

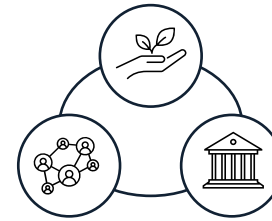
DYNASTY AM  
ESG Report  
30th April 2023



# DYNASTY CORPORATE BONDS 0-2.5



# ESG Policy

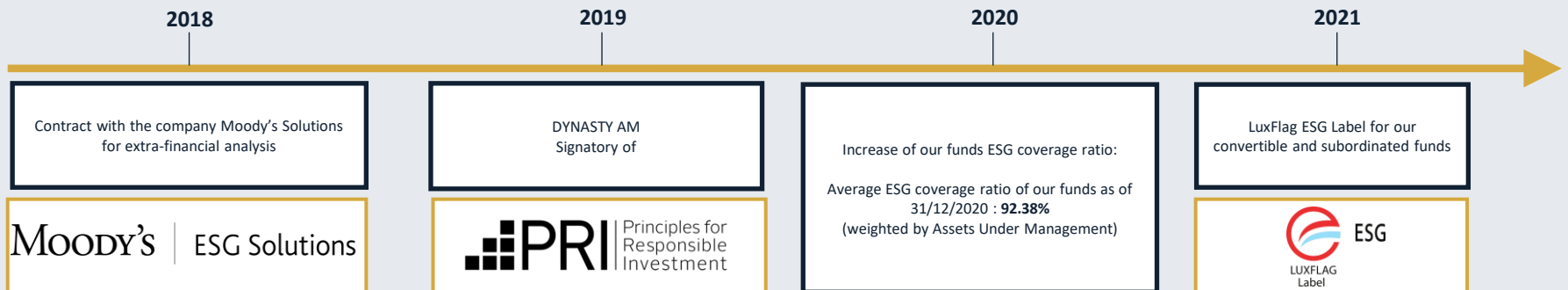


Dynasty AM S.A.'s **ESG (Environment, Social and Governance)** philosophy is based on the principle that there is a positive correlation between taking into account extra-financial criteria and generation of added value. We therefore aim to obtain the best long-term risk- return ratio for our clients,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

