



DYNASTY AM

ESG Report

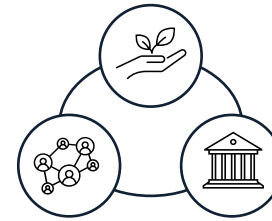
30th November 2022

DYNASTY GLOBAL CONVERTIBLES



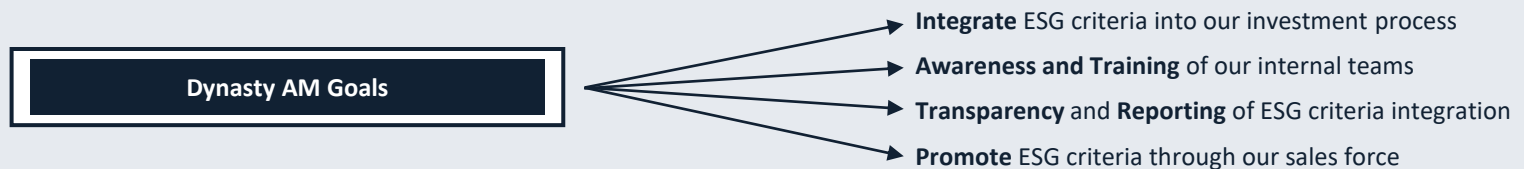


ESG Policy



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.**

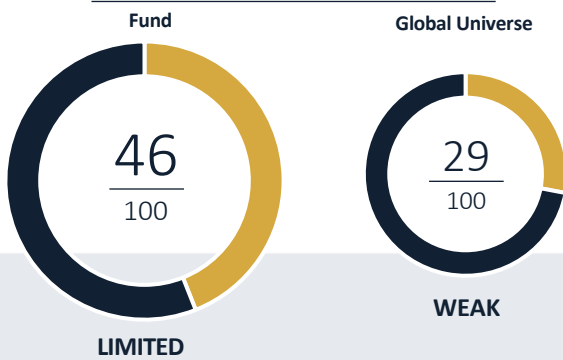
Objectives established by the working group were determined using the PRI Principles:



