



STK Emergent Monthly NAV report

September 2019

Fund profile: closed-end fund listed on the Bucharest Stock Exchange

Fund objectives: invested capital increase, a 25% return per year on the managed assets and a return higher than the BET market index (1.3 x return of the BET index), distributing dividends to investors of the realised profit

Number of units fund in circulation: 609,753

CNVM notice: CSC08FIIR/120004 from 02/07/2008

Depository: BRD- GSG

1. Fund assets

RON	August 2019	September 2019
Unlisted shares	28,459,467	28,459,467
Tradeable shares portfolio	29,190,194	30,026,297
Shares	21,678,524	22,448,079
Cash	7,009,325	7,061,105
Collective undertakings titles	663,344	677,916
Other net assets	-160,999	-160,803
Other liabilities	130,463	137,408
Net assets	57,519,198	58,348,355
NAV per share	94.33	95.69

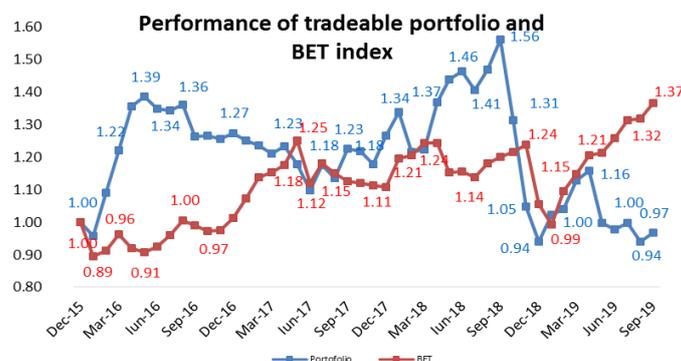
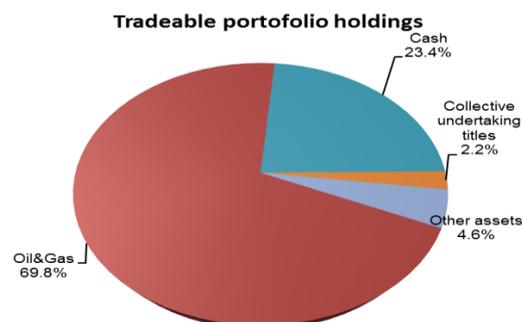
Tradeable shares portfolio represents 51.5% of the total net assets at the end of September.

Fund holdings are recorded using the reference price of the shares traded on the last day of the month, and for the unlisted companies a fair value is used, from a valuation report made by an ANEVAR certified external valuator.

At the end of September, about 69.8% of the trading portfolio is composed of shares belonging to oil & gas companies, while cash represents 23.4% of the total portfolio. *Other net assets* category includes the dividends payable by the Fund from previous years and dividends to be received.

The Brent oil price closed the September month at \$59.39/barrel, posting a slight increase of 0.56%, although it reached a maximum of \$69.64/barrel during the month, following the attacks on two oil refineries in Saudi Arabia, which had the consequence of shutting down more than half of the country's output (5.7 million bpd, representing 5% of the global oil output). At the end of the month, Saudi Aramco restored the oil production to levels before the attacks, with Brent prices sliding to pre-attack levels.

2. Stock portfolio



Although the variation of oil production is estimated to increase from one year to another mainly due to US shale production, industry's capex between 2015-2019 was 50-60% of the 2014 peak. Historically, there is a correlation between production and capex, and based on this correlation, there are chances in the coming years that production will not be able to keep pace with increasing demand. The estimated Brent oil price as a function of oil demand and supply is \$80/barrel; the price at the end of September is 26% below the estimate, being the fifth consecutive year in which the average annual price was below estimates; over the last 20 years there has been a similar case in 2004, which was followed by a 94% increase in price over the next three years (from \$38.46/barrel to \$74.72/barrel).

At the end of September, the Fund's trading portfolio is valued at about RON 30.02 million, up by 2.86% compared to the value reported at the end of August, reflecting the prices' evolution of the companies in the portfolio.

Past fund performance is no guarantee of future results!

Read the documents of incorporation before investing in this fund!