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

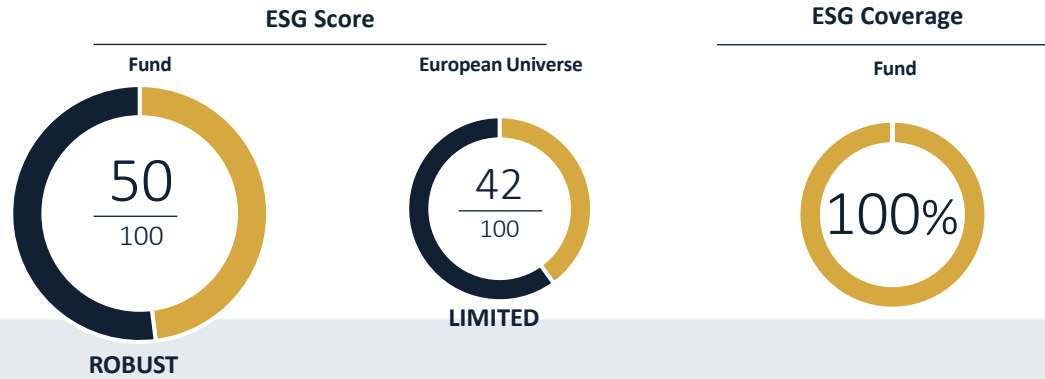
**Dynasty AM Goals**

- ➔ **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





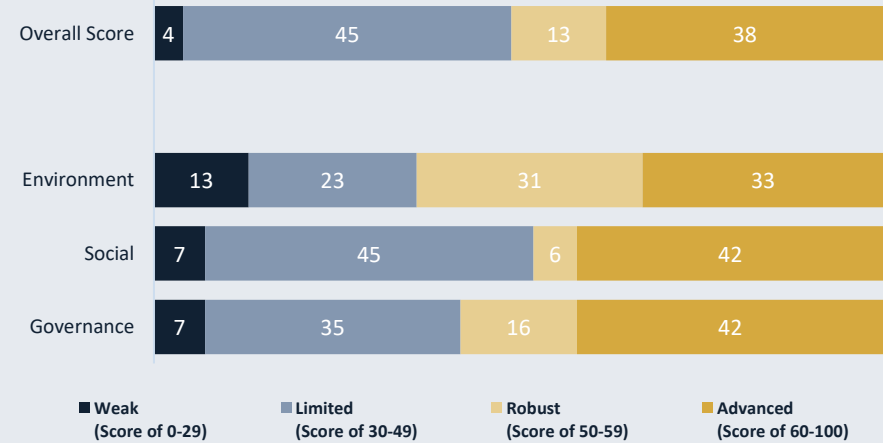
# DYNASTY CORPORATE BONDS 0-2.5



## Overall and Domain Scores

	Average
Overall	50
Environment	50
Social	51
Governance	52

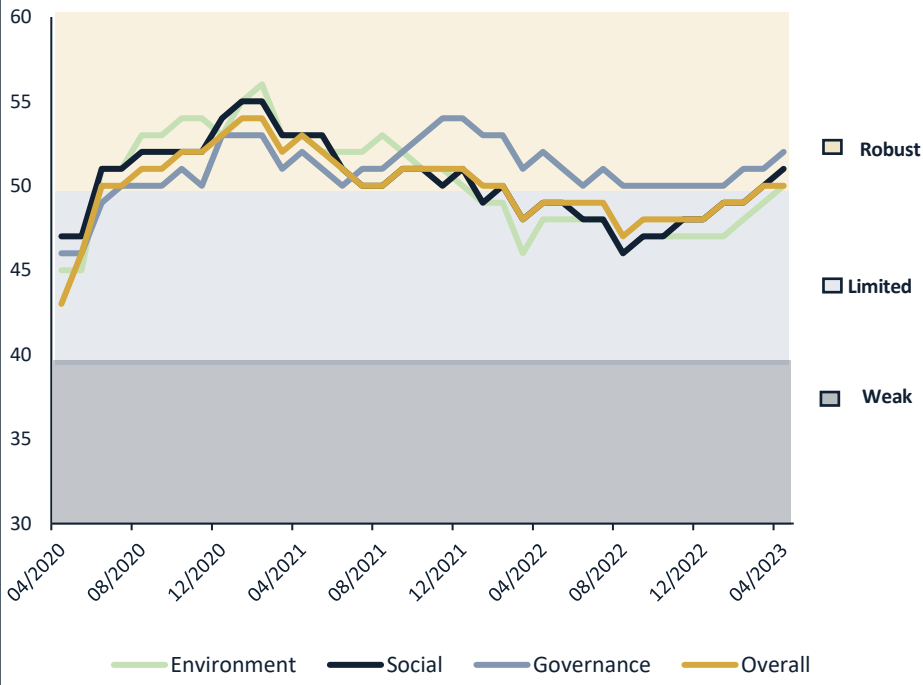
## ESG Score Breakdown (% investment)



