

Minutes of Meeting

Petroleum Fund of Timor-Leste

Investment Advisory Board

Held on 16 November 2012

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

Present:

Gualdino da Silva (Chairman)
Kevin Bailey (via teleconference)
Torres Trovik (via videoconference)
Olgario de Castro
Fernando da Silva Carvalho (Acting as BCTL representative)
Gastão de Sousa (Secretary)

In attendance:

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

1. Election of acting Chairman

The Board elected Gualdino da Silva to chair the meeting.

2. Apologies

Apologies were received from Mr Francisco Monteiro. Fernando da Silva Carvalho will act as the BCTL's representative in Venancio Alves Maria's absence.

3. Approval of the agenda

The agenda for the meeting was agreed.

4. Approval of the minutes of the meeting on 20 September 2012

The minutes of the previous meeting were approved.

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

The Secretariat noted that the Ministry of Finance and its external advisor on petroleum fund issues, Towers Watson, had briefed the Council of Ministers and Parliament on the Petroleum Fund. Further information sessions have been scheduled.

The IAB noted that the issue regarding remuneration of Board members was now with the Prime Minister as required by the Petroleum Fund Law.

The IAB discussed the IAB's 2013 work plan, and agreed on a \$230,000 budget.

6. Adoption of IAB Operational Regulations

The Secretariat submitted a draft of the IAB Operational Regulations, incorporating the changes agreed to in the previous IAB meeting.

The Secretariat noted legal advice that the Director of Treasury and the BCTL's representative constituted members of the IAB. The Secretariat distributed a template to act as a guide for IAB members when disclosing their financial interests as required by Article 17.5 of the Petroleum Fund Law.

The IAB agreed to incorporate a provision on IAB communications in a revised draft of the regulations.

7. Survey of fixed interest beliefs and views

The Board members discussed their responses to a survey of fixed interest beliefs and views. The inter-relationship with the currency numeraire question was noted. It was agreed to present the Secretariat's work on the currency numeraire and discuss fixed interest beliefs during an IAB workshop in December 2012. This will provide the foundations for further work on the composition of the fixed interest portfolio.

8. Other business

A note was tabled illustrating how foreign currency hedging on major projects could impact on the nations' balance sheet and profit and loss statement. It was suggested to look into the efficacy of employing the Petroleum Fund or other cash management functions to match the currency exposure required from large foreign currency contracts.

It was agreed to consider the matter further during the December workshop.

9. Schedule next meeting

It was agreed to hold a workshop at 3pm on the afternoons of 18 and 19 December.

Chairman

Secretary