

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

Held on 07 February 2017

At the Office of Autoridade Nacional do Petróleo e Mineral (ANPM), Dili, Timor-Leste

Present:

Olgario de Castro (Chairman)
Kevin Bailey
Tørres Trovik
Gualdinho da Silva

Venancio Maria Alves
Basilio R.D.C.Soares
Cosme da Costa Araujo (Acting Secretary)

In attendance:

Samuel V. Robinson, PF Department, Central Bank
Tobias Ferreira, PF Department, Central Bank
Jonio Soares, PF Department, Central Bank
Agustinho Maia, PF Department, Central Bank

Filipe Nery Bernardo, PFAU, Ministry of Finance
Olga da Conceição, PFAU, Ministry of Finance
Celestina da C. Barros, PFAU, Ministry of Finance

The Chairman declared the meeting open at 14.10 PM.

1. Apologies

No apologies

2. Approval of the agenda

The Board agreed to the agenda of the meeting.

3. Approval of the minutes of the meeting on 01 December

Minutes of the meetings were discussed and approved.

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

Other business matters were to be discussed in agenda item number 11 of other business.

5. Discussion of the letter to the minister regarding currency hedging

A letter was prepared setting out the rationales for undertaking currency hedging. The Board discussed points in an accompanying note and the BCTL updated the Board on issues affecting the implementation of currency hedging. The recommendation to hedge non-US bonds was postponed. The BCTL will update the Board on the issue in the next IAB meeting.

6. Discussion of the letter to the Minister regarding the liquidity mandate

The Board discussed and approved the letter on liquidity mandate, subject to one change. The letter will be signed by the Chairman and sent to the Minister.

7. Update on equity factors.

BCTL updated the Board on the equity factor manager research. BCTL is in the final stage of its due diligence process.

8. Review of the fund's performance

BCTL updated the Board on the Fund's performance for the 4th Quarter ended in December 2016. A market commentary was also provided. The Fund registered negative return for the quarter. It made a loss of US\$197 million in dollar terms. The fourth quarter of 2016 was not a good one for fixed income assets as government bond yields rose in most developed countries causing the bond price to fall. Equity performed relatively well during the fourth quarter of the year.

9. IAB priorities and budget for 2017

The Secretariat presented the IAB priorities for 2017. The IAB discussed the need to anchor-in stakeholders support. Therefore, meetings with stakeholders were greatly emphasized and prioritized for in 2017.

10. Update on the IAB succession search

Chairman updated the Board on the IAB succession search. The IAB final assessment has been sent to the Minister.

11. Other business

The Secretariat updated the Board on fi360 and other administrative matters.

12. Schedule next meeting

The Board agreed to hold the IAB meeting on 3rd of April 2017 at the ANPM Office in Dili at 3:30 pm.

The Chairman declared the meeting closed at 6:30 pm.

Chairman

Acting Secretary