

# EVLI

## EVLI EQUITY FACTOR GLOBAL IB



31.07.2024

ISIN: FI4000441522

BLOOMBERG: EVEFGIB FH





## EVLI IN BRIEF

"We see wealth as an engine to drive sustainable progress."

# Evli Plc

Evli Plc is a Finnish independent investment service company with a nearly 40-year operating history.

We are currently Finland's leading institutional asset manager with approximately 270 employees.

Our service range covers asset management services and funds, share plan design and administration and incentive programs, Corporate Finance services (mergers and acquisitions), as well as equity research.

ASSETS UNDER MANAGEMENT (EUR BILLION) JUNE 30, 2024

18.7

MARKET POSITION AS INSTITUTIONAL ASSET MANAGER (KANTAR PROSPERA 2023)

1.

NET REVENUE (EUR MILLION) IN 2023

108.7

FINLAND'S THIRD LARGEST FUND MANAGEMENT COMPANY

3.

EMPLOYEES, 30.6.2024 (PERMANENT)

~270

EVLI WAS RANKED EIGHT AMONG MID-SIZED COMPANIES IN THE EEZY FLOW'S PEOPLEPOWER JOB SATISFACTION SURVEY 2023

8.

# Evli's mutual funds

FUND AUM (EUR BILLION)  
JUNE 30, 2024

13.3

NUMBER OF FUNDS

72

EMPLOYEES IN ASSET MANAGEMENT  
FUNCTIONS

170

PORTFOLIO MANAGERS IN TOTAL

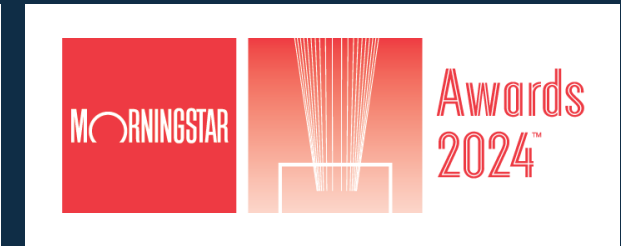
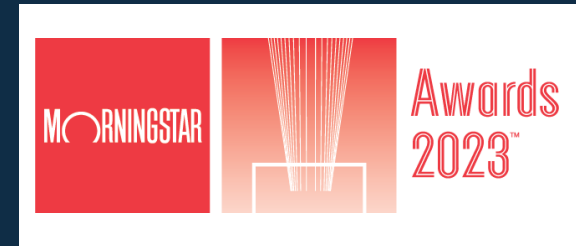
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FUNDS CLASSIFIED AS ARTICLE 8 OR 9  
ACCORDING TO EU SUSTAINABLE  
FINANCE DISCLOSURE REGULATION  
(SFDR)

93%

Funds are managed by Evli Fund Management Company Ltd, which is a Finnish fund management company. Evli Fund Management Company is part of Evli Group whose parent company is Evli Plc.

Morningstar, an independent fund research firm, awarded Evli Fund Management Company **"The Best Fund House Overall in Finland 2023 and 2024"** and **"The Best Fund House Overall in Sweden 2024"**.<sup>1</sup>



Lipper, an independent fund research firm, awarded Evli Fund Management Company as **"Nordic Best Fund House 2023 and 2024"**<sup>2</sup> in category "small fund companies".

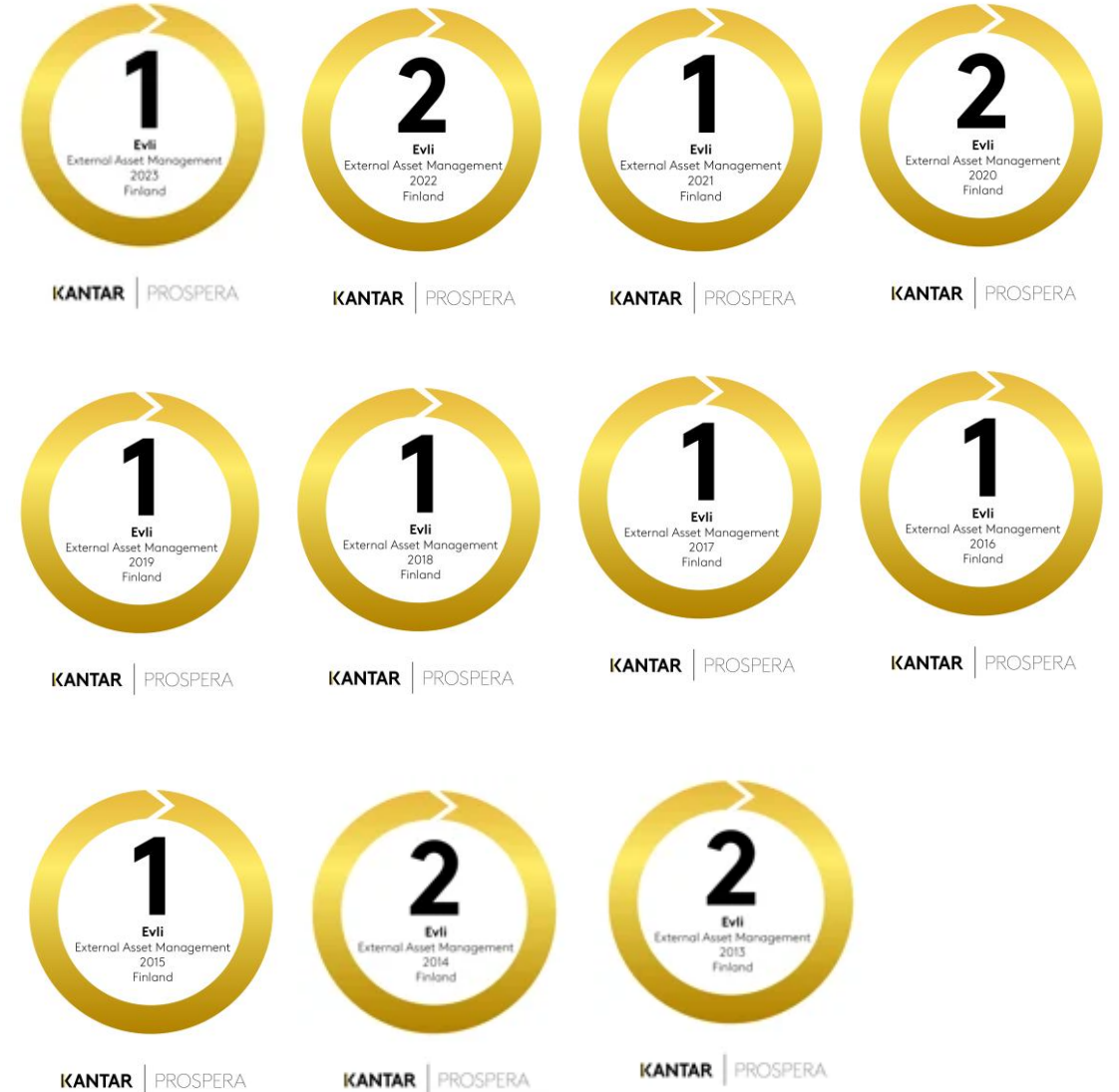
<sup>1</sup> Morningstar Awards 2023, 2024 (c). Morningstar, Inc. All Rights Reserved. Awarded to Evli for the "Best Fund House in Finland". Morningstar Awards 2024 (c). Morningstar, Inc. All Rights Reserved. Awarded to Evli for the "Best Fund House in Sweden".

<sup>2</sup> Lipper Fund Awards 2023, 2024, the category Small Fund Companies.



# Award-winning asset management from Evli

Among the best asset managers in Finland in the Kantar Prospera customer survey for over 11 consecutive years and in the SFR customer survey for 6 consecutive years<sup>1</sup>.



<sup>1</sup> KANTAR Prospera, "External Asset Management Finland 2013–2023". Overall Performance and SFR Scandinavian Financial Research, Competitive Positioning Report, 2015–2023.

