

Board of Directors Report

3rd Quarter 2022

STK Emergent

3rd Quarter Report in accordance with the **Law no. 24/2017, Regulation no. 15/2018**

Date of the report: **November 15, 2022**

Issuing entity: **The STK EMERGENT alternative investment fund managed by STK FINANCIAL AFIA SA**

Headquarters: **Romania, 400423 Cluj - Napoca, 3 Mihai Veliciu Street, County of Cluj**

Telephone number: **0264 591 982**

Decision of the Financial Supervisory Authority (ASF): **no. 232/15.11.2021**

Registration number in the ASF Registry: **CSC09FIAIR/120013**

Subscribed and paid-in share capital: **RON 146,340,600**

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

1. Events with significant impact on Fund`s performance

During the first 9 months of 2022 the trend of the capital markets worldwide was downward due to enduring inflation and the endeavour of the central banks to fight it by rising interest rates.

The trend of the American treasury bills is relevant:



STK FINANCIAL AFIA SA

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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

The rise in interest rates from near zero levels to over 4% brought about the sell-off in stocks. The most impacted were the American companies, as one can see in the SP500 graph below:



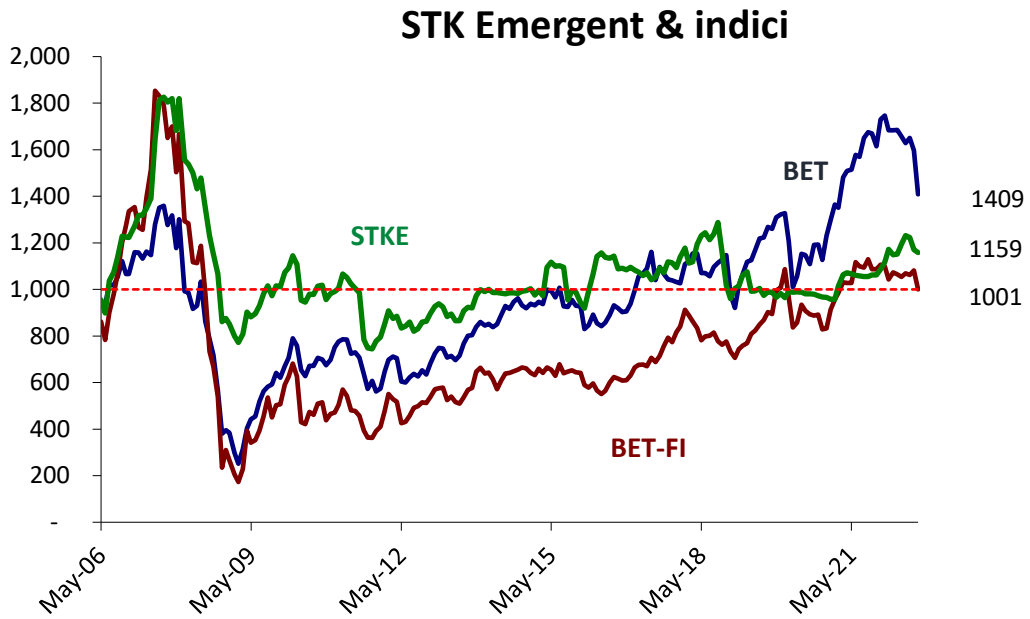
In the first nine months of the year the SP500 index fell by approx. 25%.

2. Analysis of STK Emergent activity

At the end of September the accounting net asset value per unit was RON 101.54, up by 7% compared to the value at the end of 2021. Over the same time the BET-index fell by 18.54% and the BET-FI index by 9.48%

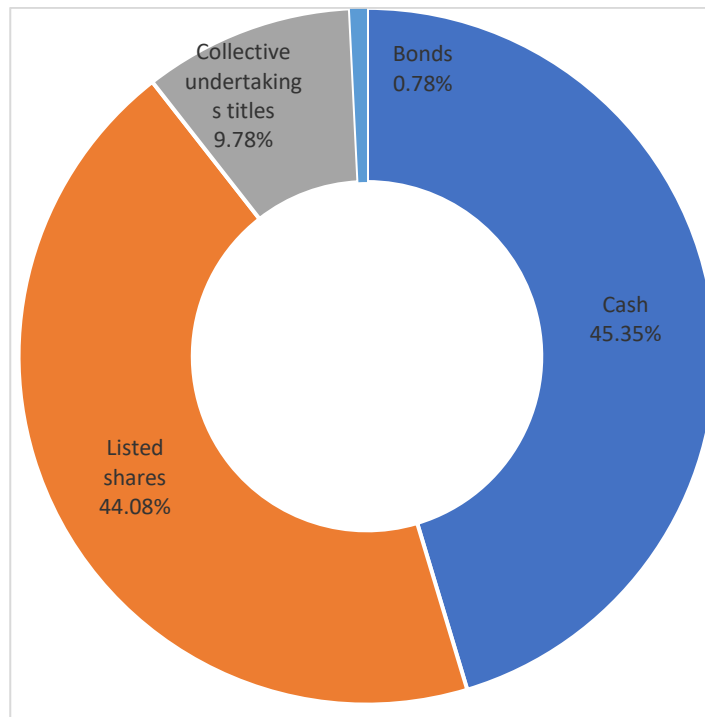
Since inception to September 30, 2022, the net asset value per unit registered a positive variation of 15.9%, during the same period the BET-FI index increased by 0.1%, and the BET index by 41%.

