

TRUSTORJA

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KEY FACTS

As of 31 March 2013

Share price	€1.1652
AUM	€794,948,478.09
Paid pensions in Q1	€2.9 mln.
Contributors accounts	424,170
Shares issued	682,270,483.57

INVESTMENTS IN Q1

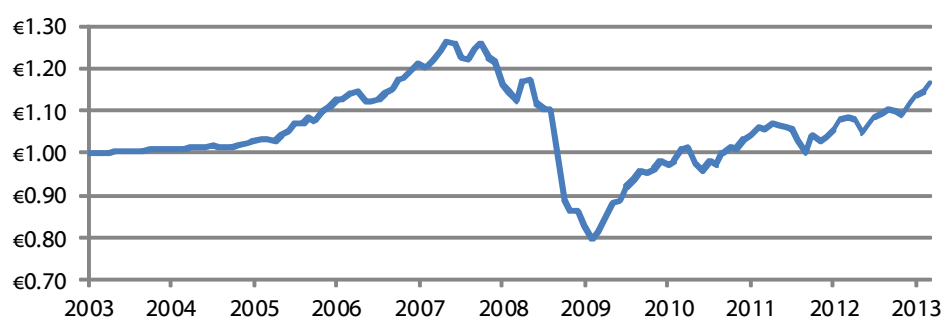
Share price: 4.32%

January	1.84%
February	0.84%
March	1.59%

Investment return value: 33.47 mln. €

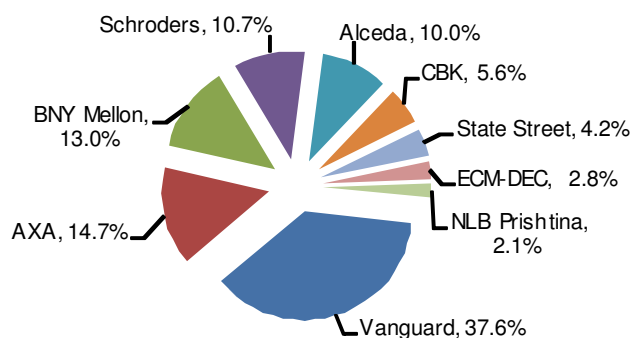
January	14.01 mln. €
February	6.71 mln. €
March	12.75 mln. €

TRUST'S CUMULATIVE PERFORMANCE SINCE ITS INCEPTION



Period	1 month	3 months	YTD	1 year	5 years	Since inception
Results	1.59%	4.32%	4.32%	7.67%	3.82%	16.52%

FUND PLACEMENT IN Q1 2013



PERFORMANCE OF INVESTIVE FUNDS IN Q1 2013

1. VANGUARD	▲ +9.48%	4. NLB PRISHTINA	▲ +0.88%	7. ALCEDA	▼ -0.19%
2. SCHRODERS	▲ +1.04%	5. AXA GILB	▲ +1.22%	8. STATE STREET	▲ +0.77%
3. ECM-DEC	▲ +1.08%	6. BNY MELLON	▲ +4.76%		

33 MILION EUROS FROM THE INVESTEMENTS IN Q1 2013

Kosovo Pension Savings Trust (KPST) continued with very satisfying performance from the investments also in the beginning of year 2013. KPST had a gross return of 33.47 million Euros after the investments made in the ended quarter on 31st March 2013. In this manner investment performance raise the value of share price for 4.32% by sending it to 1.1652 Euros, from 1.1170 Euros which was at the end of 2012.

The first quarter ended also with a considerable growth of assets under management. They achieved total value of 795 million Euros, from 740 million Euros which were at the end of 2012. Rise of assets under management derives from positive investment performance and also from receivables of new pension contributions.

Reasons

The Policy and Investment Strategy of the Governing Board of KPST gave its fruits in the achieved re-

sults in this quarter. KPST investment performance came mainly from the stock market, which contributed with 78% of the total return from investments. This market is represented by Vanguard manager, which as it is seen on the table, had visibly better performance than other managers. Global stock market itself was with mixed performance, by having a better performance in USA, EU and Japan: and performed negatively in emerging markets in Asia, Latin America and in emerging markets in general. Though, KPST has benefited in this occasion by concentrating its investments precisely in the markets with positive results.

The positive performance in the USA and EU was as result of the non-occurrence of events with negative effect on markets. On the other hand, during the quarterly, there was positive news in USA: for economic growth, trade deficit and unemployment level, by strengthening the confidence towards in-

vestors and consumers. While in the EU, although Cyprus faced the need for financial assistance from the EU, and Slovenia gave similar signals, but markets were not much affected by these events. However, the debt crisis in the EU continues to be a concern for the KPST, since this problem continues to be un-solved.

