

DWS Investment GmbH

DWS Artificial Intelligence

Annual Report 2021



DWS Artificial Intelligence

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Annual report 2021
for the period from January 1, 2021, through December 31, 2021
(in accordance with article 101 of the German Investment Code (KAGB))

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General information

Performance

The investment return, or performance, of a mutual fund investment is measured by the change in value of the fund's units. The net asset values per unit (= redemption prices) with the addition of intervening distributions, which are, for example, reinvested free of charge within the scope of investment accounts at DWS Investment GmbH, are used as the basis for calculating the value; in the case of domestic reinvesting funds, the domestic investment income tax – following any deduction of foreign withholding tax – plus solidarity surcharge charged to the fund are added. Performance is calculated in accordance with the "BVI method." Past performance is not a guide to future results.

The corresponding benchmarks – if available – are also presented in the report. All financial data in this publication is **as of December 31, 2021** (unless otherwise stated).

Sales prospectuses

The sole binding basis for a purchase are the current version of the sales prospectus including the Terms and Conditions of Investment and the key investor information document, which are available from DWS Investment GmbH and any branch of Deutsche Bank AG, as well as from other paying agents.

Information about the all-in fee

The all-in fee does not include the following expenses:

- a) any costs that may arise in connection with the acquisition and disposal of assets;
- b) any taxes that may arise in connection with administrative and custodial costs;
- c) the costs of asserting and enforcing the legal claims of the investment fund.

The details of the fee structure are set out in the current sales prospectus.

Issue and redemption prices

Each exchange trading day on the Internet:

www.dws.de

Second Shareholder Rights Directive (SRD II)

Based on the second Shareholder Rights Directive (SRD II) asset managers have to disclose certain information. Details on this are available on the DWS websites.

Master-feeder fund concept

The feeder fund **DWS Artificial Intelligence** permanently invests at least 85% of the fund's assets in shares of the master fund **DWS Invest Artificial Intelligence**. For the purpose of inducing a partial tax exemption within the meaning of the German Investment Tax Act, the master fund must in turn invest at least 60% of its gross assets in equities.

Notes on master-feeder structures

The fund **DWS Artificial Intelligence** is a feeder fund (the "feeder fund") of the master fund **DWS Invest Artificial Intelligence** (the "master fund"). The Management Company for the master fund is DWS Investment S.A., 2, Boulevard Konrad Adenauer, 1115 Luxembourg, Luxembourg. The report on the master fund and other information (including the sales prospectus, annual report, etc.) are also available from the Management Company.

Russia/Ukraine crisis

The escalating conflict between Russia and Ukraine marked a dramatic turning point in Europe, which, among other things, is expected to have a lasting effect on Europe's security architecture and energy policies and to cause considerable volatility. However, the specific or possible medium to long-term effects of the crisis on the economy, individual markets and sectors, as well as the social implications, cannot be conclusively assessed due to the uncertainty at the time of preparing this report. The Asset Management Company of the investment fund is therefore continuing its efforts, within the framework of its risk management strategy, to assess these uncertainties and their possible impact on the activities, liquidity and performance of the investment fund. The Asset Management Company is taking all measures deemed appropriate to protect investor interests to the greatest possible extent.

Coronavirus crisis

The coronavirus has spread since January 2020 and has subsequently led to a serious economic crisis. The rapid proliferation of the virus was reflected in, among other things, significant price market distortions and substantially increased volatility at the same time. Restrictions on freedom of movement, repeated lockdown measures, production stoppages, as well as disrupted supply chains, are exerting major pressure on downstream economic processes, which caused global economic prospects to deteriorate considerably. In the interim, noticeable recoveries and some new highs were to be observed in the markets – due, among other factors, to monetary and fiscal policy support programs and extensive vaccination and testing campaigns. Nevertheless, the specific or possible medium-to-long-term effects of the crisis on the economy, individual markets and sectors as well as the social implications in respect of the vigorous global spread of the virus or the emergence of various mutations and the associated high level of uncertainty at the time of preparing this report cannot be reliably assessed. There may therefore still be a significant impact on the respective investment fund's assets. A high level of uncertainty exists in relation to the financial implications of the pandemic, as these are dependent on external factors such as the spread of the virus/emerging variants and the measures taken by individual governments and central banks, the successful stemming of the development of infection rates in connection with vaccination rates and the speedy and sustainable restart of the economy.

The Asset Management Company of the investment fund is therefore continuing its efforts, within the framework of its risk management strategy, to assess these uncertainties and their possible impact on the activities, liquidity and performance of the investment fund. The Asset Management Company is taking all measures deemed appropriate to protect investor interests to the greatest possible extent. In coordination with the service providers, the Asset Management Company observed the consequences of the coronavirus crisis and adequately included its impact on the investment fund and the markets in which the investment fund invests into its decision-making processes. As of the date of this report, no significant redemption requests had been made in respect of the investment fund; the effects on the investment fund's unit certificate transactions are continuously monitored by the Asset Management Company; the performance capability of the most important service providers did not experience any significant impairment. In this context, the Asset Management Company of the investment fund satisfied itself in line with numerous national guidelines and following discussions with the most important service providers (especially the Depositary, the portfolio management and the fund administration) that the measures taken and the business continuity plans put in place (including extensive hygiene measures on the premises, restrictions on business travel and events, precautions to ensure the reliable and smooth running of business processes in the event of a suspected case of coronavirus infection, expansion of the technical options for mobile working) will curb the currently foreseeable or ongoing operational risks and will ensure that the investment fund's activities will not be disrupted.

