

EVLI

EVLI NORDIC CORPORATE BOND B



31.07.2024

ISIN: FI0008811997

BLOOMBERG: EVLALBB FH



Evli Nordic Corporate Bond – Key Differentiators

Unique Asset Class

- Four countries and four currencies mean no indices, no passive instruments, less “hot money”
- Half of issuers and one third of volumes unrated, local knowledge mandatory
- Bonds in crossover space (BBB–BB–B) offer constantly higher returns vs similar risk EUR Corporates

Transparent Process

- Target: High, stable return with off–index corporate bond investments from quality issuers, no deep HY
- ESG and Sustainability criteria integrated into initial screening, credit selection and portfolio monitoring
- Credit selection process successfully applied in European Credit market since inception of single currency 1999

Higher expected return

- Evli Nordic Corporate Bond YTM is 100–150 bps above EUR IG with BBB– average credit risk
- Spread compression and roll–down effect can provide additional return
- Evli Nordic Corporate Bond fund offers high carry (YTM) with short duration and a conservative portfolio, no flirting with default risk

Evli Nordic Corporate Bond — Strong ESG profile

Responsibility Scores

- Fund Responsibility (ESG) score AA (scale AAA–CCC)
- No UN Global Compact violations
- SFDR Article 8, since March 2021

ESG Integration

- External ESG Databases integrated into in-house PM tool
- ESG metrics used in screening, evaluation, monitoring and reporting.

Exclusions

- All ordinary Evli exclusions
- Revenue threshold 0%: Controversial weapons manufacturers, Russian companies
- Revenue threshold 5%: Tobacco manufacturers, Adult entertainment producers, Controversial lending, Alcohol producers, Gambling, Weapon manufacturers,
- Revenue threshold 10%: Thermal coal in energy prod.
- Fossil fuel extraction and mining and fossil fuel refining

Climate change

- Very low carbon footprint (111 t CO₂e/\$M Sales, 30.6.2024)
- Transparent reporting on carbon footprint and its timeline
- Exclusion of thermal coal in energy production

PM's principles

- Positive allocation within sectors to high ESG score and low carbon footprint
- Very cautious towards companies with low ESG ratings
- Companies with severe ESG news flow are exited

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01

EVLI PLC

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

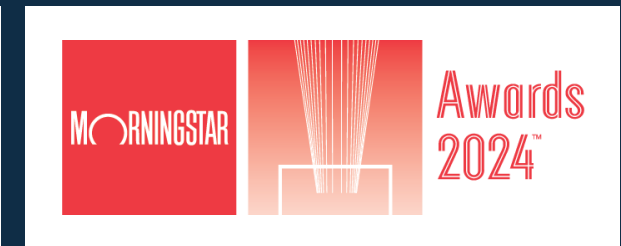
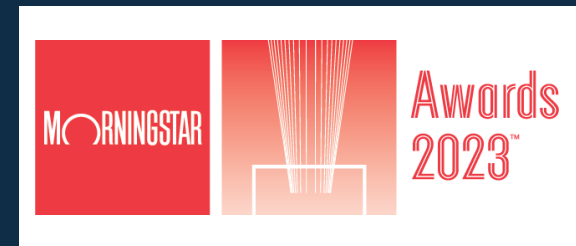
69

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.

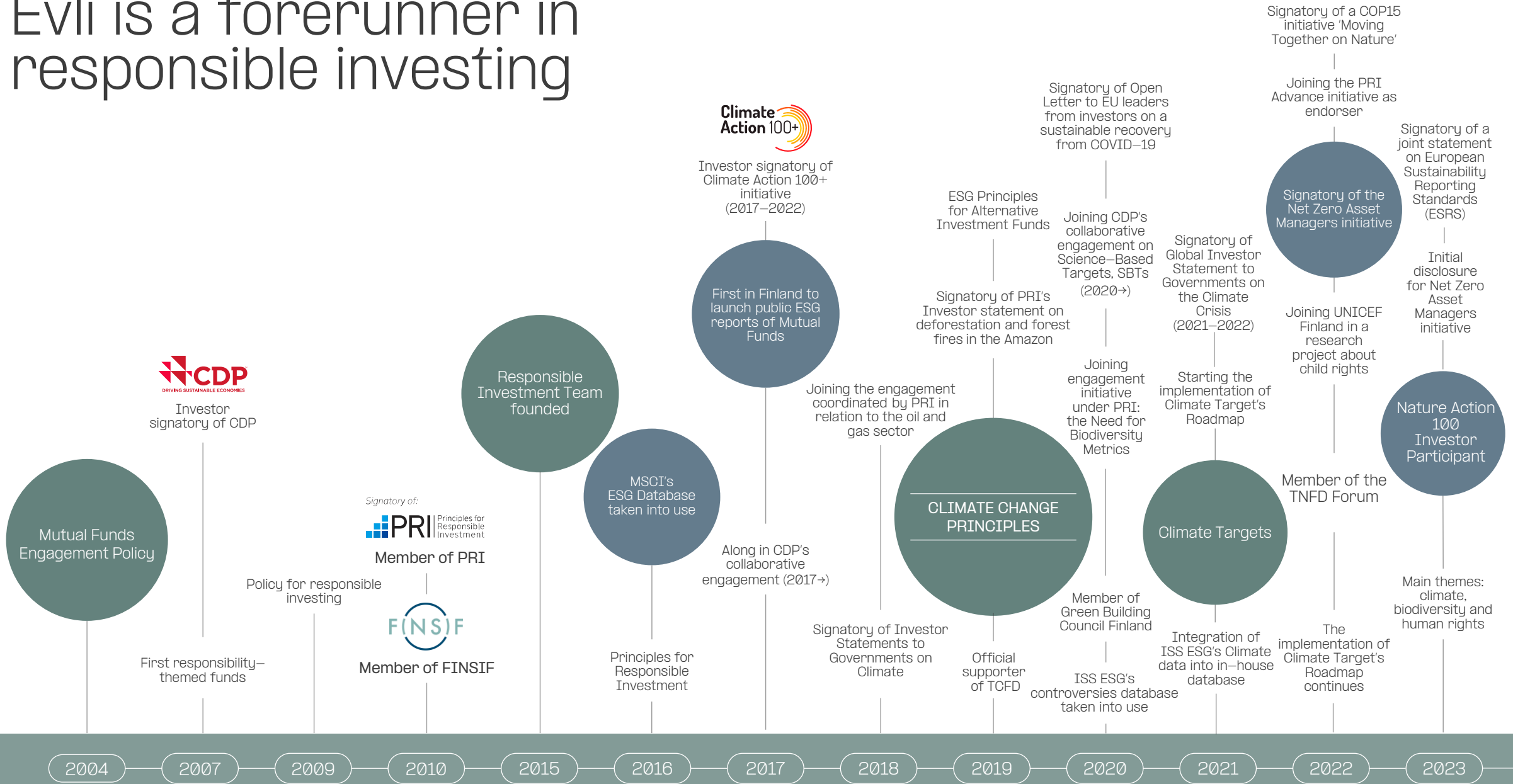
Award-winning asset management from Evli

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.

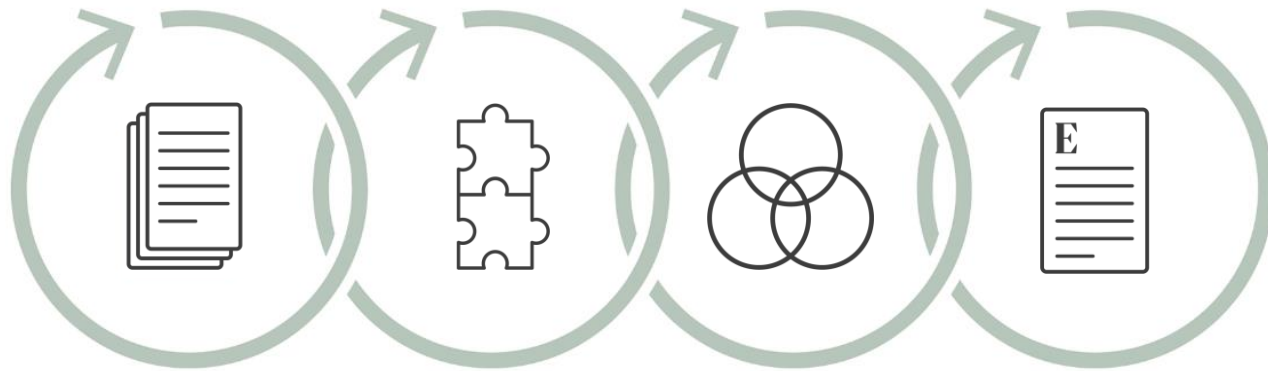


¹ KANTAR Prospera, "External Asset Management Finland 2013–2023". Overall Performance and SFR Scandinavian Financial Research, Competitive Positioning Report, 2015–2023.

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

¹ ESG = Environmental, Social ja Governance

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

02

NORDIC CORPORATE BONDS

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

NORDIC BONDS — UNIQUE ASSET CLASS

Sizeable market and growing
Excess yield vs European credit
Limited access — No ETFs

Nordic Bonds: Already a Sizeable Market

- Professional investor base
- Floating rate bonds
- Many bonds without official credit rating
- Volume equivalent to EUR HY
- Diverse corporate sector breakdown
- Local know-how mandatory
- No indices, less hot money

Number of Issuers
(non-financials)

517

vs 554 EUR IG

Market Size (non-financials)

€309 bn

vs 397 bn EUR HY

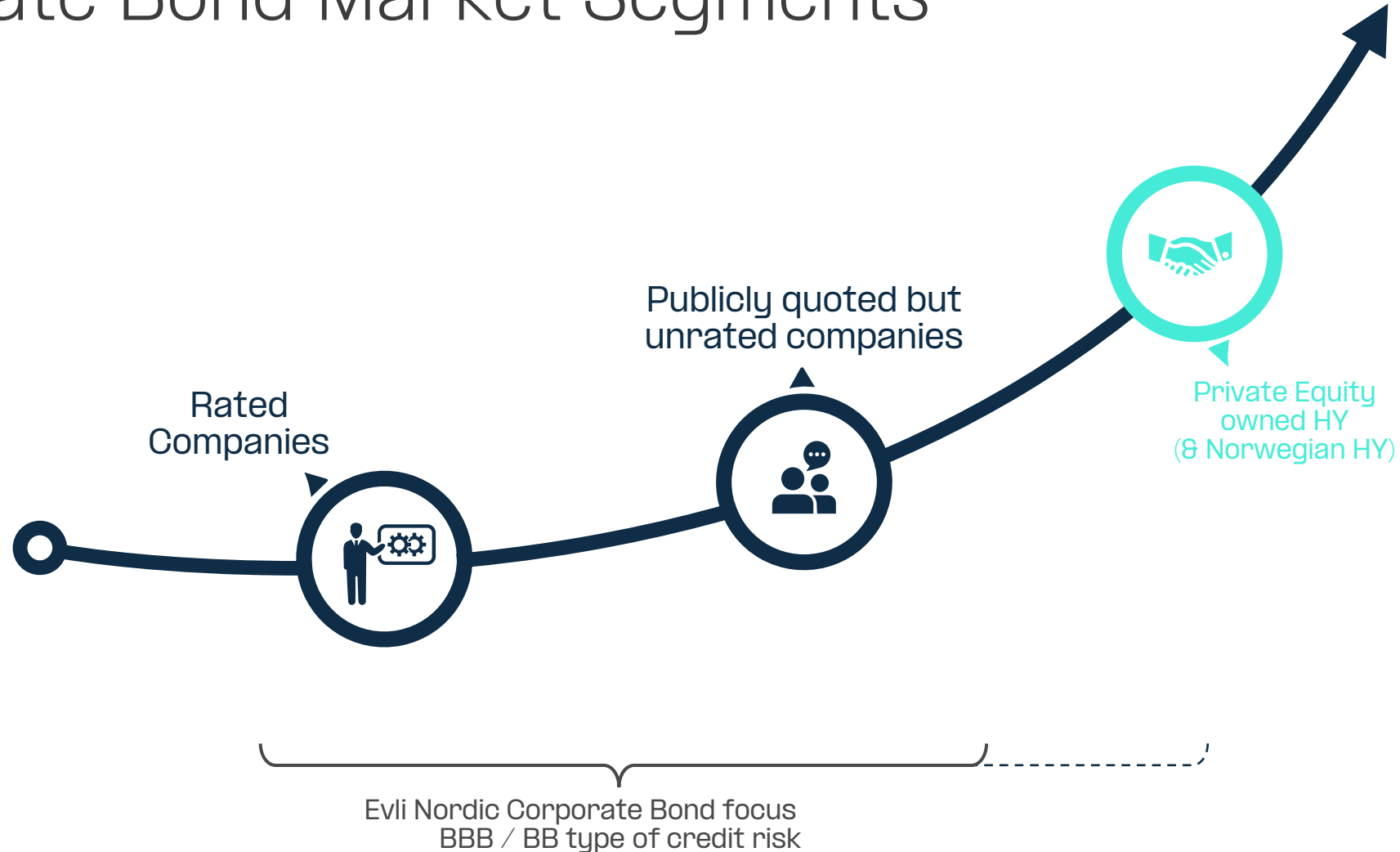
Number of Unrated
Bonds

69%

03

CURRENT INVESTMENT OPPORTUNITY

Different Risk/Reward Profiles in Different Nordic Corporate Bond Market Segments



Nordic Corporate Bond Market Segments

CORE+

Rated companies

- Small pick up to core European names
- Most relative value in Nordic currency bonds (SEK, DKK, NOK)
- Most liquid part of the Nordic market
- Traded by Nordic and Global banks

CORE

Publicly quoted but unrated companies

- Best relative value vs. index names
- Stable, long-term owners
- Low volatility
- Nordic banks & brokers provide a liquid market

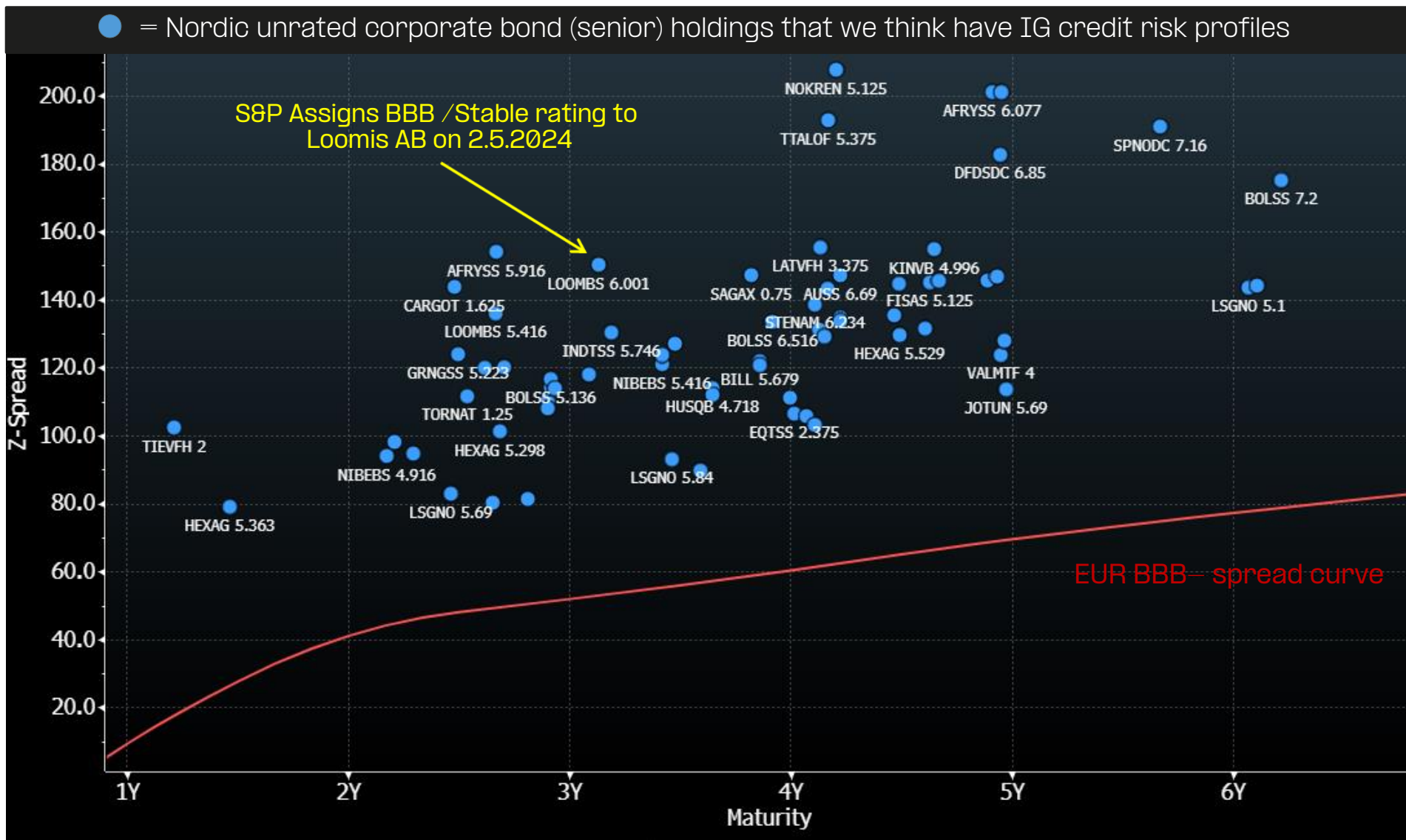
SATELLITE

Private Equity owned HY (& Norwegian HY)

- Relative value varies vs. index names
- “Aggressive” owners
- Selective investment analysis important
- Active portfolio management required
- Mainly broker based trading

Evli Nordic Corporate Bond Fund focus
BBB / BB type of credit risk

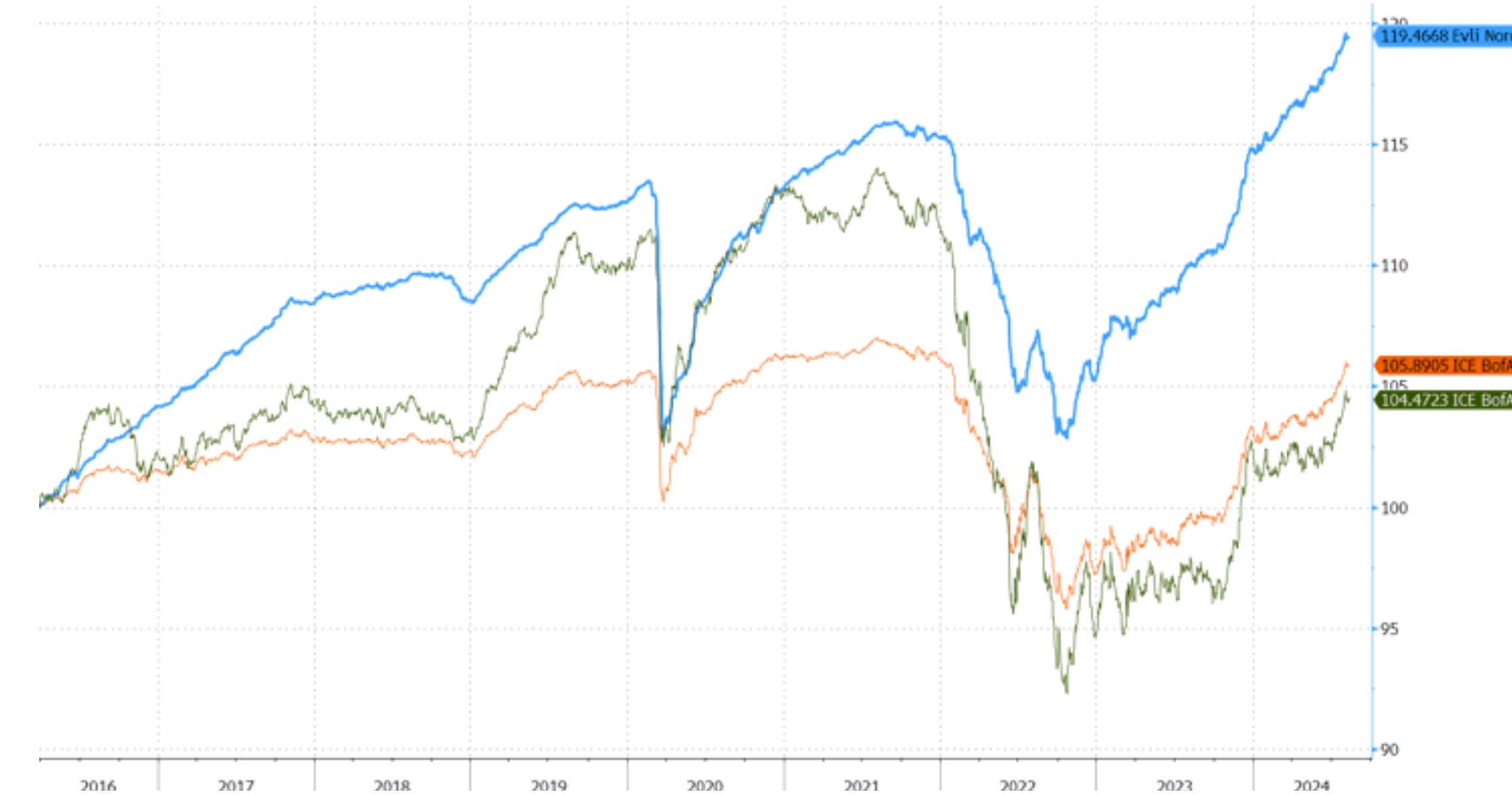
Nordic Issuers Have Value Compared to EUR BBB