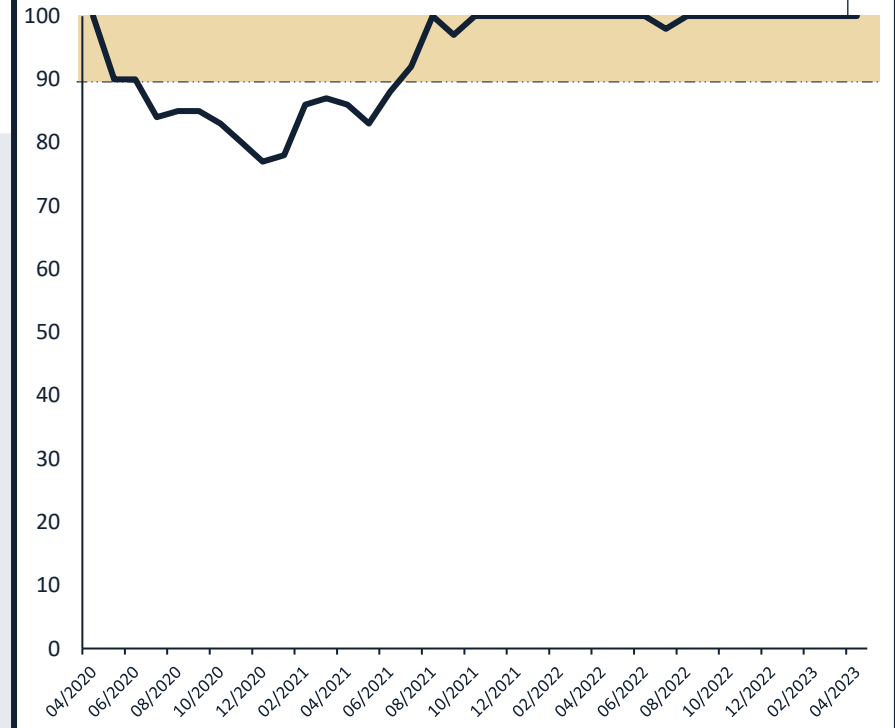


# DYNASTY CORPORATE BONDS 0-2.5

### Overall ESG Score Average



### Overall ESG Coverage ratio (%)





# DYNASTY CORPORATE BONDS 0-2.5

## 5 highest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Renault 1% 2023	3.5%	Consumer, cyclical	Advanced
2	Diageo 0.125% 2023	3.4%	Consumer, Non-Cyclical	Advanced
3	Telefonica Bv 5.875% Perp (Call 2024)	3.5%	Communications	Advanced
4	Eramet 5.1% 2026 (Put 2023)	6.9%	Basic Materials	Advanced
5	Imerys 2.0% 2024	3.4%	Industrial	Advanced

## 5 lowest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Digi Communications 2.5% 2025	3.3%	Communications	Weak
2	Bacardi 2.75% 2023	3.5%	Consumer, Non-cyclical	Limited
3	Damm / Ebro 1.000% 2023	5.1%	Consumer, Non-cyclical	Limited
4	Ineos 2.875% 2026	3.3%	Basic Materials	Limited
5	CK Hutchison 0.875% 2024	3.3%	Diversified	Limited



## DYNASTY CORPORATE BONDS 0-2.5

### 5 largest positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Infineon 0.75% 2023	6.9%	Techonoly	Advanced
2	Eramet 5.1% 2026	6.9%	Basic Materials	Advanced
3	Stellantis 3.375% 2023	5.3%	Consumer, cyclical	Robust
4	Damm / Ebro 1% 2023	5.1%	Consumer, non-cyclical	Limited
5	Bacardi 2.7% 2023	3.5%	Consumer, non-cyclical	Limited



# DYNASTY CORPORATE BONDS 0-2.5

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		

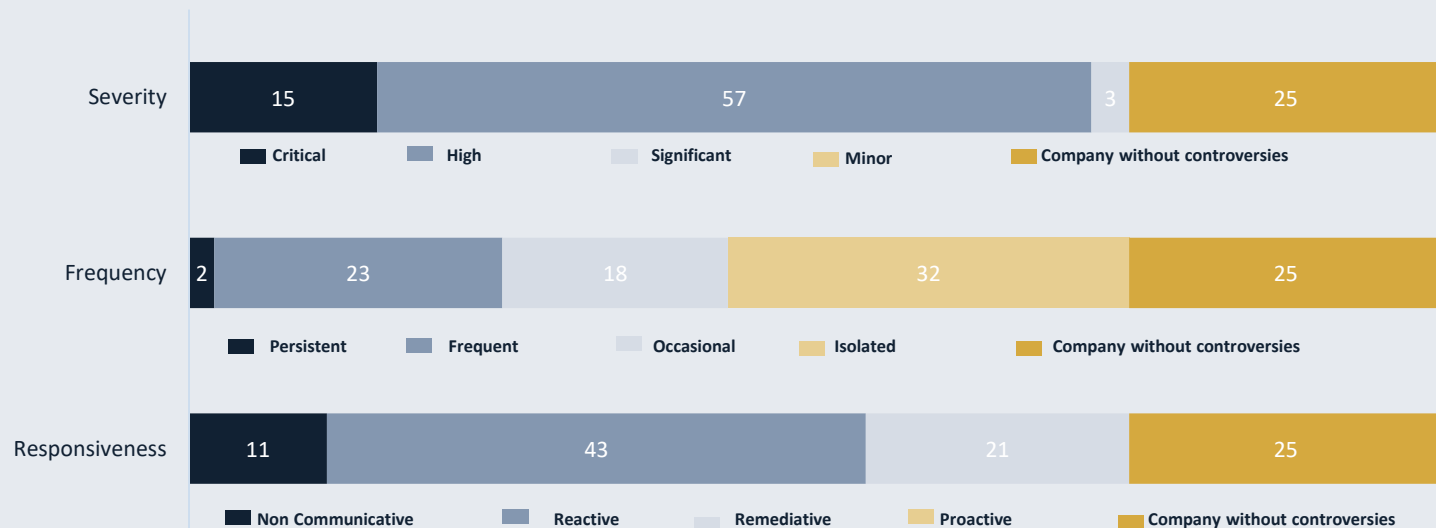


# DYNASTY CORPORATE BONDS 0-2.5

## 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 CORPORATE BONDS 0-2.5

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.

