

ESG PORTFOLIO MANAGEMENT

Monthly report October 2019



INVESTOR STATEMENT/LETTER
Sign the investor letter to Kellogg's on
sustainable packaging

Signatories are invited to sign this investor letter,
which asks ...

Open To Join | Deadline: 31/12/2019

ESG Portfolio Management uses the PRI Collaboration Platform to engage with Kellogg. The goal is the reduction of plastic packaging. PRI Signatories are welcome to join this initiative.

NEW REQUIREMENT: CLIMATE-SCENARIO ANALYSIS

Climate risks are the focus of investors and regulators. The aim is to identify long-term risks and opportunities arising from adherence to the 1.5 and 2 degree global warming. ESG Portfolio Management analyses both funds with available tools, such as PACTA and Climetrics.

PACTA does not currently identify any relevant exposure:

Paris Agreement Capital Transition Assessment

Portfolio Input File Assessment

The following issues have been identified in your uploaded portfolio data:

Error! No production in the core sectors of the report (automotive, fossil fuel production, power) have been matched to your portfolio. If you believe that this is incorrect and that you do hold companies connected to climate relevant production, please send a mail with the relevant ISIN's and/or company names to transitionmonitor@dihi.org

With Cinemetrics we are working on data transmission.

SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

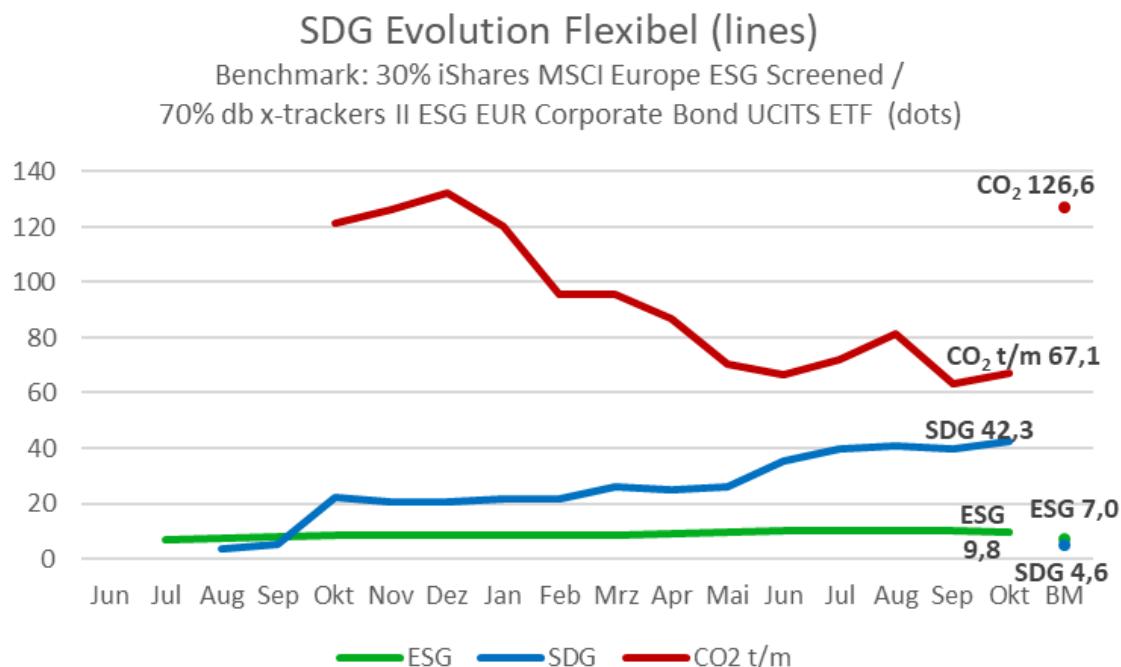
In July we asked Alstom to issue a new bond as we appreciate its ESG quality and SDG impact and the only outstanding bond will mature in 2020. Our commitment was rewarded on October 8th with an above-average allocation. The credit spread narrowed by 20 basis points by the end of October.

With the rise in Bund yields in October, we reduced our BUXL short and thus slightly extended the portfolio duration.

The SDG Evolution Flexible achieves the particularly high ESG score of 9.8 (max. 10). 10% of our positions got an ESG rating upgrade and no position a downgrade. For E we get 7.1, for S 5.8 and for G 6.6.

