

Market Commentary

The prices of consumer goods and services, measured by CPI rose by 0.6% in March, as compared to February and 1.1% on an annual level. **The number of unemployed in March compared with February decreased by 6.7%** and the registered unemployment rate in March was 11.5%.

At the end of April the government adopted the National Reform Plan and the convergence program for this and the next three years. The program contains projections for the **growth rate that would be 2.8% in this year**, 2.7% in the next year, and in 2020 and 2021 2.5%. As for the government budget for this year, the government plans for a 0.5% deficit. For the next year, a deficit of 0.4% is projected, then zero for 2020 and 0.5% surplus in 2021. The program also has plans for improving competitiveness, which includes tax breaks for the business sector, further cuts of administrative costs by roughly 30% and the reduction of non-tax burdens by 10%. Restructuring of the country's infrastructure is also mentioned, as well as the search for a strategic partner for Croatia Airlines.

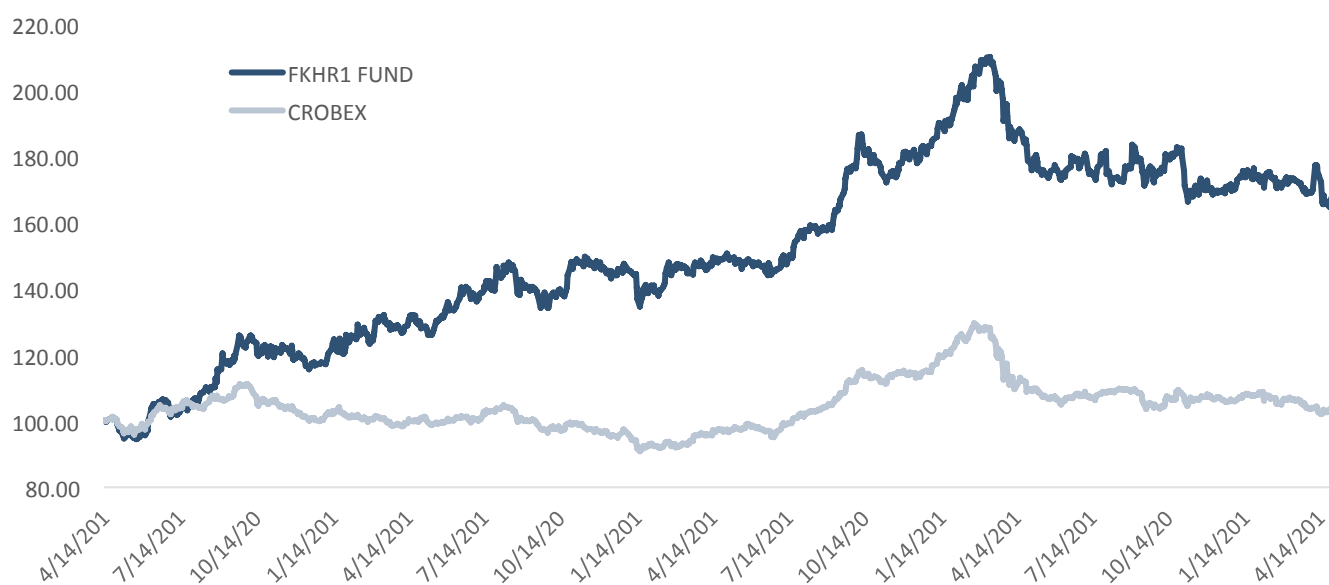
In an interview with Reuters, finance minister Zdravko Marić announced **refinancing at the end of the second quarter**. New bond issue should amount to HRK 6 billion and Eurobond worth EUR 750 million. This will be used to refinance the debt that is due in June.

Viro company's stock price ended the month of April with the same price as it was at the beginning of the month, 160 HRK per share. The highest price this stock achieved in April was on the 9th and it was 165 HRK per share. The total market capitalization of Viro at the end of April was approximately HRK 345 million. In the same period, CROBEX index of Zagreb Stock Exchange rose up by 0.26%, which is better than VIRO-R-A. The highest trading volume was hit on the last day of April (30th) when the price risen by 14,29% from the previous day. This is because of the annual report that was released the same day, as well as report for the

first quarter of 2018. Viro ended the 2017 with the total revenue of 1,075,555,154 HRK which is **9.51% lower than in 2016**. In the same period, expenses increased by 10.75% to the amount of 1,252,629,686 HRK. This resulted with the **absolute loss in the amount of 177,074,532 HRK** in 2017. This sort of news would drive the stock price down, but it seems that the investors expected result like this. Also, first quarter reports saved the day. In the first quarter of 2018, total revenue increased, if compared to the same period in 2017, by 19.26% to 248,030,236 HRK. In the same period, expenses increased by 21.21% to the amount of 240,101,146 HRK. This resulted in the profit of 7.929.090 HRK in the first quarter of 2018 which is, in the end, the thing that gave back the confidence to investors and pushed the stock up 14.29% compared to the previous day.

ATLN-R-A stock was being traded in the "auction trading" method at the start of April. It started the month at 166 HRK, and didn't change much until 9th of April when it started being traded in "continuous trading". Due to transfer to continuous trading, all orders were deleted, and that created a big spread between ask and bid, so the stock soared 21.95%, to 200 HRK that day, but on very low volume of only 3,394.00 HRK. After the bid and ask were filled again, ATLN-R-A's price returned to previous levels of 165-167 HRK. After publishing annual report for 2017 on 27th of April, which showed **big improvement compared to 2016**, and future plans for increasing most popular ticket price by 7.14% which is the company's biggest source of income, stock's price increased by 2.40% to 171 HRK, and next trading day by 1.17%, which resulted in last price for April of 173 HRK. ATLN-R-A had an increase in price of 7% through April, which is much better than CROBEX.