3. Changes in the NAV per share

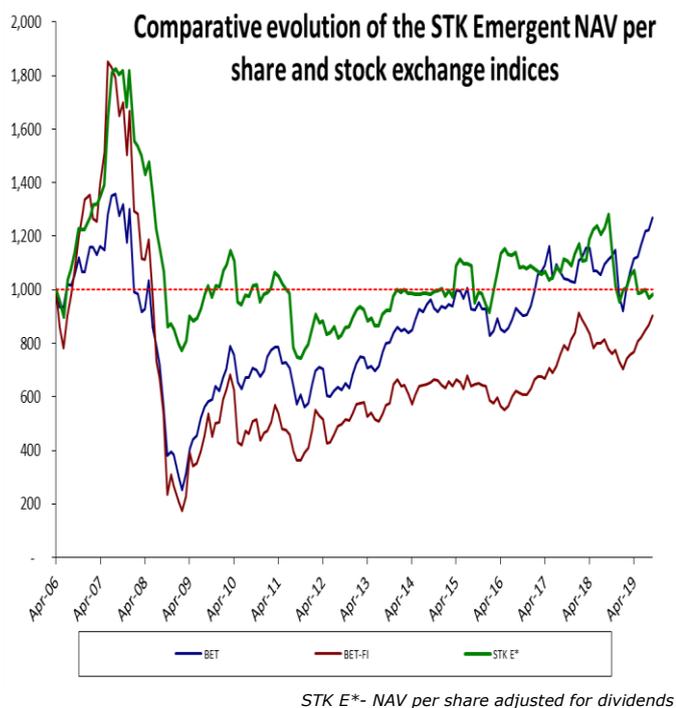
The net asset value per share increased by 1.44% last month

On September 30, 2019, the STK Emergent net asset value per share stands at RON 95.69, increasing by 1.44%, compared to the net asset value per share at the end of August.

The BET index of the Bucharest Stock Exchange registered in September an increase of 3.67%, ending the month at 9,574.37 points, at the end of the month Romania being promoted to Emerging Market from Frontier Market status. The highest increases in the BET index were posted by BVB, SNG and SFG shares: 13.9, 9.0% and 7.1% respectively, while EL and DIGI shares decreased by 1.3% each.

The BET-FI index of the financial sector rose in September by 3.95%, the five Financial Investment Companies and FP registering returns between 0.9% and 7.6%.

Comparative chart of STK Emergent and the Bucharest Stock Exchange Indices between start-up and September 2019:



From launch to the end of September, the net asset value per share registered a *negative variation of 1.40%*, outperforming the BET-FI index which has shrunk by 8.14%, but underperforming the BET index, that rose by 28.31% in the same time frame.

4. Performance of the world stock exchanges

September was characterized by growths in financial markets

The developed financial markets increased in September by an average of 2.90%, the mature capital market indexes recording the following returns: the German index DAX 4.1%, the French index CAC40 3.6%, the Austrian index ATX 3.4%, the British index FTSE100 2.8%, the Polish WIG20 1.8%, the US index S&P500 1.7%.

At the September 18 meeting, the US Federal Reserve decided the second cut of the monetary policy interest rate in the range of 1.75% -2.00%, in an attempt to cushion the U.S. economy from trade tensions, slowing global growth and low inflation.

In September was adopted a law trying to block Brexit without an agreement, forcing the UK prime minister to seek a three-month extension to the Oct. 31 deadline unless Parliament has either approved a deal or consented by Oct. 19 to leave without one.

Emerging and frontier stock exchanges posted an average increase of 2.47% in September, with stock exchanges in Turkey, Romania and India increasing by 8.6%, 3.7% and 3.6%.

Index	Country	2017*	2018**	YTD 2019***	Sep - 19****
ATX	Austria	30.6%	-19.7%	9.6%	3.4%
SOFIX	Bulgaria	15.5%	-12.3%	-4.0%	0.6%
PX	Czech Republic	17.0%	-8.5%	5.6%	0.4%
SSEC	China	6.6%	-24.6%	16.5%	0.7%
CAC40	France	9.3%	-11.0%	20.0%	3.6%
FTSE	UK	7.6%	-12.5%	10.1%	2.8%
DAX	Germany	12.5%	-18.3%	17.7%	4.1%
BSE SENSEX	India	27.9%	5.9%	7.2%	3.6%
WIG 20	Poland	26.4%	-7.5%	-4.5%	1.8%
BET	Romania	9.4%	-4.8%	29.7%	3.7%
BET-FI	Romania	33.4%	-12.6%	23.0%	4.0%
SP 500	USA	19.4%	-6.2%	18.7%	1.7%
BUX	Hungary	23.0%	-0.6%	3.7%	2.0%
MOEX	Russia	-5.5%	11.8%	16.5%	0.3%
ISE 100	Turkey	47.6%	-20.9%	-6.2%	8.6%

*return between 12/30/2016-12/29/2017
** return between 12/29/2017-12/31/2018
*** return between 12/31/2018-09/30/2019
****last month return: 08/30/2019-09/30/2019