

EVLI

EVLI EUROPEAN INVESTMENT GRADE IB



31.07.2024

ISIN: FI4000243209

BLOOMBERG: EVLEIIB 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

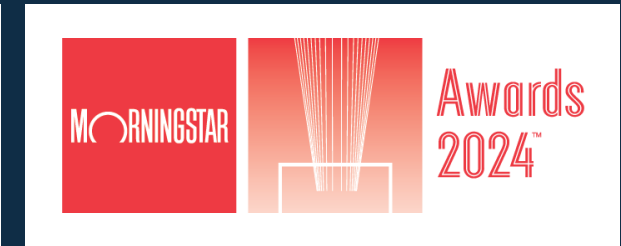
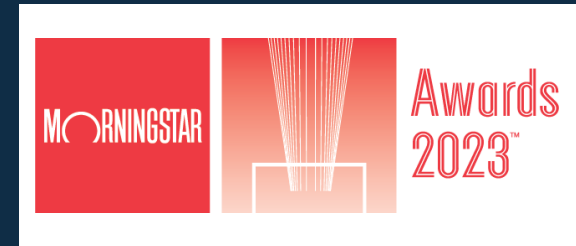
69

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"**.¹



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

¹ 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".

² 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 years¹.



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

SUCCESSFUL FIXED INCOME MANAGEMENT FROM EVLI

The results of Evli's corporate bonds
family of funds

Evli's excellent corporate bond track record

Historical returns are no guarantee of future returns.






- The first credit fund, Evli Corporate Bond Fund was launched in September 1999
- All Evli crossover credit funds have performed excellently against their peers, both in bull and bear markets
- Evli manages about €6 bn in corporate bond securities, of which some €3 bn in Nordic credit

Quartile Rankings 2Q 2024*

Evli Fund	Morningstar Peer Group	3 Years	5 Years	10 Years	15 Years
Evli Euro Liquidity	EUR Ultra Short-Term Bond	1	1	1	1
Evli Short Corporate Bond	EUR Corporate Bond – Short Term	2	1	1	1
Evli Nordic Corporate Bond	EUR Flexible Bond	1	2	–	–
Evli Corporate Bond	EUR Corporate Bond	1	1	1	1
Evli Green Corporate Bond	EUR Corporate Bond	2	–	–	–
Evli European Investment Grade	EUR Corporate Bond	2	2	1	2
Evli European High-Yield	EUR High Yield Bond	1	2	1	1
Evli Emerging Markets Credit	Global EM Corporate Bond – EUR Biased	2	1	2	–

* Source and copyright: Morningstar Direct

Evli's corporate bond funds in a nutshell

FUND	Evli Euro Liquidity	Evli Short Corporate Bond	Evli Nordic Corporate Bond	Evli Corporate Bond	Evli Green Corporate Bond	Evli European Investment Grade	Evli European High Yield	Evli Emerging Markets Credit
Invests into	Nordic ultra–short term corp bonds and commercial papers	Short dated European corporate bonds	Nordic crossover corporate bonds	European investment grade and high yield crossover bonds	European green corporate bonds	EUR IG bonds with at least one IG rating or similar credit profile	European high yield bonds	Emerging markets, higher and lower credit–rated corporate bonds
Key differentiators	Access to Nordic CP market with 15+ years of stable outperformance	Successful bottom–up credit selection in crossover space, with a Nordic bias and strict maturity rules	Access to Nordic bonds by quality issuers with 50–150 bps excess yield vs € credit and lower volatility	Active bottom–up selection in European crossover segment, outperforming EUR IG with beta <1	Sustainable corporate bond fund, no sovereign or agency exposure	Active share vs EUR IG >80%, overweight BBB's and underweight A's	Long–term outperformance vs available passives	Access to a rapidly growing asset class with a focus on higher credit–rated corporate bonds
Avg quality	BBB–/BB+	BBB–	BBB–	BBB–	BBB	BBB+	BB–	BBB–
Main restrictions	<ul style="list-style-type: none"> • ModDur 0–1 • Bank risk max 25% 	<ul style="list-style-type: none"> • Max 25 % / sector • Max 90% with 5y final legal maturity date, 10% max 8y • ModDur max 2.5 	<ul style="list-style-type: none"> • Unrated 40%–50% • IG/HY over time 50/50, now 60/40 • No deep HY • ModDur max 2–4 	<ul style="list-style-type: none"> • Average rating of fund at least BBB– • Non–rated max 20%, now ~10% 	<ul style="list-style-type: none"> • Average rating of fund at least BBB– • Non–rated max 20%, now <10% 	<ul style="list-style-type: none"> • All bonds IG quality • Non–rated max 15 %, now <5% • Fallen angels sold in 12m 	<ul style="list-style-type: none"> • Non–rated max 20% 	<ul style="list-style-type: none"> • Average rating of fund at least B • Non–rated max 20%
Morningstar Ratings ¹								
Morningstar Peer Group	EUR Ultra Short–Term Bond	EUR Corporate Bond – Short Term	EUR Flexible Bond	EUR Corporate Bond	EUR Corporate Bond	EUR Corporate Bond	EUR High Yield Bond	Global Emerging Markets Corporate Bond – EUR Biased
Benchmark	3–month Euribor Return Index	ICE BofA 1–3 Year Euro Corporate Index	ICE BofA 1–5 Year Euro Corporate Index	ICE BofA Euro Corporate Index	Bloomberg MSCI Euro Corporate Green Bond 5% Capped Index	ICE BofA Euro Corporate Index	ICE BofA European Currency Developed Markets High Yield Constrained Index	J.P. Morgan CEMBI Broad Diversified EUR hedged
Fund size (07/2024)	2.2bn EUR	1.5bn EUR	1.1bn EUR	230 MEUR	140 MEUR	430 MEUR	740 MEUR	140 MEUR
Launch date	01/1996	6/2012 new strategy	03/2016	09/1999	08/2020	05/2001	03/2001	10/2013
Current PM	05/2006	06/2012, since strategy launch	03/2016, since strategy launch	09/1999, since strategy launch	08/2020, since strategy launch	05/2013	03/2001, since strategy launch	07/2018

All funds always currency hedged for non € investments

¹ Morningstar Stars helps to assess a fund's track record relative to its peers, Morningstar Medalist Rating is a five–tier system to assess a strategy's ability to outperform its Morningstar Category index after fees.

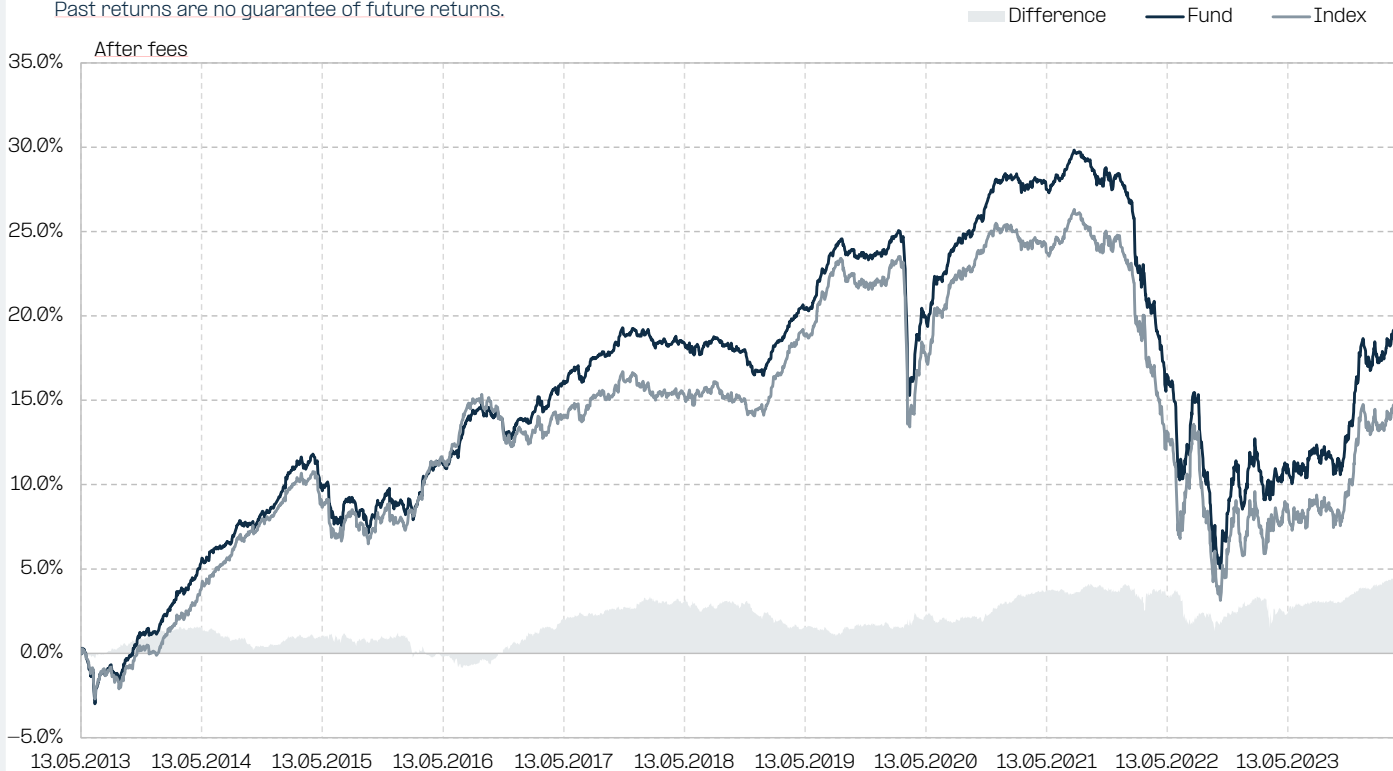
WHY INVEST IN EUROPEAN CORPORATE BONDS?

Evli European Investment Grade

Evli IG – Active Selection Adds Value

Evli European Investment Grade IB 13.5.2013 – 4.4.2024

Past returns are no guarantee of future returns.



Performance	Fund	Index	Difference	Statistics	Fund	Index	Difference
13.5.2013 – 4.4.2024	19.24%	14.82%	4.41%	Volatility	3.48%	3.68%	-0.20%
1 year	7.59%	6.18%	1.41%	Sharpe	0.42	0.30	0.12
3 years (annualised)	-2.33%	-2.65%	0.32%	Tracking Error	1.02%		
5 years (annualised)	-0.09%	-0.58%	0.49%	Information Ratio	0.34		
Performance (annualised)	1.63%	1.28%	0.35%	Beta	0.91		
				Alfa	0.45%		
				R2	0.92		

– Active company selection with 80% active share

– Higher returns with lower volatility

– All investments in Investment Grade credit quality – 0% HY rated

– Selection focus:

- 1) BBB rated companies
- 2) Northern European names
- 3) Strong ESG profile

Past returns are no guarantee of future returns

Evli Investment Grade Fund

- Invests in Euro–denominated European investment grade bonds
- Bonds with official credit ratings have to be minimum BBB– rated
- 15% of the investments can be non–rated but must have IG level credit profile
 - Using both Evli own analysis and market shadow ratings
- Benchmark index:
 - 80% BoA EMU corporates, Non–Financial
 - 20% BoA EMU Financial Corporates
- Launch date 05/2001
- More information about the fund, the key information document (KID) and other statutory information about the fund is available at www.evli.com

FUND	Evli Investment Grade Fund
Invests into	EUR IG bonds with at least one IG rating or similar credit profile
Key differentiators	Active share vs EUR IG >80%, overweight BBB's and underweight A's
Excess return vs market ¹	+0,24% pa vs EUR IG (ER00) last 3y
Main restrictions	<ul style="list-style-type: none"> – All bonds IG quality – Non–rated max 15 %, now <5% – Fallen angels sold in 12m
Benchmark	<ul style="list-style-type: none"> – 80% ICE BofAML EMU Non–Financial corporates – 20% ICE BofAML EMU Financial Corporates
Fund size (7/2024)	430 MEUR
Strategy launch date	05/2001

¹ Fund performance is for institutional series after fees; excess return is annual excess return over the indicated time period

INVESTMENT PHILOSOPHY AND PROCESS

Evli European Investment Grade

Investment Philosophy and Strategy

DISCIPLINED

- **Creditworthiness** is the most important factor in selecting investment targets
- We assess the TRUE credit quality, NOT relying on official rating
- The **coupon** is a central part of the return

ACTIVE

- We only invest in **issuers that we like**, regardless of their weight in the index
- Active changes to portfolio allocations according to market views
- Active doesn't mean trading, turnover usually below 1

