



STK Emergent Monthly NAV report

November 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

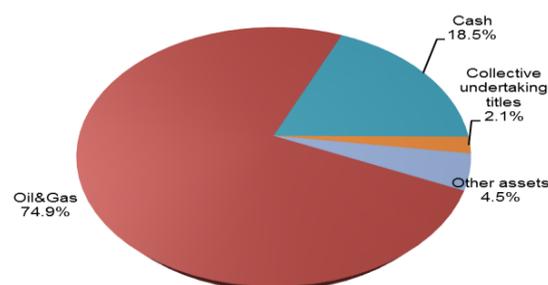
Number of units fund in circulation: 609,753

CNVM notice: CSC08FIIR/120004 from 02/07/2008

Depository: BRD- GSG

2. Stock portfolio

Tradeable portfolio holdings



1. Fund assets

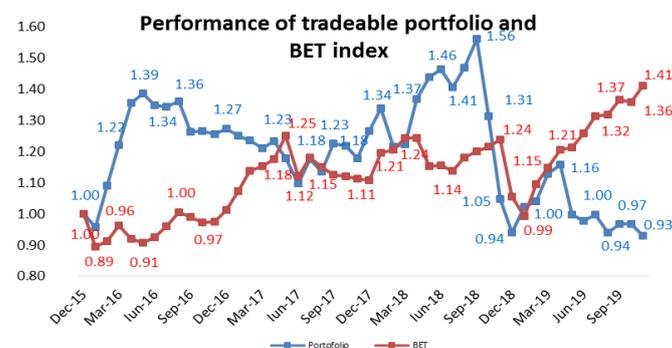
RON	October 2019	November 2019
Unlisted shares	28,459,467	28,459,467
Tradeable shares portfolio	30,006,417	28,641,227
Shares	22,726,769	22,903,141
Cash	6,782,082	5,344,241
Collective undertakings titles	703,720	600,000
Other net assets	-206,155	-206,155
Other liabilities	137,143	129,999
Net assets	58,328,741	56,970,695
NAV per share	95.66	93.43

Tradeable shares portfolio represents 50.3% of the total net assets at the end of November.

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 November, about 74.9% of the trading portfolio is composed of shares belonging to oil & gas companies, while cash represents 18.5% of the total portfolio. *Other net assets* category includes the dividends payable by the Fund from previous years.

The Brent oil price closed the November month at \$60.75/barrel, recording an increase of 3.46%, amid expectations that OPEC+ members will extend the agreement to reduce oil production until June 2020, in the December 5-6 meetings held in Vienna, and optimism about the progress in the US-China trade negotiations, with the possibility of concluding an interim trade deal.



Although the variation of oil production is estimated to increase from one year to another mainly due to the US shale production, industry's capex between 2015-2019 was 50-60% off the 2014 peak. Historically, there is a correlation between production and capex, and based on this correlation, there are chances in the coming years that production 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 November is 25% 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 November, the Fund's trading portfolio is valued at about RON 28.64 million, down by 4.55% compared to the value reported at the end of October, due to the decrease in the value of Collective undertakings titles, and in the cash through the purchase of shares.

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

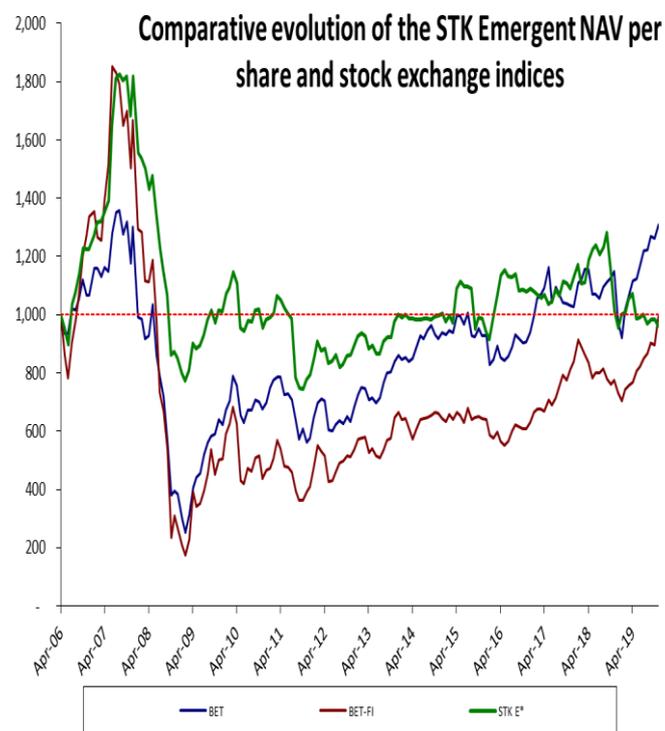
The net asset value per share decreased by 2.33% last month

