

When Others Sell: Opportunity or Trap?

The Relevance of Contrarian Investing Through the Lens of Evli Hannibal's Nearly 20-Year History

Noora Launonen | Evli Plc | 2026

As market leadership becomes increasingly concentrated in the same group of companies, driving their valuations ever higher, investors face a fundamental question: when does investing against the prevailing market consensus offer a compelling opportunity, and when does a low valuation merely reflect justified scepticism?

This paper examines the phenomenon from the perspectives of market concentration, style cycles, and long-term investing, and illustrates it through Evli Hannibal's nearly 20-year track record, which provides an empirical example of the attractive return characteristics associated with a contrarian investment style.

About the author



Noora Launonen

Client Portfolio Manager
Evli Fund Management Company Ltd

Noora Launonen leads strategic asset allocation and portfolio construction at Evli Fund Management Company Ltd. Her work centres on translating long-horizon return and risk assumptions into investable portfolios, a discipline in which empirical research plays a central role.

Noora brings a strong quantitative approach to allocation questions alongside a practitioner's understanding of how funds are built, priced and monitored. She holds a Master of Social Sciences degree from the University of Turku, where she majored in economics, and is currently a Level III candidate in the CFA® Program. Noora has worked at Evli since 2021.

Key Takeaways

- **Market concentration can make diversification appear broader than it truly is.** In European equity markets, capital has repeatedly become concentrated in the same growth, quality, and momentum stocks. As a result, a market–capitalisation–weighted portfolio may appear well diversified, even though its underlying risks are effectively tied to companies with highly similar characteristics.
- **The best time to own a contrarian strategy is often when it feels the most uncomfortable.** During periods when value stocks have underperformed growth stocks exceptionally strongly, Evli Hannibal has delivered an average forward 12–month excess return of 25.2 percentage points relative to the MSCI Europe Index, with positive excess returns in 97% of those observations.
- **The strategy's payoff does not materialise quickly, but it has been difficult to ignore over longer horizons.** Evli Hannibal has outperformed the MSCI Europe Index in 81% of rolling five–year periods and 96% of rolling ten–year periods.
- **Turning points matter.** Historically, contrarian equity strategies have tended to struggle during the deepest phases of market crises but have benefited when markets begin to unwind style excesses and relative returns reverse.
- **A key role may lie in a portfolio's missing style exposure.** Historical evidence suggests that the addition of the strategy has been most beneficial in portfolios where the existing equity allocation is already heavily tilted towards market–cap–weighted, quality, and growth exposures.

Evli Hannibal as a Practical Example

Evli Hannibal is an actively managed deep value fund investing in Western European equities. Operating within a geographic investment universe broadly aligned with the MSCI Europe Index, the fund invests across the market–cap spectrum and targets companies whose valuations are exceptionally low relative to their book value, normalised earnings, and historical valuation levels.

The investment process consists of two stages. First, companies trading at exceptionally low valuations are screened using valuation and balance–sheet criteria. This is followed by a company–specific fundamental analysis assessing, among other factors, the sustainability of the business model, management's capital allocation decisions, the margin of safety provided by the balance sheet, and whether the company's challenges are cyclical or structural in nature. The result is a concentrated portfolio, typically comprising 40–55 holdings, with an exceptionally high active share relative to the MSCI Europe Index, often exceeding 99%.

Evli Hannibal serves as a practical example of a contrarian investment strategy in this paper because its nearly 20-year history, consistent investment philosophy, and continuity of portfolio management provide an unusually coherent dataset for analysis. Over the period from March 2007 to June 2026, Evli Hannibal's B share class generated an annualised return of 7.1%, compared with 5.6% for the MSCI Europe Index. At the same time, the fund's volatility was higher than that of the index, indicating not only greater return potential but also a distinctly more cyclical risk profile.

The Current Market Environment

European equity markets have become increasingly concentrated, with a growing share of both risk and returns driven by a relatively small group of companies despite the MSCI Europe Index comprising more than 400 constituents. Among other factors, index weights, capital flows, and earnings momentum have directed investors towards the same winners, leading to increasingly concentrated exposures to a handful of companies, sectors, and investment styles.

As of the end of June 2026, the 20 largest companies in the MSCI Europe Index by risk contribution accounted for 34.4% of total risk, compared to 23.4% five years earlier. Despite the broad number of constituents, diversification benefits have weakened, and index performance is increasingly driven by a smaller group of companies.

The same trend is evident in returns. Between July 2021 and June 2026, the market-cap-weighted MSCI Europe Index outperformed its equal-weighted counterpart by an average of 3.0 percentage points per year, compared with just 1.0 percentage point per year over the past ten years. This highlights the extent to which market returns have been driven by a relatively small group of large companies.

Concentration also increases sensitivity to shifts between investment styles. The return spread between value and growth has shifted rapidly in recent years, reaching its lowest level in the euro-era dataset in December 2021 and turning clearly positive by early 2026. Such movements are not unusual but reflect the style cycles characteristic of European equity markets.

When markets become concentrated around a narrow set of themes and companies, attractive opportunities are often found outside the consensus. In this environment, a contrarian allocation to deep value stocks can be particularly compelling for investors whose portfolios are already heavily exposed to large-cap, growth-oriented, or quality companies.

