

EVLI

EVLI NORDIC SENIOR
SECURED LOAN FUND

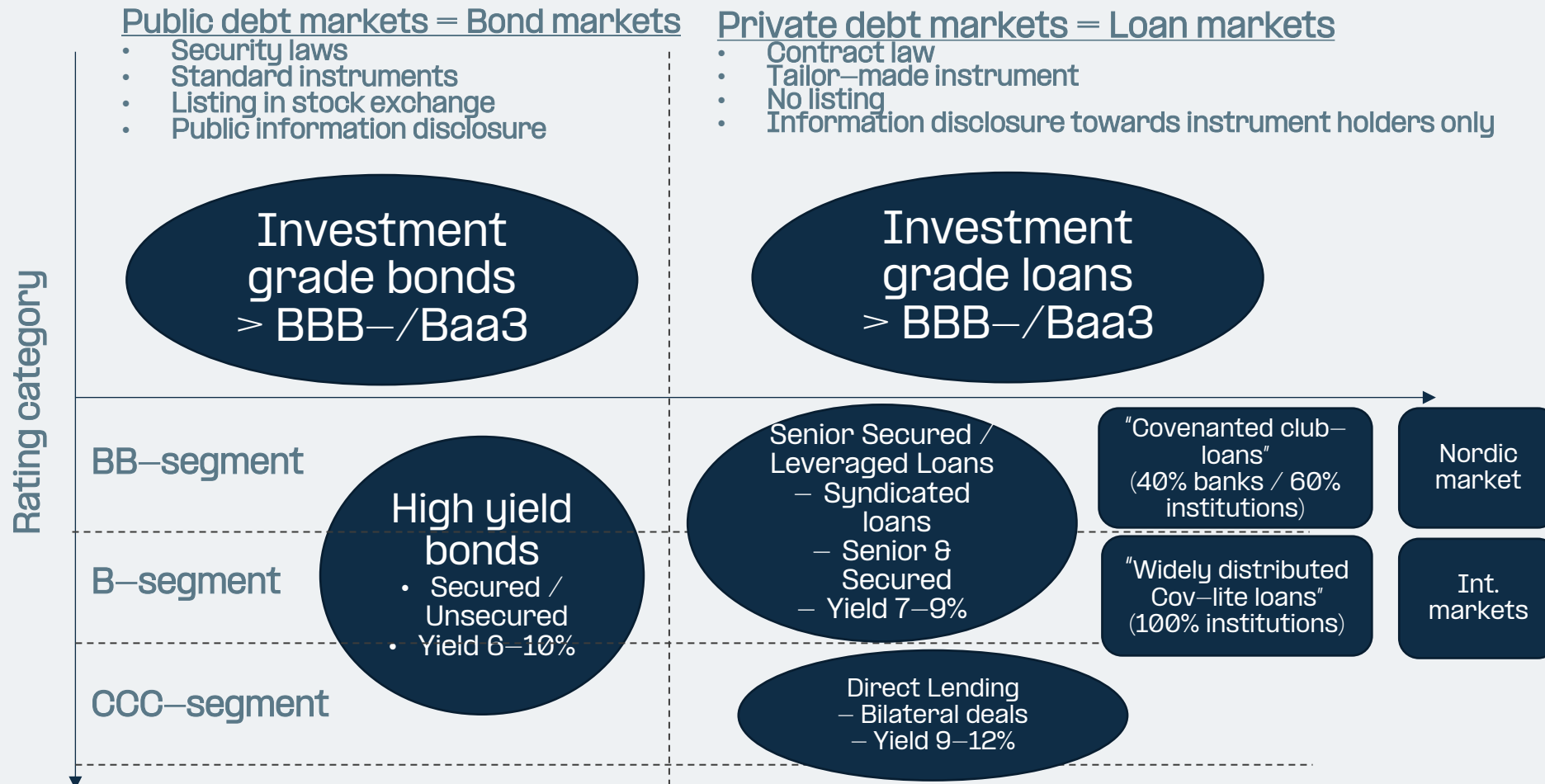


AUGUST 2024

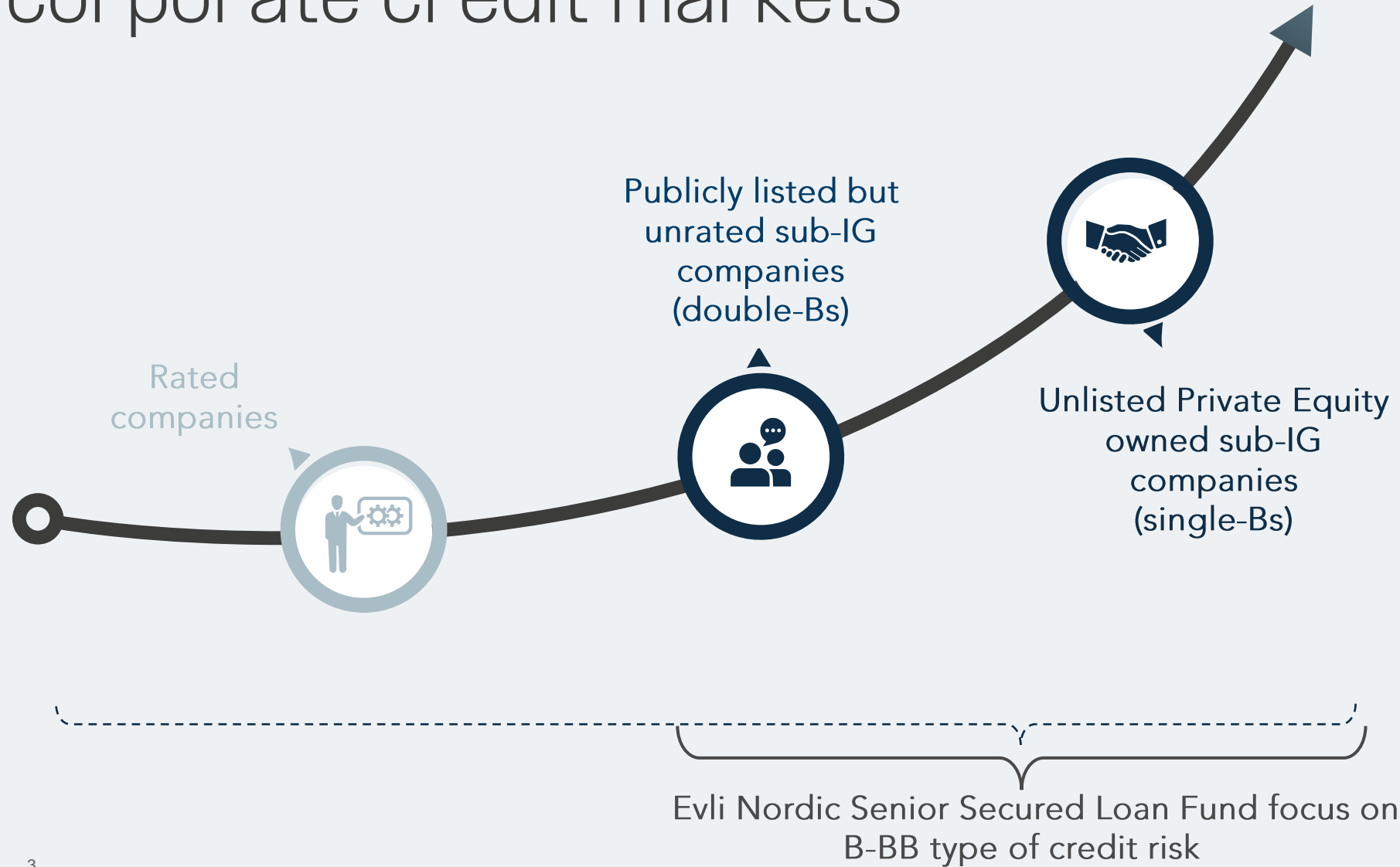


CONFIDENTIAL

Debt capital markets – public vs. private markets



Nordic corporate credit markets



Evli Nordic Senior Secured Loan Strategy



Evli Nordic Senior Secured Loan Fund – team

Jussi Hyyppä, Head of Loan Strategies



Joined Evli in 2020 to establish and spearhead Evli’s Loan Strategy. Prior joining Evli he worked as a Managing Director in Nordea’s Leveraged Syndicate and has been active in European and Nordic loan capital markets since 1997.

Mikael Lundström, Chief Investment Officer



At Evli since 1996. Specialised in corporate bond and fixed income portfolio management. Mikael has invested in the European High Yield market since 1999 and has been the portfolio manager of Evli Corporate Bond fund and Evli European High Yield fund since launch.

Einari Jalonen, Senior Credit Analyst



M.Sc. (Econ.) Einari has worked in the bank and finance sector since 2008. Prior to joining Evli in 2014 he worked as a credit analyst for Nordea Bank with focus on LBOs and PEF owned companies.

Noora Lakkonen, Responsible Investment Analyst



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

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

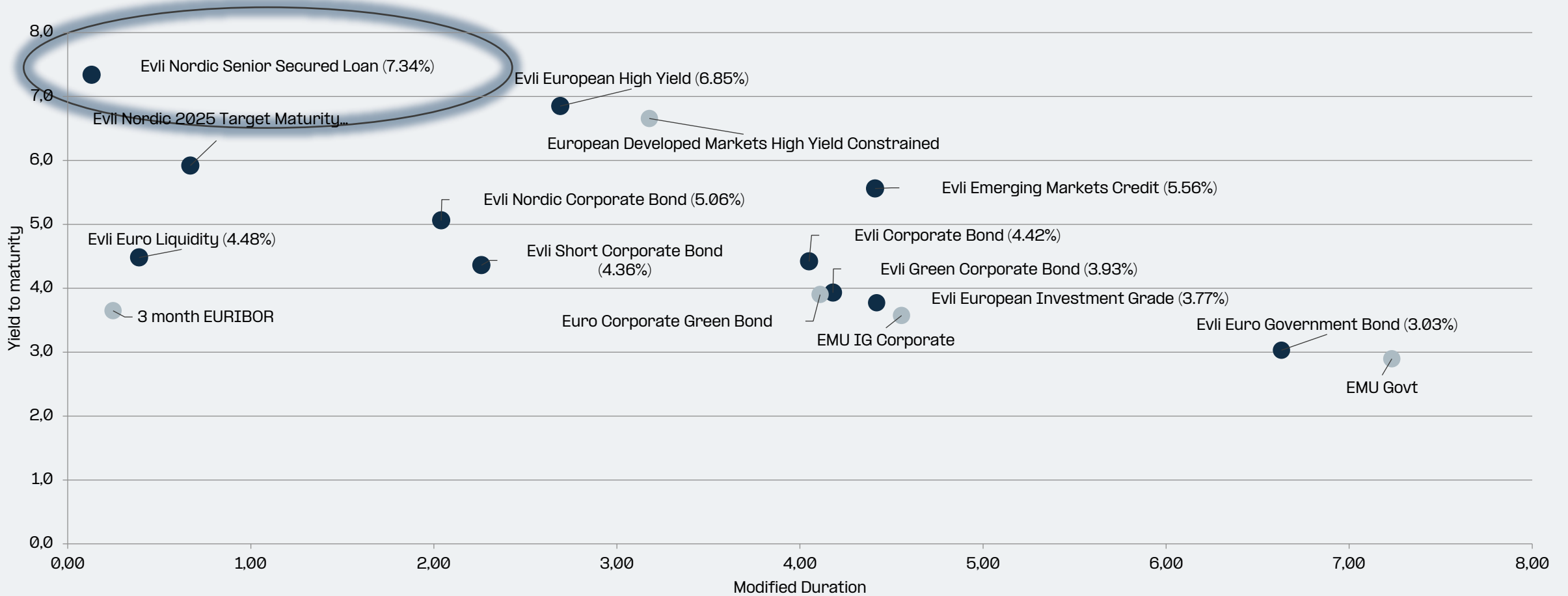
		Corporate Hybrids CoCos	High Yield Corporates	Nordic (unrated) Corporates
	Jani Kurppa Senior Portfolio Manager In the Industry since 2000	✓		✓
	Juhamatti Pukka Head of Fixed Income In the Industry since 2007		✓*	✓*
	Juhana Heikkilä Senior Portfolio Manager In the Industry since 1994			✓

