

DB Platinum IV Platow Fund – February 2018 Report

Volatility is back! What slowly crept up on markets in January turned into a full-blown downturn in the early days of February. Within only a few days, Germany's benchmark index DAX fell by over 1,000 points, while other German stock indices hardly fared better. Complacent investors were reminded that price fluctuations are an integral part of the stock market, just as air is to breathing. The volatility gauge VDAX-New, which had previously fallen to its lowest point in 20 years, rose to levels not seen in a long time. Meanwhile, a number of supposedly smart volatility products went up in smoke, with investors losing 95 percent and more of their investments overnight.

The DB Platinum IV Platow Fund (LU1239760025) couldn't escape the market correction but made up most of its losses by the end of the month. The fund's lead over the DAX since its launch in 2006 expanded considerably once again, while its lead over the more closely comparable SDAX grew slightly. While the majority of the 48 portfolio members ended the month in the red, outsize losses were rare. Jenoptik registered the biggest losses, but those mainly wiped out a spike from the previous month. Small to medium-weighted portfolio members Adesso, Koenig & Bauer, and Mensch und Maschine on the other hand ended the month on the plus side.

The news cycle had the potential to move markets even more. February marked the start of earnings season. BASF, Bechtle, Cancom, Covestro, Dürr, Einhell, Fresenius, Hochtief, Indus, Koenig & Bauer, Mensch und Maschine, MTU, Puma, PWO, Sixt, Steico, Villeroy & Boch, and VTG published preliminary or final full-year results, while All for One Steeb, Datagroup, and Stabilus published quarterly results. Puma benefited from the announcement of a special dividend, and Cancom – the fund's largest position at the moment – not only recovered from its rout but even climbed to new all-time highs. A two day investor

conference completed the news cycle, at which both of pfp's managing partners gathered information from executives and investor relations representatives of 18 companies.

Hochtief and VTG meanwhile currently don't offer the kind of transparency we would hope for. Both companies have gotten bogged down in takeover attempts.

While VTG at least announced that the Nacco takeover is now scheduled for the second half of the year, (political) rumors are the only information available on Hochtief's attempted purchase of Abertis. The stock has suffered from the months-long uncertainty, hovering far below the record highs it reached in 2017.

The same doesn't go for the DB Platinum IV Platow Fund. By the end of February, the longest-standing share class (LU1239760371) not only surpassed highs from October and November, but also the 4,000 euro mark. The price at the fund's launch in May 2006 (adjusted for the split) was 1,000 euros. (You can find more information, including on the "Platow certificate" (DE000DB0PLA8), at www.pfp-advisory.de.)

While we are happy about the quick recovery, we would welcome an end to the complacency and a return of a healthy dose of fear to the markets. The "wall of worry" is, after all, the best trellis for sustainable stock price growth.

Top Ten Holdings
Bechtle
Cancom
Datagroup
Deutsche Post
Deutz
Jungheinrich
Kion
MTU
S&T
Sixt
28.2.2018, in alphabetical order

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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