



# EnCor Fixed Income Strategy

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

ISIN: CZ0008043106 | FUND CURRENCY: CZK

FOR DATE: **31.10.2023**

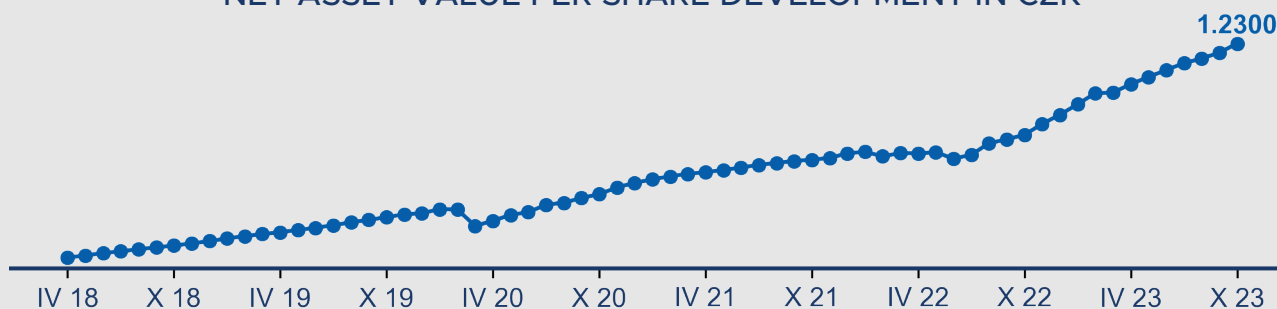
## FUND PERFORMANCE

Assets under management:  
884 mil. Kč

Investment share value:  
1.2300 Kč

Time period	1M	12M	3Y	5Y	Since inc.
Performance	0.81 %	8.67 %	15.16 %	21.43 %	23.00 %

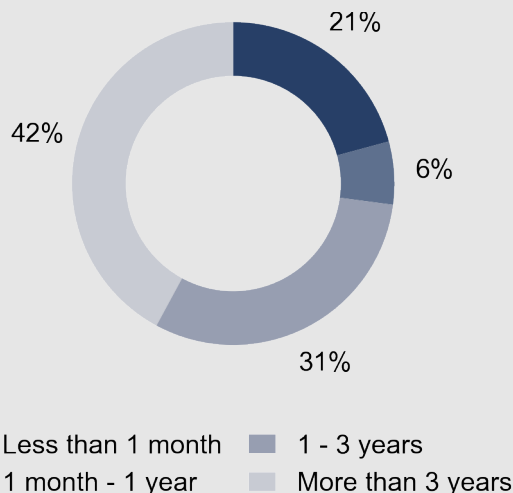
NET ASSET VALUE PER SHARE DEVELOPMENT IN CZK



### TOP 10 POSITIONS IN PORTFOLIO

EPH 4.5/25	6%
ČS Eur 6.69/25	4%
PPF Telecom 3.25/27	4%
Allwyn(Sazka) VAR/28	3%
Wood reverzní repo	3%
AIR Bank VAR/29	3%
COLT VAR/27	3%
Orlen 4.75/30	3%
CEZ 2.375/27	3%
CSG 8.0/28	2%

### DURATION STRUCTURE



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



## MARKET UPDATE



September's moderate sell-off in global credit markets continued in October but has abruptly reversed in November. Pricing of corporate bonds is following that of government bonds, with upward pressure on sovereign yields flipping to falling yields. Markets are trying to price both that fiscal spending in major economies is not yet under control, implying yields rising and also, more recently, weak economic growth data and softer inflation prints, pushing yields down. Central Bank policymakers in major markets appear to be on hold, after their 18-month sequence of policy rate rises. This appears to be encouraging news for bond investors and provides a base for high potential returns in the Czech credit universe.

The CNB held interest rates at 7% in its meetings at the very end of September and on 2 November. October's Czech consumer price inflation ticked back up to 8.5% year-on-year, largely in line with expectations. The CNB is wary of cutting interest rates ahead of January 2024's inflation reading, which will determine the likely trend level of price rises in calendar 2024, likely somewhere in the 2.5%-5.0% range. The CNB's inflation target remains at 2.0%.

Mark Robinson, Member of the Investment Committee

## PORTFOLIO UPDATE



October's rise of +0.81% in the Fund's NAV took the historical 12-month return net-of-fees to 8.7%. The forward-looking gross running yield of the portfolio's components is consistent at a high 8.6%. These return levels are matching current Czech inflation and are comfortably higher than available cash-in-bank interest returns and the likely prevailing inflation rate next year. The portfolio's interest coupon income and firm pricing in the Czech bond arena drove October's performance, while our removal of the majority of our interest rate swap positions protecting the portfolio against interest rate rises also helped. We booked a 10% provision on our secured 1.1%-of-the-portfolio Boutique Development position due to the loan not being repaid on time. During the month, we bought new positions in the 2027 bonds of telecoms infrastructure company CETIN, in the new issue of variable rate bonds of building materials supplier DEK Invest and a small holding in the deeply-discounted bonds of Czech-CEE real estate player CPI. We added to our existing positions in regional lottery player Allwyn and energy giant CEZ. Our position in KKCG's subsidiary LOM matured with full repayment. We are thus continuing to gradually increase the portfolio's exposure to the potential of rallying bond markets in the short to medium term.

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 EnCor Asset Management, investiční společnost, a.s., Údolní 1724/59, Praha 4 - Braník. 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.