

Market Commentary

The first month of 2018 continued the pace from the previous year. It was a month **full of global events**. Firstly, market participants from all around the globe saw results from the much-anticipated tax reform in the U.S. Due to the **tax reform**, American companies started to invest more in domestic projects and started to add more jobs back in the U.S. Also, there was a meeting in Davos, Switzerland where the annual World Economic Forum was held. All the major business and political leaders were there, and we had an opportunity to hear their thoughts about global economy. There were talks about possible overheating of the U.S economy **with probability of the Fed raising the interest rates due to the inflation**. Also, U.S Senate accepted the nomination of Mr. Jerome Powell as the next Fed chairman. Later this month, there was a massive sell-off in the bond markets, due to the inflation picking up the pace. Back in EU, the inflation weakened and now it is on the lowest level since last July (1.3%). Also Germany, EU's strongest member announced that it expects even more growth in 2018 which led to a stronger euro on the currency markets. Meanwhile, in Croatia, the **Ministry of Finance issued new T-bills in an amount of 1.2 billion HRK**, which led to a lower yield on them. Moreover, consumer spending increased, now for 40 weeks in a row, but industry production fell 2.5%. The year on Croatian market started in an optimistic tone, with the increased volume of trading of +8.3% in comparison with December 2017 and a massive increase in block trading of +168%. Finally, Agrokor, former Croatian conglomerate, is actively searching for a new Supervisory board which could bring some stability to the company.

**Our Fund saw a steady month and grew by 2.8%, similar to CROBEX index which grew by 2.3%.** The main contributor to the growth was Zagrebačka Banka d.d. Throughout January, ZABA-R-A has acquired its own stocks on several occasions. The purpose behind this was granting these stocks to workers. On the 25th of January Company held a General Assembly and the main issue was regarding Supervisory Board.

**The VIRO stock continued its slump throughout January as it fell 10.17%** and closed out the month at HRK 212. The fall from the last few months can be attributed to the surplus in the supply of sugar. The data published by The Food and Agriculture Organization of the United Nations states that the prices of sugar were on average 11.2% lower in 2017 than in 2016. That is due to the abundant sugar cane yield by the leading producer Brazil. In this month came the disclosure of the commercial court regarding established and disputed claims of Agrokor's creditors. Amount of disputed claims from VIRO tvornica šećera d.d. adds up to HRK 142.6 million and that also could have affected the stock price fall.

Portfolio performance vs benchmark (indexed, since inception)



## Investment approach

The Fund seeks to achieve positive long term returns by managing a portfolio of diversified equity investments that are believed to be undervalued at the time of purchase, or are expected to hold significant growth potential in the future. FK\_HR1 is a long-only equity fund, meaning it will be permanently exposed to any number and type of stocks.

## Fund Characteristics

Fund name	FK_HR1 UCITS fund
Fund Company	Financijski Klub
Fund type	Equity
Currency	HRK
Starting Share Price	100
Share Price	174,41
Inception Date	14. travanj 2014.
Fund Domicile	Zagreb, Croatia
Reference Benchmark	CROBEX Index

