

ESG PORTFOLIO MANAGEMENT

Report June 2022



Source: therightscoop.com

In 2022, the Euro Stoxx 50 fell 20%, the NASDAQ 29,5% and IG Corporate Bonds indices lost more than 10%.

SDG Evolution Flexibel I performed YTD minus 5,42%.

OUR SUMMARY AND OUTLOOK

Putin's war causes deaths, destruction, famine, inflation, recession and weak equity and credit markets.

Energy and food prices will remain high and wages are starting to increase. For these reasons, we cannot imagine that inflation could decline in 2022. The ECB is expected to raise interest rates significantly starting in July.

During June, we took partial profit on our equity put options as their value increased sharply. We bought out of the money DAX put options earlier this year. The steep losses in the equity market pushed the options in the money. Additionally, the market volatility jumped up, further enhancing the value of our put options. These dynamics caused a net negative equity position in the SDG Evolution Flexibel during June. We will exploit market weaknesses during the next weeks to take profits on our put options and to re-establish a positive equity market exposure.

After the massive widening of credit spreads, we like the yield level achieved by corporate bonds with solid credit ratings. Also, government bond yields and swap spreads have risen sharply during 2022. Currently, we like attractive IG corporate bonds with medium maturities.

Our SDG Evolution Bonds currently has an average credit rating of A-, a net interest duration of 4,33 and offers a running yield of 3,92%. This risk-return combination is far more attractive compared to the beginning of the year.

We like to invest in new issues from companies with high ESG qualities, positive SDG impacts which are working hard to reduce their climate risks. We also prefer to invest in companies which are already reporting PAI data.

In 2022 the Euro Stoxx 50 fell 20%



The 10 year BUND yield increased from -0,08 to +1,27



GBDR10 Index (Source: Bloomberg)

EUR IG-Credit-Spreads widened by 85 basis points on average

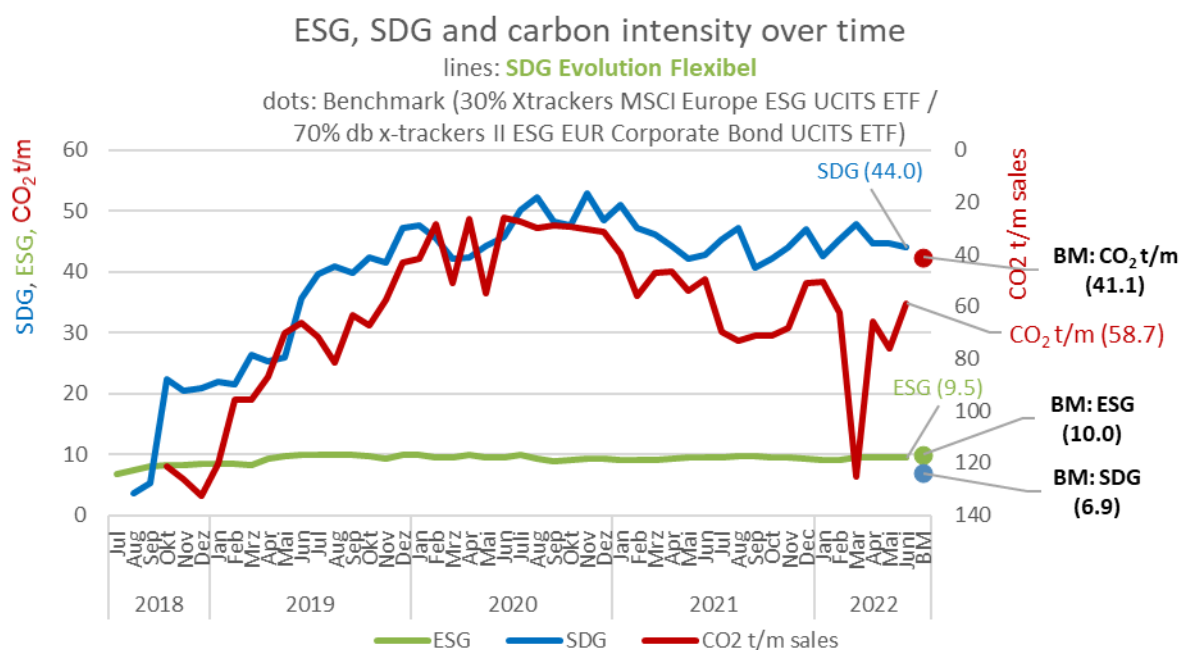


iTraxx Eur, IEAC LN (Quelle: Bloomberg)

SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In June, SDG Evolution Flexible I lost 2.41% due to rising yields and widening credit spreads. We unfortunately reduced our interest rate hedges too quickly and too much in recent months. On the other hand, our DAX put options helped us to mitigate losses on the equity side as explained before.

