



ESG Portfolio Management

A bridge to effective sustainable
investment solutions



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January 2023

Only for professional clients and eligible counterparties. No onward transmission to private clients.

Agenda

1. Executive Summary
2. Company profile
3. Our Investment philosophy
4. Investment process
5. Customer-oriented implementation solutions
6. Appendix

Executive Summary



Measurable positive impacts on Sustainable Development Goals (SDGs) should increase the expected performance of our funds.



The selection of issuers with high ESG qualities should reduce the risk of the investments.



Careful research with internal credit rating models allows us to construct truly sustainable portfolios.



The companies we invest have a low carbon-intensity which makes our funds aligned with the Paris-Climate-Agreement.

Executive Summary

SDG EVOLUTION FLEXIBEL: Conservative European Multi-Asset Strategy

Financial	Sustainability
1. Attractive absolute return	1. Average portfolio ESG rating of at least AA*
2. Positive total return target of over 4% Pay-out target of at least 2%	2. Minimum portfolio SDG impact of 40%*
3. Hedging of risks through ESG integration and use of equity put options	3. Adherence to 2 degree target of the Paris Climate Agreement

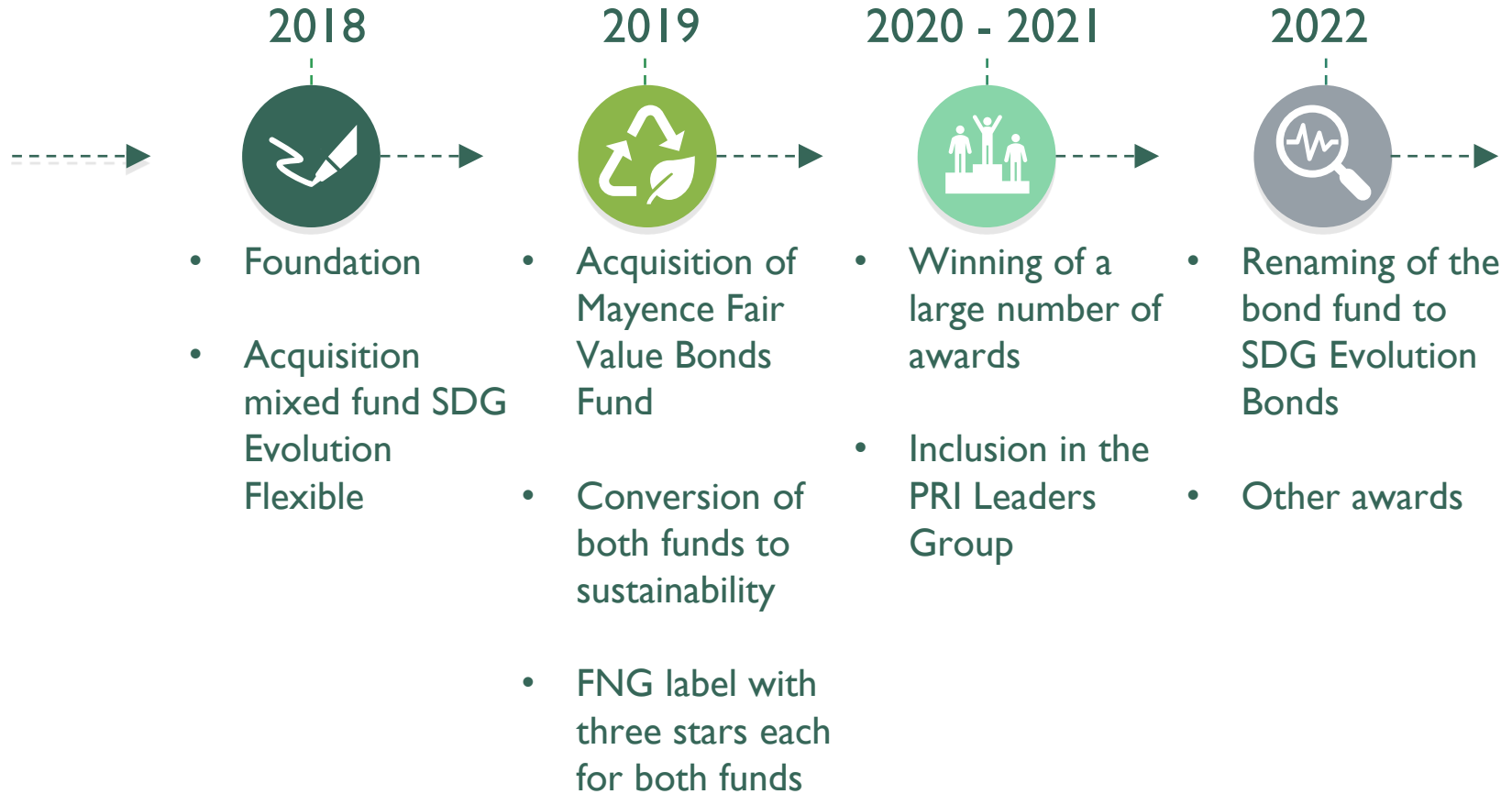
SDG EVOLUTION BONDS: Conservative European investment grade fixed-income strategy

Financial	Sustainability
1. Attractive return compared to the European investment grade universe	1. Average portfolio ESG rating of at least AA*
2. Positive total return target of over 2% Pay-out target of at least 1%	2. Goal: portfolio SDG impact of 30%*
3. Hedging of risks through ESG integration and use of bond derivatives	3. Adherence to 2 degree target of the Paris Climate Agreement

*Data source: MSCI ESG; see appendix for methodology

Company Profile

History



Company Profile

Our Awards



BEST MULTI-ASSET
INVESTMENT FUND
ESG Investing
Winner: Awards 2021



BEST FIXED INCOME
INVESTMENT FUND
ESG Investing
Winner: Awards 2021



MORNINGSTAR



Company Profile

Our Memberships



Signatory of:



Signatory of:



Mitglied im
Petersmann Institut
DURCH WERTE VERBUNDEN



Company Profile

Our partners



Fund Administrator (KVG)



Asset Management / Trade Execution



Custodian of SDG Evolution Bonds



Custodian of SDG Evolution Flexibel



Liability Umbrella



Key Investor

Company Profile

Team



Christoph Klein
CFA, CEFA
Founder & Managing Partner

- Foundation of ESG Portfolio Management GmbH
- Partner and Portfolio Manager nordIX AG, 2017-2018
- Head Non-Financial Credit, Head ESG Credit, Senior Multi Asset Manager at Deutsche Asset Management, 2007-2017
- Credit Hedge Fonds Manager at Credaris and Tripoint, 2004-2007
- Credit Portfolio Manager at Deutsche Bank and Deutsche Asset Management, 1998-2004
- Visiting Scholar NYU, 2000
- Graduate in Business Admin., University of Trier, 1999
- Bank clerk, Deutsche Bank, 1991-93
- Member of UN PRI Fixed Income Working Group & DVFA Sustainable Investing Commission
- Speaker DVFA & Moody's Analytics
- Volunteer at CFA Institute



Frank Rothauge
CFA
Equity Expert

- More than 20 years of professional equity experience
- Advised as equity analyst many fund managers regarding equity selection
- Head of the technology sector research team at Sal. Oppenheim
- Multiple winner as Germany's best telecom analyst
- Contributed to more than 40 capital market transactions
- Head of the audit committee at the supervisory board of the TecDax-company Drillisch AG, until October 2017
- Portfolio Manager of the fund Universal – AHP Aristoteles UI
- Managing Partner of AHP Capital Management



Sina Zach
Working Student

- Studying M.Sc. Double Degree International M.Sc. in Management mit Major Strategy & Consulting, at Católica Lisbon School of Business & Economics in Lissabon, Portugal and at the BI Norwegian Business School in Oslo, Norway, 2021-2023
- B.Sc. Global Business Management; Major International Finance at Augsburg University, 2017-2021
- Bachelor thesis: Stresstests to quantify climate risks for banks and asset managers
- Working student ESG Analysis at The Value Group GmbH, Munich, 2021-2022

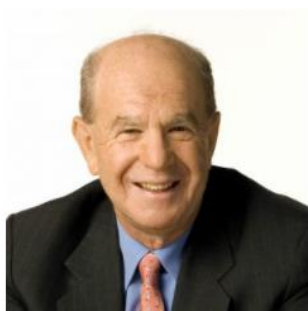


Benedict Schiermeyer
Working Student

- Joined ESG Portfolio Management in March 2022
- B.Sc. Economics and Business Administration with focus on "Finance & Accounting" at Goethe-University Frankfurt am Main, 2019-2023
- Semester abroad at Charles University in Prague, 2021-2022
- Working Student at ESG Screen17 GmbH, 2021

Company Profile

Our Advisory Board



Prof. Dr. Edward I. Altman

Prof. em. for Finance
Stern School of Business



Eveline Lemke

Founder
Thinking Circular



Dr. Kim Schumacher

Speaker sustainable Finance & ESG
Tokio Institute of Technology



Lara Obst

Founder & Chief Climate Officer
THE CLIMATE CHOICE



Markus Büchter

Founder MBV
Vision & Consulting FZCO



Dr. Bob Buhr

Founder & Director
Green Planet Consulting



Paresh Sheth

Director CASI (globale
Certification for CSR)

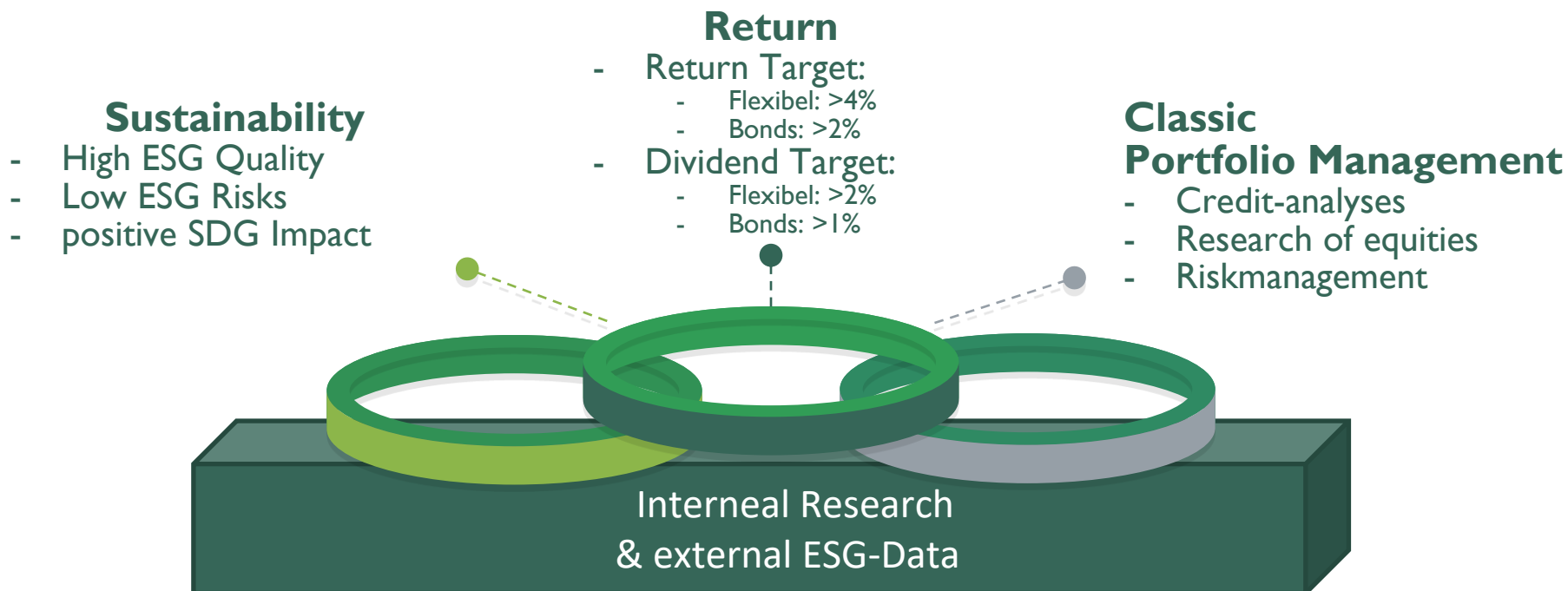


Paul Smith

Former
president CFA
Institute
10

Our Investment-Philosophy

We believe that a **focus on sustainability** in combination with **classic portfolio management** is a prerequisite for achieving **attractive risk-adjusted returns in the medium to long term.**



* Bei den Renditezielen handelt es sich um keine garantierten Renditegewinne, sondern lediglich um angestrebte Ziele.

