

DB Platinum IV Platow Fund – October 2017 Report

The day finally came in October 2017: The DAX share price index reached a new all-time high. The index that excludes dividends (as opposed to the better known performance DAX) surpassed its previous record highs set in April 2015 and March 2000. In other words, after more than 17 years, Germany's 30 most important publicly traded companies have finally grown at least a little in value.

This reflection shows not only the importance of dividends and the questionable make-up of the performance DAX, but also the added value that can be achieved through careful stock-picking. Longtime DAX members like Allianz, Commerzbank, E.ON, Munich Re, and RWE still languish below the value they attained around the turn of the millennium and had only short stints in the DB Platinum IV Platow Fund (LU1239760025, LU1239760371) or none at all.

Success stories like Fresenius (a DAX member since 2009 and a portfolio member in the Platow Fund) stand out thanks to a value that has multiplied many times over. Consistent stock-picking also pays off in the small cap sector, which typically makes up the bulk of the Platow Fund's portfolio. After a prosperous September, these companies did not do as well as blue chips in October. The SDAX only managed slight gains in the course of the month. Since the Platow Fund and the associated „Platow Certificate“ (DE000DBOPLA8) fared better, the fund has now expanded its lead over the small cap index since the fund's inception in May 2006.

Only a small number of individual investments stood out due to a conspicuous share performance in October. Covestro benefited from impressive results for the first three quarters of the year and from the announcement of a share buyback program. Mensch und Maschine and Villeroy & Boch also went

up. On the negative side is Kion, which fell considerably due to a more pessimistic outlook. At least the CEO used the low prices for buying the stock shortly after.

The opposite occurred at MTU. The engine-maker raised its outlook and at the same time announced a sale of an insider. pfp Advisory also observed directors' dealings at Deutsche Post and Einhell (purchases in both cases) and sales at All for One Steeb, Helma, Jungheinrich, Nanogate, and Stabilus. Purchases and sales evened out at Frosta.

While the news flow on insider trading was slightly negative overall, results for the first three quarters of BASF, Mensch und Maschine, Sixt, Steico, and Washtec were mostly satisfactory. Berentzen and Zooplus had already lowered their outlook for the year in September, so results for the third quarter were received with equanimity.

Top Ten Holdings
Bechtle
Cancom
Datagroup
Deutsche Post
Deutz
Fresenius
Indus
Jungheinrich
S&T
Technotrans
30.10.2017, in alphabetical order

As was expected, Hochtief made a counteroffer for toll road operator Abertis, which did not end up weighing down the stock price. BASF meanwhile showed some interest in Bayer's crop science division. pfp Advisory will continue to monitor the news flow in November. In addition to more quarterly reports, important events like the „Eigenkapitalforum“ in Frankfurt will provide helpful data. Investors can find further information about our strategy at www.pfp-advisory.de.

Investment objective and strategy

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.

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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