



An aerial photograph of a city at sunset. In the foreground, a large, complex structure with numerous white geodesic domes is visible. In the middle ground, a prominent white church with a tall bell tower stands out. The background shows a dense urban landscape with various buildings and a hazy sky with soft, golden light from the setting sun.

**Trusti**

**ANNUAL REPORT**  
**2024**



**Publisher**  
Kosovo Pension Savings Trust

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May 2025

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Fondi i Kursimeve Pensionale i Kosovës  
Kosovski Penzijski Štedni Fond  
Kosovo Pension Savings Trust

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## Independent Auditor's Report and Financial Statements for KPST – Pension Assets

 ANNEX

# ACRONYMS

**KPST**  
Kosovo  
Pension  
Savings Trust

**TAK**  
Tax  
Administration  
of Kosovo

**CBK**  
Central Bank  
of the Republic  
of Kosovo

**ASSEMBLY**  
Assembly of  
the Republic  
of Kosovo

**KAS**  
Kosovo  
Agency of  
Statistics

**PWP**  
Phased Withdrawal  
Program (pension  
savings from KPST)

ACRO

**GOVERNMENT**

Government of the Republic of Kosovo

**IFRS**

International Financial Reporting Standards

**ETFs**

Exchange-traded funds from a broker, where several investment instruments (stocks, bonds, commodities or mixed) follow a certain index.

**Net AUM**

Net Assets under Management

**SIP**

Statement of Investment Principles

**SAA**

Strategic Asset Allocation

NYMMS

# Key Facts

## INVESTMENT PERFORMANCE FOR THE LAST 10 YEARS (CUMULATIVE)

PERIOD	1 - Year	2 - Years	3 - Years	4 - Years
Gross return on investment (in millions)	€247.2	€334.9	€214.9	€442.2

INVESTMENTS	2024	2023
<b>● STANDARD PORTFOLIO</b>		
Unit price at the end of the year	€1.8233	€1.6764
Change of unit price for the year	+8.76%	+3.05%
Gross return on investments for the year	€224,022,743	€81,106,745
Other returns for the year*	€3,205,966	€2,000,000
<b>● BALANCED PORTFOLIO</b>		
Unit price at the end of the year	€1.0405	--
Change of unit price for the year	4.05%	--
Gross return on investments for the year	€14,384,339	--
Other returns for the year*	€124,103	--
<b>● CONSERVATIVE PORTFOLIO</b>		
Unit price at the end of the year	€2.2065	€2.1302
Change of unit price for the year	+3.58%	+3.47%
Gross return on investments for the year	€5,283,189	€4,556,800
Other returns for the year*	€169,931	--
<b>● AUM (UNITISED)</b>		
Standard Portfolio	€2,652,013,991	€2,570,540,693
Balanced Portfolio	€376,412,634	--
Conservative Portfolio	€153,414,695	€131,267,932
<b>● CONTRIBUTIONS AND CONTRIBUTORS</b>		
Contributions received during the year	€315,807,132	€286,181,346
Contributions received since inception	€3,032,703,466	€2,716,896,334
New accounts opened during the year	39,231	41,968
Account-holders at the end of the year	874,194	834,963
Active contributors during the year	452,366	442,383

5 - Years	6 - Years	7 - Years	8 - Years	9 - Years	10 - Years
€514.1	€674.8	€590.0	€692.6	€757.2	€786.1

RETIREMENT	2024	2023
Newly withdrawn accounts during the year*	7,905	7,684
Value of withdrawals for the year	€69,748,791	€71,606,416
Accounts permanently withdrawn**	80,901	73,973
Value of withdrawals since inception***	€700,156,087	€630,407,296

#### • FEES AND EXPENSES

Investment fee	0.310%	0.320%
Operating Fee	0.048%	0.050%
Value of fees charged for the year	€10,567,254	€9,421,417
Investment expenses for the year	€5,660,155	€5,846,523
Operating expenses for the year	€1,233,417	€1,054,703

#### • ALLOCATED CONTRIBUTIONS AND eTRUSTI ACCOUNTS

Unallocated contributions at year end	€2,395,695	€3,192,323
Unallocated contributions as percentage of total contributions	0.079%	0.117%
Number of eTrusti accounts	339,410	316,140

\* This number includes annual retirements for age, death, and disability for foreign citizens.

\*\* This value includes retirements of age, cases of death and foreign citizens, but does not include cases of disability.

\*\*\* This figure also includes the value exceptionally withdrawn, amounting 10% to handle the impact of the Covid-19 pandemic (December 2020 to April 2021).

# Distribution of Investments

OF 31.12.2024

Pension Assets are invested through open-end funds administered by managers of these funds in shares, debt instruments, cash and other financial instruments of global corporations and sovereign treasuries. At the end of 2024, KPST had direct and indirect investments in financial instruments of 3,312 global issuers (2023: 1,993).

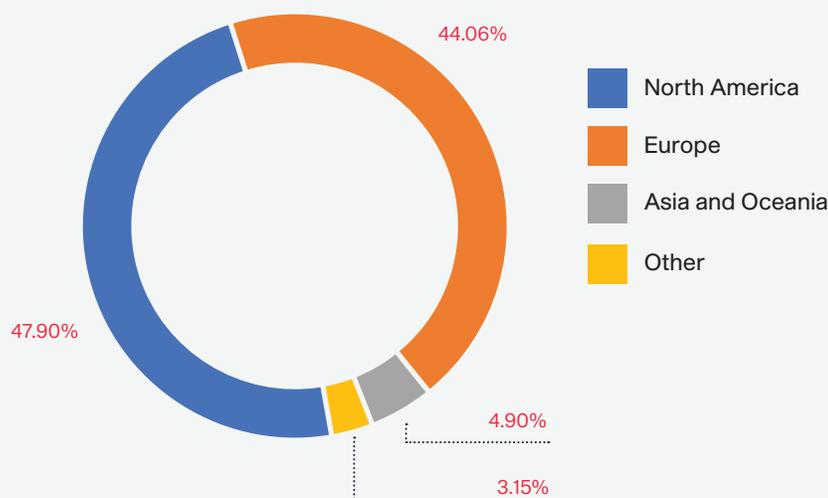
## 10 HIGHEST RANKED COUNTRIES IN TERMS OF PLACEMENTS, AS A

### PERCENTAGE OF KPST

• NO.	COUNTRY	PERCENTAGE	KPST ASSETS
1.	<b>USA</b>	46.53%	€1,481,181,249
2.	<b>Kosovo</b>	18.89%	€601,351,769
3.	<b>France</b>	7.44%	€236,743,016
4.	<b>Great Britain</b>	4.10%	€130,540,184
5.	<b>Japan</b>	3.26%	€103,894,862
6.	<b>Italy</b>	2.97%	€94,453,434
7.	<b>Germany</b>	2.06%	€65,643,763
8.	<b>Netherlands</b>	1.40%	€44,614,299
9.	<b>Canada</b>	1.31%	€41,565,471
10.	<b>Switzerland</b>	1.24%	€39,316,198
TOTAL TOP TEN		89.20%	€2,839,304,245

## GLOBAL GEOGRAPHIC DISTRIBUTION OF KPST ASSETS

NOTE: KPST cannot guarantee that the future performance of its investments will be the same as their past performance. KPST invests assets with the aim of: first, preserving the purchasing power of pension savings, and second, increasing their value. However, all investments are subjected to a level of risk which varies depending on the returns sought. This is also true for investments of KPST which are subjected but not limited to a number of risks such as: currency risk, interest rate, credit risk, price risk, political risk, counter-party risk, liquidity risk etc. More details about each risk and their relation to the funds invested are presented in the financial statements attached to this report.



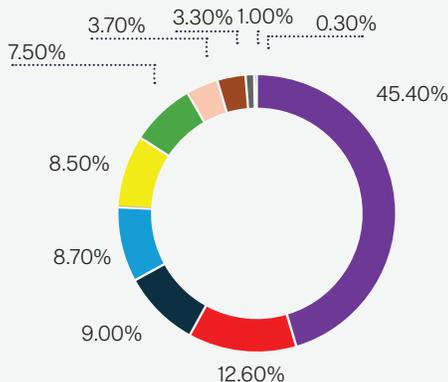
## 10 MAIN DESTINATIONS OF PLACEMENT (SINGLE ENTITIES), AS A

### PERCENTAGE OF KPST

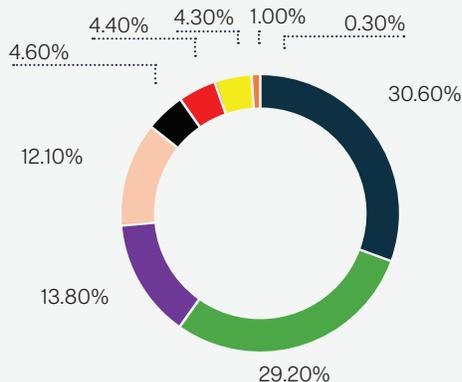
NO.	SINGLE ENTITIES	KPST ASSETS	PERCENTAGE
1.	<b>Treasury of Kosovo</b>	€437.1	13.7%
2.	<b>Microsoft</b>	€66.7	2.1%
3.	<b>Apple</b>	€57.9	1.8%
4.	<b>Treasury of Italy</b>	€56.7	1.8%
5.	<b>Alphabet</b>	€56.5	1.8%
6.	<b>NLB Bank Kosovo</b>	€52.6	1.7%
7.	<b>Nvidia</b>	€50.1	1.6%
8.	<b>PCB Bank Kosovo</b>	€35.2	1.1%
9.	<b>Treasury of Austria</b>	€31.8	1.0%
10.	<b>Amazon</b>	€30.8	1.0%
TOTAL TOP TEN		€875.4	27.6 %

## ALLOCATIONS (BY FINANCIAL INSTRUMENTS) OF THE THREE PORTFOLIOS

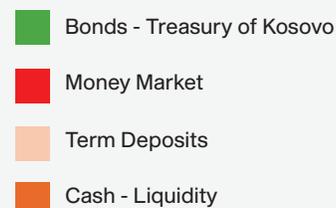
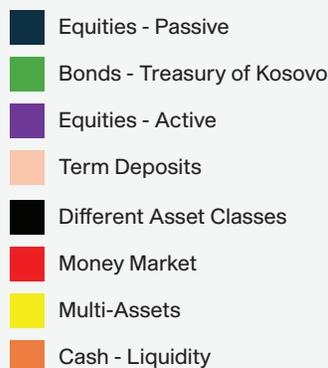
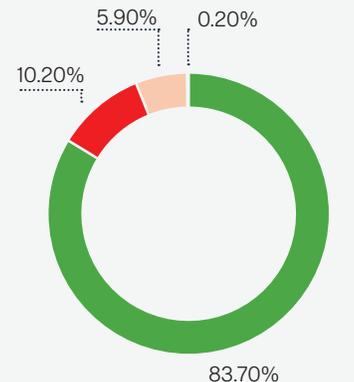
### Standard Portfolio



### Balanced Portfolio



### Conservative Portfolio



# INVESTMENTS

2024

On April 1, 2024, the third investment portfolio (Balanced Portfolio) was launched, dedicated to contributors aged 58 to 62. In the Standard Portfolio, exposure to higher-risk instruments increased.

Net return for the year was +8.8% for Standard Portfolio, +4.1% for the Balanced Portfolio and +3.6% for the Conservative Portfolio. AUM increased by 17.8%.

2023

Preparations for the third investment portfolio (Balanced) and the Statement of Investment Principles began. In the Standard Portfolio, the reduction of exposure to high-risk instruments continued.

Net return for the year was +3.1% for the Standard Portfolio and +3.5% for the Conservative Portfolio. AUM increased by 12.1%.

2022

A new investment portfolio is created (Conservative) that contributors close to retirement to be protected from rapid fluctuations. It was reduced to the level of low exposure towards instruments with high volatility.

Net return for the year was -5.5% for the Standard Portfolio and +2.9% for the Conservative Portfolio. AUM increased by 2.5%.

## Glossary of Terms

### **EQUITIES**

Financial instrument that provides ownership in a company, depending on the size of investment.

### **PORTFOLIO**

Is use of several financial instruments such are stocks, bonds, cash, ETFs and others in a common investment; investment results of which are calculated together and compose that portfolio.

### **NOTES OR BONDS**

Financial instrument issued by governments or corporations with a designated maturity limit which usually pays a coupon based on a fixed or flexible interest.

### **MULTI ASSETS**

Investment funds that consist of a mix of instruments in the main financial asset classes (stocks, bonds and cash).

### **INVESTMENT RISK**

It means the likelihood or possibility of incurring losses from the investment undertaken against a certain level of profit.

### **BENCHMARK**

A standard reference level of comparing and analysing the investment performance. KPST has set as benchmark Kosovo's Consumer Price Index (CPI), otherwise referred to as the rate of inflation in Kosovo.

### **DEFINED CONTRIBUTION**

In a defined contribution plan, fixed contributions are paid into an individual account by employer and employee. The contributions are then invested and the returns on the investment (positive or negative) are credited to the individual's account. On retirement, the member's account is used to provide retirement benefits, usually through the purchase of an annuity which then provides a regular income.

### **STANDARD PORTFOLIO**

It is an investment portfolio dedicated to contributors of KPST aged up to 57 years, whose pension funds are invested in a mix of financial instruments such as bank deposits, Kosovo Treasury bonds and mainly in open (mutual) funds and with moderate investment risk.

### **BALANCED PORTFOLIO**

is an investment portfolio dedicated to contributors aged 58-62. A portfolio with a lower tolerance to risk than the Standard Portfolio, which in the medium term aims to generate a high return on investment by investing in a wide range of instruments such as stocks, bonds, multi-assets and real assets.

# OPERATIONS

2022

Launching the Conservative Portfolio without any difficulty in the IPSA software. QR Code has been added to the statements, in order their authenticity could be proven by third parties. It was also enabled the download of statements from the eKosovo portal.

Unallocated contributions increased slightly to 0.12% of the collected contributions.

2023

Maintenance and advancement of the IPSA software continued without any issues. Updates in the protection and security of the digital data of the KPST were conducted. Digital remote services continued to expand.

Unallocated contributions were approximately 0.12% of collected contributions.

2024

The changes in the investment portfolios were implemented without difficulty and in a timely manner. Updates to the IT security and KPST website continued. The online application for withdrawal of pension savings was launched.

Unallocated contributions were approximately 0.08% of the collected contributions.

## CONSERVATIVE PORTFOLIO

It is an investment portfolio dedicated to contributors of kpst aged 63+, whose pension funds are invested in financial instruments which are limited to kosovo treasury bonds and cash, and with minimal investment risk.

## PASSIVE EQUITIES

Pooled and exchange-traded funds, where the selection of stocks derives from an investable index (e.g. MSCI World) and/or subgroups within a universe of securities (e.g. market cap, value, dividend-paying); rather than through active selection and/or views.

## ACTIVE EQUITIES

Pooled funds and to a smaller degree exchange-traded funds, which make an active selection from a predefined universe of stocks and/or have an active approach to risk management and/or risk targets.

## REAL ASSETS

Long-term investments in natural resources (e.g. farmland, timberland, mineral and mining rights).

## KOSOVO TREASURY BONDS

Debt instruments issued by the Treasury of the Republic of Kosovo, typically held to maturity.

## TERM DEPOSITS

Term deposits and repurchase agreements with local and international banking institutions, typically held to maturity.

## MONEY MARKETS

Highly liquid funds comprising of near-term instruments that yield close to Euribor; used more in times of uncertainty and/or pessimistic outlook for equities, typically yielding more than bank accounts.

## CASH AND CASH EQUIVALENTS

Cash balances at bank accounts with the Central Bank of Kosovo and brokers. The cash balance is kept to a minimum with sufficient liquidity to pay for the withdrawal of savings.

