

Market Commentary

April was the second month in a row in which CROBEX saw a decline of 6,56%, due to the continuation of the crisis in Agrokor, even after the appointment of Ante Ramljak as the extraordinary manager. He has ensured fresh liquidity for the concern to continue its operations, as well as put a moratorium on claims due until the end of May. The AlixPartners were chosen as a restructuring consultants, and the process will start in seven to eight months. The main problem remains the undetermined amount of debt, which is assumed to be about 16bn HRK. New uncertainties were raised during the vote of confidence to the minister of finance Zdravko Marić about his career in Agrokor and falsified financial statements, when prime minister Plenković decided to dismiss the three ministers who were against it, making possible the third elections in a year and a half. Global markets were also on the edge, with North Korea flexing its muscles and threatening USA with a nuclear strike, while President Trump also gave in to aggressive rhetoric, saying a major conflict is possible. Investors could take a breath after EU supporter **Macron and Le Pen** advanced to the second round of French presidential elections, avoiding the possible clash between two eurosceptic candidates. Although Macron is expected to win the second round with a big advantage, recent events have shown that opinion polls are not always to be trusted.

Zagrebačka Banka d.d. lost its position as the largest holding in our Fund due to negative correction in price per share which fell by 21,2%. **Main reason for this drop lies in company's decision to release more than 100.000 treasured shares.**

Our Fund slipped by **7% MoM** due to the overall pessimism of investors and instability in Croatia's market and politics.

Adris, which is currently our largest holding, took a fall early in the month of April, falling to 561 HRK on the April 3rd, and stayed around that price for most of the month. Good news came on the April 24th when the company announced **profits of 9 million HRK**, a sharp rise from last years loss of 90 million. All the companies including Adris announced great improvements, as Maistra announced a greater focus on camps along with investing a lot of capital into investments for existing hotels. On the other side, while Cromaris was also operating with profit, sales went down, claiming that the main reason behind this was their focus on products with more added value, which are therefore more expensive. Croatia Osiguranje announced a **70% increase in profits** from the same time last year, and kept its position as the market leader with 35% of the insurance market. Also worth noting for the future is that Adris restructured Croatia Osiguranje, making it their project to convert it to a long-lasting successful company. The affiliations share price was **back to 585 HRK** at the end of the month following the announcements.

Excelsa nekretnine d.d., our third biggest holding, saw a negative outcome in the month of April. ATLN-R-A whose price dropped 8,51%, from 151,50 HRK to 138,60 HRK per share had a total turnover of 820.361,69 HRK during April. However, they put out their quarterly report which stated that their **revenues rose 1,5%** compared to first quarter of last year.

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	178,79
Inception Date	14. travanj 2014.
Fund Domicile	Zagreb, Croatia
Reference Benchmark	CROBEX Index

