

DWS Concept Platow – April 2020 Report

V, U, W or L? That is the question everyone seems to be asking these days. Which of these letters will best visualize the path of the economic and stock-market recovery after the “corona crash”? A “V”, which would be a speedy rebound from the steep declines? Or a “U”, the V’s less appealing brother, representing a prolonged bottom phase? Or the even uglier cousin, the “W” which would portend a second decline? Or, dare we say, the letter “L”, the worst-case scenario, which would be a feeble recovery at best?

Economic pundits and investors would of course like to see

Top Ten Holdings
Bechtle
Mensch und Maschine
Cancom
Steico
Cewe
Datagroup
Hannover Rück
S&T
Talanx
Allianz
30.4.2020, sorted according to weighting

a V-shaped recovery. Whatever lies ahead cannot be predicted with any degree of accuracy and pfp Advisory doesn't spend its time analyzing alphabet soup or crystal balls anyway. Instead we concentrate on building a robust portfolio of stocks that should do well no matter what letter the (stock) market charts. Market risks cannot be entirely eliminated from a classic equity

portfolio anyway without sacrificing a large portion of the return potential.

The past two months have illustrated this quite well. After experiencing its most negative month in March since its inception in May 2006, the DWS Concept Platow Fund (LU1865032954, LU1865033176, LU1865032871) recorded its best-ever monthly performance. Judging by the fund’s performance, it looks like this is a V-shaped recovery then. Moreover, the fund outperformed the DAX and SDAX in both

months, enhancing its already significant outperformance of both indexes since inception.

The fund's outperformance in April was fueled by the many stocks that ended the month with double-digit percentage gains. Hapag-Lloyd was the high-flyer: Right after the market crashed, the stock took off like a rocket and set new all-time highs (forming the letter “J”). In view of this exuberance we significantly reduced our position in the stock. Medios also reached an all-time high and Init hit a multi-year high. Other strong performers over the past month were Cancom, Cewe, Deutsche Industrie, Funkwerk, Gerresheimer, Mensch und Maschine and Steico. The only notable performance detractors were Drägerwerk, KAP and other smaller positions.

The question whether the recovery will be speedy or slow is also being discussed in company boardrooms, of course, which we were also able to discern during numerous telephone and online conferences over the past month. As we’d anticipated in our review for March, several more companies played it safe and ditched their forecasts (e.g. Allianz, Datagroup, Einhell, Hannover Rück, Logwin, MLP, Talanx) or their dividend proposals (e.g. OHB, Puma, S&T) last month.

There were a few reports of annual and quarterly results and we also noted some insider activity. Insider buying within the scope of Directors’ Dealings was reported at Adesso, Cewe, Deutsche Industrie, Drägerwerk, Einhell, Elmos, MLP and Muehlhan, insider selling at Init and Orbis, and both buying and selling was reported at Medios. The high level of insider buying suggests that quite a few insiders are anticipating a V-shaped recovery. No matter what letter ends up being charted, we plan to stick to our time-tested strategy for managing the portfolio of the DWS Concept Platow Fund and the “Platow certificate” (DE000B0PLA8).

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.

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.