



# ESG policy

## Dynasty AM

*Signatory of:*



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## 1. ESG policy introduction

Dynasty AM S.A. is a Luxembourg asset management company (UCITS, AIF and discretionary portfolio management) approved by the CSSF and created by credit market specialists. The company is independent from any other institution and belongs entirely to its founding partners, which allows it to manage assets of its customers in an objective and sincere manner. Dynasty AM S.A. offers institutional, private and Family Office clients a range of UCITS invested in classic and convertible bonds. Our interests are directly aligned to those of our clients and our investment policy is the result of team working and a continuous exchange of ideas.

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 and investment process.

This policy was drafted by a working group within Dynasty AM (composed of Philippe HALB, Laurent PLUCHARD, Henri RAYOT and Simon ROGER), based on the PRI guideline (Principles for Responsible Investment) which is entitled "Investment policy: processes and practices".

This policy was approved by the Board of Directors of Dynasty AM on September 16th, 2021. Its implementation going forward will be monitored by the Investment Committee of Dynasty AM.

## 2. Definitions

ESG (Environment, Social and Governance) (Novethic):

- **Environmental** criterion takes into account: waste management, reduction of greenhouse gas emissions and prevention of environmental risks.
- **Social** criterion takes into account: accident prevention, staff training, respect for employee rights, supply chain and social dialogue.
- **Governance** criterion verifies: independence of the executive board, management structure and presence of an audit committee.

Integration of ESG criteria (Novethic): ESG integration consists in taking into account in traditional management (also called "mainstream") some key environmental, social or governance criteria (ESG) and making them available to all investment management teams to promote ESG's consideration directly at the heart of the financial analysis criteria and in portfolio construction processes.

Moody's ESG Solutions is an international extra-financial rating agency founded in 2002, the company « *assesses the level of integration by organizations of social, environmental and governance factors into their strategy, operations and managerial functions. The focus being on promotion of economic performance and responsible investment, sources of sustainable value creation.* » Moody's ESG Solutions

Stewardship : « Stewardship » is the use of institutional investors' influence to maximize overall long-term value, including the value of shared economic, social, and environmental assets, on which the returns and interests of clients and beneficiaries depend.

PRI (« Principles for Responsible Investment »): Initiated already since 2005 by Kofi Annan under the aegis of the UN, PRI are a voluntary initiative to apply the six following principles:

1. Take ESG issues into account in the investment analysis and decision-making processes.
2. Be active investors and take ESG issues into account in shareholder policies and practices.
3. Ask the entities in which we invest to publish appropriate information on ESG issues.
4. Encourage the acceptance and application of the Principles to those involved in asset management.
5. Work together to increase effectiveness in applying the Principles.
6. Report individually on activities and progress in implementing the Principles.

- 1 We will take ESG issues into account in the investment analysis and decision-making processes
- 2 We will be active investors and take ESG issues into account in our shareholder policies and practices.
- 3 We will ask the entities in which we invest to publish appropriate information on ESG issues.
- 4 We will encourage the acceptance and application of the Principles to those involved in asset management.
- 5 We will work together to increase our effectiveness in applying the Principles.
- 6 We will report individually on our activities and our progress in implementing the Principles.



Global Compact: Launched in January 2000 at the World Economic Forum in Davos by Kofi Annan, Secretary General of the United Nations, the Global Compact aims to "unite the power of markets with the authority of individual ideals».

It is based on 10 principles related to: Human Rights, Labour standards, Environment and Anti-Corruption.

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: The elimination of all forms of forced and compulsory labour

Principle 5: The effective abolition of child labour

Principle 6: The elimination of discrimination in respect of employment and occupation

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

### 3. ESG policy objectives and scope

For several years, Dynasty AM S.A. has been concerned with the challenges linked to extra-financial criteria integration; since 2018, we have set ourselves objectives to concretize our vision and our commitment. We have therefore made several important steps.

First in 2018, we initiated our contract with Moody's ESG Solutions , the globally recognized company for extra-financial analysis.

In a second step, we set up the ESG rating of our portfolios using our partner's tools (see example in Appendix, *Figure 1: ESG rating of Dynasty Credit SUB fund (April 30, 2022)*). This contract with Moody's ESG Solutions covers the largest European companies listed on financial markets, but also a large number of non-European companies. 2019 was the year of the signing of the PRI, once again concretizing our commitment.

In 2020, Dynasty AM S.A's wrote its first ESG policy applying to each of our UCITS funds under Luxembourg and French law, with a coverage ratio of around 92% of the assets under management in these funds (as of December 31, 2020). All funds concerned are available on our website at the following address: <http://www.dynasty-am.lu/funds/>.

	% ESG Coverage (as of 31.12.2020)		% ESG Coverage (as of 31.12.2020)
Dynasty Global Convertibles	92%	Dynasty Euro Yield	72%
Dynasty Convertibles Europe	98%	Dynasty Bond Euro Short Term	96%
Dynasty Credit Sub	97%	CBP Select Corporate 2023	92%
Dynasty High Yield 2026	87%	Dynasty Corporate Bonds 0- 2.5	84%

In the end of 2021, our 3 “flagships” funds (both convertible and subordinated funds) were classified as “Article 8” under the new regulation (SFDR). In parallel, we started to produce monthly ESG risk report for these funds (available on our website: <https://www.dynasty-am.lu/en/funds>).

Finally, as of December 31<sup>st</sup> 2021, our ESG involvement was reinforced by obtaining the LuxFlag ESG label for our Article 8 funds (Dynasty Global Convertibles, Dynasty Convertibles Europe and Dynasty Credit Sub).

2018

2019

2020

2021

Contract with the company  
Moody's Solutions for  
extra-financial analysis

MOODY'S | ESG Solutions

DYNASTY AM  
Signatory of

 **PRI** | Principles for  
Responsible  
Investment

Increase of our funds ESG  
coverage ratio:

Average ESG coverage ratio  
of our funds as of  
31/12/2020 : **92.38%**

(weighted by Assets Under  
Management)

LuxFlag ESG Label :  
Dynasty Global Convertibles  
Dynasty Convertibles Europe  
Dynasty Credit Sub

 **ESG**  
LUXFLAG  
Label



## 4. Dynasty AM Goals

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

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

## 5. How to achieve these goals ?

To achieve our objectives, we largely rely on data from Moody's ESG Solutions, which allows us to cover a broad range of European and non-European companies. We have therefore access to complete reports detailing companies' rating. In addition, all of the covered portfolios are updated monthly on the Moody's ESG Solutions extranet, which allows us to have both a global and a detailed view of these portfolios. For the non-covered investments, Dynasty AM relies on its own internal analysis.

Regarding the awareness of Dynasty AM S.A employees, an ESG rating report is sent monthly to all internal email addresses. This ESG rating report includes a summary sheet on each portfolio (see example in the Appendix, *Figure 1: ESG rating of Dynasty Credit SUB fund as of April 30, 2022*). We send the rating of all of the covered companies present in our portfolios, with a clarification on the variation of this rating. A controversy report is also sent every month, this report sums-up every "critical controversy" (as defined below) our funds may be exposed to. In addition, we send the Carbon Footprint of our funds, as well as the split of the Carbon Footprint notation within the funds' investments (see example in the Appendix, *Figure 2: Carbon Footprint of Dynasty's funds as of 30/04/2022*). Finally, we provide the average Energy Transition Score of our funds (see example in the Appendix, *Figure 3: Energy Transition score of Dynasty's funds as of 30/04/2022*).

