

Market Commentary

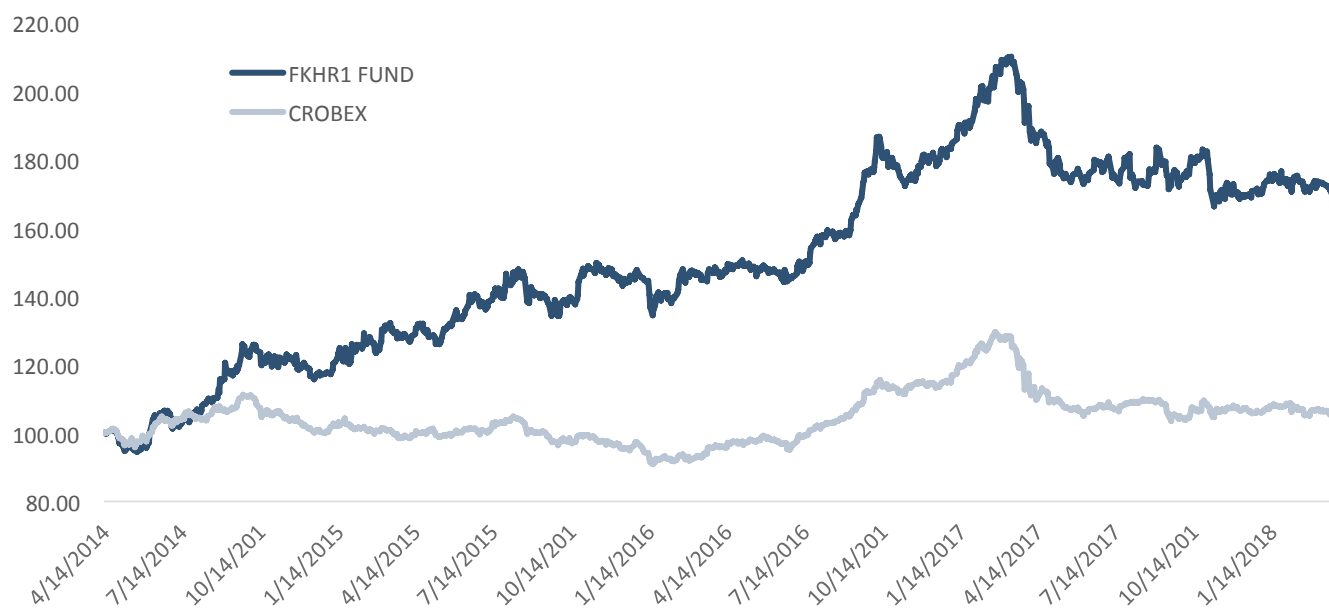
The total turnover on Zagreb Stock Exchange was 218,178,202 HRK (651,619,579 HRK since the start of the year) while the total volume was 36,240,448 shares. The number of trades executed in March came up to 7,915. Stocks of 39 companies on ZSE increased in price in March, 50 stocks declined and 11 remained unchanged. Almost all indices (except Crobexnutris and Crobistr) experienced a decline, most notably CROBEXtransport (-6.07%), while CROBEX declined 1.88%. In February 2018, as compared to January 2018, **the prices of goods and services for personal consumption, measured by consumer price indices, decreased by 0.1% on average**. The total registered unemployment rate in January 2018 was 12.7%. One of the best news for Croatia in March was **an increase in credit rating by the Standard & Poors agency from 'BB' to 'BB +' with stable prospects**, due to a further reduction in public debt and an improved fiscal position of the country contributed to economic recovery, as well as structural reforms such as the 2017 tax reform. Following a rise in ratings by the Fitch agency in January this year, it is the second increase in rating by the world's leading rating agencies since 2004. World's financial markets were very active in the past month. This activity was sparked by the **fear of a trade war between USA and the rest of the world**, expelling Russian ambassadors and vice versa, Facebook scandal with Cambridge Analytics and president Trump's twitter posts about Amazon.

ZABA's stock ended March with a slight increase (+0.34%) in price. It has been a stacked month for the bank with the events such as: a proposal for the dividends, intention of sotock buybacks,

published revised annual report for 2017 and the call for the General Assembly. The company said that it ended 2017 with a profit after taxation in the amount of 839,359,938 HRK, and proposed to use the profit as following: 99.96% to pay put as dividends, and the rest of it to put in retained earnings. It was recommended that dividends should be 2.62 HRK per share. Also, the company announced its decision to buy back 3,257 of its own shares that make 0.001% of the company's equity. After the buyback, the bank will own 264,327 of its own shares that make 0.08% of its equity. From the annual report it can be seen that business revenues decreased by 4.2%, net profit from trading also decreased by 35.8%, while business expenses increased by 2.7%.

At the end of February, **Adris Group withdrew a large part of its disputes over Zagrebačka banka's claims to Agrokor**. The ruling of the Commercial Court in connection with that was sent to the stock exchange by several Agrokor companies. Adris has resigned nearly \$ 1.4 billion in debts to 17 banks' claims, and the remaining 670 million are in the status quo. These are mostly claims towards Agrokor and Konzum, HRK 149 mil. and HRK 1.5 bn, respectively. Adris is one of the biggest Agrokor's creditor and they are the part of the creditor council. Adris launched its employee stock ownership plan where the main goal is to reward employees and management. They are aiming to acquire maximum of 600k shares and funds allocated for this program are HRK 300 mil. The program has begun on March 5 and will end no later than June 16, 2019.

