

Petroleum Fund of Timor-Leste

Quarterly Report

31 March 2026

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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 January to 31 March 2026.

Key statistics for the quarter include:

- The capital of the Fund at the end of the current quarter was \$18.31 billion while in the previous quarter was \$18.61 billion.
- Gross cash inflows to the fund from royalties and taxes were \$4.50 million.
- The outflow for the quarter was \$204.18 million, comprising a transfer of \$200 million to the State Budget and \$4.18 million in management costs.
- The profit/loss for the quarter was -\$103.30 million. The return on financial market investments was -0.62% compared with the benchmark return of -0.68%.

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	-0.55	-0.55	8.02	7.43	3.96	4.58
Benchmark	-0.63	-0.63	8.13	7.57	4.07	4.55
<i>Excess</i>	0.08	0.08	-0.11	-0.15	-0.12	0.03
Financial Market Investments	-0.62	-0.62	8.44	7.71	4.18	4.68
Benchmark	-0.68	-0.68	8.26	7.67	3.98	4.54
<i>Excess</i>	0.06	0.06	0.19	0.04	0.20	0.14
Investment in Petroleum Operations	1.81	1.81	-4.45	-0.95	-2.41	-2.49
Benchmark	1.10	1.10	4.50	4.50	4.50	4.50
<i>Excess</i>	0.71	0.71	-8.95	-5.45	-6.91	-6.99

Table 2

%	QTR	FYTD	1 Year	3 Years	5 years	Since Inc
Total Financial Market Investments	-0.62	-0.62	8.44	7.71	4.18	4.68
Benchmark	-0.68	-0.68	8.26	7.67	3.98	4.54
<i>Excess</i>	0.06	0.06	0.19	0.04	0.20	0.14
Liquidity Portfolio	0.43	0.43	3.75	4.46	n.a	2.84
Benchmark	0.45	0.45	3.85	4.66	n.a	2.99
<i>Excess</i>	-0.03	-0.03	-0.10	-0.20	n.a	-0.14
Growth Portfolio	-1.04	-1.04	9.45	8.41	n.a	3.90
Benchmark	-1.15	-1.15	9.24	8.30	n.a	3.79
<i>Excess</i>	0.11	0.11	0.21	0.11	n.a	0.11

1. INVESTMENT MANDATE

A revised Management Agreement between the Ministry of Finance and the Central Bank was signed on 25 June 2009. The Annexes of the Management Agreement were subsequently amended to reflect the actual investments.

From 1 November 2020, the Private Debt Instrument is separated from the financial market investments portfolio. From 1 July 2021, the Financial Market Investment portfolio is segmented into the Liquidity Portfolio and the Growth Portfolio. The benchmarks of the Total Fund and Financial Market Investment as of March 2026 were as follows:

Table 3

Mandates	Jan-26	Feb-26	Mar-26
Total Fund	100%	100%	100%
Investment in Petroleum Operations	2.9%	2.9%	2.9%
Financial Market Investment	97.1%	97.1%	97.1%
Total Financial Market Investment	100%	100%	100%
Liquidity Portfolio	15.6%	15.5%	20.7%
Growth Portfolio	84.4%	84.5%	79.3%
Liquidity Portfolio	100.00%	100.00%	100.00%
BOA ML 0-3 Years US Treasury Bond Index			
Total Growth Portfolio	100%	100%	100%
US Government Treasury Notes 3-5 Years	35.0%	35.0%	35.0%
US Government Treasury Notes 5-10 Years	10.0%	10.0%	10.0%
Global Developed Market Sovereign Bond, Hedged	10.0%	10.0%	10.0%
US TIPS Treasury Bonds 1 -10 Years	10.0%	10.0%	10.0%
Developed Market Equities	35.0%	35.0%	35.0%

