

EVLI

EVLI NORDIC SMALL CAP IB



31.07.2024

ISIN: FI4000532536

BLOOMBERG: EVLNORI 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 300 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) DECEMBER 31, 2023

18.0

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, 31.12.2023 (PERMANENT)

~300

EVLI HAS THE BEST AAA-RATING IN THE EEZY FLOW'S PEOPLEPOWER JOB SATISFACTION SURVEY 2021

AAA

Evli's mutual funds

FUND AUM (EUR BILLION)
DECEMBER 31, 2023

12.6

NUMBER OF FUNDS

56

EMPLOYEES IN ASSET MANAGEMENT
FUNCTIONS

170

PORTFOLIO MANAGERS IN TOTAL

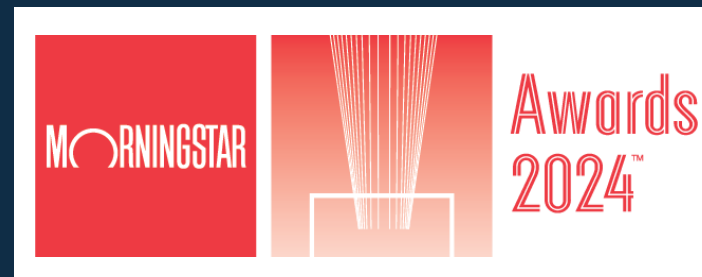
69

FUNDS CLASSIFIED AS ARTICLE 8 OR 9
ACCORDING TO EU SUSTAINABLE
FINANCE DISCLOSURE REGULATION
(SFDR)

95%

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 as "**The Best Fund House Overall in Finland 2024**" and "**The Best Fund House Overall in Sweden 2024**" in its annual Morningstar Awards comparison.



Lipper, an independent fund research firm, awarded Evli Fund Management Company as "**Nordic Best Fund House 2023**" in 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.



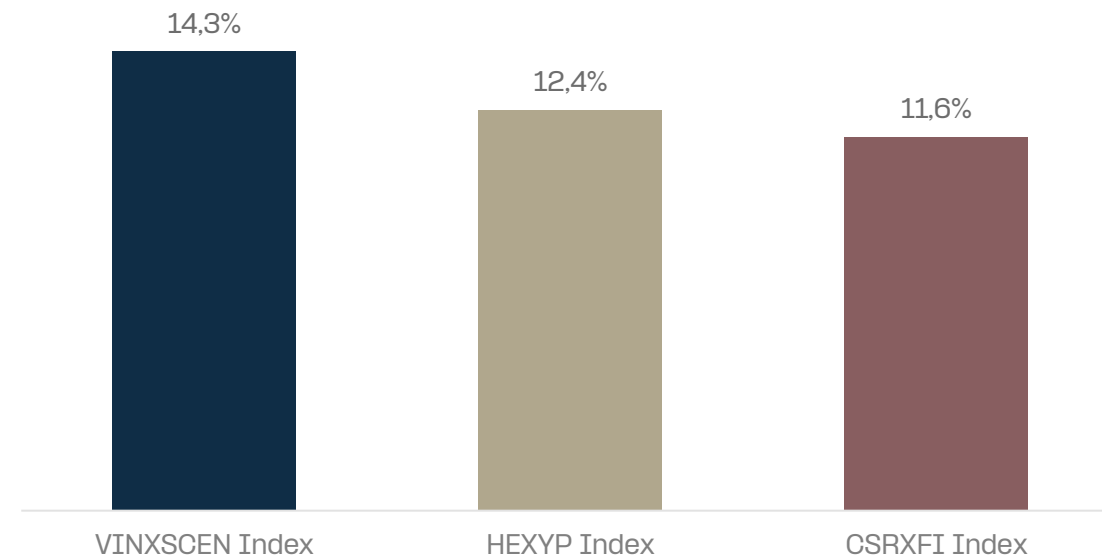
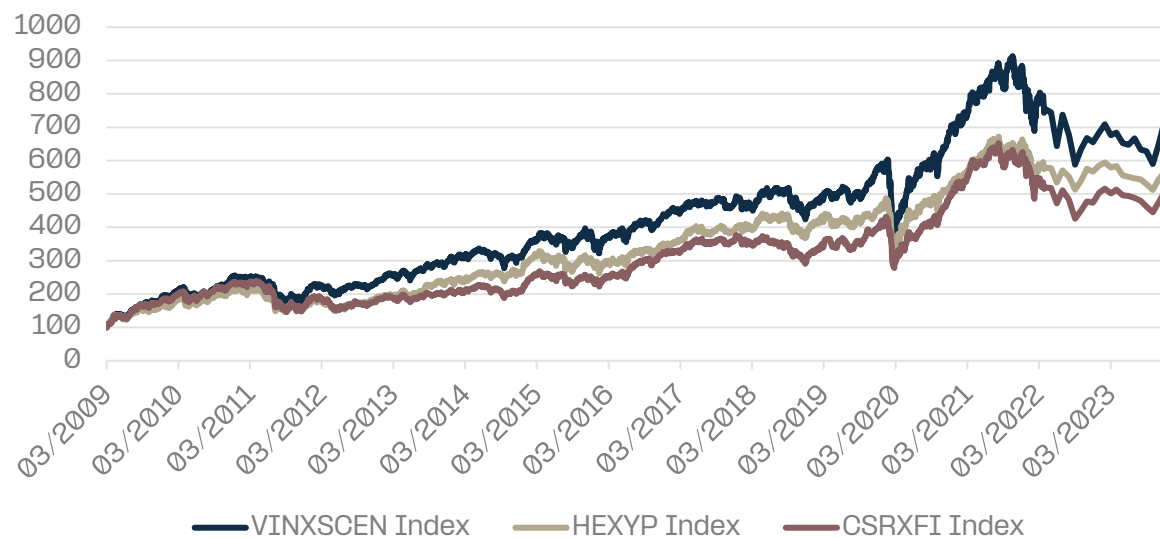
¹ KANTAR Prospera, "External Asset Management Finland 2013–2023". Overall Performance and SFR Scandinavian Financial Research, Competitive Positioning Report, 2015–2023.

INVESTMENT UNIVERSE

Evli Nordic Small Cap

Nordic small caps have outperformed Finnish small caps and broad HEX–Index during the last ~15 years*

Historical return is no guarantee of future return.



INDEXED RETURNS 31.3.2009*–31.12.2023 (31.3.2009 = 100)

615% total return in ~15y

COMPOUND ANNUAL GROWTH RATES (CAGRS) DURING THE SAME PERIOD

14.3% p.a. return in ~1y

Source: Bloomberg. All returns in EUR 12/2023

*Bloomberg data for VINXSCEN (i.e., Nordic Small Cap Index) begins from 31.3.2009

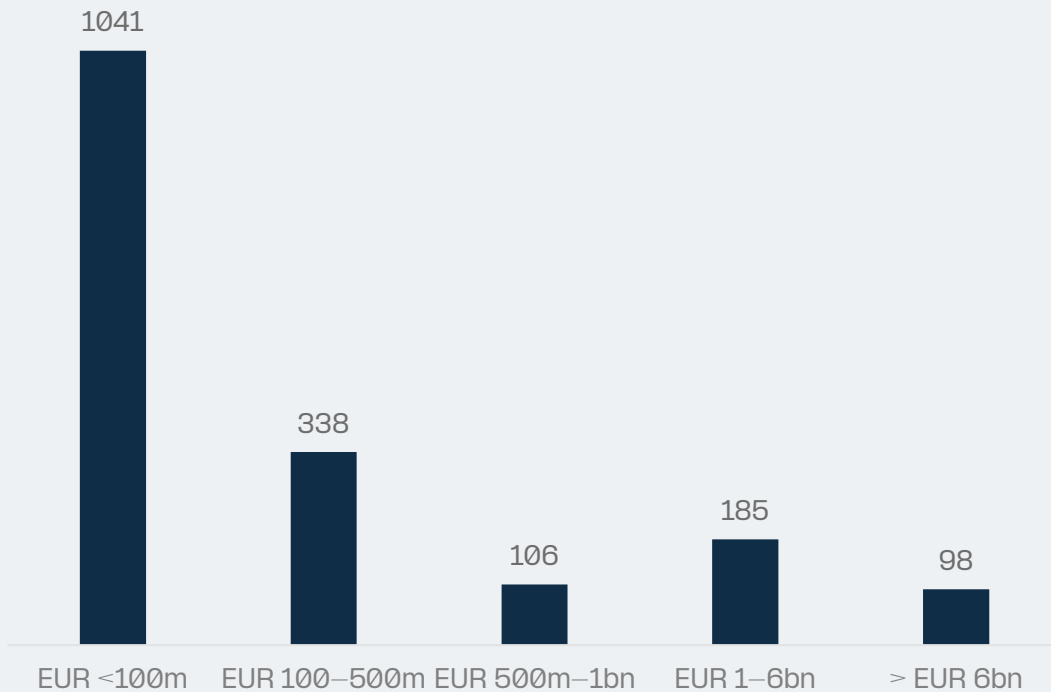
VINXSCEN = VINX Small Cap EUR NI Index

HEXYP = OMX Helsinki Cap Index GI

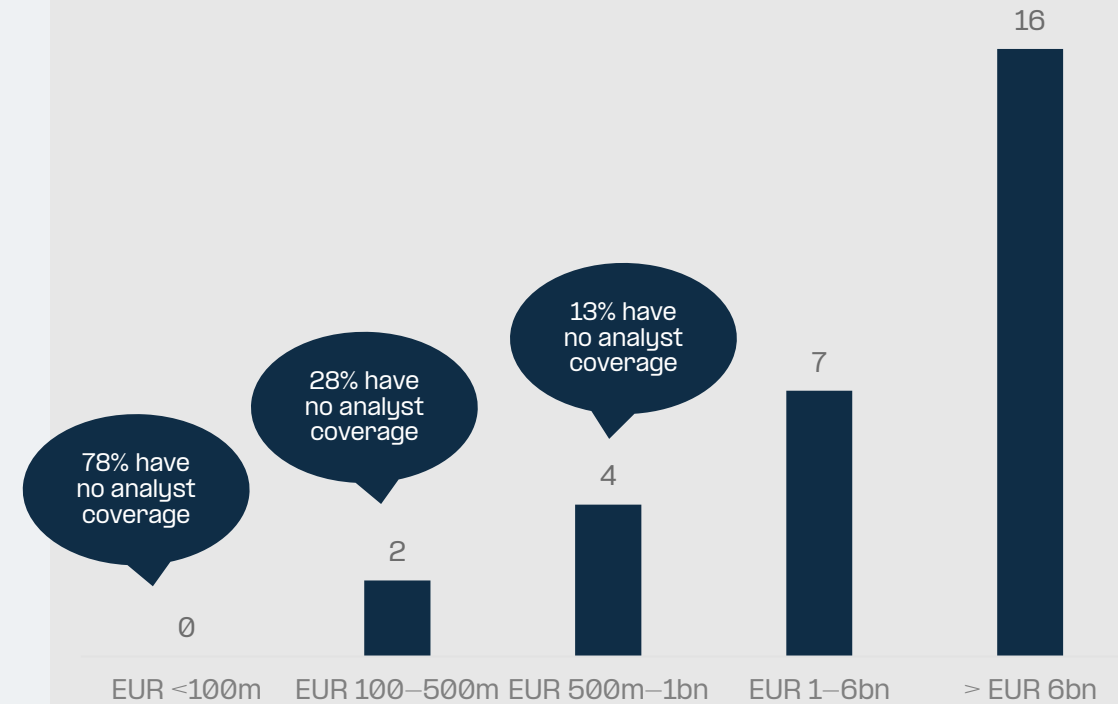
CSRXFI = Carnegie Small CSX Return Finland

Thinner sell-side analyst coverage enables alpha creation through our own work

Number of companies per market cap bucket

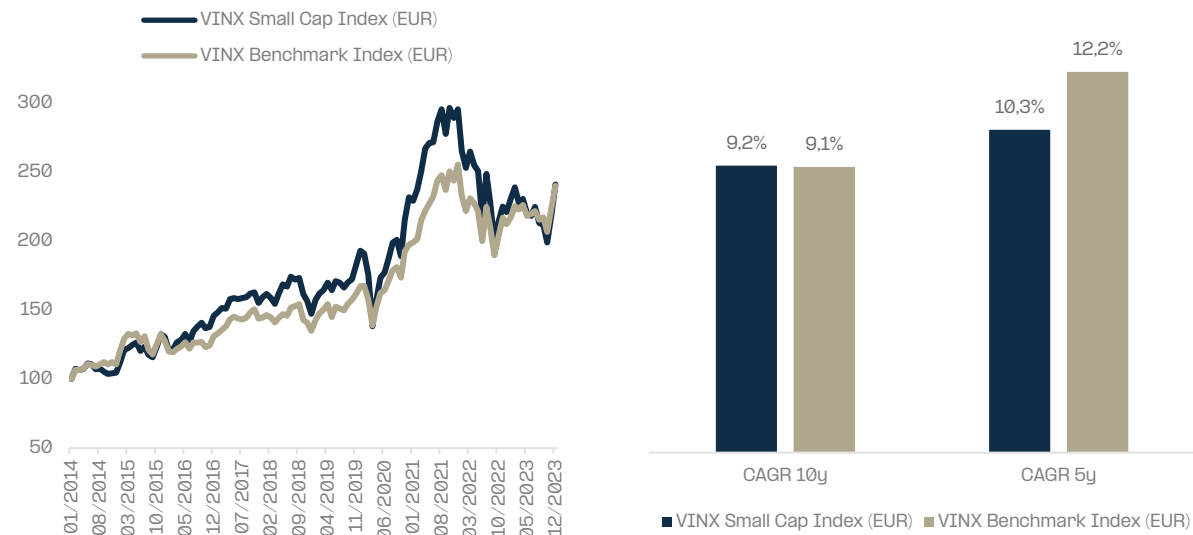
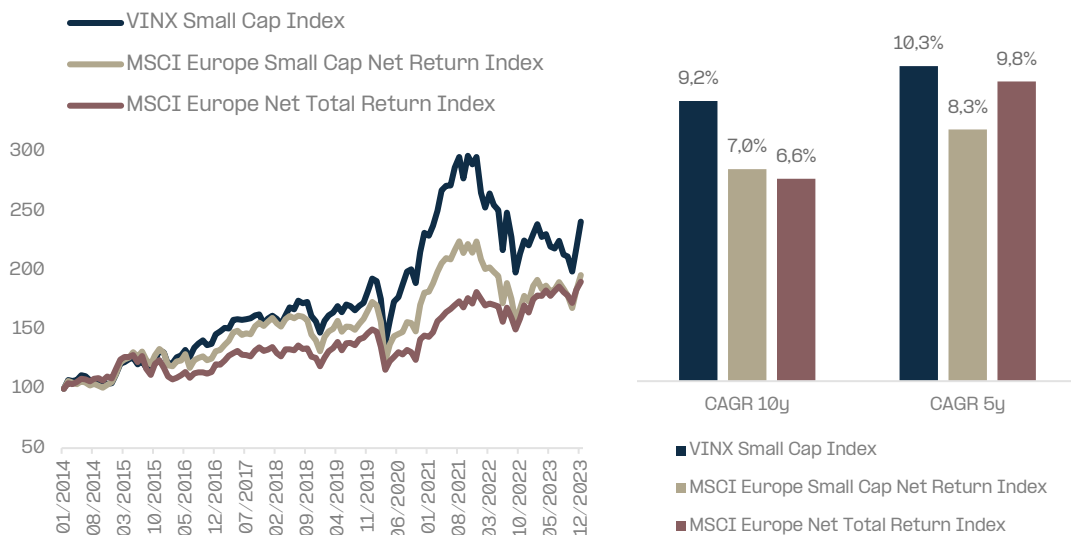


Number of analysts following a company on average per market cap bucket



Nordic Small Caps have outperformed broader European and Nordic indices during the last 10 years (2013–2023)

Historical return is no guarantee of future return.



