

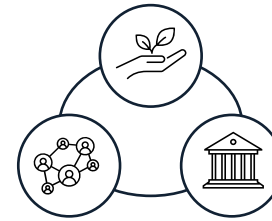
DYNASTY AM  
ESG Report  
30th April 2023



# BOND EURO SHORT TERM



# ESG Policy



Dynasty AM S.A.'s **ESG (Environment, Social and Governance)** philosophy is based on the principle that there is a positive correlation between taking into account extra-financial criteria and generation of added value. We therefore aim to obtain the best long-term risk- return ratio for our clients, **by incorporating ESG criteria into our financial analysis.**

Objectives established by the working group were determined using the PRI Principles:

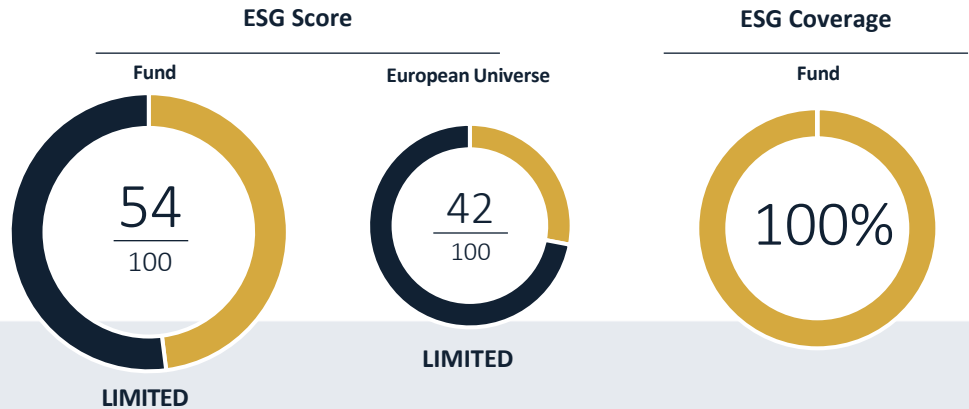
**Dynasty AM Goals**

- ➔ **Integrate** ESG criteria into our investment process
- ➔ **Awareness and Training** of our internal teams
- ➔ **Transparency and Reporting** of ESG criteria integration
- ➔ **Promote** ESG criteria through our sales force