2. MARKET TRENDS DURING QUARTERLY

Global Macroeconomic Trends

Economic Growth and Labor Market

- In March 2026, the J.P. Morgan Global Manufacturing PMI eased slightly to 51.3, indicating continued but slower expansion in the sector. Growth of output and new orders moderated amid near-stagnant global trade, rising input costs, and stretched supply chains, while business confidence fell to a five-month low due to geopolitical uncertainty, including the Middle East conflict. Input price inflation surged to a 44-month high, and supplier delivery times lengthened significantly. Employment remained broadly stable, with job cuts in some regions offset by increases in others. Overall, manufacturing remains resilient but under stress, with expansion continuing while higher costs, supply challenges, and geopolitical uncertainty are slowing growth and weighing on confidence.
- At the close of the first quarter of 2026, the S&P Global US Manufacturing PMI registered 52.3, indicating a moderate pace of expansion. Growth in output and new orders was supported by resilient domestic demand and strategic inventory accumulation amid the Middle East conflict, which also contributed to notable increases in both input and output prices. Supplier delivery times deteriorated to their weakest level since October 2022, reflecting heightened supply chain pressures, while tariffs and logistical constraints continued to weigh on export activity. Rising costs and broader inflationary pressures moderated overall growth momentum. Consistent with this trend, the Atlanta Fed’s GDPNow model indicates that real U.S. GDP growth for Q1 2026 is approximately 1.2%–1.3% (annualized), reflecting a subdued pace of expansion. According to the U.S. Bureau of Labor Statistics, labor market conditions remained generally stable, with total nonfarm payrolls increasing by 178,000 in March and the unemployment rate holding steady at 4.3%.
- S&P Global data show contrasting trends in quarter one 2026 manufacturing between the Eurozone and the UK. The Eurozone Manufacturing PMI rose to 51.6, its highest level in 45 months, indicating

a modest expansion in industrial activity supported by increases in production and new orders. While cost pressures remained elevated, they were largely driven by higher input and energy costs amid ongoing geopolitical uncertainty. In contrast, the UK Manufacturing PMI declined to 51.0, though still above the expansion threshold. Manufacturing output contracted for the first time in six months, alongside weaker employment, as firms faced rising input cost inflation, significant supply-chain disruptions, and heightened geopolitical and policy uncertainty. While Eurozone manufacturers recorded modest output growth, UK producers reduced production activity, reflecting comparatively stronger exposure to supply-side constraints and geopolitical risk factors. Euro area real GDP expanded modestly in the first quarter of 2026, estimated at approximately 0.3% quarter-on-quarter. ECB staff projections indicate full-year growth of around 1.2% in 2026, consistent with a gradual but subdued recovery supported primarily by domestic demand, while external trade conditions and geopolitical uncertainty continue to weigh on momentum. Unemployment remained stable at 6.2% in February 2026.

- In the first quarter of 2026, Asia-Pacific manufacturing and services activity showed mixed trends. In Japan, the Manufacturing PMI eased to 51.6 in March, indicating slower growth in output, new orders, and employment. Expansion was led by investment goods, while consumer goods weakened. Rising input costs, driven by energy, raw materials, labor pressures, and the Middle East conflict, pushed selling prices higher. Supply chain delays persisted, and business sentiment softened amid geopolitical risks and a weak yen. Meanwhile, in Australia, the Services PMI fell sharply to 46.3, signaling the first contraction in activity in over two years, driven by declining new orders and inflationary pressures, particularly from higher fuel costs. According to the Australian Bureau of Statistics, Australia's seasonally adjusted unemployment rate rose to 4.3% in February 2026. At the same time, major international institutions project real GDP growth for 2026 to be in the range of 2.1%–2.3%, indicating moderate economic expansion alongside some softening in labor market conditions.

Inflation and Monetary Policy

- In its first two meetings of 2026, the Federal Open Market Committee (FOMC) opted to keep the federal funds rate unchanged, maintaining the target range at 3.50% to 3.75%. This consistent decision in both the January and March meetings reflects the Fed's cautious approach as it monitors inflation, economic growth, and global risks, signaling a pause in further adjustments for the early part of the year. According to the Bureau of Economic Analysis (BEA) as of January 2026, the U.S. Core Personal Consumption Expenditures (Core PCE) Price Index, which excludes food and energy and serves as the Federal Reserve's preferred measure of inflation, rose by 3.1% year on year. This reading remains above the Fed's long-term target of 2%, indicating persistent underlying price pressures. Additionally, in its March 2026 Summary of Economic Projections, the Federal Reserve projected that both headline and core PCE inflation would moderate to approximately 2.7% over 2026, suggesting that policymakers expect a gradual easing of inflationary pressures while remaining slightly above the target range.