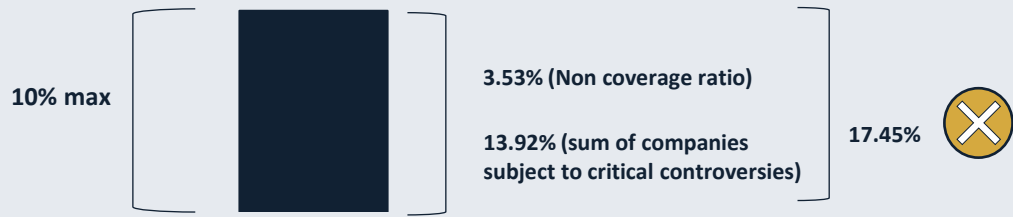
These domains are:

- (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
Imerys 2% 2024	3.4%	Industrial	5
Stellantis 3.375% 2023	5.3	Consumer cyclical	5
Renault 1.5% 2023	3.3	Consumer cyclical	5
Volkswagen 2.375% Perp (Call 2022)	1.7	Consumer cyclical	1 - 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 CORPORATE BONDS 0-2.5

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

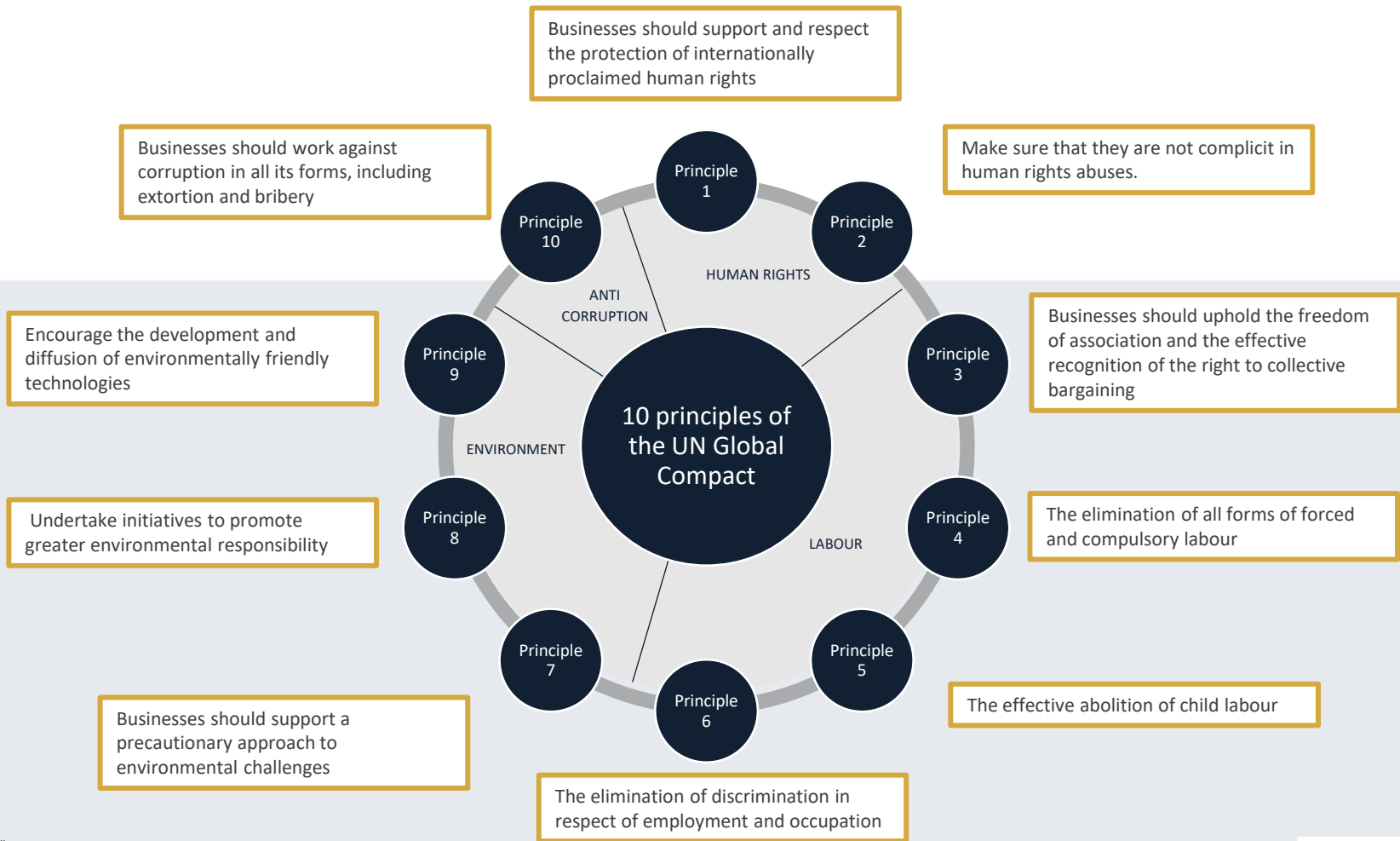
Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		

