



STK Emergent Monthly NAV report

October 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

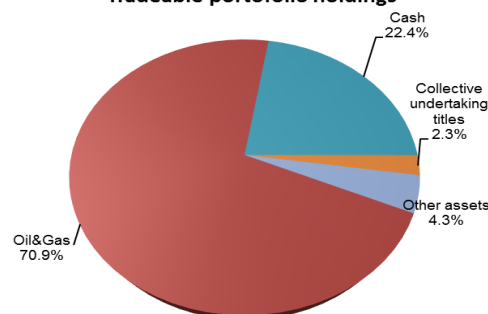
Number of units fund in circulation: 609,753

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

Depository: BRD- GSG

2. Stock portfolio

Tradeable portfolio holdings



1. Fund assets

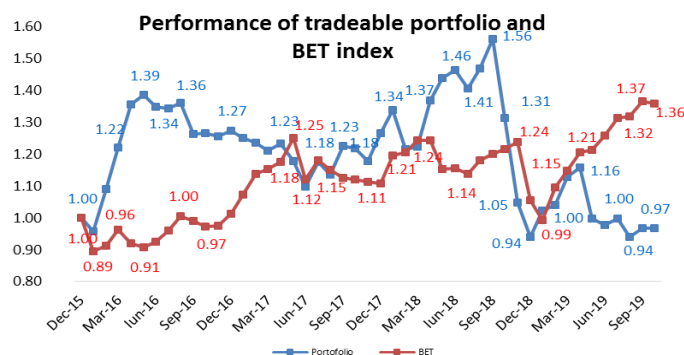
RON	September 2019	October 2019
Unlisted shares	28,459,467	28,459,467
Tradeable shares portfolio	30,026,297	30,006,417
Shares	22,448,079	22,726,769
Cash	7,061,105	6,782,082
Collective undertakings titles	677,916	703,720
Other net assets	-160,803	-206,155
Other liabilities	137,408	137,143
Net assets	58,348,355	58,328,741
NAV per share	95.69	95.66

Tradeable shares portfolio represents 51.4% of the total net assets at the end of October.

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 October, about 70.9% of the trading portfolio is composed of shares belonging to oil & gas companies, while cash represents 24.4% 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 September).

The Brent oil price closed the October month at \$58.72/barrel, recording a change of 1.13%, amid conflicting information - rising crude oil stocks (by 13.0 million barrels by October 25) and declining stocks of refined products (with 32.3 million barrels until October 25), the real variation of the total stocks being -19.3 million barrels.



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% off the 2014 peak. Historically, there is a correlation between production and capex, and based on this correlation, there are chances that production will not be able to keep pace with increasing demand in the coming years. The estimated Brent oil price as a function of oil demand and supply is \$80/barrel; the price at the end of October 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 October, the Fund's trading portfolio is valued at about RON 30.0 million, being approximately at the same level as the previous month.

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

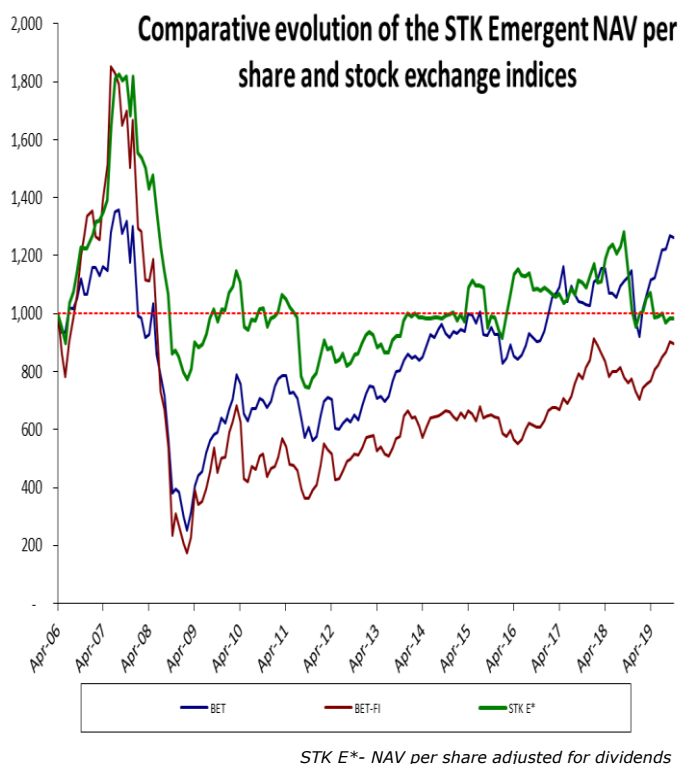
The net asset value per share at the previous month level

