# STK Emergent Monthly NAV report

## February 2020

**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 | January 2020 | February 2020 |
|---|---|---|
| Unlisted shares | 28,459,467 | 29,916,388 |
| Tradeable shares portfolio | 28,571,717 | 28,674,368 |
| *Shares* | *6,379,840* | *893,905* |
| *Cash* | *21,619,444* | *27,149,264* |
| *Collective undertakings titles* | *778,587* | *837,354* |
| *Other net assets* | *-206,155* | *-206,155* |
| Other liabilities | 132,397 | 131,068 |
| **Net assets** | **56,898,787** | **58,459,689** |
| **NAV per share** | **93.31** | **95.87** |

Tradeable shares portfolio represents 49.0% of the total net assets at the end of February.
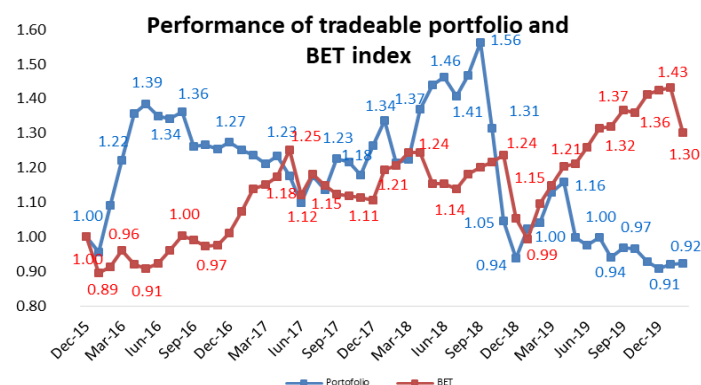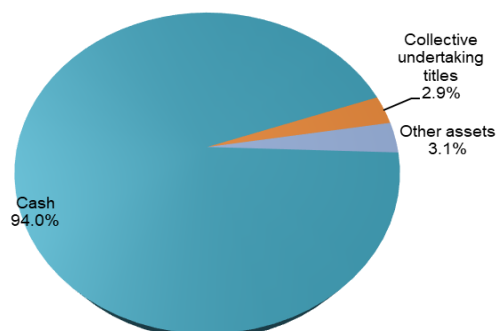
Fund holdings are recorded using the reference price of the shares traded on the last day of the month, and for the unlisted companies a fair value is used, from a valuation report made by an ANEVAR certified external valuator, in February their value being updated.

At the end of February, the tradeable shares portfolio was composed of 94.0% cash, the rest being collective undertakings, 2.9%, and other shares, 3.1%. *Other net assets* category includes the dividends payable by the Fund from previous years.

Fears over the spread of the COVID-19 virus have caused panic in global financial markets, with economists cutting growth forecasts and companies warning of lower earnings due to the virus; the last week of February was the worst week since the 2008 global financial crisis, in terms of value removing $5 trillion from the stock markets.

## 2. Stock portfolio

**Tradeable portofolio holdings**



**Performance of tradeable portfolio and BET index**



Increasing share prices during 2019 due to the expansion of multiples and based on the growth expectations of the companies' profits have created a very risky investment environment at present. Due to the problems caused by the coronavirus it is very likely that the companies' financial results will be weaker, invalidating the scenario in which the market has developed last year. As a consequence, significant price corrections are likely. Under these conditions we choose to maintain higher liquidity while waiting for a more favorable context.

At the end of February, the Fund's trading portfolio is valued at about RON 28.67 million, *slightly up by 0.36%* compared to the value reported at the end of January, reflecting the changes in the prices 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!

**STK FINANCIAL Societate de Administrare a Investitiilor SA**
400427 Cluj-Napoca, Str. Heltai Gaspar nr. 29, tel/fax: 0264 591982, www.stk.ro, office@stk.ro,
Operator date cu caracter personal nr. 30711, Decizia CNVM nr. 2731/05.10.2005,
Nr. Reg. A.S.F. PJR05SAIR/120017, CIF: 17772595, J12/2600/2005, Capital social: 913.724 lei
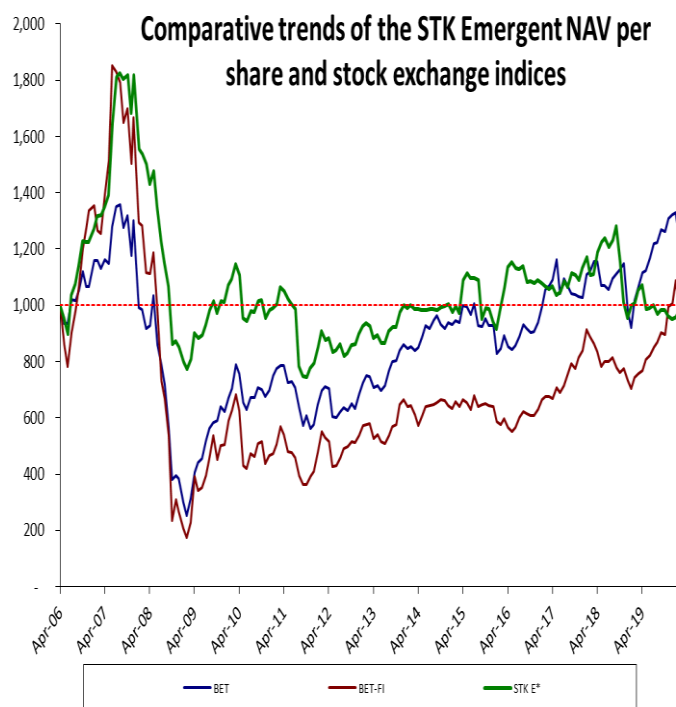
# 3. Changes in the NAV per share