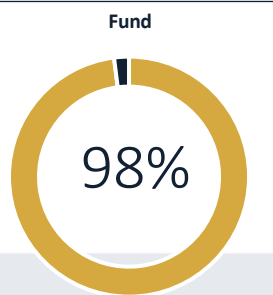


DYNASTY GLOBAL CONVERTIBLES

ESG Score



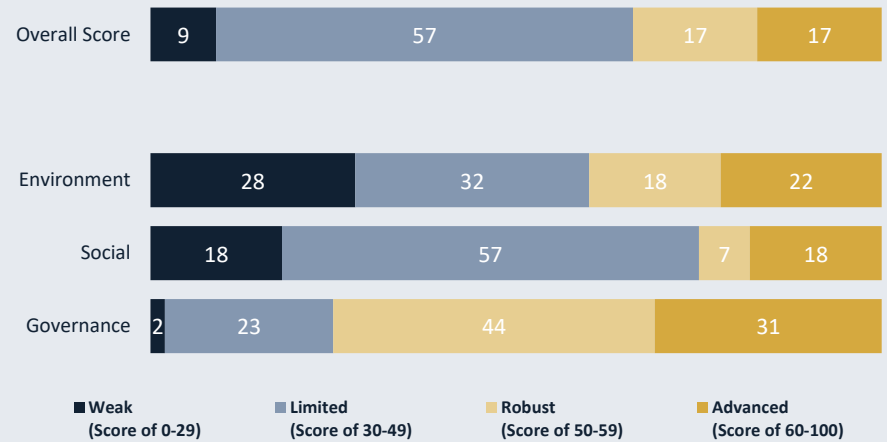
ESG Coverage



Overall and Domain Scores

