

## Deutsche Invest II European Top Dividend



Equity Funds - Europe

August 2018

As at 31/08/2018

## Fund Data

## Investment Policy

Deutsche Invest II European Top Dividend provides an equity investment with opportunity for current income. The management invests primarily in the shares of European blue chips that have both above-average dividend yields that are expected to increase and a reasonable payout ratio (percentage of annual profits distributed as dividends). However, investments are not made entirely on the basis of dividends – the companies also have to have solid fundamentals like quality balance sheets and business models. Only shares that pass this additional test have the chance to be included in the portfolio.

## Fund Management's Comment

You can find the Fund management's detailed commentary in DWS Flagship Fund Reporting and on the individual pages of the factsheets.

## Morningstar Style-Box™



## Morningstar Category™

Europe Equity Income

## Ratings

(As at: 31/07/2018)

Morningstar Overall Rating™:

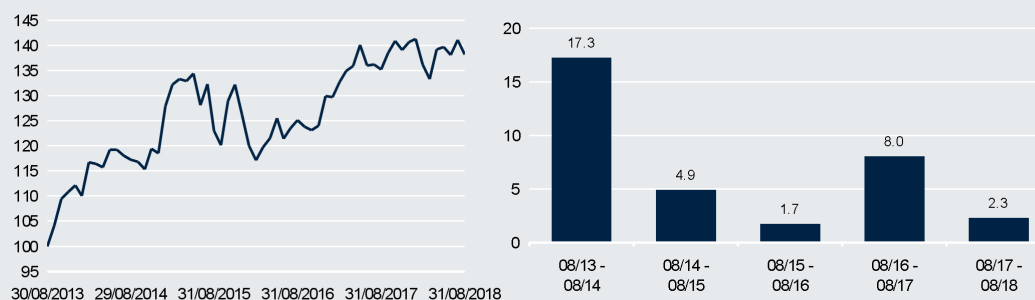
FERI Fund Rating: (C)

Lipper Leaders:

## Performance

Performance - Share Class LC(EUR)

(in %)



Fund

Past performance is no indication of current or future performance, and the performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

## Cumulative Performance (in %) - Share Class LC(EUR)

	1 m	1 y	3 y	5 y	s. Launch	Ytd.	3 y Ø	5 y Ø	2014	2015	2016	2017
EUR	-2.0	2.3	12.4	38.2	61.8	-1.7	4.0	6.7	5.7	6.6	2.9	8.2

## Further Characteristics (3 years) / VAR (1 year) - Share Class LC(EUR)

Volatility	9.31%	Maximum Drawdown	-11.39%	VAR (99%/10 days)	6.03%
Sharpe Ratio	0.47	Information Ratio	--	Correlation Coefficient	--
Alpha	--	Beta	--	Tracking Error	--

## Portfolio Analysis

Breakdown by Sector (Equities)	(in % of fundvolume)	Principal Holdings (Equities)	(in % of fundvolume)
Portfolio Breakdown according to MSCI			
Materials	15.5	Royal Dutch Shell PLC (Energy)	4.3
Financials	14.6	BHP Billiton PLC (Materials)	3.4
Consumer Staples	12.6	Total SA (Energy)	3.4
Health Care	11.5	Roche Holding AG (Health Care)	3.4
Energy	9.7	Deutsche Telekom AG (Telecommunication Serv.)	3.3
Consumer Discretionary	7.9	National Grid PLC (Utilities)	3.3
Industrials	7.9	Unilever NV (Consumer Staples)	3.0
Telecommunication Serv.	6.8	Nestle SA (Consumer Staples)	2.8
Utilities	5.5	Galenica AG (Health Care)	2.4
Real Estate	2.8	DNB ASA (Financials)	2.3
Other Sectors	1.2	Total	31.6

Gross weighting, not adjusted for any positions in derivatives.

Gross weighting, not adjusted for any positions in derivatives.

Breakdown by Country (Equities)	(in % of fundvolume)	Investment Ratio	(in % of fundvolume)
Great Britain	23.2	Equities	95.9
Germany	19.2	Cash and other assets	4.1
France	12.9		
Netherlands	10.5		
Switzerland	10.1		
Norway	5.3		
Sweden	3.8		
Spain	3.6		
Finland	2.6		
Italy	1.7		
Denmark	1.6		
Other Countries	1.4		

Gross weighting, not adjusted for any positions in derivatives.