INDEXED 10Y CUMULATIVE RETURN

~190% TSH in 10 years

CAGR*

11.0% p.a. in 10 years

INDEXED 10Y CUMULATIVE RETURN

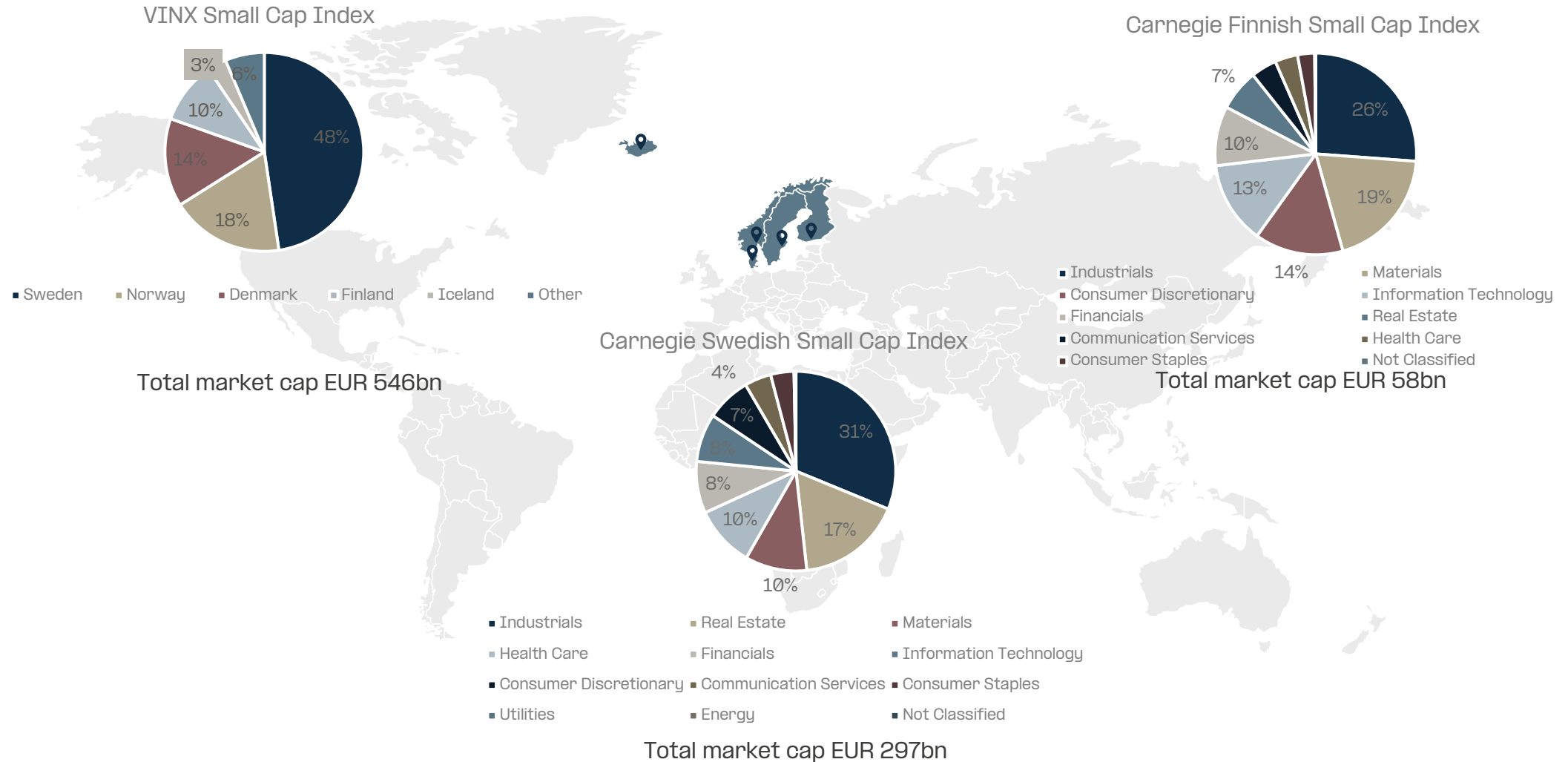
Outperformed VINX BM...

CAGR*

...in 10Y period

Source: Bloomberg 12/2023
*Compound annual growth rate

Sector weights fluctuate market by market, industrials and Sweden dominate the Nordic region



INVESTMENT PHILOSOPHY AND PROCESS

Evli Nordic Small Cap

Fund management team



Janne Kujala

CFA. PORTFOLIO MANAGER, HEAD
OF NORDIC EQUITIES

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



Ville Tiainen

CFA. ANALYST, NORDIC EQUITIES

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

Philosophy (1/2)

Markets are efficient on average – not always

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

We are style agnostic

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

Momentum matters

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

Philosophy (2/2)

Concentrated portfolio

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

Focus on the relevant

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

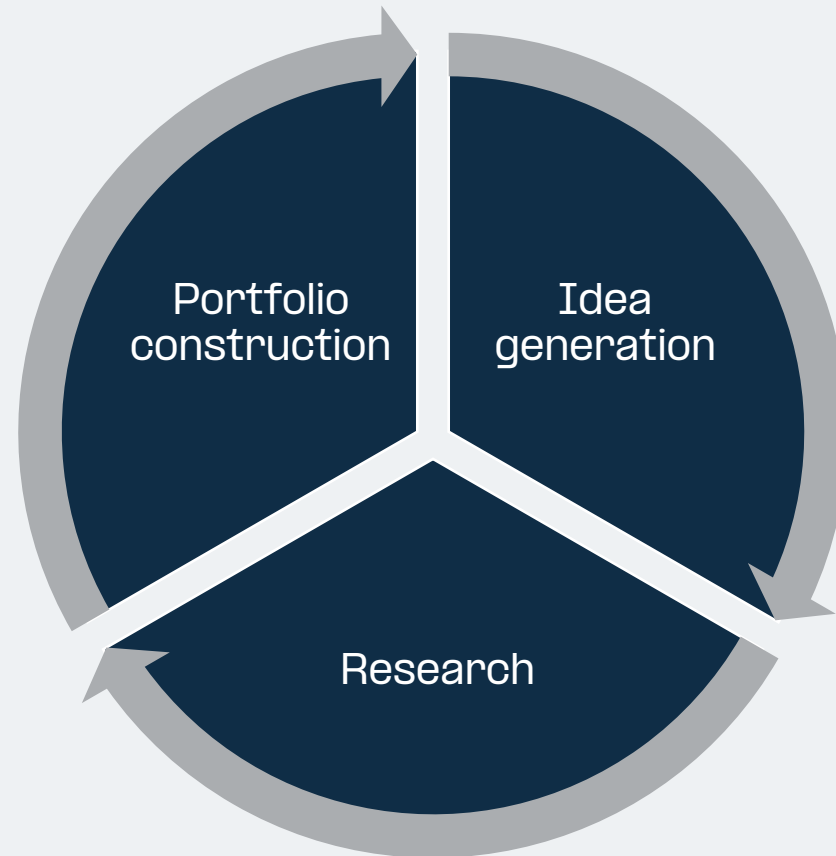
Respect the market

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

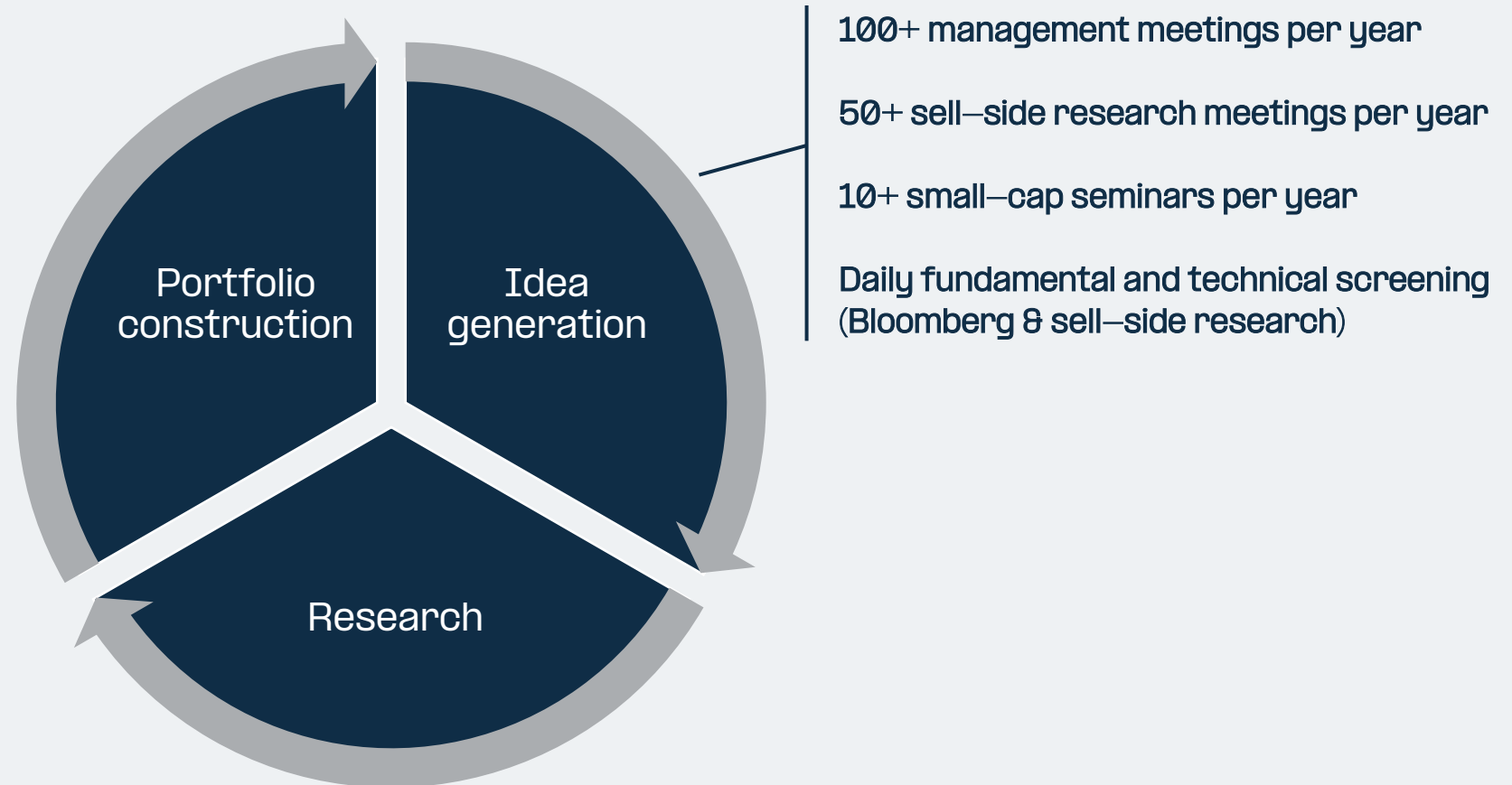
The Ideal company should have...