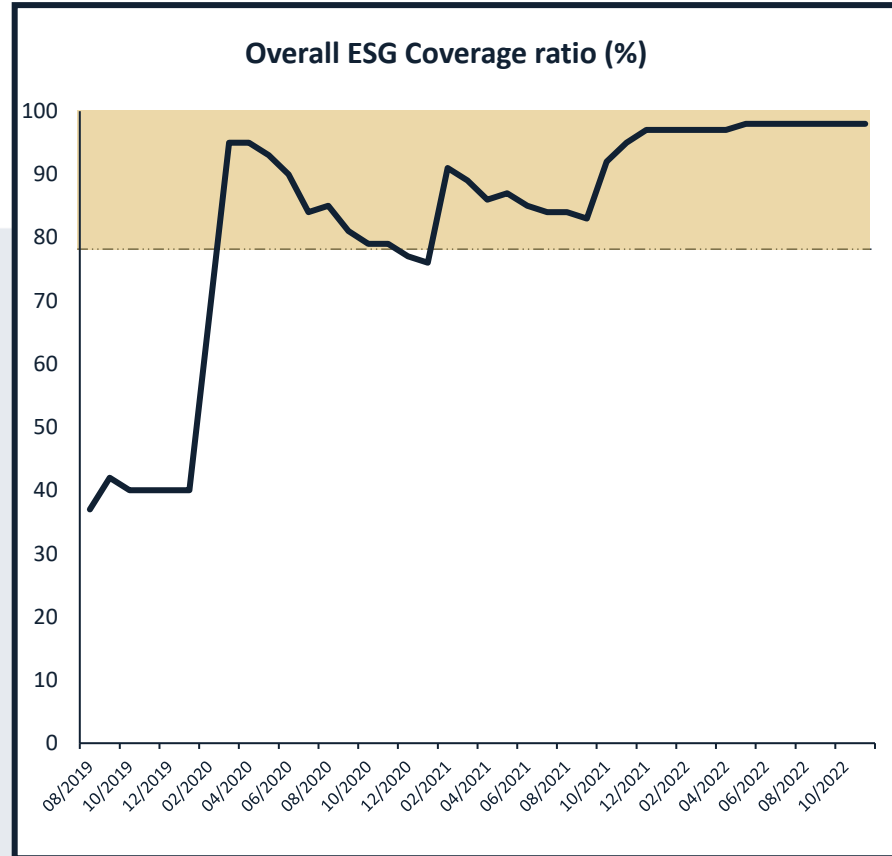
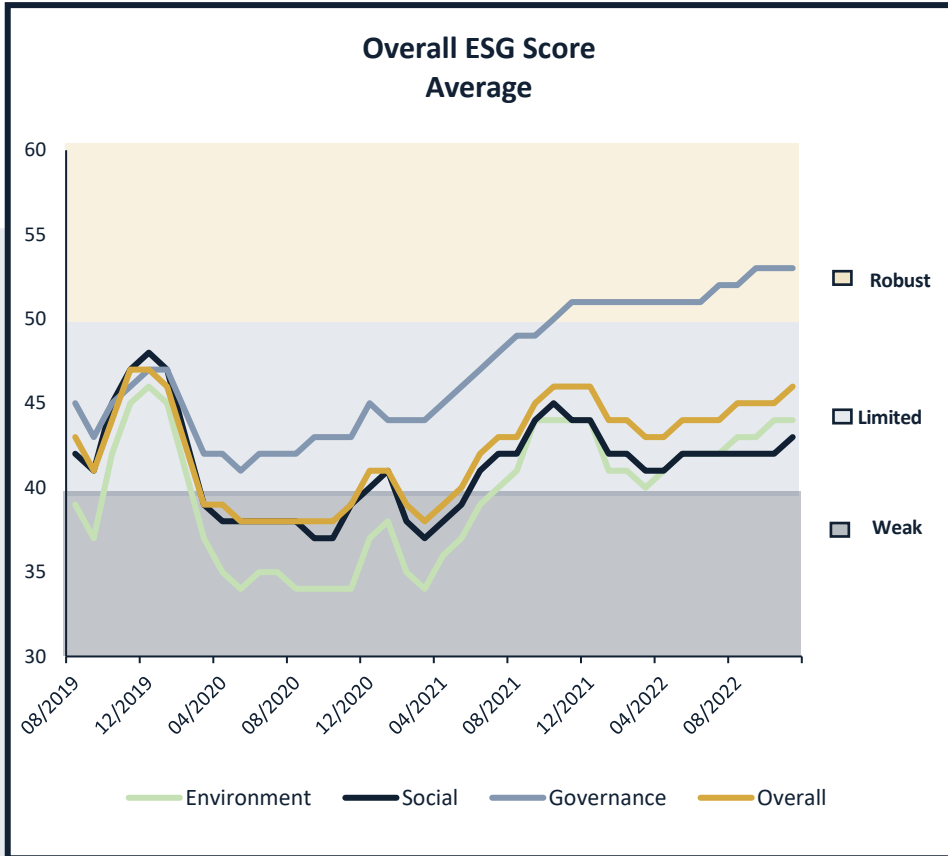
| | Average |
|-------------|---------|
| Overall | 46 |
| Environment | 44 |
| Social | 43 |
| Governance | 53 |

