

## DWS Concept Platow – March 2020 Report

These are extraordinary times. What we're experiencing in our everyday life is also happening in the stock market. Although those have not been shuttered like most stores and restaurants, we see unmistakable signs that financial markets are under tremendous stress. Trading on Wall Street was repeatedly halted by automatic "circuit breakers" and liquidity in several segments has all but dried up.

Equities, by definition a financial asset that can be quickly liquidated, were hit particularly hard by the massive sell-off. There's no doubt that the month of March 2020 will enter the annals as one of the worst ever for investors. Although the DWS Concept Platow (LU1865032954, LU1865033176, LU1865032871)

Top Ten Holdings
Bechtle
Mensch und Maschine
Cancom
Datagroup
Cewe
Hannover Rück
Talanx
Steico
S&T
Puma
31.3.2020, sorted according to weighting

was not quite as weak as the SDAX and DAX, it still lost more ground than in any other calendar month since its establishment in May 2006.

Almost every stock in the portfolio ended the month deep in the red. The biggest decliners were companies directly impacted by the "shutdown" – Airbus, HHLA, MTU and Sixt to name a few. Fortunately, their overall impact on the portfolio was mitigated because we had sharply

reduced our exposure to Airbus and MTU and sold our entire shareholdings in Adidas and Borussia Dortmund early on. Stocks such as 7C Solarparken, Bechtle, Einhell and Hapag-Lloyd fared the best.

There were more than a few reports of company-specific news, such as the release of annual results for 2019 (which were often very solid), but they suddenly seemed so "out of time" and hardly received any attention. If there's one thing that's become clear to us since mid-March, it's that the action being taken to contain the virus outbreak will come at a steep cost to the economy and plunge Germany into a deep recession. Consequently, many companies withdrew their guidance for 2020 (and often scrapped their dividend proposals too).

Looking at the stocks in the Platow fund, this has only been the case with Airbus, All for One, KAP, MTU, Munich Re and Sixt. Considering recent developments, we assume other companies will follow.

Some of the stocks in the fund's portfolio have already pushed back the date of their general meetings (e.g. Deutsche Telekom, DIC Asset, MBB, Muehlhan), while others (e.g. Allianz) are considering if and how they can conduct their annual meetings without any shareholders being physically present, as foreseen in a recently passed law. The advantage of the latter variant is that the meeting can still be convened and, consequently, the dividend paid out as originally scheduled. Logwin has already announced it will hold a "virtual-only" AGM.

Insider activity in March offered a glimmer of hope: Insider buying was disclosed at All for One, Bechtle, Datagroup, Deutsche Industrie, Deutsche Telekom, DIC Asset, DocCheck, Einhell, Helma Eigenheimbau, MBB, Mensch und Maschine, MLP, Munich Re, Noratis, Puma, S&T and Talanx. Both buying and selling transactions were reported at MTU and Volkswagen. This means that insiders at more than one-third of all companies in the portfolio purchased shares in March. That is a remarkably high percentage.

A stout heart and a steady head will be needed by company management and investors alike in the months to come too, for the second quarter will likely be a challenging one. We are still in the process of factoring COVID-19 into our forecasting models so we can start the quantitative screening process we conduct at the end of every quarter. So, despite coronavirus disease, it's still business as usual at pfp Advisory. Whether we're at our desks in the office or at home, the results of our screening process will be the same. What has been affected by the lockdown is our direct contact with company representatives, but this hasn't been completely cut off. All capital market conferences and physical meetings have been cancelled for an indefinite period, so we have to be content with telephone contact and webinars for now. We don't anticipate this temporary restriction to have a material impact on the performance of the fund or the "Platow certificate" (DE000DB0PLA8).

*Stay healthy! 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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