

# ESG REPORT

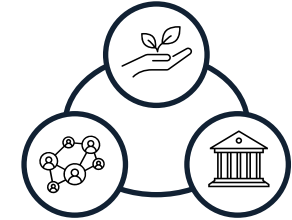
## DYNASTY CONVERTIBLES EUROPE



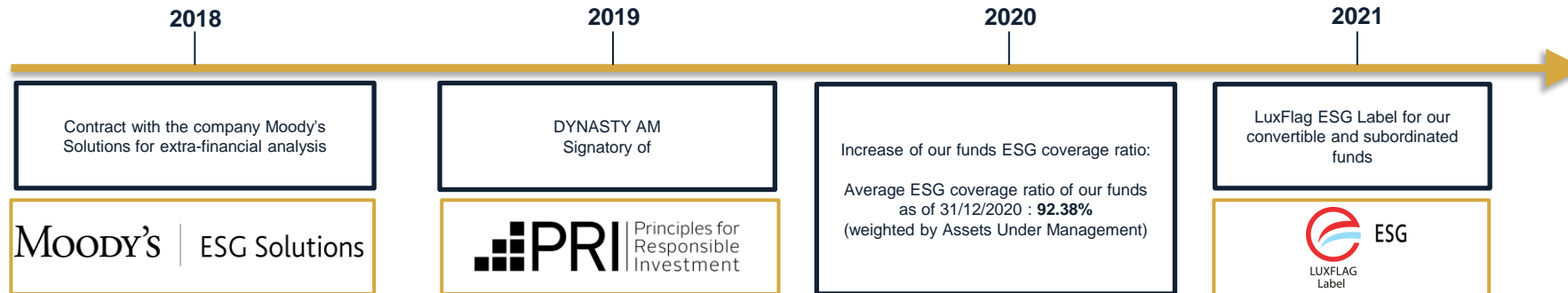
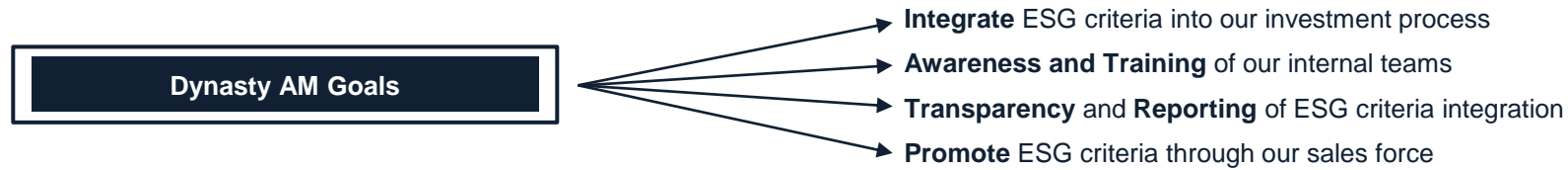
29<sup>th</sup> February 2024

# ESG POLICY

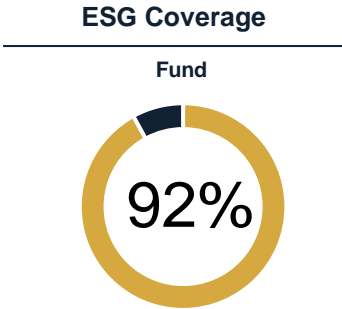
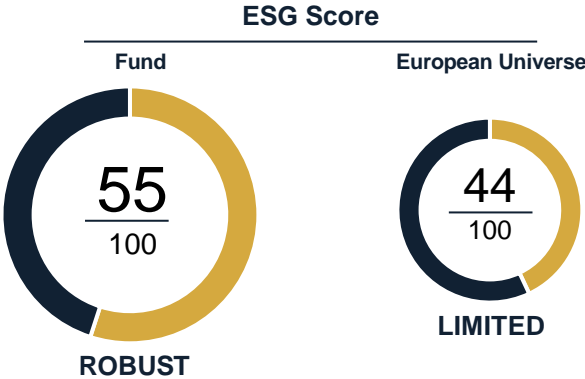
Dynasty AM S.A.'s **ESG (Environment, Social and Governance)** philosophy is based on the principle that there is a positive correlation between taking into account extra-financial criteria and generation of added value. We therefore aim to obtain the best long-term risk- return ratio for our clients, **by incorporating ESG criteria into our financial analysis.**



