

# EVLI

## EVLI GREEN CORPORATE BOND IB

This is marketing material for the fund and is not intended as investment advice or recommendation. Before making an investment decision, the investor must read the fund's key information document and other statutory information about the fund.



30.09.2024

ISIN: FI4000441464

BLOOMBERG: EVGCBIB 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 2024)

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

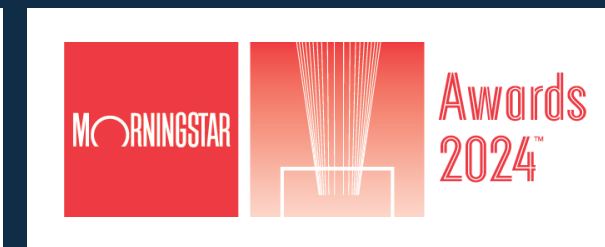
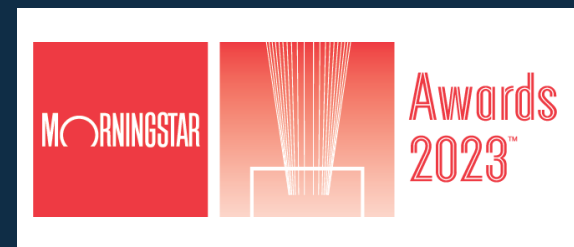
69

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 12 consecutive years and in the SFR customer survey for 6 consecutive years<sup>1</sup>.



KANTAR | PROSPERA  
Shape your brand future



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



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KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA

<sup>1</sup> KANTAR Prospera, "External Asset Management Finland 2013–2024". 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 3Q 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	1	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"> <li>• ModDur 0–1</li> <li>• Bank risk max 25%</li> </ul>	<ul style="list-style-type: none"> <li>• Max 25 % / sector</li> <li>• Max 90% with 5y final legal maturity date, 10% max 8y</li> <li>• ModDur max 2.5</li> </ul>	<ul style="list-style-type: none"> <li>• Unrated 40%–50%</li> <li>• IG/HY over time 50/50, now 60/40</li> <li>• No deep HY</li> <li>• ModDur max 2–4</li> </ul>	<ul style="list-style-type: none"> <li>• Average rating of fund at least BBB–</li> <li>• Non–rated max 20%, now ~10%</li> </ul>	<ul style="list-style-type: none"> <li>• Average rating of fund at least BBB–</li> <li>• Non–rated max 20%, now &lt;10%</li> </ul>	<ul style="list-style-type: none"> <li>• All bonds IG quality</li> <li>• Non–rated max 15 %, now &lt;5%</li> <li>• Fallen angels sold in 12m</li> </ul>	<ul style="list-style-type: none"> <li>• Non–rated max 20%</li> </ul>	<ul style="list-style-type: none"> <li>• Average rating of fund at least B</li> <li>• Non–rated max 20%</li> </ul>
Morningstar Ratings <sup>1</sup>								
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 (09/2024)	2.1bn EUR	1.5bn EUR	1.1bn EUR	240 MEUR	140 MEUR	430 MEUR	750 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

<sup>1</sup> 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.

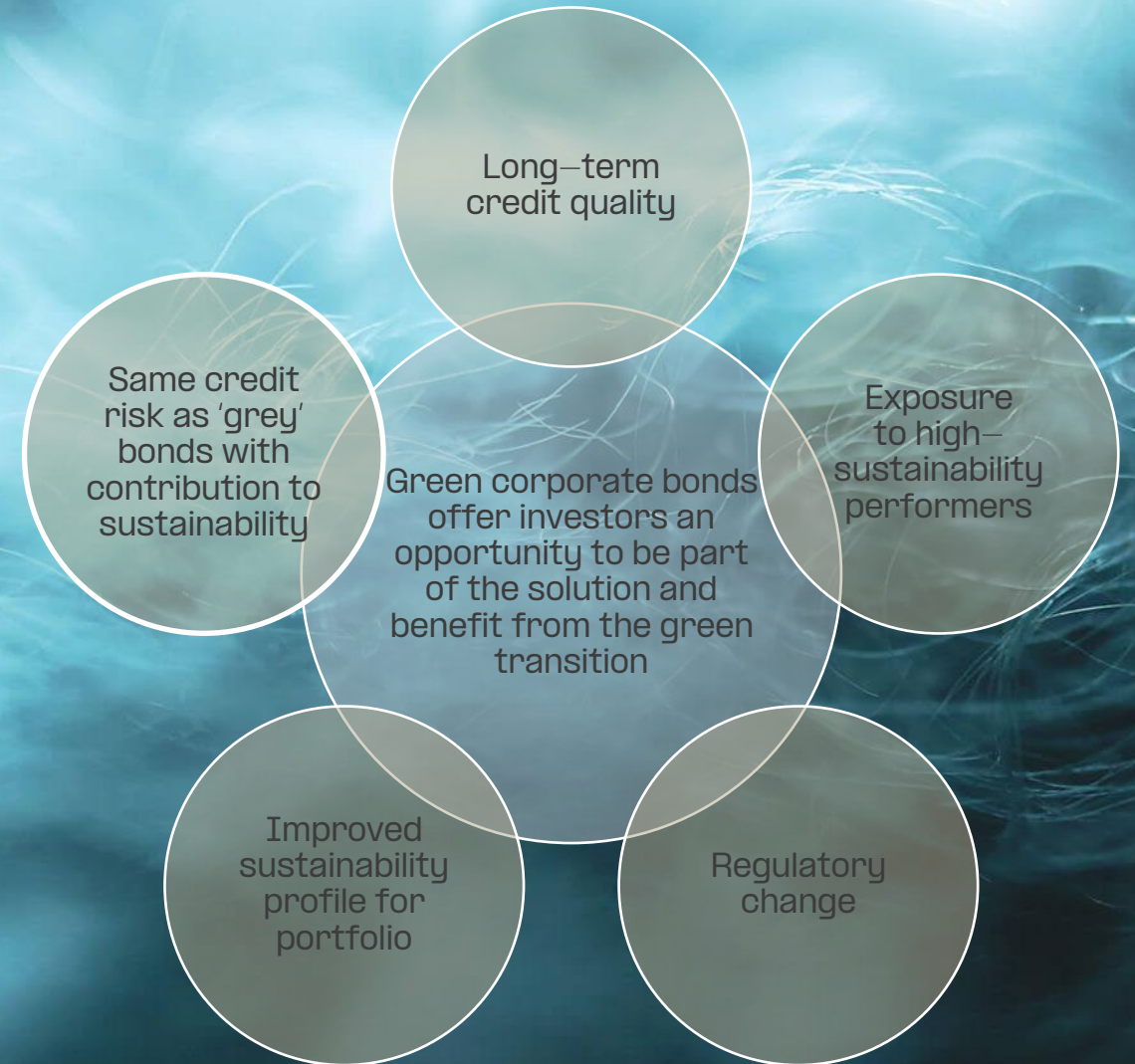


# WHY INVEST IN EVLI GREEN CORPORATE BOND FUND?

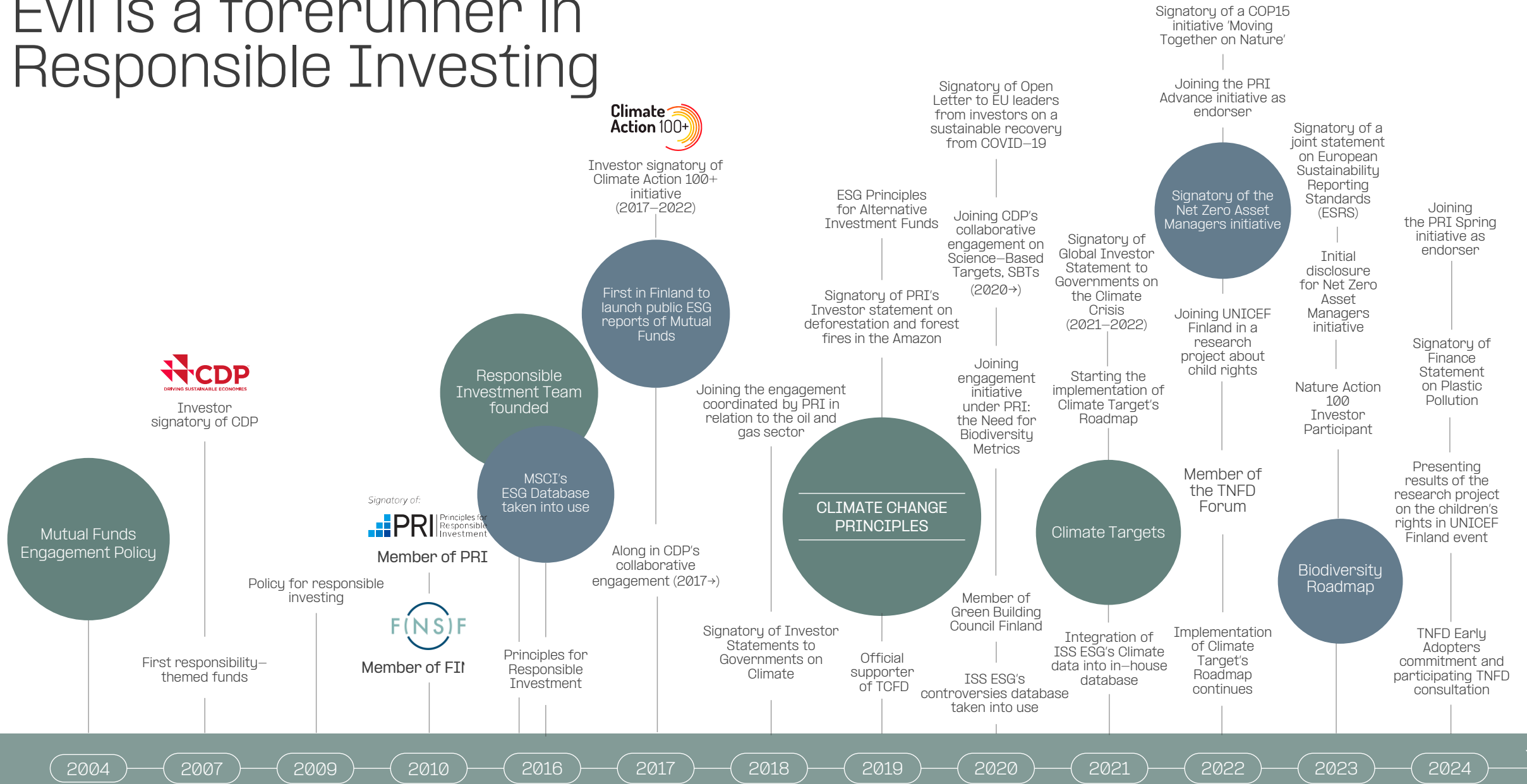
Evli Green Corporate Bond

# Why Invest in Green Corporate Bonds?

- **Better long-term credit quality**
  - Investments in green and sustainable projects reduce ESG-related risks pertaining to the company's operations and their negative impact on long-term credit quality
- **Advancing corporate sustainability**
  - Establishment of a green bond framework urges companies to critically examine their operations and to ensure they are carried out in a sustainable manner
- **Adapting to changing regulation**
  - The regulatory environment is tightening at ever-faster rate – greening of business operations is a long-term prerequisite for companies
- **Improves the sustainability of the portfolio**
  - Investments in a pure green corporate bond fund improve the sustainability of the portfolio and increase the weight of green corporate bonds in the overall portfolio
- **Same credit risk as conventional corporate bonds combined with an opportunity to promote sustainable development**
  - Sustainability and return are not mutually exclusive – green corporate bonds have the same credit risk as conventional bonds of the same issuer in addition to which they provide clear added value by directly financing companies' green investments

