

DWS Concept Platow – August 2022 Report

"The future is never clear; you pay a very high price in the stock market for a cheery consensus. Uncertainty is the friend of the buyer of long-term values." There are probably few investors who truly share Warren Buffett's standpoint, the investment genius who just celebrated his 92nd birthday in late August. Especially in times like these, when war, a monetary policy reversal, high inflation and an energy crunch have created more uncertainty than we've seen since at least the financial crisis in 2008.

Top Ten Holdings
Adtran
CropEnergies
Bechtle
Deutsche Telekom
Sto
Verbio
Adesso
Deutsche Post
Mercedes-Benz
Aurubis
31.8.2022, sorted according to weighting

And yet Buffett is right: In the long run, there would probably be no (real) return on investment if shareholders did not assume risks, which in this case is uncertainty. In August, however, the "friend of long-term investors" went a bit too far, seeing how stock

markets suddenly reversed course around the middle of the month and then came dangerously close to their year-to-date lows from June (USA) and July (Germany).

August was a bad month for DWS Concept Platow (LU1865032954, LU1865033176, LU1865032871), but it still fared slightly better than the DAX and significantly better than the SDAX. It helped that only three of the portfolio's ten core positions (see table) – Adesso, Aurubis and Bechtle – traded sharply lower, whereas the other core positions showed moderate losses. CropEnergies actually ended the month significantly higher and delivered the strongest performance percentage-wise after Ringmetall.

Looking beyond the large positions, some other stocks that showed double-digit negative returns, but their impact on the overall portfolio performance was limited. Although this month's list of winning stocks was shorter than usual, three stocks in the portfolio reached all-time highs, which is surprising considering how turbulent August was: 7C Solarparken, CropEnergies and Envitec Biogas. All three are renewable energy companies.

Company news flow would have justified a better overall performance. Most of the earnings announcements in the ongoing reporting season were good, with six companies raising their guidance (BayWa, CropEnergies, Deutsche Telekom, Freenet, Funkwerk and Stabilus) and only two lowering it (Helma, Wacker Neuson). And the full-year results reported by KWS Saat were better than the company's latest guidance. A similar picture emerges looking at Directors' Dealings: Insider buying was disclosed at Adesso, Allgeier, Deutsche Telekom, Helma, Kontron, Munich Re and PSI, but Adtran was the only portfolio company where there was insider selling. Moreover, there were only a few negative surprises for us during the many discussions we had last month with company representatives during investor conferences and capital market days.

At the moment, "macro issues" seem to be the dominate theme and investors are quick to take a risk-off stance. In the long run, uncertainty will probably again be a friend of the long-term investors, just as Buffett claimed. That said, some of today's uncertainties, high inflation for example, might shadow stock markets for quite some time, so it might be a long and rocky path to the rewards of that friendship.

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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