

# ESG PORTFOLIO MANAGEMENT

Monthly report December 2019



ESG Portfolio Management is finalist for the ESG Investing Awards 2020 in the categories:  
Best ESG Investment Fund: Fixed Income  
Best ESG Investment Fund: Multi-Asset  
(Source: <https://www.esginvesting.co.uk/awards>)

## ESG PORTFOLIO MANAGEMENT INITIATED AN ENGAGEMENT COLLABORATION USING THE PRI PLATFORM

Our goal for this engagement is, to convince Kellogg Co. To reduce the usage of plastic packaging. We are finalizing the letter and will inform about the progress of this engagement.

## ESG PORTFOLIO MANAGEMENT JOINS CLIMATE ACTION 100+ INITIATIVE

We strongly believe, that a constructive dialogue with companies is an effective way to reduce climate risks. We are asking companies to establish climate goals, include necessary actions in their corporate strategy and report their progress in a transparent way.

## SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In December the SDG Evolution Flexibel I performed 0.68%, supported by strong equity markets. Although our DAX put options dragged our returns, we want to keep them as portfolio insurance.

Hedging interest rate risks has paid off in December, as yield increased, especially at the long end. The 10-year French government future (OAT) fell from 165,09 to 162,77 during December.

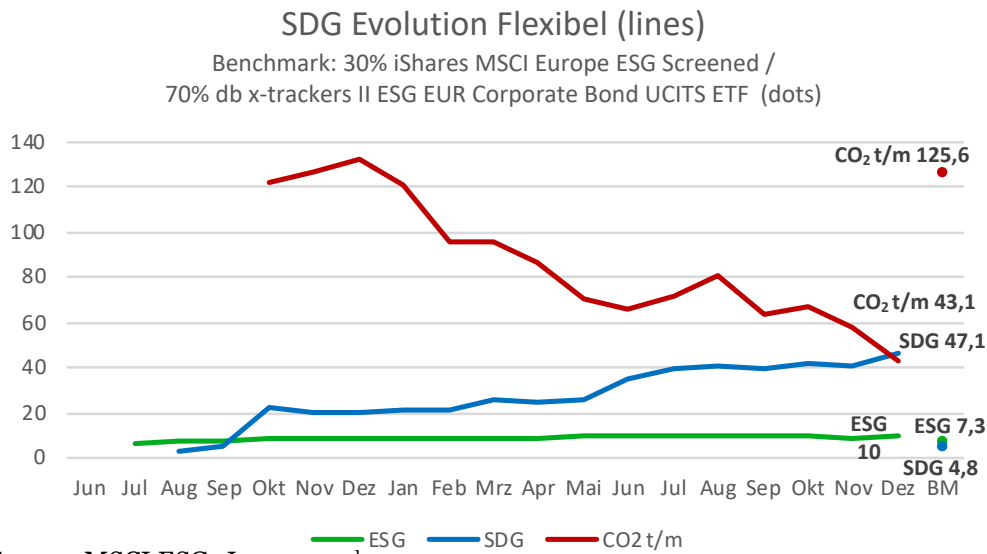
Beginning of December we invested in the new issue of 5,25% Deutsche Lichtmiete AG, which provides very efficient and sustainable lightening systems.

The SDG Evolution Flexibel achieves the maximum ESG score of 10. 16% of our positions got an ESG rating upgrade and no position a downgrade. For E we get 6.9, for S 6.0 and for G 6.6.

Carbon emissions, at 43.1 t CO<sub>2</sub> 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: 125,6 t). The SDG score is 47.1% (source: MSCI ESG).

Nur für professionelle Kunden und geeignete Gegenparteien geeignet. Nicht für Privatkunden.

