DWS Concept Platow – October 2022 Report

In our commentary on the fund's returns in October, we could simply flip the statements we made in the prior month's report. Whereas very, very few positions in the portfolio had a positive return in September, in October there were very few that didn't deliver a positive return. In September, not a single position showed a high return, whereas in October no less than 23 of the 54 positions in the portfolio (as at Oct. 31) delivered double-digit percentage gains, led by Takkt, Verbio and CropEnergies. And while a mere two stocks in the portfolio kept the performance scorecard for the previous month from being totally red, in October there were only two stocks that prevented us from presenting a very positive performance picture: Helma and MLP lost more than 10% over the month.

A comparison of the fund's overall monthly performance likewise evokes a mirror image: dreary in September, sunny in October. In fact, the absolute return for October was the best year-to-date, even better than July. In relative terms, the DWS Concept Platow (LU1865032954, LU1865033176, LU1865032871) widened its lead over the DAX since inception ever so slightly and clearly added to its outperformance over the SDAX (and the other German indexes MDAX and TecDAX).

What was certainly not inverted or flipped during the past month was our investment process. We stuck to the same game plan that has served us so well over the years, and portfolio turnover was within the historical range. Anything else would have been unusual, given that our strategy has always been distinguished by a long-term horizon. Many of the criteria that we apply in our stock selection process, ranging from a company’s business model and balance sheet to its growth rates and valuation multiples, do not change much from one month to the next. Some factors such as shorter-term valuation ratios or technical trading indicators show greater fluctuations, but the “more sluggish” factors reflecting a mid- to long-term perspective have a greater weighting.

This means we do not let ourselves get distracted by short-term developments. We always monitor and assess the implications of the often hectic flow of news, but we don't let it trigger any knee-jerk reactions. If we conclude that the prospects of a company have suddenly taken a turn for the worse, we won't hesitate to act and quickly dispose of the investment if necessary. Fortunately, such situations have been the exception rather than the rule during the past 16 years.

In October, there was no need for any swift corrective action, but several positions were (as is almost always the case) subject to a more rigorous inspection or were in the process of being reduced. The news flow from portfolio companies was mixed-positive: Most of the earnings announcements in the ongoing reporting season did not bring any negative surprises and there were even some guidance upgrades (BayWa, Defama, Mensch und Maschine, Mercedes-Benz) and new share buyback programs and Directors‘ Dealings were exclusively on the buy side (Allgeier, Gerresheimer, Hornbach Holding, Kontron, PSI). The few companies that had to cut their guidance (Cancom, PSI, Steico, Surteco) or that experienced company-specific troubles (Helma) were underperformers, with the exception of PSI. As long as the “portfolio duds” are few and far between, we see no need to change our strategy of managing the portfolio with a "calm and steady hand”.

Top Ten Holdings
CropEnergies
Verbio
Munich Re
Deutsche Telekom
Bechtle
Mercedes-Benz
Aurubis
Deutsche Post
Sto
Mensch und Maschine
31.10.2022, sorted according to weighting

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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