

Minutes of Meeting
Petroleum Fund of Timor-Leste
Investment Advisory Board

Held on 14 September 2011

At the Office of the Central Bank

Present:

Olgário de Castro (Chairman) (via teleconference)
Sara Lobo Brites
Kevin Bailey (via teleconference)
Venancio Alves Maria as alternate for Mr. Abraao de Vasconcelos
Gastao de Sousa (Secretary)

In attendance:

Fernando da Silva, Chief Accountant, Central Bank
Torgrim Roll, PF Advisor, Central Bank
Filipe Nery Bernardo, Petroleum Fund Analyst, Ministry of Finance
Subodh Kumar Mathur, Treasury Advisor, Ministry of Finance
Samuel V. Robinson, Advisor, Central Bank

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

1. Apologies

Apologies were received from Mr. Abraao de Vasconcelos and Mr. Torres Trovik.

2. Approval of the agenda

The agenda for the meeting was approved.

3. Approval of the minutes of the meeting on 18 May 2011

The minutes of the meeting held on 18 May 2011 were postponed for approval.

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

None.

5. Proposal to appoint manager for passive equity mandate

The Board considered a letter from the Minister dated 23 August 2011 enclosing a proposal from the Banking & Payments Authority to appoint State Street Global Advisors as the manager for the equity mandate which was subject of the Board's communication to the Minister dated 14 March 2011.

The Board noted that Mr Trovik, who was not present, had sent an email supporting the proposal.

Mr. Venancio outlined the tendering process undertaken by the BPA leading to the recommendation of State Street Global Advisors.

After considering the BPA's proposal, the Board resolved to send a letter to the Minister advising her to approve the appointment of State Street Global Advisors as an external manager to manage the global equity mandate for the Petroleum Fund.

6. Other Businesses

Strategic Asset Allocation

The Board noted the recent approval of the amendments to the Petroleum Fund law by Parliament and discussed the importance of developing a formal process for setting a new strategic asset allocation.

The Board was of the opinion that a short-term allocation could be implemented while the longer-term allocation was being developed.

Accordingly, the Board decided to meet in early October to discuss the structure of the Central Bank's internal mandate, and to commence a process for developing the strategic asset allocation, including identifying the key policies and decisions that would need to be made. The Board recognized the need to obtain the views of a range of experts as part of this process. The Board decided to hold a workshop on 6 October with the Fund's external advisors as a first step.

Inauguration of Central Bank

On behalf of the Board, Chairman congratulated the transformation of the BPA into the Central Bank of Timor-Leste on 13 September 2011.

Next Meeting

It was agreed that the next meeting would take place on 7 October 2011 following the workshop.

As there was no other business the Chairman declared the meeting closed at 16.00 hours.

Chairman

Secretary