

26 JUL 2023 Naimish Keswani

## DWS to launch US logistics strategy

- Real estate pipeline remains strong, CEO Hoops says
- Inorganic M&A for RE/infra debt not ruled out
- In 'advance resolutions discussions' over greenwashing

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Frankfurt-based [DWS Asset Management](#) is set to launch a new US logistics strategy during the latter half of the year, the firm indicated in its Q2 earnings results on Wednesday.

“In alternatives, we will launch a US logistics strategy, which has been developed in response to growing demand from German institutional clients for such solutions,” said CFO Claire Peel in her final analyst call with the firm.

This is the fourth launch from the manager this year, following its [value-add office strategy](#), a Europe-focused [transformation fund](#) which will focus on carbon emission reduction and a [European infrastructure fund](#) geared towards retail investors, which has raised over €200m (\$221m) so far.

Alternatives makes up 13% (€115bn) of the firm's €859bn (\$951bn) AuM, and is an area of growth for DWS.

“We remain committed to expanding our capabilities in our targeted areas of alternatives,” said CEO Stefan Hoops. “We are progressing with supporting the European transformation, while outside Europe we are strengthening our profile and capabilities across the world.”

The manager saw net inflows of €10.4bn during the quarter, of which €3.9bn came from alternatives, predominantly driven by an institutional real estate mandate in the US.

“The pipeline for real estate looks quite promising, and our focus will be on logistics in the third quarter,” Hoops added.

# DWS

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Assets Under Management: €859bn

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Source: DWS Group Q2 2023 Results

## Credit Expansion

The firm last year appointed former Blackstone Credit COO Paul Kelly as the head of its alternatives division, and has been eyeing an expansion into credit due to investor demand.

As yet, the manager is split between whether it will pursue an organic strategy, or acquire a direct lending manager, but has decided that the focus will initially be on a European platform.

“I think the US, we would probably treat more opportunistically. There are interesting ways to grow, [...] but I fear we would be a tourist in the US, and we don’t want to be a tourist in any asset class,” Hoops said.

“Therefore, I know that we will focus on building it in Europe.”

The manager indicated it is 'quite close to deciding' on an executive to lead its credit platform, who will make the call on whether the best way is through M&A or a homegrown team.

Hoops is also open to M&A in the real asset space, remarking: "When it comes to infrastructure or real estate debt – which we already have but probably could do more of – that's another area in which I could imagine some inorganic growth."

### **Greenwashing Resolution**

DWS stated it is in 'advanced resolution discussions' with the SEC over allegations of greenwashing made by the firm's former sustainability officer Desiree Fixler. The firm has made a provision of €21m earmarked for the regulator in its half-year report.

"We cannot exclude that the outcome of the investigation may be adverse and could involve financial penalties, which is why we've adjusted our provisions accordingly," Hoops said.

"In short, we are moving in the right direction, and hopefully with a timely conclusion in sight."

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