

DWS Concept Platow – December 2024 Report

If the DWS Concept Platow Fund's performance for all of 2024 had been as good as it was in December, its investors would no doubt be overjoyed: A good positive performance, better than the performance of major German equity indices, above all the SDAX as the most comparable index for the fund, and the blue chip DAX, and clearly better than the MDAX and the TecDAX, both of which ended the month in the red. This soothing performance at the end of the year was possible because not a single stock in the fund's portfolio stood out in a starkly negative way in December: Solid to very good gains

Top Ten Holdings
Munich Re
Talanx
Hochtief
Krones
KSB
Allianz
Commerzbank
Vossloh
Fuchs
Deutsche Telekom

30.12.2024, sorted according to weighting

across the board, and not a single stock showed a double-digit percentage loss. Ironically Hugo Boss, one of the portfolio's weakest performers year-to-date, delivered the best return in December, followed by Techno-trans, Kontron and the core position Hochtief.

The fund's monthly performance in December did not mirror its performance for the full year, unfortunately. There were too many stocks that struggled with market headwinds in 2024, small- and mid-cap stocks in particular, such as Bertrandt, Bechtle, Gerresheimer, Cancom and Deutz in addition to the aforementioned Hugo Boss, and this weighed on the performance of the DWS Concept Platow. Most of the blue-chip stocks in the portfolio performed better in comparison, led by Commerzbank, Deutsche Telekom, Munich Re and Allianz, all of which delivered very good returns. Only two non-DAX stocks, Hochtief and Talanx, 'sneaked' into the list of the six highest-performing positions. These observations mirror the stock market's performance for 2024 as a whole:

Small- and mid-cap stocks were weak, the SDAX having lost considerable ground and the MDAX closing even deeper in the red, whereas the blue chips sailed higher and higher, resulting in a very good full-year return for the DAX.

The DWS Concept Platow at least managed to close the year slightly in the green. This achievement further widened the fund's significant performance lead relative to the SDAX, the most comparable index, which goes all the way back to the fund's launch in 2006. Relative to the significantly stronger DAX in 2024, the performance is not satisfying, although the fund still commands a likewise impressive performance lead over Germany's best-known equity index since its launch.

2024 basically marked a continuation of the trend that we have observed for about three years now: Investors preferred blue chips over smaller companies, which is a historical anomaly. No one, including ourselves, can accurately predict when the (small) size premium will kick in again, i.e., when investments in small caps will be "rewarded" with a return premium. But there's no denying that many small caps are now trading at unusually high valuation discounts compared to blue chips, especially in Germany. Put positively, we see opportunities to dig out some true gems in the small-cap space.

Ultimately, however, we, or the investment approach we use, are "indifferent" to the market cap of a listed company, and so we don't have a preference for small caps. Instead, we focus first and foremost on fundamentals and balance sheet metrics, along with a few technical factors as a supplemental tool. We do so with "a sure and steady hand", but take disciplined, consistent action when circumstances dictate. For example, of the 50 stocks we'd started with at the beginning of 2024, 28 were still in the portfolio at the end of the year (a sure and steady hand). 22 stocks had been sold because they no longer met our criteria (disciplined, consistent action). We will continue to apply this time-tested approach in 2025.

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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