** Bei den Ausschüttungszielen handelt es sich um keine garantierten Ausschüttungssummen, sondern lediglich um angestrebte Ziele.

Our Investment-Philosophy

Our Values

Sustainability

In all our assets, our main focus is constantly and unreservedly directed towards the sustainability of our products.

Excellence

Multiple prestigious German and international certifications and awards confirm us.



Dynamic

Active portfolio management reduces the risk profile of your financial assets and protects them in difficult times.







ESG Portfolio Management

Sustainability based on excellence and dynamism

Our Investment-Philosophy

Data Provider

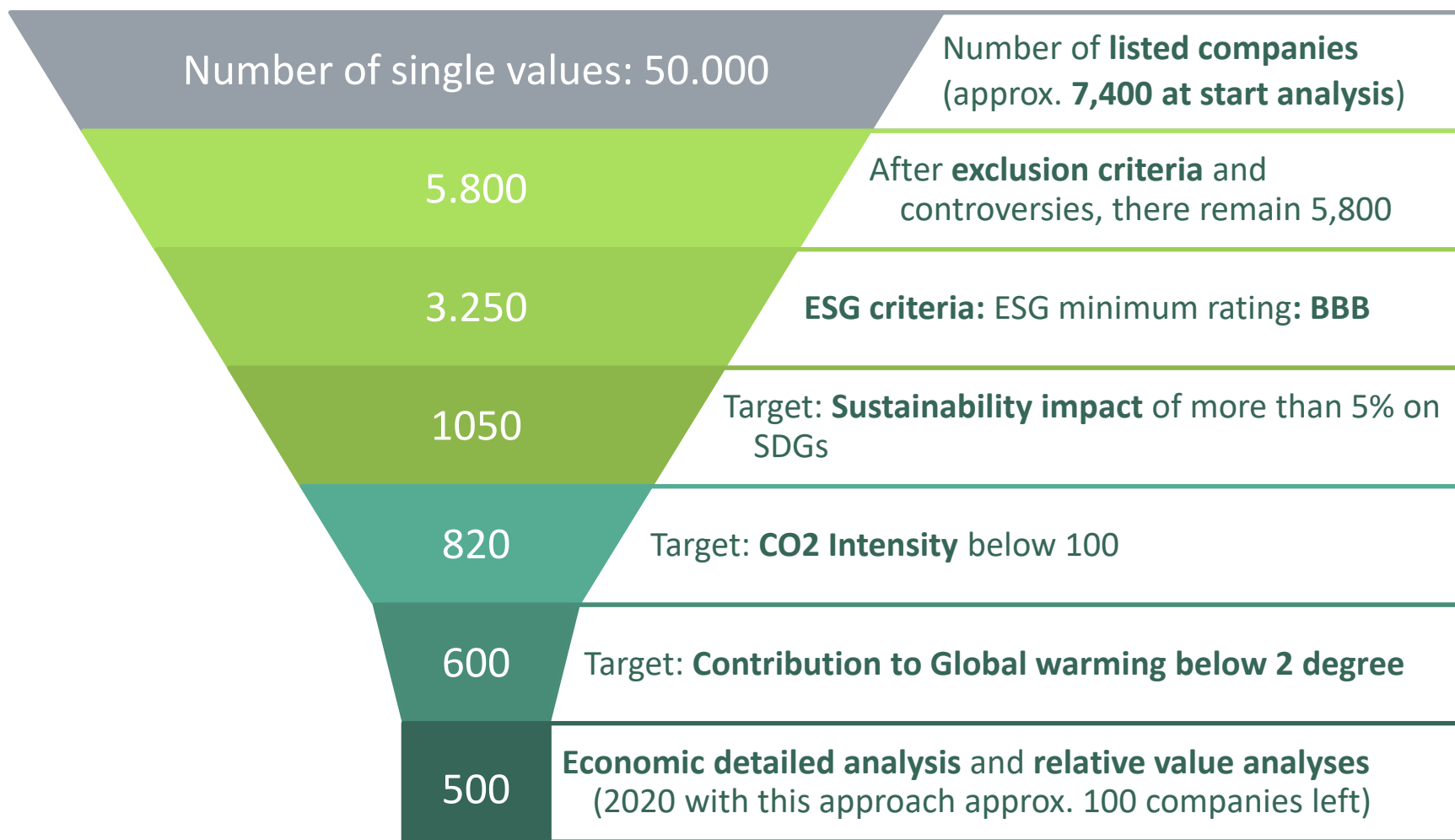
We use a wide range of data providers to optimize our portfolios not only in terms of their financial performance, but also in order to be able to react quickly and dynamically in the event of deviations in their ESG performance.

Provider	Data
Bloomberg 	Financial Data, ESG Data
MSCI ESG Data 	ESG Data, Carbon Footprint Data, Taxonomy Alignment, Temperature Data
Clarity AI 	ESG Data, Taxonomy Alignment
Right. Based on Science 	ESG Data, Temperature Data
ESG Screen 17 	ESG Data
Carbon Disclosure Project 	CO2- Data



Our Investment-Philosophy

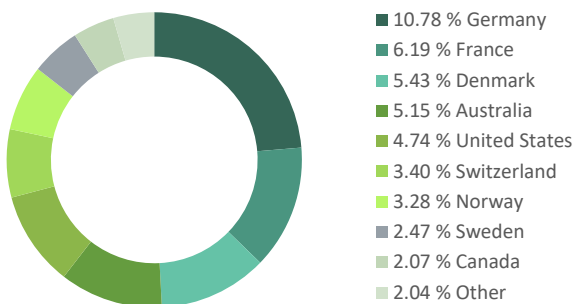
Multi-stage selection process



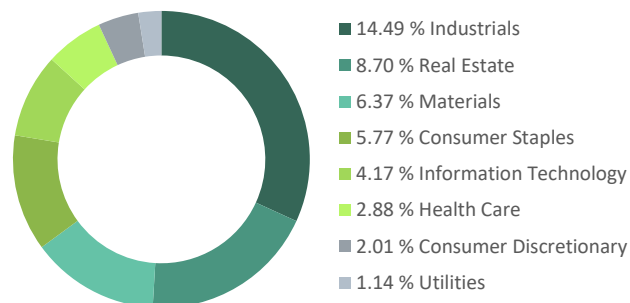
Our Investment-Philosophy

Broad diversification (using the example of SDG Evolution Flexible)

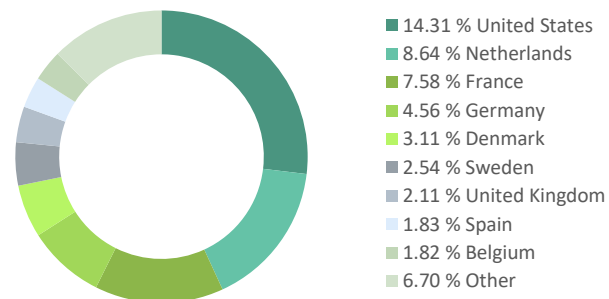
Equities by country



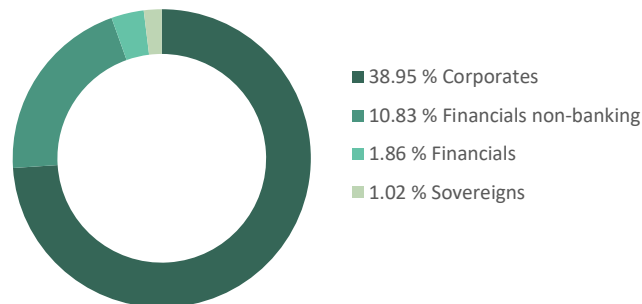
Equities by sectors



Fixed Income by country



Fixed Income by sectors



For the composition of the SDG Evolution Bond, see:
<https://fondsfinder.universal-investment.com/de/DE/Funds/DE000A2AQZE9/portfolio>

Source: Universal Investment, December 31, 2022.

Investment process

Permanent Management

Acquisition:

Positive Impact on SDGs
low climate risks

Acquisition:

Attractive new issues
and promising shares

Minimum number of
positions :

SDG Evolution Flexibel: 50
SDG Evolution Bonds: 35

Selling:

Target price or
spread reached

Selling:

Deterioration of credit-
worthiness and price risks



Selling:

Deterioration of ESG Quality,
SDG impact, controversies, PAIs

Investment process

Exclusion criteria



We apply extensive exclusion criteria and thoroughly analyze for individual relevant ESG factors before purchase to minimize downside risks. To do this, we use various data providers and our own research to discover any controversies.

Methodology notes: see appendix

Exclusion criterion	Max. Share of sales
<ul style="list-style-type: none"> ▪ Weapons of mass destruction and controversy ▪ Coal production, processing & services ▪ High Risk Oil (Fracking, Arctic Drilling, Oil Sands) ▪ Nuclear power generation ▪ Uranium mining ▪ Embryonic stem cell research & cloning technology 	0%
<ul style="list-style-type: none"> ▪ Coal-fired power generation ▪ Oil production, processing and power generation ▪ High-risk oil (services) ▪ Production and distribution of key components for nuclear power plants ▪ Biocides ▪ Animal testing ▪ Genetic engineering in food production ▪ Civilian weapons ▪ Conventional tobacco products and alcohol ▪ Entertainment media (gambling, gaming, pornography) 	5%

Investment process

High ESG- Qualities

ESG – Environmental, Social, Governance
Riskmanagement – to help you sleep well at night



The application of strict **exclusion criteria** and a **minimum ESG rating** of BBB guarantees high ESG qualities.

Investment process

High ESG qualities - PAIs

In the EU action plan to achieve the transformation to a sustainable economy, the Sustainable Finance Disclosure Regulation (SFDR) was adopted in 2019.

It includes **disclosure requirements for financial institutions** at the organizational and product level.

According to SFDR, our two funds are classified as **Article 9 funds**.

Therefore, we do not only consider the previously mentioned exclusion criteria but also the so-called **PAIs (Principal Adverse Impacts on Sustainability)**, impacts on the **SDGs** and EU Taxonomy Alignments.

These adverse impacts on sustainability include indicators from the areas of greenhouse gas emissions, energy efficiency, biodiversity, water, waste, social and employee affairs, human rights and corruption.

