



# Asset Management

**Kevin Parker**

Head of Asset Management

Investor Day  
Frankfurt, 15 December 2009

A Passion to Perform.

**Deutsche Bank**



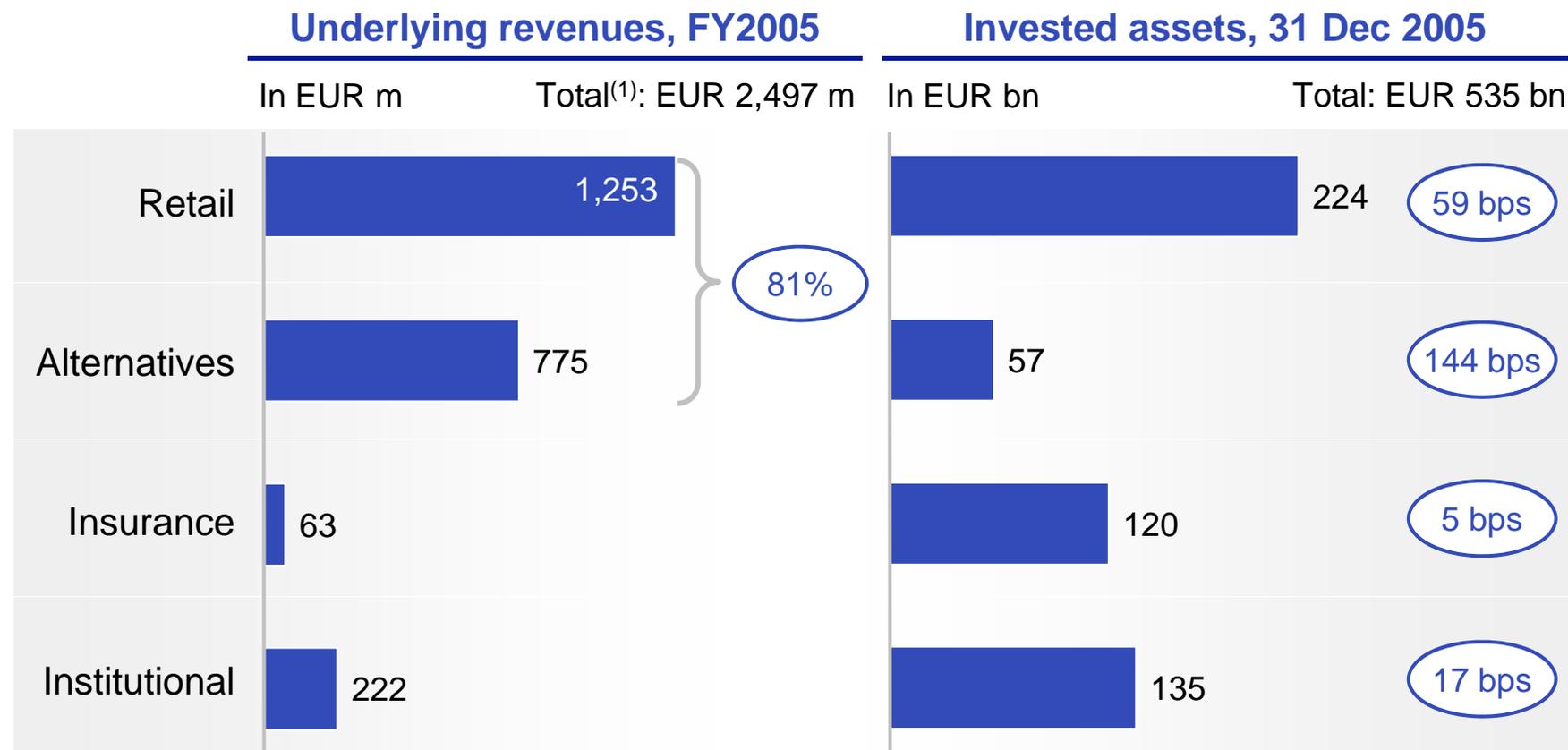


## Contents

<b>1</b>	<b>Impact of the downturn</b>
2	Our response: Re-positioning the platform
3	Well positioned to capture profitable growth



## What we showed you at our last Investor Day



Return on average assets

(1) Including other revenues and revenues from discontinued businesses of EUR 184 m

Note: All data except total underlying revenues exclude discontinued businesses; revenues have been restated to properly reflect results of discontinued, EAFE (Europe, Australasia, and Far East) and Insurance businesses; invested assets have been restated to properly reflect movement of RREEF and Insurance funds between channels; figures on this page are not adjusted for later restatements; 2005 based on U.S. GAAP

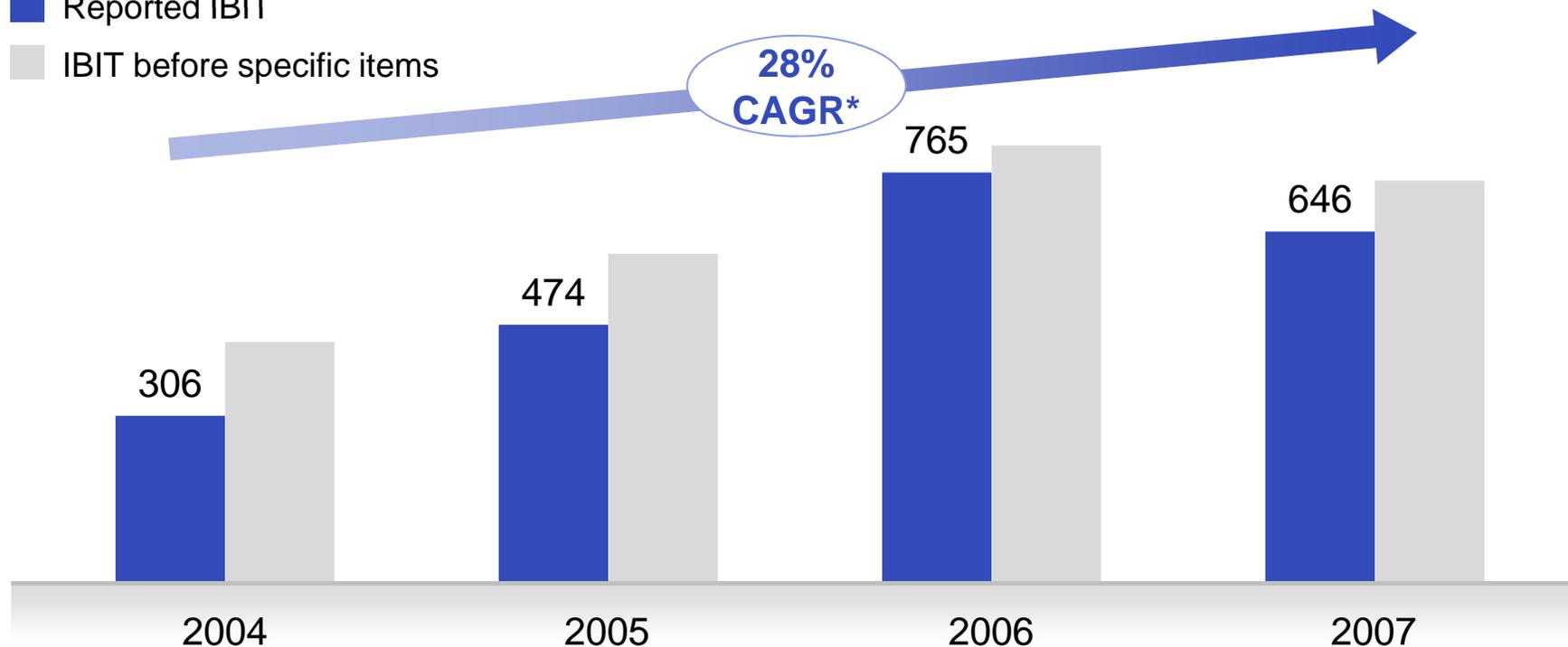
## Record IBIT growth through 2007

### Asset Management IBIT

In EUR m

■ Reported IBIT

■ IBIT before specific items



\* Reported IBIT: 28% CAGR; IBIT before specific items: 19% CAGR

Note: IBIT before specific items excludes mark-downs, money market fund injections, intangible impairments, and severance 2004-2005 based on U.S. GAAP and on structure as of 2006, from 2006 onwards based on IFRS and on latest structure

