

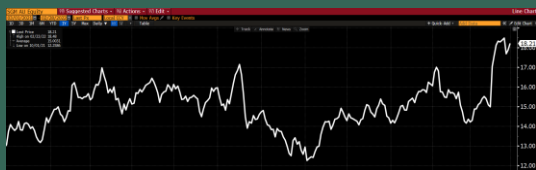
ESG PORTFOLIO MANAGEMENT

Report February 2022



Source: Action Press, Wikipedia

Sims Ltd. Is an example for highest sustainability and excellent performance.



SGM AU Equity 03/01/21 – 02/28/22, Source: Bloomberg

Sims Ltd. Is a global recycling company with very high ESG standards and performance. MSCI ESG assigns an ESG rating of AAA and an exceptionally high SDG impact of 98%.

Certainly, Sims passes our strict filter of a long list of exclusion criteria.

We are impressed with their policies and ambitions as can be seen for example in their Modern Slavery Statement, which analyses their supply chain (see: <https://sltd.s3.amazonaws.com/2021/modern-slavery-statement.pdf>).

We regret that we had to sell some Sims shares as their strong performance pushed the portfolio weight above 5%.

We are always looking for such stars. Any investment ideas are very welcome.

We pray for the victims in Ukraine

Positive February performance for SDG Evolution Flexibel as our equity put options mitigated losses

OUR SUMMARY AND OUTLOOK

We are sad to see the invasion and pray that not many lives will be lost and hope that Ukrainians can return soon.

Our funds have no holdings in Russia.

Our balanced fund SDG Evolution Flexibel holds equity put options. End of December we bought DAX Put options 14.500 June 22 at 538 and 429 and sold them on February 24th and 25th at 1080 and 842. On February 14th we added DAX Put 14.500 March 22 at 270 and sold them during the next days at 531, 329 and 660. We continue to hold other put options as we cannot rule out further Russian attacks.

In the SDG Evolution and in in our bond fund Mayence Fair Value Bond Fonds we have reduced our interest rate hedges and had no short positions in German bonds when the attacks started.

We expect energy prices to remain high. But we see that more decision makers understand the importance of renewable energy sources. Renewable energy not only protects the climate but also reduces exposure to geopolitical risks. Therefore, we have seen a remarkable recovery of equity prices in this sector.

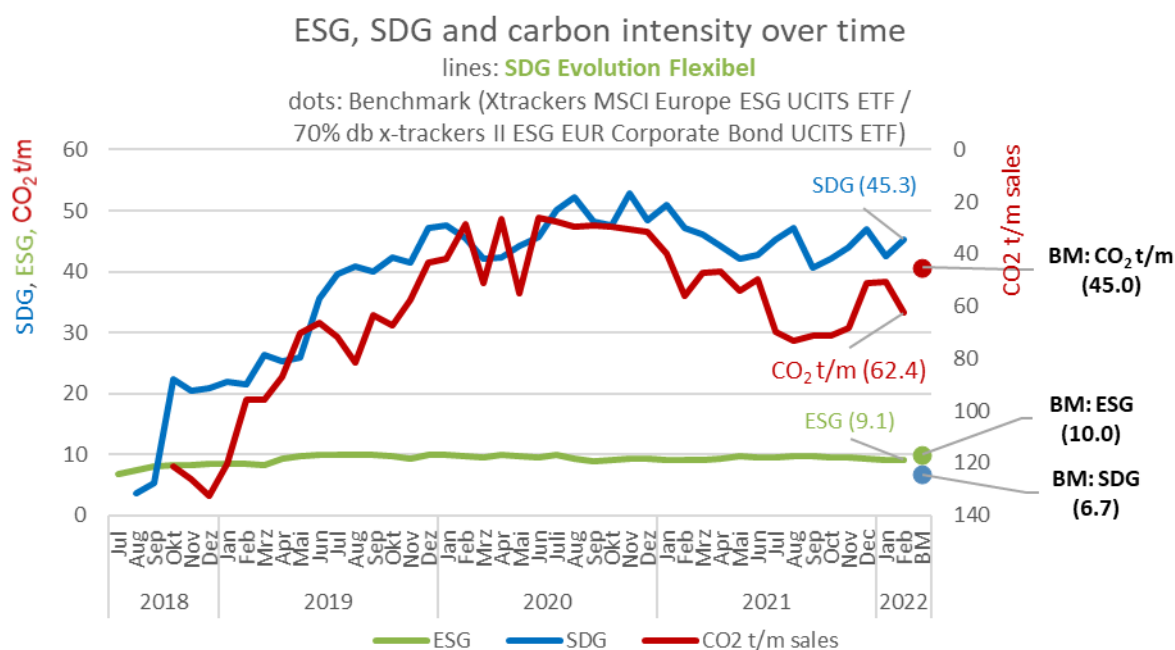
We intend to rebuild interest rate hedges slowly as we expect high inflation in the medium term and can imagine rising bond yields.