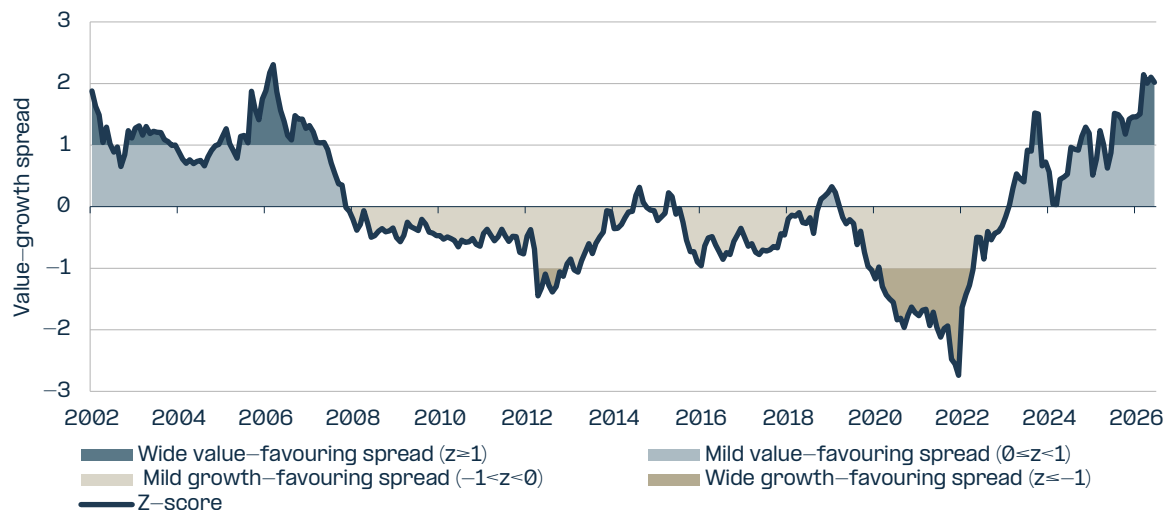
The key question for investors is when such an approach has historically been rewarded and when the associated risk outweighs the potential opportunity. Of particular concern is the risk of value traps, namely companies that appear inexpensive, but whose underlying businesses are in structural decline. At the same

time, investors should assess whether a deep value allocation can provide meaningful diversification benefits even when market–timing signals are not straightforward.

Market Concentration Is a Recurring Phenomenon

Figure 1 summarises the starting point of this paper and presents the 36–month return differential between the MSCI Europe Value and MSCI Europe Growth indices, expressed as a z–score, over the post–euro period from January 2002 to June 2026. A negative value indicates that the growth style has significantly outperformed the value style and that the market has favoured growth companies. A positive value indicates the opposite situation.

Figure 1: European value–growth return spread (z–score)



European value–growth return spread (z–score), 01/01/2002–30/06/2026. The return spread is defined as the 36–month rolling cumulative return differential between the MSCI Europe Value and MSCI Europe Growth indices and standardised using the mean and standard deviation of the full sample ($n = 294$ months). Source: Bloomberg, Evli.

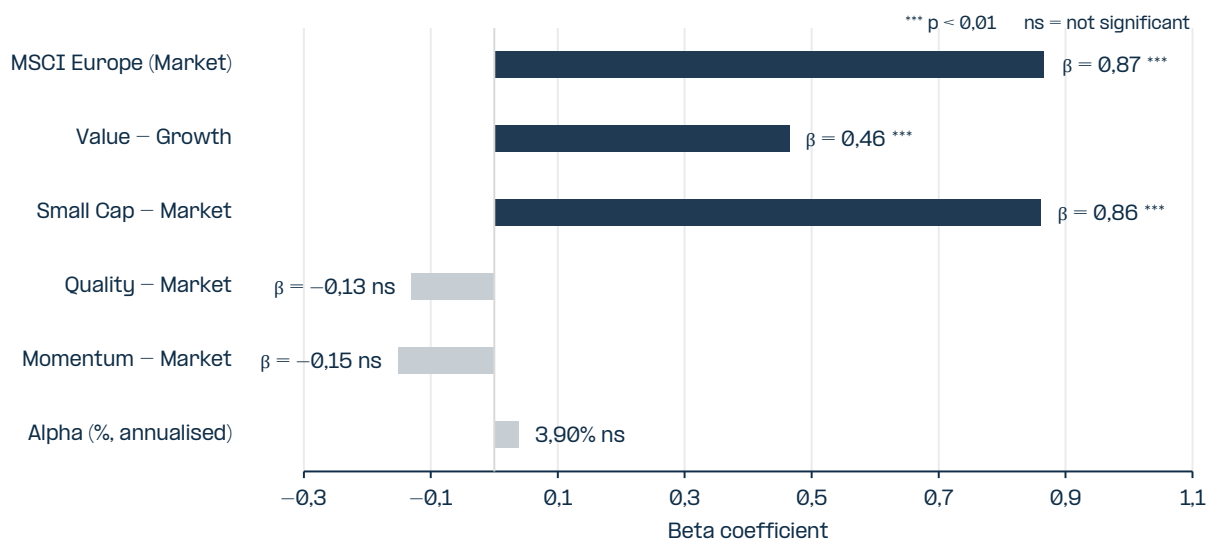
The figure reveals a clear cyclical pattern. The period from 2002 to mid–2007 was characterised by a prolonged phase of value outperformance. The Global Financial Crisis rapidly pushed the spread into negative territory, after which the 2010s were largely dominated by growth stocks. Following the COVID shock, the spread reached its most extreme level in the entire dataset in December 2021, as the combination of ultra–low interest rates and a technology–driven market narrative led to a significant concentration of capital in growth companies. The inflationary environment and rising interest rates of 2022–2023 subsequently drove a rapid normalisation of the spread, which then moved firmly in favour of the value style.

