

DYNASTY AM

ESG Report

30th November 2023

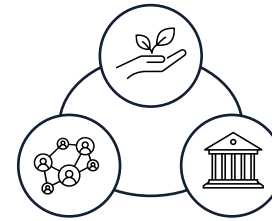


DYNASTY CREDIT SUB





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

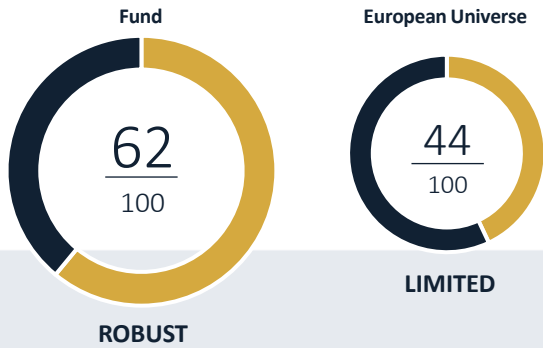
- ➔ **Integrate** ESG criteria into our investment process
- ➔ **Awareness and Training** of our internal teams
- ➔ **Transparency and Reporting** of ESG criteria integration
- ➔ **Promote** ESG criteria through our sales force



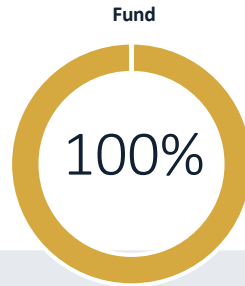


DYNASTY CREDIT SUB

ESG Score



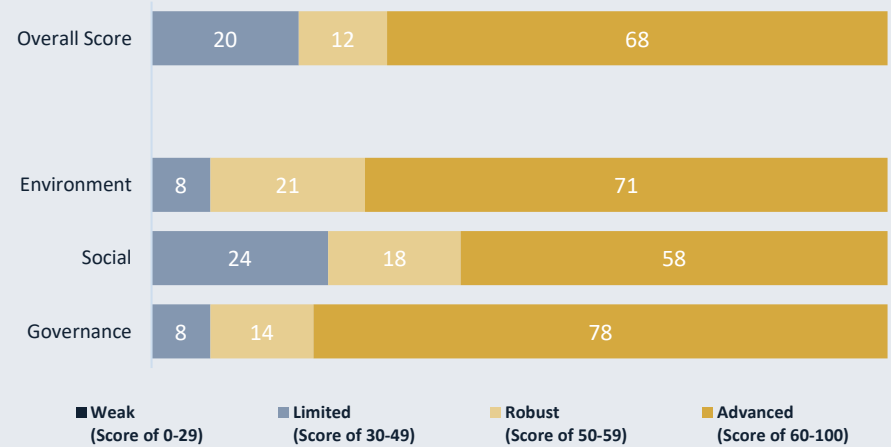
ESG Coverage



Overall and Domain Scores

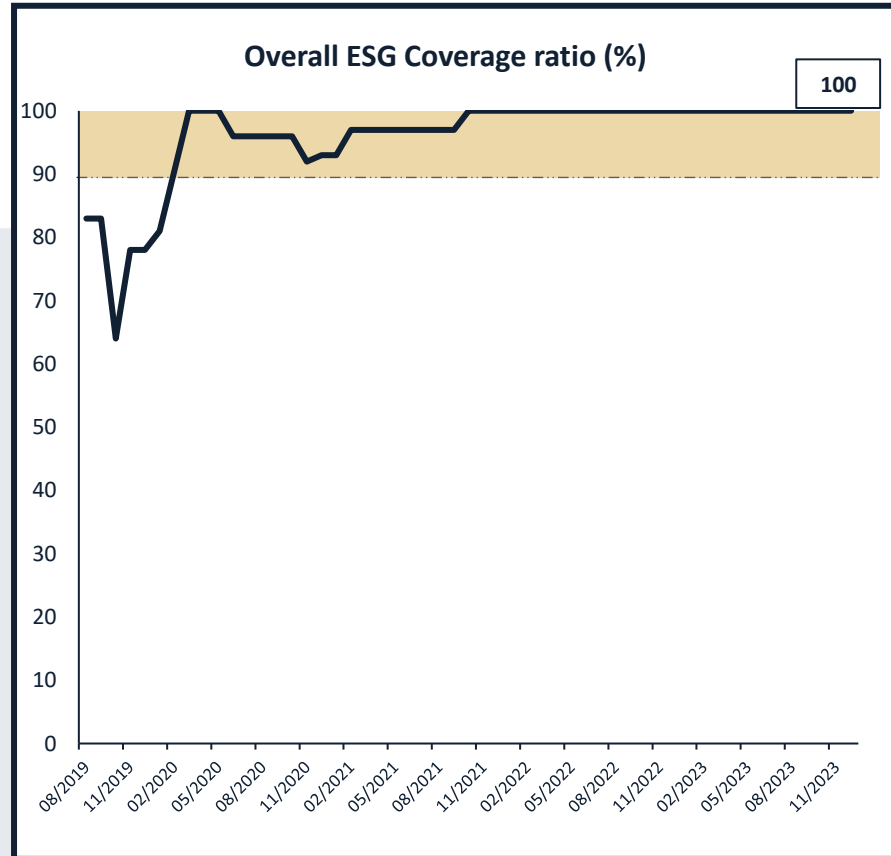
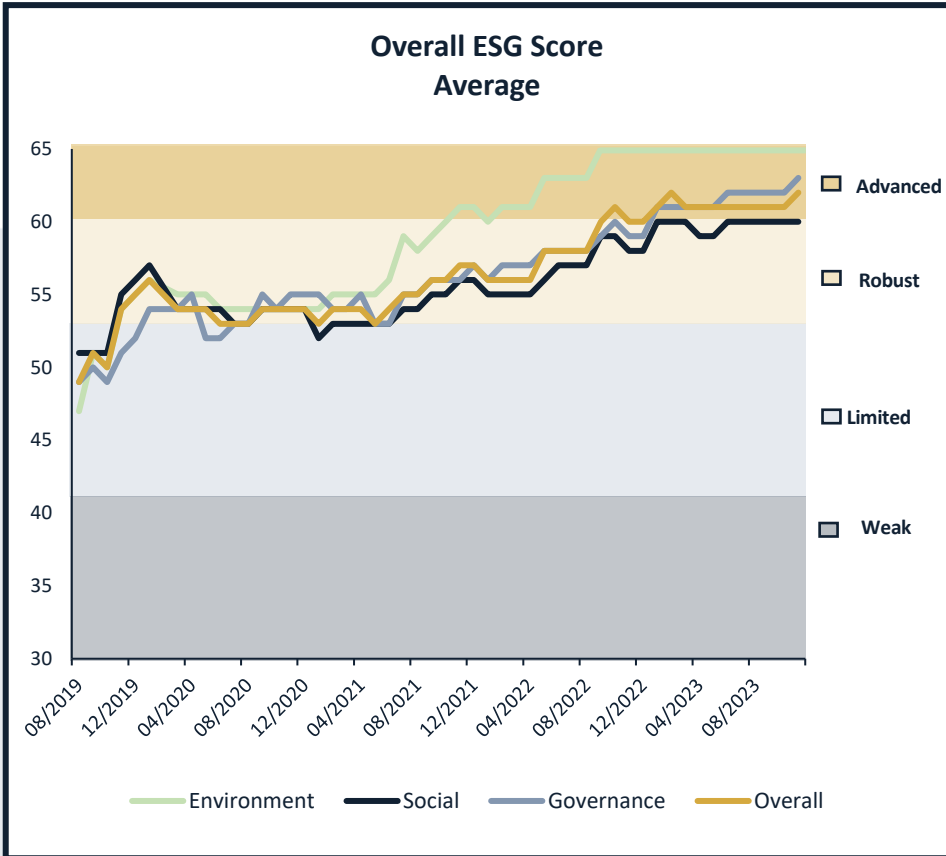
	Average
Overall	62
Environment	65
Social	60
Governance	63

