

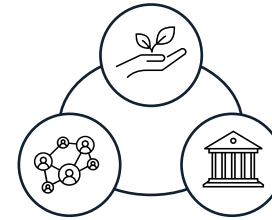
DYNASTY AM  
ESG Report  
31<sup>th</sup> December 2023



# DYNASTY GLOBAL CONVERTIBLES

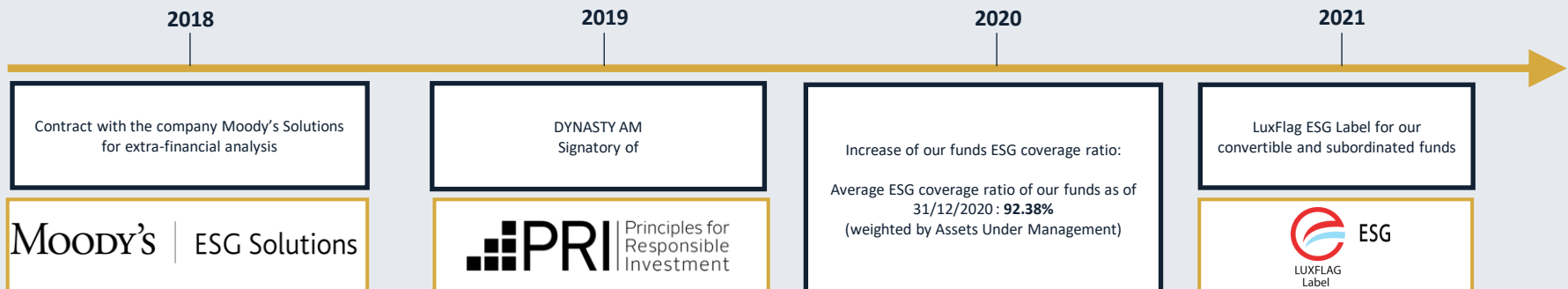
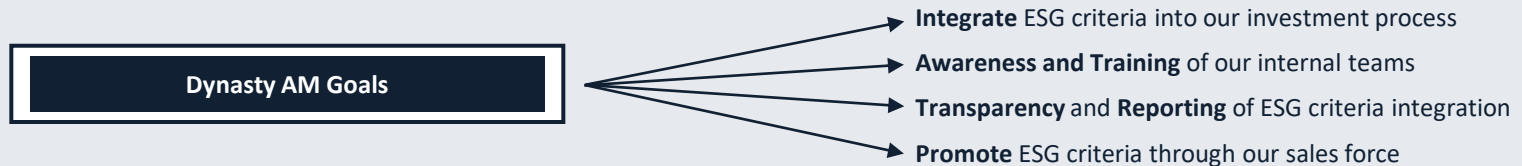


# ESG Policy



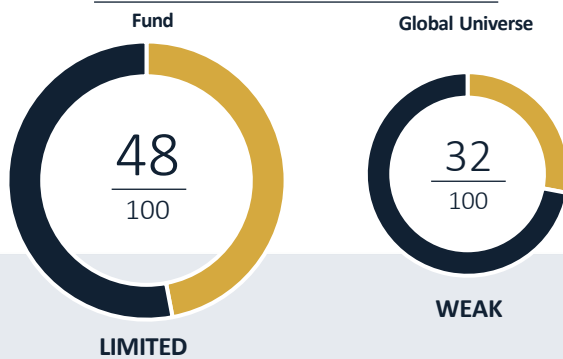
Dynasty AM S.A.'s **ESG (Environment, Social and Governance)** philosophy is based on the principle that there is a positive correlation between taking into account extra-financial criteria and generation of added value. We therefore aim to obtain the best long-term risk- return ratio for our clients,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

