

Petroleum Fund of Timor-Leste

Quarterly Report

31 December 2019

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INTRODUCTION

This report is produced in accordance with Article 13 of the Petroleum Fund Law which requires the Central Bank to report on the performance and activities of the Petroleum Fund of Timor-Leste, referred to in this report as the Fund unless the context suggests otherwise.

All monetary references in this report are to United States dollars as the official currency of Timor-Leste.

While every effort has been made to ensure accuracy, the information is based on management and custodial reports and has not been independently audited and is subject to change, in which case the changes will be incorporated into subsequent reports.

EXECUTIVE SUMMARY

The Petroleum Fund was formed by the enactment of the Petroleum Fund Law Promulgated on 3 August 2005 as amended on 28 September 2011. The law gives the Central Bank of Timor-Leste the responsibility for the operational Management of the Fund.

This report covers the period from 01 October 2019 to 31 December 2019.

Key statistics for the quarter include:

- The capital of the Fund at the end of the Current quarter was \$17.69 billion while the previous quarter was \$17.55 billion.
- Gross cash inflows to the fund from royalties and taxes were \$156.82 million.
- Outflow for the quarter were \$552.48 million, being transfers to the state budget of \$549 million while \$3.48 million was for management costs.
- The profit for the quarter was \$530.32 million, representing a gross of fees return of 3.05% compared with the benchmark return of 3.07%.

The Fund performance for the quarter, including the performance of the relative asset classes, was as follows:

Table 1

%	QTR	FYTD	1 Year	3 Years	5 years	Since Inc
Total Fund	3.05	13.25	13.25	6.77	4.84	4.45
Benchmark	3.07	13.44	13.44	6.65	4.75	4.40
<i>Excess</i>	<i>-0.02</i>	<i>-0.18</i>	<i>-0.18</i>	<i>0.11</i>	<i>0.09</i>	<i>0.04</i>
International Fixed Interest	0.08	5.16	5.16	2.86	2.03	2.68
Benchmark	0.11	5.40	5.40	2.91	2.03	2.68
<i>Excess</i>	<i>-0.03</i>	<i>-0.24</i>	<i>-0.24</i>	<i>-0.04</i>	<i>0.00</i>	<i>0.00</i>
International Equities	8.49	27.67	27.67	12.71	9.04	10.18
Benchmark	8.56	27.67	27.67	12.57	8.74	9.66
<i>Excess</i>	<i>-0.07</i>	<i>0.00</i>	<i>0.00</i>	<i>0.13</i>	<i>0.30</i>	<i>0.52</i>
Private debt instrument for Petroleum Operations	1.11	n.a	n.a	n.a	n.a	3.28
Benchmark	1.11	n.a	n.a	n.a	n.a	3.28
<i>Excess</i>	<i>0.00</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>0.00</i>

1. INVESTMENT MANDATE

A revised Management Agreement between the Ministry of Finance and the Central Bank was signed on 25 June 2009. Annex 1 was further updated subsequently to reflect the latest developments. The latest update was on 30 July 2019 to reflect Minister's decision on introducing equity factor portfolios. The benchmarks as of December 2019 were as follows:

Table 2

	Oct-19	Nov-19	Dec-19
3 Month US Treasury Bills/Cash	5%	5%	5%
BOA Merrill Lynch 3-5 Years Treasury Bond Index	35%	35%	35%
BOA Merrill Lynch 5-10 Years Treasury Notes and Bond Index	10%	10%	10%
Barclays Global Treasury Developed Market ex US, 30% Eurozone and 10% Country Capped	10%	10%	10%
Total Fixed Income	60%	60%	60%
Total equity (MSCI World Index Net Dividends Reinvested)	35%	35%	35%
Total Private debt instrument for Petroleum Operations	5%	5%	5%
Total	100%	100%	100%

2. MARKET TRENDS DURING THE QUARTER

Global Market Trend

Global trade optimism and the major central banks' accommodative monetary policy stance continue to support economic expansion in the United States and economic recovery in the Europe and other major economies.