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

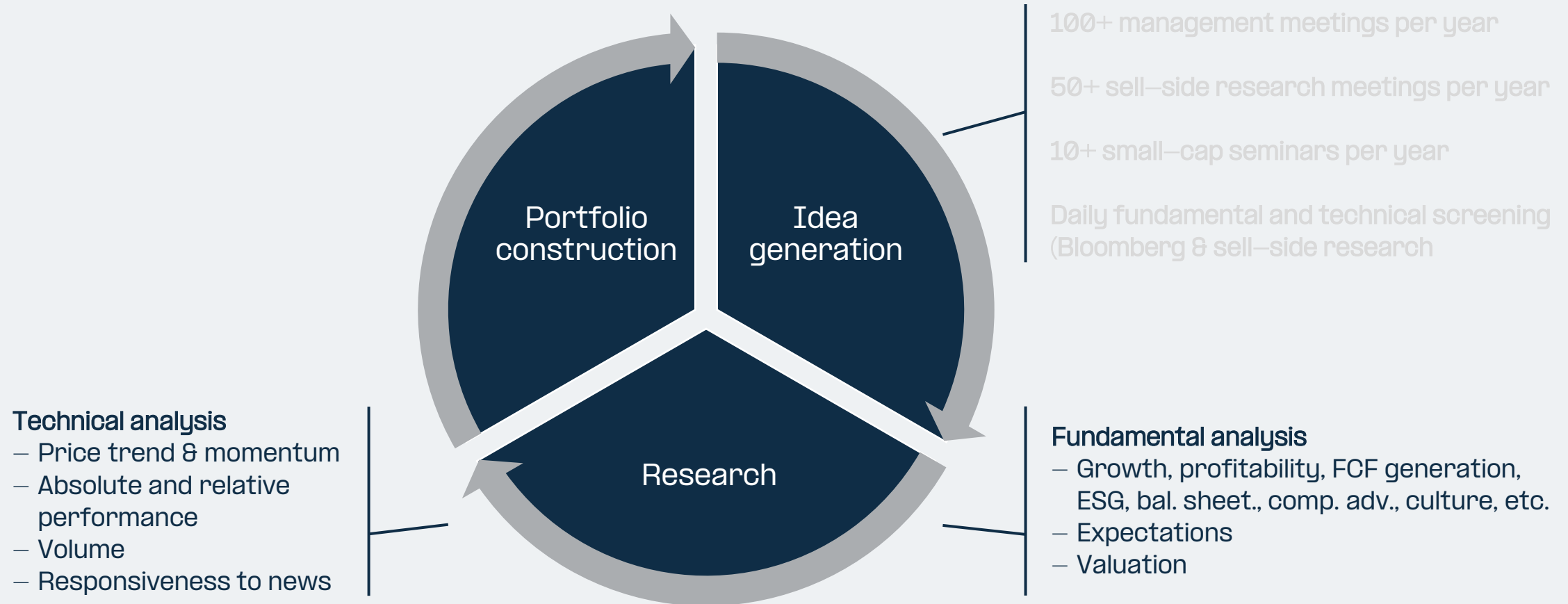
Investment process



Investment process



Investment process



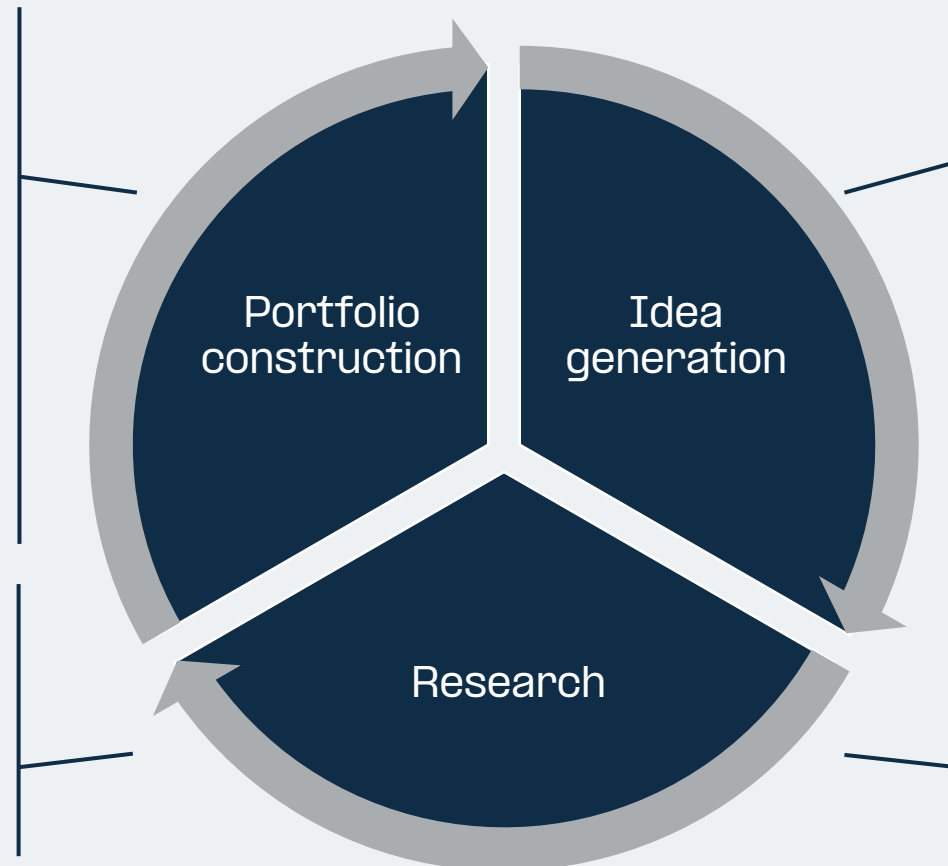
Investment process

Portfolio construction

- Concentrated portfolio of ~35 stocks
- Meaningful active weights
- “One in – One out” –principle
- Exits based on deteriorating fundamentals or unconstructive price action
- Macro overlay in risk budgeting
- Pre- and post-trade liquidity analysis
- No FX-hedging

Technical analysis

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



100+ management meetings per year

50+ sell-side research meetings per year

10+ small-cap seminars per year

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

Fundamental analysis

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

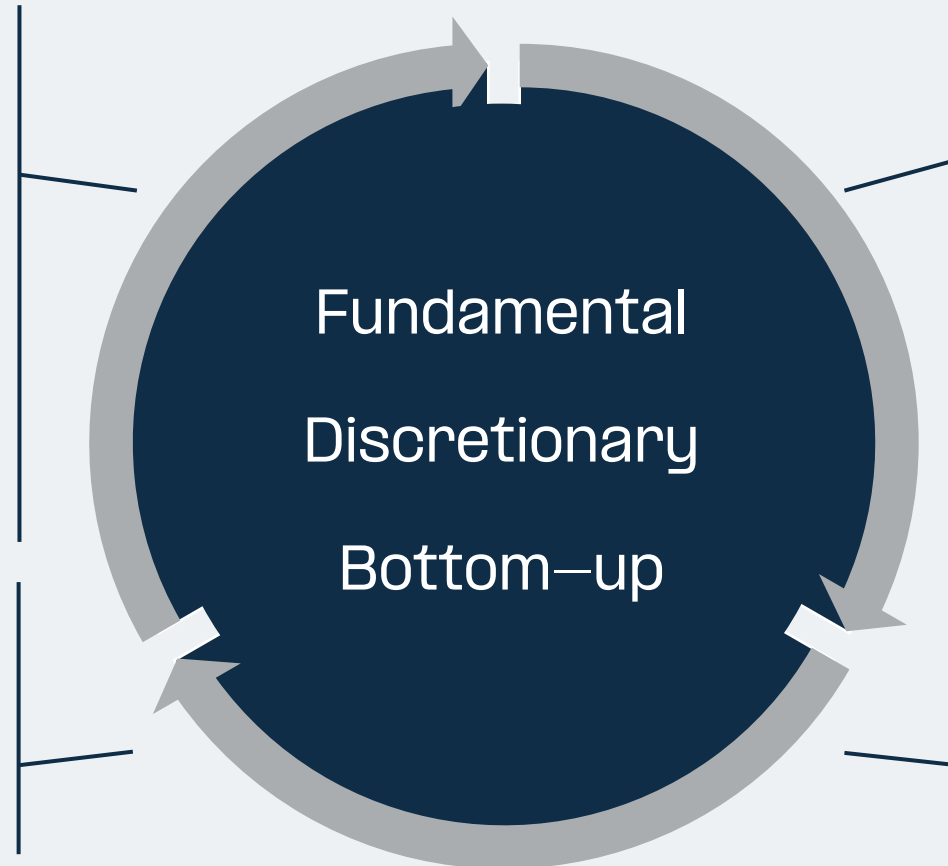
Investment process

Portfolio construction

- Concentrated portfolio of ~35 stocks
- Meaningful active weights
- “One in – One out” –principle
- Exits based on deteriorating fundamentals or unconstructive price action
- Macro overlay in risk budgeting
- Pre- and post-trade liquidity analysis
- No FX-hedging

Technical analysis

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



100+ management meetings per year

50+ sell-side research meetings per year

10+ small-cap seminars per year

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

Fundamental analysis

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

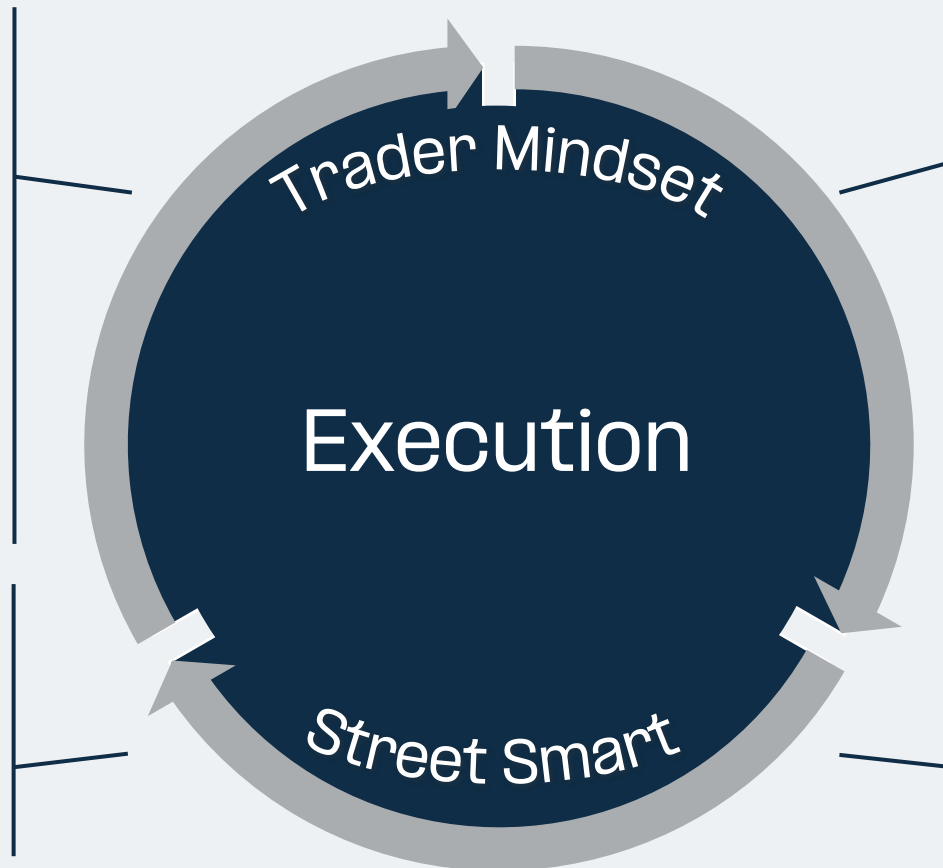
Investment process

Portfolio construction

- Concentrated portfolio of ~35 stocks
- Meaningful active weights
- “One in – One out” –principle
- Exits based on deteriorating fundamentals or unconstructive price action
- Macro overlay in risk budgeting
- Pre- and post-trade liquidity analysis
- No FX-hedging

Technical analysis

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



100+ management meetings per year

50+ sell-side research meetings per year

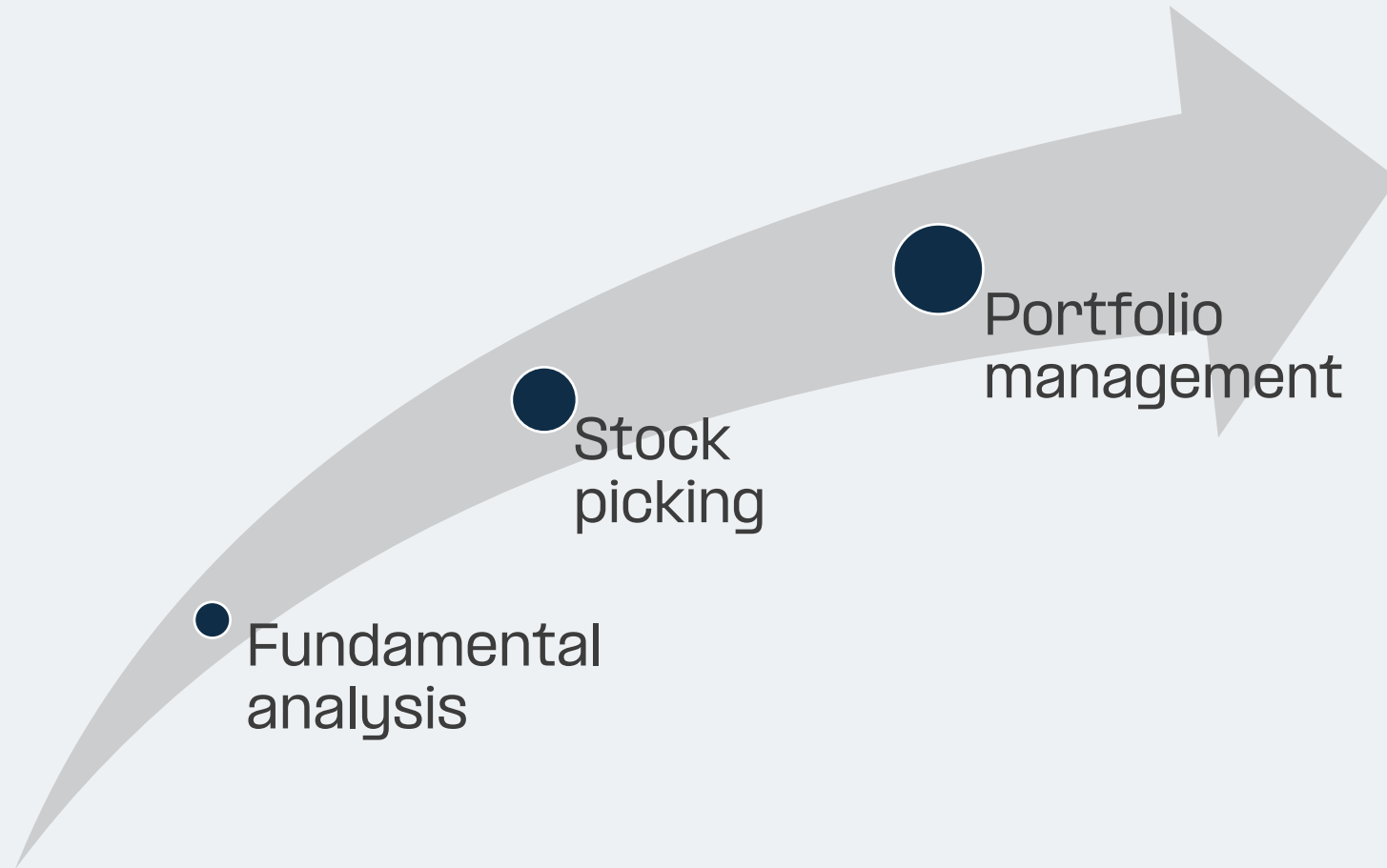
10+ small-cap seminars per year

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

Fundamental analysis

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

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



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

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

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

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

Our approach to stock picking combines fundamentals, expectations, valuation and technical indicators

