



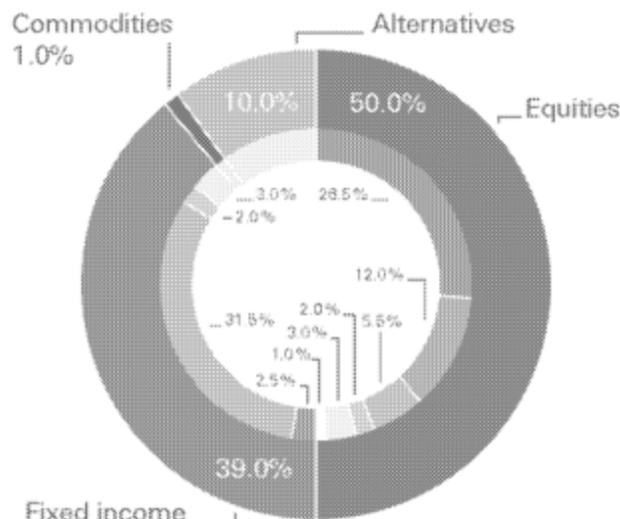
Americas

# 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.<sup>1</sup>



### Equities

Equities have recovered from their end-September lows. Further modest gains are possible although periods of volatility are likely. A strong U.S. dollar could however prove a headwind for U.S. equities, where valuations are already quite high. As a result we have a regional preference for European and Japanese equities, despite continuing concerns about the impact of slower Chinese growth. Earnings expectations for emerging-market equities still need to be revised down to more realistic levels. Within emerging-market equities, we continue to prefer Asia ex Japan over Latin America.

### Fixed income

Central-bank-policy divergence will remain very important, through its impact both on yields and exchange rates. Even after the Fed rate hike, we believe U.S. Treasury yields will increase only modestly but the differential between them and core Eurozone government bonds will remain high. U.S. investment-grade debt may appear to offer an interesting risk-return trade-off, particularly for non-U.S. investors hoping to benefit from U.S.-dollar appreciation. Investor attitudes to U.S. high-yield debt will depend on default-rate expectations, with euro high-yield perhaps seen as offering lower potential rewards but also less risk.

### Commodities

Oil prices have fallen back recently towards their summer lows and we believe that any recovery is likely to be slow and modest. Despite evidence of falling U.S. production, the global oil market still appears to be in oversupply. A Fed rate hike is likely to create headwinds for the gold price and any price gains as a result of geopolitical developments are likely to be temporary. U.S.-dollar strength is also expected to create further difficulties for oil, gold and other commodity prices. For these reasons we stay cautious on commodities as an asset class.

Equities	suggested weight
Developed markets	46.0%
United States	26.5%
Europe	12.0%
Japan	5.5%
Pacific ex Japan	2.0%
Emerging Markets	4.0%
Asia ex Japan	3.0%
Latin America	1.0%
Fixed income	
Credit	2.5%
Sovereigns	31.5%
Emerging markets	2.0%
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 11/16/2015.

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.

<sup>1</sup> Alternative investments are dealt with separately in the next chapter. Alternatives are not suitable for all clients.