensated ~€2m against the affected funds; the remaining provision of ~€45m was released



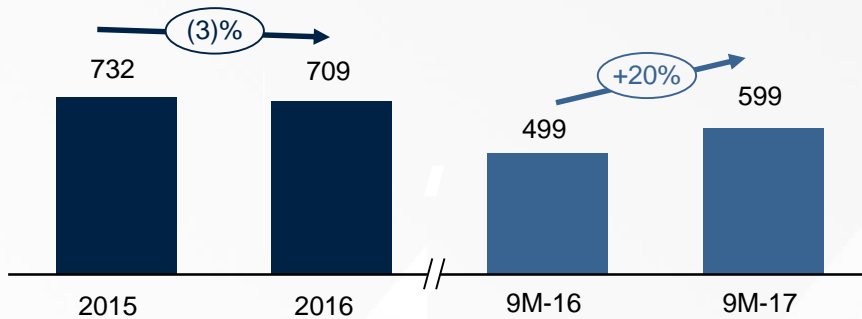
# FINANCIAL PERFORMANCE SNAPSHOT



x% y-o-y change

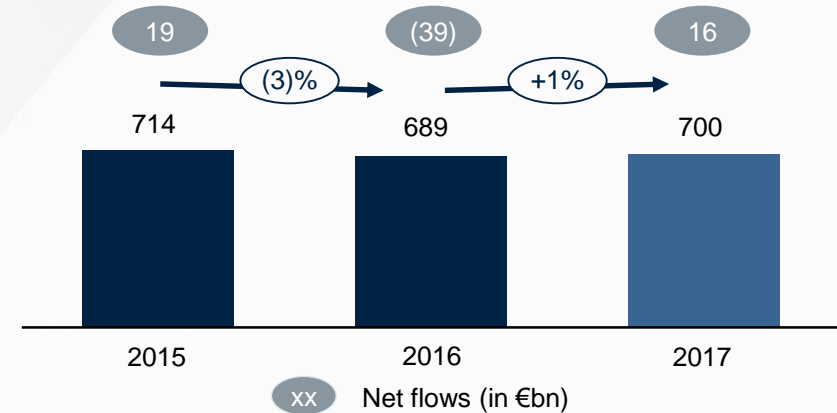
## Adjusted profit before tax (€m)

Consistent profit generation



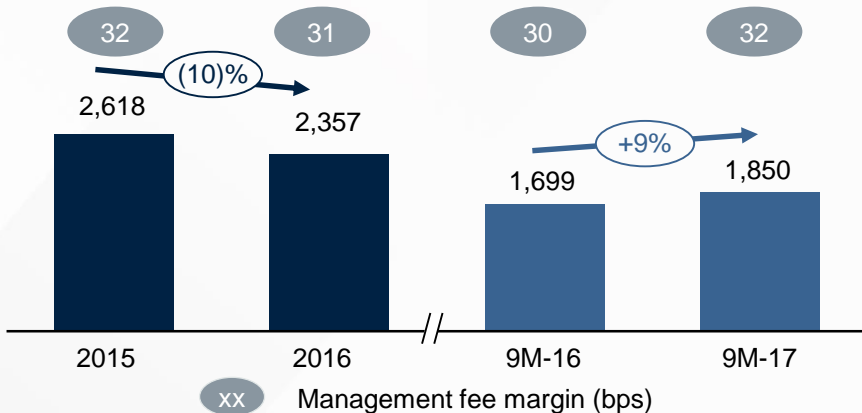
## AuM (€bn)

Return to asset growth



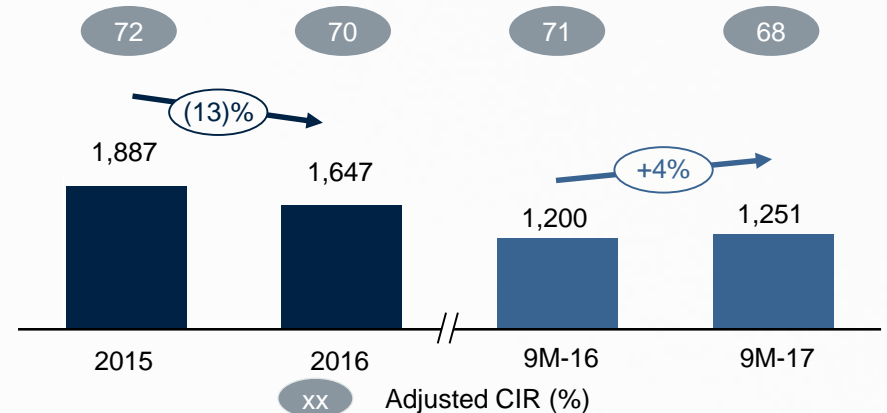
## Adjusted revenues (€m)

Stabilized revenues in 2017



## Adjusted costs (€m)

Strong cost discipline continues across all functions



# DWS DETAILED STANDALONE FINANCIALS



## Adjusted profit & loss statement and key performance indicators (€m) Highlights

	FY 2015	FY 2016	9M-16	9M-17	FY16 %Δ	9M17 %Δ
Management fees and other recurring revenues	1 2,260	2,136	4 1,584	1,653	(6)%	4%
Performance and transaction fees and other non-recurring revenues	248	213	5 87	133	(14)%	53%
Other revenues	110	7	28	7 64	(93)%	131%
<b>Adjusted revenues</b>	<b>2,618</b>	<b>2,357</b>	<b>1,699</b>	<b>1,850</b>	<b>(10)%</b>	<b>9%</b>
Revenue adjustments	43	(59)	(53)	(52)		
<b>Net revenues</b>	<b>2,576</b>	<b>2,415</b>	<b>1,752</b>	<b>1,902</b>	<b>(6)%</b>	<b>9%</b>
Compensation & Benefits	2 (854)	(690)	6 (511)	(567)	(19)%	11%
General & administrative expenses	(1,033)	(958)	(688)	(683)	(7)%	(1)%
<b>Adjusted total cost base</b>	<b>(1,887)</b>	<b>(1,647)</b>	<b>(1,200)</b>	<b>(1,251)</b>	<b>(13)%</b>	<b>4%</b>
Cost adjustments	56	121	121	6		
<b>Total cost base</b>	<b>(1,942)</b>	<b>(1,769)</b>	<b>(1,320)</b>	<b>(1,256)</b>	<b>(9)%</b>	<b>(5)%</b>
<b>Adjusted profit before tax</b>	<b>732</b>	<b>709</b>	<b>499</b>	<b>599</b>	<b>(3)%</b>	<b>20%</b>
<b>Adjusted CIR</b>	<b>72%</b>	<b>70%</b>	<b>71%</b>	<b>68%</b>	<b>(3)%</b>	<b>(4)%</b>
FTE	3,877	3,860	3,852	3,801	(2)%	(3)%
AuM (in €bn)	3 714	689	689	696	(3)%	1%
Net flows (in €bn)	19	(39)	(28)	15		
Net flows (% of BoP AuM – annualized)	3%	(6)%	(5)%	3%		
Management fee margin (bps - annualized)	32	31	30	32		

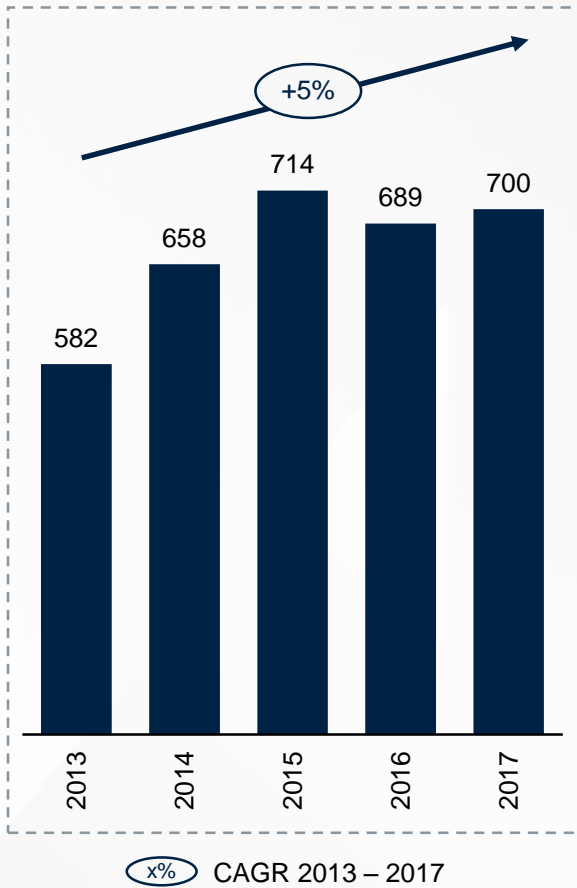
- 1 Management fees and other recurring revenues decreased by €124m, or 6%
- 2 Lower compensation & benefits costs are driven by a reduced cash bonus in 2016
- 3 AuM decreased by €25bn in 2016 versus prior year driven by net asset outflows of €39bn mainly in the Americas region
- 4 Management fees and other recurring revenues increased by €69m, or 4%
- 5 Performance and transaction fees and other non-recurring revenues increased significantly by €46m, due to higher fund performance fees from Alternatives
- 6 Higher compensation & benefits costs are driven by a reduced cash bonus in 2016
- 7 Number of items including Harvest

Note: All line items calculated on an adjusted basis. See Financial Glossary and Reconciliation pages for further details

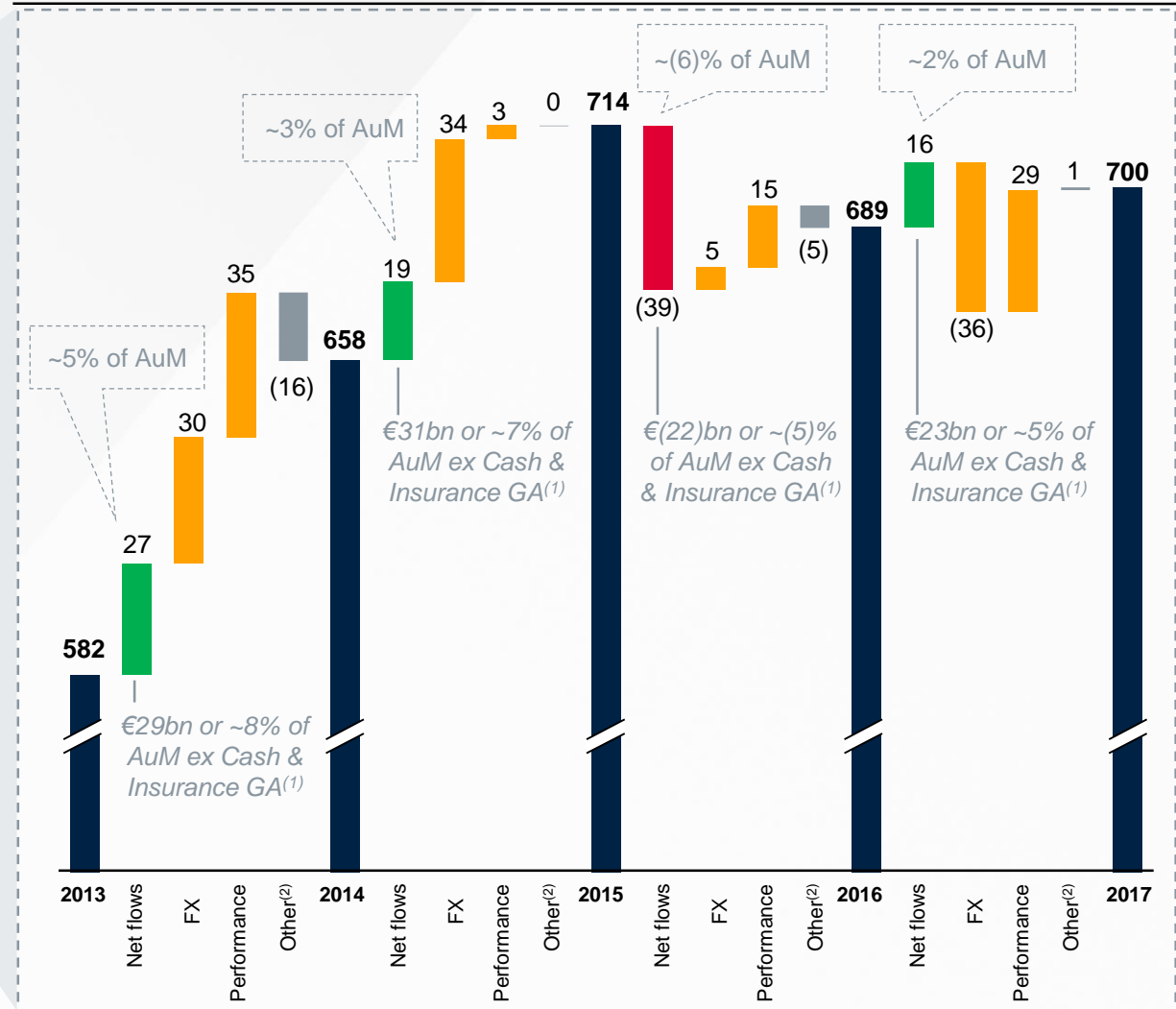
# STRONG NET FLOWS EXCEPT FOR 2016



AuM (€bn)



AuM development detail (€bn)



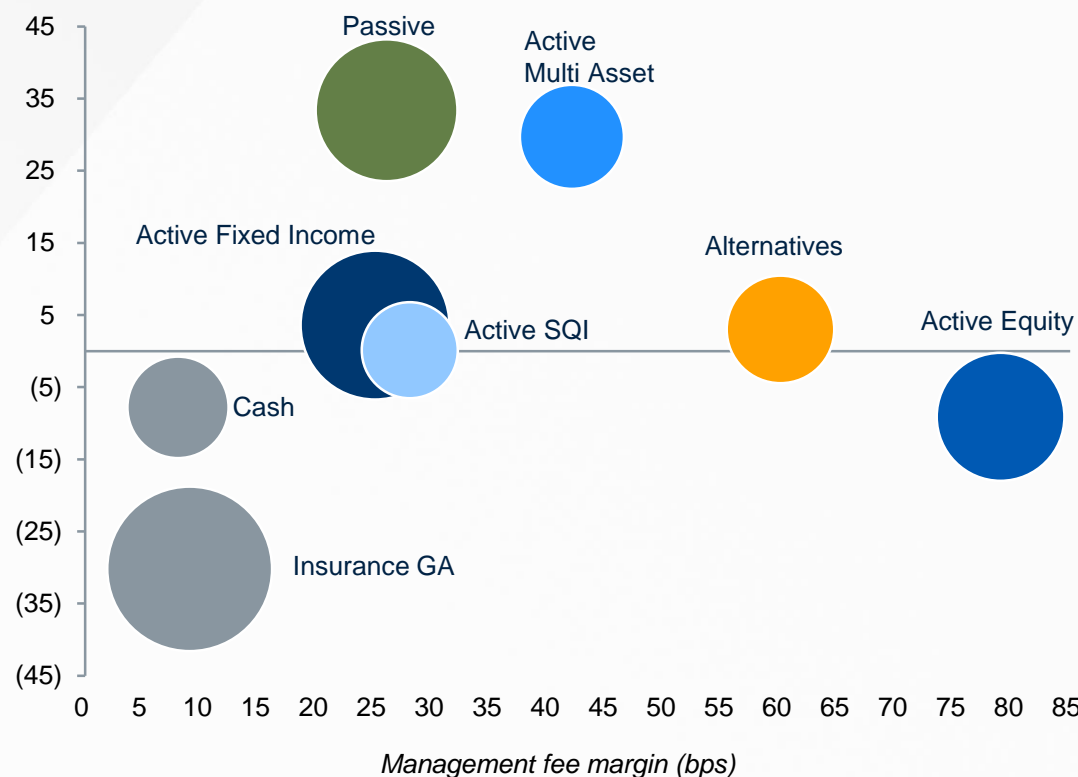
(1) Insurance general account, (2) Other includes acquisitions / disposals

