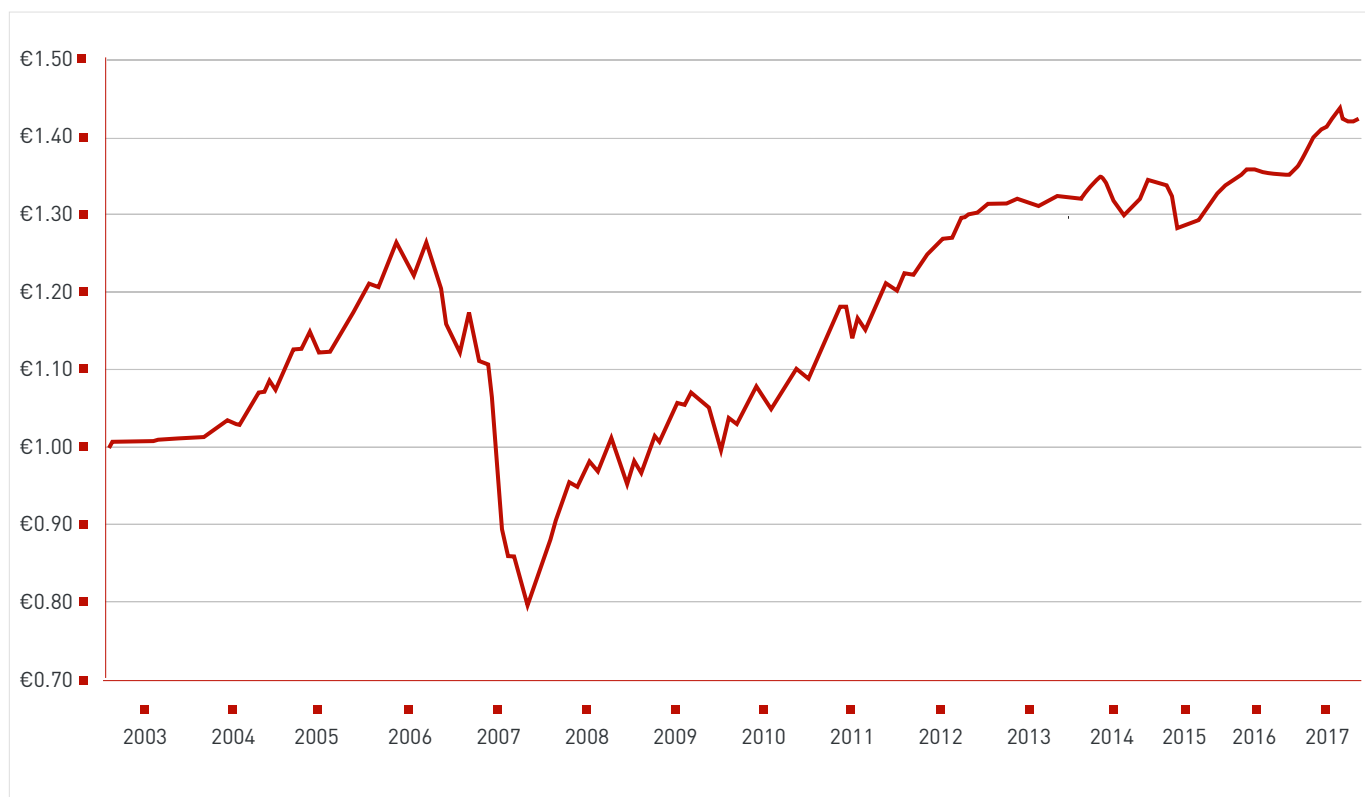


**QUARTERLY NEWSLETTER**  
KOSOVO PENSION SAVINGS TRUST



**TRUSTORY**

## KPST UNIT PRICE SINCE INCEPTION



PERIOD	1M	3M	1Y	3Y	5Y	SINCE INCEPTION
RESULT	+0.65%	+0.53%	+4.75%	+13.31%	+29.94%	<b>+43.39%</b>
BENCHMARK*	+0.10%	+0.10%	+1.70%	+0.96%	+2.57%	<b>+33.19%</b>