Fundamentals

- Structurally growing market
- Entrepreneurial culture
- Competitive edge
- Strategy that makes sense
- ESG in line with Evli's criteria
- High historical growth and profitability
- High ROE/ROIC
- Strong FCF and BS

Expectations

- Conservative estimates compared to sector and/or company's own history
- Positive estimate revision trend

Valuation

- Within bounds of rationality
- In general, valuation solely, is a poor motivation for buy and sell decisions

Technicals

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

Portfolio management is all about cutting your losses and letting your profits run, easier said than done

Evli Finnish Small Cap long term top attributors

PORT Attribution Report: Attribution - Main View (04/16/2024 15:57:12)

Summary													
User Name	JANNE KUJALA												
Portfolio	ESUO												
Benchmark	ESUO BM OLD												
Start Date	12/31/2010												
End Date	12/29/2023												
Currency	EUR												
Method	MAC												
Attribution - Main View													
	Avg % Wgt		Total Return (%)			Contribution to Return (%)			Selection Effect (%)	Tot Attr	Allocation Effect (%)	Currency Effect (%)	
	Port	Bench	Port	Bench	+/-	Port	Bench	+/-					
ESUO	100.00	100.00	295.38	118.57	176.80	295.38	118.57	176.80	176.47	176.47	0.00	0.33	
REVENIO GROUP OYJ	3.97	0.79	2 319.34	3 617.23	-1 297.89	35.59	2.53	46.18	32.68	32.68	0.00	0.00	
QT GROUP OYJ	2.22	0.91	1 019.35	1 388.51	-369.16	31.57	3.90	37.94	28.65	28.65	0.00	0.00	
KEMPOWER OYJ	0.65		300.25		300.25	12.97		18.63	20.39	20.39	0.00	0.00	
STONESOFT OYJ	0.39	0.07	481.82	668.97	-187.15	15.62	1.08	20.28	19.22	19.22	0.00	0.00	
AMER SPORTS OYJ	3.30	2.75	456.74	342.24	114.49	24.27	12.08	10.58	14.52	14.52	0.00	0.00	
CITYCON OYJ	1.00	2.74	23.73	-4.60	28.33	1.30	-0.36	1.94	12.58	12.58	0.00	0.00	
TALENOM OYJ	2.14	0.25	243.56	230.04	13.53	14.62	0.77	20.18	11.94	11.94	0.00	0.00	
LINDEX GROUP OYJ	0.11	1.24	-18.70	-88.13	69.43	-2.46	-6.35	8.45	11.92	11.92	0.00	0.00	
NOKIAN RENKAAT OYJ	0.12	1.32	-12.15	-60.47	48.32	-0.38	-3.12	4.54	10.60	10.60	0.00	0.00	
MUSTI GROUP OY	1.06	0.31	170.04	107.57	62.47	10.92	1.59	12.73	8.58	8.58	0.00	0.00	

The BLOOMBERG PROFESSIONAL service, BLOOMBERG Data and BLOOMBERG Order Management Systems (the "Services") are owned and distributed locally by Bloomberg Finance L.P. ("BFLP") and its subsidiaries in all jurisdictions other than Argentina, Bermuda, China, India, Japan and Korea (the "BLP Countries"). BFLP is a wholly-owned subsidiary of Bloomberg L.P. ("BLP"). BLP provides BFLP with all global marketing and operational support and service for the Services and distributes the Services either directly or through a non-BFLP subsidiary in the BLP Countries. The Services include electronic trading and order-routing services, which are available only to sophisticated institutional investors and only where necessary legal clearances have been obtained. BFLP, BLP and their affiliates do not provide investment advice or guarantee the accuracy of prices or information in the Services. Nothing on the Services shall constitute an offering of financial instruments by BFLP, BLP or their affiliates. BLOOMBERG, BLOOMBERG PROFESSIONAL, BLOOMBERG MARKET, BLOOMBERG NEWS, BLOOMBERG ANYWHERE, BLOOMBERG TRADEBOOK, BLOOMBERG BONDTTRADER, BLOOMBERG TELEVISION, BLOOMBERG RADIO, BLOOMBERG PRESS and BLOOMBERG.COM are trademarks and service marks of BFLP, a Delaware limited partnership, or its subsidiaries.

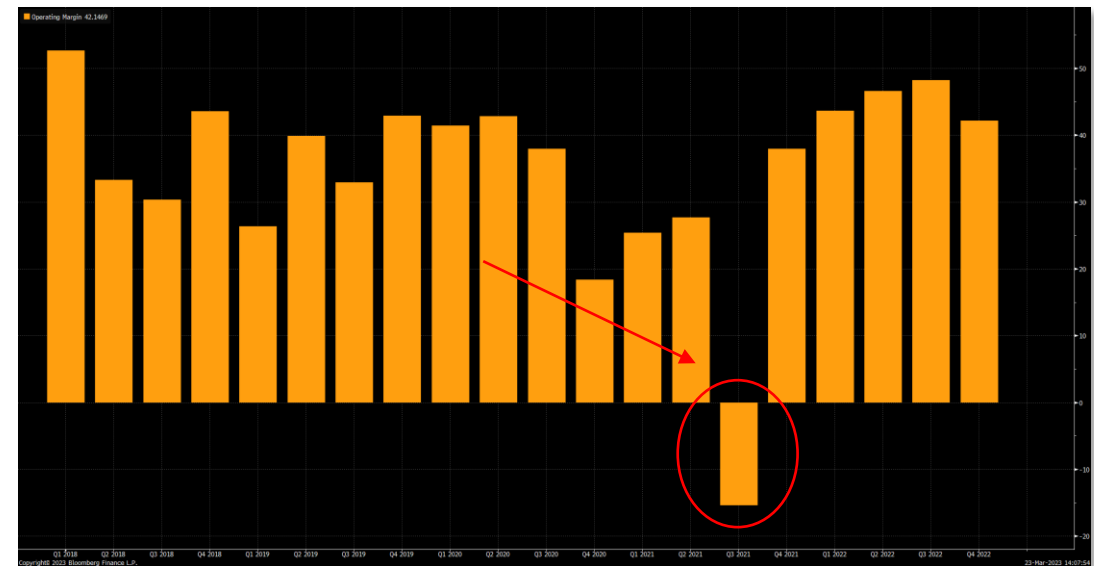
CASE: PARADOX
INTERACTIVE, 12/2021

Paradox Interactive is a Swedish PC/console game developer and publisher

General thoughts about the company

- Genre mastery in grand strategy games
- Paradox has around 10 game franchises to which it releases new content (and another few dozen non-active titles)
- Paradox has been a master at extracting value from its games over years, continuously releasing expansion packs and other downloadable content (DLCs) to a loyal player base
- In 2021 the shares had been underperforming the market, as new games outside their core genre were disappointments, or projects were closed down with sizable write-downs
- The company went through management change in Q3 2021
- The company had been on our radar screen, and a topic in our desk discussions. We had also met the company in different virtual seminars and had discussions with analysts.
- Paradox had a market cap of c. 1.5bn€ in November 2021

Quarterly EBIT% (reported)



Ex-CEO



New CEO

ESG considerations mainly on the social side

- Negative ESG–related topics surfaced in fall 2021 before we had made any investment decisions
- Company came under fire after an employee survey by two Swedish groups revealed that around 69% of the 133 respondents had experienced “mistreatment” at the studio. The games industry has long struggled with issues of inequality and harassment.
- Given the remedies that the company and its new CEO and largest owner, Fredrik Wester, were giving, these accusations were not a show–stopper. Moreover, the company doesn’t have any ESG controversies as of to–date and scores 10/10 in all ESG–indicators (MSCI 3/2023)

The screenshot shows the GameDaily.biz website. At the top, there is a navigation bar with links for News, Podcast, Development, Publishing, Esports, AR/VR, Mobile, and Culture. Below the navigation bar, there is a dark blue banner with the text "New resource: Move to app bidding and grow your gaming business" and a "GO NOW" button. The main article is titled "Paradox Interactive hit with discrimination and harassment claims" and is categorized under "Culture", "News", and "Publishing". The author is Sam Desatoff, and the article was published on Wednesday, October 13th, 2021 at 7:38 pm. The article features a large image of three characters from a game: a woman in a blue dress, a man in a yellow and red crown and armor, and a hooded figure. To the right of the article, there is another dark blue banner with the same text as the top banner and a "GO NOW" button. Below the article, there is a section titled "Latest in Development" with two small images and text: "Creator autonomy takes center stage at GDC" and "GDC highlights metaverse opportunities, and concerns".

Structurally growing market, robust business model, strong financials – and temporary underperformance?

Fundamentals

Expectations

Valuation

Technicals

Market and financials

- A global market with secular growth
- The hit-driven nature of the industry. PDX's model of frequent expansions on existing games somewhat mitigates this, and has led to higher margins and a smoother revenue development
- The company has no financial debt, and has consistently had a high cash conversion rate

Business model

- By releasing DLCs/expansion packs in their existing game franchises, Paradox has found a way to partly remedy the negative aspect of game development/publishing, ie the outlay of significant capex in new game development with an uncertain payback. DLC's are more capex light, faster to release, expand the player base and extend the lifespan of the game franchise

Management and strategic focus

- After a tough 12 months, the company changed top management with the largest owner and CoB returning to CEO role. To us, a sign of the company taking a serious attempt at rectifying the problems of slowed down internal game development and low quality in externally developed projects
- Focus of capital allocation was tightened and shifted back towards PDX's core strengths

Overall, we saw PDX as a company with very solid gaming assets due to user loyalty, an attractive business model compared to other companies in the industry, and a solid financial base. In 2021, it was evident that the company had lost focus, but by the Q4 was taking remedying actions both in strategy and overall execution

Analysts, and us, thought that sentiment and estimates might have troughed

Fundamentals
Expectations
Valuation
Technicals



You replied to this message on 26.11.2021 10:06.

Thu 25.11.2021 19:14

Hi Ville!

Signs that quality issues were temporary and sentiment has bottomed

I just wanted to come back to our discussion about Paradox. I am very encouraged by the fact the their latest releases has seen some very good improvements in the feedback they have received from the community. Although quality issues is not something you turn around on dime, the recent launches proves, to me at least, that the quality issues we have seen in releases earlier this year was temporary.

The cultural issues, however, will take longer time as there is an independent investigation ongoing, and I do not know when it will be completed. But I am still encouraged by the recent releases, especially the Hearts of Iron: No Step Back expansion that was released on the 23th. It is the best Hearts of Iron expansion thus far and drove the number of concurrent HOI players on Steam to an ATH (5 years after the original game was released).

Good entry point

I bet that we have seen the bottom in terms of fear of game quality issues, and that the culture issue will be resolved as well. With the sentiment around game quality issues bottoming out, and the share trading at 18x 2022e EV/EBIT (-30% vs. 5Y avg), I think this is a good long-term entry point.

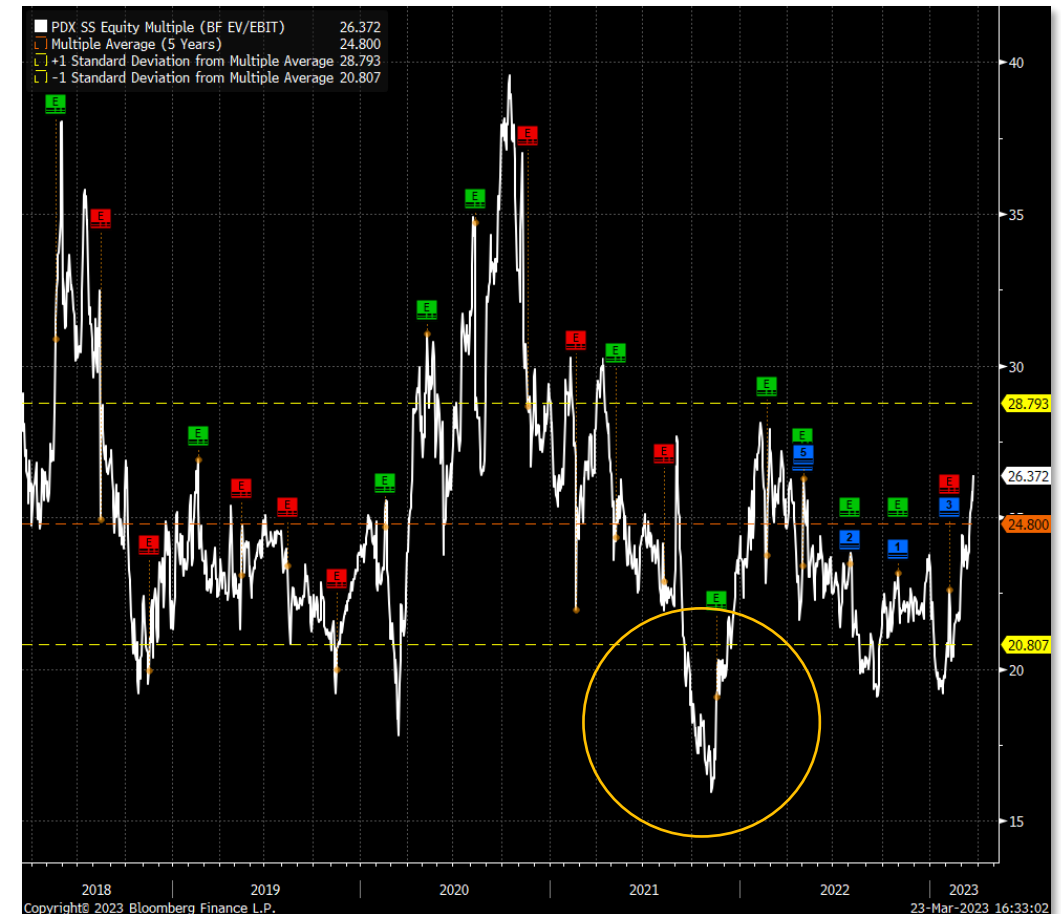
Please see my latest note for more info about the latest game release, sent out yesterday (under the signature)

Regards,

ABG Sundal Collier
Regeringsgatan 25, 8th fl, 11153 Stockholm, Sweden

Stock was trading at discount vs. historical spread to peers and vs. own absolute valuation

Fundamentals
 Expectations
 Valuation
 Technicals



Lower lows and lower highs – maybe we should stay on the sidelines though this is a quality company?

