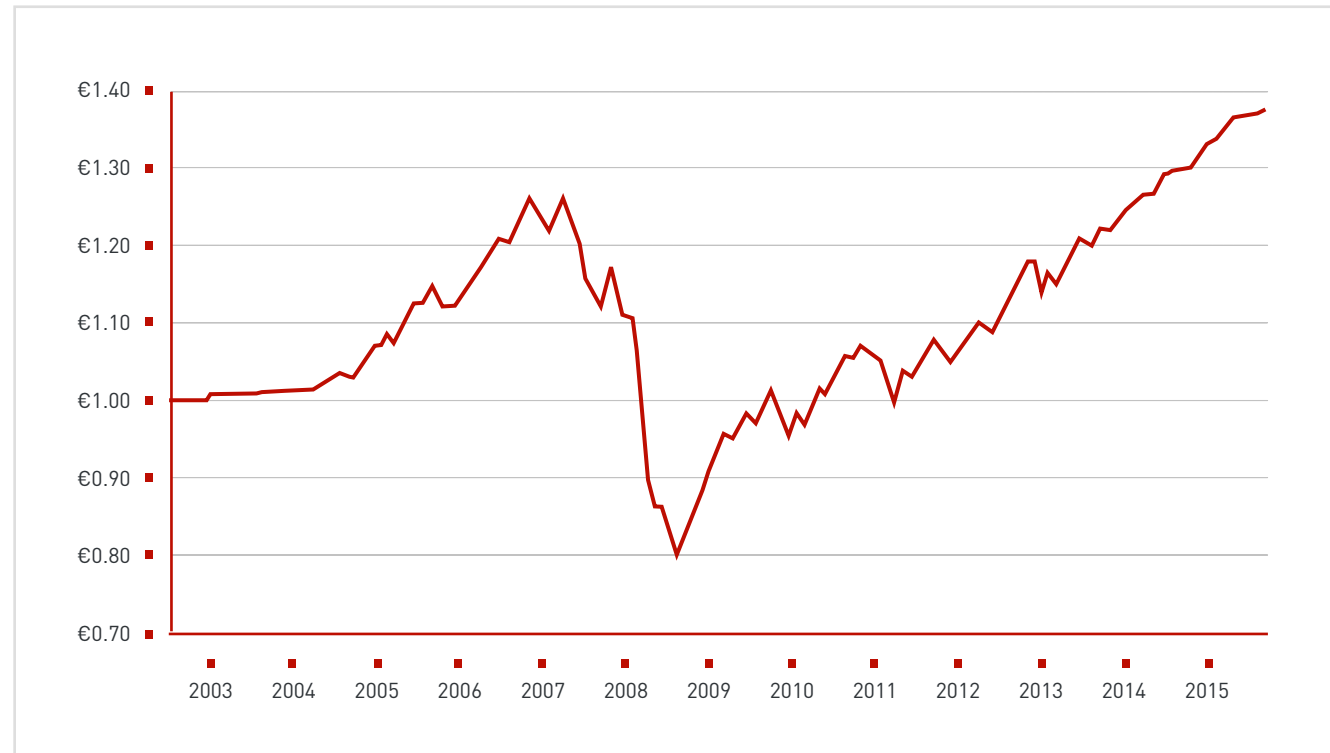


QUARTERLY NEWSLETTER
KOSOVO PENSION SAVINGS TRUST



TRUSTORY

KPST CUMULATIVE PERFORMANCE SINCE INCEPTION



PERIOD	1M	3M	YTD	1Y	5Y	SINCE INCEPTION
RESULT	0.41%	4.85%	4.85%	10.41%	33.78%	35.04%
BENCHMARK	0.08%	0.55%	0.55%	-0.39%	14.31%	32.02%

PERFORMANCE OF INVESTMENTS ON Q1 - 2015

UNIT PRICE:

