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ESG PORTFOLIO MANAGEMENT

Report December 2021

The real growth in renewable energy has not accelerated as expected

We thank our clients for their patience and trust

Christoph Klein

For the third time in a row, our two funds received the FNG label with three stars.

ESG Portfolio Management received the ESG Investing awards "best fixed-income investment fund" and "best multi-asset investment fund".

BEST FIXED INCOME INVESTMENT FUND
ESG Investing
Winner: Awards 2021

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

Also, we won the "German Excellence Price 2022" in the category Strategy & Transformation

OUR SUMMARY FOR 2021

Our mission statement and belief is, that companies providing sustainable products and services should perform well in the long run with lower risk.

In 2021 both funds delivered weak financial performances. We have been too defensive, and our equity index put options have been a drag on the performance.

As we understand the need and urgency to protect the climate, we invest in global market leaders in renewable energy. Unfortunately, their performance was disappointing (Orsted -35%; Scatec -56%; Vestas -32%) as increasing costs reduced margins and growth was below expectations. Joe Manchin blocking Joe Biden's plan to fund more than USD 500 bn to tackle climate change was not helpful.

Also, some investments in other sectors like Alstom (-35%) and AcadeMedia (-31%) underperformed.

Our successful positions like BioNTech (+205%) and IDP Education (+68%) have been smaller in size and could not compensate for these losses. FCR Immobilien (+42%) delivered a positive contribution.

The bond fund suffered from the general credit spread widening. Our interest rate hedges have not worked out (yet). We expect higher inflation, driven by higher carbon prices, logistical frictions, and some de-globalization.

In December, the price of Deutsche Lichtmiete's bond plunged driven by suspected fraud. Going forward, we will reduce our holdings faster when engagements are fruitless or general questions remain unanswered. We work hard that the performance will improve for both funds in 2022.

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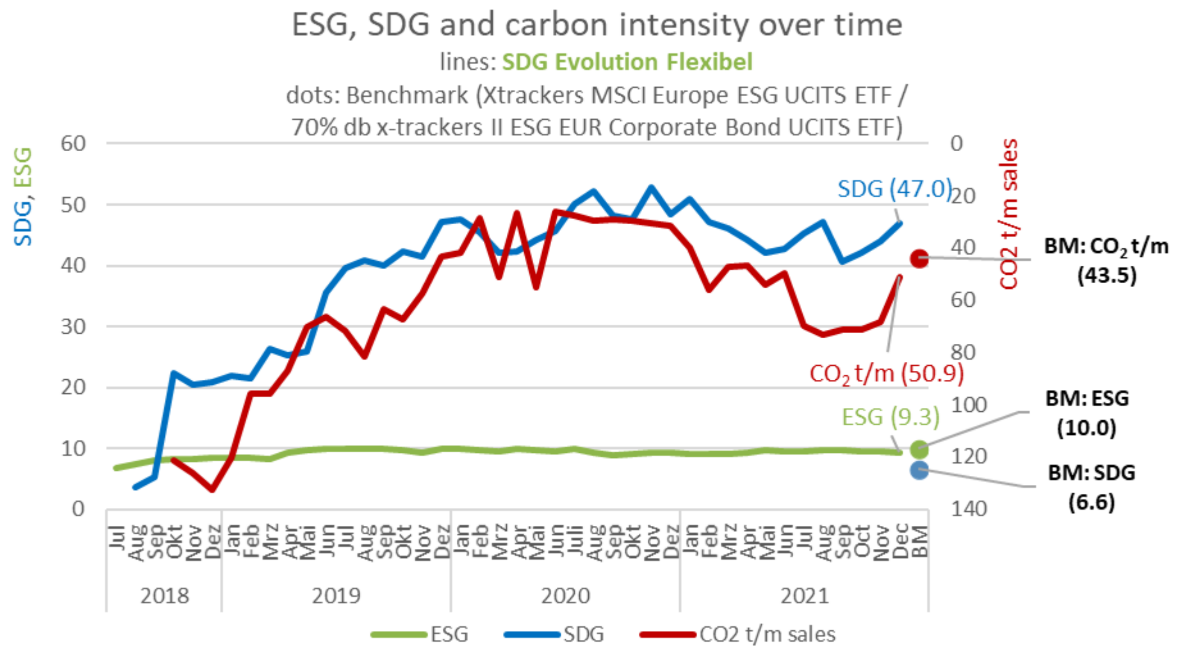
SDG EVOLUTION FLEXIBEL I (WKN: A1W9AZ)

In December, the SDG Evolution Flexibel I gained 1,53 % driven by positive equity markets. FCR Immobilien delivered a solid outperformance. During December we took partial profits on our BUXL shorts as yield curves steepened. The primary market was very quiet, and we did not buy any new bond issues. On December 20th we added Vestas shares at 183,60 as they plunged thanks to senator Joe Manchin.

