

## DWS Concept Platow – July 2019 Report

The general weather situation for the stock market darkened in July. Hardly any economic indicator is at a level that an export-oriented economy as the German one would like it to be. Many companies are facing stronger headwinds. We are hearing the bad r-word more and more often. In cyclical sectors, forecast cuts even appear to be the "new normal".

Fortunately, companies from the DWS Concept Platow Fund portfolio (LU1865032954, LU1865033176, LU1865032871) have so far rarely been affected by this series of profit warnings. As a result of our investment process, we have drastically reduced positions in cyclical sectors since the beginning of the year. For example, the shares of automobile manufacturers and suppliers have shrunk from 9% to below 3%, mechanical engineering from 6% to almost 0% and chemical companies from 5% to almost 0%. Conversely, the capital invested in "boring" insurance stocks rose from 1% on New Year's Eve to currently 15%, also as a result of our stock picking process.

Top Ten Holdings
Puma
Cancom
Bechtle
MTU Aero Engines
S&T
Allianz
Datagroup
Hannover Rück
Mensch und Maschine
Münchener Rück
31.7.2019, sorted according to weighting

Our block "Software/IT", which has been our largest for years, increased from a high 27% to now 30%, although we continuously sold and still sell shares in this sector that we consider to be weaker. However, the fund portfolio was not completely spared from forecast

reductions either: with three companies affected, namely Einhell, Jungheinrich, and Villeroy & Boch, the extent was limited. On the other hand, three portfolio companies also raised their forecasts in July: Fresenius, MTU and Puma. By the way, the latter two are among our largest positions ever (see table). Airbus, Cancom, Mensch und Maschine, and Volkswagen also reported quarterly results that tended to exceed expectations, while Covestro, Frosta, Hella, Hochtief, Logwin, PSI, and Steico at least did not disappoint.

The situation remained mixed on the "insider front": purchases were reported as part of directors' dealings by 2G Energy, Einhell, and Gesco; Adidas and Fresenius saw sales. Also worth mentioning: Funkwerk intends to participate in Euromicron, which is also listed on the stock exchange but not included in the fund, Hella plans to distribute a special dividend, Jenoptik intends to sell its defence technology business and S&T has launched a new share buyback program.

During the current reporting season, further reports and perhaps also "profit warnings" will be sent to shareholders. We cannot rule out that portfolio companies will be affected by negative news, but do not currently expect this. Rather, we have identified several shares in our quarterly screening process in which we are building up new positions. On balance, we are confident that we will be able to further expand our considerable performance lead (since the 2006 launch and the beginning of the year) over the SDAX and DAX. This was achieved again in July, with the fund price even increasing in value in contrast to the indices mentioned. Further information, also on the "Platow Certificate" (DE000B0PLA8), can be found at [www.pfp-advisory.de](http://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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