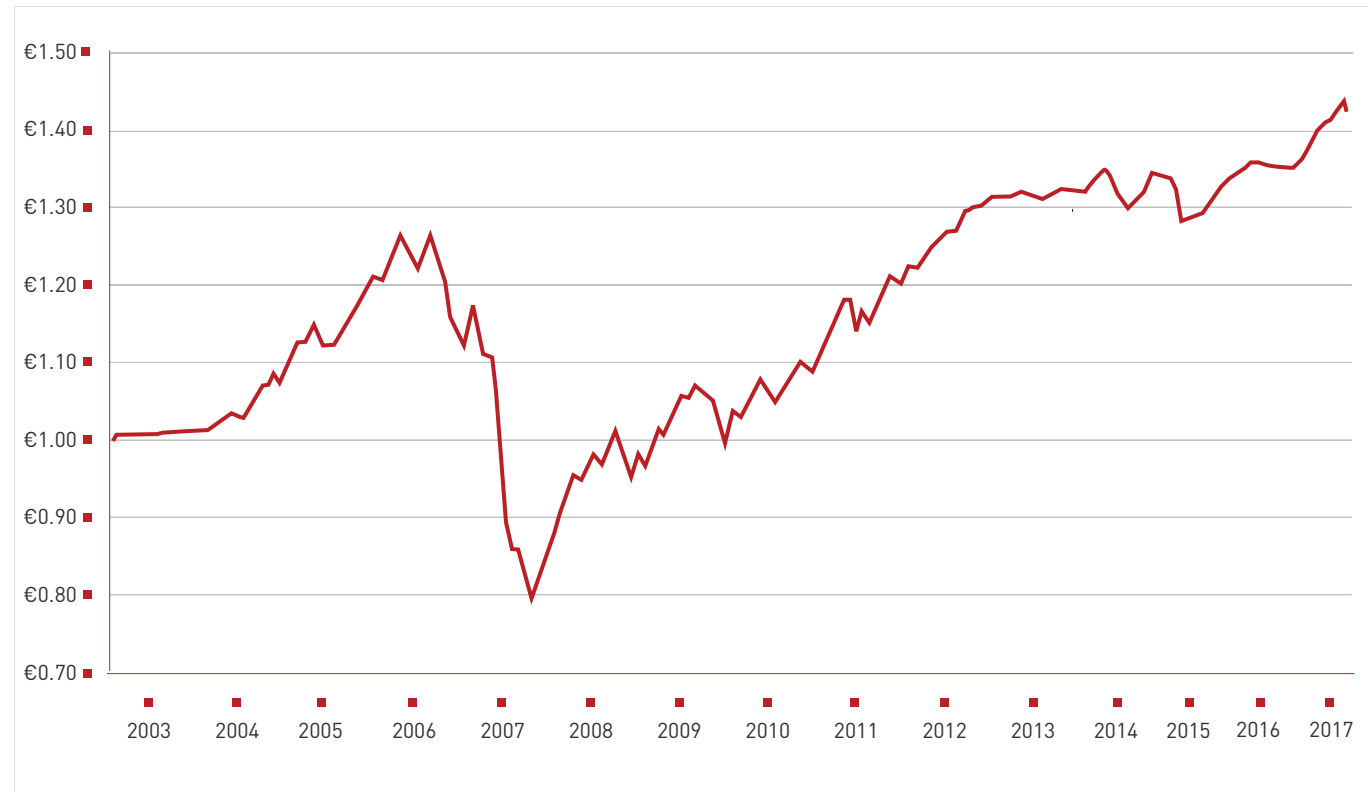


QUARTERLY NEWSLETTER
KOSOVO PENSION SAVINGS TRUST



TRUSTORY

KPST UNIT PRICE SINCE INCEPTION



PERIOD	1M	3M	1Y	3Y	5Y	SINCE INCEPTION
RESULT	-0.56%	+0.53%	+5.82%	+14.17%	+33.85%	+42.63%
BENCHMARK*	+0.30%	-0.78%	+1.91%	+1.18%	+4.30%	+33.06%

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

PERFORMANCE OF INVESTMENTS IN Q2 2017

UNIT PRICE:

APRIL	▲ +0.44%
MAY	▲ +0.66%
JUNE	▼ -0.56%
TOTAL NET PERFORMANCE	▲ +0.53%

GROSS RETURN:

APRIL	+€7.14m
MAY	+€10.57m
JUNE	-€8.16m
TOTAL GROSS RETURN	+€9.55m

KEY FACTS

UNIT PRICE IN THE END OF QUARTER	NET AUM
€1.4263	€1,533,736,117
BENEFIT PAYMENTS FOR THIS QUARTER	BENEFIT PAYMENTS YTD
€8.18m	€14.84m
WITHDRAWN ACCOUNTS FOR THIS QUARTER	WITHDRAWN ACCOUNTS YTD
1,513	2,834
CONTRIBUTORS' ACCOUNTS	ACTIVE ACCOUNT AT THE END OF THE PERIOD
556,490	286,793
NEW CONTRIBUTORS YTD	NEW CONTRIBUTIONS DURING THIS YEAR
14,632	€77.00m
SERVICES OFFERED THIS YEAR	TOTAL ETRUSTI ACCOUNTS
45,124	73,501

ALLOCATION AND PERFORMANCE FOR EACH FUND / ISSUER IN Q2 2017

MANAGER / ISSUER / BANK	FUND NAME / INSTRUMENT / BANK	ALLOCATION	ALLOCATION IN %	PERFORMANCE	CONTRIBUTION ON PERFORMANCE
Vanguard	Global Stock Index Fund - Euro	€312,890,306	20.40%	+2.31%	+0.63%
Nordea	1-Stable Return Fund	€240,634,752	15.69%	+0.38%	+0.06%
Nordea	1-Global Stable Equity Fund	€173,319,929	11.30%	-2.56%	-0.30%
BNY Mellon	Global Real Return Fund	€142,963,326	9.32%	+1.04%	+0.10%
AXA	Global Inflation Linked Bonds	€98,844,021	6.44%	-1.01%	-0.07%
Treasury of Kosovo	Bills and bonds	€68,804,341	4.49%	+0.41%*	+0.01%
AXA	WF Optimal Income I EUR	€64,745,078	4.22%	+2.00%	+0.11%
Pictet	High dividend selection Z EUR	€59,965,369	3.91%	-2.28%	-0.09%
Schroders	ISF Global Diversified Growth	€74,860,360	4.88%	+1.05%	+0.05%
Amundi	Rendement Plus Part I2	€51,513,228	3.36%	+1.00%	+0.04%
BNP Parvest	Diversified Dynamic	€74,199,094	4.84%	+1.39%	+0.07%
Schroders	Strategic Bond - Euro Hedged	€10,355,962	0.68%	+0.84%	+0.02%
Banka Kombëtare Tregtare	Term deposit	€8,062,594	0.53%	+0.36%*	+0.00%
Banka për Biznes SH.A.	Term deposit	€8,078,115	0.53%	+0.44%*	+0.00%
TEB SH.A.	Term deposit	€4,021,147	0.26%	+0.25%*	+0.00%
INVESTED ASSETS IN TOTAL		€ 1,393,257,622	90.85%	+0.53%	0.63%

*The performance is based on fixed interest rates.

€9.55M GROSS RETURN IN Q2 2017

The Kosovo Pension Savings Trust ended the second quarter of 2017 with a positive return on investments of €9.55mn or with a growth of 0.53% of unit price. Along with return from Q1, the first half of the year thus ended with a gross return of €56.25m. In Q2, the assets under management increased by €38.91m and reached the amount of €1.533.74m. The main contributors to the growth of the assets under management were: return on investments (€9.3m) and new contributions (€39.35m). Meanwhile for the same period: €8.18m were paid for pensions, for management fees €1.80m and €5.768 were refunded.

INFLUENTIAL FACTORS

This was a quarter with a satisfactory growth in the global stock market, with the MSCI index increasing by 4.2% in terms of the US dollar. The drive for this progress in the stock market was the encouraging corporate incomes but also the advancement of economic development indicators in the US, EU, UK and Japan. Another factor that helped in this respect was the decline in political risk in Europe, while the uncertainty in the implementation of fiscal facilities in the US was a factor that had a negative impact. However, the absolute return instruments did not have the same pace, namely the state bonds market. Despite the steady growth over most of the period, monetary policy uncertainties in the US, the Eurozone and the UK prompted rapid sale of positions at the end of June. This affected the reduction of interest rates/return from this instrument for the whole second quarter.

