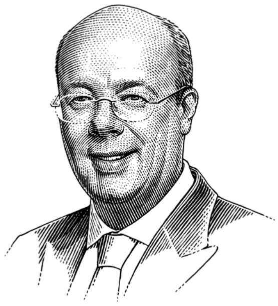
Deutsche Bank
Wealth Management

Outlook 2017
Americas

CIO Insights

Rhetoric into Reality

Policy priorities and investment implications



LETTER TO INVESTORS

Rhetoric into Reality

As is widely known, the Chinese name their years after animals. In their calendar, we will soon pass from the year of the monkey to the year of the rooster. In the Gregorian calendar we are, perhaps, one year ahead: 2016 was indeed characterized by a lot of crowing, but 2017 will be the year when noise needs to be translated into action. Governments and individuals now have to deliver on the promises that they have made. In other words, this will be the year when they have to turn rhetoric into reality.

We are living in a complex world but investors should not assume that events are so unpredictable as to be impossible to prepare for. I think that it is possible to identify what this year's key economic and political dynamics are likely to be. We summarize them in our 10 themes for 2017, discussed on the following pages.

I would start with a simple observation that the theater lights will now be on different global policy actors. Since the start of the global financial crisis, nearly 10 years ago, central banks have been playing the starring roles. Unhappy electorates are now demanding that elected politicians take center-stage – and deliver meaningful change. To do this, individual governments may be tempted into radical and sometimes uncoordinated solutions that may be imperfectly explained or understood. Translating verbal promises into coherent legislation will be a challenge. Even if all turns out for the best, and I am optimistic here, investors will have to operate in a world characterized by policy divergence at multiple levels – fiscal, monetary, trade and other dimensions (Theme No. 1).

Investors may also have to get used to a world characterized not only by divergence, but also by a continued threat of disruption. This may be particularly the case regarding trade policy (Theme No. 2). Whether or not much of the current talk ever translates into actual policy action, the threat alone is likely to be enough to affect the behavior of governments, corporations and individuals. Remember, however, trade restrictions are not a new phenomenon: we are not currently living in a perfectly free-trading world.

Clear-headed analysis will be needed for other perceived policy challenges in 2017. Even though, for example, there is currently a lot of talk about inflation and rising interest rates (Theme No. 3), just how far are both likely to rise? The answer is probably not very far, at least in 2017 – although both will be major discussion points during the year. And, despite the endless talk about "the great rotation" out of bonds into equities, are we right to be universally negative about the former asset class? As discussed in Theme No. 4, the answer is probably not.

Analysis also needs to be tempered by an assessment of the confidence we have in it. For example, one can argue that, with equities valuations already at high levels, rising corporate earnings will be necessary for a further sustained rise in the markets. Consensus expectations do indeed point to such a future rise in earnings. But what degree of confidence should we have in these forecasts, and what could go wrong? One should probably start by understanding the key sectors in regional markets and their strength and vulnerabilities (Theme No. 5). If we were to identify one major theme within equities (and industry) more broadly it would have to be the continuing importance of technology. We think that three areas are likely to be of particular interest in 2017: infratech, healthtech and fintech (Theme No. 6).

What other factors are likely to influence the overall investment environment in 2017? I think that two are already clear. First, despite OPEC's recent production agreement, a substantial further rise in oil prices seems unlikely. Even if OPEC can maintain production discipline (which will be difficult), U.S. oil output should ultimately rise to fill any gap. This does not argue against all forms of energy investment, of course – but it does suggest focusing on areas that will gain from increased oil volumes rather than prices (Theme No. 7). Second, this should be a world characterized by further U.S. dollar strength: most aspects of policy and economic performance divergence are likely to support the greenback. U.S dollar strength is likely to have multiple investment implications, impacting, for example, commodity prices and individual countries' export competitiveness (Theme No. 8).

Despite all the possible market disruptions this year, it is important to remember that we are living in an exciting and dynamic world with important and evolving trends that will make a material difference to how we live and how we invest.

I would conclude this brief assessment of 2017 with two suggestions. Both relate to looking beyond the immediate future. Disruptive events last year often resulted in major market moves that were quickly reversed. This is also likely for many, although perhaps not all, market events in 2017. It will be important to distinguish between short-term market overreaction and longer-term structural shifts. It may also be a year to include additional risk engineering in portfolios (Theme No. 9). Finally, despite all the possible market disruptions this year, it is important to remember that we are living in an exciting and dynamic world with important and evolving trends that will make a material difference to how we live and how we invest. We discuss a few of these longer-term trends in Theme No. 10.

I wish you a healthy, successful and prosperous 2017.

Christian Nolting

Christian Nolting
Global CIO

Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Readers should refer to disclosures and risk warnings at the end of this document. Produced in December 2016.

Rhetoric into Reality

THEMES FOR 2017

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2 Pop-up protectionism

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Investment themes for 2017

1

Multi-dimensional divergence

Multi-dimensional divergence

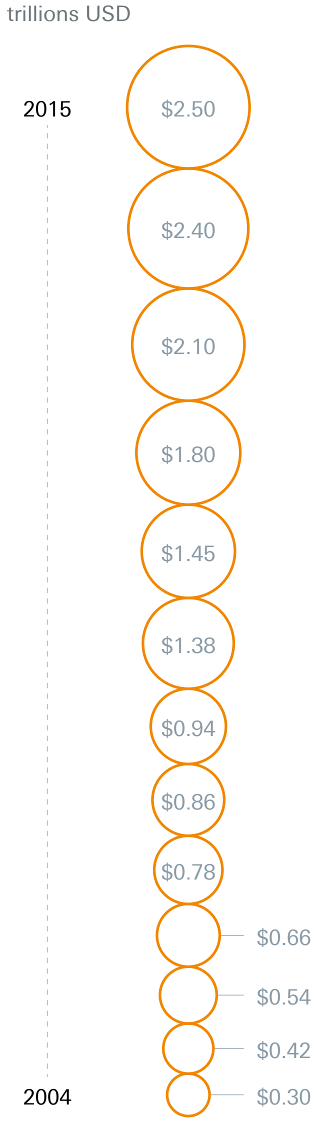
Divergence is likely to be evident across many policy areas – most notably fiscal, monetary and trade. This may reflect differing economic realities in individual economies, different development priorities and, at a more fundamental level, different views as to how the world does and should work.

