

ESG PORTFOLIO MANAGEMENT

Monthly Report July 2021



Source: Polizei Thüringen

ESG Portfolio Management receives the first price in the category sustainable investments

The prize was awarded for the first time by the news channel ntv, DUP UNTERNEHMER and the German Institute for Service Quality (DISQ), in order to make sustainable commitment visible and to honor it. The patron of the award is Brigitte Zypries, former Federal Minister.

A top-class jury from business, science and media, chaired by Yvonne Zwick, chairwoman of B.A.U.M. e.V., evaluated the applications received.

We are very pleased and thank the organizers, the jury, our customers and business partners.

ESG Portfolio Management will donate 10% of the company's profits to flood victims.

We will invite our customers to choose the donation targets in the next years.

Investments in our multi asset fund SDG Evolution Flexibel R start from EUR 100.

We need to reduce emissions sooner!

Climate change is leading to disasters globally. Once-in-a-century events are becoming frequent.

OUR SUMMARY AND OUTLOOK

In July, disastrous floods hit parts of China and Germany. Killing hundreds of people and washing away houses and railway bridges. Taking long term climate risks seriously, some of the railways will not be rebuilt along rivers.

Adaption to physical climate risks means searching for more resilient locations for housing and infrastructure.

But imagine smaller islands in the South Pacific which do not have hills – where shall the inhabitants go when the sea water level continues to increase?

Therefore, climate mitigation is key! We select committed companies and engage to support their transition efforts. We work hard to keep our funds in alignment with the Paris targets as explained in our June report.

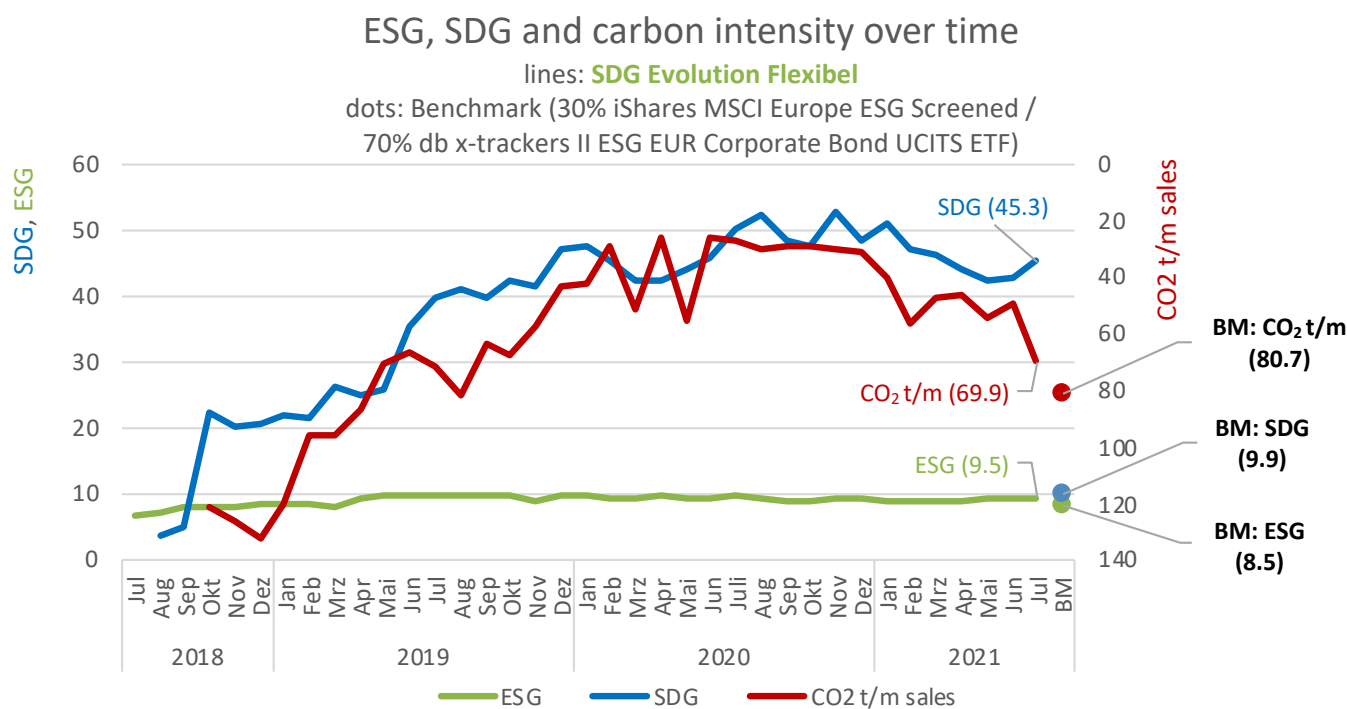
We are disappointed about the market performance of several renewable energy companies this year. We remain optimistic that in the long doing good should also mean doing well. Therefore, we hold on and wait for a recovery.

