



STK Emergent Monthly NAV report

August 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

	July 2018	August 2018
Unlisted shares	28,119,767	27,667,252
Tradeable shares portfolio	43,681,146	45,568,570
Shares	32,303,793	35,369,414
Cash	10,971,097	9,792,900
Collective undertakings titles	550,000	550,000
Other net assets	-143,745	-143,745
Other liabilities	168,995	172,582
Net assets	71,631,918	73,063,240
NAV per share	117.48	119.82

Tradeable shares portfolio represents 62.4% of the total net assets at the end of August.

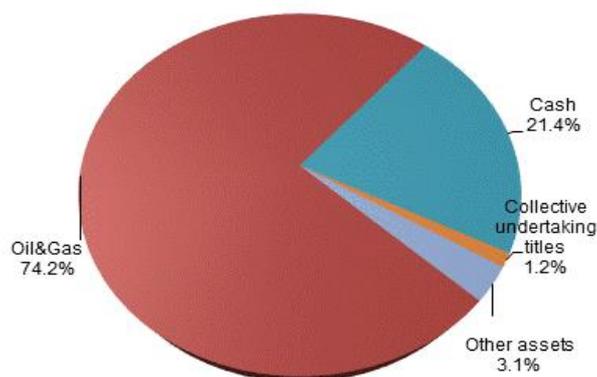
Fund holdings are recorded using the reference price of the shares traded on the last day of the month, or the book value for unlisted companies, adjusted for the fair value of these companies' assets.

At the end of August, the trading portfolio is composed of shares belonging to oil & gas companies, about 74.2%, while cash represents 21.4% of the total portfolio. *Other net assets* category includes the dividends payable by the Fund from previous years.

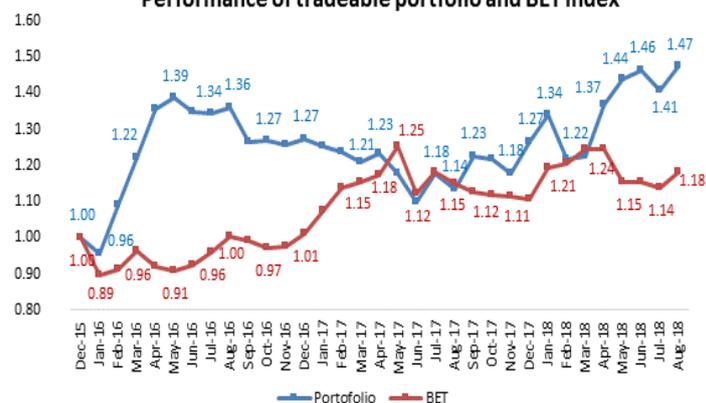
In August, the WTI oil price rose by 2.61%, to 69.87\$ per barrel, despite the increase in the oil production of US and OPEC (due to a recovery in Libyan production and as Iraq's exports increased), but supported by concerns that falling Iranian output will tighten global supply later this year, once US sanctions will come into effect (Iranian production started showing signs of decline, falling in August by 150,000 b/d, importers of Iranian oil being more reluctant to buy oil from this country).

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 1.64 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 16% upside against the end-August price.

At the end of August, the Fund's trading portfolio is valued at about RON 445.63.7 million, up by 4.32% compared to the value reported at the end of July.

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

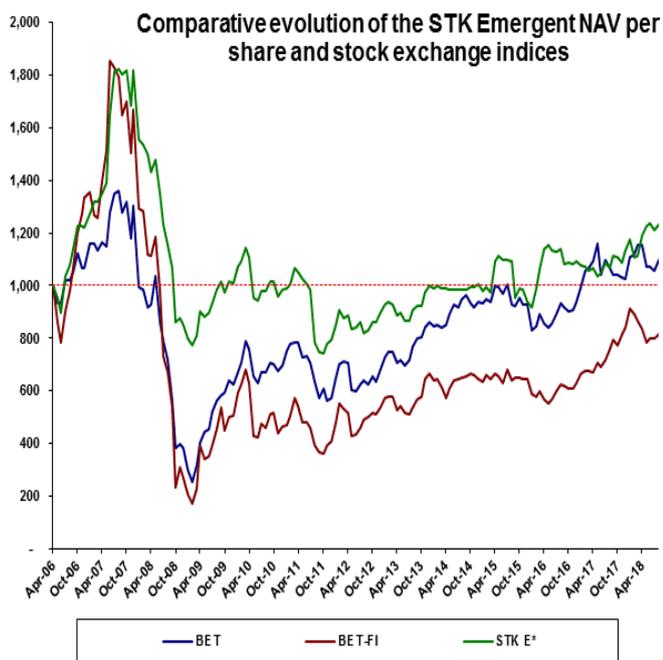
The net asset value per share increased by 2.00% last month

