STRATEGIC REPORT
For the year ended 31 December 2019

PRINCIPAL OBJECTIVES

The Company is authorized and regulated by the Financial Conduct Authority ("FCA") and holds MiFiD passports to conduct portfolio management and investment advisory services but is not authorized to hold client money.

The Company currently offers Passive and Active Asset Management covering manufacturing, research and portfolio management. It also houses the Global Client Group that provides distribution services on Active, Passive and Alternative products.

RISK PROFILE

The Company is wholly owned by the DWS Group GmbH & Co. KGaA and therefore the risks it is subject to are managed within the risk and control functions of this Group.

The Board of DWS Investments UK Limited and senior management in the businesses that operate under this legal entity have overall responsibility for the adequate management of risks and the implementation of ICAAP.

In addition, responsibility for the effective management of risk resides at all levels of the Company. All staff have a primary responsibility to manage risks in their day-to-day operations, in accordance with the Company's fiduciary obligations and DWS Group Risk.

Operational Risk

The Company's key operational risks include potential suitability and advisory process deficiencies and dependence on key personnel and service providers to support its operating model.

Due to the nature of the Company's businesses as well as the services and products it provides, operational risk (including Conduct risk) and Reputational risks are the main risks it is exposed to, which are monitored, together with all other risks, on an ongoing basis in the Business Risk Committee and reported to the Company's Board of Directors.

Business Risk

The business revenues are primarily based on management fees, driven by Asset Under Management ("AuM"). The valuation of the AuM, which impacts management fees, can be impacted by the underlying performance of the funds and also by external market conditions and factors which are beyond the direct control of the business.

Inflows and outflows of AuM are mostly driven by clients' macroeconomic outlook, fund performance and relationship management support.

Other macro environmental risks (Including coronavirus)

Subsequent to the year end the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with various governments and institutions around the world responding in different ways to address the outbreak. This has led to an increased level of uncertainty in the financial markets which has triggered volatility in interest rates, foreign exchange rates and equity prices among others. Whereas the quantification of the impact on the Company is uncertain, management has considered the below specific factors that could affect the Company:

Client activity and volume: The Company could face a potential reduction in client activity driven by a likely risk averse customer behaviour leading to a reduction in new business and funds under management;

The reduction in client activity could lead to a fall in revenue;

Liquidity: The Company continues to closely monitor the impact of market volatility on its balance sheet. The Company currently has sufficient liquidity in excess of its regulatory requirement to absorb any short-term losses.

Market fluctuations: Due to the uncertainty, the Company is likely to be exposed to possible volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. Global equity markets are likely to fall which could impact on the Company's revenue derived from the different funds it manages.

Going concern consideration: Management has performed an assessment to determine whether there are any material uncertainties arising due to the pandemic that could cast significant doubt on the ability of the Company to continue as a going concern. This assessment is disclosed in note 2 Going concern' and focuses on the Company's financial and operational resilience to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company continues to carefully monitor and mitigate the Covid-19 risks on an ongoing basis in order to minimise exposure while maintaining a robust balance sheet and sufficient headroom above regulatory capital requirements.

STRATEGIC REPORT (continued)
For the year ended 31 December 2019

BREXIT

In 2017, DWS Group GmbH & Co. KGaA and its direct and indirect subsidiaries ("DWS"), including DWS Investments UK Limited, established a comprehensive, dedicated Brexit program focused on the planning and implementation of our Brexit contingency plans, with the objective of ensuring that DWS is able to continue to conduct its business and service clients, compliant with a post-Brexit regulatory environment, irrespective of the outcome of the Brexit process. As part of this program, extensive analysis of DWS's business operations, and how they may be impacted by Brexit, and a 'No-Deal' scenario in particular, was carried out, and measures were implemented to ensure DWS is ready, whatever the eventuality.

As part of its preparations, DWS took steps to ensure that it can continue to leverage the capabilities of its geographical hubs and centres of excellence in the event that passport rights were lost following the UK's withdrawal from the European Union (EU) in a No-Deal scenario, or are lost at the end of the transition period. However, at this stage and in light of prior action taken by ESMA and UK- and EU member state national competent authorities in relation to portfolio management delegation agreements, in preparation for a potential No-Deal Brexit scenario, no changes to the management companies of our Xtrackers UCITS ETF range, or in the teams managing fund or client assets on the basis of portfolio management delegation arrangements, are currently envisaged as a result of Brexit.

