

ESG PORTFOLIO MANAGEMENT

Report February 2024



Source: The Salt Lake Tribune



Source: Daily Mail

We are bitterly disappointed by the rejection of the Supply Chain Act. Human rights and environmental protection must apply worldwide! We are constructively committed to achieving positive effects together and engaging worldwide.

Only Russian mothers can end the war in Ukraine

The supply chain law was rejected

For two years, Vladimir Putin has been waging a brutal war against Ukraine in violation of international law.

The bravery, performance and innovative strength of the Ukrainians is impressive. Nevertheless, the current situation in Ukraine is difficult.

Putin is unyielding, well-guarded and uses double-dealing. The opposition in Russia has been killed, imprisoned or lives in exile. The Russian media have been brought into line. The Orthodox Church under Cyril even supports the war.

The supply of relevant artillery ammunition in Ukraine is currently inadequate. This is worsening the situation for Ukrainian soldiers. It is therefore hardly possible for them to recapture occupied territories at the moment.

Some NATO members are supplying weapons and financial resources, but some of them are not (yet) fully capable of fighting (defending) themselves. Donald Trump cares little about Europe or human rights and is blocking aid.

Therefore, only Russian mothers can end the war. They carry a lot of weight in the family and society. Around 300,000 Russian soldiers are mourned - there is no end in sight to the losses. The Russian state cannot control and imprison millions of mothers when they demonstrate together.

An early end to the war that is acceptable for Ukrainians is desirable – not only for the people affected by the war but also to shift the focus back to other important issues.

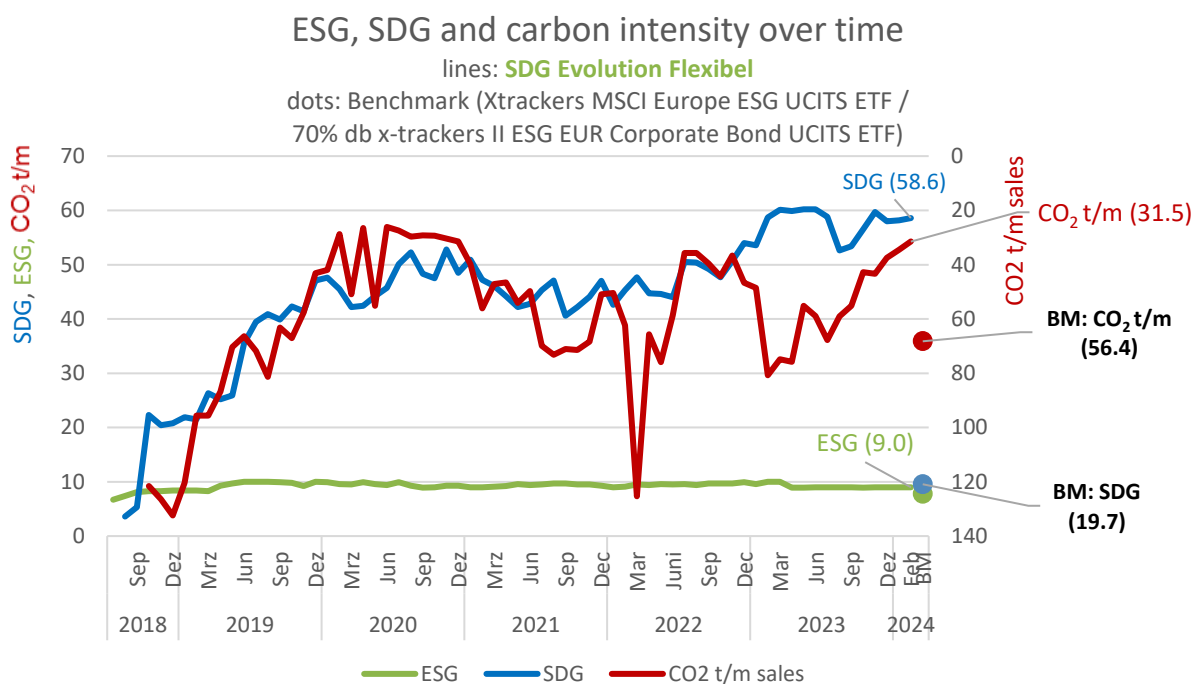
It is urgent to stop climate change and the extinction of species. We need a consistent transition and even more renewable energy. We invest in innovators and market leaders because they offer the most effective solutions for climate protection.

