

# **Board of Directors Report**

## **3<sup>rd</sup> Quarter 2021**

**STK Emergent**

Interim report in accordance with the **Law no. 24/2017, Regulation no. 15/2018**

Date of the report: **11/15/2021**

Name of the issuer: **STK EMERGENT Investment Fund managed by STK FINANCIAL AFIA**

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Headquarters: **Cluj-Napoca, Mihai Veliciu Street no. 3**

Telephone number: **004 0264 591 982**

Decision of the Financial Supervisory Authority (ASF): **no. 20/16.03.2006**

Registration number in the ASF Registry: **CSC08FIIR/120004**

Subscribed and paid-in share capital: **RON 121,950,600**

The regulated market on which the issued securities are traded: **The Bucharest Stock Exchange**

## **1. Events with significant impact on Fund's performance**

In the first nine months of 2021 the Fund's activity focused mainly on the local market, acquiring shares and newly issued securities on the Bucharest Stock Exchange, with a total value of about RON 11 million.

Within the same period the stock market exceeded the threshold of RON 200 billion capitalization (i.e. the value of the 84 companies listed on the main market of the Bucharest Stock Exchange) an advance of 25% of the BET index and new historical highs. BVB's main market grew by over RON 47 billion in 2021, reaching almost 20% of GDP, which was RON 1,053 billion in 2020. In 2021 the economic growth is estimated by the government at 5%, and GDP at RON 1,143 billion. The increase of the total capitalization of the main market was mainly determined by the increase of share prices, in some cases to new historical highs (such as Medlife or Teraplast), but also by the two public offers made in June (Transport Trade Services) and in July (One United Properties), companies that together have a capitalization of RON 3.5 billion.

## **2. Analysis of STK Emergent activity**

At the end of September the net asset value per share was RON 102.07, registering an increase of 10.13% compared to the net asset value per share of RON 92.68 at the end of 2020. Since inception to 09/30/2021 the net asset value per share registered an increase of 5.18%, while the BET-FI index increased by 14.86% and the BET index increased by 69.47% over the same time.

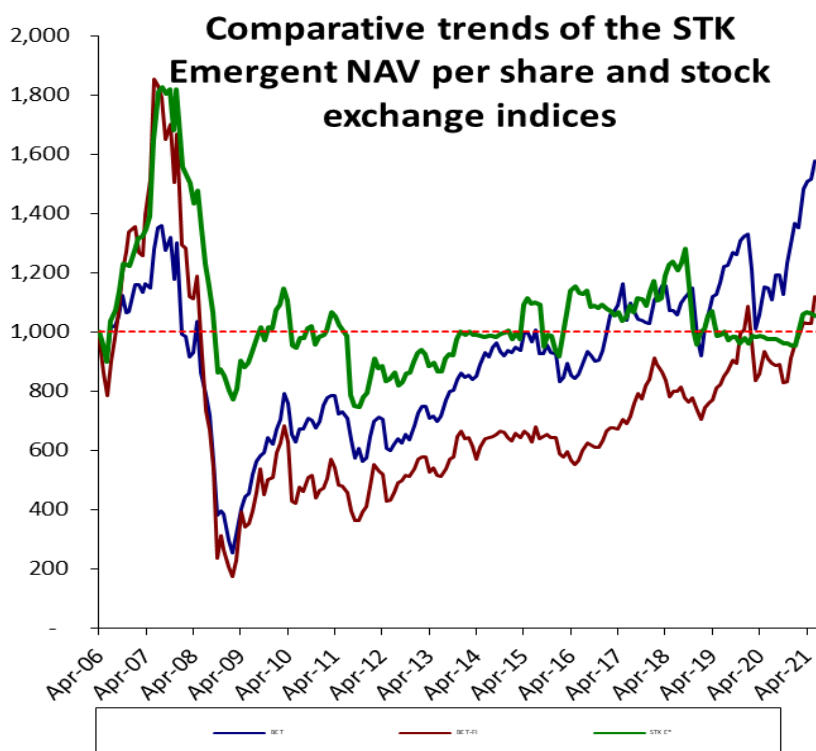
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**STK FINANCIAL AFIA SA**

400423 Cluj-Napoca, Mihai Veliciu nr. 3, tel./fax 0264591982, www.stk.ro, office@stk.ro

Operator date cu caracter personal nr. 30711, Autorizația ASF nr. 94/28.03.2018

Nr. Reg. ASF PJR071AFIAA/120008, CIF 17772595, J12/2600/2005, Capital social: 913.724 lei



*STK E\*- adjusted NAV per share with distributed dividends*

*The net asset structure* at 09/30/2021 compared to the end of 2020 is as follows:

	-RON-	
	09/30/2021	12/31/2020
Unlisted shares	32,979,223	29,916,388
Tradeable shares portfolio	29,757,849	27,089,147
<i>Shares</i>	<i>13,629,511</i>	<i>3,287,410</i>
<i>Cash</i>	<i>15,282,277</i>	<i>23,150,763</i>
<i>Collective undertakings titles</i>	<i>846,061</i>	<i>650,973</i>
<b>Total assets</b>	<b>62,737,072</b>	<b>57,005,535</b>
Liabilities	498,613	496,129
<b>Net assets</b>	<b>62,238,459</b>	<b>56,509,405</b>
<b>NAV per share</b>	<b>102.07</b>	<b>92.68</b>

The tradeable shares portfolio at the end of the third quarter represents 47.81% of the total net assets. The net assets of the Fund increased by 10.14%, from RON 56.51 million at the end of 2020 to RON 62.24 million at the end of September 2021, as a result of the increase in its market holdings of listed and unlisted shares.