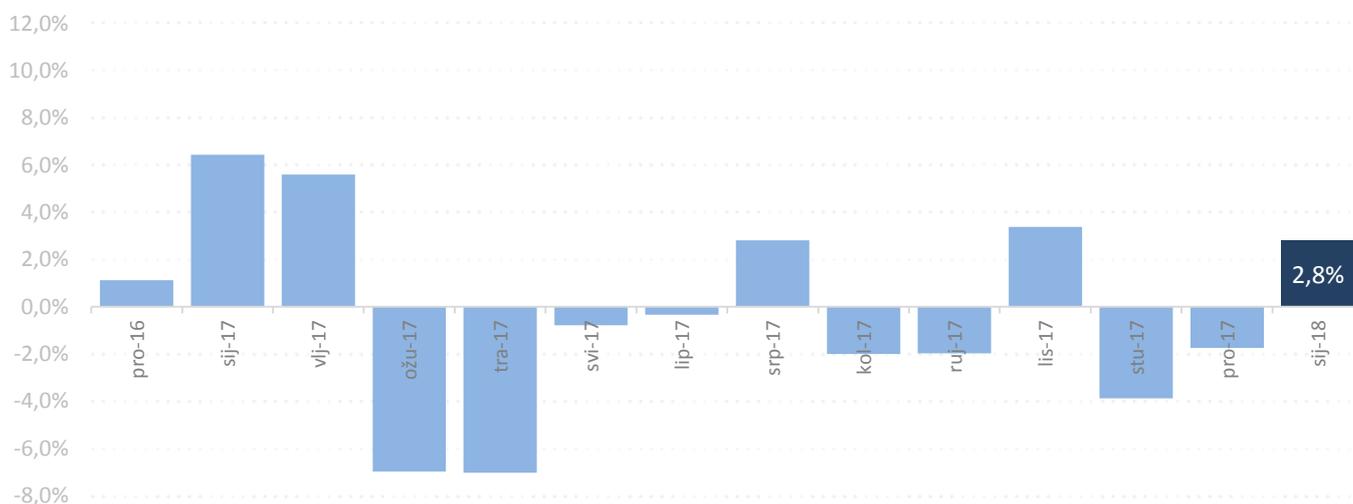
## Return since inception

Price return (net of dividends)	74,41%
Total return (with dividends)	100,92%

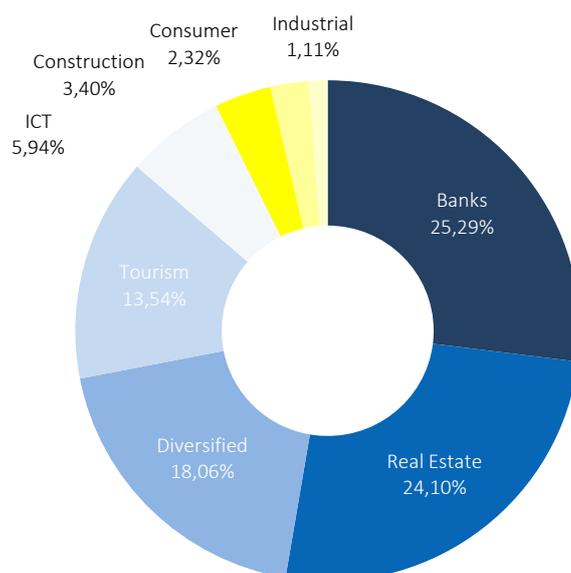
## Top 10 Holdings

Ticker	Company Name	%	Country
ZABA-R-A	Zagrebačka banka d.d.	25,29%	CRO
ATLN-R-A	Excelsa nekretnine d.d.	24,10%	CRO
ADRS-R-A	Adris Grupa d.d.	18,06%	CRO
MAIS-R-A	Maistra d.d.	7,77%	CRO
RIVP-R-A	Valamar riviera d.d.	5,77%	CRO
ERNT-R-A	Ericsson Nikola Tesla d.d.	3,63%	CRO
DLKV-R-A	Dalekovod d.d.	3,35%	CRO
VIRO-R-A	Viro tvornica šećera d.d.	2,32%	CRO
HT-R-A	Hrvatski Telekom d.d.	2,31%	CRO
DDJH-R-A	Đuro Đaković Holding d.d.	1,11%	CRO

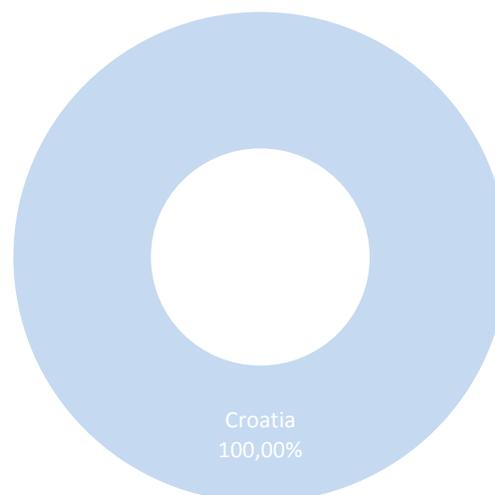
## Monthly Performance (MoM)



## Sector Allocation



## Geographic Allocation



## FK Portfolio Management

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## About Financijski klub

Financijski klub (the Financial Club) is a specialized student association which aims to provide its members with additional financial education. That being our core business, we organize different projects, lectures, workshops and numerous other social events. The Club has been active since 2005, and is situated at the Faculty of Economics and Business of the University of Zagreb.

With our ongoing activities we have established a significant role within the finance oriented academic population. Through the years, our work has been recognized with numerous Dean's and Rector's Awards, and our members with internships and jobs at leading companies. Our most recent highlight has been the award for outstanding contribution to financial markets education, awarded by the Zagreb Stock Exchange in 2013.

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### All performance and holdings data as of 31 Jan-18.

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