






# ESG PORTFOLIO MANAGEMENT

## MONTHLY REPORT JULY 2020

### Summary Scorecard

AUM	Module Name	Your Score	
	01. Strategy & Governance	A	
<b>Direct &amp; Active Ownership Modules</b>			
<10%	10. Listed Equity - Incorporation	A+	
<10%	11. Listed Equity - Active Ownership	A	
<10%	12. Fixed Income - SSA	A+	
10-50%	13. Fixed Income - Corporate Financial	A	
>50%	14. Fixed Income - Corporate Non-Financial	A+	
<10%	15. Fixed Income - Securitised	A	

Source: PRI Assessment Report 2020, <https://www.esg-portfolio-management.com/wp-content/uploads/2020/08/2020-Assessment-Report-for-ESG-Portfolio-Management.pdf>

### ESG PM RECEIVES THREE A+ RATINGS IN PRI REPORTING ASSESSMENT

We are delighted about the very good assessment for our PRI report. Furthermore, we learned in which areas we can improve further.

ESG PORTFOLIO MANAGEMENT is nominated for the 13<sup>th</sup> German Sustainability Award. One of Europe's most prestigious award for ecological and social commitment awards prizes for the best concepts against global warming, resource overexploitation, species extinction and social division.

<https://www.nachhaltigkeitspreis.de/en/>

### OUR MARKET SUMMARY AND OUTLOOK

In July the DAX had two different periods. First rising from 12.310 to 13.171 (July 21<sup>st</sup>) and then falling back to 12.313 at month end. The NASDAQ increased further from 10.059 to 10.745 closing near the all-time high.

The outperformance of companies profiting from digitalization (Amazon, Apple, Facebook, etc.) is significant. On the other hand, some quarterly earnings have been as bad as expected and the number of defaults (especially in the energy and retail sector) is increasing.

Until a well performing vaccine is found, we remain cautious and we kept our net equity allocation in our balanced fund during July at 20% which is 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. This makes them resilient and reduces their equity price downside risk.

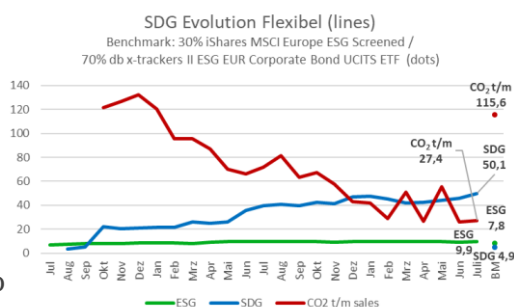
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## SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In July, the SDG Evolution Flexibel I performed 0.53%. Several attractive new issues such as Takeda 2040 performed very well (here, we realized a gain of more than 6% within a month). In 2020, the shares of our holdings Vestas Wind, Siemens Gamesa, General Mills and SAP delivered a very solid (out-)performance. In contrast to those of Mowi, Covivio and Gecina, which have not fully recovered yet.

The SDG Evolution Flexibel achieves an ESG score of 9.9 (maximum 10). 12% of our positions got an ESG rating upgrade and none a downgrade. For E we get 6.5, for S 5.8 and for G 6.8. Carbon emissions, at 27.4 t CO<sub>2</sub> per USD million of sales, are below the benchmark (30% iShares MSCI Europe ESG Screened / 70% db x-trackers II ESG EUR Corporate Bond UCITS ETF: 115.6 t). The SDG score is 50.1% (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, August 3<sup>rd</sup> 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	0.53						0.78

Source: Universal Investment, August 3<sup>rd</sup> 2020

Portfolio statistics as at July 31<sup>st</sup> 2020 (Source: Universal Investment)

(net) Asset Allocation	Risk measurement	Bond Ratings	Awards
Equities 18.95%	Risk-return profile 4 (max.7)	AAA/AA 0%	
Bonds 35.15%	Volatility 3 years 4.97	A 20.06%	
Gold 0%	Ø Credit-Rating BBB+	BBB 63.87%	
Cash 6.02%	(net) Interest duration 1.87	BB 0%	
	Spread duration 4.81	NR 16.06%	

