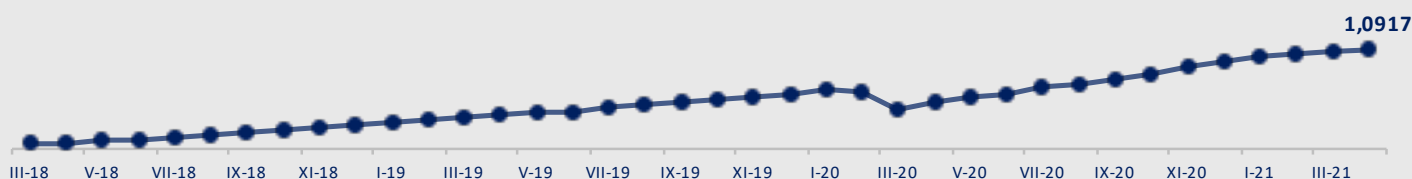


EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	April 2021
Asset under management:	384 mil. CZK
Value of share:	1,0917 CZK
Fund performance 12M:	5,02%

Net Asset Value per Share development in CZK



Market update



Global credit markets adopted a “wait and see” stance in April and into May, with prices and spreads barely moving. Both investors in credit and commentators sit uncertain as to whether the post-COVID “reopening” phase in the major G10 economies will bring just a temporary spike in inflation or a longer-lasting surge in producer and consumer prices. What is certain is that the large price jumps seen in the April inflation data releases will be repeated in May and June. Investors must now wait until the summer before receiving a firm signal on the direction of government bond yields and interest rates. G10 credit markets are at levels which are not pricing in much of a cushion if those bond yields start to rise.

Czech government bond prices and yields also steadied in the last few weeks, even in the face of CPI inflation jumping to 3.1% and producer price inflation (“PPI”) leaping 4.6% year-on-year in April. Pass-through of producer price rises and general supply-side tightness looks likely to propel consumer price pressures into H2 2021 and 2022. As a result, there is an outside chance of an interest rate hike from the CNB in June, with a higher chance of that hike happening by August. Commentators now expect between 2 to 3 upward interest rate moves from the CNB in 2021. As such, further upward pressure on government bond yields is likely to unfold.

Mark Robinson, Member of the Investment Committee

Portfolio update



Any rise in government bond yields will result in “mark-to-market” losses for holders of those bonds. The same applies to corporate bonds and we thus continue with a “short duration” strategy, avoiding large positions in bonds with very long maturity profiles. We hold no government bonds in the portfolio. Short-term liquidity in the Fund remains well above our present 15% limit and we have sought to invest recent inflows into the Fund.

We increased the portfolio’s positions in the 2022 bonds of lottery operator Sažka Group and the 2025 issue of power player EPH. We added to the very short term reverse repurchase agreement secured by the Wood Office Fund, while increasing our smaller position in the very short term reverse repo backed by Wood & Company Financial Services. The short-term bridge loan to the real estate developer Satpo Group matured with full payment in April. Further diversifying investments are expected in May.

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.