

CONSEQ INVEST BOND FUND



Risk profile



BASIC INFORMATION ABOUT THE COMPANY

Investment company: Conseq Invest plc
Investment manager: Conseq Funds investiční společnost, a.s.
Depository: BNP Paribas Securities Services Dublin Branch
Administrator: BNP Paribas Fund Services Dublin Limited
Auditor: PricewaterhouseCoopers

BASIC INFORMATION ABOUT THE FUND

Fund manager: Jan Vedral, Ondřej Matuška, Jan Schiller
ISIN: IE0031282662
Formation date, reg. capital: 11 September 2000; CZK
Entry fee: max 2.5% of investment value
Fixed management fee: 1% of avg investment value

INVESTMENT OBJECTIVE OF THE FUND

The objective of the Bond Fund is to achieve capital appreciation measured in Czech Crowns by investing in a diversified portfolio of fixed-income securities. Investments will be made primarily in short, medium and long term fixed-income securities listed or traded on Regulated Markets in the Czech Republic, Poland, Hungary and Slovakia or any OECD country, and denominated in Czech Crowns. Suggested investment horizon of the fund is at least 2 years.

INVESTMENT MANAGER'S REPORT

KEY STATISTICS

NAV per share	225.6006 CZK
Fund volume	4685.62 mil. CZK
Holdings	90
Ongoing charges	1.22 %
Maximum performance (2Y)	25.68 %
Minimum performance (2Y)	-7.97 %
Average rating	BBB+
Yield to maturity	5.34 %
Volatility	1.87 %
Fund alpha	0.01
Fund beta	0.71
Mod. duration/avg. maturity	1.5 / 5.5
Sharpe ratio	1.30

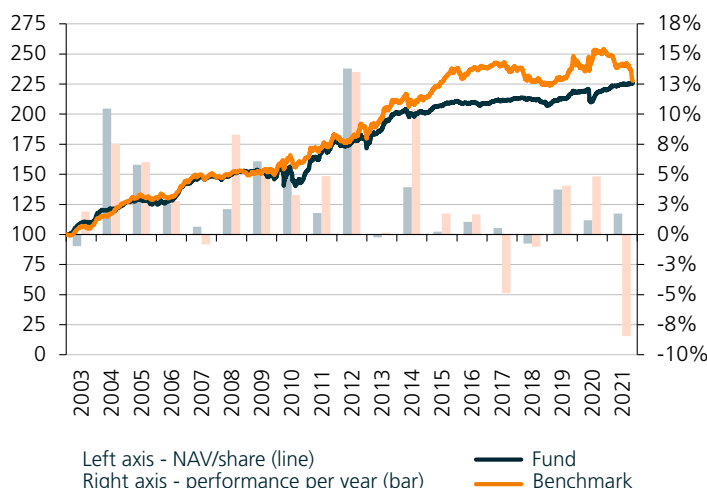
TOP HOLDINGS

SECURITY	CURRENCY	SHARE
Česká národní banka FIX 0,00/2022	CZK	17.71 %
Česká republika VAR/2027	CZK	5.37 %
Česká republika FIX 2,75/2029	CZK	4.69 %
Česká republika FIX 2,50/2028	CZK	2.75 %
Česká republika VAR/2023	CZK	2.72 %
Česká republika FIX 0,45/2023	CZK	2.65 %
Česká zbrojovka Group SE VAR/2027	CZK	2.38 %
Česká republika VAR/2031	CZK	2.16 %
Česká republika FIX 1,00/2026	CZK	2.08 %
Black Sea Trade & Development Bank VAR/2026	CZK	1.79 %

