



## STK Emergent Monthly NAV report

February 2018

**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

	January 2018	February 2018
Unlisted shares	28,119,767	28,119,767
Tradeable shares portfolio	41,533,735	37,718,396
<i>Shares</i>	32,677,212	35,593,824
<i>Cash</i>	8,360,268	1,643,316
<i>Collective undertakings titles</i>	640,000	625,000
<i>Other net assets</i>	-143,745	-143,745
<i>Other liabilities</i>	165,168	155,607
<b>Net assets</b>	<b>69,488,334</b>	<b>65,682,556</b>
<b>NAV per share</b>	<b>113.96</b>	<b>107.72</b>

Tradeable shares portfolio represents 57% of the total net assets at the end of February.

Fund holdings are recorded using the reference price of the shares traded on the last day of the month, or the book value for unlisted companies, adjusted for the fair value of these companies' assets.

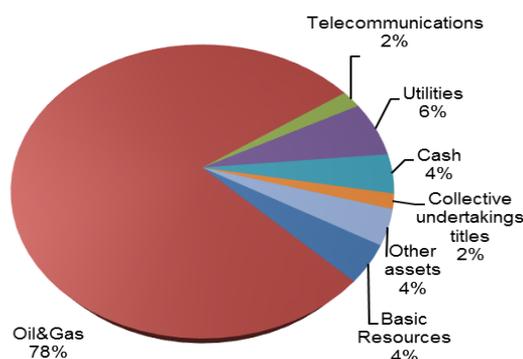
Most of the trading portfolio is placed in titles belonging to oil & gas companies, about 78%, while cash represents 4.3% of the total portfolio.

In February, the average oil price was 62.06\$/barrel, supported by the high level of compliance with the OPEC agreement to curtail production; the fall in oil prices in the last days of February is mainly due to a larger-than-expected increase in U.S. crude inventories.

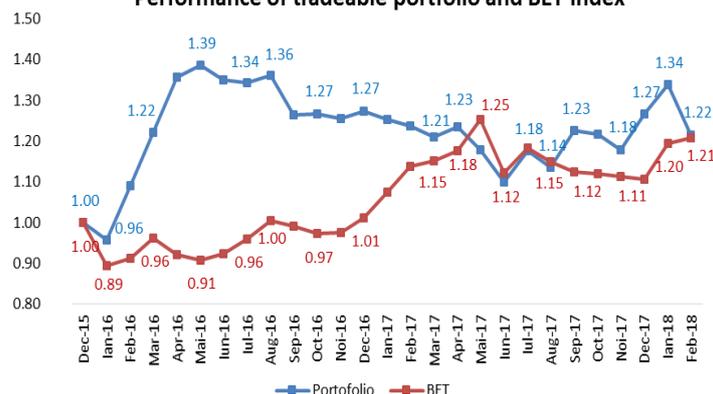
In the latest International Energy Agency report, the increase in US shale oil production in the coming years will only cover 80% of the world's oil demand growth, and according to our calculations, the increase in shale production is conditioned by rising oil prices.

### 2. Stock portfolio

Tradeable portfolio holdings



Performance of tradeable portfolio and BET index



According to OPEC analysis, global oil demand for 2018 is estimated to increase by 1.58% above the 2017 figure, which is a factor that may generate future increases in oil prices. The equilibrium price resulting from the modelling function in relation to oil supply and demand is 81\$/barrel, an increase of 1.3% over the previous valuation, representing a 32% upside against the end-February price.

At the end of February, the fund's trading portfolio is valued at about RON 37.72 million, down by 9.15% compared to the value reported at the end of January, caused by oil companies falling with the oil price. In our opinion, this correction follows the sustained growth trend over the past months, but according to fundamental data, we believe that the multiannual growth trend will continue.