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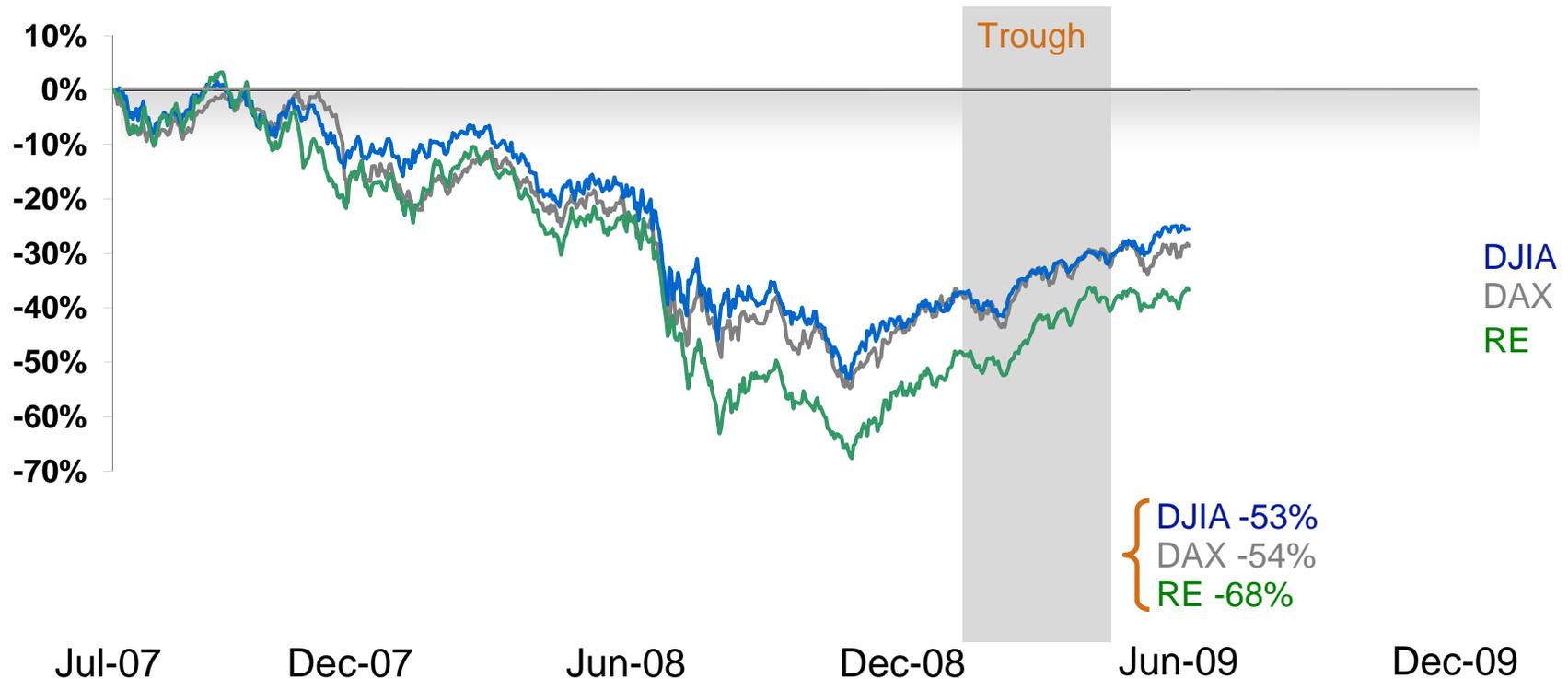


## The downturn

The financial crisis undermined the Asset Management story

### Performance of selected major indices

Daily returns indexed to 16 July 2007 (% of change)



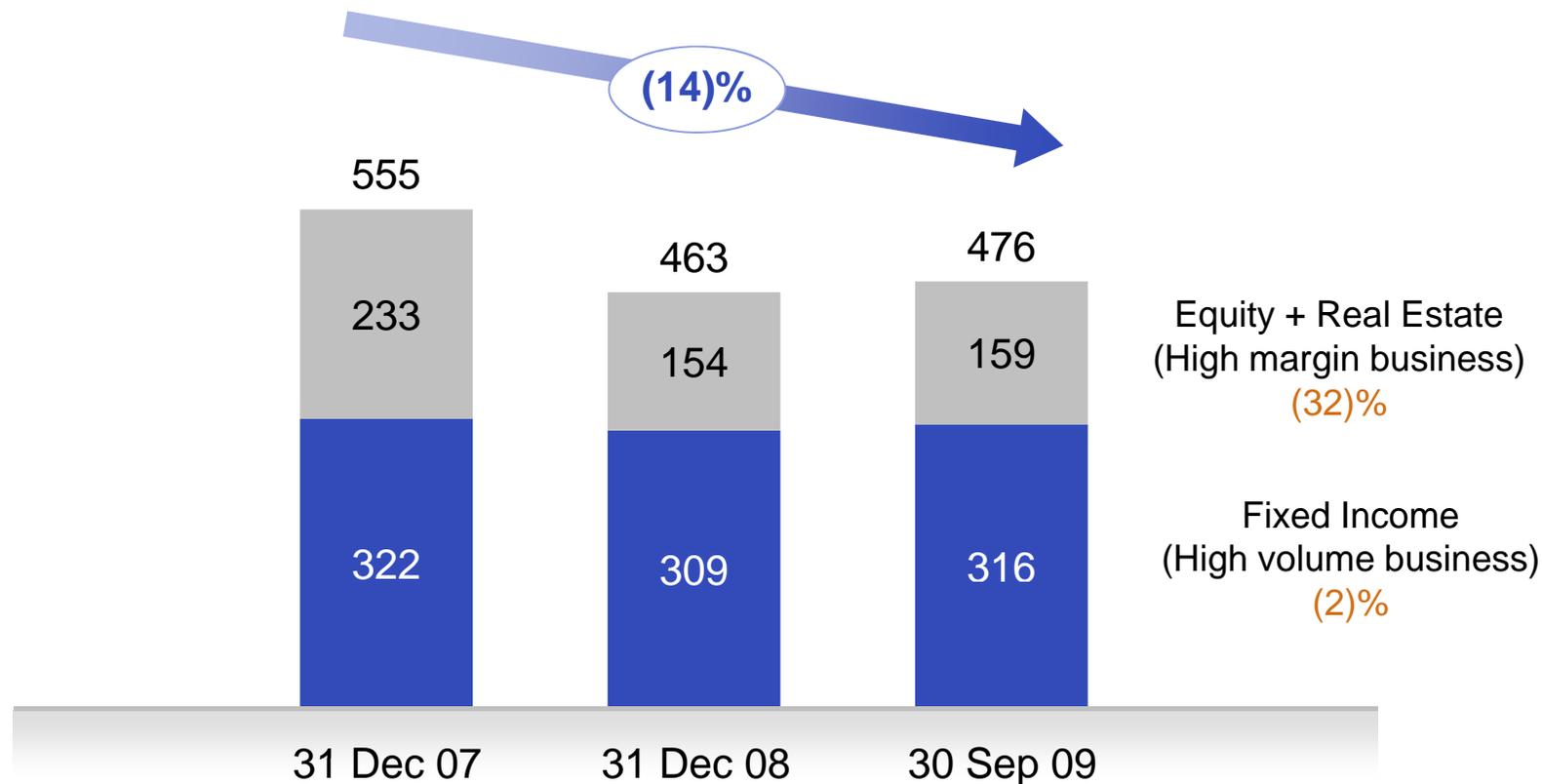
Note: Jul-07 as of 16 July 2007 (peak of DAX); Dec-09 as of 7 December 2009  
DAX: Deutscher Aktien Index / DJIA: Dow Jones Industrial Average  
RE: Global Real Estate Securities (Source: EPRA/NAREIT)  
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## Impact on our assets under management

