

DWS Concept Platow – April 2022 Report

How quickly a single piece of news can alter a portfolio's monthly performance: It was on the last day of trading in April when the news came out that two of Germany's cabinet ministries were considering placing restrictions on biofuel production. That news promptly torpedoed the share prices of Verbio and CropEnergies, two large positions in the portfolio, which was particularly astonishing for Verbio because the company happened to increase its guidance that very same day.

This episode demonstrates yet again how far apart people's views are regarding biofuels, even biofuels made from low-quality feedstocks, just as they are regarding many other aspects of "sustainability" in a broader sense (nuclear power for example). What's inarguable, though, is that the sudden weakness in the shares of the two companies mentioned roughly doubled the DWS Concept Platow Fund's (LU1865032954, LU1865033176, LU1865032871) negative return for April during the final trading session

Top Ten Holdings
Adesso
Verbio
Aurubis
Sto
Bechtle
Einhell
Mercedes-Benz
Deutsche Post
Adva
CropEnergies
29.4.2022, sorted according to weighting

of the month. But even with this double whammy, the fund's monthly return was still better than that of the SDAX, the most comparable index for the fund. The fund also came out ahead of the MDAX and well ahead of the TecDAX and was only slightly behind the DAX.

CropEnergies and Verbio weren't the portfolio's worst performers last month,

thanks to the gains they'd made before getting hammered. The largest performance detractors in April, owing to their high portfolio weightings, were 2G Energy, Bechtle and Cancom. A handful of smaller positions – Init, Leifheit, Medios and Villeroy & Boch – also ended the month with double-digit per-

centage losses. On the winning side, Hapag-Lloyd, a position with a low weighting, stood out once again, and the top-ten position in Einhell delivered a pleasing performance too. The monthly performance of the latter two companies was helped by their guidance upgrades and, in the case of Einhell, by the disclosure of insider buying. No less than five stocks in the portfolio hit all-time highs in April, which is rather surprising given the stormy environment: 2G Energy, Abo Wind, Baywa, Hapag-Lloyd and, however short-lived, Verbio.

The little speed bump we hit at the end of the month shows how a couple stocks can impact the fund's overall performance while barely causing a ripple in the broader market. That's because we are bottom-up stockpickers, picking stocks based solely on their risk/reward ratios. This is in contrast to a top-down investment process, beginning with the total market and then looking at individual sectors and companies. Our bottom-up approach is underpinned by thorough company research, so it doesn't matter if a portfolio company is not even in an index or if it is a member of the SDAX or TecDAX (which has recently been the case with Verbio), nor does it matter what weighting a stock might have in an index.

The DWS Concept Platow Fund has always had a high active share, so its portfolio differs considerably from benchmark indexes. This is also evident in the overview of the portfolio's top ten positions (see table on the left), which includes DAX stocks such as Deutsche Post and Mercedes-Benz as well as small caps such as Adesso, Adva, Sto and Verbio (all SDAX members), and even two stocks that are not in any DAX index whatsoever – CropEnergies and Einhell. We will stick to our time-tested stock selection process going forward: Any listed German stock with sufficient liquidity can qualify as an investment candidate and eventually have a high weighting in the fund's portfolio. What counts is a company's risk and return profile as determined by our research.

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.

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