

DYNASTY AM

ESG Report

31th December 2023

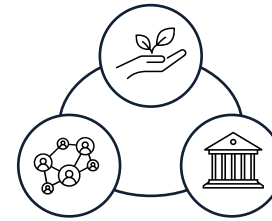


DYNASTY CREDIT SUB





ESG Policy

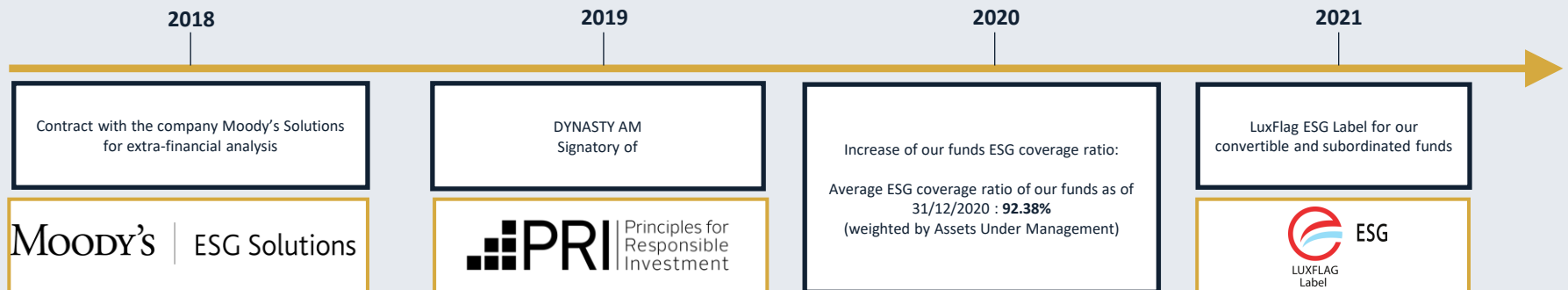


Dynasty AM S.A.'s **ESG (Environment, Social and Governance)** philosophy is based on the principle that there is a positive correlation between taking into account extra-financial criteria and generation of added value. We therefore aim to obtain the best long-term risk- return ratio for our clients,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

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

Dynasty AM Goals

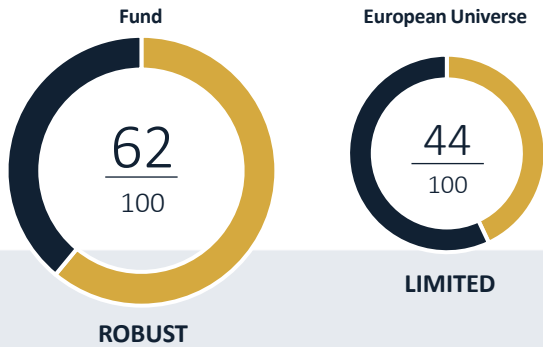
- ➔ **Integrate** ESG criteria into our investment process
- ➔ **Awareness and Training** of our internal teams
- ➔ **Transparency and Reporting** of ESG criteria integration
- ➔ **Promote** ESG criteria through our sales force



