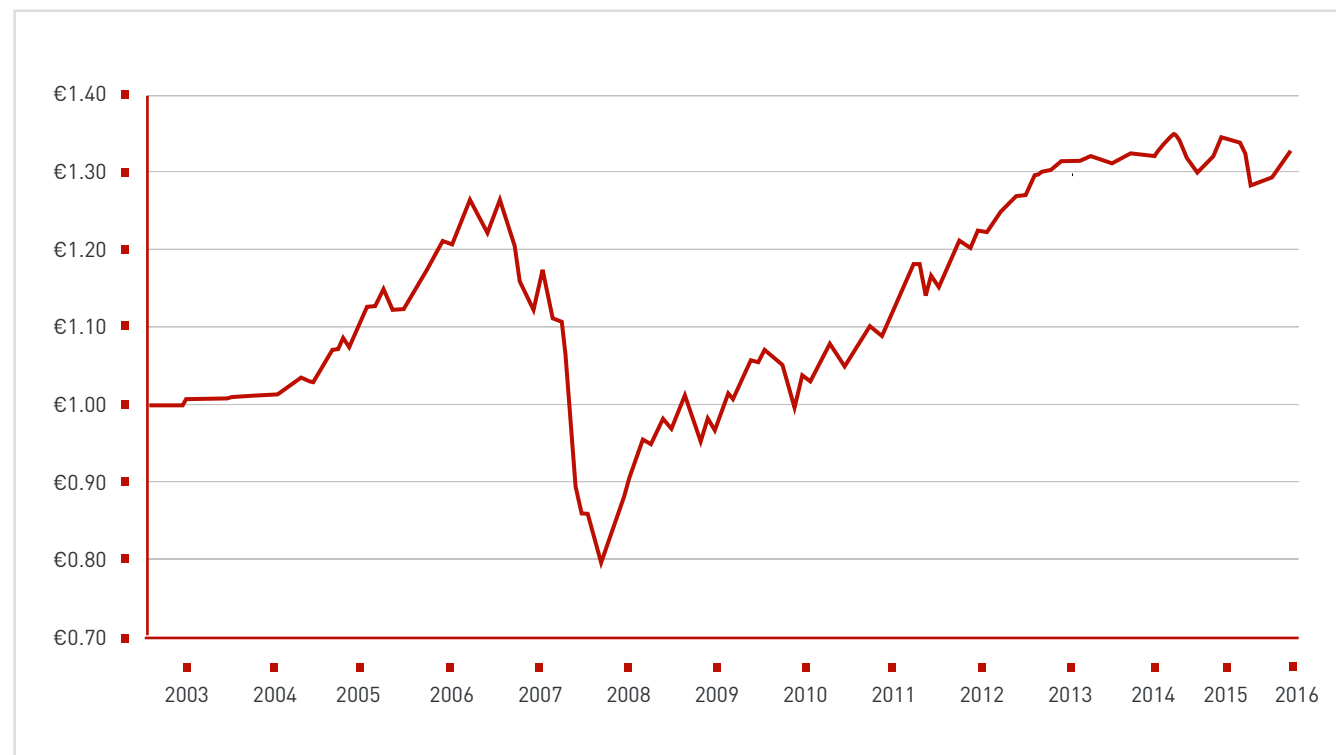


QUARTERLY NEWSLETTER
KOSOVO PENSION SAVINGS TRUST



TRUSTORY

KPST UNIT PRICE SINCE INCEPTION



PERIOD	1M	3M	1Y	3Y	5Y	SINCE INCEPTION
RESULT	+2.29%	+0.33%	-2.15%	+13.41%	+25.27%	+32.14%
BENCHMARK*	-0.10%	+0.80%	+0.09%	+0.01%	+3.24%	+31.05%

*KOSOVO CONSUMER PRICE INDEX AS PUBLISHED BY THE KOSOVO AGENCY FOR STATISTICS

PERFORMANCE OF INVESTMENTS IN Q1 2016

UNIT PRICE:

JANUARY	▼ -2.19%
FEBRUARY	▲ +0.28%
MARCH	▲ +2.29%
TOTAL NET PERFORMANCE	▲ +0.33%

GROSS RETURN:

JANUARY	-€26.44m
FEBRUARY	+€3.98m
MARCH	+€28.67m
TOTAL GROSS RETURN	+€6.21m

KEY FACTS

UNIT PRICE €1.3214	NET AUM €1,265,333,886.25
BENEFIT PAYMENTS FOR THIS QUARTER €4.82m	BENEFIT PAYMENTS YTD €4.82m
WITHDRAWN ACCOUNTS FOR THIS QUARTER 1,168	WITHDRAWN ACCOUNTS YTD 1,168
CONTRIBUTORS' ACCOUNTS 514,813	ACTIVE CONTRIBUTORS YTD 225,740
NEW CONTRIBUTORS FOR THIS QUARTER 6,850	CONTRIBUTIONS DURING QUARTER €36.14m
SERVICES OFFERED DURING QUARTER 23,863	TOTAL eTRUSTI ACCOUNTS 52,371

