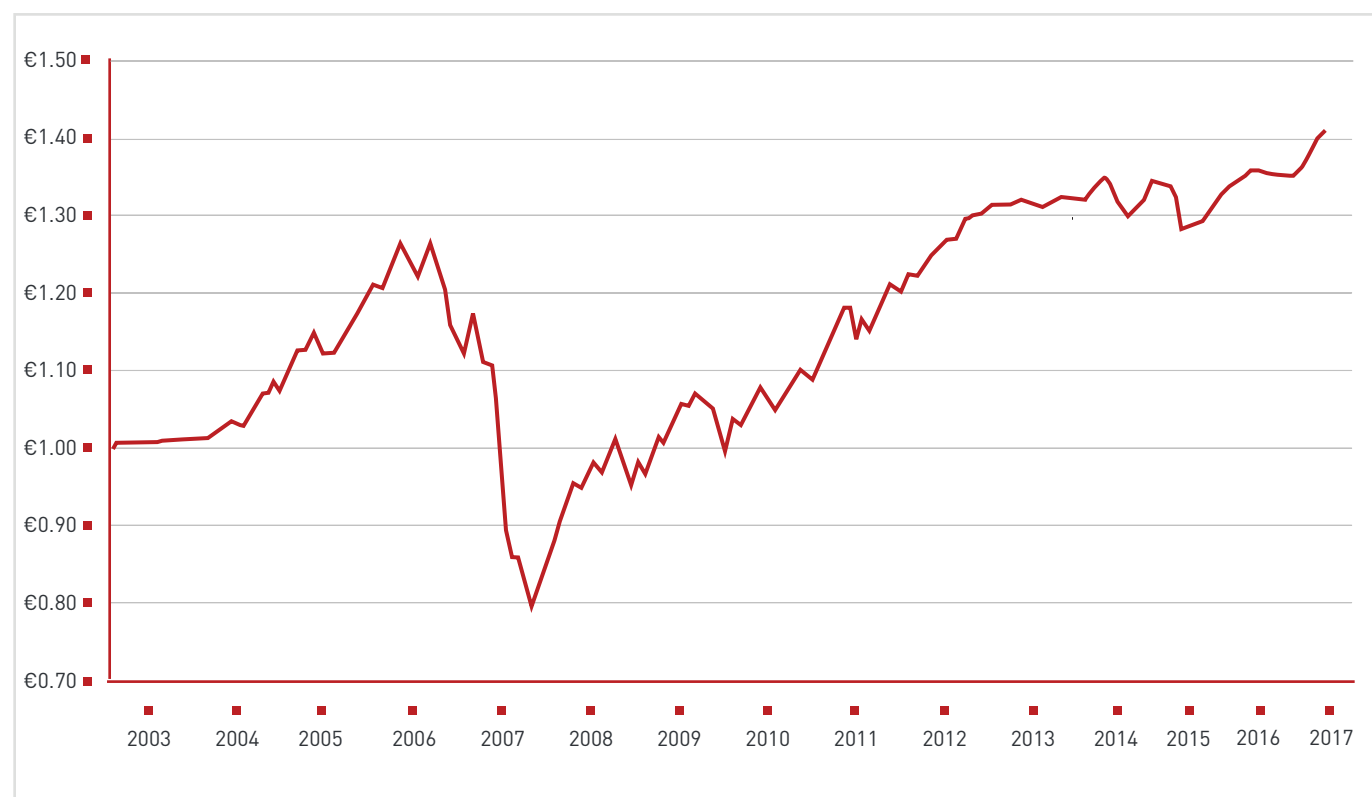


QUARTERLY NEWSLETTER
KOSOVO PENSION SAVINGS TRUST



TRUSTORY

KPST UNIT PRICE SINCE INCEPTION



PERIOD	1M	3M	1Y	3Y	5Y	SINCE INCEPTION
RESULT	+0.41%	+3.15%	+7.38%	+16.01%	+31.11%	+41.89%
BENCHMARK*	+0.10%	+1.09%	+1.59%	+1.29%	+4.20%	+34.24%

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

PERFORMANCE OF INVESTMENTS IN Q1 2017

UNIT PRICE:

JANUARY	▲ +0.18%
FEBRUARY	▲ +2.54%
MARCH	▲ +0.41%
TOTAL NET PERFORMANCE	▲ +3.15%

GROSS RETURN:

JANUARY	+€3.05 mln
FEBRUARY	+€36.95 mln
MARCH	+€6.71 mln
TOTAL GROSS RETURN	+€46.71 mln

KEY FACTS

UNIT PRICE €1.4189	NET AUM €1,494,829,613
BENEFIT PAYMENTS FOR THIS QUARTER €6.66m	BENEFIT PAYMENTS YTD €6.66m
WITHDRAWN ACCOUNTS FOR THIS QUARTER 1,321	WITHDRAWN ACCOUNTS YTD 1,321
CONTRIBUTORS' ACCOUNTS 548,621	ACTIVE ACCOUNT AT THE END OF THE PERIOD 238,803
NEW CONTRIBUTORS YTD 6,726	NEW CONTRIBUTIONS DURING THIS YEAR €37.65 mln
SERVICES OFFERED THIS YEAR 25,661	TOTAL eTRUSTI ACCOUNTS 69,573

ALLOCATION AND PERFORMANCE FOR EACH FUND / ISSUER IN Q1 2017

MANAGER / ISSUER / BANK	FUND NAME / INSTRUMENT/ BANK	ALLOCATION	ALLOCATION IN %	PERFORMANCE	CONTRIBUTION ON PERFORMANCE
Vanguard	Global Stock Index Fund - Euro	€378,473,626	25.32%	+5.12%	+1.38%
Nordea	1-Stable Return Fund	€239,732,532	16.04%	+3.22%	+0.51%
Nordea	1-Global Stable Equity Fund	€177,880,980	11.90%	+4.54%	+0.53%
BNY Mellon	Global Real Return Fund	€141,496,074	9.47%	+1.92%	+0.18%
AXA	Global Inflation Linked Bonds	€85,955,900	5.75%	+0.34%	+0.03%
Treasury of Kosovo	Bills and bonds	€78,404,717	5.25%	+0.60%*	+0.02%
AXA	WF Optimal Income I EUR	€ 75,115,828	5.03%	+3.04%	+0.14%
Pictet	High dividend selection Z EUR	€61,358,292	4.10%	+4.39%	+0.18%
Schroders	ISF Global Diversified Growth	€74,085,565	4.96%	+2.25%	+0.08%
Amundi	Rendement Plus Part I2	€51,003,918	3.41%	+1.49%	+0.05%
BNP Parvest	Diversified Dynamic	€51,250,461	3.43%	+2.31%	+0.09%
Schroders	Strategic Bond - Euro Hedged	€10,269,644	0.69%	+0.58%	+0.00%
Banka Kombëtare Tregtare	Term deposit	€8,033,674	0.54%	+0.06%*	+0.01%
Banka për Biznes SH.A.	Term deposit	€8,042,214	0.54%	+0.08%*	+0.01%
TEB SH.A.	Term deposit	€4,011,174	0.27%	+0.03%*	+0.00%
INVESTED ASSETS IN TOTAL		€1,445,114,599	96.70%	+3.15%	3.20%

*The performance is based on fixed interest rates.

€64.6M GROSS RETURN IN Q1 2017

KPST has acknowledged positive investment results also in Q1 2017. Gross investment return for this period was €47 million while the price of the unit increased by 3.15% on €1.4189. At the end Q1 net assets that KPST had under management came close to €1.49 billion, or growth of about €76.86 million since the last quarter. Assets growth under management was influenced by: investment returns with €46.71 million and new contributions with €37.65 million. In the meantime for the same period: there were pension payments of €6.66 million, for the managing tariffs €1.71 million and there were €1,157 refunded.

INFLUENTIAL FACTORS

As usually, stock market profits the most on the field of positive economic development, whereas, the government bond market was weaker in its performance. The main impact of this development had very good macroeconomic indicators in the US that led the major indexes towards the new rise records. This is based on the indicators of a strong industrial output growth and US unemployment decrease. Also, the President's plan to reduce taxes has given investors more optimism. Meanwhile, Europe also gained momentum, in the light of the improvement of purchasing power indicators and the enforcement of incentive measures by the ECB. The data of economic improvement in Asia and developing countries were also encouraging, with the stock market in China that recognized the best Q1 in the last ten years. The common denominator of economic growth in US and Europe was the development of information technology, which also had the highest growth in this quarter.

