

# EVLI

## EVLI FINNISH SMALL CAP IB



31.07.2024

ISIN: FI4000513205

BLOOMBERG: EVFSCIE 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

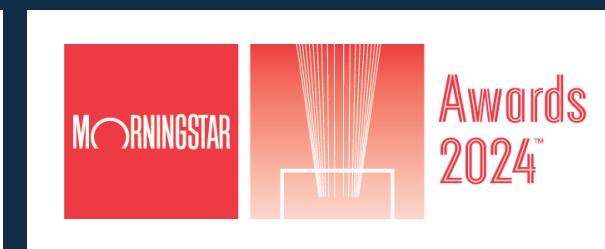
# 69

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"**.<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>.



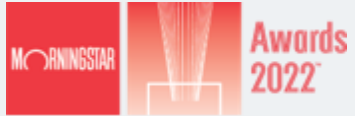
<sup>1</sup> KANTAR Prospera, "External Asset Management Finland 2013–2023". Overall Performance and SFR Scandinavian Financial Research, Competitive Positioning Report, 2015–2023.

# SUCCESSFUL EQUITY MANAGEMENT

Evli Finnish Small Cap

# Among the Best Finnish Equity Funds in the Nordics

Historical returns are no guarantee of future returns.



Morningstar Rating™



- Strong performance over 10 years net of retail fees\*
  - vs. benchmark +1.7% p.a.
  - Absolute return +10.5% p.a.
- Over 10 years with current portfolio manager, in bull and bear markets
  - One of the longest portfolio manager tenures among peers
  - From all cap generalist approach to small cap focus in 10/2010

# Strong 10-year rolling returns among peers

## 10 YR ROLLING RETURNS





# INVESTMENT PHILOSOPHY AND PROCESS

Evli Finnish Small Cap

# Philosophy (1/2)

## Markets are efficient on average – not always

- The stock market is pretty good at incorporating information in stock prices. But not all the time and everywhere – especially not in the stock prices of smaller companies
- In our experience it is possible to consistently create added value by doing our own analysis on under-researched companies

## We are style agnostic

- No adherence to neither value nor growth
- Stock selection based on our own analysis of company fundamentals, timing of trades on technical analysis
- Stocks, not companies: a quality company is a good starting point, but not automatically a quality investment

## Momentum matters

- The re-rating of a stock often does not stop at fair value. We don't set target prices on our holdings because we don't want to miss out on the investments that go on to multiply their share prices
- Stock prices have tendency to trend for considerable periods. It probably is not wise to add to a position that is showing a loss

# Philosophy (2/2)

## Concentrated portfolio

- Bigger active weights – every stock contributes to performance
- Common sense: easier portfolio manager oversight with a limited number of companies  
...but with adequate diversification
- One in, one out principle enforces discipline

## Focus on the relevant

- Know your companies, but don't get lost in the details. A lesson from behavioral science: additional information leads to overconfidence but not to better decisions
- Corporate management is a good source of information, but we don't incorporate management quality assessment into our investment decisions. Better stick to the numbers

## Respect the market

- Because the goal is to outperform, not to be proven right

# The Ideal company should have...

- 
- Large and structurally growing addressable market with high entry barriers
  - Sustainable strategy that's based on company's competitive advantages
  - Entrepreneurial culture
  - Strong growth prospects
  - High profitability, ROIC and Free Cash Flow
  - Solid balance sheet

# However, we are investing in stocks, not in companies

- The marginal benefit of the fundamental research decreases as a function of expended time. It can even turn negative as additional information tends to lead overconfidence, not better investment decisions
- Corporate management is a good source of information, but we don't incorporate management quality assessment into our investment decisions
- We are investing in stocks, not in companies: a quality company does not equal a quality investment

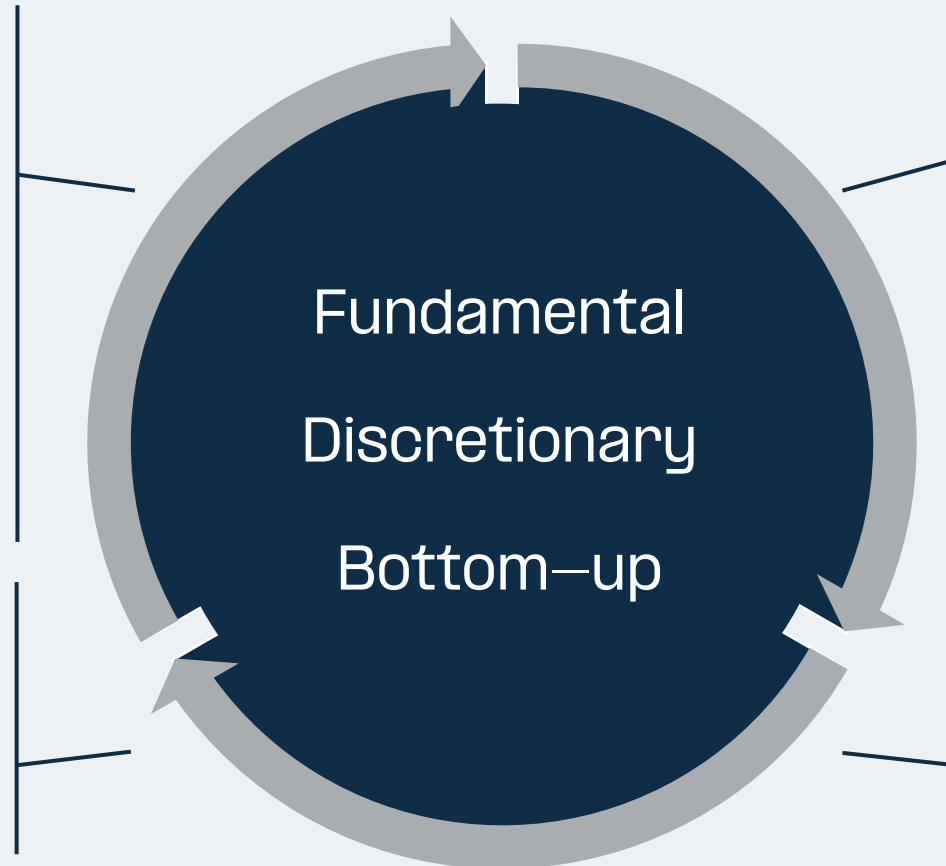
# Investment process

## Portfolio construction

- Concentrated portfolio of ~40 stocks
- Meaningful active weights
- “One in – One out” –principle
- Exits based on deteriorating fundamentals or unconstructive price action
- Macro overlay in risk budgeting
- Pre- and post-trade liquidity analysis
- No FX-hedging

