

ESG PORTFOLIO MANAGEMENT

Report August 2024



There is valuable assistance for companies with reporting obligations.

We are a finalist for the German Sustainability Award.

The reporting obligation under the CSDR (Corporate Sustainability Reporting Directive) is coming! Listed companies must submit a sustainability report following the CSRD criteria by December 31, 2024. From 2025, the obligation will apply to all large corporations.

We welcome this because it improves our sustainability analyses or makes them possible in the first place.

On the other hand, we are aware of the complexity and the amount of work involved and welcome those who offer help: Prof. Dr. Alexander Bassen and Prof. Dr. Kerstin Lopatta are developing a checklist in accordance with the CSRD on behalf of the German Sustainability Code:

https://www.deutscher-nachhaltigkeitskodex.de/media/prbaxd0i/20240820_consultation_document_dnk-checklist-draft-module-1.pdf

Syenah GmbH uses artificial intelligence to uncover ESG risks, incidents and controversies in global supply chains. This enables companies and financial institutions to meet their obligations under the German Supply Chain Due Diligence Act (LkSG) and the European Supply Chain Directive (CSDDD).

<https://syenah.ai/understanding-the-eu-corporate-sustainability-due-diligence-directive-csddd/>

FINALIST



German Sustainability Award 2025

ESG Portfolio Management is finalist for the German Sustainability Award in the financial services provider category. We are delighted and would like to thank our partners, supporters and investors.

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

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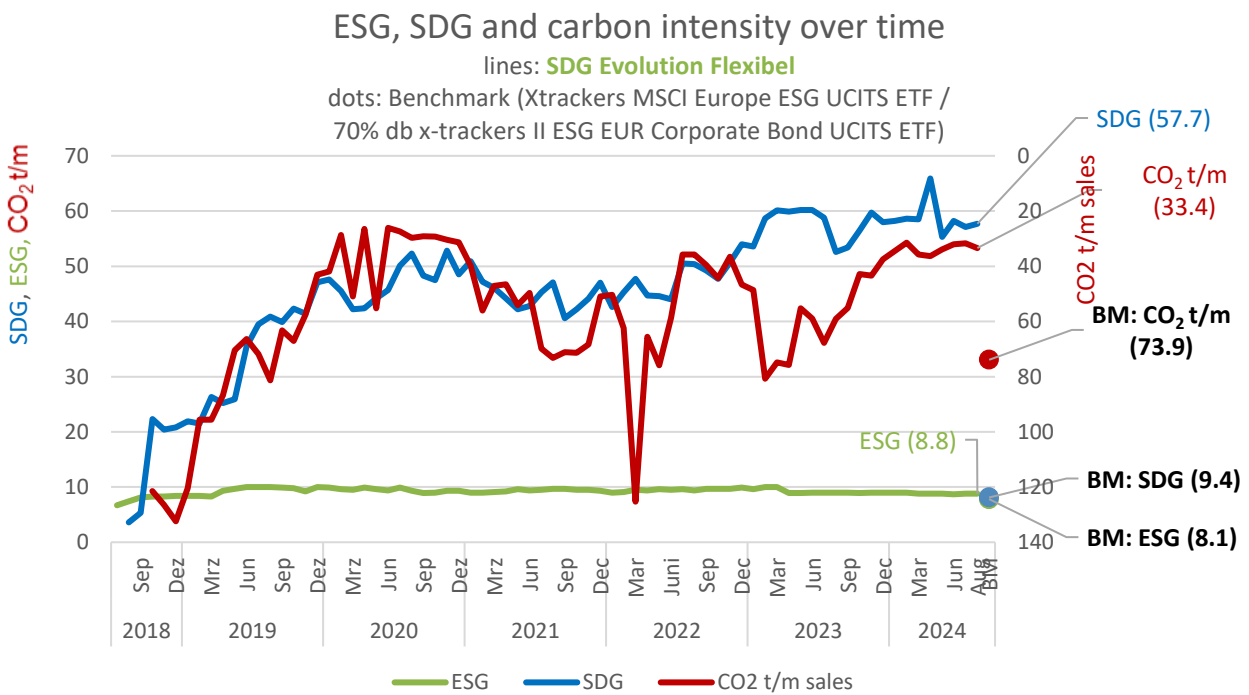


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SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

