

EnCor Fixed Income Strategy

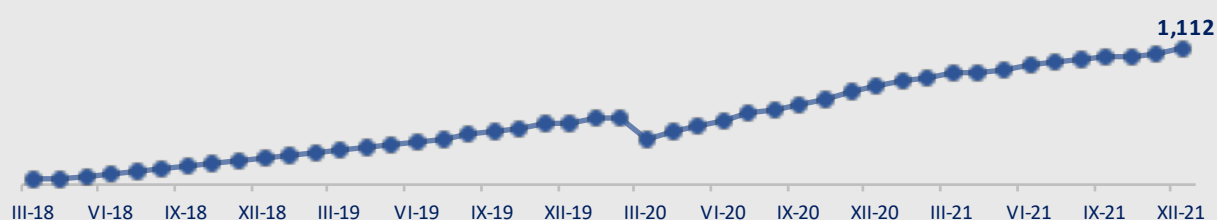
Sub-fund of EnCor Funds SICAV, a.s.

ISIN: CZ0008043106
Currency: CZK
Period: December 2021
Asset under management: 677 mil. CZK
Value of share: * 1,112 CZK

Fund performance

Time period	1M	3M	6M	12M	Since inception
Performance*	0,44%	0,75%	1,40%	2,93%	11,20%

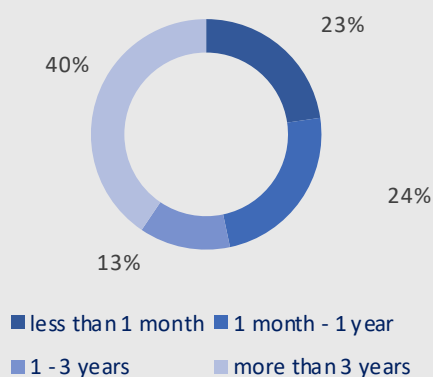
Net Asset Value per Share development in CZK



Top 10 positions in portfolio

Wood reverzní repo	14%
EPH 4.5/25	9%
SAZKA 4.0/2022	7%
PPF Telecom 3.25/27	6%
GTC 2.25/26	4%
AIR Bank VAR/29	4%
CZG VAR/2 027	4%
JTFG VIII 4.0/23	4%
SAZKA 5.2/2024	3%
SATPO City Home III 5.0/23	2%

Duration structure



* Important disclaimer: The share value has not yet been confirmed by the regular annual EY audit. Final value of the share may slightly deviate from the above-stated number.

Market update



Sentiment in global credit markets steadied through December but deteriorated moderately in January. Ever higher inflation readings are continuing to be registered in rising government bond yields across the G10 economies and Emerging Markets. In reaction to the inflationary pressures, the US Federal Reserve accelerated its withdrawal of bond-buying, or “quantitative easing” (“QE”) and investors have priced in the likelihood of 3-4 interest rate rises in the US in 2022.

The upward shift in G10 country government bond yields was reflected in lower credit prices moving into January, though the “spread”, or the yield premium of investment-grade or high-yield credit over government bonds, has barely changed. Perhaps only a negative economic growth “shock” or even higher inflation will see these credit spreads widen.

December’s Czech consumer and producer price inflation (“CPI” and “PPI”) readings registered 6.6% and 13.2% year on year. The CNB again hiked, this time by 100bps on 22 December, bringing the main policy interest rate to 3.75%. We expect the CNB to keep hiking interest rates to at least 4.5% by the end of March, as CPI ticks up towards 8%-9%.

Mark Robinson, Member of the Investment Committee

Portfolio update



We see the situation of rising interest rates and falling bond prices as an opportunity rather than a threat as we continued in December to slowly invest our surplus liquidity in bonds and loans with notably higher yields than we have achieved so far. This process of realigning the portfolio will take several months, if not quarters and according to our current estimates, should result in the fund returning a yield of around five percent in 2022.

We bought last month a new issue of developer bonds well secured by zoned land holdings outside of Prague and re-issued a bridge loan, well-secured by residential real estate, to a previous debtor. A small position in Penta bonds matured with full repayment during the month. The Fund again delivered a positive return in December, helped by the rising yields on our reverse repo positions and a continuation of our hedging via CZK interest rate swaps.

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., CITY TOWER | Hvězdova 1716/2b | 140 00 Praha 4. 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.