



**STK Emergent**  
**Monthly NAV report**  
**May 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	April 2019	May 2019
Unlisted shares	27,667,252	27,667,252
Tradeable shares portfolio	35,977,239	30,974,202
Shares	27,918,795	23,440,167
Cash	7,542,395	7,142,041
Collective undertakings titles	588,817	596,149
Other net assets	-72,767	-204,155
Other liabilities	150,106	138,744
<b>Net assets</b>	<b>63,494,385</b>	<b>58,502,710</b>
<b>NAV per share</b>	<b>104.13</b>	<b>95.94</b>

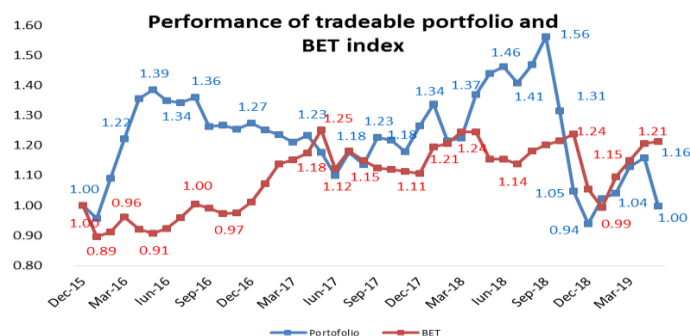
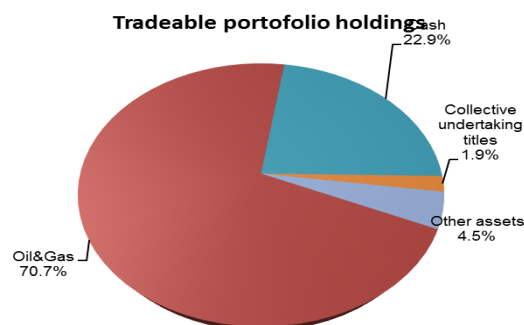
Tradeable shares portfolio represents 52.9% of the total net assets at the end of May.

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 May, about 70.7% of the trading portfolio is composed of shares belonging to oil & gas companies, while cash represents 22.9% of the total portfolio. *Other net assets* category includes the dividends payable by the Fund from previous years and dividends to be received.

The Brent oil price dropped by 13.88% in May ending the month at \$61.68/barrel, with the following factors being considered to have contributed to the downward trend of oil prices: increasing US crude oil stocks and the ongoing Sino-US trade war, that triggered concerns over a global economic slowdown, which led to fears about a possible slowing oil demand.

**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% off 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 May is 23% 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 May, the Fund's trading portfolio is valued at about RON 30.97 million, down by 13.91% compared to the value reported at the end of April, reflecting the prices' downtrend 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

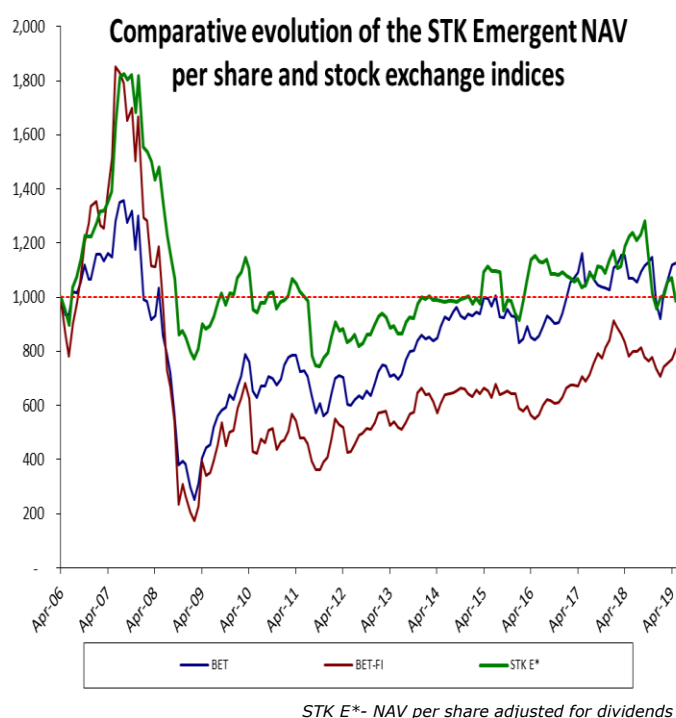
**The net asset value per share decreased by 7.86% last month**