## Technical analysis

- Price trend & momentum
- Absolute and relative performance
- Volume
- Responsiveness to news



100+ management meetings per year

50+ sell-side research meetings per year

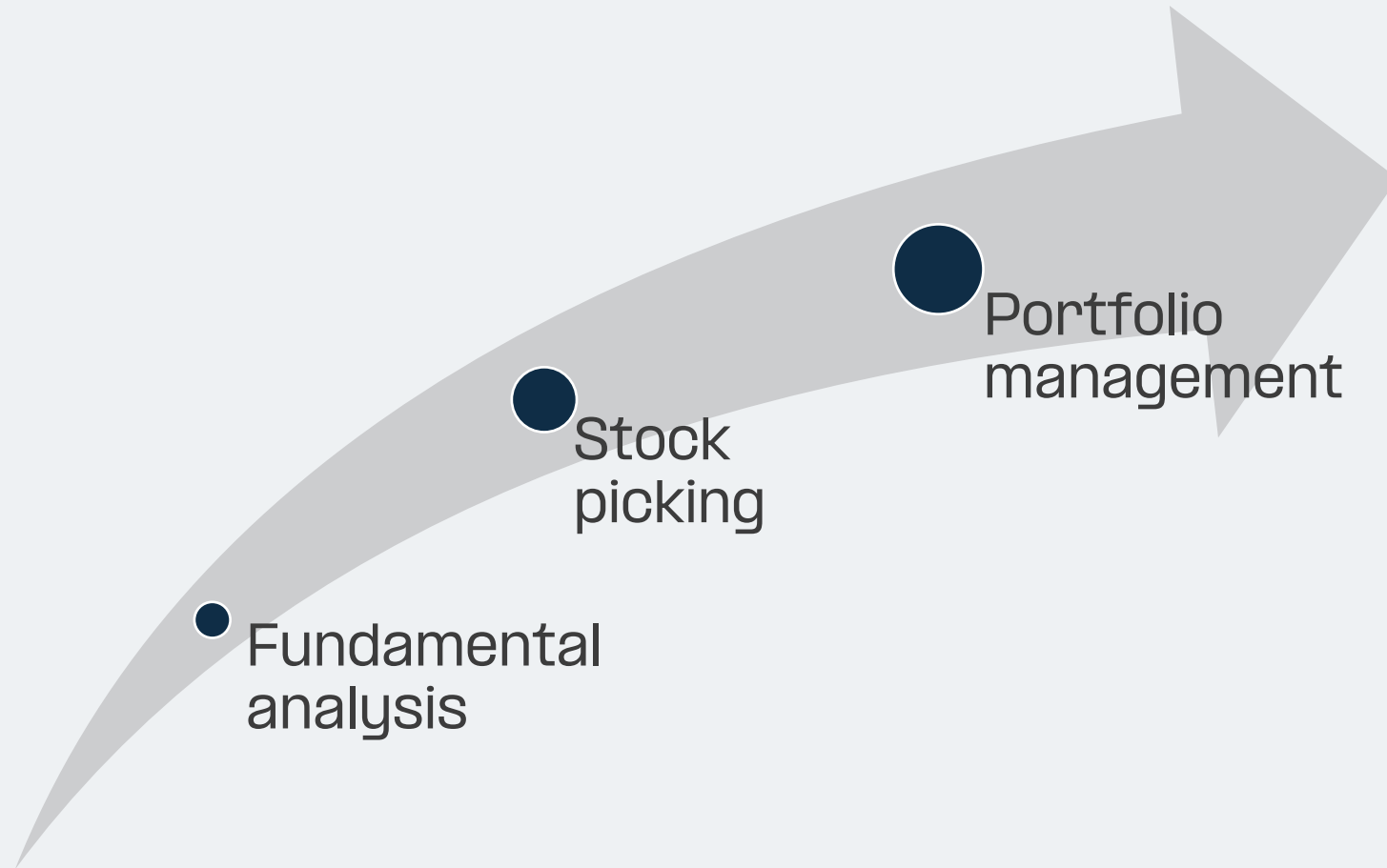
10+ small-cap seminars per year

Daily fundamental and technical screening  
(Bloomberg & sell-side research)

## Fundamental analysis

- Growth, profitability, FCF generation, ESG, bal. sheet., comp. adv., culture, etc.
- Expectations
- Valuation

Excellence in business analysis and stock picking – but the real edge comes from portfolio management



# Skill in fundamental analysis forms the base – but that's just table stakes in small cap investing

- Thinner, or non-existent, analyst coverage creates a possibility to really add value through fundamental analysis. Market efficiency is a relative concept.

- We focus underlying market, company's strategy, competitive advantage, culture, financials and ESG
- We don't build our own models nor explicitly create estimates per company because we don't consider it to be a reasonable use of time. Less forecasting, more adaptation.

- All together, we want to know our companies, and the drivers that move the stock, without getting lost in the details. We believe that this creates a solid foundation for stock picking and portfolio management. Stocks, not companies.



# Fund management team



**Janne Kujala**

CFA, PORTFOLIO MANAGER, HEAD OF  
NORDIC EQUITIES

- Born 1972. M.Sc. (Econ.) from University of Tampere. CFA designation in 2004.
- Prior to Evli, worked as Head of Equity Investments and Portfolio Manager at Carnegie Asset Management Finland.
- Janne has worked in the industry since 1997, and at Evli since 2009. Portfolio manager of Evli Finnish Small Cap, Evli Swedish Small and Evli Finland Select.