Market concentration is not an anomaly unique to the current environment but rather a recurring feature of European equity markets. While the underlying drivers vary from one period to another, the outcome is remarkably similar: capital becomes concentrated, and out-of-favour companies are left behind.

Sources of Return

For investors, the key question is where the returns from a contrarian investment approach have historically originated. This can be examined using Evli Hannibal through a regression framework in which the fund's monthly returns are explained by market, value, size, quality, and momentum factors derived from European equity indices. While the results do not measure the success of individual investment decisions, they help identify the systematic risk factors that have been associated with the fund's returns.

Figure 2: Evli Hannibal factor decomposition



Factor decomposition of Evli Hannibal, 30/03/2007–30/06/2026. OLS regression of the fund's monthly returns on factors constructed from European equity indices (MSCI Europe, MSCI Europe Value, MSCI Europe Growth, MSCI Europe Quality, MSCI Europe Momentum and MSCI Europe Small Cap), based on 231 monthly observations ($R^2 = 75\%$). Source: Bloomberg, Evli.

The results suggest that Evli Hannibal's long-term return profile has been driven primarily by exposures to market, value, and small-cap characteristics. In contrast, quality and momentum exposures, as well as a separate alpha term, do not appear statistically significant in this analysis.

It is important to note that factor analysis describes the fund's historical return characteristics rather than its investment process or investment universe. Over the

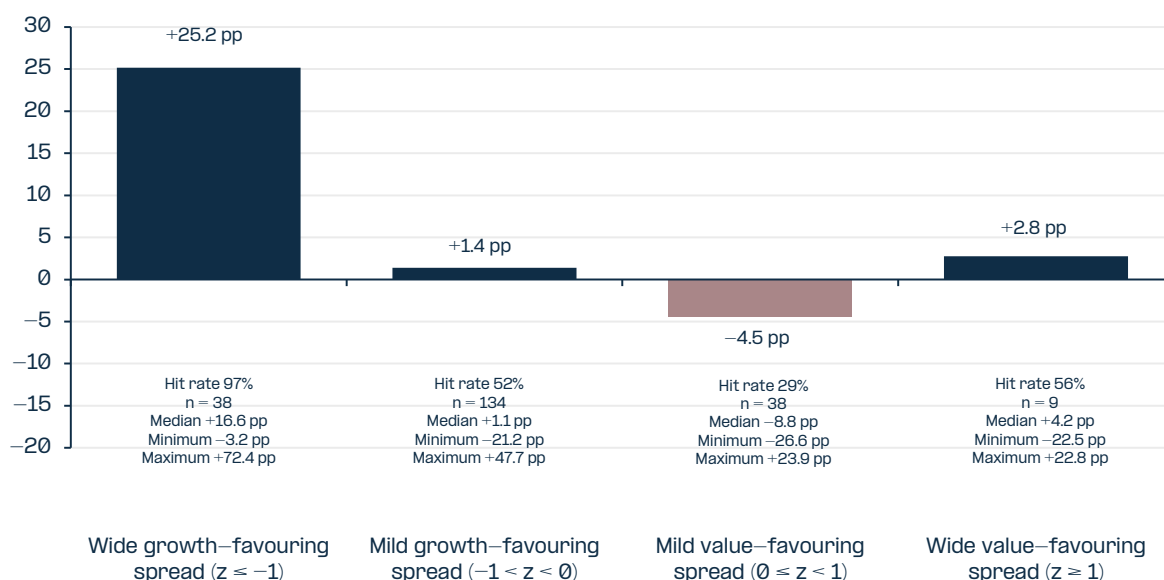
observation period from 30 March 2007 to 30 June 2026, Evli Hannibal generated an annualised return of 7.1%, compared with 5.6% for the MSCI Europe Index, 4.5% for the MSCI Europe Value Index, and 6.1% for the MSCI Europe Small Cap Index. Over the last ten full calendar years (through 2025), the corresponding annualised returns were 12.3%, 7.7%, 8.0%, and 6.3%, respectively. Although the fund has historically exhibited value and small-cap characteristics, it does not target specific factor exposures or market-cap segments. Rather, these exposures have emerged as a by-product of the portfolio companies selected through the investment process.

From a contrarian investor's perspective, the source of returns should not be viewed solely through the lens of factor premia. Broadly recognised factors help describe the market environments and company characteristics in which the strategy has historically performed well, but they do not fully explain its realised returns. The primary source of return lies in the effectiveness of the investment process itself: the ability to identify companies whose market prices diverge from their long-term fundamental value and to build a portfolio around these opportunities in a disciplined manner. Ultimately, returns are generated through stock selection and the entry price paid for the underlying securities.

