Commentary

Q3 | 9.30.26

Share Class: A I SDGAX C I SDGCX S I SCGSX INST I SDGTX R6 I SDGZX

DWS Capital Growth Fund

Executive summary

_ The Russell 1000 Growth Index returned 0.92% slightly underperforming the broader U.S. equity market in the third quarter.[1]
_ The Russell 1000 Index returned 1.80% in the third quarter.[2]
_ The fund's Class S shares gained 3.14% for the quarter, outperforming the benchmark.

Market review

_ The third quarter was characterized by a meaningful shift in market leadership. After delivering extraordinary gains through the first half of the year, many of the largest AI infrastructure beneficiaries experienced periods of significant volatility as investors reassessed valuation levels, funding requirements, and the long-term return profile of the substantial capital expenditures being deployed across the ecosystem.
_ Several developments contributed to this rotation. Rising interest rates created pressure on long-duration growth assets, while renewed debate surrounding AI safety, the proliferation of open-source models, and questions around financing availability triggered a reversal in some of the market's most crowded positions. These concerns were amplified by isolated events, including highly leveraged investor positioning and broader skepticism regarding whether parts of the AI ecosystem were overearning relative to sustainable demand.
_ Despite these concerns, corporate fundamentals remained exceptionally strong. Earnings growth across technology companies continued to exceed expectations, hyperscale cloud providers reiterated aggressive investment plans, and management teams consistently highlighted robust demand trends, growing backlogs, and increasing utilization of AI-related infrastructure. As a result, while leadership shifted throughout the quarter, the broader AI investment theme remained firmly intact.
_ Importantly, investors also began looking beyond the physical infrastructure layer toward emerging application-level opportunities. Increased adoption of AI agents and enterprise AI deployments expanded interest in software, cybersecurity, cloud platforms, and other businesses positioned to benefit from broader AI adoption. This led to improved performance across selected software and cybersecurity companies after an extended period of underperformance.
_ Outside of technology, signs of improving fundamentals emerged across several industries that had previously lagged the market. In particular, life-science tools and diagnostics companies reported healthier demand trends, improving biotechnology funding conditions, and early evidence of a more sustainable recovery in research and development spending.

Performance review

_ The fund entered the quarter with an important structural constraint following the June benchmark reconstitution: semiconductors represented more than 30% of the Russell 1000 Growth Index, while the fund is subject to a 25% industry concentration limit. This required meaningful underweights in several large semiconductor benchmark holdings. We sought to offset this constraint through holdings in other beneficiaries of AI infrastructure spending, including electrical equipment, power, engineering and construction, and data-center infrastructure companies.
_ Relative performance improved materially during July as crowded AI trades corrected, then remained resilient as markets recovered. We continued to emphasize active risk management, balancing benchmark exposures with bottom-up conviction rather than chasing momentum.

Attribution analysis

_ Stock selection across technology, industrials and consumer discretionary were the largest positive drivers of relative performance. On an individual basis, strongest positive contributions came from the underweight in Tesla (1.1%) on concerns around slowing EV demand, rising competition, and margin pressure, and the fund's holdings in Cloudflare (1.3%) on accelerating enterprise adoption of its security and AI-driven platform offerings, and Thermo Fisher (0.8%) benefiting from improving demand trends across bioprocessing and life sciences end markets.[3] Furthermore, not owning KLA (0.0%) and Caterpillar (0.0%) contributed positively on a relative basis as sentiment on AI capex durability for semiconductor equipment and datacenter construction shifted towards caution.

_ Detractors primarily reflected areas where investor preferences shifted rapidly during the quarter. Certain industrial, healthcare, and other growth-oriented holdings experienced periods of weakness despite stable underlying fundamentals as capital rotated among competing AI-related opportunities. This affected most the fund's holdings in Vertiv (1.1%) and Applied Materials (1.7%). At the same time, an underweight in Advanced Micro Devices (0.4%) detracted as the chip designer was seen as a key gainer from the shift towards agentic AI.

Portfolio positioning

_ We remained active in upgrading the portfolio's risk/reward profile. Several sales reflected tax-loss realization ahead of fiscal year-end, while others reflected lower conviction following weaker fundamental trends and more attractive uses of capital elsewhere.

_ We added to Robinhood (0.3%), Western Digital (0.5%), and Alphabet (5.8%) with the latter two and other changes increasing primarily exposure to hyperscalers, storage, and optical networking, where we see durable demand and attractive participation in the next stage of the AI infrastructure cycle. We also initiated a small position to complement existing cybersecurity exposure.