### Nuclear Weapons

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



# DYNASTY CORPORATE BONDS 0-2.5





## DYNASTY CORPORATE BONDS 0-2.5

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.

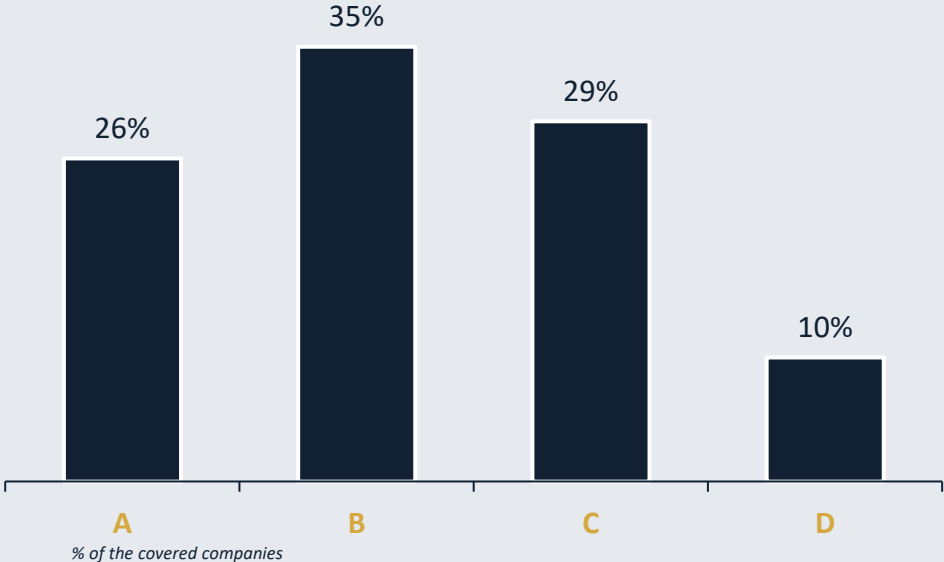
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