JANUARY	▲ +1.71%
FEBRUARY	▲ +2.66%
MARCH	▲ +0.42%
TOTAL NET PERFORMANCE	▲ +4.85%

GROSS RETURN

JANUARY	€19.23m
FEBRUARY	€30.16m
MARCH	€5.38m
TOTAL GROSS RETURN	€54.78m

KEY FACTS

UNIT PRICE
€1.3504

NET AUM
€1,168,245,351

BENEFIT PAYMENTS DURING QUARTER
€5.52m

BENEFIT PAYMENTS YTD
€5.52m

NEWLY WITHDRAWN ACCOUNTS
1,459

WITHDRAWN ACCOUNTS YTD
1,459

CONTRIBUTORS' ACCOUNTS
482,153

ACTIVE CONTRIBUTORS YTD
243,250

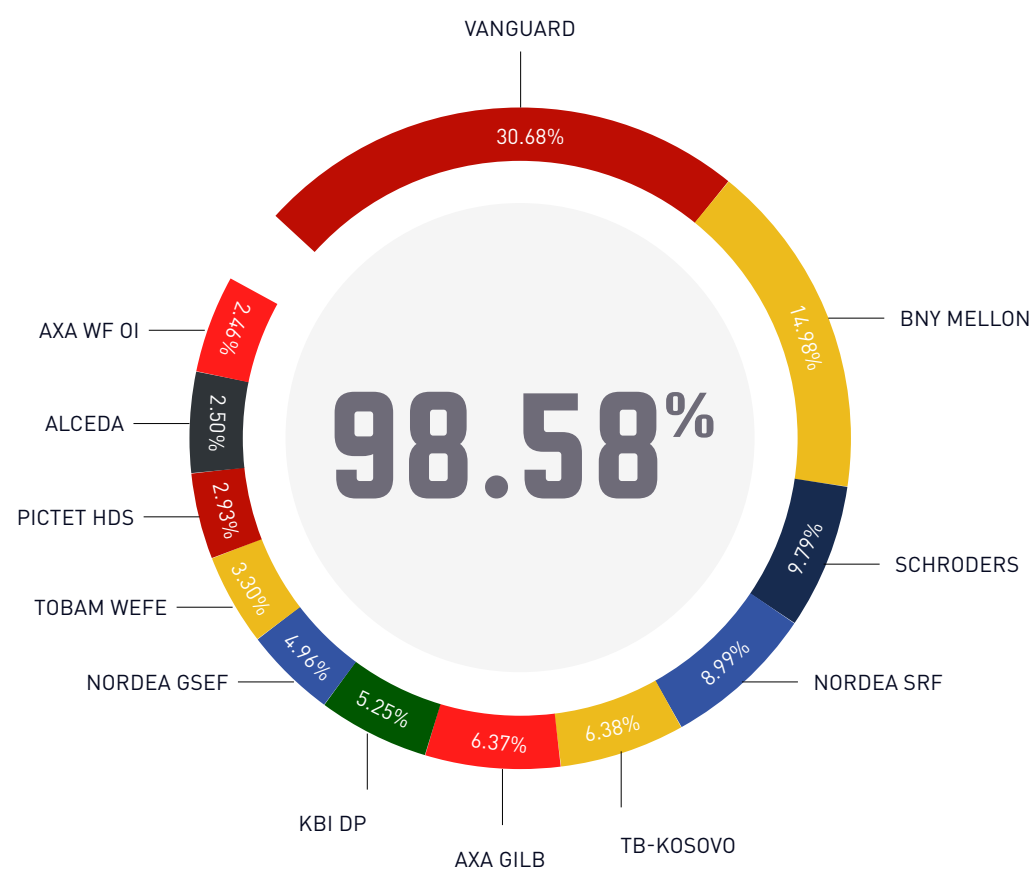
NEW CONTRIBUTORS
5,628

CONTRIBUTIONS DURING QUARTER
€32.69m

SERVICES OFFERED DURING QUARTER
18,680

eTRUSTI USERS
40,810

ASSET ALLOCATION AT QUARTER-END



€55M RETURN ON INVESTMENTS IN Q1

KPST ended the first quarter (Q1) 2015 with a gross return on investment of approximately €55m. This return on investment is notably the highest amount ever achieved by KPST in a single quarter. The positive investment performance influenced a share price increase by 4.85%, which reached €1.3504 at the quarter-end (Q4 2014: €1.2879).

Assets under management at the end of Q1 were in excess of €1,168m (previous quarter: €1,088m), increasing by approximately €80.5m, also the highest increase in assets under management in a single quarter. The increase was influenced more so by the return on investment (€54.77m) than by the inflowing contributions (€32.69m).