**Ville Tiainen**

CFA. ANALYST, NORDIC EQUITIES

- Born 1987, M.Sc. Finance, Aalto University School of Business.
- CFA designation in 2021.
- Ville has worked in the industry since 2012 and at Evli since 2020.
- Prior to Evli, Ville has held senior analyst and sales manager positions at Nordea Markets.

# TRACK RECORD AND PORTFOLIO COMPOSITION

Evli Finnish Small Cap

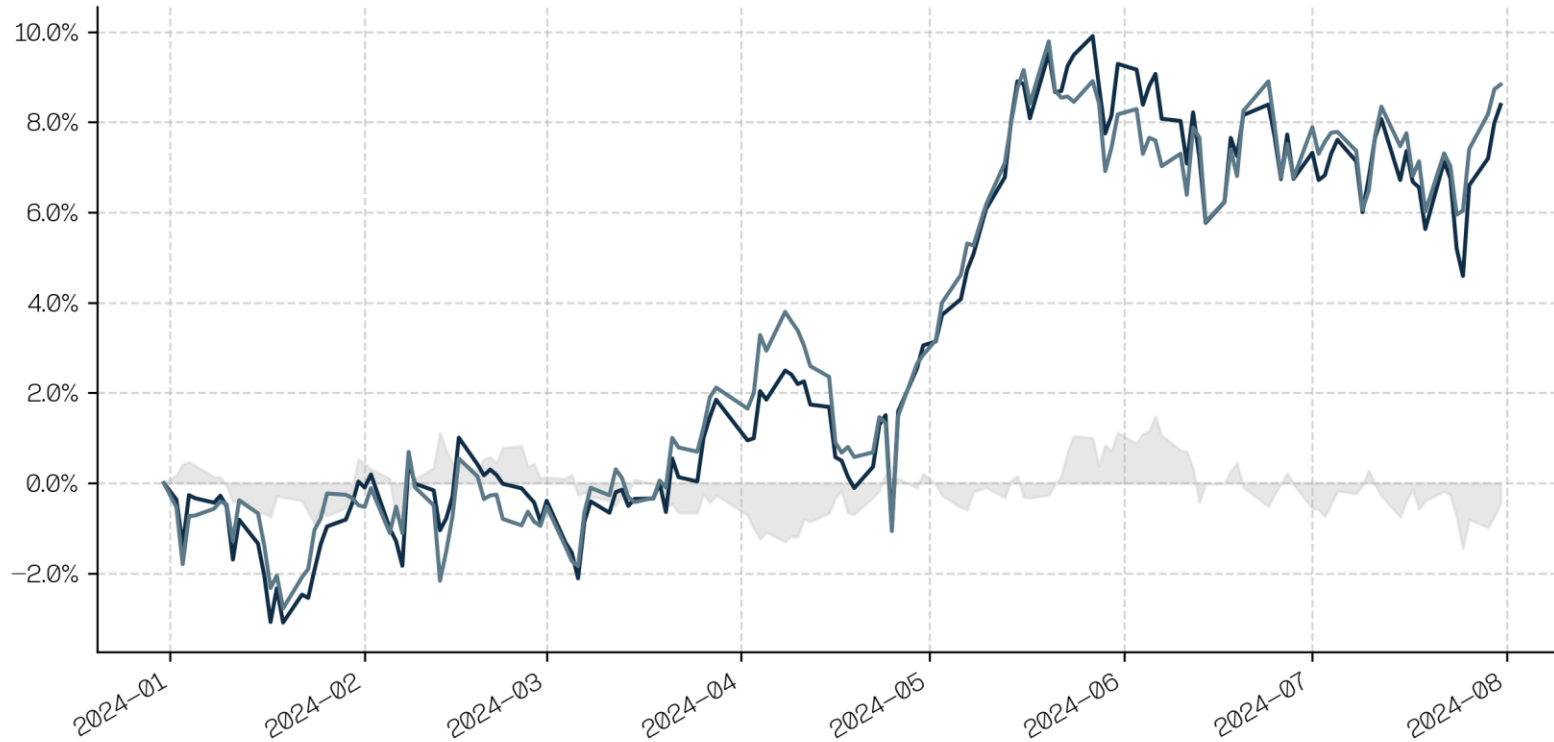
# Net of fee returns – YTD

Evli Finnish Small Cap IB 31.12.2023–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns

— Portfolio 8.4% — Benchmark 8.8% — Difference -0.5%



	Portfolio	Benchmark	Difference
YTD	8.38%	8.83%	-0.45%

	Portfolio	Benchmark	Difference
Volatility	12.11%	11.93%	0.18%
Sharpe	0.50	0.54	-0.05
Tracking Error	4.69%	—	—
Information Ratio	-0.10	—	—
Beta	0.94	—	—

