

Market Commentary

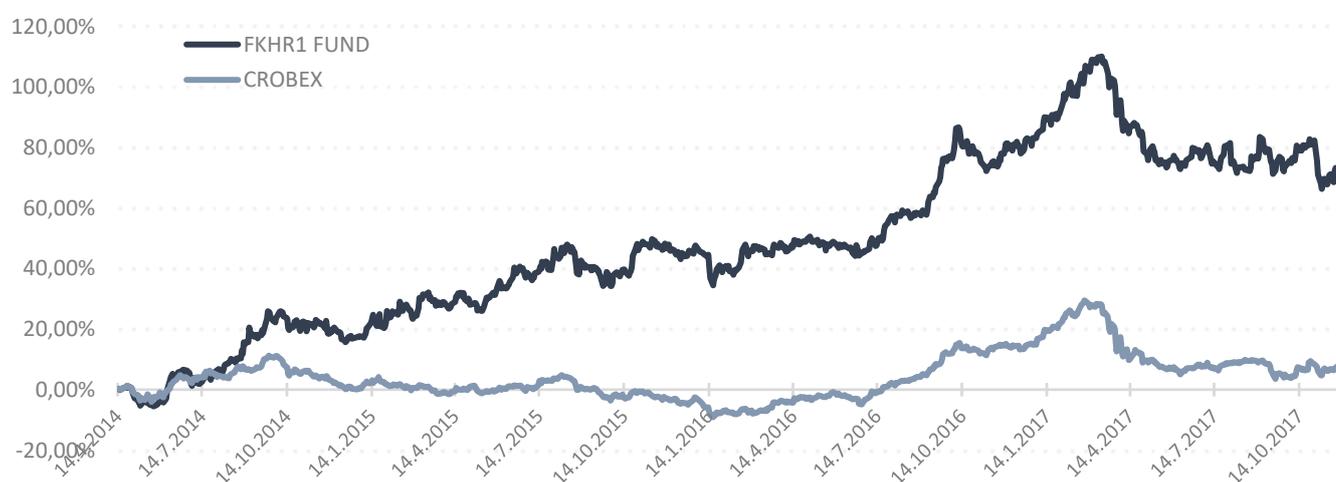
**Croatian GDP** confirmed its quarterly growth for the 12th time in a row and in the third quarter it **was 3.3%**. Croatian dynamic of the economic growth is better than the average of the EU, but compared to the middle and Eastern Europe's growth, it is obvious we are still behind. Domestic demand positively affected growth, while net foreign demand affected it negatively due to the Croatia's high dependence on import. GDP growth was result mainly of **the increased household consumption**, which was caused by optimistic expectations, unemployment decrease and growth of the disposable income. Investments in the gross fixed capital grew slightly with an annual growth rate of 3.4%. The withdrawal of the resources from EU funds is still poor, but with a continued positive growth. There is also a substantial recovery of the investments in the construction sector, as well as capital investments in business entities. Those movements had a positive impact on the overall investments. These macroeconomic results show that Agrokor had only a slight impact on the macroeconomic trends. Extraordinary executive, Ante Ramljak, filed request for convening the General Assembly of Shareholders for these companies: Jamnica, Žitnjak, Ledo, Tisak, Belje, PIK Vinkovci and Vupik. Creditors claimed HRK 41.23 bn in total, while Agrokor acknowledges only HRK 24.69 bn. After six month suspension of trading, **Agrokor stocks were back on the market on November 3<sup>rd</sup>**, which increased market liquidity due to investors selling their positions. The impact of Agrokor's crisis remains uncertain, but the market shouldn't stagnate due to the economy growth. **Our Fund saw a bad month plummeting by 3,9%**, while CROBEX stayed unchanged.

After Agrokor published total debtor claims, 41.23 bn in total, Adris Group has been on the list as one of **the biggest creditor** that has reported its claims in total of HRK 1.023 bn, but had some of it claims disputed, in total of HRK 4.545 mil. (disputed claims represent 0.44% of total claims that were reported). Although it is

not Adris core business, Adris is channeling investments in tourism sector and Uljanik is having some of the most attractive positions on sea location near Pula. However, as Uljanik is going to be reducing some of its spillways and most valued touristic area, which it has under 30-concesion, it is possible that it will be used in building marina, hotels and other hospitality infrastructure, in which Adris could be interested. But firstly, any conversion must be approved by Ministry of Maritime. This represents one of the biggest future business potential for Adris Group. Another important news is that **Adris Group bought claims from Austrian Heta Asset Resolution**, claims which are backed by mortgage on hotel Marjan in Split. As Adris Group has already invested more than HRK 3 bn in tourism sector, their plan is to invest another HRK 2 bn mostly in finishing Hotel Park, which is valued at approximately HRK 600 mil.