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SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

The fund price fell by 3.3% in February. Good performances by Enphase, Mowi ASA, SMA Solar and Schneider Electric were unfortunately more than offset by Academedia, Gecina, Plug Power, Signify and Sims. We are maintaining our overweight in renewable energies.

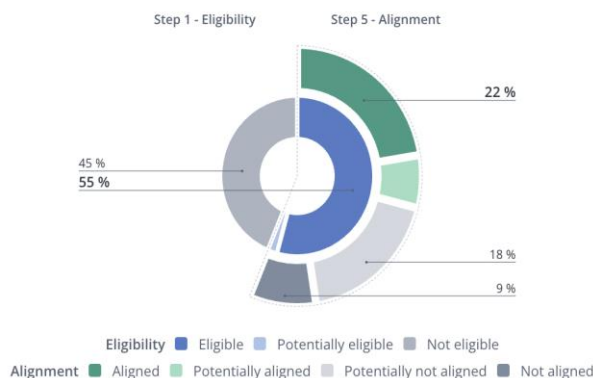
The SDG Evolution Flexibel achieves an overall ESG score of 9.0 (maximum 10). 7.9% of our positions got an ESG rating upgrade and 5.3% a downgrade. For E, we achieved a score of 7.1, for S 5.6, and for G 7.1. Carbon emissions, at 31.5 t CO₂ per USD million of sales are below the benchmark (30% Xtrackers MSCI Europe ESG UCITS ETF / 70% db x-trackers II ESG EUR Corporate Bond UCITS ETF: 56.4 t) as we focus more on transition and increased our holdings in industrial companies which actively reduce their emissions. The SDG score is 58.6 % (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, February 29th, 2024

EU Taxonomy Alignment

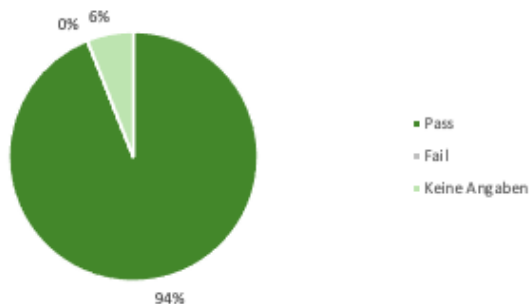
| Company | Eligible | Aligned |
|---------------|----------|---------|
| Clarity AI | 55% | 22% |
| MSCI ESG Data | 59% | 49% |



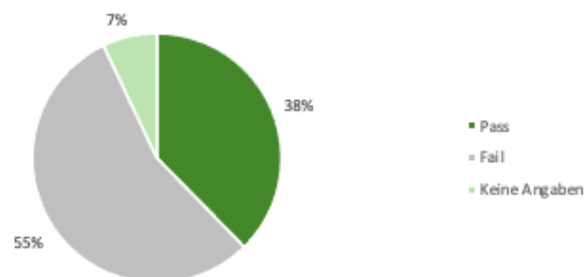
Source: Clarity AI, December 29th, 2023

MSCI EU SUSTAINABLE INVESTMENT SCREENING

SDG Flexibel - MSCI EU Sustainable Investment Screening



Benchmark SDG Flexibel - MSCI EU Sustainable Investment Screening



Source: MSCI ESG, December 29th 2023

PRINCIPLE ADVERSE IMPACT INDICATORS (PAIS)

[Expand all](#) [Close all](#)

