



STK Emergent Monthly NAV report

July 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

	June 2018	July 2018
Unlisted shares	28,119,767	28,119,767
Tradeable shares portfolio	45,407,502	43,681,146
Shares	35,078,866	32,303,793
Cash	9,907,381	10,971,097
Collective undertakings titles	555,000	550,000
Other net assets	-133,745	-143,745
Other liabilities	166,625	168,995
Net assets	73,360,644	71,631,918
NAV per share	120.31	117.48

Tradeable shares portfolio represents 61.0% of the total net assets at the end of July.

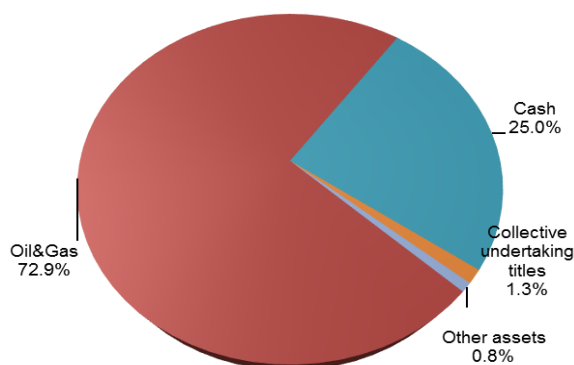
Fund holdings are recorded using the reference price of the shares traded on the last day of the month, or the book value for unlisted companies, adjusted for the fair value of these companies' assets.

At the end of July, the trading portfolio is composed of shares belonging to oil & gas companies, about 72.9%, while cash represents 25.0% of the total portfolio. *Other net assets* category includes the dividends payable by the Fund from previous years and dividends to be received (in the case of June).

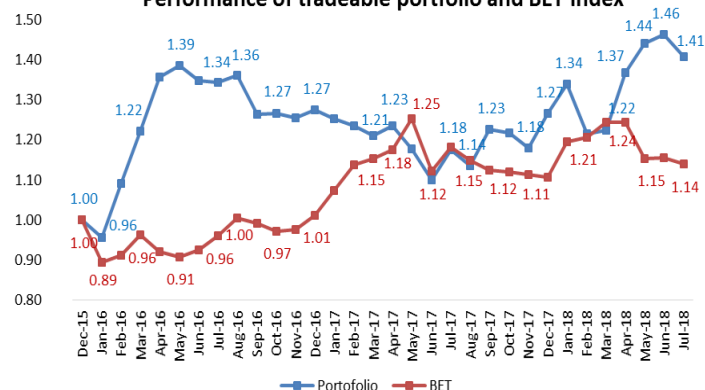
In July, the WTI oil price declined by 7.9%, to 68.39\$ per barrel, against the backdrop of the increase in OPEC and non-OPEC output (OPEC has pledged to offset the loss of Iranian supply as upcoming U.S. sanctions have already started to cut exports from OPEC's third-largest producer); the evolution of US crude inventories and fears of an escalating US-China trade war also contributed to the fall in oil prices in July.

2. Stock portfolio

Tradeable portfolio holdings



Performance of tradeable portfolio and BET index



Historically, the oil price has been a function of supply and demand, and in the future, we expect the bullish factors to be predominant: the increase in world oil demand (by 1.65 mb/d in 2018, according to OPEC's latest estimates), the sanctions imposed by the US on Iran, with a potential to reduce the oil supply by around 1 mb/d, the decrease in sector's investments (which are at about 60% of the investments made before the fall in oil prices) and the increase in shale oil production can only partly offset these factors. Estimated oil price as a function of oil demand and supply is 81\$ per barrel, representing an 18% upside against the end-July price.

At the end of July, the Fund's trading portfolio is valued at about RON 43.7 million, *down by 3.80%* compared to the value reported at the end of June.