*) Short dated corporates (under 5 yrs)

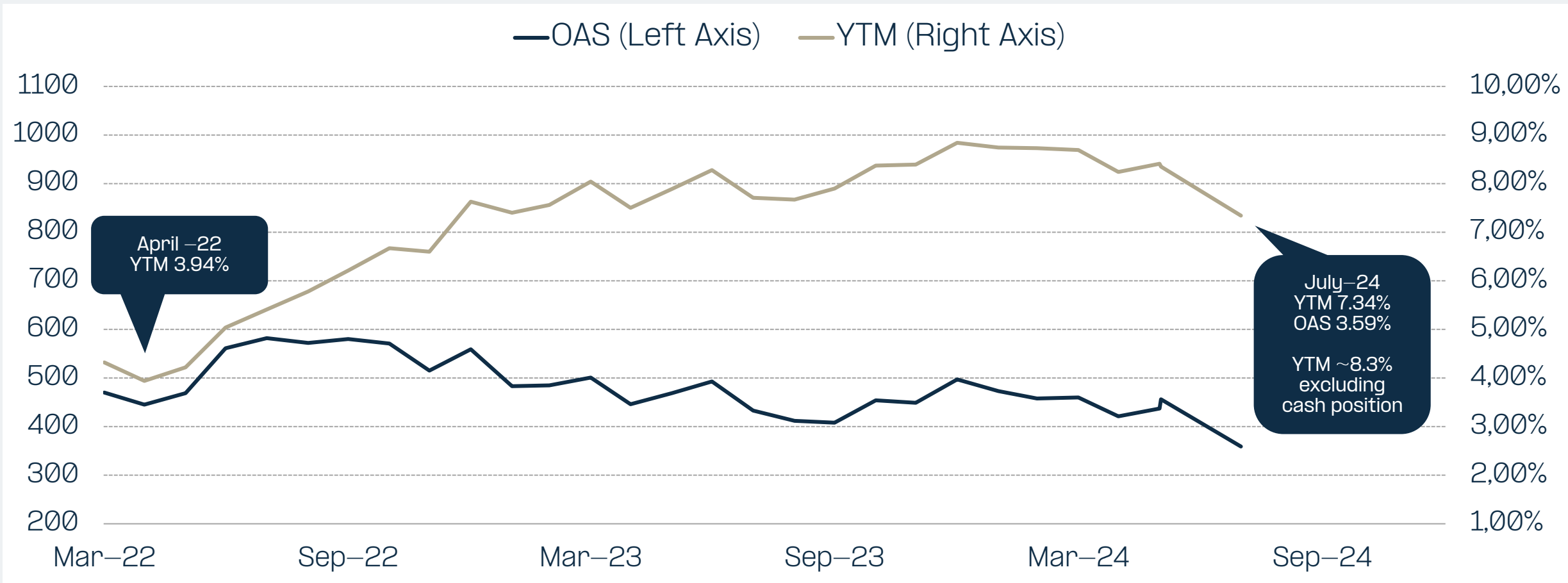
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SECURED LOAN FUND
UPDATE

Evli Nordic Senior Secured Loan fund – Short duration with high absolute yield (July 31st, 2024, in EUR)



Evli Nordic Senior Secured Loan Fund – Option Adjusted Spreads (OAS) and Yield to Maturity (YTM) 3/2022–7/2024 in EUR



Evli Nordic Senior Secured Loan Fund – investments

- Evli Nordic Senior Secured Loan Fund commenced investment activity on 31.8.2021
- Fund size (June–24) ~ EUR 204m
- Fund’s deployment percentage (July–24) ~ 90 % (investments + investment commitments)
- In total 42 investments / investment commitments:
 - 9 investments within “Nordic mid–market loans” segment (max. EUR 10 million equivalent investments)
 - 19 investments within “Nordic large–cap loans / FRNs” segment (EUR 2–5 million equivalent investments)
 - 14 investments within “Nordic unrated HY–bonds” segment (EUR 1–3 million equivalent investments)
 - 28 investments executed in primary markets
 - 14 investments executed in secondary markets
 - Yield range of individual investments E+3.25–9.50 % (with 0 % floor)
 - All investments bound into 3kk Euribor, Stibor, Nibor, Cibor
- Portfolio composition:
 - 100 % secured loans / HY–bonds
 - 100 % in floating rate format
 - 100 % Nordic borrowers / issuers
 - 65 % unrated borrowers / issuers by S&P / Moody’s / Fitch

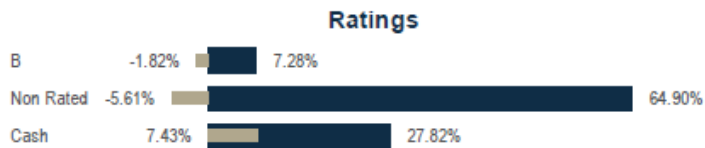
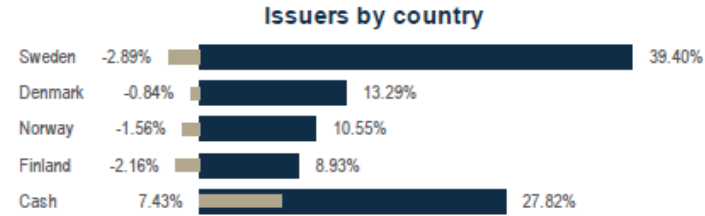
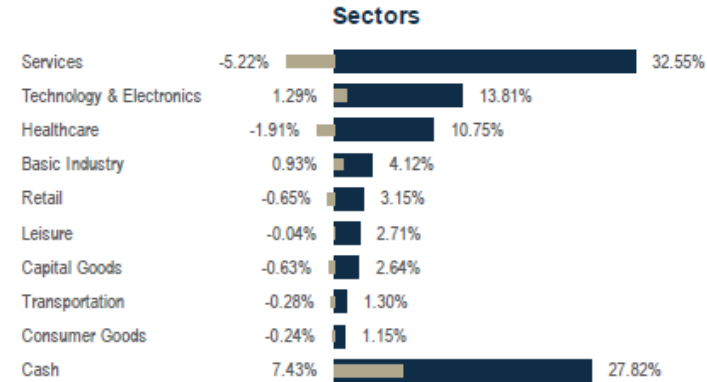
Investments



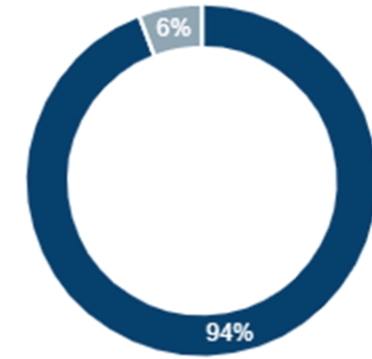
Evli Nordic Senior Secured Loan Fund – investments

PORTFOLIO STRUCTURE

■ Weight
■ Change 3 months



Ownership profile



■ Sponsored ■ Non-sponsored

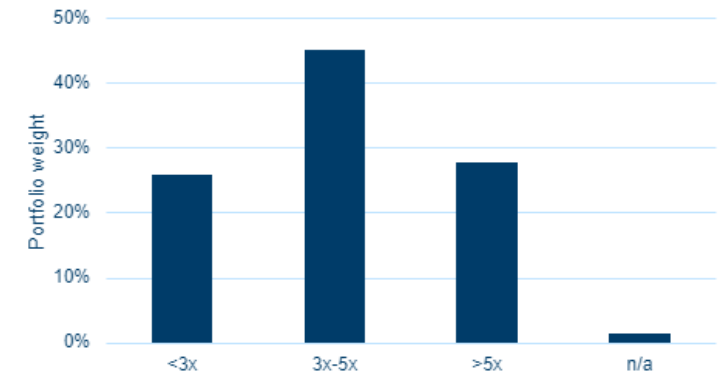
10 LARGEST INVESTMENTS

Investment	%
Karo Pharma AB TLB2	4.92
Prodata Axcel VI INV3 Holding ApS TLB2	4.78
NTI Group Holding TLB 2	3.39
Aleris AB Term Loan B2	3.23
Currentum AB TLB	3.22
Renta Term Loan B	2.96
Advania AB TLB	2.95
Assemblin Caveri 1.7.2031 7.219% Callable Floating	2.74
eTraveli Group Holding AB TLB	2.71
Ropo Capital Facility B1 tranche	2.48

10 LARGEST ISSUERS

Issuer	%
Visma Group	5.74
Karo Pharma AB	4.92
NTI Group Holding APS	4.84
ProData Consult	4.78
Aleris Group AB	3.23
Currentum AB	3.22
Renta Group	2.96
Advania AB	2.95
Assemblin Caverion Group AB	2.74
Etraveli Group Holding AB	2.71

