

DB Platinum IV Platow Fund – November 2016 Report

Ever since the DB Platinum IV Platow Fund's inception, November has been all about the German Equity Forum in Frankfurt, and 2016 was no exception. For three days, investors got a chance to „grill“ countless executives. Just like every year since 2006, the managing partners of pfp Advisory spent the full three days at the conference for small caps, which regularly takes place at Frankfurt airport since 2015.

26 companies the Platow Fund is invested in sent representatives to the Equity Forum (almost exclusively chief executives). 23 of them gave us an update on their business performance—in one-on-one conversations, in group discussions or via presentations. We also met with the management of another investment fund company for a separate conversation.

Top Ten Holdings
Bechtle
Cancom
Cenit
Fresenius
Helma Eigenheimbau
Jungheinrich Vz.
KION
Sixt Vz.
Washtec
Zooplus
30.11.2016, in alphabetical order

In the course of three days, we thus received a first-hand update on almost exactly half of the companies the Platow Fund invests in (currently 51). In addition, we had a chance to talk to a number of other executives, insiders and small-cap experts during various conference events.

Some company representatives had news to share. Einhell presented financial data for the first nine months of the year, while Paragon raised its forecast for 2017. Paragon stock consequently climbed to an all-time high before the end of the

conference, as did Platow Fund heavyweight Washtec. We analyzed all conversations with chief executives in depth and in some cases have already adjusted the portfolio accordingly.

Outside the Equity Forum, a number of other portfolio companies also had news to share—unfortunately, not all positive. IVU Traffic, MAX Automation and MS Industrie issued profit warnings, which resulted in considerable price declines. This triad of losers currently has only a small weighting in the DB Platinum Platow Fund (LU1239760025) so that they had little effect on the fund's overall performance.

Losses for Helma Eigenheimbau, Bechtle and Sixt were more problematic, even though the latter two presented good results for their third quarter and were able to raise forecasts for the year. All for One Steeb, Datagroup and Stabilus published preliminary results for the full year (until September 30), which were all in line with expectations. Q3 results for Aurelius, Centrotec, Continental, Dürr, Elmos Semiconductor, HeidelbergCement, Indus, Jenoptik, Jungheinrich, Nabaltec, Stada, USU Software, Uzin Utz and Zooplus yielded no big surprises either.

After the unexpected result of the U.S. presidential elections, HeidelbergCement went on a rollercoaster ride. Dürr, Paragon and Technotrans on the other hand contributed lasting positive returns. The unusually heterogeneous performance of the portfolio companies added up to a loss that was comparable to losses in the SDAX. The considerable outperformance of the Platow Fund and the „Platow certificate“ (DE000DB0PLA8) since May 2006 as compared to the small-cap index thus remains largely unchanged. More information, including details about the tranche for institutional investors (LU1239760371), can be found at www.pfp-advisory.de.

The DB Platinum IV Platow Fund (LU1239760371 and LU1239760025) is a mutual fund focusing on German equity. It was launched by Deutsche Bank securities. Until August 2016, advising was carried out via the Platow Medien GmbH. pfp Advisory has taken over advising responsibilities since September 2016. An in-depth analysis of the entire German stock market is the basis for all investment processes. Important elements include a tried and tested stock-picking process developed by Christoph Frank, careful balance sheet analysis and hundreds of conversations with executives and other company insiders every year. The opportunities and risks presented by individual companies' equity are crucial, while macroeconomic considerations and inclusion in a stock index are mostly immaterial. That is why the DB Platinum IV Platow Fund's portfolio usually differs substantially from the composition of major stock indices.

Investment objective and strategy

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pfp Advisory in portrait

pfp Advisory is an investment fund advisory firm located near the Frankfurt Stock Exchange that specializes in the analysis of equity and other securities. The customers are investment funds and professional investors. At the heart of the investment strategy is a systematic and extensive stock analysis that is focused on identifying the opportunities and risks of individual securities („Stock-Picking“). pfp uses a combination of key ratio analysis, knowledge of listed firms and stringent long-term investment principles. The pfp's directors Christoph Frank and Roger Peeters each possess over 20 years of market experience and they have used their expertise to advise the DB Platinum IV Platow Fund.

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