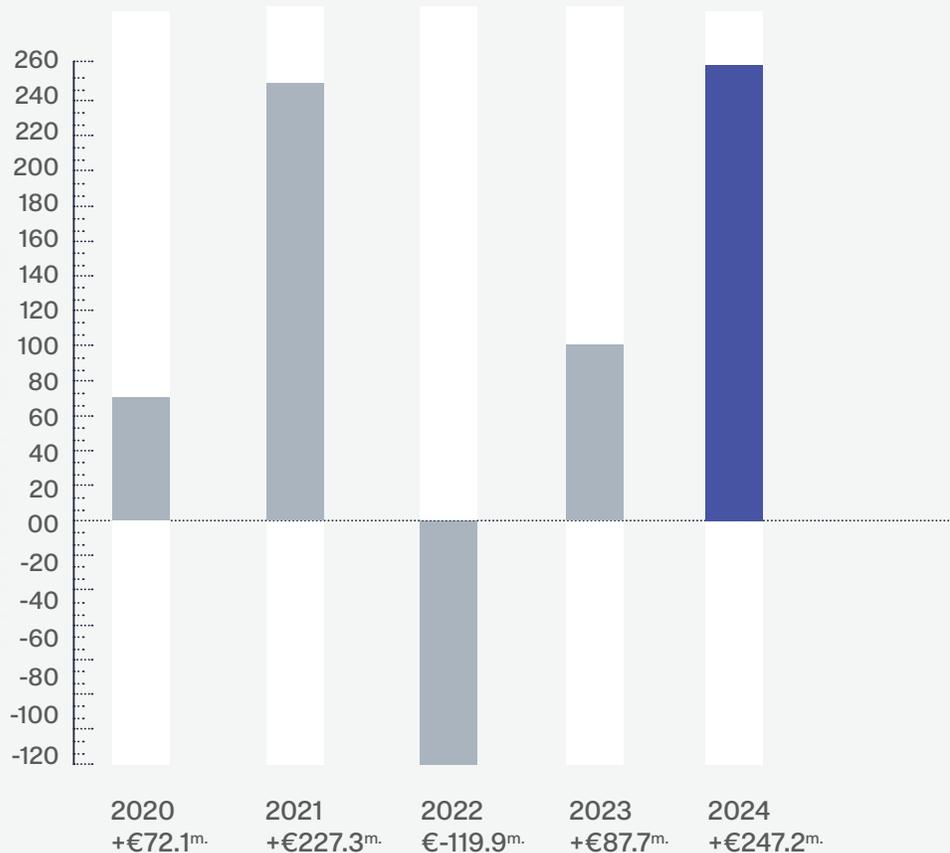
# Last five years all assets under Management

34.8% NET GROWTH OF ASSETS

€514.1<sup>m.</sup> GROSS RETURN ON INVESTMENT

investments gross return

ANNUAL GROSS RETURN INCREASE/DECREASE



cumulative unallocated contributions

CHANGE IN UNALLOCATED CONTRIBUTIONS AS A PERCENTAGE OF TOTAL CONTRIBUTIONS



## NUMBER OF ACCOUNTS AND CONTRIBUTORS BY GENDER

YEAR	TOTAL ACCOUNTS	MEN	%	WOMEN	%	ACTIVE ACCOUNTS*	MEN	%	WOMEN	%
	(A)	(B)	(B)/(A)	(C)	(C)/(A)	(D)	(E)	(E)/(D)	(F)	(F)/(D)
2020	707,388	469,286	66.3%	238,102	33.7%	387,526	249,355	64.3%	138,171	35.7%
2021	752,586	483,352	64.2%	269,234	35.8%	419,657	254,808	60.7%	164,849	39.3%
2022	792,995	507,028	63.9%	285,967	36.1%	428,891	262,339	61.2%	166,552	38.8%
2023	834,963	528,532	63.3%	306,431	36.7%	442,383	265,628	60.0%	176,755	40.0%
2024	874,194	553,906	63.4%	320,288	36.6%	452,366	270,191	59.7%	182,175	40.3%

\* Active accounts represent the number of contributors for whom at least one pension contribution payment has been made during the respective year.

NUMBER OF ACCOUNTS

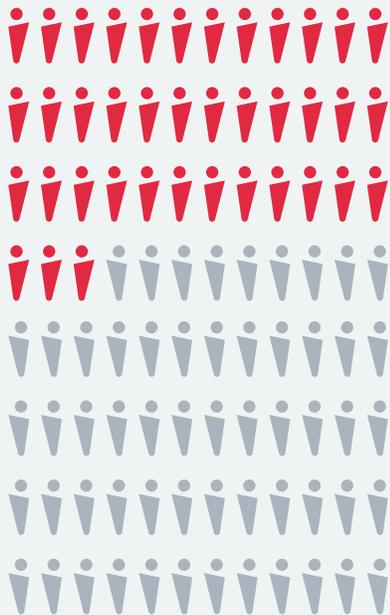
20

Total accounts:

874,194

women

36.6%



63.4%

men

men

553,906

women

320,288



AND ACTIVE ACCOUNTS

24

Active accounts:

452,366

women

40.3%



59.7%

men

men

270,191

women

182,175





# mission and ambition

---

Our mission is to invest pension savings and to administer the individual accounts of contributors until their retirement.

We strive to achieve our mission through prudent investment of assets and effective administrative processes.

Our ambition is to provide the best possible services to our contributors and to be the most trusted institution in Kosovo.

We strive to achieve our ambition through staff professionalism and integrity and institutional transparency.



# Foreword from the chairman of the governing board and managing director

Dear Reader,

The annual report is the most important publication of the KPST. Along with the audited financial statements, it presents the most significant details regarding our annual investments and operations.

The primary focus of any KPST annual report is, naturally, investment performance. We are pleased to report that 2024 concluded with positive and satisfactory investment results. All three portfolios contributed to the growth of pension fund values: Standard Portfolio: +8.76%; Balanced Portfolio: +4.05%, and Conservative Portfolio: +3.58% In nominal terms, the total annual gross return amounted to €247 million.



**€247  
million.**

➤ From a long-term perspective, KPST has now recorded 20 years of positive investment returns and only three years with negative returns. Over the past 23 years, the total accumulated gross return on investments has reached €997 million.

As for assets under management, 2024 saw a record increase of €483 million, bringing the total to €3.2 billion. This growth stemmed from €319 million in new contributions and €247 million from investment returns, offset by approximately €70 million in pension payments, €10 million in fees, and €3 million in repayments.

Besides the strong investment performance this year, we believe the most significant development was the adoption of the Statement of Investment Principles (SIP), effective from April 2024. With this document, the Board of Directors decided to expand the third investment portfolio (Balanced Portfolio, for contributors aged 58 to 62), recognizing it as the best option to address short-term market volatility while capturing the long-term growth potential of equity investments. As such, the Balanced Portfolio will now serve as a transitional phase between the Standard and Conservative Portfolios.

The SIP also defines and regulates key areas such as investment decision-making processes, guiding principles and beliefs, strategic allocation, and new limits for different classes of investment instruments. Additionally, it introduces measurable objectives for all three portfolios, within clearly defined minimum and maximum boundaries. All changes were implemented in full alignment with relevant legislative guidelines and best practices.

This year's investment results were largely driven by the global stock market's strong performance, fueled by easing inflation, improving economic conditions, declining interest rates, and rising corporate profits. However, there were periods of high market volatility that required the KPST to take tactical, defensive investment actions.

At the same time, internal professional capacity was strengthened through the recruitment of additional staff in the Investment and Risk Unit. This team now has the capability to produce detailed analyses and reports that support the decision-making processes of both the Investment Committee and the Governing Board.

We also successfully implemented the aforementioned third investment portfolio in the system without any issues. Contributors were informed in advance about their portfolio reassignment based on age, ensuring a smooth transition.

In KPST's day-to-day operations, both in-office and remote work continued uninterrupted. Staff made further progress in digitalizing internal processes, with improvements in both security and functionality. Thanks to the digital transformation of KPST processes, hundreds of thousands of services are now delivered online. In 2024, approximately 520 thousand self-services were recorded through eTrusti and around 350 thousand via eKosova.

All KPST decisions and financial indicators were again subject to both internal and external audits. No major issues were identified, confirming that KPST continues to operate according to the highest standards of financial reporting and corporate governance.

Beyond this year's accomplishments, we are committed to continuously evolving - to stay aligned with the fast-paced developments in global investments and information technology, and to keep improving all aspects of our operations.

Finally, we would like to express our sincere gratitude to the Assembly of Kosovo, the Central Bank of Kosovo, the Kosovo Tax Administration, the Civil Registration Agency, and all other institutions for their continued support and cooperation throughout 2024.

We are confident that this collaboration will continue and strengthen in the years to come.

Sincerely,  
**Emanuel Bajra**  
Chairman of the Governing Board

**Adrian Zalli**  
Managing Director



● **Standard  
Portfolio**  
(for ages 15 - 57)

● **Balanced  
Portfolio**  
(for ages 58 - 62)



- Conservative Portfolio

(for ages 63+)



# 01

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## GOVERNANCE, MANAGEMENT, AND FINANCES

Organisation, Governing Board and Organization  
Board members at year-end  
Investment decision-making cycle  
Governing Board Committees  
Management and Administration  
Supervision and Audit  
Financing  
Expenses

# Organisation

KPST was established as the sole institution for managing and investing the mandatory pension contributions of Kosovo employees, and for administering their individual pension savings accounts until their retirement. KPST was established by Law in December 2001 as a not-for-profit institution. As such, the sole objective of KPST is to serve the best interests of its contributors.

KPST became fully operational with a Board, Administration and processes in place, in August 2002. At that time the Administration numbered a staff of 22 and had only five units. August 2002 was also the month when the first contributions from employees in the public sector started to be paid in.

In 2003, the self-employed and employed persons from the private sector also joined the scheme. The first investment of pension assets was made in 2003 in a money-market fund.

This was followed by investments in indexed equities in 2004 and by investments in debt instruments in 2006.

Investments were expanded further into multi-asset vehicles in 2010 and into risk-targeted vehicles in 2011. During 2014 and 2015, multi-asset funds with managed risk as well as equity funds with dividend and managed risk were added to the investment portfolio. In 2018, the process of selecting a broker for investment in ETF funds

was completed in order to provide more investment opportunities to the institution.

In 2021 we had a record number of investment funds and instruments. In 2022, as part of protective measures, investments in high-risk instruments were significantly reduced. On April 1, 2024, the third investment portfolio (Balanced Portfolio) was launched, dedicated to contributors aged 58 to 62.

The first investment in Kosovo was made in 2008 through bank deposits, while the first investment in short-term bonds of Kosovo was made in 2012. In 2014 and 2015, investments in medium- and long-term bonds were included. In 2020, investments in Government securities reached record levels. In 2024 there was an increase of investments in bank deposits in Kosovo, while investments in bonds had a slight decrease.

# The Governing Board

KPST is governed by the Governing Board, whose members are selected through a public competition. The candidates are reviewed by a Selection Committee, proposed by the Government of Kosovo, and appointed by the Assembly of the Republic of Kosovo for a four-year term.

Law No. 04/L-101 of the Republic of Kosovo on Pension Funds in Kosovo, along with its supplements and amendments (Law No. 04/L-168 and Law No. 05/L-116), outlines in detail the functions and responsibilities of the KPST and its Governing Board.

The CBK's Pension Rules provide secondary legislation concerning the investment of pension funds, performance measurement, withdrawal of pension savings, and KPST reporting requirements. The rights and responsibilities of the Governing Board include, but are not limited to: selecting or removing asset managers, custodians, open-ended investment funds, and other third parties; adopting principles and policies for the investment of pension funds; employing executive staff; and approving KPST statements.

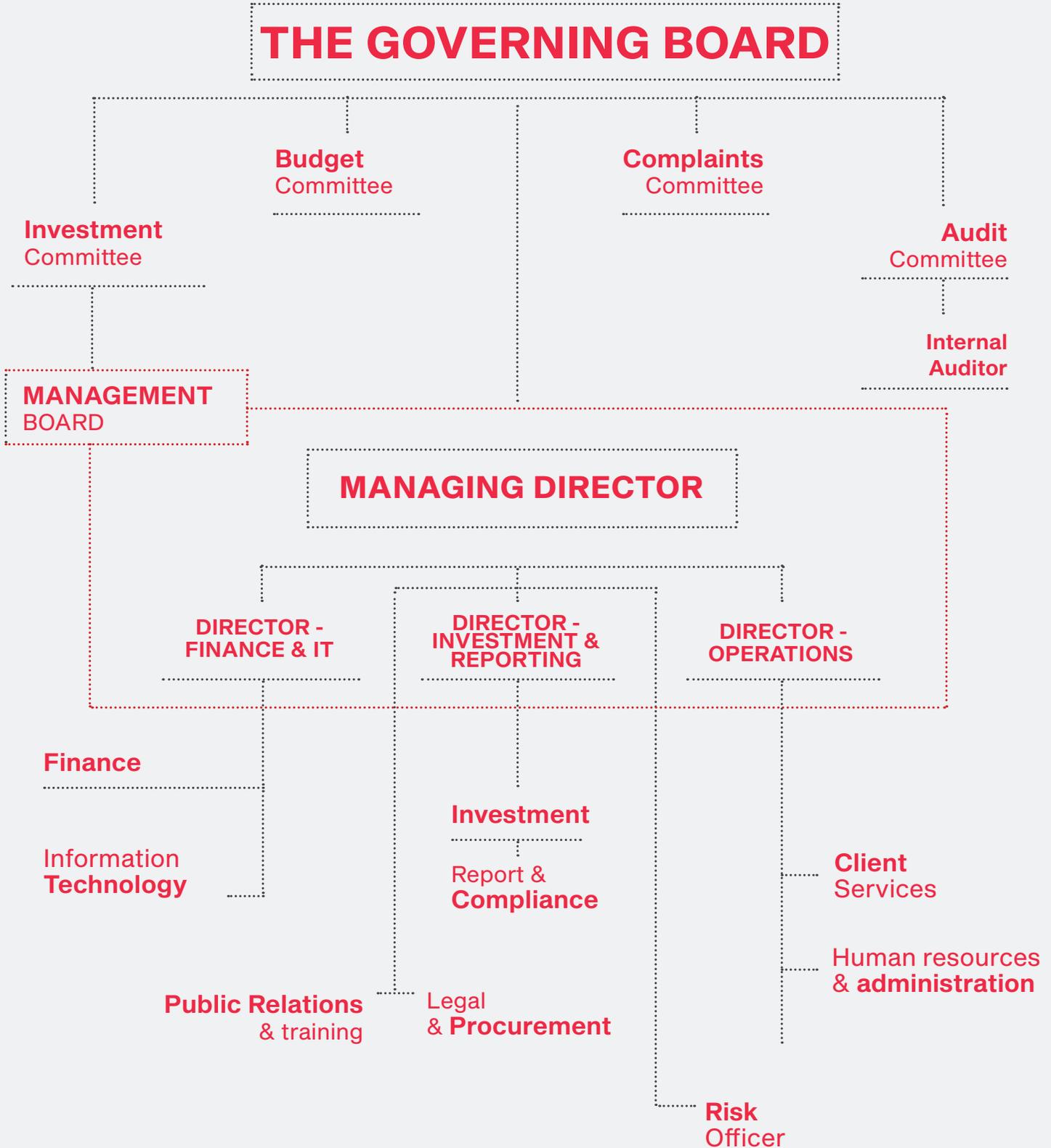
The Governing Board may consist of seven voting members and one non-voting member representing the Government of Kosovo. However, as of 2024, the Government's representative - who serves without voting rights - had not yet been appointed to the Board.

At least five of the voting members must have a minimum of ten years of experience in investment or pension fund management. Additionally, the Board must include at least one member with relevant experience to represent the interests of employees in Kosovo, and at least one member with relevant experience to represent the interests of employers in Kosovo.

As of the end of December 2024, the Governing Board was fully staffed. The two positions that had been vacant at the end of 2023 - those of the employee and employer representatives - were filled on December 5, 2024.

# Organizational Structure of KPST

In force from 18th of June 2024





**Mr. Emanuel Bajra**

Chairman of the Governing Board, Chairman of the Budget Committee as well as member of the Investment and the Complaints committees.

Financier and expert of the financial and investment banking system, with 20 years of experience in the public and private sector.

He has held various roles in commercial banking at Lloyds Banking Group, HBOS, LBCM and TSB as well as in the private - non-public markets.

He has lecturing experience at Universities in Kosovo and abroad.

➤ appointed: july 2023

➤ current mandate: first



**Mrs. Mimoza Mustafa**

Chairperson of the Audit Committee and member of the Investment and Budget committees.

Lecturer at RIT Kosovo (A.U.K), with over 20 years of teaching experience in the field of mathematics and statistics.

Specialised in the field of Quantitative Finance (MSc) and Applied Mathematics. Her career in the financial sector is linked to important positions in financial institutions (both domestic and international), including the Central Bank of the Republic of Kosovo.

➤ appointed: july 2023

➤ current mandate: first



**Dr. Cyril Demaria**

Chairman of the Investment Committee and member of the Audit Committee.

International private markets expert, with a PhD from the University of St Gallen. Affiliate Professor at EDHEC.

He is Managing Director Senior Advisor in charge of Private Markets Strategy at Bank Julius Baer, was Partner at Wellershoff & Partners and Head of Private Markets Research at the Chief Investment Office of UBS.

➤ appointed: july 2023

➤ current mandate: first



**Mr. Trim Shala**

Chairman of the Complaints Committee, member of the Investments and Audit committees.

Manager with over 20 years of experience in customer service and operations management, and with a rich and crystallised combination of knowledge and direct experience throughout the evolving cycle of KPST.

He holds a master's degree (MBA) in business administration from the University of Sheffield in Thessaloniki.

↗ appointed: july 2023  
↗ current mandate: first



**Dr. Shpresim Vranovci**

Member of the Investment, Budget and Complaints committees.

Well-known and respected professional in the field of banking and finance, with a rich career of over 20 years.

He has served in key roles in several well-known and successful institutions in the financial sector in Kosovo. He has a long experience, over 10 years, in higher university education in Kosovo, as a lecturer of financial management and investments.

