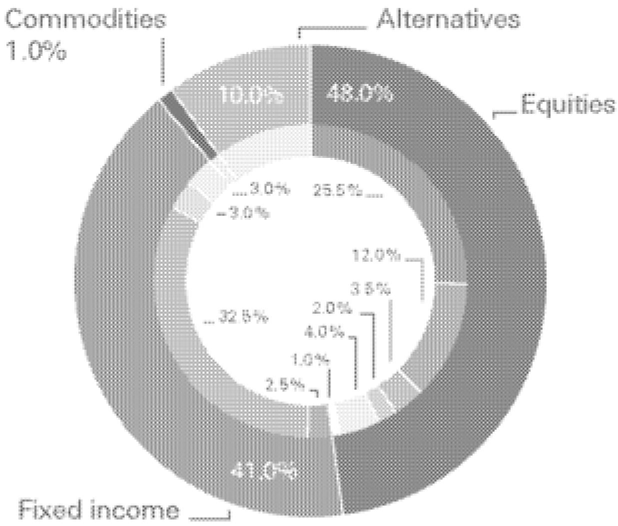
Americas

Portfolio

Our asset-class allocation in a balanced portfolio

Traditional asset classes

Within the core part of our balanced portfolio, we cover traditional liquid assets such as equities, fixed income and commodities. The chart shows how we would currently design a balanced portfolio, including alternative asset classes.[1]



■ Equities

Although there was significant progress on dealing with Greece's problems in July, we believe that periods of uncertainty are likely and, as a result, further bouts of volatility. We maintain a preference for developed over emerging-market equities. We believe that in Europe, if progress continues to be made on Greece, markets could refocus their attention on recent encouraging corporate earnings news. U.S. equities have proved relatively resilient so far this year, but a temporary reversal remains possible. Chinese equities have a serious source of concern but may gain from stronger Chinese growth later in the year.

■ Fixed income

We still expect the U.S. Federal Reserve to start increasing rates later this year, most likely starting in September. Conversely the European Central Bank (ECB) will push ahead its quantitative-easing program, so monetary-policy divergence will therefore remain a key theme. Sovereign-bond holdings will remain an important way of reducing risk in a portfolio and we continue to have an overweight to fixed income overall. Periphery Eurozone sovereign debt may offer some opportunities but we have grown more cautious on emerging-market debt, particularly given recent volatility. U.S. investment grade may be held back by the impending Fed rate hike and U.S. and European high-yield will remain susceptible to the newsflow.

■ Commodities

Continued caution seems advisable. Oil prices fell back again recently, due in part to evidence that U.S. oil-rig count was again increasing. The oil market still appears to be in oversupply and, longer-term, the Iran deal could exacerbate this problem. There are also demand concerns, for example around China. Gold prices rose only modestly when the Greek crisis intensified and we still believe that gold will face considerable headwinds from the expected further strengthening of the U.S. dollar and rise in U.S. interest rates.

Equities	suggested weight
Developed markets	43.0%
United States	25.5%
Europe	12.0%
Japan	3.5%
Pacific ex Japan	2.0%
Emerging Markets	5.0%
Asia ex Japan	4.0%
Latin America	1.0%
Fixed income	
Credit	2.5%
Sovereigns	32.5%
Emerging markets	3.0%
Cash	3.0%
Commodities	
Commodities	1.0%
Alternatives	
Alternatives	10.0%

Sources: Regional Investment Committee (RIC), Deutsche Asset & Wealth Management Investment GmbH, Deutsche Bank Trust Company Americas, as of 7/21/15.
This allocation may not be suitable for all investors.

Past performance is not indicative of future returns. No assurance can be given that any forecast, investment objectives and/or expected returns will be achieved. Allocations are subject to change without notice. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect.

[1] Alternative investments are dealt with separately in the next chapter.