

EVLI

EVLI SHORT CORPORATE BOND B



31.07.2024

ISIN: FI0008800511

BLOOMBERG: EVLEBFB FH



EVLI IN BRIEF

"We see wealth as an engine to drive sustainable progress."

Evli Plc

Evli Plc is a Finnish independent investment service company with a nearly 40-year operating history.

We are currently Finland's leading institutional asset manager with approximately 270 employees.

Our service range covers asset management services and funds, share plan design and administration and incentive programs, Corporate Finance services (mergers and acquisitions), as well as equity research.

ASSETS UNDER MANAGEMENT (EUR BILLION) JUNE 30, 2024

18.7

MARKET POSITION AS INSTITUTIONAL ASSET MANAGER (KANTAR PROSPERA 2023)

1.

NET REVENUE (EUR MILLION) IN 2023

108.7

FINLAND'S THIRD LARGEST FUND MANAGEMENT COMPANY

3.

EMPLOYEES, 30.6.2024 (PERMANENT)

~270

EVLI WAS RANKED EIGHT AMONG MID-SIZED COMPANIES IN THE EEZY FLOW'S PEOPLEPOWER JOB SATISFACTION SURVEY 2023

8.

Evli's mutual funds

FUND AUM (EUR BILLION)
JUNE 30, 2024

13.3

NUMBER OF FUNDS

72

EMPLOYEES IN ASSET MANAGEMENT
FUNCTIONS

170

PORTFOLIO MANAGERS IN TOTAL

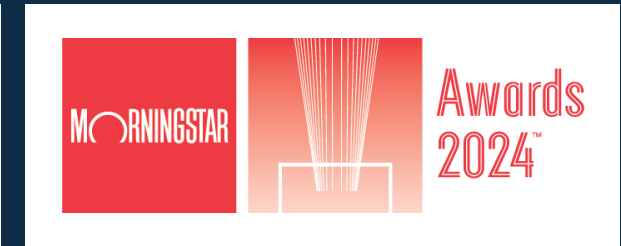
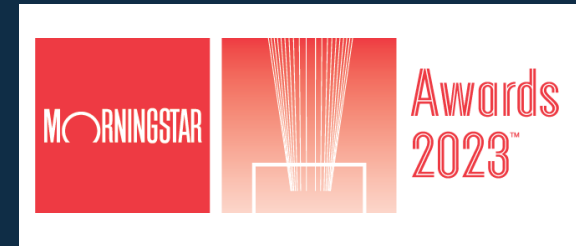
69

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

93%

Funds are managed by Evli Fund Management Company Ltd, which is a Finnish fund management company. Evli Fund Management Company is part of Evli Group whose parent company is Evli Plc.

Morningstar, an independent fund research firm, awarded Evli Fund Management Company **"The Best Fund House Overall in Finland 2023 and 2024"** and **"The Best Fund House Overall in Sweden 2024"**.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.



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA



KANTAR | PROSPERA

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

SUCCESSFUL FIXED INCOME MANAGEMENT FROM EVLI

The results of Evli's corporate bonds
family of funds

Evli's excellent corporate bond track record

Historical returns are no guarantee of future returns.









- The first credit fund, Evli Corporate Bond Fund was launched in September 1999
- All Evli crossover credit funds have performed excellently against their peers, both in bull and bear markets
- Evli manages about €6 bn in corporate bond securities, of which some €3 bn in Nordic credit

Quartile Rankings 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

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.

WHY INVEST IN EUROPEAN SHORT CORPORATE BONDS?

Evli Short Corporate Bond

Evli Short Corporate Bond Fund

Short maturity European corporate bond fund

- Offers access to stable Nordic corporate bond market in addition to the European market
 - Employs conservative risk controls

Fund aims to achieve high risk–adjusted return

Quality and stability over high return potential: successful selection process increasingly important

Fund focuses on crossover companies: stable BBB and BB credit qualities

Invests without index and rating limitations

Efficient and flexible credit allocation in the crossover space, both rated and unrated bonds

Focusing on sectors and companies with the best risk/reward potential

Limitations

Portfolio mod duration 0 – 2.5

Max 5 years to the final legal maturity (90% of the fund, max 10% 5–8 years)

Max 25% per sector

Unrated max 40%

Evli Short Corporate Bond statistics

Historical returns are no guarantee of future returns.

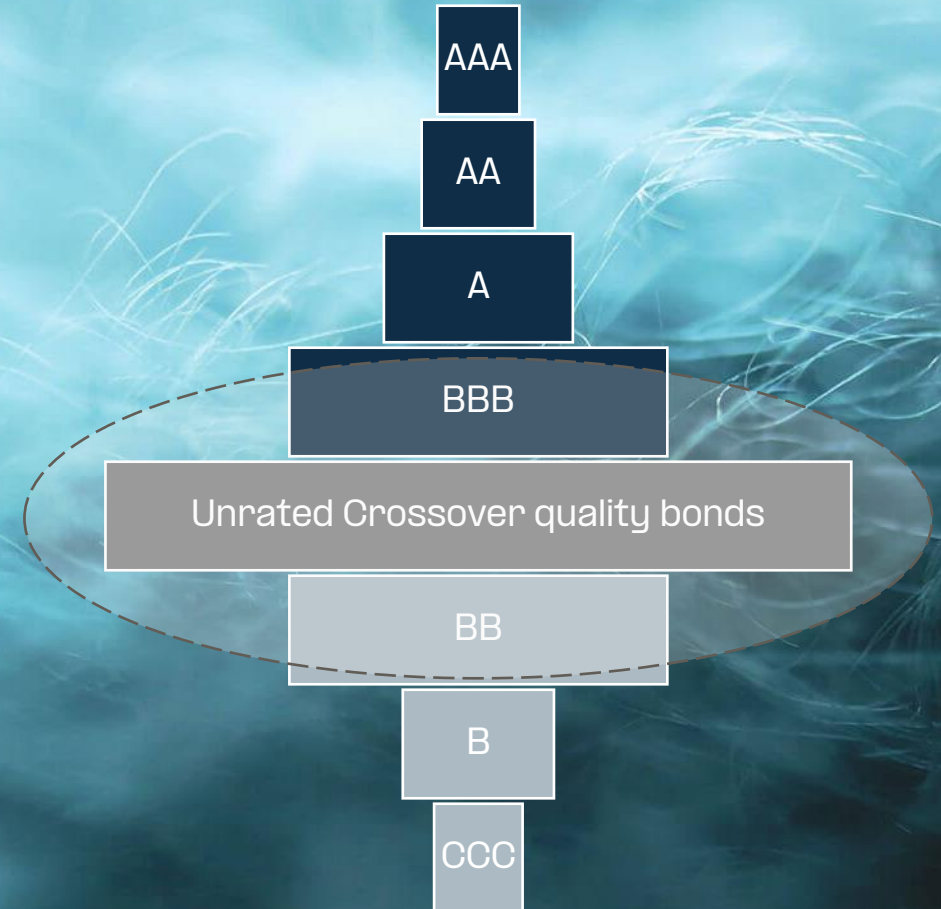
Fund statistics	31.7.2024
Yield	4.36%
Yield to Worst	4.29%
Modified Duration	2.26
Spread duration	2.44
Average rating	BBB–
ESG rating	A
OAS	167 bps
Number of issuers*	108
Green bonds %*	19.87%
Size of fund*	EUR 1.5 bn

INVESTMENT PHILOSOPHY AND PROCESS

Evli Short Corporate Bond

Fund Invests in Stable and Better–Quality Bonds

- Fund focus on crossover companies with stable credit fundamentals
- Official credit rating is not what matters, rather it is about true creditworthiness
- Unrated bonds share similar crossover credit fundamentals as officially rated bonds – credit fundamentals matter the most in the long run, not official rating!



Investment Philosophy and Strategy

Creditworthiness is the most important factor in selecting investment targets. Credit is about capital protection.

- We assess the TRUE credit quality, NOT relying on official rating
- Corporate bonds have limited upside but, in extreme cases, can lose their value entirely

Analysis-based review system of credit issuers

- Combining fundamental and valuation

Long term aspect

- Focus is on stable companies that we own over the issuer's business cycle

Utilizing the best risk/return ratio

- By combining different credit classes, the fund is able to achieve excellent performance with good risk/reward ratio
- Extensive but manageable diversification

Investment Process

SCREENING

Market screening

Investment universe:

- Euro-denominated IG bonds
- Euro-denominated HY issuers (at least EUR 200 million)
- Nonrated issuers

Bond screen:

- Positive free cash flow?
- Decreasing net leverage?
- Increasing net interest coverage?

