

ESG PORTFOLIO MANAGEMENT

Monthly Report March 2021



Source: <https://www.eastidahonews.com/2021/03/ever-given-ship-freed-in-the-suez-canal/>

Bigger is not always better

March: Our BUXL (30y Bund) shorts continued to absorb losses

BOTH FUNDS HAVE BEEN CLASSIFIED AS ARTICLE 9 (IMPACT)

We are very grateful that both funds have been classified as compliant with Article 9 of the Sustainable Finance Disclosure Regulation (SFDR).

We thank Universal Investment and Deloitte for their valuable support and know how.

The Disclosure Regulation increases the transparency of sustainability risks of financial products. We very much welcome this regulation, as it enables investors to see how they are achieving sustainable impacts with their investments.

Latest climate risk assessment:

The firm right. based on science calculated again that both funds are aligned with the 1.75 Paris target.

OUR SUMMARY AND OUTLOOK

In March, the rise in yields continued on the back of ongoing massive global fiscal stimuli. The long-term (30-year) BUND yield rose from 0.179% to 0.252%.

In the equity markets, the rise in yields was perceived as a potential threat for highly valued growth stocks and therefore tended to lead to a shift into value stocks.

The German equity index DAX recorded a new all-time high of over 15,000 points. The positive economic development and the progress of the vaccination campaigns lead us to expect that the capital markets will continue to be supported. Nevertheless, we also believe a price correction is possible and therefore continue to hold out of the money equity index put options. These hedges dragged fund returns this month. However, the falling prices of German government bonds led to a positive return on our BUXL short positions.

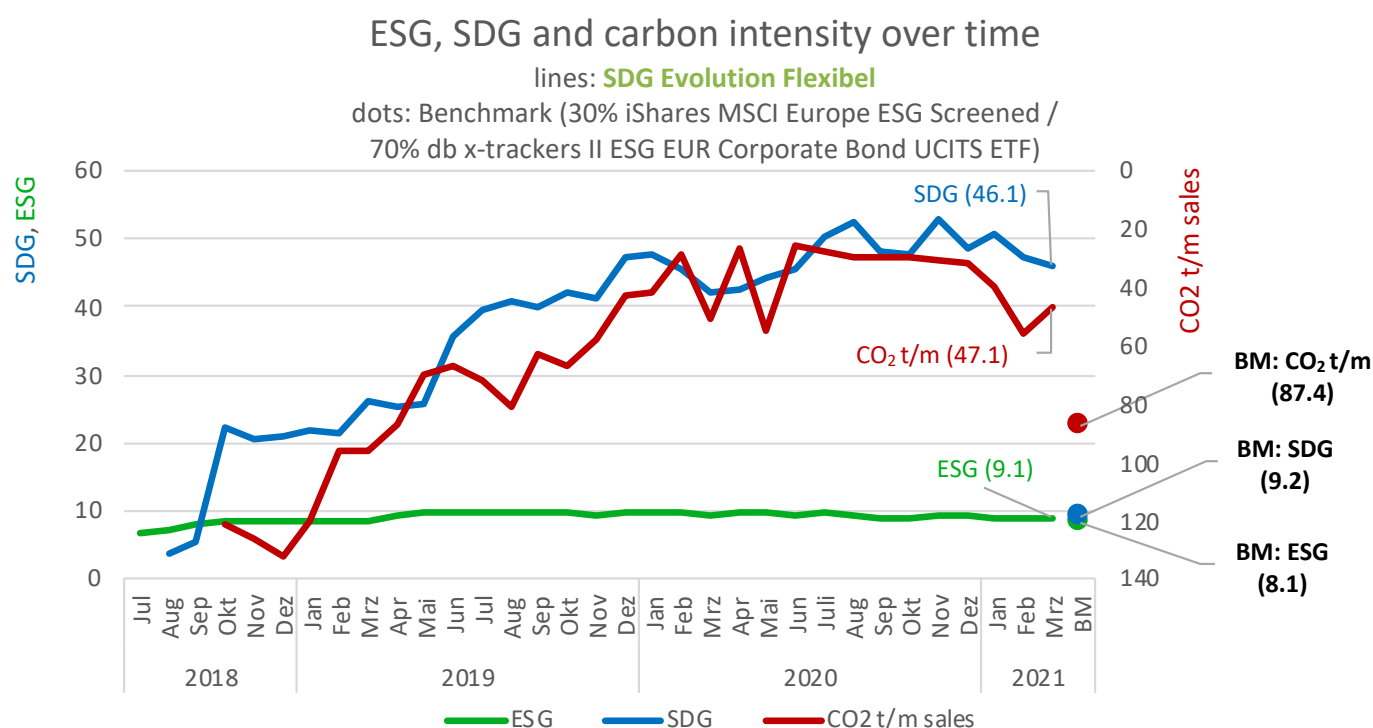
Looking at our individual positions, the main winners this month were the shares of Sims (+11.5%) and General Mills (+10.8%) and the Deutsche Lichtmiete 25 bond (+1.2%). Losers included the shares of IDP Education (-12.7%), as well as the bond of Uni-bail-Rodamco-Westfield (-0.7%).

