

# Portfolio

Our view of non-traditional asset classes

## Alternatives portfolios

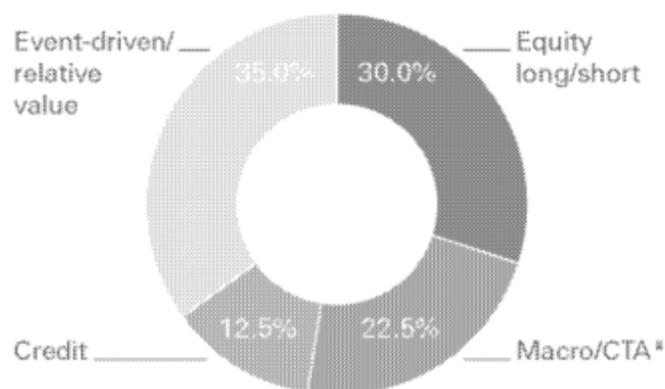
Due to their distinct characteristics, we take a differentiated look at selected liquid and illiquid alternative investments.

### Liquid alternatives

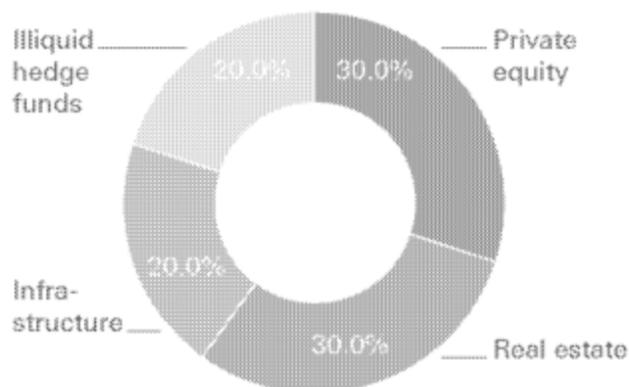
#### ■ Macro/CTA\*

Most global macro managers have generated positive returns this year. They have also weathered the recent pickup in market volatility better than most other liquid-alternatives strategies. More specifically, we feel that the persistent trend towards monetary-policy divergence within developed economies and between developed and emerging economies will continue to be the primary determinant of the trading environment faced by global macro managers over the next 12-month period. U.S.-dollar strength has also forced a very diverse set of adjustment paths on emerging markets. This should continue to generate a healthy pipeline of opportunities both from a directional and arbitrage standpoint through local-currency and rates trends.

#### Liquid alternatives



#### Illiquid alternatives



### Illiquid alternatives

#### ■ Real estate

In the United States, robust rental growth, rising occupancies and the rolling-over of leases signed during the downturn to higher current market rates should provide meaningful support to cash flow and property values. With the exception of a small number of markets, this year should see a further acceleration of the office prime-rental recovery in Europe, with growth here forecast to peak at around 3.5% per year in 2016 and 2017. Finally, China's housing sector, a key factor behind slower Chinese growth, is now turning positive. Shenzhen housing prices started to recover first and the positive momentum is now spreading to Shanghai and Beijing.

#### ■ Private equity

In the United States, fundraising conditions remain favorable for high-quality general partners. Debt availability is still good, even though increasing macro volatility has led to a slightly tighter financing market. Investment underwriting discipline however remains paramount in the current environment. The outlook for private equity is also positive in Europe with valuations similar to U.S. levels and greater potential economic upside. Uncertainty around China may however result in lower deal activity in the second half of 2015, with a significant slowdown across the wider Asian region. Higher volatility may make limited partnerships more reluctant to commit more funds. Private-equity acquisition multiples remain above their 10-year average for large deals in the United States and for all deal sizes in Europe.

Sources: Deutsche Asset & Wealth Management Investment GmbH, Deutsche Bank AG Filiale London, as of 9/24/15. This allocation may not be suitable for all investors. In our balanced model portfolio, we currently allocate 10% to alternative investments (see "Portfolio").

Please refer to the following interview for the regulatory requirements for the offer or sale of alternative investments.

\* Commodity Trading Advisor