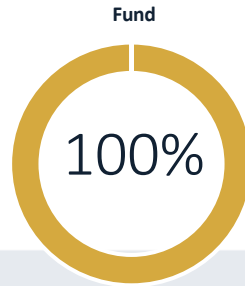


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ESG Score



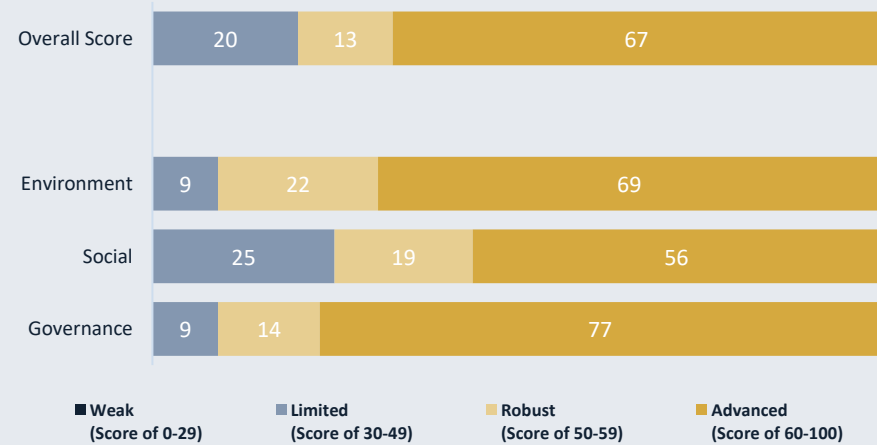
ESG Coverage



Overall and Domain Scores

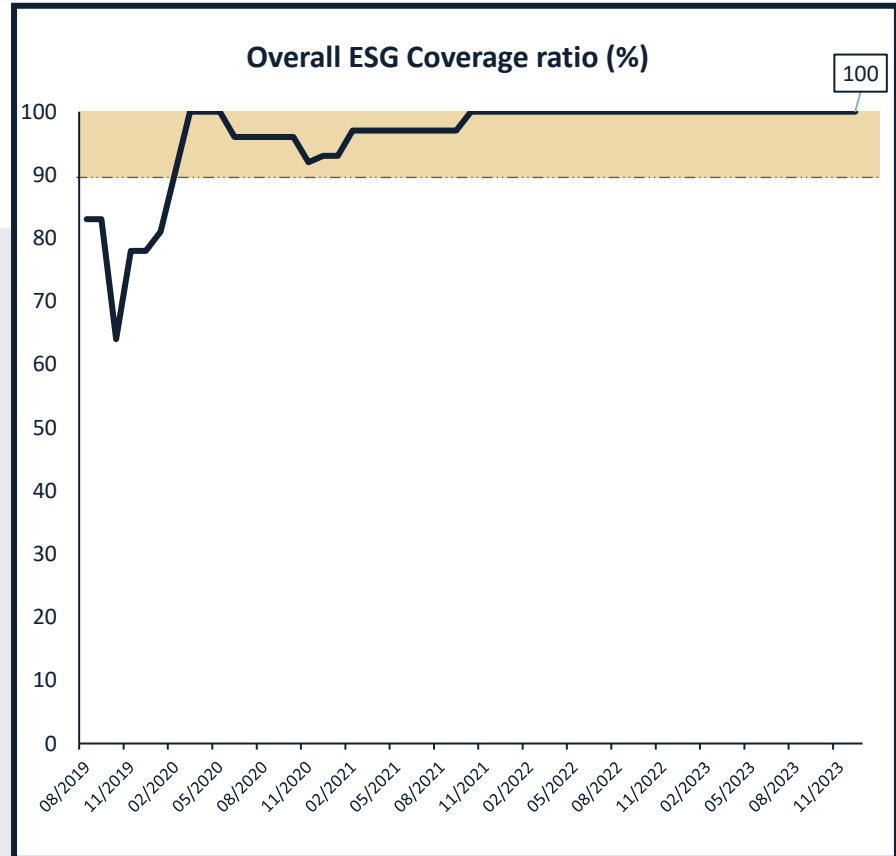
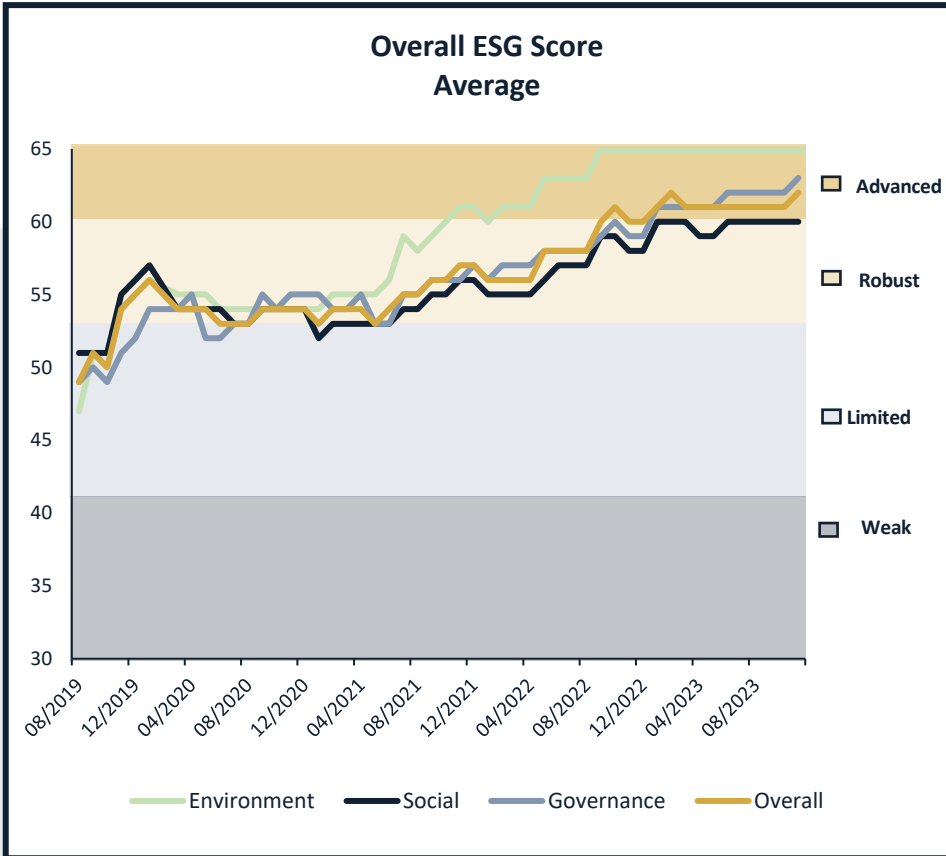
| | Average |
|-------------|---------|
| Overall | 62 |
| Environment | 65 |
| Social | 60 |
| Governance | 63 |