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

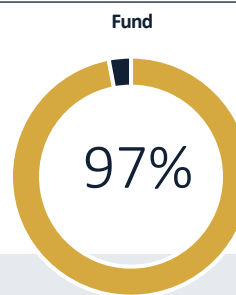


## DYNASTY GLOBAL CONVERTIBLES

### ESG Score



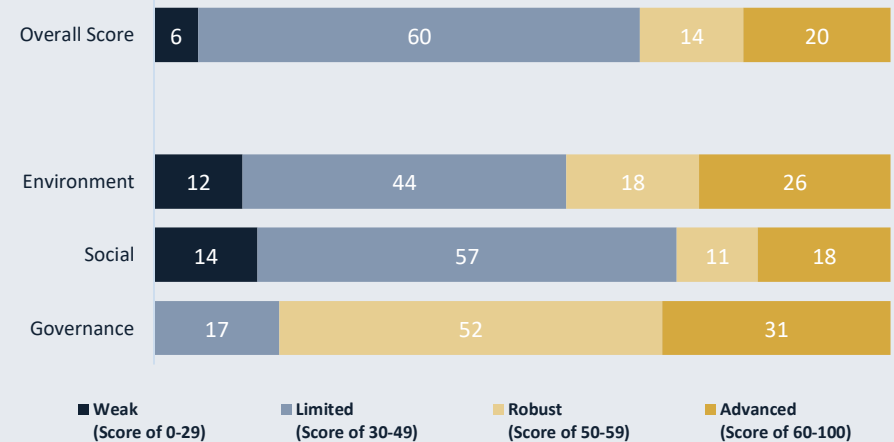
### ESG Coverage



### Overall and Domain Scores

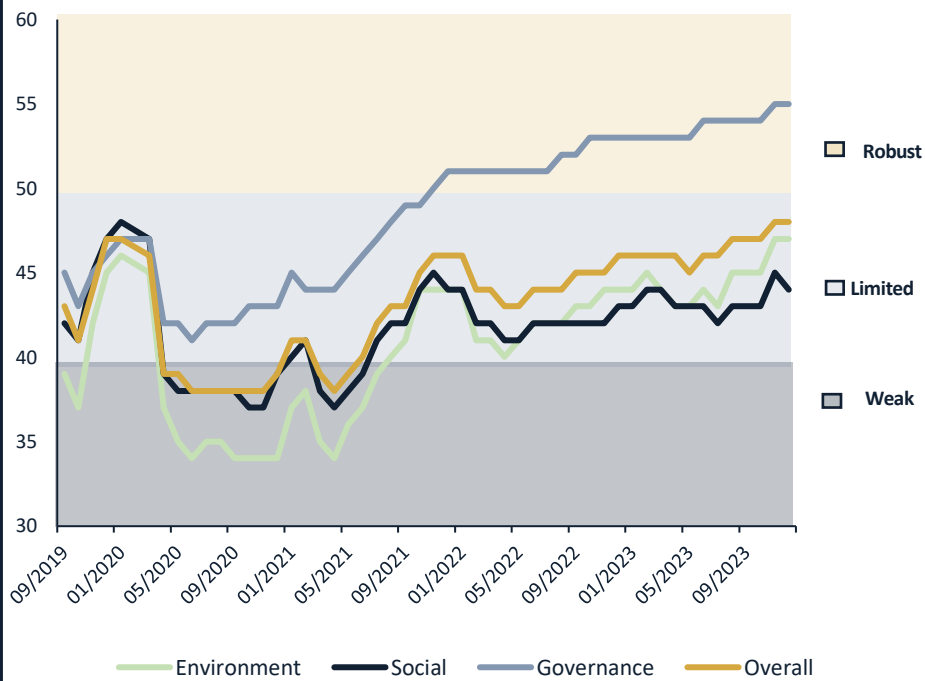
|             | Average |
|-------------|---------|
| Overall     | 48      |
| Environment | 47      |
| Social      | 44      |
| Governance  | 55      |