# EVLI'S SYSTEMATIC FUNDS

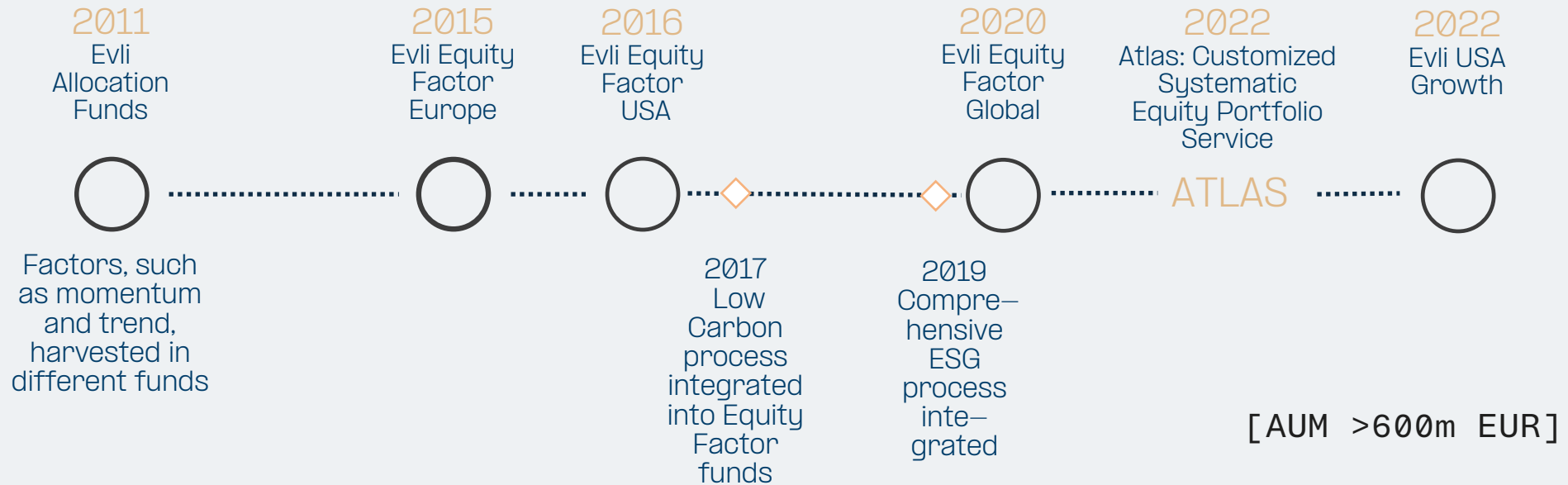
Evli's multifactor and growth fund strategies

# Evli systematic funds and strategies



# Systematic investing at Evli

## Systematic factor strategies utilized across various funds for >10 years





# Portfolio management team



Peter Lindahl

PORTFOLIO MANAGER

- M.Sc. (Econ), Hanken
- Peter has worked in finance since 1996 and in Evli since 2000.
- Before joining Evli, Peter used to work in the US as an equity broker and analyst.



Antti Sivonen

PORTFOLIO MANAGER

- M.Sc. (Accounting, Aalto of Business.
- Antti has worked in finance since 2007 and in Evli since 2010.
- Antti worked in Danske Capital before joining Evli..



Mattias Lagerspetz

PORTFOLIO MANAGER

- M.Soc.Sc. (Econ.), Helsinki University.
- Mattias has worked in finance since 2012 and in Evli since 2015.
- Before joining Evli, Mattias worked in SEB and Swedbank.

# Investment philosophy

## Study what has worked

- Value investing has existed for more than 100 years
- Academic consensus is a good starting point

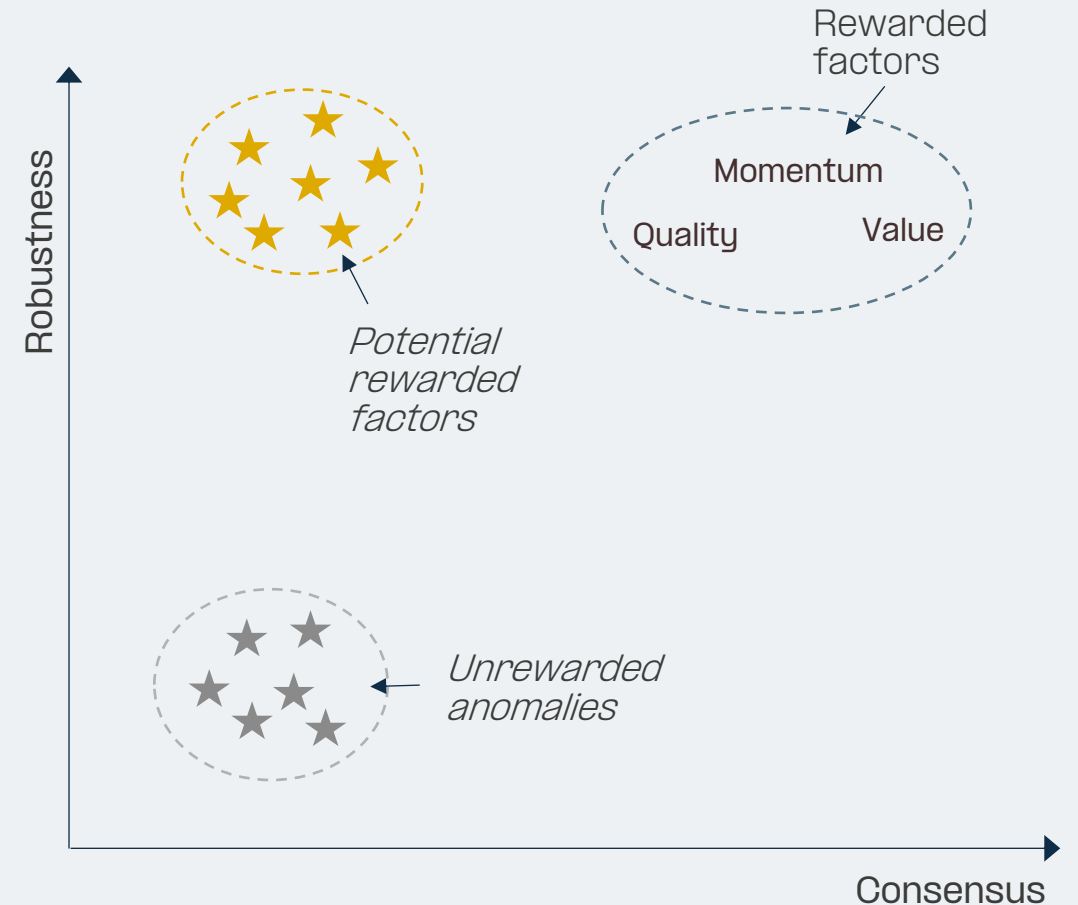
## Don't get lost in the factor zoo

- Harness academic, practitioner and in-house research
- Robust empirical evidence as a guideline
- True factors are characteristics that predict returns

## Be open-minded

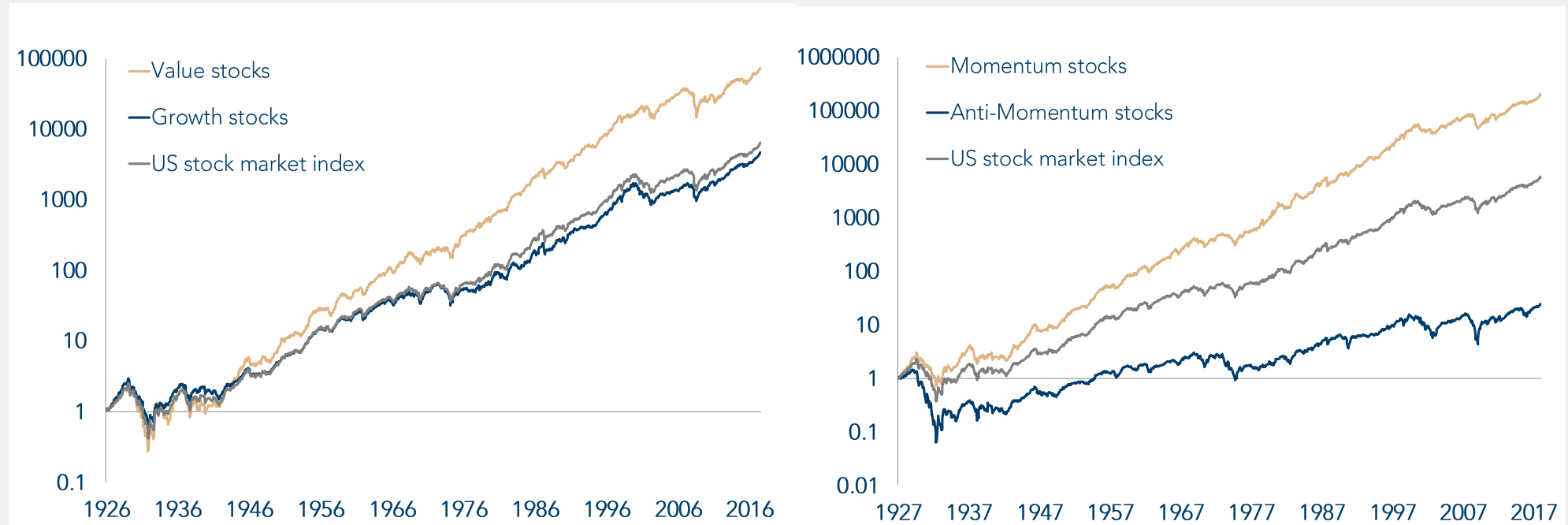
- Financial theories are not always robust
- New data may bring new dimensions
- New ideas may be tomorrow's consensus

## *The Zoo of Factors*



# Factors offered outperformance over the long-term

## ► Illustrative example: value and momentum factors\*





# Harnessing rewarded factors in equities

We quantitatively analyze and harness certain stock characteristics and select companies for the portfolio which have:

- ✓ **Stability**
- ✓ **Value**
- ✓ **Quality**
- ✓ **Outperformed**



# The Evli equity factor approach

Key points in an approach shaped by experience and research



**Cast your net wide**  
Improve the opportunity set

- Factors are captured efficiently with an investable all-cap universe
- A wide universe enables high factor exposure coupled with good diversification



**No factor traps**  
Focus on expected returns

- A high score in one factor is not sufficient as it can be offset by low scores in other factors
- Low average factor scores translate to low expected returns



**Strike the right balance**  
Excess return and active risk

- Balancing potential excess return and deviation from benchmark requires careful cost-benefit analysis
- Pick the low-hanging fruit: portfolio construction decisions that reduce active risk with minimal reductions in expected return

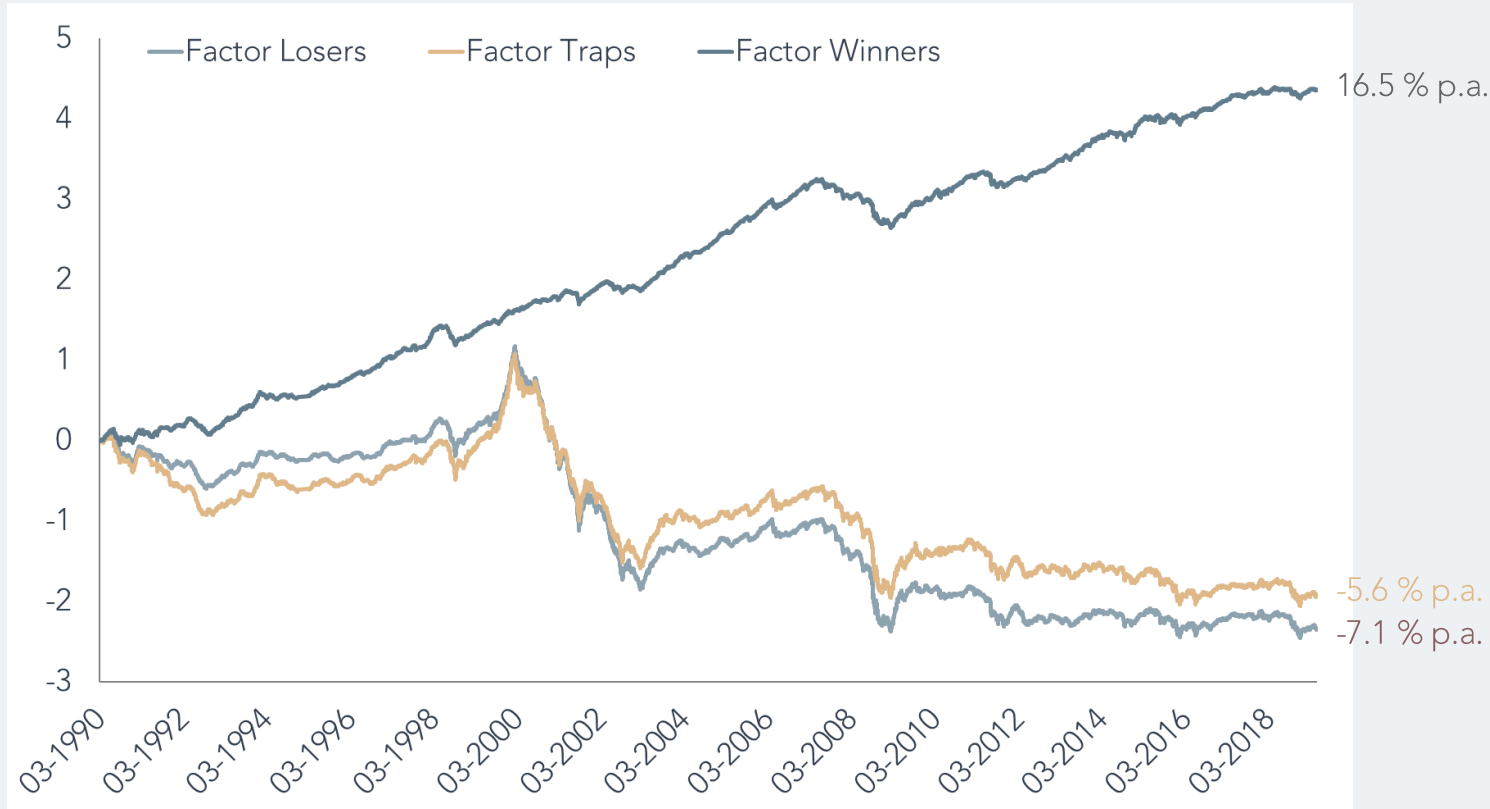


**Simple and transparent**  
Minimize overfitting

- Reduce overfitting by sticking to consensus factor definitions
- Look for simple and transparent solutions wherever possible

# Steering clear of factor losers and traps

Low average factor ranks translate to low expected returns



Factor winners:

top 400 stocks based on average factor score

Factor losers:

bottom 400 stocks based on average factor score

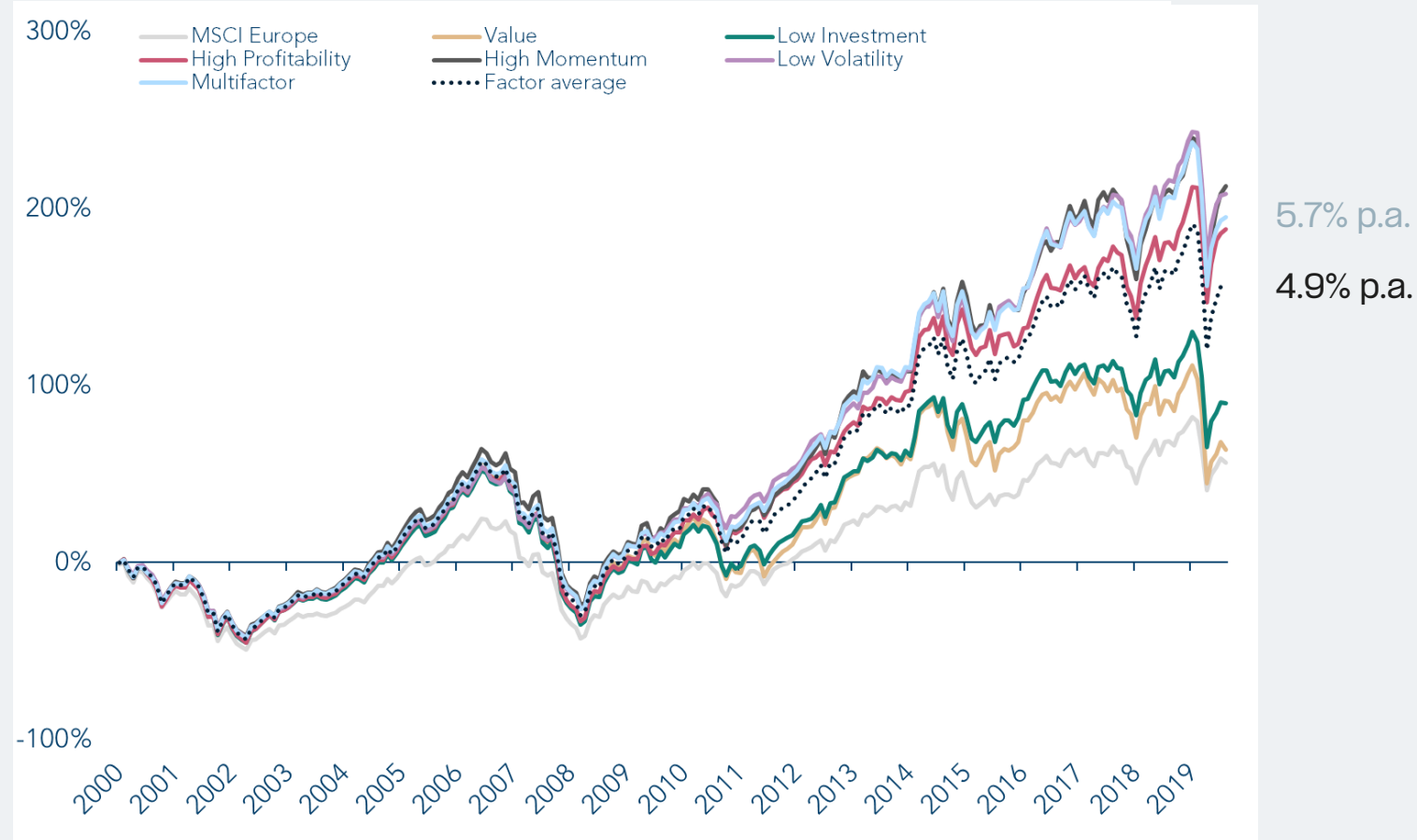
Factor traps:

stocks that score above 60% on one factor and below 30% on all others



# More than the sum of its parts

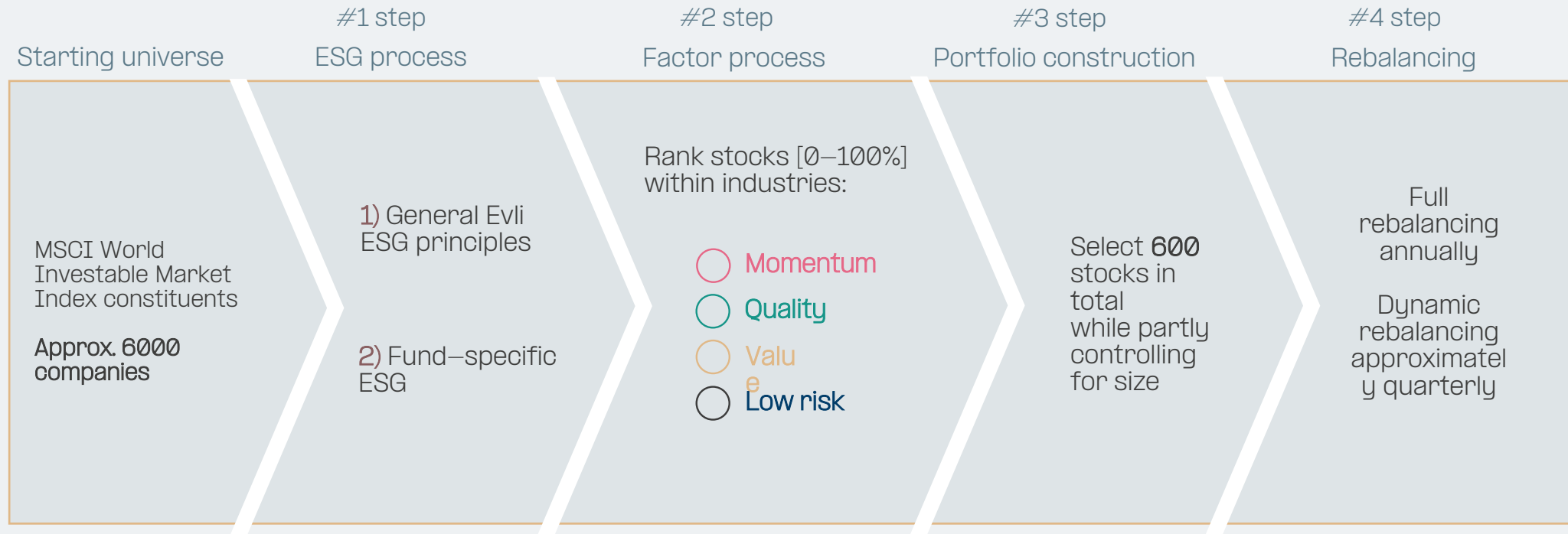
Multifactor approach has added to the outperformance of individual factors



While all individual factors have outperformed the market index, the integrated multifactor approach has performed better than the sum of its parts.

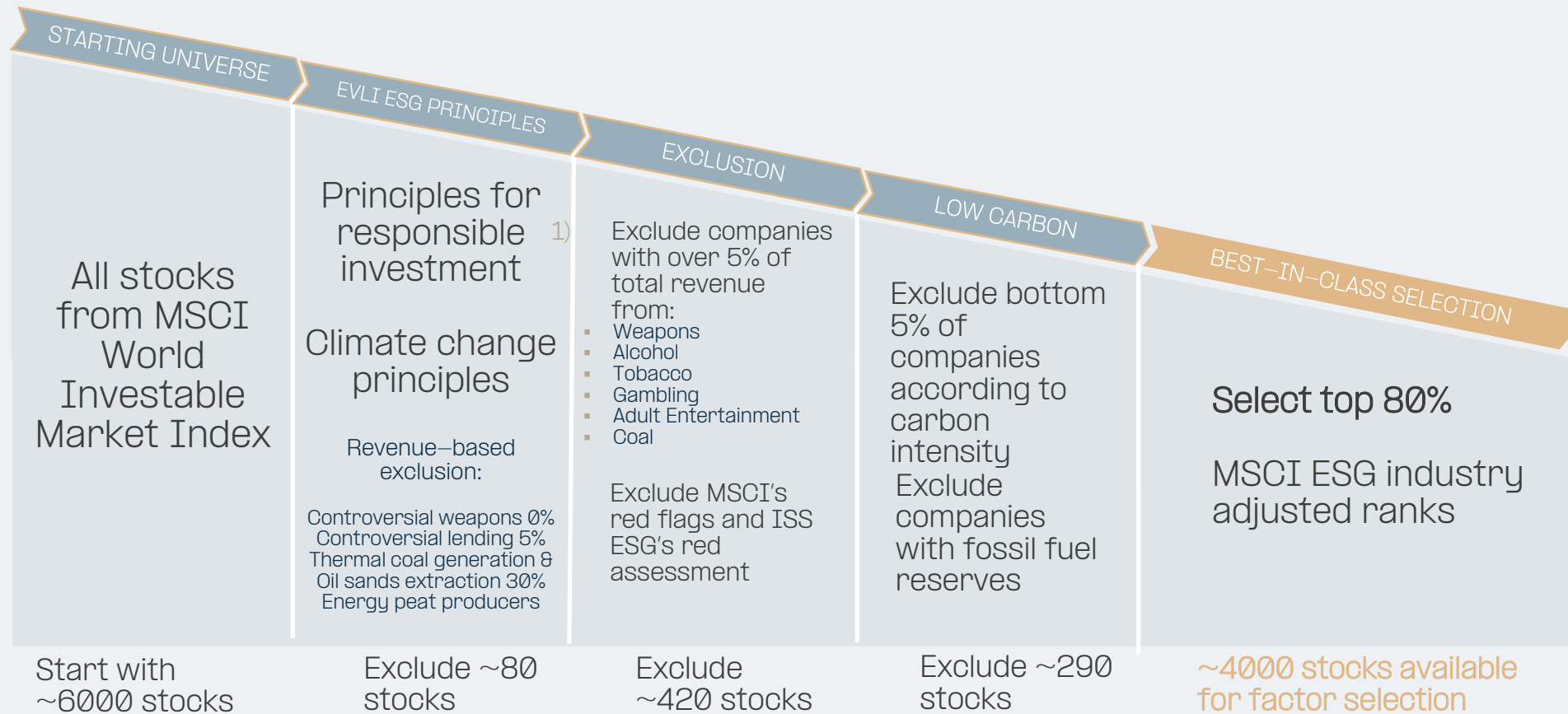
# High–Level Investment Process [Global]