The SDG Evolution Flexibel achieves an overall ESG score of 9.5 (maximum 10). 9% of our positions got an ESG rating upgrade and none a downgrade. For E, we achieved a score of 7.1, for S 6, and for G 7.1. Carbon emissions, at 58.7 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: 37.9 t) as we focus more on transition and increased our holdings in industrial companies which actively reduce their emissions. The SDG score is 44.0 % (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, June 30th, 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	1.51	-1.26	-2.80	-2,41							-5,42

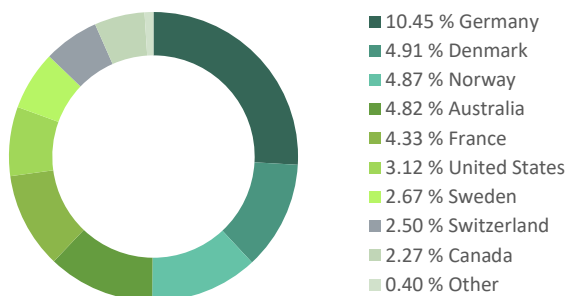
Source: Universal-Investment, June 30th, 2022

Only for professional clients and eligible counterparties. Not for private customers – Advertisement.

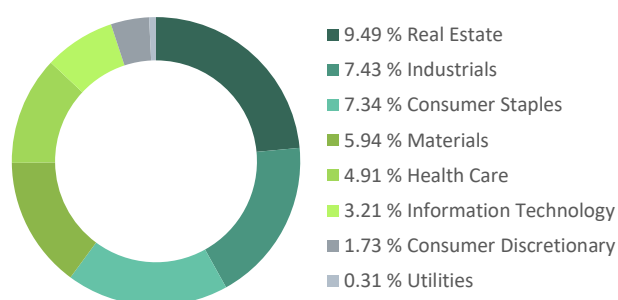
Portfolio statistics: as of June 30th, 2022 (Source: Universal Investment)

(net) Asset Allocation		Risk measurement		Bond Ratings		Top Equity Holdings
Equities	40.4% (-12.3%)	Risk-return profile	4 (max.7)	AAA/AA	1.8%	FCR Immobilien
Bonds	50.8% (40.4%)	Vola / SharpeR 3 y	5.98 / -0.10	A	31.0%	Sims Ltd.
Gold	0%	Ø Credit-Rating	BBB+	BBB	56.3%	Vestas Wind
Cash	3.2%	(net) Interest duration	(3.91) 5,57	BB	3.2%	BioNTech
		Spread duration	5.59	NR	7.7%	Mowi ASA

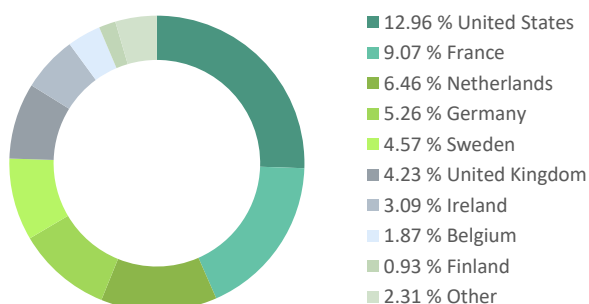
Equities by country



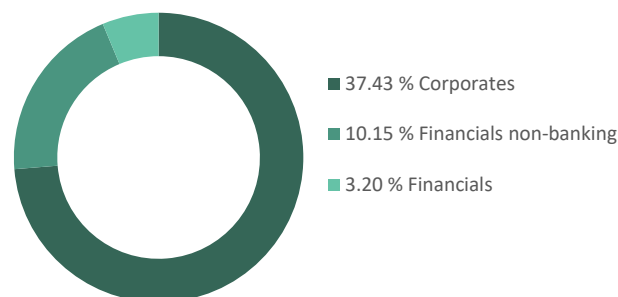
Equities by industry sectors



Fixed Income by country



Fixed Income by industry sectors



Product details: as of June 30th, 2022 (Source: Universal Investment)