ESG Score Breakdown (% investment)





DYNASTY GLOBAL CONVERTIBLES





DYNASTY GLOBAL CONVERTIBLES

5 highest rated ESG positions

| Rank | Holding Name | Portfolio Weight | Sector (GICS) | Rating |
|------|---------------------------------|------------------|------------------------|----------|
| 1 | Carrefour 0.875% 2023 | 0.7% | Consumer, Non-cyclical | Advanced |
| 2 | Schneider 0% 2026 | 1.1% | Industrial | Advanced |
| 3 | Artemis / Kering 0% 2023 | 4.0% | Consumer, Cyclical | Advanced |
| 4 | Holcim / Elliott 0% 2022 | 0.9% | Industrial | Advanced |
| 5 | Eni Spa 2.625% Perp (Call 2025) | 0.1% | Energy | 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 | 1.4% | Basic Materials | Weak |
| 4 | Airbnb 0% 2026 | 0.4% | Technology | Weak |
| 5 | Digi Communications 3.25% 2028 | 0.1% | Communications | Weak |



DYNASTY GLOBAL CONVERTIBLES

5 largest positions

| Rank | Holding Name | Portfolio Weight | Sector (GICS) | Rating |
|------|--------------------------------------|------------------|-----------------|----------|
| 1 | On Semiconductor 0% 2027 | 4.5% | Technology | Limited |
| 2 | Artemis / Kering 0% 2023 | 4.0% | Conso, Cyclical | Advanced |
| 3 | Palo Alto Networks 0.38% 2025 | 3.8% | Communications | Limited |
| 4 | Sika 0.15% 2025 | 3.7% | Industrial | Advanced |
| 5 | Pioneer Natural Resources 0.25% 2025 | 3.3% | 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 | | |

