



Au Ag | ESGO ETF

### Why ESGO?

- With the current investment environment there's a **strong case for gold and gold miners**
- Some investors cannot invest in gold directly, ESGO offers **commodity exposure through equity**
- Existing gold mining ETFs have **concentration risks, and no ESG conscious mandate**
- Precious metals are **indispensable in the transformation to a green world**

### How?

- A portfolio of **25 equal-weighted companies** active in the gold mining industry
- An **active ESG rebalancing** where only the 25 best companies with regards to ESG risk is included
- The ESG data is provided by Sustainalytics, the **market leader within ESG analytics**

### What is the result?

- The equal-weighted design gives more exposure towards mid-cap, hence a **higher return potential** (beta+) than peers
- **No concentration risk** in comparison to market/liquid-weighted sector ETFs
- **Tracks 25 best-in-class ESG Risk companies.** First ETF to use active **ESG within a sector**
  - Carbon Intensity compared to sector universe **reduced to 47%**
  - ESG Risk Rating compared to sector universe, **38 to 28**
    - No "bad ESG companies" from the sector. **Reduces the risk of negative media coverage** spilling over to the investor
    - **SFDR 8 compliant** for investors that have mandates restricting investments to only article 8 or 9 funds
    - The WGC climate change report show the net-zero pathway for the best-in-class companies and their **alignment with the Paris Agreement**
      - **Promotes change within the sector** as the companies compete for a better ESG Risk Rating to be part of the index
      - Money flows (buying of equity) to leading ESG companies can have a **beneficial effect on future share prices**
        - Positive ESG changes in an industrial sector have a **larger net-effect for the world** compared to other sectors

# AuAg ESG Gold Mining UCITS ETF | ESGO

1. [A great Investment Case](#)
2. [A Smart ETF](#)
3. [An ESG conscious mandate](#)
4. [ESGO information](#)
5. [AuAg Funds](#)



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A great Investment Case

# Au, Aurum – “Shining Dawn”

- **The concept of money**

*A monetary standard enabled the creation of the world economy. The concept of money, (i.e., gold and silver in standard weight and fineness coins) allowed the world's economies to expand and prosper. During The Classic period of Greek and Roman rule in the western world, both gold and silver flowed to India in exchange for spices, and to China in exchange for silk. Money had been invented, and its name was gold.*

- **Gold is for the greatest**

*In sports gold medals are for winners, even if today's Olympic gold medals are made of gold-plated silver. Actually, the last Olympic medals made of pure gold were awarded in Stockholm (1912). But the Nobel Prize\*, that is awarded to the world's greatest scientists, is still made of pure gold and is celebrated in Stockholm in December each year. Alfred Nobel (1833-1896) was a Swedish chemist, engineer, inventor, businessman, and philanthropist. He later bequeathed his fortune to the Nobel Prize institution.*



# Gold – The Money of Central Banks

- **Currency without counterparty risk**

*“Gold [Au] is the only currency, along with Silver [Ag], that does not require a counterparty signature. No one refuses Gold as a payment while credit instruments and fiat currency depend on the credit worthiness of a counterparty” - Alan Greenspan.*

- **Printed money**

*In today’s world, “Gold is the Money of Central Banks”. After losing more than half of the US gold reserves in a few years, President Nixon had to set the price of gold free on the 15<sup>th</sup> of August 1971. Since then, the price of gold reflects the ever-increasing amount of printed money, and thereby the declining value of currencies. The Euro, has in its short lifespan of 20+ years lost approximately 85 percent of its value measured in gold.*

- **Central banks love gold**

*Central banks globally (especially China and Russia) have been big buyers of gold since the financial debt crisis in 2008.*

## WORLD OFFICIAL GOLD HOLDINGS

International Financial Statistics, April 2021\*

		Tonnes	% of reserves
1	United States	8 133	78,6%
2	Germany	3 362	75,7%
3	IMF	2 814	n.a.
4	Italy	2 451	70,7%
5	France	2 436	66,1%
6	Russia	2 295	23,2%
7	China	1 948	3,5%
8	Switzerland	1 040	5,8%
9	Japan	765	3,3%
10	India	687	6,9%
11	Netherlands	612	68,9%
12	Turkey	515	36,8%
13	ECB	504	34,6%

\*Source: [World Gold Council goldhub/central-bank-statistics](https://www.goldhub.org/central-bank-statistics)