↗ appointed: july 2023  
↗ current mandate: first



**Mr. Arsim Brucaj**

As of the reporting date, they had not yet been appointed as a member of any committee. \*)

With 22 years of experience in banking, finance and consulting, building a successful career in management and managerial positions.

He has in-depth knowledge of financial markets, investments, and risk management. He holds an MSc degree from Staffordshire University and studied at UCLA.

↗ appointed: december 2024  
↗ current mandate: first



**Mr. Ali Vitija**

As of the reporting date, they had not yet been appointed as a member of any committee. \*)

With 17 years of active experience as a trade union representative, he has contributed to the drafting of numerous laws and administrative instructions, as well as the development of policies and strategies for the protection of workers' rights. He has a wealth of training in management and economic development. He holds a Master's degree in Management and a degree in Economics.

↗ appointed: december 2024  
↗ current mandate: first

\*) The member was appointed by the Assembly of Kosovo to the Governing Board on December 5, 2024. As of the reporting date (December 31, 2024), they had not yet been appointed to any committee. The composition of the committees, within the full composition of the Governing Board, began on January 16, 2025.

# KPST's investment decision -making process of the Governing Board

## ➤ THE RIGHTS AND RESPONSIBILITIES

KPST is governed by the Governing Board, whose members are appointed by the Assembly as fiduciaries of pension assets.

The rights and responsibilities of the Board include but are not limited to: adopting principles and policy for the investment of pension assets; defining the strategic asset allocation for the funds of KPST as well as determining the nature and amounts of any changes in allocation, strategy and policy; the selection, monitoring and removal of open-end vehicles and of asset managers to implement the investment strategy and the established asset allocation; the selection of custodians and other third parties; hiring of the executive personnel of KPST; approving financial statements of KPST.

The primary duty of the Governing Board of KPST is to ensure that the assets are invested in a prudent manner consistent with the requirements of the Law and within the framework of its investment principles and policy. The Governing Board recognises that it has a fiduciary responsibility towards the participants and beneficiaries in KPST and will only pursue policies which do not violate this responsibility.

## INFORMING OF THE GOVERNING BOARD

- KPST Management Board and Investment Unit of the KPST provide information on regular basis (daily or weekly - as applicable) to the Governing Board members on KPST's investment performance, on status of contributions received and assets not invested, on maturity of investments in Kosovo bonds and bank deposits, on allocation of investment by categories and investment strategies. And all this in light of maintaining the investment limits consistent with legislation in force.

## IMPLEMENTATION OF THE INVESTMENT POLICY

- The Governing Board has established the Investment Committee (IC), whose primary responsibility is to support the Governing Board in decisions related to the investment of Assets by providing oversight of the investment function. All policy decisions, allocation targets, and exposure limits are the exclusive responsibility of the Governing Board, based on the recommendations of the IC, while the implementation is delegated to the Management Board of the KPST. The IC, based on the proactive recommendations of the Management Board, in accordance with the Statement of Investment Principles (SIP) and the Strategic Asset Allocation (SAA): (a) Decides on the appointment and removal of asset managers, custodians,

The Governing Board is aware that when mutual funds or exchange-traded funds are selected for investment of the Assets, the respective fund managers have discretion to buy and sell the underlying securities. However, the IC, based on the analysis of the Management Board, is obligated to continuously review whether the mandate, methodology, and exposures of the respective funds are in alignment with the objectives of the KPST.

The Management Board is delegated the authority to:

- initiate calls for offers and determine the amounts for term deposits with local banks;
- enter into REPO arrangements with local banks; and
- determine the rate and offering amount for Kosovo Treasury bonds in primary auctions, as well as transactions in the secondary market.

In all cases, the IC's investment decision must be supported by justification, analysis, and research, as well as an ex-post impact assessment on risk, before implementation can begin.

Cash management for liquidity purposes is delegated to the Management Board.

The IC and/or the Management Board may recommend initiating calls for offers of additional mutual funds or withdrawal from an approved fund. The IC reviews investment decisions and performance on a quarterly basis and reports to the Governing Board whether the investments are aligned with the policy and within acceptable risk levels. The IC may instruct the Management Board to adjust the investment risk position based on their convictions.

## ➤ REPORTING AND TRANSPARENCY

KPST publishes on its website all the significant decisions of the Governing Board (related to the investment of assets), and daily it also publishes investment performance on the KPST website.

The Governing Board submits detailed reports (quarterly, annually, or whenever requested) to the supervisory institutions. Beyond that, members of the Governing Board hold direct meetings with members of the functional committees of the Assembly of Kosovo, both to present investment performance and to support KPST's request to the Assembly of Kosovo for setting funding fees. The same procedure applies to the approval of the annual report.

The KPST, through its Management or Governing Board, is expected to respond transparently to all requests for information from relevant media, disclosing in detail the performance and other data related to KPST's investments.

# Investment Decision-Making Cycle

The Investment Committee (IC) meets quarterly - or more frequently as needed, depending on conditions in the financial markets - and reviews and evaluates all documents and proposals submitted by the Management Board, with the aim of making new investment-related decisions. These may include: investing or withdrawing assets, adding or removing an investment fund, changes in investment allocation, changes in investment strategy, engagement of custodians and brokers, and any other matter requiring the approval of the Investment Committee.

The Chairman of the Investment Committee reviews the analyses, limit reports, and recommendations from the Management Board. The Investment Chairman and other members of the IC review the existing funds in which the KPST has invested, along with the market conditions. Any proposal and analysis to be discussed by the IC is accompanied by clearly defined proposals, circulated to the IC members, who address and discuss them at the next meeting.

The Investment Unit and the Compliance Reporting Unit provide analyses of financial markets, assessment of investment funds, global macroeconomic outlook, and investment recommendations, which are then organized and sent periodically (weekly, monthly, or quarterly) to the Management Board, the Investment Committee, and/or the Governing Board.

With the approval of the Governing Board, quarterly and annual reports are prepared for all financial transactions and are submitted for informational purposes (on a quarterly and annual basis) to the supervisory institutions (the Central Bank of Kosovo and the Assembly of Kosovo).

The Management Board makes decisions regarding investments in Kosovo Treasury bonds and term deposits with banks in Kosovo and reviews and evaluates all documents and proposals submitted by the Investment Unit.

The Investment Committee is notified within 24 hours of the decisions made by the Management Board.

The Governing Board is notified within 24 hours of the decisions made by the Investment Committee.

Management implements the decisions of the Investment Committee and the Management Board by executing (through the Investment Unit and the Finance Unit) new investments, the sale or purchase of specific investments, or investments in Government of Kosovo bonds or bank deposits in Kosovo.

# Governing board committees

Four permanent committees facilitate the functioning and decision-making of the Governing Board.

## ➤ THE INVESTMENT COMMITTEE

Whose main responsibility is to support the Governing Board with decisions related to the investment of Pension Assets, by providing oversight of the investment function. IC members are appointed in accordance with the KPST Statute and must have sufficient skills, expertise, professional background, and experience to perform their role effectively. The IC will continuously monitor and review them based on available information: performance, risks, liquidity, diversification and suitability of investments, and will formally report them to the regular meetings of the Governing Board. The IC will review the SIP at least once a year and propose the amendments to the Board.

**Chairperson:** **Cyril Demaria**

**Members:** Emanuel Bajra  
Mimoza Mustafa  
Trim Shala  
Shpresim Vranovci

## ➤ THE AUDIT COMMITTEE

Amongst many of its function's reviews regulator and auditor reports, and recommends to the Board the necessary action plan required to address findings and issues. The committee also reviews the adequacy of internal procedures and recommend changes if needed.

The committee evaluates the audit plan for the internal audit function, reviews the criteria for the external auditor, and recommends their adoption to the Board.

**Mimoza Mustafa**

Trim Shala  
Cyril Demaria  
Mirlinda Ahmeti (external member)

## ➤ THE COMPLAINTS COMMITTEE

Reviews contributor requests, claims and complaints addressed to the Board or KPST as a whole. The committee presents its recommendations to the Board and ensures that all cases are responded to within the legal timeframe and in accordance with legal dispositions in force.

**Chairperson:** **Trim Shala**

**Members:** Shpresim Vranovci  
Emanuel Bajra

## ➤ THE BUDGET COMMITTEE

Reviews KPST budgetary needs and accordingly makes recommendations for the level of fees to be charged on pension assets.

The committee also recommends the Board for approval of the budget of KPST, or changes to it when needed. The committee also reviews KPST expenditures versus the budget.

**Emanuel Bajra**

Shpresim Vranovci  
Mimoza Mustafa

# Management and Administration

**KPST's administration is headed by Senior Management, which consists of the Managing Director and three directors: the Director for Finance and IT, the Director for Operations and Human Resources and the Director for Investment and Reporting.**

The management aims to engage effective, professional and morally sound individuals in KPST, believing that only these qualities will lead to higher progress, a healthy working environment and better services for contributors; and, at the same time, in maintaining integrity of the KPST.

In order to achieve the above objectives, the Governing Board and Management must ensure that the current administration continues to improve its knowledge and experience, continues to be motivated and puts into operation all mental and professional capacities in the service of advancing internal processes and customer services.

The administration is divided into functional units, for thus ensuring effectiveness and efficiency in work. Carrying out daily tasks (in all operational areas), improving administrative processes, providing assistance to the Management Board for investment analysis, as well as implementing the Board's decisions, are the main tasks of Administration. Its performance is continuously supervised by the Management Board, while it is guided and developed daily by Management.

At the end of 2024, there were 34 permanent positions in KPST, of which one was part-time (in 2023: 29 permanent positions - two part-time).

While this year two staff members resigned, one with regular hours and the other with remote engagement, during the year three officials were recruited in the investment and reporting unit, one official at the reception and three security officers.

Two employees, who had declared their ethnicity, belonged to non-majority communities. Women accounted for 38% of staff (2023: 41%); 68% of staff were older than 35 years (2023: 81%), and one staff member was permanently disabled.

With permanent staff movements and the recruitment of substitute staff, the average age of KPST staff this year rose to 44.2 years old (2023: 43.7 years).

MANAGEMENT

# 1 managing director

UNIT	CLIENT SERVICES	INFORMATION TECHNOLOGY	FINANCES	INVESTMENTS AND REPORTING
PERMANENT POSITIONS	8	5	3	4
POSITIONS	1 manager of unit 6 pension advisers 1 receptionist  ↙	1 manager of unit 2 program developers 1 network admin 1 database admin  ↙	1 accountant 2 finance officers  ↙	3 officers for investment and 1 officer for reporting  ↙
DESCRIPTION	<p>Offers client services. Provides information on individual's account such as pension contributions or the balance of savings, and gives advice to clients on pensions and assistance in applications for the withdrawal of savings.</p> <p>Maintains a relationship with employers with the purpose of improving the information and allocating contributions to individual accounts. In general, staff of this unit are closest to the clients throughout their saving cycle, that is from their first contribution up to the retirement.</p>	<p>Ensure that the whole IT infrastructure operates smoothly and without issues at all times, looking after the hardware, software, licenses, internal and external networks and security and integrity of KPST's data.</p> <p>Ensure that the disaster recovery plan is actionable every day and that the plan is tested on a regular basis.</p>	<p>They carry out all financial transactions, including the investment and withdrawal of funds in the financial markets; they perform bookkeeping and accounting for the pension assets and the operations of the KPST.</p> <p>They calculate the daily unit price (for all three portfolios) and prepare the financial statements, monthly and quarterly reports, and other necessary reports for the KPST Board, the Regulator, and the Assembly, as well as communicate with the asset managers.</p>	<p>They prepare analyses on: the performance of investments; the risk and volatility of the investment portfolio; the compliance of investments with the law; the maintenance of the Board's investment strategy; the updating of KPST's main document and other materials according to the reporting calendar or requests from the Management and the Governing Board.</p> <p>They also prepare analyses and proposals related to investments for the Investment Committee and the Management Board.</p>

# 3 directors

HUMAN RESOURCES AND ADMINISTRATION	LEGAL OFFICE	INTERNAL AUDIT	PUBLIC RELATIONS AND TRANSLATIONS
↗ <b>6</b>	↗ <b>1</b>	↗ <b>1</b>	↗ <b>2</b>
1 HR officer 1 housekeeper 4 security officer	1 legal officer	1 internal auditor	1 Manager of Unit 1 Officer for PR & translations
↙ <p>Ensure health and safety at work, the respect of work schedule and other office rules by staff, and handle the hiring procedures when needed.</p> <p>Responsible for the payroll and other compensation. Additionally responsible for overall office logistics such as: dealing with supplies, vehicles, maintenance and security of the office; support staff and the Governing Board members for training and other trips, in and outside the country.</p>	↙ <p>The Legal Office examines the overall legality of the institution vis-à-vis applicable legislation and assists in drafting contracts and agreements; provides legal opinions and represents KPST in the judicial system.</p> <p>Gives legal advice as per Governing Boards and Managements requests.</p> <p>The Legal Officer (as of 2023) also serves as the Secretary of the Governing Board.</p>	↙ <p>Assures the Board that management's activities and those of the Administration, and all the processes in KPST, comply with: internal procedures, CBK rules and laws in force.</p> <p>Performs regular quarterly audits and provides recommendations to resolve issues raised. Auditor reports are reviewed by the Audit Committee and the Governing Board.</p>	↙ <p>Maintains the relationship and handles the communication with the media and public institutions, interviews and conference activities, drafting of the annual report and the quarterly bulletin for contributors; manages the website content, and when delegated takes the role of KPST spokesperson; drafts the annual performance plan; coordinates and facilitates the translation of the related documents.</p>

# Supervision and Audit

➤ **KPST is supervised and inspected by the CBK, while it is audited by both internal and external auditors.**

KPST, as an independent public institution, is subject to supervision by regulators and audit by independent professional auditors. Since its inception in 2002, KPST's processes and results were approved and certified, confirming its professionalism and quality.

At the same time, the Governing Board believes that these supervisions combined with the performance of investments have strengthened institutional credibility and increased the confidence of the public in the Board's decision making and management's work ethic.

KPST notifies quarterly the CBK, the Assembly and the Government on pension fund placements, new investments, return on investments and the reconciliation of pension assets. These reports are published on the KPST website for the purpose of informing the public.

Until now, historically, each independent auditor that has audited the KPST financial statements (operational and pension assets), which are selected through Kosovo public procurement procedures and approved by the Central Bank of Kosovo, did not result in a qualified opinion of those statements.

The External Auditor, through a Management Letter, may also make recommendations for better functioning of KPST processes.

Apart from quarterly reports to the CBK on the compliance of investments with the law and CBK rules, at the CBK's request, KPST continued throughout 2024 to submit monthly detailed reports to the CBK's Pension Supervision Department. Reporting covers to all investment aspects and the overall state of pension assets.

Explanations and data were also provided whenever requested by CBK. Should KPST investments, due to movements in financial markets happen to fall out of compliance with the law, KPST is obliged to notify CBK and rectify the situation within 180 days. There were no such occurrences in 2024 either.

By May 31st of each year, KPST compiles the Annual Report for the previous year and submit it to CBK, Assembly and Government, jointly with the Financial Statements audited by an independent auditor who can only be selected with CBK's consent. The Annual Report is also published on the KPST's website.

In case of serious findings, CBK must also report those to the Assembly, which has not been necessary up to now. KPST also notifies CBK of all Board decisions relating to contributors, fund management and other matters.

KPST employs an internal auditor, who reports at least four times per year to the Audit Committee of the KPST's Governing Board on all aspects of institutional activities. In November 2024, a specialist was engaged through a public competition with a contract and specific duties for auditing the Information Technology (IT) of KPST, who will conduct the audit for the year 2024. Previously, IT audits were carried out by a company contracted through public procurement.

Since 2018, KPST has been using the services of an external member of the Audit Committee as required by Law on CBK No. 05/L-116, amending Law No. 04/L-101 on Pension Funds in Kosovo, which is independent of the KPST Governing Board and Management. That external member is independent from the KPST's Governing Board and Management.

## RECOMMENDATIONS RAISED BY THE EXTERNAL AND INTERNAL AUDITOR IN 2024 AND THE OUTCOME

### RECOMMENDATIONS

No recovery training for end users has been performed during 2024, despite requirement of the Disaster Recovery Plan. IT risk assessment and treatment process, which is part of the IT strategy 2024-2026, has yet to be completed. The lack of a formalized process increases the risk of potential gaps or deficiencies in the business continuity management process.

**Recommendation:** Enhance the existing Business Continuity Management with all relevant details and different threat scenarios, and include them in the next BCP testing process. Review the Business impact analysis in order to define the critical application values for disaster recovery planning, RPO and RTO. Conduct regular IT risk assessment analysis and adapt the risk mitigation plan to address any emerging risks.

There is no internal act related to the process of managing protection against malicious code (antivirus / antimalware). Two out of ten vulnerabilities found in the 2023 penetration test - one low risk and one informational risk – are unresolved. No penetration test was performed in 2024.