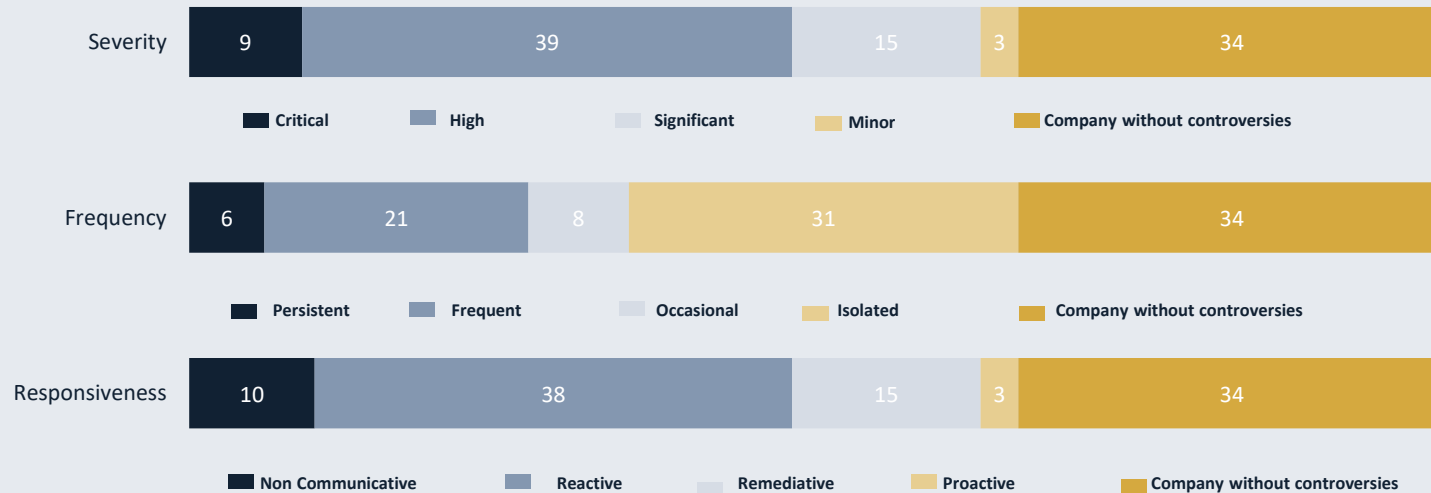


DYNASTY GLOBAL CONVERTIBLES

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 |
|-----------------------------|------------------|------------------------|--|
| Uber 0% 2025 | 1.5% | Communications | 4 - 5 |
| Holcim Ltd / Eliott 0% 2022 | 0.9% | Industrial | 4 |
| Glencore 1.875% 2023 | 1.0% | Consumer, Cyclical | 2 - 4 - 5 |
| Bayer 1.250% 2023 | 1.0% | Consumer, Non-cyclical | 4 - 5 |
| Mercedes 0.250% 2023 | 1.1% | Consumer, Cyclical | 5 |
| Volkswagen 1.125% 2023 | 1.1% | 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.

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DYNASTY GLOBAL CONVERTIBLES

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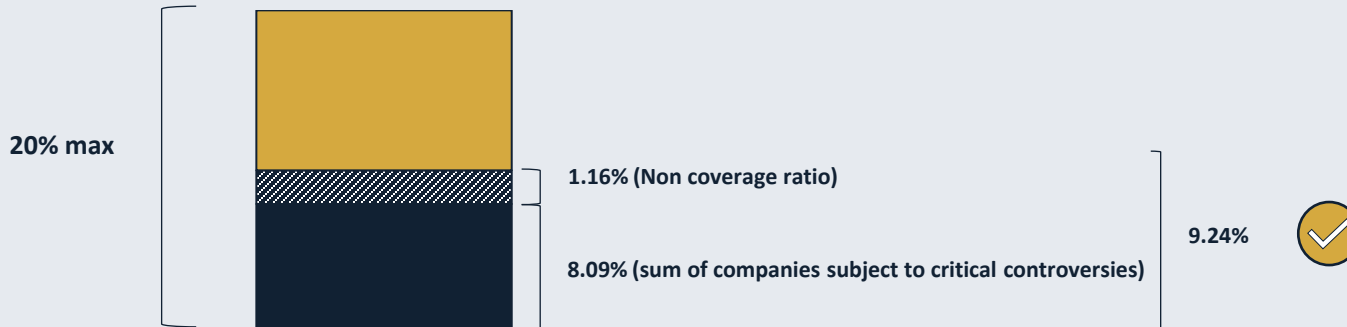
These domains are :

- (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 |
|------------------------|------------------|--------------------|--|
| Stellantis 3.375% 2023 | 1.2% | Consumer, Cyclical | 5 |
| Glencore 0% 2025 | 0.2% | Basic Materials | 2 - 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.