ESG Score Breakdown (% investment)





DYNASTY CREDIT SUB





DYNASTY CREDIT SUB

5 highest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Enel 6.375% Perp (Call 2028)	0.8%	Consumer, Non-Cyclical	Advanced
2	La Poste 5.3% 2043 (Call 2023) / La Poste 3.125% (Call 2025)	6.1%	Industrial	Advanced
3	Danone 1% Perp (Call 2026)	0.7%	Consumer, Non-Cyclical	Advanced
4	Casino 4.87% Perp (Call 2024)	0.2%	Consumer, Non-Cyclical	Advanced
5	Veolia 2% Perp (Call 2027)/ 2.25% Perp (Call 2026)	3.7%	Utilities	Advanced

5 lowest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Aroundtown 1.625% Perp (Call 2026)	1.5%	Real Estate	Limited
2	Abertis 3.248% Perp (Call 2025)	3.1%	Industrial	Limited
3	Volkswagen 3.375% Perp (Call 2024)	1.6%	Consumer, Cyclical	Limited
4	Bertelsmann 3% 2075 (Call 2027)	3.1%	Communications	Limited
5	Gazprom 3.897% Perp (Call 2025)	1.3%	Energy	Limited



DYNASTY CREDIT SUB

5 largest positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	La Poste 5.3% 2043 (Call 2023) / La Poste 3.125% (Call 2025)	6.1%	Transport & Logistics	Advanced
2	Arkema SA 2.75% Perp (Call 2024)/ 1.5% Perp (Call 2025)	5.4%	Chemicals	Advanced
3	Bayer AG 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028)	4.6%	Consumer, Non-cyclical	Robust
4	Eni 2.625% Perp (Call 2025)	4.6%	Energy	Advanced
5	BP Capital 3.25% Perp (Call 2026)	4.6%	Energy	Limited



DYNASTY CREDIT SUB

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 CREDIT SUB

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.

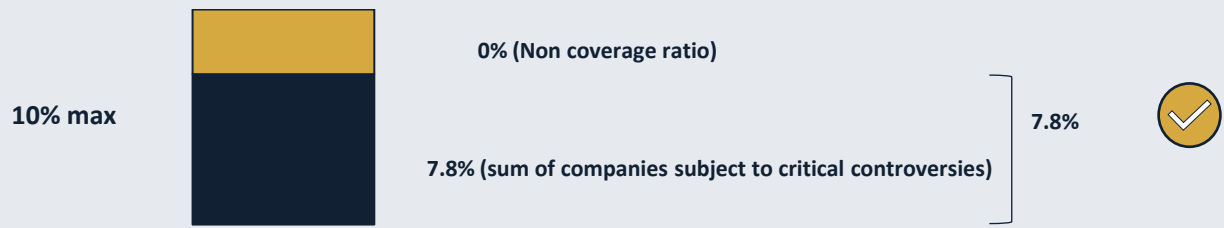
These domains are :

- (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
Holcim 3% Perp (Call 2024)	1.6%	Industrial	4
Volkswagen 3.375% Perp (Call 2024)	1.6%	Consumer, Cyclical	5
Bayer 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028)	4.6%	Consumer, Non-cyclical	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 CREDIT SUB

