

Market Commentary

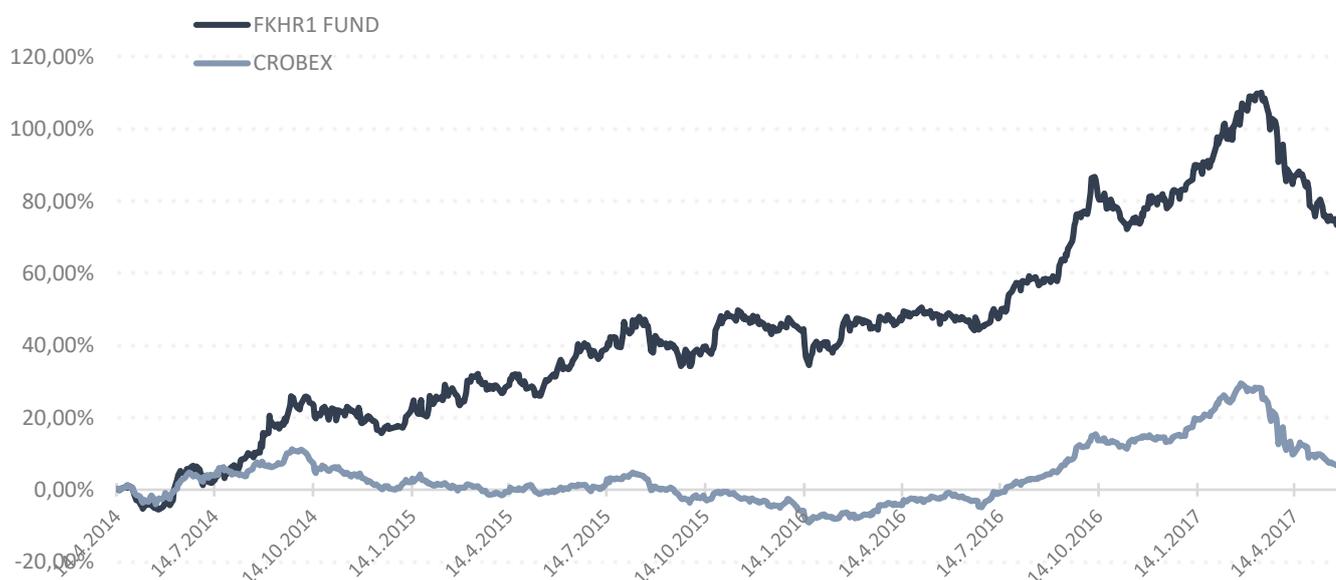
May was the third month in a row in which **CROBEX saw a decline of 7%** due to the Agrokor crisis and it's heavy impact on Croatian economy. The extraordinary manager for Agrokor ensured a loan for liquidity for the concern to continue its operations and now the analysts are saying that a few American funds and some Croatian banks are prepared to give new credit to Agrokor. Restructuring of the concern will start in fall, and the revenues from operating business will be enough to ensure Agrokor's day-to-day business. Also, the Vice-Chairman of Sberbank, the bank which is the biggest creditor of Agrokor, said that the continuation of financing will depend on communication and cooperation with the government and Agrokor itself. In May, the local elections were held in Croatia and there weren't many surprises as the ruling party HDZ won in the majority of Croatia, Global markets were stagnating most of the May, with the optimism and sense of relief after the EU supporter Macron won in second round of presidential elections in France. Oil prices fell due to the OPEC meeting in Vienna, where it was decided to push the date of reducing the oil production for another nine months. The S&P500 broke the record and so did the Nasdaq indexes, due to the optimism and encouragement of the investors after better than expected quarter results of a few retail chains stores. It seems that at this moment only the politics news could push or disrupt the market.

Our Fund had a stable month with a slight drop in value. **During May Fund slipped by 0.8%, significantly better than the benchmark, CROBEX.** Excelsa nekretnine d.d. (ATLN-R-A) was the best stock in our holding this month marking 5% growth in price per share.

ATLN-R-A price has been increasing since it published invitation to the general assembly that should be on 27 June. In the first quarter of 2017 the company has achieved the increase in revenues of 1.3%, compared to the same period last year. This increase in revenues was caused by a 3.6% increase in consumer demand and increased ticket prices for cable cars transportation. Expenditures are roughly the same as the last year, but this year is marked by increased investment used for modification of cable car transportation. There were few key factors, that were crucial for positive price movement. Firstly, on the agenda of the General Assembly, the suggestion was accepted for increasing share capital for about 3.5 million HRK. Secondly, about 16.6 million HRK were reserved and will be used to pay off dividends (5 HRK per share) to shareholders that will have the stocks in their possession on 19 July. This information had big influence and reflection on the market price of the stock. All of this company moves were done by redistribution of net income obtained in year 2016, which was very successful, in terms of net income, realizing 23.1 million HRK.

After the price peaked in March, VIRO-R-A market share price continued declining, with a surprising drop of 8.57% in May. If we look at the sugar prices in Europe, it is visible that Viro had relatively high purchasing prices, compared to his competitors in EU. Unfortunately, due to an upcoming quota repealing, it is expected that the purchasing prices are going to sink, caused by greater competition on the EU market. Announcements that Viro is interested in Hellenica Sugar Industry factories in Serbia are now far from realization, but they are showing the need for expanding. The promising factor with the first quartal financial report shows that profitability grew slightly, compared with the same period in 2016.