- On 19 March 2026, the ECB maintained all key policy rates unchanged (deposit facility 2.00%, main refinancing 2.15%, marginal lending 2.40%) and reaffirmed a data-dependent, meeting-by-meeting approach with no pre-commitment to a rate path. The Governing Council highlighted that geopolitical tensions in the Middle East have increased uncertainty, generating upside risks to inflation through higher energy prices and downside risks to euro area growth. ECB staff projections show headline inflation averaging 2.6% in 2026, core inflation at 2.3%, and GDP growth at 0.9%, reflecting higher energy costs and weaker global conditions, partially offset by resilient labor markets and fiscal support in defense and infrastructure. Similarly, the Bank of England (BoE) held the Bank Rate at 3.75%, noting that the conflict has disrupted energy supply and could push inflation above previous expectations, although current inflation is around 3%.
- On 17 March 2026, the Reserve Bank of Australia (RBA) raised the cash rate by 25 basis points (bps) to 4.10%, citing renewed inflation pressures and rising risks to the outlook. Inflation had re-accelerated in late 2025 due to stronger domestic demand and tighter labor market conditions, while geopolitical tensions in the Middle East pushed up energy prices and inflation expectations. The Board judged that inflation would remain above target for longer than expected, with risks tilted to the upside, warranting a policy tightening despite ongoing uncertainty in global and domestic financial conditions. Meanwhile, on 19 March 2026, the Bank of Japan (BoJ) kept its policy rate at around 0.75% (8–1 vote), noting a moderate economic recovery supported by resilient consumption, wage growth, and rising investment. Inflation has eased toward 2% due to temporary factors, though underlying pressures remain. The BoJ highlighted risks from Middle East tensions via higher energy prices and maintained a gradual policy normalization stance if its outlook is realized.

