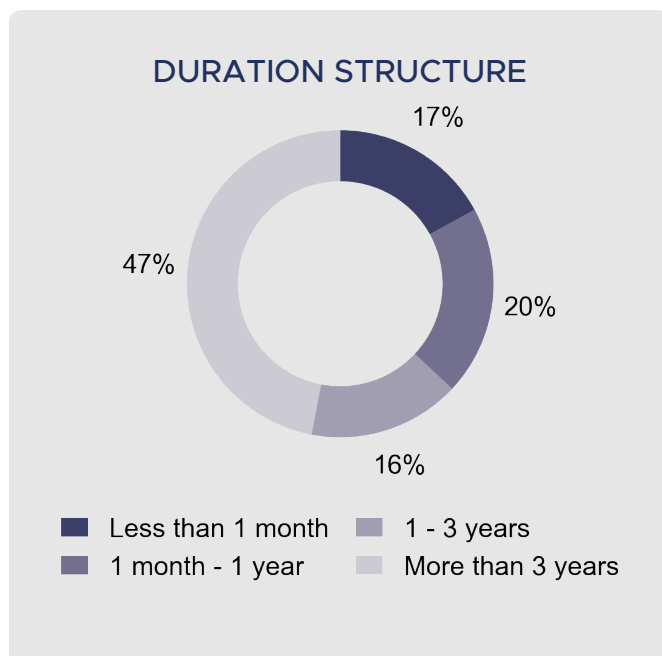
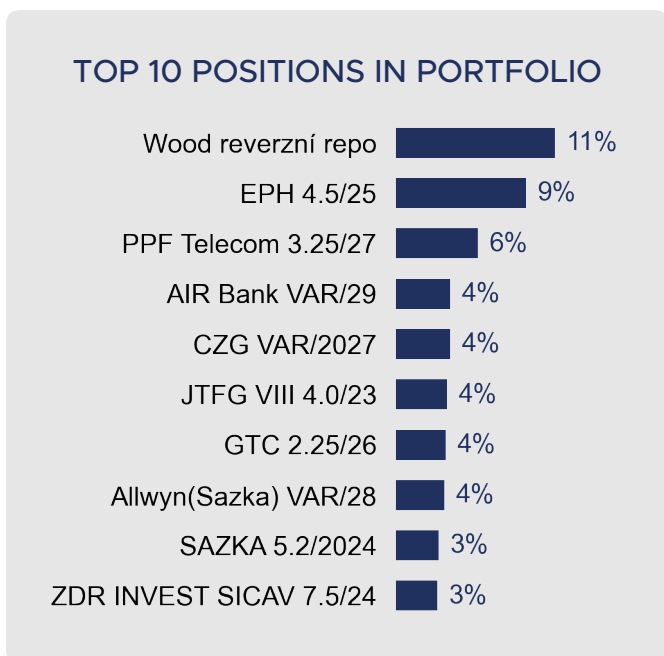
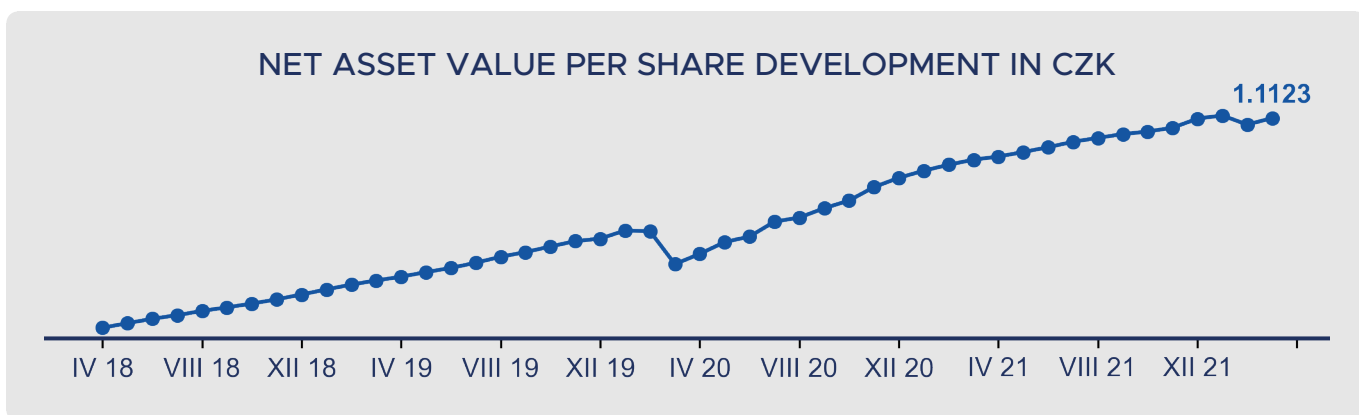


