

## DWS Concept Platow – September 2021 Report

We will continue to manage the portfolio with "a calm and steady hand", even if the stock market does get bumpier in the autumn, was what we wrote in our report for last month. Indeed, in the weeks that followed we had more than enough opportunities to practice what we preach, as September lived up to its reputation as a rocky month for investors. All four of Germany's major indices, the DAX, MDAX, TecDAX and SDAX, declined sharply. Although the DWS Concept Platow Fund (LU1865032954, LU1865033176, LU1865032871) was much

Top Ten Holdings
Verbio
Adesso
Bechtle
Mensch und Maschine
Steico
Deutsche Post
Cewe
S&T
Sto
Einhell
30.9.2021, sorted according to weighting

more stable than these indices, its performance for September was likewise in the red.

The month in which the all-new DAX family made its debut was anything but pleasing for investors. As we all know, Germany's index of blue chips grew to 40 constituents effective 20 September, whereas in the more than three decades before it had always had 30 consti-

tuent stocks. The ten stocks were taken the MDAX, which now has 50 members instead of 60.

What does the biggest index shake-up in the history of the DAX mean for pfp Advisory's investment process or the DWS Concept Platow Fund? Nothing, or almost nothing. Our investment strategy is not at all impacted, as index affiliations or index weights have never been a factor in our investment decisions. Every listed German company has an equal chance of becoming part of our portfolio, regardless of its size or market cap. We base our investment decisions on company-specific

criteria ranging from business models and valuation metrics to growth rates, balance sheet quality and stock technicals.

And what impact does the index reshuffling have on the portfolio? Almost none. The pieces of some pie charts change because, for example, Puma has been moved from the MDAX to the DAX and Sto is now part of the SDAX, while Medios was removed from this small cap index. The index weightings of a few stocks have been slightly adjusted too. None of these changes prompted us to make any changes to the portfolio.

What is far more important to us are the signals companies are sending. We had several discussions with executives and other company representatives in September and were pleased that some of these talks were "real", i.e. at capital market conferences with physical attendance. Quarterly results were reported by 7C Solarparken, CropEnergies, Envitec, Ernst Russ, Hornbach Baumarkt, Hornbach Holding, Mutares, Ringmetall and Verbio, among others; quite a few upped their guidance or provided a more detailed forecast. The picture was mixed with respect to directors' dealings: Aurubis, Defama, Einhell and S&T reported insider buying, while insider selling was disclosed at Cewe and Helma and both types of transactions were disclosed at Deutsche Post and Ernst Russ.

In spite of the stiff market headwinds, eight stocks in the portfolio reached all-time highs, albeit mostly in the early days of September: Abo Wind, Bechtle, Datagroup, Deutsche Post, Ernst Russ, Hapag-Lloyd, Hornbach Holding and Verbio. Not only that, nine stocks delivered a positive double-digit percentage return (and only six stocks a negative double-digit percentage return). These numbers demonstrate that stocks can certainly move in any direction and that stock-picking pays off – even and especially when the ride gets bumpier.

*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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