During July Scatec Solar lost 12% (YTD -41%) and the producer of sustainable railways Alstom declined 14% after announcing negative free cash flow for the year following the Bombardier Transportation acquisition. The main winners in July were the shares of BioNTech (+31% - YTD +240%!) which are now also developing a Malaria vaccination and IDP Education (+10%).

SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In July, the SDG Evolution Flexibel lost 0.4%. We bought the new issues of Alstom 2030, Covivio 2029 and bought Vestas shares at 228,12 which we sold completely at much higher levels. We sold our Positions in General Mills 26, Ontex 26 and JDE Peet's.

The SDG Evolution Flexibel achieves an ESG score of 9.5 (maximum 10). 6% of our positions got an ESG rating upgrade and none a downgrade. For E we get 6.7, for S 6.1 and for G 6.5. Carbon emissions, at 69.9t 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: 80.7 t). The SDG score is 45.3% (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, August 2nd 2021

PERFORMANCE

Monthly Returns (in %):

ESG Portfolio Management advises since July 2018 (green fields)

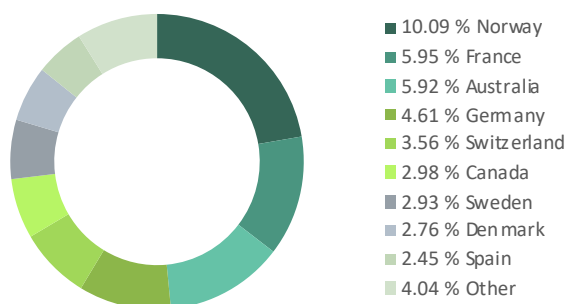
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	YTD
2014			-0.48	0.75	0.68	-0.05	-0.25	1.08	0.30	-1.30	2.11	-1.20	1.60
2015	3.23	2.58	0.63	-0.49	-0.38	-2.49	1.52	-4.97	-1.13	4.00	1.90	-1.86	2.19
2016	-3.02	-2.12	1.21	-0.19	-0.17	-1.83	0.64	0.50	-0.47	-0.37	-0.93	1.41	-5.32
2017	0.16	1.13	1.51	0.85	0.28	-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	-0.19	-0.31	-0.05	-0.40						-1.75

Source: Universal Investment, July 30th 2021

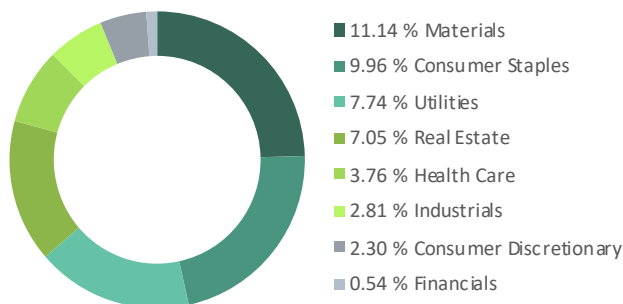
Portfolio statistics: as at July 30th 2021 (Source: Universal Investment)

(net) Asset Allocation		Risk measurement		Bond Ratings		Top Equity Holdings
Equities	45.3% (36.4%)	Risk-return profile	4 (max.7)	AAA/AA	0%	Sims Ltd.
Bonds	49.5% (20.6%)	Volatility 3 years	5.25	A	24.9%	Scatec ASA
Gold	0%	Ø Credit-Rating	BBB+	BBB	61.9%	Bell Food
Cash	5.2%	(net) Interest duration	-0.63	BB	3.8%	FCR
		Spread duration	5.61	NR	9.4%	Mowi ASA

