



## STK Emergent Monthly NAV report

December 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

RON	November 2018	December 2018
Unlisted shares	27,667,252	27,667,252
Tradeable shares portfolio	32,504,726	29,161,051
Shares	28,135,781	23,149,275
Cash	3,982,954	5,615,038
Collective undertakings titles	596,354	604,923
Other net assets	-210,363	-208,186
Other liabilities	145,408	134,024
<b>Net assets</b>	<b>60,026,570</b>	<b>56,694,279</b>
<b>NAV per share</b>	<b>98.44</b>	<b>92.98</b>

Tradeable shares portfolio represents 51.4% of the total net assets at the end of December.

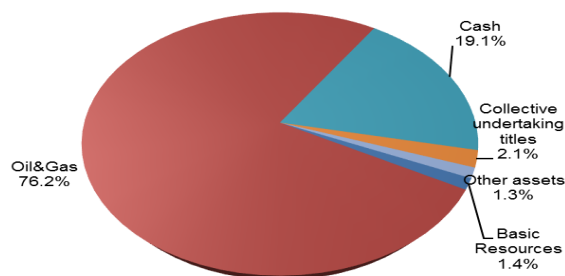
Fund holdings are recorded using the reference price of the shares traded on the last day of the month, or the book value for unlisted companies, adjusted for the fair value of these companies' assets.

At the end of December, about 76.2% of the trading portfolio is composed of shares belonging to oil & gas companies, 1.4% to basic resources shares, while cash represents 19.1% of the total portfolio. *Other net assets* category includes the dividends payable by the Fund from previous years.

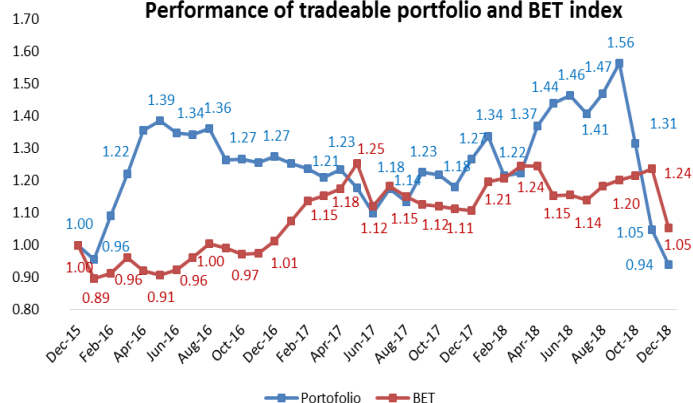
The WTI oil price fell by 10.3% in December, ending the month at 45.4\$/barrel, as a result of oversupply in the United States (which has emerged at the end of 2018 as the world's biggest crude producer, outpacing Saudi Arabia and Russia) and of negative investor sentiment, with doubts that supply cuts planned at a meeting held on December 7 between OPEC and non-OPEC members, will be enough to rebalance markets.

### 2. Stock portfolio

Tradeable portfolio holdings



Performance of tradeable portfolio and BET index



Although the geopolitical factors are currently negative, leading to one of the most abrupt falls in the price of oil in recent years, the fundamental factors are the long term determinants for the price of oil; the break-even price for the first 10 US shale drillers is \$55.6/barrel, close to the minimum level at which most companies have budgeted spending plans for the past year, and for 2019 there are signs of further reductions in capex budgets, resulting in a supply deficit; based on fundamental data, we maintain our bullish medium and long term view.

At the end of December, the Fund's trading portfolio is valued at about RON 29.16 million, down by 10.29% compared to the value reported at the end of November, reflecting the prices' evolution of the companies in the portfolio, as well as of the markets.