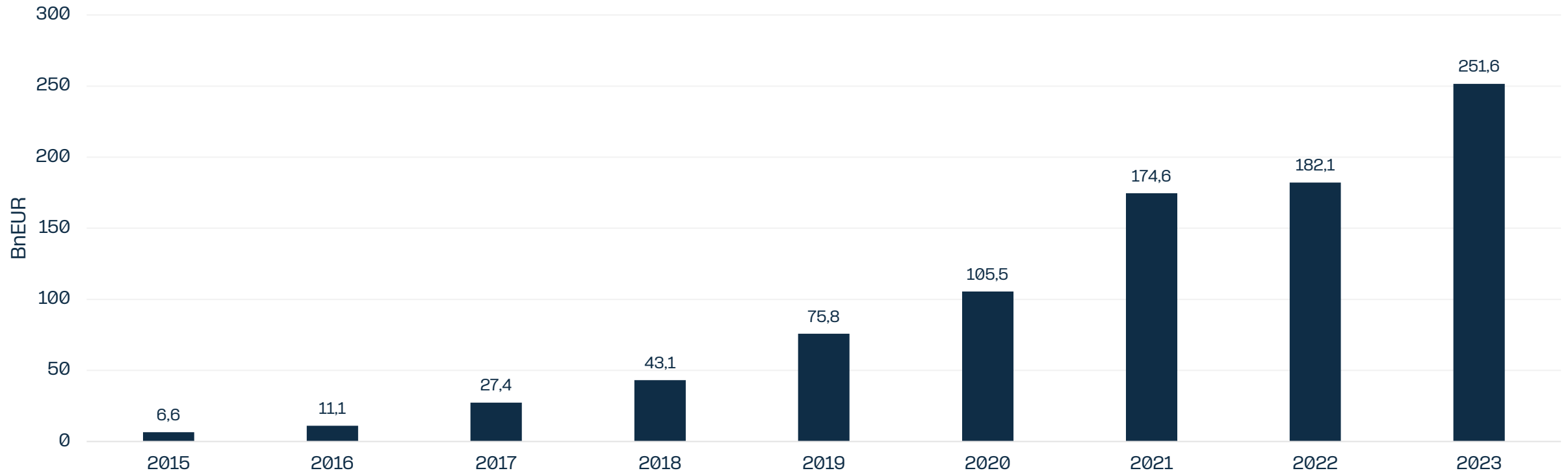


# Evli is a forerunner in Responsible Investing



# European Green Corporate Bond Market

Growth of the European IG green corporate bond market,  
bonds accepted in MSCI indices



# Evli Green Corporate Bond Fund

Pure green bond fund investing in European corporate bonds

- SFDR Article 9 Dark Green fund
- Offers investors an opportunity to be part of the solution and benefit from the green transition

## Long-term focus

Companies that are active in the green bond market tend to be more forward-looking than non-green issuers

By investing into green corporate bond market investors gain exposure to the high-quality companies that are investing into sustainable future business

## Invests in growing Green Bond market

Global megatrends support the growth of the market and strong growth of investor demand

Focus on strong credits with attractive long-term total return potential

# Evli Green Corporate Bond statistics

Fund statistics	30.9.2024
Yield (YTM)	3.65%
Yield to Worst (YTW)	3.60%
Modified Duration	4.29
Spread Duration	4.45
Average Rating	BBB+
ESG Rating, MSCI	AA
OAS	156 bps
Number of issuers	90
Green bonds %	99.49%
Sustainability bonds %	0.51%
Size of fund	MEUR 146



# INVESTMENT PHILOSOPHY AND PROCESS

Evli Green Corporate Bond

# Evli Green Corporate Bond – Investment Universe

## Green bonds

- Green bonds are bond instruments where the proceeds are earmarked to projects or activities with environmental benefits
- **Nearly all or all bonds** in the fund are green bonds

## Sustainability bonds

- Sustainability bonds are instruments where the proceeds are earmarked to a combination of projects or activities with **environmental or social benefits**
- Sustainability bond market is still very small but the growing market size adds value for the fund by enabling allocation also to instruments that combine green and social projects

Examples of projects commonly supported by green and sustainability bonds:



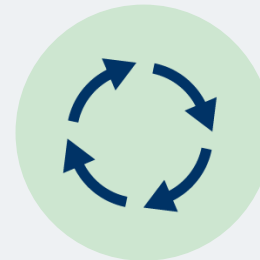
Renewable energy



Pollution prevention & control



Clean transportation



Circular economy



SME financing & microfinance



# Recent case: Elisa Oyj

## ✓ Aligned with ICMA GBP

Eligible green projects:

- Energy efficiency
- Renewable energy
- Green buildings and data centers

## ✓ Contribution to EU environmental objectives

- Climate change mitigation
- Climate change adaptation

## ✓ Contribution to UN SDGs



### Key facts

Sector	Telecommunications
Rating	Baa2/BBB+
ISIN	XS2695011978
Second Party Opinion	Sustainalytics
ESG Rating	AAA (MSCI)

### Issuer sustainability highlights

- United Nations Global Compact (UNGC) signatory
- No ESG controversies (MSCI & ISS)
- Has set a Science Based Target
  - Committed to net zero by 2040
- Leadership status in CDP Climate Change (Score: A-)
- Sustainability strategy focuses on digital security, digitally inclusive society and customer resource efficiency
  - Annual reporting against targets

# Why Invest in Evli Green Corporate Bond Fund?



## Pure corporate bond fund

The fund enables investors to invest in green corporate bond market without typical sovereign and agency exposure usually seen in green bond funds.



## Rigorous selection process

Each bond is carefully analysed from credit and sustainability perspective to identify bonds that have high credit quality and make positive contribution to environment.



## Outstanding fixed income expertise

Evli's fixed income investment strategy is a result of 20 years of consistent long-term work and has proven successful both in bull and bear market.



## Impact

Proceeds are allocated to projects that target positive environmental outcomes. An annual impact report provides full transparency to positive impact of the investments.

# Investment Philosophy and Strategy

Creditworthiness is the most important factor in selecting investment targets. Credit is about capital protection	<ul style="list-style-type: none"><li>– We assess the TRUE credit quality, NOT relying on official rating</li><li>– Corporate bonds have limited upside but, in extreme cases, can lose their value entirely</li></ul>
Analysis-based review system of credit issuers	<ul style="list-style-type: none"><li>– Combining fundamental and valuation</li></ul>
Long-term aspect	<ul style="list-style-type: none"><li>– Focus is on stable companies that we own over the issuer's business cycle</li></ul>
Positive environmental and societal impact	<ul style="list-style-type: none"><li>– Investments in corporate bonds that combine strong credit fundamentals with positive environmental and social outcomes</li></ul>

# Investment Style

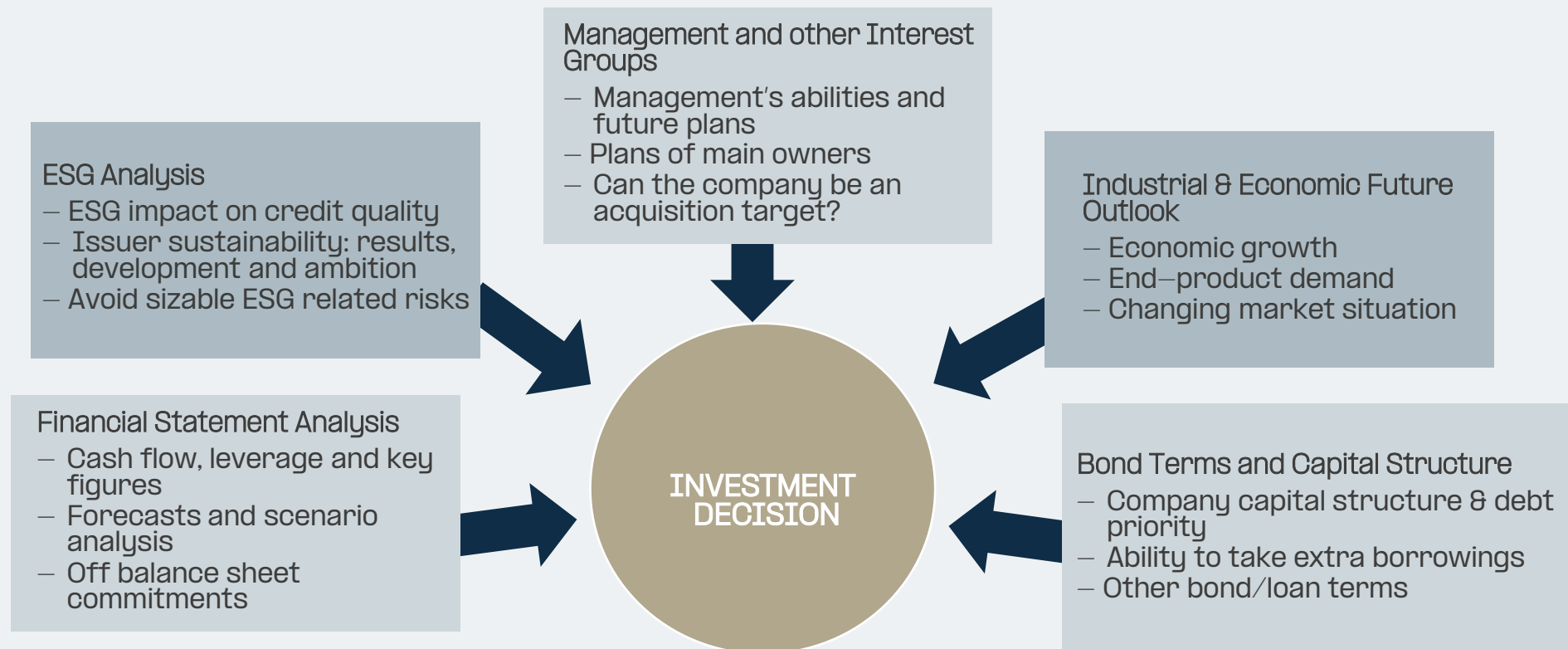
ACTIVE	<ul style="list-style-type: none"><li>– We invest in issuers that we like, regardless of their official credit rating</li><li>– Active utilization of the movability of corporate bonds between different credit ratings</li></ul>
DISCIPLINED	<ul style="list-style-type: none"><li>– Long-term overall fund risk of the fund is very little changed by adding a portion of HY</li><li>– Main focus is on issuers' creditworthiness</li></ul>
DYNAMIC	<ul style="list-style-type: none"><li>– Strong and experienced team enables fast decision making</li><li>– Readiness to invest in companies whose bond pricings have dropped significantly (for example companies whose credit rating is at risk of falling to High Yield)</li></ul>
RISK AWARE	<ul style="list-style-type: none"><li>– <b>Good and manageable diversification</b></li><li>– The weight of single investments in the portfolio usually max 5%</li><li>– Fund's average credit rating at least BBB–</li></ul>