Under What Conditions Has the Premium Been Realised?

We next examine the market environments in which the strategy has historically performed best. The spread measure used in this analysis is the z-score series presented earlier in Figure 1. For each month for which Evli Hannibal's forward 12-month return is available, the fund's excess return relative to the MSCI Europe Index has been calculated.

Figure 3: Evli Hannibal's average forward 12-month excess return by value–growth spread



Average forward 12-month excess return of Evli Hannibal relative to the MSCI Europe Index (percentage points), grouped by the spread between the value and growth styles, 30/03/2007–30/06/2026 ($n = 219$). Hit rate indicates the proportion of observations within each regime in which excess returns were positive. Source: Bloomberg, Evli.

In the historical dataset, the strongest relationship is observed when the spread has been extremely wide, indicating periods in which the market was heavily concentrated in growth stocks and the value style was deeply out of favour. In these environments, Evli Hannibal's average excess return relative to the MSCI Europe Index over the following 12 months was 25.2 percentage points, with positive excess returns recorded in 97% of the observations. In moderately growth–favouring environments, excess returns were considerably more modest, while in moderately value–favouring environments they were negative on average. In strongly value–favouring environments, excess returns were moderately positive, although the number of observations is limited.

This result is directionally consistent with the broader literature on value–growth cycles. Cohen, Polk and Vuolteenaho (2003) showed that the valuation spread between value and growth styles contains systematic predictive information: when the valuation gap between value and growth is wide, value stocks have historically outperformed growth stocks in the subsequent period. Kupersmith, Ross and Thapar (AQR, 2017) examine the same phenomenon from the perspective of a practical investor and emphasise that exploiting the signal is often most difficult precisely when the evidence appears to support it most strongly.

The results should nevertheless be interpreted with caution, as some categories contain relatively few observations and the 12-month observation windows are partially overlapping. Even so, the overall picture suggests that the conditional

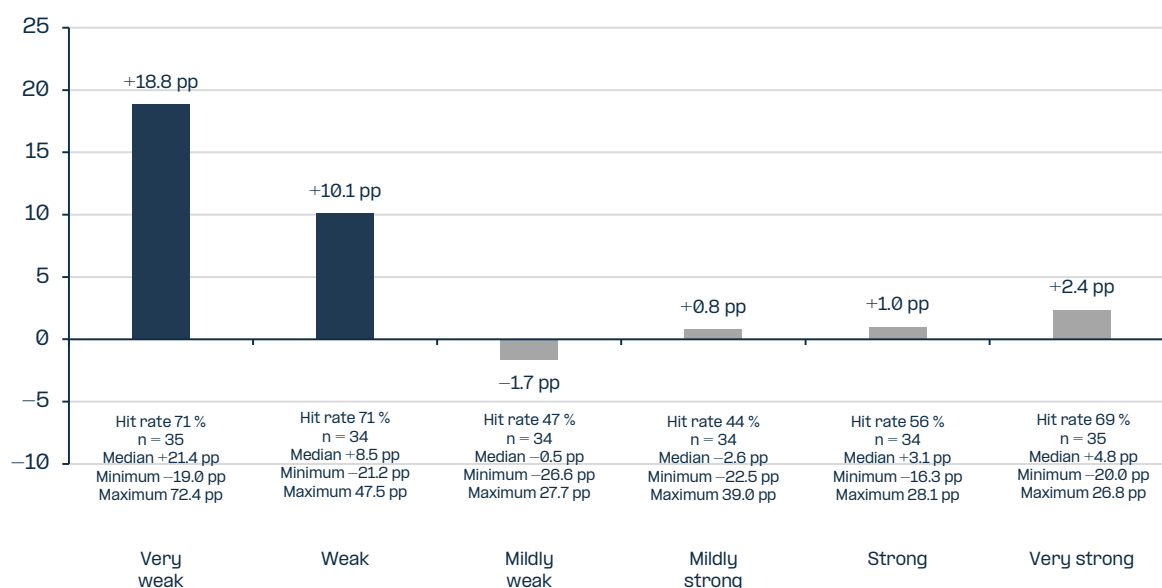
expected return of a contrarian deep value approach has historically been strongest when the value–growth spread has been at extreme levels.

The Role of the Strategy Outside Periods of Extreme Spreads

The previous section showed that the strongest conditional return expectations have historically been associated with periods when the value–growth spread was exceptionally wide and strongly favoured the growth style. For practical investors, however, an equally important question is what role the strategy can play when such an imbalance is absent. As of June 2026, the spread is more supportive of the value style than the growth style. The key issue, therefore, is not only whether the strategy would have been attractive to own in the past, but whether it continues to have a justified role in portfolios today and going forward.

One way to address this question is to examine how the strategy has historically performed following periods of weak returns.