Global Market Trends

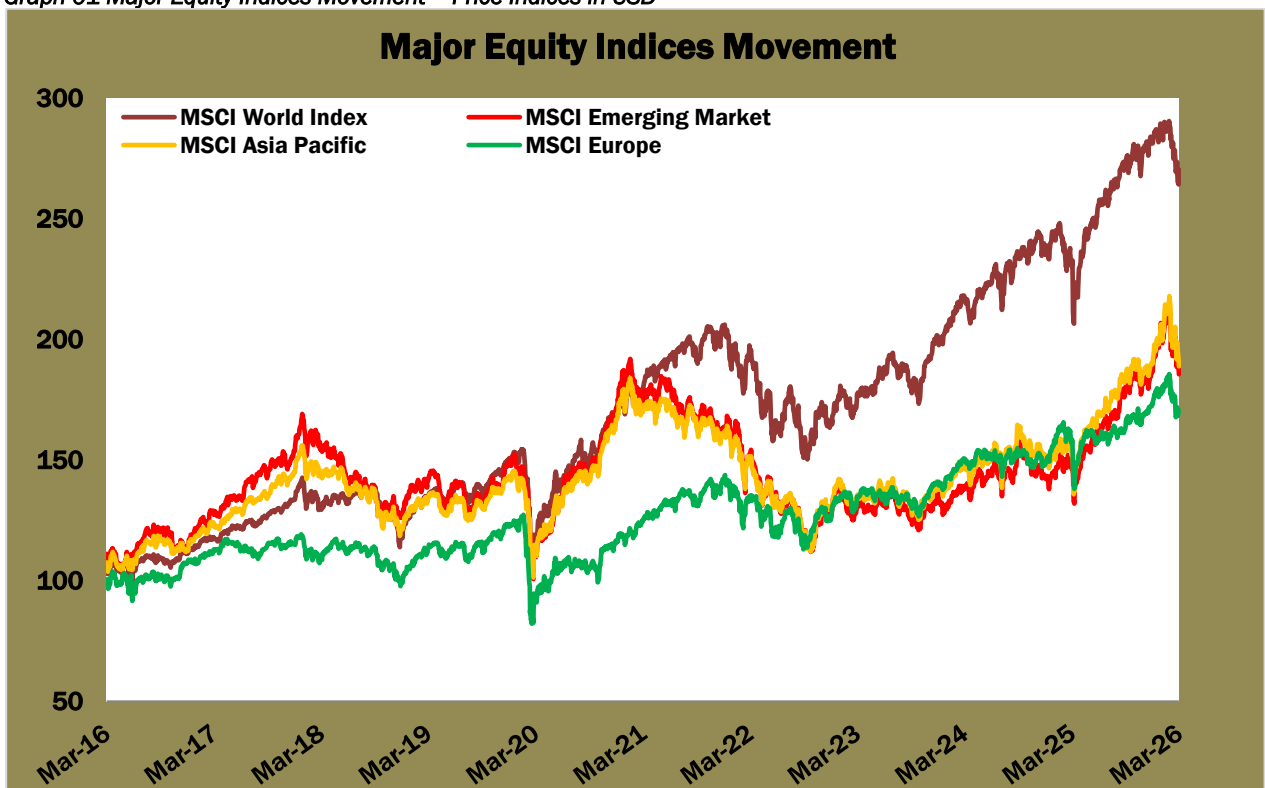
MSCI World Index

- In the first quarter of 2026, the MSCI World Index declined 3.57% (net returns, USD) reflecting a broad-based risk-off adjustment across developed equity markets. Short-term weakness was concentrated in growth and technology-heavy sectors following a period of elevated valuations and sensitivity to macroeconomic and interest rate expectations. Despite the quarterly contraction, the index maintained a strong 12-month return of 18.90%.
- US equities were volatile in the first quarter of 2026, with the S&P 500 declining 4.3%, marking its weakest quarterly performance since 2022. The year began on a strong footing, supported by solid macroeconomic fundamentals, including a resilient labor market, moderating inflation, and steady consumer spending, which initially drove markets to record highs amid expectations of continued earnings growth. However, sentiment shifted as investors reassessed the outlook for US monetary policy, with stronger-than-expected growth raising concerns that the Federal Reserve would delay interest rate cuts. Volatility increased further following US–Israel military strikes on Iran, which disrupted key oil shipping routes through the Strait of Hormuz, driving up energy prices and elevating global risk aversion.
- Eurozone equities declined in quarter one of 2026, with the MSCI Europe ex-UK Index down around 2.35% (net returns, EUR). Losses were concentrated in March due to Middle East tensions that pushed

oil prices higher. Energy stocks outperformed, while consumer discretionary weakened. Within technology, software underperformed on AI disruption concerns, while hardware and semiconductors were more resilient. On the other hand, UK equities delivered mixed performance in quarter one of 2026. The FTSE All-Share index recorded a positive return of 2.4%, supported by its relatively high exposure to commodities and strength in the energy sector. A weaker sterling provided an additional tailwind by enhancing returns for internationally oriented UK-listed companies. Gains were also observed in basic materials, telecommunications, and healthcare, particularly large pharmaceutical firms benefiting from strong earnings and progress in drug development. In contrast, technology and consumer discretionary sectors declined, while large-cap stocks outperformed over the period.

- In the first quarter of 2026, Japanese equities were among the strongest-performing major equity markets, with the TOPIX rising 3.6 percent. Gains were driven by a strong rally in February following the Liberal Democratic Party’s landslide election victory, which reinforced expectations of political stability and expansionary fiscal policy, alongside yen weakness that supported export-oriented sectors. However, performance softened in March amid broader global risk aversion linked to Middle East tensions, higher energy prices, and increased financial market uncertainty, leading to a partial retracement of earlier gains. While recent global volatility is also reflected in markets such as Australia, where the MSCI Australia Index declined by 10.01% (net returns, USD) in March despite a 3.30% gain over three months, indicating a sharp short-term correction.

Graph 01 Major Equity Indices Movement – Price Indices in USD



Global Treasury Bonds include U.S Treasuries

1) US Treasury Market including Treasury Inflation-Protected Securities (TIPS):

In the first quarter of 2026, U.S. Treasury yields rose modestly, with the 2-year increasing by 0.32% to 3.80% and the 10-year by 0.15% to 4.32%. The move was driven primarily by a global repricing of inflation and policy expectations following heightened geopolitical tensions in the Middle East, which triggered an energy price spike and a broad increase in sovereign bond yields across developed markets. Higher oil prices contributed to a global inflation shock, lifting inflation expectations and prompting investors to demand higher yields, particularly at the front end of the curve. In the United States, the impact was relatively contained compared with Europe and Asia due to lower reliance on imported energy, although energy costs still fed through into headline inflation expectations. Overall, U.S. Treasuries remained relatively resilient versus other developed sovereign bond markets, supported by safe-haven demand and comparatively stronger macro insulation, though still affected by global inflation pressures and shifting monetary policy expectations.

2) Global Sovereign Bonds – Developed Markets only:

At the end of quarter one 2026, global sovereign bond yields rose broadly as markets scaled back expectations for near-term policy easing amid persistent inflation pressures, tighter financial conditions, and heightened geopolitical risks, including Middle East tensions that lifted energy prices. In the UK, 2-year yields increased by around 0.67% to 4.41% and 10-year yields by approximately 0.44% to 4.92%, reflecting a more cautious Bank of England policy outlook and sticky inflation. In the euro area, German 2-year yields rose by 0.49% to 2.62%, driven by ECB policy repricing, resilient services inflation, and energy-related risks, while Italy also faced widening spreads due to fiscal concerns. In Japan, the 10-year yield increased by 0.29% to around 2.35% as markets continued to price in gradual policy normalization and higher inflation expectations. In Australia, 2-year yields rose by approximately 0.61% to 4.66% on inflation persistence and policy repricing, while long-end yields recorded a moderate adjustment, indicating a gradual repricing rather than a pronounced volatility shift.

