

ESG PORTFOLIO MANAGEMENT

Report July 2023



Source: zdf.de

New heat records worldwide

Germany falls behind

Inflation continues to fall

July 4 was the hottest day worldwide so far, with an average global temperature of over 17 degrees (source: Climate Reanalyzer). There were severe fires in the Mediterranean region - especially on the island of Rhodes (image). Exceptionally high temperatures were also recorded on sea surfaces. This may lead to increased weather events such as storms and heavy rain.

We share the assessment of the new IPCC Chair Jim Skea that despair does not help, but that work must be done on practical solutions.

That is why we invest particularly in renewable energy companies, but also in innovative industrial and utility companies that are successfully reducing their emissions. The performance of these stocks has been mixed YTD. While Schneider Electric, Sims and SMA Solar performed very positively, the shares of Boralex, Sunrun and Vestas disappointed recently.

The economic development in Germany is also unsatisfactory. Here, not only high energy and food prices are putting a damper on growth, but also home-made problems such as a bureaucracy that has been getting out of hand for decades and is becoming increasingly ineffective. A German tax return does not attract foreign specialists. Approval procedures for important infrastructure projects often take considerably longer than in neighbouring countries. There is a need for action here.

Inflation rates are continuing to fall worldwide, even if they are still a long way from the two percent target. As a result, prices on government bond markets have calmed down. Credit spreads on corporate bonds narrowed further in July.

We continue to regard corporate bonds with good credit ratings and medium maturities as attractive. Our SDG Evolution Bonds fund currently has an average credit rating of BBB+ and offers a current yield of 4.2%.



Source: mondberge-magazin.de

ESG Portfolio Management is nominated for the German Sustainability Award.

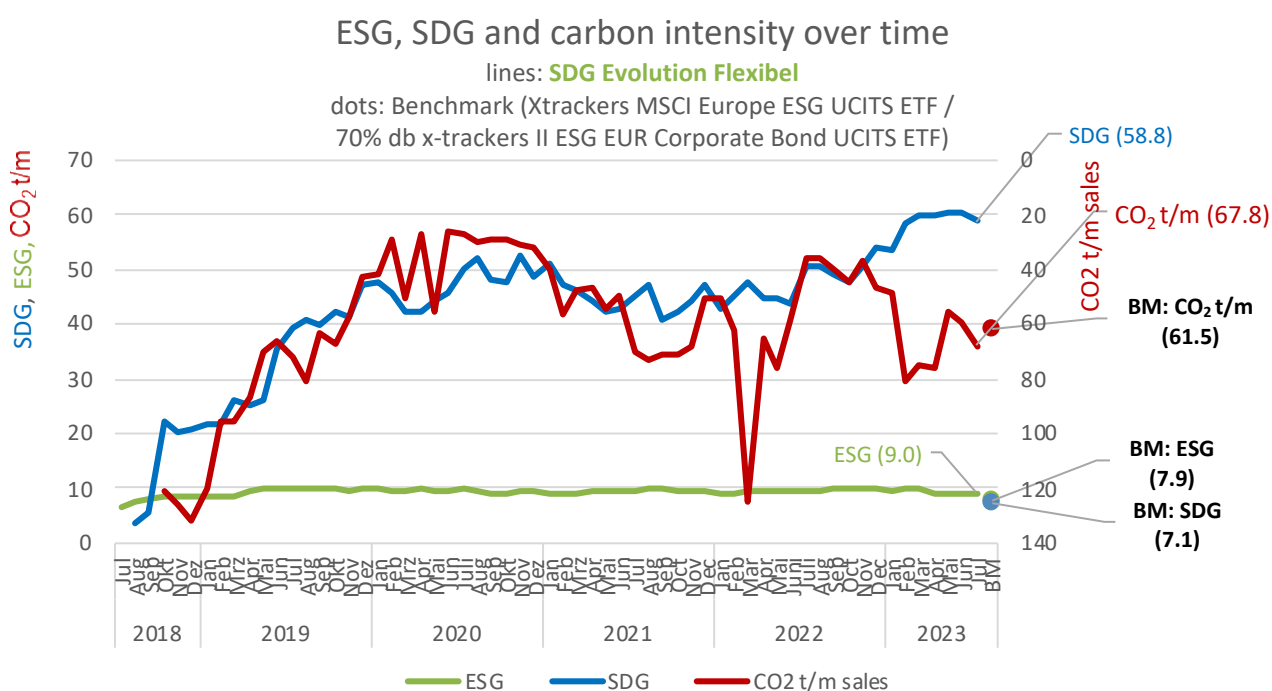
We are very pleased and thank our partners, supporters, and investors.