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Breakdown by Currency	(in % of fundvolume)
Euro	50.9
Pound sterling	28.2
Swiss franc	9.3
Norwegian krone	5.3
Swedish krona	4.2
Danish krone	2.0

Incl. forward exchange transactions, negative and positive figures reflect expected currency developments.

Market Capitalization	(in % of fundvolume)
> 10 Bn.	74.2
> 5 Bn. < 10 Bn.	13.0
> 1 Bn. < 5 Bn.	8.6
< 1 Bn.	0.2

Gross weighting, not adjusted for any positions in derivatives. The calculation is based on Euro.

## Key Figures regarding the Fund's Assets

Number of Shares	72	Dividend Yield (in %)	3.9	Ø Market Cap	46,025.3 Mio. EUR
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## Cumulative Performance (in %)

	1 m	1 y	3 y	5 y	s. Launch	Ytd.	3 y Ø	5 y Ø	2014	2015	2016	2017
CHF LDH (P)(CHF)	-1.9	1.3	--	--	12.2	-2.0	--	--	--	--	6.9	10.4
FC(EUR)	-2.0	3.1	14.9	--	4.6	-1.2	4.7	--	--	--	3.7	9.0
FD(EUR)	-2.0	3.0	15.0	--	4.7	-1.3	4.8	--	--	--	3.7	9.1
LC(EUR)	-2.0	2.3	12.4	38.2	61.8	-1.7	4.0	6.7	5.7	6.6	2.9	8.2
LD(EUR)	-2.0	2.3	12.4	38.3	61.7	-1.7	4.0	6.7	5.7	6.6	2.9	8.2
LDH (P)(EUR)	-1.9	1.9	--	--	13.9	-1.7	--	--	--	--	7.4	11.0
NC(EUR)	-2.1	1.6	10.0	33.4	54.6	-2.2	3.2	5.9	4.9	5.8	2.2	7.5
ND(EUR)	-2.1	1.6	10.0	33.3	54.5	-2.2	3.2	5.9	4.9	5.7	2.2	7.5
TFC(EUR)***	--	--	--	--	--	--	--	--	--	--	--	--
TFD(EUR)***	--	--	--	--	--	--	--	--	--	--	--	--
XC(EUR)	-1.9	3.5	16.7	46.7	73.3	-0.9	5.3	8.0	6.7	8.0	4.2	9.6
XD(EUR)	-1.9	3.5	16.7	--	26.9	-0.9	5.3	--	--	8.0	4.2	9.6

\*\*\*The presentation of performance occurs after a period of at least one year following launch of the Fund / unit class.

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## Fund Data

Portfolio Manager	Stephan Werner	Assets	492.4 Mio. EUR
Portfolio Manager since	01/10/2016	Fund Currency	EUR
Portfolio Management Company	Deutsche Asset Management Investment GmbH	Launch Date	02/07/2012
Portfolio Management Location	Germany	Fiscal Year End	31/12/2018
Management Company	Deutsche Asset Management S.A.	Investor profile	Growth-oriented
Legal Structure	SICAV	Fund Domicile	Luxembourg
Custodian	State Street Bank, Lux.		

## Share Classes

Share Class	Cur.	ISIN Code	Earnings	Front-end Load <sup>1</sup> up to	Redemption Price	Interim Gains	Management Fee	Running costs / TER	plus performance- related fee	Minimum Invest- ment Amount
CHF LDH (P)	CHF	LU1322113702	Distribution	5.00%	105.46		1.500%	1.64% (1)	--	--
FC	EUR	LU1241941308	Accumulation	0.00%	104.62		0.750%	0.87% (1)	--	2,000,000
FD	EUR	LU1242509609	Distribution	0.00%	97.63		0.750%	0.87% (1)	--	2,000,000
LC	EUR	LU0781237614	Accumulation	5.00%	161.75		1.500%	1.62% (1)	--	--
LD	EUR	LU0781237705	Distribution	5.00%	138.34		1.500%	1.61% (1)	--	--
LDH (P)	EUR	LU1322113884	Distribution	5.00%	107.07		1.500%	1.64% (1)	--	--
NC	EUR	LU0781237887	Accumulation	3.00%	154.58		2.000%	2.32% (1)	--	--
ND	EUR	LU0781237960	Distribution	3.00%	134.72		2.000%	2.31% (1)	--	--
TFC	EUR	LU1663960000	Accumulation	0.00%	97.07		0.750%	0.91% (2)	--	--
TFD	EUR	LU1663960182	Distribution	0.00%	96.83		0.750%	0.91% (2)	--	--
XC	EUR	LU0781238000	Accumulation	0.00%	173.31		0.300%	0.39% (1)	--	1,000,000
XD	EUR	LU0781238182	Distribution	0.00%	114.99		0.300%	0.39% (1)	--	1,000,000