### ESG Score Breakdown (% investment)

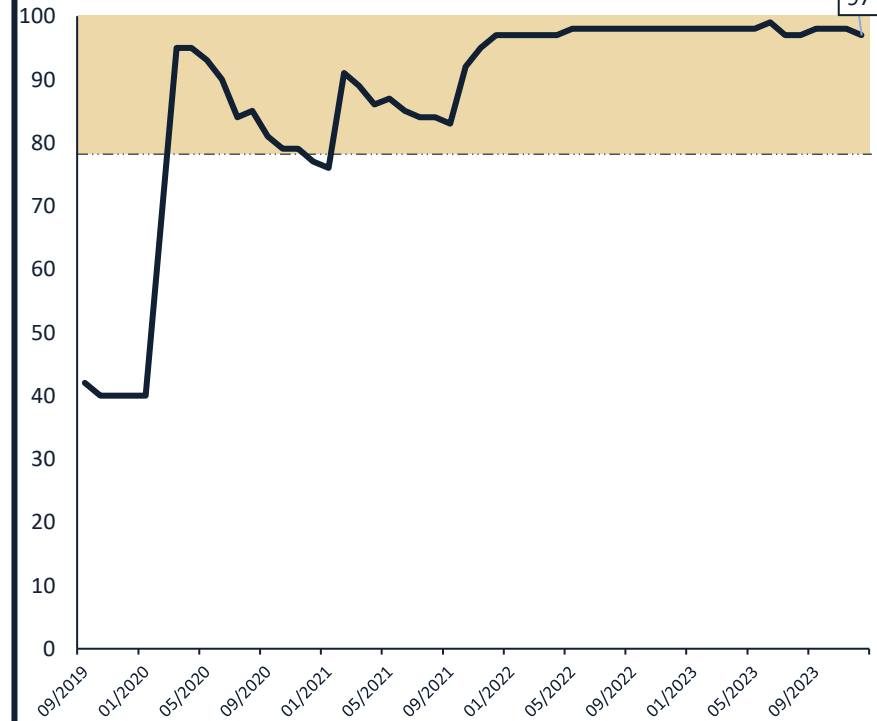


## DYNASTY GLOBAL CONVERTIBLES

Overall ESG Score  
Average



Overall ESG Coverage ratio (%)





## DYNASTY GLOBAL CONVERTIBLES

### 5 highest rated ESG positions

| Rank | Holding Name                  | Portfolio Weight | Sector (GICS)   | Rating   |
|------|-------------------------------|------------------|-----------------|----------|
| 1    | Schneider Electric 0% 2026    | 2.2%             | Industrial      | Advanced |
| 2    | ENI SpA 2.95% 2030            | 1.3%             | Energy          | Advanced |
| 3    | Iberdrola 0.8% 2027           | 0.1%             | Utilities       | Advanced |
| 4    | Arkema 2.75% Perp (Call 2024) | 0.5%             | Basic Materials | Advanced |
| 5    | Italgas 1.125% 2024           | 0.4%             | Utilities       | Advanced |

### 5 lowest rated ESG positions

| Rank | Holding Name                  | Portfolio Weight | Sector (GICS)          | Rating |
|------|-------------------------------|------------------|------------------------|--------|
| 1    | Voyageurs du Monde 3% 2028    | 0.2%             | Consumer, Non-cyclical | Weak   |
| 2    | First Majestic 0.375% 2027    | 0.5%             | Basic Materials        | Weak   |
| 3    | Airbnb 0% 2026                | 0.4%             | Consumer, Cyclical     | Weak   |
| 4    | Digi Communications 2,5% 2025 | 0.05%            | Communications         | Weak   |
| 5    | Liberty Media Corp 2.25% 2027 | 0.5%             | Communications         | Weak   |



## DYNASTY GLOBAL CONVERTIBLES

### 5 largest positions

| Rank | Holding Name                         | Portfolio Weight | Sector (GICS)      | Rating  |
|------|--------------------------------------|------------------|--------------------|---------|
| 1    | Palo Alto 0.375% 2025                | 3.6%             | Communications     | Limited |
| 2    | Air France-KLM 0.125% 2026           | 3.3%             | Consumer, Cyclical | Limited |
| 3    | On Semiconductor 0.5% 2029           | 3.3%             | Technology         | Limited |
| 4    | Booking Holdings 0.750% 2025         | 3.0%             | Consumer, Cyclical | Limited |
| 5    | Pioneer Natural Resource 0.250% 2025 | 2.7%             | Energy             | 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

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.