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

## PERFORMANCE OF INVESTMENTS

### UNIT PRICE:

JULY	▼ -0.04%
AUGUST	▼ -0.08%
SEPTEMBER	▲ +0.65%
TOTAL NET PERFORMANCE	▲ <b>+0.53%</b>

### GROSS RETURN:

JULY	-€0.04m
AUGUST	-€0.58m
SEPTEMBER	+€10.75m
TOTAL GROSS RETURN	+€10.16m

## KEY FACTS

UNIT PRICE IN THE END OF QUARTER	NET AUM
€1.4339	€1,574,777,471
BENEFIT PAYMENTS FOR THIS QUARTER	BENEFIT PAYMENTS YTD
€6.67m	€21.53m
WITHDRAWN ACCOUNTS FOR THIS QUARTER	WITHDRAWN ACCOUNTS YTD
1,273	4,107
CONTRIBUTORS' ACCOUNTS	ACTIVE ACCOUNTS
575,280	325,049
NEW CONTRIBUTORS YTD	NEW CONTRIBUTIONS DURING THIS YEAR
33,434	€117.57m
SERVICES OFFERED THIS YEAR	TOTAL eTRUSTI ACCOUNTS
85,111	76,096

## ALLOCATION AND PERFORMANCE FOR EACH FUND / ISSUER IN THE END OF THIS QUARTER

MANAGER / ISSUER	FUND NAME / INSTRUMENT / BANK	ALLOCATION	ALLOCATION IN %	PERFORMANCE	CONTRIBUTION ON PERFORMANCE
Vanguard	Global Stock Index Fund - Euro	€317,493,588	20.49%	+3.57%	+0.73%
Nordea	1-Stable Return Fund	€240,114,995	15.50%	-0.48%	-0.07%
Nordea	1-Global Stable Equity Fund	€168,975,780	10.91%	-2.24%	-0.24%
BNY Mellon	Global Real Return Fund	€140,799,992	9.09%	-0.93%	-0.08%
AXA	Global Inflation Linked Bonds	€99,313,736	6.41%	+0.01%	+0.00%
AXA	WF Optimal Income I EUR	€65,265,437	4.21%	+2.71%	+0.11%
Pictet	High dividend selection Z EUR	€57,872,743	3.73%	-1.53%	-0.06%
Schroders	ISF Global Diversified Growth	€75,372,497	4.86%	+1.36%	+0.07%
Amundi	Rendement Plus Part I2	€51,773,843	3.34%	+1.25%	+0.04%
Amundi 3M	Amundi 3M - I	€80,418,146	5.19%	-0.04%	0.00%
BNP Parvest	Diversified Dynamic	€75,220,032	4.85%	+2.78%	+0.14%
Schroders	Strategic Bond - Euro Hedged	€10,382,466	0.67%	-0.08%	-0.00%
Treasury of Kosovo	Bills	€57,810,485	3.73%	+0.59%*	+0.02%
Treasury of Kosovo	Bonds	€18,256,266	1.18%	+0.07%*	+0.00%
BKT, BPB, TEB	Term deposits	€42,606,345	2.75%	+0.35%*	+0.01%
Cash at CBK	Uninvested	€47,827,203	3.09%	-0.09%	-0.00%
<b>TOTAL</b>		<b>€1,549,503,554</b>	<b>100.00%</b>	<b>+0.66%</b>	<b>+0.66%</b>

\*The performance is based on fixed interest rates.

## €10.16 GROSS RETURN FROM INVESTMENTS

The Kosovo Pension Savings Trust completed the third quarter of 2017 with a positive return on investments of €10.16m or with a 0.53% increase in unit price. Along with the return from the previous quarters, the nine-month period of this year thus ends with a gross return of €66.41m. In Q3, assets under management increased by €41.04m and totalled €1,575.47m. In the growth of assets under management affected: investment returns (€10.16m) and new contributions (€40.56m). Meanwhile for the same period: for retirement were paid €6.69m, for management fees €1.88m and €474 refunded.

### INFLUENTIAL FACTORS

The favourable situation of economic development in the main economic centres (USA, Europe and Asia) contributed that this quarter brings solid profits to the global stock market. Macroeconomic indicators and the slight depreciation of the dollar were fuelling the rise of key indicators in the US. Meanwhile, the continuation of the positive economic trend in Europe has put the on the focus of markets the possibility of reducing financial incentive measures. At the same time, the Japanese economy continued this quarter as well to improve economic indicators, increasing thus, the growth of the Japanese stock value. For this period, the forecasts of economic improvement exceeded the developing countries too, especially Brazil. On the other hand, the bond market did not have a big shift, with corporate bonds that surpassed with positive return the government bonds.