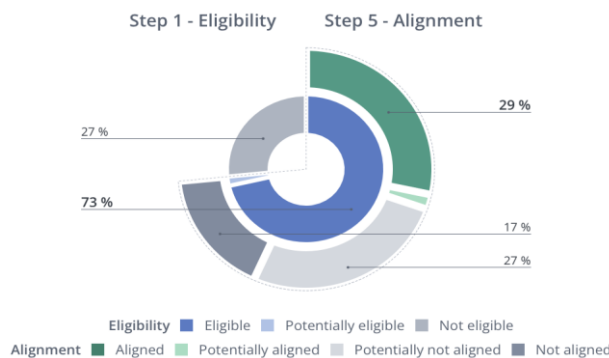
The fund price rose by 0.38% in August. On August 2 and 5, we sold DAX puts in a very weak market phase, in which volatility rose unusually sharply, and invested in the Energy Recovery share. On the other hand, we reduced shares in SMA Solar, Grieg and Umicore. We received good allocations in the new corporate bond issues of Schneider Electric and the data center operator Equinix.

The SDG Evolution Flexibel achieves an overall ESG score of 8.8 (maximum 10). 2.9% of our positions got an ESG rating upgrade and 5.7% a downgrade. For E, we achieved a score of 7.4, for S 5.7, and for G 7.1. Carbon emissions, at 33.4t 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: 73.9t) as we focus more on transition and increased our holdings in industrial companies which actively reduce their emissions. The SDG score is 57.5% (source: MSCI ESG). The graph presents the fund's ESG quality, SDG impact, and carbon emissions over time. The dots represent current benchmark data:



EU Taxonomy Alignment

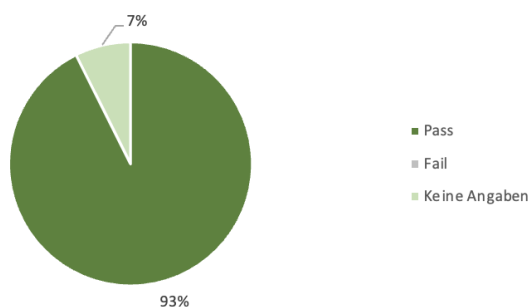
Company	Eligible	Aligned
Clarity AI	77%	29%
MSCI ESG Data	66%	56%



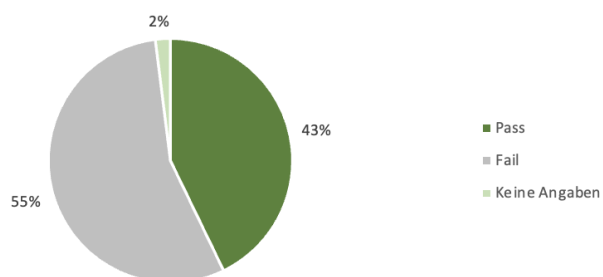
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MSCI EU SUSTAINABLE INVESTMENT SCREENING

SDG Flexibel - MSCI EU Sustainable Investment Screening



Benchmark SDG Flexibel - MSCI EU Sustainable Investment Screening



Source: MSCI ESG, June 30th 2024

PRINCIPLE ADVERSE IMPACT INDICATORS (PAIS)

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

Categories

	Coverage	Total	Units
	SFDR profile	SFDR profile	SFDR profile
Environmental	-	-	-
M1 - Total GHG emissions	100.00 %	2,447.87	tonne CO2e
M1.1 - Scope 1 GHG emissions	100.00 %	16.63	tonne CO2e
M1.2 - Scope 2 GHG emissions	100.00 %	13.66	tonne CO2e
M1.3 - Scope 3 GHG emissions	100.00 %	2,417.58	tonne CO2e
M2 - Carbon footprint	100.00 %	949.87	tonne CO2e / E...
M3 - GHG intensity of investee companies	100.00 %	1,043.84	tonne CO2e / E...
M4 - Exposure to companies active in the fossil fuel sector	100.00 %	3.89 %	%
M5 - Share of non-renewable energy consumption and production	0.00 %	-	-
M5.1 - Share of non-renewable energy consumption	91.13 %	50.15 %	%
M5.2 - Share of non-renewable energy production	100.00 %	0.33 %	%
M6 - Energy consumption intensity per high impact climate sector	100.00 %	0.17	GWh / EUR M re...
M6.1 - Energy consumption intensity per high impact climate sector A	100.00 %	< 0.01	GWh / EUR M re...
M6.2 - Energy consumption intensity per high impact climate sector B	100.00 %	< 0.01	GWh / EUR M re...
M6.3 - Energy consumption intensity per high impact climate sector C	100.00 %	0.03	GWh / EUR M re...
M6.4 - Energy consumption intensity per high impact climate sector D	100.00 %	0.06	GWh / EUR M re...
M6.9 - Energy consumption intensity per high impact climate sector L	100.00 %	0.06	GWh / EUR M re...
M7 - Activities negatively affecting biodiversity sensitive areas	94.69 %	0.00 %	%
M8 - Emissions to water	13.57 %	< 0.01	tonne / EUR M i...
M9 - Hazardous waste	100.00 %	6.37	tonne / EUR M i...
Social	-	-	-
M10 - Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	94.69 %	4.00 %	%
M11 - Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD-GME	100.00 %	0.00 %	%
M12 - Unadjusted gender pay gap	57.14 %	10.46 %	%
M13 - Board gender diversity	100.00 %	39.17 %	%
M14 - Exposure to controversial weapons	100.00 %	0.00 %	%