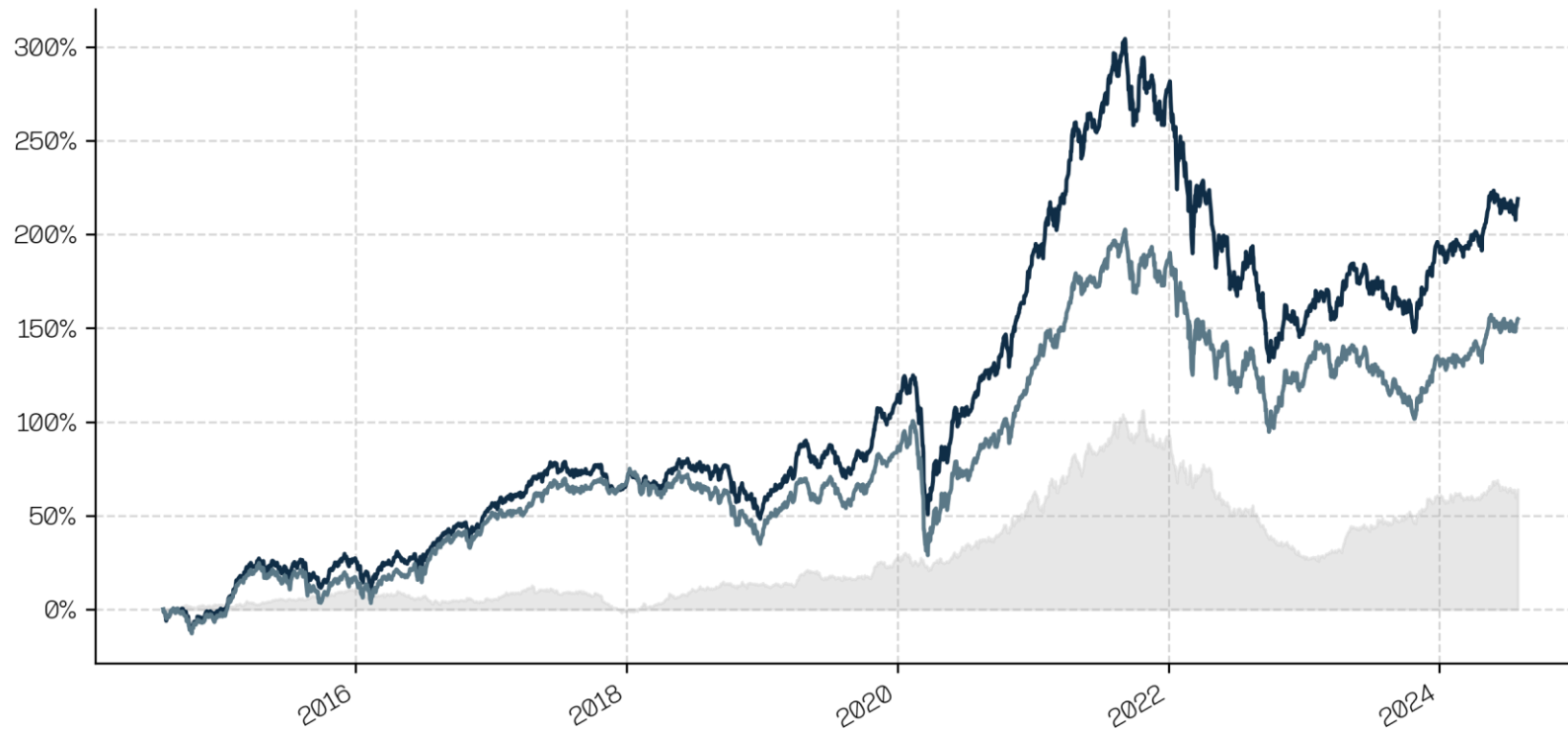
# Net of fee returns – 10 Years

## Evli Finnish Small Cap IB 31.07.2014–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns

— Portfolio 218.9% — Benchmark 154.9% — Difference 64.1%



	Portfolio	Benchmark	Difference
1 Year	16.35%	12.54%	3.81%
3 Years	-17.19%	-13.12%	-4.07%
5 Years	80.87%	59.08%	21.79%
10 Years	218.93%	154.87%	64.06%
10 Years, annualized return	12.30%	9.80%	2.50%

	Portfolio	Benchmark	Difference
Volatility	16.87%	17.22%	-0.34%
Sharpe	0.71	0.55	0.16
Tracking Error	5.20%	—	—
Information Ratio	0.48	—	—
Beta	0.93	—	—

The minimum investment for share class Evli Finnish Small Cap IB is EUR 5 000 000.

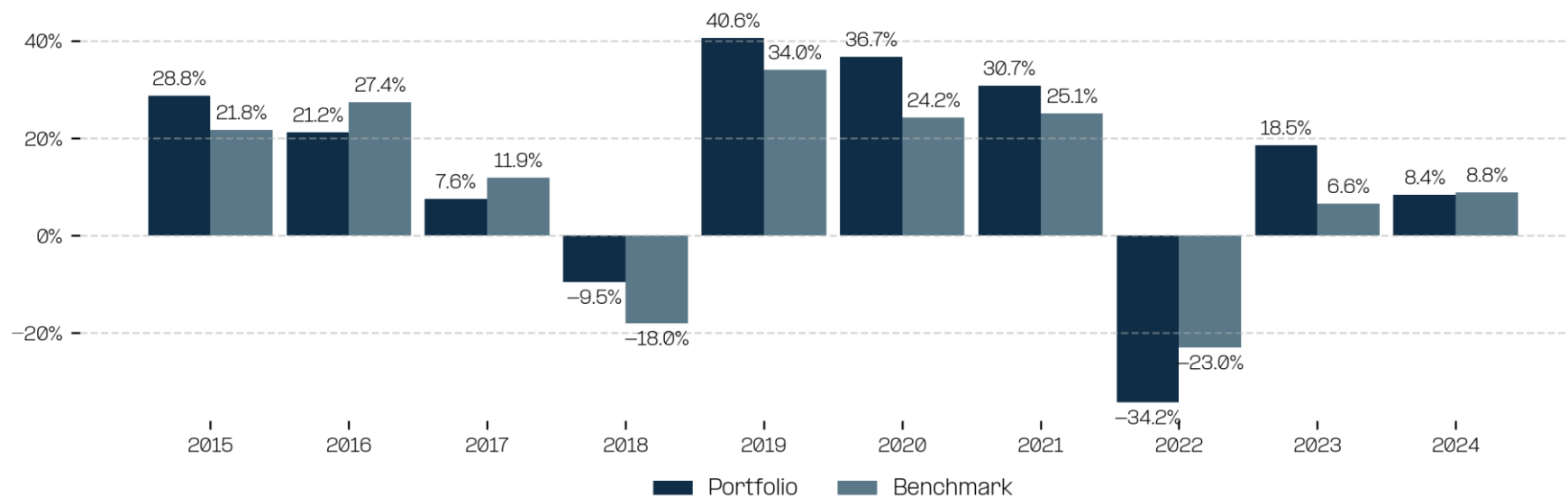
The IB share class was launched on 01.11.2021.

The return presented in the chart is simulated until 01.11.2021 based on the return of the B share but applying the 1.0 percent management fee of the IB series.