On the other hand, KPST paid out benefits amounting €5.52m and withheld fees amounting €1.46m, which reduced the growth of assets under management (effect €6.98m).

INFLUENTIAL FACTORS

Global financial markets during Q1 moved in a positive direction, with the stock market continuing to grow, while the bond market experienced fluctuations due to the expectations that the monetary facilities in the USA and EU would contract. The fact that during Q1 the international bond market in developed countries exceeded the performance of its counterparts in the USA and developing countries, showing signs of a more balanced global economy increase, was encouraging. However, the continuation of the incentives program in the USA, EU, and Japan was the main support to the investors' confidence.

PERFORMANCE OF INVESTMENT FUNDS

Performance in Q1 was excellent for the investment funds subscribed to by KPST during the second half of 2014, dominated by those dealing in stocks. The Nordea 1-GSEF equity fund impressed with its quarterly performance of 15.17%, followed by the dividend stock funds of Pictet (+13.26%) and KBI (+11.67), and the equity-dominated fund which also has ¼ in bonds of AXA WFOI (+9.24%).

The Tobam's equity fund (+5.08%) and Vanguard (+4.52%) had a satisfactory performance, whereas the funds having bonds in investment portfolios: Nordea 1-SRF (+4.25%), AXA GILB (+3.43%), and Alceda (+1.61%), were influenced by less favorable combinations with state bonds. The only fund with a negative performance, although symbolic in size (-0.05%), was the Schrodgers' being fully positioned in the debt instruments. The investment in Kosovo bonds has an interest rate set in the primary auction, and Q1 had a higher average interest (+2.29) due to investments in instruments with a maturity exceeding 12 months.

Q1 PERFORMANCE

4.85%

ALLOCATION AND PERFORMANCE FOR EACH MANAGER/ISSUER

MANAGER/ISSUER	FUND NAME/INSTRUMENT	ALLOCATION	PERFORMANCE
Vanguard	Global Stock Index Fund - Euro	€358,634,502	4.52%
BNY Mellon	Global Real Return Fund	€175,113,236	5.39%
Schroders	Strategic Bond - Euro Hedged	€114,458,188	-0.05%
Nordea	1-Stable Return Fund	€105,100,228	4.25%
Treasury of the Republic of Kosovo	Securities	€74,603,786	2.29%
AXA	Global Inflation Linked Bonds	€74,399,760	3.43%
KBI	Divident Plus	€61,332,254	11.67%
Nordea	1-Global Stable Equity Fund	€57,933,487	15.17%
TOBAM	Anti-benchmark WEFÉ hedged share class	€38,523,289	5.08%
Pictet	High dividend selection Z EUR	€34,201,210	13.26%
Alceda	Aquila Risk Parity 7 Fund	€29,267,347	1.61%
AXA	WF Optimal Income I EUR	€28,715,636	9.24%
TOTAL		€1,152,282,923	4.58%

KPST FEES 2015 APPROVED BY THE ASSEMBLY

The Assembly of Kosovo, in March, approved the fees of the Kosovo Pensions Savings Trust for 2015. The Assembly granted the request of the Governing Board of KPST to charge a 0.40% fee on assets for investment activities, thus preserving the same level as in the previous year (2014: 0.40%).

Furthermore, the Assembly decided that the operational activities fee shall be 0.085%, reduced from 0.13% as it was in 2014. As such, the operational fee of KPST will be one the lowest amongst all member countries of the Organization for Economic Co-operation and Development (OECD).

VACANCY ANNOUNCEMENTS ON APPOINTMENT/ RE-APPOINTMENT FOR SIX BOARD MEMBERS ANNOUNCED

During March, the vacancy announcement for the selection of a single professional member of the Board was closed, and this was followed by the vacancy announcement for an additional five positions on the Board: one employee representative and four professional positions; whose terms expire in July 2015. If these five vacant Board positions are still vacant come the end of October this year, the Governing Board will be unable to make any decisions.

After the deadline for submitting application ended, all the documentation was forwarded to the Central Bank of Kosovo, which facilitates the work of the Selection Committee composed of: the Governor of the Central Bank, the Minister of Finances, and the Auditor General.

This Committee shall subsequently propose selected candidates to the Assembly of Kosovo for their appointment on the Board of KPST. The vacancy announcements were published in the KPST website as well as two daily newspapers in the country and in the international magazine "The Economist".