Figure 4: Evli Hannibal's average forward 12-month excess return by trailing 12-month relative performance



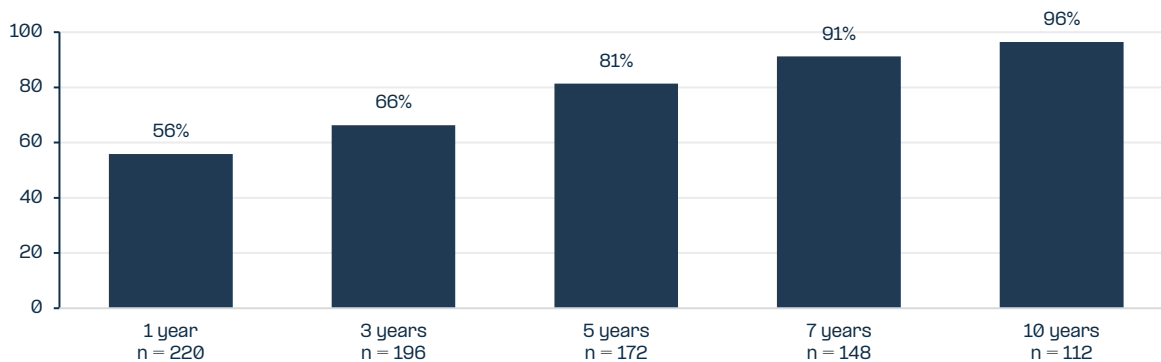
Evli Hannibal's average forward 12-month excess return relative to the MSCI Europe Index (percentage points), grouped by the fund's relative performance over the prior 12 months, 30/03/2007–30/06/2026 (n = 206). Hit rate indicates the proportion of observations within each regime in which excess returns were positive. Source: Bloomberg, Evli.

When Evli Hannibal's relative performance over the prior 12 months has fallen into the lowest sixth of the sample, the fund's average excess return over the following 12

months has been 18.8 percentage points, with positive excess returns recorded in 71% of the observations. In the historical data, the weakest starting points have therefore often been followed by stronger subsequent periods. This supports the notion that capturing the contrarian premium in practice requires maintaining exposure before the premium is realised.

A second perspective is obtained by examining different investment horizons. Figure 5 shows that Evli Hannibal's hit rate increases markedly over time: the fund outperformed the MSCI Europe Index in 56% of one-year periods, 81% of five-year periods, and 96% of ten-year periods. Table 1 complements this evidence by showing that cumulative excess returns also increase with the holding period, while annualised excess returns remain relatively stable at around three percentage points across horizons of three years and longer.

Figure 5: Hit rate by investment horizon



Hit rate by investment horizon: the proportion of rolling periods in which Evli Hannibal outperformed the MSCI Europe Index, 30/03/2007–30/06/2026. Source: Bloomberg, Evli.

Table 1: Average cumulative returns of Evli Hannibal and the MSCI Europe Index across rolling periods of different lengths

Window	Hit rate	Evli Hannibal Return (Average Cumulative)	MSCI Europe Return (Average Cumulative)	Annualised Excess Return
1 year	56%	11.14%	6.62%	+4.51 pp
3 years	66%	35.42%	23.62%	+3.31 pp
5 years	81%	70.87%	43.55%	+3.81 pp
7 years	91%	98.59%	62.22%	+3.14 pp
10 years	96%	168.68%	95.86%	+3.44 pp

Average cumulative returns of Evli Hannibal and the MSCI Europe Index across rolling periods of different lengths, 30/03/2007–30/06/2026. Hit rate represents the proportion of rolling periods in which Evli Hannibal's return exceeded that of the MSCI Europe Index. Source: Bloomberg, Evli.

A long investment horizon naturally raises a follow-up question: could market timing nevertheless improve outcomes? To address this, three timing strategies have been simulated and compared with a buy-and-hold approach.

Table 2: Comparison of timing strategies with Evli Hannibal's buy-and-hold strategy

Strategy	Cumulative return	Annualised return	Annualised volatility	Sharpe	Max drawdown	Time Invested	Trades
Buy and Hold: Evli Hannibal	274.73%	7.10%	21.01%	0.379	-62.30%	100%	0
12-Month Momentum	102.49%	3.73%	12.88%	0.263	-28.60%	66%	26
Spread Timing	197.96%	5.84%	16.07%	0.365	-42.93%	65%	36
Prior-Return-Based Timing	170.37%	5.30%	11.08%	0.421	-26.45%	62%	157

Comparison of timing strategies with Evli Hannibal's buy-and-hold strategy, 30/03/2007–30/06/2026. 12-Month Momentum: fully invested in Evli Hannibal when the return over the previous 12 months is positive; otherwise invested in the money market. Spread Timing: allocation based on the strongest z-score spread signal identified in Figure 3 ($z < -0.5 \rightarrow 100\%$; $-0.5 \leq z < 1 \rightarrow 50\%$; $z \geq 1 \rightarrow 0\%$), with standardisation based on the full sample (in-sample). Prior-Return-Based Timing: allocation = $\text{MAX}(0, \text{MIN}(1, 0.5 + 2 \times \text{return over the previous 12 months}))$. Source: Bloomberg, Evli.

The results support the conclusions drawn from the long-horizon analysis. All three timing strategies reduce maximum drawdown, but each underperforms the buy-and-hold approach in terms of returns. The results of the spread-timing strategy are particularly noteworthy, as it benefits from z-score standardisation based on the full sample, yet still fails to match the performance of buy-and-hold. The prior-return-based timing strategy appears stronger on a Sharpe ratio basis, but the difference is driven primarily by lower volatility rather than higher returns.

