

Market Commentary

Since the last report in March of 2016 our Fund soared from the share price of 148,45 to the share price of 183,22 which was the last share price in 2016. An **upward trend that was mostly fuelled by ZABA-R-A** which reported an increase in price per share by 37%, ATLN-R-A 38%, VIRO-R-A 44%, and **our best stock** during that period, **RIVP-R-A which skyrocketed by 46%**. However, during the same period, VDKT-R-A reported a drop in price per share by 1,5%. At the same time, all companies published their financial statements with good results due to positive macroeconomic trends and excellent year for tourism in Croatia.

The Croatian market index opened the trading year recording significant growth in January when CROBEX soared from 1991.97 to 2142.69 points. CROBEX is on its highest level since the global recession, and macroeconomic data also showed signs of recovery. Croatia's annual GDP growth rate is at 3% which is the highest level since global recession as well. Furthermore, 2017 brought changes on global markets. The OPEC agreement, the World Economic Annual Meeting in Davos, and election of Donald J. Trump as 45th American president poured optimism in stock markets all over the world. The strong bull market in western countries, primarily USA, so-called „Trump stock-market rally“, pushed main indexes to new all-time high levels while DJIA index surpassing 20.000 for the first time. Global positive trends were reflected on the Zagreb Stock Exchange as well, shown by the fact that liquidity, trade volume, and Investor Confidence Index marked as increase during January. Global trends aside, the steady growth of Croatia's industrial production, consumer spending and new records in tourism had an impact on that same

upward trend we are currently in. At the same time, our Fund reported a **return of 6.4% MoM** while the spread between portfolio performance and the benchmark has never been bigger.

For the first time since the inception of this Fund, ADRS-R-A isn't the largest holding in our portfolio. Zagrebačka banka ZABA-R-A surpassed it and it now holds the biggest position in our portfolio with 25,21%. Croatian biggest bank, Zaba, opened the trading month of January with a price per share of HRK 54 while ended the month with HRK 61,74 per share. During that time price per share soared 14,33% which was twice as much as CROBEX jumped. High liquidity and low ask-bid spread enabled strong but steady growth as Zaba posted its highest price per share in the last 5 years. Investors are optimistic about financial statement Q4/2016 given the fact that financial statement Q3/2016, which has already been published, showed superb results. Zaba reported HRK 1.140m of after-tax profit while both key financials and basic valuation measures are showing major improvement and growth. Furthermore, the highest monthly return in our Fund had **Dalekovod DLKV-R-A which share price soared 32,47%**. While share price of DLKV-R-A hasn't big impact in our Fund, second biggest monthly return had Viadukt VDKT-R-A which had an excellent performance gaining 35,10% during the period 1.1.-30.1. and reaching the four-year high of HRK 427,90, but it closed the month with a loss of 5,10% on HRK 406,06. The reason for this growth is the cyclical nature of the construction industry which experiences sharp growth during the recovery phase of the economy and can also be seen in the rise of CROBEXkonstrukt index of 47,38% this month.

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	195,30
Inception Date	14. travanj 2014.
Fund Domicile	Zagreb, Croatia
Reference Benchmark	CROBEX Index