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



Source: MSCI ESG, January 2<sup>nd</sup> 2020

## 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
<b>2014</b>			-0.48	0.75	0.68	-0.05	-0.25	1.08	0.30	-1.30	2.11	-1.20	1.60
<b>2015</b>	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
<b>2016</b>	-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
<b>2017</b>	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
<b>2018</b>	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
<b>2019</b>	1.78	1.65	0.44	1.17	-1.07	-1.13	0.03	-1.22	-0.83	-0.08	1.18	0.68	2.55

Source: Universal Investment, January 2<sup>nd</sup> 2020

Portfolio statistics as at December 30<sup>th</sup> 2019 (Source: Universal Investment)

### (net) Asset Allocation

<b>Equities</b>	24,4%
<b>Bonds</b>	48,2%
<b>Gold</b>	1,9%
<b>Cash</b>	0,9%

### Risk measurement

Risk-return profile	4 (max. 7)
Volatility 3 years	4%
Ø Credit-Rating	BBB+
(net) Interest duration	0,38

### Awards



Product details as at December 30<sup>th</sup> 2019 (Source: Universal Investment)

	WKN	ISIN	TER	Min. Investment
<b>SDG Evolution Flexibel I</b>	A1W9AZ	DE000A1W9AZ5	1,04%	100.000 EUR
<b>SDG Evolution Flexibel R</b>	A1W9AA	DE000A1W9AA8	2,00%	100 EUR
<b>SDG Evolution Flexibel S</b>	A1W9A0	DE000A1W9A02	0,67%	1.000.000 EUR

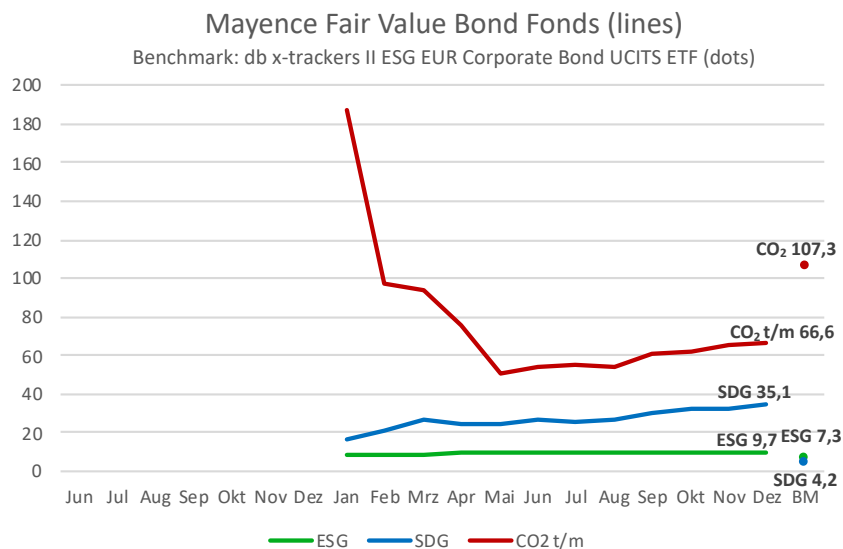
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## MAYENCE FAIR VALUE BOND FONDS (WKN: A2AQZE)

In December, our bond fund was able to generate a return of 0.04% despite rising yields. Our interest hedges especially in the long end supported. Also, the tightening credit spreads had a positive contribution.

The fund has a very high ESG score of 9,7 (max. 10). 14% of our positions received an ESG rating upgrade and no position a downgrade. For E we get 6.5, for S 6.0 and for G 6.6. The Mayence achieves an SDG impact of 35,1% in the "very high" category. The CO<sub>2</sub> emissions of the companies in the portfolio amount to 66.6 t CO<sub>2</sub> per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 107.3 t) (sources: MSCI ESG).

The following chart shows the fund's performance in terms of ESG quality, SDG impact and CO<sub>2</sub> emissions. Here, too, the points represent current benchmark data:



Source: MSCI ESG, January 2<sup>nd</sup> 2020

## 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	0,07	-0,98	-0,72	0,12	-0,29	0,04	-0,06

Source: Universal Investment, January 2<sup>nd</sup> 2020

### Portfolio statistics as at December 30th 2019 (Source: Universal Investment)

#### Rating Distribution

AAA/AA	7.62%
A	26.77%
BBB	53.08%
BB	3.27%
NR	9.26%

#### Risk measurement

Risk-return profile	3 (max. 7)
Volatility 3 years	n.a.
Ø Credit-Rating	BBB+
(net) Interest duration	3,35

#### Awards



### Product details as at December 30<sup>th</sup> 2019 (Source: Universal Investment)

	WKN	ISIN	TER	Min. Investment
Mayence Fair Value Bond	A2AQZE	DE000A2AQZE9	1,12%	25.000 EUR

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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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