It is worth mentioning that only one asset manager, Alceda, in this quarter had negative performance with investments in absolute return instruments. However, it is evident that the investment performance in instruments outside of the stock market was several times lower compared with the stock market. This status is on-going cause of the policy of keeping low levels of interest rates of bonds, in the most developed countries of the world.

Table: Financial performance in Q1 2013

Manager/Bank	Investment type	Allocation (In Euros)	Gross return (In Euros)	Performance (In %)
Vanguard	Equities	298,998,551.36	26,164,697.93	+9.48
BNY Mellon	Absolut return	103,409,378.99	4,448,696.91	+4.76
AXA	Global inflation linked bonds	117,025,658.27	1,530,078.23	+1.22
ECM	Loans	22,325,824.08	266,692.59	+1.08
Schroders	Bonds	85,446,941.85	688,517.07	+1.04
NLB Prishtina	Deposits	16,572,768.46	144,169.45	+0.90
State Street	Equities	33,281,678.80	253,221.08	+0.77
Alceda	Absolut return	73,797,028.85	-141,055.94	-0.19
	Total	750,857,830.66	33,468,000.87	+4.32

ASSEMBLY ADOPTED AMENDMENTS IN THE LAW ON PENSION FUNDS OF KOSOVO

Kosovo Assembly in the end of March has adopted amendments in the applicable Law on Pension Funds of Kosovo No. 04/L-101. These changes are summarized in Law No. 04/L-168 and entered into force during April 2013. In this amended Law two issues are included: one regarding the management fee and the other regarding the maximum level of mandatory pension contributions for the self-employed. Regarding the management fee, from 2013 and further on, the KPST will have to submit it for approval to the Assembly separately in: Operation

fee and Investment fee. The first has to do with the activities funded by operational fee which are related with proper operational functioning of the KPST, while investment fee will be dedicated for expenses related to the investment activity.

The Assembly, among others, has also regulated the manner of annual approval of such fees, and has also determined that if the Assembly cannot adopt investment and operational fee for the following year, taxes from the previous year will remain in force

until the next Assembly decision, an issue which was not regulated in the previous law. Regarding the compulsory contributions for the self-employed, new Law foresees that they shall be 10% of total amount of income, but not more than 600 Euros of the mandatory contribution for the quarter.

ANNUAL STATEMENTS FOR CONTRIBUTORS DISTRIBUTED

In March, the KPST started distribution of statements through the Kosovo Post Office (PTK) on behalf of 387 thousand contributors who had an opened account in KPST till the end of year 2012. From the reports received from Post Office, distribution process is near completion and the most problematic part was capital city (Prishtina), due to the lack of

residence addresses or providing incorrect or incomplete data of residence address by the contributors. KPST encourages all contributors who may have not received the pension savings account statement to contact KPST. Also contributors are asked to inform KPST accurately and timely for changing of their address, otherwise the receiving

of statement would be impossible by them. Except this, contributors are invited to apply for opening a KPST electronic account, through what they will be informed on a daily basis via internet regarding their account status of savings. Applying for this kind of service is easy, fast and it is offered for free from KPST.

BOARD INVESTED ANOTHER 35 MILLION IN Q1

The Governing Board, as in the previous quarter, invested 35 million Euros in Q1 2013. During January, 30 million Euros were invested, from which 15 million Euros through BNY Mellon, in the market of absolute return; and 15 million Euros through Schrodgers, in market of securities. Also in March, the Board invested additional 5 million Euros through Schrodgers.

From these investments, around 30 million Euros are financed from investment maturity on securities of the Kosovo Government and closure agreement for bank deposits of Raiffeisen Bank Kosovo. The rest is from accumulated contributions in CBK. The KPST did not win in the auction of Securities in March, but absolutely the Governing Board

intends to continue with efforts for investing in this instrument over other auctions during this year. Meanwhile, in international markets there are funds placed in continuity, depending on the accumulated assets in CBK and the status of the financial markets.

KPST IS SECOND WITH FUNDS UNDER MANAGEMENT IN THE COUNTRY LEVEL

With an increase of 55 million Euros in Q1, KPST is the institution which has more funds under management than any other institution licensed or supervised from the Central Bank of Kosovo (CBK). With 795 million Euros under management, KPST has more assets than any commercial

bank, insurance company or voluntary pension fund. Currently in the state level only CBK has more assets under management, which according to the latest February report, had assets over 1.4 billion Euros. Impetus for this was very satisfactory performance from KPST investments in this

quarter, over 33 million Euros, enabling KPST to have a strong raise of funds under management. It should be underlined that only during 2012 and the first quarter of this year, the funds under KPST management have increased for around of 207 million Euros.

