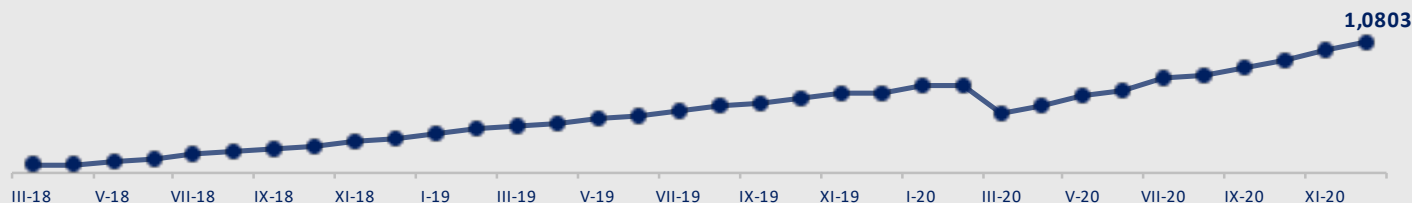


EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	December 2020
Asset under management:	309,6 mil. CZK
Value of share:	1,0803 CZK*
Fund performance 12M:	3,11%

Net Asset Value per Share development in CZK



Market update



Sentiment in global credit markets held steady in December and into the New Year. The COVID-19 vaccination programmes, the expectation of further government spending through the present lockdowns, an eventually smooth transition of Presidential power in the US and high levels of liquidity provided by the largest Central Banks appear to have mitigated, in the minds of investors, the risks posed by new COVID-19 mutations. Commentators expect a synchronized global economic growth acceleration going through 2021. Uneven vaccination programme efforts across the world and a truer picture of corporate creditworthiness only emerging when forbearance protections are removed may mean volatility in credit markets rising from present levels.

The high proportion of Czech GDP that is exported has shielded the country from a worse outcome from the recent and present COVID-19 "lockdown" phases. Unemployment has risen to only 4.0% and wage growth continues. It is the consumption arena where more economic damage is evident. Czech CPI ticked down to 2.3% year-on-year in December, though the Central Bank's measure of "core" inflation remained at 3.5% year-on-year. Combined with Czech M1 money supply growth at 17% year-on-year and rising commodity prices, this "core" inflation may sustain headline CPI at over a 3% level in 2021.

Mark Robinson, Member of the Investment Committee

Portfolio update



The Fund delivered a +0.46% return to unit-holders in the month, meaning that on a pre-audit basis, the 2020 net return of the Fund hit our target of +3.0%. Our activity in recent months has aimed to capture higher running yields while minimizing the risk taken. The running yield of the portfolio rose to 4.1% at the year end.

We continued to diversify the portfolio in December, rotating out of holdings where returns have dropped relative to their risk whilst rotating into opportunities with a better risk-reward profile. We invested in a short-term bridge loan well-secured by residential real estate assets and increased our position in another very well-secured short term loan to a non-profits institution, thereby boosting our return. We sold half of our position in diversified industrial player Czechoslovak Group and reduced our holding in the reverse repo secured by the Wood Retail Real Estate Fund. Further diversifying investments are planned for January.

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.

* Important disclaimer: The share value has not yet been confirmed by the regular annual KPMG audit. Final value of the share may slightly deviate from the above-stated number.