Nordic vs. Euro Core: Better Quality, Better Value Case: Kemira

	kemira	EVONIK POWER TO CREATE	ARKEMA
Nordic / Euro index	Nordic	Euro Index	Euro Index
Home country	Finland	Germany	France
Sector	Chemicals	Chemicals	Chemicals
Bond credit rating	Unrated	Baa2 / BBB+	Baa1 / BBB+
Typical bond	1% 03/2028	0.75% 09/2028	1.5% 04/2027
Equity main listing	Helsinki	Frankfurt	Paris
Market Cap	2.5 bn	8.2 bn	6.2 bn
EBITDA margin—%	20.4%	6.1%	13.7%
Net debt / EBITDA	0.4x	2.2x	1.3x
Net debt / cash from operations	0.4x	2.6x	1.4x
EBITDA/Interest cost	15.7x	15.6x	40.0x
Yield—to—maturity	3.90%	2.82%	3.29%
OAS spread (bp to Govt)	148 bp	44 bp	77 bp

Nordic Corporates vs EUR Investment Grade – Higher return without adding volatility



Evli Nordic Corporate Bond

EUR Corp 1–5yr (ER0V)
Fund BM, similar duration with the Nordic Corporate Bond fund

EUR IG Non–Fin Corporate (EN00)

ECB Corp QE program started

Interest rates decline fast, 10yr Bunds to negative yields

COVID, ECB QE program restart

High inflation, ECB hikes quickly

Portfolio Fundamentals in the Nordic Corporate Bond fund

Portfolio Leverage: Net debt / EBITDA



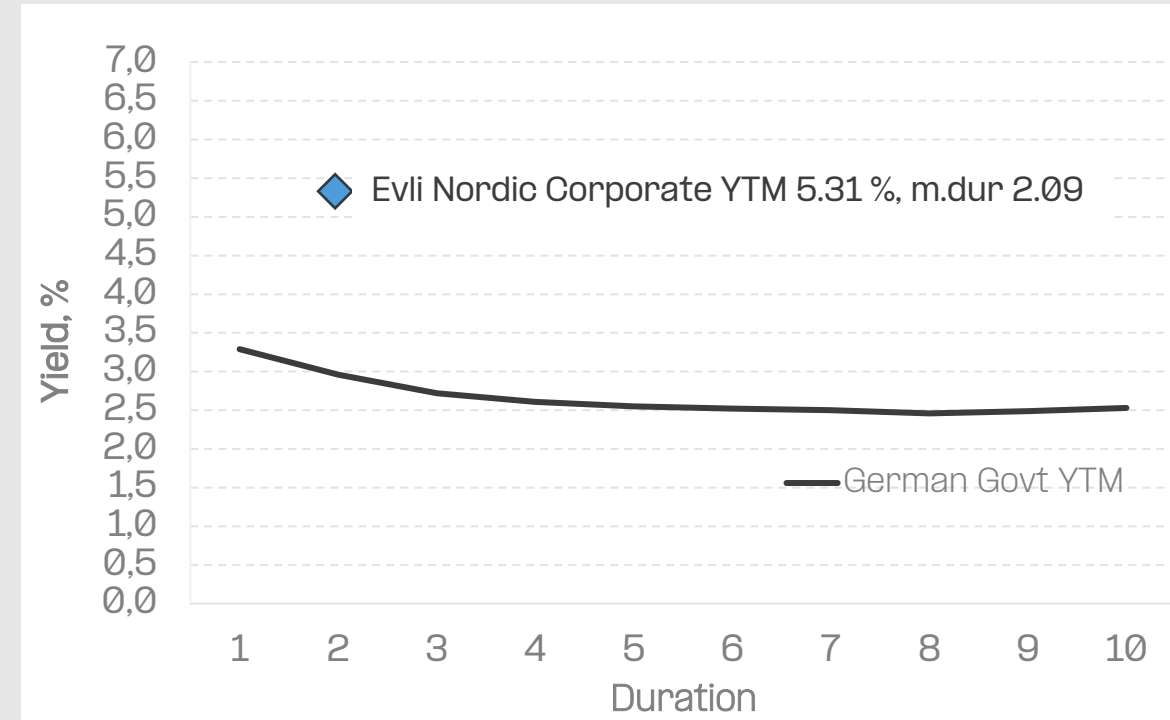
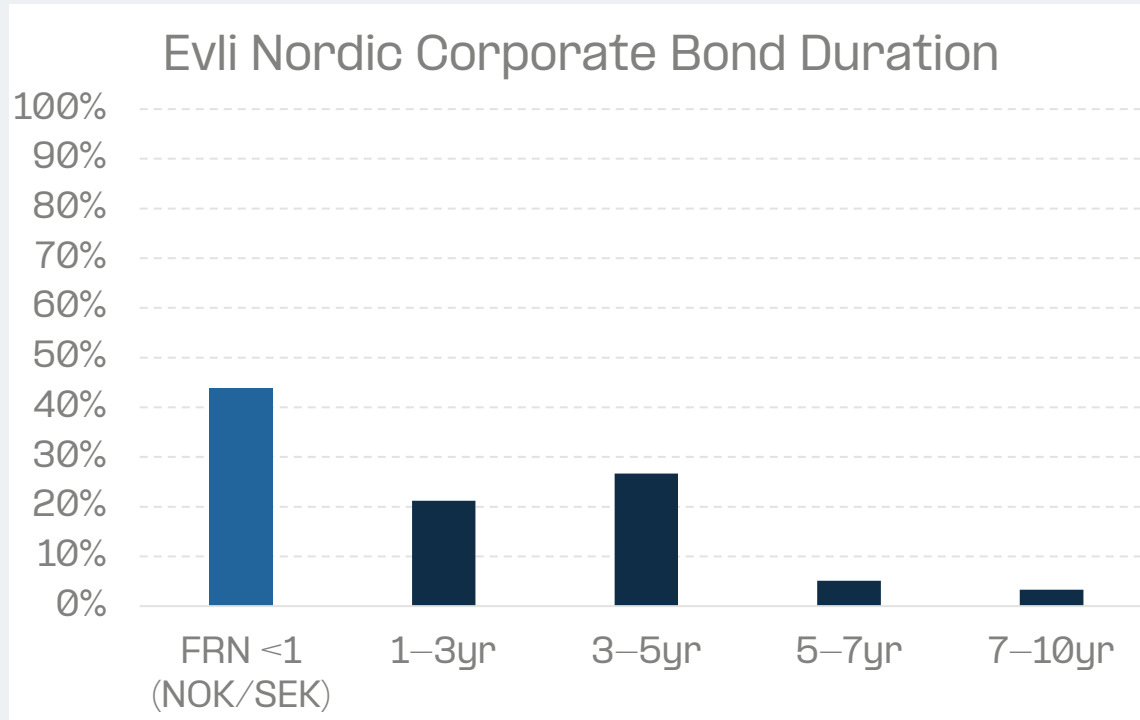
- Company debt leverage has been stable at healthy levels despite two crisis, covid and inflation.
- Net debt leverage is similar in both rated and unrated part of the fund
- Credit quality improved with Q4 2023 numbers
- Net debt to EBITDA 2.2x
- HY weight is now 33% (end–2019 46%)

*) excludes the sectors utilities, real estate and finance
Source: CreditSights 3Q2023, Bloomberg, Evli

Evli Nordic Bond Interest Rate Duration

- Evli Nordic corporate bond fund duration risk comes mainly from the intermediate term EUR fixed notes

- NOK & SEK rates do not have a major effect on the hedged returns as bonds are typically FRNs



Spread Comparison NCB fund vs. similar EUR Index composite

OAS spread comparison with Nordic and similar EUR Index markets during the crisis

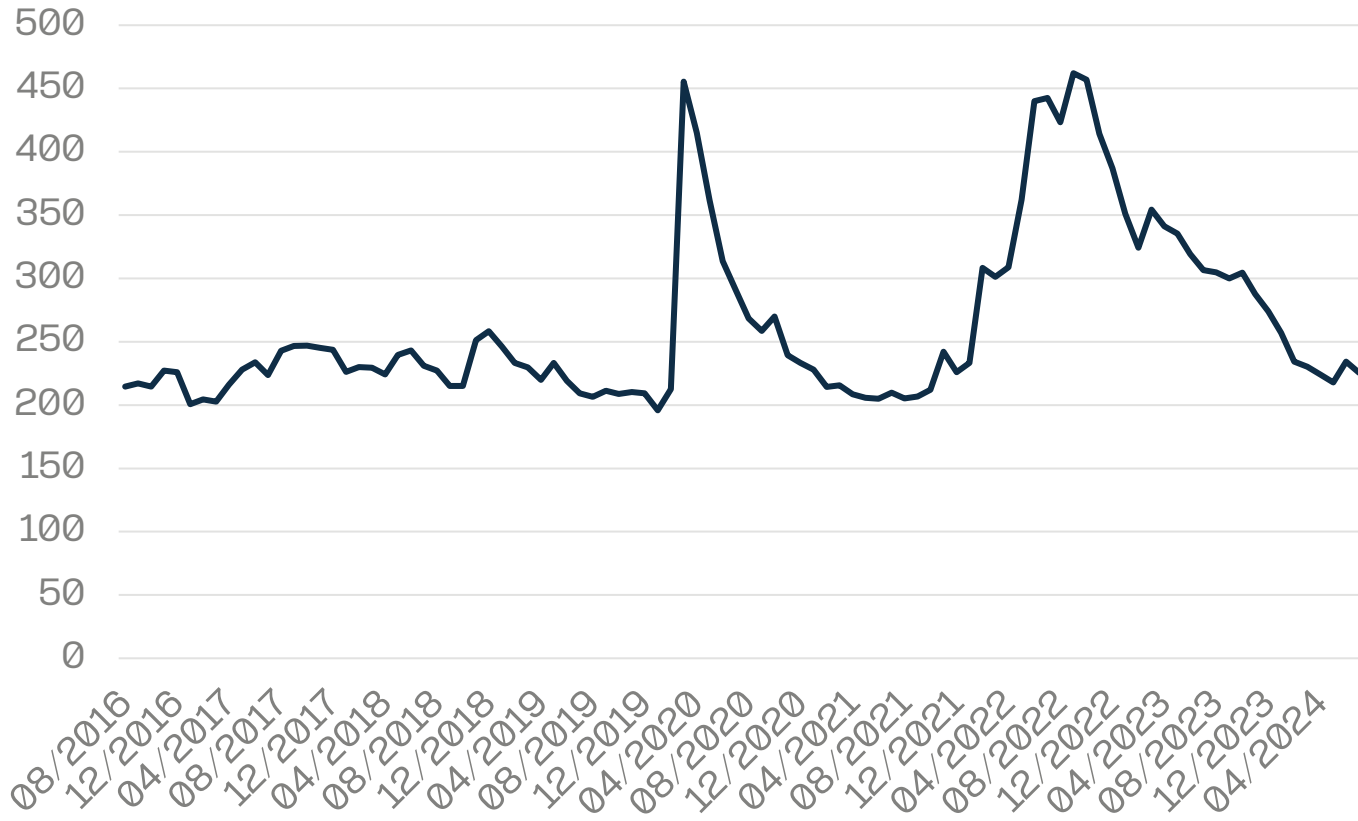


*excluding cash position

- Nordic relative value is better than before the crisis: Spread difference to European credit has increased
- Current spread +226* bps is wide compared to the credit quality of the companies
- Company credit fundamentals improving
- Yield to maturity 5.06%, (31.7.2024), hedged to EUR, gross of fees

Evli Nordic Corporate Fund spread since start

Evli Nordic Corporate Bond Spread



*excluding cash position

- Credit quality has improved in the Evli Nordic bond fund (higher pure IG weight)
- Current spread +226* bps is not reflecting the healthy company fundamentals in the Nordics
- Yield to maturity 5.06%, (31.7.2024), hedged to EUR, gross of fees

Evli Nordic Corporate Bond statistics

Fund statistics	31.7.2024
Yield (EUR)	5.06%
Duration	2.04
Spread duration	2.99
Average rating	BBB–
OAS	217 bps
FRNs	37.9%
HY exposure	32.57%
Number of issuers	130
Green Bonds	27.3%
Average ESG (MSCI)	AA
Size of the fund	EUR 1.1 bn

04

FUND SUMMARY AND PERFORMANCE

Evli Nordic Corporate Bond Fund Characteristics

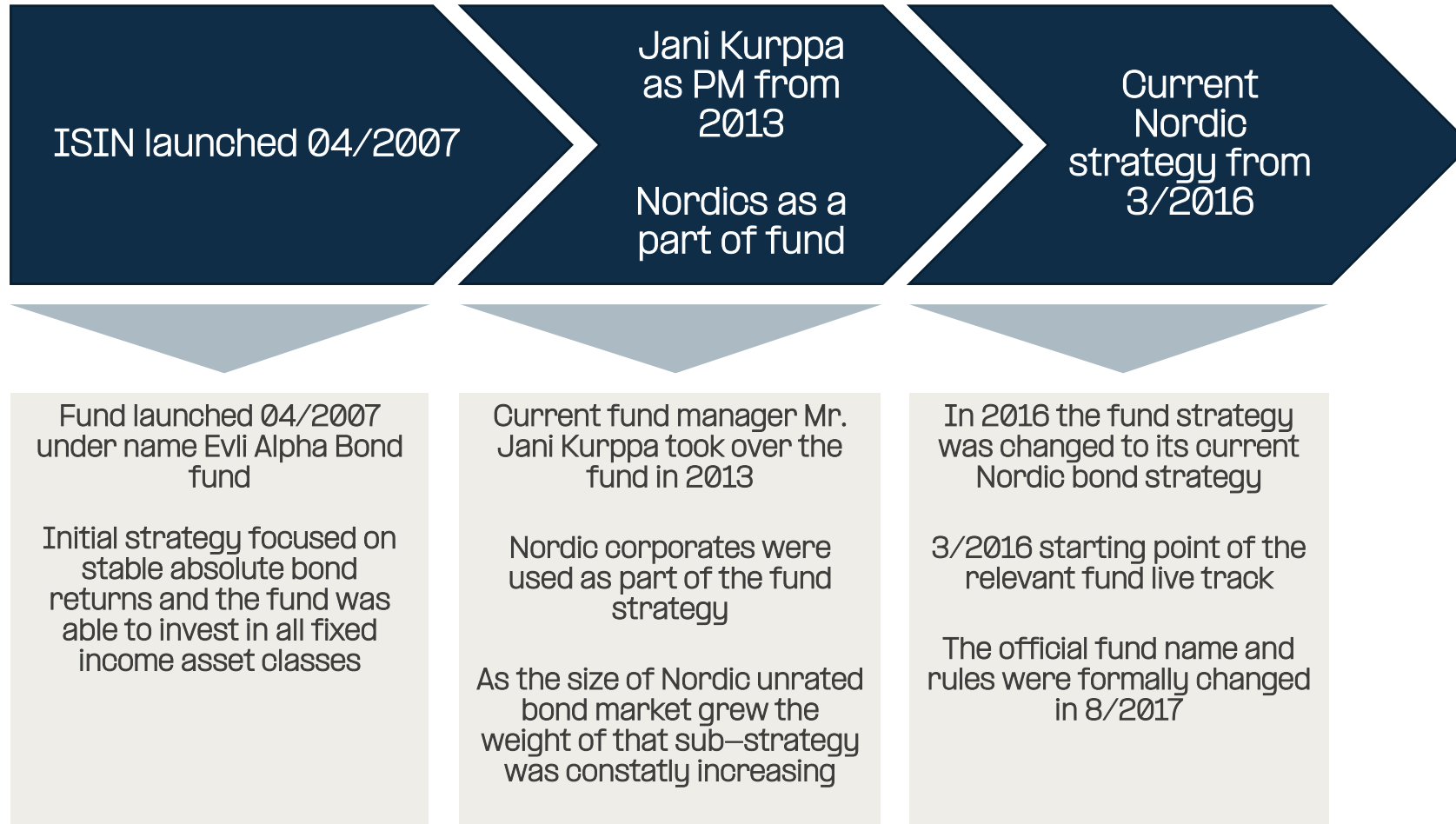
- 100% Nordic: corporate bonds from Finland, Sweden, Norway, Denmark
- Currencies: EUR, SEK, NOK, USD, DDK (all hedged to EUR)
- Rating independent: unrated & BB/BBB rated bonds
- High grade benchmark: BofA ML 1–5 yr. Euro Corporate Index
- Target: high, stable return with off–index corporate bond investments from quality issuers
- Strategy: replicating the same strategy & focus as Evli’s other highly–rated corporate bond funds
- ESG rules exclude fossil fuels producers (mining and extraction), e.g. Norwegian oil companies
- Company screening excludes highly leveraged companies, e.g. Swedish HY real–estate developers

Evli Nordic Corporate Bond Fund in a Nutshell

Type of Fund	Nordic Corporate Bond Fund (UCITS)		
Benchmark	ICE BofAML 1–5 Year Euro Corporate Index		
Fund Units	Distribution (A) and growth units (B) available. Clean (C) and institutional share classes available (I). Currency series (SEK, NOK, USD hedged) available.		
Bloomberg/ISIN	B–units EUR EVLALBB FH / FI0008811997 / Retail accumulate (no dividend) CB–units EUR: EVLALCB FH / FI4000541677 / Retail clean accumulate (no dividend) IB–units EUR: EVLALIB FH / FI0008812011 / Institutional accumulate min. EUR 10m (no dividend), Dividend units (total 4% annually) with annual or quarterly payment, retail and institutional, various currencies		
Annual Fees (~TER)	Retail A/B: 0.75% (annually) Clean C: 0.55% (annually) Institutional I (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	16.4.2007 Rule change: 31.8.2017	Custodian	Skandinaviska Enskilda Banken AB (publ) Helsinki Branch (SEB)
Fund Manager	Jani Kurppa	Auditor	EY (Ernst & Young)
Fund Currency	EUR	Tax Transparency	DE, AT
Domicile	Finland	Sales Registration	FI/SE/NO/FR/IT(QI)/ES/DE/AT/NL/LU
Track Record	GIPS Compliant	CNMV & WKN numbers	CNMV: 1650, WKN: A2N5ZZ (A)/ A2JDF4 (B)/ A3D50X (CB)/ A2N5Z0 (IA)/ A2JDF5 (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>

Evli Nordic Corporate Bond Fund history



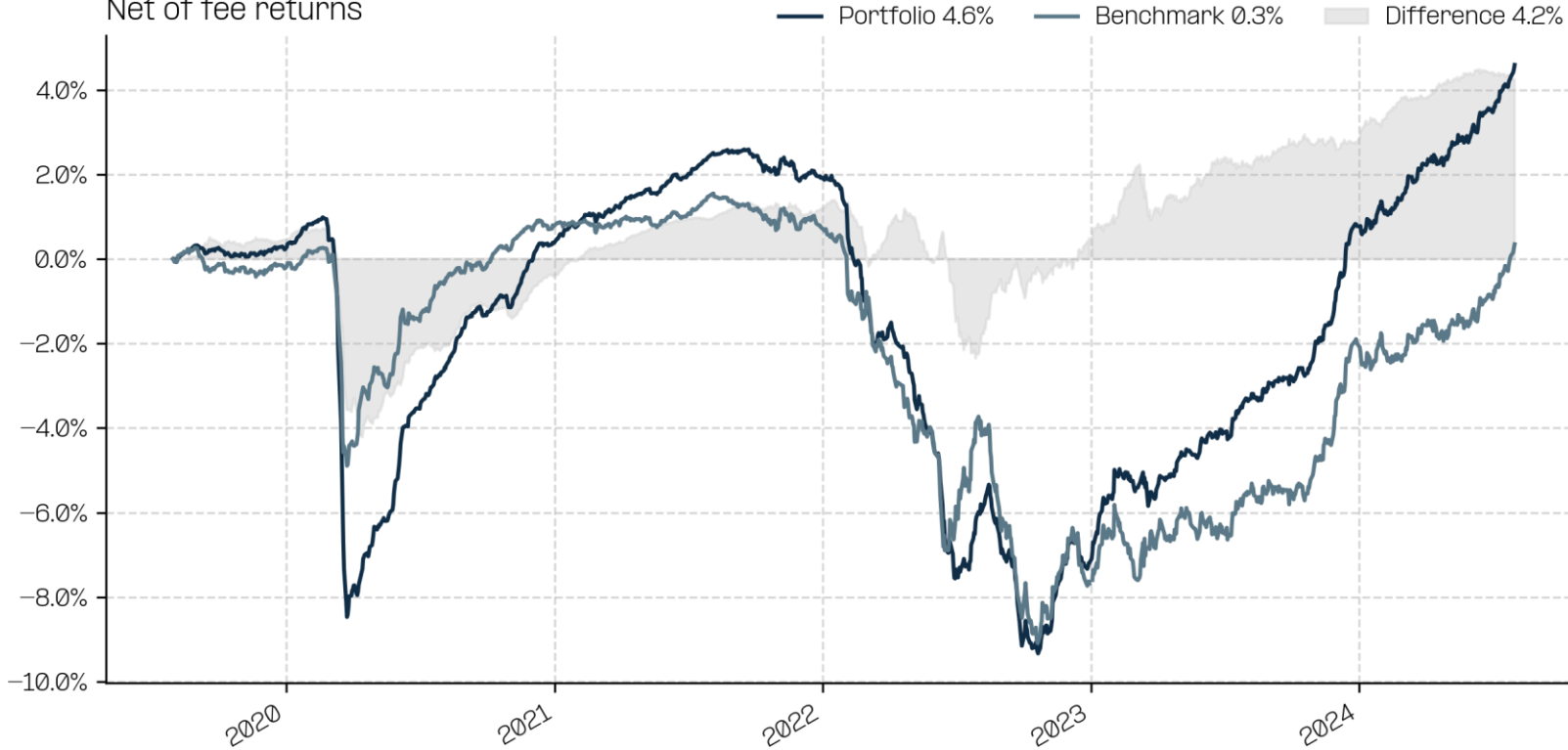
Net of fee returns – 5 Years

The presented benchmark index for the fund's return is ICE BofA 1–5 Year Euro Corporate Index (ER0V). ICE BofA 1–5 Year Euro Corporate Index (ER0V) has been the official benchmark for the fund since 31.8.2017. Until 31.8.2017, the official benchmark for the fund has been 3–month Euribor Return Index.