**The net asset value per share increased by 2.74% last month**

On February 28, 2020, the STK Emergent net asset value per share stands at RON 95.87, increasing by 2.74% compared to the net asset value per share at the end of January.

The BET index of the Bucharest Stock Exchange fell sharply in February, with 9.04%, reaching 9,121.27 points at the end of the month; the sharpest decreases were recorded by SNP, ALR, BRD and TGN shares of -15.5%, -15.0%, -10.4% and -10.1%, and SNN, TEL and WINE shares recorded the smallest decreases of - 4.4%, -5.0% and -5.1%.

The BET-FI index of the financial sector registered a decrease of 11.08% in February, the five Financial Investment Companies and FP posting returns between -17.6% and -5.2%.

Comparative chart of STK Emergent and the Bucharest Stock Exchange Indices between start-up and February 2020:



*STK E\*- NAV per share adjusted for dividends*

From launch to the end of February the net asset value per share registered *a negative variation of 1.21%,* underperforming the BET index, which increased by 22.24%, but overperforming the BET-FI index, which registered a decline of 1.76% over the same time frame.

# 4. Performance of the world stock exchanges

**Declines were typical for the financial markets in February**

The developed financial markets dropped in February by an average of 9.79%, decrease caused by the panic over the spread of the COVID-19 epidemic, the mature capital market indexes recording the following negative returns: the Polish WIG20 index -14.4%, the British FTSE100 index -9.7%, the Austrian index ATX -9.3%, French index CAC40 -8.5%, the US index S&P500 and the German index DAX -8.4%.

China's central bank has announced it will inject 1.2 trillion yuan (US$174 billion) into financial markets via reverse repo operations, as a response to the economic threat posed by the coronavirus. Together with other central banks, the ECB has pledged to take action if needed, this reflecting mounting concern that the virus will further undercut the euro-area economy, which already sees declines in the manufacturing sector, and facing risks of trade tensions emanating from the US and UK.

Emerging and frontier stock exchanges posted an average drop of 7.34% in February, with decreases between -11.0% and -3.2%, stock exchanges in Turkey, Russia and Romania recording the largest decreases of -11.0%, -9.5% and -9.0% respectively.

| Index | Country | 2018* | 2019** | YTD 2020*** | Feb - 20**** |
|-------|---------|-------|--------|-------------|--------------|
| ATX | Austria | -19.7% | 16.1% | -12.5% | -9.3% |
| SOFIX | Bulgaria | -12.3% | -4.4% | -3.1% | -4.4% |
| PX | Czech Republic | -8.5% | 13.1% | -12.4% | -8.9% |
| SSEC | China | -24.6% | 22.3% | -5.6% | -3.2% |
| CAC40 | France | -11.0% | 26.4% | -11.2% | -8.5% |
| FTSE | UK | -12.5% | 12.1% | -12.8% | -9.7% |
| DAX | Germany | -18.3% | 25.5% | -10.3% | -8.4% |
| BSE SENSEX | India | 5.9% | 14.4% | -7.2% | -6.0% |
| WIG 20 | Poland | -7.5% | -5.6% | -17.7% | -14.4% |
| BET | Romania | -4.8% | 35.1% | -8.58% | -9.0% |
| BET-FI | Romania | -12.6% | 37.3% | -4.15% | -11.1% |
| SP 500 | USA | -6.2% | 28.9% | -8.6% | -8.4% |
| BUX | Hungary | -0.6% | 17.7% | -12.7% | -6.6% |
| MOEX | Russia | 11.8% | 29.1% | -8.6% | -9.5% |
| ISE 100 | Turkey | -20.9% | -8.9% | 4.6% | -11.0% |

*return between 12/29/2017-12/31/2018
** return between 12/31/2018-12/31/2019
*** return between 12/31/2019-02/28/2020
****last month return: 01/31/2020-02/28/2020

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