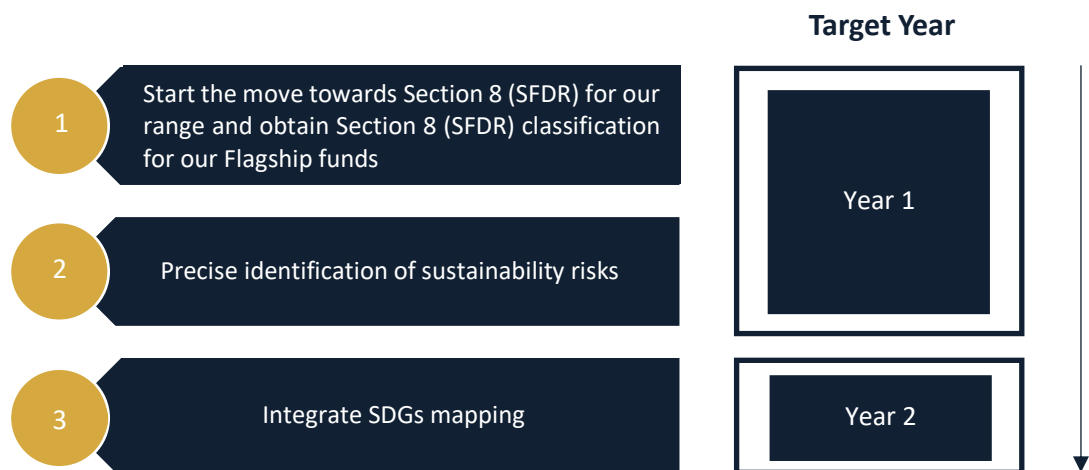
An ESG report is published on a monthly basis on our website for our funds which are categorized as SFDR Article 8 (*Figure 4 and below: Monthly ESG report*). This ESG report is produced for every fund managed by Dynasty AM, regardless of their ESG implication, in order to create an internal standard database.

All these reports are available to every Dynasty AM's employee. Our sales force and our sales team can communicate our ESG data directly and transparently to our clients (additional breakdowns can be requested by our clients if needed). We communicate on our progress to the executive committee during a monthly investment committee in which a detailed investments review is displayed.

## 6. Our Targets for the coming years 2021-2022

Dynasty AM S.A. remains focused on the future. We wish to have a real vision, a real approach of progression. Our objectives for the next 2 years will thus be articulated around 3 axes:

### New 2021 -2022 Targets :



### Reminder : 2020 -2021 Targets:



## 7. Our transition towards SFDR article 8

For the third and fourth quarter of 2021 we have decided to take the formalization of our commitment a step further and have engaged upon a move towards a SFDR 8 classification for our fund range. We have decided that the following flagship funds will be “migrated” first:

- Dynasty Convertibles Europe
- Dynasty Credit Sub
- Dynasty Global Convertibles

The funds will keep their existing investment process which consists of taking into account all information leading to an investment decision being it financial or extra - financial (ESG). Hence the funds do promote among other characteristics, Environmental, Social and Governance characteristics (as provided by Article 8 of SFDR). They will not have an ESG impact objective as such or they will not have a sustainable investment objective goal and hence the funds will not move to Article 9 of SFDR. We will however formalize the existing ESG characteristics of the funds even more and communicate upon them formally internally and externally.

The ESG characteristics integrated in our investment processes and portfolio construction process will be organized going forward around the following 5 pillars:

### Pillar 1 : ESG coverage and ESG scoring of our portfolios

An ‘ESG coverage’ of at least 90% for the funds with a European investment universe, meaning that at all times at least 90% of the concerned portfolios will be scored on ESG characteristics. The scoring in question is provided by our external provider Moody’s ESG Solutions, internal analysis or a combination of both. The objective is to have an ESG coverage ratio as close to 100% as possible at all times.

An ‘ESG coverage’ of at least 80% for the funds with a Global investment universe, meaning that at all times at least 80% of the concerned portfolios will be scored on ESG characteristics. The scoring in question is provided by our external provider Moody’s ESG Solutions, internal analysis or a combination of both. The objective is to have an ESG coverage ratio as close to 100% as possible at all times.

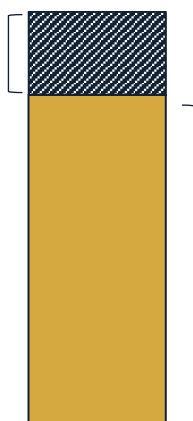
For the avoidance of doubt, the ratios of respectively 80% and 90% will exclude cash and the investment funds in which we may invest.

The rationale behind the ratios of at least 90% or 80% is to formalize our ESG approach even more whilst keeping our current investment and portfolio construction process characterized by a great reactivity to the market environment and movements, thus allowing the fund managers to rapidly divest the portfolios in case of adverse market conditions or, conversely, to rapidly seize investment opportunities on new issue markets – an equally important source of alpha, without being hampered by a too strict framework that could handicap our ability to react, leading to adverse impact on performance.

This minimum ESG coverage does not mean that the securities that are not covered are not analysed. Even if our ESG data provider cannot provide any scoring, portfolio managers will use any data at their disposal (ie. Press release, company news, sustainability reports, controversies exposure, ...), in order to assess the ESG rating of the concerned company.

### Global Investment Universe

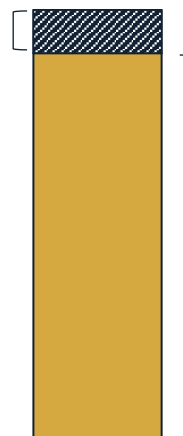
20% tolerance  
ratio



ESG Coverage:  
80% min.