At the time of preparing this report, the Asset Management Company is of the opinion that there are no signs indicating any doubt on the ability of the respective investment fund to continue as a going concern, nor were there any liquidity problems for the investment fund.

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Investment objective and performance in the reporting period

The objective of the investment policy is to generate long-term capital appreciation. To achieve this, the fund invests at least 85% of its assets in shares of the MFC share class of DWS Invest Artificial Intelligence ("master fund"). The objective of the investment policy of DWS Invest Artificial Intelligence is to generate long-term capital appreciation. To attain this, the sub-fund invests primarily in companies in the international equity markets whose business profits from artificial intelligence or currently has a connection with artificial intelligence.

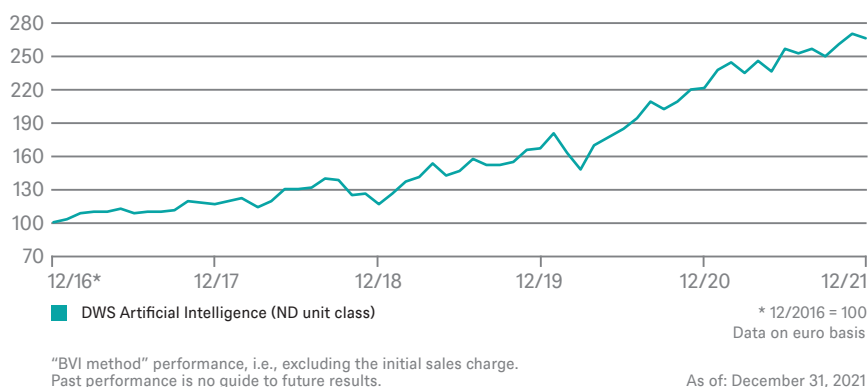
The investment climate in the reporting period was characterized by the COVID-19 pandemic, high levels of debt worldwide, still very low (and in some cases negative) interest rates in the industrial countries, as well as uncertainty regarding the monetary policies of the central banks. Against this backdrop, the fund recorded an appreciation of 20.2% per unit (ND unit class, BVI method, in euro) in the 2021 fiscal year.

Investment policy in the reporting period

The portfolio management considered one of the key risks to be the uncertainty regarding the future course of the coronavirus pandemic*, virus mutations, vaccine efficacy, and the resulting impact on the global economy and financial markets. The portfolio management considered other significant risks to include the investment environ-

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Five-year performance



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Performance of unit classes (in EUR)

Unit class	ISIN	1 year	3 years	5 years
Class ND	DE0008474149	20.2%	127.8%	164.8%

"BVI method" performance, i.e., excluding the initial sales charge.
Past performance is no guide to future results.

As of: December 31, 2021

ment in the industrial countries, which was still characterized by low interest rates, as well as the uncertainty about the future development of the monetary policies of the central banks.

Performance of the master fund in the reporting period

Growth stocks and technology names posted positive performance in the reporting period against the backdrop of low interest rates and strong earnings growth.

The sub-fund had a strategic weighting in companies from Asia, and here especially China, that aspire to become world leaders in the field of artificial intelligence (AI). Increased government regulation of Chinese Internet companies, however, led to negative performance

of the Chinese portfolio positions in the reporting period. As the sub-fund's management assumed that the measures taken will be pursued with the goal of promoting sustainable growth in China's technology sector, it maintained its strategic positioning in China.

The SPE positions delivered the most positive contribution to performance in the reporting period. These companies provide the essential computing power for AI calculations and are a key element of the sub-fund's portfolio. In 2021, semiconductor companies benefited from strong pandemic-driven demand combined with pricing power due to semiconductor shortages and delivered very positive sales and earnings growth as a result.

Some of the best-performing individual stocks in the reporting period were Nvidia, Applied Materials and Arista Networks. Graphics processor and chipset provider Nvidia continued to benefit from strong demand for its chips performing the heavy calculations required to create AI algorithms, and as a new generation of its popular graphics processors for gaming saw very good traction in the market, supported by their ability to provide realism (photo-realism) in video game images. Applied Materials, a manufacturer of machines to produce semiconductors, gained from the semiconductor shortages, which led to a sharp increase in investments in semiconductor manufacturing. In addition, as governments worldwide increasingly turned their attention to the importance of semiconductor production, they launched funding programs to provide further incentives for the construction of semiconductor plants. U.S. network technology manufacturer Arista Networks saw the pace of its sales growth surge. The switches the company manufactures are components that are installed in the data centers of global cloud providers in particular, and demand for these continued unabated.

