

DWS Concept Platow – June 2020 Report

Wirecard is not in the DWS Concept Platow Fund’s portfolio and not once in the history of the fund going back to 2006 was it ever in the fund’s portfolio. We’ve told that to investors and other interested people time and again during the past few weeks. Experienced investors are familiar with the company of course, but we never hid our skepticism for Wirecard. No other stock that never made it into the fund’s portfolio since the day it was launched 14 years ago (back then under the name DB Platinum III Platow) has popped up in our discussions with investors as often as Wirecard has.

Why were we never invested in Wirecard? Because the company and its stock never met our investment criteria. Measured by the valuation indicators we favor, the stock was always clearly overvalued;

Top Ten Holdings
Bechtle
Cancom
Mensch und Maschine
Steico
Bayer
S&T
Cewe
Datagroup
Talanx
2G Energy

30.6.2020, sorted according to weighting

we also had some doubts about the financial figures the company reported and some misgivings about its management and their ability to respond constructively to criticism. So Wirecard never even passed the first stage of our quantitative screening process and therefore never made it to our short list and, consequently, never made it into the fund.

That Wirecard could become mired in a scandal like the one we’re witnessing today was one of the scenarios we deemed possible, but it certainly wasn’t the only one. But that is not what we want to focus on. Whenever a stock fails to meet most of our basic investment criteria, we won’t touch it with a 10-foot pole. And we don’t feel bad about the great returns that we “miss out on” from time to time, like we did with Wirecard. That’s because those great returns can go up in smoke within a few hours and even

lead to an asset implosion, as events of recent days have shown. Besides, we have long proven that the DWS Concept Platow Fund can still generate stellar excess returns despite having “missed out on” certain investment opportunities.

June was no exception either, having outperformed the most comparable index for the fund, the SDAX (and the MDAX and TecDAX too), but we didn’t beat the DAX, which had an exceptionally good month. Interestingly, the best performance drivers in June were the “German mittelstand enterprises” in the DWS Concept Platow (LU1865032954, LU1865033176, LU1865032871) and “Platow certificate” (DE000DB0PLA8), e.g. the top-ten newcomers 2G Energy, Funkwerk, Init, Envitec Biogas, Steico and Einhell. They were closely followed performance-wise by the four heavyweights Munich Re, Allianz, Bayer and Cewe. Cancom was the only stock that stood out on the losing side, which is remarkable considering that its share price rose to a new all-time high early in June.

New all-time highs were also reached by 2G Energy, Gerresheimer and Init. Year-to-date highs were reached by DocCheck, Einhell, Envitec Biogas, Funkwerk, KWS Saat and United Internet. Few portfolio companies reported quarterly results, only Cancom, CropEnergies and Einhell, but there were quite a few directors’ dealings announcements. Insider buying was disclosed at Deutsche Industrie, Einhell, MLP and Munich Re, insider selling at 2G Energy, Init, KWS Saat, Medios and United Internet, and both buying and selling was disclosed at Allgeier and Deutsche Telekom. MLP was removed from the SDAX after just three short weeks.

Such events and announcements are closely followed by pfp Advisory and we talked with numerous board members in June, including at (virtual) capital market conferences. Thorough analysis and disciplined stock-picking, relying on an unambiguous and time-tested investment process, is our daily business. This approach ensures that we will continue to invest in truly promising stocks while avoiding scandal-prone like Wirecard. **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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