Communication relative to Sustainable Finance Disclosure Regulation

(SFDR)

23/02/2021

Sustainability risks are defined as an environmental, social, or governance (ESG) event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Sustainability risks are identified, managed and monitored in the Management Company's risk management procedure.

The Management Company integrates sustainability risks in its company-wide investment process and standard research framework and is a signatory of the United Nation's PRI.

The Management Company's integration of sustainability risks in the investment decision-making and portfolio construction process is reflected in its ESG policy and its investment processes.

The Management Company's standard financial analyses framework tries to take into account all information which might have a material impact on the Company's investments and is therefore divided into a classical financial analyses of the possible investment complemented with an analyses of extra financial criteria included but potentially not limited to Environmental, Social and Governance issues.

This complementary analyses may be based on the data, models and analyses provided by an external provider and may be complemented and/or adapted by our own views and analyses. On the basis of this financial and extra financial analyses the investment will be considered taking into account all risks and benefits for the portfolio in the achievement of its investment objective. No possible investment shall on the basis of this extra financial analyses be de facto excluded. More information on the ESG policy may be obtained from [www.dynasty-am.lu].

The Sub-Funds do not promote environmental or social characteristics, and do not have as objective sustainable investment (as provided by articles 8 or 9 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector).

The Management Company considers that sustainability risks might have an actual or potential limited negative impact on the value of the Company's investments in the medium to long term. The risks that the Company considers include:

- reputational risks, such as the boycott of a company, that could lead to a decrease in the value of the investments (market risk), a lower ability to raise debt, which would impact its ability to meet its obligations (credit risk), or the disappearance of buyers for such a company's financial instruments (liquidity risk);

- physical risk, which is the risk of a higher frequency of disrupting natural events (flooding, storms, droughts or heat waves), which can impact the supply chain of companies (operational risk), preventing them from meeting their sales targets leading to a decreased value (market risk); and

- transition risk, which is the risk of moving towards a less polluting, greener economy. Some economic sectors could be profoundly affected or even disappear, for example the energy sector and actors too reliant on the production of fossil fuel that are not able to diversify themselves or amend their image.