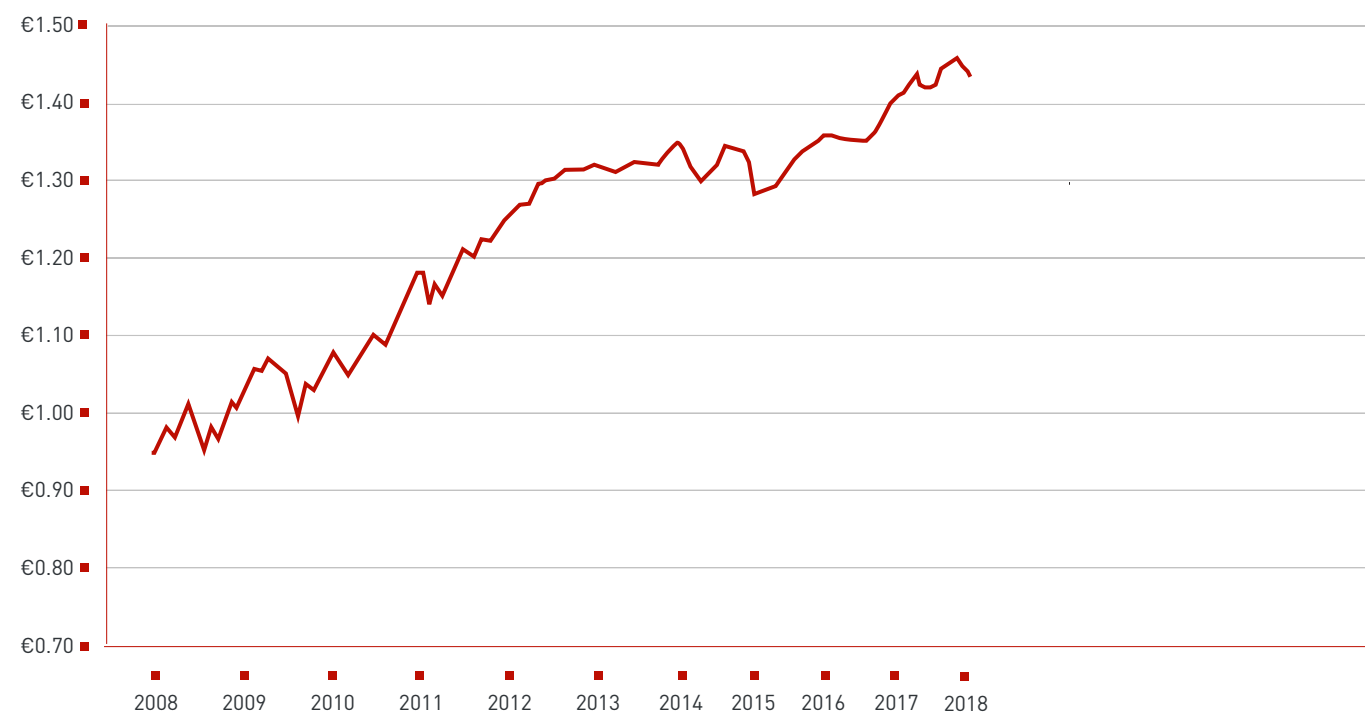


QUARTERLY NEWSLETTER
KOSOVO PENSION SAVINGS TRUST



TRUSTORY

KPST UNIT PRICE SINCE INCEPTION



PERIOD	1M	3M	1Y	3Y	5Y	SINCE INCEPTION
RESULT	-1.14%	-2.07%	+1.10%	+6.23%	+23.11%	+43.45%
BENCHMARK*	+0.10%	+0.59%	+0.10%	+1.68%	+1.60%	+34.24%

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

PERFORMANCE OF INVESTMENTS

UNIT PRICE:

JANUARY	▲ +1.18%
FEBRUARY	▼ -2.09%
MARCH	▼ -1.15%
TOTAL NET PERFORMANCE	▼ -2.07%

GROSS RETURN:

JANUARY	+€19.94m
FEBRUARY	-€34.20m
MARCH	-€18.31m
TOTAL GROSS RETURN	-€32.58m

KEY FACTS

UNIT PRICE IN THE END OF QUARTER	NET AUM
€1.4345	€1,632,849,773
BENEFIT PAYMENTS FOR THIS QUARTER	BENEFIT PAYMENTS YTD
€9.09m	€9.09m
WITHDRAWN ACCOUNTS FOR THIS QUARTER	WITHDRAWN ACCOUNTS YTD
1,567	1,567
CONTRIBUTORS' ACCOUNTS	ACTIVE ACCOUNTS
598,396	249,830
NEW CONTRIBUTORS YTD	NEW CONTRIBUTIONS DURING THIS YEAR
6,904	€40.67m
DELIVERED SERVICES THIS YEAR	TOTAL eTRUSTI ACCOUNTS
26,396	88,572

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	€390,211,395	23.90%	-2.65%	-0.62%
Nordea	1-Stable Return Fund	€147,801,729	9.05%	-2.06%	-0.30%
Nordea	1-Global Stable Equity Fund	€138,116,984	8.46%	-9.26%	-0.56%
BNY Mellon	Global Real Return Fund	€34,326,144	2.10%	-2.64%	-0.16%
AXA	Global Inflation Linked Bonds	€100,166,584	6.13%	-0.30%	-0.02%
AXA	WF Optimal Income I EUR	€149,195,175	9.14%	-0.56%	-0.05%
Schroders	ISF Global Diversified Growth	€147,383,621	9.03%	-1.67%	-0.12%
Amundi	Rendement Plus Part I2	€150,400,749	9.21%	+0.16%	+0.01%
Amundi 3M	Amundi 3M - I	€27,920,998	1.71%	-0.06%	-0.00%
BNP Parvest	Diversified Dynamic	€149,001,032	9.13%	-2.14%	-0.18%
Schroders	Strategic Bond - Euro Hedged	€10,415,601	0.64%	+1.34%	+0.01%
Pictet ¹⁾	High dividend selection Z EUR	€28,742,096	1.80%	-5.79%	-0.11%
Treasury of Kosovo	Bills	€81,632,662	5.00%	+0.50%*	+0.02%
Treasury of Kosovo	Bonds	€40,780,860	2.50%	+0.07%*	+0.00%
BKT, BPB, TEB, NLB	Term deposits	€50,761,050	3.11%	+0.36%*	+0.01%
Cash at CBK	Uninvested	€14,735,190	0.90%	-0.06%	-0.00%
TOTAL		€1,632,849,774	100.00%	-2.07%	-2.07%

1) The entire investment was withdrawn from this fund before the end of Q1 and the data is presented to illustrate the negative impact on KPST performance.

* The performance is based on fixed interest rates.

-€32.58M GROSS RETURN FROM INVESTMENTS

In terms of investments, the Kosovo Pension Savings Trust had a negative quarterly performance. Gross return rate for Q1 was -€32.58 million, or a decrease of -2.07 % in the share price. In Q1, assets under management decreased by -€1.80 million, thus dropping to €1,632.85 million. The following contributed to the reduction of assets under management: return on investment (-€32.58 million), pensions' payoff (-€7.19 million), management fees (-€1.87 million) and refunds (-€26.2 thousand), whilst the new contributions of €40.67 million for the period contributed in terms of growth.

This quarter began positively and upwardly for the US financial market, where improvement of macroeconomic indicators led (unexpectedly) businesses' confidence to the highest levels in decades.

The quarter however ended in negative quotas, with a significant increase in volatility. This was mainly due to the increase in interest rates (of 25 basis points) and the tightening of US trade sanctions against China's exports. The impact of these movements in the US was also reflected in other major financial zones, EU and Japan, which recorded a negative performance at the end of the quarter. Only the financial markets in emerging economies outperformed the expectations, ending this quarter in positive quotas, in terms of the US dollar.

Due to all the macroeconomic movements in this period, there was also a significant increase of global inflation. Certainly, KPST investments are also subject to these financial market movements which, however, were not reflected in alarming quotas in terms of KPST's unit price.

