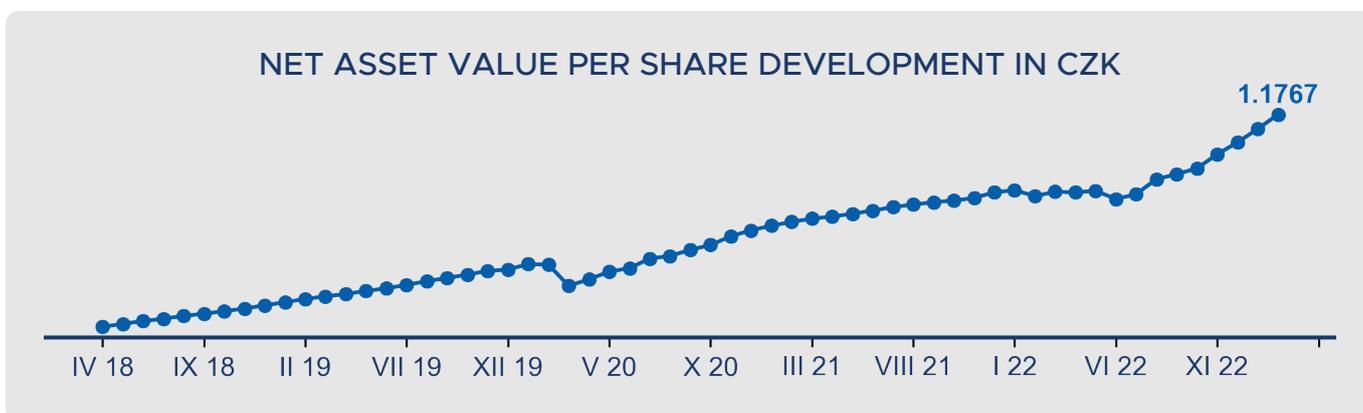


FOR DATE: **28.02.2023**

## FUND PERFORMANCE

|   |  |
|---|--|
| <b>Assets under management:</b><br><b>708 mil. Kč</b> | <b>Investment share value:</b><br><b>1.1767 Kč</b> |
|---|--|

| Time period | 1M     | 3M     | 6M     | 12M    | Since inc. p.a. |
|-------------|--------|--------|--------|--------|-----------------|
| Performance | 1.03 % | 2.89 % | 4.79 % | 6.12 % | 3.42 %          |



*\*Important note: The investment share price is already final after the completion of the regular annual audit, the exact number of securities will be finalized in the coming days.*

## MARKET UPDATE



Global credit markets held firm in February, as government bond yields rose in reaction to stronger-than-expected G10 inflation readings. The important debate over how long high levels of inflation will persist and the longevity of the peak in G10 Central Bank policy interest rates has taken a back seat in March as a general banking crisis situation has unfolded. Poor balance sheet management at 3 US banks, including SVB the 16th-largest, led to their bankruptcy in mid March. A week later Credit Suisse had to be taken over in an emergency fashion by its rival UBS, in what looks like a deal to avoid bankruptcy. Contagion affecting European or CZ banks does not look likely. Slowing economic growth is very likely, which is a good environment to consider fixed income investments.

Czech wage growth, at 8% year-on-year in Q4 2022, concerned investors rather than February's Consumer Price Inflation ("CPI") which came in at 16.7% year-on-year. Further wage pressures could worry the CNB, as might any Koruna weakness resulting from the current global banking instability. The CNB kept interest rates flat at 7% at its early February meeting.

Mark Robinson, Member of the Investment Committee

## PORTFOLIO UPDATE



The Fund gained another +1.03% in February, taking the 8-month return from the end of June to +6.4%, or +9.6% annualized. These actual returns match the forward-looking gross annualised running yield of the portfolio, a very competitive 8.4%. And are of course higher than the cash-in-bank returns possible at Czech banks. Positive price returns from our Euro-denominated interest rate swap hedges, some of our bond holdings and the portfolio's interest coupon income all helped February's performance. In February we took positions in the senior bonds of Poland's PKO BP Bank and UniCredit Bank Czech & Slovak Republic. The Fund received cash from an early redemption at par of the lottery operator Sazka Group's CZK-denominated bonds maturing in 2024. The Fund is looking to deploy its surplus liquidity very slowly into the present volatile market.

Lubor Žalman, Founder of the fund

## 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/](http://www.avantfunds.com/information-info/) or [www.encorfunds.com](http://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.