



## STK Emergent Monthly NAV report

October 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

	September 2018	October 2018
Unlisted shares	27,667,252	27,667,252
Tradeable shares portfolio	48,506,111	40,802,105
Shares	38,347,001	33,494,448
Cash	9,717,854	6,866,402
Collective undertakings titles	580,000	580,000
Other net assets	-138,745	-138,745
Other liabilities	166,350	162,783
<b>Net assets</b>	<b>76,007,013</b>	<b>68,306,575</b>
<b>NAV per share</b>	<b>124.65</b>	<b>112.02</b>

Tradeable shares portfolio represents 59.7% of the total net assets at the end of October.

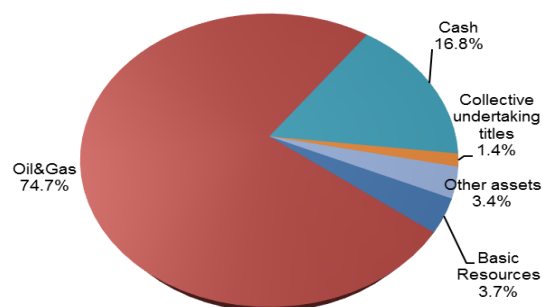
Fund holdings are recorded using the reference price of the shares traded on the last day of the month, or the book value for unlisted companies, adjusted for the fair value of these companies' assets.

At the end of October, about 74.7% of the trading portfolio is composed of shares belonging to oil & gas companies, 3.7% to basic resources shares, while cash represents 16.8% of the total portfolio. *Other net assets* category includes the dividends payable by the Fund from previous years and dividends to be received.

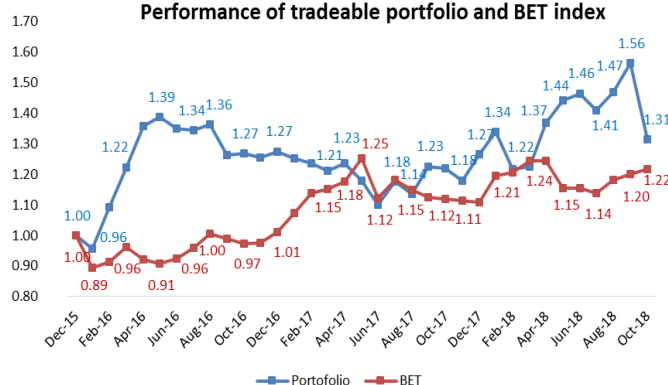
The WTI oil price fell 11.78% in October, ending the month at 64.83\$/barrel amid the following factors: the rise in US crude oil inventories, the strong US dollar, Saudi Arabia's commitment to increase oil production to cover any deficit caused by the introduction of US sanctions imposed on Iran, the escalating trade dispute between the United States and China, and rising global supply.

### 2. Stock portfolio

Tradeable portfolio holdings



Performance of tradeable portfolio and BET index



Although the oil price has long been a function of supply and demand, there are periods of time during which it has been influenced by geopolitical factors, such as this month's preparation for the midterm elections on November 6, and the US President's pressure on Saudi Arabia to increase production and lower oil prices, pressures that have produced visible results especially after the assassination of Saudi journalist Jamal Khashoggi. The present oil demand and supply, as well as those estimated for 2019, lead to a WTI equilibrium price of over 80\$/barrel (a 23% upside against the end-October price), and a possible reduction in production due to sanctions against Iran adds growth potential.

At the end of October, the Fund's trading portfolio is valued at about RON 40.80 million, down by 15.88% compared to the value reported at the end of September, reflecting the prices' evolution of the companies in the portfolio, as well as the market trend.

