

Minutes of Meeting

Petroleum Fund of Timor-Leste

Investment Advisory Board

Held on 29 January 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
Torres Trovik (via videoconference)
Gastão de Sousa (Secretary)

In attendance:

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

1. Election of Chairman

The Board elected Mr de Castro as Chairman for this meeting and the following meeting in February.

2. Apologies

An apology was received from Mr Francisco Monteiro.

3. Approval of the agenda

The agenda for the meeting was agreed to.

4. Approval of the minutes of the meeting on 19 December 2012

The minutes of the previous meeting were approved.

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

None.

6. Petroleum Fund Performance

The Total Fund returned 0.66% for the quarter of December, while its benchmark returned 0.64%. Fixed Interest returned 0.04% over that period, compared to its benchmark return of 0.01%. International Equities returned 2.57% for the quarter, while its benchmark returned 2.49%.

For the financial year to date, the Fund's return was 3.88%, relative to the benchmark return of 3.74%. Since inception, the Fund's return was 4.05% pa, relative to its benchmark of 4.06%.

7. Approval of the letter to Minister on Currency numeraire

The letter was approved.

8. Fixed interest beliefs

The Board held a workshop before the meeting on fixed interest beliefs. It was agreed to incorporate the results of the workshop in the Board's statement of beliefs. The Board is assessing the structure of the fixed interest portfolio, in particular the source of funds for the increase in equities.

9. IAB Work Plan for 2013

The Board agreed to the revised work plan for 2013. This includes a Board meeting on 11 February 2013 in addition to the scheduled meeting with the IMF.

10. Other business

Mr. Bailey presented his notarized declaration on assets and income. The PFAU agreed to present it to the office of the Prime Minister with a covering letter setting out its purpose and ensuring its confidentiality.

The BCTL outlined its intended approach to fund the new passive equity mandate. The Board confirmed the BCTL's approach.

11. Schedule next meeting

It was agreed that the next meeting would take place on 11 February 2013.

As there was no other business, the Chairman declared the meeting closed at 20.00 hours.

Chairman

Secretary