CONFIDENTIAL

# 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	28.79%	21.23%	7.58%	-9.51%	40.59%	36.73%	30.74%	-34.21%	18.54%	8.38%
Benchmark	21.76%	27.36%	11.86%	-17.96%	34.04%	24.21%	25.09%	-22.96%	6.55%	8.83%
Difference	7.03%	-6.12%	-4.28%	8.45%	6.55%	12.52%	5.65%	-11.25%	11.98%	-0.45%
Volatility	15.41%	14.75%	8.63%	14.09%	13.99%	27.85%	16.83%	20.33%	14.78%	10.04%
Tracking Error	4.20%	5.06%	4.19%	3.83%	4.58%	6.15%	7.41%	6.17%	4.43%	3.77%

The minimum investment for share class Evli Finnish Small Cap IB is EUR 5 000 000.

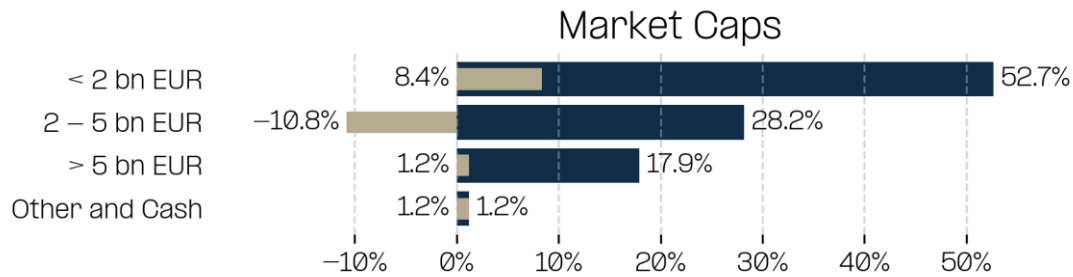
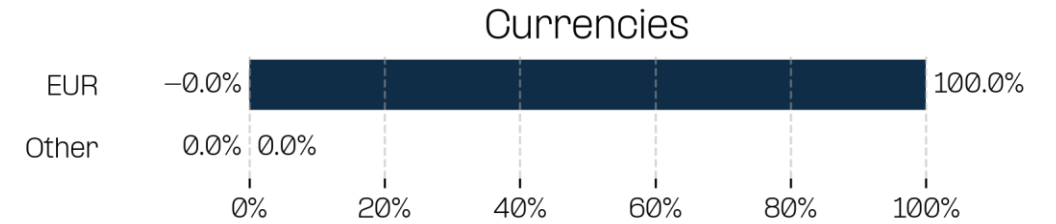
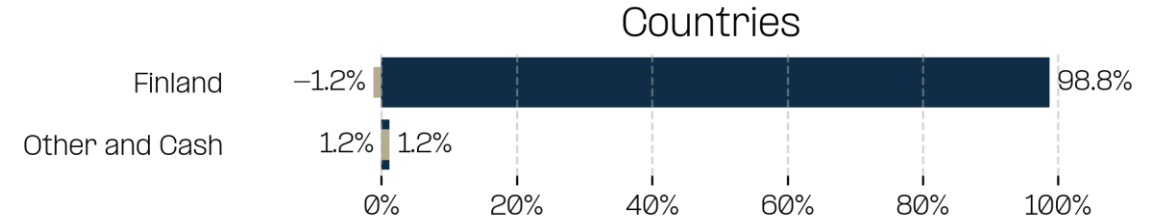
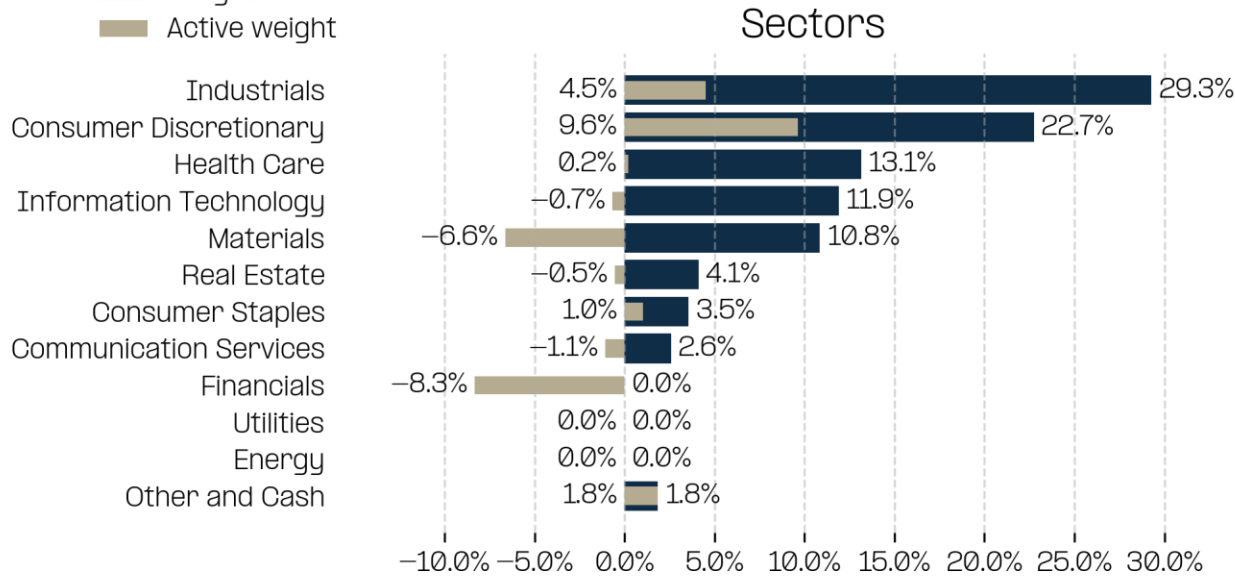
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The return presented in the chart is simulated until 01.11.2021 based on the return of the B share but applying the 1.0 percent management fee of the IB series.