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

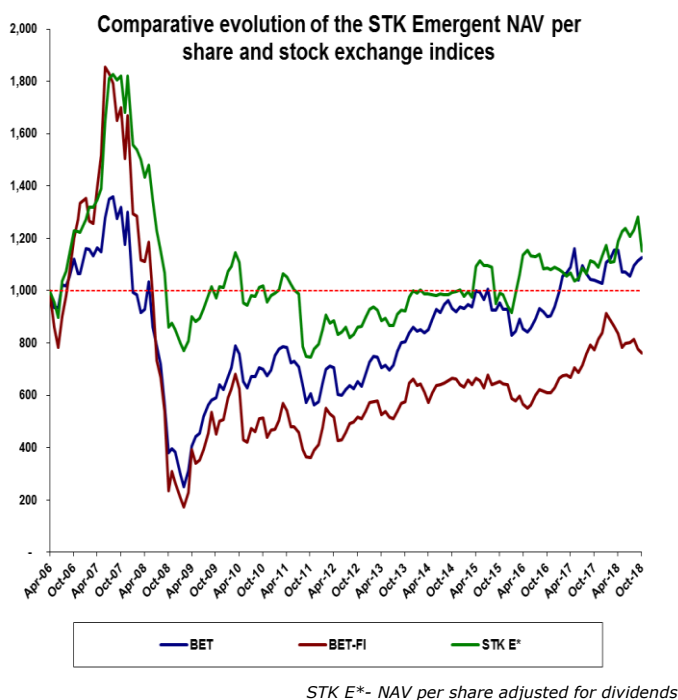
#### The net asset value per share decreased by 10.13% last month

On October 31, 2018, the STK Emergent net asset value per share stands at RON 112.02, decreasing by 10.13%, compared to the net asset value per share at the end of September.

The BET index of the Bucharest Stock Exchange recorded a growth of 1.27% in October, the third consecutive month of growth, with SNP, SNN and DIGI having the highest growths of 7.45%, 4.49% and 3.29% respectively, while shares of SFG, BVB and TEL recorded falls of 8.16%, 6.80% and 5.53%, respectively.

In October, the BET-FI index of the financial sector declined by 1.94%, the five financial investment companies posting decreases of between 0.07% (SIF5, dividend-adjusted yield) and 9.09% (SIF4); Fondul Proprietatea posted a positive return of 1.07%.

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



From launch to the end of October, the net asset value per share registered a *positive variation of 15.43%*, outperforming the BET-FI index which has shrunk by 22.43%, while BET index recorded a positive return of 14.17% in the same time frame.

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

#### October was characterized by falls in equity markets

In the October 2018 report, the IMF projected global growth for 2018-19 to remain steady at its 2017 level, of 3.7%, 0.2% less than the previous forecast, due to the downside risks to global growth, that have risen in the past six months.

Financial markets started the October month with a spying scandal involving China and the US, impacting the technology sector, and the strengthening of the dollar, supported by rising interest rates, led to a sell-off that spread to the rest of the stock markets.

The developed stock exchanges recorded on average a fall of 6.26% in October, with the French CAC40 index falling by 7.3%, the US S&P500 index by 6.9%, the German DAX index by 6.5%, the Austrian ATX index by 5.5%, the British FTSE100 index of 5.1 %.

Emerging markets experienced a 4.40% average fall in October; the stock exchanges in Turkey and China recorded corrections of 9.8% and 7.7% respectively, while the Romanian and Hungarian stock exchanges remained apparently unaffected by the global economic context, with the BET index achieving a positive return of 1.3%, while BUX remained near the previous month close.

Index	Country	2016*	2017**	YTD 2018***	Oct - 18****
ATX	Austria	9.2%	30.6%	-7.6%	-5.5%
SOFIX	Bulgaria	27.2%	15.5%	-11.9%	-4.4%
PX	Czech Republic	-3.6%	17.0%	-1.1%	-3.2%
SSEC	China	-12.3%	6.6%	-21.3%	-7.7%
CAC40	France	4.9%	9.3%	-4.1%	-7.3%
FTSE	UK	14.4%	7.6%	-7.3%	-5.1%
DAX	Germany	6.9%	12.5%	-11.4%	-6.5%
BSE SENSEX	India	1.9%	27.9%	1.1%	-4.9%
WIG 20	Poland	4.8%	26.4%	-12.6%	-5.8%
BET	Romania	1.2%	9.4%	9.9%	1.3%
BET-FI	Romania	-1.9%	33.4%	-9.2%	-1.9%
SP 500	USA	9.5%	19.4%	1.4%	-6.9%
BUX	Hungary	33.8%	23.0%	-5.6%	0.0%
MOEX	Russia	26.8%	-5.5%	11.5%	-5.0%
ISE 100	Turkey	8.9%	47.6%	-21.8%	-9.8%

\*return between 12/31/2015-12/30/2016  
\*\* return between 12/30/2016-12/29/2017  
\*\*\* return between 12/29/2017-10/31/2018  
\*\*\*\*last month return: 09/28/2018-10/31/2018