DWS Concept Platow – January 2022 Report

That was not what we consider a good start into the year! Stock markets traded lower across virtually all sectors and regions in the first month of the year. Tech stocks sold off the most; Germany's TecDAX showed a negative double-digit percentage return. The small caps tracked by the SDAX also suffered steep losses; blue chips in the DAX were not quite as weak.

Performance-wise, the DWS Concept Platow (LU1865032954, LU1865033176, LU1865032871) ended January ahead of the SDAX and behind the DAX. Even though the fund's long-term excess return versus its most comparable benchmark, the SDAX, continued to grow, we were not happy with its negative monthly return for January. But that doesn't make us nervous. There will always be months when our investment approach underperforms one of the indices, and this doesn't fundamentally alter our long-term strategy. Over the years we have clearly communicated on a regular basis that the DWS Concept Platow Fund is an equity fund with the corresponding market risks, risks that we deliberately do not hedge or try to manage through timing models.

Top Ten Holdings
Adesso
Sto
Bechtle
Verbio
Einhell
Adva
Deutsche Post
MLP
Cewe
Mensch und Maschine
31.1.2022, sorted according to weighting

Another frequent question in recent weeks has been whether we now expect a longer-term shift away from growth to value stocks. We already commented on this subject in detail in our February 2021 monthly commentary, so we will just summarize our key message from that report: 1. We do not know if the market is pivoting to value any more than we did a year ago, just like any other market participant. 2. That first question is irrelevant when it comes to managing the DWS Concept Platow Fund, because our investment approach incorporates elements from both styles. If we are indeed witnessing a market pivot to value stocks, a growing number of value stocks would “automatically” start flashing on our radar screens after a certain time lag, as already observed from 2006 to 2010 – or not, assuming there is no pivot to value after all.

A glance at the portfolio shows that we are not reliant on having any particular exposure to value or growth. In 2021, a very successful year for the fund (number 1 in many performance rankings), the top-performing portfolio stocks were a mix of value (e.g. Einhell, Hornbach-Baumarkt, Hornbach Holding, Surteco and Sto) and growth (e.g. Adesso, Allgeier, PSI, Steico and Verbio) stocks. This was also observed in January 2022: Aurubis, Munich Re and Villeroy & Boch can be classified as value plays, while 2G Energy, Adva and S&T are more representative of growth stocks.

Interestingly, the positive performance of the latter two names was mostly driven by company-specific factors: S&T recovered from the short attack in the previous month, while Adva's shares rose to a 20-year high on the news that the minimum acceptance threshold for Adtran’s takeover bid had been reached. Allgeier, Aurubis, Defama, Einhell, Hapag-Lloyd, Helma, Hornbach-Baumarkt, Hornbach Holding and Sto even reached new record highs.

The start of the year was actually not too bad for the fund considering that 9 of the 55 stocks in its portfolio (as of Jan. 31) set new record highs! The same can also be said regarding the operating business of many portfolio companies, as six companies in the portfolio upgraded their guidance: 2G Energy, Aurubis, MLP, Surteco, Verbio and Villeroy & Boch. This confirms our view that in 2022, the question of "value or growth" will not be as important as stock picking skill.

Sincerely yours, 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 25 years of market experience and they have used their expertise to advise the DWS Concept Platow.