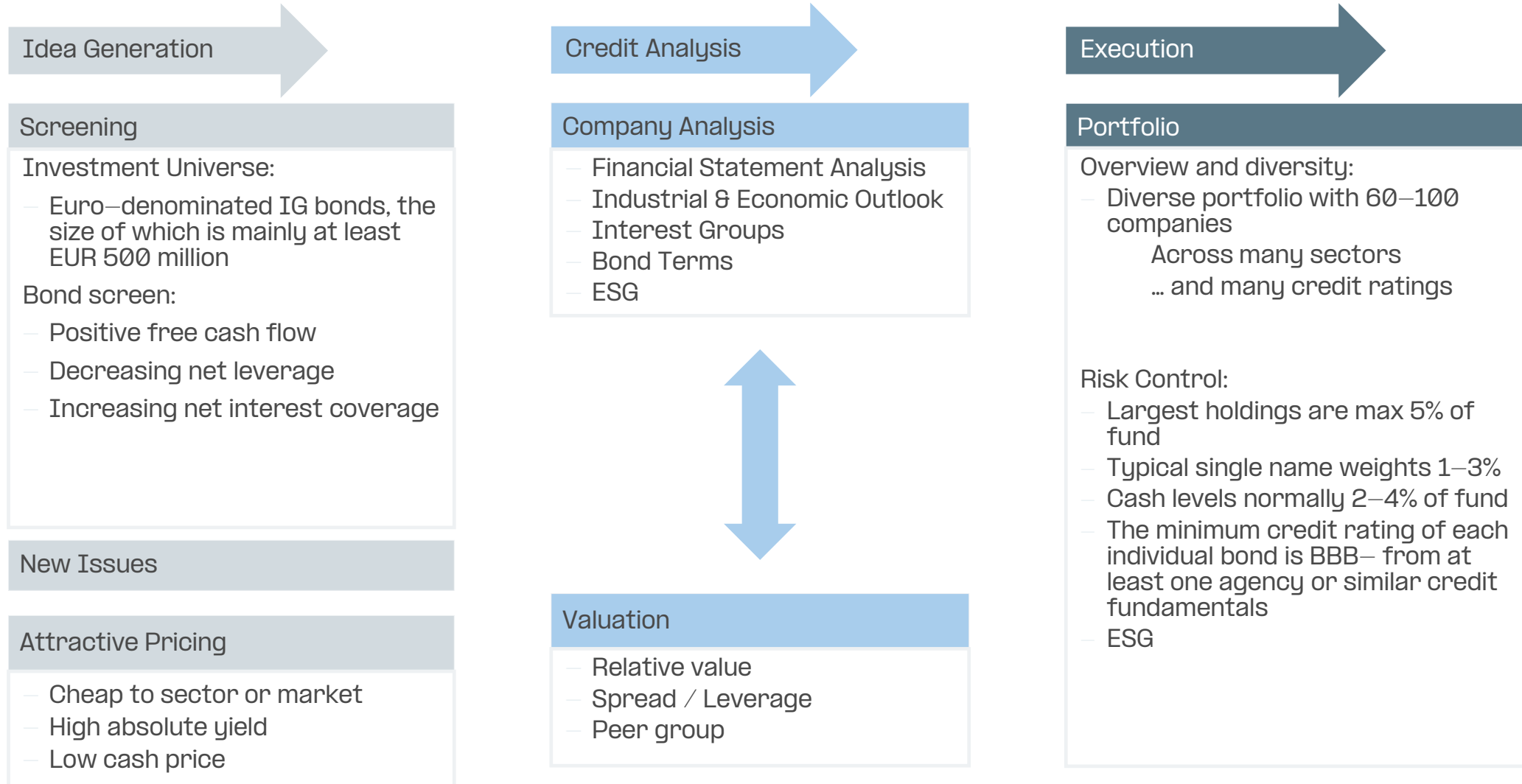
DYNAMIC

- Strong and experienced team enables **fast decision making**
- No credit committees, PM makes the decisions regarding his fund
- We venture to analyse and invest also in companies whose bonds have dropped significantly

RISK AWARE

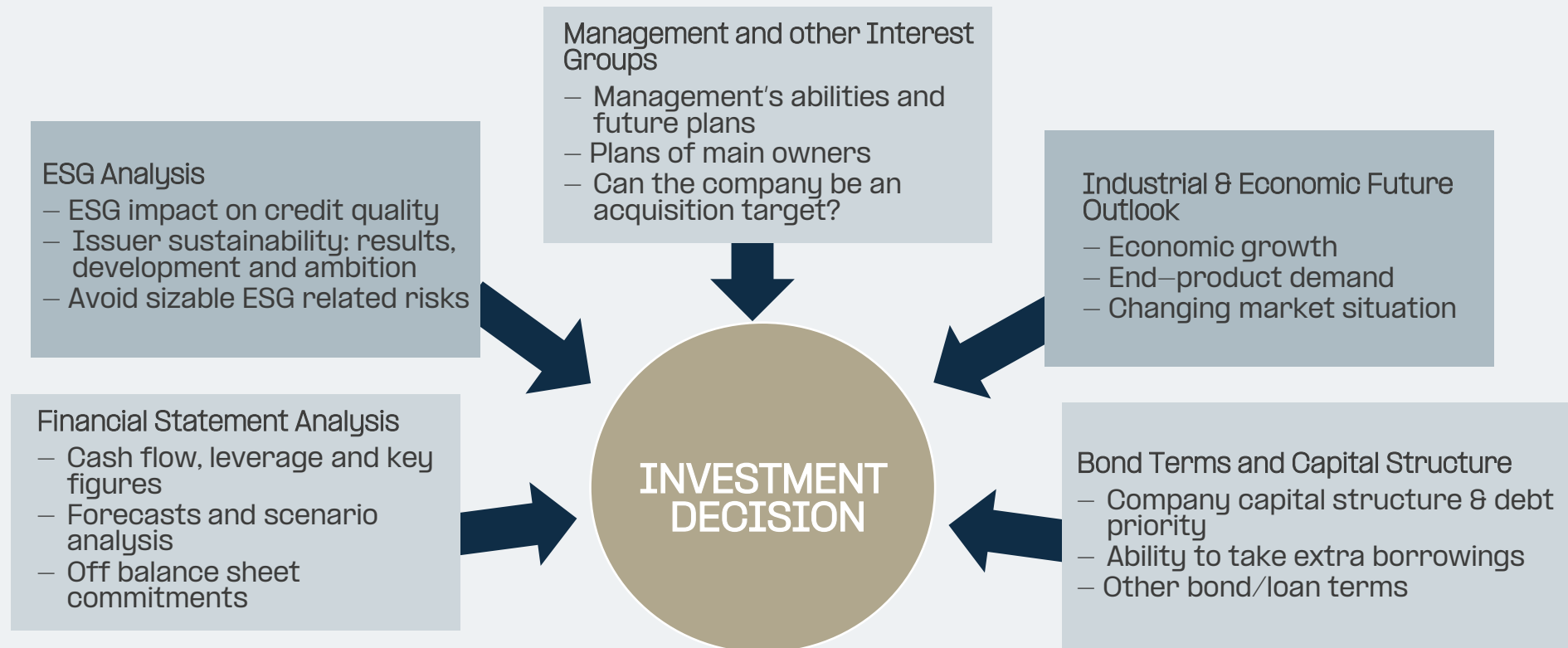
- **Good diversification**, 60–100 companies
- The weight of single issuers in the portfolio usually max 5%, generally only the top 1–5 holdings would be at or above 3%
- Fund's average credit rating min BBB–

Investment Process



Company analysis

- Main focus on companies that over the cycle:
 - generate consistent positive free cash flow
 - debt leverage decreasing & debt coverage increasing
 - Are priced at an attractive spread compared to their risk



How ESG is taken into account in investment decisions

ESG factors will influence our analysis of the company, industry as well as our thoughts on the management and owners.

Portfolio Managers

- Focus on issues that are quantifiable in terms of credit quality
- For example: Damage to brands, legal risk
- Company meetings are important and we will check availability as well

Investment Decision

ESG team and Executive Group

- Monitoring international principles, ESG scores, CO2 measurement
- Decides which sectors will be excluded
- Decides which companies will be excluded from all funds

ESG examples from Evli's corporate bond funds



ENVIRONMENTAL

Will affect certain sectors more (oil, mining). Examples:

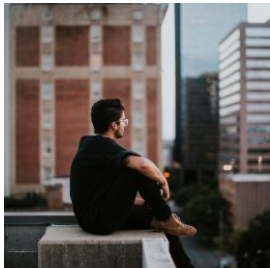
- Invested in the Volvo Car new green bond as the company committed to a new industry leading electric strategy
- Did not participate in Volkswagen Green bond issue due to UN Global Compact fail after the diesel scandal



SOCIAL

Applicable to all sectors. Examples:

- Sold Danske Bank when the first news of the money laundering scandal broke
- Sold Bayer when first verdict in Round-Up case



GOVERNANCE

Applicable to all sectors. Examples:

- Did not participate in Wirecard issue in Sept 2019 due to media reports on irregularities, despite an IG rating
- Did not buy Rallye (Groupe Casino) due to issues with up-streaming dividends to parent company

Portfolio Manager: Evli Investment Grade



Jani Kurppa

SENIOR PORTFOLIO MANAGER

M.Sc. (Econ.) Over 20 years of experience in the fixed income markets, specialising in corporate bond portfolio management. Prior to joining Evli's fixed income team, Jani worked e.g. as Portfolio Manager at eQ Asset Management, Fides Asset Management and State Treasury.

Evli's fixed income team



Mikael Lundström

CHIEF INVESTMENT
OFFICER

AT EVLI SINCE 1996
AND IN THE INDUSTRY
SINCE 1996



Juhamatti Pukka

HEAD OF FIXED INCOME

AT EVLI SINCE 2008 AND
IN THE INDUSTRY SINCE
2007



Jussi Hyypä

HEAD OF LOAN
STRATEGIES

AT EVLI SINCE 2020 AND
IN THE INDUSTRY SINCE
1997



Juhana Heikkilä

SENIOR PORTFOLIO
MANAGER

AT EVLI SINCE 2008 AND
IN THE INDUSTRY SINCE
1994



Jani Kurppa

SENIOR PORTFOLIO
MANAGER

AT EVLI SINCE 2013 AND
IN THE INDUSTRY SINCE
2000



Juha Mäntykorpi

PORTFOLIO MANAGER

AT EVLI SINCE 2018
AND IN THE INDUSTRY
SINCE 2010



Jesper Kasanen

PORTFOLIO MANAGER

AT EVLI SINCE 2018
AND IN THE INDUSTRY
SINCE 2018



Einari Jalonen

PORTFOLIO
MANAGER

AT EVLI SINCE
2014 AND IN THE
INDUSTRY SINCE
2008



Noora Lakkonen

CREDIT ANALYST

AT EVLI SINCE 2019
AND IN THE INDUSTRY
SINCE 2019



Alina Seppä

CREDIT ANALYST

AT EVLI SINCE 2022
AND IN THE INDUSTRY
SINCE 2022

Evli European Investment Grade Fund in a Nutshell

Type of Fund	European Corporate Bond fund (UCITS)		
Benchmark	ICE BofA Euro Corporate Index		
Fund Units	Retail distribution (A-series), retail growth (B-series) and institutional share class (IB-series)		
Bloomberg/Reuters/ISIN	A units EUR: EVLEIGA FH / FI0008803937 (min. 3% annual dividend) B units EUR: EVLEIGB FH / FI0008803945 (no dividend) IB units EUR: EVLEIIB FH / FI4000243209 (no dividend), min. EUR 10 m		
Management fee	Retail A/B units: 0.75% (annually) Institutional I units (min. EUR 10m): 0.40% (annually)		
Trading Days, NAV	Every Finnish banking day (subject to trading calendar)		
NAV Calculation	Evli Fund Management Company Ltd		
NAV Audits	Annual (statutory)		
Fund Registry Keeper	Evli Fund Management Company Ltd		
Supervision	The Finnish FSA (www.finanssivalvonta.fi/en/)		
Launch Date	8 May 2001	Performance Fee	None
Fund Manager	Jani Kurppa	Custodian	Skandinaviska Enskilda Banken AB (publ) Helsinki Branch (SEB)
Fund Currency	EUR	Auditor	EY (Ernst & Young)
Domicile	Finland	Track Record	GIPS Compliant
Sales Registration	FI, SE, ES, IT(QI), AT	CNMV number	1731

More information and the fund's statutory documents (e.g. key investor information document, fund prospectus) are available at <https://www.evli.com/en/products-and-services/mutual-funds>

Considerations and Risk Factors

The fund's investment activities aim to achieve a higher long-term return on assets than the benchmark. The fund's return expectation and risk are higher than for funds that invest solely in government bonds.