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

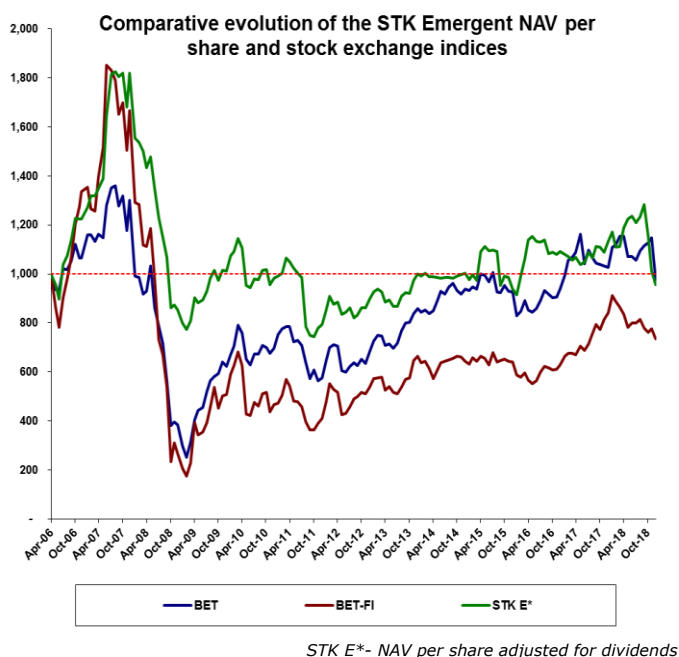
#### The net asset value per share decreased by 5.55% last month

On December 31, 2018, the STK Emergent net asset value per share stands at RON 92.98, decreasing by 5.55%, compared to the net asset value per share at the end of November.

In December, the BET index of the Bucharest Stock Exchange recorded a fall of 14.79%, caused by the new taxes and fiscal changes imposed by the Government, so that the shares composing the index posted decreases ranging between 2.19%, the M share, and 19.52%, the SNP share (BRD and SNG shares recorded steep declines of 18.92% and respectively 17.99%, dividend adjusted return).

The BET-FI index of the financial sector marked in December a decline of 5.45% in December, with SIF1 decreasing by 13.56%, FP by 6.16%, SIF2 by 5.63%, SIF4 by 2.29%, SIF5 by 1.18%; SIF3 achieved a positive return of 5.39%.

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



From launch to the end of December, the net asset value per share registered a variation of -4.19%, outperforming the BET-FI index which has shrunk by 25.33%, but underperforming the BET index, that recorded a return of -1.05% in the same time frame.

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

#### December was characterized by falls in financial markets

The developed financial markets recorded an average drop of 7.0%, the political uncertainty in Europe, the US-China trade war and concerns about the global economic growth, continuing to affect stock market developments this month, so the Austrian ATX index declined by 10.7%, the US index S&P500 by 9.2%, the German DAX index by 6.2%, the French index CAC40 by 5.5%, the British index FTSE100 by 3.6%.

At the December 19 meeting, the US Federal Reserve decided on the fourth increase in the monetary policy interest rate in 2018, to between 2.25% and 2.50%.

Britain's Parliamentary vote on the UK's withdrawal from the European Union was postponed to January 2019, because a vote in December would have most likely led to a rejection of the agreement.

In December, emerging markets also closed with a decline of 3.88% on average; Romanian, Czech and Turkish stock exchanges registered declines of 14.8%, 7.7% and 4.3%, respectively, while Bulgarian, Indian and Polish stock exchanges made slight variations of 0.4%, -0.3% and -0.6%.

Index	Country	2016*	2017**	2018***	Dec - 18****
ATX	Austria	9.2%	30.6%	-19.7%	-10.7%
SOFIX	Bulgaria	27.2%	15.5%	-12.3%	0.4%
PX	Czech Republic	-3.6%	17.0%	-8.5%	-7.7%
SSEC	China	-12.3%	6.6%	-24.6%	-3.6%
CAC40	France	4.9%	9.3%	-11.0%	-5.5%
FTSE	UK	14.4%	7.6%	-12.5%	-3.6%
DAX	Germany	6.9%	12.5%	-18.3%	-6.2%
BSE SENSEX	India	1.9%	27.9%	5.9%	-0.3%
WIG 20	Poland	4.8%	26.4%	-7.5%	-0.6%
BET	Romania	1.2%	9.4%	-4.8%	-14.8%
BET-FI	Romania	-1.9%	33.4%	-12.6%	-5.5%
SP 500	USA	9.5%	19.4%	-6.2%	-9.2%
BUX	Hungary	33.8%	23.0%	-0.6%	-2.4%
MOEX	Russia	26.8%	-5.5%	11.8%	-1.4%
ISE 100	Turkey	8.9%	47.6%	-20.9%	-4.3%

\*return between 12/31/2015-12/30/2016  
\*\* return between 12/30/2016-12/29/2017  
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\*\*\*\*last month return: 11/30/2018-12/31/2018