Categories

| | Coverage SFDR profile | Total SFDR profile | Units SFDR profile |
|---|--------------------------|-----------------------|-----------------------|
| COMPANIES Calculated from 34 out of 34 | - | - | - |
| Environmental | - | - | - |
| M1 - Total GHG emissions | 98.38 % | < 0.01 | tonne CO2e |
| M1.1 - Scope 1 GHG emissions | 98.38 % | < 0.01 | tonne CO2e |
| M1.2 - Scope 2 GHG emissions | 98.38 % | < 0.01 | tonne CO2e |
| M1.3 - Scope 3 GHG emissions | 98.38 % | < 0.01 | tonne CO2e |
| M2 - Carbon footprint | 98.38 % | 2,058.65 | tonne CO2e / E... |
| M3 - GHG intensity of investee companies | 98.38 % | 2,547.10 | tonne CO2e / E... |
| M4 - Exposure to companies active in the fossil fuel sector | 81.53 % | 0.00 % | % |
| M5 - Share of non-renewable energy consumption and production | 0.00 % | - | - |
| M5.1 - Share of non-renewable energy consumption | 85.69 % | 65.79 % | % |
| M5.2 - Share of non-renewable energy production | 58.64 % | 2.19 % | % |
| M6 - Energy consumption intensity per high impact climate sector | 100.00 % | 0.29 | GWh / EUR M re... |
| M6.1 - Energy consumption intensity per high impact climate sector A | 100.00 % | 5.19 | GWh / EUR M re... |
| M6.2 - Energy consumption intensity per high impact climate sector B | 100.00 % | 0.07 | GWh / EUR M re... |
| M6.3 - Energy consumption intensity per high impact climate sector C | 100.00 % | 0.14 | GWh / EUR M re... |
| M6.4 - Energy consumption intensity per high impact climate sector D | 100.00 % | 0.20 | GWh / EUR M re... |
| M6.9 - Energy consumption intensity per high impact climate sector L | 100.00 % | 0.31 | GWh / EUR M re... |
| M7 - Activities negatively affecting biodiversity sensitive areas | 86.19 % | 0.00 % | % |
| M8 - Emissions to water | 4.52 % | < 0.01 | tonne / EUR M i... |
| M9 - Hazardous waste | 98.38 % | 6.58 | tonne / EUR M i... |
| Social | - | - | - |
| M10 - Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises | 86.19 % | 0.00 % | % |
| M11 - Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD-GME | 90.60 % | 0.00 % | % |
| M12 - Unadjusted gender pay gap | 42.33 % | 4.71 % | % |
| M13 - Board gender diversity | 90.60 % | 40.05 % | % |
| M14 - Exposure to controversial weapons | 87.93 % | 0.00 % | % |

Source: Clarity AI, December 29th 2023

PERFORMANCE

Monthly Returns (in %):

ESG Portfolio management advises since July 2018 (green fields)

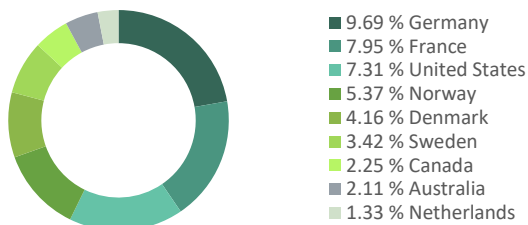
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dez | YTD |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2014 | | | -0.48 | 0.75 | 0.68 | -0.05 | -0.25 | 1.08 | 0.30 | -1.30 | 2.11 | -1.20 | 1.60 |
| 2015 | 3.23 | 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 | 3.28 | -1.60 | -7.77 |
| 2023 | 3.82 | -2.01 | 1.31 | -1.51 | -1.78 | -2.52 | -0.53 | -1.91 | -2.52 | -0.83 | -1.31 | 5.61 | -4.44 |
| 2024 | -4.45 | -3.31 | | | | | | | | | | | -7.61 |

Source: Universal-Investment, February 29th, 2024

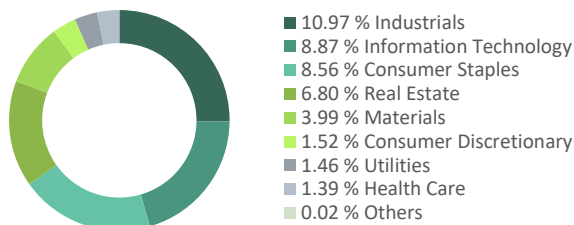
Portfolio statistics: as of February 29th, 2024 (Source: Universal Investment)

