

# 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?

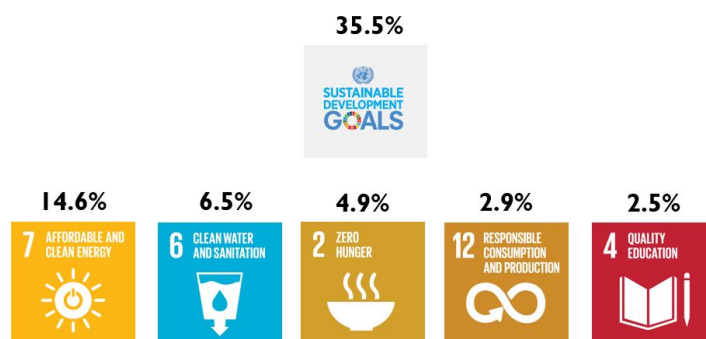
We continue to prefer carefully selected issuers with high ESG qualities, positive SDG impact, low CO<sub>2</sub> emissions and lower leverage. We overweight bonds with short and medium durations.

## 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions “

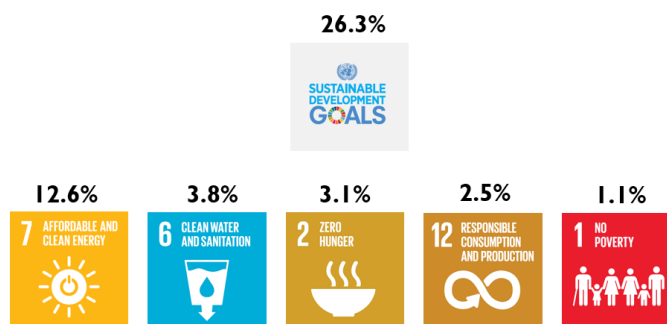
Christoph Klein, ESG Portfolio Management GmbH

### 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%.<sup>1</sup> The carbon emissions amount to 54,6 t CO<sub>2</sub> 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

<sup>1</sup> See: [https://www.msci.com/documents/1296102/1636401/ESG\\_ImpactMetrics-2016.pdf/0902a64f-af8d-4296-beaa-d105b7d74dc3](https://www.msci.com/documents/1296102/1636401/ESG_ImpactMetrics-2016.pdf/0902a64f-af8d-4296-beaa-d105b7d74dc3)

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