

ESG PORTFOLIO MANAGEMENT

Report March 2024



Source: Brandon Alms / Shutterstock

How can we protect biodiversity?

We receive the ESG Investing Awards



ESG Portfolio Management receives the ESG Investing Awards 2024:

Best ESG Investment Fund Multi-Asset and

Best ESG Investment Fund: Fixed Income

<https://www.esginvesting.co.uk/awards/showlistedfinalists/>

We thank ESG Investing for the nomination and the international jury for the selection.

Our awards and labels:



The protection of biodiversity is urgent. Due to climate change and the destruction of habitats, industrial agriculture, pollution and overfishing, the loss of species has reached dramatic proportions.

Biodiversity is the basis of our existence. Paleontologist Prof. V. Mosbrugger estimates that the services provided by the ecosystem are about twice as high as the economic results achieved by humans.

The Principle for Responsible Investments (PRI) organization recommends that investors apply investment guidelines and practices to both manage nature-related risks in their portfolios and take advantage of financial opportunities with a positive impact on nature.

The Kunming-Montreal Global Biodiversity Framework has called for changes in the real economy to halt and reverse biodiversity loss. Through active engagement, investors should ensure that the companies they invest in consider and disclose their nature-related risks, opportunities, impacts and dependencies in their business strategy and value chains.

Every individual can pay attention to climate-friendly, energy-saving lifestyles and reduce waste.

We need to transition to more renewable energy. We invest in innovators and market leaders because they offer climate and species protection solutions.

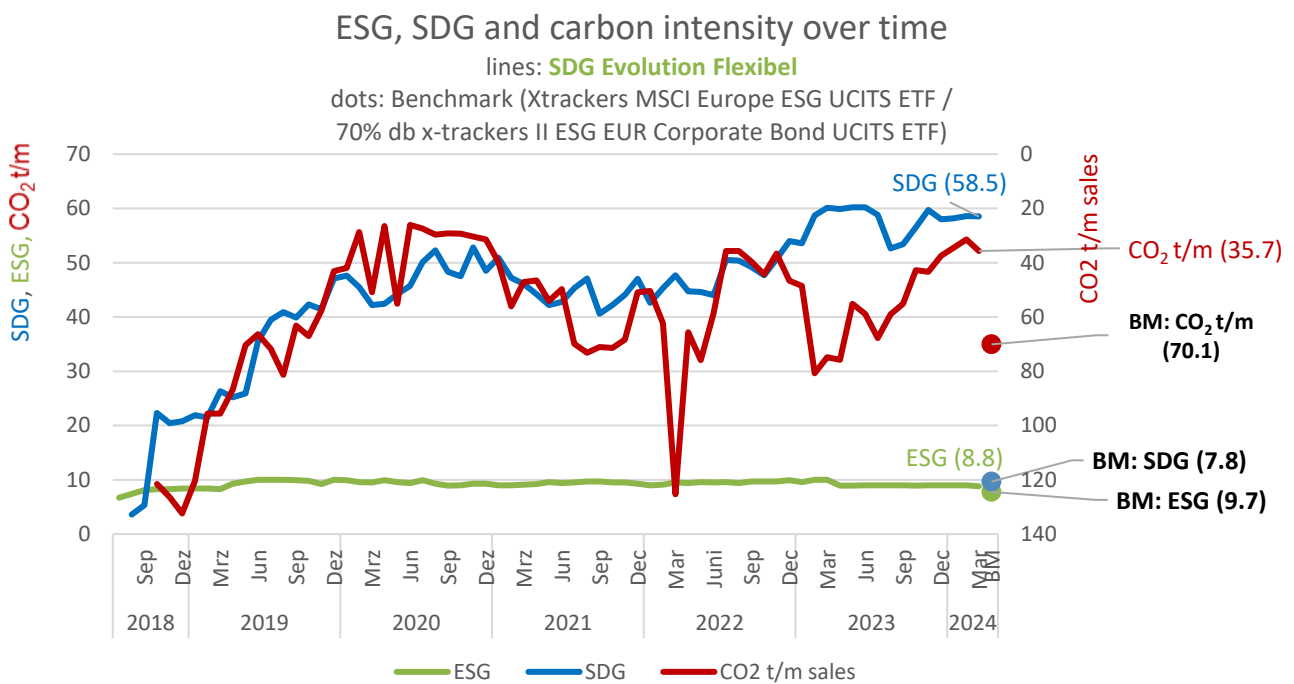
We select companies that understand and reduce biodiversity risks. At Mowi ASA, for example, we value the use of 100% deforestation-free soy in fish feed. Generally, we prefer well-managed fish farms to industrial overfishing. We are always looking for investable companies that offer environmentally friendly solutions and develop opportunities for our future.