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

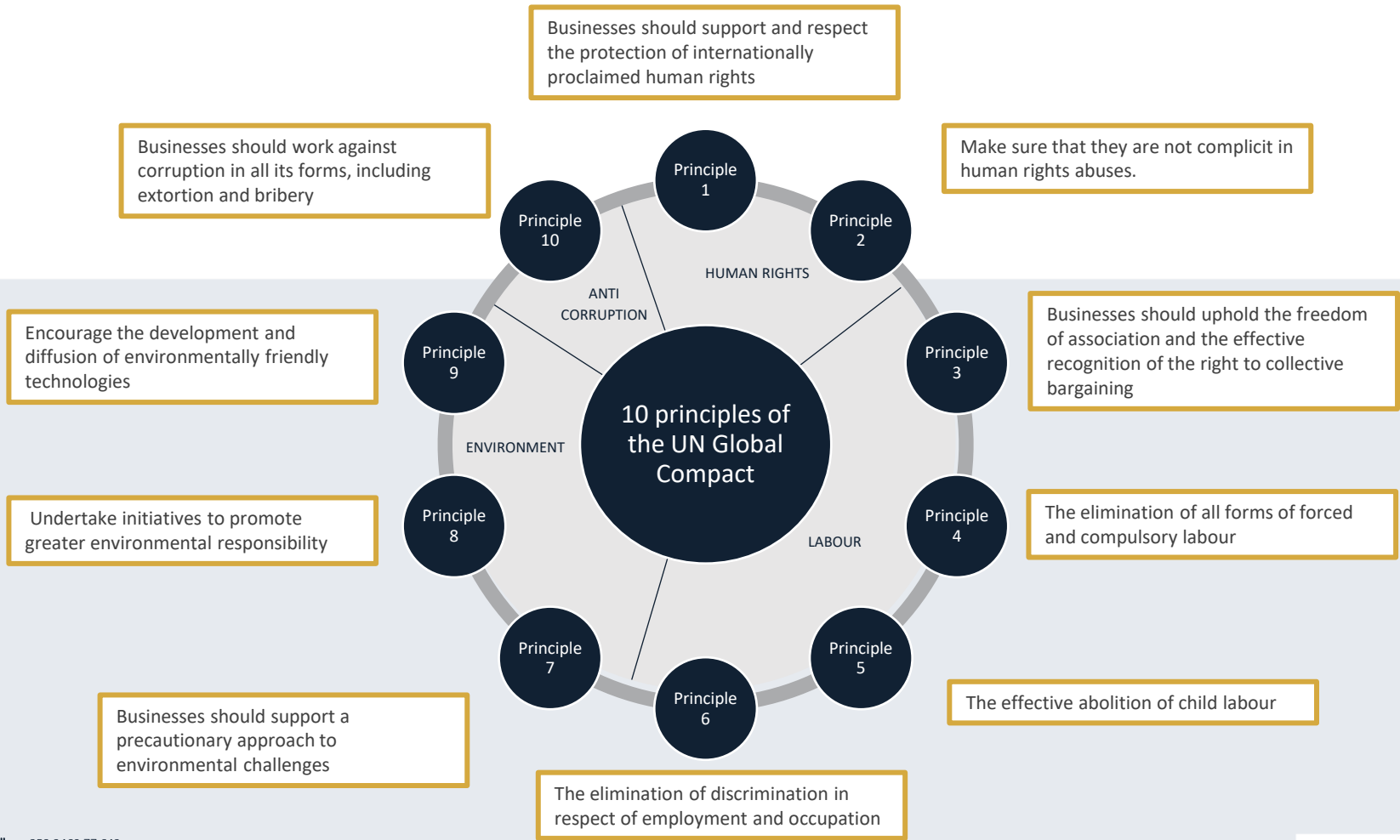
| Holding Name | ISIN | Portfolio Weight |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| None in portfolio | | |

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.

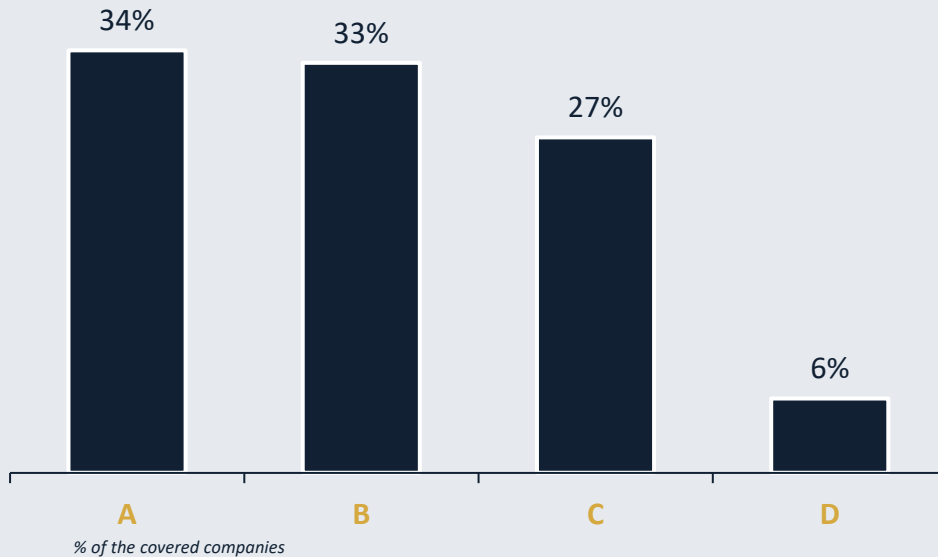
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