**Viro's price plunged more than 18% in November.** The fall started at the end of October, after Viro published its financial statement for the first 9 months of this year, with the decrease in price continuing in November. Even though it reported an increase in revenue by 44% from the same period in the last year, total costs increased by the same percentage, with EBITDA falling by 18%, and net loss increasing by 24%, to almost HRK 13 million. Also, Viro merged with companies Sladorana d.o.o. and Viro-kooperacija d.o.o., which were already in 100% ownership of Viro. Viro-kooperacija contracts agricultural production of sugar beet, wheat and other raw materials for the needs of related companies, while Sladorana produces white sugar, sugar by-products and alcohol.

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	172,74
Inception Date	14. travanj 2014.
Fund Domicile	Zagreb, Croatia
Reference Benchmark	CROBEX Index

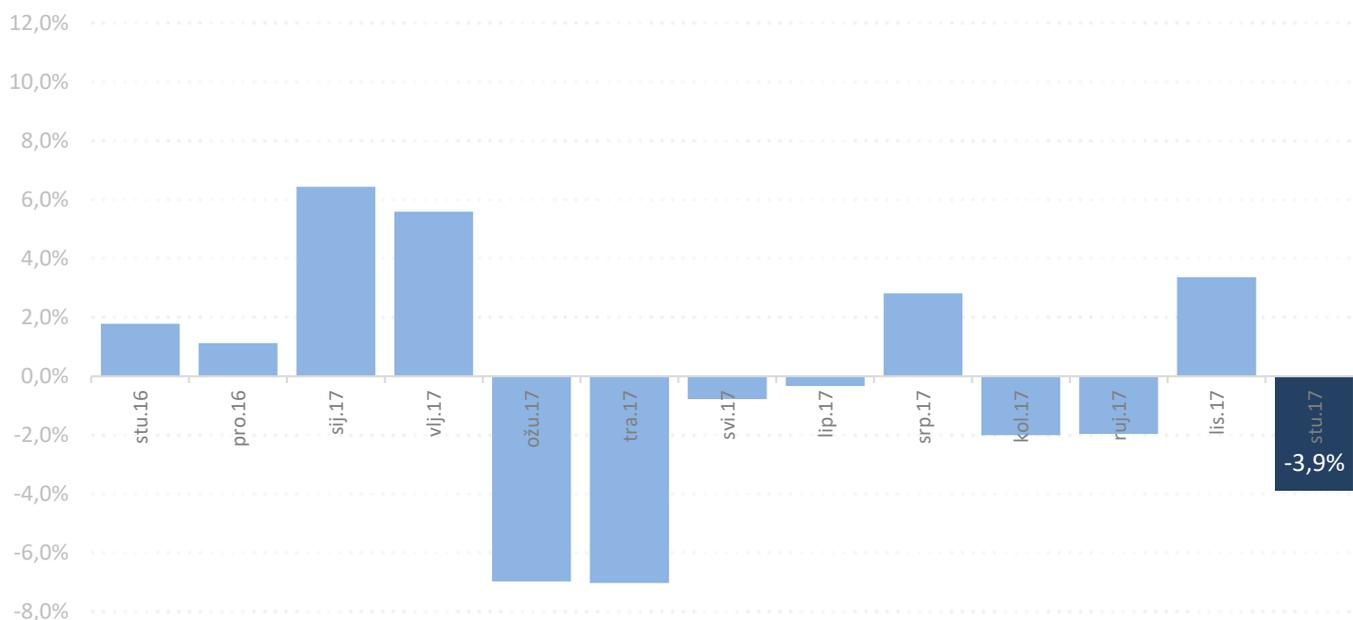
## Return since inception

Price return (net of dividends)	72,74%
Total return (with dividends)	99,01%

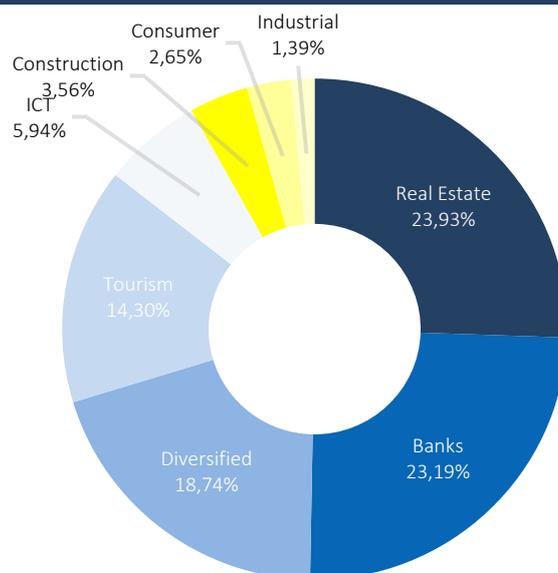
## Top 10 Holdings

Ticker	Company Name	%	Country
ATLN-R-A	Excelsa nekretnine d.d.	23,93%	CRO
ZABA-R-A	Zagrebačka banka d.d.	23,19%	CRO
ADRS-R-A	Adris Grupa d.d.	18,74%	CRO
MAIS-R-A	Maistra d.d.	8,18%	CRO
RVP-R-A	Valamar riviera d.d.	6,12%	CRO
ERNT-R-A	Ericsson Nikola Tesla d.d.	3,57%	CRO
DLKV-R-A	Dalekovod d.d.	3,51%	CRO
VIRO-R-A	Viro tvornica šećera d.d.	2,65%	CRO
HT-R-A	Hrvatski Telekom d.d.	2,37%	CRO
DDJH-R-A	Đuro Đaković Holding d.d.	1,39%	CRO

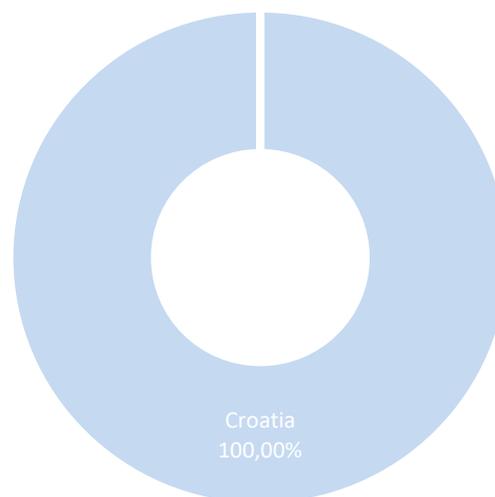