We will continue to invest in equities and corporate bonds with high ESG quality and positive SDG impact. Also, we will reduce climate risks further. As part of our engagement activity, we already sent 21 proxy votings for 2022 (see: <https://www.esg-portfolio-management.com/wp-content/uploads/2022/02/Proxy-Voting-Report-2022-February.pdf>).

SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In February, the SDG Evolution Flexibel I gained 2.92 % despite the weak equity and credit markets. Our active trading of equity put options helped to overcompensate losses. We invested in equities in the renewable energy sector like First Solar, SMA Solar and ITM Power and we bought the Terna hybrid bond

The SDG Evolution Flexibel achieves an overall ESG score of 9.1 (maximum 10). 7% of our positions got an ESG rating upgrade and 2% a downgrade. For E we achieved a score of 6.7, for S 5.8, and for G 6.4. Carbon emissions, at 62.4 t CO₂ per USD million of sales are above the benchmark (30% Xtrackers MSCI Europe ESG UCITS ETF / 70% db x-trackers II ESG EUR Corporate Bond UCITS ETF: 45.0 t) as we focus more on transition and increased our holdings in industrial companies which actively reduce their emissions. 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, March 1st, 2022

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	-0.57	-2.15	1,44	-1.27	1.53	-2.81
2022	-3.35	2.92											-0,53

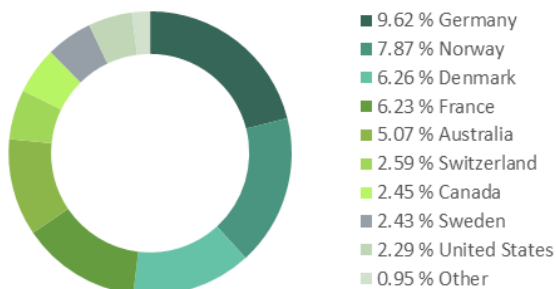
Source: Universal-Investment, February 28th, 2022

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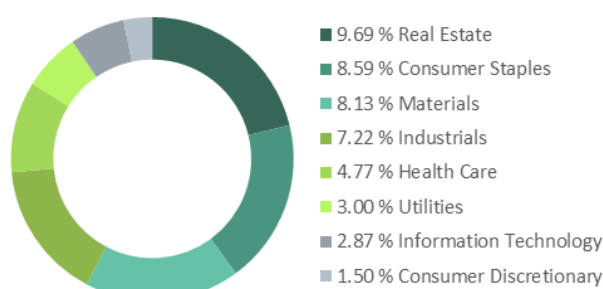
Portfolio statistics: as of February 28th, 2022 (Source: Universal Investment)

(net) Asset Allocation		Risk measurement		Bond Ratings		Top Equity Holdings
Equities	47.1% (39.6%)	Risk-return profile	4 (max.7)	AAA/AA	7.7%	FCR Immobilien
Bonds	49.6% (32.4%)	Vola / SharpeR 3 y	5.64 / 0.15	A	27.4%	Sims Ltd.
Gold	0%	Ø Credit-Rating	BBB+	BBB	55.3%	Vestas Wind
Cash	3.6%	(net) Interest duration	(1.47) 5,25	BB	1.9%	Mowi ASA
		Spread duration	5.45	NR	8.7%	Gecina