# 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:

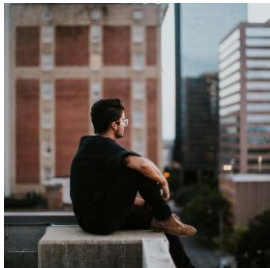
- Invested in the Volvo Car new green bond as the company committed to a new industry leading electric strategy
- Did not participate in Volkswagen Green bond issue due to UN Global Compact fail after the diesel scandal



## 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:

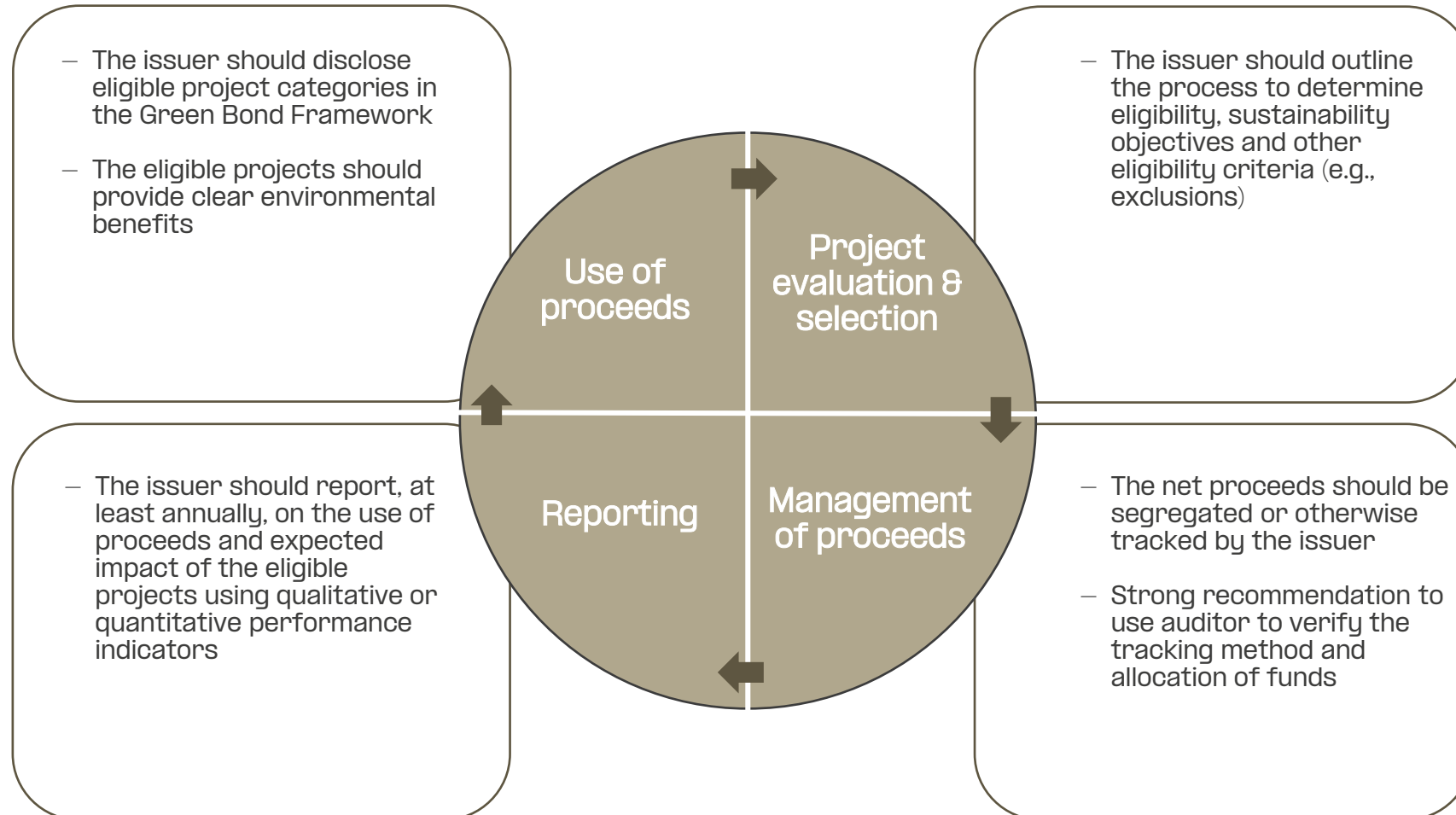
- Did not participate in Wirecard issue in Sept 2019 due to media reports on irregularities, despite an IG rating
- Did not buy Rallye (Groupe Casino) due to issues with up-streaming dividends to parent company



# Green Bond Analysis Framework

ICMA principles	– The bonds adhere to the ICMA's green and sustainability bond principles
Eligible projects	– Projects and activities that have positive environmental impact and contribute to the achievement of UN SDGs
Transparency	– The green bond framework provides a clear description of how the eligible projects are selected, allocation and tracking of proceeds and reporting
Issuer	– Issuer-level ESG analysis to avoid potential greenwashing cases

# ICMA's green and sustainability bond principles



# Eligible projects

## Key considerations:

### ✓ ICMA principles

The projects should contribute to the high-level environmental objectives defined by the ICMA<sup>1</sup>.

### ✓ Other taxonomies

When applicable, other taxonomies, such as EU Taxonomy or Climate Bonds Taxonomy, may be used to inform the analysis.

### ✓ Project description

Clear description of green projects (e.g., quantitative or qualitative criteria, intended environmental benefits).

## Examples of negative screening cases:

Insufficient exclusions (RBC)	<ul style="list-style-type: none"> <li>The issuer had not explicitly excluded financing of fossil fuel projects</li> </ul>
UoP not aligned with EU Taxonomy (AirProducts)	<ul style="list-style-type: none"> <li>Threshold set for lifetime emissions of one of the use of proceeds (blue hydrogen) was not aligned with the EU taxonomy. Also concerns related to lock-in of dirtier technologies</li> </ul>
Concerns regarding lack of environmental benefits (Terna)	<ul style="list-style-type: none"> <li>The issuer was not able to demonstrate that eligible projects have meaningful environmental benefits or differ from "business-as-usual"</li> </ul>
Relevance to overall sustainability of the issuer (Schiphol)	<ul style="list-style-type: none"> <li>The eligible projects were not deemed material to the overall sustainability of the issuer</li> </ul>

# Transparency

– In addition to the quality and clarity of project disclosures, we pay attention to:

✓ **Management of proceeds**

A clear description of procedures applicable to allocation and tracking of proceeds.

✓ **Reporting**

The issuer should report on the use of proceeds on an annual basis, preferably with an estimate of the impact achieved.

✓ **External assurance**

The issuer should have obtained a second party opinion or similar third-party verification on the green bond framework. However, our overall analysis is never based solely on an SPO.

Unclear use of proceeds categories (Philips)

- Large share of the proceeds were allocated to various, early-stage R&D projects for which the issuer was not able to provide proper impact indicators or reporting

# Issuer

– Our issuer–level analysis has three main components:

✓ **In–house ESG analysis**

Thorough assessment of the issuer’s operations at large to evaluate “green credibility” of the issuer and analysis of the issuer’s sustainability strategy and objectives to ensure the bond corresponds with the broader strategy.

✓ **Exclusions**

Fund–specific exclusion criteria are applied to issuer analysis.

✓ **External ESG analysis**

To complement the in–house analysis, we utilize ESG ratings and analysis provided by external ESG data providers.

– Examples of negative screening cases:

**ESG controversies  
(Iberdrola, Stellantis)**

The issuer had been involved in severe ESG controversies (e.g. violations of the principles of the UN Global Compact)

**Green credibility of the  
issuer (several issuers)**

The issuer is among the group of the largest providers of fossil fuel financing in the banking industry (RBC)

The issuer’s core business is heavily focused on fossil fuels (e.g., energy production, refining or transportation) (Neste, Teekay Shuttle Tankers, several utilities)

# Evli Fixed Income Team: Evli Green Corporate Bond



## Juhamatti Pukka, Head of Fixed Income

M.Sc. (Econ.), Helsinki School of Economics. Over 15 years experience in capital markets. Specializing in corporate bond portfolio management. Prior to joining Evli's fixed income team Juhamatti worked as FX/Fixed income dealer at Evli.



## Noora Lakkonen, Credit Analyst




LL.M (Environmental Law), University of Helsinki; M.Sc. (Econ.), Hanken School of Economics. Specializing in ESG and green bond analysis. Prior to joining Evli's responsible investment team in 2019 Noora worked as a lawyer in a Finnish business law firm.



## Jesper Kasanen, Portfolio Manager

B.Sc. (Finance, Computer Science) University of the Pacific. Specializing in corporate bond portfolio management and green bond analysis. Prior to joining Evli's fixed income team Jesper worked as a Portfolio Compliance Analyst at Evli.

Broad-based collaboration within the team to leverage our strong position in different credit classes

	Nordic Corporate Bonds	High Yield Corporate Bonds	Investment Grade Corporate Bonds
 <b>Mikael Lundström</b> Chief Investment Officer In the Industry since 1996		✓	
 <b>Jani Kurppa</b> Senior Portfolio Manager In the Industry since 2000	✓		✓
 <b>Einari Jalonen</b> Senior Credit Analyst In the Industry since 2008		✓	

# 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



Roosa Leikkonen

CREDIT ANALYST  
TRAINEE

AT EVLI SINCE 2023  
AND IN THE INDUSTRY  
SINCE 2023

# Evli Green Corporate Bond Fund in a Nutshell

Type of Fund	European Corporate Bond fund (UCITS)		
Benchmark	Bloomberg Barclays MSCI Euro Corporate Green Bond 5% Capped Index		
Fund Units	Both distribution (A) and growth units (B), institutional share class available (IB)		
Bloomberg/Reuters/ISIN	B–units EUR: EVGCBBE FH / 68620176 / FI4000441456 (no dividend) IB–units EUR: EVGCBIB FH / 68620177 / FI4000441464 B–units SEK: EBGCBBS FH / 68620178 / FI4000441472 (no dividend)		
Management fee	A/B–units: 0.75% (annually)   IB–units: 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 ( <a href="http://www.finanssivalvonta.fi/en/">www.finanssivalvonta.fi/en/</a> )		
Launch Date	17 August 2020	Performance Fee	None
Fund Manager	Juhamatti Pukka	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/DE/NL/FR	CNMV & WKN numbers	CNMV: 1937, WKN: A2QAWZ (B)/ A2QAWV (IB)

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 credit risk arising from individual issuers is reduced by diversifying the investments among dozens of different issuers. The average repayment term (duration) of the fund's fixed income investments may be  $\pm 3$  years compared to the interest rate risk of the benchmark index.