The fund may make use of the general outlook on the fixed income market by adjusting the effective duration of fixed income investments within the range of ± 3 years relative to the benchmark duration.

The fund's overall risk is also affected by the following risk factors, which may not be fully addressed by the fund's risk profile:

- Liquidity risk: The risk that a financial instrument cannot be bought or sold within the planned time or at the desired price.
- Credit risk: The uncertainty regarding the bond issuer's ability to repay.
- Derivatives risk: The use of derivatives to obtain additional returns may increase the fund's risk and return expectation. The use of derivatives for hedging purposes or for risk management may reduce risk and return expectation. The use of derivatives may increase counterparty risk and operational risk.

Further information on the risks associated with the fund is available in the Key Information Document (KID) and the Fund Prospectus.

If an investor wishes to give feedback about the fund or receive more information, the investor may contact Evli at: Evli Plc, Investor Service, PO Box 1081, FI-00101 or fundinfo@evli.com, or may contact the local distributor of the fund which has sold the fund to the investor. Investors may also send a message via our website: www.evli.com/en/contact-us. Information on how Evli handles client feedback is available at: www.evli.com/en/client-information.



TRACK RECORD AND PORTFOLIO COMPOSITION

Evli European Investment Grade

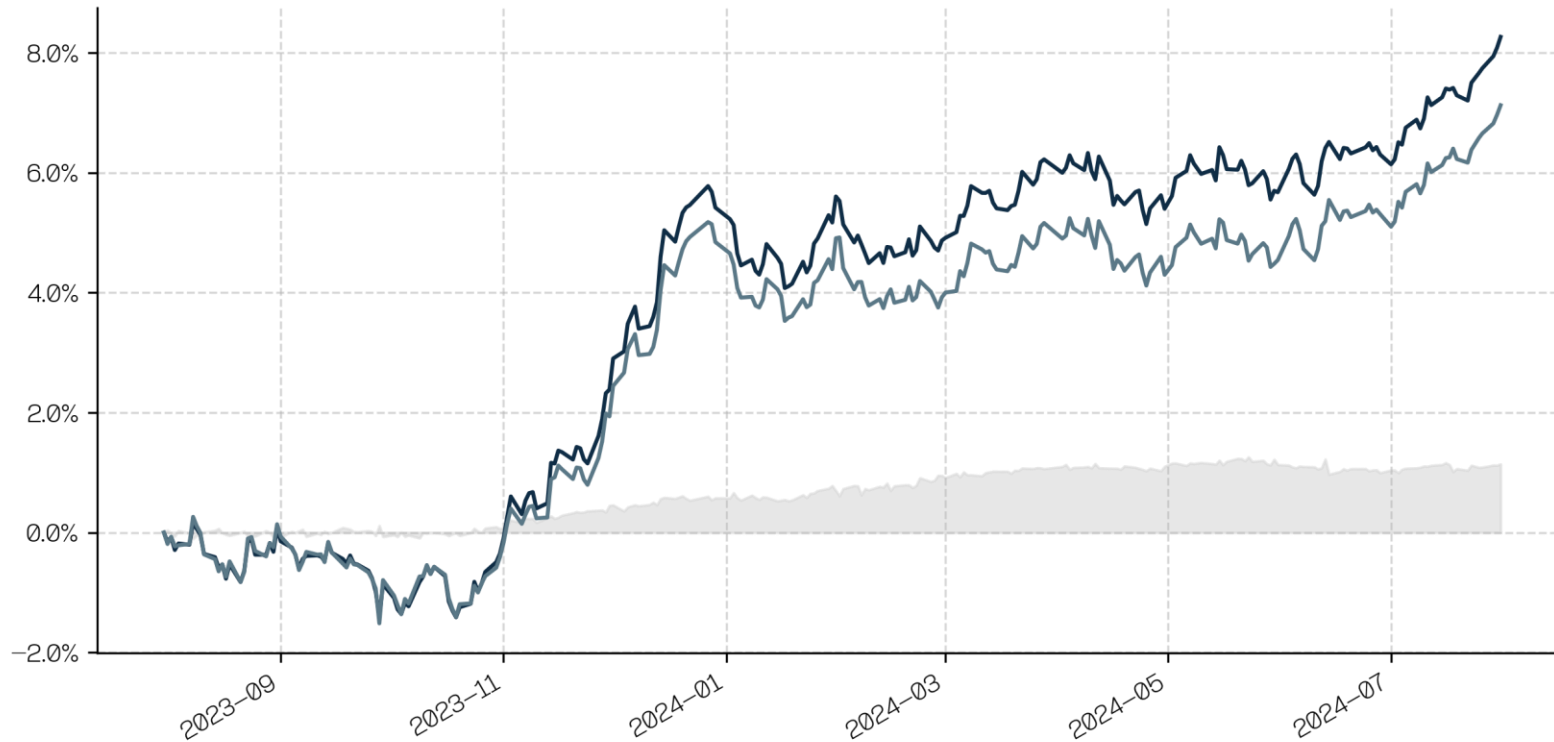
Net of fee returns – 1 Year

Evli European Investment Grade IB 31.07.2023–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns

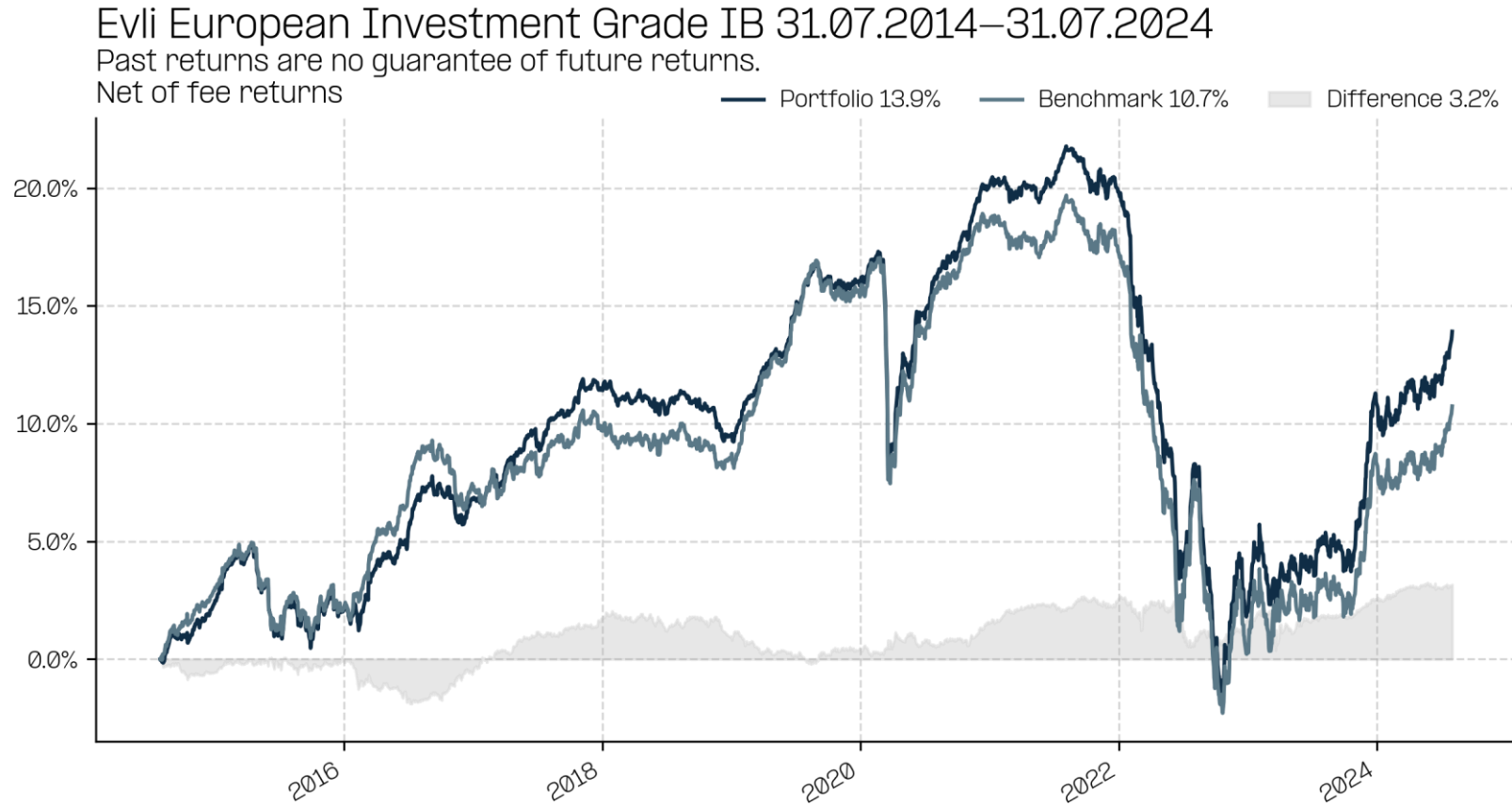
— Portfolio 8.3% — Benchmark 7.1% — Difference 1.1%



	Portfolio	Benchmark	Difference
1 Month	1.85%	1.72%	0.12%
3 Months	2.72%	2.71%	0.01%
6 Months	2.52%	2.11%	0.41%
1 Year	8.27%	7.13%	1.14%

	Portfolio	Benchmark	Difference
Volatility	3.85%	3.64%	0.21%
Sharpe	1.11	0.86	0.25
Tracking Error	0.44%	—	—
Information Ratio	2.62	—	—
Beta	1.05	—	—

Net of fee returns – 10 Years



	Portfolio	Benchmark	Difference
1 Year	8.27%	7.13%	1.14%
3 Years	-6.26%	-7.28%	1.01%
5 Years	-1.85%	-4.63%	2.78%
10 Years	13.91%	10.74%	3.17%
10 Years, annualized return	1.31%	1.02%	0.29%

	Portfolio	Benchmark	Difference
Volatility	3.59%	3.79%	-0.21%
Sharpe	0.28	0.19	0.09
Tracking Error	1.04%	—	—
Information Ratio	0.27	—	—
Beta	0.91	—	—

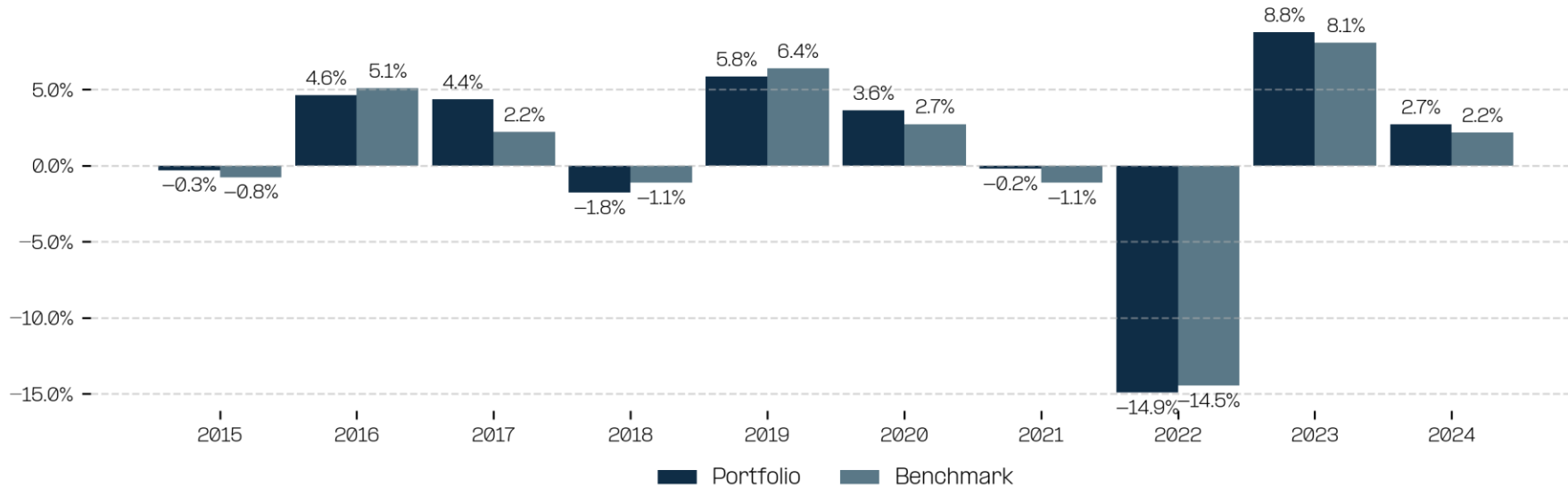
The minimum investment for share class Evli European Investment Grade IB is EUR 10 000 000.