AuM reduction driven by market downturn

### Asset Management AuM

In EUR bn



Note: Figures may not add up due to rounding differences  
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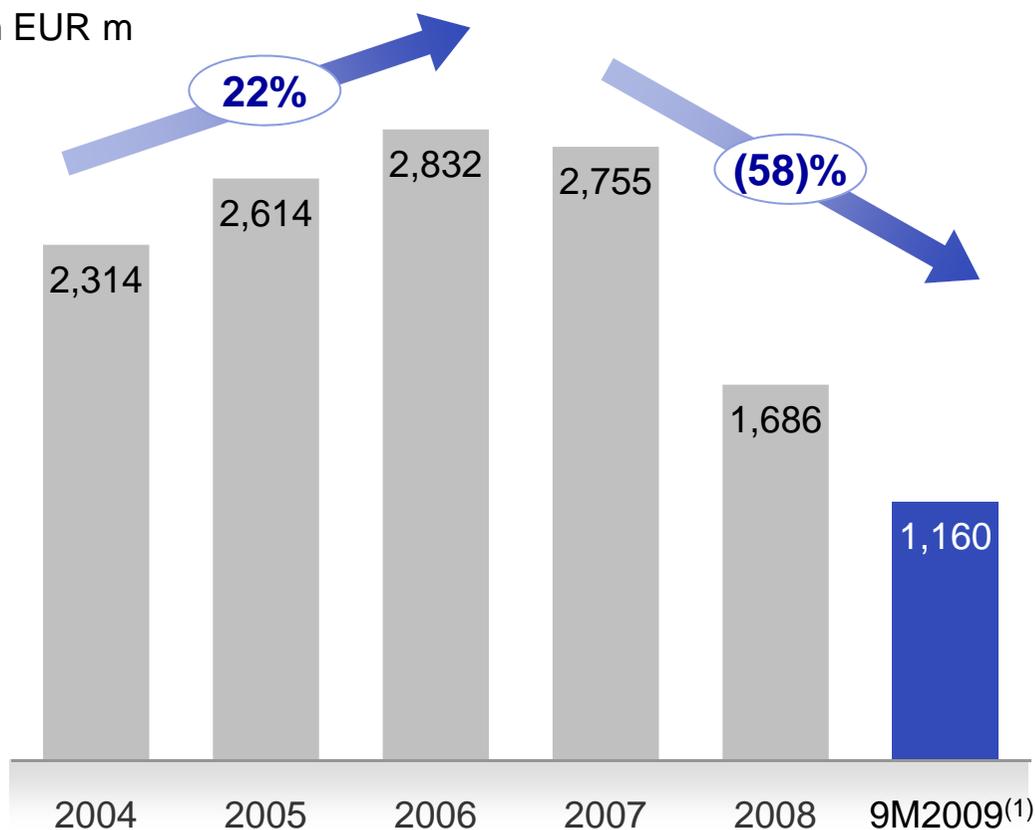


## Impact on our revenues

Lower asset values result in lower fee income

### Asset Management revenues

In EUR m



Revenue drop		
Management fees		1.0 bn
Performance fees		0.3 bn
Fees subtotal		1.2 bn
Other		0.4 bn
<b>Total</b>	<b>EUR</b>	<b>1.6 bn</b>

(1) Excludes specific items such as RREEF impairments, MMF injections and Maher/GOFIII  
 Note: 2004-2005 based on U.S. GAAP and on structure as of 2006, from 2006 onwards based on IFRS and on latest structure  
 Numbers may not add up due to rounding  
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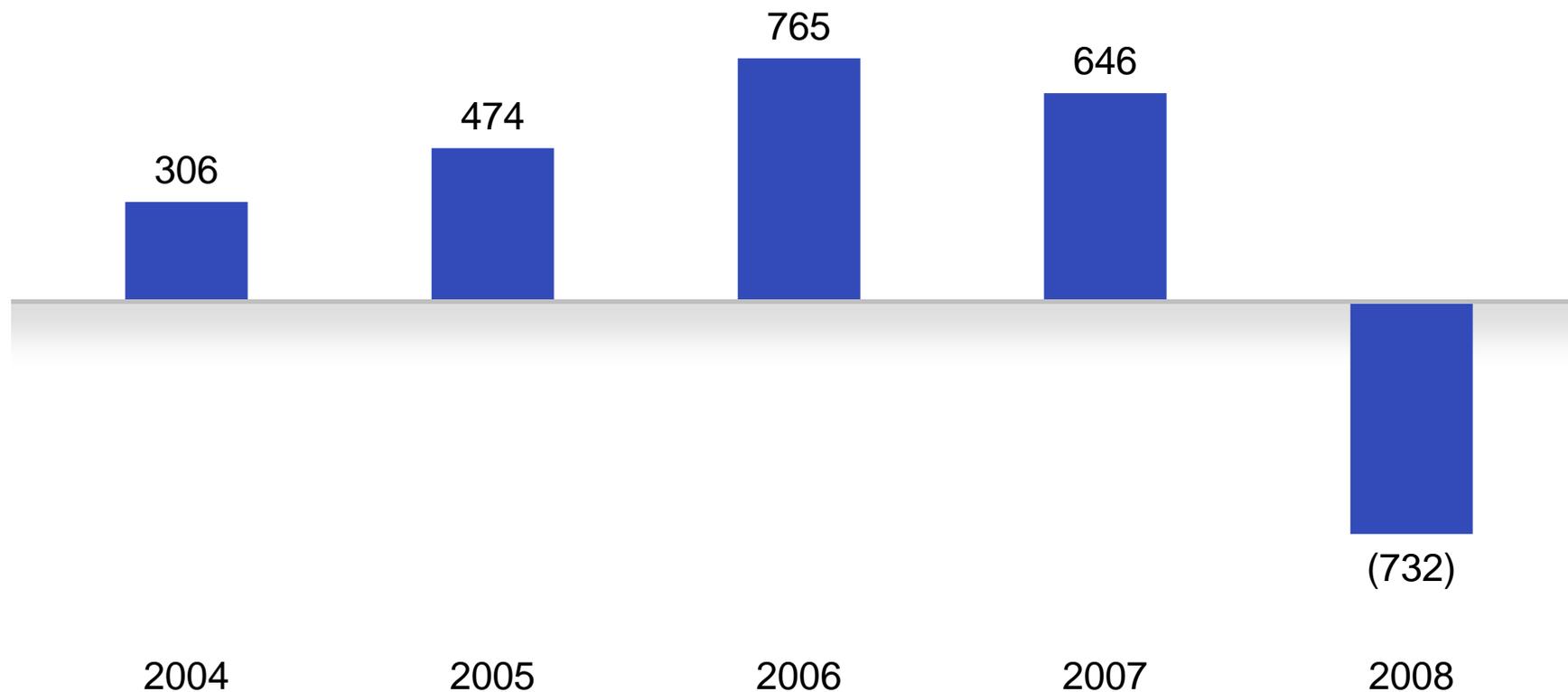