# NET FLOWS HAVE BEEN STRONG IN PASSIVE, ACTIVE MULTI ASSET AND ALTERNATIVES

## Historical net flows vs management fee margin

Product type	Cumulative net flows ('14 – '16, €bn)	Net flows (FY-2017, €bn)	Mgmt fee margin <sup>(1)</sup> (9M-17, bps)
Active Equity	(7.3)	(1.9)	79
Alternatives	3.5	(0.5)	60
Active Multi Asset	18.6	11.1	42
Active SQI	2.3	(2.6)	28
Passive	21.9	11.5	26
Active Fixed Income	(1.6)	5.3	25
<b>Total (ex Cash ex Insurance GA)</b>	<b>37.4</b>	<b>22.9</b>	<b>42</b>
	+3.2%	+4.9%	
Cash (ex Insurance GA)	(8.2)	0.4	8
Insurance GA <sup>(2)</sup>	(22.7)	(7.5)	9
<b>Total</b>	<b>6.5</b>	<b>15.8</b>	<b>32</b>
	+0.4%	+2.3%	

Cumulative net flows ('14 – '17, €bn)

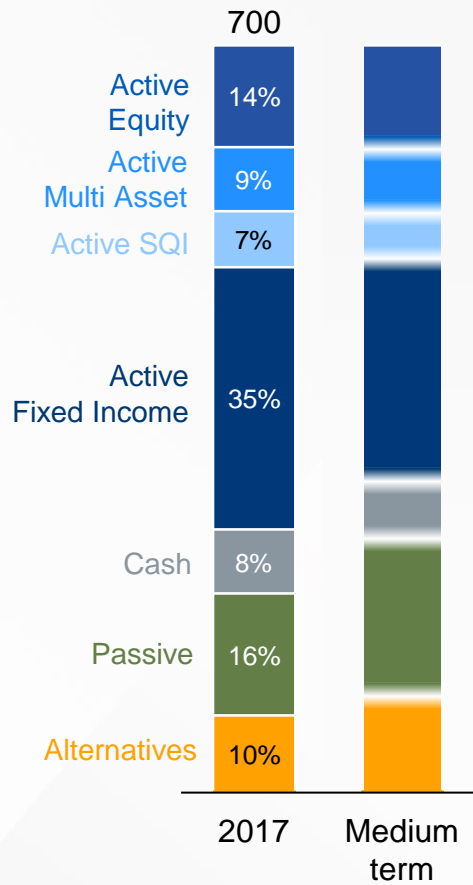


● Size of AuM as of Dec 31, 2017

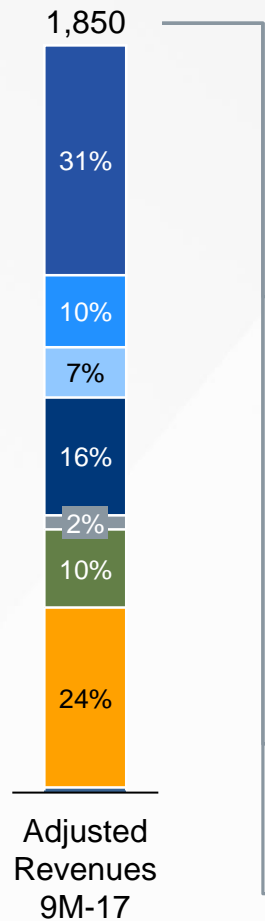
(1) Annualized, (2) Insurance general account

# GROWING REVENUES IN FOCUS AREAS AND MAINTAINING MARGINS

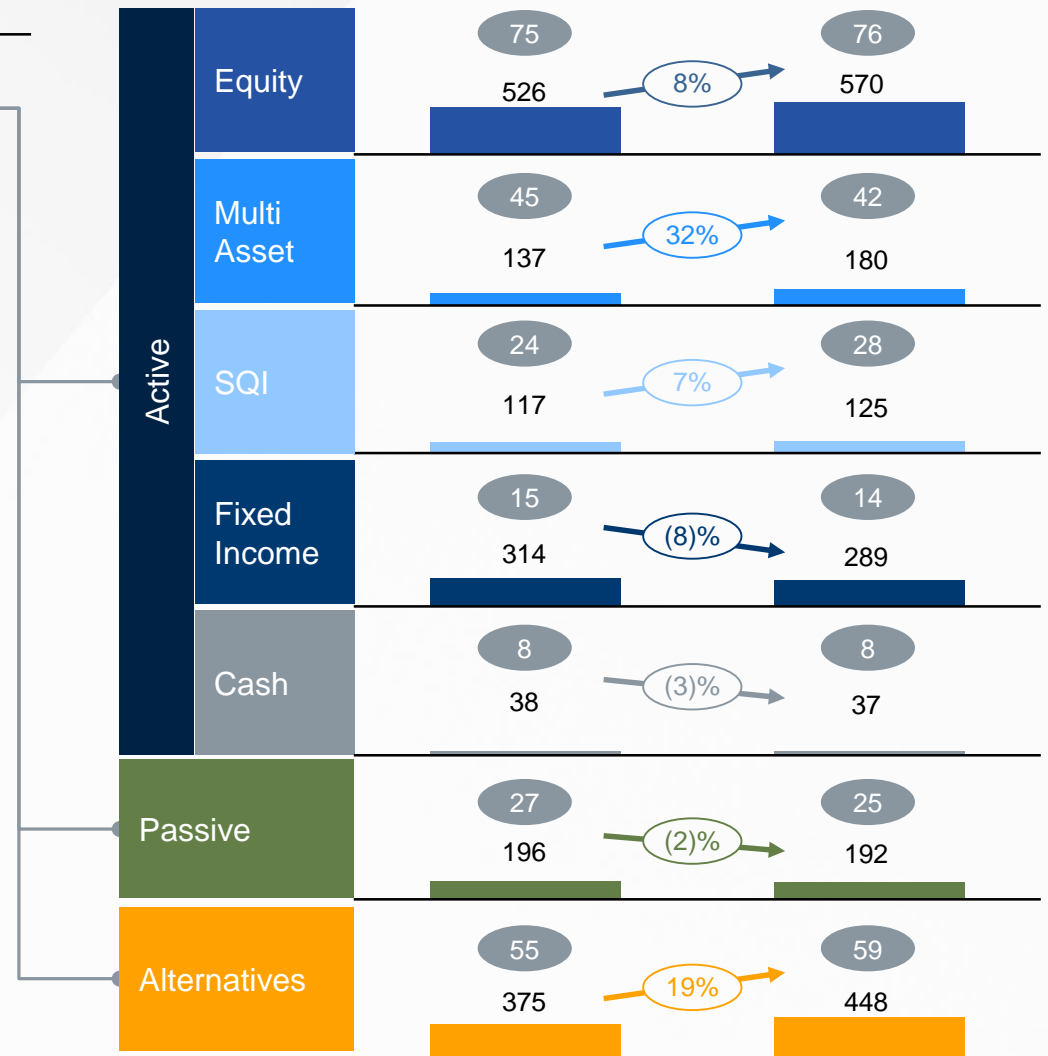
AuM (€bn)



Adjusted Revenues<sup>(1)</sup> (€m)



x Management fee margin (bps)  
 (x%) y-o-y change



(1) Non-product related revenue of €8m in 9M-17 and €(3)m in 9M-16 excluded in asset class breakdown

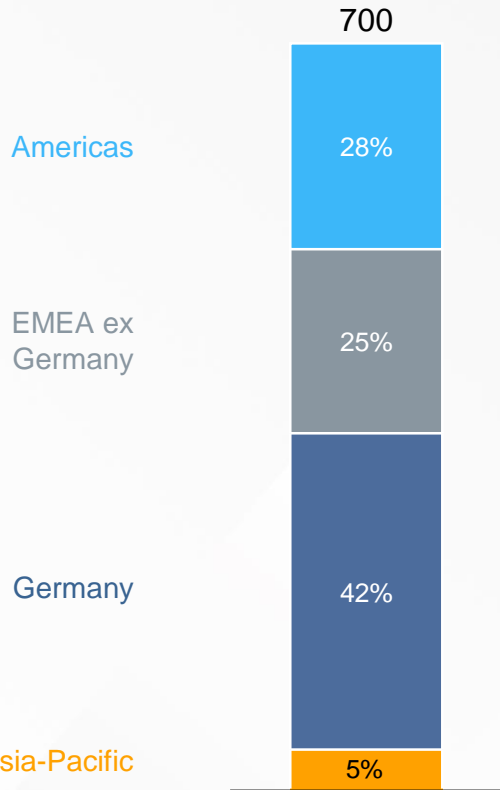
9M-16 adjusted revenues<sup>(1)</sup> 9M-17 adjusted revenues<sup>(1)</sup>

# REGIONAL MANAGEMENT FEES BREAKDOWN



## AuM

As of Dec 31, 2017 (€bn)



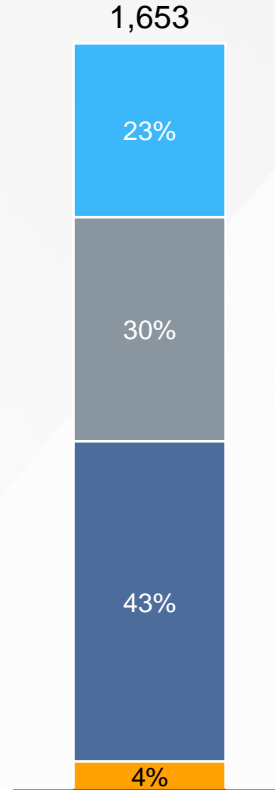
Asia-Pacific

Excludes AuM from Harvest JV<sup>(1)</sup>

AuM

## Management fees

9M-17 (€m)



Management fees (booking view)

## Highlights

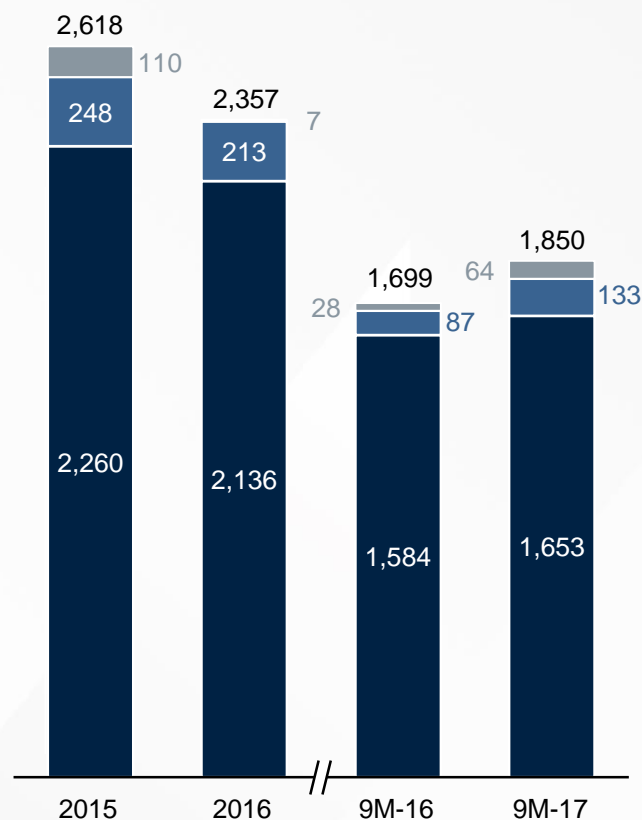
- Booking view management fees influenced by transfer pricing principles (e.g. attributing revenue to fund domicile and manufacturing regions)
- Therefore, estimating margins based on management fees (booking view) by region has limitations
- All regions have positive profit before tax

(1) Including pro-forma Harvest JV (30% of Harvest total AuM), APAC region represents 10% of AuM

# LIMITED RELIANCE ON ONE-OFF FEES, LEADING TO A STABLE REVENUE BASE

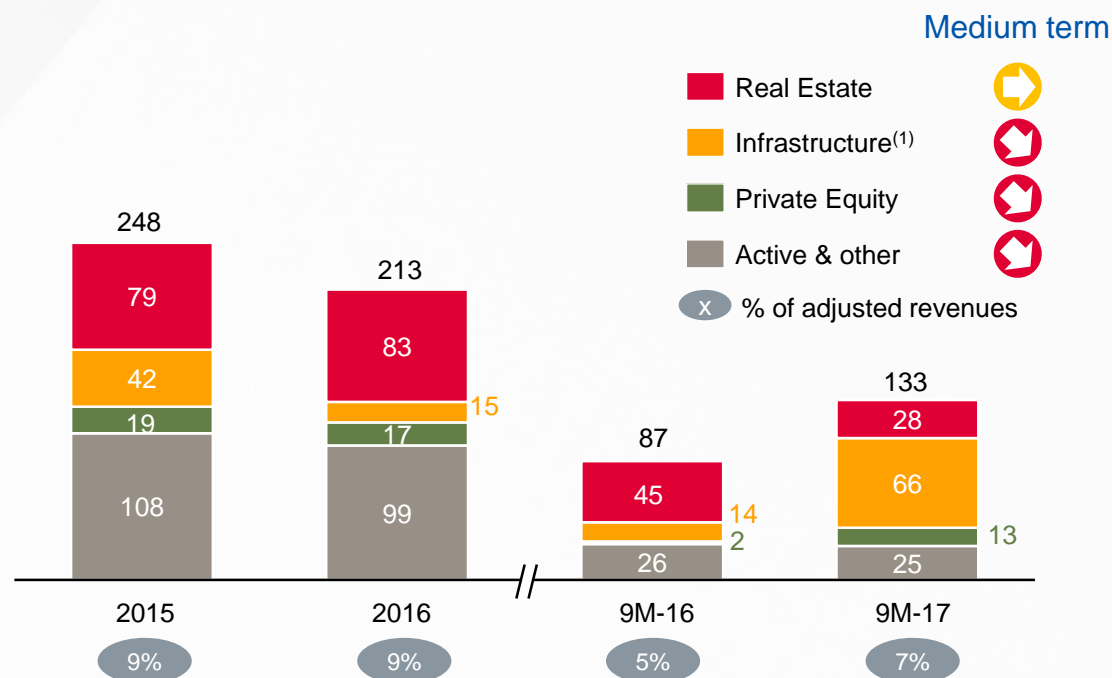
## Adjusted revenues (€m)

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



## Performance & transaction fees breakdown (€m)

- Performance and transaction fees historically represent <10% of annual revenues
- Real Estate and Infrastructure funds make up the majority of performance fees
- Active & other performance and transaction fees make up the remainder, with Q4 being the most significant recognition period
- Expect 3-5% of adjusted revenues from performance and transaction fees in the medium term

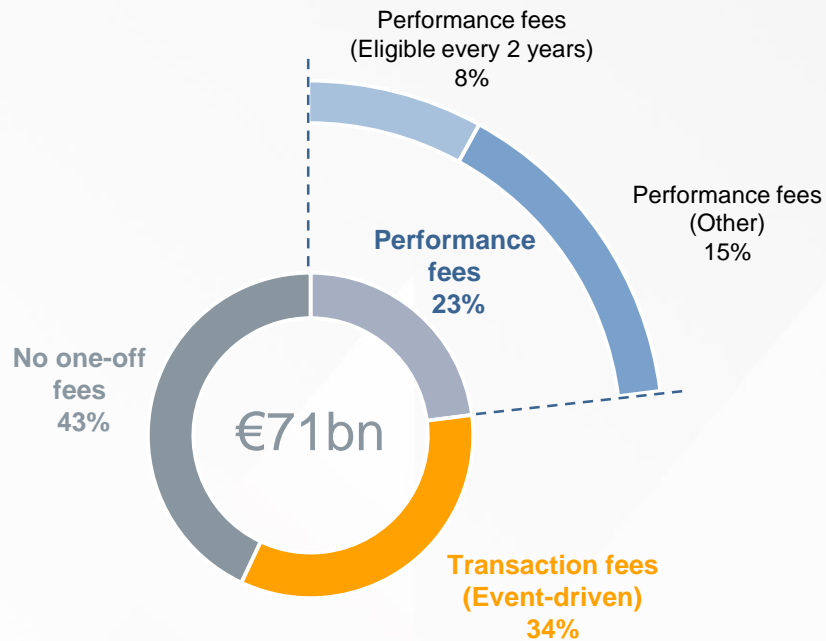


(1) 2017 infrastructure figure reflects a performance fee from one flagship fund that is recognized every 2 years