### European Investment Universe

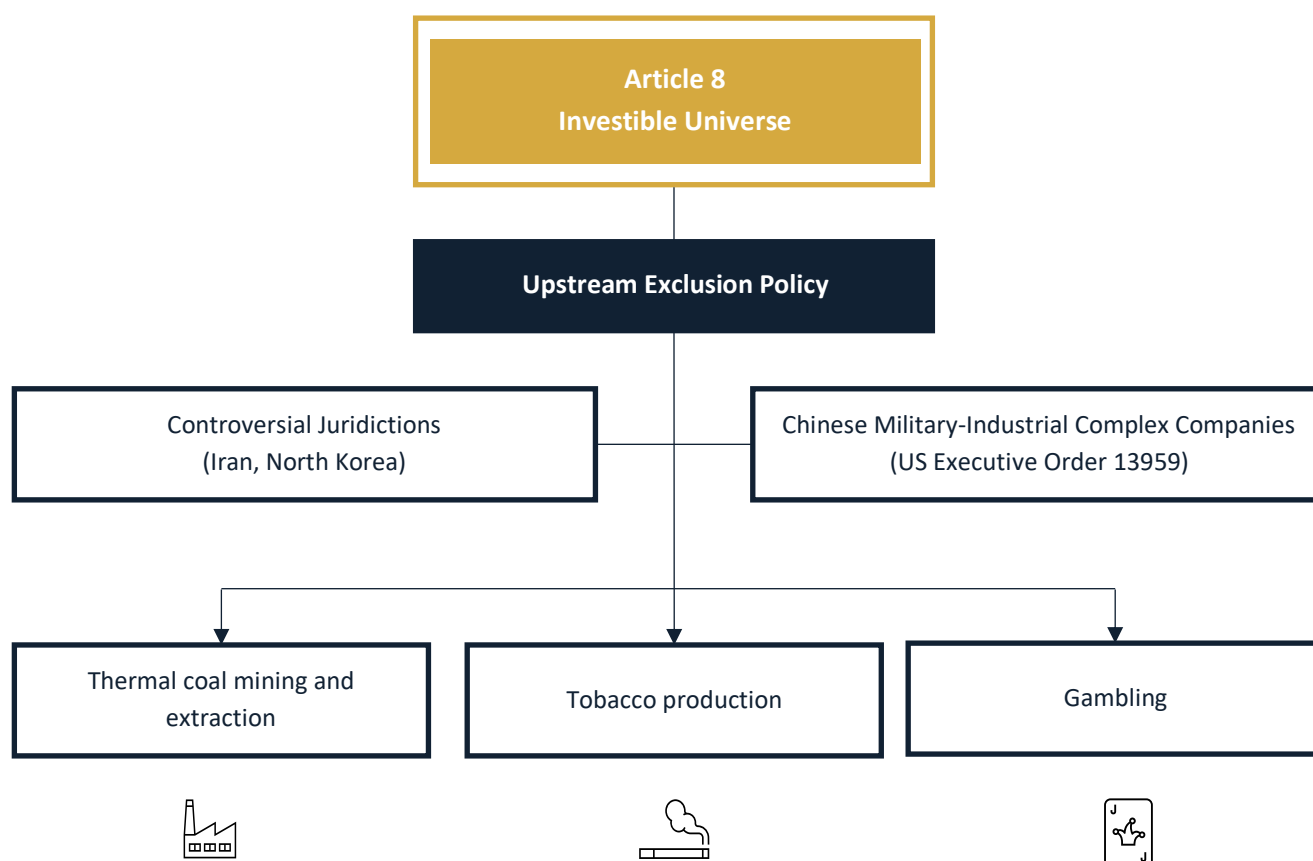
10% tolerance  
ratio



ESG Coverage:  
90% min.

## Pillar 2 : The implementation of a formal upstream exclusion policy

We will implement a formal upstream exclusion policy on our investable universe that will formally prohibit investments in companies that have as main activity: thermal coal mining and extraction, tobacco production and gambling. Secondly, we will also exclude from our investable universe companies from countries classified as Controversial Jurisdictions. Lastly, we will comply with the U.S. Executive Order 13959 “Addressing the Threat from Securities Investments that Finance Communist Chinese Military Companies” issued on November 12 2020, and any other future amendment. This will prohibit investments in certain Chinese companies referred to as Chinese Military-Industrial Complex Companies (“CMICs”).



### Pillar 3 : Monitoring, analysing and acting upon 'Controversies'

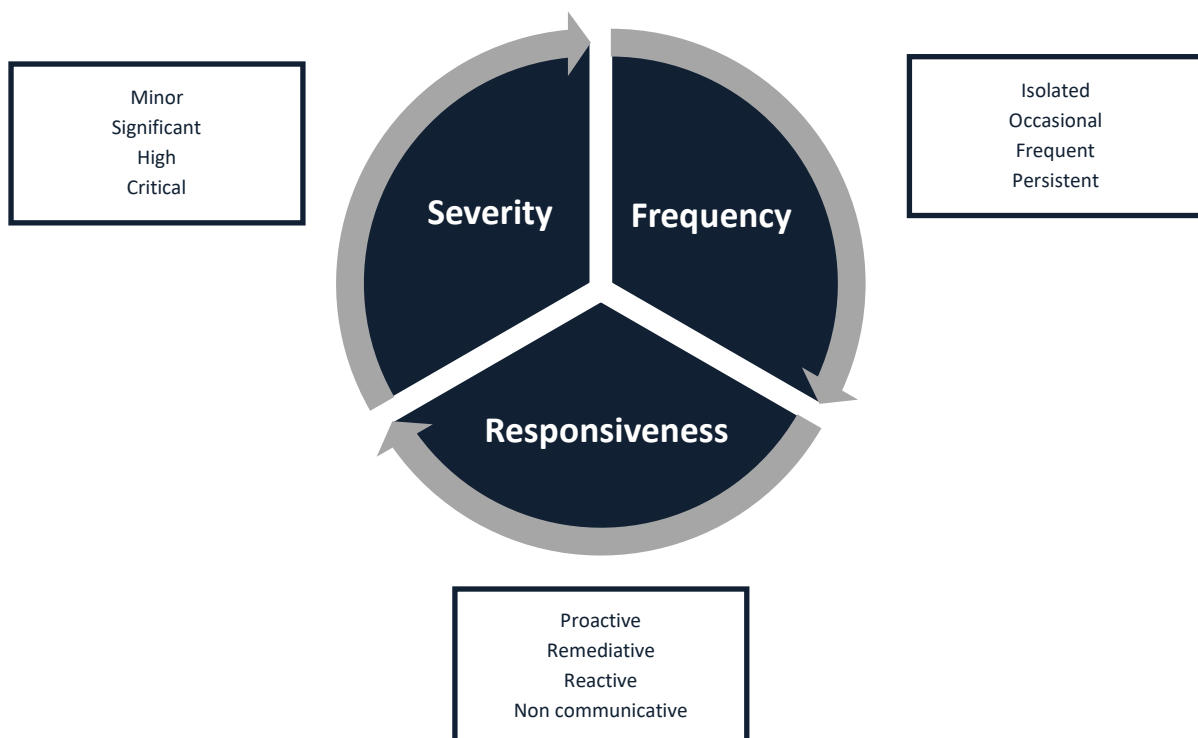
Controversies are events in the normal business operation of a company that might but will not for sure have an adverse impact on a company's Environmental, Social or Governance scores and its reputation in general. Such events are largely covered in the press and may eventually be still at the 'rumour' stage. They span domains from 'Environmental Strategy' over 'Waste Management' issues to 'Responsible Customer Relations' and 'Respect and Management of Working Hours'.

Controversies are analysed along the three following axes.

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

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 behaviour of the company?

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.

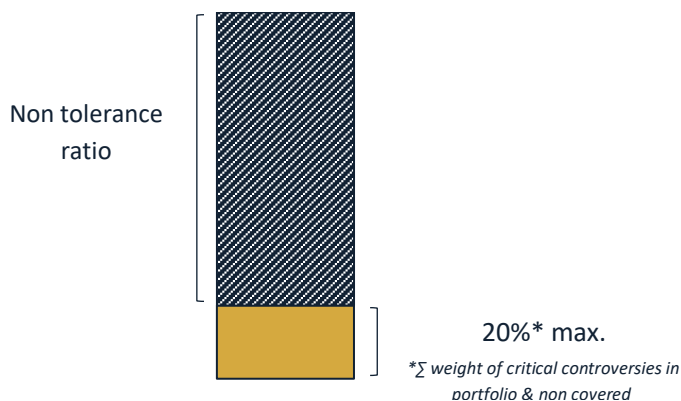


We have decided to include a special filter on companies subject to critical controversies (i.e. the most severe) in domains we consider to be the most impacting. These domains are :