<https://www.nachhaltigkeitspreis.de/unternehmen/finanzdienstleister-boersen>

SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In July, the share price fell by 0.5% due to the weak performance of some stocks such as Ballard, Sunrun and Vestas. Hedging via DAX put options again did not help in July as the DAX reached new highs despite multiple risks.

The SDG Evolution Flexibel achieves an overall ESG score of 9.0 (maximum 10). 11.9% of our positions got an ESG rating upgrade and 1% a downgrade. For E, we achieved a score of 7.3, for S 5.7, and for G 7.0. Carbon emissions, at 67.8t CO₂ per USD million of sales are below the benchmark (30% Xtrackers MSCI Europe ESG UCITS ETF / 70% db x-trackers II ESG EUR Corporate Bond UCITS ETF: 61.5t) as we focus more on transition and increased our holdings in industrial companies which actively reduce their emissions. The SDG score is 58.8 % (source: MSCI ESG). The graph presents the fund's ESG quality, SDG impact, and carbon emissions over time. The dots represent current benchmark data:



PERFORMANCE

Source: MSCI ESG, July 31st, 2023

Monthly Returns (in %):

ESG Portfolio management advises since July 2018 (green fields)

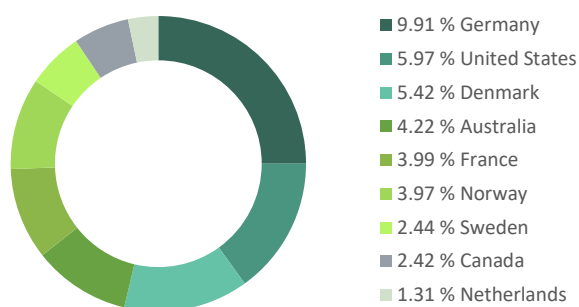
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	YTD
2014			-0.48	0.75	0.68	-0.05	-0.25	1.08	0.30	-1.30	2.11	-1.20	1.60
2015	3.23	2.58	0.63	-0.49	-0.38	-2.49	1.52	-4.97	-1.13	4.00	1.90	-1.86	2.19
2016	-3.02	-2.12	1.21	-0.19	-0.17	-1.83	0.64	0.50	-0.47	-0.37	-0.93	1.41	-5.32
2017	0.16	1.13	1.51	0.85	0.28	-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	3.28	-1.60	-7.77
2023	3.82	-2.01	1.31	-1.51	-1.78	-2.52	-0.53						-3.31

Source: Universal-Investment, July 31st, 2023

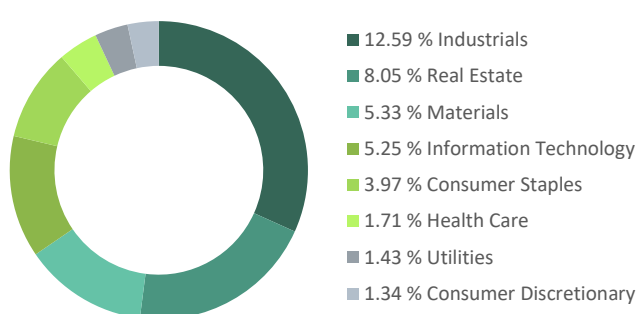
Portfolio statistics: as of July 31st, 2023 (Source: Universal Investment)