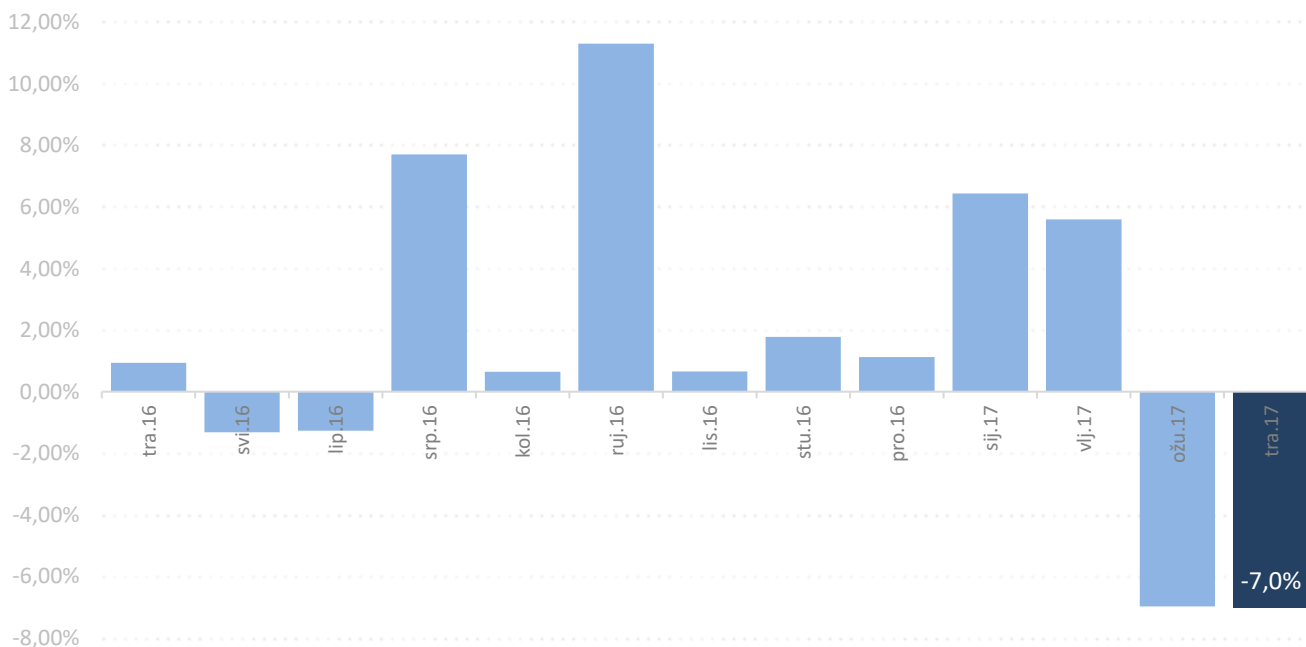
Return since inception

Price return (net of dividends)	78,79%
Total return (with dividends)	97,03%

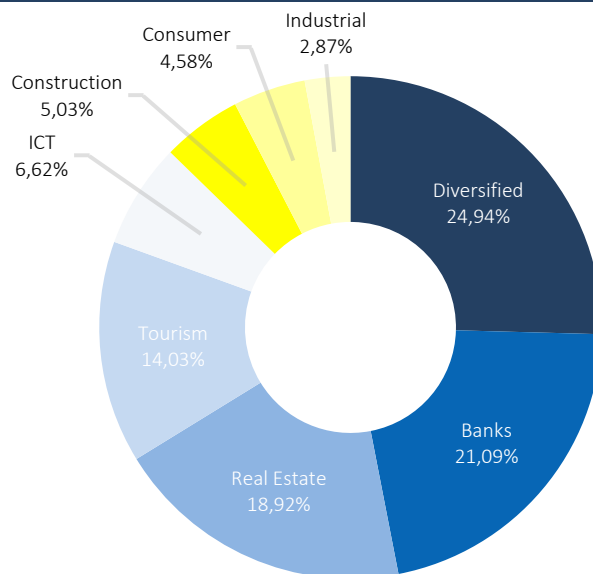
Top 10 Holdings

Ticker	Company Name	%	Country
ADRS-R-A	Adris Grupa d.d.	24,94%	CRO
ZABA-R-A	Zagrebačka banka d.d.	21,09%	CRO
ATLN-R-A	Excelsa nekretnine d.d.	18,92%	CRO
MAIS-R-A	Maistra d.d.	7,72%	CRO
RIVP-R-A	Valamar riviera d.d.	6,31%	CRO
VIRO-R-A	Viro tvornica šećera d.d.	4,58%	CRO
DLKV-R-A	Dalekovod d.d.	4,09%	CRO
ERNT-R-A	Ericsson Nikola Tesla d.d.	4,08%	CRO
DDJH-R-A	Đuro Đaković d.d.	2,87%	CRO
HT-R-A	Hrvatski Telekom d.d.	2,54%	CRO

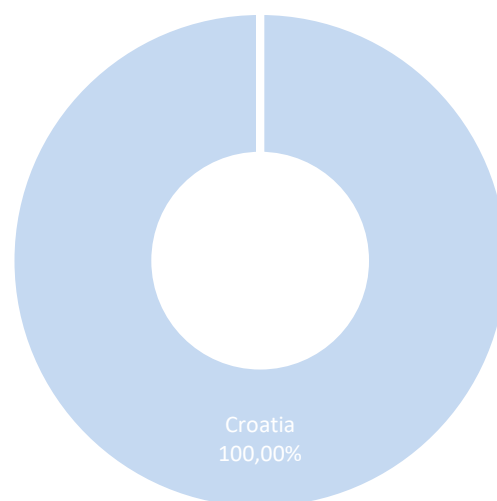
Monthly Performance (MoM)



Sector Allocation



Geographic Allocation



FK Portfolio Management

FILIP VRLEC

Head of Portfolio Management
filip.vrlec@finance.hr

JURAJ OREHOVEC

Senior Analyst
juraj.orehovec@finance.hr

DOMINIK VUGIĆ-SAKAL

Analyst
dominik.vugic-sakal@finance.hr

MARKO JELČIĆ

Analyst
marko.jelcic@finance.hr

KARLO JURIC

Junior Analyst
karlo.juric@finance.hr

LJUDEVIT STANTIĆ

Junior Analyst
ljudevit.stantic@finance.hr

DOMINIK VUKUŠIĆ

Junior Analyst
dominik.vukusic@finance.hr

JURICA ŠKEVIN

Junior Analyst
jurica.skevin@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

Financijski klub • info@finance.hr

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



All performance and holdings data as of 30-Apr-17.

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