The economic indicators in the U.S. remained stable during the fourth quarter of 2019. The U.S. gross domestic product for the third quarter came at 2.1%, a slight improvement from the previous quarter of 2.0%, boosted by the positive personal consumption expenditure, which is the largest part of the U.S. economy. The employment numbers also remained strong as the economy created, on average, 184,000 jobs during the October – December period, and more than 2.1 million jobs in total for the 2019 fiscal year; leaving the unemployment rate at 3.5%. The U.S. Federal Reserve made another 25 bp interest rate cut to take the Fed fund rate to 1.50 – 1.75% range in October. The Fed left their target interest rate unchanged during its meeting toward the end of the year. The policy makers stated the current stance of monetary policy is appropriate to support sustained economic growth, strong labor market conditions, and inflation near the 2% target. The Minutes of the most recent Federal Open Market Committee meeting showed that the Fed does

not foresee any interest rate reduction in 2020 if incoming information about the economy did not result in a reassessment of the economic outlook. The U.S dollar depreciated more than 3% against the basket of the peer-developed currencies during the quarter.

The European Central Bank policy makers agreed that there were some signs of stabilization in the Eurozone economic growth slowdown, and that downside risks to the economic outlook had become somewhat less pronounced according to the accounts of the December meeting. Policymakers also noted that measures of the underlying inflation remained generally subdued, although there were some indications of a mild increase, while some members voiced concerns about the possible side effects of the September monetary policy measures when the ECB decided to resume the asset purchase program, including the potential impact of negative interest rates on households' savings and consumption dynamics. The economic data from the region improved slightly, especially from Germany, the country with the largest economy in the region. The European Commission's monthly survey showed economic sentiment in the 19 countries sharing the euro rise from 101.2 in November to 101.5 points in December, a second consecutive monthly rise and above the average forecast of 101.4 points. The newly appointed ECB's President Christina Lagarde, who succeeded Mario Draghi, appealed to the country leaders in the region to deploy fiscal tools to improve the economic prospect of the respective countries in the region instead of solely relying on monetary policy.

In addition, the political uncertainty of BREXIT eased after the results of the United Kingdom's general election in December 2019, which saw the Conservative Party secure the majority in the U.K's parliament. This result would attribute more political power to the U.K's Prime Minister Boris Johnson, to pass the BREXIT deal in the U.K's parliament in order to part ways with the European Union before the 31 January deadline. After the BREXIT deal passed, both parties would enter a transition period from the end of January toward the end of 2020 to allow both parties to negotiate a future trade relationship. Several voting members of the Bank of England stated recently that they foresee a cut in the central banks' interest rate given low inflation and no sign of improvement of the economic indicators. Across the Asia Pacific, Bank of Japan kept their monetary policy unchanged during the quarter. BoJ cut its economic assessment of the three out of the nine regions in Japan whose economic growth is dependent on exports due to the expected weaker overseas demand. Overall, the Bank is cautiously optimistic on the economy, expecting strong domestic demand to offset the weaker export and manufacturing. The Bank also stated that it would adjust its monetary policy necessarily to keep the momentum toward achieving its 2% inflation target while assessing the risks. The inflation in Japan is now hovering at 0.5% in November but the Bank projects to reach 1.1% in 2020 and 1.5% in the following year respectively.

China is expected to post its slowest economic growth in 30 years in 2020, as both domestic and global demands remain sluggish. It reinforces the view that the China's Central Bank has to ease the monetary policy further and the government needs to roll out more stimulus programs to prevent the economy from declining further. China's exports rose for the first time in five months in December and by more than expected, signaling a modest recovery in demand after the U.S and China agreed on the "phase one" trade deal to suspend the prolonged trade disputes between the both countries.

The Reserve Bank of Australia kept its interest rate unchanged at 0.75% during its monetary policy meeting in December 2019. The central bank cut interest rates three times during the fiscal year 2019, taking the interest rate from 1.50% at the beginning of the year to 0.75% at the end of the year. It is evident that the interest rate reduction in 2019 has again boosted the price of properties in the major cities in Australia. However, if increasing property price is not translated into consumer confidence to boost consumer spending and investment appetite, the RBA might reduce the interest rate further in 2020.