| (net) Asset Allocation | | Risk measurement | | Bond Ratings | | Top Equity Holdings | |
|------------------------|---------------|-------------------------|--------------|--------------|-------|---------------------|--|
| Equities | 43.6% (20.4%) | Risk-indicator | 3 (max.7) | AAA/AA | 0.0% | SMA Solar | |
| Bonds | 54.3% (54.3%) | Vola / SharpeR 3 y | 6.88 / -1.18 | A | 28.7% | FCR Immobilien | |
| Gold | 0% | Ø Credit-Rating | BBB+ | BBB | 69.6% | General Mills | |
| Cash | 0.9% | (net) Interest duration | (4.62) 4.62 | BB | 0.0% | Enphase Energy | |
| | | Spread duration | 4.63 | NR | 1.7% | Vestas Wind | |

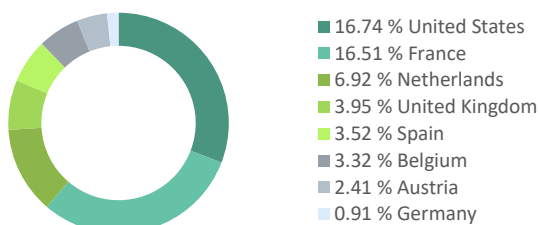
Equities by country



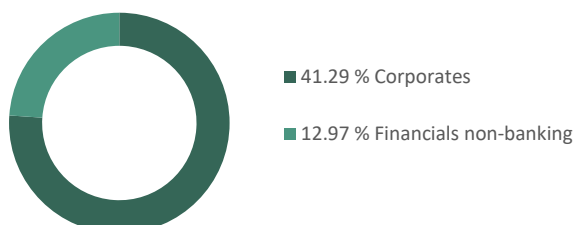
Equities by industry sector



Fixed Income by country



Fixed Income by industry sector



Product details: as of February 29th, 2024 (Source: Universal Investment)

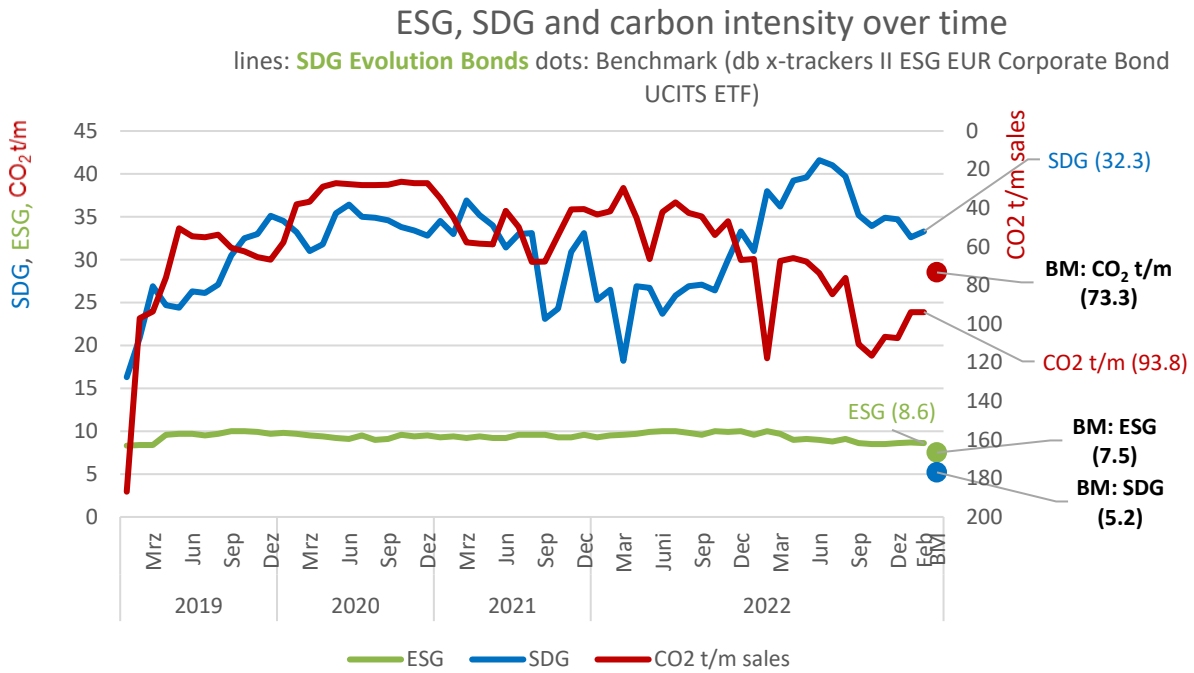
| | WKN | ISIN | TER | AuM | Min. Investment |
|---------------------------------|--------|--------------|-------|-----|-----------------|
| SDG Evolution Flexibel I | A1W9AZ | DE000A1W9AZ5 | 1.52% | 1.7 | 100,000 EUR |
| SDG Evolution Flexibel R | A1W9AA | DE000A1W9AA8 | 2.21% | 1.1 | 100 EUR |