ALLOCATION AND PERFORMANCE FOR EACH FUND / ISSUER

MANAGER / ISSUER / BANK	FUND NAME / INSTRUMENT/ BANK	ALLOCATION	ALLOCATION IN %	PERFORMANCE
Vanguard	Global Stock Index Fund - Euro	€340,710,899.61	26.92%	-2.29%
BNY Mellon	Global Real Return Fund	€206,448,056.67	16.31%	+2.98%
Schroders	Strategic Bond - Euro Hedged	€9,824,118.60	0.78%	-0.91%
Nordea	1-Stable Return Fund	€184,454,298.27	14.57%	+5.12%
AXA	Global Inflation Linked Bonds	€99,776,769.00	7.88%	+4.12%
Treasury of the Republic of Kosovo	Bills and bonds	€84,387,267.12	6.67%	+0.67%
KBI	Divident Plus	€64,197,363.62	5.07%	-3.46%
Nordea	1-Global Stable Equity Fund	€78,305,841.05	6.19%	+0.73%
Pictet	High dividend selection Z EUR	€39,868,862.99	3.15%	-1.12%
AXA	WF Optimal Income I EUR	€57,901,625.88	4.57%	-3.12%
BANKA KOMBËTARE TREGTARE	Term deposit	€3,021,762.52	0.24%	+0.30%*
BANKA PËR BIZNES SH.A.	Term deposit	€3,019,232.88	0.24%	+0.27%*
TOTAL		€1,171,916,098.21	92.58%	+0.33%

*The performance presented here is for the interest accrued for the period from end-October, when deposits were placed, until 31 March 2016.

€6.2M GROSS RETURN IN Q1

The first 2016 quarter started with major oscillations in financial markets, thus resulting in big fluctuations of KPST investment performance during the period. Nonetheless, Q1 ended in positive territories, with a gross return of €6.2m, and a modest increase of the share price by +0.33%. However, assets under management increased by €36m amounting to €1.27b thanks to new contributions.

In the last five years, the KPST's performance resulted in higher Risk/Reward ratio than the one of stock market. Compared to Vanguard GSEF – with the latter representing in general the performances of stock market quiet well – the KPST monthly performances experienced a fluctuation (risk) of 2.8 and a net return of 25.3%, while shares experienced a fluctuation of 12.6 and return of 43.5%. As a result, for every point of risk taken KPST has made a return of 9%, and only 3.5% for shares. In other words, by undertaking only 22% of stock market risk, KPST managed to ensure 58% of the stock market return. Such ratio makes the KPST's performance during the period very satisfactory for the Governing Board, in particular when taking into account that: a) holding the investment portfolio risk low, and b) ensuring the highest possible return for the taken risk; are the two main legal obligations of the Board in relation to investment of pension assets.

INFLUENTIAL FACTORS

Rapid and significant fall in the oil price was the main factor leading to the decline of the value of stock exchange indexes worldwide. However, the expectations of increase of the US base interest rate, and unsatisfactory EU economic growth had a negative impact as well. Whereas the increase in oil price, along with expectations for increase of EU fiscal incentives, had a positive impact at the end of the Q1.

INVESTMENT FUND'S PERFORMANCE

Out of the nine funds engaged in Q1, four of them had positive performance and five negative one. Nordea SRF (multi-assets) fund; AXA GILB (debt instruments); BNY Mellon (multi-assets) and Nordea GSEF (stocks) fund benefited from features of the investment portfolio (by sectors or instruments) and achieved positive results. While Vanguard GSEF (stocks); Schroders (bonds); KBI (stocks); Pictet (stocks), and AXA OI (multi-assets), which were operating mainly with instruments strongly dominated by stocks or bonds unprotected from inflation, remain in negative territories. In general, it is highly difficult to find common factors that influenced the negative or positive return during this period; however, it seems that investment funds with higher concentration of investments in a single instrument, and having more investments in US or EU, were in disadvantage compared to investment funds not having such specifics. Investments in Kosovo had default interest rates and are not influenced by external factors. The accrued interest in Q1 for the investments in deposits was, on average, 0.28% and for bonds 0.67%.

However, due to abundant liquidity of banks, interest rates offered for bonds of the Government of Kosovo are falling significantly, making investments on such instruments more difficult.

**NET PERFORMANCE IN
Q1 2016**

+0.33%

KPST REPRESENTATIVES MET WITH THE MINISTER OF FINANCE

Q1 2016

Members of the Governing Board and the Managing Director of KPST met with the Minister of Finance of the Republic of Kosovo, Mr. Avdullah Hoti. On behalf of KPST, Mr. Ymer Havolli, Chair of the Governing Board, opened the meeting whereupon he informed Mr. Hoti about the KPST investment performance as well as coming years expectations.

