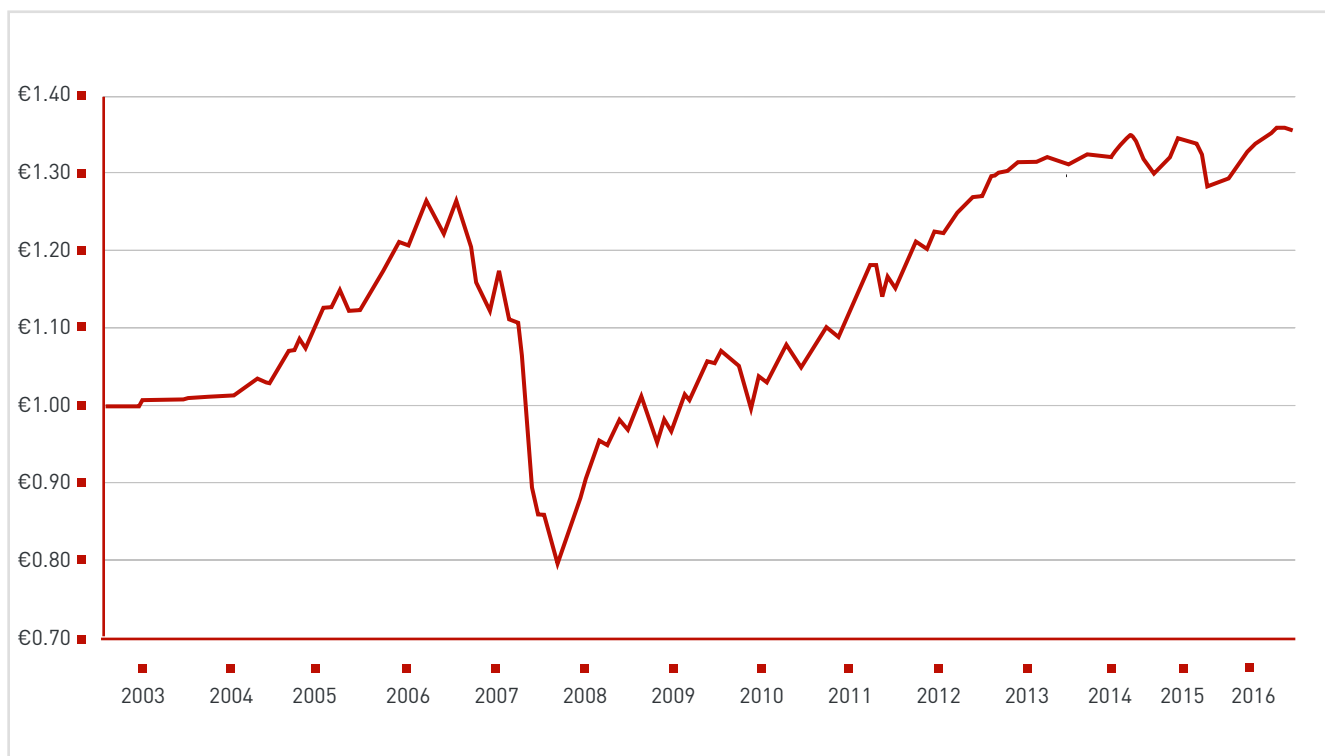


QUARTERLY NEWSLETTER
KOSOVO PENSION SAVINGS TRUST



TRUSTORY

KPST UNIT PRICE SINCE INCEPTION



PERIOD	1M	3M	1Y	3Y	5Y	SINCE INCEPTION
RESULT	-0.17%	+1.57%	+7.54%	+16.67%	+36.96%	+36.89%
BENCHMARK*	+0.20%	+0.40%	+0.63%	+0.72%	+5.14%	+31.10%

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

PERFORMANCE OF INVESTMENTS IN Q3 2016

UNIT PRICE:

JULY	▲ +2.08%
AUGUST	▼ -0.33%
SEPTEMBER	▼ -0.17%
TOTAL NET PERFORMANCE	▲ +1.57%

GROSS RETURN:

JULY	+€28.12m
AUGUST	-€4.05m
SEPTEMBER	-€1.69m
TOTAL GROSS RETURN	+€22.37m

KEY FACTS

UNIT PRICE
€1.3689

NET AUM
€1,323,691,671.57

BENEFIT PAYMENTS FOR THIS QUARTER
€4.83m

BENEFIT PAYMENTS YTD
€14.33m

WITHDRAWN ACCOUNTS FOR THIS QUARTER
1,243

WITHDRAWN ACCOUNTS YTD
3,520

CONTRIBUTORS' ACCOUNTS
531,636

ACTIVE ACCOUNT AT THE END OF THE PERIOD
293,112

NEW CONTRIBUTORS YTD
23,706

CONTRIBUTIONS DURING QUARTER
€37.17m

SERVICES OFFERED DURING QUARTER
60,000

TOTAL eTRUSTI ACCOUNTS
57,163

ALLOCATION AND PERFORMANCE FOR EACH FUND / ISSUER

MANAGER / ISSUER / BANK	FUND NAME / INSTRUMENT/ BANK	ALLOCATION	ALLOCATION IN %	PERFORMANCE
Vanguard	Global Stock Index Fund - Euro	€359,607,459.67	26.08%	+4.39%
BNY Mellon	Global Real Return Fund	€215,747,811.62	15.65%	+0.42%
Schroders	Strategic Bond - Euro Hedged	€10,079,561.34	0.73%	+1.80%
Nordea	1-Stable Return Fund	€237,541,428.70	17.23%	+0.22%
AXA	Global Inflation Linked Bonds	€88,075,135.63	6.39%	+3.12%
Treasury of the Republic of Kosovo	Bills and bonds	€106,374,061.62	7.71%	+0.50%
Nordea	1-Global Stable Equity Fund	€163,004,937.71	11.82%	+0.56%
Pictet	High dividend selection Z EUR	€42,384,763.22	3.07%	+2.55%
AXA	WF Optimal Income I EUR	€59,745,053.94	4.33%	+3.34%
Schroders**	ISF Global Diversified Growth	€40,024,035.06	2.90%	+0.68%
BANKA KOMBËTARE TREGTARE	Term deposit	€3,047,262.52	0.22%	+0.42%*
BANKA PËR BIZNES SH.A.	Term deposit	€3,041,794.52	0.22%	+0.37%*
INVESTED ASSETS IN TOTAL		€1,328,673,305.55	96.35%	+1.57%

* The performance presented here is for the interest accrued for the period from 1 of July 2016 until 30 of September 2016.

**This is a new investment in the fund of Schroders ISF Global Diversified Growth which is realized in August 2016 with an amount of 40 million euro. Consequently, the investment performance applies only from 06.08.2016 to 30.09.2016.

€22.4 GROSS RETURN IN Q3

This trimester resulted with a satisfactory return from the investments by offering more stability which is the purpose of the investing strategy itself, rather than following the main trade indexes. For this period, the gross return from investments was about €22.4m whereas the return from investments YTD was about €55.8m. This performance was reflected in net increase from 1.6% of the unit price for Q3, and the share price that has reached €1.3689. As a result of the new contributions and the performance from the investments, the AUM increased for 54.3m in the third trimester by reaching almost €1.38b. On the other side, KPST kept €281 thousand for the operational fee during this trimester, €1.36m for the investing fee and €931 thousand were refunds.

INFLUENTIAL FACTORS

Q3 was in general positive for the markets, whereas the volatility in the market of shares and bonds was lower than in the two previous quarters. The market of shares marked an improvement in the main financial centers as well as in the suburb and markets in progress. This increase was based in the improvement of economic indicators and the positive performance of important sectors such as IT and finances. Also the market of bonds under the conditions of strengthening the main currency, was stabilized by the pro BREXIT referendum and it also met improvements.