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		

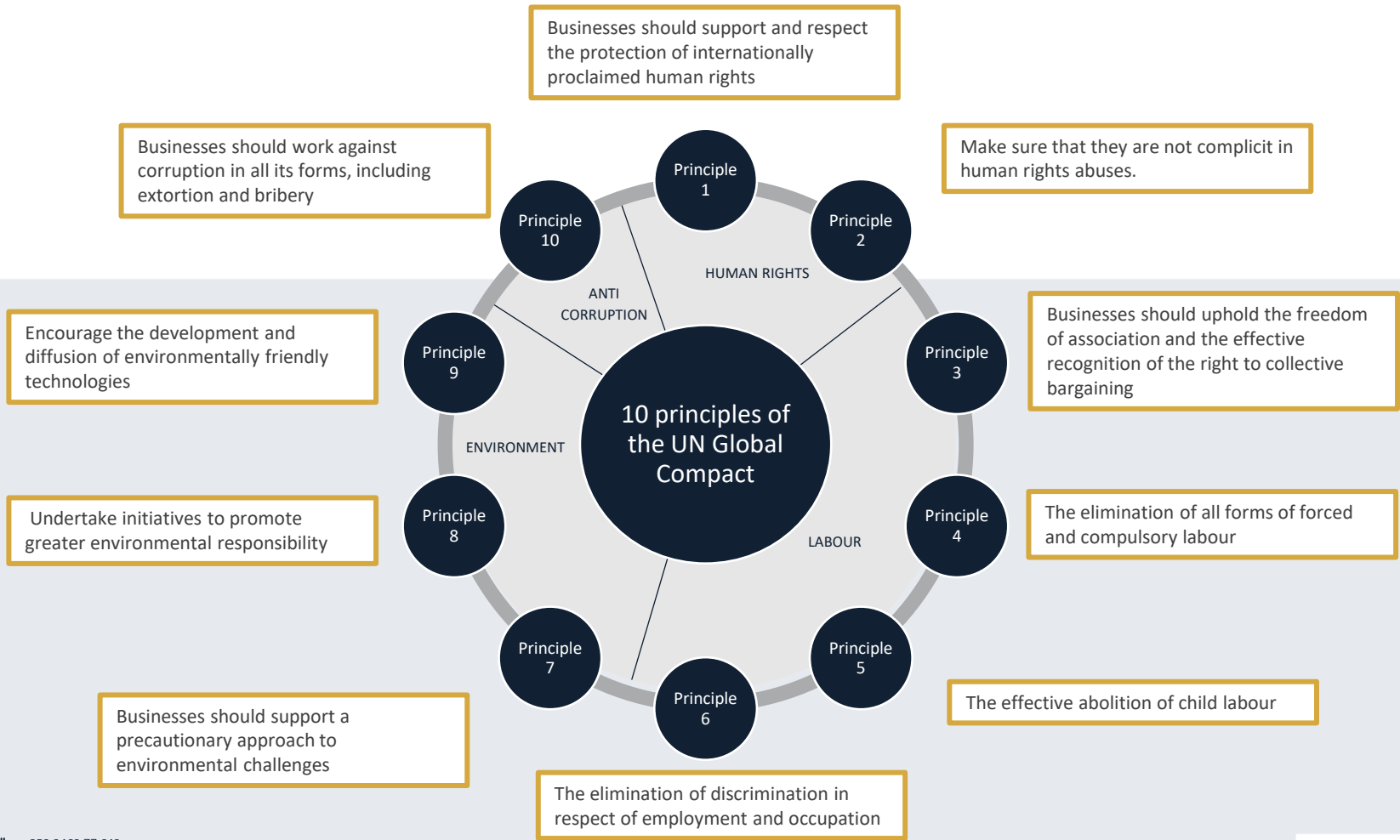
Anti Personal Landmines

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 CREDIT SUB



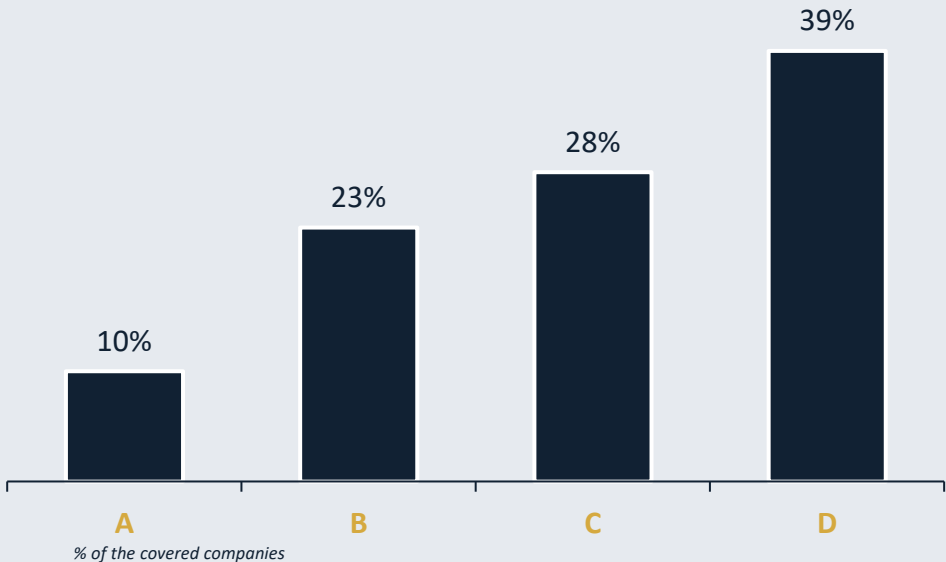


DYNASTY CREDIT SUB

Carbon Footprint (of investments)

A B C D

▲
High