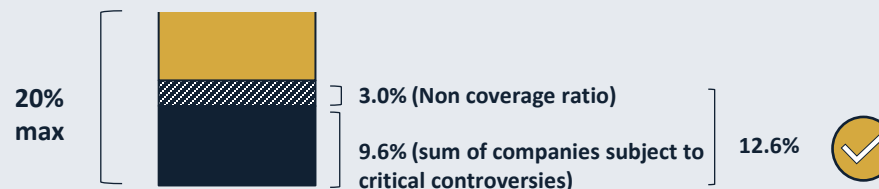
These domains are :

- (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 3.375% Perp (Call 2024) | 1.0%             | Consumer, cyclical     | 5  |
| Uber 0% 2025                       | 1.8%             | Communications         | 4  |
| Glencore 0% 2025                   | 1.1%             | Basic Materials        | 2 - 3  |
| Stellantis 3.75% 2024              | 1.7%             | Consumer, cyclical     | 5  |
| Bayer 0.375% 2024                  | 1.1%             | Consumer, non-cyclical | 5  |
| Uber 0.875% 2028                   | 2.5%             | Communications         | 4 - 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.



Continued on next page →



## 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     |
|----------------------|----------------------|----------------------|
| <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    |                      |                      |

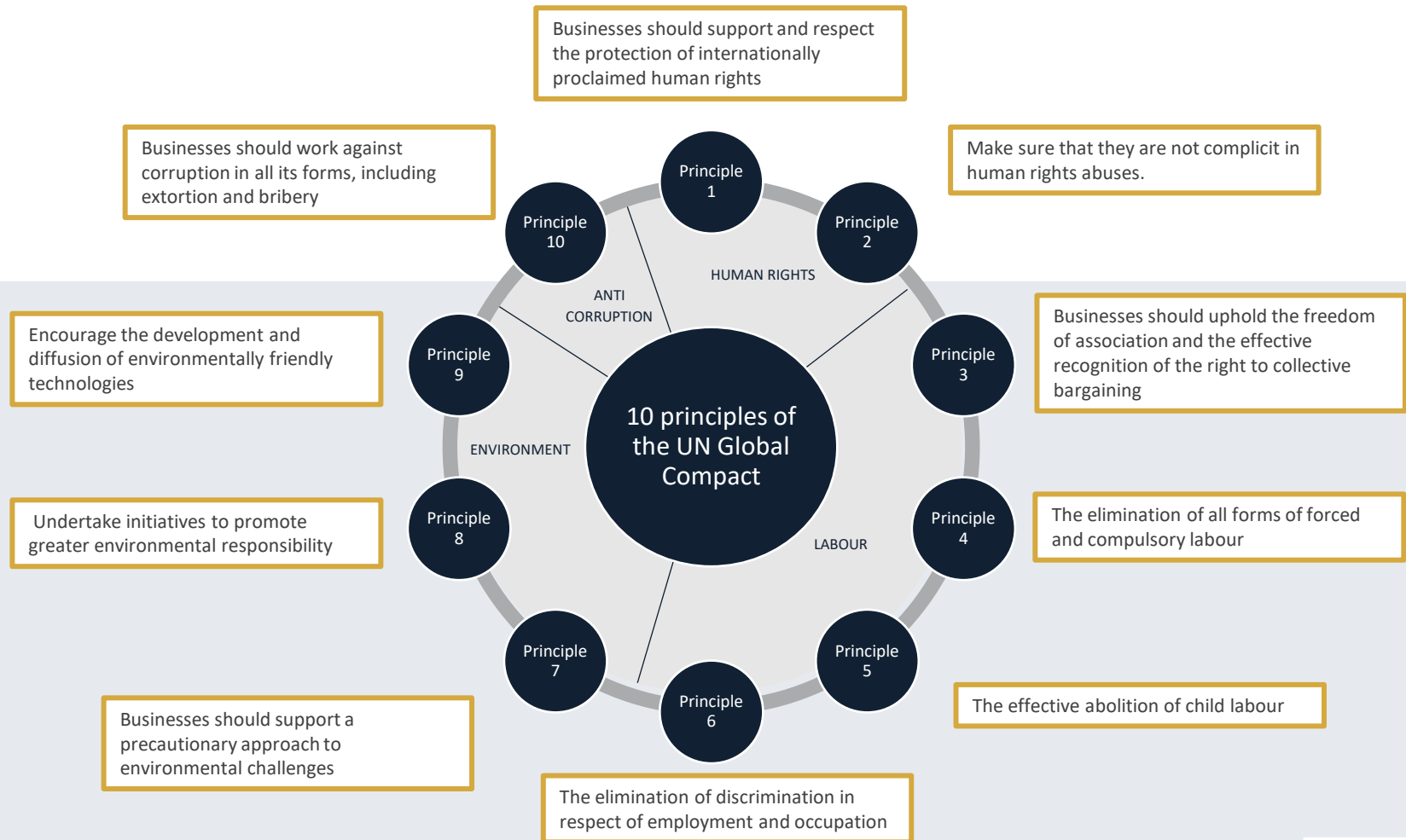
#### Anti Personal Landmines

| 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 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.

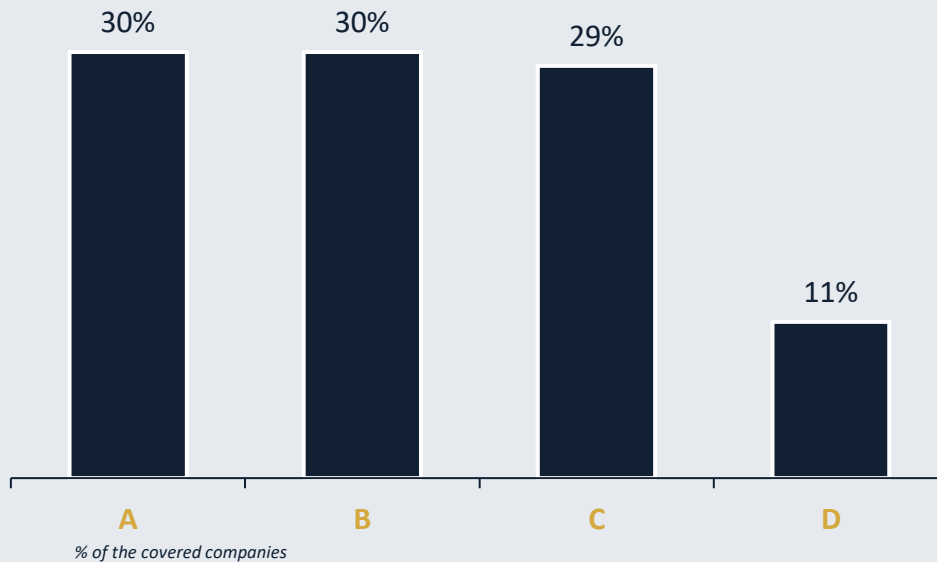
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

| Holding Name                       | Portfolio Weight | UN Global Compact principle | Dynasty AM Status   | Start of engagement | Time remaining below 2 years ? |
|------------------------------------|------------------|-----------------------------|---------------------|---------------------|--------------------------------|
| Volkswagen 3.375% Perp (Call 2024) | 1.0%             | Principles No. 9            | Not Active          |                     |                                |
| Uber 0% 2025 /                     | 1.8%             | Principles No. 1, 2         | Not Active          |                     |                                |
| Glencore 0% 2025                   | 1.1%             | Principles No. 1, 2         | Ongoing Controversy | 31/01/2022          | Yes                            |
| Stellantis 3.75% 2024              | 1.7%             | Principles No. 9, 10        | Not Active          |                     |                                |
| Bayer 0.375% 2024                  | 1.1%             | Principles No. 9            | Not Active          |                     |                                |
| Uber 0.875% 2028                   | 2.5%             | Principles No. 1, 2         | Not Active          |                     |                                |