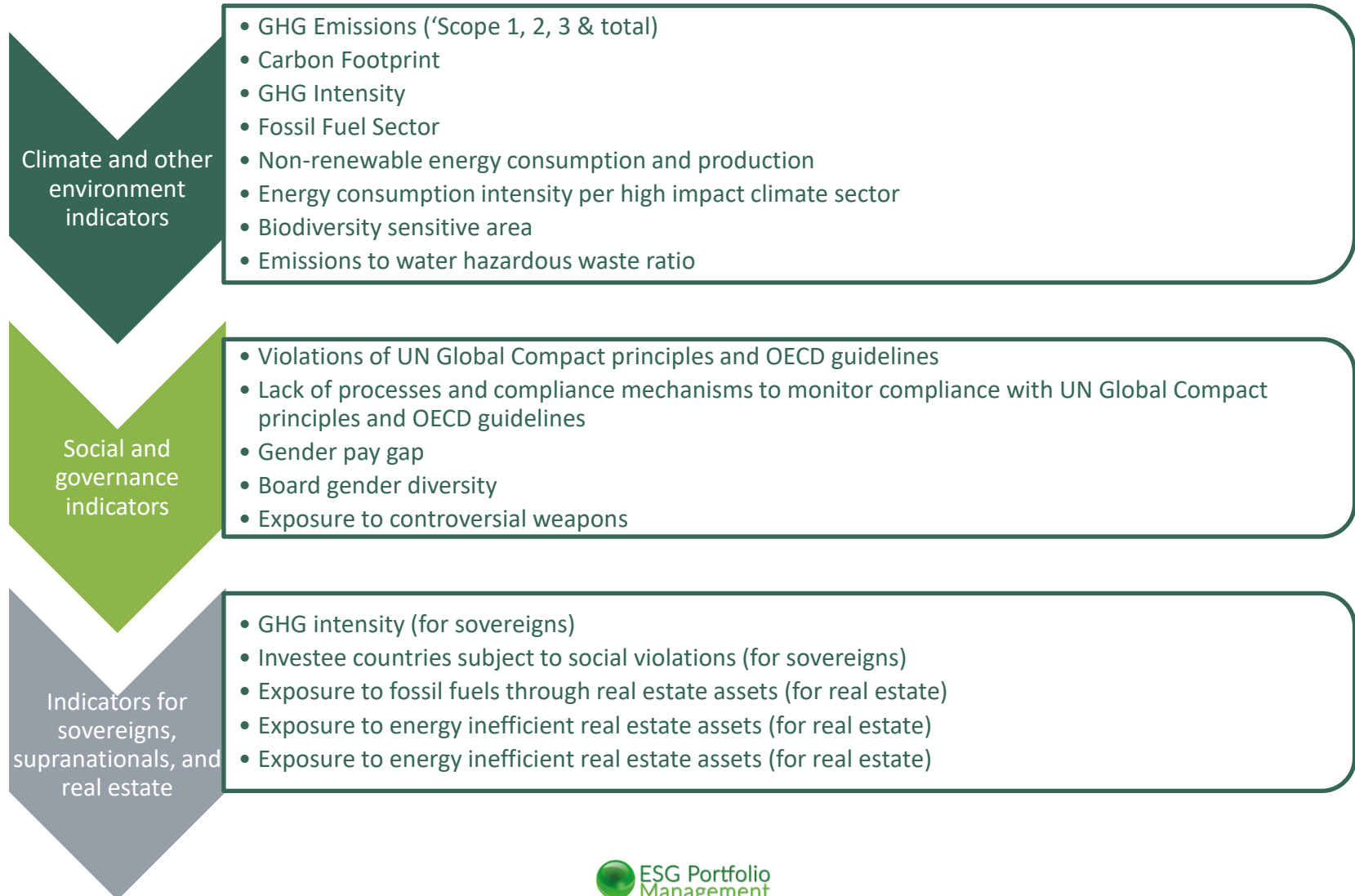
Source: Deloitte

<https://www2.deloitte.com/de/de/pages/financial-services/articles/nachhaltigkeit-offenlegungspflichten-finanzdienstleistungen.html>



Investment process

18 Indicators for assessing negative environmental and social impacts



Investment process

Example - 14 mandatory PAIs for companies in SDG Evolution Flexible

Expand all Close all	Coverage	Total	Units
Categories	SFDR profile	SFDR profile	SFDR profile
▼ COMPANIES <small>Calculated from 52 out of 52</small>	-	-	-
▼ Environmental	-	-	-
▼ M1 - Total GHG emissions	93.24 %	257,726.58	tons CO2e
M1.1 - Scope 1 GHG emissions	97.49 %	73.79	tons CO2e
M1.2 - Scope 2 GHG emissions	97.49 %	51.42	tons CO2e
M1.3 - Scope 3 GHG emissions	95.46 %	257,625.72	tons CO2e
M2 - Carbon footprint	93.24 %	29,610.60	tons CO2e / EUR...
M3 - GHG intensity of investee companies	93.24 %	13,863.01	tons CO2e / EUR...
M4 - Exposure to companies active in the fossil fuel sector	85.84 %	0.00	%
▼ M5 - Share of non-renewable energy consumption and production	0.00 %	-	-
M5.1 - Share of non-renewable energy consumption	86.01 %	61.31	%
M5.2 - Share of non-renewable energy production	100.00 %	1.40	%
▼ M6 - Energy consumption intensity per high impact climate sector	93.29 %	0.23	GWh / EUR M re...
M6.1 - Energy consumption intensity per high impact climate sector A	100.00 %	5.80	GWh / EUR M re...
M6.2 - Energy consumption intensity per high impact climate sector B	93.44 %	0.10	GWh / EUR M re...
M6.3 - Energy consumption intensity per high impact climate sector C	93.82 %	0.10	GWh / EUR M re...
M6.4 - Energy consumption intensity per high impact climate sector D	100.00 %	0.68	GWh / EUR M re...
M6.6 - Energy consumption intensity per high impact climate sector F	100.00 %	0.08	GWh / EUR M re...
M6.7 - Energy consumption intensity per high impact climate sector G	100.00 %	0.03	GWh / EUR M re...
M6.9 - Energy consumption intensity per high impact climate sector L	88.88 %	0.10	GWh / EUR M re...
M7 - Activities negatively affecting biodiversity sensitive areas	92.42 %	0.00	%
M8 - Emissions to water	3.86 %	0.01	tons / EUR M in...
M9 - Hazardous waste	76.63 %	0.24	tons / EUR M in...
▼ Social	-	-	-
M10 - Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	92.42 %	0.00	%
M11 - Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD-GME	90.42 %	0.86	%
M12 - Unadjusted gender pay gap	43.86 %	6.73	%
M13 - Board gender diversity	94.64 %	34.72	%
M14 - Exposure to controversial weapons	85.84 %	0.00	%

Source: Clarity AI, Date 31. Dezember 2022

Investment process

High ESG qualities - ESG minimum rating



Data sources: We use licenses from MSCI ESG, Bloomberg, CDP (Carbon Disclosure Project) and Clarity AI as well as external research.



Method: We filter by ESG ratings and exclusion criteria and thoroughly analyze internally for individual relevant ESG factors before purchase to minimize risk of loss.

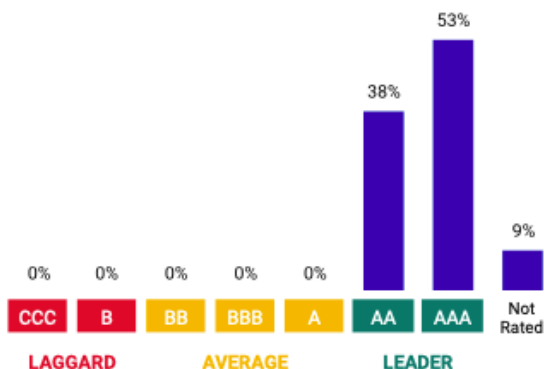


We aim for average ESG ratings of AAA at the fund level.



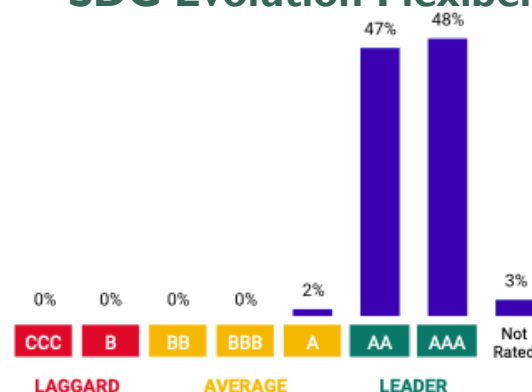
The minimum ESG rating of individual portfolio positions of our funds is BBB (currently the worst ESG rating is A).

SDG Evolution Bonds



MSCI ESG Rating of the SDG Evolution Bonds
 Status: December 31, 2022
 Methodology notes: see appendix

SDG Evolution Flexibel



MSCI ESG Rating of the SDG Evolution Flexible
 Status: December 31, 2022
 Methodology notes: see appendix

Investment process

SDGs

SDG – Sustainable Development Goals

Positive Impact - so that you know what you wake up to in the morning

- 17 UN goals for the future of the world until 2030
- We focus especially on the goals

Focus people

#2 No hunger

#3 Health and well-being

#4 Quality education

Focus on nature

#7 Affordable and clean energy

#12 Sustainable consumption & production

#13 Climate protection measures



Investment process

SDG-Analysis – SDG Evolution Flexibel



Method: We select companies with positive SDG impacts that have no negative impacts.



The contribution of the portfolio should be above 30% for both funds. Most sustainable benchmarks achieve a value of only about 5%.



The SDG impact of each position and of the overall fund is measured as a share of sales that can be clearly attributed to an SDG.



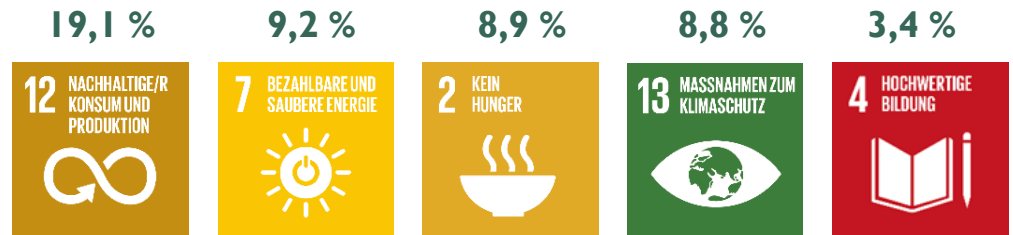
Data Sources: For SDG impact measurement, we use licenses from MSCI ESG and ESG Screen I7, as well as other external research.

SDG-Contribution measurement – SDG Evolution Flexibel:

54,0%*



TOP 5 SDGs:



Values reflect the portfolio-weighted average of the percentage of sales of each company generated by products and/or services with sustainable impacts.

Source, MSCI ESG, December 31, 2022, own calculations.

Methodology notes: see appendix

Investment process

SDG-Analyse – SDG Evolution Bonds



Method: We select companies with positive SDG impacts that have no negative impacts.