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



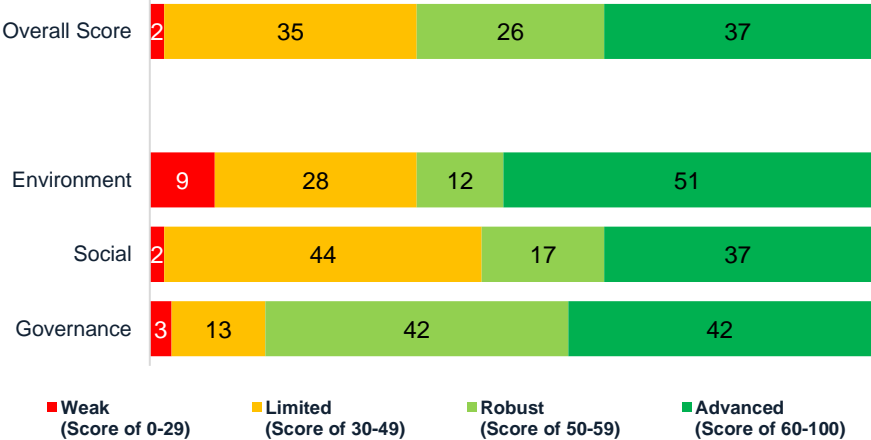
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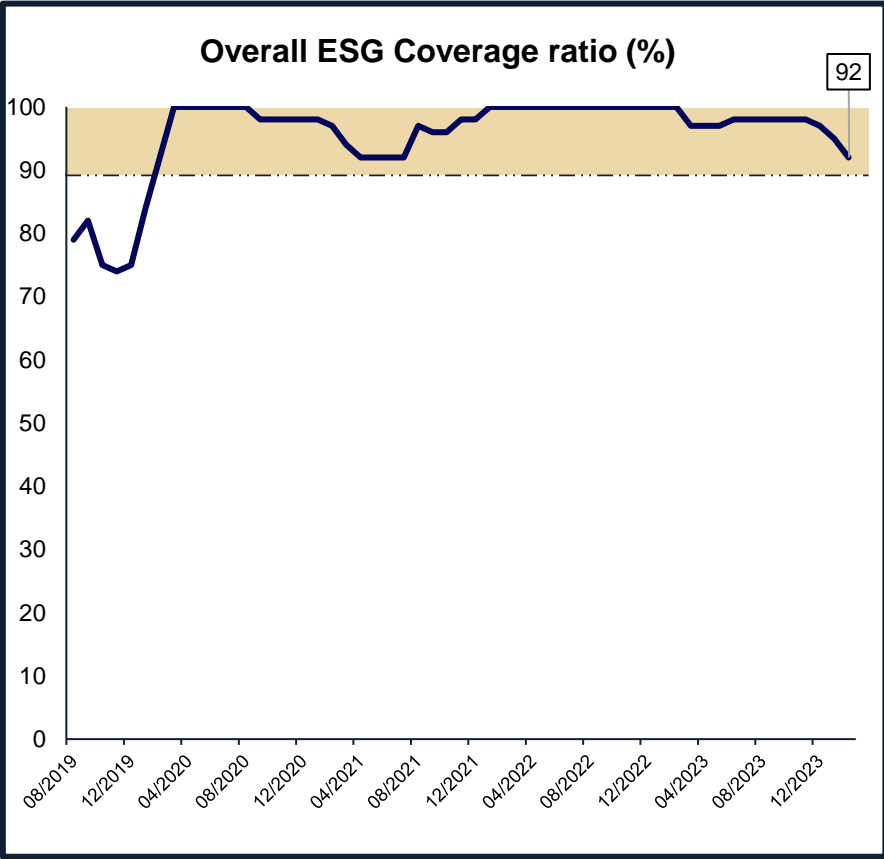
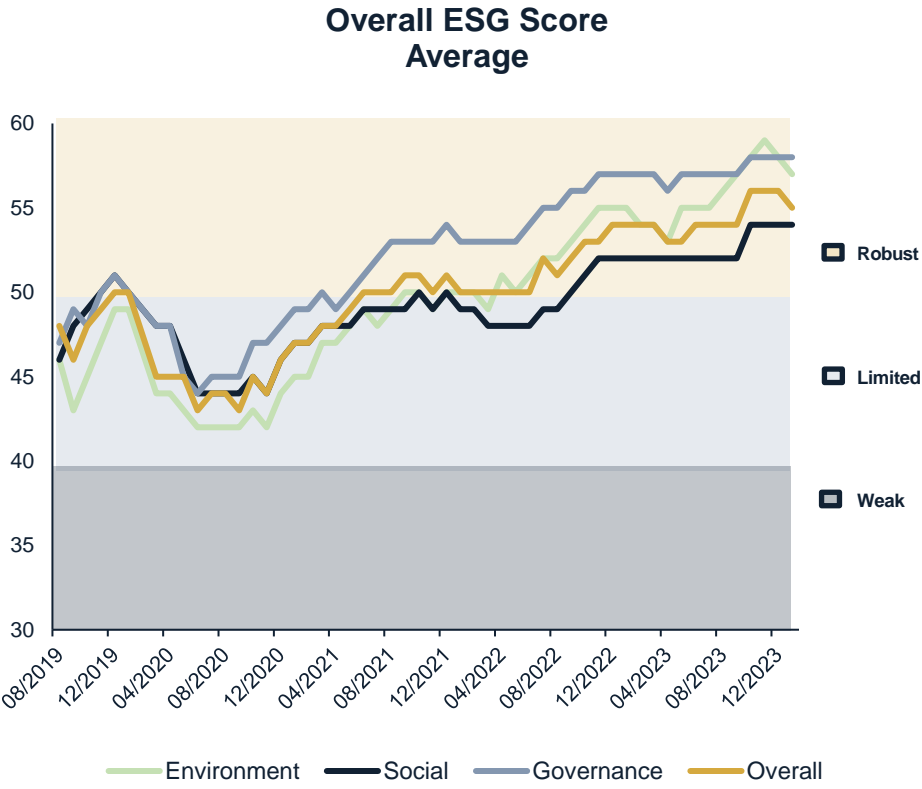
**Overall and Domain Scores**