ESG Score Breakdown (% investment)





DYNASTY CREDIT SUB





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5 highest rated ESG positions

| Rank | Holding Name | Portfolio Weight | Sector (GICS) | Rating |
|------|---|------------------|------------------------|----------|
| 1 | Enel 6.375% Perp (Call 2028) | 0.9% | Consumer, Non-Cyclical | Advanced |
| 2 | La Poste 3.125% Perp (Call 2025) | 3.2% | Industrial | Advanced |
| 3 | Danone 1% Perp (Call 2026) | 0.7% | Consumer, Non-Cyclical | Advanced |
| 4 | Casino 4.87% Perp (Call 2024) | 0.2% | Consumer, Non-Cyclical | Advanced |
| 5 | Electricité de France 2.875% Perp (Call 2026) | 4.6% | Utilities | Advanced |

5 lowest rated ESG positions

| Rank | Holding Name | Portfolio Weight | Sector (GICS) | Rating |
|------|--------------------------------------|------------------|--------------------|---------|
| 1 | Aroundtown 1.625% Perp (Call 2026) | 1.6% | Real Estate | Limited |
| 2 | Abertis 3.248% Perp (Call 2025) | 3.2% | Industrial | Limited |
| 3 | Volkswagen 3.375% Perp (Call 2024) | 1.6% | Consumer, Cyclical | Limited |
| 4 | Bertelsmann 3% 2075 Perp (Call 2027) | 3.2% | Communications | Limited |
| 5 | Gazprom 3.897% Perp (Call 2025) | 1.4% | Energy | Limited |



DYNASTY CREDIT SUB

5 largest positions

| Rank | Holding Name | Portfolio Weight | Sector (GICS) | Rating |
|------|---|------------------|---------------|----------|
| 1 | Eni Spa 2.625% Perp (Call 2025) | 4.8% | Energy | Advanced |
| 2 | BP Capital Markets 3.25% Perp (Call 2026) | 4.8% | Energy | Limited |
| 3 | Electricité de France 2.875% Perp (Call 2026) | 4.6% | Utilities | Advanced |
| 4 | Infineon Technologies 2.875% Perp (Call 2025) | 4.0% | Technology | Advanced |
| 5 | Total Energies 2.625% Perp (Call 2026) | 3.6% | Energy | Advanced |



DYNASTY CREDIT SUB

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 CREDIT SUB

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.

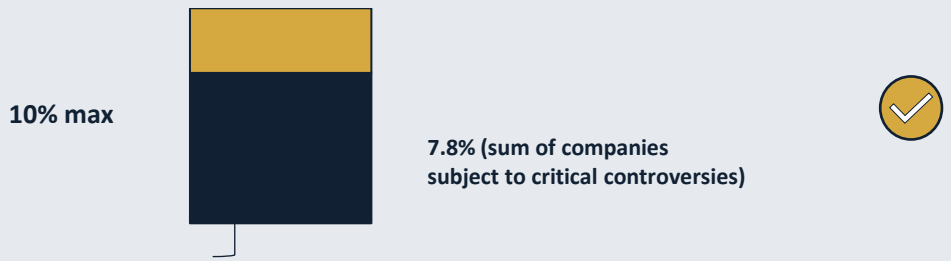
These domains are :