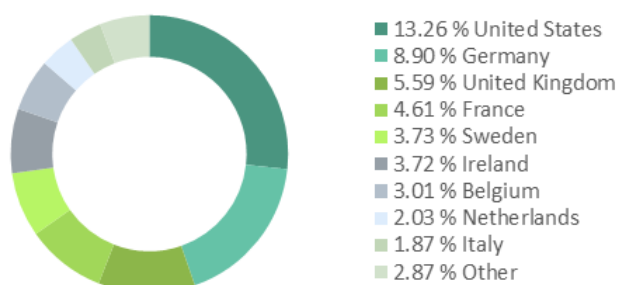
Equities by country



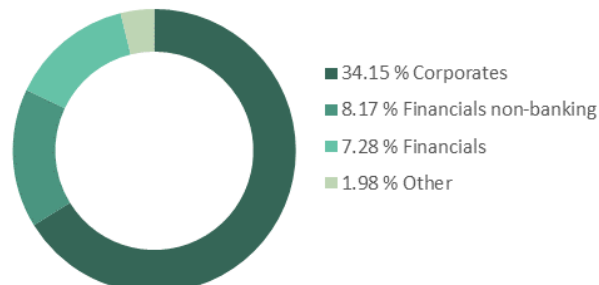
Equities by industry sectors



Fixed Income by country



Fixed Income by industry sectors



Product details: as of February 28th, 2022 (Source: Universal Investment)

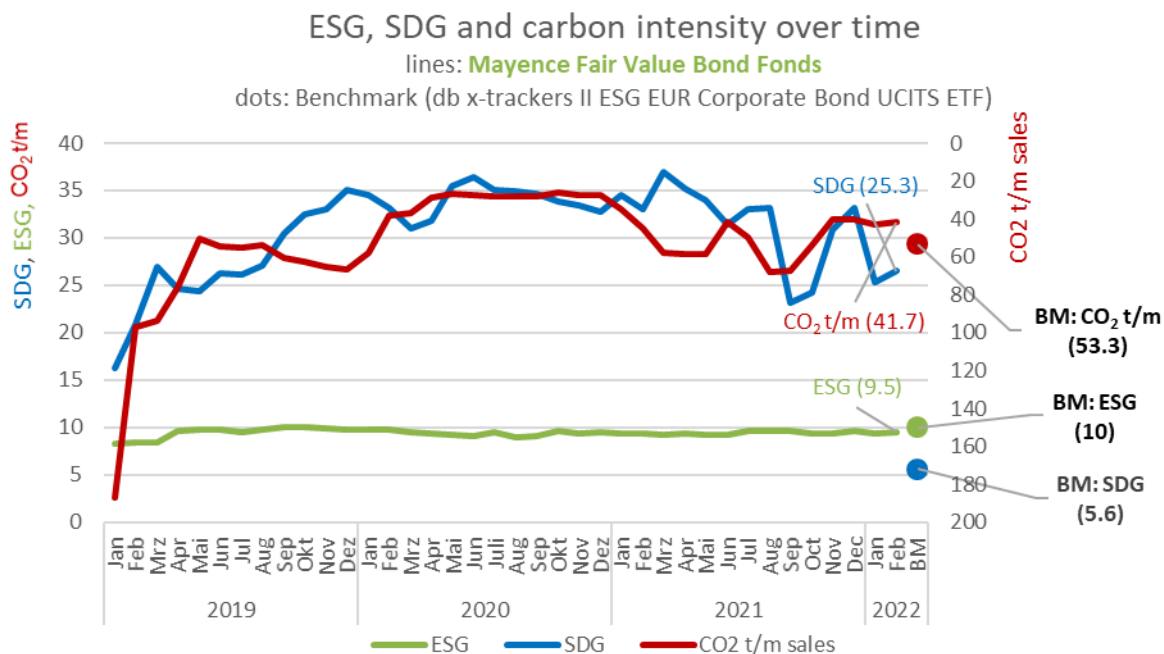
	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.35%	8.1	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	1.63%	1.1	100 EUR