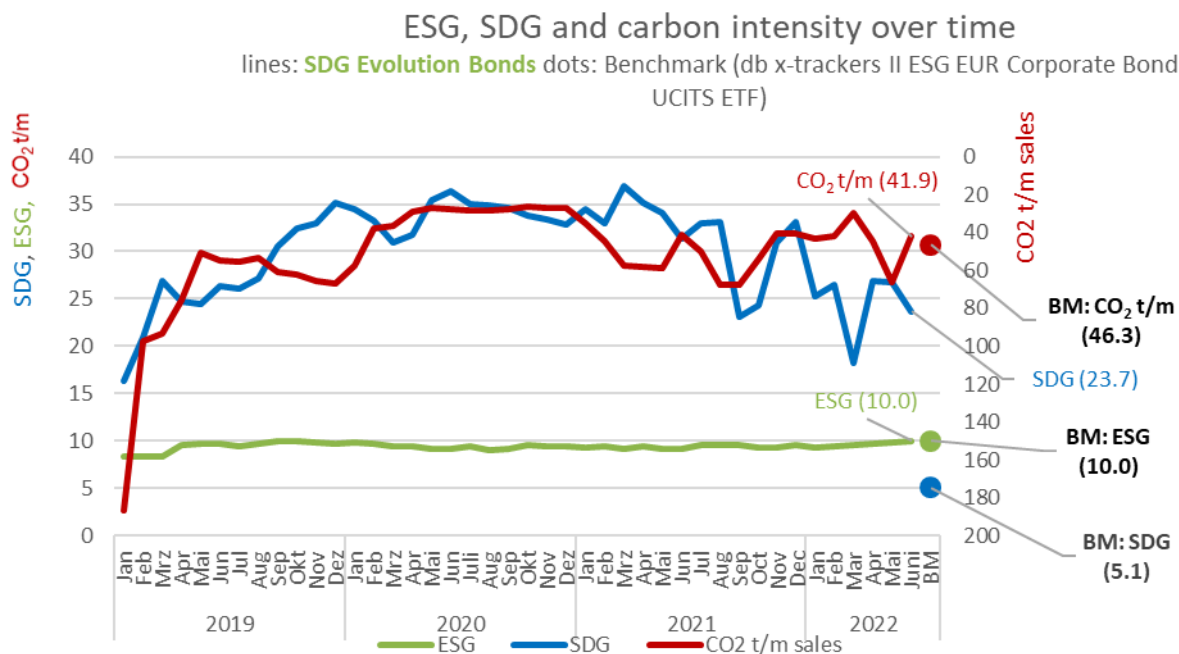
	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.35%	7.9	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	1.63%	1.1	100 EUR

SDG EVOLUTION BONDS (WKN: A2AQZE)

In June, the value of our bond fund decreased by 3,6% driven by widening credit spreads and strongly increasing yields. We deeply regret that we reduced our interest rate hedges too early!

The fund has a very high ESG score of 10 (max. 10). 17% of our positions received an ESG rating upgrade and none a downgrade. For E, we get 7.0 for S, 6.1, and for G 7.2. The SDG impact is 23.7. We aim to improve the SDG impact. The CO₂ emissions of the companies in the portfolio amount to 41.9 t CO₂ per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 43.4 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, June 30th, 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	-1.70	-2.37	-2.04	-3.60							-12.61

Source: Universal Investment, June 30th, 2022

Portfolio statistics: as of June 30th, 2022 (Source: Universal Investment)