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.
- 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](mailto: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](http://www.evli.com/en/contact-us). Information on how Evli handles client feedback is available at: [www.evli.com/en/client-information](http://www.evli.com/en/client-information).



# TRACK RECORD AND PORTFOLIO COMPOSITION

Evli Green Corporate Bond

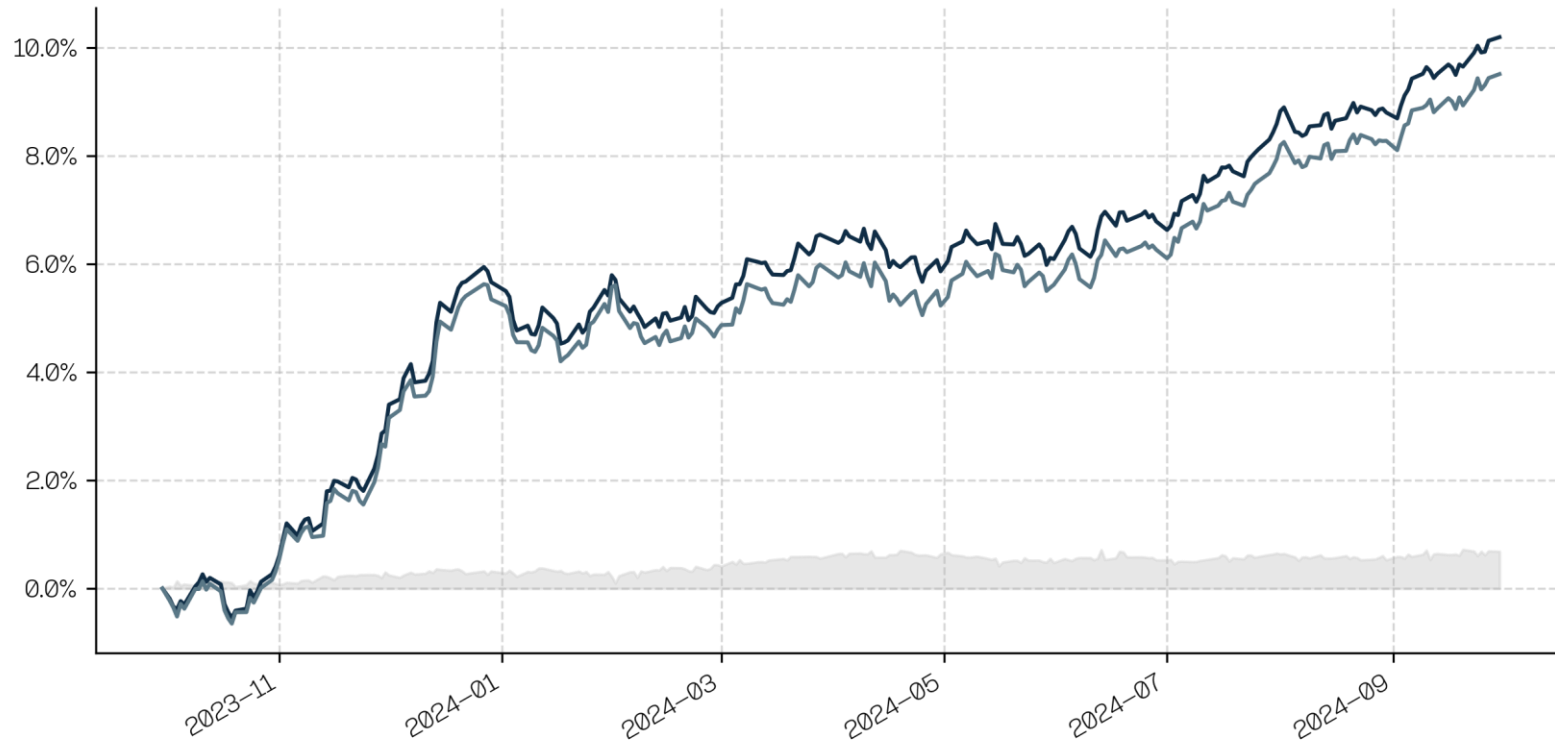
# Net of fee returns – 1 Year

## Evli Green Corporate Bond IB 30.09.2023–30.09.2024

Past returns are no guarantee of future returns.

Net of fee returns

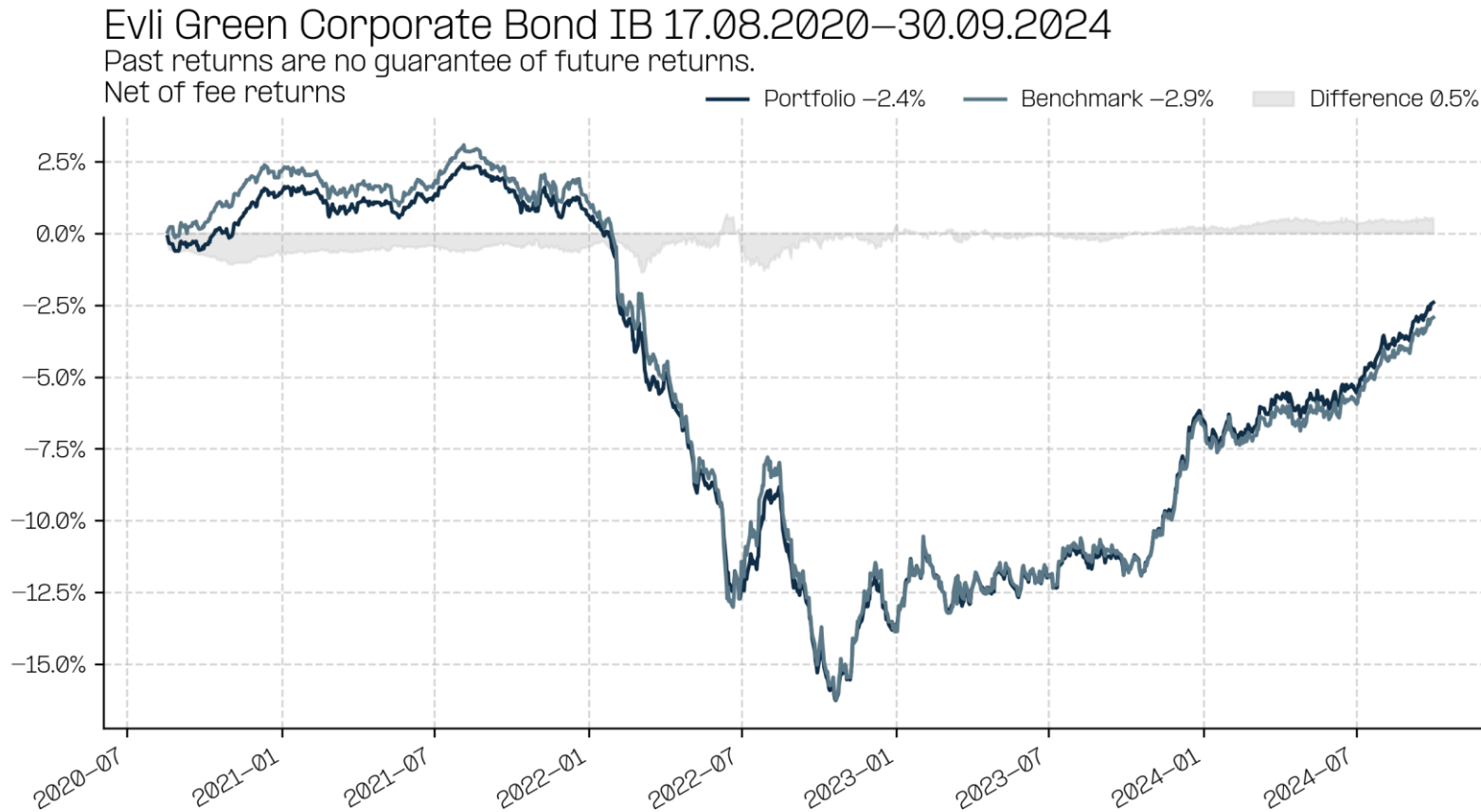
— Portfolio 10.2% — Benchmark 9.5% — Difference 0.7%



	Portfolio	Benchmark	Difference
1 Month	1.28%	1.14%	0.14%
3 Months	3.19%	3.05%	0.14%
6 Months	3.43%	3.32%	0.10%
1 Year	10.19%	9.51%	0.68%

	Portfolio	Benchmark	Difference
Volatility	3.41%	3.34%	0.07%
Sharpe	1.79	1.62	0.17
Tracking Error	0.43%	—	—
Information Ratio	1.59	—	—
Beta	1.01	—	—

# Net of fee returns – Since launch

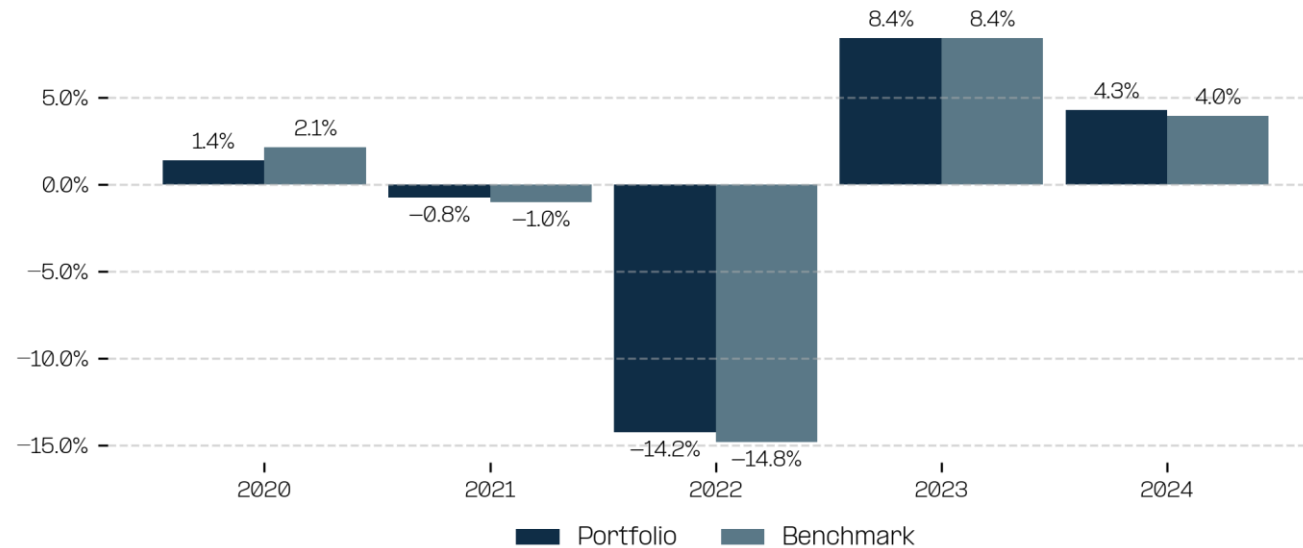


	Portfolio	Benchmark	Difference
1 Year	10.19%	9.51%	0.68%
3 Years	-3.81%	-4.67%	0.86%
Since launch	-2.40%	-2.93%	0.52%
Since launch, annualized return	-0.59%	-0.72%	0.13%