A process inspired by simplicity and transparency



# ESG Process in Detail [World]

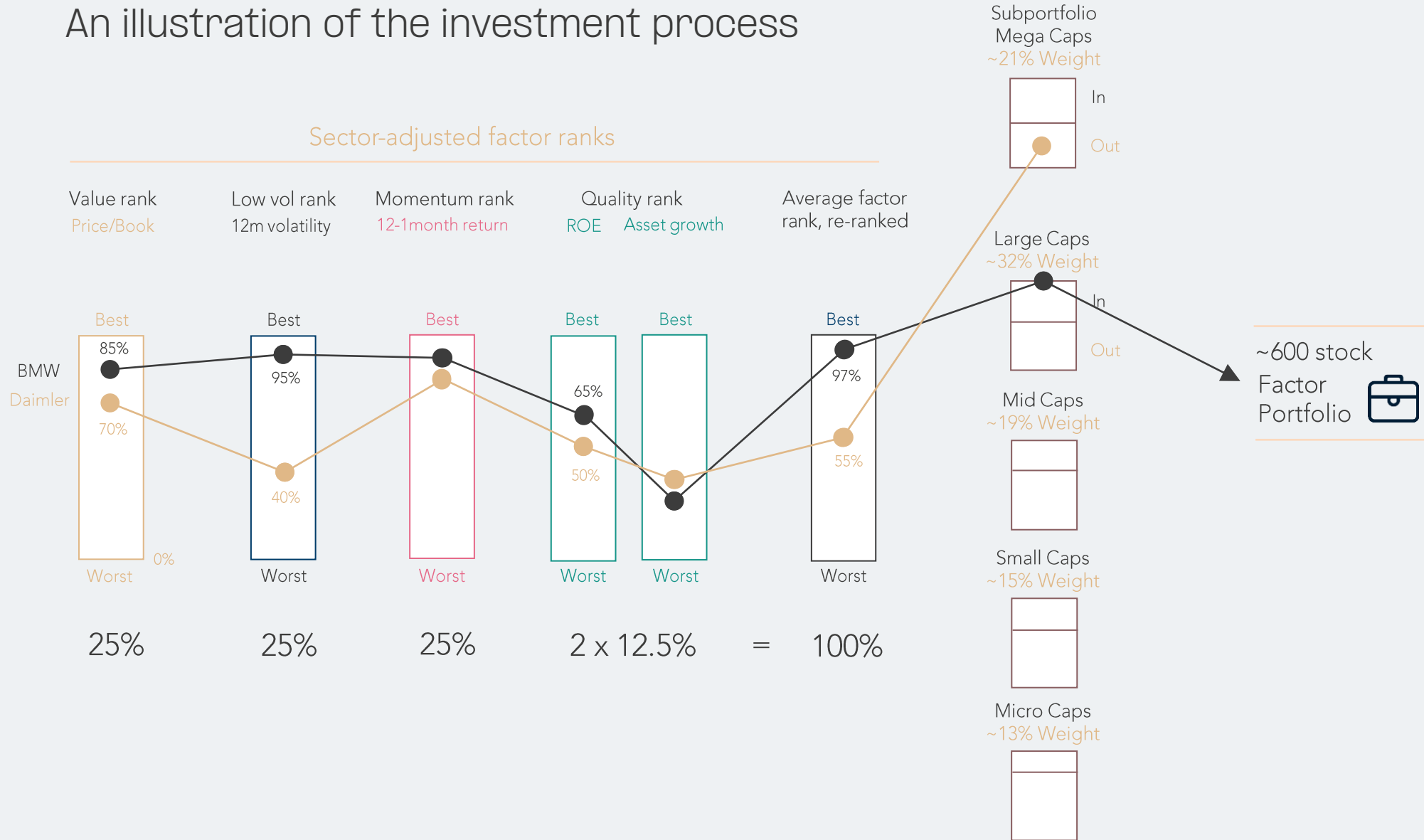
1st step of the investment process





# Factor Process in Action [Global]

An illustration of the investment process



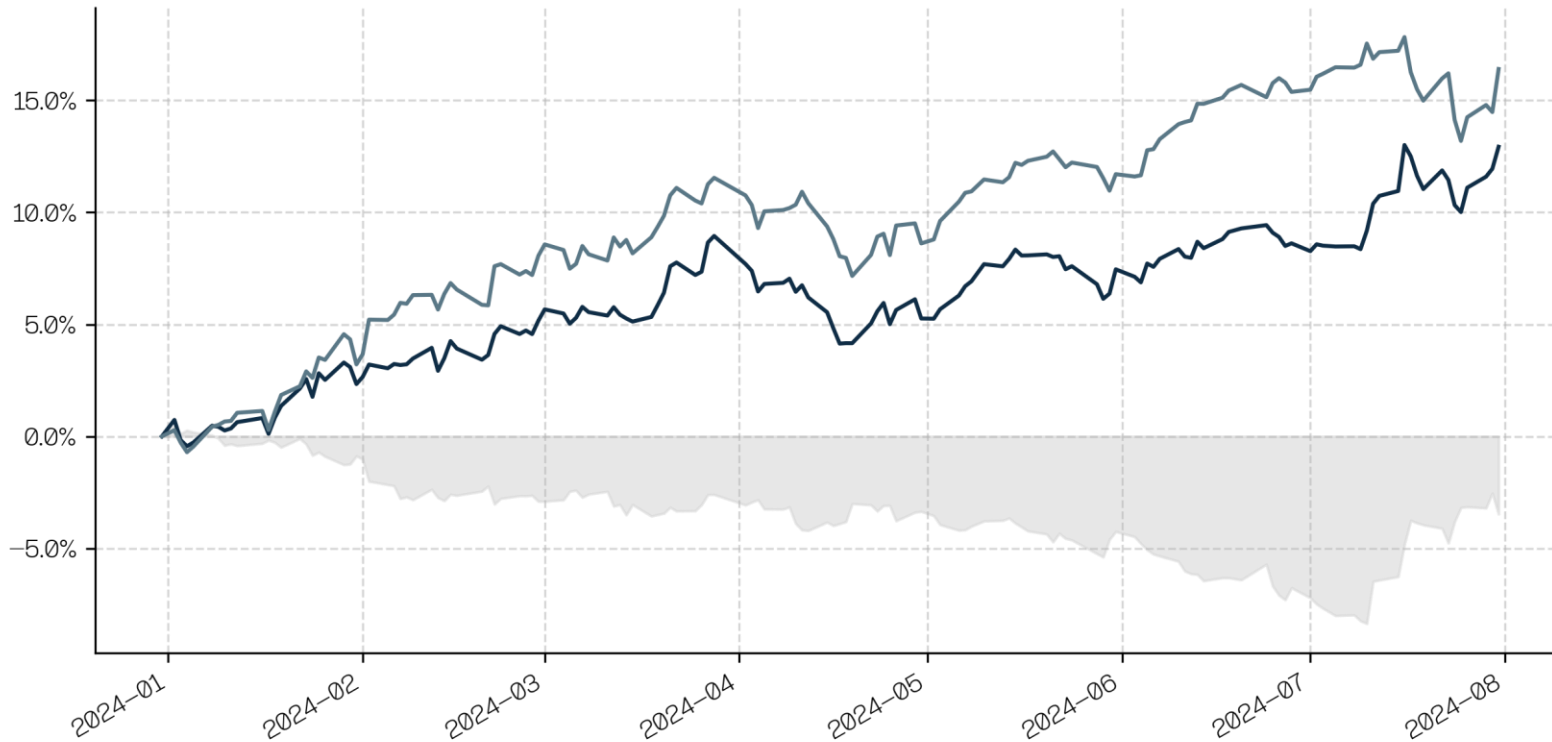
# Net of fee returns – YTD

## Evli Equity Factor Global IB 31.12.2023–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns

— Portfolio 12.9% — Benchmark 16.4% — Difference -3.5%



	Portfolio	Benchmark	Difference
YTD	12.93%	16.40%	-3.47%

	Portfolio	Benchmark	Difference
Volatility	8.34%	9.17%	-0.83%
Sharpe	1.27	1.53	-0.26
Tracking Error	5.84%	—	—
Information Ratio	-0.59	—	—
Beta	0.71	—	—

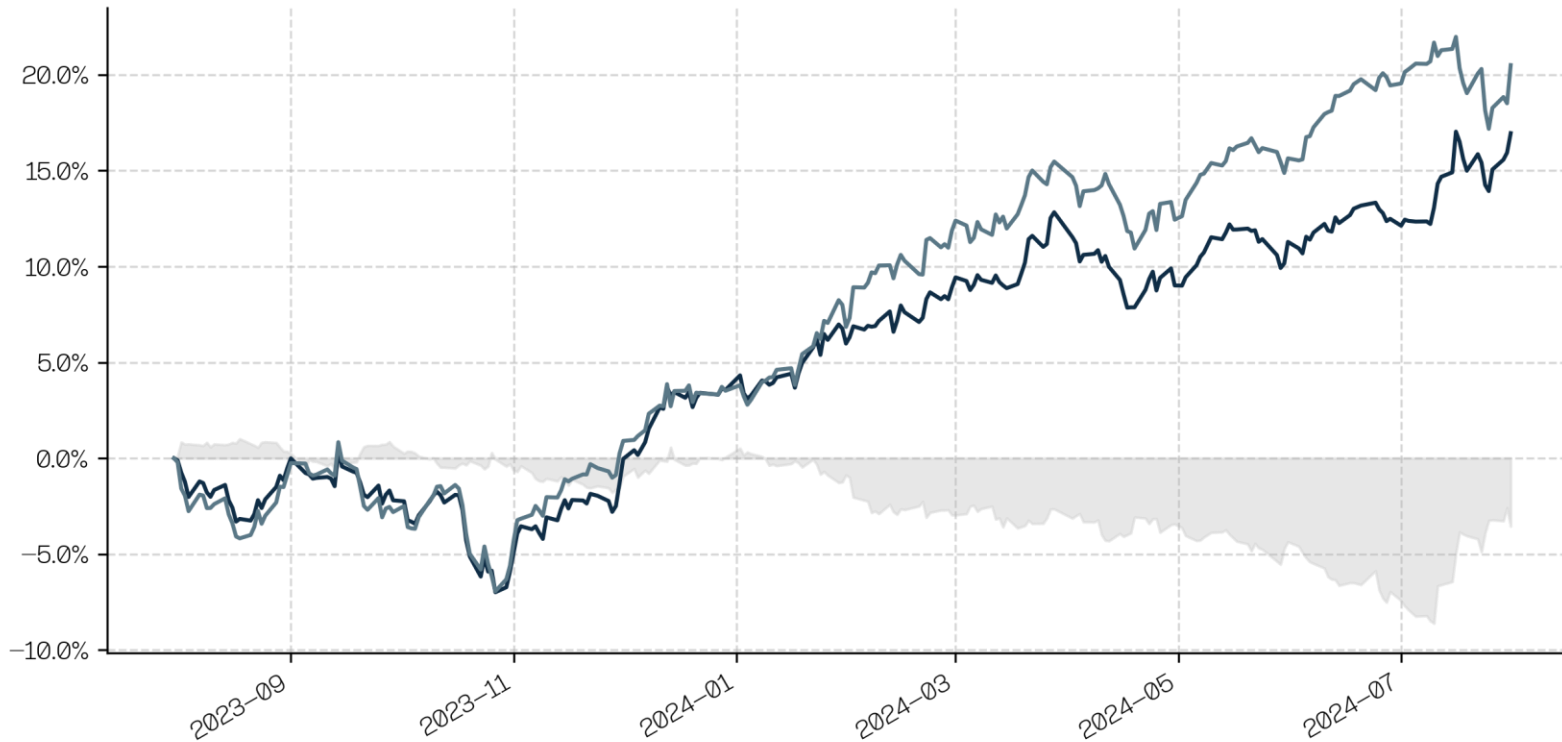
# Net of fee returns – 1 Year

## Evli Equity Factor Global IB 31.07.2023–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns

— Portfolio 17.0% — Benchmark 20.5% — Difference -3.5%



	Portfolio	Benchmark	Difference
1 Month	3.97%	0.89%	3.08%
3 Months	7.29%	7.17%	0.12%
6 Months	10.35%	12.78%	-2.42%
1 Year	16.96%	20.50%	-3.55%