Graph 02. 10 Years Global Yield



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 4

Mandate	Management Style	Authorised Managers	Tracking Error	Outperformance Target	Commencement date
Liquidity Portfolio					
BOA Merrill Lynch 0-3 Years US Treasury Bond Index		BCTL			April-24
Growth Portfolio					
BOA Merrill Lynch 3-5 Years US Treasury Bond Index	Passive	BCTL	0.25%	Nil	January-12
BOA Merrill Lynch 5-10 Years US Treasury Bond Index			0.50%		May-20
Global Developed Market Sovereign Bond, Hedged	Enhanced Passive	BIS	0.50%	0.15%	April-20
US TIPS Treasury Bonds 1 - 10 Years	Enhanced Passive	Franklin Templeton	0.50%	0.20% to 0.25%	April-23
US TIPS Treasury Bonds 1 - 10 Years		Barings			
MSCI World Index ex Australia Net Dividends Reinvested	Equity Factor	Schroders SSgA	3.0%	Nil	August-19
MSCI World Index ex Australia Net Dividends Reinvested	Passive	SSgA			0.35%
		BlackRock			February-13
MSCI Australia	Passive	BCTL	0.50%	Nil	July-16
Alternative		BCTL	n/a		April-19

Operational Implementation

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

Table 5

Mandates	Actual weight in FMI		
	Jan-26	Feb-26	Mar-26
Total Financial Market Investment	100%	100%	100%
Total Liquidity Portfolio	15.5%	20.7%	22.4%
Total Growth Portfolio	84.5%	79.3%	77.6%
Total Fixed Income	51.9%	51.7%	51.2%
BCTL 3-5 year US Treasury Bonds	28.0%	28.3%	27.6%
BCTL5-10 year US Treasury Bonds	8.0%	7.8%	7.8%
BIS Global Developed Market Sovereign Bond, Hedged	7.9%	7.8%	7.8%
US TIPS Treasury Bonds 1 - 10 Years	8.0%	7.8%	7.9%
Total Global Equities	32.6%	27.5%	26.4%
SSGA Equity Factor	4.1%	3.5%	3.3%
Schroders Equity Factor	4.1%	3.4%	3.3%
SSGA International Equity Passive	9.8%	8.2%	7.9%
BlackRock International Equity Passive	13.8%	11.7%	11.2%
BCTL Australia Equities Passive	0.8%	0.7%	0.7%

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. 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 Petroleum Fund balance closed at \$18.31 billion as shown in Table 6. The balance incorporates the fair value of private debt for December 2025, which was valued by an independent third-party valuer:

Table 6

Capital Account	\$'000
Opening book value (01 January 2026)	18,609,108
Receipts during the period	4,504
Transfer to General State Budget	-200,000
Investment Return	-103,305
Closing book value (31 March 2026)	18,310,308

The Fund was invested as follows:

Table 7

Assets	\$'000
Cash and Cash Equivalents	4,635,554
Other Receivables	193,723
Financial assets held at fair value through profit or loss	14,204,419
Less:	
Accounts Payable	-1,970
Payable for Securities Purchased	-717,542
Financial liability held at fair value through profit or loss	-3,876
Total	18,310,308

The income for the quarter was as follows:

Table 8

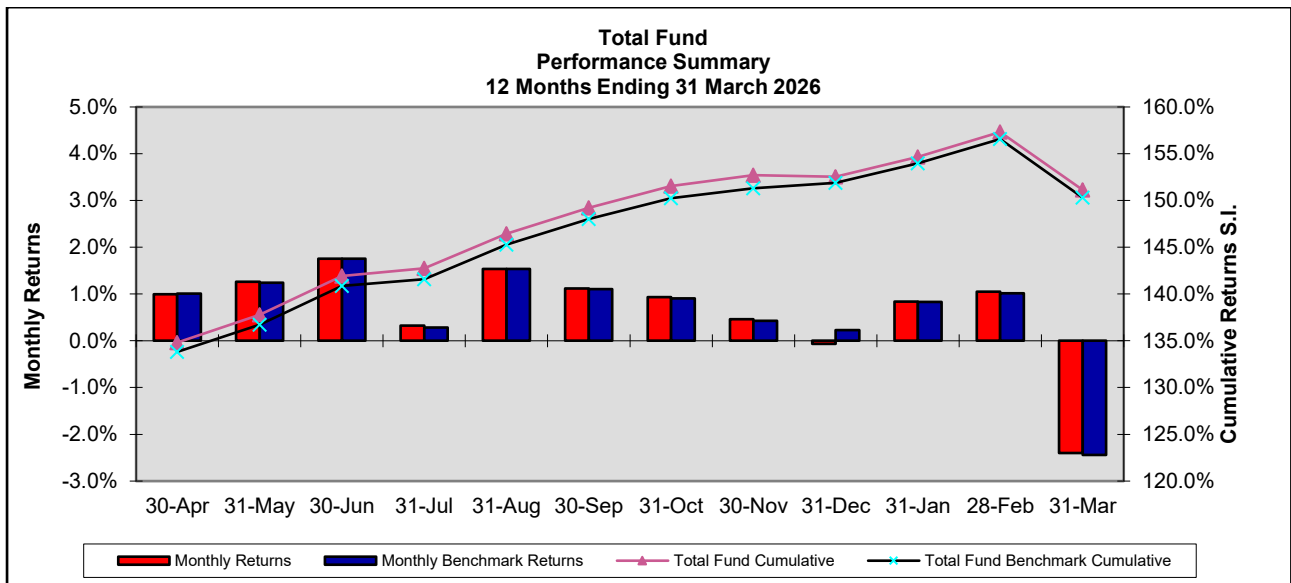
Income	\$'000
Interest income	107,704
Dividend income	22,374
Unit Trust distributions	669
Other Investment income	1,234
Net gains/(losses) on Financial Assets at fair value	-229,703
Less:	
External manager, custody fees	-2,158
Central Bank management expenses	-1,848
IAB Expenses	-29
Other expenses	-142
Withholding taxes	-1,407
Total Net Income	-103,305

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

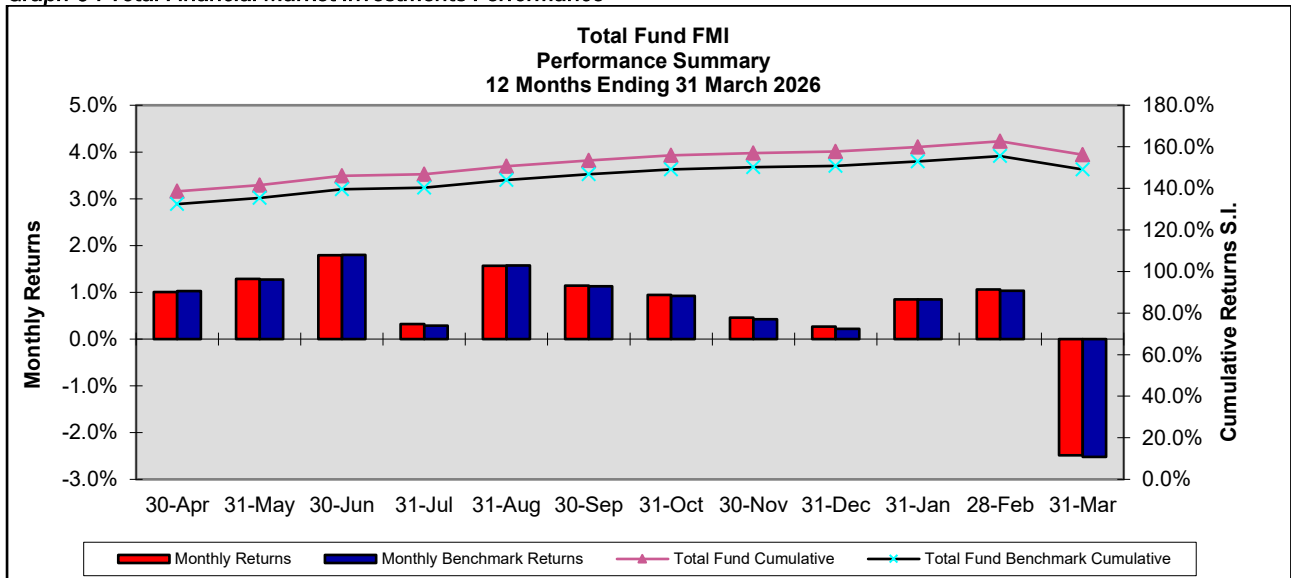
- Unit trust distribution is the income received from listed property investment entities.
- Other expenses relate to derivative trading costs which are deducted directly from the Fund.

The global Fund Performance of absolute and benchmark over the same period are shown in the following graph.