**Recommendation:** Address remaining vulnerabilities from the 2023 test, and in the next scheduled penetration test, re-test the IT infrastructure and whether previous vulnerabilities have been mitigated.

Paragraph 17.5 of the Board's Rules of Procedure and Work Regulation states: "The regular meetings of the Complaints Committee (CC) shall be held at least four (4) times per year, and the CC shall oversee all open complaints and requests." During 2024, only two meetings were held, as the Complaints Committee convened only when there were complaints to be reviewed.

**Recommendation:** It is advised that meetings be held four times a year, as required by the regulation, or that the regulation be amended so that meetings are held only when there are complaints to be reviewed.

For two members of the Management Board have been configured in the system with the right to authorize unit prices. However, these members have not performed any such actions, despite having the ability to do so. Individuals with excessive configuration rights who perform actions outside their responsibilities may call into question the effectiveness of internal control systems.

**Recommendation:** It is recommended that management remove the access rights of the two Management Board members for authorizing unit prices.

During the reporting quarter, the KPST website was not updated. The Public Relations Manager (PRM) is required to obtain confirmation from unit heads at least every three months to ensure the validity of the website content related to their respective units. Outdated or inaccurate information may lead to misinformation of contributors and cause reputational damage.

**Recommendation:** A structured notification system should be implemented to ensure that unit heads provide the required confirmations every three months, as stipulated by the OPP.

### COMMENTS

With the Information Security Officer engaged, the IT risk assessment is scheduled to be conducted in May 2025.

Documentation for Business Continuity Management/Business Continuity Testing, including the applicable Recovery Point Objective (RPO) and Recovery Time Objective (RTO) parameters, is expected to be finalised in advance of the December 2025 testing cycle

The process for managing the protection against malicious code does occur but needs to be formalised in internal policies.

The next penetration test is scheduled for Q4 2025 and will validate the mitigation of any remaining issues.

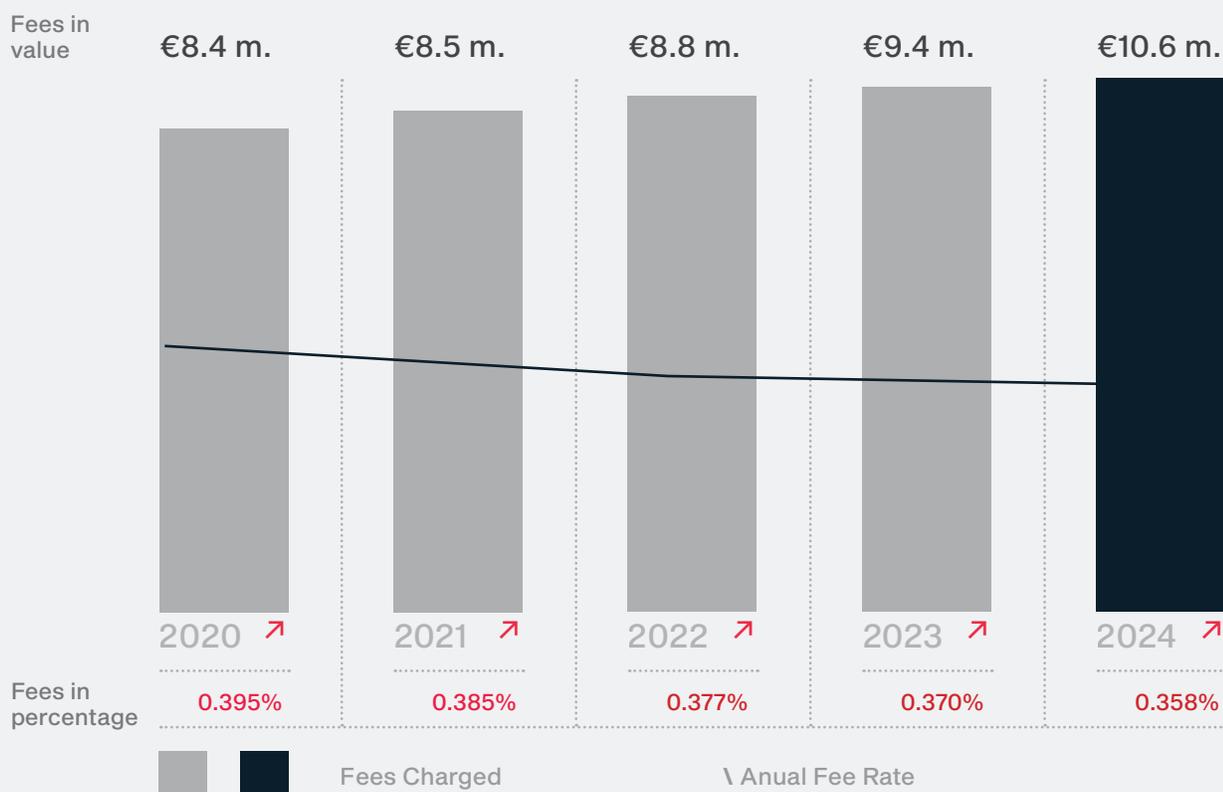
The procedures have been amended so that meetings are held only when there are complaints to be reviewed.

The right to authorize the unit price has been removed from the two members of the Management Board, implementing the recommendation of the internal auditor.

Management agrees with the finding and it has implemented it in accordance with the recommendation.

External Auditor

Internal Auditor



### ↗ Fees Charged

The annual fees charged on pension assets for 2024 were reduced to a total of 0.358% of the assets (2023: 0.370%).

However, in nominal terms, the fees for 2024, amounting to €10.6 million, were higher than in the previous year (2023: €9.4 million).

In addition to revenue from charged fees, for 2024 there was also other (non-fee) income amounting to approximately €0.4 million. Thus, KPST had a total income of around €11 million for the year 2024.

Of KPST's total income, around €9.2 million was allocated for funding investment expenses (2023: €8.1 million), while €1.4 million was allocated for operational expenses (2023: €1.3 million).

However, the charged fees were not fully spent. Investment expenses this year amounted to around €5.7 million, while operational expenses were around €1.2 million. Therefore, total expenditures for both categories (investments and operations) were approximately €6.9 million.

### ↗ Annual Fee Rate

From the surpluses generated during the year, amounting to €4.1 million, €3.5 million were returned to the participants in the pension fund, where they were treated as other income.

The non-fee income for 2024 consisted mainly of interest from term deposits with commercial banks and the difference between the nominal amount refunded for overpayments (or incorrect payments) of contributions and their value at the time of refund (respectively 63% and 26%).

# Financing

KPST is funded in a similar way as all defined contribution pension funds, i.e. by charging fees on assets under management (pension assets).

As a not-for-profit institution, fees charged by KPST should only cover its expenses. The level of fees, based on the recommendations of the Governing Board, is approved by the Kosovo Assembly; providing the Assembly with an implicit degree of control on KPST spendings.

As per the amendments within Law No. 04/L168, the investment fee charged by KPST must cover expenses relating to the investment of pension assets and the operating fee to cover other expenses.

Compared to 2023, KPST has reduced the charged fees (as a percentage) for both operational and investment activities for 2024.

The operational fee of 0.048% annually, continues to be the lowest compared to all similar operators in the region, but it is also amongst the lowest globally.

On the other hand, the annual investment fee (of 0.310% annually) is not comparative to the way it is applied to the other similar pension funds in the region and globally.

The standard treatment of investment expenses, in addition to the operating fee charged for the operations of the managing entity, is for investment expenses to be levied on the pension fund itself (i.e. investment expenses are treated as expenses of the fund and not as they are in Kosovo, where they are treated as expenses of the managing entity). This treatment results in discrepancies between what KPST charges as an investment fee (which must be evaluated before the year starts), and actual expenses (after the year ends).

## ↗ List of services that KPST offers to contributors

1.	Direct service at the office (service, counseling, information) every working day from 08:00 to 16:00.	6.	Notice by regular mail for retirement.
2.	Delivery of account statement at home or via e-mail.	7.	Free maintenance on accounts with local commercial banks for the phased withdrawal of savings.
3.	Printing of account statements at KPST office (for the last year).	8.	Free retirement application and no charges by KPST for bank transfers.
4.	Complete maintenance of the pension savings account.	9.	Contract with banks for above-average interest on savings in the withdrawal plan in stages.
5.	Electronic service on-line access to personal pension accounts, and the service of direct communication through Facebook platform.	10.	Downloading the account statement from the eKosova portal.

# Expenses

KPST as the managing entity of the fund incurs expenses for the investment of pension assets and for its operations.

## Investment Expenses

Investment expenses include fees that fund managers withhold for access and asset investment in the financial markets; CBK fees for transfer and maintenance of assets; and other expenses such as brokerage and custody fees.

The Governing Board, during the selection process of investment funds, considers the fees that managers charge and managers that offer lower fees have priority during such selection. Also, it should be noted that fund managers charge different management fees depending on their investment strategies (active or passive) and the amounts placed with them.

The potential return also affects the management fees. Money market investment funds (as an example) charge lower management fees compared to funds in equity or even bond markets.

For 2024, investment expenses accounted for 82.1% of KPST's total expenses (2023: 84.7%). In nominal terms, they amounted to €5,660,155 (2023: €5,846,523). Of the total investment expenses, €5,268,668 were for engaged investment funds, while €391,487 were for broker trading fees, custody, and other investment-related expenses.

The execution level of the projected investment fee expenses for 2024 was 61.9% (2023: 71.9%). As a result, there was a surplus of €3,536,243 from investment activity in 2024. From this surplus amount, by decision of the Governing Board, €3.5 million was returned to the pension fund.

It is understood that due to the methodology used to determine the planned annual fee for the following year and the actual expenses incurred -which are heavily influenced by tactical investment decisions - the budget execution rate is difficult to predict. This year, there were significantly lower investment expenses due to investments in liquid money market investment funds, especially in the first half of the year, which also carry very low asset management fees. Additionally, there were more ETF funds engaged this year, which primarily follow passive strategies and generally have significantly lower fees compared to actively risk-managed investment funds.

It is worth remembering that (usually) actively managed investment funds charge an average of 0.5% to 1.0% for fund management. Meanwhile, ETFs have fees ranging from 0.2% to 0.7%.



82.1%  
2024



84.7%  
2023

# Investment fee

OPEN-END FUNDS	2024	2023
	NET VALUE OF FEES	NET VALUE OF FEES
Vanguard – GSIF	€412,961	€25,311
BNY Mellon – RRF	--	€1,032,156
Nordea 1 – GSEF	€743,813	€670,184
Nordea 1 – SRF	€1,324,620	€1,279,152
Amundi – Euro Liquidity	€363,954	€95,363
S&P500 Minvol ETF	--	€44,748
Amundi MSCI Qual	€71,083	--
SP OilGas Expl ETF	€204,707	€196,774
Glob xUS Infr ETF	€346,300	€305,553
iShare US Infr ETF	€222,313	€247,168
BNP Clim. Impact	--	€78,014
Schroder ISF GSG	€75,913	€113,951
iSh. Glb Clean ETF	--	€69,258
Invesco KBW Bank ETF	€26,459	€184,077
Lyxor EUR 10Y Infl ETF	--	€110,437
Vanguard Value ETF	€27,650	€43,100
iSh MSCI Eur Value ETF	€239,873	€214,543
Lyx Stoxx Bank ETF	€17,542	€185,046
iShare Core Dividend ETF	--	€28,314
SPDR EU Energy ETF	€58,312	€55,102
W.Tree Metals ETF	€29,323	€132,005
W.Tree Physical Gold ETF	€8,526	€47,906
SPDR SP Eur Div Aristocrats ETF	€69,942	€53,012
W.Tree Crude Oil ETF	€139,450	€101,430
iShare MSCI Metals Mining ETF	€27,918	€181,046
Vanguard EuZ GovBond ETF	€18,736	€4,488
iShare Resid. M-Factor Real Estate ETF	€132,321	€5,492
Data & Infra. Real Estate ETF	€129,476	€6,608
Amundi MSCI Japan ETF	€78,054	--
SPDR Russell 2000 US SmlCp ETF	€79,615	--
Schroders SISF GSGF	€346,614	--
Invesco S&P500 Eur Hedg ETF	€69,328	--
Global X Data Center & Digital Infr. ETF	€2,116	--
iShares U.S. Digital Infr. & Real Estat	€1,749	--
<b>TOTAL FEES FOR OPEN-ENDED FUNDS</b>	<b>€5,268,668</b>	<b>€5,510,238</b>
CBK's expenses for transfers and maintenance	€79,465	€39,137
Expenses for brokers, custodians and other investment expenses	€312,022	€297,148
<b>TOTAL INVESTMENT EXPENDITURE</b>	<b>€5,660,155</b>	<b>€5,846,523</b>

# Operating Expenses

Operating expenses<sup>1)</sup> include all other costs that are not direct investment expenses and consist of compensation, printing and mailing of account statements, office rent and other operating expenses.

For 2024, operational expenses amounted to €1,233,417 (2023: €1,054,703), accounting for 17.9% of KPST's total expenses (2023: 15.3%). They were €178,714 higher than the previous year (+16.9%).

In 2024, the planned operational budget was executed at a rate of 87.1% (2023: 88.4%).

For 2024, the surplus from the operational fee was €183,422, while €384,053 from other income -adjusted for provisions for expected credit losses in the amount of €6,267 - resulted in a total operational surplus of €561,208 for the year.

The increase in operational expenses this year was primarily driven by staff-related costs, due to new recruitments that occurred throughout the year. Additionally, expenses for the Governing Board were higher, as five Board members were engaged throughout the entire year, and two others were appointed in December. This contrasts with 2023, when there were no appointed Board members for five months of the year.

There was also a notable increase in expenses related to the distribution of annual statements, due to the higher number of statements and notifications sent to contributors - mainly annual statements.

The figures for each budget line are presented in the table on the following page, while detailed explanations are included in the attached financial statements.

17.9%  
2024

15.3%  
2023

1)

For more information, please refer to the audited financial statements, which, as required by the Law, are prepared in compliance with International Financial Reporting Standards.

# Operating expenses

	2024		2023	
	in value	percentage	in value	percentage
Staff costs	€769,812	62.4%	642,021	60.9%
Governing Board expenses	€96,053	7.8%	62,606	5.9%
Depreciation and amortisation	€105,332	8.5%	100,392	9.5%
Account statements and other correspondence	€116,166	9.4%	99,784	9.5%
Office operating expenses	€30,793	2.5%	38,729	3.7%
Software maintenance	€18,015	1.5%	12,243	1.2%
CBK supervision charges	€21,253	1.7%	19,530	1.8%
Professional services/ Contractors/Consultants	€14,186	1.2%	25,128	2.4%
External audit	€19,000	1.5%	15,700	1.5%
Lease interest	€11,040	0.9%	13,344	1.3%
Training, travel and other staff expenses	€14,788	1.2%	6,548	0.6%
Communication	€6,714	0.5%	5,889	0.5%
Public education and advertising	€1,165	0.1%	6,213	0.6%
Bank charges	€1,977	0.2%	2,141	0.2%
Other costs	€7,123	0.6%	4,435	0.4%
<b>TOTAL OPERATING EXPENSES</b>	<b>€1,233,417</b>	<b>100.0%</b>	<b>1,054,703</b>	<b>100.0%</b>



# 02



## ACTIVITIES

Governing Board - Management  
Account management  
Contribution allocation  
Client services

# Activities of the **Governing Board**

The main decision of 2024 by the Governing Board of the KPST was the approval of the Statement of Investment Principles (SIP), effective from April 1, 2024. This statement was fully updated from previous versions of the document. The SIP also initiated the establishment of the Balanced Portfolio for members aged 58 to 62, completing a crucial cycle of investment risk management tailored to contributors' age. The Conservative Portfolio, intended for members aged 63 and above, had already been established in February 2022.

The SIP establishes that the direct responsibilities of the Governing Board will continue to include the annual review of the SIP, the annual review of the Asset Allocation Strategy, and the review and approval of fees for engaged investment funds.

At the same time, through this SIP, the Governing Board has decided to delegate certain investment-related decision-making responsibilities to the Investment Committee (IC) and the Management Board.

While the Investment Committee has long been a standing structure within the KPST - comprised of five members of the Governing Board with relevant experience - the Management Board was established in 2024 and includes the Managing Director and three directors: the Director of Finance and IT, the Director of Operations, and the Director of Investments and Reporting.

In the SIP, the Governing Board has determined that decisions regarding investments in global markets will fall under the responsibility of the Investment Committee, while participation in auctions for Kosovo government bonds and investments in bank deposits within Kosovo will be the responsibility of the Management Board. In each case, the Governing Board is informed immediately after any decision is made by these two structures.

At the level of the Investment Committee, 12 decisions were made this year for additional investments in global markets, with a total value of approximately €1.06 billion. Additionally, for global market investments, the Investment Committee made 9 decisions to withdraw investments, totaling around €767 million.