	Average
Overall	55
Environment	56
Social	54
Governance	57

**ESG Score Breakdown (% investment)**



# DYNASTY CONVERTIBLES EUROPE



# DYNASTY CONVERTIBLES EUROPE

## 5 highest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Schneider Electric 0% 2026	6.8%	Industrial	Advanced
2	Eni 2.950% 2030	4.5%	Energy	Advanced
3	Iberdrola 0.8% 2027	3.2%	Utilities	Advanced
4	Pirelli 0% 2025	3.4%	Consumer, Cyclical	Advanced
5	STMicroelectronics 0% 2027	4.6%	Technology	Advanced

## 5 lowest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Voyageurs du Monde 3% 2028	2.6%	Consumer, Cyclical	Weak
2	Mondelez / JDE Peet's 0% 2024	4.3%	Consumer, Non-Cyclical	Limited
3	SGL Carbon SE 5.75% 2028	1.1%	Basic Materials	Limited
4	Rheinmetall 2.25% 2030	6.4%	Industrial	Limited
5	MTU Aero Engines 0.050% 2027	1.0%	Industrial	Limited

# DYNASTY CONVERTIBLES EUROPE

5 largest positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Schneider Electric 0% 2026	6.8%	Industrial	Advanced
2	Prysmian 0% 2026	6.5%	Industrial	Advanced
3	Rheinmetall 2.250% 2028	6.4%	Industriel	Limited
4	Spie 2.0% 2028	6.0%	Industrial	Advanced
5	TUI 5.0% 2028	5.5%	Consumer, Cyclical	Limited

