

ESG PORTFOLIO MANAGEMENT

Report October 2022



Source: oncenoticias.hn, casadeorellana.com

ESG Portfolio Management wins the Boutique Award Sustainability 2022

We thank the jury: Jürgen Dumschat, Michael Gillessen, Detlef Glow, Isabelle Hägewald, Sascha Hinkel, Roland Kölsch, and Dr. Hendrik Leber.

We thank our investors and our partners Universal Investment, Privatbank Donner & Reuschel, Baader Bank AG, State Street, AHP Capital Management GmbH, Deloitte, and the INGLOSUS Foundation.



Picture: Karl Kraftt

Brazil election: Lula's victory hailed as opportunity for Amazon

right. based on science has calculated: Our two funds cause 1.8 degrees of global warming by 2050

Lula da Silva has won the presidential election in Brazil. The global community breathes a sigh of relief.

In the USA, the mid-term elections are approaching. Concerns about Democratic losses weighed on some renewable energy share prices in October: Ballard -11%, Sunrun -21% and Plug Power -25%. We remain invested.

On October 27, the ECB raised interest rates again by 75 basis points. The FED is expected to raise another 75 basis points. So far, however, inflation data remain at record levels.

Credit spreads widened by 10 bps in October and depressed the performance of corporate bonds.



Source: Bloomberg

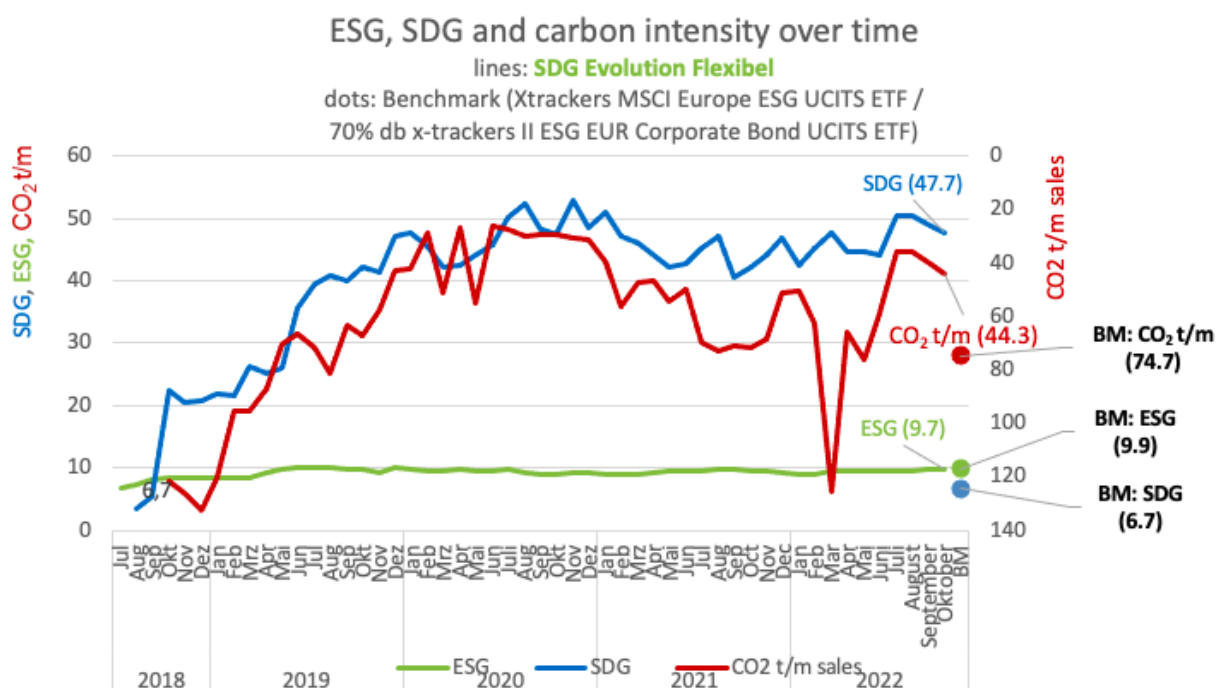
SDG Evolution Flexibel I suffered from the weak credit market and the aforementioned price losses in renewable energy stocks and lost 3.2% in October.