# PERFORMANCE & TRANSACTION FEES DETAILS

## Alternatives

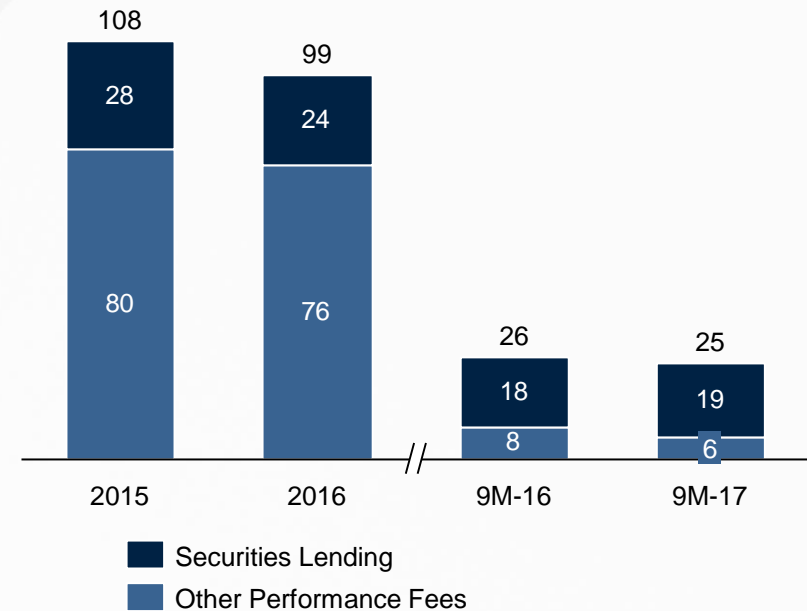
AuM breakdown by fee type and payment frequency as of Dec 31, 2017



- Alternatives business generates a mix of performance and transaction fees
- The fund or mandate life-cycle will determine the timing of future performance fees
- Transaction fees are expected to remain more stable over time at the current level

## Active & other

Performance fee breakdown (in €m)

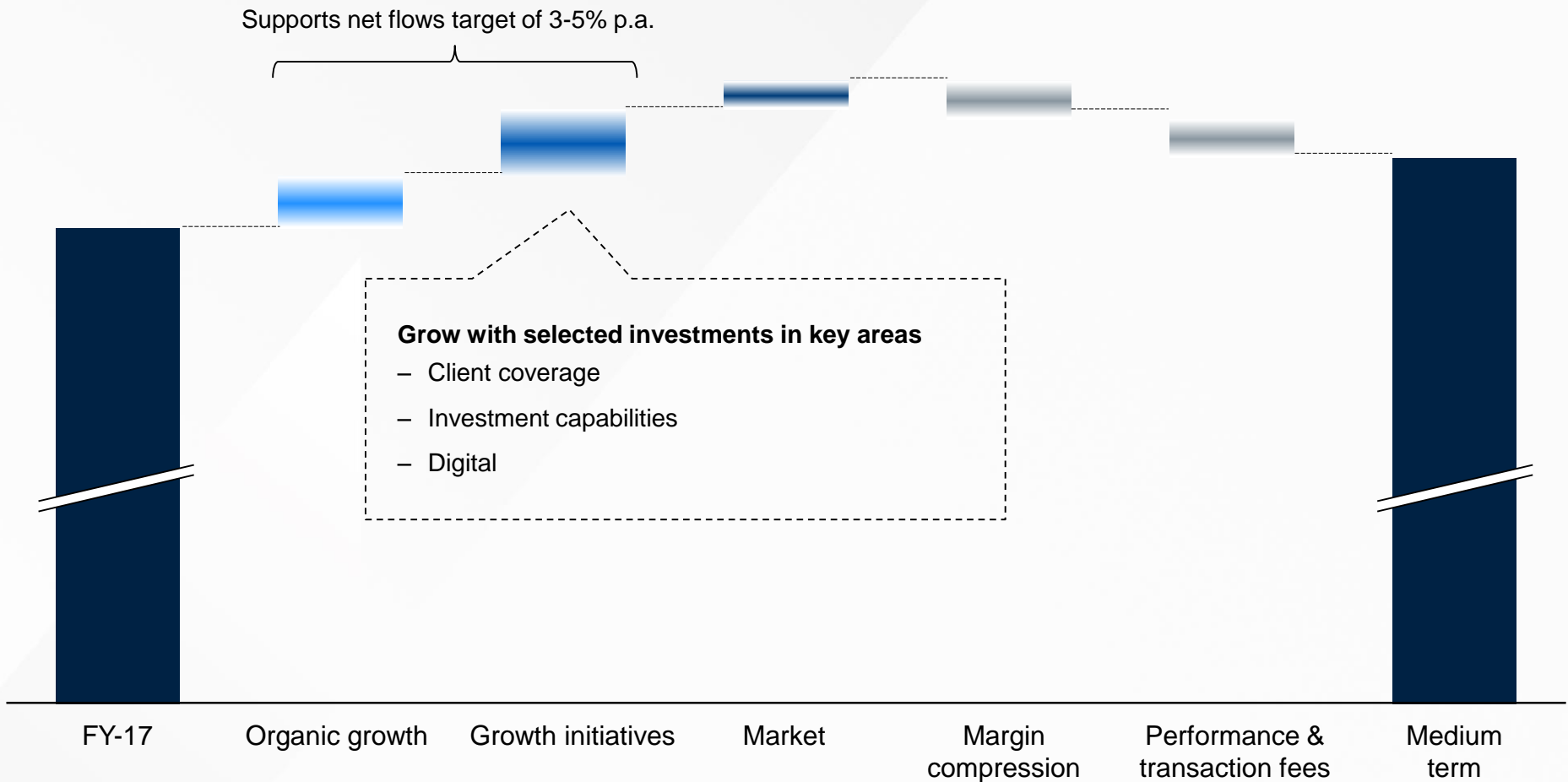


- Performance fees primarily driven by retail products with main recognition dates in third and fourth quarters



# SIGNIFICANT REVENUE UPSIDE OPPORTUNITIES

## Adjusted revenues



# KEY GROWTH INITIATIVES

## DWS growth initiatives

## Medium term target

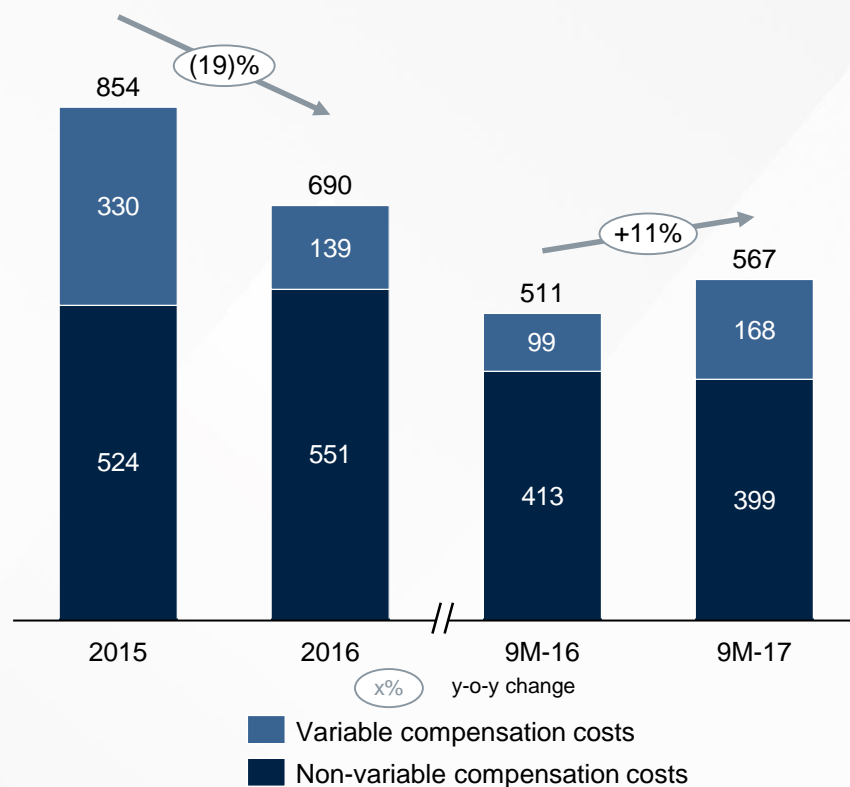
Client coverage	<ul style="list-style-type: none"><li>– Protect market leading position in Germany and strengthen coverage teams in selected markets in EMEA (Spain / Italy / Switzerland) for selected client and product segments (insurance, pensions, passive sales specialists)</li><li>– Multi-specialist approach with focused client segments for the US</li><li>– Tailored client coverage in APAC based on local needs</li></ul>
Investment capabilities	<ul style="list-style-type: none"><li>– Build out next generation Active (systematic / quant strategies / multi asset offering and structured credit)</li><li>– Expand Passive offering (ETF and mandates)</li><li>– Focus Alternatives with credit (real estate and infrastructure), liquid real assets and regional offering expansion</li><li>– Grow sustainable investments</li></ul>
Digital	<ul style="list-style-type: none"><li>– Continue investing in the front-end application (EDISON) with a breadth of functionalities across multiple channels and extend fund offering for professional clients</li><li>– Expand white-label robo advisory platform (WISE) for distribution partners, offering discretionary portfolio management to end clients</li></ul>
Organic growth	<ul style="list-style-type: none"><li>– Distribution strength</li><li>– Geographic footprint</li></ul>

Net flows of 3-5% p.a.

# COMPENSATION COST CONTROL

## Adjusted compensation & benefits (€m)

FTE (Period-end)	3,877	3,860	3,852	3,801
Comp & ben per FTE <sup>(1)</sup>	€220k	€179k	€176k <sup>(2)</sup>	€200k <sup>(2)</sup>



## Highlights

- Compensation and benefits cost discipline in 2016 is driven by FTE efficiency measures and the Group-wide compensation measures
- Normalized provision for variable compensation in 2017
- Variable compensation costs include carry costs (dependent on Alternatives performance fees)

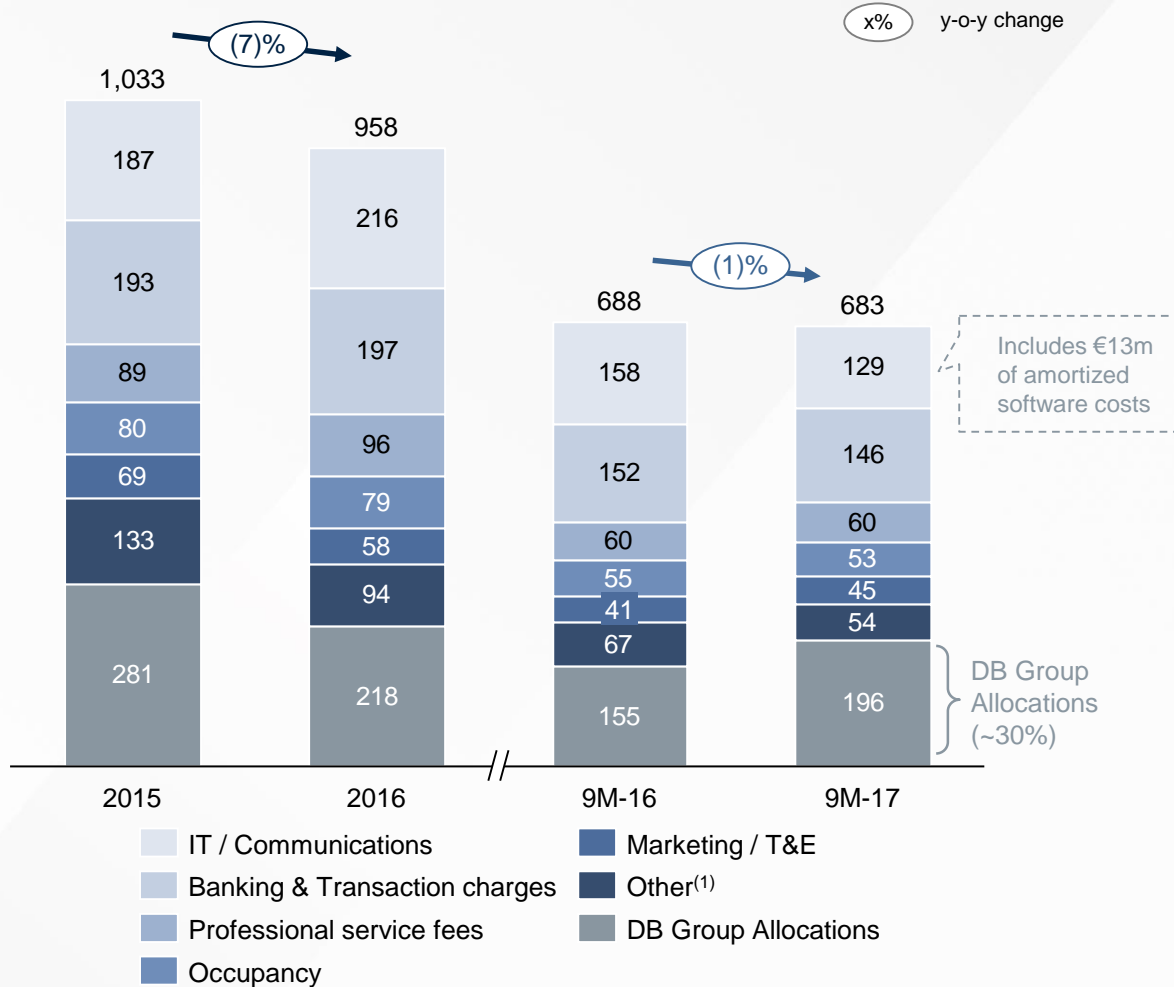
Note: If further services are insourced from DB Group, this would increase DWS FTE while their associated costs will transfer to direct DWS costs from DB Group Allocations

(1) Compensation & benefits divided by average annual FTE, (2) Annualized

# GENERAL EXPENSE DISCIPLINE



## Adjusted general and administrative expenses (€m)



## Highlights

- ~70% of 9M-17 general expenses made up of banking & transaction charges, professional services, IT, communications, occupancy, marketing, T&E, regulatory, tax & insurance, and other costs
- ~30% of 9M-17 general expenses relates to DB Group allocations
- Service agreements have been established with DB Group for services provided