The IB share class was launched on 22.05.2017.

The return presented in the chart is simulated until 22.05.2017 based on the return of the B share but applying the 0.4 percent management fee of the IB series.

Annual returns, after fees, 31.07.2024

Past returns are no guarantee of future returns.



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Portfolio	-0.29%	4.63%	4.36%	-1.77%	5.84%	3.64%	-0.21%	-14.91%	8.77%	2.70%
Benchmark	-0.76%	5.09%	2.21%	-1.11%	6.38%	2.73%	-1.11%	-14.47%	8.08%	2.18%
Difference	0.46%	-0.46%	2.15%	-0.66%	-0.54%	0.91%	0.90%	-0.44%	0.69%	0.53%
Volatility	2.79%	2.31%	1.66%	1.28%	1.56%	5.75%	1.84%	6.41%	4.29%	3.12%
Tracking Error	0.88%	1.16%	0.70%	0.82%	0.72%	0.93%	0.55%	1.88%	1.44%	0.42%

The minimum investment for share class Evli European Investment Grade IB is EUR 10 000 000.

The IB share class was launched on 22.05.2017.

The return presented in the chart is simulated until 22.05.2017 based on the return of the B share but applying the 0.4 percent management fee of the IB series.

Evli European Investment Grade Allocation 6/2024

- **Overweight** Subordinated debt in very good quality companies
 - Corporate hybrids (the best quality credits: Merck, Vattenfall, Telia)
 - Market repriced a lot wider during 2022
- **Overweight** Core Banks
 - Offers higher spreads to corporates
 - Profitability improving with higher rates & interest margin
 - Well-regulated capital & liquidity ratios
- **Overweight** 3–7yr Nordic BBB-rated corporates
 - Offers good carry return with reasonably low interest rate and credit risk
- **Underweight** Long duration bonds
 - A–AA rated 10–30yr bonds offer very little yield with high level of interest rate risk
- **Underweight** Italian names
 - Current credit spreads do not compensate for political risks
 - ECB buying program made credit trade too tight

Evli Investment Grade statistics

Fund statistics	31.7.2024
Yield (YTM)	3.77%
Mod. duration	4.42
Spread duration	4.50
Average rating	BBB+
OAS	140bps
HY exposure	0.0%
Green Bonds	25.1%
Average ESG (MSCI)	AA
Size of the fund	EUR ~430mln

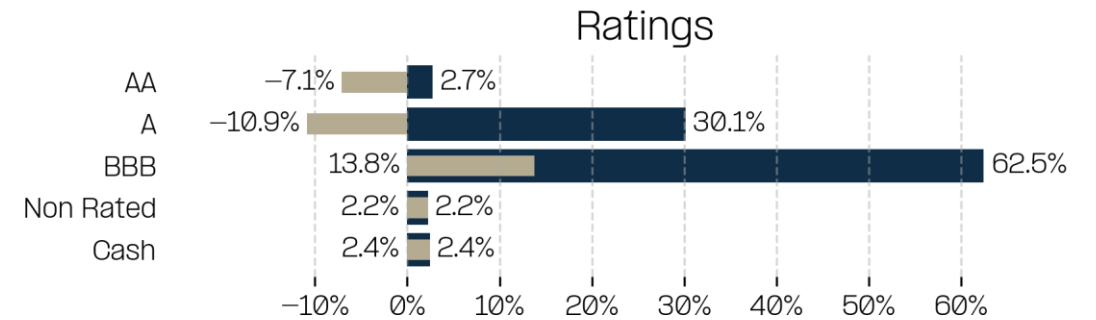
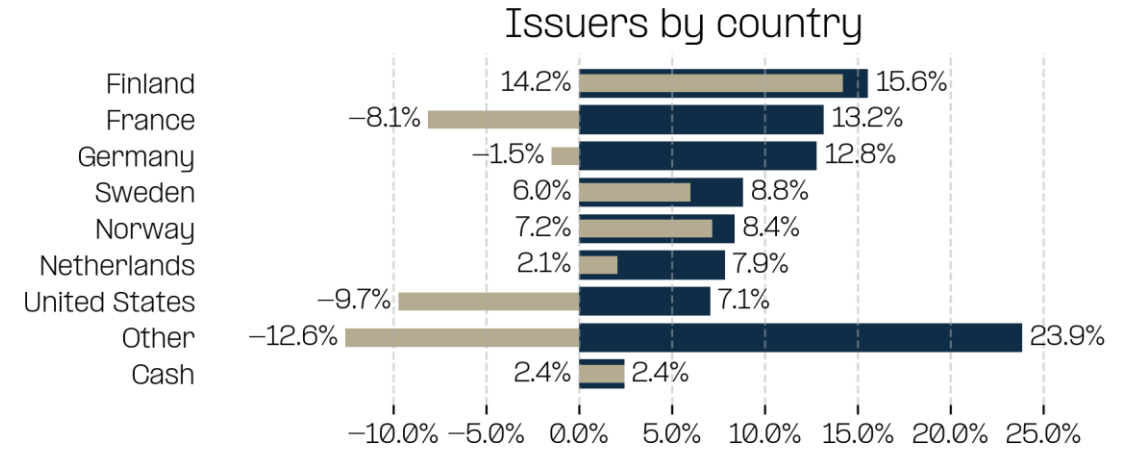
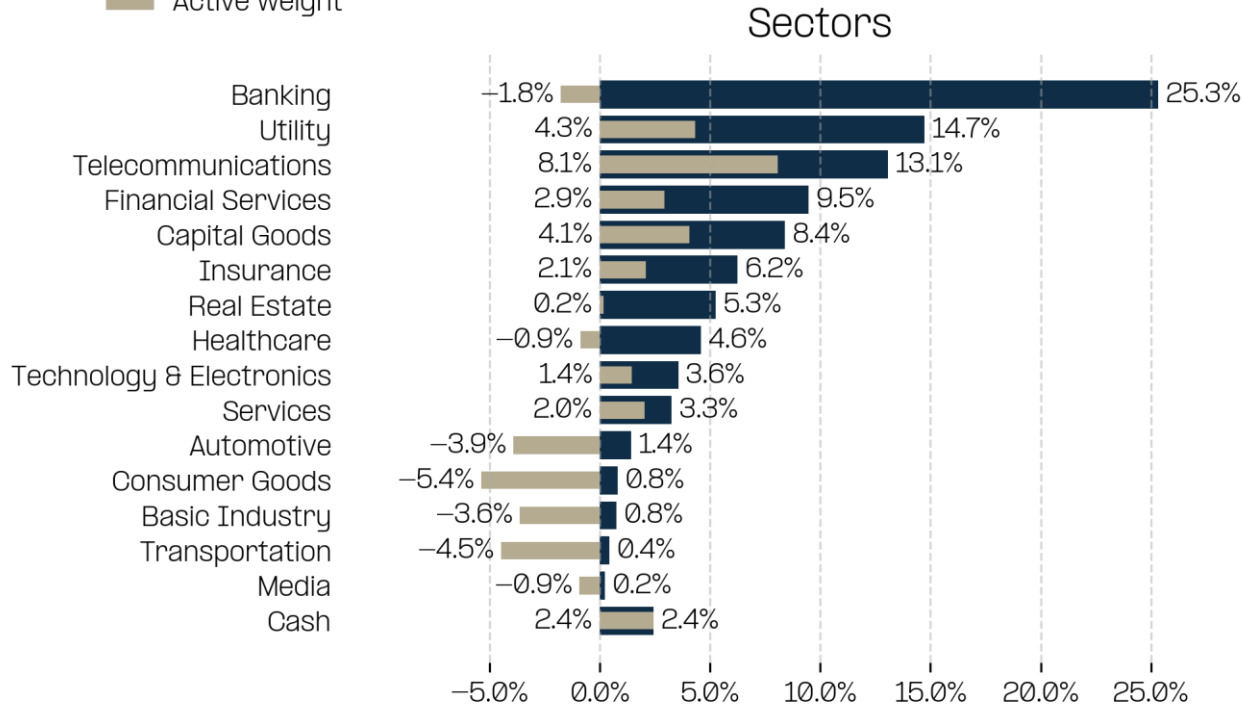
Attribution last 12 Months (30.6.2023–30.6.2024)

Historical returns are no guarantee of future returns.

- Fund return **+7.77%** vs. benchmark return **+6.15%** (gross of fees), difference **+1.62 %**
- Positive attribution from company/bond selection: **+1.46 %**
- Small positive attribution from duration/curve: **+0.14 %**
- Other **+0.02%**

Portfolio structure 31.07.2024

■ Weight
■ Active weight



Top holdings 31.07.2024

10 LARGEST INVESTMENTS

	%
Elisa Oyj 27.1.2029 4% Callable Fixed	2.42%
Euroclear Invsts 11.4.2048 2.625% Callable Fixed	2.31%
Dnb Bank Asa 28.2.2033 4.625% Callable Variable	2.24%
Deutsche Boerse 28.9.2033 3.875% Callable Fixed	2.00%
Storebrand Livsf 30.9.2051 1.875% Callable Variable	1.79%
Transmssn Financ 18.6.2028 0.375% Callable Fixed	1.72%
Kbc Group Nv 23.11.2027 4.375% Callable Variable	1.70%
Ing Groep Nv 13.11.2030 1% Callable Variable	1.65%
Vattenfall Ab 19.3.2077 3% Callable VAR	1.57%
Societe Generale 30.6.2031 1.125% Callable Variable	1.57%

10 LARGEST ISSUERS

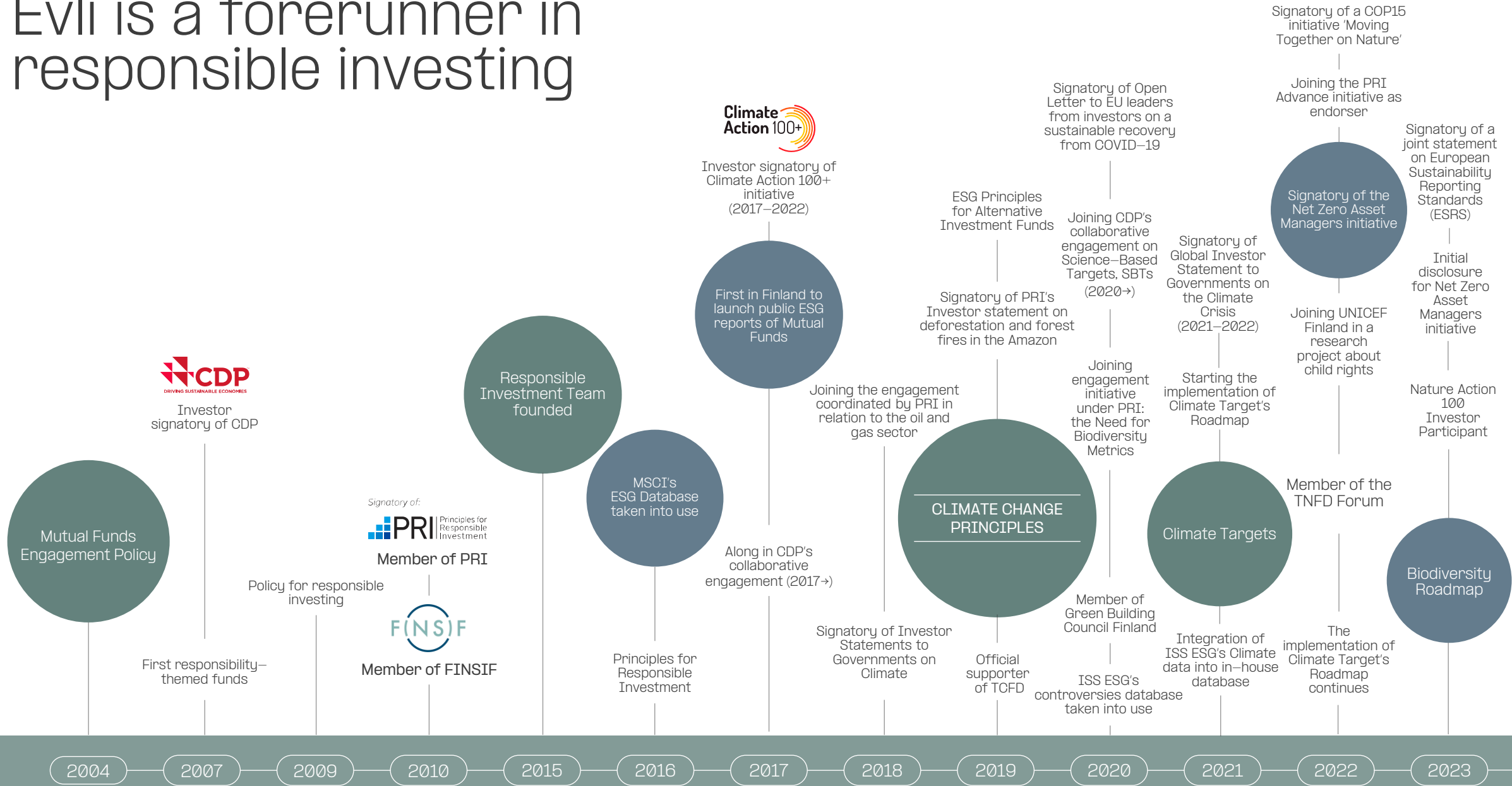
	%
DNB Bank ASA	2.83%
BNP Paribas SA	2.66%
ING Groep NV	2.55%
UBS Group AG	2.50%
Deutsche Boerse AG	2.43%
ELISA OYJ	2.42%
Credit Agricole SA	2.32%
Euroclear Investments SA	2.31%
Orange SA	2.03%
Societe Generale SA	2.02%