Equities

Global equity market indices posted gains for the quarter boosted by the U.S and China's "phase one" trade deal announcement and supportive monetary policy from the major central banks.

The indices representing the equity market in U.S advanced during the last quarter supported by the eased trade tension as the U.S and China announced that both parties are working toward reaching a "phase one" trade agreement. Because of the announcement, the U.S suspended the planned tariffs on China's imported

goods to go in effect on 15 December. The U.S also reduced in half the tariffs on China's imported goods worth \$120 billion levied in September. In return, China agreed to purchase more goods from the U.S worth \$200 billion in two years, with agricultural products up from \$40 to \$50 billion. In addition, the deal also demanded the Chinese authorities put in place policy framework to respond to U.S demand for intellectual property protection and prevention of forceful technology transfers. The technology sector reacted positively to the agreement as the technology dominated equity index NASDAQ which outperformed other indices with a 12% increase for the quarter and up 35% in 2019. Energy sector also gained during the quarter as oil price rose triggered by an Organization of Petroleum Countries decision to reduce oil production in 2020 and tension between Iran and the U.S in late December. In addition, the trade agreement reached by the U.S and China also boosted the energy demand outlook.

Eurozone equity market indices also advanced in the last quarter of the year as MSCI EU posted a 5% gain for the quarter and more than 22% for the year. Equity markets in the region were supported by the European Central Bank to continue using monetary policy tools to support the economy. The latest data from Germany showed some improvement compared to the previous months. German industrial output posted its biggest increase in one and a half years in November, rising 1.1% month on month compared to 0.7% expected, in a sign that Europe's largest economy gained momentum in the fourth quarter, driven by stronger production in manufacturing and booming construction. Germany's equity market index DAX went up more than 6% in the quarter and 25% for the whole year.

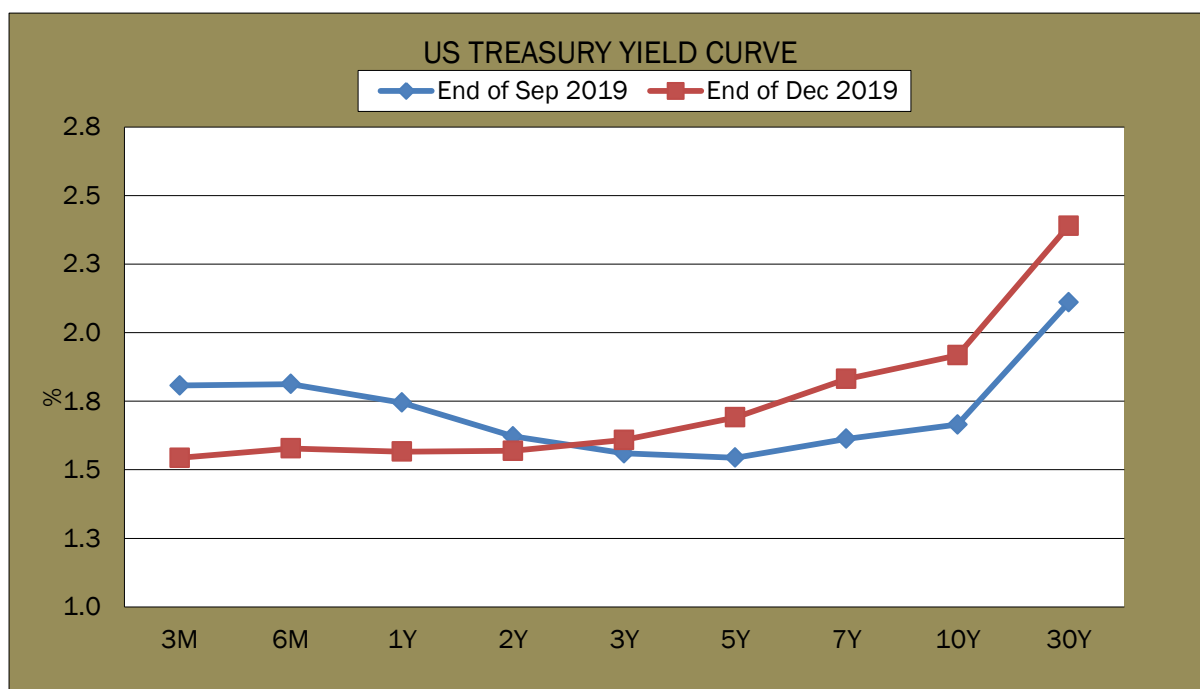
Equity markets in Asia and emerging markets also rose for the quarter of the year. The Japanese equity market, Nikkei posted more than 8% for the quarter. The Japanese Equity market's positive performance was helped by the depreciation of the Yen against the USD during the quarter, making the exporter companies' products become more competitive in the international markets. In addition, the announcement of an economic stimulus package by the government at the end of December also helped the investors' mood, which in turn contributed to the value of equity. The generic emerging market equity indices, MSCI EM rose more than 11% during the quarter, supported by the ease in geopolitical risks.