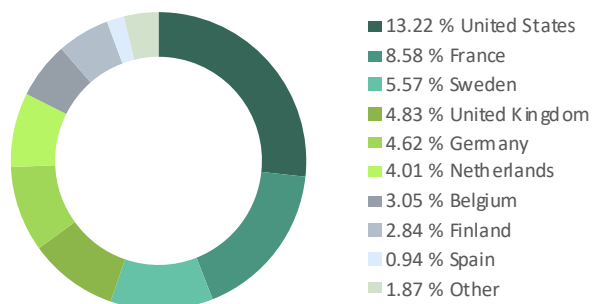
Equities by country



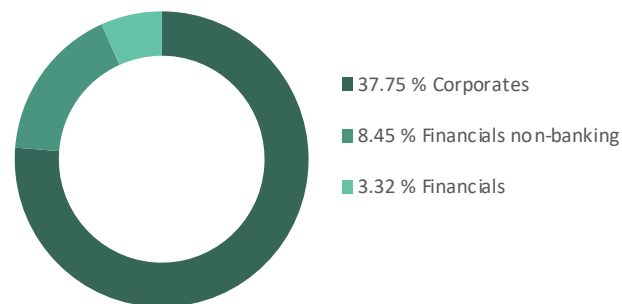
Equities by industry sectors



Fixed Income by country



Fixed Income by industry sectors



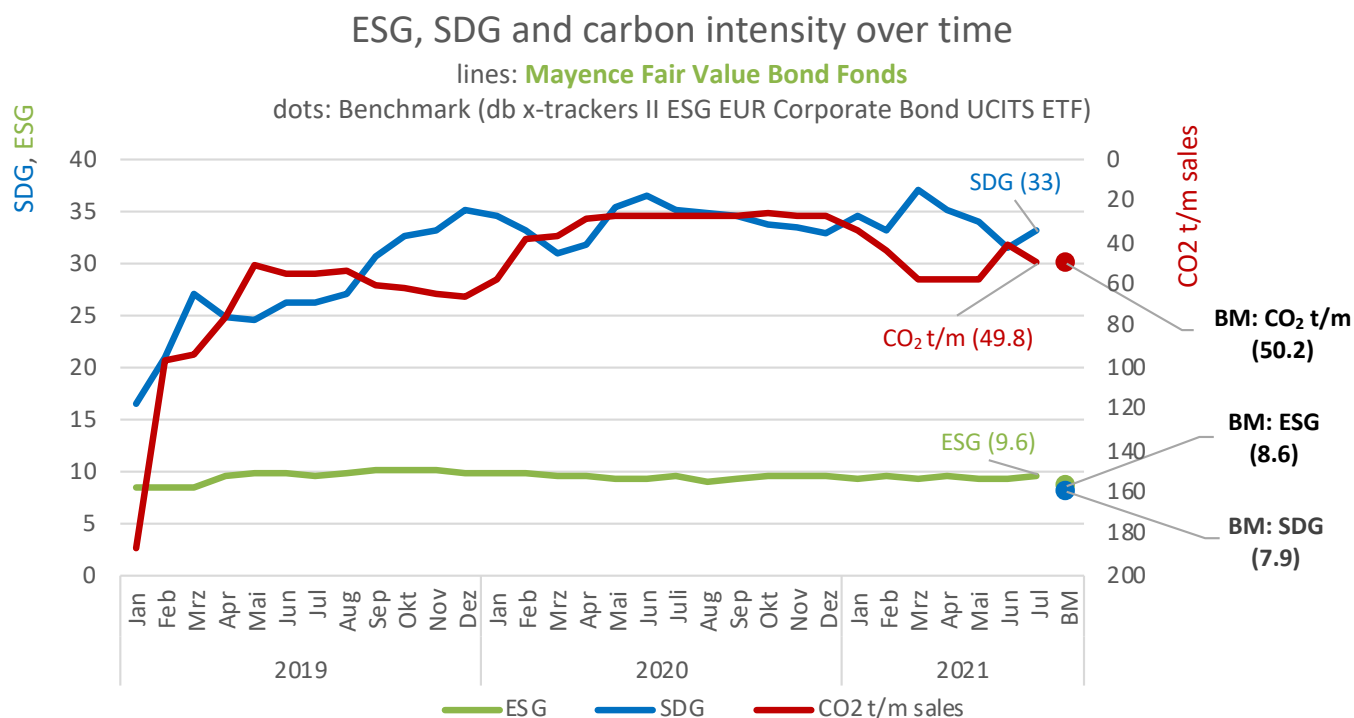
Product details: as at July 30th 2021 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.14%	8.2	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	1.85%	0.7	100 EUR