By contrast, the positions in Tencent Music, Autohome and Chegg turned in a below-average performance. The Chinese music streaming provider Tencent Music felt the impact from a series of regulatory changes, the most severe one being the elimination of exclu-

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Overview of the unit classes

ISIN	ND	DE0008474149
Security code (WKN)	ND	847414
Fund currency		EUR
Unit class currency	ND	EUR
Date of inception and initial subscription	ND	October 14, 1983 (since April 27, 2017, as ND unit class)
Initial sales charge	ND	None
Distribution policy	ND	Distribution
All-in fee	ND	1.7% p.a.
Minimum investment	ND	None
Initial issue price	ND	DEM 80

sivity agreements with music labels, which gave rise to fears that competition in the Chinese streaming market would intensify as a result. Autohome, the leading internet platform for the buying and selling of automobiles in China, saw sales decline after car dealers' advertising budgets plummeted as a result of bottlenecks in vehicle production. U.S. education technology company Chegg came under pressure after demand weakened faster than expected and failed to sustain the high growth rates seen in the first year of the pandemic.

In the reporting period, the portfolio management disposed of its investments in LivePerson, a technology company that develops AI software for use in customer communications, because its future prospects were viewed less positively in the face of growing competition and profitability targets had been revised downward. EPAM, an IT services company that provides other enterprises with services for

their digital transformation, was also divested in full. After turning in a very strong share price performance in the reporting period, the company's future potential already appeared sufficiently reflected in its market valuation.

A new addition to the portfolio during the reporting period was Intuit, a U.S.-based technology company that aims to help consumers and smaller businesses overcome their financial challenges with the support of AI-based services. For example, the company's accounting software uses machine learning to categorize transactions or forecast future cash flows. The portfolio management also took advantage of the significantly lower valuation level of Zoom Video Communications' shares as a result of profit-taking to enter the market. The operator of the world's leading video-conferencing platform was seen to be successfully expanding its product range and thus to have potential for continued growth in the corporate cus-

toomer segment. The sub-fund also invested in Deere. This company, which is one of the leading manufacturers of agricultural machinery, has an excellent position in the U.S. market and is a pioneer in the technologization of agriculture. Through longstanding relationships with farmers, Deere has build up a wealth of experience that it can leverage to drive technology development and use AI to increase productivity for its customers.

Information on the environmental and/or social characteristics

The investment fund qualifies as a product in accordance with Article 6 of Regulation (EU) 2019/2088 (SFDR) on sustainability-related disclosures in the financial services sector.

Statement according to Article 7 of Regulation (EU) 2020/852 (Taxonomy):

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Main sources of capital gains and losses

The main sources of capital gains and losses were realized gains on the sale of investment fund units.

* The coronavirus (COVID-19) crisis was/ is a major challenge, including for the economy worldwide, and is therefore a significant event during the reporting period. Uncertainties regarding the effects of COVID-19 are important for understanding the annual financial statements. Additional details are provided in the explanations in the "General information" section.

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The format used for complete dates in security names in the investment portfolio is "day/month/year".

Statement of net assets as of December 31, 2021

	Amount in EUR	% of net assets
I. Assets		
1. Investment fund units:		
Equity funds	441 248 242.38	99.41
Total investment fund units:	441 248 242.38	99.41
2. Cash at bank	3 066 421.15	0.69
3. Receivables from share certificate transactions	156 420.51	0.04
II. Liabilities		
1. Other liabilities	-473 706.09	-0.11
2. Liabilities from share certificate transactions	-128 088.42	-0.03
III. Net assets	443 869 289.53	100.00

Negligible rounding errors may have arisen due to the rounding of calculated percentages.

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Investment portfolio – December 31, 2021

Security name	Count/ currency (– / '000)	Quantity/ principal amount	Purchases/ additions in the reporting period	Sales/ disposals	Market price	Total market value in EUR	% of net assets
Investment fund units						441 248 242.38	99.41
In-group fund units (incl. units of funds issued by the asset management company)						441 248 242.38	99.41
DWS Invest Artificial Intelligence MFC (LU2154580323) (0.400%)	Count	2 919 467	63 598	72 934	EUR 151.1400	441 248 242.38	99.41
Total securities portfolio						441 248 242.38	99.41
Cash and non-securitized money market instruments						3 066 421.15	0.69
Cash at bank						3 066 421.15	0.69
Demand deposits at Depositary							
EUR deposits	EUR	3 065 228.90			% 100	3 065 228.90	0.69
Deposits in non-EU/EEA currencies							
Hong Kong dollar	HKD	1.12			% 100	0.13	0.00
U.S. dollar	USD	1 347.28			% 100	1 192.12	0.00
Receivables from share certificate transactions	EUR	156 420.51			% 100	156 420.51	0.04
Other liabilities						-473 706.09	-0.11
Liabilities from cost items	EUR	-473 017.03			% 100	-473 017.03	-0.11
Additional other liabilities	EUR	-689.06			% 100	-689.06	0.00
Liabilities from share certificate transactions	EUR	-128 088.42			% 100	-128 088.42	-0.03
Net assets						443 869 289.53	100.00
Net asset value per unit and number of units outstanding	Count/ currency					Net asset value per unit in the respective currency	
Net asset value per unit							
Class ND	EUR					367.24	
Number of units outstanding							
Class ND	Count					1 208 665.535	

Negligible rounding errors may have arisen due to the rounding of calculated percentages.