In addition to decisions regarding investments, the Board has reviewed and approved the revision of strategies and the operational plan for most of the operational areas of the KPST throughout this year. The Board also reviewed and revised the annual budget of the KPST, along with the proposal for the 2025 management fee levels for approval by the Assembly of Kosovo. In addition, various internal reports of the KPST were discussed and approved (the 2023 Annual Report, the quarterly internal audit reports, and the 2025 Performance Plan).

The Board's engagement also included meetings with the Central Bank of Kosovo and the regular committees of the Assembly of Kosovo. Board members also participated in important international activities related to investments and pension funds.

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# Activities of the **Management**

With the decision-making changes made in 2024, management activities will be divided into: a) the level of the Management Board (for activities delegated by the Governing Board regarding investments), and b) the level of Management for other routine daily operational tasks. The Management Board consists of the Managing Director and three directors, while Management includes the Managing Director, directors, and managers.

The Management Board has assisted the Board and the IC in reviewing the SIP, selecting asset managers and brokers, and making investments in the Government of Kosovo's securities and in bank deposits in Kosovo. Regarding investments in Kosovo's government bonds, the Management Board has made 13 such decisions, with a value of around €157 million. It has also undertaken investments in 10 bank deposits totaling around €103 million.

Meanwhile, at the Management level, efforts have continued to ensure that all daily processes (operations) function without interruption. This means that data and information about contributors are secure, that services are provided with high professional standards, and that pension beneficiaries receive their payments on time.

It is also ensured that periodic reports, including the annual report, are prepared and submitted to the supervisory institutions and the Regulator on time or whenever requested; that the transfer of pension funds to investment funds and the KPST's account are carried out accurately; and that communication with asset managers and brokers is conducted at the highest professional standards and legal precision. Above all, it must be guaranteed that all financial transactions fully comply with applicable rules, laws, and standards (including international ones).

# Account Management

## ➤ More than 585 thousand account statements were sent via mail and e-mail.

Out of a total of 874,194 accounts opened since the inception of the KPST, 585,498 statements were sent during the 2024 cycle - 425,548 via email and 159,950 by regular mail.

In 2024, 20,599 more statements were sent compared to the previous year, of which 20,599 less were sent by email and 2,877 more by regular mail. The main cause of the increase in the number of statements sent was the opening of 39,231 new accounts during the year.

Annual statements are not sent in cases where the participant: 1) has had no transactions in the past three years (as stipulated by law); 2) does not have an email address or a physical address on the KPST's records; or 3) has permanently withdrawn their pension savings.

The number of individuals with permanent withdrawals since establishment has reached 80,901.

For this year, there were 56,867 employees and 3,771 self-employed individuals who had contributed to the previous year but did not contribute in 2024, thus becoming inactive. Meanwhile, 9,691 employees and 329 self-employed individuals resumed contributions in 2024 after not contributing during 2023 and thus were reactivated.

On average, employers declared and paid contributions for 9.42 months of 2024, showing a slight decrease compared to the previous year (2023: 9.57); while the self-employed contributed for 3.37 quarters of 2024, unchanged from the previous year (2023: 3.37).

During the year, the KPST opened 39,231 new individual accounts (2023: 41,968), bringing the total number of accounts opened since establishment to 874,194.

Of the new accounts opened during the year, 39,064 were for first-time contributors - those who began contributing in 2024 - while the remaining 879 were cases of contributions for previous years, for which the KPST received either the payment or the relevant information in 2024.

In 2024, there were 49,080 employers and 26,028 self-employed individuals who paid contributions for the reporting year (2023: 46,937 and 26,878, respectively). Thus, while the number of employers increased by 4.6% in 2024, the number of self-employed contributors decreased by 3.2%.



Average number of months for which employees paid contributions





# Contribution Allocation

## ↗ Unallocated contributions account for 0.08% of the total contributions collected since inception.

In the KPST's account, along with pension contributions, it may occur that fines and interest charged by the TAK to employers for late reporting or non-payment of pension contributions are also paid. These fines belong to TAK, and therefore, on a quarterly basis, KPST, in cooperation with TAK, identifies and transfers (refunds) them back to TAK.

However, there are always contributions that are received for which there is no information on whom they belong to, or whether they are even actual contributions. These remain unallocated.

It is worth recalling that unallocated contributions older than six years, under current legislation, may be transferred to the Kosovo budget via TAK. If, after the transfer, evidence is provided showing who the contributions actually belonged to, the law guarantees that KPST can retrieve these funds from TAK and allocate them to the contributor's account, including the average investment return accrued since the transfer.

The KPST Governing Board and Management continue to keep the reconciliation of funds for periods less than six years -especially payments from the most recent year - on their list of ongoing commitments. For 2024, the Board also set an objective regarding unallocated funds, ensuring that this process remains a focus in the institution's daily operations.

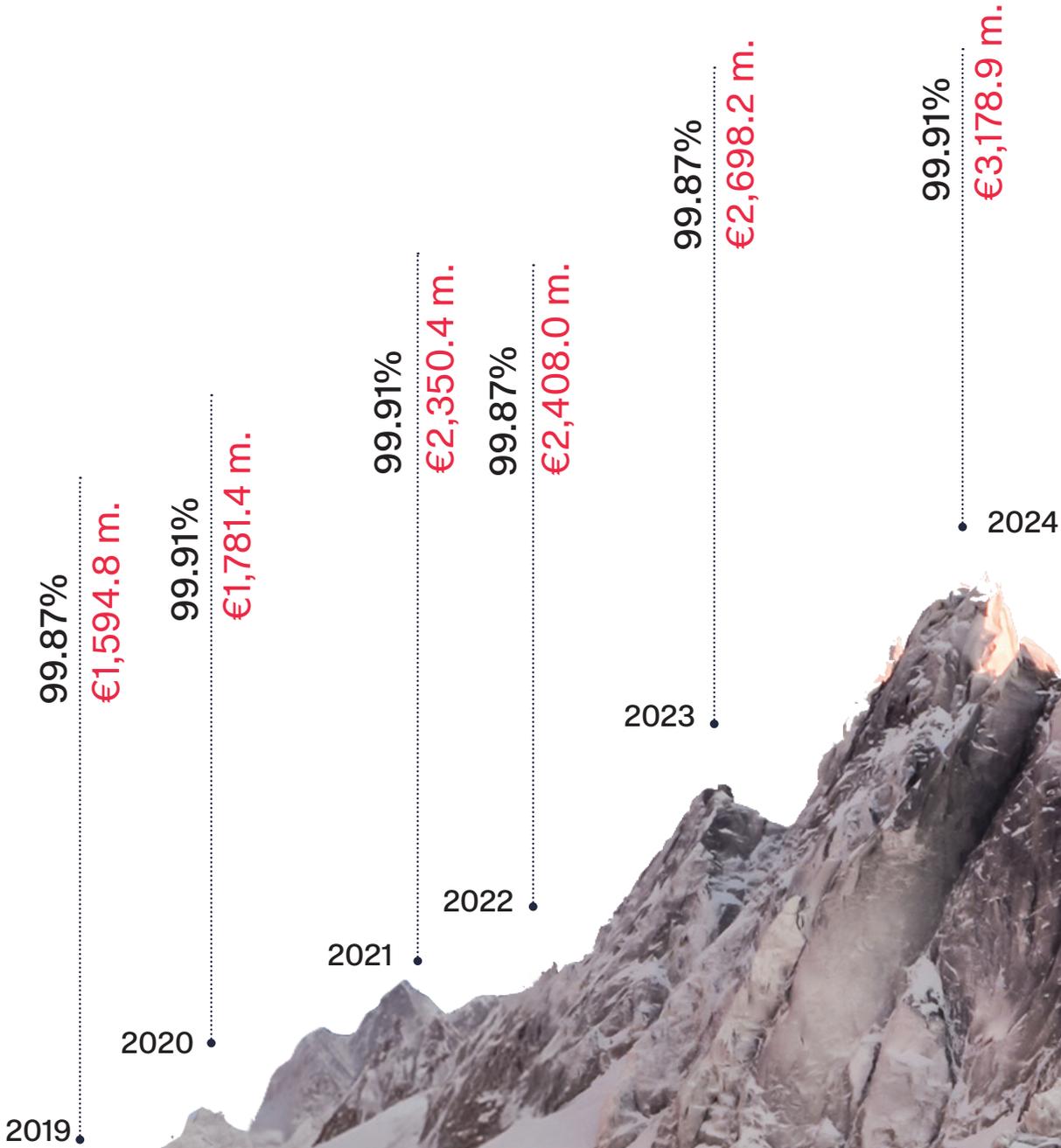
It should be noted here that, in addition to the significant improvement in the accuracy of pension contribution reporting (through the EDI portal at the Tax Administration of Kosovo), there is also a growing trend of contributors showing increased interest in the status of their pension savings, reflecting a rise in awareness of the importance of pension contributions.

It is important to recall that the main reasons for the imbalance of contributions include: (i) fines and interest for late declarations/payments; (ii) employers submitting contribution lists but underpaying or overpaying; (iii) invalid contributor data on the list (e.g., personal number or name); (iv) employers making payments but failing to submit the detailed list of contributors for the same (often due to reassessments by inspectors); and (v) unidentified payment sources (employer or contribution period).

At the end of 2024, the total value of unallocated contributions was €2,395,695 - down from the previous year, when it stood at €3,192,323. The decrease in unallocated funds was mainly due to the return of fines and interest from the previous year during the current year.

	As of December 31, 2024	As of December 31, 2024
Unallocated contributions	€2,395,695	€3,192,323
Unallocated cumulative contributions up to the reporting date	€3,181,841,320	€2,701,808,625
Unallocated contributions as a percentage of contributions as of the reporting date	€0.075%	€0.118%

# Balance of funds in Individual Accounts



# Client Services

➤ **KPST has the main and only office in Prishtina but pension services are also provided by the six TAK regional offices.**

Kosovo Pension Savings Fund has been operating since its inception with a single service office, headquartered in Prishtina. However, pension services for: printing the account statement, applying for pension and information on pension savings are also offered in the six regional offices of Tax Administration of Kosovo (TAK). This excellent institutional cooperation between KPSF and TAK has enabled services in all the main centers of the country without additional costs for TAK in terms of staff employment, payment for rent of regional offices and other operating costs.

The KPST provides its services in Prishtina through the engagement of six pension officers, one receptionist, one security officer, and the unit manager. During certain periods, one to two interns are engaged, who, by providing services to clients, also gain their first work experience.

Since 2022, when the account management system (IPSA) was changed, the institution has also updated the way it handles services. With the option to electronically download the account statement from the state portal eKosova (in addition to from eTrusti), the most requested service (obtaining the statement) is now easier than ever before.

During 2024, there were 174,743 contributors who received services from the KPST office and the regional offices of the Tax Administration of Kosovo (TAK) in six regions of Kosovo. It is extremely positive that now most contributors have self-served, obtaining their KPST account statements through the eTrusti and eKosova portals. The number of self-service transactions carried out this year via eTrusti exceeded 520,000.

Meanwhile, the number of contributors who downloaded the statement from eKosova also increased significantly and surpassed 350,000 self-service transactions, marking by far the highest number ever recorded. Therefore, combined, through eTrusti and eKosova, contributors themselves have performed over 870,000 services this year.

The most requested services this year are:

The printing of account statements, with 45,540 statements printed. This number accounted for 26% of all services that KPST provided at its office in Prishtina and the regional offices of TAK.

At the KPST office alone, the most requested services this year were: Printing of account statements (13,061 cases); Approval of requests to open an account in eTrusti (27,056 cases); Address updates (9,315 cases); Approval of pension applications (7,947 cases); Other data update services (8,328 cases).

In the regional TAK offices, the most requested service was the printing of statements, with 32,478 cases, accounting for 51.1% of all services provided in the regions. The second most requested service was checking the account balance (in 31,017 cases).

In addition to all services offered in offices, KPST prepared and sent annual statements for 2024 to all active contributors. Out of a total of 874,194 accounts opened since the inception of the KPST, 585,498 statements were sent during the 2024 cycle - 425,548 via email and 159,950 by regular mail (2023: 449,024 by email and 157,073 by regular mail).

Contributors approaching retirement age (i.e., around 65 years old) are also regularly sent letters by regular mail or email informing them of their upcoming retirement and the procedures for withdrawing their savings. Additionally, starting in 2022, all contributors who reach the age of 63 and are transferred to the Conservative Portfolio are notified in advance of this change. Similarly, as of April 2024, all contributors who reach the age of 58 and are transferred to the Balanced Portfolio are also notified of this change.

NUMBER OF  
ACCOUNTS  
IN eTRUSTI

**2024**  
**339,410**

2023  
316,140

INCREASE OF NUMBER  
OF ACCOUNTS IN eTRUSTI

2024



+7%

the number of  
self-services  
on etrusti and ekosova

**2024**  
**870,000**

2023  
610,497

2023



+5%

the number of  
services of provided  
from the kpst office  
and tak offices -  
for individuals and  
employers

**2024**  
**174,743**

2023  
235,224

#eTRUSTI is  
an online service  
provided to all contributors  
since 2010.

Registration procedures are  
performed online, verifying  
the identity of the  
contributor and confirming  
the e-mail.



# 03

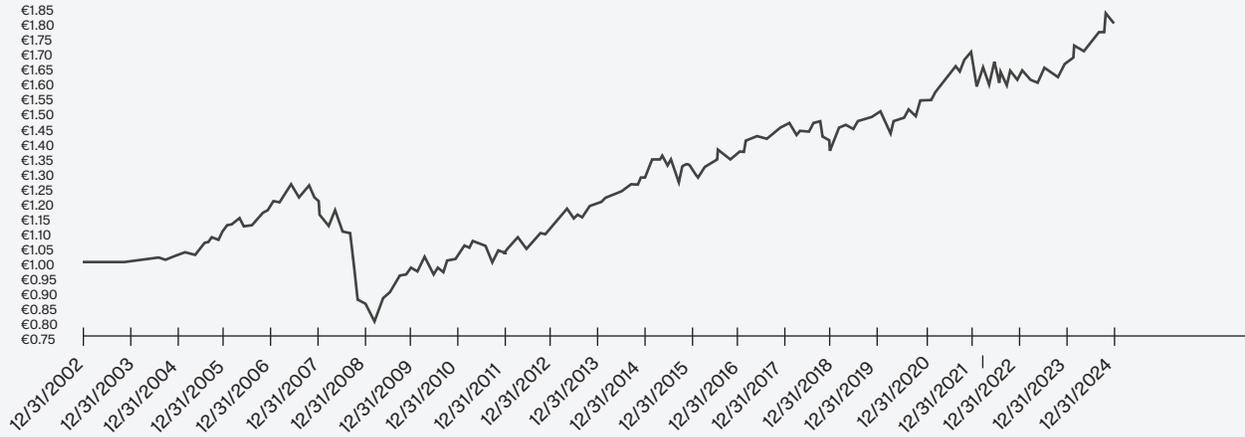
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## INVESTMENT OF PENSION ASSETS

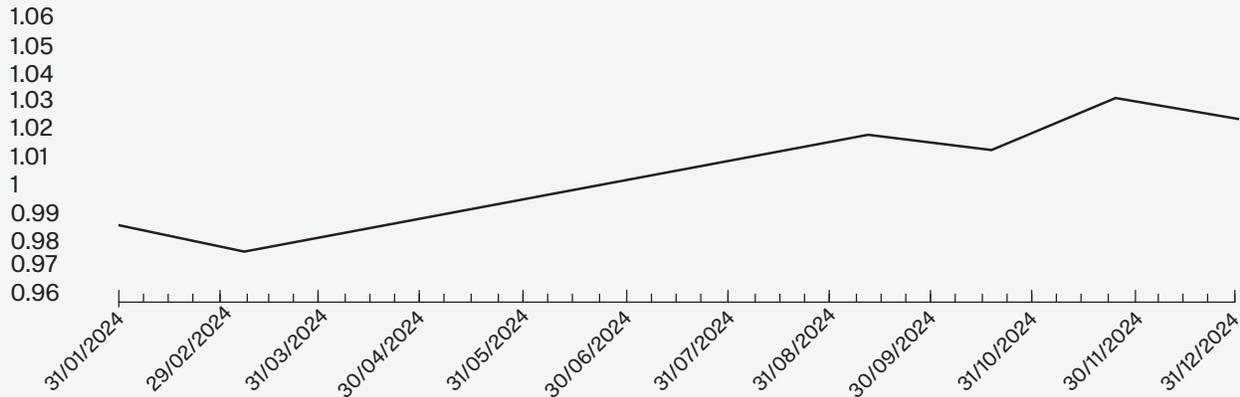
- Statement of Investment Principles
- Investment distribution according to strategic allocation
  - Geographic allocation
  - Main issuers
- Asset classes and currencies
- Investment performance and comparison

➤ { Safety of pension assets, diversification of investments, maximum return for the level of risk taken and the maintenance of appropriate liquidity are the core of prudent investment principles of KPST }

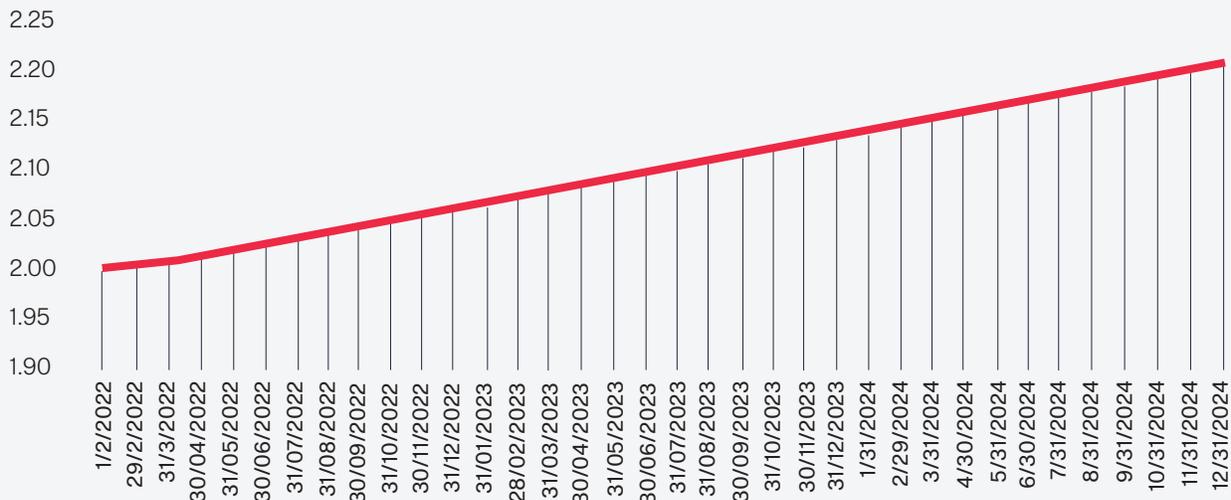
➤ UNIT PRICE MOVEMENT OF THE STANDARD PORTFOLIO SINCE INCEPTION



➤ UNIT PRICE MOVEMENT OF THE BALANCED PORTFOLIO SINCE INCEPTION



➤ UNIT PRICE MOVEMENT OF THE CONSERVATIVE PORTFOLIO SINCE INCEPTION



# Statement of Investment Principles

According to the Statement of Investment Principles (SIP), revised and effective as of April 1, 2024, the KPST will make investment decisions solely in the best interest of its participants, adhering to the following priorities:

- a) The safety of assets;
- b) Diversification of investments;
- c) Maximum return on investments in line with the safety of assets; and
- d) Maintenance of sufficient liquidity.