Out of 11 active investment funds at the end of Q1, two investment funds recorded a positive return on investment at the end of the period while 9 others had a negative performance. In addition, the fund which was sold in its entirety by the Pictet HDS resulted in negative performance as well (-5.79 %). The two funds with positive performance, pure bond fund of Schroders SB (+1.34%) and multi-asset fund of Amundi RP (with 0.16%) benefited from the presence of bonds in their investments.

On the other hand, funds with higher share exposure, depending on sector exposure, mainly had negative performance. Thus, Nordea GSE fund had the most negative performance (-9.26%) for the period, which was influenced by a dominant presence of share exposure in its investment portfolio of two sectors (healthcare and IT). These were also the two most affected sectors by the movements in financial markets this quarter, underperforming beyond expectations. Other funds had a more moderate negative performance, ranging from -0.56 % (global bond fund of AXA GILB) and -2.65 % (pure stock fund of Vanguard GSIF).

On the other hand, investments in Kosovo (in bonds and government paper bonds and in bank deposits) were at predetermined interest rates and contributed positively by about 2% to KPST's overall performance for this period.

NET PERFORMANCE Q1 2018

-2.07%

HEADLINES OF THIS QUARTER

BOARD HELD ITS FIRST MEETING FOR 2018

In the meeting held in March 2018, the KPST Governing Board reviewed the state of all investments and investment funds, and all recommendations of the respective committees. At this meeting, the Governing Board took the following decisions: 1) To sell €90 million from the Nordea SRF fund; 2) to sell €72 million from the BNY Mellon fund; 3) to sell all investment in Pictet HDS (€32 million), as the Board believes that in the category where this portfolio operates there are little expectations for value increase; 4) to invest €36 million in the GDG Schroders fund; 5) to invest €22 million in the BNP Paribas PDD fund; 6) to invest €40 million in the AXA WFOI fund, 7) to invest €64 million in the Amundi RP fund; and 8) to invest €32 million in the Vanguard GSIF fund.

KPST LEADERS HOSTED IN A MEETING THE USAID LEADERS

On 5 March 2018, the leaders of United States Agency for International Development paid a visit to KPST. USAID's visit was led by Mr James Hope, Mission Director at USAID/Kosovo, accompanied by Mr Brian Martalus, Economic Growth Office Director and Ms Dardane Peja, Project Management Specialist. On the side of KPST, the meeting was hosted by Mr Ymer Havolli, Chairman of the KPST Governing Board, accompanied by Mr Hajdar Korbi, Member of the Governing Board, Mr Valdrin Kasumaj, Member of the Governing Board and Mr Adrian Zalli, KPST Managing Director. After welcoming the USAID representatives, Mr Havolli expressed the gratitude that KPST has for the valuable and extraordinary assistance that USAID has provided for the establishment and development of this institution. He also briefed the guests on the institution's development since its establishment until the end of 2017. While being thankful for the hospitality he received, Mr Hope highly appreciated the background and importance of this institution for Kosovo, considering it as a positive and successful example of the establishment and continuous development since its foundation (16 years ago), adding that KPST is one of USAID's most successful projects in Kosovo.

€9.09 MILLION OF PENSIONS WITHDRAWN IN Q1 2018

The value of paid off pensions this quarter amounted to €9.09 million, while the number of new accounts from which the funds were withdrawn was 1.567. Compared to Q1 2017, the value of paid off pensions increased by 37% (Q1 2017: €6.66 million), while, in terms of numbers, there were 19% more beneficiaries this quarter (Q1 2017: 1,321). Likewise, compared to the previous quarter (Q4 2017), there was a more significant increase of pay offs both in value (+51%) and number (+47%).

NUMBER OF ACCOUNTS IN ETRUSTI GOES TO ABOUT 86 THOUSAND

The number of contributors who opened accounts in eTrusti by the end of Q1 2018 reached the number of 88,572 or an increase of 11% for this quarter (from 79,867). The institution intends to reach the number of about 100,000 users by the end of this year. The services provided in eTrusti are free of charge and any contributor can open accounts by visiting the following address: <https://online.trusti.org/>

PUBLISHER:

Kosovo Pension Savings Trust
June 2018

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