Leverage



Evli Nordic Senior Secured Loan Fund – investment philosophy

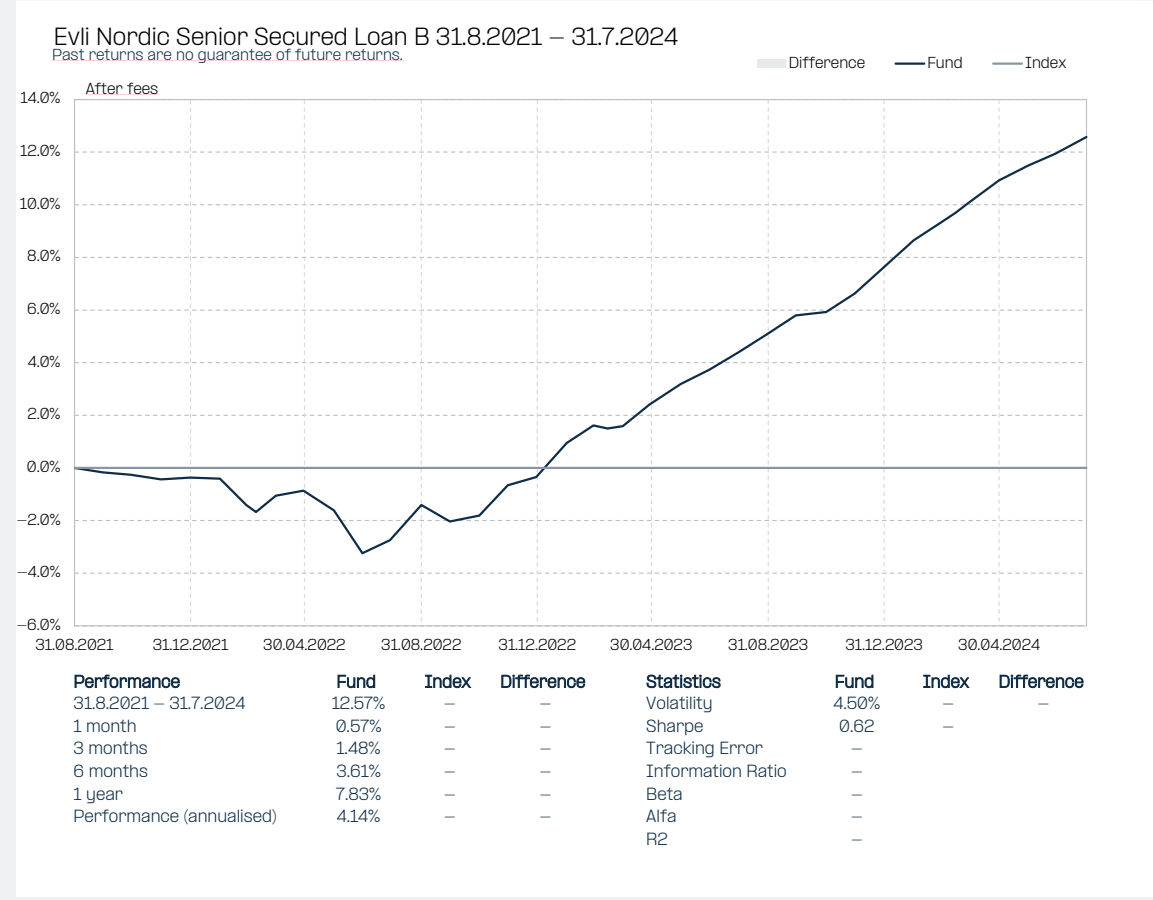
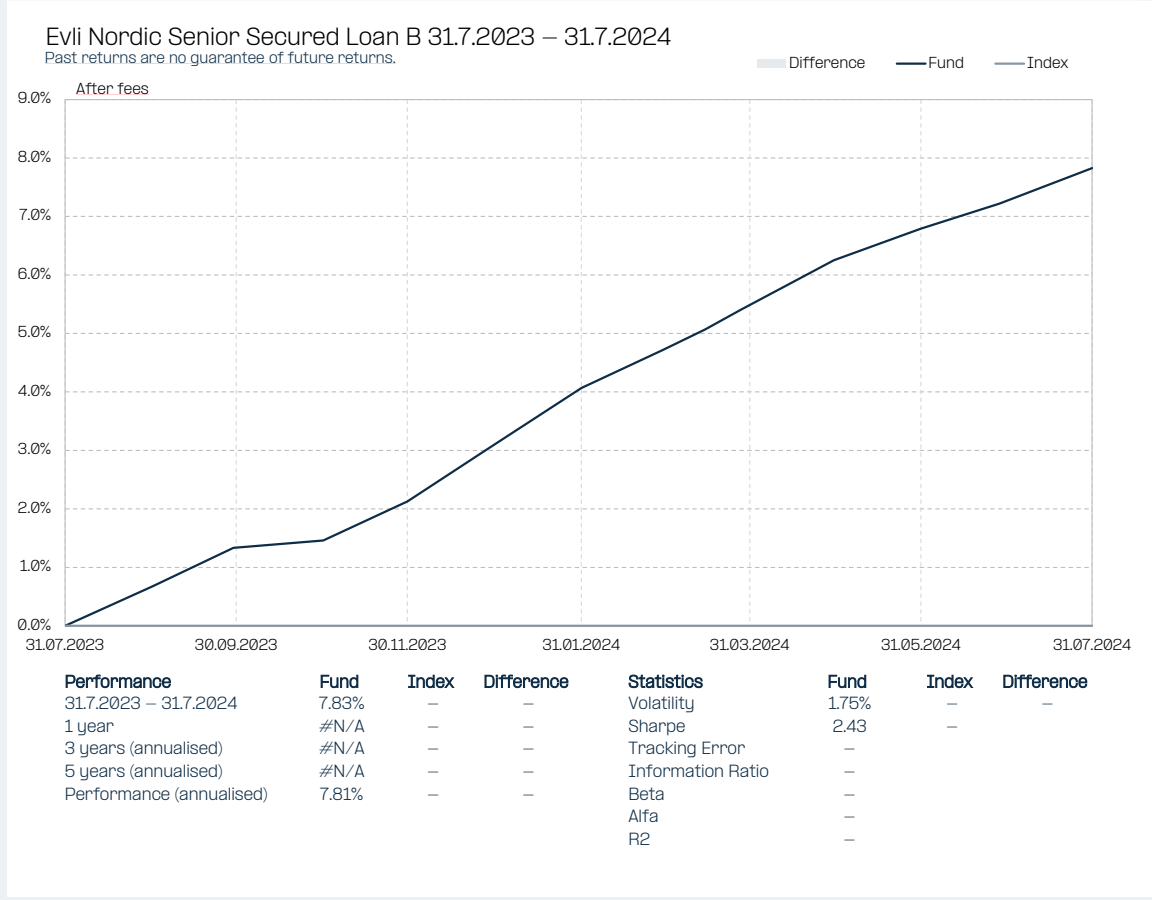
– **Evli Nordic Senior Secured Loan Fund applies very disciplined and conservative “all weather” investment strategy with a core focus on preserving invested capital:**

- No investments made into oil–and offshore sector, nor other cyclical sectors, nor sectors with high dependency on raw material prices
- No investments made into property sector and property development
- No investments made into finance sector, not credit management / debt collection businesses
- No investments made into small companies which do not have pricing power
- No investments made into small companies, which has significant exposure towards “fashion risk”, political risk etc.
- No investments made into “compounders”
- No investments made into Nordic companies in which the main markets are very far from Nordic region
- No investments made into turn–around companies nor opportunistic debt arrangements
- No investments made into companies, in which the principal owners are unknown to us
- No investments made into companies, in which we have identifies ESG and governance concerns

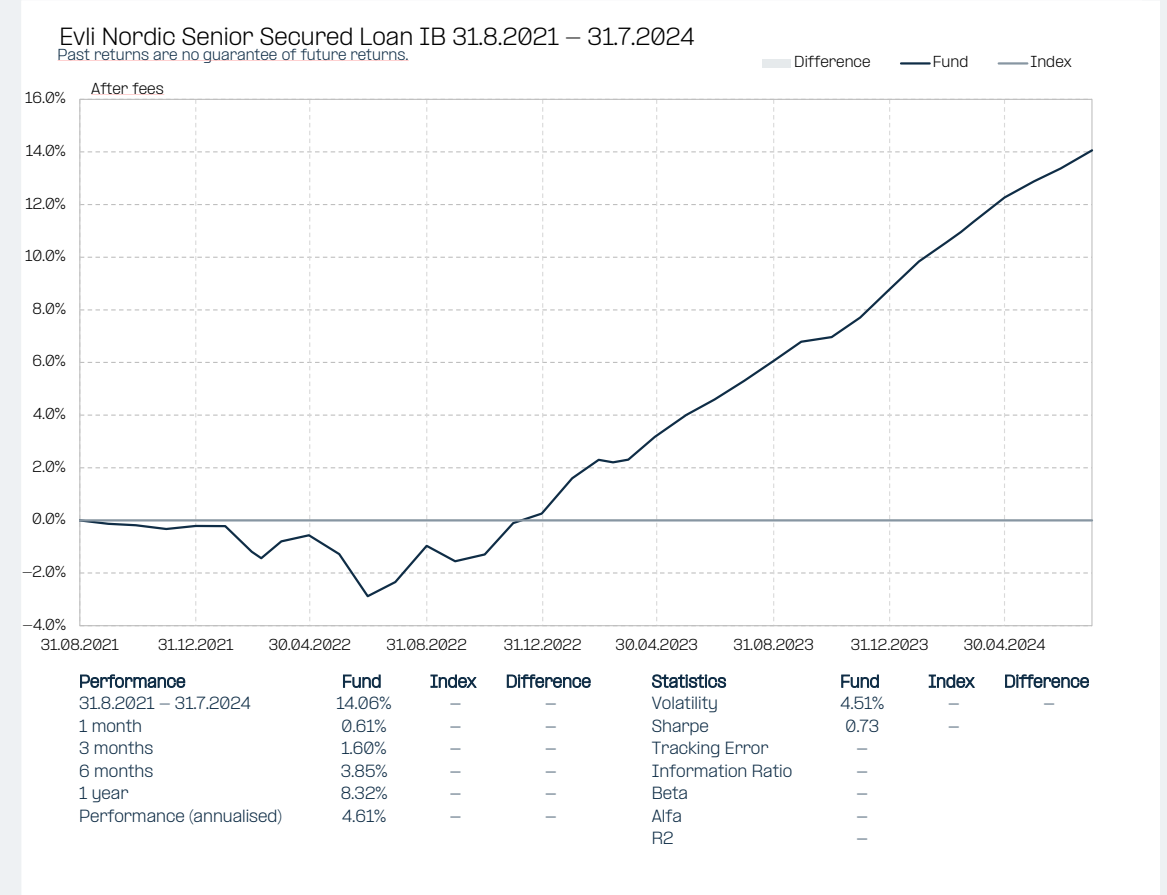
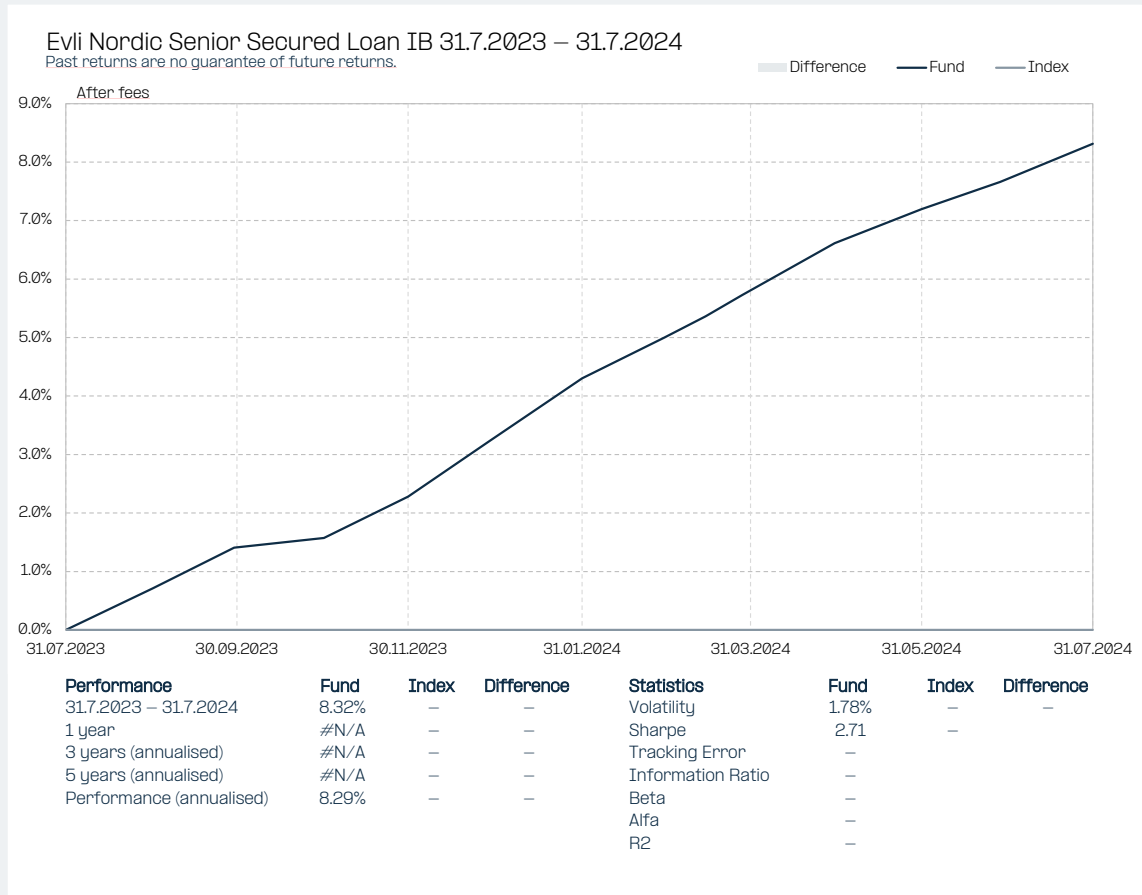
Evli Nordic Senior Secured Loan Fund – return outlook