Exchange rates (indirect quotes)

As of December 30, 2021

Hong Kong dollar	HKD	8.813450	= EUR	1
U.S. dollar	USD	1.130150	= EUR	1

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ND unit class

Statement of income and expenses (incl. income adjustment)

for the period from January 1, 2021, through December 31, 2021

I. Income

1. Other income	EUR	1 128.92
thereof:		
Income from legal claims	EUR	1 128.92

Total income EUR **1 128.92**

II. Expenses

1. Interest on borrowings ¹	EUR	-21 445.68
Commitment fees	EUR	-3 069.34
2. Management fee	EUR	-5 416 269.69
thereof:		
All-in fee	EUR	-5 416 269.69
3. Other expenses	EUR	-237.56
thereof:		
Legal and consulting expenses	EUR	-237.56

Total expenses EUR **-5 437 952.93**

III. Net investment income EUR **-5 436 824.01**

IV. Sale transactions

1. Realized gains	EUR	3 294 390.88
2. Realized losses	EUR	-41.82

Capital gains/losses EUR **3 294 349.06**

V. Realized net gain/loss for the fiscal year EUR **-2 142 474.95**

1. Net change in unrealized appreciation	EUR	76 602 750.15
2. Net change in unrealized depreciation	EUR	0.00

VI. Unrealized net gain/loss for the fiscal year EUR **76 602 750.15**

VII. Net gain/loss for the fiscal year EUR **74 460 275.20**

Note: The net change in unrealized appreciation (depreciation) is calculated by subtracting the total of all unrealized appreciation (depreciation) at the end of the fiscal year from the total of all unrealized appreciation (depreciation) at the beginning of the fiscal year. Total unrealized appreciation (depreciation) includes positive (negative) differences resulting from the comparison of the values recognized for the individual assets as of the reporting date with their respective acquisition costs.

Unrealized appreciation/depreciation is shown without income adjustment.

¹ Includes negative interest on cash at bank.

Statement of changes in net assets for the investment fund

I. Value of the investment fund

at the beginning of the fiscal year EUR **367 082 301.93**

1. Previous year's distribution or tax abatement	EUR	-61 366.25
2. Net inflows	EUR	2 414 212.45
a) Inflows from subscriptions	EUR	56 746 789.97
b) Outflows from redemptions	EUR	-54 332 577.52
3. Income adjustment	EUR	-26 133.80
4. Net gain/loss for the fiscal year	EUR	74 460 275.20
thereof:		
Net change in unrealized appreciation	EUR	76 602 750.15
Net change in unrealized depreciation	EUR	0.00

II. Value of the investment fund

at the end of the fiscal year EUR **443 869 289.53**

Distribution calculation for the investment fund

Calculation of distribution **Total** **Per unit**

I. Available for distribution

1. Balance brought forward from previous year	EUR	50 054 506.96	41.41
2. Realized net gain/loss for the fiscal year	EUR	-2 142 474.95	-1.77
3. Transfer from the investment fund	EUR	0.00	0.00

II. Not used for distribution

1. Reinvested	EUR	0.00	0.00
2. Balance carried forward	EUR	-47 851 598.73	-39.59

III. Total distribution EUR **60 433.28** **0.05**

Comparative overview of the last three fiscal years

	Net assets at the end of the fiscal year EUR	Net asset value per unit EUR
2021	443 869 289.53	367.24
2020	367 082 301.93	305.57
2020	330 364 067.85	278.75
2019	243 557 119.01	210.24

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Notes to the financial statements (in accordance with article 7, no. 9, KARBV (Accounting and Valuation Regulation issued under the KAGB))

Disclosures in accordance with the Derivatives Regulation

Underlying exposure obtained through derivatives:

EUR 0.00

Disclosures according to the qualified approach:

Composition of the reference portfolio

50% MSCI World Information Tech Index Net Return in EUR, 35% MSCI All Country World Index, in EUR, 15% MSCI China 50 Capped Index in EUR

Market risk exposure (value-at-risk)

Lowest market risk exposure	%	85.536
Highest market risk exposure	%	142.095
Average market risk exposure	%	115.936

The values-at-risk were calculated for the period from January 1, 2021, through December 31, 2021, using the VaR method of historical simulation with a 99% confidence level, a 10-day holding period and an effective historical observation period of one year. The risk in a reference portfolio that does not contain derivatives is used as the measurement benchmark. Market risk is the risk to the investment fund arising from an unfavorable change in market prices. The Company determines the potential market risk by means of the **qualified approach** as defined by the Derivatives Regulation.

In the reporting period, the average leverage effect from the use of derivatives was 1.0, whereby the gross method was used for the calculation of leverage.