PERFORMANCE OF INVESTMENT FUNDS

Of the 11 funds engaged in this period, 8 of them had a positive performance. The best performance was marked by the Vanguard GSEF fund (+2.31), a pure stock fund and with dominant investments in the US. This fund, also due to the assets that KPST has invested, was markedly the most important contributor to the positive performance of the KPST fund for this period. Not far behind was also the AXA WFOI fund (+ 2.00%), a mixed investment fund (with around 70% in shares) and a strong concentration of investments in Eurozone. Whereas the BNP Parvest Fund (with +1.39%) was third, having a heavily diversified investment portfolio, both in financial instruments and geographic distribution. Other positive performance funds were at modest growth rates of + 0.38% and 1.05%. Of the three funds with negative performance, the two stock funds that marked the worst performance were: Nordea GSEF (-2.56%) and Pictet HDS (-2.28%). It appears that these two funds had this result due to the individual selection of their investments rather than from the investment instrument or geographical distribution. Whereas the global bonds fund AXA GILB (with -1.01%) is directly linked to the global inflation rate and this period was not beneficial to it. Of the negative performance funds, due to the KPST assets it manages, the Nordea GSEF fund was the one that had the most negative contribution to the negative return on KPST investments.

On the other hand, investments in Kosovo (in Government bonds and paper bonds and in bank deposits) were at predetermined interest rates and contributed on average to the overall performance with 4.85% of all KPST performance for this period.

NET PERFORMANCE Q2 2017

+0.53%

HEADLINES OF THIS QUARTER

THE BOARD HELD THE SECOND MEETING FOR 2017

The Governing Board, at the meeting held on June 2017, following the review of the state of all investments and investment funds and based on the recommendations of the Investment Commission, has taken the following decisions: 1) to change the Strategic Allocation Matrix targets (5% Cash cell and -5% Directional Shares cell); 2) to withdraw €75m from the Vanguard fund; 3) to withdraw €12m from the AXA-OI fund; 4) to engage Amundi 3M-I's cash market fund and the first investment there to be the amount of €20m; 5) to compete in Kosovo's two-year bonds for €10m.

ANNUAL STATEMENTS DISTRIBUTED

The Post of Kosovo, contracted by KPST (as required by law), has completed in May the distribution of the annual statements for 2016. For distribution by mail, this year were sent 290 thousand statements, while in electronic form were not included about 107 thousand statements that had no transactions in savings account in the last three years. And this is not 100% correct - since when we had their emails, we sent the statements to them even though they had no transactions in the last 3 years. The same applies to the 16,000 for whom we have no valid address.

THE COLLECTION OF NEW CONTRIBUTIONS MARKS A GROWTH

The value of new contributions in the first half of 2017 has increased by 3.91% compared to the same period of the previous year (from €74.1m to €77.0m, respectively). This growth seems to have come due to the increase in the value of the contribution and not from the increase of revenues of contributors, as the number of new contributors remained almost the same (from 14,779 new contributors in the last half year to 14,632 this year).

€8.18M IN PENSIONS IN Q2

The value of paid pensions this quarter amounted to €8.18m, while the number of new accounts from which the funds were withdrawn was 1.513. The amount of withdrawals is higher than in Q1 2017 in which €6.66m were disbursed to 1,321 beneficiaries. In total, for the first half of 2017, €14.84m were disbursed while there were opened 2,834 new pensioners accounts.

THE ANNUAL REPORT FOR 2016 IS PUBLISHED

KPST has published the Annual Report for 2016 in three languages: Albanian, Serbian and English. The annual report is the most important publication of the institution and summarizes the most important data and events of the year. Annual Reports can be found online at the following link: <http://www.trusti.org/en/about-us/reports/annual/>

OVER 73 THOUSAND ACCOUNTS IN eTRUSTI

The number of contributors who opened accounts in eTrusti by the end of Q2 2017 reached 73,501 or an increase of about 6% for this quarter. KPST in this Quarter also promoted this service through the Facebook social network. The Service eTrusti is offered free of charge and any contributor can open an account by visiting the following address: <https://online.trusti.org/>

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