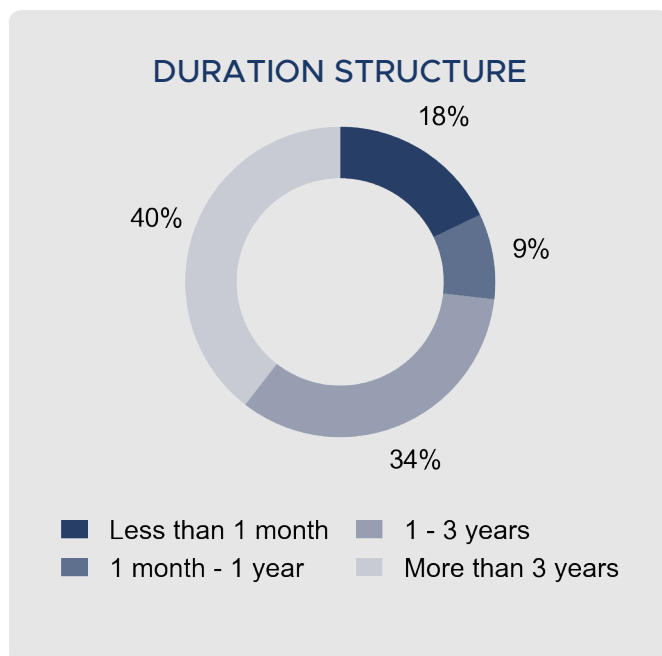
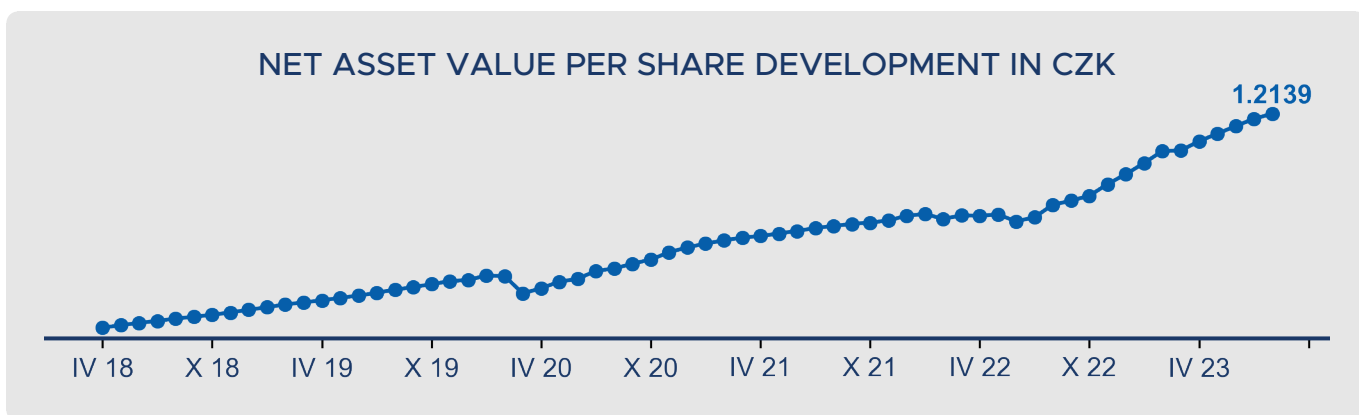


FOR DATE: **31.08.2023**

FUND PERFORMANCE

Assets under management: 777 mil. Kč	Investment share value: 1.2139 Kč
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Time period	1M	12M	3Y	5Y	Since inc. p.a.
Performance	0.41 %	8.10 %	14.63 %	20.31 %	3.70 %



You may find the fund annual report for year 2022 here.

MARKET UPDATE



Global and European credit markets remained steady in August, in spite of rising government bond yields. Those rising yields reflect investor perceptions that government fiscal spending and inflation rates in major economies are not yet under control. Major market Central Banks have paused the pace of policy interest rate rises and look to be switching to a vigilant “wait and see” mode when assessing future inflation threats. High but steady interest rates and bond yields in major economies provide a base for very solid potential returns in the Czech credit universe.

The CNB remains unlikely to cut the Czech policy interest rate from 7% in the near term. A surprise reduction of rates by the National Bank of Poland in early September weakened both the Polish zloty and the Czech koruna. A weaker currency imports inflation and arrests the downward progression of inflation. August's Czech consumer price inflation reading ticked down again to 8.5% year-on-year.

Mark Robinson, Member of the Investment Committee

PORTFOLIO UPDATE



August's rise of +0.41% in the portfolio's NAV took the historical 12-month return net-of-fees to 8.1%. The forward-looking gross running yield of the portfolio's components is consistent at a high 8.7%. These return levels are matching Czech inflation and are comfortably higher than available cash-in-bank interest returns. The portfolio's interest coupon income and firm pricing in the Czech bond arena drove August's performance, counter-balancing moderate losses in the Czech koruna-denominated interest rate swap positions. The issuer of the Fund's largest holding, EPH, received a new Investment Grade credit rating from two major ratings agencies, S&P and Fitch, at the end of the month. We bought during the month the Euro-denominated bonds of regional industrial real estate player CTP and increased our position in the bonds of Czech energy group MND. At the same time our position in KKCG's LOM matured with full repayment, as did short-term paper of Erste Bank we held. In addition, we switched our current exposure in both the regional hydro-power producer Energo-Pro and Prague real estate investor SATPO City Home to longer maturities. For the same reason, we reduced during August the portfolio's exposure to Euro-denominated interest rate swaps, seeking to gradually increase the portfolio's exposure to the potential of rallying bond markets.

Lubor Žalman, Founder of the fund

DISCLAIMER

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