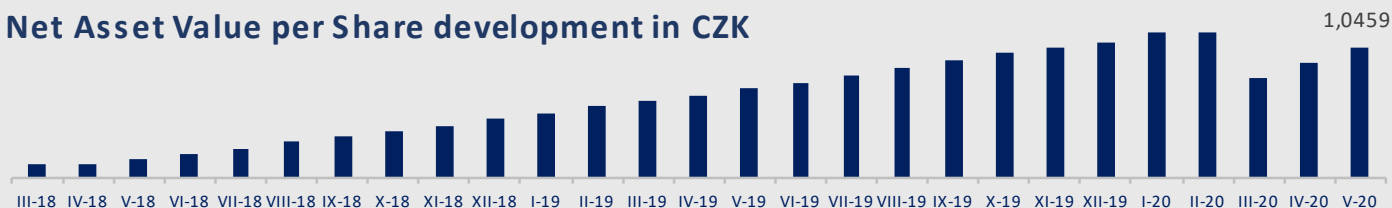


# EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	May 2020
Asset under management:	246,5 mil. CZK
Value of share:	1,0459 CZK
Fund performance 12M:	1,56%

## Net Asset Value per Share development in CZK



## Market update



The economic and social impact of COVID-19 continued to unfold across the world in the month of May. Some countries began to remove the strictest of their "lockdown" measures and the slow process of reopening has continued into June. The economic damage, particularly to the supply and demand for discretionary goods and services and associated employment remains profound, with the global economy estimated to contract -5%-7% in 2020E. This is some -8%-10% below the trend rate of 3% growth for the world economy and this lost output and employment is, for companies and banks, front and centre of the "solvency" risk question hanging over many sectors in the credit markets. Central Banks, especially the Bank of Japan and the ECB, continued to step in and support bond and credit prices, suppressing yields. The US Fed has reduced its level of support to American financial markets into June, judging that March's "liquidity" crunch will not repeat imminently. Credit markets are functioning, with issuance continuing, both in international arenas and locally in the Czech marketplace. Much more issuance and tests of the "solvency" risk lie ahead, as very large amounts of debt come due in the coming months and quarters in Developed and Emerging countries. Domestic demand in the Czech economy appears relatively resilient, helped by a relatively early "reopening" of consumer discretionary activities. Export and tourism exposures (to the global economy) are the chief problems in coming quarters. Czech inflation for May came in at 2.9% year on year, above commentator expectations, with food and import price rises still prevalent. The CNB sliced interest rates to the basement level of 0.25% at the beginning of May and is likely to stay on hold all the while the economy remains in recession.

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

## Portfolio update



Prices again rose in the Czech corporate bond market in May, with the Fund delivering a +0.62% return to unit-holders in the month, following a positive April. The year-to-date return of the Fund now stands at -0.17%. New issuance activity has continued into June, presenting the opportunity to assess new potential holdings at interesting prices. We continue to monitor a limited number of industrial and consumer holdings in the portfolio that are potentially compromised by the COVID-19 lockdowns and associated recessions. The running yield of the portfolio has stabilized at around 4.40% at May month end, after falling in line with PRIBOR rates in the previous months. In response to the lowering of yields relative to inflation, we have extended the maturity profile of the portfolio slightly by reducing the position in the Wood reverse repo backed by their Office Real Estate Fund. Short term liquidity remains just above our internal limit.

**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.