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SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

The fund price rose by 0.13% in March. Good performances by Alstom, Signify, Svenska Cellulosa and Covivio were offset by price declines in Ballard Power, Enphase and SMA Solar. The DAX puts have so far cost performance. We invested in the new green hybrid bond from Orsted.

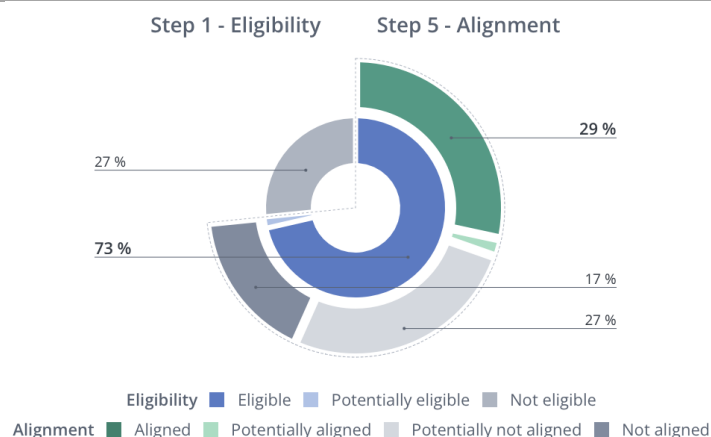
The SDG Evolution Flexibel achieves an overall ESG score of 8.8 (maximum 10). 8,3% of our positions got an ESG rating upgrade and 11.1% a downgrade. For E, we achieved a score of 7.1, for S 5.6, and for G 7.0. Carbon emissions, at 35.7 t CO₂ per USD million of sales are below the benchmark (30% Xtrackers MSCI Europe ESG UCITS ETF / 70% db x-trackers II ESG EUR Corporate Bond UCITS ETF: 70.1 t) as we focus more on transition and increased our holdings in industrial companies which actively reduce their emissions. The SDG score is 58.5 % (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 28th, 2024

EU Taxonomy Alignment

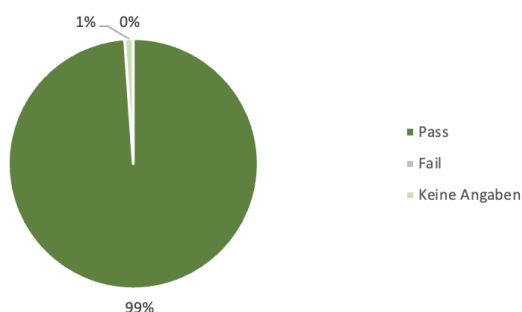
Company	Eligible	Aligned
Clarity AI	73%	29%
MSCI ESG Data	68%	58%



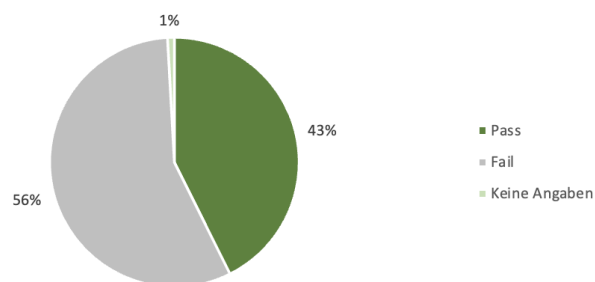
Source: Clarity AI, March 28th, 2024

MSCI EU SUSTAINABLE INVESTMENT SCREENING

SDG Flexibel - MSCI EU Sustainable Investment Screening



Benchmark SDG Flexibel - MSCI EU Sustainable Investment Screening



Source: MSCI ESG, March 28th 2024

PRINCIPLE ADVERSE IMPACT INDICATORS (PAIS)