On fiscal policy, the U.S. may have the greatest potential for fiscal stimulus but China and Japan should not be ignored. As regards monetary policy, Fed tightening is likely to contrast with a still accommodative European Central Bank (ECB) and Bank of Japan (BoJ) – with the possibility of rate cuts in India and Brazil. At the moment, the rhetoric around trade policy is coming from the U.S. but this is likely to elicit a reaction from its trading partners.

Markets

Policy divergence should present opportunities. Gainers may include U.S. and Japanese equities. The former should gain from U.S. economic strength and regulatory change: headline tax cuts seem likely and the repatriation of overseas cash holdings by U.S. corporates could encourage increased mergers and acquisitions (M&A) activity. The latter may benefit from Japanese yen weakness against a stronger U.S. dollar. At a sectoral level, sectors to watch could include U.S. consumer discretionary (aided by jobs growth and tax cuts) and technology.

Figure 1:
U.S. corporate cash held overseas

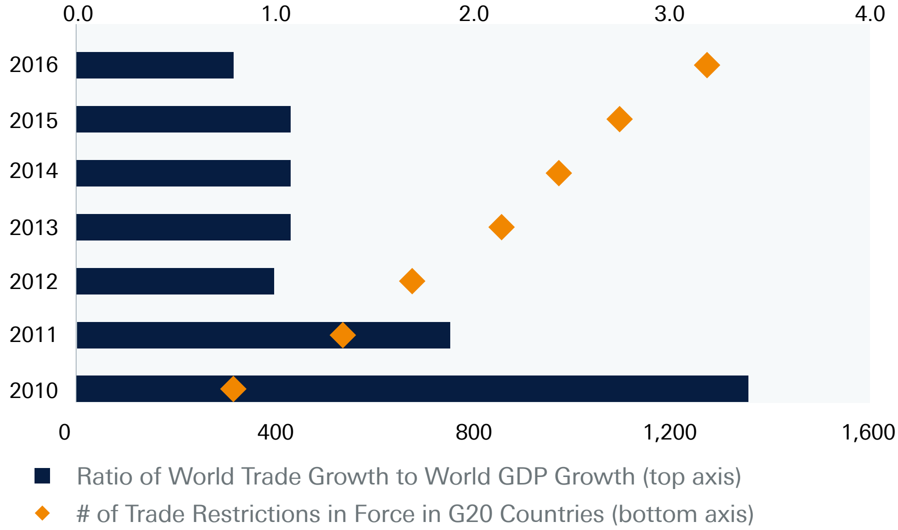


Source: Bloomberg, CNN, Forbes, JPMorgan, Reuters, Capital Economics, Deutsche Bank Wealth Management.
Data as of November 2016.

2

Pop-up protectionism

Figure 2:
Rising protectionism may already have contributed to slower trade growth



Source: OECD, WTO Secretariat for Trade, Deutsche Bank Wealth Management.
Data as of December 2016.

Pop-up protectionism

Protectionism is not a new phenomenon. In fact, as the chart shows, the number of trade restrictions in force in G20 countries has been rising in recent years – while the ratio of world trade growth to global economic growth has declined.

We don't expect a major outbreak of protectionism in 2017: like it or not, politicians will have to admit to the realities of a highly integrated multinational world. But this is a year where the news around international economic and trade relationships will be fast-flowing and potentially unsettling. The Trump administration could be trying to reposition the U.S. in the global economy, the U.K. will be attempting to define its Brexit strategy and major trading partners (from the European Union to China) will be working out how to respond to all this. So fears about protectionism – even if not matched by reality – may by themselves start to have an impact on geographical and other preferences.

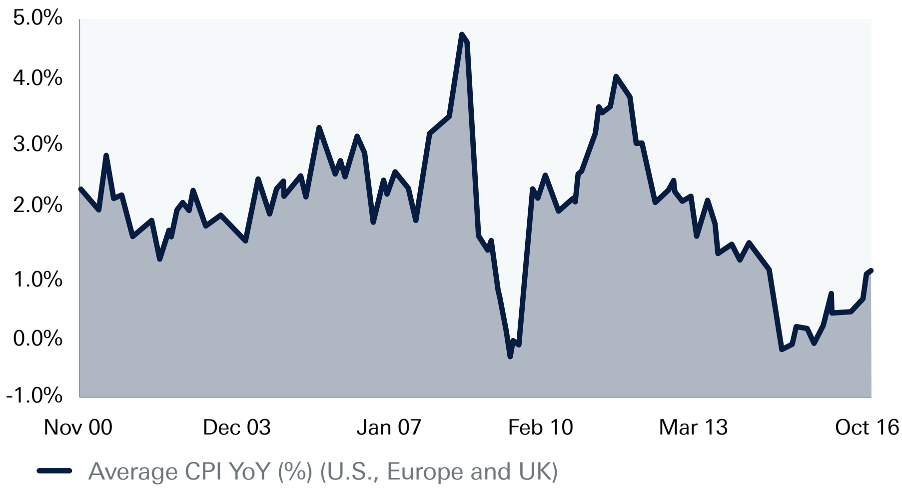
Markets

Look for market segments that may appear more resilient to a lower-trade world, and for regions that can build on existing intraregional links and have a reasonable degree of policy flexibility. It could pay to be selective within regions, however, particularly with emerging markets investments in either equities or bonds. And, looking beyond the immediate noise, keep an eye on new emerging long-term trade trends.

3

Get "real" on interest rates

Figure 3:
Inflation is poised to move gently higher



Source: Bloomberg Finance L.P., Deutsche Bank Wealth Management.
As of November 2016.

Get "real" on interest rates

We are all getting used to the likelihood that interest rates could move higher over the next few years. This will be a brave new world for most of us: developed market rate rises have been rare beasts since the start of the global financial crisis in 2008. And, as this will be unfamiliar territory, given the last few years, the risk is that we overestimate the scale of the problem: in fact, the rise in rates in 2017 is likely to be relatively modest albeit with the possibility of periods of overshooting. Note also that while the Fed is expected to continue its reinvestment program, effectively keeping its balance sheet at current levels, the European Central Bank (ECB) and Bank of Japan (BoJ) will continue to expand theirs.