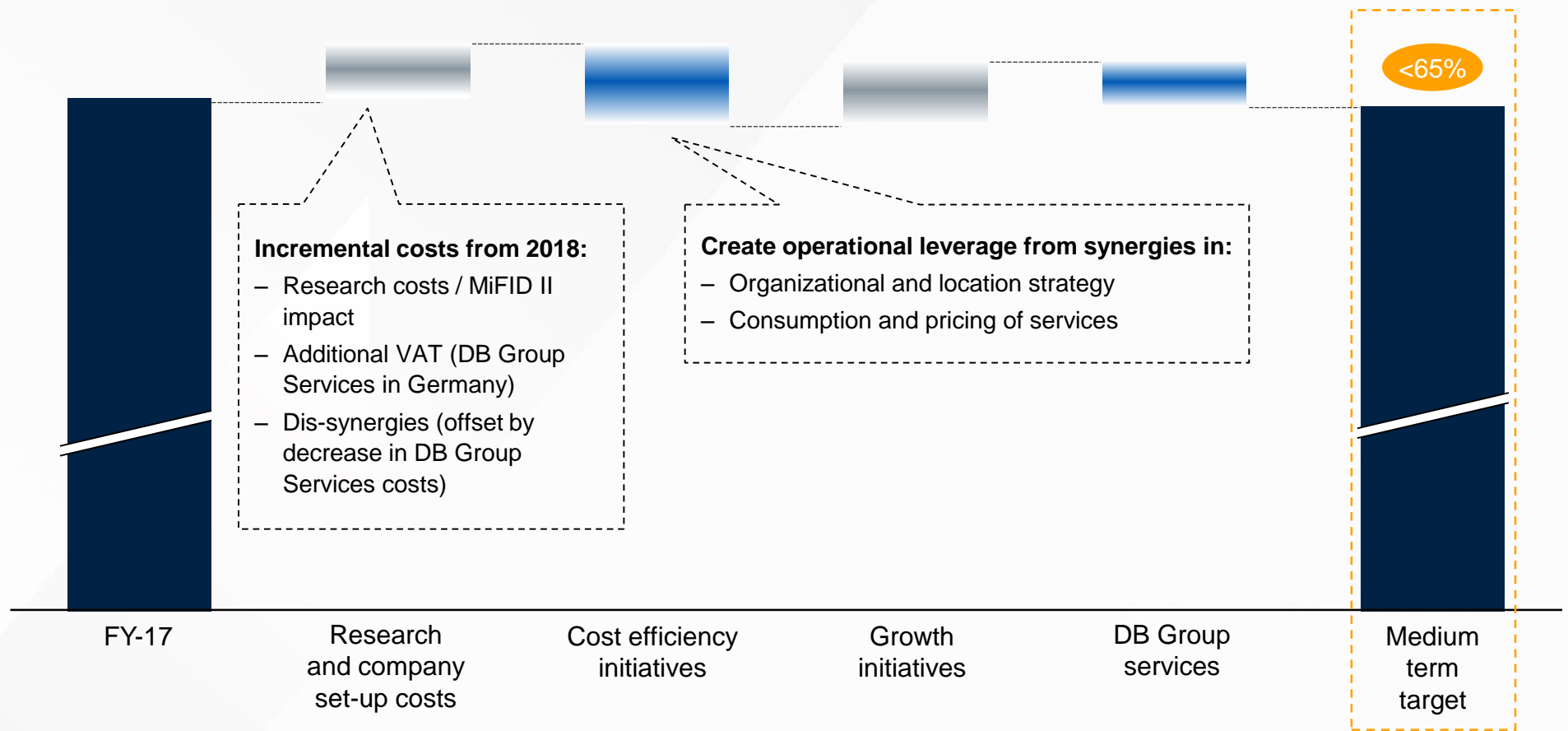
Note: If further services are insourced from DB Group, this would increase DWS FTE while their associated costs will transfer to direct DWS costs from DB Group Allocations

(1) Other includes regulatory, tax and other non-compensation costs

# POTENTIAL FOR FURTHER EFFICIENCY IMPROVEMENTS

Adjusted costs (€bn)

x Adj. CIR (in %)



# KEY COST EFFICIENCY SAVINGS AND GROWTH INITIATIVES INVESTMENTS

## DWS cost efficiency savings and growth initiatives investments

### Organizational and location strategy

- Organizational review
- Identifying synergies and consolidating activities in one integrated investment platform and home of best fit
- Realignment of group product platform into a global model
- Consolidation of support activities in all locations into fewer and lower cost locations
- Renegotiation of leases in hubs based on future footprint and sizes of locations

~€125-150m medium-term target run rate gross savings vs FY 2017

### Consumption and pricing of services

- Internalize certain information technology functions
- Global vendor review
- Further non-comp cost efficiencies

### Growth initiatives

- Client coverage
- Investment capabilities
- Digital

~€90m of incremental costs currently budgeted related to investment / growth  
~100 incremental hires

# BALANCE SHEET: TRANSLATION FROM IFRS REPORTED TO ECONOMIC VIEW



Sep-17 (€bn)	IFRS reported <sup>(1)</sup>	Consolidated Funds	DB Vita and pending	Economic view	Key Highlights
<b>Assets</b>					<b>€5.7bn adjustments comprise:</b>
Cash and bank balances	4.0	0.8	0.0	3.2	<p><b>1</b> Guaranteed Funds (€4.6bn)</p> <ul style="list-style-type: none"> <li>– DWS reports the individual assets and liabilities of those guaranteed funds that it controls under IFRS</li> <li>– Fund assets and P&amp;L still belong solely to the investors, not DWS</li> <li>– DWS does not consolidate where third party investors hold &gt; 50% of units</li> </ul>
Fin. assets at FV through P&L	4.3	3.6	<b>2</b> 0.6	0.1	
Financial assets AFS	0.3		0.0	0.3	
Other investments	0.2			0.2	
Tax assets	0.2	0.0		0.2	
Loans	0.3			0.3	
Intangible assets	3.6			3.6	
Other assets	1.7	0.3	<b>3</b> 0.4	1.0	
<b>Total assets</b>	<b>14.7</b>	<b>1</b> 4.6	1.0	<b>9.0</b>	
<b>Liabilities</b>					<p><b>2</b> DB Vita (€0.6bn)</p> <ul style="list-style-type: none"> <li>– Under IFRS 4 reporting of the assets held to back unit linked contracts offered by DB Vita (fair valued financial assets)</li> <li>– Offset with financial liabilities due to investors holding the unit linked insurance contracts</li> </ul>
Other short term borrowings	0.5	0.0		0.5	
Tax liabilities	0.6			0.6	
Deposits	0.0			0.0	
Fin. liabilities at FV through P&L	0.7	0.0	0.6	0.1	
Other liabilities	6.5	4.6	0.4	1.4	
<b>Total liabilities</b>	<b>8.4</b>	<b>4.6</b>	<b>1.0</b>	<b>2.7</b>	
Net assets	6.3	–	–	6.3	<p><b>3</b> Pendlings (€0.4bn)</p> <ul style="list-style-type: none"> <li>– Settlement balances driven by investments for institutional clients</li> </ul>

(1) IFRS reported balance sheet as modelled for separate DWS standalone

# DWS – A SIMPLE AND STABLE BALANCE SHEET



## Economic view (€bn)      FY-15      FY-16      Sep-17

### Assets

Cash and bank balances	3.3	3.3	3.2
Fin. assets at FV through P&L	0.1	0.2	0.1
Financial assets AFS	0.3	0.3	0.3
Other investments	0.2	0.2	0.2
Tax assets	0.2	0.2	0.2
Loans	0.3	0.4	0.3
Intangible assets	3.8	3.9	3.6
Other assets	1.1	1.2	1.0
<b>Total assets</b>	<b>9.2</b>	<b>9.7</b>	<b>9.0</b>

### Liabilities

Short term borrowings	0.3	0.3	0.5
Tax liabilities	0.7	0.6	0.6
Deposits	0.0	0.0	0.0
Fin. liabilities at FV through P&L	0.1	0.2	0.1
Other liabilities	2.1	2.1	1.4
<b>Total liabilities</b>	<b>3.1</b>	<b>3.3</b>	<b>2.7</b>
<b>Net assets</b>	<b>6.1</b>	<b>6.4</b>	<b>6.3</b>

#### Cash and bank balances

covers regulatory requirements, dividend payments, daily operations, expected to decrease in 4Q17 from settlement of short term liabilities partially offset by loan redemptions

#### Seed & co-investments

includes co-investments in Alternatives and seeding of new funds in Active and Passive

#### Other investments, Tax assets

includes deferred income taxes and equity method investments (Harvest)

#### Loans

includes cash balances held at DB Group, €0.2bn reduction in 4Q17 from maturing loan facility

#### Intangible assets

goodwill and intangibles from contractual agreements with an increase in 4Q17 from internally acquired IT intangibles

#### Other assets

includes unpaid fund management and other portfolio management related fees

#### Short term borrowings

DB intercompany funding, will be largely repaid in 4Q17

#### Tax liabilities

mainly deferred income taxes

#### Other liabilities

includes provisions, distributors fees and other payables, with 4Q17 increase of circa €0.2bn for Group payables

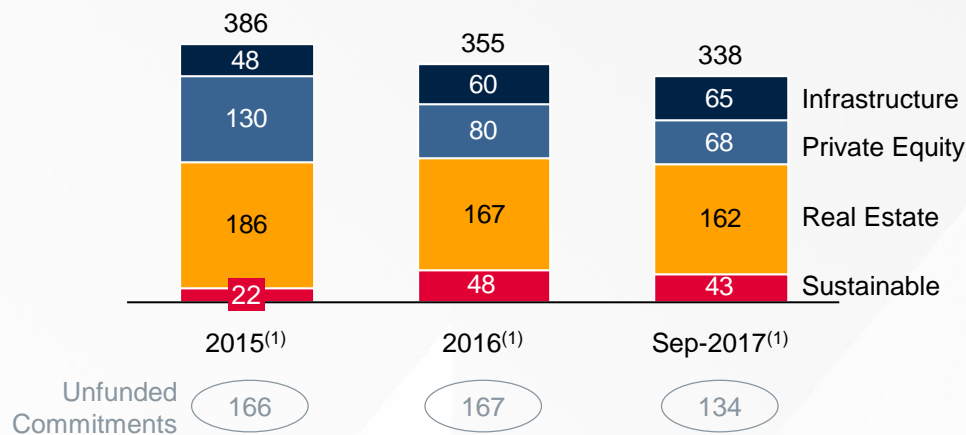
#### Net assets

IFRS equity, before adjustments to derive regulatory capital



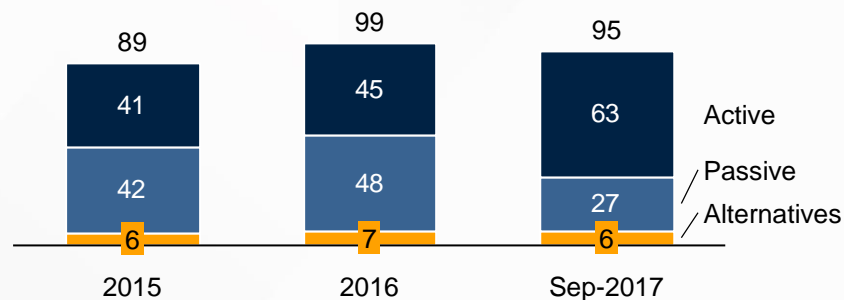
# CO-INVESTMENT AND SEED CAPITAL EXPECTED TO SUPPORT EXPANSION OF PRODUCT LINEUP

## Co-investment (€m) – Long term investment in illiquid Alternative products



- Co-investing alongside clients demonstrates our investment strategy conviction and aligns interests between the manager and clients; especially important given the long term, illiquid nature of exposures

## Seed capital (€m) – Investments in liquid Active / Passive / Alternative funds



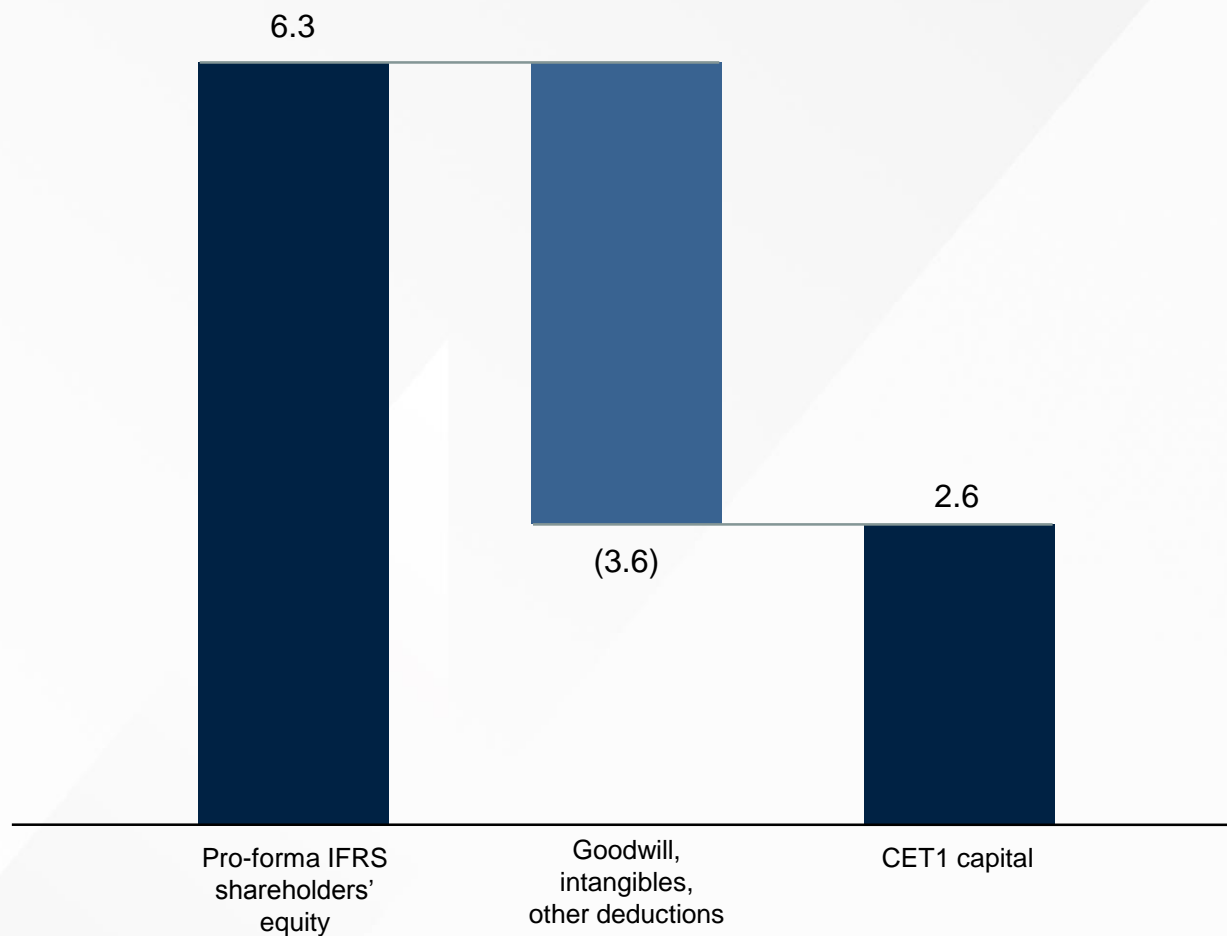
- Funds require a period of time to build track records attractive to investors supporting marketing/sales efforts
- Seed is provided to funds during this incubation period and redeemed as the fund is distributed
- Targeting to grow seed capital investment to support expansion of our product offering

(1) Co-investment balance excludes Rated Infrastructure Note (RIN) loan note for €0.2bn, repaid in Q4 17

# PRUDENT REGULATORY CAPITAL POSITION



## Regulatory capital position as of Sep-17 (€bn)



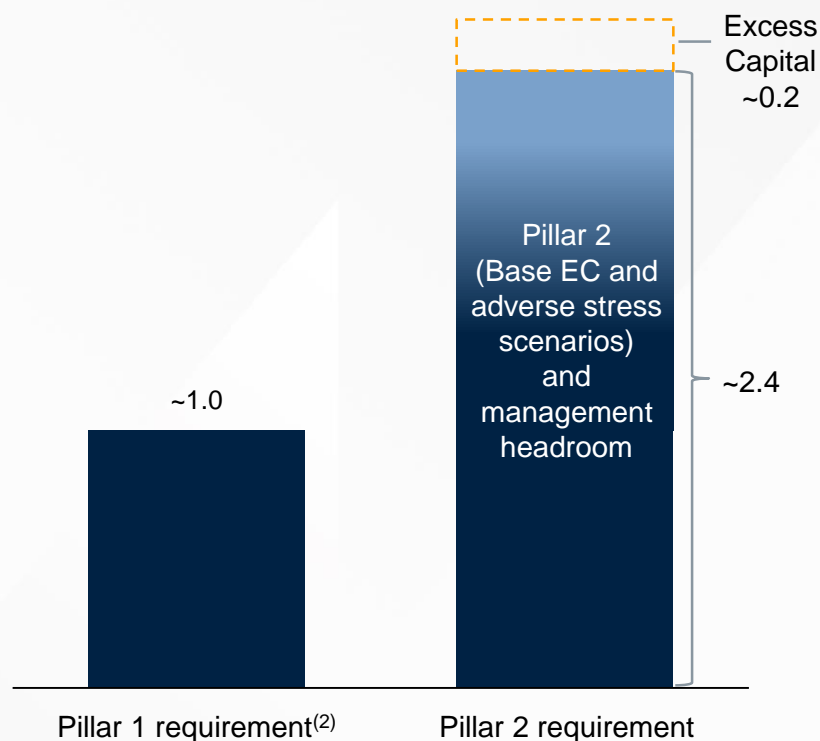
## Highlights

- DWS will be regulated as a CRR Investment Firm<sup>(1)</sup>
- The business is expected to be capitalized to meet all current and anticipated capital requirements including appropriate management headroom
- CET1 capital may be subject to change reflecting final legal entity transfers into the new AM organization

