

ESG PORTFOLIO MANAGEMENT

Monthly report June 2019

ARE CENTRAL BANK POLICIES SUSTAINABLE?

Today, USD 13 tn of bonds offer negative yields. Where is the value proposition for investors? For long duration bonds there is significant performance risk going forward.

What are the central banks's goals? Funding less prudent and already overleveraged countries? The ultimate result for investors could be a "voluntary" haircut as already seen with Greek bonds in 2011.

Is it the task of any central bank to support a government whose unilateral and less emphatic policies damage global trade and climate?

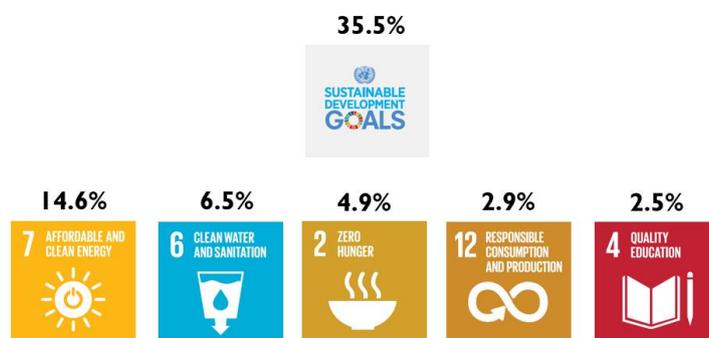
We continue to prefer carefully selected issuers with high ESG qualities, positive SDG impact, low CO₂ emissions and lower leverage. We overweight bonds with short and medium durations.

SKALIS EVOLUTION FLEX I (WKN: A1W9AZ)

During June our DAX put options and the short interest duration reduced our performance. In the longer run, we expect a normalization (increase) of global bond yields.

The Flex achieved the maximum MSCI ESG Score of 10, with the components E: 6,6, S: 5,7 and G: 6,7. 18% of our positions got an ESG upgrade and none a downgrade. We reduced carbon emissions further to 66.4 t CO₂ per mio USD sales (iShares MSCI Europe ESG Screened: 169.1 t). Our SDG impact increased to 35,5%. Fund values above 20 are regarded as "very positive". (Source: MSCI ESG).

Here, we present the fund's individual impact on some of the Sustainable Development Goals (SDGs) of the UN:



Performance SKALIS EVOLUTION FLEX

Monthly Returns (in %) - ESG Portfolio Management GmbH advises since July 2018 (green fields)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2014 | | | -0.48 | 0.75 | 0.68 | -0.05 | -0.25 | 1.08 | 0.30 | -1.30 | 2.11 | -1.20 | 1.60 |
| 2015 | 3.23 | 2.58 | 0.63 | -0.49 | -0.38 | -2.49 | 1.52 | -4.97 | -1.13 | 4.00 | 1.90 | -1.86 | 2.19 |
| 2016 | -3.02 | -2.12 | 1.21 | -0.19 | -0.17 | -1.83 | 0.64 | 0.50 | -0.47 | -0.37 | -0.93 | 1.41 | -5.32 |
| 2017 | 0.16 | 1.13 | 1.51 | 0.85 | 0.28 | -1.33 | 0.34 | -0.72 | 2.96 | 0.84 | -0.62 | -0.32 | 5.12 |
| 2018 | 0.92 | -1.36 | -1.01 | 1.38 | -1.23 | -0.53 | 1.16 | -0.84 | -0.12 | -1.57 | 0.42 | -2.09 | -4.84 |
| 2019 | 1.78 | 1.65 | 0.44 | 1.17 | -1.07 | -1,13 | | | | | | | 2.83 |

Source: Universal Investment, July 1st 2019



„We stand for sustainable investment solutions with positive SDG-impact and and low CO₂ emissions “

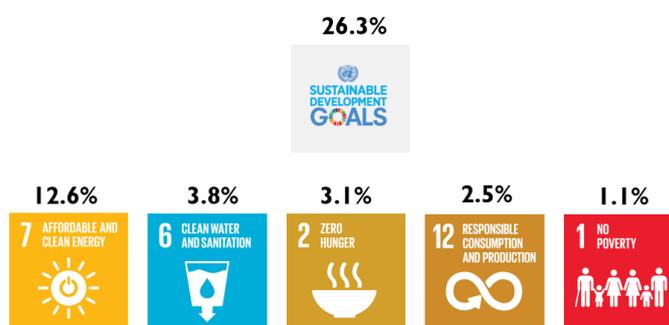
Christoph Klein, ESG Portfolio Management GmbH

MAYENCE FAIR VALUE BOND FONDS (WKN: A2AQZE)

In June the fund generated a return of minus 0.3%. Our short duration (especially our short position in italian government bonds) has cost performance.