# The Trends

- **Monetary inflation**

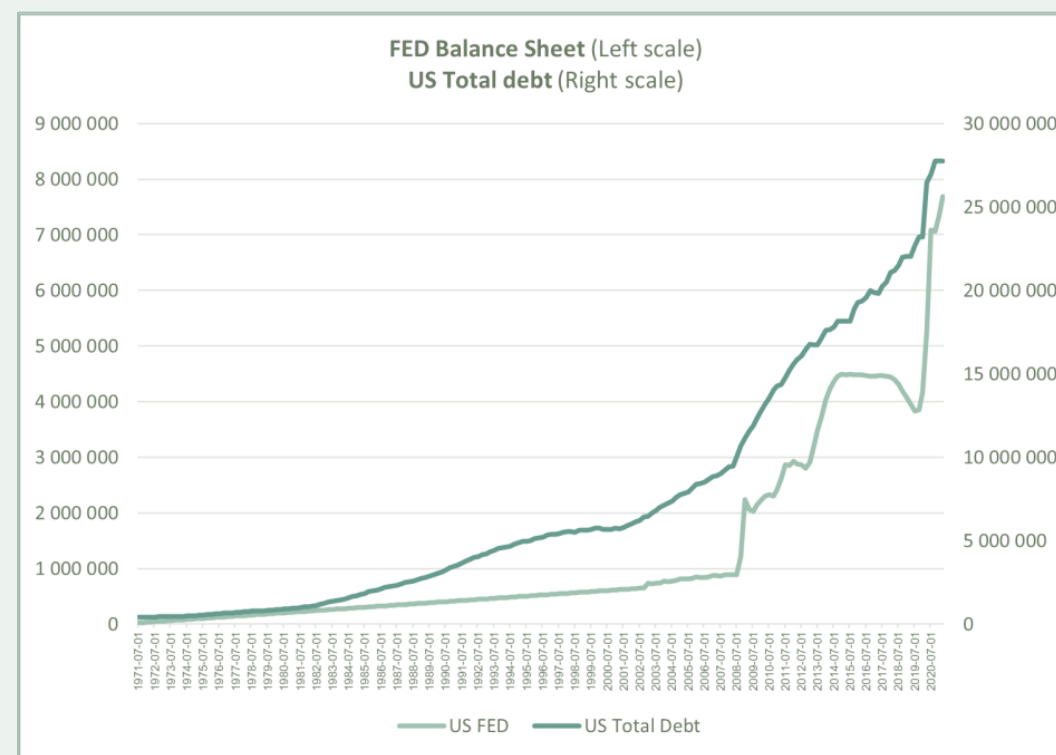
*The mega trend of monetary inflation is with us in every dynasty. Since the financial crisis in 2008 the money and debt creation has gone into overdrive. Monetary inflation can now be seen in in many financial assets. The global debt is just growing and can at these levels not even cope with higher interest rates resulting in continued negative real rates.*

- **Increased demand & sector rotation**

*Another driver for higher gold prices is the growing middleclass in countries with a strong tradition in gold and jewelry investing, such as China and India. There we can see growth in population as well as in higher purchasing power. A capital rotation into alternative markets, such as commodities is also likely in a “perfect storm” when the bond- and broad stock market, after a 30 respective 10+ year bull market, may go down in unison.*

- **Lean & Mean miners**

*The gold mining companies have since the old all-time-high in 2011 been, until 2019, in a cyclical bear market. They have in contrary to other sectors been forced to clean up their balance sheets. With difficulties to find new deposits, M&As are on the rise. Lean & Mean companies, that now with much higher prices and profits, are raising dividends and doing buy-backs.*