(1) Subject to Capital Requirements Regulation as a limited scope Investment Firm (Art. 95 & 98)

# DRIVERS OF CAPITAL DEMAND AND DEPLOYMENT OF CAPITAL GENERATION

## Pro-forma capital requirements<sup>(1)</sup> (€bn)



- Level of capital is driven by Pillar 2 requirements which exceed Pillar 1 minimum requirement due to:
  - Inclusion of risks not captured in RWA (including Operational Risk)
  - Application of internal models versus standardized approach
  - Inclusion of adverse (stress) EC scenario
- Future capital generation including excess capital will be deployed against:
  - Targeted annual dividends to shareholders at 65-75% payout ratio and potential additional distributions
  - Select bolt-on acquisitions to complement and enhance our product range and strengthen our distribution reach
  - Organic growth including the funding of seed capital investments
  - Excess capital not deployed within 18 to 24 months to be returned to investors
- Pillar 2 requirements not expected to materially change over the medium term based on current forecasts

(1) Management projection of expected capital demand, (2) Based on the fully loaded 10.5% capital requirement incl. capital conservation buffer of 2.5% and €9bn RWA

# KEY TAKEAWAYS

- Steady net flows, except 2016, and well positioned to capture stronger net flows in the future
- Diversified asset base with higher margin products positioned for growth, providing resilience to margin compression and supporting revenue growth and profitability
- Limited reliance on one-off fees, enhancing revenue base stability
- Disciplined costs management with room for further efficiencies with a target adjusted CIR of <65%
- A solid capital position and targeted dividend payout ratio of 65% to 75%

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# ESTABLISHED RISK AND CONTROL ORGANIZATION



- Nikolaus von Tippelskirch appointed as Chief Control Officer
- Dedicated risk and control functions already in place and being formalized ahead of separation

13

Countries

~330

Risk, Compliance, AFC, Legal and Audit<sup>(1)</sup> professionals

Note: Estimates of Risk, Compliance, Anti-Financial Crime, Legal and Internal Audit staff within, or to be transferred to, the asset management business, as of Oct 31, 2017

(1) Reporting line to the DWS Chief Executive Officer

# DWS' RISK AND CONTROL FUNCTIONS WILL CONTINUE TO WORK CLOSELY WITH THEIR GROUP COUNTERPARTS



## DWS reporting line (disciplinary)



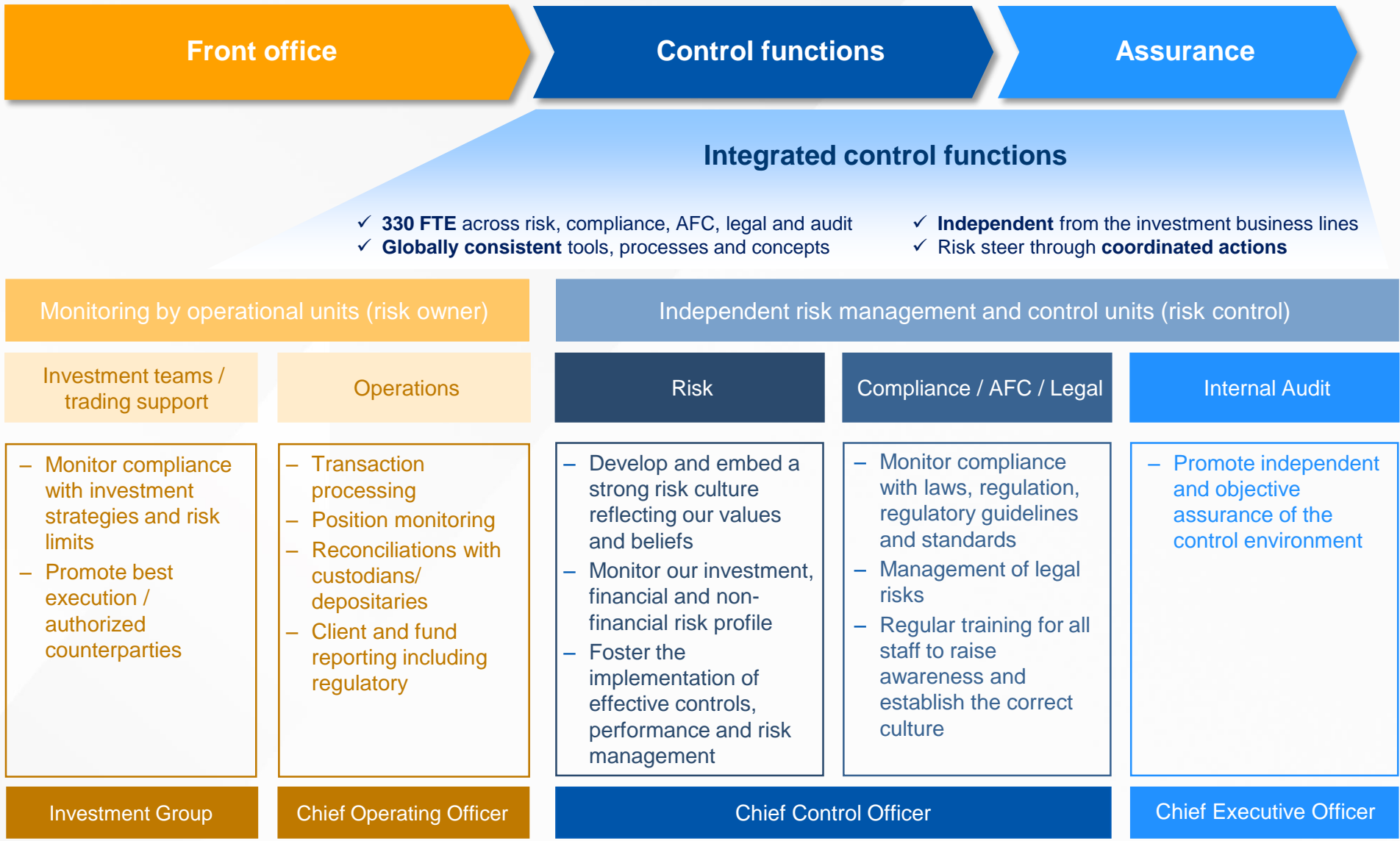
## Group reporting line (functional)



- Group will provide policy and risk / control frameworks for DWS
- DWS risk and control leads will provide their group counterparts with information (e.g. risk, HR dashboards)

The control model has been designed to balance the need for alignment with the DWS business whilst maintaining independence and strong relationships with DB Group key control functions

# INTEGRATED APPROACH TO RISK AND CONTROL





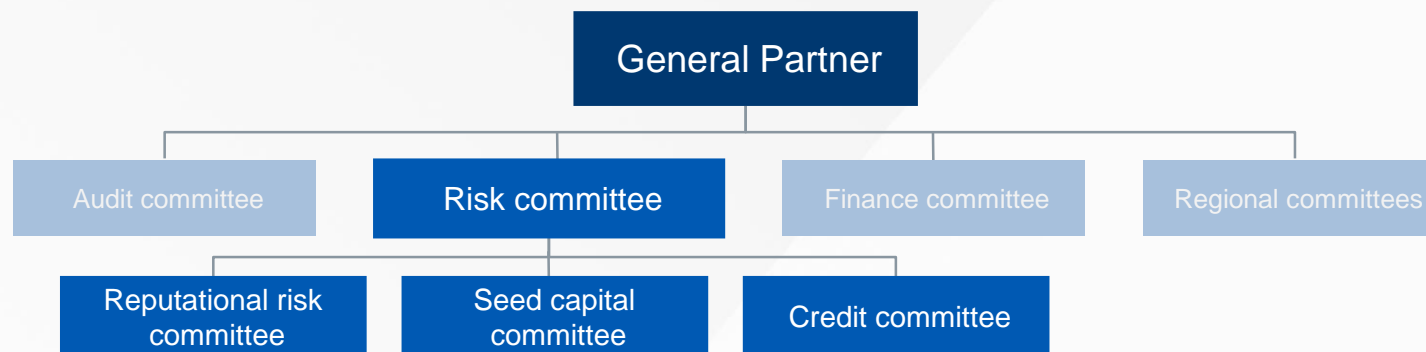
# THE RISK MANAGEMENT FRAMEWORK

## FROM RISK APPETITE AND STRATEGY TO PORTFOLIO STEERING



# COMPREHENSIVE RISK COVERAGE

## Risk management governance



## Risk types

Financial risk	Non-financial risk	Investment risk
<ul style="list-style-type: none"><li>– Credit risk</li><li>– Principal investment risk<ul style="list-style-type: none"><li>– Co-Investments</li><li>– Seed capital</li></ul></li><li>– Guaranteed funds</li><li>– Structural FX</li><li>– Counterparty risk</li><li>– Model risk</li></ul>	<ul style="list-style-type: none"><li>– Legal &amp; compliance risk</li><li>– Operational risk</li><li>– Reputational risk</li><li>– Regulatory change risk</li><li>– Reporting risk</li><li>– Privacy &amp; data protection risk</li><li>– Information security risk</li><li>– Vendor &amp; supplier risk</li><li>– Transaction processing risk</li></ul>	<ul style="list-style-type: none"><li>– Market risk</li><li>– Liquidity risk</li><li>– Investment process quality assurance</li><li>– Performance risk</li><li>– Stress- and back-testing</li><li>– Valuation governance &amp; oversight</li></ul>

# DEUTSCHE BANK GROUP SUPPORT



## General principles

- DWS risk committees are independent of Deutsche Bank Group
- Adherence to existing Deutsche Bank Group policies, unless otherwise stated
- Leveraging Deutsche Bank Group based on cost efficiency reasons, i.e. for commoditized functions or for functions at which bank has particular expertise
- All services provided at arm's length

## Risk service

Corporate insurance	<ul style="list-style-type: none"><li>– Coverage services</li><li>– Fund broker placement services</li></ul>
Credit risk	<ul style="list-style-type: none"><li>– Credit risk framework services</li><li>– Counterparty analysis rating service</li><li>– Credit risk appetite services</li></ul>
Enterprise risk management	<ul style="list-style-type: none"><li>– Recovery and resolution planning</li><li>– Risk principles and framework services</li><li>– EC calculation services</li><li>– Risk and capital planning services</li></ul>
Market and liquidity risk	<ul style="list-style-type: none"><li>– Framework services</li><li>– Appetite services</li><li>– Model risk framework and model validation</li></ul>
Information and resilience risk management	<ul style="list-style-type: none"><li>– Framework services</li><li>– Business continuity</li><li>– Physical security</li><li>– IT risk</li><li>– Information security risk and cyber security</li></ul>
Operational risk management	<ul style="list-style-type: none"><li>– ORM framework services</li><li>– Operational risk exposure / capital services</li></ul>
Product governance	<ul style="list-style-type: none"><li>– Framework services</li><li>– NPA tool administration services</li></ul>
Reputational risk	<ul style="list-style-type: none"><li>– Reputational risk policy services</li><li>– Reputational risk governance services</li></ul>

Note: Deutsche Bank and DWS will also conclude a Relationship Agreement on arm's length terms

# OVERVIEW OF REGULATORY AGENDA IN THE ASSET MANAGEMENT INDUSTRY

MiFID II	– Significant changes to the rules governing the provision of financial services in the EU (investor protection and transparency) <sup>(1)</sup>
PRIIPS <sup>(2)</sup>	– Regulation requiring disclosure of standardized product information to retail clients (new calculation methodologies, transparency requirements)
General Data Protection Regulation	– Significant update and extension of EU rules governing the handling of personal data
European Markets Infrastructure Regulation (EMIR)	– Introduction of clearing and margining obligations for certain classes of derivatives as well as reporting requirements
Money Market Funds Regulation	– Regulation introduces new rules to be followed by Money Market Funds
Liquidity Risk Management Program	– Requirement to establish written, fund board approved liquidity risk management programs for US open-ended funds and ETFs, and to classify portfolio assets into four liquidity buckets
Common Reporting Standards	– Staggered global implementation of rules requiring reporting of accounts held by foreign tax residents to local tax authorities
Shareholder Rights Directive	– Directive establishes rules for the exercise of shareholder rights attached to voting shares, impacting portfolio management services
Securities Financing Transaction Regulation	– Regulatory reporting regime for securities financing transactions to be implemented once technical standards are finalized

(1) Further details available in the appendix, (2) Packaged Retail and Insurance-based Investment Products

# KEY TAKEAWAYS

- Established risk and control organization spanning the globe
- Coordinated and integrated approach to risk and control
- Defined risk management framework and principles
- Leveraging Deutsche Bank Group where appropriate

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# BACKGROUND TO KGAA STRUCTURE

## Key guiding principles in structuring the KGaA

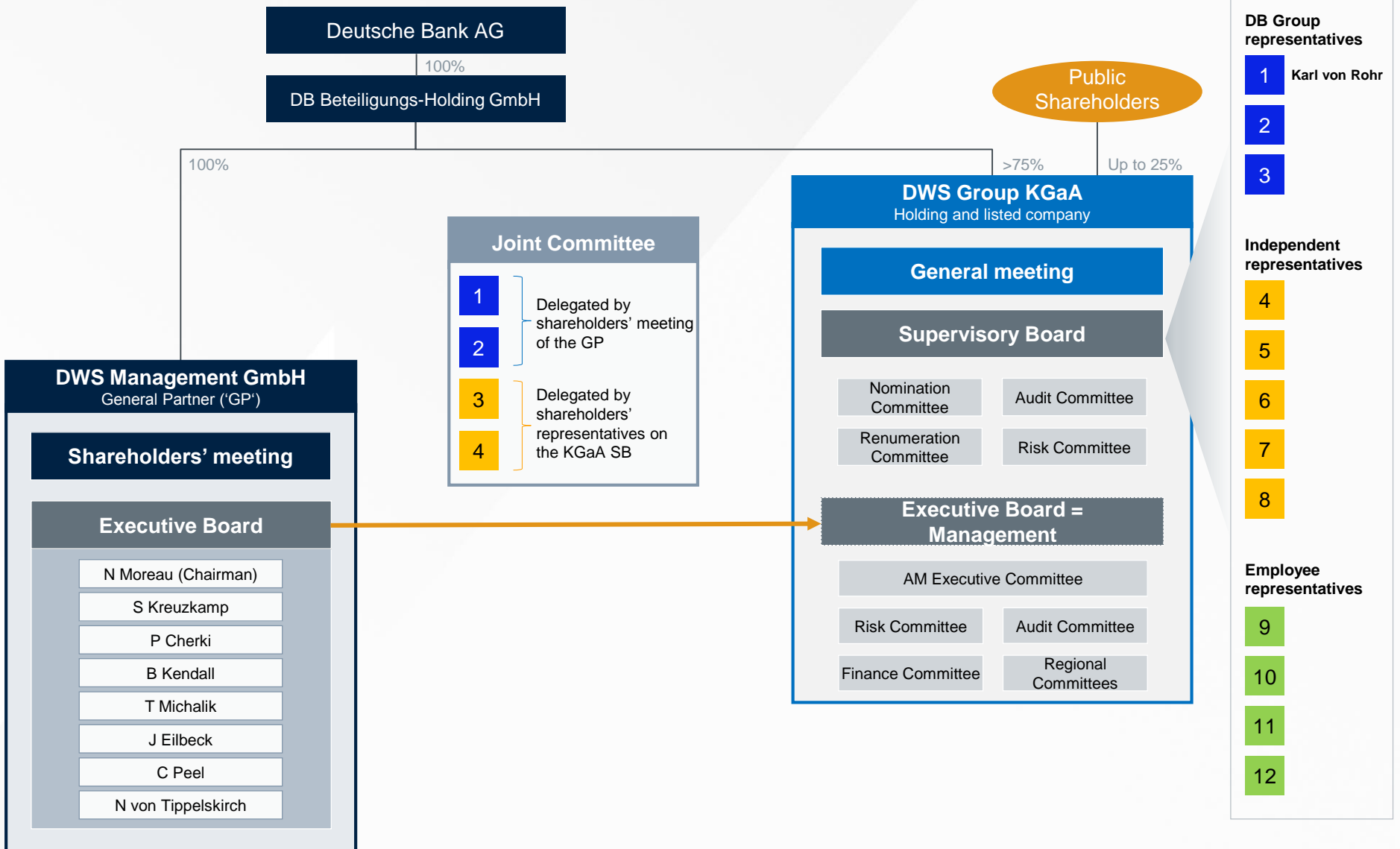
- KGaA design which safeguards free float shareholders' interests and secures appropriate level of influence
- Structure in line with other well accepted precedents of publicly listed German KGaAs
- Providing operational autonomy to DWS...
- ...whilst facilitating Deutsche Bank's regulatory compliance (including related control rights)