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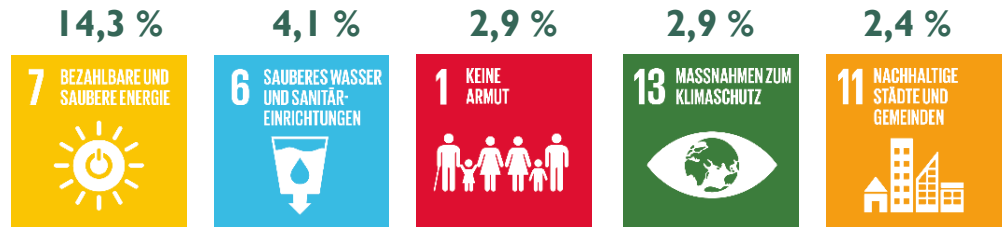
Data Sources: For SDG impact measurement, we use licenses from MSCI ESG and ESG Screen I7, as well as other external research.

SDG-Contribution measurement– SDG Evolution Bonds:

33,3%*



TOP 5 SDGs:



Values reflect the portfolio-weighted average of the percentage of sales of each company generated by products and/or services with sustainable impacts.

Source, MSCI ESG, December 31, 2022, own calculations.

Methodology notes: see appendix

Investment process

Example companies* with positive SDG impact

We particularly want to invest in companies that promote the transition to a sustainable future with their corporate activities. In particular, companies that strongly reduce emissions, are extraordinarily committed to climate protection or are active in the field of renewable energies find their way into our funds.

Sims Ltd. :



Source: urbangreencouncil.org



- Sims Ltd. is a global metals recycling company based in Australia.
- Recycling in the metals sector results in significant GHG emissions savings and less air pollution.
- SDG impact: 98% & MSCI ESG rating: AAA

SMA Solar:



Source: <https://cdn.sma.de/capital-markets-day-2022>



- SMA Solar Technology AG, headquartered in Hesse, Germany, is a global provider of photovoltaic technology
- The company has made a clear statement against Modern Slavery.
- The company achieves the maximum SDG impact of 100% and an ESG rating of AAA.

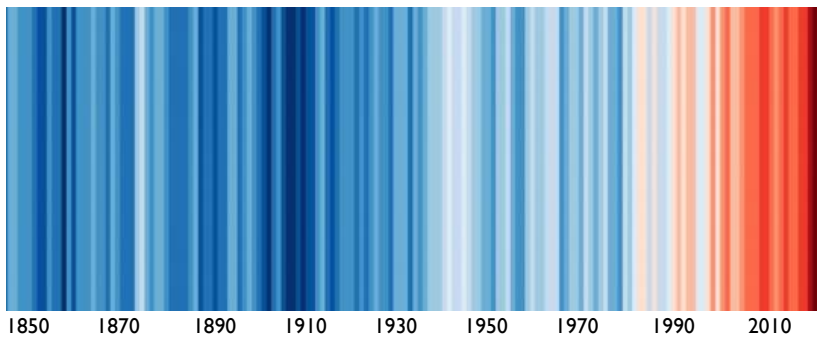
* There is no guarantee that these companies will permanently be part of the portfolio, as it is continuously adjusted and short-term changes are also possible.

Investment process

Background: Climate risks

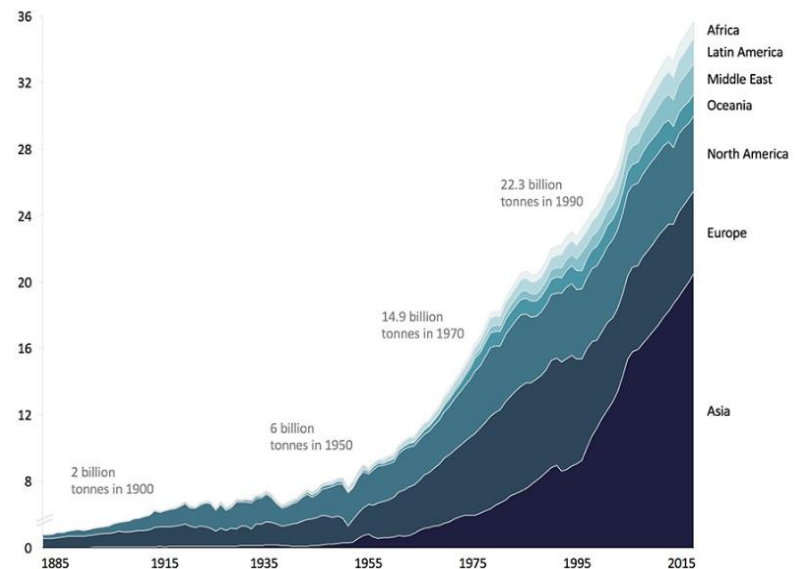
- Climate risks are the greatest threat of our time and are now receiving the highest attention from society and politicians as well as regulators and investors.
- We are committed to ensuring that our funds cause less than 2 degrees of global warming.

According to heat streaks from 1850-2018, global temperatures rise sharply from 1990:



Source: Prof. Ed Hawkins: Warming stripes for 1850-2018.
<https://showyourstripes.info/>

Increase in CO2 emissions, especially in Asia:







Source: <https://www.consultancy.uk/news/13553/global-co2-emissions-and-the-20-most-polluting-countries-in-the-world>

Investment process

Background: Climate risks

GDP losses are expected globally for different warming scenarios by 2050.

Economic impacts		<2 °C		3 °C	5 °C
		-10%	-13%	-23%	-45%
	Global GDP impact (2018: \$80tn)				
	Stranded assets	Transition: fossil fuel assets (supply, power, transport, industry)		Mixed: some fossil fuel assets mothballed, some physical stranding	Physical: uninhabitable zones, agriculture, water-intensive industry, lost tourism etc
	Food supply	Changing diets, some yield loss in tropics		24% yield loss	60% yield loss, 60% demand increase
	Insurance opportunities	New low-carbon assets and infrastructure investment (e.g. CCS)		Increasing demand to manage growing risks	Minimal: recession, tensions, high and unpredictable risks

Source: basierend auf Chief Risk Officers Forum, 2019

Investment process

Paris Climate Agreement: CO2 - intensity & <2°C

Limiting warming is urgently needed to avert devastating consequences for our world and our economy. By investing in our funds, they contribute to this.

The climate risk experts at "right. based on science" have calculated: If all companies worked the way the companies in our funds do, global warming could be limited to around **2 degrees** by 2050.



We also invest in companies that do not currently operate in a climate-neutral way but show high efforts to reduce emissions. Through our investment, we can support them in their **transition** to a climate-neutral economy.

Sources:

<https://www.right-basedonscience.de>

<https://www.cdp.net/en/investor/climetrics>

Investment process

Our funds strive for high taxonomy compliance

- The EU taxonomy is a classification system that creates a uniform definition of environmentally sustainable economic activities.
- The taxonomy compliance of our funds therefore indicates the percentage of sales of the companies in our two portfolios attributable to taxonomy-compliant activities (currently environment-related).

Clarity AI (eligible): SDG Evolution Flexible 47%

Clarity AI (aligned): SDG Evolution Flexible 18%

MSCI ESG (eligible): SDG Evolution Flexible 63%

MSCI ESG (aligned*): SDG Evolution Flexible 46%

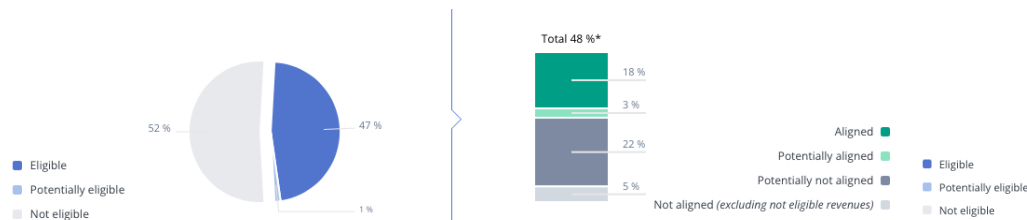
SDG Evolution Bonds 39%

SDG Evolution Bonds 9%

SDG Evolution Bonds 54%

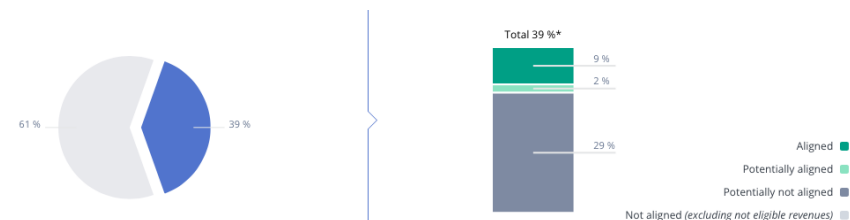
SDG Evolution Bonds 32%

- Out of 31,000 funds, only 7% have more than 10% "green returns" according to EU taxonomy (Source: Clarity AI).



*Only revenues that are eligible or potentially eligible can be assessed for EU Taxonomy alignment: 47% + 1% = 48%

Taxonomy-Alignment; SDG Evolution Flexible;
Source: Clarity AI; As from: 31. Dezember 2022



*Only revenues that are eligible or potentially eligible can be assessed for EU Taxonomy alignment: 39% + 0% = 39%

Taxonomy-Alignment; SDG Evolution Bonds;
Source: Clarity AI; As from: 31. Dezember 2022

*potentially aligned

Investment process

Engagement and Proxy Voting

If we notice grievances or want to improve the general sustainability situation of a company, we use our voting rights and commitment.

We use our **proxy voting** of our funds' shares to improve ESG quality and SDG impact.



We **engage** with companies to improve their ESG quality and SDG impact.

We report transparently on engagements and proxy votes:
www.esg-pm.com

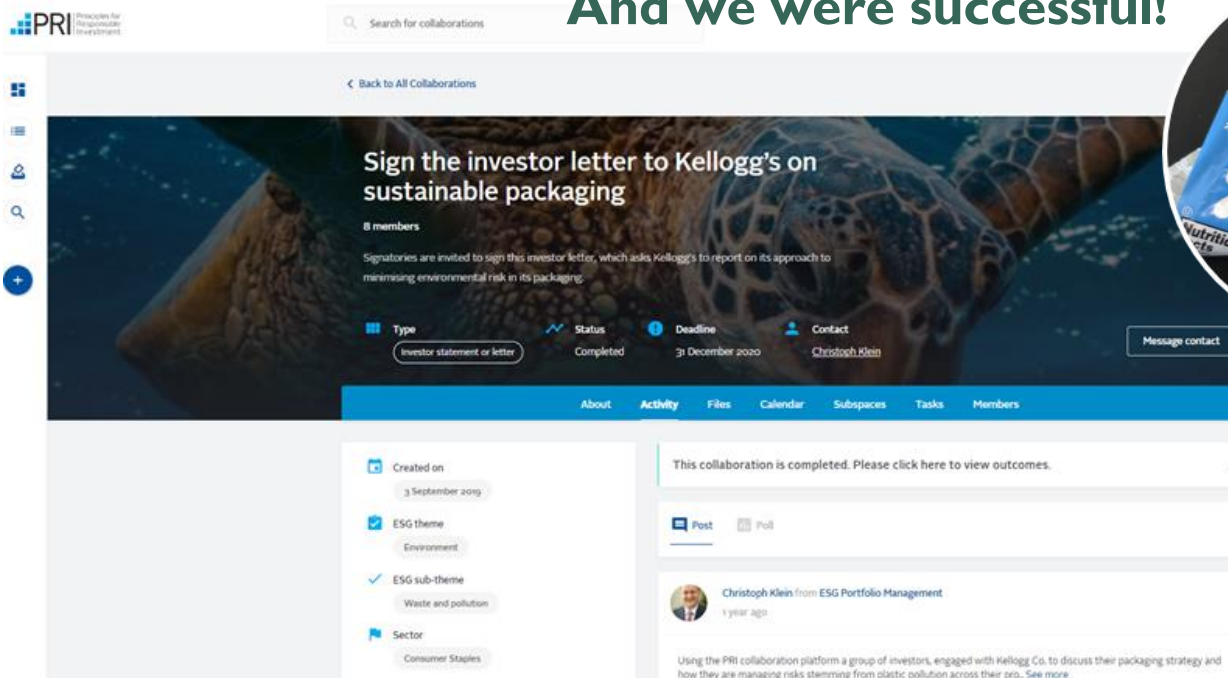
Investment process

Example Engagement and Proxy Voting

But does something like that lead to change at all?: YES!