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

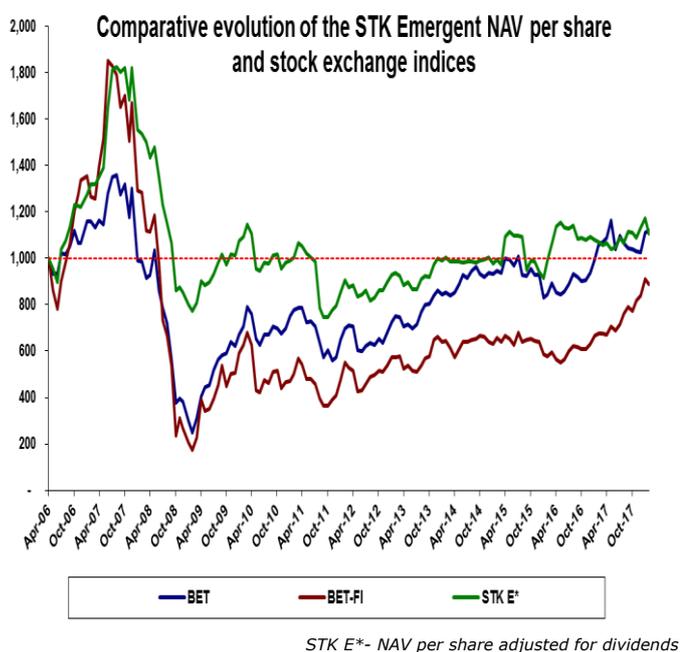
**The net asset value per share decreased by 5.48% last month**

On February 28, 2018, the STK Emergent net asset value per share stands at RON 107.72, decreasing by 5.48%, compared to the net asset value per share at the end of January.

The Bucharest Stock Exchange represented by the BET index, recorded a slight increase of 0.98% in February. Among the components, SNG, BRD and SNN shares had the highest increases (6.73%, 3.70% and 3.37%), while TEL, DIGI and COTE shares registered declines of 6.21%, 4.37% and 4.27%.

The BET-FI index of the financial sector contracted by 2.55% last month. FP and SIF2 achieved positive returns of 0.54% and 0.38%, while the rest of the index components slid by 6.54% (SIF4), 5.88% (SIF1), 5.48% (SIF5) and 1.8% (SIF3).

Comparative chart of STK Emergent and the Bucharest Stock Exchange Indices between start-up and February 2018:



From launch to the end of January, the net asset value per share registered a positive variation of 11.0%, outperforming the BET-FI index which has shrunk by 9.55%, while BET index recorded a positive return of 13.28% in the same time frame.

### 4. Performance of the world stock exchanges in February

**February was characterized by falls in equity markets**

Developed stock exchanges posted an average fall of 3.97% in February, due to fears of inflation and possible raises of interest rates; the DAX index of the German stock exchange fell by 5.7%, the FTSE 100 index dropped by 4.0%, the S&P 500 corrected by 3.9%, the ATX index decreased by 3.3% and the CAC 40 index declined by 2.9%.

In the first meeting of its Monetary Policy Committee in 2018, the Bank of England left interest rates unchanged at 0.5%, but made clear that it will be likely necessary to raise interest rates in 2018. Also, the Bank of England expects UK GDP to expand by 1.7% in 2018 (compared to a previous forecast of 1.5%) and by 1.8% in 2019 (compared to 1.7% as previously forecasted).

Emerging stock markets evolved in the same direction, with an average decline of 2.52% in February, with stock exchanges in Poland and China showing negative returns of -7.4% and -6.4%, respectively. On the other hand, the stock exchanges in Ukraine, Romania and Russia recorded positive returns of 3.5%, 1.0% and 0.3%, respectively.

Index	Country	2016*	2017**	YTD 2018***	Feb - 18****
ATX	Austria	9.2%	30.6%	1.6%	-3.3%
SOFIX	Bulgaria	27.2%	15.5%	1.3%	-3.7%
PX	Czech Republic	-3.6%	17.0%	3.9%	-0.9%
SSEC	China	-12.3%	6.6%	-1.4%	-6.4%
CAC40	France	4.9%	9.3%	0.1%	-2.9%
FTSE	UK	14.4%	7.6%	-5.9%	-4.0%
DAX	Germany	6.9%	12.5%	-3.7%	-5.7%
BSE SENSEX	India	1.9%	27.9%	0.4%	-5.0%
WIG 20	Poland	4.8%	26.4%	-3.9%	-7.4%
BET	Romania	1.2%	9.4%	9.0%	1.0%
BET-FI	Romania	-1.9%	33.4%	5.8%	-2.5%
SP 500	USA	9.5%	19.4%	1.5%	-3.9%
BUX	Hungary	33.8%	23.0%	-3.2%	-5.2%
MICEX	Russia	26.8%	-5.5%	8.9%	0.3%
PFTS	Ukraine	10.2%	18.8%	10.1%	3.5%
ISE 100	Turkey	8.9%	47.6%	3.1%	-0.5%

\*return between 12/31/2015-12/30/2016  
\*\* return between 12/30/2016-12/29/2017  
\*\*\* return between 12/29/2017-02/28/2018  
\*\*\*\*last month return: 12/29/2017-02/28/2018