

## Minutes of Meeting

### Petroleum Fund of Timor-Leste Investment Advisory Board

*Held on 18<sup>th</sup> April 2006*

*At the Office of the Banking and Payments Authority*

#### Present:

Abraão de Vasconcelos, General Manager of BPA (Chairman)  
Cristino Gusmão, Director of Macroeconomic  
Sigurd Klakeg, Fiscal and Petroleum Advisor  
Manuel Monteiro, Deputy Director of Treasury  
Tørres Trovik

#### In attendance:

Venancio Alves, A.i. Executive Director of Petroleum Fund Dept, BPA  
Sam Robinson, Petroleum Fund Advisor, BPA  
Terje Iversen, Petroleum Fund Advisor, BPA  
Gastão de Sousa, Chief Economist, BPA  
Shuboth, Treasury Advisor

The Chairman declared the meeting open at 14.45 o'clock and welcomed 2 new members of the Board, Mr Tørres Trovik and Mr. Manuel Monteiro.

The Board reviews the agenda and agreed to append additional agenda item, "The discussion of strategic assets allocation".

#### **Minutes of Previous Meeting**

The minutes of previous meeting held on 19<sup>th</sup> January 2006 was approved with minor amendment on page 1, 2<sup>nd</sup> paragraph, which shall be read as follow: "She congratulated the members on their appointment, and the election of Mr. Abraão de Vasconcelos as the Chairman for first term".

#### **Discussion of Strategic Assets Allocation**

The Board discussed the need to increase the capacity in the operational management of the Fund given the size and the growth rate of the asset under management. In addition the meeting also discussed the possibility to diversify the investments given the constraint in the PF Law. It also discussed the possibility to review and change the mandate describing in the article 14 and 15 of PF Law before 5 years.

The meeting further discussed the option to outsource part of the portfolio to a non-profit institution that can offer both an investment management service combined with a training program for the BPA staff capacity building.

The Board recommended the BPA to initiate the process of exploring for a non-commercial external manager and prepare an analysis of the different options using a non-commercial external manager such as the World Bank and the Bank for International Settlement.

The Board also requested the BPA to include a study on the operational implications by hiring non-commercial external fund managers.

It was resolved that the BPA will prepare a Discussion Paper covers topics discussed to be presented in the next Board meeting.

#### **Adoption of IAB Work Plan**

The Board discussed a draft document prepared by Board's Secretariat related to the Work Plan of the IAB for 2006, including agenda of each meeting and meeting schedule and decided to adopt it for current calendar year.

The Board resolved to adopt the Work Plan and authorized for its publication.

#### **Budget Arrangement**

The Board discussed the budget document presented by Mr. Sam Robinson. It was suggested that the budget should be incorporated in the Management Fee for BPA.

The Board decided that the budget arrangement will be further discussed when the BPA management fee is approved.

#### **Disclosure of Members Assets and Income**

A document on the disclosure of members' assets and income was presented by Mr. Robinson and discussed in the meeting.

The Board generally accepted the document presented and suggested some further discussion on the minimum requirement that need to be disclosed and to extend the declaration related to the Article.

#### **Adoption of Rules of Procedure**

The Board approved the rules of procedure with minor amendment and authorizes it for publication.

#### **Other Business**

There were no other businesses, and the Chairman declared the meeting closed at 17.45.

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**Chairman**

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**Minute Secretary**