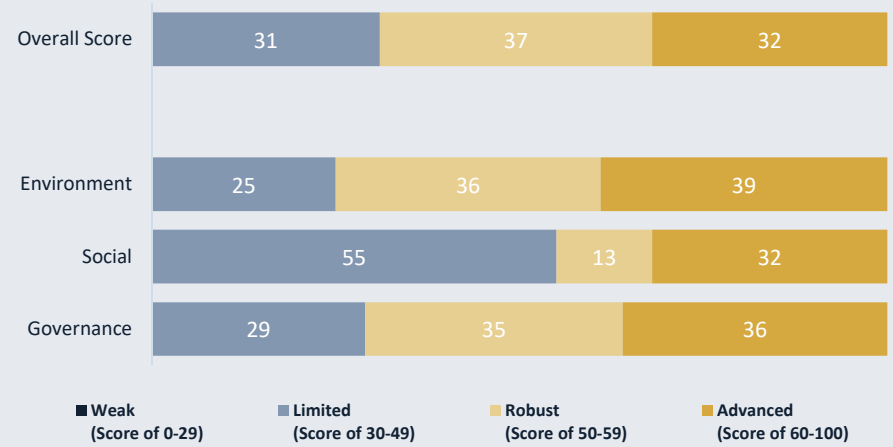
# DYNASTY BOND EURO SHORT TERM



## Overall and Domain Scores

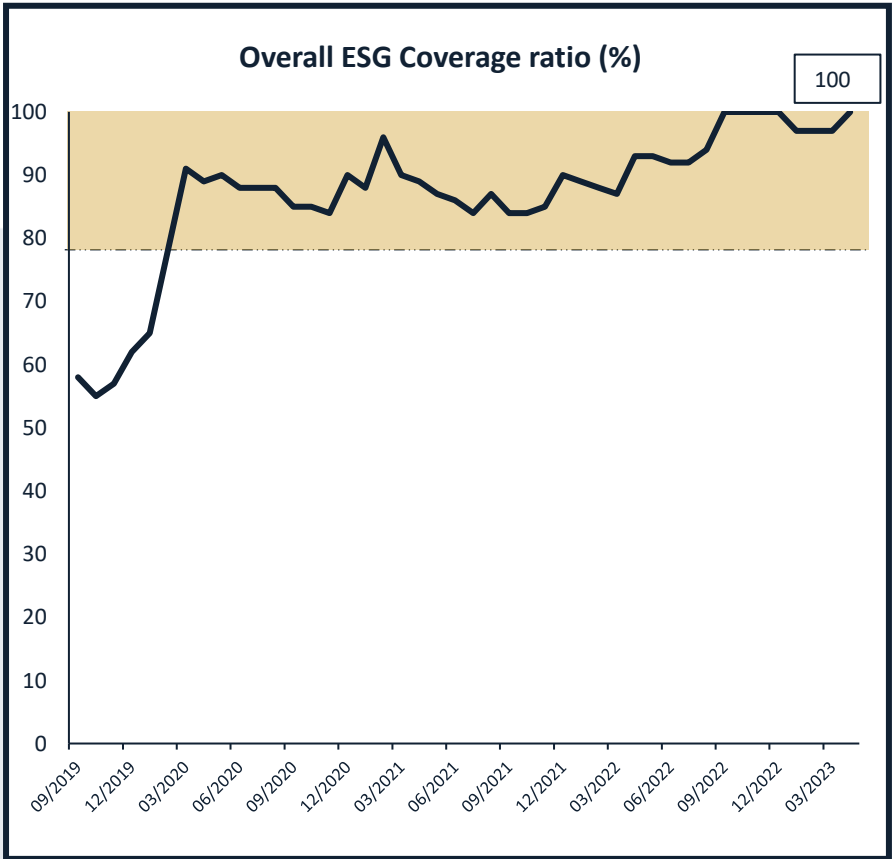
	Average
Overall	54
Environment	56
Social	52
Governance	54

## ESG Score Breakdown (% investment)





# DYNASTY BOND EURO SHORT TERM





# DYNASTY BOND EURO SHORT TERM

## 5 highest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Kering 0.25% 2023	5.5%	Consumer, cyclical	Advanced
2	Renault 1.0% 2023	2.2%	Consumer, cyclical	Advanced
3	Diageo 0.125% 2023	3.3%	Consumer, non-cyclical	Advanced
4	Vinci 2.95% 2024	2.2%	Consumer, non-cyclical	Advanced
5	Saint-Gobain 0.625% 2024	3.2%	Industrial	Advanced

## 5 lowest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	AbbVie 1.5% 2023	2.2%	Consumer, Non-cyclical	Limited
2	CK Hutchison 0.375% 2023	6.5%	Diversified	Limited
3	Posco 0.5% 2024	6.5%	Basic Materials	Limited
4	Continental 2.125% 2023	1.1%	Consumer, Cyclical	Limited
5	Carlsberg 2.5% 2024	3.4%	Consumer, Non-Cyclical	Limited



# DYNASTY BOND EURO SHORT TERM

## 5 largest positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Bayer 1.25% 2023	8.8%	Consumer, Non-cyclical	Robust
2	CK Hutchinson 0.375% 2023	6,5%	Diversified	Limited
3	Posco Holdings 0.5% 2024	6.5%	Basic Materials	Limited
4	Glencore 1.875% 2023	5.5%	Basic Materials	Robust
5	Kering 0.25% 2023	5.5%	Basic Materials	Advanced



# DYNASTY BOND EURO SHORT TERM

We will implement a formal upstream **exclusion policy** on our **article 8** investable universe that will formally prohibit investments in companies that have as main activity :

- Thermal coal mining and extraction
- Tobacco production
- Gambling



We also comply with the U.S. Executive Order 13959 “Addressing the Threat from Securities Investments that Finance Communist Chinese Military Companies”