- (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 |
|--|------------------|------------------------|--|
| Holcim 3% Perp (Call 2024) | 1.6% | Industrial | 4 |
| Volkswagen 3.375% Perp (Call 2024) | 1.6% | Consumer, Cyclical | 5 |
| Bayer 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028) | 4.8% | Consumer, Non-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 CREDIT SUB

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

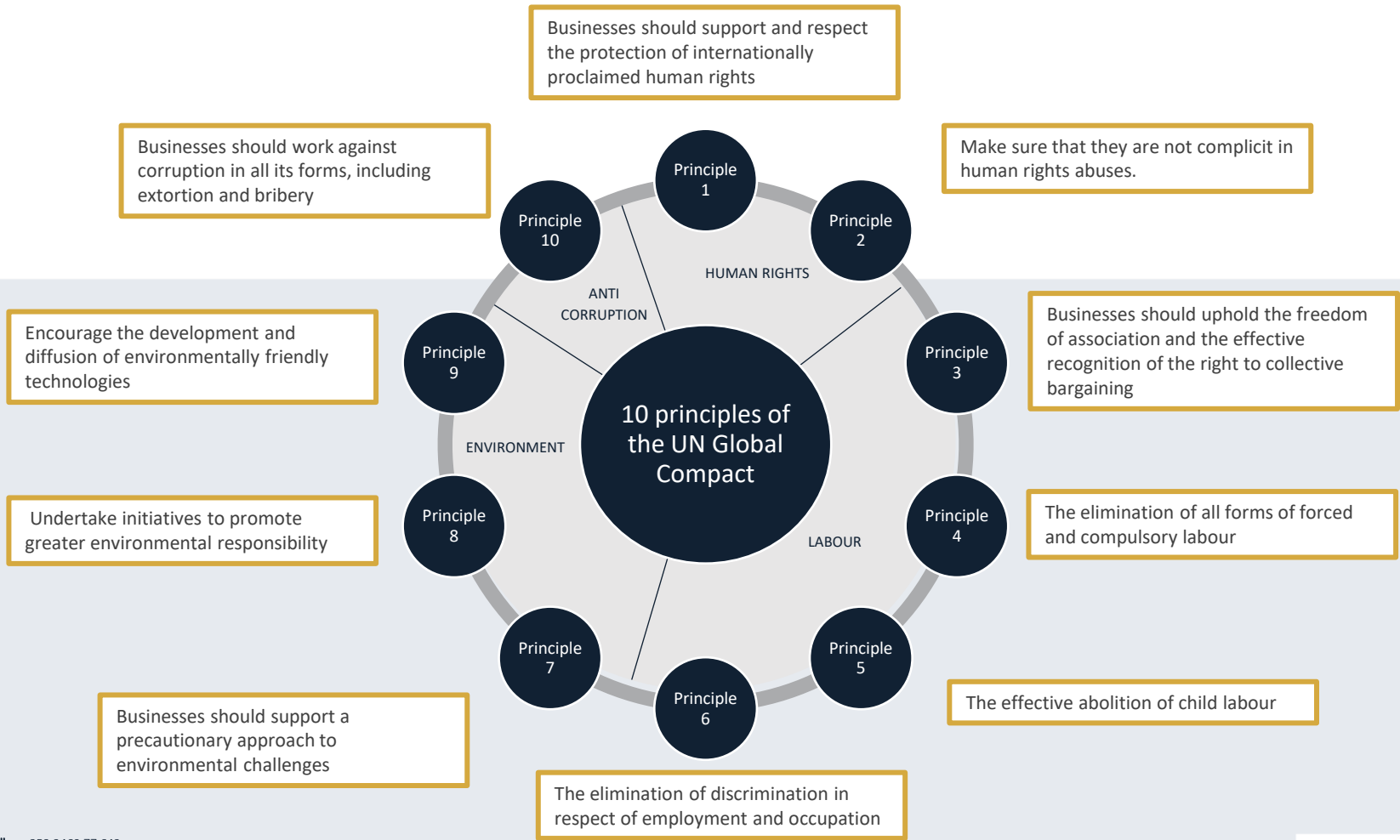
| Holding Name | ISIN | Portfolio Weight |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| None in portfolio | | |