	Portfolio	Benchmark	Difference
Volatility	3.95%	4.36%	-0.41%
Sharpe	-0.45	-0.44	-0.01
Tracking Error	1.12%	—	—
Information Ratio	0.12	—	—
Beta	0.88	—	—

# Annual returns, after fees, 30.09.2024

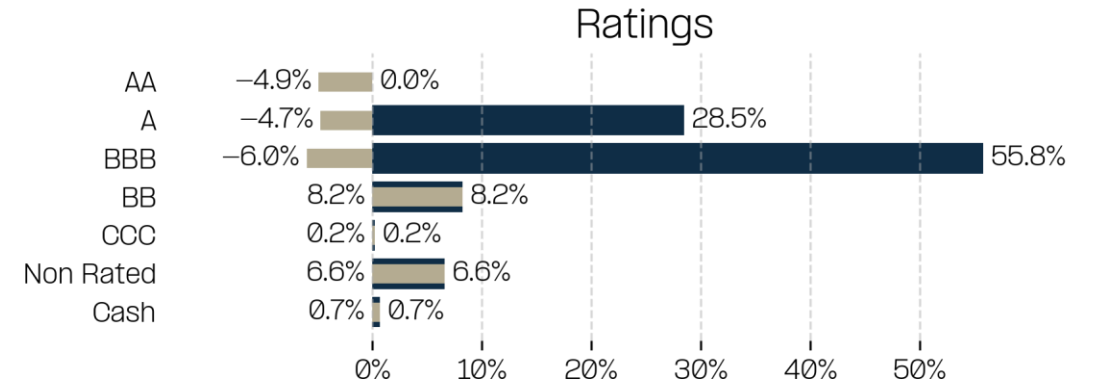
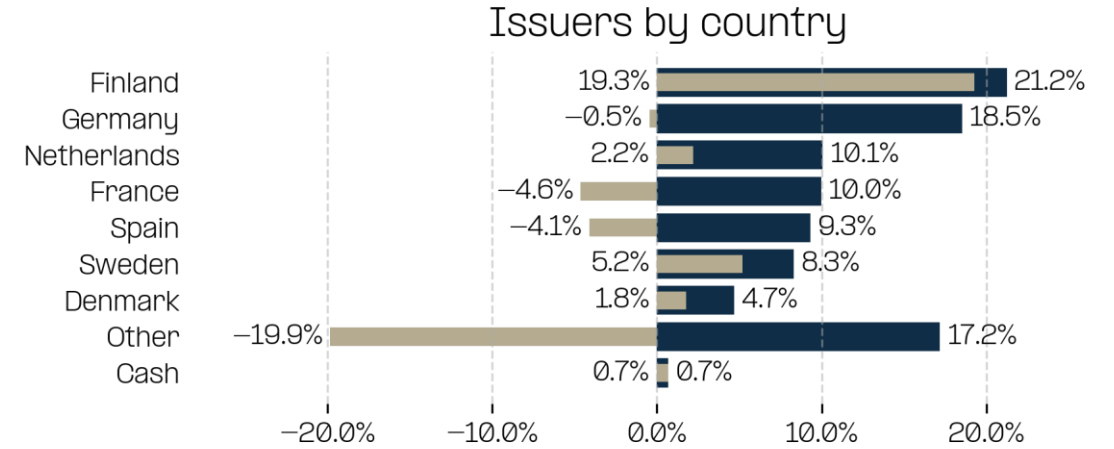
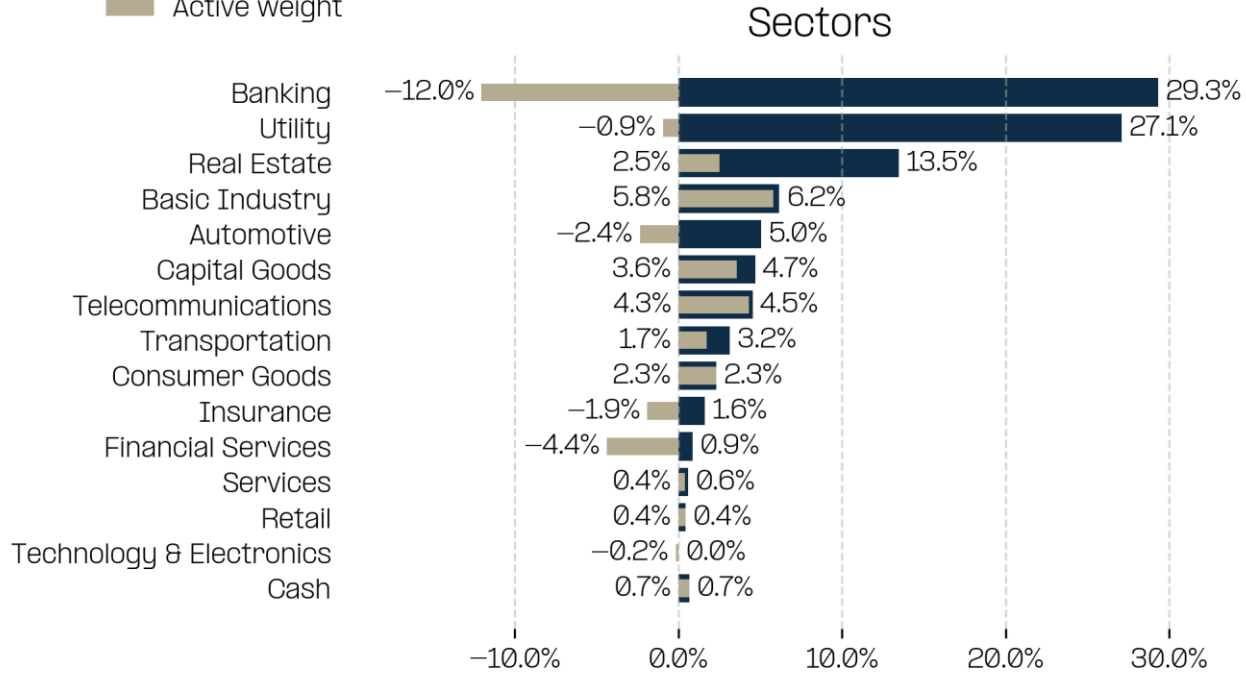
Past returns are no guarantee of future returns.



	2020	2021	2022	2023	2024
Portfolio	1.41%	-0.76%	-14.23%	8.42%	4.29%
Benchmark	2.15%	-1.03%	-14.80%	8.42%	3.95%
Difference	-0.74%	0.27%	0.57%	0.00%	0.33%
Volatility	1.35%	1.73%	5.87%	3.93%	2.65%
Tracking Error	0.78%	0.54%	1.96%	0.73%	0.44%

# Portfolio structure 30.09.2024

■ Weight  
■ Active weight



# Top holdings 30.09.2024

## 10 LARGEST INVESTMENTS

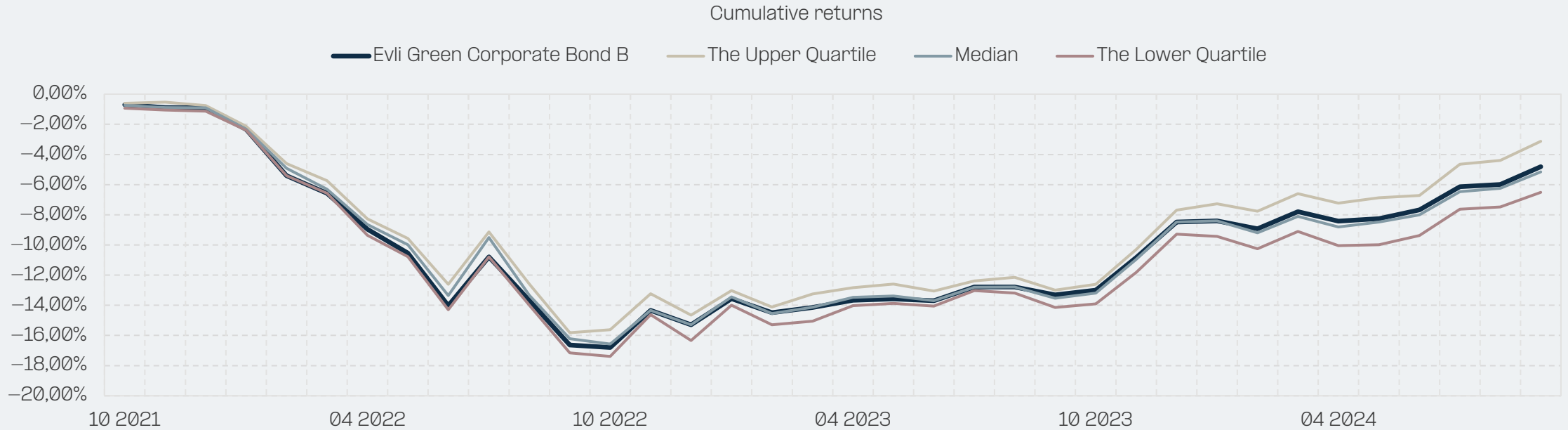
	%
Sato-Oyj 24.2.2028 1.375% Callable Fixed	2.54%
VR-Group Plc 30.5.2029 2.375% Callable Fixed	2.48%
Fingrid Oyj 20.3.2034 3.25% Callable Fixed	1.55%
Kojamo Oyj 28.5.2029 0.875% Callable Fixed	1.54%
Skandinav Enskil 9.8.2027 0.75% At Maturity Fixed	1.49%
Transmssn Financ 18.6.2028 0.375% Callable Fixed	1.44%
Kesko Oyj EUR 300M 3.5 PCT Fixed Rate Green Notes due 203	1.44%
Upm-Kymmene Oyj 19.11.2028 0.125% Callable Fixed	1.41%
Logicor Fin 17.1.2034 2% Callable Fixed	1.41%
Tornator Oyj 14.10.2026 1.25% Callable Fixed	1.40%

## 10 LARGEST ISSUERS

	%
Engie SA	3.95%
Amprion GmbH	3.24%
ING Groep NV	3.02%
E.ON SE	2.65%
SATO OYJ	2.54%
VR-Yhtymä Oy	2.48%
Skandinaviska Enskilda Banken AB	2.45%
Telefonica Europe BV	2.44%
UPM-KYMMENE OYJ	2.33%
ABN AMRO Bank NV	2.32%

# Peer analysis – 3 years

Past returns are no guarantee of future returns.