Evli Nordic Corporate Bond B 31.07.2019–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns



	Portfolio	Benchmark	Difference
1 Year	8.16%	6.23%	1.92%
3 Years	2.11%	-1.12%	3.24%
5 Years	4.59%	0.35%	4.24%
5 Years, annualized return	0.90%	0.06%	0.84%

	Portfolio	Benchmark	Difference
Volatility	3.39%	2.80%	0.59%
Sharpe	0.04	-0.25	0.29
Tracking Error	1.84%	—	—
Information Ratio	0.45	—	—
Beta	1.02	—	—

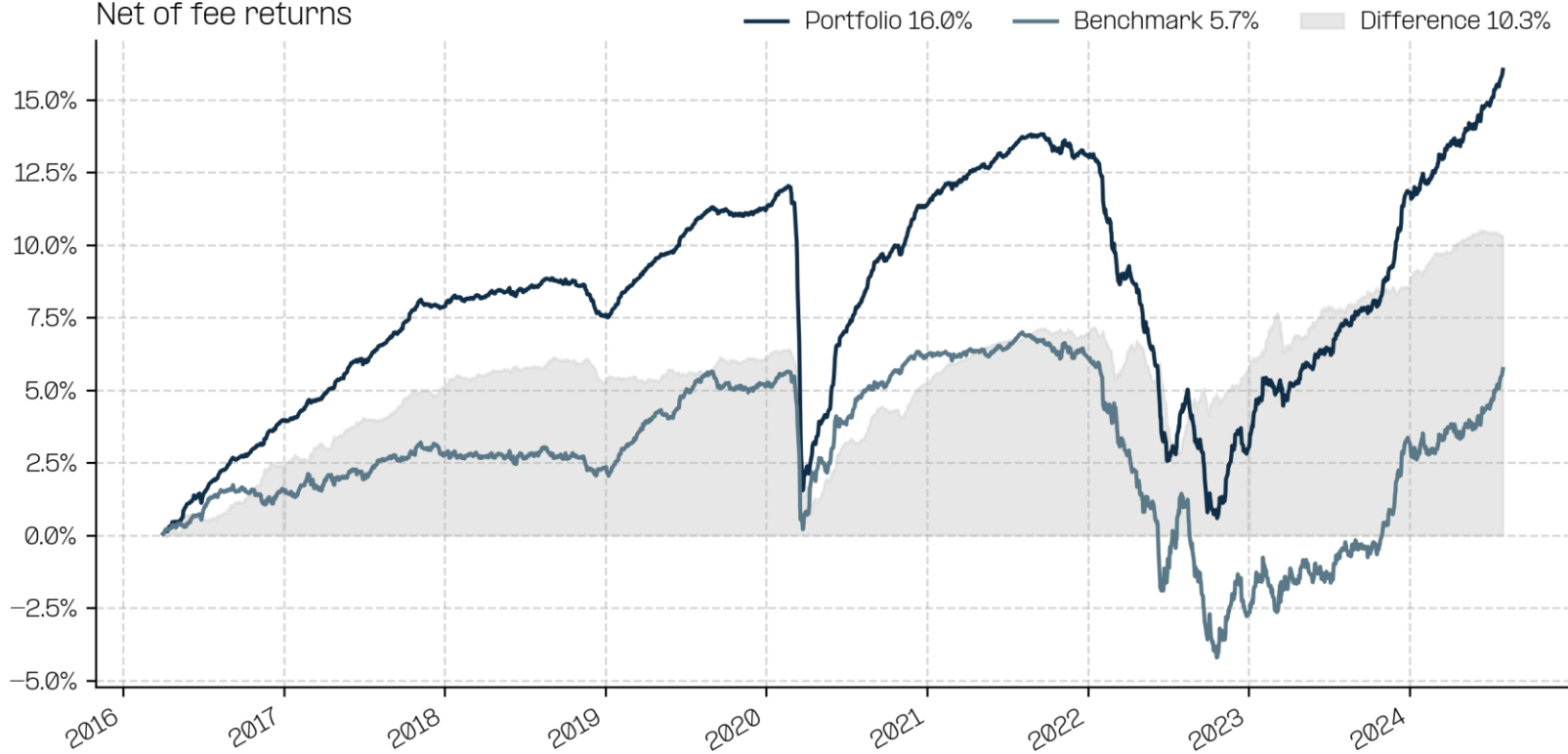
Net of fee returns – Since current strategy launch

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Evli Nordic Corporate Bond B 31.03.2016–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns



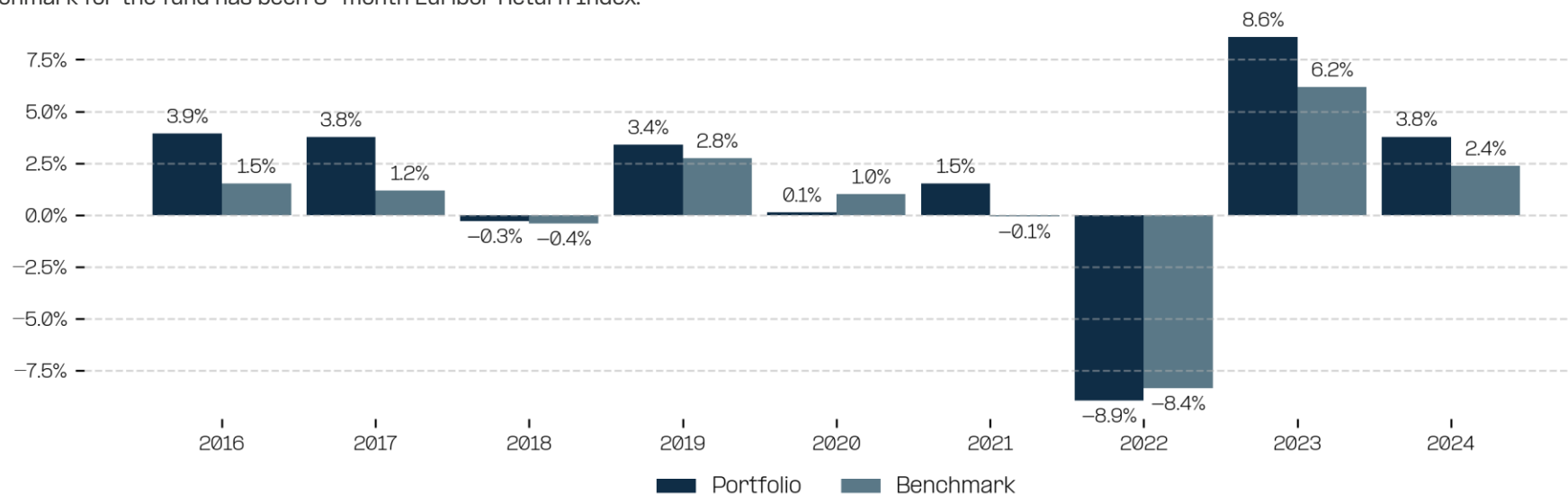
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1 Year	8.16%	6.23%	1.92%
3 Years	2.11%	-1.12%	3.24%
5 Years	4.59%	0.35%	4.24%
Since current strategy launch	16.04%	5.73%	10.31%
Since current strategy launch, annualized return	1.80%	0.67%	1.13%

	Portfolio	Benchmark	Difference
Volatility	2.66%	2.24%	0.43%
Sharpe	0.55	0.15	0.40
Tracking Error	1.48%	—	—
Information Ratio	0.76	—	—
Beta	0.99	—	—

Annual returns, after fees, 31.07.2024

Past returns are no guarantee of future returns.

The presented benchmark index for the fund's return is ICE BofA 1–5 Year Euro Corporate Index (ER0V).
ICE BofA 1–5 Year Euro Corporate Index (ER0V) has been the official benchmark for the fund since 31.8.2017.
Until 31.8.2017, the official benchmark for the fund has been 3–month Euribor Return Index.



	2016	2017	2018	2019	2020	2021	2022	2023	2024
Portfolio	3.95%	3.77%	-0.29%	3.39%	0.15%	1.53%	-8.94%	8.59%	3.78%
Benchmark	1.53%	1.19%	-0.41%	2.75%	1.01%	-0.05%	-8.35%	6.17%	2.38%
Difference	2.41%	2.58%	0.13%	0.64%	-0.86%	1.59%	-0.59%	2.42%	1.40%
Volatility	0.59%	0.60%	0.61%	0.56%	6.14%	0.81%	3.47%	1.79%	1.27%
Tracking Error	0.81%	0.66%	0.55%	0.51%	2.98%	0.39%	2.34%	1.41%	0.69%

05

PORTFOLIO COMPOSITION

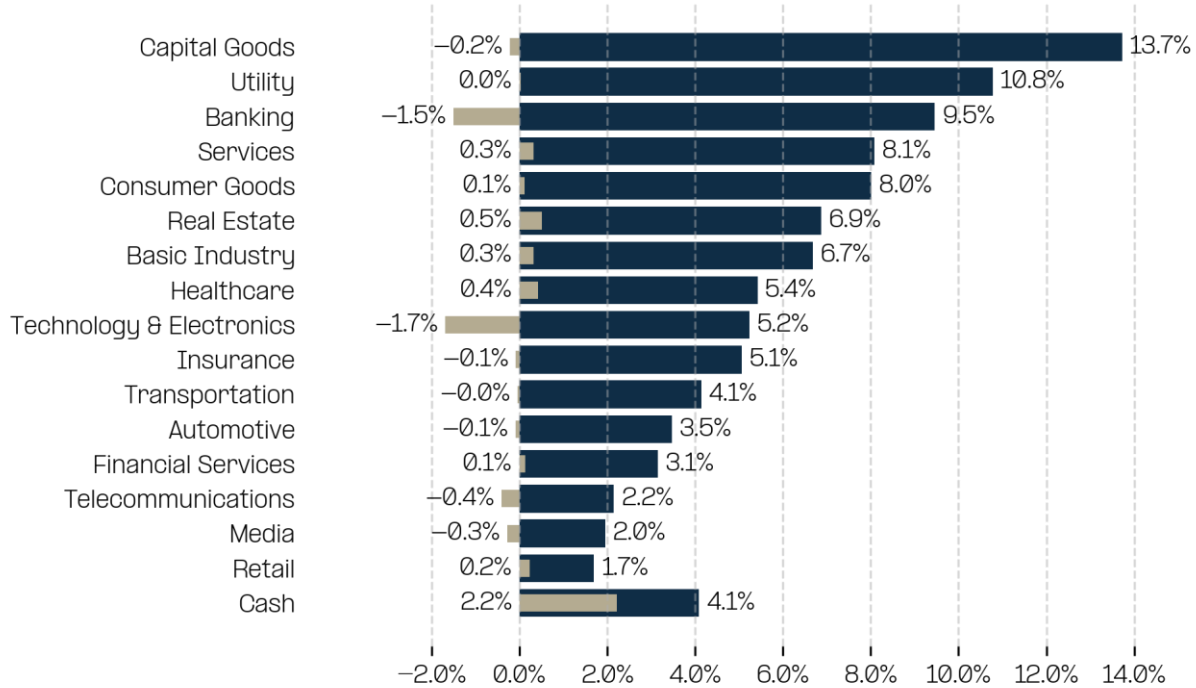
Evli Nordic Corporate Bond positioning and trades 06/2024

- Nordic primary market was still active before the holiday season in the Nordics. No big changes in the sector split in the fund.
- Many companies are now in process of refunding bonds maturing next year. That means tendering the 2025 bonds with a premium and issuing a new 5-year bond.
- Real Estate sector continues to perform well in the bond market. Swedish central bank made the first rate cut already in May and the underlying real estate prices are going up. We have increased selected bonds that were still screening cheap among the better quality names.
- Earlier we have increased capital goods companies in the Nordics as the pricing in bonds has been attractive compared to history. Strong EUR&USD is supporting Nordic margins and Nordic countries have a lot lower energy pricing compared to central Europe.
- We have now decreased some of the banking bonds as they have tightened nicely from the beginning of the year
- Company Q1 2024 results have been as good as expected, credit quality unchanged
- The fund yield level is 5.31% hedged to EUR (30.6.2024)

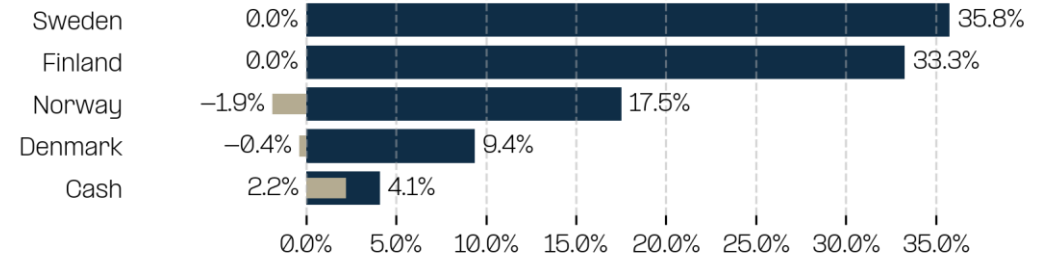
Portfolio structure 31.07.2024

■ Weight
■ Change 3 months

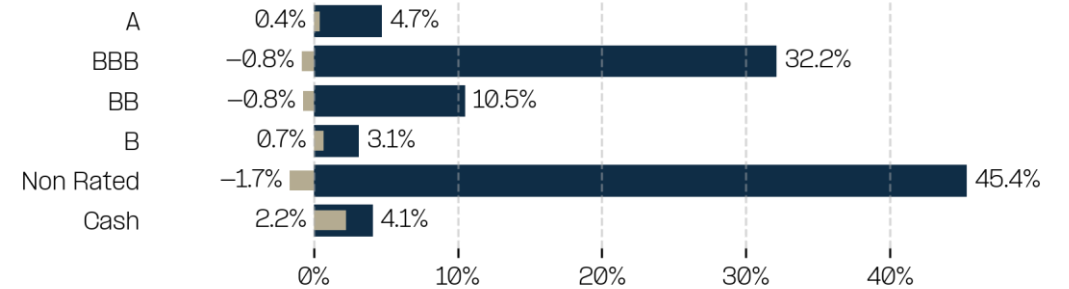
Sectors



Issuers by country

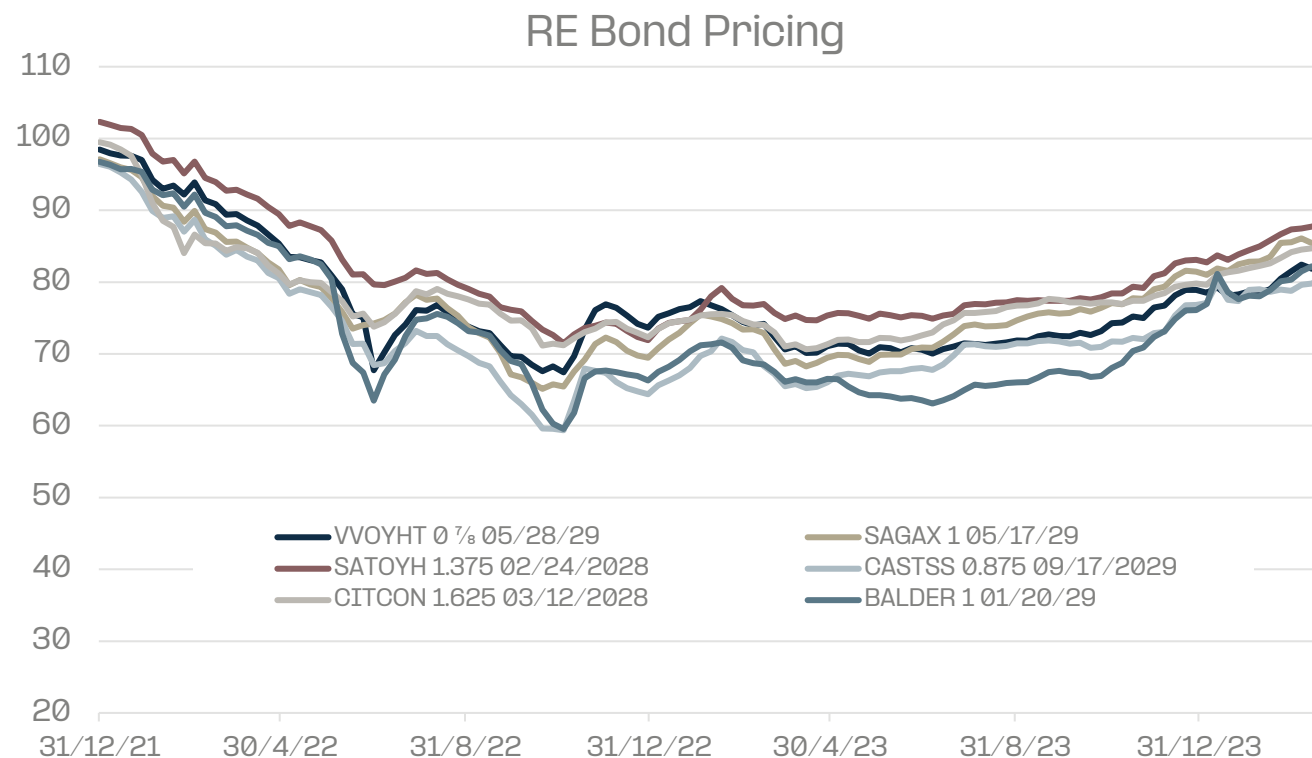


Ratings



Real Estate sector is recovering

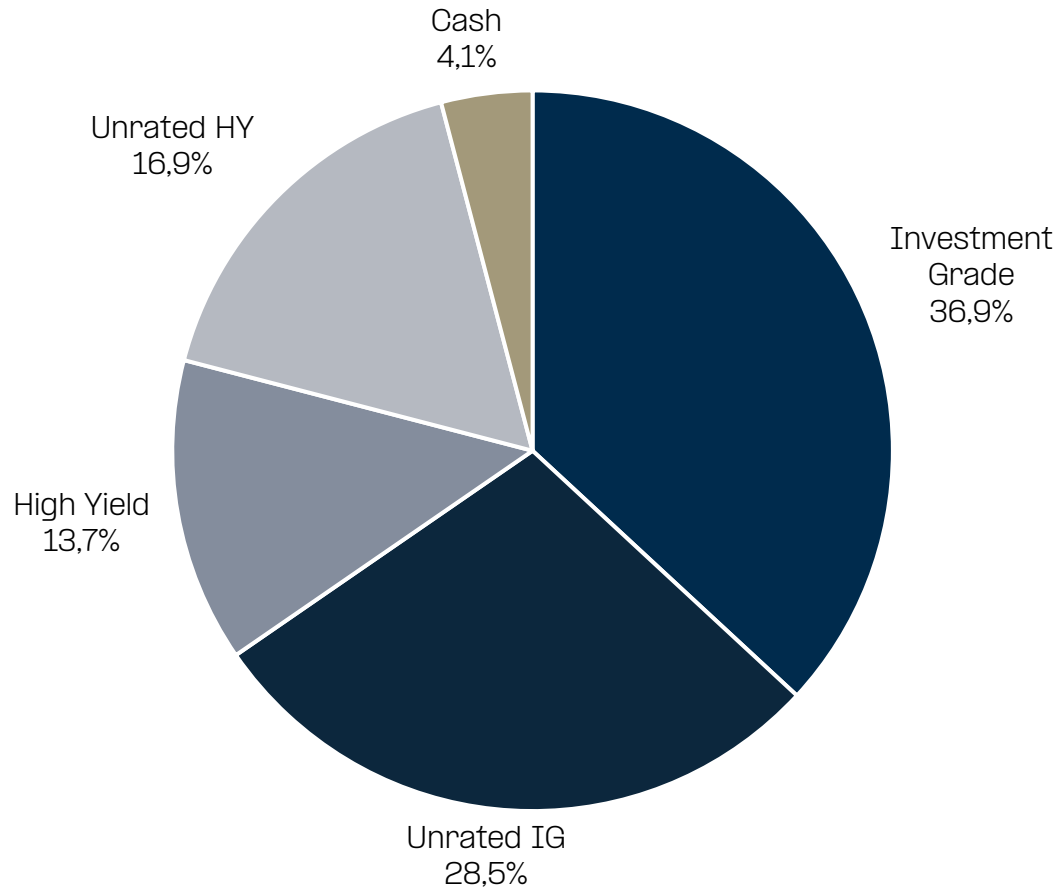
- Nordic real estate companies have taken measures to adapt to higher interest rates
- Portfolio companies are taking variety of actions to fix balance sheets. Avg, LTV around 45% is a healthy starting point
- Bond and equity markets are recovering
- Evli Nordic fund is focusing on IG-type names



