

ESG PORTFOLIO MANAGEMENT

Monthly report June 2020



We won the the Sustainable Investment Award Multi - asset manager of the year

**Strong Performance in June:
SDG Evolution Flexibel +3.22%
Mayence Fair Value Bond +1.55%**

Source: <https://www.environmental-finance.com/content/awards/sustainable-investment-awards-2020/winners/multi-asset-manager-of-the-year-esg-portfolio-management.html>

“The **2020 SUSTAINABLE INVESTMENT AWARDS** seek to recognise asset managers, analysts and data providers incorporating ESG across all asset classes”

ESG PORTFOLIO MANAGEMENT thanks

our clients for their trust and good relationship

our team for the strong motivation and hard work

our advisory board members for their inspiration

our business partners for their excellent support

WE INVITE AND WELCOME NEW INVESTORS

OUR MARKET SUMMARY AND OUTLOOK

June was another very strong month with the DAX rising from 11.586 to 12.310 and the NASDAQ increasing from 9.489 to 10.059 marking a new high on June 23rd.

The significant fiscal programmes across the globe are intended to support severely affected citizens and companies but also to stabilize the overall economy.

We see the risk that the massive bond issuance could result in rising yields in the long run and therefore partially hedge our interest rate risks in our funds.

Until a well performing vaccine is found, we will remain cautious and we decreased our net equity allocations in our balanced fund during June to 18% which is well below our average (30%). We will continue to invest in companies with positive SDG impact and highest ESG qualities. Those companies tend to have stable cash flows, lower debt levels and better credit qualities. Their products and financials make them more resilient. This should also reduce their equity price downside risk.

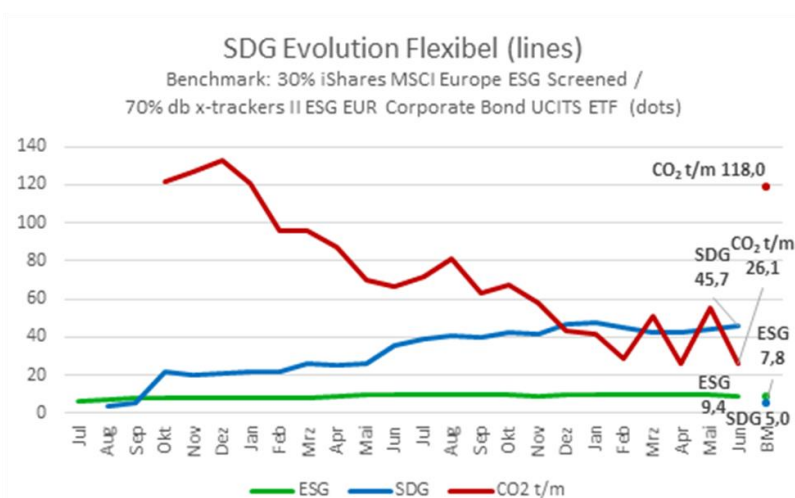
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SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In June, the SDG Evolution Flexibel I performed 3.22%. Several attractive new issues such as Prologis 2032, Alliander 2020, Infineon 2032 performed well. We completely sold our Hylea 2022 positions despite the company's excellent SDG impact as we are increasingly unhappy with their financial reporting and investor relations. Our DAX put options lost with rising equity markets and decreasing market volatility.

The SDG Evolution Flexibel achieves an ESG score of 9.4 (maximum 10). 7% of our positions got an ESG rating upgrade and 2% a downgrade. For E we get 6.7, for S 5.9 and for G 6.8. Carbon emissions, at 26.1 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: 117.9 t). The SDG score is 45.7% (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, July 1st 2020

Performance SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

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	1.18	0.68	2.55
2020	0.32	0.52	-6.43	2.72	0.20	3.22							0.25

Source: Universal Investment, July 1st 2020

Portfolio statistics as at June 30th 2020 (Source: Universal Investment)