FOR DATE: **31.03.2022**

## FUND PERFORMANCE

<b>Assets under management:</b> 711 mil. Kč	<b>Investment share value:</b> 1.1123 Kč
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Time period	1M	3M	6M	12M	Since inc. p.a.
Performance	0.32 %	0.03 %	0.78 %	2.05 %	2.75 %



\*Important note: The investment share price is already final after the completion of the regular annual audit, the exact number of securities will be finalized in the coming days.

## MARKET UPDATE



The month of March saw the first interest rate rise from the US Federal Reserve since before the 2020 COVID outbreak and a continuation of rising yields and thus falling prices in global bond and credit markets. Rampant inflation readings, exacerbated by the continuing war in Ukraine plus building uncertainty over the outlook for economic growth saw investors withdraw money from G10 bond markets in March and into April. Investors have now priced in policy interest rate hikes in the US to at least 2.0%, from the present 0.5% level and a first interest rate hike in a decade from the ECB by the 2022 year end.

Czech inflation surprised commentators on the upside again in March, with CPI hitting 12.7% year-on-year, the third highest rate in the EU and producer price inflation rising to 24.7% year on year. These producer price pressures and level of commodity prices point to even higher CPI readings in coming months. This prompted the CNB to hike policy rates by another 50bps to 5.0% on 31 March. We expect another hike in May, perhaps 50-75bps. The interest rate rises have helped the koruna to stabilise after a sell-off of the currency as a result of the Russian invasion of Ukraine.

Mark Robinson, Member of the Investment Committee

## PORTFOLIO UPDATE



Our Fund's cautious positioning generated a positive return in March, even in the face of generally falling bond prices. This was mainly due to rising running yields of the portfolio constituents and a positive contribution from our Koruna interest rate swap positions. We remain fully hedged against rising CZK bond yields and partially hedged against rising EUR bond yields. We still see the situation of rising interest rates and falling bond prices as an opportunity as much as a threat and thus we continue to invest our surplus liquidity to capture the higher yields now on offer. We purchased in March new positions in the variable rate bonds of Sazka parent company Allwyn Entertainment, Investment Grade-rated bonds in Austria's Volksbank and Slovenia's Nova Kreditna Banka Maribor, shorter term variable rate bonds of Erste Bank and a position in variable rate bonds of Czech oil & gas player MND. Our long-held position in Sazka's 2022 bonds matured in March.

Lubor Žalman, Founder of the fund

## DISCLAIMER

EnCor Funds SICAV, a.s. is a fund of qualified investors. Only a fully qualified investor within the meaning of ACT 272 of law no.240/2013 Sb., On Investment Companies and Investment Funds, can become an investor in the Fund. The investment company reminds investors that the value of the investment in the fund may vary, and the return of the originally invested amount of money is not guaranteed. Historic fund performance does not guarantee same or higher performance in the future. Investment in the fund is designed to yield returns in medium and long-term horizon and is therefore not suitable for short-term speculation. Potential investors should, in particular, consider specific risks that may arise from the investment objectives of the Fund as set out in its Statute. Investment objectives are reflected in the recommended investment horizon, as well as in fees and costs of the fund. Key Information about the Fund (KID) is available at [www.avantfunds.com/information-info/](http://www.avantfunds.com/information-info/) or [www.encorfunds.com](http://www.encorfunds.com). In paper form, the information can be obtained at AVANT Investment Company, a.s., CITY TOWER | Hvězdova 1716/2b | 140 00 Praha 4. This information is informative only and does not constitute a proposal for conclusion of a contract or public offer according to the provisions of the Civil Code.