



## STK Emergent Monthly NAV report

August 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	July 2019	August 2019
Unlisted shares	28,459,467	28,459,467
Tradeable shares portfolio	30,977,143	29,190,194
Shares	23,819,000	21,678,524
Cash	6,710,314	7,009,325
Collective undertakings titles	653,985	663,344
Other net assets	-206,155	-160,999
Other liabilities	139,381	130,463
<b>Net assets</b>	<b>59,297,230</b>	<b>57,519,198</b>
<b>NAV per share</b>	<b>97.25</b>	<b>94.33</b>

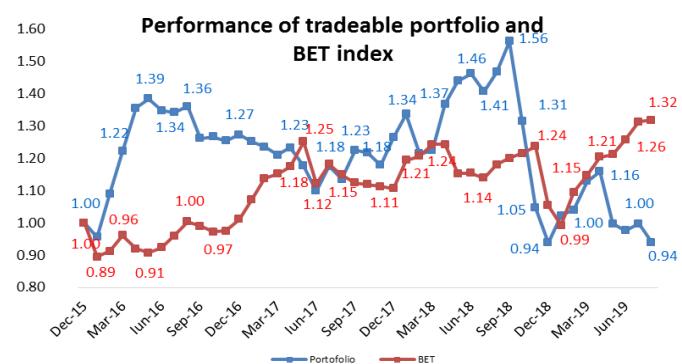
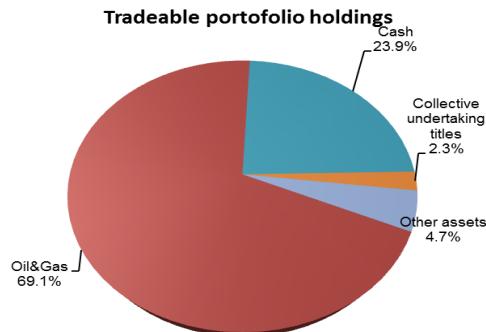
Tradeable shares portfolio represents 50.7% of the total net assets at the end of August.

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 August about 69.1% of the trading portfolio is composed of shares belonging to the oil & gas companies, while cash represents 23.9% 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 dropped by 8.01% in August, ending the month at \$59.06/barrel influenced mainly by concerns about slowing global economic growth, despite positive factors such as: the reduction of US oil stocks, production cuts of OPEC+ member countries, tensions in the Middle East. Following the intensification of US-China trade tensions, crude oil was included, for the first time, among the US goods affected by China's import tariffs.

### 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 August is 27% 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 29.19 million, down by 5.77% compared to the value reported at the end of July, reflecting the price movements 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!



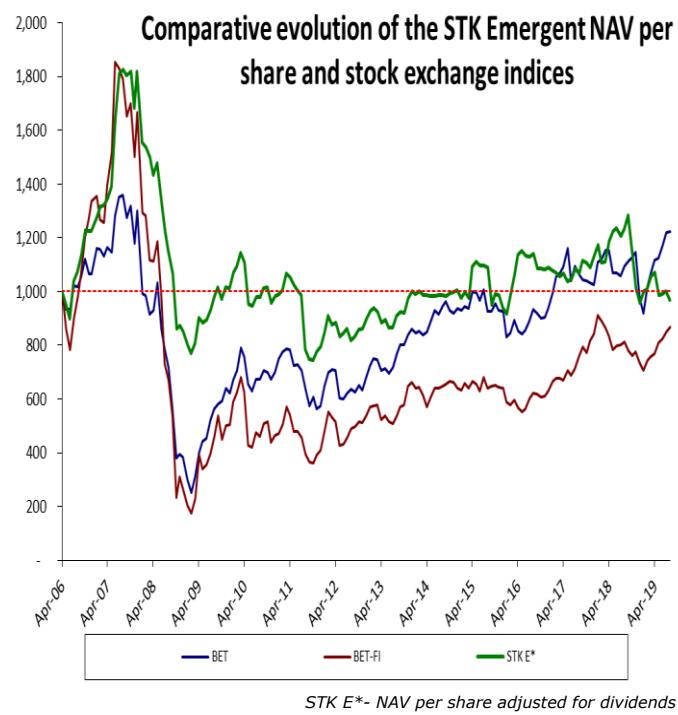
### 3. Changes in the NAV per share

On August 30, 2019, the STK Emergent net asset value per share stands at RON 94.33, up by 1.45% from the start of the year, but down by 3% compared to the value at the end of July.

The BET index of the Bucharest Stock Exchange registered a slight increase of 0.34% in August, ending the month at 9.235.72 points, August being marked by financial reports related to the results for H1/2019; from the BET index, SFG and FP shares posted the highest increases, of 5.4% and 4.6%, while ALR, TEL and TGN shares decreased by 8.1%, 3.8% and 3.4%.

The BET-FI index of the financial sector also increased by 2.25% in August, the five Financial Investment Companies and FP registering returns between -1.1% and 8.2%.

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



From launch to the end of August, the net asset value per share registered a negative variation of 2.80%, outperforming the BET-FI index which has shrunk by 11.64%, but underperforming the BET index, that rose by 23.78% in the same time frame.

### 4. Performance of the world stock exchanges

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

The developed financial markets decreased in August by an average of 2.41%, the mature capital market indexes recording the following returns: the British index FTSE100 -5.0%, the Austrian index ATX -2.5%, the German index DAX -2.0%, the US index S&P500 -1.8%, the French index CAC40 -0.7%.

In early August, the US president announced additional 10% tariffs on US\$300 billion of products imported from China, starting September 1 (later, a part of these tariffs were delayed to be applied from December 15); thus, with the new tariffs, approximately all goods imported by the US from China would be subject to additional tariffs. In response, China retaliated with 5% and 10% tariffs on US\$75 billion of US goods, and reinstated some taxes on automotive and auto parts from the US.

Emerging stock exchanges achieved an average decline of 2.18% in August; Poland and Turkey stock exchanges were down 6.2% and 5.3%, while the Romanian stock market registered a slight increase of 0.3% and the Russian stock market stagnated.

Index	Country	2017*	2018**	YTD 2019***	Aug - 19****
ATX	Austria	30.6%	-19.7%	6.0%	-2.5%
SOFIX	Bulgaria	15.5%	-12.3%	-4.5%	-2.3%
PX	Czech Republic	17.0%	-8.5%	5.1%	-1.8%
SSEC	China	6.6%	-24.6%	15.7%	-1.6%
CAC40	France	9.3%	-11.0%	15.8%	-0.7%
FTSE	UK	7.6%	-12.5%	7.1%	-5.0%
DAX	Germany	12.5%	-18.3%	13.1%	-2.0%
BSE SENSEX	India	27.9%	5.9%	3.5%	-0.4%
WIG 20	Poland	26.4%	-7.5%	-6.2%	-6.2%
BET	Romania	9.4%	-4.8%	25.1%	0.3%
BET-FI	Romania	33.4%	-12.6%	18.3%	2.3%
SP 500	USA	19.4%	-6.2%	16.7%	-1.8%
BUX	Hungary	23.0%	-0.6%	1.7%	-2.4%
MOEX	Russia	-5.5%	11.8%	16.2%	0.0%
ISE 100	Turkey	47.6%	-20.9%	-5.7%	-5.3%

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

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

\*\*\* return between 12/31/2018-08/30/2019

\*\*\*\*last month return: 07/31/2019-08/30/2019