The SDG Evolution Flexibel achieves an overall ESG score of 9.3 (maximum 10). 4% of our positions got an ESG rating upgrade and none a downgrade. For E we achieved a score of 7.2, for S 6.0, and for G 6.3. Carbon emissions, at 50.9 t CO_2 per USD million of sales are above the benchmark (30% Xtrackers MSCI Europe ESG UCITS ETF / 70% db x-trackers II ESG EUR Corporate Bond UCITS ETF: 43.5 t) as we focus more on transition and increased our holdings in industrial companies which actively reduce their emissions. The SDG score is 47 % (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, January 3rd, 2022

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

Source: Universal-Investment, December 30th, 2021

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Portfolio statistics: as of December 30th, 2021 (Source: Universal Investment)

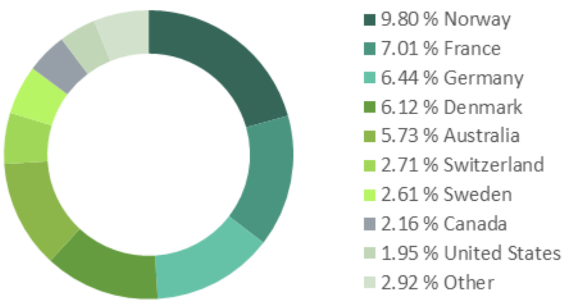
(net) Asset Allocation	
Equities	47.5% (33.8%)
Bonds	50.9% (33.6%)
Gold	0%
Cash	0.5%

Risk measurement	
Risk-return profile	4 (max.7)
Vola / SharpeR 3 years	5.46 / 0.40
Ø Credit-Rating	BBB+
(net) Interest duration	1.84
Spread duration	5.22

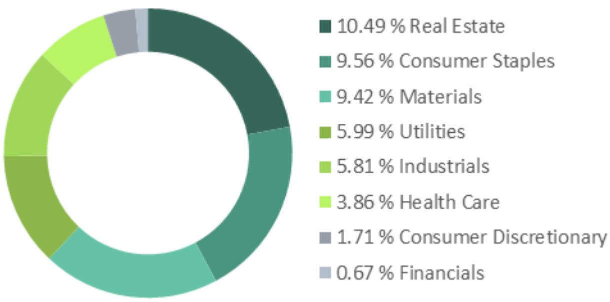
Bond Ratings	
AAA/AA	5.0%
A	27.2%
BBB	56.6%
BB	1.9%
NR	9.3%

Top Equity Holdings
FCR Immobilien
Sims Ltd.
Amgen Inc.
Vestas Wind
Edwards Lifesciences

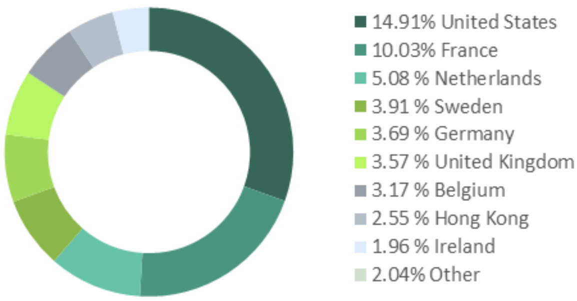
Equities by country



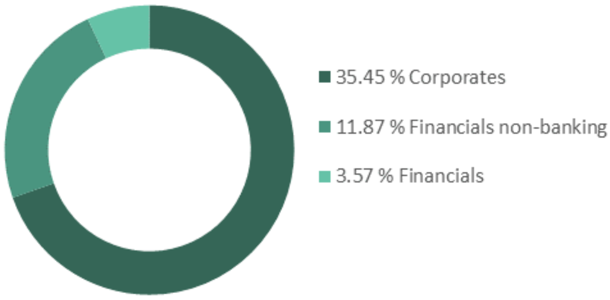
Equities by industry sectors



Fixed Income by country



Fixed Income by industry sectors



Product details: as of December 30th, 2021 (Source: Universal Investment)

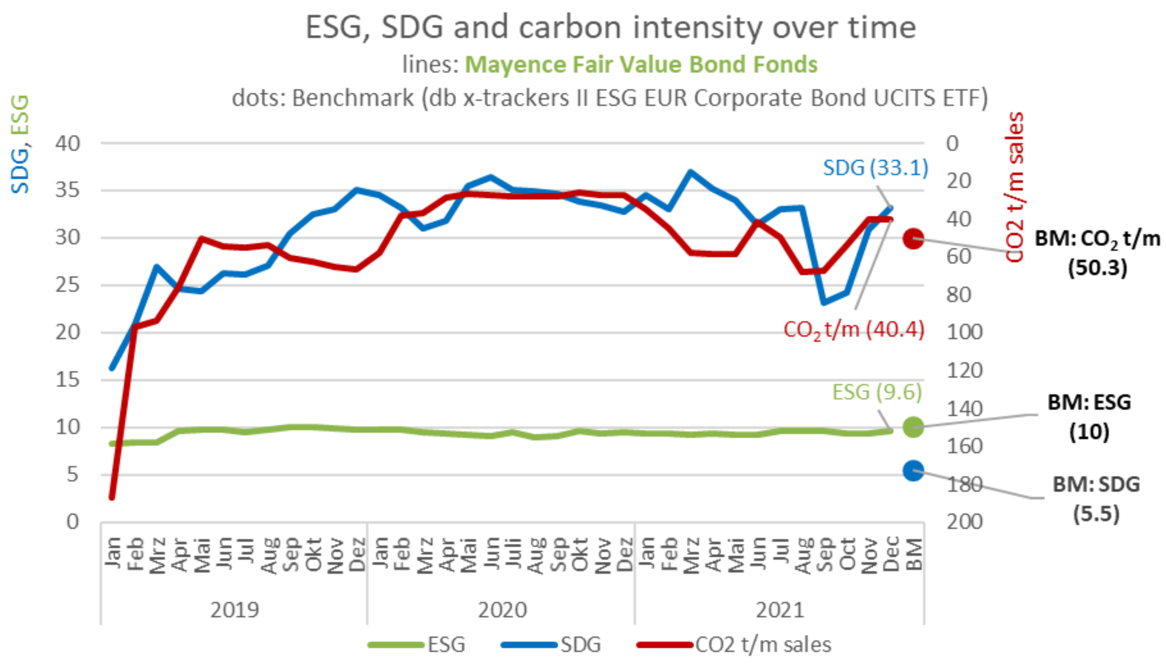
	WKN	ISIN	TER	AuM	Min. Investment
SDG Evolution Flexibel I	A1W9AZ	DE000A1W9AZ5	1.14%	8.0	100,000 EUR
SDG Evolution Flexibel R	A1W9AA	DE000A1W9AA8	1.85%	1.0	100 EUR

