Communication regarding sustainability disclosure requirements in the financial services sector

(SFDR)

Sustainability risks are defined as an environmental, social, or governance (ESG) event or condition that, if it occurs, could potentially or actually have a significant negative impact on the investment value of a fund. Sustainability risks can either represent stand-alone risks or have an impact on other risks and may contribute significantly to risks such as market risks, operational risks, liquidity risks, or counterparty risks. Assessing sustainability risks is complex and can be based on environmental, social, or governance data that are difficult to obtain and incomplete, estimated, outdated, or otherwise materially inaccurate. Even when identified, there is no guarantee that these data will be accurately assessed.

Sustainability risks are identified, managed, and controlled within the risk management process of the management company.

Dynasty AM integrates sustainability risks into its investment process across the organization and within its standard research framework. Additionally, the company is a signatory of the United Nations' Principles for Responsible Investment (PRI).

The standard financial analysis framework of the management company strives to consider all information that could significantly impact the company's investments. Therefore, it comprises a traditional financial analysis of potential investments complemented by an analysis of additional financial criteria, including but not limited to environmental, social, and governance issues.

These supplementary analyses may rely on data, models, and analyses provided by an external provider and can be complemented and/or adapted by our own perspectives and analyses. Based on both financial and extra-financial analyses, investments will be considered, taking into account all risks and benefits for the portfolio in achieving its investment objective. No potential investment will be automatically excluded solely based on these extra-financial analyses. Further information on the ESG policy can be obtained at the following address: [www.dynasty-am.lu].

The management company considers that sustainability risks could have a limited actual or potential negative impact on the value of the company's investments in the medium and long term.

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

The management company believes that sustainability risks are likely to have a limited actual or potential negative impact on the value of the company's investments in the medium and long term. The risks that the company considers include:

- Reputation risks: These encompass the risk of negative impacts on investments due to factors like company boycotts, which may lead to decreased investment value (market risk), reduced ability to raise debt, affecting the ability to fulfill obligations (credit risk), or loss of buyers for financial instruments related to such companies (liquidity risk).

- Physical risk: This refers to the increased occurrence of disruptive natural phenomena such as floods, storms, droughts, or heatwaves, which can impact a company's supply chain (operational risk), hinder their sales objectives, and result in reduced value (market risk).

- Transition risk: This risk is associated with the shift towards a less polluting and greener economy. Certain economic sectors may be profoundly affected or even disappear, such as the energy sector and actors overly reliant on fossil fuel production who are unable to diversify or change their image.