



STK Emergent Monthly NAV report

December 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	November 2019	December 2019
Unlisted shares	28,459,467	28,459,467
Tradeable shares portfolio	28,641,227	28,149,555
Shares	22,903,141	9,538,420
Cash	5,344,241	18,217,289
Collective undertakings titles	600,000	600,000
Other net assets	-206,155	-206,155
Other liabilities	129,999	132,330
Net assets	56,970,695	56,476,692
NAV per share	93.43	92.62

Tradeable shares portfolio represents 49.8% of the total net assets at the end of December.

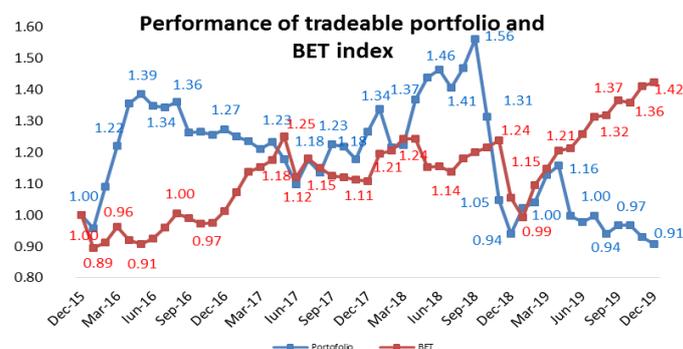
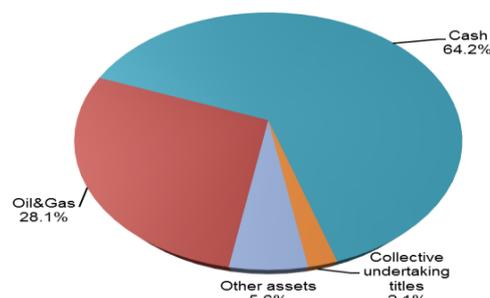
Fund holdings are recorded using the reference price of the shares traded on the last day of the month, and for the unlisted companies a fair value is used, from a valuation report made by an ANEVAR certified external valuator.

During December, a part of the shares in the oil sector were sold, at the end of the month the structure of the portfolio of traded shares being composed of securities belonging to oil & gas companies 28.1%, cash 64.2%. *Other net assets* category includes the dividends payable by the Fund from previous years.

The Brent oil price closed the December month at \$66.00/barrel, recording an increase of 8.64%, due to OPEC+ members' decision to further reduce oil production by 500,000 barrels a day in the first quarter of 2020, and to the "first phase" of a trade agreement between the US and China, which will be signed in the first part of next month.

2. Stock portfolio

Tradeable portfolio holdings



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 in the coming years that production 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 December is 18% 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 December, the Fund's trading portfolio is valued at about RON 28.15 million, down by 1.72% compared to the value reported at the end of November, 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!



3. Changes in the NAV per share

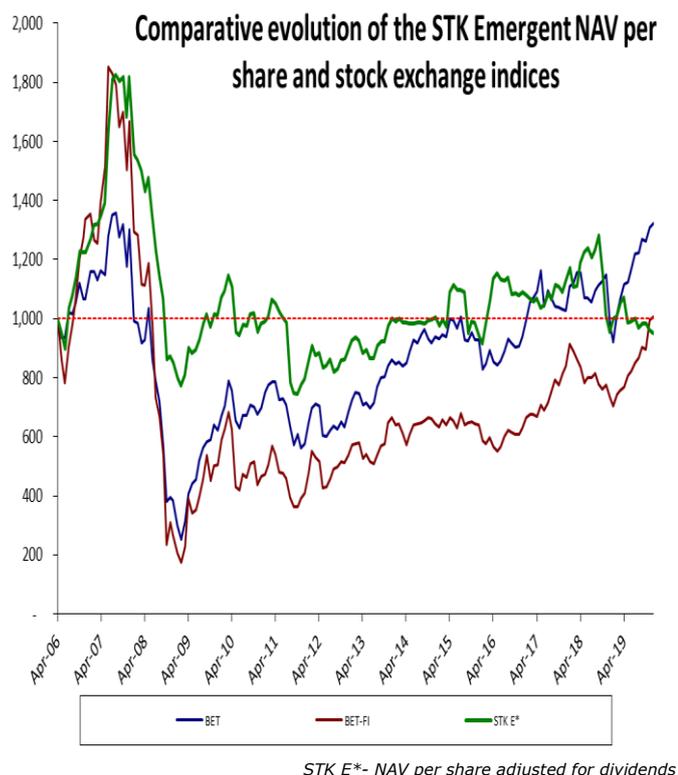
The net asset value per share decreased by 0.87% last month

