

# Minutes of Meeting

## Petroleum Fund of Timor-Leste

# Investment Advisory Board

*Held on 16 December 2013*

*At the Office of Autoridade Nacional do Petroleo (ANP), Dili, Timor-Leste*

Present:

Olgario de Castro (Chairman)  
Gualdino da Silva  
Kevin Bailey  
Venancio Alves Maria  
Basilio Soares  
Gastao de Sousa (Secretary)

In attendance:

Shih-Yang Ang, Financial Investment Adviser, Ministry of Finance  
Cosme da Costa Araujo, Petroleum Fund Analyst, Ministry of Finance  
Samuel V. Robinson, Advisor, BCTL  
Alex George, Advisor, Treasury

The Chairman declared the meeting open at 3.40 PM.

### **1. Election of Chairman**

The Board elected Mr de Castro to act as temporary Chairman for the meeting.

### **2. Apologies**

Apologies were received from Mr Monteiro and Mr Trovik.

### **3. Approval of the agenda**

The agenda for the meeting was agreed to.

### **4. Approval of the minutes of the meeting on 9 September 2013**

The minutes of the previous meeting were approved with item 5 declared confidential.

## **5. Matters arising from the minutes not otherwise included in the agenda**

Mr Venancio informed the Board that the search of sovereign bond (wealth fund) mandate was completed and a proposal to appoint two managers would be submitted to the Minister shortly.

Progress on developing Central Bank capability to manage a passive equity mandate within the next two years as a capacity-building exercise was discussed.

## **6. Review of the Fund's performance**

The total Fund returned was 0.55% for the month to November. The bond portfolio's return was -0.10% while equities returned 1.83% over the month. Over the past three months, the Fund's return was 4.64% while the fund return for 1 year was 6.73%. This was driven mostly by the equities, which was increase by 11.09% over the past three months. Since inception the total Fund's return is 4.38% per annum.

## **7. Discussion of the outcomes of the Oslo workshop**

The Board expressed its appreciation to the secretariat for organizing an excellent Oslo workshop to coincide with a Sovereign Wealth Fund conference. The workshop mainly discussed the issues of strategic asset allocation, development of a model for projecting the fund's size, resourcing the budget, staff and the development of capacity building program including building capability to manage passive equities in-house. The benefits of the Board's ongoing programme of workshops were identified and noted.

## **8. Outline of the Petroleum Fund valuation model**

PFAU presented to the Board a model for PF valuation, outlining three different scenarios by considering several variables including Government withdrawal to finance the Budget. The results from the different scenarios were discussed.

The Board noted the presentation.

## **9. Other business**

The Board noted the importance of having investment policies with strong academic support, built on information from expert at IAB workshops. Mr Kevin noted that there was a possibility to invite Prof Ken French to speak to the Board if a workshop were held in Sydney in early March 2014.

## **10. Next meeting**

It was agreed that the timing of the next meeting would be subject to the Board receiving the proposal from BCTL on the new bond managers.

The Chairman declared the meeting closed at 7:20 PM.

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**Chairman**

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**Secretary**