(1) The Total Expense Ratio (TER) generally includes all expense items charged to the Fund apart from transaction costs and performance fees. If the Fund invests a substantial part of its assets in target funds, the costs of the respective funds and payments received by them will also be taken into account. The Fund incurred the total expenses listed here in its last financial year which ended on 31/12/2017. They are subject to change from year to year.

(2) The Total Expense Ratio (TER) generally includes all expense items charged to the Fund apart from transaction costs and performance fees. The total expenses listed here represent an estimate since the Fund was launched on (TFC:15/01/2018, TFD:15/01/2018). Actual expenses will be calculated and published once the first financial year has ended. The annual report for each financial year will contain the expense details with their precise calculation.

## Address

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## Note

<sup>1</sup> Based on the gross investment.

Because of its composition or the techniques used by its managers, the fund is subject to heightened volatility. Consequently, unit prices may fluctuate sharply in either direction within short periods of time.

The rankings and ratings relating to German market.

Prospective investors can obtain a copy of the current sales prospectus, including the terms of contract or management regulations, the articles of association, the prospectus and/or the key investor information the annual and semi-annual report free of charge from the representative in Switzerland, DWS CH AG, Hardstrasse 201, CH-8005 Zurich.

# Fund Management's Comment: Deutsche Invest II

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Data in relation to the fund or the leading unit class.

August 2018

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## Performance Review

August was a very weak month for European equity markets with MSCI Europe being down 2.5%. The Italian market was the weakest region being down 9%, whereas Finland and once again Switzerland were relative outperformer being up 3.2% and 1.2%. The EURO has a little bit weaker during August, being down by 0.76% against the USD and the oil price (Brent) was very strong, rising 5.3%. From a sector perspective Technology – the only sector being up, Industrials and Healthcare were the strongest sectors, whereas Telecoms, Financials and Materials performed negatively. During August Deutsche Invest II European Top Dividend lost 2.05%.

## Performance Attribution

The highest contributing sectors have been Consumer Staples, followed by Healthcare and Information Technology, whereas Materials, Industrials and Energy have been negatively contributing. From a single stock perspective key contributors have been the Euronext, Nestle and Galenica. On the other side, BHP Billiton, K+S and Randgold Resources had the most negative contribution.

## Current Positioning

During August we have further increased our exposure to Basic Materials, while we reduced our Financials, Telecommunication and Energy exposure. Our current cash level is around 4%.

## Outlook

During recent months we have seen economic indicators continue to come in on high levels and mostly pointing to an expansionary environment. It seems that in 2018 global growth will be pretty similar to last year. Last reporting season was also good and supported our constructive view. The Federal Reserve Bank is supposed to do further rate hikes in the course of the year and ECB is considered to maintain its accommodative monetary conditions for the time being before winding down their quantitative easing program to zero by the end of 2018. The current Dollar strength against the Euro should also support European growth. Nevertheless, political uncertainties, e.g. a new government in Italy, discussions around Brexit and import duties in the United States, could potentially cause further uncertainty in the coming weeks. Despite existing challenges, we continue to see solid growth for the near to medium term future. Although we are in the advanced phase of the economic cycle, we remain constructive for the economic outlook in 2018. On the flipside, we see limited risk for an economic downturn. Hence, we expect mid to high single digit earnings growth globally which is fuelled by solid economic expansion across the globe and is further underpinned by the benefits of the reform of the US tax code. We continue to see the importance of dividend payments for the total return is presumed to increase further and their contribution to the return of the investment to be above average. (all performance data in EUR)

## Opportunities

In accordance with the investment policy.