## Structural elements of DWS KGaA structure

Legal form of General Partner	– Gesellschaft mit beschränkter Haftung (GmbH) <sup>(1)</sup>
Ownership threshold	– 40% – If DB ownership falls below this threshold, KGaA structure will transform into AG structure
Additional corporate bodies	– Joint Committee
Approval rights of management	– General Partner with approval rights as provided by German Corporate law
Shareholders' rights	– Shareholders' rights as provided by German Corporate law

(1) Company with limited liability

# GOVERNANCE AND CORPORATE STRUCTURE





# RELATIONSHIP AGREEMENT BETWEEN DB AND DWS



## Key principles of DB / DWS relationship

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- Supports a stable, long term relationship between both parties
- Addresses matters which are either of a strategic nature or which are fundamental to the relationship between the parties
- Recognizes DB's intention that DWS should remain a key part of the DB Group
- Recognizes that DWS should be free to pursue its own commercial objectives to grow and develop more effectively as an asset management business (subject to regulatory requirements)

## Selected key features of the Relationship Agreement

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- Automatic termination if DB stake in DWS falls below 40%
- Contains guidelines in relation to Master Service Agreement:
  - DB Group services to DWS (and vice versa) be provided on an arm's length basis
  - DWS with right to terminate services provided by DB Group<sup>(1)</sup>
- DWS integrated into DB Group from a financial, tax, risk management and other prudential matter reporting and governance perspective
- Alignment with DB Group required for topics that are important for regulatory or compliance reasons

(1) Subject to specific terms and conditions agreed in respective service agreements and/or the Master Service Agreement, and in the Relationship Agreement itself

# COMPENSATION STRUCTURE IMPROVING ABILITY TO RETAIN KEY PERSONNEL

- ✓ Support achievement of strategic, financial and cultural objectives
- ✓ Better align to market practice of asset management industry
- ✓ Pay for performance within regulatory frameworks

## Current framework

Consistent with that of a bank

All staff	<ul style="list-style-type: none"><li>– Adherence to InstVV<sup>(1)</sup> and asset management regulations</li><li>– Deferred remuneration in Deutsche Bank shares</li></ul>
Executive management	<ul style="list-style-type: none"><li>– Deferred remuneration in fund-linked instruments for limited portfolio managers and management team members</li></ul>
Portfolio managers	

## Future framework

Consistent with that of an asset manager – across deferral structures, pay mix and employee co-investment

<ul style="list-style-type: none"><li>– Adherence to asset management regulations (e.g. AIFMD and UCITS remuneration principles), in line with InstVV sectorial carve-out provisions</li><li>– Deferred remuneration in DWS shares (with employees keeping existing DB shares)</li><li>– Broad based employee share plan to be implemented in future</li></ul>
<ul style="list-style-type: none"><li>– General Partner Managing Directors remain subject to InstVV</li><li>– Expanded offering of deferred remuneration in fund-linked instruments</li></ul>
<ul style="list-style-type: none"><li>– Expanded offering of deferred remuneration in fund-linked instruments to better align to investment performance</li></ul>

(1) Institutsvergütungsverordnung – German regulation on the supervisory requirements for compensation systems of banks

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# DWS: POSITIONED FOR THE FUTURE



## 1 Excellent products and investment solutions designed to meet current and future client needs

- ✓ 74% of AuM outperforming 3-year benchmarks and best in class tracking error in passive investing
- ✓ Diversified asset mix: one of two players with top 20 positions across Active MF, Passive and Real Assets globally<sup>(1)</sup>

## 2 Global and balanced distribution reach across multiple channels to support growth

- ✓ Diversified client mix: well balanced across Europe, Americas and APAC and across retail and institutional channels
- ✓ Attractive long term distribution agreement with DB Group

## 3 Scalable operating platform with digital capabilities

- ✓ Scalable global operating platform with further room to optimize and increase efficiency
- ✓ Digital capabilities across robo advisory, digital distribution and big data to further drive growth and cost efficiency

## 4 Performance culture and experienced management team

- ✓ Fiduciary culture rooted in excellence, entrepreneurship, integrity and sustainability
- ✓ Experienced management team fully committed to deliver on our long term growth strategy

## 5 DB plans for DWS supportive of strategy and delivery of profit growth

- ✓ DB plans can act as catalyst to support growth through improving operational agility and enhancing external profile
- ✓ Listed shares can act as staff incentive and increase flexibility for future growth opportunities

## 6 Positioned to deliver shareholder value through revenue growth, cost discipline and dividend distribution

- ✓ Track record of net flows, except 2016, and higher margin products positioned for growth
- ✓ Robust medium term financial targets underpinning strong earnings and dividend growth potential

(1) Rankings based on Dec 31, 2016 data: global active MF AuM – Broadridge; global index funds and ETF AuM – Broadridge / ETFGI; global real assets (real estate, natural resources, commodities and infrastructure) – consolidated Towers Watson data

# APPENDIX

# RECONCILIATION FROM DEUTSCHE AM REPORTED SEGMENT TO ADJUSTED DWS STANDALONE

2015 FY AND 2016 FY



	Deutsche AM reported 2015	Perimeter adjustments			DWS standalone reported 2015	Adjustments		Adjusted DWS standalone 2015
		Abbey Life	Sold & discontinued business <sup>(1)</sup>	Other perimeter adjustments <sup>(2)</sup>		DB Group definition <sup>(3)</sup>	DWS specific <sup>(4)</sup>	
Revenues (€m)	3,016	(387)	(82)	29	2,576	-	43	2,618
Costs (€m)	(2,334)	337	60	(6)	(1,942)	8	48	(1,887)
Profit before tax (€m)	682	(50)	(22)	24	633	8	90	732
AuM (€bn)	744	(10)	(21)	-	714	-	-	714
FTE (#)	3,983	(30)	(220)	145	3,877	-	-	3,877

	Deutsche AM reported 2016	Perimeter adjustments			DWS standalone reported 2016	Adjustments		Adjusted DWS standalone 2016
		Abbey Life	Sold & discontinued business <sup>(1)</sup>	Other perimeter adjustments <sup>(2)</sup>		DB Group definition <sup>(3)</sup>	DWS specific <sup>(4)</sup>	
Revenues (€m)	3,015	(537)	(105)	43	2,415	-	(58)	2,357
Costs (€m)	(3,221)	1,474	73	(95)	(1,769)	199	(78)	(1,647)
Profit before tax (€m)	(206)	937	(32)	(52)	647	199	(137)	709
AuM (€bn)	706	-	(17)	-	689	-	-	689
FTE (#)	3,888	-	(169)	141	3,860	-	-	3,860

(1) Sold and discontinued business includes the previously announced sales of the India asset management business, Luxembourg-based Sal. Oppenheim asset servicing business, the US Private Equity Access Fund platform and upcoming portfolio measures, (2) Includes adjustments for treasury allocations, infrastructure services and functions plus the AM related business within former AM non-core business unit (AM NCOU), (3) Adjustments for a litigation case which was settled in 2017, restructuring and severance, (4) Adjustments for HETA valuation impact, sales gain of PowerShares fund (2015 only), an insurance recovery from a litigation matter and the 'Fokus Bank' case

# RECONCILIATION FROM DEUTSCHE AM REPORTED SEGMENT TO ADJUSTED DWS STANDALONE

9M-16 AND 9M-17



	Deutsche AM reported 9M-16	Perimeter adjustments			DWS standalone reported 9M-16	Adjustments		Adjusted DWS standalone 9M-16
		Abbey Life	Sold & discontinued business <sup>(1)</sup>	Other perimeter adjustments <sup>(2)</sup>		DB Group definition <sup>(3)</sup>	DWS specific <sup>(4)</sup>	
Revenues (€m)	2,216	(371)	(104)	11	1,752	-	(53)	1,699
Costs (€m)	(1,669)	346	54	(51)	(1,320)	155	(35)	(1,200)
Profit before tax (€m)	547	(25)	(50)	(41)	431	155	(88)	499
AuM (€bn)	715	(9)	(17)	-	689	-	-	689
FTE (#)	3,909	(32)	(167)	142	3,852	-	-	3,852

	Deutsche AM reported 9M-17	Perimeter adjustments			DWS standalone reported 9M-17	Adjustments		Adjusted DWS standalone 9M-17
		Abbey Life	Sold & discontinued business <sup>(1)</sup>	Other perimeter adjustments <sup>(2)</sup>		DB Group definition <sup>(3)</sup>	DWS specific <sup>(4)</sup>	
Revenues (€m)	1,911	(0)	(40)	31	1,902	-	(53)	1,850
Costs (€m)	(1,301)	1	39	5	(1,256)	6	-	(1,251)
Profit before tax (€m)	610	1	(1)	36	646	6	(53)	599
AuM (€bn)	711	-	(15)	-	696	-	-	696
FTE (#)	3,842	-	(164)	124	3,801	-	-	3,801

(1) Sold and discontinued business includes the previously announced sales of the India asset management business (9M-16 only), Luxembourg-based Sal. Oppenheim asset servicing business, the US Private Equity Access Fund platform and upcoming portfolio measure, (2) Includes adjustments for treasury allocations, infrastructure services and functions plus the AM related business within former AM non-core business unit (AM NCOU), (3) Adjustments for a litigation case which was settled in 2017, restructuring and severance, (4) Adjustments for HETA valuation impact (9M-16 only), an insurance recovery from a litigation matter and the 'Fokus Bank' case (9M-16 only)

# MARKET SENSITIVITIES

Exposure	Market change	AuM impact	Annualized management fee impact from change in AuM
Equities <sup>(1)</sup>	+/- 1% change in equity markets	~ +/- € 2bn	~ +/- € 10m
Fixed income <sup>(2)</sup>	+/- 10 bps change of interest rate curves	~ +/- € 2bn	~ +/- € 3m
FX <sup>(3)</sup>	1% USD appreciation/ 1% USD depreciation against the EUR	~ +/- € 3bn	~ +/- € 8m

(1) Approximation based on AuM and average expected fee rate, assuming a 30% equity share in multi asset products, (2) Approximation based on available duration data in Aladdin applied to AuM and average expected fee rate (using defaults per strategy/region if duration not available), (3) Approximation based on available holding data in Aladdin applied to AuM and average expected fee rate. FX sensitivity shown above reflects impact from global underlying asset exposure to USD and not just Americas region. For those not in Aladdin (e.g. Alternatives except LRA) base currency resp. share class currency of fund applied



# HISTORIC MANAGEMENT FEE MARGINS



<i>Management fee margins in bps</i>	2015	2016	9M-16 <sup>(2)</sup>	9M-17 <sup>(2)</sup>
Active Equity	76	76	75	76
Active Fixed Income	17	15	15	14
Active Multi Asset	41 <sup>(1)</sup>	44	45	42
Active SQI	31	28	24	28
Cash	8	8	8	8
Passive	30	27	27	25
Alternatives	58	56	55	59
<b>Total</b>	<b>32</b>	<b>31</b>	<b>30</b>	<b>32</b>

(1) Multi Asset management fee margin in 2015 adjusted for product re-mappings, (2) Annualized

# HISTORIC QUARTERLY NET FLOWS DEVELOPMENT



*All figures in €bn*

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	
<b>Asset Class</b>																					
Active Equity	(1)	(1)	(1)	(1)	(4)	(0)	(1)	(1)	1	(1)	0	(1)	0	(2)	(2)	(0)	(1)	(0)	(1)	(2)	
Active Fixed Income	(3)	1	4	2	4	(2)	0	(4)	(10)	(16)	(4)	(3)	(4)	(6)	(16)	2	(0)	1	(5)	(3)	
Active Multi Asset	1	1	1	2	5	4	4	2	2	13	(0)	(0)	(0)	1	0	2	9	0	0	11	
Active S&P	(0)	0	1	0	1	2	2	0	0	4	(1)	(0)	(0)	(2)	(4)	(1)	(0)	(1)	(0)	(2)	
Cash	0	1	1	1	3	2	(2)	(5)	4	(2)	(7)	(4)	2	(0)	(9)	1	(5)	4	1	1	
Passive	1	3	3	2	9	10	8	6	2	26	1	(1)	(6)	(3)	(9)	1	4	1	6	11	
Alternatives	2	3	4	2	10	(0)	(0)	(3)	(1)	(5)	(0)	0	1	(0)	0	2	0	(1)	(0)	0	
<b>Region</b>																					
Americas	(1)	(1)	1	0	(0)	2	5	(3)	(3)	0	(11)	(5)	(8)	(7)	(31)	2	(4)	2	0	0	
Asia Pacific	2	2	4	1	9	1	(0)	0	1	1	0	0	1	(0)	2	2	0	0	(0)	2	
EMEA ex Germany	1	5	6	3	14	9	0	(3)	2	9	(3)	(4)	(1)	(4)	(12)	1	1	(1)	(1)	(0)	
Germany	(2)	0	2	4	5	3	4	3	(2)	8	2	1	(0)	(0)	2	(0)	9	2	3	14	
<b>Client Channel</b>																					
Retail	4	7	8	3	23	16	10	5	(1)	30	(3)	(4)	(7)	(8)	(22)	3	4	(0)	2	9	
Institutional	(4)	(1)	5	5	4	(1)	(1)	(8)	(1)	(11)	(8)	(4)	(1)	(4)	(17)	2	2	4	(1)	7	
<b>Total</b>	<b>(0)</b>	<b>6</b>	<b>13</b>	<b>8</b>	<b>27</b>	<b>15</b>	<b>9</b>	<b>(3)</b>	<b>(2)</b>	<b>19</b>	<b>(12)</b>	<b>(8)</b>	<b>(8)</b>	<b>(12)</b>	<b>(39)</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>1</b>	<b>16</b>	

# HISTORIC AUM DEVELOPMENT BY ASSET CLASS



*All figures in €bn*

	Cash	Active Multi Asset	Active Equity	Active Fixed Income	Active SQI	Alternatives	Passive	Total
<b>FY 2013 AuM</b>	<b>61</b>	<b>27</b>	<b>77</b>	<b>254</b>	<b>46</b>	<b>57</b>	<b>60</b>	<b>582</b>
Net flows	3	5	(4)	4	1	10	9	27
FX	4	0	2	16	0	3	4	30
Performance	2	2	7	13	3	6	3	35
Other <sup>(1)</sup>	0	(0)	0	(17) <sup>(2)</sup>	1	0	0	(16)
<b>FY 2014 AuM</b>	<b>70</b>	<b>34</b>	<b>82</b>	<b>270</b>	<b>50</b>	<b>76</b>	<b>76</b>	<b>658</b>
Net flows	(2)	13	(1)	(16)	4	(5)	26	19
FX	4	0	3	18	0	5	4	34
Performance	2	(0)	7	(1)	(0)	(1)	(3)	3
Other <sup>(1)</sup>	(0)	(0)	0	0	0	0	(0)	0
<b>FY 2015 AuM</b>	<b>75</b>	<b>47</b>	<b>90</b>	<b>271</b>	<b>54</b>	<b>74</b>	<b>104</b>	<b>714</b>
Net flows	(9)	0	(2)	(16)	(4)	0	(9)	(39)
FX	1	0	1	2	0	1	1	5
Performance	(1)	1	3	6	2	2	3	15
Other <sup>(1)</sup>	(2)	0	(0)	0	(0)	(3)	0	(5)
<b>FY 2016 AuM</b>	<b>63</b>	<b>48</b>	<b>91</b>	<b>263</b>	<b>53</b>	<b>74</b>	<b>98</b>	<b>689</b>
Net flows	1	11	(2)	(3)	(2)	0	11	16
FX	(3)	(1)	(3)	(17)	(0)	(5)	(7)	(36)
Performance	(1)	1	9	5	2	3	11	29
Other <sup>(1)</sup>	0	1	0	(1)	0	(0)	1	1
<b>FY 2017 AuM</b>	<b>59</b>	<b>60</b>	<b>96</b>	<b>247</b>	<b>52</b>	<b>71</b>	<b>115</b>	<b>700</b>