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

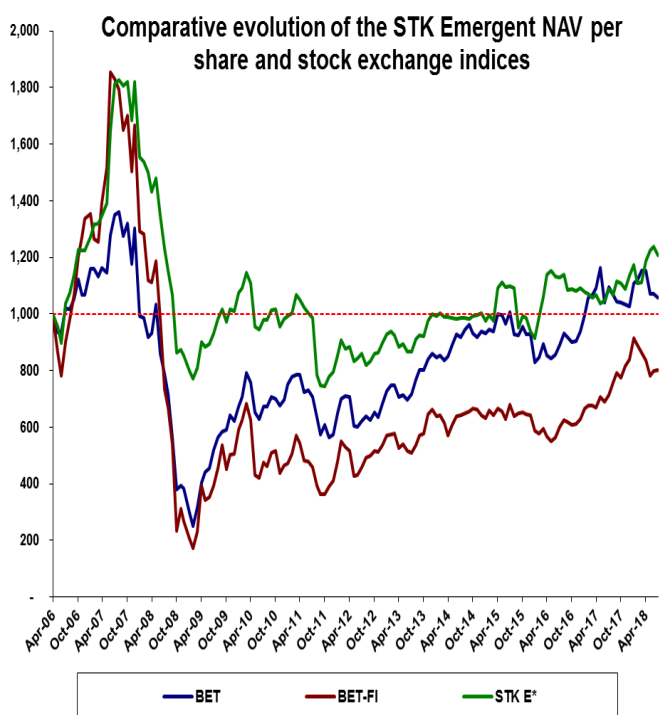
The net asset value per share decreased by 2.36% last month

On July 31, 2018, the STK Emergent net asset value per share stands at RON 117.48, decreasing by 2.36%, compared to the net asset value per share at the end of June.

The Bucharest Stock Exchange represented by the BET index, recorded a decline of 1.35% in July. Among the components, BRD, TLV and TEL shares had the highest increases, of 4.57%, 4.38% and 2.71%, while DIGI, SNG and BVB shares registered falls of 7.55%, 5.29% (dividend adjusted return) and 3.61%.

The BET-FI index of the financial sector rose slightly by 0.19% last month, SIF1, SIF5 and FP achieving returns of 4.35%, 0.48% and 0.11%; SIF4, SIF3 and SIF2 declined by 3.39%, 2.31% and 1.45%.

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



STK E*- NAV per share adjusted for dividends

From launch to the end of July, the net asset value per share registered a positive variation of 21.05%, outperforming the BET-FI index which has shrunk by 18.61%, while BET index recorded a positive return of 6.92% in the same time frame.

4. Performance of the world stock exchanges in July

July was characterized by increases in equity markets

The developed stock exchanges recorded an increase of 3.55% on average in July, absorbing a new round of corporate earnings reports for the second quarter of the year; thus, the Austrian ATX index rose by 5.1%, the German DAX index increased by 4.1%, the US S&P500 and the French CAC40 rose by 3.6% and 3.5% respectively, while the British FTSE100 index rose by 1.5%.

On July 6, the US imposed import tariffs on \$34 billion worth of Chinese goods, action which was immediately countered by a similar measure from China, with Beijing accusing the United States of triggering the "largest-scale trade war".

Emerging stock exchanges rose on average by 1.86% in July; stock exchanges from Romania and Hungary recorded negative returns of 1.4% and 1.1% respectively, while the other emerging stock exchanges posted positive returns, the top increases being achieved by the stock exchange from Poland, of 7.8% and the stock exchange from India, of 6.2%.

Index	Country	2016*	2017**	YTD 2018***	Jul - 18****
ATX	Austria	9.2%	30.6%	0.0%	5.1%
SOFIX	Bulgaria	27.2%	15.5%	-6.4%	0.0%
PX	Czech Republic	-3.6%	17.0%	1.3%	2.6%
SSEC	China	-12.3%	6.6%	-13.0%	1.0%
CAC40	France	4.9%	9.3%	3.7%	3.5%
FTSE	UK	14.4%	7.6%	0.8%	1.5%
DAX	Germany	6.9%	12.5%	-0.9%	4.1%
BSE SENSEX	India	1.9%	27.9%	10.4%	6.2%
WIG 20	Poland	4.8%	26.4%	-6.5%	7.8%
BET	Romania	1.2%	9.4%	2.9%	-1.4%
BET-FI	Romania	-1.9%	33.4%	-4.8%	0.2%
SP 500	USA	9.5%	19.4%	5.3%	3.6%
BUX	Hungary	33.8%	23.0%	-9.2%	-1.1%
MOEX	Russia	26.8%	-5.5%	10.0%	1.1%
ISE 100	Turkey	8.9%	47.6%	-15.9%	0.4%

*return between 12/31/2015-12/30/2016

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

*** return between 12/29/2017-07/31/2018

****last month return: 06/29/2018-07/31/2018

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