The Governing Board will strive to ensure that the KPST has:

- a) Effective and efficient investment processes;
- b) An adequate level of expertise for investment analysis and overall investment activity; and
- c) A rigorous approach to managing investment and operational expenses.

The Governing Board will also take into consideration that:

- a) KPST is a long-term investor;
- b) There is a need for effective diversification across different asset classes and within a specific asset class itself;
- c) Although investment performance is measured - and savings withdrawals are paid to participants - in euros, this should not limit investments to euro-denominated assets only; and
- d) Participants must maintain their trust in the KPST institution, which is why a prudent investment policy is necessary.

Additionally, according to the SIP, the inflation benchmark determined by the Governing Board is Kosovo's annual Consumer Price Index, published by the Kosovo Agency of Statistics. Setting inflation as a target is key to maintaining focus not only on protecting but also on increasing the real value of assets.

## ➤ Portfolio allocation by age and investment specifications:

Portfolio	Standard	Balanced	Conservative
Age-cohort	15-57	58 – 62	63 +
<b>Investment Objective <sup>1)</sup></b>	Higher asset growth, exceeding by +3% the 10- year average inflation in Kosovo.	Medium to high asset growth, exceeding by +2% the 10-year average inflation in Kosovo.	Asset protection and stability, matching or exceeding the average Kosovo Treasuries yield for the past two years.
<b>Investment approach</b>	Tilted towards long-term assets with higher expected returns to provide more growth potential.	A more balanced exposure between long-term and low risk assets, to transition the participant from growth to pre-retirement stage.	Tilted towards lower risk assets with expected low to-moderate returns, to reduce the effects of large and short-term fluctuations in markets.
<b>Risk tolerance</b>	Moderate to High	Moderate	Low
<b>Liquidity</b>	Low liquidity needs that can easily be met from incoming contributions and/or daily tradable instruments.	Low liquidity needs that can easily be met from incoming contributions, transfers into the portfolio or daily tradable instruments.	Moderate liquidity needs which should easily be met from the transfers into the portfolio and maintaining adequate levels of cash.

<sup>1)</sup> The Board reserves the right to set additional benchmarks for the performance, risk and liquidity of investments.

## INVESTMENT UNIVERSE

Pension assets are invested across various types of asset classes, such as equities, bonds, commodities, and money market instruments. Investments are made either directly or through a range of legal structures and investment funds (e.g., mutual funds and exchange-traded funds) that are considered suitable for KPST as a pension fund and long-term investor. Direct investments should primarily be made in publicly traded securities on regulated markets. Investments in: (a) securities that are not publicly traded on regulated markets; and (b) non-investment grade bonds; should be kept at a low level. The same principle applies to specific securities held within investment funds.

Derivatives, if used, may only be employed for hedging purposes and must be undertaken with care and cost-efficiency, taking into account potential exposures to a single counterparty or to other derivatives.

Assets must be sufficiently and effectively diversified so as not to rely exclusively on any particular asset class, issuer, or investment fund.

The full Statement of Investment Principles (SIP) can be downloaded from the website at the following link: [Statement of Investment Principles](#)

# Investment distribution according to **Strategic** allocation

According to the SIP, effective as of April 1, 2024, investment limits are defined for all three investment portfolios. In the event these limits are exceeded on a reporting date, there is a three-month period available to bring the investments back within the allowed boundaries. The following table provides the data on strategic allocation and respective limits as of December 31, 2024.

Out of a total of €3,181,841,320 in net allocated assets as of December 31, 2024:

€2,652,013,991 belonged to the Standard Portfolio (for contributors aged 15 to 57),

€376,412,634 belonged to the Balanced Portfolio (for contributors aged 58 to 62) and €153,414,695 belonged to the Conservative Portfolio (for contributors aged 63 and above).

➤ Strategic allocation investments by weight and limits as of December 31, 2024

CLASSIFICATION	STANDARD PORTFOLIO		BALANCED PORTFOLIO		CONSERVATIVE PORTFOLIO	
	WEIGHT	LIMIT	WEIGHT	LIMIT	WEIGHT	LIMIT
<b>GROWTH</b>	<b>54.4%</b>	<b>50-80%</b>	<b>44.4%</b>	<b>40-65%</b>	--	--
Equities - Passive	45.4%	40-60%	30.6%	25-40%	--	--
Equities - Active	9.0%	10-40%	13.8%	15-25%	--	0-10%
Equities - Thematic / Individual	--	0-15%	--	--	--	--
Real Assets - Growth	--	0-10%	--	--	--	--
Fixed Income - High Yield	--	0-5%	--	--	--	--
<b>STABILITY</b>	<b>31.7%</b>	<b>31.7%</b>	<b>45.5%</b>	<b>20-60%</b>	<b>89.6%</b>	<b>50-99%</b>
Fixed Income - Kosovo Treasury	7.5%	7.5%	29.2%	20-60%	83.7%	50-99%
Fixed Income - Investment Grade	3.3%	3.3%	0.0%	0-25%	--	0-30%
Multi assets	8.5%	8.5%	4.3%	0-25%	--	0-10%
Real Assets - Core	8.7%	8.7%	--	--	--	--
Real Assets - Core	3.7%	3.7%	12.1%	0-20%	5.9%	0-20%
<b>TACTICAL</b>	<b>1.0%</b>	<b>1.0%</b>	<b>4.6%</b>	<b>0-10%</b>	--	<b>0-10%</b>
All asset classes	1.0%	1.0%	4.6%	0-10%	--	--
<b>LIQUIDITY</b>	<b>13.0%</b>	<b>13.0%</b>	<b>5.4%</b>	<b>0-40%</b>	<b>10.4%</b>	<b>1-30%</b>
Money Markets	12.6%	12.6%	4.5%	0-40%	10.2%	0-29%
Cash accounts	0.3%	0.3%	1.0%	0-1%	0.2%	1-10%



# Geographical distribution of investments (ALL PORTFOLIOS)\*

place	NORTH AMERICA	EUROPE	ASIA AND OCEANIA	OTHER
value	€1,524,536,453	€1,402,311,966	€155,869,645	€100,320,487
percentage	<b>47.90%</b>	<b>44.06%</b>	<b>4.90%</b>	<b>3.15%</b>

PENSION ASSETS ARE INVESTED THROUGH OPEN-END FUNDS ADMINISTERED BY MANAGERS OF THESE FUNDS IN SHARES, DEBT INSTRUMENTS, CASH AND OTHER FINANCIAL INSTRUMENTS OF GLOBAL CORPORATIONS AND SOVEREIGN TREASURIES. AT THE END OF 2024, KPST HAD DIRECT AND INDIRECT INVESTMENTS IN FINANCIAL INSTRUMENTS OF 3,312 GLOBAL ISSUERS (2023: 1,993).



	<b>COUNTRY</b>	<b>ASSETS</b>	<b>PERCENTAGE</b>
1.	USA	€1,481,181,249	46.53%
2.	KOSOVO	€601,351,769	18.89%
3.	FRANCE	€236,743,016	7.44%
4.	GREAT BRITAIN	€130,540,184	4.10%
5.	JAPAN	€103,894,862	3.26%
6.	ITALY	€94,453,434	2.97%
7.	GERMANY	€65,643,763	2.06%
8.	NETHERLANDS	€44,614,299	1.40%
9.	CANADA	€41,565,471	1.31%
10.	SWITZERLAND	€39,316,198	1.24%
11.	SPAIN	€38,624,220	1.21%
12.	AUSTRIA	€33,453,031	1.05%
13.	SWEDEN	€27,840,327	0.87%
14.	LUXEMBURG	€20,024,303	0.63%
15.	IRELAND	€19,922,199	0.63%
16.	DENMARK	€14,338,915	0.45%
17.	FINLAND	€13,962,532	0.44%
18.	AUSTRALIA	€12,842,239	0.40%
19.	BELGIUM	€10,828,317	0.34%
20.	TAIWAN	€9,368,089	0.29%
21.	CHINA	€8,538,721	0.27%
22.	SINGAPORE	€7,637,727	0.24%
23.	NORWAY	€5,363,849	0.17%
24.	PORTUGAL	€4,800,958	0.15%
25.	ISRAEL	€4,758,813	0.15%
26.	HONG KONG	€4,287,307	0.14%
27.	SOUTH KOREA	€2,845,501	0.09%
28.	BRAZIL	€1,986,270	0.06%
29.	MEXICO	€1,029,429	0.03%
30.	BERMUDA	€760,304	0.02%
31.	INDONESIA	€725,117	0.02%
32.	URUGUAY	€684,841	0.02%
33.	THAILAND	€541,871	0.02%
34.	SOUTH AFRICA	€539,540	0.02%
35.	NEW ZELAND	€429,398	0.01%
36.	GREECE	€296,901	0.01%
37.	SLOVAKIA	€193,751	0.01%
	<b>OTHER</b>	<b>€97,109,836</b>	<b>3.06%</b>

\* THE VALUES IN THIS TABLE DO NOT INCLUDE PROVISIONS.

# Main Issuers

➤ **13.7% of all assets were invested in the Treasury of the Republic of Kosovo.**

The list of the top 25 issuers for the KPST assets is presented below.

The KPST creates exposure to these issuers directly (such as term deposits and Kosovo bonds, Eurozone bonds) and indirectly (mutual and exchange-traded funds). As can be seen, the Treasury of the Republic of Kosovo was by far the largest placement in a single entity for 2024.

It shall be remembered that legal restrictions require that the KPST does not exceed placements as follows: a) no more than 30% in the Treasury of Kosovo; b) no more than 20% of assets in debt bonds of a single issuer rated AA or higher; c) 10% in bonds rated A or higher; d) 5% in bonds rated BBB or lower; e) no more than 5% of assets in a single issuer for shares; and f) up to 1% in bonds rated BB+ or lower.

KPST did not exceed any of these limits on investments in a single issuer on 31st December 2024.

➤ List of the 25 main KPST's placements had investments as of December 31, 2024

NO.	ISSUER	INVESTED ASSETS (in million)
1.	TREASURY OF THE REPUBLIC OF KOSOVO	€437.1
2.	MICROSOFT	€66.7
3.	APPLE	€57.9
4.	TREASURY OF ITALY	€56.7
5.	ALPHABET	€56.5
6.	NLB BANK KOSOVO	€52.6
7.	NVIDIA	€50.1
8.	PCB BANK KOSOVO	€35.2
9.	THESARI I AUSTRISË	€31.8
10.	AMAZON	€30.8
11.	BPCE	€30.2
12.	CREDIT MUTUEL	€28.2
13.	SOCIETE GENERALE	€26.7
14.	CREDIT AGRICOLE	€25.7
15.	META PLATFORMS	€24.6
16.	BPB BANK KOSOVË	€23.4
17.	BNP PARIBAS	€20.5
18.	RBKO BANK KOSOVO	€20.4
19.	VISA	€18.1
20.	BROADCOM	€17.5
21.	TESLA	€17.0
22.	INTESA SANPAOLO	€16.5
23.	ING GROEP	€15.3
24.	JOHNSON & JOHNSON	€14.0
25.	MASTERCARD	€13.9

# Asset Classes

➤ **Bonds accounted for 17.8% of total invested assets.**

In terms of currencies, out of the 22 funds committed as of the reporting date in the Standard and Balanced Portfolio: (a) 13 were denominated in Euro, with a value of €2,109,342,632, representing 65.8% of total assets; (b) 9 were denominated in US Dollars, with a value of €411,136,216, representing 12.8% of total assets (in 2023: (a) 12 were denominated in Euro, totaling €1,217,778,938, which represented 50.2% of total assets; (b) 9 were denominated in US Dollars, totaling €367,481,198, which represented 13.5% of total assets).

➤ Asset Allocation by Class as of December 31, 2024 – Standard Portfolio

ASSET CLASSES	STRATEGY	ASSETS VALUE
Passive equities	Growth	€1,203,390,138
Money market	Liquidity	€335,392,765
Active equities	Growth	€238,561,116
Real assets	Stability	€231,442,650
Multi-assets	Stability	€224,347,147
Bonds – Treasury of Kosovo	Stability	€198,586,295
Term deposits	Stability	€97,555,131
Bonds	Stability	€88,511,583
Real assets	Tactical	€26,705,842
CASH	Liquidity	€8,153,456
<b>GJITHSEJ</b>		<b>€ 2,652,646,123</b>

➤ Asset Allocation by Class as of December 31, 2024 – Balanced Portfolio

ASSET CLASSES	STRATEGY	ASSETS VALUE
Passive equities	Growth	€115,361,969
Bonds – Treasury of Kosovo	Stability	€109,820,080
Active equities	Growth	€51,930,328
Term deposits	Stability	€45,414,724
Real assets	Tactical	€17,371,746
Money market	Liquidity	€16,773,834
Multi-assets	Stability	€16,226,945
CASH	Liquidity	€3,629,098
<b>TOTAL</b>		<b>€376,528,725</b>

➤ Asset Allocation by Class as of December 31, 2024 – Conservative Portfolio

ASSET CLASSES	STRATEGY	ASSETS VALUE
Bonds – Treasury of Kosovo	Stability	€128,716,670
Money market	Liquidity	€15,670,719
Term deposits	Stability	€9,100,236
Cash	Liquidity	€376,078
<b>TOTAL</b>		<b>€153,863,703</b>

RATING	QUALITY OF PLACEMENT	PERCENTAGE OF DEBT INSTRUMENTS AND CASH
--	INVESTMENTS IN KOSOVO	13.7%
--	OUTSIDE KOSOVO	0.2%
AAA	PRIME	0.2%
AA	HIGH	1.5%
A	UPPER MIDDLE TIER	0.9%
BBB	LOWER MIDDLE TIER	1.3%
BB	SPECULATIVE	0.0%
B	HIGHLY SPECULATIVE	0.0%
C AND BELOW	HIGH RISK	0.0%

risk

# Investment Performance

↗ The total gross return from investments for the year 2024 amounted to €247.2 million.

The total gross return for the year 2024 amounted to €247.2 million (2023: €87.7 million). Of this amount, €217.8 million came from returns on investments in open-end investment funds, with an additional €6.1 million generated from dividends.

An additional €19.8 million was generated from other investments in Kosovo securities and bank deposits. To all of this was added the returned surplus for 2024 (from the unspent portion of the investment and operations fee), amounting €3.5 million.