Carbon emissions, at 67.1 t CO₂ per USD million of sales, are well below the benchmark (30% iShares MSCI Europe ESG Screened / 70% db x-trackers II ESG EUR Corporate Bond UCITS ETF: 126.1 t). The SDG score is 42.3% (source: MSCI ESG).

The graph presents the fund's ESG quality, SDG impact and carbon emissions over time. The dots represent current benchmark data:



Source: MSCI ESG, November 1st 2019

Performance SDG EVOLUTION FLEXIBEL

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	0.03	-1.22	-0.83	-0.08			0.67

Source: Universal Investment, November 1st 2019

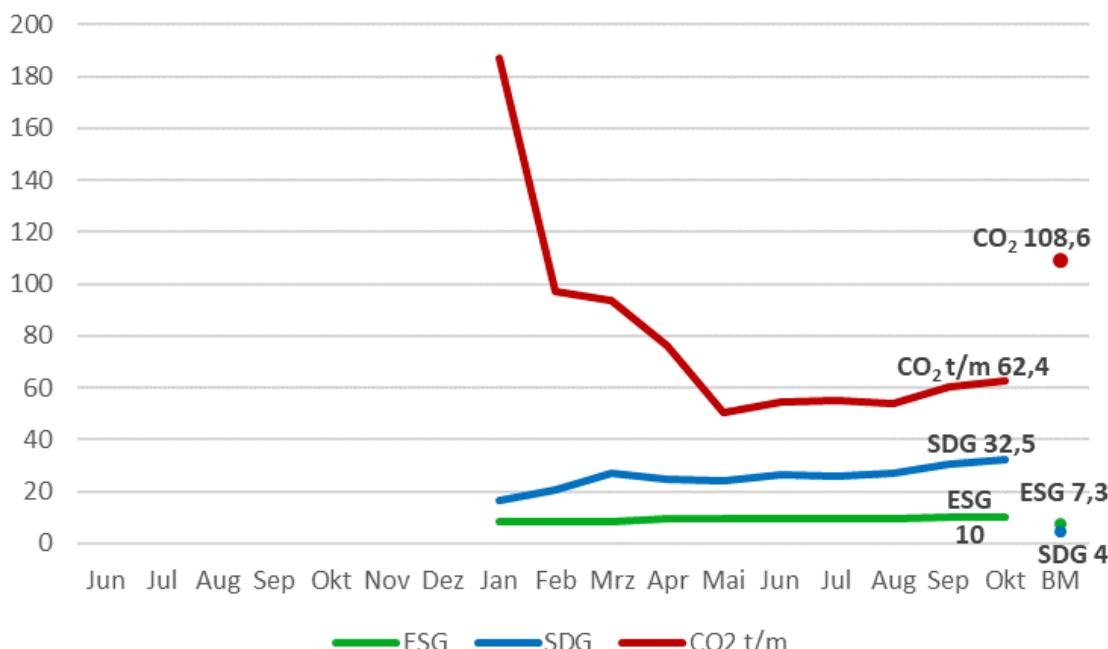
MAYENCE FAIR VALUE BOND FONDS (WKN: A2AQZE)

In October, the rise in yields led to a positive fund performance of 0.12% thanks to our interest rate hedges. At the end of the month, we reduced BUXL shorts and thus extended the duration of the fund. We prefer attractive corporate bonds with high ESG quality and positive SDG impact. The average credit rating is currently BBB+ (source: Universal Investment).

The fund has a very high ESG score of 10 (max. 10). 19% of our positions received an ESG rating upgrade and no position a downgrade. For E we get 6.5, for S 5.9 and for G 6.6. The Mayence achieves an SDG impact of 32.5% in the "very high" category. The CO₂ emissions of the companies in the portfolio amount to 62.4 t CO₂ per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 108.6 t) (sources: MSCI ESG).

The following chart shows the fund's performance in terms of ESG quality, SDG impact and CO₂ emissions. Here, too, the points represent current benchmark data:

Mayence Fair Value Bond Fonds (lines)
Benchmark: db x-trackers II ESG EUR Corporate Bond UCITS ETF
(dots)



Source: MSCI ESG, November 1st 2019

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	0.07	-0.98	-0.72	0.12				0.19

Source: Universal Investment, November 1st 2019

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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.

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