

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** DYNASTY GLOBAL CONVERTIBLES  
5299001DRNEM1HI5ID27

**Legal entity identifier:**

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

perspective and from a product safety perspective. The social characteristic includes all the criteria that are linked to the social aspects of a company from a business behavior perspective, a community involvement perspective, a human rights perspective and human resources perspective.

For the Sub-Fund **Dynasty Global Convertibles**, no ESG benchmark is used for the purpose of attaining its environmental or social characteristics.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-Fund **Dynasty Global Convertibles** promotes E/S Characteristics, but does not make any sustainable investments.

The following indicators are used to measure the environmental characteristic of the Sub-Fund (by percentage of investments):

- Environmental Strategy
- Accidental Pollution
- Green Products
- Biodiversity
- Water
- Climate Change / Energy
- Atmospheric Emissions
- Waste
- Local Pollution
- Transportation
- Use and Disposal of Products

The following indicators are used to measure the environmental characteristic of the Sub-Fund (by percentage of investments):

- Customer
- Suppliers and Subcontractors
- Impact on Local Communities
- Responsible Societal Behavior
- Industrial Relations
- Career Development
- Working Conditions

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Sub-Fund **Dynasty Global Convertibles** promotes E/S Characteristics, but does not make any sustainable investments. The Sub-Fund does not have predetermined sustainable objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable



*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational*

*Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

✗ Yes, \_\_\_\_\_

No

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**What investment strategy does this financial product follow?**

The ESG investment strategy used by the Management Company is as follows:

- Through the seamless integration in the Management Company’s analyses, investment and portfolio construction process of Environmental, Social and Governance Factors. The Management Company will, to its best effort, collect and analyse all publicly available data deemed relevant to assess the potential of an

investment in a company and/or security in achieving the Sub-Funds' investment objective. This data will include but may not be limited to financial data from financial service providers (e.g. balance sheet, income statements, market projections, marketing analyses...), analyses from market participants, data collected through interviews with the company's directors or anything else deemed relevant by the managers of the Sub-Funds. This data will include data relating to environmental, social and governance issues as provided by the Management Company's third party data provider or collected by the Management Company itself. This information will be used to assess the upside potential and downside risk of the potential investment in the achievement of the investment objective as it is recognised that ESG factors alongside financial factors may or may not have an impact, be it material or not, on a company's financial performance.

- ESG scoring and data are provided by essentially third-party service providers and otherwise by internal analyses of the Management Company. Although the Management Company largely relies on external data to provide ESG data and scoring, the Management Company recognises the fact that such data and analyses are mainly based on qualitative and not quantitative models and may, in the case a company is not yet scored by the external data provider, provide its own scoring in the meantime. Scorings provided internally by the Management Company cumulated with companies not scored on ESG factors may however not exceed a certain threshold of a Sub-Fund's assets.
- through the adoption of an upstream exclusion process on issuers from designated sectors and / or industries and / or involved in activities deemed not compliant with minimal environmental or social standards. Investments in companies that have as main activity thermal coal mining and extraction, tobacco production and/or gaming are excluded. These restrictions are applied pre-investment and are binding. They restrict the issuers the Management Company can invest in based on their involvement in certain economic activities; and
- through the monitoring and limitation of positions in companies involved in 'critical controversies' as defined by the Management Company's external provider of ESG data and analyses or internal analyses or a combination of both. The Management Company applies a binding special filter on companies subject to critical controversies in domains it considers such controversies to have the most impact (i.e. environmental strategy, climate change, waste, fundamental human rights and audit and internal controls). If the controversy is linked to cluster munitions, controversial weapons, nuclear weapons, anti-personal mines or anti-personal landmines, the relevant company is not eligible for investment.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following binding elements are applied throughout the investment process:

- Strict exclusion of companies that have as main activity thermal coal mining and extraction, tobacco production, sales and distribution, and gambling. In order to classify companies' main activity, the Management Company uses the service of Bloomberg which classified companies by main activity. The most important measure in order to assess the main activity remains the revenue, Bloomberg uses a 3-years weighted average. However, Bloomberg also takes into account operating income and balance sheet assets. Every company with its main activity flagged (by Bloomberg) in the excluded sector, is strictly excluded from the investible universe, there is not any tolerance.
- Strict exclusion of companies from countries classified as Controversial Jurisdictions according to the UN Security Council's Sanctions and the Financial Action Task Force
- Strict exclusion of companies that breach the UN Global Compact Principles  
If a company has a controversy linked to one of the flagged Global Compact's 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 the Global Compact Exclusion List.

- Strict exclusion of companies with critical controversies in one of the following sub domains:
  - Cluster Munitions
  - Controversial Weapons
  - Nuclear Weapons
  - Anti-Personal Mines
  - Anti-Personal Landmines
  - Chemical Weapons
  - Biological Weapons
  - White Phosphorus
  - Depleted Uranium

There are 4 categories of severity of controversies: minor, significant, high and critical. The critical controversy severity is the most severe category.

The rationale behind using only the most severe severity is the following:

- The critical severity status ensures that the potentially flagged companies are directly involved in the previously mentioned sub domains, and that allegations are indeed verified. Hence the systematic exclusion.
- The less severe categories may flag companies with non-verified claims. Indeed, a minor or significant controversy in those sub domains could result from a rumour or a potential lack of control, and does not mean that there is any necessarily proved breach.

At each moment, at least 80% of the Sub-Fund's securities (excluding cash and mutual funds) will meet E/S characteristics. The remaining 20% will consist of securities which are not yet covered by the Management Company's ESG analysis, and allow the Management Company to perform it.