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	168,55
Inception Date	14. travanj 2014.
Fund Domicile	Zagreb, Croatia
Reference Benchmark	CROBEX Index

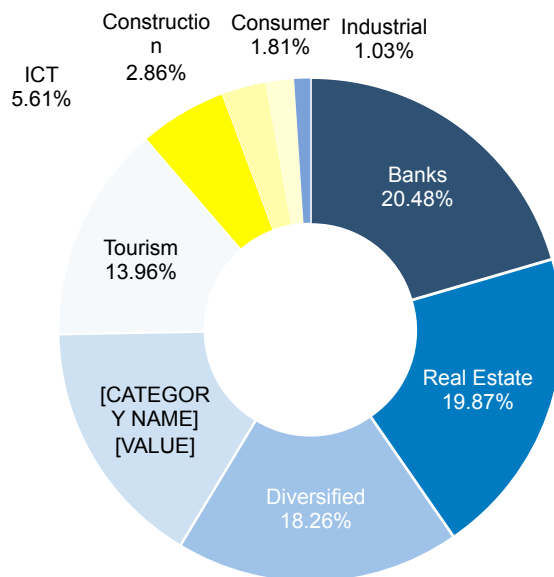
Return since inception

Price return (net of dividends)	68,55%
Total return (with dividends)	94,23%

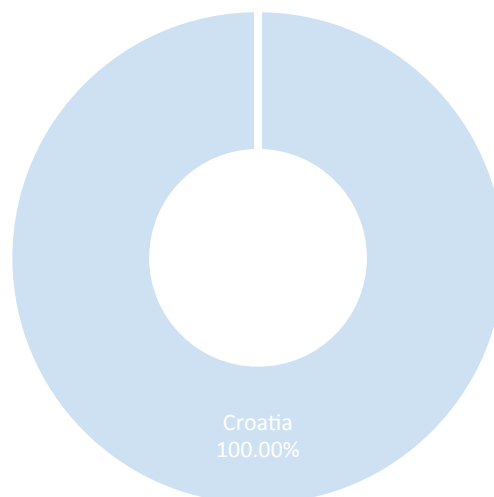
Top 10 Holdings

Ticker	Company Name	%	Country
ZABA-R-A	Zagrebačka banka d.d.	20,48%	CRO
ATLN-R-A	Excelsa nekretnine d.d.	19,87%	CRO
ADRS-R-A	Adris Grupa d.d.	18,26%	CRO
ADPL-R-A	AD Plastik Grupa d.d.	16,07%	CRO
MAIS-R-A	Maistra d.d.	7,64%	CRO
RIVP-R-A	Valamar riviera d.d.	6,32%	CRO
ERNT-R-A	Ericsson Nikola Tesla d.d.	3,24%	CRO
DLKV-R-A	Dalekovod d.d. Hrvatski Telekom	2,86%	CRO
HT-R-A	d.d.	2,37%	CRO
VIRO-R-A	Viro tvornica šećera d.d.	1,81%	CRO

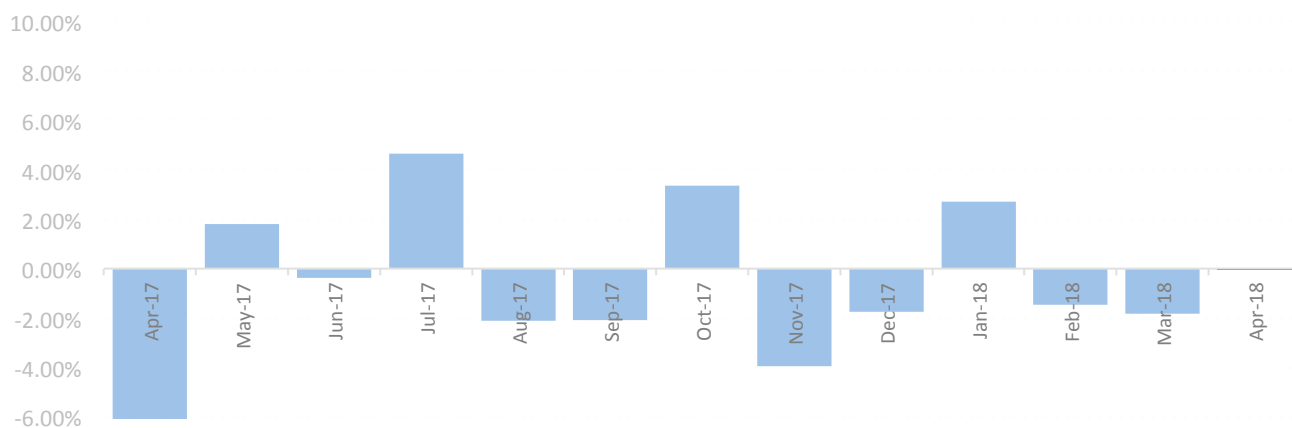
Sector Allocation



Geographic Allocation



Monthly Performance (MoM)



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 30 Apr-18.

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