

DWS Concept Platow – January 2021 Report

Did the German stock market have a good start in 2021? Looking at the DAX, not really. Germany's most prominent index gave up considerable ground in January. The monthly snapshot for its "little brothers" is heterogenous: The MDAX barely budged, but the SDAX and TexDAX showed significant gains. Broadly speaking, one could say that small caps outperformed the mid caps and the latter stocks beat the blue chips. Or, pushing the generalization further: The smaller, the better.

It is not uncommon for small caps to pull ahead at the start

Top Ten Holdings
Verbio
Steico
Bechtle
Nagarro
Mensch und Maschine
S&T
Cewe
Adesso
United Internet
Medios
29.1.2021, sorted according to weighting

of a new year, a pattern that's even been documented in some academic studies. Bearing that in mind, it's not surprising that the recently high weighting of small caps in DWS Concept Platow's portfolio made a considerable contribution to the fund's strong performance in the opening month of the year. The fund beat all of the above-mentioned indexes, in some cases by a

wide margin, and added to its excess performance since 2006.

We'd like to point out, however, that the fund is not explicitly focused on small caps. Any German company listed on the stock exchange can become part of the portfolio regardless of its market cap. The decisive criteria in our stock selection process are a company's business model, valuation metrics, growth outlook, margins, balance sheet quality and technical aspects. What's also important to us are continuity and sustainability in these metrics, because we want to hold the stocks we invest in for a long time.

In some ways, then, our approach is the exact opposite of the approach taken by Gamestop traders who deliberately drove the prices of Gamestop and certain other stocks to temporarily lofty heights. We don't completely abstain from taking advantage of tactical opportunities in the event of extreme market overshooting. We've seized lucrative opportunities in the past, for instance in VW in 2008 or Hapag-Lloyd in 2020. But Gamestop would have never made it past the final rounds of our screening process and entered the fund's portfolio even if it were a German company. That's because its growth outlook is too murky, it has lost too much money during past two fiscal years, its balance sheet is too weak, to name just a few reasons. What's more, we would never spend the fund's money on a game of "musical chairs", simply hoping that there'll be another buyer right behind us willing to pay even more for the expensive shares we just bought. We are investors and we invest and let the gamblers do the gambling.

If that makes us boring, then so be it. For us, then, January was another month of "business as usual". We analyzed the mostly very positive results published by Cewe, Datagroup, Deutsche Post, Drägerwerk, Einhell, Hapag-Lloyd, Helma, Lang & Schwarz, MBB, MLP, Nordwest Handel, Steico and Surteco and noted Directors' Dealings in Allgeier, Gerresheimer, Munich Re and S&T (all purchases) and 7C Solarparken (selling). 14 (of the total 55 positions in the portfolio at the end of month) stocks reached all-time highs, 7 others hit multi-year highs. With developments like these, which of course had a very positive effect on the returns of the DWS Concept Platow Fund (LU1865032954, LU1865033176, LU1865032871), the fund's investors probably don't feel very bored even without Gamestop in the portfolio.

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.

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.