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# Portfolio structure 31.07.2024

■ Weight  
■ Active weight



# Top holdings 31.07.2024

## 10 LARGEST INVESTMENTS

	%
KONECRANES OYJ	9.70%
Orion Oyj B	8.22%
HUHTAMÄKI OYJ	6.69%
Harvia Oyj	6.33%
PUUILO OYJ	4.98%
QT GROUP OYJ	4.64%
TERVEYSTALO OYJ	4.55%
VALMET	4.28%
METSÄ BOARD OYJ B	4.16%
MARIMEKKO OYJ	3.88%

# Top/Bottom Attributors

Historical returns are no guarantee of future returns.

## Top Attributors YTD June 30th 2024

	% Port, avg	% Active	Return, %	Attrib., %
Harvia Oyj	5.9	4.8	36.4	1.1
Outokumpu Oyj	0.0	-3.0	-19.9	0.9
Tietoevry Oyj	0.0	-4.0	-13.3	0.8
Konecranes Oyj	9.2	2.9	33.5	0.6
Detection Technology Oy	1.5	1.5	43.9	0.6

## Bottom Attributors YTD June 30th 2024

	% Port, avg	% Active	Return, %	Attrib., %
Kemira Oyj	0.0	-4.9	38.2	-1.4
Cargotec Oyj-B Share	3.1	-2.9	46.2	-1.2
Kempower Oyj	1.6	1.6	-29.5	-0.8
Talenom Oyj	1.8	1.4	-19.5	-0.4
Enento Group Oyj	2.4	1.7	-13.4	-0.4



# Evli Finnish Small Cap in a nutshell

Type of Fund	Finnish equity fund (UCITS)		
Benchmark	Carnegie Small Cap CSX Return Index Finland (CSRXFI)		
Fund Units	Growth units retail B-series and institutional IB-series (min. 5m EUR)		
Bloomberg/Reuters/ISIN	B-series: CARSUOS FH / FI0008804422 / IB-series: EVFSCIE FH / FI4000513205		
Management Fee, annual	B-series: 1.60% (annually)   IB-series: 1.00% (annually)		
Trading Days, NAV	Every Finnish banking day (subject to trading calendar), NAV at day close		
NAV Calculation	Evli Fund Management Company Ltd		
NAV Audits	Annual (statutory)		
Fund Registry Keeper	Evli Fund Management Company Ltd		
Supervision	The Finnish FSA ( <a href="http://www.finanssivalvonta.fi/en/">www.finanssivalvonta.fi/en/</a> )		
Launch Date	4 December 1992	Performance Fee	None
Fund Manager	Mr. Janne Kujala	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	SFDR	Article 8

# Considerations and Risk Factors

The aim of the fund is to achieve a return which, over a period of more than 4 years, exceeds the return of the benchmark index.

All the fund's assets will be invested in equities and equity-linked securities, and therefore the net asset value of a fund unit may fluctuate abruptly. In addition to the general economic performance, equity market returns are also affected by other factors such as political or legislative changes. As the fund focuses its investments geographically, the risk of variation in returns is greater than in a more diversified fund. Securities investments outside the euro area are subject to exchange rate risk.

The fund's overall risk is also affected by the following risk factors, which the fund's risk profile does not necessarily address fully:

- Liquidity risk: The risk that a financial instrument cannot be bought or sold within the planned time or at the desired price

