

DYNASTY AM  
ESG Report  
28th February 2022

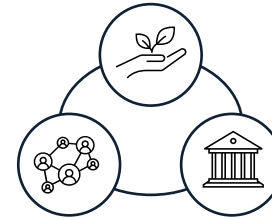


## DYNASTY GLOBAL CONVERTIBLES



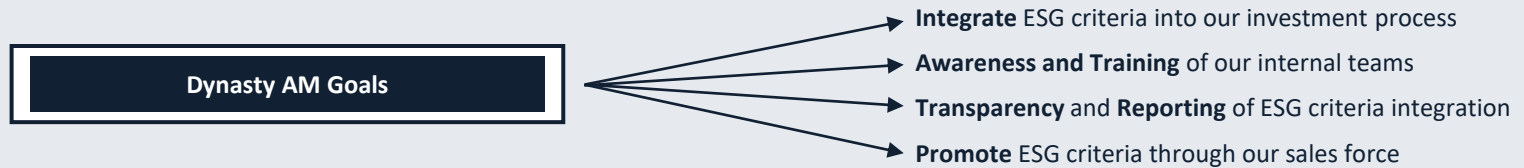


# ESG Policy



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.**

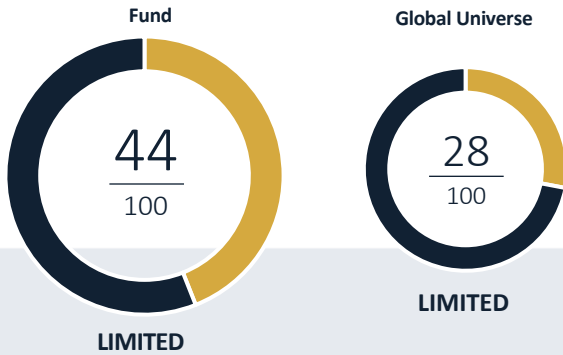
Objectives established by the working group were determined using the PRI Principles:



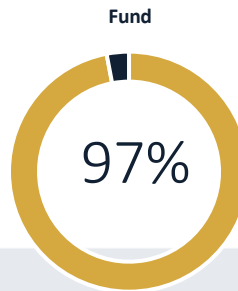


# DYNASTY GLOBAL CONVERTIBLES

### ESG Score



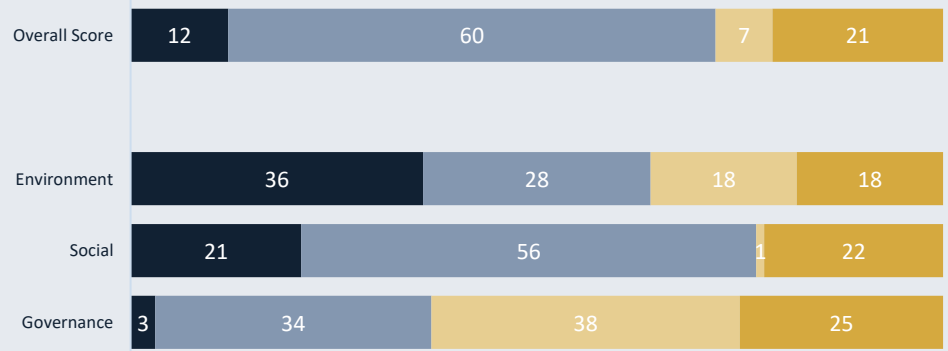
### ESG Coverage



### Overall and Domain Scores

	Average
Overall	44
Environment	41
Social	42
Governance	51

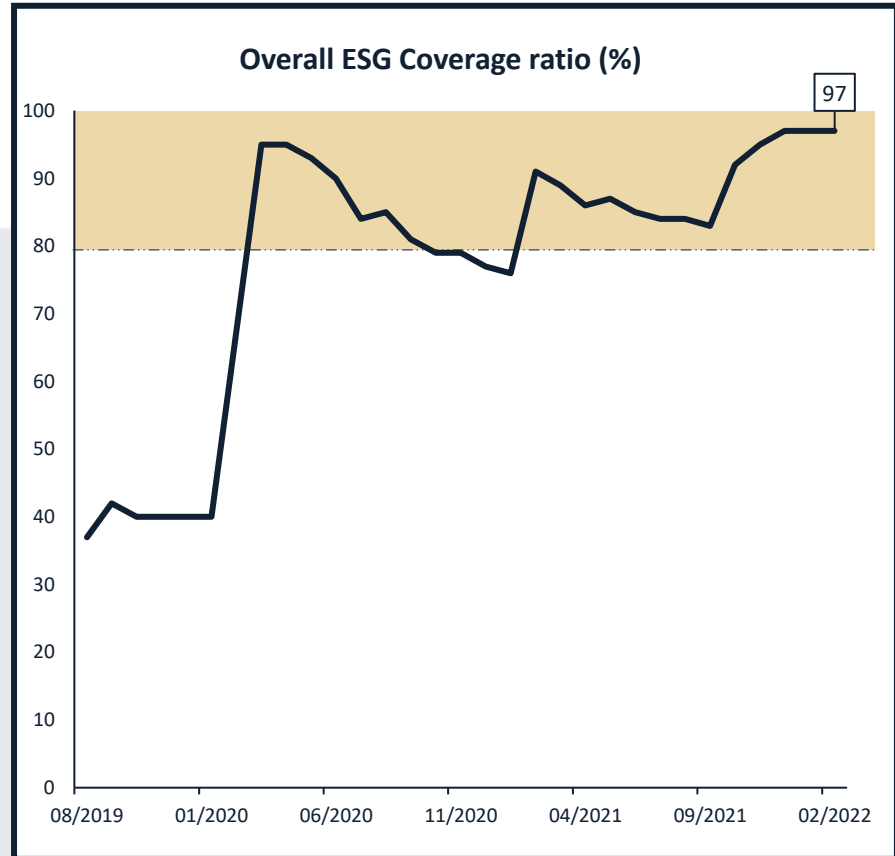
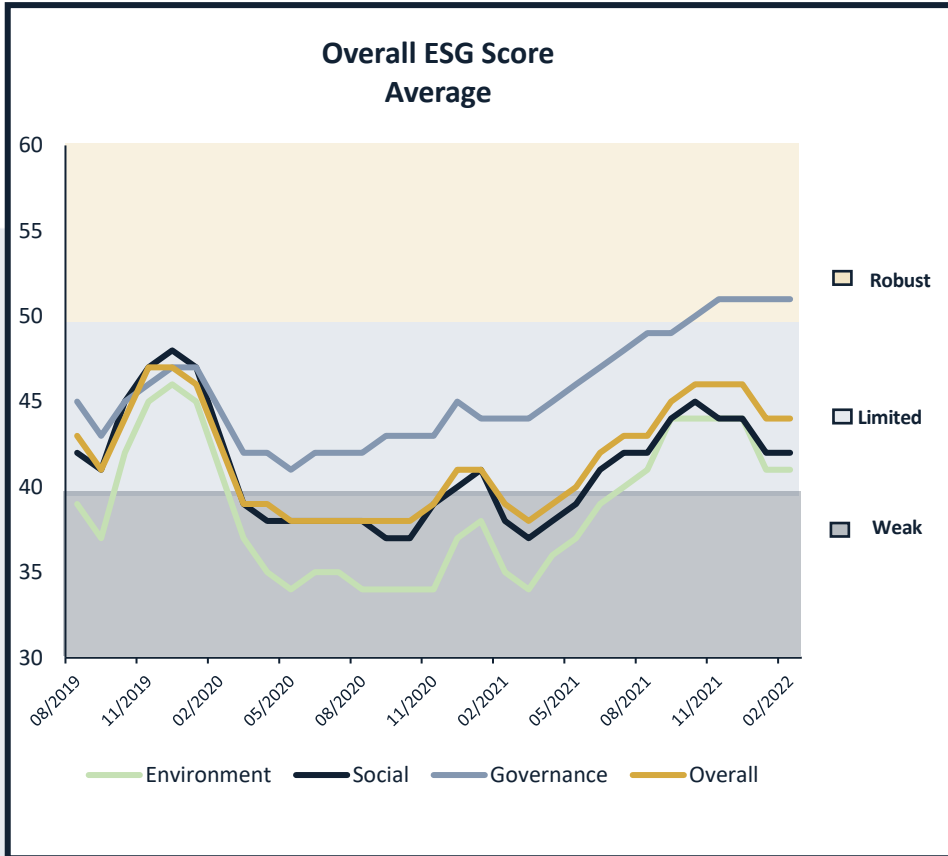
### ESG Score Breakdown (% investment)