	Coverage	Total	Units
	SFDR profile	SFDR profile	SFDR profile
COMPANIES Calculated from 33 out of 33	-	-	-
Environmental	-	-	-
M1 - Total GHG emissions	100.00 %	6,807.49	tonne CO2e
M1.1 - Scope 1 GHG emissions	100.00 %	18.58	tonne CO2e
M1.2 - Scope 2 GHG emissions	100.00 %	13.29	tonne CO2e
M1.3 - Scope 3 GHG emissions	100.00 %	6,764.48	tonne CO2e
M2 - Carbon footprint	100.00 %	2,948.43	tonne CO2e / E...
M3 - GHG intensity of investee companies	100.00 %	3,342.41	tonne CO2e / E...
M4 - Exposure to companies active in the fossil fuel sector	100.00 %	4.36 %	%
M5 - Share of non-renewable energy consumption and production	0.00 %	-	-
M5.1 - Share of non-renewable energy consumption	94.53 %	59.96 %	%
M5.2 - Share of non-renewable energy production	100.00 %	6.25 %	%
M6 - Energy consumption intensity per high impact climate sector	100.00 %	0.20	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 %	0.08	GWh / EUR M re...
M6.3 - Energy consumption intensity per high impact climate sector C	100.00 %	0.08	GWh / EUR M re...
M6.4 - Energy consumption intensity per high impact climate sector D	100.00 %	0.55	GWh / EUR M re...
M6.9 - Energy consumption intensity per high impact climate sector L	100.00 %	0.24	GWh / EUR M re...
M7 - Activities negatively affecting biodiversity sensitive areas	94.34 %	0.00 %	%
M8 - Emissions to water	14.66 %	< 0.01	tonne / EUR M i...
M9 - Hazardous waste	100.00 %	5.72	tonne / EUR M i...
Social	-	-	-
M10 - Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	94.34 %	9.21 %	%
M11 - Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD-GME	100.00 %	0.00 %	%
M12 - Unadjusted gender pay gap	46.31 %	8.83 %	%
M13 - Board gender diversity	100.00 %	38.89 %	%
M14 - Exposure to controversial weapons	100.00 %	0.00 %	%

Source: Clarity AI, March 28th 2024

PERFORMANCE

Monthly Returns (in %):

ESG Portfolio management advises since July 2018 (green fields)

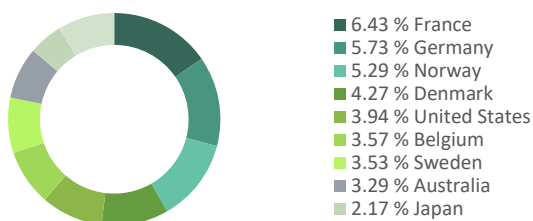
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	YTD
2014			-0.48	0.75	0.68	-0.05	-0.25	1.08	0.30	-1.30	2.11	-1.20	1.60
2015	3.23	2.58	0.63	-0.49	-0.38	-2.49	1.52	-4.97	-1.13	4.00	1.90	-1.86	2.19
2016	-3.02	-2.12	1.21	-0.19	-0.17	-1.83	0.64	0.50	-0.47	-0.37	-0.93	1.41	-5.32
2017	0.16	1.13	1.51	0.85	0.28	-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	0.13										-7.49

Source: Universal-Investment, March 28th, 2024

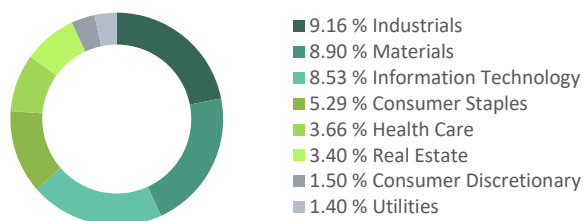
Portfolio statistics: as of March 28th, 2024 (Source: Universal Investment)

(net) Asset Allocation		Risk measurement		Bond Ratings		Top Equity Holdings
Equities	41.9% (20.4%)	Risk-indicator	3 (max.7)	AAA/AA	6.4%	SMA Solar
Bonds	57.1% (57.1%)	Vola / SharpeR 3 y	6.91 / -1.22	A	26.7%	Umicore
Gold	0%	Ø Credit-Rating	BBB+	BBB	66.6%	Sims Ltd.
Cash	-1.3%	(net) Interest duration	(4.70) 4.70	BB	0.0%	Alstom
		Spread duration	4.70	NR	0.0%	Enphase Energy

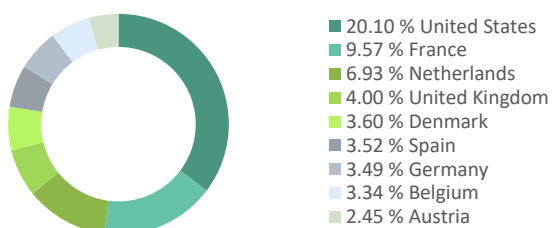
Equities by country



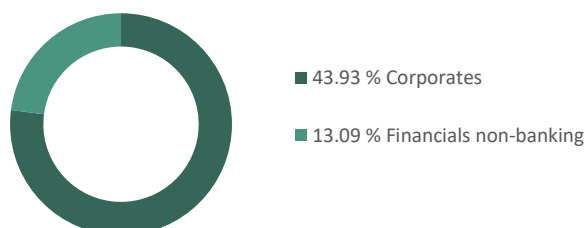
Equities by industry sector



Fixed Income by country



Fixed Income by industry sector



Product details: as of March 28th, 2024 (Source: Universal Investment)