We launched a global initiative through UN PRI to reduce Kellogg's plastic consumption, which had come to our attention in a negative way.

And we were successful!



The screenshot displays a web interface for a UN PRI collaboration. At the top left is the UN PRI logo. A search bar is present. Below the header, there's a navigation bar with "Back to All Collaborations". The main content area features a large image of a sea turtle and the text "Sign the investor letter to Kellogg's on sustainable packaging". It indicates 8 members and provides details for the investor statement or letter, including its status (Completed), deadline (31 December 2020), and contact (Christoph Klein). A "Message contact" button is also visible. Below this, there are tabs for "About", "Activity", "Files", "Calendar", "Subspaces", "Tasks", and "Members". On the left, a sidebar lists filters for "Created on" (3 September 2019), "ESG theme" (Environment), "ESG sub-theme" (Waste and pollution), and "Sector" (Consumer Staples). On the right, a notification states "This collaboration is completed. Please click here to view outcomes." Below this, a post by Christoph Klein from ESG Portfolio Management is shown, dated 1 year ago. The post content reads: "Using the PRI collaboration platform a group of investors, engaged with Kellogg Co. to discuss their packaging strategy and how they are managing risks stemming from plastic pollution across their pro. See more".

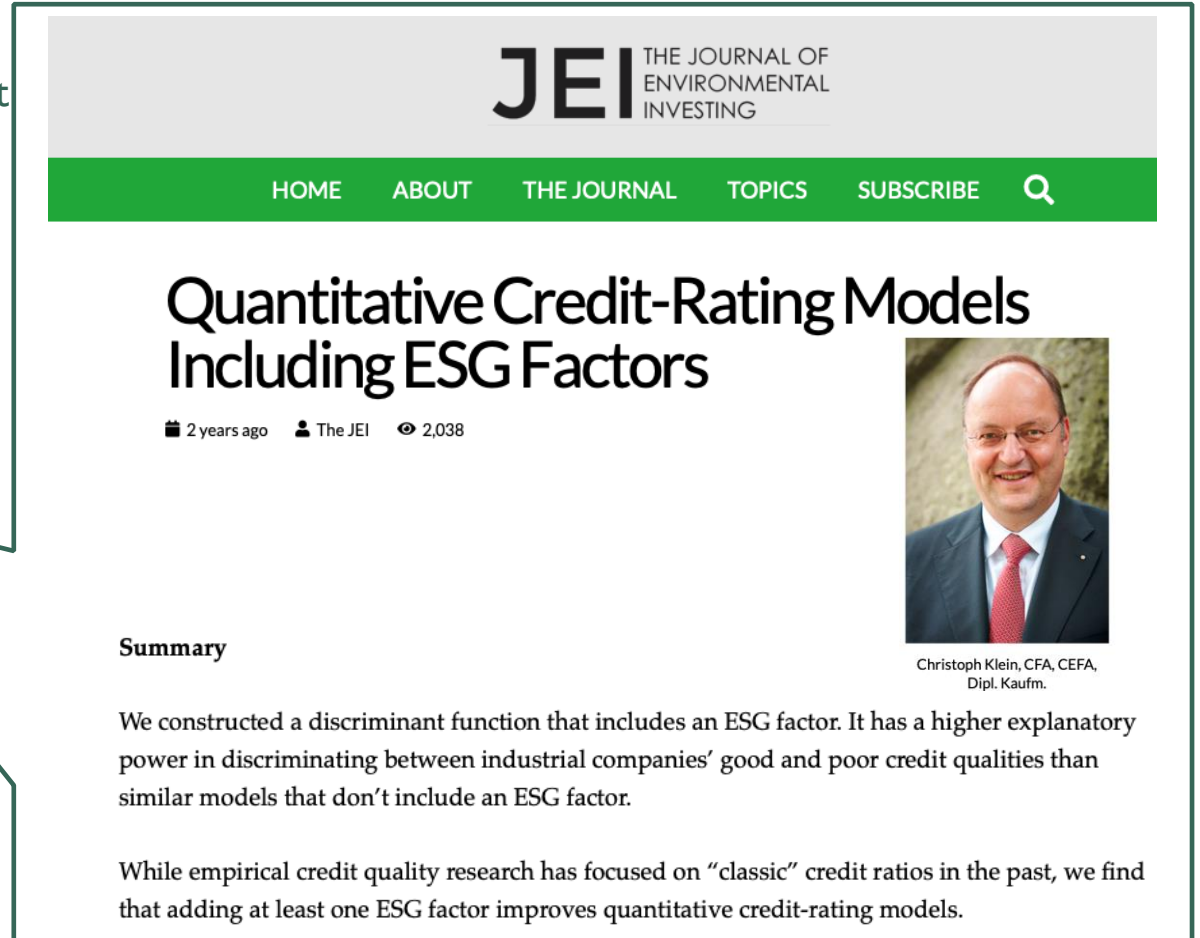


Investment process

Detailed economic analysis - proprietary credit rating model

We use internally generated quantitative rating models as part of our credit rating analyses:

We use the discriminant analysis method to calculate our internal credit rating models.




The screenshot shows the top of a webpage for 'THE JOURNAL OF ENVIRONMENTAL INVESTING' (JEI). The navigation bar includes links for HOME, ABOUT, THE JOURNAL, TOPICS, and SUBSCRIBE, along with a search icon. The main content area features the article title 'Quantitative Credit-Rating Models Including ESG Factors', published 2 years ago by 'The JEI' with 2,038 views. A portrait of Christoph Klein, CFA, CEFA, Dipl. Kaufm., is shown to the right of the title. Below the title is a 'Summary' section with two paragraphs of text.

JEI THE JOURNAL OF ENVIRONMENTAL INVESTING

HOME ABOUT THE JOURNAL TOPICS SUBSCRIBE 🔍

Quantitative Credit-Rating Models Including ESG Factors

📅 2 years ago 👤 The JEI 👁 2,038



Christoph Klein, CFA, CEFA, Dipl. Kaufm.

Summary

We constructed a discriminant function that includes an ESG factor. It has a higher explanatory power in discriminating between industrial companies' good and poor credit qualities than similar models that don't include an ESG factor.

While empirical credit quality research has focused on "classic" credit ratios in the past, we find that adding at least one ESG factor improves quantitative credit-rating models.

Source: <http://www.thejei.com/quantitative-credit-rating-models-including-esg-factors/>

Investment process

Example Detailed economic analysis - proprietary credit rating model

As an example, here is our credit rating model for industrial companies:

su fp
 su fp Equity
 Name: SCHNEIDER ELECTRIC SE
 Country: FR
 EUR

Modell: Industrials

Name: SCHNEIDER ELECTRIC SE

Internal Model:

- ✓ Linking with Bloomberg data
- ✓ Creation of internal ratings
- ✓ Allows simulations and scenario analyses
- ✓ Comparison with ratings from credit rating agencies

SIMULATIONS							
Date		31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
BS Tot Asset	55,000	54,547,0	49,482,0	45,003,0	42,259,0	39,849,0	41,851,0
CF_FREE_CASH_FLOW	3,000	3,073,0	3,950,0	3,776,0	2,386,0	2,507,0	2,481,0
BS_TOT_LIAB2	26,000	26,438,0	25,755,0	21,863,0	19,995,0	19,907,0	21,198,0
Cf Cash From Oper	3,200	3,616,0	4,435,0	4,282,0	2,872,0	2,941,0	2,957,0
BS_RETAIN_EARN	19,000	19,708,0	16,107,0	16,099,0	15,488,0	12,262,0	11,892,0
TOT_MKT_VAL	80,000	113,551,5	78,352,2	63,478,3	45,113,0	50,956,5	49,436,1
INTEREST_COVERAGE_RATIO	30	43,7	24,5	20,2	14,5	11,9	9,5
TOT_DEBT_TO_TOT_ASSET	20	17,8	21,0	18,8	17,7	18,3	18,0
Market Cap / Total Liabilities	3,08	4,30	3,04	2,90	2,26	2,56	2,33
Free CF/ Total Liabilities	11,54%	11,62%	15,34%	17,27%	11,93%	12,59%	11,70%
StDev (CFO)	671	716	756	614	155	172	159
Mean (CFO)	3,296	3,309	3,387	3,070	2,834	2,826	2,798
Vaco	4,9	4,6	4,5	5,0	18,3	16,5	17,6
Retained Earnings / Total Assets	34,5%	36,1%	32,6%	35,8%	36,7%	30,8%	28,4%
Local currency per US-Dollar	1,00	0,98	0,98	0,98	0,98	0,98	0,98
Market Cap (local currency)	80,000	113,552	78,352	63,478	45,113	50,956	49,436
Market Cap (USD)	80,000	116,334	80,272	65,033	46,218	52,205	50,647
In Market Cap (USD)	25,11	25,48	25,11	24,90	24,56	24,68	24,65
Carbon Emissions GHG Mitigation Score	7	7	7	7	7	7	7
SCORE	21,20	21,76	21,19	21,02	20,63	20,77	20,68
ESG PM - Rating	A2	A2	A2	A2	A3	A3	A3
Moody's	A3		A3				STABLE
S&P's	A-		A-				STABLE
FITCH	WD		WD				#N/A N/A

Investment process

Riskmanagement

Using various classical portfolio management strategies, we aim to reduce various risk groups in the portfolio and thus make performance more secure.



To **reduce the equity exposure**, we use puts on relevant equity indices such as DAX or EuroStoxx and carefully select the portfolio weight, strikes and maturities. This helps up to be **cost-efficient** and achieve a positive convexity in the portfolio.

Market Risk

In volatile market phases we use short-term **tactical** and longer-term anti-cyclical hedging strategies

Interest rate risk

We manage interest rate sensitivity via different instruments in order to avoid a "Bund future squeeze risk"

Currency risk

We hedge **currency risks**

Customer-oriented implementation solutions

Fund tranches overview

Tranches	SDG Evolution Flexibel AK I	SDG Evolution Flexibel AK R	SDG Evolution Bonds
Share class	Institutional	Retail	-
WKN	AIW9AZ	AIW9AA	A2AQZE
ISIN	DE000AIW9AZ5	DE000AIW9AA8	DE000A2AQZE9
Volume	EUR 7.5 million	EUR 1.2 million	EUR 5.2 million
Min. order volume	From EUR100,000	Unlimited	Unlimited
Distribution	Distributing	Distributing	Distributing
Current Benchmark	No Benchmark	No Benchmark	No Benchmark
Costs			
Total costs* p.a.	1.35%	1.63%	1.17%
Advisor	ESG Portfolio Management GmbH		ESG Portfolio Management GmbH
Investment Management Company	Universal-Investment-Gesellschaft mbH		Universal-Investment-Gesellschaft mbH
Custodian	State Street Bank International GmbH		Donner & Reuschel AG

*related to the previous fiscal year or estimates or the case of new funds

Source: Universal Investment, December 31st, 2022

Customer-oriented implementation solutions

Extremely high ESG quality of our funds and transparent reporting



ESG scores of 9.9 (SDG Evolution Flexibel) and 10 (SDG Evolution Bond) are top values! (Maximum: 10)



11.7% of the positions in the SDG Evolution Bonds were recently upgraded, while none of the positions were downgraded. In the SDG Evolution Flexible, also 11.8% of the positions were upgraded and none were downgraded.



