

DB Platinum IV Platow Fund – October 2018 Report

Hot days and crowded outdoor restaurants and cafés even during the evening hours – the weather in October was more like the summer than the fall. That certainly can't be said of the stock market, unfortunately. Instead of balmy summer weather, stocks got a blast of cold air. German stocks lost more ground on average in October than in any other month going back almost three years. The monthly performance of Germany's bellwether DAX index, for example, had not been so weak since January 2016.

Top Ten Holdings
Bechtle
Cancom
Covestro
Datagroup
Hella
MTU
Puma
S&T
Sixt
Steico

31.10.2018, in alphabetical order

Heavy losses were also seen in the MDAX, TecDAX and SDAX indices, while the DB Platinum IV Platow Fund lost slightly more ground. The number of declining stocks in its portfolio almost matched the total number of stocks in the portfolio. Covestro, Einhell, Koenig & Bauer, PWO, Stabilus and Süss Microtec suffered the heaviest losses. Meanwhile the number of advancing

stocks could be counted on the fingers of one hand. Three to be precise: PSI, Puma and VTG.

Stock prices did not always move in congruence with the underlying news flow. The losses seen in BASF, Dürr, Einhell, Fresenius, Leoni, Masterflex and PWO were in conformity with a downward revision in their guidance. There was also no contradiction between prices and news flow at PSI, Puma, DMG Mori and MTU: after revising their guidance slightly higher, the first two stocks were "rewarded" with a strong

upward move while the latter two stocks were able to trim their losses. Relief rallies at Cancom, Kion, Steico and Volkswagen were triggered by good Q3 results and confirmed management guidance, which allowed them to recoup much of their lost ground. Examples of a mismatch between stock performance and company news are Sixt (guidance raised) and Covestro (guidance confirmed), two stocks that suffered steep losses. Deutz shares, meanwhile, moved almost exclusively in reaction to the news about its supplier Neue Halberg Guss.

In contrast to the general market direction, directors' dealings in October were clearly skewed to the buy side. Numerous board members and other insiders at the companies in which the fund is invested bought shares during the market weakness. Insider buying activity was reported by BASF, Cancom, Cewe Stiftung, Covestro, Datagroup, Gesco and Villeroy & Boch. Of course, insiders can make mistakes too and end up grabbing the wrong end of a falling knife, but at the moment they obviously see far more potential at the current price levels than the general market does.

pfp Advisory also sees no reason to revise its views on most of the stocks in the portfolio at the present time. During last month's sell-off, the high cash allocation was used to selectively add to some positions.

A major change is, however, in store for the „Platow Fund“ in a few weeks: The “DB Platinum Platow” (LU1239760025, LU1239760371, LU1711555844) will be converted into the “DWS Concept Platow” (LU1865032954, LU1865033176, LU1865032871), effective December 4. The investment process, the role of pfp Advisory as investment advisor and the people behind pfp Advisory will stay the same. Investors can download two documents with detailed information on the pending change at <https://pfp-advisory.de/index.php?id=93>.

Investment objective and strategy

The DB Platinum IV Platow Fund (LU1239760371, LU1239760025, LU1711555844) 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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