## Impact on our IBIT

One-off items caused drop in reported IBIT

### Asset Management reported IBIT

In EUR m



Note: 2004-2005 based on U.S. GAAP and on structure as of 2006, from 2006 onwards based on IFRS and on latest structure

## Over EUR 1 bn in one-offs

2008 specific items	
Mark-downs, in EUR bn	
■ RREEF <sup>(1)</sup>	(0.6)
■ DWS Scudder <sup>(2)</sup>	(0.4)
■ European money market fund injections	(0.2)
<b>Total</b>	<b>(1.2)</b>

(1) Includes RREEF impairments, Maher/GOFIII operations and Hedge Fund seed impairments and severance

(2) Includes DWS Scudder intangible impairment and DWS seed impairments

Note: Figures may not add up due to rounding differences



## IBIT before specific items has remained positive

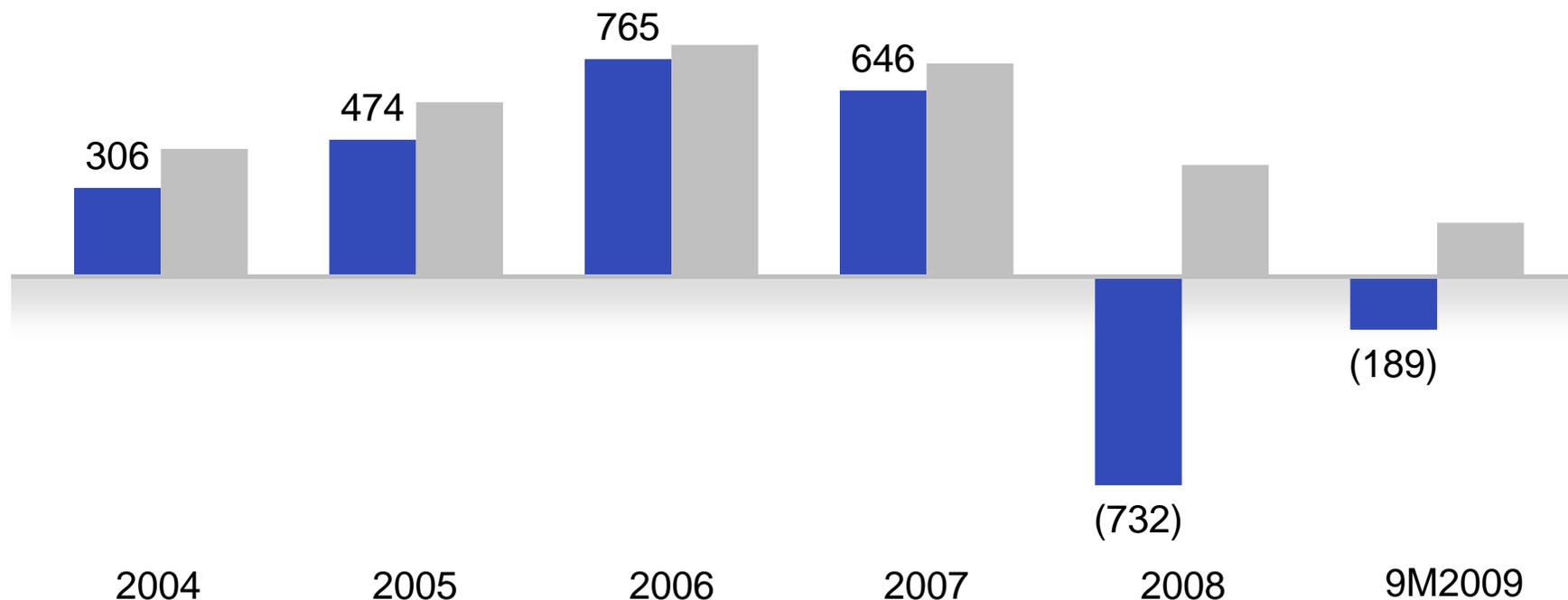
No further significant mark-downs expected

### Asset Management IBIT

In EUR m

■ Reported IBIT

■ IBIT before specific items



Note: IBIT before specific items excludes RREEF impairments, mark-downs and consolidations, discretionary money market fund injections and severance; 2004-2005 based on U.S. GAAP and structure as of 2006, from 2006 onwards based on IFRS and on latest structure  
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1	Impact of the downturn
<b>2</b>	<b>Our response: Re-positioning the platform</b>
3	Well positioned to capture profitable growth

## Significant re-engineering and de-risking in 2008/2009

### Asset Management platform re-engineering to restore operating leverage

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- Significant restructuring of Asset Management business model
  - Globalization of DWS business and management structure
  - Repositioning of Asia/Pacific region around Harvest Fund Management
  - Re-focusing of RREEF around core competencies
  - Middle / back office re-engineering and reduction of product complexity
- Continue to develop Frankfurt as the primary investment management hub
- Global centralization of shared services, reducing compensation & benefits and non-comp direct expenses

### De-risked the platform across asset classes

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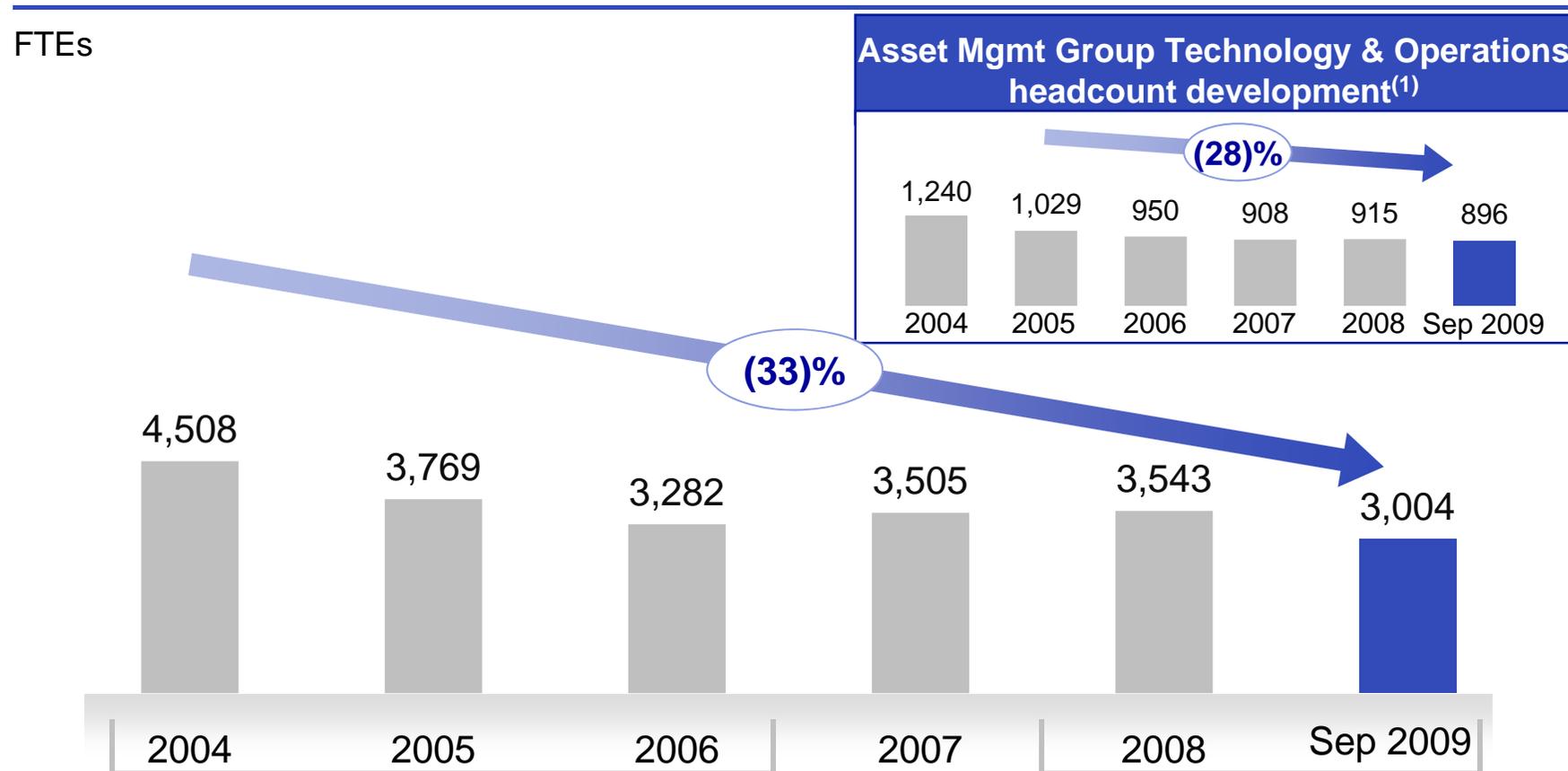
- Real Estate (reduction of proprietary assets)
- European Money Market funds (new product and fund construction)
- Seed capital positions (down to EUR 60 m<sup>(1)</sup>)

