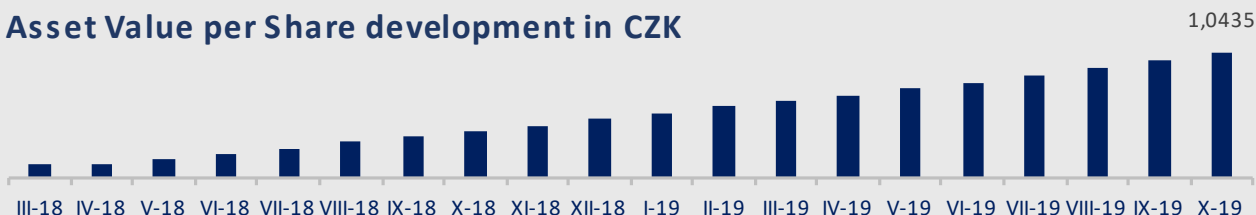


# EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	October 2019
Asset under management:	250 mil. CZK
Value of share:	1,0435
Fund performance 12M:	3,02%

## Net Asset Value per Share development in CZK



## Market update



Global credit markets trod water in October, despite improving sentiment in equity bourses. A growing belief that the downward move in interest rates in G10 economies has paused versus hopes of a “trade truce” agreement between the US and China created a 2-way pull on markets. Looking beyond this, Central Banks globally do still appear very ready to support financial markets, as evidence of a global economic slowdown continues to mount. More risky credits in global markets appear to be not foreseeing any slowdown scenario at all and are thus somewhat vulnerable to a pricing correction. In the Czech arena, Q3 GDP growth remained firm at 2.7% year-on-year pace, led again by domestic consumption. The effect of low unemployment, still at only 2.6% and inflation, with October’s CPI also at 2.7% year-on-year, on wage growth is still likely to be evident in coming months. Only the weakness of external partners, including key market Germany, kept the Czech National Bank from raising interest rates in early November. The Czech koruna rose again versus the Euro in the last month, reflecting the country’s stronger economic performance.

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

## Portfolio update



During the month of October, we increased our position in the new 5-year bond issue of Sazka, the pan-Central European gaming and lottery operator. We also initiated a position in the new issue of 10-year bonds of Czech Equa Bank. These investments extended the maturity profile of the portfolio slightly. We remain with our opinion that one more hike from the CNB will come in the next few quarters, as Czech inflation is persistently above 2.5% and looks like it will remain so. We thus maintain a reasonable level of investment 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. We sold down again our position in the reverse repo backed by Harfa as well as reducing our position in the 3-year bonds of Czech industrial player CSG. The current portfolio yield stands at 4.33% per annum at the October month end. The unit value grew 0.29% in October.

**Lubor Žalman**, Founder of the fund

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## 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.