Even so, you do need to keep an eye on inflation – and its likely impact on real (i.e. inflation-adjusted) yields. In part due to base effects from 2016 and oil prices, headline inflation could move higher. Core inflation – excluding volatile items, such as energy – is grinding higher in many economies already. This is likely to prove an important discussion point for markets in the first half of 2017.

This may demand a slow, and regularly reassessed, readjustment of investment strategy.

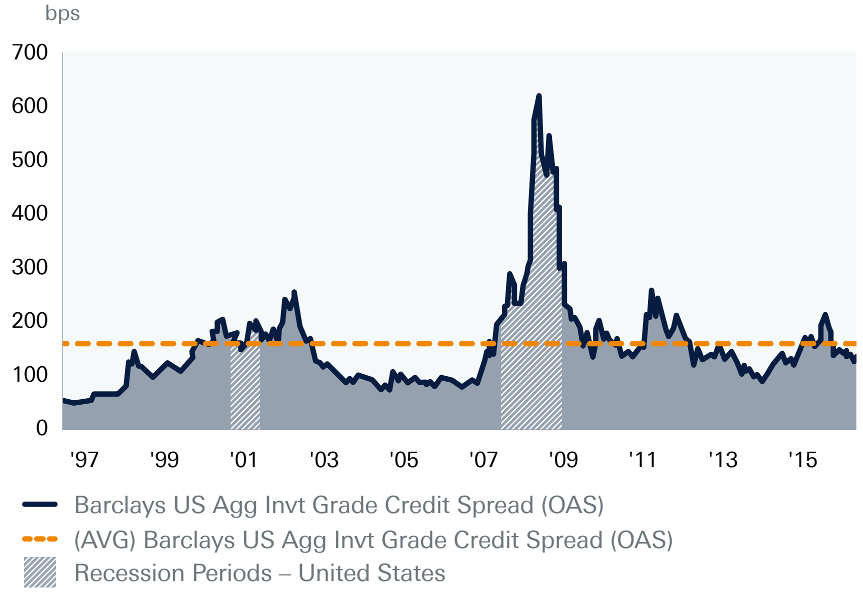
Markets

An immediate response might be, depending on pricing, to use floating rate notes or inflation-protected government bonds. At a deeper level, there may be a case for becoming more cautious on some but not all high-dividend sectors and bond proxies. By contrast, financials could benefit from a steeper yield curve.

4

Give credit to the bond market

Figure 4:
Investment grade spreads remain above their historic lows



Source: FactSet, Deutsche Bank Wealth Management. Data as of November 2016.

Give credit to the bond market

The main focus may be on equities in 2017, but the long-awaited “great rotation” from bonds to equities should not yet be upon us. Fixed income certainly proved much more volatile than equities in the wake of the U.S. elections and the Fed December rate hike decision, and slightly higher inflation could create headwinds in the coming year. But the process is likely to be slow. Also, despite some upward blips in yields in the past (e.g. in Germany in April–June 2015 and the more globalized taper tantrum of 2013), investors have so far proved very reluctant to shift money out of fixed income over the longer term. Perceived political risk, particularly in Europe, may provide a continuing reason for investors to sit tight.

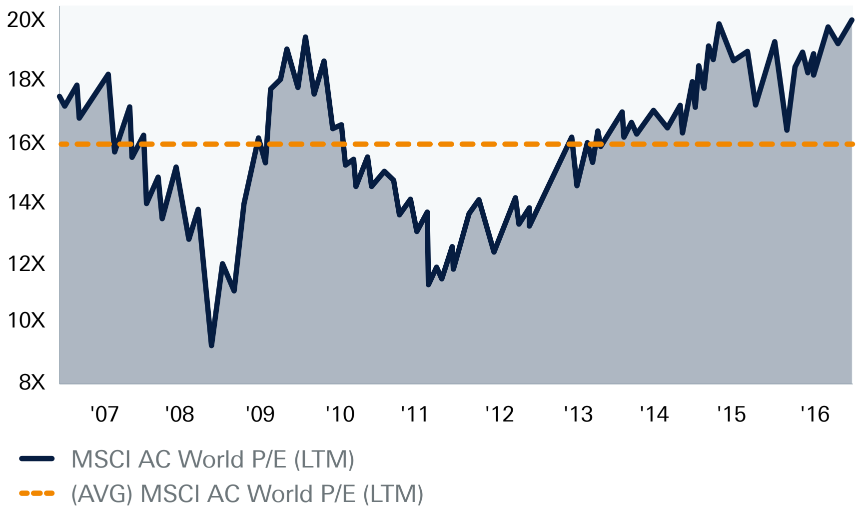
Markets

There are also likely to be opportunities in corporate debt. Investment grade could remain attractive, in part because of its underpinning in Europe by ECB purchases. High yield spreads remain well above historic lows, but we are growing rather more cautious on this asset class. Emerging market bonds have been under pressure recently from concerns over rising sovereign rates but, as we noted above, future rate rises are likely to be modest, helping this sub-asset class – although selectivity will remain important. So, beyond just providing diversification, fixed income is likely to continue to have an important role to play in portfolios.

5

All eyes on earnings

Figure 5:
Global valuations are already high in historical terms



Source: FactSet, Deutsche Bank Wealth Management. Data as of November 2016.