New issues

Attractive pricing

- Cheap to sector or market
- High absolute yield

COMPANY ANALYSIS

Analysis of fundamentals and pricing

Company analysis

- Financial Statement Analysis
- Industrial & Economic Outlook
- Interest Groups
- Bond Terms
- ESG

Valuation:

- Relative value
- Spread / Leverage
- Peer group

PORTFOLIO

~90–110 companies

Overview and diversity:

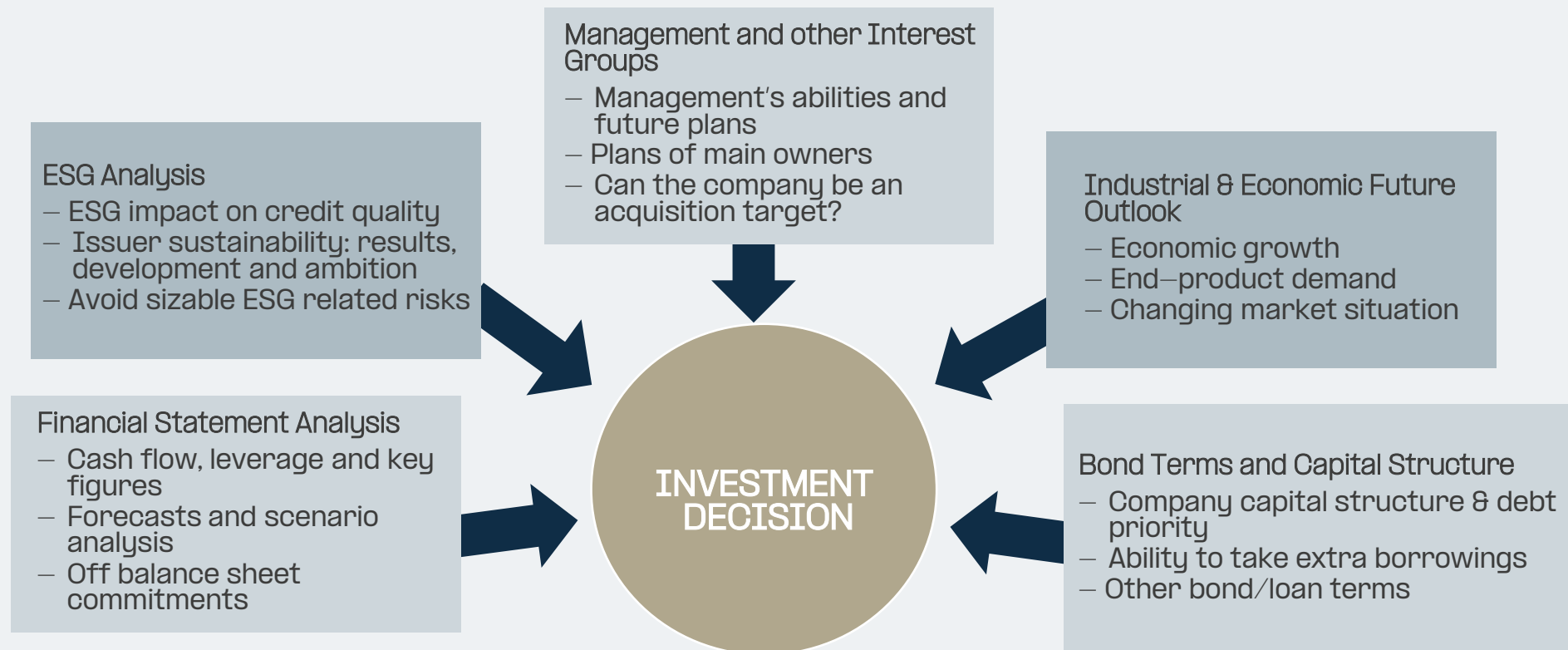
- Diverse portfolio with 90–110 companies
 - Across many sectors
 - Across many credit ratings
 - High yield weight based on market environment

Risk Control:

- Maximum weight per sector 25%
- Maximum maturity of bonds 5 years (10% of the fund is allowed to have a maturity of 5–8 years)
- Modified duration less than 2.5
- Issuer weight usually less than 4%
- Cash balance normally 2–4% of fund

Company analysis

- Main focus on companies that over the cycle:
 - generate consistent positive free cash flow
 - debt leverage decreasing & debt coverage increasing
 - Are priced at an attractive spread compared to their risk



How ESG is taken into account in investment decisions?

ESG factors will influence our analysis of the company, industry as well as our thoughts on the management and owners.

Portfolio Managers

- Focus on issues that are quantifiable in terms of credit quality
- For example: Damage to brands, legal risk
- Company meetings are important and we will check availability as well

Investment Decision

ESG team and Executive Group

- Monitoring international principles, ESG scores, CO2 measurement
- Decides which sectors will be excluded
- Decides which companies will be excluded from all funds

ESG examples from Evli's corporate bond funds



ENVIRONMENTAL

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

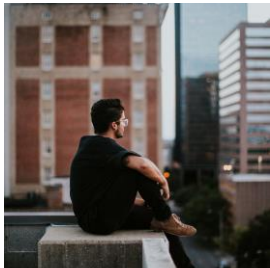
- Invested in the Volvo Car new green bond as the company committed to a new industry leading electric strategy
- Did not participate in Volkswagen Green bond issue due to UN Global Compact fail after the diesel scandal



SOCIAL

Applicable to all sectors. Examples:

- Sold Danske Bank when the first news of the money laundering scandal broke
- Sold Bayer when first verdict in Round-Up case



GOVERNANCE

Applicable to all sectors. Examples:

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

Evli Fixed Income Team: Evli Short Corporate Bond



Juhamatti Pukka

HEAD OF FIXED INCOME

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

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

		Nordic Corporate Bonds	High Yield Corporate Bonds	Investment Grade Corporate Bonds
	Mikael Lundström Chief Investment Officer In the Industry since 1996	*	*	*
	Jani Kurppa Senior Portfolio Manager In the Industry since 2000	✓	✓	✓
	Juhana Heikkilä Senior Portfolio Manager In the Industry since 1994	✓	✓	✓
	Jesper Kasanen Portfolio Manager In the Industry since 2018	✓		✓
	Einari Jalonen Portfolio Manager In the Industry since 2008	*	*	*

*) LBO and lower credit quality bonds

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

Evli Short Corporate Bond Fund in a Nutshell

Type of Fund	Short-maturity corporate bond fund (UCITS)		
Benchmark	ICE BofA 1-3 Year Euro Corporate Index		
Fund Units	Both distribution (A) and growth units (B), institutional share class available (IB)		
Bloomberg/Reuters/ISIN	A units EUR: EVLEBFA FH/ LP60080972/ FI0008800503 (dividend annual) B units EUR: EVLEBFB FH/ LP60047901/ FI0008800511 (no dividend) IB units EUR: EVLEIBE FH/ LP68405589/ FI4000233242 (no div., min. investment EUR 10 m)		
Management Fee (~TER)	A/B units: 0.55% (annually) IB units: 0.35% (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	17 May 2004	Sales Registration	FI/SE/ES/FR/IT(QI)/DE/NL/LU
Fund Manager	Juhamatti Pukka	Custodian	Skandinaviska Enskilda Banken AB (publ) Helsinki Branch (SEB)
Fund Currency	EUR	Auditor	EY (Ernst & Young)
Domicile	Finland	Track Record	GIPS Compliant
Performance Fee	None	CNMV & WKN numbers	CNMV: 1463, WKN: A0ND83 (B) / A2JDF7 (IB)

More information and the fund's statutory documents (e.g. key investor information document, fund prospectus) are available at <https://www.evli.com/en/products-and-services/mutual-funds>

Considerations and Risk Factors

The aim is to achieve a return which exceeds the return of the benchmark during a 12-month investment horizon.

The level of diversification in the investment portfolio is large both within every fixed income asset class and between the asset classes which keeps the fund's overall risk moderate. A particular characteristic of the fund is to achieve a high risk adjusted return by a large diversification among none or low correlating fixed income assets and by an active reallocation of assets among these asset classes.

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.