(1) Includes only mutual fund and hedge fund seed capital positions

## Platform significantly restructured

Nearly 600 FTEs off platform since 4Q2008

### Asset Management headcount development



(1) These numbers are not included in chart below  
 Note: Includes 560 non-controllable RREEF property management FTEs starting in 2005;  
 2004-2009 based on latest structure

## Large savings from restructuring and cost containment

Cost management efforts since 2007 will result in over EUR 350 m of full year run rate savings in 2009, with further full year run rate effects expected in 2010/11

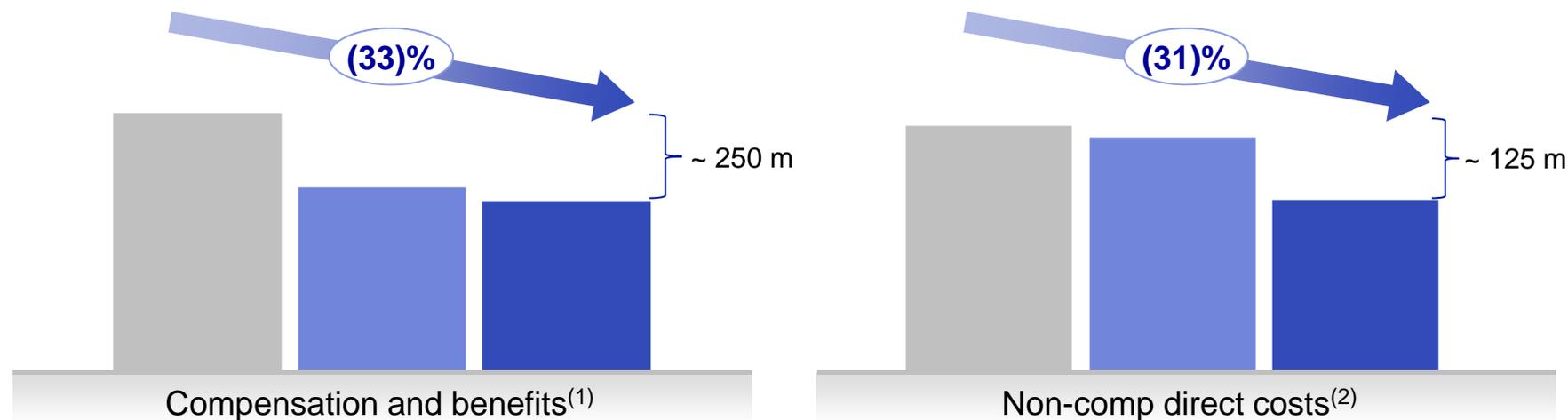
### Asset Management direct costs

In EUR m

■ 2007

■ 2008

■ Jan – Sep 2009 annualised <sup>(3)</sup>



(1) Compensation & benefits excludes severance

(2) Non-comp direct costs exclude MMF injections and Maher/GOFIII consolidations

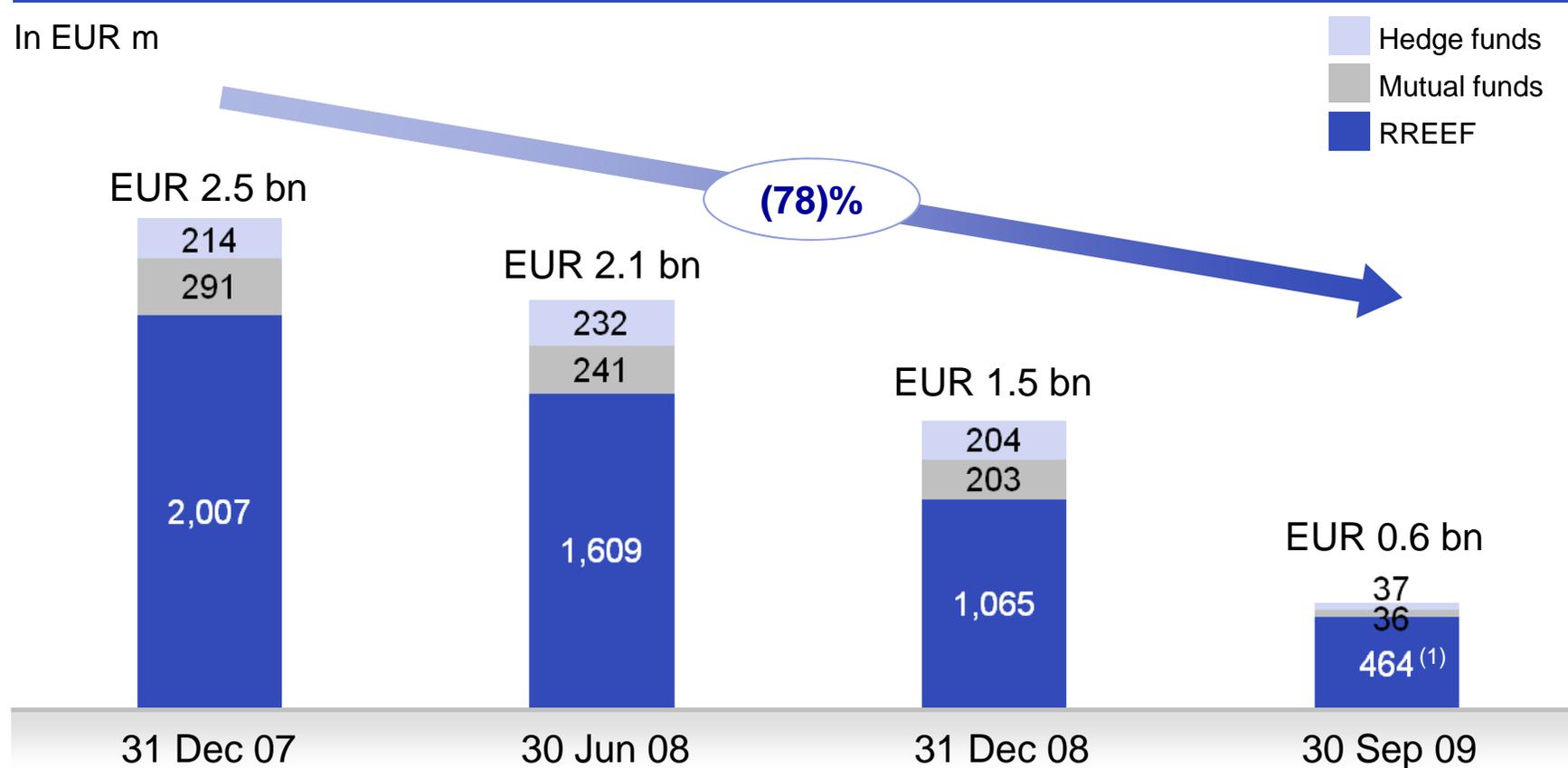
(3) Before specific items; annualised figures do not constitute estimates of actual full year results

