



SKALIS EVOLUTION FLEX / DEFENSIVE: AUGUST 2018

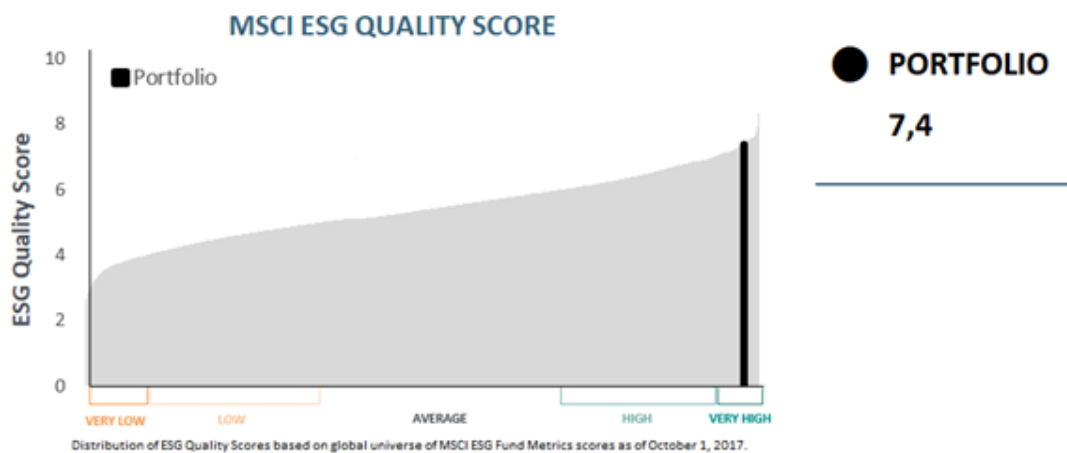
Weak equity markets affect Skalis funds in August. Further significant improvement of ESG quality.

Weak equity markets in August (EuroStoxx -2,5%) led to a negative performance of both Skalis funds: (Skalis Evolution Flex AK I -0,76%, Skalis Evolution Defensive AK I -0,55%).

With buying equity puts at the beginning of August we reduced the equity sensitivity just in time and profited from increasing volatility. During continuing market weakness we will sell the puts to realize profits and to increase our equity exposure in an anticyclical way.

Our decision to reduce our interest duration in Juli has been less successful as the Bund Future rose in August from 161,58 to 163,27. This increase was mainly caused by to worrying trade and tariff discussions and sceptical assessments regarding Italy's credit quality. During month's end, after the summer break, we bought selectively attractive new issues like Unilever, the utility SSE and Banco de Sabadell.

As announced last month, we continue to implement ESG (Environmental, Social, Governance) criteria in our security selection and risk management. For this reason we continued to sell positions with weaker ESG quality and high CO2 emissions and replaced them with companies of much better quality. These trades led to an increase of the funds' ESG qualities, which rose to very high levels. As at end of August the MSCI ESG scores increased for the Skalis Evolution Flex to 7.4 (end of July: 6,7) and for the Skalis Evolution Defensive to 7.6 (end of July: 6,6).



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