



STK Emergent Monthly NAV report

July 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	June 2019	July 2019
Unlisted shares	28,459,467	28,459,467
Tradeable shares portfolio	30,307,041	30,977,143
Shares	22,952,806	23,819,000
Cash	6,928,048	6,710,314
Collective undertakings titles	632,342	653,985
Other net assets	-206,155	-206,155
Other liabilities	128,441	139,381
Net assets	58,638,067	59,297,230
NAV per share	96.17	97.25

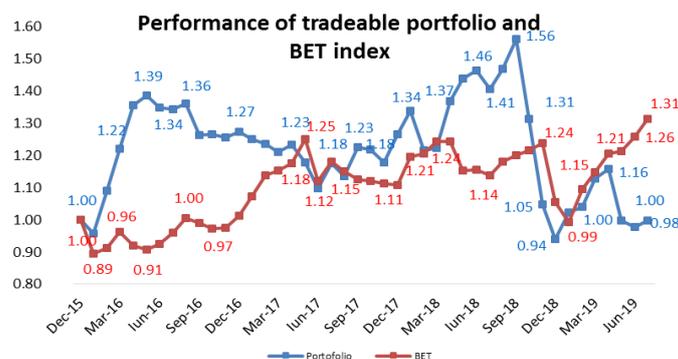
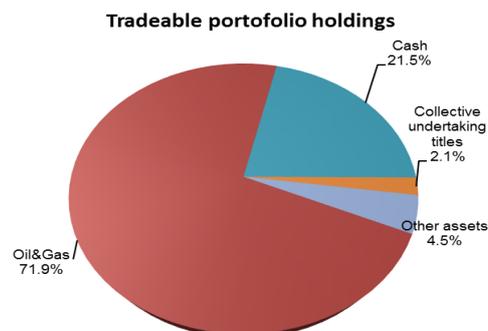
Tradeable shares portfolio represents 52.2% of the total net assets at the end of July.

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 based on a valuation report made by an ANEVAR certified external valuator.

At the end of July about 71.9% of the trading portfolio is composed of shares belonging to oil & gas companies, while cash represents 21.5% of the total portfolio. *Other net assets* category includes the dividends payable by the Fund from previous years.

The Brent oil price decreased slightly by 0.31% in July, ending the month at \$64.20/barrel, influenced by the change in US crude oil stocks, the extension of the agreement between the OPEC and non-OPEC countries to reduce the output cuts until the end of March 2020, the tensions in the Middle East, Iran seizing a British oil tanker in the Strait of Hormuz, a crucial zone in the Persian Gulf through which about a third of all oil traded at sea passes; also, oil prices continue to be pressured by lingering fears over demand, as a result of the US-China trade war.

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 that production in the coming years 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 July is 20% 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 July, the Fund's trading portfolio is valued at about RON 30.98 million, up by 2.21% compared to the value reported at the end of June, 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

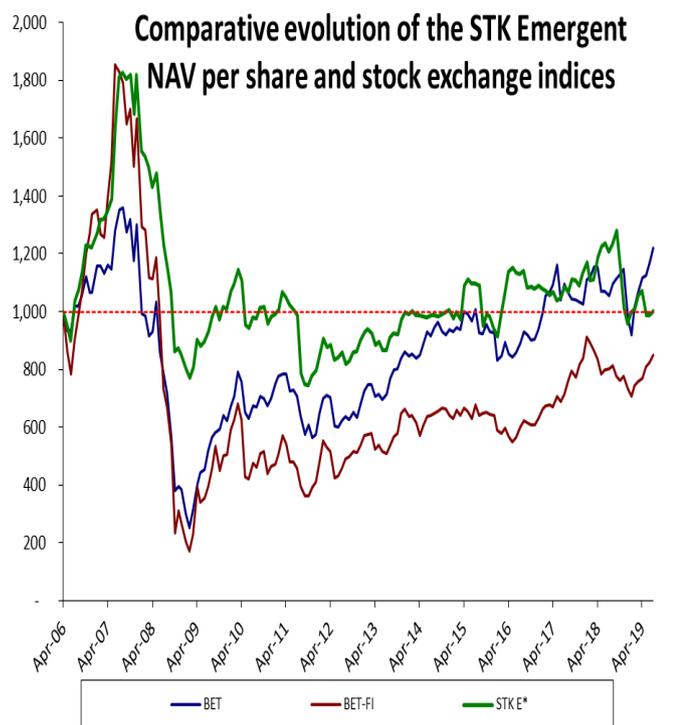
The net asset value per share increased by 1.12% last month

