

FOR DATE: **28.02.2022**

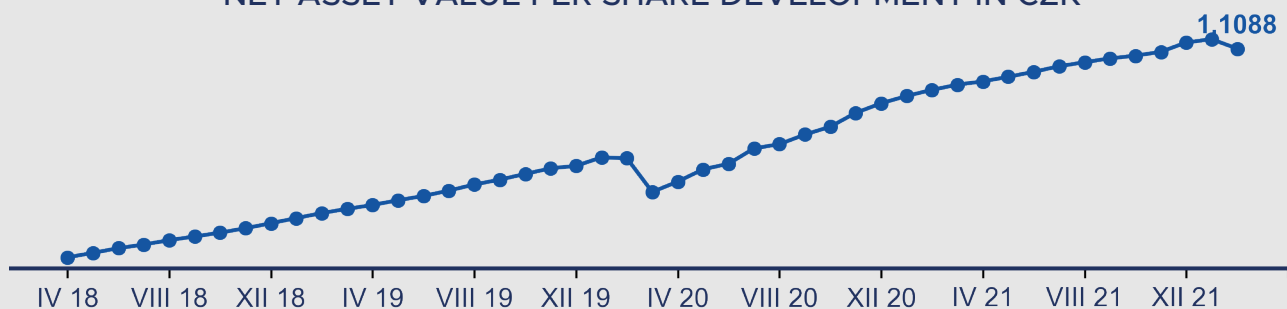
## FUND PERFORMANCE

**Assets under management:**  
695 mil. Kč

**Investment share value:**  
1.1088 Kč

Time period	1M	3M	6M	12M	Since inc. p.a.
Performance	-0.44 %	0.15 %	0.64 %	1.98 %	2.73 %

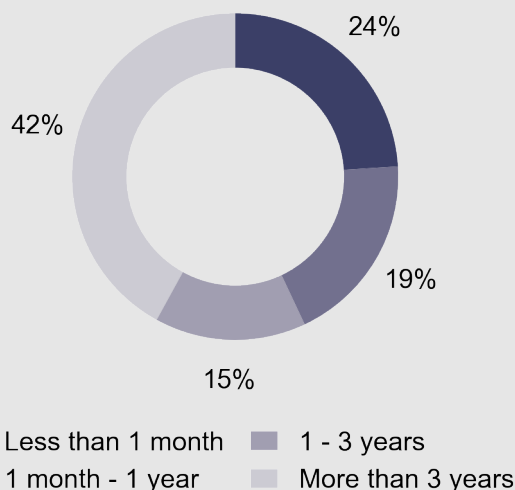
NET ASSET VALUE PER SHARE DEVELOPMENT IN CZK



### TOP 10 POSITIONS IN PORTFOLIO

Wood reverzní repo	14%
EPH 4.5/25	10%
PPF Telecom 3.25/27	6%
SAZKA 4.0/2022	6%
AIR Bank VAR/29	4%
CZG VAR/2027	4%
GTC 2.25/26	4%
JTFG VIII 4.0/23	4%
SAZKA 5.2/2024	3%
ZDR INVEST SICAV 7.5/24	3%

### DURATION STRUCTURE



\*Important note: The share price and number of securities for investment as of 12/2021 is based on the accounting, which is pending confirmation by the regular annual audit.

## MARKET UPDATE



The Russian invasion of Ukraine sent bond and credit market yields up and, thus, prices down. The war brings significant uncertainty to the global economy, especially in Europe and has already accelerated the prevailing rise of inflation to very serious levels. Russia and Ukraine are significant players in commodity markets. Bond investors, observing this inflation, have priced in 2022 up to 7 interest rates rises in the US and the ECB moving its base funding rate upwards for the first time in a decade. Higher-yielding credit asset classes and Emerging Market debt typically come under pressure when base interest rates rise.

Strong inflation readings provoked the CNB to hike interest rates again on 4 February, this time by 75bps to 4.50%. The onset of the war brought koruna weakness, which the CNB countered with some intervention to stabilise the key EURCZK exchange rate around 26.0. The CNB has ample reserves to be able to maintain currency stability and the exchange rate has subsequently rallied since early March. Countering CZK weakness is important, as inflation is rampant: February CPI and PPI stood at 11.1% and 21.3% respectively. Higher inflation in coming months will mean more, smaller, interest rate hikes from the CNB.

Mark Robinson, Member of the Investment Committee

## PORTFOLIO UPDATE



The Fund has stayed positioned cautiously through this difficult pricing environment but generated a negative return in February. Portfolio pricing, especially of mark-to-market investment grade debt denominated in EUR and, marginally, the CZK interest rate swap positions were negative contributors. We foresee presently that those CZK interest rate swaps we hold will reverse to deliver a larger positive return in March. The per annum running yield of the portfolio reached 5.6% at February month end: this range of gross return should slowly be attained as credit markets find an equilibrium.

In the meantime, the koruna portfolio remains fully-hedged against rising bond yields and in March we adopted interest rate hedging positions for our EUR portfolio. We still see the situation of rising interest rates and falling bond prices as an opportunity as much as a threat and will thus invest our surplus liquidity to capture higher yields. Our position in power producer Energo Pro's bonds matured with full repayment during February and we invested the proceeds in Wood & Co reverse repos backed by Royal Dutch Shell.

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.