On December 31, 2019, the STK Emergent net asset value per share stands at RON 92.62, decreasing by 0.87%, compared to the net asset value per share at the end of November.

The BET index of the Bucharest Stock Exchange registered an increase of 0.91% in December, reaching 9,977.30 points at the end of the month; from the BET index, ALR, DIGI and BDR shares posted the highest increases of 9.9%, 4.7% and 3.5%, while EL, BVB and TGN shares decreased by 5.3%, 3.4% and 2.6%.

The BET-FI index of the financial sector rose in December by 1.21%, the five Financial Investment Companies and FP registering returns between -2.5% and 8.9%.

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



From launch to the end of December, the net asset value per share registered a *negative variation of 4.56%*, thus underperforming the BET index, which increased by 33.71%, and the BET-FI index, which registered a positive variation of 2.50%, over the same time frame.

4. Performance of the world stock exchanges

December was characterized by growths in financial markets

The developed financial markets increased in December by an average of 1.32%, the mature capital market indexes recording the following returns: the US index S&P500 2.9%, the British index FTSE100 2.7%, the Austrian index ATX 1.5%, the French index CAC40 1.2%, the German index DAX 0.1%, the Polish index WIG20 -0.4%.

As part of the December negotiations, the US agreed not to impose fresh levies on \$156bn of Chinese consumer goods and agreed to halve tariffs on \$120bn of imports that were introduced in September. Meanwhile, China pledged to increase imports from the US, and promised better protection of intellectual property rights.

Following early general elections in the UK, the Conservative Party won the majority, so that on December 20, the House of Commons approved the withdrawal agreement bill on Brexit, which will be debated in early January, and subsequently voted by the House of Lords.

Emerging and frontier stock exchanges posted an average increase of 3.96% in December, with stock exchanges in Turkey, China and Hungary recording the highest increases of 7.0%, 6.2% and 5.4% respectively.

Index	Country	2017*	2018**	2019***	Dec - 19****
ATX	Austria	30.6%	-19.7%	16.1%	1.5%
SOFIX	Bulgaria	15.5%	-12.3%	-4.4%	3.9%
PX	Czech Republic	17.0%	-8.5%	13.1%	3.2%
SSEC	China	6.6%	-24.6%	22.3%	6.2%
CAC40	France	9.3%	-11.0%	26.4%	1.2%
FTSE	UK	7.6%	-12.5%	12.1%	2.7%
DAX	Germany	12.5%	-18.3%	25.5%	0.1%
BSE SENSEX	India	27.9%	5.9%	14.4%	1.1%
WIG 20	Poland	26.4%	-7.5%	-5.6%	-0.4%
BET	Romania	9.4%	-4.8%	35.1%	0.9%
BET-FI	Romania	33.4%	-12.6%	37.3%	1.2%
SP 500	USA	19.4%	-6.2%	28.9%	2.9%
BUX	Hungary	23.0%	-0.6%	17.7%	5.4%
MOEX	Russia	-5.5%	11.8%	29.1%	3.8%
ISE 100	Turkey	47.6%	-20.9%	-8.9%	7.0%

*return between 12/30/2016-12/29/2017
** return between 12/29/2017-12/31/2018
*** return between 12/31/2018-12/31/2019
****last month return: 11/29/2019-12/31/2019