■ Weak (Score of 0-29) ■ Limited (Score of 30-49) ■ Robust (Score of 50-59) ■ Advanced (Score of 60-100)



## DYNASTY GLOBAL CONVERTIBLES





## DYNASTY GLOBAL CONVERTIBLES

### 5 highest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Schneider 0% 2026	0.5%	Industrial	Advanced
2	LVMH 0% 2024	4.2%	Consumer cyclical	Advanced
3	Artemis / Kering 0% 2023	3.8%	Consumer cyclical	Advanced
4	Eni 0% 2022	2.5%	Energy	Advanced
5	Telecom Italia 1.125% 2022	3.3%	Communications	Advanced

### 5 lowest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Xiaomi 0% 2027	1.8%	Technology	Weak
2	Verisure 3.875% 2026	0.1%	Consumer non cyclical	Weak
3	CK Hutchison 0.375% 2023	0.1%	Communications	Weak
4	Voyageurs du Monde 3% 2028	0.1%	Consumer cyclical	Weak
5	Kingsoft 0.625% 2025	1.0%	Technology	Weak



**DYNASTY GLOBAL CONVERTIBLES**

**5 largest positions**

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	LVMH 0% 2024	4.2%	Consumer cyclical	Advanced
2	Palo Alto 0.375% 2025	4.0%	Communications	Limited
3	Sika 0.15% 2025	3.9%	Industrial	Limited
4	Artemis / Kering 0% 2023	3.8%	Consumer cyclical	Advanced
5	Sony 0% 2022	3.5%	Consumer cyclical	Limited