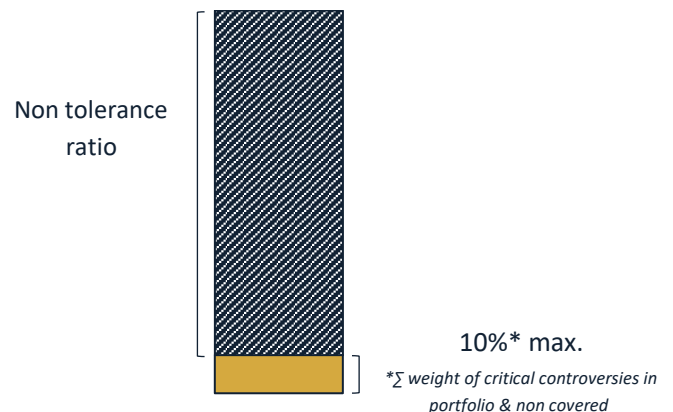
- Environmental Strategy
- Energy / Climate Change
- Waste
- Fundamental Human Rights
- Audit and Internal Controls

These companies will remain investable, but the sum of these investments may not exceed 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 with the non-coverage ratios. For the avoidance of doubt, if the portfolio has 10% of companies not rated in ESG terms there is no room left for critical controversies in the above mentioned domains. Companies subject to critical controversies will also necessitate additional evidence and rationale from the fund management team in order to remain in the portfolios, which needs to be approved by the Investment Committee.

#### Global Investment Universe

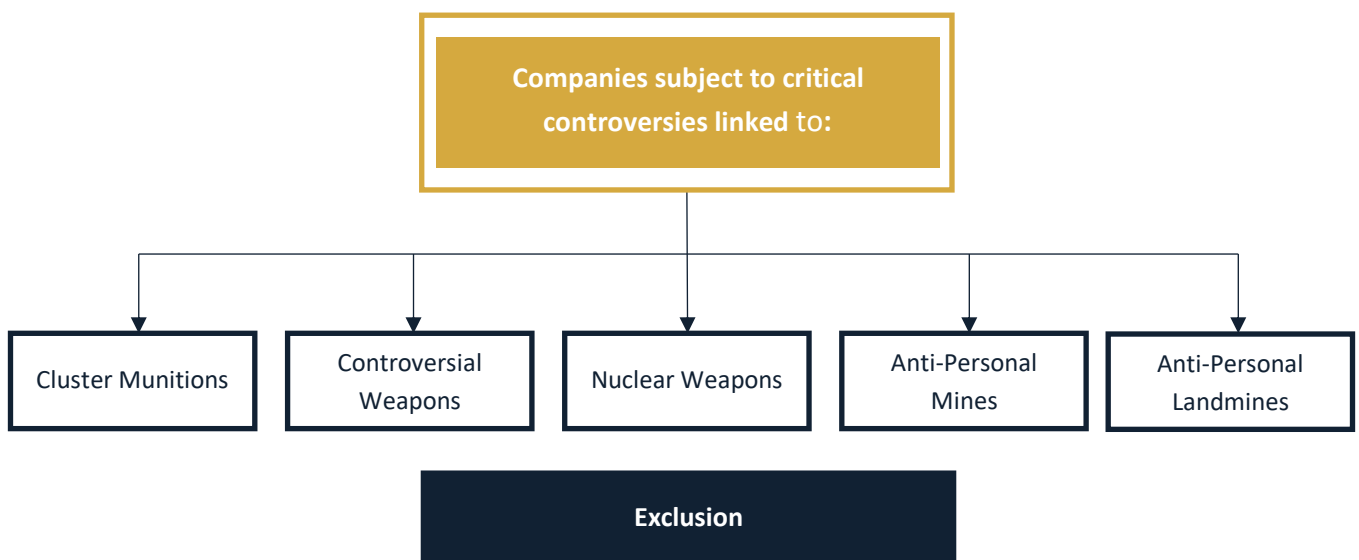


#### European Investment Universe



However, if the controversy in question is linked to one of the following sub domains, the company is not eligible for investment. Should the company be subject to the controversy 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

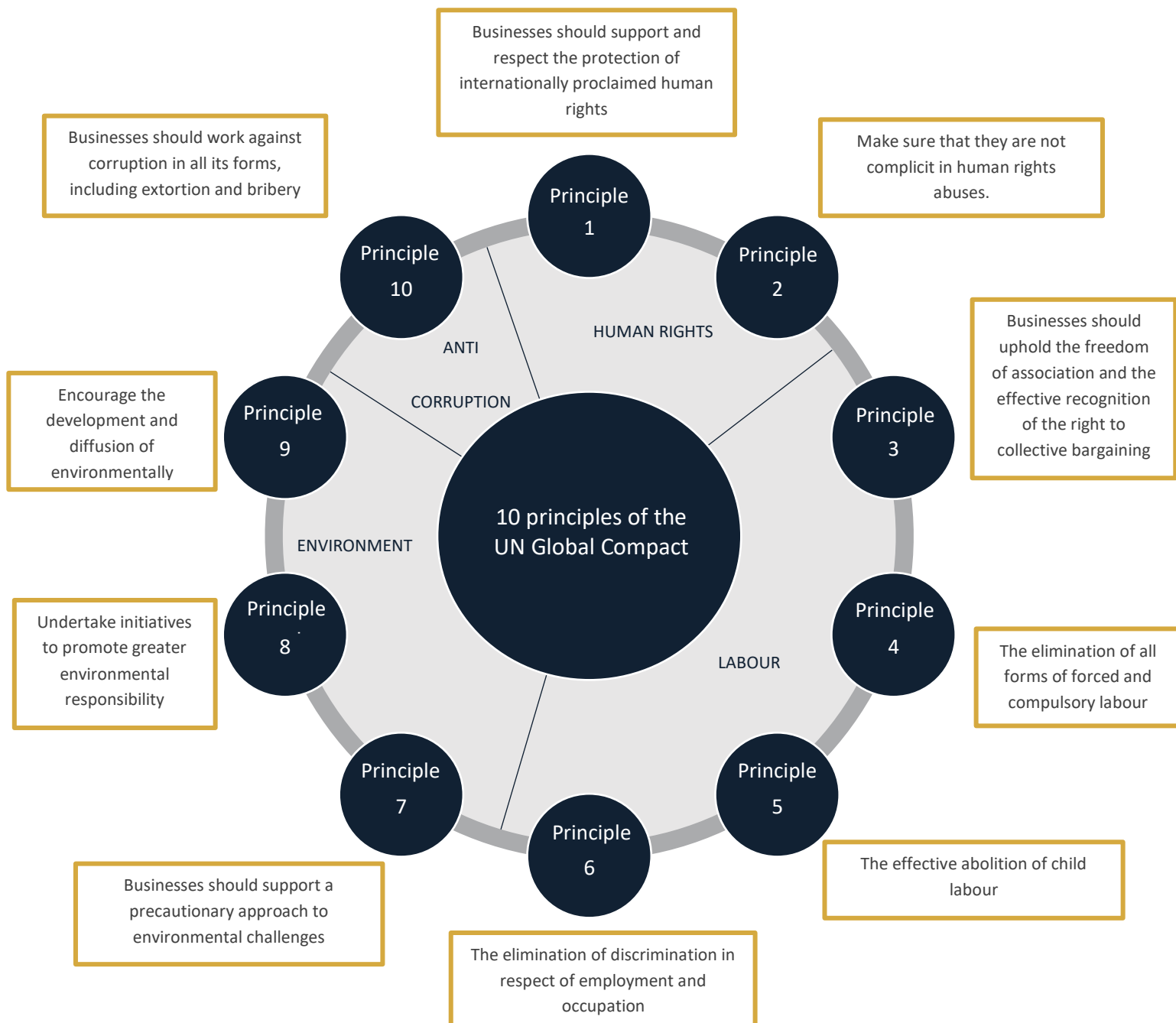




## Pillar 4 : Global Compact Principles

The Global Compact was launched in January 2000 at the World Economic Forum in Davos by Kofi Annan, Secretary General of the United Nations, and aims to "unite the power of markets with the authority of individual ideals».