Nuclear Weapons

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



DYNASTY CREDIT SUB



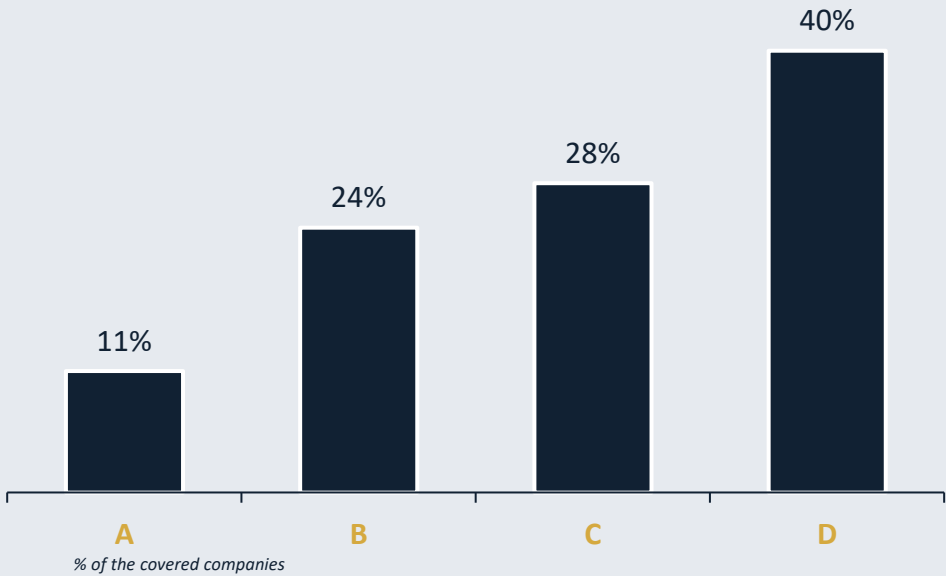


DYNASTY CREDIT SUB

Carbon Footprint (of investments)

A B C D

▲
High

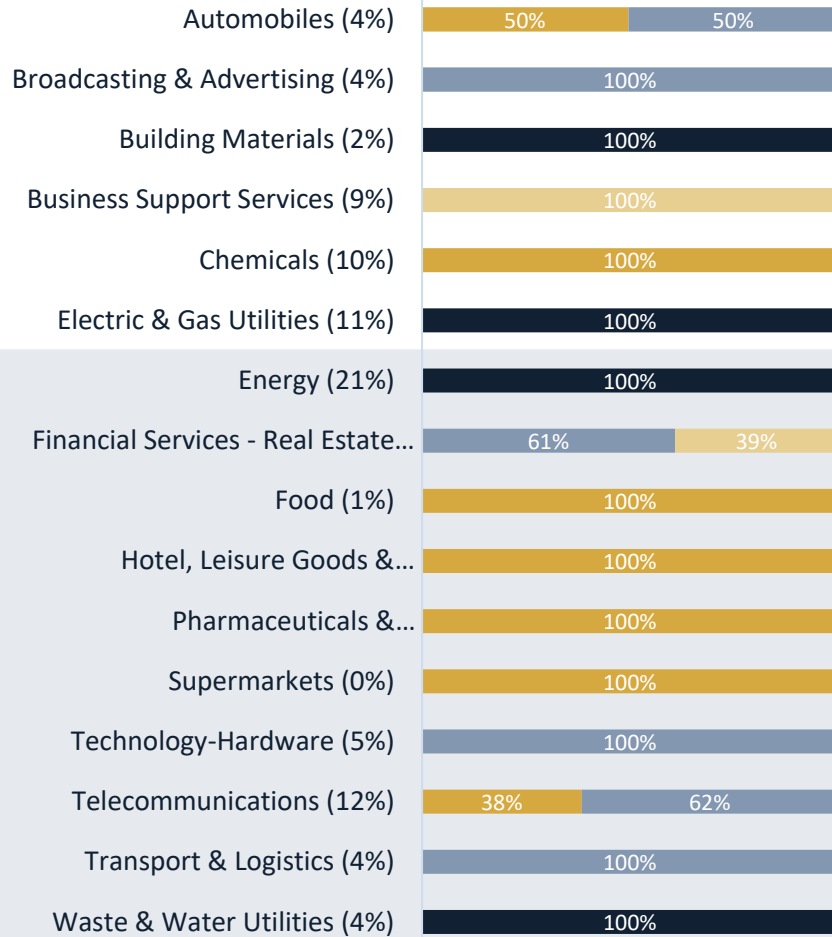


| Scale | Emissions (T CO2 Equivalent)* | Categories |
|-------|-------------------------------|-------------|
| A | <100 000 | Moderate |
| B | >= 100 000 and <1 000 000 | Significant |
| C | >= 1 000 000 and <10 000 000 | High |
| D | >= 10 000 000 | Intense |