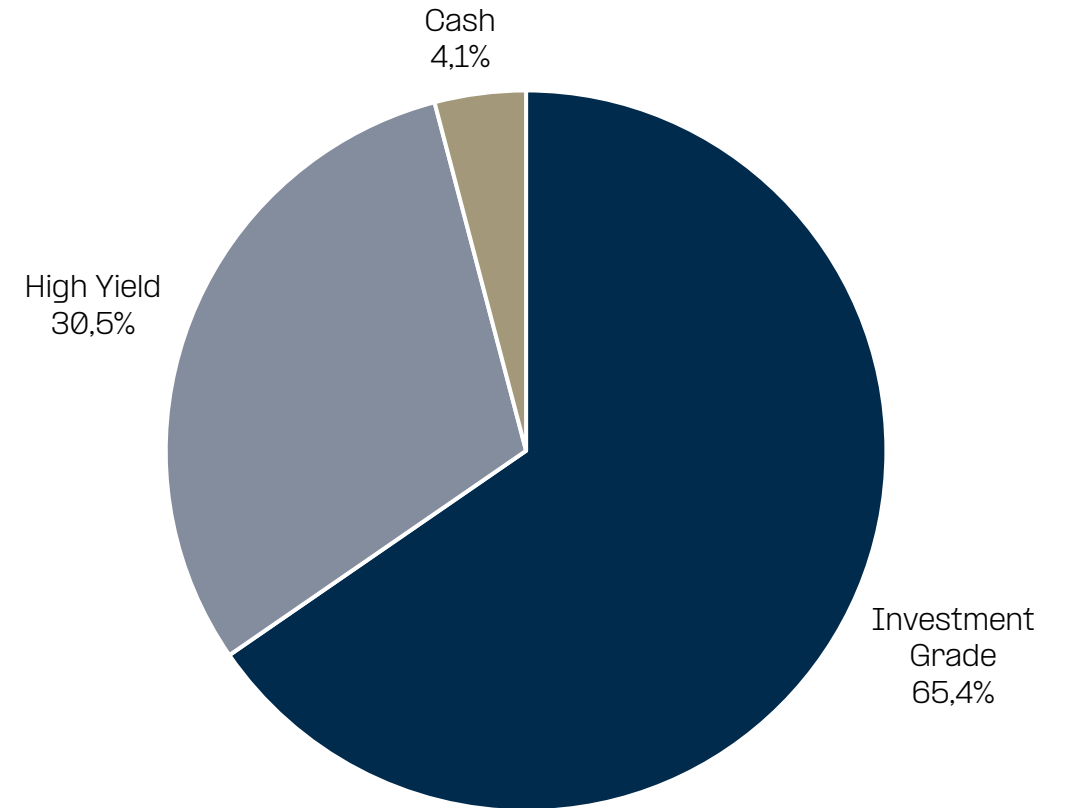
Issuer	Sector	Rating	Balance sheet repair			Funding action	
Kojamo	Residential (Finland)	Baa2		No dividends		New unsecured bond	New bank funding
Sagax	Logistics & Industrial	Baa2	New Equity	No dividends	Asset sales	New unsecured bond	New bank funding
Sato	Residential (Finland)	BBB	New Equity	No dividends			New bank funding
Castellum	Office & Logistics	Baa3	New Equity	No dividends	Asset sales	New unsecured bond	New bank funding
Citycon	Daily goods properties	BBB-	New Equity		Asset sales	New unsecured bond	New bank funding
Cibus	Daily goods properties	Unrated	New Equity		Asset sales	New unsecured bond	New bank funding

Evli Nordic Corporate Bond, Portfolio Composition by Rating and Internal Classification, 31.7.2024

In July 2024, the fund held 45% of bonds issued by unrated companies

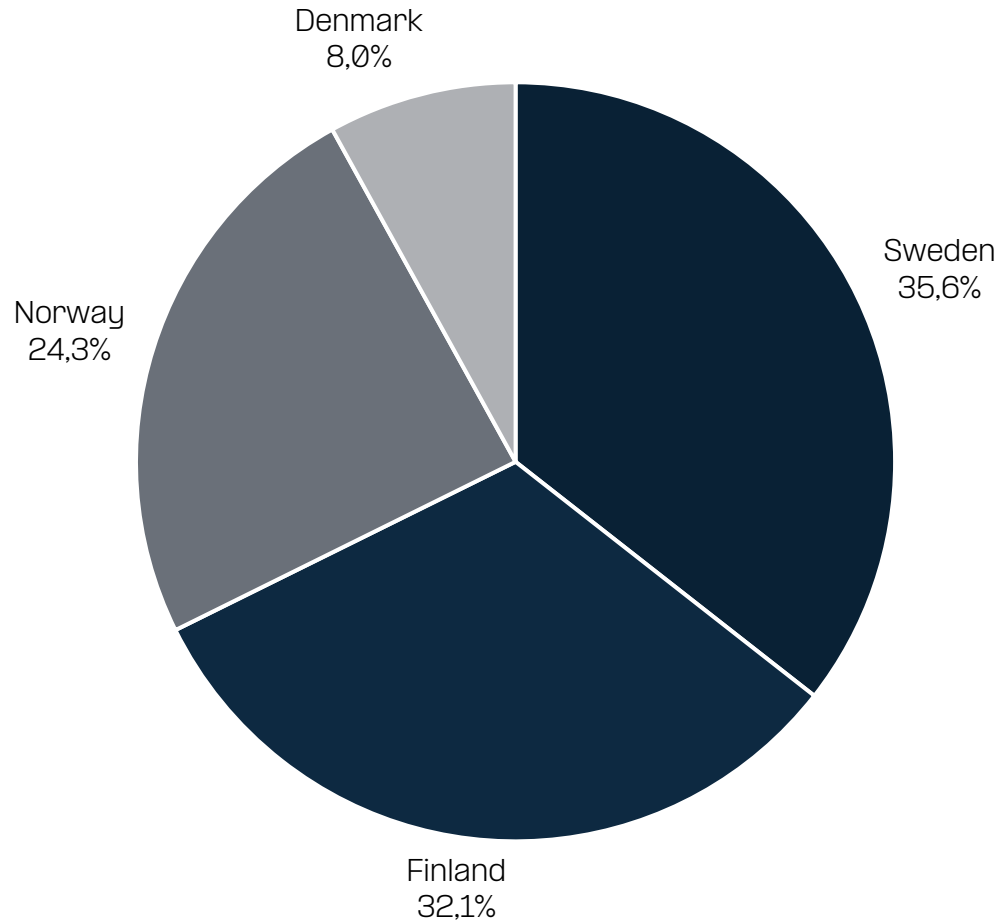


Credit class allocation of the full fund after taking into account the internal classification for unrated bonds

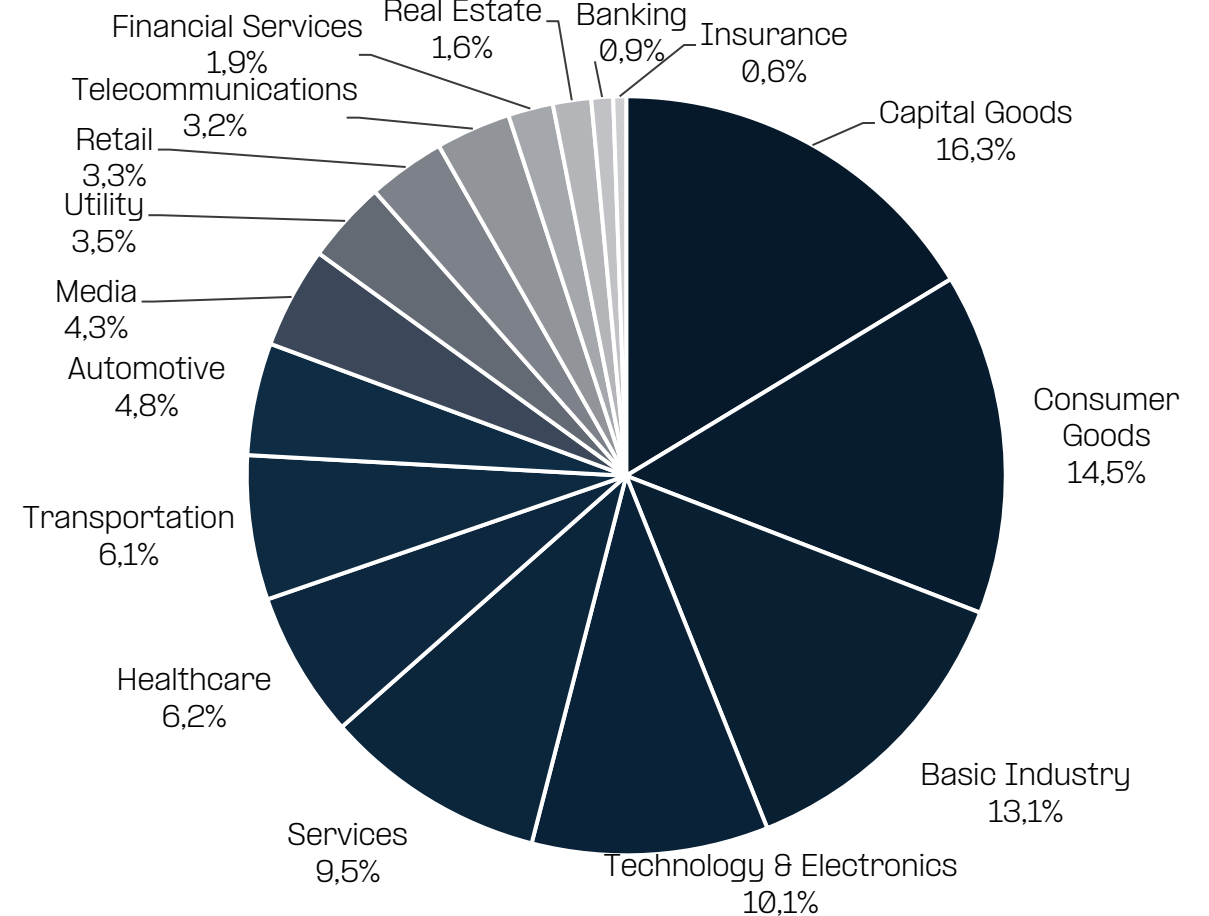


Evli Nordic Corporate Bond, Unrated part of the portfolio, 31.7.2024

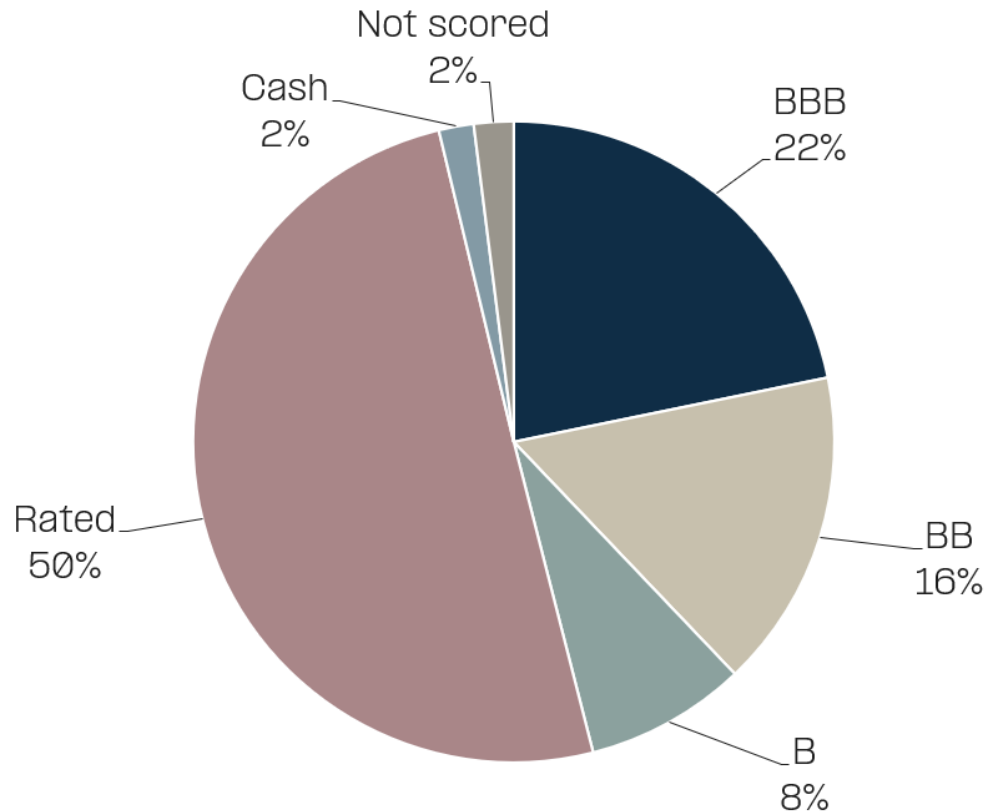
Unrated bonds – Country allocation



Unrated bonds – Sector allocation



S&P Capital IQ Credit Score for the full portfolio, 30.6.2023



- In addition to internally analyzing all the companies based on credit fundamental, we are also employing S&P Capital IQ for credit assessments
- S&P Capital IQ puts fundamental data into Standard & Poor's ratings framework and issues Credit Scores
- Over 50% of the officially unrated bonds get Investment Grade credit score from S&P Capital IQ.
- Only 2% of the total portfolio does not get a second credit opinion from S&P ("Not scored"), as the platform has no data on these companies

Top holdings 31.07.2024

10 LARGEST INVESTMENTS

	%
Ellevio Ab 12.2.2025 2.875% At Maturity Fixed	2.37%
Tietoevry Oyj 17.6.2025 2% Callable Fixed	1.70%
Kemira Oy 30.3.2028 1% Callable Fixed	1.66%
Vattenfall Ab 26.5.2083 1.778% Callable Floating	1.44%
Storebrand Livsf 30.9.2051 1.875% Callable Variable	1.40%
Kojamo Oyj 28.5.2029 0.875% Callable Fixed	1.34%
Cargotec Oyj 23.9.2026 1.625% At Maturity Fixed	1.32%
Fiskars Oyj 16.11.2028 5.125% Callable Fixed	1.27%
S-Pankki Oyj 8.3.2028 4.875% Callable Fixed	1.27%
Huhtamäki Oyj 20.11.2026 1.125% Callable Fixed	1.19%

10 LARGEST ISSUERS

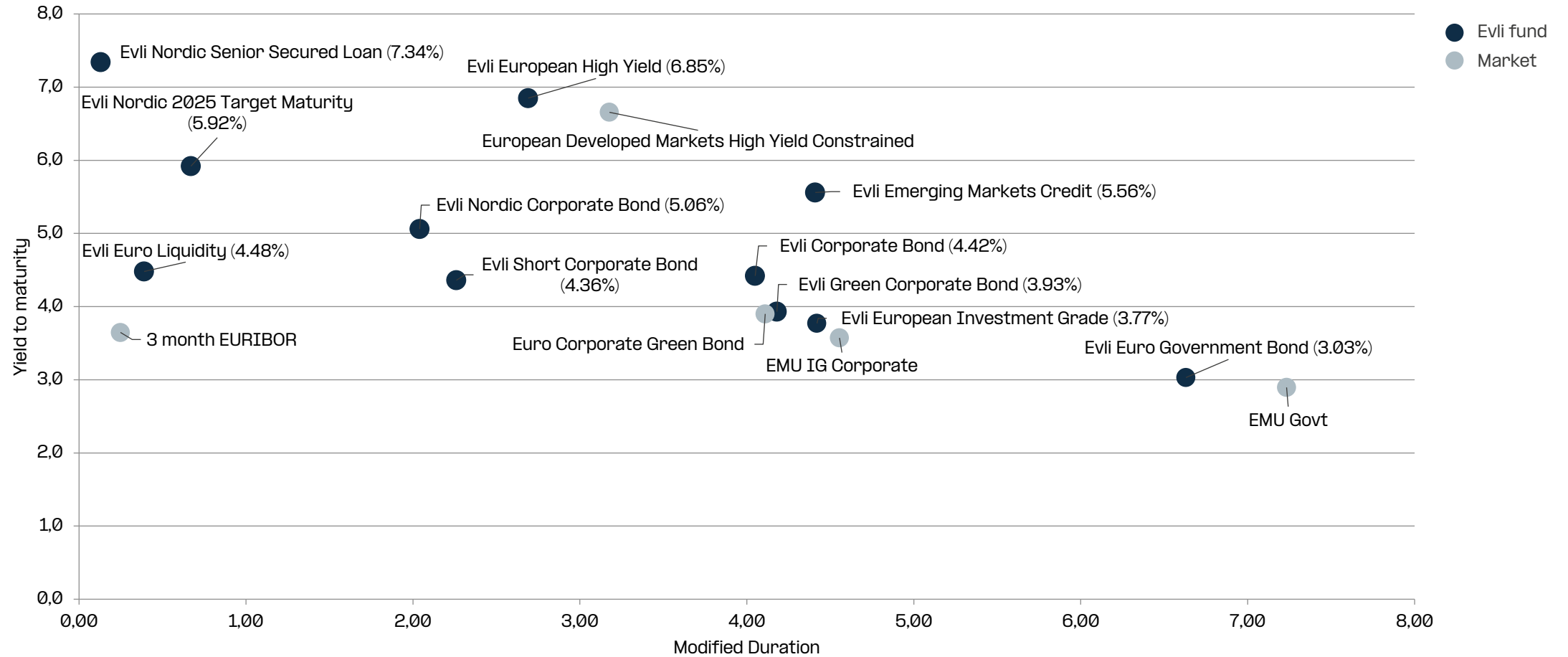
	%
Ellevio AB	2.73%
HUHTAMAKI OYJ	2.56%
Vattenfall AB	2.44%
Nibe Industrier AB	1.96%
Storebrand Livsforsikring AS	1.86%
TIETOEVRVY OYJ	1.70%
S-PANKKI OYJ	1.66%
KEMIRA OYJ	1.66%
Molnlycke Holding AB	1.63%
KOJAMO OYJ	1.55%

Currency Hedging Cost 7/2024







	Hedging cost/gain per year	Total currency exposure in fund	Hedging cost contribution
EUR		61.6%	
SEK	+0.21%	25.4%	+0.05%
NOK	-0.94%	11.6%	-0.11%
DKK	+0.38%	0.0%	0.00%
USD	-1.63%	1.4%	-0.02%
Average hedging cost for the fund			-0.08%
Local yield			5.14%
EUR Hedged yield			5.06%