Segment	Investments (EUR)	Investments (#)	Weight (%)	Leverage ratio (average)	Cash yield in EUR (31.7.2024)	Currency–hedged short–term potential in EUR
Nordic mid–market loans	~EUR 64m	9	~31 %	4.0x	7.97%	~7.75–8.25% p.a.
Nordic large–cap loans	~EUR 61m	19	~30%	4,4x	7.97%	~7.75–8.25 % p.a.
Nordic unrated HY–bonds	~EUR 27m	14	~13%	4,2x	11.25%	~10.50–11.50 % p.a.
Cash	~EUR 52m	–	~25 %	–	3.74%	~3.50–3.75% p.a.
In total	~EUR 204m	42	100 %	4,1x	7.34%	~8.25–8.85 % p.a.

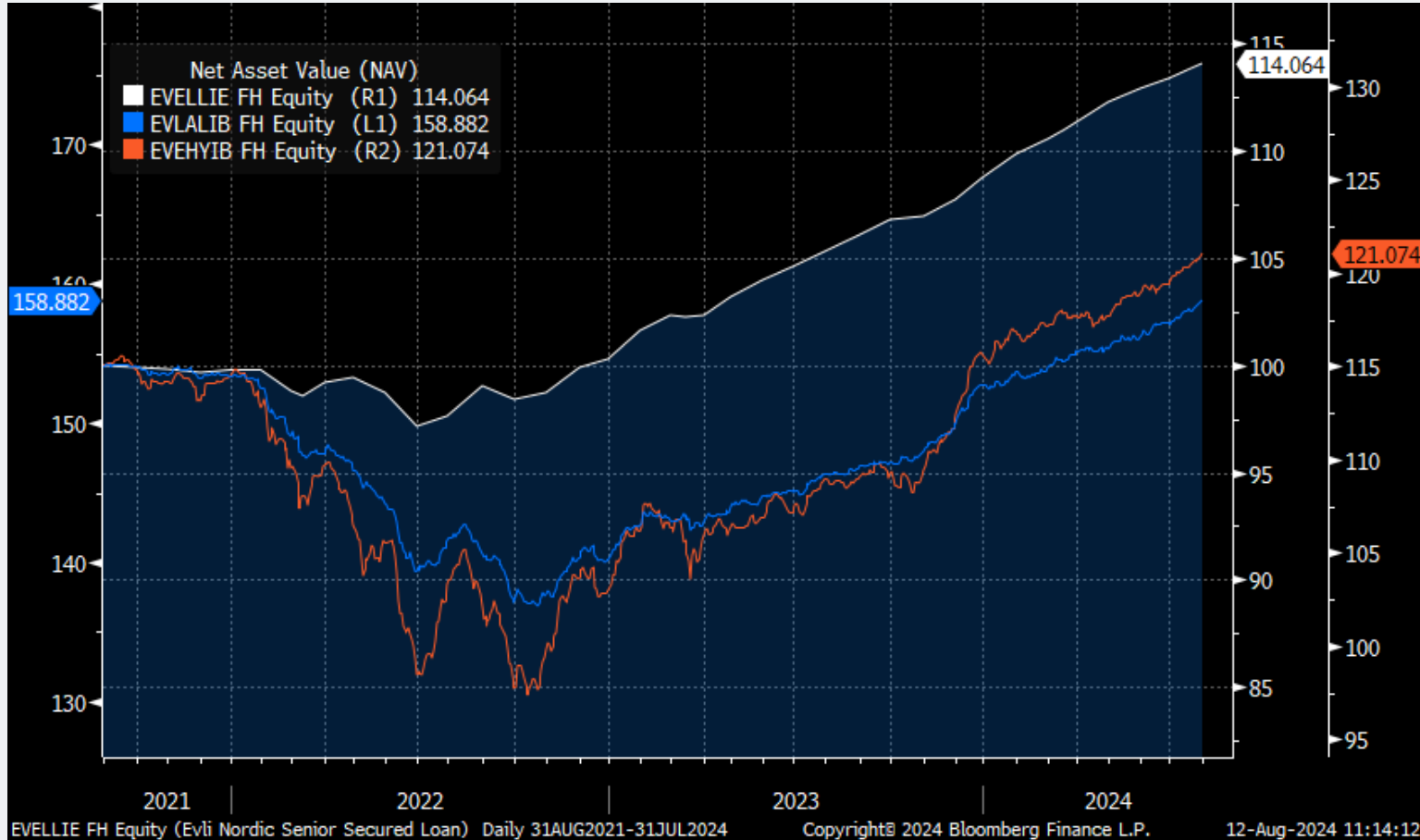
Evli Nordic Senior Secured Loan Fund – performance last 12m and from the fund inception retail B–class in EUR (after fees)



Evli Nordic Senior Secured Loan Fund – performance last 12m and from the fund inception institutional IB–class in EUR EVLI

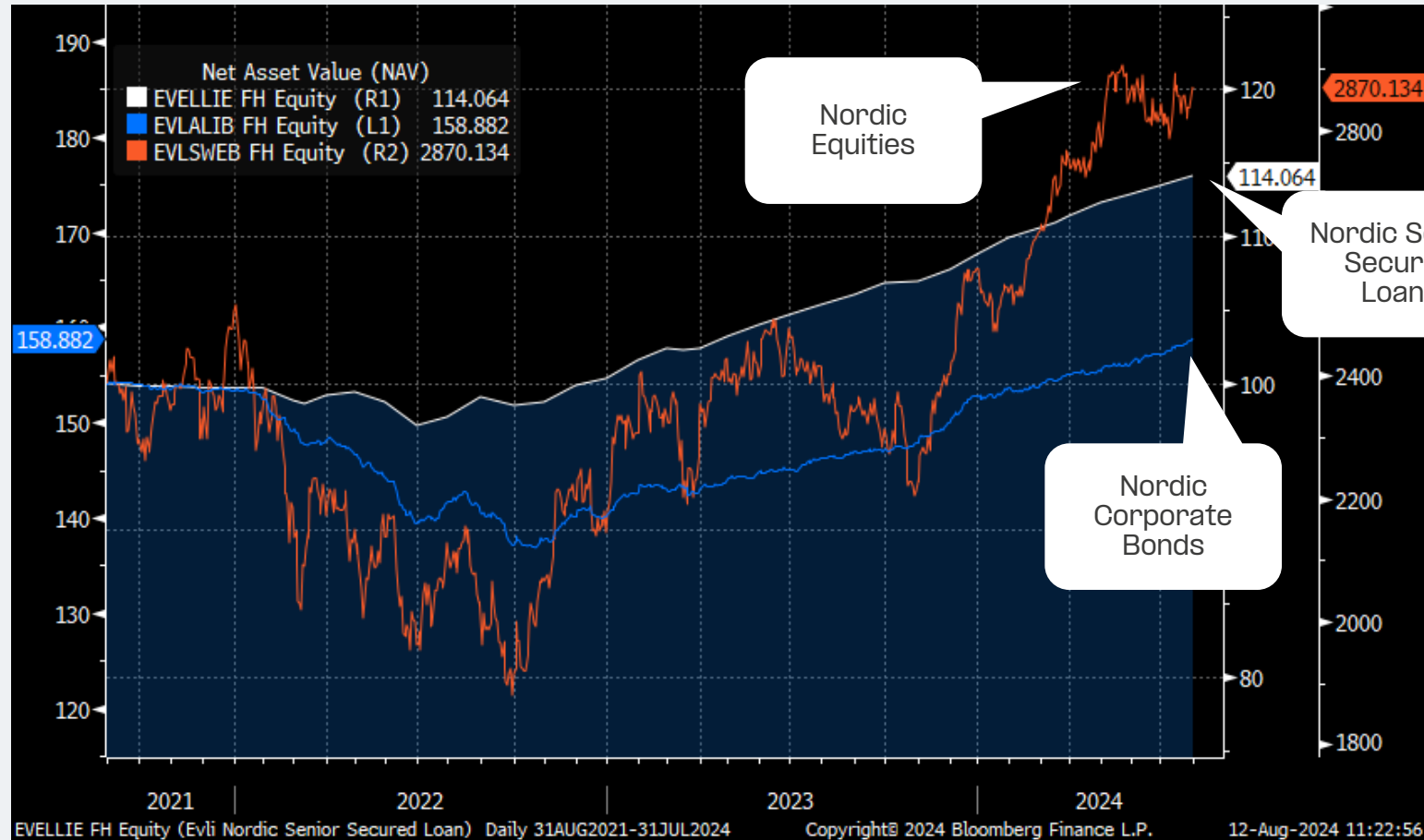


Evli Nordic Senior Secured Loan Fund vs. Evli European High Yield Fund vs. Evli Nordic Corporate Bond Fund from 8/2021 to 7/2024