TRACK RECORD AND PORTFOLIO COMPOSITION

Evli Short Corporate Bond

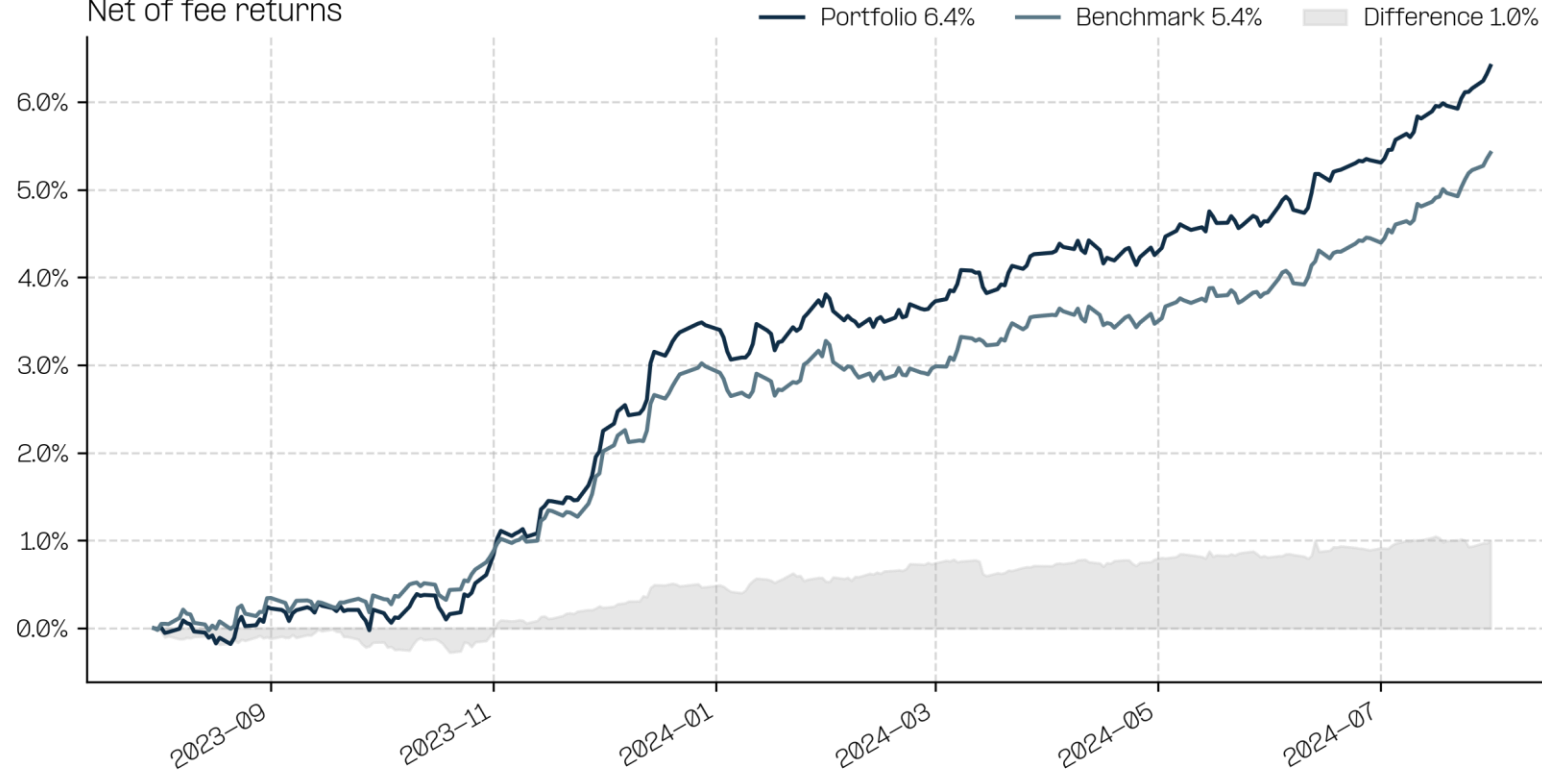
Net of fee returns – 1 Year

The presented benchmark index for the fund's return is ICE BofA 1–3 Year Euro Corporate Index (ER01). ICE BofA 1–3 Year Euro Corporate Index (ER01) has been the official benchmark for the fund since 1.3.2024. Until 1.3.2024, the official benchmark for the fund has been 3–month Euribor Return Index.

Evli Short Corporate Bond B 31.07.2023–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns



	Portfolio	Benchmark	Difference
1 Month	1.02%	0.93%	0.09%
3 Months	2.07%	1.88%	0.19%
6 Months	2.51%	2.08%	0.43%
1 Year	6.41%	5.42%	0.99%

	Portfolio	Benchmark	Difference
Volatility	1.61%	1.31%	0.30%
Sharpe	1.50	1.09	0.41
Tracking Error	0.52%	—	—
Information Ratio	1.90	—	—
Beta	1.18	—	—

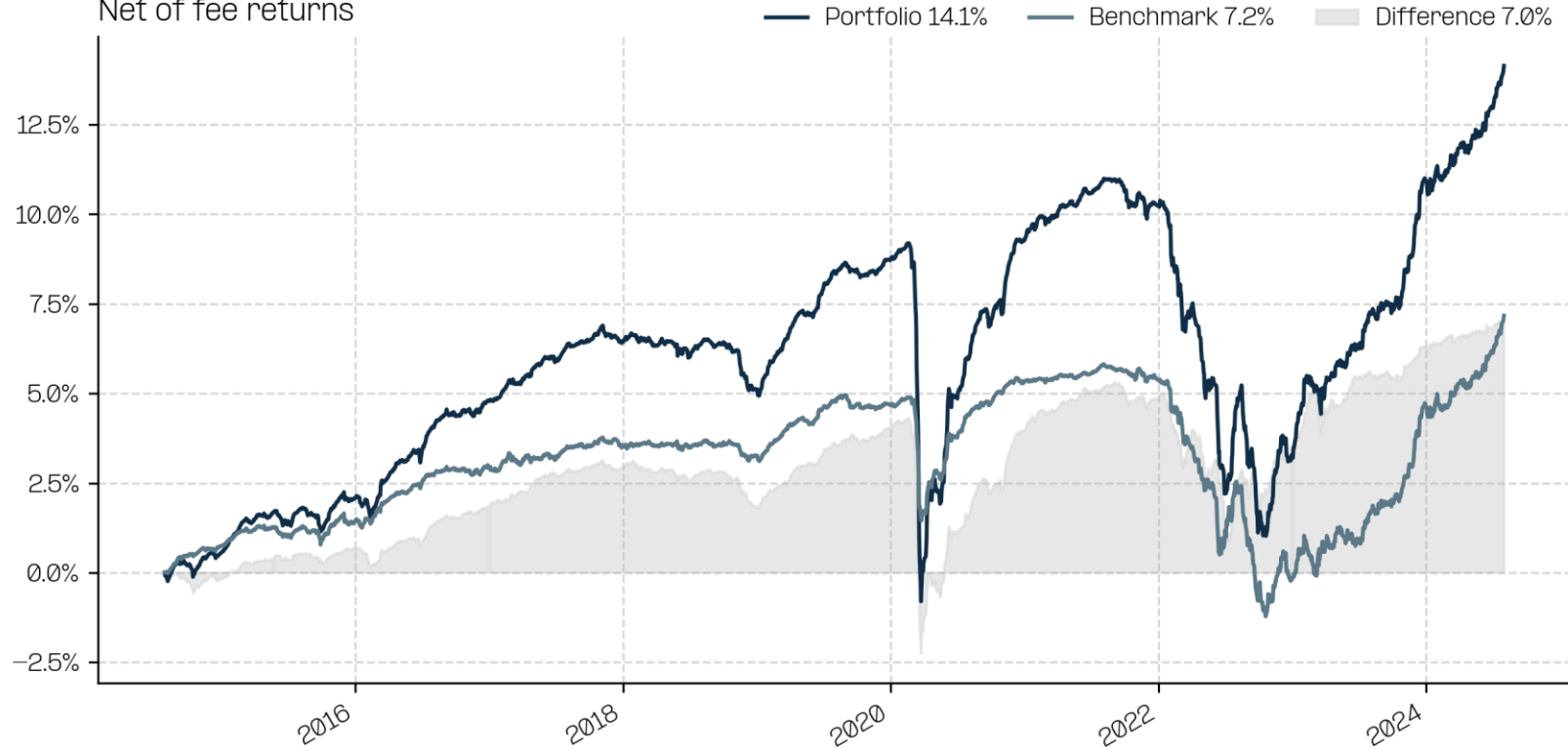
Net of fee returns – 10 Years

The presented benchmark index for the fund's return is ICE BofA 1–3 Year Euro Corporate Index (ER01).
ICE BofA 1–3 Year Euro Corporate Index (ER01) has been the official benchmark for the fund since 1.3.2024.
Until 1.3.2024, the official benchmark for the fund has been 3–month Euribor Return Index.

Evli Short Corporate Bond B 31.07.2014–31.07.2024

Past returns are no guarantee of future returns.

Net of fee returns



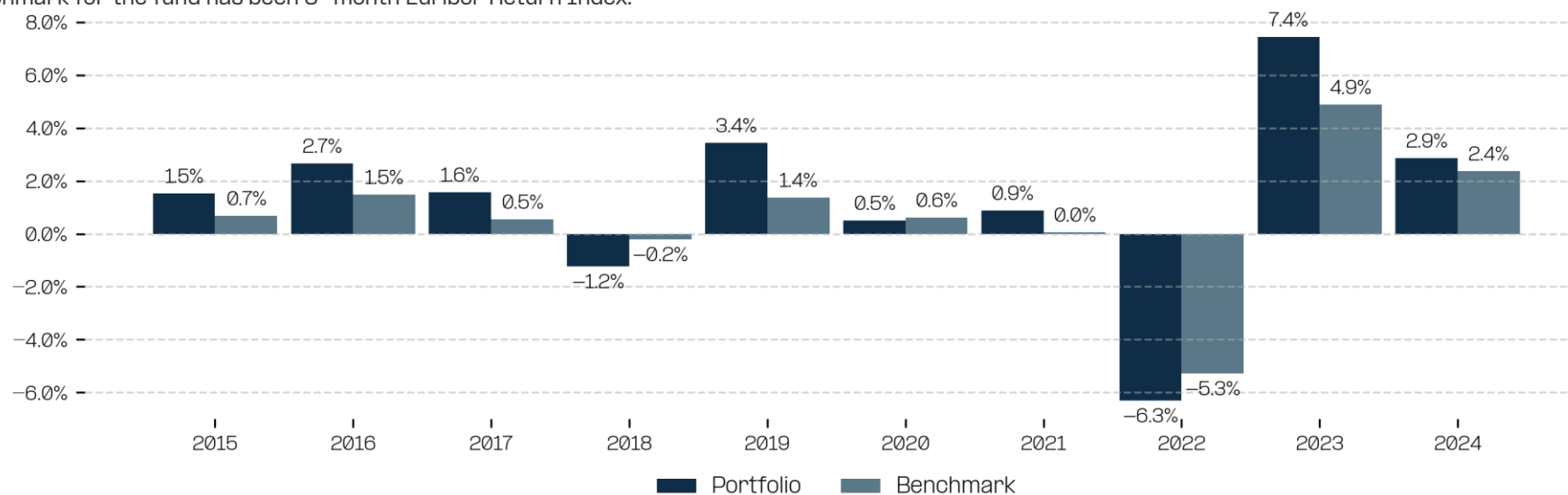
	Portfolio	Benchmark	Difference
1 Year	6.41%	5.42%	0.99%
3 Years	2.93%	1.31%	1.62%
5 Years	5.28%	2.26%	3.02%
10 Years	14.14%	7.17%	6.97%
10 Years, annualized return	1.33%	0.69%	0.64%