ALLOCATION OF FUNDS IN ACCOUNT REACHES TO 97.8%

Non-allocated funds in contributor's accounts have continued to drop also during the first quarter of this year. In the end of Q1 percentage of non-allocated funds dropped to 2.19% of total funds under management or 16.4 million Euros, reaching its lowest historical level in value as well as in percentage. KPST continued to

aim on its own initiative to ensure information until the exhaustion of possibilities in order to find a solution for these funds. During 2013 problem of paying fines and interests on behalf of pension contributors appeared on the account of KPST. Although for this process, the management has made a solution of returning

them to TAK in quarterly basis, management requires additional activities of personnel in order to correct it. Also fund reconciliation somehow continues to be problematic for payments made in 2013, but they belong to time period before 2012.

RE-START OF ISSUING THE STATEMENT FROM TAK

After two month halt of issuing the account statements from the offices of regional Tax Administration of Kosovo (TAK), except Prishtina where statements can be obtained in the KPST office, now this process has re-started. In this way, contributors in Mitrovica, Peja, Gjakova, Prizren and Gjilan

don't have to come to KPST office in Prishtina in order to obtain an account statement, since this can be done by them, in one of the TAK offices in these cities. From the current data, it shows that almost half of the account statements for contributors have been printed in regional offices,

while the other half has been printed in KPST office in Prishtina. As we have declared, there are a large number of cases where the contributors are obliged to obtain account statements in order to apply for visa.

eTRUST CONTINUES TO SPREAD QUICKLY

Number of KPST contributors which use e-Trust service, for access to the pension saving account, continues to increase in fast rhythm. On average, every day during the Q1, 20 contributors

apply or require this service. By the end of 2012 this number had reached over 35 thousand, while by the end of Q1 this number is expected to reach 37 thousands. On the other hand, KPST

personnel are giving maximum efforts in order that authorization process for access to the e-Trust, after verifying the identity, to be finalised as soon as possible.

BOARD ADOPTED NEW PLAN FOR RECOVERY

The Governing Board adopted a new KPST recovery plan in case of facing disasters which would disable performing of full or partial activities. This means that KPST in case of disasters shall be able to resume operations outside the actual office within a short time. New plan prepared by the KPST management will be more efficient, easier to manage, with faster possibility of application and with very high data storage protection. The plan foresees that all main data of KPST will be stored

in backup servers outside the KPST building, and the difference between the status of data in the main building and data backup servers, in the worst case scenario, cannot be more than 1 hour. Entire plan envisages causes that may lead to preclusion of delivery services for contributors, fully or partially, divided by natural and human factors. Now procedures for initiating the process of procurement for supplying with software and hardware are in the ending phase, which will enable

full implementation of this project. In meantime, the part that belongs to the deployment of personnel for providing services has been already defined. After realizing this plan, KPST is going to test its functionality in certain time periods. Full implementation of this very important project will minimise preclusion of service delivery from KPST or loss of data related to contributors.

2.9 MILLION EUROS PENSIONS IN Q1

During the first quarter of 2013, KPST distributed pensions in value of 2.9 million Euros for 1,919 beneficiary of pension. From which, 1,051 for the first time had benefited the pension in this period of time. As it is expected, the pension value growth rate withdrawn by the beneficiary is progressive. This is noticed if we compare two same annual periods. Thus, in the same

quarter a year earlier – i.e. Q1 2012 - the value that pension beneficiaries had withdrawn was 2.2 million Euros. This means that, in the first quarter of this year, the withdrawing value is 32% higher than a year ago. Analysed by the pension withdrawal mode, in this quarter about 2.2 million Euros were withdrawn in a phased withdrawal program, and significantly less,

around 700 thousand Euros, in withdrawing program in a single payment. We remind you that starting from 1st January 2013, beneficiaries that receive pension in phases will receive 150 Euros as monthly payment, if in their account they have over 2 thousand Euros up to 15 thousand Euros. Above this value, the pension is calculated as 1% of the

ANNUAL REPORT AND FINANCIAL STATEMENTS TOWARD FINALIZING

Annual report and financial statements that belong to 2012 are towards finalization. Both these publications have irreplaceable importance in the reporting of financial and operational activities of KPST. While in the annual report are presented data and key

activities associated with the 2012 activity, in the financial statements are declared all movements of financial impact, together with the external auditor's opinion. Both these publications are awaiting adoption of the professional external auditor and the

Governing Board of KPST, in order to be published. Editions will be published in May, while not later than 31st May, will be submitted for discussion and adoption to the Kosovo Assembly.

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