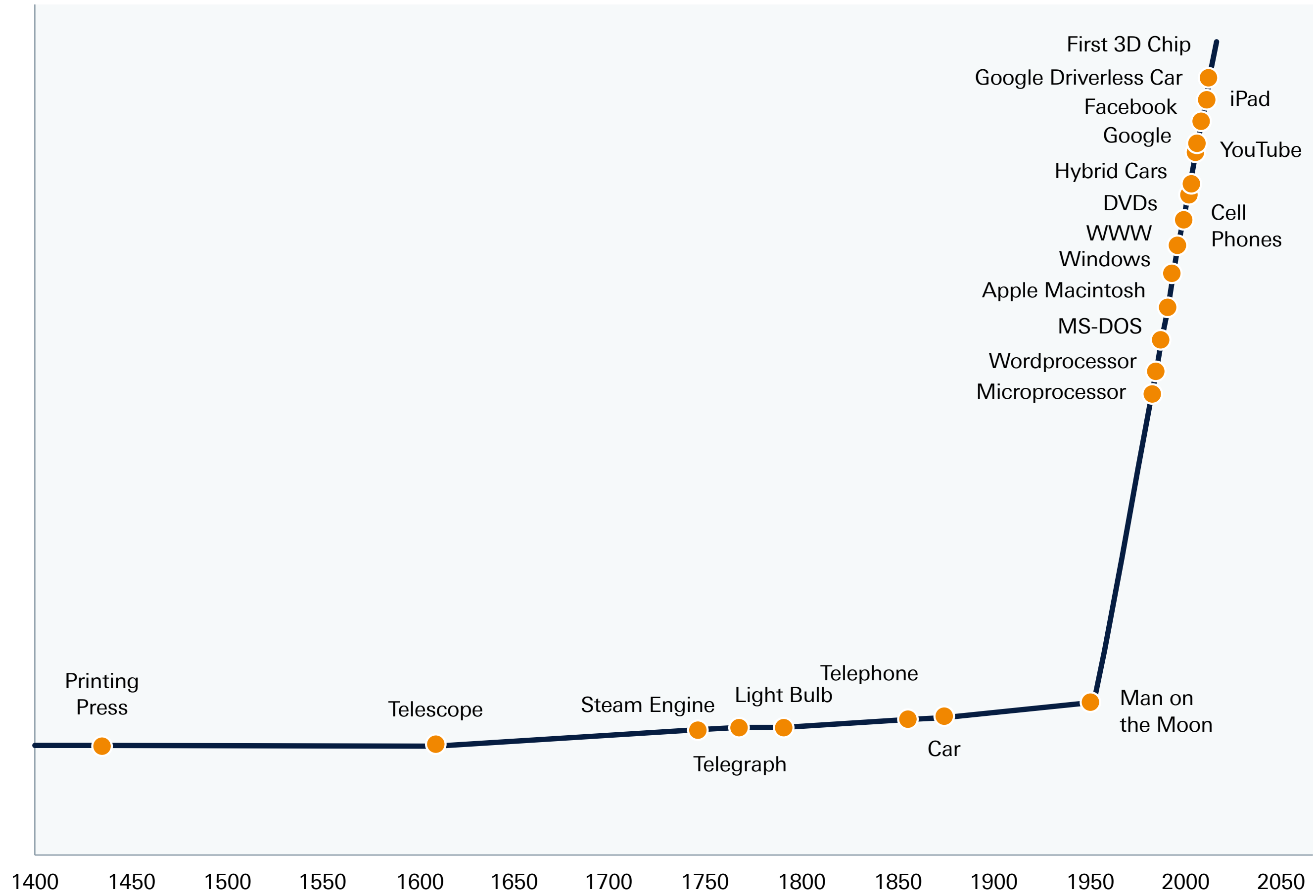
All eyes on earnings

Earnings will be particularly important in 2017 as valuation multiples seem unlikely to go much higher. Price/earnings (P/E) valuations in the U.S. are now at their highest level in over a decade. Higher interest rates and a maturing economic cycle will further limit the scope for additional P/E expansion.

Markets

With earnings likely to be the main driver of returns in 2017, it is important first of all to know what sectors you are buying when investing in individual regions. For Europe, the most important contributor to 2017 earnings growth is likely to be financials; in the U.S. it is likely to be energy; in Japan, probably industrials; and in the emerging markets, probably technology. The next question should be the degree of confidence one should have in earnings forecasts for each sector. The European indices' reliance on financials, as well as upcoming elections, keeps us cautious on Europe. By contrast, we think that the U.S. and Japan have the potential to surprise on the upside. Emerging market earnings dependence on technology may prompt some short-term volatility around trade policy discussions, but should provide longer-term support. Of the additional factors affecting earnings, exchange rates are certain to prove important in a way that goes beyond their impact on overall export competitiveness.

Figure 6:
The speed of technological change has accelerated



Source: ASGARD, Deutsche Bank Wealth Management. Data as of November 2016.

6

NextGen tech

NextGen tech

Technological progress and technology-led gains in productivity remain key determinants of economic growth. Within information technology, there are some areas that seem likely to prove particularly interesting in the medium term. These include technologies applied to infrastructure (infratech), to healthcare (healthtech) and to financial services (fintech).

Infratech is likely to benefit from Donald Trump's plans to revamp America's aging public infrastructure; this is a program that will have major implications beyond the narrow construction sector. Meanwhile, healthtech should benefit from two concurrent secular trends: longevity and personal health consciousness. Technological progress has been most apparent in the biotech sub-sector that seeks new ways of curing illnesses but is also prevalent in specialized medical equipment manufacturing as well as in medical screening software, to name a few prominent examples. At an individual level, the scope for further personal health monitoring (via "wearables" or other devices) remains large. There is also considerable potential for technological innovation in financial services, of fintech – for example through "robo-advisory" tools and a more technologically sophisticated banking infrastructure.

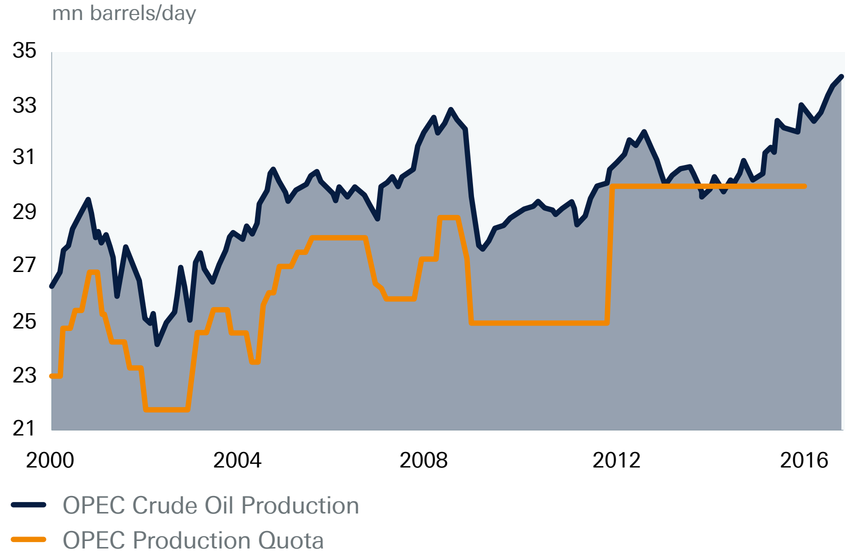
Markets

Overall, the information technology sector currently appears attractive on an absolute basis and relative to the S&P 500.