## DYNASTY GLOBAL CONVERTIBLES

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		

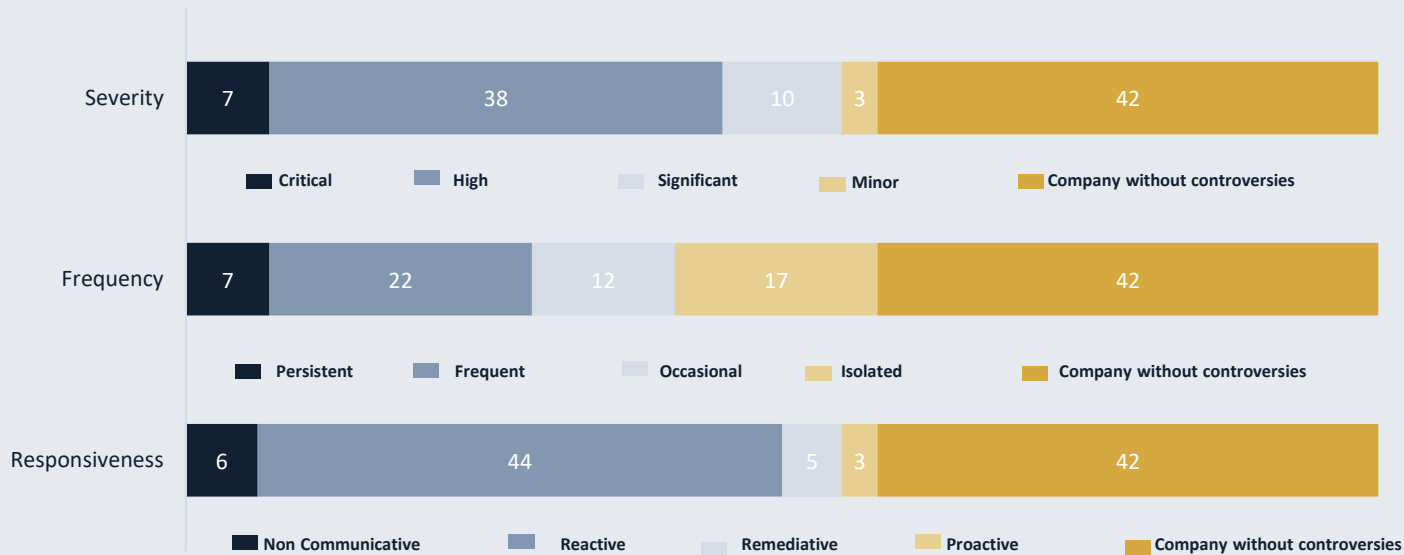


## DYNASTY GLOBAL CONVERTIBLES

### 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 GLOBAL CONVERTIBLES

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
Eni 2.625% Perp (call 2025)	0.1%	Energy	4 - 5
Renault 1.25% 2022	0.5%	Consumer cyclical	5
Volkswagen 1.25% 2022	0.3%	Consumer cyclical	1 - 5
Lafarge Holcim 0% 2022	0.04%	Industrial	4

\*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.

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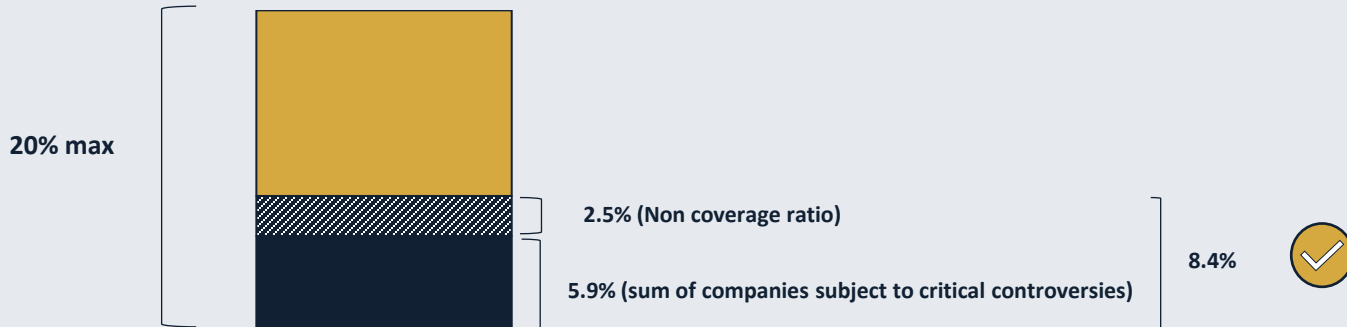
These domains are :

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### Companies subject to critical controversies\*

Holding Name	Portfolio Weight	Sector (GICS)	Domains impacted by the critical controversy
Eni 0% 2022	2.5%	Energy	4 - 5
Uber 0% 2025	1.8%	Communications	4 - 5
Glencore 1.875% 2023	0.7%	Basic Materials	2 - 4