Other disclosures

Net asset value per unit, Class ND: EUR 367.24

Number of units outstanding, Class ND: 1 208 665.535

Disclosure regarding asset valuation procedures:

The Depositary shall determine the value with the participation of the asset management company. The Depositary generally bases its valuation on external sources.

If no trading prices are available, prices are determined with the aid of valuation models (derived market values) which are agreed between the Depositary and the asset management company and which are based as far as possible on market parameters. This procedure is subject to an ongoing monitoring process. The plausibility of price information from third parties is checked through other pricing sources, model calculations or other suitable procedure.

Investments reported in this report are not valued at derived market values.

Disclosures on transparency and the total expense ratio:

The total expense ratio was:

Class ND 1.58% p.a.

The TER expresses total expenses and fees (excluding transaction costs) including any commitment fees as a percentage of the fund's average net assets for a given fiscal year.

Further costs, charges and fees have been incurred at the level of the master fund. For the calculation of the total expense ratio (TER), these are included at the level of the feeder fund in accordance with article 173 (4) KAGB. The TER shown reflects the summarized fees of the feeder and master funds.

An all-in fee of

Class ND 1.70% p.a.

is payable to the asset management company for the investment fund under the Terms and Conditions of investment. Of this annual fee, the asset management company in turn pays up to

Class ND 0.15% p.a.

to the Depositary and

Class ND 0.05% p.a.

to other parties (for printing and publication costs, auditing and other items).

In the fiscal year from January 1, 2021, through December 31, 2021, the asset management company, DWS Investment GmbH, was not reimbursed for the fees and expenses paid out of the investment undertaking DWS Artificial Intelligence to the Depositary and other third parties, except in the form of financial information provided by brokers for research purposes.

Of its own portion of the all-in fee, the Company pays

Class ND more than 10%

in commissions to distributors of the fund based on the balance of units distributed.

For investment fund units, the management fee / all-in fee rates in effect as of the reporting date for the investment funds held in the securities portfolio are shown in parentheses in the investment portfolio. A plus sign means that a performance-based fee may also be charged. As the fund held units of other investment funds (target funds) in the reporting period, further costs, charges and fees may have been incurred at the level of these individual target funds.

Material other income and expenses are presented for each unit class in the statement of income and expenses.

The transaction costs paid in the reporting period amounted to EUR 0.00. The transaction costs include all costs that were reported or settled separately for the account of the fund in the reporting period and are directly connected to the purchase or sale of assets. Any financial transaction taxes which may have been paid are included in the calculation.

The share of transactions conducted in the reporting period for the account of the investment fund's assets via brokers that are closely related companies and persons (share of 5% and above), amounted to 0.0% of all transactions. The total volume was EUR 0.00.

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Remuneration Disclosure

DWS Investment GmbH (the “Company”) is a subsidiary in DWS Group GmbH & Co. KGaA (“DWS KGaA”), Frankfurt/Main, one of the world’s leading asset managers providing a broad range of investment products and services across all major asset classes as well as solutions aligned to growth trends to its clients globally.

DWS KGaA is a publicly traded company listed on the Frankfurt Stock Exchange, which is majority owned by Deutsche Bank AG.

As a result of the sector specific legislation under UCITS V (Undertakings for Collective Investment in Transferable Securities Directive V) and in accordance with Sec. 1 and Sec. 27 of the German “Institutsvergütungsverordnung” (“InstVV”), the Company is carved-out from Deutsche Bank Group’s (“DB Group”) compensation policy and strategy. DWS KGaA and its subsidiaries (“DWS Group” or only “Group”) have established their own compensation governance, policies and structures, including a DWS group-wide guideline of identifying “Material Risk Takers” (“MRTs”) at Company level as well as DWS Group level in line with the criteria stated in UCITS V and in the guidelines on sound remuneration policies under the UCITS V published by the European Securities and Markets Authority (“ESMA Guidelines”).

Governance Structure

DWS Group is managed through its General Partner, the DWS Management GmbH. The General Partner has changed its remit in June 2020 and has now six Managing Directors who serve as the Executive Board (“EB”) of the Group. The EB – supported by the DWS Compensation Committee (“DCC”) – is responsible for establishing and operating the compensation system for employees. It is overseen by the DWS KGaA Supervisory Board which has established a Remuneration Committee (“RC”). The RC reviews the compensation system of the Group’s employees and its appropriateness. The RC supports the Supervisory Board in monitoring the appropriate structure of the remuneration systems for the Group’s employees. This is done by taking into account the effects of the remuneration system on the group-wide risk, capital and liquidity management as well as the consistency of the remuneration strategy with the business and risk strategy of the DWS Group.

