



STK Emergent Monthly NAV report

June 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

1. Fund assets

RON	May 2019	June 2019
Unlisted shares	27,667,252	28,459,467
Tradeable shares portfolio	30,974,202	30,307,041
Shares	23,440,167	22,952,806
Cash	7,142,041	6,928,048
Collective undertakings titles	596,149	632,342
Other net assets	-204,155	-206,155
Other liabilities	138,744	128,441
Net assets	58,502,710	58,638,067
NAV per share	95.94	96.17

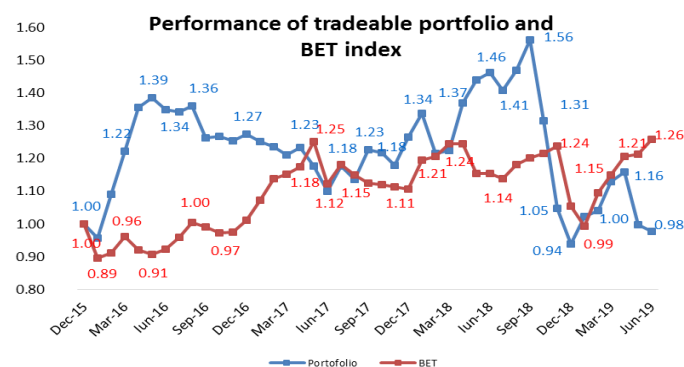
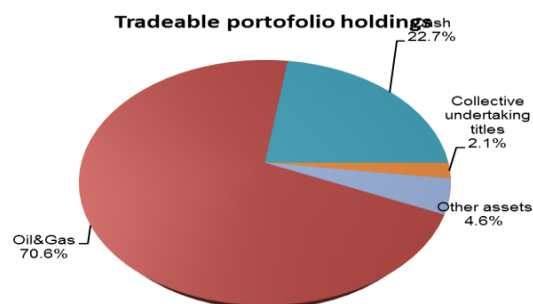
Tradeable shares portfolio represents 51.7% of the total net assets at the end of June.

Fund holdings are recorded using the reference price of the shares traded on the last day of the month, and as of June, the unlisted companies are valued in conformity with international valuation standards in accordance with Regulation 2/2018; thus a fair value is used, from an assessment report made by an ANEVAR certified external valuator.

At the end of June, the trading portfolio is composed of shares belonging to oil & gas companies, about 70.6%, while cash represents 22.7% 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 May).

The Brent oil price rose by 4.41% in June, ending the month at \$64.40/barrel, influenced by the US crude oil stocks, the oil production cuts in OPEC+ and market expectations for the OPEC and non-OPEC countries to extend the pact at least by the end of 2019, but also by increasing tensions between the US and Iran.

2. Stock portfolio



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% of the 2014 peak. Historically, there is a correlation between production and capex, and based on this correlation, there are chances that production in the coming years 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 June is 20% 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 June, the Fund's trading portfolio is valued at about RON 30.31 million, down by 2.15% compared to the value reported at the end of May, reflecting the prices' evolution 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!



3. Changes in the NAV per share

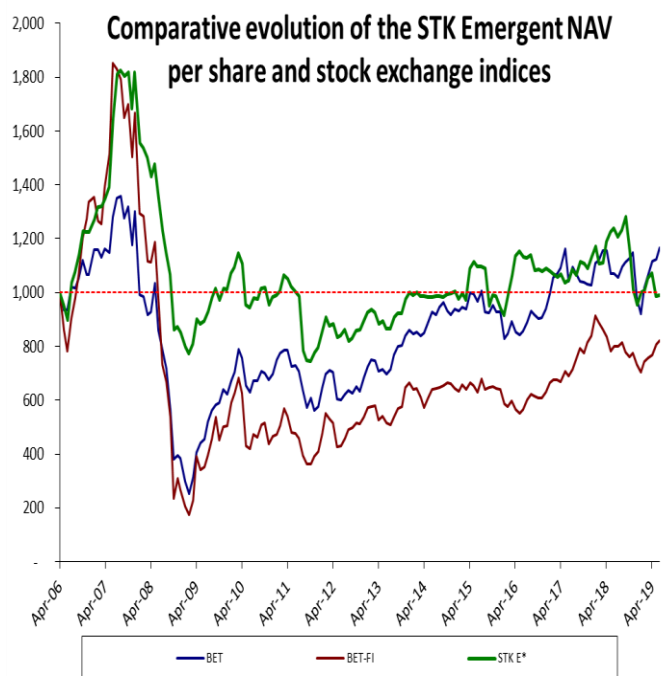
The net asset value per share increased by 0.23% last month