- Additional diversification ✓
- Low correlation with other asset classes ✓
- Low volatility ✓
- Attractive absolute return ✓
- Limited liquidity —

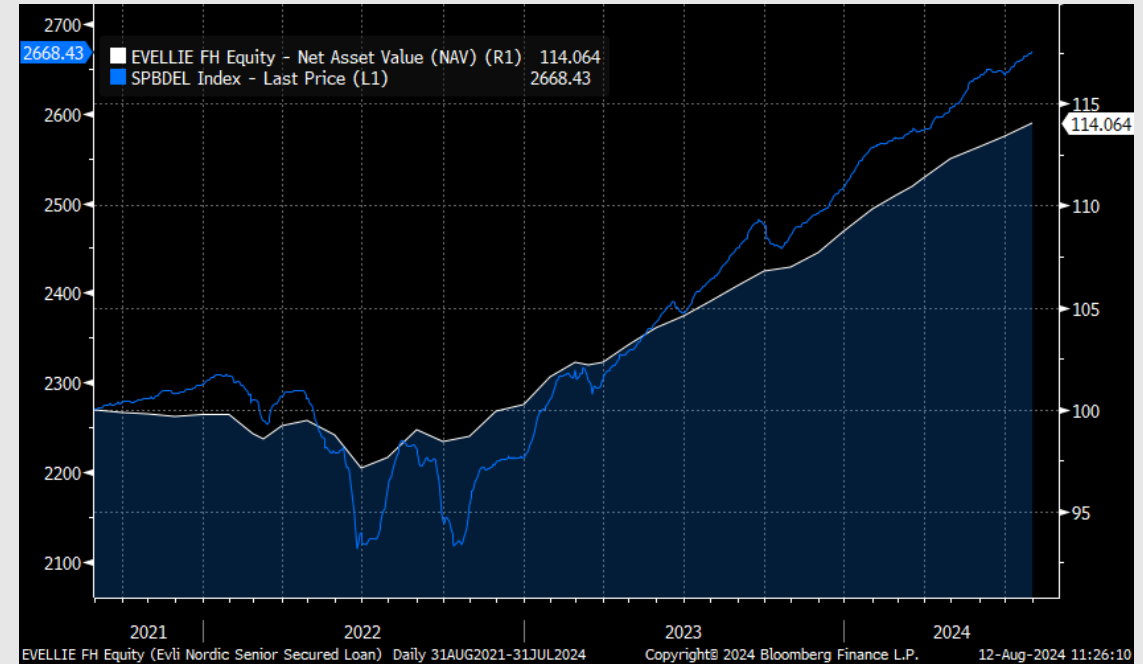
Nordic Senior Secured Loans – Nordic Corporate Bonds vs. Nordic Equities – 31.8.2021 – 31.7.2024



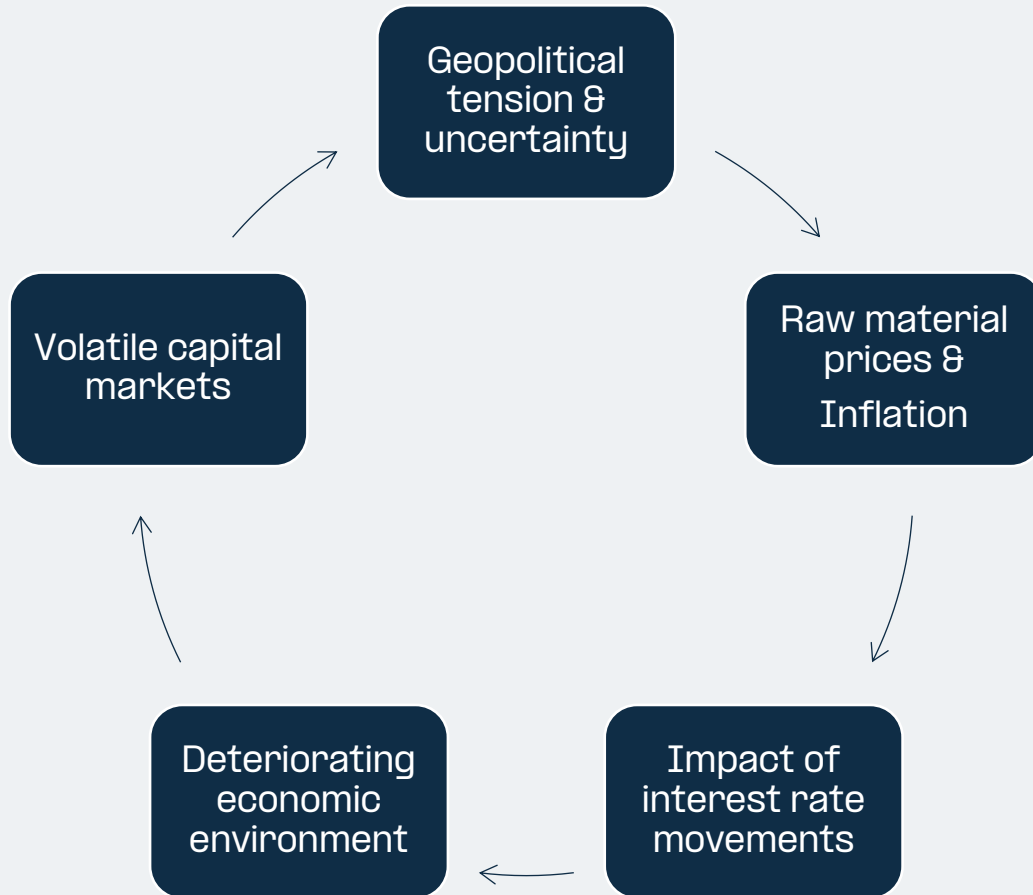
Evli Nordic Senior Secured Loan Fund

Key figures	31.7.2024
Yield (YTM)	7.34%
Yield (YTW)	7.01%
Modified duration	0.12
Spread duration	1.98
Credit rating	Implicit B+/BB-
OAS	359
Issuers	42

Evli Nordic Senior Secured Loan Fund vs. Morningstar Leveraged Loan Index



Evli Nordic Senior Secured Loan Fund – outlook



- Attractive expected return profile > 8.25–8.50% p.a.
- Sluggish economic outlook resonates well with Evli Nordic Senior Secured Loan Fund’s conservative and defensive “all weather” investment strategy (no exposure towards real estate, finance and retail sectors among others)
- “Downside protection” in focus – The Fund’s investments are made into senior secured loans which carries maintenance covenants and good contractual investor protection → Low default–risk, high recovery
- Nordic core focus with a co–investing approach together with Nordic banks into high–quality Nordic corporates
- Low correlation and limited volatility versus other asset classes → loan asset class provides tangible diversification benefits into investment portfolios even during time of market volatility

Evli Nordic Senior Secured Loan Fund in a Nutshell

AIF structure with a core focus on high-quality Nordic senior secured loans

Type of Fund	Evli Nordic Senior Secured Loan Fund (AIF), formerly Evli Leveraged Loan Fund		
Benchmark	No benchmark, absolute return target		
Fund Units	Both distribution (A) and growth units (B), institutional (IB) and SEK share classes available		
Bloomberg / ISIN	B–units EUR: EVELLBE FH / FI4000507256 retail, no dividend IB–units EUR: EVELLIE FH / FI4000507264 institutional, no dividend IB–units SEK: EVELLIB FH / FI4000527056 retail, no dividend		
Fees	Management fee A/B–units: 0.95% (annually) IB–units: 0.50% (annually) Redemption fee of 2% paid to the Fund on redemptions done within 12 months after subscription		
Subscriptions	Monthly, in minimum € 10 000 (A/B–units), in minimum € 10mln (I–units)		
Redemptions	Quarterly		
Trading Days, NAV	Last Finnish banking day in each month		
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	31.8.2021	Sales Registration	FI, SE
Maturity Date	None, evergreen	Custodian	Skandinaviska Enskilda Banken AB (publ) Helsinki Branch (SEB)
Fund Managers	Jussi Hyypä, Mikael Lundström	Auditor	EY
Fund Currency	EUR	Track Record	GIPS Compliant
Domicile	Finland		

Evli Nordic Senior Secured Loan Fund

DOs and DON'Ts of Evli's senior secured loan investment strategy



Conservative mindset and investment thesis of "a Nordic banker"



- Stable and predictable cash yield
- focus on credit protection and mitigants



Defensive investments in established Nordic borrowers and industry sectors, resilient to economic cycles



Relevance by scale and intensity in the Nordic market



Pragmatic investment process with a long-term approach and focus on initial asset selection, involved parties and active monitoring



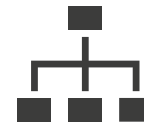
No own new deal origination but active co-investing