## EXCLUSION

### Thermal coal mining and extraction

Holding Name	ISIN	Portfolio Weight
None in portfolio		

### Tobacco production

Holding Name	ISIN	Portfolio Weight
None in portfolio		

### Gambling

Holding Name	ISIN	Portfolio Weight
None in portfolio		

### Chinese Military-Industrial Complex Companies

Holding Name	ISIN	Portfolio Weight
None in portfolio		

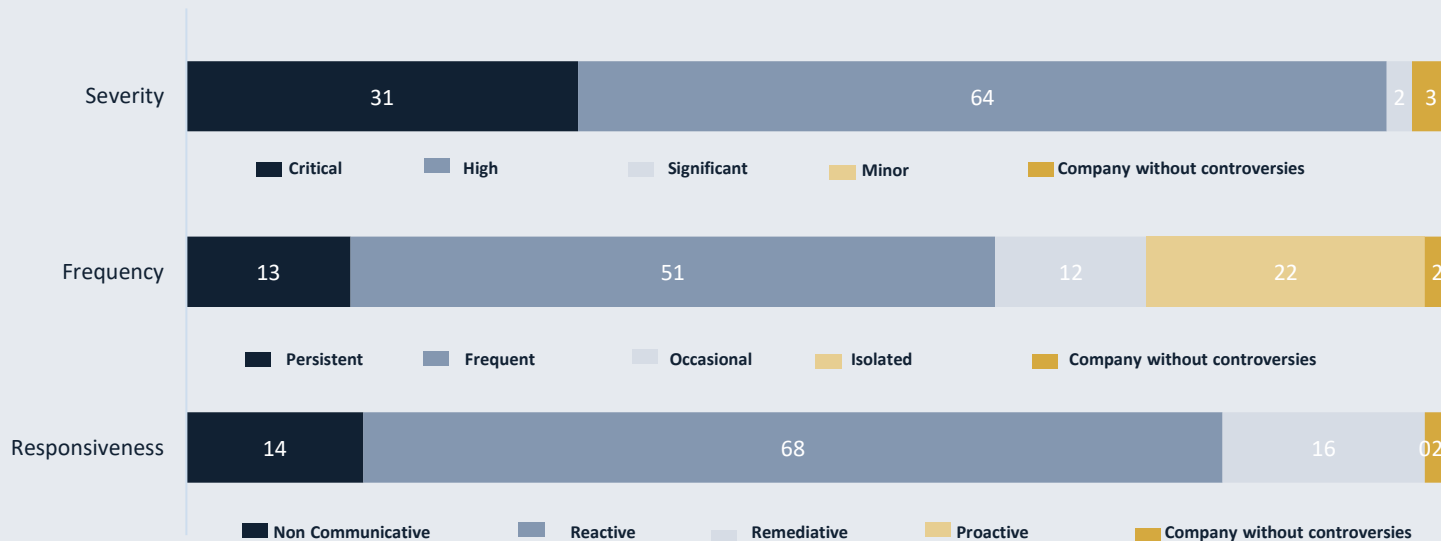


# DYNASTY BOND EURO SHORT TERM

## Controversies are analyzed along three axes

- (1) The **severity** of the controversy: having an accidental minor oil spill is a controversial event, but we think it is less impacting than being directly involved in the employment of children or the production of cluster munition. There are 4 categories of severity of controversies: minor, significant, high, critical
- (2) The **frequency** of the controversy is the event isolated, occasional, frequent, or persistent. Is it thus a one-off event or can it be considered business behavior of the company
- (3) The **responsiveness** of the company to the controversy in question. Has the company been proactive in its communication, or do they prefer the silent approach? There are 4 categories of responsiveness: proactive, remediative, reactive, or non communicative

## Controversies Breakdown (% investment)







# DYNASTY BOND EURO SHORT TERM

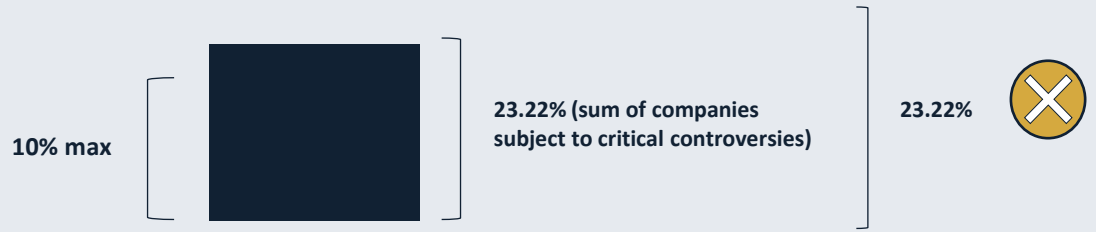
We have decided to include a **special filter** on companies subject to critical controversies (i.e., the most severe) in domains we consider to be the most impacting.