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	177,31
Inception Date	14. travanj 2014.
Fund Domicile	Zagreb, Croatia
Reference Benchmark	CROBEX Index

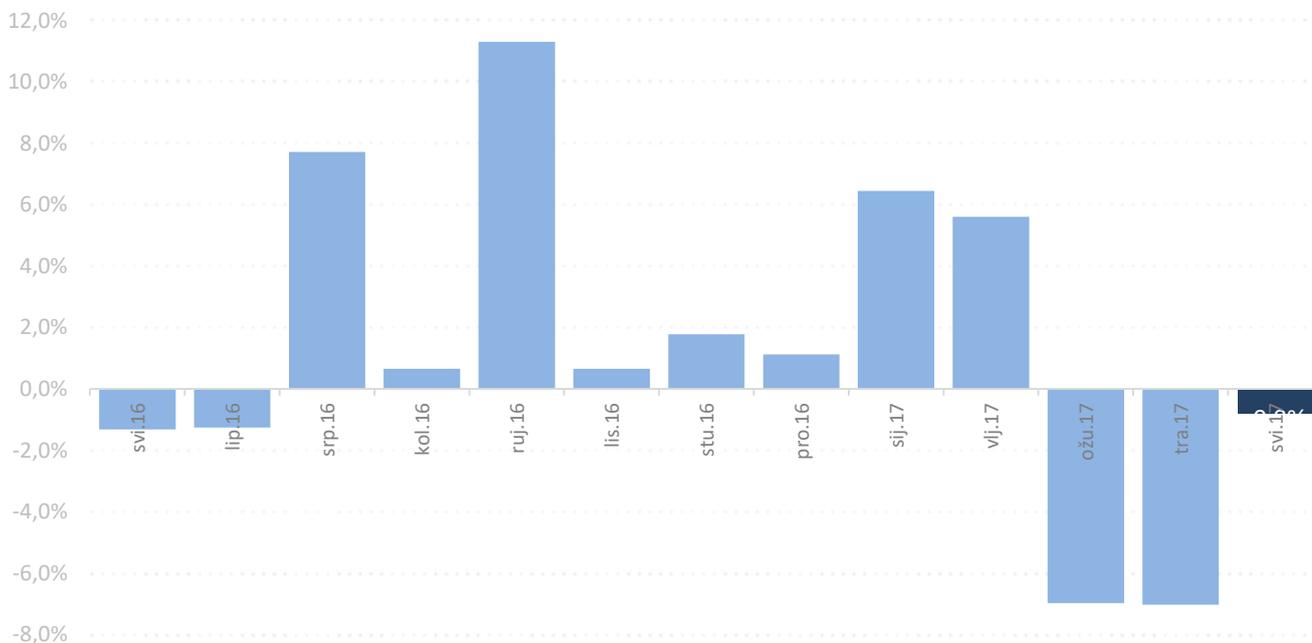
Return since inception

Price return (net of dividends)	77,31%
Total return (with dividends)	100,59%

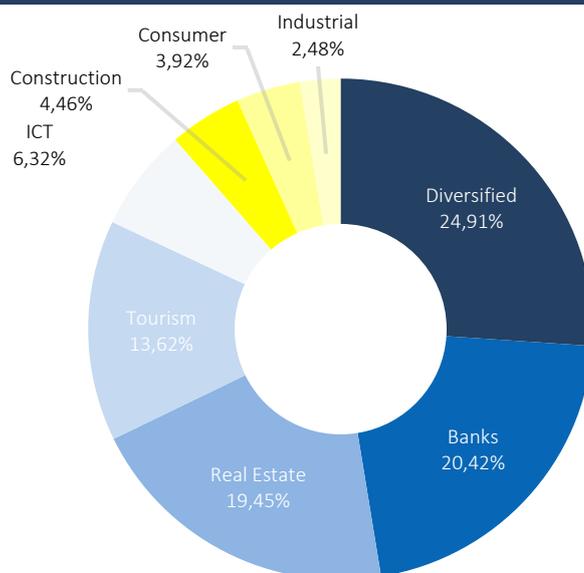
Top 10 Holdings

Ticker	Company Name	%	Country
ADRS-R-A	Adris Grupa d.d.	24,91%	CRO
ZABA-R-A	Zagrebačka banka d.d.	20,42%	CRO
ATLN-R-A	Excelsa nekretnine d.d.	19,45%	CRO
MAIS-R-A	Maistra d.d.	7,54%	CRO
RIVP-R-A	Valamar riviera d.d.	6,07%	CRO
ERNT-R-A	Ericsson Nikola Tesla d.d.	3,92%	CRO
VIRO-R-A	Viro tvornica šećera d.d.	3,92%	CRO
DLKV-R-A	Dalekovod d.d.	3,55%	CRO
DDJH-R-A	Đuro Đaković Holding d.d.	2,48%	CRO
HT-R-A	Hrvatski Telekom d.d.	2,40%	CRO

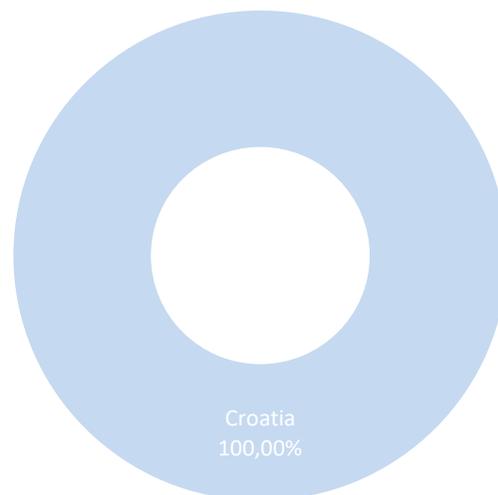
Monthly Performance (MoM)



Sector Allocation



Geographic Allocation



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About Finacijski klub

Finacijski 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-May-17.

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