

DWS Concept Platow – October 2019 Report

Last month in talks with investors we were often asked about our outlook for the German economy. Or, more jokingly, where would the DAX be at yearend? We answered just as jokingly: pfp Advisory doesn't have that crystal ball either. We can't tell what the closing value of the DAX will be on New Year's Eve. Nobody can.

As for the future path of the German economy, now that is something we are always looking at and here our opinion is clear, but that doesn't mean it's a big factor in our investment

| Top Ten Holdings |
|---|
| Puma |
| Cancom |
| Bechtle |
| Datagroup |
| Talanx |
| Allianz |
| Hannover Rück |
| Munich Re |
| Mensch und Maschine |
| S&T |
| 31.10.2019, sorted according to weighting |

process. We research every company and every stock on the basis of its specific qualities and take a bottom-up approach, so our analysis of the general economy or sector trends influences our decisions only indirectly, based on the impact these broader factors might have on a company's business model and operating results. So we aren't explicitly asking ourselves: What's the next hot story? Digitization, cloud, e-

mobility? Will Germany's economy grow by 1.2% in 2021 or 1.4%? Will Trump's next tweet push the DAX up by 1%? Or down? Or maybe just the stocks in one particular sector? Will Brexit happen finally or on a different date?

Don't get us wrong. We don't want to heap scorn upon the top-down-oriented strategies that some fund managers pursue; it's simply not the approach we take. At pfp Advisory, we work our way "from the bottom up", looking for answers to

questions such as: Is the company steadily growing key figures such as sales, earnings and cash flow? Is its balance sheet solid or does it have some obvious or latent weaknesses? Does it have a robust business model? What about market entry barriers? Can we trust the company's management? Is the stock's valuation attractive? Are the stock's technicals positive?

Those are the typical questions that we seek to answer every day, by analyzing quarterly reports or talking with senior executives, for example. October was no exception here. We welcomed company representatives to our offices for meetings or were able to engage with them at investor days, conferences or other venues. We're also permanently monitoring general company news flow while keeping it in perspective against the backdrop of the more important longer-term trends. In October we saw quarterly reports from Airbus, Geresheimer, Logwin, LPKF, Mensch und Maschine, Nordwest Handel, PSI, Puma, Steico, TAG Immobilien, Villeroy & Boch, and Volkswagen. Munich Re and Puma upped their guidance a bit; SMT Scharf slashed its forecast. Insider buying was reported at 2G Energy, Adesso, Gesco, and Mensch und Maschine.

Sometimes these notifications coincided with stock movements to the upside, which was clearly the case at Cewe, Mensch und Maschine, and Steico, or the downside, as seen at SMT Scharf. On balance, these movements contributed to the pleasing monthly return achieved by the DWS Concept Platow (LU1865032954, LU1865033176, LU1865032871) and the "Platow certificate" (DE000DB0PLA8), which ended the month well ahead of the MDAX and TecDAX, albeit slightly behind the SDAX and DAX. Both securities continue to show a significant excess return year to date.

We will of course stick to our time-tested bottom-up approach (visit www.pfp-advisory.de for further information).

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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