No fund leverage



No over-aggressive and opportunistic investment behaviour

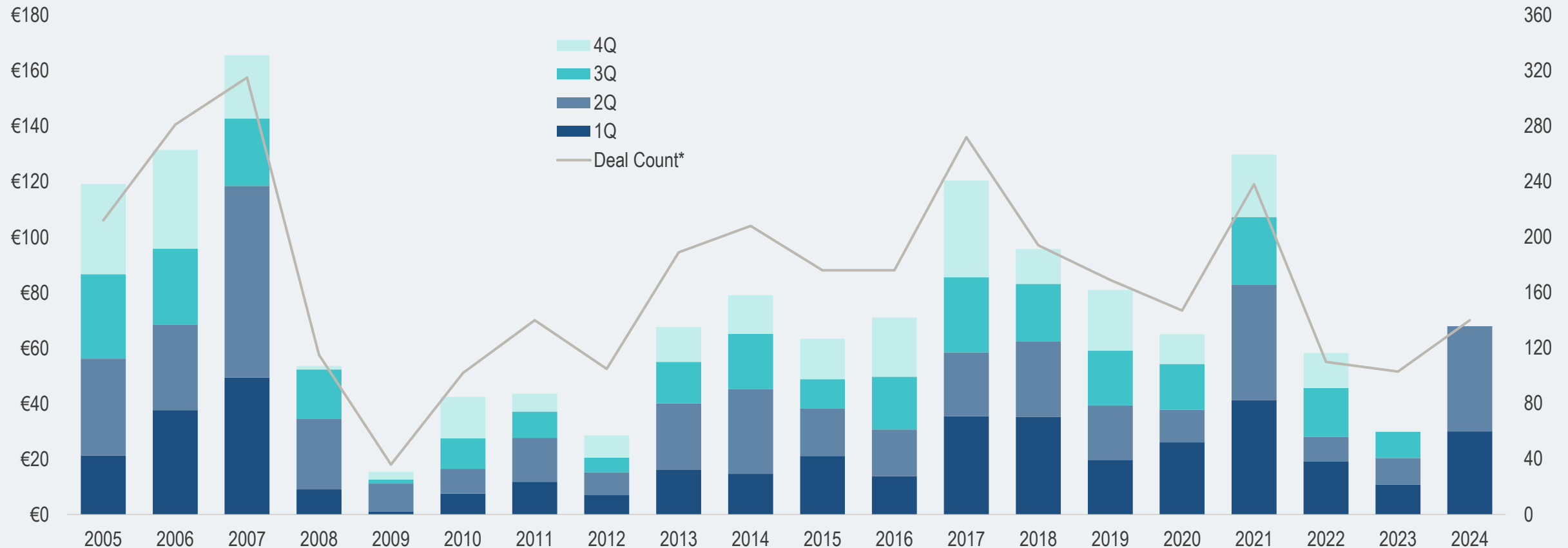


Pragmatic and solution driven approach but no over-engineering

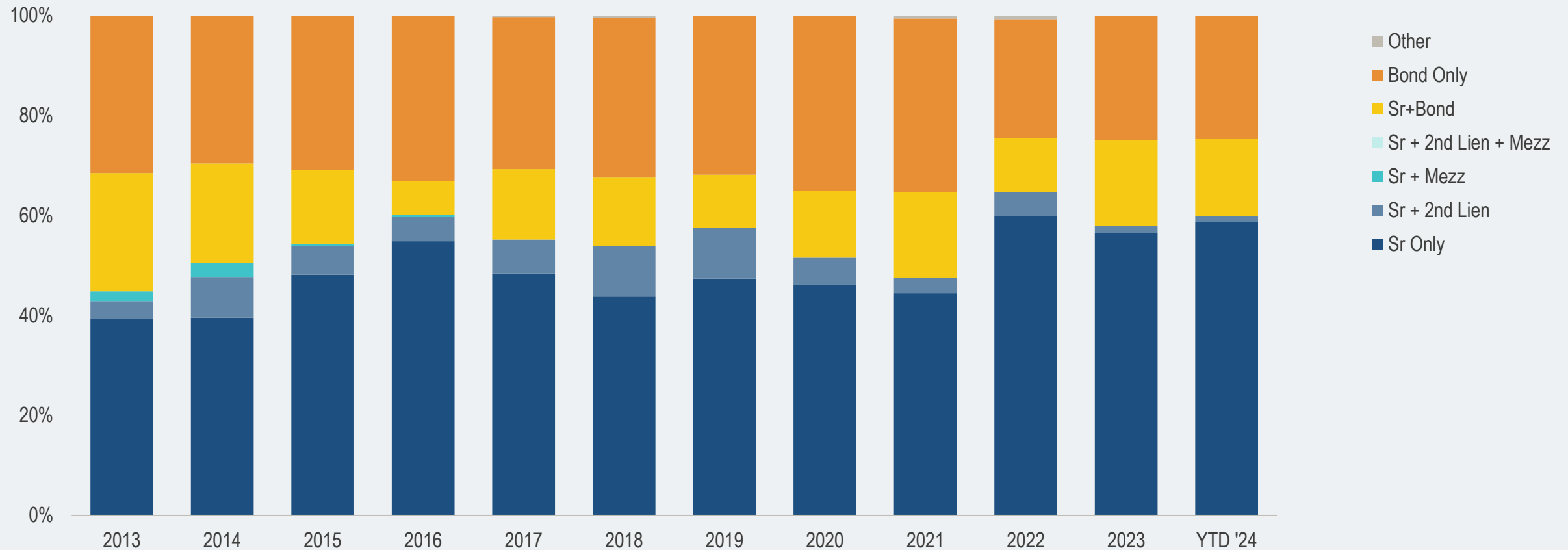
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LEVERAGED LOAN /
SENIOR SECURED LOAN
MARKET —
MARKET UPDATE

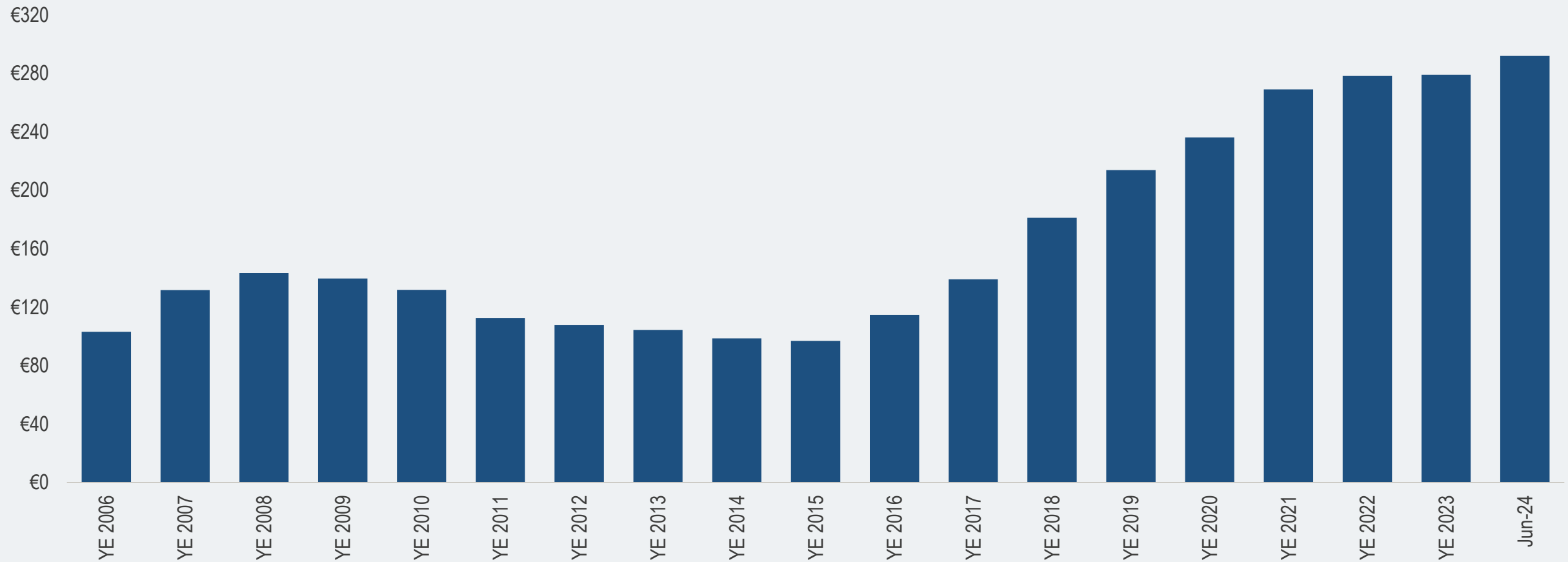
Leveraged loan market – primary market volume – Europe 2005 – YTD 2024



