

## DWS Concept Platow – February 2021 Report

Is this a turning point for value stocks? Or, as witnessed so many times in the past, was the market move toward value only a brief feint, a fleeting moment in the sun that fades away as the old growth stocks go roaring by again? Most value stocks continued to head north in the second half of February, driving the MSCI World Value and other indexes higher, while many investors bailed out of growth stocks, sending the MSCI World Growth lower.

A value revival has been predicted more than a couple times since 2008. But it's never happened. Meanwhile the

Top Ten Holdings
Steico
Verbio
Nagarro
Bechtle
S&T
Mensch und Maschine
Cewe
United Internet
Adesso
Gerresheimer
26.2.2021, sorted according to weighting

advantages of value investing over the long run are well-documented both in practice and in academic studies. There have always been phases of underperformance of course, during the second half of the 1990s for example, but these rarely lasted very long. From this angle, then, the current cycle going back to 2008 is an anomaly, and it has led to an unusually large performance and valuation gap relative to growth stocks.

Will value really stage a comeback this time, as value disciples claim and hope? The bad news: We don't know. The good news: The fact that we don't know isn't a problem. When it comes to managing the DWS Concept Platow (LU1865032954, LU1865033176, LU1865032871), it really doesn't matter whether value or growth is the market darling. We don't take an "either or" approach in our investment strategy, which is why, looking back over the nearly 15 years since the fund was launched, our portfolio has sometimes had a value tilt (from 2006 to 2010 for example) and sometimes it's been more growth oriented (like in recent years).

We certainly didn't plan any portfolio bias in advance. Rather, it came about due to our strict stock selection process. Since we base our decisions on value-oriented factors such as valuation multiples, the overall solidity of a company and its balance sheet quality as well as on typical growth metrics such as top-line growth and momentum, we are confident that we won't overlook any important information from either "camp". So if the market does take a turn towards value, the portfolio will "automatically" be rebuilt with a value bias, albeit with a slight time lag.

Looking at portfolio performance in February, we note that both value and growth were among the top performers, which included Lang & Schwarz, Hapag-Lloyd, Nagarro, DocCheck, Talanx and Munich Re. Ditto for declining stocks, as Verbio can be placed in the growth camp and Fresenius Medical Care in the value camp. We also note that earnings reports in the past month usually beat expectations regardless which camp the reporting companies came from. That bolsters our confidence in the new record highs set by DocCheck, Einhell, EnBW, Init, Lang & Schwarz, Leifheit, Steico and Verbio and the interim highs seen at Datagroup, Envitec, Helma, LPKF, MLP, PSI and Sto. Positive insider trading disclosures from our portfolio stocks rounded out the overall rosy picture: Insider buying was reported at Cewe, Defama, Fresenius Medical Care, Gerresheimer, Munich Re and S&T, while Init was the only portfolio company where insider selling was reported.

While February was a very dynamic month in terms of news flow and price moves by individual stocks, the price of the fund's units showed little change at month's end. Similar to the SDAX, the fund ended February just below its January closing price and thus defended its lead over this index, which serves as the most comparable benchmark for our portfolio, as well as over the DAX, MDAX and TecDAX – going back to the fund's inception in 2006, through alternating periods when value and growth were in vogue.

*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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