# DYNASTY GLOBAL CONVERTIBLES

## Carbon Footprint (of investments)

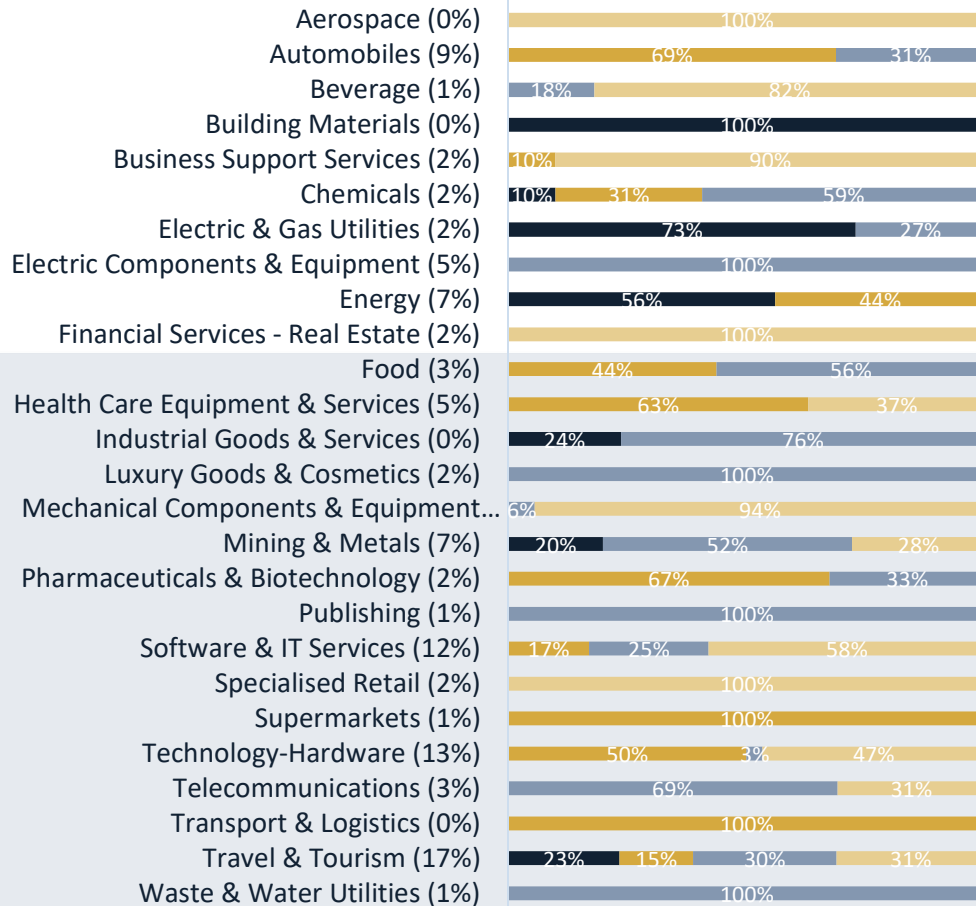


| Scale | Emissions (T CO2 Equivalent)* | Categories  |
|-------|-------------------------------|-------------|
| A     | <100 000                      | Moderate    |
| B     | >= 100 000 and <1 000 000     | Significant |
| C     | >= 1 000 000 and <10 000 000  | High        |
| D     | >= 10 000 000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