| Holding Name | Portfolio Weight | UN Global Compact principle | Dynasty AM Status | Start of engagement | Time remaining below 2 years ? |
|------------------------|------------------|-----------------------------|---------------------|---------------------|--------------------------------|
| Lafarge Holcim 0% 2022 | 0.88% | Principles No. 1, 2, 10 | Not Active | | |
| Mercedes 0.25% 2023 | 1.13% | Principles No. 9, 10 | Not Active | | |
| Stellantis 3.375% 2023 | 1.18% | Principles No. 9, 10 | Not Active | | |
| Glencore 1.875% 2023 | 1.01% | Principles No. 1, 2 | Ongoing Controversy | 31/01/2022 | Yes |
| Glencore 0% 2025 | 0.21% | Principles No. 1, 2 | Ongoing Controversy | 31/01/2022 | Yes |
| Volkswagen 1.125% 2023 | 1.14% | Principles No. 9, 10 | Not Active | | |



DYNASTY GLOBAL CONVERTIBLES

Carbon Footprint (of investments)

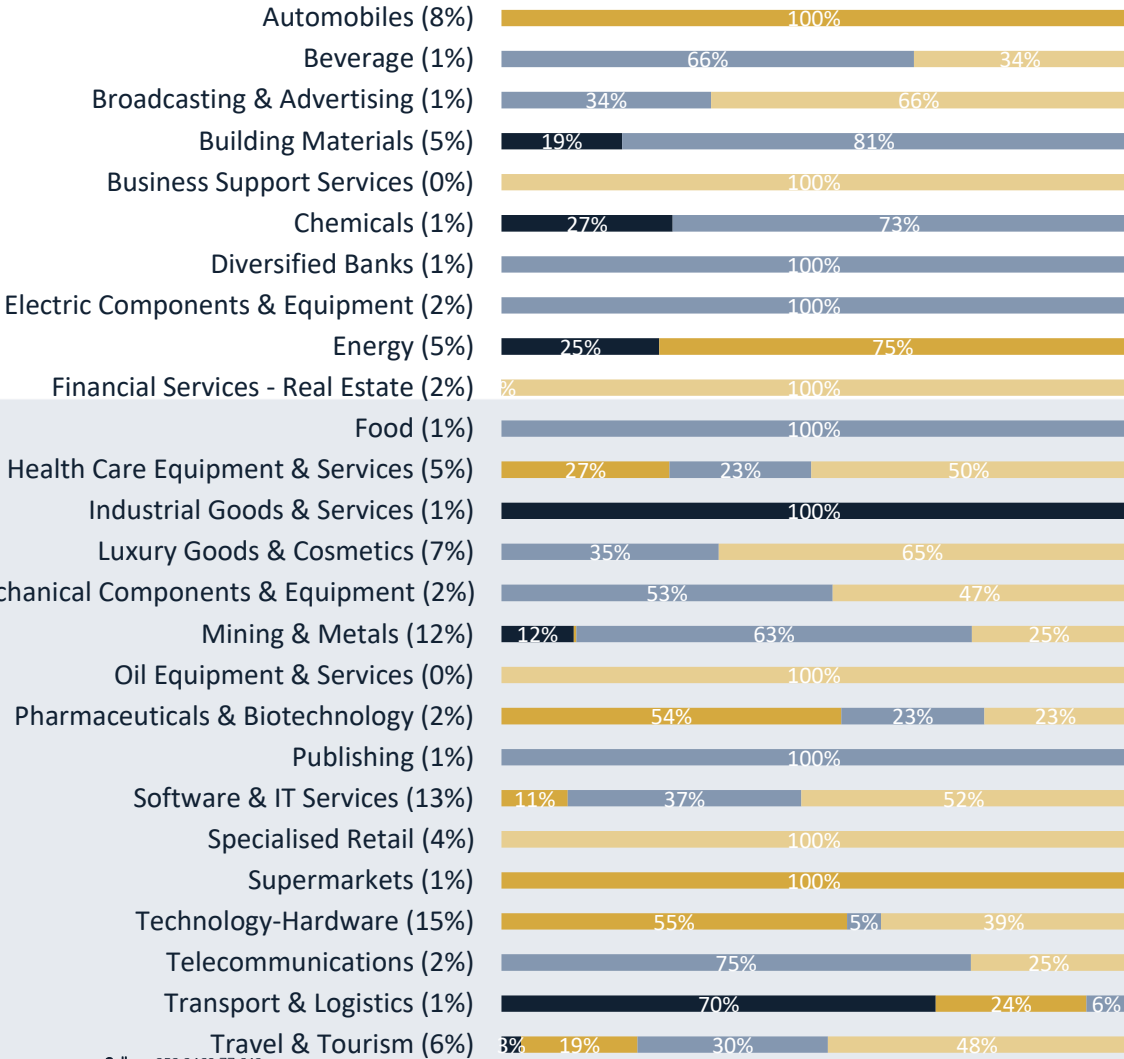


| Scale | Emissions (T CO2 Equivalent)* | Categories |
|-------|-------------------------------|-------------|
| A | <100 000 | Moderate |
| B | >= 100 000 and <1 000 000 | Significant |
| C | >= 1 000 000 and <10 000 000 | High |
| D | >= 10 000 000 | Intense |

* Scope 1 & 2



DYNASTY GLOBAL CONVERTIBLES



Carbon Footprint Breakdown by Sector
(of investments)