(net) Asset Allocation		Risk measurement		Bond Ratings		Top Equity Holdings	
Equities	41.4% (13%)	Risk-indicator	3 (max.7)	AAA/AA	4.8%	FCR Immobilien	
Bonds	55.8% (46.6%)	Vola / SharpeR 3 y	6.35 / -0.55	A	17.8%	SMA Solar	
Gold	0%	Ø Credit-Rating	BBB+	BBB	71.5%	Sims Ltd.	
Cash	2.6%	(net) Interest duration	(3.47) 4,78	BB	0.0%	Vestas Wind	
		Spread duration	4.85	NR	6.8%	Plug Power	

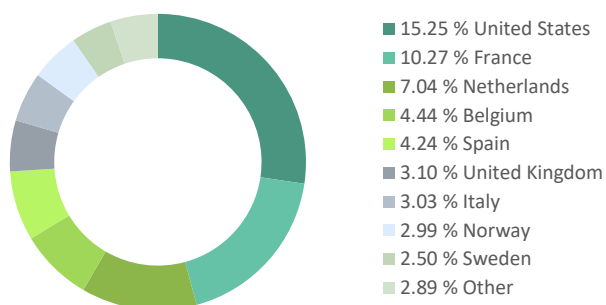
Equities by country



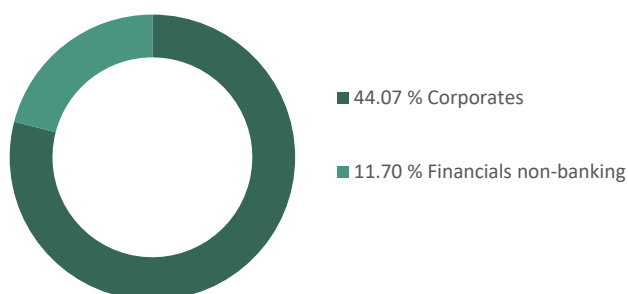
Equities by industry sector



Fixed Income by country



Fixed Income by industry sector



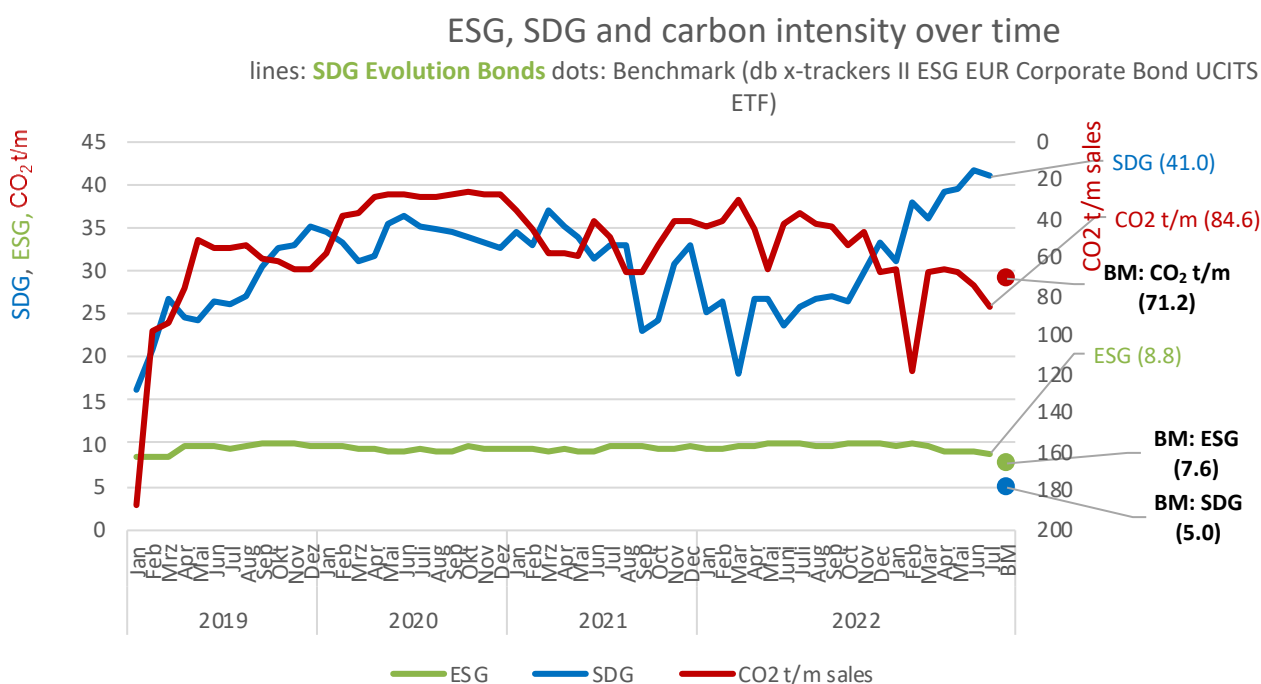
Product details: as of July 31st, 2023 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.49%	6.6	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	2.22%	1.2	100 EUR