On July 31, 2019, the STK Emergent net asset value per share stands at RON 97.25 increasing by 1.12%, compared to the net asset value per share at the end of June.

The BET index of the Bucharest Stock Exchange rose by 4.4% on average in July, exceeding the level of 9,000 pts during the month. ALR and BRD shares posted the highest increases of 15.3% and 8.1% respectively, while SFG and COTE shares registered decreases of 6.5% and 2.0% respectively.

The BET-FI index of the financial sector increased by 3.3% in July, the five Financial Investment Companies and FP recording returns of between 0.6% and 6.8%.

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



STK E*- NAV per share adjusted for dividends

From launch to the end of July the net asset value per share registered a *slightly positive variation of 0.21%*, outperforming the BET-FI index which has shrunk by 13.58%, but underperforming the BET index that rose by 23.35% in the same time frame.

4. Performance of the world stock exchanges

July was characterized by slight increases in financial markets

The developed financial markets rose in July by an average of 0.33%, the indices of the developed capital markets recording the following returns: the British index FTSE100 2.2%, the US index S&P500 1.3%, the Austrian index ATX 0.2% the French index CAC40 -0.4%, the German index DAX -1.7%.

At the July 31 meeting the US Federal Reserve decided to lower the monetary policy interest rate for the first time since December 2008, by a quarter percentage point, in the range of 2.00% -2.25%.

During the month, Boris Johnson was elected as Prime Minister of the United Kingdom, taking over the task of completing the Brexit process by October 31, 2019, fears about leaving the EU without an agreement mounting.

Emerging stock exchanges achieved in July an average growth 0.24%; stock exchanges in Turkey, Romania and the Czech Republic increased by 5.8%, 4.4% and 1.4%, while the stock exchanges in India, Poland and China saw decreases of 4.9%, 2.2% and 1.6%.

Index	Country	2017*	2018**	YTD 2019***	Jul - 19****
ATX	Austria	30.6%	-19.7%	8.7%	0.2%
SOFIX	Bulgaria	15.5%	-12.3%	-2.3%	-1.2%
PX	Czech Republic	17.0%	-8.5%	7.1%	1.4%
SSEC	China	6.6%	-24.6%	17.6%	-1.6%
CAC40	France	9.3%	-11.0%	16.7%	-0.4%
FTSE	UK	7.6%	-12.5%	12.8%	2.2%
DAX	Germany	12.5%	-18.3%	15.4%	-1.7%
BSE SENSEX	India	27.9%	5.9%	3.9%	-4.9%
WIG 20	Poland	26.4%	-7.5%	0.0%	-2.2%
BET	Romania	9.4%	-4.8%	24.7%	4.4%
BET-FI	Romania	33.4%	-12.6%	15.7%	3.3%
SP 500	USA	19.4%	-6.2%	18.9%	1.3%
BUX	Hungary	23.0%	-0.6%	4.2%	1.2%
MOEX	Russia	-5.5%	11.8%	16.2%	-1.0%
ISE 100	Turkey	47.6%	-20.9%	-3.3%	5.8%

*return between 12/30/2016-12/29/2017

** return between 12/29/2017-12/31/2018

*** return between 12/31/2018-07/31/2019

****last month return: 06/28/2019-07/31/2019