

DWS Invest Convertibles



Balanced Funds - Convertible Bonds

June 2021

As at 30/06/2021

Fund Data

Investment Policy

The fund provides access to a diversified global convertibles investment universe. By investing in classic vanilla convertibles the fund has a stringent pure approach. The targeted investment horizon is between 3-5 years.

In order to provide a convex and therefore preferable risk-return profile, the fund invests primarily in convertibles with a medium delta. Currency risk is systematically hedged (except for the share class FC (CE)).

Fund Management's Comment

The shift from growth to value came to a hold in June, which had a clear impact on the relative performances of major equity indices. The Nasdaq edged more than 5% higher, but the more traditional indices ended the month flat. The same shift in performance was noticeable in the two major global convertible bond indices. The Refinitiv Investment Grade Index lost 66bp during the month, whereas the Refinitiv Global Focus Index added 142bp. In the same period, DWS Invest Convertibles gained 1.6%. Tightening of high yield credit spreads and the good performance of the higher delta names had a positive impact on the overall performance of the fund. The sector Information Technology was the best performing sector. The primary market remains buoyant with the total amount of new issuance this year approaching the USD 100bn mark. The driving force remains the US but even the region Japan contributed to the issue calendar with three new deals. Valuations improved and we reduced the fund-exposure to smaller deals even further. Proceeds have been redeployed in more liquid and convex structures. The delta of the fund increased slightly to 52.

Morningstar Category™

Convertible Bond - Global, EUR Hedged

Ratings

(As at: 31/05/2021)

Morningstar Overall Rating™:

Lipper Leaders:



Performance

Performance - Share Class LC(EUR)

(in %)



Fund

Calculation of performance is based on the time-weighted return and excludes front-end fees. Individual costs such as fees, commissions and other charges have not been included in this presentation and would have an adverse impact on returns if they were included. Past performance is not a reliable indicator of future returns.

Cumulative performance (in %) - share class LC(EUR)

	1 m	1 y	3 y	5 y	s. Inception	YTD	3 y avg	5 y avg	2017	2018	2019	2020
EUR	1.6	15.9	21.7	28.8	108.4	0.6	6.8	5.2	3.8	-7.7	8.4	19.9

Further Characteristics (3 years) / VAR (1 year) - share class LC(EUR)

Volatility	9.91%	Maximum Drawdown	-10.39%	VAR (99%/10 days)	3.16%
Sharpe Ratio	0.72	Information Ratio	--	Correlation Coefficient	--
Alpha	--	Beta	--	Tracking Error	--

Portfolio Analysis

Sectors delta weighted	Principal holdings (in % of fundvolume)
Information Technology 19.2	PANW 0 3/8 06/01/25 2.0
Consumer Discretionary 10.4	MEITUA 0 04/27/28 1.8
Health Care 7.6	EDF 0 09/14/24 1.5
Communication Services 5.6	DXSAU 2.3 06/19/26 Corp 1.5
Industrials 2.8	Cerah(Khazanah)/CIMB 0 08/08/24 Corp 1.5
Utilities 1.8	STM 0 08/04/27 1.4
Real estate 1.7	AMXLMM 0 03/02/24 1.3
Materials 1.0	NEXIIM 0 02/24/28 1.3
Financials 0.5	DBX 0 03/01/28 1.3
Energy 0.1	F 0 03/15/26 1.3
Total 50.7	Total 14.9

Regions delta weighted

US 29.1	Holdings 135.00
EMEA 13.7	Average maturity (in years) 4.40
Asia ex Japan 6.3	Current Yield (in %) 0.50
Japan 1.6	Fund average rating (*) BB+
Total 50.7	Cash and equivalents (in %) 4.10
	Non-rated and other securities (in %) 3.20
	Interest sensitivity -0.20
	Equity sensitivity 50.70
	Ø Market Cap (€bn) 30.60

Portfolio Analysis

Breakdown by issuer rating

AA	6.00
A	7.80
BBB	29.40
BB	42.10
B	11.20
CCC	0.30
Not Rated	3.20

Convertible bond profiles

Balanced	61.60
Equity Like	20.20
Bond Like	14.10
Others	4.10

Market capitalization

Large-cap	75.80
Mid-cap	16.40
Small-cap	3.70
Others	4.10

Cumulative performance (in %)