SDG EVOLUTION BONDS (WKN: A2AQZE)

In February, the value of our bond fund fell by 2.2% due to rising yields. We are sticking to our duration of just over 4 years and our BBB+ rating. The yield is 4.77%.

The fund has a high ESG score of 8.6 (max. 10). 12.0% of our positions received an ESG rating upgrade and 12.0 % a downgrade. For E, we get 6.0 for S, 6.3, and for G 6.5. The SDG impact is 33.3 (source: MSCI ESG). The CO₂ emissions of the companies in the portfolio amount to 93.8 t CO₂ per mio. USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 73.3 t) (source: MSCI ESG).

The following chart shows the fund's performance in terms of ESG quality, SDG impact, and CO₂ emissions:



Source: MSCI ESG, February 29th, 2024

EU TAXONOMY ALIGNMENT

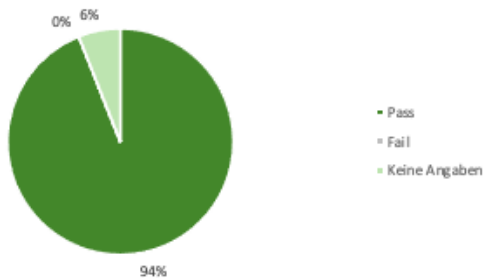
| Company | Eligible | Aligned |
|---------------|----------|---------|
| Clarity AI | 28% | 6% |
| MSCI ESG Data | 53% | 21% |



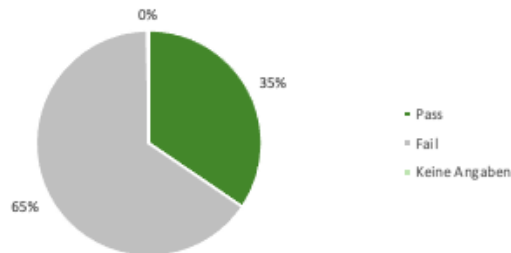
Source: Clarity AI, December 29th, 2023

MSCI EU SUSTAINABLE INVESTMENT SCREENING

SDG Bonds - MSCI EU Sustainable Investment Screening



Benchmark SDG Bonds - MSCI EU Sustainable Investment Screening



Source: MSCI ESG, December 29th, 2023

PRINCIPLE ADVERSE IMPACT INDICATORS (PAIS)

