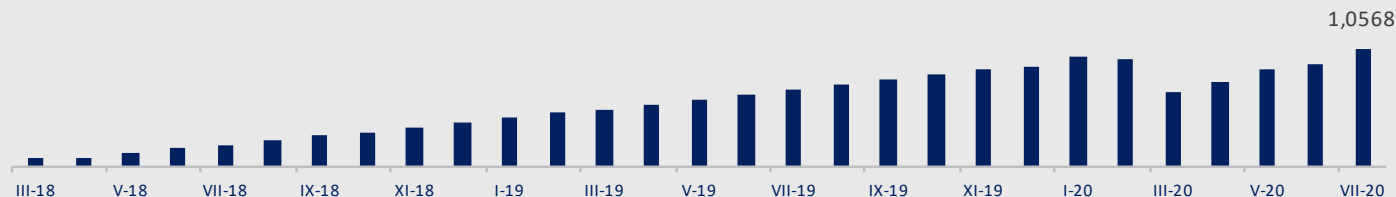


EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	July 2020
Asset under management:	260 mil. CZK
Value of share:	1,0568 CZK
Fund performance 12M:	2,13%

Net Asset Value per Share development in CZK



Market update



Global credit markets have delivered moderate returns in the summer months, even in the face of the resurgence of COVID-19 in the US, Europe and key Emerging Market countries. The pandemic's seemingly lower mortality rate, the collective view that vaccines will be successful and better treatment and health care capacity have all seemingly reduced the impact of negative news headlines. The ample liquidity back-stop provided by the G10 Central Banks has considerably aided the credit market stabilization. Worries over the ending of job protection/furlough/debt moratorium schemes in Europe and the threat of discontinuation of the "stimulus checks" propping up consumption in the US do, though, mean that the risk of a "double dip" in growth and attendant risk to the outlook for credit remains extant. Renewed government support backed by the Central Banks may well recur in coming months, thus probably pinning credit yields where they are, which are low (or "tight") compared to history. Even without a second downturn, the global economy is still estimated to contract -5%-7% in 2020E. Growth indicators in the Czech Republic and key export market Germany continued to improve through the summer. As capacity utilization slowly revives, so the rate of inflation rises. Czech CPI hit 3.4% year on year in July, far outstripping the local sovereign bond yields or interest rates on offer. It will remain to be seen whether this bout of inflation, driven in part by consumption, continues after the Czech debt moratorium is removed. If inflation persists, the CNB may be needing to review its "low interest rates for longer" guidance.

Mark Robinson, Member of the Investment Committee

Portfolio update



Strong portfolio hedging returns and revaluations of holdings helped the Fund deliver a firm +0.76% return to unit-holders in July. The year-to-date return of the Fund now stands at +0.87%, thus recouping all of the draw-down seen in the February-March sell-off. The CNB's interest rate cuts made in March-May have reduced the available yields on floating rate investments and Koruna-denominated returns from the hedging of Euro-denominated exposures. This downshift in returns has reduced the running yield of the portfolio to a still-reasonable 4.0% at July month end. We took advantage of firmer market pricing to reduce our holding in the HB Reavis variable rate bond and remove our small position in the Euro-denominated bonds of BNP Paribas, both of which now yield substantially less than when we purchased them. We removed the short-term reverse repo backed by Wood & Company, whilst re-establishing a position in the reverse repo backed by the Wood Harfa retail/office asset. We continue to assess new opportunities, as part of this portfolio rotation, in the near term. Short term liquidity remains above our present 15% 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/ or 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.