\* Scope 1 & 2

## DYNASTY GLOBAL CONVERTIBLES

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



■ D ■ C ■ B ■ A

| 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     |

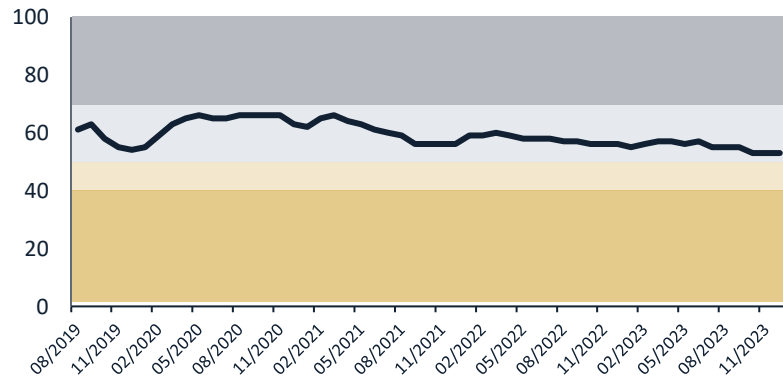
\* Scope 1 & 2



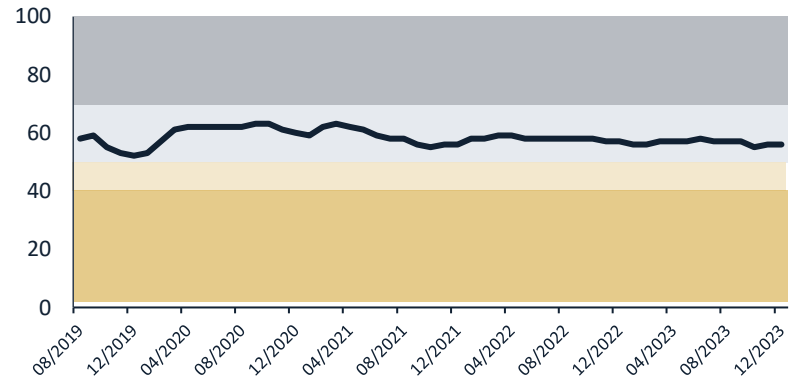
## DYNASTY GLOBAL CONVERTIBLES

### ESG RISKS

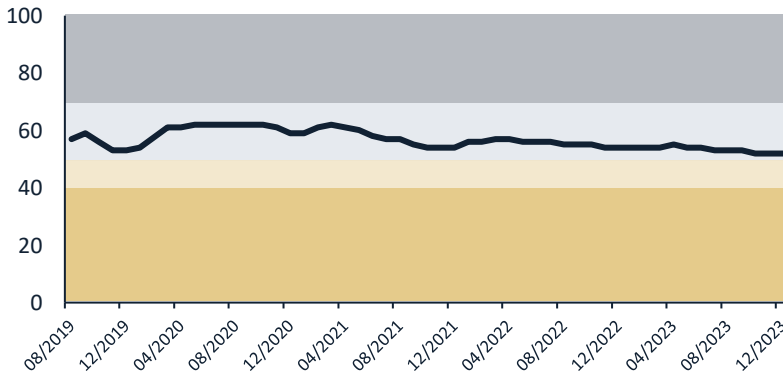
#### Environment



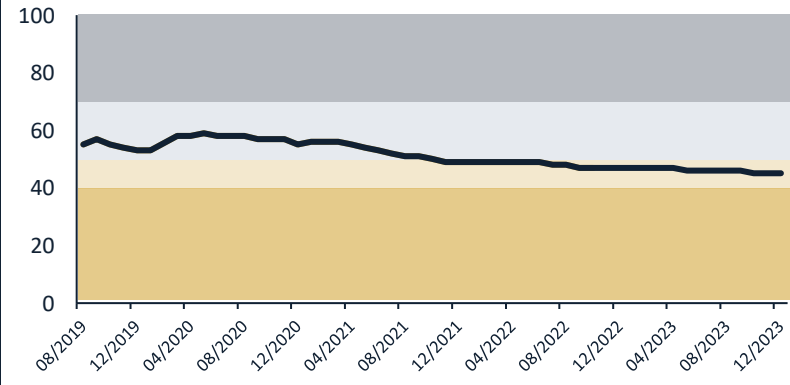
#### Social



#### Overall



#### Governance



- 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



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 2024) | 1.0%             | Principles No. 9            | Not Active          |                     |                                |
| Uber 0% 2025 /                     | 1.8%             | Principles No. 1, 2         | Not Active          |                     |                                |
| Glencore 0% 2025                   | 1.1%             | Principles No. 1, 2         | Ongoing Controversy | 31/01/2022          | Yes                            |
| Stellantis 3.75% 2024              | 1.7%             | Principles No. 9, 10        | Not Active          |                     |                                |
| Bayer 0.375% 2024                  | 1.1%             | Principles No. 9            | Not Active          |                     |                                |
| Uber 0.875% 2028                   | 2.5%             | Principles No. 1, 2         | Not Active          |                     |                                |



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