Product details as at July 31<sup>st</sup> 2020 (Source: Universal Investment)

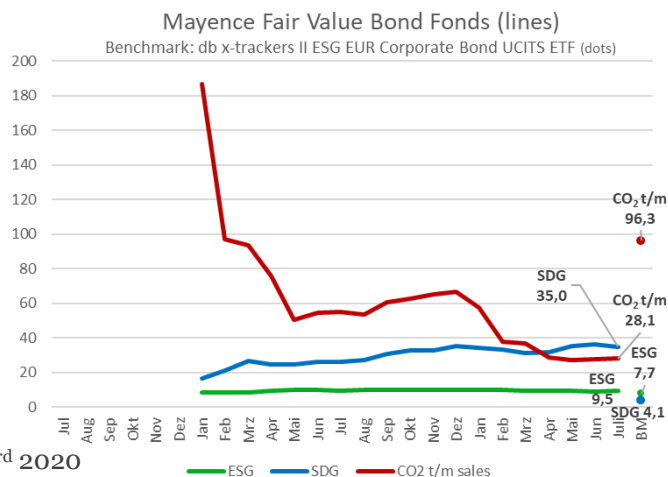
	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.04%	8.6	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	2.00%	0.2	100 EUR
SDG Evolution Flexibel S	A1W9A0	DE000A1W9A02	0.67%	1.9	1,000,000 EUR

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

In July, our bond fund generated a return of 0.95%, profiting from a decent credit spread tightening. We also invested in attractive new issues. The fund has a very high ESG score of 9.5 (max. 10). 8% of our positions received an ESG rating upgrade and none a downgrade. For E we get 6.6, for S 6.3 and for G 6.7. The Mayence achieves an SDG impact of 35%. The CO<sub>2</sub> emissions of the companies in the portfolio amount to 28.1 t CO<sub>2</sub> per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 96.3 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:



Source: MSCI ESG, August 3<sup>rd</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
2020	0.41	0.45	-3.93	0.65	0.75	1.55	0.95						0.72

Source: Universal Investment, August 3<sup>rd</sup> 2020

### Portfolio statistics as at July 31<sup>st</sup> 2020 (Source: Universal Investment)

#### Rating Distribution

AAA/AA	3.08%
A	29.20%
BBB	54.83%
BB	1.47%
NR	11.41%

#### Risk measurement

Risk-return profile	3 (max. 7)
Volatility 3 years	3.02%
Ø Credit-Rating	BBB+
(net) Interest duration	2.76
Spread duration	5.28

#### Awards



### Product details as at July 31<sup>st</sup> 2020 (Source: Universal Investment)

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

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

**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](mailto:klein@esg-pm.com)



The ESG score is calculated by MSCI ESG

The ESG scores is based on the ESG ratings of the portfolio positions but also on the ratio of ESG rating upgrades to downgrades. Our target ESG score is at least 9.0 (maximum 10)

<https://www.msci.com/esg-fund-ratings/funds/sdg-evolution-flexibel-ak-i/68243264>

The SDG impact is calculated by MSCI ESG

The SDG impact is measured by the companies' turnover which can clearly be attributed to a theme. We translate these MSCI ESG themes in specific SDG impacts without changing the portfolio impact number.

The Carbon intensity is also calculated by MSCI ESG

The Carbon intensity is measured in t CO<sub>2</sub> divided by sales for every company and aggregated for the funds.

We measure our portfolios' climate risk with the support of the company right. based on science.

<https://www.right-basedonscience.de/>

For our bond fund we use for comparison the db x-trackers II ESG Corporate Bond UCITS ETF

For our balanced fund we use 70% of the Corporate Bond ETF mentioned above and 30% of the equity ETF iShares MSCI Europe ESG Screened (reflecting our average equity allocation of 30%)

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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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