7

Topped-off oil markets

Figure 7:
OPEC usually overshoots its quotas



Source: Bloomberg Finance L.P., Deutsche Bank Wealth Management.
Data as of November 2016.

Topped-off oil markets

As we are all well aware, crude oil has been in a buyer's market for much of the past three years. Supply has consistently caught up with and exceeded demand, even when prices have been very low. Key to this has been U.S. shale producers' ability to cut production costs radically over a very short period of time, making the U.S. one of the world's top three oil producers globally in 2016.

While we foresee a slight further rise in oil prices in 2017, we do not think that these market dynamics are likely to change fundamentally. OPEC is likely to find it difficult to implement its November 2016 production cuts in full and, even if it manages it, U.S. production looks set to increase steadily in response, even on the basis of quite conservative productivity growth assumptions. As a result, even if the OPEC deal manages to markedly reduce output, reduced production levels may need to be kept in place for some time to bring down global oil inventories – which may place unacceptable fiscal pain on some OPEC members.

The implication, particularly given expected U.S. dollar strength, is that a substantial further rise in oil prices is unlikely: we forecast a price of $58/barrel at end 2017 (for WTI, West Texas Intermediate). We would therefore be cautious on the energy sector overall.

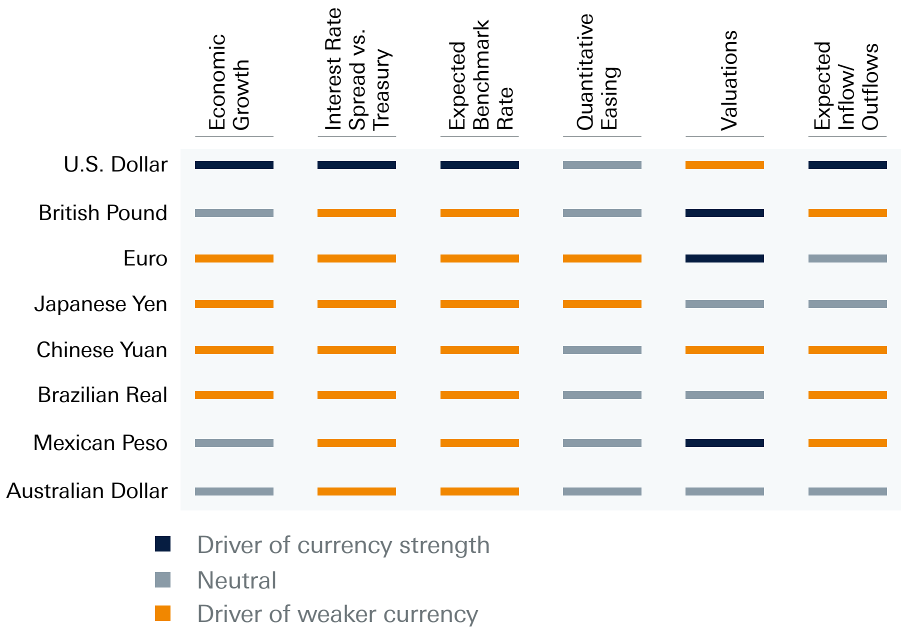
Markets

Rather than focusing on the price of crude, we would however look at how to benefit from increased oil volumes – e.g. through oil transport or storage-led investment. In the U.S., this could be through Masters Limited Partnerships (MLPs).

8

Making the dollar great again!

Figure 8:
Some key factors impacting currency strength



Source: Deutsche Bank Wealth Management. Assessment as of December 2016.

Making the dollar great again!

U.S. dollar strength is set to be a key theme in 2017, for a variety of reasons. There is likely to be the obvious divergence in interest rate policy between the tightening Federal Reserve in the U.S. and a decisively "dovish" rest of the world. Moreover, the currency is likely to be reinforced by continued stronger economic growth in the U.S. than in Europe or Japan. Rate differentials between the U.S. and other developed economies should encourage demand for U.S. debt and thus U.S. dollars: currently, for example, the spread between the 10-year U.S. Treasury and the 10-year German Bund is at its widest level in the whole history of the Eurozone and sizeable spreads are likely to persist through 2017. Not everything is positive for the U.S. currency – high existing equities valuations may be a negative in this context – but the balance of factors seems firmly tilted towards U.S. dollar strength.

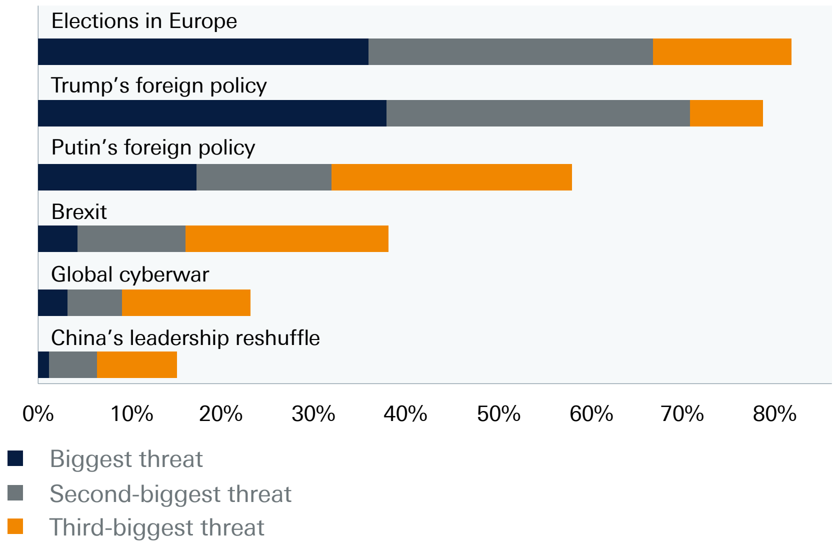
Markets

There could be multiple other investment implications of a strong U.S. dollar. Overall, it is likely to be a drag on commodities and it certainly argues for a selective approach to emerging markets debt. But exporters in economies with weaker currencies (e.g. Europe and Japan) should benefit, boosting their equity markets. Keep an eye too on inflation implications for countries with sharply weaker currencies, for example the U.K.