Fundamentals
Expectations
Valuation
Technicals



Have we reached the bottom?

Fundamentals
Expectations
Valuation
Technicals



Good Q3 print, stock is responding correctly, and the sentiment is improving – let's go

Fundamentals
Expectations
Valuation
Technicals



We didn't go all-in; position was built in ~2 months

Fundamentals
Expectations
Valuation
Technicals



We have also trimmed the position twice. However, still notable overweight in portfolio

Fundamentals
Expectations
Valuation
Technicals



To conclude, the case ticked majority of our pre-trade criteria boxes



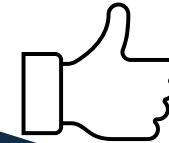
Fundamentals

- Structurally growing market
- Entrepreneurial culture
- Competitive edge
- Strategy that makes sense
- ESG in line with our expectations
- High historical growth and profitability
- High ROE/ROIC
- Strong FCF and BS



Expectations

- Conservative estimates compared to sector and/or company's own history
- Positive estimate revision trend



Valuation

- Within bounds of rationality
- In general, valuation solely, is a poor motivation for buy and sell decisions



Technicals

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

TRACK RECORD AND PORTFOLIO COMPOSITION

Evli Nordic Small Cap

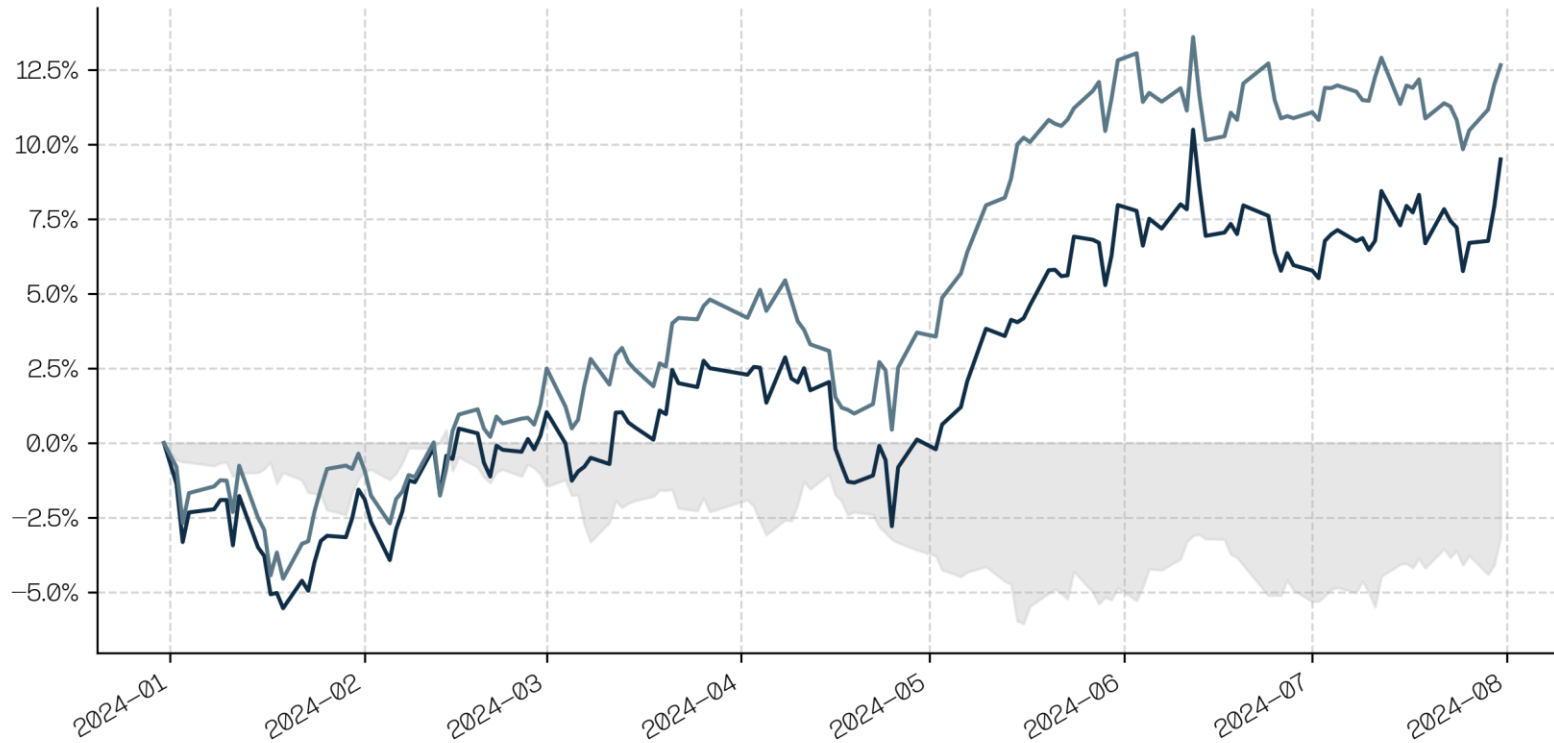
Net of fee returns – YTD

Evli Nordic Small Cap IB 31.12.2023–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns

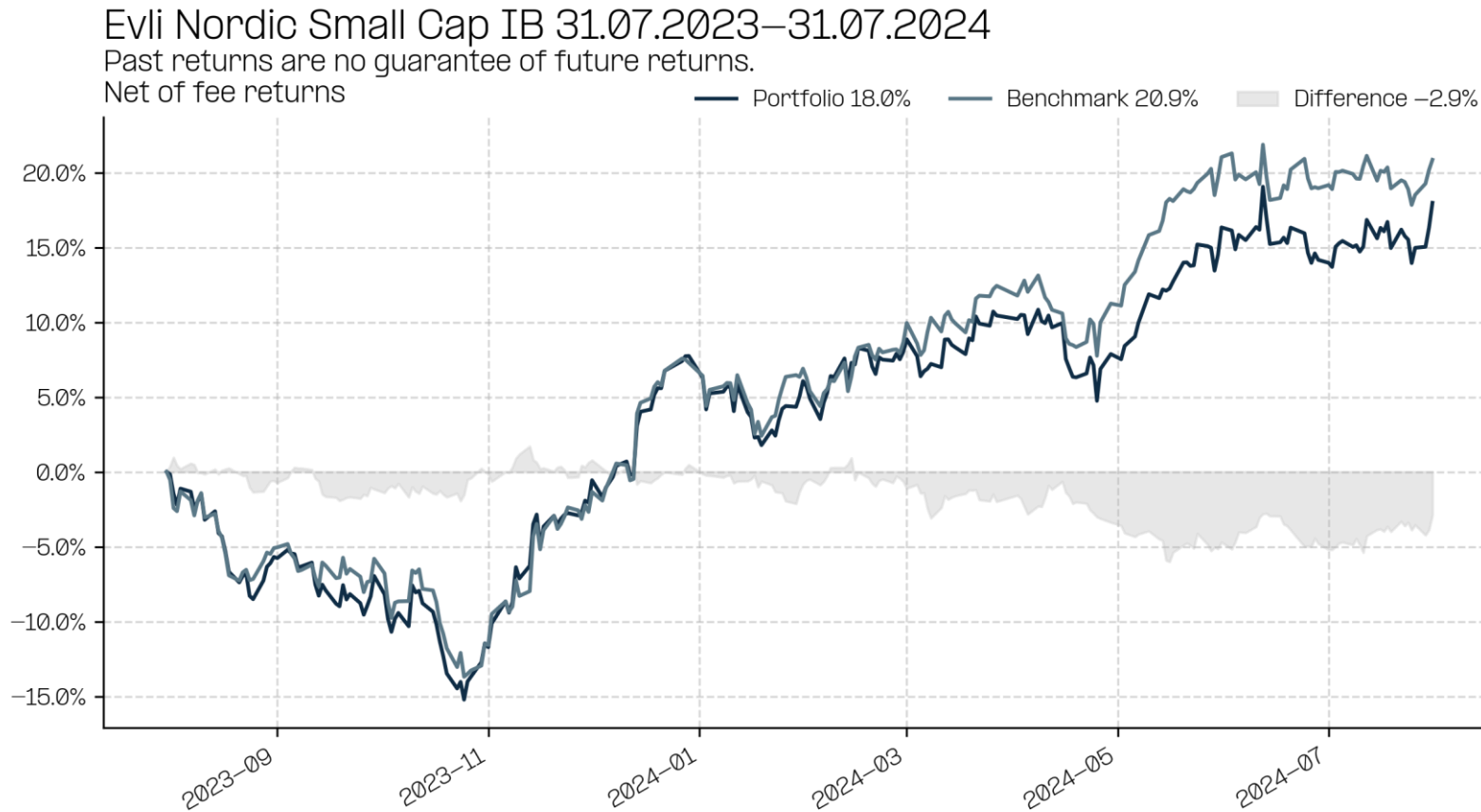
— Portfolio 9.5% — Benchmark 12.7% — Difference -3.2%



	Portfolio	Benchmark	Difference
YTD	9.50%	12.65%	-3.16%

	Portfolio	Benchmark	Difference
Volatility	14.30%	13.06%	1.24%
Sharpe	0.50	0.79	-0.29
Tracking Error	6.47%	—	—
Information Ratio	-0.49	—	—
Beta	0.98	—	—

Net of fee returns – 1 Year



	Portfolio	Benchmark	Difference
1 Month	3.34%	1.60%	1.74%
3 Months	9.37%	8.64%	0.73%
6 Months	11.23%	13.06%	-1.82%
1 Year	17.98%	20.85%	-2.87%

	Portfolio	Benchmark	Difference
Volatility	14.90%	14.66%	0.24%
Sharpe	0.94	1.15	-0.21
Tracking Error	6.50%	—	—
Information Ratio	-0.44	—	—
Beta	0.92	—	—

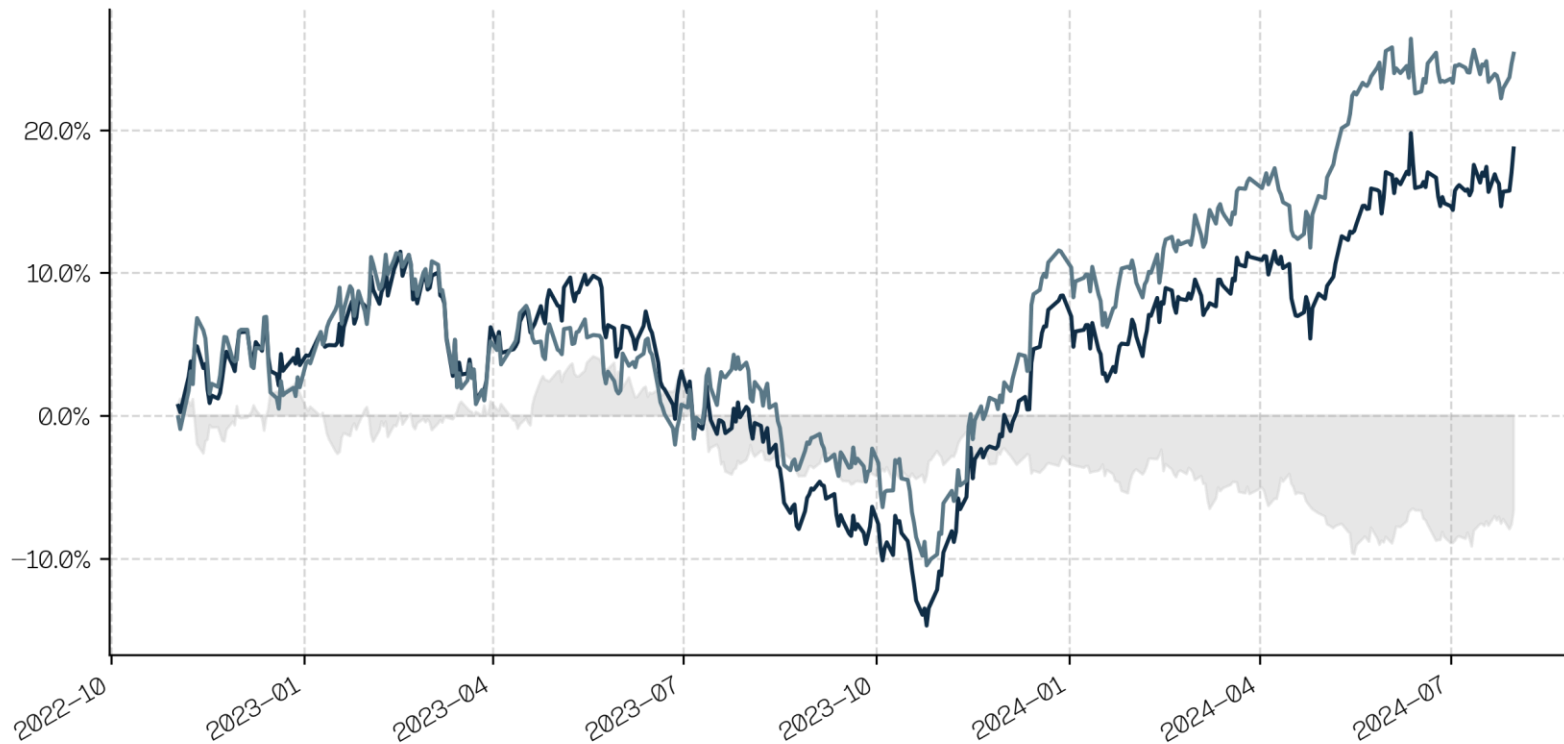
Net of fee returns – Since launch

Evli Nordic Small Cap IB 01.11.2022–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns

— Portfolio 18.7% — Benchmark 25.3% — Difference –6.6%

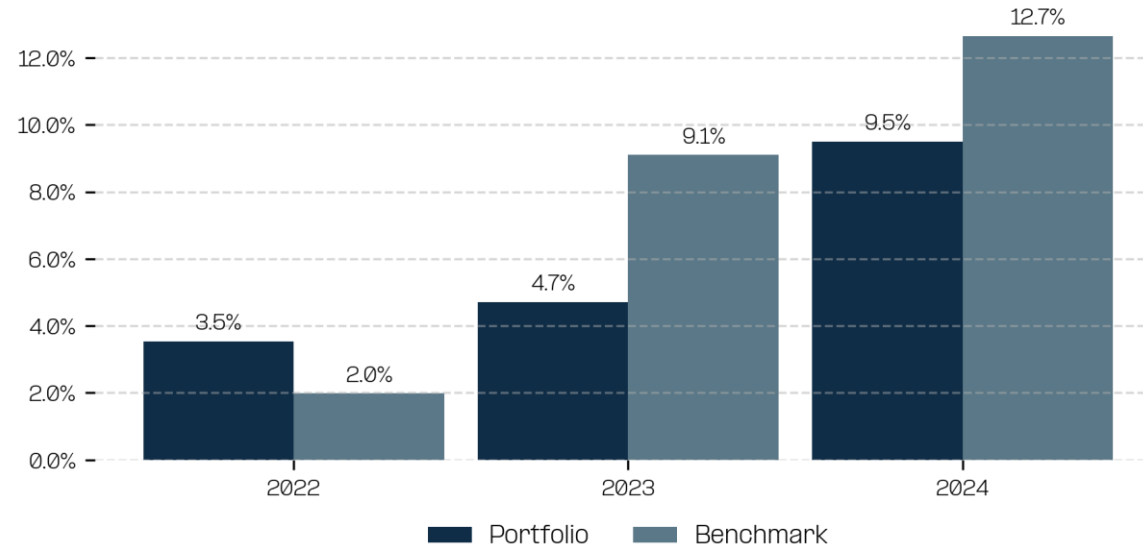


	Portfolio	Benchmark	Difference
1 Year	17.98%	20.85%	-2.87%
Since launch	18.71%	25.34%	-6.64%
Since launch, annualized return	10.32%	13.81%	-3.49%

	Portfolio	Benchmark	Difference
Volatility	14.92%	15.93%	-1.00%
Sharpe	0.47	0.66	-0.19
Tracking Error	7.24%	—	—
Information Ratio	-0.48	—	—
Beta	0.84	—	—

Annual returns, after fees, 31.07.2024

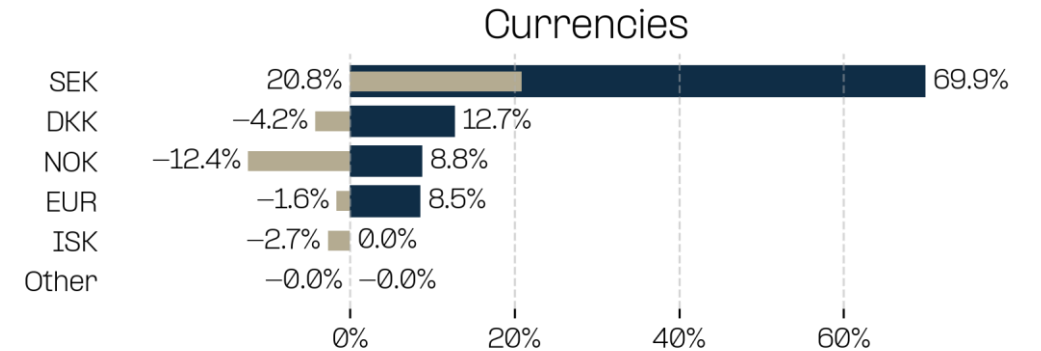
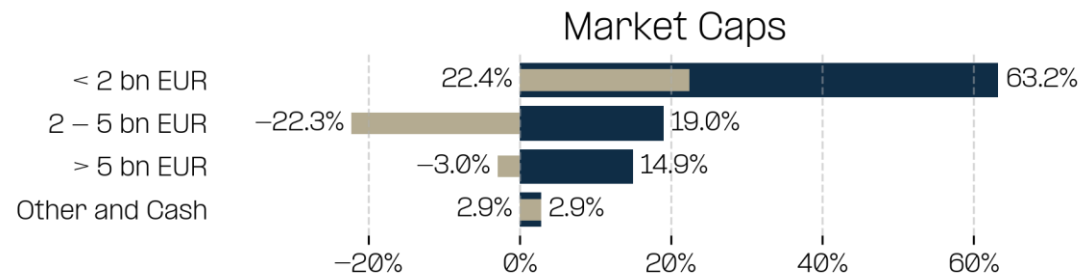
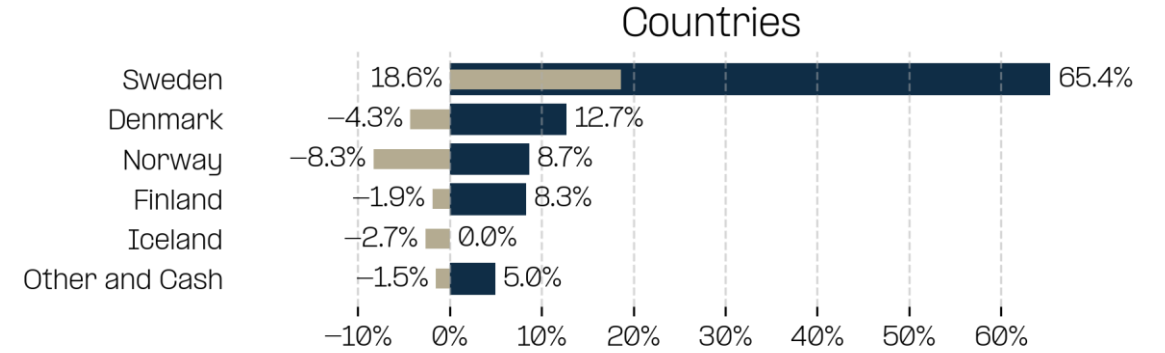
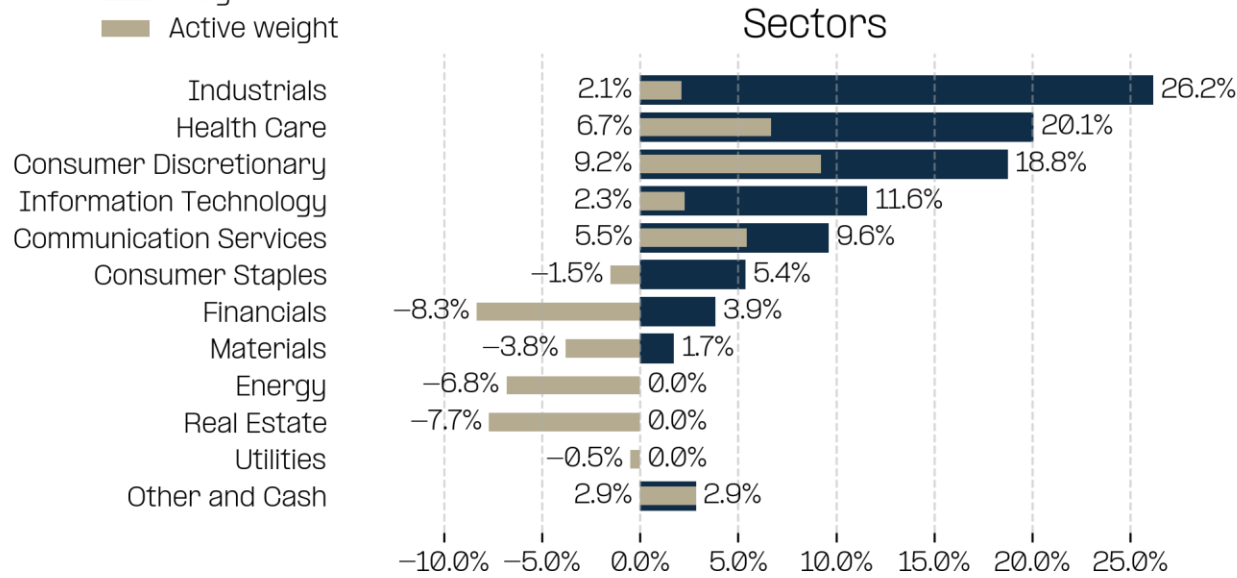
Past returns are no guarantee of future returns.



	2022	2023	2024
Portfolio	3.53%	4.71%	9.50%
Benchmark	1.98%	9.10%	12.65%
Difference	1.55%	-4.39%	-3.16%
Volatility	17.71%	16.25%	12.10%
Tracking Error	9.92%	7.56%	6.09%

Portfolio structure 31.07.2024

■ Weight
■ Active weight



Top holdings 31.07.2024

10 LARGEST INVESTMENTS

	%
AAK AB	5.39%
BoneSupport Holding AB	4.78%
PUUILO OYJ	4.63%
Lagercrantz Group AB	4.04%
Schibsted ASA	4.03%
Ambea AB	4.03%
Lindab International AB	3.99%
Ringkjoebing Landbobank A/S	3.86%
Camurus AB	3.82%
AFRY AB	3.72%

Attribution YTD 30.6.2024

Historical return is no guarantee of future return.

Top Contributors 2024 YTD, as of June 30th

	% Port, avg	% Active	Return, %	Attrib., %
Ambea	4.5	4.4	51.2	1.5
Aak	5.8	4.6	36.7	1.1
Afry	3.3	2.9	37.1	0.6
Dynavox Group	4.3	4.2	23.8	0.5
Lagercrantz Group	3.6	2.8	23.8	0.3

Bottom Contributors 2024 YTD, as of June 30th

	% Port, avg	% Active	Return, %	Attrib., %
Paradox Interactive	2.0	2.0	-26.1	-1.2
Zealand Pharma	0.0	-1.2	139.1	-1.0
Surgical Science Sweden	1.5	1.5	-31.0	-0.9
Kongsberg Gruppen	0.0	-1.4	91.9	-0.9
Alleima	2.0	1.7	-16.7	-0.7

Product Summary – Evli Nordic Small Cap Fund

Type of Fund	Finnish equity fund (UCITS)		
Benchmark	VINX Small Cap EUR NI (VINXSCEN)		
Fund Units	Retail distr. A and growth B series, and institutional growth IB-series (min 5m EUR)		
Bloomberg/ISIN	A-series: EVNORCA FH / FI4000532510 B-series: EVLNORB FH / FI4000532528 IB-series: EVLNORI FH / FI4000532536		
Management Fee	A and B-series: 1.60% (annually) IB-series: 1.00% (annually)		
Trading Days, NAV	Every Finnish banking day (subject to trading calendar), NAV at day close		
NAV Calculation	Evli Fund Management Company Ltd.		
NAV Audits	Annual (statutory)		
Fund Registry Keeper	Evli Fund Management Company Ltd.		
Supervision	The Finnish FSA (www.finanssivalvonta.fi/en/)		
Launch Date	1 November 2022	Performance Fee	None
Fund Manager	Janne Kujala / Ville Tiainen	Custodian	Skandinaviska Enskilda Banken AB (publ) Helsinki Branch (SEB)
Fund Currency	EUR	Auditor	EY
Domicile	Finland	Track Record	GIPS Compliant
Sales Registration	FI, SE	SFDR	Article 8

Risk and reward profile

RISK AND REWARD PROFILE

Lower risk
typically lower rewards

Higher risk
typically higher rewards



The risk-reward profile describes the variation in the performance of the net asset value of the fund unit over the last 5 years. The fund's risk-reward profile and risk category may change. Even the lowest category (1) in the risk-reward indicator is not entirely risk-free. Historical data cannot be used to predict the future performance of the fund's risk-reward profile and risk category.

The funds' risk level is determined on a scale from 1 to 7, where 1 signifies a low risk and 7 a high risk. The fund's current risk category is 6. This means that the fund's performance is subject to a high risk.

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

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

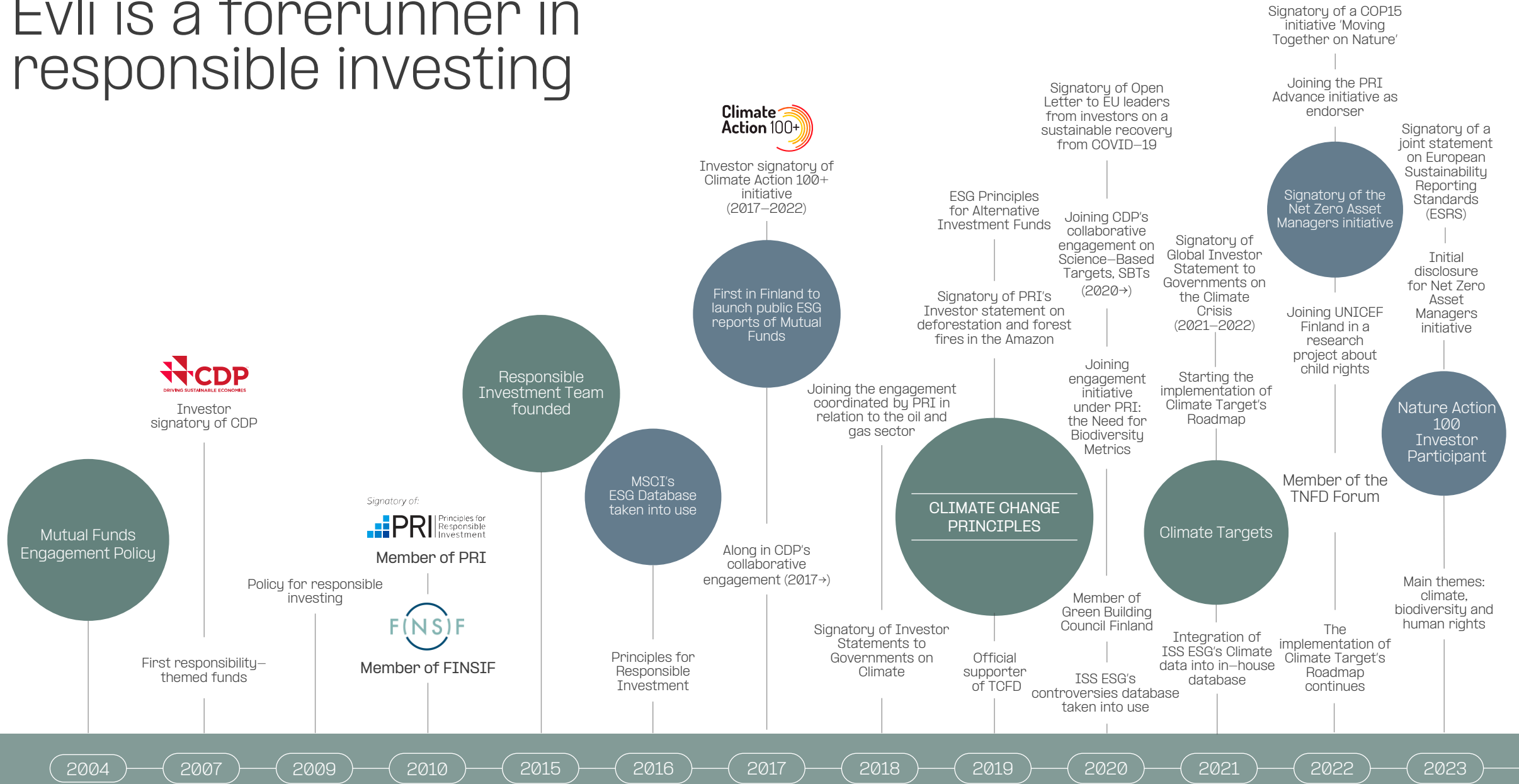
- Liquidity risk: The risk that a financial instrument cannot be bought or sold within the planned time or at the desired price.