	Return (Cumulative)	Beta	Bear Beta	Bull Beta	Down Capture Ratio	Up Capture Ratio	Max Drawdown
Evli Green Corporate Bond B	-4,81	0,48	0,29	0,06	49,47	20,63	-16,80
The Upper Quartile	-3,12	0,51	0,33	0,09	56,60	22,94	-15,82
Median	-5,16	0,48	0,30	0,08	52,30	20,87	-16,57
The Lower Quartile	-6,51	0,48	0,29	0,05	47,78	20,13	-17,39

Source: Morningstar Direct.

The peer group is composed of accumulating retail share series of Article 9 funds in the Morningstar EUR Corporate Bond category, which invest in Europe and have EUR as their base currency.

Data: 1.10.2021–30.9.2024

CONFIDENTIAL



# ESG Metrics Q3 2024

Responsibility score **AA**

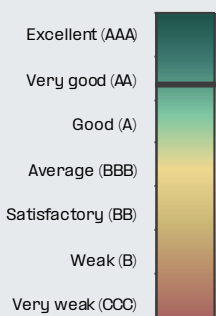
Carbon footprint **103**  
(t CO2e/M\$ sales)

UN Global Compact fails **0,0 %**

SFDR classification: **Article 9**

## CURRENT RESPONSIBILITY SCORES

Overall Score	<b>AA</b>
Environment	<b>AA</b>
Social	<b>BBB</b>
Governance	<b>A</b>
Coverage of the analysis	<b>83 %</b>



**ESG** means factors related to Environmental, Social and Governance issues.

**ESG-rating:** companies are analysed and measured by how well they manage key risks and opportunities arising from ESG factors. The assessment is done within the industry.

**Fund's Responsibility scores:** based on MSCI's methodology and taking into account the market value-weighted average of the

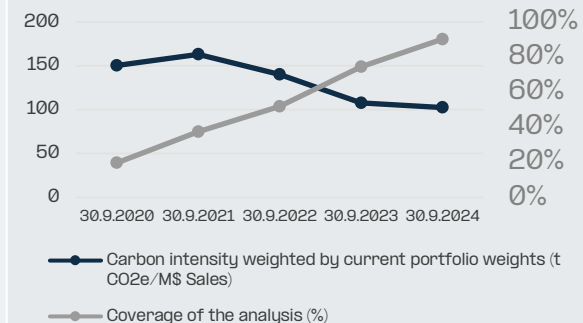
## CARBON FOOTPRINT AND FOSSIL FUEL RESERVES

Weighted average carbon intensity (t CO2e/M\$ Sales) **102,5**

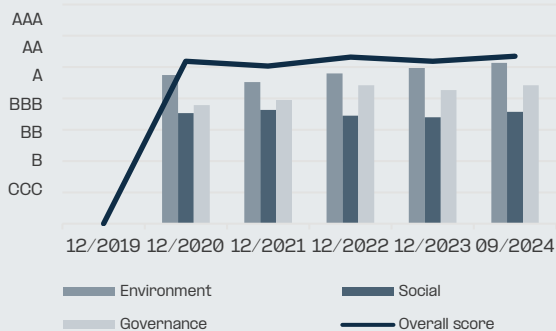
Weight of companies owning fossil fuel reserves (%) **4,7**

Coverage (%) **90,2**

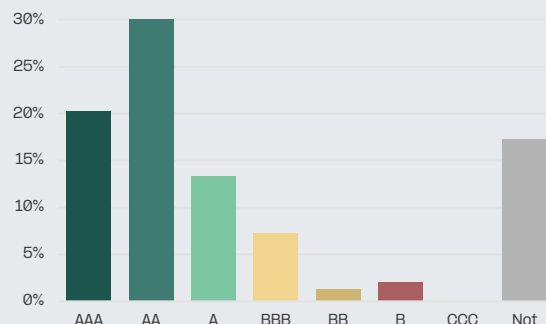
## DEVELOPMENT OF CARBON INTENSITY OF CURRENT INVESTMENTS



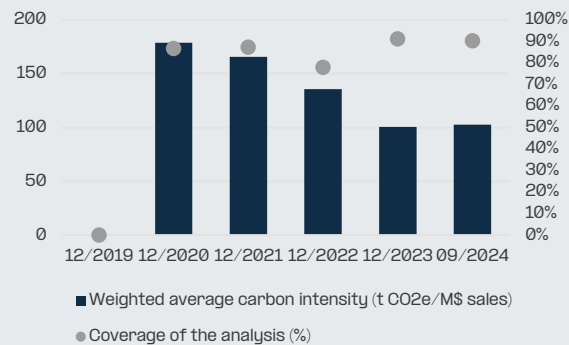
## DEVELOPMENT OF FUND'S RESPONSIBILITY SCORES



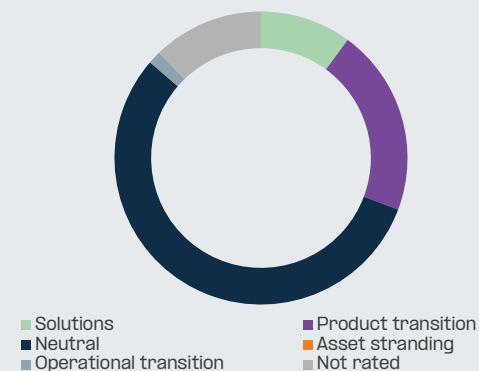
## CURRENT ESG RATINGS DISTRIBUTION



## DEVELOPMENT OF CARBON FOOTPRINT



## MSCI'S LOW CARBON TRANSITION CATEGORY



These ESG metrics are ESG reporting carried out by Evli about the Fund. The Fund's sustainability information in accordance with EU Sustainable Finance Disclosure Regulation is reported as part of the Fund's Annual Review.

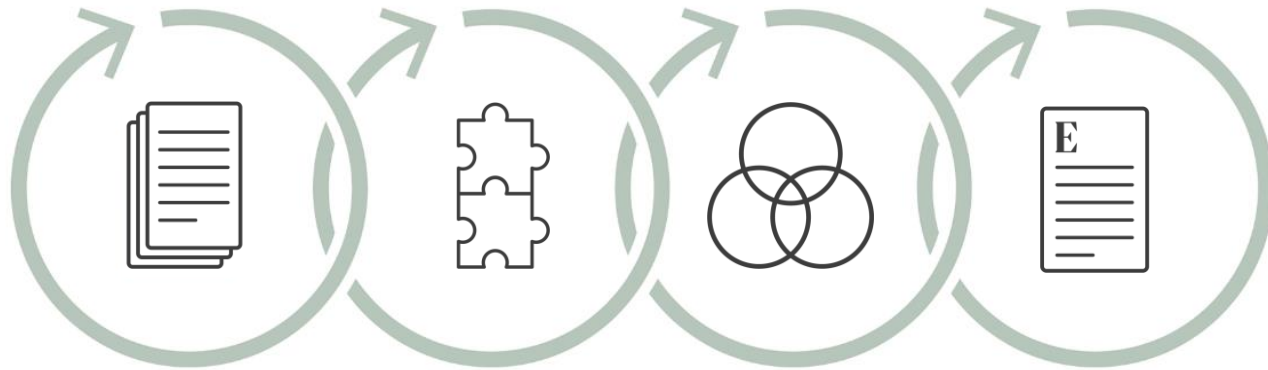
Read more about Fund's responsibility from its ESG-report: [https://content.evli.com/esg/EGB\\_en\\_esg.pdf](https://content.evli.com/esg/EGB_en_esg.pdf)



# 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."

# 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  
2017–2024<sup>2</sup>

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

<sup>2</sup> KANTAR Prospera "External Asset Management Finland" 2024, 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

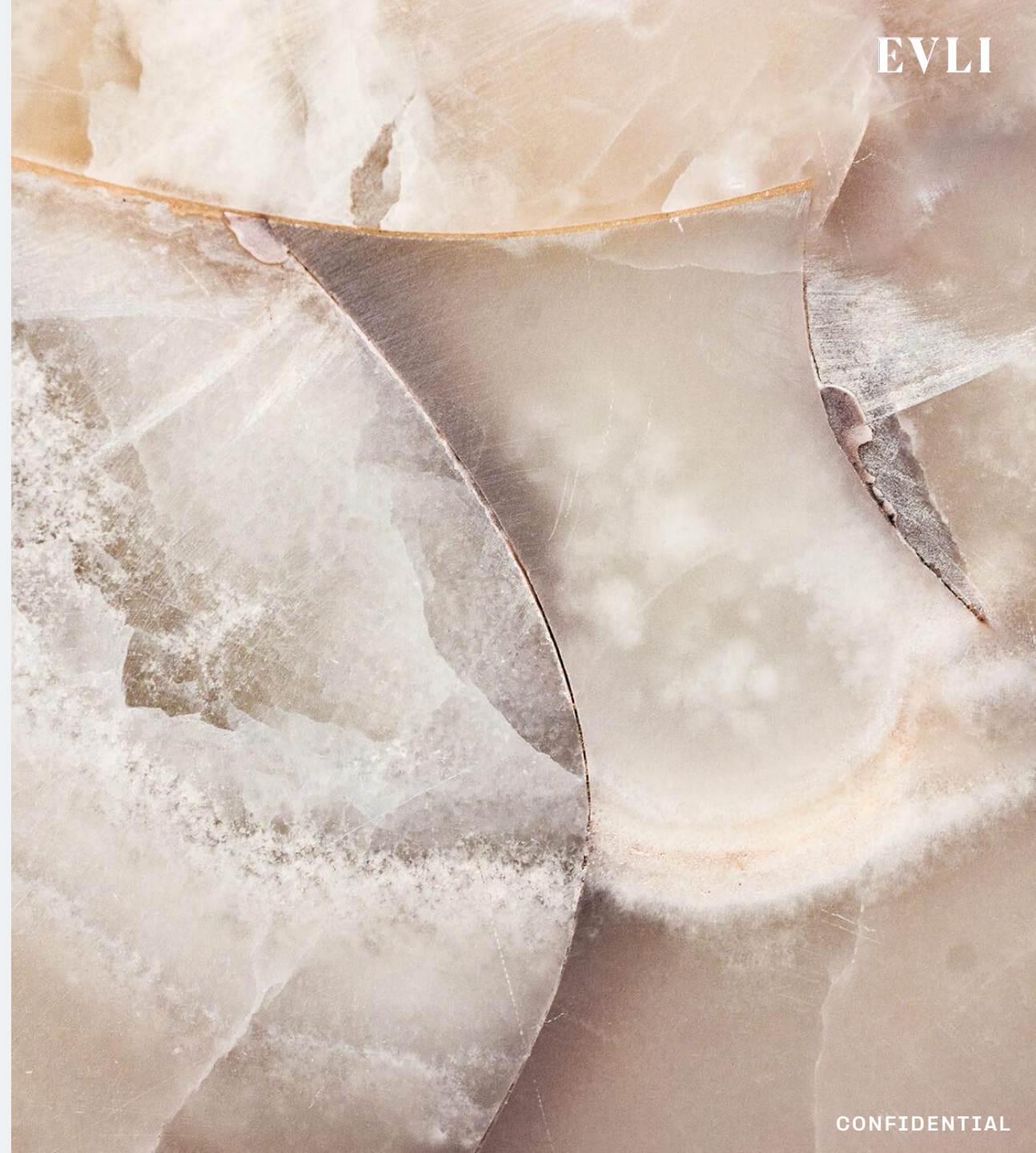
INDEPENDENT ENGAGEMENT

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.

