

DWS Concept Platow – April 2023 Report

The dividend season traditionally begins in April and gets into full swing in May with a flurry of shareholder meetings and dividend payment dates. This reputation can also be traced to the fact that many financial media outlets mostly report about the big multinationals in the DAX. And for these blue chips, May is indeed the mother of all dividend months: This year, about half of the companies in the DAX will pay out a dividend in May. A fifth of them already paid out a dividend in April, and only a handful will do so in June.

The situation in the small cap segment, a segment that figures also prominently in pfp Advisory's investment approach, is quite different. There were a few dividend payouts from companies in the DWS Concept Platow Fund's portfolio in April, but most dividends pay-outs from the fund's current shareholdings will be made later in the year, and there are about as many dividend payouts in June as there are in May.

One reason for this is that small caps generally require more time to prepare their annual financial statements, so their shareholder meetings and dividend dates take place at a later point in the year too. This is why the big wave of dividends for the DWS Concept Platow Fund is a few weeks after the broader market's peak dividend season. Examples of the portfolio's "dividend stars" in 2023 are BMW, CropEnergies, Deutsche Post, Freenet, Hawesko, Kontron, Mercedes-Benz, MLP, Takkt, Talanx, Villeroy & Boch and

Top Ten Holdings
Munich Re
Aurubis
Deutsche Telekom
Bechtle
Mercedes-Benz
Deutsche Post
Adesso
Talanx
Takkt
Sto
28.4.2023, sorted according to weighting

Wacker Chemie. The only blot on the dividend landscape is that some of the high dividend yields can be traced not only to a large payout, but also to a markdown in the price. This is one reason why we would not place the dividend yield too high on the list of selection criteria.

Dividend-related variables are important in our investment process, but they are not of significant, let alone paramount, importance. Our stance here has produced good results during the past 17 years, although that isn't reflected in the portfolio's return for April, when the fund clearly underperformed the SDAX. The fund's weak showing last month had only a marginal impact on its significant outperformance versus the small cap index since its launch in 2006, but we didn't want to brush it aside. It also barely narrowed the fund's years-long outperformance of the DAX and MDAX; in April the fund managed to extend its excess performance only versus the TecDAX.

More than half of the stocks in the portfolio had a negative return in April. The biggest decliners were Verbio (full-year guidance reduced), Steico and Envitec Biogas. Winning stocks were led by 7C Solarparken, Freenet, Gerresheimer and PSI, but not a single stock in the portfolio delivered a positive double-digit percentage return. Even BMW's preferred stock, which set another all-time high in April on the heels of the record high set in the preceding month, ended April virtually back where it had started. Shares of Munich Re, the largest position in the portfolio, showed a good gain and contributed to overall portfolio performance. They rose to a 21-year high, perhaps reflecting widespread buying ahead of its pending dividend: Munich Re is about to pay out a hefty dividend – almost exactly on the 17th birthday of the DWS Concept Platow Fund, by the way.

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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