Both funds receive the highest marks of the most valuable certification of sustainable funds in Germany: The FNG label with three stars.



SDG Evolution Flexibel and Mayence Fair Value Bond Fund receive the highest sustainability rating of five globes from Morningstar

Sources: MSCI ESG, December 31st, 2022, <https://fondstrends.lu/produkte-und-vertrieb/erfahrungsbericht-unsere-bewerbung-um-das-fng-siegel/>;
<https://www.morningstar.de/de/funds/snapshot/snapshot.aspx?id=F00000SDU1>

Customer-oriented implementation solutions

Where does the performance come from? Scenario analysis:

Historic performance is no indication for future performance

	base case ^[SEP] (Equities+7%, Yields+0.2)	best ^[SEP] (E+10, Y flat, Spread -10Bp)	worst ^[SEP] (E-10, Y-20 Bp, Spread +30Bp)
Equity exposure x equity-portfolio-beta x equity market development	2.3	3	-3
Equity exposure x dividend yield (average: 2.5%)	0.75	0.75	0.75
Active Management of equity allocation and beta	0.5	0.5	0
Alpha from equity selection	0.5	1	-0.3
Fat tail management with equity options	-0.5	-0.5	2.0
Interest duration (currently 5)	-1	0	1
Active Management of interest duration and credit beta	0.5	1	-0.5
Credit duration (currently 6)	0	0.60	-1,80
Carry and oll own	0.33	0.33	0.33
Alpha from bond selection	0.5	1	-0.3
Cash	-0.03	-0.03	-0.03
Sum	3.9	7.6	-1.9

Source: own estimates and calculations

Customer-oriented implementation solutions

Individual solutions to your needs



Appendix

Parameters: SDG Evolution Flexibel

SDG EVOLUTION FLEXIBEL: Conservative European Multi-Asset Strategy

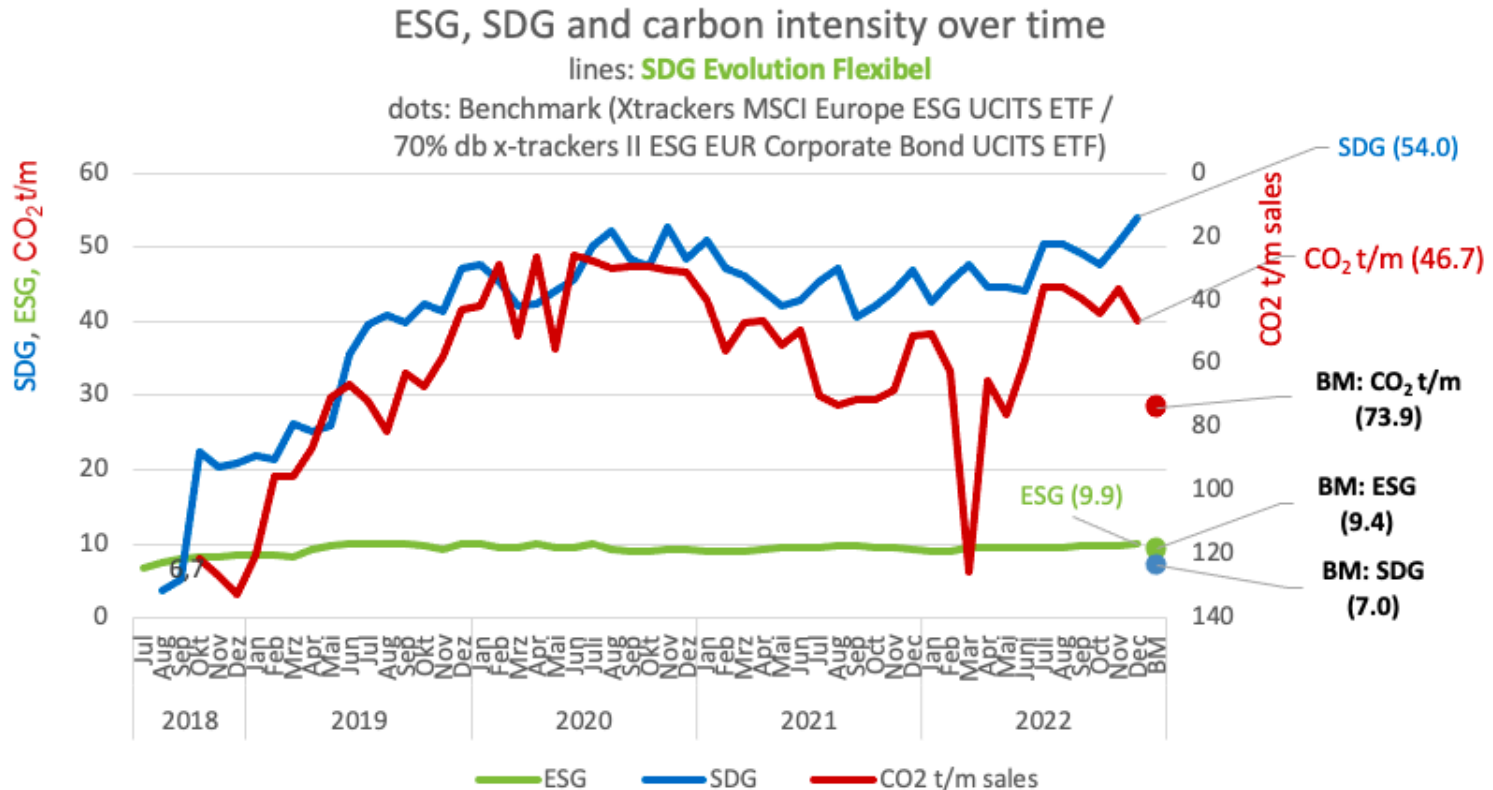
	Min		Max
Gross equity exposure	25%	45.5	49%
Net equity exposure	0%	30.2	49%
Rating	BB-	BBB+	AAA
Net Effective Duration Inkl. Derivate	-2	4.78	5
Spread Duration	4	5.29	7
HY/NR exposure	0%	3.7	20%
EM exposure	0%	0	10%

Currency risks are hedged by at least 99 %.

Source: Universal Investment, December 31st, 2022

Appendix

Low carbon footprint and transparent reporting (SDG Evolution Flexibel)



Source: MSCI ESG, December 31st, 2022
 See appendix for methodology

Relatively good financial performance in 2022



The award ceremony will take place in Wiesbaden on 24.1.2023



SDG Evolution Flexible I Attributions Analysis 2022. Source: Universal Investment

- Active use of DAX put options
- Active reduction of interest rate risks
- No exposure to Russia
- Successful selection of sustainable stocks and bonds
- Good allocation to attractive new issues

Appendix

Financial Performance (SDG Evolution Flexibel AK I)

Since 02.07.2018 ESG Portfolio Management GmbH advises the fund (green fields) and integrates sustainability from 2019

ISIN:	WKN:	Currency:	Volume:	Total fund size:
DE000A1W9AZ5	A1W9AZ	EUR	7.5 Mio. EUR	8.7 Mio. EUR

Cumulated performance (in %)

	1 M	1 Y	3 Y	5 Y	Since inception	CY	2019	2020	2021
fund	5.26	-1.51	1.65	1.61	5.81	-0.44	2.55	5.37	-2.81
fund p.a.			0.55	0.32	0.66				

Monthly performance (in %)

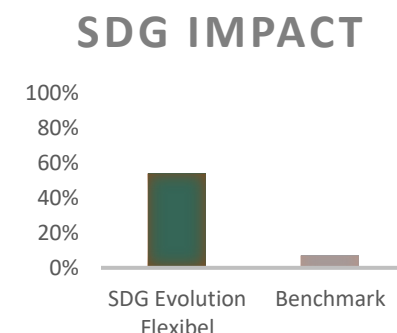
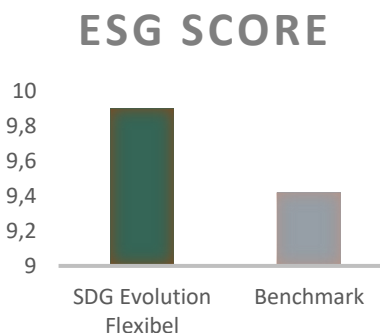
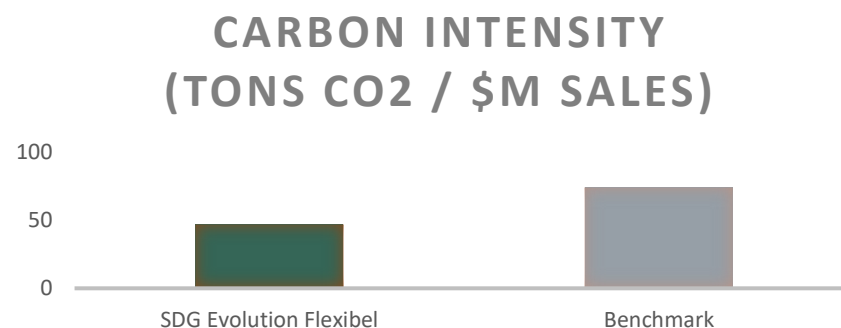
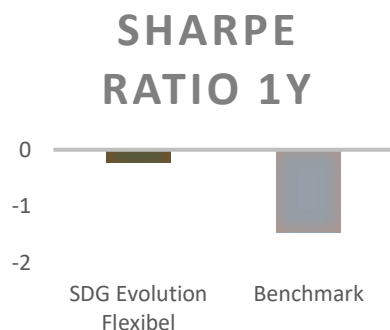
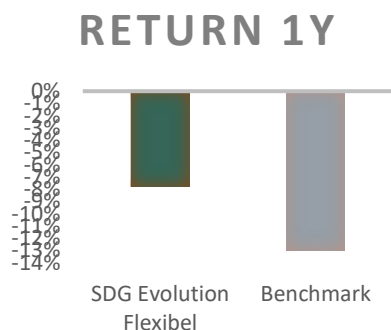
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	YTD
2016	-3.02	-2.12	1.21	-0.19	-0.17	-1.83	0.64	0.50	-0.47	-0.37	-0.93	1.41	-5.32
2017	0.16	1.13	1.51	0.85	0.28	-1.33	0.34	-0.72	2.96	0.84	-0.62	-0.32	5.12
2018	0.92	-1.36	-1.01	1.38	-1.23	-0.53	1.16	-0.84	-0.12	-1.57	0.42	-2.09	-4.84
2019	1.78	1.65	0.44	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	-0.80	-1.30	1.50	-2.80
2022	-3.40	2.90	1.50	-1.26	-2.80	2.41	5.26	0.55	-6.34	-3.21	3.28	-1.60	-7.77

