Commentary

Q1 | 3.31.24

Share Class: A I SGHAX C I SGHCX S I SGHSX INST I MGHY X R6 I SGHRX

DWS Global High Income Fund

Executive summary

_ The ICE BofA Non-Financial Developed Markets High Yield Constrained (Hedged) Index—the fund's benchmark—gained 1.59% in the first quarter.[1]
_ Class S shares of the fund returned 1.18% but underperformed the index.
_ The fund outperformed the average return for the funds in its Morningstar peer group, High Yield Bond, in the five- and 10-year periods that ended on March 31, 2024.[2]
_ We continue to use a bottom-up, research-based approach to identify securities that we believe offer attractive risk-adjusted relative values.

Market review

_ The U.S. high-yield market, as gauged by the ICE BofA U.S. High Yield Index, returned 1.51% for the quarter.[3] European high-yield bonds gained 1.63%, based on the Bank of America Merrill Lynch European High Yield Constrained Index.[4]
_ The positive returns for high-yield bonds reflected relatively strong global growth and continuing expectations that the U.S. Federal Reserve (Fed) and European Central Bank (ECB) will successfully execute a "soft landing" in their respective economies. However, there were periods of price volatility driven by increasing concerns that better-than-expected economic conditions and sticky inflation would cause the Fed and ECB to delay interest rate cuts until the second half of the year. The combination of income and falling yield spreads outweighed the impact of rising government bond yields, leading to positive performance for high yield.[5] Lower-rated CCC issues produced the best performance in the United States, followed by those rated B and BB, respectively. The opposite trend occurred in Europe, where higher-quality BB securities outperformed and CCCs finished with the lowest returns of the three segments.[6]

Performance review

_ Both security selection and sector allocation detracted from relative performance. With respect to allocation, an underweight in the retail sector and overweight in the cable & satellite sector detracted. Overweights in the energy independent exploration & development and oilfield services sectors contributed.
_ From a ratings perspective, an overweight in B rated bonds contributed. Favorable selection in B rated bonds also helped results, as did an underweight position and positive selection in BBs. The combination of an underweight in CCCs and selection in the category detracted.

Attribution analysis

_ At the individual security level, the fund benefited from having a zero weighting in the France-based technology firm ATOS. The bonds weakened considerably after the company failed to sell all or parts of the business to raise enough cash to address significant near-term debt maturities. An overweight position in the bonds of Kronos International (0.5%), a producer of titanium dioxide, was a further contributor.[7 8] The company reported better-than-expected results and completed a successful exchange offer for its debt maturing in 2025. An overweight in the copper mining and production company First Quantum Minerals (0.5%) also helped results. The bonds rallied after the company announced it had reached agreements to refinance some debt and sell select assets to strengthen its balance sheet.

_ On the other hand, a position in Spirit Airlines (0.2%) detracted. The Justice Department blocked the company's merger with JetBlue, raising concerns about its viability and prompting us to sell the position. However, the securities subsequently recovered after Spirit reported better-than-expected financial results and management expressed confidence regarding the airline's ability to compete independently. Similarly, we sold the fund's position in Dish DBS (0%)* after the company announced a distressed debt exchange whose terms caused the price of its bonds to fall steeply. Following a concerted pushback from a group of lenders, the company backed away from the debt exchange and the price of the bonds recovered. The lack of a position in Heimstaden Bostad AB, a real estate owner and developer focused on the Nordic region, also detracted. The bonds moved sharply higher in price after the company reported that it would cut dividend payments, sell additional assets, and potentially raise equity in order to defend its credit rating from further downgrades.

Portfolio positioning

_ While risks remain in place, particularly as it relates to geopolitical developments, we maintain a constructive view on the high-yield market and see continued opportunities for relatively attractive total returns at the individual security level. Yield spreads have moved to tight levels, but average prices remain favorable from a historical perspective. In this environment, we believe shorter-dated, higher-quality issues provide compelling absolute yields for the associated duration risk.[9] Consistent with this view, we have sought to swap out of longer-duration bonds into shorter-duration securities with similar yields.

_ Given that inflation remains sticky, we continue to prefer issuers with defensible market share that retain the ability to pass on price increases and defend cash flows and margins against higher labor and raw material costs. With the lingering threat of a slowing economy, we favor high-yield issuers with a demonstrated track record of successfully managing through recessionary conditions. Additionally, we seek to identify opportunities where increased merger and acquisition activity could benefit the credit metrics of acquiring and target companies. We continue to view credit analysis as critical for generating attractive total returns and balancing risk.

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	1.18%	1.18%	9.66%	1.98%	3.79%	4.24%	6.03%	5/16/05	0.76%/0.76%
Class INST	1.19%	1.19%	9.94%	2.06%	3.87%	4.32%	6.15%	3/16/98	0.70%/0.70%
Class A (Unadjusted)	1.12%	1.12%	9.37%	1.72%	3.52%	3.99%	5.78%	5/16/05	0.97%/0.97%
Class A (Adjusted)	-3.43%	-3.43%	4.45%	0.17%	2.57%	3.52%	5.59%	5/16/05	0.97%/0.97%
ICE BofA Non-Financial Developed Markets High Yield Constrained Index	1.59%	1.59%	11.23%	2.31%	4.02%	4.43%	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 4.50%. 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. Without a waiver, returns would have been lower and any rankings/ratings might have been less favorable.

* The fund's performance prior to inception reflects that of Class INST. Returns prior to inception reflect the original share class performance, adjusted for higher operating expenses and/or the maximum sales charge.

[1]ICE BofA Non-Financial Developed Markets High Yield Constrained (Hedged) Index contains all securities in the ICE BofA Global High Yield Index that are non-financials and from developed markets countries, but caps issuer exposure at 2%. The index is hedged 100% to the USD by selling each foreign currency forward at the one-month forward weight.
[2]Morningstar High Yield Bond category portfolios concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk. The average category returns in the one-, five-, and 10-year periods ended March 31, 2024 were 10.40%, 3.76%, and 3.60%, respectively.
[3]ICE BofA ML US High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the US domestic market.
[4]ICE BofA ML Euro High Yield Constrained Index is designed to track the performance of euro and British pound sterling denominated below investment grade corporate debt publicly issued in the eurobond, sterling domestic or euro domestic markets by issuers around the world.
Index returns do not reflect fees or expenses and it is not possible to invest directly into an index.
[5]Yield spread refers to differences between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument.
[6]Credit quality measures a bond issuer's ability to repay interest and principal in a timely manner. Rating agencies assign letter designations, such as AAA, AA and so forth. The lower the rating, the higher the probability of default. Credit quality does not remove market risk and is subject to change.
[7]Overweight means a fund holds a higher weighting in a given sector or individual security compared with its benchmark index; underweight means a fund holds a lower weighting.
[8]Contribution and detraction incorporate both an investment's total return and its weighting in the fund.
[9]Duration measures the sensitivity of the price of a bond or bond fund to a change in interest rates.

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.
Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest. Investments in lower-quality ("junk bonds") and non-rated securities present greater risk of loss than investments in higher-quality securities. Investing in foreign securities presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. 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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