	Portfolio	Benchmark	Difference
Volatility	9.18%	10.62%	-1.44%
Sharpe	1.41	1.55	-0.14
Tracking Error	4.59%	—	—
Information Ratio	-0.77	—	—
Beta	0.78	—	—



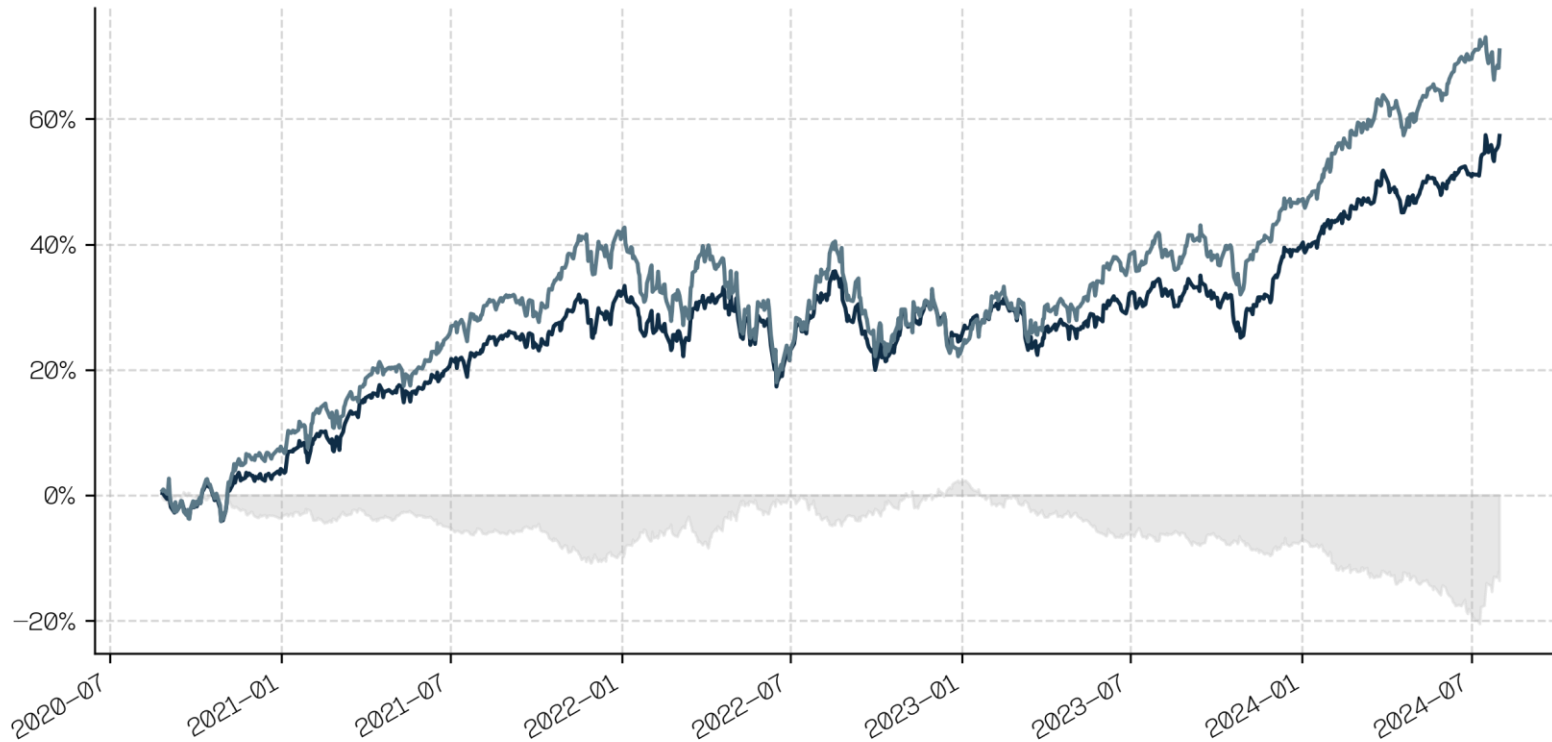
# Net of fee returns – Since launch

## Evli Equity Factor Global IB 25.08.2020–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns

— Portfolio 57.3% — Benchmark 70.9% — Difference -13.6%

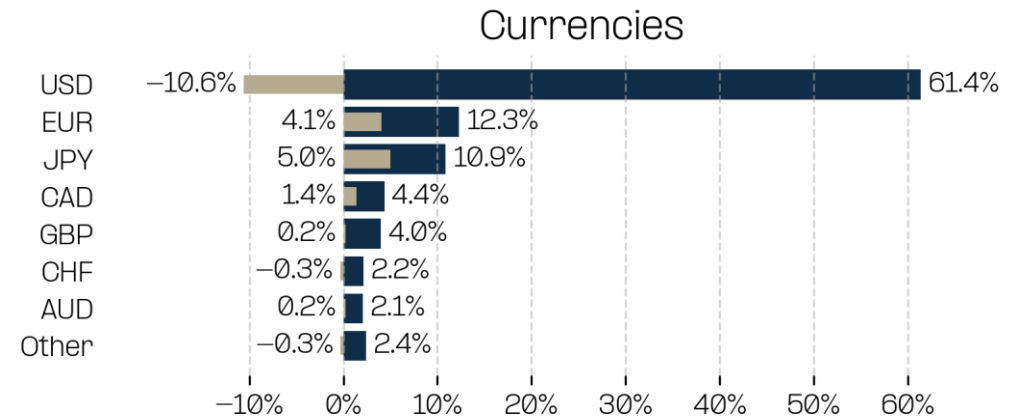
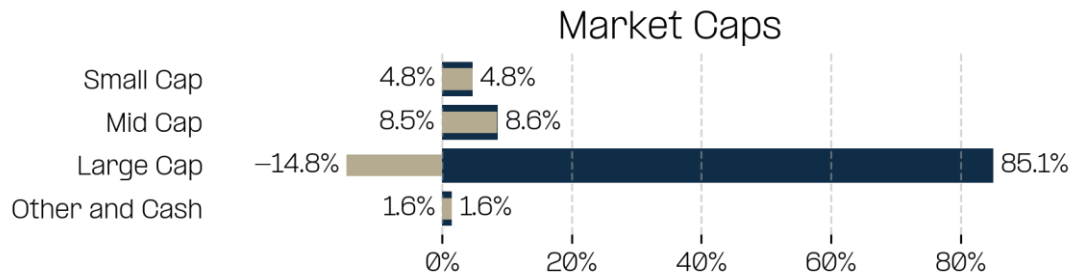
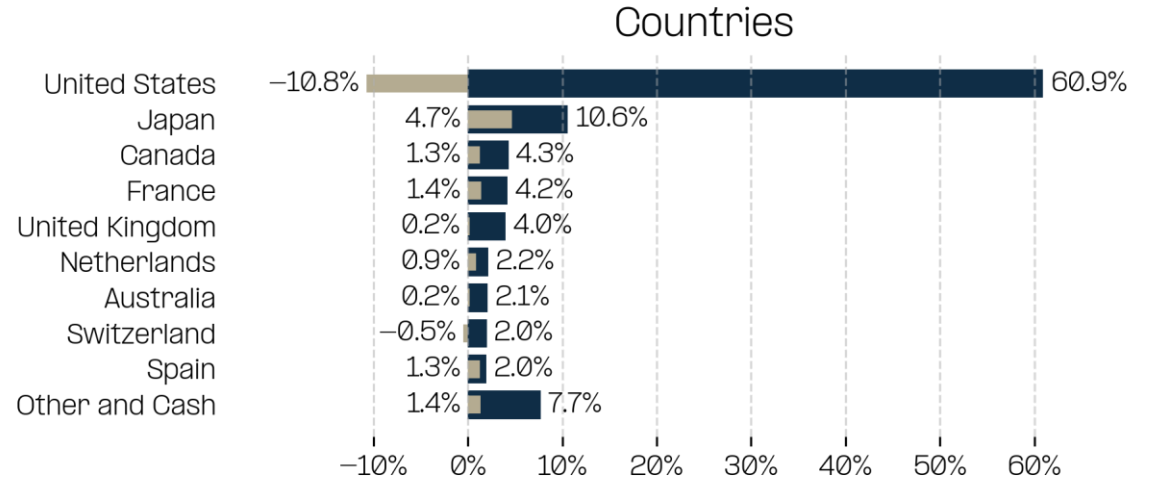
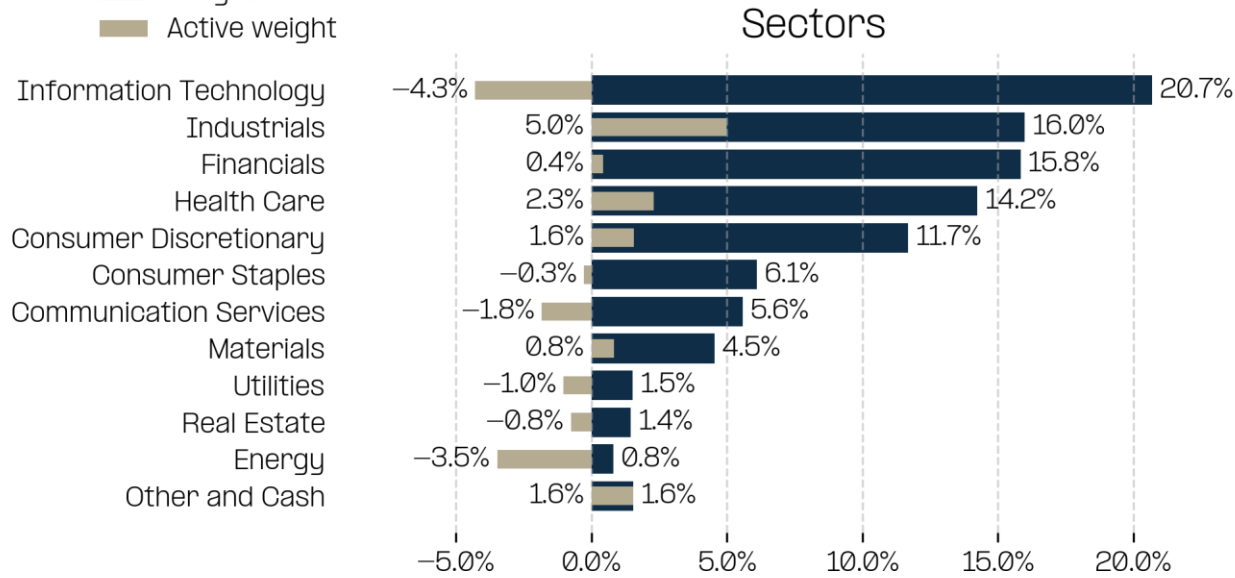