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

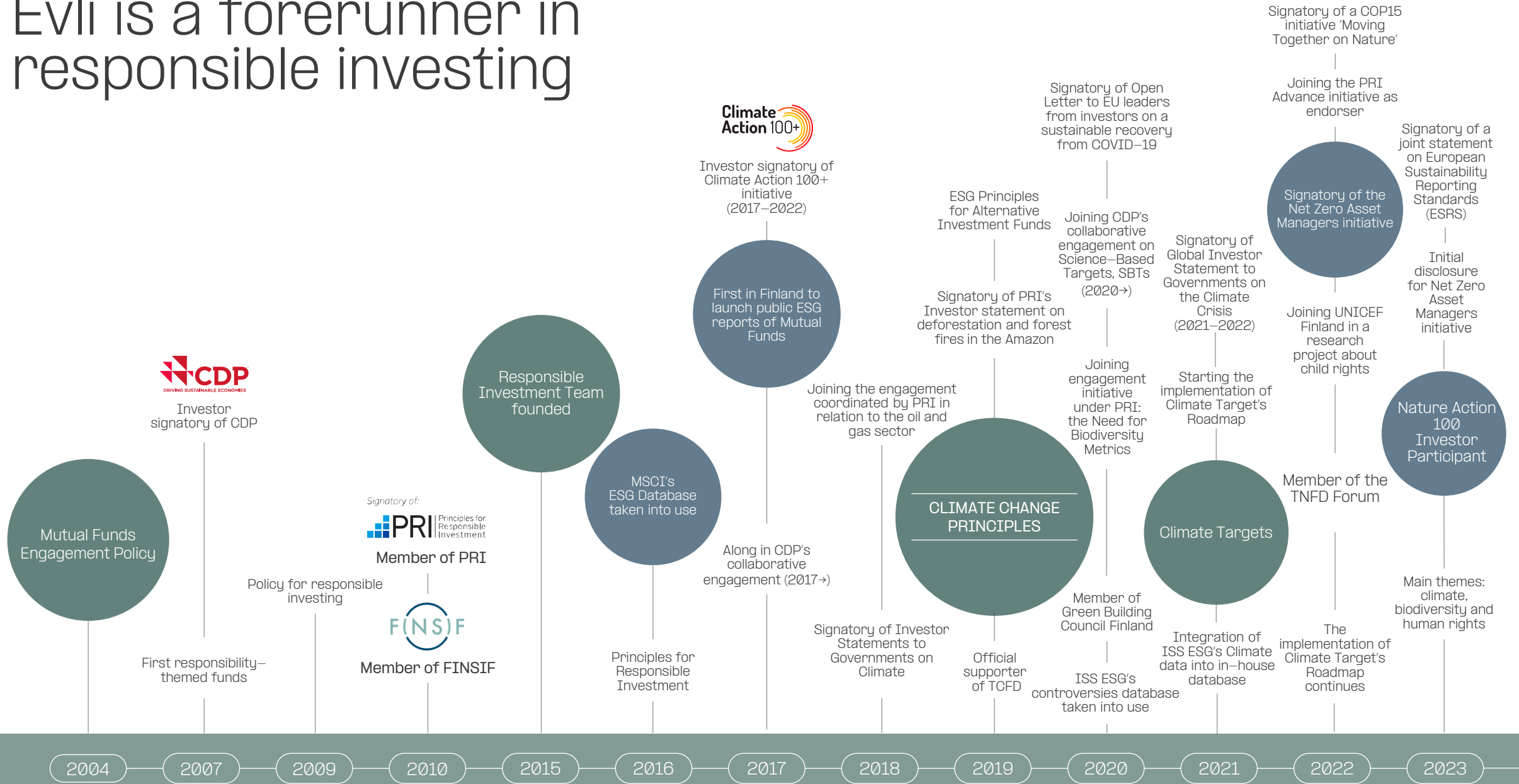




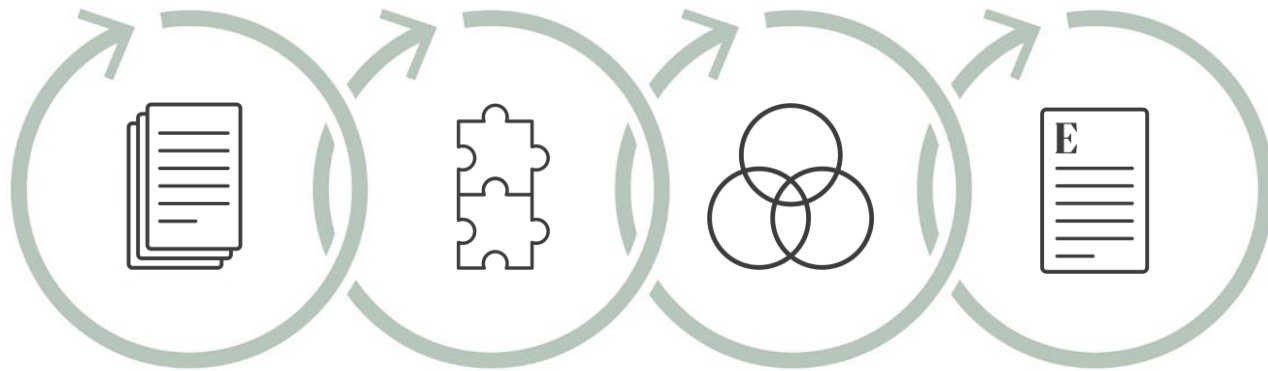
# AMBITION

"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

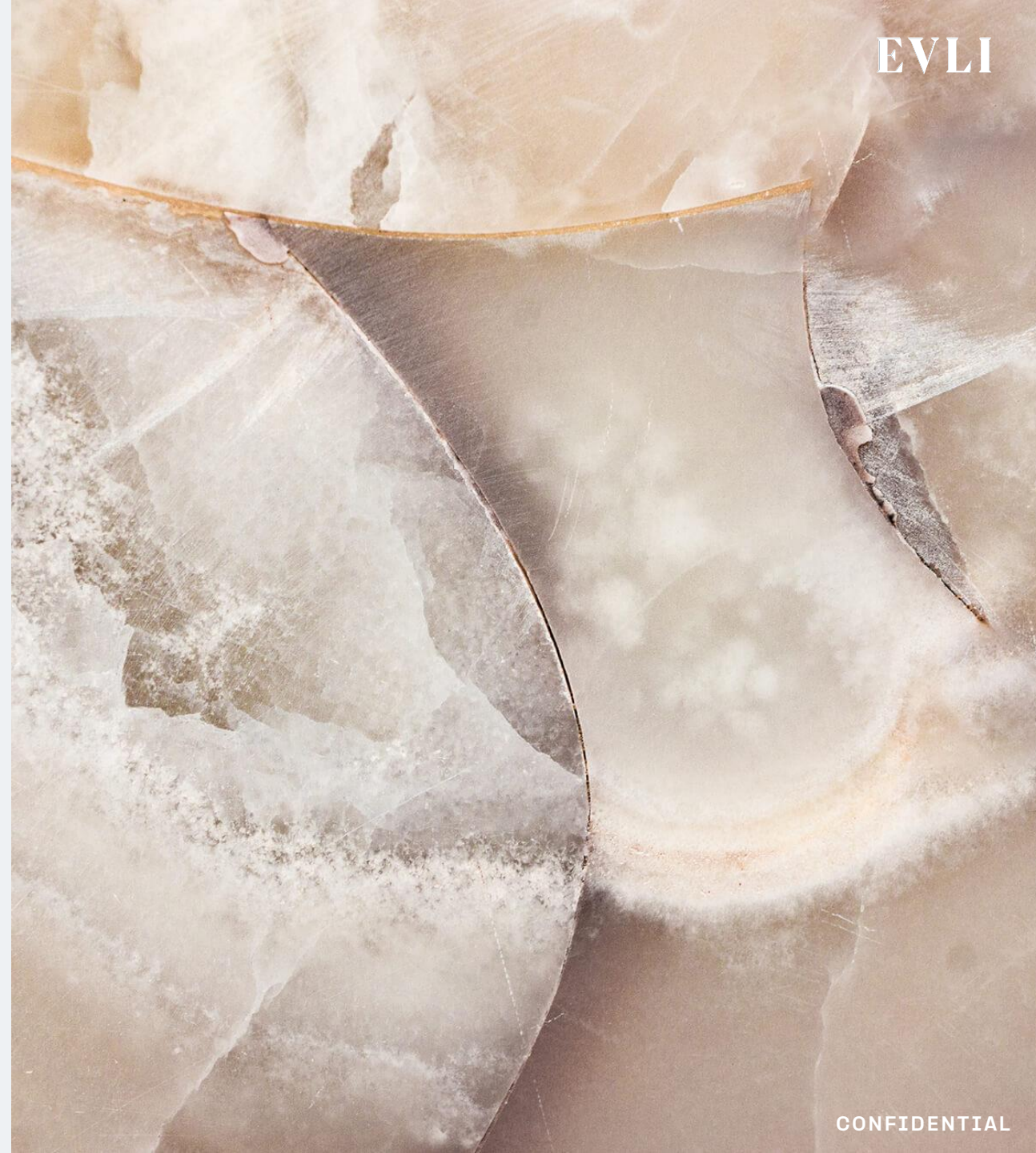
INDEPENDENT ENGAGEMENT

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-tcfd.org](http://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).