We continue to prefer carefully selected corporate bonds with high ESG qualities and positive SDG impact. We screen and exploit the new issue bond market intensely. The fund has an average credit rating of BBB+ (Source: Universal Investment).

This fund now achieves a ESG score of 9.7 (max. 10) and a “very high” SDG impact of 26,3%.¹ The carbon emissions amount to 54,6 t CO₂ per mio USD sales (Source: MSCI ESG). Here, we present the fund’s individual impact on some of the SDGs:



PERFORMANCE MAYENCE FAIR VALUE BOND

Monthly Returns (in %) - ESG Portfolio Management GmbH advises since February 2019

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|-------|------|-------|------|-------|-------|-------|-------|------|-------|-------|-------|-------|
| 2017 | -0.54 | 1.62 | -0.15 | 1.04 | -0.20 | -0.35 | -0.46 | 0.09 | 0.39 | 0.79 | -0.66 | 0.03 | 1.58 |
| 2018 | -0.55 | 0.07 | -0.66 | 0.61 | -0.41 | -1.75 | 1.31 | -0.56 | 0.81 | -0.68 | -0.73 | -0.52 | -3.07 |
| 2019 | 1.06 | 0.63 | -0.37 | 0.68 | 0.01 | -0.30 | | | | | | | 1.72 |

Source: Universal Investment, July 1st 2019

¹ See: https://www.msci.com/documents/1296102/1636401/ESG_ImpactMetrics-2016.pdf/0902a64f-af8d-4296-beaa-d105b7d74dc3

Only for professional clients and eligible counterparties. Not for private customers -Advertisement.

Important Information & Disclaimer This information is intended exclusively for professional customers or suitable counterparties as defined in the WpHG and is not intended for private customers. This advertisement does not constitute investment advice. No guarantee is given as to the accuracy and completeness of the information and any liability for any damage resulting from the use and / or disclosure of this information is rejected.

The information is directed only at investors in the countries in which the respective fund is authorized for distribution. They are not intended for publication or use by persons or companies in a country in which the fund is not authorized for distribution. In particular, the units of the respective fund may not be offered for sale or sold within the USA nor to or for the account of US citizens or US persons resident in the USA. The documents published here and the information contained therein may not be distributed in the USA or in other countries in which distribution is not permitted.

The fund portrait is for information purposes only and does not constitute investment advice or solicitation to buy or sell shares in the fund. The sole basis for the purchase of units is the sales documents (key investor information, sales prospectus, annual and semi-annual reports) relating to the fund. Sales documents relating to all of the investment funds of Universal-Investment are available free of charge from your adviser / broker, the responsible depository or Universal-Investment at <http://www.universalinvestment.com>.

The fund has increased volatility due to its composition and investment policy, which means that unit prices may be subject to significant upward and downward fluctuations within a short period of time. Calculations or yield data are not to be understood as a yield commitment; they are purely indicative and based on data and assumptions that may possibly not be realized in practice, only in a different form or at different times. As a result, there is a risk that, in reality, lower returns or even losses, even total loss, will be achieved. Past performance is no indication of future performance.

ESG Portfolio Management GmbH, headquartered in Frankfurt am Main, is an owner-managed company with core competence in bank-independent advice on capital market products. It develops tailor-made solutions for professional investors in order to generate sustainably adequate income despite rather low risk budgets. ESG Portfolio Management is initiator and advisor to the funds Skalis Evolution Flex and Mayence Fair Value Bond Fonds.

The information may not be reproduced in extracts or as a whole without the written permission of the creator or passed on to other persons. ESG Portfolio Management GmbH is part of the investment brokerage of financial instruments and investment advice pursuant to Sec. § 1 KWG exclusively on account and under the liability of AHP Capital Management GmbH, Hochstrasse 29, 60313 Frankfurt, active (§ 2 para 10 KWG).

