

DWS Concept Platow – July 2023 Report

Stocks in the DWS Concept Platow Fund's portfolio were largely spared from guidance cuts up to the end of June. The first cracks in this picture appeared during the month of July, when PSI, Suess Microtec, Surteco, Villeroy & Boch, and Wacker Chemie had to dial back their projections for 2023. Meanwhile another company in the fund, Takkt, lowered the upper bounds of its forecast range. Depending on how you count, then, five or six companies – or about every tenth stock in the fund – adjusted the guidance for the full year to the downside.

But, as already witnessed during the preceding months, there were still more upward than downward guidance revisions, at least among the companies in the fund. Specifically, Daimler Truck, Ernst Russ, Fuchs, Kronen, KSB, Mercedes-Benz and Südzucker, or seven companies in total, raised their outlook for the current year.

That means that more than a fifth of all portfolio companies revised their full-year guidance in July. There was no uniform pattern though. For example, the chemicals industry is clearly susceptible to profit warnings in the current general environment but in the fund's portfolio, one chemicals company cut its outlook (Wacker Chemie) while another raised it (Fuchs). And although auto stocks have often been on the losing side lately, the fund's picks (Daimler Truck and Mercedes-Benz) certainly pleased investors during the past month.

In view of this mismatch, we believe our investment approach based on a thorough, bottom-up analysis of individual stocks continues to offer advantages over a primarily sector-based approach. That is because positive or negative developments often (not always) stem from company-specific decisions and actions, rather than from general circumstances or external trends.

Looking at stock moves during July, the picture was clearer. Most of the companies that announced down-

ward guidance revisions showed a significant underperformance in July compared to companies that raised their outlook. PSI led the list of declining stocks for July, and Suess Microtec and Surteco were also among the biggest losers. On the "sunny side", KSB's preferred shares were the second-best performance driver in July, behind Verbio, which had lost significant ground during the previous months. Moreover, none of the portfolio companies that raised their guidance closed the month significantly lower.

Most of the monthly performance readings for July showed little change from the previous month. Talanx hit (another) all-time high, Munich Re set a 22-year high. Despite the recent highs set by the two largest positions in the portfolio (see table), the DWS Concept Platow Fund closed the month "only" slightly higher and lagged both the SDAX and DAX.

Some of the companies that reported their results early in the ongoing reporting season confirmed their guidance. All for One and Cewe reported insider buying and DHL Group insider selling. Speaking about DHL: that is the former Deutsche Post, which changed its name to DHL in July. Fuchs SE also changed its name by dropping the "Petrolub". Much more important than such renaming, however, will be that the earnings reports that follow in the coming weeks do not mix with too many further forecast reductions.

Sincerely yours, Christoph Frank and Roger Peeters

Top Ten Holdings
Munich Re
Talanx
Aurubis
Mercedes-Benz
Bechtle
Deutsche Post
BMW
Deutsche Telekom
Takkt
Gerresheimer
31.7.2023, sorted according to weighting

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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