

DWS Concept Platow – July 2020 Report

So will we see a K instead of a V, U, W or L? Granted, this letter wasn't mentioned in our report for April when we wrote about the various patterns the market could trace after the Corona crash. But three months later, K has become a serious contender because it does seem to reflect the recovery paths we have witnessed so far.

How's that? After the market meltdown in March, a general trend that was already under way before the outbreak of the coronavirus became even more pronounced: the widening gap between the winners and losers of digitalization, a topic that had already been discussed at many pre-corona investor meetings. The lockdown gave this trend additional momentum, not only in the real world, but also in the stock market: Whereas the initial phase of the recovery lifted a great many stocks across all sectors of the market, the second stage of the recovery has clearly widened the gap between companies with a high "digital quotient" and all the others. The stock market blowout, the initial recovery, and the subsequent divergence in share prices thus form a pattern that resembles a (small) K.

This observation can also be applied to the DWS Concept Platow Fund (LU1865032954, LU1865033176, LU1865032871). We can't say that we deliberately rearranged the portfolio because of the coronavirus. Our portfolio is always determined by our proprietary bottom-up stock selection process. But looking at portfolio transactions since the end of February, it's obvious that stocks that we could pin to the downward-pointing line of the K and thus group together with the "corona losers" have more likely been ejected from the portfolio as a result of our screening process and their weighting in the portfolio has consequently declined dramatically.

No less than 9 stocks that have been hammered by pandemic-induced restrictions – Airbus, Borussia Dortmund, Elmos, Heidelberg-Cement, HHLA, KAP, MTU, Sixt and SMT Scharf – have been tossed out of the portfolio since the end of February. Their performance in the meantime has clearly been sub-par. This contrasts with the performance of core portfolio positions in the tech sector – Allgeier, Bechtle and Cancom – or of our positions in the healthcare sector – DocCheck

and Gerresheimer. All of these stocks rebounded quickly after the crash and went on to set new all-time highs.

New highs were set in July by 2G Energy, Allgeier, Bechtle, Doc-Check, Gerresheimer, Init and Steico, and new highs for the year were set by Envitec Biogas, Funkwerk, Hornbach-Baumarkt, Hornbach Holding, KWS Saat, PSI Software and United Internet. Once again we note that all of these are companies that are fairly immune to the coronavirus and some of them are actually benefiting from the outbreak. These companies also top the performance list for July, namely Doc-Check, Allgeier and Gerresheimer.

In some cases the latest price gains were accompanied by constructive company news flow. Quarterly results from Allgeier, Drägerwerk, Gerresheimer, Mensch und Maschine, PSI and Steico ranged from respectable to very solid. Drägerwerk and Envitec Biogas even upped their guidance for the year. Hornbach-Baumarkt and Init announced small share buy-backs – which is quite remarkable given the times. Insider buying was disclosed at DIC Asset, Mensch und Maschine and Munich Re, while both buying and selling was disclosed at Adesso and Allgeier.

The generally good performance of the stocks in the portfolio led to a slight outperformance versus the SDAX and DAX in July, solidifying the long-standing excess return of the fund and the "Platow certificate" (DE000DB0PLA8) since 2006. This strengthens our confidence that with our flexible investment approach, which isn't predicated on a particular letter or on one specific strategy such as "Value" or "Growth", the fund is well positioned for whatever lies ahead. **Stay healthy! Christoph Frank and Roger Peeters**

Top Ten Holdings
Bechtle
Cancom
Steico
Mensch und Maschine
S&T
Cewe
United Internet
Bayer
Datagroup
Allgeier
31.7.2020, sorted according to weighting

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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