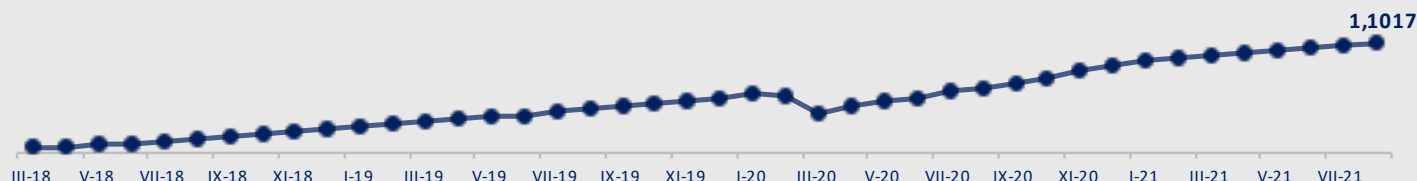


EnCor Fixed Income Strategy

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

ISIN:	CZ0008043106
Currency:	CZK
Period :	August 2021
Asset under management:	537 mil. CZK
Value of share:	1,1017 CZK
Fund performance 12M:	4,03%

Net Asset Value per Share development in CZK



Market update



Global credit markets steadied through August and into September, even in the face of continued higher inflation readings, concerns over the sustainability of the post-COVID global economic rebound and increasing worries over the potential default of the world's most-indebted real estate player, China Evergrande. Central Bank intervention, via "quantitative easing", remains in place in the G10 countries, anchoring government bond and investment grade corporate bond yields at low levels. There is no sign for now that these Central Banks will, as yet "taper" their bond purchases but the pressure to do so mounts with each inflation reading. Investors are also assuming that Europe will roll out the EUR 750bn EU Recovery Fund and the US will deliver another large fiscal stimulus package, both of which will boost growth and are inflationary. Credit markets will be vulnerable to a correction if a longer-lasting surge in producer and consumer prices unfolds in coming months.

The Czech Republic's August 4.1% year-on-year consumer price inflation and the subsequent CNB 0.75% rate hike to 1.5% on 30th of September shocked commentators. It could be further expected that interest rates are headed to breach the 2.0% level at 2021 year end, which would still see them at levels well below the rate of inflation. We were expecting a fast response from the CNB, as domestic inflation pressures are severe, with producer price inflation at a year-on-year rate of 9.3%, the EU's lowest unemployment rate, wage pressures appearing and a rampant housing market. We expect further upward pressure on CZ government bond yields.

Mark Robinson, Member of the Investment Committee

Portfolio update



As CZ government bond yields rise, so prices fall and we have positioned the portfolio for some time for this sequencing to affect the corporate credit market. Very short-term liquidity in the portfolio remains well above our present 15% limit. We purchased additional protection against rate rises in early August through a new holding, CZK-denominated interest rate swaps.

August also saw substantial further diversification of our portfolio: we purchased 2 new holdings in the "green bonds" of the CEE regional real estate player GTC and our third well-secured bridge loan to Prague-based real estate developer SATPO. We increased positions in a number of issuers in the month, including in energy conglomerate EPH, variable rate bonds of Air Bank, short term bonds of diversified financial services player J&T, real estate developer Finep's Hloubetin issue and very short term reverse repos backed by the Wood Office Real Estate Fund and listed company Pilulka. Our promissory note issued by EPH matured in August. Further diversifying investments are expected in September.

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.