Appendix

Parameters: SDG Evolution Flexibel

SDG EVOLUTION FLEXIBEL: Conservative European Multi-Asset Strategy

	Financial	Sustainability
Ø net equity share	-19.1% (max. brutto 49%)	
number positions	40 - 75 (Ø 60)	



Sources: Universal Investment, MSCI, DWS, iShares, finanzen.net
 As of: December 31st, 2022
 Benchmark: 30% db x-trackers Europe ESG ETF /
 70% db x-trackers II ESG EUR Corporate Bond UCITS ETF

Sources: Universal Investment, MSCI, DWS, iShares
 See appendix for methodology; As of December 31st, 2022

Appendix

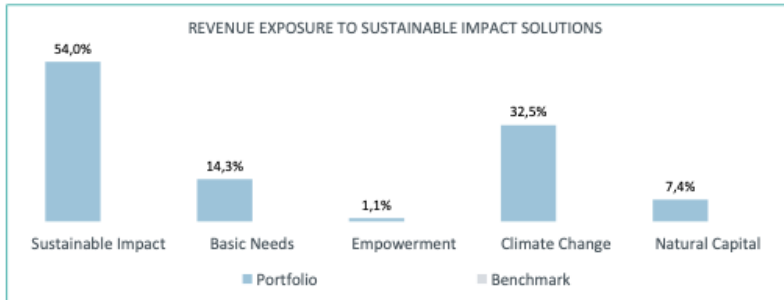
MSCI Sustainable Impact Assessment (SDG Evolution Flexibel)

MSCI Sustainable Impact Portfolio Snapshot

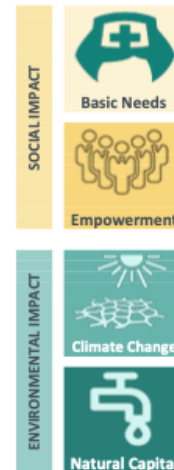
SDG Flexibel

Estimated revenue exposure of constituents to sustainable impact themes as of

	# OF SECURITIES	COVERAGE		CONSTITUENT REVENUE EXPOSURE TO SUSTAINABLE IMPACT SOLUTIONS ^{1,0}			SUSTAINABLE IMPACT ASSESSMENT*
		# of Securities	Market Value	# of Securities	Market Value	Revenue Exposure*	
SDG Flexibel	61	52	84,4%	42	72,1%	54,0%	VERY HIGH



ACTIVE REVENUE EXPOSURE TO SUSTAINABLE IMPACT SOLUTIONS



TOP 5 CONTRIBUTORS TO PORTFOLIO'S REVENUE EXPOSURE TO SUSTAINABLE IMPACT SOLUTIONS

Company	Contribution to Portfolio Revenue Exposure	Theme
1 SIMS LIMITED	5,1%	Pollution Prevention
2 VESTAS WIND SYSTEMS A/S	4,3%	Alternative Energy
3 SIGNIFY N.V.	4,2%	Energy Efficiency
4 SMA SOLAR TECHNOLOGY AG	3,5%	Alternative Energy, Energy Efficiency
5 EDWARDS LIFESCIENCES CORPORATION	3,1%	Major Disease Treatment

To be eligible to contribute, a company must generate revenue from products or services that help solve at least one of the world's major social and environmental challenges, while maintaining minimum ESG standards through its operations.

* See Appendix for methodology














Appendix

MSCI Sustainable Impact Assessment – Themes (SDG Evolution Flexibel)

MSCI Sustainable Impact Portfolio Snapshot

SDG Flexibel

ESTIMATED ANNUAL REVENUE GENERATED BY COMPANIES FROM PRODUCTS & SERVICES PROVIDING SUSTAINABLE IMPACT SOLUTIONS

Social Impact Solutions For a \$1mm investment in the Portfolio or a hypothetical investment of \$1mm allocated to replicate the index:	BASIC NEEDS				EMPOWERMENT		
	 Nutrition	 Affordable Real Estate	 Major Disease Treatment	 Sanitation	 SME Finance	 Education	 Connectivity
SDG Flexibel: \$168.090 per year in Social Impact products & services	\$96.898 per year of revenues from nutritious food	\$7.699 per year of revenues from affordable real estate	\$10.067 per year of revenues from top 20 diseases treatment	\$12.130 per year of revenues from sanitary products	\$0 per year of revenues from SME lending	\$41.298 per year of revenues from education services	\$0 per year of revenues from connectivity - digital divide
Environmental Impact Solutions For a \$1mm investment in the Portfolio or a hypothetical investment of \$1mm allocated to replicate the index:	CLIMATE CHANGE			NATURAL CAPITAL			
	 Alternative Energy	 Energy Efficiency	 Green Building	 Sustainable Water	 Pollution Prevention	 Sustainable Agriculture	
SDG Flexibel: \$487.135 per year in Clean Tech products & services	\$106.997 per year of revenues from alternative energy technologies	\$112.163 per year of revenues from energy efficiency technologies	\$23.683 per year of revenues from green building	\$784 per year of revenues from sustainable water technologies	\$232.185 per year of revenues from pollution prevention technologies	\$11.323 per year of revenues from sustainable agriculture	

Source: MSCI Sustainable Impact Portfolio Snapshot, December 31st, 2022

Appendix

Allocation of MSCI Sustainable Impact Themes to SDGs (SDG Evolution Flexibel)

SDG Evolution Flexibel Stand 31. Dezember 2022								
MSCI ESG Bereich	MSCI ESG Thema	USD nach MSCI ESG	Zuteilung SDG				in %	
Basic Needs	Nutrition	96.898	2	1	Keine Armut	7.699	0,6	
	Affordable Real Estate	7.699	1	2	Kein Hunger	108.221	8,9	
	Major Disease Treatment	10.067	3	3	Gesundheit und Wohlergehen	10.067	0,8	
	Sanitation		12.130	6	4	Hochwertige Bildung	41.298	3,4
					5	Geschlechtergleichheit	0	0,0
					6	Sauberes Wasser und Sanitäreinrichtungen	12.914	1,1
Empowerment	SME Finance	-	1, 8	7	Bezahlbare und saubere Energie	112.163	9,2	
	Education	41.298	4	8	Menschenwürdige Arbeit und Wirtschaftswachstum	-	0,0	
	Connectivity		9	9	Industrie, Innovation und Infrastruktur	11.842	1,0	
				10	Weniger Ungleichheiten	0	0,0	
Climate Change	Alternative Energy	106.997	13	11	Nachhaltige Städte und Gemeinden	11.842	1,0	
	Energy Efficiency	112.163	7	12	Nachhaltige/r Konsum und Produktion	232.185	19,1	
	Green Building		23.683	9, 11	13	Maßnahmen zum Klimaschutz	106.997	8,8
					14	Leben unter Wasser	0	0,0
Natural Capital	Sustainable Water	784	6	15	Leben an Land	0	0,0	
	Pollution Prevention	232.185	12	16	Frieden, Gerechtigkeit und starke Institutionen	0	0,0	
	Sustainable Agriculture	11.323	2	17	Partnerschaften zur Erreichung der Ziele	0	0,0	
	Summe	655.227	54,0%				54,0%	

Source: MSCI Sustainable Impact Portfolio Snapshot & own allocation to SDGs, December 31st, 2022

Appendix

Parameters: SDG Evolution Bonds

SDG Evolution Bonds: Conservative European investment grade fixed-income strategy

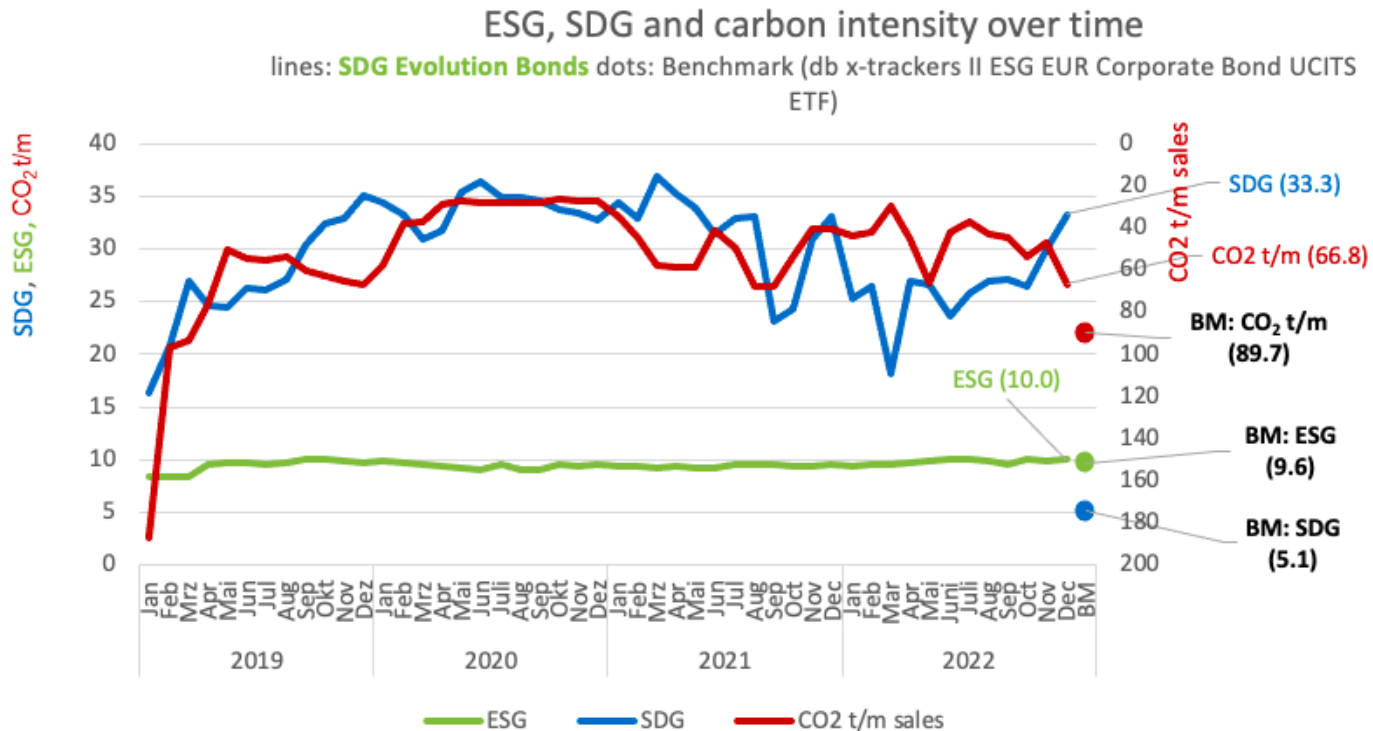
	Min		Max
Credit Rating	BB-	A-	AAA
Net Effective Duration Inkl. Derivate	1	5.02	5
Spread Duration	4	5.81	7
HY/NR exposure	0%	4	20%
EM exposure	0%	0.0	10%

Currency risks are hedged by at least 99%.