These domains are:

- (1) Environmental Strategy
- (2) Climate Change
- (3) Waste
- (4) Fundamental Human Rights
- (5) Audit and Internal Controls

## Companies subject to critical controversies\*

Holding Name	Portfolio Weight	Sector (GICS)	Domains impacted by the critical controversy
Volkswagen 0% 2023	3.3%	Consumer, cyclical	1 - 5
Glencore 1.875% 2023	5.5%	Basic Materials	2 - 3 - 4 - 5
Stellantis 3.375% 2023	3.4%	Consumer, Cyclical	5



\*These companies will remain investable, but the sum of these investments may not exceed a ratio of **10%** of the portfolio in case the investment universe is European or **20%** of the portfolio if the investment universe is global. Furthermore, these ratios are to be cumulated within the non-coverage ratios.



## DYNASTY BOND EURO SHORT TERM

We have decided to include a **special filter** on companies subject to critical controversies (i.e., the most severe) in domains we consider to be the most impacting.

These domains are:

- (1) Environmental Strategy
- (2) Climate Change
- (3) Waste
- (4) Fundamental Human Rights
- (5) Audit and Internal Controls

### Companies subject to critical controversies\*

Holding Name	Portfolio Weight	Sector (GICS)	Domains impacted by the critical controversy
Bayer 1.25% 2023	8.8%	Consumer, non-cyclical	5
Renault 1% 2023	2.2%	Consumer, cyclical	5

\*These companies will remain investable, but the sum of these investments may not exceed a ratio of **10%** of the portfolio in case the investment universe is European or **20%** of the portfolio if the investment universe is global. Furthermore, these ratios are to be cumulated within the non-coverage ratios.



# DYNASTY BOND EURO SHORT TERM

If the **critical** controversy is linked to one of the following **sub domains** the company is not eligible for investment and if the company is subject to the controversy whilst already in the portfolio the fund manager has **3 months** to sell the position, whilst the company will be added to the list of **excluded investments**.