	Portfolio	Benchmark	Difference
Volatility	2.42%	1.29%	1.14%
Sharpe	0.43	0.31	0.12
Tracking Error	1.51%	—	—
Information Ratio	0.42	—	—
Beta	1.59	—	—

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 1–3 Year Euro Corporate Index (ER01).
ICE BofA 1–3 Year Euro Corporate Index (ER01) has been the official benchmark for the fund since 1.3.2024.
Until 1.3.2024, the official benchmark for the fund has been 3–month Euribor Return Index.

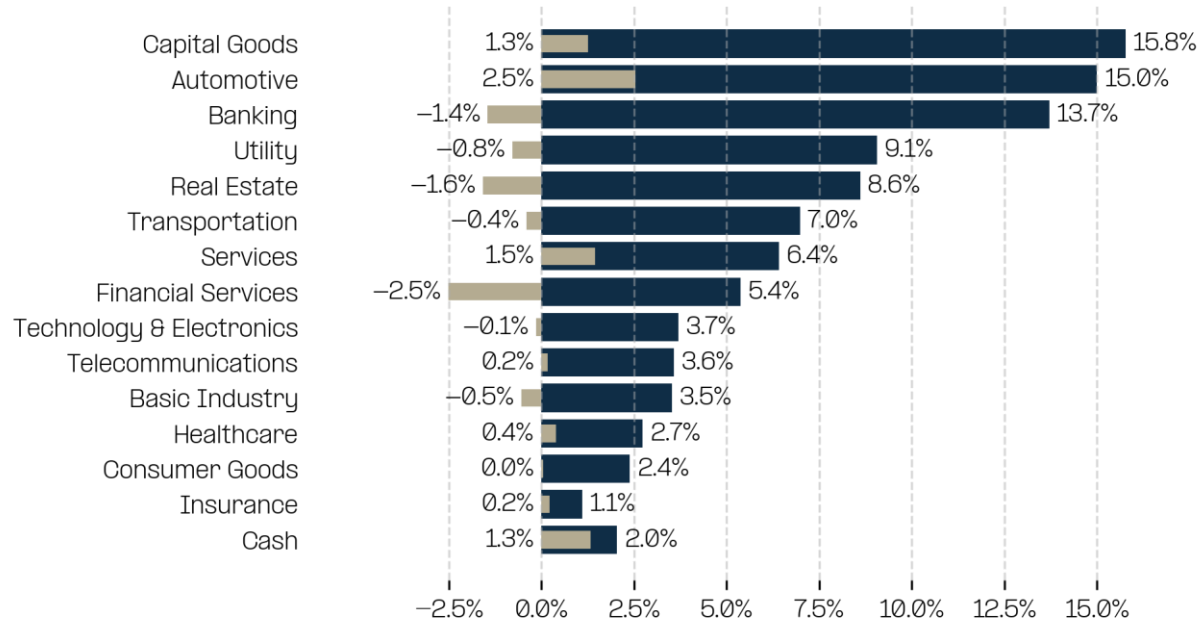


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Portfolio	1.53%	2.65%	1.56%	-1.23%	3.44%	0.51%	0.88%	-6.31%	7.44%	2.86%
Benchmark	0.68%	1.48%	0.54%	-0.22%	1.38%	0.62%	0.05%	-5.29%	4.89%	2.36%
Difference	0.84%	1.17%	1.02%	-1.01%	2.06%	-0.11%	0.83%	-1.02%	2.55%	0.49%
Volatility	0.73%	0.82%	0.50%	0.71%	0.68%	6.12%	0.88%	3.50%	1.70%	1.35%
Tracking Error	0.37%	0.52%	0.35%	0.46%	0.39%	3.87%	0.57%	2.21%	1.18%	0.39%

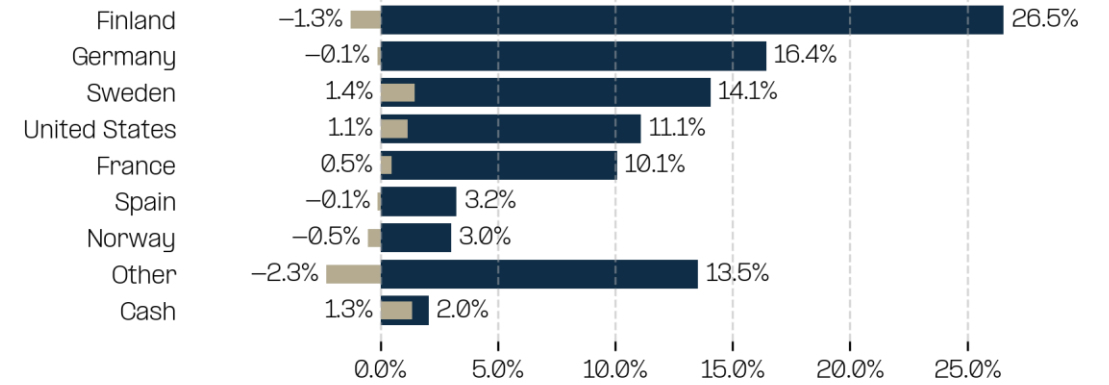
Portfolio structure 31.07.2024

■ Weight
■ Change 3 months

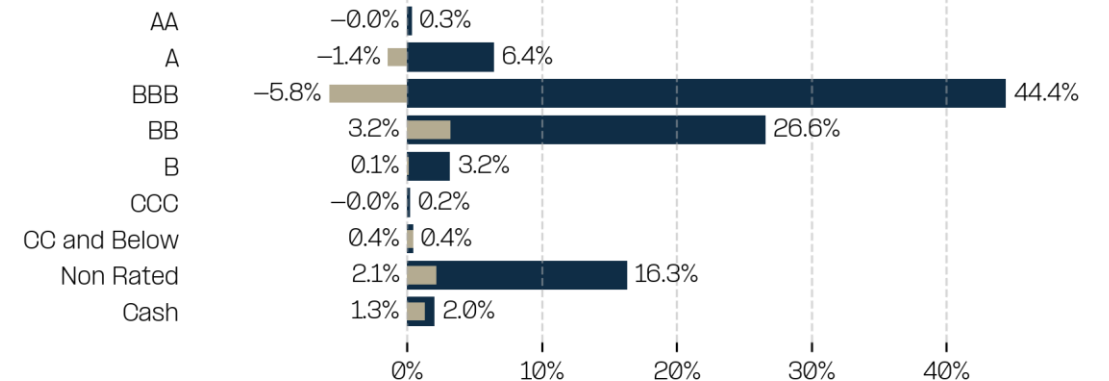
Sectors



Issuers by country



Ratings



Top holdings 31.07.2024

10 LARGEST INVESTMENTS

	%
Ferrari Nv 21.5.2030 3.625% At Maturity Fixed	2.04%
Finnair Plc 24.5.2029 4.75% Callable Fixed	1.76%
Teollisuuden Voi 9.3.2026 1.125% Callable Fixed	1.73%
Metso Outotec 7.12.2027 4.875% Callable Fixed	1.59%
P3 Group Sarl 26.1.2026 0.875% Callable Fixed	1.34%
Bnp Paribas 27.1.2026 2.75% At Maturity Fixed	1.33%
Ericsson Lm 29.5.2028 5.375% Callable Fixed	1.27%
Santander Issuan 4.4.2026 3.25% Callable Fixed	1.27%
Cred Agricole Sa 17.3.2027 2.625% At Maturity Fixed	1.24%
Deutsche Bank Ag 19.5.2026 4.5% At Maturity Fixed	1.22%