Source: Universal Investment, December 31st, 2022

Appendix

Low carbon footprint and transparent reporting (SDG Evolution Bonds)



Source: MSCI ESG, December 4th 2022
 See appendix (page 50) for methodology

Appendix

Financial Performance (SDG Evolution Bonds)

Since February 2019 ESG Portfolio Management GmbH advises the fund (green fields) and integrates sustainability

ISIN:	WKN:	Currency:	Volume:
DE000A2AQZE9	A2AQZE	EUR	5.2 Mio. EUR

Cumulated performance (in %)

	1 M	1 Y	3 Y	5 Y	Since inception	CJ	2019	2020	2021
Fonds	4.04	-12.06	-12.38	-12.99	-12.18	-9.09	-0.06	1.65	-3.43
Fonds p.a.			-4.32	-2.75	-2.32				

Monthly performance (in %)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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	0.4	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	-0.50	-1.0	-0.9	-0.5	-3.4
2022	-1.3	-2.3	-1.7	-2.37	-0.55	-3.60	4.04	-3.14	-3.39	-3.20	2.97	-1.55	-16.52

Source: Universal Investment, December 31st, 2022

Appendix

Parameters: SDG Evolution Bonds

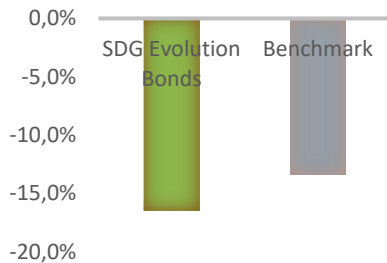
SDG Evolution Bonds Conservative European investment grade fixed-income strategy

Financials

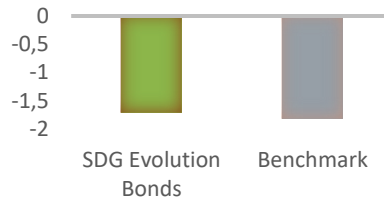
number positions 40 - 60 (Ø 50)

Sustainability

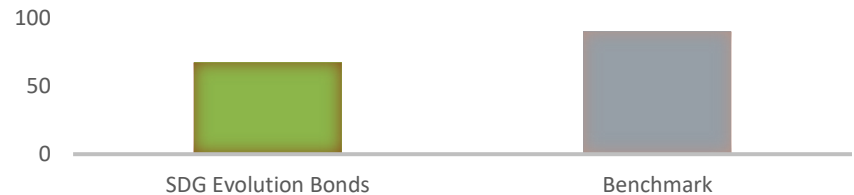
RETURN 1Y



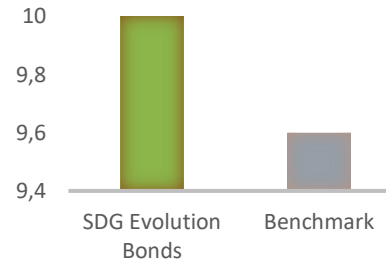
SHARPE RATIO 1Y



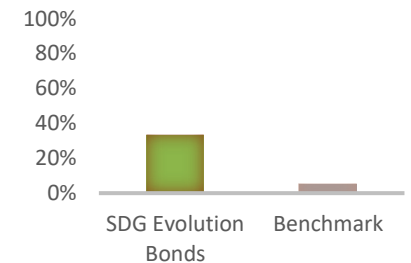
CARBON INTENSITY (TONS CO2 / \$M SALES)



ESG SCORE



SDG IMPACT



Sources: Universal Investment, DWS, finanzen.net
 As of: December 31st 2022
 Benchmark: db x-trackers II ESG EUR Corporate Bond UCITS ETF

Sources: Universal Investment, MSCI, DWS
 See appendix for methodology
 As of: December 31st, 2022

Appendix

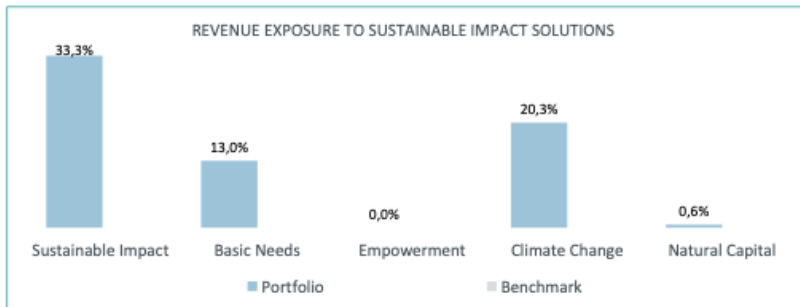
MSCI Sustainable Impact Assessment (SDG Evolution Bonds)

MSCI Sustainable Impact Portfolio Snapshot

SDG Bonds

Estimated revenue exposure of constituents to sustainable impact themes as of

	# OF SECURITIES	COVERAGE		CONSTITUENT REVENUE EXPOSURE TO SUSTAINABLE IMPACT SOLUTIONS=0			SUSTAINABLE IMPACT ASSESSMENT*
		# of Securities	Market Value	# of Securities	Market Value	Revenue Exposure*	
SDG Bonds	34	25	74,0%	15	49,5%	33,3%	●●●● VERY HIGH



TOP 5 CONTRIBUTORS TO PORTFOLIO'S REVENUE EXPOSURE TO SUSTAINABLE IMPACT SOLUTIONS

Rank	Company	Contribution to Portfolio Revenue Exposure	Theme
1	KLEPIERRE SA	5,8%	Green Building
2	EDWARDS LIFESCIENCES CORPORATION	4,4%	Major Disease Treatment
3	VONOVIA SE	3,7%	Affordable Real Estate, Green Building
4	ORSTED A/S	3,7%	Alternative Energy
5	SIGNIFY N.V.	3,1%	Energy Efficiency

To be eligible to contribute, a company must generate revenue from products or services that help solve at least one of the world's major social and environmental challenges, while maintaining minimum ESG standards through its operations.

* See Appendix for methodology

ACTIVE REVENUE EXPOSURE TO SUSTAINABLE IMPACT SOLUTIONS

SOCIAL IMPACT

- Basic Needs
- Empowerment

ENVIRONMENTAL IMPACT

- Climate Change
- Natural Capital

Source: MSCI Sustainable Impact Portfolio Snapshot, January 01st, 2023














Appendix

MSCI Sustainable Impact Assessment – Themes (SDG Evolution Bonds)

MSCI Sustainable Impact Portfolio Snapshot

SDG Bonds

ESTIMATED ANNUAL REVENUE GENERATED BY COMPANIES FROM PRODUCTS & SERVICES PROVIDING SUSTAINABLE IMPACT SOLUTIONS

Social Impact Solutions For a \$1mm investment in the Portfolio or a hypothetical investment of \$1mm allocated to replicate the index:	BASIC NEEDS				EMPOWERMENT		
	 Nutrition	 Affordable Real Estate	 Major Disease Treatment	 Sanitation	 SME Finance	 Education	 Connectivity
SDG Bonds: \$59.687 per year in Social Impact products & services	\$9.097 per year of revenues from nutritious food	\$16.686 per year of revenues from affordable real estate	\$10.784 per year of revenues from top 20 diseases treatment	\$23.119 per year of revenues from sanitary products	\$0 per year of revenues from SME lending	\$0 per year of revenues from education services	\$0 per year of revenues from connectivity - digital divide
Environmental Impact Solutions For a \$1mm investment in the Portfolio or a hypothetical investment of \$1mm allocated to replicate the index:	CLIMATE CHANGE			NATURAL CAPITAL			
	 Alternative Energy	 Energy Efficiency	 Green Building	 Sustainable Water	 Pollution Prevention	 Sustainable Agriculture	
SDG Bonds: \$129.502 per year in Clean Tech products & services	\$16.556 per year of revenues from alternative energy technologies	\$81.174 per year of revenues from energy efficiency technologies	\$27.314 per year of revenues from green building	\$0 per year of revenues from sustainable water technologies	\$0 per year of revenues from pollution prevention technologies	\$4.458 per year of revenues from sustainable agriculture	

Source: MSCI Sustainable Impact Portfolio Snapshot, January 01st, 2023

Appendix

Allocation of MSCI Sustainable Impact Themes to SDGs (SDG Evolution Bonds)

SDG Evolution Bond Fonds Stand 31. Dezember 2022								
MSCI ESG Bereich	MSCI ESG Thema	USD nach MSCI ESG	Zuteilung SDG			in %		
Basic Needs	Nutrition	9.097	2	1	Keine Armut	16.686	2,9	
	Affordable Real Estate	16.686	1	2	Kein Hunger	13.555	2,4	
	Major Disease Treatment	10.784	3	3	Gesundheit und Wohlergehen	10.784	1,9	
	Sanitation		23.119	6	4	Hochwertige Bildung	-	0,0
					5	Geschlechtergleichheit	0	0,0
					6	Sauberes Wasser und Sanitäreinrichtungen	23.119	4,1
Empowerment	SME Finance	-	1, 8	7	Bezahlbare und saubere Energie	81.174	14,3	
	Education	-	4	8	Menschenwürdige Arbeit und Wirtschaftswachstum	-	0,0	
	Connectivity		9	9	Industrie, Innovation und Infrastruktur	13.657	2,4	
				10	Weniger Ungleichheiten	0	0,0	
Climate Change	Alternative Energy	16.556	13	11	Nachhaltige Städte und Gemeinden	13.657	2,4	
	Energy Efficiency	81.174	7	12	Nachhaltige/r Konsum und Produktion	-	0,0	
	Green Building	27.314	9, 11	13	Maßnahmen zum Klimaschutz	16.556	2,9	
				14	Leben unter Wasser	0	0,0	
Natural Capital	Sustainable Water	-	6	15	Leben an Land	0	0,0	
	Pollution Prevention	-	12	16	Frieden, Gerechtigkeit und starke Institutionen	0	0,0	
	Sustainable Agriculture	4.458	2	17	Partnerschaften zur Erreichung der Ziele	0	0,0	
	Summe	189.188	33,3%				33,3%	

Source: MSCI Sustainable Impact Portfolio Snapshot & own allocation to SDGs, January 01st, 2023

Appendix

Methodology for calculating sustainability indicators

Anbieter	KPI/Tool	Weitere Informationen
MSCI ESG	ESG Ratings	https://www.msci.com/our-solutions/esg-investing/esg-ratings#:~:text=An%20MSCI%20ESG%20Rating%20is%20designed%20to%20measure,well%20they%20manage%20those%20risks%20relative%20to%20peer
	ESG Fund Ratings	https://www.msci.com/documents/1296102/15388113/MSCI+ESG+Fund+Ratings+Exec+Summary+Methodology.pdf
	SDG Alignment	https://www.msci.com/documents/1296102/16472518/ESG_ImpactMetrics-cfs-en.pdf/7a03ddab-46fd-cef7-5211-c07ab992d17b
	Taxonomy Alignment	https://www.msci.com/documents/1296102/26144308/Issuer-level-data-EU-Sustainable-Finance-Module-cfs-en-DMC.pdf#:~:text=MSCI%20EU%20Taxonomy%20Alignment%20Access%20percentage%20revenue%20from,the%20six%20environmental%20objectives%20of%20the%20EU%20Taxonomy.
	Principle Adverse Impacts	https://www.msci.com/documents/1296102/26144308/Issuer-level-data-EU-Sustainable-Finance-Module-cfs-en-DMC.pdf
	Carbon Intensity	https://www.msci.com/documents/10199/1283513/MSCI_ESG_Metrics_Calc_Methodology_Dec2020.pdf/92a299cb-0dbc-63ba-debb-e821bd2e2b08 (chapter 3.2)
right. based on science	XDC-Gap-Analyse (Temperature Alignment)	https://www.right-basedonscience.de/en/xdc-model/
ESG Screen I7	Exclusion Screening	https://www.screen17.com/#product
Clarity AI	Taxonomy Alignment	https://clarity.ai/in-the-news/eu-taxonomy-using-tech-to-analyze-green-fund-performance/

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