SDG EVOLUTION BONDS (WKN: A2AQZE)

In July, the value of our bond fund increased by 0.9% due to the narrowing of credit spreads. We subscribed to Terna Rete's new ten-year green bond and received a good allocation.

The fund has a high ESG score of 8.8 (max. 10). 7.4% of our positions received an ESG rating upgrade and 7.4% a downgrade. For E, we get 7.5 for S 5.5, and for G 6.9. The SDG impact is 41.0 with the highest exposure to renewable energy. The CO₂ emissions of the companies in the portfolio amount to 84.6t CO₂ per mio. USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 71.2t) (source: MSCI ESG). The following chart shows the fund's performance in terms of ESG quality, SDG impact, and CO₂ emissions:



Source: MSCI ESG, July 31st, 2023

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	2.97	-1.55	-16.52
2023	1.86	-1.91	0.82	0.36	-0.65	-1.32	0.92						0.02

Source: Universal Investment, July 31st, 2023

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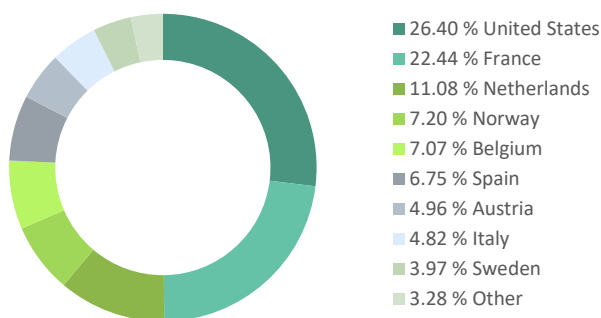
Portfolio statistics: as of July 31st, 2023 (Source: Universal Investment)

Rating Distribution	
AAA/AA	6.6%
A	21.2%
BBB	63.0%
BB	0%
NR	8.2%

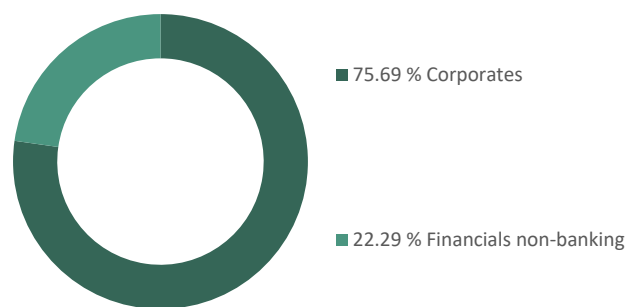
Risk measurements	
Risk-category	2 (max. 7)
Vol. / SharpeR 3 y.	3.77% / -1.83
Ø Credit-Rating	BBB+
(net) Interest duration	(4.07) 5.04
Spread duration	5.13

Top Holdings
Vestas Wind
Covivio
Gecina
Verbund
Elia

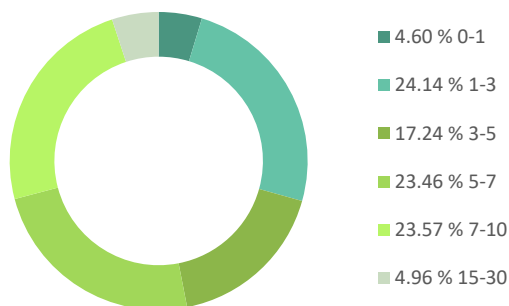
Fixed Income by country



Fixed Income by industry sectors



Fixed Income by maturity profile



Product details: as of July 31st, 2023 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Bonds	A2AQZE	DE000A2AQZE9	0.96%	4.10	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%).

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