MAYENCE FAIR VALUE BOND FONDS (WKN: A2AQZE)

In February, the value of our bond fund decreased 2,3 % driven by massively widening credit spreads. We took partial profits on our interest rate hedges and bought the new issue of Deutsche Börse and the Terna hybrid bond.

The fund has a very high ESG score of 9.5 (max. 10). 11% of our positions received an ESG rating upgrade and none a downgrade. For E, we get 6.9 for S, 5.8, and for G 6.3. The Mayence achieves an SDG impact of 26.5. The CO₂ emissions of the companies in the portfolio amount to 41.7 t CO₂ per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 53.3 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, March 1st, 2022

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	-0.37	-0.52	-0.96	-0.93	-0.53	-3.43
2022	-1,30	-2,30											-3,58

Source: Universal Investment, February 28th, 2022

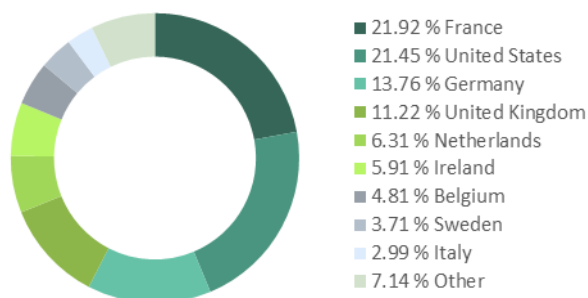
Portfolio statistics: as of February 28th, 2022 (Source: Universal Investment)

Rating Distribution	
AAA/AA	6.1 %
A	26.8%
BBB	59.2%
BB	3.0 %
NR	4.8%

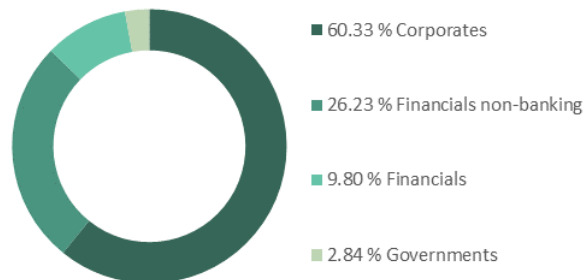
Risk measurements	
Risk-return profile	3 (max. 7)
Vol. / SharpeR 3 y.	2.53% / -0.74
Ø Credit-Rating	BBB+
(net) Interest duration	(3.32) 6.17
Spread duration	6.08

Top Holdings
Covivio
Klépierre
Gilead Sciences
United Utilities Water
Amgen

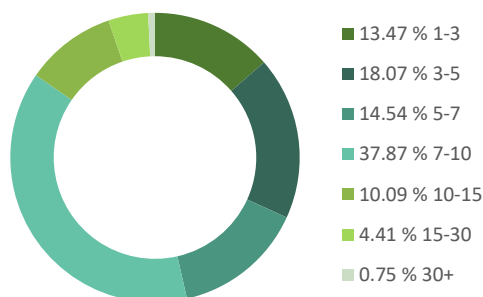
Fixed Income by country



Fixed Income by industry sectors



Fixed Income by maturity profile



Product details: as of February 28th, 2022 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
Mayence Fair Value Bond	A2AQZE	DE000A2AQZE9	1.17%	6.4	100 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, Services)	0%
- Nuclear power generation	
- Uranium mining	
- Embryonic stem cell research and cloning technology	
- Coal-fired power generation	
- Oil extraction, processing and power generation	
- 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). We support climate transition!**

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 Xtrackers MSCI Europe ESG UCITS Class 1C (reflecting our average equity allocation of 30%).

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