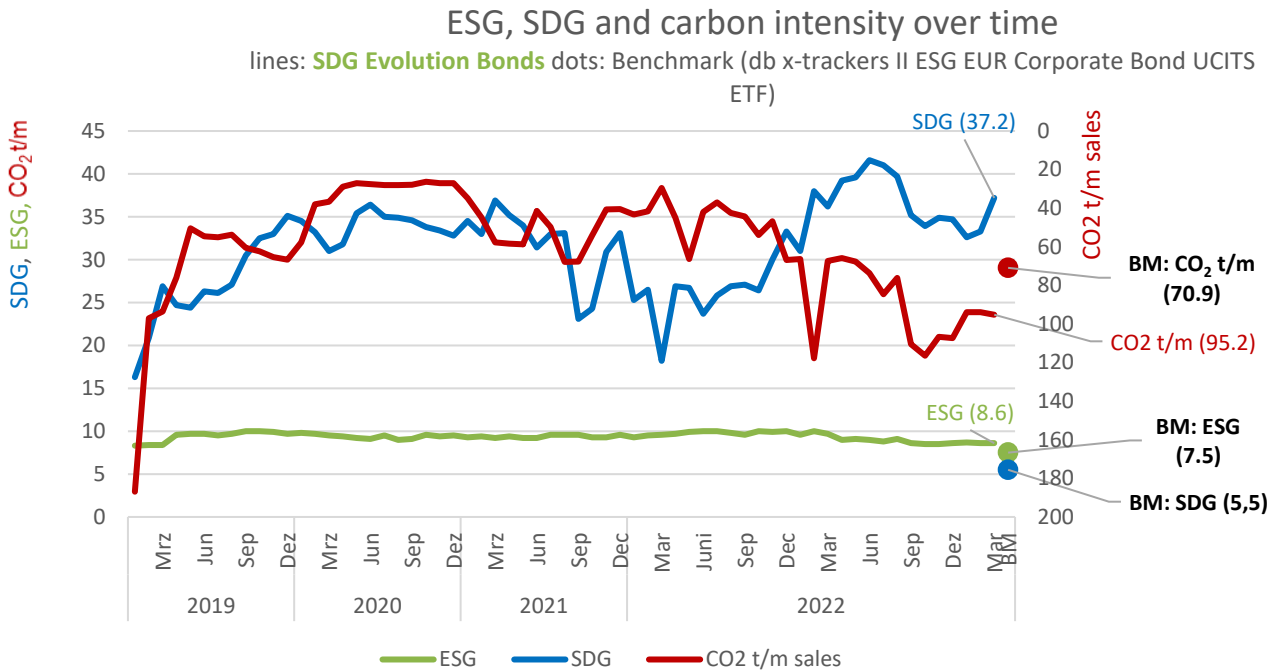
	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.52%	1.7	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	2.21%	1.1	100 EUR

SDG EVOLUTION BONDS (WKN: A2AQZE)

In March, the value of our bond fund rose by 0.6% due to slightly falling yields. We are sticking to our duration of just over 4 years and our BBB+ rating. The yield is 4.65%.

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 6.1 for S, 6.3, and for G 6.5. The SDG impact is 37.2 (source: MSCI ESG). The CO₂ emissions of the companies in the portfolio amount to 95.2 t CO₂ per mio. USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 70.9) (source: MSCI ESG).

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



Source: MSCI ESG, March 28th, 2024

EU TAXONOMY ALLIGNMENT

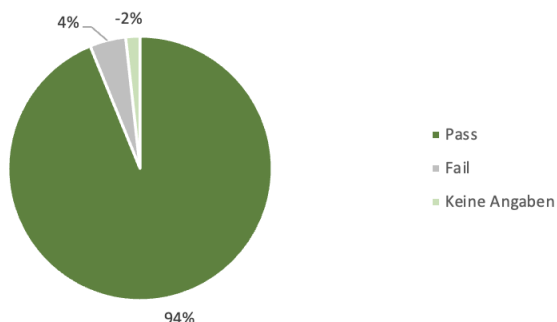
Company	Eligible	Aligned
Clarity AI	40%	1%
MSCI ESG Data	54%	18%