The DCC is mandated to develop and design sustainable compensation frameworks and operating principles, to prepare recommendations on total compensation levels, and to ensure appropriate compensation and benefits governance and oversight for the Group. The DCC establishes quantitative and qualitative factors to assess performance as a basis for compensation related decisions and makes appropriate recommendations to the EB regarding the annual Variable Compensation pool and its allocation across the business areas and infrastructure functions. Voting members of the DCC comprise the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), Chief Operating Officer (“COO”), and the Global Head of HR. The Head of Reward & Analytics is a nonvoting member. Control Functions such as Compliance, Anti-Financial Crime, and Risk Management are represented by CFO and COO in the DCC and are appropriately engaged in the design and application of the Group’s remuneration systems in the context of the tasks and functions assigned to them, to ensure that the remuneration systems do not create conflicts of interests, and to review the effects on the risk profile of the Group. The DCC reviews the remuneration framework of DWS Group regularly, at least annually, which includes the principles applying to the Company, and assesses if substantial changes or amendments due to irregularities have to be made.

The DCC is supported by two sub-committees: The DWS Compensation Operating Committee (“COC”) implemented to assist the DCC in reviewing the technical validity, operationalizing and approving new or existing compensation plans. The Integrity Review Committee implemented to review and decide on suspension and forfeiture matters involving DWS deferred compensation awards.

The internal annual review at DWS Group level concluded the design of the remuneration system to be appropriate, no significant irregularities were recognized.

Compensation Structure

The employees of the Company are subject to the compensation standards and principles as outlined in the DWS Compensation Policy. The policy is reviewed on an annual basis. As part of the Compensation Policy, the Group, including the Company, employs a Total Compensation (“TC”) philosophy which comprises Fixed Pay (“FP”) and Variable Compensation (“VC”).

The Group ensures an appropriate relationship between FP and VC across all categories and groups of employees. TC structures and levels reflect the Sub-Divisional and regional compensation structures, internal relativities, and market data, and assist in seeking consistency across the Group. One of the main objectives of the Group’s strategy is to align reward for sustainable performance at all levels whilst enhancing the transparency of compensation decisions and their impact on shareholders and employees with regard to DWS Group and as applicable DB Group performance. Achieving a sustainable balance between employee, shareholder and client interests is a key aspect of DWS’ Group compensation strategy.

FP is used to compensate employees for their skills, experience and competencies, commensurate with the requirements, size and scope of their role. The appropriate level of FP is determined with reference to the prevailing market rates for each role, internal comparisons and applicable regulatory requirements.

VC is a discretionary compensation element that enables the Group to provide additional reward to employees for their performance and behaviours without encouraging excessive risk-taking. VC determination considers sound risk measures by taking into account the Group’s Risk Appetite as well as the Group affordability and financial situation and providing for a fully flexible policy on granting or “not-granting” VC. VC generally consists of two elements – the “Group Component” and the “Individual Component”. There continues to be no guarantee of VC in an existing employment relationship.

For the 2020 financial year, the Group Component is dominantly determined based upon the performance of three Key Performance Indicators (KPIs) at DWS Group level: Adjusted Cost Income Ratio (“CIR”), Net Flows, Dividend Payout. These three KPIs represent important metrics for DWS Group’s financial targets and provide a good indication of its sustainable performance.

For employees at management level the Group Component additionally considers four equally weighted KPIs at DB Group level¹.

Depending on eligibility, the “Individual Component” is delivered either in the form of Individual VC (“IVC”) or a Recognition Award. IVC takes into consideration a number of financial and non-financial factors, relativities within the employee’s peer group and retention considerations. The Recognition Award provides the opportunity to acknowledge and reward outstanding contributions made by employees outside the scope of IVC eligibility (these are generally employees at lower hierarchical levels). Generally, there are two nomination cycles per year.

Both Group and Individual Component may be awarded in cash, share-based or fund-based instruments under the Group deferral arrangements. The Group retains the right to reduce the total amount of VC, including the Group Component, to zero in cases of significant misconduct, performance-related measures, disciplinary outcomes or unsatisfactory conduct or behaviour by the employee subject to applicable local law.

¹ DB Group KPIs: Common Equity Tier 1 (“CET1”) capital ratio, leverage ratio, adjusted costs and post-tax return on tangible equity (“RoTE”)

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Determination of VC and appropriate risk-adjustment

The Group's VC pools are subject to appropriate risk-adjustment measures which include ex-ante and ex-post risk adjustments. The robust methodology in place aims at ensuring that the determination of VC reflects the risk-adjusted performance as well as the capital and liquidity position of the Group. The total amount of VC is primarily driven by (i) the Group affordability (i.e. what "can" DWS Group sustainably afford award in alignment with regulatory requirements) and (ii) performance (what "should" the Group award in order to provide an appropriate compensation for performance while protecting the long-term health of the franchise).

At the level of the individual employee, the Group has established "Variable Compensation Guiding Principles" which detail the factors and metrics that must be taken into account when making IVC decisions. These include, for instance, investment performance, client retention, culture considerations, and objective setting and performance assessment based on the "Total Performance" approach. Furthermore, any control function inputs and disciplinary sanctions and their impact on the VC have to be considered as well.

As part of a discretionary decision-making process, the DWS DCC uses (financial and non-financial) key figures to identify differentiated and performance linked VC pools for business and infrastructure areas.

Compensation for 2020

Despite the ongoing pandemic, the diverse range of investment products and solutions as well as stabilizing markets contributed to significant net flows in 2020 and allowed the Group to execute its strategic priorities effectively. The intensified focus on investment performance and increased investor demand for targeted asset classes were key drivers of the success.