Rating Distribution

AAA/AA	5.0 %
A	33.0%
BBB	53.9%
BB	0%
NR	8.2%

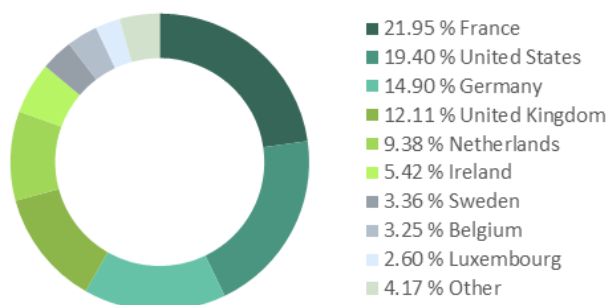
Risk measurements

Risk-return profile	3 (max. 7)
Vol. / SharpeR 3 y.	3.04% / -1.64
Ø Credit-Rating	A-
(net) Interest duration	(4.33) 6.08
Spread duration	6.00

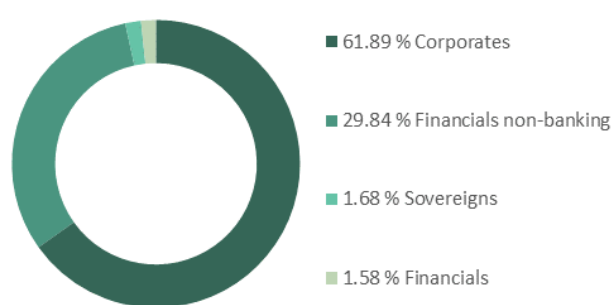
Top Holdings

Vestas Wind
 Pearson Funding
 Covivio
 Klépierre
 United Utility Water

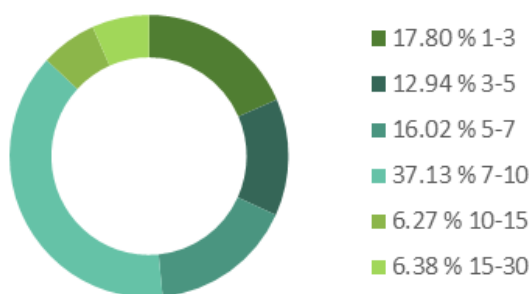
Fixed Income by country



Fixed Income by industry sectors



Fixed Income by maturity profile



Product details: as of June 30th, 2022 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Bonds	A2AQZE	DE000A2AQZE9	1.17%	5.8	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 SDG Evolution Bonds are causing a warming of less than 2 degrees. 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%).

Only for professional clients and eligible counterparties. Not for private customers – Advertisement.

Important Information & Disclaimer

This information is intended exclusively for professional customers or suitable counterparties as defined in the WpHG and is not intended for private customers. This advertisement does not constitute investment advice. No guarantee is given as to the accuracy and completeness of the information and any liability for any damage resulting from the use and / or disclosure of this information is rejected.

The information is directed only at investors in the countries in which the respective fund is authorized for distribution. They are not intended for publication or use by persons or companies in a country in which the fund is not authorized for distribution. In particular, the units of the respective fund may not be offered for sale or sold within the USA nor to or for the account of US citizens or US persons resident in the USA. The documents published here and the information contained therein may not be distributed in the USA or in other countries in which distribution is not permitted.

The fund portrait is for information purposes only and does not constitute investment advice or solicitation to buy or sell shares in the fund. The sole basis for the purchase of units is the sales documents (key investor information, sales prospectus, annual and semi-annual reports) relating to the fund. Sales documents relating to all of the investment funds of Universal-Investment are available free of charge from your adviser / broker, the responsible depository, or Universal-Investment at <http://www.universalinvestment.com>.

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.

The information may not be reproduced in extracts or as a whole without the written permission of the creator or passed on to other persons.

ESG Portfolio Management is acting in the context of investment brokerage of and investment advice in financial instruments pursuant to Section 2 (2) No. 3 [and No. 4] of the German Securities Institutions Act ("WpIG") as a contractually tied agent pursuant to Section 3 (2) WpIG exclusively for the account and under the liability of AHP Capital Management GmbH, Weissfrauenstrasse 12-16, 60311 Frankfurt am Main, ("AHP"). In accordance with the legal requirements, AHP is obliged to inform its clients of the following information about "AHP Capital Management GmbH and its investment services: MiFID Information."



ESG Portfolio Management GmbH

Weißfrauenstraße 12-16
60311 Frankfurt am Main
+49 151 50408817
klein@esg-pm.com
www.esg-portfolio-management.com