MAYENCE FAIR VALUE BOND FONDS (WKN: A2AQZE)

In July, our bond fund increased 0.51%. We invested in the new issues mentioned before and bought the already outstanding bond Klépierre 2031. The fund has a very high ESG score of 9.6 (max. 10). 7% of our positions received an ESG rating upgrade and none a downgrade. For E we get 7.1, for S 6.3 and for G 6.3. The Mayence achieves an SDG impact of 33%. The CO₂ emissions of the companies in the portfolio amount to 49.8 t CO₂ per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 50.2 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, August 2nd 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	0.29	-0.26	0.04	0.51						-0.16

Source: Universal Investment, July 30th 2021

Portfolio statistics: as at July 30th 2021 (Source: Universal Investment)

Rating Distribution

AAA/AA	1.90%
A	34.95%
BBB	56.58%
BB	1.25%
NR	5.32%

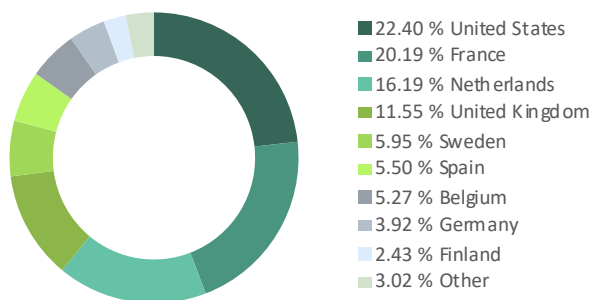
Risk measurements

Risk-return profile	3 (max. 7)
Volatility 3 years	2.41%
Ø Credit-Rating	BBB+
(net) Interest duration	3.09
Spread duration	6.43

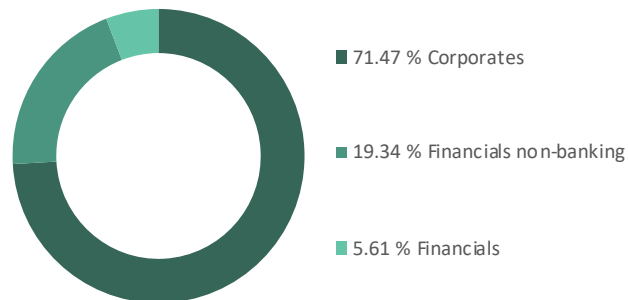
Top Holdings

Elia Group
Legrand
Signify
ASML
NVIDIA

Fixed Income by country



Fixed Income by industry sectors



Product details: as at July 30th 2021 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
Mayence Fair Value Bond	A2AQZE	DE000A2AQZE9	1.11%	16.9	25,000 EUR

Our exclusion criteria

Companies:

We exclude companies with violations against the UN Global Compact Principles and companies with activities in the following business areas:

Exclusion criterion	Maximum share of turnover
- Weapons of mass destruction and controversial weapons	
- Coal mining, processing & services	
- High risk oil & gas (Fracking, Arctic Drilling, Oil Sands)	0%
- Nuclear power generation	
- Uranium mining	
- Embryonic stem cell research and cloning technology	
- Coal-fired power generation	
- Oil extraction, processing and power generation	
- High risk oil & gas (services)	
- Production and distribution of key components for nuclear power plants	
- Biocides	5%
- Animal testing	
- Genetic engineering in food production	
- Civilian weapons	
- Conventional tobacco products and alcohol	
- Entertainment media (gambling, gaming, pornography)	

Countries:

Countries are excluded in case of serious controversies, death penalty, human rights violations, lack of labour rights, child labour, corruption (according to Transparency International), violation of the Nuclear Non-Proliferation Treaty, high military budget, authoritarian regime (according to Freedom House Ranking), non-ratification of the Biosafety Protocol.

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)

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

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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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 SDG Evolution Flexibel and Mayence Fair Value Bond Fonds.

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