- Cluster Munitions



- Controversial Weapons



- Nuclear Weapons



- Anti Personal Mines



- Anti Personal Landmines



## EXCLUSION

### Cluster Munitions

Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		

### Anti Personal Mines

Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		

### Controversial Weapons

Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		

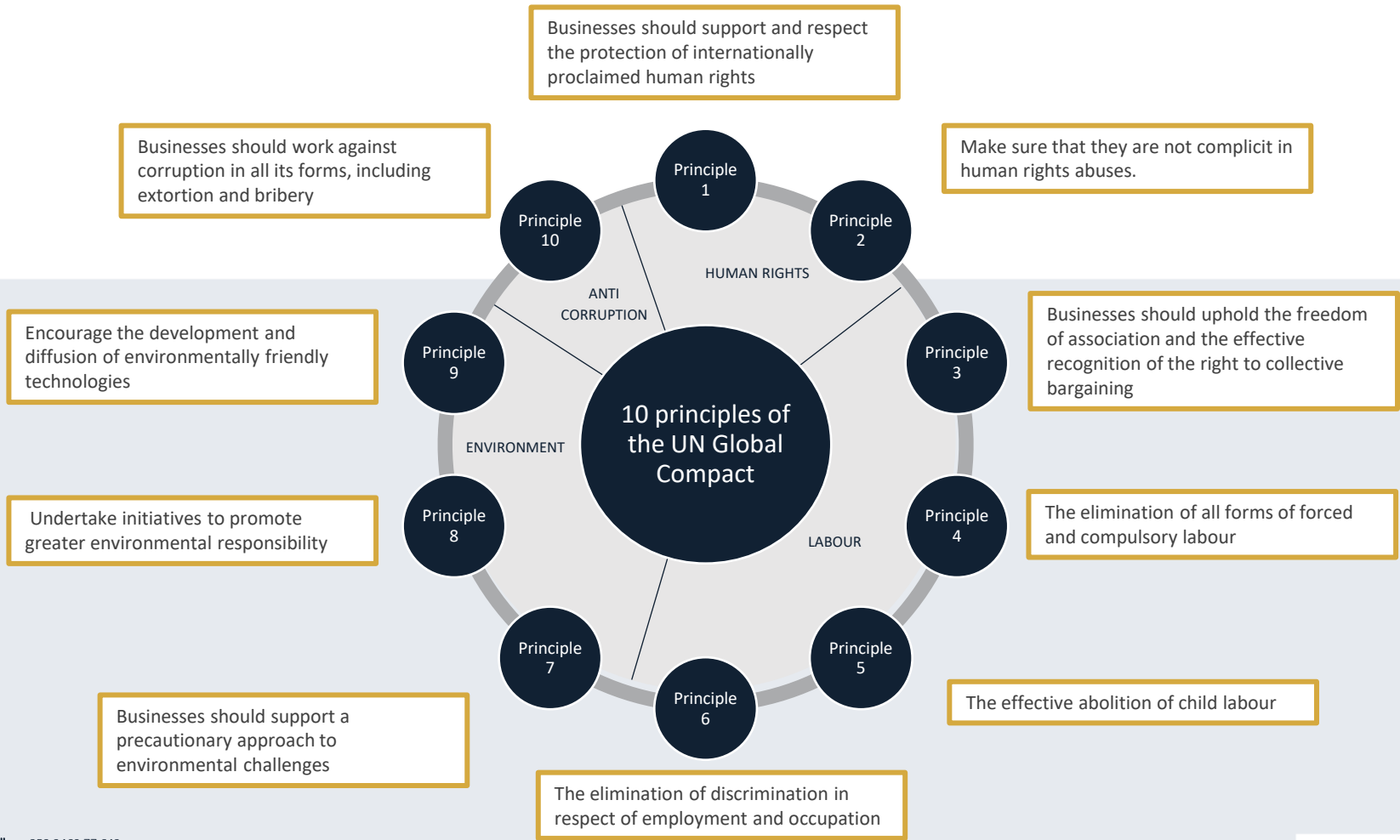
### Anti Personal Landmines

Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		

### Nuclear Weapons

Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		

# DYNASTY BOND EURO SHORT TERM





# DYNASTY BOND EURO SHORT TERM

We associated each **principle** to a specific **analysis' criteria**:

- Principle 1 and 2: Human Rights → Fundamental Human Rights
- Principle 3: Human Resources → Social Dialogue
- Principle 4 and 5: Human Rights → Child and Forced Labour
- Principle 6: Human Rights → Non-Discrimination
- Principle 7 and 8: Environment → Environmental Strategy
- Principle 9: Environment → Use and Disposal of Products
- Principle 10: Business Behavior → Corruption

If a company has a **controversy** linked to one of these criteria and the status of the controversy in question is considered **“Critical”**, an **engagement process** shall be undertaken with companies.

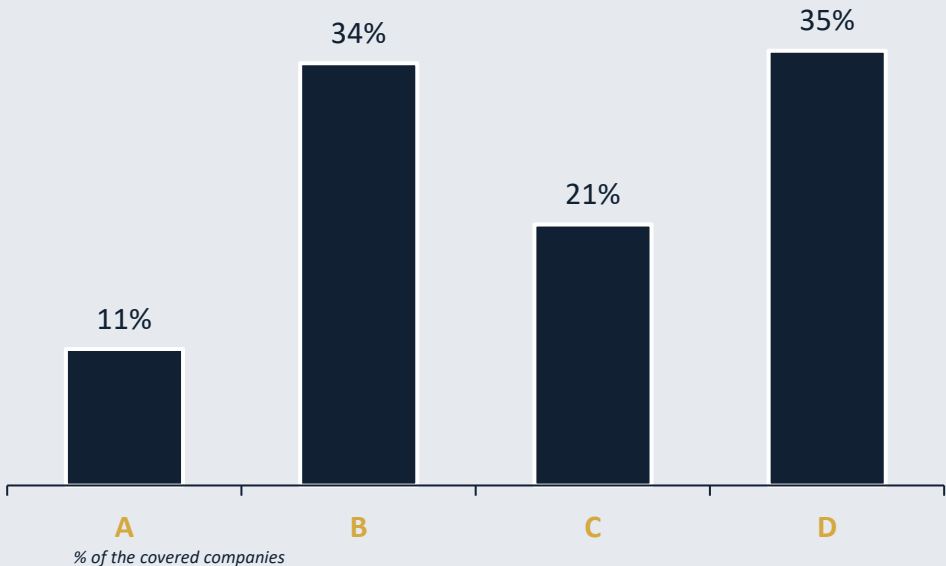
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