Evli's funds vs. the market

31.7.2024



Evli's corporate bond funds in a nutshell

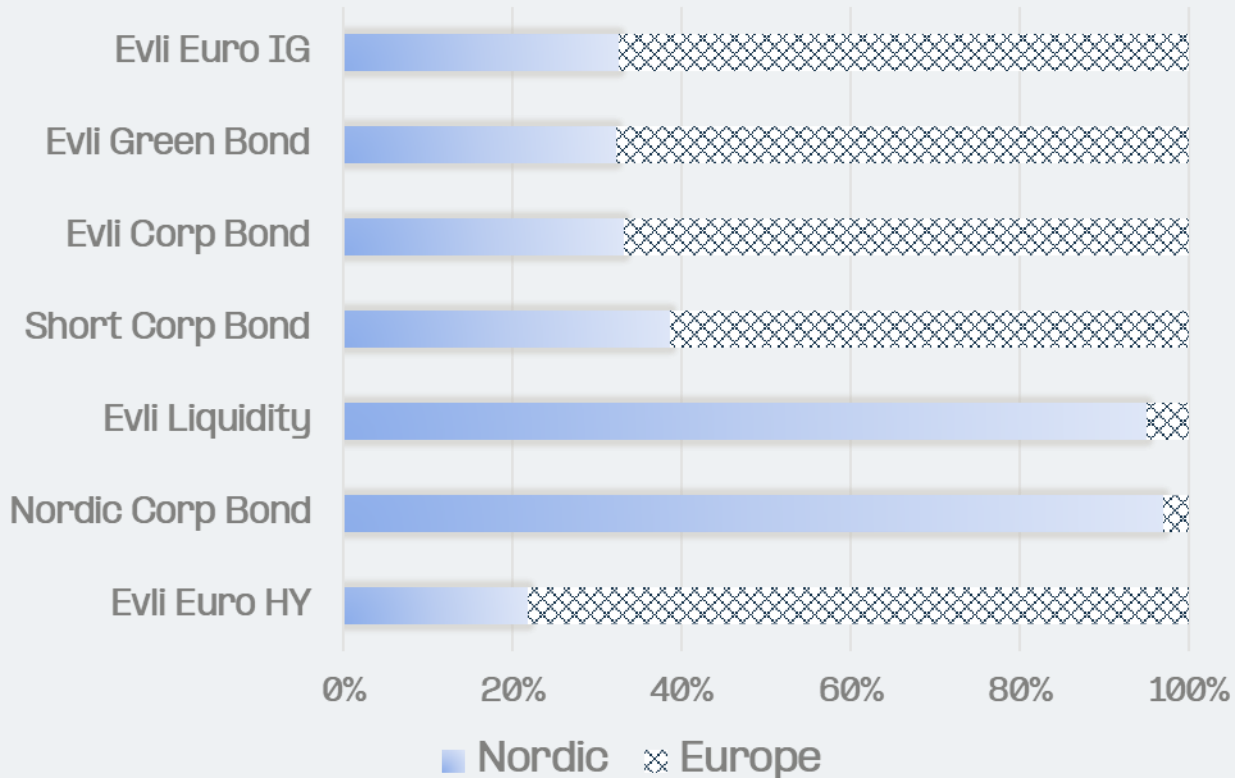
FUND	Evli Euro Liquidity	Evli Short Corporate Bond	Evli Nordic Corporate Bond	Evli Corporate Bond	Evli Green Corporate Bond	Evli European Investment Grade	Evli European High Yield	Evli Emerging Markets Credit
Invests into	Nordic ultra–short term corp bonds and commercial papers	Short dated European corporate 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

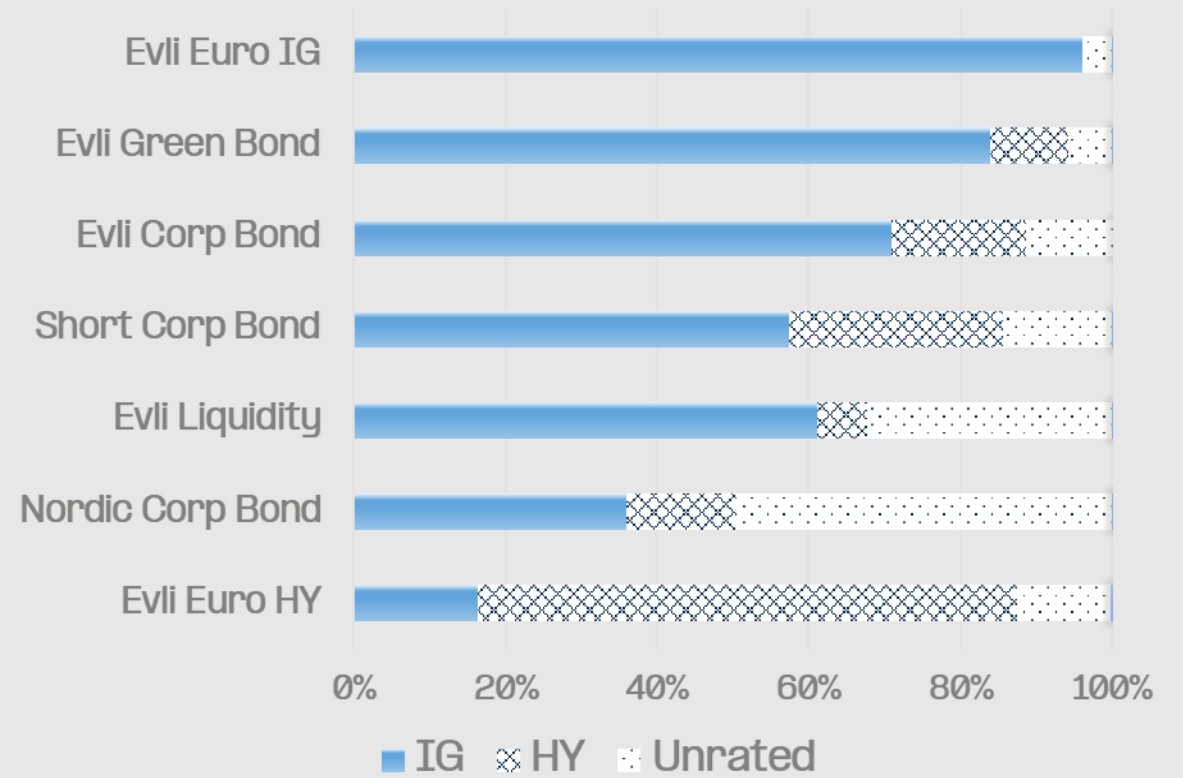
¹ Morningstar Stars helps to assess a fund's track record relative to its peers, Morningstar Medalist Rating is a five–tier system to assess a strategy's ability to outperform its Morningstar Category index after fees.

Evli Credit fund Nordic exposure

Geographic distribution 31/12/23



Credit risk breakdown 31/12/23



06

CONSIDERATIONS AND RISK FACTORS

Considerations and Risk Factors

The fund's goal is to out-perform the benchmark index over the long term. The return expectation and risk of funds investing in corporate bonds are generally higher than the return expectation and risk of funds that invest solely in government bonds.

The fund does not require its investments to be credit-rated, which means that the fund's investments are subject to an average or high credit risk. The credit risk arising from individual issuers is reduced by diversifying the investments among various issuers.

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.
- 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.



07

INVESTMENT PROCESS & RESPONSIBLE INVESTING

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 utilization of different credit segments, both rated and unrated
- Active doesn't mean trading, turnover usually below 1

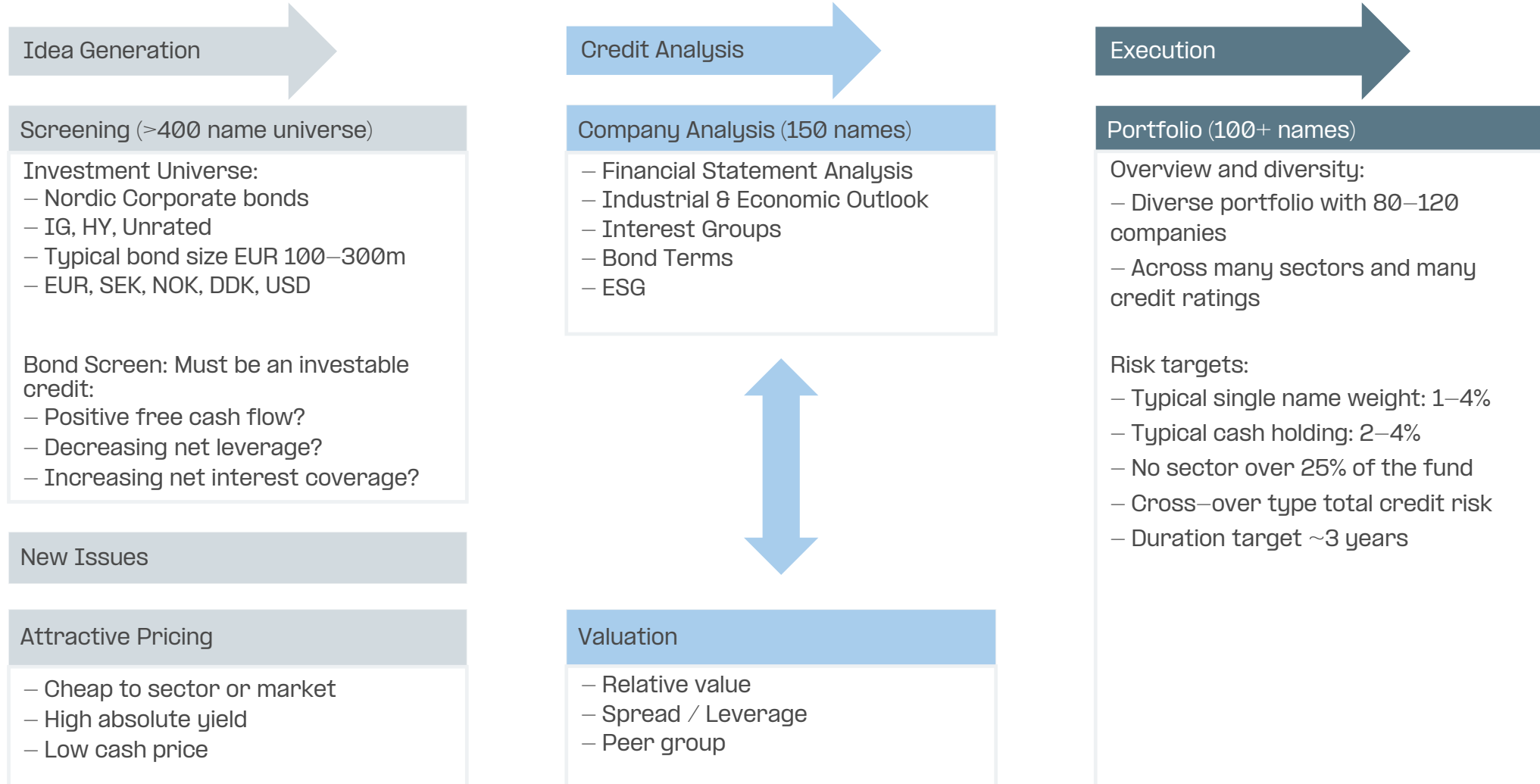
DYNAMIC

- 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

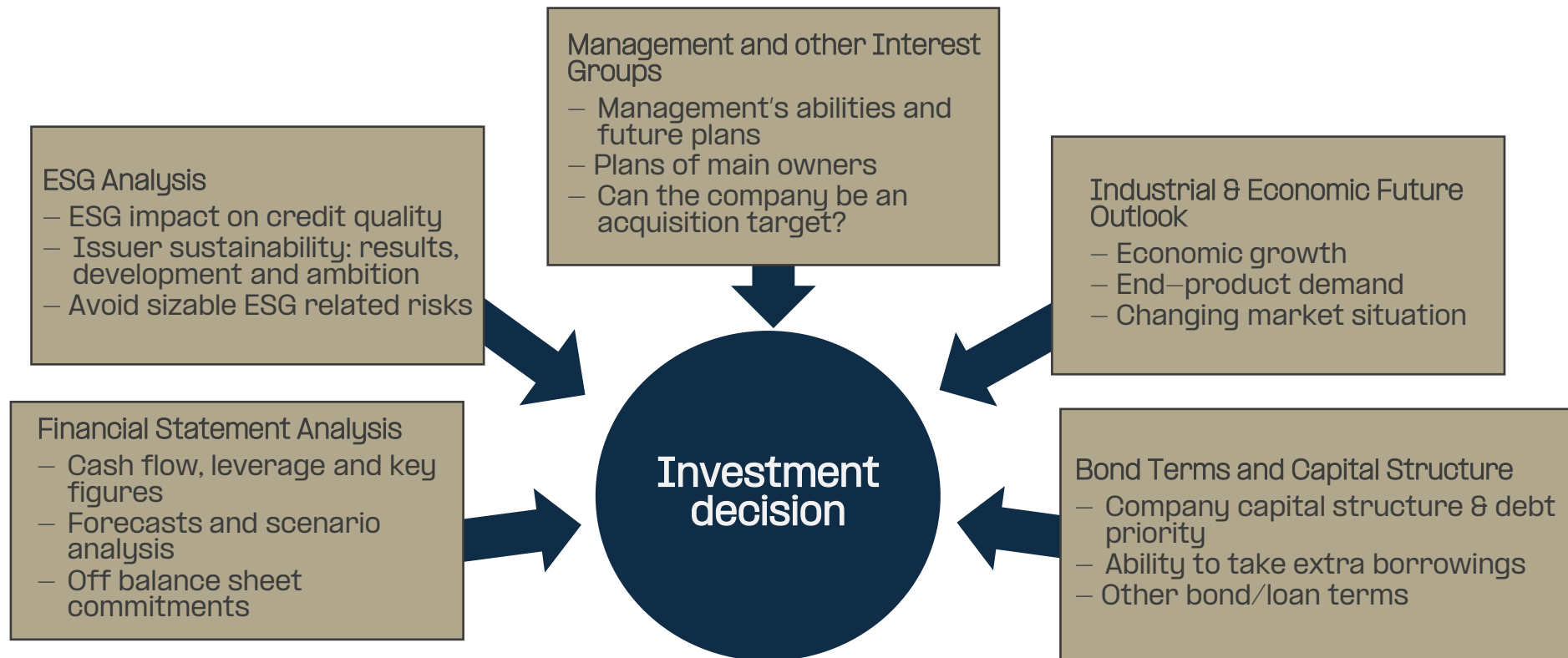
- **Good diversification**, 80–120 companies, different sectors
- The weight of single issuers in the portfolio usually max 4%, generally only the top 10 holdings would be over 3%

Nordic Corporates Investment Process



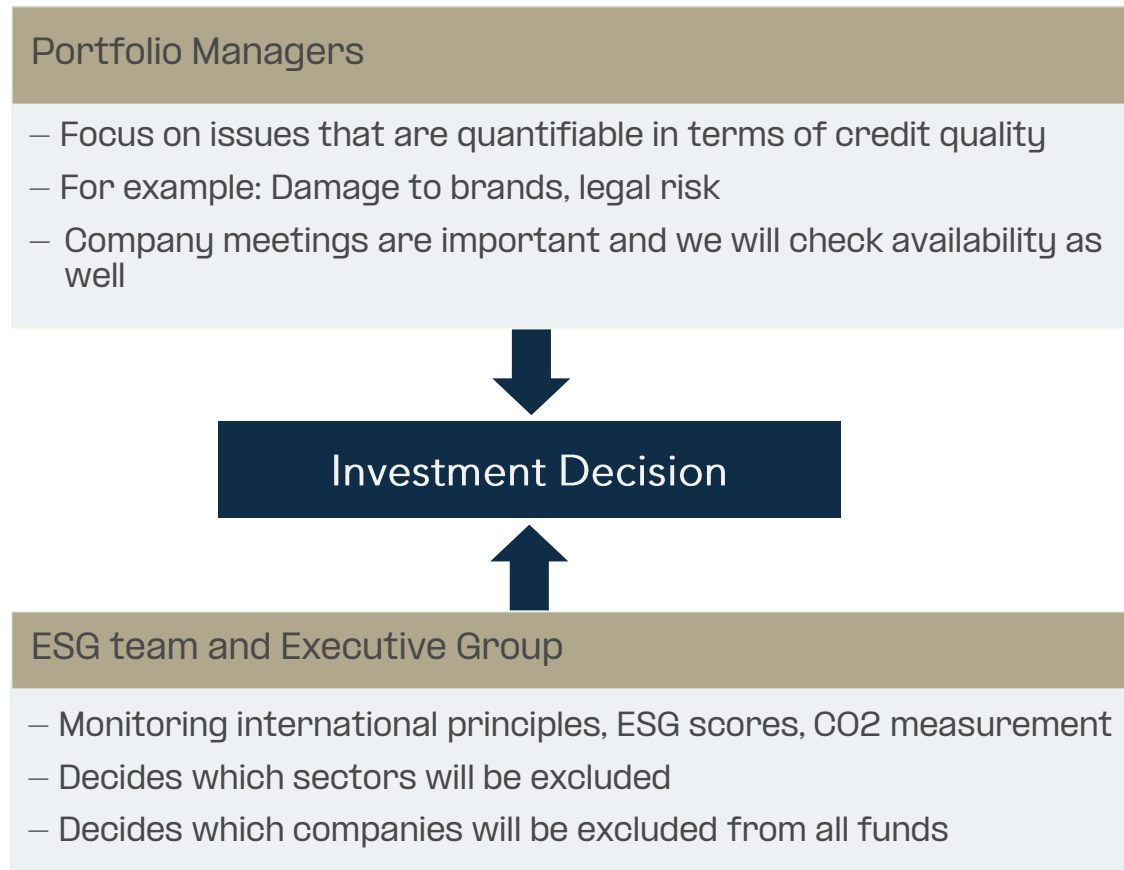
Credit Analysis: Company

- 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.



ESG examples from Evli's corporate bond funds



ENVIRONMENTAL

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

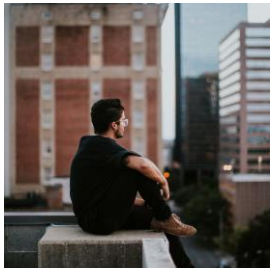
- Sold Balder AB's bonds after several weak, negative ESG signals emerged. Among others, the company bought indirect oil risk by investing in oil-related real estate assets in Norway.
- Invested in the Volvo Car new green bond as the company committed to a new industry leading electric strategy.



SOCIAL

Applicable to all sectors. Examples:

- Refrained from investing in Amer Sports' loan due to its parent company's alleged ties to cotton produced in areas linked to Uyghur forced labor.
- Did not buy Open Infra's bond because of unethical business practices (pressuring elderly people to buy services and making misleading claims to clients).



GOVERNANCE

Applicable to all sectors. Examples:

- Sold investments in Credit Suisse in spring 2021 after the news on the risk management failures relating to Archegos Capital and Greensill Capital came out.
- Did not participate in Wirecard issue in Sept 2019 due to media reports on irregularities, despite an IG rating.

Bond Liquidity Analysis is a Part of Credit Analysis

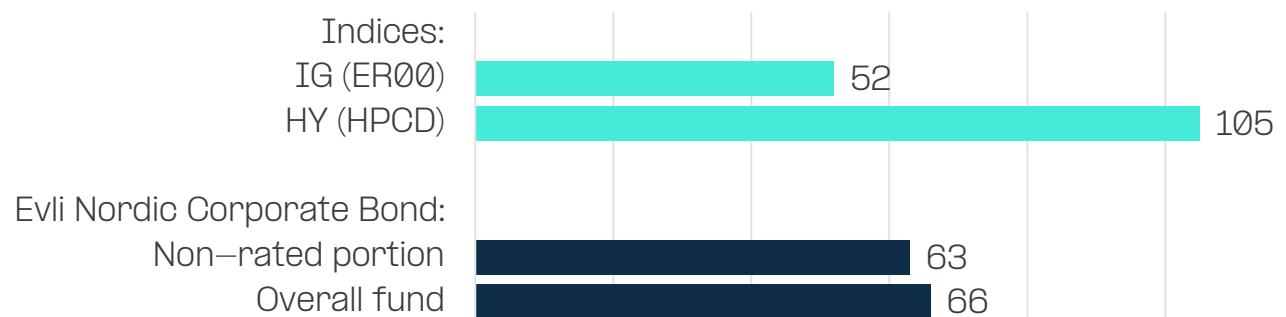
– We only invest in bonds that we estimate to have good secondary market liquidity

- Well-known companies in the Nordics with wide investor base
- Unrated bonds but equity listed in the local stock exchange
- Good quality companies with Nordic banks as market makers

Bond investment principles

Publicly sold bonds	YES	
Private placements		NO
Bank lead managed bonds	YES	
Bonds with no lead manager		NO
Multiple market bids on Bloomberg	YES	
Level 2 or Level 3 assets		NO

Bid-offer spread (bps), December 2023



– Constant monitoring of liquidity (values at 12/2023):

- Outstanding company debt the fund owns: 2.37 %
- Estimated liquidation time of fund:

Waterfall Liquidity (days)

10% of AuM	25% of AuM	50% of AuM	100% of AuM
<1d	2d	10d	30d

ESG integration in Investment Process – Daily activity on fund and company level



- Portfolio managers are responsible for the daily ESG integration and taking ESG issues into account in all investment decisions.
 - Responsible Investment Team is responsible for engagement, development work and individual company exclusions.
 - ESG information sources:
 - MSCI ESG Research (ESG ratings, controversies, business involvement, climate related data) for 14,500 companies
 - ISS ESG's Controversy Data for 24,500 companies
 - ISS ESG's Climate Data including scenario analysis data
- Evli's internal ESG Database integrating both data.