\*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 GLOBAL CONVERTIBLES

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
None in portfolio		

#### Anti Personal Mines

Holding Name	ISIN	Portfolio Weight
None in portfolio		

#### Controversial Weapons

Holding Name	ISIN	Portfolio Weight
None in portfolio		

#### Anti Personal Landmines

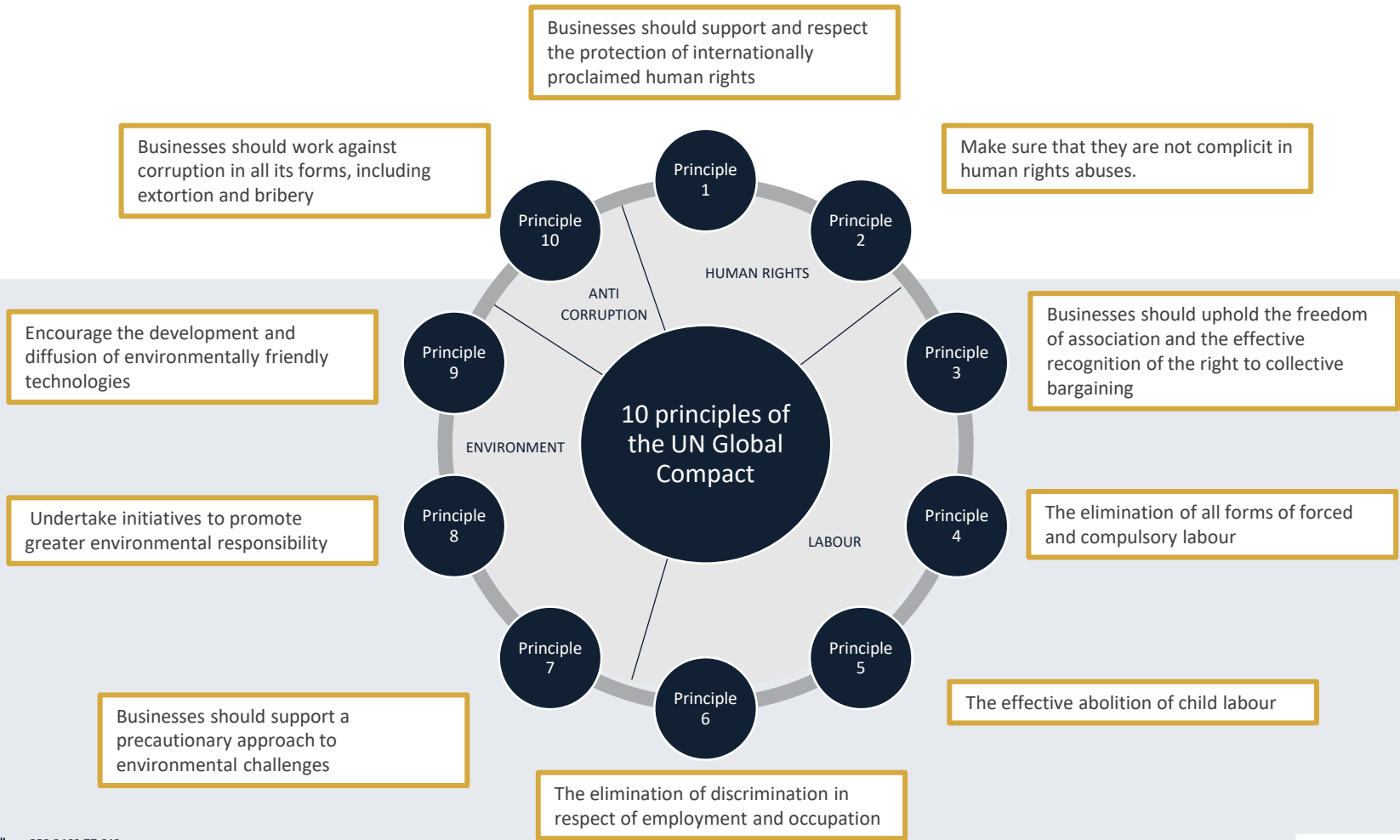
Holding Name	ISIN	Portfolio Weight
None in portfolio		

#### Nuclear Weapons

Holding Name	ISIN	Portfolio Weight
None in portfolio		



# DYNASTY GLOBAL CONVERTIBLES





## DYNASTY GLOBAL CONVERTIBLES

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 Behaviour → 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.

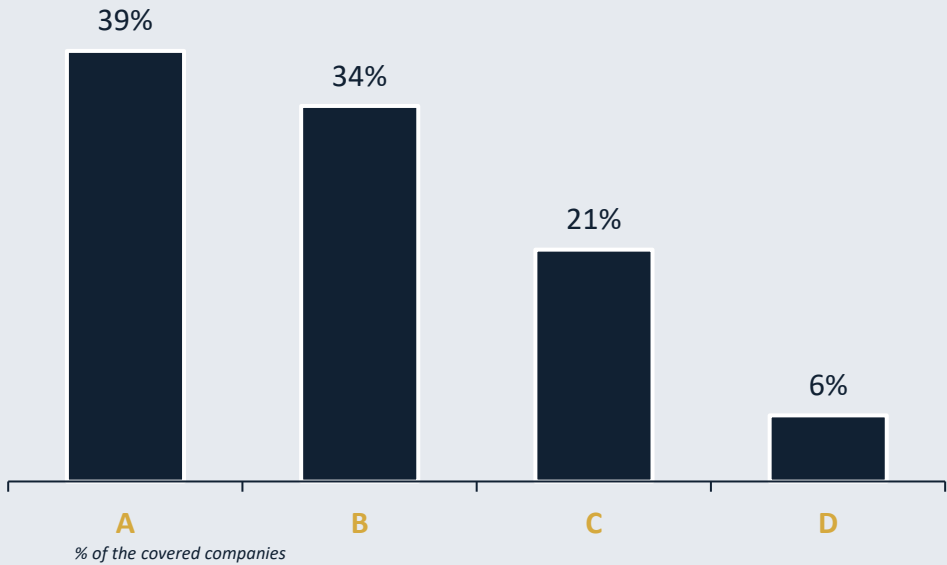
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