Leveraged loan market – primary market volume – Europe – Sources of funding

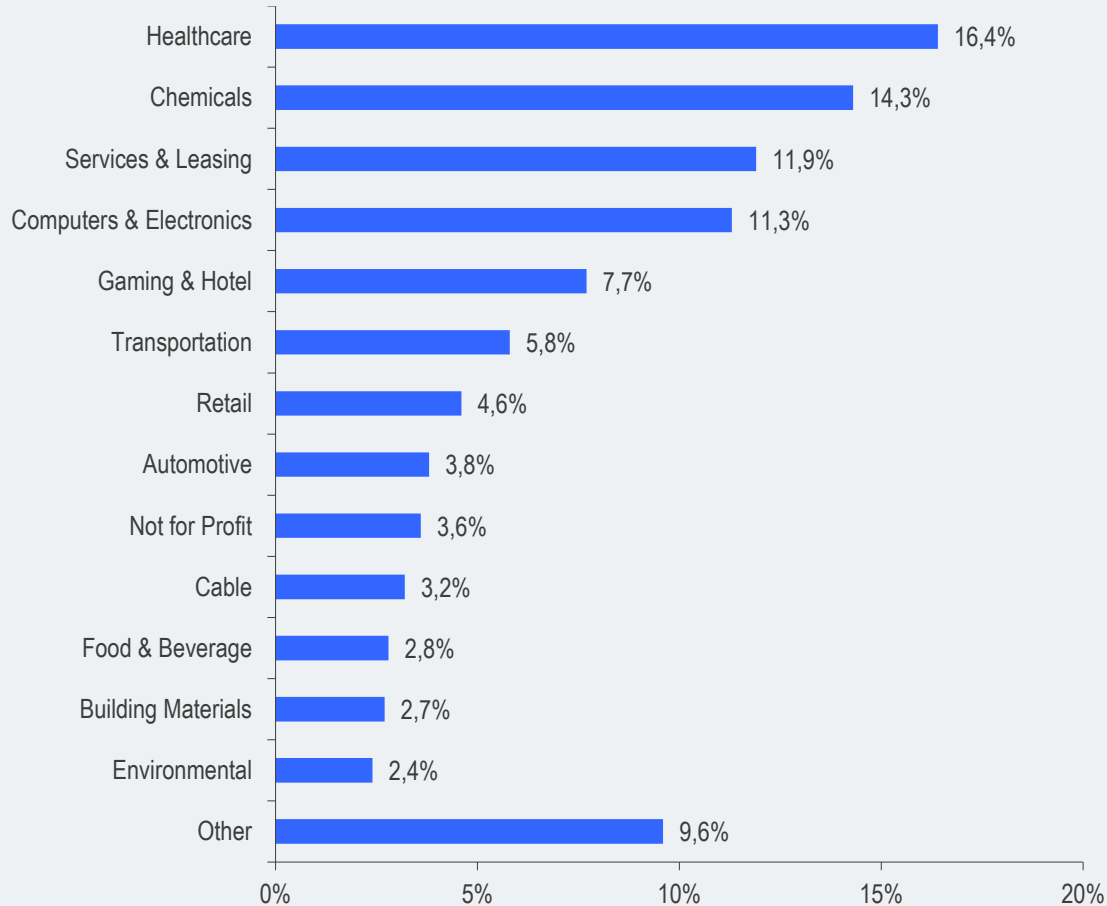


Leveraged Loan market – Europe – Outstanding loan amount



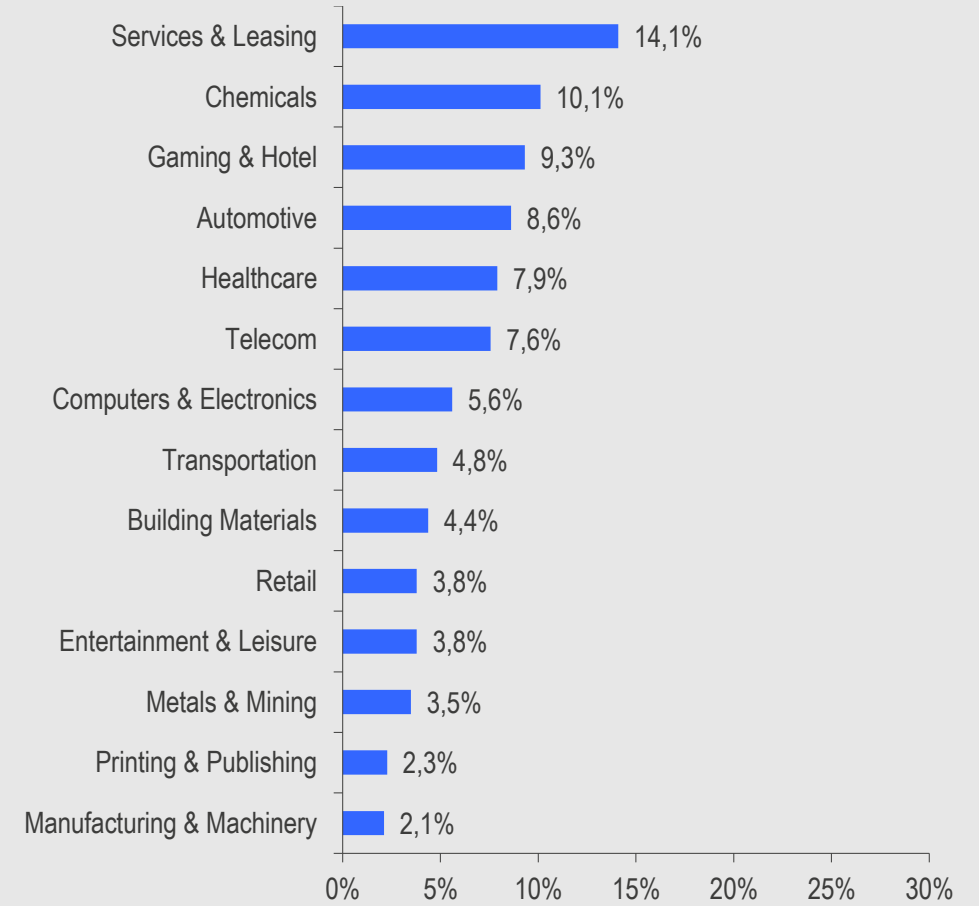
Leveraged loan market – sector diversification

Leveraged Loans 2023



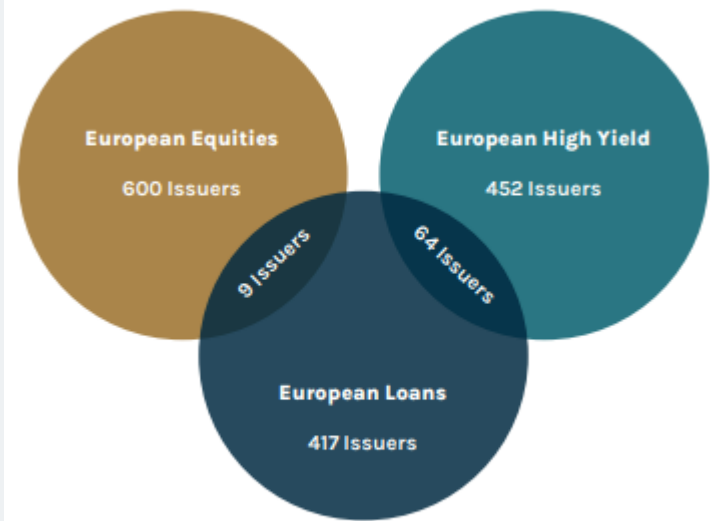
Source: Pitchbook LCD

High Yield Bonds 2023



Leveraged loan market – significant source of additional diversification

Figure 15: Limited overlap across European markets



Source: ICE BofA, Credit Suisse, Bloomberg. European Loans represented by the Credit Suisse Western European Leveraged Loan Index. European High Yield represented by the ICE BofA European Currency high Yield Constrained Index (HPCO). European Equities represented by the Euro Stoxx 600 Index. Data as of December 2021

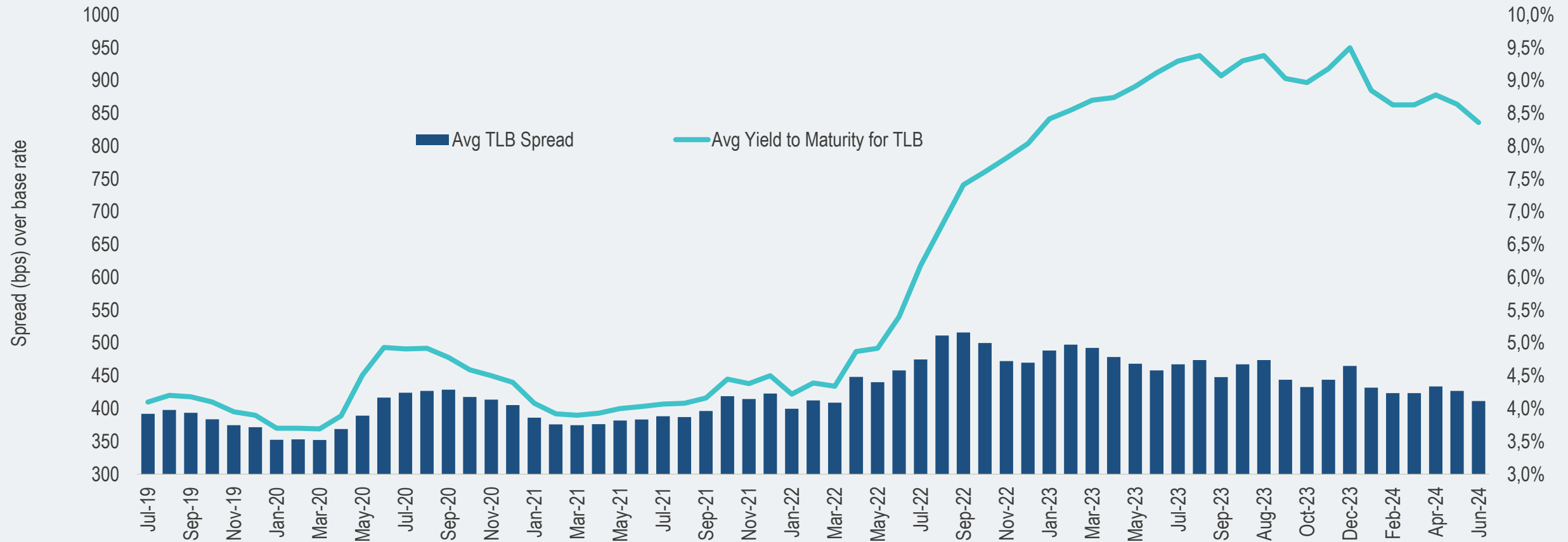
5-y correlation	Euro Lev Loans	EuroStoxx	S&P500	Euro IG	Euro HY
Euro Lev Loans	100 %	42 %	46 %	64 %	85 %
EuroStoxx	42 %	100 %	72 %	44 %	68 %
S&P500	46 %	72 %	100 %	49 %	62 %
Euro IG	64 %	44 %	49 %	100 %	77 %
Euro HY	85 %	68 %	62 %	77 %	100 %



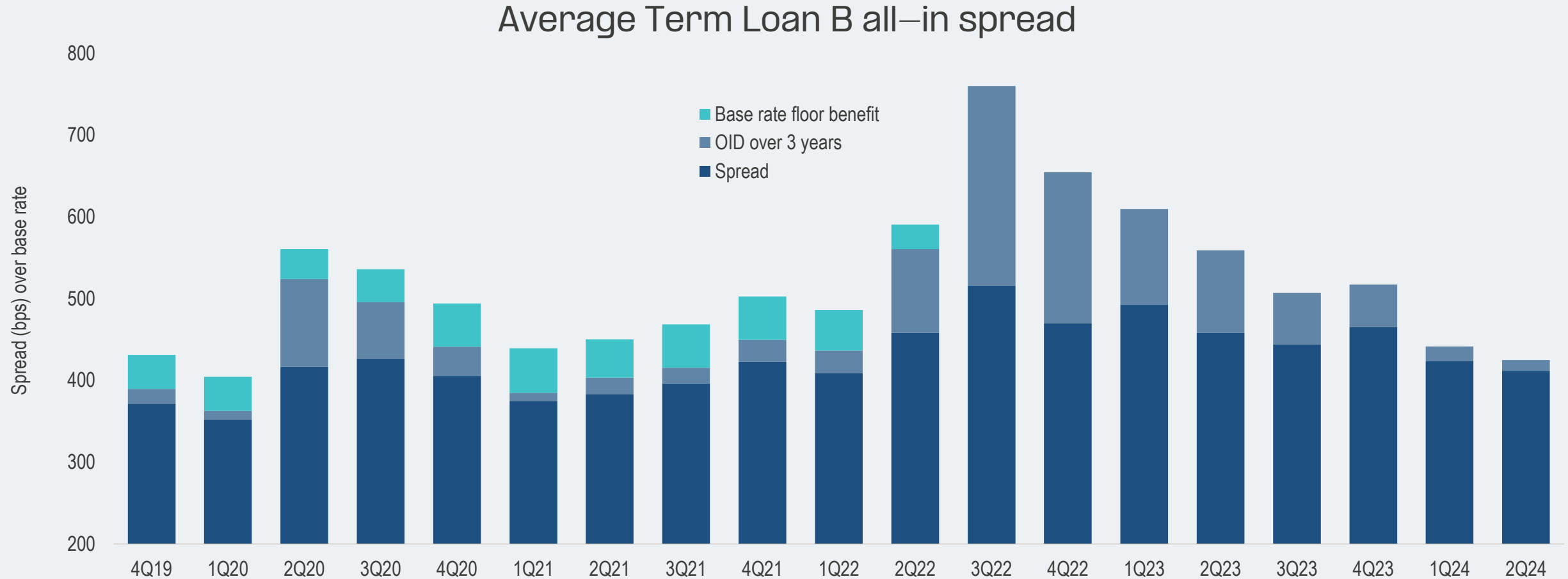
2-y correlation	Euro Lev Loans	EuroStoxx	S&P500	Euro IG	Euro HY
Euro Lev Loans	100 %	25 %	0 %	12 %	57 %
EuroStoxx	25 %	100 %	44 %	11 %	53 %
S&P500	0 %	44 %	100 %	20 %	25 %
Euro IG	12 %	11 %	20 %	100 %	50 %
Euro HY	57 %	53 %	25 %	50 %	100 %