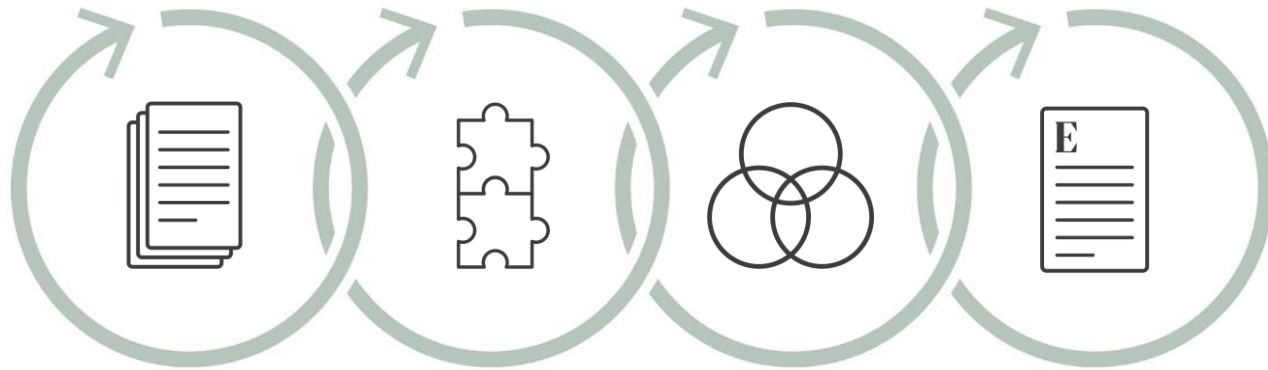
AMBITION

"We want to be the forerunner in responsible wealth management in the Nordics, and in this way help our clients in managing their wealth to support a sustainable future."

Evli is a forerunner in responsible investing



Four pillars of responsible investing at Evli



Principles for Responsible Investment

- Decided by Evli's Responsible Investment (RI) Executive Group

ESG¹ –integration in investment process

- Portfolio managers responsible for daily implementation

Engagement and active ownership

- Managed by dedicated RI Team, ESG also part of the discussion at portfolio managers' company meetings

Reporting

- Comprehensive and transparent reporting at fund and client level

#1

in Sustainable investing
according to Finnish institutions
2017–2023²

¹ ESG = Environmental, Social ja Governance

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

Monitoring, engagement and active ownership

UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and Evli's climate principles compliance are screened quarterly.

All norm violation cases assessed by Responsible Investment team, which decides to start the engagement or to exclude the company.

Main engagement themes are:

- International norm violation
- Mitigating climate change
- Transparent ESG reporting
- Corporate Governance

Active ownership:

- ESG issues are regularly discussed in all meetings with company management
- Evli attends AGMs in Finland, but does not do proxy voting abroad

Joint engagement several initiatives such as Climate Action 100+, GPP Investor Letters, Nature Action 100 and PRI¹ led collaborative engagements.

ENGAGEMENT ACTIVITIES 2022

INDEPENDENT AND JOINED
ENGAGEMENT INITIATIVES

2320
companies

PARTICIPATING IN GENERAL
MEETINGS

34
times

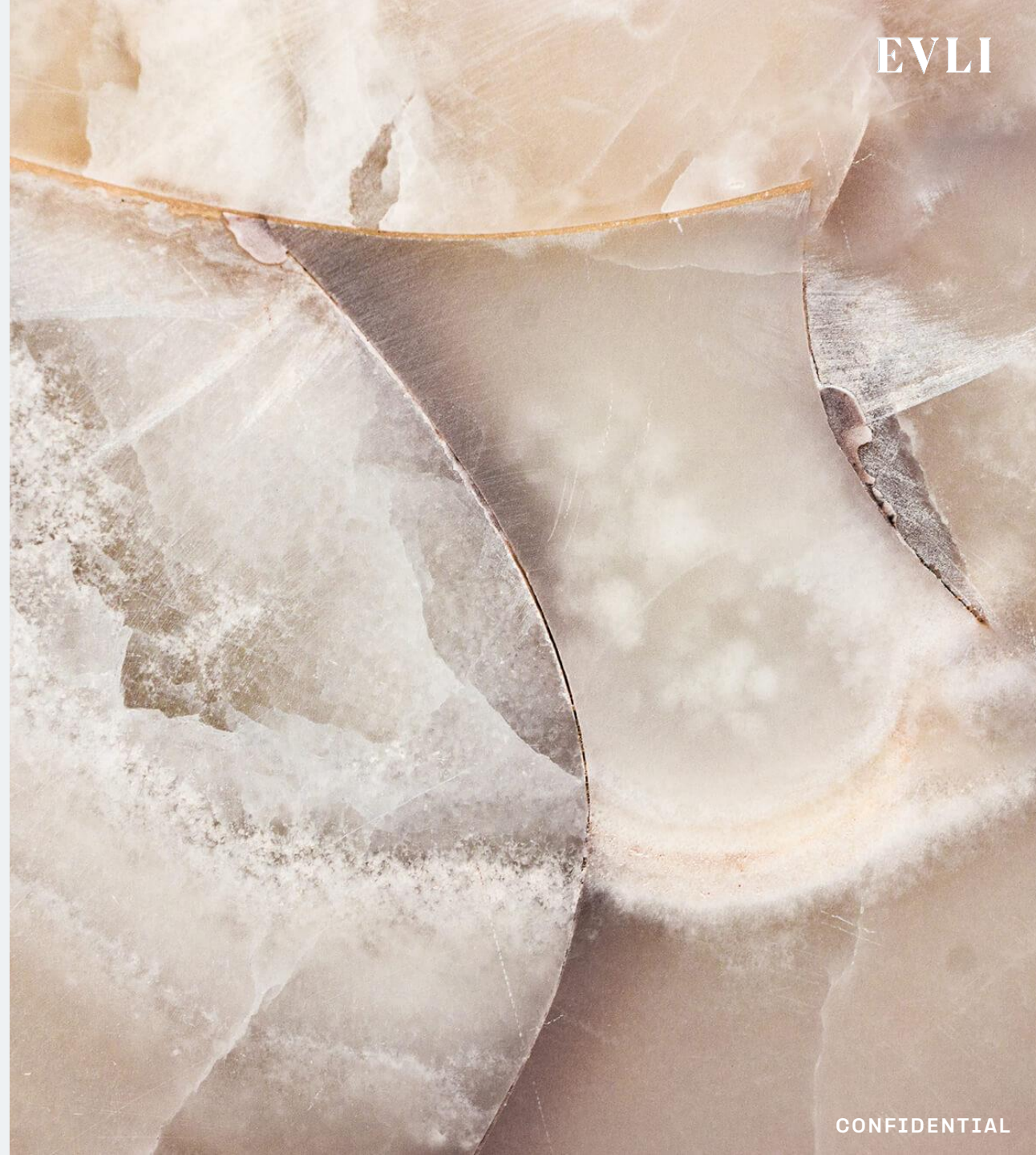
INDEPENDENT ENGAGEMENT RELATED
TO EVLI'S CLIMATE TARGETS

16
times

¹Principles for Responsible Investment is an umbrella organization for responsible investment supported by the UN.

Exclusions in practice in all Evli funds

- With 0% revenue threshold:
 - Controversial weapon manufacturers
 - Companies manufacturing peat for energy production
- With 5% revenue threshold:
 - Tobacco producers, adult entertainment producers and companies practicing controversial lending
- With 10% revenue threshold:
 - Thermal coal and oil sands companies
- In addition, some funds exclude:
 - Companies with more than 5% of their revenues coming from gambling, alcohol or weapons manufacturing
 - Companies in extraction and mining of fossil fuels or thermal coal
- International norm violations can also lead to an exclusion; however, this is only a last resort.
- In addition, since March 2022 Russia is excluded as a region where investments can be made. The exclusion covers both Russian companies and the Russian state.



Evli's climate change principles

1. Analysis

- Monitoring the emissions of companies in Evli's funds through fund-specific carbon footprints.
- Funds' carbon footprints are also assessed by Evli's Responsible Investment team.

2. Exclusion

- Avoiding investments in companies that gain a significant part of their revenue (at least 10%) from thermal coal (mining and energy production) and oil sands extraction.
- Also, companies manufacturing peat for energy production are excluded (0%).

3. Engagement

- Encouraging companies to report the climate impacts of their operations, and possible risks vs. benefits.
- Participating in several investor joint engagements and letters, such as Climate Action 100+ , CDP Investors Letters, and Global Investor Statement to Governments on the Climate Crisis.

4. Reporting

- Funds' carbon footprints are reported publicly.
- Evli has published in 2020 first TCFD¹ report of its climate risks.

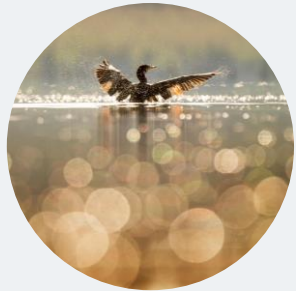
¹Task Force on Climate-related Financial Disclosure, www.fsb-tcfd.org



Evli's climate targets



Evli aims for carbon neutrality of its own operations by 2025, and carbon neutrality of investments by 2050 at the latest.

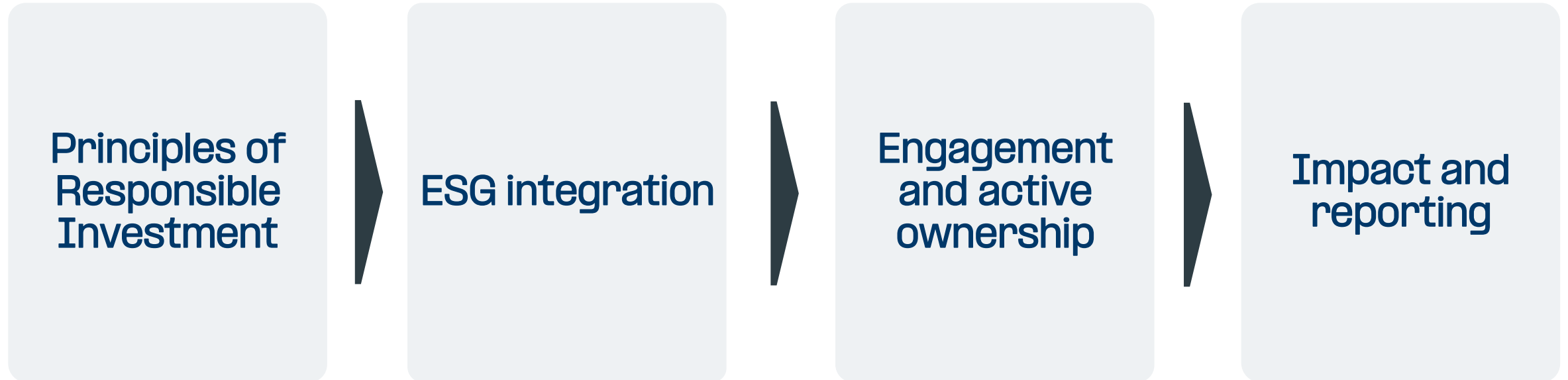


The interim target for the investments –50% reduction in indirect emissions from investments by 2030 (compared to 2019).



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

ESG is integrated into the investment process



BEFORE THE INVESTMENT DECISION

“Besides financials, there is a qualitative aspect (environmental risks, regulation violations, operations in regions with weaker ownership rights) to fundamental analysis. This qualitative part of the investment process is where **ESG research overlaps traditional fundamental analysis**”

AFTER THE INVESTMENT DECISION

“**Active ownership is coordinated by our internal RI-team.** Portfolio management will also initiate company engagement whenever we see it fit. In practice, our proactive annual ESG-initiatives are conducted by selecting 3–6 companies annually with whom we have constructive dialogue related to relevant ESG-topics.”

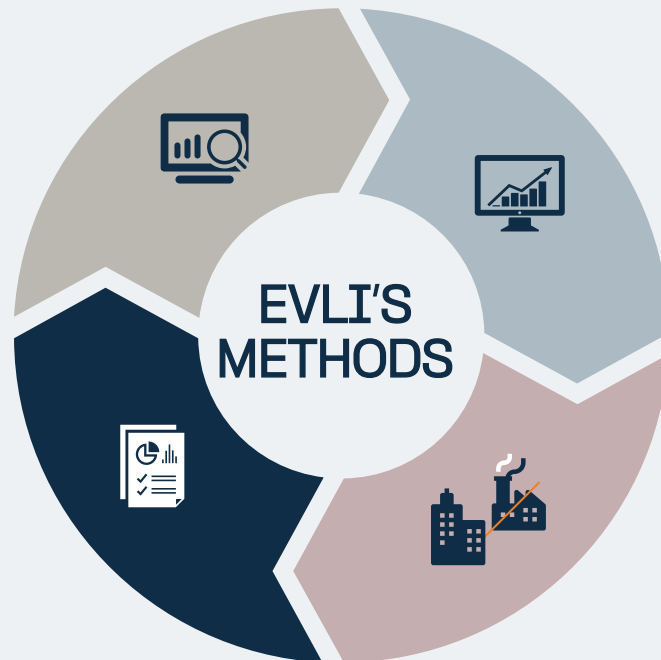
Active ESG approach

1. ANALYSIS

- Evli has ESG data on 13,900 issuers in its internal ESG database.
- Each fund gets an ESG score calculated based on responsibility factors and MSCI's data.
- 90 %* of the funds have good, very good or excellent ESG quality.