PERFORMANCE OF INVESTMENT FUNDS

This quarter, all investment funds engaged by KPST recognized positive performance. The difference between them was that the concentration of funds in stocks reflected the situation on the financial markets better than with bond funds participation in the portfolio. This quarter, the Vanguard Fund, pure in shares, was dominant with a return of 5.1% and at the same time affecting 43.1% of KPST's overall performance. Followed by this was the Nordea GSEF fund, also in shares, with a performance of 4.5% and a contribution of 16.6% in the overall performance of KPST. Third place was the Nordea SRF fund, with a multi-asset fund, with a performance of 3.2% and a contribution of 15.9% in the overall performance of the KPST. In fact, these three funds together contributed to 75.6% of KPST performance for this quarter.

Of other funds, the weakest fund was AXA GILB fund related to the level of global inflation, with an increase of 0.3% and influence in the overall performance with only 0.9%. Schroders SB fund in the market of bonds was not far off either, with a performance of 0.6% and an impact of 0.0% in KPST performance because of low allocation that KPST has in this fund. Details of the performance of each fund and its impact on the overall performance of the TBC are presented in the table on page 3.

On the other hand, investments in Kosovo were at predetermined interest rates and contributed on average by 0.2% to the overall performance.

NET PERFORMANCE Q1 2017

+3.15%

HEADLINES OF THIS QUARTER

GOVERNING BOARD HELD THE FIRST MEETING FOR 2017

The Governing Board in the meeting of March 24, 2017, having reviewed the performance of investment funds as well as the overall performance of KPST, and as per proposals of Investment Committee, took the following decisions: 1) To change limits in the matrix on paragraph 5 of IPG in the Investment Manual; 2) To change the range and targets of the strategic allocation matrix; 3) To redeem €37m from the Vanguard fund; 4) To make the following investments: €14 to Axa Gilb; €12m to Axa OI; €22m to Schrodgers GDG; €22m to BNP Parvest. Further, decided to bid on 5 year KS bond with 10m and interest rate of 2.2%.

AUDITED FINANCIAL STATEMENTS ARE PUBLISHED

Financial statements for 2016 were published on KPST's web site during the month of April. Deloitte is the company that carried out the external audit and in its opinion stated that: "In our opinion, the accompanying financial statements fairly present, in all material aspects, the financial position of the Fund as of December 31, 2016, the financial performance and cash flows for the year that ended on that date, in accordance with International Financial Reporting Standards (IFRS) ".

ANNUAL REPORTS ARE DISTRIBUTED

During April, the distribution of annual reports through the Post office of Kosovo was completed, according to the applicable law. Because with the new law in the case of electronic delivery of the statements there is no need to send them by mail, KPST has reduced the number of sent messages for about 100 thousand and in total 278,430 of them were sent. However, because the contributors continue to complain that they do not receive the reports from the Post office, KPST intends to further increase the number of contributors to eTrust or send the reports by e-mail.

RECENT LEGAL AMENDMENT ENTERS INTO FORCE

This latest quarter the most recent legal amendments and additions made to law no. 05 / L-116 entered into force. This law regulates the aspects about the mandate and the selection of Board members, the way of informing contributors, the treatment of unallocated assets, withdrawal of pension savings and the tax treatment of voluntary contributions. This law can be downloaded / visited at the following address: <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=13269>

€6.66 MILLION OF PENSIONS IN Q1

The value of pensions paid in this quarter amounted to € 6.66 million, while the number of new accounts from which the funds were withdrawn was 1.321. The amount of withdrawals, however, is higher than in the Q1 2016 when € 4.82 million were distributed, but at the same time the number of pension beneficiaries was lower (1,168).

ALMOST 70 THOUSAND ACCOUNTS IN eTRUST

The number of contributors who opened accounts in eTrust by the end of Q1 2017 reached 69,573 or an increase of about 11% for this quarter. This increase resulted as a consequence of the promotion of this service on Facebook social network. The Service is provided free of charge and any contributor can open an account by visiting the following address: <https://online.trusti.org/>

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