10 LARGEST ISSUERS

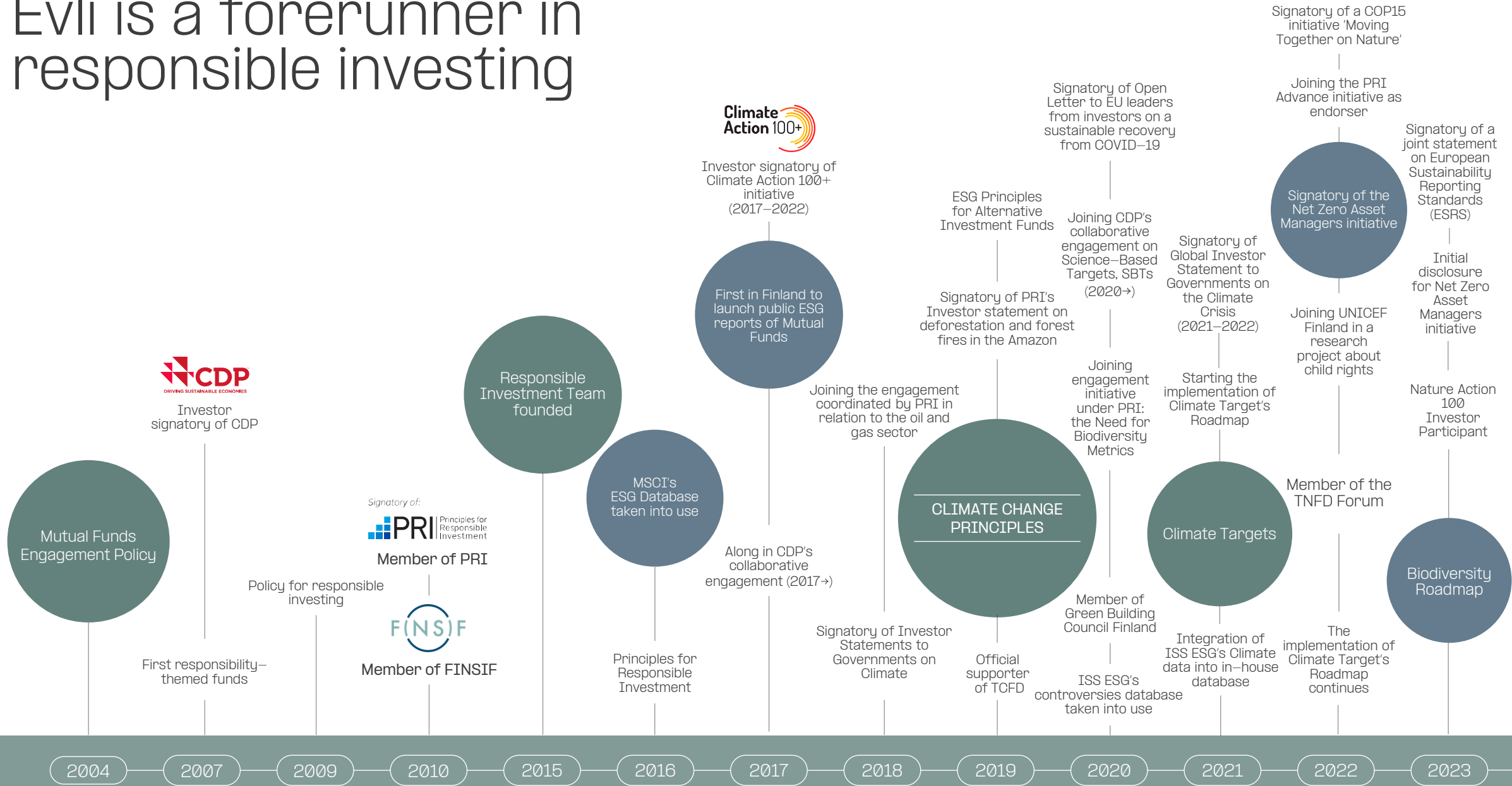
	%
Ford Motor Credit Co LLC	3.42%
ZF Friedrichshafen AG	3.17%
Air France–KLM	2.68%
Teollisuuden Voima Oyj	2.49%
KOJAMO OYJ	2.30%
FORTUM OYJ	2.27%
Ferrari NV	2.04%
BNP Paribas SA	1.90%
P3 Group Sarl	1.77%
Cellnex Finance Co SA	1.76%



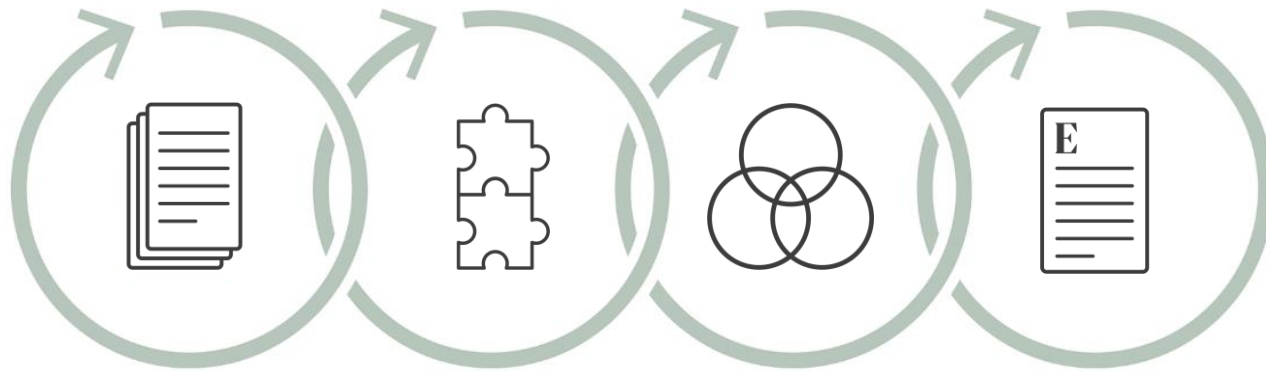
AMBITION

"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

¹ESG = Environmental, Social ja Governance

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

Monitoring, engagement and active ownership

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

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

Main engagement themes are:

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

Active ownership:

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

Collaborative engagement initiatives such as Climate Action 100+, CDP Investor Letters, Nature Action 100 and PRI¹ led collaborative engagements.

ENGAGEMENT ACTIVITIES 2023

COLLABORATIVE ENGAGEMENT INITIATIVES

3349

companies

PARTICIPATING IN GENERAL MEETINGS

27

general meetings

INDEPENDENT ENGAGEMENT

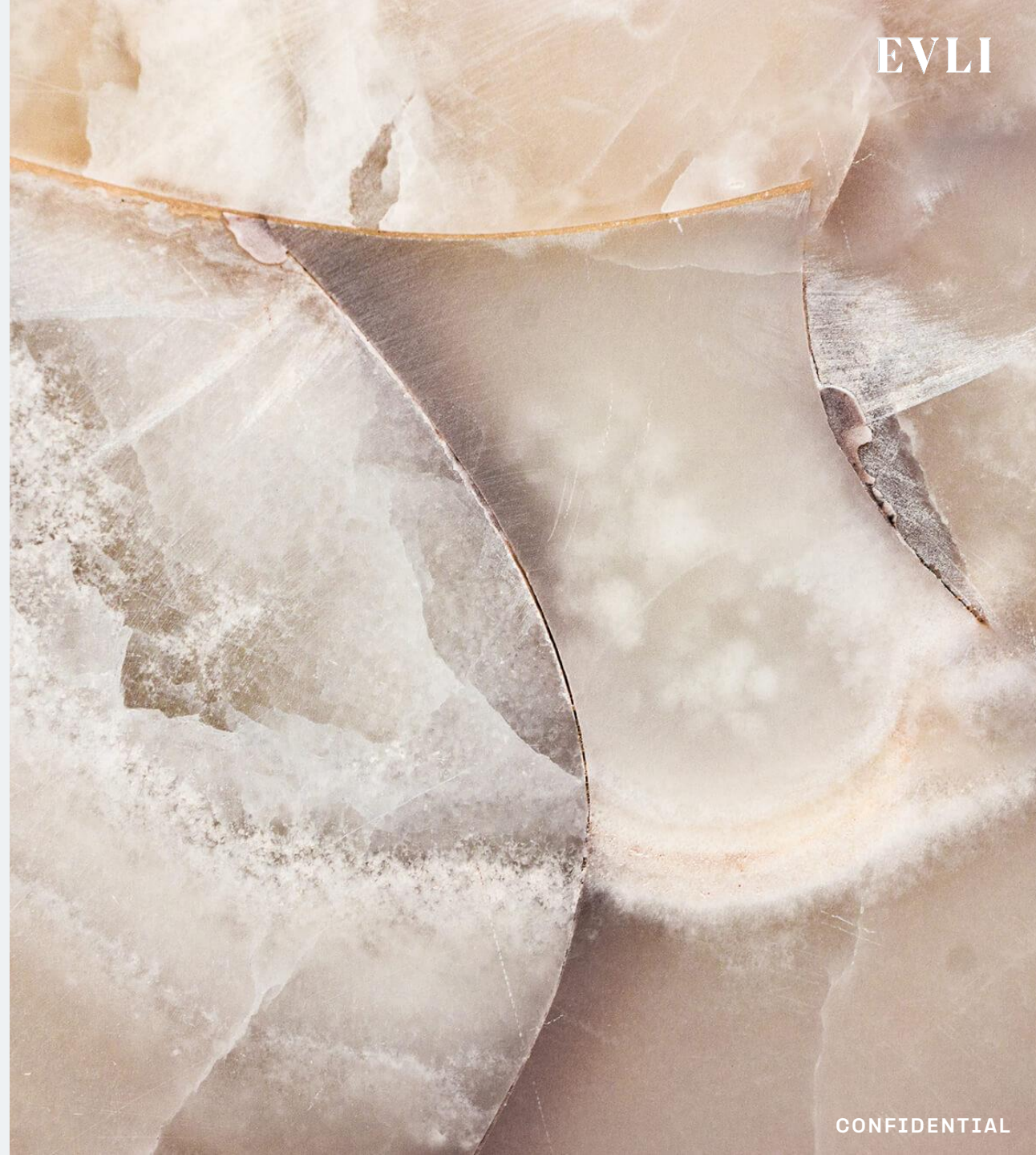
37

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-tcfid.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).