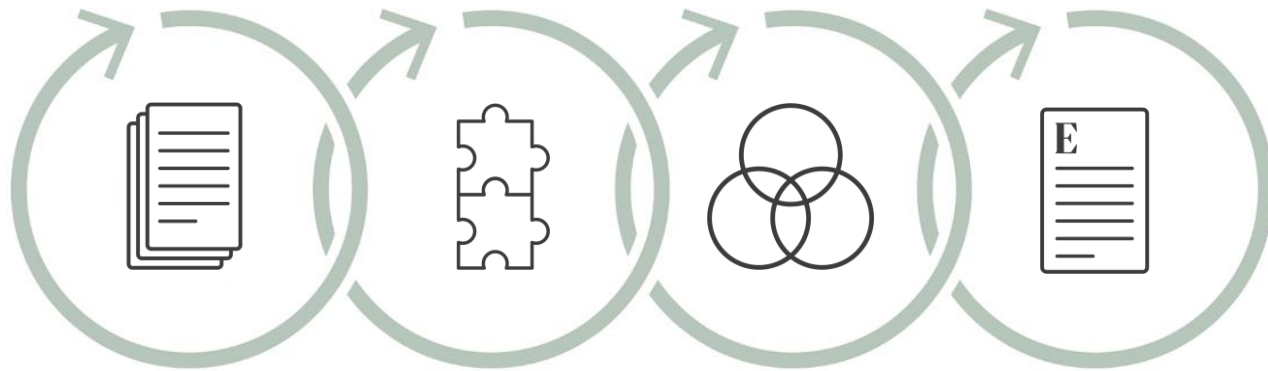
AMBITION

"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

ESG¹ –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
2017–2023²

¹ESG = Environmental, Social ja Governance

²KANTAR 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 PRI¹ led collaborative engagements.

ENGAGEMENT ACTIVITIES 2023

COLLABORATIVE ENGAGEMENT INITIATIVES

3349
companies

PARTICIPATING IN GENERAL MEETINGS

27
general meetings

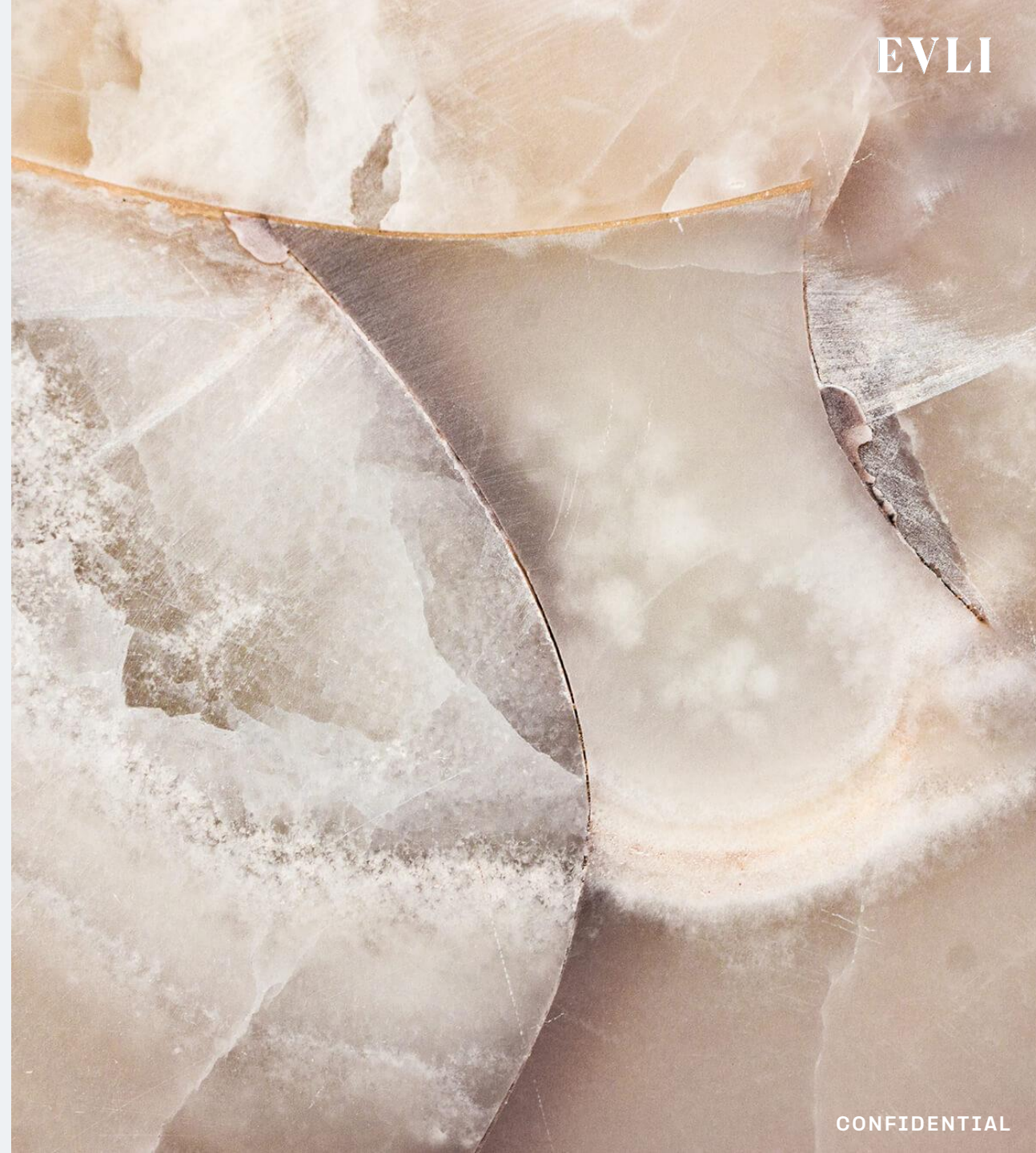
INDEPENDENT ENGAGEMENT

37
times

¹Principles 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 TCFD¹ report of its climate risks.

¹Task Force on Climate-related Financial Disclosure, www.fsb-tcfd.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).



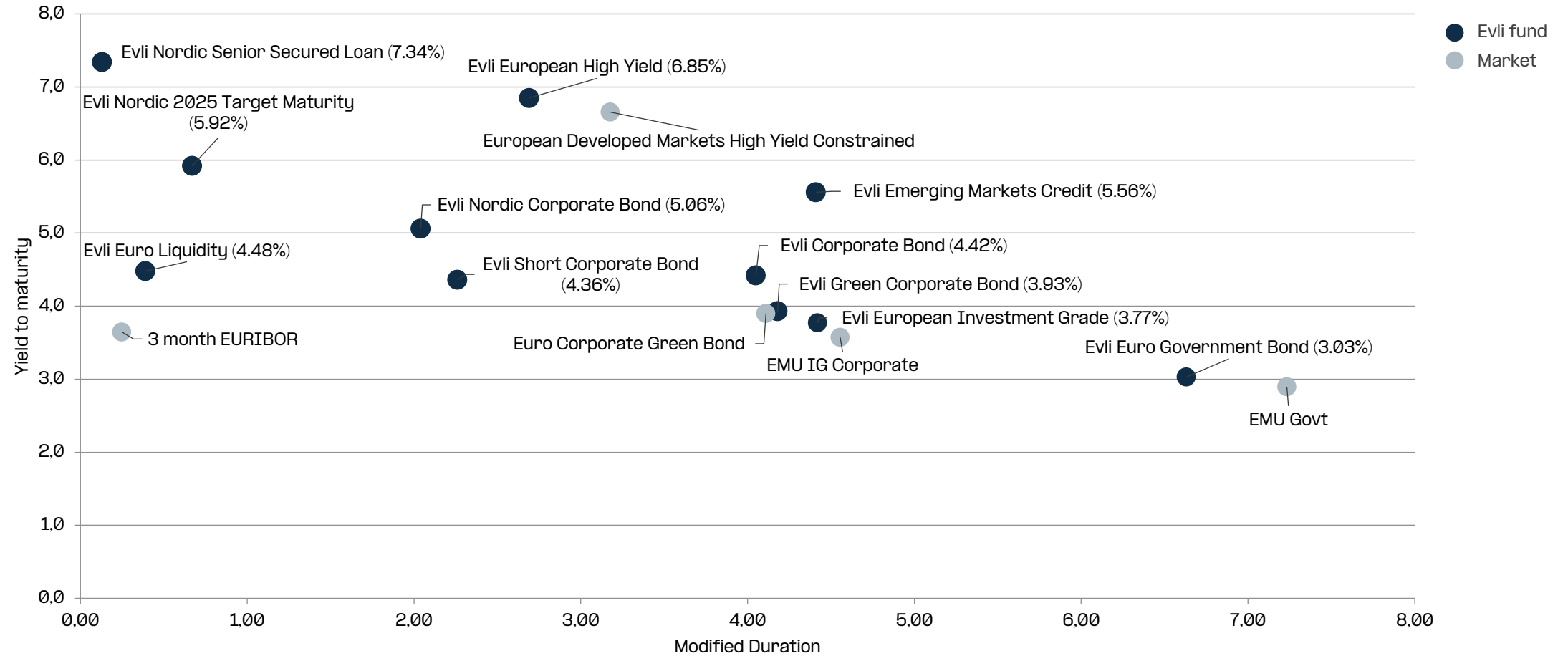
We are aware that a credible long-term carbon-neutral goal requires systematic work and sufficiently ambitious interim targets to support it.

WHAT OPPORTUNITIES DOES THE MARKET CURRENTLY OFFER?

