

## DB Platinum IV Platow Fund – December 2017 Report

Admittedly, defenders of active stock-picking like pfp Advisory can hardly be expected to give a completely objective assessment of the benefits of ETFs. Nonetheless, one December event gave ETF fans cause to kick the habit: After reports of financial irregularities at furniture company Steinhoff and the sudden exit of its CEO made news, the company's stock price fell by almost 90 percent before the month was out.

Top Ten Holdings
Bechtle
Cancom
Datagroup
Deutsche Post
Deutz
Indus
Jungheinrich
Sixt
S&T
Technotrans
29.12.2017, in alphabetical order

In consequence, index funds tracking the German midcap index MDAX took a big hit. At over 5 percent share, Steinhoff was one of the MDAX's big guns and correspondingly dragged the overall index down with it. ETF investors had no way to escape the Steinhoff maelstrom since they had inevitably bought it as part of their ETF shares.

Advocates of actively managed funds on the other hand did have a choice. For example, Steinhoff was never a part of the DB Platinum IV Platow Fund's (LU1239760025, LU1239760371) portfolio and we eliminated it in the first round of our screenings every time. There were too many inconsistencies in the numbers for our taste, and Steinhoff was never able to check off enough boxes in our quality criteria.

This strict selection process is a big reason why the DB Platinum Platow Fund and the associated „Platow Certificate“ (DE000DB0PLA8)

once again outperformed the most closely comparable index, the SDAX, as well as Germany's most popular index, the DAX, in 2017. Since its launch, the fund has therefore done better than the SDAX in 9 out of 12 calendar years (including the stub period in 2006). That's a remarkable rate of 75 percent. With regard to rolling ten-year yields, the fund did better in all periods. That's as strong of an argument for active investment strategies as one could ask for.

In 2017, a number of companies contributed to this success. Bechtle, Cancom, Datagroup, Jenoptik, Technotrans and Washtec deserve special mention due to their (at times) high weighting. Einhell and S&T more than doubled their stock price – successes that we are especially happy about since both companies resided somewhere between undiscovered and unloved when we first purchased the stock. Only a small number of companies stood out negatively in 2017, among them our longtime portfolio member Fresenius. In the long term, the stock nonetheless generated excellent yield.

Speaking of undiscovered opportunities, one of pfp Advisory's active management principles is reminiscent of the proverbial prophet and the mountain. If companies don't freely approach the capital markets, we will approach them. We used this strategy in December with a company from northern Germany that does little in the way of investor relations but seemed like a possible investment opportunity. This investment style requires a great deal of effort but is certainly the pinnacle of active investing. Despite the recent ETF boom, we are convinced that our strategy is far from obsolete, especially considering the DB Platinum IV Platow Fund's undeniable success (details at [www.pfp-advisory.de](http://www.pfp-advisory.de)). Our heartfelt thanks to all those who have accompanied us on this journey for part or all of the years since 2006.

### 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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