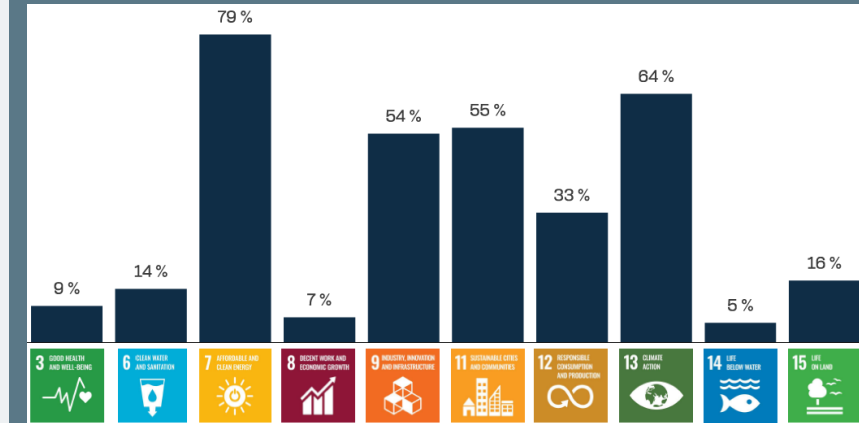
## ROADMAP TO BECOMING A NET ZERO ASSET MANAGER

1. Building a snapshot
2. Development of climate risk management
3. Updating the exclusions
4. Engagement
5. Systematic analysis of the targets

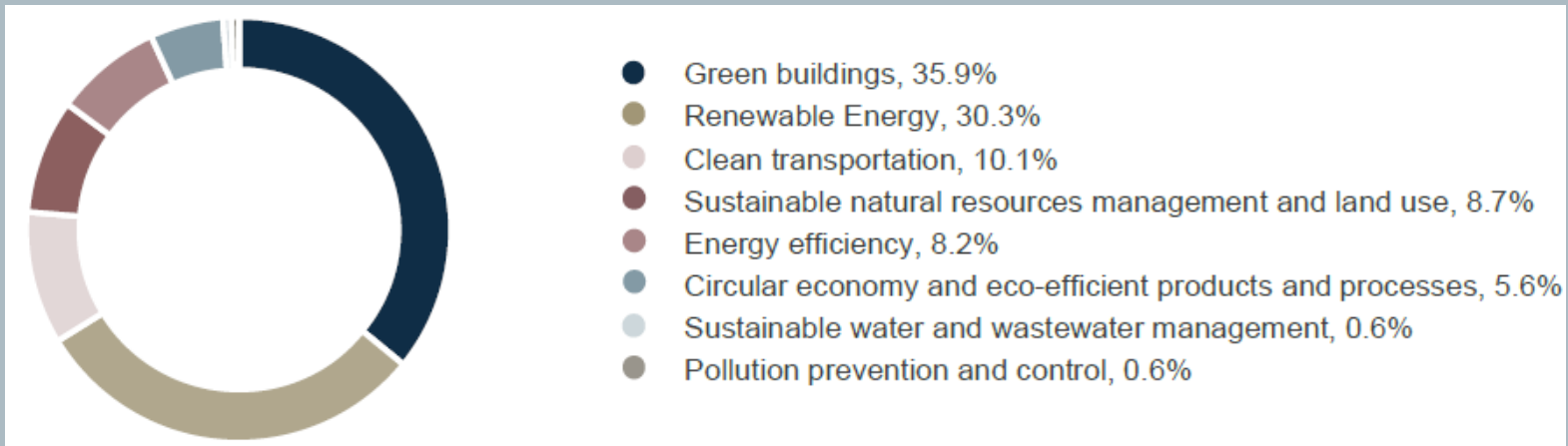
# Impact and allocation report

- Annual allocation and impact report provides investors visibility to the use of proceeds, impact generated by the underlying projects and SDG alignment, among others.

## Alignment with the UN SDGs

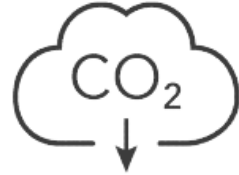


## Breakdown by use of proceeds category





# Impact and allocation report



**79,500**

tonnes of CO2 avoided

Equivalent to CO2 emissions from 15,468 homes' electricity use for one year(8)



**97,600**

MWh/year of renewable energy generated

Equivalent to 11.5 wind turbines running for a year(9)



**394,600**

m3/year of water saved

Equivalent to 158 olympic size swimming pools(10)



**3,200**

sqm of green buildings by floor area



**1,100**

MWh/year of energy savings



**6**

MW of renewable capacity added



**1,050**

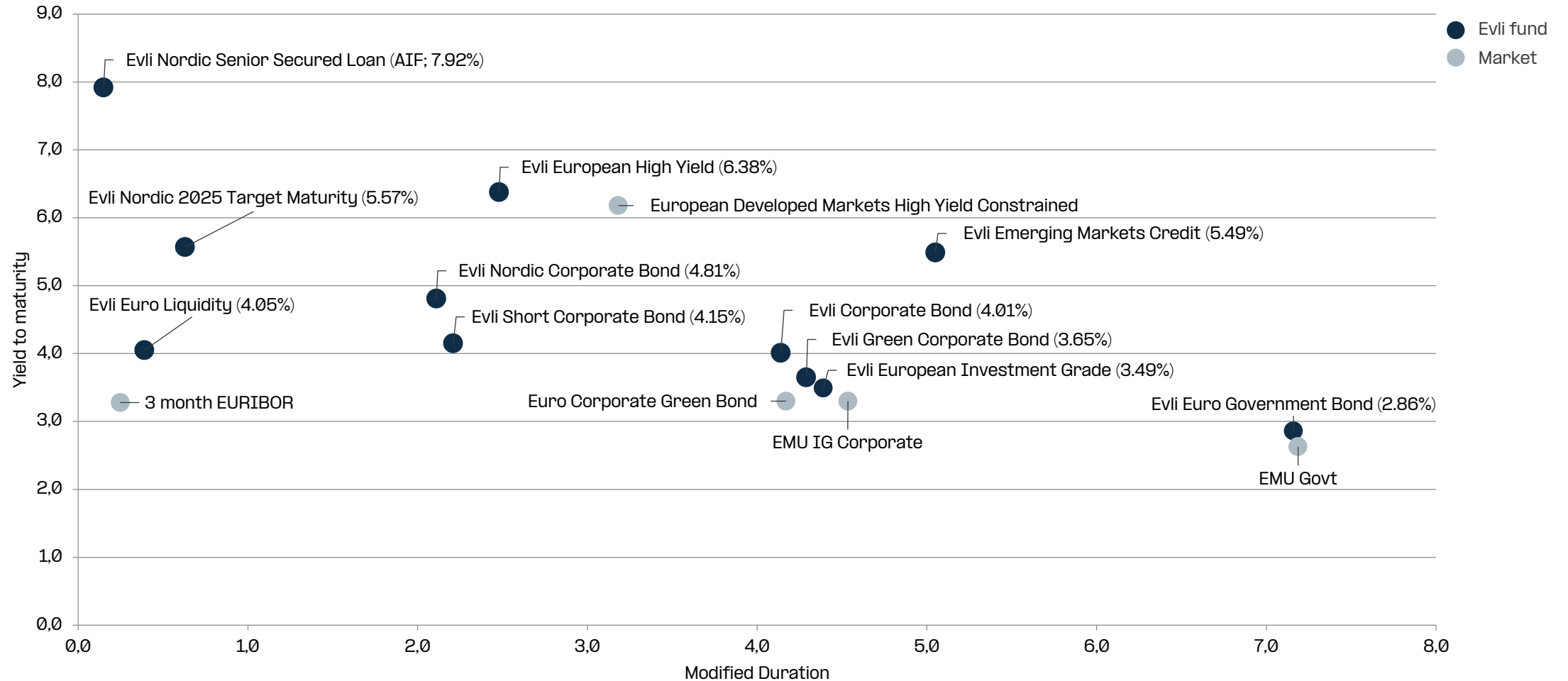
hectares of certified forest

WHAT OPPORTUNITIES  
DOES THE MARKET  
CURRENTLY OFFER?