MAYENCE FAIR VALUE BOND FONDS (WKN: A2AQZE)

In December, the value of our bond fund decreased 0.53 % mainly driven by the dramatic fall in Deutsche Lichtmiete's bond prices. We did not buy any new issue in December and took partial profits on our interest rate hedges.

The fund has a very high ESG score of 9.6 (max. 10). 9% of our positions received an ESG rating upgrade and none a downgrade. For E we get 7.4, for S 6.2, and for G 6.0. The Mayence achieves an SDG impact of 33.1. The CO_2 emissions of the companies in the portfolio amount to 40.4 t CO_2 per million USD of sales (benchmark: db x-trackers II ESG EUR Corporate Bond: 50.3 t) (sources: MSCI ESG).

The following chart shows the fund's performance in terms of ESG quality, SDG impact and CO_2 emissions:



Source: MSCI ESG, January 3rd, 2022

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

Source: Universal Investment, December 30th, 2021

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Portfolio statistics: as of December 30th, 2021 (Source: Universal Investment)

Rating Distribution

AAA/AA	4.2%
A	25.4%
BBB	63.8%
BB	1.9%
NR	6.7%

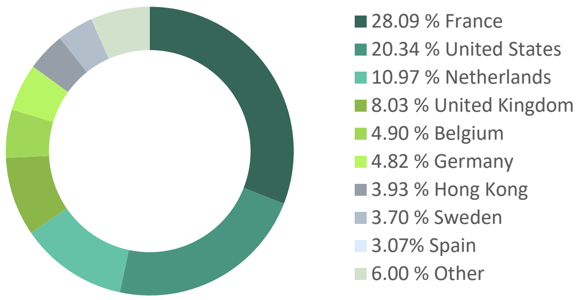
Risk measurements

Risk-return profile	3 (max. 7)
Vol. / SharpeR 3 y.	2.40% / -0.05
Ø Credit-Rating	BBB+
(net) Interest duration	3.35
Spread duration	6.28

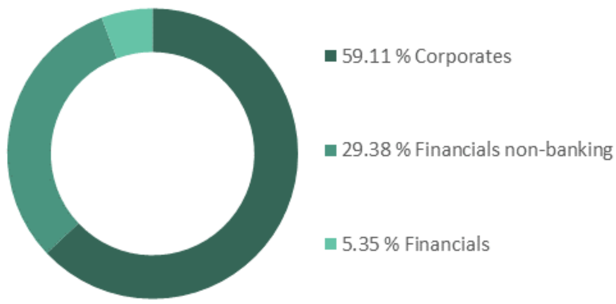
Top Holdings

Klépierre
Covivio
Gilead Sciences
Gecina
Amgen

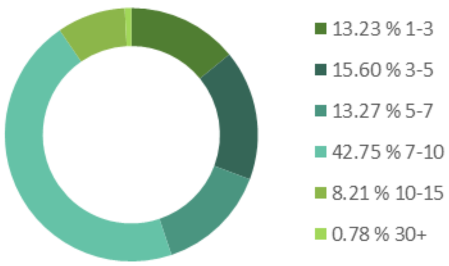
Fixed Income by country



Fixed Income by industry sectors



Fixed Income by maturity profile



Product details: as of December 30th, 2021 (Source: Universal Investment)

	WKN	ISIN	TER	AuM	Min. Investment
Mayence Fair Value Bond	A2AQZE	DE000A2AQZE9	1.11%	6.6	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) - Nuclear power generation - Uranium mining - Embryonic stem cell research and cloning technology	0%
- Coal-fired power generation - Oil extraction, processing and power generation - 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%

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 CO_2 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 Mayence Fair Value bond fund are Paris-aligned (1.75 degree). 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.

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