Evli European Investment Grade –
Overview of the market

Evli's funds vs. the market

31.7.2024

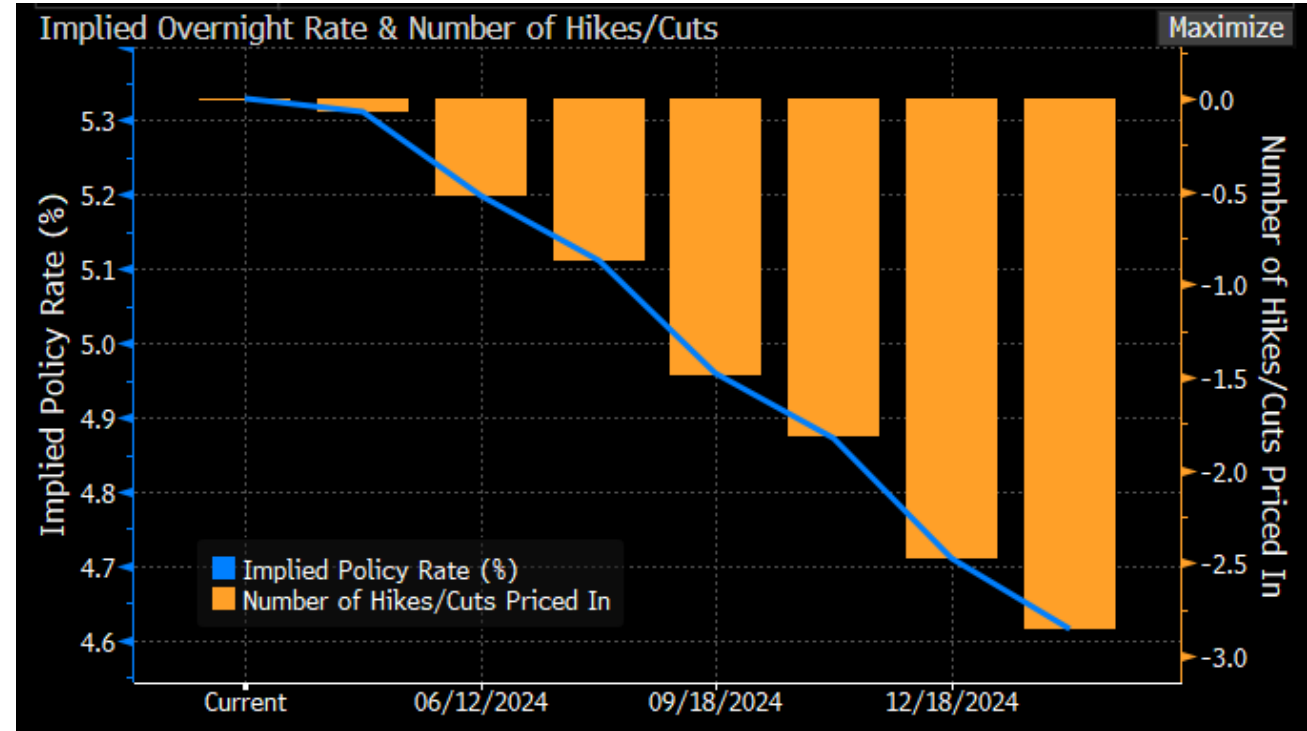


ECB and German 10yr rate

GER 10yr

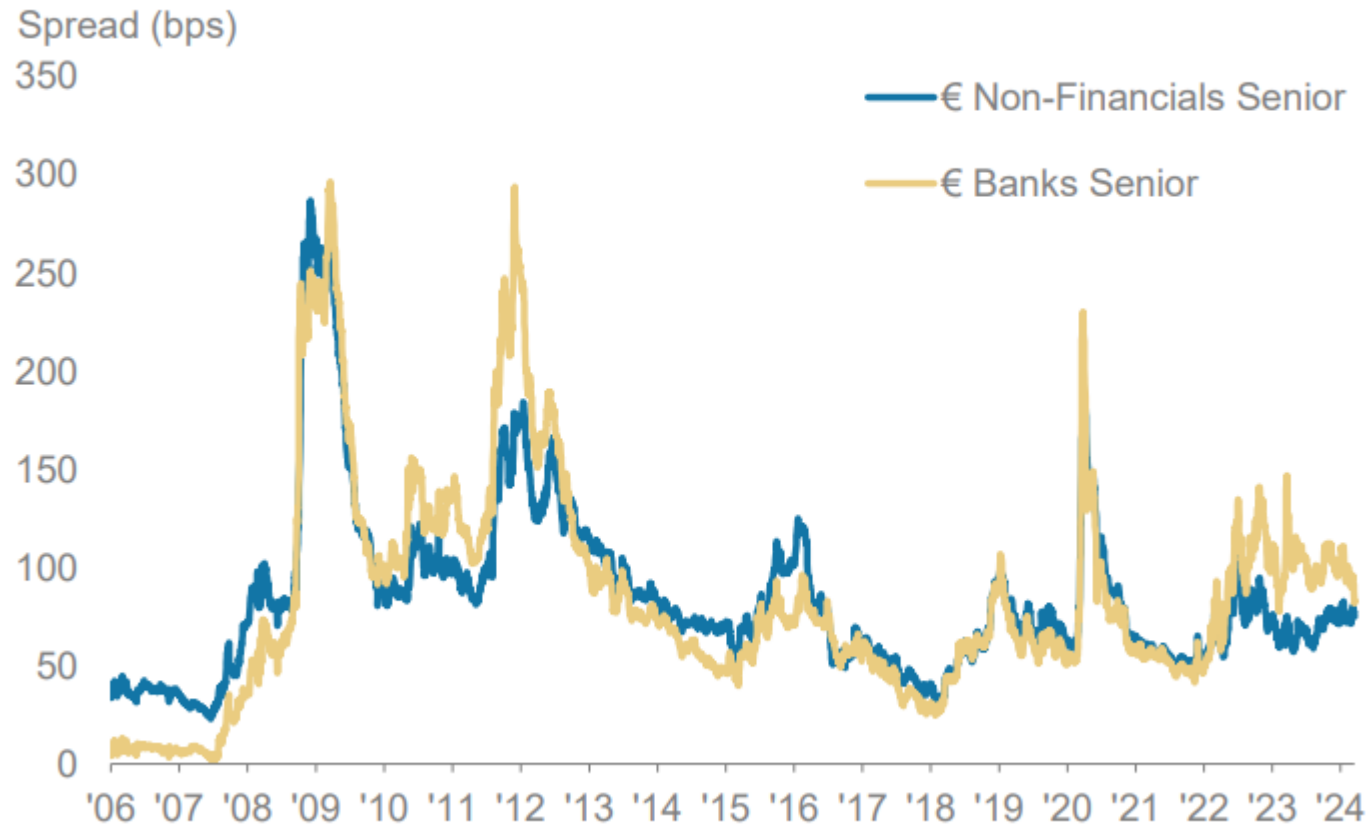


ECB



Banks tightening vs. Corporates— Spreads (EUR IG)

EUR Senior Banks vs. Senior Non-Fins

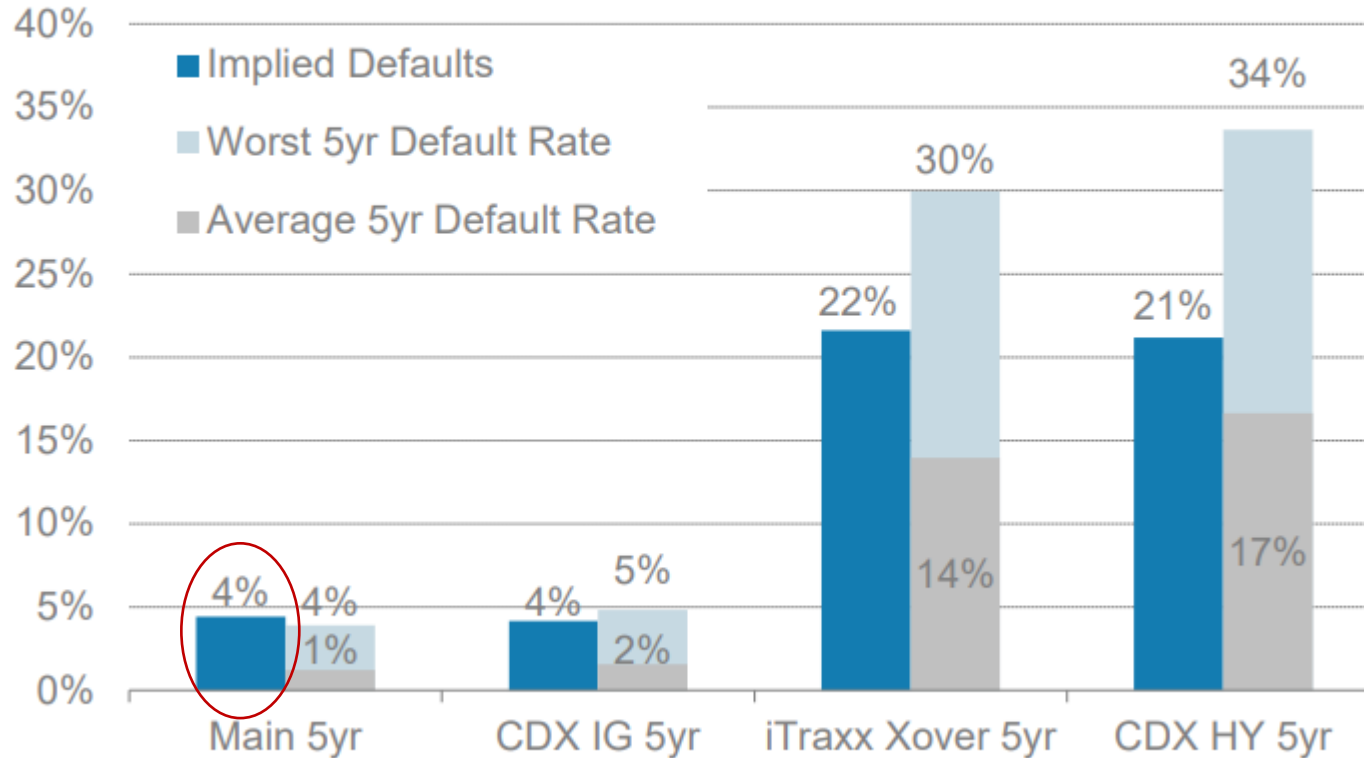


Source: IHS Markit, Morgan Stanley Research

Defaults – Market discounting more than peak historic defaults in IG

Credit vs. Historical Default Rates

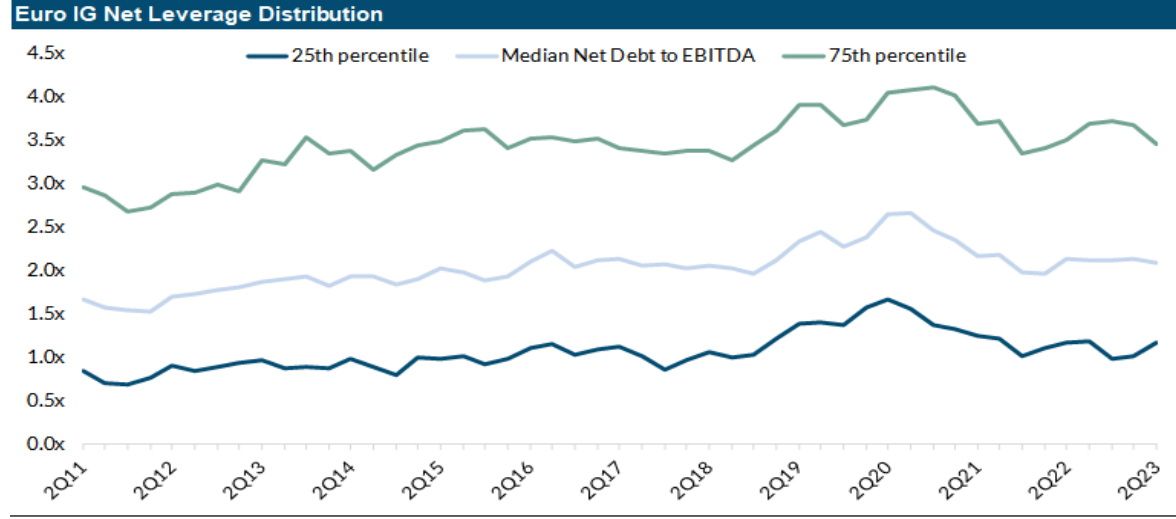
5yr cumulative default rate (%)



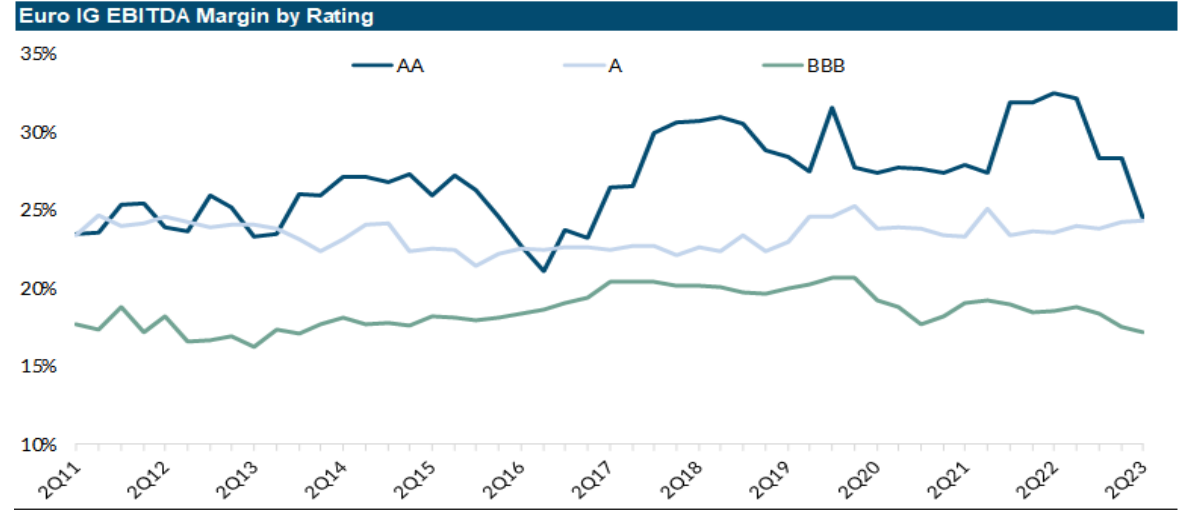
Note: Implied defaults calculated using 35% recovery rate. Historic defaults calculated using Moody's default data since 1970 and current index ratings composition. Source: Morgan Stanley Research, Bloomberg, Moody's