9

Navigating headline hysteria

Figure 9:
Global risks



Footnotes: Data estimated from survey of 146 economists conducted November 18-28, 2016.
Source: Bloomberg Finance L.P., Deutsche Bank Wealth Management. Data as of November 2016.

Forthcoming European elections

Netherlands:
Legislative elections (March 2017)

France:
Presidential election (April and May 2017);
Legislative elections (June 2017)

Germany:
Federal elections (Autumn 2017)

Czech Republic:
Legislative elections (October 2017)

Hungary:
Legislative elections (in or before Spring 2018)

Italy:
Legislative elections (possible)

Navigating headline hysteria

2016 was a year full of unsettling headlines and subsequent market overreactions, in most cases soon reversed. This may be even more the case in 2017, where we will first have to cope with the implementation of key commitments made in 2016 (most obviously, Mr. Trump's policy priorities and the triggering of Article 50 by the U.K. to commence the Brexit process). And there are a lot of other new possible disruptive factors too – ranging from elections in Europe, to possible realignments in foreign policy, the upcoming Chinese leadership reshuffle and general concerns about cyber security, among others. An additional point to remember is that in the past monetary policy tightening cycles – as we are now embarking on, in the U.S. at least – have often led to periods of increased volatility. At the moment, market volatility also seems rather low for the level of global economic policy uncertainty.

Investors will therefore need to distinguish between short-lived market overreactions (as happened, for example, after the Brexit referendum vote) and longer-term structural market shifts.

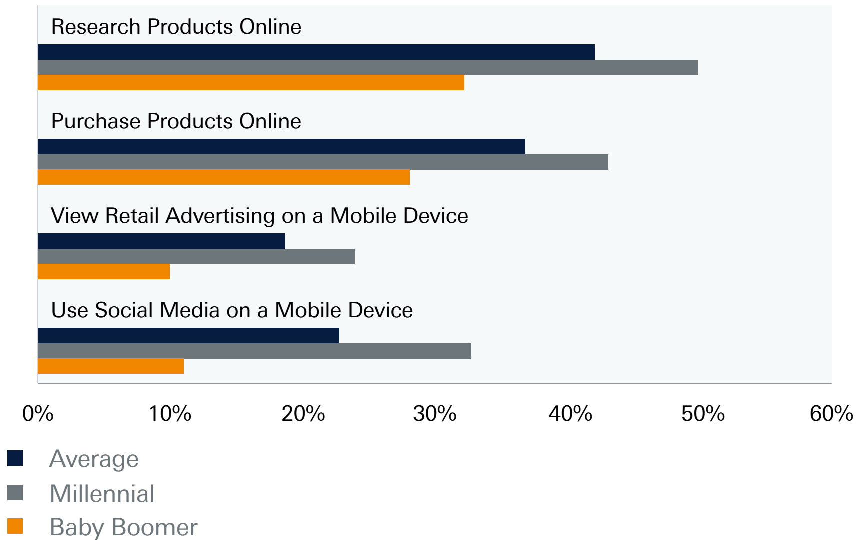
Markets

In general, 2017 could prove to be a year where portfolios may benefit from a degree of tailored risk engineering intended to provide protection against volatility so as to ensure smoother portfolio returns irrespective of market behavior. There may also be scope for investment approaches addressing specific market scenarios and risks.

10

Tomorrow's themes today

Figure 10:
Millennials love technology



Footnotes: Data as of Q1 2016.
Source: Deutsche Bank Global Markets, Deutsche Bank Wealth Management

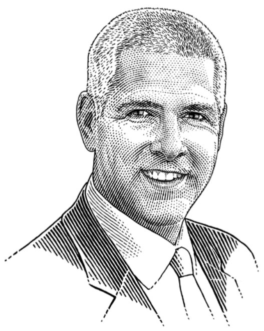
Tomorrow's themes today

It is always important to look beyond immediate market movements and identify longer-term themes. Infrastructure is one of these, with demand here not limited to the United States. In fact, emerging markets' share of global infrastructure spending is expected to rise to 60 percent between 2016 and 2030.

Cyber security, global aging, and millennials are three other key themes. Cyber security is a very rapidly growing problem, as illustrated by a recent estimate that the U.S. government is expected to budget $19 billion for it in 2017, a 35 percent increase on 2016. Global aging is likely to be an even bigger driver of spending and (as with infrastructure) this is an issue for emerging markets too. The implications of global aging go well beyond healthcare: it should have an impact on insurance and financial services in general, as well as spending on travel and leisure. Further down the aging tree, the spending patterns of millennials (roughly speaking, those born in the 1980s and 1990s) are becoming an increasingly important economic driver. Owning property is unfeasible for this group in many urban areas, meaning a reliance on renting. Millennials have a fondness for consumer technology spending and this in turn affects their approach to other consumer purchases. They also have a greater focus on lifestyle spending – for example, on healthy nutritional habits – than the demographic cohorts that went before them.

MULTI ASSET

The new realities for diversification and returns



Larry V. Adam
CIO Americas and Global Chief Investment Strategist

Since the U.S. elections, we have had to re-examine many familiar assumptions. The biggest change, from a multi-asset perspective, is that we have seen a clear trend reversal in sovereign yields that puts a question mark over the future benefits of diversification and returns. Rising yields reflect market concerns about future inflationary pressures as well as policy uncertainty. Equity markets have fared better to uncertainty, reacting positively to the prospect of policy-driven growth boosting corporate earnings. It remains to be seen which assessment – fixed income pessimism or equity optimism – will be right in the longer term. This will make asset allocation and careful portfolio selection all the more important.