On June 28, 2019, the STK Emergent net asset value per share stands at RON 96.17, increasing slightly by 0.23%, compared to the net asset value per share at the end of May.

The BET index of the Bucharest Stock Exchange recorded in June an average growth of 3.8%, reaching 8,814.27 points at the end of the month, its constituents posting returns ranging between 18.1% (DIGI share) and -3.6% (ALR share).

The BET-FI index of the financial sector posted an increase of 1.7% in June, the five Financial Investment Companies and FP recording returns of between 3.4% and -1.3%.

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



STK E*- NAV per share adjusted for dividends

From launch to the end of June, the net asset value per share registered a negative variation of 0.91%, outperforming the BET-FI index which has shrunk by 16.35%, but underperforming the BET index, that rose by 18.13% in the same time frame.

4. Performance of the world stock exchanges

June was characterized by increases in financial markets

The developed financial markets rose by an average of 5.09% in June, with the markets incorporating the possibility of a progress in the US-China trade talks at the G20 summit; the indices of the developed capital markets recorded the following returns: the US index S&P500 6.9%, the French index CAC40 6.4%, the German index DAX 5.7%, the British index FTSE100 3.7%, the Austrian index ATX 2.8%.

During June, The US Federal Reserve decided to leave the benchmark rate unchanged to between 2.25%-2.5%, while signaling readiness of a rate-cut if the economic outlook doesn't improve soon.

Emerging stock exchanges achieved a 2.13% average growth in June; the Turkish stock market registered an increase of 6.5%, the Polish and Romanian stock exchanges 3.9% and 3.8% respectively, the Chinese exchange 2.8%, while the stock exchanges in Hungary, India and the Czech Republic achieved negative returns of 1.5%, 0.8% and 0.2%.

Index	Country	2017*	2018**	YTD 2019***	Jun - 19****
ATX	Austria	30.6%	-19.7%	8.4%	2.8%
SOFIX	Bulgaria	15.5%	-12.3%	-1.1%	0.9%
PX	Czech Republic	17.0%	-8.5%	5.6%	-0.2%
SSEC	China	6.6%	-24.6%	19.4%	2.8%
CAC40	France	9.3%	-11.0%	17.1%	6.4%
FTSE	UK	7.6%	-12.5%	10.4%	3.7%
DAX	Germany	12.5%	-18.3%	17.4%	5.7%
BSE SENSEX	India	27.9%	5.9%	9.2%	-0.8%
WIG 20	Poland	26.4%	-7.5%	2.2%	3.9%
BET	Romania	9.4%	-4.8%	19.4%	3.8%
BET-FI	Romania	33.4%	-12.6%	12.0%	1.7%
SP 500	USA	19.4%	-6.2%	17.3%	6.9%
BUX	Hungary	23.0%	-0.6%	2.9%	-1.5%
MOEX	Russia	-5.5%	11.8%	17.3%	3.8%
ISE 100	Turkey	47.6%	-20.9%	-3.1%	6.5%

*return between 12/30/2016-12/29/2017
** return between 12/29/2017-12/31/2018
*** return between 12/31/2018-06/28/2019
****last month return: 05/31/2019-06/28/2019