(1) Other includes acquisitions / disposals, (2) Reflects sale of Stable Value business

# DETAILED INVESTMENT PERFORMANCE



<i>All figures in %<sup>(1)</sup></i>		1Y	3Y	5Y
Active Retail	Active Equity	88%	82%	90%
	Active Fixed Income	98%	90%	92%
	Active Multi Asset	54%	50%	74%
	Active SQI	33%	19%	45%
	Cash	99%	99%	100%
	<b>Total</b>	<b>88%</b>	<b>82%</b>	<b>89%</b>
Active Institutional	Active Equity	49%	48%	55%
	Active Fixed Income	67%	67%	67%
	Active Multi Asset	76%	60%	64%
	Active SQI	75%	73%	76%
	Cash	58%	100%	95%
	<b>Total</b>	<b>66%</b>	<b>67%</b>	<b>68%</b>
Active Total	Active Equity	82%	77%	85%
	Active Fixed Income	72%	72%	73%
	Active Multi Asset	69%	56%	67%
	Active SQI	66%	60%	68%
	Cash	70%	99%	98%
	<b>Total</b>	<b>74%</b>	<b>73%</b>	<b>77%</b>
Alternatives	Direct Real Estate	92%	100%	100%
	Liquid Real Assets	69%	53%	89%
	Direct Infrastructure	100%	100%	100%
	<b>Total</b>	<b>86%</b>	<b>87%</b>	<b>97%</b>
<b>Total DWS</b>	<b>75%</b>	<b>74%</b>	<b>79%</b>	

(1) Aggregate asset-weighted gross outperformance of products that have benchmark spreads available over respective periods (Active as of Dec 31, 2017, Alternatives as of Sep 30, 2017)

# GUARANTEED PRODUCTS OVERVIEW



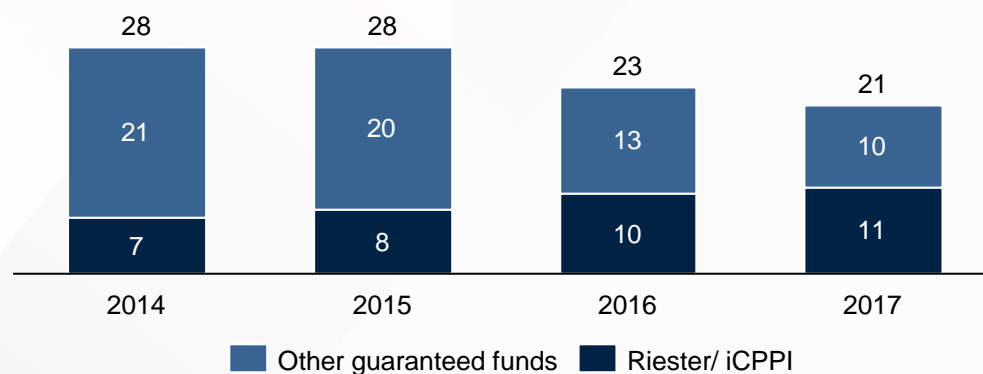
## Overview

- Guaranteed products AuM of €21bn, representing ~3% of total DWS AuM
  - Contribute ~€0.1bn of stable management fees p.a.
  - Individual assets and liabilities of funds controlled under IFRS accounting reported on balance sheet
  - However, fund assets and P&L belong solely to investors
  - Capital requirement based on Pillar 2 which is higher than the Pillar 1 minimum requirement

## Key products

- Riester / iCPPI (AuM €10.7bn)
  - Pension saving contract with average remaining tenor of 25 years. Contributions guaranteed at maturity
  - Steadily growing AuM due to pension contract contributions
- Retail / Pension Funds (AuM €10.1bn)
  - Existing products managed according to CPPI strategy
  - Maturing guarantees are usually rolled-over
- Yield Path Funds (AuM €0bn)
  - De-consolidation of fund in 4Q-17 which decreased guaranteed funds exposure compared to previous years (AuM FY 2016 €3.2bn)
  - Liquidity product for institutional short term placements
  - Annual rolling principal guarantee with return indication through monthly yield path setting

## Guaranteed products AuM (€bn)



Note: AuM as of Dec 31, 2017

# HARVEST FLOWS AND FINANCIALS

## Strong organic growth

Net flows<sup>(1)</sup>  
(% of BoP AuM)

44%

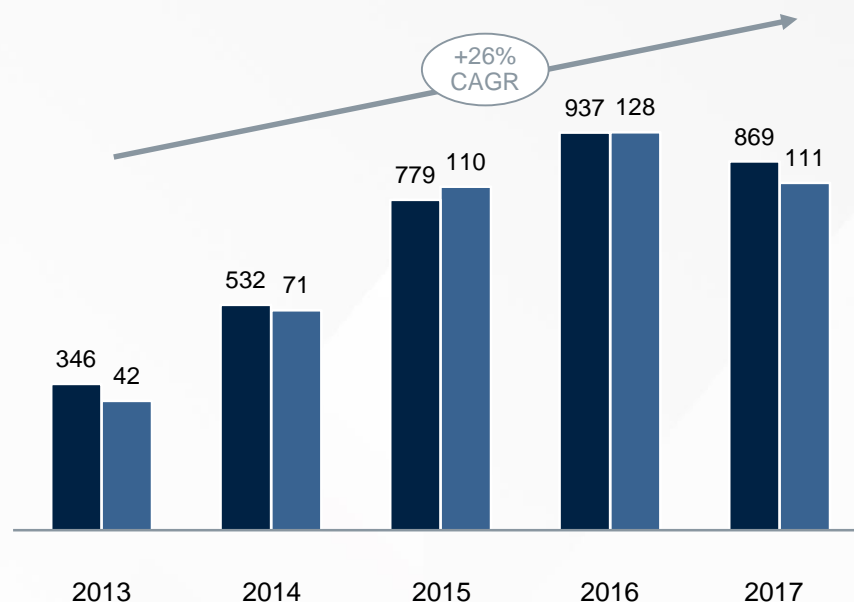
38%

25%

(12)%

Net outflows primarily driven by disposal of unregulated business, based on recent CSRC regulatory guidelines, as reported by Harvest

+26%  
CAGR



x% AuM in RMB CAGR 2013 – 2017

■ AuM (RMB bn)

■ AuM (€ bn)<sup>(2)</sup>

- Harvest fundraising remained strong in 2017:
  - €2.6bn raised in 9M-17 from 26 new MF launches
  - Ranked 3<sup>rd</sup>, 4<sup>th</sup> and 9<sup>th</sup> by China MF fundraising in Q1, Q2 and Q3 2017 respectively<sup>(3)</sup>
- DWS equity pick-up of ~€33m in 9M-17 and ~€40m in 2016<sup>(4)</sup>

(1) 2017 net flows reflect 9M-17 net flows annualized, (2) AuM converted at spot rate as of each period end, (3) Z-Ben – China Mutual Fund Series, (4) Equity pick-up includes a true-up adjustment for prior year e.g. €33m in equity pick-up includes an adjustment for 2016 of €(1)m, following receipt of Harvest audited 2016 accounts

# SELECTED INDUSTRY RANKINGS IN DETAIL



## Retail AM Germany

		AuM €bn
1	DWS	246
2	Union	144
3	AGI	142
4	Deka	126
5	BlackRock	47
6	Universal Inv't	27
7	Flossbach v Storch	23
8	Franklin Templeton	20
9	Fidelity	14
10	Amundi	13

BVI statistics mutual funds: Nov-17

## Retail AM Europe

		AuM €bn
1	BlackRock	749
2	Amundi	499
3	JP Morgan	315
4	AGI/PIMCO	312
5	DWS	302
6	UBS	272
7	BNP Paribas	205
8	Intesa	201
9	Standard Aberdeen	183
10	AXA	179

Broadridge: Nov-17

## Institutional AM Europe

		AuM €bn
1	BlackRock	912
2	Legal & General IM	793
3	Insight	538
4	APG	443
5	Amundi	309
6	State Street	305
7	Aberdeen AM	272
8	DWS	231
9	GSAM	223
10	Credit Suisse	215

IPE: Dec-16

## Insurance AM Global

		AuM \$bn
1	BlackRock	273
2	DWS	190
3	GSAM	170
4	Amundi	120
5	Wellington	120
6	Guggenheim	100
7	PIMCO	86
8	JP Morgan	85
9	Macquarie	74
10	Conning	66

Eager, Davis & Holmes: Dec-16

## ETF / ETP Europe

		AuM \$bn
1	BlackRock	358
2	DWS	85
3	Lyxor	76
4	UBS	50
5	Amundi	45
6	Vanguard	36
7	Invesco	31
8	SSGA	27
9	ETF Securities	21
10	Deka	11

ETFGI: Dec-17

## ETF / ETP Global

		AuM \$bn
1	BlackRock	1,776
2	Vanguard	908
3	SSGA	664
4	Invesco	173
5	Nomura	125
6	DWS	100
7	Schwab	99
8	Lyxor	77
9	First Trust	58
10	Nikko	58

ETFGI: Dec-17

## Real Estate Global

		AuM \$bn
1	MetLife	106
2	PGIM	104
3	Nuveen	100
4	CBRE GI	74
5	UBS	66
6	JP Morgan	52
7	Principal	46
8	Aviva	45
9	AEW	43
10	Barings	41
11	DWS	41

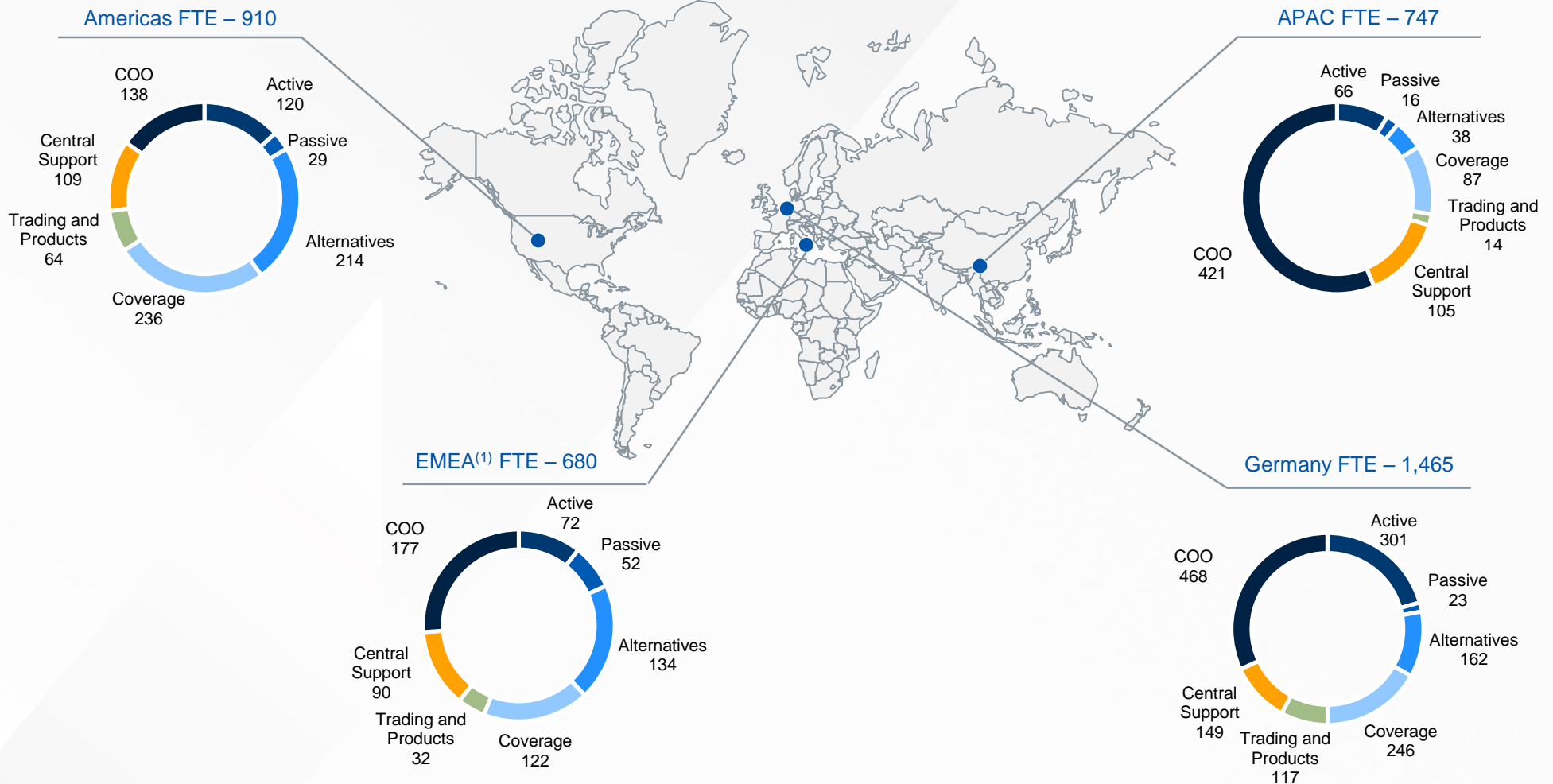
P&I Survey: H1-17

## Infrastructure Securities Global

		AuM \$bn
1	Lazard AM	13.2
2	First State Inv.	8.9
3	DWS	6.1
4	Cohen & Steers	5.3
5	RARE Infra.	3.5
6	Morgan Stanley IM	3.1
7	Nuveen	2.9
8	Macquarie	2.8
9	Brookfield	2.0
10	Russell	0.4

eVestment: Sep-17

# WORKFORCE FOOTPRINT – MORE THAN 60 NATIONALITIES EMPLOYED IN 22 COUNTRIES



Note: Business line and legal entity view as of Sep 30, 2017. Active, Passive and Alternatives include Investment Professionals and support. Coverage includes Marketing. Central Support includes CFO, CCO, Risk, Legal, Compliance, HR and Graduates. COO includes Tech, Ops and Corporate Services. Workforce scope currently excludes Internal Audit and Anti-Financial Crime.  
 (1) EMEA ex Germany



# WELL POSITIONED TO FACE CHALLENGES AS WELL AS SEIZE OPPORTUNITIES RELATED TO MIFID II



## Higher regulatory requirements

- Dedicated regulatory expertise within DWS supplemented by DB Group resources, and a track record of regulatory implementation
- Its size enables DWS to manage the regulatory agenda as part of the strategic evolution and maintain flexibility to capture market opportunities

## Product governance

- Shift to open architecture provides opportunity to expand into previously captive channels by leveraging our broad product offering
- DWS fund platform, Edison and WISE provide our distribution partners with a MiFID-compliant way to interact with their end clients

## Best execution

- Consolidated activity in three regional hubs providing our clients with global access to liquidity
- Investments in global data hubs and data quality for reporting compliance and to create operational advantages

## Investment research

- DWS to absorb research costs and not pass on to clients
- Offering our clients DWS' comprehensive in-house research capabilities will be a key differentiator in the future

## Disclosure and transparency obligations

- Strength of ETF business expected to enable DWS to capture continuing growth in passives as a result of increased fee pressure
- Serving clients through fund of funds, sub-advised funds and discretionary portfolio management to respond to MiFID II requirements