PERFORMANCE IN THE PERIOD ENDING 29.10.2021

PERIOD	FUND (CLASS A)		BENCHMARK	
	cumulative	p.a.	cumulative	p.a.
1M	0.24 %		-3.84 %	
3M	0.30 %		-5.98 %	
6M	0.53 %		-5.53 %	
This year	1.73 %		-8.44 %	
1Y	2.57 %		-9.59 %	
3Y	7.54 %	2.45 %	1.15 %	0.38 %
5Y	6.54 %	1.28 %	-5.72 %	-1.17 %
10Y	25.55 %	2.30 %	20.50 %	1.88 %
15Y	51.19 %	2.79 %	51.79 %	2.82 %
20Y	94.15 %	3.37 %	103.13 %	3.61 %
Total (since 11. 9. 2000)	125.60 %	3.92 %	127.68 %	3.97 %

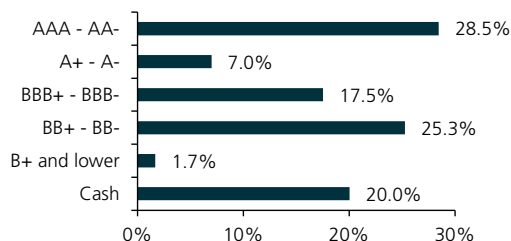
FUND PERFORMANCE



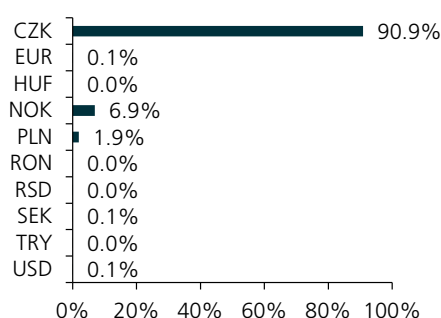


PORTFOLIO STRUCTURE

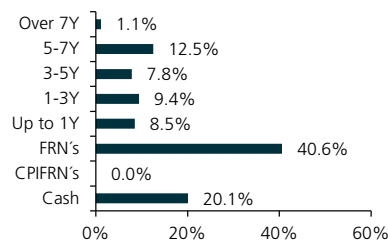
RATING STRUCTURE



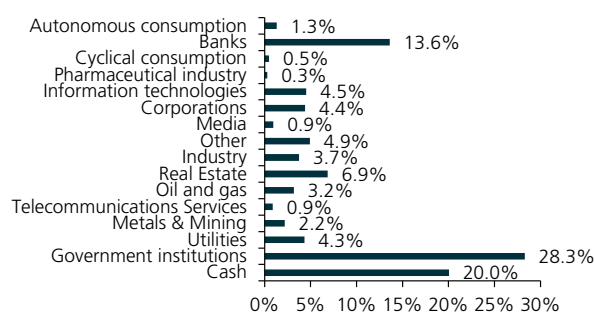
CURRENCY EXPOSURE



PORTFOLIO STRUCTURE BY INTEREST RISK



PORTFOLIO STRUCTURE BY ISSUER



BOND MARKETS DEVELOPMENT DURING LAST MONTH

INDEX	PERFORMANCE IN LOCAL CURRENCY	PERFORMANCE IN CZK
Bloomberg Barclays CZ (bond)	-3.84 %	-3.84 %
Bloomberg Barclays Poland (bond)	-3.58 %	-3.14 %
Bloomberg Barclays Hungary (bond)	-2.78 %	-3.23 %
Bloomberg Barclays EMU (bond)	-0.63 %	-1.12 %

COMMENTS ON FUND PORTFOLIO DEVELOPMENTS

The euro area's economy reported surprisingly strong growth in the third quarter, despite component supply problems and high energy prices. Inflation continues to accelerate, but the ECB has yet to address this issue.

The US economy slackened in the third quarter; this was unexpected as monthly data had not been indicating anything of the kind. Inflation slowed slightly, but wages are still spiralling.

Following a hiatus in yield growth among US government bonds during March to May this year, and after a fall in yields during June and July, US long yields started to rise from about mid-September. This growth continued into October, with 10-year yields reaching 1.7% at the end of the second third of the month. However, they did not remain at that level, slipping to around 1.55% at the end of October. At the short end, developments were more dramatic: two-year yields rose to 0.5% during October – where they have not been since March 2020 – both in anticipation of an impending announcement that the quantitative easing programme would start to be wound down and in response to inflation.