# DYNASTY CONVERTIBLES EUROPE

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

Holding Name	ISIN	Portfolio Weight
None in portfolio		

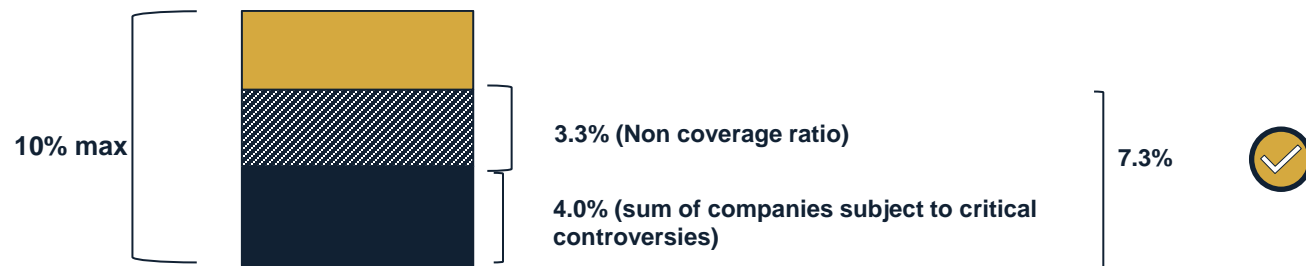


# DYNASTY CONVERTIBLES EUROPE

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
Glencore 0% 2025	4.0%	Basic Materials	2 - 3 - 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 CONVERTIBLES EUROPE

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		

### Controversial Weapons

Holding Name	ISIN	Portfolio Weight
None in portfolio		

### Anti Personal Mines

Holding Name	ISIN	Portfolio Weight
None in portfolio		

### Anti Personal Landmines

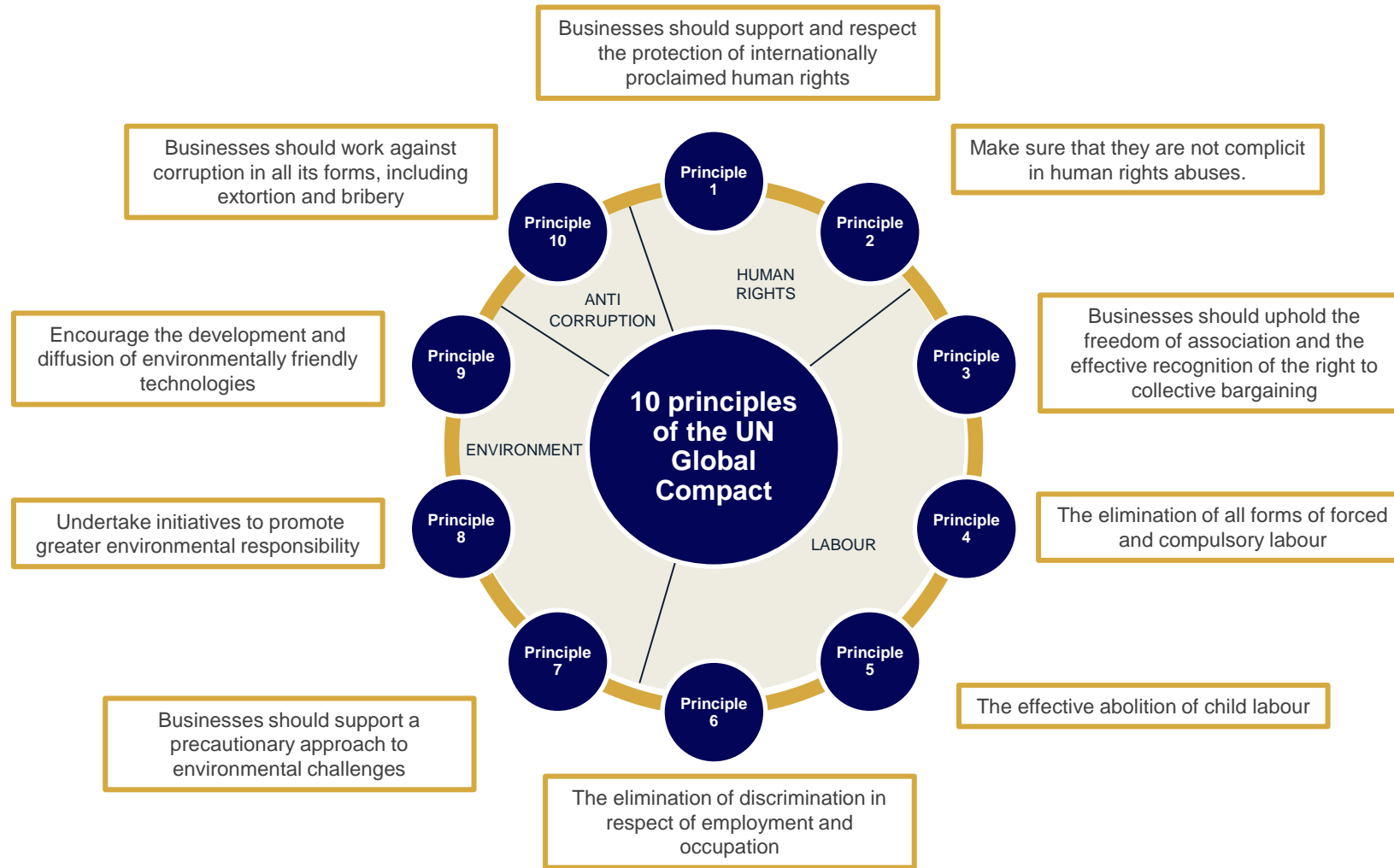
Holding Name	ISIN	Portfolio Weight
None in portfolio		