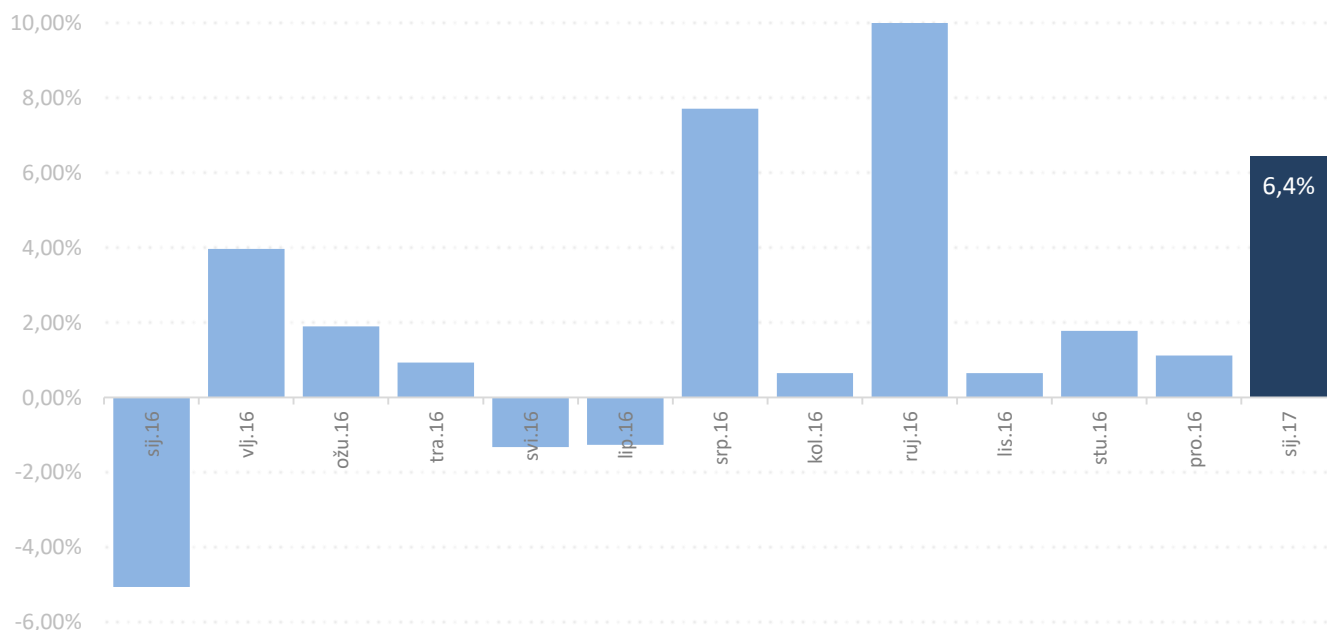
Return since inception

Price return (net of dividends)	95,30%
Total return (with dividends)	115,25%

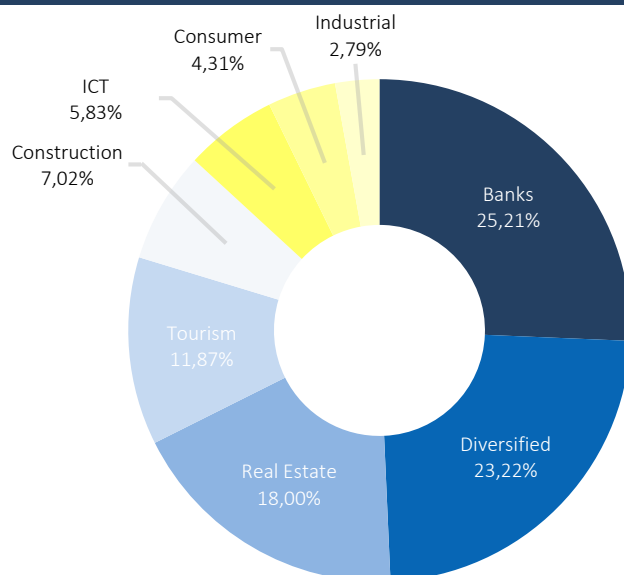
Top 10 Holdings

Ticker	Company Name	%	Country
ZABA-R-A	Zagrebačka banka d.d.	25,21%	CRO
ADRS-R-A	Adris Grupa d.d.	23,22%	CRO
ATLN-R-A	Excelsa nekretnine d.d.	18,00%	CRO
MAIS-R-A	Maistra d.d.	6,64%	CRO
RVP-R-A	Valamar riviera d.d.	5,23%	CRO
VIRO-R-A	Viro tvornica šećera d.d.	4,31%	CRO
VDKT-R-A	Viadukt d.d.	4,15%	CRO
ERNT-R-A	Ericsson Nikola Tesla d.d.	3,56%	CRO
DDJH-R-A	Đuro Đaković Holding d.d.	2,79%	CRO
DLKV-R-A	Dalekovod d.d.	2,87%	CRO

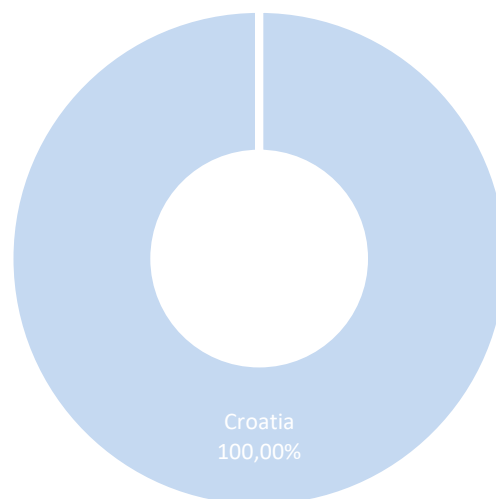
Monthly Performance (MoM)



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.

www.finance.hr

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All performance and holdings data as of 31-March-16.

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