The main topic of the meeting was the process of amending and supplementing of Law No. 04/L-101, which, according to Minister Hoti, is expected to be submitted soon to the Assembly for review. Expected amendments to the law will affect the investment section, allowing KPST more flexibility and adaptation with the development of the institution in general. In addition, these amendments will also regulate aspects of functioning of the Governing Board and respective committees.

Furthermore, during the meeting, it was also discussed about the issue of phased withdrawal provided by banks, the engagement of the representative of the Government of Kosovo to the Board, and the need of KPST to expand its operational office.

ASSEMBLY OF KOSOVO APPROVED FEES FOR 2016

The Assembly of the Republic of Kosovo, in the session held on 19 February, approved the management fees proposed by the Governing Board of the Kosovo Pension Savings Trust for 2016. In total approved annual fees shall be 0.082% for operations and 0.398% for investments, meaning that in total fees will be 0.48% (2015: 0.085% and 0.400% respectively).

It is worth mentioning that KPST charges much lower management fees than similar funds in the region and in the OECD State Members. This is because the KPST is an institution that does not charge fees to create profit, as is the case with similar private funds; instead, it charges only for the cost of asset investment and the daily activity of the institution (operations).

As reminder: The Governing Board of KPST annually submits for approval to the Assembly of Kosovo fees to be charged on assets under management for the following year.

€4.9M PAID OUT IN Q1

Q1 2016

In Q1 2016 KPST paid out a total of €4.9m for pensions. Out of these, €4.8m belong to the contributors that withdrew pension savings for the first time during this period, while €0.1m were for residual payments (contributions reconciled after the primary withdrawal).

These assets (€4.8m) were distributed to 1,169 account holders. Of these, 907 were age retirees who withdrew 82.3% of the total amount paid during Q1, 43 were disability retirees who withdrew 1.8% of the total amount, and 218 withdrawals were for death cases that withdrew 15.8% of the total amount.

As regards the age of contributors, at the end of Q1, the average age of active contributors was 40.0 years, whereas the average of all account holders was 41.3 years. While the average balance of accrued assets in accounts of contributors at the end of Q1 was €2,188 for all contributors and €3,596 for active contributors.

ANNUAL STATEMENTS DELIVERED

In Q1, KPST sent for printing the annual statements of 349 thousand accounts. Later on, in March, the printed statements were delivered to the Post of Kosova for distribution. Based on the report provided by the Post of Kosova, the delivery was completed in April. In addition to the delivery via the Post, KPST has also sent around 70 thousand statements via e-mail, thereby reducing the delivery cost and increasing the distribution efficiency.

Nonetheless, in cases when contributors do not, for various reasons, receive the annual statement, they may take it at any time at the KSPT office in Prishtina, or at the TAK offices in 6 regions of the country.

OVER €90M INVESTMENTS IN KOSOVO

KPST investments in Kosovo at the quarter-end reached over €90m, from €95.7m at the end of the previous quarter. It should be understood that the amount of investments in Kosovo varies during the year based on the maturity time and/or investment of additional assets.

Out of the €90m, around €84m were investments in securities of the Treasury of Kosovo, and around €6m in short-term deposits in two commercial banks.

ANNUAL REPORT 2015 FINALISED

KPST has finalised the Annual Report and Financial Statements 2015 in the three languages: Albanian, Serbian, and English.

The Annual Report is the most important publication of the institution and summarizes the key data and events of the year. Annual reports may be found at: <http://trusti.org/en/about-us/reports/annual/>

It is very important to note that also this year, the external auditor gave an unqualified opinion on the financial statements of the KPST, considering that: "In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Kosovo Pension Savings Trust as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards".

52,371 eTRUSTI ACCOUNTS

The number of contributors who have activated accounts in the online service – eTrusti, reached 52,371 by the end of Q1 (Q4 2015: 48,427), showing an increase of 8% compared to the previous quarter.

The highest increase in the number of applications to open accounts in eTrusti during the first quarter of the year is common because the distribution of annual statements of accounts occurs during this period, thus prompting contributors to have more interest in pension savings.

23,863 SERVICES IN Q1

The number of services provided by the KPST office during Q1 reached 23,863, or 28% more than in the previous quarter (Q4 2015: 18,680). Furthermore, contributors received another 11,934 services from TAK regional offices, and performed 2,988 self-services in eTrusti. Out of the total of services, printing of account statements accounted for 53.2%, thereby clearly being the most preferred service; followed by authorizing eTrusti accounts (12.2%) and retirement notices (8.9%).

PUBLISHER:

Kosovo Pension Savings Trust
May 2016

CHIEF EDITOR:

Vërshim Hatipi

AUTHOR:

Jeton Demi

CONTACT:

Str. "Agim Ramadani" No. 10,
10000 Pristina

Client services: +381-38-600-025
Head Office: +381-38-244-341

info@trusti.org
www.trusti.org