

This Key Investor Information Document (KIID) provides the reader with key information about the investment portfolio of the Kosovo Pension Savings Fund. It is not marketing material; it is provided to help understand the nature and the risks of the portfolio.

KPST – Kosovo Pension Savings Fund (EUR)

a defined contribution pension fund established by law and managed by Kosovo Pension Savings Trust.

Objectives and Investment Policy

Objectives

KPST is a long-term investor with the primary objective to ensure that assets are invested in a prudent manner consistent with the requirements of the Law.

The goals of prudent investment for the portfolio are:

- The security of pension assets;
- Diversity of investment;
- Maximum return consistent with the security of pension assets; and
- The maintenance of adequate liquidity.

Up to 2013 the portfolio had no benchmark. Thereafter, the Consumer Price Index in Kosovo was adopted as the benchmark against which the performance of the portfolio is measured. This benchmark is deemed to provide a clear and measurable target for the aim of preserving capital in both nominal and real terms over the long term.

Investment policy

Funds are invested in accordance with provisions of the Law No. 04/L-101 on Pension funds of Kosovo (and its subsequent amendments), and only for the benefit of participants. The Governing Board is responsible for establishing the Investment Policy and for setting targets for asset allocations. Investment policy is expressed as a target mix to be split between:

- (a) asset classes: cash, fixed income, equities or multi-assets; and
- (b) investment strategies: income yielding, market directional, or absolute return / risk managed / risk targeted.

Pension assets are invested in a variety of financial instruments such as bank deposits, Kosovo treasury securities, and principally open-end (mutual) funds.

Funds which meet the criteria of the prevailing investment strategy and asset allocation are selected as an efficient and diversified way to access desired asset classes and investment strategies.

As a way to manage the direct risks, targets are set within an investment framework which limit allocations to:

- (a) a given asset class:
 - 50% - Cash & money market funds;
 - 40% - Kosovo treasury bonds & other bond funds;
 - 55% - Equity instruments; and
 - 55% - Multi-assets, and
- (b) selected investment strategies:
 - 70% - Income generation;
 - 60% - Directional return / non risk-adjusted instruments; and
 - 68% - Absolute return / risk managed / risk targeted.

The fund consists of a single portfolio for all participants. As a result, the allocations balance the interests of those retiring in the near future with those who have much longer to retirement. The fund's investment policy seeks to dampen the adverse effects of downward markets while participating in gains when markets rise. This steady approach aims to build up balanced returns for all age profiles.

Risk and Reward Profile



The risk and reward indicator

The portfolio's risk category is based on the volatility of weekly performances over the last five years; however, this can change over time as the historical performance may not be a reliable indicator for the future.

The portfolio is in this category because it takes a moderate risk in search of stable returns and its price may rise or fall accordingly.

A portfolio in the lowest category does not mean a risk-free investment.

Risk factors

The following are some of the main risks that may affect portfolio's performance:

Market risk: Risk of decline due to factors that affect the overall performance of the financial markets in which the portfolio is exposed to.

Price risk: Risk of decline in the value of a security or a portfolio that can be minimised through diversification.

Inflation risk: Risk of inflation eroding the purchasing power of funds.

Counterparty risk: Risk of the counterparty unable to honour, in part or in full, its obligations to the portfolio.

Liquidity risk: risk that short term financial demands may not be met.

Valuation risk: Risk that an asset is overvalued and is worth less than expected when it matures or is sold.

Charges

KPST fees are charged daily on the gross portfolio's assets. Applicable fees are proposed annually by KPST to the Assembly of the Republic of Kosovo.

The level of fees applicable for 2020, as approved by the Assembly of the Republic of Kosovo, were:

(a) Operating fees: 0.065% p.a; and

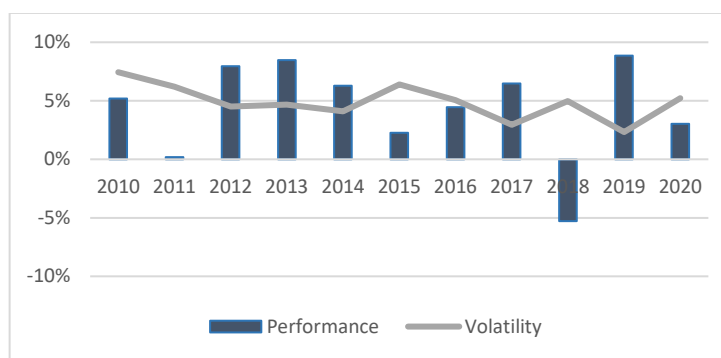
(b) Investment fees: 0.33% p.a.

KPST does not apply entry, exit, or any fees other than the ones listed above.

Fees reduce the value of participants assets; however, as a not-for-profit institution, fees charged by KPST cover only its expenses:

- Operating fees: staff and other office operating and administrative expenses; and
- Investment fees: broker, custody, transfer, open-end fund management fees, and other charges directly related to the investment of pension assets in global financial markets in pursuit of positive investment returns for participants.

Past Performance



Past performance may not be a reliable indication of future performance. The value of investments may go down as well as up.

Performance has been calculated as a percentage change in the unit price at each year-end. It is net of fees and denominated in EUR.

Volatility has been calculated as the annualised standard deviation of daily performances of the portfolio for the given year.

The portfolio was launched on 1 August 2002.

Practical Information

Kosovo Pension Savings Trust (KPST) was created by Law by the Assembly of the Republic of Kosovo as the sole authorised institution charged with administering - and managing the investment of - Pension Assets, i.e. the mandatory (and voluntary) pension savings contributions of employees in Kosovo.

KPST is registered within the Ministry of Public Administration with Registration No. 9000225 - at Rr. "Agim Ramadani" 182-184, 10000 Prishtina, Republic of Kosovo - and is supervised by the Central Bank of the Republic of Kosovo.

At present the fund consists of a single portfolio for all participants, balancing the needs of participants who are close to retirement and those who have many years of saving ahead of them before a pension will be required. There is a legal provision where the fund could be divided into separate multiple portfolios according to age, for the purpose of providing portfolios with different risk profiles on the basis of proximity to Pension Age. This would require a resolution of the Governing Board of KPST.

Further information regarding the Investment Principles and risk management can be found in the Investment Manual of KPST at <http://www.trusti.org/en/investments/investment-manual/>.

Further information on open-end funds utilised by KPST - including their respective performance, objective, risk tolerance, underlying securities and depository institution - can be found at <http://www.trusti.org/en/investments/open-end-portfolios/>.

Historical and latest unit prices for the portfolio are published at www.trusti.org/en/investments/unit-price/.

This KIID was last updated with information available as at December 2020.