We will continue to invest in attractive new issues from sustainable companies and limit the interest duration of our portfolios.

SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In March, the SDG Evolution Flexibel I recovered 0.85%. We bought the new issues Citycon green 28, the Berlin Hyp green covered bond 28, Suomen Hypo 31, YIT Perp and Deutsche Wohnen 41. At the end of the month, we took partial profit and reduced our equity holdings in Sims Ltd. and Mowi ASA.

The SDG Evolution Flexibel achieves an ESG score of 9.1 (maximum 10). 2% of our positions got an ESG rating upgrade and none a downgrade. For E we get 6.9, for S 5.8 and for G 6.5. Carbon emissions, at 47.1 t CO₂ 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: 87.4 t). The SDG score is 46.1% (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, April 1st 2021

PERFORMANCE

Monthly Returns (in %):

ESG Portfolio Management advises since July 2018 (green fields)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	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	0.63	-0.81	0.53	2.86	1.30	5.37
2021	0.03	-1.67	0.85										-0.81

Source: Universal Investment, April 1st 2021

Portfolio statistics: as at March 31th 2021 (Source: Universal Investment)

(net) Asset Allocation		Risk measurement		Bond Ratings		Top Equity Holdings
Equities	45.3% (26.8%)	Risk-return profile	4 (max.7)	AAA/AA	0%	Scatec ASA
Bonds	52.1% (31.6%)	Volatility 3 years	5.17	A	38.5%	Sims Ltd.
Gold	0%	Ø Credit-Rating	BBB+	BBB	47.7%	Mowi ASA
Cash	1.4%	(net) Interest duration	2.20	BB	0%	Bell Food
		Spread duration	6.79	NR	13.8%	FCR