Our bond fund SDG Evolution Bonds could not escape the spread widening and lost 3.2%. We now consider the current yield of 4.8% for the bond fund of good credit quality (average rating BBB+) and medium duration (duration 4.5) to be attractive.

SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In October, the unit price of SDG Evolution Flexible I decreased by 3.2% driven by falling renewable energy share prices and widening credit spreads. We have further reduced our climate risks through active portfolio reallocations. The specialists at right, based on Science have calculated that the companies in our funds will cause global warming of 1.8 degrees by 2050. (In comparison, the DAX: over 4 degrees).

The SDG Evolution Flexibel achieves an overall ESG score of 9.7 (maximum 10). 11.5% of our positions got an ESG rating upgrade and none a downgrade. For E, we achieved a score of 7.3, for S 6.0, and for G 6.9. Carbon emissions, at 44.3 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: 74.7t) as we focus more on transition and increased our holdings in industrial companies which actively reduce their emissions. The SDG score is 47.7% (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, November 1st, 2022

PERFORMANCE

Monthly Returns (in %):

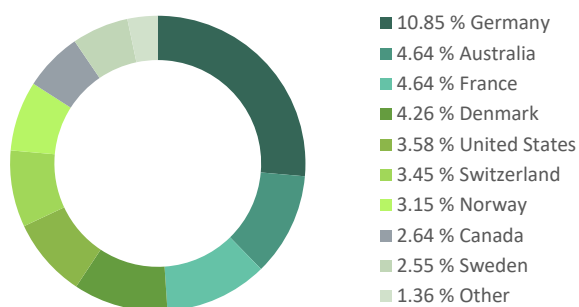
ESG Portfolio Management advises since July 2018 (green fields)

	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	1.51	-1.26	-2.80	-2.41	5.26	0.55	-6.34	-3.21			-9.24

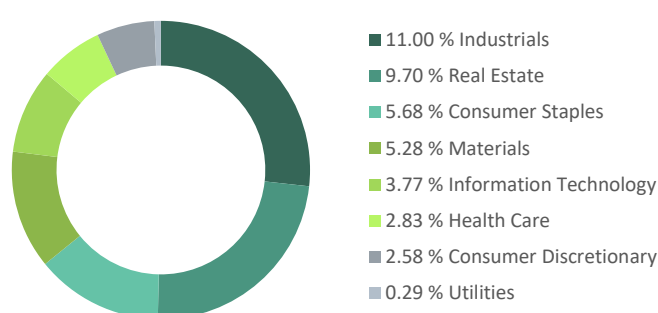
Portfolio statistics: as of October 31st, 2022 (Source: Universal Investment)

(net) Asset Allocation		Risk measurement		Bond Ratings		Top Equity Holdings
Equities	41.1% (19.1%)	Risk-return profile	4 (max.7)	AAA/AA	1.8%	FCR Immobilien
Bonds	56.0% (49.6%)	Vola / SharpeR 3 y	6.47 / -0.2	A	30.2%	Sims Ltd.
Gold	0%	Ø Credit-Rating	BBB+	BBB	56.5%	Vestas Wind
Cash	0.8%	(net) Interest duration	(4.37) 5.37	BB	4.9%	SMA Solar
		Spread duration	5.3	NR	6.5%	Bell Food Group

