

DWS Concept Platow – January 2020 Report

The new year began just the old year ended – with rising prices. At least it did for the DWS Concept Platow Fund, which advanced in January and set several new record highs along the way. Meanwhile the SDAX and Germany's blue-chip DAX index struggled and ended the month in the red. Conse-

Top Ten Holdings
Bechtle
Cancom
Puma
Datagroup
S&T
Talanx
Mensch und Maschine
Hannover Rück
Munich Re
Airbus

31.1.2020, sorted according to weighting

quently, the fund improved its long-term track record of outperformance.

“Keeping the pace” was also the conclusion of the financial press in its recent coverage of our fund. Bloomberg published a long article praising the Platow fund in December and in January the *Börsen-Zeitung*, a daily financial newspaper in Germany, followed suit.

The latter article provided a good summary of our investment style and our performance in 2019 and so we invite readers to go to the “in the news” section of pfp's website or click on the following link (tinyurl.com/tjv9s9h, in German only) to read it.

One of the questions we were asked as these articles were being drafted concerned the portfolio turnover rate. The answer to that question is more complex than it might seem at first. This is because, for one, our aim is to hold the stocks we buy for at least a year, and we'll hold them a lot longer than that if justified. A glance at the portfolio's core positions (see table) shows that some stocks have been in the portfolio for many years. On the other hand, we'll swiftly take action when called for. We don't and won't keep any “dead bodies” in the portfolio, or hopefully hang on to losing stocks. Stocks that are

suddenly ejected from the portfolio after just a short stay can obviously distort the average holding period, which is another reason why we think this ratio should be treated with caution. What's more, an increase in investor inflows or outflows will further complicate the picture. With that in mind, we've decided to offer a snapshot of our portfolio turnover from a different angle: Of the 45 stocks in the portfolio at year-end 2019, 29 were already in the portfolio at the start of the year, while 16 were added during the course of 2019. Viewed in terms of invested capital, the turnover rate is even lower.

We have already opened a few new positions in 2020 but, as always, with a “sure and steady hand” because our screening process at the turn of the year didn't signal the need for a major realignment of the portfolio. Nor did the stock-specific developments. Looking at January performance, the fact that not a single stock in the portfolio suffered a double-digit percentage loss is worthy of attention. The weakest performers were HHLA and Volkswagen. Performance drivers were LPKF, Nynomic, S&T and Steico. Datagroup, DIC Asset and Villeroy & Boch reported (preliminary) results; S&T raised its mid-term guidance; Cancom surprisingly announced the departure of its CEO. While notifications of insider buying were reported at DIC Asset, HeidelbergCement, KWS Saat, Puma and Talanx, director selling was reported at 7C Solarparken, and both buying and selling transactions were reported at Deutsche Industrie.

Notwithstanding the successful performance of DWS Concept Platow (LU1865032954, LU1865033176, LU1865032871) in January and the recent, pleasing press coverage, we know that we will have to work hard to keep moving in the same direction. Nor should investors extrapolate our latest performance into the future. For further information and the “Platow Certificate” (DE000DB0PLA8), visit www.pfp-advisory.de.

Sincerely yours, Christoph Frank and Roger Peeters

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, which is managed by the managing partners Christoph Frank and Roger Peeters. 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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