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	168,64
Inception Date	14. travanj 2014.
Fund Domicile	Zagreb, Croatia
Reference Benchmark	CROBEX Index

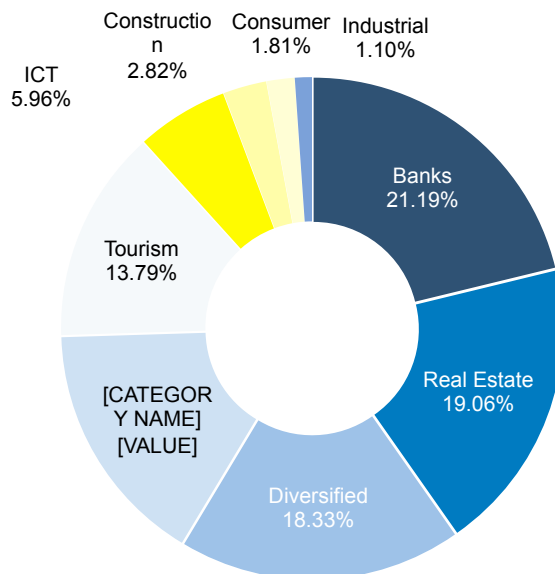
Return since inception

Price return (net of dividends)	68,64%
Total return (with dividends)	94,28%

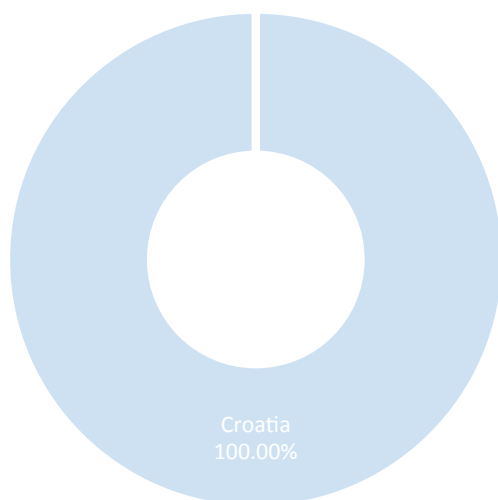
Top 10 Holdings

Ticker	Company Name	%	Country
ZABA-R-A	Zagrebačka banka d.d.	21,19%	CRO
ATLN-R-A	Excelsa nekretnine d.d.	19,06%	CRO
ADRS-R-A	Adris Grupa d.d.	18,33%	CRO
ADPL-R-A	AD Plastik Grupa d.d.	15,89%	CRO
MAIS-R-A	Maistra d.d.	7,47%	CRO
RIVP-R-A	Valamar riviera d.d.	6,31%	CRO
ERNT-R-A	Ericsson Nikola Tesla d.d.	3,60%	CRO
DLKV-R-A	Dalekovod d.d.	2,82%	CRO
HT-R-A	Hrvatski Telekom d.d.	2,36%	CRO
VIRO-R-A	Viro tvornica šećera d.d.	1,81%	CRO

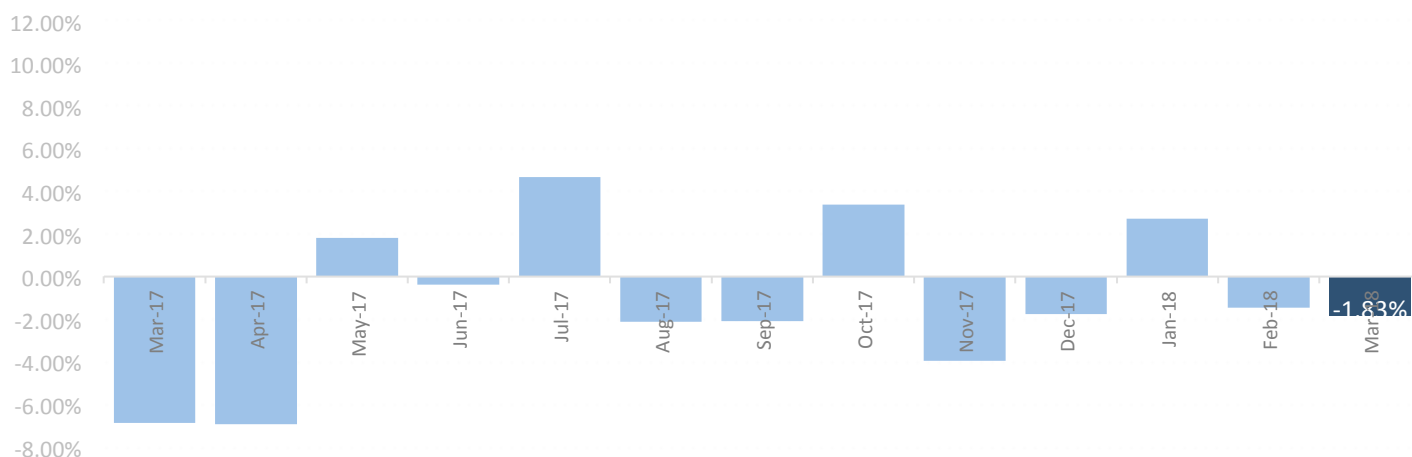
Sector Allocation



Geographic Alloc



Monthly Performance (MoM)



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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 Mar-18.

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