Therefore, the Global Compact proposes a simple, universal, and voluntary framework of commitment, based on 10 principles related to: Human Rights, Labour standards, Environment and Anti-Corruption.



In order to monitor compliance with the UN Global Compact, we have decided to implement an engagement process with companies that have significant breaches on these principles and guidelines. As a first step, we associated each principle to a specific analysis' criteria:

- Principle 1 and 2: Human Rights → Fundamental Human Rights
- Principles 3: Human Resources → Social Dialogue
- Principles 4 and 5: Human Rights → Child and Forced Labour
- Principle 6: Human Rights → Non-Discrimination
- Principles 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 it. 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 be included in our Global Compact Exclusion List. Our data provider keeps with an "Active" status any controversy with Critical or High severity Assessment for a period of 48 months after the last update, meaning that, even if the controversy is outdated, it will be flagged by our monitoring system. The Investment committee will be in charge of defining the status of this potential controversy towards the UN Global Compact Principles (ie. "Ongoing Controversy" or "Not Active").

## Pillar 5 : The Dynasty AM 'Investment Committee'.

We have strengthened the ESG dedicated part of our Investment Committee. This committee is responsible for the definition, management and implementation of the firm's ESG policy. The committee will be convened once a month or ad hoc should the necessity arise. The committee will be composed of the fund managers and the head of development. Ad hoc members may be invited. The committee has the responsibilities and agenda defined in Dynasty AM's Investment Process. We will sum-up below the main ESG responsibilities of the Investment committee and its agenda:

1. Definition and management of our ESG policy. Although frequent changes and instability are to be avoided, it is likely that our ESG policy will be evolutive over time. All proposed changes to the ESG policy will be presented, discussed and validated by the committee, before its final submission to the Board of Directors.
2. Verification and validation of the compliance of our funds and portfolio's with current SFDR regulation and classification.
3. Verification and validation of compliance of our funds with the exclusion policy.
4. Determination of an action plan should non-compliance occur.
5. Verification of the implementation of action plans decided upon during previous committees, detection of any eventual ongoing breaches discussion and update on new controversies that might have arisen in the investment universe under review and more specifically on the securities in the portfolio's management of the list of excluded investments.
6. Update with new securities to be excluded/monitored, re-eligibility of securities that are no longer to be excluded/monitored, in the different watchlists.
7. Any other subject deemed relevant by the fund managers or the head of development.
8. Performance and monitoring of the Funds' ESG indicators (ESG main score, Environmental, Social and Governance indicators, ...).
9. Performance and monitoring of the securities' ESG indicators (ESG main score, Environmental, Social and Governance indicators, ...).

## Index and reference benchmark

The Sub-Funds are actively managed and are not managed in reference to a benchmark.

## 8. Stewardship policy and communication (internal/external)

As part of our willingness to integrate more responsible values, we are committed to a « Stewardship » policy, providing our investors with the assurance that we are always acting for the common good, respecting the interests and objectives of all.

« Stewardship » is the use of institutional investors' influence to maximize overall long-term value, including the value of shared economic, social and environmental assets, on which the returns and interests of clients and beneficiaries depend.

Our core « Stewardship » objectives are well defined: we are committed to our clients' values. This includes adherence to the PRI ESG principles. To achieve this:

- We use the tools and information made available to us by external providers (Moody's ESG Solutions) in order to benefit from expertise and a global view of responsible issues.
- Our company's management team does not neglect to conduct research on responsible investment internally, in collaboration with all employees.
- We communicate within the firm to share our actions and results so that all Dynasty AM employees have access to all available information.
- In accordance with our company's global policy, we adopt the same conflict of interest policy for responsible investment as we do for traditional investment (see our fund prospectuses).

Communication (internal and external) is an integral part of the company's ESG policy. It is crucial to the success of this policy and to guarantee total transparency regarding our initiatives.

Regarding any uncertainty, question or need for information, the managers do not hesitate to contact market participants, including issuers of securities, in order to obtain full transparency on the companies and their products, and to ensure that the issuer is in line with our values and objectives. We do not hesitate to question issuers on ESG issues to clarify their positions.

Within the company, we strive to communicate all information relating to our Stewardship policy to our teams, including our sales staff, so that they can communicate directly with investors to provide full transparency on our ESG policy.

Finally, key ESG information is available to investors and the public: the coverage rates and ESG ratings of our funds can be found in our monthly factsheets, available to the public on our website. Additional information may be requested on request.

## 9. Appendices

### Overview

DYN\_SUB

Overall ESG Score

Robust (56/100)

Average Carbon Footprint\*

\*Data not available due to subscription

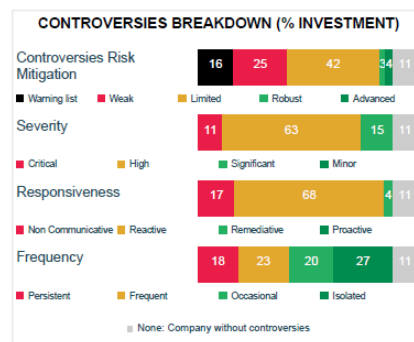
Energy Transition Strategy

\*Data not available due to subscription

### Coverage information

Portfolio					Benchmark			
Category	Issuers	Not Covered	Not licenced	% of investment	Issuers	Not Covered	Not licenced	% of investment
ESG	29 / 29	0	0	100.00 %	N/A	N/A	N/A	N/A
CAS	0 / 29	0	29	0 %	N/A	N/A	N/A	N/A
Controversies	29 / 29	0	0	100.00 %	N/A	N/A	N/A	N/A
CF+ET	0 / 29	0	29	0 %	N/A	N/A	N/A	N/A

### Overall ESG Score



### Major Issuers

Issuer	Weight in Portfolio	Global Score	Carbon Footprint	Energy Transition Strategy	Controversies Risk Mitigation
Eurofins Scientific SE FR0000038259	5.78%	53	N/L	N/L	None
La Poste VGO000090	5.73%	77	N/L	N/L	Weak
AT&T, Inc. US00206R1023	5.70%	47	N/L	N/L	Weak
TotalEnergies SE FR0000120271	5.38%	58	N/L	N/L	Weak
Aroundtown SA CY0105562116	5.06%	37	N/L	N/L	None

Figure 1: ESG rating of the Dynasty Credit SUB fund as of April 30, 2022

Les notations Carbon Footprint des fonds:

Fonds	Carbon Footprint
Dynasty Global Convertibles	B
Dynasty Corporate 0 - 2.5	B
CBP Corporate 2023	C
Dynasty Convertibles Europe	B
Dynasty Credit Sub	C
Dynasty Bond Euro Short Term	B
Dynasty EuroYield	B