4. REPORTING

- Quarterly ESG reports on all Evli funds. The report shows each fund's responsibility scores, the ESG rating distributions, and analysis of Reputational and Climate risks.
- Yearly report on Evli's ESG activities.



2. MONITORING AND ENGAGEMENT

- Norm compliance information for 24,500 issuers.
- Screening funds to find out whether they contain companies that violate the international principles**.
- Engagement with companies that don't comply with international principles to help them improve their policies.

3. EXCLUSION

- Controversial weapons*** (0% revenue threshold) and companies manufacturing tobacco, producing adult entertainment and practicing controversial lending (5% revenue threshold).
- Companies manufacturing peat for energy production and avoiding investments in companies that gain a significant part of their revenue (10% revenue threshold) from thermal coal (mining and energy production) or oil sands (extraction).
- Possibility to exclude companies that violate international principles and refuse to respond to engagement efforts.
- Since March 2022 Russia is excluded as a region where investments can be made.

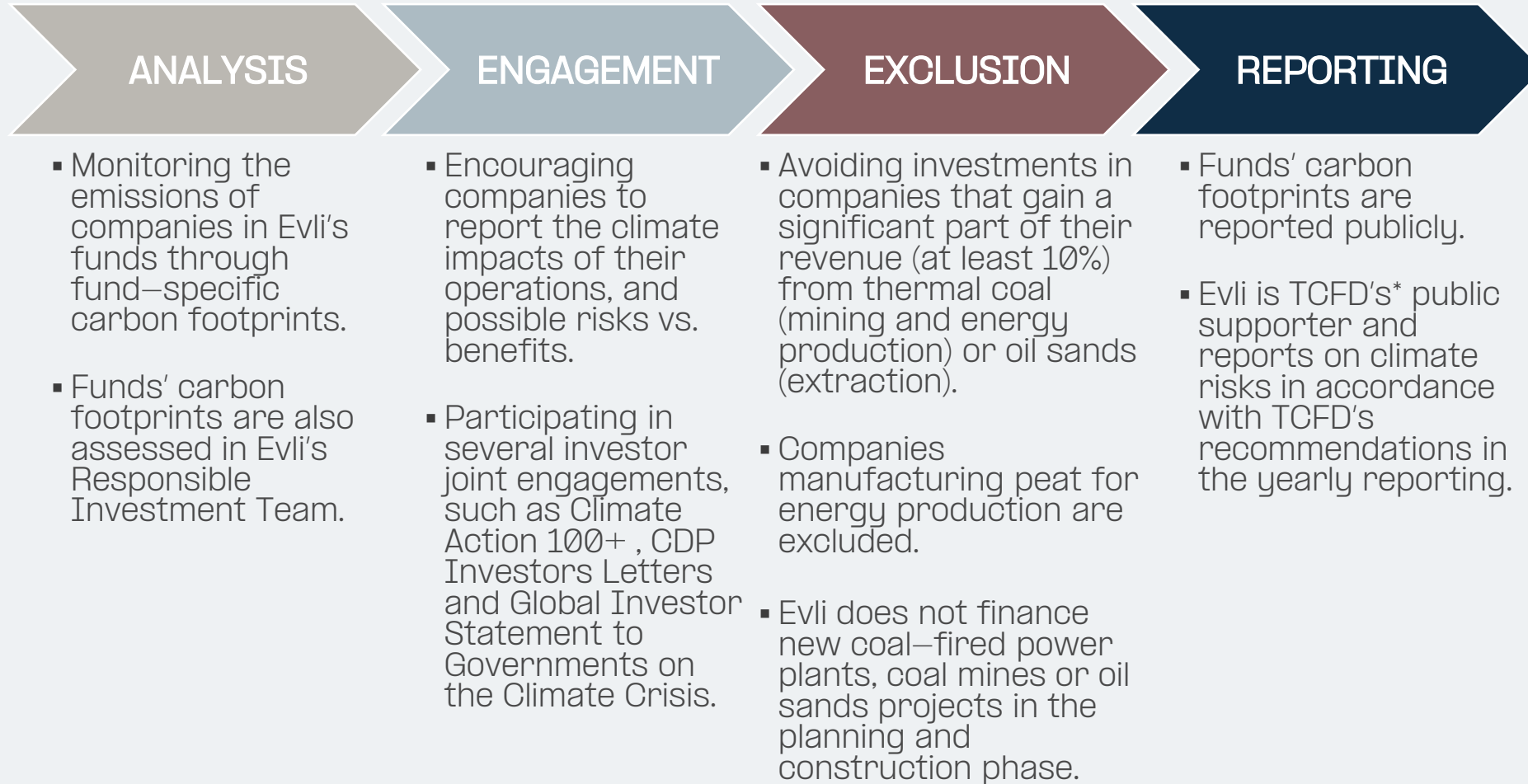
Further information on the consideration of the fund's sustainability factors and risks, in accordance with the Sustainable Finance Disclosure Regulation, is available at www.evli.com and in the Fund Prospectus.

* based on Dec 31, 2022

** UN Global Compact, UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises

*** landmines, cluster bombs, incendiary weapons, laser-blinding weapons, depleted uranium, nuclear weapons, chemical and biological weapons, and non-detectable fragments.

With systematic climate change policy



* Task Force on Climate-related Financial Disclosure, <https://www.fsb-tcfd.org/>

EVLI AIMS TO HALVE THE CARBON EMISSIONS OF ITS INVESTMENTS BY 2030 AND SETS A TARGET TO BE A NET ZERO ASSET MANAGER AT THE LATEST BY 2050

Interim targets for own operations

Achieving carbon neutrality by 2025 at the latest

Interim targets for investments

50% reduction by 2030 using 2019 as the base year

Following the targets of the Paris Agreement

Establishing a Working Committee

Roadmap for the years 2021–2025

For all Evli's investments taking data availability into account and supporting the transition to low-carbon economy

Evli Swedish Small Cap exclusion



Evli's general exclusion:

Controversial weapons (landmines, cluster bombs, incendiary weapons, laser–blinding weapons depleted uranium, nuclear weapons, chemical and biological weapons, and non–detectable fragments) 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 with over 5% revenue in the following areas: alcohol, weapons and firearms, tobacco, gambling, adult entertainment or fossil fuels (mining, extraction and refining).

Evli's Climate Change Principles for all Evli funds:

Companies that gain a significant part of their revenue (at least 10%) from thermal coal (mining and energy production) or oil sands (extraction) and have not a concrete plan to change their procedures nor support Just transition. In addition, Evli does not finance new coal–fired power plants, coalmines or oil sands projects that are in the planning or construction stages. Companies manufacturing peat for energy production are also excluded.

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

– Semi–annually clients receive ESG Reports on portfolio level about their investments to track sustainability–related progress.

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

The collage displays five key sections of the EVLI Nordic Corporate Bond ESG Report (Fund Q2 2020):

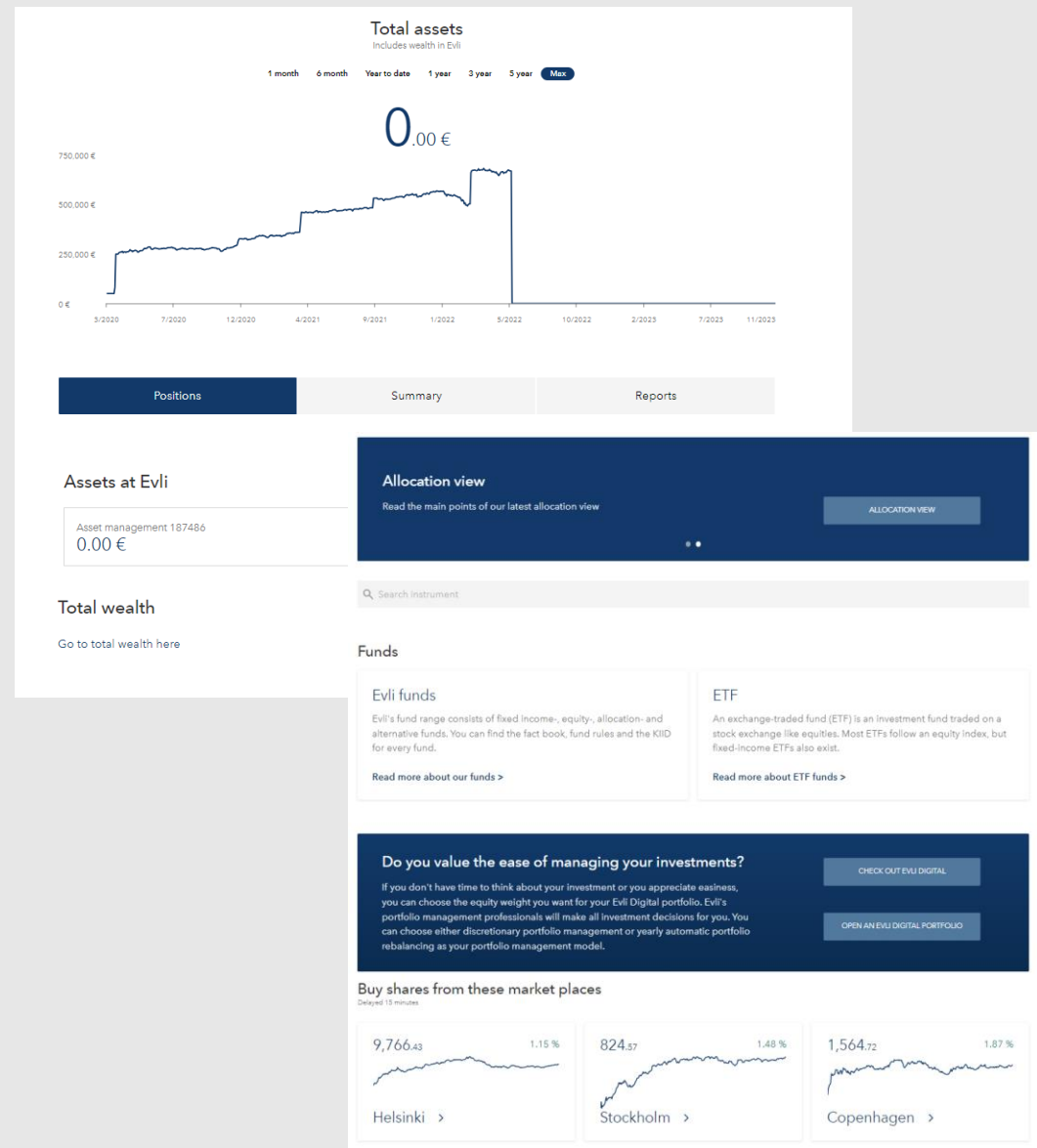
- 1. ESG Strategy:** Details the fund's approach to ESG, including exclusion criteria and active ownership policies.
- 2. Current ESG Metrics Distribution:** A bar chart showing the distribution of ESG metrics across the portfolio.
- 3. Reputational Risk Metrics:** A matrix classifying reputational risks based on severity and frequency.
- 4. Carbon Footprint:** A bar chart showing the carbon footprint of the portfolio, categorized by low carbon transition.
- 5. ESG Metrics on Top-10 Holdings:** A table providing detailed ESG metrics for the top 10 holdings in the portfolio.

AT YOUR SERVICE

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

At your service

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



Disclaimer statement

Evli

This presentation is intended only for the recipient's personal and private use. This material is based on sources that Evli Group (Evli) considers correct and reliable. However, neither Evli nor its employees give any guarantee concerning the correctness, accuracy or completeness of any information, views, opinions, estimates or forecasts presented in this material, nor are they liable for any damage caused by the use of this publication. Evli is not responsible for any material or information produced or published by a third party that may be contained in this material. The information provided in the review is not intended as investment advice, or as a solicitation to buy or sell financial instruments. Before making investment decision, the investor must familiarize himself with characteristics, risks and legal documents of the financial instrument. The value of an investment may rise and fall and the investor may lose some or all of the capital invested.

Past performance is no guarantee of future returns.

Laws and regulations of several different countries may limit the distribution and publication of this material. Especially this material may not be copied, distributed, or published in the USA, and it is not intended for citizens of the USA. Persons familiar with this publication are responsible for finding out and complying with the content of laws or official regulations that may apply to them.

This material, or any part thereof, may not be copied, distributed or published in any form without Evli's written, advance consent. All rights reserved.

MSCI ESG Research

©2022 MSCI ESG Research Inc. Reproduced by permission.

Although Evli Plc's information providers, including without limitation, MSCI ESG Research Inc. and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Citywire

Source and Copyright: Citywire. Juhamatti Pukka and Jani Kurppa have been awarded the Eurostars award by Citywire for their rolling 3-year risk-adjusted performance, for the period 31/01/2016–31/01/2019.

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.

Citywire information is proprietary and confidential to Citywire Financial Publishers Ltd ("Citywire"), may not be copied and Citywire excludes any liability arising out its use.

Morningstar

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

Lipper

From Lipper Fund Awards from Refinitiv, ©2022 Refinitiv. All rights reserved. Used under license.

ICE Data Indices, LLC

ICE Data Indices, LLC is used with permission. ICE® is a registered trademark of ICE Data Indices, LLC or its affiliates, and BofA® is a registered trademark of Bank of America Corporation licensed by Bank of America Corporation and its affiliates ("BofA"), and may not be used without BofA's prior written approval. The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its third party suppliers and, along with the ICE BofA trademarks, has been licensed for use by EVLI. ICE Data and its Third Party Suppliers accept no liability in connection with the use of such index data or marks. See www.theice.com for a full copy of the Disclaimer.

S&P Global – Market Intelligence

Copyright © 2022, S&P Global Market Intelligence (and its affiliates, as applicable).

Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the Content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice. Credit ratings are statements of opinions and are not statements of fact.

EVLI

 [LinkedIn – Evli Funds](#)

 [Facebook – Evli Funds](#)

 [Message Service X – Evli Funds](#)

 [evli.com](#)