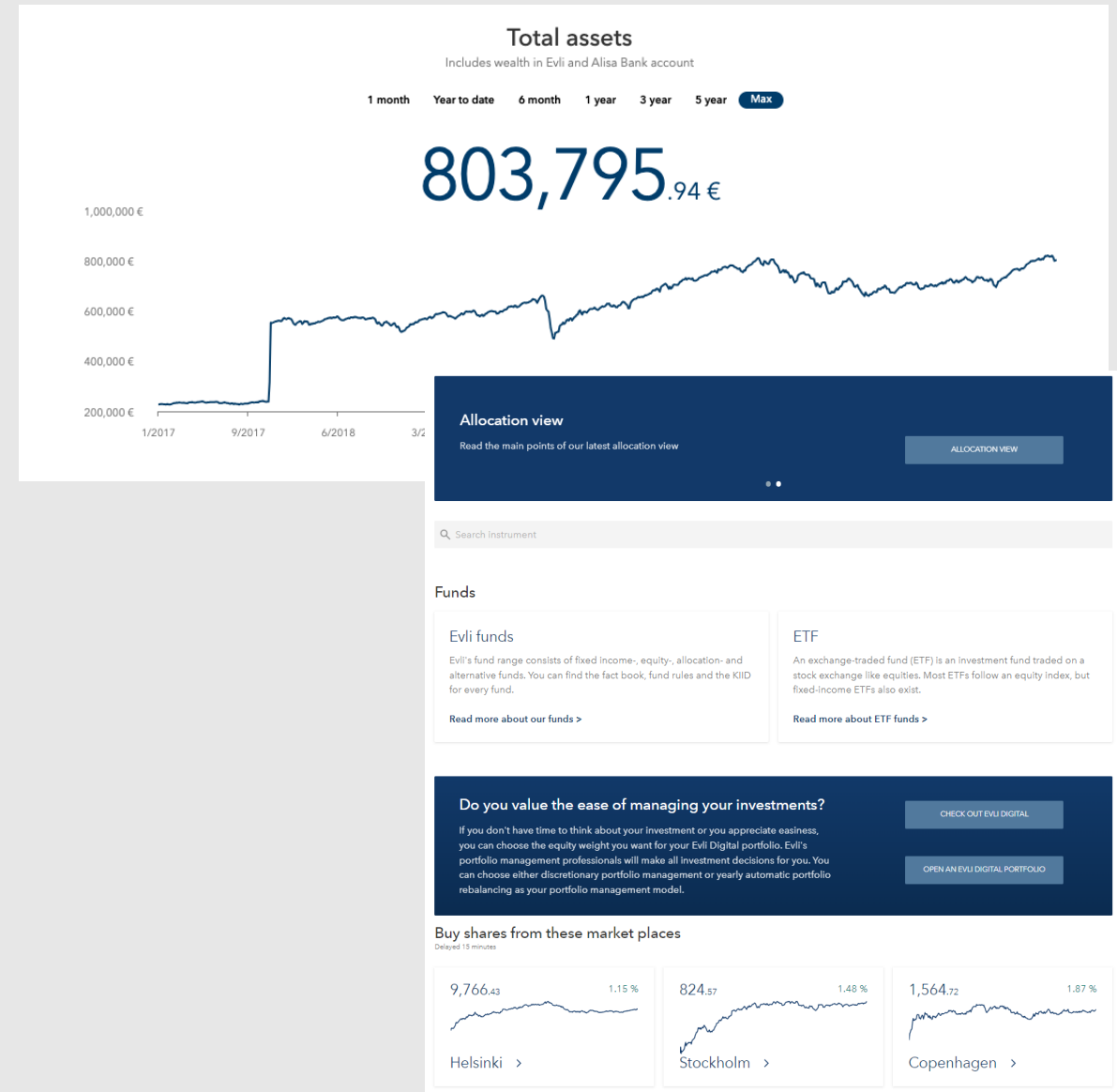
We are aware that a credible long-term carbon-neutral goal requires systematic work and sufficiently ambitious interim targets to support it.

# AT YOUR SERVICE

Our mission is to increase clients' wealth according to their individual targets.

# At your service

- Distinctive and comprehensive reporting
  - My Evli online service
  - Monthly fund reviews
  - Monthly custody statement
  - All Evli's market and equity analysis
  - Quarterly ESG reports
- Evli funds present on
  - Bloomberg, Citywire, Lipper, eVestment, Morningstar, Reuters, Sijoitustutkimus, FE Fundinfo
  - Allfunds, Avanza, fondmarknaden.se, MFEX, NASDAQ OMX, Nordnet, Clearstream, PPM etc.
- Personal service
  - Regular client meetings by desired frequency
  - Regular phone and e-mail contact
- Investment strategy consulting
  - Evli's experts available for investment strategy updates and consultation



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## Evli

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Past performance is no guarantee of future returns.

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## Citywire

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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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## Morningstar

Morningstar Awards 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 (c). Morningstar, Inc. All Rights Reserved. Evli Finnish Small Cap received a Morningstar Award 2022 and was chosen the best Finnish equity fund in Finland. Evli Finland Mix received a Morningstar Award 2021 and was chosen best EUR Allocation fund in Finland. Morningstar has awarded Evli as the Best Fund House in Sweden 2020, 2024, as the Best Fund house in Finland 2023, 2024 and as the Best Fixed Income Manager 2019 in Spain. Evli Corporate Bond Fund managed by Mikael Lundström and Jani Kurppa received a Morningstar Award reward in 2018 and was chosen best EUR Bond Fund in Finland, France and Spain. Evli Global, managed by Hans–Kristian Sjöholm, received a Morningstar Award reward in 2017 and was chosen as the best Global Equity Fund in Finland and Sweden.

## Lipper

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# EVLI

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