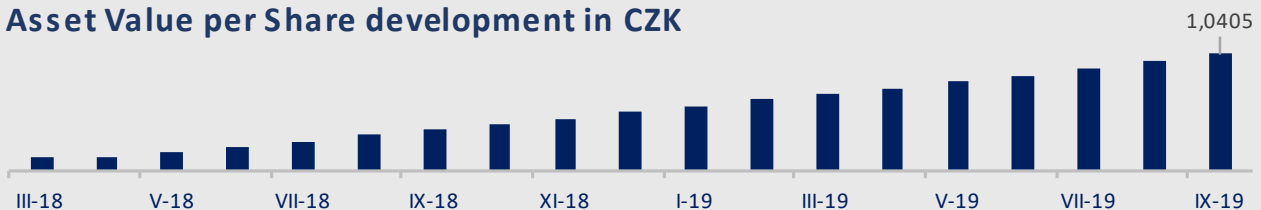


# EnCor Fixed Income Strategy

Sub-fund of EnCor Funds SICAV, a.s.

ISIN:	CZ0008043106
Currency:	CZK
Period :	September 2019
Asset under management:	240 mil CZK
Value of share:	1,0405
Fund performance 12M:	2,93%

## Net Asset Value per Share development in CZK



## Market update



Global credit markets steadied in September and into October, though sentiment remains cautious. Hopes of a “trade truce” agreement between the US and China and expectations of substantial future monetary and fiscal support for G10 economies are pulling against mounting evidence of a global economic slowdown. Sovereign bond yields in G10 economies snapped back up in September but remain volatile, as the news-flow narrative flips back and forth between optimism and pessimism on growth prospects. Central Banks globally appear very ready to support financial markets via additional quantitative easing (in Europe), interest rate cuts (in the US and in several Emerging Markets) and short-run liquidity provision (also in the US). The unexplained need for banks to borrow overnight from the US Fed has raised additional concerns about the health of the US financial system. More risky credits in global markets appear to be not

In the Czech arena, September’s CPI dipped slightly to 2.7% year-on-year, due to easing food price pressures. Wage growth and housing costs remain firm and keep inflation prospects robust, in our view. The weakness of external partners, including key market Germany, kept the Czech National Bank from raising interest rates in September. The Czech koruna has risen versus the Euro in the last month, reflecting that more robust domestic growth momentum.

**Mark Robinson**, Member of the Investment Committee

## Portfolio update



We still see the likelihood of one more hike from the CNB in the next few quarters, especially if disinflation does not take hold in the Czech Republic and the Czech koruna weakens due to global factors. We thus stay invested in floating rate bonds or those with short term maturities, as we see the risk of credit spreads widening. Investing in shorter term bonds prevents capital losses from occurring if yields shift upwards as a consequence of our predictions. During the month of September, we increased again our position in the 12-month promissory notes of Slovak-Czech conglomerate Penta, as well as buying into the new 5-year bond issue of Sazka. We now hold two bond issues of this prominent pan-Central European gaming and lottery operator. We sold down again our position in the reverse repo backed by Harfa. The current portfolio yield stands at 4.35% per annum at the September month end. The unit value grew 0.24% in September.

**Lubor Žalman**, Founder of the fund

## Contact for investors

Tel: +420 230 234 112  
info@encorfunds.com  
www.encorfunds.com

## 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., ROHAN BUSINESS CENTER, Rohanské nábřeží 671/15 (reception B), 186 00 Praha 8. 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.