The only market that lagged in the region during the quarter was Australian market as the MSCI Australia index declined less than 1% during the quarter but increased more than 17% for the year. The Australian economy has experienced turbulence, which triggered the Reserve Bank of Australia to cut interest rates during the year.

Bonds including US Treasuries

The yield of the global sovereign bond increased in the quarter as trade optimism and improving economic data in the Euro region toward the end of the year, triggered reallocation of investment from safe haven assets to risky assets. However, increasing yields for the quarter were not enough to offset the decline of the global treasury yields since the beginning of the year. The sharp decline in the Treasury bond yields of major countries in the beginning of 2019 reflected raising risks such as weaknesses in the economy worldwide, high global trade uncertainties, and the geopolitics. Those factors drove the major central banks to reverse their monetary policy course by reducing interest rates and reintroducing asset-purchasing programs. The graph below demonstrates that the yield of U.S Treasury short-term bill (3 month – 2-years) decreased while the yield of longer-term maturity U.S Treasury bonds increased during the quarter. The yield curve movement reflects the U.S Federal Reserve's monetary policy stance that there is no monetary policy changes in the short-term as the economy only grows at modest pace and temporary ease in trade disputes between the U.S and China. The divergent movement between the short and long term U.S Treasury securities reverse the yield curve inversion occurred during the year, which is historically a precursor for impending economic recession.

Figure 1



3. MANAGEMENT DURING THE QUARTER

Objectives

The Central Bank, as operational manager of the Fund, has implemented the investment mandates through a combination of internal and external management.

The following table shows how the investment mandates have been implemented.

Table 3

Mandate	Management Style	Authorised Managers	Tracking Error	Outperformance Target	Commencement date
3 Month USD Treasury Bills/Cash	Passive	BCTL	n/a	Nil	14-Aug-18
BOA Merrill Lynch 3-5 Years US Treasury Bond Index	Passive	BCTL	n/a	Nil	19-Jan-12
BOA Merrill Lynch 5-10 Years US Treasury Bond Index	Enhanced Passive	Bank for International Settlements	0.50%	0.25%	15-Dec-11
Barclays Global Treasury Developed Market ex US, 30% Eurozone and 10% Country Capped	Enhanced Passive	Alliance Bernstein	0.50%	Nil	3-Jul-14
	Enhanced Passive	Wellington Management	0.50%	Nil	4-Dec-14
MSCI World Index ex Australia Net Dividends Reinvested	Equity Factor	Schroders Equity Factor	3.00%	Nil	2-Aug-19
	Equity Factor	SSgA Equity Factor	3.00%	Nil	2-Aug-19
MSCI World Index ex Australia Net Dividends Reinvested	Passive	SSgA International Equity	0.35%	Nil	18-Jan-12
	Passive	BlackRock International Equity	0.35%	Nil	21-Feb-13
MSCI Australia	Passive	BCTL	0.50%	Nil	4-Jul-16
Private debt instrument for Petroleum Operations	Passive	BCTL	n/a	Nil	10-Apr-19