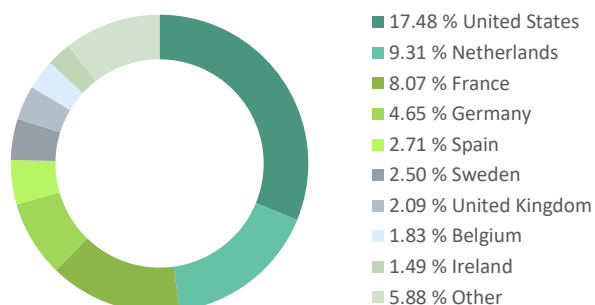
Equities by country



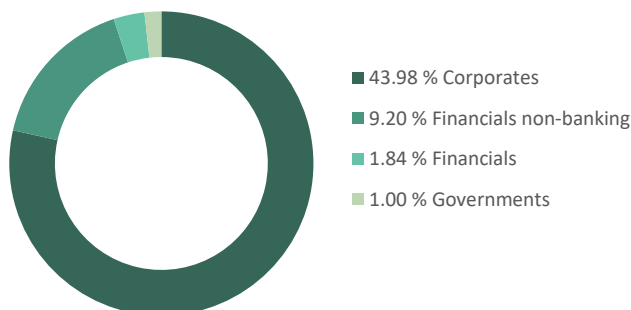
Equities by industry sectors



Fixed Income by country



Fixed Income by industry sectors



Product details: as of October 31st, 2022 (Source: Universal Investment)

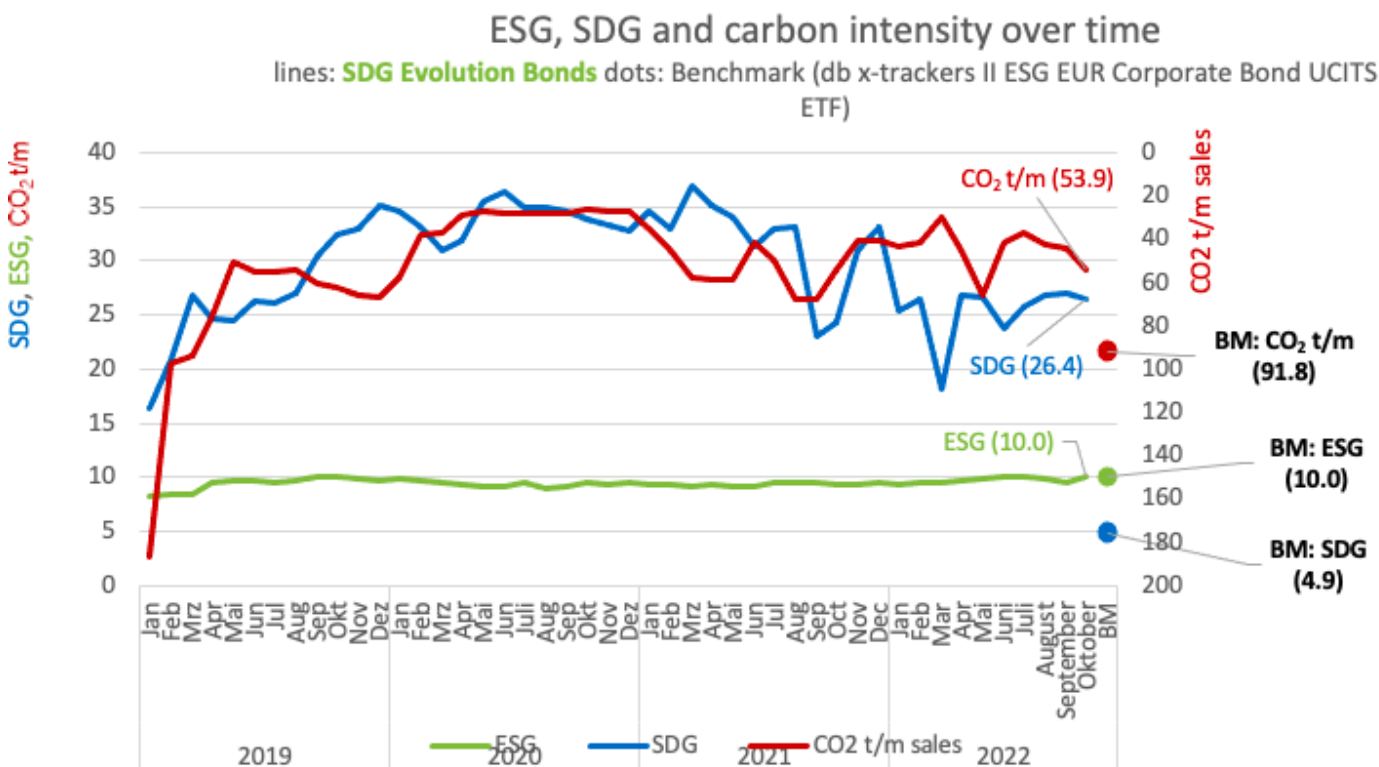
	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.35%	7.6	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	1.63%	1.1	100 EUR