Leveraged loan market – primary market pricing

Average Term Loan B spread and YTM – rolling 3 months

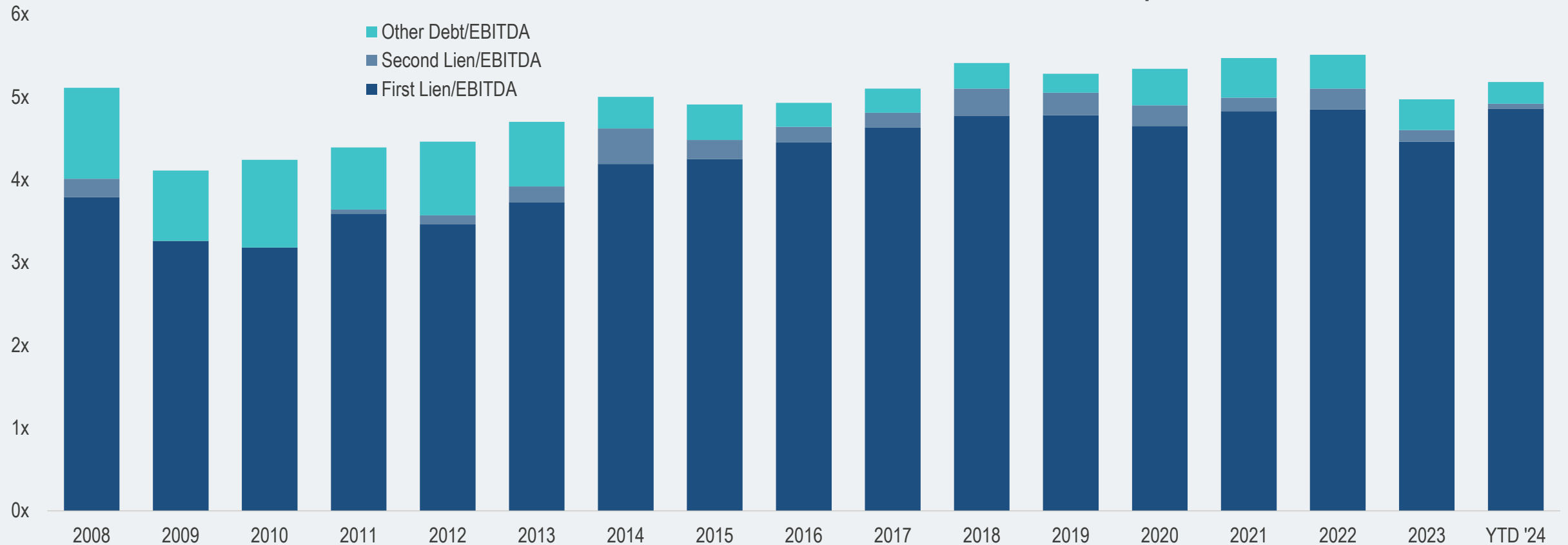


Leveraged loan market – primary market pricing

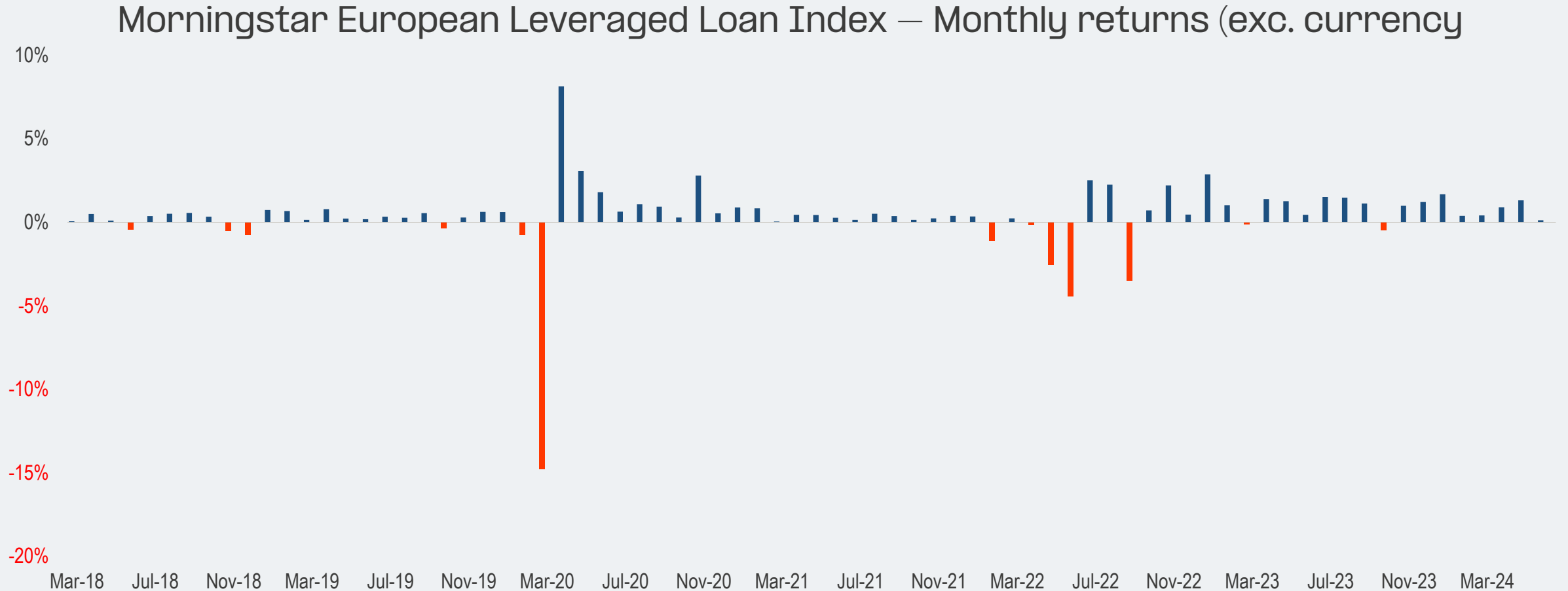


Leveraged loan market – primary market – leverage multiples

Annual Pro forma Debt to EBITDA multiple

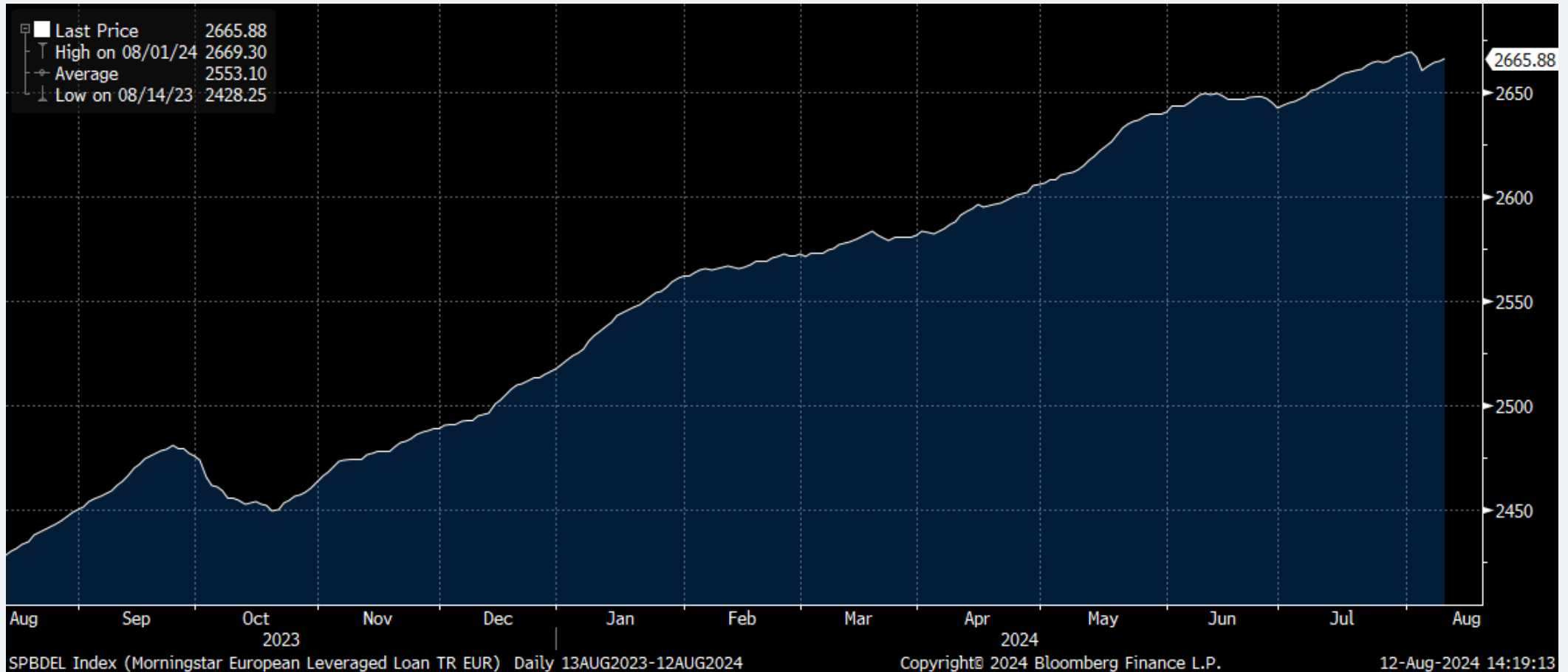


Leveraged Loan market – secondary market performance



Leveraged loan market – secondary market performance

Morningstar European Leveraged Loan Index – past 12 months



Source: Pitchbook LCD

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MSCI ESG Research

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Citywire

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

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Morningstar

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S&P Global – Market Intelligence

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