* Scope 1 & 2



0% **DYNASTY CREDIT SUB**



Carbon Footprint Breakdown by Sector
(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

■ D ■ C ■ B ■ A



DYNASTY CREDIT SUB

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.

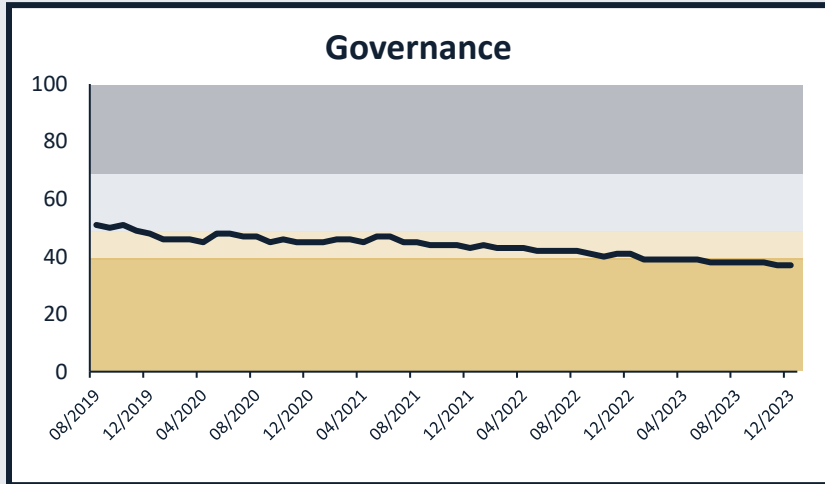
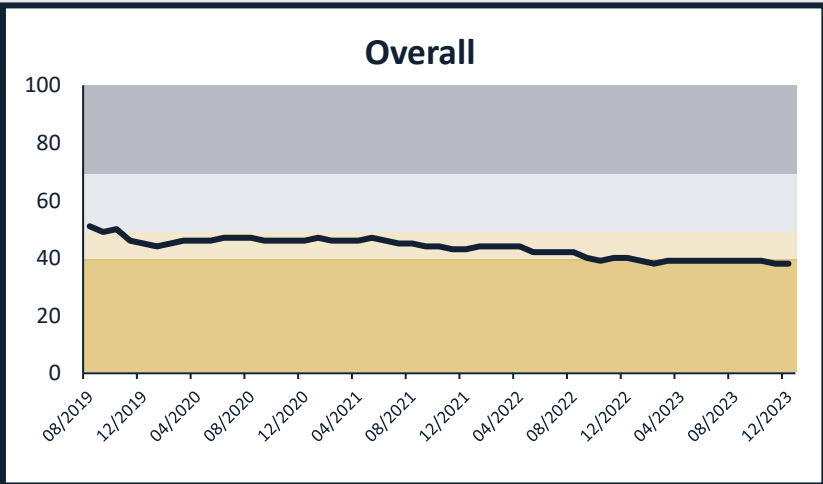
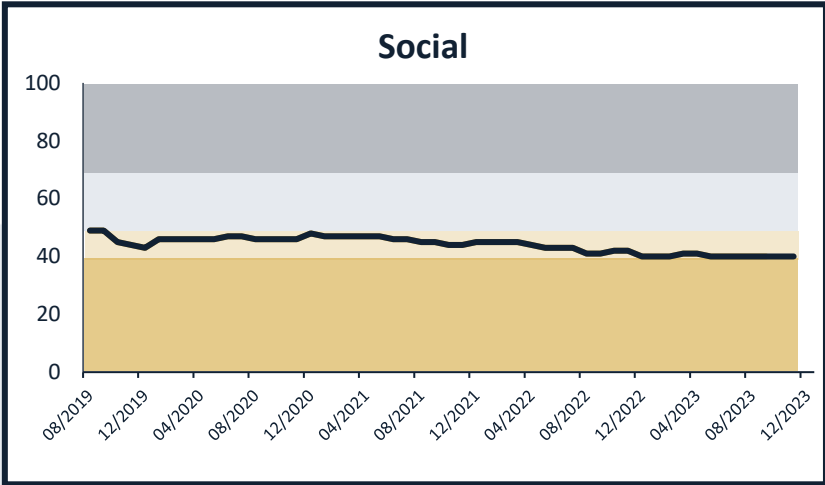
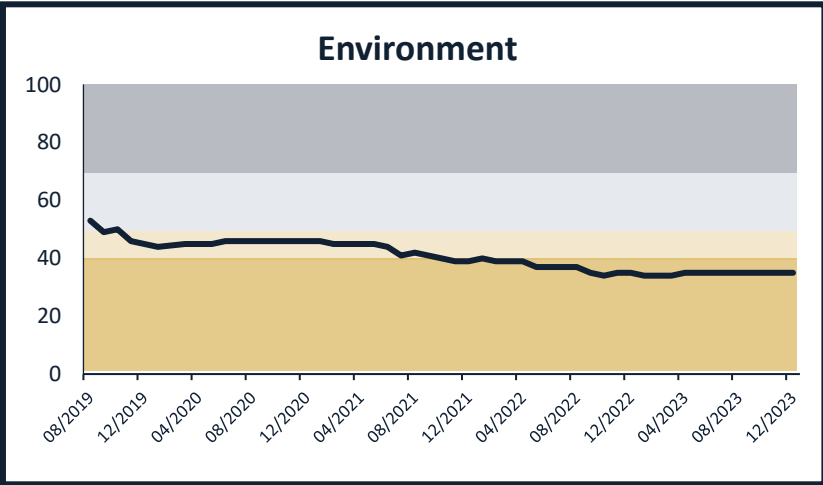
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