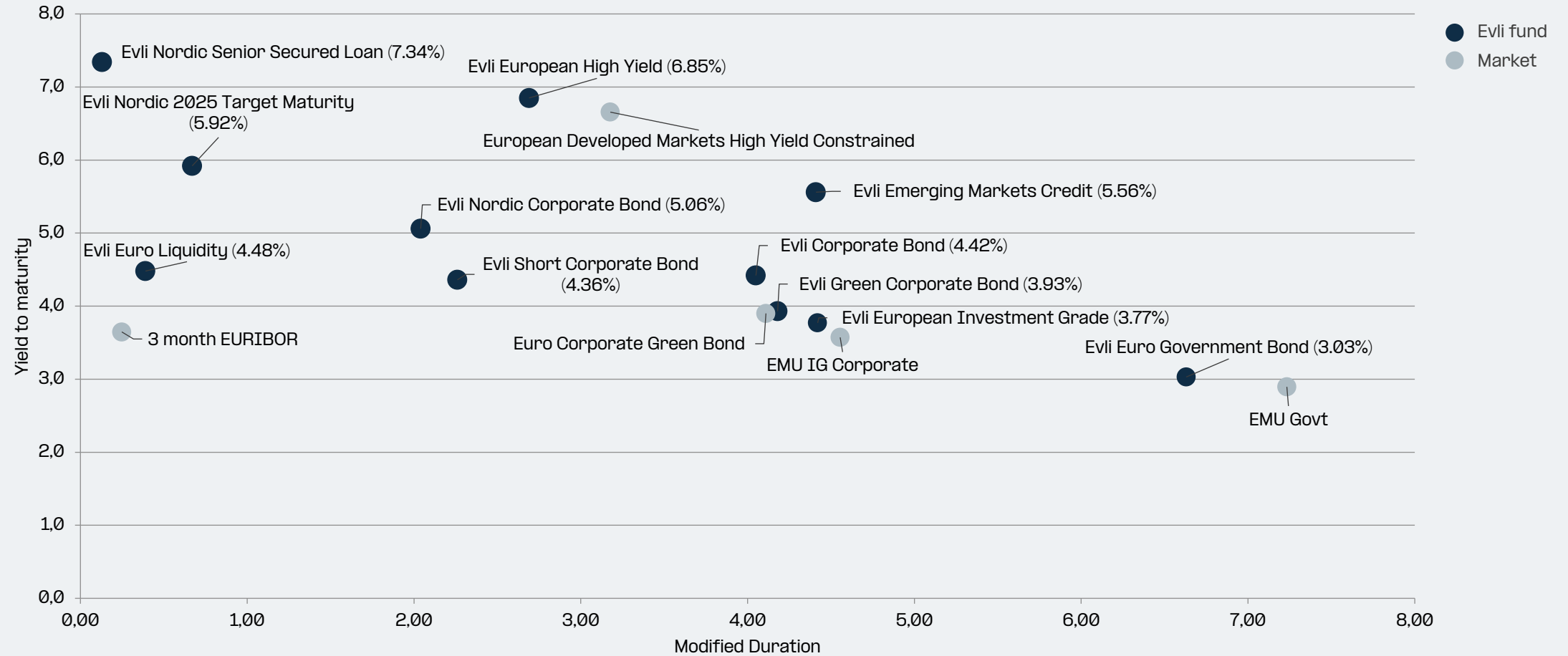
We are aware that a credible long-term carbon-neutral goal requires systematic work and sufficiently ambitious interim targets to support it.

WHAT OPPORTUNITIES
DOES THE MARKET
CURRENTLY OFFER?

Evli Short Corporate Bond – Overview
of the market

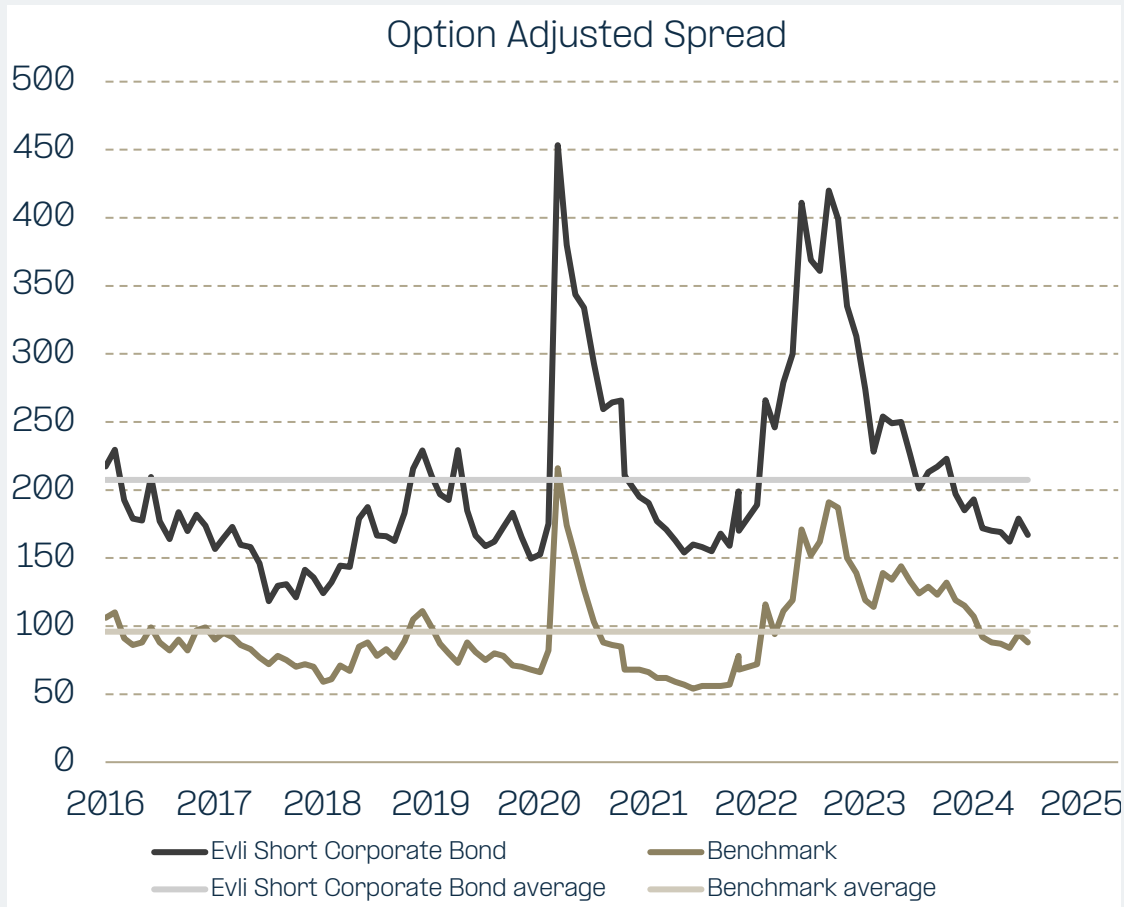
Evli's funds vs. the market

31.7.2024



The fund's spread is still attractively wide

Historical returns are no guarantee of future returns.



- Short corporate bond market is currently priced at around historical average, despite companies' stronger fundamentals
- Portfolio companies' fundamentals are stronger than before the pandemic and the balance sheet liquidity is exceptionally high, mitigating the refinancing risk

Market outlook

- Global rate hike cycle is over, Swedish Riksbank and the ECB already delivered first cuts
- Weakening macroeconomic data in the US boosted expectations for Fed rate cuts
- Market pricing for rate cut path continues to be a source of volatility during H2
- The Q2 reporting season was in general on the weaker side compared to market estimates, but broadly neutral from credit investor's perspective
- Credit fundamentals are healthy and refinancing risk is relatively low
- Company outlooks for the H2 turned more cautious, reflecting the expectations of softer economic development
- The corporate bond market offers attractive spreads and yield level
- Rate cuts offer a strong support for total returns as yield curve is expected to move lower
- Currently inverted yield curve is set to normalize when short end of the yield curve shifts down with rate cuts