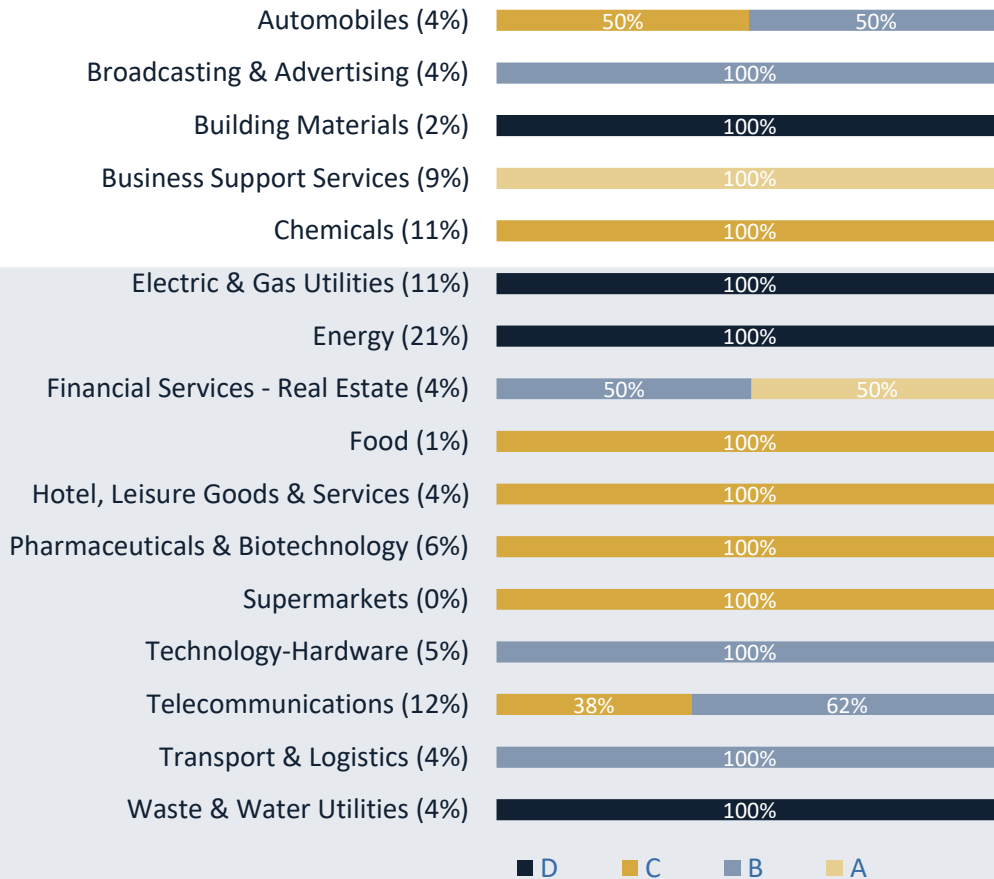


Scale	Emissions (T CO2 Equivalent)*	Categories
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

* Scope 1 & 2



DYNASTY CREDIT SUB



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



DYNASTY CREDIT SUB

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.