Source: Clarity AI, June 30th 2024

PERFORMANCE

Monthly Returns (in %):

ESG Portfolio management advises since July 2018 (green fields)

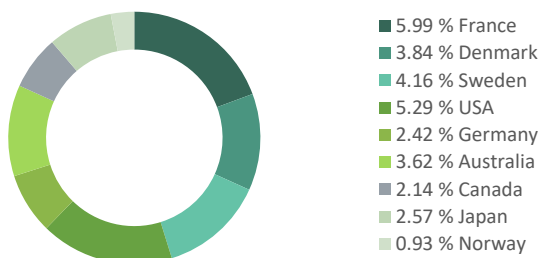
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	YTD
2014			-0.48	0.75	0.68	-0.05	-0.25	1.08	0.30	-1.30	2.11	-1.20	1.60
2015	3.23	2.58	0.63	-0.49	-0.38	-2.49	1.52	-4.97	-1.13	4.00	1.90	-1.86	2.19
2016	-3.02	-2.12	1.21	-0.19	-0.17	-1.83	0.64	0.50	-0.47	-0.37	-0.93	1.41	-5.32
2017	0.16	1.13	1.51	0.85	0.28	-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	-1.93	0.50	-6.21	-0.35	0.38					-14.47

Source: Monega, August 30th, 2024

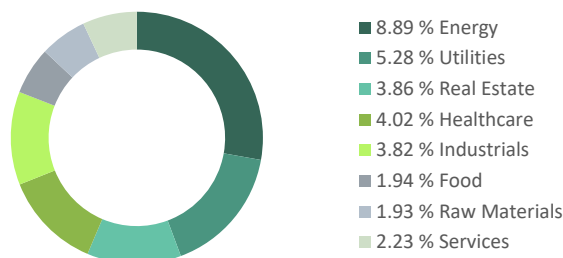
Portfolio statistics: as of August 30th, 2024 (Source: Monega)

Asset Allocation		Risk measurement		Bond Ratings		Top Equity Holdings	
Equities	31.0%	Risk-indicator	3 (max.7)	AAA/AA	5.0%	Sims Ltd.	
Bonds	68.2%	Vola / SharpeR s.inc.	6.33 / -0.37	A	24.4%	Enphase	
Derivate	2.2%	Ø Credit-Rating	BBB+	BBB	58.9%	Covivio	
Cash	-2.1%	(net) Interest duration	(5.43) 4.32	BB	11.7%	Ono Pharmaceutical	
		Spread duration	5.54	NR	0.0%	SMA Solar	

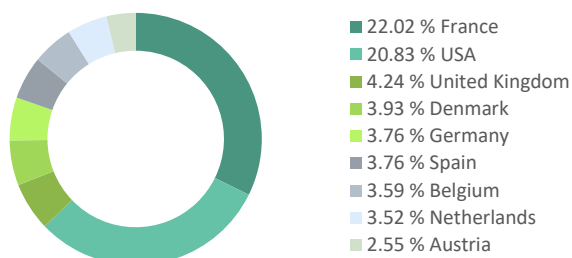
Equities by country



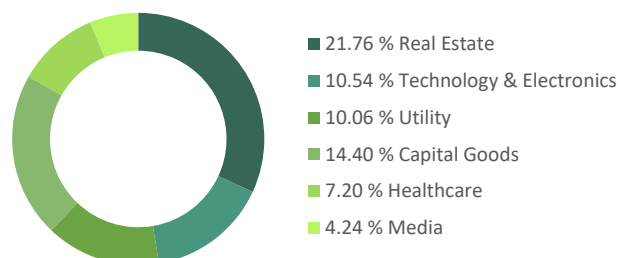
Equities by industry sector



Fixed Income by country



Fixed Income by industry sector



Product details: as of August 30th, 2024 (Source: Monega)

	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.52%	1.5	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	2.21%	1.1	none

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 fund SDG Evolution Flexibel.

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