# Capital efficient platform has been significantly de-risked

Significant reduction in real estate risk positions

## Asset Management risk positions

In EUR m



(1) 60% of RREEF assets are co-invest

Note: Risk positions defined as seed capital and other positions deemed proprietary;  
Real Estate includes legacy proprietary assets, co-investments, and seed capital;  
December 2008 decline includes transfer of Maher/ GOF III to Corporate Investments  
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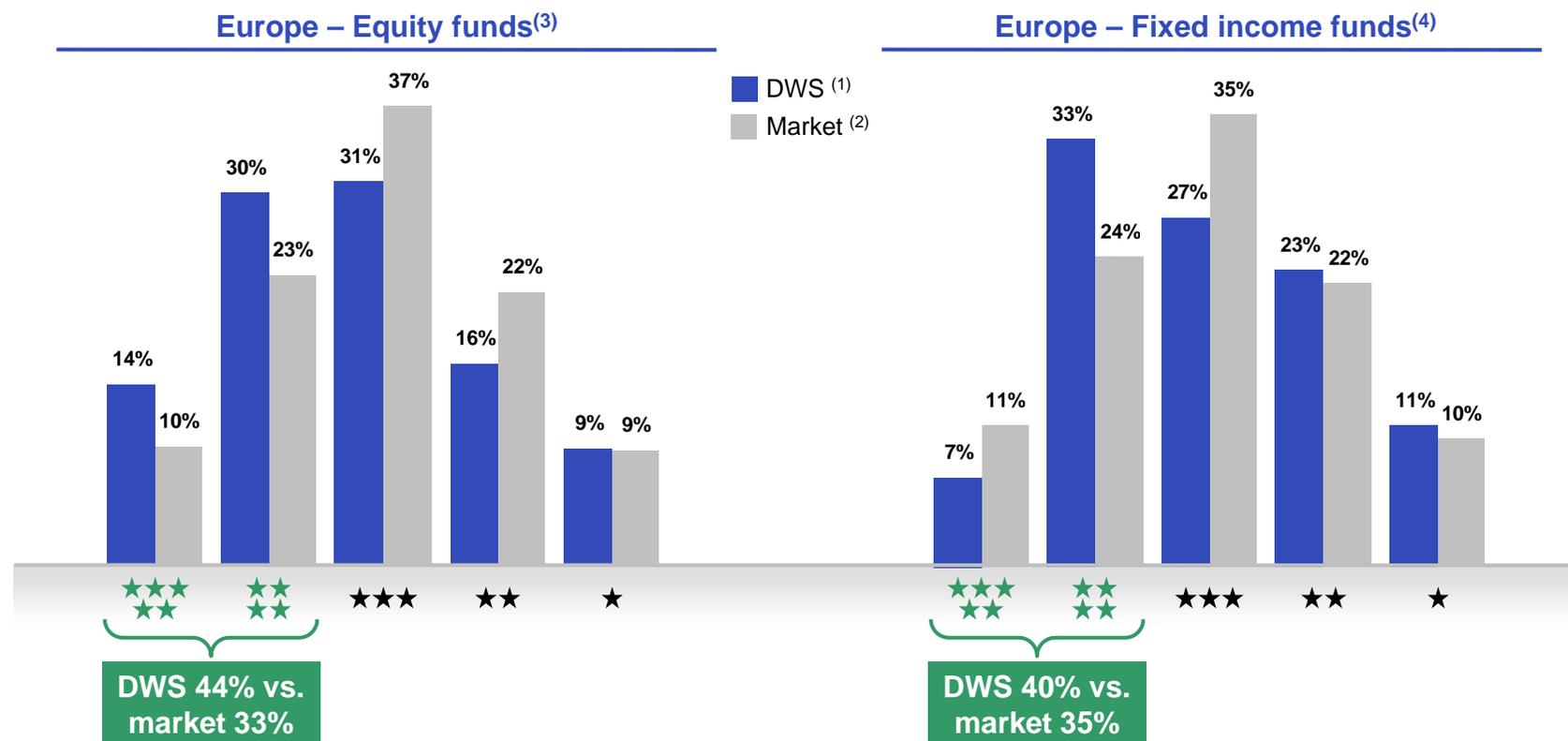
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| <b>3</b> | <b>Well positioned to capture profitable growth</b> |

## Investment performance remains outstanding

DWS has a significantly greater percentage of 4- and 5-star rated funds in Europe than the industry average

### Morningstar Star distribution of DWS funds<sup>(1)</sup> vs. market<sup>(2)</sup>



(1) Source: Morningstar, as of June 2009; funds of DWS Germany, Luxembourg, Switzerland, group by Morningstar classification

(2) Morningstar Europe open-end funds ex DWS, leading share classes only

(3) Equal weighted - incl. balanced funds (4) Equal weighted - incl. money market funds - without advised funds

## Consultant ratings have improved sharply

Client retention efforts have paid off in the US: 92% of current institutional clients gave a 'loyal' or 'favorable' rating

	2005	2006	2007	2008	YTD 2009
Consultant firms rating products	0	5	12	28	41
# Products rated	0	6	12	38	49
Consultant wins (mandates)	0	0	18	38	40
Consultant win ratio (%)	0	0	33	56	62