Another interesting trend is that volatility in bond markets has risen sharply, but remains subdued in equity markets (Figure 13). Central-bank bond purchases have contained capital-market volatility globally in recent years, not just directly but also indirectly, especially for higher-yielding fixed-income segments. Given the low-interest-rate environment in Europe and political uncertainties ahead, it remains critical to diversify both across asset classes and across regions globally.

Fixed income still has value

Fixed income is likely to face headwinds from low and rising yields. We maintain our cautious stance towards sovereigns but still see some opportunities in

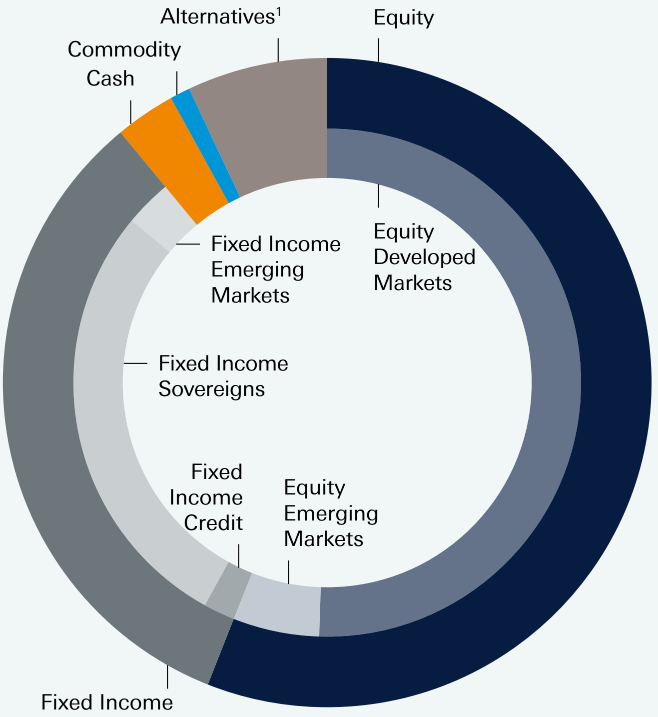


Figure 12:
Asset allocation (balanced portfolio as of December 10, 2016)

Equity	
Developed Markets	50.5%
Emerging Markets	5.5%
Fixed Income	
Credit	2.0%
Sovereigns	28.0%
Emerging Markets	3.0%
Cash	3.0%
Commodity	1.0%
Alternatives	7.0%

Footnote: Asset allocation as of December 10, 2016. [1] Alternative investments are not suitable for and may not be available to all investors. Restrictions apply.
Sources: U.S. Regional Investment Committee, Deutsche Bank Wealth Management. 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. Investments come with risk. The value of an investment may fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Readers should refer to disclaimers and risk warnings at the end of this document.
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investment grade. The remaining yield is less attractive but we expect ongoing diversification benefits from including fixed income in a portfolio, provided sovereign yields do not overshoot substantially. Strategically, we have a bias towards shorter duration, by actively managing interest-rate sensitivity, and continue to take some risk in fixed-income credit, albeit to a lesser extent than previously. We remain invested in high yield (HY) and emerging markets hard-currency debt from an income perspective but on a selective basis and have recently become rather more cautious on the former.

Modest equity returns

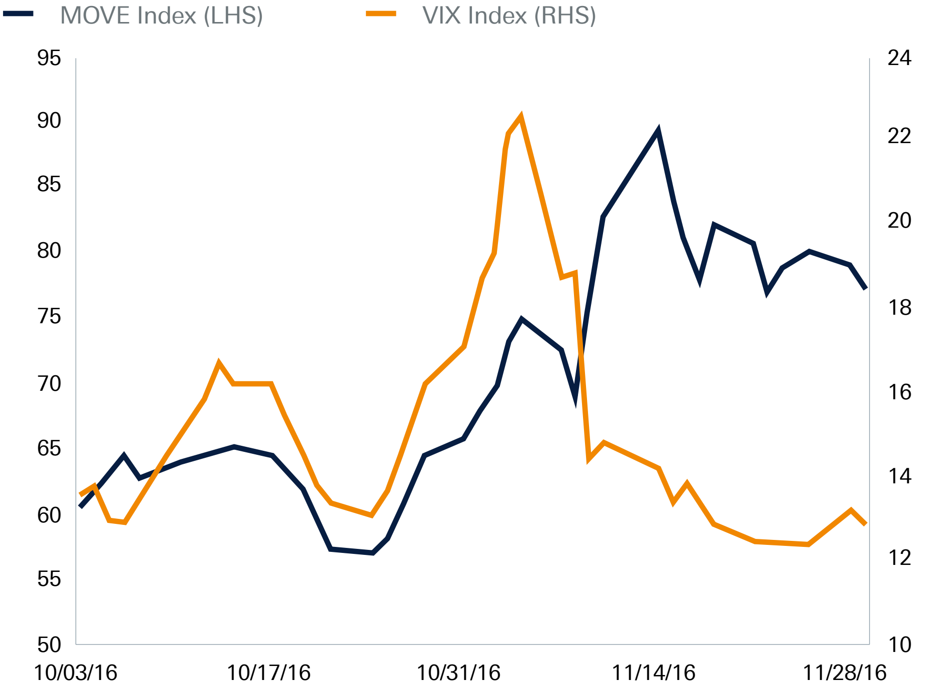
Overall, the risk/reward profile for equities clearly seems to have become more favorable compared to fixed income. For now, we therefore prefer to take on risk via equities and have increased our exposure to this asset class. But we must always remember that, in historical terms, we are very late in the equities cycle. This cycle may be extended for perhaps another year thanks to fiscal stimulus in the United States but average equity returns much over the mid-single-digit range look unlikely in 2017.

Consider return components

For this reason, it is particularly important to focus on the different components of total return, most notably income via coupons on fixed-income credit and dividends on the equity side. Following recent volatility, there are plenty of opportunities to build up positions provided the securities are selected with adequate care.