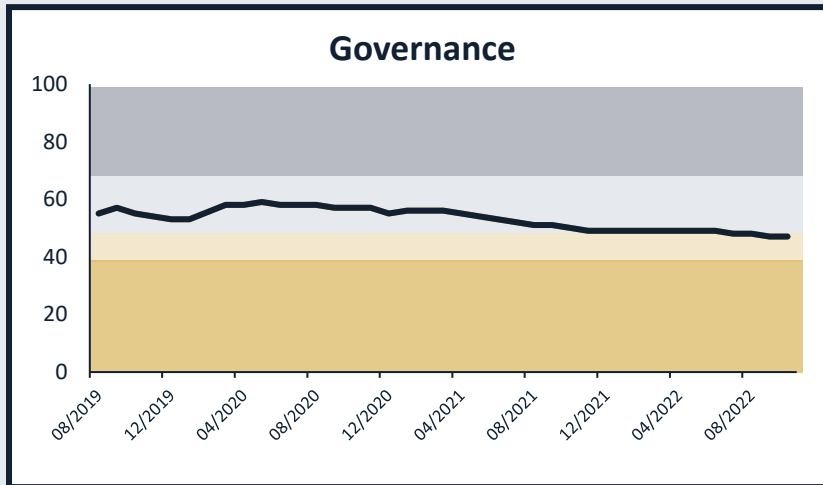
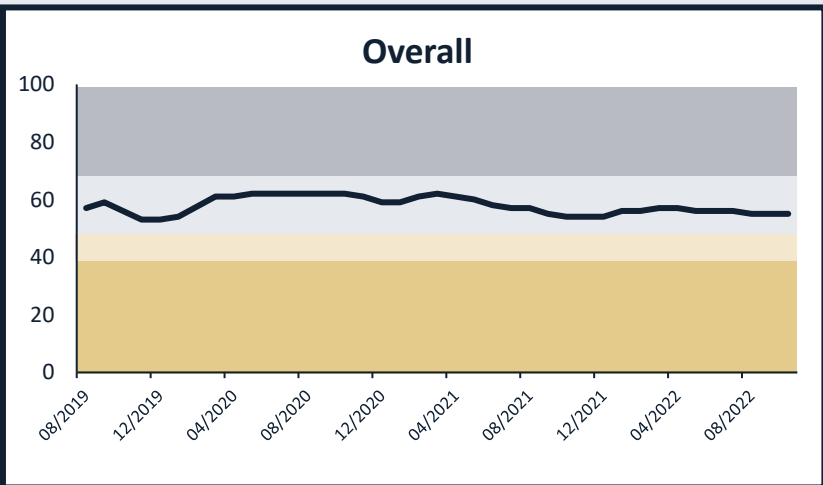
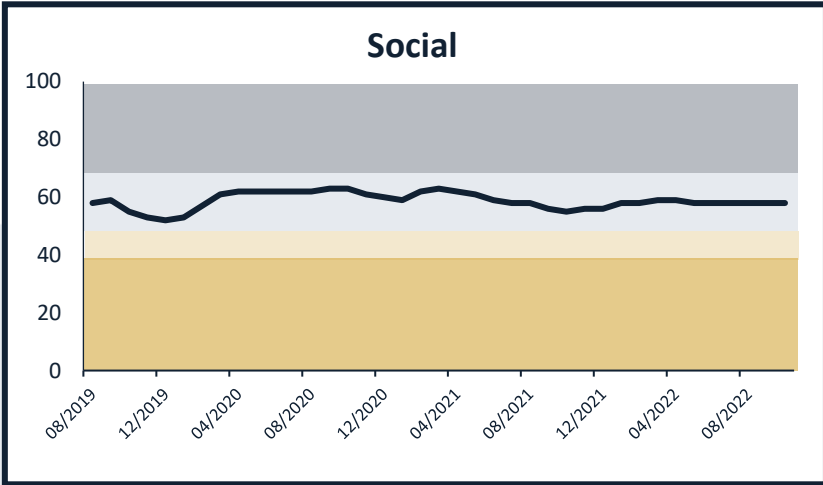
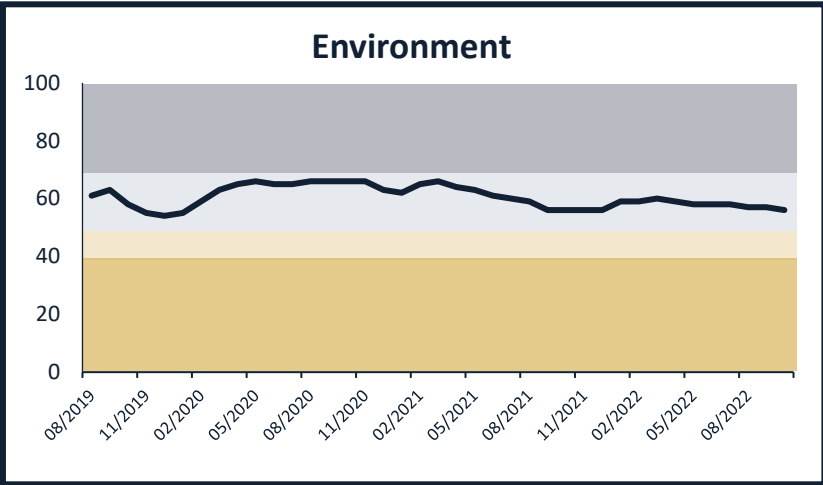
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| D | >= 10 000 000 | Intense |

* 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

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- (1) Controversial Weapons
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- (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 | 0.88% | Principles No.1, 2, 10 | Not Active | | |
| Mercedes 0.25% 2023 | 1.13% | Principles No. 9, 10 | Not Active | | |
| Stellantis 3.375% 2023 | 1.18% | Principles No. 9, 10 | Not Active | | |
| Glencore 1.875% 2023 | 1.01% | Principles No. 1, 2 | Ongoing Controversy | 31/01/2022 | Yes |
| Glencore 0% 2025 | 0.21% | Principles No. 1, 2 | Ongoing Controversy | 31/01/2022 | Yes |
| Volkswagen 1.125% 2023 | 1.14% | Principle No, 9, 10 | Note Active | | |



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— Thank you
Passion for YIELD



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Asset Management