	Portfolio	Benchmark	Difference
1 Year	16.96%	20.50%	-3.55%
3 Years	28.36%	33.71%	-5.35%
Since launch	57.32%	70.94%	-13.62%
Since launch, annualized return	12.22%	14.61%	-2.39%

	Portfolio	Benchmark	Difference
Volatility	10.88%	12.75%	-1.88%
Sharpe	1.02	1.06	-0.04
Tracking Error	4.36%	—	—
Information Ratio	-0.55	—	—
Beta	0.81	—	—

# Portfolio structure 31.07.2024

■ Weight  
■ Active weight



# Top holdings 31.07.2024

## 10 LARGEST INVESTMENTS

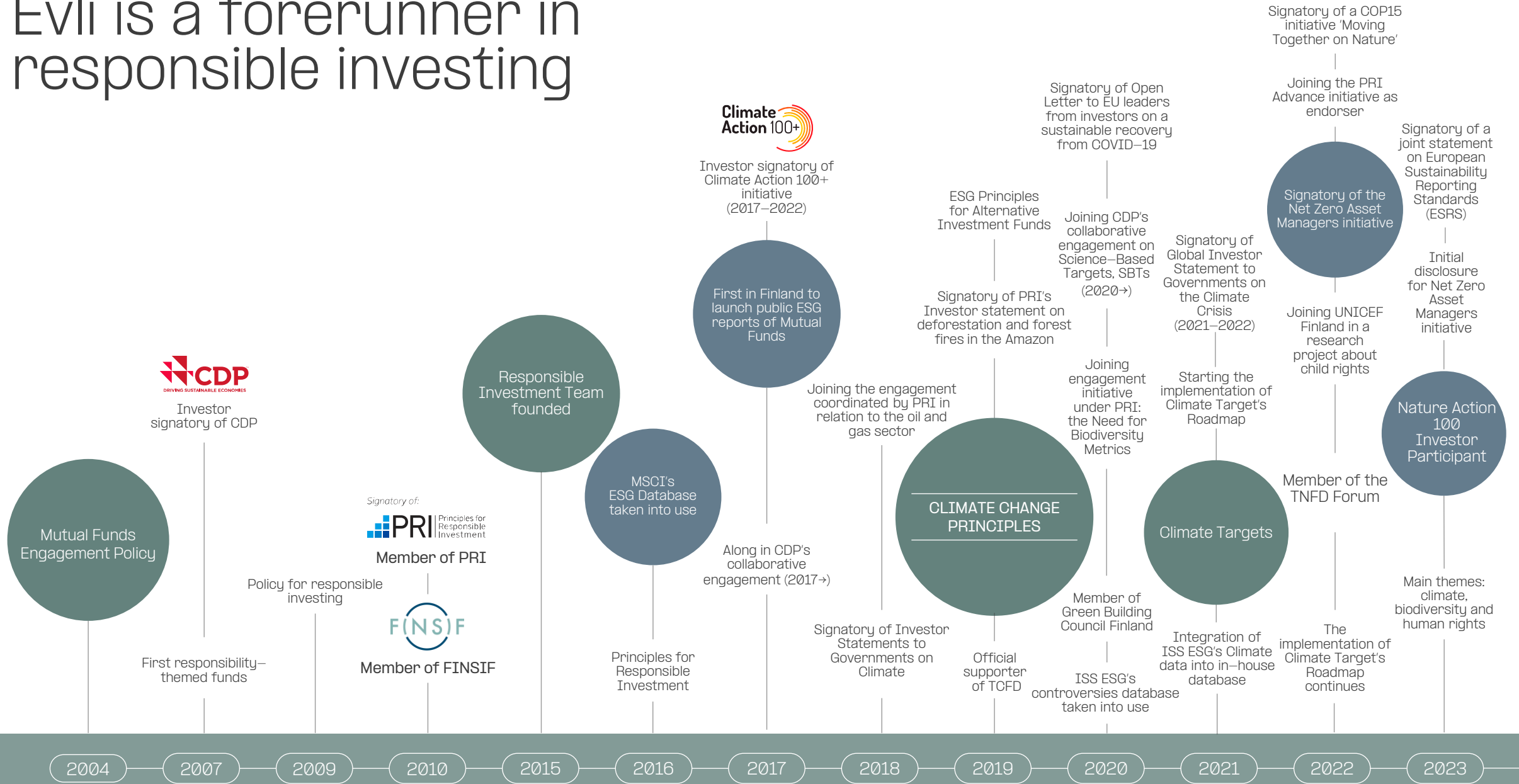
	%
Intuit Inc	3.90%
Lowe's Cos Inc	1.66%
Adobe Systems Inc	1.44%
UnitedHealth Group Inc	1.26%
Royal Bank of Canada	1.25%
GlaxoSmithKline PLC	1.21%
NEC Corp	1.17%
S&P Global Inc	1.07%
Aflac Inc	0.86%
Honda Motor Co Ltd	0.84%



# AMBITION

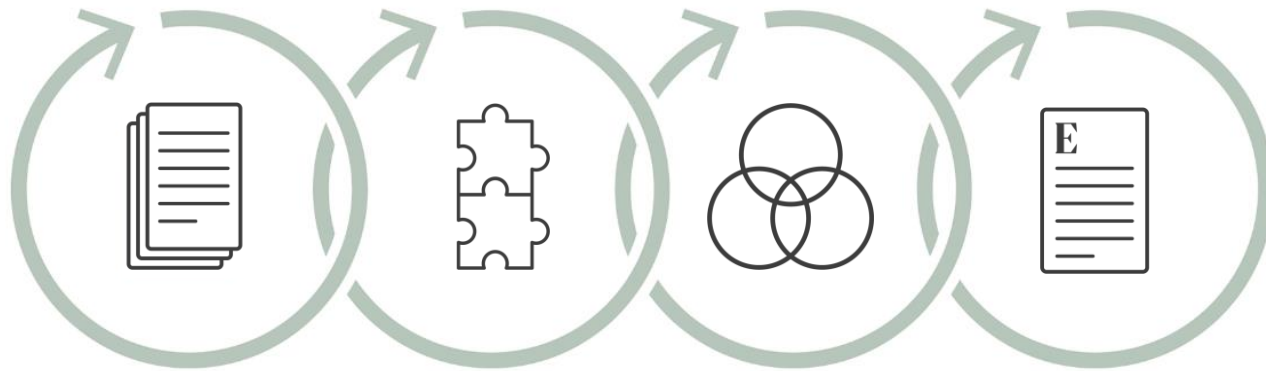
"We want to be the forerunner in responsible wealth management in the Nordics, and in this way help our clients in managing their wealth to support a sustainable future."

