

DWS Concept Platow – May 2019 Report

From a market standpoint, April flowers were followed by May showers. For the first time this year, each of the four major DAX indexes ended a calendar month with a negative return, led by the SDAX. The DWS Concept Platow Fund (LU1865032954, LU1865033176, LU1865032871) performed much better in comparison but it too was unable to stay out of the red through the end of the month.

One-quarter of all stocks in the portfolio ended the supposedly delightful month of May with double-digit percentage losses. Fortunately, there was only one core position – S&T –

Top Ten Holdings
Bechtle
Puma
Cancom
S&T
MTU Aero Engines
Sixt
Datagroup
Mensch und Maschine
Allianz
Steico
31.5.2019, sorted according to weighting

in this group of double-digit losers. At the positive end of the performance spectrum were 2G Energy, Adidas and Funkwerk, all smaller positions, as well as the two core positions Steico and Bechtle. Bechtle published strong quarterly results that sent its share price to a new record high and made the stock the largest single position in the portfolio, mirroring the growing importance of the soft-

ware/IT segment, which for the very first time accounted for more than 30% of the fund's assets in May.

This particular weighting was not targeted in advance. Rather, this sectoral emphasis came about as a result of the steadfast implementation of our bottom-up investment process and the disproportionate gains by software/IT stocks over the course of the past few years. But we are not surprised by

this outcome: There are a striking number of software and IT companies with solid business models, good margins, steady growth rates, low levels of debt and enticing technicals. Valuations have climbed higher too, of course, but in most cases they are still not stretched.

Many of these IT and software companies are producing a steady stream of convincing news flow. Besides Bechtle, for example, All for One, Cancom, Datagroup and USU Software reported (mostly positive) quarterly results. Turning to other sectors of the market, quarterly reports were recently published by 2G Energy, 3U, Adidas, Allianz, Borussia Dortmund, Cewe, Deutsche Industrie, Deutz, Edel, Einhell, Elmos, Fresenius, Gesco, HHLA, Hannover Re, Hochtief, Jenoptik, Jungheinrich, KAP, Masterflex, MBB, Muehlhan, Nynomic, PWO, Schloss Wachenheim, Sixt, SMT Scharf, Steico, Talanx, Technotrans and Wacker Neuson. Technotrans "garnished" its numbers with a cut in guidance but insider buy transactions were also disclosed under its directors' dealings. Insider buy trades were also filed at Munich Re, SMT Scharf, Talanx and USU Software. None of the companies in the portfolio reported any filings of insider sell trades. Frosta lowered its guidance because of rising raw material prices.

Judging by the latest results announcements and the many meetings we had with top executives during the month of May, the companies in the portfolio are well on course to meet the given expectations. We have closed or reduced positions in a handful of companies where that wasn't the case or where we just don't see enough upside potential to justify holding the shares. General information on the fund's investment process and the "Platow Certificate" (DE000DB0PLA8) can be found at www.pfp-advisory.de.

Investment objective and strategy

The DWS Concept Platow is a mutual fund focusing on German equity. It was launched by DWS Investment GmbH. pfp Advisory GmbH is the portfolio advisor. 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 DWS Concept 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 DWS Concept Platow.

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