Euro Investment Grade market

— Average leverage and margins are stable



Source: CreditSights, ICE BoFAAM L Indices



Source: CreditSights, ICE BoFAAM L Indices

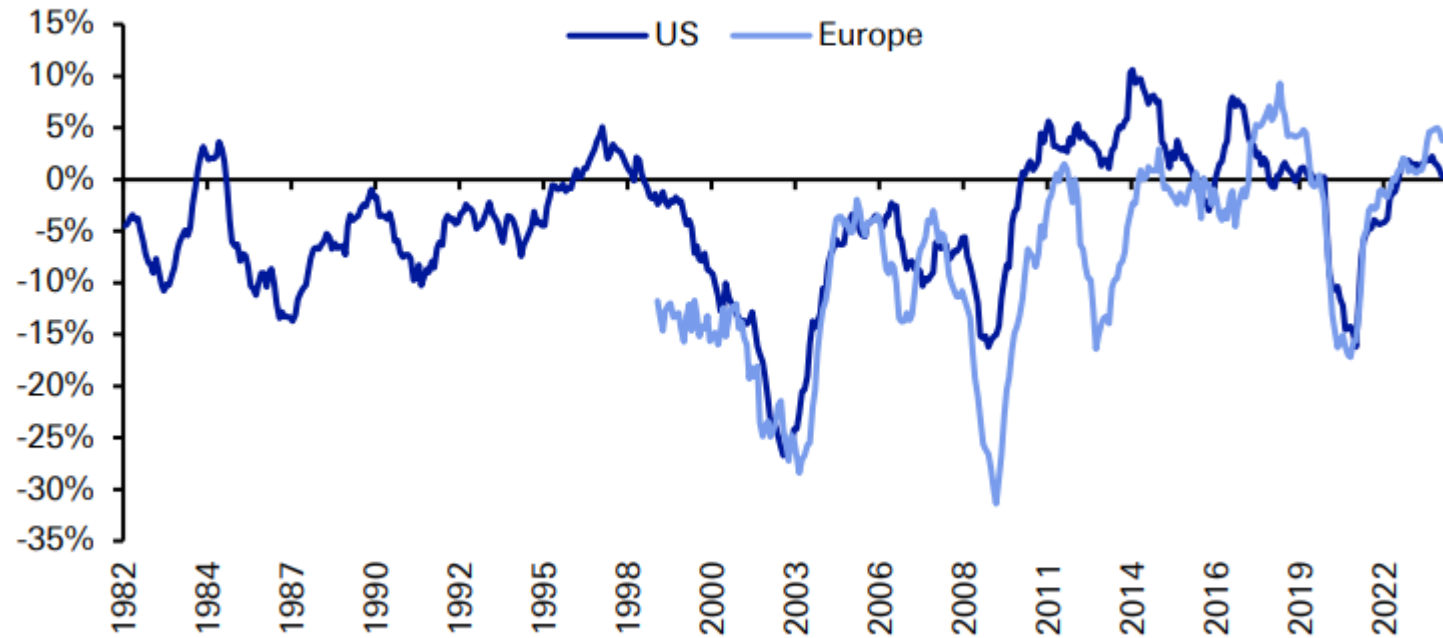
Euro IG Net Leverage by Sector

Sector	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Automotive	0.8x	0.0x	0.3x	0.2x	-0.1x	0.0x	-0.4x	0.1x	0.4x	0.2x	0.0x	0.2x	1.2x
Basic Industry	2.0x	2.0x	1.9x	1.9x	1.7x	1.6x	1.2x	1.3x	1.4x	1.4x	1.3x	1.6x	1.8x
Capital Goods	2.2x	1.9x	1.6x	1.5x	1.5x	1.5x	1.4x	1.6x	1.7x	1.7x	1.7x	1.7x	1.7x
Consumer Goods	2.9x	2.7x	2.6x	2.4x	2.4x	2.3x	2.3x	2.3x	2.5x	2.3x	2.4x	2.4x	2.3x
Energy	2.7x	3.1x	4.2x	2.6x	1.9x	1.5x	1.2x	0.8x	0.7x	0.6x	0.6x	0.7x	0.7x
Healthcare	2.4x	2.3x	2.1x	1.9x	1.9x	2.2x	2.1x	2.3x	2.1x	2.0x	2.1x	1.9x	2.0x
Leisure	5.3x	4.3x	9.0x	9.0x	3.3x	2.8x	1.5x	1.4x	0.9x	1.1x	1.3x	1.2x	1.0x
Media	2.4x	2.4x	2.3x	2.3x	2.1x	1.8x	0.9x	1.5x	1.5x	1.5x	1.3x	1.3x	1.8x
Retail	1.8x	1.9x	1.8x	2.3x	2.0x	2.0x	2.1x	2.2x	2.4x	2.5x	2.1x	2.4x	2.3x
Services	2.2x	2.3x	2.3x	2.6x	2.4x	2.1x	2.2x	2.4x	2.3x	2.4x	2.2x	2.3x	2.2x
Technology	1.7x	1.5x	1.5x	1.1x	1.7x	1.6x	1.5x	1.4x	1.3x	1.3x	1.0x	0.9x	0.9x
Telecom	2.9x	2.8x	2.6x	2.7x	2.6x	2.5x	2.3x	2.1x	2.5x	2.4x	2.5x	2.4x	2.6x
Transportation	4.4x	4.5x	5.6x	5.3x	5.3x	5.5x	5.5x	6.9x	5.2x	4.4x	4.5x	4.1x	3.9x
Utility	4.9x	4.8x	4.2x	4.2x	4.3x	4.3x	3.9x	4.4x	4.6x	4.6x	4.2x	4.3x	4.1x

Source: CreditSights, ICE BoFAAM L Indices

Ratings still clearly positive in Europe

US vs. Europe IG Rating Drift



Market outlook

- Global rate hike cycle is over, Swedish Riksbank and the ECB already delivered first cuts
- Weakening macroeconomic data in the US boosted expectations for Fed rate cuts
- Market pricing for rate cut path continues to be a source of volatility during H2
- The Q2 reporting season was in general on the weaker side compared to market estimates, but broadly neutral from credit investor's perspective
- Credit fundamentals are healthy and refinancing risk is relatively low
- Company outlooks for the H2 turned more cautious, reflecting the expectations of softer economic development
- The corporate bond market offers attractive spreads and yield level
- Rate cuts offer a strong support for total returns as yield curve is expected to move lower
- Currently inverted yield curve is set to normalize when short end of the yield curve shifts down with rate cuts

CENTRAL BANK POLICY IS STILL A SUPERIOR MARKET DRIVER, CLOSE FOCUS ON INCOMING MACROECONOMIC DATA

FOR CREDIT INVESTOR, STRONG CREDIT FUNDAMENTALS AND RELATIVELY LOW REFINANCING RISK OUTWEIGHS ECONOMIC HEADWINDS

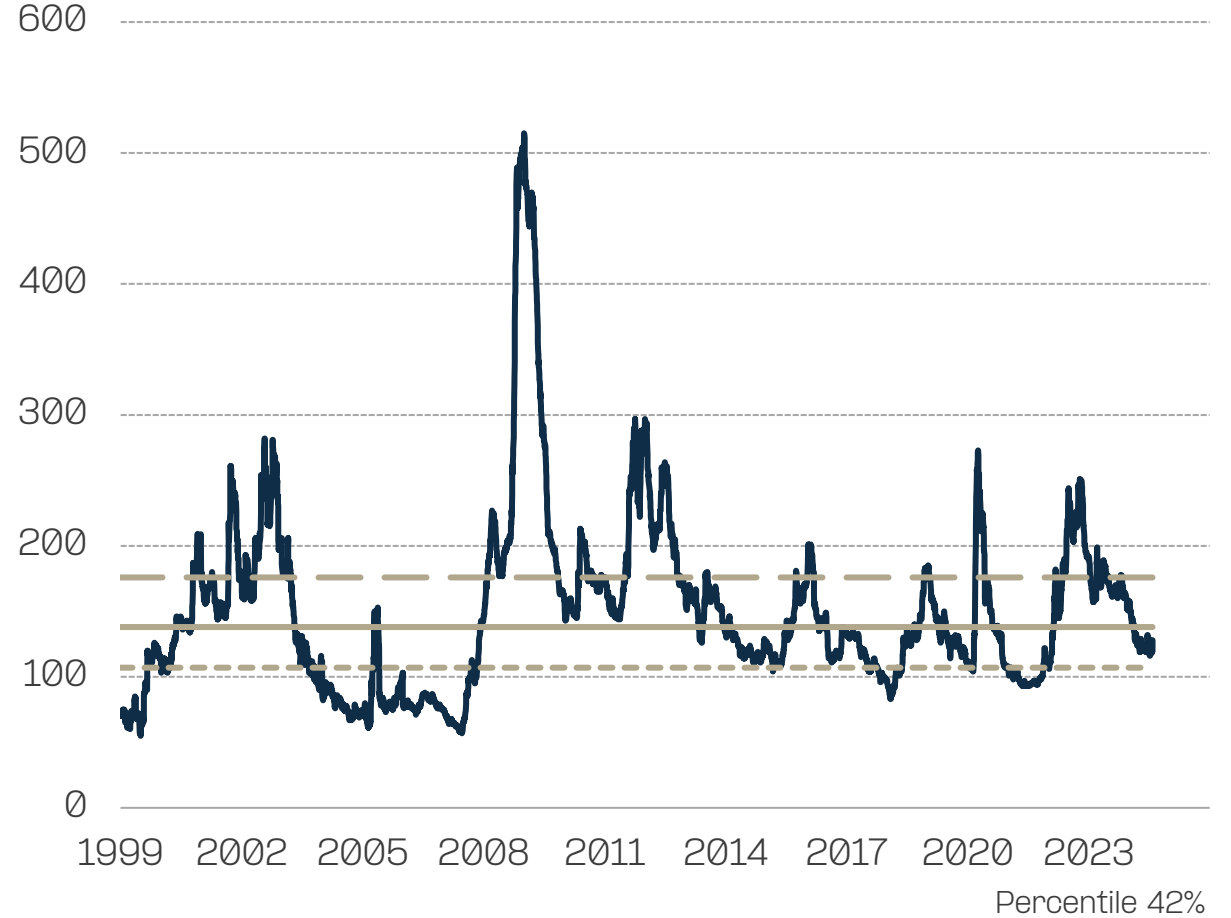
THE CORPORATE BOND MARKET OFFERS AN ATTRACTIVE YIELD AND IS SET TO BENEFIT FROM RATE CUTS

