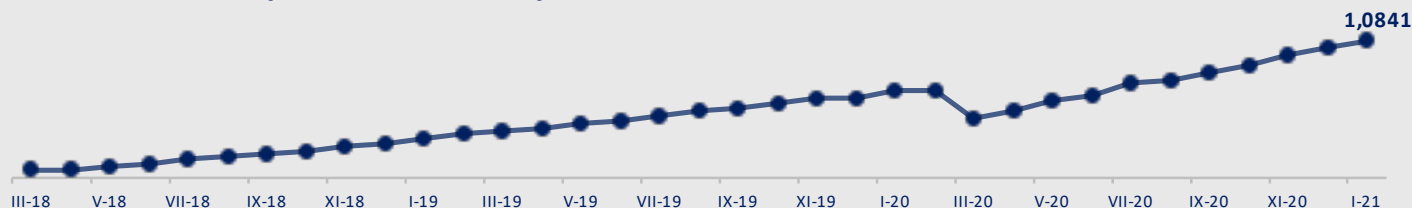


EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	January 2021
Asset under management:	314,8 mil. CZK
Value of share:	1,0841 CZK*
Fund performance 12M:	3,04%

Net Asset Value per Share development in CZK



Market update



Sentiment in global credit markets remained steady in January and into February. Investors appear convinced for now that the vaccination programmes embarked on in the western G10 countries and the promise of further government spending stimulus will shield the global economy from further COVID-19-related disruptions. The remarkable price movements seen in equities, cryptocurrencies and some high yield credits do suggest that a 2021 synchronized global economic growth acceleration is now a core expectation amongst investors. Inflation is an emerging danger to this rosy picture for credit markets, as actual food and commodity price rises and some goods supply shortages are already feeding into CPI figures. Higher inflation tends to push up government bond yields, thus narrowing the “spread” over government bonds that credit issuers have if their yields stay flat. Upward pressure on credit yields may result.

This upward pressure on yields is already being felt in Czech government bonds and these benchmark bond prices are thus falling. January's Czech CPI was relatively steady at 2.2% year-on-year, though the Central Bank's measure of “core” inflation ticked up to 3.6% year-on-year. With January unemployment still low at 4.3% and December's retail sales figures proving resilient at 3.7% year-on-year, the scope for an acceleration in inflation and resulting in Czech National Bank benchmark interest rate rises is high.

Mark Robinson, Member of the Investment Committee

Portfolio update



We renewed our portfolio diversification strategy in January, taking advantage of new issuer activity. We initiated positions in the secured bonds of Czech real estate fund ZDR, as well as in the bonds of gas transmission operator Net4Gas. We also invested a smaller weighting in the relatively liquid and Investment Grade-rated long-term subordinated bonds of Austria's Volksbank. We added at the margin to our holding in the reverse repo secured by the Wood Retail Real Estate Fund.

To finance these purchases, we sold out of our remaining position in the variable-rate bonds of diversified industrial player Czechoslovak Group, whilst our well-secured short-term loan to a non-profits institution matured. We continued this diversification strategy into the month of February, aiming to optimize our risk-return stance. We do not hold any Czech government bonds in the portfolio because of their low yield and price sensitivity to interest rate changes.

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.