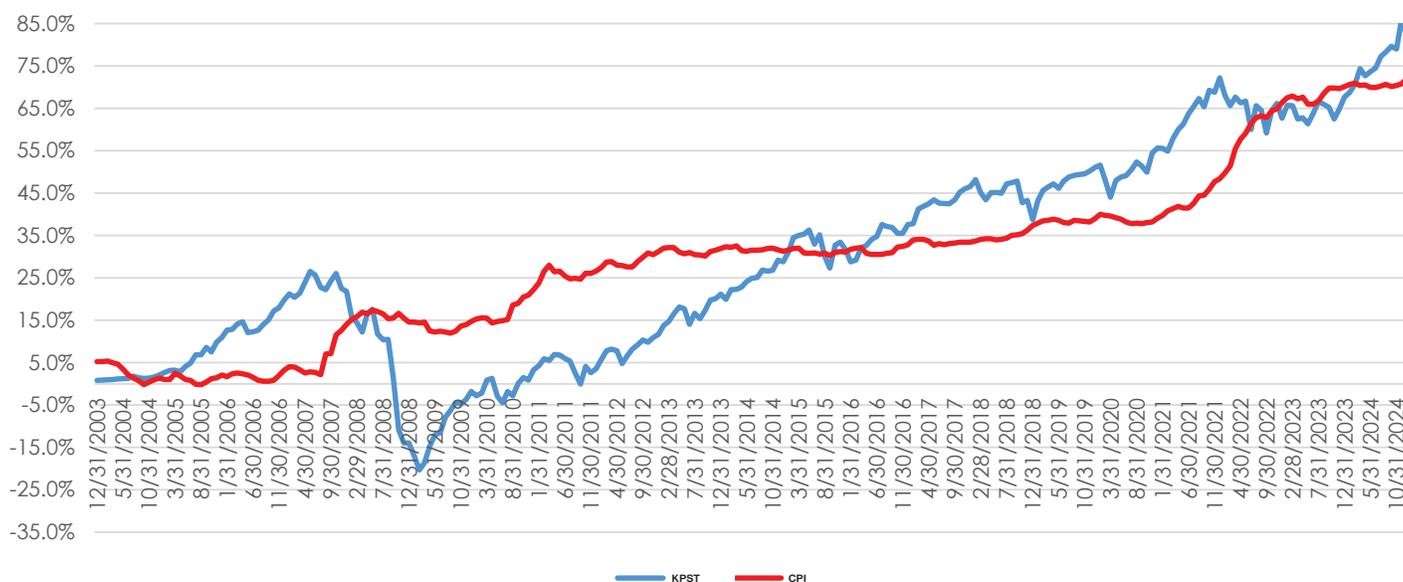
↗ Return on investments from allocation in open-end funds

Issuer	Allocation at the year end	Annual gross return
Vanguard Global Stock Index Fund	€631,189,523	€48,683,208
Nordea 1 – Global Stable Equity Fund	€181,176,497	€18,407,327
Nordea 1 –Stable Return Fund X EUR	€240,574,092	€8,439,196
Amundi – Euro Liquidity Fund	€367,837,318	€26,113,123
SPDR® S&P Oil & Gas Exploration & Production ETF	€57,262,281	€1,960,971
Global X U.S. Infra-structure Development ETF	€79,761,835	€16,362,952
iShares U.S. Infrastructure ETF	€78,978,487	€14,809,221
Schroder ISF Global Sustainable Growth	--	€3,450,471
Invesco KBW Bank ETF	--	€2,781,829
Vanguard Value Index Fund ETF	€74,374,114	€12,851,226
iShares Edge MSCI Europe Value Factor UCITS ETF	€91,700,974	€9,893,407
Lyxor EURO STOXX Banks (DR) UCITS ETF	--	€4,156,826
SPDR MSCI Europe Energy UCITS ETF	€30,412,039	€ (1,293,841)
WisdomTree Industrial Metals ETF	--	€ (102,038)
WisdomTree Physical Gold - EUR Daily Hedged ETC	--	€1,243,739
SPDR S&P Euro Dividend Aristocrats UCITS ETF	€22,991,229	€1,069,981
WisdomTree WTI Crude Oil ETF	€26,705,842	€5,080,811
iShares MSCI Global Metals & Mining Producers ETF	--	€ (963,107)
EUR Eurozone Government Bond UCITS ETF	€27,303,649	€391,584
iShares Residential and Multisector Real Estate ETF	€47,754,892	€4,257,710
Pacer Benchmark Data & Infrastructure Real Estate ETF	€26,907,618	€2,069,966
Amundi MSCI Europe Quality Factor ETF	€38,934,838	€ (994,009)
Amundi MSCI Japan EUR Hedged ETF	€42,801,231	€4,879,454
SPDR Russell 2000 US Small Cap UCITS ETF	€30,685,425	€4,765,155
Schroder ISF Global Sustainable Growth (EUR)	€109,314,947	€2,580,831
Invesco S&P 500 EUR Hedged ETF	€298,400,453	€27,469,833
Global X Data Center & Digital Infrastructure ETF	€7,718,155	€(279,726)
iShares US Digital Infrastructure & Real Estate ETF	€7,693,409	€(304,765)
<b>Total</b>	<b>€2,520,478,848</b>	<b>€217,781,335</b>
<b>Income from dividends</b>		<b>€6,077,038</b>
<b>Total income from open-end funds</b>		<b>€223,858,373</b>

# Performance vs Benchmark

The Governing Board has established the Consumer Price Index (CPI) in Kosovo as published by the Kosovo Agency of Statistics as a benchmark to achieve and outperform the investment of pension assets. The Governing Board believes that the outperformance of this benchmark is crucial to keep the objective of preserving the real value of long-term pension contributions.

The solid performance of the KPST in the Standard Portfolio for the year 2024 (+8.76%) and a slowdown in the inflation rate (+1.08%) led to the unit price of the Standard Portfolio surpassing the Consumer Price Index (CPI) in Kosovo. As a result, the KPST unit price increased to 82.33% since inception, while the CPI reached 72.00%.



↗ comparison of kpst share price of standard portfolio and consumer price index in kosovo (from 31.12.2003 until 31.12.2024)



# 04

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## CONTRIBUTION AND RETIREMENT

First-time contributing  
Contribution

When and how can pension savings be withdrawn?  
Retirements and benefit payments

# First-time Contributors

↗ Collected annual contributions increased by 18.2%.

## The number of first-time contributors totaled

contributors totaled

**38,040**<sup>individuals</sup> (2023: 40,120) of which **14.9%**

paid their first contribution after the age of

**+40** (2023: 13.3%)

showing a slight increase compared to the previous year.

## The average age of first-time contributors

for the year was

**26.3**<sup>years</sup> with **67.5%** of them being **25** years

or younger (2023: respectively **26.0** years and **65.8%**)

## Women accounted for

**53.5** of employed contributors **42.2%** of self-employed

(2023: respectively **53.3%** and **36.6%**)

# Kontribuimi

↗ **There have been €3,032.7 million contributions collected since inception and until the end of 2024.**

The contributions collected for employees and self-employed individuals this year amounted to €315.8 million (2023: €286.2 million).

There were 6,761 new employers this year, a decrease of -2.9% compared to the previous year (2023: 6,965). The previous year saw an increase of 11.9%. New employers are considered businesses, institutions, and others that contribute for the first time on behalf of their employees.

On the other hand, the average number of active contributors per month during 2024 reached 347,486, which is +1.0% higher compared to the previous year (2023: 343,906).

By the end of the year, the average balance for all pension savings accounts increased significantly by 13.0% to €4,016 (2023: €3,554). This increase was mainly driven by the positive investment return for the year, as well as the rise in the average contribution, which was supported by the increase in the minimum wage in October 2024.

↗ CONTRIBUTIONS COLLECTED AND NET AUM			
PERIOD	COLLECTED CONTRIBUTIONS (in million)	NET AUM (in million)	
2002-2020	€1,975.8	€1,988.0	
2021	€2,189.2	€2,353.2	
2022	€2,430.7	€2,411.2	
2023	€2,716.9	€2,701.8	
<b>2024</b>	<b>€3,032.7</b>	<b>€3,181.3</b>	

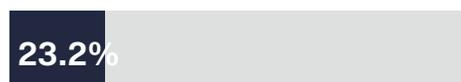
## ↗ composition of net assets under management

### 2024

contributions under management



### GAINS



### 2023

contributions under management



### GAINS



# Pensionimet dhe PAGESAT

↗ **Profit realised from the pensions withdrawn in 2024 it was 24.0%.**

During the year 2024, the KPST paid pensions for reasons of reaching the retirement age (65 years old), disability as per the decision of the competent Ministry, and in cases of the participant's death, where the funds were inherited by the family members.

Withdrawal of benefits from the KPST, according to the applicable legislation, were also made by foreign nationals who were not obligated to contribute to the pension savings in the KPST. The total funds paid out for all these categories of withdrawal in 2024 amounted to €69.7 million (2023: €71.6 million).

Of the withdrawn amount, €52.9 million was the portion of contributions paid by the contributors themselves, while €16.8 million was the profit generated from the investment of pension funds. Thus, during the year, the funds were withdrawn with an average return (realized profit) of 31.8% (2023: 32.1%), while withdrawals were made from 7,905 accounts (2023: 7,684 accounts).

Thus, the number of accounts with permanent withdrawals since inception reached 80,901.

The number of individuals who withdrew funds in 2024 after reaching the retirement age was 6,044, or 76.5% of the cases (2023: 5,876, or 76.5%). For reasons of disability, there were 959 individuals, or 12.1% of the cases (2023: 935, or 12.2%). In cases of death, there were 867 individuals, or 11.0% (2023: 854, or 11.0%). Contributors with non-resident status in Kosovo numbered 35, or 0.4% of the cases (2023: 27, or 0.4%).

Since inception through the end of 2024, a total of €700.2 million has been withdrawn. Of this amount, €556.7 million were paid contributions by the contributors, and €143.5 million were realized profits from investments. Therefore, since inception, participants' funds have been withdrawn with an average realized profit of 25.8%.

## When and how can pension savings be withdrawn?

### **The participant reaches the retirement age of 65 years**

A participant who retires with a savings balance equal to or less than the threshold of €3,000 will receive all their savings in a lump-sum withdrawal. On the other hand, if the participant retires with a balance above this threshold, they have the option to take 20% of the balance immediately, while the remaining amount must be withdrawn in stages, through monthly payments under the phased withdrawal program, until the savings are exhausted. Monthly payments are set at 1% of the account balance when the units are repurchased by the

The portion to be taken in stages is transferred by the KPST to the commercial bank chosen by the participant, and then the bank makes the monthly payments to the retiree. Since the participant's funds are no longer under the care of the KPST, they are no longer included in the accounting of the KPST-PA.

### **The participant receives a disability pension**

A participant who is receiving a disability pension for a specified number of years, as determined by the relevant Ministry, can withdraw their savings through the phased withdrawal program. Withdrawals are limited to €2,400 for each year covered by the invalidity pension, or to the full balance of the savings, whichever is lower. Similarly, as mentioned above, these funds are no longer accounted for by the KPST-PA, as they are transferred to the commercial bank, which makes monthly payments of €200 to the participant until the funds are exhausted.

### **The participant is not, and has not been, obligated to contribute to the pension fund**

A foreign national who has never held Kosovo citizenship and who has never been granted permanent resident status in Kosovo by the Ministry of Internal Affairs may withdraw all his/her pension savings, provided that (a) the person is not a citizen of a country with which the Republic of Kosovo has a bilateral agreement otherwise, and (b) the Tax Administration confirms that the participant was not, and has never been, obligated to contribute.

### **The participant dies before reaching retirement age**

The legitimate heir may choose to receive their share of the deceased participant's savings through (a) a lump sum payment, or (b) a transfer to their own savings account in the KPST. The priority of heirs is as follows: (1) spouse, (2) children, and (3) others, as determined by the court or notary.

The rules for withdrawing savings, including thresholds, are defined by the CBK in its Regulation on Pension Savings Withdrawals. The phased withdrawal rules are conditional until annuities are introduced in Kosovo.

# Withdrawals



TOTAL	PAID CONTRIBUTIONS (in million)	REALISED GAINS (in million)	WITHDRAWALS OF BENEFITS (in million)
2004-2019	€170.8	€32.7	€203.5
2020*	€188.6	€46.4	€235.0
2021*	€49.4	€16.1	€65.5
2022	€40.8	€14.1	€54.9
2023	€54.2	€17.4	€71.6
2024	€52.9	€16.8	€69.7
<b>TOTAL</b>	<b>€556.7</b>	<b>€143.5</b>	<b>€700.2</b>

\* This includes the amount of early withdrawals of 10% of savings as a measure against Covid-19.

## Withdrawal of pension savings for foreign citizens.

Withdrawal of pension savings from KPST (according to the Law No. 04/L-101 and to the supplementary law 05/L-116) can be made by all foreign citizens who were and are not obliged to pay pension savings to KPST (excluding citizens of countries with which Kosovo has bilateral agreements otherwise). In the case of foreign citizens, the entire accumulated balance is withdrawn immediately.



# 05

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## CONTRIBUTOR DEMOGRAPHICS

- Contributors
- Geographic distribution of contributors
- Contributors age
- Contributors by type of enterprise
- Average contribution
- Level of contribution

# Active Contribution

➤ **This chapter summarises the main demographic data for participants of KPST in 2024 and compares them to the previous year.**

It should be noted that this chapter presents the results of the analyses for all 874,194 accounts opened until 2024. The total number of accounts includes 80,901 accounts with permanent withdrawals. During 2024, 39,231 new accounts were opened.

The number of active contributors is presented for each month over the last five years (in the table on the following page), as well as the annual average for each year. The number of contributors for each month represents the engagement of contributors for each month and is not cumulative. From the monthly data, it can be observed that the end of the quarter always shows the highest number of contributors. This happens because self-employed individuals report and make payments quarterly, not every month (as employees do).

This year, the average number of active contributors per month was 347,486 (2023: 343,906). During the year, 426,942 individuals contributed at least once as employees, while 20,846 contributed as self-employed. In these figures, 4,577 contributors are counted twice, as they appeared both as employees and as self-employed during the year (2023: 416,182, 21,626, and 4,571 respectively).

This year, for the first eight months (January to August), there was an increase in active contributors each month compared to the same months in the previous year. However, for the last four months of the year (September to December), there was a decrease in this number.

The average balance of active accounts at the end of 2024 increased to €5,974 (2023: €5,223), representing an increase of +14.4%. The increase in the average balance of active accounts this year came primarily from the positive return on investments, and to a lesser extent from the increase in monthly contributions.

On the other hand, the average balance of withdrawals upon retirement was €7,905 (2023: €9,296), while the balance for those contributors who have been contributing continuously since 2002 with an average salary was around €13,000 (2023: €11,200).

The unsatisfactory state of the average pension savings balance mainly stems from the insufficient contribution level for pension savings (10%), which is the lowest in Europe. Along with the contribution level, Kosovo has also been affected by relatively low wages, especially during the period from 2002 to 2015.

The KPST is emphasising, and repeating these facts, believing that this is how it is fulfilling part of its social responsibility: that every citizen of Kosovo should have saved enough for their pension, which will enable them a more safe life, in the financial sense.

As off the current indicators, with this contribution trend, it cannot be planned that the majority of today's employees will be able to have a sufficient pension from the pension savings in KPST, and thus they risk continuing to be a burden on the state and/or society.

## THE NUMBER OF ACTIVE CONTRIBUTORS PER MONTH IN THE LAST FIVE YEARS



	2024	2023	2022	2021	2020
JANUARY	337,840	328,834	315,905	291,571	278,915
FEBRUARY	339,894	330,471	317,639	296,573	281,309
MARCH	360,646	355,133	344,748	330,988	333,976
APRIL	345,894	337,361	328,814	303,679	321,387
MAY	345,295	341,050	330,856	306,769	258,718
JUNE	368,113	364,610	353,434	328,749	304,820
JULY	350,118	346,098	332,154	312,725	287,817
AUGUST	345,964	344,534	331,105	311,886	289,344
SEPTEMBER	363,107	363,584	351,045	332,912	313,612
OCTOBER	339,603	340,433	330,169	324,599	298,224
NOVEMBER	337,768	336,129	321,635	320,014	298,792
DECEMBER	337,586	338,640	321,150	328,195	319,225
<b>AVERAGE</b>	<b>347,486</b>	<b>343,906</b>	<b>331,555</b>	<b>315,722</b>	<b>298,845</b>

# Geographic Distribution

Since a large number of contributors (18% of them) are paid by the Ministry of Public Administration, the office of which is registered in Prishtina, we are not able to analyse where the contributors worked during the year.