# COMPARISON OF KGAA AND AG STRUCTURE

## (WITH DEUTSCHE BANK SHAREHOLDING OF 75%+)

		AG structure	KGaA structure
KGaA is an established German legal structure where the listed company (KGaA) is managed by a General Partner	Supervisory Board	<ul style="list-style-type: none"> <li>– Monitors performance of management</li> <li>– Made up of Shareholder and Employee appointees</li> <li>– Deutsche Bank can vote on Shareholder appointees</li> </ul>	<ul style="list-style-type: none"> <li>– Monitors performance of management</li> <li>– Made up of Shareholder and Employee appointees</li> <li>– Deutsche Bank has <b>no right</b> to vote on Shareholder appointees</li> </ul>
Limited practical difference to AG structure for minority shareholders with Deutsche Bank shareholding of 75%+	Management appointment	<ul style="list-style-type: none"> <li>– Supervisory Board (with Deutsche Bank appointees having decision power) decides on appointment and dismissal</li> </ul>	<ul style="list-style-type: none"> <li>– Deutsche Bank (as shareholder of the General Partner) decides on appointment and dismissal</li> </ul>
In the event that Deutsche Bank ownership falls below 40% threshold, KGaA structure will automatically transform into AG structure	Management employment and compensation	<ul style="list-style-type: none"> <li>– Management Board members employed and compensated by the AG</li> <li>– Shareholder meeting of AG has advisory vote on compensation</li> </ul>	<ul style="list-style-type: none"> <li>– Managing Directors employed and compensated by the General Partner, which recovers its costs from the KGaA</li> <li>– Shareholder meeting of KGaA has advisory vote on compensation</li> </ul>
	Management team duties	<ul style="list-style-type: none"> <li>– Legal duty to act in best interests of the Company</li> </ul>	<ul style="list-style-type: none"> <li>– Legal duty to act in best interests of the Company</li> </ul>
Several precedents for KGaA structures in Germany for companies with long term anchor shareholder (e.g. Fresenius, Henkel, Merck)	Shareholder voting rights	<ul style="list-style-type: none"> <li>– One share, one vote</li> </ul>	<ul style="list-style-type: none"> <li>– One share, one vote</li> </ul>
	Deutsche Bank control rights	<ul style="list-style-type: none"> <li>– Indirect via Supervisory Board appointees</li> <li>– Full voting rights of Deutsche Bank</li> </ul>	<ul style="list-style-type: none"> <li>– Indirect via General Partner ownership</li> <li>– Combination of exclusive and restricted voting rights of Deutsche Bank (e.g. no right to vote on Shareholder appointees to Supervisory Board)</li> </ul>
	Dividends	<ul style="list-style-type: none"> <li>– All AG shares rank equally for dividends</li> </ul>	<ul style="list-style-type: none"> <li>– All KGaA shares rank equally for dividends</li> <li>– General Partner receives cost cover only and no further economics</li> </ul>

# RIGHTS / POWERS OF THE KGAA SUPERVISORY BOARD

Rights / powers provided by law<sup>(1)</sup>

## Information rights

- Correspond to information rights of an AG Supervisory Board, in particular<sup>(2)</sup>:
  - Regular reports from the General Partner ('GP'), e.g. annual / quarterly reports on strategy, intended business policy, business planning, profitability, business development, revenues and condition of the company and on the risk situation, risk management, staff development, reputation, compliance
  - Ad hoc reports on unexpected changes that may have a material impact and specific important transactions as well as ad hoc reports on other important matters on the level of the KGaA or its group companies
  - Regular or ad hoc information (as required) on serious deficiencies identified by the audit function
  - Any other matters for which the Supervisory Board requests a report

## Representation of the KGaA vis-à-vis the GP

- In principle, corresponds to representation right / obligation of an AG Supervisory Board<sup>(3)</sup>
- Will be relevant in practice only in case of court proceedings against the GP or for contracts / agreements to be concluded between the AG and the GP

## Submitting proposals for resolutions to be adopted by the general meeting

- Corresponds to respective right / obligation of an AG Supervisory Board<sup>(4)</sup>
- The management board (AG) / general partner (KGaA) is also obliged / entitled to submit proposals. In practice, proposals of the Supervisory Board and the management board/general partner are usually identical
- Proposals for the appointment of shareholders' representatives on the Supervisory Board and the election of the auditor are made by the Supervisory Board only

## Right / obligation to convene a general meeting if required in the interest of the company<sup>(5)</sup>

- Corresponds to right / obligation of an AG Supervisory Board to convene a general meeting
- In practice only applies in exceptional cases as convening the general meeting is, as a rule, an obligation of the management board (AG) / general partner (KGaA)

## Approval of capital increases out of authorized capital / issuance of convertible or participation bonds or similar instruments and exclusion of shareholders' subscription rights in this context<sup>(6)</sup>

- Corresponds to approval rights of an AG Supervisory Board

Rights / powers provided by articles of association<sup>(7)</sup>

## Amendments of the KGaA's articles of association to the extent such amendments merely relate to the wording

- Common authorisation that is usually also granted to AG Supervisory Boards<sup>(6)</sup>
- Practically relevant, for example, if the share capital number determined in the articles becomes incorrect because of a capital increase out of conditional capital

## Resolve on the entry of a new corporation as GP in case the GP leaves the KGaA

- If the GP leaves the KGaA without a new GP being admitted at the same time, obligation of the Supervisory Board to apply for court appointment of a temporary substitute representative to manage and represent the KGaA until a new GP is admitted

(1) This list is not conclusive, but should contain the most relevant rights / obligations pursuant to stock corporation law, (2) Cp. Sec. 90 of the German Stock Corporation Act, (3) Cp. Sec. 112 of the German Stock Corporation Act, (4) Cp. Sec. 124 para. 3 of the German Stock Corporation Act, (5) Cp. Sec. 111 para. 3 of the German Stock Corporation Act, (6) Cp. Secs. 204 and 221 of the German Stock Corporation Act, (7) As envisaged in the current draft of the articles of association, (8) Cp. Sec. 179 para. 1 of the German Stock Corporation Act

# ROLE OF THE KGAA JOINT COMMITTEE

## Approval of reserved matters

- Granting of general powers of attorney (Generalvollmachten) to represent the KGaA
- Structural changes such as inter-company agreements (e.g. domination agreements, profit and loss transfer agreements), transformations (e.g. merger, spin-off) between the KGaA and its subsidiaries (exception: if the structural change is immaterial, no approval by the Joint Committee is required)
- Acquisition and disposal of real estate by companies of DWS if the transaction value exceeds a certain threshold (exception: transactions in the course of the management of investment funds)
- Acquisition and disposal of participations by companies of DWS if the transaction value exceeds a certain threshold (exception: transactions in the course of the management of investment funds)
- Transactions by companies of DWS outside of usual business activities with:
  - (i) shareholders, partners or members of the executive or supervisory board of companies of DWS or;
  - (ii) senior executives of the General Partner or the KGaA which report directly to the managing directors of the General Partner

## Submitting proposals<sup>(1)</sup>

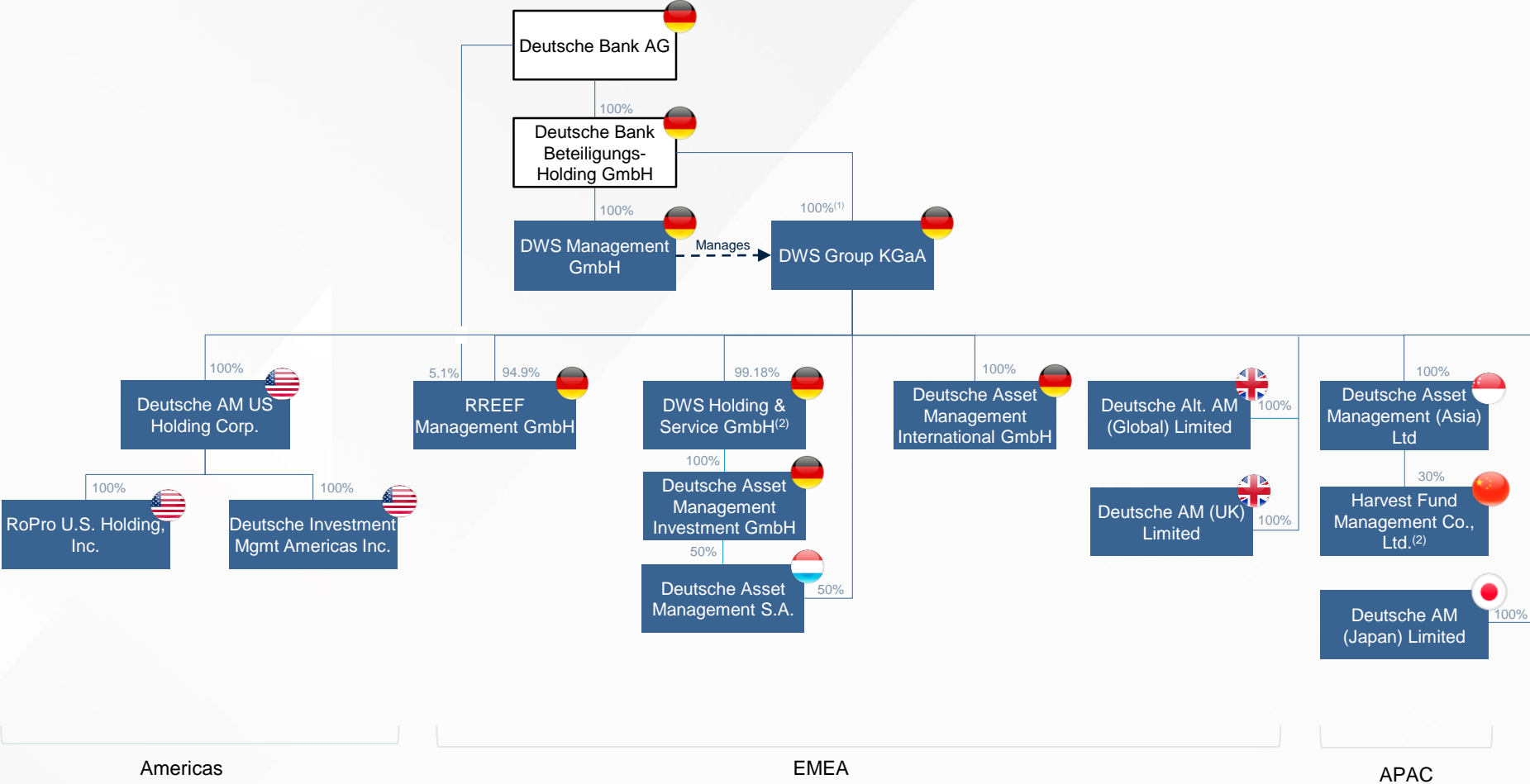
- Ratification of acts of management of the managing directors of the General Partner
- Determination of the variable compensation of the managing directors of the General Partner

(1) The decisions on these matters are adopted by the General Partner's shareholders' meeting (i.e. DB Beteiligungs-Holding GmbH), which is not legally bound by the proposals

# SIMPLIFIED LEGAL STRUCTURE



– All majority owned entities are 100% dedicated to the DWS business



Note: Simplified structure chart showing only material entities, primarily based on the legal entity transfer value from separation; some legal entity transfers are subject to regulatory approvals  
 (1) Current ownership, (2) Remaining shares held by non-affiliated third party

# FINANCIAL GLOSSARY



Terminology	Definition
<b>Assets under Management (AuM)</b> <i>(DB terminology: Invested Assets (IA))</i>	<p>AuM is defined as (a) assets we hold on behalf of customers for investment purposes and/or (b) client assets that are managed by us on a discretionary or advisory basis. AuM represents both collective investments (Mutual Funds, Exchange-Traded Funds, etc.) and separate client mandates. AuM is measured at current market value at each reporting date. Measurable levels are available daily for most retail products but may only update monthly or even quarterly for some products. While AuM financials do not consider our holding in Harvest, they do include seed capital and any committed capital on which we earn management fees. Unless otherwise stated, AuM figures presented in this presentation are expressed on a period-end basis, i.e. December 31, or respectively at the end of an interim period. Any regional cut of AuM reflects the location where the product is sold and distributed (i.e. sales view), which may deviate from the booking center view reflected for the revenues.</p>
<b>Net Flows</b> <i>(DB terminology: Net New Assets)</i>	<p>Net Flows represent assets acquired from or withdrawn by clients within a specified period. It is one of the major drivers of changes in AuM.</p>
<b>Management Fee Margin</b>	<p>Management Fee Margin is calculated by taking the (annualized) sum of management fees and other recurring revenues for a period divided by average AuM for the same period. Annual average AuM are generally calculated using AuM at the beginning of the year and the end of each calendar month (i.e. 13 reference points).</p>
<b>Adjusted Revenues</b>	<p>Adjusted Revenues present revenues excluding non-recurring items, such as disposal gains/losses, revenue from insurance recovery, and other non-recurring income items in excess of +/- €10 million. We use this metric to show revenues on a continuing operations basis, in order to enhance comparability against other periods</p> <p>Revenues adjustment items refer to</p> <ol style="list-style-type: none"> <li>(1) Sale of PowerShare DB fund suite in 2015 resulted in disposal gains of €42 million.</li> <li>(2) Adjustment for HETA Asset Resolution AG exposure ("HETA"). This adjustment relates to the valuation adjustments in 2015 and 2016 as well as to the subsequent disposal of the non-performing portion of the Hypo Alpe Adria bank's bond, which was guaranteed by the Republic of Austria. The €(86) million loss in 2015 relates to a valuation adjustment and the €58 million in 2016 represents the gain recognized upon sale. This bond was not held directly by Deutsche Asset Management but by one of our consolidated guaranteed funds.</li> <li>(3) Adjustment related to a litigation case which was settled in 2017. The Group received in 2017 an insurance recovery via an external party which was booked as income.</li> <li>(4) Adjustment for Asset Management business of the former Non-Core Operations Unit (NCOU). The revenue adjustment in 2015 is mainly driven by discontinued co-investment positions.</li> </ol>
<b>Adjusted Costs</b>	<p>Adjusted Costs is an expense measure we use to better distinguish between total costs (DB terminology: noninterest expenses) and our ongoing operating costs. It is adjusted for litigation, restructuring and severance costs, impairment of goodwill and other intangibles as well as for material non-recurring expenses, including operational losses that are clearly identifiable one-off items in excess of +/- €10 million which are not expected to recur.</p> <ol style="list-style-type: none"> <li>(1) Adjustment for a litigation case which was settled in 2017. This resulted in a €129 million provision (shown under the litigation line) which was partially mitigated by the recognition of a €35 million internal insurance recovery in 2016 booked in the former Non-Core Operations Unit (NCOU)</li> <li>(2) Adjustment for Asset Management business of the former Non-Core Operations Unit (NCOU). The remaining balance (ex above mentioned litigation case), refers mainly to discontinued co-investments.</li> <li>(3) Adjustment for inconsistencies in preparing and processing withholding tax reclaim applications relating to "Fokus Bank" case claims resulted in provisions of approximately €(47) million for 2015. Based on the final fiduciary review in 2016, DWS has been compensated with an amount of approximately €2 million against the affected funds. The remaining provision of €45 million was released.</li> </ol>
<b>Adjusted Cost-Income-Ratio (Adj. CIR)</b>	<p>Adjusted CIR is the ratio of adjusted costs to adjusted revenues for each period.</p>
<b>Adjusted Profit Before Tax (Adj. PBT)</b> <i>(DB terminology: Adjusted Income Before Income Taxes (Adj. IBIT))</i>	<p>Adjusted PBT is calculated by adjusting PBT to account for the impact of the revenue and cost adjustment items (see above).</p>
<b>Perimeter Adjustments</b>	<p>Perimeter adjustments relate to sold and discontinued businesses and comprise announced but not yet executed sales. The latter refers to the sale announcement of the US Private Equity Access Fund platform to iCapitalNetwork, Inc announced in September 2017. Further adjustments relate to treasury allocations, infrastructure services and functions as well-as the AM related business within the former non-core operations unit (AM NCOU).</p>