# The Equities – Gold Miners

- **Straight to the bottom line**

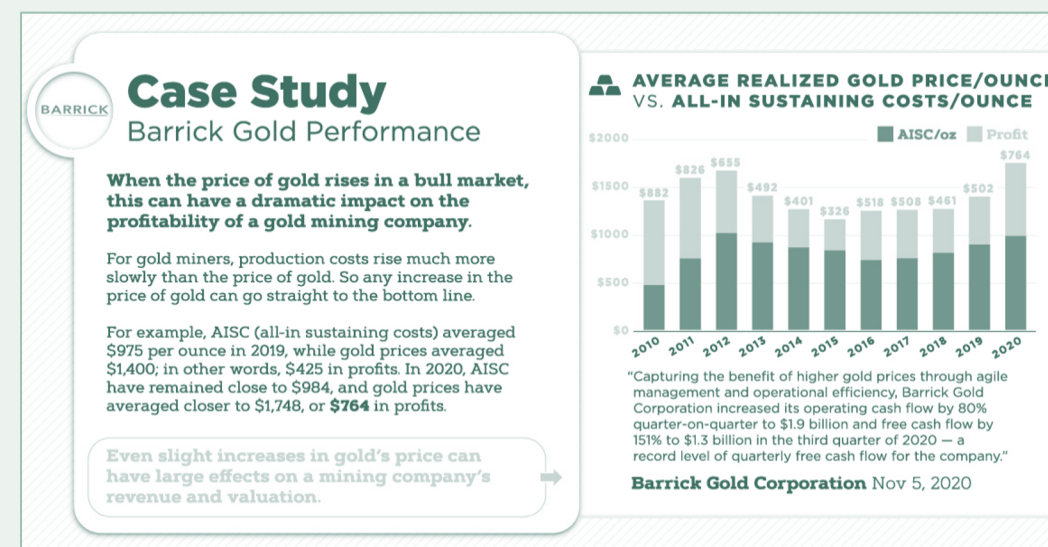
*When the price of gold rises in a bull market, it can have a dramatic impact on the profitability of a gold mining company. For gold miners, production costs rise more slowly than the price of gold. As a result, an increase in the price of gold can go straight to the bottom line.*

- **Commodity exposure through equity**

*The property, as a high-beta play on gold, can be used for targeting higher returns - or as well, to use a smaller part of the total portfolio for the same return contribution compared to an investment in the commodity itself. The companies also pay dividends.*

- **Perfect tool for portfolio construction**

*Gold mining equities have a low long-term correlation (historically approximately 0.3) to the broad stock market. Making them an equity investment with strong contribution potential for a return/risk optimized portfolio.*



# Au Ag ESGO ETF

A Smart ETF



# ESGO – A Smart ETF

- **It all starts with the Index**

*As index provider Solactive design and create financial indices focusing on high standards and customization. The Solactive AuAg ESG Gold Mining Index is quarterly rebalanced and actively invests in the sectors 25 ESG leaders. The impact investing process promotes companies ESG work and incentivize them to improve. The selection of the index components is fully rule-based and the index administrator cannot make any discretionary decision.*

- **Structured for a higher beta**

*The equal capped index also overweight allocation to the sectors mid-cap companies which may contribute to a stronger return profile in gold market upturns.*

- **Avoid concentration risk**

*An equal capped index removes an unwanted concentration risk. In more narrow sector ETFs, market weighted indices often end up having 25-35 percent exposure to the two largest companies in the sector.*