Holding Name	Portfolio Weight	UN Global Compact principle	Dynasty AM Status	Start of engagement	Time remaining below 2 years ?
Lafarge Holcim 0% 2022	0.04%	Principles No. 1, 2, 10	Ongoing Controversy	07/09/2021	Yes
TotalEnergies 3.369% Perp (call 2026)	0.04%	Principle No. 10	Not Active		
TotalEnergies 2.625% Perp (call 2025)	0.07%	Principle No. 10	Not Active		
Renault 1.25% 2022	0.46%	Principles No. 9, 10	Not Active		
Eni 2.625% Perp (call 2025)	0.07%	Principles No. 1, 2	Not Active		
Eni 0% 2022	2.48%	Principles No. 1, 2	Not Active		
Volkswagen 1.25% 2022	0.32%	Principles No. 9, 10	Not Active		



**DYNASTY GLOBAL CONVERTIBLES**

**Carbon Footprint (of investments)**

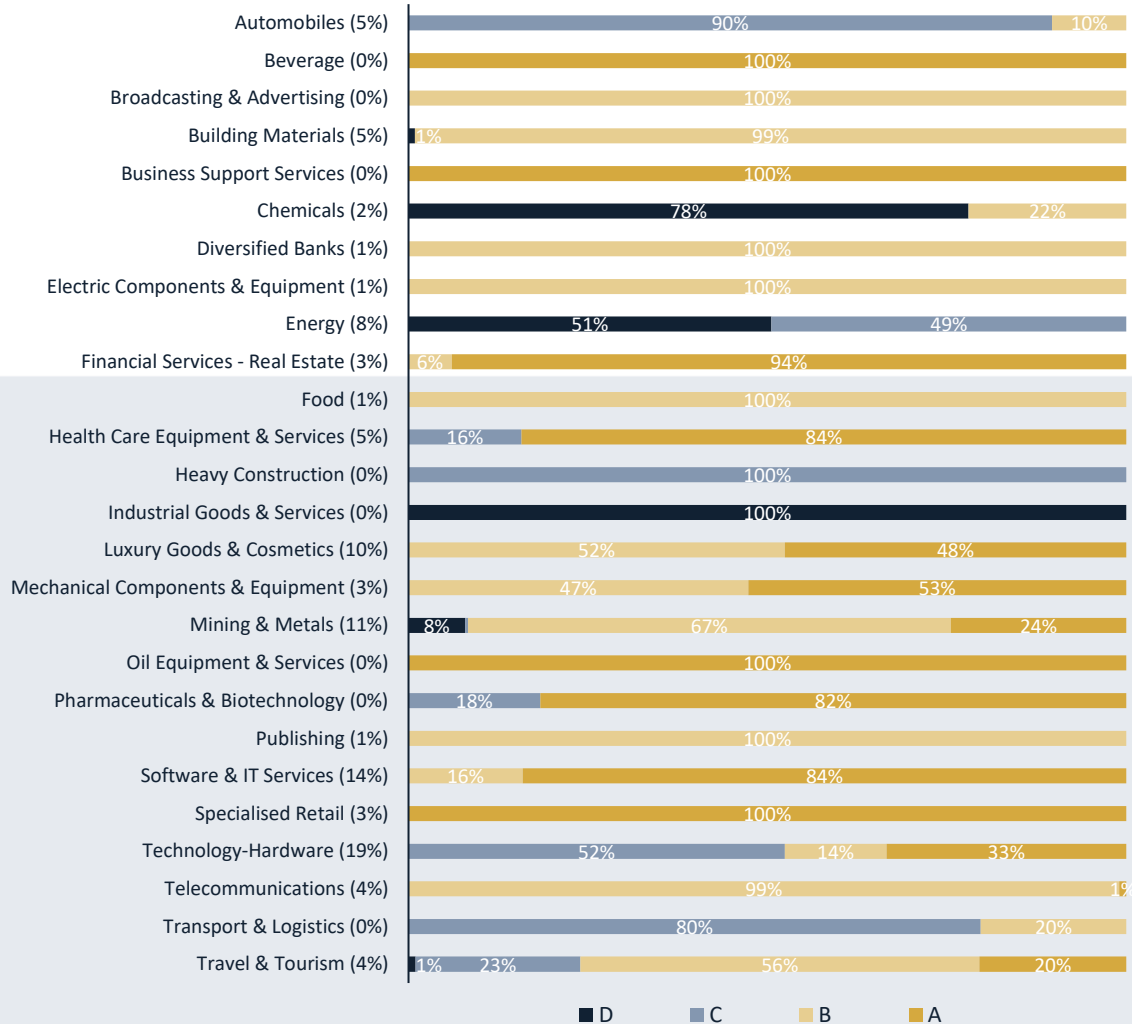


Scale	Emissions (T CO2 Equivalent)*	Categories
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