(net) Asset Allocation

Equities	18.02%
Bonds	38.71%
Gold	0%
Cash	3.03%

Risk measurement

Risk-return profile	4 (max. 7)
Volatility 3 years	5.00%
Ø Credit-Rating	BBB+
(net) Interest duration	0.14
Spread duration	4.50

Awards



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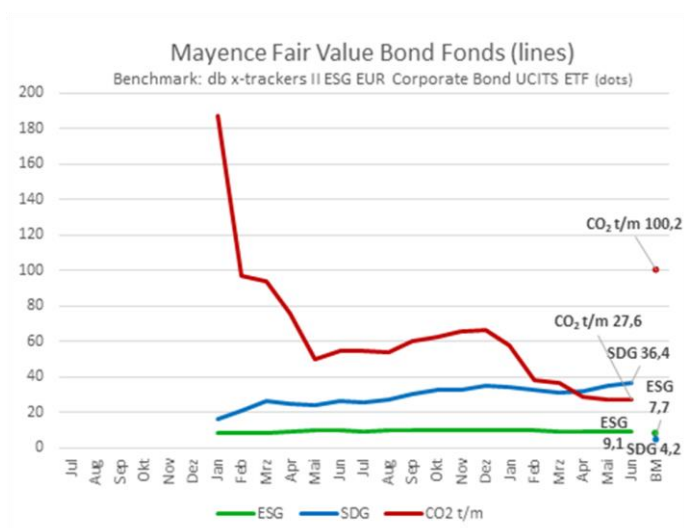
Product details as at June 30th 2020 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.04%	11.1	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	2.00%	0.2	100 EUR
SDG Evolution Flexibel S	A1W9A0	DE000A1W9A02	0.67%	0.8	1,000,000 EUR

MAYENCE FAIR VALUE BOND FONDS (WKN: A2AQZE)

In June, our bond fund generated a return of 1.55%, profiting from a decent credit spread tightening. We invested in the attractive new issues mentioned before. The fund has a very high ESG score of 9.1 (max. 10). 7% of our positions received an ESG rating upgrade and 3% a downgrade. For E we get 6.6, for S 6.3 and for G 6.6. The Mayence achieves an SDG impact of 36.4%. The CO₂ emissions of the companies in the portfolio amount to 27.6 t CO₂ per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond UCITS ETF: 100.2 t) (sources: MSCI ESG).

The following chart shows the fund's performance in terms of ESG quality, SDG impact and CO₂ emissions.:



Source: MSCI ESG, July 1st 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
2020	0.41	0.45	-3.93	0.65	0.75	1.55							-0.22

Source: Universal Investment, July 1st 2020

Portfolio statistics as at June 30th 2020 (Source: Universal Investment)

Rating Distribution		Risk measurement		Awards
AAA/AA	3.05%	Risk-return profile	3 (max. 7)	
A	30.30%	Volatility 3 years	3.06%	
BBB	53.74%	Ø Credit-Rating	BBB+	
BB	1.51%	(net) Interest duration	2.79	
NR	11.39%	Spread duration	5.26	

Product details as at June 30th 2020 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
Mayence Fair Value Bond	A2AQZE	DE000A2AQZE9	1.13%	21.0	25,000 EUR

In many parts of the world, the number of Covid-19 infections is decreasing.

The strong measures and rules seem to be successful in limiting the spread of Covid-19.

We thank everyone for their patience and discipline, especially families with small children, most politicians for their leadership and the staff in the health sector for their conduct and performance.

On the other hand it is sad to see how the ignorance of the presidents of Brazil and the USA can destroy so many innocent lives.

We suggest remaining cautious as the virus remains highly infectious and we still not have a vaccine.

ESG PORTFOLIO MANAGEMENT ordered the production of these masks (see picture). They are made from 100% bio cotton and can be cleaned and reused. For every ordered mask the producer <https://good-give.com/> donates one mask to Africa

If you are interested, please email klein@esg-pm.com



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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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