Holding Name	Portfolio Weight	UN Global Compact principle	Dynasty AM Status	Start of engagement	Time remaining below 2 years ?



# DYNASTY BOND EURO SHORT TERM

## Carbon Footprint (of investments)



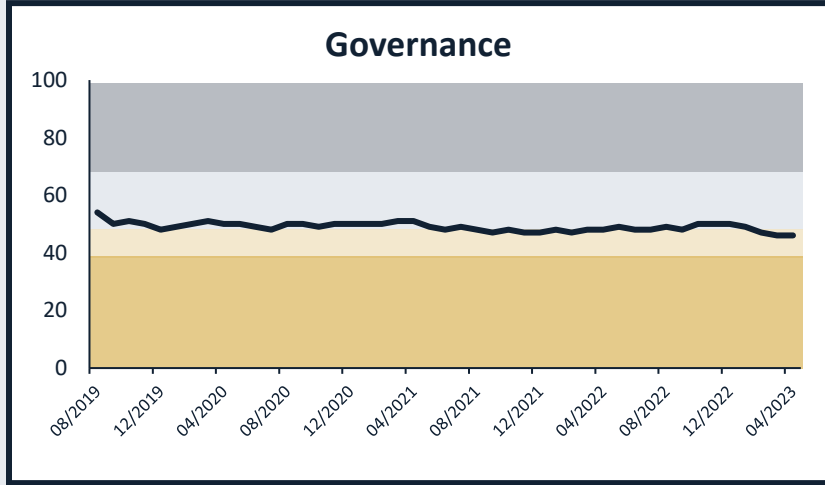
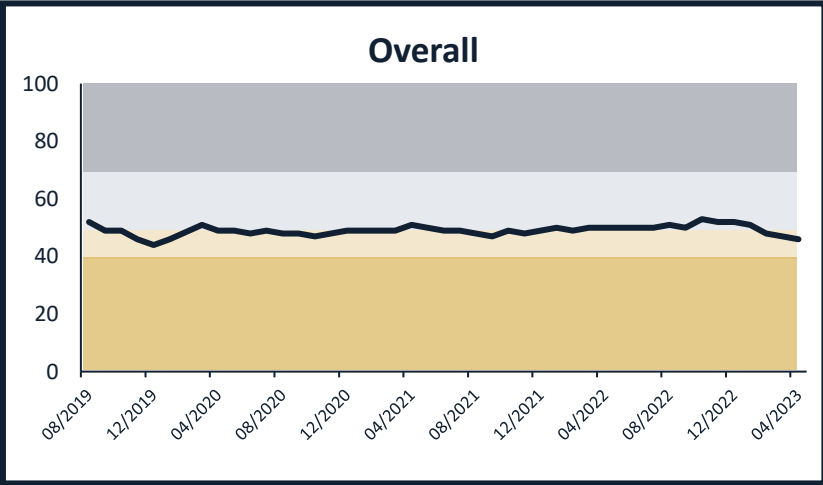
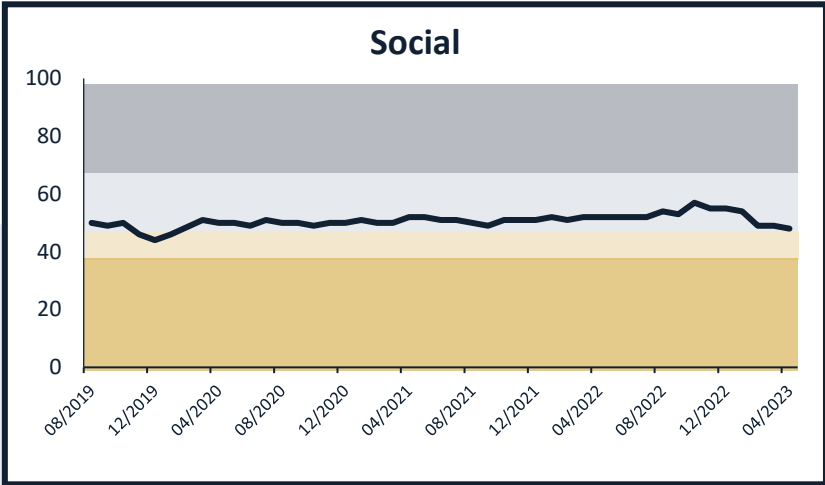
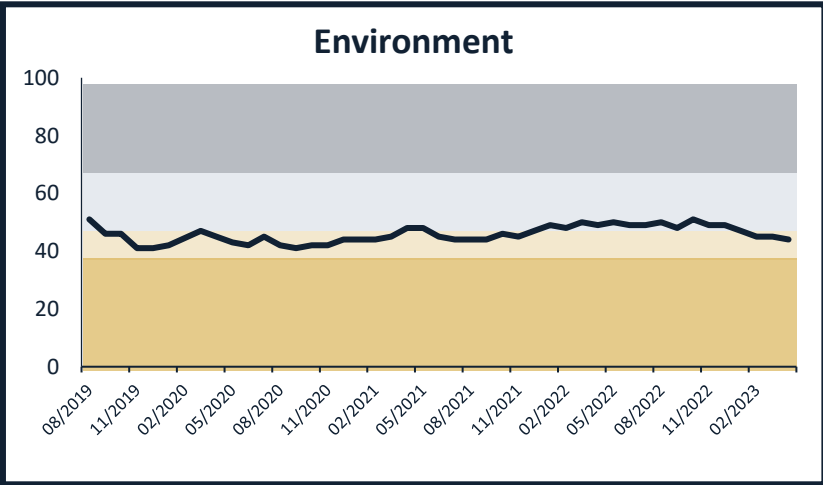
Scale	Emissions (T CO2 Equivalent)*	Categories
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

