



# EnCor Fixed Income Strategy

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

ISIN: CZ0008043106 | FUND CURRENCY: CZK

FOR DATE: **31.12.2023**

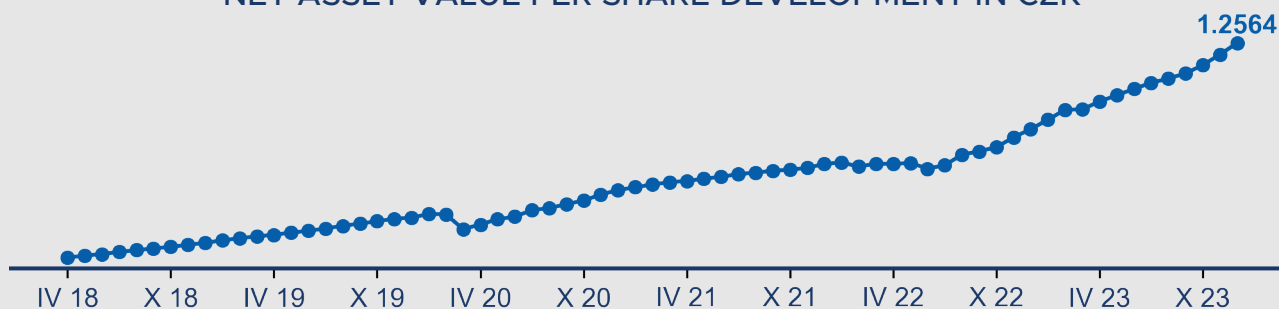
## FUND PERFORMANCE

Assets under management:  
1,286 mil. Kč

Investment share value:  
1.2564 Kč

Time period	1M	12M	3Y	5Y	Since inc.
Performance	1.11 %	8.92 %	16.27 %	23.44 %	25.64 %

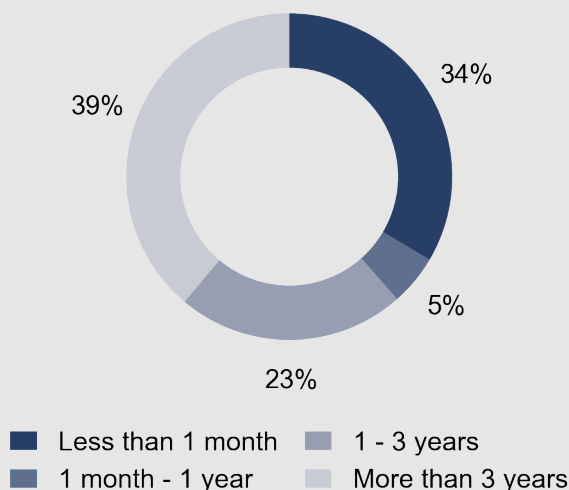
### NET ASSET VALUE PER SHARE DEVELOPMENT IN CZK



### TOP 10 POSITIONS IN PORTFOLIO

EPH 4.5/25	4%
EPH 6.65/28	4%
Orlen 4.75/30	3%
ČS Eur 6.69/25	3%
PPF Telecom 3.25/27	3%
CEZ 2.375/27	3%
Allwyn(Sazka) VAR/28	2%
MND VAR/27	2%
AIR Bank VAR/29	2%
COLT VAR/27	2%

### DURATION STRUCTURE



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

\*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 continued their rally in December. Strong liquidity and expectations of interest rates in G10 countries falling in 2024 lay behind the rising bond prices. Market participants have bought bonds, forcing yields down, in line with generally lower inflation readings in major economies. Corporates and banks have taken advantage of the implied lower “cost of capital” by increasing issuance, liquefying the credit marketplace. Softer inflation is a symptom of very slow economic growth or recession. Company defaults rise in slow-growth conditions and this risk has to be monitored. Nevertheless, conditions for credits in the European “periphery”, including the Czech market, are good.

Yet again ahead of its G10 peers, the CNB changed its stance for the first time in 18 months by cutting policy interest rates by 25 basis points (-0.25%) to 6.75% on 21 December. Falling annual inflation rates give the CNB room for manoeuvre looking into 2024 and more interest rate cuts are likely to follow, starting in February. Consumer price inflation stood at 6.9% in December and is anticipated in a 2.5%-4.5% range during 2024, absent global shocks.

Mark Robinson, Member of the Investment Committee

## PORTFOLIO UPDATE



December's rise of +1.11% in the portfolio's NAV took the historical calendar 2023 return net-of-fees up to 8,92%. The forward-looking gross running yield of the portfolio's components stands at an attractive 7,4%. These return levels are comfortably exceeding available cash-in-bank interest returns, current Czech inflation and well above 2024's likely prevailing inflation rate. The portfolio's interest coupon income and firm pricing in the Czech and European bond arena drove December's performance. Investment in December of recent inflows included taking new positions in the 2027 Euro-denominated bonds of Poland's Bank PKO and the 2034 issue of Austrian bancassurer BAWAG, the 2026 bonds of CEPS-owned Net4Gas and the new issue of 2028 CZK bonds by Penta's pharmacy chain Dr. Max. In addition, we added to positions in the 2027 bonds of telecom infrastructure player CETIN, the 2027 issues of utilities CEZ and MND, energy group Orlen's 2030 bonds and conglomerate EPH's recent 2028 issuance. Our holding in the bonds of the Wood & Co Retail Real Estate Fund matured with full repayment. We are continuing in the near term to deploy the Fund's liquidity into well-priced opportunities.

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.