\*from A (best) to D (worst)

Les notations Carbon Footprint des Univers:

Univers	Carbon Footprint
Europe	B
Convertible Monde	NA
Amérique du Nord	B
Asie - Pacifique	B

\*from A (best) to D (worst)

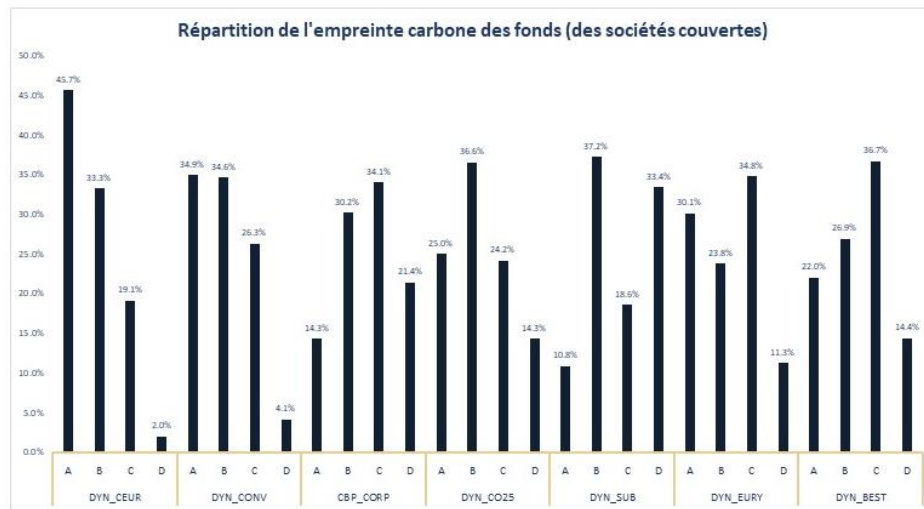


Figure 2: Carbon Footprint of Dynasty's funds as of 30/04/2022

Fonds	Energy Transition
Dynasty Global Convertibles	35.8
Dynasty Corporate 0 - 2.5	44.1
CBP Corporate 2023	49.4
Dynasty Convertibles Europe	49.1
Dynasty Credit Sub	58.6
Dynasty Bond Euro Short Term	43.5
Dynasty EuroYield	43.3

\*from 100 (best) to 0 (worst)

Les scores Transition Énergétique des Univers:

Univers	Energy Transition
Europe	36.9
Convertible Monde	NA
Amérique du Nord	24.8
Asie - Pacifique	25.6

\*from 100 (best) to 0 (worst)

Figure 3: Energy Transition score of Dynasty's funds as of 30/04/2022

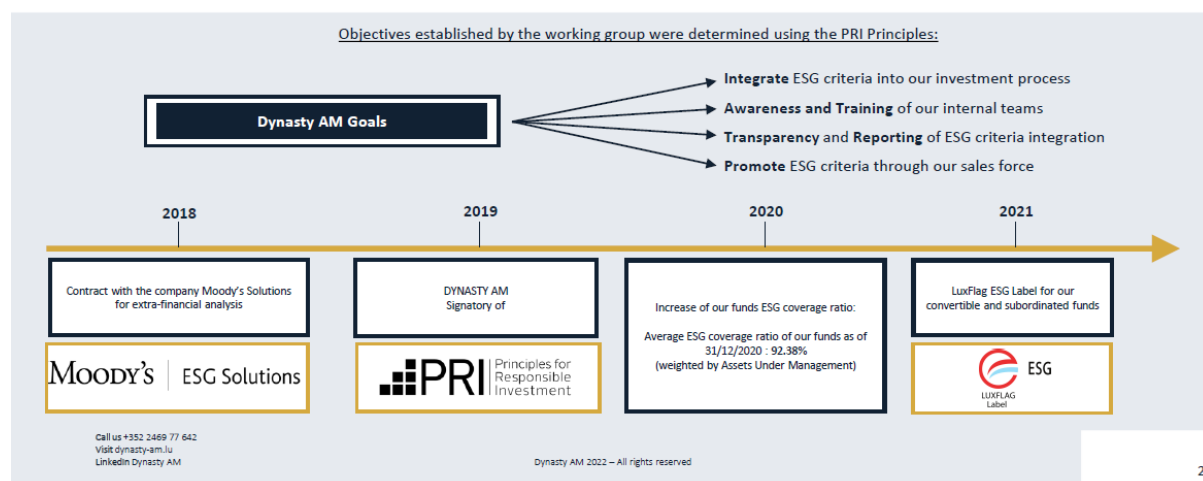


Figure 4 and below: Monthly ESG report

DYNASTY AM / ESG Report – 31<sup>st</sup> March 2022

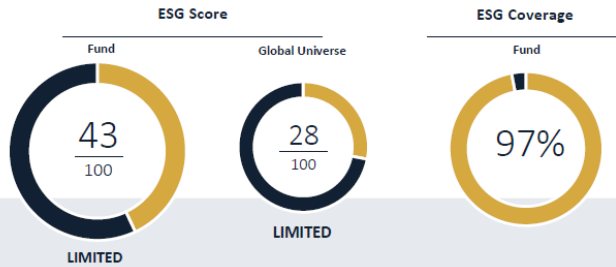
**ESG Policy**

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.**



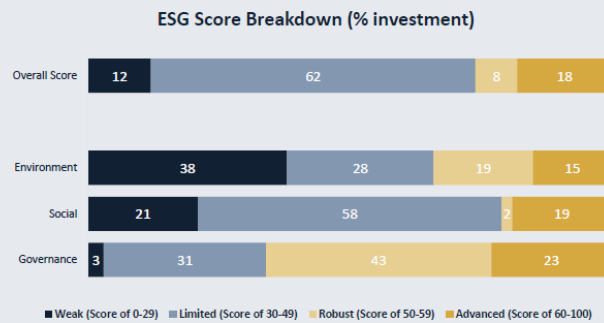


### DYNASTY GLOBAL CONVERTIBLES



#### Overall and Domain Scores

	Average
Overall	43
Environment	40
Social	41
Governance	51



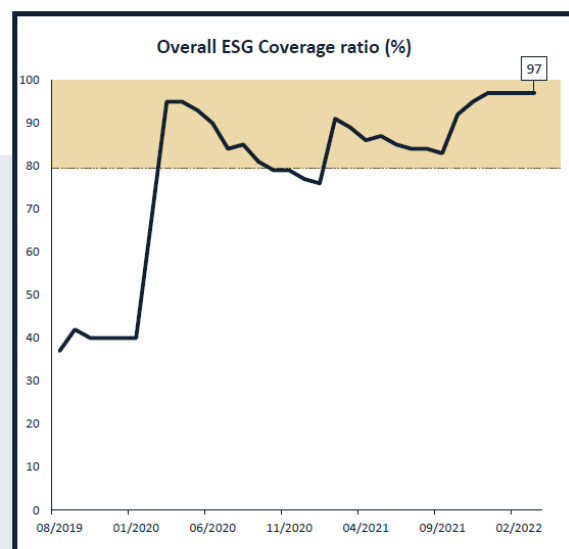
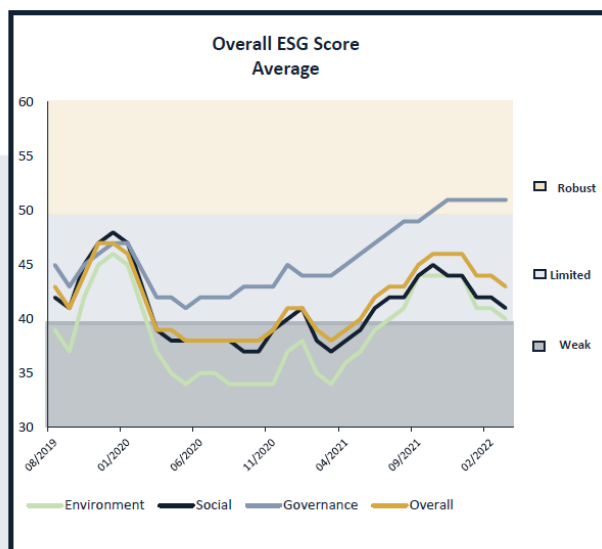
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### DYNASTY GLOBAL CONVERTIBLES