\* Scope 1 & 2



## DYNASTY GLOBAL CONVERTIBLES



### Carbon Footprint Breakdown by Sector *(of investments)*



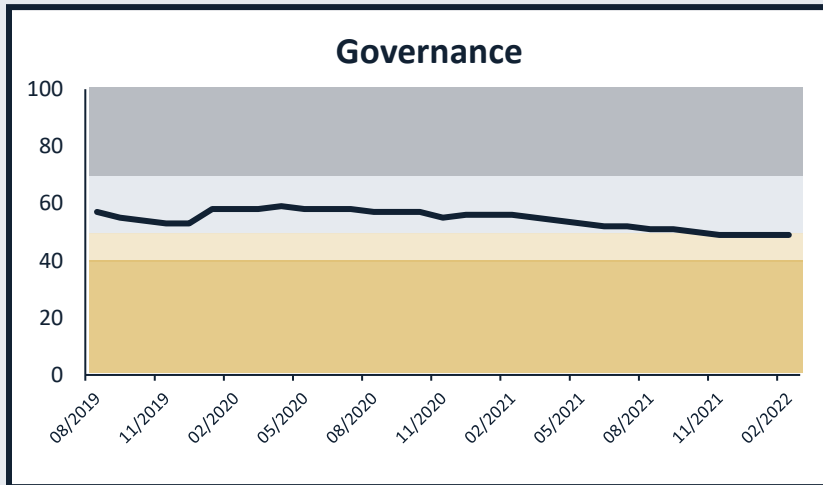
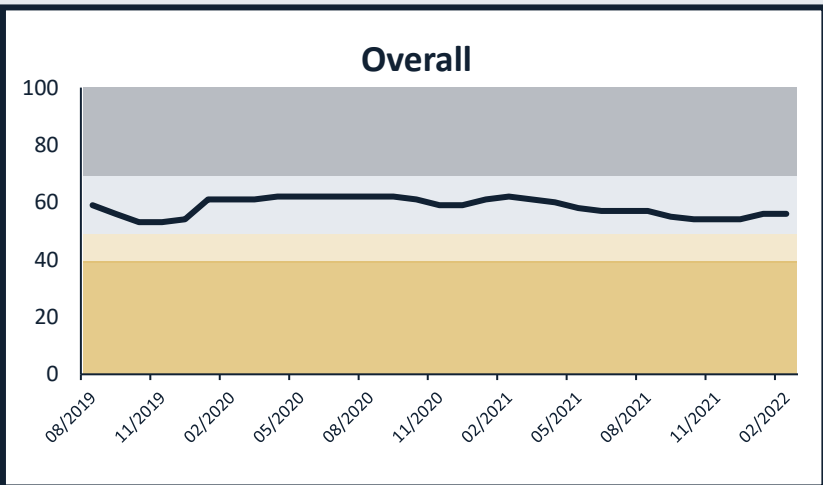
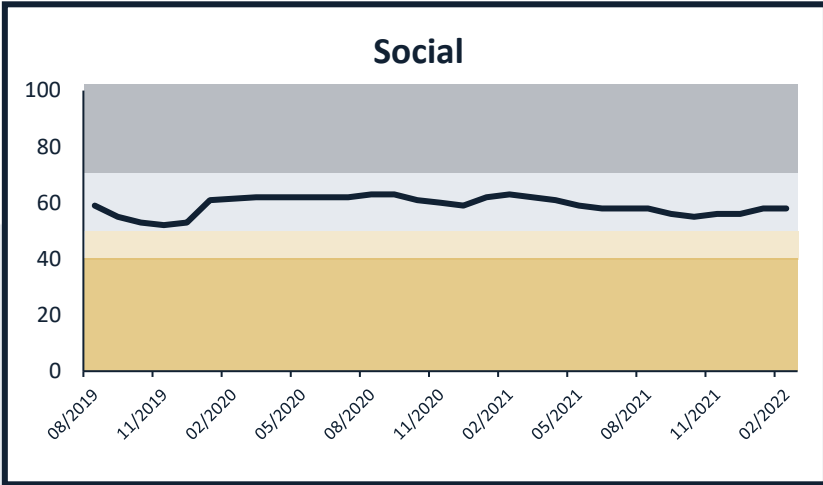
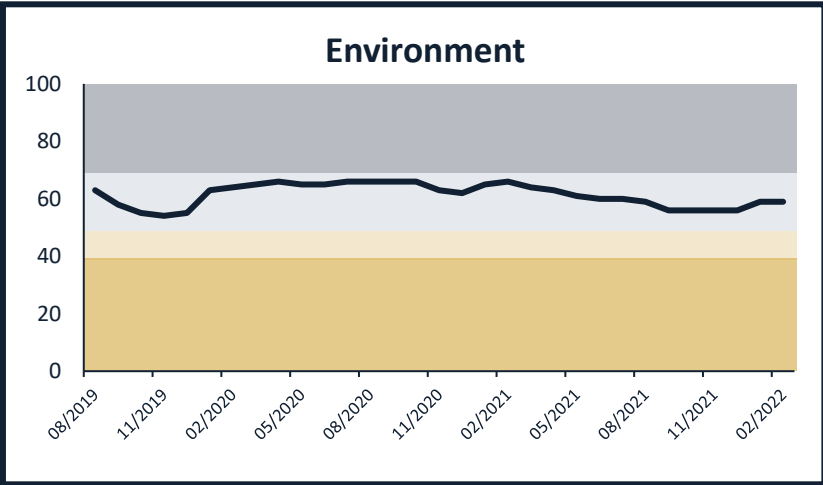
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\* Scope 1 & 2



# DYNASTY GLOBAL CONVERTIBLES

## ESG RISKS



- Advanced
- Robust
- Limited
- Weak





**DYNASTY GLOBAL CONVERTIBLES**

**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



**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 GLOBAL CONVERTIBLES

### 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



#### Controversial Behavior

Holding Name	Portfolio Weight	UN Global Compact principle	Dynasty AM Status	Start of engagement	Time remaining below 2 years ?
Lafarge Holcim 0% 2022	0.04%	Principles No. 1, 2, 10	Ongoing Controversy	07/09/2021	Yes
TotalEnergies 3.369% Perp (call 2026)	0.04%	Principle No. 10	Not Active		
TotalEnergies 2.625% Perp (call 2025)	0.07%	Principle No. 10	Not Active		
Renault 1.25% 2022	0.46%	Principles No. 9, 10	Not Active		
Eni 2.625% Perp (call 2025)	0.07%	Principles No. 1, 2	Not Active		
Eni 0% 2022	2.48%	Principles No. 1, 2	Not Active		
Volkswagen 1.25% 2022	0.32%	Principles No. 9, 10	Not Active		



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