### Nuclear Weapons

Holding Name	ISIN	Portfolio Weight
None in portfolio		



# DYNASTY CONVERTIBLES EUROPE



# DYNASTY CONVERTIBLES EUROPE

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.

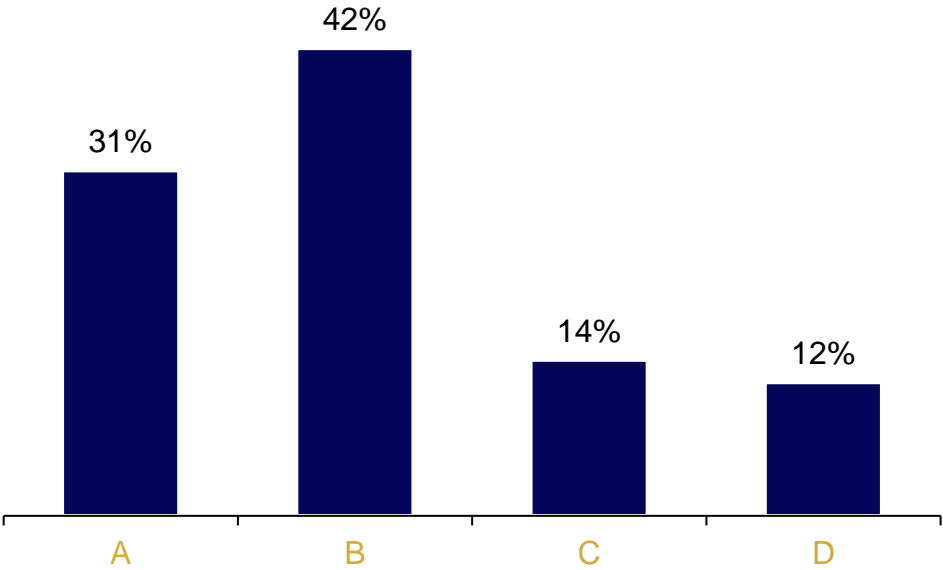
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

Holding Name	Portfolio Weight	UN Global Compact principle	Dynasty AM Status	Start of engagement	Time remaining below 2 years ?
Glencore 0% 2025	4.0%	Principles No. 1, 2	Ongoing Controversy	31/01/2022	No



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Carbon Footprint (of investments)

