

Minutes of Meeting

Petroleum Fund of Timor-Leste

Investment Advisory Board

Held on 12 April 2013

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

Present:

Olgario de Castro (Chairman)
Francisco Monteiro
Kevin Bailey
Torres Trovik (via videoconference)
Fernando Carvalho
Gastao de Sousa (Secretary)

In attendance:

Filipe Nery Bernardo, Petroleum Fund Analyst, Ministry of Finance
Shih-Yang Ang, Financial Investment Adviser, Ministry of Finance
Simen Bjornerud, Fiscal Policy and Petroleum Fund Advisor, Ministry of Finance
Craig Callum, Advisor, BCTL
Samuel V. Robinson, Advisor, BCTL

The Chairman declared the meeting open at 3.30 PM.

1. Election of Chairman

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

2. Apologies

An apology was received from Mr da Silva and Mr Alves Maria. Mr Carvalho was present as the alternate for Mr Alves.

3. Approval of the agenda

The agenda for the meeting was agreed to.

4. Approval of the minutes of the meeting on 11 February 2013

The minutes of the previous meeting were approved.

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

None

6. Discussion of parameters for global sovereign bond mandate

The Secretariat provided a report and presentation on the parameters for the global sovereign bond mandate.

The Board confirmed that the motivation for the mandate was to reduce the US Treasury exposure. Capital preservation was a key objective and diversification across countries was also important. The Board agreed on the parameters:

- Developed market only, non-US sovereign mandate
- Minimum credit rating of investment grade
- Unhedged currency
- A market capitalization index, with country weights capped at 10% and the Eurozone capped at 30%
- A tracking error target of 50 basis points

The Secretariat will confirm the availability of the customized index and advise the Board of its composition. The Secretariat will then draft a letter to the Minister advising of the Board's recommendation to transfer 10% of the portfolio from US Treasury 5-10 years into the mandate.

7. Review of the Fund's performance

The Fund's performance for February was distributed prior to the meeting. The Board agreed to discuss performance at the next IAB meeting.

8. Discussion of incorporation of fixed interest beliefs into IAB statement of Investment beliefs and principles

The Board agreed to postpone this item until the next IAB meeting

9. Discussion of proposed agenda for workshop on equity portfolio composition

The Secretariat tabled a report outlining an agenda for the next workshop. The IAB confirmed that a 3 day workshop will be held in Melbourne from 26-28 June. In addition to Governance

training and equity portfolio construction, material on emerging market sovereigns will be included. The Secretariat will start organising the workshop.

10. Other business

The IAB requested all board members to provide their asset declarations.

11. Schedule next meeting

It was agreed that the next meeting would take place on 31 May 2013.

The Chairman declared the meeting closed at 7:00 PM.

Chairman

Secretary