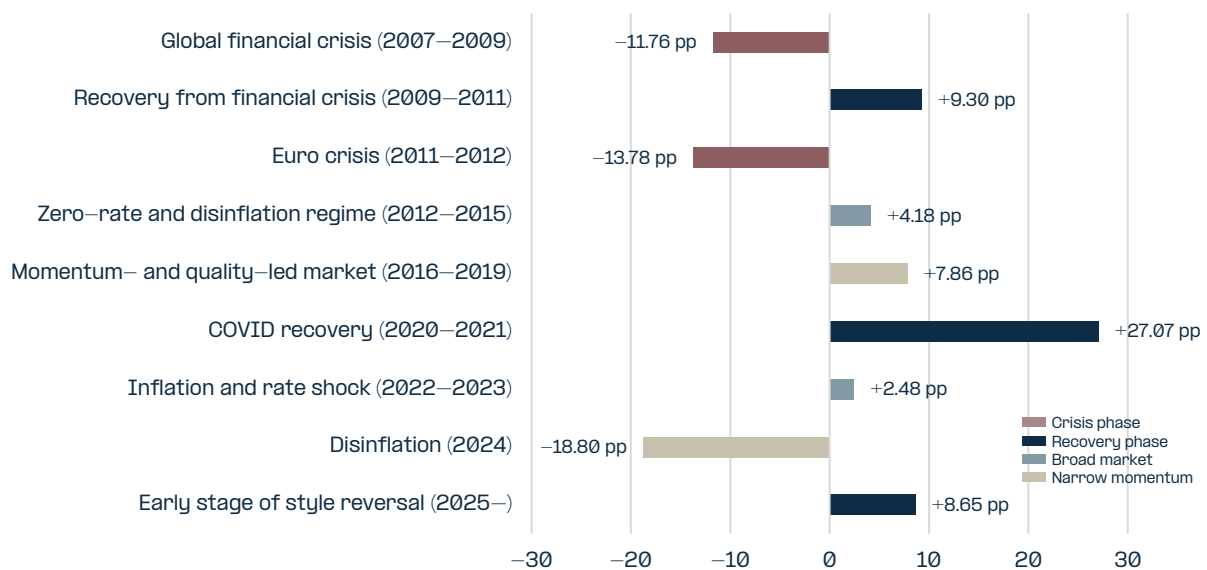
The historical evidence suggests that the contrarian premium has been realised unevenly over time, but that a long holding period has helped smooth this variability. Based on the data, maintaining exposure to a contrarian strategy has, in practice, been a more effective way of capturing the premium than attempting to identify the optimal entry point in advance.

From an investor's perspective, this argues for a strategic rather than a tactical approach. Exceptionally wide style spreads have historically provided the most attractive return opportunities, but the case for the strategy extends beyond these periods. Even in the absence of a clear market-timing signal, it can play an important role as a diversifying style exposure that is already embedded in the portfolio when the next contrarian opportunity emerges.

Strategy Behaviour Across Different Market Environments

The spread and horizon analyses indicate the conditions under which the strategy's conditional return expectations have historically been strongest. Examining specific historical market environments complements this perspective by showing how the strategy has behaved during distinct and recognisable market periods.

Figure 6: Evli Hannibal's annualised excess return by market regime



Evli Hannibal's average annualised excess return relative to the MSCI Europe Index across different market regimes, 30/03/2007–30/06/2026. Regimes are defined retrospectively based on major macroeconomic events. The COVID shock period (February 2020–March 2020) has been excluded because the short duration of the period would introduce a significant annualisation bias. Source: Bloomberg, Evli.

Three observations stand out from the figure that are particularly relevant from a practical investment perspective. During the deepest phases of market crises, the strategy has historically underperformed, which is consistent with its tendency to favour companies that are especially vulnerable to liquidity and sentiment pressures when markets broadly reduce risk exposure. During recovery phases, the picture has often been the opposite: excess returns amounted to 9.3 percentage points per year during the post-financial-crisis recovery, 27.1 percentage points during the post-COVID recovery, and 8.7 percentage points during the recovery phase in early 2025. During broad-based bull markets, Evli Hannibal has generally delivered respectable returns, but it has lagged during the narrowest momentum-driven market advances.

A common thread across these periods can be found in the interest rate environment. In this dataset, the correlation between the yield on the German 10–

year government bond and the European value–growth spread is 0.69. This finding is consistent with the broader literature, which has examined the return differential between value and growth through the lenses of both common risk factors and changes in discount rates. In particular, the longer cash flow duration of growth companies has been cited as a key explanation for why rising interest rates can reduce the relative valuations of growth stocks and, consequently, support the relative performance of value stocks.

The same pattern is evident in Evli Hannibal's historical data. During months characterised by the sharpest declines in interest rates, the fund's average annualised excess return relative to the MSCI Europe Index was –6.5 percentage points. By contrast, excess returns averaged 12.6 percentage points in environments of modestly rising rates and 7.0 percentage points during periods of sharply rising rates. This helps explain why the strategy has historically performed best in environments where interest rates are rising or remain stable and the market begins to correct the stretched valuations of growth stocks.