### PERFORMANCE OF INVESTMENT FUNDS

The overall situation of the global capital market was not reflected this quarter on the performance of KPST's investment funds. Out of 12 investment funds engaged their performance was divided in half: at 6 positive and 6 negative. Similarly, their performance does not appear to be dependent on dominance in portfolio of stocks or bonds, but by the selection of individual allocations in the relevant portfolios.

With the best performance this quarter was the pure stock fund of Vanguard GSEF (+ 3.57%). At the same time, due to the assets under management, this fund also had a significantly higher contribution to KPST's performance than the other 11 funds. Following the Vanguard GSEF, are four multi-asset funds: BNP Parverst (+ 2.78%), AXA WF (+ 2.71%), Schrodgers GDG (+ 1.36%) and Amundi Rendement Plus (+ 1.25%). While global inflation bond fund AXA GILB's managed to be on the positive side with + 0.01%.

On the other hand, out of negative performance funds, lead the stock fund Nordea GSEF (-2.24%), followed by a stock fund with a dividend payment of Pictet HDS (-1.53%), from BNY Mellon GRR Balanced Fund (-0.93%) and Nordea SRF multi-asset fund (-0.48%). The two funds that remained slightly negative were the Schorders SB (-0.08%) bond fund and the Amundi 3M money market fund (-0.04%).

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 with 4.97% to KPST's overall performance for this period.

## NET PERFORMANCE Q3 2017

# +0.53%

## HEADLINES OF THIS QUARTER

### THE BOARD HELD THE THIRD MEETING FOR 2017

Following the review of the state of all investments and investment funds, the Governing Board, in line with the investment strategy, decided to withdraw the following assets: €27m from Pictet, €27m from Nordea GSE, €72m from Amundi 3M, €33m from BNY Mellon. The Board also decided that these withdrawn funds would be used to finance the following investments: €34m in GDG Schrodgers; €50.5m in BNP Parvest; €44m in AXA-OI; €27m in Vanguard, and €33.5m in Amundi Rendement Plus. Another important decision was also to change the boundaries and targets of the strategic allocation matrix, in line with the above mentioned moves.

### AMUNDI 3-M (I) IS ADDED TO THE INVESTMENT FUNDS

KPST has invested on 18 July 2017 in the Amundi 3 M-I fund. This fund was established in 1999 and has under management about €13.3 billion. The Fund makes investments in the cash market with the aim of providing higher investment security and lower level of fluctuations. This investment offers a high level of liquidity and aims to protect and diversify KPST investments in the event of rapid and strong decline in financial markets.

### SAVINGS WITHDRAWAL BY FOREIGN CITIZENS

All foreign citizens, with the temporary residence in Kosovo, may apply for withdrawal of pension savings they have paid for the period they have worked in Kosovo. However, if foreign nationals, at the time they apply for such withdrawal, have acquired citizenship or permanent residence in Kosovo, they will not be able to withdraw their savings. In the case of a withdrawal application, a number of documents and evidence must be provided, and details can be found on the following link: <http://www.trusti.org/en/required-documents/> at the part of withdrawing savings by foreign nationals.

### THE NUMBER OF NEW CONTRIBUTORS INCREASES

The number of new accounts in Q3 increased significantly by 38,256 contributors (from Q2: 286, 793). This increase in the number of accounts this quarter is related to staff engagement for the organization of general elections. For this period, new contributions increased by €40.67m, being €7m more than in the same period of the previous year.

### €6.69M OF PENSIONS WITHDRAWN IN Q3

The value of paid-off pensions in this quarter amounted to €6.69m, while the number of new accounts from which the funds were withdrawn was 1,273. So, compared with Q2 (1,514 retired and the amount of €8.18m), this quarter had a decrease both in the number of beneficiaries as well as in the value of withdrawals. In total, for these nine months, €21.53m were disbursed while recently retired are 4,107 accounts.

### OVER 76 THOUSAND ACCOUNTS IN eTRUSTI

The number of contributors who opened accounts in eTrusti by the end of Q3 2017 reached 76,096 or an increase of about 4% for this quarter. Encouraging for 9 months of this year is the level of increase in the number of eTrusti accounts with 23% (from 61,635 that was in the end of 2016). 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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