On August 31, 2018, the STK Emergent net asset value per share stands at RON 119.82, increasing by 2.00%, compared to the net asset value per share at the end of July.

The Bucharest Stock Exchange represented by the BET index, recorded a growth of 3.72% in August. Among the components, TEL, EL and TGN shares had the highest increases, of 9.89%, 8.00% and respectively 6.46%, while M, SNN and COTE shares registered falls of 12.97%, 1.74% and respectively 1.68%.

The BET-FI index of the financial sector was up by 1.76% in August, SIF3, SIF4, SIF5 and FP posting positive returns of 5.92%, 4.86%, 4.29% and 2.82%; SIF1 and SIF2 registered negative returns of -1.52% and -1.47%.

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



STK E* - NAV per share adjusted for dividends

From launch to the end of August, the net asset value per share registered a *positive variation of 23.47%*, outperforming the BET-FI index which has shrunk by 17.17%, while BET index recorded a positive return of 10.89% in the same time frame.

4. Performance of the world stock exchanges in August

August was characterized by decreases in equity markets

The developed stock exchanges recorded on average a decline of 1.99% in August, their major indices posting the returns of -4.1% the British FTSE100 index, -3.6% the Austrian ATX index, -3.4% the German DAX index, -1.9% the French CAC40 index, +3.0 the US S&P500 index.

At its August meeting, the Bank of England decided to increase the Bank Rate to 0.75%, from 0.50%, on the background of a forecasted economic growth of around 1.75% per year, and on the inflation rate that exceed the 2% target in June (reaching 2.4%, pushed by external cost pressures resulting from the effects of sterling's past depreciation and higher energy prices).

Emerging stock exchanges grew slightly on average by 0.17% in August; Hungarian and Romanian stock exchanges recorded the highest returns of 4.2% and 3.7%; negative returns were recorded in China, -5.3% (affected by the trade conflict with the US) and in Turkey, -4.4% (under the impact of the depreciation of the Turkish lira against the US dollar).

Index	Country	2016*	2017**	YTD 2018***	Aug - 18****
ATX	Austria	9.2%	30.6%	-3.5%	-3.6%
SOFIX	Bulgaria	27.2%	15.5%	-6.7%	-0.3%
PX	Czech Republic	-3.6%	17.0%	-0.5%	-1.8%
SSEC	China	-12.3%	6.6%	-17.6%	-5.3%
CAC40	France	4.9%	9.3%	1.8%	-1.9%
FTSE	UK	14.4%	7.6%	-3.3%	-4.1%
DAX	Germany	6.9%	12.5%	-4.3%	-3.4%
BSE SENSEX	India	1.9%	27.9%	13.5%	2.8%
WIG 20	Poland	4.8%	26.4%	-5.0%	1.6%
BET	Romania	1.2%	9.4%	6.7%	3.7%
BET-FI	Romania	-1.9%	33.4%	-3.1%	1.8%
SP 500	USA	9.5%	19.4%	8.5%	3.0%
BUX	Hungary	33.8%	23.0%	-5.4%	4.2%
MOEX	Russia	26.8%	-5.5%	11.2%	1.1%
ISE 100	Turkey	8.9%	47.6%	-19.6%	-4.4%

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

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

*** return between 12/29/2017-08/31/2018

****last month return: 07/31/2018-08/31/2018