SDG EVOLUTION BONDS (WKN: A2AQZE)

In October, the value of our bond fund fell by 3.2% due to the widening of credit spreads. Also for our bond fund, right. based on science was able to determine a global warming of 1.8 degrees by 2050.

The fund has a very high ESG score of 10 (max.10). 13.9% of our positions received an ESG rating upgrade and none a downgrade. For E, we get 7.4 for S, 6.3, and for G 7.9. The SDG impact is 26.4. We aim to improve the SDG impact. The CO₂ emissions of the companies in the portfolio amount to 53.9 t CO₂ per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 91.8 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, November 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	-1.70	-2.37	-2.04	-3.60	4.04	-3.14	-3.39	-3.20			-17.65

Source: Universal Investment, October 31st, 2022

Portfolio statistics: as of October 31st, 2022 (Source: Universal Investment)

Rating Distribution

AAA/AA	1.9 %
A	34.7%
BBB	52.5%
BB	1.9%
NR	9.0%

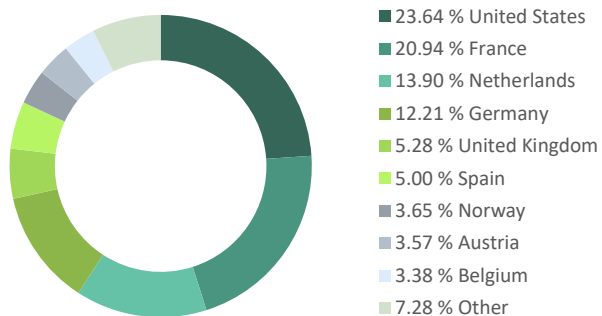
Risk measurements

Risk-return profile	3 (max. 7)
Vol. / SharpeR 3 y.	3.34% / -1.93
Ø Credit-Rating	BBB+
(net) Interest duration	(4.57) 5.83
Spread duration	5.78

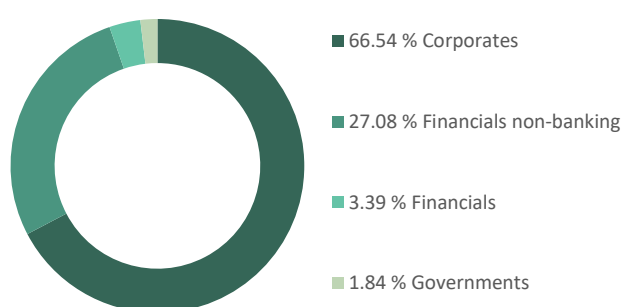
Top Holdings

Vestas Wind
Covivio
Edwards Lifesciences
Klépierre
Gecina

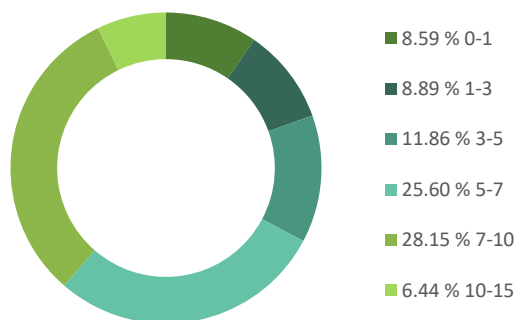
Fixed Income by country



Fixed Income by industry sectors



Fixed Income by maturity profile



Product details: as of October 31st, 2022 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Bonds	A2AQZE	DE000A2AQZE9	1.17%	5.3	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