From an investor's perspective, this observation is important because it places the strategy's strongest and weakest periods within a common framework. Historically, the contrarian approach has faced the greatest challenges in environments where risk aversion, falling interest rates, and strong investor preference for growth stocks have coincided. Conversely, its role has become most valuable during periods when these market distortions begin to normalise.

The Risk of Value Traps

The results presented above suggest that contrarian investing may offer an attractive return premium, but its implementation is far from straightforward. If part of the return can be attributed to exposure to value and small–cap stocks, a natural question arises: why not achieve the same outcome through a passive value index? The key distinction lies in the risk of value traps.

A value trap refers to a company that appears inexpensive but is weak for good reason. Some low–valued companies recover once temporary pessimism eases, while others reflect businesses undergoing permanent deterioration. At the portfolio level, the value premium is well documented, but at the individual company level the critical challenge is whether the investment process can distinguish between cyclical weakness and structural decline.

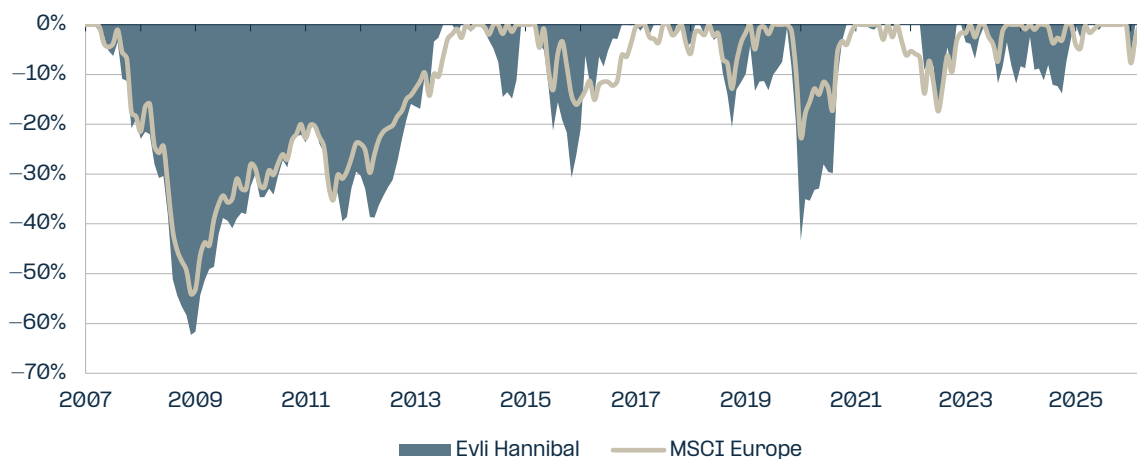
In contrarian investing, the investment process plays a particularly important role because a low valuation alone does not reveal whether a company is merely out of favour temporarily or facing more fundamental problems. The key issue is therefore not only style exposure, but whether the process provides a credible framework for distinguishing cyclical weakness from structural deterioration and for filtering out the most problematic value traps. In Evli Hannibal's case, this is reflected in the fact

that quantitative screening represents only the first stage of the process. Final investment decisions are based on fundamental analysis, which evaluates factors such as management's capital allocation decisions, the margin of safety provided by the balance sheet, hidden asset value, normalised earnings, and whether the company's challenges are cyclical or structural in nature.

Patience as a Requirement for Contrarian Investing

A long investment horizon is not merely a potential advantage but also a practical requirement. While owning a contrarian strategy can be rewarding over the long term, it requires investors to be willing to endure extended periods of underperformance, which can at times be both significant and uncomfortable.

Figure 7: Drawdown from previous peak



Underwater equity chart: drawdowns of Evli Hannibal and the MSCI Europe Index from their respective previous peaks, measured monthly, 30/03/2007–30/06/2026. The chart shows how far the portfolio has been below its previous peak at any given point in time and thus illustrates the periods of loss experienced by investors over time. Source: Bloomberg, Evli.

Figure 7 illustrates this dynamic through Evli Hannibal. The strategy spends a substantial portion of time below its previous peak, and its deepest drawdowns have historically been more severe than those of the broader market. During the Global Financial Crisis of 2008–2009, the maximum drawdown was approximately –62%, compared with roughly –54% for the MSCI Europe Index. For investors, the key implication is that any potential premium does not arrive in the form of steady excess returns, but rather as compensation for enduring longer and more pronounced periods of underperformance.

Portfolio Role and Suitability

A contrarian approach is most naturally employed as a complementary component within a broader portfolio. It is not intended to replace broad market exposure, but rather to provide style diversification, particularly when the existing equity allocation is already heavily tilted towards market-cap-weighted, quality, and growth-oriented strategies. Historical analysis suggests that even a modest allocation to the strategy may improve portfolio returns.