Historically, DWS has been using the services of a broad range of EU27-, UK- and third-country-based brokers across asset classes as well as EU27-, UK- and third-country-based trading platforms and central counterparty clearing venues ("CCPs"). In response to the risk of UK counterparties potentially losing their MiFID passport, and UK-based trading platforms, exchanges, and clearing venues becoming third-country venues vis-a-vis the EU, and vice versa, potentially without the benefit of any equivalence, DWS has actively engaged with its key counterparties, platforms and venues, to ensure that we can continue to trade in accordance with regulatory requirements and ensure our clients' best interests are protected, whatever the Brexit scenario. Changes to our operational set-up and associated documentation have been implemented, and no impact on the services provided to, and trading performance for our funds and clients is expected, whatever the Brexit outcome.

We have reviewed the investment guidelines in place across investment portfolios to assess whether there is a need for clarification and / or updates in light of the revised definition of the EU post-Brexit. Where client consent was required for such updates, the respective DWS teams reached out to affected clients and documentation was amended to reflect clients' decisions. Where necessary, fund offering documentation has been amended, and investors have been notified of any such changes, to the extent required.

DWS maintains a strong risk management and governance framework covering all material investment risk factors (e.g. market risk, liquidity risk, counterparty & credit risk). Within this context, several Brexit-related risk profiling, market risk, liquidity risk, credit risk and counterparty risk analyses have been performed and are being updated as required.

In relation to the marketing of our Irish- and Luxembourg-domiciled fund ranges in the UK, the UK Government introduced a Temporary Permissions Regime ("TPR") in order to enable EEA-domiciled UCITS and AIFs utilising an existing passport to continue to be marketed in the UK for a limited period after the UK's withdrawal from the EU, should there be no transition / implementation period. DWS has accordingly notified the FCA, to ensure its UCITS and AIFs currently passported into the UK could benefit from the regime if required. Whilst the Withdrawal Agreement has now been ratified, and the future framework for the distribution of EU-domiciled funds into the UK remains to be defined, the FCA has confirmed the TPR will now take effect at the end of the transition period. In addition, the UK Government has confirmed its intention to simplify the process allowing overseas investment funds (such as UCITS in a post-transition period context) to be sold in the UK, in line with commitments made during Brexit preparations.

Regarding our Coverage and interaction with clients, DWS Investments UK has also taken a number of steps as a precautionary measure to protect the business and individuals, and to minimise business disruption, in the event of a No-Deal or a Hard Brexit and the subsequent loss of the MiFID passport. Relevant temporary or transitional licences were applied for in anticipation of the eventuality of a No-Deal Brexit and all client -facing staff received cross- border awareness training including specific country-by-country implications of a Hard Brexit. We continue to monitor the availability of third-country license regimes as the UK-EU regulatory landscape evolves.

DWS also took appropriate mitigation measures with respect to internal and external data flows to ensure that the flow of information between the EEA and the UK can continue uninterrupted after Brexit, whatever the final outcome.

On 31 January 2020, the UK left the European Union. Following its ratification by the UK and the EU, the Withdrawal Agreement entered into force, and a transition period until 31 December 2020 started. The transition period aims to provide more time for citizens and businesses to adapt following the UK's exit from the EU, and provides time for negotiations on the future relationship between the UK and the EU to take place. It is due to end on 31 December 2020, but can be extended once for a period of up to one or two years, if both sides agree to this before 1 July 2020. The UK Government has however previously indicated it does not intend to agree to such an extension.

STRATEGIC REPORT (continued)
For the year ended 31 December 2019

At the end of the transition period, new arrangements will come into force, which will depend on the terms of the new agreement – if any - reached by UK and the EU during the transition. While there are many possible outcomes, a framework for the future relationship is set out in the political declaration agreed by both sides in October 2019. Negotiations between the UK and the EU, which started formally in March 2020, have however been hampered by the Covid-19 crisis. DWS's priority has always been and remains to ensure that it continues to provide the best possible service to our clients, wherever they operate and whatever the outcome of the Brexit process. The work carried out by DWS's dedicated Brexit program seeks to ensure that it is well positioned to do this, during the transition period, and beyond. DWS continues to monitor Brexit negotiation developments, as well as measures taken by EU regulators and national competent authorities of EU member states and of the UK, and will adjust its Brexit response accordingly.

Whilst DWS has been focused on mitigating the impact of Brexit on its business and operations, potential changes in the regulatory environment may lead to increased compliance requirements and additional operating costs for the Company. Other risks that could have a material adverse effect on the Company's business and financial position, particularly in the short to medium term, include (i) increased uncertainty and volatility in UK and EU financial, real estate and infrastructure markets; (ii) fluctuations in exchange rates between sterling, euro and other currencies; (iii) increased illiquidity of investments located or listed within the UK or the EU; (iv) the willingness of financial counterparties to enter into transactions, or the price at which they are prepared to transact.

