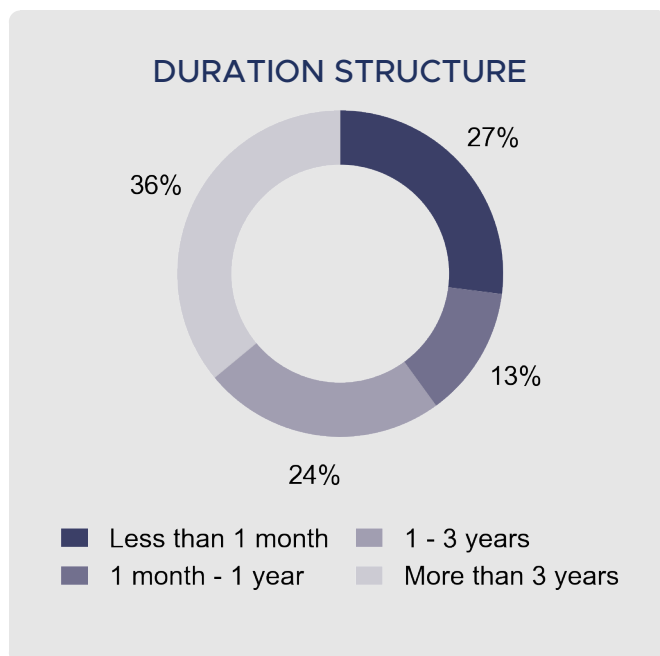
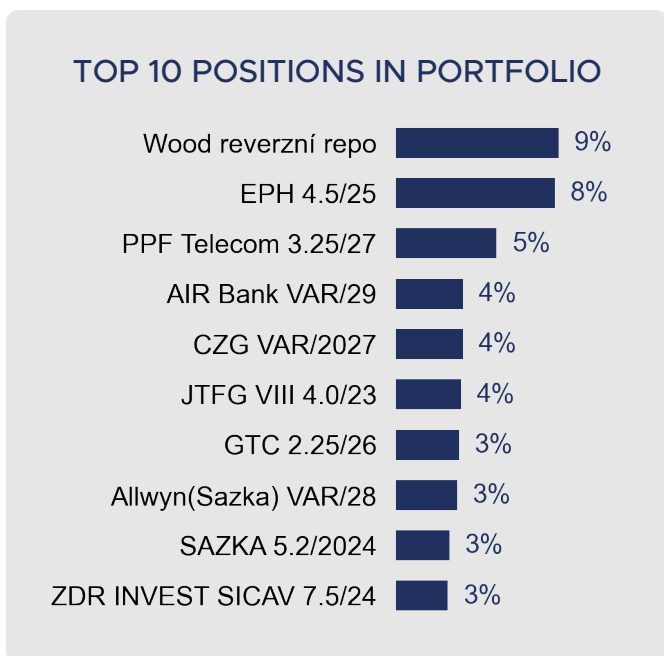
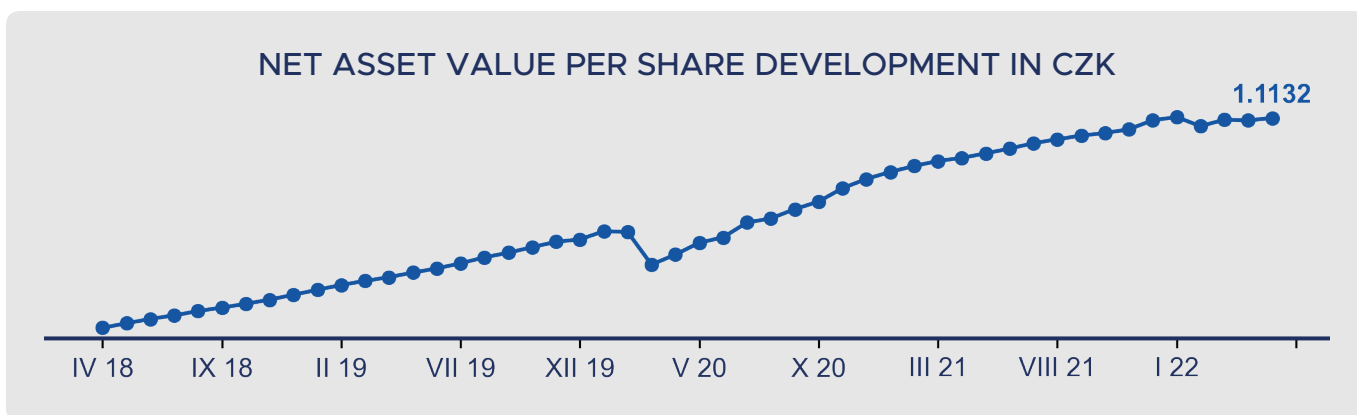


FOR DATE: **31.05.2022**

## FUND PERFORMANCE

<b>Assets under management:</b> 714 mil. Kč	<b>Investment share value:</b> 1.1132 Kč
--	---

Time period	1M	3M	6M	12M	Since inc. p.a.
Performance	0.12 %	0.40 %	0.55 %	1.75 %	2.66 %



You may find the fund annual report for year 2021 [here](#).

## MARKET UPDATE



Like April, May saw negative sentiment and selling across equity, government bond, and credit markets around the world. The Czech credit market was no exception. Fears of higher inflation, the continuation and effects of the war in Ukraine, and the onset of rising interest rates in the key G10 countries all contributed to the perception that the cost of money, or cost of capital to finance businesses, must rise in future months and quarters. As bond yields rise in consequence, market prices fall. But higher bond yields mean better future rates of return for fixed income investors looking forward from now.

The CNB responded to these trends by raising base interest rates in early May by 75bps to 5.75% and another 125bps to 7.0% on 22 June. May's consumer prices ("CPI") and producer price inflation were rampant at 16.0% and 27.9% respectively. The CNB expects CPI to average 13% in 2022 and monetary policy is likely to stay tight, even with the term of the new CNB governor Ales Michl starting on 1 July.

Mark Robinson, Member of the Investment Committee

## PORTFOLIO UPDATE



The Fund generated a positive return in May, despite the fall in Czech and European credit markets. We are fully hedged against further rises in CZK and EUR bond yields. A positive contribution from these interest rate swap hedging positions and rising running yields of the portfolio constituents balanced out the reduction in mark-to-market prices of longer-dated bonds. The end-May gross running yield of the Fund was 6.6% annualized. The higher yields on offer are presenting an opportunity to slowly deploy the Fund's ample liquidity into higher-quality names. We bought a hedged position in the USD-denominated Investment Grade bonds of ING Bank in May, selling out of our small position in the USD First Trust Senior Loan ETF. In addition, we issued a well-secured short-term bridge loan in the Prague residential real estate sector. Further investments in listed securities are planned for June

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.