| Holding Name | Portfolio Weight | UN Global Compact principle | Dynasty AM Status | Start of engagement | Time remaining below 2 years ? |
|--|------------------|-----------------------------|-------------------|---------------------|--------------------------------|
| Volkswagen 3.375% Perp (Call 2023) | 1.6% | Principles No. 9, 10 | Not active | | |
| Bayer 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028) | 4.8% | Principle No. 9 | Not Active | | |
| Holcim 3% Perp (Call 2024) | 1.6% | Principles No. 1,2, 10 | Not Active | | |



DYNASTY CREDIT SUB

ESG RISKS



- Advanced
- Robust
- Limited
- Weak



DYNASTY CREDIT SUB

LuxFLAG ESG Label – Exclusion List

List of sectors and activities, in which investments must be **excluded**:

- (1) Controversial Weapons
- (2) Controversial Jurisdictions
- (3) Tobacco
- (4) Controversial Behavior



ESG



LuxFlag Compliant

Controversial Weapons

| Holding Name | ISIN | Portfolio Weight |
|-------------------|------|------------------|
| | | |
| None in portfolio | | |

Controversial Jurisdictions

| Holding Name | ISIN | Portfolio Weight |
|-------------------|------|------------------|
| | | |
| None in portfolio | | |

Tobacco

| Holding Name | ISIN | Portfolio Weight |
|-------------------|------|------------------|
| | | |
| None in portfolio | | |



DYNASTY CREDIT SUB

LuxFLAG ESG Label – Exclusion List

List of sectors and activities, in which investments must be **excluded**:

- (1) Controversial Weapons
- (2) Controversial Jurisdictions
- (3) Tobacco
- (4) Controversial Behavior



ESG



LuxFlag Compliant

Controversial Behavior

| Holding Name | Portfolio Weight | UN Global Compact principle | Dynasty AM Status | Start of engagement | Time remaining below 2 years ? |
|--|------------------|-----------------------------|-------------------|---------------------|--------------------------------|
| Volkswagen 3.375% Perp (Call 2023) | 1.6% | Principles No. 9, 10 | Not active | | |
| Bayer 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028) | 4,8% | Principle No. 9 | Not Active | | |
| Holcim 3% Perp (Call 2024) | 1.6% | Principles No. 1,2, 10 | Not Active | | |



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Get in touch

/Sales contact

DYNASTY AM S.A.
13-15, route d'Esch
L-1470 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

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





— Thank you
Passion for YIELD



Dynasty
Asset Management