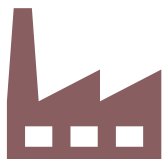
Further information on the consideration of the fund's sustainability factors and risks, in accordance with the Sustainable Finance Disclosure Regulation, is available at www.evli.com and in the Fund Prospectus.

Fund Exclusion in Practice



Evli's general exclusion:

Controversial weapons (landmines, cluster bombs, depleted uranium, nuclear weapons, chemical and biological weapons) with a 0% threshold and companies manufacturing tobacco, producing adult entertainment and practicing controversial lending with a 5% revenue threshold. In addition, Russian companies and the Russian state are excluded.



In addition to Evli's general exclusion:

Companies manufacturing alcohol, weapons, fossil fuels, and gambling with a 5% revenue threshold. Production of fossil fuels refers to the mining and extraction of fossil fuels. The fund also excludes fossil fuel refining with a 5% revenue threshold.

Evli's Climate Change Principles for all Evli funds:

Companies that gain a significant part of their revenue (at least 30%) from thermal coal (mining and energy production) or oil sands (extraction) and have not a concrete plan to change their procedures. Companies manufacturing peat for energy production are excluded.

Best-in-class ESG reports provide a comprehensive and transparent view

– Quarterly ESG Reports on all Evli funds are published to the open public to add to transparency and improve industry best-practice.

– Main content in ESG Report

1. ESG approach, exclusion criteria, active ownership.
2. Main ESG metrics, with historical development.
3. Reputational risk metrics, fund and benchmark.
4. Climate change metrics, such as carbon footprint and low carbon transition assessment.
5. ESG metrics on top-10 holdings

– Annually Responsible Investment Transparency Report, which enables clients to follow how responsible investing proceeds at Evli.

EVLI EVLI NORDIC CORPORATE BOND ESG Report of the Fund Q4 2022

SFDR classification: Article 8

Responsibility score **AAA** Carbon footprint **87** UN Global Compact **0.0%**

ESG strategy
The Fund follows Evli's Responsible Investment Principles. Before the investment decision, ESG risks are addressed through due diligence on credit, legal and company financials. Funds undergo analysis. A portfolio score is placed on the ESG risk scale. The risk scale is used to select companies for investment from being high ESG risk to low ESG risk. The analysis of ESG factors is based on a public view of the company, which is complemented by the company's own disclosures. The Fund places greater emphasis on companies with higher ESG scores.

Engagement activity
The Fund's portfolio managers have been in contact with and regularly contact the companies. At these meetings, ESG risks are discussed among others. The main engagement theme is to improve the ESG performance and practices of the companies. The Fund also initiates such as Climate Action 100+ and the UN Global Compact. The Fund also collaborates with other investors in setting up initiatives such as Climate Action 100+ and the UN Global Compact. The Fund also collaborates with other investors in setting up initiatives such as Climate Action 100+ and the UN Global Compact. The Fund also collaborates with other investors in setting up initiatives such as Climate Action 100+ and the UN Global Compact.

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ESG Metrics
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CURRENT RESPONSIBILITY SCORES

Overall Score	AAA
Environmental	A
Social	BBB
Governance	A
Coverage of the analysis (%)	77

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.

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DEVELOPMENT OF FUND'S RESPONSIBILITY SCORES

CURRENT ESG RATINGS DISTRIBUTION

Evli's key strengths on Responsible Investing



ESG is deeply and thoroughly integrated in all daily investment activity in all portfolios managed by Evli



Portfolio level ESG profile is reported in detail to add transparency and industry best-practice



Responsible investing practices are actively developed to remain at top of the market

Portfolio Management: Nordic Corporate Bonds



Jani Kurppa

SENIOR PORTFOLIO MANAGER

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

Evli's team analysing Nordic corporates

Evli's equity PMs following Nordic Co's

 <p>Mikael Lundström Chief Investment Officer</p> <p>In the Industry since 1996</p>	Nordic High Yield	 <p>Janne Kujala Head of Nordic Equities</p> <p>Experience 20 years</p>	Finnish equities Nordic Small Caps
 <p>Juhana Heikkilä Senior Portfolio Manager</p> <p>In the Industry since 1994</p>	Nordic unrated corporates	 <p>Wilhelm Bruun Portfolio manager, global equities</p> <p>Experience 15 years</p>	Nordic equities
 <p>Juhamatti Pukka Head of Fixed Income</p> <p>In the finance industry since 2007</p>	Nordic unrated corporates	 <p>Ville Tiainen Portfolio Manager, Nordic Equities</p> <p>Experience 10 years</p>	Finnish equities Nordic Small Caps
 <p>Einari Jalonen Portfolio Manager</p> <p>In the Industry since 2008</p>	Nordic High Yield		

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

At Your Service

EVLI

Evli Plc
Aleksanterinkatu 19, 4th floor
P.O. Box 1081, 00101 Helsinki, Finland



Petter von Bonsdorff

DIRECTOR, INTERNATIONAL SALES

tel. +358 9 4766 9111
mob. +358 40 540 4100
email petter.bonsdorff@evli.com



Marco Granskog

DIRECTOR, INTERNATIONAL SALES

tel. +358 9 4766 9741
mob. +358 50 500 3492
email marco.granskog@evli.com



Ronny Ruohomaa

DIRECTOR, INTERNATIONAL SALES

tel. +358 9 4766 9326
mob. +358 50 369 0194
email ronny.ruohomaa@evli.com

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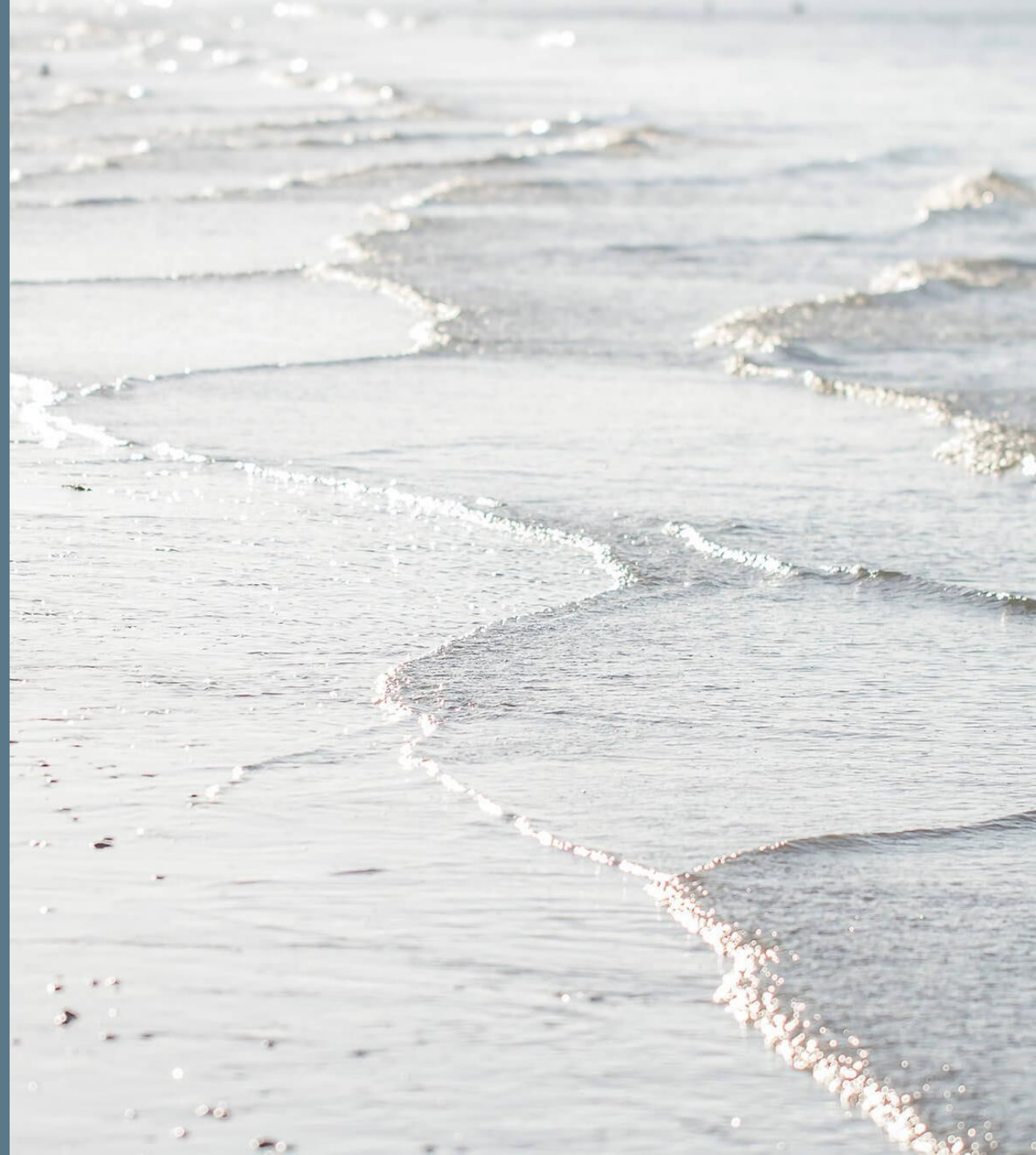
[LinkedIn – Evli](#)



[Instagram Evli Oyj](#)



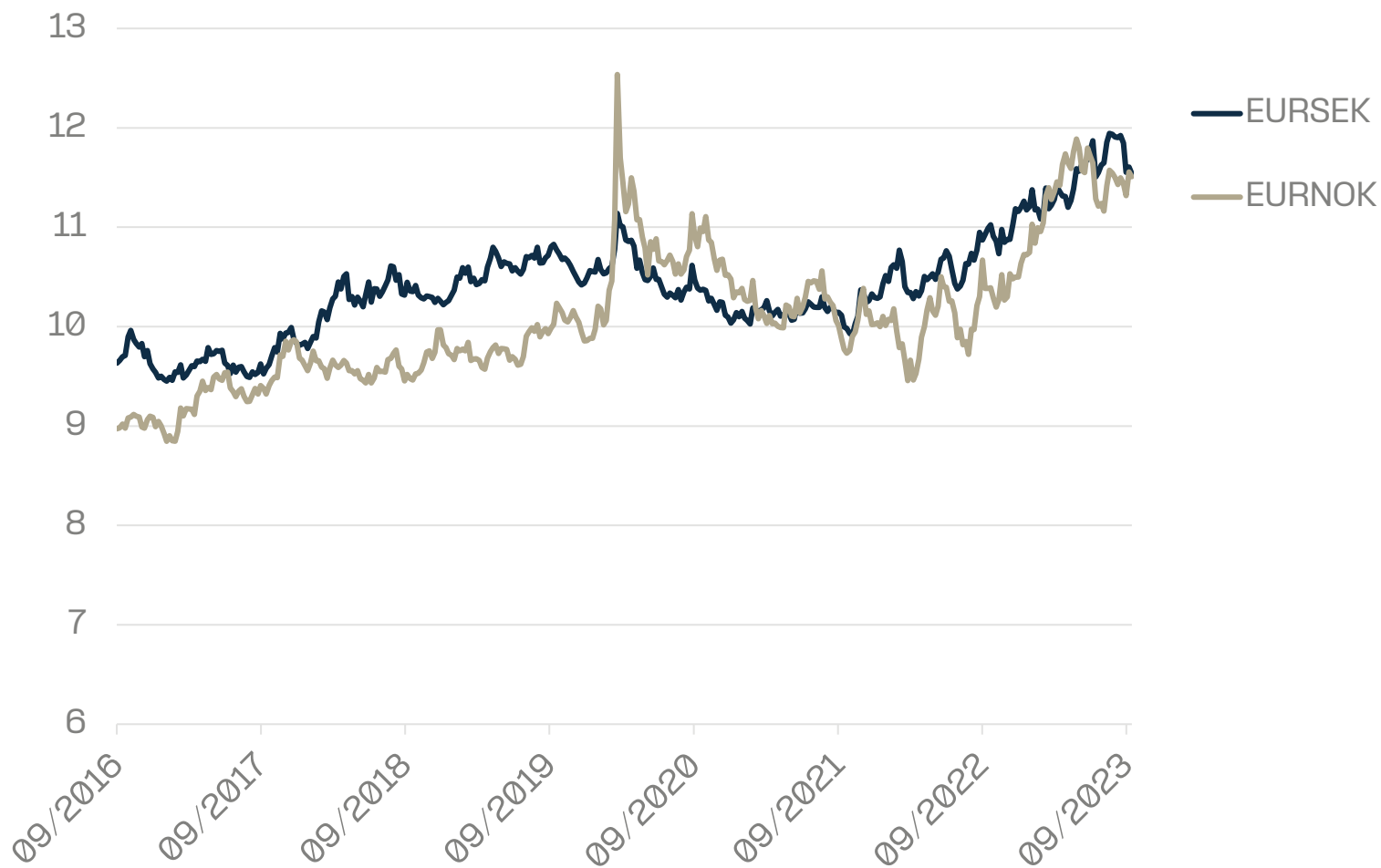
[evli.com](#)



08

APPENDIX

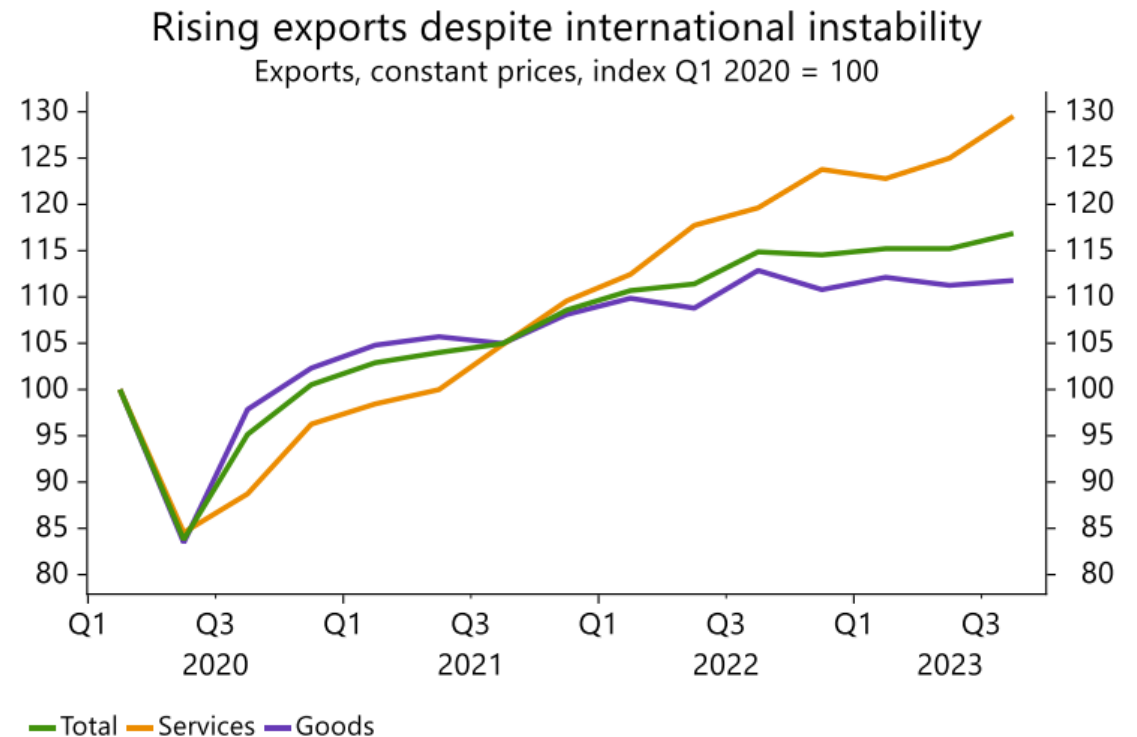
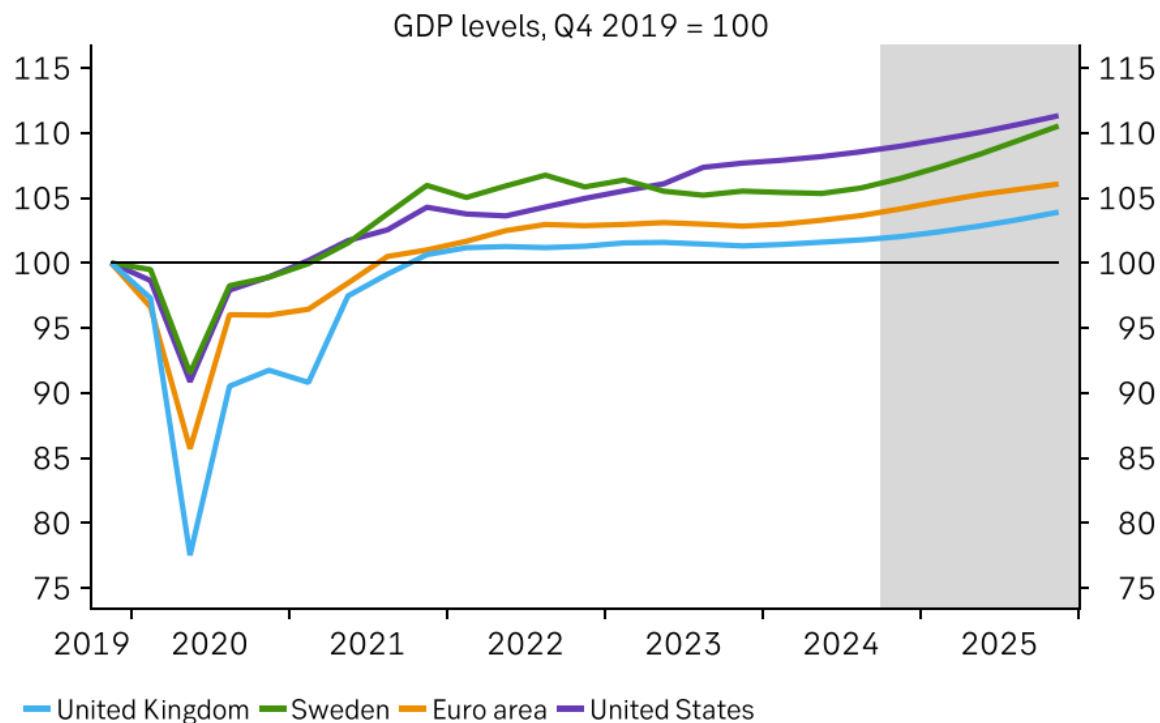
FX rates supporting exporting industries in Sweden and Norway



- Weaker currencies are improving competitiveness of exporting companies in Sweden and Norway
- Companies can achieve better profit margins in local currency compared to Euro area companies

Sweden GDP & Exports

- Sweden GDP softer in 2023 after strong covid recovery and higher rates
- Swedish GDP Recovery expected from H2 2024
- Swedish exporting sectors benefit from the weaker currency

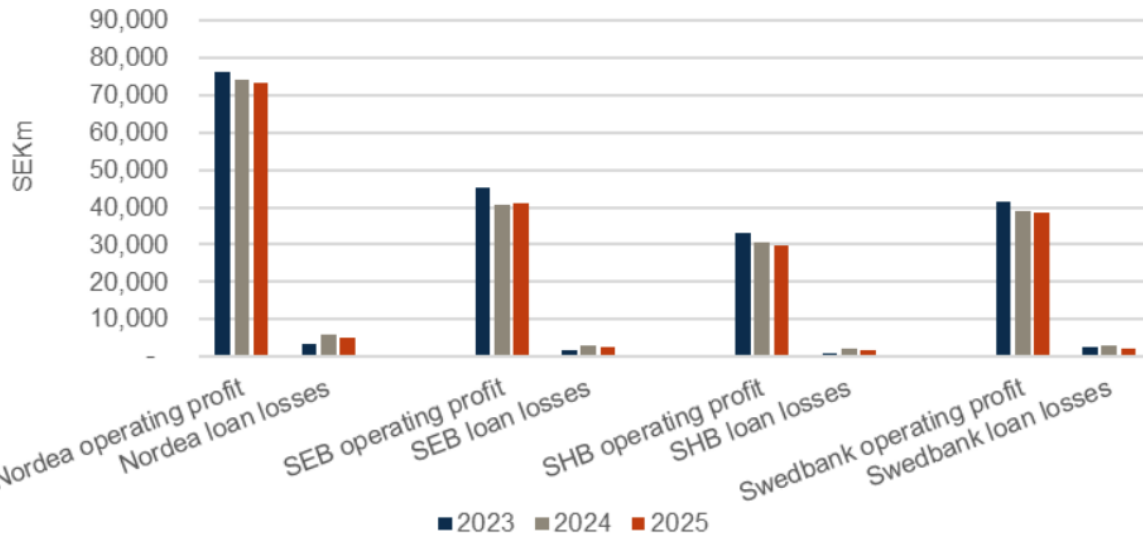


Source: Statistics Sweden (SCB), Macrobond, SEB

Swedish Banking sector is healthy

- Reported credit losses have been lower than expected
- Average 0.04% credit losses for the big four banks in H1 2023
- EBA 2023 Stress test confirmed the Nordic and Swedish banks resilience – Despite the use of a more severe stress scenario than EU average

