

DWS Concept Platow – August 2019 Report

Ever since the DWS Concept Platow Fund was launched in May 2006, its portfolio has shown the most overlap with the SDAX index. That fact might cause some bewilderment to those of you who've glanced at the list of the portfolio's current core positions, which shows that 6 of the fund's top 10 positions at the end of August were MDAX stocks. The "MDAXification" of the fund became more pronounced in August because Airbus joined the ranks of the fund's top ten stocks and Cancom, the fund's second-largest position, was

Top Ten Holdings
Puma
Cancom
Bechtle
MTU Aero Engines
S&T
Allianz
Hannover Rück
Datagroup
Münchener Rück
Airbus
30.8.2019, sorted according to weighting

moved from the SDAX to the MDAX in an unscheduled index adjustment just before the end of the month.

Do these changes have any impact on our investment process? Not at all. We're pleased whenever a company climbs the index ladder because these adjustments have usually been preceded by a better-than-average share performance, which, in turn, reflects well on our investment process.

What index a stock belongs to does not factor into our investment decisions. Just like it didn't matter to us that Cancom wasn't even included in an index back in the day, we haven't changed our opinion of Cancom now that it's in the MDAX instead of the SDAX. Another example is Puma: when we first invested in this stock it was a component of the SDAX; now it too belongs to the MDAX. Or MTU, which will move from the MDAX into the DAX in September.

As a general rule, pfp Advisory doesn't manage the fund based on index membership or index weightings. Every stock in Germany has an equal chance of being added to the fund's portfolio – regardless whether it is a member of the DAX or SDAX index or none at all. Other criteria, such as a robust business model, modest valuation, an adequate and steady growth for key financial metrics, a solid balance sheet, and a convincing chart are far more important to us. The fact that we were usually invested in small caps in the past and rarely in blue chips was an outgrowth of our systematic investment process. That doesn't surprise us either because the selection criteria regarding growth and balance sheet metrics we mentioned above are more likely to be met by smaller firms.

This exposure to mid and small caps paid off again during the month under review. Although the DWS Concept Platow Fund (LU1865032954, LU1865033176, LU1865032871) ended August slightly lower, it again beat the performance of both the SDAX and DAX. That is also credited to the very positive contributions from MTU and Puma, two core positions that reached new all-time highs in August, as did four other stocks in the portfolio. Elmos and LPKF delivered the best monthly performance in absolute terms. Performance detractors were Bechtle, Mensch und Maschine and S&T, all larger positions.

Thanks to its outperformance in August, the fund widened its historical lead over the SDAX (and the DAX), as did the "Platow certificate" (DE000DB0PLA8), which tracks the fund's performance. For the sake of completeness, the fund has also outperformed the MDAX by a wide margin since its inception in May 2006. We attribute this to the sturdiness of our stock selection process across the market cycle and the excess return potential it offers over the long term. For further information, please visit 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.

Disclaimer: The information presented in this document is expressly not addressed to citizens or residents of the United States of America. The public offer and sale of securities is subject to national laws and other legal restrictions of individual countries. The availability of texts or documents in English does not imply that a license for distribution in English-speaking countries has been granted or requested. The information presented constitutes neither an offer nor a recommendation to buy, hold or sell shares in funds or certificates nor investment advice or any other kind of recommendation. It serves informational purposes only. Prospectus and other important documents are available at DWS Investment GmbH, Mainzer Landstraße 11-17, 60329 Frankfurt am Main or at Deutsche Asset Management S.A., Boulevard Konrad Adenauer, L-1115 or at www.dws.de.