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



# DYNASTY CORPORATE BONDS 0-2.5

## Carbon Footprint (of investments)



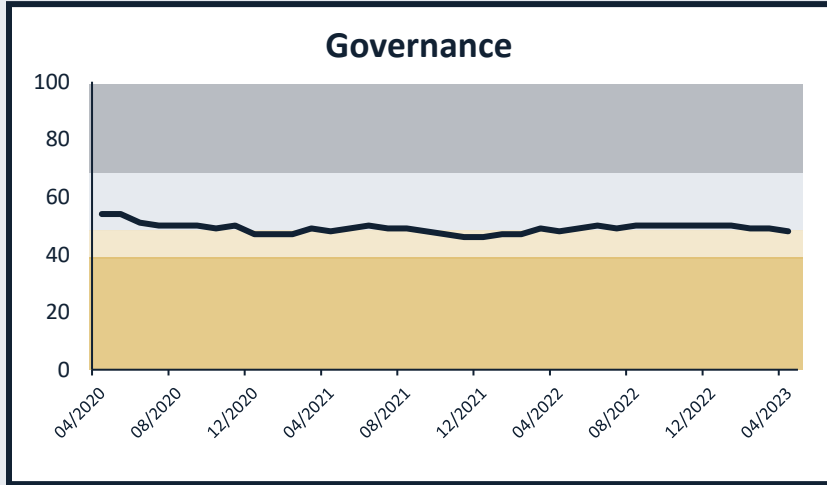
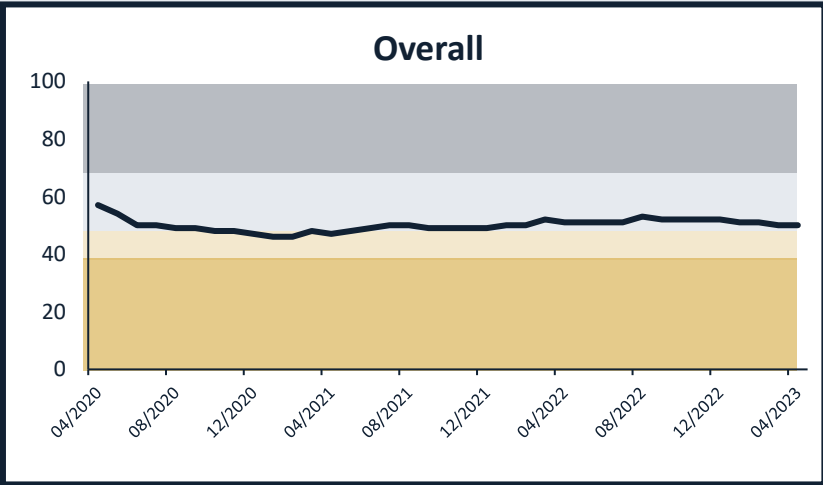
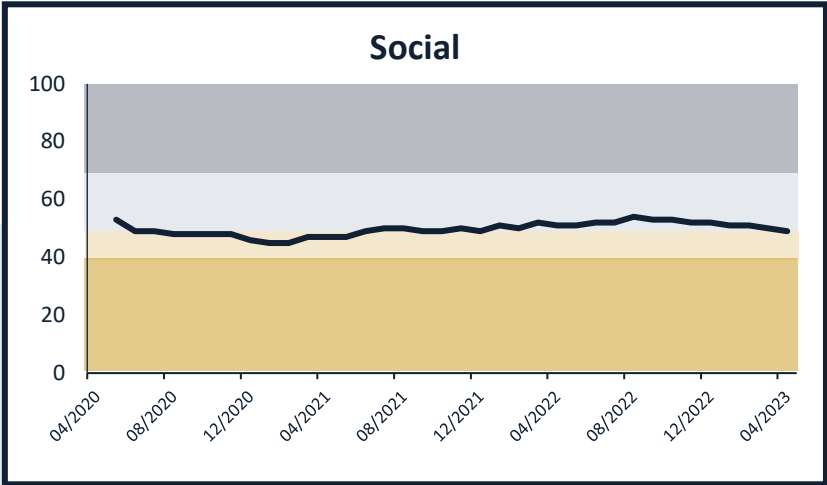
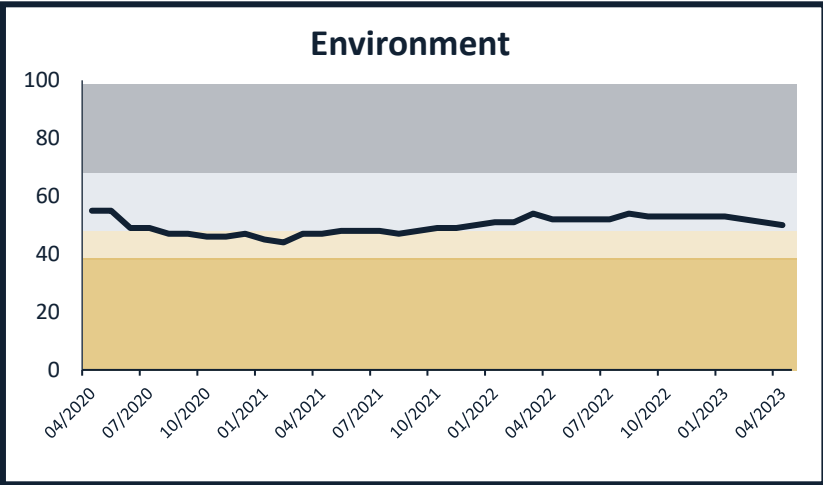
Scale	Emissions (T CO2 Equivalent)*	Categories
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

\* Scope 1 & 2



# DYNASTY CORPORATE BONDS 0-2.5

## ESG RISKS



- Advanced
- Robust
- Limited
- Weak



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— Thank you  
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