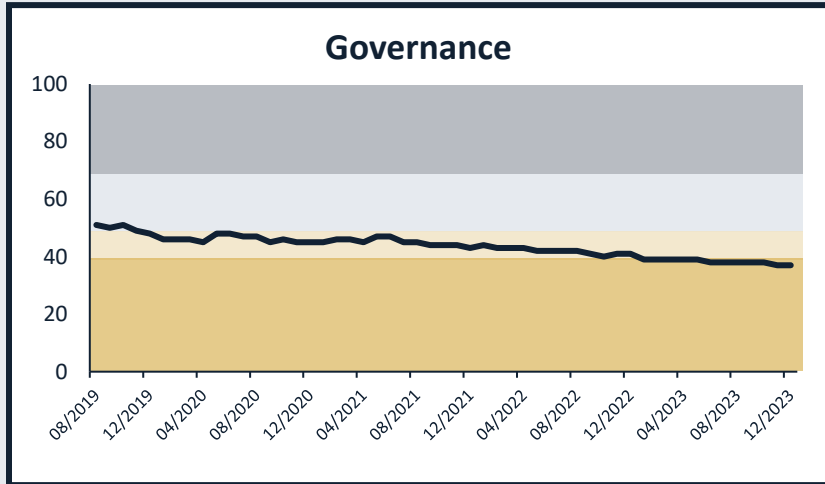
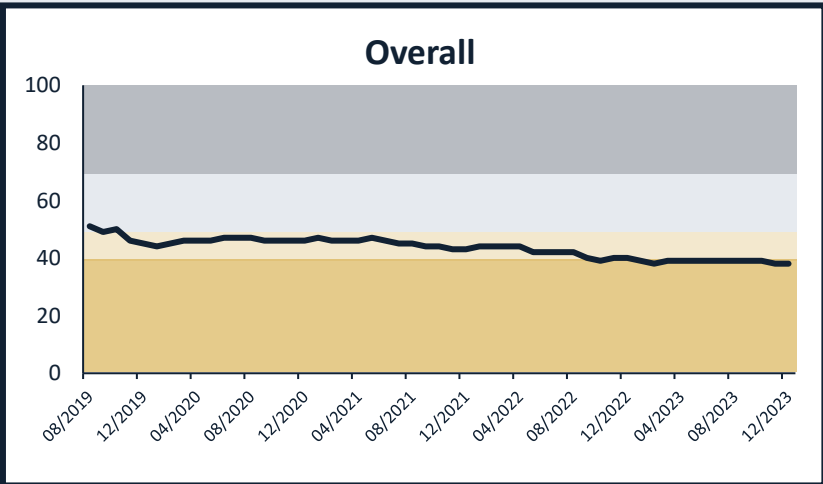
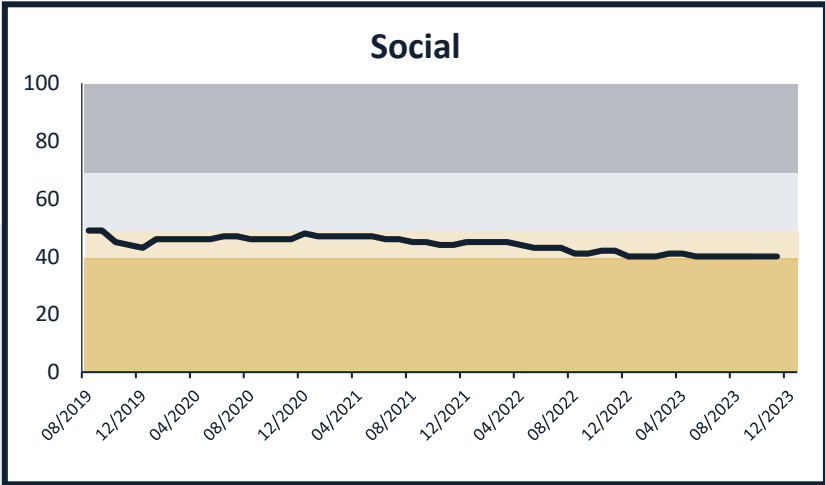
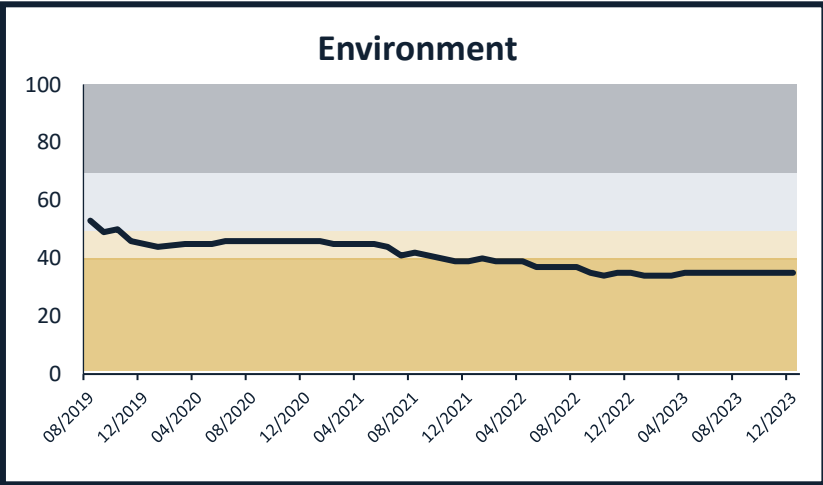
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