On May 31, 2019, the STK Emergent net asset value per share stands at RON 95.94, decreasing by 7.86%, compared to the net asset value per share at the end of April.

The BET index of the Bucharest Stock Exchange recorded a slight growth of 0.6% in May, with WINE and SFG recording the highest growths of 11.5% and 10.8% respectively, while BRD and ALR shares fell by 4.1% (dividend adjusted return) and 1.3%, respectively.

The BET-FI index of the financial sector posted an increase of 5.1% in May, with FP and SIF2 growing by 6.89% and 1.74%, while SIF1, SIF2, SIF3, FP and SIF4 recorded increases of between 5.3% and 7.3%, while SIF5 declined by 0.5%.

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



From launch to the end of May, the net asset value per share registered a *negative variation of 1.13%*, outperforming the BET-FI index which has shrunk by 17.75%, but underperforming the BET index, that rose by 13.82% in the same time frame.

### 4. Performance of the world stock exchanges

**May was characterized by falls in financial markets**

The developed financial markets declined by 6.34% on average in May, the main cause of this decline being the escalating trade tensions of the US-China trade war, the negotiations between the two countries ended without any deal in the course of the month. The indices of the developed capital markets recorded the following returns: the Austrian index ATX -9.9%, the French index CAC40 -6.8%, the US index S&P500 -6.6%, the German index DAX -5.0%, British index FTSE100 -3.5%.

During May the European Parliament elections were held, with the UK being obliged to participate; the elections ended with the victory of the Brexit Party, which supports a clear break with the EU, including a no deal Brexit on 31 October 2019.

Emerging stock exchanges fell on average by 1.48% in May; stock exchanges in China, Turkey and Poland recorded the lowest returns of -5.8%, -5.1% and -4.1%; the stock exchanges in Russia, India and Bulgaria posted positive returns of 4.1%, 1.7% and 1.3%.

Index	Country	2017*	2018**	YTD 2019***	May-19****
ATX	Austria	30.6%	-19.7%	5.5%	-9.9%
SOFIX	Bulgaria	15.5%	-12.3%	-2.0%	1.3%
PX	Czech Republic	17.0%	-8.5%	5.8%	-2.3%
SSEC	China	6.6%	-24.6%	16.2%	-5.8%
CAC40	France	9.3%	-11.0%	10.1%	-6.8%
FTSE	UK	7.6%	-12.5%	6.4%	-3.5%
DAX	Germany	12.5%	-18.3%	11.1%	-5.0%
BSE SENSEX	India	27.9%	5.9%	10.1%	1.7%
WIG 20	Poland	26.4%	-7.5%	-1.6%	-4.1%
BET	Romania	9.4%	-4.8%	15.0%	0.6%
BET-FI	Romania	33.4%	-12.6%	10.2%	5.1%
SP 500	USA	19.4%	-6.2%	9.8%	-6.6%
BUX	Hungary	23.0%	-0.6%	4.5%	-3.8%
MOEX	Russia	-5.5%	11.8%	13.0%	4.1%
ISE 100	Turkey	47.6%	-20.9%	1.0%	-5.1%

\*return between 12/30/2016-12/29/2017  
\*\* return between 12/29/2017-12/31/2018  
\*\*\* return between 12/31/2018-05/31/2019  
\*\*\*\*last month return: 04/30/2019-05/31/2019