# Evli is a forerunner in responsible investing





# Four pillars of responsible investing at Evli



## Principles for Responsible Investment

- Decided by Evli's Responsible Investment (RI) Executive Group

## ESG<sup>1</sup> –integration in investment process

- Portfolio managers responsible for daily implementation

## Engagement and active ownership

- Managed by dedicated RI Team, ESG also part of the discussion at portfolio managers' company meetings

## Reporting

- Comprehensive and transparent reporting at fund and client level

# #1

in Sustainable investing  
according to Finnish institutions  
2017–2023<sup>2</sup>

<sup>1</sup>ESG = Environmental, Social ja Governance

<sup>2</sup>KANTAR Prospera "External Asset Management Finland" 2023, 2020, 2019, 2018, 2017 and SFR 2022, 2021, 2017

# Monitoring, engagement and active ownership

UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and Evli's climate principles compliance are screened quarterly.

All norm violation cases assessed by Responsible Investment team, which decides to start the engagement or to exclude the company.

Main engagement themes are:

- International norm violation
- Mitigating climate change
- Transparent ESG reporting
- Corporate Governance

Active ownership:

- ESG issues are regularly discussed in all meetings with company management
- Evli attends general meetings in Finland, but does not do proxy voting abroad

Collaborative engagement initiatives such as Climate Action 100+, CDP Investor Letters, Nature Action 100 and PRI<sup>1</sup> led collaborative engagements.

## ENGAGEMENT ACTIVITIES 2023

COLLABORATIVE ENGAGEMENT INITIATIVES

# 3349

companies

PARTICIPATING IN GENERAL MEETINGS

# 27

general meetings

INDEPENDENT ENGAGEMENT

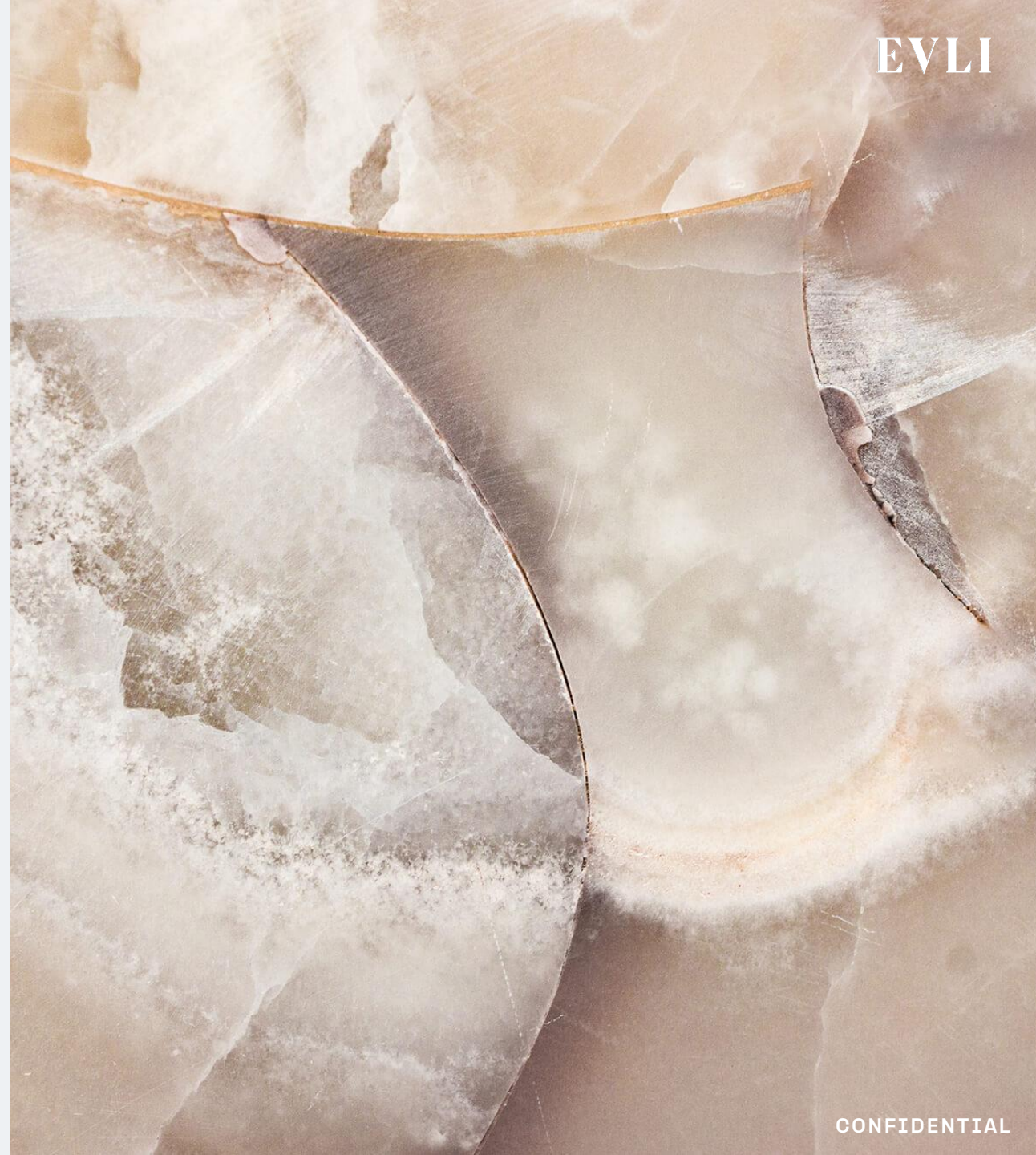
# 37

times

<sup>1</sup>Principles for Responsible Investment is an umbrella organization for responsible investment supported by the UN.

# Exclusions in practice in all Evli funds

- With 0% revenue threshold:
  - Controversial weapon manufacturers
  - Companies manufacturing peat for energy production
- With 5% revenue threshold:
  - Tobacco producers, adult entertainment producers and companies practicing controversial lending
- With 10% revenue threshold:
  - Thermal coal and oil sands companies
- In addition, some funds exclude:
  - Companies with more than 5% of their revenues coming from gambling, alcohol or weapons manufacturing
  - Companies in extraction and mining of fossil fuels or thermal coal
- International norm violations can also lead to an exclusion; however, this is only a last resort.
- In addition, since March 2022 Russia is excluded as a region where investments can be made. The exclusion covers both Russian companies and the Russian state.





# Evli's climate change principles

## 1. Analysis

- Monitoring the emissions of companies in Evli's funds through fund-specific carbon footprints.
- Funds' carbon footprints are also assessed by Evli's Responsible Investment team.

## 2. Exclusion

- Avoiding investments in companies that gain a significant part of their revenue (at least 10%) from thermal coal (mining and energy production) and oil sands extraction.
- Also, companies manufacturing peat for energy production are excluded (0%).

## 3. Engagement

- Encouraging companies to report the climate impacts of their operations, and possible risks vs. benefits.
- Participating in several investor joint engagements and letters, such as Climate Action 100+ , CDP Investors Letters, and Global Investor Statement to Governments on the Climate Crisis.

## 4. Reporting

- Funds' carbon footprints are reported publicly.
- Evli has published in 2020 first TCFD<sup>1</sup> report of its climate risks.

<sup>1</sup>Task Force on Climate-related Financial Disclosure, [www.fsb-tcfid.org](http://www.fsb-tcfid.org)



# Evli's climate targets



Evli aims for carbon neutrality of its own operations by 2025, and carbon neutrality of investments by 2050 at the latest.



The interim target for the investments –50% reduction in indirect emissions from investments by 2030 (compared to 2019).



We are aware that a credible long-term carbon-neutral goal requires systematic work and sufficiently ambitious interim targets to support it.



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Fund Group Evli Fund Management has a Gold Rating in the sector Bonds – Euro Corporates Short Term, a Silver rating in the sector Bonds – Euro Corporates and a Bronze rating in the sectors Equity – Nordic, Equity – Finland, Equity –Europe Blend by Citywire for their rolling risk-adjusted performance, across all management teams in the sector, over the period 31/12/2014–31/12/2021.

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## Lipper

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