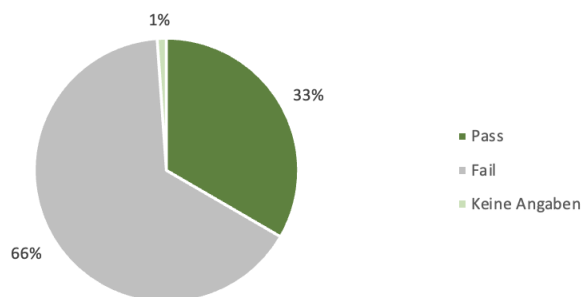
Source: Clarity AI, March 28th, 2024

MSCI EU SUSTAINABLE INVESTMENT SCREENING

SDG Bonds - MSCI EU Sustainable Investment Screening



Benchmark SDG Bonds - MSCI EU Sustainable Investment Screening



Source: MSCI ESG, March 28th, 2024

PRINCIPLE ADVERSE IMPACT INDICATORS (PAIS)

	Coverage	Total	Units
	SFDR profile	SFDR profile	SFDR profile
COMPANIES Calculated from 24 out of 24	-	-	-
Environmental	-	-	-
M1 - Total GHG emissions	100.00 %	139.21	tonne CO2e
M1.1 - Scope 1 GHG emissions	100.00 %	12.56	tonne CO2e
M1.2 - Scope 2 GHG emissions	100.00 %	3.06	tonne CO2e
M1.3 - Scope 3 GHG emissions	100.00 %	121.21	tonne CO2e
M2 - Carbon footprint	100.00 %	312.96	tonne CO2e / E...
M3 - GHG intensity of investee companies	100.00 %	562.61	tonne CO2e / E...
M4 - Exposure to companies active in the fossil fuel sector	97.33 %	0.00 %	%
M5 - Share of non-renewable energy consumption and production	0.00 %	-	-
M5.1 - Share of non-renewable energy consumption	100.00 %	53.83 %	%
M6 - Energy consumption intensity per high impact climate sector	100.00 %	0.34	GWh / EUR M re...
M6.3 - Energy consumption intensity per high impact climate sector C	100.00 %	0.23	GWh / EUR M re...
M6.9 - Energy consumption intensity per high impact climate sector L	100.00 %	1.08	GWh / EUR M re...
M7 - Activities negatively affecting biodiversity sensitive areas	97.33 %	0.00 %	%
M8 - Emissions to water	13.22 %	0.00	tonne / EUR M i...
M9 - Hazardous waste	100.00 %	0.56	tonne / EUR M i...
Social	-	-	-
M10 - Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	97.33 %	18.15 %	%
M11 - Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD-GME	100.00 %	0.00 %	%
M12 - Unadjusted gender pay gap	45.30 %	13.04 %	%
M13 - Board gender diversity	100.00 %	36.71 %	%
M14 - Exposure to controversial weapons	100.00 %	0.00 %	%

Source: Clarity AI, March 28th 2024

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	0.61										-1.83

Source: Universal Investment, March 28th, 2024

Portfolio statistics: as of March 28th, 2024 (Source: Universal Investment)

Rating Distribution

AAA/AA	3.7 %
A	29.1%
BBB	55.5%
BB	7.4%
NR	4.2%

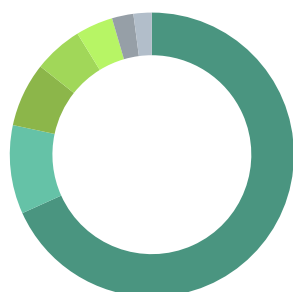
Risk measurements

Risk-category	2 (max. 7)
Vol. / SharpeR 3 y.	4.26% / -1.86
Ø Credit-Rating	BBB+
(net) Interest duration	(4.49) 4.49
Spread duration	4.49

Top Holdings

Hewlett Packard
General Mills
Amgen
Edwards Lifesciences
Nokia

Fixed Income by country



- 69.55 % United States
- 10.28 % Germany
- 7.45 % United Kingdom
- 5.68 % Finland
- 4.33 % Switzerland
- 2.49 % Netherlands
- 2.12 % Austria

Fixed Income by maturity profile



- 2,12 % 0-1
- 21,78 % 1-3
- 26,23 % 3-5
- 17,29 % 5-7
- 29,14 % 7-10
- 5,35 % 10-15

Product details: as of March 28th, 2024 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Bonds	A2AQZE	DE000A2AQZE9	1.29%	0.48	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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ESG Portfolio Management GmbH

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