# ESGO Performance

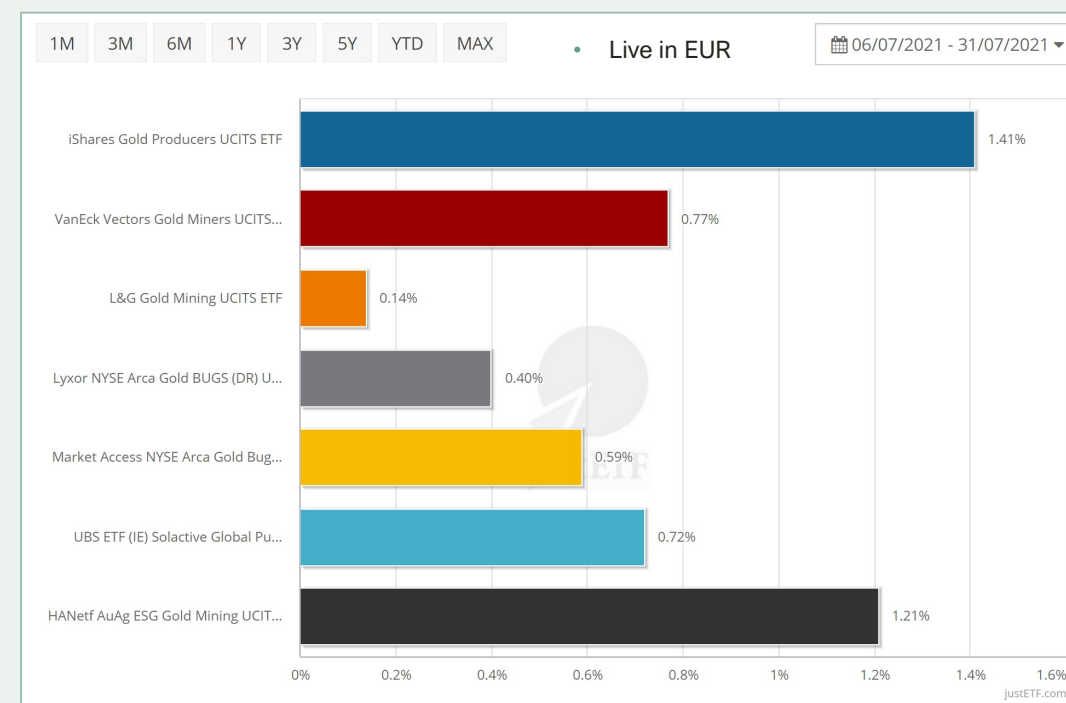
- Returns do matter**

*With both the ESG factor and the very distinct portfolio holdings the index has outperformed its main peers during the 6 past years (measurement interval limited by youngest peer). As we see the baby bull market now turning to a secular bull market for gold and gold miners, the dynamics and sweet spot for AuAg ESG Gold Mining UCITS ETF is in place.*

6 YEARS	Solactive AuAg ESG Gold Mining Index -Fee	VanEck Vectors Gold Miners ETF	iShares Gold Producers ETF
Total Return	122,21%	78,93%	106,76%
Return p.a.	14,16%	10,13%	12,80%
Volatility p.a.	35,62%	40,09%	34,49%
Drawdown	-45,50%	-43,90%	-43,71%

- Index Performance Statistics (27.03.15 – 05.04.21) (USD)
- Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product
- Comparison for illustrative purposes only

Source: Solactive, AuAg Funds, VanEck, iShares, justETF





Au Ag | ESGO ETF

An ESG conscious mandate

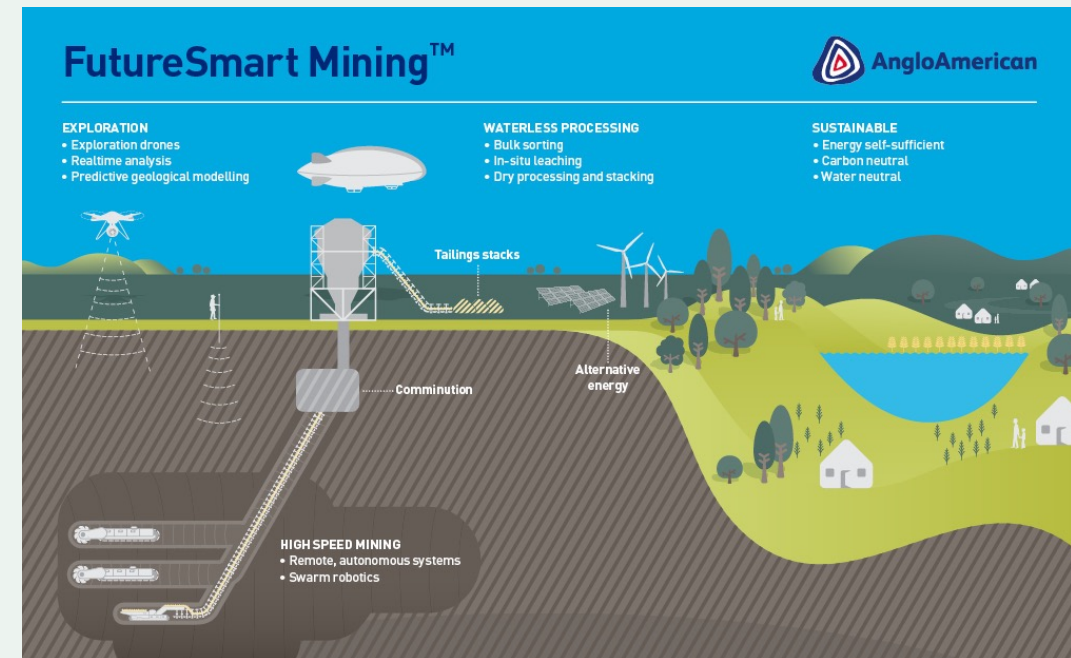
# ESG Conscious Mandate

- **Precious Metals are indispensable**

*Gold and other precious metals are elements that are fully recyclable. Precious Metals, with their unique properties, are indispensable in the transformation to a green world. For example, Platinum and Palladium, are the preferred catalysts used within petrol and diesel cars to reduce toxicity, whilst today's electric vehicles could not be manufactured without Copper and Silver.*