On October 31, 2019, the STK Emergent net asset value per share stands at RON 95.66, varying by -0.03%, compared to the net asset value per share at the end of September.

The BET index of the Bucharest Stock Exchange depreciated by 0.58% in October, ending the month at 9,518.89 points; from the BET index, DIGI and SNN shares posted the highest increases, of 13.0% and 7.5%, while WINE and ALR shares decreased by 6.4% and 5.4%.

The BET-FI index of the financial sector declined in October by 0.90%, the five Financial Investment Companies and FP registering returns between 1.2% and -2.9%.

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



From launch to the end of October, the net asset value per share registered a *negative variation of 1.43%*, outperforming the BET-FI index which has shrunk by 8.97%, but underperforming the BET index, that rose by 27.57% in the same time frame.

4. Performance of the world stock exchanges

October was characterized by growths in financial markets

The developed financial markets increased in October by an average of 1.60%, the mature capital market indexes recording the following returns: the Austrian index ATX 4.3%, the German index DAX 3.5%, the US index S&P500 2.0%, the Polish WIG20 1.0%, the French index CAC40 0.9%, the British index FTSE100 -2.2%.

During October, the United States announced a "phase 1" trade deal to be concluded with China and the suspension of the tariff increase scheduled for October 15th.

The UK received a third extension of the Brexit date, on January 31 2020, after the British Parliament blocked the Prime Minister's plans to achieve Brexit on October 31. Accordingly, the Prime Minister proposed the organization of early parliamentary elections, and following their approval by the Parliament, elections will be held on December 12, 2019.

Emerging and frontier stock exchanges posted an average increase of 0.68% in October, with stock exchanges in Russia, Hungary and India rising by 5.3% and 3.8% respectively, while Turkey and Bulgaria fell 6.2% and 2.4% respectively.

Index	Country	2017*	2018**	YTD 2019***	Oct - 19****
ATX	Austria	30.6%	-19.7%	14.3%	4.3%
SOFIX	Bulgaria	15.5%	-12.3%	-6.3%	-2.4%
PX	Czech Republic	17.0%	-8.5%	6.5%	0.9%
SSEC	China	6.6%	-24.6%	17.4%	0.8%
CAC40	France	9.3%	-11.0%	21.1%	0.9%
FTSE	UK	7.6%	-12.5%	7.7%	-2.2%
DAX	Germany	12.5%	-18.3%	21.9%	3.5%
BSE SENSEX	India	27.9%	5.9%	11.3%	3.8%
WIG 20	Poland	26.4%	-7.5%	-3.6%	1.0%
BET	Romania	9.4%	-4.8%	28.9%	-0.58%
BET-FI	Romania	33.4%	-12.6%	21.9%	-0.90%
SP 500	USA	19.4%	-6.2%	21.2%	2.0%
BUX	Hungary	23.0%	-0.6%	7.7%	3.8%
MOEX	Russia	-5.5%	11.8%	22.7%	5.3%
ISE 100	Turkey	47.6%	-20.9%	-6.7%	-6.2%

*return between 12/30/2016-12/29/2017
** return between 12/29/2017-12/31/2018
*** return between 12/31/2018-10/31/2019
****last month return: 09/30/2019-10/31/2019