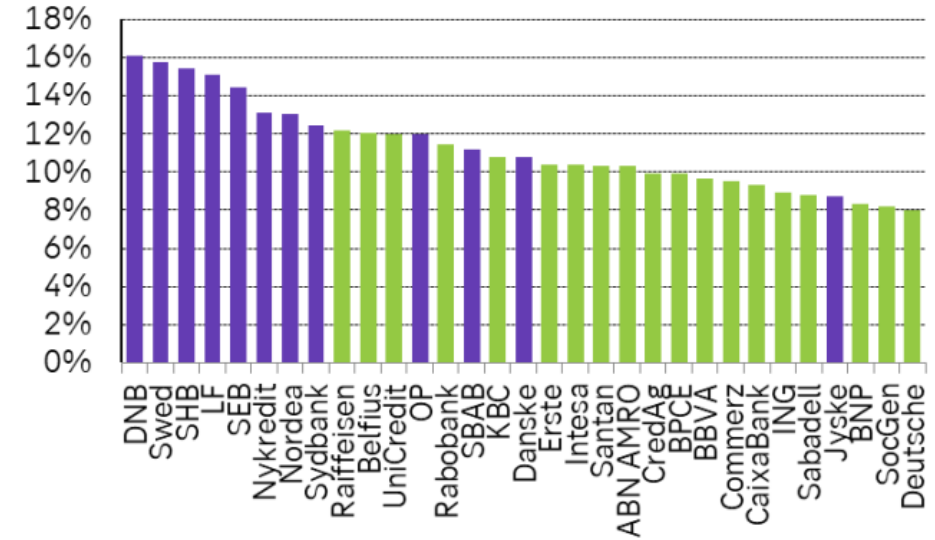
Consensus expected operating profit and ELCs 2023-25



Although ECLs are expected to increase, the banks are still likely to make historically high operating profits in 2024-25

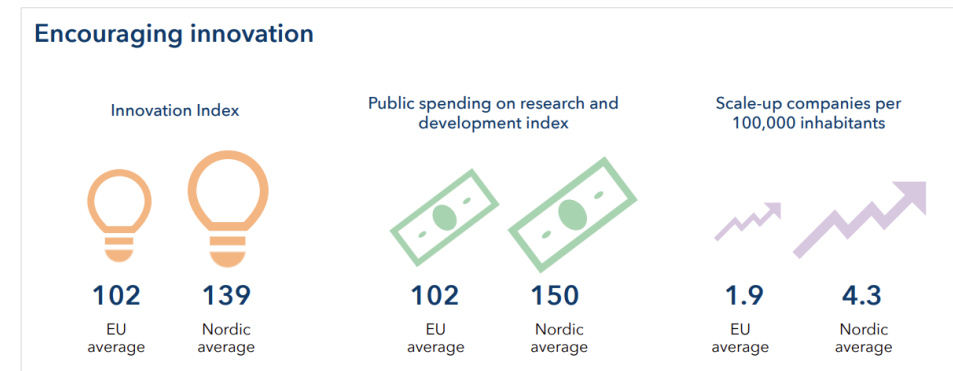
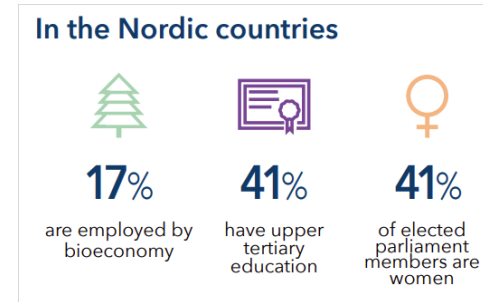
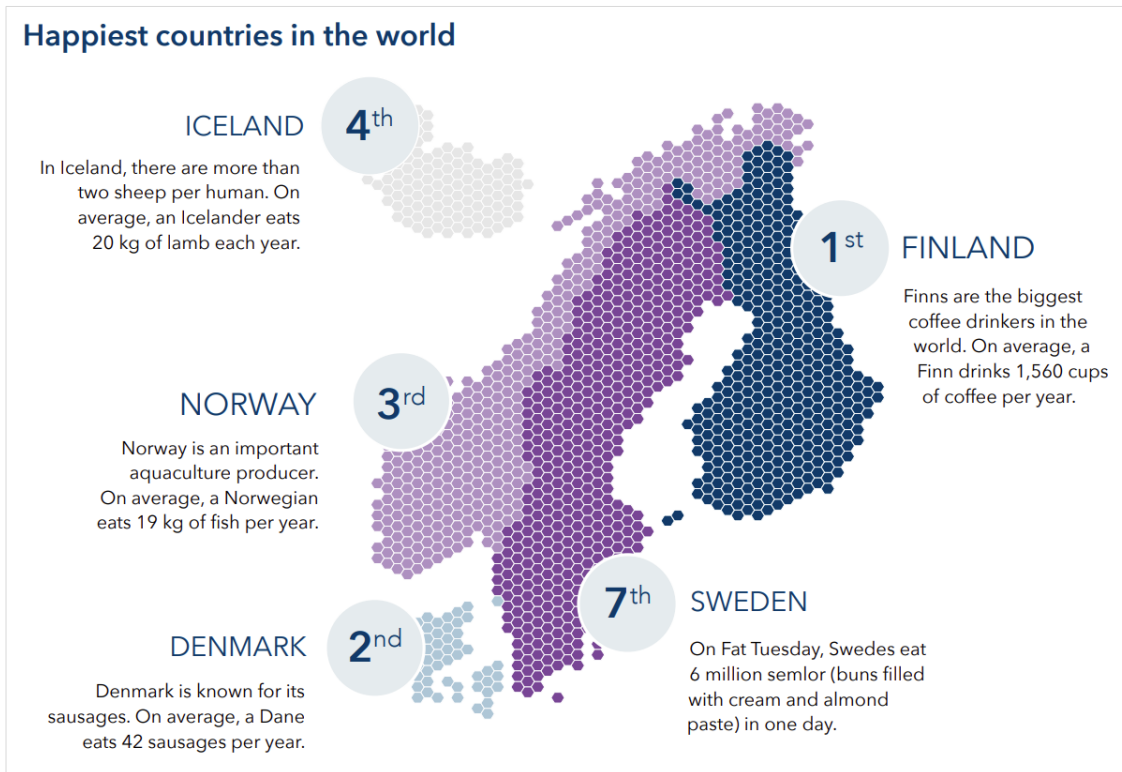
Sources: Infront data and Handelsbanken Capital Markets
 Note: Nordea translated from EUR to SEK using the end Q2 2023 exchange rate

Stressed CET1 ratio (low point)



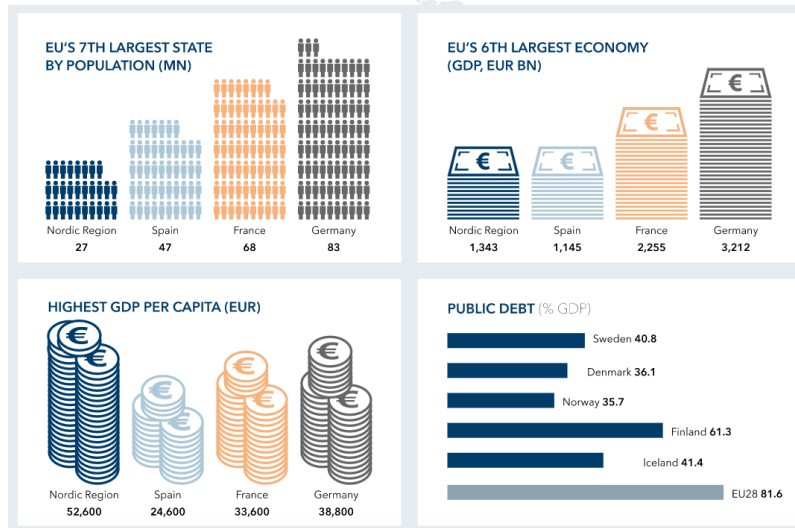
The Nordic Model

- The combination of social welfare and economic systems adopted by the region's countries is called the Nordic model. It matches market economy and economic efficiency with social benefits and income distribution.



The Nordics – Strong and Stable Economies

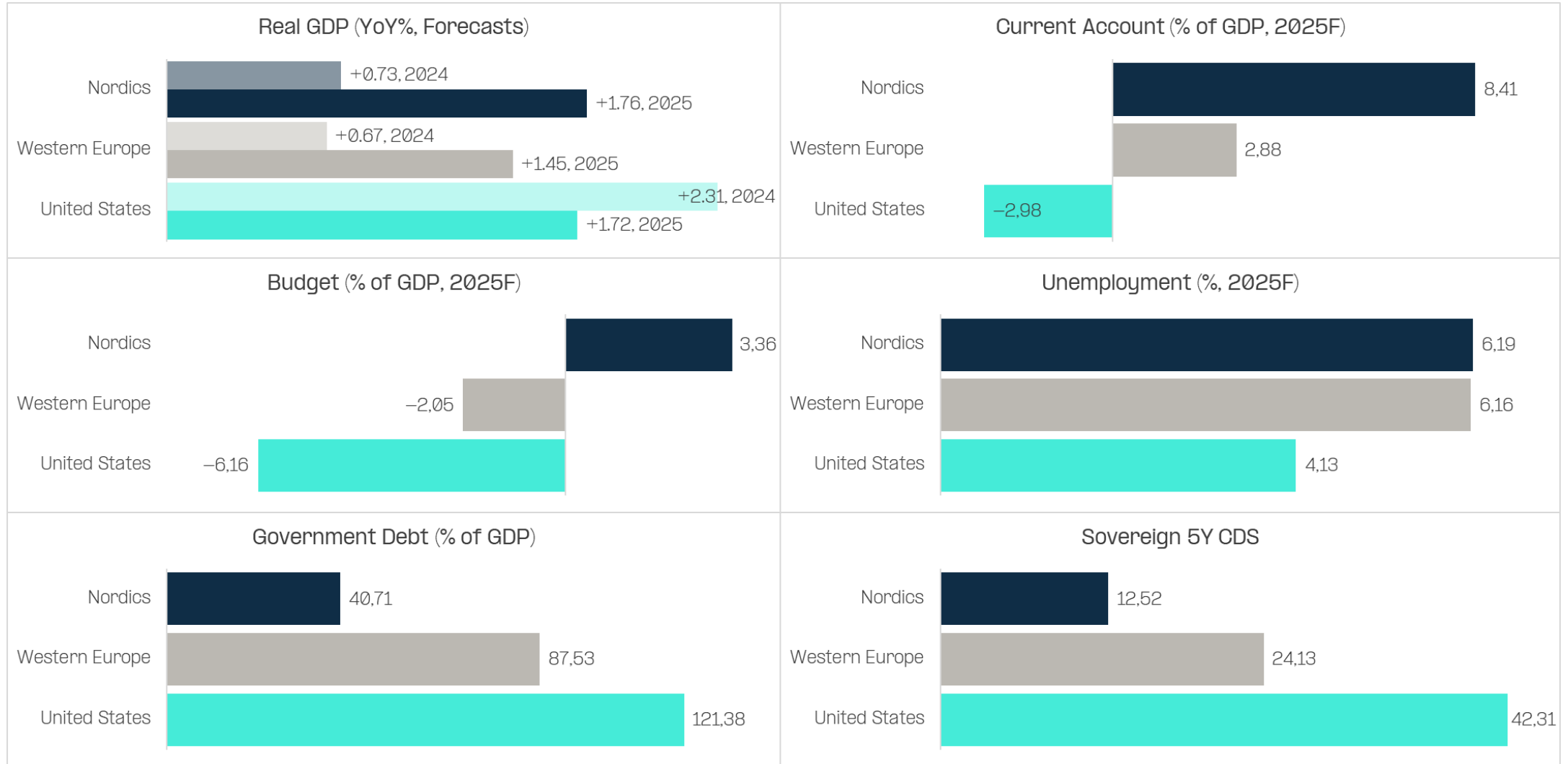
"The Nordics are known for high quality of life, innovativeness, democracy and stability. Here's a look at what makes the region so successful."



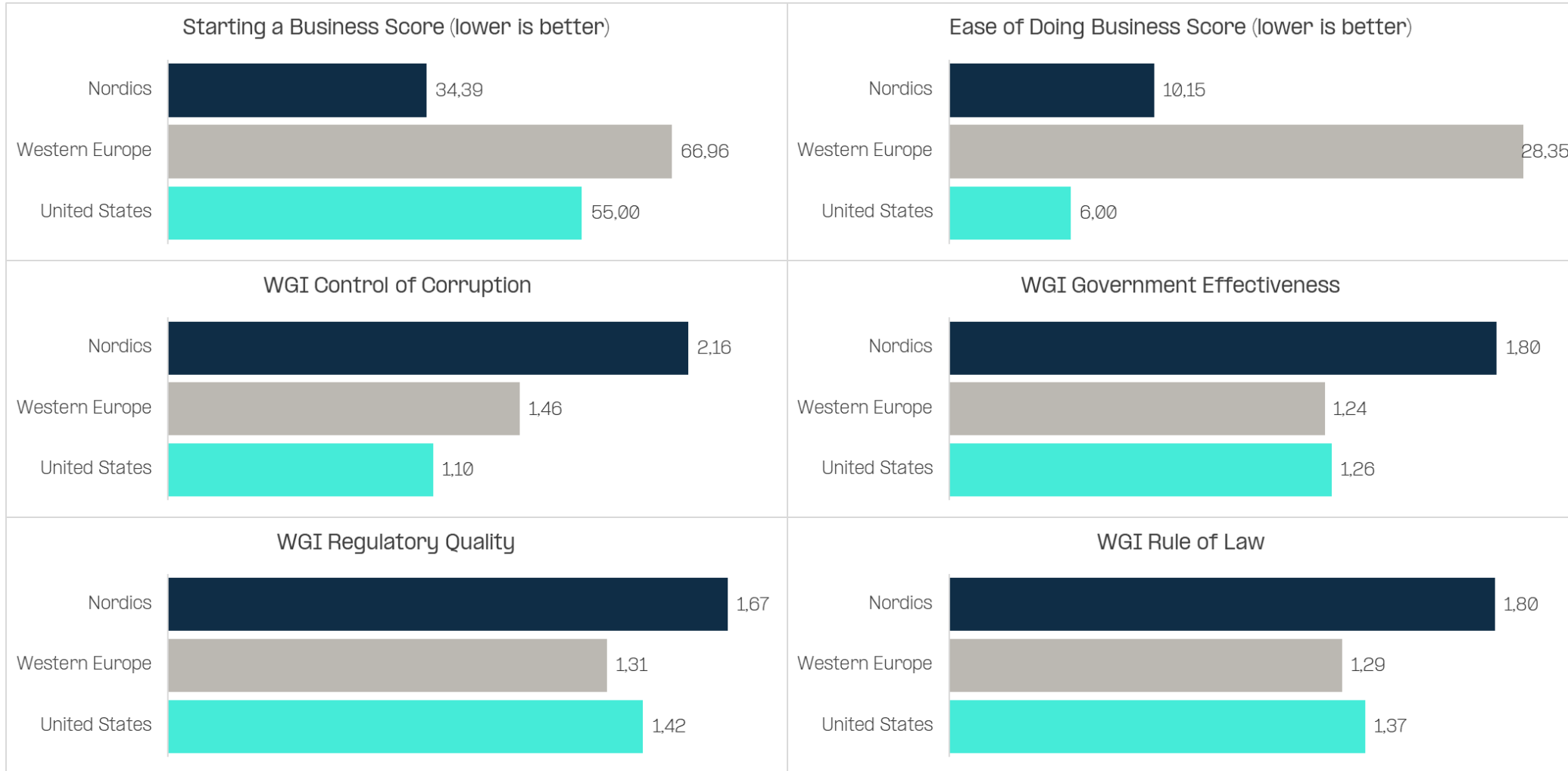
Nordic Countries share the same virtues and traits

- Are small export oriented open economies
- Have strong political institutions
- Are global forerunners in equality issues
- ESG has been mainstream for more than a decade
- Top all competitiveness and business condition rankings in the World
- Are the biggest unicorn factory in the world – most attractive region for startups

Nordics economies on healthy basis



Nordics is a very business friendly environment



The Worldwide Governance Indicators (WGI) are a research dataset summarizing the views on the quality of governance provided by many enterprise, citizen and expert survey respondents in industrial and developing countries. WGI is a World Bank supported project.

Nordic Bonds: Already a Sizeable Market

Q4 2023	Nordic	EUR IG Index	EUR HY Index
Market Size (non-financials)	309 bn	1,911 bn	397 bn
Number of Issuers (non-financials)	517	554	344
Number of Unrated Bonds	69%	0%	0%
Unrated Amount	33%	0%	0%

Source: Bloomberg 31.12.2023

- Country of risk: FI, SE, NO, DE
- Currency: EUR, USD, NOK, SEK, DKK
- Excluding: finance and government sectors
- Amount outstanding: >30MEUR
- EUR IG: EN00 Index; EUR HY: HE00 Index