| Expand all Close all | | Coverage | Total | Units |
|----------------------|---|--------------|--------------|--------------------|
| Categories | | SFDR profile | SFDR profile | SFDR profile |
| ▼ | COMPANIES Calculated from 24 out of 24 | - | - | - |
| ▼ | Environmental | - | - | - |
| ▼ | M1 - Total GHG emissions | 96.32 % | 2.12 | tonne CO2e |
| | M1.1 - Scope 1 GHG emissions | 96.32 % | 0.41 | tonne CO2e |
| | M1.2 - Scope 2 GHG emissions | 96.32 % | 0.10 | tonne CO2e |
| | M1.3 - Scope 3 GHG emissions | 96.32 % | 1.71 | tonne CO2e |
| | M2 - Carbon footprint | 96.32 % | 232.30 | tonne CO2e / E... |
| | M3 - GHG intensity of investee companies | 96.32 % | 569.31 | tonne CO2e / E... |
| | M4 - Exposure to companies active in the fossil fuel sector | 87.31 % | 0.00 % | % |
| ▼ | M5 - Share of non-renewable energy consumption and production | 0.00 % | - | - |
| | M5.1 - Share of non-renewable energy consumption | 95.96 % | 56.11 % | % |
| | M5.2 - Share of non-renewable energy production | 100.00 % | 4.35 % | % |
| ▼ | M6 - Energy consumption intensity per high impact climate sector | 100.00 % | 0.43 | GWh / EUR M re... |
| | M6.3 - Energy consumption intensity per high impact climate sector C | 100.00 % | 0.34 | GWh / EUR M re... |
| | M6.4 - Energy consumption intensity per high impact climate sector D | 100.00 % | 0.62 | GWh / EUR M re... |
| | M6.9 - Energy consumption intensity per high impact climate sector L | 100.00 % | 0.79 | GWh / EUR M re... |
| | M7 - Activities negatively affecting biodiversity sensitive areas | 91.39 % | 0.00 % | % |
| | M8 - Emissions to water | n/a | n/a | n/a |
| | M9 - Hazardous waste | 96.32 % | 1.37 | tonne / EUR M i... |
| ▼ | Social | - | - | - |
| | M10 - Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises | 91.39 % | 4.34 % | % |
| | M11 - Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD-GME | 96.32 % | 0.00 % | % |
| | M12 - Unadjusted gender pay gap | 49.82 % | 11.28 % | % |
| | M13 - Board gender diversity | 96.32 % | 36.78 % | % |
| | M14 - Exposure to controversial weapons | 92.23 % | 0.00 % | % |

Source: Clarity AI, December 29th 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 | 0.71 | -1.98 | -1.99 | 2.72 | 2.51 | 1.90 |
| 2024 | -0.22 | -2.21 | | | | | | | | | | | -2.43 |

Source: Universal Investment, February 29th, 2024

Portfolio statistics: as of February 29th, 2024 (Source: Universal Investment)

Rating Distribution

| | |
|--------|-------|
| AAA/AA | 3.6 % |
| A | 28.4% |
| BBB | 56.4% |
| BB | 1.9% |
| NR | 4.2% |

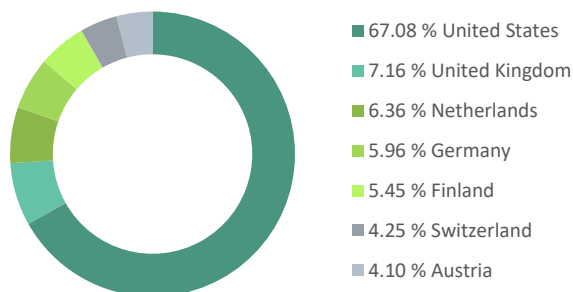
Risk measurements

| | |
|-------------------------|---------------|
| Risk-category | 2 (max. 7) |
| Vol. / SharpeR 3 y. | 4.23% / -1.89 |
| Ø Credit-Rating | BBB+ |
| (net) Interest duration | (4.44) 4.44 |
| Spread duration | 4.44 |

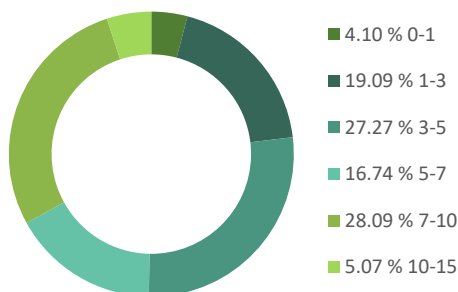
Top Holdings

| |
|----------------------|
| Amgen |
| Hewlett Packard |
| General Mills |
| Edwards Lifesciences |
| Nvidia |

Fixed Income by country



Fixed Income by maturity profile



Product details: as of February 29th, 2024 (Source: Universal Investment)

| | WKN | ISIN | TER | AuM | Min. Investment |
|---------------------|--------|--------------|-------|------|-----------------|
| SDG Evolution Bonds | A2AQZE | DE000A2AQZE9 | 1.29% | 0.49 | 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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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 SDG Evolution Bonds.

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