Within equities, we prefer the U.S. and Japan over Europe. Despite stabilizing commodity prices and the continued earnings recovery in selected emerging markets, these markets may be overshadowed by concerns around some of President-elect Trump's economic policies. For this reason we currently prefer developed markets over emerging markets.

Figure 13:
Divergent Equity (VIX) and Treasuries (MOVE) volatility indices



Source: Bloomberg Finance L.P., Deutsche Bank Wealth Management. Data as of November 29, 2016.

Currencies are critical

Currency movements are another critical consideration when managing a portfolio. We see the U.S. dollar trending higher against the euro, reaching parity by the end of 2017, and also expect it to gain ground against the Japanese yen. Alternative investments, particularly in certain infrastructure segments, may be worth considering. Gold may struggle to make significant gains from its current price but could serve as a better diversifier than sovereigns over the course of next year. This late in the investment cycle, active risk management remains more critical than ever.

Another interesting trend is that volatility in bond markets has risen sharply, but remains subdued in equity markets.

Glossary

The Bank of Japan (BoJ) is the central bank of Japan.

Brexit is a combination of the words "Britain" and "Exit" and describes the possible exit of the United Kingdom of the European Union.

Bunds are longer-term bonds issued by the German government.

Congress is the bicameral federal legislature of the United States.

Commodity Trading Advisors (CTAs) strategies involve trading futures contracts traded on exchanges.

Consumer discretionary goods are those which are non-essential to consumer goods; consumer discretionary stocks therefore tend to underperform the overall in a struggling economy and outperform in an upturn.

Core inflation refers to a measure of inflation which excludes some volatile components (e.g. energy). These excluded components can vary country by country.

Correlation is a statistical measure of how two securities (or other variables) move in relation to each other.

The current account balance is the balance of trade, net primary income or factor income and net cash transfers.

Discretionary macro strategies attempt to gain from macroeconomic, policy or political changes.

Diversification refers to the dispersal of investments across asset types, geographies and so on with the aim of reducing risk or boosting risk-adjusted returns.

Dividends are payments made by a company to its shareholders.

Earnings per share are calculated as a companies' net income minus dividends of preferred stock all divided by the total number of shares outstanding.

An emerging market (EM) is a country that has some characteristics of a developed market in terms of market efficiency, liquidity and other factors, but does not meet standards to be a developed market.

The European Central Bank (ECB) is the central bank for the Eurozone.

The Eurostoxx 50 Index tracks the performance of blue-chip stocks in the Eurozone; the Eurostoxx 600 has a wider scope, taking in 600 companies across 18 European Union countries.

The Federal Reserve is the central bank of the United States. Its Federal Open Market Committee (FOMC) meets to determine interest rate policy.

Fintech is a general term for the innovative application of information technology in the financial sector.

The FTSE 100 Index tracks the performance of the 100 major companies trading on the London Stock Exchange.

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Hedge funds are alternative, less regulated investment vehicles using pooled funds that may use a number of different strategies in order to earn active return for their investors.

High yield (HY) bonds are high-paying bonds with a lower credit rating than investment-grade corporate bonds, Treasury bonds and municipal bonds.

Infratech refers to the application of technology in infrastructure.

JPY is the currency code for the Japanese yen, the Japanese currency.

Long/short equity strategies are investing strategies of taking long positions in stocks that are expected to appreciate and short positions in stocks that are expected to decline.

Mergers and acquisitions (M&A) are two key methods of corporate consolidation: A merger is a combination of two companies to form a new company, while an acquisition is the purchase of one company by another in which no new company is formed.

Millennials is a term used to refer to people born in the 1980s and 1990s, although this definition can vary.

Master Limited Partnership (MLP) are limited partnerships that are publicly traded on an exchange.

The MSCI Asia ex Japan Index captures large- and mid-cap representation across 2 of 3 developed market countries (excluding Japan) and 8 emerging market countries in Asia.

The MSCI EM Index captures large- and mid-cap representation across 23 emerging market countries.

The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese market.

A nominal rate or value does not make adjustments to reflect factors such as seasonality or inflation.

The Organization of the Petroleum Exporting Countries (OPEC) is an international organization with the mandate to "coordinate and unify the petroleum policies" of its 12 members.

Price/earnings (P/E) ratios measure a company's current share price relative to its per-share earnings. In this context, LTM refers to last 12 months' earnings.

Protectionism refers to policies due to limit trade between economies, through tariffs, quotas or other means.

Quantitative easing (QE) is an unconventional monetary policy tool, in which a central bank conducts a broad-based asset purchase.

The S&P 500 Index includes 500 leading U.S. companies capturing approximately 80% coverage of available U.S. market capitalization.

Share buybacks are purchases by a company of shares on the open market, undertaken for a variety of reasons.

A strategic asset allocation process involves setting preferred allocations for asset classes on a medium- to long-term time horizon.

The Swiss Market Index (SMI) includes 20 large- and mid-cap stocks.

Targeted long-term refinancing operations (TLTROs) are used by the ECB to provide financing to Eurozone banks.

A trade-weighted exchange rate index is weighted according to the share of trade with each partner country.

The Trans Pacific Partnership (TPP) is a planned trade agreement between 12 Pacific Rim countries.

Treasuries are bonds issued by the U.S. government.

Trend-following strategies are based on technical analysis of market moves, rather than on the underlying fundamentals.

Valuation attempts to quantify the attractiveness of an asset, for example through looking at a firm's stock price in relation to its earnings.

Volatility is the degree of variation of a trading-price series over time.

West Texas Intermediate (WTI) is a grade of crude oil used as a benchmark in oil pricing.

The VIX Index refers to the CBOE Index which measures the implied volatility of S&P 500 Index options. It is a broadly-used measure of market volatility.

The World Trade Organization (WTO) is an intergovernmental organization, founded in 1995, that provides a framework for trade agreements.

The yield curve shows the different rates for bonds of differing maturities but the same credit quality.

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Publisher: Deutsche Bank AG, Taunusanlage 12, D-60325 Frankfurt am Main, Germany

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