

## DWS Concept Platow – October 2020 Report

A month ago we wrote, “We would not be worried if October trading is also hectic,” with reference to the persisting “tensions in the overall market.” Even we were surprised by how choppy markets got during the second half of the month though. In fact, October was the worst month for equity and fund investors since the wide-scale lockdown in spring.

“The usual suspects” from the preceding weeks can be blamed for the market jitters, especially the rising number of daily

Top Ten Holdings
Bechtle
Steico
Mensch und Maschine
Verbio
Allgeier
Cewe
S&T
United Internet
Cancom
Gerresheimer
30.10.2020, sorted according to weighting

new infections and the associated burdens on the economy. Another factor dragged down the German stock market late in October, however: The profit warning from SAP. That shredded the stock price of this German flagship company and pushed the monthly performance of the DAX well behind that of its European and US peers.

Although SAP is not in the DWS concept Platow Fund’s (LU1865032954, LU1865033176, LU1865032871) portfolio, the shockwaves from its announcement spilled over into the fund’s Software/IT investments and had an impact on their stock prices as well as company news flow. Several companies issued media releases the following day after SAP dropped its bombshell to inform the outside world that the course of business at their companies was still in line with expectations.

A few of these press releases already mentioned some numbers for the third quarter, for instance Allgeier or Bechtle’s. Quarterly results or key figures were also published by De-

fama, Gerresheimer, KWS Saat, LPKF, Mensch und Maschine, Muehlhan, Munich Re, Nordwest Handel, PSI Software and Puma. At DocCheck, Drägerwerk, Einhell and Steico, such announcements were even garnished with an upward guidance revision, but Cancom struck a bitter note as it lowered its forecast for the year.

These (in some cases early) announcements did not always help the stock prices of the corresponding companies. Nine stocks in the portfolio – 7C Solarparken, Bechtle, DocCheck, Gerresheimer, Lang & Schwarz, Mensch und Maschine, Puma, Steico and Verbio – did set all-time highs in October, but these peaks were subsequently followed by downward moves, and in some cases by sharp declines. New year-to-date highs were witnessed at Einhell, Envitec, Funkwerk and TAG Immobilien, but in most cases these gains were later surrendered too.

On the other hand, the disclosures of insider trading (“Directors’ Dealings”) were encouraging, as they were more concentrated on the buy side, for instance at 7C Solarparken, Datagroup, Defama, Gerresheimer, Noratis and S&T. We saw one sell disclosure, at Init, and disclosures of both purchase and sell transactions at Allgeier.

Will markets remain jittery in November? We don’t know, but we’re not going to rack our brains over this question. Our primary task at pfp Advisory is picking the right stocks, regardless which direction the market is going. We were admittedly less successful at this in October than in many of the preceding 173 months since the Fund was launched. However, in light of this long and successful track record, we will stick with our time-tested investment approach focusing on the longer term horizon and won’t let ourselves to be pushed off course by the occasional weak months.

*We hope you 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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