Holding Name	Portfolio Weight	UN Global Compact principle	Dynasty AM Status	Start of engagement	Time remaining below 2 years ?
Volkswagen 3.375% Perp (Call 2023)	1.6%	Principles No. 9, 10	Not active		
Bayer 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028)	4.6%	Principle No. 9	Not Active		
Holcim 3% Perp (Call 2024)	1.6%	Principles No. 1,2, 10	Not Active		



DYNASTY CREDIT SUB

ESG RISKS



- Advanced
- Robust
- Limited
- Weak



DYNASTY CREDIT SUB

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 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 CREDIT SUB

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 ?
Volkswagen 3.375% Perp (Call 2023)	1.6%	Principles No. 9, 10	Not active		
Bayer 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028)	4,6%	Principle No. 9	Not Active		
Holcim 3% Perp (Call 2024)	1.6%	Principles No. 1,2, 10	Not Active		



Disclaimer

- This document and its data are provided for information purposes only and should not be conceived as a solicitation or offer to buy or sell any securities or related financial instruments by **DYNASTY AM**. Any investment put in place on the basis of this presentation must be executed in respect of the laws and rules applicable to each investor.
- **DYNASTY AM** is not advisors and neither **DYNASTY AM**, nor any officers or employees accepts any liability whatsoever for any financial result or from any other nature arising from use of this publication or its content.
- You are advised to make your own risk analysis and consult any independent advisors you believe necessary (law, financial, tax, accounting or any other advisors).
- **DYNASTY AM** brings your attention to the fact that the value of, and income from, any investment in its products may largely fluctuate due to their natures. The products have prospectuses registered with the **CSSF** (Commission de Surveillance du Secteur Financier). They are available on the website www.dynasty-am.lu.
- This presentation is exclusively reserved for your private use and any dissemination or disclosure, either in whole or partial, is prohibited except with formal written approval by **DYNASTY AM**.
- Before any subscription, it is necessary to consult the prospectus of the fund. Past performances do not predict actual or future performances which may differ substantially from those reflected.



Get in touch

/Sales contact

DYNASTY AM S.A.
13-15, route d'Esch
L-1470 Luxembourg
Tel. : **+352 24 69 77**

Laurent PLUCHARD
Partner - Head of Development
Tel: +352 2469 77 642
Mobile: +352 621 380 785
laurent.pluchard@dynasty-am.lu

Henri RAYOT
Sales [Europe]
Tel: +352 2469 77 644
Mobile: +352 621 379 155
henri.rayot@dynasty-am.lu





— Thank you
Passion for YIELD



Dynasty
Asset Management