_ Our outlook remains broadly unchanged. We continue to believe the AI investment cycle is real and durable, supported by strong demand, expanding backlogs, rising token consumption, and multi-year infrastructure commitments. At the same time, higher interest rates and questions about capital intensity and returns are likely to create continued volatility and rapid shifts in market leadership.

_ We believe the opportunity is broadening beyond semiconductors and physical infrastructure. Agentic AI should increase the importance of cybersecurity, trusted cloud platforms, data governance, and selected application providers, while also creating disintermediation risk for businesses with weaker customer relationships or limited differentiation. We therefore expect greater dispersion within software, services, and consumer-facing industries.

_ Outside AI, we are encouraged by improving trends in life-science tools and diagnostics, where stronger biopharma demand, improving biotech funding, and reshoring could support a multi-year recovery. We remain focused on staying flexible and active, maintaining diversification where fundamentals warrant it, and emphasizing visible demand and earnings trends.

AVERAGE ANNUAL TOTAL RETURNS (as of 9/30/26 returns of less than one year are cumulative)

Share class	3-month	YTD	1-year	3-year	5-year	10-year	Since inception	Inception date	Gross/Net expenses
Class S	3.14%	6.84%	6.12%	20.19%	9.50%	15.49%	7.43%	7/17/2000	0.66%/0.66%
Class INST	3.14%	6.84%	6.13%	20.19%	9.50%	15.47%	11.06%	8/19/2002	0.69%/0.69%
Class A (Unadjusted)	3.08%	6.65%	5.88%	19.90%	9.24%	15.21%	8.74%	6/25/2001	0.89%/0.89%
Class A (Adjusted)	-2.84%	0.52%	-0.21%	17.56%	7.96%	14.53%	8.48%	6/25/2001	0.89%/0.89%
Russell 1000 Index	1.80%	12.30%	15.01%	22.48%	13.01%	15.04%	n/a	n/a	n/a
Russell 1000 Growth Index	0.92%	6.30%	7.50%	24.26%	13.66%	18.16%	n/a	n/a	n/a

Performance is historical and does not guarantee future results. Investment returns and principal fluctuate so your shares may be worth more or less when redeemed. Current performance may be lower or higher than the performance data quoted. Please visit www.dws.com for the fund's most recent month-end performance. Adjusted returns include the maximum sales charge of 5.75%. Unadjusted returns do not reflect sales charges and would have been lower if they did. Performance includes reinvestment of all distributions. Index returns do not reflect fees or expenses. It is not possible to invest directly in an index or category. Not all share classes are available to all investors. A minimum investment of $1 million is required to open an account for Institutional shares. Class INST shares have a contractual waiver that runs through 01/31/2027. For Class INST shares: The Adviser has contractually agreed to waive fees and/or reimburse expenses to limit total annual fund operating expenses (excluding certa in expenses) until 01/31/2027. Because current operating expenses are below this limit, the waiver had no effect for the period shown.

[1]The Russell 1000 Growth Index tracks the performance of those Russell 1000 Index stocks with higher price-to-book ratios and higher forecasted growth values. The fund's broad-based prospectus benchmark, the Russell 1000 Index, is an unmanaged index that measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index.
[2]The Russell 1000 Index tracks the performance of the 1,000 largest stocks in the Russell 3000 Index, which consists of the 3,000 largest U.S. companies as measured by market capitalization.
Index returns do not reflect fees or expenses and it is not possible to invest directly into an index.
[3]Contribution and detraction incorporate both a stock's total return and its weighting in the fund.

Holding percentages in parentheses represent percentages of the fund's market value as of 8/31/26. Securities referenced do not represent all of the securities purchased or sold by the fund, may or may not be profitable, and should not be construed as a recommendation of any specific security. Current and future portfolio holdings are subject to risk. The opinions and forecasts expressed herein by the fund managers do not necessarily reflect those of DWS, are as of 9/30/26 and may not come to pass.

Important risk information
War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led and, in the future, may lead to significant disruptions in U.S. and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund or strategy and its investments.
Stocks may decline in value. Fund management could be wrong in its analysis of industries, companies, economic trends and favor a security that underperforms the market. This fund is non-diversified and can take larger positions in fewer issues, increasing its potential risk. The fund may lend securities to approved institutions. Please read the prospectus for details.

Obtain a prospectus
Consider the investment objective, risks, charges and expenses carefully before investing. For a summary prospectus, or prospectus that contains this and other information, download one from www.dws.com or talk to your financial representative. Read the prospectus carefully before investing.

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