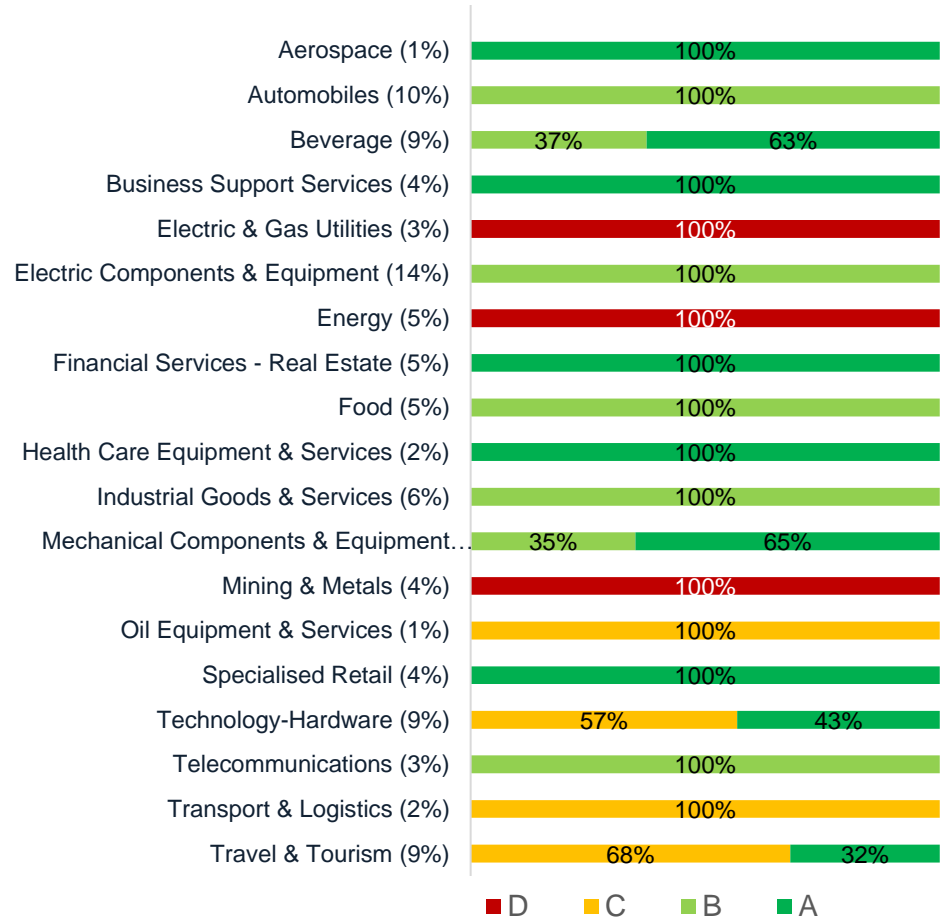


Scale	Emissions (T CO2 Equivalent)*	Categories
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