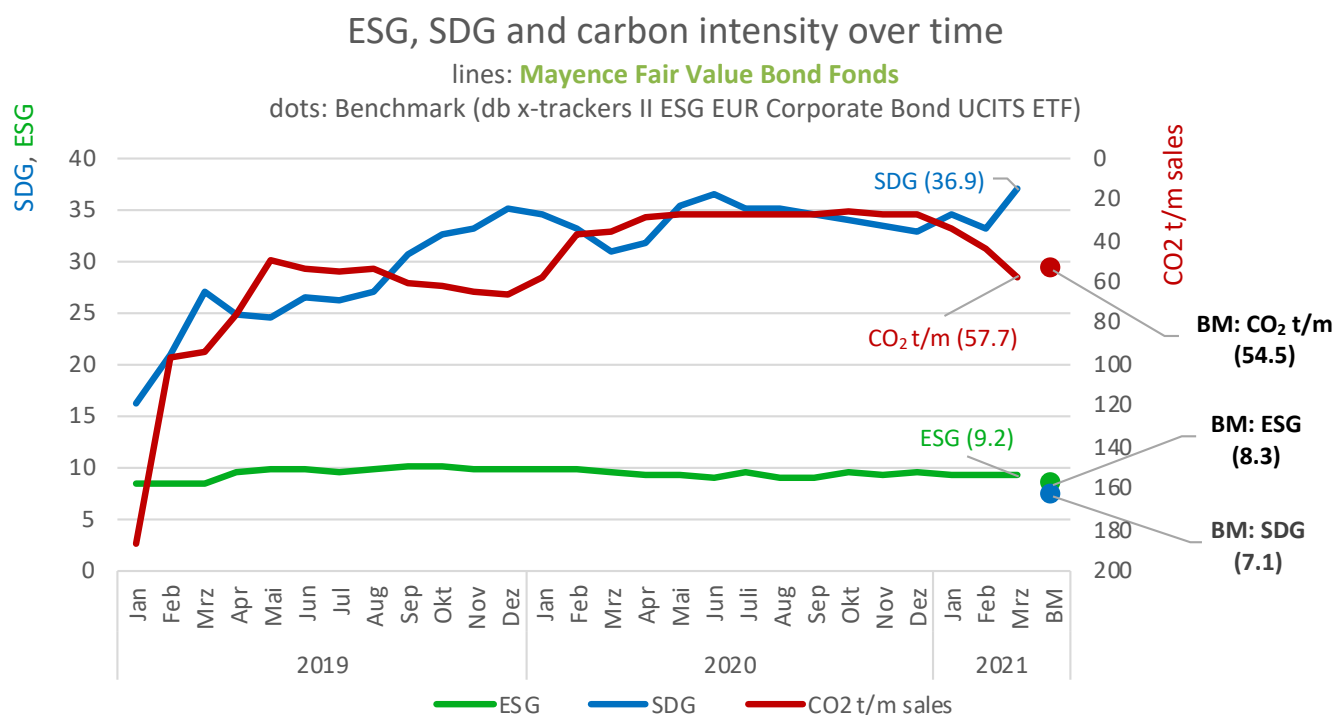
Product details: as at March 31th 2021 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.14%	9.0	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	1.85%	0.2	100 EUR

MAYENCE FAIR VALUE BOND FONDS (WKN: A2AQZE)

In March, our bond fund decreased 0.13%, driven by increasing yields and also credit spread widening. We invested in the new issues mentioned before. The fund has a very high ESG score of 9.2 (max. 10). 3% of our positions received an ESG rating upgrade and none a downgrade. For E we get 7.1, for S 6.1 and for G 6.2. The Mayence achieves an SDG impact of 36.9%. The CO₂ emissions of the companies in the portfolio amount to 57.7t CO₂ per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 54.5t) (sources: MSCI ESG).

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



Source: MSCI ESG, April 1st 2021

PERFORMANCE

Monthly Returns (in %):

ESG Portfolio Management GmbH advises since February 2019 (green fields)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	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	0.16	0.00	0.56	0.34	-0.14	1.65
2021	0.02	-0.64	-0.13										-0.74

Source: Universal Investment, April 1st 2021

Portfolio statistics: as at March 31th 2021 (Source: Universal Investment)

Rating Distribution		Risk measurements		Top Holdings
AAA/AA	1.63%	Risk-return profile	3 (max. 7)	Amgen
A	38.34%	Volatility 3 years	2.58%	Signify
BBB	48.91%	Ø Credit-Rating	BBB+	Essity
BB	1.63%	(net) Interest duration	3.34	ASML
NR	9.51%	Spread duration	6.63	NVIDIA

Product details: as at March 31th 2021 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
Mayence Fair Value Bond	A2AQZE	DE000A2AQZE9	1.11%	19.1	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



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 CO2 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/> The result: **The positions of the SDG Evolution Flexibel and of the Mayence Fair Value bond fund are Paris aligned (1.75).**

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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