	1 m	1 y	3 y	5 y	s. Inception	YTD	3 y avg	5 y avg	2017	2018	2019	2020
CHF LCH(CHF)	1.5	15.6	20.2	25.7	25.8	0.4	6.3	4.7	3.2	-8.2	8.0	19.4
LC (CE)(EUR)	3.4	11.8	25.4	29.5	47.8	3.0	7.8	5.3	-3.0	-3.0	12.8	13.5
LC(EUR)	1.6	15.9	21.7	28.8	108.4	0.6	6.8	5.2	3.8	-7.7	8.4	19.9
LD(EUR)	1.6	15.9	21.7	28.8	108.5	0.6	6.8	5.2	3.8	-7.7	8.4	19.9
SEK LCH(SEK)	1.6	16.0	21.7	28.1	24.9	0.6	6.8	5.1	3.5	-8.0	8.7	19.8
USD LCH(USD)	1.6	17.2	29.7	42.5	124.8	1.0	9.1	7.3	5.8	-5.3	11.6	21.8

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Portfolio Manager	Paulus de Vries	Assets	973.1 Mio. EUR
Portfolio Manager since	15/04/2020	Fund Currency	EUR
Portfolio Management Company	DWS Investment GmbH	Launch Date	12/01/2004
Portfolio Management Location	Germany	Fiscal Year End	31/12/2021
Management Company	DWS Investment S.A.	Investor profile	Growth-oriented
Legal Structure	SICAV		
Custodian	State Street Bank GmbH, Lux.		

Share Classes

Share Class	Cur.	ISIN Code	Earnings	Front-end Load ¹ up to	Redemption Price	Interim Gains	Management Fee	Running costs / TER	plus performance- related fee	Minimum Invest- ment Amount
CHF LCH	CHF	LU0616867890	Accumulation	3.00%	125.81		1.200%	1.31% (1)	--	--
LC	EUR	LU0179219752	Accumulation	3.00%	208.39		1.200%	1.26% (1)	--	--
LC (CE)	EUR	LU0740833404	Accumulation	3.00%	147.77		1.200%	1.25% (1)	--	--
LD	EUR	LU0179219919	Distribution	3.00%	196.50		1.200%	1.26% (1)	--	--
SEK LCH	SEK	LU1282658720	Accumulation	3.00%	1,249.27		1.200%	1.30% (1)	--	--
USD LCH	USD	LU0273170141	Accumulation	5.00%	224.78		1.200%	1.31% (1)	--	--

(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 31/12/2020. They are subject to change from year to year.

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Note

¹ 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.

Please note that not all share classes and subfunds respectively are registered in every country.

Units issued by DWS Invest SICAV may only be sold or offered for sale in jurisdictions in which such offer or sale is permitted.

Opportunities

In accordance with the investment policy.

Risks

• The fund concludes derivative transactions with various contractual partners to a significant extent. A derivative is a financial instrument whose value depends on the development of one or more underlyings. Due to its structure (e.g. due to leverage), it may have a stronger impact on the fund than is the case if an underlying instrument is acquired directly. • The fund invests in equities. Equities are subject to strong price fluctuations and thus also to the risk of price decreases. • The fund invests in convertible and warrant-linked bonds. Convertible and warrant-linked bonds embody the right to convert the bond into equities or to acquire equities. The performance of the value of the convertible and warrant-linked bonds is therefore dependent on the price performance of the equity as the underlying. The risks of the performance of the underlying equities can therefore impact on the performance of the convertible and warrant-linked bonds. • The fund invests in bonds, the value of which depends on whether the issuer is able to afford its payments. The deterioration of credit quality (ability and willingness to repay) may have an adverse effect on the value of the bond. • 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.

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

Morningstar Overall Rating™

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Lipper Leaders

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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

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- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3) (i) (B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 305A
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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 compensated 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 return 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 how uncertain the return potential of an investment is. The figure is calculated on a 3-yearly basis.