Graph 03 Total Fund Performance



Graph 04 Total Financial Market Investments Performance



Liquidity Portfolio

The performance of the investments in the short-term liquidity portfolio for the quarter, including the performance of the manager responsible for those investments, was as follows:

Table 9

%	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
Liquidity Portfolio						
BCTL ML Index 0-3 Years US Treasury Bonds	0.43	0.43	3.75	4.46	n.a	2.84
Benchmark	0.45	0.45	3.85	4.66	n.a	2.99
<i>Excess</i>	<i>-0.03</i>	<i>-0.03</i>	<i>-0.10</i>	<i>-0.20</i>	<i>n.a</i>	<i>-0.14</i>

Growth Portfolio

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

Table 10

	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
Growth Portfolio	-1.04	-1.04	9.45	8.41	n.a	3.90
Benchmark	-1.15	-1.15	9.24	8.30	n.a	3.79
<i>Excess</i>	<i>0.11</i>	<i>0.11</i>	<i>0.21</i>	<i>0.11</i>	<i>n.a</i>	<i>0.11</i>
International Fixed Interest	0.03	0.03	3.97	3.68	0.71	2.19
Benchmark	0.08	0.08	3.91	3.67	0.70	2.19
<i>Excess</i>	<i>-0.05</i>	<i>-0.05</i>	<i>0.06</i>	<i>0.02</i>	<i>0.01</i>	<i>0.00</i>
BCTL 3-5 year US Treasury Bonds	0.00	0.00	4.06	3.70	0.87	1.55
BoA Merrill Lynch 3-5 Years US Treasury Passive	0.03	0.03	4.02	3.72	0.86	1.55
<i>Excess</i>	<i>-0.03</i>	<i>-0.03</i>	<i>0.04</i>	<i>-0.02</i>	<i>0.01</i>	<i>0.00</i>
BCTL 5-10 year US Treasury Bonds	-0.26	-0.26	4.22	3.00	-0.01	-0.89
BoA Merrill Lynch 5-10 Years US Treasury Passive	-0.09	-0.09	4.16	2.96	-0.16	-0.98
<i>Excess</i>	<i>-0.17</i>	<i>-0.17</i>	<i>0.06</i>	<i>0.05</i>	<i>0.15</i>	<i>0.09</i>
BIS Global Treasury Developed Marked Hedged	-0.16	-0.16	3.48	3.92	0.43	0.09
Global Treasury Developed Market - Hedged	-0.14	-0.14	3.21	3.64	0.19	-0.13
<i>Excess</i>	<i>-0.02</i>	<i>-0.02</i>	<i>0.28</i>	<i>0.28</i>	<i>0.24</i>	<i>0.22</i>
Barings LLC 1-10 years US TIPS	0.60	0.60	3.91	-	n.a	4.14
US 1-10 years TIPS	0.61	0.61	3.97	-	n.a	4.22
<i>Excess</i>	<i>-0.01</i>	<i>-0.01</i>	<i>-0.06</i>	<i>-</i>	<i>n.a</i>	<i>-0.07</i>
Franklin Templeton 1-10 years US TIPS	0.59	0.59	3.92	-	n.a	4.24
US 1-10 years TIPS	0.61	0.61	3.97	-	n.a	4.22
<i>Excess</i>	<i>-0.02</i>	<i>-0.02</i>	<i>-0.05</i>	<i>-</i>	<i>n.a</i>	<i>0.03</i>
International Equities	-3.28	-3.28	19.44	16.92	10.70	10.80
Benchmark	-3.57	-3.57	18.90	16.77	10.27	10.43
<i>Excess</i>	<i>0.29</i>	<i>0.29</i>	<i>0.54</i>	<i>0.14</i>	<i>0.43</i>	<i>0.38</i>
SSgA Equity Factor	-2.43	-2.43	19.38	14.71	10.00	11.31
MSCI ex. Australia Net Dividends Reinvested	-3.68	-3.68	18.85	16.90	10.34	12.41
<i>Excess</i>	<i>1.25</i>	<i>1.25</i>	<i>0.53</i>	<i>-2.20</i>	<i>-0.33</i>	<i>-1.10</i>
Schroders Equity Factor	-3.24	-3.24	21.16	18.56	12.47	13.83
MSCI ex. Australia Net Dividends Reinvested	-3.68	-3.68	18.85	16.90	10.34	12.41
<i>Excess</i>	<i>0.44</i>	<i>0.44</i>	<i>2.30</i>	<i>1.66</i>	<i>2.13</i>	<i>1.43</i>
SSGA International Equity Passive	-3.63	-3.63	19.05	17.18	10.60	11.42
MSCI ex. Australia Net Dividends Reinvested	-3.68	-3.68	18.85	16.90	10.34	11.16
<i>Excess</i>	<i>0.06</i>	<i>0.06</i>	<i>0.20</i>	<i>0.27</i>	<i>0.26</i>	<i>0.26</i>
BlackRock International Equity Passive	-3.66	-3.66	19.09	17.26	10.69	11.12
MSCI ex. Australia Net Dividends Reinvested	-3.68	-3.68	18.85	16.90	10.34	10.82
<i>Excess</i>	<i>0.03</i>	<i>0.03</i>	<i>0.23</i>	<i>0.36</i>	<i>0.35</i>	<i>0.30</i>
BCTL Australia Equity Passive	3.12	3.12	21.70	10.32	6.63	8.01
MXAU Australia Net Dividends Reinvested	3.30	3.30	21.72	10.24	6.66	8.14
<i>Excess</i>	<i>-0.18</i>	<i>-0.18</i>	<i>-0.02</i>	<i>0.08</i>	<i>-0.04</i>	<i>-0.14</i>