## Monthly Performance (MoM)



## Sector Allocation



## Geographic Allocation



## FK Portfolio Management

### FILIP VRLEC

Head of Portfolio Management  
filip.vrlec@finance.hr

### DOMINIK VUGIĆ-SAKAL

Senior Analyst  
dominik.vugic-sakal@finance.hr

### LJUDEVIT STANTIĆ

Senior Analyst  
ljudevit.stantic@finance.hr

### KARLO JURIC

Analyst  
karlo.juric@finance.hr

### DOMINIK VUKUŠIĆ

Analyst  
dominik.vukusic@finance.hr

### JURICA ŠKEVIN

Analyst  
jurica.skevin@finance.hr

### SARA LONČAREVIĆ

Junior Analyst  
sara.loncarevic@finance.hr

### ANA ŠKRLEC

Junior Analyst  
ana.skrlec@finance.hr

### BRUNO ŠEGOVIĆ

Junior Analyst  
bruno.segovic@finance.hr

### JURE BOROVIĆ

Junior Analyst  
jure.borovac@finance.hr

### FILIP MAČEK

Junior Analyst  
filip.macek@finance.hr

## 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.

[www.finance.hr](http://www.finance.hr)

Financijski klub • [info@finance.hr](mailto:info@finance.hr)

Trg J.F. Kennedyja 6 • 10000 Zagreb • Croatia



### All performance and holdings data as of 30-Nov-17.

This document is the property of the student association Financijski klub, and is intended for educational purposes only. The association and its members do not bare any responsibility for the publishing of this document. The Fund's main purpose is to realistically simulate the management of assets with the aim of gaining practical knowledge and promoting investing culture. As such, it is a virtual fund with no real assets. Financijski klub doesn't own, or has ever owned, any stocks or other investments. However, all market data used to track portfolio performance replicates actual prices and quotations, which provides the closest possible environment to an actual market.