CENTRAL BANK POLICY IS STILL A SUPERIOR MARKET DRIVER, CLOSE FOCUS ON INCOMING MACROECONOMIC DATA

FOR CREDIT INVESTOR, STRONG CREDIT FUNDAMENTALS AND RELATIVELY LOW REFINANCING RISK OUTWEIGHS ECONOMIC HEADWINDS

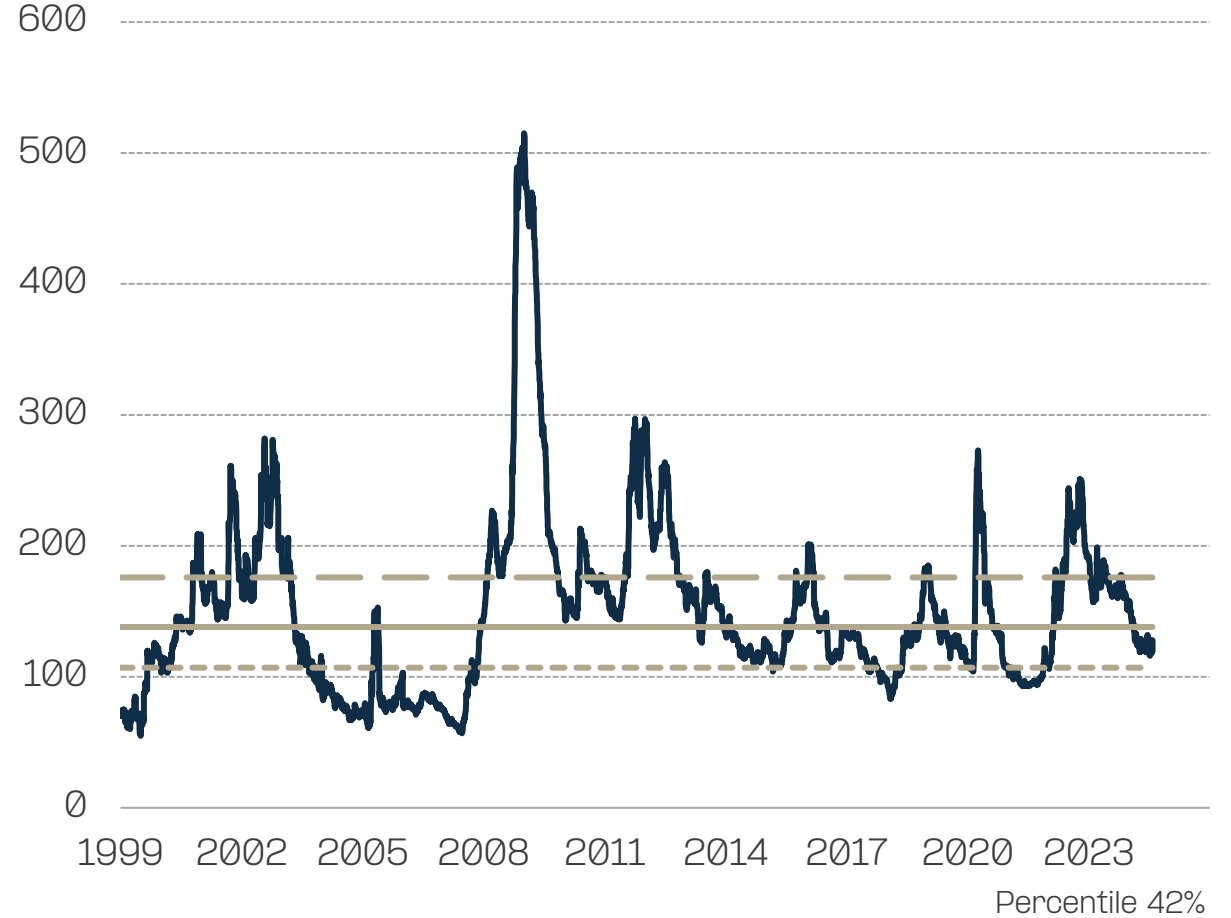
THE CORPORATE BOND MARKET OFFERS AN ATTRACTIVE YIELD AND IS SET TO BENEFIT FROM RATE CUTS

Spreads: BBB-rated IG in Europe

Last 5 years



Since 1999

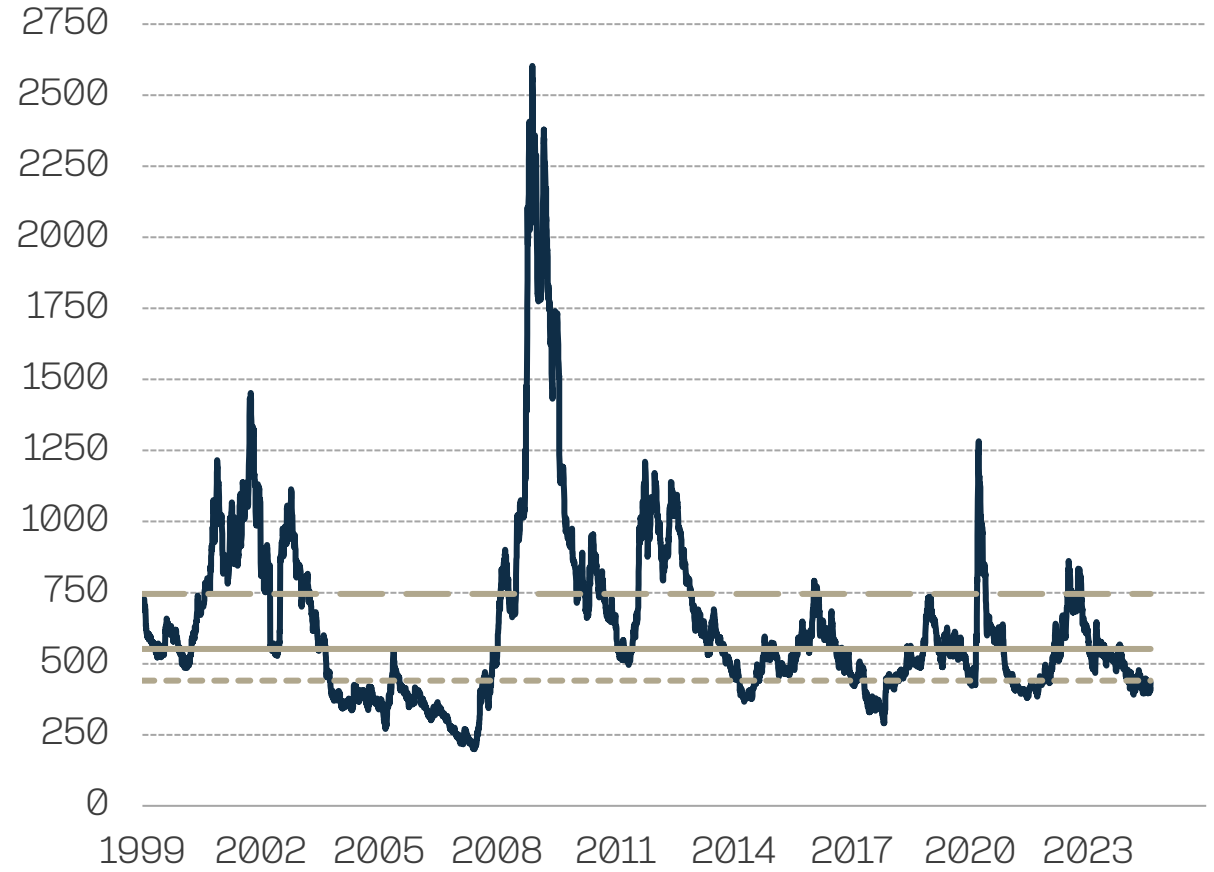


Spreads: B-rated HY in Europe

Last 5 years



Since 1999

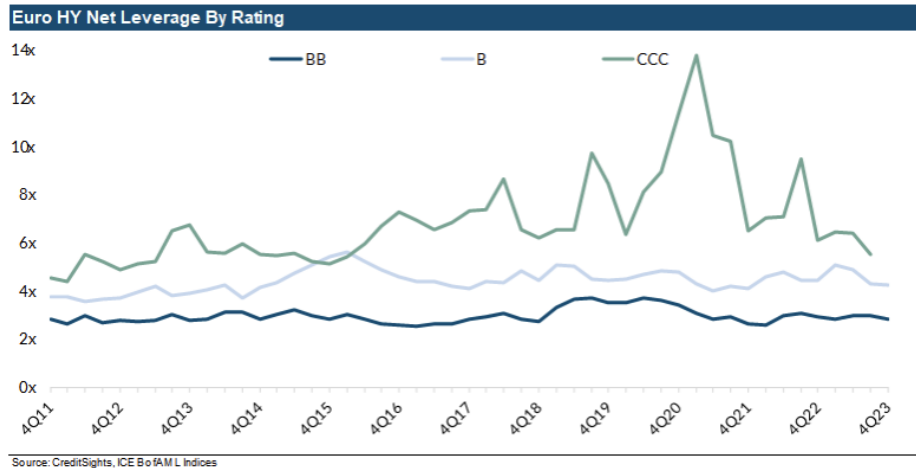
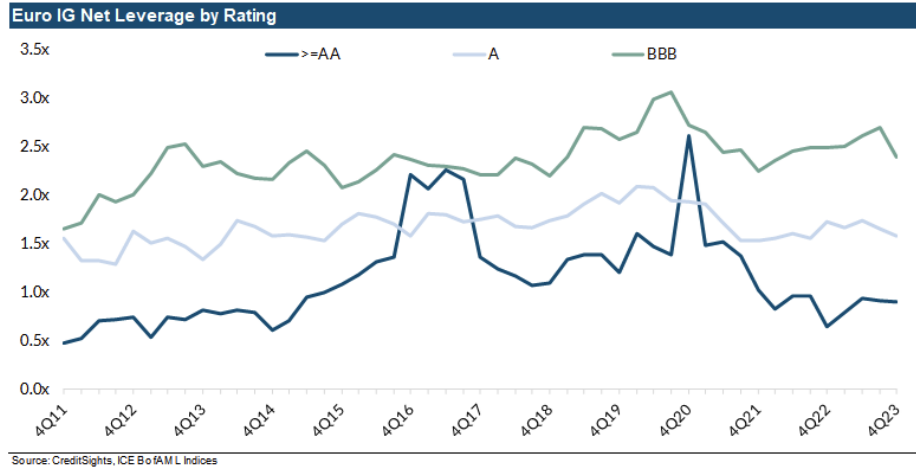


