Commentary

Q1 | 3.31.24

Share Class: A I KDHAX C I KDHCX S I KDHSX INST I KDHIX

DWS CROCI® Equity Dividend Fund

Executive summary

_ Positive developments with respect to economic growth and the interest rate outlook helped propel the Russell 1000 Value Index to a gain of 8.99% in the first quarter.[1]
_ The fund's Class S shares returned 9.34% in the quarter and outperformed the index.
_ We continue to focus on stocks that feature real, economic value as calculated using the CROCI® process. The goal of this approach is to make company financial data more consistent, comparable, and meaningful through a series of reviews and adjustments. This contrasts with conventional definitions of "value" that rely on traditional accounting measures.

Market review

_ Market sentiment was consistently robust throughout the period, helping the major U.S. stock indexes climb to a series of all-time highs. Economic growth remained positive despite the interest rate increases of the previous two years, highlighted by continued strength in the labor market and consumer spending. In addition, U.S. Federal Reserve (Fed) Chairman Jerome Powell reiterated his December 2023 statement that the Fed was on track to begin lowering rates in 2024. Although expectations for the number of rate cuts fell steadily throughout the quarter, Powell's assertions boosted investor confidence that rates had peaked for this cycle. These developments contributed to a steady uptrend in the market with few meaningful downturns.
_ The value style continued to trail growth in the period. While the Russell 1000 Value Index returned 8.99%, it did not keep pace with the 10.30% gain of the broad-based Russell 1000 Index.[2] Still, leadership broadened to include strong returns for a number of areas outside of mega-cap technology, including financials, industrials, and energy. We view this as a sign that investors may be starting to seek opportunities across the full breadth of the market, rather than in just the narrow group of tech companies that dominated performance in 2023.
_ Dividend stocks returned 7.90% in the quarter, as measured by the MSCI USA High Dividend Yield Index.[3] This market segment performed well in absolute terms, but it lagged somewhat at a time in which the interest rate outlook shifted in a less favorable direction. While our holdings tend to differ considerably from this index, it nonetheless provides an indication of the category's results.

Performance review

_ The fund's positioning in energy was a key driver of its first quarter outperformance. We benefited from both an overweight position in energy, the top performing sector in the Russell 1000 Value Index, as well as robust stock selection in the category.[4] Strong selection in consumer discretionary and industrials also added value, as did a zero weighting in the underperforming real estate sector. On the other hand, we lost some ground from weak selection in consumer staples, along with an overweight position in the sector.

Attribution analysis

_ The majority of the fund's holdings in energy produced returns in excess of their sector peers, led by impressive rallies in the refining stocks Marathon Petroleum (2.6%), Valero Energy (2.6%), and Phillips (2.6%). Prices of gasoline and other crude oil distillates rose faster than oil itself in the quarter, boosting the outlook for refiners' profit margins. We also benefited from positions in the small- to mid-sized exploration and production companies Devon Energy (2.6%) and Pioneer Natural Resources (2.6%), both of which gained a disproportionate benefit from rising oil prices compared to their sector peers.

- Tapestry (3.1%), a holding company that owns a wide range of luxury brands, was the leading contributor in the consumer discretionary sector.[5] Management reported better-than-expected earnings and raised its guidance for 2024. The truck manufacturer PACCAR (2.7%) was the top performer in industrials, followed by Cummins (2.6%), a producer of engines for trucks and industrial applications. Both rallied on rising optimism about the impact robust economic growth could have on demand in their end markets. Outside of these areas, the supermarket operator Kroger (2.6%), which reported profits, revenues, and cash flows that were well above analysts' expectations, was the largest contributor.
- The grain producer Archer Daniels Midland (0%)* was the most notable detractor in both the consumer staples sector and the fund as a whole. In addition to missing earnings estimates, the company revealed accounting issues related to weak controls over internal reporting practices. We also lost some relative performance through positions in a number of food and beverage producers. Stocks in this industry group generally lagged as a result of their defensive nature and concerns that they would be unable to pass along the latest round of increases in input costs. JM Smucker (2.2%) and Kraft Heinz (2.3%) were the largest detractors in this regard. Outside of consumer staples, Gilead Sciences (2.2%) and Discover Financial Services (0%) were the most notable detractors.*
- Dividend-paying stocks have underperformed the broader market in the time since the Fed began raising interest rates. The MSCI USA High Dividend Yield Index had an annualized total return of 5.28% in the two-year period that ended on March 31, 2024, versus 9.07% for the broad-based Russell 1000 Index. With bonds offering much higher yields than they did at the start of the Fed's hiking cycle, investors have displayed a preference for stocks with strong earnings growth potential over those with above-average income. While it remains to be seen when the Fed will begin cutting rates, the central bank has made it clear that its next step is likely to be in favor of easing. In our view, the shift in the Fed's stance should translate to improved interest in our investment universe as the year progresses.
- We also view the relative underperformance for attractively valued, lower-beta, and higher-dividend stocks as an indication that there is still potential for upside in this segment even as the broader indexes continues to hit all-time highs. In addition, we think the attractive valuations and earnings prospects for the fund's holdings translates to lower downside risk if market conditions become less favorable. We believe these factors indicate that both our investment universe and portfolio companies continue to offer an attractive risk/return profile for investors.

