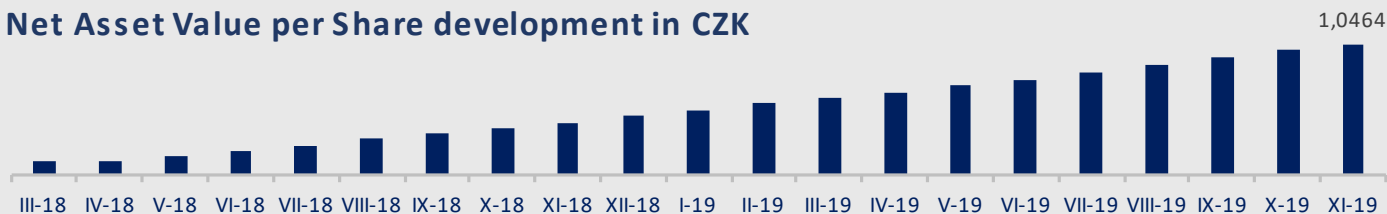


# EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	November 2019
Asset under management:	256 mil. CZK
Value of share:	1,0464
Fund performance 12M:	3,07%

## Net Asset Value per Share development in CZK



## Market update



Global credit markets rallied moderately through November and into December, broadly following the lead of equities. The prospect of a “phase 1 trade truce” in the dispute between the US and China and sustained but slower consumption and retail sales growth numbers in the US and other major economies both encouraged investors. This sentiment effect was also felt in rising government bond yields (and falling bond prices) and we expect some pressure to appear in credit markets if government bond yields rise further. It is clear though, looking into 2020, that Central Banks globally do appear very ready to support financial markets. It appears they remain concerned about the unfolding global economic slowdown and the fragility of financial systems with record levels of debt. It is clear from pricing levels that more risky credits in global markets appear to be not foreseeing any slowdown scenario at all and are thus somewhat vulnerable to a correction. In the Czech arena, inflation dominates as the key theme: November’s consumer price inflation (“CPI”), at 3.1% year-on-year, breached the Czech National Bank’s tolerance band ceiling (set at 3.0%), bringing out a more “hawkish” message from the CNB’s December rate-setting meeting. The CNB chose not to hike rates, as the weaker domestic and European/global industrial situation clouds their outlook. But the CNB’s core mandate is inflation targeting and low unemployment and persistent wage growth mean they are likely to act again soon.

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 inflation remains at present levels and/or the Czech koruna weakens from its current high exchange rate level versus the Euro. 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 November, we increased our position in the reverse repo backed by the Harfa retail and office asset. The current portfolio yield stands at 4.36% per annum at the November month end and our net return to unit - holders over 12 months has again exceeded the 3% threshold, at 3.07%. The unit value grew 0.28% in November.

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.