Evli Green Corporate Bond – Overview  
of the market

# Evli's funds vs. the market

## 30.9.2024



# Market outlook

- Global rate cut cycle has begun, and central banks are expected to deliver multiple cuts in all main markets during Q4 2024
- Weakening macroeconomic data in the US boosted expectations for fast-paced Fed rate cuts
- Market pricing for rate cut path continues to be a potential source of volatility during Q4
- The Q2 reporting season was generally slightly weaker than market estimates, but remained broadly neutral from a credit investor's perspective
- Credit fundamentals are healthy and refinancing risk is relatively low
- Company outlooks for the H2 become more cautious, reflecting expectations of softer economic development
- The focus is now on Q3 reports: will they show evidence of resilience or weakness?
- 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 still somewhat inverted yield curve is set to normalize when very 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 (30/09/2024)

Last 5 years



Since 1999



— BBB rating  
 — Median, since 1999  
 - - - 25% percentile, since 1999

# Spreads: B-rated HY in Europe (30/09/2024)

Last 5 years



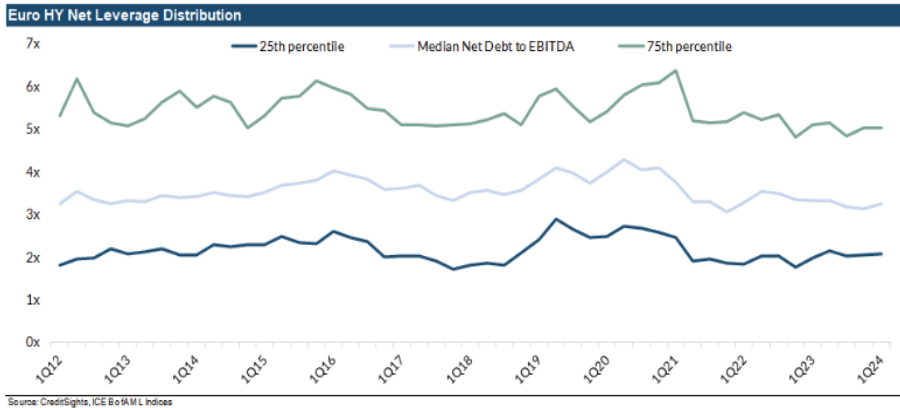
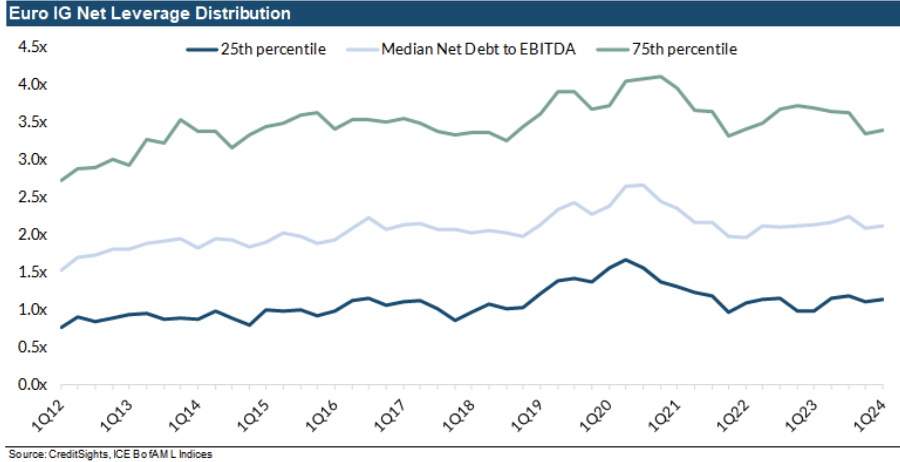
Since 1999



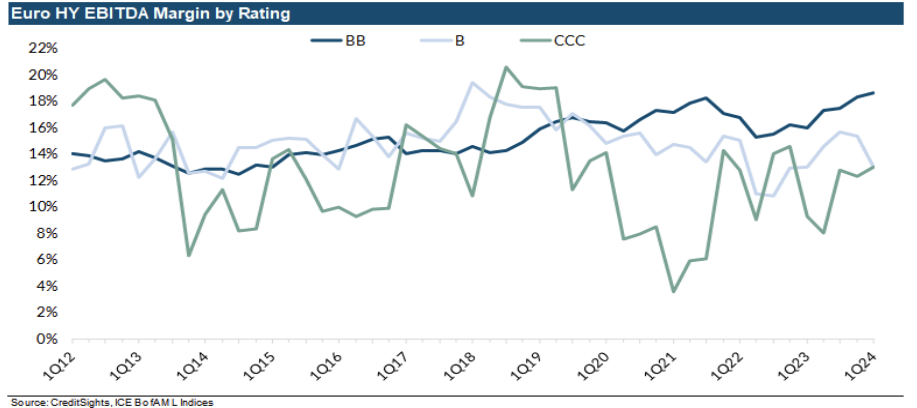
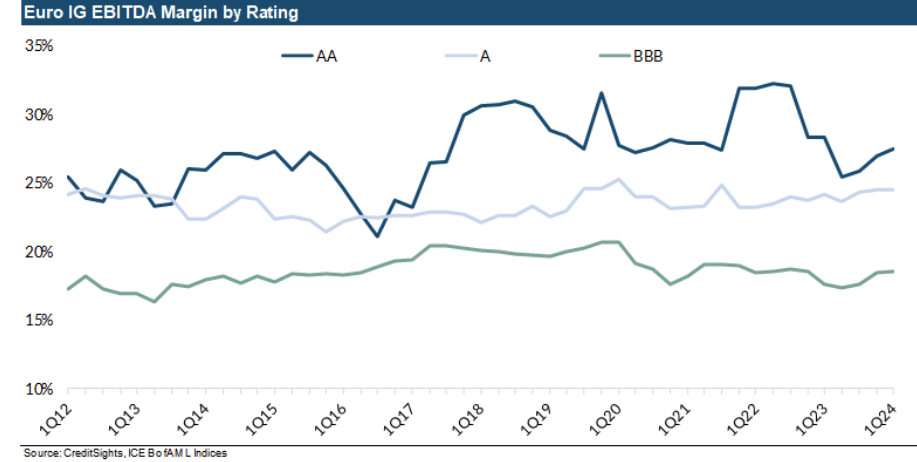
— B rating  
 — Median, since 1999  
 - - .75% percentile, since 1999  
 . . . 25% percentile, since 1999

# Credit metrics (IG + HY)

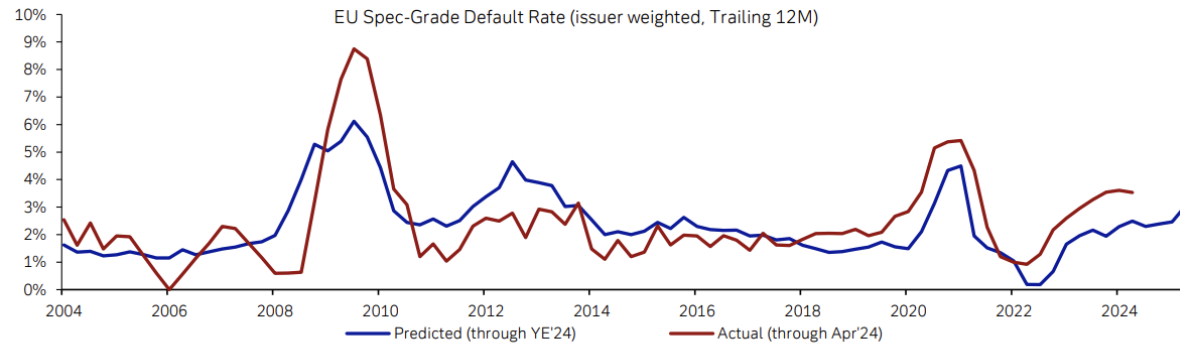
## Net leverage (net debt to EBITDA)



## EBITDA margin



# 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)

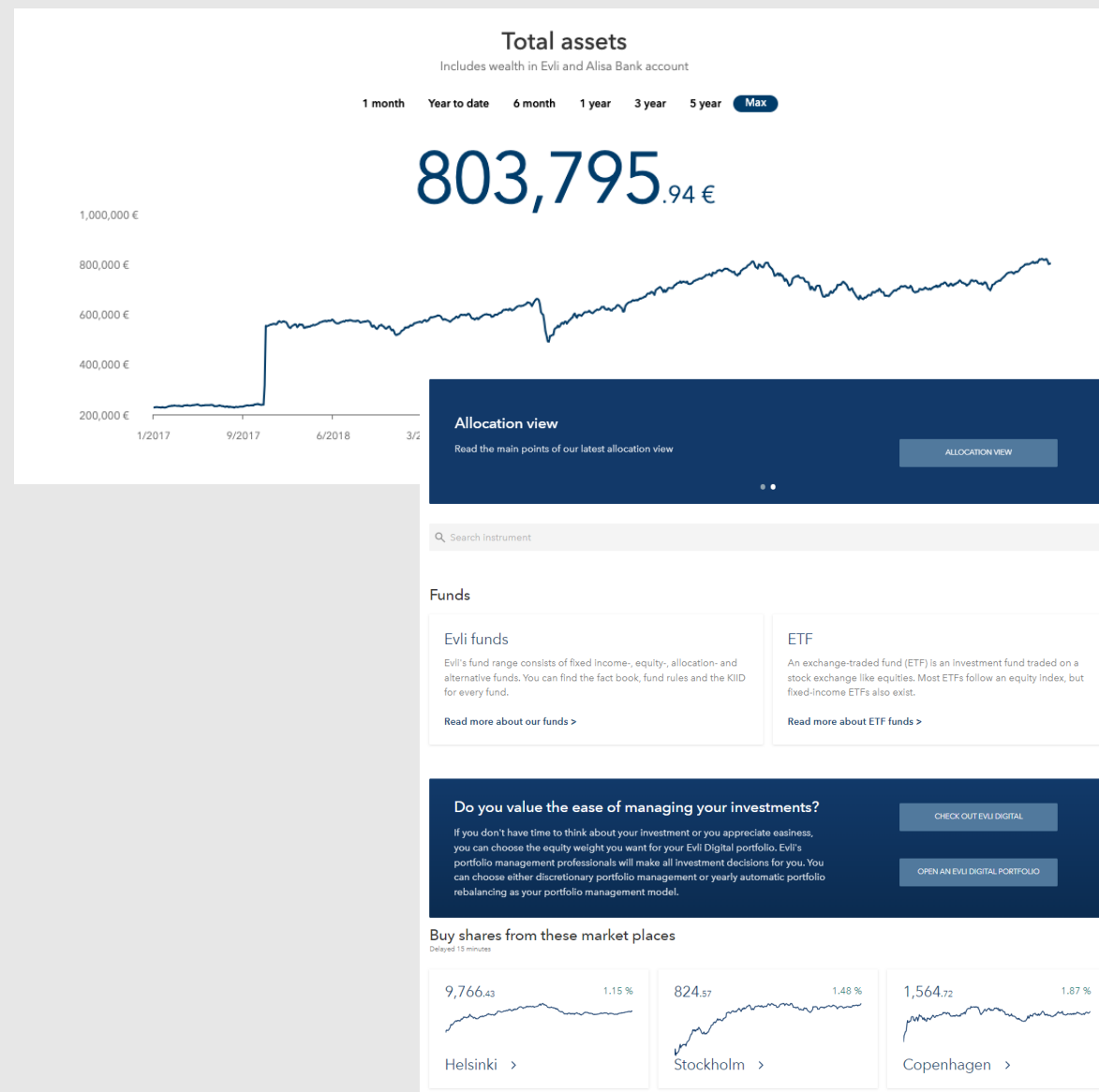


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  - Monthly fund reviews
  - Monthly custody statement
  - All Evli's market and equity analysis
  - Quarterly ESG reports
- Evli funds present on
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  - Allfunds, Avanza, fondmarknaden.se, MFEX, NASDAQ OMX, Nordnet, Clearstream, PPM etc.
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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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