\* Scope 1 & 2

% of the covered companies

# DYNASTY CONVERTIBLES EUROPE



## Carbon Footprint Breakdown by Sector (of investments)

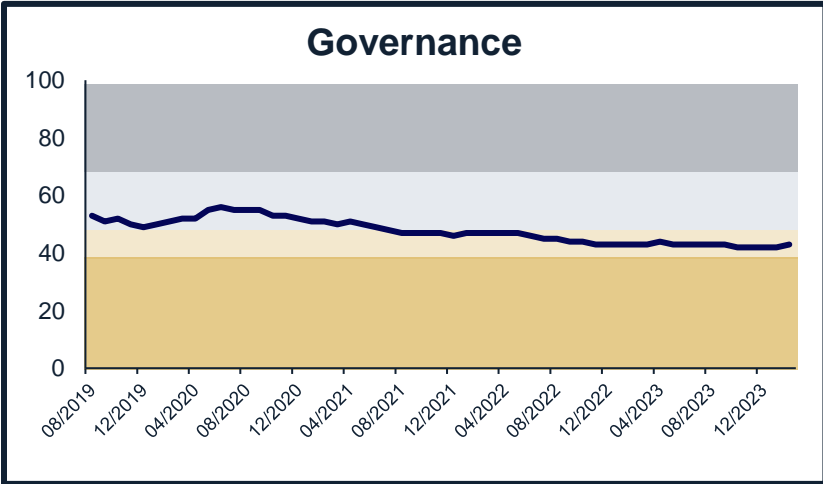
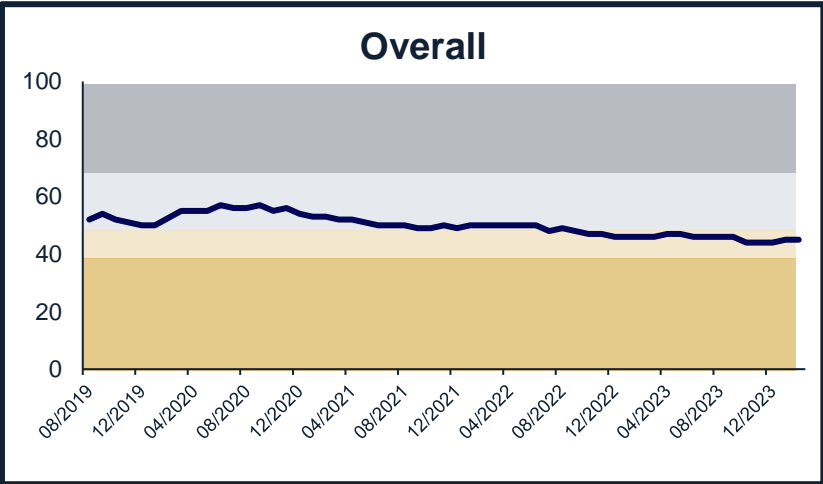
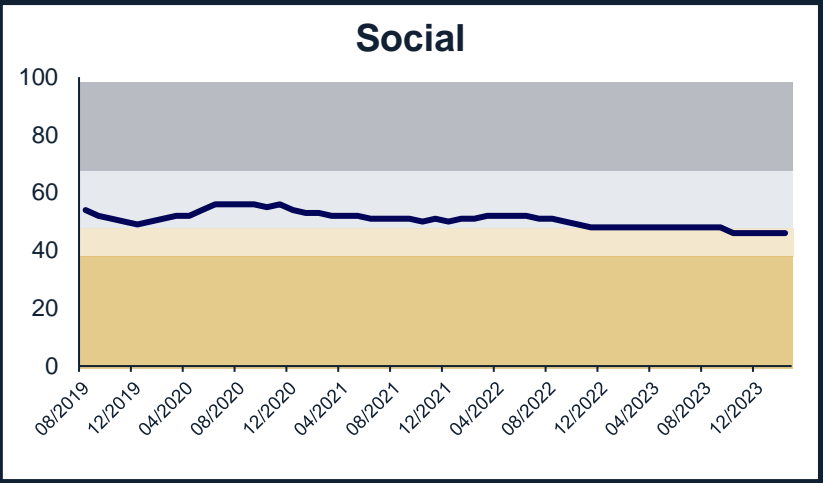
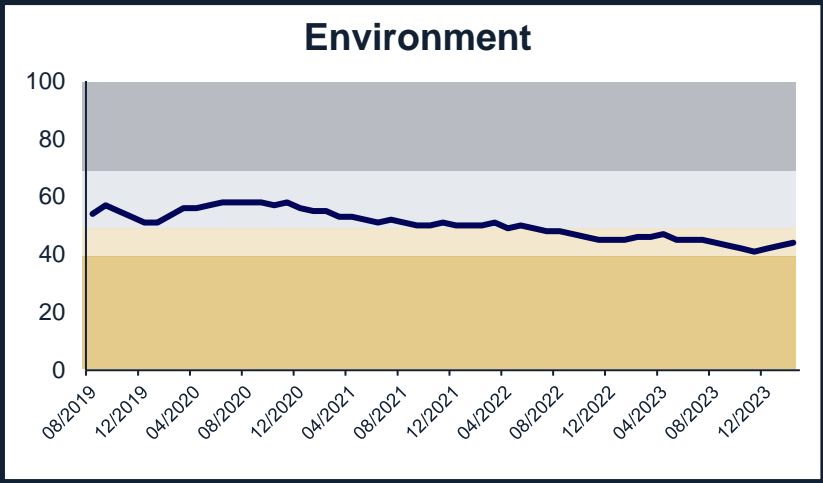






Scale	Emissions (T CO2 Equivalent)*	Categories
A	<100 000	Moderate
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D	>= 10 000 000	Intense

\* Scope 1 & 2

# DYNASTY CONVERTIBLES EUROPE

## ESG RISKS



-  Advanced
-  Robust
-  Limited
-  Weak

# DYNASTY CONVERTIBLES EUROPE

## 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 CONVERTIBLES EUROPE

## 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 ?
Glencore 0% 2025	4.0%	Principles No. 1, 2	Ongoing Controversy	31/01/2022	Yes





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# Thank You