KEY PERFORMANCE INDICATORS

The Company's Risk Appetite Statement ("RAS") is articulated taking into account both the strategy, the risk profile and the top-down integration of business planning and governance processes as well as the bottom-up risk assessment, risk monitoring and escalation processes applied in day-to-day management of business activities.

The overarching objective of the Company's risk appetite framework is to ensure it remains well capitalised and funded, operates in compliance with regulatory requirements, fulfils its obligations (in particular fiduciary obligations) and is able to meet the expectations of key stakeholders including clients, shareholders and employees. This involves balancing risk and return considerations effectively. The degree and types of risk the firm is willing to take in pursuit of its objectives are calibrated on this basis.

Risk appetite is monitored against red-amber-green 'traffic lights', an actual breach of the red threshold represents a breach of risk appetite. The amber threshold acts as an early warning. Green represents 'normal' (at or above regulatory or local entity specific targets).

KPI Measure	Description	Green	Amber	Red	Actual KPI
Common Equity Tier 1 ratio	In line with the local regulatory definition. Buffer of 20% aligned with Group requirement.	>11.25 %	Between 7.75% - 11.25%	<7.75%	35%
Total capital requirement assessment	Aligned with Group risk appetite tolerances. Set up well above the regulatory minimum of 100% and include impact of orderly wind down.	>124%	Between 105% - 124%	<105%	166%
Liquidity surplus	Short term liquidity tolerance enabling application of preventive measures and management tools within relevant time frame	>GBP 10m	Between GBP 0m - GBP 10m	<GBP 0m	GBP 74.2m

Common Equity Tier 1 ratio is a measure of Core Equity capital compared to total Risk Weighted Assets (RWA). The purpose is to ensure sufficient high quality capital to cover potential future exposure.

Capital requirements for the Company are based on Pillar 2.

The Company's KPIs are green for all the 3 measures.

STRATEGIC REPORT (continued)
For the year ended 31 December 2019

CURRENT PERIOD PERFORMANCE

GBP'000	2019	2018
Revenue	157,273	164,753
Expenses	137,517	162,078
Profit before tax	19,756	2,675
Surplus Capital	55.7m	65.6m
Liquidity	74.2m	71.3m
AuM	87.4bn	80.6bn

The decrease in revenues was as a result of the reduction in actively managed investments, partially offset by growth in the Passive business. The expenses have decreased due to lower DWS group charges and fewer FTE.

AuM - Whilst the Company has no specific target for AuM, its main aim is to grow the AuM year on year. Increase in AuM is driven by market performance and inflows into the Passive business.

GBP'000	2019	2018
Assets	305,537	362,124
Liabilities	(149,868)	(189,949)
Equity	155,669	172,175

In 2019, the assets and liabilities decreased mainly due to capital repatriation and settlement of intercompany payables and receivables driven by fee revenues.

Future Outlook

The primary driver of growth in the Company is AuM. As part of the group planning process, the Company has a five year business plan that takes into account market appetite for Passive and other Investment products and builds in macroeconomic assumptions for the planning period. The overall appetite for products based on Passive Investment Strategies has increased significantly over the last few years and we expect this growth to continue.

Section 172 (1) Statement

Section 172 (1) of the Companies Act 2006 requires each Director of a Company to act in the way that they consider in good faith that would most likely promote the success for the benefit of its members as a whole and in to have regard to:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company

To discharge their section 172 duties for this financial year, the Directors had regard to the factors set out above in making principle decisions taken by the Company whilst maintaining high standards of business conduct to the benefit of all stakeholders. An example of this would be approval of the Company's Modern Slavery Statement.

The responsibility for managing macro financial risk, impact on climate change and corporate responsibility arising from climate and environment-related factors is set out at DWS Group level.

The DWS Group carefully manages its policies on business travel, leased assets, waste generated and purchased services. Unavoidable carbon emissions are offset by the purchase and retirement of high quality emission reduction certificates as part of the carbon neutrality activities undertaken by the Group.

The importance of ESG products are also recognised and a dedicated framework is in place to classify dedicated ESG funds.

By order of the Board of Directors this 12th day of May 2020

A W Bartlett

Secretary

Registered office
Winchester House
1 Great Winchester Street
London
EC2N 2DB
Company number: 05233891