Spreads: BBB-rated IG in Europe

Last 5 years



Since 1999

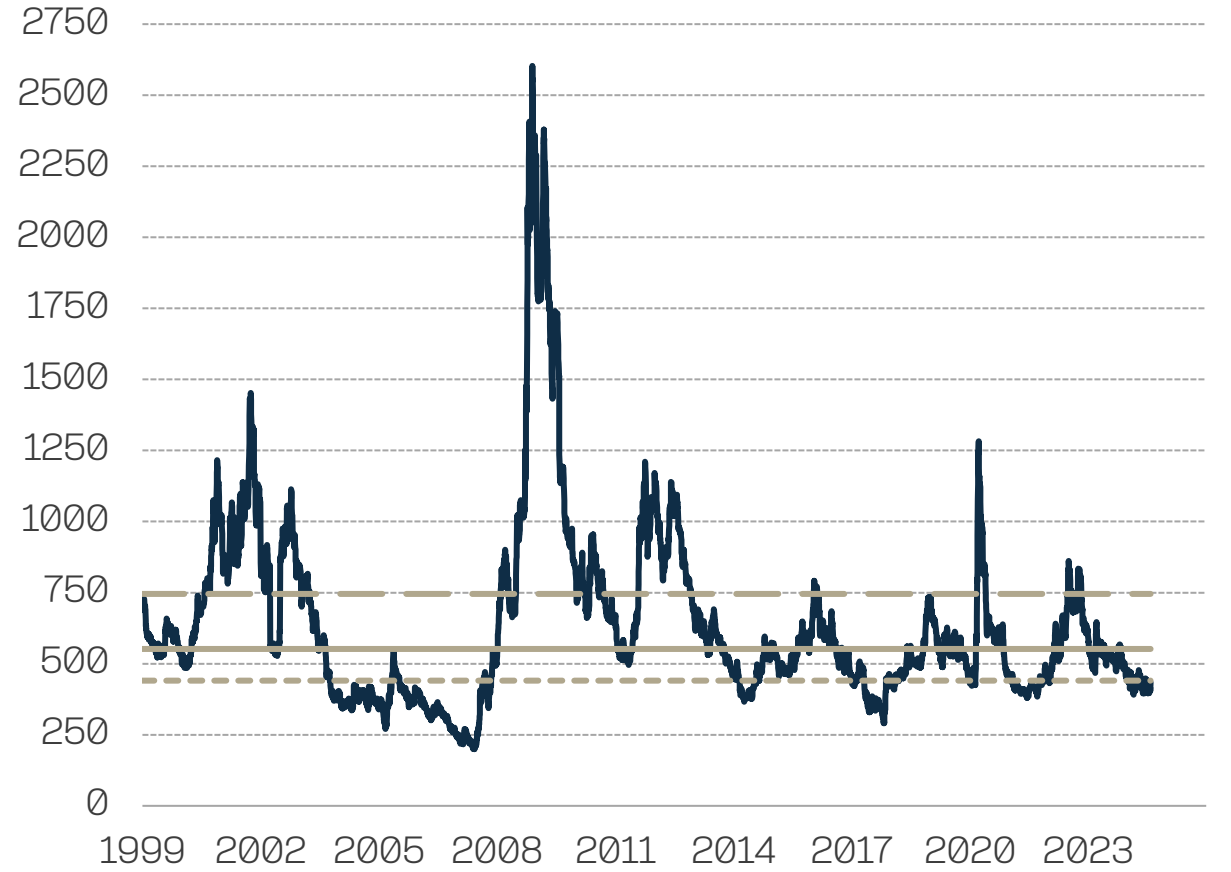


Spreads: B-rated HY in Europe

Last 5 years



Since 1999

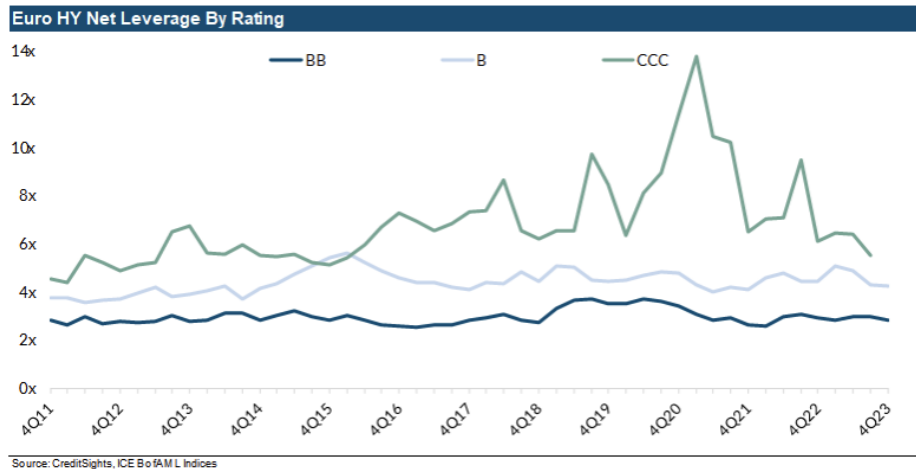
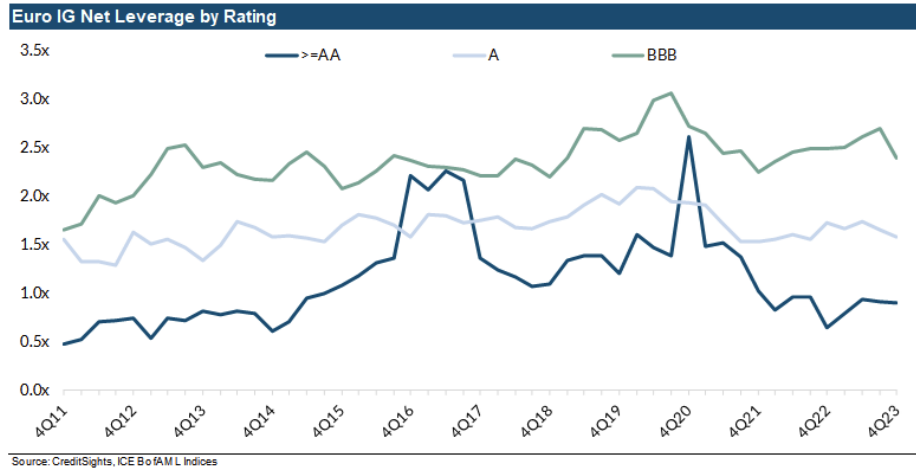


— B rating
— Median, since 1999
- - - 25% percentile, since 1999
- · - 75% percentile, since 1999

Percentile 23%

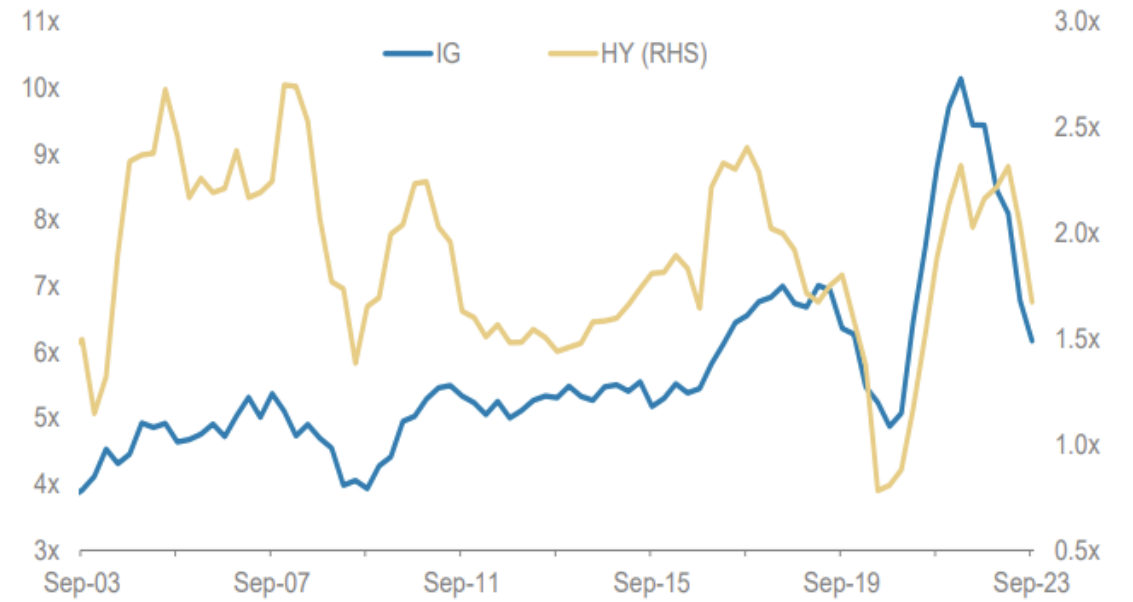
Credit metrics (IG + HY)

Net leverage (net debt to EBITDA)

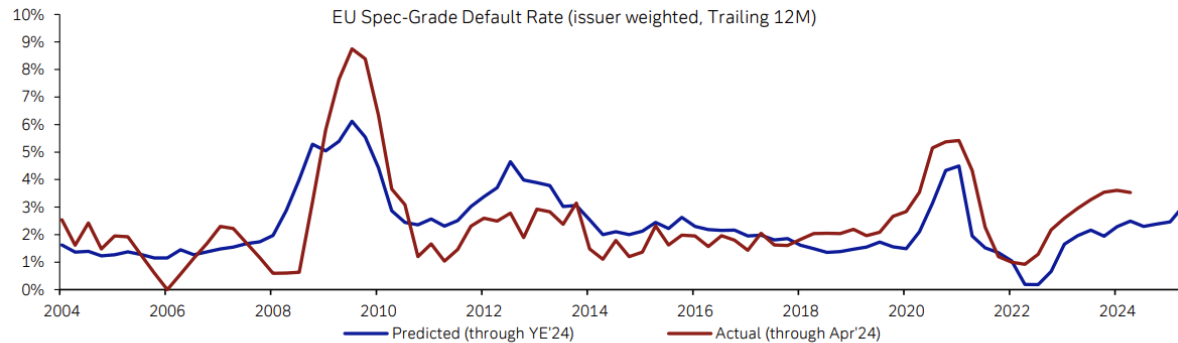


Interest coverage

Interest Coverage (Based on EBIT)



HY: Defaults on the rise, expected to plateau this year



Source : Deutsche Bank, Bloomberg Finance LP, S&P, *includes distressed exchanges
See the appendix for the model parameters

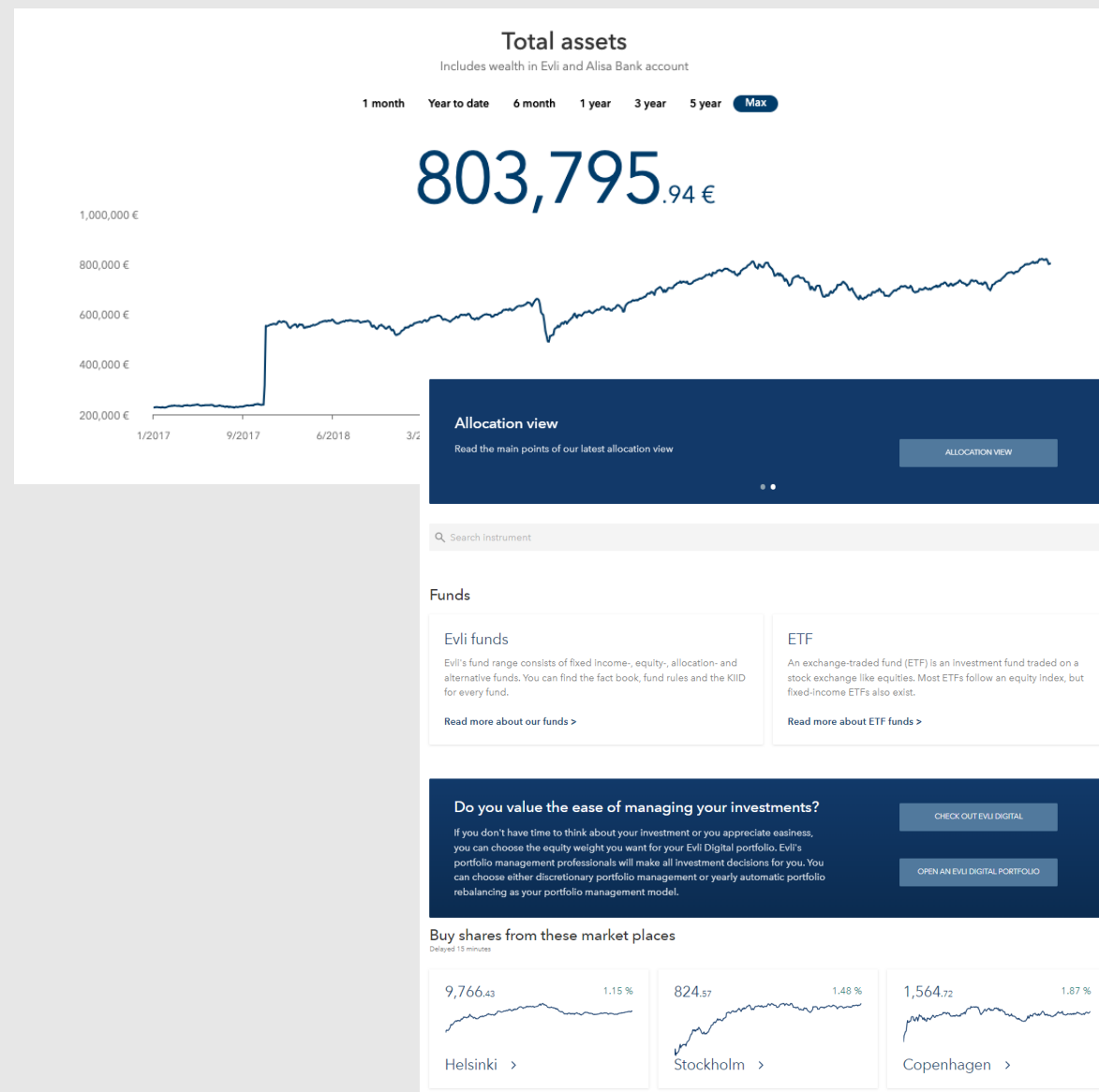
- Defaults are at moderate level but up from 2022 abnormally low level
- Due to the healthy credit fundamentals and high balance sheet liquidity, forecasts for Europe are moderate
- 2023 defaults 2.54%, 2024 forecast 3.7% (Deutsche Bank)

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