Table 3: Impact of Evli Hannibal allocations on the historical return and risk characteristics of simulated portfolios

Portfolio	Hannibal weight	Annualised return	Annualised volatility	Sharpe	Max drawdown
European equity	0%	5.40%	14.53%	0.358	-54.10%
European equity	5%	5.54%	14.63%	0.365	-54.52%
European equity	10%	5.67%	14.75%	0.372	-54.95%
European equity	15%	5.79%	14.90%	0.377	-55.37%
European 60/40 multi-asset	0%	4.80%	9.16%	0.435	-31.98%
European 60/40 multi-asset	5%	4.94%	9.23%	0.446	-32.41%
European 60/40 multi-asset	10%	5.07%	9.35%	0.455	-32.87%
European 60/40 multi-asset	15%	5.20%	9.51%	0.461	-33.38%
Global 60/40 multi-asset	0%	6.68%	8.44%	0.674	-28.33%
Global 60/40 multi-asset	5%	6.67%	8.44%	0.672	-29.14%
Global 60/40 multi-asset	10%	6.65%	8.52%	0.663	-29.93%
Global 60/40 multi-asset	15%	6.62%	8.68%	0.650	-30.73%

Impact of Evli Hannibal allocations on the historical return and risk characteristics of simulated portfolios, 30/03/2007–30/06/2026. Portfolios are rebalanced annually. The European portfolio consists of 100% MSCI Europe. The European 60/40 Multi-Asset portfolio consists of 60% MSCI Europe and 40% Bloomberg Euro Aggregate, while the Global 60/40 Multi-Asset portfolio consists of 60% MSCI World and 40% Bloomberg Global Aggregate (Hedged EUR). In all cases, the allocation to Evli Hannibal is funded from the portfolio's existing equity exposure. Source: Bloomberg, MSCI, Evli.

Table 3 shows that the impact of the strategy depends on the portfolio structure. In a European equity portfolio, Evli Hannibal has improved both returns and the Sharpe ratio, although overall risk increases slightly. In a European 60/40 multi-asset portfolio, the effect is similar. In the Global 60/40 portfolio, annualised return and the Sharpe ratio decline as the Hannibal allocation increases, while volatility rises and the maximum drawdown becomes deeper, pointing to more limited added value in a more broadly diversified setting.

This highlights Evli Hannibal's role particularly in Europe-focused portfolios, where its style exposure complements the overall allocation. It is best suited for investors with a clear role for such a style deviation, a sufficient risk budget, and a long investment horizon, as well as the ability to tolerate even extended periods of underperformance.

Conclusion

The central finding of this paper is that the relevance of contrarian investing becomes particularly pronounced when markets are exceptionally concentrated in the same quality and growth companies. In such environments, portfolio diversification may appear stronger than it is in practice, and it is precisely under these conditions that the conditional return expectations of a contrarian strategy have historically been at their strongest.

An equally important conclusion relates to the investment horizon. The historical evidence suggests that any potential premium associated with the strategy is not realised in a smooth or consistent manner but instead requires investors to endure extended periods of underperformance, which can at times be both significant and uncomfortable. The data indicate that maintaining a long-term allocation has been a more effective way of capturing this premium than attempting to time entry points around the most favourable phases of the cycle.

In contrarian deep value investing, the quality of the investment process is critical, as a low valuation alone does not reveal whether a company is merely temporarily out of favour or facing more fundamental challenges. Evli Hannibal serves in this paper as a practical example of how such a strategy can be evaluated through a long track record, a consistent investment philosophy, and observed portfolio behaviour over time. For investors, the key question is not only when a contrarian strategy is likely to perform best, but also whether it has a justified and enduring role within the portfolio as part of a broader mix of style and market exposures.

Data and Methodology

Data. The analysis is based on Evli Hannibal's monthly returns from March 2007 to June 2026, together with equity and fixed-income index data covering the same period. The spread series used to characterise the market environment is constructed from MSCI Europe Value and MSCI Europe Growth indices using a longer dataset spanning from January 2002 to June 2026. In addition, market data reflecting the interest rate environment are used in the analysis of different market regimes.

Key analyses. The paper draws on factor analysis, spread analysis, rolling return comparisons across different investment horizons, an examination of historical market environments, and portfolio simulations in which the allocation to the fund varies between 0% and 15% within European and global reference portfolios. In addition, a buy-and-hold approach is compared with three timing strategies.

Interpretation of results. The spread analysis examines Evli Hannibal's forward 12-month excess return relative to the MSCI Europe Index across different value-growth spread environments. The horizon analysis, in turn, illustrates how frequently and by what margin the fund has historically outperformed its benchmark over different investment horizons. The analysis of market environments complements these findings by showing how the strategy has behaved across different market regimes and interest rate environments, while the portfolio simulations assess its potential role within a range of portfolio constructions.

Key limitations. Evli Hannibal's track record spans approximately 19 years. Some of the results are based on a limited number of observations and partially overlapping time periods. Furthermore, the analysis reflects the implementation of a single fund and should not be interpreted as automatically generalisable to all contrarian investment strategies.

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Further background material is available from Evli upon request.

The contents of this white paper should not be construed as investment advice and should not be relied upon when making investment decisions. Before making an investment decision, investors should familiarise themselves with the fund's statutory documents, including the fund rules, the Key Information Document (KID), and the prospectus. The fund's statutory documents and further information are available at <https://www.evli.com/funds>. The value of an investment may rise or fall, and investors may lose part or all of the capital invested. Past performance is no guarantee of future returns.