Yields on German government bonds have risen steadily since July, when they stood at -50 bps. During August, German 10-year yields climbed to -40 bps. In September, they continued to rise, especially in the final third and following the increase in US yields, to end up as "high" as -20 bps. They rose slightly to -0.1% in October. At the short end, yields also rose, though less markedly, going up from about -70 bps at the end of September to about -60 bps at the end of October. Here, the market believes that the ECB will not raise rates immediately.

Although the CNB did not meet during October (its next session is on 4 November), it made it clear that the action it had taken at its September meeting (when it raised its base repo rate by three-quarters of a percentage point to 1.5%) would not be the last of its monetary tightening. In October, a majority of the CNB's board members said that the question for the November meeting would not be whether to raise rates, but whether the increase should be by half a percentage point or more. The Czech yield curve rose significantly during October and flattened. The surprising 0.75 pp hike in CNB rates at the tail end of September, and expectations – fuelled

by central bankers' statements and (or perhaps in response to) accelerating inflation – that the tightening would continue, were reflected in the yield curve all month. At the short end, two-year yields rose by 80 bps to nearly 3%; at the long end, ten-year yields gained 50 bps to nearly 2.7%.

We added several new issues to the Fund's portfolio in October. One was International Personal Finance, the consumer finance lender operating in the CEE and northern Europe (floating rate, three-year maturity, refinancing of a previous issue); another was Infront, a provider of market data, news, analytics, and trading terminals for the financial sector (similar to Reuters, Bloomberg). Its regional sales distribution covers Germany, Austria, Switzerland, Norway, Sweden, Finland, and Denmark, with sporadic operations in France, the Netherlands, Belgium, Luxembourg, Italy, South Africa, and the UK. With approximately 100,000 customers and a high contract renewal rate, the company has a strong cash flow and the potential to reduce its debt ratios.

Nordax bonds are a very interesting opportunity in the banking sector. They are being issued for the merger of the Swedish Bank Nordax and Norway's Bank Norwegian. Both entities are linked by ownership through PE investor Nordic Capital and the Finnish insurer Sampo. This acquisition offers the prospect of major synergies and business expansion. In July 2021, Nordax initiated a buyout of the remaining stake in Bank Norwegian (at NOK 105 per share -> company valuation of NOK 19.6 billion), and so far it has received approval equal to the opportunity to acquire a 95.7% stake. The entire acquisition will be financed by a combination of new capital (Sampo and Nordic Capital), the issuance of AT1 and AT2 bonds (Nordax), and available cash. The resulting transaction is valued at over SEK 20 billion (CZK 50 billion). The merger will create a strong Nordic player in the local market whose main focus will be on combining consumer finance, mortgage lending, and banking services with a high degree of digitalisation.

The Fund gained 0.2% in October; the market index dropped by 3.9%. Measured from the beginning, the market is down 8.4%, while the Fund has put up decent resistance to gain 1.7%. The five-year difference is over twelve percentage points (6.5% versus -5.7%).

Disclaimer:

Before deciding to invest in a mutual fund, potential investors should acquaint themselves with the fund's key information and rules (prospectus). The information contained in this report is for advisory purposes only and is not intended to replace the key information or rules (prospectus) or to provide a comprehensive summary thereof. Information in this document reporting on past prices and yields cannot be regarded as an indicator of future developments. The value of investments in mutual funds may both increase and/or decrease over time and neither Conseq Investment Management, a.s. nor any other person guarantees a return on amounts originally invested. Furthermore, they do not assume liability for actions taken on the basis of information presented in this document or for the accuracy and completeness of such information, and recommend that investors consult their investment plans with professional advisers. More information, key information, a copy of the fund's rules (prospectus) and the latest annual and semi-annual reports are available (free of charge) from the registered office of Conseq Investment Management, a.s. or from the website at www.conseq.cz.

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