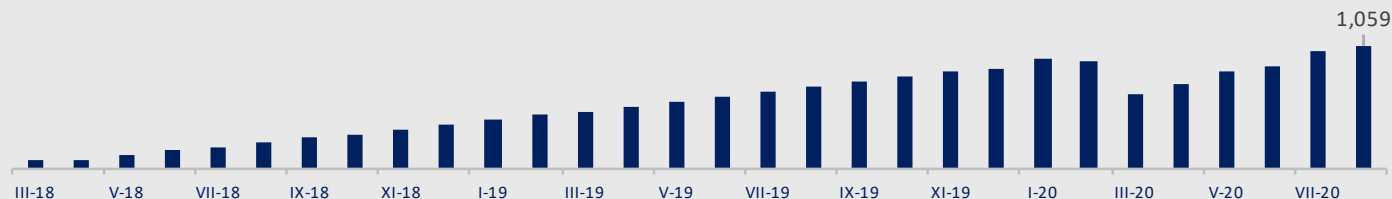


EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	August 2020
Asset under management:	270 mil. CZK
Value of share:	1,059 CZK
Fund performance 12M:	2,02%

Net Asset Value per Share development in CZK



Market update



Conditions in global credit markets have deteriorated marginally looking into September, following moderate returns in the summer months. The resurgence of COVID-19 in Europe and its continued spread in key Emerging Market countries appears to be capping economic activity and fresh restrictions on social activities may well see expectations of a recovery in economic growth in these geographies disappoint commentators and investors. The lower penetration of COVID-19 in East Asian economies, the real engine of the global growth cycle, is more encouraging. The ample liquidity back-stop provided by the G10 Central Banks is also in reserve and should stabilize credit markets if risks such as COVID-19, deterioration of the unemployment picture (as "furlough" programmes end) and the US elections/international geopolitics increase in amplitude.

The recent spike in COVID-19 cases in the Czech Republic threatens the outlook for domestic consumption and related employment. Thus far, there are no indications of a fresh deterioration in the Czech export picture, which should thus continue its slow recovery unless European lock-downs occur. Czech CPI stabilized at 3.3% year on year in August but is still exceeding by far the local sovereign bond yields or interest rates on offer. Czech wage growth (a driver of CPI and house prices) has slowed markedly in the face of COVID-19 but a recently-weakening Koruna (vs. USD and EUR) will import more inflation.

Mark Robinson, Member of the Investment Committee

Portfolio update



Stable conditions in the Czech bond market prevailed in August, with the Fund delivering a +0.21 % return to unit-holders in the month. The year-to-date return of the Fund now stands at +1.08%. The downshift in returns resulting from the CNB's emergency interest rate cuts in the Spring has reduced the running yield of the portfolio to 3.44 % at August month end. Short term liquidity remains well above our present 15% limit and fresh opportunities for investment have appeared in the marketplace in September, after a quiet August. We remain wary of high-risk names, especially given the extant COVID-19 situation and thus continue to look to rotate the portfolio towards higher-quality names. In August, we again cut our holding in industrial play CzechoSlovak Group, trimmed our EUR-denominated Sazka Group (betting/lotteries) position, while our short-term EPH (energy) and Penta (conglomerate) promissory notes matured. We reinvested into EPH promissory notes and into a short-term loan to a Czech non-profits organization secured by high-quality bonds. We re-adjusted our very short-term reverse repo exposures by replacing the maturing instrument backed by CEZ with those backed by Wood & Co Financial Services, the Wood Office Real Estate Fund and the Wood Retail Real Estate Fund.

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.