Portfolio positioning

AVERAGE ANNUAL TOTAL RETURNS (as of 3/31/24 returns of less than one year are cumulative)

Share class	3-month	YTD	1-year	3-year	5-year	10-year	Since inception	Inception date	Gross/Net expenses
Class S	9.34%	9.34%	15.65%	8.51%	7.90%	8.57%	6.01%	2/28/05	0.79%/0.79%
Class INST	9.35%	9.35%	15.65%	8.56%	7.96%	8.61%	7.11%	8/19/02	0.76%/0.76%
Class A (Unadjusted)	9.28%	9.28%	15.36%	8.27%	7.67%	8.33%	9.85%	3/18/88	1.02%/1.02%
Class A (Adjusted)	2.99%	2.99%	8.73%	6.15%	6.41%	7.69%	9.67%	3/18/88	1.02%/1.02%
Russell 1000 Value Index	8.99%	8.99%	20.27%	8.11%	10.32%	9.01%	n/a	n/a	n/a

Performance is historical and does not guarantee future results. Investment returns and principal fluctuate so your shares may be worth more or less when redeemed. Current performance may be lower or higher than the performance data quoted. Please visit www.dws.com for the fund's most recent month-end performance. Adjusted returns include the maximum sales charge of 5.75%. Unadjusted returns do not reflect sales charges and would have been lower if they did. Performance includes reinvestment of all distributions. Index returns do not reflect fees or expenses. It is not possible to invest directly in an index or category. Not all share classes are available to all investors. A minimum investment of $1 million is required to open an account for Institutional shares.

[1]The Russell 1000 Value Index tracks the performance of those Russell 1000 Index stocks with lower price-to-book ratios and lower forecasted growth values.
[2]The Russell 1000 ® Index is an unmanaged index that measures the performance of the 1,000 largest companies in the Russell 3000 ® Index, which represents approximately 92% of the total market capitalization of the Russell 3000 ® Index.
[3]The MSCI USA High Dividend Yield Index is based on the MSCI USA Index, its parent index, and includes large- and mid-cap stocks. The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. The index also applies quality screens and reviews 12-month past performance to omit stocks with potentially deteriorating fundamentals that could force them to cut or reduce dividends.
Index returns assume reinvestment of all distributions and do not reflect fees or expenses. It is not possible to invest directly in an index or category.
[4]Overweight means the fund holds a higher weighting in a given sector or security than the benchmark. Underweight means the Fund holds a lower weighting.
[5]Contribution and detraction incorporate both an investment's total return and its weighting in the fund.
*Held and sold prior to 2/29/24

Percentages in parentheses represent percentages of the fund's market value as of 2/29/24. Securities referenced do not represent all of the securities purchased or sold by the fund, may or may not be profitable, and should not be construed as a recommendation of any specific security. Current and future portfolio holdings are subject to risk. The opinions and forecasts expressed herein by the fund managers do not necessarily reflect those of DWS, are as of 3/31/24 and may not come to pass.

Important risk information
War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led and, in the future, may lead to significant disruptions in U.S. and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund and its investments.
Stocks may decline in value. The fund will be managed using the CROCI® Investment Process which is based on portfolio management's belief that, over time, stocks which display more favorable financial metrics (for example, the CROCI® Economic P/E Ratio) as generated by this process may outperform stocks which display less favorable metrics. This premise may not prove to be correct and prospective investors should evaluate this assumption prior to investing in the fund. Dividends are not guaranteed. If the dividend-paying stocks held by the fund reduce or stop paying dividends, the fund's ability to generate income may be adversely affected. Preferred stocks, a type of dividend-paying stock, present certain additional risks. The fund may lend securities to approved institutions. Please read the prospectus for details.

Obtain a prospectus
Consider the investment objective, risks, charges and expenses carefully before investing. For a summary prospectus, or prospectus that contains this and other information, download one from www.dws.com or talk to your financial representative. Read the prospectus carefully before investing.

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