Source: Chatham Partners Client Satisfaction Survey, April 2009

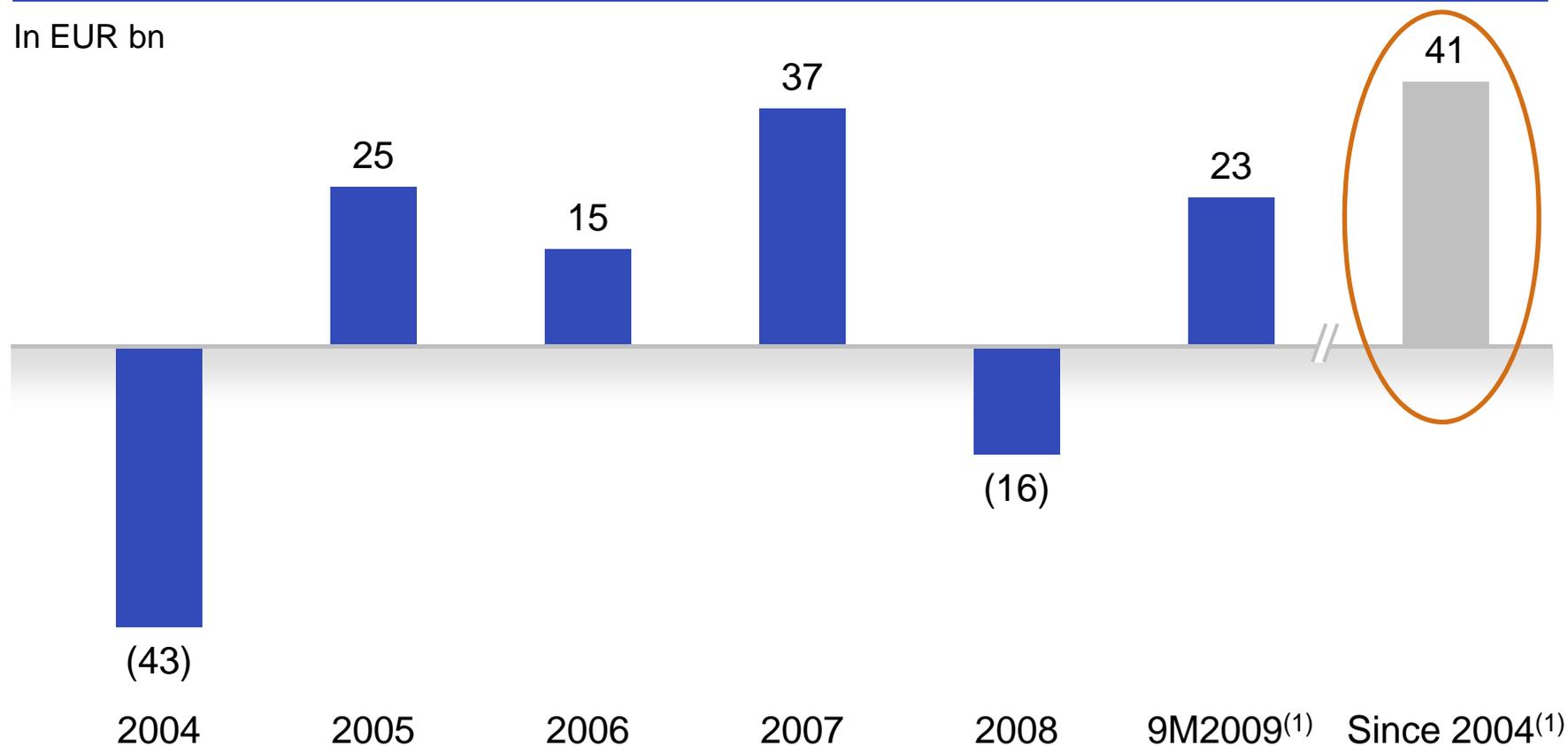
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## Flow momentum has remained strong

### Asset Management adjusted continued business flows

In EUR bn

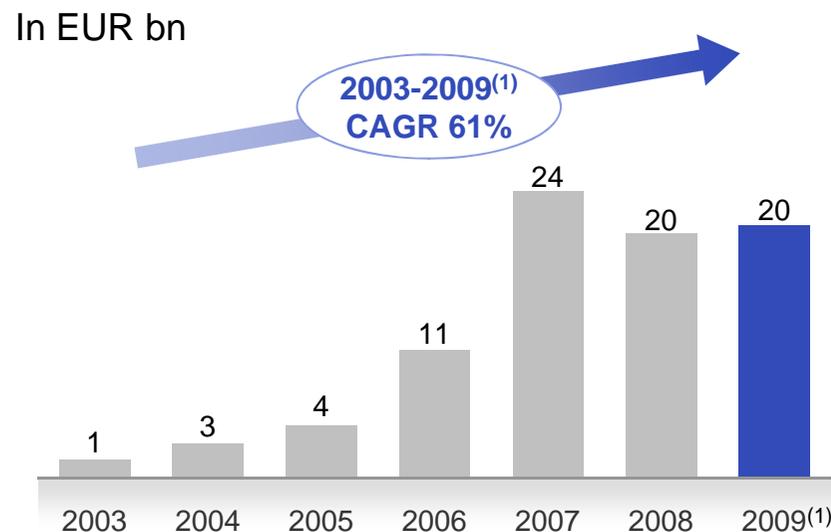


(1) Includes awarded and/or not yet funded assets of approximately EUR 20 bn  
Note: Net new money for continued operations; excludes flows from exited or discontinued businesses;  
2004-2005 based on U.S. GAAP and structure as of 2006, from 2006 onwards based on IFRS and on latest structure  
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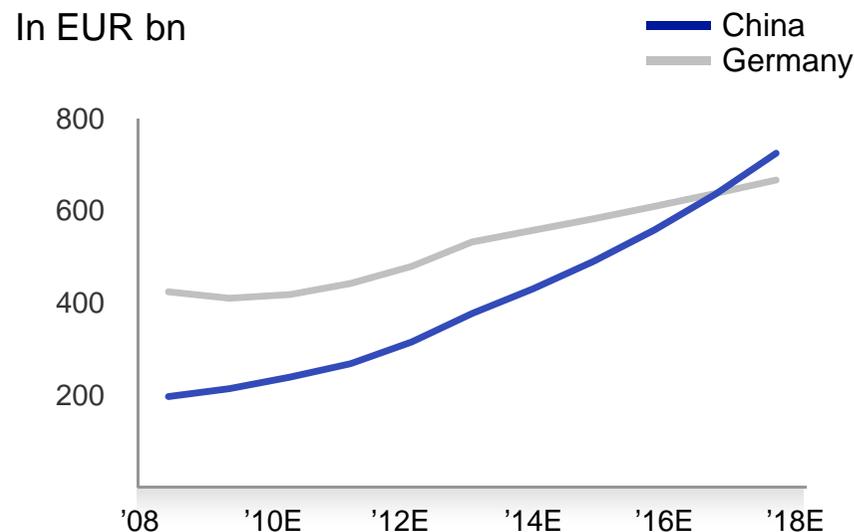
# China Harvest Fund Management shows outstanding growth

## Harvest AuM development



- 3rd largest asset management company in China
- #1 Sino-foreign fund manager in China
- 2nd largest institutional manager
- Largest equity mutual fund at ~ EUR 4 bn AuM
- DeAM increased its stake in Harvest to 30% in January 2008

## Mutual fund AuM growth, China vs Germany<sup>(2)</sup>



- Mutual fund assets in China are expected to exceed those in Germany by 2017/2018, with the Chinese market growing at more than twice the rate
- Growth in China is likely to be driven by demand for equities, which are expected to account for almost 80% of AuM in 2018

(1) As of 30 September 2009

(2) Source: Cerulli, based on Lipper FERI data; figures for 2008 actual, 2009-2018 estimates assume a CAGR of 13.9%

