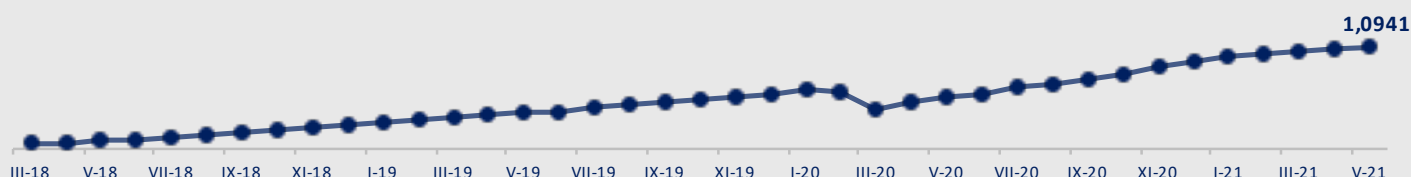


EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	May 2021
Asset under management:	436 mil. CZK
Value of share:	1,0941 CZK
Fund performance 12M:	4,61%

Net Asset Value per Share development in CZK



Market update



Global credit markets rallied in the latter part of May and into June, as government bond yields fell. Lower yields suggests that investors and commentators see the present spikes in rates of inflation around the world as temporary. Credit markets will be vulnerable to a correction if a longer-lasting surge in producer and consumer prices unfolds in coming months.

May's inflation data again shocked commentators on the upside, with the headline US consumer price inflation touching 5.0% year-on-year and producer prices rising 6.7% year-on-year there, 9.7% in Germany and 9.0% in China. These rapidly-rising factory gate prices in the world's largest exporters will either have to be passed on to consumers in H2 2021 or corporate profit margins will suffer.

Czech government bond prices and yields steadied in the last few weeks, as did consumer price inflation, at 2.9% year-on-year for May. The CNB hiked interest rates on 23 June, surprising most commentators. The market expects another 1-2 interest rate moves from the CNB in 2021. Upward pressure on government and corporate bond yields is likely to unfold.

Mark Robinson, Member of the Investment Committee

Portfolio update



We are continuing with a "short duration" portfolio strategy, avoiding large positions in bonds with very long maturity profiles. Any rise in corporate bond yields will result in "mark-to-market" losses for holders of long-maturity bonds. May saw several investments made to diversify the portfolio: we acquired a holding in the bonds of real estate player MS Invest maturing in 2021 and also a position in 12-month promissory notes of Czech-Slovak conglomerate Penta. We increased the portfolio's weightings in the 2022 bonds of lottery operator Sazka Group and the 2025 issue of power player EPH. We added marginally to our Equa Bank subordinated bond position.

We opened very short term reverse repurchase agreements secured by the shares of listed bank Moneta, as well as those secured by online pharmacy Pilulka, while selling our smaller position in the very short term reverse repo backed by Wood & Company Financial Services and reducing the reverse repo backed by the Wood Retail Fund. Short-term liquidity in the portfolio remains well above our present 15% limit. Further diversifying investments are expected in June.

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.