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### DYNASTY GLOBAL CONVERTIBLES

#### 5 highest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Schneider 0% 2026	0.6%	Industrial	Advanced
2	LVMH 0% 2024	4.3%	Consumer cyclical	Advanced
3	Artemis / Kering 0% 2023	3.6%	Consumer cyclical	Advanced
4	Eni 0% 2022	2.5%	Energy	Advanced
5	Unibail 2.875% Perp (call 2026)	0.2%	Real Estate	Advanced

#### 5 lowest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Verisure 3.875% 2026	0.1%	Consumer non cyclical	Weak
2	Voyageurs du Monde 3% 2028	0.1%	Consumer cyclical	Weak
3	First Majestic 0.375% 2027	1.2%	Basic Materials	Weak
4	DMG Mori 0% 2024	0.5%	Industrial	Weak
5	Xiaomi 0% 2027	1.8%	Technology	Weak

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### DYNASTY GLOBAL CONVERTIBLES

#### 5 largest positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	LVMH 0% 2024	4.3%	Consumer cyclical	Advanced
2	Palo Alto 0.375% 2025	4.3%	Communications	Limited
3	Sika 0.15% 2025	4.0%	Industrial	Limited
4	Artemis / Kering 0% 2023	3.6%	Consumer cyclical	Advanced
5	Pioneer 0.25% 2025	3.5%	Energy	Limited

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## 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					
<b>Thermal coal mining and extraction</b>			<b>Tobacco production</b>		
<b>Holding Name</b>	<b>ISIN</b>	<b>Portfolio Weight</b>	<b>Holding Name</b>	<b>ISIN</b>	<b>Portfolio Weight</b>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio			None in portfolio		
<b>Gambling</b>			<b>Chinese Military-Industrial Complex Companies</b>		
<b>Holding Name</b>	<b>ISIN</b>	<b>Portfolio Weight</b>	<b>Holding Name</b>	<b>ISIN</b>	<b>Portfolio Weight</b>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio			None in portfolio		

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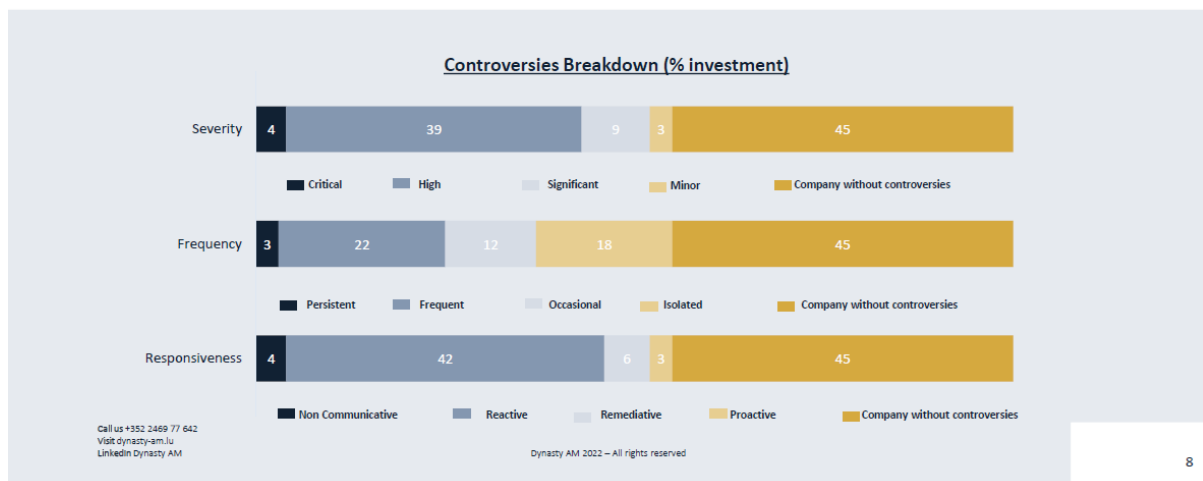
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## DYNASTY GLOBAL CONVERTIBLES

### 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, remedial, reactive or non communicative



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### 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:

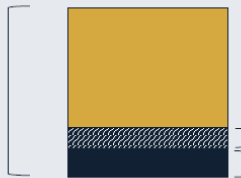
- (1) Environmental Strategy
- (2) Climate Change
- (3) Waste
- (4) Fundamental Human Rights
- (5) Audit and Internal Controls

#### Companies subject to critical controversies\*

Holding Name	Portfolio Weight	Sector (GICS)	Domains impacted by the critical controversy
Uber 0% 2025	1.9%	Communications	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
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.

20% max



2.5% (Non coverage ratio)

3.4% (sum of companies subject to critical controversies)

5.9%





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### 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		