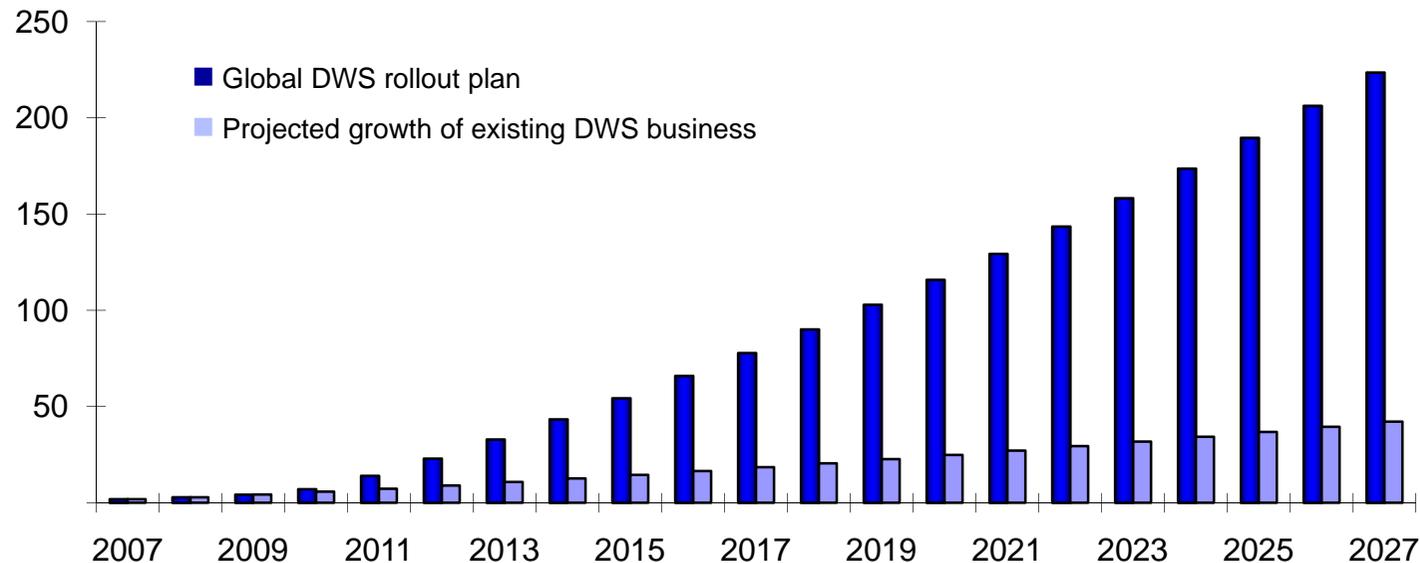
Note: Deutsche Asset Management Asia formed a joint venture with Harvest in 2005

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## Megatrend growth of German individual retirement market presents opportunities

### DWS retirement solutions plan – AuM projection

AuM, in EUR bn



- DWS has captured 65% of new business in the AM savings plan market (1Q-3Q2009)
- Via its insurance partners, DWS has captured 45% of all new business in the unit-linked savings plan market (1Q-3Q2009)

Note: New business capture rates based upon Federal Ministry for Labor and Social Affairs (market) and DWS (internal) data  
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## What's left to do

- Leverage market-leading position as a global insurance asset manager by creating strategic partnerships
- Focus institutional business on core investment competencies of cash and fixed income
- Re-focus RREEF around real estate core competency
- Continue driving efficiency and cost reductions
  - Centralizing back-office operations
  - Continue to develop Frankfurt as the primary investment management hub
- Trim existing product lines
- Continue to focus on improving fund performance and Morningstar ratings
- Continue to focus on consultant and client relationships



## Key takeaways

- No further significant write-downs expected
- Restructuring has brought costs in line with new business reality
- Since 2007, EUR 350 m of run-rate expense savings with further EUR 100 m anticipated
- Size and speed of our cost cutting efforts have significantly improved operating leverage
- Outstanding investment performance throughout the crisis has enhanced our standing and reputation
- Asset Management has returned to profitability in the 2<sup>nd</sup> half of 2009
- Poised for profit growth as equities and real estate revenues return to reasonable levels

**Asset Management is now strongly geared to the upside**

## Phase 4: IBIT potential

in EUR bn

	Phase 4 potential 2011
Corporate Banking & Securities	6.3
Global Transaction Banking	1.3
Asset and Wealth Management	1.0
Private & Business Clients	1.5
<b>Total business divisions</b>	<b>10.0</b>

Note: Figures do not add up due to rounding differences  
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# Appendix

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## Reconciliation of reported AWM IBIT

Income before income tax, in EUR m

	2004	2005	2006	2007	2008	9M2009
AWM	414	597	894	913	(525)	(123)
AM	306	474	765	646	(732)	(189)
PWM	108	122	129	267	207	66

Note: Numbers for 2004 - 2005 based on U.S. GAAP and on structure as of 2006,  
from 2006 onwards based on IFRS and on latest structure  
Numbers may not add up due to rounding  
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## Reconciliation of underlying Asset Management revenues (page 3)

FY2005, in EUR m

Asset and Wealth Management (AWM) total net revenues		3,880
less: Private Wealth Management net revenues (PWM)		1,266
Asset Management (AM) net revenues		2,614
Net gains from businesses sold		(68)
Policyholder benefits and claims		(49)
<b>AM underlying revenues</b>		<b>2,497</b>
AM Retail net revenues	1,308	
Net gains from businesses sold	-	
Policyholder benefits and claims	(49)	
Retail Channel revenues transferred to Insurance	(6)	
<b>AM Retail underlying revenues</b>	<b>1,253</b>	
AM Insurance net revenues		0
Net gains from businesses sold		-
Policyholder benefits and claims		-
Insurance revenues from Retail Channel		6
Insurance revenues from Institutional Channel		57
<b>AM Insurance underlying revenues</b>		<b>63</b>
AM Institutional net revenues	280	
Net gains from businesses sold	-	
Policyholder benefits and claims	-	
Institutional Channel revenues transferred to Insurance	(57)	
<b>AM Institutional underlying revenues</b>	<b>222</b>	
AM other net revenues incl. discontinued businesses		252
Net gains from businesses sold		(68)
Policyholder benefits and claims		-
<b>AM other underlying revenues incl. discontinued businesses</b>		<b>184</b>
AM Alternatives net revenues	775	
Net gains from businesses sold	-	
Policyholder benefits and claims	-	
<b>AM Alternatives underlying revenues</b>	<b>775</b>	

Note: 2005 based on U.S. GAAP  
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## Reconciliation of reported IBIT and IBIT before specific items (pages 4 and 10)

	2004	2005	2006	2007	2008	Sep 2009
<b>Reported IBIT, in EUR bn</b>	<b>0.3</b>	<b>0.5</b>	<b>0.8</b>	<b>0.6</b>	<b>(0.7)</b>	<b>(0.2)</b>
RREEF (Impairments/Write-downs/Maher& GOFIII/HF seed impairments)	-	-	-	(0.01)	(0.6)	(0.3)
DWS (Intangible and seed impairments/Write-downs)	(0.02)	-	-	(0.1)	(0.4)	-
European money market fund injections	-	-	-	(0.05)	(0.2)	(0.02)
Discontinued business/Restructuring/Severance/and gains on sale	(0.1)	(0.1)	(0.1)	0.04	0.01	(0.04)
<b>Total specific items, in EUR bn</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(1.1)</b>	<b>(0.3)</b>
<b>IBIT before specific items, in EUR bn</b>	<b>0.4</b>	<b>0.6</b>	<b>0.8</b>	<b>0.7</b>	<b>0.4</b>	<b>0.1</b>

Note: 2004-2005 based on U.S. GAAP and structure as of 2006, from 2006 onwards based on IFRS and on latest structure  
Numbers may not add up due to rounding  
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## Revenue adjustments through September 2009 (page 7)

	Sep YTD Revenues
<b>Reported revenues, in EUR bn</b>	<b>0.9</b>
<b>2009 specific items, in EUR bn:</b>	<b>(0.3)</b>
- RREEF Impairments/Consolidations	(0.3)
- European Money Market Fund Injections	(0.02)
<b>Revenues before specific items, in EUR bn</b>	<b>1.2</b>

## Supporting information regarding slide 17

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