- **Impact where it makes a difference**

*Impact investing within the industry promotes environmentally friendly miners to be on the grid, build solar farms on site, use fuel-cell mining trucks, and restore sites post-project, leaving reusable infrastructure (roads, water, electricity) for other projects. The ETF is designed to hold mining companies that really strive to be in line with the Paris Agreement. Utilizing an ESG best-in-class strategy within the sector also ensures that investors do not own companies that are not ESG-friendly (otherwise owned by default in a plain market weighted index).*



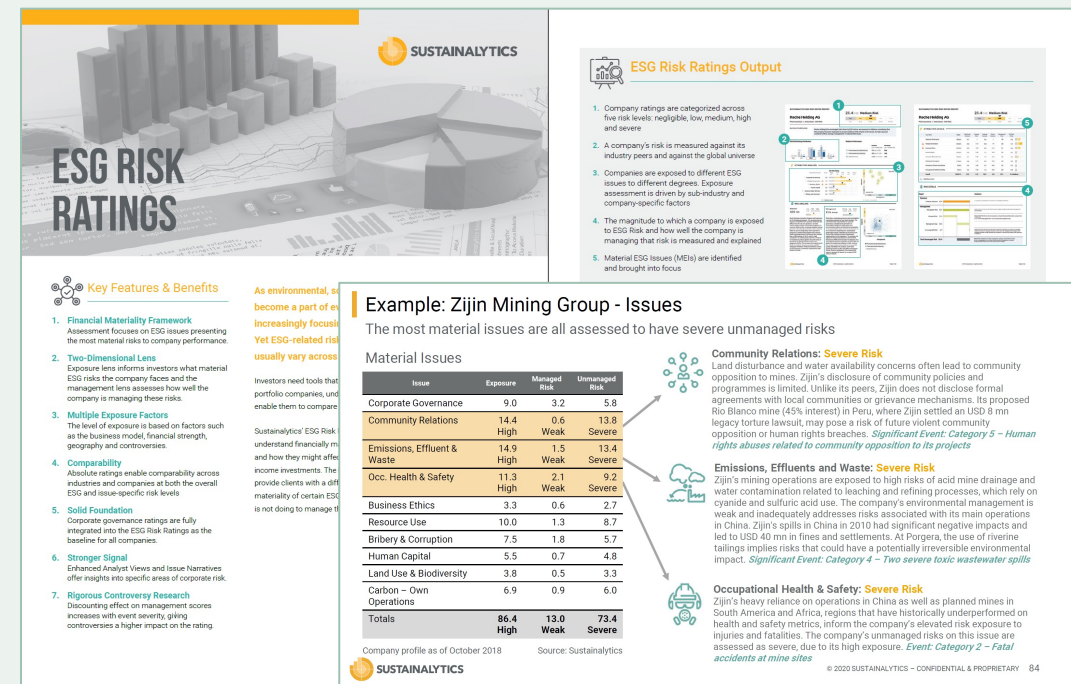
# ESG best-in-class strategy

## • 25 ESG screened Gold Miners

The sectors universe is securities of all global companies that are active in the gold mining industry. Solactive evaluates all companies in the universe as to whether they comply with the principles of UN Global Compact. All securities that do not comply with these principles are excluded for further consideration. The evaluation is based on data provided by Sustainalytics. The remaining securities are then ranked by their ESG Risk Score in ascending order. Subsequently, 70% of the remaining companies, but no more than 25 securities, with the lowest ESG risk score are then selected as index components. To promote ESG improvements is a core property of an article 8 fund.

## • Next generation ESG rating

The ESG Risk data is provided by Sustainalytics and is active, external as well as independent. Sustainalytics has over 25 years of experience in producing ESG related research. Knowing how exposed and how well companies manage their material ESG issues is a critical part of making well-informed investment decisions. ESG issues also affect the long-term performance of any investments. Sustainalytics' ESG Risk Rating is the next generation for ESG ratings.