NORDIC CORPORATE BOND MARKET
SIZE

EUR 309bn

NUMBER OF ISSUERS

>500

NUMBER OF UNRATED BONDS

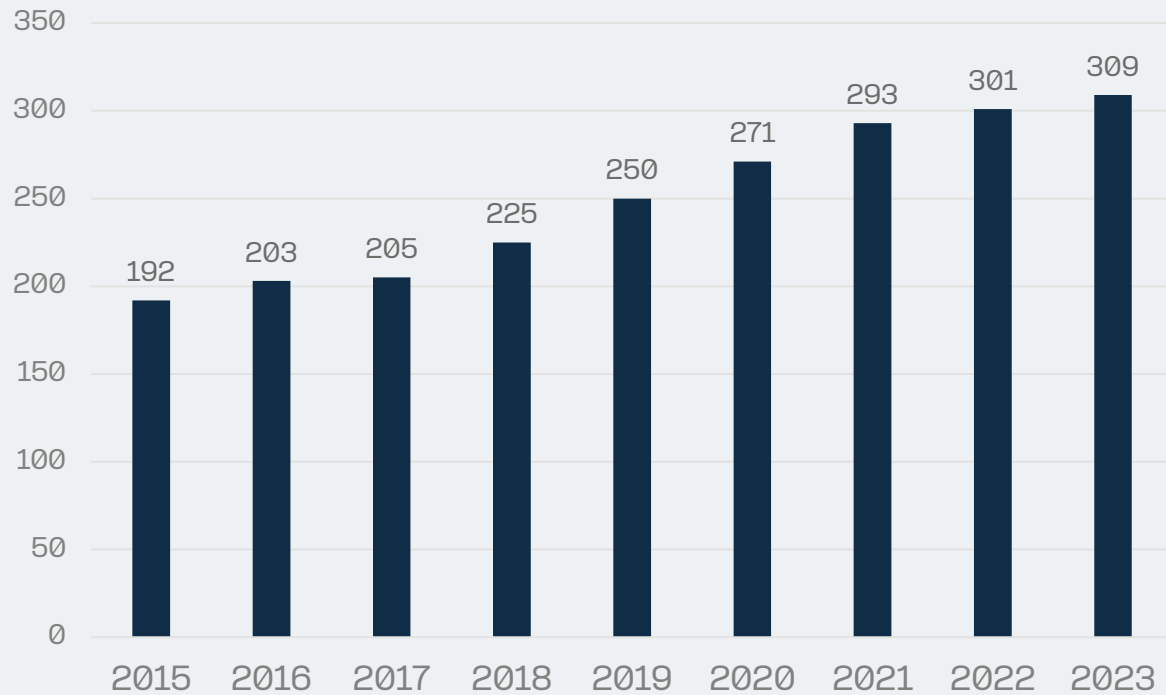
69%

SHARE OF UNRATED AMOUNT

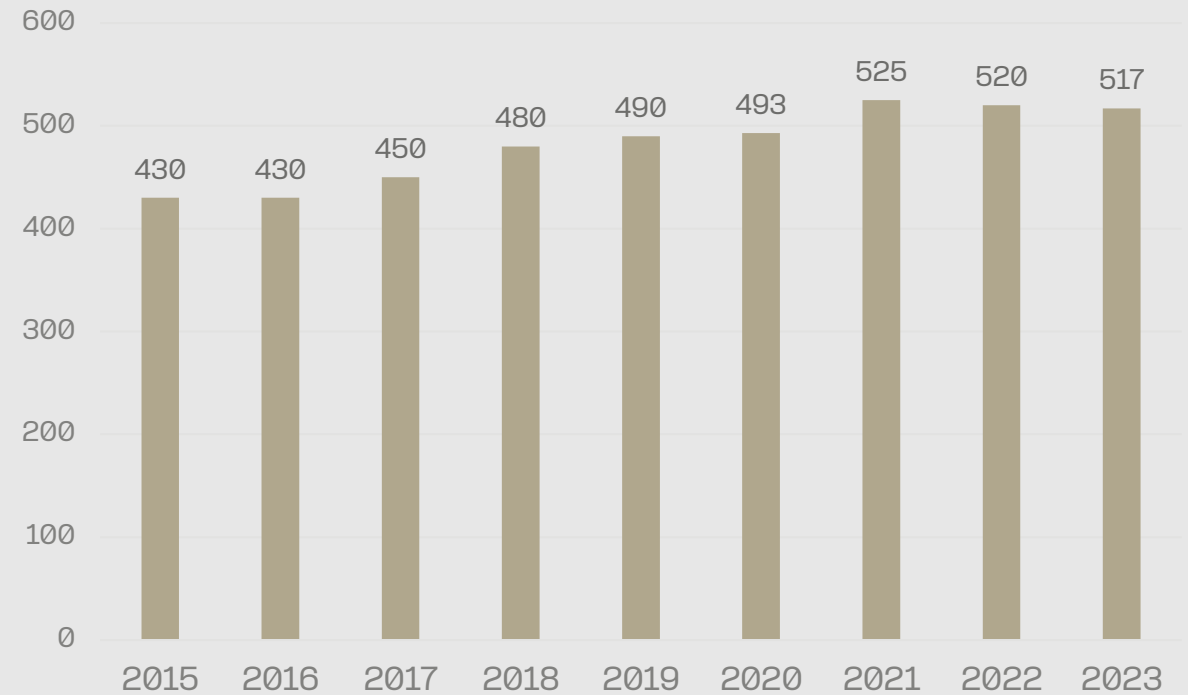
33%

Nordic Corporate Bond Market is still Growing

Nordic Market Size, EUR bn



Nordic Issuer Count

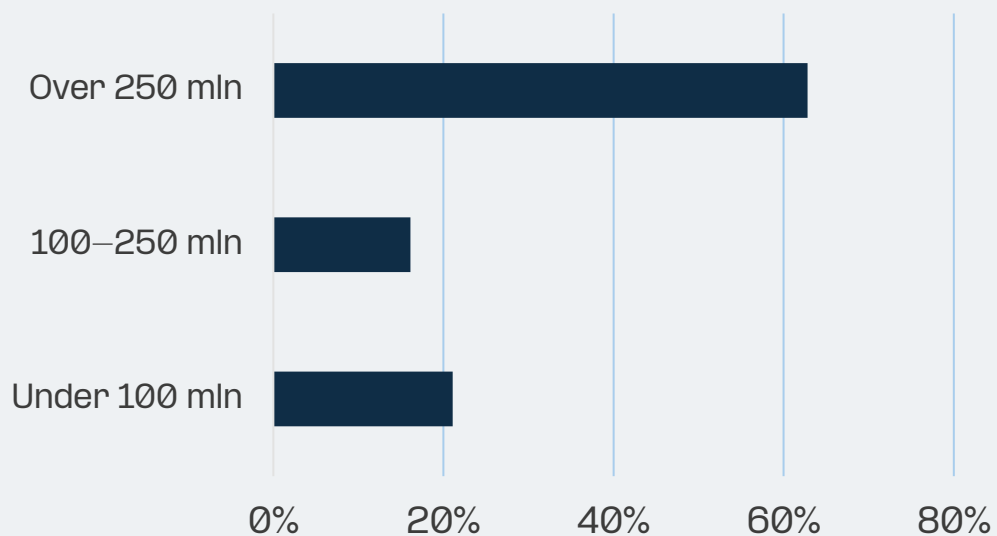


Source: Bloomberg.

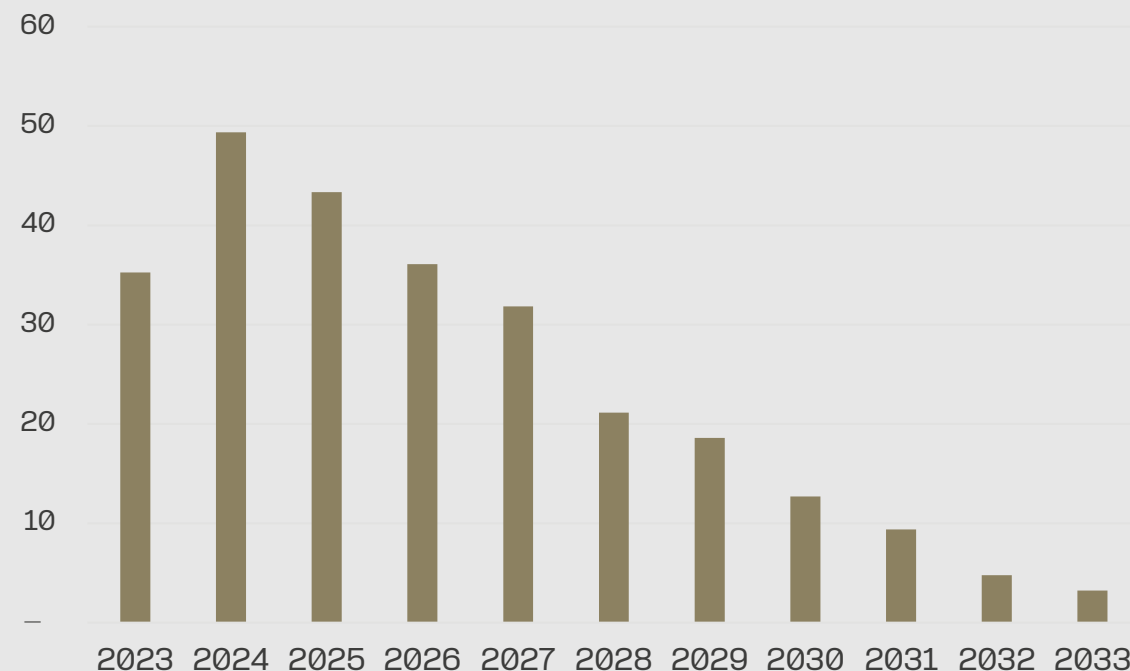
- Country of risk: Finland, Sweden, Norway, Denmark
- Currency: EUR, USD, NOK, SEK, DDK
- Excluding: finance and government sectors
- Amount outstanding: >30MEUR
- 12/2023

Nordic Corporate Bond Market: Many Big Bond Issues and Maturities to Choose From

Amount outstanding per issue size



Amount outstanding per maturity, (EUR, bn)



Source: Bloomberg.

– Country of risk: Finland, Sweden, Norway, Denmark

– Currency: EUR, USD, NOK, SEK, DDK

– Excluding: finance and government sectors

– Amount outstanding: >30MEUR

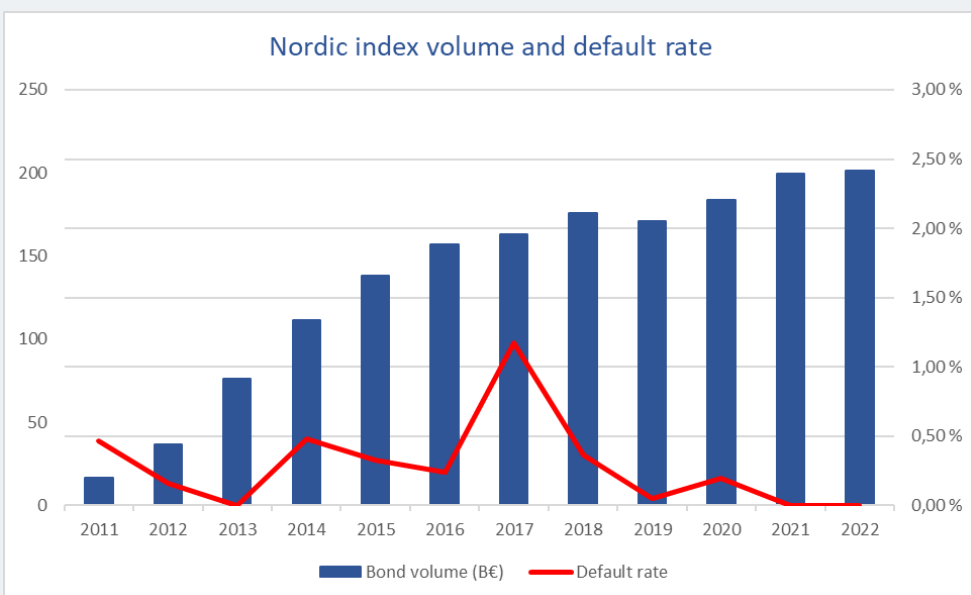
– 12/2022

Nordic Corporate Bond Market – Defaults 2010–2022

Evli has compiled default data from Stamdata with historical bond data from Bloomberg from the years 2010–2022. We have included all corporate and financial bonds, min €30m issue size and over 18 months of maturity.

Default Rates

	Annual default rates (% of cap)		
	Nordic	Global IG index (Eur)	EUR HY index
2011-2014	0,28 %	0,00 %	1,00 %
2015-2019	0,43 %	0,00 %	0,65 %
2020-2022	0,06 %	0,06 %	0,38 %
Total	0,28 %	0,06 %	0,45 %



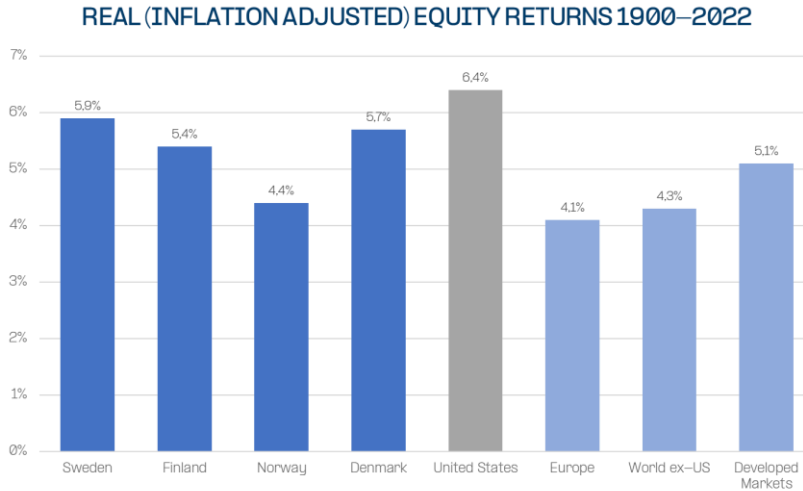
Bond Metrics 2010 – 2022

	Bonds	Defaults
Avg maturity (years)	11,7	9,8
median	5,0	5,0
Avg amount issued (M€)	168	112
median	92	72
Avg coupon (%)	3,3	6,6
median	2,5	6,9

Source: Stamdata, Bloomberg
 Asset class: Bonds (active and matured)
 Amount issued: Min 30 M€
 Industries: Excludes Sovereigns/Governments/Public
 Country (of domiciliation): DK, FI, SE, NO
 Currency: EUR, DKK, NOK, SEK, USD
 Initial maturity: Over 18 months
 Bond maturity: No perpetuals (99+ years)

Nordic Equity Markets – Consistent Excess Returns

- **Nordic Real Equity Returns** have historically been consistently higher than those in rest of Europe
- **This trend is persistent** and still clearly visible



Source: Elroy Dimson, Paul Marsh, and Mike Staunton, Staunton, Credit Suisse Global Investment Returns Yearbook 2023 Summary Edition. All figures are geometric means.

Possible explanations behind the excess returns

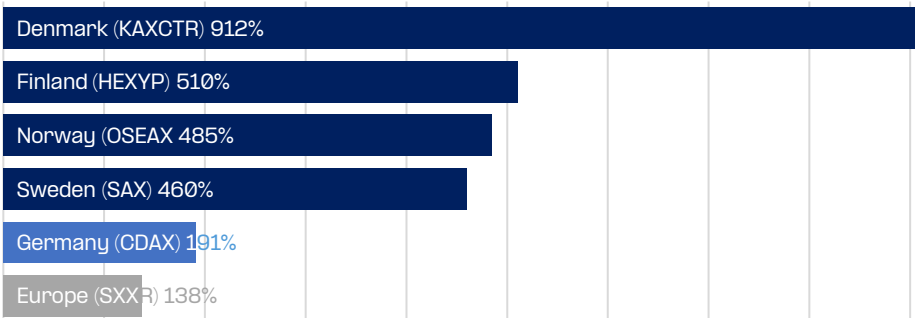
- Relatively strong and stable national governments and economies
- Global and export-oriented mindset due to the limited size of home markets
- Consistent business focus on selected industries and niches
- Stable ownership structure. Families and governments have historically played a notable role.
- Strong management teams



“Well-run companies in well-functioning societies”

HIGHER TOTAL RETURNS IN THE NORDICS IN RECENT YEARS (2001–2021)

CUMULATIVE RETURNS

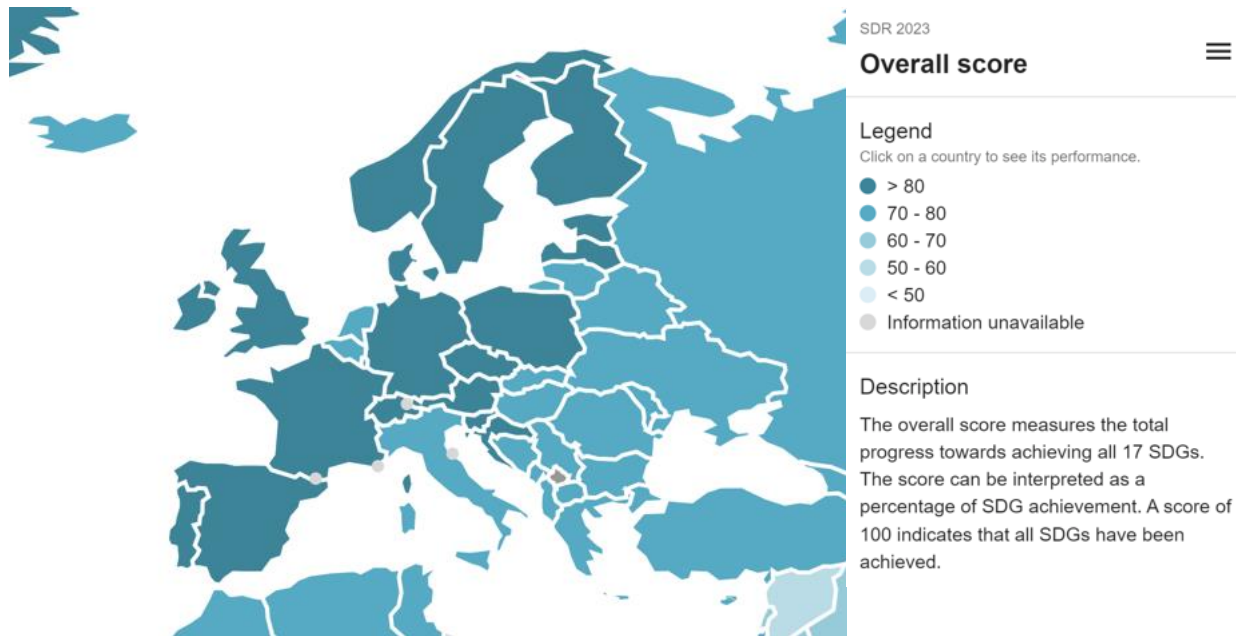


ANNUAL RETURNS

11.6%
9.0%
8.8%
8.5%
5.2%
4.2%

Source: Bloomberg. Total returns. All returns in Euro

Nordic countries top the 2023 SDG Index



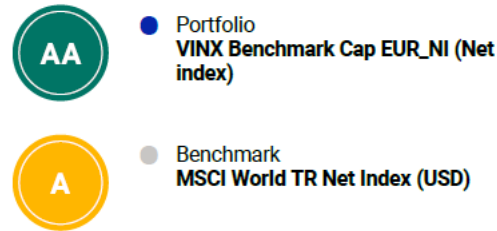
Rank	Country	Score	Rank	Country	Score
1	Finland	86.8	21	Japan	79.4
2	Sweden	86.0	22	Hungary	79.4
3	Denmark	85.7	23	Slovak Republic	79.1
4	Germany	83.4	24	Italy	78.8
5	Austria	82.3	25	Moldova	78.6
6	France	82.0	26	Canada	78.5
7	Norway	82.0	27	New Zealand	78.4
8	Czechia	81.9	28	Greece	78.4
9	Poland	81.8	29	Iceland	78.3
10	Estonia	81.7	30	Chile	78.2
11	United Kingdom	81.7	31	Korea, Rep.	78.1
12	Croatia	81.5	32	Uruguay	77.7
13	Slovenia	81.0	33	Luxembourg	77.6
14	Latvia	80.7	34	Belarus	77.5
15	Switzerland	80.5	35	Romania	77.5
16	Spain	80.4	36	Serbia	77.3
17	Ireland	80.1	37	Lithuania	76.8
18	Portugal	80.0	38	Ukraine*	76.5
19	Belgium	79.5	39	United States	75.9
20	Netherlands	79.4	40	Australia	75.9

All four main Nordic countries are in top positions of the global 2023 SDG Index. These leading countries have maintained their top rankings in the global SDG Index since 2015.

Nordic companies have higher ESG scores and less ESG risk

Nordic companies (VINX) have higher MSCI ESG Ratings (AA-rating) than European companies (MSCI Europe, A-rating) and Global companies (MSCI World, A-rating)

MSCI ESG Ratings



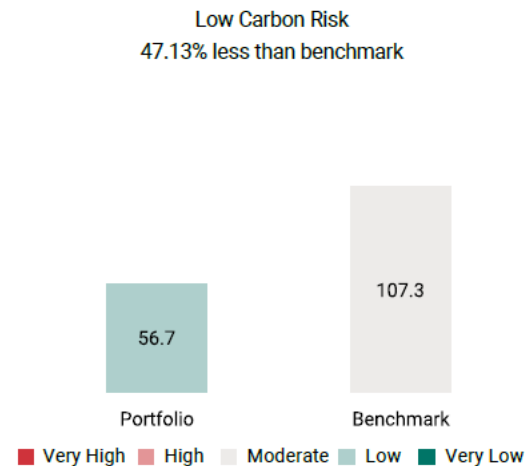
Portfolio ESG Rating Summary

ESG Quality	Leader 16.11% above benchmark
ESG Ratings Distribution	Leaders 36.26% over benchmark Laggards 1.90% under benchmark
ESG Ratings Momentum	Upward momentum 8.03% under benchmark Downward momentum 10.73% under benchmark

Nordic companies have also less Carbon, Reputational and Governance risk.

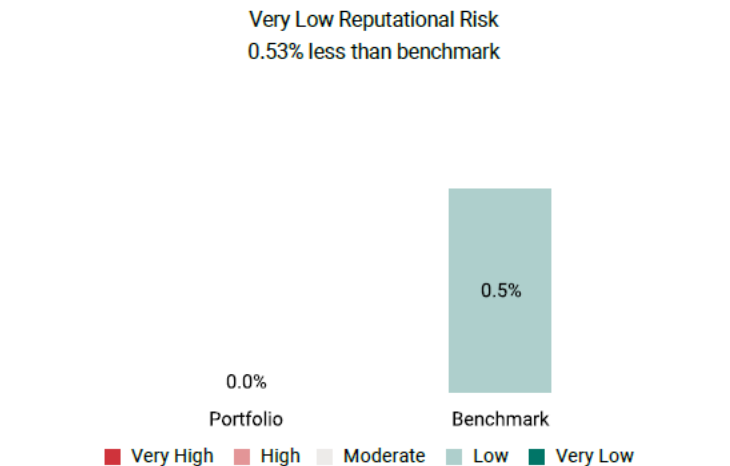
Carbon Risk

(t CO2e/\$M SALES)



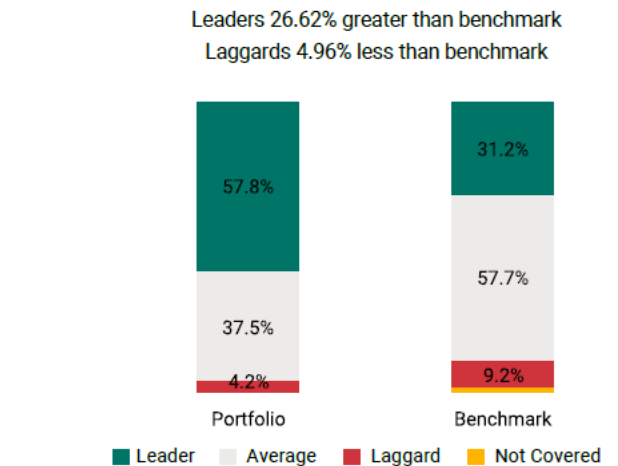
Reputational Risk

(Very Severe Controversy Exposure)



Governance Risk

(Global Percentile)



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