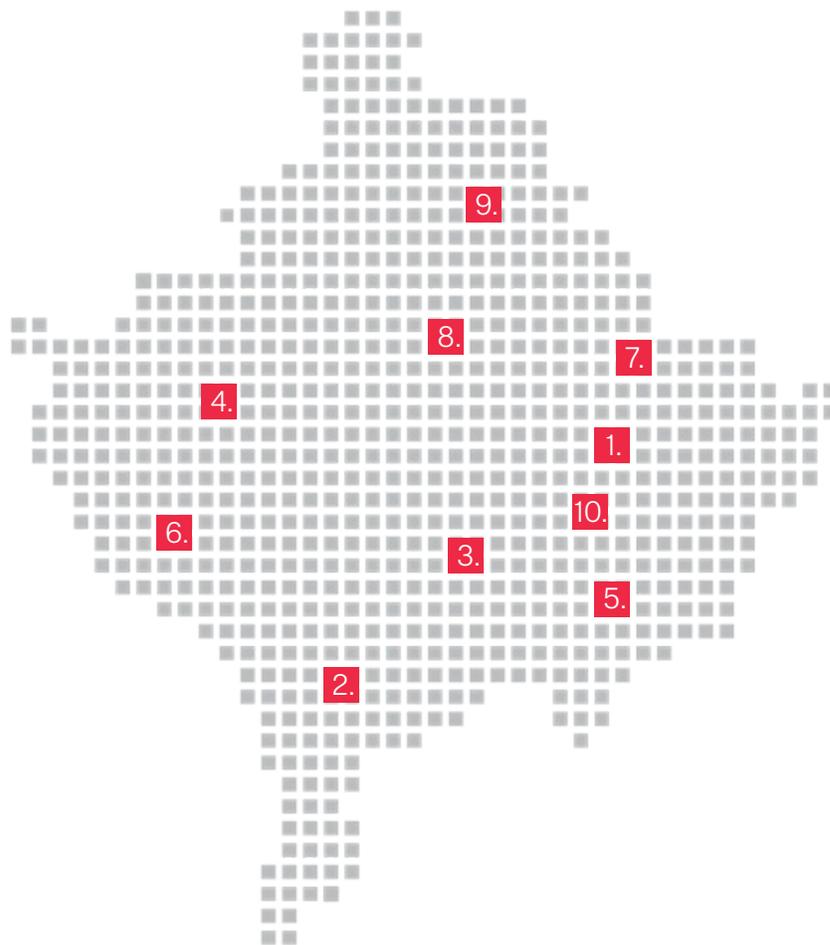
This is why KPST presents only analyses based on the addresses of contributors in the municipalities that KPST maintains its registers, and it is not possible to use other data of the geographical area.

For the year 2024, there were 34 municipalities with an increase, while in five municipalities, there was a decrease in the number of active contributors.

There was a decrease in the number of contributors this year in Gjakova, Decan, Partesh, Hani i Elezit, and Leposaviq.

The most notable this year is the stagnation in the increase of active contributors in Pristina, where the growth is only +0.74% compared to the previous year.

In all the 10 largest municipalities, excluding Gjakova, there was an increase, but at a slower pace compared to 2023.



## CONTRIBUTORS BY MUNICIPALITY

➤ CHANGE FROM 2023

NO.	MUNICIPALITY	NO. OF CONTRIBUTORS		CHANGE FROM 2023	
				IN NUMBER	NE %
1.	PRISTINA	80,209	17.73%	593	0.74%
2.	PRIZREN	36,612	8.09%	577	1.60%
3.	FERIZAJ	29,604	6.54%	814	2.83%
4.	PEJA	25,009	5.53%	366	1.49%
5.	GJILAN	24,612	5.44%	863	3.63%
6.	GJAKOVA	23,120	5.11%	-357	-1.52%
7.	PODUJEVA	22,155	4.90%	477	2.20%
8.	VUSHTRIA	18,968	4.19%	711	3.89%
9.	SOUTH MITROVICA	18,839	4.16%	329	1.78%
10.	LIPJAN	16,721	3.70%	643	4.00%
11.	DRENAS	14,957	3.31%	95	0.64%
12.	FUSHE KOSOVE	13,287	2.94%	495	3.87%
13.	SUHAREKA	12,255	2.71%	264	2.20%
14.	SKENDERAJ	11,958	2.64%	215	1.83%
15.	RAHOVEC	9,755	2.16%	206	2.16%
16.	ISTOG	9,361	2.07%	211	2.31%
17.	MALISHEVA	9,298	2.06%	151	1.65%
18.	VITI	8,894	1.97%	190	2.18%
19.	KACANIK	7,768	1.72%	465	6.37%
20.	KLINA	7,641	1.69%	201	2.70%
21.	KAMENICA	7,436	1.64%	186	2.57%
22.	OBILIQ	7,222	1.60%	282	4.06%
23.	SHTIME	6,426	1.42%	186	2.98%
24.	DECAN	6,322	1.40%	-53	-0.83%
25.	DRAGASH	4,751	1.05%	50	1.06%
26.	GRACANICA	2,325	0.51%	142	6.50%
27.	SHTERPCA	1,973	0.44%	87	4.61%
28.	PARTESH	1,571	0.35%	-35	-2.18%
29.	HANI I ELEZIT	1,280	0.28%	-26	-1.99%
30.	NOVOBERDA	922	0.20%	130	16.41%
31.	LEPOSAVIQ	878	0.19%	-45	-4.88%
32.	MAMUSHA	871	0.19%	53	6.48%
33.	ZUBIN POTOK	804	0.18%	60	8.06%
34.	JUNIK	680	0.15%	30	4.62%
35.	NORTH MITROVICA	669	0.15%	178	36.25%
36.	ZVECAN	612	0.14%	69	12.71%
37.	KLLOKOT	431	0.10%	14	3.36%
38.	RANILLUG	336	0.07%	13	4.02%
	<b>OTHER*</b>	<b>5,834</b>	<b>1.29%</b>	<b>1,152</b>	<b>24.60%</b>

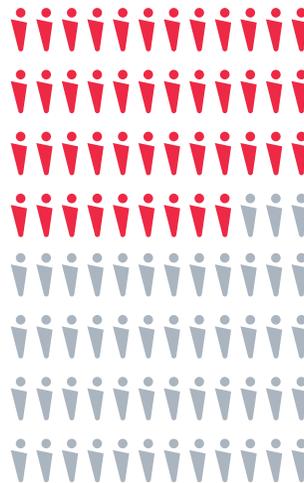
# Contributors Age

The average age of all contributors in 2024 increased slightly to 41.7 years, up from 41.4 years at the end of the previous year. Meanwhile, the median age of all contributors remained unchanged at 39 years for 2024.

The average age by gender saw slight changes. For men, it reached 43.5 years (up from 43.4 years), while the median remained unchanged at 41.0 years. For women, the average age increased significantly to 38.6 years (up from 38.0 years), while the median age rose to 36.0 years (from 35.0 years in 2023).

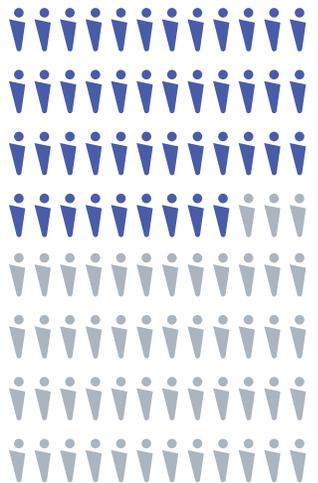
AVERAGE - MEN:

43.4



AVERAGE - WOMEN:

38.6



MEDIAN - MEN:

41.0

MEDIAN - WOMEN:

36.0

As for contributors by age group, the highest increase in contributors this year was in the 15-24 age group (from 18.9% to 19.3%). On the other hand, the contributors in the 25-34 and 25-44 age groups saw either a reduced or unchanged percentage, respectively.

This year, there was an increase in the number of contributors in the 45-54 and 55-64 age groups, while there was a slight decrease among contributors aged 65 and above.



AGE COHORT	2024	2023
15-24	19.3%	18.9%
25-34	26.6%	27.3%
35-44	22.9%	22.9%
45-54	18.1%	17.9%
55-64	12.3%	12.1%
65+	0.8%	0.9%

# Contributors by type of Enterprise

The type of enterprise is determined according to their registration in the Kosovo Business Registration Agency or the Ministry of Public Administration.

It should be noted that public and social enterprises (e.g. regional water supply or waste companies, Post of Kosovo, central heating companies, etc.), most of them are registered as joint-stock companies; therefore, they are presented along with other public and social companies in the joint-stock companies' group.

Also, the number of contributors by enterprise does not match the number of active contributors for the year because a contributor appears more than once in the figures by enterprises- if he/she is employed in two or more types of enterprises.

For the year 2024, there was an increase in the number of contributors from budget organizations, LLCs, joint-stock companies, and NGOs. However, there was a decrease in individual businesses, partnerships, and others.

A positive trend for this year was the increase in the number of contributors from LLCs, with 12,707 more cases (or +5.4%) compared to the previous year. Budget organizations saw an increase of 4,268 contributors (or +4.8%). Joint-stock companies added 1,108 contributors (or +3.9%), while NGOs had 50 more contributors (or +0.2%).

On the other hand, individual businesses reported 4,906 fewer contributors (or -7.2%), the highest change across sectors. There was also a decrease in the number of self-employed contributors, with 774 fewer (or -2.9%), and a reduction in partnerships, with 99 (or -3.0%) fewer contributors.

ENTERPRISE TYPE	2024	2023
Budget organisations	<b>94,063</b>	89,795
LLCs	<b>249,574</b>	236,867
Individual businesses	<b>62,814</b>	67,720
Self-employed	<b>25,423</b>	26,197
Joint stock companies	<b>29,571</b>	20,708
NGOs	<b>20,758</b>	20,708
Partnerships	<b>3,100</b>	3,199
Others	<b>10,224</b>	10,866





# Average Contributions

In the tables that follow are the data on the average monthly contribution for the last three years through the end of 2024. The data are shown according to the type of contribution, age group, and gender of contributors.

A very positive piece of news for this year is that the average monthly contribution has increased significantly, by 12.0% for employees and 13.8% for the self-employed. However, this increase in the average monthly contribution may have also been influenced to some extent by the increase in the minimum wage (to 350 euros per month from October 2024).

For employees, the increase in the average monthly contribution was evident across all age groups and both genders. The largest increase in the average contribution was among employees in the 65+ age group. However, this group was also the only one with a decrease in the average contribution of the self-employed, which is understandable given that contributions in this age group are voluntary.

For employees in the age groups 25-34 years, 35-44 years, and 45-54 years, the increase in contributions compared to the previous year was very similar, respectively: +11.9%, 11.7%, and 11.8%. Meanwhile, the age group 15-24 years had an increase of 10.6%, and the age group 55-64 years had an increase of 7.8%.

In terms of contributions by gender, it appears that female employees had the highest increase in their average monthly contribution this year, at 18.3%, compared to 11.8% for male employees. However, men still have significantly higher average contributions, at 58.9 euros, compared to women whose contributions increased to 33.2 euros. This is an indicator that leaves room to suggest that women in Kosovo may be paid significantly less than men.

AVERAGE MONTHLY CONTRIBUTIONS		2024	2023
YEAR	EMPLOYED	SELF-EMPLOYED	
2022	€53.07	€35.08	
2023	€59.70	€36.08	
<b>2024</b>	<b>€66.88</b>	<b>€41.07</b>	

# Average monthly contributions - by age group

## ↙ AVERAGE MONTHLY CONTRIBUTIONS - BY AGE GROUP

	2024		2023		2022	
AGE COHORT	EMPLOYED	SELF-EMPLOYED	EMPLOYED	SELF-EMPLOYED	EMPLOYED	SELF-EMPLOYED
15-24	€46.27	€27.05	€41.82	€22.76	€35.50	€23.27
25-34	€66.76	€34.58	€59.66	€29.17	€50.75	€26.78
35-44	€75.09	€40.82	€67.20	€36.42	€60.08	€35.37
45-54	€74.79	€43.45	€66.87	€38.39	€60.10	€37.41
55-64	€73.89	€44.95	€68.51	€40.97	€61.14	€40.04
65+	€82.18	€46.93	€68.12	€51.48	€70.56	€44.08

## ↙ AVERAGE MONTHLY CONTRIBUTIONS - BY GENDER

	WOMEN		MEN	
YEAR	EMPLOYED	SELF-EMPLOYED	EMPLOYED	SELF-EMPLOYED
2022	€46.87	€28.20	€57.17	€36.84
2023	€52.73	€28.10	€64.55	€38.23
2024	<b>€58.95</b>	<b>€33.25</b>	<b>€72.44</b>	<b>€43.27</b>

# Level of Contribution

The height of the minimal monthly contribution for a full-time employee continues to be 10% of the minimum wage.

Until September 2024, this meant a minimal monthly contribution of €13 for individuals under 35 years old and €17 for individuals over 35 years old. For self-employed individuals, these figures were €39 and €51, respectively, as they are paid on a quarterly basis.

However, with the entry into force in October 2024 of a monthly minimum wage of €350, regardless of age, the minimal contribution should be €35 per month for employees, or €105 per quarter for self-employed individuals.

According to the data from the last quarter, when the minimum wage was raised to €350 per month, it appears that a large majority of employees (80.3%) contributed more than the minimum wage, 12.5% contributed exactly the minimum wage, while 7.2% contributed less than the minimum wage.

The situation was quite different for self-employed individuals, where most of them paid only the required minimum contributions (73.8%), less than a quarter paid more than the minimum (23.9%), while 2.3% paid contributions below the legal minimum.

## CONTRIBUTING LEVEL - BY THE EMPLOYED

	PAYMENT		
	BELOW MINIMUM	AT MINIMUM	ABOVE MINIMUM
Level of payment	7.2%	12.5%	80.3%

## CONTRIBUTING LEVEL - BY THE SELF-EMPLOYED

	PAYMENT		
	BELOW MINIMUM	AT MINIMUM	ABOVE MINIMUM
Level of payment	2.3%	73.8%	23.9%





# 06

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## LEGISLATION

Legal framework  
Proposed changes

## *Legal framework and* **Changes**

The Law No. 04/L-101 of the Republic of Kosovo on Pension funds of Kosovo, together with its subsequent amendments (Laws No: 04/L-115; 04/L-168; and 05/L-116), provides for a detailed list of functions and responsibilities of KPST and its Governing Board.

KPST legal framework further is detailed and regulated through the pension rules of CBK as well as directives of TAK for the manner of reporting, contributing, correction and taxation of pension contributions.

On the following page we have presented our proposals for legal amendments / changes on the most important current issues in the field of mandatory pension savings

# Proposals on **Legal Supplements/** amendments

## 1. RESTRICTIONS ON THE GOVERNMENT OF KOSOVO TREASURIES

The current legal restriction that up to 30% of the funds may be invested in the bonds of the Government of the Republic of Kosovo may be increased to 50%, to enable more investments in this instrument. The other regulatory restriction that determines that KPST can offer a maximum of 50% of an auction of bonds issued by the Government of the Republic of Kosovo may also be revised.

## 2. ANNUAL ACCOUNTS STATEMENTS

Legislation requires KPST to send a written annual statement to participants. Whilst email deliveries are quite safe, those by mail due to the lack of correct addresses do not reach the right person. Thanks to the eTrusti portal, and access to it through eKosovo, this legal requirement should be removed or changed, since access to the statement is possible at any time.

## 3. INVESTMENTS IN "PRIVATE MARKETS"

It is necessary that KPST, like many pension funds in the world, is allowed to invest through asset managers in alternative investments such as "Private Market Funds". Alternative investments cover different asset classes, such as private equity, infrastructure or real estate. This would serve diversification, where allocation would be limited between 5% and 10% of the assets.

## 4. HARMONISATION OF PENSION PAYMENT SAVINGS AND LIFE EXPECTANCY

Because current legislation does not allow annuity from the second pillar to be lower than the minimum pension provided by the first pillar, a monthly amount paid by KPST is used up very quickly. Also, since the second pillar would have to finance the main pension, an amount saved shall also be related to the life expectancy. Because KPST has not yet reached complete maturity (40 years), it would have to be linked to the benefits of the first pillar, to have a unified pension. For example, the proportion of the amount saved to the years of life expectancy, are added to basic pension, and the beneficiary will have the same retirement value throughout lifetime.

In the beginning, this would be financed entirely by individual savings in KPST, while later (when these funds are used), this financing would be transferred to the state budget. The part that would be saved at the beginning would serve to finance this combined pension until the end of the retiree's life. Hence, with this, the goal of the pension scheme would be rounded off, where each pensioner would receive the pension for his entire life, depending on his contribution. While they now receive 20% of their savings as immediate payment and at least 200€ per month, as well as the basic pension, this balance is exhausted only for the first 4-5 years. Then the value of the monthly pension declines drastically, relying only on the basic pension.

## 5. WITHDRAWAL OF PENSION SAVINGS FOR CASES OF INVALIDITY

This legal possibility should be modified since the withdrawal of funds is currently being made possible even for people who have either been skilled again or are still working. There should be a clearer definition of the beginning and end of this right.

## 6. INACTIVE ACCOUNTS

It should be foreseen by law what should be done with savings accounts after they have stopped contributing for a long time (e.g. when the contributor is over 100 years and has not yet withdrawn funds himself or by any of heirs).







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