Against this backdrop, the DCC has monitored the affordability of VC for 2020. The committee has concluded that the capital and liquidity base of the Group remain above regulatory minimum requirements, and internal risk appetite threshold.

As part of the overall 2020 VC awards to be granted in March 2021, the Group Component was awarded to eligible employees in line with the assessment of the defined KPIs. The Executive Board recognizing the considerable contribution of employees and determined a target achievement rate of 98.50% for 2020 for DWS Group. Considering the DB Group target achievement as determined by the Deutsche Bank AG Management Board, the hybrid achievement rate for employees at management level was determined of 85.50% for 2020.

Identification of Material Risk Takers

In accordance with the Law as of 17 December 2010 on Undertakings for Collective Investments (as subsequently amended) in conjunction with the ESMA Guidelines with accordance to UCITS Directive, the Company has identified individuals who have a material impact of the Company's risk profile ("Material Risk Takers"). The identification process has been based on an assessment of the impact of the following categories of staff on the risk profile of the Company or on a fund it manages: (a) Board Members/Senior Management, (b) Portfolio/Investment managers, (c) Control Functions, (d) Staff heading Administration, Marketing and Human Resources, (e) other individuals (Risk Takers) in a significant position of influence, (f) other employees in the same remuneration bracket as other Risk Takers, whose roles have an impact on the risk profile of the Company or the Group. At least 40% of the VC for Material Risk Takers is deferred. Additionally, at least 50% of both, the upfront and the deferred proportion, are granted in the Group share-based instruments or fund-linked instruments for Key Investment Professionals. All deferred components are subject to a number of performance conditions and forfeiture provisions which ensure an appropriate ex-post risk adjustment. In case the VC is lower than EUR 50,000, the Material Risk Takers receive their entire VC in cash without any deferral.

Aggregate Compensation Information for the Company for 2020²

Number of employees on an annual average	495
Total Compensation	EUR 72.263.920
Fixed Pay	EUR 49.892.007
Variable Compensation	EUR 22.371.913
Thereof: Carried Interest	EUR 0
Total Compensation for Senior Management ³	EUR 6.927.072
Total Compensation for other Material Risk Takers ⁴	EUR 15.008.666
Total Compensation for Control Function employees	EUR 2.473.707

² In cases where portfolio or risk management activities have been delegated by the Company, the compensation data for delegates are not included in the table.

³ Senior Management refers to the members of the Management Board of the Company, only. Members of the Management Board meet the definition of managers. Apart from the members of Senior Management, no further managers have been identified.

⁴ Identified other material Risk Takers with control functions are shown in the line "Control Function employees"

DWS Artificial Intelligence

Information pursuant to Regulation (EU) 2015/2365 on transparency of securities financing transactions (SFTs) and of reuse and amending Regulation (EU) No. 648/2012 – Statement in accordance with Section A

There were no securities financing transactions according to the above Regulation in the reporting period.

DWS Investment GmbH, Frankfurt/Main
The Management

Independent auditor's report

To DWS Investment GmbH, Frankfurt/Main

Audit opinion

We have audited the annual report of the investment fund DWS Artificial Intelligence comprising the activity report for the fiscal year from January 1, 2021, through December 31, 2021, statement of net assets and the investment portfolio as of December 31, 2021, the statement of income and expenses, the distribution calculation and the statement of changes in net assets for the fiscal year from January 1, 2021, to December 31, 2021, as well as the comparative overview for the last three fiscal years, the statement of transactions concluded during the reporting period to the extent that they are no longer part of the investment portfolio, and the notes.

In our opinion, based on the findings of our audit, the accompanying annual report complies in all material respects with the provisions of the German Investment Code (KAGB) and the relevant European regulations and allows a comprehensive view of the actual circumstances and developments of the investment fund in accordance with these regulations.

Basis for the audit opinion

We conducted our audit of the annual report in accordance with article 102 KAGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these rules and principles is further described in the section "Auditor's responsibility for the audit of the annual report" of our report. We are independent of DWS Investment GmbH in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate for providing a basis for our audit opinion on the annual report.

Responsibility of the legal representatives for the annual report

The legal representatives of DWS Investment GmbH are responsible for the preparation of the annual report, which complies in all material respects with the provisions of the German KAGB and the relevant European regulations, and for ensuring that the annual report gives a comprehensive view of the actual circumstances and developments of the investment fund in accordance with these regulations. In addition, the legal representatives are responsible for the internal controls that they have deemed necessary in accordance with these Regulations in order to facilitate the preparation of an annual report that is free from material misstatement, whether intentional or unintentional.

When preparing the annual report, the legal representatives are responsible for including events, decisions and factors that could materially influence the further development of the investment fund. This means, among other things, that when preparing the annual report, the legal representatives must assess the continuation of the investment fund by DWS Investment GmbH and have the responsibility to disclose facts in connection with the continuation of the investment fund, if relevant.