Regarding controversies, the Management Company has decided to include a special filter on companies subject to critical controversies (i.e. the most severe) in domains the Management Company considers 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 20%. This ratio of 20% is cumulated with the non-coverage ratio.

### ● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments amid the Convertible universe is a niche market and evolves over time (usually maturity of 5 year at issue)

### ● ***What is the policy to assess good governance practices of the investee companies?***

The good governance practice is monitored on a monthly basis by the Management Company by the following scored indicators:

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Asset allocation



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

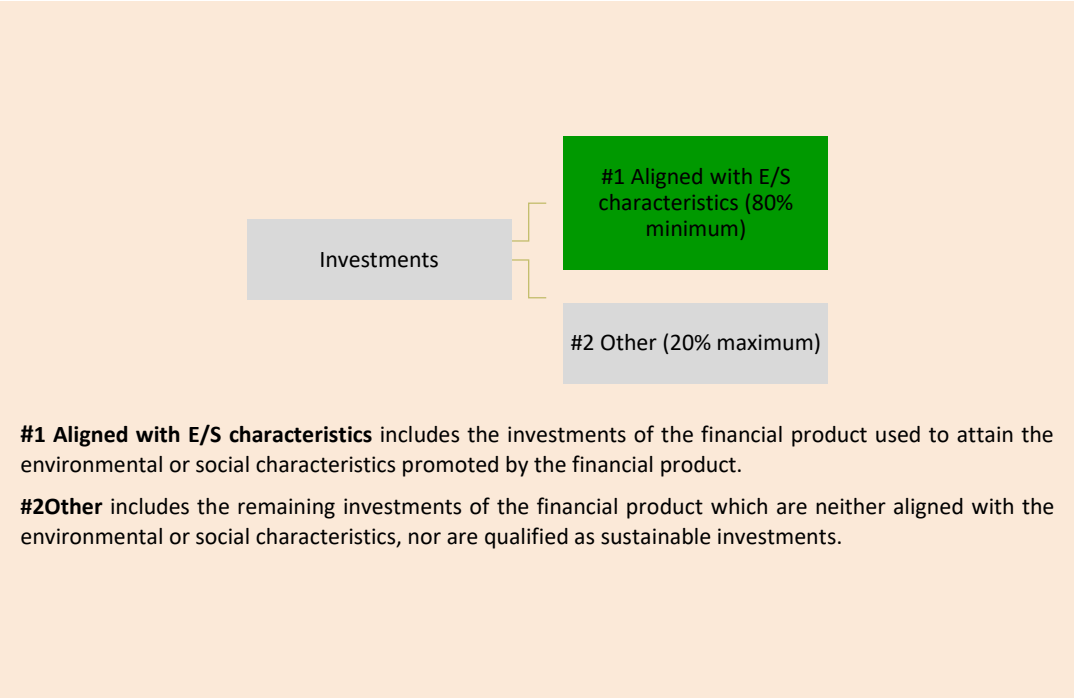
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Corruption
- Anti-competition
- Lobbying
- Board of directors
- Audit and Internal Controls
- Shareholders
- Executive Remuneration

The good governance practice is monitored by ensuring that investee companies do not breach one of the 10 principles of the UN Global Compact.

What is the asset allocation planned for this financial product?

80% minimum for the Sub-Fund Investments will meet E/S characteristics. The remaining 20% will consist of securities which are not yet covered by the Management Company’s ESG analysis, and allow the Management Company to perform it



How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

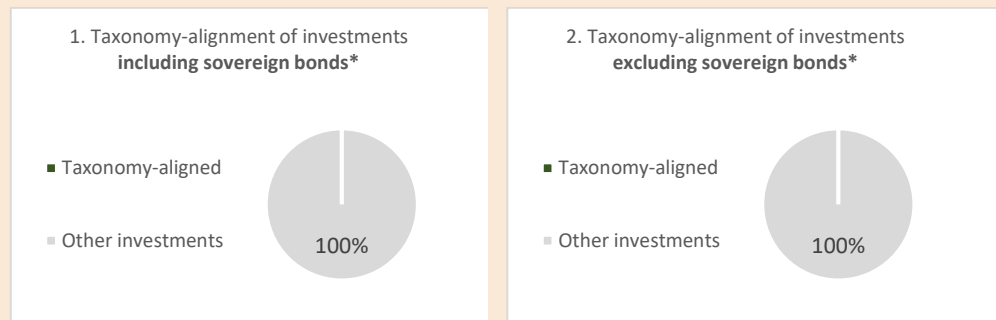
Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund **Dynasty Global Convertibles** promotes E/S Characteristics, but does not make any sustainable investments. Therefore, there is 0% minimum alignment with the EU Taxonomy.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

#### **What is the minimum share of investments in transitional and enabling activities?**

Not applicable. There is no minimum share of investments in transitional and enabling activities.



#### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable. There is no minimum share of sustainable investments with an environmental objectives. Therefore, there is 0% minimum alignment with the EU Taxonomy



#### **What is the minimum share of socially sustainable investments?**

Not applicable. There is no minimum share of socially sustainable investments.



#### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

“#2 Other” is a basket which allows us to have investments not yet covered by Third Party ESG analysis, and allows us to perform our own ESG evaluation.

For the avoidance of doubt, the ratio of 20% will exclude cash, investment funds and derivatives (which the Management Company only uses for currency hedging). There are no minimum environmental or social safeguards for such investments.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No benchmark, no index, therefore not applicable.

**Reference**

**benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***  
Not Applicable
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***  
Not Applicable
- ***How does the designated index differ from a relevant broad market index?***  
Not Applicable
- ***Where can the methodology used for the calculation of the designated index be found?***  
Not Applicable



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

More information on the ESG policy may be obtained from <https://www.dynasty-am.lu/esg/>