— B rating
— Median, since 1999
- - - 25% percentile, since 1999
- · - 75% percentile, since 1999

Percentile 23%

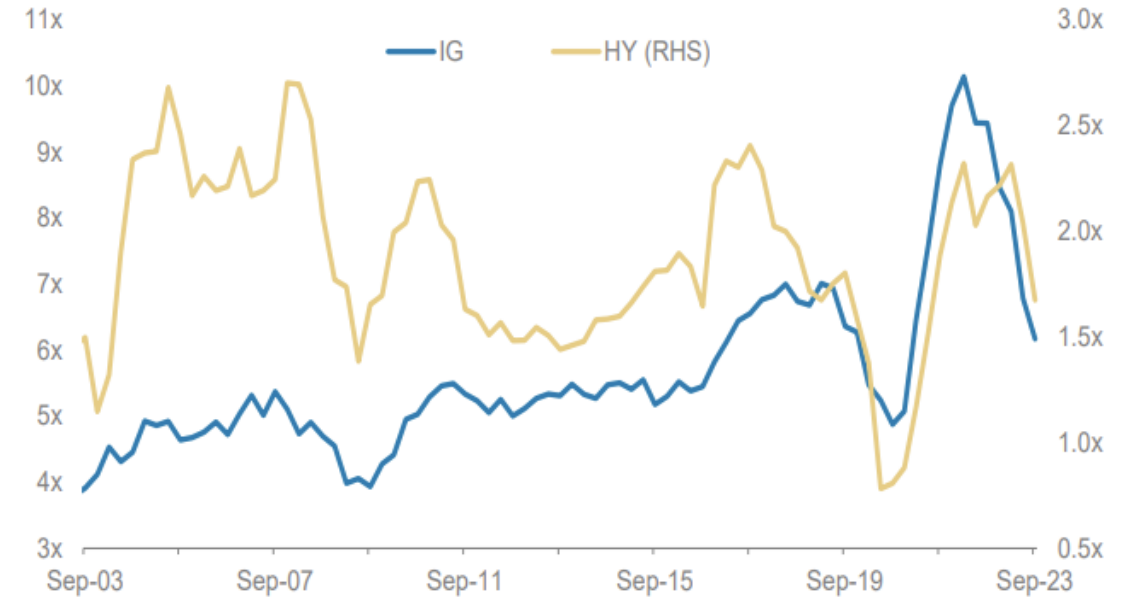
Credit metrics (IG + HY)

Net leverage (net debt to EBITDA)



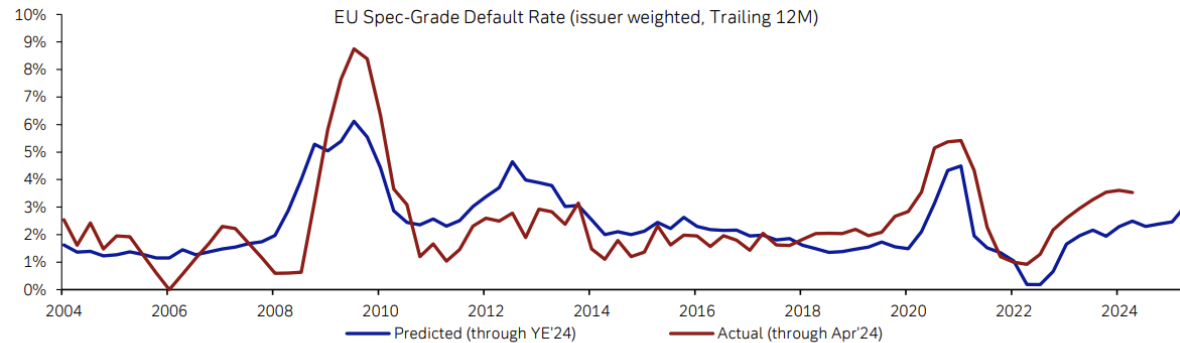
Interest coverage

Interest Coverage (Based on EBIT)



Note: Data as of 3Q23. Source: Morgan Stanley Research, Bloomberg, company data

HY: Defaults on the rise, expected to plateau this year



Source : Deutsche Bank, Bloomberg Finance LP, S&P, *includes distressed exchanges
See the appendix for the model parameters

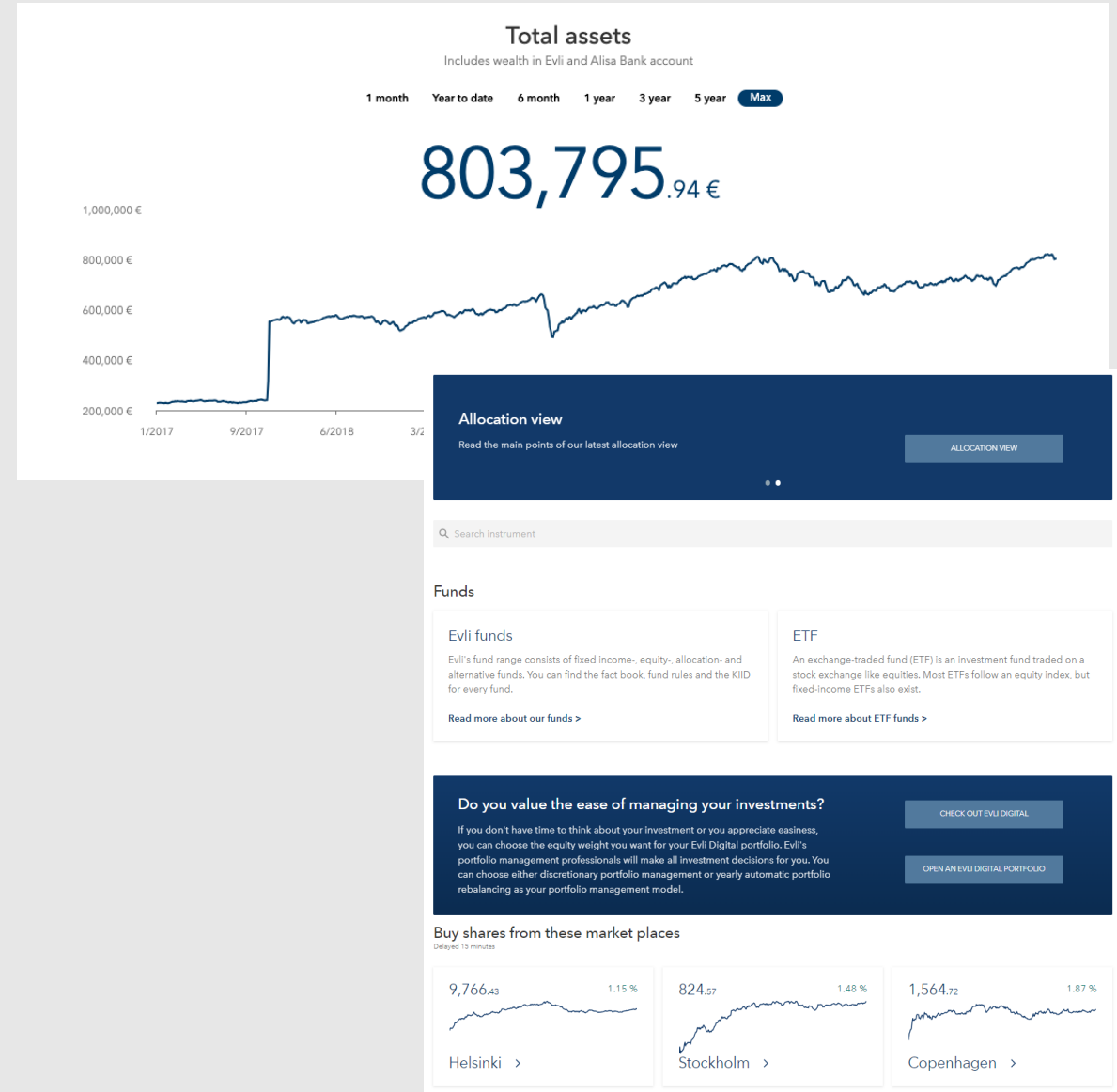
- Defaults are at moderate level but up from 2022 abnormally low level
- Due to the healthy credit fundamentals and high balance sheet liquidity, forecasts for Europe are moderate
- 2023 defaults 2.54%, 2024 forecast 3.7% (Deutsche Bank)

AT YOUR SERVICE

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

At your service

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



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

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

Lipper

From Lipper Fund Awards from Refinitiv, ©2024 Refinitiv. All rights reserved. Used under license.

S&P Global – Market Intelligence

Copyright © 2024 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](#)