On November 29, 2019, the STK Emergent net asset value per share stands at RON 93.43, decreasing by 2.33%, compared to the net asset value per share at the end of October.

The BET index of the Bucharest Stock Exchange registered a 3.87% increase in November, reaching 9,886.93 points at the end of the month; from the BET index, BRD, TLV and SNP shares posted the highest increases of 7.7%, 7.1% and 4.9%, while ALR, SFG and DIGI shares decreased by 6.2%, 5.7% and 5.6%.

The BET-FI index of the financial sector surged in November by 11.26%, the five Financial Investment Companies and FP registering returns between 3.5% and 18.8%.

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



STK E*- NAV per share adjusted for dividends

From launch to the end of November, the net asset value per share registered a *negative variation of 3.72%*, thus underperforming the evolution of the BET index, which increased by 27.57%, and the evolution of the BET-FI index, which registered a positive variation of 1.28%, over the same time frame.

4. Performance of the world stock exchanges

November was characterized by growths in financial markets

The developed financial markets increased in November by an average of 1.52%, including positive expectations regarding US-China trade negotiations, mature capital market indexes recording the following returns: the US index S&P500 3.4% (growth also due to the series of announcements in the mergers and acquisitions sector), the French index CAC40 3.1% and the German index DAX 2.9% (due to the positive results reported by companies for the third quarter), the British index FTSE100 1.4%, the Austrian index ATX remained at the same level, the Polish index WIG20 - 1.6%.

At its meeting on November 6, the Bank of England's Monetary Policy Committee voted with a 7-2 majority to maintain the bank interest rate at 0.75%; financial markets expect that the Bank will reduce the interest rate by 0.25% next year if global growth fails to stabilize or uncertainty over Brexit persists.

Emerging and frontier stock exchanges posted an average increase of 2.28% in November, with stock exchanges in Turkey, Romania and Hungary increasing by 8.6%, 3.9% and 3.7%, respectively, while stock exchanges in China and Bulgaria fell by 1.9% and 1.8%, respectively

Index	Country	2017*	2018**	YTD 2019***	Nov - 19****
ATX	Austria	30.6%	-19.7%	14.4%	0.0%
SOFIX	Bulgaria	15.5%	-12.3%	-8.1%	-1.8%
PX	Czech Republic	17.0%	-8.5%	9.5%	2.8%
SSEC	China	6.6%	-24.6%	15.2%	-1.9%
CAC40	France	9.3%	-11.0%	24.8%	3.1%
FTSE	UK	7.6%	-12.5%	9.2%	1.4%
DAX	Germany	12.5%	-18.3%	25.4%	2.9%
BSE SENSEX	India	27.9%	5.9%	13.1%	1.7%
WIG 20	Poland	26.4%	-7.5%	-5.2%	-1.6%
BET	Romania	9.4%	-4.8%	33.9%	3.9%
BET-FI	Romania	33.4%	-12.6%	35.6%	11.3%
SP 500	USA	19.4%	-6.2%	25.3%	3.4%
BUX	Hungary	23.0%	-0.6%	11.7%	3.7%
MOEX	Russia	-5.5%	11.8%	24.5%	1.4%
ISE 100	Turkey	47.6%	-20.9%	-8.8%	8.6%

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

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

*** return between 12/31/2018-11/29/2019

****last month return: 10/31/2019-11/29/2019