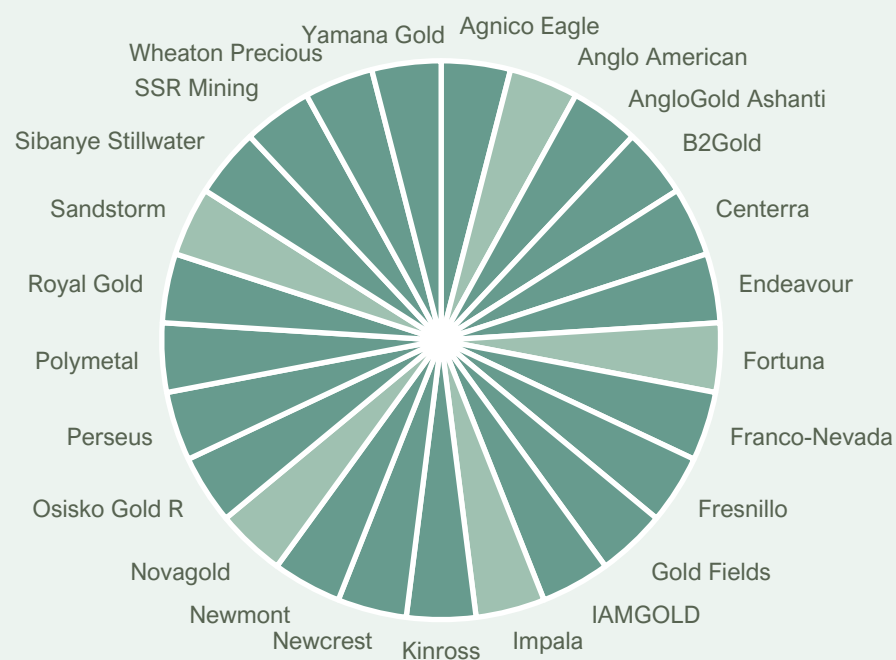
## METHODOLOGY INFORMATION

# Holding selection process



- The ESG Risk Score is provided by Sustainalytics. Securities not covered by the Data Provider are not considered for the inclusion
- The selection of the Index Components is fully rule-based
- Quarterly rebalanced

# Index Rebalancing 2021 Q2



ADDITIONS	Comment
Anglo American	ESG ↗
Fortuna	ESG ↗
Impala	ESG ↗
Novagold	ESG ↗
Sandstorm Gold	ADV/MCAP ↗

DELETIONS	Comment
Barrick	ESG →
Coeur	ESG →
Eldorado	ESG →
Oceana	ADV/MCAP ↘
St Barbara	ESG →

NOTABLE COMPANIES MISSING THE CUT	
Barrick	ESG
Alamos	ESG
Coeur	ESG
Evolution Mining	ESG
First Majestic	ESG
Harmony	ESG
Hecla	ESG
Ivanhoe	ESG
Kirkland	ESG
Northam	ESG
Northern Star	ESG
Pan American	UNGC
Zhaojin Mining	ESG

- In the ordinary rebalance the following composition will be implemented over a period starting on 25.06.2021 (cob) and ending on 30.06.2021 (cob). **The new composition and target weights will be fully reflected in the index open 01.07.2021:**
- More information on the Index: [Solactive AuAg ESG Gold Mining Index](#)



ESGO ETF

ESGO Information



# ESGO Information

## Key Facts

Asset Class	<b>Equity</b>
Base Currency	<b>USD</b>
Inception Date	<b>07/07/2021</b>
Index	<b>Solactive AuAg ESG Gold Mining Index</b>
Income Treatment	<b>Accumulating</b>
TER	<b>60 bps</b>
Rebalancing Frequency	<b>Quarterly</b>
Domicile	<b>Dublin, Ireland</b>
Replication Style	<b>Physical</b>
# of Constituents	<b>25</b>
SFDR	<b>Article 8</b>

## Risks

- Thematic ETFs are exposed to a limited number of sectors and thus the investment will be concentrated and may experience high volatility
  - Investors' capital is fully at risk and may not get back the amount originally invested
  - Exchange rates can have a positive or negative effect on returns
  - The value of equities and equity-related securities can be affected by daily stock and currency market movements
  - Further risks are disclosed in the KIID and Prospectus
- Please note this is not an exhaustive list of risks. Other risks may apply.
- Please consult the KIID and Prospectus for more details.