\* Scope 1 & 2



# DYNASTY BOND EURO SHORT TERM

## ESG RISKS



- Advanced
- Robust
- Limited
- Weak



# Disclaimer

- This document and its data are provided for information purposes only and should not be conceived as a solicitation or offer to buy or sell any securities or related financial instruments by **DYNASTY AM**. Any investment put in place on the basis of this presentation must be executed in respect of the laws and rules applicable to each investor.
- **DYNASTY AM** is not advisors and neither **DYNASTY AM**, nor any officers or employees accepts any liability whatsoever for any financial result or from any other nature arising from use of this publication or its content.
- You are advised to make your own risk analysis and consult any independent advisors you believe necessary (law, financial, tax, accounting or any other advisors).
- **DYNASTY AM** brings your attention to the fact that the value of, and income from, any investment in its products may largely fluctuate due to their natures. The products have prospectuses registered with the **CSSF** (Commission de Surveillance du Secteur Financier). They are available on the website [www.dynasty-am.lu](http://www.dynasty-am.lu).
- This presentation is exclusively reserved for your private use and any dissemination or disclosure, either in whole or partial, is prohibited except with formal written approval by **DYNASTY AM**.
- Before any subscription, it is necessary to consult the prospectus of the fund. Past performances do not predict actual or future performances which may differ substantially from those reflected.





# Get in touch

## /Sales contact

### DYNASTY AM S.A.

16, Avenue Marie-Thérèse  
L-2132 Luxembourg  
Tel. : +352 24 69 77

#### Laurent PLUCHARD

Partner - Head of Development  
Tel: +352 2469 77 642  
Mobile: +352 621 380 785  
[laurent.pluchard@dynasty-am.lu](mailto:laurent.pluchard@dynasty-am.lu)

#### Henri RAYOT

Sales [Europe]  
Tel: +352 2469 77 644  
Mobile: +352 621 379 155  
[henri.rayot@dynasty-am.lu](mailto:henri.rayot@dynasty-am.lu)





— Thank you  
Passion for YIELD



*Dynasty*  
Asset Management