RECORD OF PENSIONS PAID IN Q1

The value of pensions paid in Q1 2015 has seen a strong increase and reached the record figure of €5.5m for a single quarter. This represents a 45% increase in the value of withdrawn funds and a 35% increase in the number of withdrawn accounts (from 1,085 to 1,459), compared to Q1 2014. The share price increase through the investment of pension assets in the global markets during this period by 10.4% (March 2015 to March 2014), was a significant contributor to the growth of funds transferred to beneficiaries during the quarter.

The number of approved benefit applications as a result of reaching the retirement age of 65 was 1,162 representing 79.6% of withdrawn funds. Death benefits were paid out from accounts of 230 deceased contributors comprising 15.8% of withdrawn funds, and 67 account holders withdrew 4.6% of withdrawn funds through the disability clause.

OVER 18 THOUSAND SERVICES PROVIDED IN Q1

Contributors required 21% more services in Q1 2015 than in the previous quarter (18,680 services compared to 15,421). Three of the most requested services were: printing individual statements (50%), activating the access to the eTrusti portal (20%) and printing employer statements (8%).

The number of self-services utilised through the eTrusti portal reached 2,620 or 37% more than in the previous quarter (Q4 2014: 1,909). In addition, contributors received 11,385 services in the regional Tax Admin offices, 87% of which involved printing individual statements.

In total, contributors received 32,808 services related to their pension savings. The increase is predominantly thought to be the result of employees needing proof of their length of service in order to receive the additional 0.5% on their base salary for each year of employment.

eTRUSTI SUBSCRIBERS REACH 41 THOUSAND

The number of eTrusti users continued to grow at a faster pace than in the previous quarter. At the end of Q1, the number of total subscribers reached 40,810 (Q4 2014: 37,222 users), marking an increase of 10% during this period.

However, during the first quarter of the year it is usual for contributors to be more interested for their pension savings because they receive the annual account statement through mail.

KPST expects that by the end of 2015 the number of eTrusti subscribers will exceed 50 thousand, or around 10% of total account holders. As a reminder, eTrusti service is offered free of charge and the application procedure is conducted via the portal with the proof of identity able to be sent by e-mail, fax or submitted at KPST offices.

EMPLOYER REPORTING PLATFORM UPGRADED

During March the Tax Administration of Kosovo (TAK) changed the electronic reporting platform for employers (EDI). This upgrade to EDI also includes the prevention of reporting pension contributions for persons who are not citizens or permanent residents of Kosovo as well as enhanced Personal number/Name checks utilising the civil register.

The value of assets that could not be allocated to contributors' accounts because of errors linked to personal numbers and/or names of persons, although not extremely high, was none-the-less a continuous concern for the KPST Management, which has communicated with TAK in relation to this issue.

KPST had to also update its internal processes to handle the upgrade of EDI, something that was expected to be finalised during April.

KPST MAILED 436,973 INDIVIDUAL STATEMENTS

In mid-January, KPST sent to print 436,973 individual statements for 2014. The printed statements were by the end of January then sent to the Post of Kosovo for delivery to addressees.

KPST did not generate 24,548 statements for retired contributors or the 15,038 contributors without a complete address.

The Post of Kosovo stated that the delivery of all statements should be completed by April. The Post of Kosovo notified KPST that at least 23 thousand statements could not be delivered as contributors had either changed their address or the address on record was not valid.

KPST has consistently asked the contributors to confirm their addresses. During 2014, a total of 10,668 addresses were corrected, of which: 5,264 by the KPST Office, 1,663 in TAK offices, and 3,741 via eTrusti.

PREPARATION OF ANNUAL REPORT AND FINANCIAL STATEMENTS

In Q1, KPST was focused in preparing the narrative report and financial statements for 2014. The Annual Report 2014 will be ready by May 31st, 2015, wherein the most important events of the year, both from the investment and operation area, will be presented.

Meanwhile, the financial statements (investments and operations) have been completed and published in the KPST webpage. It is a significant fact that also this year KPST was positively assessed by the external professional auditor, which considered that: "financial statements represent fairly, in all material respects, the financial position of the Kosovo Pensions Savings Trust – Pension Assets as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards".

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