# Trade ESGO

Exchange	BBG Code	RIC	ISIN	SEDOL	Currency	TER
London Stock Exchange (USD)	ESGO LN	ESGO.L	IE00BNTVVR89	BMTR0P0	USD	0.60%
London Stock Exchange (GBP)	ESGP LN	ESGP.L	IE00BNTVVR89	BMTR0V6	GBP	0.60%
Deutsche Boerse Xetra	ZSG0 GY	ZSG0.DE	IE00BNTVVR89	BL6KDH8	EUR	0.60%
Borsa Italiana	ESGO IM	ESGO.MI	IE00BNTVVR89	BL6KDG7	EUR	0.60%

# Liquidity Ecosystem

## Authorised Participants

Company	Telephone	Email
RBC Europe	+44 (0) 207 029 0500	cmuklondonetf@rbccm.com
HSBC	+44 (0) 207 991 5819	etftradingdesk@hsbcib.com
Jane Street	+44 (0) 203 787 3333	etfsaleslondon@janestreet.com
Morgan Stanley	+44 (0) 207 677 9634	etfdeskln@morganstanley.com
Virtu Financial	+ 353 1 246 6930	etf-trading@virtufinancial.com
Barclays	+44 (0) 207 773 2059	etftradinglondon@barclayscapital.com
J.P. Morgan	+44 (0) 207 134 3303	d1_emea@jpmorgan.com
Societe Generale	+33 1 42 13 52 86	europe.etf@sgcib.com
Citigroup Global Markets	+44 (0) 207 986 8839	europe.etf.trading@citi.com
Flow Traders	+31 207 996 777	fit@flowtraders.com
Bank Frick	+423 388 21 21	bank@bankfrick.li
Susquehanna	+353 1 802 8018	etfsaleseurope@sig.com
ITI Capital	+44 (0) 207 562 8000	info@iticapital.com
Goldenberg Heymeyer	+44 (0) 207 390 3301	etf@ghco.co.uk
Old Mission Capital	+44 (0) 203 868 2538	london.traders@oldmissioncapital.com
XTX Markets	-	-

## Market Makers

Company	Telephone	Email
BAML	+44 (0) 207 995 4474	dg.etf_trading_london@bankofamerica.com
Banca IMI	+39 02 7261 5318	etf@bancaimi.com
BNP Paribas	+44 (0) 207 595 1414	etf.trading@bnpparibas.com
Cantor Fitzgerald	+44 (0) 207 894 8744	etfeurope@cantor.co.uk
Credit Suisse Securities	+44 (0) 207 888 1371	list.etf-desk@credit-suisse.com
Deutsche Bank	+44 (0) 207 545 6796	se-trading@list.db.com
Goldman Sachs	+44 (0) 207 051 8220	gsetfs@gs.com
Macquarie Bank	+44 (0) 203 023 8885	bachir.binebine@macquarie.com
Optiver	+31 20 708 7820	etf@optiver.com
UBS AG	+44 (0) 207 567 9292	ol-gse-sales-emea@ubs.com
Unicredit Bank	+39 02 8862 0731	etftrading@unicredit.eu

