

EnCor Fixed Income Strategy

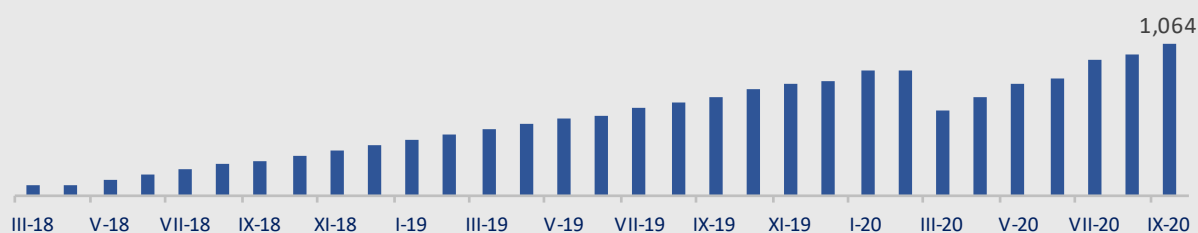
Sub-fund of EnCor Funds SICAV, a.s.

ISIN: CZ0008043106
Currency: CZK
Period: September 2020
Asset under management: 296,9 mil. CZK
Value of share: 1,064 CZK

Fund performance

Time period	1M	3M	6M	12M	Since inception
Performance	0,47%	1,45%	2,89%	2,26%	6,40%

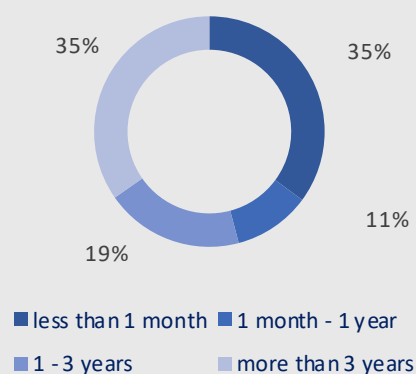
Net Asset Value per Share development in CZK



Top 10 positions in portfolio

Wood reverzní repo obchody	21%
PPF Telecom EUR/27	14%
EPH 4.5/25	10%
SAZKA 4.0/2022	8%
SATPO City Home III 5.0/23	5%
SAZKA 5.2/2024	5%
EPH a.s. 12m směn ka	3%
Půjčka neziskové společnosti	3%
HB REAVIS VAR/21	3%
KKCG/LOM 5.3/2023	2%

Duration structure



Market update



Conditions in global credit markets deteriorated somewhat in September and into October, as the resurgence of COVID-19 in Europe and its continued spread in key Emerging Market countries caps economic activity, curtails social activity and damages investor sentiment.

Ample Central Bank liquidity back-stops, fresh government support and spending and the low penetration of COVID-19 in East Asian economies (aiding the global economic cycle) are, though, acting to stabilize credit sentiment for now. Risks such as the US election outcome, affordability of government fiscal programmes, social instability and international geopolitics may well increase in amplitude in coming weeks.

The very high incidence of COVID-19 cases in the Czech Republic and required tighter restrictions on social and discretionary economic activity threatens the outlook for domestic consumption of services and related employment. There remains no evidence yet of a deterioration in the Czech export picture, though the increasing restrictions on social and discretionary economic activity in Europe will hit consumption there.

Czech CPI at 3.2% year on year in September remains substantially above the local sovereign bond yields or interest rates on offer. Concentrated spending on non-discretionary goods (food etc), Czech money supply growth and imported price hikes, via fresh weakness in the Koruna will keep inflation elevated for now.

Mark Robinson, Member of the Investment Committee

Portfolio update



The continuation of relatively stable conditions in the Czech credit market enabled us to continue to rotate the portfolio towards new, high-quality exposures in the face of the extant COVID-19 situation. We took a significant position in the new issue of Investment Grade Euro-denominated 7-year bonds of Czech-Slovak telecom operator PPF Telecom. The source of funds for this purchase included inflows into the Fund and the maturing of a short-term bridge loan to real estate player Satpo Group and the repayment of one-year promissory notes of Czech-Slovak conglomerate Penta.

We maintained short-term liquidity well above our present 15% limit via a larger position in 2-week reverse repos backed by the Wood Retail Real Estate Fund. We removed similar reverse repos backed by the Wood Office Real Estate Fund from the portfolio.

As a balance to the PPF Telecom long-term bond purchase, further shorter-term investments are planned. The aim is to keep the Fund's liquidity cushion relatively high and to capture enhanced return where it is assessed prudent to do so.

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/ 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.