Responsibility of the auditor for the audit of the annual report

Our objective is to obtain reasonable assurance as to whether the annual report as a whole is free from material misstatement, whether intentional or unintentional, and to issue a report that includes our opinion on the annual report.

Sufficient assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with article 102 KAGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement. Misstatements may result from violations or inaccuracies and are considered material if it is reasonably expected that they will affect, individually or collectively, the economic decisions of users made on the basis of this annual report.

During the audit, we exercise due discretion and maintain a critical attitude.

We also:

- Identify and evaluate the risks of material misstatements, whether intentional or not, in the annual report, plan and perform audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence for providing a basis for our audit opinion. The risk that material misstatements will not be detected is greater for violations than for inaccuracies, as violations may involve fraudulent collusion, falsification, intentional incompleteness, misrepresentation, or the overriding of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control system of DWS Investment GmbH.
- Assess the appropriateness of the accounting policies used by the legal representatives of DWS Investment GmbH in preparing the annual report and the reasonableness of the estimates and related disclosures made by the legal representatives.
- Draw conclusions on the basis of audit evidence obtained as to whether there is any material uncertainty in connection with events or circumstances that could cast significant doubt on the continuation of the investment fund by DWS Investment GmbH. If we conclude that there is a material uncertainty, we are required to make a note of the related disclosures in the annual report or, if such disclosures are unreasonable, to modify our opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances may, however, result in the discontinuation of the investment fund by DWS Investment GmbH.

- Evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report presents the underlying transactions and events in such a way that the annual report provides a comprehensive view of the actual circumstances and developments of the investment fund in accordance with the provisions of the German KAGB and the relevant European regulations.

We discuss with those charged with governance, among other things, the planned scope and timing of the audit and significant findings of the audit, including any deficiencies in the internal control system identified during our audit.

Frankfurt/Main, Germany, April 13, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Kuppler
Auditor

Neuf
Auditor

Asset Management Company

DWS Investment GmbH
60612 Frankfurt/Main, Germany
Own funds on
December 31, 2020: EUR 398.4 million
Subscribed and paid-in capital on
December 31, 2020: EUR 115 million

Supervisory Board

Dr. Asoka Wöhrmann
Chairman
DWS Management GmbH
(personally liable partner of
DWS Group GmbH & Co. KGaA),
Frankfurt/Main

Christof von Dryander
Vice-Chairman
Cleary Gottlieb Steen & Hamilton LLP,
Frankfurt/Main

Hans-Theo Franken
Deutsche Vermögensberatung AG,
Frankfurt/Main

Dr. Alexander Ilgen
Deutsche Bank AG,
Frankfurt/Main

Britta Lehfeldt
Deutsche Bank AG,
Frankfurt/Main

Dr. Stefan Marcinowski
Ludwigshafen

Prof. Christian Strenger
The Germany Funds,
New York

Gerhard Wiesheu
Partner of Bankhaus
B. Metzler seel. Sohn & Co. KGaA,
Frankfurt/Main

Susanne Zeidler
Deutsche Beteiligungs AG,
Frankfurt/Main

Management

Manfred Bauer
Speaker of the Management

Member of the Management of
DWS Management GmbH
(personally liable partner of
DWS Group GmbH & Co. KGaA),
Frankfurt/Main
Member of the Management of
DWS Beteiligungs GmbH,
Frankfurt/Main
Member of the Supervisory Board of
DWS Investment S.A.,
Luxembourg

Dirk Görgen

Member of the Management of
DWS Management GmbH
(personally liable partner of
DWS Group GmbH & Co. KGaA),
Frankfurt/Main
Member of the Management of
DWS Beteiligungs GmbH,
Frankfurt/Main

Stefan Kreuzkamp

Member of the Management of
DWS Management GmbH
(personally liable partner of
DWS Group GmbH & Co. KGaA),
Frankfurt/Main
Member of the Management of
DWS Beteiligungs GmbH,
Frankfurt/Main
Member of the Supervisory Board of
DWS Investment S.A.,
Luxembourg

Dr. Matthias Liermann

Member of the Management of
DWS International GmbH,
Frankfurt/Main
Member of the Management of
DWS Beteiligungs GmbH,
Frankfurt/Main
Member of the Supervisory Board of
DWS Investment S.A.,
Luxembourg
Member of the Supervisory Board of
Deutsche Treuinvest Stiftung,
Frankfurt/Main

Petra Pflaum

Member of the Management of
DWS Beteiligungs GmbH,
Frankfurt/Main

Depository

State Street Bank International GmbH
Brienner Straße 59
80333 München, Germany
Own funds on December 31, 2020:
EUR 2,302.0 million
(as defined in article 72 of Regulation (EU)
No. 575/2013 (CRR))
Subscribed and paid-in capital on
December 31, 2020: EUR 109.4 million

**Shareholder of
DWS Investment GmbH**

DWS Beteiligungs GmbH,
Frankfurt/Main



DWS Investment GmbH
60612 Frankfurt/Main, Germany
Tel.: +49 (0) 69-910-12371
Fax: +49 (0) 69-910-19090
www.dws.com