Private Debt Instrument for Petroleum Operations

The performance of the investment in Private debt instruments for Petroleum Operations for the quarter was as follows:

Table 11

	Qtr	FYTD	1 Year	3 Years	5 Years	Since Inc
Private debt instrument for Petroleum Operations	1.81	1.81	-4.45	-0.95	-2.41	-2.49
Benchmark	1.10	1.10	4.50	4.50	4.50	4.50
Excess	0.71	0.71	-8.95	-5.45	-6.91	-6.99

The Private debt instrument reflects its independently verified fair value for December 2025.

5. MANAGEMENT COSTS

A management fee of \$4.18 million for operational management costs was charged to the fund during the quarter. The fee covered the following services (in thousands \$):

Table 12

External Management and Custody expenses	2,158
Central Bank management expenses	1,848
IAB expenses	29
Other Expenses	142
Total Cost	4,176

6. TRANSFERS TO THE 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 \$200 million was transferred to the State Budget account during the quarter (in thousands \$):

Table 13

Transfer January 2026	0
Transfer February 2026	200,000
Transfer March 2026	0
Transfer for this Quarter	200,000
Total transfers this fiscal year 2026	200,000

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 for the Fund every six months. The Internal Auditor has performed an audit up to quarter ended 31 December 2025.

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 14

BALANCE SHEET	March-26	March-25
In thousands of USD		
ASSETS		
Cash and Cash Equivalents	4,635,554	3,885,685
Receivables	193,723	172,802
Financial assets held at fair value through profit or loss	14,204,419	14,238,381
TOTAL ASSETS	19,033,696	18,296,868
LIABILITIES		
Accounts payable	-1,970	-1,074
Payables for securities purchased	-717,542	-12,137
Financial Liability held at fair value through profit or loss**	-3,876	-32,181
TOTAL LIABILITIES	-723,388	-45,392
NET ASSETS	18,310,308	18,251,476
CAPITAL		
Opening Balance (January)	18,609,108	18,274,056
PF Law Art. 6.1 (a) Revenue receipts	4,504	6,149
PF Law Art. 6.1 (b) DA receipts	0	0
PF Law Art. 6.1 (e) Other receipts	0	107
PF Law Art 7.1 Transfers to State Budget	-200,000	-250,000
Income for the period	-103,305	221,163
CAPITAL	18,310,308	18,251,476

Note:

- *Represents payables arising from overnight repurchase agreements (repo)
- **Reflect derivatives price movement.
- The private debt fair value for 2025 is \$535 million, according to the independent valuator's report

Table 15

STATEMENT OF PROFIT OR LOSS In thousands of USD	QUARTER		YEAR TO DATE	
	Mar-26	Mar-25	Mar-26	Mar-25
INVESTMENT INCOME				
Interest income	107,704	107,201	107,704	107,201
Dividend income	22,374	24,076	22,374	24,076
Trust income	669	804	669	804
Other investment income	1,234	1,632	1,234	1,632
Net gains/(losses) on Financial Assets at fair value	-229,703	92,940	-229,703	92,940
Net foreign exchange gains/(losses)	0	0	0	0
Total Investment Income	-97,722	226,652	-97,722	226,652
EXPENSES				
External management, fees	2,158	1,937	2,158	1,937
Internal operational management fees	1,848	1,815	1,848	1,815
IAB Expenses	29	128	29	128
Other expenses	142	150	142	150
Total expenses	4,176	4,030	4,176	4,030
Profit before tax	-101,898	222,622	-101,898	222,622
Withholding taxes on investments	-1,407	-1,459	-1,407	-1,459
Profit/loss for the period	-103,305	221,163	-103,305	221,163
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	-103,305	221,163	-103,305	221,163

Note:

1. 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, 08 May 2026



Tobias Ferreira
Executive Director



Helder Lopes
Governor