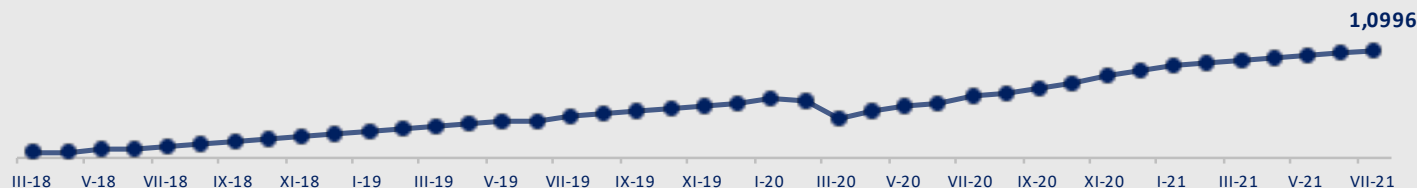


EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	July 2021
Asset under management:	511 mil. CZK
Value of share:	1,0996 CZK
Fund performance 12M:	4,05%

Net Asset Value per Share development in CZK



Market update



Global credit markets consolidated through the midsummer months of July and into August. Continued very high liquidity in financial markets and concurrent very high GDP growth numbers supported rallying prices in the government bonds and higher-grade credit markets of the G10 countries. Those rallying bond prices have taken yields down to levels that suggest investors and commentators see the present spikes in rates of inflation around the world as only temporary or "transitory." The strength of the actual data, especially for producer prices, suggests the inflation spike may well be longer-lasting: July US producer price inflation rose 7.8% year-on-year, whilst the equivalent year-on-year data in Germany and China (key exporters globally) were 10.4% and 9.0%. Producer price inflation normally seeps through to consumer price inflation with a lag. Credit markets will be vulnerable to a correction if a longer-lasting surge in producer and consumer prices unfolds in coming months.

Inflation pressures are also very evident in the Czech Republic, with producer prices jumping 7.8% year-on-year and 1.6% in just the one month of July. July CPI also shocked commentators, hurdling back above the CNB's "tolerance limit" (of 3.0%) to 3.4% year-on-year and 1.0% month-on-month. These current price pressures and rampant Czech house prices, tightness of labour markets and low unemployment all suggest that the CNB's two 0.25% interest rate hikes in 2021 (23 June and 5 August) could be followed by three more in the rest of the year. Upward pressure on Czech bond yields (and downward pressure on prices) looks inevitable.

Mark Robinson, Member of the Investment Committee

Portfolio update



Our diversification policy continued in July, bringing the number of issuers held in the portfolio to 23. We bought bonds of three issuers last month, in line with our objective of keeping the portfolio's duration relatively short, thus suppressing interest rate rise risk.

We bought two issues which are maturing in 2022: those of diversified real estate player ZDR and adding to our position in the diversified financial services group J&T. We added to our existing position in the 2025 bonds of energy conglomerate EPH. Even with these purchases, very short-term liquidity in the portfolio remains well above our present 15% limit, aiding our strategy of evading large price drops if long-term bond yields rise. Further diversifying and risk-mitigating investments are expected in August.

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.