INVESTMENT FUND'S PERFORMANCE

All the engaged investment funds had positive results over the period, by illustrating in this way the sound state of all investment instruments. The difference between the higher and the lower performance was smaller than the previous trimester. Vanguard GSIF fund had the best performance (+4.39%) by benefiting from the outstanding performance of IT sector; the main global companies of this sector are in the top 10 placements of Vanguard. The following was the fund of AXA WFOI (+3.34%), with a very balanced position between the allocations in shares and bonds with focus on Eurozone. Then comes the other fund with +3.12%, AXA-s, AXA GILB, whose advantage was the increase of global inflation. The other two pure funds in equities: Pictet (+2.55%) and Schroders in bono (+1.80%), showed a satisfactory performance by following the global tendency of the increase in the market. Whereas the two funds of Nordea, Nordea GSEF (+0.56%) and Nordea SRF (+0.22%), were under the average of the increase of the market due to their investment strategies that aim the provision of protection when the markets are decreasing but they grow less when the market increase. The fund of BNY Mellon (+0.42%) in multi-assets, with specific placements functions similarly. Outside the analysis for this period remains the fund of Schroders ISF GDG, as the investment was conducted on 6 August and does not coincide with the full period of Q3.

Investments in Kosovo were with predetermined rates of interest and are not affected by external factors. The accrued interest for the period of investments in deposits was of an average of 0.39%, and bonds 0.50%. Even though KPST continues to participate in auctions announced by the Government, the interest rates offered by the participants have continued to be extremely low, and as such KPST has resulted unsuccessful with the minimum rates acceptable for the Board.

NET PERFORMANCE Q3 2016

+1.57%

NET PERFORMANCE YTD

+3.93%

HEADLINES OF THIS QUARTER

BOARD HELD THE THIRD MEETING OF THE YEAR

In the meeting of September, Board took these main decisions: 1) €40m to be allocated in Amundi at the moment when the account is opened there; 2) Managing fees that will be sent to the Assembly for confirmation, such as: 0.393% for financing the investing activities and 0.082% for financing the operational activities are approved; 3) To keep the current Manual of Investments, strategy and allocations in force. 4) To publish the vacancy for the engagement of at most two candidates for the department of Investments and Risk.

BNP PARIBAS IP – PARVEST DIVERSIFIED DYNAMIC (I) IS ADDED TO THE INVESTING LIST

KPST has realized the first investment of €40m for the BNP Paribas Investment Partners - Parvest Diversified Dynamic (I) fund. BNP Paribas IP is placed at the top list of financial and investment institutions in the world. Until 30 June 2016, BNP Paribas IP had €532b AUM, over 3,000 employees and with a spreading in 34 countries and five continents. The Fund seeks to increase the value of its assets over the medium term by implementing a flexible and diversified allocation strategy on all types of asset classes. BBNP Paribas IP is in the top list of financing and investing institutions in the world. The Steering Board has chosen this fund through an open process of the contest, taking into account a range of criteria.

CHANGES OF THE THRESHOLD OF RETIREMENT AGE PENSION WITHDRAWAL

From September 2016, the changes regarding threshold of retirement savings withdrawal came into force. Thus all the beneficiaries of the retirement age pensions who have a balance up to €3,000 may withdraw the entire amount in a single payment. Whereas all other beneficiaries whose balance is over €3,000 will withdraw the pension savings monthly in phases, but now with at least €200. Remember that until now, the immediate withdrawal applied only for balances up to €2,250 and withdrawals in phases were €150.

4 BANKS WILL OFFER WITHDRAWAL IN PHASES

Since September 2016 all beneficiaries of pensions from KPST will have the opportunity to withdraw the pension savings in phases through four banks: TEB, NLB, BPB and Banka Ekonomike. It was an initiative of KPST to offer to contributors' more opportunities for withdrawal of savings, by aiming to include all the interested banks in this program. Withdrawal through these banks applies to all retired people, who have an accumulated balance of over €3,000.

OVER 4.8 MLN PENSIONS IN THIRD TRIMESTER

Assets with a value of over €4.8m were transferred in the pension accounts during the third trimester. These means were provided to 1,243 pension beneficiaries. From these: 994 were retirement age pensions, 57 were cases of invalids and 192 were cases of deaths. For the nine – month period of 2016, the value of means transferred to the retired people has reached the approximate value of €14.3m for 3,520 beneficiaries.

57,163 ACCOUNTS IN ETRUSTI

Number of contributors that have opened accounts in eTrusti until the end of the third trimester reached 57,163 or an increase of 2% from the previous trimester. eTrusti service is provided free of charge and each contributor can open an account by visiting the following address: <https://online.trusti.org/>

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