Operational Implementation

The actual allocation of the capital of the Fund to the various mandates as at the end of the quarter was as follows:

Table 4

Mandate	Managers	Target Benchmark	Tolerance	Actual	Lower Boundary	Upper Boundary
3 Month US Treasury Bills/Cash	BCTL	5.000%	± 2.5%	4.705%	2.500%	7.500%
BOA Merrill Lynch 3-5 Years Treasury Bond Index	BCTL	35.000%	± 2.5%	34.982%	32.500%	37.500%
BOA Merrill Lynch 5-10 Years Treasury Notes and Bond Index	Bank for International Settlements	10.000%	± 1%	9.870%	9.000%	11.000%
Barclays Global Treasury Developed Market ex US, 30% Eurozone and 10% Country Capped	Alliance Bernstein	5.000%	± 0.5%	4.556%	4.500%	5.500%
	Wellington Management	5.000%	± 0.5%	4.625%	4.500%	5.500%
Total Fixed Income		60.000%		58.739%	53.000%	67.000%
MSCI Index ex Australia Net Dividends Reinvested	Schroders Investment Management SSgA Equity Factor	8.750%	± 1.75%	9.317%	7.00%	10.500%
MSCI Index ex Australia Net Dividends Reinvested	SSgA International Equity BlacRock	25.375%	± 6%	27.225%	19.38%	31.38%
MSCI Australia Index	BCTL	0.875%	± 0.45%	0.925%	0.425%	1.325%
Total Equities		35.000%		37.466%	26.800%	43.200%
Total Private debt instrument for Petroleum Operations	BCTL	5.000%	n/a	3.794%	0.000%	5.000%
Total		100.000%		100.000%		

4. PORTFOLIO PERFORMANCE

This section contains a number of tables and charts describing the performance of the Petroleum Fund.

The following notes are intended to assist in interpreting this information:

- The percentage figures show the return of the Fund, or a part of it, which is compared with the performance of the corresponding benchmark. The benchmark represents the investment strategy established by the Minister and is used as a goal against which the performance of the actual investments is measured. The Minister's benchmarks for the Petroleum Fund are described earlier in this report.
- The excess is the difference (which may be negative) between the benchmark and the portfolio being measured. In general a portfolio and its benchmark will respond in a similar manner to movements in the financial markets. The excess occurs because the benchmark does not recognize transaction costs, and because the actual portfolio usually contains a different mix of financial instruments to the benchmark.

GLOBAL PORTFOLIO

In the course of the quarter the Petroleum Fund balance was \$17.69 billion as follows:

Table 5

Capital Account	\$'000
Opening book value (01 October 2019)	17,553,677
Receipts during the period	156,816
Transfer to General State Budget	-549,000
Investment Return	530,323
Closing book value (31 December 2019)	17,691,816

The Fund was invested as follows:

Table 6

Assets	\$'000
Cash and Cash Equivalents	921,876
Other Receivables	32,684
Financial assets held at fair value through profit or loss	16,758,013
Less:	
Payable for Securities Purchased	-14,280
Accounts Payable	-6,477
Total	17,691,816

The income for the quarter was as follows:

Table 7

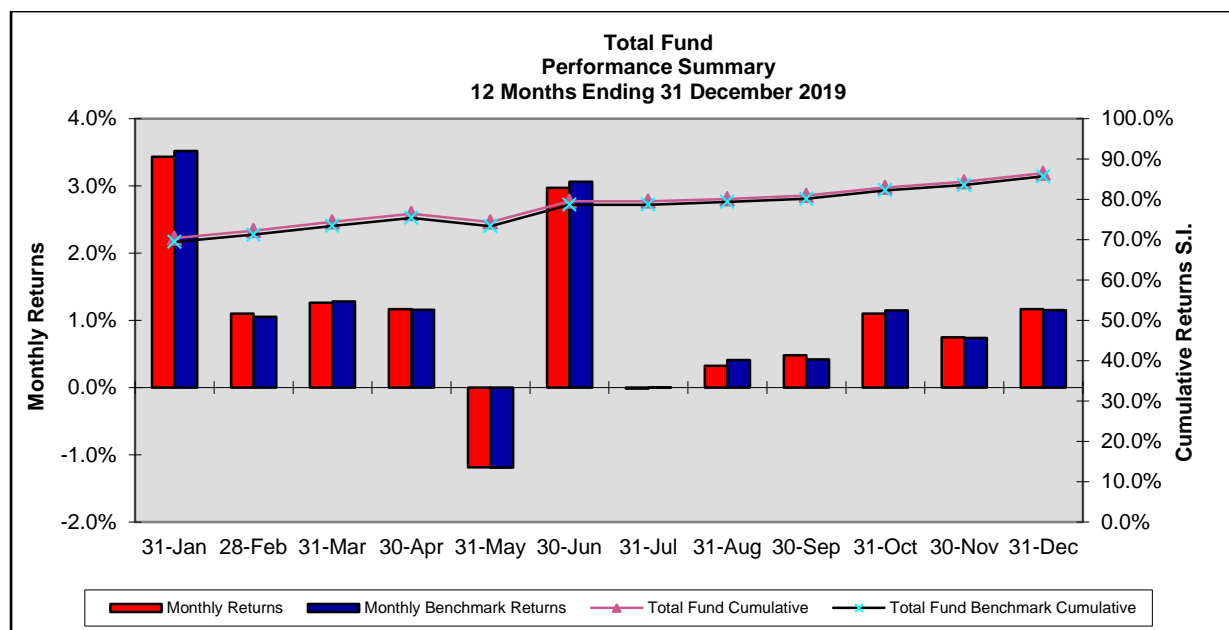
Income	\$'000
Interest income	67,170
Dividend income	28,104
Unit Trust distributions	1,695
Other Investment income	17
Net gains/(losses) on Financial Assets at fair value	439,326
Net foreign exchange gains/(losses)	-1,130
Less:	
External manager, custody fees	-3,187
Central Bank management expenses	0
IAB Expenses	-115
Other expenses	-175
Withholding taxes	-1,382
Total Investment Income	530,323

The following notes are intended to assist in interpreting this information:

- Unit trust distribution is the income received from listed property investment entities.
- Other expenses relate to derivative trading costs which are deducted directly from the Fund.

Global Benchmark over the same period is shown in the following graph.

Figure 2



FIXED INTEREST

The performance of the investments in Fixed Interest for the quarter, including the performance of the managers responsible for those investments, was as follows:

Table 8

%	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
International Fixed Interest	0.08	5.16	5.16	2.86	2.03	2.68
Benchmark	0.11	5.40	5.40	2.91	2.03	2.68
<i>Excess</i>	<i>-0.03</i>	<i>-0.24</i>	<i>-0.24</i>	<i>-0.04</i>	<i>0.00</i>	<i>0.00</i>
BCTL Cash Management (TLCM)	0.40	2.21	2.21	n.a	n.a	1.64
3 Month USD Treasury Bills	0.46	2.28	2.28	n.a	n.a	2.09
<i>Excess</i>	<i>-0.06</i>	<i>-0.07</i>	<i>-0.07</i>	<i>n.a</i>	<i>n.a</i>	<i>-0.45</i>
BCTL 3-5 yr US Treasury	0.06	5.02	5.02	2.49	2.05	1.65
BoA Merrill Lynch 3-5 Years US Treasury Passive	0.11	5.20	5.20	2.52	2.09	1.64
<i>Excess</i>	<i>-0.04</i>	<i>-0.18</i>	<i>-0.18</i>	<i>-0.03</i>	<i>-0.05</i>	<i>0.01</i>
Bank for International Settlements	-0.70	7.57	7.57	3.64	2.77	2.38
BoA Merrill Lynch 5-10 Years US Treasury Enhanced Passive	-0.75	7.43	7.43	3.53	2.72	2.35
<i>Excess</i>	<i>0.05</i>	<i>0.14</i>	<i>0.14</i>	<i>0.11</i>	<i>0.05</i>	<i>0.03</i>
Alliance Bernstein	0.87	5.14	5.14	4.10	1.11	-0.17
Barclays Global Treasury DM ex US Enhanced Passive	0.81	5.54	5.54	4.20	1.18	-0.18
<i>Excess</i>	<i>0.06</i>	<i>-0.40</i>	<i>-0.40</i>	<i>-0.10</i>	<i>-0.07</i>	<i>0.01</i>
Wellington Management	0.71	5.78	5.78	4.25	1.18	0.98
Barclays Global Treasury DM ex US Enhanced Passive	0.81	5.54	5.54	4.20	1.18	0.98
<i>Excess</i>	<i>-0.10</i>	<i>0.23</i>	<i>0.23</i>	<i>0.06</i>	<i>0.00</i>	<i>-0.01</i>