## Risks

- The fund invests its assets in selected regions or sectors. This increases the risk that the fund may be negatively influenced by the economic and political conditions in the respective regions or sectors.
- The fund invests in equities. Equities are subject to strong price fluctuations and thus also to the risk of price decreases.
- The seeks to generate income from dividends, i.e. from expected distributions per equity. If a company distributes a smaller dividend than expected or no dividend at all, this can have a negative impact on the value of equities or derivatives.
- Due to its composition/the techniques used by the Fund management, the investment fund has elevated volatility, i.e. the share price may be subject to significant fluctuations up or down within short periods of time. The share value may fall below the purchase price at which the customer acquired the share at any time.

Investor profile: Growth-oriented

The Fund is intended for the growth-oriented investor seeking returns higher than those from capital market interest rates, with capital growth generated primarily through opportunities in the equity and currency markets. Security and liquidity are subordinate to potential high returns. This entails higher equity, interest rate and currency risks, as well as default risks, all of which can result in a loss of capital.

## Morningstar Style Box™

The Morningstar Style Box™ illustrates the Fund's investment strategy. For equity funds the vertical axis shows the market capitalization of the stocks contained in the portfolio and the horizontal axis shows the investment style (value, neutral or growth). For bond funds the vertical axis shows the average credit quality of the bonds in the portfolio and the horizontal axis shows interest rate sensitivity as measured by the maturity of a bond (short, medium or long).

Please note that the information from Morningstar, FERI and Lipper Leaders relates to the previous month.

## Morningstar Overall Rating™

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Lipper Leaders Rating System - Ratings from 1 (lowest) to 5 (highest)

First digit = Total Return; second digit = Consistent Return; third digit = Preservation; fourth digit = Expense

## General information

When the custodian sets the price on the last trading day of the month there can be a difference of up to ten hours between the times at which the fund price and the benchmark are calculated. In the event of strong market movements during this period, this may result in the over- or understatement of the Fund's performance relative to the benchmark at the end of the month (this is referred to as the "pricing effect").

Subscriptions can only be made and units held in accordance with the terms set out in the current version of the sales prospectus, the prospectus and/or the key investor information.

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The collective investment schemes indicated in this document are contractual funds under Swiss law and contractual funds under foreign law that are licensed for distribution in Switzerland. Information on the domicile of foreign funds is available in the general fund information.

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For detailed information on the related risks, please consult the fund contract, the terms of contract, the management regulations, the sales prospectus and/or the key investor information. The information contained therein is based on our assessment of the present legal and tax environment. The views and opinions presented here represent the most recent estimates of DWS or any of its subsidiaries and are subject to change at any time without prior notice.

Units issued in a collective investment scheme may only be offered for sale or purchase in jurisdictions where the sale or purchase thereof is permitted.

Accordingly, the US Securities Act of 1933 in its current form contains a prohibition on units in this collective investment scheme, and as such, they may not be offered, sold or distributed in the United States to US citizens or residents of the United States.

Subsequent transfers of units within the US or to US citizens or residents are also prohibited. This document may not be brought into circulation in the US.

For funds under foreign law:

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## General Risk Warnings

Any investment in units of a collective investment scheme entails or is associated with equity market, bond market, exchange rate, interest rate, credit, volatility and political risks. Each of these risks may appear in connection with other risks. A brief description of some of these risk factors is provided below.

Prospective investors should have previous experience with the financial instruments that are in use in the specified investment policy. Investors should fully understand the risks associated with investments in fund units and only make investment decisions after consulting with their legal, tax, financial or other advisors in regards to (i) the suitability of an investment in units in view of their personal tax and financial position and/or other circumstances; (ii) the information contained in this prospectus; (iii) the investment policy of the collective investment scheme; and (iv) the risks associated with the investment under the planned investment policy presented by the collective investment scheme.

Please note that investments in collective investment schemes entail both opportunities on the upside and risks on the downside. Units of collective investment schemes are securities and as such their value fluctuates with the rise and fall in the value of the underlying assets. The value of the units may accordingly rise above or fall below the purchase price. No guarantee therefore is given that the objectives of the investment policy will be achieved.

Past performance is not necessarily a guide to future returns.