# Execution platforms across Europe

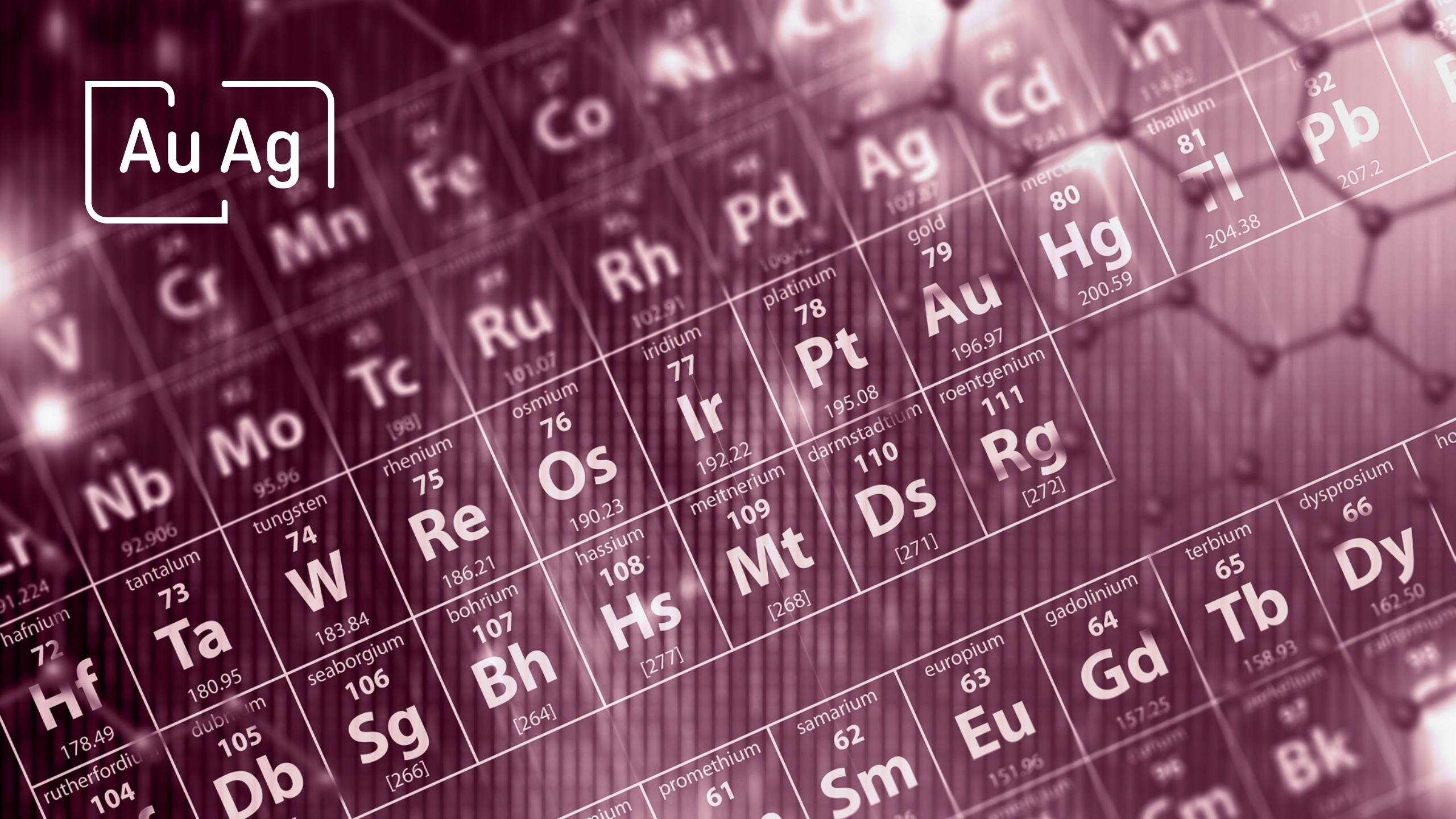
Execution Platforms	Market
Hargreaves landsown	UK
Aegon	UK
Interactive Investor	UK
Barclays	UK
Equitini	UK
Share Centre	UK
Halifax	UK
AJ Bell You Invest	UK
Alliance trust	UK
IG Group	UK
Jarvis	UK

Execution Platforms	Market
Augsburger Aktienbank	DACH
Comdirect Onvista	DACH
Consorsbank S Broker	DACH
Ebase Targo Bank	DACH
Fil DepotBank Smartbroker	DACH
Flatex Scalable Capital	DACH
ING DiBa Trade Republic	DACH
MaxBlue/Deutsche Bank	DACH
Onvista	DACH
S Broker	DACH
Targo Bank	DACH

Execution Platforms	Market
Banca Sella	Italy
Directa	Italy
IWBank	Italy
Fineco Bank	Italy
WeBank	Italy
BinckBank	Italy
Degiro	Benelux
Binck	Benelux
Bux	Benelux
Nordnet	Scandinavia
Avanza	Scandinavia

For full list of execution platforms visit: [www.hanetf.com/ecosystem](https://www.hanetf.com/ecosystem)

Au Ag



# AuAg Funds

- **AuAg – Innovates**

*An ESG Best-in-Class Strategy\*. AuAg Funds takes the next step – designing an index and adding our first Exchange Traded Fund to the family.*

**AuAg ESG Gold Mining UCITS ETF | ESGO**

- **AuAg – Creates**

*AuAg Funds is a boutique brand with a strong focus on precious metals & green-tech elements. AuAg Funds have since 2019 with great success in the Nordics launched two daily-traded UCITS funds:*

**AuAg Silver Bullet** - Equity, Silver Miners

**AuAg Precious Green** - Multi Asset, 60% GreenTech, 40% Precious Metals (Gold)



## Disclaimer

The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. All performance is calculated net of all expenses and management fees. Any investment decision with AuAg Funds financial concepts should be made on the basis of the current prospectus, which is available, along with the key investor information document, the current annual and semi-annual reports, electronically on [auagfunds.com](https://auagfunds.com), & [hanetf.com](https://hanetf.com). AuAg Funds only publishes product-related information and does not make any investment recommendations.