INTERNATIONAL EQUITIES

The performance of the investments in global developed market equities for the quarter, including the performance of the managers responsible for those investments, was as follows:

Table 9

	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
International Equities	8.49	27.67	27.67	12.71	9.04	10.18
Benchmark	8.56	27.67	27.67	12.57	8.74	9.66
<i>Excess</i>	<i>-0.07</i>	<i>0.00</i>	<i>0.00</i>	<i>0.13</i>	<i>0.30</i>	<i>0.52</i>
Schroders Investment Management*	8.74	n.a	n.a	n.a	n.a	9.76
MSCI World Index ex Net Australia dividends Reinvested	8.66	n.a	n.a	n.a	n.a	9.47
<i>Excess</i>	<i>0.08</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>0.30</i>
SSgA Equity Factor**	7.77	n.a	n.a	n.a	n.a	8.15
MSCI World Index ex Net Australia dividends Reinvested	8.66	n.a	n.a	n.a	n.a	9.47
<i>Excess</i>	<i>-0.89</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>-1.32</i>
SSgA International Equity	8.68	28.28	28.28	13.06	9.20	11.18
MSCI World index ex Australia Passive	8.66	27.78	27.78	12.66	8.78	10.78
<i>Excess</i>	<i>0.02</i>	<i>0.50</i>	<i>0.50</i>	<i>0.40</i>	<i>0.41</i>	<i>0.40</i>
BlackRock Investment Management	8.74	28.22	28.22	13.08	9.19	10.44
MSCI World index ex Australia Passive	8.66	27.78	27.78	12.66	8.78	10.08
<i>Excess</i>	<i>0.08</i>	<i>0.44</i>	<i>0.44</i>	<i>0.42</i>	<i>0.41</i>	<i>0.37</i>
BCTL Australia Equity	4.34	22.59	22.59	9.11	n.a	9.72
MXAU AU Index Passive	4.29	22.92	22.92	9.07	n.a	9.69
<i>Excess</i>	<i>0.05</i>	<i>-0.33</i>	<i>-0.33</i>	<i>0.04</i>	<i>n.a</i>	<i>0.03</i>

*The Performance number of Schroder reflects the reclassification of Schroder's mandate to be factor mandate effectively implemented on 2 August 2019.

**SSgA Equity factor performance numbers commence on 2 August 2019.

Private debt instrument for Petroleum Operations

The performance of the investment in Private debt instrument for Petroleum Operations for the quarter, including the performance of the manager responsible for this investment, was as follow:

Table 10

%	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
Private debt instrument for Petroleum Operations	1.11	n.a	n.a	n.a	n.a	3.28
Benchmark	1.11	n.a	n.a	n.a	n.a	3.28
<i>Excess</i>	<i>0.00</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>0.00</i>

5. MANAGEMENT COSTS

A management fee of \$3.48 million for operational management costs was charged to the fund during the quarter. The fee covered the following services (in thousands \$):

Table 11

External Management and Custody expenses	3,187
Central Bank management expenses	-
IAB expenses	115
Other Expenses	175
Total Cost	3,477

6. TRANSFERS TO STATE BUDGET

According to Article 7.1 of the Petroleum Fund Law transfers from the Fund may only be made to the credit of a single State Budget account. An amount of \$549 million was transferred to the State Budget account during the quarter. The transfers are summarized in table 12.

