

DWS Concept Platow – July 2021 Report

July was a good month for mid and small caps. The MDAX, TecDAX and SDAX ended the month with pleasing gains, whereas the DAX treaded water. The DWS Concept Platow Fund's performance was objectively good too, although it did not gain quite as much as the SDAX.

This small cap index is the most comparable benchmark even though the investment process applied by the fund is all-cap by design. That means basically any stock of a German company can become part

Top Ten Holdings
Verbio
Steico
Bechtle
Adesso
Cewe
Mensch und Maschine
Deutsche Post
S&T
PSI
Sto
30.7.2021, sorted according to weighting

of the fund's portfolio, regardless of whether it is a blue chip stock from the DAX, a mid cap from the MDAX or a small cap from the SDAX, and even if it's not included in any particular index. Our core positions reflect that, as they represent a wide spectrum of stocks: Deutsche Post is a member of the DAX, Bechtle is in the MDAX and TecDAX, Verbio in the SDAX and Steico is in none of these well-known indexes.

However, over the years the DWS concept Platow (LU1865032954, LU1865033176, LU1865032871) has usually had a small cap bias. But that is not something that we had determined from the outset. Rather, we apply the same selection criteria to every investment candidate, regardless of whether it's a blue chip or a micro cap. We place considerable emphasis on steady and adequately high growth rates with respect to numerous fundamental metrics, so it's not surprising that small companies are often snagged by our "fishing nets". Medium-sized companies tend to be more enterprising and are hence usually more growth-oriented than large and sometimes slow-moving corporations.

Empirically, DAX stocks have accounted for about 10% of total fund volume in recent years, and this was likewise the case at the end of July. About half of the fund's positions were companies from the

MDAX or SDAX; companies with an even smaller capitalization that do not belong to any of these four indices accounted for roughly one third of the portfolio. As of July 30, the breakdown by market cap was: MDAX 14%, SDAX 25%, no index 47%. (Cash allocation was 4%.)

Many investors are interested in index breakdowns, but they should be interpreted with caution. Space here is limited, so we only use the MDAX as an example why caution is called for. At inception, the MDAX contained 70 stocks; this was later reduced to 50, currently there are 60 stocks in the index and from September on it will again consist of 50 stocks. We also note that double listings in the MDAX and TecDAX (which is the case for Bechtle, a portfolio stock) or in the SDAX and TecDAX (e.g. S&T) were not possible before 2018, which also affects comparability to some extent.

Of course, what's more important than index membership is the upside potential of a stock and the contribution it can make to the fund's overall performance. Fund performance in July was driven by our core positions, most of which ended the month in positive territory, and six of these ten positions – Adesso, Bechtle, PSI, S&T, Sto and Verbio – were also among the portfolio's best performers in July. Only two stocks showed double-digit percentage losses in July, 2G Energy and Ernst Russ.

Twelve stocks in the portfolio, Defama, Deutsche Post, Einhell, Hapag-Lloyd, Hawesko, Hornbach Holding, MBB, Nagarro, Puma, Steico, Sto and Verbio, reached all-time highs, five (Adesso, Adva, Deutsche Telekom, Funkwerk and PSI) climbed to levels last seen 15 to 21 years ago. These advances are partially attributed to insider buying within the scope of Directors' Dealings (Adesso, Einhell, Gerresheimer, MBB, Munich Re, SAF-Holland) or upward revisions of management guidance (Adva, Allgeier, Alzchem, Bechtle, Deutsche Post, Hapag-Lloyd, Puma, Surteco). Insider selling was only disclosed at Ernst Russ, Init and Leifheit. This makes us cautiously optimistic about the future outlook for many of these companies, no matter if they are blue chips or small caps.

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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