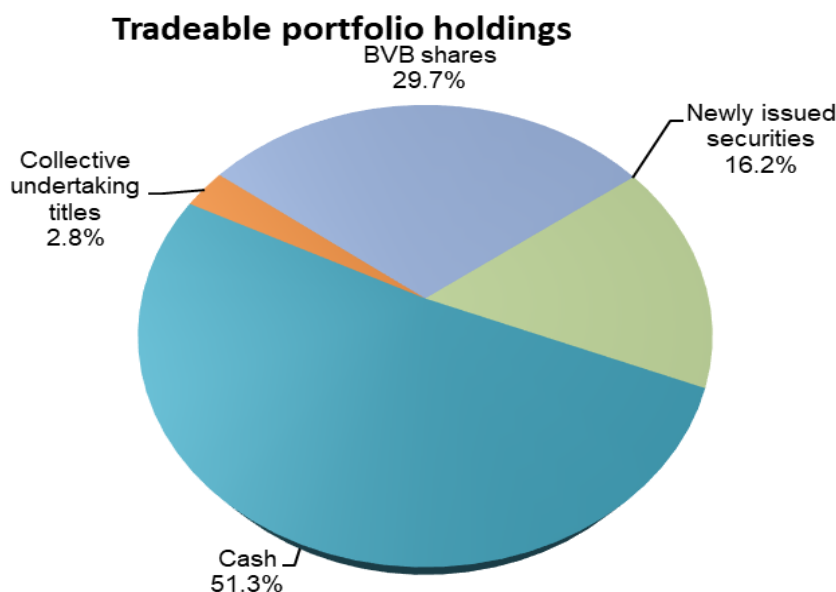
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The structure of the tradeable portfolio holdings as of 09/30/2021 is presented in the chart below:



At the end of September 2021 the tradeable shares portfolio consists of 51.3% cash, 29.7% BVB shares, 16.2% newly issued securities and 2.8% collective undertakings titles.

### 3. Fund's Financial Position and Performance

The financial statements as of 09/30/2021 have been prepared in accordance with the Financial Supervisory Authority (ASF) Norm 39/2015 for the approval of the Accounting Regulations pursuant to the International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the ASF in the Sector of Financial and Investment Instruments. The financial statements of STK Emergent fund have not been consolidated.

**The financial statements as of 09/30/2021 have not been audited.**

The Fund's Statement of Financial Position as of 09/30/2021 compared with 12/31/2020 is as follows:

In accordance with IFRS:	-RON-				
	09/30/2021	(%)	12/31/2020	(%)	Chg (%)
Other financial assets at fair value through other comprehensive income	32,979,223	52.6%	32,979,223	54.9%	0.0%
Securities at fair value through profit or loss (held for trading)	14,475,572	23.1%	3,938,383	6.6%	267.5%
Receivables from securities transactions	530,734	0.8%	0	0	n.a.

Cash and cash equivalents	14,751,543	23.5%	23,150,763	38.5%	-36.3%
<b>TOTAL ASSETS</b>	<b>62,737,072</b>	<b>100.0%</b>	<b>60,068,370</b>	<b>100.0%</b>	<b>4.4%</b>
Equity	62,233,454	99.2%	59,567,832	99.2%	4.5%
Current liabilities	503,618	0.8%	500,537	0.8%	0.6%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>62,737,072</b>	<b>100.0%</b>	<b>60,068,370</b>	<b>100.0%</b>	<b>4.4%</b>

The category *Other financial assets at fair value through other comprehensive income* includes the securities held by STK Properties SA and Emergent Real Estate SA.

*Securities at fair value through profit or loss (held for trading)* increased to RON 14.48 million, as the Fund bought shares on the BVB throughout 2021. The Fund's strategy focused both on the acquisitions of listed shares and newly issued securities. Acquisitions in the portfolio generated the decrease of cash availabilities to RON 14.75 mln compared to RON 23.15 mln at the end of 2020.

The total assets of the Fund registered an increase of 4.4% from RON 60.07 million (December 31, 2020) to RON 62.74 million (September 30, 2021).

Current liabilities, amounting to RON 0.504 million (about the same level as December 31, 2020 of RON 0.501 million) include, at the end of September, the unpaid dividends from previous years.

The financial performance of the Fund as of 09/30/2021 compared to the same period of the previous year is as follow:

-RON-

<b>In accordance with IFRS:</b>	<b>09/30/2021</b> <i>9 months</i>	<b>09/30/2020</b> <i>9 months</i>	<b>Chg (%)</b>
Net gain on financial instruments traded or held for trading at fair value through profit or loss	3,505,712	726,803	382.3%
Dividend income	143,422	15,000	x9.6
Interest income	8,499	62,568	-86.4%
Net gain from foreign exchange differences	458,977	126,513	262.8%
<b>Total Net Revenue</b>	<b>4,116,610</b>	<b>930,884</b>	<b>342.2%</b>
Administration fees, bank charges, fees	1,450,988	1,386,453	4.7%
<b>Total Net Expenses</b>	<b>1,450,988</b>	<b>1,386,453</b>	<b>4.7%</b>
<b>Net Result for the year</b>	<b>2,665,622</b>	<b>-455,569</b>	<b>n.a.</b>

The total revenues of the Fund in the first three quarters of 2021 were RON 4.12 mln. Compared with the same period of the previous year the Fund registered higher income

from financial instruments traded or held for trading at fair value through profit or loss (RON 3.51 million versus RON 0.73 million), dividends (RON 0.14 million versus RON 0.015 million) and exchange rate differences (RON 0.46 million versus RON 0.13 million).

Management fees, bank charges and other fees increased by 4.7% compared with the previous period to RON 1.45 million. The Fund ended the first three quarters of 2021 with a net result of RON 2.76 million.

**Chairman of the Board,  
PASCU Nicolae**