



**STK FINANCIAL**  
Societate de Administrare a Investițiilor

## **Board of Directors Report** **3<sup>rd</sup> Quarter 2019**

**STK Emergent**

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**STK FINANCIAL Societate de Administrare a Investițiilor SA**

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Decizia CNVM nr. 2731/05.10.2005, Nr. Reg. A.S.F. PJR05SAIR/120017, CIF: 17772595, J12/2600/2005, Capital social: 913.724 lei  
Operator date cu caracter personal nr. 30711



Interim report in accordance with the **Law no. 24/2017, Regulation no. 15/2018**

Date of the report: **11/15/2019**

Name of the issuer: **STK EMERGENT Investment Fund managed by STK FINANCIAL SAI**

Headquarters: **Cluj-Napoca, Heltai Gaspar street no. 29**

Telephone number: **0264 591 982**

Decision of the Financial Supervisory Authority (ASF): **no. 20/16.03.2006**

Registration number in the ASF Registry: **CSC08FIIR/120004**

Subscribed and paid-in share capital: **RON 121,950,600**

The regulated market on which the issued securities are traded: **The Bucharest Stock Exchange**

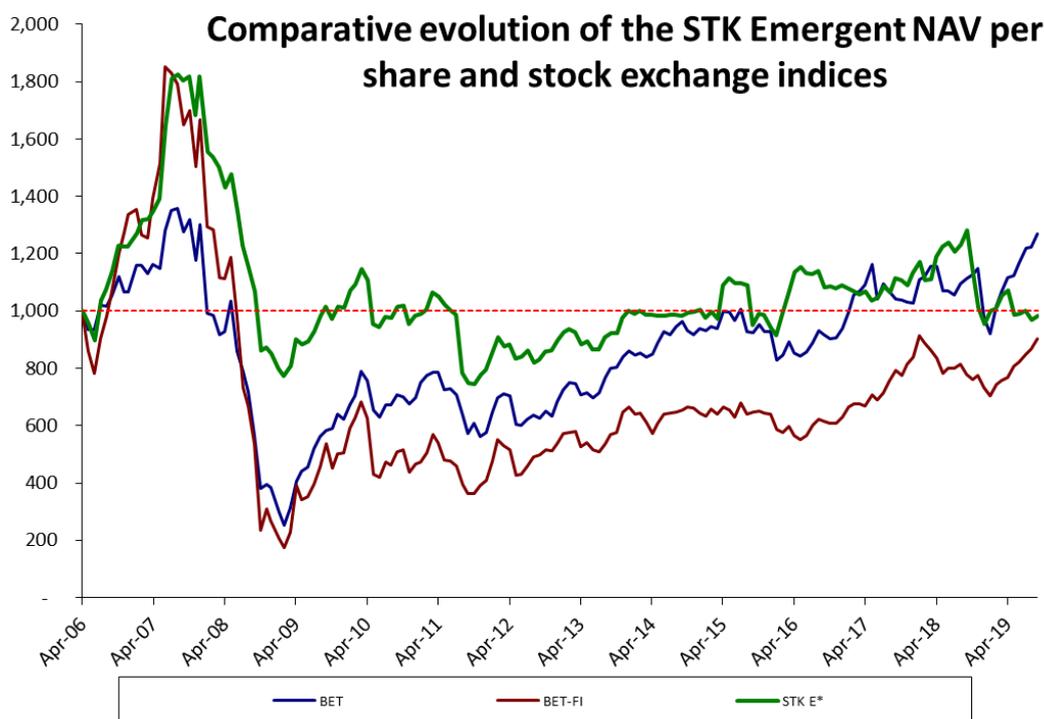
## **1. Events with significant impact on Fund`s performance**

Factors that influenced the Fund`s activity and results in the third quarter of the year:

- The Brent oil price closed at the level of \$59.39/barrel at the end of September 2019, down by 7.8% compared to the price at the end of the semester (but up by 9.7% compared to the end of 2018), under the pressure of the US-China trade war and fears about slowing global economic growth that would affect oil demand;
- In July, Boris Johnson took over as prime minister of the United Kingdom, with a commitment to remove Britain from the EU even without an agreement; consequently, in September a law was adopted to block a Brexit without agreement, forcing the Prime Minister to request a three-month extension from the October 31 deadline;
- During the quarter, the US Federal Reserve decided two reductions in the monetary policy rate, reaching between 1.75% -2.00%, in an attempt to protect the US economy from trade tensions, slowing global growth and low inflation.

## **2. Analysis of STK Emergent activity**

At the end of September, the net asset value per share was RON 95.69, registering an increase of 2.92% compared to the net asset value per share at the end of 2018, of RON 92.98. Since inception to 09/30/2019, the net asset value per share registered a negative variation of 1.40%, while during the same period the BET-FI index declined by 8.14% and the BET index increased by 28.31%.



STK E\* - adjusted NAV per share with distributed dividends

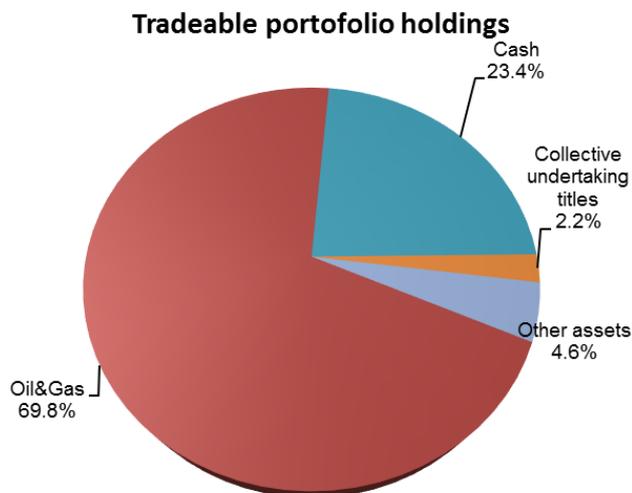
**The net asset structure** at 09/30/2019 compared to the end of 2018 is as follows:

	-RON-	
	<b>09/30/2019</b>	<b>12/31/2018</b>
Unlisted shares	28,459,467	27,667,252
Tradeable shares portfolio	30,232,451	29,369,236
<i>Shares</i>	22,448,079	23,149,275
<i>Cash</i>	7,061,105	5,615,038
<i>Collective undertakings titles</i>	677,916	604,923
<i>Other assets</i>	45,351	0
<b>Total assets</b>	<b>58,691,918</b>	<b>57,036,488</b>
Liabilities	343,563	342,210
<b>Net assets</b>	<b>58,348,355</b>	<b>56,694,279</b>
NAV per share	95.69	92.98

The tradeable shares portfolio at the end of the third quarter represents 51.8% of the total net assets. The *Other assets* category includes dividends receivable. The net assets of the Fund increased by 2.9%, from RON 56.69 million at the end of 2018, to RON 58.35 million at the end of September 2019, reflecting the movements in the prices of the shares included in the portfolio.



The structure of the tradeable portfolio holdings as of 09/30/2019 is presented in the chart below:



At the end of September 2019, about 69.8% of the trading portfolio is composed of shares belonging to oil & gas companies, while cash represents 23.4% of the total portfolio.

### 3. Fund's Financial Position and Performance

The financial statements as of 09/30/2019 have been prepared in accordance with the Financial Supervisory Authority (ASF) Norm 39/2015 for the approval of the Accounting Regulations pursuant to the International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the ASF in the Sector of Financial and Investment Instruments. The financial statements of STK Emergent fund have not been consolidated. The financial statements as of 09/30/2019 have not been audited.

The Fund's Statement of Financial Position as of 09/30/2019 compared with 12/31/2018 is as follows:

-RON-

In accordance with IFRS:	09/30/2019	(%)	12/31/2018	(%)	Chg (%)
Other financial assets at fair value through other comprehensive income	29,501,787	50.3%	28,039,762	49.2%	5.2%
Securities at fair value through profit or loss (held for trading)	22,083,675	37.6%	23,381,688	41.0%	-5.6%



Receivables from securities operations	45,351	0.1%	0	0%	n.a.
Cash and cash equivalents	7,061,110	12.0%	5,615,038	9.8%	25.8%
<b>TOTAL ASSETS</b>	<b>58,691,924</b>	<b>100.0%</b>	<b>57,036,488</b>	<b>100.0%</b>	<b>2.9%</b>
Equity	58,339,727	99.4%	56,685,829	99.4%	2.9%
Current liabilities	352,197	0.6%	350,659	0.6%	0.4%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>58,691,924</b>	<b>100.0%</b>	<b>57,036,488</b>	<b>100.0%</b>	<b>2.9%</b>

The category *Other financial assets at fair value through other comprehensive income* includes mainly securities held by STK Properties SA and Emergent Real Estate SA, and represents 50.3% of the total assets as at September 30, 2019.

*Securities at fair value through profit or loss (held for trading)* form the the marketable portfolio of the Fund, most of them being shares of the oil companies, during the first nine months of the year the Fund retained its exposure in this sector. The 5.6% reduction in securities to RON 22.08 million compared to the end of 2018 was due to the sale of some shares in the portfolio, the *Cash and cash equivalents* increasing consequently by 25.8%, from RON 5.62 million to RON 7.06 million.

*Receivables from securities operations*, in the amount of RON 0.045 million, are represented by dividends that were not received until September 30, 2019. The total assets of the Fund registered an increase of 2.9%, from RON 57.04 million (31 December 2018) to RON 58.69 million (September 30, 2019).

The financial performance of the Fund as of 09/30/2019 compared to the same period of the last year is as follow:

-RON-

<b>In accordance with IFRS:</b>	<b>09/30/2019</b> <i>9 months</i>	<b>09/30/2018</b> <i>9 months</i>	<b>Chg (%)</b>
Net gain on financial instruments traded or held for trading at fair value through profit or loss	688,578	9,997,418	-93.1%
Dividend income	211,910	46,772	353.1%
Interest income	5,974	7,701	-22.4%
Net gain from foreign exchange differences	666,033	92,404	620.8%
<b>Total Net Revenue</b>	<b>1,572,495</b>	<b>10,144,295</b>	<b>-84.5%</b>
Administration fees, bank charges, fees	1,380,621	1,749,044	-21.1%
<b>Total Net Expenses</b>	<b>1,380,621</b>	<b>1,749,044</b>	<b>-21.1%</b>
<b>Net Result for the year</b>	<b>191,873</b>	<b>8,395,251</b>	<b>-97.7%</b>



Total revenues of the Fund for the first three quarters of 2019 were RON 1.57 million, consisting of: the net gain from financial instruments traded, or held for trading in the amount of RON 0.69 million; income from dividends and interest; net gain from exchange differences of RON 0.67 million, which increased on the basis of the pound appreciation by 3.9% in the first nine months of 2019.

Management fees, bank charges and other fees were lower by 21% as at September 30, 2019, being in the amount of RON 1.38 million, compared to RON 1.75 million in the same period last year. The Fund ended the first three quarters of the current year with a profit of RON 0.19 million.

Attached to this report are:

Balance Sheet as of 09/30/2019

Income Statement as of 09/30/2019

Notes to the Accounts

**Chairman of the Board,  
PASCU Nicolae**

**Chartered Accountant,  
OPREAN Victor-Bogdan**