The comparative trend of NAV per unit with the main indices is presented in the chart below:



STK E- NAV per unit adjusted with dividend and capital increase*

The structure of the tradeable portfolio holdings as of September 30, 2022 is presented in the chart below:



At the end of September 2022, the tradeable portfolio consisted mainly of shares traded on the domestic capital market and cash.

3. Fund's Financial Position and Performance

The financial statements as of September 30, 2022 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 September 2022 have not been audited.

3.1. The Fund's Statement of Financial Position as of **September 30, 2022** compared with December 31, 2021 is as follows:

In accordance with IFRS:	9/30/22	(%)	12/31/21	(%)	Var (%)
-RON-					
Non current assets					
Other financial assets at fair value through other comprehensive income	39,691,242	53.27%	37,840,961	54.49%	4.89%
Current assets					
Securities at fair value through profit or loss (held for trading)	11,566,788	15.52%	24,620,440	35.45%	-53.02%
Receivables from trading operations	1	0.00%	239,027	0%	-100.00%
Cash and cash equivalents	23,256,015	31.21%	6,744,085	9.71%	244.84%
TOTAL ASSETS	74,514,045	100.00%	69,444,512	100.00%	7.30%
EQUITY	74,296,901	99.71%	68,951,160	99.29%	7.75%
Current Liabilities	217,144	0.29%	4 93,352	0.71%	-55.99%
TOTAL EQUITY AND LIABILITIES	74,514,045	100.00%	69,444,512	100.00%	7.30%

Other financial assets at fair value through other comprehensive income include Fund's holdings in STK Properties SA and Emergent Real Estate SA.

The position *Securities at fair value through profit or loss (held for trading)* decreased to RON 11.5 million, as the Fund sold part of its holdings for the reasons mentioned above. Thus, cash increased to RON 23.2 million, up by 245% compared to the end of 2021.

The total assets of the Fund amounted to RON 74.5 million as of September 30, 2022, up by 7.3% compared to the end of 2021.

The positive variation of 7.47% in equity is due to the change in fair value of *Other financial assets held for sale* and to the capital increase from July 2022.

3.2. The financial performance of the Fund as of September 30, 2022 compared to the same period of the last year is as follows:

In accordance with IFRS:	30-Jun-22	30-Jun-21	Var (%)
Net gain on financial instruments traded or held for trading at fair value through profit or loss	0	726,803	n.a.
Dividend income	65,587	15,000	337%
Interest income	329,459	62,568	427%
Net gain from foreign exchange differences	676	126,513	-99%
Other operational income	351,171	-	n.a.
Total Net Revenue	746,892	930,884	-20%
Net loss from financial assets at fair value through profit or loss	2,087,116	0	n.a.
Management fees, bank charges, other fees	1,505,711	1,386,453	9%
Net loss from foreign exchange differences	0	0	n.a.
Total net Expenses	3,592,826	1,386,453	159%
Net Profit/Loss for the period	-2,845,934	-455,569	525%
Other comprehensive income	1,850,281	-231,116	n.a.
Change in the fair value of other financial assets held for sale	1,850,281	-231,116	n.a.
Total comprehensive income for the period	-995,653	-686,685	45%

The negative variation is due mainly to the fall in the prices of AROBS and TTS shares, but the negative impact was mitigated by the fact that we reduced the exposure to the stock market at the beginning of the year. AROBS shares fell by almost 19%, while NASDAQ 100 tech index fell by 30%. Moreover, the company reported financial results on the rise, is expanding by the acquisition of new companies and plans to advance to a superior tier on the stock exchange- factors which make it one of our strategic investments.

Management and custody fees, bank charges and other fees, amounting to RON 1.5 million, were by 9% higher compared to the same period of the previous year due to the increase in assets. *Net expenses on exchange rate differences* were insignificant. The operational activity of the Fund in the first 9 months of 2022 ended with a net loss of RON 2.8 million.

3.3. Fund Unitholders' Equity

In June 2022 the Fund carried out a capital increase amounting to RON 7,560,900 at the price of RON 62/fund unit.

Following the capital increase, the number of fund units rose by 121,950 from 609,753 to 731,703.

Attached to this report are:

Statement of Financial Position as of 09/30/2022

Statement of Profit or Loss and Other Comprehensive Income as of 09/30/2022

Notes to the Accounts

Chairman of the Board,
PASCU Nicolae