## Alpha

A measure of the difference between the risk-adjusted return on an investment and a benchmark. The alpha measures the part of the performance that cannot be explained by market movements or market risk, but rather is derived from the selection of securities within the market. Alpha is a way of measuring the active contribution to performance made by the portfolio manager. It is also a good yardstick to use when comparing several funds. The figure is calculated on a 3-yearly basis.

## Average dividend yield

Measures the average dividend amount, based on the current share price. This figure is calculated based on the shares (including ADRs/GDRs - > Depositary receipts) and REITs contained in a fund.

## Average market capitalization

Measures the average market capitalization of the shares, REITs and ADRs/GDRs (depositary receipts) contained in a fund. The market capitalization represents the total market value of a company as determined by multiplying the number of shares issued by the current share price.

## Beta factor

A measure of sensitivity - given as the average percentage change in the price of a fund when the market (benchmark) rises or falls by 1%. A value over (under) 1 means that on average the fund exhibits more (less) volatility than the benchmark. The figure is calculated on a 3-yearly basis.

## Correlation coefficient

Describes the degree to which two values (fund versus benchmark) move in the same direction. The value of the correlation coefficient is between -1 and +1. A correlation of +1 means that the fund generally moves in the same direction as the benchmark, while -1 indicates that the fund generally moves in the opposite direction. A correlation of 0 means that there is no relation between the price movements of the fund and the benchmark. The figure is calculated on a 3-yearly basis.

## Current interest yield

The current interest yield differs from the nominal interest rate because securities are bought at a price that can be higher or lower than their nominal value. Since interest is always paid on the nominal value, the following calculation is used:  $(\text{interest rate} \times 100) / \text{price} = \text{effective yield}$ .

## Duration (in years/in months)

A measure of the sensitivity of an investment to changes in interest rates. Duration, which was developed by Frederick Macaulay, is the average period for which invested capital is committed. Because of the interest payable over time on the invested capital, duration is shorter than -> maturity. This version of duration is used in DWS Top Reporting and refers to invested assets (without "Cash and other holdings").

## Information ratio

The information ratio measures the difference between the annualized average return of the fund and that of the benchmark, divided by the Tracking error. The higher this value is, the more the investor pays for the risk in the fund. The figure is calculated on a 3-yearly basis.

## Maturity (in years/in months)

The amount of time until the maturity of an obligation, such as a bond. Refers to invested fund assets (without "Cash and other holdings").

## Maximum drawdown

The maximum drawdown is the largest percentage drop in value in a given period of time. It measures the amount the fund falls from its highest point to its lowest point in the selected timeframe. The figure is calculated on a 3-yearly basis.

## Modified duration (in years/in months)

Serves as a measure of interest-rate sensitivity. Modified duration indicates the percentage change in price of a bond (in a portfolio) when the market interest rate changes by 1%. In order to calculate the percentage change in the bond price, the modified duration of the bond is multiplied by the percentage change in the interest rate. This figure helps investors assess the risks and opportunities of a bond at a glance.

## Sharpe ratio

A measure of risk developed by William F. Sharpe, defined as the excess return on an investment over that of a risk-free investment in relation to the risk of the investment. The higher the Sharpe ratio, the higher the yield the investor receives for the risk the investment carries (expressed in volatility). The Sharpe ratio can be used to compare multiple funds. The figure is calculated on a 3-yearly basis.

## Tracking error

The tracking error is the standard deviation of the yield differential between a fund and its benchmark. This makes it a measure of how well the fund manager tracks the benchmark. The figure is calculated on a 3-yearly basis.

## VaR (Value at Risk)

A measure of risk that indicates the maximum fund losses with a given probability for a given period of time (holding period). VaR is calculated on the basis of the daily prices of the individual securities contained in the portfolio for a year.

## Yield

The yield is the annual return on a capital investment, measured as the actual interest earned (effective yield) on the capital invested. It is based on the fund's income (e.g., interest, dividends, realized capital gains) and change in the price of the assets held in the fund. The yield of a fund is

derived from the invested assets (without "Cash and other holdings") and is presented as a "gross" figure, i.e., before the deduction of total expenses/fee.

## Volatility

Volatility expresses the degree to which the yield on an investment (the price performance of a fund, for example) varies from a mean value in a specific period of time. This makes it a measure of fund risk. The greater the variation from the mean, the higher the volatility. Knowing the volatility allows investors to assess the profit and loss potential of an investment. The figure is calculated on a 3-yearly basis.