

DWS Concept Platow – August 2020 Report

The Wirecard scandal continues to capture the attention of investors, justice officials and politicians. The disgraced and now bankrupt company comes up in our discussions with investors time and again, even though they know the stock was never part of the DWS Concept Platow Fund's portfolio. Deutsche Börse AG reacted too, quickly changing its rules and regulations so it could kick the scandal-ridden Wirecard out of its benchmark indices even before its regular quarterly review in September.

The big day finally came in the second half of August: Wirecard was booted from the DAX and TecDAX. Two stocks in DWS concept Platow

Top Ten Holdings
Bechtle
Steico
Cancom
Allgeier
Mensch und Maschine
United Internet
S&T
Cewe
Bayer
Munich Re
31.8.2020, sorted according to weighting

Fund's portfolio were "upgraded" as a result of the index re-shuffling, as it also led to changes in the MDAX and SDAX: LPKF joined the TecDAX and Hornbach-Baumarkt the SDAX. We're pleased to see changes like this, which can be seen as an acknowledgment of a stock's good performance and thus indirectly of our own work and efforts. However, index announcements have no influence whatsoever on our investment process. Nor does it matter what

index a stock belongs to. Every stock listed in Germany that offers sufficient trading liquidity can potentially qualify for the fund's portfolio, regardless whether it is part of an official index or not. The same can be said regarding the weightings of each position in our portfolio – index membership does not confer any particular privileges.

Quite the contrary. Bechtle and Cancom, two core positions in the portfolio that we bought long before they climbed up the ranks of market benchmarks, stand as examples of what we like to see. We prefer to discover hidden champions before they become the darlings of the market. When they do attract more interest, and their share prices march higher, we're more than happy to see their stock climb up the

ranks of market benchmarks too. Cancom is another example here. We first bought the stock 10 years ago. It joined the TecDAX in 2012 and was also included in the SDAX from 2018 on, before becoming a member of the MDAX in 2019.

However, current and projected index membership is always just a snapshot along a longer timeline. Case in point: Medios. At the end of July, this portfolio position was the top candidate for inclusion in the SDAX. But that wasn't meant to be: A profit warning sent the stock tumbling and the sudden contraction in market value prevented the stock climbing up the index ladder in August.

Fortunately, Medios was the only stock besides Cancom that had a clearly negative impact on the fund's performance in August. Adesso, CropEnergies, Hornbach-Baumarkt, Lang & Schwarz and Verbio delivered strong monthly returns. Allgeier was the top performer. Its shares were marked up so much that by the end of August, it had already become the fourth largest position in the portfolio. Multi-year highs were reached by Adesso, TAG Immobilien, United Internet and Verbio; Steico even hit an all-time high.

Taken together, the fund's overall monthly performance was quite pleasing, on a par with the DAX and slightly behind the SDAX. Since its launch in 2006, the DWS Concept Platow Fund (LU1865032954, LU1865033176, LU1865032871) has significantly outperformed these two indices. What's more, the fund's ytd return has been positive since mid-August, unlike the SDAX, which did not enter the green until later, and the DAX, whose ytd return remained in the red in August.

The same applies to the ytd return of the "Platow Certificate" (DE000DB0PLA8), which Deutsche Bank has terminated with effect from July 27, 2021. Investors can therefore hold the certificates for about one more year, or sell their holdings as usual through the open market or the issuer's direct trading platform. Certificate holders who want to continue to benefit from the performance of the DWS Concept Platow Fund have been able to purchase fund units directly since 2007. The fund is not affected by the termination notice; holders of fund units need not take any action. For further information, please visit www.pfp-advisory.de.

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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