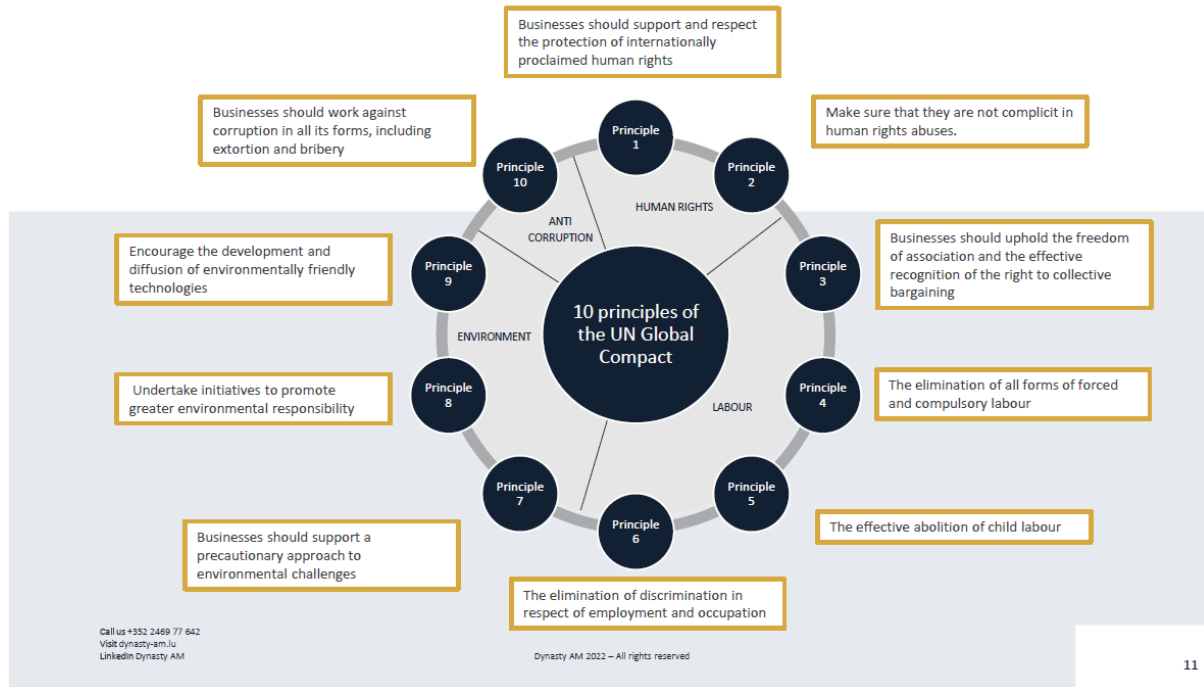
##### Nuclear Weapons

Holding Name	ISIN	Portfolio Weight
None in portfolio		

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## DYNASTY GLOBAL CONVERTIBLES



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## 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**.

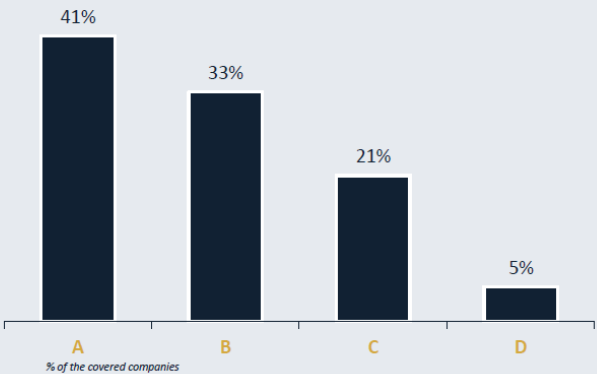
Holding Name	Portfolio Weight	UN Global Compact principle	Dynasty AM Status	Start of engagement	Time remaining below 2 years ?
Lafarge Holcim 0% 2022	0.04%	Principles No. 1, 2, 10	Ongoing Controversy	07/09/2021	Yes
TotalEnergies 3.369% Perp (call 2026)	0.04%	Principle No. 10	Not Active		
TotalEnergies 2.625% Perp (call 2025)	0.07%	Principle No. 10	Not Active		
Renault 1.25% 2022	0.46%	Principles No. 9, 10	Not Active		
Air France 1.875% 2025	0.03%	Principle No. 3	Not Active		
Uber 0% 2022	1.87%	Principles No. 1, 2	Not Active		
Volkswagen 1.25% 2022	0.32%	Principles No. 9, 10	Not Active		

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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

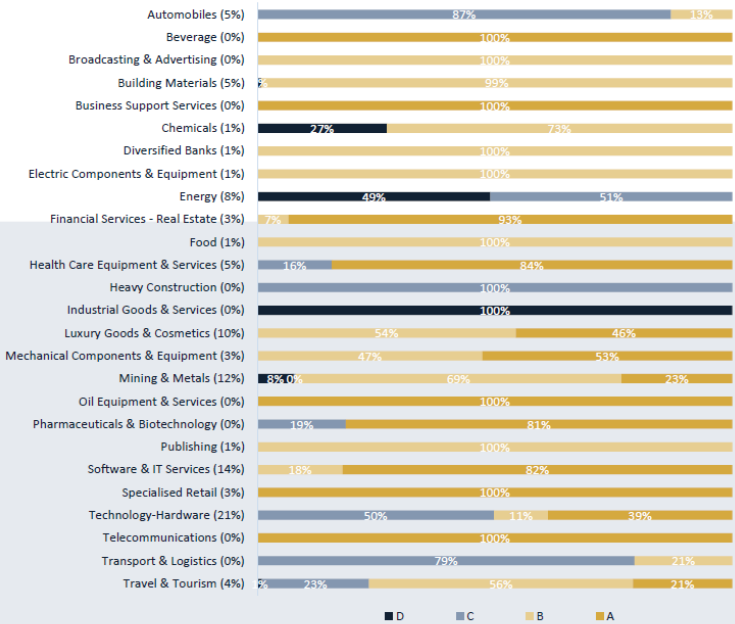
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DYNASTY GLOBAL CONVERTIBLES

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

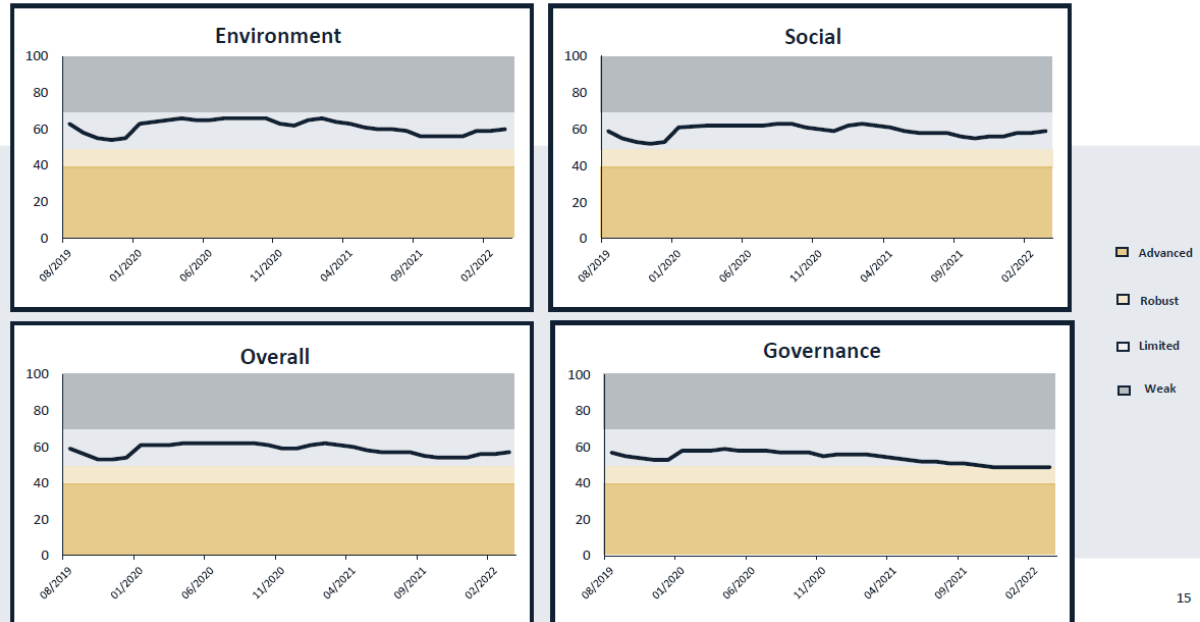
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## DYNASTY GLOBAL CONVERTIBLES

## ESG RISKS



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## 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 ?
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		
Air France 1.875% 2025	0.03%	Principle No. 3	Not Active		
Uber 0% 2022	1.87%	Principles No. 1, 2	Not Active		
Volkswagen 1.25% 2022	0.32%	Principles No. 9, 10	Not Active		

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