

## **Minutes of Meeting**

### **Petroleum Fund of Timor-Leste**

# **Investment Advisory Board**

*Held on 29 February 2012*

*At the Office of the World Bank, Dili, Timor-Leste*

**Present:**

Olgário de Castro (Chairman)  
Sara Lobo Brites  
Abraao de Vasconcelos  
Kevin Bailey (by teleconference)  
Tørres Trovik (by teleconference)

**In attendance:**

Samuel V. Robinson, Advisor, Central Bank  
Venancio Alves Maria, Executive Director, Central Bank  
Subodh Kumar Mathur, Treasury Advisor, Ministry of Finance  
Filipe Nery Bernardo, Petroleum Fund Analyst, Ministry of Finance  
Sandra F.P. Chan Chao, Petroleum Fund Accountant, Ministry of Finance  
Craig Callum, Petroleum Fund Advisor, Central Bank of Timor-Leste  
Cosme da Costa Araujo, Petroleum Fund Analyst, Ministry of Finance

The Chairman declared the meeting open at 15:00 hours.

#### **1. Apologies**

No apologies

#### **2. Approval of the agenda**

The agenda for the meeting was approved.

#### **3. Approval of the minutes of the meeting on 02 December 2011**

The minutes of the meeting held on 2 December 2011 were approved. The Board decided that the minutes containing the mandates remain confidential until the managers had been appointed. In the meantime the Board noted that the Minister of Finance and Governor of the Central Bank planned to inform the stakeholders, via a media conference, on the implementation of the short-term equity allocation.

#### **4. Business arising from the minutes not otherwise included in the agenda**

None.

#### **5. Progress report on the implementation of the First Stage implementation strategy**

- The management agreement with State Street Global Advisors (SSgA) was signed in December 2011. SSgA's mandate was implemented in January 2012. The restructured BIS mandate was implemented in mid December 2011. The restructured BCTL mandate, which consists of 1-3 & 3-5 years Treasury bonds, was implemented in January 2012.
- As of February 2012, the equity exposure had increased to 12.5 %. The BCTL was preparing a proposal to the Minister of Finance to appoint a new equity manager to manage the remaining 7.5% equities. By then, total managers, including BCTL will be 5 in total, of which 3 are equity managers and 2 are fixed income managers. As envisaged in the Minister's letter to the BCTL, BCTL would increase equity exposure at about 2% per month, while in the process of appointing the new equity manager, using existing arrangements and transitioning the assets to the new manager in due course.

#### **6. BCTL Quarterly Report to IAB: Presentation by the BCTL**

- The Petroleum Fund balance had increased from US\$ 8,903 million to US\$ 9,310 million in fourth quarter 2011. Gross cash inflows to the Fund were US\$ 860.96 million. Total cash outflow for the quarter were US\$ 508.07 million, in which US\$ 505.00 million for transfer to the State Budget and US\$ 2.24 million for direct external and internal management costs and accrued for external management and custody fees US\$0.83 million. Portfolio return for the period was 0.59 % compared with the benchmark return for the quarter of 0.67%.

#### **7. Next IAB Workshop: The Way Forward**

The next IAB workshop focuses on revisiting the existing strategy, exploring alternatives and to reach a consensus on the way moving forward.

#### **8. Other business**

As there was no other business, the Chairman declared the meeting closed at 18.30 hours.

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Chairman

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Secretary