Table 12	In Thousand (\$)
Transfer October 2019	0
Transfer November 2019	248,000
Transfer December 2019	301,000
Transfer for this Quarter	549,000
Total Transfers previous quarters	420,000
Total transfers this fiscal year to December 2019	969,000

7. COMPLIANCE STATEMENT

Banco Central de Timor-Leste asserts the following statements relating to compliance with the mandates given by the Minister.

Qualifying Instruments

The Fund was invested in instruments within the investment universes specified in the various mandates at all times during the quarter.

Modified Duration

The modified duration of the Fund's fixed interest investment portfolios remained within the mandate during the quarter.

Tracking Error

The tracking error of each mandate in the Fund's investment portfolio was within the specified range during the quarter.

External Managers

External managers' investments were within their mandates during the quarter.

Internal Audit

The provisions of Article 22 of the Petroleum Fund law no. 9/2005 require the Central Bank's Internal Auditor to perform an audit of the Fund every six months. The Internal Auditor has performed an audit up to quarter ended 30 June 2019.

8. FINANCIAL INFORMATION

The following financial information is presented for the purpose of assisting the Minister to review the quarterly performance of the Petroleum Fund as set out in this report. The figures have not been audited.

Table 13

BALANCE SHEET	2019	2018
In thousands of USD	December	December
ASSETS		
Cash and Cash Equivalents	921,876	725,099
Receivables	32,684	25,799
Financial assets held at fair value through profit or loss	16,758,013	15,072,096
TOTAL ASSETS	17,712,573	15,822,994
LIABILITIES		
Payables for securities purchased	-14,280	-16,644
Accounts payable	-6,477	-2,711
TOTAL LIABILITIES	-20,757	-19,355
NET ASSETS	17,691,816	15,803,638
CAPITAL		
Opening Balance (January)	15,803,638	16,799,313
PF Law Art. 6.1 (a) Revenue receipts	327,388	260,154
PF Law Art. 6.1 (b) DA receipts	428,867	243,983
PF Law Art. 6.1 (e) Other receipts	0	5,944
PF Law Art 7.1 Transfers to State Budget	-969,000	-982,500
PF Law Art.10 tax refund	0	-63,335
Income for the period	2,100,924	-459,921
CAPITAL	17,691,816	15,803,638

Table 14

STATEMENT OF PROFIT OR LOSS	QUARTER		YEAR TO DATE	
In thousands of USD	Dec-19	Dec-18	Dec-19	Dec-18
INVESTMENT INCOME				
Interest income	67,170	55,487	259,230	201,534
Dividend income	28,104	30,245	152,483	156,845
Trust income	1,695	1,583	6,316	6,694
Other investment income	17	5	46	39
Net gains/(losses) on Financial Assets at fair value	439,326	-735,693	1,709,253	-642,694
Net foreign exchange gains/(losses)	-1,130	-42,957	-2,679	-157,388
Total Investment Income	535,181	-691,329	2,124,650	-434,971
EXPENSES				
External management, fees	3,187	1,721	8,518	9,329
Internal operational management fees	0	0	5,074	5,074
IAB Expenses	115	111	231	254
Other expenses	175	372	1,015	839
Total expenses	3,477	2,204	14,838	15,496
Profit before tax	531,705	-693,534	2,109,811	-450,467
Withholding taxes on investments	1,382	1,321	8,887	9,454
Profit/loss for the period	530,323	-694,855	2,100,924	-459,921
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	530,323	-694,855	2,100,924	-459,921

Notes: The accounting policies and method of computation used to prepare the above figures are the same as disclosed in the most recent annual financial statements of the Petroleum Fund.

Dili, 22 January 2019



Venancio Alves Maria
Deputy Governor



Abraão de Vasconcelos
Governor